



# Preliminary Results Presentation

Tracsis plc  
Year Ended 31 July 2023



Technology makes it possible, people make it happen

# Contents



**Chris Barnes**  
CEO

**Andy Kelly**  
CFO

FY 2023 Highlights	6
FY 2023 Financial Review	9
Transforming the Group	14
Operational Update / Highlights	16
Looking Forward	22

## Appendix Materials

Board of Directors	25
Investment Case, Strategy and Growth Drivers	26
5 Year Financials	31
List of Significant Shareholders	33

# Our purpose is 'Making Transport Work'

Software and Hardware Solutions  
(High levels of annual recurring revenue)

Rail Technology & Services

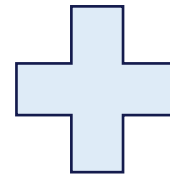
How we create value



Professional Services / Data Science  
(High levels of annual repeat revenue)

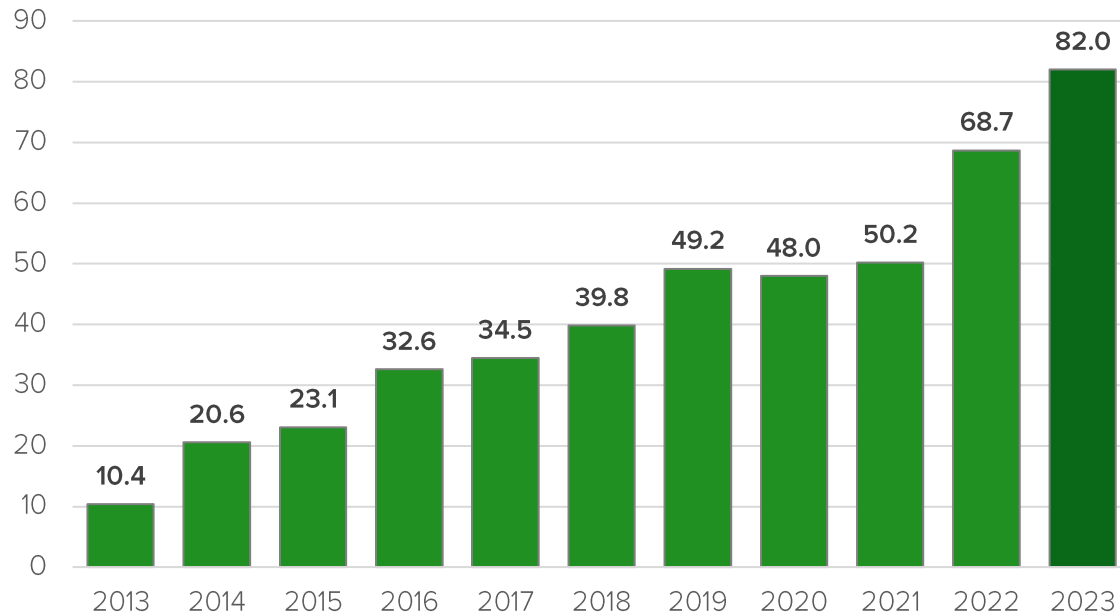
Data, Analytics, Consultancy and Events

How we create value

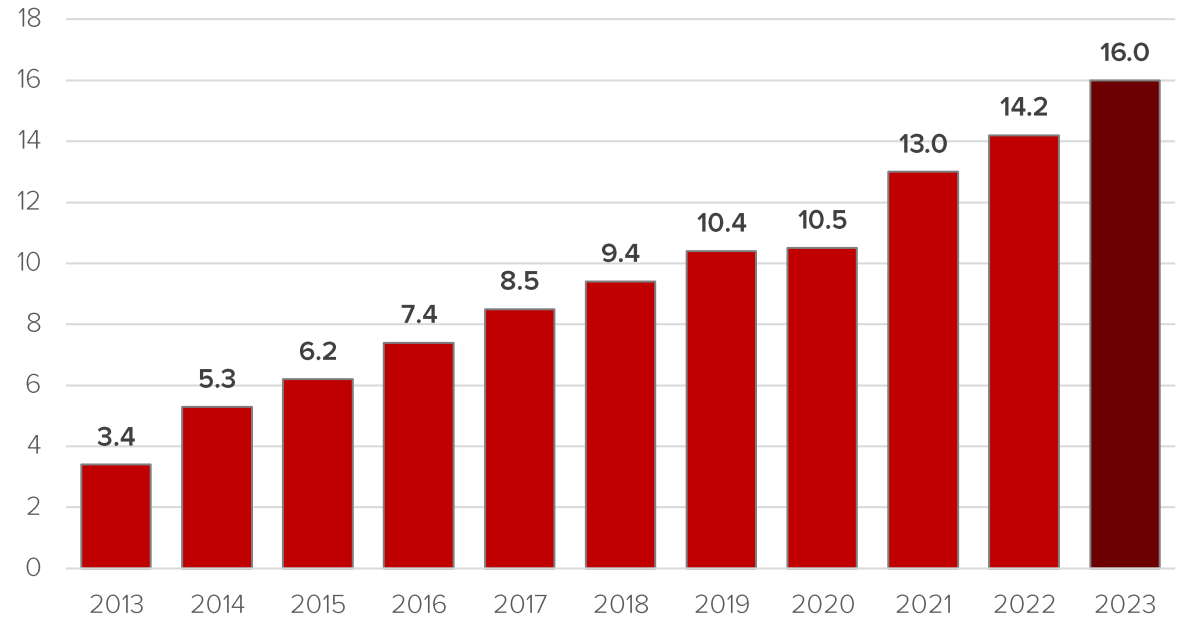


# Track record of consistent growth

## Revenue (£m)



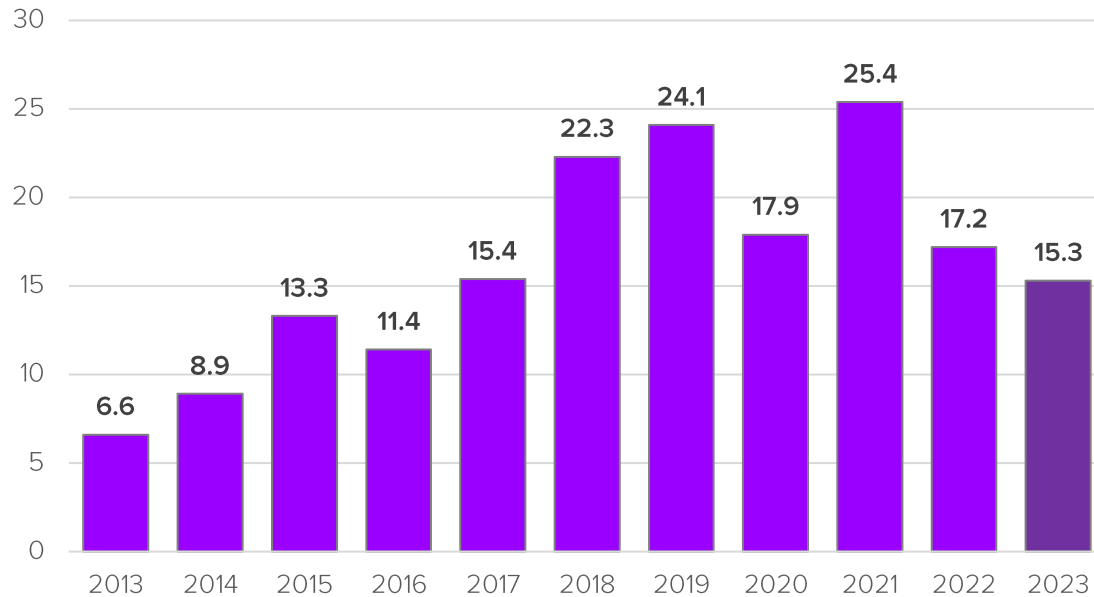
## Adjusted EBITDA (£m)



