

EROAD

Half Year Investor Presentation



November 2015

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Important information

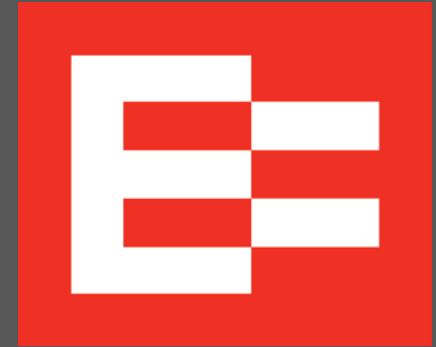
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Where a year is followed by a (G) this indicates information based upon the guidance provided on 28 September 2015.

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EROAD OVERVIEW



EROAD in New Zealand and Australia

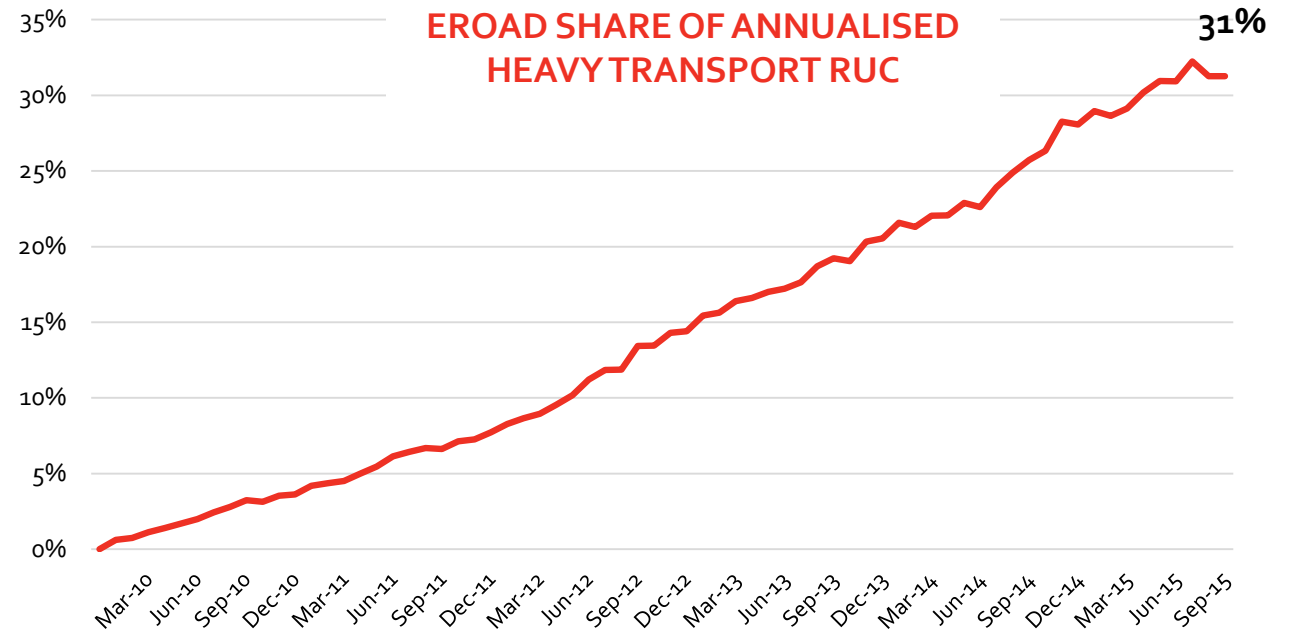


NEW ZEALAND

- **\$1.4 billion** of RUC is collected annually – **\$950 million** from **155,000** Heavy Vehicles
- All vehicles over 3.5 tonnes must be fitted with an approved distance recorder
- EROAD collects **31%**, of all Heavy Vehicle RUC, up from **26%** last year – with a current annualised collection rate of **\$337 million**

AUSTRALIA

- Australia has an estimated **700,000** Heavy Vehicles and **2.6 million** light commercial vehicles
- To date, EROAD's small Australian team has sold the majority of units to Australia based EROAD New Zealand customers
- Growing political interest in road user based charging
- With EROAD at **28,100** units across Australia and New Zealand there is capacity for continued growth



2014 **26%**
RUC Market Share

2015 **31%** ▲
RUC Market Share

\$337
million
Annualised collection rate

28,100
units
Across Australia and NZ

EROAD in North America



OREGON

- In April 2014, after three years of pilots and regulatory audits, EROAD launched its Ehubo 2, designed to support Weight Mile Tax (WMT) in Oregon and a wide range of regulatory and commercial services across the North American market
- There are **306,000** vehicles registered for Oregon WMT, with an estimated **100,000** vehicles based in Oregon
- With EROAD at **2,700** units in Oregon based vehicles it is now established in Oregon.

NORTH AMERICA

- North America has a number of significant Federal regulations that affect heavy vehicles including IFTA and ELD/ELS, discussed below.
- IFTA (International Fuel Tax Agreement) covers **2.9 million** vehicles across US States and Canadian Provinces requiring accurate reporting of mileage and fuel consumption, by state, to calculate fuel tax.
- ELD/ELS covers all US States, requiring **4.5 million** Inter-state heavy vehicles to fit and Electronic Logging Device (ELD), and adopt electronic recording of driver hours (ELS), within 2 years of final rule making, which is expected imminently.
- EROAD recently expanded into neighbouring Washington and Idaho to target WMT and IFTA as well as building a footprint to service ELD/ELS. At September 2015 EROAD had **500** units in vehicles based outside Oregon.
- EROAD also established an indirect sales team to evaluate accessing states across North America through channel partners.



2,700
units

Based in Oregon

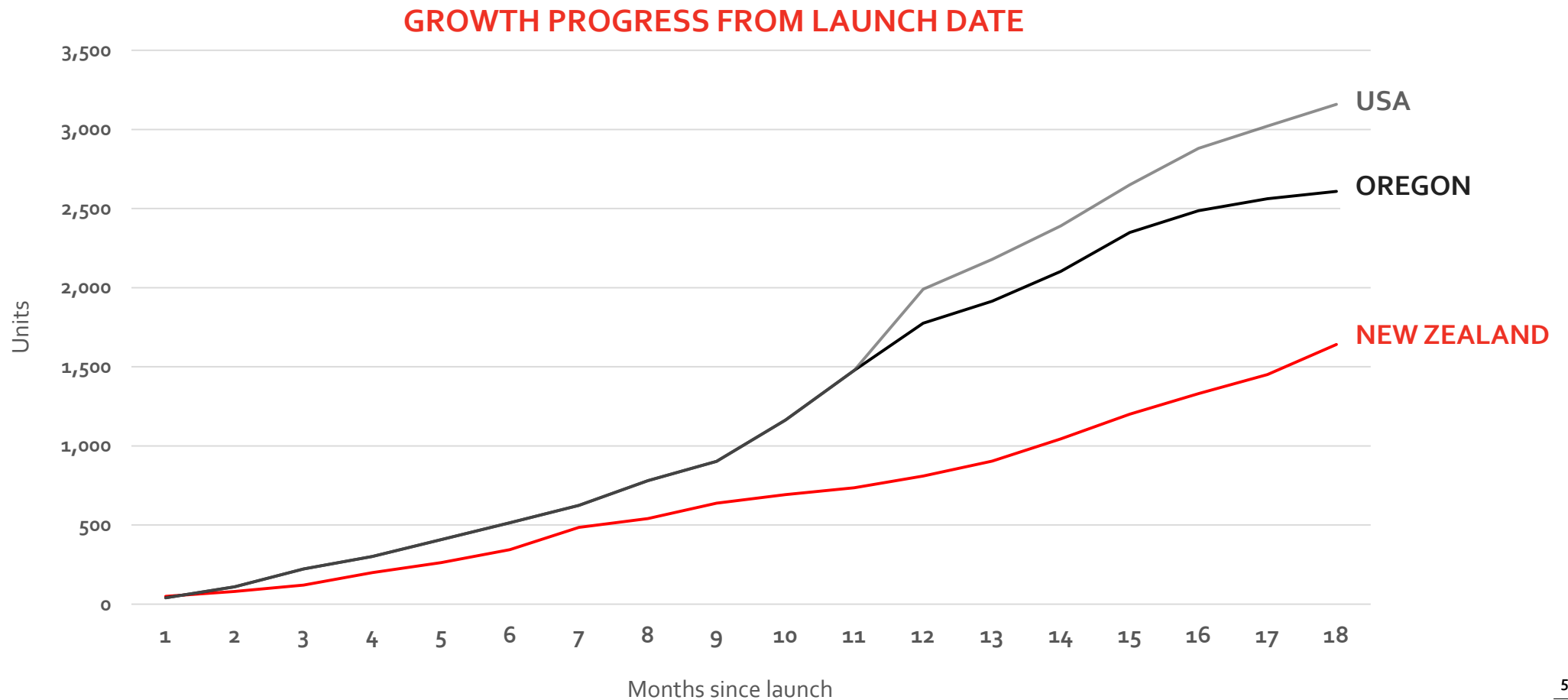
500
units

Outside of Oregon

EROAD progress to date in North America compared to New Zealand



Our entry into North America has seen growth **90% above** that achieved in New Zealand



