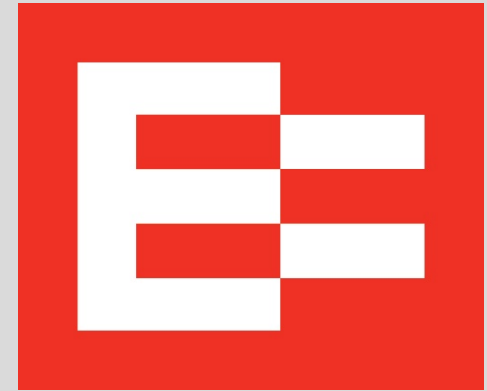


EROAD

Half Year 17 Presentation



29 November 2016

Important information

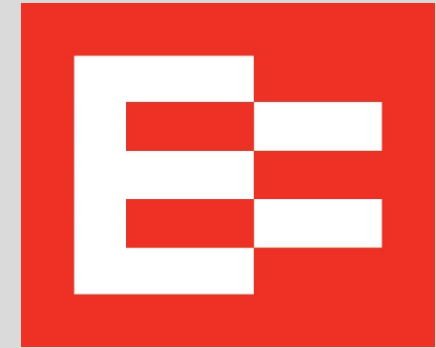


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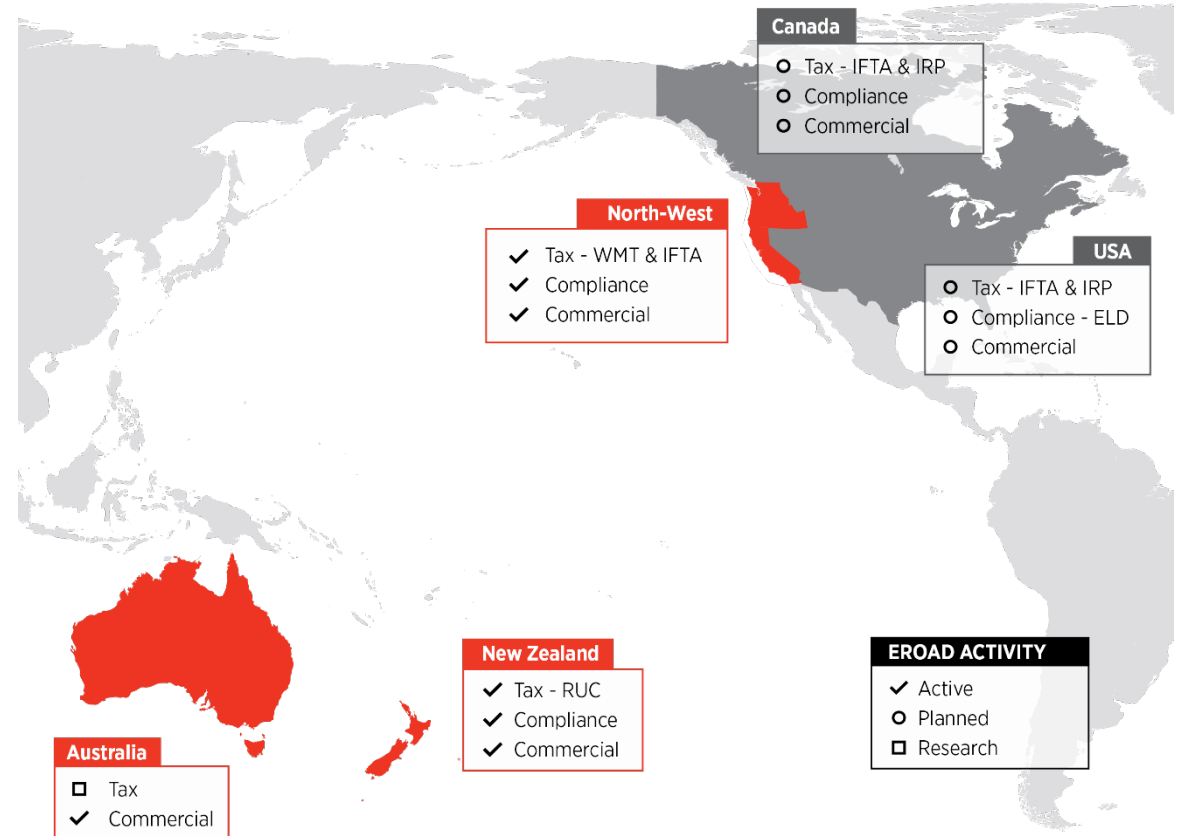
EROAD OVERVIEW



About EROAD



- **World first** GPS based road user charging system in New Zealand
- Operations in **New Zealand, Australia, Oregon, Washington and Idaho**
- Sole heavy vehicle technology supplier for **California Road Charge Pilot**
- **43,430 units** across three countries
- EROAD's services offered include:
 1. **Tax**
 2. **Compliance services**
 3. **Commercial services**
- EROAD's system consists of:
 - Electronic Distance Recorder (In-cab Hardware)
 - Electronic Logbook application (Mobile Software)
 - Cloud based online applications portal (Software)
 - Bank Grade Payment Gateway



EROAD in New Zealand and Australia



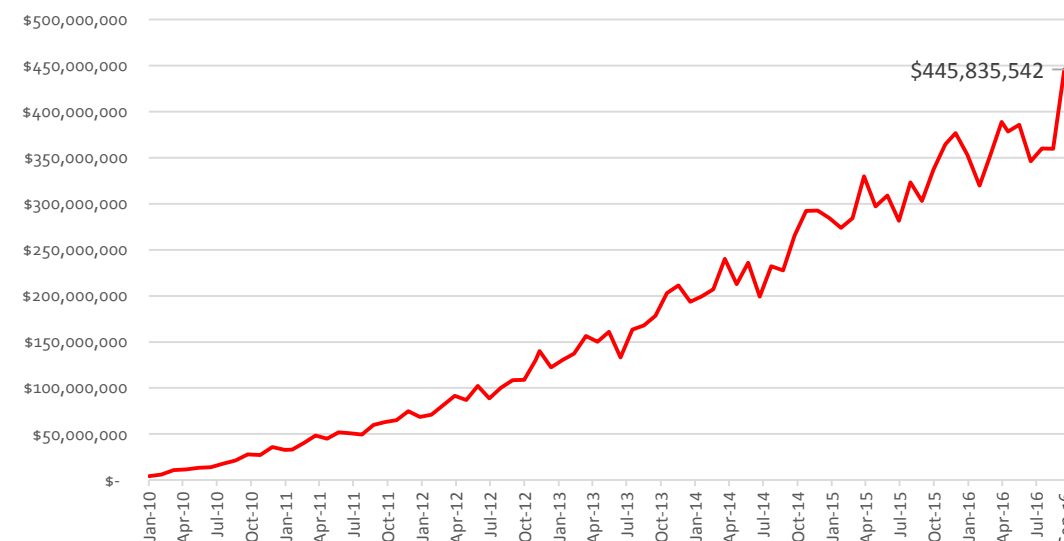
NEW ZEALAND MARKET

- **\$1.6 billion** of RUC is collected annually – **\$1.1 billion** from **155,000** Heavy Vehicles
- All vehicles over 3.5 tonnes must be fitted with an approved distance recorder
- Health and Safety regulations have increased EROAD's addressable market to over **600,000** vehicles
- EROAD now collects **36%** of all Heavy Vehicle RUC, up from **31%** last year – an annualised collection rate of **\$445 million**

