



INVESTOR PRESENTATION

INTERIM RESULTS - 6 months ending 30th September 2019

SRT MARINE SYSTEMS PLC

www.srt-marine.com

Presentation Publication Date: 19th November 2019



OUR BUSINESS



Provision of products and systems that deliver maritime domain awareness (MDA) to vessel operators, infrastructure owners and government agencies



MARKET

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

STRONG DRIVERS

- Safety
- Social
- Commercial
- Environment
- Security

New technologies and increasing awareness and relevance of the maritime domain is creating a significant global market

SRT TARGET MARKET SEGMENTS



SRT MARKET POSITION

- Proven range of products with differentiated functionality.
- Global network of partners and resellers.
- Trusted and established global brand.
- Operational resources to scale and meet demand.



MARKET & PRODUCTS

TRANSCEIVERS

AIS anti-collision and identification transceivers



AIS AtoN transceivers and monitoring systems & sensors



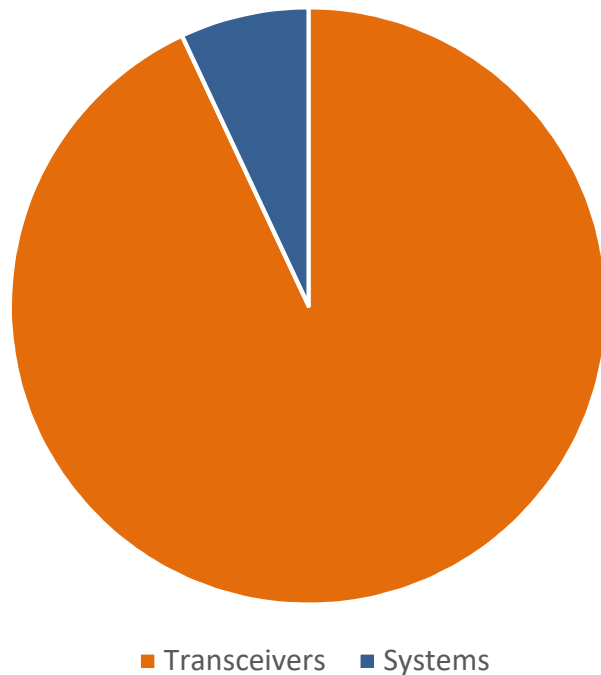
SYSTEMS

Turn-key integrated maritime surveillance, tracking, management and command and control systems



FINANCE – OVERVIEW – 6 months to 30th Sept 2019

Revenues



- 9.8% year on year revenue growth. Most revenue for the period generated by transceivers business. No significant systems business contribution due to no contract performance milestones completed in H1.
- 38% gross profit margin – due to weighting of lower margin transceiver business versus high margin systems business
- Raw cash overhead of £4.2m – of which £1.4 was new product development for transceiver and systems.
- Cash of £1.7m with fixed term debt of £5.0m due for repayment after Dec 2020. Receivables of £14.0m; £5m systems payments received since period end inline with contract payment schedules.
- Loss before tax of £1.5m

FINANCE – OVERVIEW

£000's	FY 17/18	FY 18/19	FY 19/20
Revenues - Year	5,331	20,559	30,400*
Revenues – Interim	2,929	3,224	3,541
Gross Profit - Year	2,305	9,329	11,100*
Gross Profit – Interim	1,337	1,308	1,360
Admin Costs – Year	6,469	5,877	7,300*
Admin Costs – Interim	3,083	2,472	2,674
Operating Profit – Year	(4,163)	3,452	3,800*
Operating Profit - Interim	(1,746)	(1,164)	(1,314)
Cash – Year End	1,364	3,942	2,000*
Cash – Half Year	2,137	1,426	1,747

