



ASX RELEASE

12 July 2019

FY19 PRELIMINARY RESULTS

- RECORD PORTFOLIO GROWTH, ACHIEVEMENT OF FULL YEAR CASH FLOW GUIDANCE AND PROGRESS ON DELIVERY OF STRATEGIC GROWTH INITIATIVES
- UPDATE ON ACCOUNTING POLICIES AND ESTIMATES

Nearmap Ltd (ASX: NEA) is pleased to announce that the results for FY19 are expected to show another year of record growth in the Company's key growth metric, Annualised Contract Value (ACV), subject to final audit.

The Company's closing ACV portfolio at 30 June 2019 has grown to \$90.2m (FY18: \$66.2m), representing 36% growth, and delivering another record annual increase in incremental ACV of \$24.0m (FY18: \$19.2m).

	ACV 30-Jun- 2019 ¹	ACV 30-Jun-2018	Change on pcp	Growth in ACV FY19	Growth in ACV FY18
Group (AUD \$m)	90.2	66.2	+36%	24.0	19.2
NA (USD \$m)	22.7	12.9	+76%	9.8	7.6
ANZ (AUD \$m)	57.9	48.8	+19%	9.1	8.8

¹ Group ACV calculated using 30 June 2019 exchange rate of AUD\$1 = USD\$0.7013 and NZ\$1.0462

NORTH AMERICA – RECORD ANNUAL ACV GROWTH

- ACV portfolio at 30 June 2019 of US\$22.7m (30 June 2018: US\$12.9m), representing 76% growth.
- North America ACV now comprises 36% of the Group portfolio, up from 26% at 30 June 2018.
- Strong Sales Team Contribution Ratio, expected to be >100%, including the opening of the second NA sales office in New York and headcount growth in H2.

AUSTRALIA & NEW ZEALAND – CONTINUED GROWTH THROUGH ENHANCED MARKET LEADERSHIP POSITION

- ACV portfolio at 30 June 2019 of \$57.9m (30 June 2018: \$48.8m), representing 19% growth.
- Continuing strong Sales Team Contribution Ratio, expected to be >100%.
- Third capture of New Zealand complete, with sales momentum building.

GROUP – ACHIEVEMENT OF CASH FLOW BREAKEVEN FROM CORE OPERATIONS, IN LINE WITH GUIDANCE

- Guidance was "FY19 to be cashflow breakeven excluding the capital raise". The core business cash balance as at 30 June 2019 was \$17.8m, an increase of \$0.3m on the opening balance.



- Group cash balance at 30 June 2019 of \$75.9m (30 June 2018: \$17.5m).
- \$9.0m of capital raise proceeds have been deployed into accelerating growth initiatives, including:
 - Targeted US sales & marketing initiatives including the launch of the second US sales office in New York. Early ACV generated and pipeline growing;
 - First Canadian capture program complete, covering 62% of the population;
 - Product and content expansion including the launch of 3D Online and the launch of a beta Artificial Intelligence product. Online 3D sales are progressing well following commercial launch in June 2019; and
 - First commercial sale of Artificial Intelligence content.

Commenting on another record growth year, Nearmap CEO and Managing Director, Dr Rob Newman, said "I am extremely proud of another successful period of strong growth across all areas of our business. We continued to enhance our market leadership position in Australia and New Zealand, and momentum in North America is clearly building. Our commitment to innovation and our investment in new product and content such as 3D and Artificial Intelligence mean that we are well placed to continue to deliver sustained growth and expansion in our core markets into FY20 and beyond."

Nearmap will release its FY19 results on 21 August 2019. Management will present the results on a conference call, details of which will be available on the Company's website.

UPDATE ON ACCOUNTING POLICIES AND ESTIMATES

Update on AASB 16: accounting for leases policy to be adopted in FY20

AASB 16 Leases - the new standard replaces AASB 117 Leases and requires a lessee to recognise a right-of-use asset representing its rights to use the underlying lease asset and a lease liability representing its obligations to make lease payments. The new standard will impact Nearmap's office facility operating leases which have terms greater than 12 months. Under the modified retrospective approach, the Group will recognise the cumulative effects of applying AASB 16 as an adjustment to opening retained earnings in FY20.

Update to accounting estimate – effective January 2019

Nearmap is also revising the estimated amortisation period for capture costs. Since July 2013 Nearmap has capitalised capture costs and amortised these costs on a straight-line basis over 5 years. Nearmap reviews the appropriateness of the amortisation period and methodology on a regular basis and, in light of the growing need for the most recent imagery, has concluded that the business has developed such that a change in accounting estimate, effective 1 January 2019, will be applied to reduce the amortisation period from 5 years to 2 years. No change will be made to the straight-line amortisation method.

The change in amortisation period reflects the growing sophistication of the business, as it evolves from a single-product aerial imagery company to becoming a multi-product player in the location intelligence market. This evolution has been accelerated by the launch of HyperCamera 2, which has created higher quality imagery and enabled the roll out of new products and content types such as oblique imagery and 3D content. This, and the increasing frequency of Nearmap's capture program, has meant that demand for the most recent imagery has grown significantly.

Customers continue to derive benefits from the large and growing library of historical content and this remains a key differentiator against other players in the market. It is therefore appropriate to continue to recognise the capture asset on the Balance Sheet and, as demand for the most recent imagery grows, to change the amortisation period from 5 years to 2 years.

The change in the amortisation policy does not affect the Company's growth strategy or outlook.



IMPACT OF CHANGE TO ACCOUNTING ESTIMATE - NO CHANGE TO ACV, EBITDA, CASH OR PRE-CAPITALISED GROSS MARGIN

The change in the amortisation period has no impact on Nearmap's primary metric, ACV, nor to EBITDA, cash or pre-capitalised Gross Margin, as shown in the table below. Amortisation of the intangible capture asset will be accelerated from January 2019 with the financial impact and statutory disclosures presented in the full year financial statements.

	FY19 5 Year Asset Life	FY19 2 Year Asset Life	Expected Change
ACV (AUD \$m)	90.2	90.2	-
EBITDA (AUD \$m)	14.5-16.0	14.5-16.0	-
Cash (AUD \$m)	75.9	75.9	-
Gross Margin (pre-capitalisation)	69%	69%	-

All figures subject to final audit

-ENDS-

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VIEW THE WORLD, SO THEY CAN
PROFOUNDLY CHANGE THE WAY
THEY WORK.**

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