HALF YEAR RESULTS



Achievements – Half Year 2016



Launched teams into new states, **Washington and Idaho**



Launched IFTA service in **Oregon and neighbouring states**



Launched next generation **Ehuboz** in **New Zealand market**



Launched “**Drive Buddy**” driver behaviour safety feature in **NZ**



Partnered with NZ’s largest commercial vehicle insurer, **NZI**, to offer **insurance service**



Progressed R&D for IFTA & **ELD/ELS** for the North American market



Grew staff numbers to **180**, up **58%** on Sept 2014, of **114**



Attracted R&D staff to achieve targeted quota



Moved to larger offices in Oregon to support **US wide growth**



Collected **31%**, up from **26%**, of Heavy Vehicle RUC in New Zealand



Awarded Callaghan Growth Grant funding, est. **\$2m** over 3 years



Recognised in the **Deloitte Fast 50 2015** for the third year

Half Year 2016 – overview



Continued **strong growth** over same period last year

	6 months ended 30 Sept 2015	6 months ended 30 Sept 2014	% increase
Revenue (\$000)	12,216	7,872	55%
EBITDA* before Non Operating Costs# (\$000)	2,745	2,320	18%
<i>EBITDA* before Non Operating Costs# margin</i>	22.5%	29.5%	
EBIT before Non Operating Costs# (\$000)	125	(24)	N/A
Net Profit before tax and Non Operating Costs# (\$000)	851	93	817%
Total Contracted Units	31,298	19,864	58%
Future Contracted Income(\$000)	46,950	29,577	59%
Retention Rate (12 months to 30 Sept)	98.0%	99.4%	N/A

* Earnings before interest, tax, depreciation and amortisation and Non Operating Costs

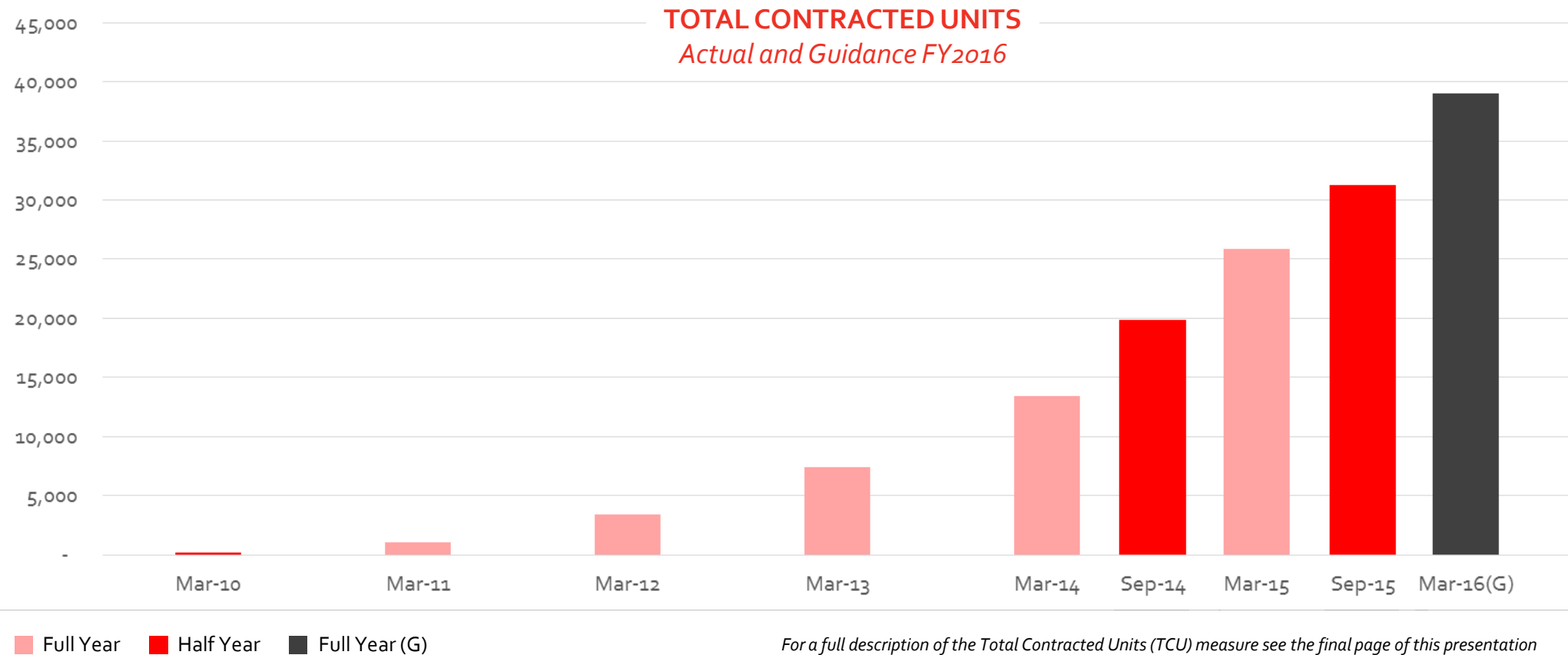
Non Operating Costs are \$2.0 million of Listing costs in the 6 months ended 30 September 2014

For full description of non GAAP measures see the final page of this presentation

Total Contracted Units



Total Contracted Units **grew by 58%** over the year to 30 September 2015

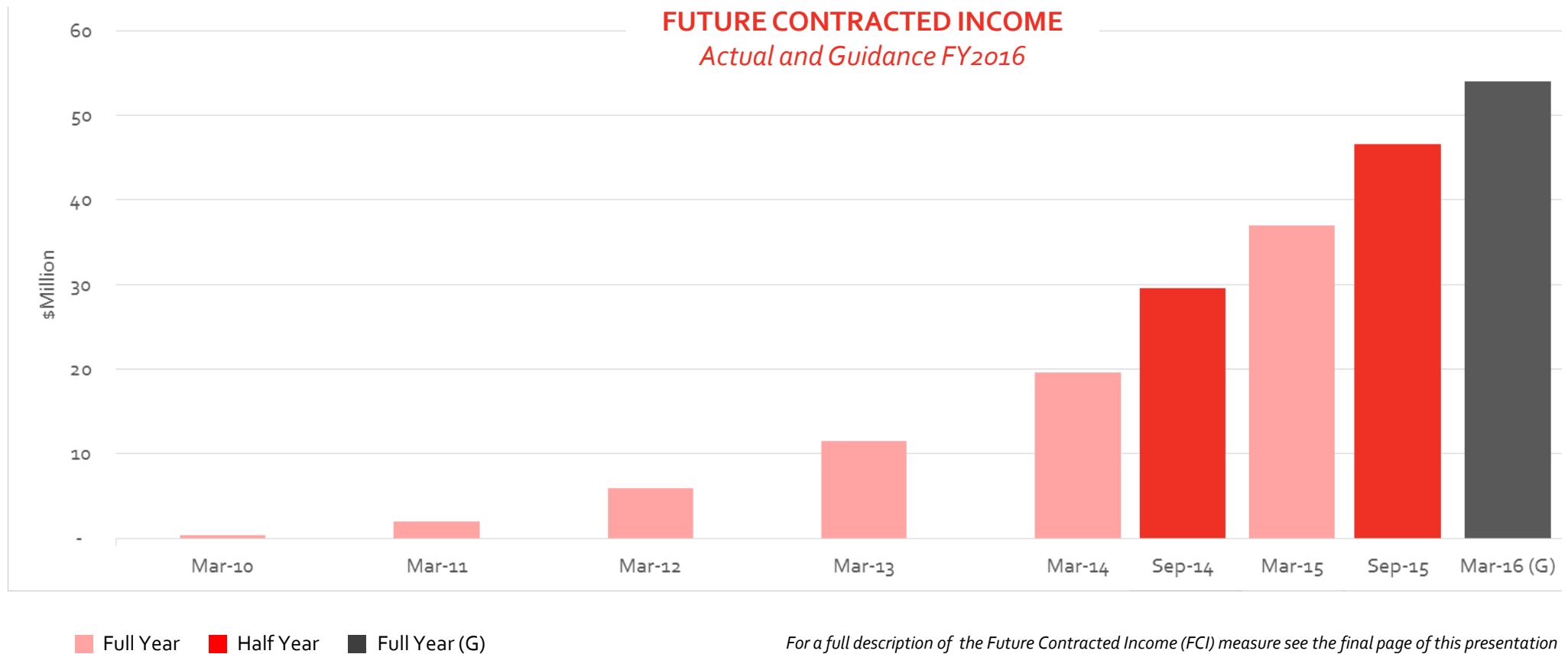


For a full description of the Total Contracted Units (TCU) measure see the final page of this presentation

