



ANNUAL RESULTS PRESENTATION

Year ending 31st March 2017

SRT MARINE SYSTEMS PLC

www.srt-marine.com



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SRT Marine Systems PLC is a global leader in maritime domain awareness




BOARD & MANAGEMENT

Executives	Simon Tucker CEO <ul style="list-style-type: none">• Joined 2002, appointed CEO 2008.• Extensive international business experience	Richard Hurd CFO <ul style="list-style-type: none">• Joined 2009• ACA accountant• Extensive professional and commercial experience	Neil Peniket COO <ul style="list-style-type: none">• Joined 2004• Extensive electronics engineering design and manufacturing experience.
Non-Executives	Simon Rogers Chairman <ul style="list-style-type: none">• Experienced and successful business man with background in technology and media companies.	Andrew Lapping NED <ul style="list-style-type: none">• FCA accountant, experienced corporate finance and investment professional.	

Experienced, seasoned and committed Board and Management team



SNAP SHOT

- 
- Multi-billion dollar global market
 - Established, strategic and defensible market position
 - Significant barriers to entry
 - Low overhead, high margin, scalable business model
 - £77m forward contract order book
 - £270m of new projects under negotiation

Provider of maritime domain awareness (MDA) products, systems and services – for maritime surveillance, security, management and safety applications.



MARKET – What is MDA?



Maritime domain awareness is the monitoring, interpretation, management and control of marine activity - ocean, coastlines, waterways, ports



MARKET - Overview

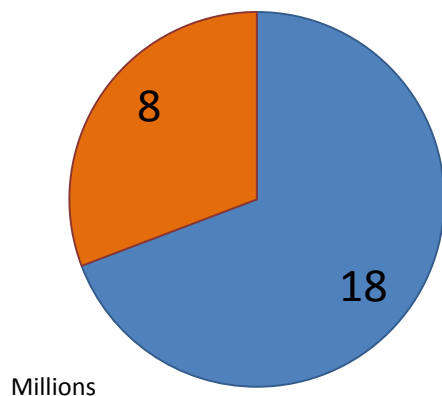
- 361 million KM2 of oceans – 400,000 km of coast lines
- 95% of global trade travels by sea
- 26 million vessels
- Tens of thousands of ports
- Hundreds of thousands of buoys
- Hundreds of thousands of critical infrastructure

Multi-billion dollar, growing, global market. Highly fragmented across multiple application and geographic segments. Monitoring and management of the maritime domain is a growing priority driven by national security and economic prosperity

MARKET - Segmentation Overview

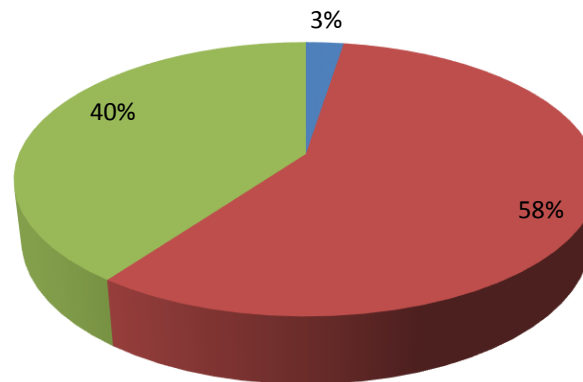
Global Vessels

■ Leisure ■ Commercial



Global Commercial Vessels

■ SOLAS + 300GT ■ Fishing ■ Work Boat



Source: UN - FAO

Estimated 26 million motorised vessels globally. Most (90%) leisure vessels are located in Europe and USA, of which 90% are below 30ft. Most commercial vessels are in Asia, of which largest segment are fishing boats, 90% of which are under 30 tons.