*Broker forecasts



TRANSCEIVER BUSINESS



Core Transceiver Products
Customised for Sales Channels



OEM & Module

Marine Electronic Dealers + 800
Direct Online Sales

Marine electronics brands
and manufacturers



TRANSCEIVER BUSINESS

MARKET CHARACTERISTICS

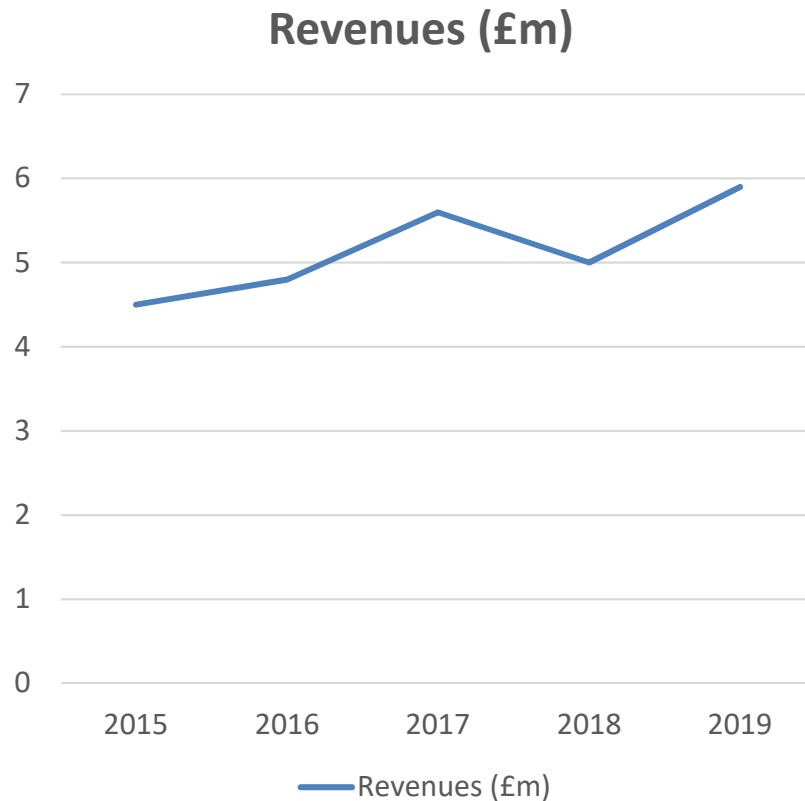
- AIS is a maritime data communications system introduced in 2002 by the IMO.
- Now being adopted widely in commercial and leisure vessels.
- Provides a variety of useful information to vessels and monitoring authorities such as vessel locations and identification, weather, sea conditions.
- Used to improve safety and security of vessels and waterways and real time environment monitoring

SRT MARKET STRATEGY

- Leverage specialist internal radio R&D capabilities to develop and provide AIS core technology that delivers the best performance – and thus the most data.
- Highly integrated products that focus on core AIS performance and provide multiple seamless connectivity options for the user to their chosen display and navigation devices – maximises their benefit from the data.
- Competitive and affordably priced products with relevant and desirable innovative functionality



TRANSCEIVER BUSINESS



FUTURE GROWTH DRIVERS

- Accelerating general adoption by the market of AIS as a standard fit item.
- Growing sales channels and improved sales channel marketing support
- Improved direct marketing and online direct sales
- New range of products that focus on providing the highest quality AIS data and ability to connect to multiple display and navigation devices which have powerful AIS use functionality

SYSTEMS BUSINESS

INTEGRATED MARITIME SURVEILLANCE, MONITORING AND MANAGEMENT SYSTEMS

SRT-MDA System



Vessel Transponders

Sensor Systems

Management Systems

Satellite Data

SOFTWARE | HARDWARE | DATA



MARKET DRIVERS & CUSTOMERS



SECURITY
COAST GUARDS

Ability to identify suspicious activities such as possible weapon and people smuggling, terrorism, piracy, illegal immigration and thus have effective protection of extended maritime borders and valuable sovereign areas.