Future Contracted Income



FCI has grown by **59%**, in line with unit growth, driven both by renewed contracts and continued sales growth



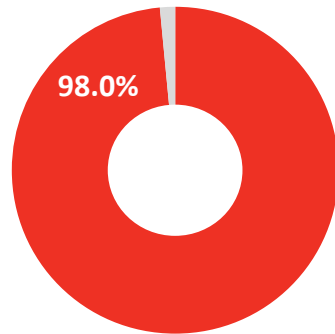
Sales analysis



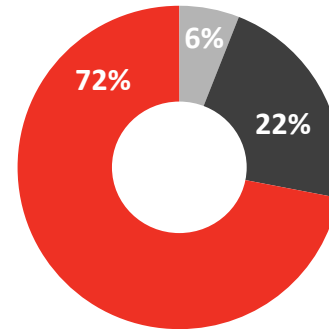
We have **continued to grow** consistently with high customer retention

CUSTOMER RETENTION RATE

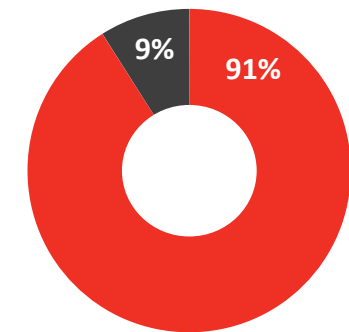
SEPTEMBER 2015



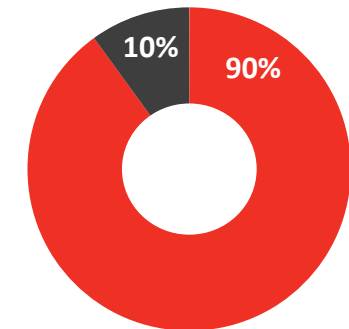
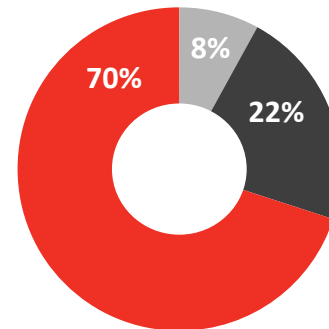
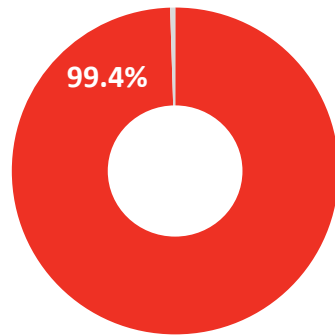
PRODUCT MIX



RENTAL VERSUS SALE



SEPTEMBER 2014



For a full description of Retention Rate see the final page of this presentation

■ Ehubo/Tubo ■ EhuboLITE ■ Elocate

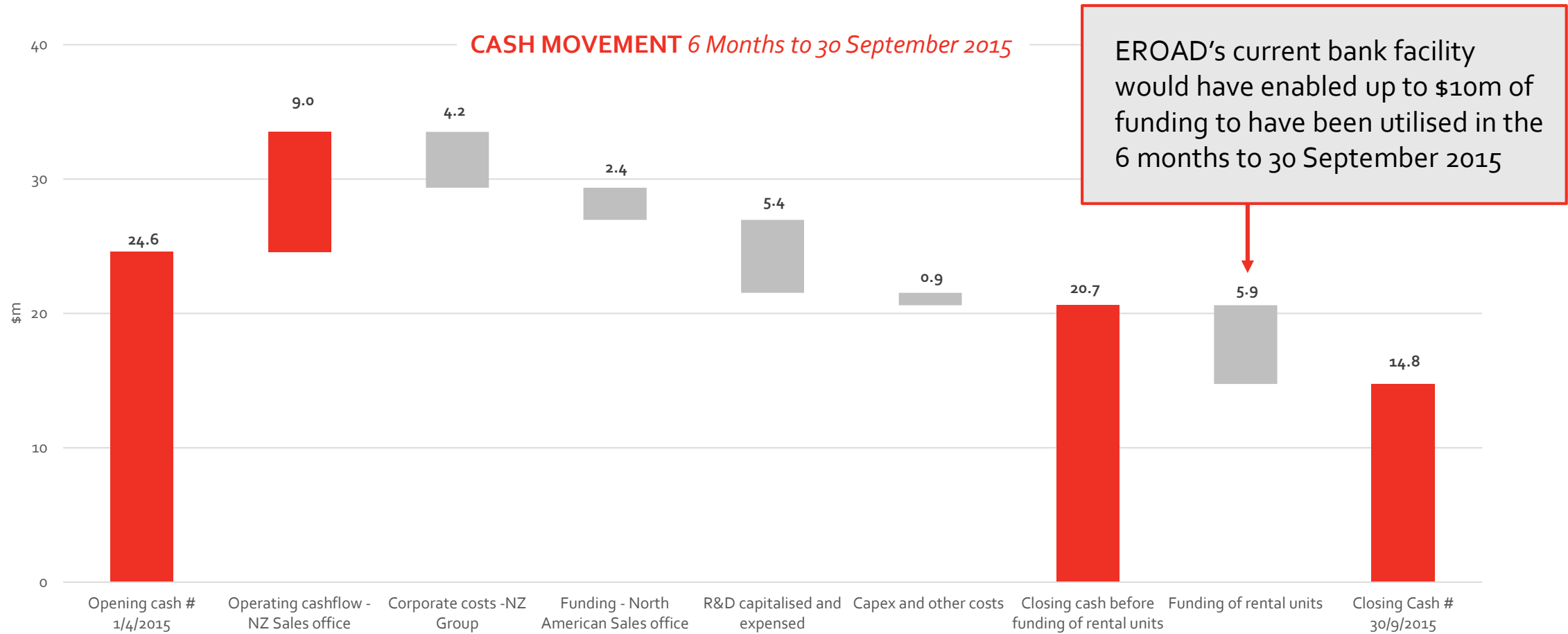
■ Rented
■ Sold

Based on Total Contracted Units at that date

Cash utilisation for the 6 months to 30 September 2015



Cash generated from New Zealand operations has been utilised to fund R&D, operations and Rentals



