

REDFLEX HOLDINGS LIMITED
2006



INVESTOR BRIEFING

FEBRUARY/MARCH 2006





Introduction



- Chris Cooper
Chairman
Redflex Holdings Limited



- Graham Davie
CEO
Redflex Holdings Limited



- Ron Johnson
CFO
Redflex Holdings Limited



Redflex Holdings Limited

- ASX Listed since 1997 - RDF
- 87 Million shares on issue
- Market cap ~\$250 million
- Headquarters
 - 31 Market Street, South Melbourne. Australia.
- Staff
 - Approximately 300
- Two divisions
 - Traffic & Communications





Redflex Businesses

- Traffic Photo Enforcement
 - Red light camera systems
 - Speed camera systems
 - Combination Red light/speed
 - Toll enforcement
 - Time over distance speed
 - Weigh in motion
- Communications
 - Complex Communications for Defence & Government
 - Subject to divestment process





Redflex Group Highlights

- 68% revenue growth over corresponding period
- 141% NPBT growth
- 66% NPAT growth (FY05 - No tax applicable)
- Continued growth in USA Traffic Business
- Growth expected to continue
 - 401 cameras installed in USA at 31 Dec 04
 - 463 cameras at 30 June 05
 - 540 cameras at 31 Dec 05
 - 575 cameras at end Feb 06
- 101 Freeway project commenced operation in Jan 2006
- Harris Bank Facility increased to US\$19 million
- Lockheed Martin Communications contract settled on favourable terms



Achievements

- Continued growth in revenue and profit
- A substantial increase in the rate of new contract signings over the period
- An increase in the number of states in the USA with speed camera systems
- The first freeway speed enforcement system in the USA installed and operating
- The number of contracts in the USA has now exceeded 80, with 20 new contracts and three major extensions to existing contracts since 1 Jul 05;
- Key new contracts in Australia



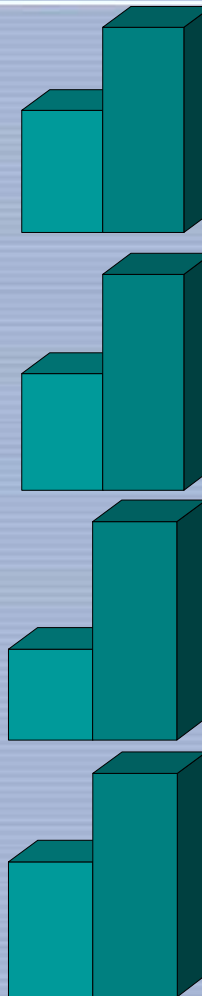
Financial Results

- Introduction of AIFRS
 - Some changes to accounting policies due to AIFRS
 - Restated prior period results for comparisons
 - Differences in presentation and notes to accounts
- First period with significant tax effect
 - Net Profit Before Tax (NPBT) is the appropriate basis for comparison for this FY.
 - Effective tax rate 32%
- Transfer Pricing Review
 - Completed and implemented
- Impact of LM settlement



