



IKE Q1 FY18 Update



Get the measure of your world

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Headline Q1 FY18 update

Record orders for both IKE4 and Spike products

- 70 IKE systems ordered and shipped, against full year guidance for >300 systems and >40% YoY growth.
- 830 Spike units ordered and 630 units shipped, against full year guidance for >3,000 units and >50% YoY growth.

New “IKE Analyze” product launched and sold

- Providing the potential to significantly increase revenue from certain IKE4 accounts, by 2-3 times.

Ten Spike resellers added

- Targeting new vertical markets of Architecture Engineering and Construction (AEC) and Geospatial.

7,500 Stanley Smart Measure Pro units expected to ship through Q1 & Q2 FY18

- Into the European market, with approximately 3,000 units having shipped YTD.

Cash burn improved against PCP

- A result of increased sales of IKE-branded products and total operating expenses approximately 28%, or \$1m, lower than Q1 FY17.

Working capital

- Requirement is expected to grow to approximately \$4-5m over the coming 12-18 months, a function of the growth of building hardware products and selling multi-year subscription software with potential timing differences on larger enterprise deals.

Progress against KPI's

Metric	Expectation at commencement of FY2018	Q1 update
Customer and market growth	Greater than 40% growth in IKE new unit sales against FY17, with additive revenue from existing IKE4 customers converting 2 nd year cloud subscriptions.	On track: 70 systems shipped against full year guidance for >300 systems.
	Greater than 50% growth in Spike new units sales against FY17, with additive revenue from new cloud subscriptions.	On track: 830 units ordered and 630 units shipped against guidance for >3,000 units.
Cash	Transition to cash breakeven in FY18.	On track, higher revenue and lower opex against PCP.
Gross margins, EBITDA, pricing & business models	Gross margins on IKE-branded products improving by up to 5% margin points over FY17 actual of 69%.	On track.
	EBITDA to improve significantly against FY17.	On track.
	IKE4 and Spike revenues continues to develop a higher bias to recurring revenue via cloud-based software subscriptions.	On track.
Operating expenditure	Operating costs will decrease in absolute dollar terms against FY17.	On track: Q1 opex 28% lower than PCP.
	Sales and marketing costs will be at a similar level to FY17 as investment toward acquiring customers and growing market share continues.	On track.
	Engineering and corporate costs will decrease.	On track.

Re-cap of market expansion & focus for growth opportunities

Market	Business model	Go-To-Market approach	FY18 momentum	TAM
Electric utilities market / IKE4 solutions 	Year 1 (per solution) <ul style="list-style-type: none"> - US\$8,795 for mobile software & device, \$1,995-2,990 cloud sub Year 2 onward <ul style="list-style-type: none"> - US\$1,995-2,990 pa cloud sub - IKE Analyze - Cloud-enabled analysis services - Rental and Lease purchasing options 	<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 IKE4 solution every day - Engagement with >15 accounts with the potential to grow to >\$1m in revenue - The IKE4 Cloud is managing more than 0.25m asset records 	\$700m p a in US 3,200 electric utilities, >1,000 engineering companies, >500 Communications companies in the US
Signage & AEC & GIS 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\$50-199 per annum (premium cloud subscription) 	<ul style="list-style-type: none"> - Web & e-commerce. - Sign supply resellers (globally). - AEC resellers (globally) - GIS resellers (globally) - Franchise partnerships. Highly scalable, low touch	<ul style="list-style-type: none"> - >4,000 US sign companies relying on the Spike solution every day <ul style="list-style-type: none"> - >60% cloud usage - European Signage market distribution established - Ten new AEC and GIS distributors added Q1 	\$300-500m TAM for signage market 150,000 signage businesses Very large, unquantified TAM for AEC & GIS
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\$19 per month (optional cloud subscription) Year 2 onward: <ul style="list-style-type: none"> - US\$19 per month (optional cloud subscription) 	<ul style="list-style-type: none"> - ikeGPS as OEM - Fortune 500 brand in Stanley Black & Decker - Big Box retail stores 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

IKE4: a closer look at new products and market development

The pole solution for electric utility, communications and engineering companies.

