

## Moni Borovitz - CEO designate



Borovitz is a certified public accountant. He holds a BA from Tel Aviv University and an MBA from Ben Gurion University. He currently serves as group finance director.

## Tech Hardware

52-WEEK HIGH	34.00p
52-WEEK LOW	15.00p
PRICE	20.20p
MARKET CAP MLN	£17.56
NET CASH (MLN)	\$4.39

## Major Shareholders

Borovitz family entities - 35%  
Beer family - 11%  
Directors and PDMRs - 7%

NAV (MLN)	\$20.26
Primary Index	AIM

## Company Information

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## Analyst Details

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## MTI Wireless Edge - Strong progress continues

### Strong 2018 results

MTI Wireless Edge (LON:MWE) reported results on 11 March for the full year to 31 December 2018. The results show continued strong progress following the August 2018 merger of MTI Wireless Edge with MTI Computers. Revenues increased by 35%, or 2% organically, operating profit +21% organically, and earnings per share (EPS) +14%. The statement also highlights a healthy order backlog and pipeline of opportunities going into 2019.

### Outlook and valuation

The company has compelling growth opportunities in all four operating divisions, including 5G wireless systems in Antennas and the global demand for smart irrigation driving Water Solutions. On page 2 we provide an overview of the divisions.

The share price has increased 21% from its lows in January, but remains on a discount valuation, with a 2019e price/earnings multiple of 7.7x and a dividend yield of 6.5%. We consider these metrics surprisingly low for a company with net cash balances and a strong growth outlook.

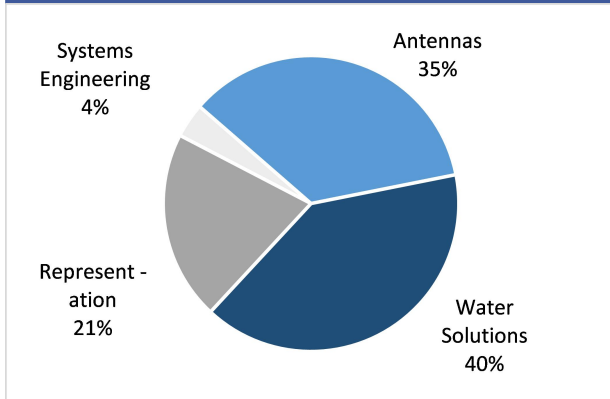
Data in the table is shown on a pro-forma basis for 2017 and 2018 (merger applied for 12 months) and using an exchange rate of US\$1.30 to the pound to calculate a dividend yield.

Year end Dec 31	2017	2018	Current*	2020
Revenue (\$M)	34.65	35.47	39.02	41.22
EBITDA (US\$m)	3.05	3.51	4.45	5.11
EPS ( US cents)	2.3	2.7	3.4	4.1
DPS ( cents)	2.0	1.5	1.7	1.8
Dividend yield	7.6%	5.7%	6.5%	6.9%

## Share Price

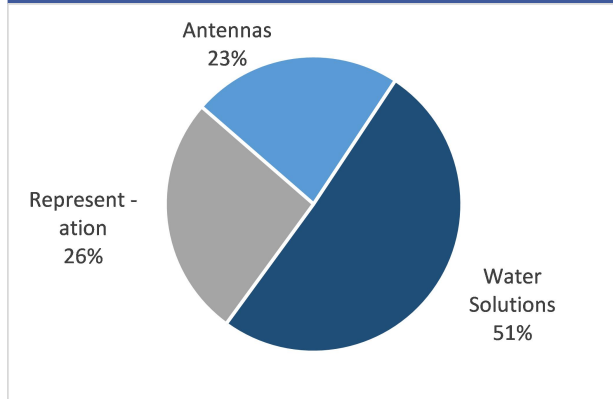


Revenue breakdown (2018)



Source: MTI Wireless Edge

Segmental profit (2018)



Source: MTI Wireless Edge

MTI Wireless Edge operates through four divisions. We summarise the businesses and their performance below:

**Antennas** - supplies antennas for both military and commercial markets from 100 kilohertz (KHz) to 90 gigahertz (GHz).

During 2018, the Antennas business experienced a 4% decline in revenue, reflecting the completion of a large project in 2017 in the commercial antennas segment. The military segment achieved revenue growth of 26%. Going forward we expect growth from both segments, with drivers including 5G wireless in the commercial segment.

**Water Solutions** – provides wireless remote control solutions for water management and irrigation applications, including agricultural, municipal and water distribution applications, through the Mottech subsidiary acquired in 2015.

This business grew by 9% in 2018 and has delivered a 10% compounded annualised growth rate since it was acquired. We expect strong growth to continue due to growing global demand for smart irrigation.

**Representation** – provides expert consultation services specialising in radio frequency and Microwave solutions and applications into the Israeli and Russian markets. This business delivered 4% revenue growth in 2018 and 37% growth in operating profit. The outlook remains favourable going forward.

**System Engineering** - design and integration of aerostat operation systems, used for surveillance and border control. This is the smallest division but could contribute material incremental profit to the group in 2019 and 2020 due to a large project referenced in the results release.

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