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Year End Results & AGM Presentation

Year Ending: 31st March 2015

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DISCLAIMER

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Results summary – YE March 2015

Revenues	Gross Profit	Overheads	Profit/(Loss) after tax	Stock	Cash
£8.5m	**51%**	**£4.9m**	**£0.05m**	**£5.0m**	**£2.1m**
YE 2014: £6m **YE 2013:** £10m	**YE 2014:** 43% **YE 2013:** 46%	**YE 2014:** £4.4m **YE 2013:** £4.1m	**YE 2014:** (£1.5m) **YE 2013:** £1.5m	**YE 2014:** £4.2m **YE 2013:** £3.4m	**YE 2014:** £1.3m **YE 2013:** £1.5m

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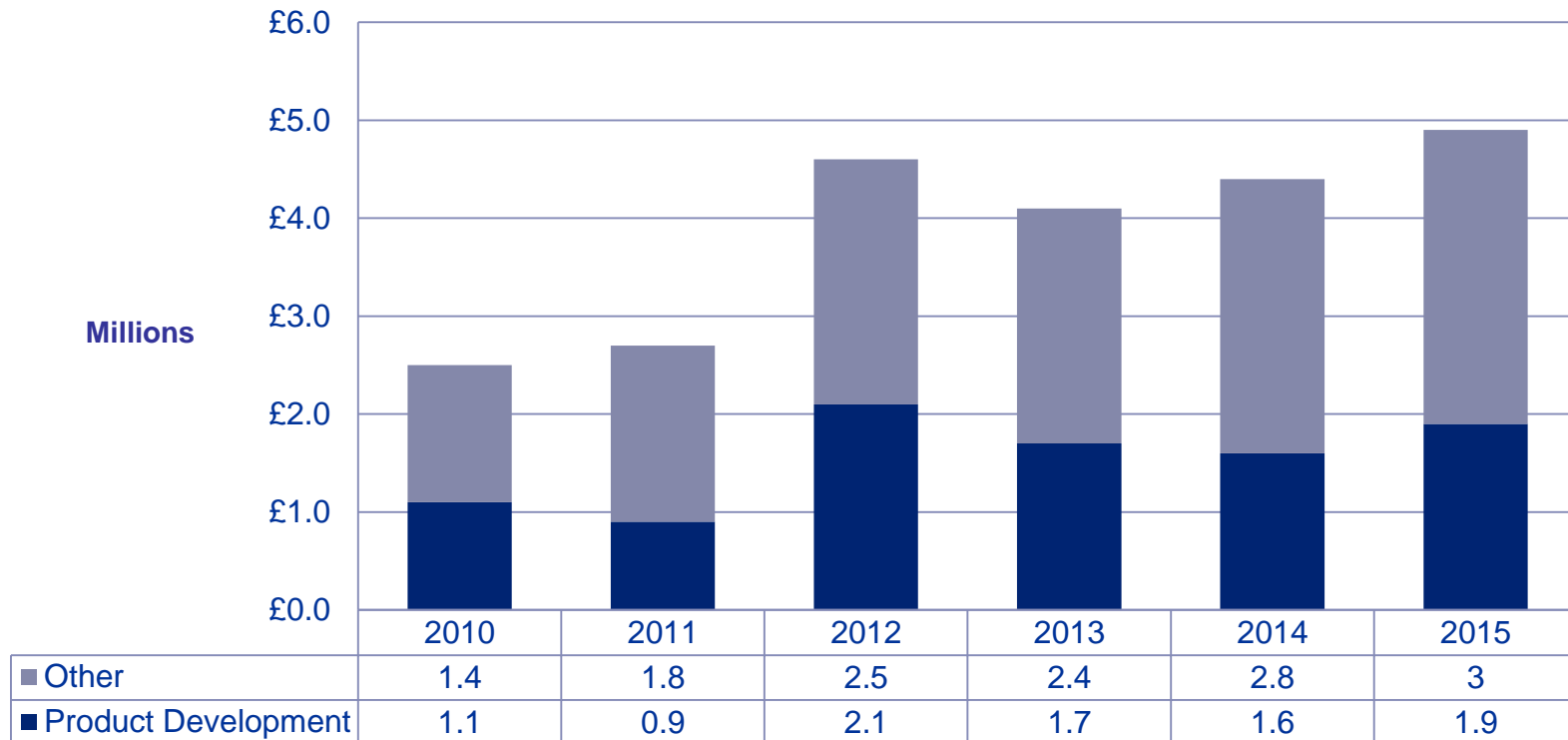# Results – Revenue and Profits

