

# 21<sup>st</sup> Century Technology plc

Specialist provider of CCTV and monitoring systems  
to the fleet and network operators in the Bus & Rail industries

Shareholder Presentation

5<sup>th</sup> June 2014



# Agenda

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## 1. Introduction

- The Executive Team
- What we saw – “An Attractive Proposition”

## 2. Strategic Overview

- Drivers of Change, Markets and Strategy

## 3. Summary



# Executive Team

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## **Russ Singleton, Chief Executive**

Russ joined the company in October 2013 as Chief Executive. Russ is a Chartered Engineer with a strong track record including forming and growing electronics businesses for Synectics Plc, formerly Quadnetics Group Plc, where, after moving to AIM in 2002, he led the group as Chief Executive; achieving a five-fold increase in turnover and substantial profits. This growth came organically and through acquisitions

## **Glenn Robinson, Group Finance Director and Company Secretary**

Glenn joined the company in October 2013 as Group Finance Director. Glenn is an experienced Finance Director of SME's, including a period from 1997 with a security subsidiary of Quadnetics working with Russ. During his time at Quadnetics he was an important driver of development and change and made a significant contribution to the group; becoming the group's technical and business development director in 2005. Glenn qualified as a Chartered Accountant with Coopers & Lybrand



# An Attractive Proposition

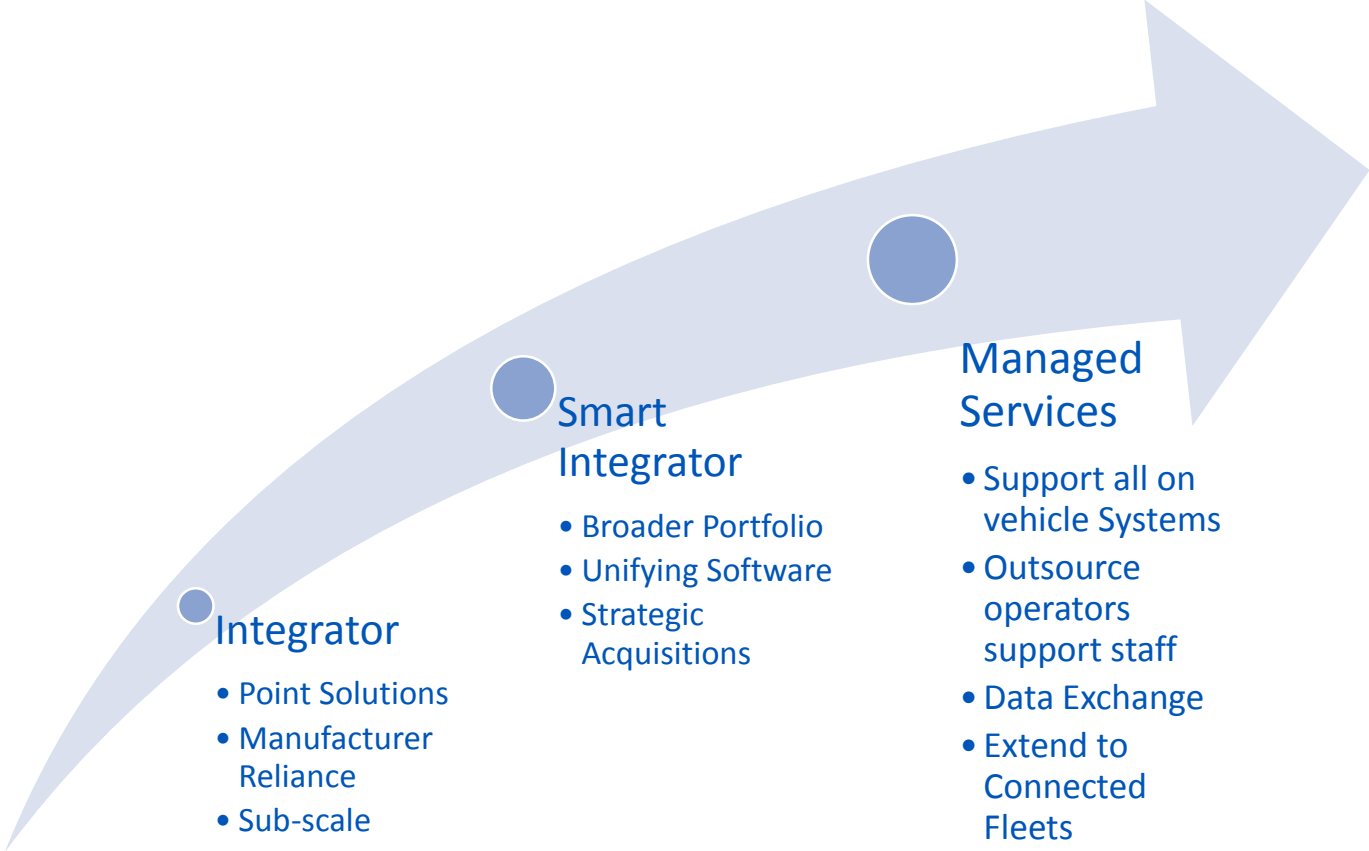
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- Identifiable niche markets - Bus and Rail
- Operators are transitioning to 'connected vehicles'
  - More on-vehicle & back office systems integration
- Currently fragmented technical provider market offers mainly stand-alone solutions.
- Large multi-modal operators looking for;
  - simplified approach to benefit from economies of scale
- No existing service provider offering this currently