Financial Performance

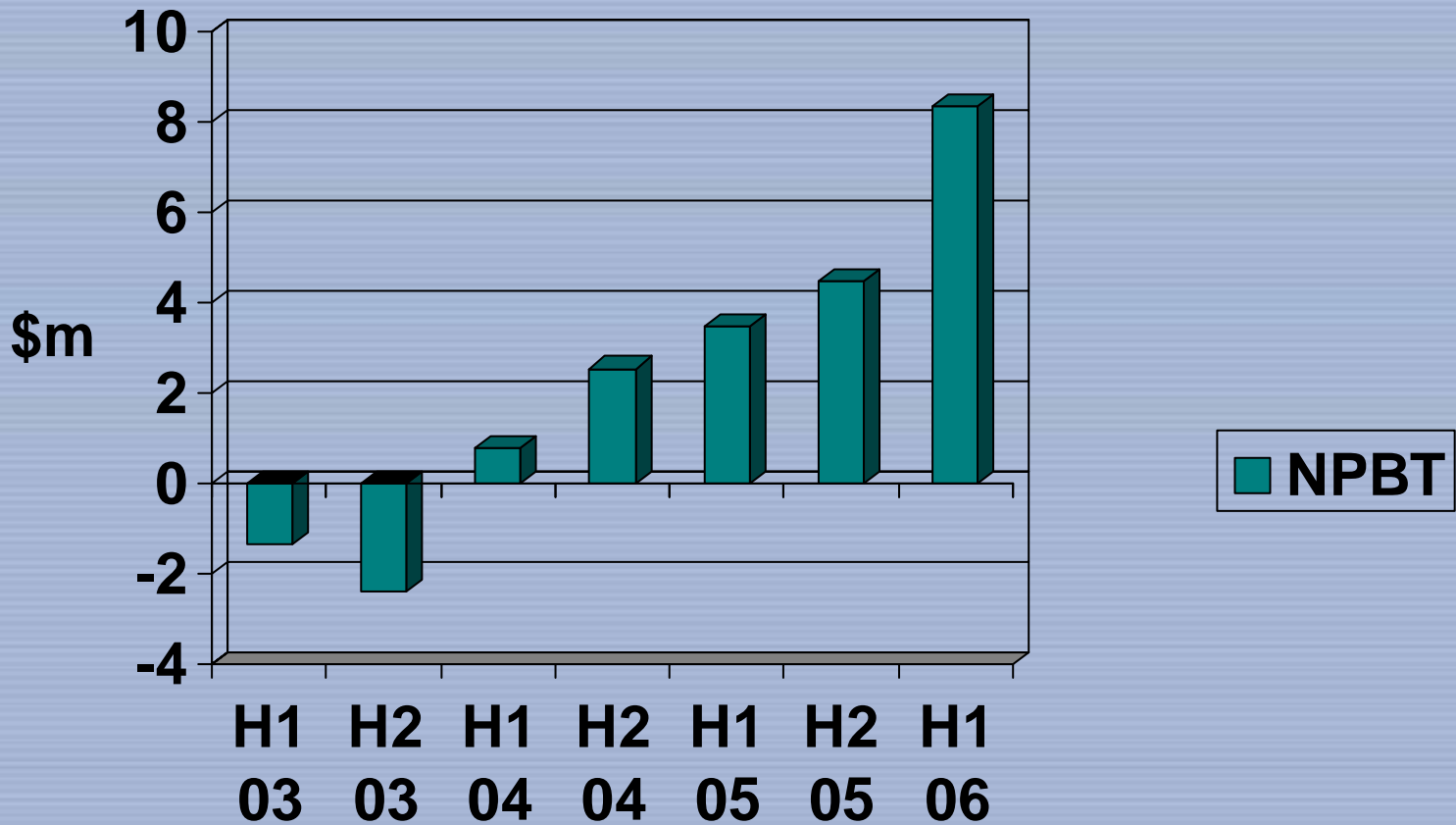
- Revenue
 - Up 68% to \$36.59 million
- Earning Before Interest, Tax, Depreciation & Amortisation (EBITDA)
 - Up 85% to \$13.33 million
- Net Profit Before Tax (NPBT)
 - Up 141% to \$8.35 million
- Net Profit After Tax (NPAT)
 - Up 66% to \$5.68 million



Note: Revision to 31 Dec 2004 EBITDA comparative released in App 4D should read: Corporate (1,582), Communications 995, Traffic 7,781 giving Total 7,194 (in \$000's).



Profit History



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Profit By Division H1 FY06

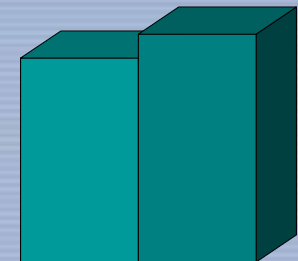
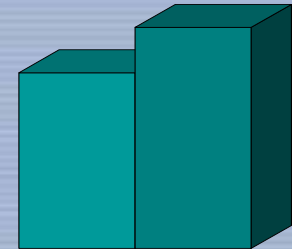
Traffic	\$3.785 million
Communications	\$5.725 million
Corporate	<u>\$(1.165) million</u>
Group	\$8.345 million
Tax expense	<u>\$(2.667) million</u>
NPAT	<u>\$5.678 million</u>



