

## Q4 snapshot

Share Price: A\$0.10

### Strong sales growth, solid new bookings

Sensera Limited (ASX:SE1) achieved revenues of US\$ 3.8M in 4Q19 (June quarter), which is the biggest quarterly revenue number to-date for the company (Figure 1).

Total revenues of US\$10.2M in FY19 were up 60% year-on-year. While they fell just short of the US\$10.5M-US\$11M guidance, the company cited customer delivery timing cut-offs towards the end of June as the reason for the shortfall of several hundreds of thousands in revenues. Additional capacity has been put in place in the meantime to be able to meet the company's current revenue opportunities.

### US\$ 3M in new bookings per 26 July

The company recorded solid new bookings for July resulting in a backlog that already covers more than 50% of the company's 1Q projected revenues with the balance expected to be booked in the remainder of the quarter. Bookings are roughly split 50/50 between MEMS and Nanotron, which we believe reflects well-balanced growth for SE1.

On the MEMS side of the business, the fast-growing Medical segment is by far the largest contributor to the backlog at around 75%. This is largely due to the design wins that SE1 achieved over the last 18 months with customers like Abiomed.

### ADAS and Autonomous Vehicles are big target markets

However, SE1's product development around micro mirrors is already starting to translate into bookings, albeit with longer delivery timelines. Autonomous Vehicles (AV's) and Advanced Driver Assistance (ADAS) are the key target markets for micro mirrors, used primarily in ranging applications, i.e. measuring distances to other cars, pedestrian, obstacles and general surroundings of cars.

Micro mirror applications account for about a quarter of SE1's current backlog. We would expect this segment to show strong growth over the next five years as AV's and ADAS are expected to show very substantial growth going forward.

A more in-depth analysis of the relevant AV and ADAS markets is included in our initiating coverage of SE1, published on 11 June 2019, which is available here:

<https://www.pittstreetresearch.com/sensera>

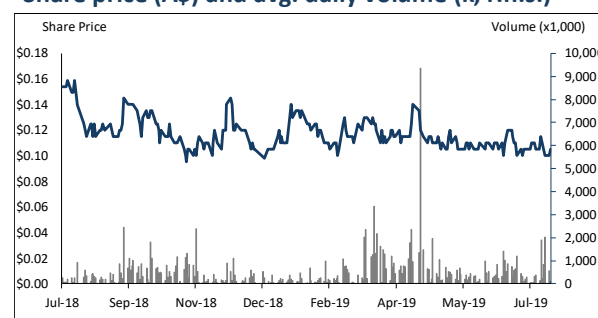
ASX: SE1

Sector: Semiconductors and Semiconductor  
Equipment  
1 August 2019

Market Cap. (A\$ m)	27.3
# shares outstanding (m)	272.8
# share fully diluted	281.3
Market Cap Ful. Dil. (A\$ m)	28.1
Free Float	88.5%
12 months high/low (A\$)	0.23 / 0.10
Website	<a href="http://www.sensera.com">www.sensera.com</a>

Source: Company, Pitt Street Research

### Share price (A\$) and avg. daily volume (k, r.h.s.)



Source: Thomson, Pitt Street Research

<b>Valuation metrics</b>	
Fair valuation (A\$)	0.50-0.58
WACC	9.6%
Assumed terminal growth rate	2.0%

Source: Pitt Street Research

**Subscribe to our research [HERE](#)**

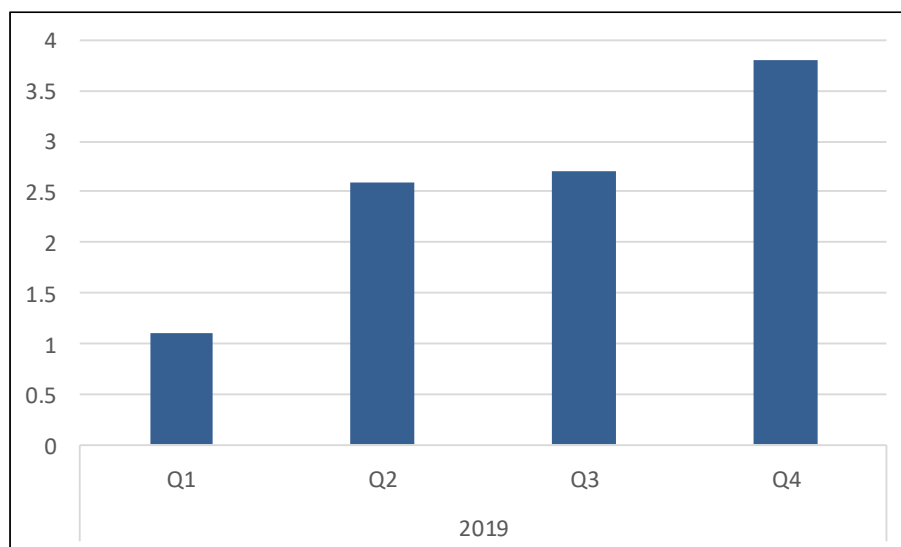
**Analyst: Marc Kennis**

**Tel: +61 (0)4 3483 8134**

**[marc.kennis@pittstreetresearch.com](mailto:marc.kennis@pittstreetresearch.com)**



Figure 1: Quarterly revenues in 2019 (USD M)



