

THRUVISION TECHNOLOGY

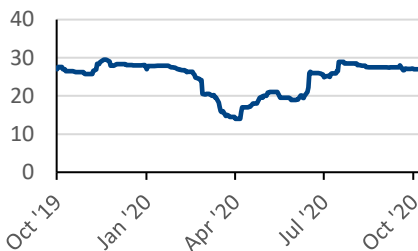
7 October 2020

THRU.L

27p

Market Cap: £39.3m

SHARE PRICE (p)



12m high/low 30p/14p

Source: LSE Data

KEY DATA

Net (Debt)/Cash	£5.0m (at 30/09/20)
Enterprise value	£34.3m
Index/market	AIM
Next news	Interims, Nov '20
Shares in Issue (m)	145.5
Chairman	Tom Black
Chief Executive	Colin Evans
Finance Director	Adrian Crockett

COMPANY DESCRIPTION

Thruvision develops, manufactures and sells people screening technology to the global security market

www.thruvision.com

THRUVISION IS A RESEARCH CLIENT OF
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EBITDA break-even achieved for H1 21

Robust cash position being maintained

Thruvision's trading update for the six months to 30 September presents a number of positives, despite the challenges resulting from the coronavirus pandemic during the period. In our view, the highlight is that, for the first time, Thruvision achieved break-even EBITDA for the half year. This was driven by a strong second quarter, which saw a strategically important US\$4.9m follow-on contract award from US Customs and Border Protection (CBP). Thruvision's revenues of £4.7m for the half year compare with £4.8m in H1 FY20, with a 48% gross margin achieved in both periods. Thruvision's cash position at 30 September 2020 was £5.0m, but this should rise to a similar level to the £8.4m held a year earlier, once the cash from the CBP contract award is received in October.

- US\$4.9m CBP contract award** – In September, Thruvision announced a contract award by US Customs and Border Protection (CBP) for further units and support services totalling US\$4.9m, of which US\$4.3m should be delivered in FY21, with the majority recorded in H1. This follows CBP's US\$3.0m order in 2019 and was in line with management's expectations.
- Maintaining momentum** – Thruvision received orders from eight new and six existing customers during the half year, with the Customs and Profit Protection sectors both holding up well. Sales opportunities with new customers have been hampered by travel restrictions and challenges getting onto customer sites. However, Thruvision's sales teams have been strengthened and they are making good progress with pre-sales work, which should shorten sales cycles following operational trials.
- Confidence in the market outlook** – Although the aviation sector has been particularly hard hit by COVID-19, management reports good progress with aviation regulatory approvals, which is critical for the longer-term outlook. Interest levels in Thruvision's Profit Protection business are reported to have held up reasonably well and management's confidence in the medium-term prospects in this sector has strengthened.

In our view, management has steered the company well through the challenges presented by the COVID-19 pandemic and we believe Thruvision is well-positioned to grow rapidly over the medium term as the leading provider of 'safe distance' people security screening technology that eliminates the need for physical 'pat-downs'.

FYE MAR (£M)	2018	2019	2020
Revenue	3.1	6.0	8.0
Adj EBITDA	-1.8	-1.6	-0.8
Fully Adj PBT	-2.9	-1.7	-1.2
Fully Adj EPS (p)	-1.7	-1.1	-0.7
EV/Sales (x)	11.0x	5.7x	4.3x
EV/EBITDA (x)	-19.2x	-22.1x	-45.5x
PER (x)	N/A	N/A	N/A

Source: Company Information and Progressive Equity Research estimates

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Please refer to important disclosures at the end of the document.

