



**March 27, 2019**

**CURRENT PRICE:** \$4.61  
**RATING:** N/A  
**PRICE TARGET:** N/A  
**CURRENT YIELD:** N/A

**EPS Estimates - GAAP**

	DEC 17A	DEC 18E
1Q	(\$0.32)	(\$0.25)A
2Q	(\$0.28)	(\$0.30)A
3Q	(\$0.37)	(\$0.23)A
4Q	(\$0.24)	
	<b>(\$1.22)</b>	<b>(\$0.89)A</b>

**Trading Data**

52-WEEK PRICE RANGE: **\$6.16-\$1.77**  
 SHARES OUTSTANDING: **41.0(M)**  
 MARKET CAP: **\$189.0(M)**  
 AVG. DAILY TRADING VOLUME: **1.9(M)**  
 S&P 500: **2,805**

**Valuation Data**

BOOK VALUE: **\$2.34**  
 PRICE TO BOOK: **1.97x**  
 DIVIDEND: **n/a**

**MAXWELL TECHNOLOGIES, Inc. (NSDQ: MXWL)**

*Terminating Coverage*

**Highlights**

- FY18 earnings of (\$0.89)/share vs. (\$1.22)/share during FY17
- Tesla buying MXWL in all stock deal
- Terminating coverage
- Last rating was a HOLD

**Investment Thesis**

Tesla (TSLA-\$274.83) announced it was buying MXWL in an all stock deal.

**Company Summary**

Maxwell Technologies (MXWL-\$4.61), headquartered in San Diego CA, develops, manufactures, and markets advanced energy storage/power delivery products. These products are used in the transportation, renewable energy, industrial, information technology sectors and the company.

*For Important Disclosure information regarding the Firm's rating system, valuation methods and potential conflicts of interest, please refer to the last two pages of this report.*

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## RECENT DEVELOPMENTS

Tesla announced it acquiring MXWL in an all stock deal. The deal should be completed by mid-year 2019.

MXWL launched a new 3-Volt product platform for a full range of market applications

MXWL sold its High Voltage product line to Renaissance Investment Foundation for \$55.1 million. This was done to streamline operations and focus on its UC business and the development of its Dry Battery Electrode (DBE) product.

## RECENT EARNINGS

MXWL reported FY18 earnings of (\$0.89)/share vs. (\$1.22)/share during FY17. When comparing the two years, revenues rose to \$90.5 million from \$87.7 million, total operating expenses fell to -\$50.7 million from -\$57.0 million, and the loss from operations decreased to -\$40.7 million from -\$51.7 million. The company did not report 4Q18 earnings and instead reported full year results.

## Our Thoughts

We are terminating our coverage of MXWL due to its acquisition by TSLA. Our last rating on MXWL was a HOLD.

## Risks

There are no guarantees MXWL will be able to grow future earnings or have enough cash to operate in the future. Declining customer orders, increasing commodity prices, and rising operating costs could negatively affect the company's profits. Economic slowdowns, or political change, in Europe and Asia could have adverse effects on earnings. Given the majority of its revenues come from overseas, fluctuations in currency values could impact MXWL's profitability. New products from competitors, or changing industry trends, are risks for MXWL's ability to sell its products. Negative equity markets, rising interest rates, terrorist attacks, and failure to comply with the Sarbanes Oxley Act could cause a decline in MXWL's share price. Given the relatively small amount of daily trading activity in MXWL's stock, any increase in trading volume could significantly accelerate the volatility of its share price movement.