Revenue & Gross Profit Margin

Millions
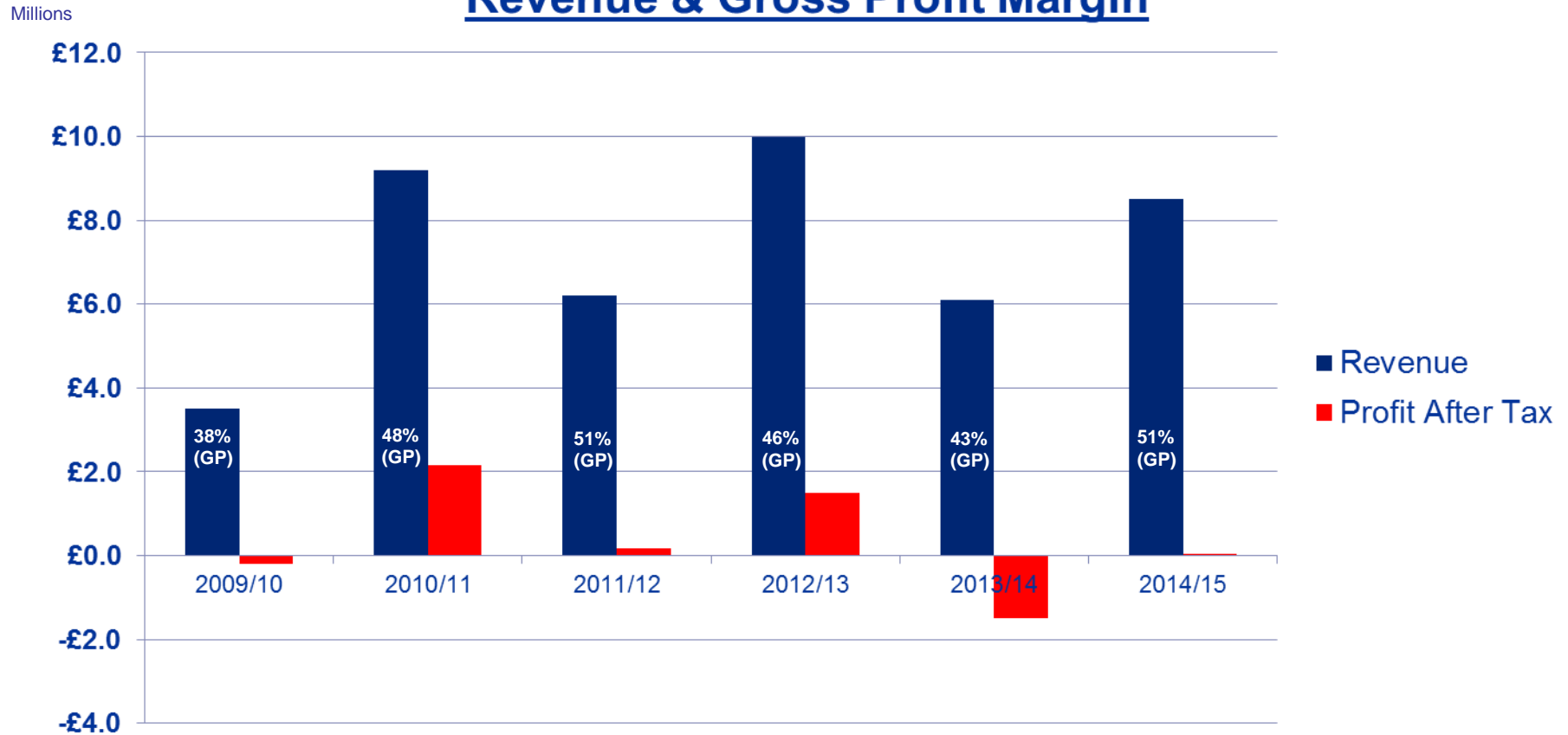
Conversion of one project opportunity made significant contribution during the year. Flat core business. Minor initial contributions from new AtoN and Display products. Higher weighting of project business and contribution from high margin AtoN helped normalise GP to long term 50% target.

