

## Quartix Holdings PLC

# Trading Update

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Quartix Holdings PLC  
19 June 2019

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### **Quartix Holdings plc ("Quartix" or the "Company")**

#### **Trading Statement**

Quartix Holdings plc, a leading supplier of subscription-based vehicle tracking systems, software and services in the UK, announces that it will publish interim results for the six-month period ending 30 June 2019 on Wednesday 24 July 2019. They will be posted on the Company's website that morning, together with accompanying presentations.

*Estimates given below are based on management's expectations for the six-month period ending 30 June 2019 (the "First Half") as at the date of this announcement and ahead of the Company's period end on 30 June 2019.*

#### **Financial**

Management expects to report revenue, adjusted EBITDA and free cash flow for the First Half of approximately £12.6m, £3.5m and £3.0m, respectively. This has been delivered alongside a continuation of the increase in investment in sales and marketing activity which commenced during the last financial period.

As a result, management's expectations for the full year are that revenue will now be at least £25m and that adjusted EBITDA and free cash flow will at least meet market expectations\* for the year.

#### **Fleet**

This increased investment has driven strong growth in the Company's core fleet business: total new installations are approximately 45% ahead of the same period last year, and excellent progress has been made in each of the Company's existing markets (UK, France and USA). Fleet revenue in the First Half is expected to have grown by £1m to just over £10m.

The fleet subscription base is expected to reach 137,000 vehicles by the end of the First Half and the value of the base (which is an indicator of future revenues) has also shown accelerated growth.

Initial results from the Company's marketing initiatives in Poland and Spain have been encouraging, with approximately 40 new clients won in each market. A Spanish-language version of the US website went live in May, as the Company believes that SME businesses in the Hispanic community represent a significant market opportunity. A website for Ireland was also launched, and further regional developments are underway. In each case these developments have been backed by sales recruitment in the UK and initial marketing investments.

### **Insurance**

As consistently communicated since July 2016, the Company has continued to reduce its involvement in lower-margin insurance tracking operations, in order to focus on growth in its fleet telematics business. As a result, revenue from insurance telematics will have declined by approximately £1.3m in the First Half. Insurance telematics now represents just 20% of revenue and significantly less than that as a percentage of margin contribution.

### **Product Development**

Earlier this month Quartix achieved full carrier-level and PTCRB compliance in the USA for its 4G telematics system. This new product is expected to commence installations in Q3 2019.

In line with the Company's accounting policies, all investment in development, marketing, new tracking systems and system installation was fully expensed during the period.

### **Future Financial Reporting**

Quartix is committed to providing investors with clear and timely information regarding its performance against both financial and strategic objectives. The Company will therefore include further segmental financial information for the insurance business and fleet business in the interim results and thereafter. Further detail will also be provided about investment in, and the value of, the Company's committed subscription base, as the latter is a key indicator of future revenues.

Andy Walters, Chief Executive Officer of Quartix, commented:

"We are delighted with the expansion of our fleet subscription base in the First Half. We significantly increased investment in customer acquisition and achieved a substantial improvement in growth, and are now confident of at least meeting expectations for revenue, profit and cashflow for the year.

We are well positioned for future growth in our fleet business and continue to review the opportunities to invest in this further. We look forward to updating shareholders on our progress on 24 July."

*\* 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*

The information communicated within this announcement is deemed to constitute inside information for the purposes of Article 7 of the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

For further information, please contact:

**Quartix** ([www.quartix.net](http://www.quartix.net))

01686 806 663

Andy Walters, Chief Executive Officer  
Daniel Mendis, Chief Financial Officer

**finnCap (Nominated Adviser and Broker)** 020 7220 0500  
Matt Goode/ Scott Mathieson/ Hannah Boros  
(Corporate Finance)  
Alice Lane (Corporate Broking)

**Cantor Fitzgerald (Join Broker)** 020 7894 7000  
Phil Davies & Richard Salmond (Corporate Finance)  
Caspar Shand-Kydd & Arthur Gordon (Sales)

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