

Press release February 20, 2020



Sensys Gatso sets long-term goal of SEK 1 billion in Sales by 2025

Today Sensys Gatso Group AB (Sensys Gatso), a global leader in traffic safety solutions, presents its long-term financial goals for 2025. In summary the company aims to reach total Sales of more than SEK 1 billion, of which at least SEK 600 million TRaaS recurring revenues, and an EBITDA-margin higher than 15 percent. Management will provide more information in the audiocast, today at 9am CET.

Traffic Enforcement as a Service, TRaaS, is our service offering where we build, maintain, service, and operate enforcement programs.

“Sensys Gatso has shown good progress in the order intake of TRaaS business during 2019 and the beginning of 2020, expanding into new segments and new markets. We felt it was time to define our new ambitions and to share our long-term plan and goals”, comments Ivo Mönnink, CEO Sensys Gatso.

Our long-term four-pillar strategy is focused on profitable growth:

- Expansion in the US-market with Traffic Enforcement as a Service
- Entry into new markets with Traffic Enforcement as a Service
- Developing scalable software & flexible hardware
- Extension of the service scope in existing markets

We estimate our addressable market to be approx. SEK 12.5 billion and growing by 10 percent annually. It is our ambition to grow with a CAGR of 16 percent thereby outperforming the market. Diverse global market conditions and customer needs are changing faster than ever. The 2025 strategy has been built on growing the TRaaS business around the home markets Sweden, and the Netherlands and the growth markets MEA, North America and Latin America.

Sensys Gatso’s investments in technology have resulted in scalable software solutions combined with flexible hardware. This means that we can offer complete solutions for traffic enforcement. It allows us to scale up much faster, targeting new customers and new verticals like uninsured vehicles and parking enforcement. It also provides opportunities for faster geographical expansion into new markets like Latin America. In our existing markets we focus on expanding our service and maintenance business.

Sensys Gatso Group AB is a global leader in traffic management solutions for nations, cities and fleet owners. Sensys Gatso Group has subsidiaries in Australia, Germany, the Netherlands, Sweden and the USA, and a branch office in the United Arab Emirates. The Sensys Gatso Group's shares are listed on Nasdaq Stockholm and has 195 employees.

For further information, visit www.sensysgatso.com

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"Our mission and focus remains the same. Sensys Gatso plays a leading role in changing traffic behavior and saving lives. Thanks to the combination of our scalable software solutions and flexible hardware, our strong global brand heritage and our competent global team, we feel we have a unique opportunity to increase our recurring revenues through our TRaaS offering on highways, rural roads and in cities. Our strategy is focused on profitable TRaaS revenue growth with the ambition to achieve an EBITDA-margin above 15 percent", comments Ivo Mönnink, CEO Sensys Gatso.

Sensys Gatso's long-term financial goals

TSEK	2019	2025	CAGR
Total Net Sales	406	> 1000	> 16%
of which TRaaS recurring sales:	177	> 600	> 22%
EBITDA	7%	> 15%	

It is Sensys Gatso's long-term ambition to grow the Net Sales from SEK 406 million in 2019, with a CAGR of more than 16%, to more than SEK 1 billion by 2025. Of this total sales, the strategic TRaaS recurring revenue part is targeted to grow from 177 million in 2019, with a CAGR of more than 22%, to more than SEK 600 million by 2025. The overall profitability ambition increases with at least 8 percentage points from 7% in 2019 to more than 15% by 2025.

Realizing our Growth Strategy with TRaaS

There is significant leverage in Sensys Gatso's TRaaS-business model. Our TRaaS business is based on long-term customer contracts. Each new Sensys Gatso program in operation generates revenue, margin and cash-flow on a yearly basis, typically for more than five years. Sensys Gatso has a good track record in extending the contracts beyond five years with a retention/renewal rate of more than 85 percent.

To facilitate further growth, Sensys Gatso and Rabobank intend to increase the current total facilities granted by the Rabobank with additional SEK 50 million. The facility increase will be provided to Sensys Gatso upon request, and is conditional on meeting agreed covenants, with steps of SEK 12.5 million each 6 months. The expectation is that parties will agree to the covenants and terms in March 2020. The additional facility is conditional upon final approval of the Rabobank credit committee.

Dividend

Generated net profit will be re-invested in the company to finance the growth plan. When the growth plan is fully financed, dividend will materialize after assessment of the company's financial position, organic growth opportunities, investments, acquisition opportunities and cash-flow.

Invitation to a presentation for press and analysts

The extended Investor Presentation will be held online today in connection with our Year-End report for Q4 and fourth quarter 2019. Presentations will be held by Ivo Mönnink, CEO and Simon Mulder, CFO.

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The presentation @9am today can be followed via this link:

<https://tv.streamfabriken.com/sensys-gatso-group-q4-2019>

Dial-in number SE: +46850558354 UK: +443333009266 US: 18335268347

The presentation/audiocast can be joined online or via telephone and will be available on the company's webpage <https://www.sensysgatso.com>

For further information:

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