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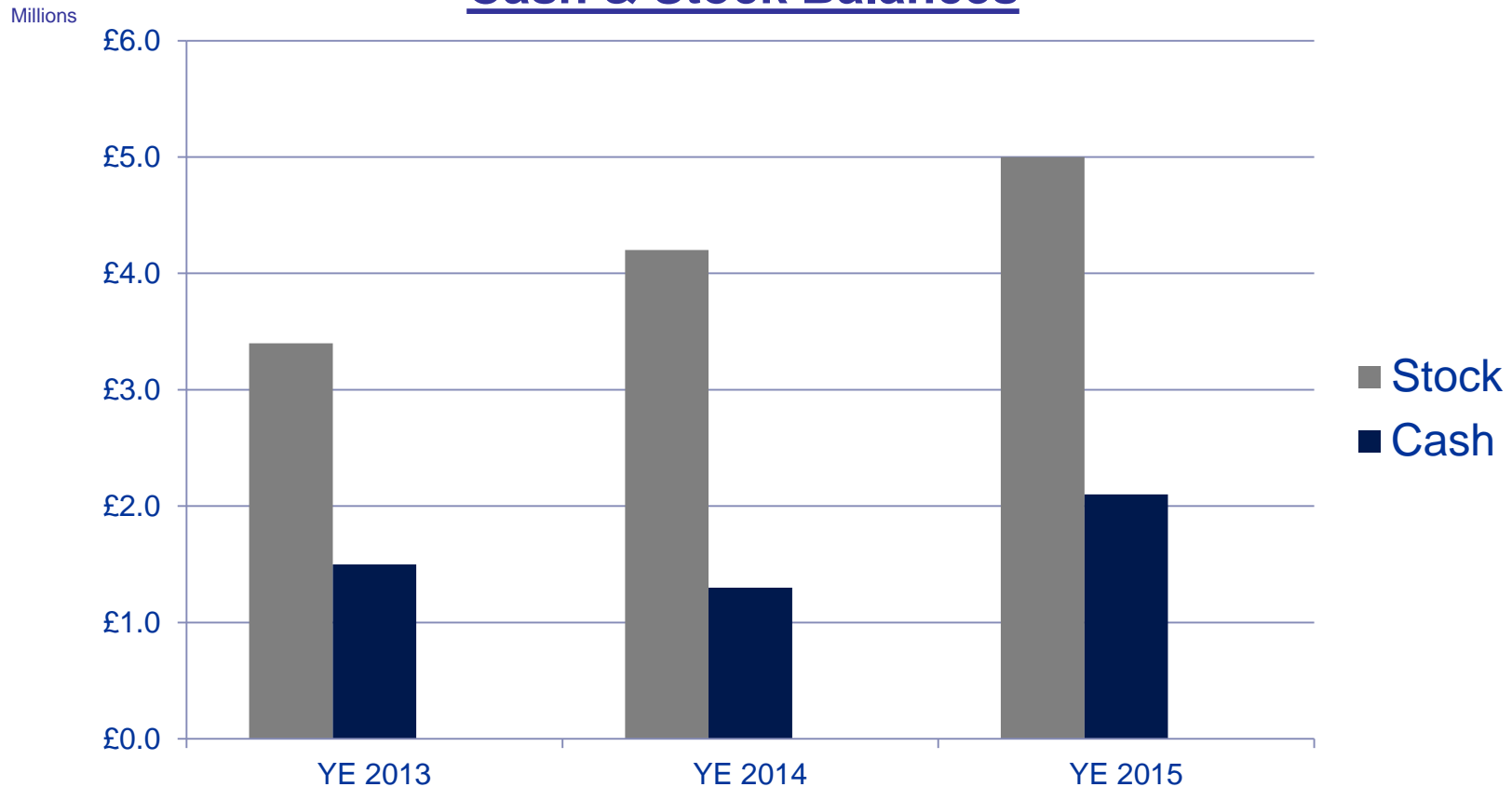
Results - Overheads

Annual cash overhead

	2010	2011	2012	2013	2014	2015
■ Other	1.4	1.8	2.5	2.4	2.8	3
■ Product Development	1.1	0.9	2.1	1.7	1.6	1.9

