



# 2018 Optimising performance



# Our Mission



*Trakm8 is an innovative and diverse UK-based technology company, focused on fleet management, insurance and automotive telematics, and optimisation. Trakm8 strives to proactively provide actionable insights which reduce risk and improve efficiency for its customers. From a firm foundation of integrity and family values, Trakm8 encourages and develops its talented people to create world-leading solutions that are ethically sourced, proudly manufactured, and professionally sold. By upholding these ideals, Trakm8 aims to deliver growth in long-term value to shareholders.*

# Investor Event 2018

## Agenda

- **FY2018 Review** – *Jon Furber, Group Finance Director*
- **Operational Efficiency Strategy** – *Mark Watkins, Chief Operating Officer*
- **World Leading Technology Strategy** – *Mark Watkins, Chief Operating Officer*
- **Increasing Market Share Strategy** – *John Watkins, Executive Chairman*
- **Q&A**
- **Light lunch and meet the Board**





# FY2018 Review

**Jon Furber**

Group Finance Director

# Highlights

A year of strong progress

**It is pleasing to report very strong progress during the past year**

**Operational highlights include:**

- Successful exit from non-core Contract Electronics Manufacturing (CEM) activities
- Reduction of annual operating costs by £2.0m with saving reinvested into Sales & Marketing
- Over 251,000 connected units in operation (FY-2017: 190,000)
- Launch of Trakm8 Insight and RoadHawk 600
- New contracts from Intelematics Europe and Calor, and contract extension from Iceland Foods
- Maintained investment in R&D
- Closure of Trakm8's Bodmin and Livingston offices

# Financial Highlights

## Revenues

£30.1m

Increase:  12% | 2017: £26.8m

## Profit before tax

£1.2m

Increase:  69% | 2017: £0.7m

## Adjusted PBT

£2.8m

Increase:  142% | 2017: £1.2m

## Cash from operations

£4.7m

Increase:  608% | 2017: £0.7m

## Adjusted EPS

8.19p

Increase:  41% | 2017: 5.81p

## Basic earnings per share

4.40p

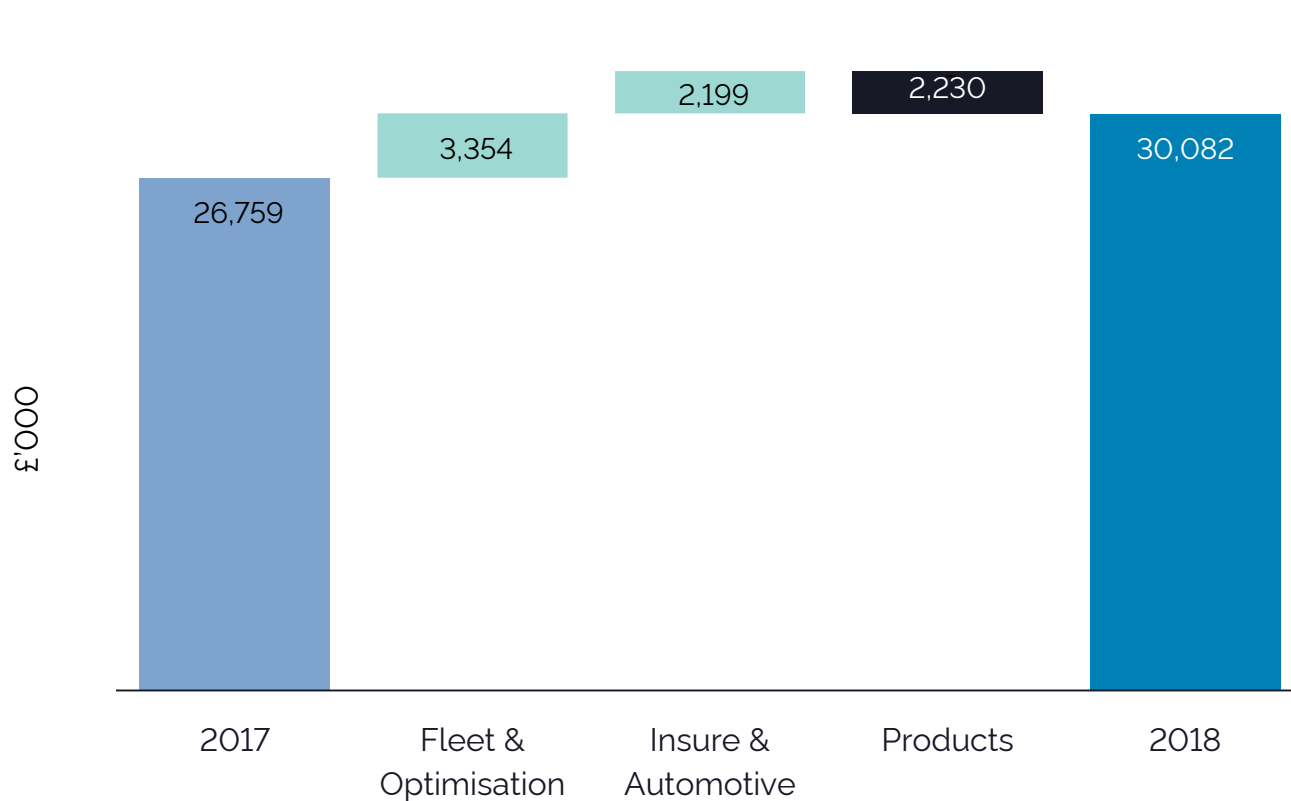
Decrease:  2% | 2017: 4.51p

## A strong year of progress is supported by:

- Revenue up **12%**
- **10%** increase in recurring revenue
- **26%** growth in core Solutions business
- **32%** increase in connected devices