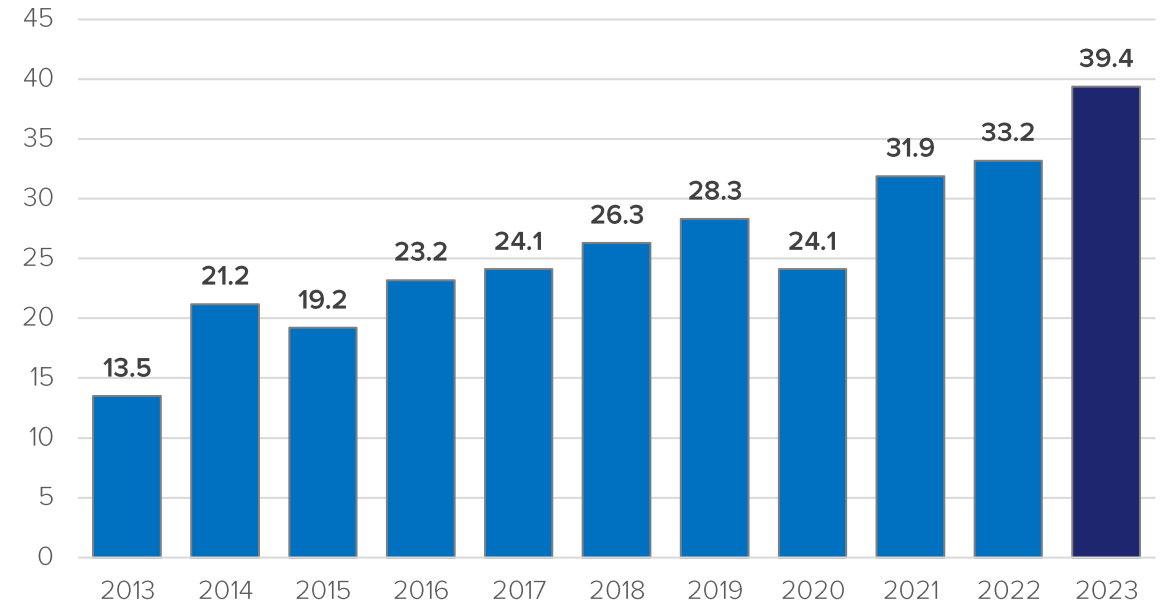
- We have c550 employees based in the UK, Ireland and North America
- Growth is largely self-funded through organic and acquisitive growth (30% CAGR)

# Strong cash generation funds acquisitions and R&D

## Year End Cash Balance (£m)



## Adjusted EPS (p)



- Business is highly cash generative and has no debt
- We have spent c£40m of cash on acquisitions over the past three years, all self funded
- We have paid out c£9.6m in contingent and deferred consideration in FY23





**FY 2023  
Highlights**

# Strong progress in implementing our growth strategy

26% revenue growth in Rail Technology and Services

13% increase in adjusted EBITDA to £16.0m

Three complex rail SaaS implementations completed

9% increase in Annual Recurring Revenues to £23.1m

170% revenue growth in North American rail

Traffic Data and Events integrated into a single business

# Digital transformation remains integral to rail industry's future

Digital transformation will play a significant role in delivering a data-driven, customer-focused, safety-critical rail industry in both the UK and globally, including North America. £43.1bn of CP7 funding for Network Rail has been confirmed focused on improving train performance for freight and passengers

➡ **We have a large orderbook and growing pipeline of rail opportunities in the UK and N.A.**

General elections will likely take place in 2024 in both the UK and N.A. (our two largest rail markets). Efficient and effective public transportation is a core element in ensuring any government can deliver its decarbonisation and sustainability agenda

➡ **We do not expect a change of government in the UK or N.A. to impact our growth prospects**

The industrial action in the UK that has been ongoing since June 2022 and lack of clarity around the implementation timing of Great British Railways has created near-term uncertainty. In N.A. we are starting to see a transition to an increasingly SaaS-focused model

➡ **FY24 growth in the UK and N.A. is likely to be weighted towards H2**



A person with a backpack stands on a train platform, looking at a blurred train passing by. The scene is captured with a motion blur effect, suggesting speed and movement. The person is wearing a light-colored coat and a dark backpack. The background is a blurred train with various colors like green, blue, and red. The overall mood is one of transition and progress.

# FY 2023 Financial Review

# Strong revenue and EBITDA growth

£'000	FY 23	FY 22	Growth
Revenue	82,023	68,723	19%
Adjusted EBITDA *	15,952	14,161	13%
Adjusted EBITDA %	19%	21%	(2% pts)
Adjusted Profit +	13,842	12,394	12%

## Statutory Measures

Operating Profit	7,255	3,255	123%
Profit Before Tax	7,136	2,558	179%

\* Earnings before net finance expense, tax, depreciation, amortisation, share-based payments, exceptional items, other operating income and share of result of equity accounted investees.

+ Earnings before net finance expense, tax, amortisation, share-based payments, exceptional items, other operating income and share of result of equity accounted investees.

