



Redflex Traffic Systems Inc. photo based  
140 USA cities

INVESTOR RELATIONS

NORTH AMERICA

GLOBAL

25 JUL 2007  
05 JUL 2007  
10 JUL 2007  
27 JUN 2007  
09 JUN 2007  
14 JUN 2007  
12 JUN 2007  
04 JUN 2007  
10 MAY 2007  
01 MAY 2007  
28 APR 2007  
17 APR 2007  
5 APR 2007  
23 MAR 2007  
14 MAR 2007  
17 MAR 2007  
03 MAR 2007  
23 FEB 2007

Redflex Executes Contract with Moreno Valley, California and Columbus, Mississippi  
Redflex executes Contract in Oklahoma  
New Traffic Camera Contract in Oklahoma  
Three New Australian Contracts for Redflex Traffic Systems  
Redflex Executes Three New Photo Enforcement Contracts  
Redflex Executes the Largest Speed and Red Light Enforcement Contract in Louisiana  
Fastest-Growing City in the USA Executes Contract with Redflex Traffic Systems  
Redflex Executes Three New Photo Enforcement Contracts with Redflex Traffic Systems  
Redflex Executes Two New Contracts with the Cities of Grand Terrace, California and  
Redflex Executes Contract for the Largest Automated Speed & Red Light Camera Enforcement  
Redflex Executes Two New Contracts with the Cities of Olympia Fields, Illinois  
Change in substantial holding  
Redflex Demonstrates Market Leadership with Four New Municipal Photo Enforcement  
Occupation of Performance Rights and Unlisted Options  
New Stop Sign and Speed Enforcement Solution for Mountains Recreation and Conservation Authority  
Redflex Pioneers a New State - The State of Louisiana through the provision of Photo Enforcement Services for Jefferson Parish  
Redflex executes New Photo Enforcement Contract with the City of Lake Jackson, Texas  
Redflex executes Four New Photo Enforcement Contracts in the Cities of Albany, Oregon and Vero Beach, Missouri, and the Counties of Pinal, Arizona and Maricopa  
Redflex executes new Photo Enforcement Contract in the City of McKinney, Texas  
Redflex wins Head-to-Head Bid Competition in City of Corpus Christi Texas  
Redflex Executes New Photo Enforcement Contract in the City of Redding, California  
Redflex Executes New Photo Enforcement Contract - The Cities of Burlingame, California and Tarrant, Texas  
Redflex Executes New Photo Enforcement Contract - The City of Chicago

# REDFLEX HOLDINGS LIMITED

## Investor Briefing

August/September 2007

# Introduction



- Chris Cooper  
**Chairman**  
Redflex Holdings Limited



- Graham Davie  
**CEO**  
Redflex Holdings Limited



- Ron Johnson  
**CFO**  
Redflex Holdings Limited



- Peter Lewinsky  
**Non-executive director**  
Redflex Holdings Limited

# Redflex Holdings Limited



- ASX Listed since 1997 - RDF
- 89 Million shares on issue
- Market cap ~\$270 million
- Headquarters
  - 31 Market Street, South Melbourne. Australia.
- Staff
  - Approximately 370
- Business
  - Traffic Photo Enforcement and related products and services



# Redflex Group Highlights



- Continuing growth in Traffic business
  - Revenue, EBITDA, NPBT, contracts & installed base
- First Dividend in FY08
  - 3.5 cents per share, fully franked
- Dividend Reinvestment Plan
  - Shares will be issued at a 5% discount to market.
  - Plan is on web site ([www.redflex.com.au](http://www.redflex.com.au))
- New directors
  - Roger Sawley – independent non-executive director
  - Karen Finley – executive director
- Communications business divested effective from 1 Dec 06
  - Effect shown in discontinued operations

