



TeleNav Reports First Quarter Fiscal 2012 Financial Results

TeleNav and Delphi to Expand Partnership for Major Automaker to Seven Additional Regions Around the World

SUNNYVALE, Calif., Oct. 27, 2011 (GLOBE NEWSWIRE) -- TeleNav, Inc. (Nasdaq:TNAV), one of the largest global wireless location-based services providers, today announced its financial results for the first quarter of fiscal 2012 ended September 30, 2011.

Financial Highlights

- Revenue for the first quarter of fiscal 2012 grew 3 percent over the first quarter of fiscal 2011 to \$52.7 million.
- Revenue from strategic growth areas which include automotive, enterprise location-based services (LBS), mobile advertising and commerce and premium LBS was 16 percent of total revenue for the first quarter of fiscal 2012, reaching \$8.4 million, up 192 percent year over year.
- Revenue from strategic growth areas and international revenues was 21 percent of total revenue for the first quarter of fiscal 2012, reaching \$11.1 million, up 151 percent year over year.
- Average monthly paid end users were 26.0 million in the first quarter of fiscal 2012, compared to 17.7 million in the first quarter of fiscal 2011 and 24.6 million in the fourth quarter of fiscal 2011.
- End users of our freemium offerings exceeded 1.5 million at September 30, 2011. Freemium offerings are free basic navigation services provided on certain mobile platforms which are monetized through paid upgrades to premium products, as well as through advertising.
- Cash generated from operations for the first quarter of fiscal 2012 was \$3.0 million and ending cash and investments totaled \$193.2 million as of September 30, 2011.

"Today's Delphi announcement strengthens our leadership in automotive navigation and search as we continue to expand our partnerships with global automakers," said HP Jin, president, CEO and co-founder of TeleNav. "In our core navigation business, we grew total subscribers in carrier bundle offerings, subscriber paid offerings, and our freemium offerings. We are also pleased to remain a top navigation application provider on the iPhone platform, both in the free and paid categories."

Net income for the first quarter of fiscal 2012 was \$8.2 million, or \$0.18 per diluted share, compared to net income of \$12.4 million, or \$0.27 per diluted share, for the first quarter of fiscal 2011.

Non-GAAP net income for the first quarter of fiscal 2012 was \$9.2 million, or \$0.20 per diluted share, compared to non-GAAP net income of \$13.2 million, or \$0.29 per diluted share, for the first quarter of fiscal 2011. Non-GAAP net income excludes stock-based compensation expense net of the related tax effect.

In the first quarter of fiscal 2012, TeleNav completed its \$20 million stock repurchase plan authorized in November 2010. The company repurchased a total of 2,037,743 shares of its common stock for an aggregate cost of approximately \$20 million under this plan.

Today, TeleNav announced that its board of directors has authorized a second repurchase plan, allowing the company to repurchase up to \$20 million, inclusive of broker fees, of its common stock, in compliance with Rule 10b-18 of the Securities Exchange Act of 1934, as amended. The timing and amount of repurchase transactions under this program will depend on market conditions and other considerations. All of the repurchases will be funded by TeleNav's available working capital and the duration of the repurchase program is 12 months, although it may be increased, extended, suspended or discontinued without prior notice.

Recent Business Highlights

- In October 2011, TeleNav announced that it is collaborating with Delphi Automotive to deliver a navigation product to a major global automaker to seven additional regions. Delphi will use the TeleNav Auto platform for the navigation component of a new, connected infotainment system available worldwide. TeleNav will provide turn-by-turn navigation incorporating real-time information from SiriusXM such as traffic and weather. Navigation with integrated connected features will be accessible through voice commands and a full-color LCD touch-screen.
- In October 2011, TeleNav launched TeleNav GPS Navigator 7.1, available first on Sprint Android devices. The new version makes it easier and faster for users to accomplish their daily tasks, from running errands around town, exploring their town for fun, and surviving their daily commute. It offers a new, unique home screen called "My Dashboard™" that

includes OneBox Search for local places, businesses, landmarks, and addresses; a map of the user's current location with real-time traffic overlay; customizable "Home" and "Work" buttons to show current drive times based on live traffic; smoother and faster map rendering and other enhanced features.