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# EQUITY RESEARCH

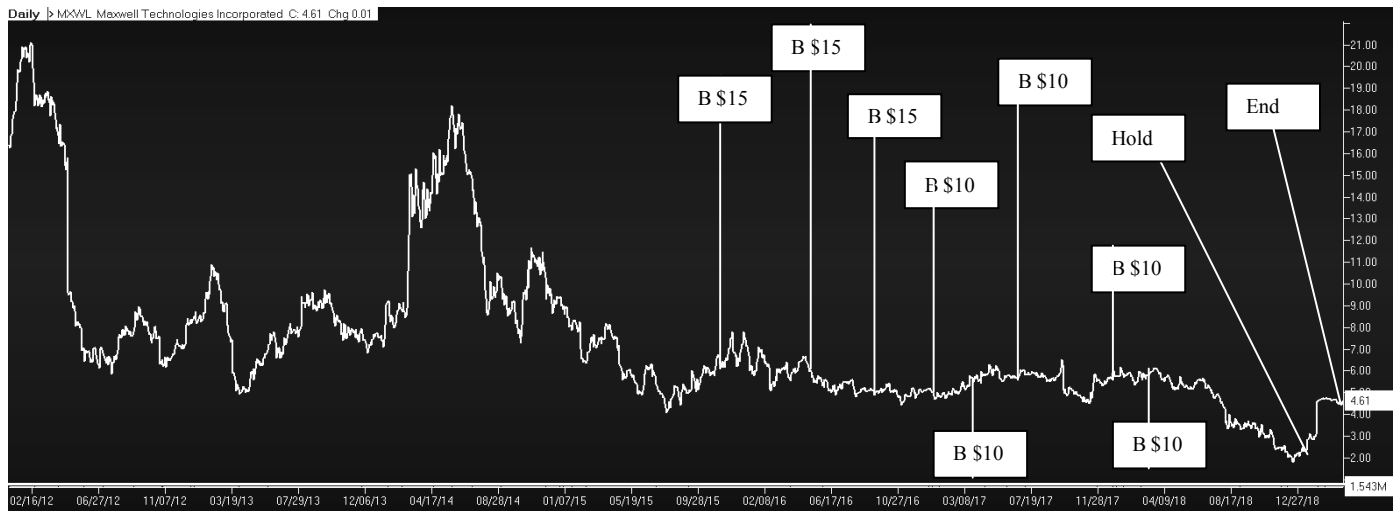
MAXWELL TECHNOLOGIES, INC. & SUBSIDIARIES  
condensed consolidated statements of operations  
(in thousands, except per share data - unaudited)

	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	2018*
Revenue	\$26,686	\$37,103	\$35,816	\$30,763	\$130,368	\$28,416	\$29,464	\$33,727	\$90,459
Cost of revenue	20,049	29,276	28,420	23,832	101,573	22,735	24,036	27,357	80,459
Gross profit	6,191	7,827	7,396	7,381	28,795	5,681	5,428	6,370	10,000
Operating expenses:									
Selling, general, & administrative	9,540	12,070	14,514	9,694	45,818	9,572	9,787	9,052	30,542
Research & development	7,686	4,430	4,891	4,344	18,351	5,532	5,549	5,599	19,983
Amortization of intangibles									
Restructuring/exit costs	997		1,251	34	2,282	57	78	47	26
Asset Impairment charges				240	240				218
Total operating expenses	15,223	16,500	20,656	14,312	66,691	15,047	15,414	14,604	50,717
Income/(loss) from operations	-9,032	-8,673	-13,260	-6,931	-37,896	-9,366	-9,986	-8,234	-40,717
Gain on asset sale									
Interest expense, net	63	97	152	1,043	1,355	993	1,030	1,252	-228
Other Income	1	52	14	18	85	38	41	34	149
def. benefit plan, net	155	298				221	211	217	110
Amort of debt discount/prepaid debt costs									
Debt discount amort/prepaid debt costs									
For. Currency loss, gain	97	19	65	256	306	89	238	56	479
Income before income taxes	-9,191	-8,736	-13,333	-8,212	-39,472	-10,227	-11,002	-9,359	-45,538
Income taxes	1,208	1,382	527	540	3,657	1,022	300	364	1,096
Net income	(\$10,399)	(\$10,118)	(\$13,860)	(\$8,752)	(\$43,129)	(\$9,205)	(\$11,302)	(\$9,723)	(\$44,442)
Income from disc operations									7,894
Net income including disc operations									(\$36,548)
Net income per share (diluted)	(\$0.32)	(\$0.28)	(\$0.37)	(\$0.24)	(\$1.22)	(\$0.25)	(\$0.30)	(\$0.23)	(\$0.89)
Shares outstanding (diluted)	32,200	35,526	37,008	37,115	37,115	37,522	38,068	42,497	41,031

\* 4Q18 results not provided by MXWL



## Important Disclosures



5/1/12 \$9.58 initiate BUY & \$13 price target  
 4/2/13 \$4.98 lowered to HOLD  
 9/9/13 \$9.12 raise to BUY & \$13 price target  
 4/8/14 Raise price target to \$15  
 1/5/17 Lower price target to \$10  
 1/14/19 \$2.40 Lower rating to HOLD  
 3/27/19 Terminate (end) coverage

Ratings-  
 BUY: B  
 HOLD: H  
 SELL: S

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- (2) Hold – The stock's total return including dividends is expected to be in line with the industry or market average of +/- 10% over the next twelve months.
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The distribution of investment ratings for all companies in our coverage universe are as follows: (1) 28.6%, (2) 71.4%, (3) 0%

The distribution of investment ratings used for companies whom we have performed banking services in the last 36 months are (1)100%, (2) 0%, (3) 0%

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