



Get the measure of your world

ikeGPS Group Limited (NZX:IKE)

Investor Presentation

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Dennis Bencala, CFO

July 2016

Important Notice

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Investment Highlights

- Operations in the US and New Zealand. Listed on the New Zealand Stock Exchange (NZX) 2014.
- Delivering proprietary software and field tools designed for measuring, analysing and managing high value assets and infrastructure in four industry verticals:
 - Electricity Utilities and Communications
 - Construction
 - Signage
 - Defense & Intelligence
- Objective to become the industry standard in each market.
- FY16 represented a transition year for the company:
 - Strong customer validation in target markets with 2.3x growth in revenue & other income to NZ\$9.2m
 - Completed rollout of SaaS modules for each market, with strong support from customers
- On track to achieve cash flow breakeven position in Q4 FY17, with strong visibility on revenue.
- Expanding operations and market presence in Australia CY16.

2.3x

Growth

FY16 revenue & other
Income to \$9.2m.

Multi-year growth rates
>100%

56

Capability

Team depth across US & NZ offices to
support growth plans and transition to
cash breakeven.

>2,000

New enterprise customers in the past year

First \$1m IKE 4 account in the utility market.
Rapid expansion across signage vertical.
Stanley Smart Measure Pro selling through at
Lowe's at approximately 1,000 units per week.

4

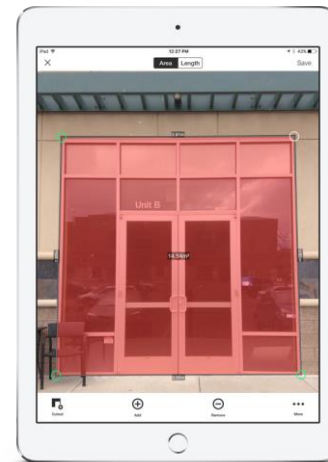
Mobile and Cloud-based product platforms

Underpinning a focused strategy targeting end-to-end needs of large, niche, underserved vertical markets with tailored mobile & cloud products.

All products driving subscription business models and increasing gross margins year-over-year.

Product background




- Core technology platform developed with the US Military via Cooperative Research & Development Agreement, for use by the US Army Corps of Engineers to maintain critical infrastructure in the US and war theatre.
- Utilities solution proven over the past 12 months by 100's of US electric utilities and utility engineering companies that rely on the platform every day to measure and manage distribution assets. General Electric a strategic investor.
- Mobile products proven over the past 12 months by thousands of US sign companies who rely on the platform every day to save time & money when estimating, quoting and building.
- Quality and uniqueness of the mobile product platform underpinned by contracts and investment from In-Q-Tel: the strategic technology arm of the US intelligence agencies.
- Completion of SaaS modules servicing each commercial market completed in 2015, materially increasing the potential lifetime value of a customer.
- IP portfolio including patents in place covering core hardware and software technology.



"What used to take me 45 minutes to measure a job, now only takes me 5 minutes with Spike. This means that I can do more sales calls per day..."

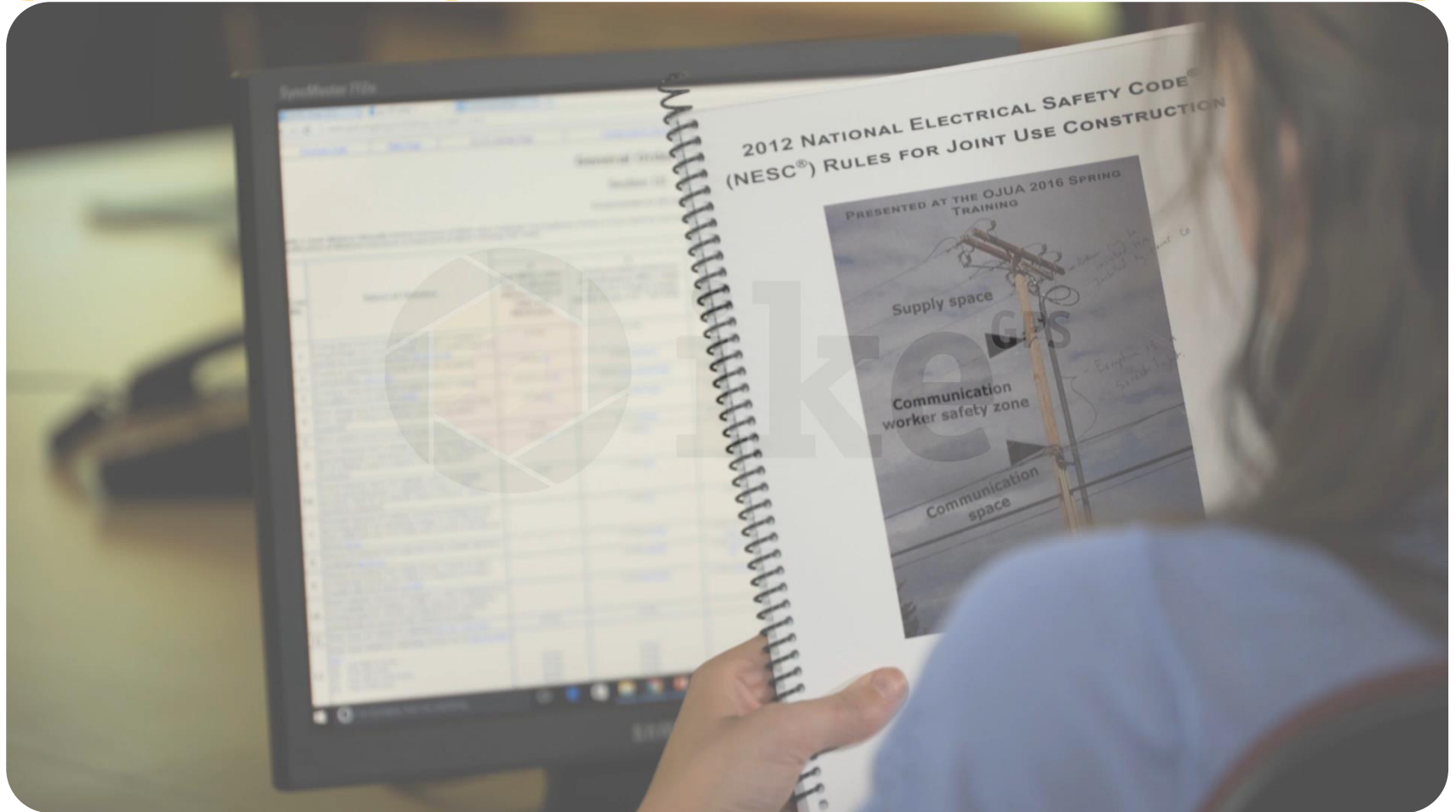
- Jeanne Kratz, Adams Window Tinting and Huper Optik Dealer of the Year