- TeleNav's branded iPhone navigation app continued to be one of the most highly-ranked navigation apps for iPhone in both the paid and free categories, with over 700,000 downloads as of September 30, 2011.
- In September 2011, TeleNav announced that it completed the acquisition of goby, a Boston-based local search engine and mobile application developer focused on offering users an easy way to explore and discover events and activities based on location.

Business Outlook

TeleNav offers the following guidance, which is predicated on management's judgments and assumes no changes in current contractual relationships with significant carrier partners.

For the second quarter of fiscal 2012 ending December 31, 2011:

- Total revenue is expected to be \$50.0 to \$52.0 million;
- Gross margin is expected to be approximately 79 to 80 percent;
- Non-GAAP operating expenses are expected to be \$30.0 to \$31.0 million, and excludes approximately \$1.5 million in stock-based compensation;
- GAAP net income is expected to be \$5.0 to \$6.0 million;
- GAAP diluted net income per share is expected to be \$0.11 to \$0.13;
- Non-GAAP net income is expected to be \$6.0 to \$7.0 million;
- Non-GAAP diluted net income per share is expected to be \$0.13 to \$0.15;
- Effective tax rate is expected to be approximately 37 percent
- Weighted-average diluted shares outstanding are expected to be approximately 45 million.

For the fiscal year ending June 30, 2012:

- Total revenue is expected to be \$215.0 to \$225.0 million;
- Gross margin is expected to be approximately 76 to 77 percent;
- Non-GAAP operating expenses are expected to be \$119.0 to \$123.0 million, and excludes approximately \$6.0 million in stock-based compensation;
- GAAP net income is expected to be \$24.0 to \$28.0 million;
- GAAP diluted net income per share is expected to be \$0.53 to \$0.61;
- Non-GAAP net income is expected to be \$28.0 to \$32.0 million;
- Non-GAAP diluted net income per share is expected to be \$0.62 to \$0.70;
- Weighted-average diluted shares outstanding are expected to be approximately 45 to 46 million.

The above information concerning the forecast for the second fiscal quarter ending December 31, 2011 and fiscal 2012 represents TeleNav's outlook only as of the date hereof, and TeleNav undertakes no obligation to update or revise any financial forecast or other forward looking statements, as a result of new developments or otherwise.

Conference Call

TeleNav will host an investor conference call and live webcast today at 2:00 p.m. PDT (5:00 p.m. EDT) to discuss its first quarter fiscal 2012 results and outlook for the second quarter and full year of fiscal 2012. To access the conference call, dial 888-254-3601 or 913-312-1516. The webcast will be accessible on TeleNav's investor relations website at <http://investor.telenav.com/>. A replay of the conference call will be available approximately two hours after its completion and will be available through Tuesday, November 1, 2011, 5:00 p.m. PDT. To access the replay, please dial 888-203-1112 or 719-457-0820 and enter pass code 2449593.

Use of Non-GAAP Financial Measures

TeleNav prepares its financial statements in accordance with generally accepted accounting principles for the United States, or GAAP. The non-GAAP financial measures such as net income and earnings per share information included in this press release are different from those otherwise presented under GAAP. The following are explanations of each type of adjustment that we incorporate into non-GAAP financial measures:

Stock-based compensation expense relates to equity incentive awards granted to our employees, directors, and consultants. Stock-based compensation expense has been and will continue to be a significant recurring non-cash expense for TeleNav. While we include the dilutive impact of such equity awards in weighted average shares outstanding, the expense associated with stock-based awards reflects a non-cash charge that we exclude from non-GAAP net income.