# Financial

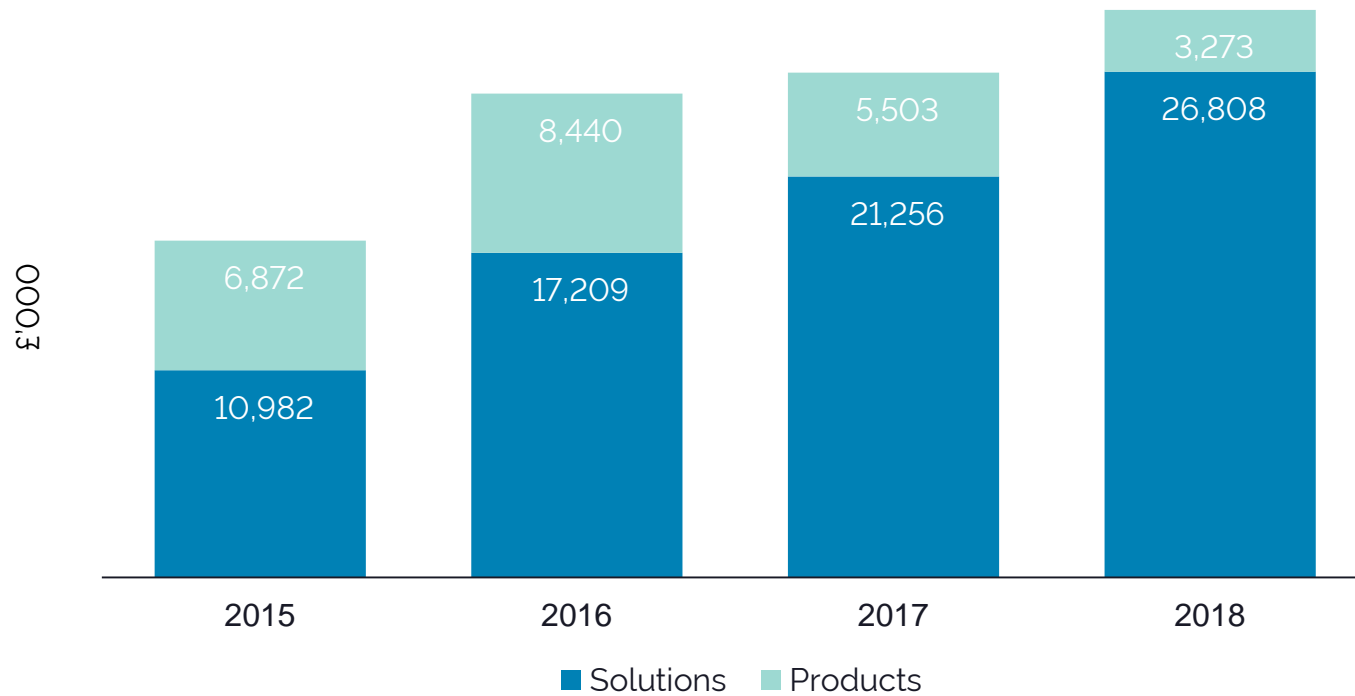
## Revenue Bridge



- Solutions Revenue up **26%**
- Fleet & Optimisation Revenue up **31%**
- Insurance & Automotive Revenue up **21%**
- Impact of exit from Contract Manufacturing:
  - Product revenues down **41%**

# Financial

## Transition to Pure Telematics Provider



### Underlying Revenue growth

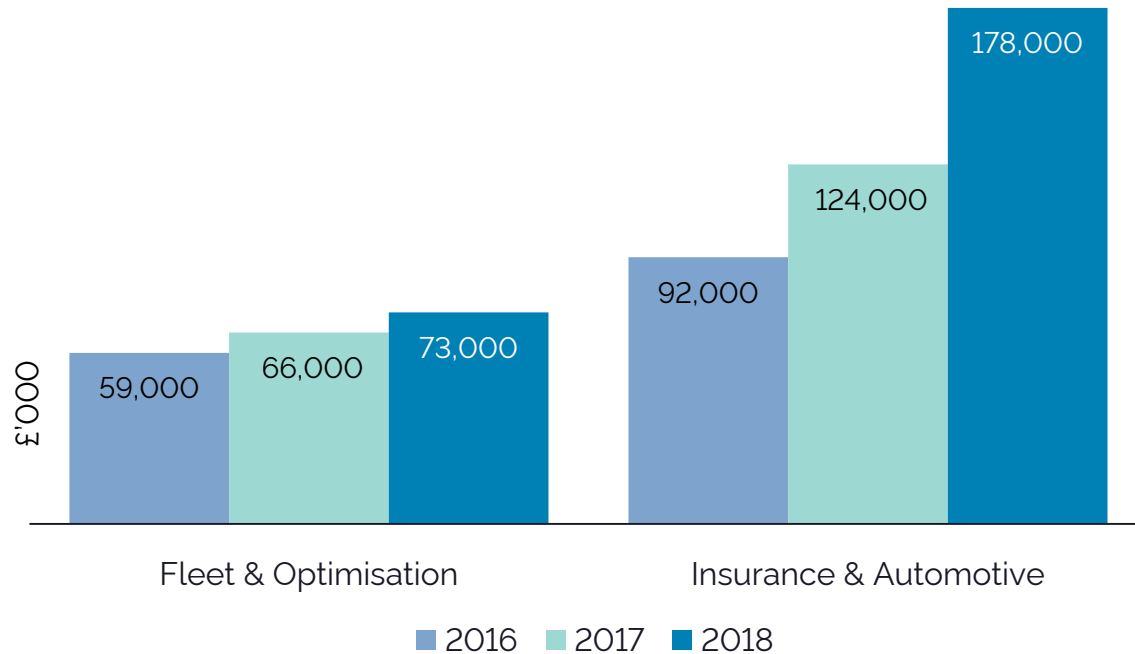
- Solutions CAGR up **35%**
- Products CAGR down **22%**



