



Wellington Drive Technologies Limited
ANNUAL MEETING
11 June 2015

CHAIR AND CEO ADDRESSES

WT8623



Welcome

Today's Meeting:

- Procedural matters
 - Proxies and postal votes
- Chairman & CEO commentary
- Questions
- Formal business of meeting
- Meeting concludes
 - Product Demonstration and Discussion



Chairman's Address

[Product Roadmap]

Today Wellington is a very different company from the pre-2012 company.

We now have a low cost, fully outsourced supply chain.

We have our first new products in 5 years about to launch, responding to a new dynamic driven by the rapidly developing 'internet of things' and the opportunities offered by 'cloud computing' and 'big data' capability, products developed with connectivity, efficiency and cost as the core value proposition.

We now have a product pipeline, beyond the new SCSCConnect and ECR2, which will continue to deliver future growth.

Our working capital management has never been better – with improved supplier commercial terms and inventory levels running consistently \$8m lower than 2011.

We have added new board and management skills that can help us become profitable.

We have a strategic partner in East West that is transforming our supply chain and helping us grow, while our other supply partners are bringing cost and product ideas to the table. Our supply chain has never been so capable.

Three and a half years ago we put in place our turnaround plan. We have made mistakes along the way and our turnaround has taken about a year longer than expected, however the business is fundamentally different, with a better business model and on the right track to deliver the scale we need to be profitable.

I would like to thank our shareholders for their enduring belief in the company and their patience as the team works towards achieving its strategic and financial goals. We are confident that the path we are on and the actions underway will deliver profitable growth.

Before I comment specifically on the performance of the 2014 year, I would like to show you a short video presentation that we are using to support the development of customers for our SCSCConnect system.

This product is generating a lot of excitement in the market and will be a significant development for Wellington.

We hope you will see clearly from this presentation how the "New Wellington" is changing for the better.



So how did we perform financially in 2014?

Our financial performance in 2014 was disappointing, and was entirely due to the large reductions seen in customer demand from the Latin American market. We did see meaningful growth in both our Asia and European regions as we added new customers to our portfolio.

Revenue for 2014 was \$17.8 million with gross margin of 18%. Earnings before Interest, Tax, Depreciation, Amortization and Impairment resulted in a loss of NZ\$4.0 million compared to losses of NZ\$2.9 million in 2013 and NZ\$4.1 million in 2012.

The Comprehensive Loss for the year was \$4.4 million compared to \$4.0 million in 2013.

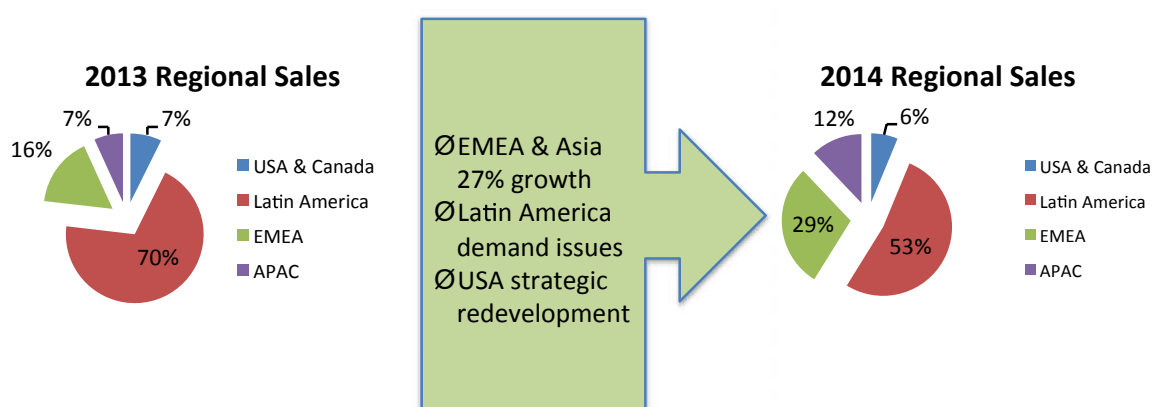
Despite this result, which was certainly not what we had projected earlier in the year, the team is encouraged by the cost and margin performance, and the ability to mitigate losses impacted by the \$7.6 million decline in refrigeration revenue.