MARKET - Drivers

Security



- Maritime security market to reach \$19.5bn by 2018
- \$7bn+ cost of global piracy
- Anti-terror measures to protect tourism income

Fisheries



- Sustainability is critical
- Up to 10% of GDP in major fish producing-countries
- Estimated 20% of global seafood catch is illegal

Search & Rescue



- Minimising loss of life
- Growing number of maritime participants

Efficiency



- Global shipping over 11bn tonnes in 2015
- Increased efficiency and reduced cost

Leisure



- 18 million leisure boats globally
- Recreational boating spend to reach \$25bn p.a. by 2019

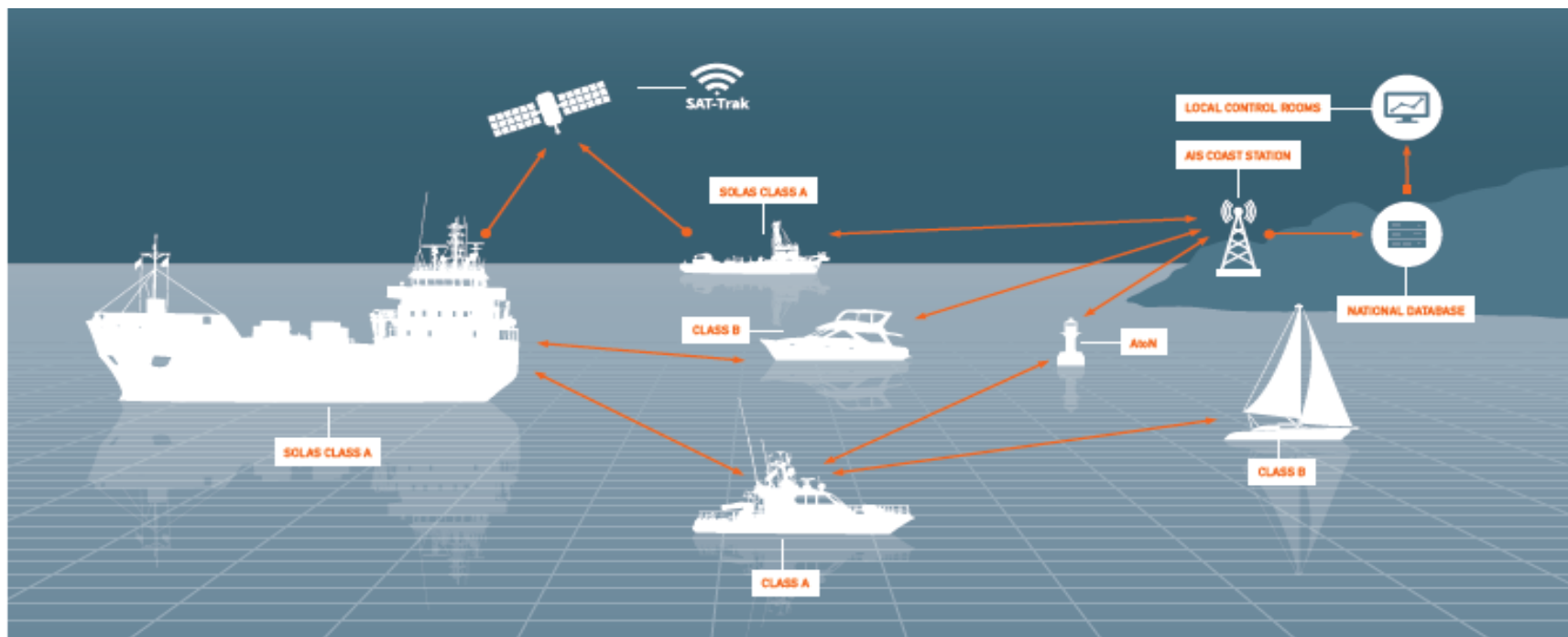
Safety



- Over 100 boats of over 100 gross tonnage lost in 2013
- Absolute priority for the IMO and governments globally