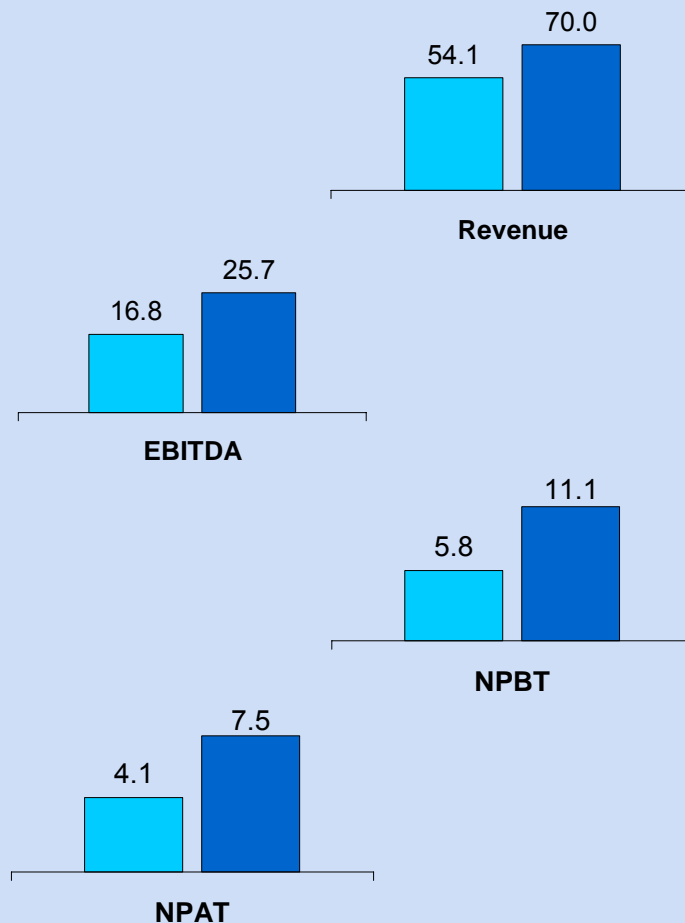


- Strategy
  - 5-year plan refined and updated
  - Dominant focus on US market opportunities
  - Australian and international opportunities are important to the group
  - Organic growth is the primary focus
- Policy
  - Rem policy update now bedded down and operating effectively
  - Key policies are published on the company web-site
- Governance
  - Compliant with ASX Corporate Governance Recommendations
  - Majority of independent, non-executive directors
  - Regular board reviews of governance issues
- Investor Relations
  - Revamped web-site imminent
  - On-line annual reports

# Financial Performance - Continuing Operations



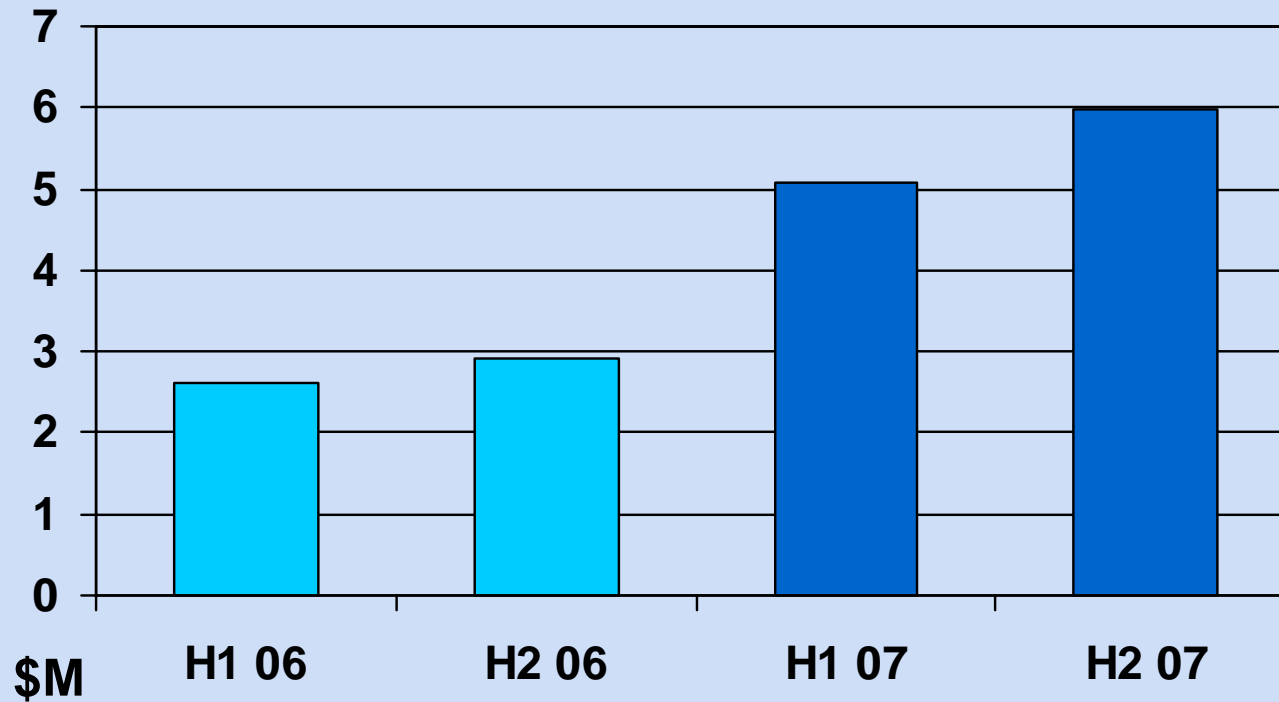
- Revenue
  - \$70.0 million (Up 29% on FY06)
- Earning Before Interest, Tax, Depreciation & Amortisation (EBITDA)
  - \$25.7 million (Up 52% on FY06)
- Net Profit Before Tax (NPBT)
  - \$11.1 million (Up 100% on FY06)
- Net Profit After Tax (NPAT)
  - \$7.5 million (Up 83% on FY06)
- Note: Result despite adverse AUD/USD exchange rate movement over the year