Much of the teams effort during the year was focused on completing the transition of motor manufacturing to strategic partner East West, working with East West and other strategic suppliers to improve commercial terms, completing the development of the SCSCConnect and ECR2 products and setting up the right customer



channels to sell and distribute new products. We expect the full impact of the supply chain cost reduction and revenue from new products and channels to start being realized in fourth quarter 2015 and full year 2016.

Regional revenue breakdown



Latin America head-winds in 2014
somewhat balanced by EMEA & APAC growth

In US Dollars, revenue in 2014 was \$US14.6 million compared with \$US22.5 million recorded in 2013. This decrease is attributable to discontinuance of the ventilation product in 2013 and as previously mentioned significant weakness in Latin American demand, an area that we are seeing recover in 2015.

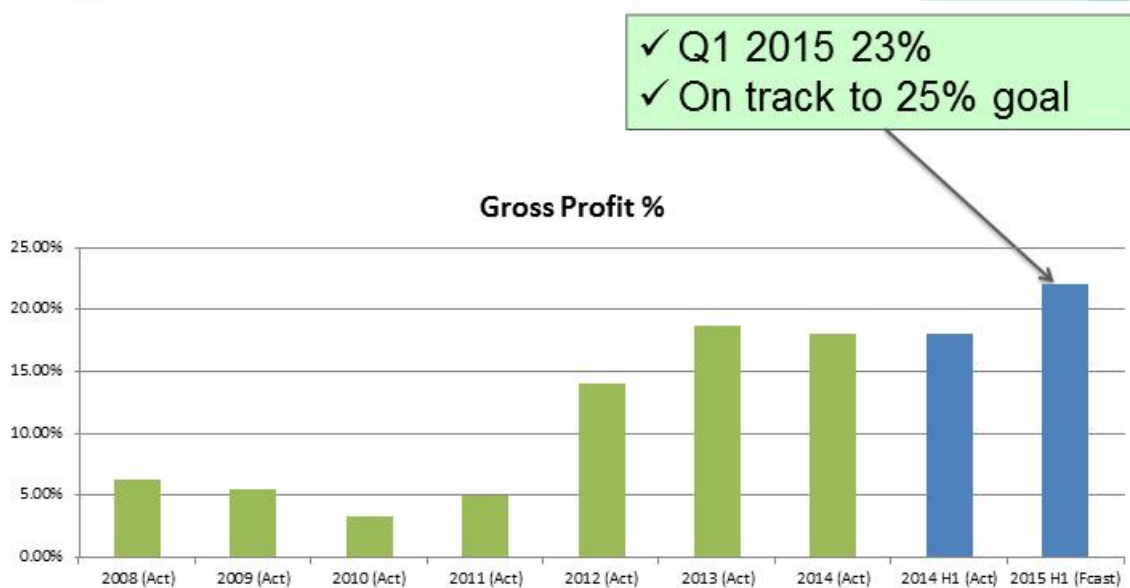
Revenues in Latin America decreased 46%. These demand declines were caused by market driven issues such as the overall declines in carbonated soft drink (CSD) volumes, the Mexico sugar tax temporarily depressing CSD volumes in that country and Argentina's foreign currency restrictions stopping import of motors to that country.

Europe, Middle East and Africa (EMEA) region revenue increased 27% as a result of improved volume from major customers, including a new supermarket manufacturer. We experienced increasing interest from European customers for our new ECR2 motor and expect that this will allow the team to develop further new customer relationships in 2015 and beyond.



Asia Pacific (APAC) revenues also increased 27% due to additional volume in Thailand, Taiwan and Australia particularly. Wellington's non-EC AMV shaded pole motor business grew modestly, with its largest AMV customer taking a greater number of units than in the previous year. Wellington is seeing increased interest for this product in Asia and is exploring a number of new growth opportunities. Thailand remains Wellington's largest APAC market where we recently won a new motor programme with a supermarket cooler manufacturer.

