



MEDIA RELEASE

EROAD continues strong growth with revenue up by 55% for the half year

25 November 2015 EROAD Limited has grown revenue to \$12.2 million for the half year, up 55% on the same period last year. Units contracted with EROAD customers (Total Contracted Units) totalled 31,298 at 30 September 2015, up 58% from 19,864 at 30 September 2014.

Highlights

- Expanded sales presence into new states of Washington and Idaho
- Total Contracted Units in North America 3,158 up by over 300% since 30 September 2014
- Total Contracted Units in New Zealand/Australia 28,140 up by 47% since 30 September 2014
- Future Contracted Income reached \$47 million, up by 59% since 30 September 2014
- Customer Retention Rate remains strong at 98%
- Revenue at \$12.2 million up by 55% over same period last year
- Net Profit before tax \$0.9 million, up from \$0.1 million for the same period last year before costs of listing

Half-year to September 30, 2015

EROAD Limited (EROAD) (NZX:ERD) today reports financial performance in line with expectations, delivering another half year of strong revenue growth and increased market share in New Zealand.

"I am pleased with what has been achieved operationally during the six months. To have continued to grow strongly while adding a further 30 staff, including building our R&D teams, illustrates the exciting working environment EROAD has created," said EROAD Chairman, Michael Bushby.

Revenue totalled \$12.2 million for the six months, up by 55% from \$7.9 million for the same period last year. While sales were slower than anticipated in North America, the shortfall was made up for in New Zealand/Australia. With rental units now making up 91% of total unit sales, Future Contracted Income (FCI) climbed to \$47 million at 30 September 2015.

"Customers, both new and renewing, are choosing EROAD based on EROAD's breadth of services from Road User Charges (RUC) and Weight-Mile Tax (WMT) to driver behaviour, fleet performance and electronic logbooks," said Mr Bushby. "EROAD's market leading tax capability, combined with our breadth of commercial and compliance services, supports EROAD's very high customer retention rate of 98%."

Revenue growth was supported by EROAD's launch of a number of new services as well as enhancements to its platform. These services utilise the EROAD platform's online, in-cab and mobile capabilities. EROAD also launched its next generation in-cab unit, Ehubo2, in New Zealand, enabling additional services such as EZmessage and Drive Buddy, which help customers improve both commercial and health and safety outcomes.

In Oregon, EROAD accepted slower WMT sales growth to complete a re-organisation of its business to address significant opportunities earlier than anticipated. It re-positioned some of its sales team into neighbouring states, established an indirect sales channel, and brought forward R&D on new services. "While



this contributed to lower revenue in Oregon, we are satisfied it is in the best interests of EROAD in the long term,” said EROAD Chief Executive Steven Newman

Outlook for full year to March 2016

EROAD’s strategic priorities remain unchanged. The company has a broad, high quality service offering, built on tax compliance (RUC, WMT and International Fuel Tax Agreement (IFTA)) which allows it to competitively target customers in New Zealand and North America.

Overall EROAD expects its full year results to be in line with guidance released to the NZX on 28 September 2015. The New Zealand business is expected to continue to achieve strong sales growth in the second half year. EROAD’s North American performance in the second half year will be influenced by:

- proving the direct sales model and sales teams in new states of Washington and Idaho;
- training the relatively new Oregon sales team;
- evaluating and implementing the indirect sales strategy; while
- awaiting the publication of the recently approved FMCSA* Electronic Logging Devices (ELD) mandate, which will provide customers with more certainty to make a purchase decision.

We will update the market on 29 January 2016 as to our progress in North America and New Zealand.

Consistent with its dividend policy, EROAD does not intend to pay an interim dividend for the year 31 March 2016.

Operational summary

New Zealand’s continued strong growth

EROAD has collected \$834 million in RUC since 2009, and is now collecting 31% of New Zealand’s total annualised Heavy Vehicle RUC, up from 26% at September 2014.

While RUC was the main driver of demand in the early years, customers are increasingly seeking solutions to other compliance needs, especially in the area of health and safety. EROAD has continued to expand its services, specific to industry, business or vehicle type, and these are contributing to the company’s continued growth.

EROAD has a range of new developments it intends to release in the coming months, to leverage its next generation Ehubo2.

Significant market opportunities in North America

Although sales in Oregon have not grown as quickly as the company would have liked, it is worth noting that, after 18 months in the North American market, EROAD’s sales are some 90% ahead of New Zealand sales at the equivalent point of market entry in New Zealand.

