

1 August 2018



Cambridge Cognition (COG): Corp

Commercial collaboration with US

The announcement of a commercial collaboration with digital health provider, Healthy Amplified, is another example of the recognition of Cambridge Cognition's gold standard cognitive assessment technology as well as the company's desire to build new distribution channels into the US market. Healthy Amplified provides a cloud-based HIPAA solution that aggregates medical history from multiple caregivers. It intends to rollout a newly launched population platform, including Cambridge Cognition's CANTAB technology, across 35 US Metropolitan Markets by the end of 2018. We reiterate our target price of 175p, at which level the stock would trade on a 2019 EV/Sales of 3.5x.

Transense Technologies (TRT): Corp

Year-end trading update

The group has announced a satisfactory year-end trading update, with a strong increase in rental income from iTrack tyre pressure monitoring systems for large mining trucks. H2 trading is in line with that of H1 and revenues for the full-year were slightly ahead of last year. Net cash stood at £1.6m. Our forecasts remain under review, but we take encouragement that while overall revenue visibility is difficult to predict, the group has made strong progress in growing its recurring lease income.

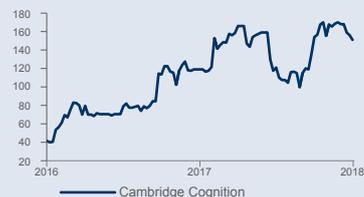
1 August 2018

Corp

Ticker	COG:AIM
Healthcare Equipment & Services	
Shares in issue (m)	22.6
Next results	H1 Sept
Price	151.0p
Target price	175.0p
Upside	16%
Market cap	£34.2m
Net debt/(cash)	-£1.9m
Other EV adjustments	£0.0m
Enterprise value	£32.3m

What's changed?	From	To
Adjusted EPS	2.0	n/c
Target Price	175.0	n/c

Share price performance



%	1M	3M	12M
Actual	-10.1	0.7	26.9

Company description

Neurosciences digital healthcare company.

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▶ Cambridge Cognition*

Commercial collaboration with US

The announcement of a commercial collaboration with digital health provider, **Healthy Amplified**, is another example of the recognition of Cambridge Cognition's gold standard cognitive assessment technology as well as the company's desire to build new distribution channels into the US market. **Healthy Amplified** provides a cloud-based HIPAA solution that aggregates medical history from multiple caregivers. It intends to rollout a newly launched population platform, including Cambridge Cognition's CANTAB technology, across 35 US Metropolitan Markets by the end of 2018. We reiterate our target price of 175p, at which level the stock would trade on a 2019 EV/Sales of 3.5x.

- ▶ **US collaboration** agreed with a US-based digital health provider, Healthy Amplified, which will act as a reseller of CANTAB products in the US market. It is expected that the rollout of a newly launched population platform, including Cambridge Cognition's CANTAB technology, across 35 US Metropolitan Markets will take place by the end of 2018.
- ▶ **Healthy Amplified** provides a cloud-based HIPAA (Health Insurance Portability and Accountability Act of 1966) solution on a digital platform that aggregates medical history in real time from multiple caregivers, which simplifies treatment collaboration between family, coaches, trainers and primary care physicians – ensuring the best possible management of a youth athlete's injury.
- ▶ **Implications.** The inclusion of Cambridge Cognition's cognitive assessment technology will expand Healthy Amplified's offering to adults, facilitating the standardised testing of cognitive abilities, with a specific focus on assessing traumatic brain injury, depression, and the early detection of cognitive impairment associated with Alzheimer's disease.
- ▶ **Forecasts and valuation.** No change to forecasts or target price of 175p, which implies a 2019 EV/Sales multiple of 3.5x. At this level, the shares would trade on a 2018 EV/EBITDA of 63x dropping to 35x, and P/E of 78x falling to 42x, which is underpinned by a c.90% increase in EPS.