AUSTRALIAN MARKET

- Australia has an estimated **700,000** Heavy Vehicles and **2.6 million** light commercial vehicles
- To date, EROAD has sold the majority of units to Australia based EROAD New Zealand customers
- While political interest in road user based charging exists, any implementation is a number of years away
- With EROAD at **38,129** units across Australia & New Zealand there remains capacity for continued growth

EROAD ANNUALISED RUC COLLECTION



Source: EROAD to September 2016

2015	31% RUC Market Share	\$445	38,129
2016	36% ▲ RUC Market Share	million Annualised RUC collection rate	units Across Australia and NZ

EROAD in North America



OREGON

- In April 14, after three years of pilots and regulatory audits, EROAD launched its Ehubo2, designed to support Weight Mile Tax (WMT) in Oregon and a wide range of regulatory & commercial services across the North American market.
- There are **306,000** vehicles registered for Oregon WMT, that are located across the US, with the majority based in the North West.
- With EROAD at **5,301** units, the majority in the North West, EROAD now has an established US base.

NORTH AMERICA

- North America has a number of significant Federal regulations that affect heavy vehicles, including, IFTA and ELD.
- IFTA (International Fuel Tax Agreement) covers over **3 million** vehicles across US States and Canadian Provinces requiring accurate reporting of mileage and fuel consumption, by state, to calculate fuel tax.
- ELD covers all US States, requiring **4 million** Inter-state heavy vehicles to fit an Electronic Logging Device (ELD) and adopt electronic recording of driver hours (HOS) by December 2017.
- EROAD has reorganised its sales approach to ensure it can address the nationwide opportunity created by the ELD regulations.
- EROAD's platform covers a wide range of customer needs from Oregon WMT to IFTA, ELD and driver safety.



4
million

*Vehicles required to have
electronic device installed*

5,301
units

How EROAD creates shareholder value



1. Identify and foster market opportunities

e.g. California: Road Charge pilot

R&D and Business Development

2. Design, develop and validate solution with stakeholders

e.g. USA: Electronic Logging Devices (ELD)

3. Establish commercial operations to address market opportunity

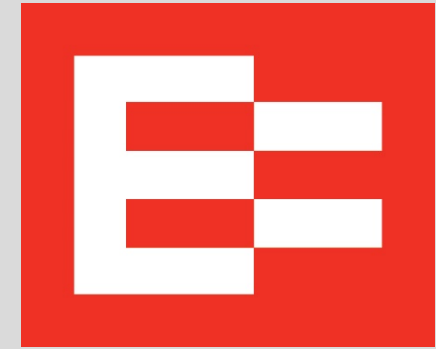
e.g. USA: International Fuel Tax Agreement (IFTA)
e.g. Oregon: Weight Mile Tax

Operations, Sales, Business Processes, Customer Service

4. Build long term sustainable business that continues to meet needs of all stakeholders

e.g. New Zealand: Road User Charges (RUC) and Health and Safety

HALF YEAR RESULTS



Achievements – Half Year 2017



Achieved
3 record sales months
in ANZ market

Partnered with
American Trucking Association
that represents
37,000 member companies

Retained
R&D
staff
at target levels

Appointed
industry-leading
advisors
to ready the US business
for growth

EROAD's
ELD
solution
on track
for release March 2017

Collected
36% ↑ up from 31%
of Heavy Vehicle RUC
in New Zealand

Continued
product enhancement
> 300
improvements launched

Engaged
PIT Group
to conduct an independent
verification of EROAD's ELD

Safe Driving Rewards
Programme
named
**NZ Insurance Industry
Innovation of the Year**

Nov 2016

Partnered with
truckstop.com
the largest heavy vehicle
service provider in the US

Won
Downer NZ contract
with rollout starting in period

Awarded
**Callaghan
Growth Grant**
funding,
\$475,000 over 6 months

Half Year Update for the six months to 30 September 2016



Continued strong growth over same period last year

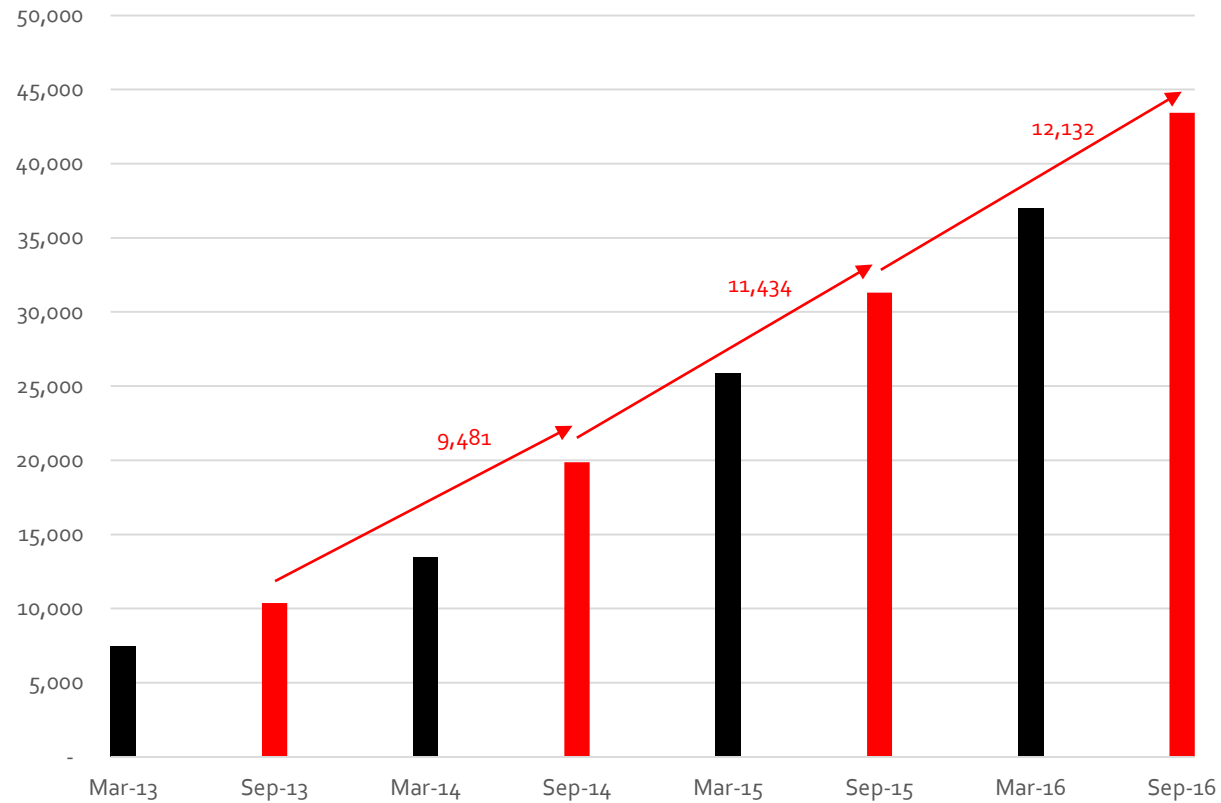
	6 months ended 30-Sep-16	6 months ended 30-Sep-15	% increase
Revenue (\$000)	15,524	12,216	27%
EBITDA* (\$000)	4,725	2,745	72%
<i>EBITDA* margin</i>	30.4%	22.5%	
Depreciation & Amortisation (\$000)	(5,008)	(2,620)	91%
EBIT (\$000)	(283)	125	-326%
Net Profit before tax (\$000)	(345)	851	-141%
Total Contracted Units	43,430	31,298	39%
Future Contracted Income(\$000)	52,777	46,594	13%
Retention Rate (12 months to 30 Sept)	98%	98%	N/A

