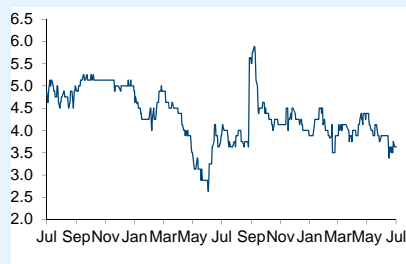


28 July 2017

Ticker	SEE	
Price	3.6p	
Target Price	12.0p	
Upside	231.0%	
Market Cap	£54.0m	
Market	AIM	
Sector	Tech Hardware & Equipment	
Net Cash	A\$11.7m	
Shares in Issue	1,486.5m	
Next Results	Finals in September	
What's changed	From	To
Adj. EPS (FD)	-2.7c	n/c
Recommendation		
Target Price	12.0p	n/c

Share Price Performance



Source: Thomson Reuters

%	1M	3M	12M
Actual	-6.4	-6.4	-12.1

Company Description

Development of innovative vision-based human/machine interfaces

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Guardian accelerates through H2

CORP

The computer vision based human sensing technologies developer has issued one of its regular updates on progress in the fleet retrofit operations (Guardian). Following the sale of the off-road operations to CAT, this business is core to providing revenue while the Automotive OEM business gains traction over the next few years. The unit has performed impressively, adding A\$13m of Total Contract Value (TCV) in Q4 to make A\$29m signed in the year and \$36.5m cumulatively. These are generally under 3 or 5-year contracts, therefore underpinning future revenue expectations. Guardian now has 130 fleet customers globally, including the US and UK, with more expected imminently. A FY 2017 update for the wider group will be available in August.

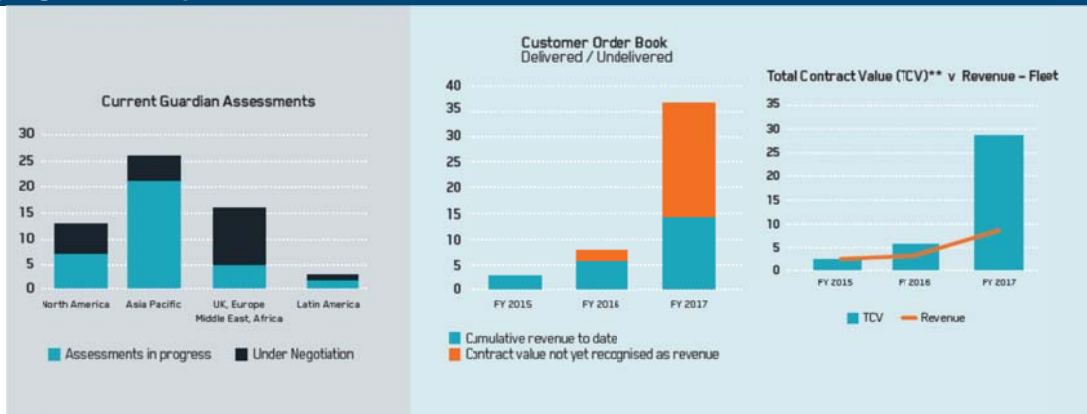
- ▶ **Accelerating growth in H2:** The H1/H2 split was roughly A\$7m/A\$22m, suggesting very rapid acceleration of the business through the year and very bright prospects ahead.
- ▶ **Channel partners:** An integrated co-branded solution with MiX Telematics (NYSE: MIXT) is now ready. MiX is one of the world's leading telematics providers, tracking over 622,000 mobile assets – trucks, buses, vans, cars, motorbikes and trailers – in more than 120 countries, across 6 continents. The distribution network is also performing well, with Kiattana in Thailand connecting 1,000 units – mainly in heavy-duty trucks – by the June year end and expecting to have sold 4,000 by the calendar year end and have 6,000 connected by this time next year. Guardian was launched in Malaysia in May.
- ▶ **Installation network growing:** There are 138 certified installers, 14 assistants and 12 field support specialist (trainers). Installations are taking place across the globe; a record 290 installations in a single week.
- ▶ **Life saver.** 1 in 6 fatal crashes involves a drowsy driver and the Guardian system reduces fatigue and distraction events by 90%.

