Quartix

Real-Time Vehicle Tracking

Quartix Holdings plc
Final Results Presentation

Highlights

Good growth in fleet installations

- Excellent growth in international fleet markets

- UK sales performance significantly improved in H2

- Continued progress in transition from low-margin insurance volume

- Fleet tracking application updated substantially, in preparation for further international releases

- Polish and Spanish sites and applications released in Feb '19. Sales teams recruited and trained in our Newtown office

- Strong growth in our user-install telematics product options

Strategy

Quartix

5 key elements

- **Market development:** UK, USA, France and the rest of Europe

- **Cost leadership**: developing market-leading processes and efficiencies in all business areas

- **Continuous enhancement to our core software and telematics products:** focusing on the needs of SME customers in the service sector

- **Great service:** providing excellent support for our customers, increasingly through automation and self-service

- **Standardisation and centralisation:** using the same approach to market strategy, process and product across all regions

KPIs

|	2018	2017*	Change
Fleet installations (units)	31,456	27,227	16%
Fleet subscription base (units)	123,157	105,314	17%
Fleet customer base	13,176	10,961	20%
Fleet attrition (annualised %)	11.9	10.1	
Fleet invoiced recurring revenues (£'m)	17.2	15.6	11%
Fleet revenue (£'m)	18.8	17.1	10%
Insurance installations (units)	41,255	57,826	(29%)
Insurance revenue (£'m)	7.0	7.4	(7%)

*2017 restated in line with the adoption of IFRS 15 'Revenue from Contracts with Customers'

Recurring Revenue

The chart shows invoiced fleet subscription revenue segmented by year of customer acquisition

£'m

Chart axis (£'m): 0, 2, 4, 6, 8, 10, 12, 14, 16, 18

Years: 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018

Segment labels (2018 bar, top to bottom): 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2002 to 2008