* Earnings before interest, tax, depreciation and amortisation
For full description of non GAAP measures see the final page of this presentation

Total Contracted Units



Total Contracted Units grew by **39%** over the prior year



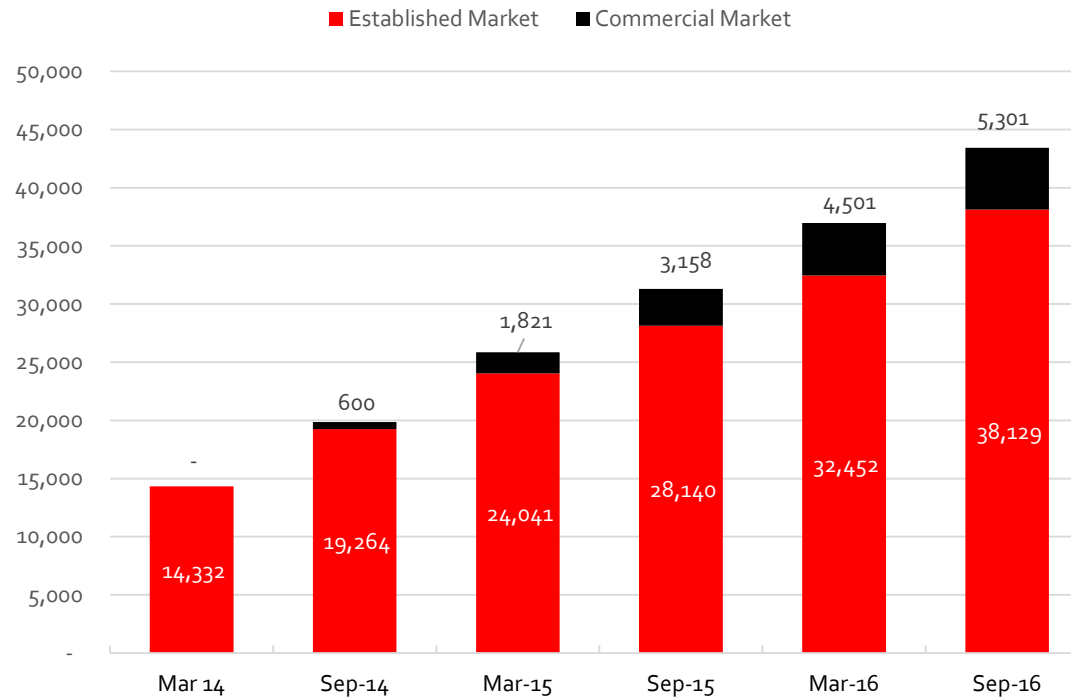
For a full description of Total Contracted Units (TCU) measure see the final page of this presentation

Total Contracted Units by Market



Total Contracted Units **grew by 35%** and **68%** in established and commercial markets respectively over the prior year

TOTAL CONTRACTED UNITS BY MARKET

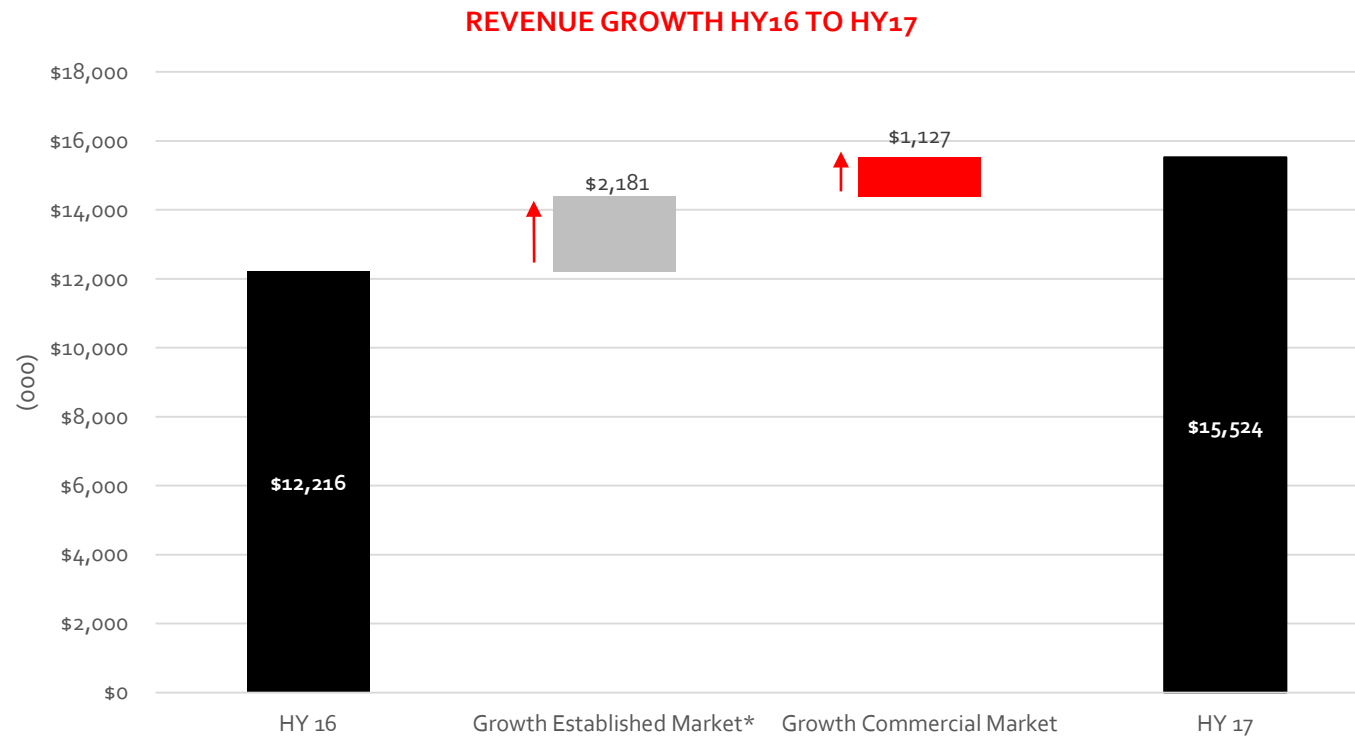


For a full description of Total Contracted Units (TCU) measure see the final page of this presentation

Revenue for the six months to 30 September 2016



Revenue grew by **27%** over the same period last year



* Includes increase in Grant revenue

Recurring revenue per unit



Recurring revenue per unit dropped by \$3 per unit over the same period last year

Recurring revenue* per unit fell from \$58 to \$55 over the same period last year driven by:

DOWNWARD DRIVERS

- Continued penetration into lighter vehicles
- Lower RUC transaction fees for lighter vehicles
- Increasing number of contracts up for renewal
- Large enterprise customer and partner contracts
- Increased competition
- Increase in number of units pending installation at 30 September

UPWARD DRIVERS

- Customers upgrading service plans
- Early adopters of next generation Ehubo2
- US is Ehubo2 only market