IKE4 target accounts developing positively

>3,200

U.S. Electric Utilities

>1,000

U.S. Engineering Firms

>500

U.S. Communications Firms

>300

U.S. customers using the IKE3 or IKE4 platform every day to measure and manage their pole data

Many thousands of new pole records are being added, analysed and managed in the IKE Cloud, every day.

>15

Target accounts engaged around the IKE4 platform with the potential to grow to more than \$1m revenue

Update on example Target Account referenced in FY17 Results briefing

In the FY17 result announcement an example target account was described as:

- A national communications company deploying mobile & fibre services using aerial infrastructure.
- With >300 regional engineering offices and >200 engineering firms contracting to it to deliver pole services.

IKE's objective is to become the defined pole standard for the Group nationally.

Update:

The IKE4 pilot project has been completed. Report completed July 2017.

Four regional offices trialled IKE4, testing for value, benefits and deployment scalability.

The engineering offices hosting the pilot project have adopted or purchased IKE4 since the completion of the trial.

The summary report has recommended corporate IKE4 adoption:

- Citing >50% productivity & cost benefits over existing work practices
 - The potential for this account is for initial higher volume purchases from 2H FY18

IKE Analyze introduced

A customer captures field data with IKE4.

IKE delivers the Pole Loading Analysis or Make Ready Engineering analysis via the IKE Cloud.

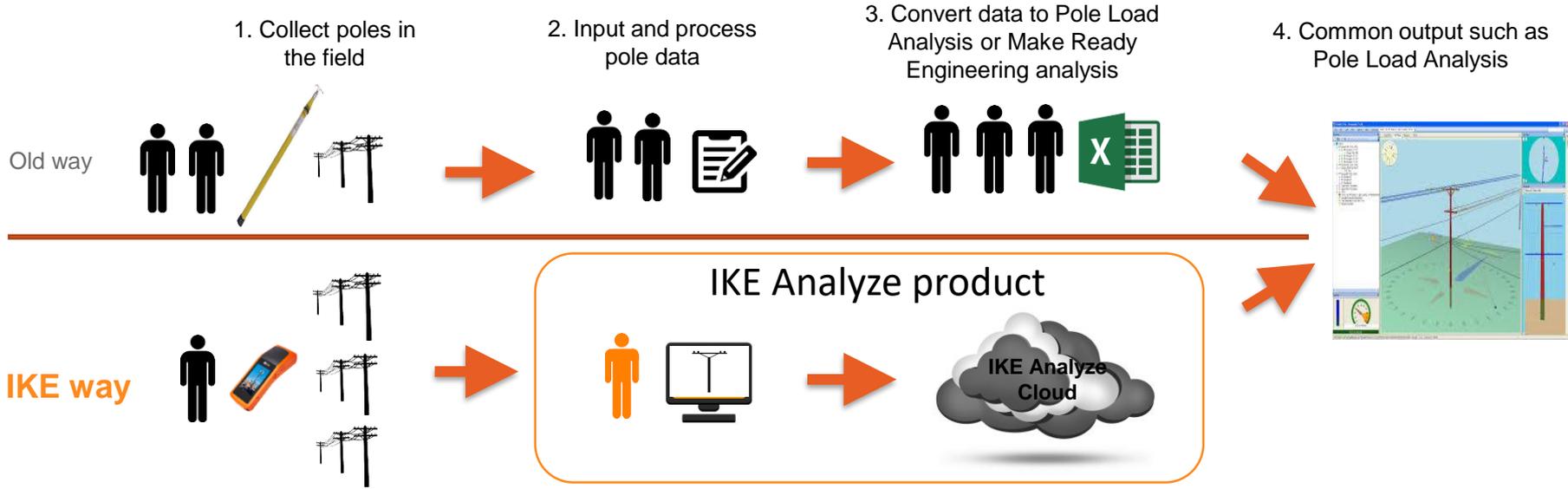
The potential for up to

3x

more revenue per account
from certain utility &
engineering customers.



IKE Analyze explained as launched and sold in Q1



IKE way

Customer
ROI

>30

more poles collected in the field every day, per unit.

Generating >\$900 more revenue per day.

1

Less person per field crew.
Less person per back office team.

Saving >\$16k per month headcount costs.

