



Measuring Up

IKE FY18 results. FY19 growth opportunities and guidance.

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INVESTOR CALENDAR



**Audited Financial
Statements**

30 May*



Annual Report

30 June*



**Annual General
Meeting**

4 September*

* Dates New Zealand Time



Results

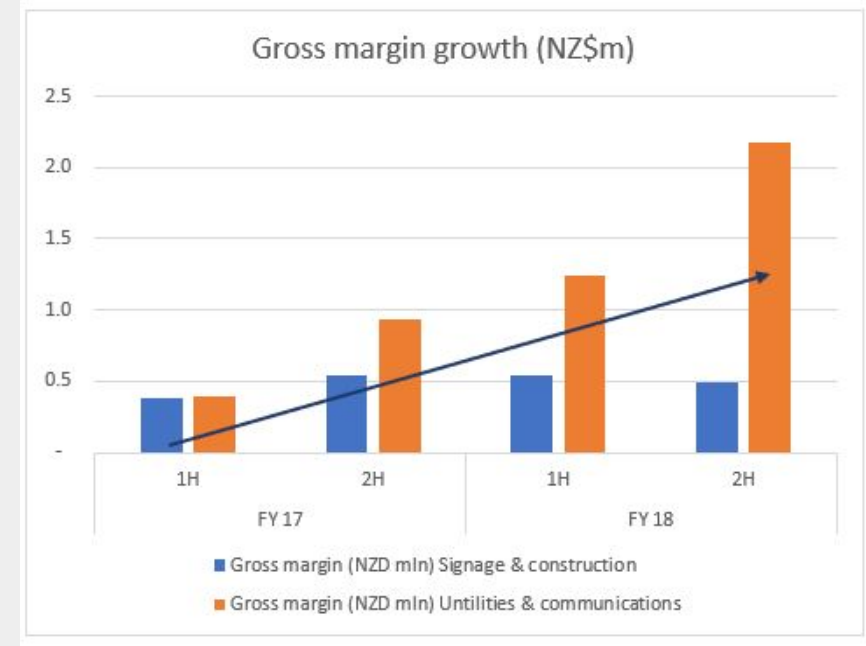
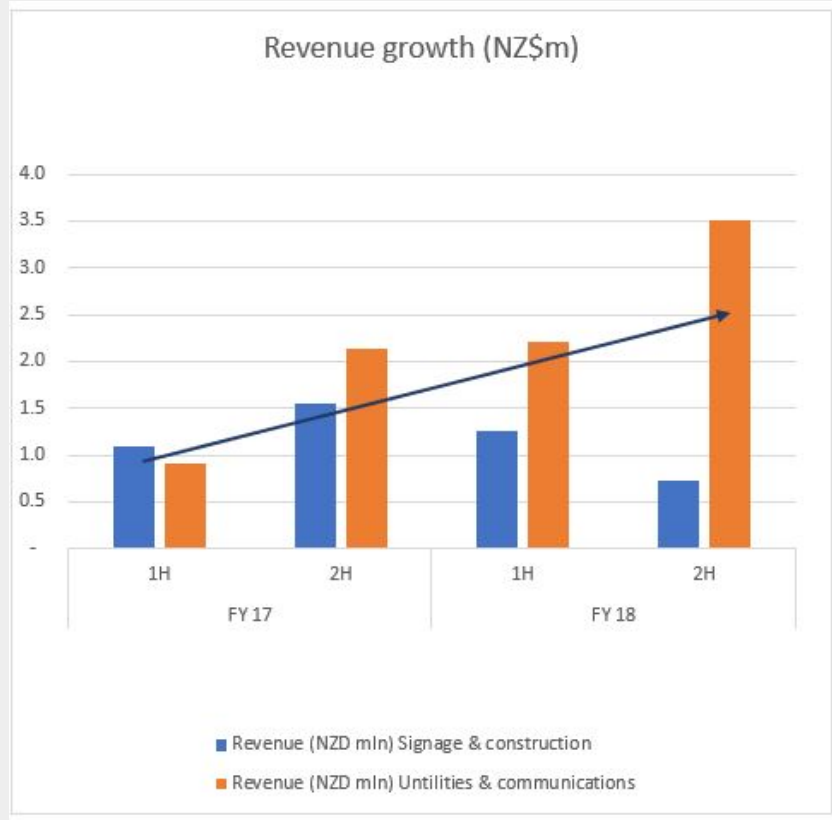
Significant improvement across all key metrics.