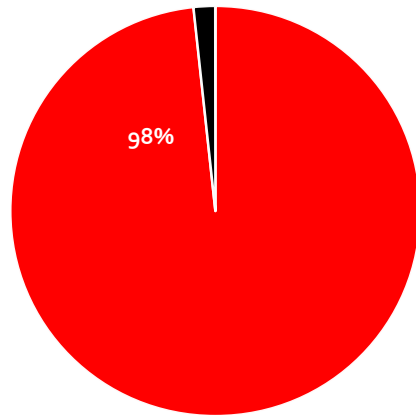
** For a full description of recurring revenue see final slide in presentation*

Revenue Dynamics



Other drivers of revenue are all favorable for EROAD

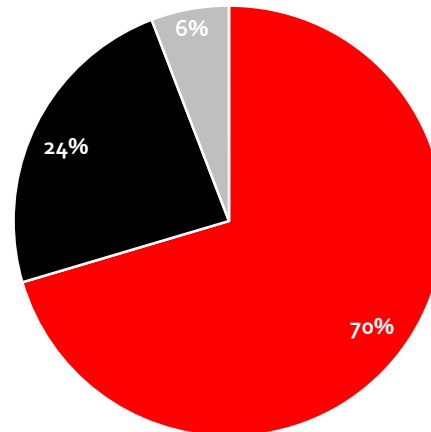
CUSTOMER RETENTION RATE



For a full description of Retention Rate see final slide in presentation

- Retention rate remains high at **98%**, consistent with the same period last year.

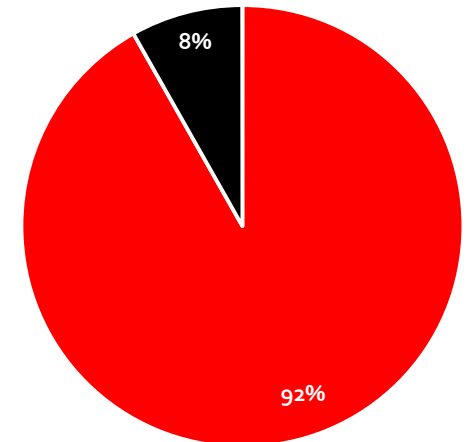
PRODUCT MIX



■ Ehubo/Tubo ■ EhuboLITE ■ Elocate

- Product Mix continues to see growth in EhuboLITE & Elocate driven by increased penetration into light vehicles driven by Health and Safety. Ehubo/Tubo dropped by 2% from 72% last year.
- Note: Where customers upgrade from Ehubo1 to Ehubo2 EROAD re-deploys the Ehubo1 units into lighter vehicles, meaning some Ehubos are priced similar to EhuboLites

RENTAL VERSUS SALE



■ Rented ■ Sold

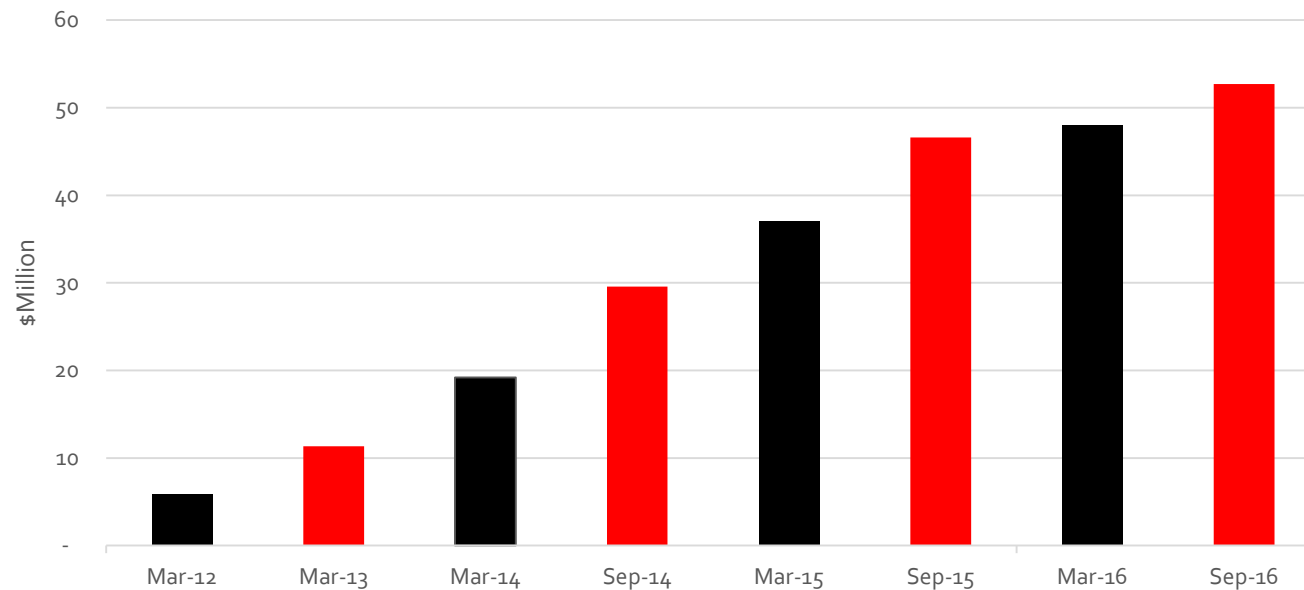
- Rented units continue to be the dominant model for our customers with just 8% of units sold outright.

Future Contracted Income



FCI grew by **13%** over the prior year driven by high renewal rate & strong sales growth offsetting higher contracted unit base

FUTURE CONTRACTED INCOME



For a full description of Future Contracted Income (FCI) measure see the final page of this presentation

Divisional results for the six months to 30 September 2016



The New Zealand/Australia business has helped to fund our US business, corporate office and R&D expense

	New Zealand and Australia business #	North American business *	Corporate office and R&D expensed	Total
	30-Sep-16	30-Sep-16	30-Sep-16	30-Sep-16
Revenue (\$000)	13,174	1,875	475	15,524
EBITDA (\$000)	9,845	(1,089)	(4,032)	4,725
Depreciation	2,987	524	122	3,632
Amortisation	0	0	1,375	1,375
EBIT (\$000)	6,858	(1,613)	(5,529)	(283)
Net Profit before tax (\$000)	6,903	(1,613)	(5,635)	(345)

The segmental note in the financial statements includes a segment "Established Market" which currently includes both the New Zealand/Australia business and the New Zealand corporate office. The table above shows the New Zealand /Australia business separately with the New Zealand corporate office and R&D expensed which are combined above.