# Financial

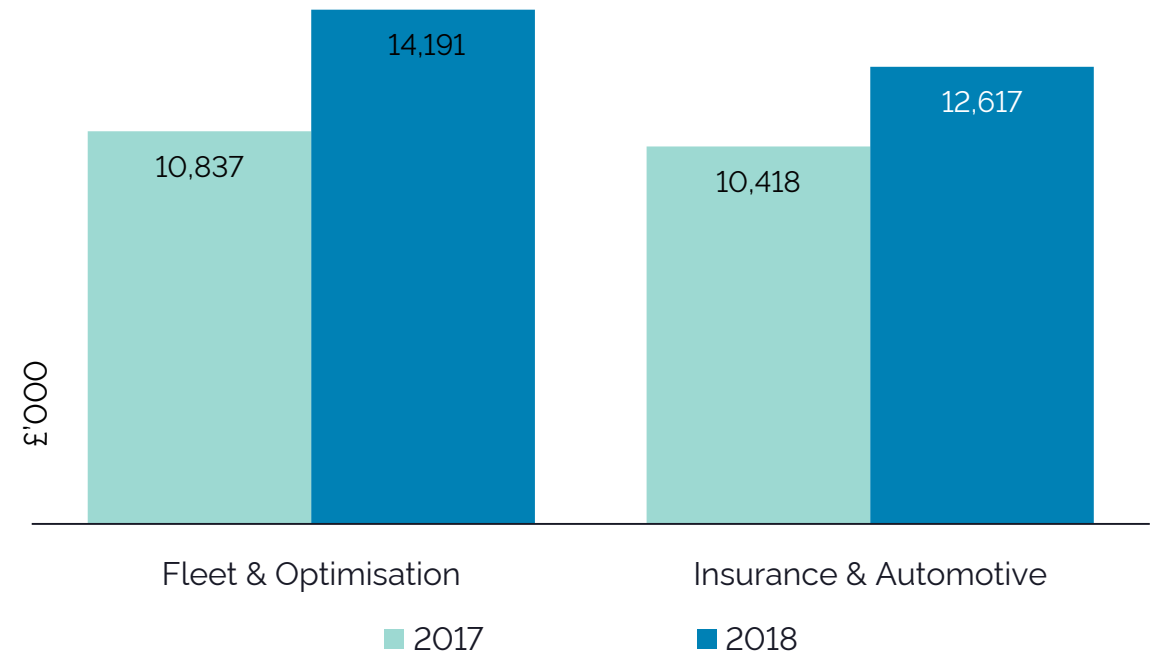
## Growth Dynamics

### Connections



- Fleet Telematics connections up **11%**
- Insurance & Automotive connections up **44%**

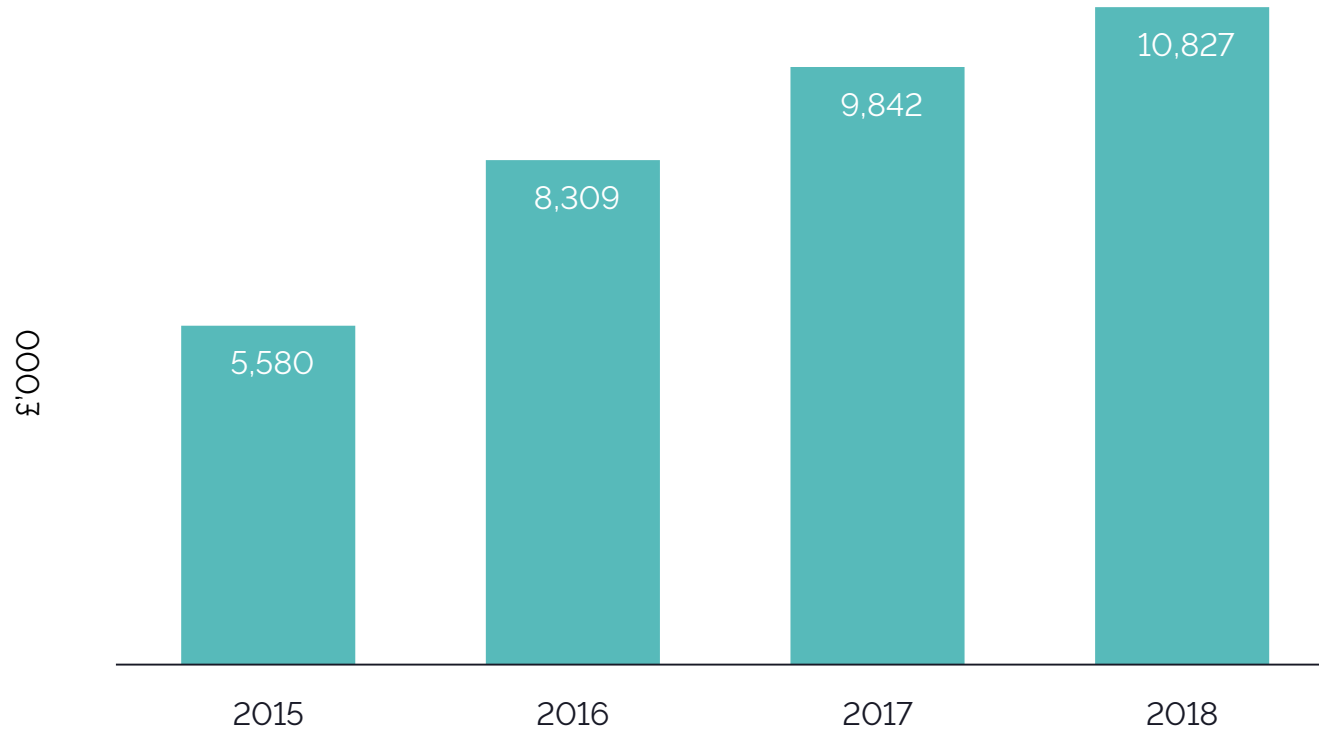
### Revenue by Sector



- Fleet & Optimisation revenue includes hardware, installation, service and Optimisation license fees - up **31%**
- Insurance & Automotive revenue includes hardware, installation and service fees - up **21%**