- Recognised revenue of \$7.7m, with additional deferred IKE4 revenue of \$1.2m.
 - Approximately 37% higher recognised revenue against PCP (FY17 \$5.7m)
- Operating cash flow targets met.
 - Operating cash used in the 12 month period of \$2.8m.
 - 69%, or \$6.2m, improvement against PCP (FY17 \$9.0m operating cash used)
 - Approximately \$1.2m operating cash flow positive Q4 FY18, impacted by positive timing differences on receipts and payments
 - Approximately \$0.25m operating cash flow negative 2H FY18
 - \$2.6m cash on hand at end of period
- Gross margin in the period of \$4.0m.
 - 76% higher against PCP (FY17 \$2.3m)
 - FY18 gross margin also impacted by one time non-cash charges of \$420k
 - IKE branded Products consolidated margin (adjusted for write offs) of approximately 64% verses revised guidance of 65%.
- Operating Expenses of \$10.8m.
 - Reduction of \$2.4m against PCP
- Net loss after tax for the period of \$6.7m.
 - 37% improvement against PCP (FY17 \$10.7m)
 - 2H FY18 net loss of \$2.3m, a 49% improvement against 1H FY18 net loss of \$4.4m

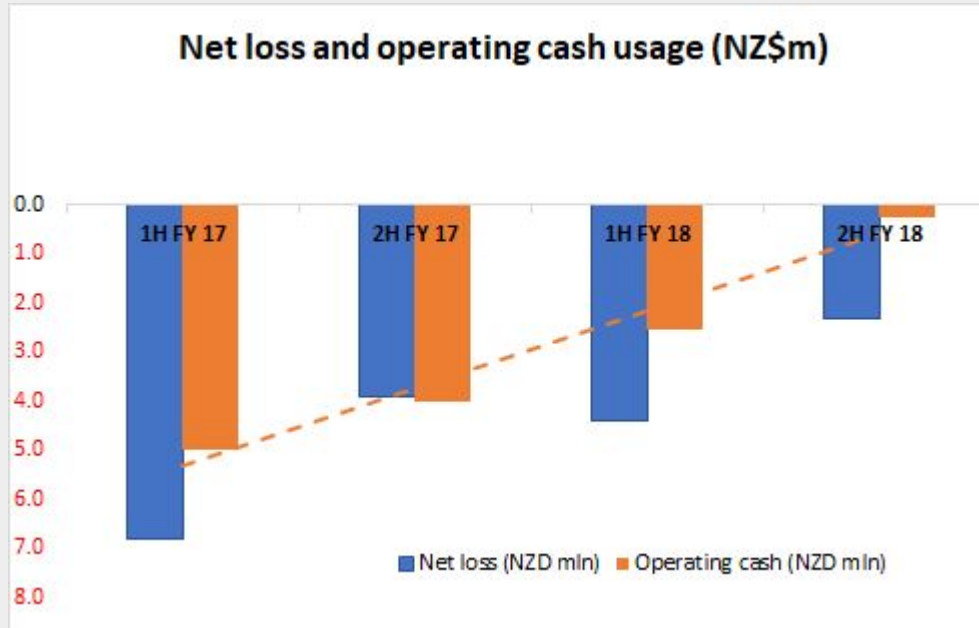
Significant improvement across all key metrics cont.

- Record IKE4 sales with \$5.0m revenue from a total of 476 systems (including 46 rental contracts) into the U.S. Communications and Electric Utility market, with a \$1.2m additional deferred revenue from IKE4 subscriptions.
 - 110% system volume sales growth against PCP (FY17 210 systems)
 - Record 243 IKE4 systems shipped 2H FY18
 - Important in-market progress with Target Accounts:
 - Sales and deployment into AT&T Inc., the largest communications company in the U.S., Verizon Communications Inc., the second largest communications company in the U.S., Cox Communications Inc., a national fibre operator, and some other key communications businesses.
 - The IKE4 platform has now been sold into all investor-owned utilities in the States of California and Washington
 - Growth of an engineering services company supporting national fibre & communications companies to have approximately 80 IKE4 systems deployed by the end of Q4 FY18.
- The new 'IKE Analyze' product was launched and delivered 2H FY18, providing the potential for IKE to significantly increase revenue within some target accounts.
- Spike sales, primarily into the Signage market, were steady against FY17.
 - Approximately \$1.2m revenue from 2,206 total units shipped (against PCP unit volume of 2,077).
 - New solution partner, ESRI Inc., established for the Geospatial market to expand the verticals that Spike will address FY19.
- 8,849 Stanley Smart Measure Pro units shipped FY18 as expected (against PCP of 30,500 units)