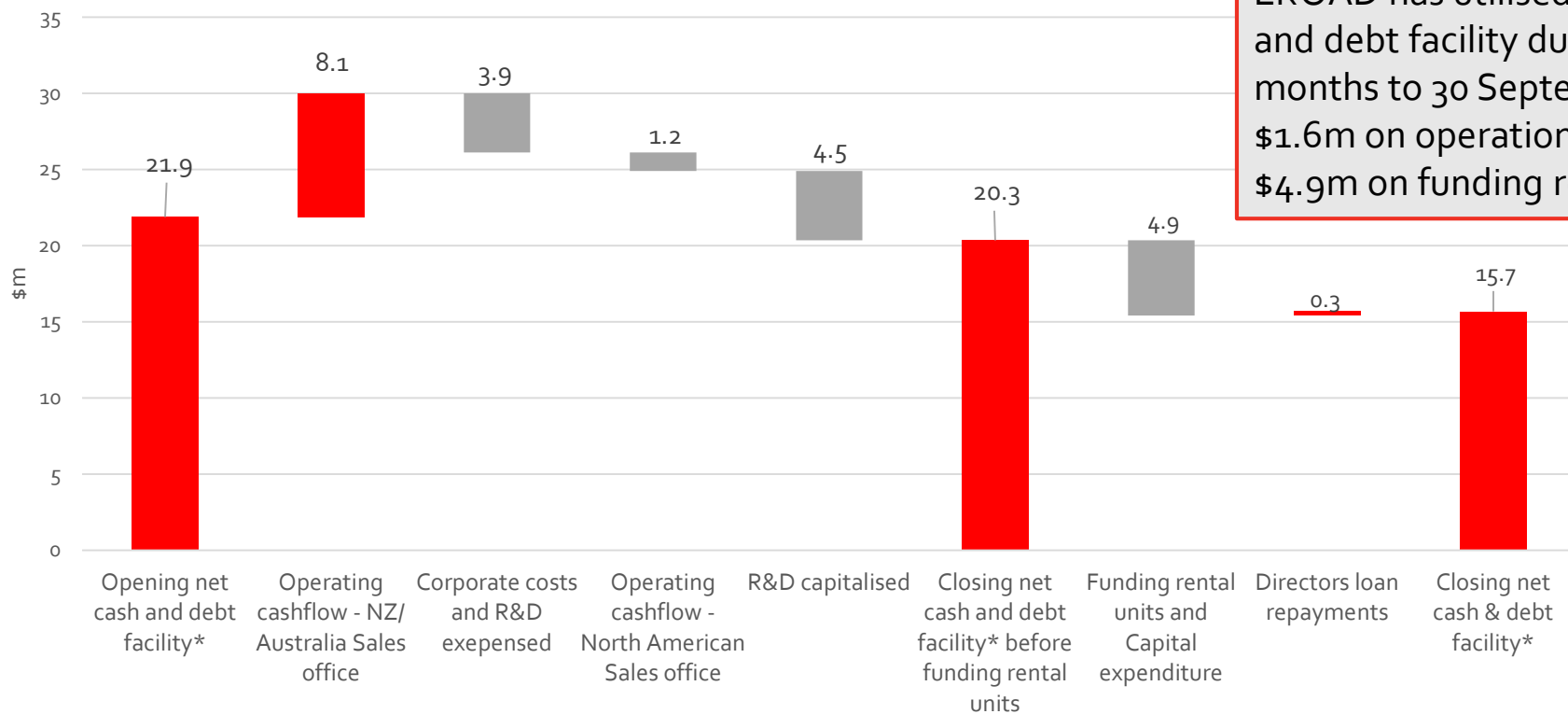
* The segmental note in the financial statements includes a segment "Commercial Market" which is currently EROAD's US business. There were \$329,000 of intercompany charges & eliminations included in the Commercial Market segment Net Profit before tax (\$1,942,000), which are excluded from the above North American business Net Profit before tax.

Cash utilisation for the six months to 30 September 2016



Cash generated from New Zealand/Australia operations has been utilised to fund R&D and operations

CASH & DEBT FACILITY MOVEMENT Six months to 30 September 2016



EROAD has utilised \$6.2m of its cash and debt facility during the six months to 30 September 2016. \$1.6m on operations and R&D, and \$4.9m on funding rental units

* Total debt facility with BNZ \$16 million as at 30 September 2016

Research and Development for the six months to 30 September 2016



ELD has been a significant focus over the six months

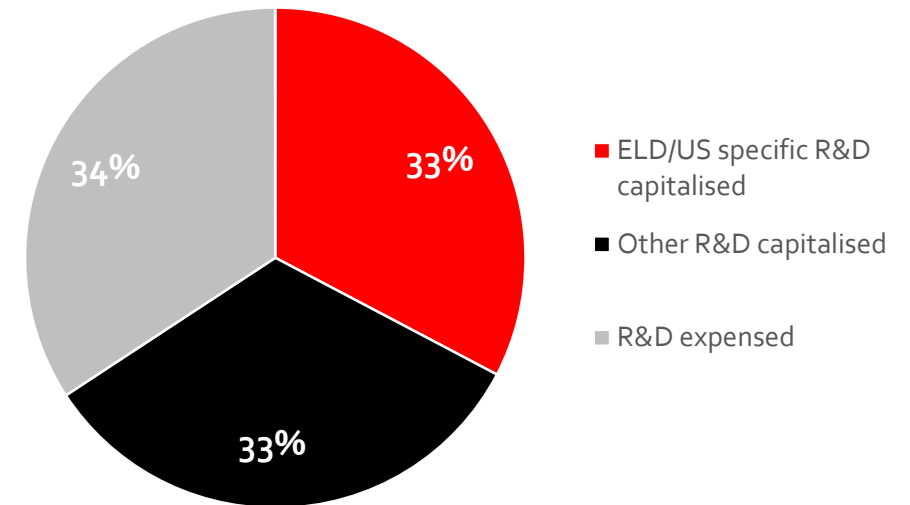
R&D capitalised & expensed

- Ongoing investment in EROAD's platform and new services.
- Continuous improvement – 300+ upgrades to EROAD's platform and services over the 6 months.

ELD and associated US R&D

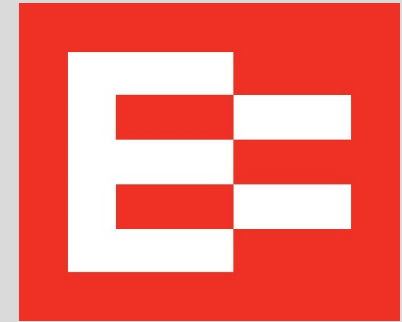
- ELD solution on track for release March 2017.
- ELD mandate effective from December 2017.
- Partnered with PIT Group to independently test and verify our ELD solution.
- EROAD's ELD product being built to meet known customer needs.