Financial Position

- Total Assets
 - \$107 million
 - Up 26% from \$85 million in H2 05

- Net Assets/Equity
 - \$68 million
 - Up 13% from \$60 million in H2 05





Cash Position Highlights

- CAPX (PPE) of \$10.8 million compared to cash generated from operations of \$14.2 million (EBITDA of \$13.3 million)
- Harris Bank facility of US\$19 million drawn to US\$14.5 million
- Cash and equivalents on hand at 31 Dec 05 of \$19.6 million
- Planned growth expected to be fundable from existing facilities and cash generated



EPS and NTA

- Basic Earnings per Share
 - 6.61 cents
 - Up 62% from 4.07 cents in H1 FY 05
- Diluted Earning Per Share
 - 6.34 cents
 - Up 66% from 3.82 cents in H1 FY 05
- Net Tangible Assets Per Share
 - 66.8 cents
 - Up 20% from 55.9 cents at 31 Dec 04



Traffic - Company Overview



Melbourne Office



Los Angeles Office



Scottsdale, Arizona Office

Redflex Traffic Systems Inc

- 100% owned by Redflex Holdings Limited (ASX RDF)
- Registered in Delaware
- Largest digital photo enforcement outsourcing operation globally with 81 contracts in the USA
- Business history in the USA since 1985
- Acquired American Traffic Systems business in 1999

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Traffic - Company Overview (continued)

- Redflex Traffic Systems Inc:
 - Business arena: Photo Enforcement
 - Subsidiaries (100%)
 - Redflex Traffic Systems (California) Inc
 - Redflex Traffic Systems Pty Ltd (Australia)
 - Employees: Approx 250
 - Sales: A\$23 million H1 FY06
 - Website: www.redflex.com



Our technology delivers proven Public Safety benefits which are funded through the citations issued by the delivered systems.

RTS USA Business Model



- Build Own Operate-USA Example
 - 5 to 7 year contracts with cities for red-light programs.
 - Revenue stream based on system performance and driver behaviour.
 - Revenue models
 - Fixed monthly fee or fee + per citation mix
 - Fixed fee per citation issued or collected
 - High quality debtors, payment on 30 days generally.
 - Typically 6 - 20 red-light camera systems per city.
 - City shares revenues with Redflex.
 - Accident/fatality reduction of 15 - 50% over time.

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Competitive Advantages

- Technical capability of delivered systems (higher yields)
- Camera System Performance
- Quality of services
- Financial strength
- Overall experience and roll out rate
- Patent portfolio
- Citation processing and back office capability
- Satisfied customers
- Proven business team



Redflex USA Experience

- Largest supplier/operator of photo enforcement for public safety in the USA
- Contracts with 81 Cities
- ... in 16 States
- Growing number of speed contracts – now in 8 states
- 575 Photo Enforcement systems delivered (at end Feb 06)
- USA business is dominated by Build-Own-Operate contracting model
- 100% retention through contract renewals



