

Corporate

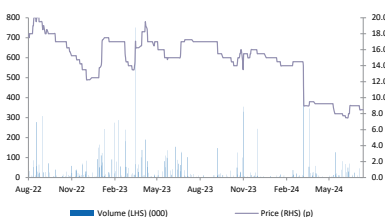
Current price **8.50p**

Sector **TMT**

Code **TRAK.L**

Listing **AIM**

Share Performance



% Change	1m	3m	12m
— TRAK.L	+6.2	-8.1	-50.0

Source: Thomson Reuters, Allenby Capital

Share Data

Market Cap (£m) **4.25**

Shares in issue (m) **50.0**

52 weeks (p)	High	Low
	17.0	7.5

Financial year end **31 March**

Source: Company Data, Allenby Capital

Key Shareholders

Microlise	20.0%
J Watkins (CEO)	15.6%
Edric Property & Invest. Co.	7.7%
J Hedges	4.6%
T Cowley	4.5%

Source: Company Data, Allenby Capital

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Trakm8 Holdings plc (TRAK.L)

Insurance capacity gradually returning; Fleet better

Finals from Trakm8 Holdings plc (TRAK.L), the global telematics and data insight provider, were in line with April's trading update, with revenue down 20.3% to £16.1m reflecting the well-flagged reduction in Insurance market capacity. This impacted the number of Insurance and Automotive connections (-24% to 212k) and the associated hardware and subscription revenue. On the plus side, insurance capacity has now been restored to TRAK's largest insurance customer and the market is gradually recovering, albeit slower than initially anticipated. The contract extension with Drvn, for fulfilment services as part of the AA's new Vixa vehicle health programme, also offers scope for separate growth. The Fleet division has started FY25 well with the Iceland expansion and management remains confident of securing an additional high margin Optimisation software contract in FY25. Meanwhile existing debt has been extended and new funding secured. Consequently, forecasts remain unchanged.

- Revenue performance:** Revenue down 20.3% to £16.1m (ACLe: £16.4m) with Insurance and Automotive off 25% to £6.6m with new device sales and policy renewals impacted by the lack of Insurance market capacity. Recurring revenue was £3.3m (FY23: £3.4m) as connections fell 24% to 212k. Management estimates >£5m of revenue lost. Fleet and Optimisation revenue down 17.4% to £9.5m. This included £0.4m of software sales compared with £1.9m in FY23 that saw Iceland and Sainsburys contract renewals. Recurring revenue down 3% to £6.8m with slightly higher attrition in smaller fleet customers. Connections fell 8.7% to 63k.
- Profit and cash:** Gross margins +2.8ppts to 64.6% as service fees accounted for a larger revenue proportion. Gross profit off 16.8% to £10.4m. LBT £1.5m (ACLe: £1.4m; FY23: £1.2m) with adj. administrative costs down £0.9m to £10.9m, following FY23's restructuring. Further cost savings to come with move to second data centre. Operating cashflow £6.1m (FY23: £4.3m) and FY24 cash of £1.4m (ACLe: £1.4m; FY23: £1.1m) with net debt (excluding lease liability) decreased £0.8m to £4.9m (ACLe: £4.9m). TRAK has extended its £5.3m term loan with HSBC to July 2025 (£3.6m outstanding), amended its Maven facility and issued £990k of CLNs post period end.
- Outlook:** Insurance market is recovering, albeit slower than anticipated, with ongoing capacity and pricing challenges, and inventories (TRAK and customer) are high. That said, capacity has now been restored to TRAK's largest customer. The recently announced contract extension and widening of services with Drvn, including the new AA Vixa programme, should also benefit FY25. Fleet has started well with the expanded Iceland agreement and TRAK remains confident of securing an Optimisation contract in FY25.

Year End: 31 March

(£'000)	2022	2023	2024	2025E
REVENUE	18,111	20,197	16,088	22,026
ADJ. EBITDA	3,424	3,991	2,678	6,219
ADJ. PBT	3	306	(1,344)	1,589
ADJ. EPS (p)	0.4	0.9	(2.1)	4.1
GROSS CASH	1,004	1,119	1,395	1,721
NET CASH/(DEBT)*	(5,395)	(5,618)	(4,847)	(4,329)
EV/REVENUE (x)	0.5	0.5	0.6	0.4
EV/EBITDA (x)	2.8	2.5	3.4	1.4

Source: Company; Allenby Capital. Allenby Capital acts as Nomad & Broker to Trakm8 Holdings plc (TRAK.L).

* includes CLN but excludes IFRS 16 balances.

Equity Research

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