

## IndigoVision Group (IND LN)

## CORPORATE

## Technology

Current price\*: 181p

Mkt cap (£m): 14

16 May 2019

## Positive start to FY19

## N+1 Singer view

Trading in the first four months of the year was in line with expectations. As in previous years, sales are expected to be H2 weighted and, whilst visibility of order timing is limited, management indicates that the current pipeline is supportive of the target to return the Company to profitability in FY19. We are encouraged by this positive start to the year and therefore leave our forecasts unchanged. We expect a significant improvement in financial performance this year, forecasting PBT of £2.0m vs. a £0.6m loss last year.

## Event

Trading in the four months to 27<sup>th</sup> April 2019 was in line with expectations. As in previous years, sales are expected to be weighted towards the second half of the year and the nature of the business is such that the precise timing of orders is difficult to predict. Nevertheless, the current indicators support the Board's target to return the Company to profitability in the current year.

The Company received two large customer orders in the period, each of which was worth in excess of \$1m. These orders, which relate to the open space and car parking facilities in a substantial commercial building and a mass transit rail line, both in Malaysia, will be delivered over a period of up to 18 months.

The Company completed the majority of the planned restructuring of its supply chain and recently launched its US National Defense Authorization Act 2019-compliant Ultra X camera series. This week saw the first production run of IndigoVision products from the Group's primary camera supplier's new facility in Mexico, which is intended to secure tariff-free access to the US market.

The Group has no debt and had cash on hand of \$2.5m as at 27<sup>th</sup> April 2019. IndigoVision has been pursuing a refinancing to provide further balance sheet flexibility and it anticipates announcing the conclusion of an invoice finance facility shortly.

## Impact on earnings &amp; valuation

No changes.

## Financials and valuations\*\*

Year end Dec	2015	2016	2017	2018	2019E
Revenue (\$m)	47.1	45.9	42.1	46.0	52.0
EBITDA (adj.) (\$m)	0.4	1.3	-1.6	0.2	2.9
PBT (adj.) (\$m)	-0.8	0.4	-2.4	-0.6	2.0
EPS (Adj., FD) (¢)	0.0	9.0	-29.6	-4.1	29.3
Consensus EPS (¢)	-	-	27.8	-4.2	29.6
DPS (¢)	2.5	3.0	0.0	0.0	0.0
Net cash/(debt) (\$m)	2.8	6.2	2.6	2.0	2.0
EV/EBITDA (x)	38.5	8.9	n/m	62.6	5.3
P/E (x)	n/m	25.8	n/m	n/m	7.9
Dividend yield (%)	1.1	1.3	0.0	0.0	0.0

\* Price as at COB 15/05/2019. \*\* Sources: N+1 Singer, Company accounts, FactSet

For further details contact: Greg Poulton

+44 20 7496 3186,

Greg.Poulton@n1singer.com

## Important disclosures

### Analyst certification

The analyst(s) responsible for preparing this research report or sections of this report, in whole or in part, hereby certify/ies that, with respect to any and all of the securities or issuers that the analyst(s) cover(s) in this report, the views expressed in this report accurately reflect the individual research analyst's personal views. In addition, no part of the research analyst's compensation was, is, or will be directly or indirectly, related to the specific recommendations or view expressed in this report or summary.

### Stock ratings

#### Recommendation / Shares outstanding (m) / Target price

##### IndigoVision Group (GBP)

Date	Rec	Shares	TP
As of 16-May-18	Corporate	8	

### Conflicts of interest disclosures

NB: please note that any companies mentioned in this report but not listed in the following table are not included in N+1's database and therefore no disclosures have been made. Please follow link for full description of all Conflicts of Interest Disclosures

<http://www.n1singer.com/terms-conditions/>

2. N+1 S and the company to whom this research relates have agreed that N+1 S may produce and disseminate non independent research as a service to the company and N+1 S may receive remuneration for such a service: *IndigoVision Group*
3. N+1 S acts as a market maker or liquidity provider in relation to securities issued by this company: *IndigoVision Group*
6. N+1 S has received compensation from this company for the provision of investment banking or financial advisory services within the previous twelve months: *IndigoVision Group*
11. N+1 S acts as a corporate broker to this company: *IndigoVision Group*
12. N+1 S acts as nominated adviser, financial advisor or as a sponsor to the Company in the UK or as a sponsor specialist in accordance with the local regulations: *IndigoVision Group*

### Other important disclosures

Please follow the link below for full Further Disclosures, Analyst Certification, Allocation of Equity Ratings, Ratings System, Valuation Methods & Risk Disclosure, Fundamental View & Planned Frequency of Updates.

<http://www.n1singer.com/legalandreg/Further-Research-Disclosures.pdf>

## Disclaimer

**N+1 Singer** is a trading name of **Nplus1 Singer Capital Markets Limited** ("**N+1SCM**") and **Nplus1 Singer Advisory LLP** ("**N+1 SA**"). This communication is issued in the UK by **N+1SCM**, which is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of The London Stock Exchange. It is intended for the sole use of the person to whom it is addressed and is not intended for private individuals or those classified as Retail Clients.

