



Software  
Radio Technology

**Year End Results & AGM Presentation**  
**Year Ending: 31<sup>st</sup> March 2016**

[www.softwarerad.com](http://www.softwarerad.com)



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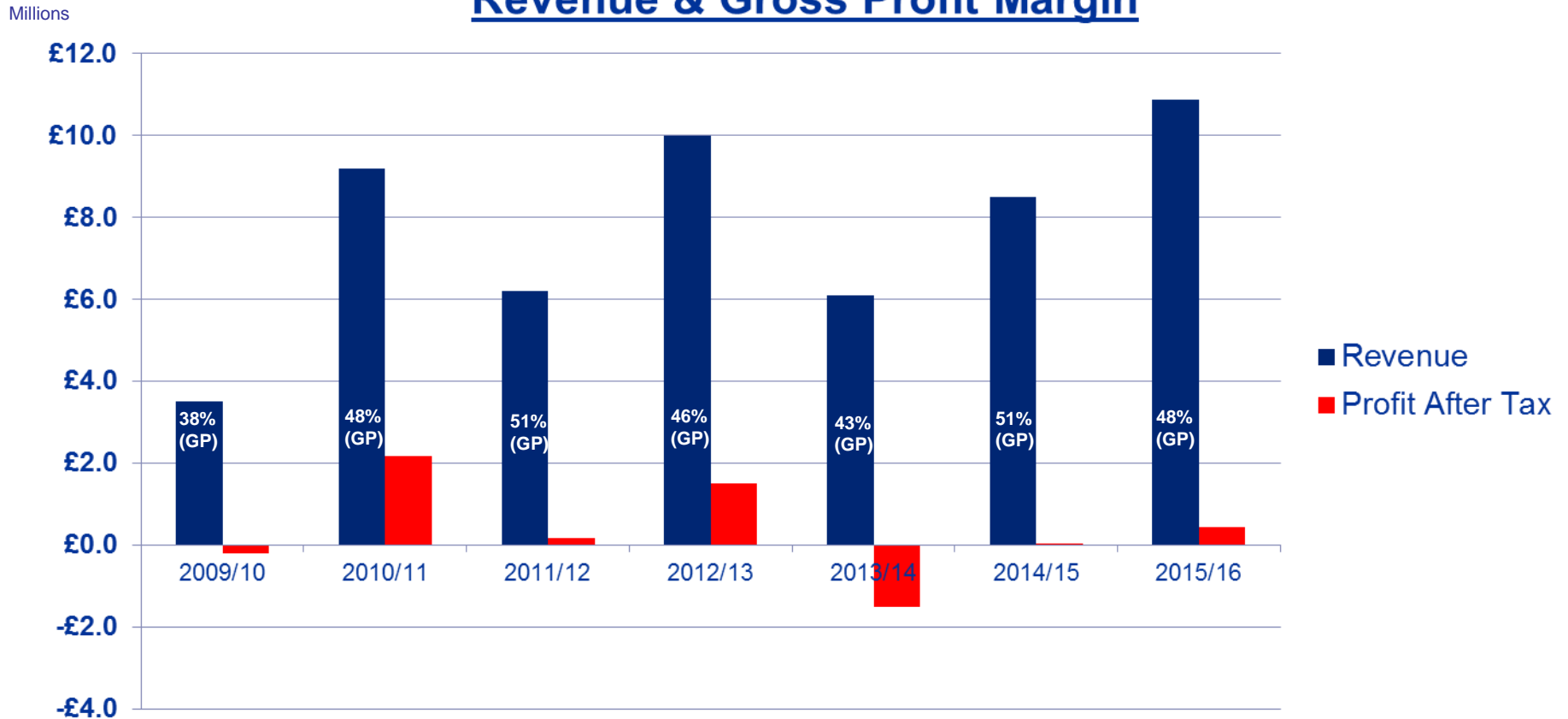
# Results summary – YE March 2015

Revenues	Gross Profit	Overheads	Profit/(Loss) after tax	Stock	Cash
<p><b>£10.6m</b></p> <p>YE 2015: £8.5m YE 2014: £6m</p>	<p><b>48%</b></p> <p>YE 2015: 51% YE 2014: 43%</p>	<p><b>£4.9m</b></p> <p>YE 2015: £4.9m YE 2014: £4.4m</p>	<p><b>£0.43m</b></p> <p>YE 2015: £0.05m YE 2014: (£1.5m)</p>	<p><b>£4.2m</b></p> <p>YE 2015: £5.0m YE 2014: £4.2m</p>	<p><b>£1.8m</b></p> <p>YE 2015: £2.1m YE 2014: £1.3m</p>