Financial Results
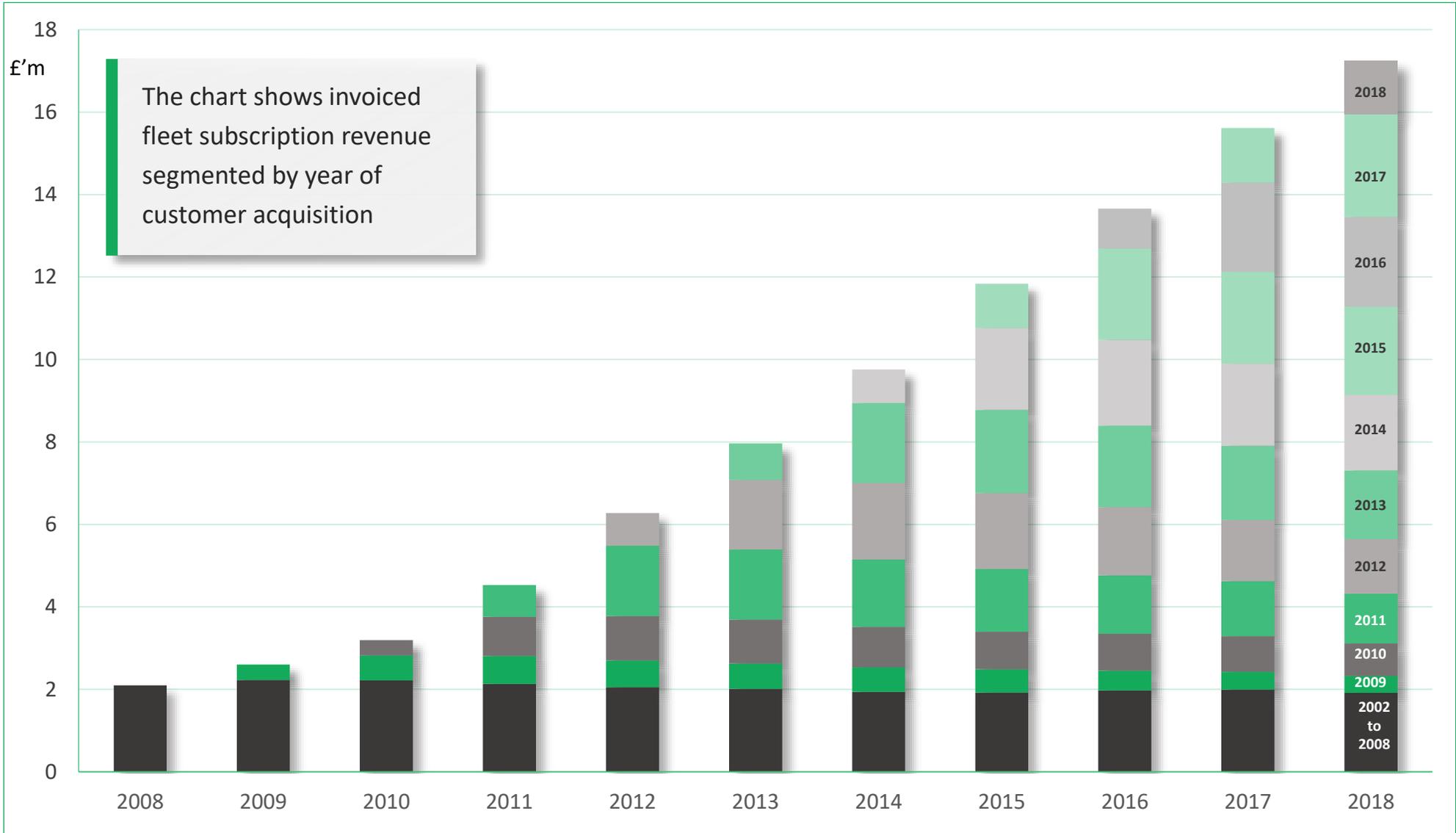
REVENUE BY SECTOR £'m

- ■ FLEET
- ■ INSURANCE

	2016*	2017*	2018
Insurance	8.3	7.4	7.0
Fleet	14.9	17.1	18.8

ADJUSTED EBITDA £'m

2016*	2017*	2018
6.7	7.2	8.3
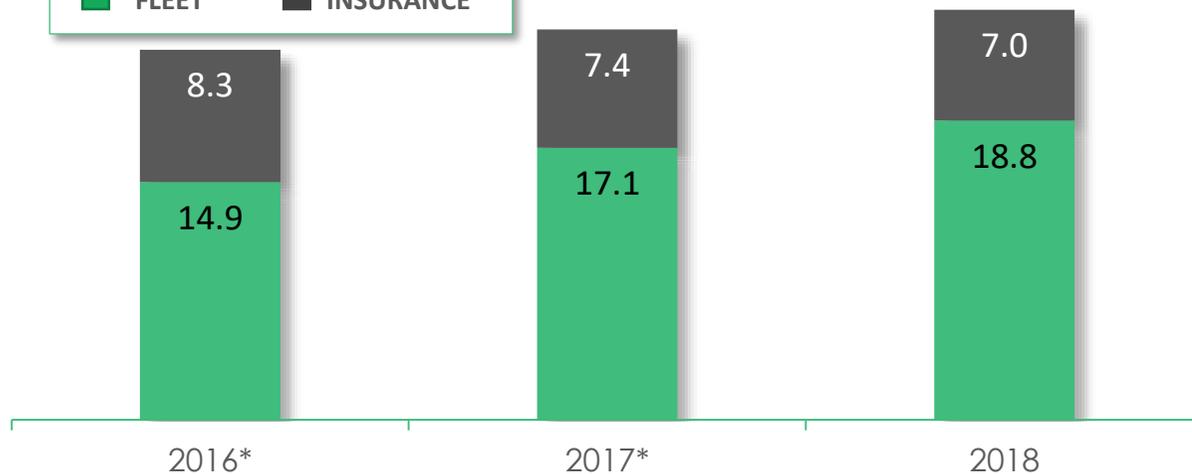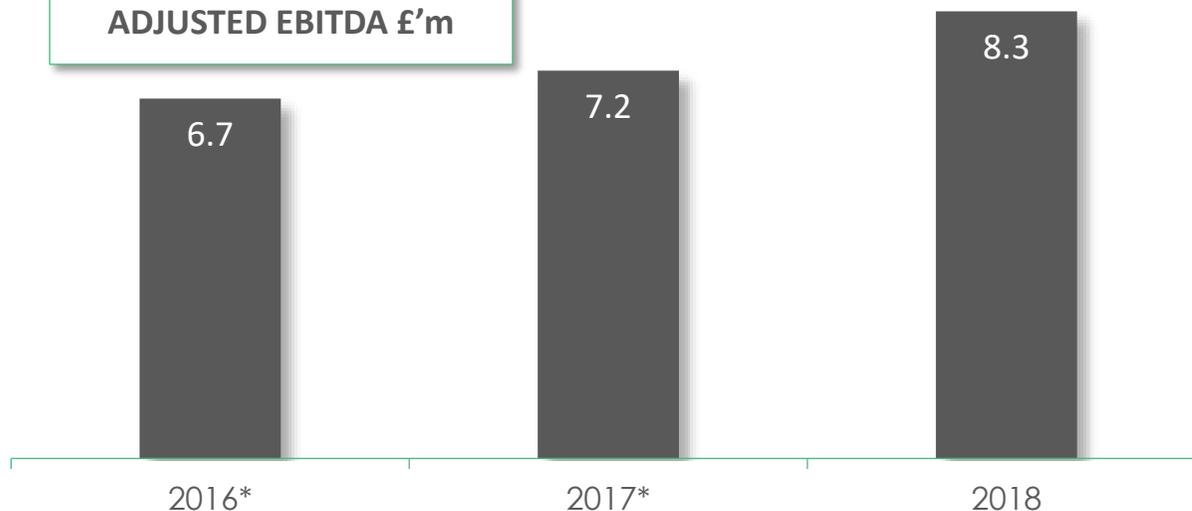
Focus on fleet

CHANNEL DEVELOPMENT

Recruitment focussed on key growth markets in three separate channels

MARKETING

Marketing investment increased to £1.6m

R & D

Release of software application, including new languages

GROWTH

16% more new fleet units were installed than in 2017. These were all expensed in the period.

*2016 and 2017 restated in line with the adoption of IFRS 15 'Revenue from Contracts with Customers'

Performance by Market

Quartix

	2018				Variance to 2017			
	UK	France	USA	Total	UK*	France	USA	Total
Fleet Revenue ('m)	£14.8	€2.8	$2.0	£18.8	5%	27%	34%	10%
Fleet Installations	18,583	6,725	6,148	31,456	(6%)	76%	66%	16%
Fleet Installed Base	91,221	18,803	13,133	123,157	10%	43%	46%	17%
Fleet Customer Base	8,695	2,474	2,007	13,176	13%	39%	38%	20%
Units per Customer	10.5	7.6	6.5	9.3				
Insurance Revenue ('m)	£7.0	-	-	£7.0	(7%)	-	-	(7%)
Insurance Installations	41,255	-	-	41,255	(29%)	-	-	(29%)

*2017 restated in line with the adoption of IFRS 15 'Revenue from Contracts with Customers'

Financial Overview

Quartix

	2018*	2017*	Change
Fleet revenue	18,751	17,079	10%
Insurance revenue	6,955	7,438	(7%)
Total revenue	25,706	24,517	5%
Gross profit	17,163	14,871	15%
Gross margin	*67%*	*61%*	
Operating profit	**8,041**	**6,622**	**21%**
Operating margin	*31%*	*27%*	
Adjusted EBITDA	**8,334**	**7,228**	**15%**
Earnings per share (p)	14.38	12.32	17%
Cash generated from operations	**6,825**	**7,014**	**(3%)**
% Operating profit	*85%*	*106%*	

*Figures are in 000s unless otherwise stated; 2017 restated in line with the adoption of IFRS 15 'Revenue from Contracts with Customers'

Cash

**Quartix**

£'m

Proceeds from share issues

0.3

5.6 — Free cash flow

6.4 — Dividends paid (including supplementary dividend)

7.3 — Net cash at end of 2017

6.8 — Net cash at end of 2018

FREE CASH FLOW

£5.6m

(2017: £6.3m)

YEAR END CASH BALANCE

£6.8m

(2017: 7.3m)

2018 Dividend

£'m

6.8 · 0.9 · Less taxes paid

Interim dividend: 2.4p per share
Final dividend: 3.8p per share

50%

Less interim dividend

3.0 · 1.1 · 1.8

Cash flow from operations

Final dividend

£'m

Final dividend

6.8 · 1.8

Supplementary dividend: 6.2p per share

3.0 · Supplementary dividend

2.0

Year end cash balance

Retained cash base

Fleet Tracking

Quartix

ACTIVE VEHICLE SUBSCRIPTIONS AT YEAR-END

20% CAGR

Over the past 5 years we have maintained a CAGR of 20%

Excellent progress in US and France in 2018

Strong performance in UK in H2

Further investment planned for 2019

Fleet UK

Revenue

+ 5%   £14.8m

(Bar chart, £'m, 2017 and 2018)