- **Organic revenue growth of 10%**
  - Continued growth in rail software revenue in UK
  - Record levels of performance from Remote Condition Monitoring
  - Strong growth in Data, Analytics, Consultancy & Events
- **Strong contribution of £8.9m of revenue from our North American Rail Technology business**
- **Adjusted EBITDA\* growth of 13%**
  - Includes £1.0m of investment to further integrate the Group and enhance its SaaS delivery capabilities
- **Strong increase in Operating Profit and PBT**

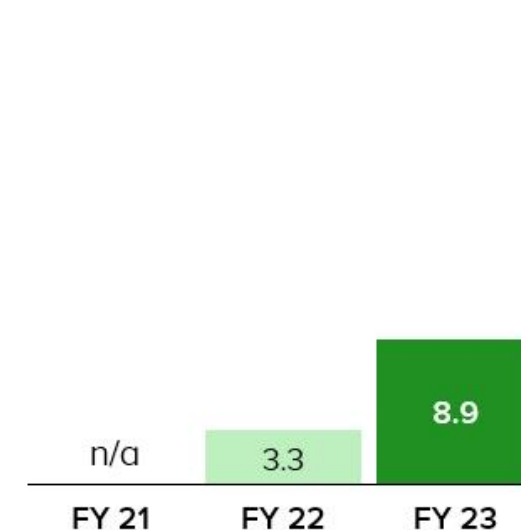
# Continued growth in Rail Technology revenue

## Rail Technology & Services

£'000	FY 23	FY 22	Growth
Revenue	37,862	29,935	26%
Adjusted EBITDA *	10,373	9,780	6%
Adjusted EBITDA %	27%	33%	(6% pts)

- 3 complex SaaS implementations completed
- Annual recurring and repeat revenue<sup>1</sup> increased 9% to £23.1m
- Margin reflects investment in SaaS delivery and enhanced management capabilities/bandwidth
- Growing pipeline of large opportunities across both UK and North America markets

## Revenue (£m)



\* Earnings before net finance expense, tax, depreciation, amortisation, share-based payments, exceptional items, other operating income and share of result of equity accounted investees

<sup>1</sup> Includes recurring software licence revenue and annually repeating hardware revenue from framework agreements

# Record activity in Data, Analytics, Consultancy & Events

## Data, Analytics, Consultancy & Events

£'000	FY 23	FY 22	Growth
Revenue	44,161	38,788	14%
Adjusted EBITDA *	5,579	4,381	27%
Adjusted EBITDA %	13%	11%	+2% pts

- Record levels of performance, driven by buoyant Traffic Data and Events markets, and good demand for specialist consultancy and data analytics/GIS capabilities
- Repeat revenue<sup>1</sup> increased by 25% to £16.5m
- New contract wins in UK and Ireland underpin strong orderbook

## Revenue (£m)



\* Earnings before net finance expense, tax, depreciation, amortisation, share-based payments, exceptional items, other operating income and share of result of equity accounted investees

<sup>1</sup> Includes recurring software licence revenue, annually repeating revenue from multi-year agreements, and annually repeating revenue from fixed venue contracts in Events



# Strong cash position supports ongoing investment

£'m	FY 23	FY 22	Variance
Adjusted EBITDA	16.0	14.2	1.8
Increase in working capital	(2.7)	(4.0)	1.3
Interest and tax paid	(2.0)	(1.3)	(0.7)
Acquisitions and Earnouts	(9.6)	(13.5)	3.9
Transaction costs	-	(0.6)	0.6
Capex	(1.5)	(1.0)	(0.5)
Development costs	(0.3)	-	(0.3)
Net cashflow used in financing activities	(2.0)	(2.0)	-
FX and other	0.2	-	0.2
<b>Net Decrease in Cash</b>	<b>(1.9)</b>	<b>(8.2)</b>	<b>6.3</b>
<b>Cash <sup>1</sup></b>	<b>15.3</b>	<b>17.2</b>	

- Working capital movements reflect normal trading patterns
- Capex investment increased to support record activity levels in Traffic Data & Events, and groupwide IT operating environment
- R&D costs related to Hopsta Smart Ticketing App
  - Self-funded to aid being 'first to market' and to capitalise on size of market opportunity
- Closing cash position of £15.3m with no debt ensures business is well positioned for growth
  - £9.6m of contingent and deferred consideration paid during the year
  - All material earn-outs have now been paid

<sup>1</sup> Cash and cash equivalents. FY22 includes cash held in escrow of £2.2m that was used in FY23 to settle Rail Technology North America earnout