# Profit History - Continuing Operations



NPBT



# Financial Position



- Total Assets
  - \$109 million
  - Compared with \$113 million at June 2006
- Net Assets/Equity
  - \$66.4 million
  - Compared with \$70.9 million at June 2006
- Impacts:
  - 16% adverse movement in AUD/USD exchange rate June06-June07
  - Book loss on disposal of Communications business (\$4.3m)

# Cash Position



- Cash at 30 June \$10.2 million
- Net Cash flow from operations - \$26.4 million
- EBITDA of \$26.3 million
- CAPX of \$31.5 million for the year
- Harris Bank facility drawn to US\$17.5m at 30 June 2007
  - Facility increase to US\$25 million approved
- Sale of Communications business
  - \$4 million cash received to date
  - Approx \$1.2 million due mid September 07
  - Final price is based on performance of RCS against budget – substantially below budget
- Income tax expense – \$3.6 million
- Investment in R&D – \$2.8 million
  - 4% of revenue

# Key Measures and Ratios



- Basic Earnings per Share
  - 8.4 cents (continuing operations)
- Diluted Earnings per Share
  - 8.3 cents (continuing operations)
- Dividend per Share
  - 3.5 cents
- Net Tangible Assets per Share
  - 66.3 cents
- Interest Bearing Debt/Equity Ratio
  - 0.32
- Working Capital Ratio
  - 2.5

# USA business - Highlights



- Installed base of cameras now over 900
  - 877 at 30 June 2007
- 59 new contracts in USA in FY07
  - Compares with 26 in FY06
  - 11 new contracts in FY08 to 29 August
  - Over 150 cities under contract at 29 August 2007
- Continued growth in revenue
- Entry into new states
  - Massachusetts, Missouri, Louisiana, Mississippi
- Programs in 19 states
- Speed programs in 9 states
- 235 new installations in FY07
- Expect to install well in excess of 300 new systems in FY08
  - 59 installed to 29 August 2007

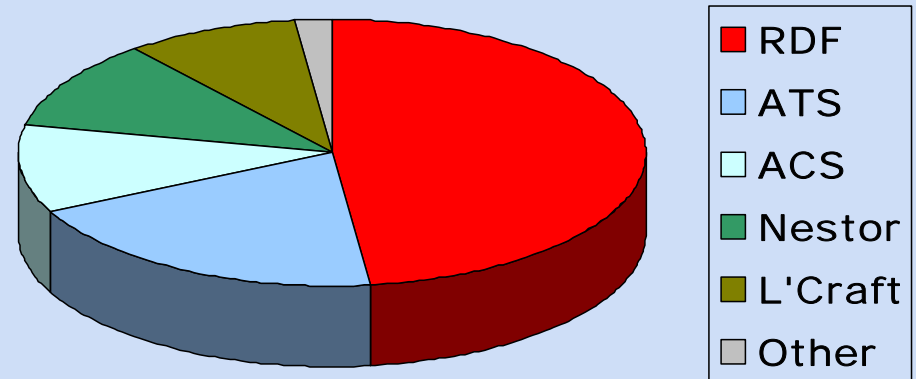
- Headquartered in Scottsdale, Arizona
- Offices in Culver City, CA and Chicago, IL
- Representatives for sales, customer support and maintenance throughout USA
- Approximately 260 staff
- Build-Own-Operate-Maintain(BOOM) model
  - 5 - 7 year contracts with cities for red-light or speed photo-enforcement.
  - Revenue stream based on system performance and driver behaviour.
  - Revenue model - fixed monthly fee; or fee per citation
  - Typically 6 - 20 red-light camera systems per city.
  - Collision/injury/fatality reduction of 15 - 50% over time.



