



Stock Code: SE1
Share Price: \$0.43
Market Cap: \$52.5M

Event

- Sensera (ASX:SE1) has today released its report for the quarter ended 31 March 2017, detailing its progress in achieving the goals the company set in February of 2017.
- The company has made good progress in satisfying these objectives to date and has reaffirmed its revenue forecasts for both 2017 and 2018.
- During the quarter ~US\$2.7m was spent on operating activities, generating US\$160k of initial cash inflows. The company holds ~US\$5.6m in cash, which will be available to fund any acquisitions in the medium-term.

Corporate Goals

- **Appoint a Senior Business Development Executive and expansion of engineering and microfabrication team**
- Sensera has successfully completed the recruitment of its entire engineering and microfabrication team, adding three full-time equivalents, in preparation for the transition of its two cornerstone clients to the manufacturing phase.
- The recruitment of a Senior Business Development Executive (BDE) is also progressing. The search began late in the quarter and is expected to conclude within the coming months. Once appointed the BDE is expected to substantially accelerate the company's sales pipeline and revenue opportunities.
- **Appointment of CEO, Appointment of an additional Director and Identification and completion of first acquisition**
- All three of these key growth objectives are expected to be on track to be delivered in the coming year and the company sits in a strong position to make an acquisition.

Sales Goals

- **Achieve minimum revenue of \$2m for CY2017 and \$7m in future forecast customer orders, by end of CY2017**
- The company has reiterated that both revenue objectives will be met. Production forecasts from one of the two cornerstone customers has increased.
- Cash inflows of US\$160k were recorded for the quarter. Sensera's current contracts are structured to generate payments to the company on the realisation of milestones, as opposed to regular time-billed payments.
- However, the company has signalled that future engineering contracts are likely to become a mixture of both milestone and regular payments. Thus, we expect Sensera's cash inflows to become less lumpy and more consistent in the coming year. This will be compounded by manufacturing contracts being billed against volume.
- **Increase sales pipeline to 50 prospects and secure an additional 5 customers by end of CY2017 and secure an additional long term blue chip client**

- The company recently completed its ISO 9001:2015 audit, this quality certification specifies requirements for a quality management system, demonstrating Sensera's ability to consistently provide products and services that meet customer and regulatory requirements.
- It will now move to satisfy an ISO 13485:2016, which focuses on medical device manufacturing. This then allows the company to offer an additional certification of microfabrication on medical devices and will assist in attracting new potential clients, especially larger blue-chip medical product developers.

Customer Goals

- **Successfully transition two anchor customers to manufacturing phase in the 2nd half of CY2017**
- The first of the two cornerstone customers will enter manufacturing in Q3 of 2017, ~60 days ahead of schedule. The second is anticipated to be delayed by 3-4 months and will now commence in Q4 CY17 / Q1 CY18. There has been no change to this customer's volume manufacturing requirements. This delay is expected to be offset by the former customer's early entry into the manufacturing phase.
- The company noted that it has made US\$607k of capital expenditure to prepare for the transition of both of these cornerstone customers. This now allows Sensera to internalise part of its production, which was previously outsourced. We therefore expect the margins achieved in manufacturing to noticeably increase.
- **Grow the number of smaller clients**
- Sensera has added an additional small client, taking the total number of clients to seven. It has also quoted additional projects and is developing its current pipeline of additional potential clients. Once a Business Development Executive is secured we expect to see client numbers quickly increase.

R&D & IP Commercialisation

- Sensera's R&D works on its first internal IP project 'The Towakon Project' are now ahead of schedule. This has necessitated additional staff and corporate costs be allocated to the project. The current focus is to miniaturise the prototype of the water leak measuring device and secure a patent that is currently pending.
- The continued success of this project initiates the Company's efforts in cultivating a portfolio of Sensera owned IP, which in future will be driven by both internal R&D and acquisitions.