# 5 year Development Plan

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Consolidating technical integrators, improving offerings, broadening services



# Strategic Overview

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- Drivers of Change
  - What's changing to enable us to execute this plan
- Markets
  - Our main markets
- Strategy
  - How we compete



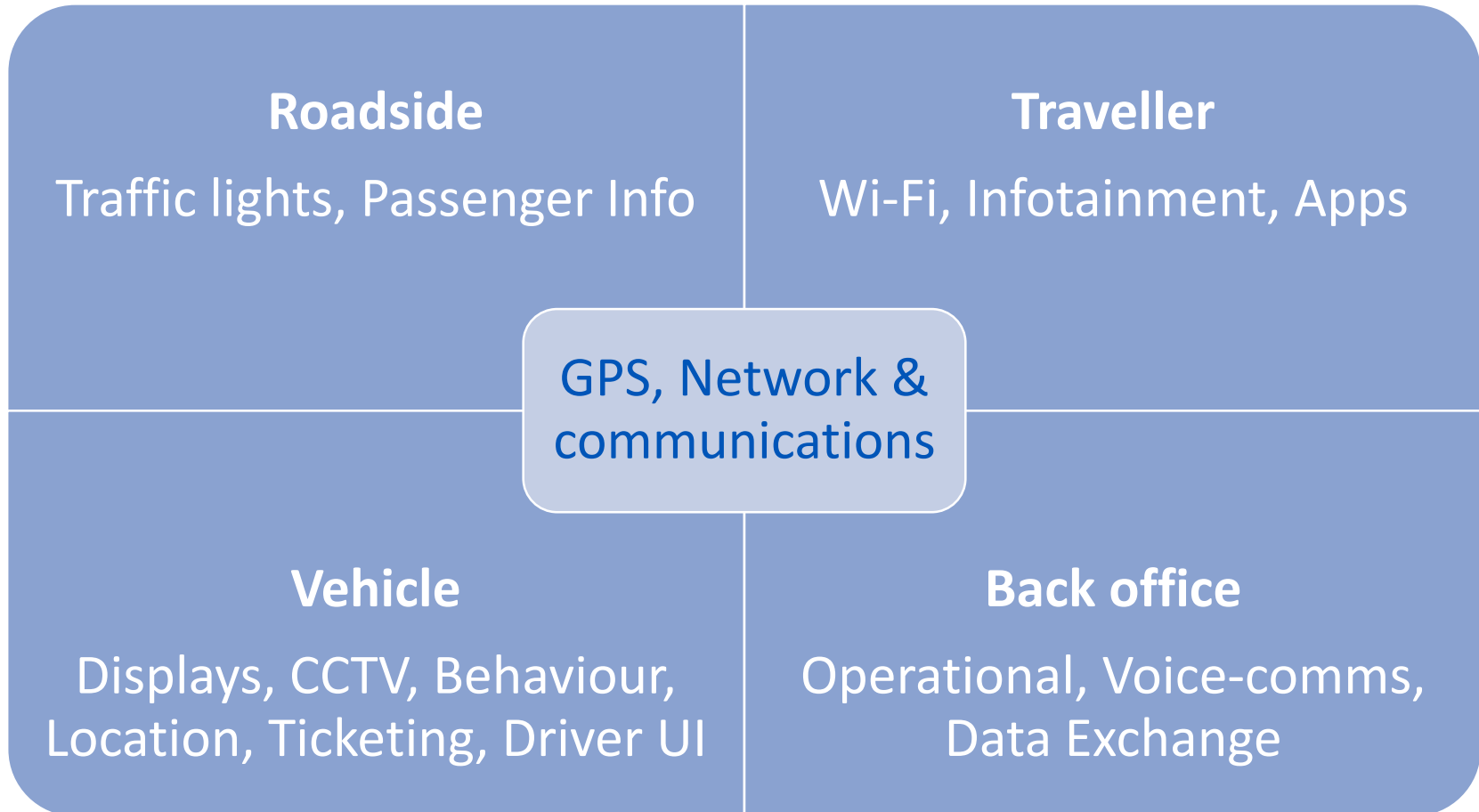
# Drivers of change

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- **Systems on vehicles**