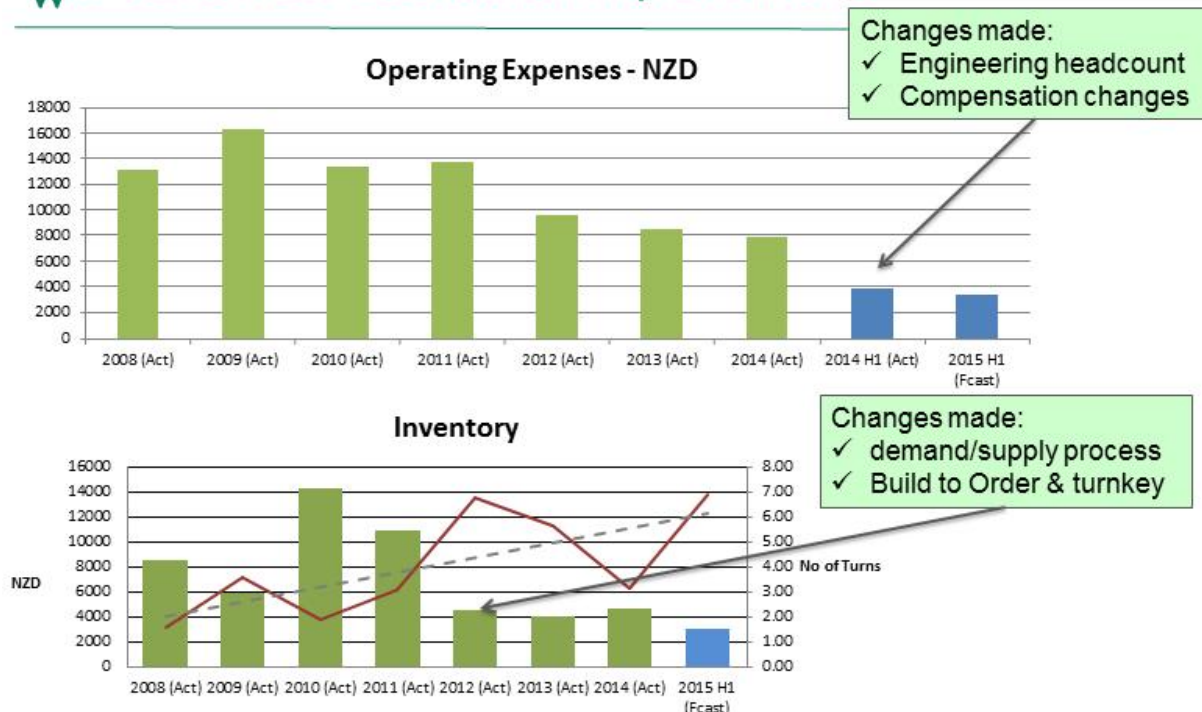
Gross margin continues to improve



Financial metrics improving

Our gross margin performance was 18%, relatively consistent with the 18.7% achieved in 2013, and a sign that despite the demand pressure and delays in realizing the full extent of supplier cost reductions, our cost structure continues to improve. The gross margin improvement programme continues to trend in the right direction with 23% achieved in first quarter 2015, a number we expect to improve upon further through the course of this year.

