

Redflex Holdings Limited

Investor Presentation – August 2012

Los Angeles - USA

Phoenix - USA

Chicago - USA

London - UK

Dammam - Saudi Arabia

Kuala Lumpur - Malaysia

Darwin - Australia

Melbourne - Australia

Sydney - Australia



- Redflex has maintained its key position in the global traffic safety industry
- Significant growth in revenue, EBITDA and profit
 - Net Profit After Tax of \$15.1 million
 - Net Profit Before Tax of \$21.3 million
 - EBITDA of \$48.8 million *
 - Operating Cash Flow of \$55.9 million
 - Results achieved despite a 4.4% adverse currency movement compared to FY11
- Redflex continues to make a substantial contribution to public safety globally
 - Savings in lives
 - Reductions in injury rates
 - Reductions in accidents and property damage
- Strategic Direction
 - Maximise revenue from existing, new and renewed contracts
 - Reduce risk in the business, particularly in the USA
 - Reduce capital and operating costs through focussed innovative technology research and development
 - Improvement in project management, to maximise profitability
 - Investigate new sources of revenue from existing customers
 - Diversification of the business into related areas

(* EBITDA is a non-IFRS measure. For a reconciliation of profit to EBITDA refer to Appendix 4E Page 2)



- **Net Profit Before Tax**
 - \$21.3 million
 - Increased 62% from \$13.1 million in FY11
- **Net Profit After Tax**
 - \$15.1 million
 - Increased 47% from \$10.3 million in FY11
- **EBITDA ***
 - \$48.8 million
 - Increased 13% from 43.3 million in FY11
- **Revenue**
 - \$146.3 million
 - Increased 4.7% from \$139.8 million in FY11

(* EBITDA is a non-IFRS measure. For a reconciliation of profit to EBITDA refer to Appendix 4E Page 2)



Effect of Exchange Rate

- Average USD/AUD exchange rate for FY12 was 103.2 cents
 - Previous corresponding period FY11 – 98.9 cents
 - Adverse movement of 4.4%
 - Major effect is on US\$ revenue which is 63% of group revenue
- Other currency exposures for translation are in Euros, Saudi Riyals and Canadian \$
- Translation effects are not hedged
- Any significant transaction (contract) risks are hedged
- Group borrowings are in US\$ which provides a natural hedge



- **Basic Earnings Per Share**
 - **13.69 cents per share**
 - **Increase of 47% from 9.33 cents per share in FY11**
- **Return on Equity**
 - **13.2% - up from 9.9% in FY11**
- **Return on Assets**
 - **8.3% - up from 5.9% in FY11**
- **Net Tangible Asset backing per share – 77.54 cents**
- **Gearing Ratio (Net Debt/Equity) – 1.8% at 30 June 2012**



- **Build Own Operate Maintain (BOOM) business remains capital intensive**
 - Up front funding of camera installations
 - Technology developments are in progress to reduce imbedded cost per camera
 - At current growth rates, cash flow from operations is more than sufficient to fund all capital requirements
- **Cash Flow from Operations of \$55.9 million for FY12, up 37% on FY11**
- **Banking Facility**
 - Current facility put in place in August 2011
 - US\$70 million facility plus A\$8 million working capital facility
 - 3 year term (to Oct 2014)
 - Low effective interest rate (< 5%)
 - Drawn to US\$ 25 million at 30 June 2011
 - Reduced to US\$ 15 million in August 2012
- **Net Debt at 30 June 2012 – A\$2 million**
- **Interim Dividend of 3 cents per share for \$3.3 million paid in March 2012**
- **Final Dividend of 5 cents per share fully franked payable in October 2012**



- **21 new contracts signed with cities in FY12**
 - Includes 2 in Canada
- **180 new cameras installed in USA in FY12**
- **131 existing cameras were removed for a variety of reasons, including the termination of contracts in Tempe, AZ and Albuquerque, NM**
- **Continuing to operate the largest red light camera program in the US with 384 operational systems in the City of Chicago**
 - Contract is up for renewal in early 2013
 - Expansion to enforce speeding in school zones in Chicago is planned, and currently tendered
- **82% of contracts and cameras running to completion were renewed in FY12**
- **New contracts awarded in FY12 in the USA in the states of:**
 - Alabama, Florida, Illinois, Missouri, New Jersey, New Mexico, Oregon, Tennessee, Texas and Virginia
 - Includes largest city in Florida, Jacksonville



SmartBus Acquisition/Student Guardian



- Student Guardian - new product for school bus arm enforcement introduced in FY12
- Focus on safety of school children travelling on school buses
- Uses video tracking to capture offences by vehicles passing a stationary bus
- Redflex acquired SBL and Americore, offering the Smart Bus Live system
- Acquisition, combined with Student Guardian positions Redflex as a premier provider of school bus systems
- Acquired for US\$4.5 million with further payments over 4 years subject to meeting financial performance measures.
- Currently deployed by 14 school districts in 6 states.
- 10 states allow use of school bus arm enforcement technology
- At least 10 other states are considering legislation to authorise use of this technology