Source: Sensera

**US\$ 8M in near term revenue opportunities**

## Commercial pipeline has grown to US\$ 80M

SE1's commercial pipeline of qualified leads and prospects has grown 10% in 4Q19 and now totals US\$ 80M in revenue opportunities of which approximately US\$ 8M in near term opportunities with six customers. The remainder of the business funnel comprises of revenue opportunities in the next 18 to 24 months.

## Arrow distribution agreement to further drive growth

The company also recently announced the expansion of the existing distribution agreement with Arrow (~US\$ 30BN in revenues), one of the world's largest electronics distribution, systems integration and deployment companies.

**Expanded Arrow distribution deal to provide strong additional growth driver**

The agreement has been expanded to include SE1's MEMS products (in addition to the Nanotron product range) as well as a substantially broader geographical reach. Additionally, Arrow will provide design-in and product support to customers, which we believe will be a strong additional growth driver.

## Valuation range of A\$0.50–0.58 per share unchanged

SE1 is expected to report its full set of FY19 results towards the end of August. In the meantime, we leave our DCF-based valuation range of A\$0.50–0.58 per share unchanged. The minor shift of revenues from 4Q19 into 1Q20 doesn't change our long-term view and valuation of the company. Moreover, we believe the new distribution agreement with Arrow can potentially be a very strong, additional, driver of revenue growth.

Please refer to our initiating report on SE1, available on our website, for a full risk analysis.

# General advice warning, Disclaimer & Disclosures

## Terms & Conditions

The information contained herein ("Content") has been prepared and issued by Pitt Street Research Pty Ltd ACN 626365615 ("Pitt Street Research"), an Authorised Representative (no: 1265112) of BR Securities Australia Pty Ltd. ABN 92 168 734 530, AFSL 456663. All intellectual property relating to the Content vests with Pitt Street Research unless otherwise noted.

## Disclaimer

The Content is provided on an as is basis, without warranty (express or implied). Whilst the Content has been prepared with all reasonable care from sources we believe to be reliable, no responsibility or liability shall be accepted by Pitt Street Research for any errors or omissions or misstatements howsoever caused. Any opinions, forecasts or recommendations reflect our judgement and assumptions at the date of publication and may change without notice. Pitt Street Research will not accept any responsibility for updating any advice, views, opinions or recommendations contained in this document.

No guarantees or warranties regarding accuracy, completeness or fitness for purpose are provided by Pitt Street Research, and under no circumstances will any of Pitt Street Research officers, representatives, associates or agents be liable for any loss or damage, whether direct, incidental or consequential, caused by reliance on or use of the Content.

## General Advice Warning

The Content has been prepared for general information purposes only and is not (and cannot be construed or relied upon as) personal advice nor as an offer to buy/sell/subscribe to any of the financial products mentioned herein. No investment objectives, financial circumstances or needs of any individual have been taken into consideration in the preparation of the Content.

Financial products are complex, entail risk of loss, may rise and fall, and are impacted by a range of market and economic factors, and you should always obtain professional advice to ensure trading or investing in such products is suitable for your circumstances, and ensure you obtain, read and understand any applicable offer document.

## Disclosures

Pitt Street Research has been commissioned to prepare the Content. From time to time, Pitt Street Research representatives or associates may hold interests, transact or hold directorships in, or perform paid services for, companies mentioned herein. Pitt Street Research and its associates, officers, directors and employees, may, from time to time hold securities in the companies referred to herein and may trade in those securities as principal, and in a manner which may be contrary to recommendations mentioned in this document.

Pitt Street Research receives fees from the company referred to in this document, for research services and other financial services or advice we may provide to that company. The analyst has received assistance from the company in preparing this document. The company has provided the analyst with communication with senior management and information on the company and industry. As part of due diligence, the analyst has independently and critically reviewed the assistance and information provided by the company to form the opinions expressed in the report. Diligent care has been taken by the analyst to maintain an honest and fair objectivity in writing this report and making the recommendation. Where Pitt Street Research has been commissioned to prepare Content and receives fees for its preparation, please note that NO part of the fee, compensation or employee remuneration paid will either directly or indirectly impact the Content provided.