

Kromek Group PLC

23:33 08 May 2019

Kromek gains traction from contract wins

- Developer and supplier of radiation detection products
- Sells to medical, security screening and nuclear markets
- Operates in UK and US with international distribution network What Kromek does

Kromek Group PLC (LON:KMK) is a developer and supplier of radiation detection products for the medical, security screening and nuclear markets.

The company's products are based on cadmium zinc telluride (CZT), an alloy used primarily for x-ray and gamma radiation detection, as well as other technologies.

The group has operations in the UK and the US and sells its products internationally through a network of distributors, original equipment manufacturers (OEMs) and direct sales.

Inflexion points

- In early May, the company said an order expansion from one of its existing customers had added US\$2.7m to a five-year contract, taking its total value to US\$5.8m. The deal sees Kromek provide key components for screening systems that detect explosives to a US customer operating in the homeland security space.
- In February Kromek secured a US\$1.4m contract with a new customer to provide its CZT radiation detectors over a three-year period.
- In January the group secured a seven-year contract worth a minimum of US\$58.1m to provide its CZT detectors to an OEM customer in the medical imaging market.

Blue Sky

In a trading update for its fiscal year ended 30 April, Kromek said it expected to report revenue growth and underlying (EBITDA) profit that was in line with market expectations.

Looking ahead, Kromek said it had continued to gain traction across all of its business segments with "high-value, multi-year" contract awards from its commercial and government customers.

Speaking to Proactive in February, Kromek's chief executive Arnab Basu said going forward the company was "all about growth" and the operational expansion of the business.

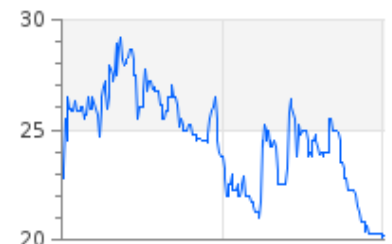
The £20m that the company had raised in a discounted share placing in January would be used to expand the group's operational capabilities, Basu said, with around £10m due to be spent on the expansion of capacity including new production facilities to fulfil its existing contracts.

Meanwhile, £3-4m would be spent on an expansion of sales and marketing activities, which the CEO said was "particularly relevant" regarding its nuclear radiation detectors.

Price: 20.09

Market Cap: £69.24 m

1 Year Share Price Graph



October 2018 May 2019 November 20

Share Information

Code: KMK

Listing: AIM

52 week High Low
31.9459 19.655

Sector: Hardware & electrical equipment

Website: www.kromek.com

Company Synopsis:

Kromek Group plc is a leading developer of radiation detection solutions based on high performance sensor materials, primarily cadmium zinc telluride (CZT), for applications within the medical, nuclear and security screening markets.

action@proactiveinvestors.com.au

Overall, Basu said that the multi-year contracts the company has won so far have provided "very firm visibility of revenues", which helps with future projections and planning for the business.

These contracts also provide a "healthy balance sheet", which acts as a confidence boost for possible future clients during negotiations.

Looking further ahead, Basu says that all these developments are "the tip of the iceberg", and that over the next 10 years Kromek could see revenue opportunities of "nearly US\$1bn".

With shares trading around 25.5p as of 8 May 2019, Kromek carries a market cap of £91.3m.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +61 (0)2 9280 0700 action@proactiveinvestors.com.au

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.

In exchange for publishing services rendered by the Company on behalf of Kromek Group PLC named herein, including the promotion by the Company of Kromek Group PLC in any Content on the Site, the Company receives from said issuer annual aggregate cash compensation in the amount up to Twenty Five Thousand dollars (\$25,000).