  - Ever increasing in number, sophistication & data integration requirements
- **Complexity of fleets**
  - Fleets are large, geographically dispersed & built up over many years (average fleet age: 18 yrs train, 7 yrs bus)
- **Service provider requirement**
  - Highly capable organisation supporting new and legacy systems over entire operational life from system design, installation and support.

# Systems on vehicles

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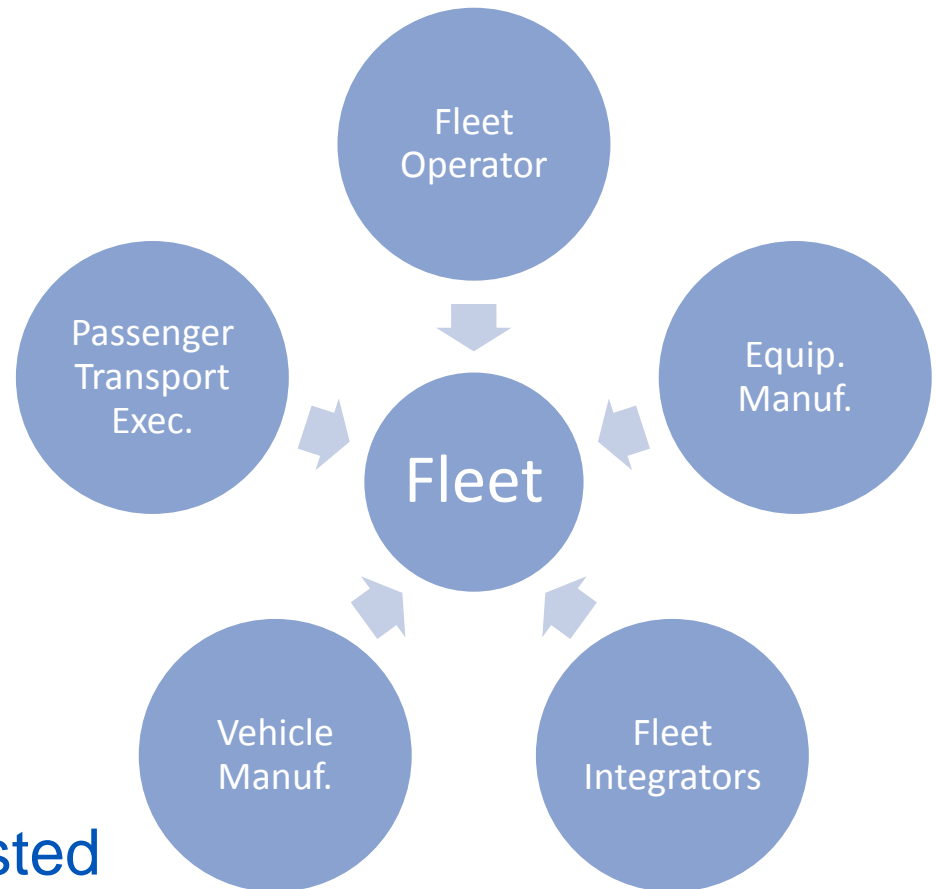