**This is a marketing communication under the FCA Conduct of Business rules. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and it is not subject to any regulatory prohibition on dealing ahead of the dissemination of investment research.**

This document is for persons who are Eligible Counterparties or Professional Clients only and is exempt from the general restriction in section 21 of the Financial Services and Markets Act 2000 on the communication of invitations or inducements to engage in investment activity on the grounds that it is being distributed in the United Kingdom only to persons of a kind described in Articles 19(5) (Investment professionals) and 49(2) (High net worth companies, unincorporated associations etc), of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended). It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. Laws and regulations of other countries may also restrict the distribution of this report. Persons in possession of this document should inform themselves about possible legal restrictions and observe them accordingly.

N+1SCM may distribute research in reliance on Rule 15a-6(a)(2) of the Securities and Exchange Act 1934 to persons that are Major US Institutional Investors, however, transactions in any securities must be effected through a US registered broker-dealer.

This document has been prepared and issued by **N+1SCM** on the basis of publicly available information, internally developed data and other sources believed to be reliable. All share price performance graphs are sourced from FactSet. The information contained in this publication was obtained from various sources believed to be reliable, but has not been independently verified by **N+1SCM**. **N+1SCM** does not warrant the completeness or accuracy of such information and does not accept any liability with respect to the accuracy or completeness of such information, except to the extent required by applicable law. Any opinions, projections, forecasts or estimates in this report are those of the author only, who has acted with a high degree of expertise. They reflect only the current views of the author at the date of this report and are subject to change without notice. **N+1SCM** has no obligation to update, modify or amend this publication or to otherwise notify a reader or recipient of this publication in the event that any matter, opinion, projection, forecast or estimate contained herein, changes or subsequently becomes inaccurate, or if research on the subject company is withdrawn. The analysis, opinions, projections, forecasts and estimates expressed in this report were in no way affected or influenced by the issuer. The author of this publication benefits financially from the overall success of **N+1SCM**.

This publication is a brief summary and does not purport to contain all available information on the subjects covered. Further information may be available on request. This report may not be reproduced for further publication without the prior written permission of **N+1SCM**. This publication is for information purposes only and shall not be construed as an offer or solicitation for the subscription or purchase or sale of any securities, or as an invitation, inducement or intermediation for the sale, subscription or purchase of any securities, or for engaging in any other transaction.

The investments referred to in this publication may not be suitable for all recipients. Recipients are urged to base their investment decisions upon their own appropriate investigations that they deem necessary. Any loss or other consequence arising from the use of the material contained in this publication shall be the sole and exclusive responsibility of the investor and **N+1SCM** accepts no liability for any such loss or consequence. In the event of any doubt about any investment, recipients should contact their own investment, legal and/or tax advisers to seek advice regarding the appropriateness of investing. Some of the investments mentioned in this publication may not be readily liquid investments. Certain transactions, including those involving futures, options, and high yield securities, give rise to substantial risk and are not suitable for all investors. Investors should be aware of the additional and special risks associated with securities and investments in emerging markets. Consequently it may be difficult to sell or realise such investments. The past is not necessarily a guide to future performance of an investment. The value of investments and the income derived from them may fall as well as rise and investors may not get back the amount invested. Some investments discussed in this publication may have a high level of volatility. High volatility investments may experience sudden and large falls in their value which may cause losses. International investing includes risks related to political and economic uncertainties of foreign countries, as well as currency risk. To the extent permitted by applicable law, no liability whatsoever is accepted for any direct or consequential loss, damages, costs or prejudices whatsoever arising from the use of this publication or its contents.

**N+1SCM** may act as market maker in the securities of companies discussed in this communication (or in any related investments) and may provide investment banking services to such companies in respect of which it receives compensation.

Notwithstanding the above, N+1 Singer makes every effort to ensure the impartiality of N+1 Singer research and strives to ensure that the research it produces is clear fair and not misleading.

To manage any potential conflicts of interest that arise in connection with its research business, N+1 Singer has in place a Conflicts of Interest policy which is available on the N+1 Singer website at <http://www.n1singer.com/regulatory/>

Any qualifying person or institution receiving this document requiring information or seeking to effect a transaction in the securities or investments should contact Sales Trading 020 7496 3023.

The content may include data provided by **FTSE International Limited** ("FTSE") © FTSE 2017. 'FTSE®' is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and/ or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

**Copyright © N+1SCM, 2018. All rights reserved.**

**N+1SCM** research is disseminated and available in printed or electronic form.

Additional information on recommended securities is available on request.

Nplus1 Singer Capital Markets Limited, One Bartholomew Lane, London, EC2N 2AX

Telephone: +44(0)20 7496 3000 <http://www.n1singer.com/>

Registered in England No.5792780