

ASX Announcement

Rapid Telematics Subscriber Growth

- Connexion’s telematics subscriptions growing rapidly, with near-term revenue uplift expected
- Significant telematics growth trends with:
 - **Average subscription growth rate** in excess of 62% month on month
 - **ARPU** of \$15.29 per calendar month per vehicle
 - **Average 2.35 subscriptions** per customer account
 - **Subscription retention rate** of 82%
- General Motors (GM) offers 3 months’ free trial of Commercial Link under “Business Choice” promotion
- Well defined Company telematics sales and marketing strategy is beginning to realise solid sales growth
- Further territory and/or automaker contracts expected in the coming quarters
- The Company remains confident of reaching cash flow break-even in CY2017

14 November 2016, Melbourne Australia: Connexion Media Limited (ASX:CXZ), an innovator in the connected car market, is pleased to provide an update on the growth of its telemetry offering.

Rapid Telematics Growth

Sales of the Company’s telematics offering continues to grow significantly in the USA and Australia. Connexion’s telematics offering includes its GM Commercial Link, Flex and WEX MotorPass Telematics products.

Key performance indicators linked to the Company’s telematics services as at October 2016, include:

- **Average Revenue Per User (ARPU):** \$15.29/month per user excluding tax (or \$183.48 annualised).
- **Average Subscription Growth Rate (ASGR):** >62% month on month (since August 2016), which is expected to increase sharply as additional sales and marketing activities are implemented.
- **Average Subscriptions Per Customer (ASPC):** 2.35 vehicles subscriptions per customer on average. ASPC has been steadily growing, meaning that once users use the program they have the propensity to sign up additional vehicles in their fleets to our telemetry services.
- **Average Subscription Retention Rate (ASRR):** 82%, demonstrating a strong level of customer retention from free trial to fee-paying. This figure exceeds the Company’s expected retention rate and is significantly higher than the initial 25% retention rate quoted in the Company’s March 2016 presentation.

Uptake of the Company’s telematics offering is encouraging and Connexion expects sustained revenue uplift from the increased subscriber growth to the service.

The Company plans to begin providing quarterly subscriber growth numbers from CY2017.

GM Commercial Link continues to build momentum

General Motors’ Commercial Link service has delivered a sharp increase in new subscribers from September 2016, which coincides with the “model year change-over” period in the USA market.

General Motors have initiated a number of marketing initiatives to further increase subscriber numbers and contribute to revenue uplift. Initiatives include:

- Execution of detailed sales and marketing strategies across digital media, retail, trade shows and internal divisions.
- Inclusion in “Business Choice” promotion, giving new vehicle customers a 3-month free trial of Commercial Link.
- Production of free-trial coupon cards that General Motors will distribute to customers at trade shows and other events.

Connexion will continue to receive its revenue share payment from General Motors for any free trial offers and promotional campaigns.

Commercial Link is sold at over 4,000 GM dealerships across the US.

Marketing strategy delivering results

Connexion is executing a well-defined sales and marketing strategy to further grow its telematics services. Specifically, the Company is focussed on four core customer segments:

1. Automaker/OEM
2. Business to Business (B2B)
3. Business to Enterprise (B2E)
4. Vendor Partnerships (i.e. Oracle)

The Sales team have built out a detailed action plan across the key strategic sales channels and has begun implementing a number of initiatives.

Sales are expected to significantly increase as a direct result of the above from early CY2017.

With the focus now being placed on higher value partnership channels, the Company has decided to withdraw from the retail channel. As a result, the retail channel activities has been wound down.

Outlook

With the Company's subscriber numbers continuing to grow, the Company remains confident of reaching cash flow break-even in CY2017.

Furthermore, the Company anticipates signing at least 1 additional automaker and/or territory expansion for its Flex telemetry service by December 2016, with at least a further 2 additional automaker and/or territory expansions in CY2017.

In addition, Connexion is scheduled to begin its Flex Business to Business sales campaign in early CY2017 in Australia, to further drive subscription and customer numbers.

Telematics subscriptions are anticipated to reach 50,000 paying subscription vehicles in CY2017, rising to 100,000 paying subscription vehicles by CY2018.

Automaker interest continues to grow for the Flex product, with the Company in ongoing discussions with a number of interested parties. The Company's main focus is to win embedded business opportunities with global automakers.

George Parthimos, CEO of Connexion Media, said:

“As a result of the team's hard work and our partnership strategy, we are very excited to have achieved significant telemetry subscriber uplift in recent months, validating our technical offering. We remain pleased with the encouraging uptick in subscriber numbers and the retention rate reported by the service, illustrating that our customers are finding our telemetry products highly useful for their business needs. With our customer base growing, we are confident of reaching cash flow break-even in CY2017.”

Ends**Media queries:**

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Connexion Media specialises in developing and commercialising smart car software apps and services for internet-connected vehicles and mobile devices. The Company is headquartered in Melbourne, Australia and currently has offices in Cambridge, Detroit, Kochi and Seattle.

Connexion has two core products in commercialisation, Flex and miRoamer. Flex is a highly sophisticated smart car solution that allows car fleet managers to manage an entire fleet of vehicles from a mobile phone or computer and deliver cost efficiencies through reduced maintenance costs. Flex is able to track a range of real time and historical data including vehicle locations, distance travelled, fuel consumption, battery life, engine performance and absolute and average speeds travelled. It is also able to monitor driver behaviour and instantly send notifications and alarms to vehicle owners and fleet managers.

miRoamer is a next generation internet radio product that allows users to pick up radio stations from broad geographies, including international stations. miRoamer has become the world leader in internet radio technology, delivering a superior understanding of the technical, content and marketing demands of radio manufacturers and car makers alike.