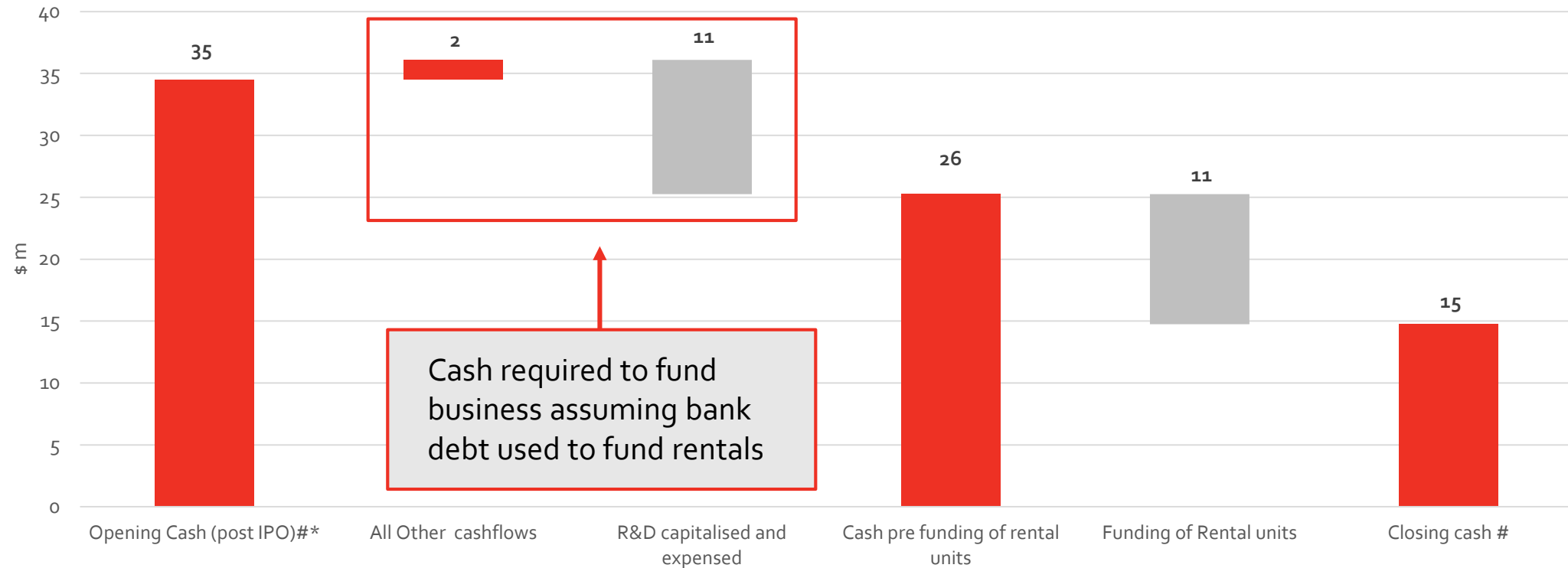
Excludes restricted NZTA cash

Cash utilisation for the 12 months to 30 September 2015



EROAD has sufficient cash and debt facilities to fund anticipated growth

ANNUAL CASH UTILISATION *30 September 2015*



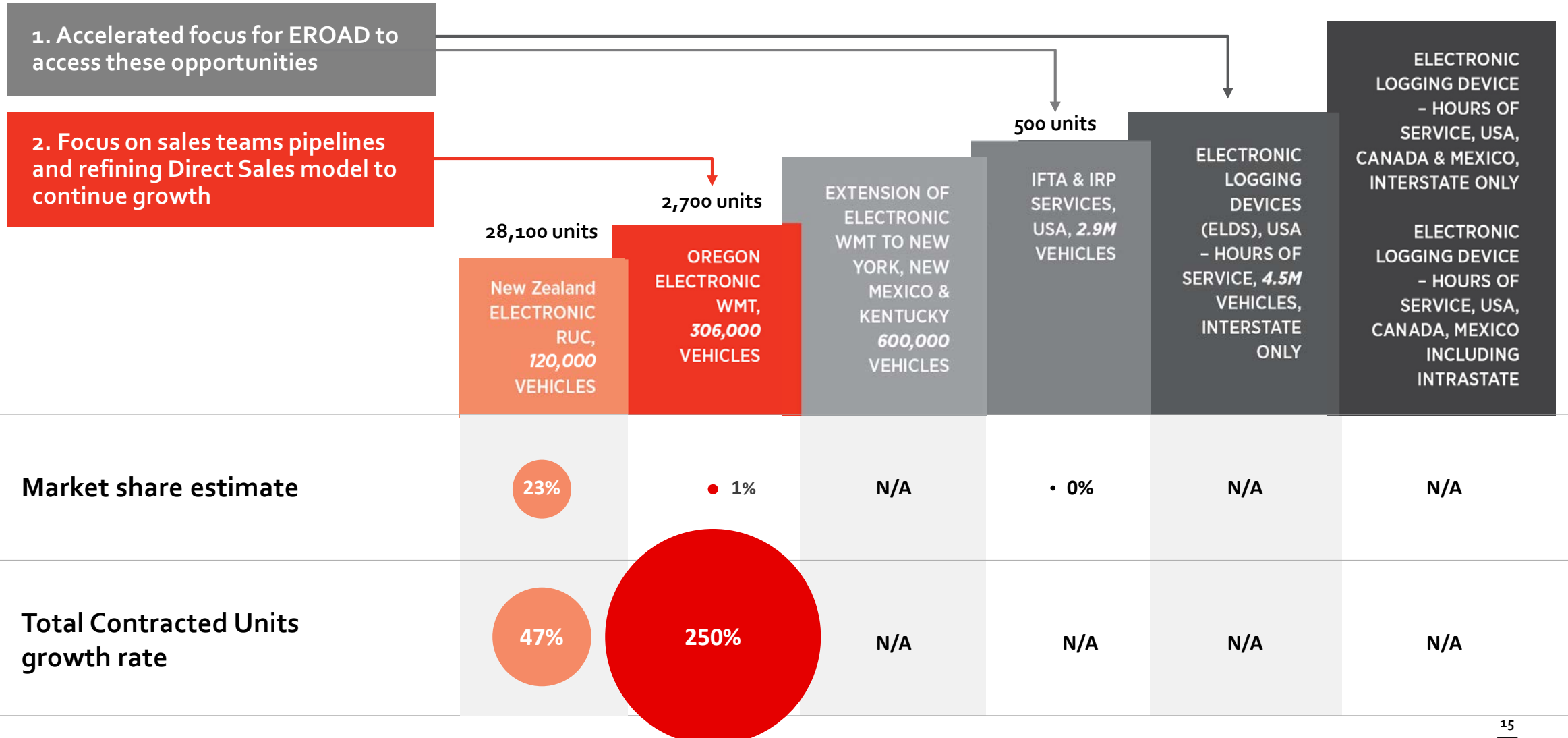
* After payment of IPO costs and repayment of bank debt

Excludes restricted NZTA cash

EROAD NORTH AMERICA










North America: Focus on significant opportunities & our Direct Sales model






North America: Market entry experience to date



EROAD has made **good progress** but it has taken longer than anticipated

-  **New Product:**
Market leading and gaining acceptance
-  **New Market:**
Proven, over 3,000 units
-  **New Brand for Regulators:**
Endorsed by ODOT and building with other national regulators
-  **New Service:**
Requires time and customer education e.g. Pilots
-  **New Sales team:**
Requires training, knowledge and experience
-  **New Brand for Customers:**
Requires time and marketing
-  **Pending legislation:**
Often reason to defer buying decision

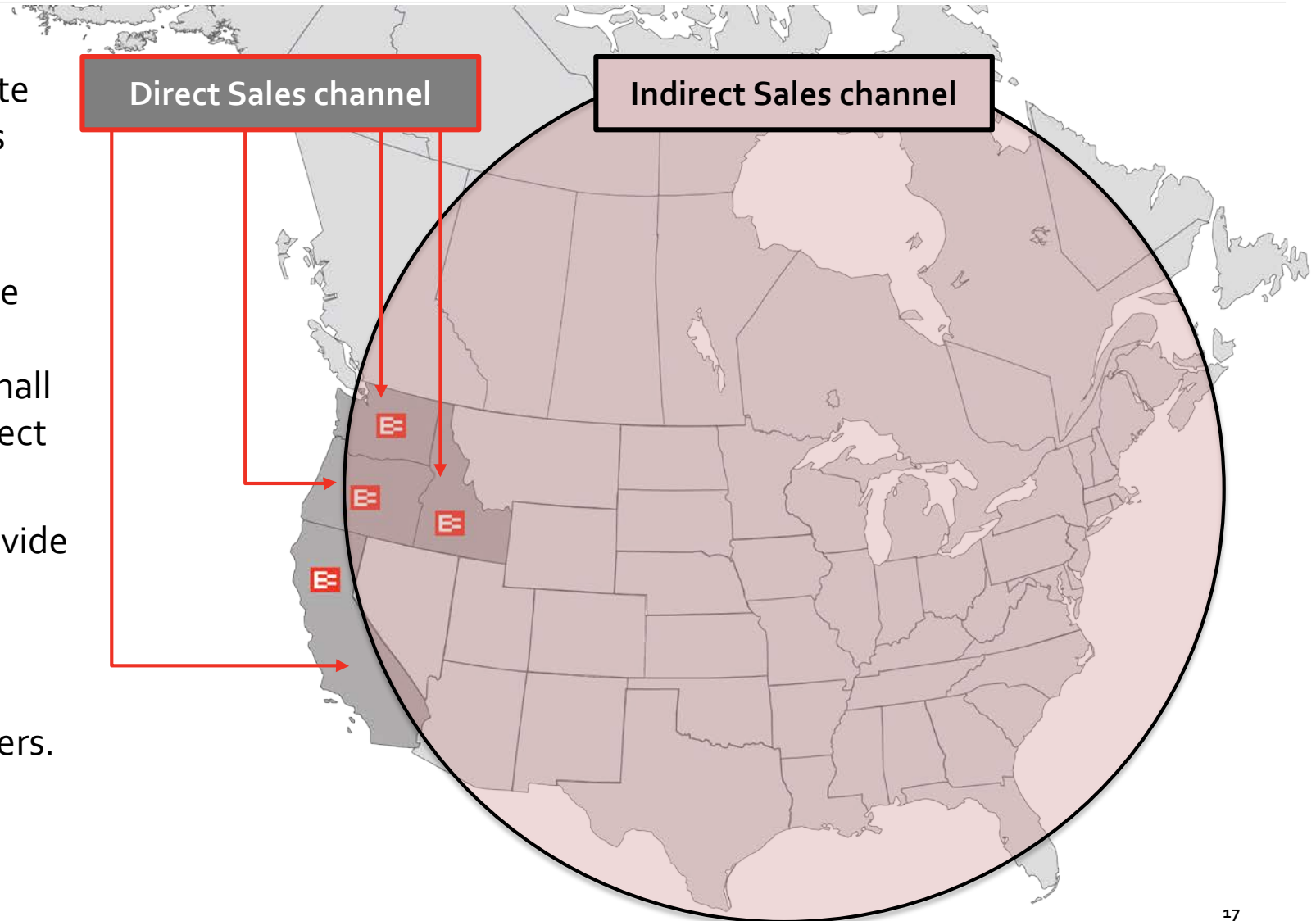
-  Progressing positively
-  Receiving attention
-  Significant challenge

North America: Direct and Indirect Sales channels



- Our Direct Sales channel, with state based staff and operations*, gives EROAD “on the ground” access to customers and regulators.
- To access the North American wide opportunities including IFTA and ELD/ELS we have established a small team to design and build the Indirect Sales channel.
- The Indirect Sales channel will provide EROAD with nationwide:
 - scalability;
 - speed to market; and
 - lower cost to acquire customers.