Our non-GAAP tax rate differs from the GAAP tax rate due to the elimination of the tax effect of the GAAP stock compensation expenses that are being eliminated to arrive at the non-GAAP expenses.

TeleNav has provided these measures in addition to GAAP financial results because management believes these non-GAAP measures help provide a consistent basis for comparison between quarters and fiscal year growth rates that are not influenced by certain non-cash charges and therefore are helpful in understanding TeleNav's underlying operating results. These non-GAAP measures are some of the primary measures TeleNav's management uses for planning and forecasting. These measures are not in accordance with, or an alternative to, GAAP and these non-GAAP measures may not be comparable to information provided by other companies. Reconciliations of the GAAP to non-GAAP results are presented at the end of this press release.

Forward - Looking Statements

This press release contains forward-looking statements that are based on TeleNav management's beliefs and assumptions and on information currently available to our management. Forward-looking statements include information concerning TeleNav's anticipated or assumed future financial results, shares outstanding and anticipated business activities. Actual events or results may differ materially from those described in this document due to a number of risks and uncertainties. These potential risks and uncertainties include, among others, fluctuations in TeleNav's quarterly and annual operating results; TeleNav's dependence on Sprint, AT&T, and Ford for a substantial majority of its revenue; changes in the contractual relationships with Sprint, AT&T and other wireless carriers to whom TeleNav provides services, as have occurred in the past; competition from other market participants who may provide comparable services to subscribers without charge; TeleNav's short history in the automotive navigation market; continued production of vehicles with and adoption by auto buyers of TeleNav's products offered by Ford and the products offered by Delphi's customer; the timing of new product releases and vehicle production by our automotive customers; TeleNav's ability to increase revenue from premium services; TeleNav's inexperience in the mobile advertising market; TeleNav's ability to estimate and sustain or increase its revenue and profitability; TeleNav's ability to attract, migrate and retain new wireless carriers and auto manufacturers and automotive equipment suppliers; TeleNav's ability to issue new releases of its products and services and expand its product portfolio; changes to current accounting standards which may have a significant, adverse impact upon TeleNav's financial results; the introduction of new products by competitors or the entry of new competitors into the markets for TeleNav's services and products; the impact of current or future intellectual property litigation and claims for indemnification and litigation related to U.S securities laws and economic and political conditions in the U.S. and abroad. We discuss these risks in greater detail in "Risk factors" and elsewhere in our Annual Report on Form 10-K for the fiscal year ended June 30, 2011 and other filings with the U.S. Securities and Exchange Commission (SEC), which are available at the SEC's website at www.sec.gov. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our management's beliefs and assumptions only as of the date made. You should review our SEC filings carefully and with the understanding that our actual future results may be materially different from what we expect.

Except as required by law, we assume no obligation to update these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

About TeleNav, Inc.

TeleNav, Inc. is a leading provider of consumer location-based services (LBS), enterprise LBS and automotive LBS with more than 26 million paying subscribers as of September 30, 2011. TeleNav's solutions provide consumers, wireless service providers, enterprises and automakers with location-specific, real-time, personalized services such as GPS navigation, local search, mobile advertising, mobile commerce, location tracking and workflow automation. TeleNav's technology is available across more than 600 types of mobile phones, all major mobile phone operating systems and a broad range of wireless network protocols. TeleNav's service providers and partners include AT&T, Bell Mobility, Boost Mobile, China Mobile, Cincinnati Bell, Ford Motor Company, NII Holdings, QNX Software Systems, Rogers, Sprint Nextel, Telcel, T-Mobile UK, T-Mobile USA, U.S. Cellular, Verizon Wireless and Vivo Brazil.

The TeleNav, Inc. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=7118>

For more information on TeleNav, please visit www.telenav.com. Follow TeleNav on Twitter at www.twitter.com/telenav or on Facebook at www.facebook.com/telenav.