# Financial

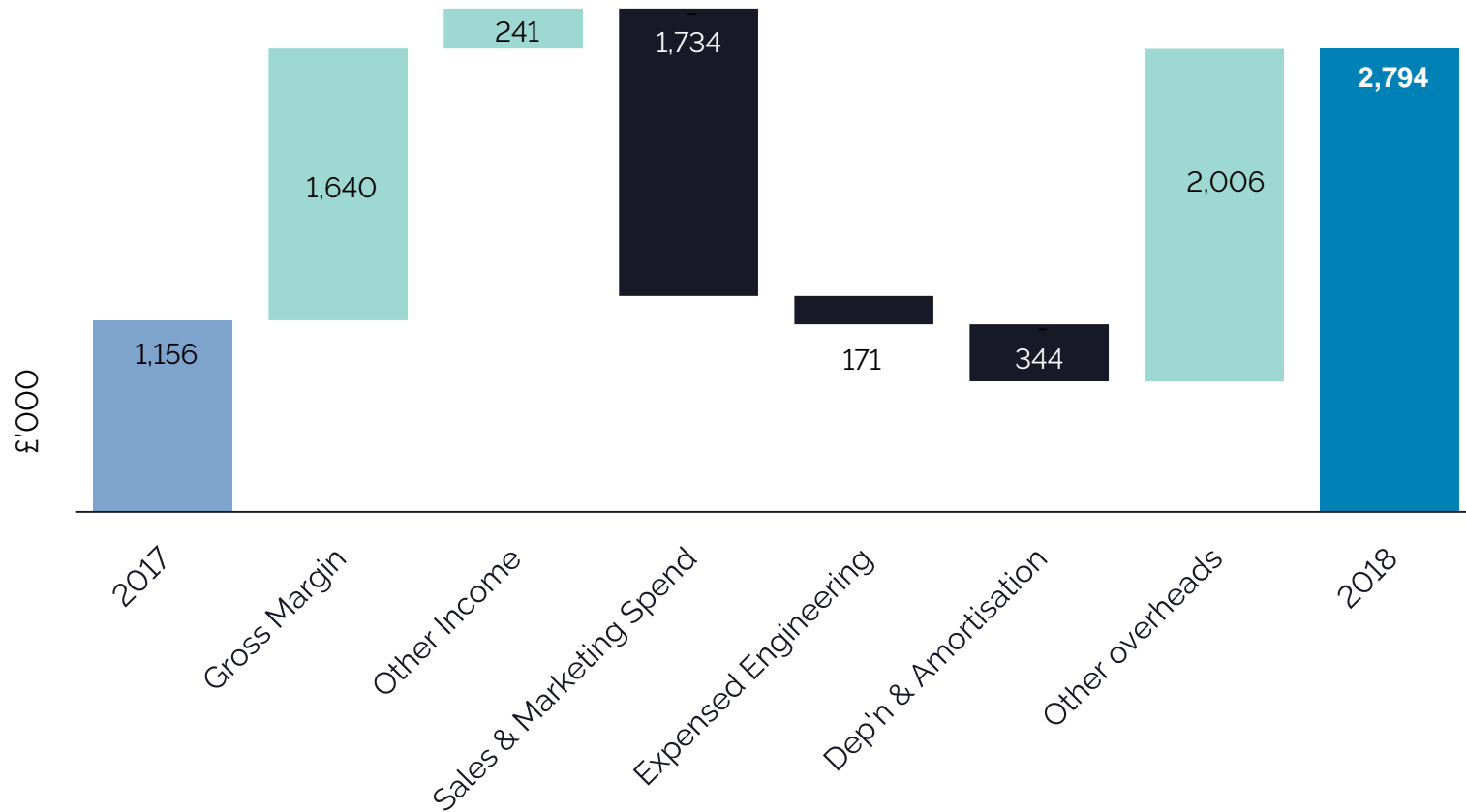
## Recurring Revenues



- Recurring Revenue up **10%** on FY-2018
- Impact of higher unit growth in lower-priced Insurance and Automotive units

# Financial

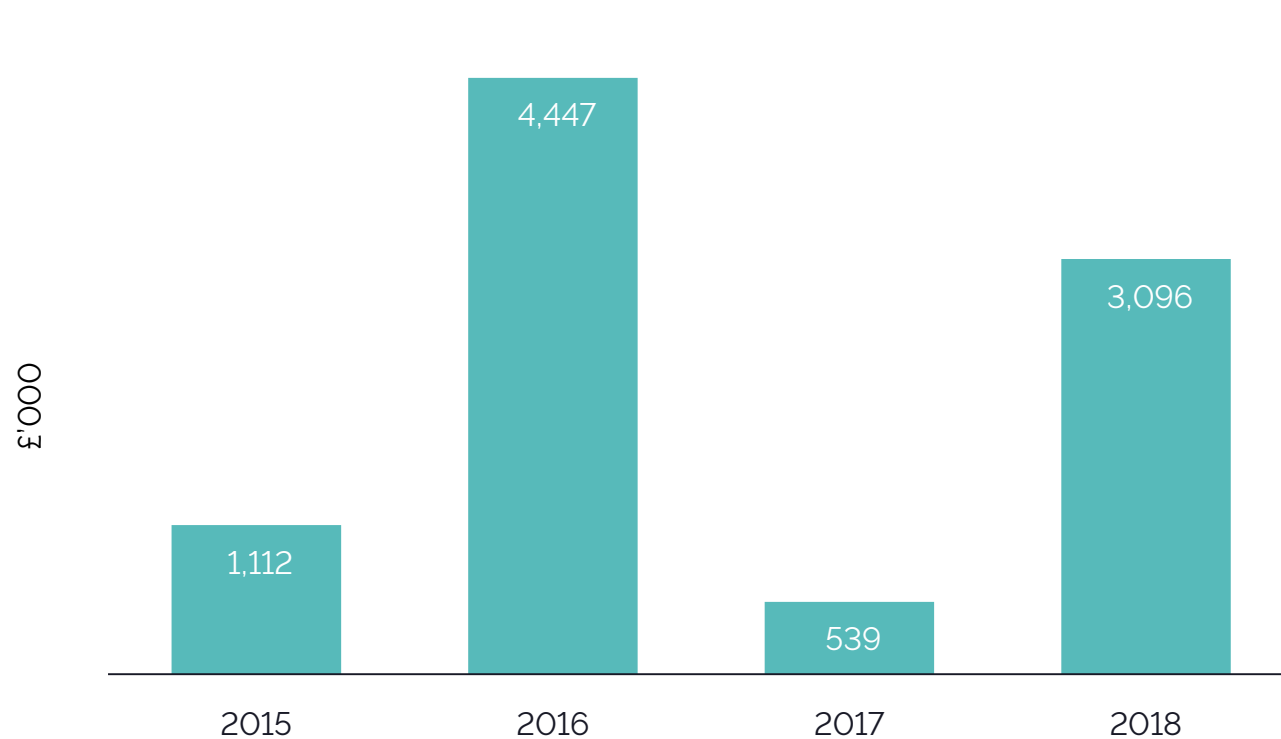
## Adjusted Profit before Tax Bridge



- Adjusted Operating Profit up **142%** on FY-2018
- Gross Margin % maintained at **49%**
- Significant investment in Sales & Marketing – spend up **54%**
- Impact of operations streamlining, other overheads down **31%**