EROAD chief executive Steven Newman said, “We are satisfied we have proven there is a market with 306,000 heavy vehicles registered for Oregon WMT, and we expect the Oregon-based business to grow consistently in the coming years, particularly when the FMCSA ELD mandate is published which will provide more certainty to the transport industry when making technology decisions.

“More than 200,000 of the 306,000 heavy vehicles registered for Oregon WMT are based outside Oregon, many in the neighbouring states.

*FMCSA – U.S. Department of Transport, Federal Motor Carrier Safety Administration



"We have replicated, initially in a small way, our direct sales model into two neighbouring states, Washington and Idaho. Our focus for the coming six months is to get the direct sales model working effectively such that our sales teams in each state are delivering efficiently."

Given the broader opportunity in the North American transport market arising from two key regulations, 1) IFTA and 2) the imminent FMCSA Electronic Logging Devices (ELD) mandate, EROAD has supplemented its three direct sales teams with the development of an indirect sales channel capable of making larger-scale sales right across the United States and Canada.

"This enables us to address the 4.5 million vehicles subject to one or both of these regulations," Steven Newman said. "This is a substantial opportunity over and above Oregon WMT services."

EROAD's indirect sales channel focuses on partnering with larger networks serving transport fleets, such as transport service companies, fleet lease companies and insurance companies.

"I will be spending considerable time with our newly established indirect sales team to ensure we build an effective sales pipeline," Steven Newman said. "Many of the opportunities addressable in this way involve larger transport fleets."

"By year end, with the FMCSA ELD mandate published, we plan to have an established footprint of four sales teams, Oregon, Washington, Idaho and Indirect Sales, to provide us better access to the North America wide IFTA and ELD/Electronic Logging Service (ELS) opportunities."

EROAD Team

During the six months, EROAD has had success in attracting new talent, and has recruited a full complement of R&D team members.

A number of promotions were made in the New Zealand sales team in October. Tony Warwood was promoted from National Sales Manager to General Manager, EROAD New Zealand, supported by Andrew Davies as Australia/New Zealand Sales Manager; and Guy Hocquard as Commercial Manager New Zealand.

Peter Batcheler, Executive Vice President of Global Sales, resigned in November.

"I'd like to acknowledge Peter's commitment to EROAD over the past eight years," Steven Newman said.

Steven Newman will be based in Portland, Oregon for the next six months to support EROAD's management, training and sales focus in North America.

Research and Development key to capturing our share of North American opportunities

"We have the resources and expertise to deliver on our development goals over the next 12 months," Steven Newman said.

"Investment in our technology platform and suite of services remains a key focus for development. Development of services relating to nationwide IFTA, ELS and ELD are all progressing well, and will hit full productivity when the ELD ruling is published, which is imminent," he said.



Summary financial statements

Attached to this release are unaudited summary financial statements. The summary financial statements for the six months ended 30 September 2015 and the comparative financial information for the six months ended 30 September 2014 have been prepared under the New Zealand equivalents to International Financial Reporting Standards.

About EROAD

EROAD is a fully integrated technology, tolling and services provider. It was the first company to implement a GNSS/cellular-based road charging solution across an entire country. Its advanced technology provides road charging, compliance and commercial services with the same platform to lower overall client and delivery costs.

The EROAD system consists of a secure electronic distance recorder (Ehubo), integrated with mobile applications, and an online bank-grade payment gateway and services portal. It undertakes design and manufacture of our Ehubos, as well as software development, from our headquarters in Auckland.

EROAD's successful New Zealand reference site provided it with the opportunity to enter the international market. In 2014 EROAD commercially launched in Oregon, becoming the first approved electronic WMT service provider in North America.

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. For more information please visit www.eroad.com.

For a detailed description of EROAD's business, and terms including Total Contracted Units, Future Contracted Income and Retention Rate, which are non GAAP measures used by EROAD to manage the business, please refer to the final page of the November 2015 Investor Presentation, uploaded to the NZX with this announcement.

Contact: Steven Newman CEO on +64 9 9274713.

Attachment: Summary financial statements



Summary financial statements

EROAD LIMITED		
STATEMENT OF INCOME		
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015		
	Group	
	30 September 2015	30 September 2014
	\$	\$
	Unaudited	Unaudited
Revenue	12,215,543	7,872,105
Expenses	(9,470,649)	(5,552,361)
Earnings before interest, taxation, depreciation, amortisation and costs of listing	2,744,894	2,319,744
Depreciation	(1,821,493)	(1,652,887)
Amortisation	(798,149)	(691,155)
Earnings before interest, taxation, and costs of listing	125,252	(24,298)
Finance income	908,332	203,141
Finance expense	(182,822)	(86,020)
Net financing costs	725,510	117,121
Profit/(loss) before tax expense and costs of listing	850,762	92,823
Costs of listing	-	(1,970,566)
Profit/(loss) before tax	850,762	(1,877,743)
Income tax expense	(239,335)	(22,704)
Profit/(loss) after tax for the six month period	611,427	(1,900,447)
Earnings per share - Basic & Diluted (cents)	1.02	(3.84)