* Launched in Oregon, Washington and Idaho to date.



North America: Key focus and actions



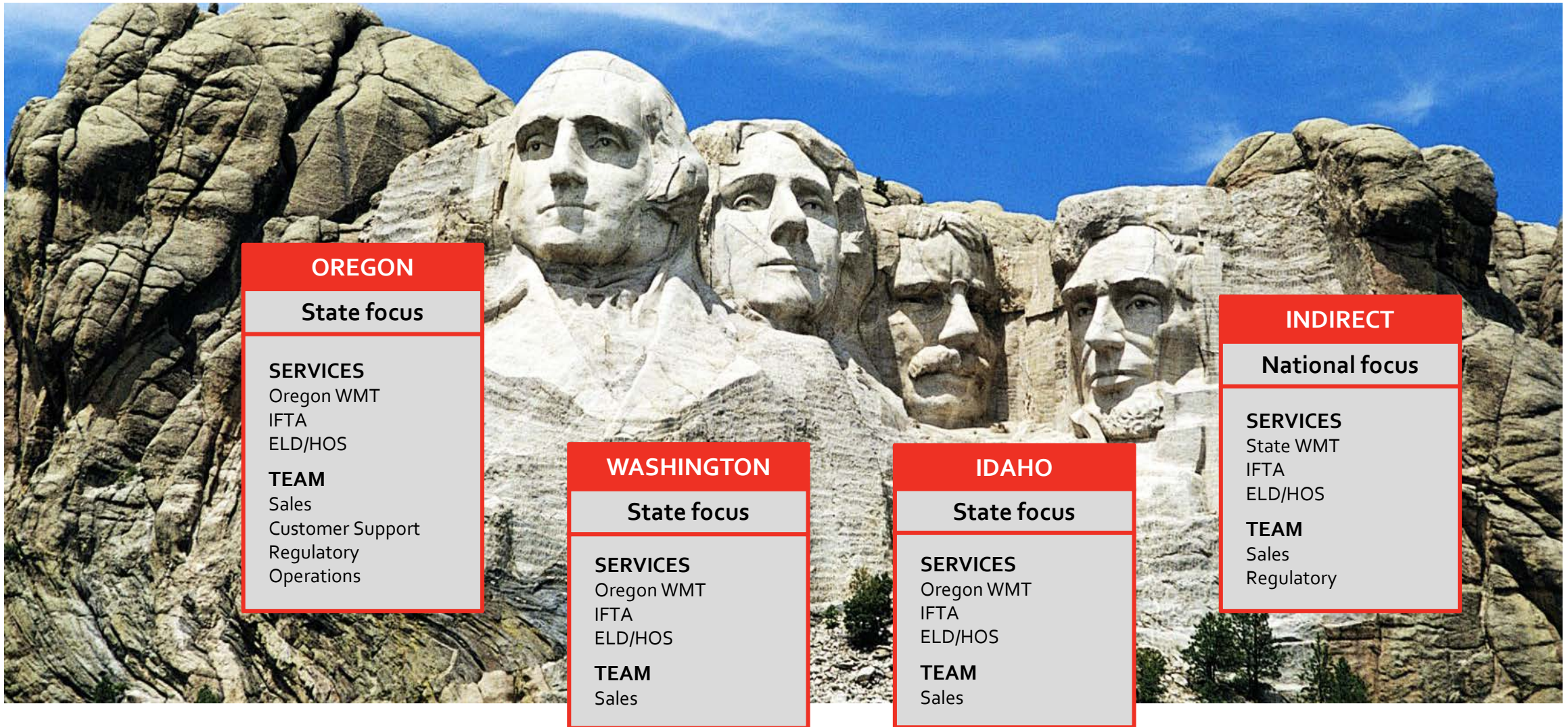
KEY FOCUS

1. Sales training and support to strengthen state based Direct Sales channel
2. Understand accessibility and scalability of Indirect Sales channel
3. Existing customer engagement to drive referrals
4. Customer involvement in trials to build awareness and relationships

KEY ACTIONS

1. CEO, Steven Newman, based in North America for next 6 months
2. Building management capability in North America
3. R&D team to complete development to meet business demands and finalised ELD/ELS legislation
4. Engagement with local and national regulators

North America: Footprint of four sales teams by year end



OREGON

State focus

SERVICES
Oregon WMT
IFTA
ELD/HOS

TEAM
Sales
Customer Support
Regulatory
Operations

WASHINGTON

State focus

SERVICES
Oregon WMT
IFTA
ELD/HOS

TEAM
Sales

IDAHO

State focus

SERVICES
Oregon WMT
IFTA
ELD/HOS

TEAM
Sales

INDIRECT

National focus

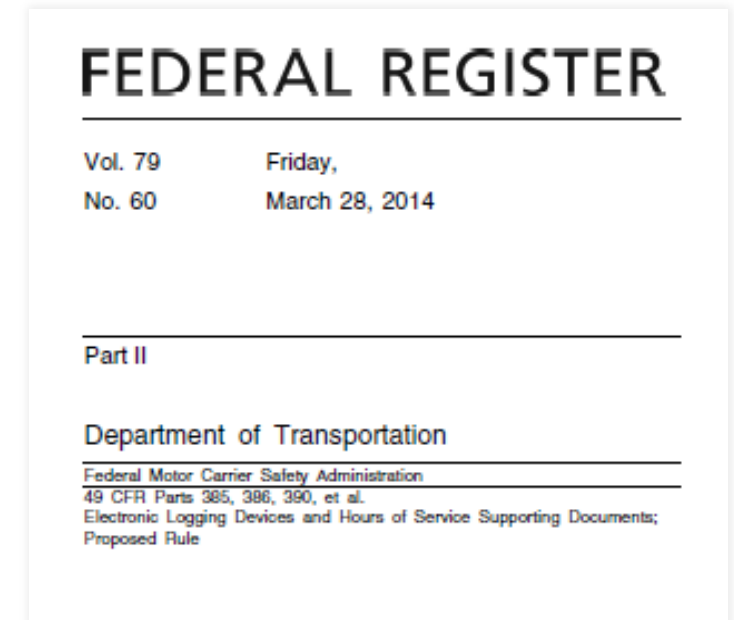
SERVICES
State WMT
IFTA
ELD/HOS

TEAM
Sales
Regulatory

North America: The ELD/ELS opportunity for EROAD



- **US FEDERAL MANDATE** for commercial motor carriers and drivers to adopt ELDs will soon be published, having been **approved** by the White House Office of Management and Budget on **17 November 2015**.
- **AT LEAST 4.5 MILLION** commercial heavy vehicles will need to be fitted with compliant hardware ELDs over the next 2 – 4 years.
- **NO ELD PROVIDERS** today because must be registered on the FMCSA registry upon satisfying the yet to be published ELD specifications.
- **CHANGE WILL AFFECT** many carriers and drivers in the industry and create a 'level playing field':
 - **From paper to electronic solutions** – as approximately 75% of drivers still use paper logbooks.
 - **From legacy to modern technology** – as many existing hardware solutions will not be able to satisfy the new ELD requirements and carriers will require costly replacement of the hardware equipment.