# Competitive Environment



- Redflex is the dominant player in the industry
- Installed market share
  - Redflex - ~49% market share
  - ATS - ~ 20%
  - ACS - ~11%
  - Nestor - ~11%
  - Lasercraft - ~8%
  - Other
- Redflex continues to win the majority of new business
  - Over 60% of all competed contracts



Source – media reports and Redflex internal analysis

# Market Leadership

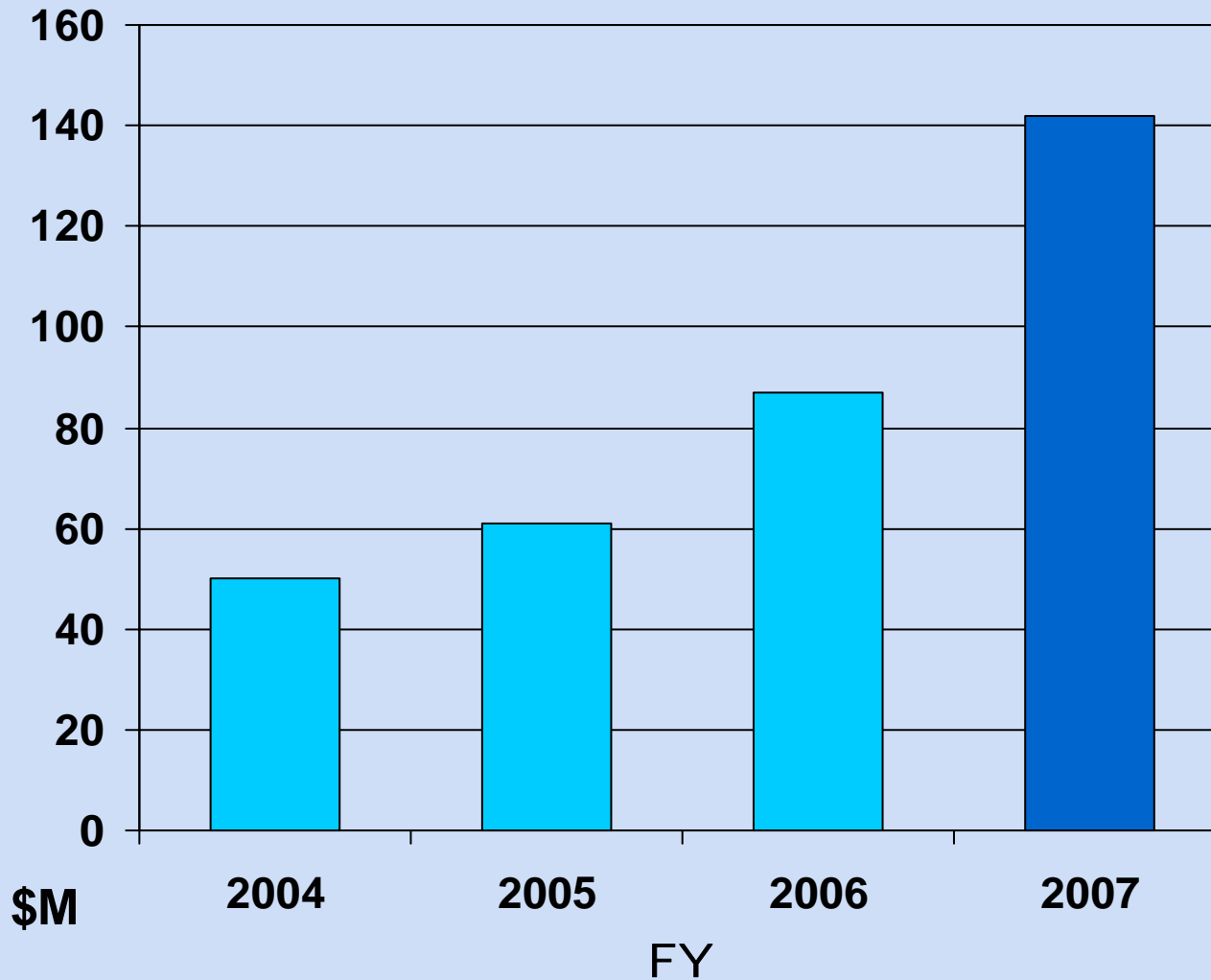


Redflex Leads the Market with:

