ASX Announcement (AMX)

Strategic investments underpin Exceptional Annual Recurring Revenue Growth

Aerometrex Limited (ASX: AMX) today announced its results for the half year ended 31 December 2020 (H1 FY21), a period that saw the Company's focus on growth investments drive a 99% increase in MetroMap subscription revenue.

H1 FY21 key highlights (vs H1 FY20)

- Annual Recurring Revenue (ARR) of $3.3 million, up 99% (since June 2020)
- Total operating revenue of $8.6 million, down 15% due to $2.8m project revenue decline (-28%) offset by MetroMap subscription revenue growth of $1.3m, up 727%
- Strong cash flow from operations of $2.3 million, up 41.4%, reinvested to fund growth initiatives
- Strong balance sheet supports growth strategy, with $16.3 million cash and undrawn debt facilities of $4.1 million
- Investing for growth via acquisition of datasets in MetroMap, people and capture assets to take advantage of future opportunities

Commenting on the half year results, Aerometrex Managing Director Mark Deuter said:

"In line with our strategy we focused on scaling our MetroMap subscription product and were pleased to have made significant progress over the first half, increasing our ARR by 99% to reach $3.3 million by December. MetroMap subscription revenue grew by $1.3 million, which represents growth of 727% on the same time last year.

"Our revenue mix is diversifying, with MetroMap now providing 17.6% of group revenue, up from 1.8% in H1 FY20.

"We continued to generate strong cash flow from operations of $2.3 million, up 41.4% over H1 FY20, which was reinvested in line with our growth strategy. We finished the period with a strong balance sheet which can support our growth strategy, with $16.3 million cash and undrawn debt facilities of $4.1 million."

Operational performance

The strong MetroMap performance was underpinned by the signing of both annual and multi-year contracts with enterprise clients, following targeted marketing campaigns to drive awareness of the subscription business. The Company made strategic investments into acquiring datasets of $2.2 million during the half, with coverage of over 75% of the Australian population during the first 3 months alone. To enhance customer experience as MetroMap subscriptions scale, the Company also invested into a dedicated customer support team.

Revenue from the Aerial Photography & Mapping business declined to $2.5 million (H1 FY20: $3.4 million), with clients choosing to undertake smaller projects compared to last year due to COVID-19 uncertainty. Larger projects were typically delayed but are expected to re-appear in the second half of the financial year as economic conditions improve.

The 3D business experienced a reduction in revenue to $711k (H1 FY20: $1.7 million), with a significant portion of the Dec 2019 revenue derived from the Western Sydney Digital Twin project and Pau project (France). The volume of projects undertaken declined as some projects were put on hold and no international projects were undertaken, due to COVID-19. The US office opened in Denver in February 2020 and captures across several cities took place to create US datasets.

LiDAR contributed 42% of operating revenue during the half, with revenue declining to $3.5 million (H1 FY20: $4.2 million) due to smaller projects being undertaken. Investments were made to underpin future growth, including the acquisition of a fourth sensor plus upgrades of existing sensors to the latest technology.

Positive outlook, underpinned by growth investments, US revenue stream and continued development and expansion of MetroMap

Commenting on the Company's outlook, Mr Deuter said: "Having made the necessary investments to drive our next phase of growth, we are well positioned to continue to grow MetroMap and turn around performance of our other divisions, in the second half and beyond. We made investments into key initiatives that are required as we scale, including the improvement of AI and machine learning to generate new data analytics and to drive efficiency gains and process automation, without compromising data quality or accuracy. We also invested in developing new techniques to determine the exact fuel load densities in any bushfire prone area in 3D based on our LiDAR mapping capabilities, which we believe will add further impetus to an expected recovery in this business line.

"We implemented important process improvements, including the development and implementation of processing workflow and software systems for MetroCam aerial imagery, resulting in improved orthophoto production speeds of up to 800%. This technological improvement will be an important growth enabler as we further scale MetroMap.

"In line with an expected increase in business during the second half, we invested in our air operations, production and sales staff to build capacity ahead of the expected revenue curve and we are well prepared to capture future growth.

"Having invested into our US office and capture program, we were delighted to have sold our first US 3D dataset in February 2021 and we look forward to gaining further traction in this market over the second half, as we take advantage of the enormous opportunities for 3D modelling and aerial imagery in this market."

- ENDS –

Aerometrex will hold a group investor conference call at 11:00am AEDT today.

To pre-register for this conference, please follow the link below.

- https://s1.c-conf.com/diamondpass/10012121-va9RaY.html

This release is approved by the Board of Directors of Aerometrex Limited.

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About Aerometrex Ltd
Aerometrex Limited is a professional aerial mapping business specialising in aerial photography, photogrammetry, LiDAR, 3D modelling and aerial imagery subscription services for a growing client base.

Aerometrex operates its full range of services throughout Australia and also extends its 3D modelling service to the US and Europe.

With a strong and experienced Board and Executive team, Aerometrex's team has 930 years of industry experience.

For further information, please visit www.aerometrex.com.au.