# Results – Revenue and Profits

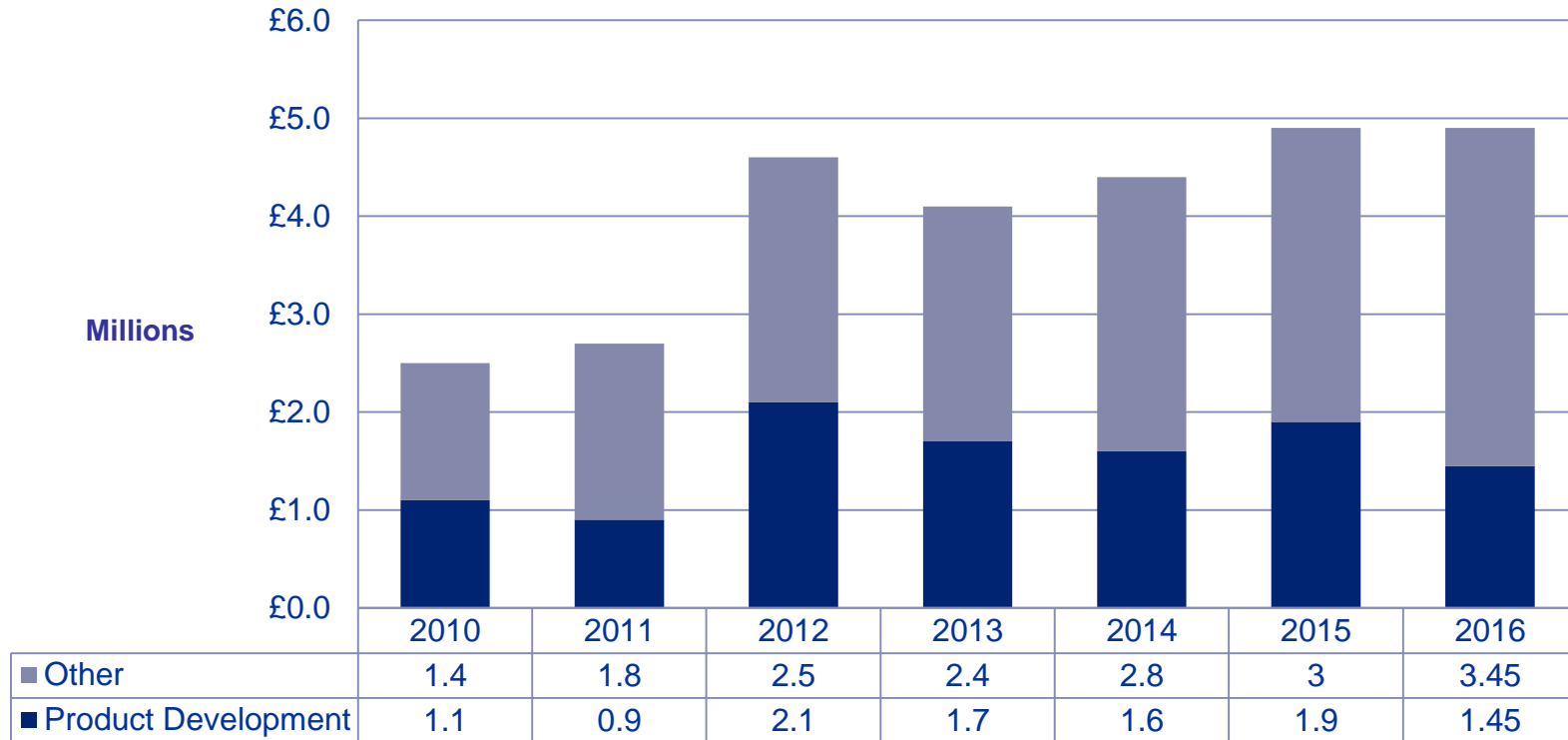
## Revenue & Gross Profit Margin



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.