Year on year increase primarily due to full year impact of GeoVS acquisition.
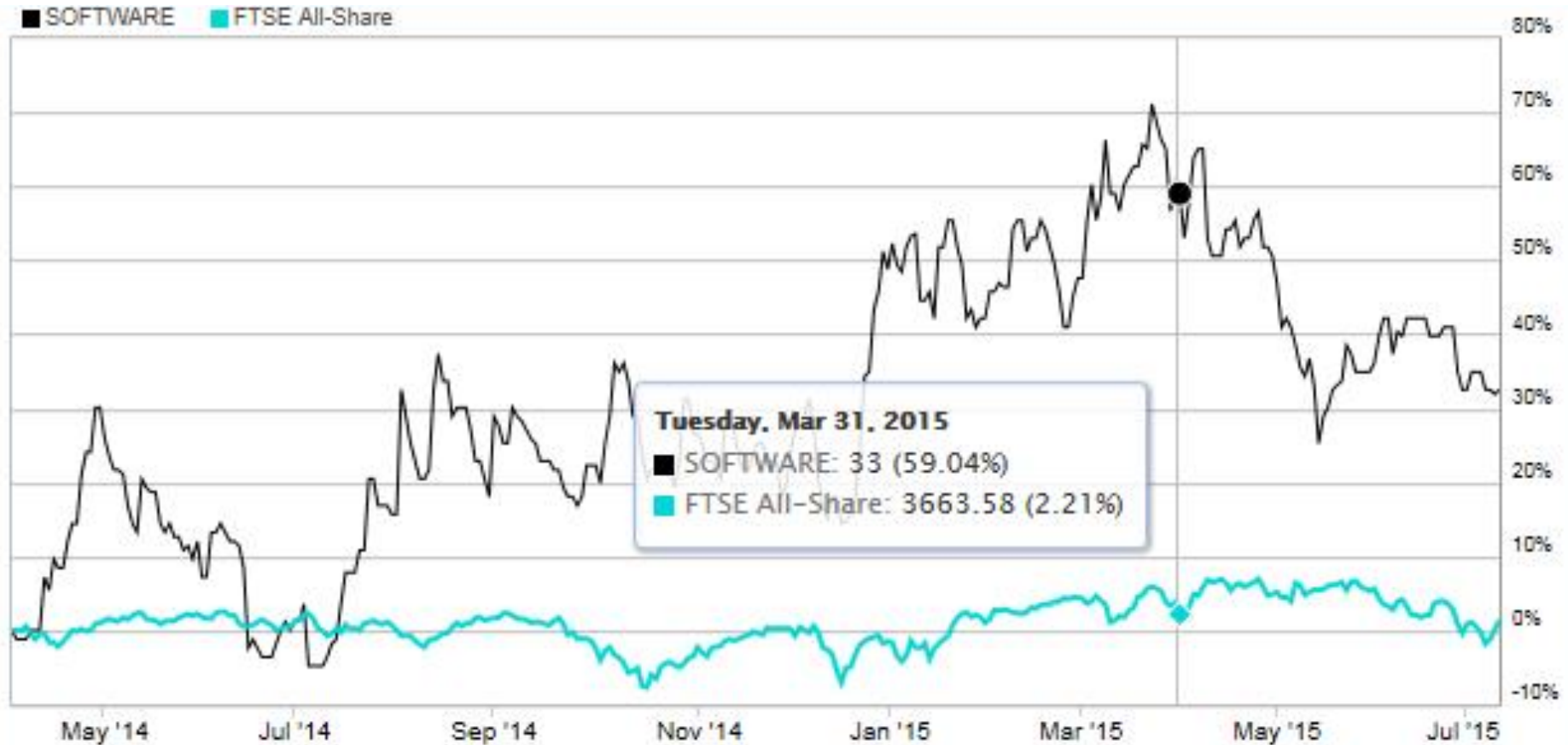Approximately 40% of overhead was new technology and product development.

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Results – Balance Sheet

Cash & Stock Balances

Stock levels have peaked ready to supply expected demand arising from mandates and projects.
Cash balances include £1m loan due for repayment February 2016.

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Share price performance

Source: London Stock Exchange Web Site

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Operational Review

2014/15				2015/16
Q1	**Q2**	**Q3**	**Q4**	**Q1**
Apollo hardware platform completed	ABSEA technology proven in field trials	GeoVS Professional & HUB Products Formally released	GeoVS upgrade fuses terrestrial and S-AIS	Production release of ABSEA enabled Identifier
MDA exhibition in South America	POC trials commence in Indonesia	GeoVS system installed in Malaysia	GeoVS System packages launched	SOTDMA Type Approval Commences
60 SRT AtoN deployed on Danube	New marketing collateral for MDM, and ABSEA	13,000 Identifiers shipped to Oman	50 x AtoN supplied to port in Poland	Rollout begins in Middle East country

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The global leaders in AIS based maritime domain VTS, VMS technologies, products and systems.
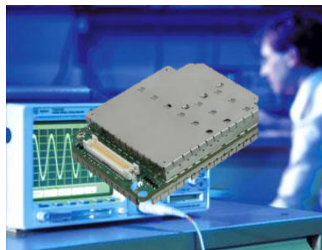
Core technology development, module and OEM product solutions

Turnkey, integrated system solutions. Transceivers, display and data

Vessel transceivers to independent dealers and distributors

SRT Group Product Offer

Complete range of market leading products

Gross Profit: 25% to 85% - Revenue/Unit Sold: $60 to + $20,000

AIS Aids to navigation Module Type 1
Certified, low power, miniature AIS AtoN engine

AIS Aids to Navigation Module Type 3
Certified, low power, miniature AIS AtoN engine

AIS Class B Transceiver
Fully certified, high performance, AIS Class B transceiver engine

AIS Aids to Navigation Transceiver
Certified, low power AIS AtoN with external sensor interface

AIS AtoN Express Transceiver Type 1
Fully integrated type 1 AIS AtoN with internal battery

AIS Class A transceiver OEM product
Full function, robust, IMO certified AIS Class A transceiver

AIS Dual Channel Receiver Module
High performance, full function, dual channel AIS receiver engine

VHF Antenna Splitter Module
High performance VHF antenna splitter engine

AIS Coast Station
Network optimised AIS transceiver

AIS Class B transceiver OEM Product
High performance, certified, IPx7 waterproof OEM Class B

AIS Identifier Class B Transceiver
Fully integrated, IPx8, anti-tamper AIS tracking device.

