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Media Release

For Immediate Release

WELLINGTON DRIVE TECHNOLOGIES UPDATES EARNINGS GUIDANCE

Wellington Drive Technologies Limited (“Wellington”) today announced an update to its earnings guidance for the 1st half of FY2015 reflecting the achievement of forecasted improvements in operating performance and the benefits of a lower NZD/USD rate.

Revenue for the 6 months ended 30 June 2015 was \$13.5 million, a 28% increase compared to the same period last year and compared to Wellington’s previous guidance of \$12 - \$13 million.

Earnings Before Interest and Taxation (EBIT) is expected to be a loss of \$0.2 million compared to a loss of \$2.2 million for the same period last year and a loss of \$4.5 million for the full 2014 year.

EBITDA (see note 1 below) for the period is expected to be breakeven compared to a loss of \$2.0 million for the same period last year and a loss of \$4.0 million for the full 2014 year. Wellington’s previous guidance was for an EBITDA loss of less than \$0.5 million for the 1st half.

The main contributors to the improvements in this year’s first half result were:

- The number of EC motors supplied increased by 29%
- USD revenue for all products supplied increased 14.5%
- Gross margin increased from 18.5% to 20.7% (see note 2 below)
- Operating expenses decreased 14.5%

The effective NZD / USD rate in the period was 0.75 compared to 0.84 for the 1st half 2014.

CEO, Greg Allen commented “Our supply chain execution and cost performance has never been better, and we are certainly getting a boost from the benefits of a more competitive New Zealand dollar exchange rate assisting manufacturing and technology exporters. We are also seeing an increased level of field testing for our new products and are in advanced discussions with several customers on product adoption. The team continues to focus on improving supply chain performance and new product sales.”

2nd half customer demand is normally seasonally weaker than the 1st half and Wellington still has limited forward order visibility for the remainder of 2015. The ordering patterns so far this year do

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give a higher level of confidence, particularly in some Latin American countries that market demand is improving. Europe and Brazil demand continues to be weaker than 2014 with USA and Asia in line with expectations. Wellington expects to release its unaudited interim result on 25th August 2015 and will at this time provide further updates to its 2015 full year outlook..

Note 1 - EBITDA (ie Earnings before interest, tax, depreciation, amortisation and impairment) is a non-GAAP earnings figure that equity analysts tend to focus on for comparable company performance analysis. Wellington considers that it is a useful financial indicator because it avoids the distortions caused by the differences in amortisation and impairment policies. EBITDA is calculated as the loss before interest and taxation less depreciation, amortisation and impairment of \$0.223 million (2014 1st half \$0.206 million ; 2014 full year \$0.502 million).

Note 2 – Gross margin is the gross profit percentage calculated from GAAP measures of revenue and gross profit

For further information visit www.wdtl.com.

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