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#### Reason for Report:

Earnings Announcement

| Changes         | Previous | Current |
|-----------------|----------|---------|
| Rating          | --       | Neutral |
| Price Tgt       | \$8.00   | \$11.00 |
| FY11E Rev (mil) | \$199.1  | \$209.3 |
| FY12E Rev (mil) | \$231.4  | \$259.0 |
| FY11E EPS       | \$0.80   | \$0.92  |
| FY12E EPS       | \$0.73   | \$0.94  |

|                        |         |
|------------------------|---------|
| Price:                 | \$11.47 |
| 52 Week High:          | \$12.56 |
| 52 Week Low:           | \$4.65  |
| 12-Month Price Target: | \$11.00 |

DCF with assumptions of 16% NT WACC,  
3% LT growth rate.

|                              |         |
|------------------------------|---------|
| Shares Out (mil):            | 45.2    |
| Market Cap. (mil):           | \$518.4 |
| Avg Daily Vol (000):         | 207     |
| Book Value/Share:            | \$3.93  |
| Debt to Total Capital:       | 0%      |
| Est LT EPS Growth:           | 11%     |
| P/E to LT EPS Growth (FY11): | 1.1x    |
| Fiscal Year End:             | Jun     |

| Rev (mil) | 2010A          | 2011E          | 2012E          |
|-----------|----------------|----------------|----------------|
| Sep       | \$36.0A        | \$51.1A        | \$58.9E        |
| Dec       | \$40.5A        | \$48.0A        | \$62.7E        |
| Mar       | \$45.1A        | \$57.1A        | \$66.2E        |
| Jun       | <u>\$49.5A</u> | <u>\$53.0E</u> | <u>\$71.3E</u> |
| FY        | \$171.2A       | \$209.3E       | \$259.0E       |
| CY        | \$193.7A       | \$231.7E       | \$287.7E       |

|       |      |      |      |
|-------|------|------|------|
| FY RM | 3.0x | 2.5x | 2.0x |
| CY RM | 2.7x | 2.2x | 1.8x |

| EPS | 2010A          | 2011E          | 2012E          |
|-----|----------------|----------------|----------------|
| Sep | \$0.83A        | \$0.27A        | \$0.21E        |
| Dec | \$0.83A        | \$0.22A        | \$0.23E        |
| Mar | \$0.83A        | \$0.25A        | \$0.24E        |
| Jun | <u>\$0.24A</u> | <u>\$0.18E</u> | <u>\$0.26E</u> |
| FY  | \$0.83A        | \$0.92E        | \$0.94E        |
| CY  | \$1.56A        | \$0.87E        | \$1.03E        |

|        |       |       |       |
|--------|-------|-------|-------|
| FY P/E | 13.8x | 12.5x | 12.2x |
| CY P/E | 7.4x  | 13.2x | 11.1x |

## TeleNav, Inc. Neutral

(TNAV - \$11.47)

### TeleNav Reports Better 3Q; Raises Guidance

#### CONCLUSION:

TeleNav reported fiscal 3Q11 results and hosted a conference call after the close on April 28. Financial results and subscriber metrics were better than expected. Management raised fiscal 2011 guidance and issued fiscal 4Q11 guidance above our estimates.

- **Financial Results:** Third quarter revenues were 16.1% ahead of our forecast, while adjusted EBITDA was 47% ahead; note that reported financial measures included a \$6.6M benefit from the renegotiation of TeleNav's terms with Ford. GAAP EPS of \$0.25 was 9c ahead of our estimate and 7c ahead of street consensus of \$0.18. See Exhibit 1 on the next page for a comparison of results to our estimates.
- **TeleNav's Mobile Navigation Business Continues To Grow; Automotive Picks Up Steam.** TeleNav grew its subscriber base to an average of 22.5M users, ahead of our estimates. This was helped by the recent launch of bundled service for Boost Mobile subscribers and the launch of nationwide service via the China Mobile brand. TeleNav may look to acquisitions (using its available cash) to speed entry into new geographies. Available in 4 cars today, the TeleNav/Ford My Touch system is gaining momentum.
- **Management Raises Guidance.** In addition to posting a strong 3Q, TeleNav increased its guidance for the remainder of the year. With only 1 quarter remaining in the fiscal year, TeleNav raised revenue guidance by more than 5%. See Exhibits 2 & 3 for a detailed look at our estimates versus guidance.
- **Net net,** TeleNav's results were better than expected, despite one-timers. The company is growing revenues at a faster than expected rate by increasing its market reach for mobile navigation, selling more premium LBS services and through its growing automotive business. We still have some long-term concerns about the competitive environment, but we are getting increasingly confident that new revenue sources (advertising, automotive and new carrier partnerships) can help to mitigate this risk. We are increasing our target to \$11 after rolling it forward to fiscal 2012 (calendar June 2012) and on better revenue growth.
- **Changes to our model.** We are raising our 2011 revenue estimate by 5.1%, in-line with updated guidance. We are also raising GAAP EPS to \$0.92 from \$0.80.