# Financial

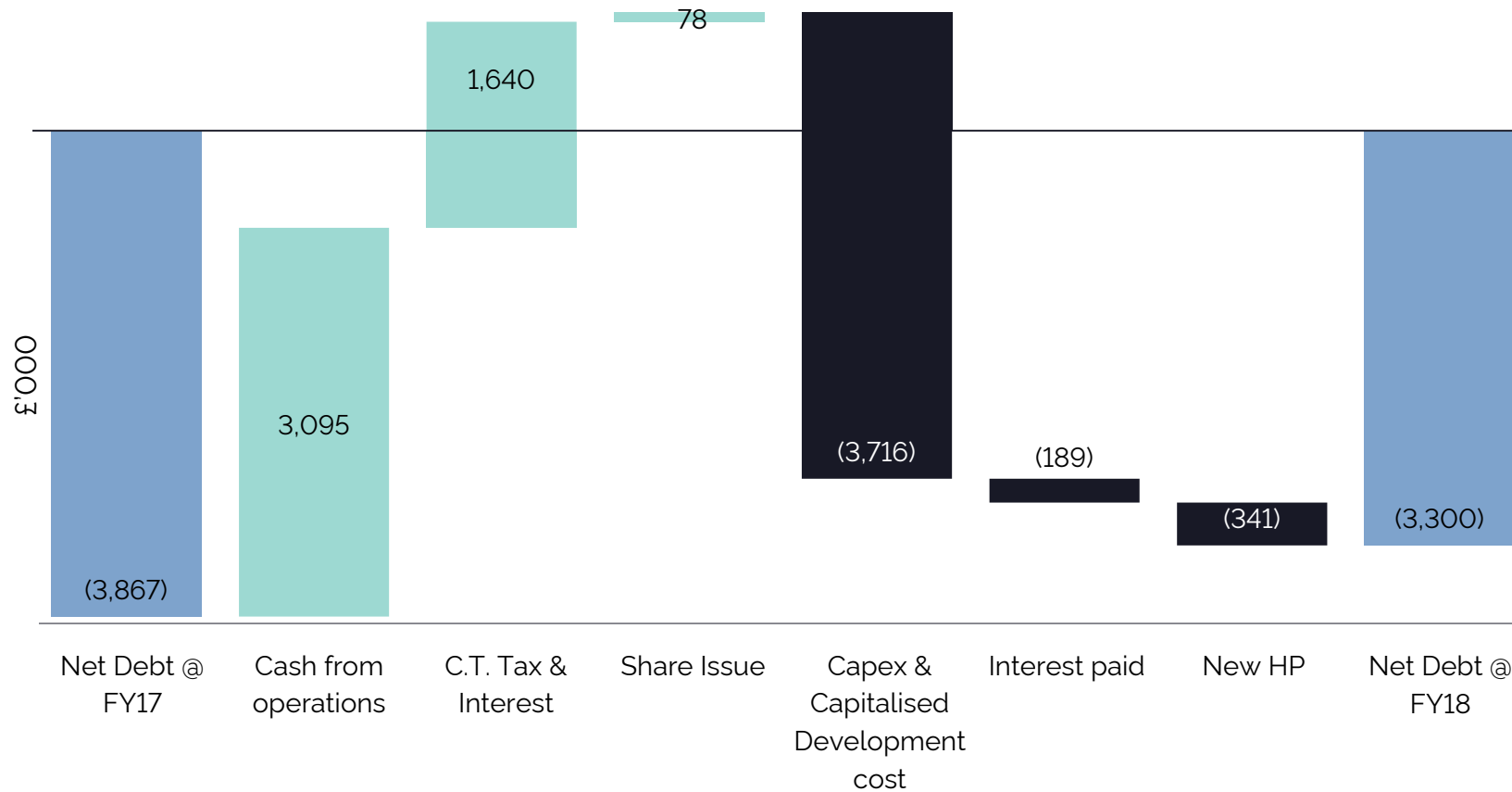
## Cash generated from operations



- Significant improvement in Cash generated from operations – up **£2.6m**
- Additional R&D tax credit cash received of **£1.6m**

# Financial

## Net Debt Bridge



- Net Debt reduced by **£0.6m** in FY-2018
- FY-2018 Cash generated from Operations of **£3.1m**
- Ongoing investment in development & other Capex of **£3.7m**

# Our strategy

In order to provide value for investors and customers, we will continue to deliver on the following strategic objectives.

01

## Streamlining our internal operations

The Group will continue to focus on improving operational efficiencies and its cost as a percentage of revenues.

02

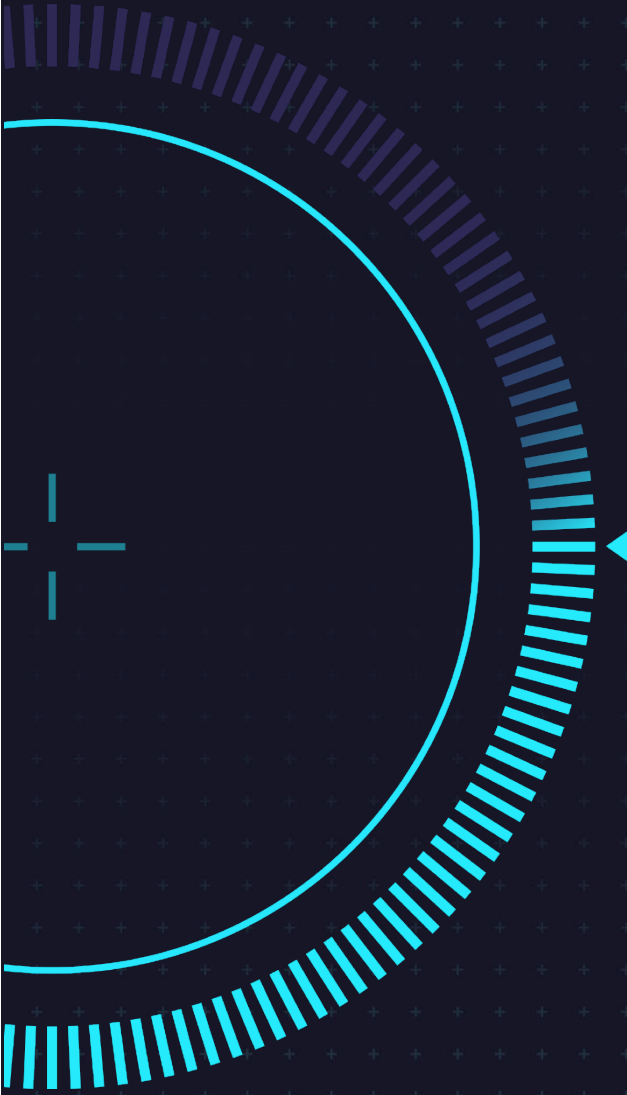
## Delivering a cutting-edge solutions portfolio

Continued investment in research and development in order to maintain our market-leading product portfolio and meet the demands of our customers

03

## Increase our market share

The Group will continue to expand the number of connections reporting to its servers, with a particular focus on expanding outside of the UK



# Operational Efficiency Strategy

**Mark Watkins**

Chief Operating Officer

# Operational Efficiencies

## Efficiencies

---

- Consolidation of offices
  - Closed Bodmin & Livingston
- Legal entities consolidated
- Lean manufacturing programmes and manufacturing investment
- CRM & Product enhancements to reduce solution administrative complexity

