

ASX ANNOUNCEMENT

19 May 2017

Redflex Holdings Limited | ABN 96 069 306 216

Redflex 

Business Update and FY2017 Full Year Earnings Outlook

Investing for future growth, enhancing technology and service platform, regional sales and business development capabilities

Continuing to implement and refine efficiency initiatives to focus and more properly size the business to current and near-term commercial opportunities

EBITDA expected to be AUD10 to 12 million for FY2017

Redflex Holdings Limited (**ASX:RDF**) (**Company**) provides the following business update, including in relation to expected preliminary results, for the full year ending June 30, 2017.

Business Update

Investing for the Future

We will continue to lead the industry by investing in the development of products and services that leverage new and advanced technologies to meet the changing needs of our customers and strategic business partners. The Company continues to generate a positive free cash flow which the Company has invested for future growth in the following areas:

- **HALO** – we have developed a multi-function and industry leading photo enforcement product that improves technical performance through advanced functionality under all types of conditions. With its modular configuration, HALO reduces maintenance complexity and cost, maximising customer uptime and safety outcomes. HALO has associated procurement benefits including reducing our inventory costs and the flexibility to outsource production in the future.
- **Redflex Global Back Office** – we have designed and created a common global back office platform to increase efficiency and reduce customer cost. Redflex GBO will provide our customers with both advanced analytical information and highly cost effective traffic infringement processing functionalities.
- **Sales and Strategic Partnerships** – we have enhanced our regional sales and business development capability to better identify, assess and develop strategies to enter emerging markets and for partnering opportunities that can leverage third party products and services to provide superior joint customer offerings.
- **Customer Management and Response** – we have improved our customer management and response capabilities resulting in increased customer satisfaction and key customers renewing and extending their contracts.

Efficiency Initiatives

We have continued implementation of key initiatives to grow sales revenue and manage the Company's costs.

In addition, the Company has identified another AUD7 to AUD10 million of cost reductions to be realised in FY2018. This will fund the investments outlined above while right-sizing the Company for our current trajectory and near-term commercial opportunities. Approximately AUD3 million of cost savings have already been implemented.

The Company has also targeted freeing up AUD3 to AUD6 million of working capital over the next 6 months.

Redflex Holdings Limited

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FY2017 Full Year Earnings Outlook

In light of the continuation of the factors outlined in our ASX announcement dated December 23, 2016, and incorporating the business investment described above, the Company's FY2017 EBITDA is expected to be between AUD10 and AUD12 million (Full Year FY2016 EBITDA: AUD25.6 million).

The above results are preliminary in nature and are subject to review by the Company's auditor.

The Company will release its audited Appendix 4E for the Full-Year ending June 30, 2017 on or before August 31, 2017.

About Redflex

The Redflex Group has established itself as a world leader in traffic enforcement products and services, developing world leading enforcement camera technology and owning and operating one of the largest networks of digital speed and red-light cameras in the world. Redflex develops and manufactures a wide range of digital photo enforcement solutions including red light camera, speed camera and school bus stop arm camera systems all utilising the most advanced sensor and image capture technologies.

The Redflex Group runs its own systems engineering operations, system integration technologies and innovation centre for research and development. With our continuous development of new safety products, the Redflex Group has been helping to reduce collisions and to save lives for more than 20 years.

Redflex Holdings Limited was listed on the Australian Securities Exchange in January 1997.

For further information:

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