

Windar Photonics

Engagement with OEMs intensifying

Contract award

Alternative energy

4 January 2018

Price 95.0p
Market cap £40m

Net cash (€m) at end June 2017 excluding Growth Fund loan and subscription in July raising £1.25m 0.4

Shares in issue (after subscription) 41.8m

Free float (after subscription) 47.9%

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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Following the announcement of a transformational contract on 4th December, Windar Photonics issued two announcements later in the month regarding orders related to wind turbine OEMs. Although neither order was of the scale of the earlier transformational contract which was primarily for retrofitting turbines already in the field, they demonstrate the interest OEMs are showing in the technology, which will potentially lead to strong growth in future. We will update our estimates following the pending pre-close trading update.

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 first order, announced towards the beginning of December, was from a Chinese OEM manufacturer for five LiDAR systems for immediate delivery. The systems will be integrated directly into the wind turbines, optimising orientation with respect to incoming wind in order to increase the average power generation of each turbine and to reduce damaging loads, thus extending turbine life span. The second order, announced at the end of December, was from an existing Chinese distribution partner for five LiDAR systems. The end-customers are two wind turbine OEMs.

Both orders are small compared with the 300 unit order, primarily for retrofitting turbines that was announced at the beginning of [December](#). However, they demonstrate continuing interest from wind turbine OEMs, which are attracted by the new wind shear detection functionality, wake and turbulence detection functionality, and a price point appropriate for integration into individual turbines. Windar has either completed or is currently conducting test projects with the majority of both the top 10 and the top 20 global OEM manufacturers. While it takes time for test projects to progress to volume orders, this breadth of engagement represents growth potential equivalent to the retrofit market.

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