



DRAFT

INVESTOR PRESENTATION

JANUARY 2019

SRT MARINE SYSTEMS PLC

www.srt-marine.com



OUR BUSINESS

SECURITY | SAFETY | MANAGEMENT | ENVIRONMENT



MARITIME SURVEILLANCE AND MONITORING
PRODUCTS AND SYSTEMS

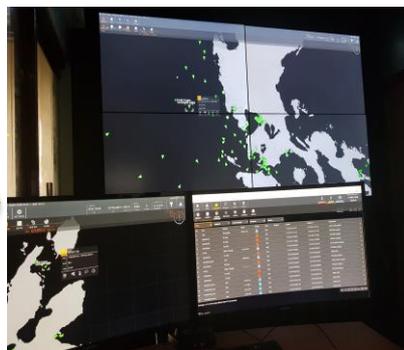


INVESTMENT PROPOSITION

- Significant, multi-billion dollar, global market for maritime surveillance and monitoring systems with clear underpinning drivers.
- Scalable business model with annual overheads of ~ £6.5m, average gross profit margins of c.40%, with multiple revenues streams derived from hardware, software and recurring data sales.
- £35.5m of existing contracts. Further six contracts worth up to £212m in final phase prior to contracting and further c.£200m of validated opportunities.
- £4m equity fund raise to support accelerated contract delivery timescales for coast guard contracts which amount to approximately £100m of the £212m near term contract opportunities.

PRODUCT REVENUE STREAMS

SYSTEMS



Turn-key integrated maritime monitoring systems delivered. £35.5m of existing contracts, near turn upside potential from 6 contracts worth up to £212m with expected 3 year delivery period.

TRANSCEIVERS

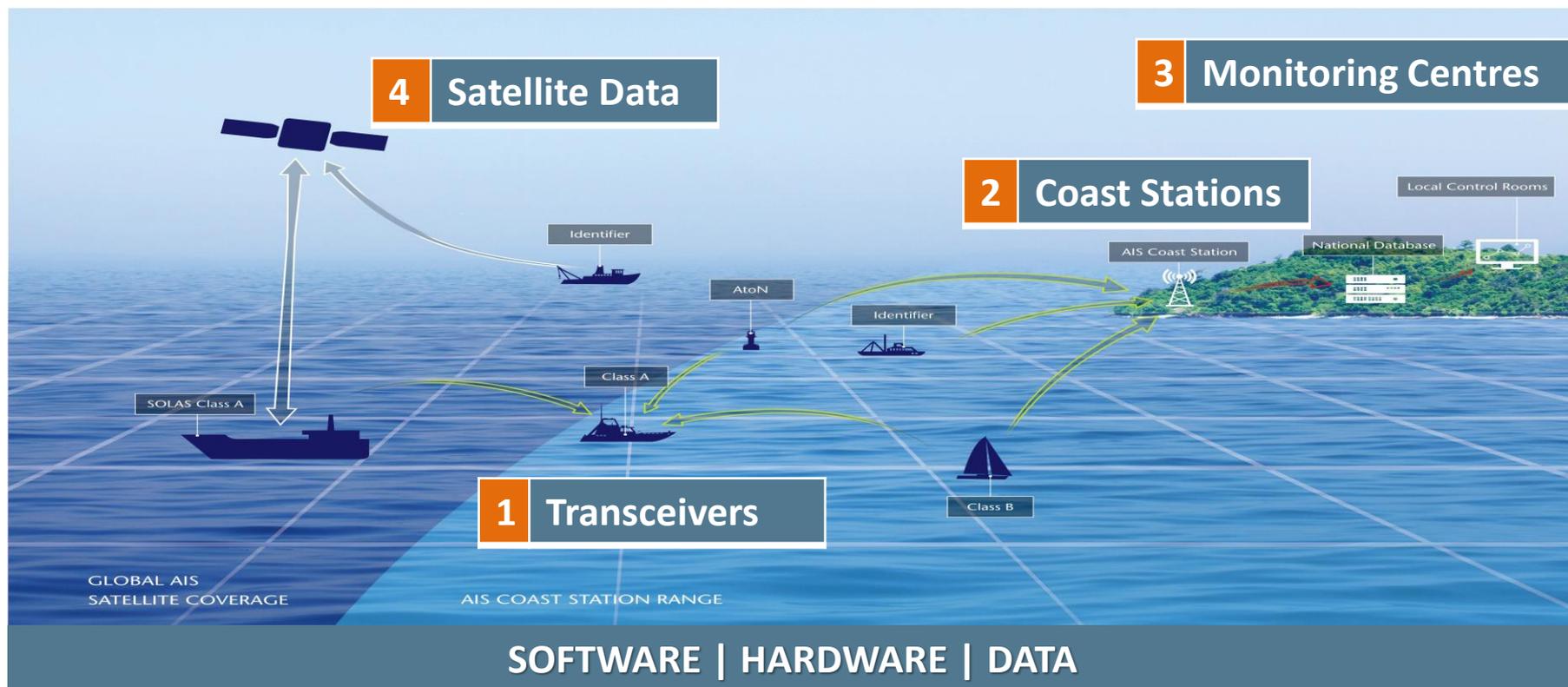


Sales of vessel tracking transponders to vessel owners, marine electronic dealers and brands. Repeat regular business growing at c.10%.