# Transforming the Group



# Building a platform for accelerated growth

## Transforming the Group's Operating Model in FY24

- Streamlining our operational and legal entity footprint based around four operating models – Rail Tech UK, Rail Tech North America, Professional Services and Traffic Data/Events
- Enhanced IT and software product operating model (including enhanced cyber security and implementation of groupwide IT support services)
- Upgrading our finance systems and processes to improve the quality of Management Information
- Headcount reductions where roles are duplicated and no longer required
- Reducing the number of operating locations

**£2.0m of exceptional costs will be taken in FY24 to deliver the required transformation**



A row of treadmills in a gym, viewed from a low angle. A large, dark blue circular overlay is positioned on the left side of the image, containing white text. The background is slightly blurred, showing the repetitive pattern of the treadmills and some gym equipment in the distance.

# Operational Update / Highlights



# A single integrated UK rail technology portfolio

## Rail Technology and Services (UK)

- UK rail technology businesses now operating under a single integrated leadership team
- Four key growth vectors:
  1. Full **TRACS Enterprise** product suite implemented with two large UK Train Operators. Three further deployments will be implemented in FY24
  2. Implementation of **RailHub** software platform completed for 40,000 across UK rail network
  3. Record year for installation of **Remote Condition Monitoring** HW and SW solutions to Network Rail
  4. A series of new **Smart Ticketing / Delay Repay** contract wins and R&D investment in PAYG mobile App (Hopsta)



# A fast-growing North American rail pipeline

## Rail Technology and Services (N.A.)

- Tracsis brand launched in N.A. in October 2023 to replace RailComm – well received by industry
- Investment in expanded rail technology sales team to facilitate transition from perpetual to SaaS model
- Three key growth vectors:
  1. New **Computer Aided Dispatch** product launched for transit operator – fast growing pipeline of future opportunities linked to Positive Train Control (PTC)
  2. Several large **Yard Automation** contracts delivered with many opportunities with ports and industrials
  3. Several **Remote Condition Monitoring** trials in operation and a growing pipeline of Transit opportunities





# The growing importance of 'data insights'

## Professional Services

- Growing demand for our specialist earth observation and data analytics/GIS capabilities as they are an increasingly important ESG contributor in delivering improvements in environmental, performance and safety outcomes across regulated industries
- Delivery of 'first of kind' Area Monitoring System using satellite data imagery – exploring opportunities to exploit this capability across the transportation industry and across the EU
- Growing interest from across the transportation sector for GIS 'data insights' and specialist consultancy (dynamic timetabling, train performance improvement, travel surveys and bespoke solutions)



# Traffic Data and Events integrated into a single business

## Traffic Data and Events

- Significant organisational re-design completed with both businesses now operating under a single integrated leadership team. Benefits include:
  - Operational efficiency savings
  - Streamlined UK operating footprint
  - Improvements in health and safety performance
- Multiple new large contract wins delivered record FY23 financial results and orderbook
- Launch of new 'Tracsis Events' branding
- Leading our drive to be carbon neutral by 2030 - EV vehicle fleet being expanded





# Strong progress made in delivering ESG objectives

7% reduction in GHG emissions

OneTracsis leadership development and “Tracsis Talks” series continued

Institutional investor Rail Technology product demo day in October 2022

‘Accessibility to Technology’ initiative launched to help develop a skilled, productive and inclusive workforce

ISO14001 implementation completed

First TCFD report published

Increase in size of Electric Vehicle fleet



12655-EMS-001  
ISO14001:2015





# Looking Forward



# We remain confident in our long-term growth prospects

- Rail software pipeline continues to grow across passenger, freight and infrastructure sectors
- Strong organic growth expected in Rail Technology and Services in both the UK and N.A.
- FY24 growth is likely to be weighted towards H2 reflecting delivery timelines in the UK and transition to SaaS for new contract wins in North America

Invest in R&D/new technology and deliver ongoing large SaaS projects

Transform the Group to embed best practice and deliver accelerated growth

Continue to pursue M&A to extend rail software and technology footprint

Implement ESG priorities to deliver carbon neutral targets by 2030

Ongoing expansion of international footprint

Technology makes it possible; people make it happen



A row of treadmills in a gym, viewed from a low angle. A large, dark blue circular overlay is positioned in the foreground, partially obscuring the treadmills. The word "Appendix" is written in white, bold, sans-serif font within this circle. The background shows the treadmills stretching into the distance, with some blurred figures of people in the background. The lighting is soft, typical of an indoor gym.

