

Quartix Holdings PLC

AGM Trading Statement

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("Quartix" or the "Company")

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Quartix Holdings plc, one of Europe's leading suppliers of subscription-based vehicle tracking systems, software and services, issues the following trading statement ahead of its Annual General Meeting later today.

The Board reports that trading for the two-month period to 28 February 2019 was very encouraging and consistent with meeting market expectations for the year*.

Fleet tracking: UK, France and USA

Strong progress at the end of 2018 continued into 2019, with new installations for the first quarter expected to be at least 45% ahead of the same period in 2018, totalling 10,500 units. The growth has been led by the UK, which is expected to be 55% ahead of 2018, at 6,500 new vehicle installations. The improvement in the UK is broadly spread between an increased rate of customer acquisition and the winning of larger customer accounts. France and the USA are expected to have increased by 45% and 22%, respectively, with both territories likely to achieve close to 2,000 new installations in the quarter. The Board is confident of the market opportunity for Quartix in each of these countries. Due to the company's established treatment of expensing unit and installation costs as incurred, the benefit of this growth will not be reflected in profits until later in the year.

The estimates given above for the first quarter are dependent on installation performance in the final 5 working days of the month.

Fleet tracking: new territories

New websites, browser-based applications and mobile applications were released for the Polish and Spanish markets in February, followed by initial marketing investment in early March. The Company is pleased to report that new customers have been won in both countries and that it is building pipelines of prospects for the future. The Board believes that it has an attractive proposition for its target market in Poland and Spain, based on user-installed telematics systems. Both of these markets are being served from the Company's offices in Newtown, Wales, and no recruitment or infrastructure in the local markets has been necessary.

Market development focus is now centred on support for the Hispanic market in the USA, both for existing clients and the development of further market potential. A dedicated site for Ireland will also be released in the near future.

The Board will continue to increase sales and marketing investment in both new and existing fleet territories, in order to drive future Fleet tracking division growth, in line with market expectations for financial performance.

Insurance telematics

As previously outlined, new installations for our insurance clients have continued to decline and are expected to be approximately 8,300 units in the first quarter, which is 35% lower than they were in the same period of 2018. This is in line with the Board's expectations and the Insurance telematics division remains a profitable contributor to the Group.

Operations and product developments

User-install options have maintained their growth in popularity and the Company therefore continues to invest in the development of its application, commercial and back-office systems to support these products. Further development of both existing and new telematics products at the core of these options is also planned.

Current development of Quartix's tracking application is focused on the enhancement of self-service and configuration options for all markets, enabling customers to create, configure and schedule the delivery of a broader range of operational reports to all of their users. This work continues alongside the support for additional languages and markets.

Andy Walters, Chief Executive Officer of Quartix Holdings plc, commented: "We are delighted with the progress made in our fleet business in the first quarter. Growth in new customer acquisition and new vehicle installations has accelerated and we have launched our telematics service in two new markets. We look forward to the rest of 2019 and beyond with confidence."

Footnote:

* The Board believes that consensus market expectations for 2019, prior to this announcement, were as follows: Revenue: £24.1; Adjusted EBITDA £6.7m; Free Cash Flow: £5.4m.

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