Positive revenue and gross margin momentum



Significantly improved net loss and operating cash profile

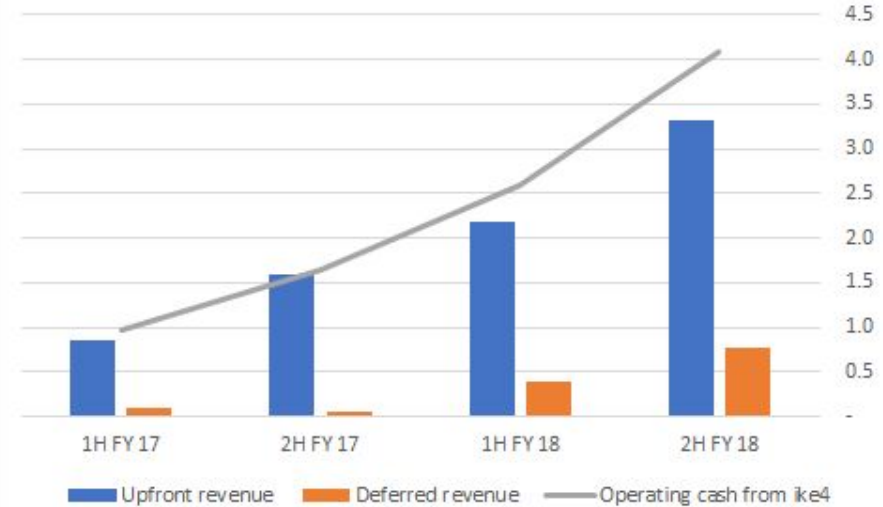


Five drivers of cash generation

Drivers

Improved revenue quality	Transitioned from low margin OEM sales to higher margin & value IKE-branded products. Diversified tier-1 customer base developing.
Cash accretive IKE4 system sales	Momentum with enterprise-level customers. Accretive IKE4 Subscription Renewals. Diversified revenue streams developing from the IKE4 platform offering.
“Lean” operating model	Lowered corporate and engineering costs. Continued investment in sales & marketing.
Investment into focused product development	Enhancing solution offerings to facilitate higher revenues per customer: additional software for deeper customer workflows, SDK's to enable further integrations.
Working capital efficiency	Inventory and Prepayments reduction in the period of \$1.3m. Improving Days Sales Outstanding.

IKE4 revenue and cash received profile (NZ\$m)



Positive Operating Results in FY18

	Year ended 31 March Group	
	2018	2017
	\$'000's	\$'000's
Continuing operations		
Operating revenue	7,732	5,655
Cost of sales	(3,754)	(3,397)
Gross profit	3,978	2,258
Other income	125	185
Operations cost	(477)	(860)
Sales and marketing expenses	(3,231)	(3,229)
Research and engineering expenses	(3,019)	(4,867)
Corporate costs	(4,011)	(4,139)
Foreign exchange (losses)/gains	(71)	(135)
Expenses	(10,809)	(13,230)
Operating loss	(6,706)	(10,787)
Net finance income	(20)	69
Net loss before income tax	(6,726)	(10,718)
Income tax (expense)/credit	(6)	(9)
Loss attributable to owners of ikeGPS Group	(6,732)	(10,727)
Other comprehensive loss		
Items that may subsequently be recognised through profit or loss		
Exchange differences on translation of foreign operations	(31)	98
Comprehensive loss	(6,763)	(10,629)

37% growth against PCP

Gross Profit improvement 51% versus PCP 40%; increased IKE-branded products and services

\$2.4m improvement against PCP

37% improvement against PCP

Focussed OPEX and Working Capital Management

	Year ended 31 March Group	
	2018 \$'000's	2017 \$'000's
Cash flows from operating activities		
Cash receipts from customers	8,458	6,846
Cash paid to suppliers and employees	(11,241)	(15,851)
Interest paid	(26)	(16)
Net cash generated from operating activities	(2,809)	(9,021)
Cash flows from investing activities		
Purchases of property, plant and equipment	(26)	(271)
Additions to intangible assets	(1,224)	(1,035)
Interest received	6	85
Net cash used in investing activities	(1,244)	(1,221)
Cash flows from financing activities		
Proceeds from issuance of shares on listing	4,011	7,758
Net cash from financing activities	4,011	7,758
Net (decrease)/increase in cash and cash equivalents	(42)	(2,484)
Cash and cash equivalents at 1 April	2,730	5,292
Effect of exchange rate fluctuations on cash held	(102)	(78)
Cash and cash equivalents	2,586	2,730

