

Riber

MBE system sales supported FY19 recovery

A doubling in revenues from MBE systems during FY19 compensated for a reduction in evaporator sales and supported an improvement in reported EBIT from €0.0m to €0.9m. Order cover for FY20 is good and management does not anticipate that the COVID-19 pandemic will affect deliveries for FY20 overall, although performance will be second-half weighted. We will leave our FY20 estimates unchanged until the detailed FY19 accounts are released at the end of April.

Year end	Revenue (€m)	EBIT (€m)	PAT (€m)	DPS (€)	P/E (x)	Yield (%)
12/17	30.5	3.8	4.1	0.05	7.3	3.6
12/18	31.3	0.0	0.3	0.05	99.2	3.6
12/19	33.4	0.9	1.1	0.03	27.0	2.1
12/20e	37.7	3.0	3.0	0.05	9.9	3.6

Source: Company data, Edison Investment Research estimates

As announced in January, total revenues grew by 7% year-on-year to €33.4m, with a more than doubling in revenues from molecular beam epitaxy (MBE) systems offsetting substantially lower evaporator sales. Total sales were below our €35.3m estimate because billing issues affected sales of services and accessories during Q4. Gross margin dropped from 35.6% to 29.6%, reflecting a lower proportion of evaporators. Indirect costs fell by €2m, primarily because FY18 exceptional items included the €1.1m cost of the allocation of shares for a staff bonus scheme. Reported EBIT recovered sharply (from €0.0m to €0.9m), while not reaching our €1.5m estimate because of production inefficiencies, which have been resolved. Cash generation was strong, with net cash increasing by €3.4m during FY19 to €5.9m at the year end.

The €28.7m FY19 year-end order book was comprised of €21.8m for MBE systems, representing 12 machines for delivery in FY20, five of which are larger production systems, and €6.9m for services and accessories. Riber's manufacturing facility has remained operational through the COVID-19 pandemic, although supplier issues may cause some deliveries to slip into H220. Travel restrictions are causing delays in signing contracts, particularly with customers in China. Management does not expect this to have an impact on deliveries for FY20 overall, but to accentuate the second-half performance weighting. Since Riber's MBE systems are used in research on new materials and for the production of electronic and optoelectronic devices used in communications networks, demand remains buoyant at present but may be impaired longer term if investment is affected by a global recession.

FY19 preliminary results

Tech hardware & equipment

27 April 2020

Price **€1.40**

Market cap **€30m**

Net cash (€m) at end December 2019 5.9

Shares in issue 21.3m

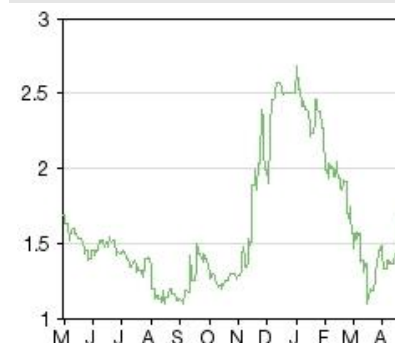
Free float 51.3%

Code RIB

Primary exchange Euronext Paris

Secondary exchange N/A

Share price performance



Business description

Riber designs and produces molecular beam epitaxy (MBE) systems and evaporator sources and cells for the semiconductor industry. This equipment is essential for the manufacturing of compound semiconductor materials that are used in numerous high-growth applications.

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