



MEDIA RELEASE

EROAD Annual Result on Track, Compelling Outlook for US

28 May 2015 EROAD Limited reported a strong full year result delivering continued growth in units and revenue, and successfully established its North American business in Oregon, USA.

Highlights

- Units on Depot 23,915 up by 78% on last year
- Revenue at \$17.6 million up by 76% on last year
- Contracted Units totalled 25,862 up by 81% on last year
- Future Contracted Income reaches \$32.6 million, up by 83% on last year
- Customer Retention Rate remains strong at 99.2%
- Net Profit before tax and listing costs reached \$1.1 million
- Full year results largely in line with forecast
- Secured customer contracts in Oregon worth \$3.1 million.

Full-year to 31 March 2015

EROAD (NZX:ERD) today reports performance largely in line with forecast for its first full year as an NZX listed company.

"I am delighted with what has been achieved this year. EROAD's successful NZX listing in August 2014 represented a major milestone for the company. To continue to grow strongly in New Zealand and successfully establish our American beachhead is very satisfying," said Chairman Michael Bushby.

Chief Executive Officer Steven Newman said, "Our vision to become an international leader in the provision of road user charging and compliance services to the heavy transport sector is well on track. With the funds raised through the IPO we have been busy building our globally scalable technology platform and applications to address the significant North American market opportunities unfolding."

EROAD's first year as a public company has seen the company make significant progress towards its strategic goals, delivering strong revenue growth. The company's Established Market, incorporating New Zealand and Australia, underpinned another year of strong performance with external revenues of \$17.2 million an increase of 72% compared to FY14. EROAD's Net Profit before Tax and listing costs reached \$1.1 million, broadly in line with forecast.

With an increasing number of clients selecting to rent EROAD's hardware product rather than purchase outright, Future Contracted Income (FCI) reached \$32.6 million in FY15, improving long-term value. The increase in the number of clients renting hardware, rather than purchasing, has shifted some revenue, net profit and cash flow, from FY15 to future years.

"Particularly pleasing was how agile the business proved to be in bringing a rental sales offer to market in the US in response to customer demand," said Mr Newman.

With customer retention rates reaching 99.2% the company continues to benefit from earnings stability. Earnings per share was in line with forecast.



Overall, Units on Depot rose to 23,915, representing a 78% increase compared to the prior year. Total Contracted Units at 31 March was 25,862, comprising Units on Depot and 1,947 contracted sales pending installation. With a full complement of sales and support staff on-board and more recruitment occurring the company continues to build a strong FY16 pipeline.

Full time employees increased 52%, from 102 to 155, in FY15 as the American and New Zealand operations expanded as planned. The company successfully recruited high quality engineering and development staff noting that the global market for technical staff remains extremely tight. To accelerate sales, EROAD also continued to invest in sales executives, and the company is establishing regional sales hubs in a number of locations outside of Oregon, in response to expanded sales opportunities.

Looking beyond Oregon, the company's development efforts in FY15 have been focused on the completion of its automated fuel tax reporting service and electronic logbook product. Together these two products will allow the company to address a market in North America upwards of five million vehicles.

Mr Newman said, "EROAD's new electronic fuel tax service has been well received by customers and regulators in North America. I am also very happy with our development of an electronic logbook to support commercial drivers to meet their hours-of-service obligations, in preparation for the United States Federal mandate requiring all interstate drivers to adopt a compliant electronic hours-of-service product by late 2017."

Outlook for FY16

Mr Newman said, "I am delighted with our achievements this year. Looking forward the company is well positioned to meet its commercial goals in FY16. EROAD's strategic priorities remain unchanged. Our Established Market operation, incorporating New Zealand and Australia, is expected to perform strongly based on buoyant economic activity, the market's focus on Health and Safety compliance, and the continued roll out of new services to a diverse group of customers."

While the New Zealand business will remain a core focus for the company and continue to grow, EROAD will give further attention to building both its Oregon business and the infrastructure to support expansion across North America.

Looking beyond the PFI period (forecasts made at the time of its IPO), the company has committed to larger premises in Oregon, capable of housing up to 70 sales and customer support staff, to ensure we have the resources to capitalise on the demonstrable growth opportunities across North America. "I am confident the company has now put in place the foundations to execute our shared goal of building a leading global technology and services company," Mr Newman said.