Increased volume of
IKE-branded products
and services

OPEX reduction
combined with Supply
Chain efficiencies

Continuing to invest in
development



Outlook

FY19 guidance, KPI's and commentary

Metric/factor	Expectation at commencement of FY19
Revenue and gross margin growth	<p>Greater than 30% revenue growth against FY18:</p> <ul style="list-style-type: none">❑ IKE4 revenue components to be from the delivery of a fuller solution:<ul style="list-style-type: none">❑ New IKE4 system sales❑ Recurring subscriptions from existing customers❑ ikeAnalyze sales❑ Noting that no FY19 revenue is expected from Stanley Smart Measure Pro sales, the OEM mobile product.
Cash	Operating cash flow breakeven for FY19.
EBITDA	EBITDA breakeven by Q4 FY19.
Operating expenditure	<p>Operating costs will be similar in absolute dollar terms against FY18.</p> <p>Sales and marketing costs will be higher than FY18, as investment toward growing existing customers and market share continues.</p> <p>Engineering and corporate costs will decrease relative to FY18.</p>

FY19 guidance, KPI's and commentary cont.

Metric/factor	Expectation at commencement of FY19
Maximizing the revenue & profit from the opportunity for IKE4 in the Communications market	<p>A significant opportunity is in front of IKE specific to the U.S. Communications market, addressable over the coming c 48 months with respect to IKE4 sales into the top ten U.S. Communications operators.</p> <p>IKE may have the opportunity to invest in additive growth activities at the appropriate time to:</p> <ul style="list-style-type: none">❑ Build or acquire software capability to add further value to the IKE4 solution, that can increase the potential revenue opportunity within target accounts.❑ Accelerate sales and business development processes specific to these ten target accounts.❑ More fully resource IKE4 deployments, post-sales account management & customer success activities, to de-risk the adoption process and maximize long term account value.❑ Fund working capital growth commensurate with sales growth.
Sales cycle	<p>Increasing recurring subscription revenues will continue to smooth revenue and gross margin profiles.</p> <p>New business development wins may have some lumpiness, reflecting the sales cycles to onboard target accounts and shift customer work practices away from incumbent methods.</p>
Market communication cadence	<p>IKE will report KPI's and other core metrics to the market quarterly, noting IKE's view that the primary value driver in the medium term will be progress with target IKE4 accounts rather than a quarterly IKE4 unit volume.</p>

Momentum & growth opportunities

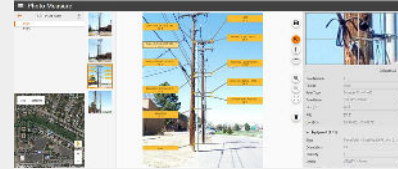
A US\$200B tailwind for IKE4 in the U.S Communications market

Addressing more of the 'pole' value chain.

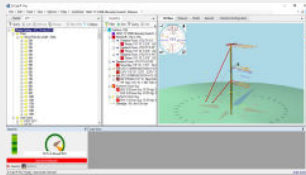
Short term value drivers in place via the current IKE4 solution offering...



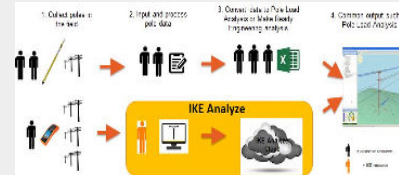
Specialist field tools and mobile app workflow software, delivering upfront revenue.



Cloud-based measurement, analysis and pole management software, delivering subscription revenue.



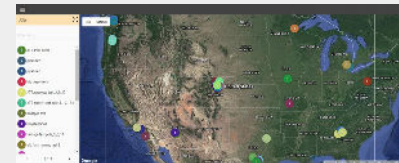
Integration software for Pole Load Analysis and other backend systems, delivering subscription revenue.



IKE Analyze, delivering 'per pole' transaction revenue.



Pole people & pole expertise, delivering training & deployment services revenue.