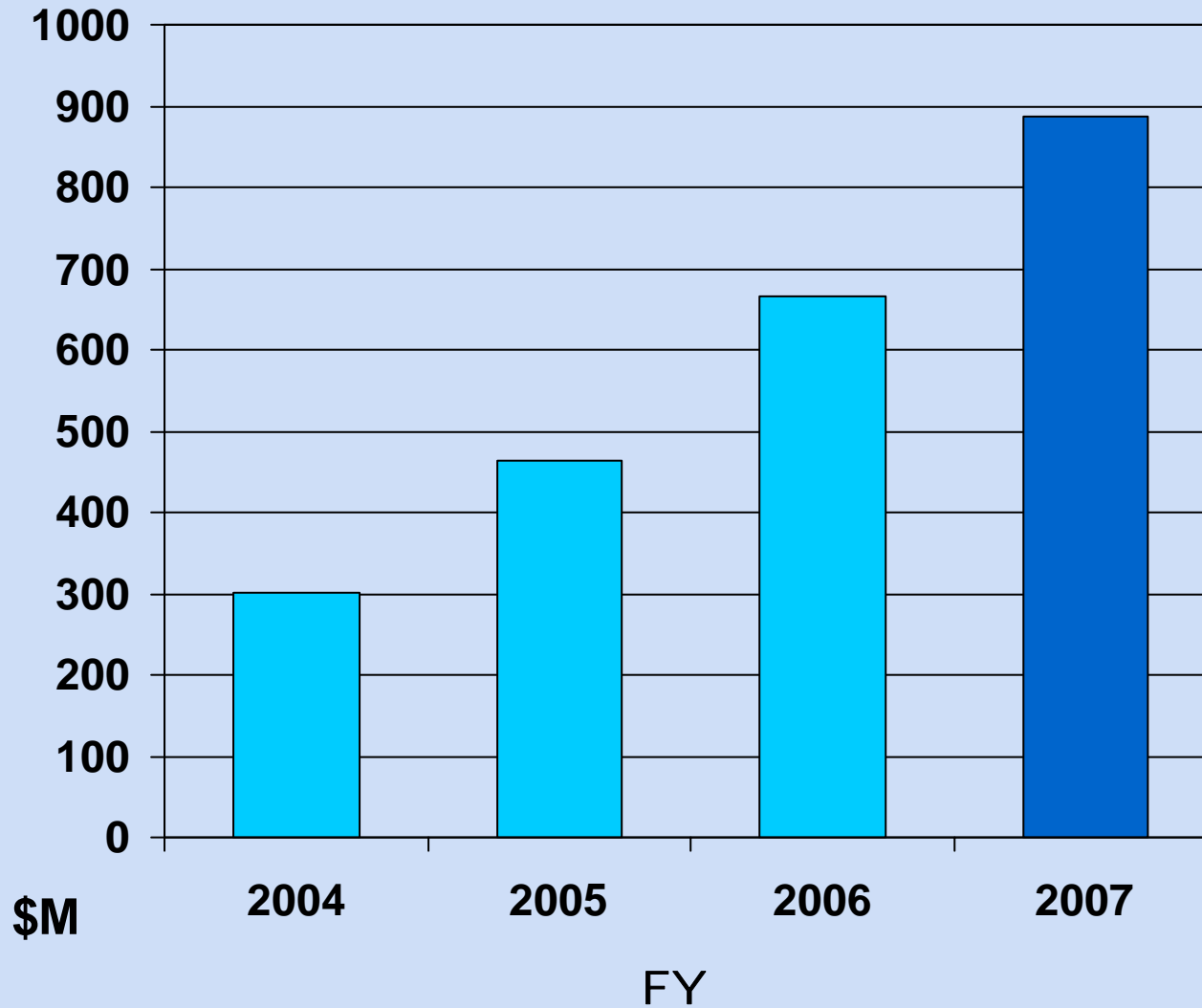
- Outsourcing programs with local government for public safety
  - largest provider and operator of red light/speed photo enforcement in the USA,
- Advanced digital camera technology
  - Efficient and high quality evidence package
- Vehicle detection technology for both position and speed
  - Proven, high yield detection technology delivers best results
- End to end processing of photo enforcement citations
  - Leading provider of comprehensive end to end enforcement processing solutions.
- Construction and program implementation
  - Superior capability to design, install and commission leads the industry.
  - Construction rate greater than all other competitors