Dividend

Consistent with its Dividend Policy, EROAD does not intend to pay a final dividend for the year ended 31 March 2015.

Summary financial statements

Attached to this release are unaudited summary financial statements. The audit is in progress at present. The summary financial statements for the year ended 31 March 2015 and the comparative financial information for the year ended 31 March 2014 have been prepared under the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

About EROAD

EROAD is a leading transport technology and services company, headquartered in Auckland, New Zealand, with offices in Portland, Oregon, and Melbourne, Australia. EROAD's in-vehicle technology and global



services platform provides transport operators with automated solutions to manage and pay road user charges, to meet regulatory and compliance obligations, and to provide a range of commercial services. EROAD's goal is to offer flexible and powerful solutions based on our innovative technology to assist in the creation of a transport sector that is responsive to the evolving needs of business, government and the wider community.

EROAD was founded in 2000 and is listed on the NZX Main Board (NZX) under the stock code ERD. EROAD designs and manufactures in-vehicle hardware, operates secure payment and merchant gateways and offers web-based value-added services. The EROAD team are experts in their field, highly qualified, and very experienced in technology and security, SaaS and cloud infrastructure, the transport industry and the public sector.

EROAD generates Recurring Revenue from charging customers for its services and also receives revenue from hardware sales of Ehubos as well as other sources. EROAD is a vertically integrated technology company which allows the company to provide a better customer experience by integrating the complete user experience from hardware to software and services. This arrangement promotes strong customer relationships and ensures more stable revenues.

For a detailed description of EROAD's business, and terms including Units on Depot, Recurring Revenue and Retention Rate, which are non GAAP measures used by EROAD to manage the business, please refer to our [Prospectus](#) dated 18 July 2014. Total Contracted Units is a Non GAAP measure used by EROAD which represents Units on Depot and contracted sales that have been dispatched pending installation as at 31 March. Future Contracted Income is also a Non GAAP measure which represents future hardware and SAAS revenue under non-cancellable long term agreements for installed units as at 31 March.

Contact: Steven Newman CEO on +64 9 9274713.

Attachment

Summary financial statements



EROAD LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

	Group	
	31 March 2015	31 March 2014
	\$	\$
	Unaudited	Audited
Continuing operations		
Revenue	17,550,323	9,963,884
Expenses	(12,511,682)	(5,934,749)
Earnings before interest, taxation, depreciation, amortisation and costs of listing	5,038,641	4,029,135
Depreciation	(3,560,474)	(2,319,711)
Amortisation	(1,140,251)	(647,834)
Earnings before interest, taxation, and costs of listing	337,916	1,061,590
Finance income	843,662	80,070
Finance expense	(86,020)	(121,883)
Net financing costs	757,642	(41,813)
Profit/(loss) before tax expense and costs of listing	1,095,558	1,019,777
Costs of listing	(2,022,675)	-
Profit/(loss) before tax	(927,117)	1,019,777
Income tax (expense)/benefit	(293,563)	1,921,753
Profit/(loss) from continuing operations	(1,220,680)	2,941,530
Profit/(loss) after tax for the year attributable to the shareholders	(1,220,680)	2,941,530
Other comprehensive income	(61,715)	-
Total comprehensive income/(loss) for the year	(1,282,395)	2,941,530



EROAD LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	Group	
	31 March 2015	31 March 2014
	\$	\$
	Unaudited	Audited
CURRENT ASSETS		
Cash and cash equivalents	34,117,652	9,155,825
Trade and other receivables	4,307,835	1,219,196
Total Current Assets	38,425,487	10,375,021
NON-CURRENT ASSETS		
Property, plant and equipment	15,138,577	9,323,478
Intangible assets	15,816,083	9,974,274
Loan to shareholders and directors	279,996	-
Deferred tax assets	1,649,754	1,921,753
Total Non-Current Assets	32,884,410	21,219,505
TOTAL ASSETS	71,309,897	31,594,526
CURRENT LIABILITIES		
Bank loan	-	3,101,274
Trade payables and accruals	1,865,388	1,262,824
Payable to NZTA	9,567,274	6,629,209
Deferred revenue	4,082,183	4,632,303
Employee entitlements	718,867	549,054
Total Current Liabilities	16,233,712	16,174,664
NON-CURRENT LIABILITIES		
Deferred revenue	3,313,209	3,871,162
Total Non-Current Liabilities	3,313,209	3,871,162
TOTAL LIABILITIES	19,546,921	20,045,826
NET ASSETS	51,762,976	11,548,700
EQUITY		
Share capital	58,819,932	17,471,968
Translation reserve	(61,715)	-
Retained earnings	(6,995,241)	(5,923,268)
TOTAL SHAREHOLDERS' EQUITY	51,762,976	11,548,700