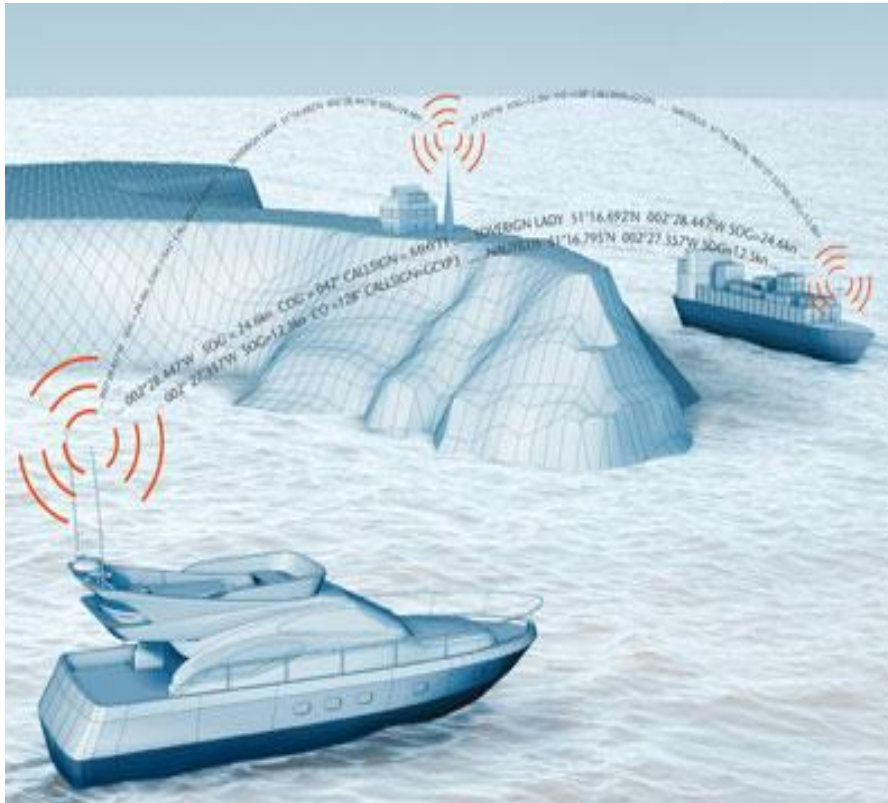
Multiple established market demand drivers

MARKET - Trends



Since 1940's radar has been the primary and dominant MDA sensor technology. New sensor technologies, most notably AIS, and data management systems now offer significantly enhanced capabilities and functionality. Driving a significant upgrade across all MDA segments

MARKET – What is AIS?



- ◆ AIS is an international maritime domain awareness technology introduced by the IMO and adopted by over 160 countries following a global mandate in 2002
- ◆ Air traffic control for boats
- ◆ Fuses VHF radio and GPS technologies to enable accurate real time identification and tracking of any vessel
- ◆ Supports simultaneous ship to ship, ship to shore, ship to aircraft and ship to space communication

MARKET – Technologies - AIS

Anti-Collision Technology



- Developed by IMO in 1990's as collision avoidance technology for large ships
- Active transceiver based technology
- 2002 mandated on all +300GT ships

