

Tungsten Corp PLC

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Tungsten sells bank, talks turnaround after losses

-- adds line on bank sale, share price --

Corporate invoice specialist Tungsten (LON:TUNG) remained upbeat on its future despite soaring losses and the scrapping of plans to set itself up as a bank.

The e-invoice group has agreed to sell its bank subject to UK regulatory approval for approximately £30m in cash, reflecting net assets of £25.4m plus a premium.

Nick Parker, chairman, said: "Tungsten is making progress, achieving strong revenue growth and concluding encouraging customer renewal agreements, even as it resets expectations about the trajectory of its opportunity."

Losses in the six months to October jumped to £17.8m (£14.5m) including a £6.8m write-down for the bank.

The deficit was more than revenues, which rose to £13.1m (£10.2m) though underlying losses dropped to £9.5m (£13.2m).

The volume of e-invoice volumes rose 10% to 7.5m (6.8m) with 14% increase in e-invoice value to £55.9bn (£48.9bn).

Rick Hurwitz, who took over as chief executive in July, said he had reviewed all of aspects of the business and identified the areas it had to tackle to improve the group's performance.

One casualty of that review has been Tungsten's banking ambitions.

Operating a regulated deposit-taking bank is incompatible with the pursuit of profitable growth from the foreseeable invoice financing opportunity, he said.

He forecast Tungsten would achieve break-even on an underlying profit [EBITDA] basis by the end of its 2016-2017 financial year (18 months) and generate positive underlying earnings two years from now.

In the current year, to next April, revenues will be around £27.5m and underlying losses no more than £19m or £15m on an underlying basis.

Cash holdings were £39.7m, of which £25.4m was within Tungsten Bank. The bank's sale is expected to take between 6-12 months.

Shares fell 5% to 39p.

Price: 43.1

Market Cap: £54.34 m

1 Year Share Price Graph



October 2018 May 2019 November 2019

Share Information

Code: TUNG

Listing: AIM

52 week High Low
55 19.95

Sector: Software & services

Website:
www.tungstencorporationplc.com

Company Synopsis:

Tungsten Network accelerates global trade by enabling touchless invoice processing, strengthened cash flow and better buying decisions. Tungsten Network also includes invoice and workflow automation featuring standards-based, validated integration for Oracle E-Business Suite and JD Edwards, and SAP certified integration.

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