

# Trackwise Designs

## Agreement in medical devices market

Supply agreement

Tech hardware & equipment

4 May 2021

**Price** 240p

**Market cap** £68m

Net cash (£m) at 31 December 2020 (excluding IFRS 16 lease liabilities) 11.2

Shares in issue 28.4m

Free float 68.4%

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.

### Analyst

Anne Margaret Crow +44 (0)20 3077 5700

[tech@edisongroup.com](mailto:tech@edisongroup.com)

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Trackwise has announced a seven-year supply agreement with CathPrint, which has created a novel technique for manufacturing catheters. Assuming the ongoing development project supplying Trackwise's Improved Harness Technology (IHT) to CathPrint for advanced catheters is successful, this potentially represents sales of significant volumes of IHT for medical applications from FY23 onwards. This announcement coincides with the news that Trackwise has completed the acquisition of a new site in Gloucestershire, UK. The site will provide additional capacity to support potential volume programmes in the medical sector as well as the previously announced order worth up to £38m over three years from a UK electric vehicle (EV) OEM.

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/M
12/19	2.9	0.6	0.2	1.13	0.0	N/M
12/20e	6.1	0.7	(0.3)	0.35	0.0	N/M
12/21e	14.3	2.7	1.3	4.86	0.0	49.4

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

Stockholm-based CathPrint has created an innovative method of catheter production that supports a semi-automatic operation process for attaching wires, electrodes and contacts, replacing today's small-scale manual assembly techniques and thus substantially reducing manpower and costs. Trackwise's IHT is a critical element of this new manufacturing methodology. The supply agreement covers a two-year development period followed by five years of production. Since Trackwise has already been receiving development revenues from CathPrint and potential production revenues are not scheduled to start until FY23, we leave our estimates unchanged. As IHT gives space and weight advantages, as well improving reliability and ease of manufacture, Trackwise is exploring a number of significant potential customer opportunities in the advanced catheter sector.

In line with its expansion strategy outlined in November 2020, Trackwise has completed the acquisition of a new 77,000 sq ft freehold property in Gloucestershire for £2.8m. Trackwise will install an automated roll-to-roll IHT production line at the site, which management expects will commence operation in Q421. Expansion into this site is critical to meet the production requirements for the EV OEM. The site will also be able to support volume production for the medical device market in future years.

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