W. Continual structural improvement



Financial metrics improving

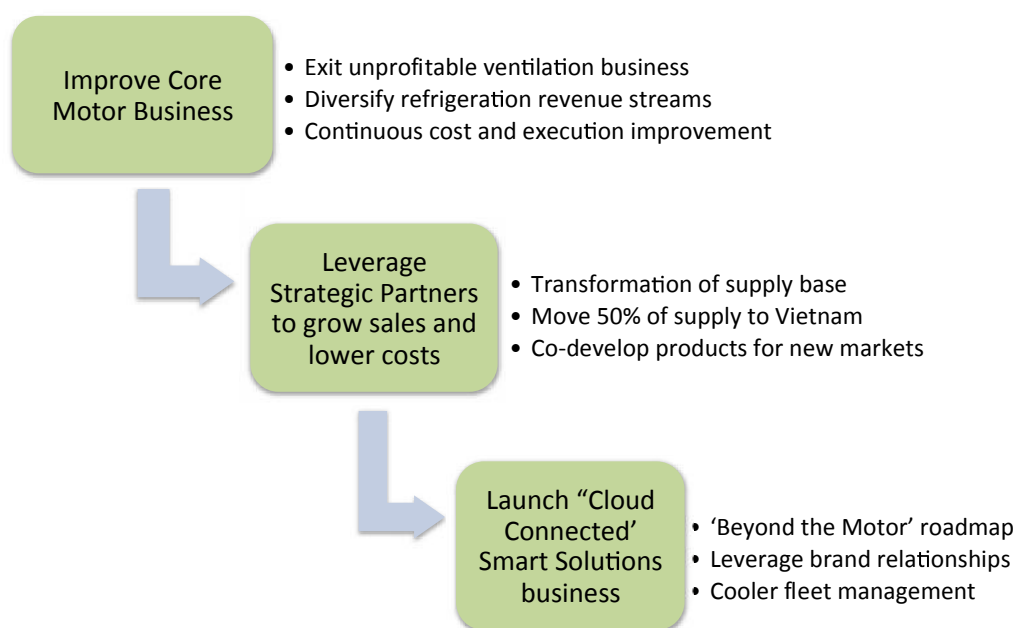
The company continued to make progress on improving its operating costs, which at \$8.4 million, were \$1.0 million, lower than 2013. Several initiatives were completed in 2014 including the closure of our Singapore supply chain office, moving to new lower cost New Zealand premises, reducing overhead costs not directly associated with new product innovation or adding value for customers, and constraining discretionary spend.

The board also determined that the New Zealand innovation team should spend increased time on new product development and commercialization activities, which led to an increase in capitalisation of costs in 2014.



What is the company's strategy for growth?

Growth turnaround strategy



Since the beginning of 2012 Wellington's strategy has been driven by the need to move 'Beyond the Motor' and provide customers with innovative new products, supported by a low cost supply chain, leading to diversified revenues and improved profitability.

The three pillars of the company's strategy continue to be:

Number 1 - **Improving the core motor business** – our new ECR2 motor is about to launch and success in winning new motor customers in all geographies demonstrates the progress we are making.

Number 2 - **Introducing and leveraging partners to reduce costs and improve sales** – our gross margin improvement track record demonstrates how this partnership plan is providing the benefit we expected, and we still have much progress to make.

And Number 3 - **Launching our new 'cloud connected' Smart Solutions business** – We are at capacity for field trials and launching our first solution, the SCSCConnect later this year. This product launch turns our Beyond the Motor vision to reality.

Wellington's mission is to deliver solutions to solve its customers' commercial refrigeration energy efficiency and system control problems and we believe the company's strategy is supporting this mission and will ensure that Wellington leads the competition and builds a world class 'profitable growth' company.



So what do we expect from the business in 2015?

2015 outlook

- H1'15 - Revenue \$12-\$13m, ebitda loss under \$0.5m
- Latin America & Asia demand stronger than 2014
- Europe demand weaker than 2014

Full Year Outlook

- Revenue higher than 2014
- Much improved loss versus 2014
- Launch & commence sales of ECR2 & SCS

2015 Priority

.....successful launch of new products

As we approach the end of the first half of 2015 we are seeing an improvement in market demand from Latin America, particularly in Mexico, which is being offset somewhat by lower demand in Brazil, we think a result of the macro-economic pressures in that country

Asia is continuing to show modest demand growth through new customer wins, while demand from our European customer base is weaker than last year. We are seeing some small, but strategically significant new wins in Europe but don't expect these to deliver material benefit until 2016.

We expect a small revenue contribution from new products in 2015 as first customer sales are planned for the fourth quarter.

While the early indications are that we will deliver higher revenues with a considerably lower loss versus 2014, customer visibility of second half demand remains low so our ability to forecast an outcome remains difficult.

Our full year result is reliant on a continued improvement in the market issues experienced in 2014, the adoption rate of new products in the fourth quarter and assumes no significant strengthening of the USD/NZD exchange rate.



I will finish my update with our capital planning and governance updates

2015 rights issue

To fund product launch & result of 2014

- 5:6 pro rata rights issue at 3 cents
- Issue is intended to raise \$3.2m, before costs
- Fully underwritten by Superlife
- \$2.4m taken up pre-underwrite approval
- 20% of issue taken up by Staff and Directors
- Fully supported by East West

Supports launch and delivery of new products

On March 1st 2015, the board announced it would raise \$3.2 million of additional capital through a fully underwritten pro-rata rights issue of ordinary shares.