#### INVESTMENT RECOMMENDATION:

We rate TeleNav Neutral with an \$11 target price. We base our target price on our DCF valuation to 2015 using a cost of capital of 16.0% and a 3.0% terminal growth rate.

#### RISKS TO ACHIEVEMENT OF TARGET PRICE:

Renegotiation of carrier contracts could result in a larger revenue and customer declines than anticipated. New competitors such as Google could widely offer mobile navigation for free. Smartphones and their millions of apps could limit TeleNav's customer penetration.

#### COMPANY DESCRIPTION:

TeleNav is a leading provider of mobile location based services.

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## TeleNav Reports Strong Quarter And Raises Guidance

TeleNav reported fiscal 3Q11 results and hosted a conference call after the close on April 28. Financial results and subscriber metrics were better than expected. Management raised fiscal 2011 guidance and issued fiscal 4Q11 guidance above our estimates.

### Exhibit 1: TNAV 3Q11 Results At A Glance

*in millions, unless otherwise stated*

|                                       | 3Q10 Act. | 2Q11 Act. | 3Q11 Est. | 3Q11 Act. |
|---------------------------------------|-----------|-----------|-----------|-----------|
| Total Net Revenues                    | \$ 45.1   | \$ 48.0   | \$ 49.2   | \$ 57.1   |
| Adjusted EBITDA                       | \$ 19.6   | \$ 16.1   | \$ 12.8   | \$ 18.9   |
| Net Income                            | \$ 12.5   | \$ 10.0   | \$ 7.3    | \$ 11.2 * |
| Total Subscribers                     | 14.5      | 19.6      | 21.6      | 22.5      |
| Total Net Adds                        | 1.8       | 1.9       | 2.0       | 2.9       |
| ARPU (calculated, includes pass thru) | \$ 1.02   | \$ 0.76   | \$ 0.70   | \$ 0.67   |
| EPS - Piper Jaffray / Actual          | \$ 0.23   | \$ 0.22   | \$ 0.16   | \$ 0.25 * |
| EPS - Consensus Est.                  |           |           | \$ 0.18   |           |

\*Reported

Source: Company data, Piper Jaffray estimates

### Financial Results

Third quarter revenues were 16.1% ahead of our forecast, while adjusted EBITDA was 47% ahead; note that reported financial measures included a \$6.6M benefit from the renegotiation of TeleNav's terms with Ford. GAAP EPS of \$0.25 was 9c ahead of our estimate and 7c ahead of street consensus of \$0.18.

### TeleNav's Mobile Navigation Business Continues To Grow

TeleNav grew its subscriber base to an average of 22.5M users, ahead of our estimates. This was helped by the recent launch of bundled service for Boost Mobile subscribers and the launch of nationwide service via the China Mobile brand. TeleNav may look to acquisitions (using its available cash) to speed entry into new geographies in the future. TeleNav also diversified its revenue base - during the quarter, Sprint and AT&T represented 36% and 34% of revenues respectively, down from 44% and 40% in the December quarter.

### Automotive Picking Up Steam

During the quarter, TeleNav inked a new agreement with Ford that allows TeleNav to recognize revenue as soon as a TeleNav-enabled car rolls off the assembly line. Available in 4 cars today, the TeleNav/Ford My Touch system is gaining momentum. Ford accounted for 13% of revenues in the third quarter, but this was largely impacted by the \$6.6M one-time payment. Adjusting for this, we estimate Ford would have accounted for less than 2% of revenues in the quarter. Still, TeleNav expects Ford to be one of TeleNav's largest and growing customers (but will not account for more than 10% of revenues in the June quarter).

### Management Raises Guidance

In addition to posting a strong 3Q, TeleNav increased its guidance for the remainder of the year. With only 1 quarter remaining in the fiscal year, TeleNav raised revenue guidance by more than 5%. See Exhibits 2 & 3 for a detailed look at our estimates versus guidance.