# Appendix

# Board of Directors



**Jill Easterbrook**  
Independent  
Non-Executive Chair



**Chris Barnes**  
Chief Executive Officer



**Andy Kelly**  
Chief Financial Officer



**Dr James Routh**  
Senior Independent  
Non-Executive Director



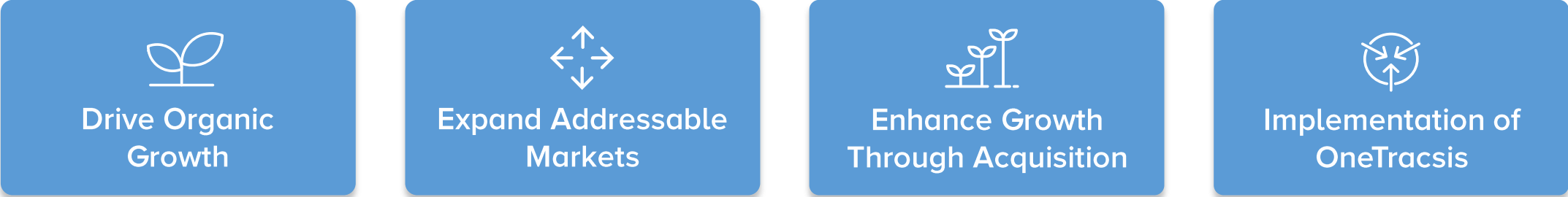
**Liz Richards**  
Independent  
Non-Executive Director



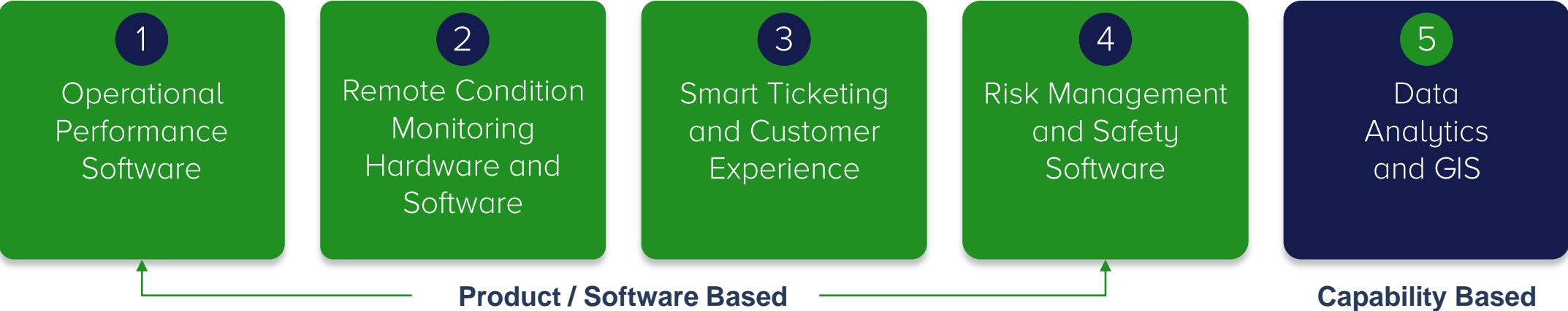
**Tracy Sheedy**  
Independent  
Non-Executive Director

# A clear and focused approach to scaling the business

Executing against four strategic priorities



Across five core areas



Product demo videos are available via the Investor Section of the Tracsis website



# Strong digital transformation growth drivers across rail sector

1

Operational Performance Software



Delivering performance improvement and efficiency savings across all aspects of rail operations – timetabling, stock and crew, train dispatch, service recovery/control

2

Remote Condition Monitoring



Using real time data monitoring and analytics to improve asset performance and reduce maintenance costs through proactive intervention

3

Smart Ticketing and Customer Experience



Improving customer experience via the roll-out of PAYG smart ticketing solutions integrated with automated delay repay

4

Risk Management and Safety Software



Using digital tools so that the planning and delivery of work drives significant improvements in track worker safety and increased productivity