The offer was fully underwritten by SuperLife Limited, and subsequent to the completed pro-rata issue the board will be seeking to gain shareholder approval for SuperLife to increase its shareholding above 20%, pursuant SuperLife's underwriting commitment.

I will cover the details and approvals relating to our rights issue later in the meeting, however I would just like to say how grateful the board and management team are for your support and for this additional funding.

We had not expected to need further funding at this stage last year, however the unexpected softening of Latin America demand created a shortfall in our cash forecasts. Paramount in our capital planning was our determination that we still needed to ensure we successfully completed product development for our 'Beyond the Motor' strategy.

We are pleased to say that the first stage of this rights issue has now been closed and we have successfully raised \$2.4m through shareholders taking up their pro-rata rights. We would also highlight the strong level of support by company staff and directors in the issue, totalling nearly 20% of the money raised to date



Finally, I would like to introduce a new board member.

The Board is committed to ensuring that the Company has the right skills in the governance and management team to ensure successful execution of its turnaround strategy. Further to that objective, in late 2014 we appointed a new director, Mr John McMahon. Mr McMahon is a shareholder of the Company and has the required experience and knowledge to help ensure the Company's success. 2014 saw the retirement of Mr Simon Mander, whose ten years of service to the business was greatly appreciated and we thank Simon for his service.

I will now hand you over to Greg who will walk through highlights of 2014 and further updates on our growth turnaround plans.

Greg.....over to you.



CEO – Greg Allen

[Product Range]

Thank You Tony.

Hello everyone and welcome to our 2015 annual shareholder meeting.

These are exciting times for the team here at Wellington.

Like you, we were disappointed by the bottom line results in 2014, but quickly figured out that the revenue issues we experienced were only something we could counter longer term if we executed on our strategy of product range expansion and customer and market diversification – so that is where we remain focused in 2015.

2015 will see us launch our first two complete new product platforms in around 5 years, and both of them will deliver unique benefits for customers. The ECR2 motor has been developed with quietness and ease-of-use front and centre, and the SCSCConnect system provides 'cloud connected' cooler fleet management improving both the cost and sales performance of a cooler fleet.

In fact our product portfolio is about to more than double, with more motors, more airflow accessories and Smart System offerings that will help our customers and help us grow.

In case you are interested in talking to him, we have our Smart Solutions General Manager, Gerry Gonzalez here today from Atlanta. Gerry will be available after the meeting to talk to you in the product exhibition area, as will our senior product staff.

Before I get into those new products let me give you a brief perspective on last year.

First - What lessons did we learn (or re-learn) in 2014

2014 - lessons learned

- Ø We are too concentrated on the bottle cooler market
- Ø Further partnerships needed to support growth
- Ø Increase the speed of product development process

What went right

- ü SCSCConnect development and field trials
- ü Supply chain partner cost and terms
- ü Winning new business in Asia



Our vision to move 'beyond the motor' and diversify the company to ensure we are not totally reliant on the bottle cooler market continues to drive the team's execution focus.

Our 2014 strategic priorities were designed to diversify our revenue base, develop new products for new markets and lower our supply chain cost point to ultimately deliver improved financial performance.

The financial outcomes didn't deliver on our promise last year, for the Latin America demand reasons already discussed, however we continued to put in place the enablers to ensure we can better counter revenue issues like those in the future.



The five priorities for 2014 were:

1. Establish sales partnerships to access growth opportunities in new markets
2. Revenue diversification through increased business with supermarket display case manufacturers
3. Complete and launch the next generation ECR2 motor by the end of 2014
4. Complete a Smart Controller in-market trial with a major customer by end of 2014
5. Complete the East West supplier transition and enable lower manufacturing cost point

The three highlights as a result of the 2014 priorities were the setting up of new regional sales channels and partnerships, successfully starting SCS field trials and supply chain improvement through the completion of the East West transition.