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Key Operational Data

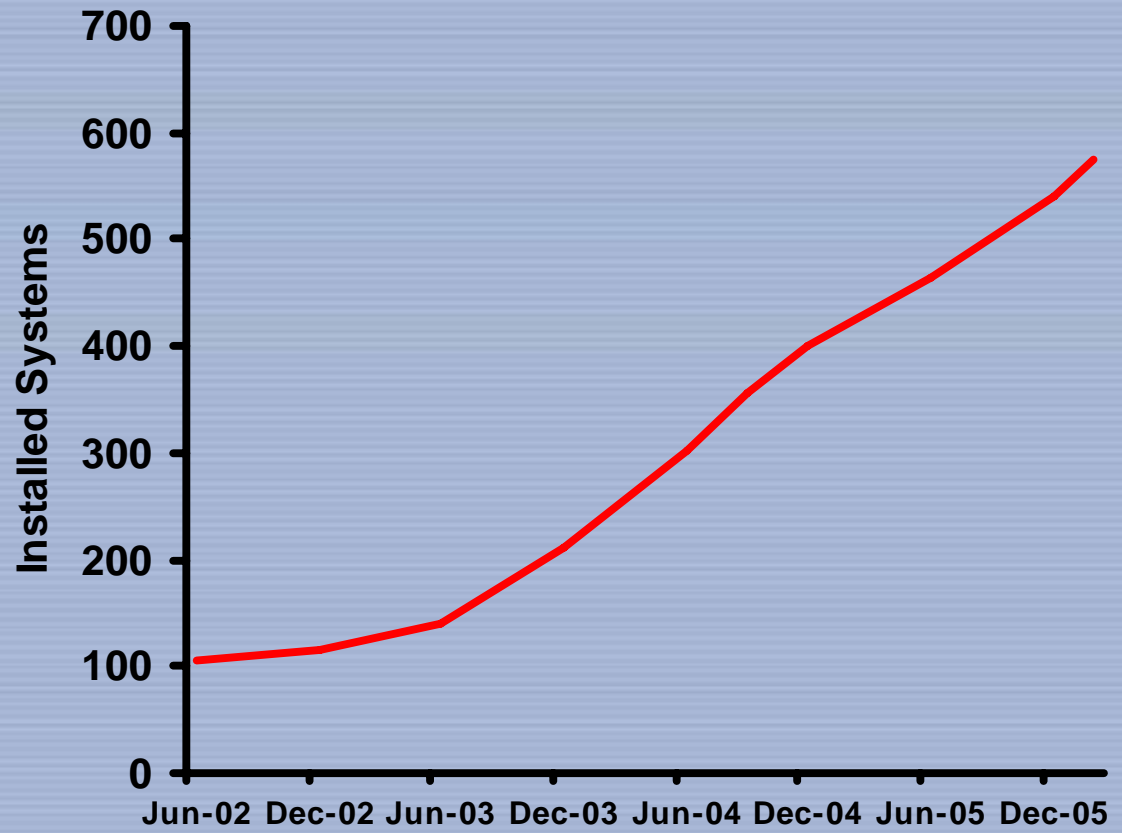
- 20 new contracts since 1 Jul 05
- 3 new states since 1 Jul 05
- 575 cameras installed at end Feb 06 (540 at 31 Dec 05)
- Processing over 160,000 events per month in Scottsdale back office
- Targeting 200 installations in FY06
- Staff – approx. 160 in USA
- First freeway speed enforcement contract in USA



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Redflex Photo Enforcement Installation Trend (USA Only)