## Exhibit 2: TeleNav 4Q11 Guidance

in millions, unless otherwise stated

|                             | Guidance   | PJC Prior<br>Estimates<br>(millions, except<br>EPS) | PJC New<br>Estimates<br>(millions,<br>except EPS) |
|-----------------------------|--|---|---|
| Total Revenue               | \$52 - \$54 million  | 50.8  | 53.0  |
| Gross Margin                | 80%  | 78%   | 80%   |
| Non-GAAP Operating Expenses | \$27 - \$28 million, excluding \$1.3M in<br>stock-based comp | 27.2  | 27.8  |
| GAAP Net Income             | \$7.5 - \$8.5 million  | 6.7   | 8.2   |
| GAAP EPS                    | \$0.16 - \$0.18  | \$0.15  | \$0.18  |
| Non-GAAP Net Income         | \$8.5 - \$9.5 million  | 7.4   | 9.0   |
| Non-GAAP EPS                | \$0.18 - \$0.20  | \$0.16  | \$0.20  |
| Effective Tax Rate          | 39%  | 40%   | 39%   |
| Wtd-Avg Diluted Shares      | 45 - 46 million  | 45.1  | 45.2  |

Source: Company data, Piper Jaffray estimates

## Exhibit 3: TeleNav Fiscal 2011 Guidance

in millions, unless otherwise stated

|                             | Prior Guidance  | Updated Guidance                                    | PJC Prior<br>Estimates<br>(millions,<br>except EPS) | PJC New<br>Estimates<br>(millions,<br>except EPS) |
|-----------------------------|---|---|---|---|
| Total Revenue               | \$195 - \$200 million                                   | \$208 - \$210 million                               | 199.1   | 209.3   |
| Gross Margin                | 80%   |   | 80%   | 80%   |
| Non-GAAP Operating Expenses | \$97 - \$100 million, excl.<br>\$4M in stock-based comp | \$97 - \$98 million, excl.<br>\$4.2M in stock-based | 97.5  | 97.2  |
| GAAP Net Income             | \$36 - \$38 million                                     | \$41 - \$42 million                                 | 36.3  | 41.8  |
| GAAP EPS                    | \$0.79 - \$0.83   | \$0.91 - \$0.93                                     | \$0.80  | \$0.92  |
| Non-GAAP Net Income         | \$38 - \$40 million                                     | \$44.5 - \$45.5 million                             | 38.7  | 44.7  |
| Non-GAAP EPS                | \$0.84 - \$0.88   | \$0.98 - \$1.00                                     | \$0.86  | \$0.99  |
| Effective Tax Rate          | 40%   |   | 39%   | 39%   |
| Wtd-Avg Diluted Shares      | 45 million  |   | 45.0  | 45.0  |

Source: Company data, Piper Jaffray estimates

### Net net

TeleNav's results were better than expected, even when the \$6.6M of one-time revenues is factored-in. The company is growing revenues at a faster than expected rate by increasing its market reach for mobile navigation, selling more premium LBS services and through its growing automotive business. We still have some long-term concerns about the competitive environment, but without question we are getting increasingly confident that new revenue sources (advertising, automotive and new carrier partnerships) can help to mitigate this risk. We are maintaining our Neutral rating, but we are increasing our target to \$11 after rolling it forward to fiscal 2012 (calendar June 2012) and on better revenue growth.

### Changes to our model

We are raising our fiscal 2011 revenue estimate by 5.1%, in line with management's updated guidance. We are also raising GAAP EPS to \$0.92 from \$0.80.

# TeleNav

(Figures in millions, except per share)