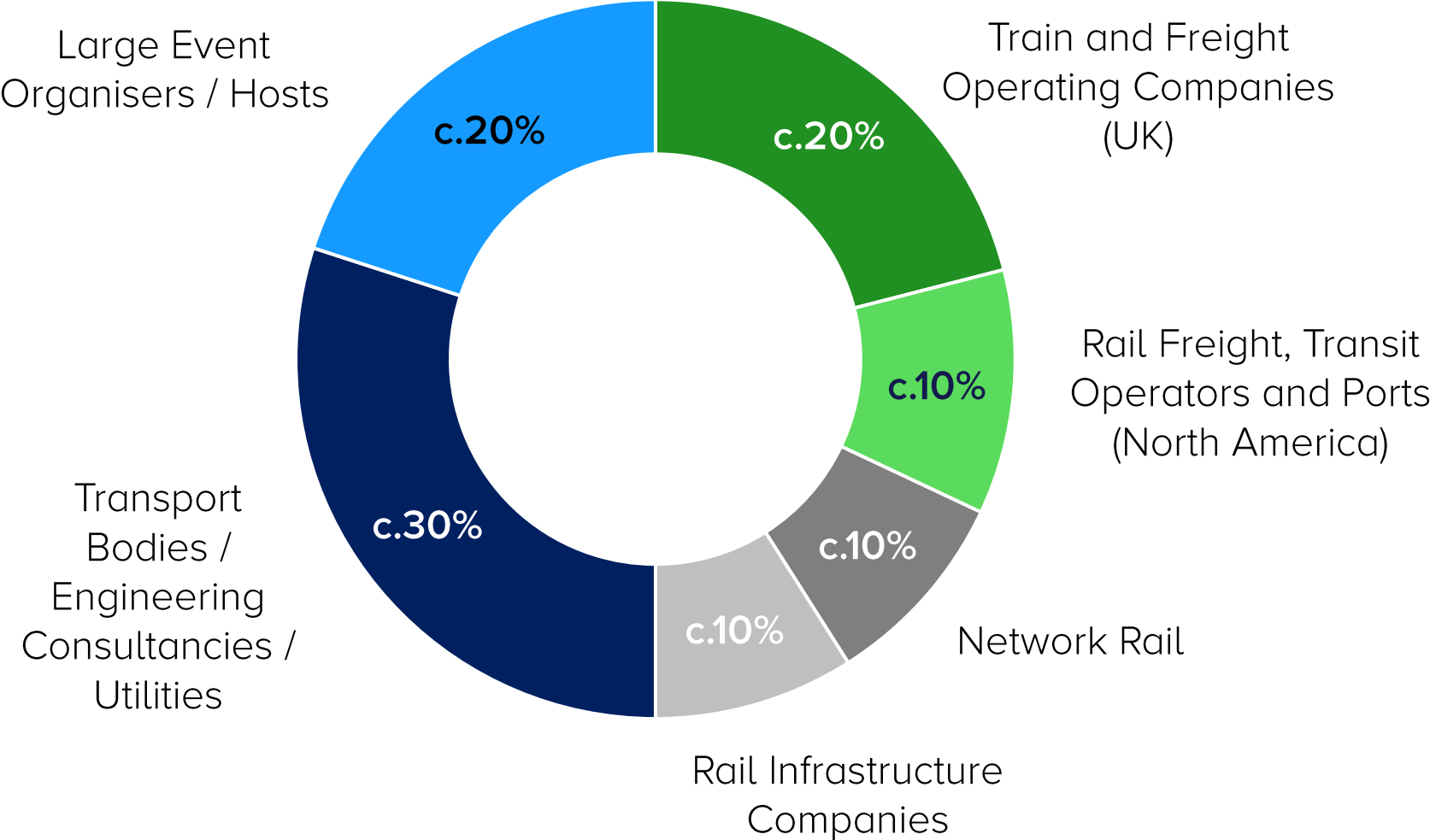
5

Data Analytics and GIS



Utilising location technologies, GIS and data analytics to improve environmental, performance and safety outcomes in regulated industries

# A diversified portfolio of long-term blue-chip customers





# Tracsis investment case

- 1 Strong market fundamentals with clear drivers of growth
- 2 High value, well-differentiated market leading products and services
- 3 Multiple organic growth vectors
- 4 Strong balance sheet
- 5 Growing pipeline of M&A opportunities
- 6 A resilient business model with long-term customer relationships



# Strategic growth priorities

## Organic Growth

- Deliver orderbook of rail technology software contracts
- Growing pipeline of opportunities in UK and North America
- Leverage unique position in North America to accelerate growth
- Continued investment in software and technology products