# Results - Overheads

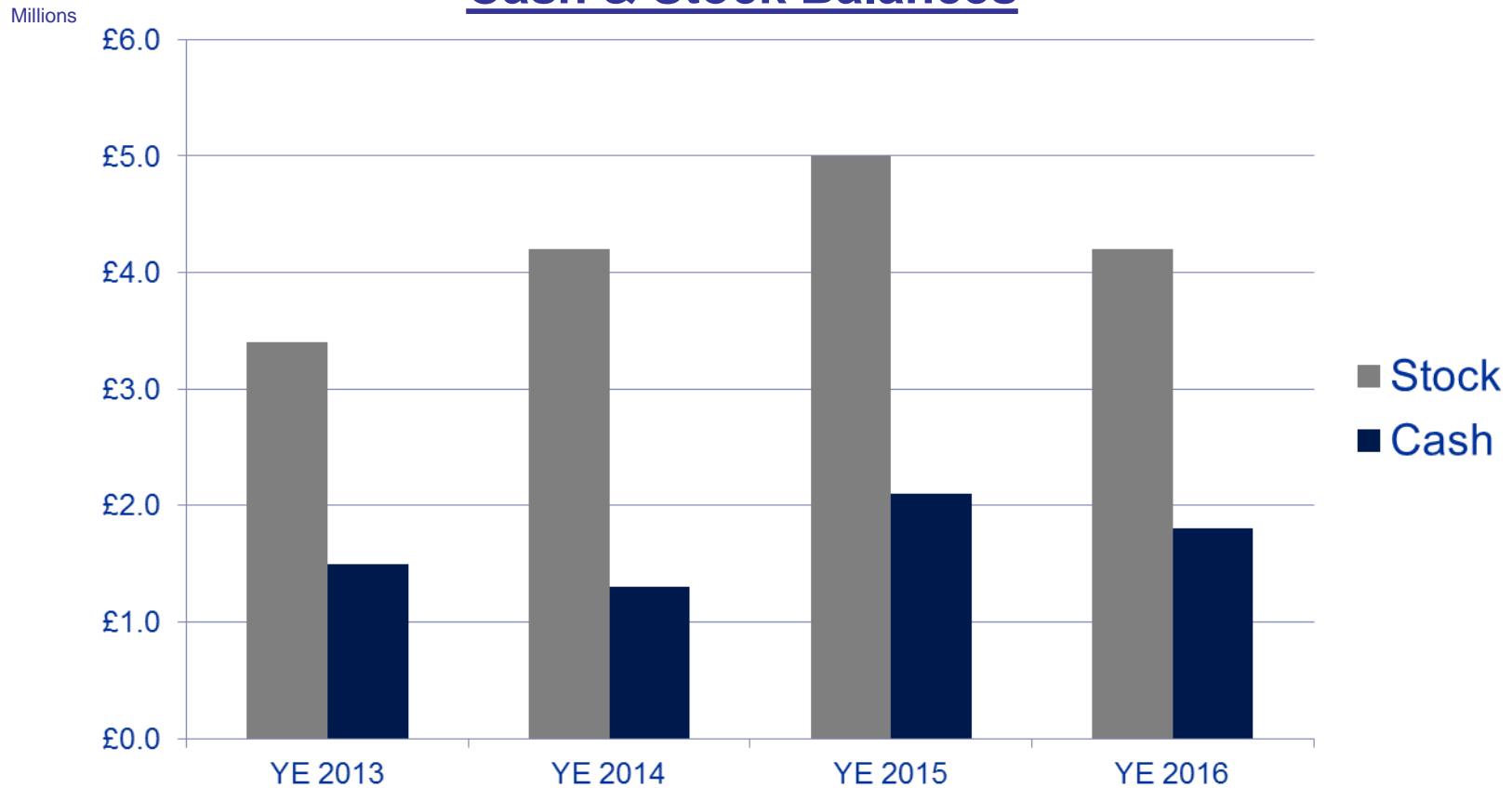
## Overheads



Overheads remained flat. Core technology and product R&D maintained – but less external hardware tooling costs resulted in overall reduction. Increase in sales and marketing and customer support activities