Year ending June (A\$m)	2015A	2016A	2017E	2018E	2019E
Data					
Sales (A\$m)	12.9	33.6	13.4	52.0	117.8
Adj EBITDA (A\$m)	-14.7	-1.9	-33.3	-16.7	3.8
Adj PBT (A\$m)	-15.1	-1.4	-33.0	-17.3	2.8
Tax rate (%)	nm	nm	0	0	nm
Adj EPS (FD) (c)	-1.8	-0.2	-2.7	-1.1	0.2
DPS (c)	0.0	0.0	0.0	0.0	0.0
Ratios					
EV/Sales (x)	5.9	2.3	5.7	1.5	0.6
EV/EBITDA (x)	n/a	n/a	n/a	n/a	20.1
P/E (x)	n/a	n/a	n/a	n/a	31.9
Yield (%)	0.0	0.0	0.0	0.0	0.0
Cash flow yield (%)	-24.2	-8.6	-29.2	-19.6	2.6
EPS growth (%)	497.1	91.4	1,615.0	57.3	116.2

Seeing Machines' Guardian progress is impressive, with the TCV more than doubling in H2 compared with H1 and 290 installations managed in a single week. This is a telematics-type SaaS service, monthly subscriptions building a revenue base for future periods under 3 to 5-year contracts.

Furthermore, there is a large number of assessments underway and the company has a strong track record of conversion into contracts. It is notable that many are in negotiation, particularly in the EMEA region.

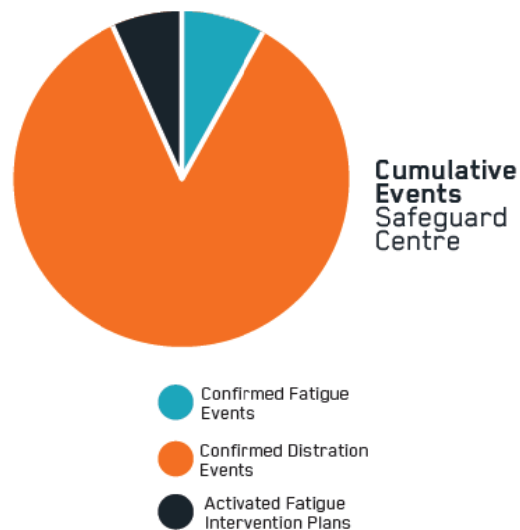
Guardian progress underpins future revenues



Source: Company reports

Interestingly, the vast majority of issues appear to be distraction related rather than fatigue:

Distraction & Fatigue events to date



Source: Company reports

These results give us increasing comfort that Guardian will become a major global business, building a revenue base and generating profit while the OEM automotive operating scales over the next few years. We look forward to the more detailed August trading update and FY 2017 results in September.

Key Financials

Income Statement					
Year ending June (A\$m)	2015A	2016A	2017E	2018E	2019E
Sales	12.9	33.6	13.4	52.0	117.8
Gross profit	5.7	27.3	1.8	26.5	66.3
Operating expenses	-20.4	-29.2	-35.1	-43.2	-62.6
Adjusted EBITDA	-14.7	-1.9	-33.3	-16.7	3.8
Depreciation/Amortisation	-0.6	-0.9	-0.5	-1.0	-1.0
Adjusted EBIT	-15.3	-2.8	-33.7	-17.7	2.8
Associates/Other	0.0	0.0	0.0	0.0	0.0
Net interest	0.3	1.4	0.8	0.4	0.0
Adjusted PBT	-15.1	-1.4	-33.0	-17.3	2.8
Adjustments	3.1	-0.2	-0.8	-0.4	-0.4
Reported PBT	-12.0	-1.6	-33.8	-17.7	2.4
Taxation	0.0	0.0	0.0	0.0	0.0
<i>Tax rate (%)</i>	<i>nm</i>	<i>nm</i>	<i>0</i>	<i>0</i>	<i>nm</i>
Reported earnings	-12.7	-1.7	-33.8	-17.7	2.4
Average no.shares (FD)	870.0	981.7	1,227.5	1,507.0	1,507.0
Adj. EPS (FD) (c)	-1.8	-0.2	-2.7	-1.1	0.2
DPS (c)	0.0	0.0	0.0	0.0	0.0