Market overview

Market / solution	Business model	Go-To-Market approach	FY16 momentum	Total Addressable Market
Electric utilities market / IKE4 solutions 	Year 1 (per solution) <ul style="list-style-type: none"> - US\$8,795 for mobile software & device - US\$1,995-2,990 cloud subscription Year 2 onward <ul style="list-style-type: none"> - US\$1,995-2,990 per annum (cloud subscription) 	<ul style="list-style-type: none"> - Direct sales & service in US. - Direct account management in US. - Partner network ex-US markets. Typical enterprise account opportunity \$50k to \$1m+	<ul style="list-style-type: none"> - >300 US electric utilities and engineering companies relying on the IKE solution every day - First account grown to over \$1m in revenue, supporting Google Fibre 	\$700m p a in US 3,200 electric utilities, >1,000 utility engineering companies in the US
Signage & new markets / Spike mobile solutions 	Year 1 (per solution) <ul style="list-style-type: none"> - US\$499 for Spike device, mobile app and cloud subscription Year 2 onward: <ul style="list-style-type: none"> - US\$50-249 per annum (cloud subscription) 	<ul style="list-style-type: none"> - Web & e-commerce. - Sign supply resellers (globally). - Franchise partnerships. Highly scalable, low touch	<ul style="list-style-type: none"> - >2,000 US sign companies relying on the Spike solution every day - 70% cloud adoption - Winner International Sign Association's Product of the Year 	\$300-500m TAM for signage market 150,000 signage businesses in North America & Europe Multiple large additional vertical markets such as insurance and real estate
Construction market / Stanley Smart Measure Pro 	Year 1 (per solution) <ul style="list-style-type: none"> - US\$149-219 MSRP for mobile app and device - US\$11,99 per month (cloud subscription) Year 2 onward: <ul style="list-style-type: none"> - US\$11,99 per month (cloud subscription) 	<ul style="list-style-type: none"> - ikeGPS as OEM - Fortune 500 brand in Stanley Black & Decker - Big Box retail stores, globally, for distribution - Mobile app and web marketing to drive subscriptions Highly scalable, low touch	<ul style="list-style-type: none"> - Successful launch through Lowe's stores across North America - Sell through rates approximately 1,000 units per week - Launching into European markets through 2016 & 2017 	Very large, unquantified TAM

○ Defense & Intelligence market covered separately

IKE 4 solution: at the centre of every Pole measure & Pole transaction



<http://ikegps.com/meet-ike-4-video/>

The global requirement for electric utilities to measure & manage distribution structures is vast



The market
(utility poles)



Global 1.24b

IKE solves a global problem



- Initial target: U.S. pole owners, those attaching to poles, and their service providers. TAM \$700m p a.
- Expanding into new geographical markets such as Australia & South Korea
- Motivation: Utilities and communications companies are required to measure, audit & model distribution networks for operational, revenue generating and regulatory reasons

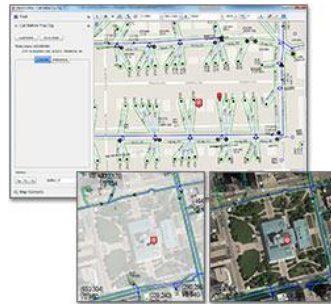
The IKE4 Poles solution is end-to-end

Unique Mobile Tool

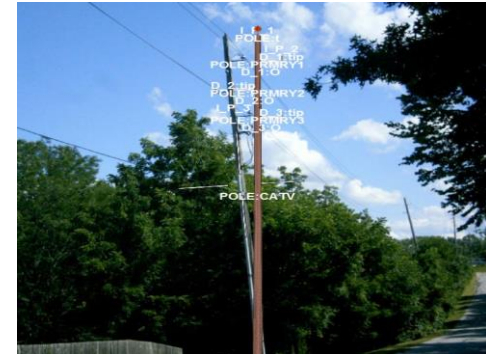


- Designed from the ground-up to sense and measure poles and wires
- Integrates laser, camera, IMU, cellular communications and positioning tech in an Android platform.