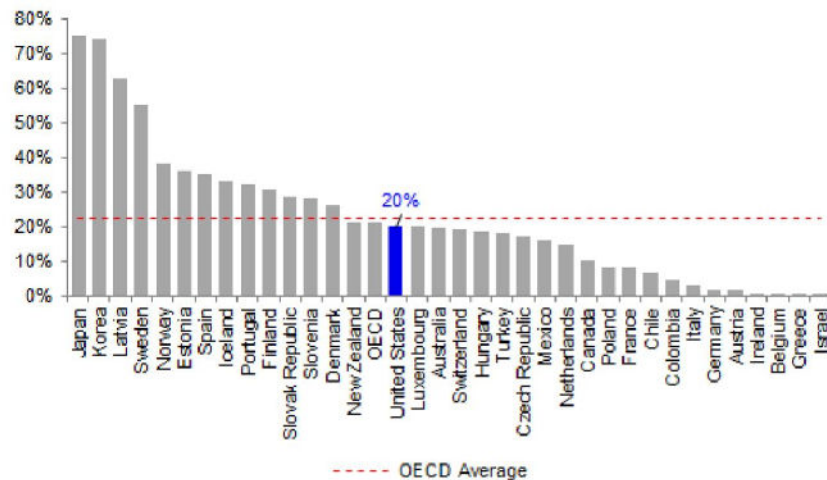


Information management and dashboard reporting, providing the potential for new revenue streams.

A US\$200B market tailwind, being invested into fiber networks.

The majority of this deployment to be on overhead infrastructure.

Figure 3: US Fiber Penetration Is Below the OECD Average

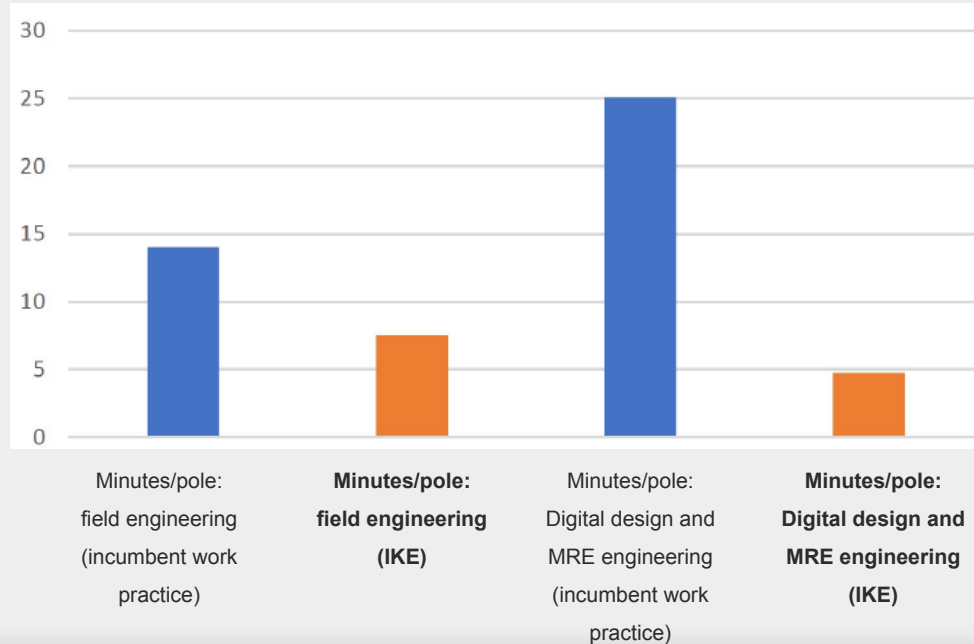


Source: Deutsche Bank, OECD

Customers can deploy fiber faster with IKE4.

2x faster field engineering and 5x faster make-ready-engineering processes. .

Actual customer productivity data from IKE4 program at one of the world's largest communications companies.



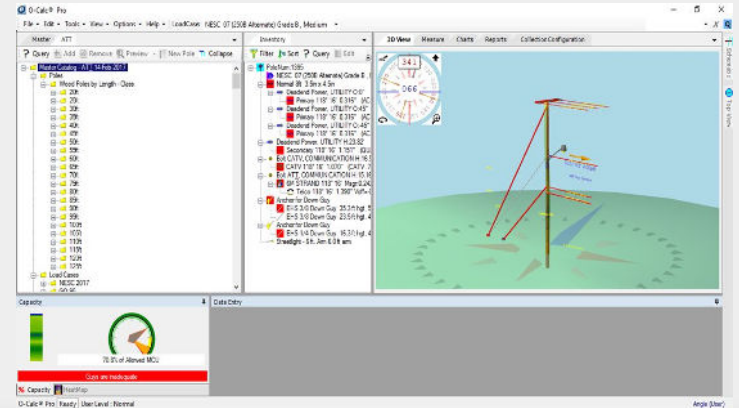
High value from standardising pole data in the IKE4 cloud.

The 'pole depot' for an asset owner or any pole project .

