

Nanoco Group

Patent ruling

Nanoco versus Samsung: Round 1 to Nanoco

The ruling by the US Patent Trial and Appeal Board (PTAB) in favour of Nanoco in respect of all 47 claims in the five patents underpinning its litigation against Samsung is unalloyed good news for Nanoco. With the company's IP confirmed as valid, Nanoco now looks in a much stronger position to pursue its infringement case against Samsung, or a settlement. With Samsung sales of quantum dot televisions estimated at a cumulative 26m by FYE21, success could be a significant upside driver.

Year end	Revenue (£m)	EBITDA (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)
07/19	7.1	(3.8)	(5.0)	(1.34)	0.00	N/A
07/20	3.9	(2.9)	(4.9)	(1.39)	0.00	N/A
07/21	2.1	(2.9)	(4.7)	(1.30)	0.00	N/A
07/22e	2.2	(3.0)	(4.8)	(1.37)	0.00	N/A

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

The decision by the PTAB, published on 16 May, relates to the inter partes review (IPR) requested by Samsung to challenge the validity of 47 claims in five patents, key to Nanoco's infringement case against Samsung. The PTAB has ruled in favour of Nanoco in respect of all the claims and patents, confirming the validity of Nanoco's IP.

This decision now clears the way for Nanoco's IP infringement case, which was put on hold for the IPR, and pursuit of damages to continue. Nanoco expects a revised trial date to be scheduled for the fourth quarter of calendar year 2022.

Samsung has the right to appeal the verdict of both the IPR and of the infringement case, if Nanoco is successful. If this were to happen, then the process could potentially last a number of more years.

It is possible the unequivocal nature of the PTAB's verdict could make Samsung more receptive to entering negotiations. Nanoco's management has stated that it would be open to negotiating a settlement, as long as the compensation fairly reflects the value of Samsung's use of Nanoco's IP, not just in the US but globally and throughout the life of the patents, four of which expire between 2025 and 2028 with one expiring in 2035.

It would be imprudent to speculate on the potential value of any damages or settlement. However, the potential quantum of a settlement/award should be supported by the strong commercial success of Samsung's quantum dot televisions and the recent launch of a second-generation device. Market analyst Omdia estimates that cumulative sales of Samsung's quantum dot televisions reached 26m in the five years to 2021, putting 2021 sales at 9.42m.

Tech hardware & equipment

17 May 2022

Price 27p
Market cap £83m

Net cash (£m) at end February 2022 (excluding lease liabilities) 2.6

Shares in issue 307.2m

Free float 75.9%

Code NANO

Primary exchange LSE

Secondary exchange N/A

Share price performance



Business description

Nanoco Group is a global leader in the development and manufacture of cadmium-free quantum dots and other nanomaterials, with c 560 patents. Focus applications are advanced electronics, displays, bio-imaging and horticulture.

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