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TeleNav, Inc.
Consolidated Balance Sheets
(in thousands)

| | <u>September 30, 2011</u> | <u>June 30, 2011 *</u> |
|--|---------------------------|--------------------------|
| Assets | (unaudited) | |
| Current assets: | | |
| Cash and cash equivalents | \$ 32,141 | \$ 24,053 |
| Short-term investments | 161,080 | 179,257 |
| Accounts receivable, net of allowances of \$381 and \$356, respectively | 20,983 | 30,711 |
| Prepaid expenses and other current assets | 11,472 | 9,654 |
| Deferred tax assets | <u>2,912</u> | <u>2,951</u> |
| Total current assets | 228,588 | 246,626 |
| Property and equipment, net | 12,055 | 9,079 |
| Deferred tax assets, non-current | 2,129 | 1,589 |
| Deposits and other assets | <u>5,104</u> | <u>3,333</u> |
| Total assets | <u><u>\$ 247,876</u></u> | <u><u>\$ 260,627</u></u> |
| | | |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 5,097 | \$ 3,176 |
| Accrued compensation | 6,757 | 7,847 |
| Accrued royalties | 3,062 | 4,154 |
| Other accrued expenses | 4,251 | 4,308 |
| Deferred revenue | 30,281 | 48,490 |
| Income taxes payable | <u>1,060</u> | <u>49</u> |
| Total current liabilities | 50,508 | 68,024 |
| Other liabilities | 6,147 | 4,137 |
| | | |
| Stockholders' equity: | | |
| Preferred stock, \$0.001 par value: 50,000 shares authorized; no shares issued or outstanding | -- | -- |
| Common stock, \$0.001 par value: 600,000 shares authorized; 43,230 shares issued and 41,192 outstanding at September 30, 2011, and 42,984 issued and 41,823 outstanding at June 30, 2011 | 41 | 42 |
| Additional paid-in capital | 115,120 | 115,064 |
| Accumulated other comprehensive income | 386 | 537 |
| Retained earnings | <u>75,674</u> | <u>72,823</u> |
| Total stockholders' equity | <u>191,221</u> | <u>188,466</u> |
| Total liabilities and stockholders' equity | <u><u>\$ 247,876</u></u> | <u><u>\$ 260,627</u></u> |

* Derived from audited consolidated financial statements as of and for the year ended June 30, 2011

TeleNav, Inc.
Consolidated Statements of Income
(in thousands, except per share amounts)

| | Three Months Ended September 30, | |
|--|---|------------------|
| | 2011 | 2010 |
| | (unaudited) | |
| Revenue | \$ 52,732 | \$ 51,100 |
| Cost of revenue | <u>10,316</u> | <u>8,852</u> |
| Gross profit | 42,416 | 42,248 |
| Operating expenses: | | |
| Research and development | 16,479 | 13,027 |
| Sales and marketing | 7,467 | 4,726 |
| General and administrative | <u>6,250</u> | <u>3,746</u> |
| Total operating expenses | <u>30,196</u> | <u>21,499</u> |
| Income from operations | 12,220 | 20,749 |
| Interest income | 382 | 97 |
| Other income (expense), net | <u>110</u> | <u>100</u> |
| Income before provision for income taxes | 12,712 | 20,946 |
| Provision for income taxes | <u>4,528</u> | <u>8,588</u> |
| Net income | <u>\$ 8,184</u> | <u>\$ 12,358</u> |
| Net income per share | | |
| Basic | \$ 0.20 | \$ 0.29 |
| Diluted | \$ 0.18 | \$ 0.27 |
| Weighted average shares used in computing net income per share | | |
| Basic | 41,550 | 42,151 |
| Diluted | 45,006 | 44,939 |