## Expand Addressable Markets

- Targeted growth opportunities in overseas or in adjacent markets – North America is key growth market for rail technology

## Enhance Growth Through Acquisitions

- Active pursuit of M&A to extend rail software and technology footprint
- Focus on growing recurring revenue

## Integration and Capability

- Complete transformation of Group operating model
- Continued alignment of groupwide systems and processes
- Accelerate R&D collaboration and new product development
- Focused people development

# 5-year income statement

IFRS 16

£'000	2018-19		2019-20		2020-21		2021-22		2022-23	
	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
Revenue	18,750	30,469	26,365	21,633	22,239	27,998	29,182	39,541	39,213	42,810
Adjusted EBITDA *	4,239	6,275	5,586	4,877	5,431	7,547	6,167	7,994	7,464	8,488
Operating Profit	2,232	4,464	2,611	1,812	1,608	3,548	1,635	1,620	2,380	4,875
Profit Before Tax	2,121	4,438	2,419	1,692	1,102	3,533	1,280	1,278	2,256	4,880

\* Earnings before net finance expense, tax, depreciation, amortisation, share-based payments, exceptional items, other operating income and share of result of equity accounted investees.

# 5-year balance sheet

£'000	Jan-19	Jul-19	Jan-20	Jul-20	Jan-21	Jul-21	Jan-22	Jul-22	Jan-23	Jul-23
Property, Plant & Equipment	2,476	2,678	3,564	3,581	3,312	3,540	3,767	4,897	4,585	4,789
Intangible Assets / Investments	33,291	40,510	38,678	55,465	53,236	52,400	53,540	63,548	63,071	57,694
	35,767	43,188	42,242	59,046	56,548	55,940	57,307	68,445	67,656	62,483
Inventories	357	381	384	430	386	381	406	1,090	1,234	1,465
Trade & Other Receivables	8,330	9,729	8,452	6,382	7,335	11,263	11,786	18,454	17,874	20,999
Cash <sup>1</sup>	18,703	24,104	26,045	17,920	20,784	25,387	25,057	17,187	16,991	15,307
	27,390	34,214	34,881	24,732	28,505	37,031	37,249	36,731	36,099	37,771
<b>Total Assets</b>	<b>63,157</b>	<b>77,402</b>	<b>77,123</b>	<b>83,778</b>	<b>85,053</b>	<b>92,971</b>	<b>94,556</b>	<b>105,176</b>	<b>103,755</b>	<b>100,254</b>
Deferred Tax (net)	(3,886)	(5,275)	(4,957)	(7,357)	(6,793)	(7,966)	(7,701)	(7,942)	(9,664)	(6,511)
Contingent & Deferred Consideration	(3,534)	(6,183)	(6,126)	(7,334)	(7,869)	(8,801)	(9,979)	(9,926)	(9,557)	(447)
Trade & Other Payables	(11,136)	(17,498)	(14,949)	(15,623)	(15,068)	(19,066)	(16,984)	(26,859)	(21,196)	(25,525)
Current Tax	(495)	(505)	(793)	(439)	(891)	(473)	(912)	-	-	-
<b>Total Liabilities</b>	<b>(19,051)</b>	<b>(29,461)</b>	<b>(26,825)</b>	<b>(30,753)</b>	<b>(30,621)</b>	<b>(36,306)</b>	<b>(35,576)</b>	<b>(44,727)</b>	<b>(40,417)</b>	<b>(32,483)</b>
<b>NET ASSETS</b>	<b>44,106</b>	<b>47,941</b>	<b>50,298</b>	<b>53,025</b>	<b>54,432</b>	<b>56,665</b>	<b>58,980</b>	<b>60,449</b>	<b>63,338</b>	<b>67,771</b>

<sup>1</sup> Cash and cash equivalents, and cash in escrow



# List of significant shareholders

Holder	% Held
Investec Wealth & Investment	9.3%
Charles Stanley	8.0%
Schroder Investment Management	6.6%
Unicorn Asset Management	6.1%
Rathbones	4.9%
Canaccord Genuity Wealth Management	4.0%
BGF	3.8%
Martin Currie Investment Management	2.8%
Royal London Asset Management	2.6%
Amati Global Investors	2.5%

*As of 31 October 2023, there were 30,071,945 shares in issue.*

*As of 31 October 2023, 0.08% of the shares are not in public hands.*