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For Immediate Release

Wellington Drive revenue for Q318 increased 62% and EBITDA improved by \$1m. FY18 guidance maintained.

Wellington Drive (NZX:WDT) achieved a significant improvement for the 3rd quarter ended 30th September 2018 (Q318) when compared to same period in 2017. With a growing order book going into the fourth quarter, Wellington also maintains its guidance for FY18.

Q3 2018 Highlights:

- Revenue for Q318 was \$12.6m, compared to \$7.8m for the same period in 2017; a 62% improvement. Earnings before interest, taxation, depreciation, amortisation and impairment (EBITDA) for the quarter was a profit of \$22k, an almost \$1m improvement over the loss of \$943k in Q317;
- For the nine months to 30th September 2018 revenue was at \$40.7m, a 29% increase compared to the same period in 2017. Year to date EBITDA is \$1.1m compared to \$0.1m for the same period last year;
- Continued growth in the quarter from the Wellington Connect SCS (previously referred to as SCS Connect) with YTD volumes increasing by 73%. The energy efficient ECR2 motor YTD volumes increased 55% year over year and ECR01 and ECR82 YTD motor volumes were consistent with the same period last year;
- Completed the acquisition of iProximity on 2nd July 2018, paying A\$1.1m on settlement. iProximity's marketing system is already integrated into the Wellington Connect SCS platform, is supporting sales and contributing to field trials of proximity-based marketing outside of the beverage market;
- A product partnership announced with New Zealand refrigeration manufacturer SKOPE Industries, with SKOPE choosing the Wellington Connect SCS and EC motor products as key components in its market-leading ActiveCore Glass Door Display refrigerator range;
- A \$2.5m debt facility secured from Onimeg Investments to finance the repayment of the Smartshares \$2m loan and to provide additional working capital flexibility. \$1.5m was repaid in September and the remaining balance is payable in March 2019; and
- Cash as at 30 September was \$3.7m and net debt at that date was \$0.5m.

The unaudited result for Q3 is:

	Q3 – \$000's			Q3 YTD – \$000's		
	2018	2017	Change	2018	2017	Change
Revenue	12,636	7,787	+62%	40,686	31,579	+29%
Gross Profit	3,008	1,568		9,928	7,498	
%	23.8%	20.1%	+3.7%	24.4%	23.7%	+0.7%
Other income	(2)	(9)		96	185	
Operating expenses	(2,984)	(2,502)		(8,912)	(7,564)	
EBITDA	22	(943)		1,112	119	
EBIT	(473)	(1,389)		(216)	(1,148)	
Loss for the period	(666)	(1,487)		(770)	(1,941)	



Revenue for the second half of 2018 is expected to be consistent with that recorded in the first half, with EBITDA around \$1 million. EBITDA for the year is expected to be at the lower end of the \$2 to \$3 million guidance range and the achievement of net profit remains a target.

Wellington CEO, Greg Allen commented: “We are very pleased with the continued progress of our business, which further validates Wellington’s strategy to deliver growth through the development of an Internet of Things (IoT) business and diversifying our motor business beyond bottle coolers. With our continued revenue growth, we think we have started to counter the historically seasonally weak Q3 dynamic seen in our markets. This puts the company in a great position as we move into Q4 with \$1.1 million of YTD EBITDA already secured. Q4 is forecast to be another strong quarter, however we still have much work to do to close the year, with only around 60% order fill for Q4 and customer demand timing exhibiting its usual volatility. As we look forward to next year we are anticipating continued progress in new customer wins, revenue growth and profit expansion.”

About Wellington Drive Technologies

Wellington is a leading global provider of IoT solutions, cloud-based fleet management platforms, energy-efficient electronic motors and connected refrigeration control solutions for the retail food and beverage markets. Through its iProximity brand in Australia it provides proximity-based marketing for Smart Cities. Wellington’s Connect IoT products, iProximity digital marketing solutions, and ECR motors serve some of the world’s leading food and beverage brands as well as refrigerator manufacturers with advanced products and digital solutions that improve product sales, decrease operating costs and reduce energy consumption. Wellington is headquartered in Auckland, New Zealand, and is listed on the New Zealand stock exchange under the ticker NZX:WDT.

For further information visit www.wdtl.com.

Notes:

EBIT is Earnings before Interest and Taxation

EBITDA is Earnings before Interest, Taxation, Depreciation, Amortisation and Impairment. Wellington has always reported the EBITDA result because this profit performance measure avoids the distortions caused by differences in amortisation and impairment policies.

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