EROAD LIMITED		
STATEMENT OF FINANCIAL POSITION		
AS AT 30 SEPTEMBER 2015		
	Group	
	30 September 2015	30 September 2014
	\$	\$
	Unaudited	Unaudited
CURRENT ASSETS		
Cash and cash equivalents	19,166,956	40,558,978
Trade and other receivables	4,574,873	2,210,717
Finance lease receivables	259,358	-
Loan to shareholders and directors	279,996	-
Current tax receivable	406,066	136,299
Total Current Assets	24,687,249	42,905,994
NON-CURRENT ASSETS		
Property, plant and equipment	20,030,544	12,450,009
Intangible assets	19,005,149	11,790,520
Finance lease receivable	748,774	-
Loan to shareholders and directors	-	279,996
Deferred tax assets	1,400,129	1,899,041
Total Non-Current Assets	41,184,596	26,419,566
TOTAL ASSETS	65,871,845	69,325,560
CURRENT LIABILITIES		
Trade payables and accruals	1,995,929	1,608,069
Payable to NZTA	4,419,685	7,699,329
Deferred revenue	3,999,883	4,578,146
Employee entitlements	689,138	717,247
Total Current Liabilities	11,104,635	14,602,791
NON-CURRENT LIABILITIES		
Deferred revenue	2,676,757	3,711,664
Total Non-Current Liabilities	2,676,757	3,711,664
TOTAL LIABILITIES	13,781,392	18,314,455
NET ASSETS	52,090,453	51,011,105
EQUITY		
Share capital	58,819,932	58,834,820
Translation reserve	(409,224)	-
Retained earnings	(6,320,255)	(7,823,715)
TOTAL SHAREHOLDERS' EQUITY	52,090,453	51,011,105



EROAD LIMITED			
STATEMENT OF CONDENSED CONSOLIDATED CASH FLOWS			
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015			
	Group		
	30 September 2015	30 September 2014	
	\$	\$	
	Unaudited	Unaudited	
Cash flows from operating activities			
Cash received from customers	9,824,711	6,622,148	
Payments to suppliers and employees	(9,643,497)	(5,090,720)	
Net interest received/ (paid)	953,702	117,122	
Net tax paid	(237,348)	(91,517)	
Net cash inflow from operating activities before NZTA collections & listing costs	897,568	1,557,033	
Payments made to suppliers in listing on NZX	-	(1,970,566)	
Net cash received from customers / (paid to) NZTA	(5,147,589)	1,070,121	
Net cash inflow from operating activities	(4,250,021)	656,588	
Cash flows from investing activities			
Payments for purchase of property, plant & equipment	(6,713,460)	(4,727,613)	
Payments for purchase of intangible assets	(3,987,215)	(2,507,401)	
Net cash outflow from investing activities	(10,700,675)	(7,235,014)	
Cash flows from financing activities			
Loan from / (repayment) bank	-	(3,101,274)	
Net proceeds from equity raising	-	41,082,854	
Net cash outflow from financing activities	-	37,981,580	
Net increase/(decrease) in cash held	(14,950,696)	31,403,154	
Cash at beginning of the financial period	34,117,652	9,155,824	
Closing cash and cash equivalents (net of overdrafts)	19,166,956	40,558,978	



EROAD Limited		
Results for announcement to the market		
Reporting Period	Half Year 1 April 2015 to 30 September 2015	
Previous Reporting Period	Half Year 1 April 2014 to 30 September 2014	
	Amount (000s)	Percentage change
Sales revenue from ordinary activities	\$NZ12,216	55%
Profit from ordinary activities after tax attributable to shareholders	\$NZ611	132%
Net profit attributable to shareholders	\$NZ611	132%
Interim Dividend	Gross amount per share	Imputed amount per share
	No dividend is proposed	No dividend is proposed
Record Date	Not Applicable	
Dividend payment date	Not applicable	
Audit	The summary financial statements attached to this announcement have not been audited	
Comments	Refer to prior pages for commentary. Total Contracted Units, Units on Depot, Future Contracted Income, Customer Retention Rate and Net Operating Profit before Non-operating costs are non GAAP measures used by EROAD to manage the business.	
Net tangible assets per security	30 September 2015	30 September 2014
	\$0.55	\$0.65