**AIS
Application
Evolution**

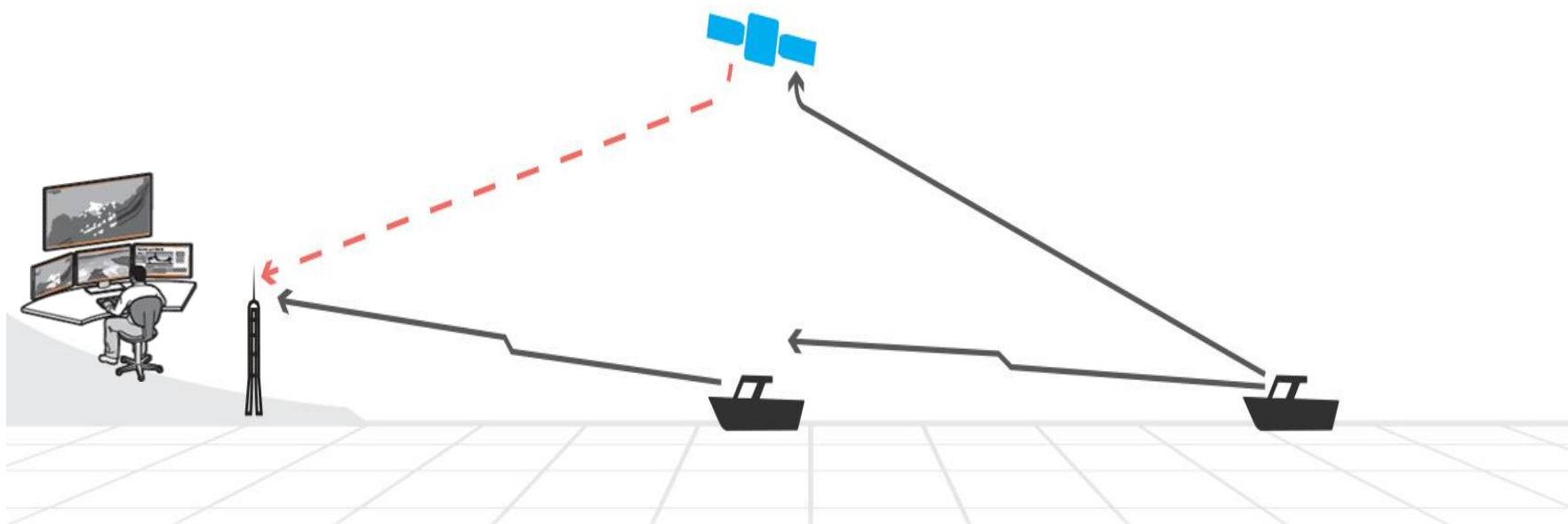
Maritime Domain Awareness



- Global adoption across all segments
- Critical vessel identification and tracking technology
- Radar + AIS now standard MDA specification

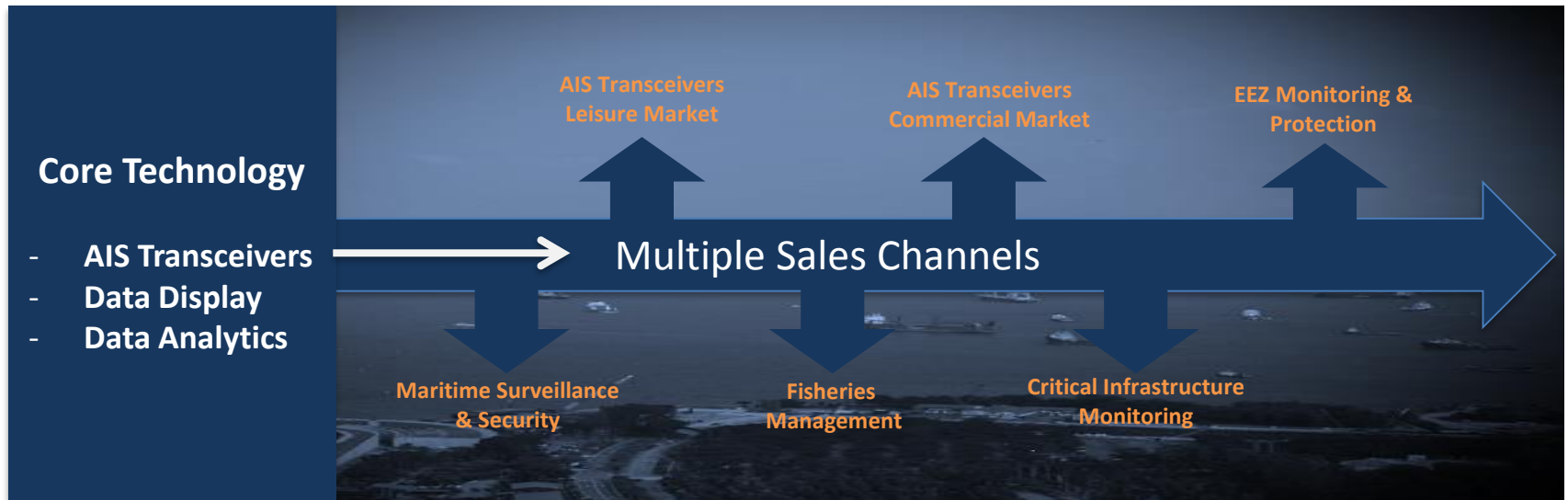
Automatic Identification System (AIS) has become a critical embedded technology alongside radar in most MDA applications.