>\$35

less cost per pole to process field data in the back office.

Saving >\$1k per day.

 = customer resource
 = IKE resource



New IKE4 products & business models introduced

Expanding revenue models to support every type of pole customer

IKE Analyze

- A customer captures the field data with IKE4. IKE delivers the required Pole Loading Analysis or Make Ready Engineering reporting via IKE Cloud.
- The potential for IKE to grow revenue for certain accounts by 2-3x.

IKE Rent (\$949/month)

- Customers pay only for the time they use IKE4 on a project, receiving payback from day one.
- An ideal purchasing model for engineering companies with uncertain longer term contract pipelines.

IKE Lease (2 & 3 year leases)

- Both operating lease and capital lease options available.

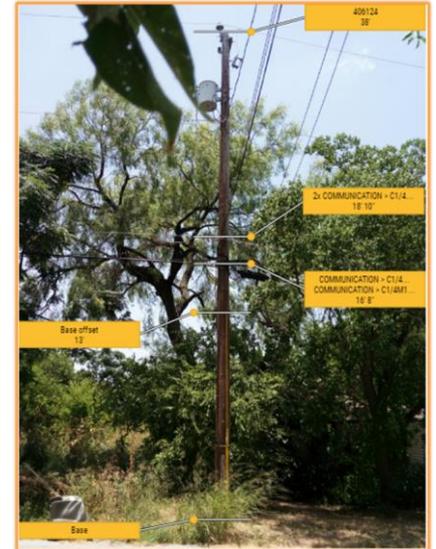
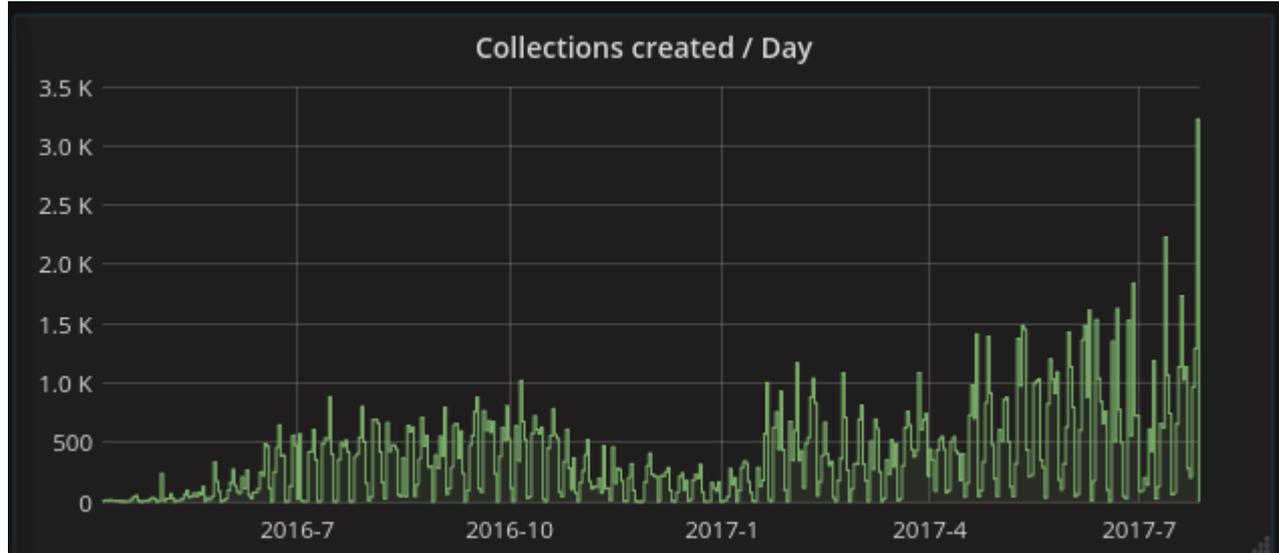
IKE Buy (\$8,995 device plus \$1,995+ annual s/w subscription)

- A lower overall TCO profile for a customer over 15+ months. The preferred purchasing model for many utilities and communications companies.

IKE Deploy

- Customers attend the IKE Training Centre to have IKE experts train-their-trainer or train-their-teams, to become an IKE4 pro within 1 day.