FISHING MANAGEMENT
FISHING AUTHORITIES

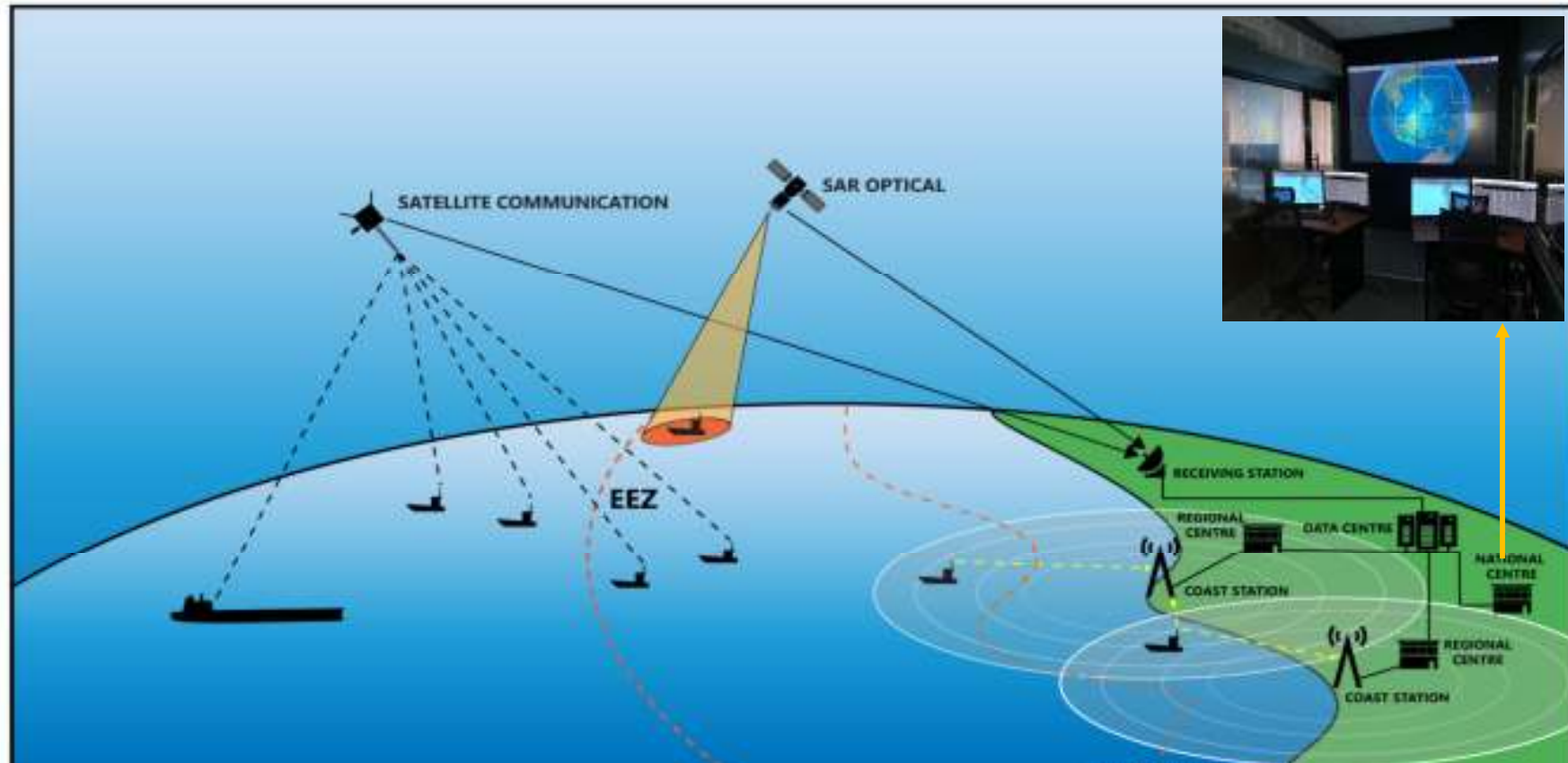
Fishing is a huge industry in many countries, providing a critical local food source and valuable exports. Conservation and protection of fish stocks is essential for long term sustainability. Detection and prevention of illegal fishing.

THE MARITIME DOMAIN



- Coastlines are typically long, exposed and unprotected
- Territorial waters extend out to 12 miles from the coast
- Exclusive Economic Zones (EEZ) extend out to 200 miles from coast
- Significant numbers of large and small ports
- Large numbers of large and small, local and foreign vessels