Cash Flow					
Year ending June (A\$m)	2015A	2016A	2017E	2018E	2019E
EBITDA	-14.7	-1.9	-33.3	-16.7	3.8
Net change in working capital	-4.1	-4.5	12.0	3.0	3.5
Other items	0.0	0.0	-0.8	0.0	0.0
Operating cash flow	-18.8	-6.4	-22.1	-13.7	7.3
Cash interest	0.3	1.4	0.4	0.4	0.0
Tax paid	-0.1	0.0	0.0	0.0	0.0
Capex	-2.7	-2.5	-4.0	-4.0	-5.0
Free cash flow	-21.3	-7.6	-25.7	-17.3	2.3
Disposals	0.0	-1.1	0.0	0.0	0.0
Acquisitions	0.0	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0
Other	2.1	-1.7	-0.1	0.0	0.0
Issue of share capital/(Buyback)	10.8	13.2	27.7	0.0	0.0
Net Change in cash flow	-8.4	2.7	1.9	-17.3	2.3
Opening net (debt)/cash	22.7	14.4	17.1	19.0	1.8
Closing net (debt)/cash	14.4	17.1	19.0	1.8	4.1

Balance Sheet					
Year ending June (A\$m)	2015A	2016A	2017E	2018E	2019E
Tangible assets	0.9	0.7	0.5	0.0	-0.5
Goodwill	0.0	0.0	0.0	0.0	0.0
Other intangible	3.2	10.7	9.9	13.4	17.9
Other	0.1	0.1	0.1	0.1	0.1
Non current assets	4.2	11.5	10.6	13.6	17.6
Inventories	10.2	8.4	6.7	6.4	6.0
Trade receivables	7.2	6.8	1.6	-1.4	-4.8
Cash	14.2	16.9	18.8	1.6	3.9
Other	0.5	1.0	1.7	1.7	1.7
Current assets	32.1	33.1	28.8	8.3	6.7
Trade payables	-4.1	-1.8	-0.9	-0.6	-0.3
Other current liabilities	-2.0	-2.4	-3.7	-3.7	-3.7
Short term debt	0.0	0.0	0.0	0.0	0.0
Net current assets	26.0	28.9	24.2	3.9	2.7
Long term debt	0.0	0.0	0.0	0.0	0.0
Pension	0.0	0.0	0.0	0.0	0.0
Other/Minorities	0.0	0.0	0.0	0.0	0.0
Net assets	30.1	40.4	34.8	17.5	20.3
<i>Net working capital</i>	<i>13.3</i>	<i>13.4</i>	<i>7.4</i>	<i>4.4</i>	<i>0.9</i>
<i>NAV per share (c)</i>	<i>3.7</i>	<i>3.8</i>	<i>2.3</i>	<i>1.2</i>	<i>1.3</i>
<i>NTA per share (c)</i>	<i>3.3</i>	<i>2.8</i>	<i>1.6</i>	<i>0.3</i>	<i>0.2</i>

Ratio Analysis					
Year ending June	2015A	2016A	2017E	2018E	2019E
Growth					
Revenue growth (%)	-23.3	161.0	-60.1	289.0	126.2
EBITDA growth (%)	724.1	87.1	1,656	49.9	122.8
EPS growth (%)	497.1	91.4	1,615	57.3	116.2
DPS growth (%)	n/a	n/a	n/a	n/a	n/a
Returns					
Gross margin (%)	44.5	81.3	13.3	50.9	56.3
EBITDA margin (%)	n/a	n/a	n/a	n/a	3.2
EBIT margin (%)	n/a	n/a	n/a	n/a	2.4
RoE (%)	n/a	n/a	n/a	n/a	11.8
RoCE (%)	n/a	n/a	n/a	n/a	13.8
Liquidity					
Net debt/equity (%)	n/a	n/a	n/a	n/a	n/a
Net debt/EBITDA (x)	1.0	9.0	0.6	0.1	n/a
Interest cover (x)	nm	nm	nm	nm	n/a
Net working capital to sales (%)	103.4	39.9	55.0	8.4	0.7
Cash conversion (%)	144.7	401.1	77.2	103.6	60.5
Dividend cover (x)	n/a	n/a	n/a	n/a	n/a

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