AIS Receiver OEM Product
High performance, IPx7 waterproof dual channel OEM AIS Receiver

CeoVS - Dynamic 3D Display Plug-In
Dynamic 3D display engine with integration API

CeoVS HUB
A sophisticated maritime domain networking & management system

ABSEA

AIS Satellite Data
Long range satellite tracking for Class B

AIS Receiver PCA Packaged Product
High performance dual channel AIS receiver with USB power & data.

AIS SART Transponder
Fully certified, high performance OEM AIS SART.

VHF Antenna splitter OEM Product
High performance, IPx7 waterproof VHF antenna splitter

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Strategy and Road Map

STRATEGY

1. **To deploy SRT'S unique development capabilities and accumulated knowledge to extend our lead as the world's leading provider of AIS based technologies, products and systems to companies addressing maritime domain awareness.**

2. **To evolve and customise individual product modules to create system solutions producing multiple revenue streams: product sales, software licenses, data services**

2015/16	2016/17	2017/18
Implement ABSEA in Cobalt Class B module	New multi-mode Cobalt Class B Module	
SOTDMA Class B with colour chart display & ABSEA	New Class A	Enhanced Identifier
Enhance ABSEA		
Enhanced GeoVS Display & Management Systems		

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Automatic Identification System

AIS | A maritime data communications technology used to enhance maritime safety, security and efficiency

IMO   IEC   ITU

1990's – 2008: AIS = Anti-collision for ocean going ships
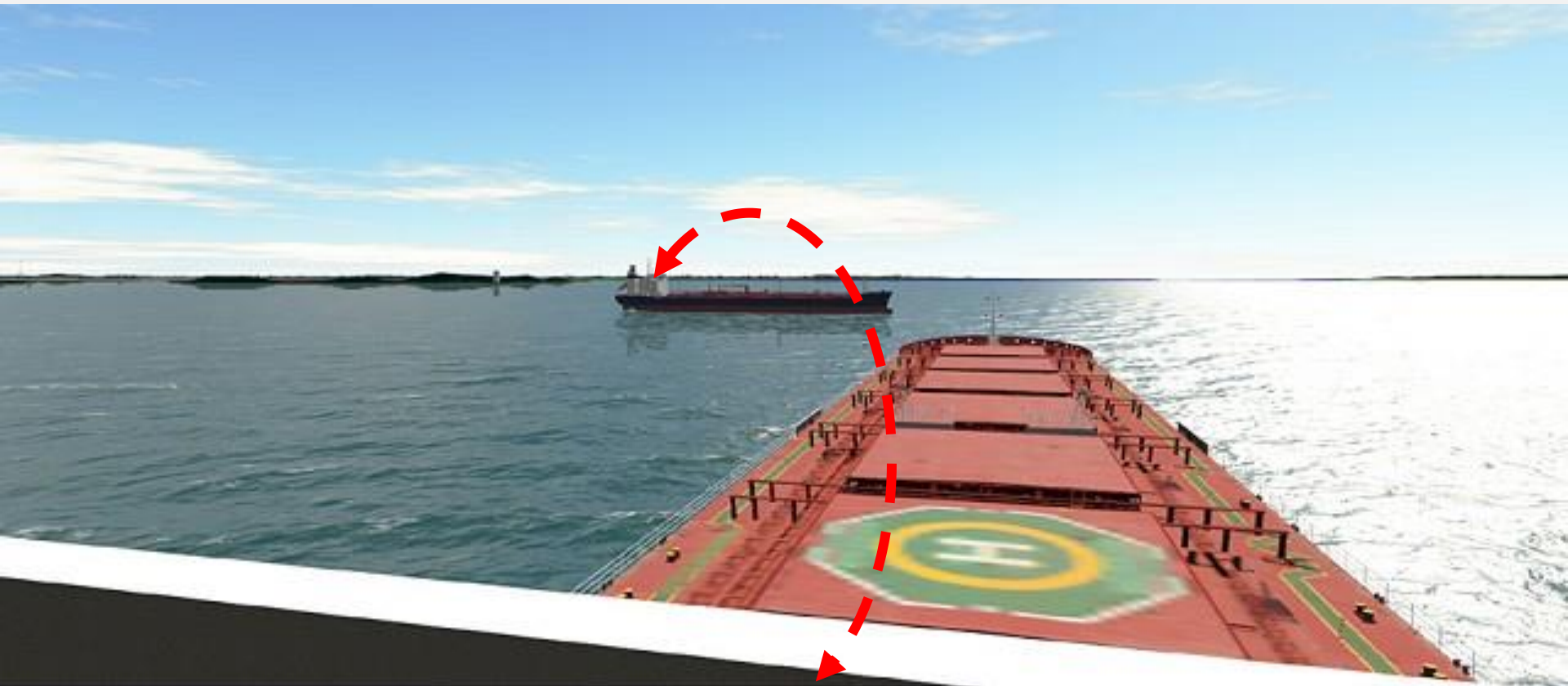
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Automatic Identification System