# Complexity of Fleets

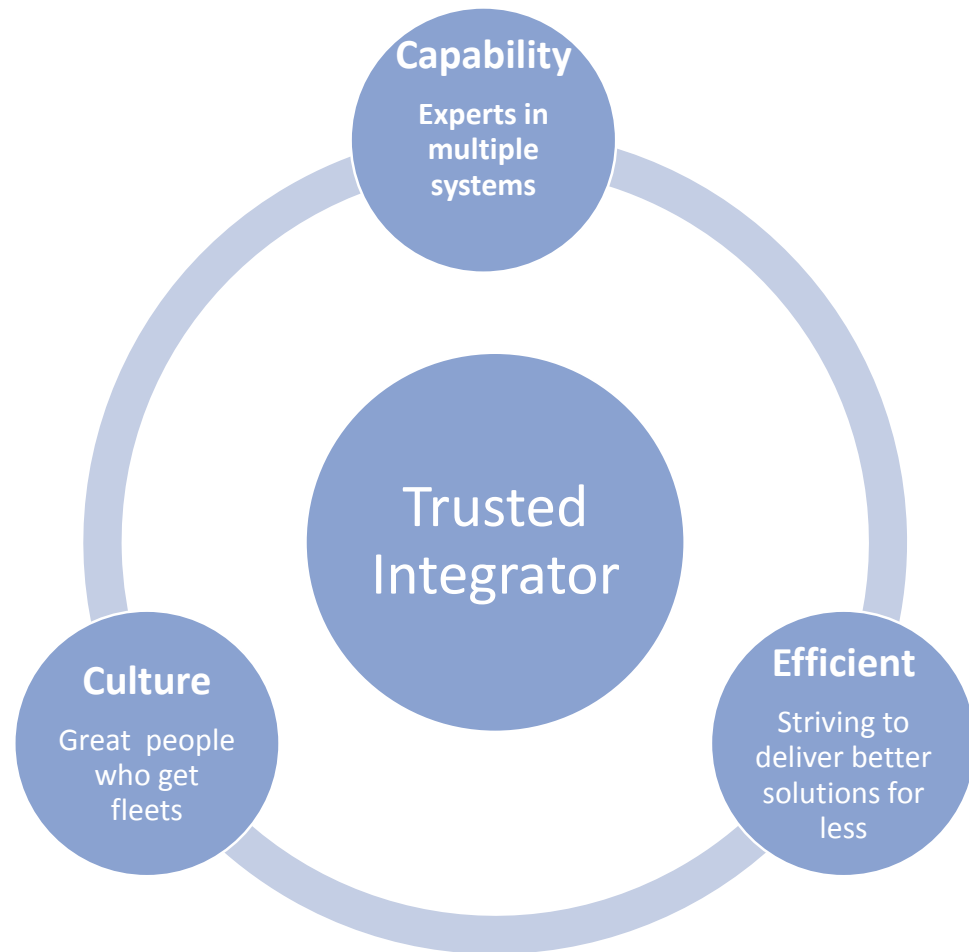
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- Types
  - Bus, train, tram
- Age profile
  - On-board equipment
  - Service legacy
- Availability
  - in service duty-cycles
- Ownership & finance
  - CAPEX, lease, franchise
- Increasing need for a trusted integrated service provider