# Results – Balance Sheet

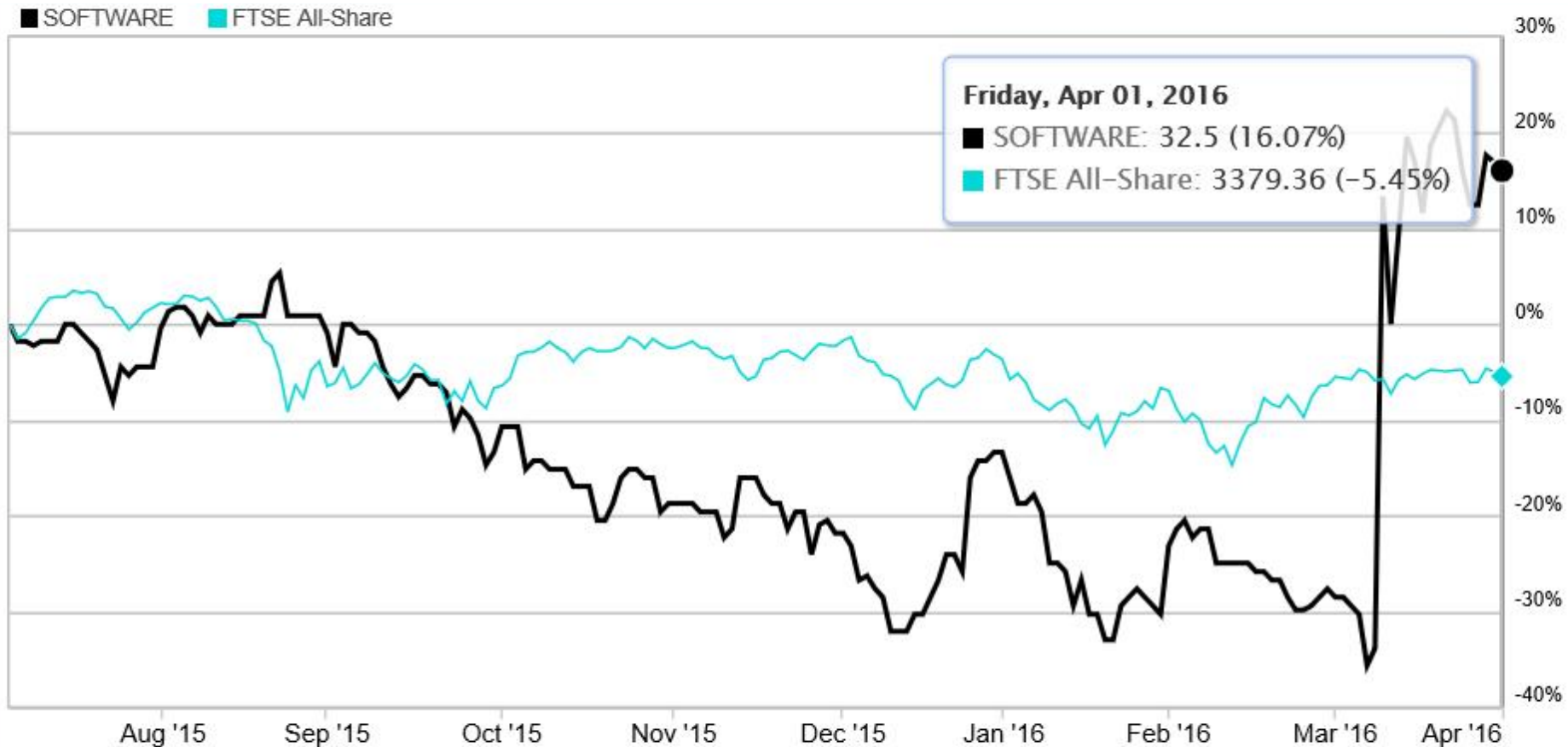
## Cash & Stock Balances



Stock levels remain high due to stock of Class A – expected to reduce during year due to project demand.  
Cash balances include £1m bank loan due for repayment by Feb 2019.



# Share price performance



Source: London Stock Exchange Web Site

# Operational Review

2015/16				2016/17
Q1	Q2	Q3	Q4	Q1
 <p>Year long Bahrain trial completes - final contract discussions</p>	 <p>\$5.2m Bahrain MDM System Deal Signed</p>	 <p>Bahrain MDM network &amp; control centre completed</p>	 <p>Bahrain Identifiers delivered and installation commences</p>	 <p>Bahrain MDM system phase 2 expansion discussions commence</p>
 <p>MDA exhibition in South America</p>	 <p>Major trial of MDM system and ABSEA capability in S. America</p>	 <p>Major trial &amp; MDM system spec consultations in Middle East</p>	 <p>\$100m MDM supply agreement signed for Asia country</p>	 <p>SRT wins contracts with Panama Canal &amp; Trinity House</p>
 <p>ABSEA integrated in all Class B products</p>	 <p>Chronos – miniature black box AtoN complete</p>	 <p>New dual SO &amp; CS AIS core technology platform started</p>	 <p>Apollo Class A certification completed</p>	 <p>Major update to GeoVS system released</p>