MARKET – MDA in practice



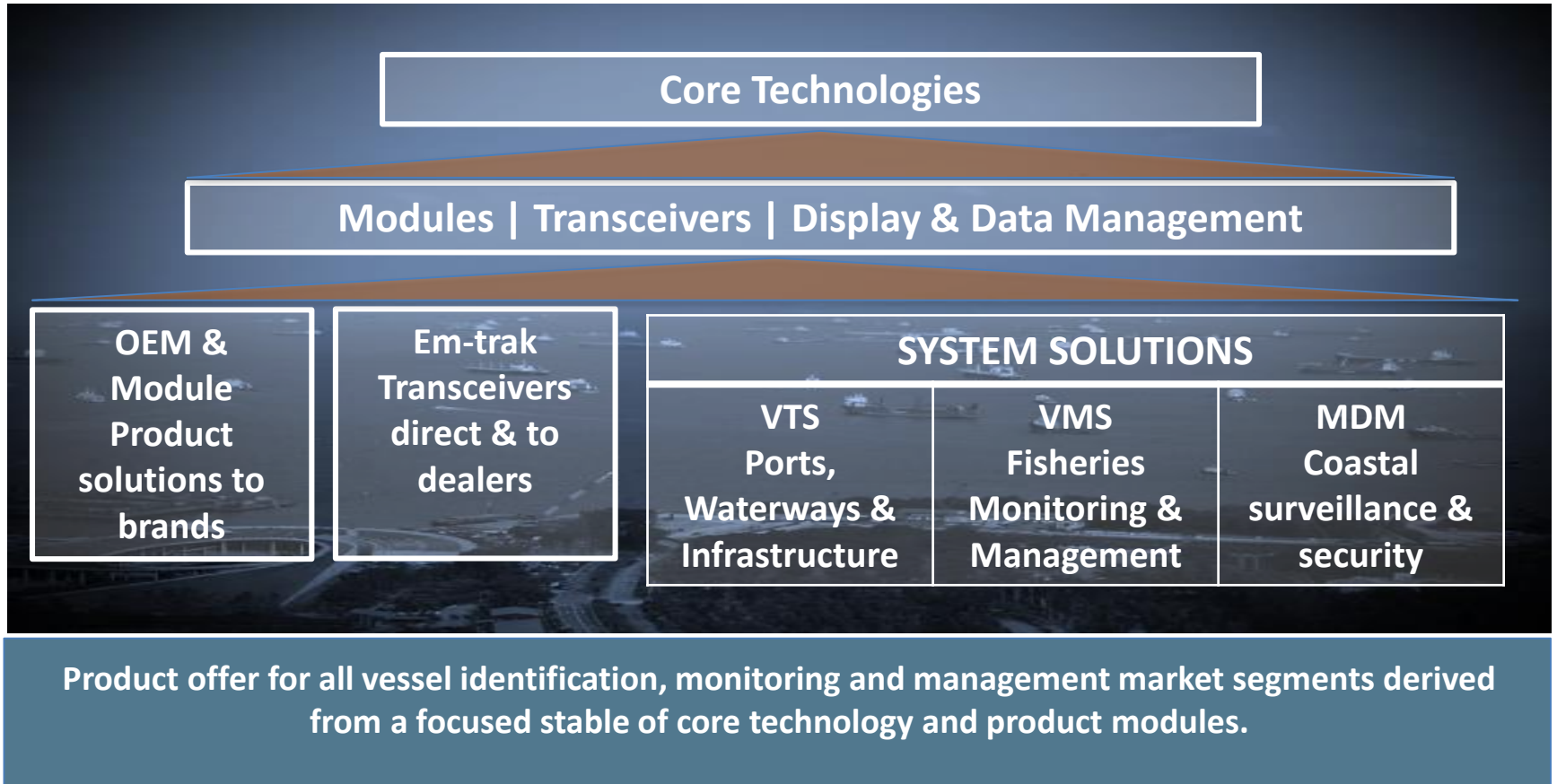
Radar is used to establish the presence of a target, AIS and other sensors installed on the coast and satellites, coupled with data interpolation and display systems are used to validate the location and identity of the target.

