

Corporate

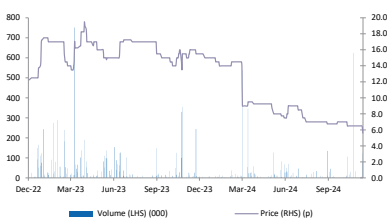
 Current price **5.00p**

 Sector **TMT**

 Code **TRAK.L**

 Listing **AIM**

Share Performance


% Change **1m** **3m** **12m**
TRAK.L -23.1 -28.6 -68.7

Source: Thomson Reuters, Allenby Capital

Share Data

 Market Cap (£m) **2.5**

 Shares in issue (m) **50.0**

52 weeks (p) High Low

16.0 **5.0**

 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)

Fleet & Optimisation growth; Insurance still tough

Interims from Trakm8 Holdings plc (TRAK.L), the global telematics and data insight provider, saw revenue down 3% to £8.3m with a reduction in Insurance & Automotive mostly offset by growth in Fleet & Optimisation. The continued slow recovery of Insurance capacity, coupled with customers running down existing stock, has impacted new device sales while the reduction in Insurance connections hit recurring revenue (-14% to £4.5m). The expanded and extended agreements with Iceland and Sainsbury's helped to boost software revenue and gross margins (71% vs 67%), and there was a small PBT. Insurance device sales are not expected to recover until Q4 FY25, while Fleet has a strong pipeline for devices, optimisation software and service and support. Trakm8 is still in discussions for a major optimisation contract and the FY25 out turn depends on a number of these prospects. Given the expected H2 revenue mix, FY25 profit forecasts remain unchanged but we reduce revenue forecasts.

- Financial performance:** Revenue down 3% to £8.3m with Fleet & Optimisation revenue +25% to £6.2m with connections flat at 63k. Strong software revenue (£1.8m; H1 FY24: £0.2m). Insurance & Automotive fell 41% to £2.2m with new device sales and policy renewals impacted by the slow release of Insurance capacity for policy sales. Insurance customers are also working through existing stock. Consequently, new device sales were depressed, and connections have also fallen (31% to 179k). This amounts to an estimated revenue loss of £2m against earlier expectations. Recurring revenue fell 14% to £4.5m, reflecting the lower Insurance connections. Optimisation software revenue benefited gross profit (+3% to £5.9m) and despite increased operating costs, TRAK made a small adj. PBT (£15k vs £115k). Net debt £6.7m (FY24: £4.9m), including April's £1.0m CLN.

- Operational performance:** The recovery in Insurance policy sales and capacity availability has been slower than anticipated, and TRAK's customers have also reported increased competition resulting in pricing pressure. Insurance telematics remains a necessity for some younger drivers and other markets are being explored. Car insurance premiums have started to fall, and volumes recover. In Automotive, The AA's Vixa plug-in real-time car health device and app was launched in H1 and volumes are increasing as The AA rolls out advertising and incentives. In Fleet & Optimisation, TRAK's products offer strong returns on investment and fleets continue to adopt cameras for safety and efficiency.

- Outlook:** The recovery in Insurance device sales is slower than expected and drives the reduced FY25 revenue forecasts. Fleet has a strong pipeline of opportunities, including the substantial Optimisation software prospect that remains in process. This would significantly benefit profits and hence we leave profit forecasts unchanged.

Year End: 31 March

(£'000)	2022	2023	2024	2025E (old)	2025E (new)
REVENUE	18,111	20,197	16,088	22,026	19,988
ADJ. EBITDA	3,424	3,991	2,678	6,219	6,206
ADJ. PBT	3	306	(1,344)	1,589	1,576
ADJ. EPS (p)	0.4	0.9	(2.1)	4.1	4.05
GROSS CASH	1,004	1,119	1,395	1,721	1,303
NET CASH/(DEBT)*	(5,395)	(5,618)	(4,857)	(4,329)	(4,909)
EV/REVENUE (x)	0.4	0.4	0.5		0.4
EV/EBITDA (x)	2.3	2.0	2.7		1.2

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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