Subscriptions

+10%   91,221

(Bar chart, 2017 and 2018)

New installations decreased by 6% to 18,583
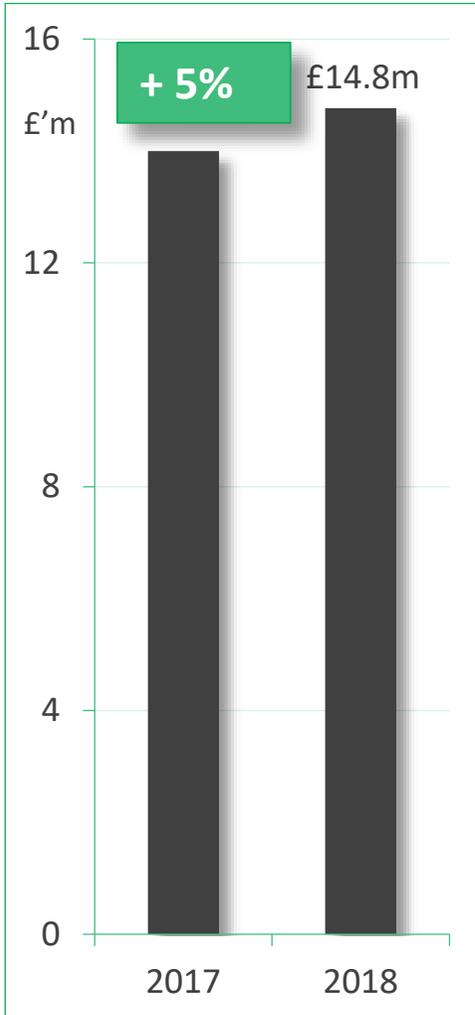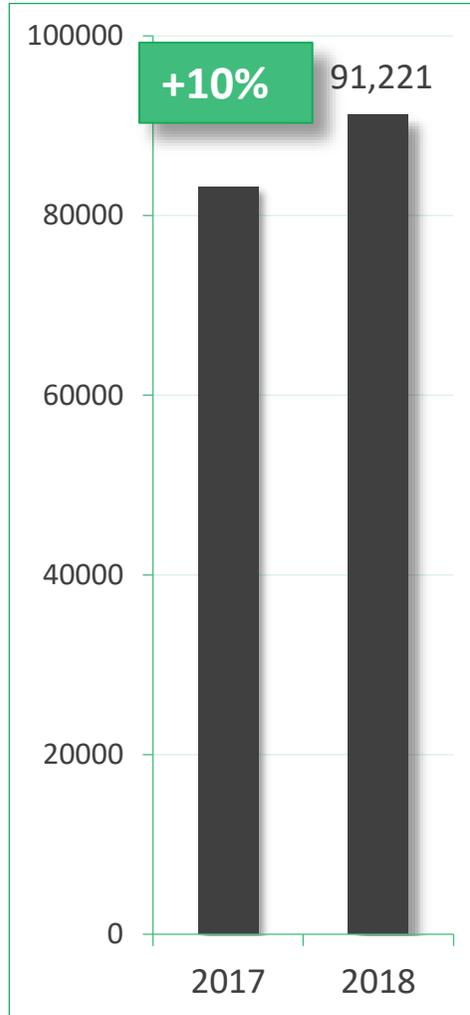
Process and management changes led to stronger installation performance in H2.

Good progress made in all three channels in Q4.

Significant opportunities to develop our market position further.

Fleet France

Revenue

+27%   €2.8m

€'m

- 3.0
- 2.5
- 2.0
- 1.5
- 1.0
- 0.5
- 0.0

2017   2018

Subscriptions

+43%   18,803

- 20000
- 15000
- 10000
- 5000
- 0

2017   2018

New installations increased by 76% to 6,725
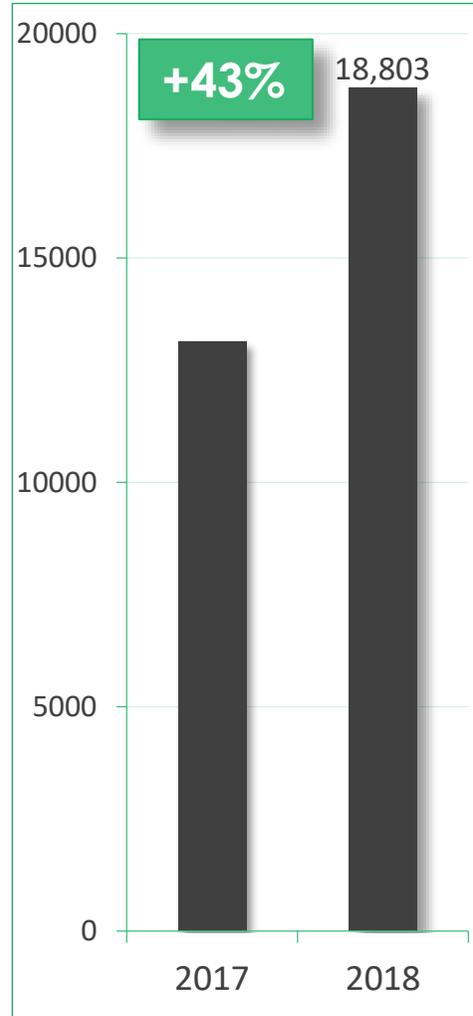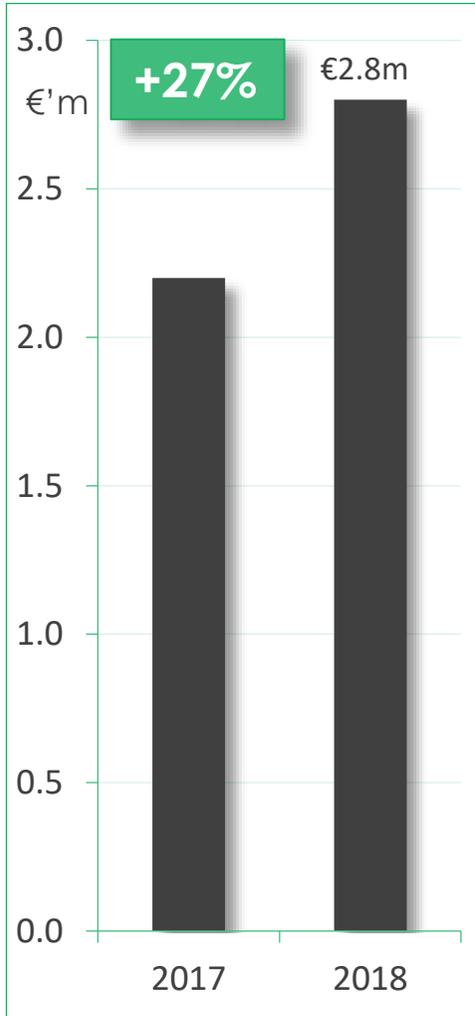
Excellent progress in subscription base, new installations and revenue.