PRODUCTS AND CUSTOMERS



EROAD's platform enhancements

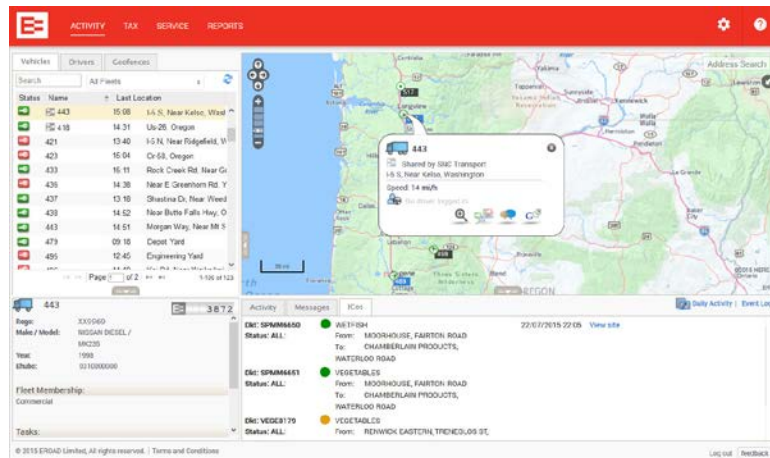


Our platform enhancements help drive sales and renewals

EROAD SHARE

Providing access to Depot for commercial partners of our customers

Online platform



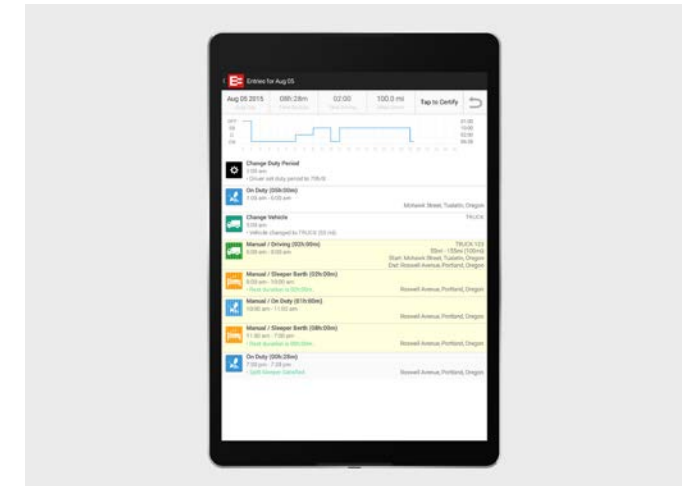
NEXT GENERATION EHUBO₂ (NZ)

In-cab platform



ELECTRONIC LOGBOOK (NZ)

Mobile platform



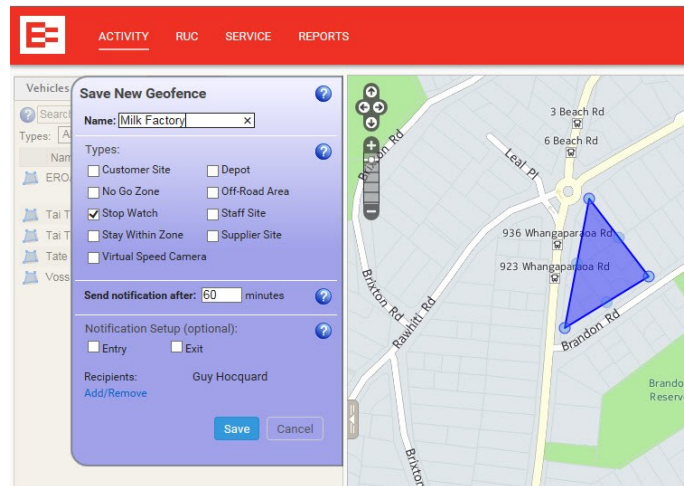
EROAD's new services



Our innovative new services help **drive sales**

STOP WATCH GEOFENCE

Online service



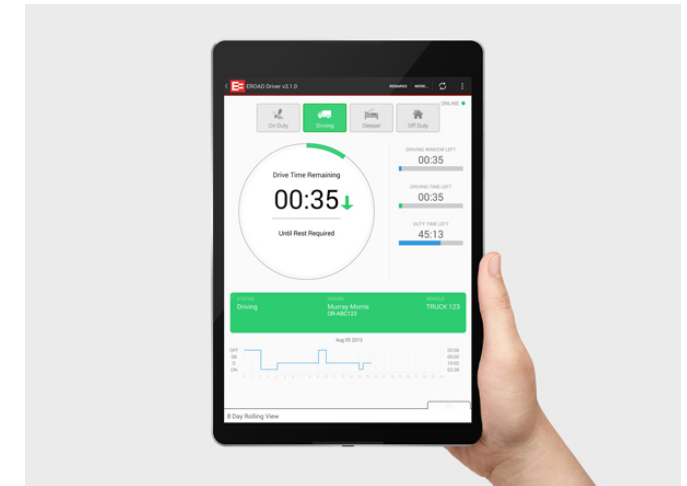
DRIVER BEHAVIOUR (DRIVE BUDDY) (NZ)

In-cab service



ELECTRONIC LOGGING SYSTEM (ELS) (US)

Mobile service

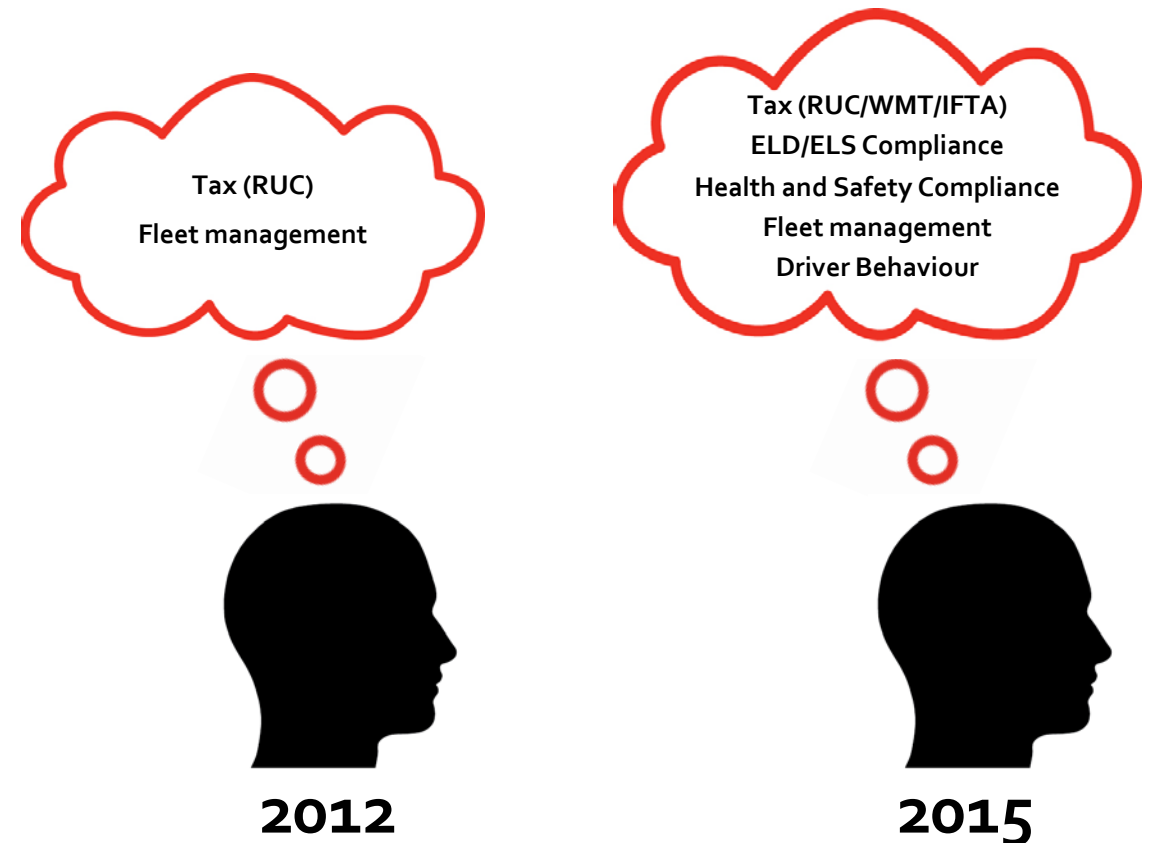


EROAD's new services are driving sales



Our new services are helping to meet our customers' increasingly diverse needs

- EROAD's platform enables the collection of accurate data to provide Tax, Compliance and Commercial services.
- Tax services (RUC) were the dominant sales driver in 2012 in New Zealand.
- Additional Compliance and Commercial services have become increasingly important to all EROAD customers.
- Recent additions to EROAD's services, driver behavior and Health & Safety Compliance, are expected to help drive future sales
- The imminent ELD/ELS regulation is a key concern for customers in North America



Customer case studies



In Appendix 2 we present six customers from a variety of industries and markets to demonstrate the drivers of EROAD's **55%** revenue growth, high contract renewals and consequential very high **98%** retention rate.

FOR NEW CUSTOMERS

- EROAD's **breadth of services** is helping to drive sales.
- EROAD's commitment to a **clear development path** is also helping to drive sales.
- In North America **customer referrals** are an important contributor to sales growth.