|  |              |              |              | Est          | Est          | Est          | Est          | Est          |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | FY 2008      | FY 2009      | FY 2010      | FY 2011      | FY 2012      | FY 2013      | FY 2014      | FY 2015      |
| <b>Income statement</b>                        |              |              |              |              |              |              |              |              |
| Subscription revenue                           | 48           | 109          | 169          | 187          | 230          | 271          | 301          | 312          |
| Automotive, advertising and other revenue      | 0            | 2            | 2            | 22           | 29           | 44           | 62           | 93           |
| <b>Total Revenue</b>                           | <b>48</b>    | <b>111</b>   | <b>171</b>   | <b>209</b>   | <b>259</b>   | <b>315</b>   | <b>363</b>   | <b>405</b>   |
| Cost of revenue                                | 11           | 20           | 29           | 41           | 47           | 57           | 67           | 75           |
| R&D  | 14           | 23           | 39           | 54           | 74           | 90           | 104          | 116          |
| S&M  | 13           | 16           | 17           | 23           | 31           | 38           | 44           | 49           |
| G&A  | 5            | 8            | 13           | 20           | 31           | 37           | 41           | 45           |
| <b>Adjusted EBITDA</b>                         | <b>5</b>     | <b>43</b>    | <b>73</b>    | <b>71</b>    | <b>77</b>    | <b>94</b>    | <b>108</b>   | <b>121</b>   |
| D&A  | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| <b>Operating income</b>                        | <b>5</b>     | <b>43</b>    | <b>73</b>    | <b>71</b>    | <b>77</b>    | <b>94</b>    | <b>108</b>   | <b>121</b>   |
| Non-cash compensation                          | (0)          | (1)          | (5)          | (4)          | (6)          | (9)          | (11)         | (12)         |
| Interest, net                                  | 0            | 0            | 0            | 1            | 1            | 1            | 2            | 3            |
| Other income (expense)                         | 0            | (1)          | (0)          | 0            | 0            | 0            | 0            | 0            |
| <b>Pretax income</b>                           | <b>4.8</b>   | <b>41.5</b>  | <b>68.0</b>  | <b>68.0</b>  | <b>71.5</b>  | <b>85.6</b>  | <b>99.4</b>  | <b>111.7</b> |
| Income taxes (benefit)                         | 0            | 12           | 27           | 26           | 29           | 34           | 40           | 45           |
|  | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| Net income                                     | 5            | 30           | 41           | 42           | 43           | 51           | 60           | 67           |
| Preferred div and accretion                    | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| <b>Net income to common stockholders</b>       | <b>4.6</b>   | <b>29.6</b>  | <b>41.4</b>  | <b>41.8</b>  | <b>42.9</b>  | <b>51.4</b>  | <b>59.6</b>  | <b>67.0</b>  |
| <b>Net Income to common, Adjusted</b>          | <b>5</b>     | <b>30</b>    | <b>41</b>    | <b>42</b>    | <b>43</b>    | <b>51</b>    | <b>60</b>    | <b>67</b>    |
| <b>Amount allocable to common shareholders</b> |              |              |              |              |              |              |              |              |
| Diluted Shares O/S                             |              |              | 37           | 45           | 46           | 47           | 48           | 49           |
| EPS (Diluted)                                  |              |              | \$0.83       | \$0.92       | \$0.94       | \$1.10       | \$1.25       | \$1.38       |
| <b>Margins</b>                                 |              |              |              |              |              |              |              |              |
| Cost of service                                | 23.6%        | 18.3%        | 17.2%        | 19.6%        | 18.0%        | 18.1%        | 18.3%        | 18.5%        |
| G&A  | 10.3%        | 7.4%         | 7.4%         | 9.5%         | 11.9%        | 11.6%        | 11.4%        | 11.2%        |
| S&M  | 27.3%        | 14.8%        | 9.7%         | 11.0%        | 12.0%        | 12.0%        | 12.0%        | 12.0%        |
| R&D  | 28.4%        | 21.0%        | 22.8%        | 26.0%        | 28.5%        | 28.5%        | 28.5%        | 28.5%        |
| <b>EBITDA</b>                                  | <b>10.3%</b> | <b>38.6%</b> | <b>42.8%</b> | <b>34.0%</b> | <b>29.7%</b> | <b>29.7%</b> | <b>29.8%</b> | <b>29.8%</b> |
| Operating Income                               | 10.3%        | 39.4%        | 43.5%        | 38.1%        | 33.3%        | 34.5%        | 35.9%        | 38.8%        |
| Tax rate                                       | 4%           | 29%          | 39%          | 39%          | 40%          | 40%          | 40%          | 40%          |
| Gross Margin                                   |              | 82%          | 83%          | 80%          | 82%          | 82%          | 82%          | 81%          |
| <b>Annual growth</b>                           |              |              |              |              |              |              |              |              |
| Total Revenue                                  |              | 131%         | 54%          | 22%          | 24%          | 22%          | 15%          | 12%          |
| EBITDA   |              |              | 71%          | -3%          | 8%           | 22%          | 16%          | 12%          |
| <b>Sequential growth</b>                       |              |              |              |              |              |              |              |              |
| Total Revenue                                  |              | 126%         | 55%          | 11%          | 23%          | 18%          | 11%          | 4%           |
| EBITDA   |              | 764%         | 71%          | -3%          | 8%           | 22%          | 16%          | 12%          |

4/28/2011

Source: Company data, Piper Jaffray estimates.

Current disclosure information for this company is located at <http://www.piperjaffray.com/researchdisclosures>.

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# TeleNav

(Figures in millions, except per share)