- A common standard for how pole data is captured and analyzed.

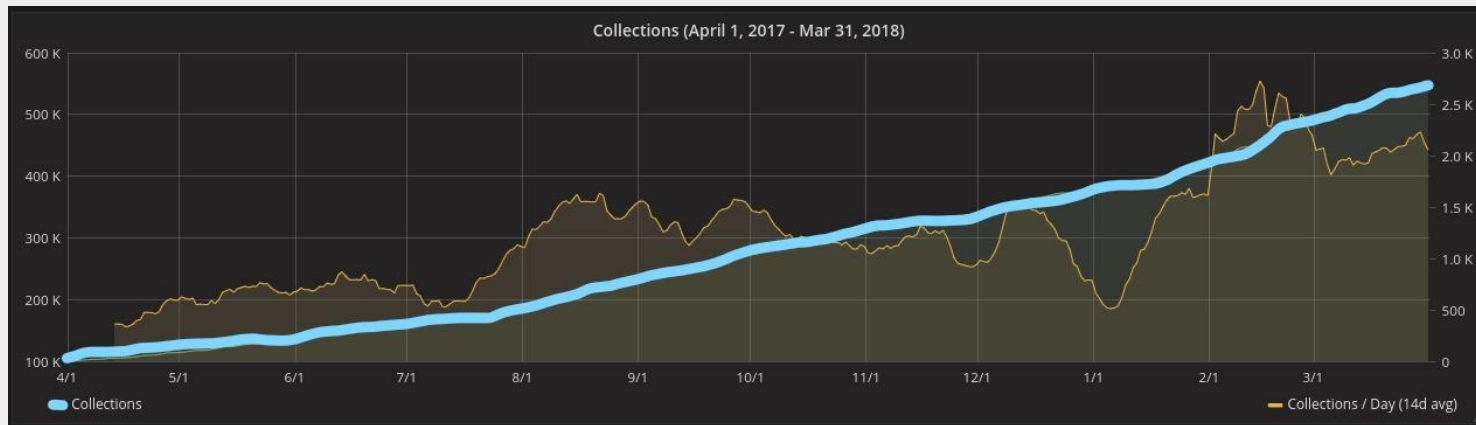


- A central location for multiple parties to store and access information about an asset.



A pole management system that's growing fast.

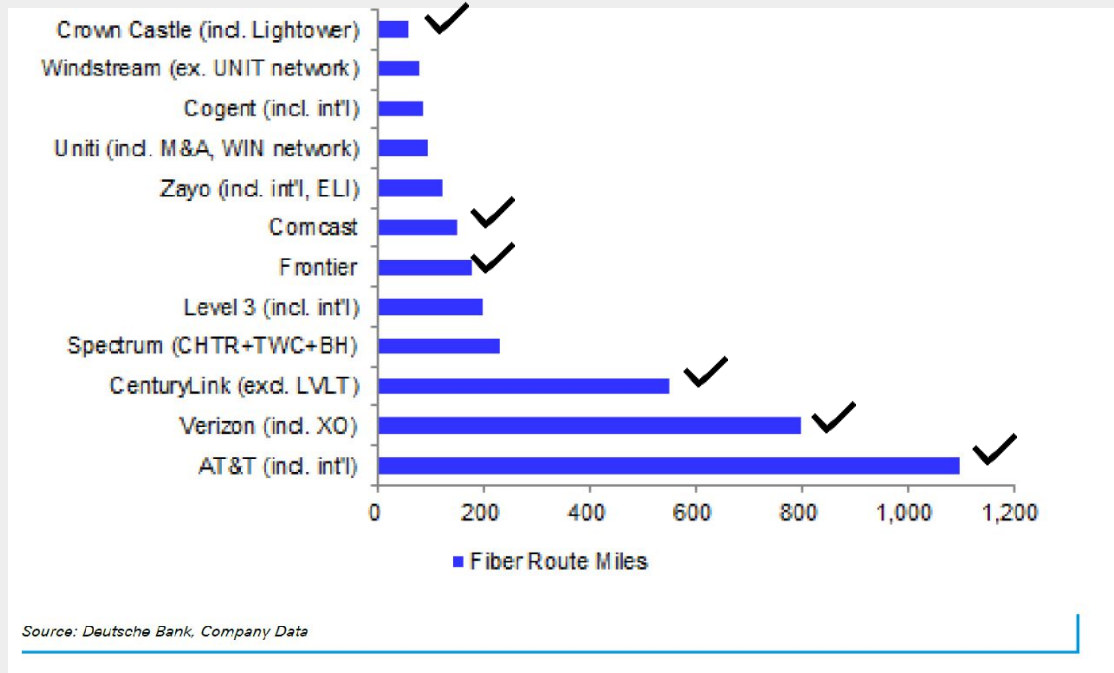
More than 3.25m pole captures have been processed to date in the IKE4 Cloud.....