# What do we do?

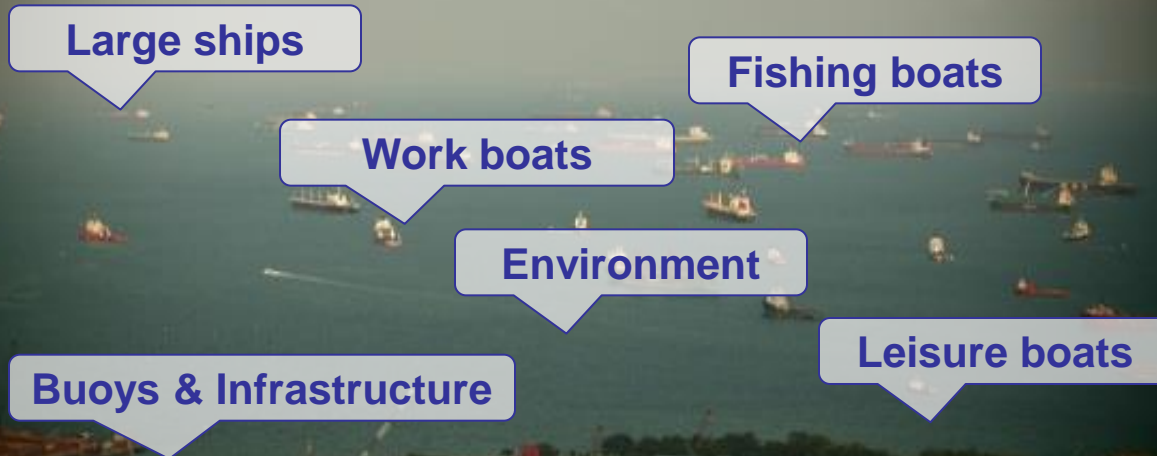
SRT develops and provides technologies, products and systems that enhance maritime security, safety and commerce.



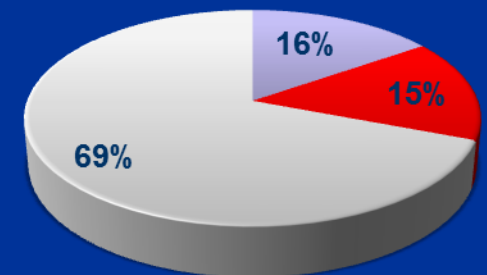
# Global Maritime Domain Awareness market

Multi-billion dollar, growing market

- 361m sq KM of oceans
- 400,000 km of coastlines
- Millions of buoys
- Tens of thousands of ports
- Boat park of 26 million boats
- 95% global trade goes by sea



## Global Boat Park



■ Commercial ■ Fishing ■ Leisure



# Market Segments

## Significant, growing global market opportunity

### 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

# SRT Business Strategy

**Dominate critical MDA technology and leverage market opportunity**

## Automatic Identification System (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  
Evolution**

### Maritime Domain Awareness



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

## AIS Applications

Security

Commercial

Leisure

Search &  
Rescue

Environment

Safety

Fisheries

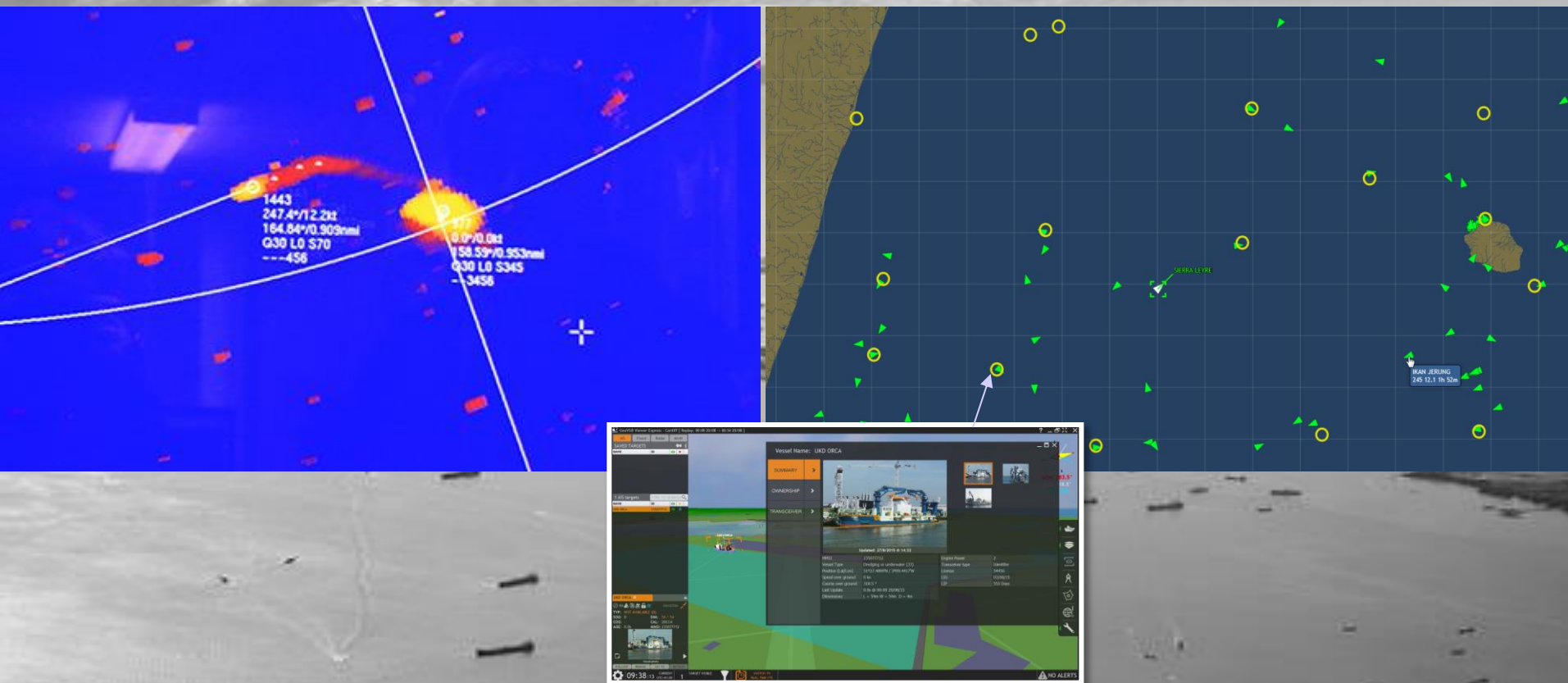
# Why is AIS critical in MDA applications?