Strong contributions from both direct and indirect channels

Further investment being made in marketing and sales teams

Fleet USA

Revenue

- +34% $2.0m
- $'m scale: 2.0, 1.5, 1.0, 0.5, 0.0
- 2017, 2018

Subscriptions

- +46% 13,133
- scale: 10000, 5000, 0
- 2017, 2018

New installations increased by 66% to 6,148
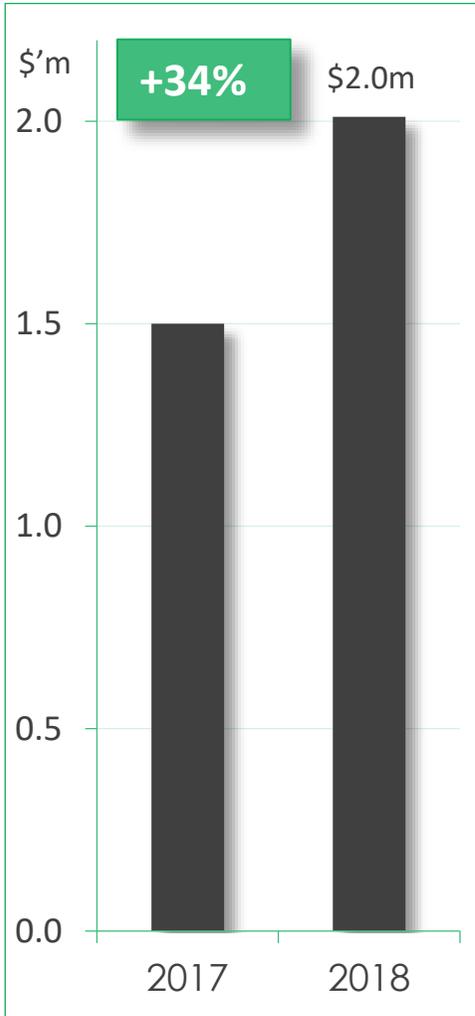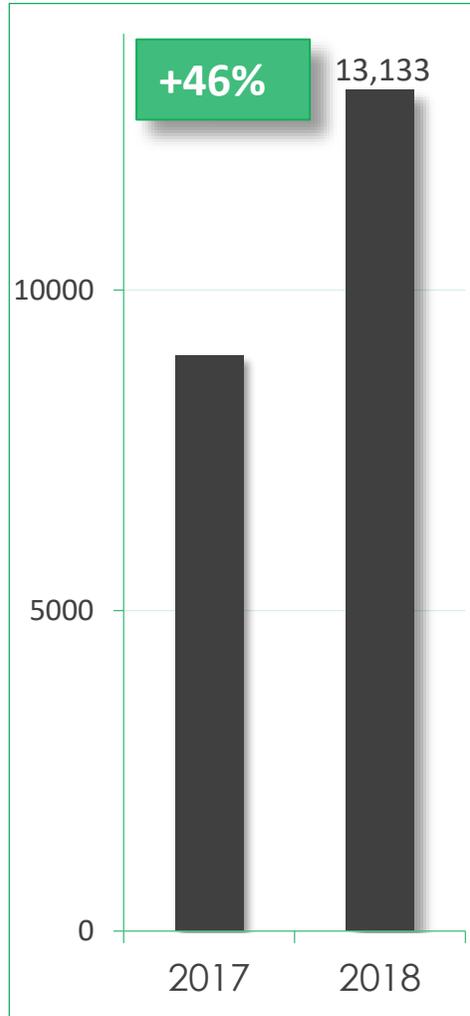
Excellent progress in new installations and subscription base

Strong growth in revenues

Dedicated team appointed for indirect channel development

Additional sales recruitment at start of 2019

UK Insurance Telematics

Installations

- 29%

41,255

2017 2018

Revenue

- 7%

£7.0m

2017 2018
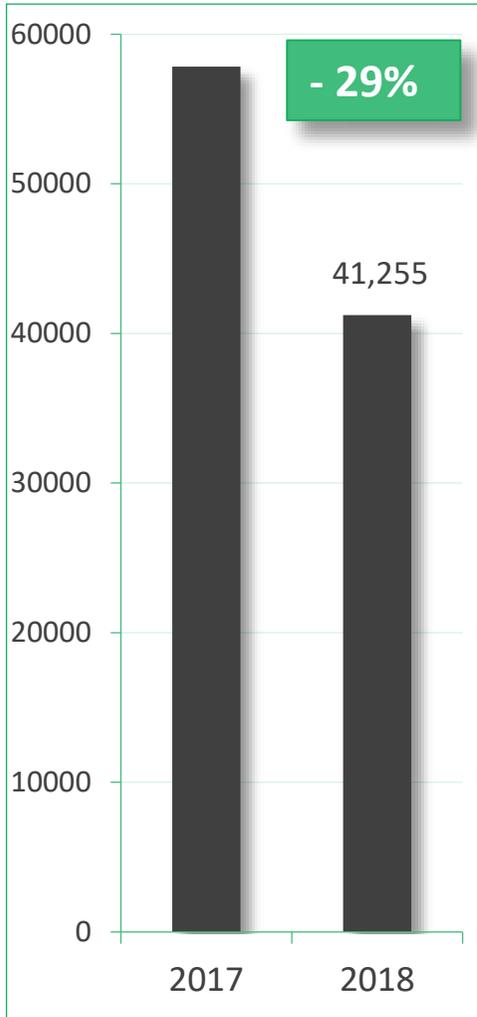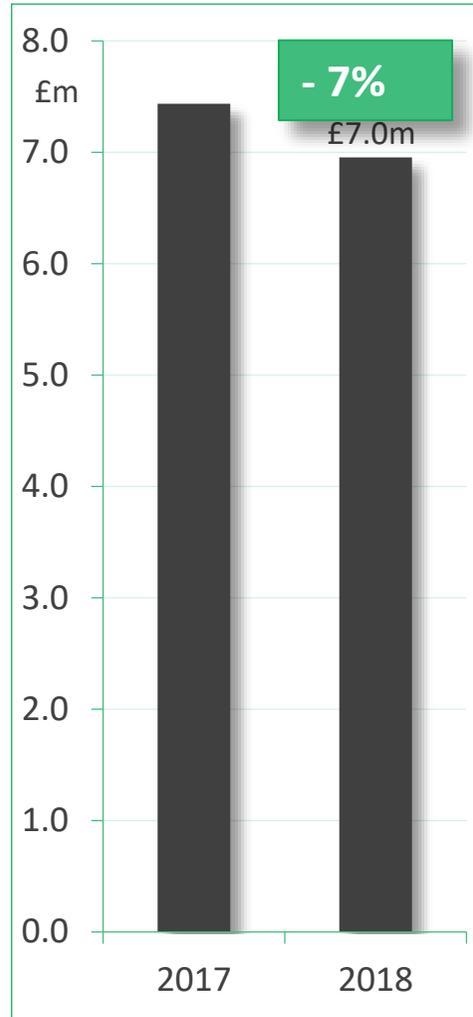
Continued shift from low-margin business resulted in expected reduction in volume