Mobile Software



Cloud software



- Workflow management software
- Measurement and modelling software to analyse and manage structures
- Data exported into back-end software with large customer bases



Business model

US\$8,795 per mobile device



US\$1,995 - \$2,990 p a cloud sub



US\$995 services per solution



Year 1 : US\$11,785 per solution

Year 2 + : US\$1,995 - \$2,990 sub

Winning two main customer groups

Electric utility & Communications firms



c.3,250 electric utilities in US

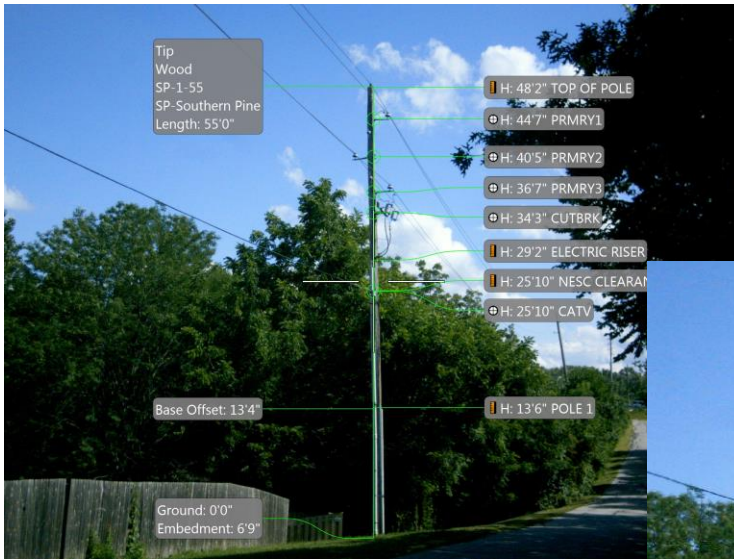
Engineering firms



>1,000 utility engineering firms in US



IKE 4 Cloud: measurement, analysis, management



ike mobile products: bringing measurements within reach



https://www.stanleytools.co.uk/promotion/Smart_Measure_Pro/view



Spike turns your Smartphone & PC into a powerful measurement & workflow solution



Smartphone

Spike
Mobile App

Spike tool

Spike Cloud



Business Model

BYOD – Smartphone or
Tablet



Free iOS or Android App



Spike Device + Spike Cloud
\$499 (USD), Year 1



Subscription up to \$249 (USD),
Year 2



Year 1 : \$499 (USD) per solution

Year 2+ : ongoing sub revenue

Spike is winning the \$300-500m Sign & Graphics Market



signage businesses relying on Spike every day to improve their business processes and save time & money



while we've won 2,000 customers in the initial 12 months since launching into this market, there are another 148,000 to serve

"The most important product to enter the signage market in the past decade"



Spike has broad market opportunities in FY17 and beyond



Architecture



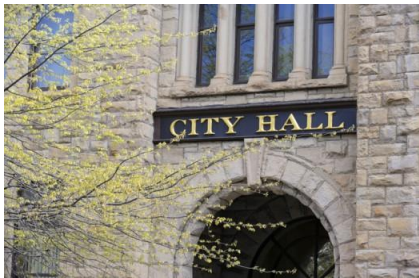
Construction



Defense & Intelligence



Facility Management



Government



Insurance



Law Enforcement



Real Estate



Retail



Sign & Graphics



Utilities

Stanley Smart Measure Pro is a retail solution with Cloud upsell



- Successful US launch at Lowe's during Holiday promo 2015
- Successful UK product introduction in early 2016



Business Model

ikeGPS is OEM Supplier



Stanley provides strong brand with global retail distribution



Stanley Device sold at retail POS & online, \$149 (USD)



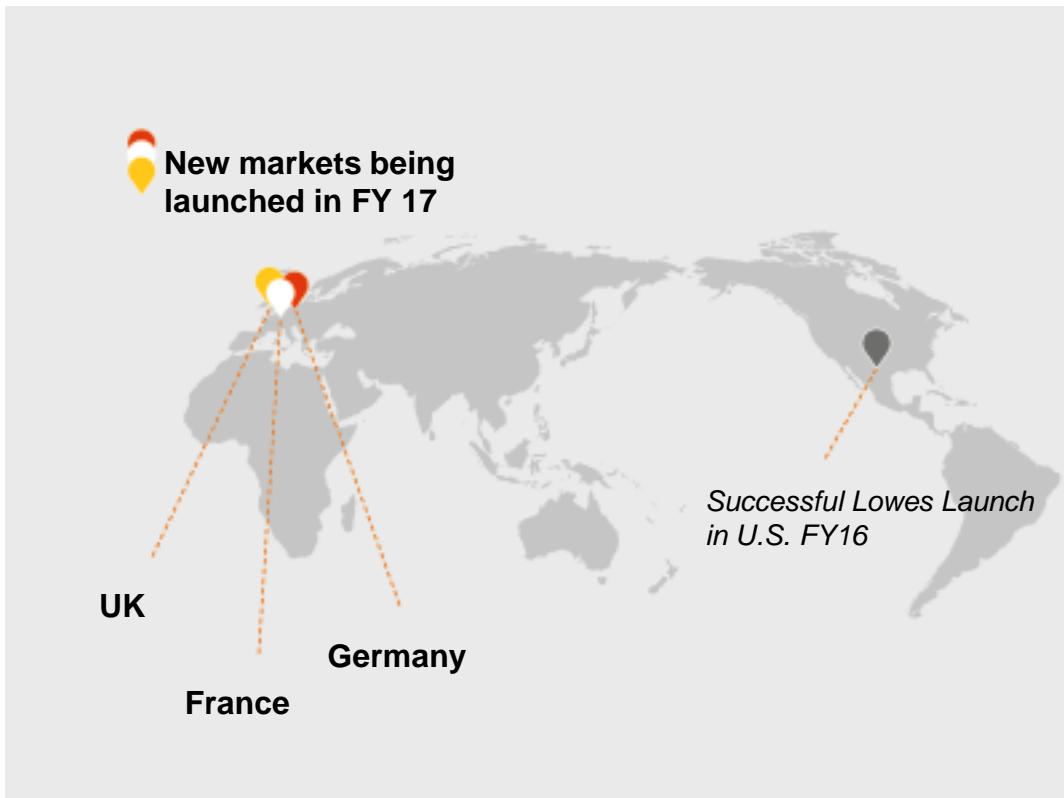
Cloud Subscription at \$11.99 (USD) /month



Hardware Revenue: Supply price per unit
Software Revenue: Revenue share on user subscription



Success in the US brings Europe market entry FY17



5 STEPS TO WORKING SMARTER

ATTACH

The Smart Measure Pro clips onto your phone and communicates with the app via Bluetooth. It works with most Apple and Android phones.