# USA City Contracts



# Installed Camera Systems



# USA Potential Market



- Potential red light enforcement market:
  - An estimated 350,000 signalized intersections
  - Assuming 1 in 10 to 1 in 15 enforced  
= 23,000 to 35,000 approaches
  - US\$1.5-2+ billion potential p.a.
- Alternatively:
  - 2,500+ candidate cities (>10,000 pop.)
  - Assuming average 10 to 15 cameras each  
= 25,000 to 37,000 approaches
- Speed photo enforcement market:
  - Market is still relatively small at present with significant growth potential
  - Wider community support is emerging
  - Ultimately, market expected to be at least size of red-light
- Redflex progress in market
  - Approx 7% of the potential market penetrated for red light
  - Photo enforcement remains a high growth opportunity in the USA.
  - Redflex has contracts in 19 states, 9 with speed enforcement
  - Programs in 4 new states since 1 July 2006



# US Legislative/Legal Issues



- Reduction in % of installed cameras not generating revenue
  - Now at approximately 8%,
- Some legislative advancements
  - Ohio HB56 vetoed by state governor
  - Illinois legislation clarified
  - Supportive legislation introduced in CT, SC,
  - Supportive legislation now in place in Virginia
- Ongoing issues are being addressed as they arise
  - Iowa legal challenges have resulted in suspensions
  - Continue to address issues in Minneapolis and North Carolina
- Geographical and jurisdictional diversity provides some hedge
- Significant costs are incurred in dealing with issues
  - Lobbyists and legal advisers are an essential investment

# Redflex Traffic Australia



- Based in South Melbourne
- Territory - Australia and the rest of the world
- Technology - collaborative development with USA
  - Shared R&D resources in Australia & USA
  - Central coordination
  - Common goals and outcomes
  - R&D is done close to relevant customers and markets
- Camera and other equipment manufacturing
- Relationships with government clients in all states in Australia
  - Market leader in Australia
- European Office based in UK
- Predominantly sale of products and services
  - Long term revenue from maintenance & support contracts

# Australian business - Highlights



- Excellent performance by Australian business
- Record revenue and profitability
- Sales to all states in Australia
- Growing presence outside of USA/Australia
- Ongoing Technology developments & enhancements
- Point-to-Point System Live on Hume Highway



# Traffic Australia achievements



- Redlight/speed cameras for South Australia
  - Project successfully completed
  - Received subsequent order for additional cameras
- Camera systems for NSW, including
  - Bus lane enforcement cameras
  - Lane Cove tunnel cameras
  - School zone speed cameras
  - Toll Enforcement Cameras for Sydney Harbour Tunnel
  - Target Vehicle surveillance System to monitor trucks crossing NSW/QLD border
- Victoria
  - Go-live of Hume Highway Point-to-Point system
  - 52 combo red light/speed cameras delivered and installed in Melbourne

# Traffic Australia achievements (cont.)



- Western Australia
  - Integrated Infringement Processing System (IIPS), a new state-of-the-art ticket processing system for speed, red light and on-the-spot fine processing has been in operation since the beginning of the year
- Rail crossing cameras
  - Delivered to USA
  - Contacted for delivery to WA
- Qatar
  - \$4.8 million order for 86 camera systems received for key intersections in Doha
  - Further order received subsequently for 2 systems



- Growth in US and global markets is anticipated to continue
- We expect Redflex to continue to maintain its dominant position in the US
  - Growing to and beyond 50% market share
  - Winning >60% of new business
- Growth in installed cameras
  - Expect to install well in excess of 300 cameras in FY08
  - 59 installed in FY08 to 29 August 2007
  - Underpinned by contracts in hand
- Legislative/legal issues will continue
  - Will be managed proactively using lobbyists & attorneys
- Continued investment in technology is planned
  - Now USA and Australia are both undertaking collaborative R&D