# Service Provider Requirement

- A new position opening
  - Increasing complexity in terms of number of systems and their critical cost of failure nature
  - To act as the conduit for world class products onto the vehicles and provide the needed support over their operational lives.
- Barriers to entry forming
  - The breadth of technology to cover and the national SLAs





# Markets

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- The briefest of introductions to our 3 main markets to provide a flavour of the scale of opportunities
  - UK Road PSV
  - UK Rail Vehicles
  - Continental Europe



# UK Road PSV Market

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- 5 operators account for >50% market share
  - Arriva, First Group, Go-Ahead, National Express and Stagecoach
- 46K buses, 24K coaches and 12K minibuses.
- Opportunities
  - Currently we are mainly active in large bus operators.
    - Win a major operator account
    - Build a market share for the remaining fleets
  - Broaden supply
  - Extend to Coaches and mini-buses

# UK Rail Vehicle Market

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- 19 Passenger Operators
  - 70% in Arriva, First, Govia (Go-Ahead & Keolis), Stagecoach
- 7 Freight Operators
  - 75% in DB Schenker (Arriva), Freightliner, Direct Rail Services, First GB Railfreight
- 4 main Rolling Stock Companies (ROSCO)
  - 12K passenger vehicles
  - 800 freight locomotives
- Network Rail Infrastructure
- Opportunities
  - Operators are Multimodal & Multinational
  - FF CCTV & Back Office
  - On-Board Passenger Carriages
  - Driver Only Operation (DOO)
  - NR Special Projects
  - Stations



# Continental Europe

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- Swedish Success
  - Great reference projects with Arriva & Keolis in Stockholm
- Keolis Konfort
  - A tailored driver behaviour solution for Keolis France developed with our technology partner.
- Opportunity
  - Major operators going for an 'integrator-led' approach to standardise best practice.
  - But there are significant market differences to UK which currently favours a 'product' approach
  - Timing and territories hard to predict for now.



# A change in strategic emphasis

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## Previous Growth Strategy

Product led expansion into Europe

- CCTV to Stockholm
- Eco-Manager Pan-European roll-out

## New Strategy

The open integrator role

- Tight bonding with customers delivering their integration needs
- Working with global scale product companies and local specialists



# Strategy - Business Model

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- Specialist provider of CCTV and monitoring systems to the fleet and network operators in the Bus & Rail industries
- We compete by striving to offer better integrated solutions at reduced costs to our customers.
- We carefully select niche markets where we can generate significant market share to generate the economies of scale needed.





## Key messages

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- Add value by creating better solutions with reduced costs.
- Apply these skills to carefully selected niche markets where can achieve significant profitable market share.
- Based on an open system philosophy using global scale products with a local service offering tailored to the customer's exact needs.
- Organic & acquisitive growth on solid platform



