



EROAD

10 July 2018

Media statement

Market Update EROAD – Unit sales for the Quarter – Q1 FY19

Transport technology services company EROAD today released its quarterly update on unit sales numbers, for the three months ended June 2018.

			Units	%	%
	Total at	Total at	added in	<i>growth</i>	<i>growth</i>
	Mar-18	Jun-18	Quarter	<i>in Quarter</i>	<i>Annualised</i>
Total Contracted Units*	77,600	81,772	4,172	5%	22%
Australia/New Zealand	59,843	62,434	2,591	4%	17%
North America	17,757	19,338	1,581	9%	36%

*Total Contracted Units is a non GAAP-measure used by EROAD which represents the total units subject to a customer contract and includes both Units on Depot and units pending instalment.

The unit sales in the first quarter of FY19 has been much slower than we initially expected as many deals have been pushed out beyond the quarter. While the annual unit sales cycle has always been seasonal, the expected delivery timeframe for units in the sales pipeline this year results in an expectation that quarterly unit sales will be much more lumpy in FY19 than prior years.

In the ANZ market we are still seeing strong demand and expect much stronger sales in future quarters, especially Q2 and Q3, with the deferral of a number of unit deals into these quarters.

In this quarter, the North American business has seen significant interest from prospective customers, especially those with “buyer’s remorse” from the acquisition of other ELD solutions that are not meeting their needs. These customers, having been unhappy with their initial purchase, are looking to trial or pilot replacement solutions before agreeing to make a replacement purchase. The caution taken in market decision making, along with the need for the prospects to exit existing contracts, is impacting the speed of the sales cycle. Later in the financial year we expect to see increased demand due to intrastate trucking fleets adopting ELD solutions to meet State regulatory requirements and the larger fleets, with grandfathered solutions, looking to replace these with ELD solutions.



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About EROAD

EROAD modernises road charging and tax compliance and health and safety compliance for road transport by replacing paper-based systems with easy-to-use electronic systems that also improve fleet management. The company is headquartered in Auckland, New Zealand, and listed on the New Zealand Exchange (**NZX**). Its US business is based in Portland, Oregon, serving customers with vehicles operating in every US mainland state, growing outward in concentration from the Northwest. In 2009 EROAD introduced the world's first nationwide electronic road user charging (eRUC) system in New Zealand. More than 50% of heavy transport RUC is now collected electronically, representing a rapid transition to e-commerce on a voluntary, industry-led basis, due to the cost-savings and benefits to customers. EROAD is also a leading provider of health and safety compliance services, including vehicle management and driver behaviour and performance measures.

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