## Outcomes

---

- Achieved **£2.0m** reduction of annual operating costs with savings reinvested into sales and marketing
- Head count reductions:
  - Production by **21%**
  - Administration by **16%**



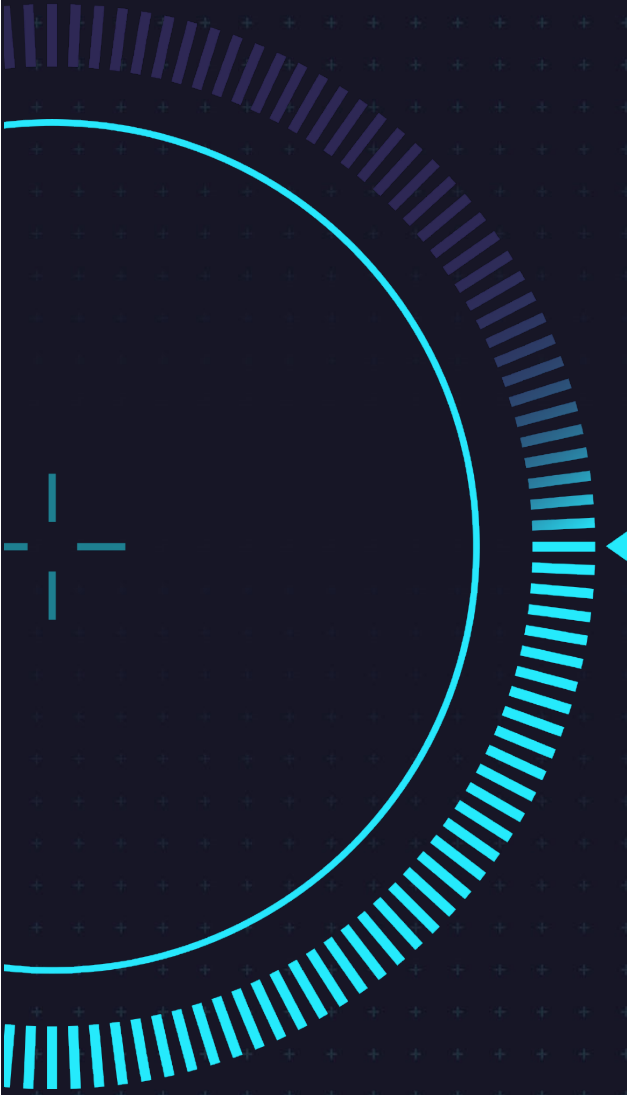
# Continued investment

## Manufacturing

- Scale manufacturing operations to **4,000 units / day**
- To be done in stages in-line with customer demand
  - Product engineering
    - Reduce component count & improve manufacturability
    - Designed for higher degrees of automation
  - Higher throughput fully automated test stations
    - Improve quality and reduce labour
  - Maintain the agility and product personalisation that gives a competitive advantage

## Operating

- A new enterprise level ERP system with enhanced supply-chain capabilities to improve service and enable WIP reductions
- Product engineering to drive efficiencies in hosting and communication costs
- Building out our CRM and billing platforms to enhance our digital self-service as part of a transition to an open-ecosystem
- Provide a world-class MI platform to the business



# World Leading Technology Strategy

**Mark Watkins**

Chief Operating Officer

# Our World Leading Technology Solutions



## Automotive

Connected Car  
Asset Management  
Vehicle Diagnostics/Prognostics  
Vehicle Recovery

Connect 300



## Insurance

Driver Risk Profiling & Monitoring  
FNOL (First notification of loss)  
Vehicle Recovery  
Usage Based Insurance &  
Partnership Solutions  
e-Fulfilment

Connect 300 & App Tracking



## Fleet & Optimisation

Vehicle Tracking  
Driver Behaviour Monitoring  
DVSA Compliance  
FNOL (First notification of loss)  
Trailer & Asset Tracking  
Preventative Maintenance  
Tacho & Fuel-card  
Accident management  
Electric Vehicles

Route Optimisation for Fleet and  
Logistics  
Scenario planning  
Back-office integration

RH600 & Connect 400



## Plant

Equipment utilisation & efficiency  
Remote diagnostics  
Off-hire enforcement  
OEM integration  
Remote immobilisation

Connect 500

# Trakm8 Prime



- Designed for SMEs and smaller fleets
- No-nonsense, self-install Connect 300 Device
- Entirely online self-service solution
- Track and trace and Driver behaviour
- Vehicle and battery health
- Geo-fencing
- Business / Private mileage
- Web portal, smartphone and smartwatch apps
- Free 30-day trial to all customers
- Designed for deployment into international markets