FOR CUSTOMERS RENEWING CONTRACTS

- A growing number of customers have now had **6 years of reliable service**.
- As customers have experienced EROAD's technology and services many have **integrated their systems** with EROAD.
- Customer's businesses are changing with a growing emphasis on **Commercial** fleet management and **Compliance** Health & Safety, as well as **Tax**.



K & M Maras



EROAD OUTLOOK AND STRATEGY

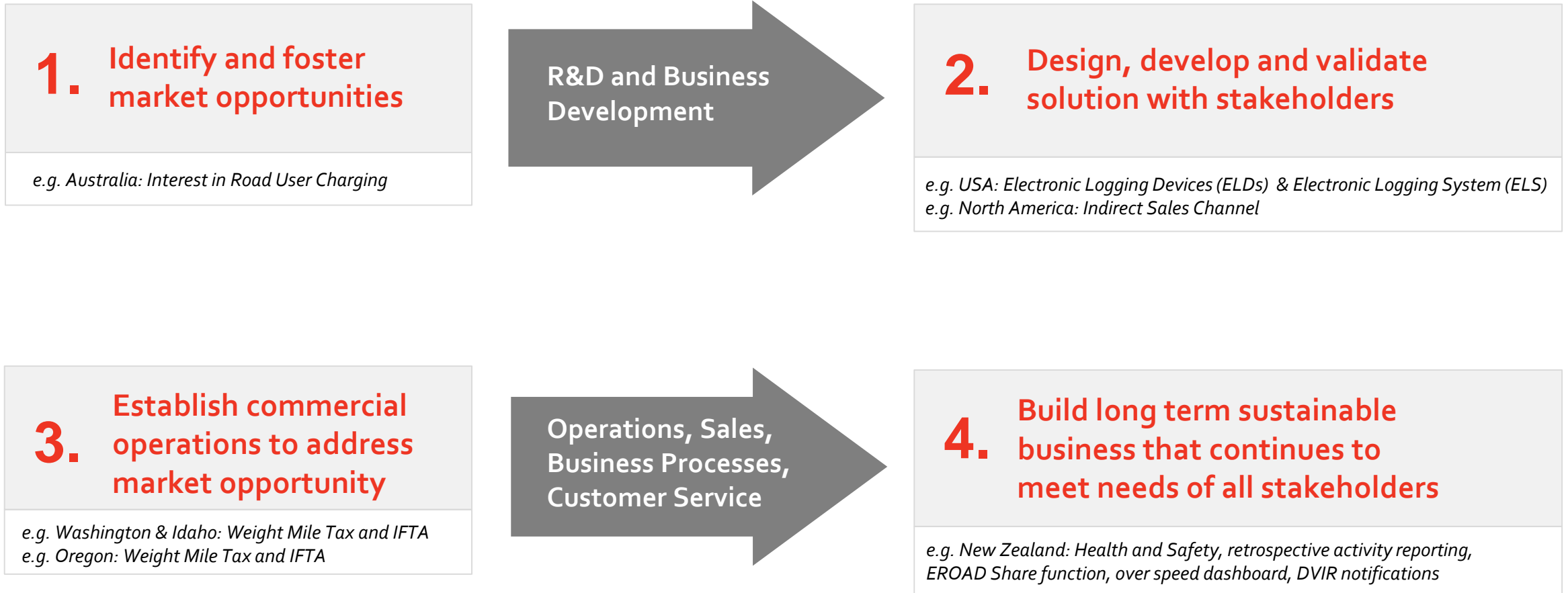


Outlook at half year



- Deliver full year in line with guidance provided on 28 September 2015 (G) based on:
 - Continued strong performance in New Zealand/Australia
 - Establishment of Direct Sales teams in Washington and Idaho with building sales pipeline
 - Establishment of Indirect Sales team and model with some initial North American sales
 - Advance Oregon sales pipeline with relatively new Direct Sales team
 - Publication of FMCSA ELD Mandate following its White House approval on 17 November 2015
- Total Contracted Units **39,000, 51%** up on last year, and Future Contracted Income totalling **\$54 million**
- Investment of executive time, sales training and support for North American team
- Significant R&D focus on Tax (IFTA) and Compliance (ELD/ELS) requirements for North America
- Team forecast to level out at just under **200** staff as EROAD moves from “capability building” to “take-off” mode
- Footprint of four sales teams (Oregon/Washington/Idaho and Indirect) in North America, operating efficiently
- Market update on 29 January regarding our progress in North America and New Zealand

How EROAD creates shareholder value

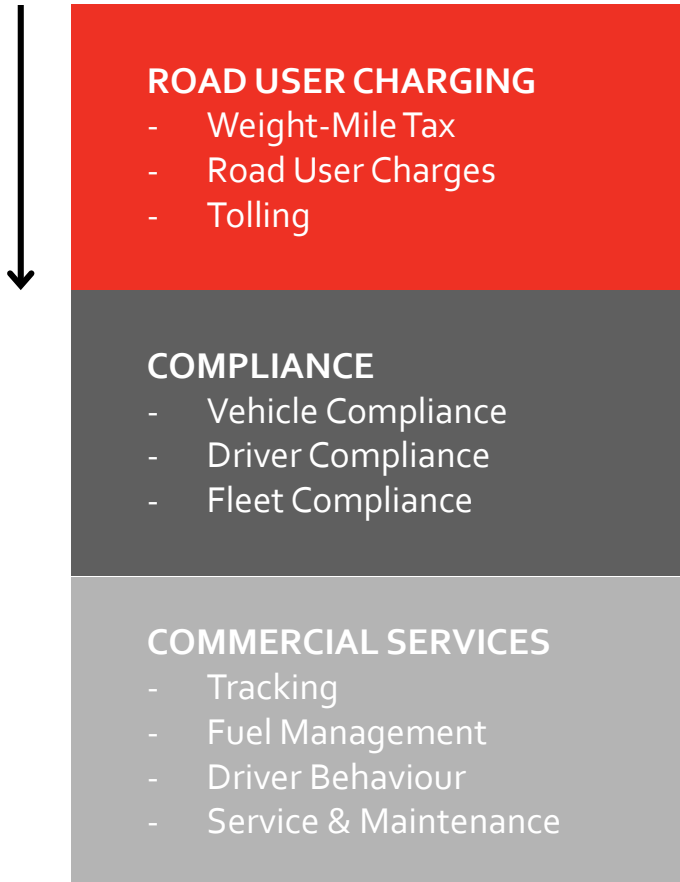


Value EROAD delivers to customers



EROAD

TOP
DOWN



BOTTOM
UP

General Fleet Tracking Companies

Non GAAP measures



1. Units on Depot

The number of EROAD devices installed in vehicles and subject to a service contract with a customer

2. Units Pending Installation

The number of EROAD devices subject to a service contract with a customer but pending installation

3. Total Contracted Units (TCU)

TCU is made up of Units on Depot plus Units Pending Installation

4. Future Contracted Income (FCI)

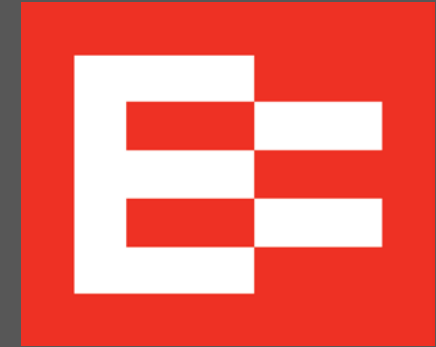
Total revenue to be earned from existing customer contracts in future accounting periods

5. Retention Rate

The number of Units on Depot at the beginning of the 12 month period and retained on Depot at the end of the 12 month period, as a percentage of Units on Depot at the beginning of the 12 month period.

