

3 August 2018

Seeing Machines Limited

Year end trading update

Seeing Machines Limited (AIM: SEE, “Seeing Machines”, the “**Group**”), the advanced computer vision technology company that designs AI powered operator monitoring systems to improve transport safety, has published a trading update for the financial year to 30 June 2018.

Total sales revenue was A\$30.7 million, an increase of 127% year-on-year (2017: A\$13.5 million) and within the range of the previous guidance published on 21 May 2018. Revenue momentum accelerated through the year with sales in H2 being more than 9% higher than in H1.

Gross profit increased year-on-year (2017: A\$nil), principally attributable to a greater proportion of the revenue coming from the high-margin Automotive, Off-Road and Rail markets. Fleet margin also improved year-on-year due to the high-margin fleet monitoring Monthly Recurring Revenue (“MRR”) from its growing connected customer base.

Overall gross margin was impacted by the previously-announced delays to shipments of, and higher-than-expected final hardware costs associated with, Fleet Guardian Gen 2. Gross margin is expected to be below the Board’s expectations for FY2018, with a consequent impact on gross profit for the year.

Cash and cash equivalents at 30 June 2018 totalled A\$43.4 million (£24.6 million).

In January 2018, Seeing Machines completed a £35 million (gross) fundraise, alongside a £2.4 million offer to existing shareholders to accelerate its investment in its AI platform and product development, as well as to scale its infrastructure and global footprint in order to meet sustained customer demand for its leading-edge Driver Monitoring Systems (“DMS”) solutions.

Notable highlights during the period include:

- Production awards secured with two premium German automotive OEMs and a global US-headquartered automotive OEM.
- A further production award with a Chinese OEM confirmed in July 2018, taking the number of awarded programmes to five, with numerous new vehicle models launching in the 2019-2022 timeframe.
- Projected automotive revenue from this booked business to be recognised from 2019 to 2026 is in the range of A\$110 million based on initial models included in the corresponding agreements. The addition of further models is currently in discussion.
- Recent design awards saw the launch of the Group’s proprietary FOVIO Chip. The Group’s ability to deliver its DMS technology on the FOVIO Chip broadens its addressable market considerably, particularly given the timeframes in which OEMs are beginning to implement semi-automated driving technology and incorporating DMS to enhance safety and meet pending regulatory guidance globally. The FOVIO Chip will also be leveraged across the business to provide the Seeing Machines DMS platform across multiple transport sectors.
- The Automotive business now has established offices in two additional important markets, Germany and Japan, where its local people are supporting the growing DMS requirements of existing and potential automotive Tier 1 customers.
- The Fleet business had over 10,000 units connected with more than 300 customers worldwide as at 30 June 2018. As the business transitions to channel sales, working closely with its distribution partners, a small number of flagship multi-national accounts will be managed directly. These accounts are mostly focused on passenger transportation, which is higher value and includes major international brands such as Coach USA and First.

- Guardian Gen 2 successfully launched and, despite initial manufacturing delays, over 5,500 units now shipped to distribution partners.
- Jack Boyer OBE was appointed non-executive director and Chairman designate in July, and, at the same time, Ken Kroeger was returned as CEO on a permanent basis.

The Group expects to publish its audited year end results in late September 2018.

The financial results in this announcement are based on the unaudited management accounts for the year to 30 June 2018.

Ken Kroeger, CEO, commented:

***“The key driver for our rapid revenue growth last year was our Fleet business, with sales more than 89% up in that division. As we develop our channel strategy and further refine the business model, we look forward to continued growth.*”**

***“Automotive sales was the other major contributor with a 5x increase in sales on the prior year. As we are now working with an increasing number of automotive Tier 1 customers globally and are actively engaged on programs with five OEMs in North America, Europe and China, we are considered a world-leader in DMS for automotive applications.*”**

***“We are also continuing to develop the significant opportunities with global market leaders in the Aviation and Rail segments. Following the signing of the extended partnership agreement with Progress Rail in 2017, we received its maiden revenue for this business unit in FY18.”*”**

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The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

About Seeing Machines

Seeing Machines (LSE: SEE), a global company headquartered in Australia, is an industry leader in computer vision technologies which enable machines to see, understand and assist people. The Company's machine learning vision platform has the know-how to deliver real-time understanding of drivers through Artificial Intelligence (AI) analysis of heads, faces and eyes. This insight enables Driver Monitoring Systems (DMS), which monitor driver/operator attention and can identify drowsiness and distraction across multiple transport sectors.

Seeing Machines develops DMS for the Automotive, Commercial Fleet, Aviation, Rail and Off-Road markets. The Company has offices in Australia, USA, Europe and Asia, and delivers multi-platform solutions ranging from embedded software and processors to aftermarket system and service solutions to industry leaders in each vertical.



DMS is now considered a core safety technology for the Automotive industry, particularly with the development of semi-autonomous and self-driving cars. DMS is also increasingly seen to be an integral safety feature across the Commercial Transport & Logistics industry globally. www.seeingmachines.com