

**For Immediate Release**

**25 January 2019**

**Board strengthened. Additive revenue model.**

**Q3 FY19 performance update**

Further to its guidance update 24 January 2019, ikeGPS (IKE) advises the following relating to its performance for the nine-month period to 31 December 2018 (all figures NZD), and associated commentary.

- Revenue of approximately \$6.2m (5% higher than PCP of \$5.9m)
  - IKE successfully extended its business model in the period with the formal launch of IKE Analyze.
  - Five new IKE Analyze customers were contracted in the period. These contracts contributed a small level of revenue in Q3 FY19 but are expected to deliver between \$4-5m revenue over 12-18 months.
  - Greater than \$0.5m software subscription renewals closed in the period. This revenue will be recognized over the subsequent 12-month period.
- Gross margin of approximately \$4.1m (24% higher than PCP of \$3.3m).
  - Gross margin percentage of 67% (against PCP of 56%).
- Cash on hand of approximately \$4.1m and receivables of approximately \$2.1m.
  - IKE expects that it will retain a similar cash balance as at 31 March 2019.
- Additional milestones included:
  - The appointment of Bill Morrow to IKE's Board of Directors.
    - Bill's past roles include CEO of Vodafone Europe, CEO of NBN Co – Australia's national fibre network, CEO of Pacific Gas & Electric Co. - one the largest electric utilities in North America, President of Vodafone KK Japan, and CEO of Clearwire Corporation, in Seattle U.S.A.
    - Bill has also served as a non-executive board member, for eight years, at Broadcom Inc - one of the world's largest semi-conductor companies and as a non-executive board member at Openwave Inc, a pioneer of the Mobile Internet
  - Expanded sales into several target IKE accounts, including Bell Canada and AT&T Inc.
- Timing of IKE Analyze deals
  - IKE remains confident about its potential to close and deliver into materially larger IKE Analyze contracts, however there is uncertainty around timing of a large Ike Analyze contract with respect to impact on Q4 FY19.

IKE CEO, Glenn Milnes, commented, ““We are delighted to have someone of Bill's caliber join us. Bill brings global leadership experience across the communications, fibre and electric utility markets. His extensive operating experience aligns closely with IKE's targeted industries, our targeted geographic market, and our broader goal to become the standard pole record in North America.”

Milnes added, “Q3 saw the successful extension of IKE's business model, adding to the historical model of selling field tools and software subscriptions. IKE Analyze leverages our cloud-based pole software platform so that IKE can deliver more value to customers via asset analysis & make ready engineering, which provides an opportunity to access materially larger customer contracts.”



“As we consistently communicate, IKE’s focus on scale delivery into large infrastructure businesses inherently brings timing uncertainty around deal closure and some lumpiness to growth, particularly in any immediate quarterly forecast. However, the response to the IKE Analyze proposition from customers and prospective customers has been positive and we believe we are continuing to make important progress within target accounts. We remain optimistic about the potential revenue opportunity over the next 12-36 months.”

#### **ENDS**

IKE seeks to be the standard for collecting, managing and analysing pole and overhead asset information for electric utilities, communications companies and their engineering service providers. Usage of the IKE pole solution shows that against existing work practices IKE increases efficiency for field engineering by approximately two times and increases efficiency for back-office engineering by approximately five times.

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