

# Kromek Group PLC

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## 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:** 22.5p

**Market Cap:** £77.53M

### 1 Year Share Price Graph



### Share Information

**Code:** KMK

**Listing:** AIM

**52 week High Low**  
31.95p 20.50p

**Sector:** Technology Hardware & 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.*

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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 £91.3mln.

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