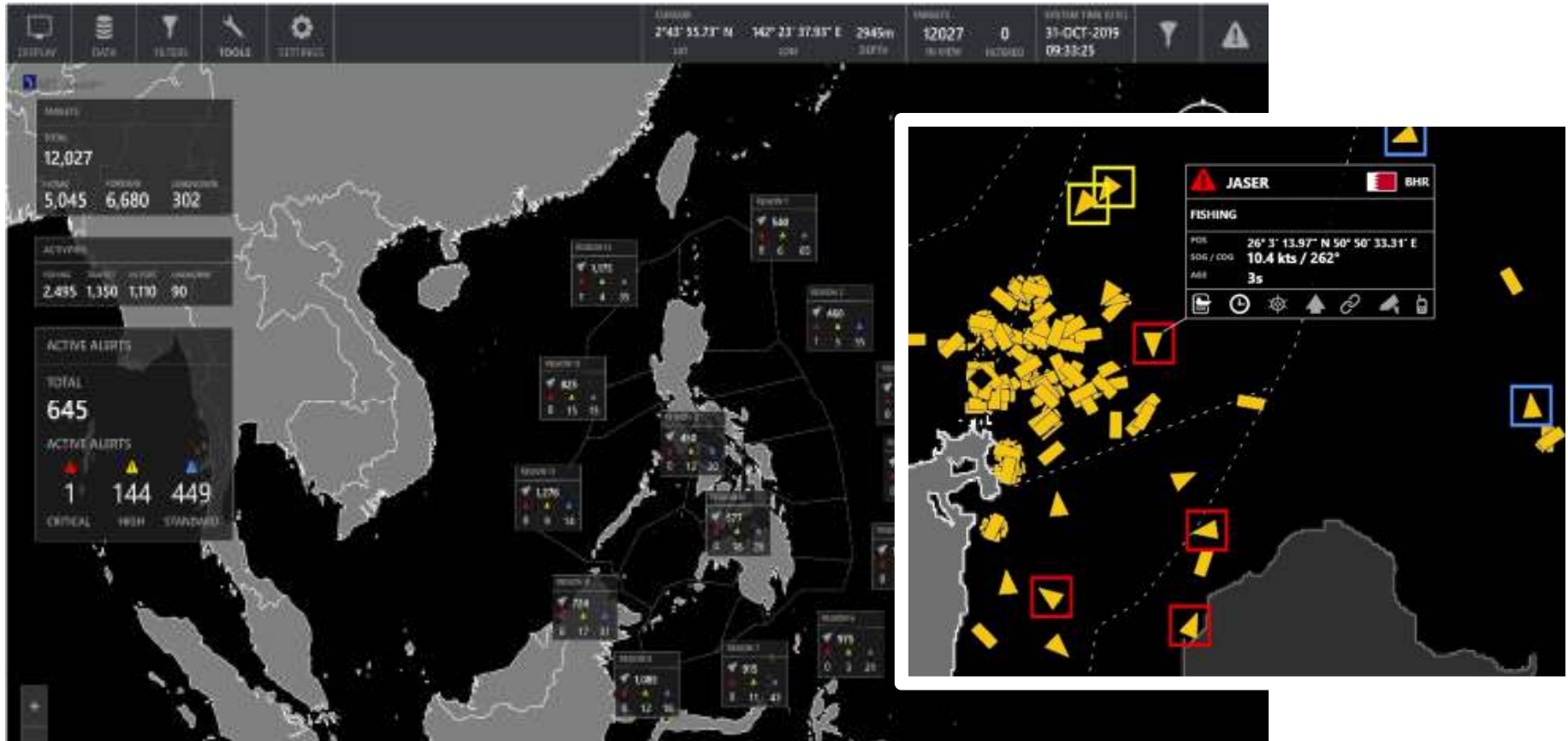
SRT-MDA SYSTEM ARCHITECTURE



SENSORS + DATA + FUSION + ANALYTICS + DISPLAY + MANAGEMENT



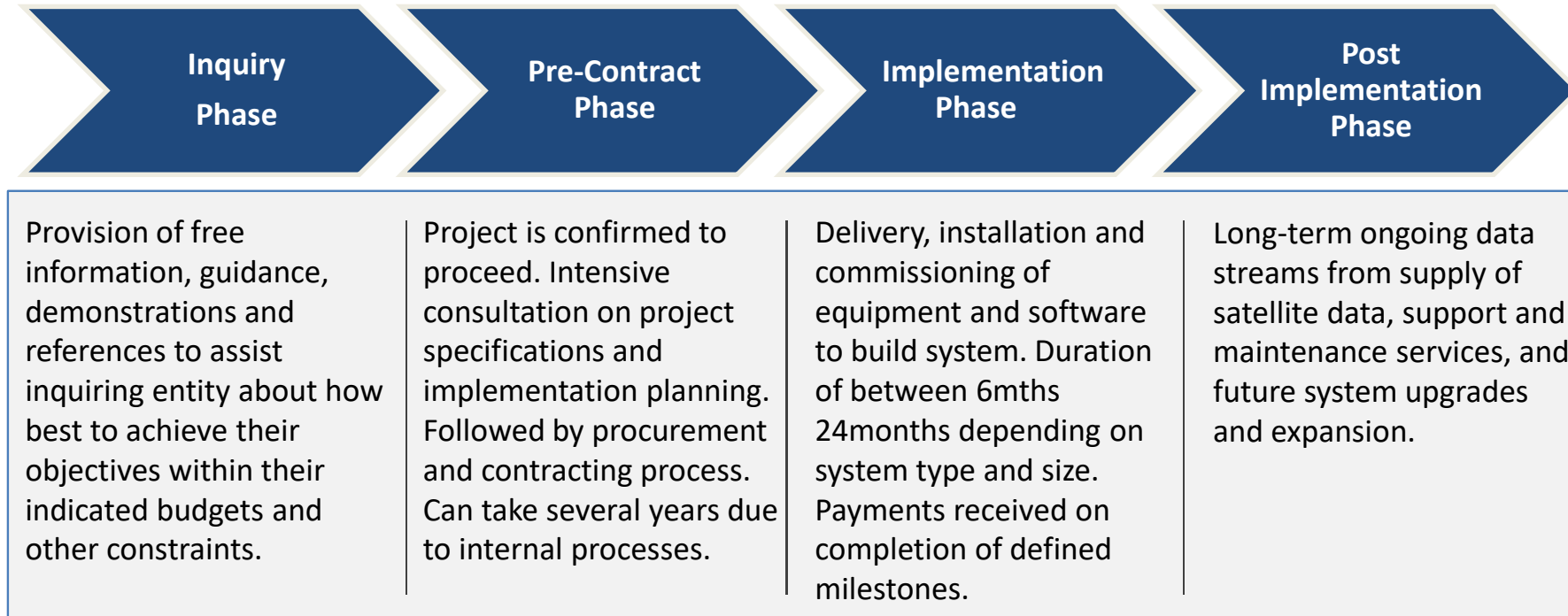
SRT-MDA SYSTEM – AN INTEGRATED SOLUTION



SYSTEM ENABLES MASS SCALE CONTINUOUS MONITORING AND AUTOMATED DETECTION



SYSTEMS BUSINESS MODEL



BFAR, PHILIPPINES IMEMS CONTRACT

- £33m, 4 year project. £10m cash payments received to date in accordance with agreed payment plan.
- Over 100 sites across the country identified and surveyed for equipment installation locations.
- Purchase and shipping of most of the monitoring system equipment.
- Civil works to prepare sites for equipment installation well advanced.
- System schedule to come on line and in daily use from early 2020.



DATA CENTRE UNDER CONSTRUCTION



ONE OF 17 MONITORING CENTRES

SUMMARY

- | **Expanding global markets in early stages of adoption**
- | **Scalable financial business model**
- | **Established products and market position**
- | **Repeat sales transceiver business delivering ~15% annual growth**
- | **Proven systems business with £35m existing contracts, £580m VSP of which ~ £300m are in final procurement phase prior to contracting**
- | **Board remains confident of meeting market expectations**

RISK FACTORS

- ◆ Projects can be subject to delay and significant variability – changes in client personnel, budgets, specifications, financing arrangements etc. Forecasting is very challenging and inherently inaccurate
- ◆ 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 causing significant financial performance variances between reporting periods
- ◆ Long lead times on transceivers of up to six 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 challenges can arise with products resulting in significant warranty costs
- ◆ As SRT enters multiple project contracts, project execution risk will become an increasing challenge
- ◆ The global MDA market is highly fragmented and market data often variable and incomplete and thus market size, trend and timing data may be significantly inaccurate



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.