# Why is AIS critical in MDA applications?

Radar + AIS allows efficient and effective vessel identification



# What is AIS?



- Air Traffic Control for ships
- The only data communications technology created specifically for maritime domain awareness, endorsed, supported and ultimately controlled by the IMO.
- MESH network TDMA data communications system that uses VHF and GPS.
- Multi-node capability: ship to ship, ship to shore, ship to aircraft, ship to space.
- 2002 global IMO mandate (SOLAS) on large ships created AIS as an international standard.

SRT AIS History

2000

First AIS Transceiver development



2006

World's first low cost AIS transceiver



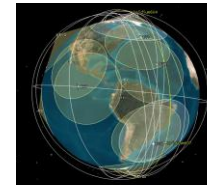
2009

World's first miniaturised AIS transceiver



2014

ABSEA S-AIS Technology launched



2015

SRT MDM System solution launched



# SRT Business Model

Highly scalable business model with multiple competitive barriers





# Our Products



## SRT Developed Core Technologies

## Non SRT

Transceivers	Data	Display & Analytics
 	  	



A red arrow points from the 'Non SRT' section towards the 'SRT Developed Core Technologies' section.

- Core AIS technologies and products fully developed in-house by SRT
- Single technology platform provides multiple products addressing different applications
- Products bundled to provide optimal 'system' solutions from a single vessel to a national MDA program
- Non-core products for 'systems' sourced from third parties and integrated into SRT system

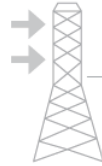
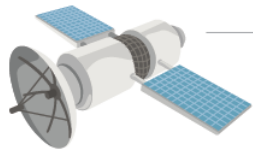
# SRT MDM System

Turn-key, scalable national maritime domain awareness system

## All Vessel Types



## Satellites (AIS & RADAR) Global Coverage



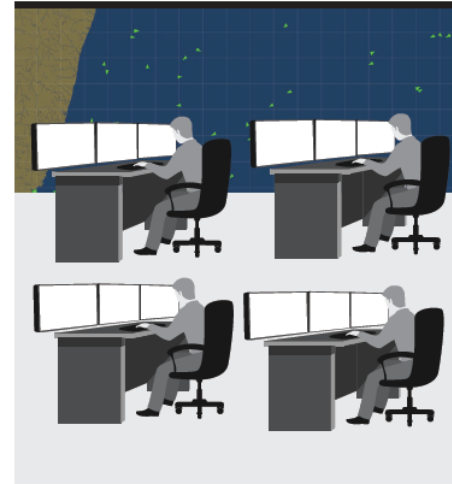
## Terrestrial Coast Stations (AIS/RADAR/CCTV) Real Time Local & Regional Coverage

