

Windar Photonics

Fundraising to support growth

Subscription

Alternative energy

14 July 2017

Price 83.0p
Market cap £35m

Net cash (€m) at end December 2016 excluding Growth Fund loan and subscription in July raising £1.25m 0.8

Shares in issue (after subscription) 41.8m

Free float (prior to subscription) 38.0%

Code WPHO

Primary exchange AIM

Secondary exchange N/A

Share price performance



Business description

Windar Photonics is a Copenhagen-based developer and manufacturer of an innovative, low-cost light detection and ranging (LiDAR) system. Approaching wind direction and speed is measured ahead of a wind turbine, allowing appropriate yaw alignment.

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Windar has recently completed a subscription raising £1.25m (gross) at 82p/share. The funds from the placing will be used to support growth during H217. Our estimates and valuation remain suspended until the interims, when there should be more clarity on test programmes with independent power providers (IPPs) and wind turbine OEMs converting to volume sales.

Year end	Revenue (€m)	EBITDA (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)
12/15	0.9	(2.8)	(3.3)	(0.08)	0.0	N/A
12/16	1.2	(2.4)	(3.0)	(0.07)	0.0	N/A
12/17e	N/A	N/A	N/A	N/A	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, share-based payments.

The subscription is timely, given the strong growth achieved during H117. The recent trading update noted revenue growth of 62% year-on-year to €1.3m, which is higher than the €1.2m revenue reported for the whole of FY16. This revenue growth has been driven by demand from IPPs, including operators in Canada, China, France, India and Mexico. Engagement with IPPs has intensified following management's decision a year ago to develop its global network of distributors rather than invest in the direct salesforce. Windar now has 14 distributors addressing the IPP retrofit market. The cash raised strengthens the balance sheet ahead of a potential ramp-up in deliveries if some of these retrofit test projects with IPPs convert to volume roll-outs across wind farms and if the ongoing test programmes with wind turbine OEMs complete successfully.

With regard to cash burn, the cost savings made during H216 that were discussed in our June [note](#) have helped the company approach EBITDA break-even. EBITDA losses during H117 were cut from €1.4m in H116 to only €0.4m in H117. Assuming minimal working capital and capital expenditure during H117, we estimate that the group now has c €1.6m cash following the subscription.

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