

Seeing Machines Ltd.

07:31 19 May 2020

Seeing Machines makes "difficult but necessary" decision to cut the cost base by A\$12mln

Seeing Machines Limited (LON:SEE) said it has made the "difficult but necessary" decision to cut the cost base by A\$12mln as it looks to navigate the "challenges" created by the global coronavirus pandemic.

Among the initiatives being enacted by the company, the developer of in-vehicle eye-tracking technology, is the implementation of a four-day working week.

Alongside this, chief executive Paul McGlone is taking a 20% pay cut and deferring his bonus for year, while the chairman's fees will be reduced by 30%.

Operationally, Seeing Machines said it has restructured its business to "improve the focus on profits" for its three main units - automotive, fleet/off-road and aviation.

"Specifically, changes to engineering and technology management will improve the balance between innovation and delivery and will result in a more targeted approach to R&D in order to underpin the company's market-leading position," the company said in a statement.

It added that functions will also be restructured to enable better "collaboration across the organisation" and provide an "enhanced focus on profitable growth".

However, the restructure and streamlining will result in roles being phased out, leaving the business with "a permanent realignment of its cost base from which to grow".

Significant savings

The initiatives are expected to yield cost savings of A\$12mln over the remainder of this year and full-year 2021, "thereby helping preserve balance sheet strength", the firm said.

In the same announcement, investors were told Seeing Machines has successfully qualified for the Australian JobKeeper programme that provides companies with a A\$1,500 per fortnight subsidy per employee and is available until September.

CEO McGlone said: "The restructuring and cost-saving process has been a difficult but necessary step in our journey to ensure the financial strength of the business and, in turn, improve shareholder returns.

"The global pandemic presents a range of challenges which will likely continue to impact the industry for some months but also provides those organisations that are able to with a catalyst for change. The new organisational structure will re-focus our business and enable us to deliver better results faster.

"Our experienced and leading team is committed and determined to deliver profitable growth and we fully expect that

Price: 8.6

Market Cap: £321.4 m

1 Year Share Price Graph



January 2020 July 2020 January 2021

Share Information

Code: SEE

Listing: AIM

52 week High Low
10 1.3501

Sector: Hardware & electrical equipment

Website: www.seeingmachines.com

Company Synopsis:

Seeing Machines is a world leader in driver-machine interaction. We harness human factors science to create artificial intelligence (AI) technology that observes the driver's attention - reliably, unobtrusively, and in real time - and intervenes seamlessly when necessary.

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when the world recovers from the pandemic, Seeing Machines will be extremely well-positioned in order to leverage its market-leading position to enhance safety across our transport sectors."

Broker commends move

The company's broker Canaccord commended the decisive action, with the cost savings "far greater than we had assumed".

It reiterated its 7p a share price target. The stock, off around 4%, was changing hands for 2.55p.

"As described by CEO Paul McGlone, the process announced today will undoubtedly have been a difficult but necessary step that helps ensure the financial strength of the business and will in turn, improve shareholder returns," said Canaccord in a note.

It added that it sees the announcement as positive for shareholders. For while there is a small reduction in revenues for the full-year (in the range of A\$3m), "the additional cost reductions to more than offsets this, leading to upside to expectations in terms of cash".

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