BUSINESS MODEL - Strategy

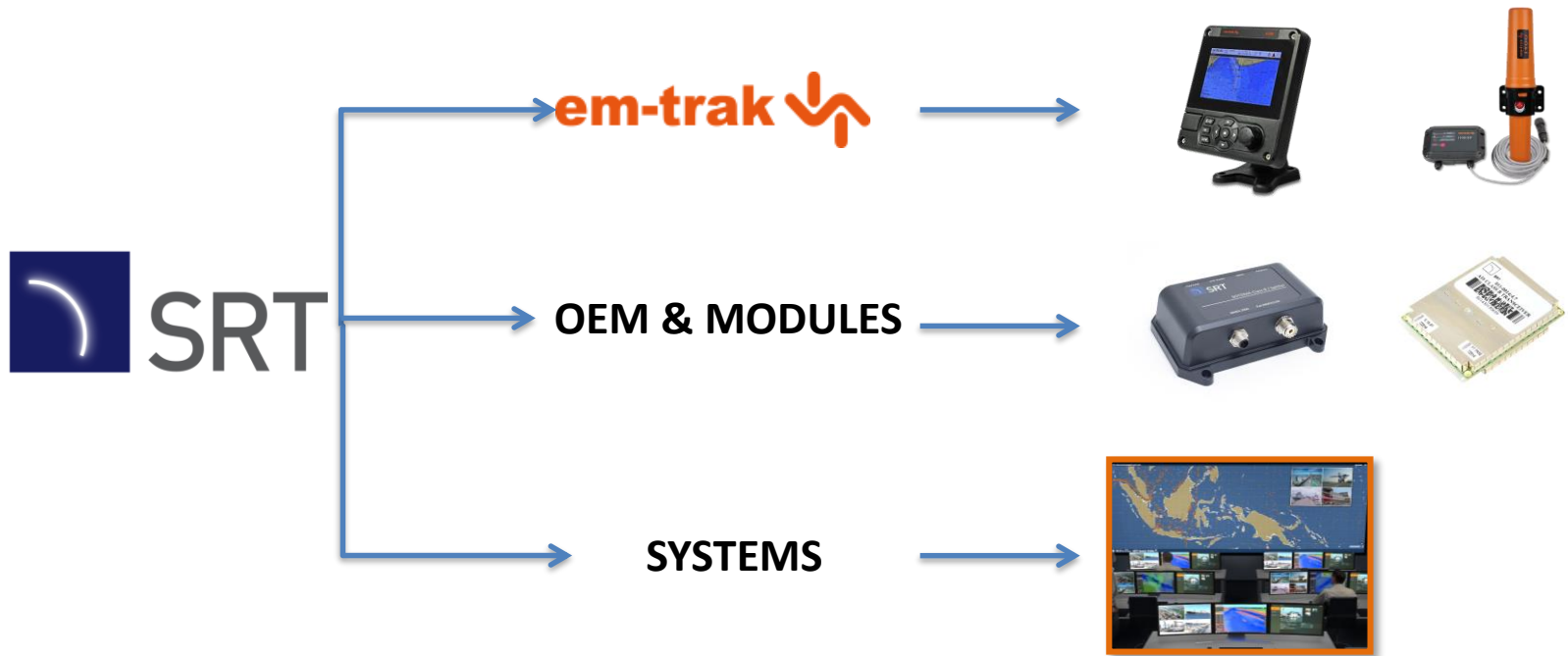


Dominate a future critical MDA technology segment and leverage into all market application segments with range of solutions via a network of international, regional and local distributors. Focus on civilian markets – with pricing below military.

BUSINESS MODEL - Market Offer



BUSINESS MODEL – Market Offer



Core product suite enables multiple market offers via multiple sales channels



BUSINESS MODEL - Revenues



Large and growing global market opportunity across multiple geographic and application MDA market segments

BUSINESS MODEL - Operations

- All core product technology is developed entirely in-house to ensure total IPR ownership and control over future development
- Hardware products are manufactured under contract by Flextronics – ensures high quality and limitless production scaling
- In-country partners provide installation and ongoing support to customers – SRT focuses on managing sales and project implementation

Scalable, low overhead, high margin business model



BUSINESS MODEL - Barriers to entry

- **Capability** – SRT has built a unique inhouse core technology capability and understanding in the field of AIS and maritime domain awareness.
- **Technology** – SRT has accumulated a broad range of advanced integrated AIS related technologies.
- **Product Range** – SRT has built a complete range of products which are required to address all market segments.
- **Partners** – SRT has a global network of over 250 distributor partners who know and trust SRT and know their segments.
- **Brand** – the SRT brand is trusted and respected by the market

Multiple barriers to market entry.