The IKE4 cloud today manages >3.25m pole captures, >0.8m pole records, and has up to 3,000 additional asset records added each day.

Positioned in front of the major players.

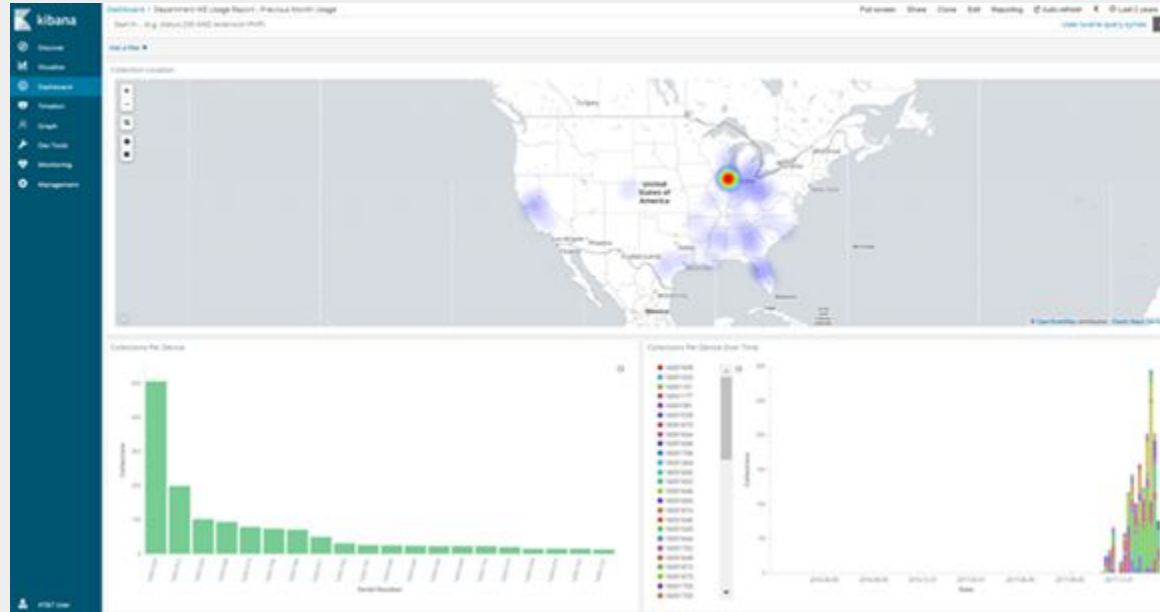
With line-of-sight to the growth of existing accounts and the path to winning new ones.....



✓ IKE4 customer FY18

Opportunities to introduce further solution value.

Potential long term value drivers.....



A summary of the U.S. Communications market opportunity.

Directly in front of IKE over the next 48 months.

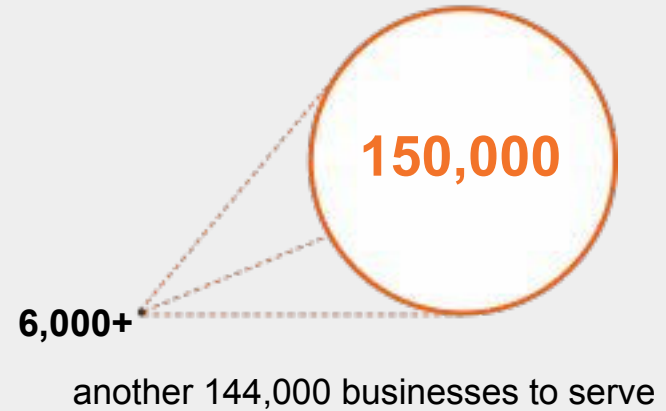
- ❑ The US\$200b fibre investment super-cycle in the U.S. provides an extraordinary market tailwind for the IKE4 solution.
- ❑ A bottoms-up view of ten U.S. Communications companies, engaged with IKE either as a customer won in FY18 or as an active sales prospect, indicates a very large revenue opportunity is directly in front of the business.
- ❑ Simplistically, the IKE4 solution enables Communications companies to deploy their network faster and at higher quality.
 - ❑ While IKE is a small part of the overall fiber construction process, speed of make-ready engineering is a primary pain point that provides a clear incentive for market participants to engage with IKE.
- ❑ By winning any Communications-type customer, IKE is winning their asset records and the asset records of the pole-owner to which they have attached their network. Often this is a electric utility.
- ❑ The approximately 3,200 electric utilities in the U.S. remain the big prize for IKE in the long run.
 - ❑ IKE's near term sales focus, aside from the Communications & Fibre players, are the Joint-Use departments within electric utilities - who are under pressure to efficiently process approvals for pole attachment requests from Communications & Fiber operators.
- ❑ IKE's go-to-market approach is direct sales, direct services and direct support, as a complete solution provider..