We continue to focus on opportunities where the quality of our service and data delivery are valued

Remains less predictable than fleet

The SafeSpeed Database

Each data point is assessed against the speed distribution for that stretch of road

A unique Quartix capability which is saving lives
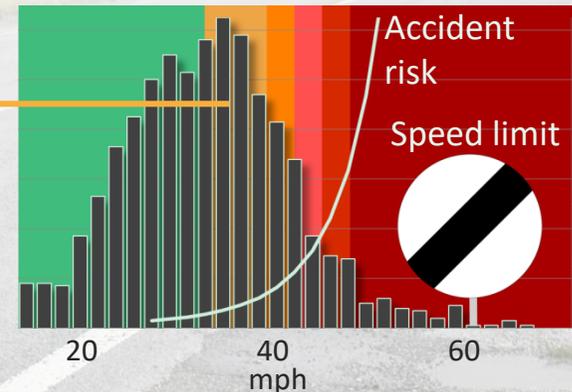
THE QUEEN'S AWARDS FOR ENTERPRISE: INNOVATION 2018

Accident risk

Speed limit

20   40   60
mph

"New-look" application

Web and mobile applications updated for release in late 2018

Preparation for new countries, languages and character sets

Well received by customers and prospects alike

Fleet Poland/ Spain

Sales team recruited November in Newtown

Website and application launch early February

Initial promotions in March

Sales team for Spain recruited in January based in Newtown

Website and application launch late February

Next site release to provide support for Hispanic customers in USA

User-install options

Plug & Track

The **Quartix Plug & Track** is a self-install option for GPS tracking for cars and vans. It easily plugs into the standard 12v diagnostic port, and in minutes you will be able to access all your telematics data.

The Plug & Track solution will provide a simple way to monitor vehicles, driver timesheets, route taken and driver behaviour analysis.

Key benefits

- No installation appointment required
- Easy to change the vehicles used for tracking
- Compatible with most cars and vans
- Supported by internal battery
- Quick and easy over-the-air (OTA) firmware and support upgrades
- Lots of storage space: up to 500 trip events
- Low battery warning alerts
- Tamper detection alerts when:
  - Device is plugged in
  - Device is unplugged
  - Vehicle is moving with ignition off

Examples of use

The Quartix Plug and Track installation option is ideal where hardwired solutions are not feasible due to a requirement to move the tracking unit from one vehicle to another. Examples where this would benefit your business:

- Temporary sub-contractors
- Vehicle replacements
- Leased / rented vehicles

quartix.net

Une solution souple

Il est très facile de transférer soi-même les boitiers Quartix Connect & Track d'un véhicule à un autre, ce qui en fait le choix idéal pour les prestataires intérimaires et les véhicules en location.

Avantages & bénéfices

- ☑ Pas de coût d'installation
- ☑ Boitier dissimulé à l'abri des regards
- ☑ Transferts faciles
- ☑ Mises à jour automatiques
- ☑ Sauvegarde zones blanches (500 trajets)
- ☑ Alertes de déconnexion

A range of self-installation options based on a standardised architecture including: battery or dashboard mount; and OBD diagnostic port

Available in each of our markets: UK, France, USA, Poland and Spain

Approaching 25% of unit shipments at end of 2018

Delivering great service

"I'd have no hesitation recommending Quartix to anyone looking into vehicle tracking. They've been an extremely supportive company, enabling us to get the most out of the system, whilst reducing our costs and improving the safety of our drivers."

Matt O'Conner, Managing Director.

John O' Conner Grounds Maintenance Ltd - Quartix customer since 2004.

★★★★★   12 Feb 2019

Great Service.

We have used Quartix for many years, and have had nothing but excellent service from them. We use the vehicle tracker units as well as the Driver ID system. Anything we need is handled quickly and efficiently by the customer service department. I would highly recommend them.

★★★★★   8 Feb 2019

Great Service with support to match

Quartix is working well within our company, it helps us track working hours, operative locations, manage vehicle usage, fuel consumption, pinpoint poor drivers and much more. We use several reports that the system generates on daily and weekly basis , any problems are quickly resolved and you always get a call to ensure that you are happy with a resolution. All round great service. Matthews and Leigh Civil Engineering

★★★★★   29 Jan 2019

5* Company

We have been using Quartix vehicle trackers commercially since 2015 and we are yet to encounter a problem. The devices & website are always reliable. I have dealt with both customer services and installations teams who always respond quickly and efficiently. Dion Elliott has recently helped with our renewal and some changes within our business and has provided an exceptional service.

★★★★★   16 Jan 2019

Great tracker

Great tracker. Good value. We only have one vehicle and Quartix offered a simple solution. We've had it for several years now and never experienced a problem, so not much contact with their customer services but the device is great. When our customers phone to see if delivery will be soon (local furniture deliveries) we can see where our driver is. We've even been able to navigate a lost driver to a customer's location using the map!