SNAP

Take photos on your phone of the area you need to measure, from up to 137m away if it's a big job.

MEASURE

Use the simple app to capture the width, height and area of your target.



CALCULATE

Then use the calculator function to quickly estimate materials required for the job, such as bricks, drywall, insulation or paint.

SHARE

Send images and measurements to customers, colleagues or suppliers as JPEG or PDF files.



Growth

FY16 in review

2.3x

Growth

Revenue & other income up 2.3 times against FY15, to \$9.2m.

56

Capability

Personnel in CO, WA and NZ offices. Team depth to support growth plans and transition to cash breakeven.

>2,000

New enterprise customers

First \$1m IKE 4 account in the utility market. Rapid Spike expansion across signage vertical. Stanley Smart Measure Pro selling through at Lowe's at approximately 1,000 units per week.

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New product platforms

A portfolio of products now in place to address multiple vertical markets.

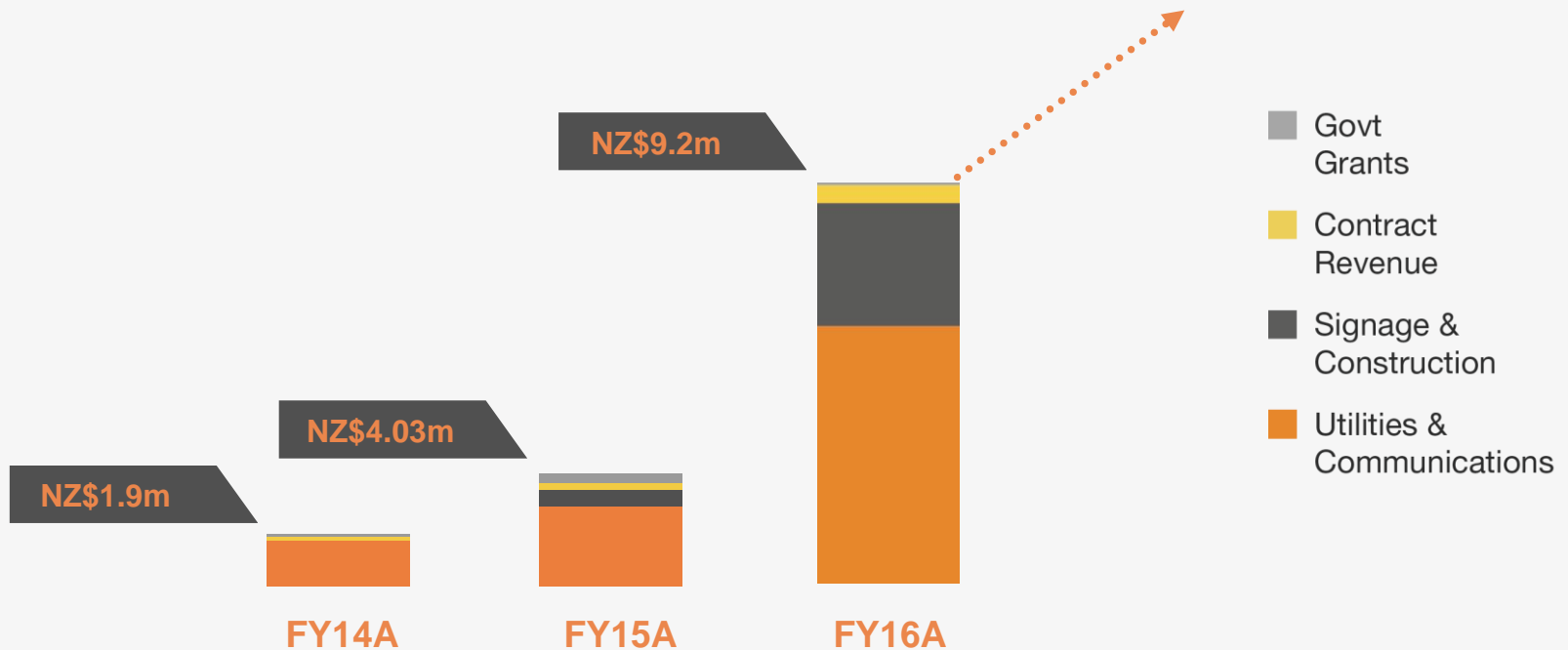
Spike: Next generation smart phone solution, including cloud services.

Stanley Smart Measure Pro: Launched successfully in Lowe's across North America, entering Europe in FY17.

IKE 4: New platform for measuring, analysing and managing distribution assets.

IKE Cloud: Underpinning all products transition to subscription revenues in FY17.