The IKE4 Cloud is managing more & more asset records



“Ingesting and processing thousands of new pole records every day, and growing exponentially. More than 1m assets are expected to be IKE'd in the coming 12 months.”

Delighted IKE4 customers

Largest Californian Electric Utility; Joe M, Customer Project Planner, Northeast Project Management Design Team:

- *“So I took a pole that I used the IKE4 to collect my field data with, and the results were astonishing! I got my span lengths, GPS coordinates, attachment heights and delta changes ...check this out: (see picture)”*

“This is an example of just how good this solution is...people have no excuse now not to do it fast and right!”

One of largest U.S. telecommunications company's; Adam W, OSP Lead Engineer:

- *“I want to thank you and the IKE team for our experience with IKE4 and its integration. **We are very pleased with the solution's performance in the field and the seamless transfer of data to the cloud for Pole Load Analysis.** We are excited about this exceptional product and are confident it will help our company grow and win.”*



Spike: a closer look at new products and market development

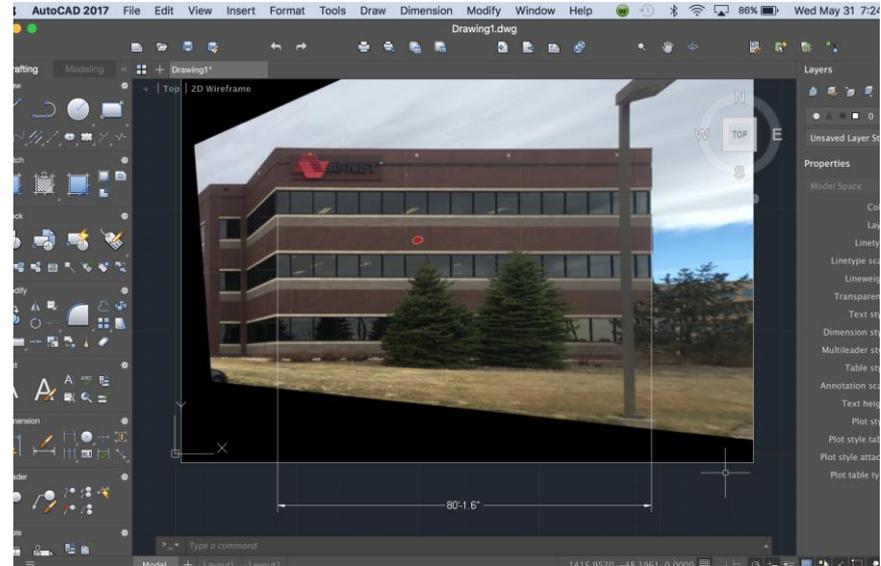
Spike for the AEC market via product integration with AutoCAD.

Spike for the Geospatial market via product integrations with Esri.

Introducing Spike-for-uniVERSE

Introduced scaled and perspective-corrected images

...straight from Spike to AutoCAD, for design processes in the AEC market



“Today over 200 million customers use Autodesk® software. AutoCAD is their flagship software product for 2D and 3D design, and is used by more AEC professionals globally than any other CAD package.”

IKE is initially targeting the >25,000 architecture companies in the U.S. market.



Introduced Spike integration with ArcGIS

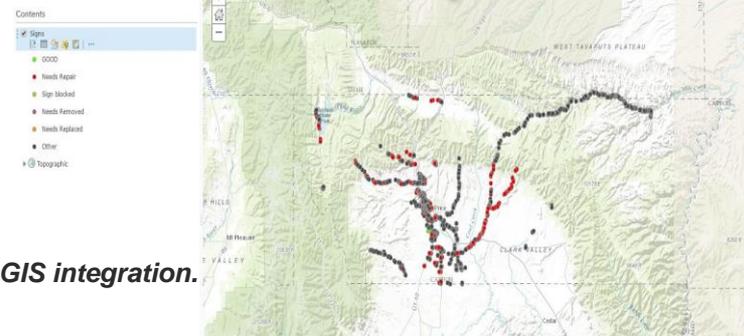
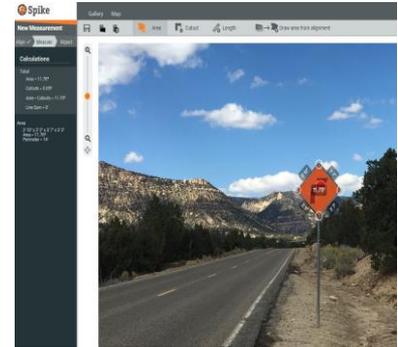
...Spike measurements & location data straight to an Esri environment, the world's most used GIS software

Spike-for-ArcGIS is a new app and Esri-integration from IKE that enables users to capture photos with **Spike** and upload the geo-located (and optionally measured) photos of assets directly to ArcGIS.