Financial Summary: Thruvision

Year end: March (£m unless shown)

	2018	2019	2020
PROFIT & LOSS			
Revenue	3.1	6.0	8.0
Adj EBITDA	(1.8)	(1.6)	(0.8)
Adj EBIT	(2.2)	(1.7)	(1.2)
Reported PBT	(3.2)	(2.1)	(1.5)
Fully Adj PBT	(2.9)	(1.7)	(1.2)
NOPAT	(2.2)	(1.7)	(1.0)
Reported EPS (p)	(1.9)	(1.3)	(0.9)
Fully Adj EPS (p)	(1.7)	(1.1)	(0.7)
Dividend per share (p)	0.0	0.0	0.0
CASH FLOW & BALANCE SHEET			
Operating cash flow	(3.6)	(4.2)	(0.7)
Free Cash flow	(3.6)	(4.2)	(0.7)
FCF per share (p)	(2.2)	(2.7)	(0.5)
Acquisitions	0.0	0.0	0.0
Disposals	0.0	0.0	0.0
Shares issued	0.0	0.0	0.0
Net cash flow	(3.6)	(4.2)	(0.7)
Overdrafts / borrowings	0.0	0.0	0.0
Cash & equivalents	17.6	9.4	8.4
Net (Debt)/Cash	17.6	9.4	8.4
NAV AND RETURNS			
Net asset value	19.5	14.1	13.4
NAV/share (p)	11.8	9.7	9.2
Net Tangible Asset Value	0.3	0.8	1.2
NTAV/share (p)	0.2	0.5	0.9
Average equity	9.7	16.8	13.7
Post-tax ROE (%)	(17.8%)	(7.2%)	(5.0%)
METRICS			
Revenue growth		92.7%	33.8%
Adj EBITDA growth		(12.8%)	(51.4%)
Adj EBIT growth		(20.6%)	(30.8%)
Adj PBT growth		(40.1%)	(30.5%)
Adj EPS growth		(34.1%)	(39.7%)
Dividend growth		N/A	N/A
Adj EBIT margins		(29.0%)	(15.0%)
VALUATION			
EV/Sales (x)	11.0	5.7	4.3
EV/EBITDA (x)	-19.2	-22.1	-45.5
EV/NOPAT (x)	-15.7	-19.8	-35.1
PER (x)	N/A	N/A	N/A
Dividend yield	N/A	N/A	N/A
FCF yield	(8.1%)	(10.1%)	(1.8%)

Source: Company information and Progressive Equity Research estimates

Disclaimers and Disclosures

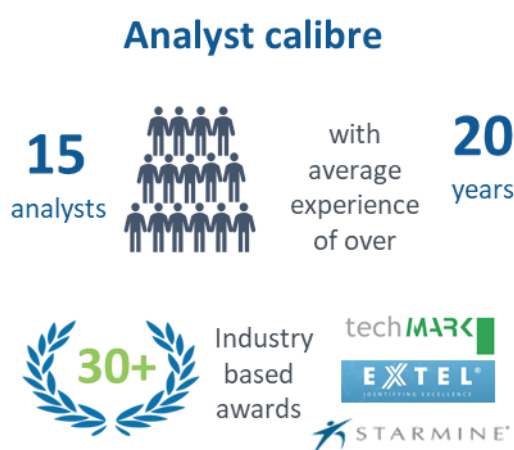
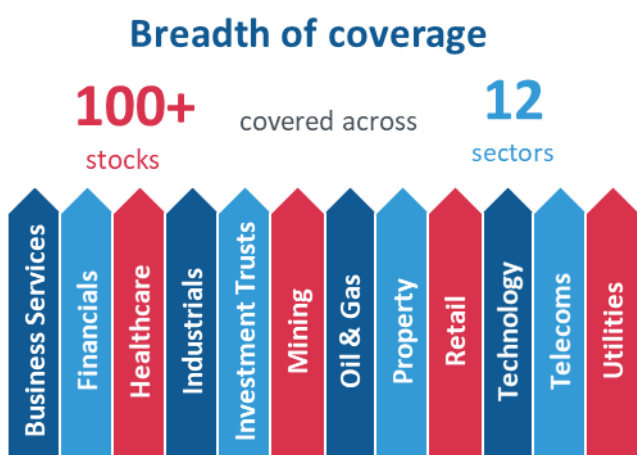
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