Standardisation
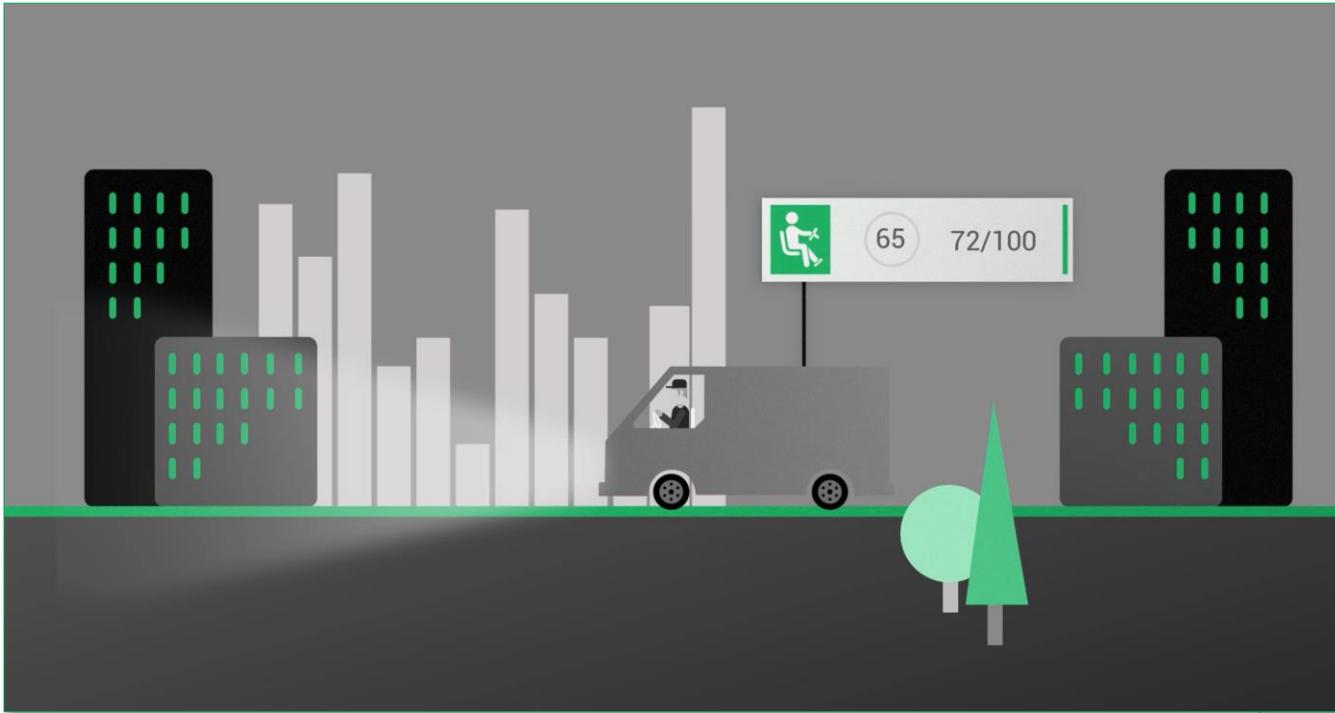
We will use the same approach to market strategy, process and product across all regions – ensuring that we maximise the effectiveness of all investments.

This will be based on the centralisation of product design, marketing and support functions.

Growth and Outlook

Quartix

FLEET SUBSCRIPTION BASE

- Growth in subscriptions underpins fleet revenue
- Good progress in all three fleet markets
- Continuing investment in customer acquisition

Real-Time Vehicle Tracking

Quartix Holdings plc
Final Results Presentation

Our Proposition
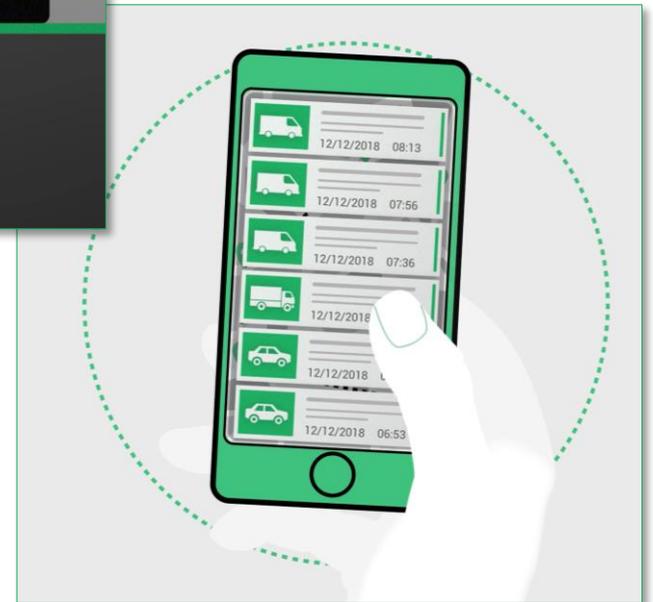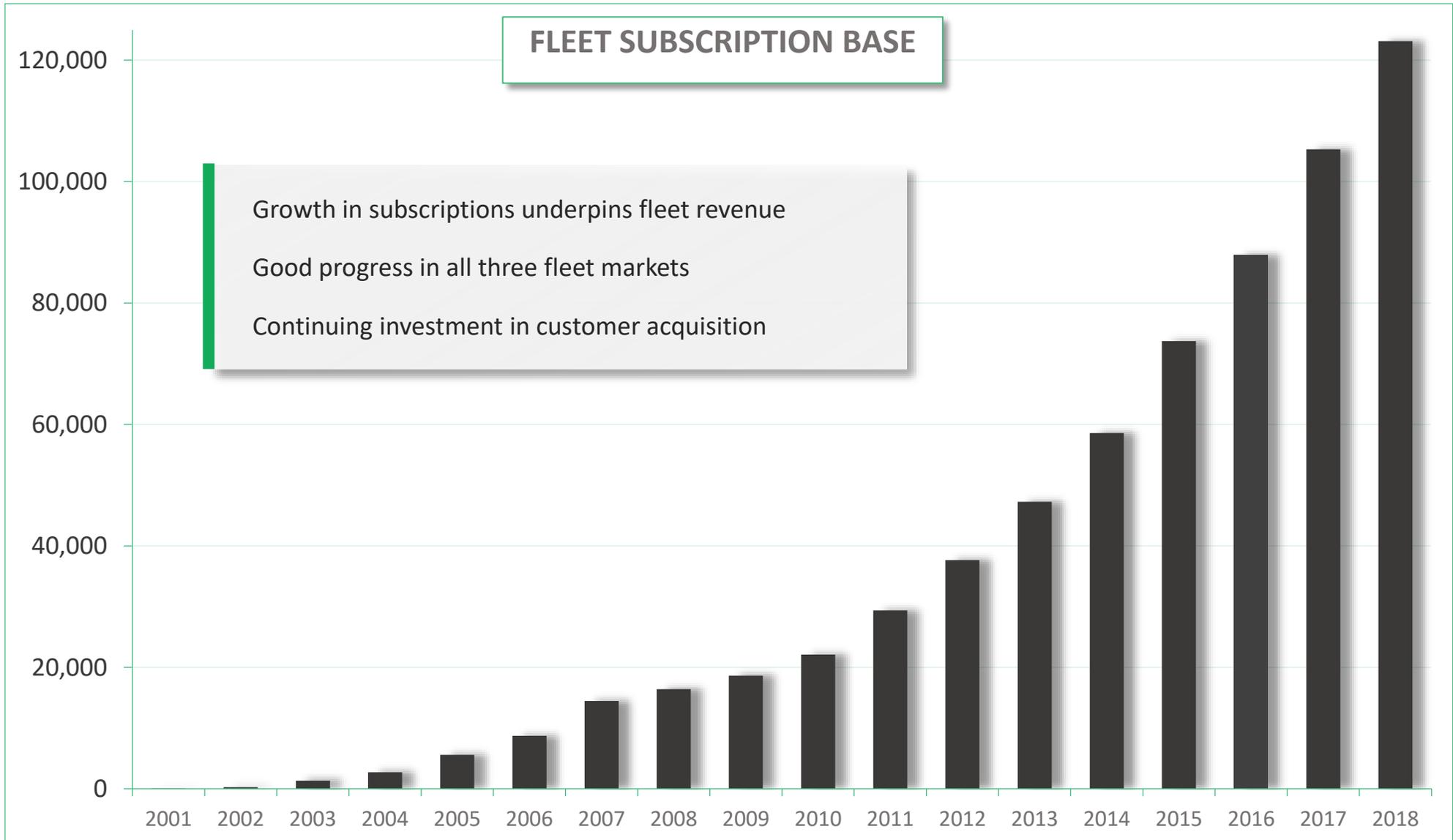
Increased productivity and reduced risk

