

THRUVISION TECHNOLOGY

26 January 2024

THRU.L

18.8p

Market Cap: £30.2m

SHARE PRICE (p)



12m high/low

31p/19p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (debt)/cash	£4.2m (at 16/11/23)
Enterprise value	£26m
Index/market	AIM
Next news	Prelims, June
Shares in issue (m)	161.0
Chairman	Tom Black
CEO	Colin Evans
CFO	Victoria Balchin

COMPANY DESCRIPTION

Thruvision is the leading developer, manufacturer and supplier of walk-through security technology.

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Reassuring trading update

Thruvision has issued a positive update on current trading, reiterating the message at the interim results in November that there is good momentum in demand from new and existing clients. The group's diversified business model, with a broad customer base spanning a number of international markets, is continuing to bear fruit. Retail Distribution, its largest market, is winning notable contracts, including a recent order for WalkTHRU from a global sportswear brand for use in its US operation and further WalkTHRU lane orders from two existing FTSE 100 clients. In Customs, additional systems have been ordered by an Asian agency customer. The renewed focus on Entrance Security continues, with further units ordered by a European prison service and a Gulf state. We are encouraged by this secured pipeline, with orders totalling £1.3m since November's interims, all of which are expected to be delivered in H2. We maintain FY24E estimates.

- New client win in Retail Distribution.** The selection by a global sportswear brand of WalkTHRU as part of a security upgrade programme in its US distribution centres marks a strategic milestone for Thruvision, as it gains market share in the US for both employee theft and weapons detection. Employee theft continues to be a material (and growing) issue for the UK retail industry (see *Market forecasts highlight scale of opportunity*), with two existing FTSE 100 retail customers placing orders for additional WalkTHRU lanes.
- International government demand is high.** In Customs, Thruvision has been working hard with international agencies, securing an order for further systems from an existing Asian client. Renewed demand in Entrance Security has continued, with Thruvision's technology able to process high visitor throughput rates and reliably detect mass-casualty threats. Further units have been ordered since November by a European prison service and a Gulf state.
- Maintaining estimates for FY24E.** A strong order pipeline, with a mix of new and existing customers across various geographic markets, underpins management's confidence in meeting FY24 full-year revenue expectations. We therefore maintain our revenue forecast of £8.1m, with an EBITDA loss of £2.5m. We forecast year-end net cash of £5.8m following the £3.2m raise in October 2023, including a £2.5m strategic investment from Pentland Capital, which we believe serves as clear validation of Thruvision's business model (see *Strategic investor endorsement via £3.2m raise*).

FYE MAR (£M)	2021	2022	2023	2024E
Revenue	6.7	8.4	12.4	8.1
Adj EBITDA	-1.6	-1.7	-0.2	-2.5
Fully Adj PBT	-2.4	-2.3	-0.8	-3.2
Fully Adj EPS (p)	-1.7	-1.1	-0.5	-1.9
EV/Sales (x)	3.9x	3.1x	2.1x	3.2x
EV/EBITDA (x)	-16.8x	-15.3x	-118.7x	-11.0x
PER (x)	N/A	N/A	N/A	N/A

Source: Company Information and Progressive Equity Research estimates.

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Financial Summary: Thruvision

Year end: March (£m unless shown)