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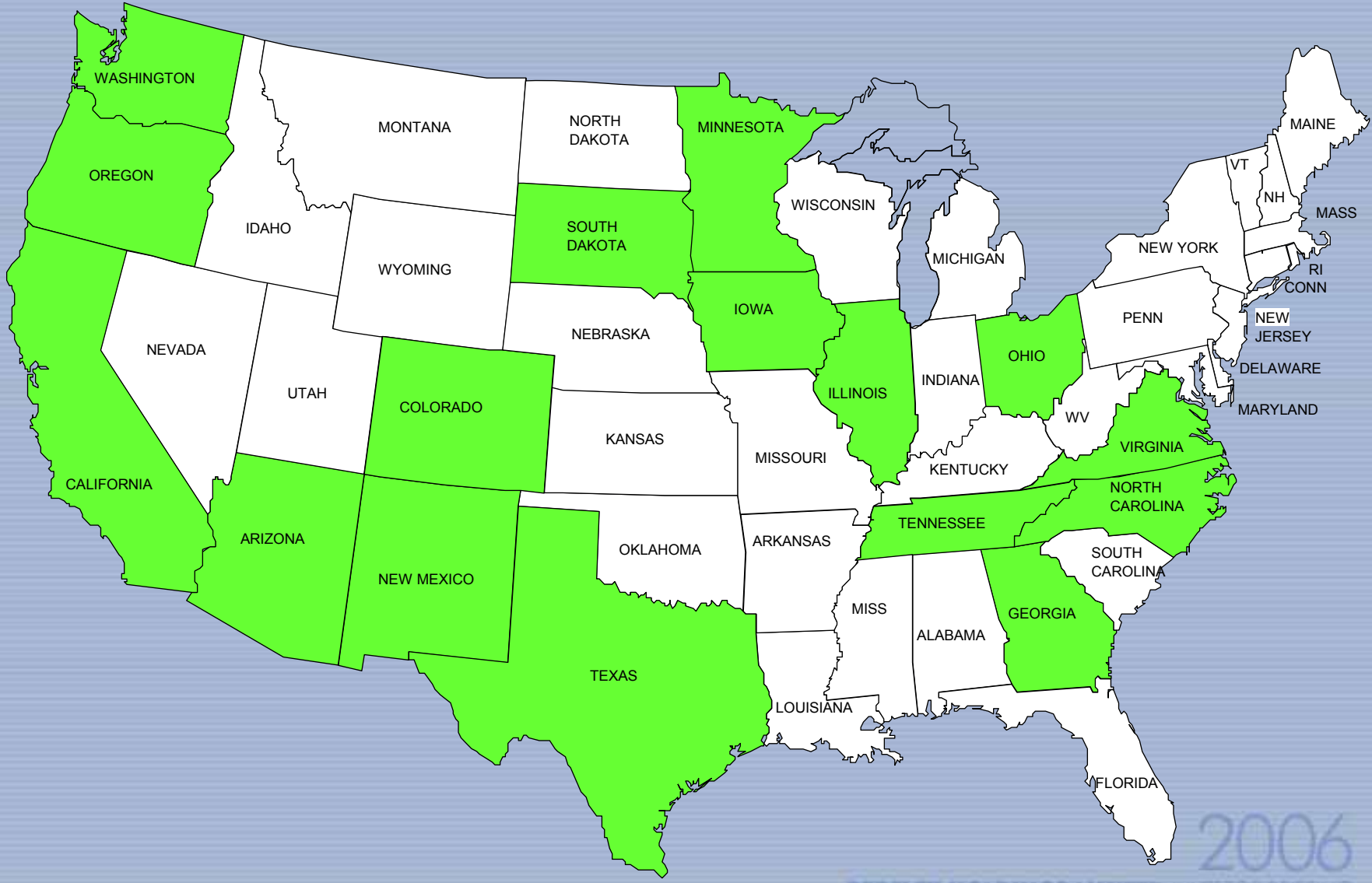
New Contracts in USA

- Rapid Sales growth - 20 new contracts since 1 Jul 05

Laguna Woods, California	Los Alamitos, California
Bellwood, Illinois	San Leandro, California
Davenport, Iowa	Rocklin, California
Trotwood, Ohio	Loma Linda, California
Plano, Texas	Yuba City, California
Newberg, Oregon	Richardson, Texas
Frisco, Texas	Denton, Texas
Knoxville, Tennessee	Griffin, Georgia
Auburn, Washington	Columbus, Ohio
Baldwin Park, California*	Duncanville, Texas*
* Contracts signed since 1 January 2006.	



Regional Coverage



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Investments in Future Growth

- Substantial investment in H1 06 to position for further growth
 - Lobbyists to support legislative developments
 - Additions to sales team
 - Enhanced geographical coverage
 - Increased commitment to National Campaign to Stop Red Light Running
 - New Government Affairs director appointment
 - New co-location facility for full data replication
 - Enhances data and operations security
 - New image and storage architecture
 - Move to 24x7 back office operations
 - Capacity to accommodate 101 Freeway project
 - Additional engineering capability in USA
 - Enhanced maintenance capability.
- Associated costs are reflected in H1 results



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USA Potential Market

Potential red light enforcement market:

- 350,000 signalized intersections
- Typically 4 directions of travel in each
= 1,400,000 directions of travel
- Assuming 1/20 to 1/40 enforced
= 35,000 to 70,000 approaches
- US\$2-4 billion potential p.a.