|  | Sep-09       | Dec-09       | Mar-10       | Jun-10       | Sep-10       | Dec-10       | Mar-11       | Est<br>Jun-11 | Est<br>Sep-11 | Est<br>Dec-11 | Est<br>Mar-12 | Est<br>Jun-12 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| <b>Income statement</b>                        | <b>1Q10</b>  | <b>2Q10</b>  | <b>3Q10</b>  | <b>4Q10</b>  | <b>1Q11</b>  | <b>2Q11</b>  | <b>3Q11</b>  | <b>4Q11</b>   | <b>1Q12</b>   | <b>2Q12</b>   | <b>3Q12</b>   | <b>4Q12</b>   |
| Subscription revenue                           | 35.6         | 39.6         | 44.5         | 48.9         | 48.0         | 44.7         | 46.3         | 47.9          | 53.0          | 56.3          | 59.2          | 62.0          |
| Automotive, advertising and other revenue      | 0.4          | 0.9          | 0.6          | 0.6          | 3.1          | 3.4          | 10.9         | 5.2           | 5.8           | 6.4           | 7.0           | 9.3           |
| <b>Total Revenue</b>                           | <b>36.0</b>  | <b>40.5</b>  | <b>45.1</b>  | <b>49.5</b>  | <b>51.1</b>  | <b>48.0</b>  | <b>57.1</b>  | <b>53.0</b>   | <b>58.9</b>   | <b>62.7</b>   | <b>66.2</b>   | <b>71.3</b>   |
| Cost of revenue                                | 7.1          | 6.9          | 7.2          | 8.3          | 8.8          | 8.8          | 12.7         | 10.6          | 10.6          | 11.3          | 11.9          | 12.8          |
| R&D  | 7.8          | 9.1          | 10.5         | 11.6         | 12.5         | 13.0         | 13.7         | 15.1          | 16.8          | 17.9          | 18.9          | 20.3          |
| S&M  | 3.8          | 4.0          | 4.4          | 4.5          | 4.6          | 5.6          | 6.4          | 6.4           | 7.1           | 7.5           | 7.9           | 8.6           |
| G&A  | 2.5          | 3.0          | 3.5          | 3.8          | 3.6          | 4.5          | 5.4          | 6.4           | 7.0           | 7.4           | 7.8           | 8.4           |
| <b>Adjusted EBITDA</b>                         | <b>14.9</b>  | <b>17.5</b>  | <b>19.6</b>  | <b>21.2</b>  | <b>21.6</b>  | <b>16.1</b>  | <b>18.9</b>  | <b>14.6</b>   | <b>17.5</b>   | <b>18.6</b>   | <b>19.6</b>   | <b>21.1</b>   |
| D&A  |              |              |              |              |              |              |              |               |               |               |               |               |
| <b>Operating income</b>                        | <b>14.9</b>  | <b>17.5</b>  | <b>19.6</b>  | <b>21.2</b>  | <b>21.6</b>  | <b>16.1</b>  | <b>18.9</b>  | <b>14.6</b>   | <b>17.5</b>   | <b>18.6</b>   | <b>19.6</b>   | <b>21.1</b>   |
| Non-cash compensation                          | (0.3)        | (0.5)        | (0.6)        | (3.5)        | (0.9)        | (0.9)        | (1.1)        | (1.3)         | (1.4)         | (1.5)         | (1.6)         | (1.7)         |
| Interest, net                                  |              |              |              | 0.0          | 0.1          | 0.2          | 0.3          | 0.2           | 0.1           | 0.2           | 0.2           | 0.2           |
| Other income (expense)                         | (0.5)        | 0.2          | (0.0)        | (0.1)        | 0.1          | 0.1          | (0.0)        | 0.1           | 0.0           | 0.0           | 0.0           | 0.0           |
| <b>Pretax income</b>                           | <b>14.1</b>  | <b>17.2</b>  | <b>19.0</b>  | <b>17.7</b>  | <b>20.9</b>  | <b>15.4</b>  | <b>18.0</b>  | <b>13.6</b>   | <b>16.2</b>   | <b>17.3</b>   | <b>18.3</b>   | <b>19.7</b>   |
| Income taxes (benefit)                         | 6.0          | 7.1          | 6.5          | 7.1          | 8.6          | 5.4          | 6.9          | 5.3           | 6.5           | 6.9           | 7.3           | 7.9           |
| Net income                                     | 8.121        | 10.136       | 12.541       | 10.612       | 12.4         | 10.0         | 11.2         | 8.2           | 9.7           | 10.4          | 11.0          | 11.8          |
| Preferred div and accretion                    |              |              |              |              |              |              |              |               |               |               |               |               |
| <b>Net income to common stockholders</b>       |              |              |              | <b>8.936</b> | <b>12.4</b>  | <b>10.0</b>  | <b>11.2</b>  | <b>8.2</b>    | <b>9.7</b>    | <b>10.4</b>   | <b>11.0</b>   | <b>11.8</b>   |
| <b>Net Income to common, Adjusted</b>          |              |              |              | <b>8.9</b>   | <b>12.4</b>  | <b>10.0</b>  | <b>11.2</b>  | <b>8.2</b>    | <b>9.7</b>    | <b>10.4</b>   | <b>11.0</b>   | <b>11.8</b>   |
| <b>Amount allocable to common shareholders</b> |              |              |              |              |              |              |              |               |               |               |               |               |
| Diluted Shares O/S                             |              |              |              | 37           | 45           | 45           | 45           | 45            | 45            | 46            | 46            | 46            |
| EPS (Diluted)                                  |              |              |              | \$0.24       | \$0.27       | \$0.22       | \$0.25       | \$0.18        | \$0.21        | \$0.23        | \$0.24        | \$0.26        |
| <b>Margins</b>                                 |              |              |              |              |              |              |              |               |               |               |               |               |
| Cost of service                                | 19.6%        | 17.0%        | 15.9%        | 16.9%        | 17.3%        | 18.3%        | 22.3%        | 20.0%         | 18.0%         | 18.0%         | 18.0%         | 18.0%         |
| G&A  | 6.9%         | 7.4%         | 7.7%         | 7.7%         | 7.0%         | 9.4%         | 9.4%         | 12.0%         | 11.9%         | 11.9%         | 11.9%         | 11.9%         |
| S&M  | 10.6%        | 9.8%         | 9.7%         | 9.1%         | 9.0%         | 11.6%        | 11.2%        | 12.0%         | 12.0%         | 12.0%         | 12.0%         | 12.0%         |
| R&D  | 21.5%        | 22.5%        | 23.2%        | 23.4%        | 24.5%        | 27.2%        | 24.1%        | 28.5%         | 28.5%         | 28.5%         | 28.5%         | 28.5%         |
| <b>EBITDA</b>                                  | <b>41.4%</b> | <b>43.3%</b> | <b>43.5%</b> | <b>42.9%</b> | <b>42.3%</b> | <b>33.5%</b> | <b>33.0%</b> | <b>27.5%</b>  | <b>29.7%</b>  | <b>29.7%</b>  | <b>29.7%</b>  | <b>29.7%</b>  |
| Operating Income                               | 41.8%        | 44.3%        | 44.1%        | 43.4%        | 45.0%        | 36.1%        | 40.8%        | 30.5%         | 32.9%         | 33.0%         | 33.2%         | 34.1%         |
| Tax rate                                       | 42%          | 41%          | 34%          | 40%          | 41%          | 35%          | 38%          | 39%           | 40%           | 40%           | 40%           | 40%           |
| Gross Margin                                   | 80%          | 83%          | 84%          | 83%          | 83%          | 82%          | 78%          | 80%           | 82%           | 82%           | 82%           | 82%           |
| <b>Annual growth</b>                           |              |              |              |              |              |              |              |               |               |               |               |               |
| Total Revenue                                  | 67%          | 60%          | 51%          | 45%          | 42%          | 19%          | 27%          | 7%            | 15%           | 31%           | 16%           | 34%           |
| EBITDA   | 100%         | 85%          | 63%          | 54%          | 45%          | -8%          | -4%          | -31%          | -19%          | 15%           | 4%            | 45%           |
| <b>Sequential growth</b>                       |              |              |              |              |              |              |              |               |               |               |               |               |
| Total Revenue                                  | 5%           | 12%          | 11%          | 10%          | 3%           | -6%          | 19%          | -7%           | 11%           | 6%            | 6%            | 8%            |
| EBITDA   | 8%           | 18%          | 12%          | 8%           | 2%           | -25%         | 17%          | -23%          | 20%           | 6%            | 6%            | 8%            |