In a short time frame, Spike has been sold into >40% of the State Department of Transportation's in the U.S., all of whom are Esri customers.

*Founded in 1969, Esri is the global market leader in GIS. Esri software is **deployed in more than 350,000 organizations**, including the world's largest cities and most national governments.*

Spike location and measurement information.



ArcGIS integration.

Introduced Spike-for-uniVERSE

...hardware integration, bundling and co-marketing with OtterBox Inc.

Joining forces with the largest smartphone protection and case-maker in the U.S., OtterBox Inc., to bring users a new version of Spike that integrates with the OtterBox uniVERSE Case System.

The uniVERSE case features a slotted rail that allows users to attach their Spike interchangeably to an iPhone or iPad without removing the case, making it quicker and easier to attach Spike in the field.

The Spike-for-uniVERSE bundle provides an enhanced out-of-box user experience, a more consistent measurement experience in the field, and a higher sales ASP and margin profile for IKE against other Spike SKU's.



Further product recognition from industry & customers



“ Spike won the Pinnacle Award at the National Hardware Show, the largest global event for the building and home improvement industry.”

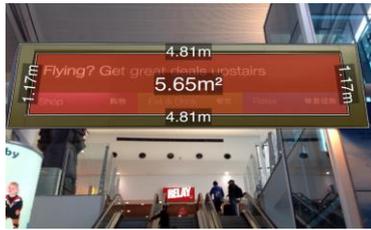
1st Place Winner

A focus on translating this to the expansion of the Spike channel and partner footprint.

Growing mobile product proof points across industries



>4,000 Sign & Graphics businesses.
Using Spike everyday for estimates, quotes and design. TAM of 150k businesses



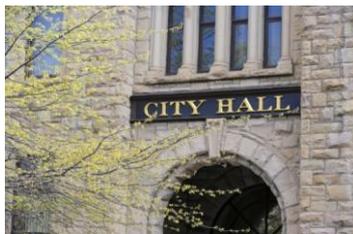
Transportation. >40% of U.S. State Department of Transportation.
Driving to Esri mobile integration.



Tens of thousands contractors and construction groups via the Stanley Smart Measure Pro



Defense and intel agencies, such as the Defense Intelligence Agency and Special Forces



Local government and city councils for asset management.



Insurance.