Alternatively:

- 2,500 candidate cities (>10,000 pop.)
- Assuming average 15-20 cameras each
= 37,000 to 50,000 approaches

Speed photo enforcement market:

- Market is relatively small at present but showing good growth
- Wider community support is emerging
- Estimated market is US\$ 4 to 10 billion (2-5x red light market)

Redflex progress in market

- Approx 2-3% of the market penetrated for red light
- Photo enforcement is high growth opportunity in the USA.
- Redflex has contracts in 16 states, 8 with speed enforcement



Market leadership

- Outsourcing programs with local government for public safety
 - Redflex is the largest provider of red light photo enforcement in the USA.
- Advanced digital camera technology
 - Redflex camera systems deliver a more efficient and higher quality evidence package than the competition.
- Vehicle detection technology for both position and speed
 - Redflex detection technology delivers better results based on public data than competing products.
- End to end processing of photo enforcement citations
 - Redflex is the leader in providing end to end process of photo enforcement in both software design and operation.
- Construction and program implementation
 - Redflex capability to design, install and commission leads the industry.



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Products and services

- Red-Light Enforcement
- Red-Light/Fixed Speed
- Roadside Fixed Speed
- SMARTCAM-Deployment
- Mobile Photo Radar Speed Van
- Mobile Speed Enforcement
- Redflex Lasercam
- SMART Scene video
- Back Office Processing
- SMART Ops – web based authorisation & reporting
- PhotoNotice – web based public viewing access
- Point to point speed



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Web-Based Citation Authorization



Citation Review Page >

- (Double Left Turn Lane)
- All images are clearly viewable from a single page
- Each image can be enlarged to full-page with a single-click
- All DMV & incident information plainly stated

< Citation Review Page

- All citations are accessed by an "inbox" format
- Citations are easily sorted and accessed





Non-USA Business Model

- Sales Model- Example Europe & Pacific region
 - Sale of equipment to government departments or Police.
 - Sale or licence of back office system to support the citation issuance.
 - 1-5 year maintenance contracts and re-certification of installed systems.
 - Typically repeat business as programs grow and requirements change.
 - Profits and cash-flow available to reinvest.



Non USA Operations

- Geelong Freeway fixed digital speed systems
 - Contract won in Sep 05, completed Dec 05, live in Jan 06
- Additional Red Light/Speed Cameras for Victoria
- Second Rail Crossing Enforcement Camera installed in Victoria
- Bus Lane enforcement systems for NSW
 - Live throughout NSW
- NSW Cross City Tunnel linked to Variable Speed Signs
- Installation of Tunnel cameras in Taiwan
- Increased Research and Development activities
 - High resolution & high performance digital cameras
 - New detection technologies
- Manufacturing & delivering for USA, Australian and International business



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Outlook

- Profitable installed base and contracted backlog in hand to grow business in FY06.
- USA Revenue base starting point for FY06 installed systems increased from 463 to 575 at end Feb 2006
- Expected growth to approx 660 systems by 30 June 2006.
- Favourable market conditions and competitive position.
- Strong intellectual property and product portfolio in target markets.
- Continue dominant position in the USA.
- 101 Freeway project expected to continue successful operation

Communications - Business Model

- Defence and Government Project Based Business
 - Long duration projects, long sales lead time
 - Milestone payments
- Clients - Governments & Large Prime Contractors
 - Lockheed Martin
 - Northrop Grumman
 - Boeing
 - Thales
 - BAE
 - Raytheon
- Project delivery times have been shortened
 - Less Development – More standard product
 - Technology updated and enhanced





Communications - Highlights

- Lockheed Martin FS21 contract settled
 - Terminated for convenience
 - Positive cash/profit effect for the group reflected in H1 results
 - Both parties released from future claims
- Net Profit Before Tax for H1 - \$5.7 million
- Battlefield Communications System
 - In final stages of delivering initial four systems
 - Indefinite delivery, indefinite quantity (IDIQ) with potential for further \$15 million in sales
- Major contract win with NATO country in Europe (\$1.4 million)
- R&D Grant of \$2.8 million over 2.5 years
 - Grant funding completes in 2006
 - New Switchplus Gen 3 technology development expected to be complete in 2006.
 - Development program on track
- Divestment options are being pursued



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