BUSINESS MODEL – Competitive Advantage

1. Advanced core AIS technologies with differentiated performance and functionality – HF-AIS, SAT-Trak, VMS-Connect
2. Complete range of proven, mature solutions for all segments of the global MDA market
3. Established global network of customers
4. Established and trusted market brand with multiple references

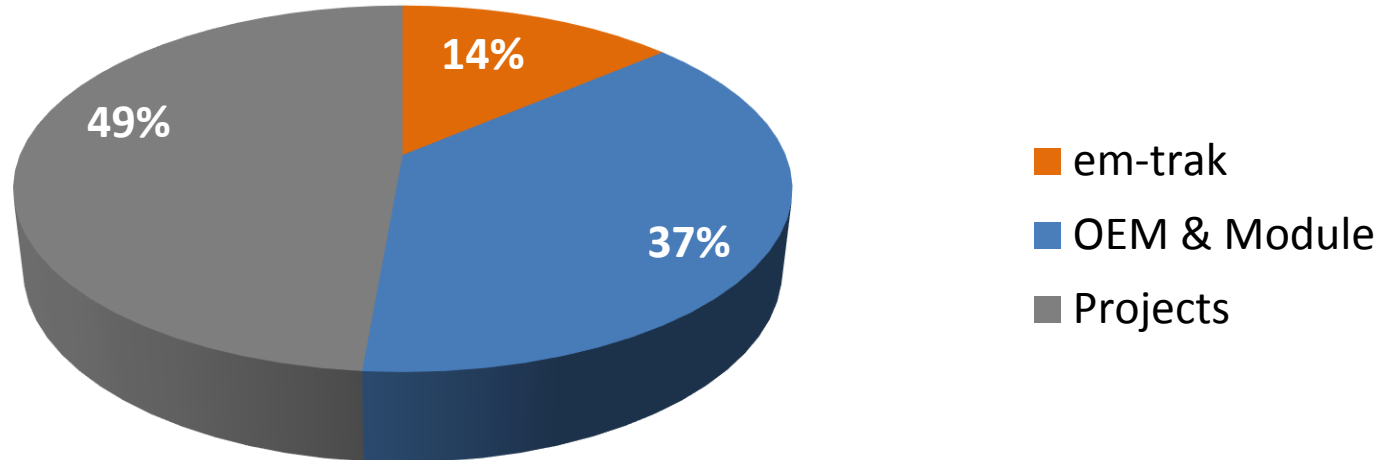
Over ten a ten year period SRT has accumulated a significant and defensible competitive advantage within the global MDA market



FINANCE - P&L Overview

£ 000'S	FY 13/14 Actual	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Actual
Revenue	6,110	8,522	10,684	11,065
Gross Profit	2,631	4,353	5,168	7,239
GP %	43%	51%	48%	65%
Admin costs	(4,142)	(4,687)	(4,847)	(5,961)
Operating profit	(1,511)	(334)	321	1,278

FINANCE - Revenue Segmentation



- ◆ **OEM and Module:** sales of all AIS transceivers in finished form to OEM customers which are typically large marine electronics brands. Modules sales are AIS PCB sales to customers who incorporate this technology into their own manufactured transceivers
- ◆ **Em-trak:** sales of SRT's own branded transceivers to customers and direct to dealers. Customers include West Marine, Alpatron
- ◆ **PROJECTS:** the sale of system solutions which are based upon SRT's standard VTS, VMS and MDM system products and specialist Aids to Navigation solutions.

FINANCE – Revenue Growth Strategy & Prospects

Business Segment	Strategy
OEM & Module	Increase the number of products embedded in customer product portfolios and enhance end user functionality and utility. Demand will increase with general AIS market adoption. Last year segment grew by 12%.
Em-trak	Continue to grow dealer network and improve per dealer sales through-put. Last year segment grew by 46%
Projects	Existing contract order book worth £77m, with £270m of validated project sales opportunities under discussion. Additional potential opportunities pending for inclusion in VSP.