TeleNav, Inc.
Consolidated Statements of Cash Flows
(in thousands)

| | Three Months Ended September 30, | |
|---|---|-------------|
| | 2011 | 2010 |
| | (unaudited) | |
| Operating activities | | |
| Net income | \$ 8,184 | \$ 12,358 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 2,159 | 1,843 |
| Accretion of premium on short-term investments | 1,132 | 95 |
| Stock-based compensation expense | 1,180 | 852 |
| Write-off of capitalized software | -- | 691 |
| Excess tax benefit from stock-based compensation | (521) | -- |
| Changes in operating assets and liabilities: | | |

| | | |
|---|-----------------|---------------|
| Accounts receivable | 9,728 | (19,944) |
| Deferred income taxes | 258 | 332 |
| Prepaid expenses and other current assets | (1,802) | (1,030) |
| Other assets | (712) | (838) |
| Accounts payable | 199 | (1,152) |
| Accrued compensation | (1,090) | (1,484) |
| Accrued royalties | (1,092) | 614 |
| Accrued expenses and other liabilities | 2,032 | 449 |
| Income taxes payable | 1,717 | 4,840 |
| Deferred revenue | <u>(18,336)</u> | <u>22,622</u> |
| Net cash provided by operating activities | <u>3,036</u> | <u>20,248</u> |

Investing activities

| | | |
|--|----------------|-----------------|
| Purchases of property and equipment | (2,816) | (1,512) |
| Additions to capitalized software | (615) | (340) |
| Purchases of short-term investments | (28,024) | (81,128) |
| Proceeds from sales and maturities of short-term investments | 44,962 | -- |
| Acquisitions, net of cash acquired | <u>(1,768)</u> | <u>--</u> |
| Net cash provided by (used in) investing activities | <u>11,739</u> | <u>(82,980)</u> |

Financing activities

| | | |
|---|----------------|-----------|
| Proceeds from exercise of stock options | 769 | 44 |
| Repurchase of common stock | (7,933) | -- |
| Excess tax benefit from stock-based compensation | <u>521</u> | <u>--</u> |
| Net cash (used in) provided by financing activities | <u>(6,643)</u> | <u>44</u> |

| | | |
|--|------------------|------------------|
| Effect of exchange rate changes on cash and cash equivalents | <u>(44)</u> | <u>(89)</u> |
| Net increase (decrease) in cash and cash equivalents | 8,088 | (62,777) |
| Cash and cash equivalents, at beginning of period | <u>24,053</u> | <u>112,862</u> |
| Cash and cash equivalents, at end of period | <u>\$ 32,141</u> | <u>\$ 50,085</u> |

Supplemental disclosure of cash flow information

| | | |
|-------------------|----------|----------|
| Income taxes paid | \$ 1,266 | \$ 3,026 |
|-------------------|----------|----------|

TeleNav, Inc.

Unaudited Reconciliation of Non-GAAP Adjustments (in thousands except for per share amounts)

| | Three Months Ended | |
|---------------------------|--------------------|-----------|
| | September 30, | |
| | 2011 | 2010 |
| GAAP net income | \$ 8,184 | \$ 12,358 |
| Stock-based compensation: | | |
| Cost of revenue | 27 | 25 |
| Research and development | 602 | 493 |
| Sales and marketing | 215 | 151 |

| | | |
|--|-----------------|------------------|
| General and administrative | <u>336</u> | <u>183</u> |
| Total stock-based compensation | 1,180 | 852 |
| Tax effect of adding back stock-based compensation | <u>(141)</u> | <u>(57)</u> |
| Non-GAAP net income | <u>\$ 9,223</u> | <u>\$ 13,153</u> |
| | | |
| Non-GAAP net income per share | | |
| Basic | \$ 0.22 | \$ 0.31 |

CONTACT: Media Contacts:

Mary Beth Lowell

TeleNav, Inc.

425-531-0122

marybethl@telenav.com

Investor Relations:

Cynthia Hiponia

The Blueshirt Group (for TeleNav)

408-990-1265

IR@telenav.com



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