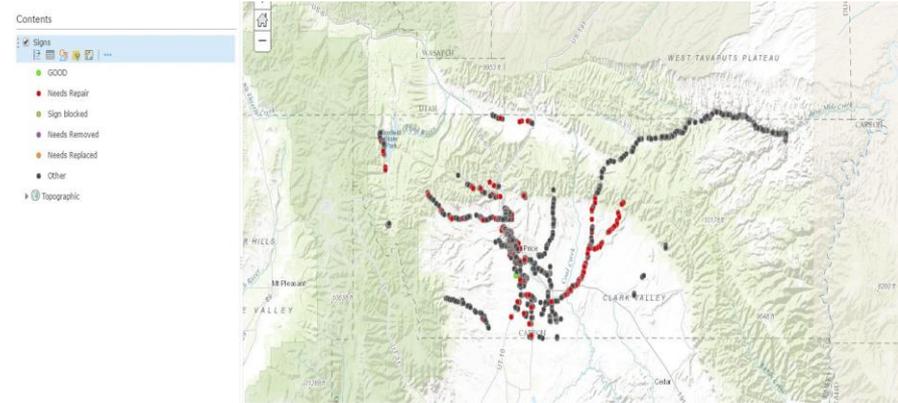
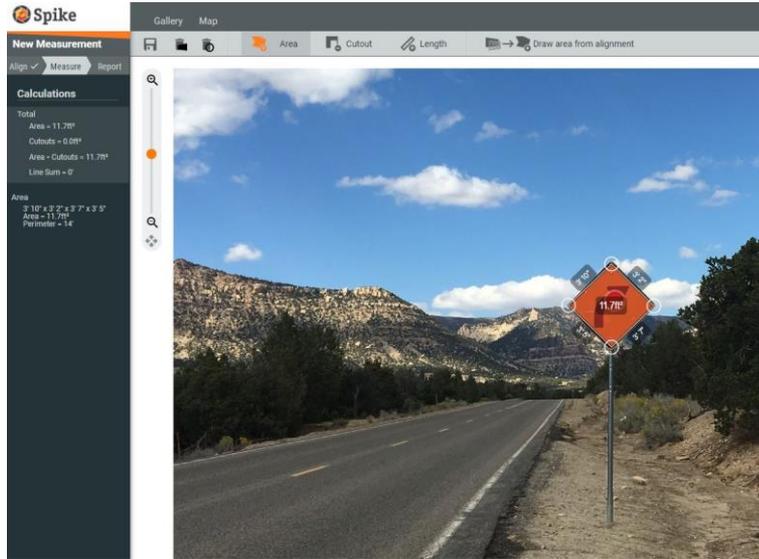
Law Enforcement, for accident investigation.



Hundreds of Real Estate and Appraisal companies.

Many Spike customer success stories

.....Carbon County, Utah realise >500% ROI in a month with Spike-for-Collector (by Esri) for asset inspection & sign inventory program



“What used to take five weeks to inventory 1,500 signage, with Spike-for-Collector we were able to collect 322 signs/day or 1,620 signs/week. This reduced our overall cost from \$50,000 to \$5,000 - a staggering 568% ROI on Carbon County’s investment”.

Daniel Campbell, Road Shop Supervisor, and Mellissa Lasslo, GIS Department, Carbon County, Utah.



Working capital

A working capital requirement of \$4-5m over 12-18 months

Driven by various growth factors:

- Minimum Order Quantities for parts and manufacturing runs
 - The benefit is lower cost of goods and increased margin per unit.
 - This working capital impact will reduce relative to revenue as IKE continues to scale sales volumes.
- Terms of trade from outsourced manufacturers, including required deposits
 - The benefit is lower cost of goods and increased margin per unit.
- The requirement to support a Spike Finished Goods profile
 - Building to sales pipeline growth.
 - Including the broadening of product SKU's, such as Spike-for-Otterbox.
- Large, lumpy sales cycles for IKE4
 - That has a corresponding working capital requirement.
- New IKE4 Products & buying models
 - New IKE Analyze, IKE Lease and IKE Rent products each deliver greater revenue and margin to IKE in the medium term. Each have corresponding working capital requirements at the front-end of a sale.

Alongside a focus on working capital efficiencies



Cost of Goods reductions

IKE has materially lowered the cost of goods on the hardware component of products.

As an example, over the past 18 months the cost of goods per Spike unit decreased by >60%.

This was via design-for-manufacture processes and the outsourcing of production itself.



Stanley Black & Decker

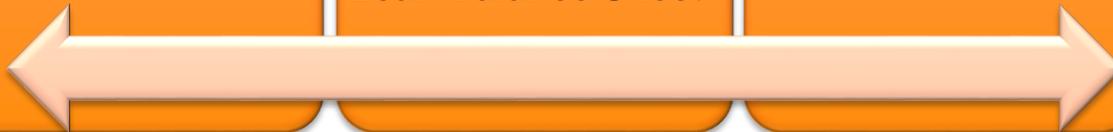
Leveraging SBD's Invoice Financing Facility for Stanley Smart Measure Pro product shipped.

Lean Balance Sheet



Invoice Financing Facility for some IKE4 product sales

In Q1 IKE established a small receivables financing facility for some US receivables.



Thank you

Glenn Milnes, CEO
glenn.milnes@ikegps.com
+1 720-418-1936

Chris Birkett, CFO
chris.birkett@ikegps.com
+64 21-442-127



Bringing measurements within reach