TOTAL R&D INVESTMENT
\$6.9 MILLION



EROAD in New Zealand & Australia

- recent developments



EROAD in New Zealand and Australia



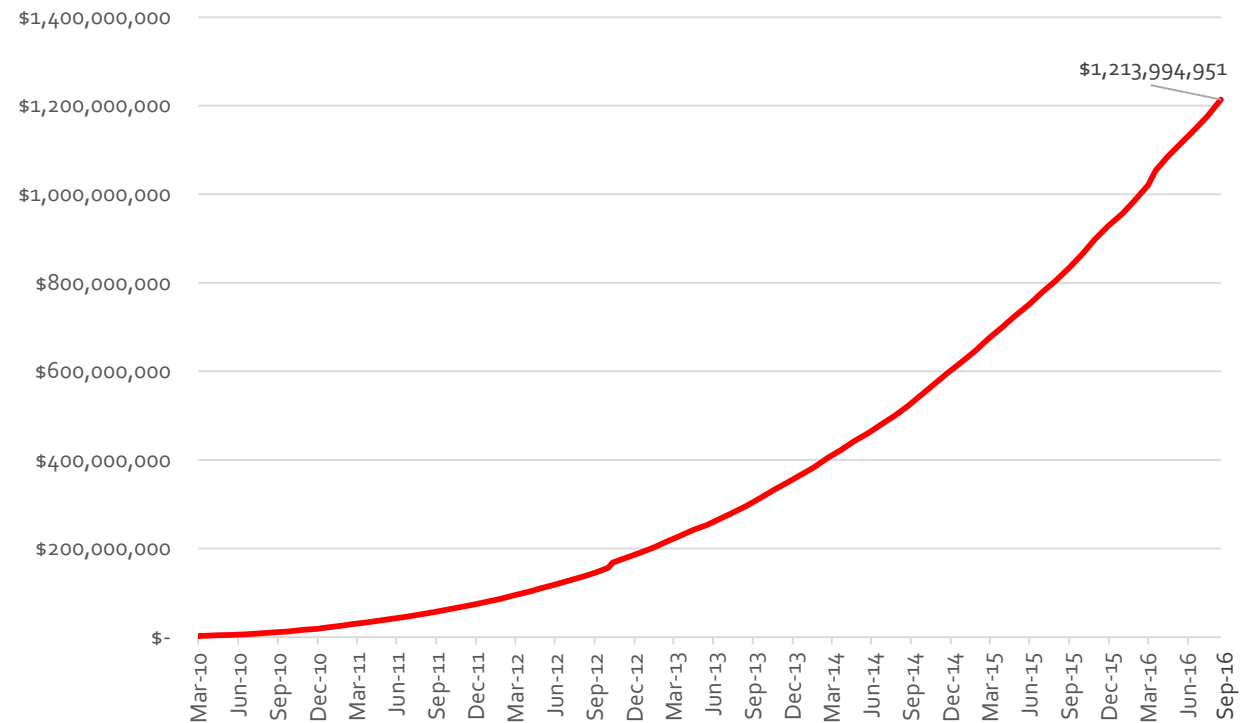
NEW ZEALAND

- Market leader having collected **\$1.2 Billion** RUC to date.
- Continuing to grow in both **Heavy and Light** vehicles.
- **38,129** contracted units at 30 September 2016.
- **35%** growth rate per annum.
- **RUC** still an important driver of demand.
- **Health and Safety** is the “new driver”.
- Launched **Ehubo2** following NZTA approval.

AUSTRALIA

- EROAD active in Commercial services, primarily for Trans Tasman customers.
- Operationally managed from New Zealand.
- While there has been recent Road User Charging “noise” we expect that implementation of any new initiatives to be at least 5 years away.

EROAD TOTAL ELECTRONIC RUC COLLECTED

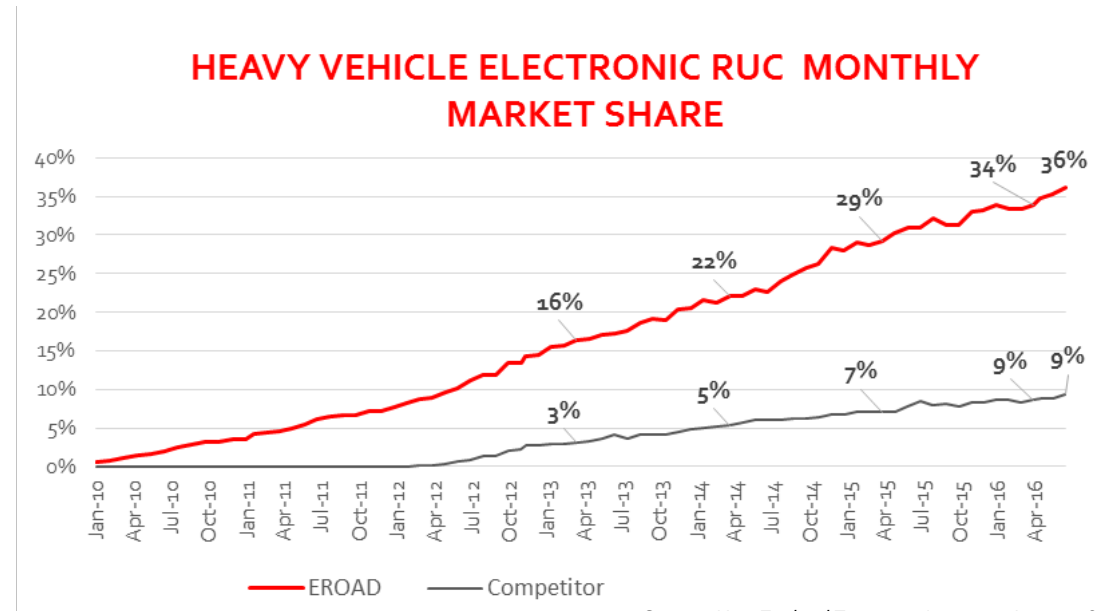
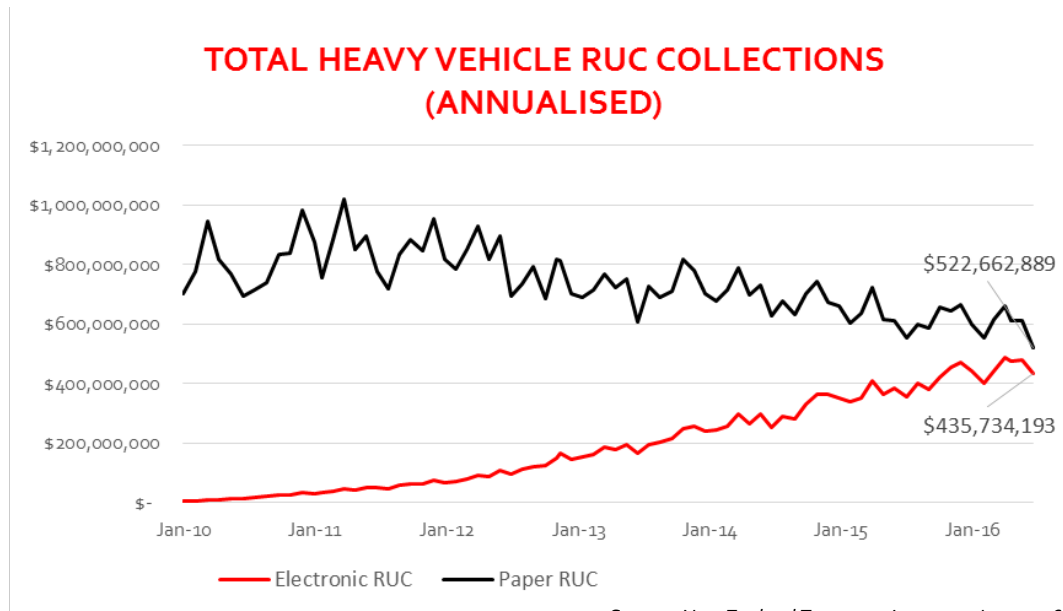


Source : EROAD to September 2016

New Zealand - Heavy Vehicle RUC Market and Market share



EROAD continued to grow its market share in the Heavy Vehicle (>3,500kg) market



- Electronic RUC now 45% of Total Heavy Vehicle RUC
- Manual RUC dropped from near \$900 million to \$520 million
- Growth opportunities remain strong with \$520 million of Heavy Vehicle RUC still collected manually
- There remain two electronic RUC providers in New Zealand



New Zealand - Why is Health and Safety driving demand?