EROAD LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

Group	Share Capital	Retained Earnings	Translation Reserve	Total
	\$ Unaudited	\$ Unaudited	\$ Unaudited	\$ Unaudited
Balance at 1 April 2013	10,457,138	(8,864,798)	-	1,592,340
Profit after tax for the period	-	2,941,530	-	2,941,530
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period, net of tax	-	2,941,530	-	2,941,530
Share capital issued	7,014,830	-	-	7,014,830
Balance at 31 March 2014	17,471,968	(5,923,268)	-	11,548,700
Balance as at 1 April 2014	17,471,968	(5,923,268)	-	11,548,700
Profit after tax for the period	-	(1,220,680)	-	(1,220,680)
Equity settled share-based payments	-	148,707	-	148,707
Other comprehensive income	-	-	(61,715)	(61,715)
	-	(1,071,973)	(61,715)	(1,133,688)
Share capital issued	41,347,964	-	-	41,347,964
Balance at 31 March 2015	58,819,932	(6,995,241)	(61,715)	51,762,976



EROAD LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

	Group	
	31 March 2015	31 March 2014
	\$	\$
	Unaudited	Audited
Cash flows from operating activities		
Cash received from customers	13,353,611	7,671,844
Payments to suppliers and employees	(11,673,877)	(2,462,190)
Net interest received/ (paid)	757,642	(41,814)
Net cash inflow from operating activities before listing costs and NZTA collections	2,437,376	5,167,840
Payments made to suppliers in listing on NZX	(2,022,675)	-
Net cash received from customers / (paid to) NZTA	2,938,065	3,538,956
Net cash inflow from operating activities	3,352,766	8,706,796
Cash flows from investing activities		
Payments for purchase of property, plant & equipment	(9,375,573)	(5,822,382)
Payments for purchase of intangible assets	(6,982,060)	(5,302,900)
Net cash outflow from investing activities	(16,357,633)	(11,125,282)
Cash flows from financing activities		
Loan from / (repayment) bank	(3,101,274)	1,611,233
Loan from /(repayment) shareholders	-	(500,000)
Net proceeds from equity raising	41,067,968	7,014,829
Net cash outflow from financing activities	37,966,694	8,126,062
Net increase/(decrease) in cash held	24,961,827	5,707,576
Cash at beginning of the financial period	9,155,825	3,448,249
Closing cash and cash equivalents (net of overdrafts)	34,117,652	9,155,825



Earnings Per Share

	Group	
	31 March 2015 Unaudited	31 March 2014 Audited
Basic EPS ¹	(2.24)	6.66
Diluted EPS ¹	(2.24)	6.66

¹ Earnings per share for the year-ended 31 March 2014 has been adjusted to reflect the share split that occurred during the year-ended 31 March 2015.

Dividends paid/payable

No dividend is proposed.

Segment Information

	Revenue		Net profit/(loss) before taxation and costs of listing	
	31 March 2015 \$ Unaudited	31 March 2014 \$ Audited	31 March 2015 \$ Unaudited	31 March 2014 \$ Audited
Development markets	-	-	(2,061,984)	(1,325,578)
Commercial markets	384,078	-	(1,098,204)	-
Established markets	18,537,842	9,963,884	4,598,381	2,345,355
Elimination of inter-segment transactions	(1,371,597)	-	(342,635)	-
Reported amounts	17,550,323	9,963,884	1,095,558	1,019,777

Due to changes in the group and the information provided to the chief operating decision maker the group has changed its reportable segments from those reported in 2014. As a result comparative amounts in the operating segment disclosure above have been restated to align with the current year's presentation.