- Working with clients to help build public awareness of safety benefits
- Attempting to educate public officials, elected officials and the general public
- Tools include: print advertising, trade shows, websites, third party research, social media, customer forums
- Support for Traffic Safety Coalition
 - National grassroots organisation
 - Over 70 member organisations
 - Promotes merits of safety technologies broadly



- Redflex continues to lead the industry in proactively seeking to enable and improve the statutory basis for road safety programs
- Defends against adverse developments
- During Calendar year 2011, all efforts to ban Redflex's programs through state legislation were defeated
- Continue to work with advisors and municipal customers to defeat efforts to introduce bills that limit or remove traffic safety technologies
- Promote new laws and amendments to existing laws to enhance efficiency and stability of road safety programs
- Illinois Legislation for speed enforcement in school zones enacted



- Litigation continues to be widespread in the industry
- Majority of suits test the constitutionality or administrative legitimacy of road safety programs
- Redflex continues to cause dismissals through motions to dismiss or summary judgment on virtually all matters brought on these bases
- A number of class action lawsuits involving Redflex and others in our industry have been filed and continue to be defended
- Level of litigation in the USA is reducing



- **Malaysia**
 - Contract signed for supply of cameras systems, back office software and related services for Automated Enforcement System (AES) project
 - Expected value \$50 million, plus ongoing support for 5 years
- **Saudi Arabia**
 - Commendation for “Changing Driver Behaviour for Road Safety” at Gulf Traffic conference
 - Go Live for new high capacity Violation Processing Centre
 - 90 mobile systems and 250 fixed red light and speed systems, with rear and front image capture, delivered
 - Mobile systems are being upgraded progressively to Redflex’ dual radar technology
- **United Arab Emirates - Abu Dhabi**
 - Delivered over 170 non-intrusive camera systems for Abu Dhabi police
 - Back office is operational



- **Ireland**
 - 44 speed enforcement vehicles operational for GoSafe project
 - Redflex is a consortium partner with 16% share
 - Potential for further expansion
- **United Kingdom**
 - Awarded Highways Agency Digital Enforcement Compliance System (HADECS) contract
 - To be deployed on highways across UK
 - Coordinates with variable message signs for changing speed limits, to optimise traffic flows
- **Vietnam**
 - New market for Redflex
 - Supplied 10 latest lightweight mobile Radarcam systems



- **New South Wales**
 - Outsourced Interim Mobile Program has been successful in reducing road toll
 - 6 mobile speed vehicles provided.
 - NSW Government has announced plans to expand from 930 hours p.m. to 7000 hrs
 - Continue to supply various enforcement systems – safety cameras, Vehicle Exhaust Emissions System upgrades, Point to Point speed
- **Victoria**
 - City Link Tunnel enforcement project
 - Variable Speed enforcement
 - Automatic Number Plate Recognition systems
 - Technology upgrade to 30 red light and speed sites.
- **South Australia**
 - Installed 28 red light and speed cameras and 4 rail systems
 - Continue to supply safety cameras



- **Northern Territory**
 - Installed 18 cameras
 - Continue to operate back office and collect payments
- **Western Australia**
 - New release of Image and Infringement Processing Systems (IIPS) back office
 - New support contract for 3 years with two 2-year extension options
 - Orders for 17 additional red light and speed cameras systems
- **Queensland**
 - Upgraded back office to support Point to Point infringements.



- Continued R&D has maintained our position at the forefront of our industry
 - \$6.2 million R&D investment in FY12
- Some Key Projects:
- Capital Cost Reduction efforts continue
- Non-intrusive red light
 - Based on mapping radar
 - No in-road sensors - reduces sunk construction costs
 - Rolling out in US, and around the world
- Student Guardian
 - For enforcement on school buses.
 - High definition video based
 - Automatic extraction of offences
- Automatic Number Plate Recognition
 - New system will be deployed in tolling trial in CA, USA
 - Multiple camera networked configurations
- Dual Ranging Radar
 - Now commercially mature
 - Among best selling product
 - This was crucial to our win with Highways Agency in UK



- Continue to grow the installed base of cameras under Build Own Operate Maintain (BOOM) contracts in USA
- Expected growth in Student Guardian/Smart Bus business
- Legislative and legal issues are expected to continue
- Strong performance from the international business, but subject to peaks and troughs due to project based work
- Operating cash flows expected to remain strong
- Continued weakness expected in global economy
- Focus on capital management options, including acquisitions as net debt reduces to zero