# Recap

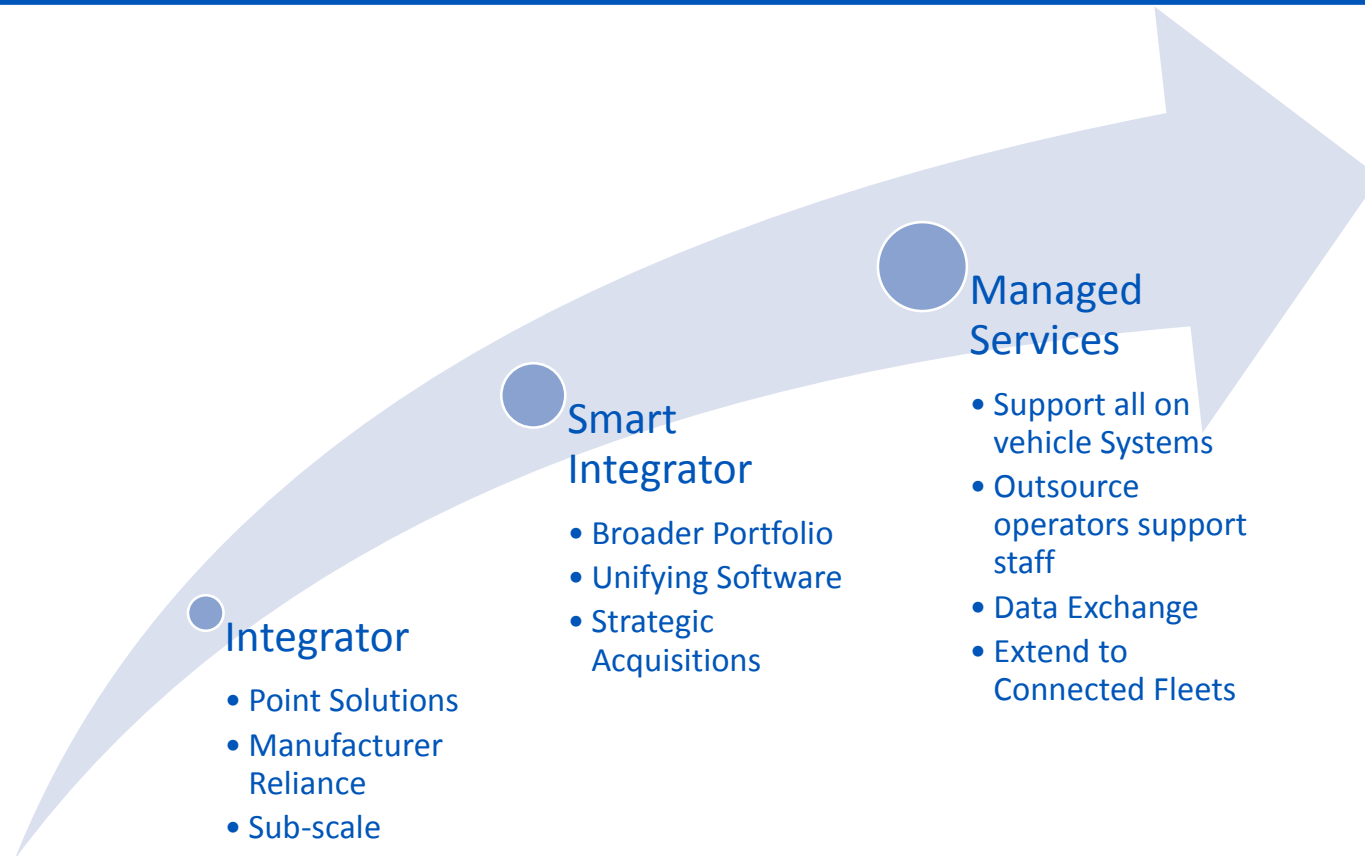
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- Bus and Rail are niche markets with scale potential
- Transitioning Technology
  - Closed Subsystems to Open and Connected
- Need for a specialist integrator
  - Transition management on legacy, now and future
  - Integration software to maximise value of data and minimise product vendor lock-in
  - Global Products to local operators and support
- Once examples of new strategy working are secured begin active evangelisation - IR & PR



# An Attractive Opportunity

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Consolidating technical integrators, improving offerings, broadening services

# 21<sup>st</sup> Century Technology plc

Specialist providers of CCTV and monitoring systems to the fleet and network operators in the Bus & Rail industries; providing our customers with innovative, open electronic systems to meet the safety, operational and environmental needs of fleets of vehicles.

**Thank you**