1. Recognised need to improve health and safety across New Zealand
2. Accepted benefits from positive health and safety culture
3. Health and Safety at Work Act (HSWA) (in force 4 April 2016)
 - Defines motor vehicle as a **workplace**
 - Requires employer to provide a **safe** workplace
 - Requires employer to **manage and monitor** safety in the workplace – this includes driver behaviour and vehicle safety
 - Must take all **reasonable and practical** steps
 - *Note : **Fatigue and Speed** are two practical areas of focus of corporate's health and safety managers*

EROAD's solution helps customers comply while helping lower costs and improve operations



New Zealand – Expanding the EROAD ecosystem



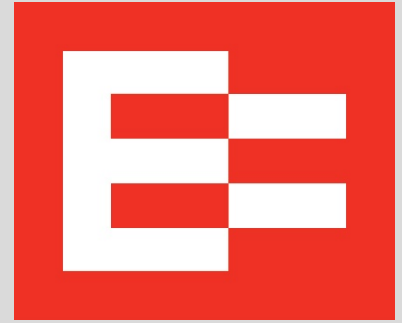
Large enterprise customers create multiple interactions with the EROAD Ecosystem

- EROAD is at the centre of a growing ecosystem with many stakeholders from insurers to trucking associations.
- EROAD continues to expand its reach in the transport ecosystem through growth in both heavy and light markets.
- EROAD's growing total RUC collection and overall unit growth within the market highlights EROAD is becoming an increasingly important part of the New Zealand transport ecosystem.
- Downer's decision to partner with EROAD was driven by the value offered including: improving efficiency, leveraging accuracy, its ease of use, and its health and safety capability.
- Partnering with large enterprise customers creates multiple interactions within EROAD's transportation ecosystem including:
 - Partners of the customer;
 - Contractors to the customer;
 - Suppliers to the customer; and
 - EROAD's customers suppliers and partners.



EROAD in North America

- recent developments

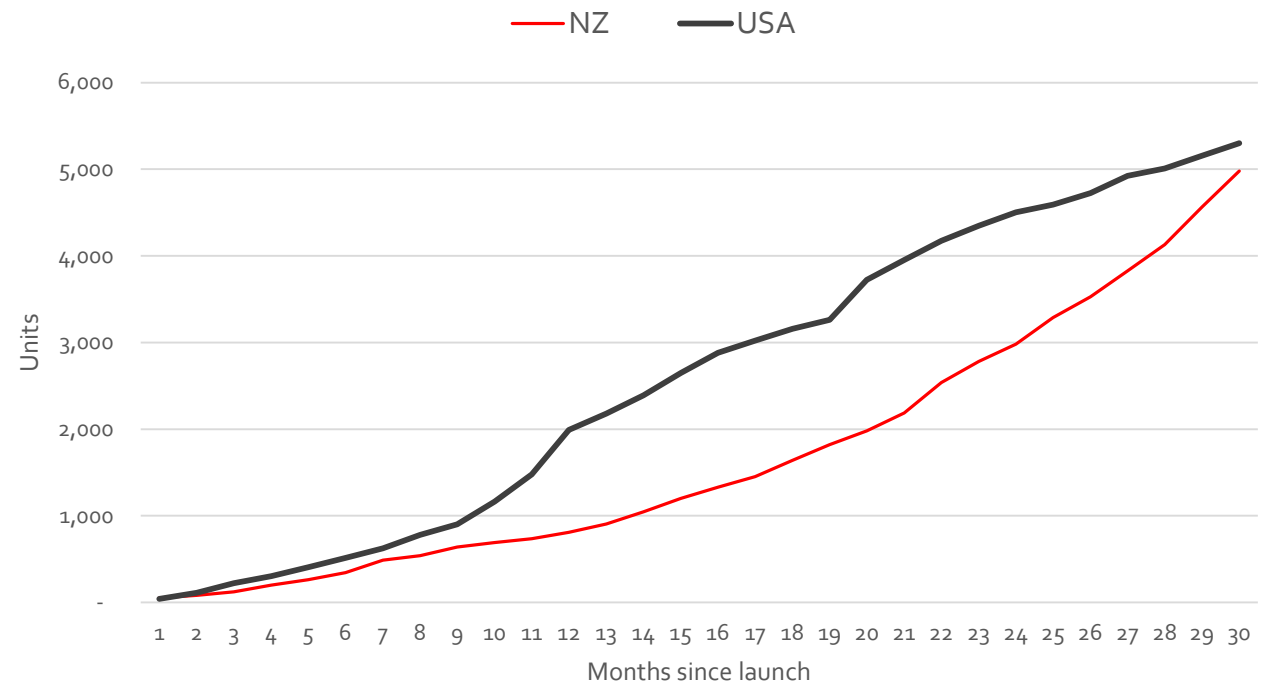


EROAD in North America



- Total Contracted Units increased to **5,301**
- Annual growth rate in Total Contracted Units of **68%**
- Tracking growth experienced in New Zealand from launch
- Formed partnerships with Truckstop.com and ATA
- Drivers of customer demand for EROAD include:
 1. Confidence in the accuracy of EROAD system
 2. Reduction in administration of WMT and IFTA
 3. Ease of use of both eHubo2 and Depot
- Challenges to sales growth for EROAD include:
 1. ELD mandate, customers waiting until EROAD has compliant ELD
 2. Direct sales model requires re-alignment to address national ELD opportunity
 3. Indirect model takes time to develop volume, particularly with ELD uncertainty
- Legal challenge to ELD regulations thrown out, helping to reduce ELD uncertainty

New Zealand v North America Growth since launch



North America - continued development of EROAD's ecosystem



Building EROAD's ecosystem in North America

1. Partnership with American Trucking Association
 - Building brand awareness nationwide
 - Positioning EROAD as a top tier provider in its industry
2. Engaged with regulatory bodies
 - Provided sponsorship and training for the Commercial Vehicle Safety Alliance
 - Presented at North American Transportation Services Association conference
3. Engaged PIT Group to provide independent testing and verification of EROAD's ELD product

Other progress in North America

1. US strategy consultants from both Big 4 and transportation industry to support our go to market planning for FY2018
2. Sales channels continue to be refined
 - Partner channel is progressing – Truckstop.com
 - Realigning sales & customer support teams for ELD driven growth
3. California trial on track

EROAD announced as ATA corporate partner

Trucker News, 22 July 2016

PIT Group to offer independent testing, verification of ELD devices

Commercial Carrier Journal, 19 October 2016

EROAD signs referral partnership with Truckstop.com

Truckstop.com 2 November 2016

North America - EROAD is well placed to tackle ELD market



Customers value		EROAD's product offering
Accurate distance recording	✓	Accurate within +/-0.5% of true distance, EROAD's platform was built to a high taxation standard.
Ease of Use	✓	High quality user experience, driver-facing interface with an intuitive touch screen.
Certified ELD	Due March 2017	Currently under development, and on track for March 2017 release to market. PIT Group external independent validation of the ELD product underway.
Compliant DVIR <small>DVIR : Driver-Vehicle Inspection Report</small>	Due March 2017	Currently upgrading EROAD's existing post-trip inspection functionality to meet compliance requirements and customisation.
IFTA reporting	✓	EROAD technology enables industry leading IFTA management.

