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EROAD restructures to support growth

Transport technology services company EROAD has completed its consultation process with its team on a restructure of its business to re-focus on investment priorities for financial year 2018 and beyond.

Chief executive Steven Newman says the restructure is to re-orient the business from a major research and development (R&D) focus in recent years towards in-market execution, including sales and customer support, particularly in the US, to achieve payback on its R&D investment.

A concurrent review of operating expenditure was also important, in light of the company's strategy to grow profitably and following the FY17 loss said Mr Newman.

"Our investment programme remains significant and we need to ensure it's focused in the right places," he said, "and we need to maintain a tight control on costs in order to grow sustainably."

Mr Newman said that EROAD's R&D investment in FY16 and FY17 was significantly increased as it completed its ELD programme for the US and refined its health and safety offer primarily for the NZ market. Even after the restructure, EROAD would retain R&D investment at around 2015 levels, which were equivalent to global industry leaders and at ambitious R&D levels for the New Zealand sector.

"This is very much a re-focusing of the business towards greater in-market execution" he said.

"Our strategy remains to continue to grow rapidly but to do so profitably," said Mr Newman. "Our FY17 result, combined with our investment plan for FY18, necessitates that we re-size the business to reduce cost in areas no longer the focus of such significant investment."

Mr Newman said that the company would report its quarterly sales as usual in July 2017, which would underscore the company's continued growth momentum.

He said a restructuring proposal had been put to the EROAD team and all feedback was considered as the company finalised plans. Unfortunately some positions have been made redundant as part of this process.

Mr Newman said EROAD's recent funding agreement with the BNZ, announced 14 June 2017, ensured the company was well placed for continued growth in New Zealand, Australia and the US, and the EROAD team remained very focused on the significant opportunities in front of the business.

"Our FY18 year looks like being our biggest yet, but as we continue to invest to capture these opportunities, we need to do so sustainably with a prudent use of resources," he said.

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