4/28/2011

Source: Company data, Piper Jaffray estimates.

Current disclosure information for this company is located at <http://www.piperjaffray.com/researchdisclosures>.

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*TeleNav*

(Figures in millions, except per share)

|                                |                |                | Est            | Est            | Est            | Est            | Est            | Est            |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Balance Sheet</b>           | <b>FY 2008</b> | <b>FY 2009</b> | <b>FY 2010</b> | <b>FY 2011</b> | <b>FY 2012</b> | <b>FY 2013</b> | <b>FY 2014</b> | <b>FY 2015</b> |
| Cash & Cash Equivalents        | 17             | 33             | 113            | 39             | 71             | 113            | 163            | 223            |
| A/R                            | 15             | 24             | 37             | 36             | 45             | 52             | 58             | 64             |
| Deferred Tax Asset, ST         | 0              | 2              | 2              | 3              | 3              | 3              | 3              | 3              |
| Prepaid Expenses and Other C/A | 1              | 3              | 3              | 178            | 178            | 178            | 178            | 178            |
| PPE, Net                       | 3              | 7              | 10             | 10             | 12             | 16             | 20             | 23             |
| Deferred Tax Asset, LT         | 0              | 0              | 0              | 2              | 2              | 2              | 2              | 2              |
| Dposits and Other Assets       | 1              | 3              | 10             | 4              | 4              | 4              | 4              | 4              |
| <b>Total Assets</b>            | <b>36</b>      | <b>72</b>      | <b>175</b>     | <b>272</b>     | <b>315</b>     | <b>367</b>     | <b>428</b>     | <b>496</b>     |
| A/P                            | 1              | 2              | 3              | 2              | 3              | 3              | 4              | 6              |
| Accrued Compensation           | 2              | 4              | 6              | 5              | 5              | 5              | 5              | 5              |
| Accrued Royalties              | 2              | 3              | 3              | 3              | 3              | 3              | 3              | 3              |
| Other Accrued Expenses         | 2              | 2              | 3              | 4              | 4              | 4              | 4              | 4              |
| Deferred Revenue               | 2              | 3              | 7              | 67             | 67             | 67             | 67             | 67             |
| Warrant Liability, current     | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Income Taxes Payable           | 0              | 3              | 2              | 0              | 0              | 0              | 0              | 0              |
| S/T Debt                       | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Other Liabilities              | 1              | 0              | 3              | 5              | 5              | 5              | 5              | 5              |
| Warrant Liabilities            | 2              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Commitments and Contingencies  | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Long-term Debt                 | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Convertible Preferred stock    | 50             | 51             | 0              | 0              | 0              | 0              | 0              | 0              |
| Equity                         | (26)           | 3              | 149            | 186            | 229            | 280            | 340            | 407            |
| <b>Liabilities + Equity</b>    | <b>36</b>      | <b>72</b>      | <b>175</b>     | <b>272</b>     | <b>315</b>     | <b>367</b>     | <b>428</b>     | <b>496</b>     |