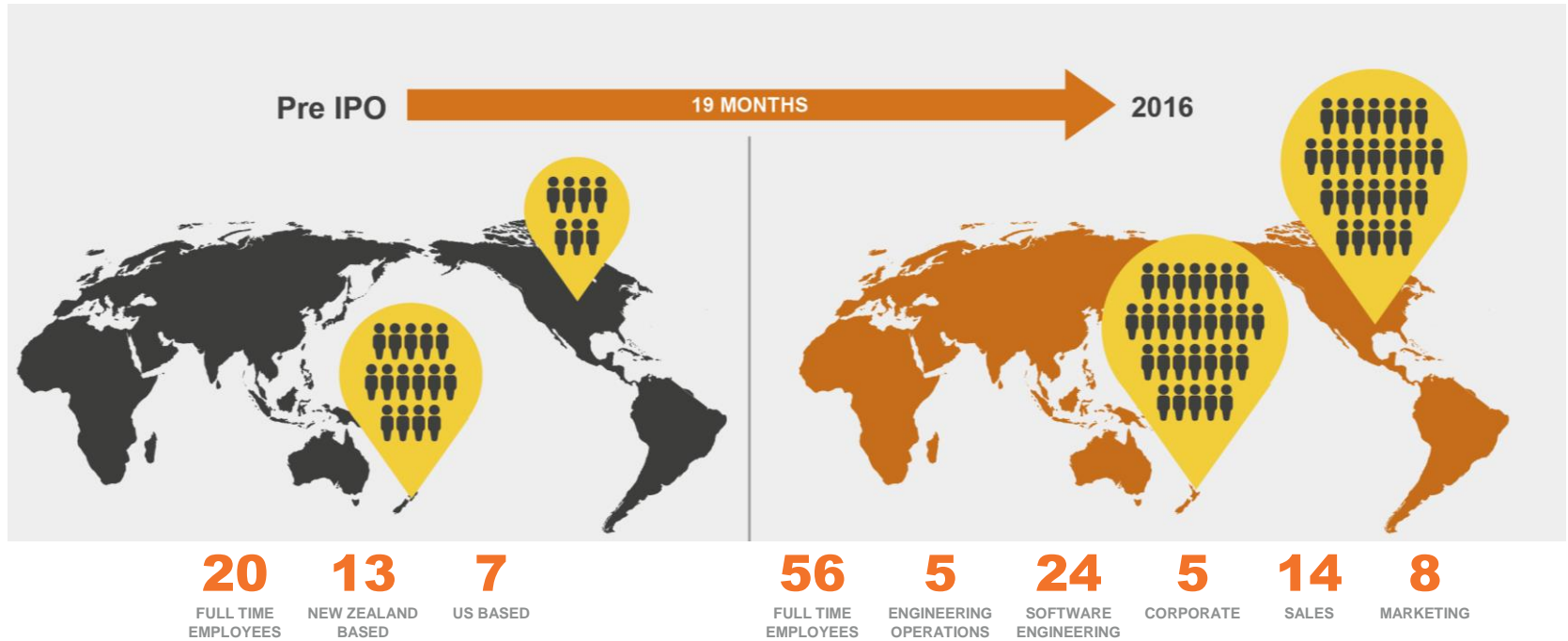
>100% year-on-year growth continued.
New vertical markets developed.



Result after Tax

	FY14		FY15		FY16
	Audited FY14A \$'000's	Y-O-Y Change	Audited FY15A \$'000's	Y-O-Y Change	Audited FY16A \$'000's
Revenue and other income	1,884	2.1x 114%	4,026	2.3x 129%	9,214
Expenditure	(3,600)		(9,215)		(17,392)
EBITDA / (loss)	(1,716)		(5,189)		(8,178)
Depreciation and amortisation	(363)		(807)		(1,306)
FX gains / (loss)	(158)		625		280
Other expenses from IPO	–		(272)		-
EBIT / (loss)	(2,237)		(5,643)		(9,204)
Net finance income / (expenses)	(49)		565		361
Tax benefit / (expense)	24		(3)		7
NPAT / (loss)	(2,262)		(5,081)		(8,836)

