

Trackwise Designs

IHT capacity to be quadrupled

Trackwise has announced a placing and open offer, potentially raising up to £12.0m (gross). This is to fund a new manufacturing facility that is expected to quadruple IHT production capacity. The additional capacity is required to support the up to £38m electric vehicle (EV) contract announced in September and potential volume orders from electro-surgical catheter manufacturers and aerospace OEMs and suppliers.

Year end	Revenue (£m)	EBITDA (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)
12/18	3.5	0.6	0.3	2.14	0.0	N/A
12/19	2.9	0.6	0.2	1.13	0.0	N/A
12/20e	7.1	0.7	(0.3)	0.36**	0.0	N/A
12/21e	14.3	2.7	1.3	6.25**	0.0	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. **On number of shares prior to placing and open offer.

The placing has raised £11.0m (gross) at 200p/share and the open offer, which will close on 8 December, will raise up to £1.0m at 200p/share. In total, an estimated £5.4m of the funds raised will be spent on plant and machinery for the new facility, £0.7m to fit out the new facility and the remainder used to satisfy working capital requirements. The new facility is scheduled to start production in Q421. When the open offer has completed, we will revise our estimates to reflect the share dilution, funds raised and capital expenditure on the new facility.

This additional IHT capacity is needed to support the three-year manufacturing agreement with a UK EV OEM, worth up to £38m. Deliveries under this contract are expected to reach full rate in Q421, stretching existing capacity. The new facility will also support medical customers. Trackwise has recently delivered samples to its lead electro-surgical catheter customer, a large US medical OEM. The samples are working as specified in trials, so management anticipates further orders in 2021 and is targeting early 2022 for production revenues. Trackwise has recently started to make samples for a second product for this customer. The additional capacity may also be useful for Trackwise's 30+ aerospace customers. For example, Trackwise is working with GKN Aerospace on the industrialisation of an ice protection system, which could potentially move to volume production in 2023.

Placing and open offer

Tech hardware & equipment

20 November 2020

Price **365p**

Market cap **£81m**

Net cash (£m) on 30 June 2020 (excluding IFRS 16 lease liabilities and up to £12.0m from November fund-raising) 1.6

Shares in issue (before placing and open offer) 22.1m

Free float (before placing and open offer) 59.4%

Code TWD

Primary exchange AIM

Secondary exchange N/A

Share price performance



Business description

Trackwise Designs is a UK manufacturer of specialist products using printed circuit technology. These include a lightweight replacement for conventional wiring harnesses known as IHT and RF antennae. In FY19, 64% of revenues related to exports.

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