## National Marine Data Centre

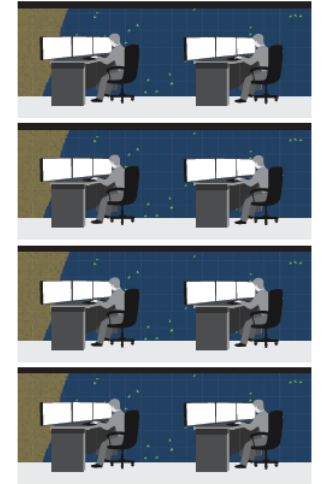


## Secure Web Portal

## National Control Room



## Regional Control Rooms





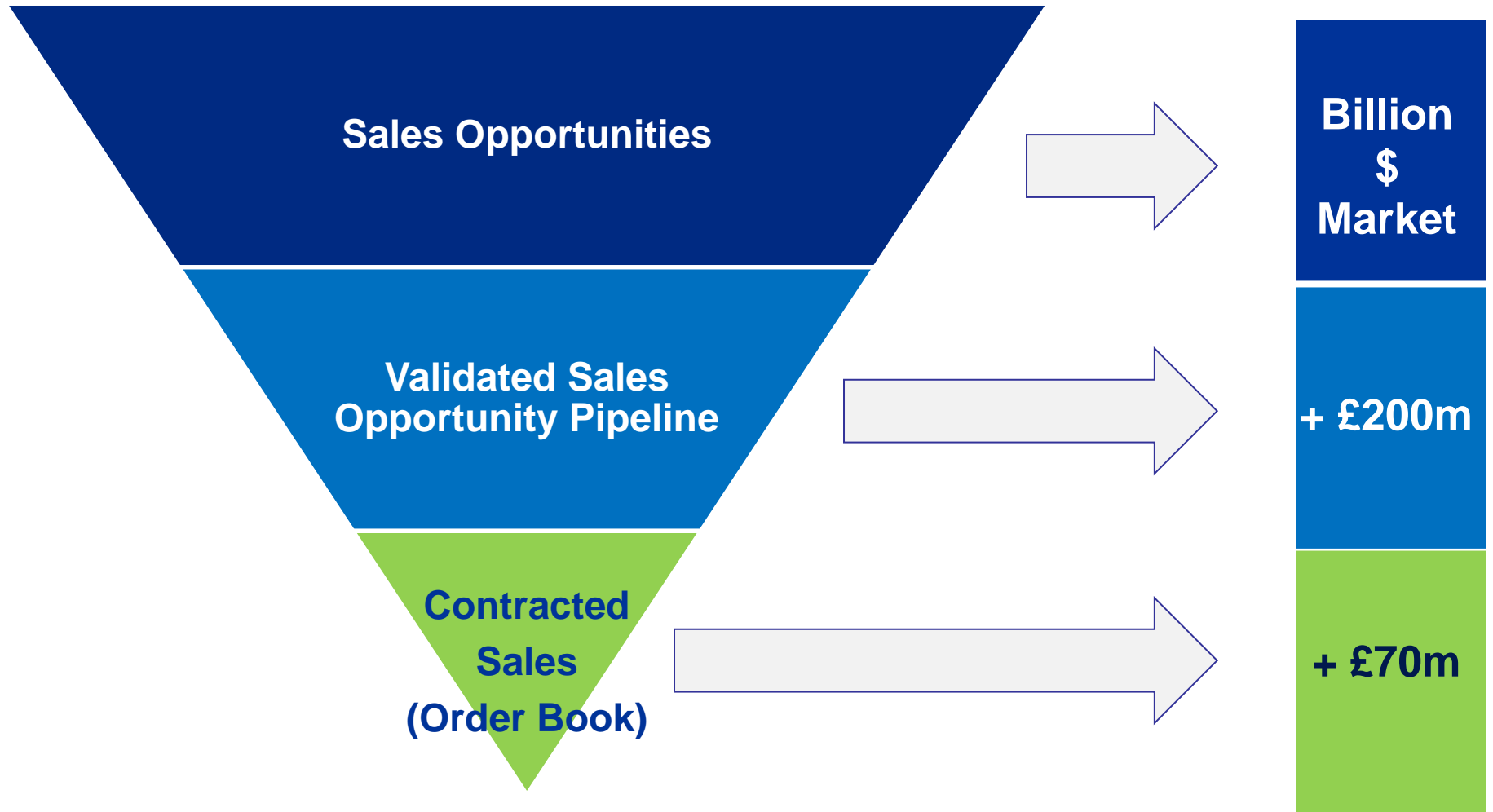
# Product Development Road Map

	2016	2017
<b>Transceivers</b>	 <p>New Class A</p>  <p>Integrated wifi In NEON2 Class B</p>  <p>New Class B SOTDMA – 5W</p>	 <p>Dual mode SO &amp; CS Class B transceiver module</p>  <p>New Identifier</p>
<b>Data, Display, Analytics</b>	 	<p>Continue to develop and enhance GeoVS as a maritime network, data, display and analytics system.</p> <p>Continue to develop S-AIS optimising technologies</p>