# Data enrichment with video



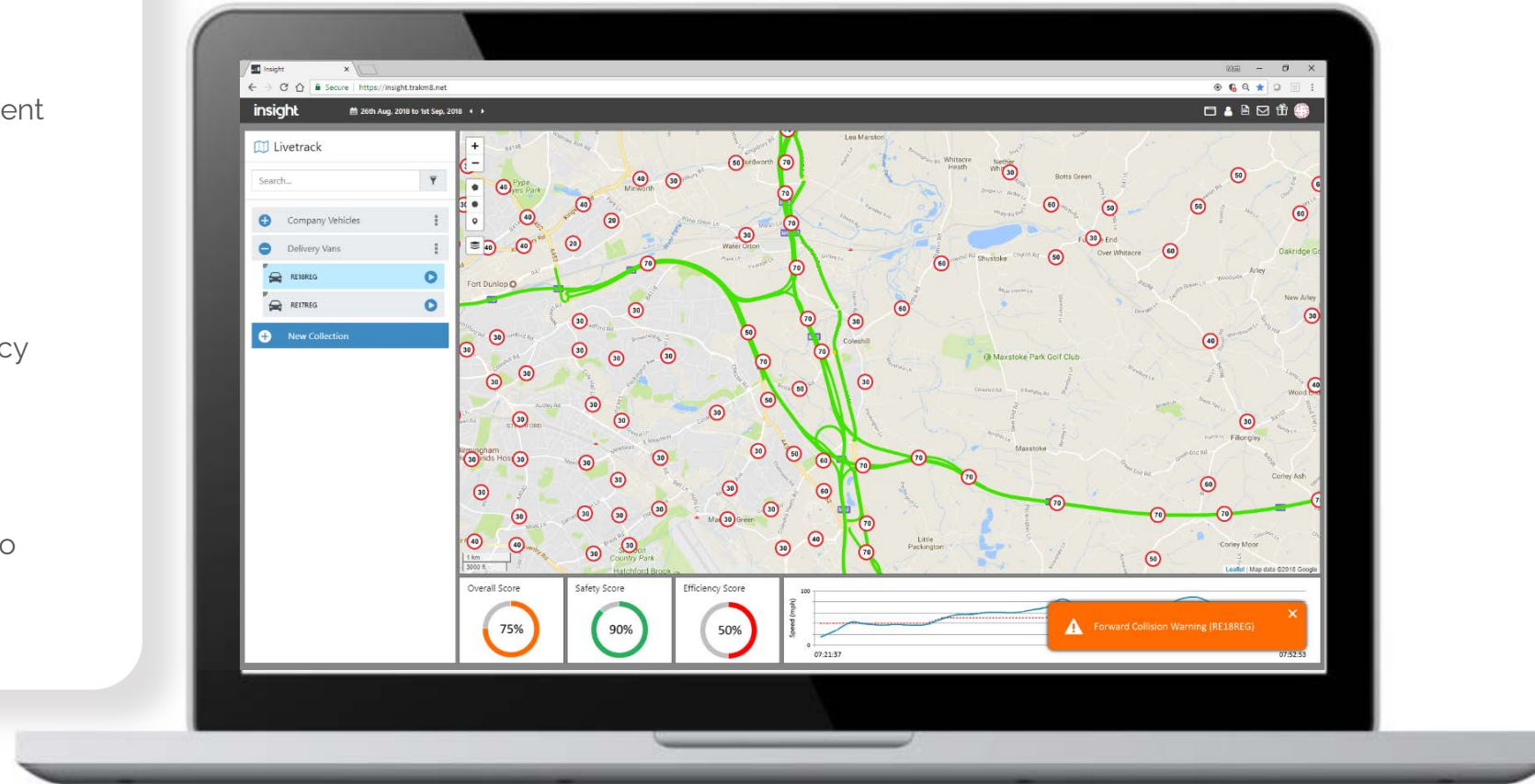
- Live and historical video data alongside full telematics capability
- Advanced Driver Assistance Technology (ADAS)
- Providing additional data enrichment to our solutions

# RH600 ADAS video

# Insight

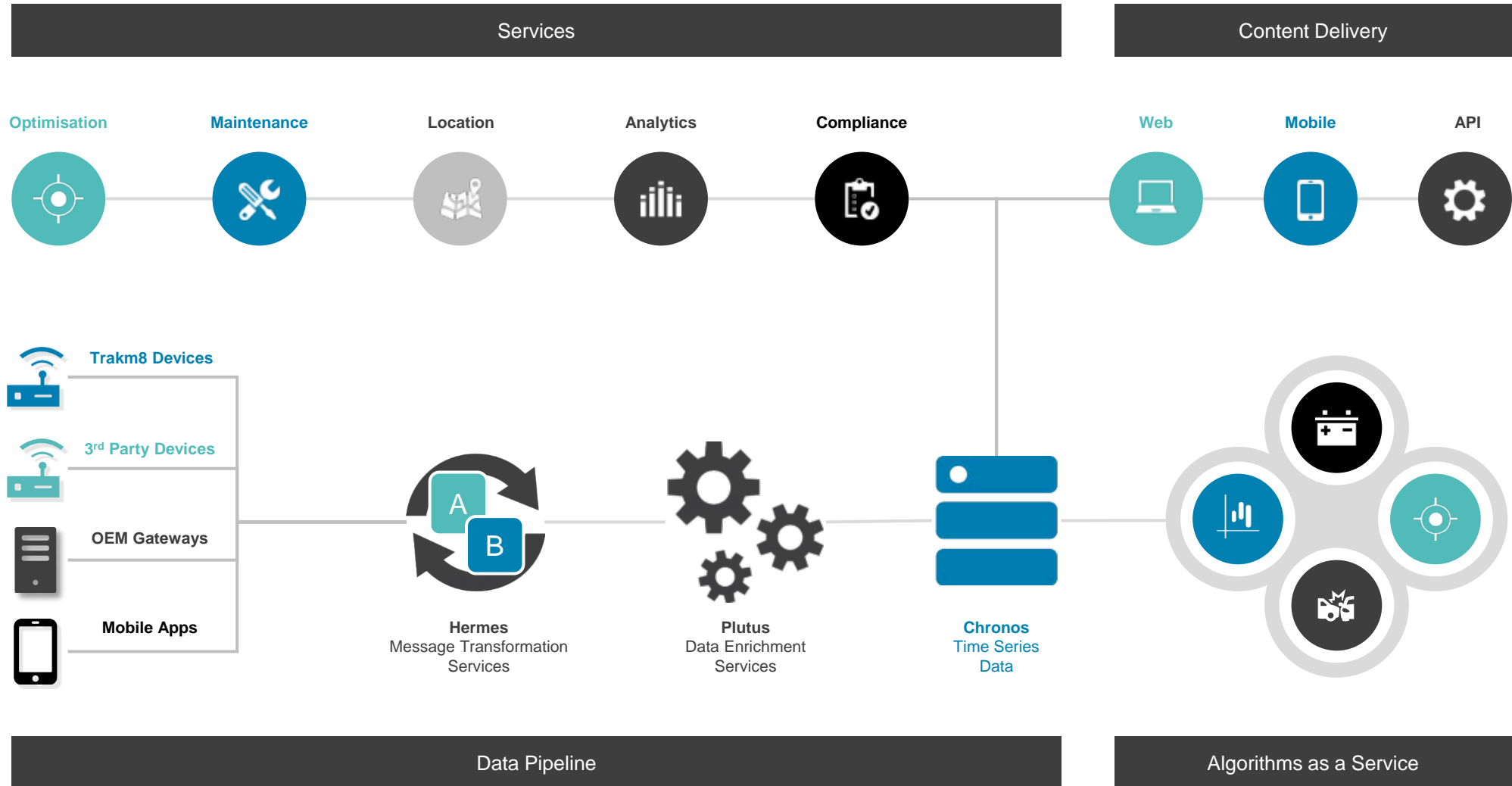
## Key features

- Trakm8s next generation fleet management platform
- Integrating in one-pane of glass
  - Route optimisation
  - Scheduling
  - Driver scoring for Safety & Efficiency
  - Driver ID & Tacho Solutions
  - Driver coaching and case management
- Designed to provide actionable insights to the fleet manager rather than just data.