AIS | A maritime data communications technology used to enhance maritime safety, security and efficiency

IMO · IEC · ITU

1990's
AIS technology standard developed by ITU and IEC technical committees

2002
IMO SOLAS agreement mandates all ships over 300GT worldwide to fit a Class A AIS transceiver

2006
IEC publishes specification for low cost AIS Class B transceivers

2008
Turkey becomes first country to implement national mandate for Class B

Today
AIS has been adopted worldwide and is used in a wide variety of marine applications

ABSEA

Identifier

AtoN

Identifier

SOLAS Class A

Class A

Class B

AIS Coast Station

National Database

Local Control Rooms

GLOBAL AIS SATELLITE COVERAGE

AIS COAST STATION RANGE

United Nations
IMO
ITU
IEC Tech Commitee
Individual Product Standards

> SAR - None
> SART - IEC 61097-14
> AtoN - IEC 62320-2
> Class A - IEC 61993-2
> Class B - IEC 62287-1
> Receiver - None
> Base Station - IEC 62320-1

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Market - Demand drivers

Safety

Fisheries

Coastal Security

Search & Rescue

Waterways

Infrastructure

Efficiency

Fun

Pollution

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AIS Adoption – A global trend

2012- ICELAND

2013- RUSSIA

2013- EUROPE

2009 - TURKEY

2009 - CHINA

2015 - USA

2014 - OMAN

2013 MEXICO

2013- SINGAPORE

2014 - GALAPAGOS

2013 - PERU

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Commercial Vessels	Leisure Boats
8 million	**16 million**

~ 300,000
(3.75%)