SYSTEMS BUSINESS

SYSTEMS COMPRISE OF MULTIPLE COMPONENTS | DELIVERED IN MILESTONES OVER TIME



SYSTEMS BUSINESS DYNAMICS

- Most business is generated from government ministries and agencies: Coast Guard (Security) or Fisheries (Management), Port / Infrastructure owners and operators.
- All have the same basic architecture, but vary in exact component make up, scale and value: from £60k to £75m with gross profit of between 72% and 28%.
- Primary system components are hardware, software and satellite data – delivered as integrated system components such as a sensor station or monitoring centre which ultimately work together as a single integrated system.
- Systems delivery period varies between 6 months and 24 months, with multiple delivery milestones of different types and values.
- First contract and establishment of first system provides opportunity for long term repeat business through system upgrades and expansion in addition to recurring satellite data sales.
- Installation and commissioning contracted to local partners who are trained and managed by SRT system delivery teams.



MARKET

SIGNIFICANT GLOBAL OPPORTUNITY

- 26m vessels – 8m commercial, 18m leisure
- 361m sq km of ocean
- 400,000 km coast lines
- Ports & waterways
- Infrastructure – oil & gas, wind turbines
- Buoys – navigation, monitoring

CLEAR MARKET DRIVERS

- Regulation
- Safety and Search & Rescue
- Security - smuggling
- Fisheries Management
- Marine Conservation