Significant visible revenue growth prospects



FINANCE – Overheads & Balance Sheet

Balance Sheet:

- £1.8 million of gross cash – includes proceed from £1,000,000 o/s loan, payable over next 2 years
- £3.3 million of stock valued at cost. Variety of products – enables prompt and reliable delivery.
- £7.9 million debtors – £6.5m due from two projects with payment expected in accordance with agreed schedules

Overheads:

- £5.9m annual overheads – increase reflects increased support activity in preparation for multiple projects. Future increases will be project linked.
- Approximately 50% of overheads are invested in product R&D

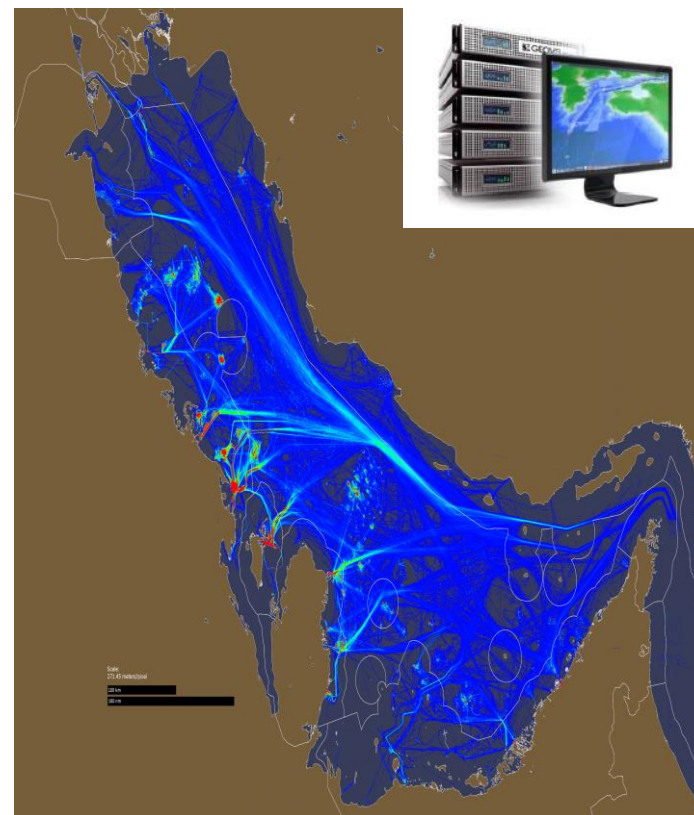
RISK FACTORS

- ◆ Projects can be subject to delay and significant variability – changes in personnel, budgets, specifications, financing arrangements et. Forecasting is very challenging
- ◆ Contracts with foreign government entities are highly variable and can be unilaterally changed and cancelled with no possibility of recourse and or compensation.
- ◆ SRT revenue profile is lumpy whereby project deliverables may fall either side of a reporting line
- ◆ Long lead times on transceivers of up to 6 months can mean overstocking if demand is variable
- ◆ AIS is an open standard so anyone with the financial and technical resource may develop a product
- ◆ AIS is a complex radio communications technology so problems and issues can arise with products resulting in significant warranty costs
- ◆ As SRT enters multiple project contracts, project execution risk will become an increasing challenge



SUMMARY

- ◆ Established market position within a growing billion dollar global market
- ◆ The dominant provider of critical path AIS technology, products and systems
- ◆ Proven range of product and system solutions
- ◆ Multiple established sales channels and in-country local partners
- ◆ £77m contract order book and £270million of validated sales opportunities



Disclaimer

- ◆ This presentation contains forward-looking statements and market information which may relate to the future financial performance of SRT Marine Systems plc. All such statements made in this presentation are based on current expectations, available information and estimates based in part, on assumptions made by management and involve certain risks and uncertainties. Actual results could materially differ due to unexpected and sudden changes and investors should not rely upon the accuracy of any information contained herein. Investors should undertake their own research to validate or otherwise any statements made herein prior to making any investment. SRT plc does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this presentation, or for changes made to this document by external parties.

