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Media Release

For Immediate Release

Wellington Drive releases its 2015 financial statements
Continued Improvement in Operating Performance

Wellington has today released its financial statements for the year ended 31 December 2015. The result for the year is consistent with the market update provided on 18 February 2016.

The company delivered full year 2015 revenues of $24.6 million, a 38% growth in year over year revenue. This result was in part due to a significant rebound in Latin American sales with 48% revenue growth in US Dollar terms versus 2014. New customer wins in Asia Pacific generated US Dollar revenue growth of 18% versus 2014. Europe US Dollar revenues decreased by 35% as the macro-economic situation continued to impact customer demand. We are encouraged by the winning of new ECR motor customers in Europe that will start production in 2016. Global motor volumes increased by 23% to over 1 million motors shipped in 2015.

Gross margin (see note 1 below) improved to 21.4%, an increase from 18% in 2014 as a result of continued improvement in manufacturing efficiencies and supplier costs. Gains were offset somewhat by pricing strategies that were implemented to secure new business.

The continued focus on operational excellence is demonstrated by improvement in both operating costs and inventory performance. The company continued its tight control of operating expenses with $7.8 million in 2015, versus $8.4 million in 2014, an 8% reduction. Inventory was $3.7 million at the end of 2015, a $1 million reduction versus 2014 and a result of ongoing efforts to streamline supply chain process.

Losses continued to decline with the company delivering an EBITDA performance of a $1.4 million loss versus the $4 million loss in 2014 (see note 2 below). Earnings before Interest and Taxation (EBIT) was a $1.8 million loss, a $2.7 million improvement on the $4.5 million loss in 2014. The lower NZ Dollar versus the US Dollar positively impacted the result. The average NZD/USD rate for the 2015 year was 0.707 compared to 0.830 for 2014.

Operating cash flow was a positive inflow of $0.8 million and the cash balance at 31 December was $2.9 million.

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Wellington's Chief Financial Officer, Howard Milliner commented, "We are pleased to be able to deliver continual improvement in our financial results, and particularly the operational metrics such as operating cost, inventory performance and positive operating cash flows. We look forward to improving even further in 2016."

For further information visit www.wdtl.com.

Note 1 – Gross margin is the gross profit percentage calculated from GAAP measures of revenue and gross profit
Note 2 - 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 of $1,802,000 for 2015 (2014 $4,509,000) less depreciation, amortisation and impairment of $399,000 for 2015 (2014 $502,000).

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