Capability: Investment in people



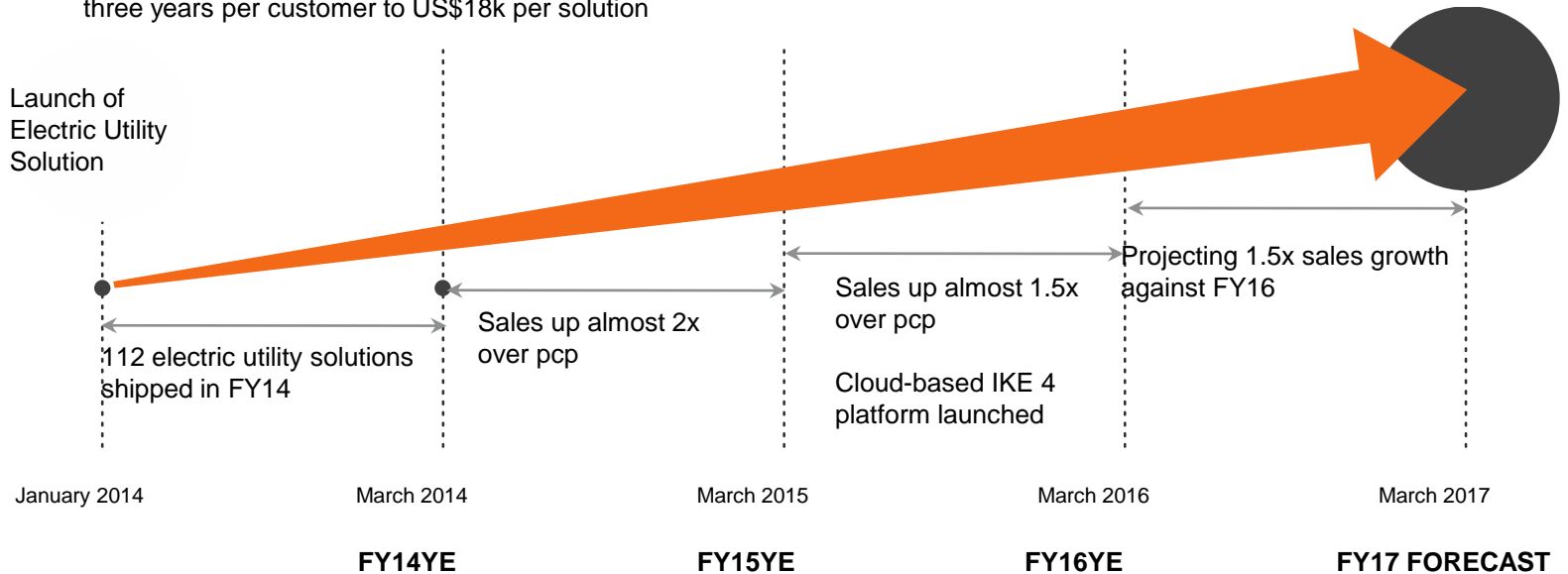
FY17 Outlook

FY17 KPI's

Metric	Expectation at commencement of FY2017	Projected Performance
Customer and market growth	<p>“We expect:</p> <ul style="list-style-type: none"> - 50% growth in IKE 4 customer acquisition against FY16 - 50% growth in Spike customer acquisition in the Signage market against FY16 - 60% of Spike users in the Signage vertical to subscribe to the cloud service. - Expansion of Stanley Smart Measure Pro into Europe to deliver volumes of 500 units per week.” 	>50% customer growth over FY16
Cash and investor relations	<p>“We</p> <ul style="list-style-type: none"> - expect to transition to cash breakeven in Q4 FY17. - plan to continue to implement a long term investor relations programme in the U.S. and Australian market to complement NZ activities.” 	Cash breakeven Q4 FY17
Gross margins, pricing & business models	<p>“We expect</p> <ul style="list-style-type: none"> - gross margins to increase on all ike-branded products - all products to develop a higher bias to recurring revenue via cloud-based software subscriptions - the introduction of subscription business models for the IKE 4 and Spike products to materially increase customer total cost of ownership over a 3 year period. We also expect this business model change to impact recognized revenue in FY17 relative to customer growth metrics.” 	<p>>65% Gross Margin on ike-branded products</p> <p>Recurring revenue streams established across all products</p>
Sales & Marketing	<p>“Costs will increase in absolute dollar terms as investment toward acquiring customers and growing market share continues, however we expect to see a relative reduction in sales and marketing costs as a percentage of operating revenue.”</p>	30% of revenue investment into sales & marketing

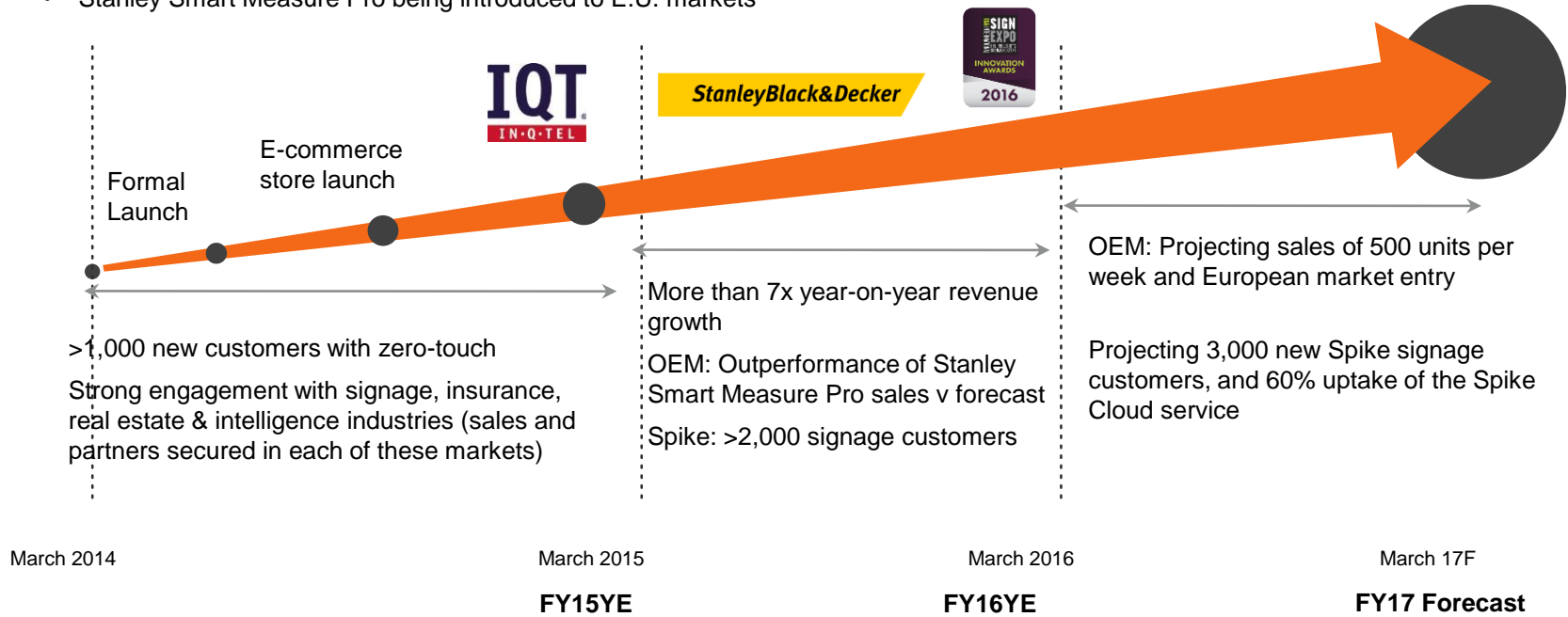
IKE 4 Poles Sales Momentum

- Sales of the electric utility solution in FY16 up almost 50% against PCP
- Major customer wins including first \$1m+ account
- Total addressable market estimated at \$700m
- Delivering more value
 - Scalable cloud offering introduced in FY16 to drive subscription revenues in FY17 and beyond
 - Additional product features introduced for FY17, expected to almost double the value and total cost of ownership for a customer over three years per customer to US\$18k per solution

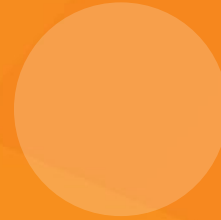


Mobile solutions sales momentum

- Spike being rapidly adopted across the signage market
 - Total addressable market estimated at \$300-500m
- Initial sales beginning into other large verticals with enterprise sales models such as real estate, insurance and government markets
- Cloud and subscription products introduced FY16, plans to monetize in FY17
- Stanley Smart Measure Pro being introduced to E.U. markets



Team



Strong management team foundations



Glenn Milnes, CEO & Managing Director: (MBA, BSc, BPhed)

Executive and investor of high-growth technology businesses spanning fields of medical robotics, aerospace tech, and software. As investment director of No 8 Ventures listed businesses on the London Stock Exchange, ASX and NZX. Formerly held strategy and operational roles at Cable & Wireless International, London.