EROAD Outlook



NEW ZEALAND and AUSTRALIA

1. Continuing to grow units and revenue, driven by:
 - Health and Safety demand;
 - Ehubo2 upgrade for some customers from Ehubo1;
 - Ehubo1's from upgrades used as lower cost option in market; and
 - Demand for RUC services remains strong alongside even stronger demand among non RUC light vehicle fleets.
2. Downward pressure on recurring revenue per unit:
 - Downward from growth in light vehicle market;
 - Downward from "lower-price" Ehubo1s from Ehubo2 upgrades;
 - Downward from renewals; and
 - Upward from growth in premium Ehubo2.
3. Customer retention expected to remain strong.

NORTH AMERICA

1. Continued slow sales until ELD release March 2017.
2. Growth in partner channel and direct sales network.
3. Appointment of US President to execute growth plan.



Non GAAP measures



1. Units on Depot

The number of EROAD devices installed in vehicles and subject to a service contract with a customer

2. Units Pending Installation

The number of EROAD devices subject to a service contract with a customer but pending Installation

3. Total Contracted Units (TCU)

TCU is made up of Units on Depot plus Units Pending Installation

4. Future Contracted income (FCI)

Total revenue to be earned from existing customer contracts in future accounting periods

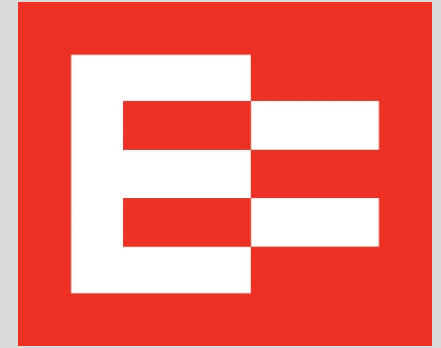
5. Retention Rate

The number of Units on Depot at the beginning of the 12 month period and retained on Depot at the end of the 12 month period, as a percentage of Units on Depot at the beginning of the 12 month period.

6. Recurring Revenue

The current monthly revenue EROAD receives from Total Contracted Units from charging of services, hardware rentals and transaction fees.

Appendix



Appendix – Statement of Income



PERIOD END	FY2013	FY2014	FY2015	FY2016	HY2016	HY2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Continuing operations						
Revenue	6,209	9,964	17,550	26,164	12,216	15,524
Expenses	(4,427)	(5,935)	(12,511)	(20,477)	(9,471)	(10,799)
Earnings before interest, taxation, depreciation, amortisation and non-operating costs	1,782	4,029	5,039	5,687	2,745	4,725
Depreciation	(1,684)	(2,320)	(3,561)	(5,812)	(1,821)	(3,632)
Amortisation	(353)	(648)	(1,140)	(1,676)	(798)	(1,375)
EBIT before non-operating costs	(255)	1,062	338	(1,801)	125	(283)
Finance income	56	80	844	736	908	53
Finance expense	(98)	(122)	(86)	(245)	(183)	(115)
Net financing costs	(43)	(42)	758	491	726	(62)
Profit/(loss) before tax expense and non-operating costs	(298)	1,020	1,096	(1,310)	851	(345)
Non-operating costs	0	0	(2,023)	0	0	0
Profit/(loss) before tax expense	(298)	1,020	(927)	(1,310)	851	(345)
Income tax (expense)/benefit	0	1,922	(294)	211	(239)	104
Profit/(loss) from continuing operations	(298)	2,942	(1,221)	(1,099)	611	(241)
Other comprehensive income	0	0	(61)	(48)	(348)	(167)
Total comprehensive income/(loss) for the period	(298)	2,942	(1,282)	(1,147)	264	(408)

Appendix – Statement of Financial Position



PERIOD END	FY2013	FY2014	FY2015	FY2016	HY2016	HY2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS						
Cash and cash equivalents	328	2,521	24,610	7,873	14,749	6,702
Restricted Cash	3,120	6,635	9,507	5,505	4,418	7,885
Trade and other receivables	636	1,219	4,308	5,113	4,575	6,664
Finance lease receivable	0	0	0	295	259	450
Loan to Directors (to acquire shares)	0	0	0	280	280	0
Inventory	0	412	0	0	0	0
Current tax receivable	0	0	0	457	406	359
Total Current Assets	4,084	10,787	38,425	19,522	24,687	22,060
NON-CURRENT ASSETS						
Property, plant and equipment	5,409	8,912	15,139	21,361	20,031	22,637
Intangible assets	5,319	9,974	15,816	23,269	19,005	26,436
Finance lease receivable	0	0	0	731	749	1,004
Deferred tax assets	0	1,922	1,650	1,953	1,400	2,009
Loans to Directors (to acquire shares)	0	0	280	0	0	0
Total Non-Current Assets	10,728	20,808	32,885	47,314	41,185	52,086
TOTAL ASSETS	14,812	31,595	71,310	66,835	65,872	74,147
CURRENT LIABILITIES						
Bank overdraft	270	3,101	0	1,002	0	6,019
Trade payables and accruals	1,049	1,263	1,866	3,261	1,996	3,730
Payable to NZTA	3,090	6,629	9,567	5,558	4,420	7,954
Loan from director/shareholder	500	0	0	0	0	0
Deferred revenue	2,924	4,632	4,082	3,379	4,000	2,895
Employee entitlements	307	549	719	920	689	1,097
Total Current Liabilities	8,140	16,175	16,234	14,121	11,105	21,695
NON-CURRENT LIABILITIES						
Borrowings	1,220	0	0	0	0	0
Deferred revenue	3,860	3,871	3,313	1,996	2,677	1,952
Total Non-Current Liabilities	5,080	3,871	3,313	1,996	2,677	1,952
TOTAL LIABILITIES	13,220	20,046	19,547	16,117	13,781	23,647
NET ASSETS	1,592	11,549	51,763	50,718	52,090	50,499

Appendix – Statement of Cash Flows



PERIOD END	FY2013	FY2014	FY2015	FY2016	HY2016	HY2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities						
Cash received from customers	7,875	7,885	13,354	22,145	9,825	13,016
Payments to suppliers and employees (including \$2.0 million of one-off listing costs)	(2,594)	(2,462)	(13,697)	(18,917)	(9,703)	(10,069)
Net interest received/ (paid)	(43)	(42)	758	491	954	(62)
Net tax paid	0	0	(123)	(288)	(237)	98
Net cash inflow from operating activities	5,238	5,381	292	3,431	838	2,983
Cash flows from investing activities						
Payments for purchase of property, plant & equipment	(4,106)	(5,822)	(9,376)	(12,035)	(6,713)	(4,909)
Payments for purchase of intangible assets	(3,364)	(5,303)	(6,982)	(9,130)	(3,987)	(4,542)
Proceeds from disposal of property, plant, equipment	0	0	0		0	0
Net cash outflow from investing activities	(7,470)	(11,125)	(16,358)	(21,165)	(10,701)	(9,451)
Cash flows from financing activities						
Loan from bank	521	1,611	0	1,002	0	5,017
New shares issued	1,788	7,015	41,068	0	0	0
Payment of bank loan	0	0	(3,101)	0	0	0
Loan from /(repayment) shareholders	200	(500)	0	0	0	280
Net cash outflow from financing activities	2,509	8,126	37,967	1,002	0	5,297
Net increase/(decrease) in cash held	277	2,382	21,901	(16,732)	(9,863)	(1,171)
Cash at beginning of the financial period	51	328	2,710	24,611	24,611	7,873
Closing cash and cash equivalents (net of overdrafts)	328	2,710	24,611	7,879	14,749	6,702