Source: Company data, Piper Jaffray estimates.

TeleNav

(Figures in millions, except per share)

|                                 |                |                | Est            | Est            | Est            | Est            | Est            |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Statement of Cash Flows</b>  | <b>FY 2009</b> | <b>FY 2010</b> | <b>FY 2011</b> | <b>FY 2012</b> | <b>FY 2013</b> | <b>FY 2014</b> | <b>FY 2015</b> |
| Net income                      | 30             | 41             | 42             | 43             | 51             | 60             | 67             |
| D&A                             | 2              | 5              | 9              | 9              | 10             | 11             | 12             |
| Change in working capital       | (8)            | (13)           | 1              | (8)            | (7)            | (5)            | (4)            |
| Accrued interest                | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Other operating                 | 0              | 11             | 63             | 0              | 0              | 0              | 0              |
| <b>Net cash from operations</b> | <b>24</b>      | <b>44</b>      | <b>114</b>     | <b>44</b>      | <b>55</b>      | <b>66</b>      | <b>75</b>      |
| License cost                    | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Cap-x                           | (8)            | (7)            | (7)            | (12)           | (14)           | (15)           | (16)           |
| Other investing                 | 0              | (2)            | (173)          | 0              | 0              | 0              | 0              |
| <b>Net cash from investing</b>  | <b>(8)</b>     | <b>(10)</b>    | <b>(180)</b>   | <b>(12)</b>    | <b>(14)</b>    | <b>(15)</b>    | <b>(16)</b>    |
| Issue stock / exercise options  | 0              | 44             | (9)            | 0              | 0              | 0              | 0              |
| Debt issues                     | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Other financing                 | 0              | 1              | 1              | 0              | 0              | 0              | 0              |
| <b>Net cash from financing</b>  | <b>0</b>       | <b>45</b>      | <b>(8)</b>     | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| Effect of foreign exchange      |                |                |                |                |                |                |                |
| Change in cash                  | 16.3           | 79.7           | (73.7)         | 32.4           | 41.1           | 50.8           | 59.4           |
| Cash at beginning               | 16.9           | 33.2           | 112.9          | 39.2           | 71.6           | 112.7          | 163.5          |
| Cash at end                     | 33.2           | 112.9          | 39.2           | 71.6           | 112.7          | 163.5          | 222.9          |

Source: Company data, Piper Jaffray estimates.

# TeleNav

## Valuation analysis

(\$ millions, except per share data)

|                                 | FY 2009     | FY 2010     | Est<br>FY 2011 | Est<br>FY 2012 | Est<br>FY 2013 | Est<br>FY 2014 | Est<br>FY 2015 |
|---------------------------------|-------------|-------------|----------------|----------------|----------------|----------------|----------------|
| <b>EBIT</b>                     | <b>\$42</b> | <b>\$68</b> | <b>\$67</b>    | <b>\$71</b>    | <b>\$84</b>    | <b>\$97</b>    | <b>\$109</b>   |
| Less: Tax Rate*EBIT             | (15)        | (24)        | (23)           | (25)           | (29)           | (34)           | (38)           |
| Plus: Depreciation              | 2           | 5           | 9              | 9              | 10             | 11             | 12             |
| Less: Change in Working Capital | \$8         | \$13        | (\$1)          | \$8            | \$7            | \$5            | \$4            |
| Less: Capital Expenditures      | (\$8)       | (\$7)       | (\$7)          | (\$12)         | (\$14)         | (\$15)         | (\$16)         |
| Free Cash Flow to the Firm      | \$31        | \$55        | \$45           | \$51           | \$58           | \$65           | \$72           |
| After tax Interest Expense      | \$0         | \$0         | \$0            | \$0            | \$1            | \$1            | \$2            |
| Equity Free Cash Flow           | \$31        | \$55        | \$45           | \$51           | \$59           | \$66           | \$73           |
| Equity FCF per share            |             | <b>1.48</b> | <b>1.01</b>    | <b>1.12</b>    | <b>1.26</b>    | <b>1.38</b>    | <b>1.51</b>    |