	2021	2022	2023	2024E
PROFIT & LOSS				
Revenue	6.7	8.4	12.4	8.1
Adj EBITDA	(1.6)	(1.7)	(0.2)	(2.5)
Adj EBIT	(2.1)	(2.3)	(0.9)	(3.2)
Reported PBT	(2.5)	(1.7)	(0.8)	(3.0)
Fully Adj PBT	(2.4)	(2.3)	(0.8)	(3.2)
NOPAT	(1.8)	(2.0)	(0.7)	(3.0)
Reported EPS (p)	(1.7)	(1.1)	(0.5)	(1.9)
Fully Adj EPS (p)	(1.7)	(1.1)	(0.5)	(1.9)
Dividend per share (p)	0.0	0.0	0.0	0.0
CASH FLOW & BALANCE SHEET				
Operating cash flow	(0.6)	(1.6)	(2.5)	0.5
Free Cash flow	(1.0)	(1.8)	(2.6)	(0.1)
FCF per share (p)	(0.7)	(1.2)	(1.7)	0.0
Acquisitions	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0
Shares issued	0.1	0.2	0.1	3.0
Net cash flow	(1.1)	(1.8)	(2.7)	2.9
Overdrafts / borrowings	0.0	0.0	0.0	0.0
Cash & equivalents	7.3	5.4	2.8	5.8
Net (Debt)/Cash	7.3	5.4	2.8	5.8
NAV AND RETURNS				
Net asset value	11.3	9.4	8.8	8.8
NAV/share (p)	7.8	6.5	5.8	5.5
Net Tangible Asset Value	1.1	1.2	1.2	1.2
NTAV/share (p)	0.8	0.8	0.8	0.7
Average equity	12.3	10.4	9.1	8.8
Post-tax ROE (%)	(18.9%)	(16.8%)	(8.8%)	(33.8%)
METRICS				
Revenue growth	(16.3%)	24.8%	48.5%	(34.6%)
Adj EBITDA growth	45.0%	9.5%	(87.1%)	1063.3%
Adj EBIT growth	36.1%	9.2%	(60.4%)	254.5%
Adj PBT growth	98.8%	(5.9%)	(62.4%)	272.1%
Adj EPS growth	128.0%	(33.3%)	(53.8%)	252.6%
Dividend growth	N/A	N/A	N/A	N/A
Adj EBIT margins	(30.9%)	(27.0%)	(7.2%)	(39.0%)
VALUATION				
EV/Sales (x)	3.9	3.1	2.1	3.2
EV/EBITDA (x)	-16.8	-15.3	-118.7	-11.0
EV/NOPAT (x)	-14.4	-12.8	-36.1	-9.3
PER (x)	N/A	N/A	N/A	N/A
Dividend yield	N/A	N/A	N/A	N/A
FCF yield	(3.7%)	(6.6%)	(9.1%)	(0.2%)

Source: Company information and Progressive Equity Research estimates

Disclaimers and Disclosures

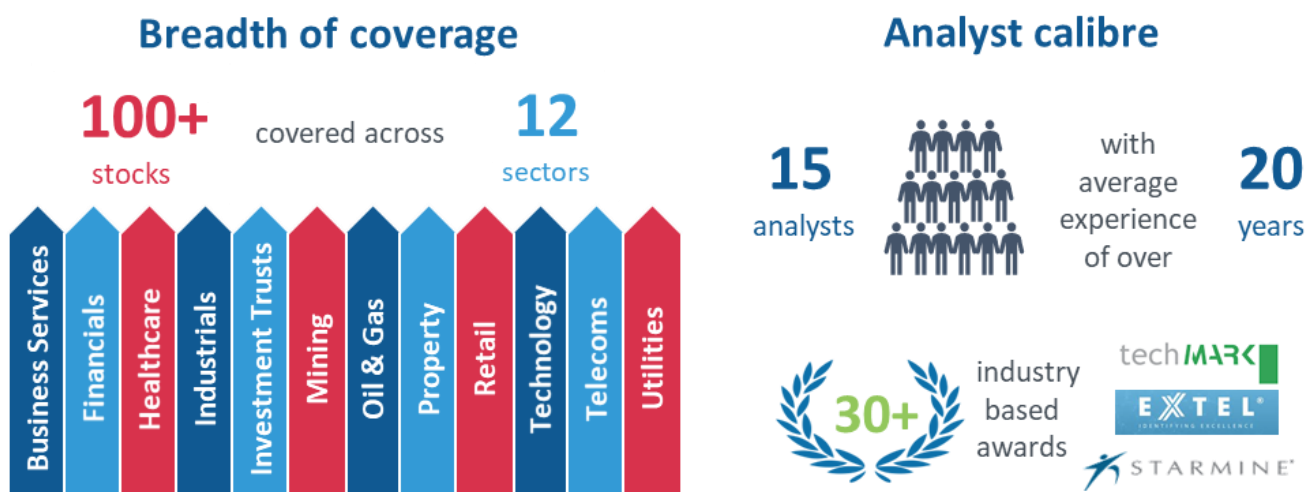
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