MULTIPLE MARKET DRIVERS

COMMERCIAL & VESSEL OWNERS AND OPERATORS
COAST GUARDS | FISHERIES | PORTS & WATERWAYS

SYSTEMS PIPELINE SUMMARY

Contracted

£35.5m

Near term system opportunities **£212m**

Total validated systems opportunity pipeline **£414m**

Multi-Billion Dollar Global MDA Market



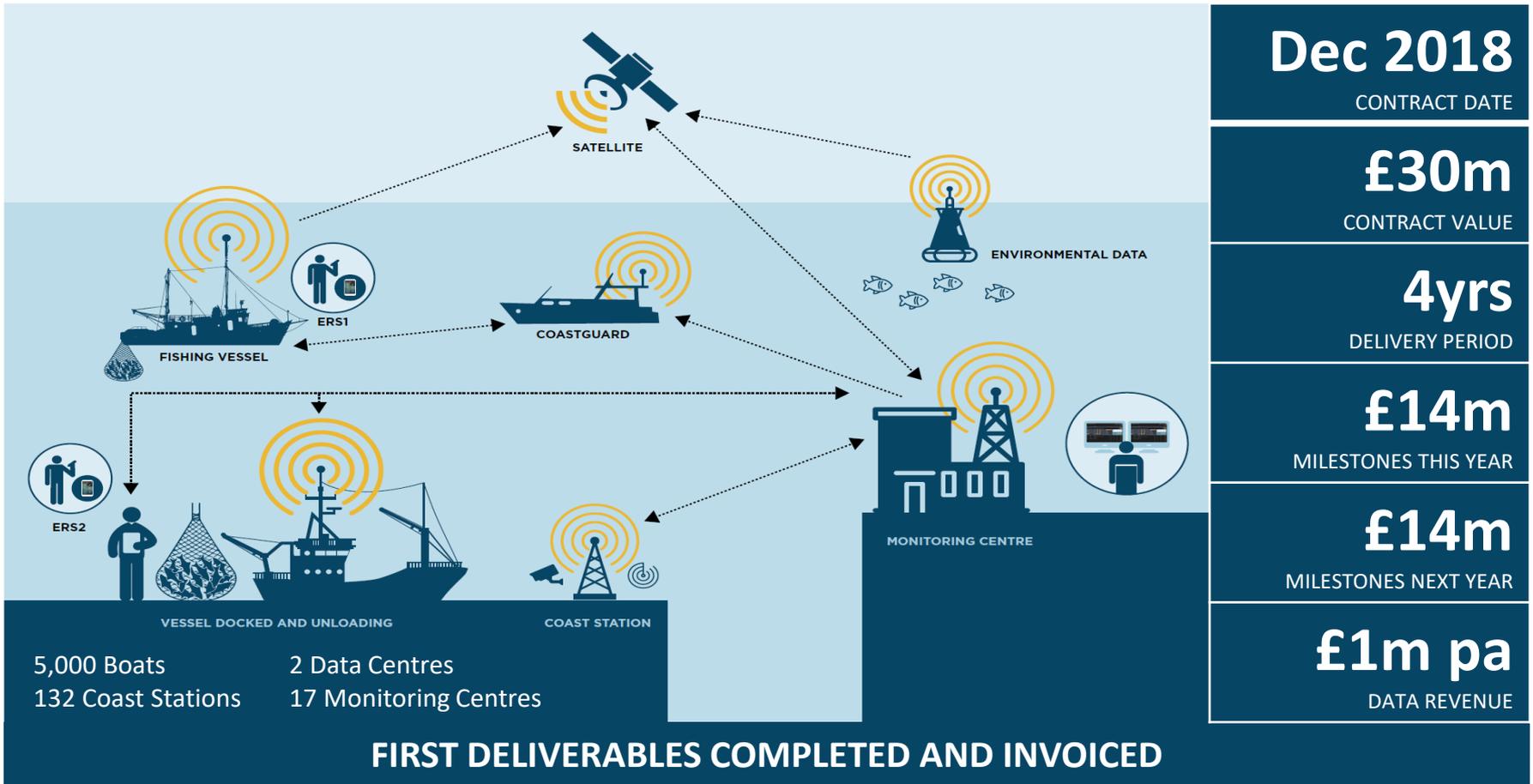
ASIA – THE PHILIPPINES

- Four system contract opportunities worth up to £182m with separate government agencies/Ministries.
- First contract worth £30m signed with The Philippine Government Bureau of Fisheries and Aquatic Resources (BFAR) in December 2018 to supply a national integrated fisheries monitoring system.
- Three other contracts worth up to £152m in discussion with delivery periods of between one and four years.
- All contracts have ongoing recurring revenue streams through satellite data sales and the opportunity for follow on system up-grades and expansion.

Note: Contracts are denominated in PESO. £/PHP rate of PHP70/£1.00



ASIA – THE PHILIPPINES / BFAR CONTRACT



ASIA – THE PHILIPPINES – BFAR CONTRACT



First monitoring centre installed in December 2018

MIDDLE EAST

- Significant contract discussion progress in last 2 months with three system contract opportunities with government agencies in Saudi Arabia, Kuwait and Bahrain worth up to \$81 million over next 2 years.
- Contract Opportunity 1 – extension of an existing contract. Worth up to \$10m, with an estimated 18 month delivery period. Awaiting final contract approval.
- Contract Opportunity 2 – new follow-on contract with existing customer – MoU signed. Worth up to \$26m, with an estimated 18 month delivery period. Final specifications and pricing in discussion.
- Contract Opportunity 3 – new contract with new customer. Worth up to \$45m, with an estimated 24 months delivery period. Detailed surveys and delivery planning underway.

TRADING

TRANSCIVERS:

- Aiming for organic growth of c.10% per annum.
- Upside potential from 'special' volume orders from dealers.

SYSTEMS:

- Existing contracts expected to invoice £14m this financial year, and a further £15m next financial year.
- Upside potential for the contracting of 6 primary system opportunities worth up to £212m which would be delivered over a 3 year period across multiple milestones.

Note: Most contracts are denominated in US Dollars. \$/£ rate of \$1.35/£1.00



FUNDING

- Cash resources from existing cash and undrawn loan note facility of £7.5m.
- Placing to raise upto £4m of working capital.
 - £2m to be invested to accelerate development of coast guard specific system functionality in order to meet new customer delivery expectations.
 - £1m to be invested to strengthening systems delivery team to enable delivery of multiple system contracts within required timescales.
 - £1m reserve working capital.

Investment will enable the accelerated delivery of projects and ability to manage six significant system projects simultaneously .

INDICATIVE TIMETABLE

- Marketing w/c 21st January
- Book closes 29th January
- Announce – 30th January
- New shares start trading 4th February

SUMMARY

- Established player in global MDA market with significant growth opportunities
- Portfolio of proven products with proven delivery track record.
- Highly scalable business model – overheads £6.5m, average GP of 40%.
- Existing contracts of £35.5m.
- Significant upside potential from £414m contract opportunity pipeline of which 6 are worth £212m are near term.



RISK FACTORS & DISCLAIMER (1)

- ◆ The nature of SRT's customers means that the status of a system opportunity and or contract can materially change suddenly and without notice, including the delay to payment milestone deliveries of existing contracts.
- ◆ SRT's systems business is driven by governments and thus can be subject to significant risk including but not limited to: the forecasting of project commencement dates and project delivery schedules, political and financial change and uncertainty, sudden cancellation and or changes to contracts without the possibility for redress, renegotiation and or compensation.
- ◆ Different customers and countries have different procurement and legal processes, which are often opaque and difficult to understand, and can mean that projects are undertaken where contracts do not exist and or are not legally enforceable.
- ◆ Payment terms are frequently extended and variable and in the event of non-payment may not be collectable due to the nature of the customers.
- ◆ New accounting standards such as the recently introduced IFRS15 which may change of revenue recognition in particularly in respect of our systems business in regards to the amount of revenue which can be recognised upon completion of any given milestone irrespective of the agreed contractual value of the milestone.
- ◆ Delivery schedules can be highly variable due to factors such as manufacturing supply chain issues and local in-country issues such as availability of hosting infrastructure, import issues and customer co-operation issues resulting in significant project delivery and therefore revenue delays.
- ◆ The presence of an existing contract with an existing customer does not provide surety that there will be future follow on contracts.
- ◆ As SRT enters multiple project contracts, project execution risk will become an increasing challenge.



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