# Market & Sales Development Strategy

 <b>Vessel transceivers</b>	<p>Accelerate growth of international dealer base and improve merchandising.</p> 
 <b>OEM &amp; Module</b>	<p>Rationalise OEM &amp; Module customer base and have closer and more interactive relationship with customers. More products with customised functionality. Leverage SRT core technology superiority.</p>
 <b>System Solutions</b>	<p>Continue to work with in-country partners and directly with national authorities to promote, design and deliver customised solutions for VTS, VTMIS, VMS and MDA programs. Continue to enhance in-country partner training and support.</p>

# Sales Pipeline



# Revenues – Future Opportunities & Drivers

## PRIMARY VALIDATED SALES OPPORTUNITIES - PROJECTS

Region	Country	Description & Status*	Potential Value*
Middle East	Confidential	Following successful Bahrain reference – project being considered as a single, unphased national program. In direct discussions with relevant ministry	Total value ~ \$30m
Middle East	Confidential	Completed extensive trials and undertaken consultations on requirements. Awaiting formal tender process for MDM System – implement in phases over 2 years	Total value ~ \$20m
Middle East	Confidential	Significant enhancement to an existing national MDA system through full implementation of an SRT MDM system. In project evaluation phase.	Total value ~ \$30m
Middle East	Confidential	Update of existing vessel monitoring system. In early technology and system functionality specification stages	Total value ~ \$15m

\*Please Note: All values, timescales and dates are best estimates based upon publicly 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.



# Revenues – Future Opportunities & Drivers

## PRIMARY VALIDATED SALES OPPORTUNITIES - PROJECTS

Region	Country	Description & Status*	Potential Value*
Asia	India	Government appears to wish to start rollout in 2017 – starting with 2 states. More to follow. Complex and fragmented decision making.	Initial value ~ \$3m Total value ~ \$50m
Asia	Confidential	Detailed proposals made for supply of full MDM system – including 12,000 Transceivers	Total value ~ \$35m.
Asia	Confidential	Commencement of national vessel transceiver rollout expected. Awaiting publication of tender.	Initial value ~ \$2m Total value ~ \$40m
Asia	Confidential	National integrated MDM system with ultimately up to 90,000 vessels being monitored. System specification in discussion and evolution.	Total value ~ \$50m

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# Revenues – Future Opportunities & Drivers

## PRIMARY VALIDATED SALES OPPORTUNITIES - PROJECTS

Region	Country	Description & Status*	Potential Value*
Latin America	Confidential	Full MDM system to monitor national fishing fleet. Final proposal stage prior to customer making final decision.	Total value ~ \$20 million.
Latin America	Confidential	Full national MDM system requirement. Exact system requirements and deployment logistics at early stages of discussion.	Total value ~ \$40m

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# The Future

## **Overheads:**

Decoupled from revenue growth. Expect to further expand customer support resources as projects convert.

## **Product:**

R&D in new core technologies – transceiver and data management – will continue at current rate.

## **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 and size variable.
- New revenue lines for AtoN and Displays expected to grow



# 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 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 and project execution risk and challenge for SRT



# SRT Group Operating Structure

## EXISTING STRUCTURE



Software  
Radio Technology



SRT Marine  
Technology



Core technology  
development, module and  
OEM product solutions



SRT Marine  
System Solutions



Turnkey, integrated system  
solutions. Transceivers,  
display and data

**em-trak** 

High Performance Maritime Products



Vessel transceivers to  
independent dealers  
and distributors



# SRT Group Operating Structure

REFINED STRUCTURE, BRANDING AND MARKET PRESENTATION REFLECTS SRT AS IT IS TODAY



Provider of AIS based maritime domain technologies, products and system solutions.

- OEM product Solutions: OEM & Module
- Ports and Marine Infrastructure Solutions
- MDM System Solutions

**em-trak**   
High Performance Maritime Products



Vessel transceivers to independent dealers and distributors targeting commercial and leisure AIS markets



# Summary

- Established market position within a growing global market
- The dominant provider of critical path AIS technology, products and systems
- Low overheads not coupled to revenue growth
- Forward order book of £70 million
- Forward validated sales pipeline of +£200 million

