

Tech hardware

52-WEEK HIGH	34.00p
52-WEEK LOW	15.00p
PRICE	23.00p
MARKET CAP MLN	£20.87
NET CASH (MLN)	\$5.25

Share Price



Major Shareholders

Borovitz family entities - 35%	
Beer family - 11%	
Directors and PDMRs - 7%	
NAV (MLN)	\$21.44
Primary Index	AIM
Next Key Announcement	30th June

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MTI Wireless Edge - Strong first quarter

Strong first-quarter results

MTI Wireless Edge (LON:MWE) has reported results for the first quarter (Q1) of 2019, showing continued strong progress. Revenues increased by 16% year-on-year and operating profits 66%. We maintain our full-year (FY) 2019 forecasts, with FY revenue growth of 10% and earnings per share (EPS) growth 27.8%.

All comparisons are on a pro-forma basis to include a full year of MTI Computers revenue in the prior year.

Favourable demand trends

At the time of the merger between MTI Wireless Edge and MTI Computers in August 2018, the company forecast strong demand across each of its business segments. These expectations have been borne out in Q1.

Water Solutions: Demand remains strong globally for smart irrigation systems. During the quarter, the business secured its largest ever order, a breakthrough order for irrigation control systems into the Chinese market.

Antennas: Demand drivers include 5G wireless infrastructure in the civil communications sector and increasing budgets among major military customers. The outlook remains positive.

Distribution & Professional Consulting Services: Revenue for the division grew very strongly in the quarter as previously announced projects matured into revenue generation. A new order for aerostat systems (now included in this segment) will deliver revenues in the coming quarters.

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	6.7%	5.0%	5.7%	6.0%

Moni Borovitz - chief executive officer.
Borovitz is a certified public accountant,
He holds a BA from Tel Aviv University
and an MBA from Ben Gurion University.

Valuation and conclusion

The shares now trade on a 2019e price/earnings ratio of 8.5x (converting EPS into pence at an exchange rate = US\$1.27), and a dividend yield of 5.7%. We argue these are very conservative multiples for a company with MTI's growth outlook and track record. The valuation has related favourably to an extent in the last six months, and we believe there is further upside.

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