# Insight

A platform for more than a fleet manager







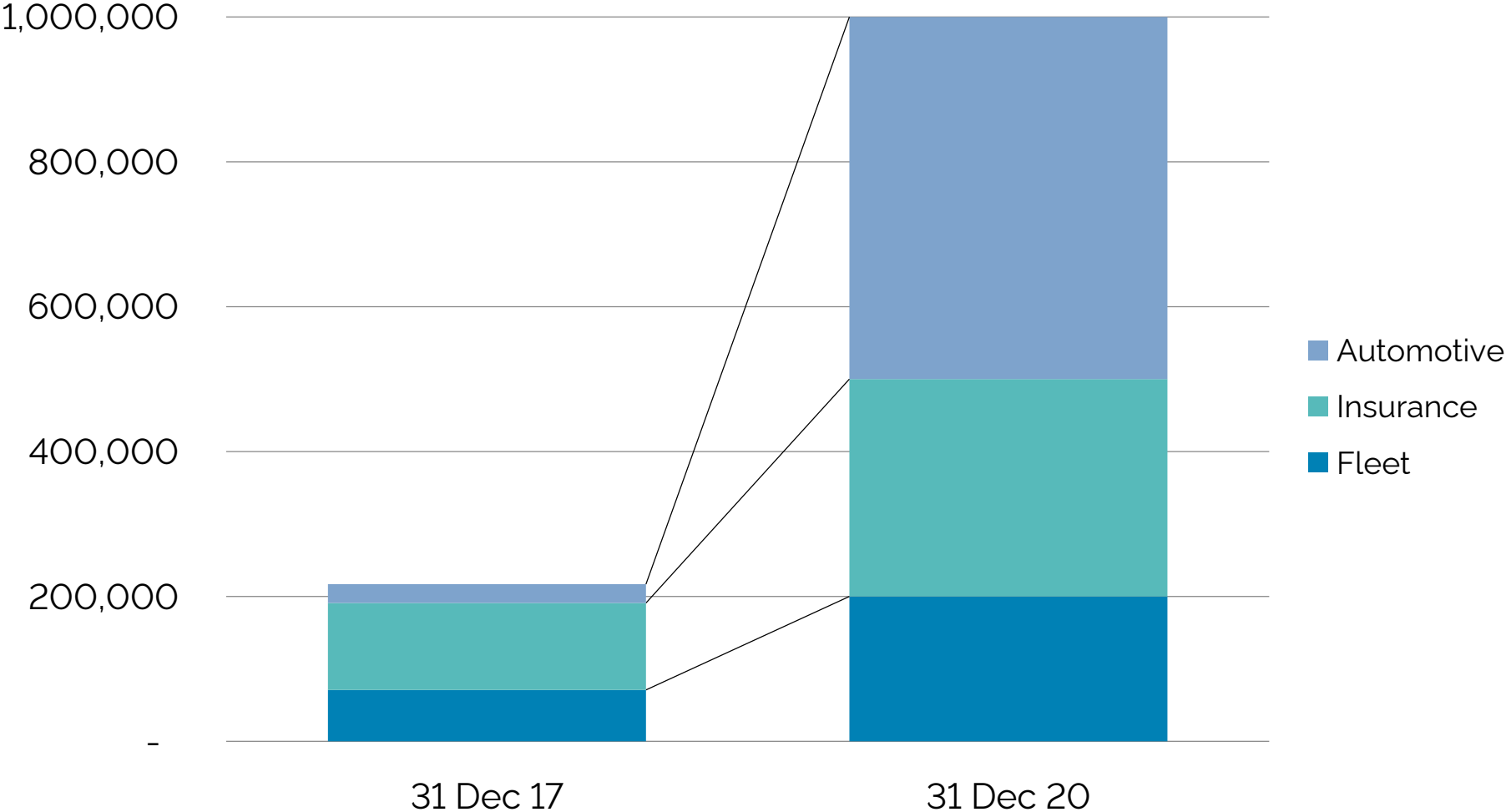
# Increasing Market Share Strategy

**John Watkins**

Executive Chairman

# Strategy

Ambition to have 1m connections by 2020



# Strategy

Why we are creating capacity of 1m units p.a.

<b>Group Totals</b>	31.12.20
Connections	1,000,000
Attrition	236,000
New units sold	360,000
<b>Total units built and shipped in 12 months</b>	<b>596,000</b>



# Why does 1m connections matter?

Note: this is not a forecast

## Assumptions

- **1m** connections in FY2021
- Sell prices of hardware and services reduce by **25%** during period
- Costs of goods and service provision reduce by **25%** during period
- Overheads trend:
  - Engineering spend = **10%** of sales
  - Sales & Marketing spend = **20%** of sales
  - GA & Operations spend = **11%** of sales

## Outcomes

- FY 2018 Recurring Revenues = **£11m**
- FY 2021 Recurring Revenues = **£26m**
- FY 2018 Overheads = **117%** of Recurring Revenues
- FY 2021 Overheads = **100%** of Recurring Revenues
- Profit = GM on hardware, optimisation, consultancy and other income

# Big Ambition – What we propose to do

Note: this is not a forecast

## Growing connections to 1,000,000

Grow Fleet to **200,000 connections**

## Planned actions

- Expand UK Direct Sales Team
- Expand UK Telemarketing team
- Build Channel and Partner Programme UK and ROW
- Roll out Digital Programme across Europe and Asia
- Establish physical presence in Asia

---

Grow Insurance to **300,000 connections**

- Working with existing & imminently expected customers should achieve **75%** of ambition
- Aim to secure more smaller customers

---

Grow Automotive to **500,000 connections**

- Working with existing customers should achieve **65%** of ambition
- Aim to secure more customers, comprising:
  - other vehicle service providers
  - more vehicle leasing customers
  - more OEMs

# Summary

## Strong progress against all of our key objectives

Another year of growth underlines Trakm8's focus on its core KPIs, while positioning the Group well for further success in 2019 and beyond:

- Substantial increase in units in operation
- Increased revenues, profitability and cash generation
- Healthy mix of new contract wins and contract extensions / repeat business
- New products well received by customer base
- Significant reduction in operating costs
- Commitment to expand manufacturing facilities and increase automation
- Continued investment in Sales and Marketing
- Well-positioned for future growth

## The Board is confident of meeting market expectations for FY-2019



**+ Questions & Answers**