Key estimates Year end: Dec		2015A	2016A	2017A	2018E	2019E
Revenue	£m	5.0	6.9	6.7	7.8	9.2
Adj EBITDA	£m	-0.5	0.3	0.0	0.5	0.9
Adj EBIT	£m	-0.6	0.2	-0.1	0.5	0.8
Adj PBT	£m	-0.6	0.2	-0.1	0.5	0.9
Adj EPS	p	-2.7	1.3	-0.3	2.0	3.8
DPS	p	0.0	0.0	0.0	0.0	0.0

Key valuation metrics		2015A	2016A	2017A	2018E	2019E
EV/EBIT (adj)	x	-54.7	162.4	-482.3	71.7	38.3
P/E (adj)	x	-55.3	112.0	-560.2	74.3	39.9
Dividend yield	%	0.0%	0.0%	0.0%	0.0%	0.0%
Free cash yield	%	-2.5%	1.3%	-2.0%	2.2%	2.3%
Pre-tax ROCE	%	-41.8%	7.0%	-2.2%	13.1%	19.8%

1 August 2018

Corp

Ticker TRT:AIM

Industrial Engineering
 Shares in issue (m) 9.4
 Next results FY Oct

Price 35.5p

Target price Under review
 Upside n/a

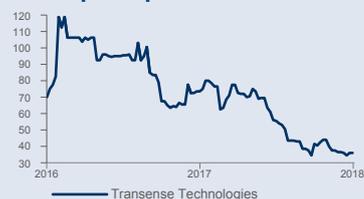
Market cap £3.4m

Net debt/(cash) -£1.6m
 Other EV adjustments £0.0m
 Enterprise value £1.8m

What's changed? From To

Target Price U/R n/c
 EPS U/R n/c

Share price performance



%	1M	3M	12M
Actual	-2.7	-14.5	-52.7

Company description

Development and commercialisation of pressure, temperature and torque monitoring equipment

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Year-end trading update

The group has announced a satisfactory year-end trading update, with a strong increase in rental income from iTrack tyre pressure monitoring systems for large mining trucks. H2 trading is in line with that of H1 and revenues for the full-year were slightly ahead of last year. Net cash stood at £1.6m. Our forecasts remain under review, but we take encouragement that while overall revenue visibility is difficult to predict, the group has made strong progress in growing its recurring lease income.

▶ **Trading update.** The group has announced a brief year-end trading update, for the period to 30 June 2018, which appears satisfactory and with progress being made. Results for the second half were in line with those of the first half. FY revenues were up slightly versus 2017, although excluding revenues gained from its licence with GE for its SAW technology in 2017, revenues were up 40%. There has been strong progress in rental income from large mining haul trucks using Translogik's iTrack tyre monitoring system, with the monthly recurring operating lease rental income in July being 200% higher than a year ago. There has also been good growth in Translogik's tyre probes and while SAWSense experienced a fall in revenue, activity levels remain positive. The group finished the year with net cash of £1.6m, which would imply cash consumed during the year was £1.1m.

▶ **Forecasts.** Our forecasts remain under review.

Key estimates	Year end: Jun	2016A	2017A	2018E	2019E	2020E
Revenue	£m	1.2	2.1	U/R	U/R	U/R
Adj EBITDA	£m	-1.6	-0.9	U/R	U/R	U/R
Adj EBIT	£m	-1.8	-1.2	U/R	U/R	U/R
Adj PBT	£m	-1.8	-1.2	U/R	U/R	U/R
Adj EPS	p	-0.6	-19.3	U/R	U/R	U/R
DPS	p	0.0	0.0	U/R	U/R	U/R

Key valuation metrics		2016A	2017A	2018E	2019E	2020E
EV/EBIT (adj)	x	-0.4	-0.5	U/R	U/R	U/R
P/E (adj)	x	-61.2	-1.8	U/R	U/R	U/R
Dividend Yield	%	0.0%	0.0%	U/R	U/R	U/R
Free cash Yield	%	-77.8%	21.5%	U/R	U/R	U/R
Pre-tax ROCE	%	-55.3%	-17.5%	U/R	U/R	U/R

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