2014 Achievements



New products entered field trials

- ü **SCS trials** underway with major brands

Expanded sales and distribution channels

- ü **~18 new customers** and sales channels

Low cost supply chain

- ü **East West** qualified and shipping
- ü **MEI and MW** supporting new cost initiatives



Launching breakthrough new products
through new channels

We added five new distributors and sales agents to the Wellington network, and while the sales cycle was longer than expected from these distributors, we did start winning new customers. In 2015 we are continuing to see wins and sales growth in four of the five distribution regions.

[SCS System]

The SCS System is our fleet management software system for beverage coolers and display cases. It uses telemetry data from the SCSCoconnect hardware (the controller), giving Wellington unmatched insight into our customers' business data needs, and helping cooler fleet owners deploy and maintain their fleets more efficiently.

We are selling this system to cooler fleet owners rather than to cooler manufacturers as the value added is more suited to the end user, with benefits like total system cost reduction and beverage sales improvements.

In 2014 our SCSCoconnect Controller commenced several field trials with global brands and bottlers. These field trials continue and will be expanded in 2015. We are hopeful that some of these trials will turn into initial sales in the fourth quarter of this year.



The SCS System is a first for the industry – a solution that helps our customers improve the way they utilize expensive refrigeration assets.



Engineering | Manufacturing | Distribution

Engineering

Customers rely on East West's engineering depth to round out incomplete product specifications and to insure that designs are maximized for reliability, manufacturing efficiency and quality.



Distribution

East West offers warehousing, distribution, and cross-docking services. We handle every transportation detail to ensure shipments are delivered smoothly.



Manufacturing

East West is first and foremost a manufacturing company, founded by and teaming with engineers who understand products and their manufacture.



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The qualification of East West as a new supplier was completed as planned by the end of second quarter 2014, and transition of a portion of our ECR motor volumes occurred through the second half of 2014.

We were impacted by the lower than anticipated volumes in this transfer, so were unable to access the targeted cost point, however the support of East West and indeed our other supplier partners was exceptional in both delivery and improvement of commercial terms.



So what are our remaining strategic issues and what priorities and actions have we put in place to resolve those issues?

Strategic Issues, actions & results

Supply chain cost and capability	<ul style="list-style-type: none">• <i>Action: New manufacturers => Vietnam & Malaysia</i>• Result: 25% COGS reduction, \$8m inventory reduction
Customer concentration	<ul style="list-style-type: none">• <i>Action: New products focused on higher value markets</i>• Result: ECR2 & SCS - Food Display & Internet of Things
Ageing product roadmap	<ul style="list-style-type: none">• <i>Action: lifecycle extension by marketing in new geographies</i>• Result: Growth in Asia and Middle East, New distributors
Lack of rigorous and efficient operating process	<ul style="list-style-type: none">• <i>Action: Close Singapore, downsize USA, reduce overheads</i>• Result: Opex from \$14m to \$7m, new team – new process
Complete Retool – Products, People and Processnot done yet	

The lessons learned over the past three years have allowed us to focus our annual priorities on solving the strategic weaknesses that have been holding us back in the past.



Supply Chain cost and manufacturing capability was a huge problem for us – it is now solved.

Customer concentration remains a problem, and as we saw last year if one region or one large customer ‘catches a cold’ so do we – there is no quick fix to this issue – it can only be solved with our new products and new marketing strategies.

Our aging product roadmap has limited our ability to sell into new markets and expand margins with higher value added products – we believe this will be solved through our ECR2 and SCSCConnect products and further innovation in our product roadmap

Finally our lack of rigorous and efficient operating process was one of the main problems in our company – and I am pleased to say, as shown by our inventory performance, operating cost reduction and the reduction in mistakes that cause financial issues, we are well on our way to resolving this. This effort will never stop.