~ 50,000
(0.31%)
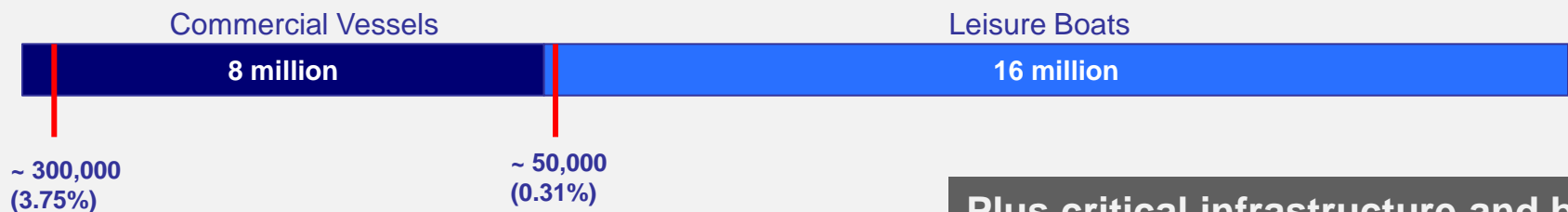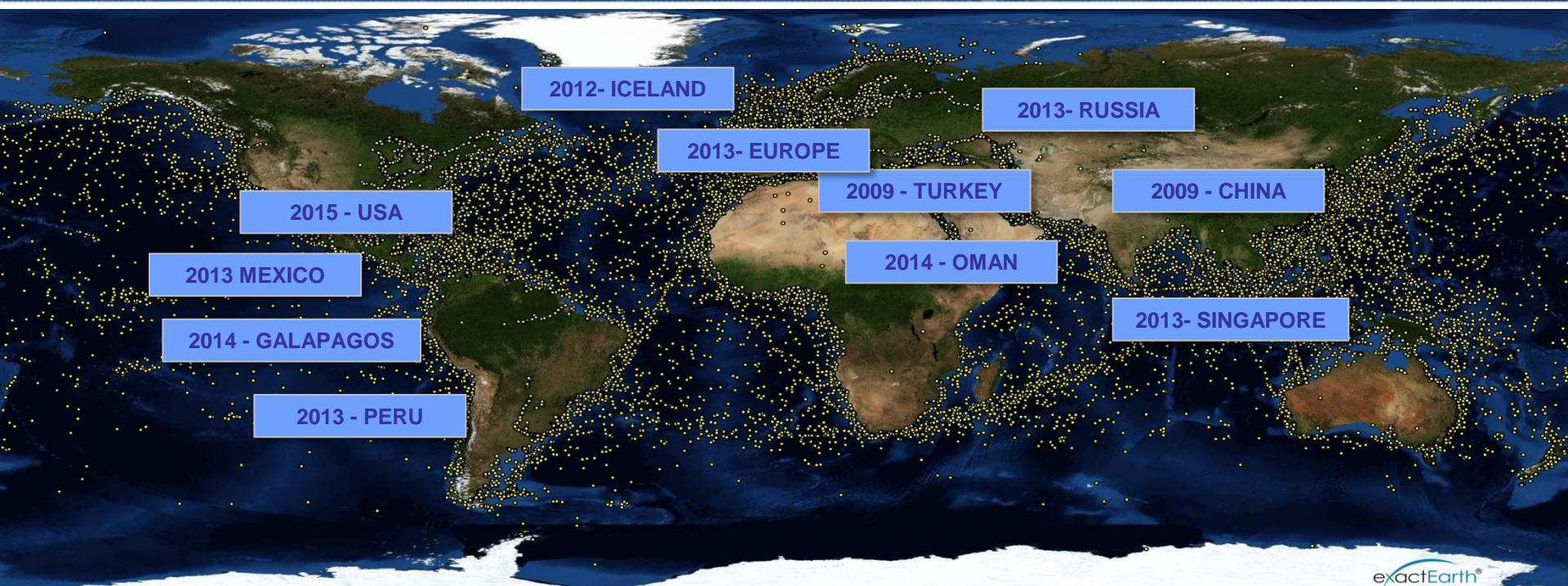
Plus critical infrastructure and buoys

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Future Sales Opportunities – Source & Pipeline

SRT is addressing the global multi-billion dollar MDA market opportunity
SRT has built a validated sales opportunity pipeline worth ~ £200 million

Validated Opportunity Pipeline			Broker Revenue Forecast	

Validated Opportunity Pipeline

Category		Description	Value
Core & Mandate		E-navigation (internet of things on the water) is a long term trend. More advanced displays and applications coupled with more information in the AIS system (AtoN plus more boats) will drive demand.	N/A
		Existing mandates, USCG, EU, Russia and SOLAS/replacement offer good revenue opportunities. Pending new mandates such as in Korea, Japan. Demand patterns independently variable.	$70m (£44m)
Projects		National fleet tracking projects. Having implemented VMS and LRIT systems for large fishing boats – most countries now looking for viable solutions for small motorised fishing boats.	$250m (£160m)
AtoN & Display		Critical infrastructure such as ports, waterways, waterways require real time monitoring. AIS deployments on vessels is driving deployment plans.	$2m (£1.2m)

Broker Revenue Forecast

£' Millions

	YE 2015	YE 2016	YE 2017
Revenue	8.5	10	12
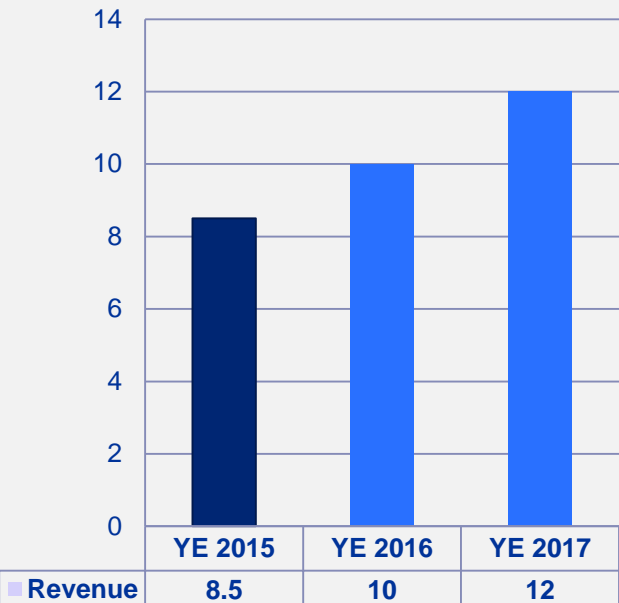
Source: WH Ireland Research Note 27th February 2015

*Please Note: All values, timescales and dates are best estimates based upon publically available information available at the time of issue and may be subject to change without notice and or explanation. Due to the nature of government projects all are subject to significant and unexpected change. Some information may have been omitted due to confidentiality requirements.

