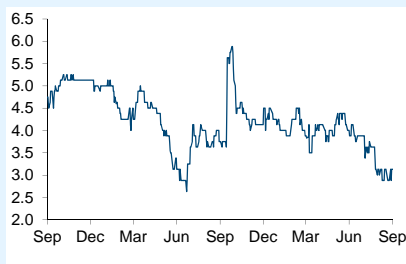


11 September 2017

Ticker	SEE	
Price	3.1p	
Target Price	12.0p	
Upside	283.0%	
Market Cap	£46.5m	
Market	AIM	
Sector	Tech Hardware & Equipment	
Net Cash	A\$22.0m	
Shares in Issue	1,486.5m	
Next Results	Interims in February	
What's changed	From	To
Adj. EPS (FD)	-1.5c	-1.5c
Recommendation		
Target Price	12.0p	n/c

Share Price Performance



Source: Thomson Reuters

%	1M	3M	12M
Actual	+0.0	-21.8	-13.8

Company Description

Development of innovative vision-based human/machine interfaces

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Sales beats forecast while loss is lower

CORP

The FY 2017 revenue is slightly ahead of expectations following the post year end trading update, while the loss caused by the heavy R&D and expansion investment, is lower than expected due to a double year of government grants. The group ended the period with A\$22m of cash following the injection of capital and we reiterate our expectations for rapid growth in sales over the next two years. This will be driven initially by the growing volumes of Fleet business, with steadily increasing contributions from Off-Road, Automotive, and Rail from FY 2018.

Results: forecast v actual

FY Jun 2017 results		forecast	actual	delta
Revenue	A\$m	13.4	13.6	1%
Adj EBITDA	A\$m	-31.7	-26.6	-16%
Adj PBT	A\$m	-32.0	-27.4	-14%
Adj EPS (FD)	c	-2.6	-2.3	-12%
Net Cash (Debt)	A\$m	22.0	22.0	0.0

► **Revenue from Fleet.** Having sold the off-road business to CAT for a large licence fee in FY 2016, the last year would inevitably experience a 60% drop in revenue as the Fleet business grows from inception to take up the burden. On a LFL basis, revenues jumped 122% on the small period of Off-Road sales in FY 2016, powered by the rapid growth in Fleet (virtually tripling to A\$9.1m in FY 2017). H2 sales were 250% up on H1, demonstrating that acceleration in sales. We expect that rapid sales growth to continue in our forecasts over the next two years. Investment is planned to continue as well, leading to another substantial loss in the current year but improving to near breakeven in FY 2019. Given the year end cash balance that spending may need to be flexed to retain some headroom.

► **Another year of progress;** The Automotive business has been retained and funded within the group to retain the core IP and leverage a common platform strategy across all markets. Impressive progress continues in all those five targeted transport sectors; Off-Road, Fleet, Automotive, Rail and Aviation. This year will see more, as Fleet builds a global distribution network and the technology is deployed in a production model car.

Year ending June (A\$m)	2016A	2017A	2018E	2019E	2020E
Data					
Sales (A\$m)	33.6	13.6	45.3	97.0	156.4
Adj EBITDA (A\$m)	-1.9	-26.6	-21.4	-1.7	35.2
Adj PBT (A\$m)	-1.4	-27.4	-23.2	-3.7	33.3
Tax rate (%)	nm	nm	0	0	nm
Adj EPS (FD) (c)	-0.2	-2.3	-1.5	-0.2	2.1
DPS (c)	0.0	0.0	0.0	0.0	0.0
Ratios					
EV/Sales (x)	1.6	3.9	1.2	0.5	0.3
EV/EBITDA (x)	n/a	n/a	n/a	n/a	1.5
P/E (x)	n/a	n/a	n/a	n/a	2.4
Yield (%)	0.0	0.0	0.0	0.0	0.0
Cash flow yield (%)	-10.1	-26.4	-28.2	3.0	54.8
EPS growth (%)	91.4	1,342.8	35.0	84.0	996.9

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The recommendation system used for this research is as follows. We expect the indicated target price to be achieved within 12 months of the date of this publication. A 'Hold' indicates expected share price performance of +/-10%, a 'Buy' indicates an expected increase in share price of more than 10% and a 'Sell' indicates an expected decrease in share price of more than 10%.

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