Fleet customers use our software to:

- Increase capacity
- Reduce overtime payments
- Improve fuel economy
- Eliminate fraud and wastage

Insurers use our data and alerts to:

- Assess risk
- Verify agreed vehicle usage
- Respond to accidents
- Reduce loss ratios
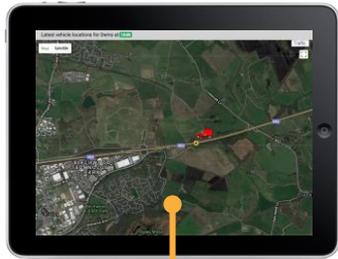
Locating employees

Managing a mobile workforce
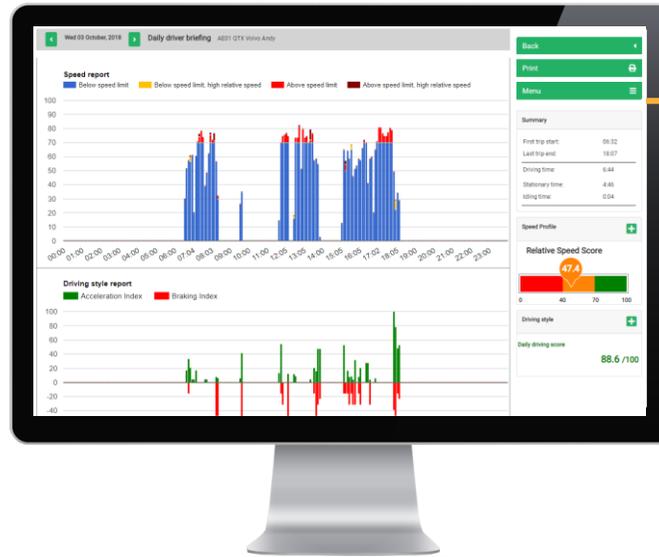
Assessing driving style and risk

Monitoring timesheets

Background information
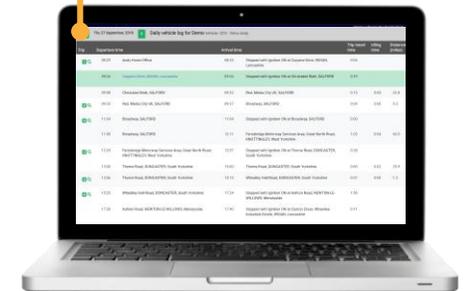
500,000 systems installed since 2001

A UK LEADER

143,061 vehicles currently tracked in the UK:

- 51,840 across 8 insurance companies
- 91,221 across 8,695 UK fleet clients

+4,481 fleet clients in France and USA

31,936 vehicles tracked in France and USA

OWN TECHNOLOGY AND IPR

Developed at three R&D centres in the UK:

Cambridge, Leatherhead and Bishop's Waltham

Chicago

Customer Sales, Service & Support

Newtown

Cambridge

Telematics

Leatherhead

Bishop's Waltham

Database & Systems

Applications

Company values

Long-term relationships

"We have always found Quartix to be customer-focused and approachable. We look forward to continuing our partnership for many years to come."

Phil House, Director, Broadland Guarding Services Ltd.
*(Broadland Guards were our first customer: December 2001)*

MISSION

"We provide operational information to maximise productivity and reduce risk for organisations with mobile workforces. Our customers improve their business performance with information delivered quickly and reliably through our web and mobile-based applications and we aim to delight our users with best-in-class service and a continuously improving experience."

VALUES

- Excellent service
- Great relationships
- Simplicity

INVESTMENT IN THE FUTURE

We have the financial strength and expertise to invest in the software tools, reporting capability and service that our customers need.