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Revenues – Future Opportunities & Drivers

PROJECT BUSINESS

Largest short term revenue opportunities for SRT. Forecasting revenue timings is a significant challenge due to characteristics of end customers.

- Opportunities are typically driven by a government wanting to improve their maritime domain awareness by monitoring motorised boats

- Most opportunities are focused on commercial boats – typically fishing boats

- Every opportunity is different in scale and make-up, but uses the same basic fundamental building blocks

- Although clearly identifiable - gestation period from concept to implementation is highly variable and frequently involves opaque politics, stakeholder conflicts and unexpected changes and delays due to significant size and politically sensitive nature of the projects

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Revenues – Future Opportunities & Drivers

PRIMARY VALIDATED SALES OPPORTUNITIES - PROJECTS

Region	Country	Description & Status*	Potential Value*
Middle East	Confidential	POC completed. Final contract discussions in progress.	Total value ~ $5m
Middle East	Confidential	POC completed. Tender process in progress for first two requirements with an estimated initial value of ~ $5m	Total value ~ $25m
Asia	Brunei	First POC phase completed and being expanded to be followed by tender.	Total value ~ $1.2m
Asia	Singapore	Tender released and bid process in progress. Award expected in September with delivery by end of year.	Total value ~ $0.6m
S. America	Confidential	First small order delivered as POC. Expanded to mainland to be followed by tender.	Total value ~ $7.0m

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Revenues – Future Opportunities & Drivers

PRIMARY VALIDATED SALES OPPORTUNITIES - PROJECTS

Region	Country	Description & Status*	Potential Value*
Asia	India	POC completed. First tenders expected in calendar year 2015 with initial value of between $1m and $3m.	Total value ~ $50m
Middle East	Confidential	Project in rollout phase to be completed by 2017. Initial orders for GeoVS, Class A and Identifier already received and delivered worth ~ $400k.	Total value ~ $5m.
Asia	Confidential	Political decision made to implement system. Series of POC under way. Phased implementation over 3 years expected starting with 60 to 30gt boats.	Total value ~ $40m
Asia	Confidential	Tracking of up to 250,000 fishing boats. Legislation currently being processed. Numerous partners addressing. Expect to provide some initial products for larger vessels during current year and provide POC systems for smaller vessels before rollout.	Total value ~ $50m

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Revenues – Future Opportunities & Drivers

PRIMARY VALIDATED SALES OPPORTUNITIES - PROJECTS

Region	Country	Description & Status*	Potential Value*
Asia	Confidential	Tracking of up to 40,000 boats. Legislation in place during 2014. Internal debate by authorities to finalise specification of transceiver. Advised final spec expected by end of year at which point implementation to be enforced. Possibility of rollout commencing in current financial year subject to authority's decisions.	Total value ~ $20 million.
S. America	Confidential	19,000 transceivers already supplied. Project proceeding with next phase with up to 100,000 further units required.	Total value ~ $40m

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Revenues – Future Opportunities & Drivers

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The Future

Overheads:

Expected to grow at approximately 5% per annum from current base, primarily due to increased customer support as projects are implemented.

Product:

R&D will continue at current rate to ensure flow of new products and support customisation of existing products. Focus on developing recurring revenues.

Margins:

Gross margins expected to average at 50% over the long term – depends on product mix within any given reporting period

Revenues:

- Expect core business to grow at an average long term rate of between 10% and 30% depending upon applications and mandate introduction and enforcement

- Significant project business pending – but timing variable.

- New revenue lines for AtoN and Displays expected to grow

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Risks & Challenges

- Predicting contract timing and specific market demand patterns within an implementation time window is very challenging and thus so to is accurately forecasting the timing of future revenues– government projects can be unexpectedly changed, delayed or cancelled

- Long lead times for components and thus production, coupled with challenging demand forecasting and high customer expectations result in in significant and unpredictable stock and cash fluctuations

- AIS is an open technology standard and thus anyone with the technical and financial resources may develop a product

- AIS is a complex radio communications technology, problems and issues can arise with products resulting in significant warranty costs

- AIS has been rapidly adopted by multiple markets creating a significant customer support challenge for SRT

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Summary

- Established core technology, product range with embedded USP's – dynamic 3D display and ABSEA

- Established leading position in AIS market and sales channels

- Established, growing demand for AIS based systems across all marine segments

- Multiple revenue streams with large global addressable market and significant and growing pipeline of validated sales opportunities

- High margin, high growth potential, scalable business model

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