✓ Focus on 2015 priorities

1. SCSCConnect product launch and sales
2. ECR2 product launch and sales
3. Cost Reduction
4. EC-C frame motor samples
5. Close to breakeven



✓ Progress in all areas

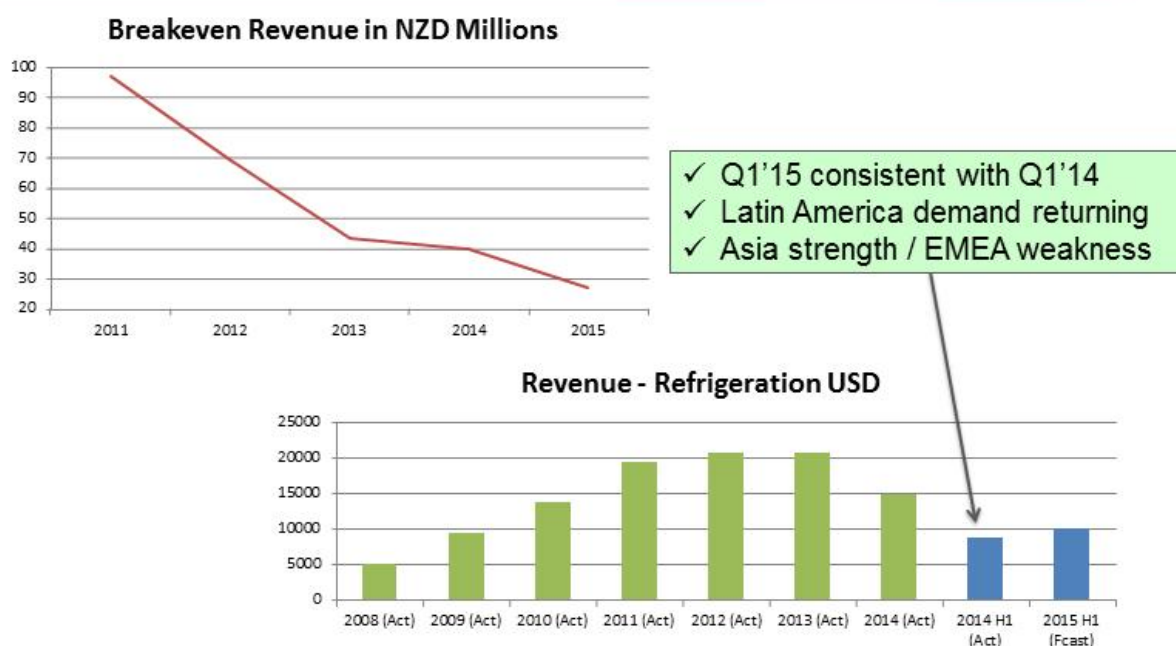


Our 2015 priorities are already being actioned, and are focused on a continuation of progress from last year. Successfully launching our SCSCConnect and ECR2, continuing our focus on cost reduction and starting the development of our next new EC Motor product all support our objective of closing the strategic gaps that have hindered our financial performance.



Before I hand back to Tony I wanted to let you know how the business is performing as we come to the end of the first half of 2015.

Ebitda breakeven point significantly lowered



Breakeven point lowered by \$50m since 2012

As Tony mentioned, we continue to see stronger demand out of Latin America and steady new business wins in Asia.

Demand from Europe is weaker than expected, as is the level of business we are seeing from the US market. Unlike Europe, the US weakness is not a macro-market issue, rather a result of our strategic re-thinking of that market over the last 12 months, something we will remedy with our new ECR2 motor and investment in new growth resources for that market.

Revenue for first half 2015 is expected to be in the \$12-13m NZD range and the EBITDA result is expected to be a loss of less than \$0.5m (including a little help from the USD exchange rate).

This is a big improvement when compared to the \$2m loss on \$10.6m of revenue for the first half last year. Of course, NZD/USD exchange rates between now and 30 June may impact this, as will customers moving demand between Q2 and Q3.



We have said previously that our breakeven point is around NZ\$25m in revenue, which remains the case. Our latest forecast shows a significantly reduced loss versus 2014, but does not yet get us to \$25m in revenue. Given the seasonal patterns in our business and increasingly shorter customer visibility we won't get final confirmation on second half demand, and thus revenue, until the middle of Q4.

Our Brand Promise

✧ SMART

✧ RELIABLE



✧ PERSONAL

✧ RELENTLESS

We are both excited and humbled to receive our most recent new investment, that will for sure help us be successful in our new product launches in 2015. Beyond this year we will focus on accelerating our rate of improvement on growth capability and product breadth and deliver the kind of improvements on revenue that we have demonstrated in the cost and working capital side of the business.

On that note it's time to hand back to Tony and to open the floor for questions, before we move to complete the business of the meeting.