Dennis Bencala, CFO: (BCA)

Former CFO of Nasdaq-listed SIRF Technology, where he here he helped grow the company from less than \$10 million in revenue to more than \$300 million in revenue;



Dr Richard Mander, EVP Engineering: (Phd, BSc)

Has run and grown the engineering operations functions at numerous high growth tech companies including as Senior Engineering Manager at Apple Inc., CTO at Navman Ltd, and Director Operations Engineering at Contour Inc.

Leon Toorenburg, CTO : (BSc, BE)

Company Founder and holds multiple technology patents



Mike McGill, Head of Utilities BU: (MS, BS)

Former director and VP Sales for companies including DigitalGlobe, Navagis and Autodesk

Jeff Ross, Head of New Markets BU: (BA)

Former director marketing roles at Intel and Qualcomm and executive roles at several high growth venture-backed technology businesses in Silicon Valley

Directors and Advisory Board

- **Rick Christie**, Chairman (NZ)
Former Chairman of EBOS
- **Dr Bruce Harker**, Director (NZ)
Former Chairman of TrustPower and director of Z-Energy
- **Alex Knowles**, Director (US)
Former COO of largest freight forwarder in the US
- **Glenn Milnes**, Managing Director (US)
- **Peter Britnell**, Director (NZ)
Ex-VP of GE Smallworld, Global Sales
- **Frederick Lax**, Director (US)
Ex-CEO, Tekelec Inc. Ex-VP Lucent Technologies & AT&T



Advisory Board

Alan Nunns (US):
Former CIO and GM Technology Strategy at Chevron

Alan Townsend (NZ):
Former Group VP at Trimble

Elmar Toime (UK):
Former Executive Deputy Chair at Royal Mail Group, UK

Punch Moulton (US):
3-Star General in the USAF (retired), commanded 110,000 personnel at European Command



Thanks

Glenn Milnes, Managing Director & CEO

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Get the measure of your world

Appendices



Strategy to winning in the market

Competitive landscape	Achieved in FY16	Executing in FY17
Aggressive price discounting on hardware, focused horizontally	New products and industry-specific software enhancements: <ul style="list-style-type: none"> - IKE 4 solution, nearly doubles value, margin and price - Next generation Spike, nearly doubles value & margin 	<ul style="list-style-type: none"> - Rapid adoption of IKE 4 by Utility and Engineering firms - Spike reaching new verticals and channel partners
Walled garden	IKE Cloud and Spike App-to-App API released: <ul style="list-style-type: none"> - Enabling integration into incumbent mobile apps and work flows 	<ul style="list-style-type: none"> - Major new design wins with ISV's and App developers
Treat customer service as a cost	<ul style="list-style-type: none"> - Field training and integration teams creating competitive advantage, and delivering revenue - Very low product returns 	<ul style="list-style-type: none"> - Continued growth in hands-on field support - Continue high quality manufacturing
Brand zero	Passionate customers are driving IKE's brand. Spike recognised globally as the most innovative product to enter the signage market.	<ul style="list-style-type: none"> - Vertical market expansion
Legacy reseller model is expensive and limiting	<ul style="list-style-type: none"> - Ecommerce engine for Spike delivering material revenues - Direct sales, marketing and field integration teams in place for IKE 4 - Stanley Smart Measure Pro introduced via Lowes - Spike signage partner network growing rapidly in U.S. and non-U.S. markets 	<ul style="list-style-type: none"> - Ecommerce engine continuing to grow - Expansion of sales & marketing teams - Smart Measure Pro targeted for European market - New markets reached

FY17 outlook: Well positioned

FY17 markets & revenue component	Today
Electric Utility and Communications market, via IKE 4	<p>Established sales, marketing, integration and delivery teams in place. Quality and depth of sales pipeline increasing. Several factors in the U.S. provide a market tailwind, driving more & more infrastructure owners and third parties to have the need to measure and model distribution structures: such as communications fibre roll-out and regulation.</p>
Signage and new markets, via Spike	<p>Distribution channels, product & brand recognition developing quickly in the Signage market in the U.S., and emerging in Europe. Opportunity for larger enterprise sales in FY17. New vertical market opportunities provide upside potential, such as insurance and real estate verticals.</p>
Construction and Contractor market, via Stanley Smart Measure Pro	<p>Sales in North America via Lowe's at around 1,000 units per week. Orders received for launch into new European markets: UK, Germany and France, for delivery through FY17. Still early in selling-through the high margin, add-on cloud subscription services</p>
Contract revenue	<p>In-Q-Tel backed development contract for U.S. intelligence customers will be complete Q1 FY17. Favourable initial response to the product from various government end-users. Next step is to target Spike for wider product acquisition programmes later in FY17, FY18 & FY19.</p>

