

# Eurocontrol Technics Group Inc.

(TSXV:EUO | OTCQB:EUCTF)

## Innovative Test & Measurement Technology Ready for Mass Global Commercialization

### Company Description

Eurocontrol Technics Group Inc. (“Eurocontrol”) specializes in the acquisition, development and commercialization of innovative test and measurement technology for the authentication, verification and certification markets, through its three wholly-owned subsidiaries: Xenemetrix, XwinSys and Croptimal.

### Investment Highlights

- **Sale of former subsidiary, Global Fluids International (“GFI”),** to SICPA S.A. in 2016 for \$16.0mm in cash, as well as earn-out payments equal to 5% of revenues generated by the sold division, including revenue from logistics. The six to nine year earn out agreement guarantees a minimum of \$1.5mm/year in earnouts, which goes straight to EUO’s bottom line.
- **Partnerships with global giants SICPA and Netafim** indicates an approval of concept for EUO’s technology. SICPA is a Switzerland-based conglomerate, with around 3,000 employees in more than 200 countries around the world. Netafim is a global leader in smart irrigation solutions, with around 4,300 employees in over 110 countries. These globally recognized partners will help with the go-to-market strategy as well as help accelerate EUO’s monetization efforts.
- **A newly formed subsidiary, Croptimal,** will begin commercializing its agriculture focused technology in 2017. The technology provides in-field testing and analysis of soil/crops, and is capable of providing actionable results to farmers/agronomists in minutes. The precision agriculture technology will attempt to penetrate the ~\$3.0 billion agriculture testing market, and will be initially sold to Netafim’s vast list of clients.
- **A well-funded balance sheet supports EUO’s acquisition strategy.** As of September 2016, Eurocontrol commanded \$14.3mm in combined cash, marketable securities, and very-short term A/R, which will fund additional bolt-on acquisitions. With management’s already expressed interest, investors may reasonably expect potential acquisition talks in 2017.

### Financial Analysis

Eurocontrol generated \$947k in revenues for the first nine months of 2016, with an additional \$1.5mm expected in earn-outs from the GFI sale. Company’s balance sheet is extremely healthy, having zero debt, and supporting six years of bootstrapped operations. With a market cap of just over \$13mm, the value assigned by the market to EUO’s shares is out of whack. Considering that Eurocontrol has \$14.3mm in liquid assets, additional guaranteed cash flows of \$7.5mm in the next five years, as well as huge upside from its three business divisions, the Company should be trading at much higher levels.

### Price Performance



### Market Data (TSXV:EUO)

Price (January 18, 2017 close)	\$0.15
52 Week Range	\$0.12 - \$0.22
Market Cap (mm)	\$13.1
Shares Outstanding (basic, mm)	92.0
Free Float	84%
Average Daily Volume (3 months)	201,475

Total Debt (mm)	\$0.0
Cash & Short-Term Investments (mm)	\$12.8
Total Assets (mm)	\$20.6

**Headquarters** Toronto, ON, Canada

### Top Shareholders

SICPA Finance S.A.	12.9%
Bruce Rowlands, Chairman & CEO	2.6%
Paul Wood, Director	0.4%

*All figures in CAD unless otherwise stated.  
Source: Thomson Reuters (1/18/2017)*

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