GPS

GPRS/ 3G
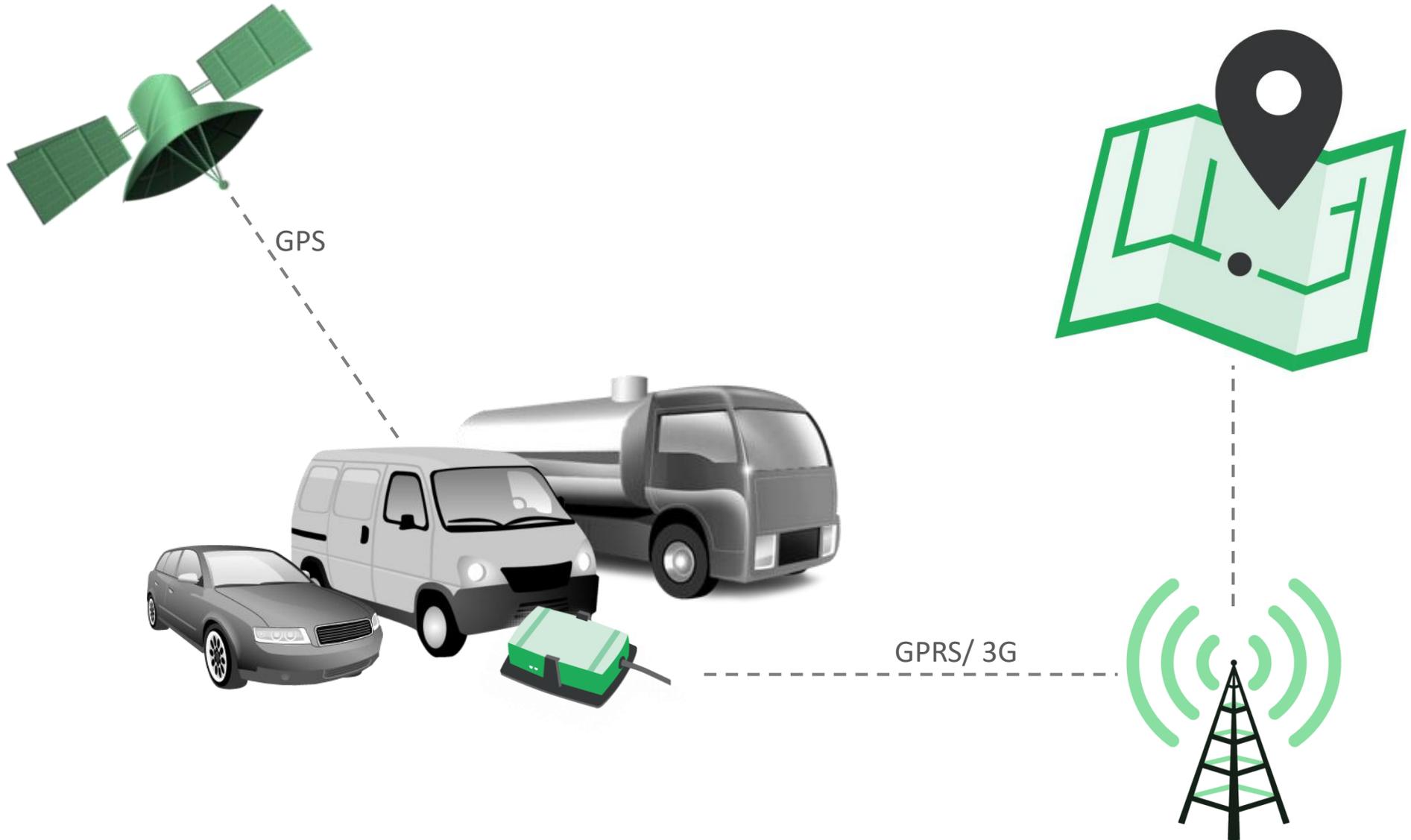
Real-time tracking

Quartix
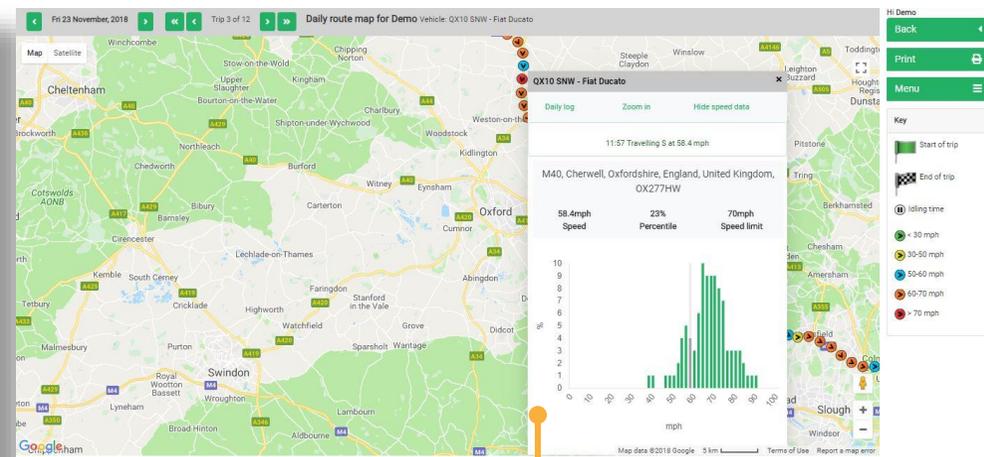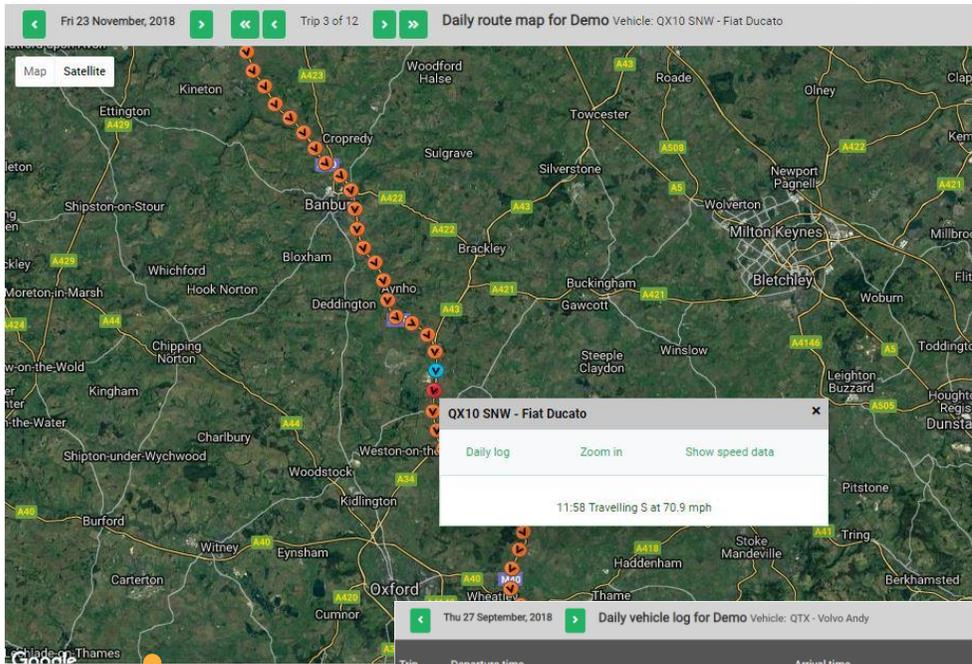
LIVE TRACKING

With google maps, streetview and satellite imaging. Also available in mobile apps for iOS and Android

ROUTE MAPS

Available online with timing, speed and speed distribution information

TIMESHEETS

Available online or delivered by email in HTML or Excel format

Quartix

Real-Time Vehicle Tracking

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Final Results Presentation

25 February 2019