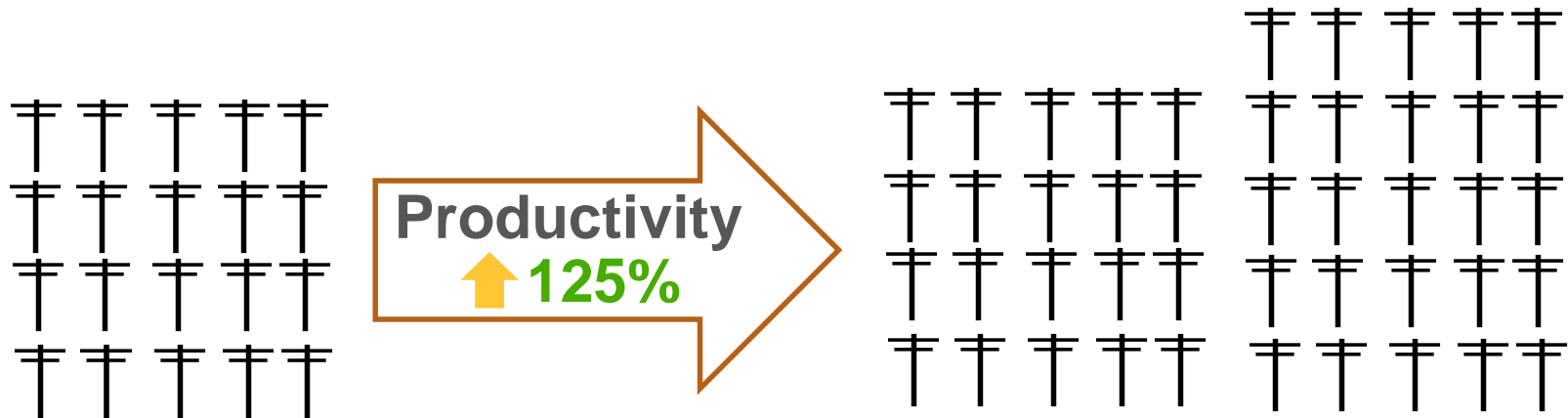
Transition to cash breakeven

Factor	Comment
Sales growth	<ul style="list-style-type: none">- Multi-year sales growth exceeding 100%, with continuing momentum into FY17, FY18 and FY19- Scalable sales and marketing capability is in place, in-market.- Scalable distribution channels & partners are in place, and growing.
Increased margin on products	<ul style="list-style-type: none">- Four new products were released in the prior calendar year – each now driving materially higher gross margins per sale than prior generation products sold in FY16 and earlier
Decreased product platform development expenditure, and decreased overall opex, relative to prior financial year	<ul style="list-style-type: none">- Product platform development (including the release of four new products) was completed in FY16. This investment into platform development will not be replicated in FY17 – although software development will continue to extend the value of products.- Reflecting this, through Q1 FY17 engineering & operations headcount has been reduced by approximately 30%.

The Electric Utility industry has a big problem



IKE 4 Poles: fast, safe, standardized, integrated data



“We now carry less equipment around in the field. The photos are used to conduct fast and accurate measurements, and also provide photo-verifiable evidence.”

Brad Mayo – Project Manager, H&M



Spike - bringing measurements within reach

Spike by  **ike**^{GPS}

The world's first laser accurate Smartphone measurement solution

<http://ikegps.com/spike/> (video)



Compelling Spike ROI across the signage market



Cut Costs



Increase Revenue



Save Time



Faster Quotes



Professionalism



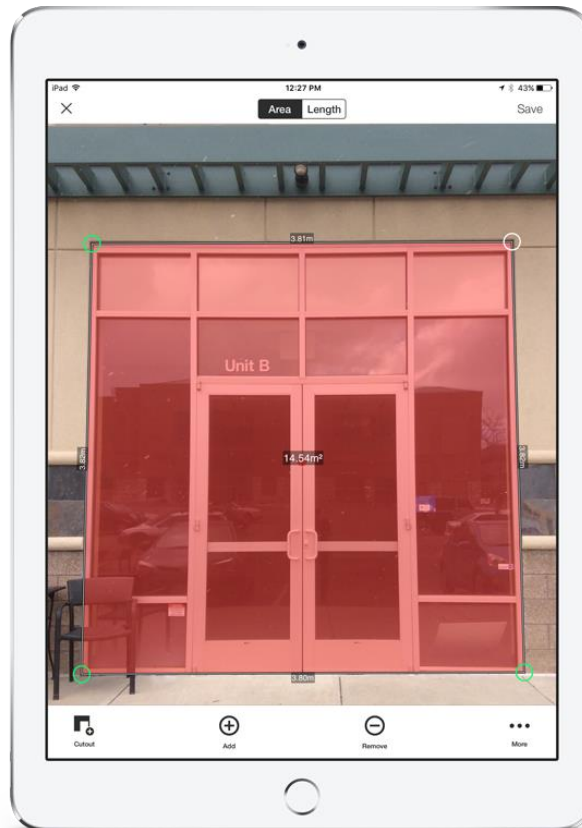
Increase Productivity



Safer Field Operations



Improve Reporting



“What used to take me 45 minutes to measure a job, now only takes me 5 minutes with Spike. This means that I can do more sales calls per day, and the accuracy of measurements meets my requirements for estimating costs”

- Jeanne Kratz, Adams Window Tinting and Huper Optik Dealer of the Year

High-level mobile solutions comparison



	Spike	Stanley
Target Customer	Multiple Industries – Sign & Graphics, Construction, Real Estate, Government, Utilities	DIYers, Residential Construction
Product Positioning	Advanced measurements capabilities	Basic measurements & material calculations
Go-to-Market	Direct marketing & online sales, industry specific co-marketing partners, industry specific resellers (e.g. Sign Supply, Gov't), Direct Enterprise sales	Tools supply Big Box retail and Tools Supply online
Device Support	Smartphone & Tablets (iOS & Android)	Smartphone only (iOS & Android)
Measurement Accuracy	+/- 1% to +/- 3%	+/- 3%
3rd Party Integration	Yes – API for integrating with industry specific software market leaders	No
Technical Support	Yes	No