



EUO. V – EUROCONTROL TECHNICS GROUP

SHARES OUTSTANDING – 89,000,000

EURO has just sold their division (Global Fluids International, "GFI") fuel marking technology (to prevent illicit marketing of fuels) to Swiss SICPA Big Whale, which has an annual turnover of 1.4 billion USD, 3,000 employees and works with about 200 governments worldwide. SICPA has been in the security business since 1927. SICPA is the leading global provider of security inks for printing currency as the dollar, euro and yen, designs passports and government bonds and solutions for authenticating documents and sensitive products with market value. Its Security Solutions division currently provides over 40 billion US \$ per year for the collection of excise tax and VAT and ensures traceability of over \$ 70 billion on tobacco, beverage and pharmaceutical products in the world whole. It is simply amazing that this giant company is interested in acquiring technology owned by a Canadian public company with low capitalization. Political relations SICPA go far beyond what any other company listed in Venture can dream. See links "International Advisory Board" - CEO1 SICPA SICPA CEO, Atlantic Council on SICPA GFI CEO Israéliennes Presidential Conference.

EURO CAD receives 16 million upfront payment for the sale of GFI and its shares are currently trading at 16.5c x 89 million = CAD 14.68 million market capitalization with no debt on its books. EUO also, and this is where it gets more interesting, receives a royalty of 5% (with a minimum of 1.5 million CAD per year) on all contracts that get SICPA for fuel marking programs they sell to governments worldwide. This includes both the logistics for the program and the actual synthetic markers used. oil / fuel marking programs is a market of 1 billion globally (as estimated by the CEO Bruce Rowlands). GFI has only one serious competitor is Authentix in the United States. GFI is the only certified fuel marker ISO market and Mr. Rowlands has mentioned several times in public appearances that Authentix tech is "horse and buggy" in comparison with GFI's. The only reason EUO was never able to compete with Authentix on a global scale is due to its very limited resources and size (EUO got only 3 contracts: Albania, Uganda and Tanzania and lost many bids because of bribes that Authentix could meet with representatives of government that the EUO could not do.) by contract, EUO also provide Xenometrix spectrometers on an exclusive basis SICPA for their fuel integrity programs, they are required to analyze fuel samples taken to check if the fuel has not been altered or illegally smuggled or otherwise. Xenometrix is a controlled subsidiary 100% Eurocontrol, so will another layer of extra income for EUO (with gross margins of around 40-50%).

Suppose SICPA receives only 10% of the world market or USD 100 million / year, which is approximately CAD 140 million, 5% of it going to EUO = CAD 7 million / 89 million shares = 7.9c Income EUO. Therefore, what is the value of EUO? I do not know, but certainly not 16.5c! The market is out to lunch on EUO. As the market is declining, I would say a price-earnings ratio (PE) 5 = 40 c. What is even better, if the EUO plan is to return it in the form of dividends, which the CEO EUO announced as their intention, if we apply a conservative return of 8%, now is EUO = 99c. Not bad for a share of 16c. As I said, with a market penetration of only 10% for the new Global Fluids International division (GFI) SICPA, a very high yield of 8%, which in a market in negative interest rates could be much low, which leaves out any value for the division and for Xenometrix XwinSys. Incidentally, there is a call for current offers (ec.europa.eu) to provide 28 states throughout the EU a new fuel marker that I believe could easily be worth about 150- 200 million to be granted before the end of 2016. the size of this contract alone has tremendous potential for obvious EUO SICPA if this happens to be awarded. Let's say 150 million 5% = a fee of around 12c CAD alone for EUO which would EUO on the way of an assessment of more than CAD \$ 1 per share.

XwinSys (fully automated metrology system for industry semiconductor that combines image processing technology 2D and 3D with the ED-XRF technology Xenometrix) is a unique manufacturing company, it is much more advanced than that can be read in their last management report or even that their last presentation in January would have us believe. Check what Robert McWhirter to say about it here²: I suspect Mr. Rowlands will be looking for a similar type of operation with SICPA for success, ie: initial payment + royalty streams in return from the sale of technology. I can only dream that the stock would be with 2 large flows of secure royalties supporting both annual dividends may be higher than the current market capitalization.

To summarize, I believe that EURO is the best opportunity risk / reward on the Canadian market at the moment because it was trading at 16.5c, its valuation is supported by its current cash value of approximately 17c per share and NPV (NPV) of 22-24c factoring the minimum payment of future royalties and having a safe flow scenario of potential royalties could easily exceed its current market capitalization. Potential deployments other commercial applications of their Xenometrix spectrometers such as Petromarine is not even considered here.

créé



25 févr.

dernière réponse



4 jours

4

réponses

203

vues

3

utilisateurs

6

J'aime

9

liens