A continuing focus on the \$300-500m signage market.

Via the Spike product platform.

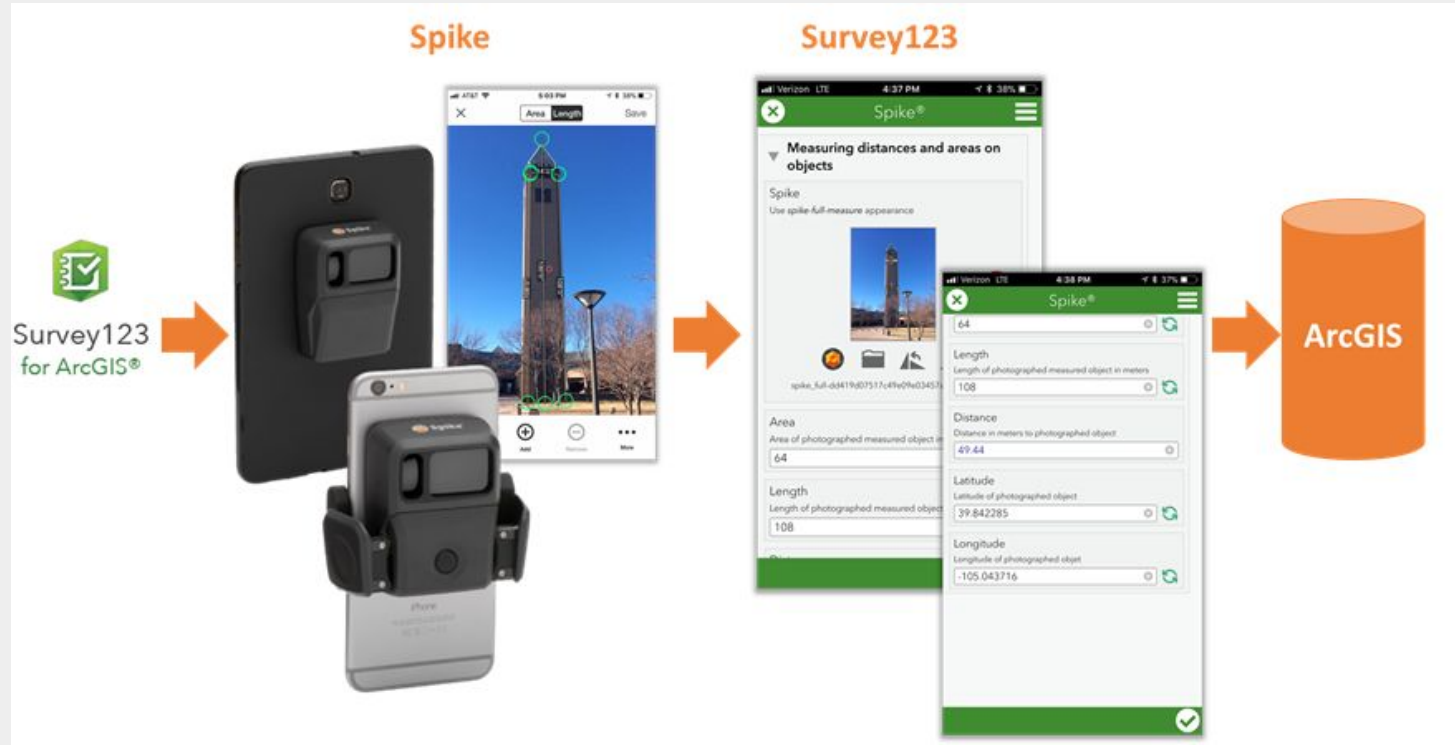


signage businesses relying on Spike every day to improve their business processes, saving time & money.



Additional option value in the large Geospatial market.

Via newly established product partnership with Esri and associated GIS distribution network.





Get the measure of your world

THANKS