Current Price

## Cost of capital

Risk free rate (10-yr UST)

Risk premium

Beta

Cost of equity (CAPM)

Weighted ave. cost of debt

Debt to capital

**WACC (k)**

## Projected

4.0%

6.0%

2.0

16.0%

8.0%

0%

**16.0%**

## Terminal

5.0%

5.0%

1.75

13.8%

8.0%

5%

**13.3%**

Terminal FCF growth rate (g)

FCF Terminal Multiple (1+g)/(k-g)

**Terminal Value of Firm**

3.0%

10.0x

**\$718**

## Valuation (end of FY 2011)

PV FCF 2012 through 2015

PV Terminal Value

**PV of Firm**

Less: 2011 Net Debt

Majority Equity Value

Less Minority Discount

Minority Equity Value

**DCF Valuation Per Share**

\$144

\$460

**\$604**

\$0

\$604

15%

\$513

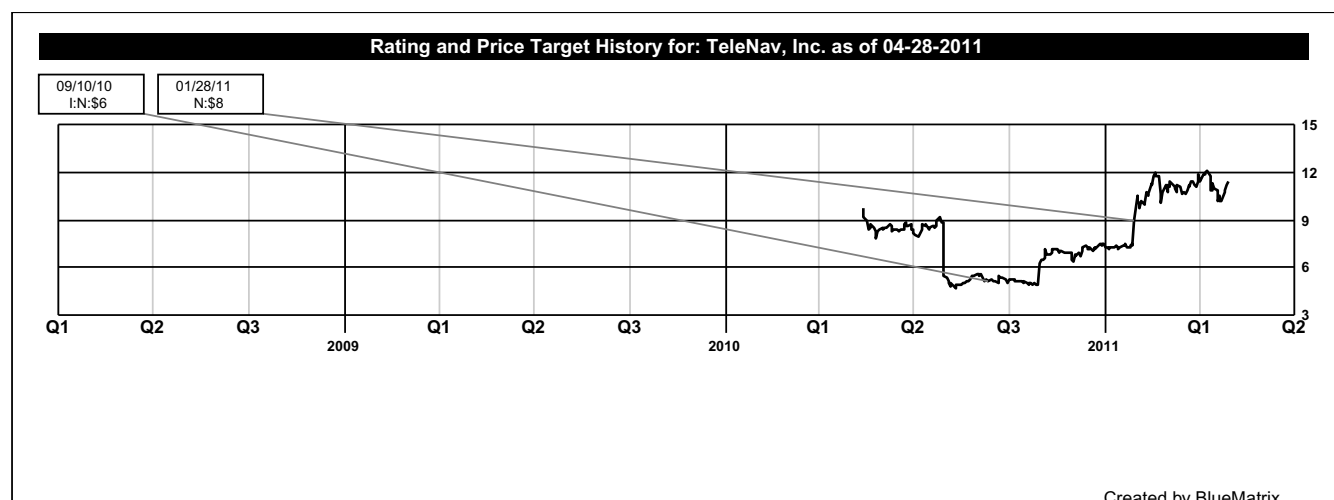
**\$11**

Source: Company data, Piper Jaffray estimates.

Source: Company data, Piper Jaffray estimates.



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Notes: The boxes on the Rating and Price Target History chart above indicate the date of the Research Note, the rating, and the price target. Each box represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first Note written during the past three years.

## Legend:

I: Initiating Coverage

R: Resuming Coverage

T: Transferring Coverage

D: Discontinuing Coverage

S: Suspending Coverage

OW: Overweight

N: Neutral

UW: Underweight

B: Buy (Piper Jaffray discontinued use of the B, N, and S ratings on June 30, 2009)

N: Neutral

S: Sell

AL On/AL Off: Placed on/removed from the Alpha List maintained by Piper Jaffray (AL use discontinued March 2010)

NA: Not Available

UR: Under Review

| Distribution of Ratings/IB Services<br>Piper Jaffray |       |         |                       |         |
|--|-------|---------|-----------------------|---------|
| Rating   | Count | Percent | IB Serv./Past 12 Mos. |         |
|  |       |         | Count                 | Percent |
| BUY [OW]   | 313   | 50.50   | 71                    | 22.68   |
| HOLD [N]   | 259   | 41.80   | 25                    | 9.65    |
| SELL [UW]  | 48    | 7.70    | 2                     | 4.17    |

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### Analyst Certification — Christopher M. Larsen, Sr. Research Analyst

— Bradley W. Korch, Research Analyst

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