APPENDIX 1

Summary Financial Statements



Statement of Comprehensive Income



	30 September 2015 <i>Unaudited</i> \$	30 September 2014 <i>Unaudited</i> \$
Continuing operations		
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)/benefit	(239,335)	(22,704)
Profit/(loss) from continuing operations	611,427	(1,900,447)
Profit/(loss) after tax for the six month period attributable to the shareholders	611,427	(1,900,447)
Other comprehensive income	(347,509)	-
Total comprehensive income/(loss) for the six month period	263,918	(1,900,447)
Earnings per share - Basic & Diluted (cents)	1.02	(3.84)

Statement of Financial Position



	30 September 2015	30 September 2014	31 March 2015
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	\$	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	19,166,956	40,558,978	34,117,652
Trade and other receivables	4,574,873	2,210,717	3,828,751
Finance lease receivable	259,358	-	127,810
Loan to shareholders and directors	279,996	-	-
Current tax receivable	406,066	136,299	168,718
Total Current Assets	24,687,249	42,905,994	38,242,931
NON-CURRENT ASSETS			
Property, plant and equipment	20,030,544	12,450,009	15,138,577
Intangible assets	19,005,149	11,790,520	15,816,083
Finance lease receivable	748,774	-	182,556
Loan to shareholders and directors	-	279,996	279,996
Deferred tax assets	1,400,129	1,899,041	1,649,754
Total Non-Current Assets	41,184,596	26,419,566	33,066,966
TOTAL ASSETS	65,871,845	69,325,560	71,309,897
CURRENT LIABILITIES			
Trade payables and accruals	1,995,929	1,608,069	1,865,388
Payable to NZTA	4,419,685	7,699,329	9,567,274
Deferred revenue	3,999,883	4,578,146	4,082,183
Employee entitlements	689,138	717,247	718,867
Total Current Liabilities	11,104,635	14,602,791	16,233,712
NON-CURRENT LIABILITIES			
Deferred revenue	2,676,757	3,711,664	3,313,209
Total Non-Current Liabilities	2,676,757	3,711,664	3,313,209
TOTAL LIABILITIES	13,781,392	18,314,455	19,546,921
NET ASSETS	52,090,453	51,011,105	51,762,976
EQUITY			
Share capital	58,819,932	58,834,820	58,819,932
Translation reserve	(409,224)	-	(61,715)
Retained earnings	(6,320,255)	(7,823,715)	(6,995,241)
TOTAL SHAREHOLDERS' EQUITY	52,090,453	51,011,105	51,762,976

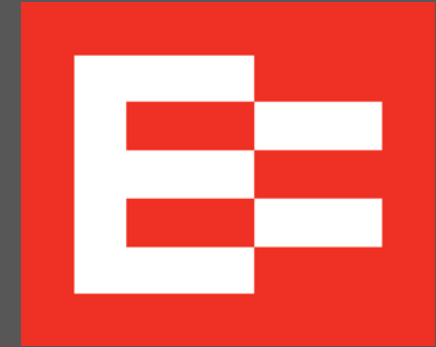
Statement of Cash Flows



	30 September 2015	30 September 2014
	<i>Unaudited</i>	<i>Unaudited</i>
	\$	\$
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 listing costs and NZTA collections	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

APPENDIX 2

Customer Case Studies



Customers – New Zealand (Logistics)



Road Transport Logistics

Fleet size: 100+



Customer Insights

First Unit installed

2011

Key drivers for adopting EROAD

- Tax/RUC

Date of renewal

2015

Key drivers for renewal with EROAD

- Customer service and support
- Integration with other RTL internal systems
- Quality of data available from the system
- EROAD partner gateway gave visibility across the group



Customers – New Zealand (Rotation moulded plastic products)



Devan Plastics

Fleet size: 11



Customer Insights

First Unit installed

2012

Key drivers for adopting EROAD

- Tax/RUC
- Reliability over manual hubo
- Improved cash flow management

Date of renewal

2015

Key drivers for renewal with EROAD

- Tax/RUC
- Health and Safety
- Integration of Electronic Logbooks and EZMessage

“EROAD helps us manage driver safety through the use of electronic logbooks. The driver vehicle inspection reports help to ensure we maintain a healthy and safe fleet.”



Customers – New Zealand (Cartage)



K&M Maras

Fleet size: 6

K & M Maras

Customer Insights

First Unit installed

2012

Key drivers for adopting EROAD

- Tax/RUC

Date of renewal

2015

Key drivers for renewal with EROAD

- Tax/RUC
- Tax savings through automated off road refunds
- Easy of use and reliability



Customers – North America (Landscaping/Roading Supplies)



Wilsonville Concrete

Fleet size: 50

State: Oregon



Customer Insights

It's great being able to just push a button to report WMT. We're also able to accurately track and record exempt mileage rather than having to guess our off-road miles, so we're paying 18% less tax than we used to and using EROAD Configuration Management to make correcting configuration errors much simpler.

EROAD GPS tracking helps dispatch track our trucks and get our drivers to jobs more efficiently. If a driver gets lost, dispatch gets them right back on track in real time.

It's the same with tracking our tug boat. We know where it is at all times, even when there's fog, and we can see when it's crossed county lines, which means more accurate tax reporting.

Our drivers were hesitant at first, but once they saw the mapping option on the Ehubo, they were totally on board.

Doug Gilmer
General Manager

"We're paying 18% less tax than we used to and using EROAD Configuration Management to make correcting configuration errors much simpler"



Customers – North America (Waste Services)



R.S. Davis Recycling

Fleet size: 12

State: Oregon



Customer Insights

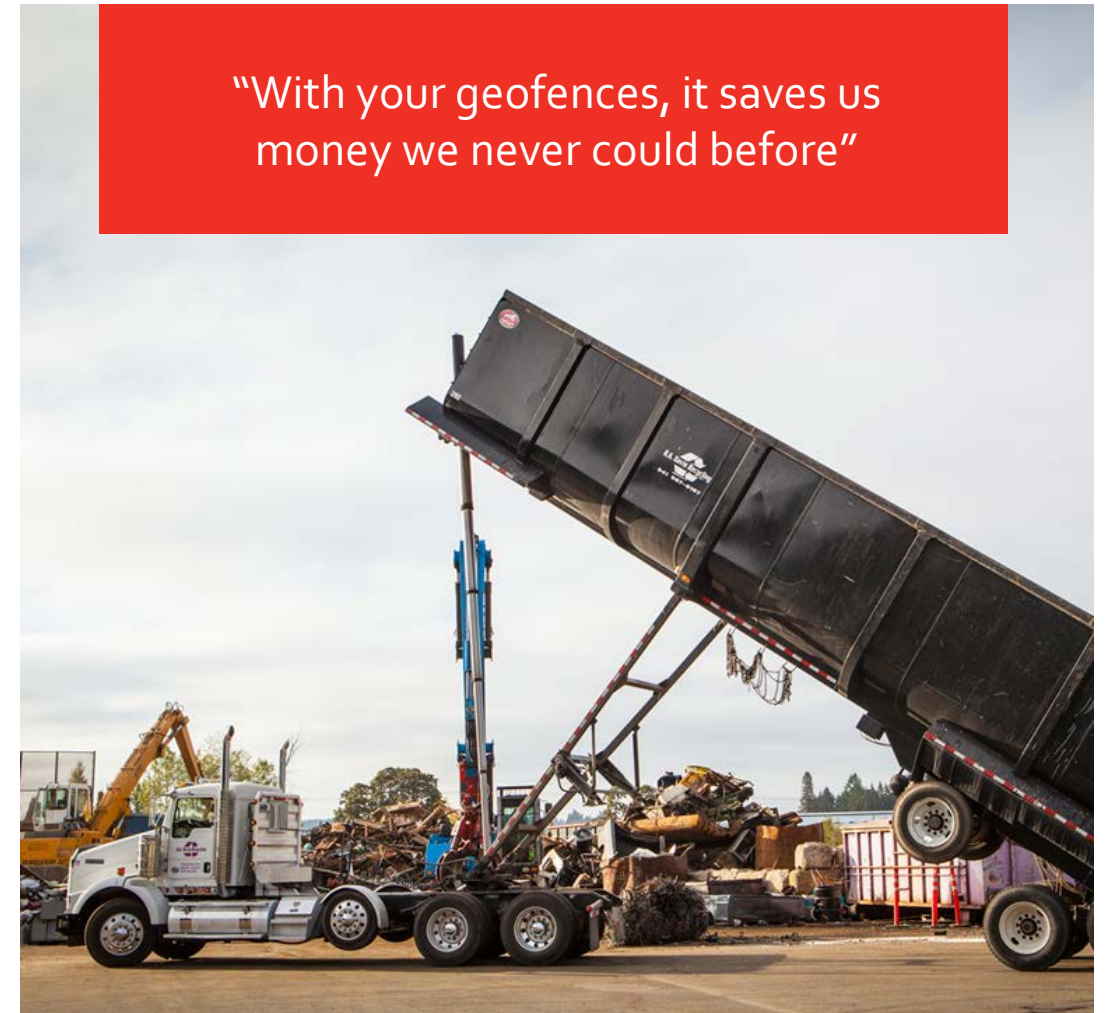
Thank you for allowing me to not dread the mileage reports so much.

We never kept track of off-road miles before because the paperwork was just too much. With your geofences, it saves us money we never could before.

I think I am your biggest fan.

Jamie Stateler

Controller & Vice President of Finance



“With your geofences, it saves us money we never could before”

Customers – North America (Specialist Logistics)



Siskiyou Transportation

Fleet size: 11

State: Oregon



Customer Insights

We at Siskiyou Transportation are huge promoters of EROAD. I have lost track of the number of people I have encouraged to look into the benefits of EROAD.

The EROAD team was very receptive when we had feature suggestions for the mobile app, and is always there to help with any questions, concerns or other technical needs we may have.

EROAD and the EROAD team has become one of the most important business partners we have.

Mark D. Gibson
President

