



# Redflex Holdings Limited

Investor Briefing

August 2008



**REDFLEX**  
HOLDINGS

- **Chris Cooper**  
Chairman  
Redflex Holdings Limited



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- **Graham Davie**  
Chief Executive Officer  
Redflex Holdings Limited



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- **Karen Finley**  
Chief Executive Officer  
Redflex Traffic Systems Inc.



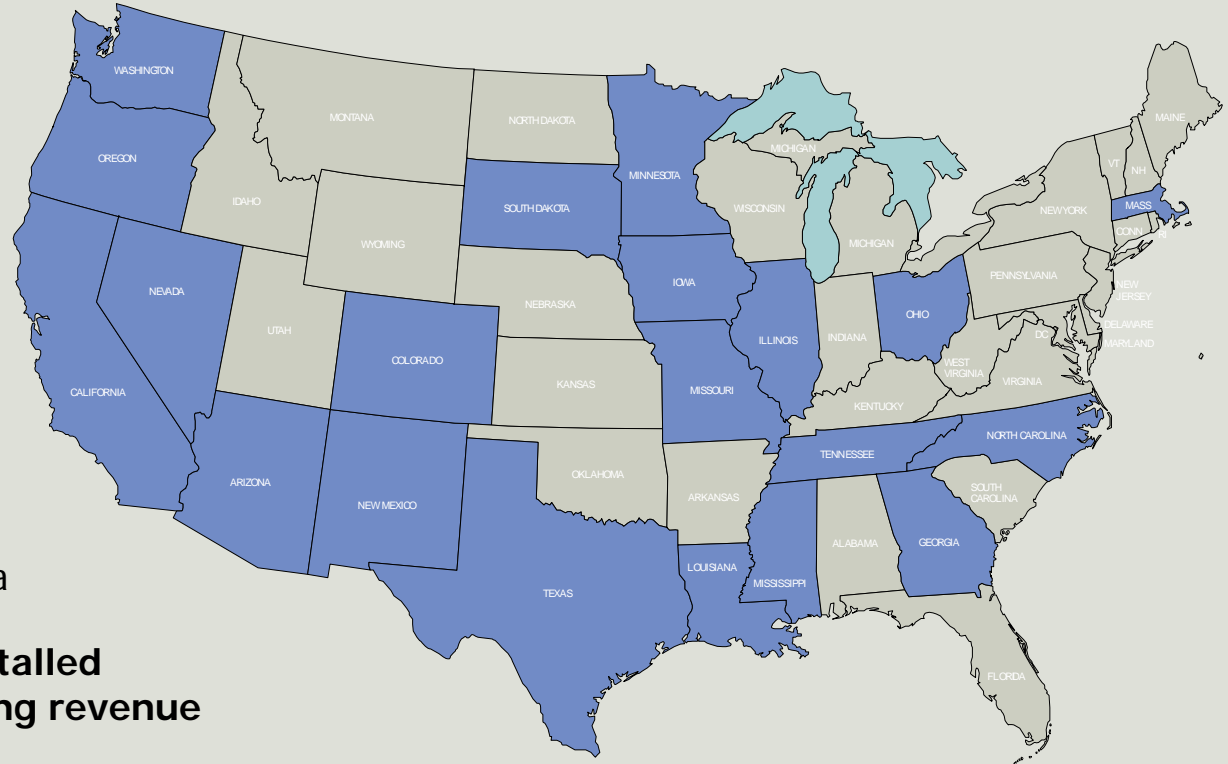
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- **Ron Johnson**  
Chief Financial Officer  
Redflex Holdings Limited



- **ASX Listed since 1997 - RDF**
- **90 million shares on issue**
- **Market cap ~\$250 million**
- **Headquarters**
  - 31 Market Street, South Melbourne. Australia.
- **Staff**
  - Approximately 470
- **Business**
  - Traffic Photo Enforcement and related products and services
- **Dividend**
  - 4.5 cents per share
  - Fully franked
  - Payment date 3 November 2008



- **Record growth in new US contracts**
- **Record growth in installed base.**
  - Increased by 390
- **Continued growth in revenue and profit**
- **Entry into two new US states**
  - Mississippi & Nevada
- **Reduction in % of installed cameras not generating revenue**
  - Now <5%



- **Record performance by Australian/International business**
- **Strong Profit Margins**
- **Strong presence in all states in Australia**
- **Qatar contract – 86 cameras delivered**
- **Technology developments & enhancements continue**





Ron Johnson, Chief Financial Officer

**Redflex Holdings Limited**

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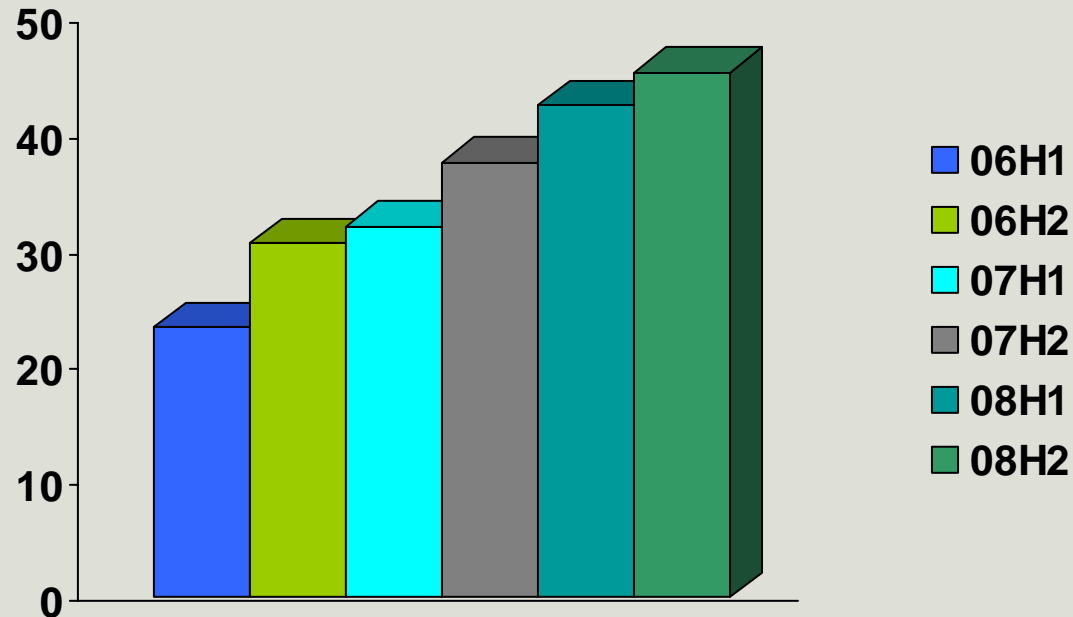


**REDFLEX**  
HOLDINGS

- **Revenue**

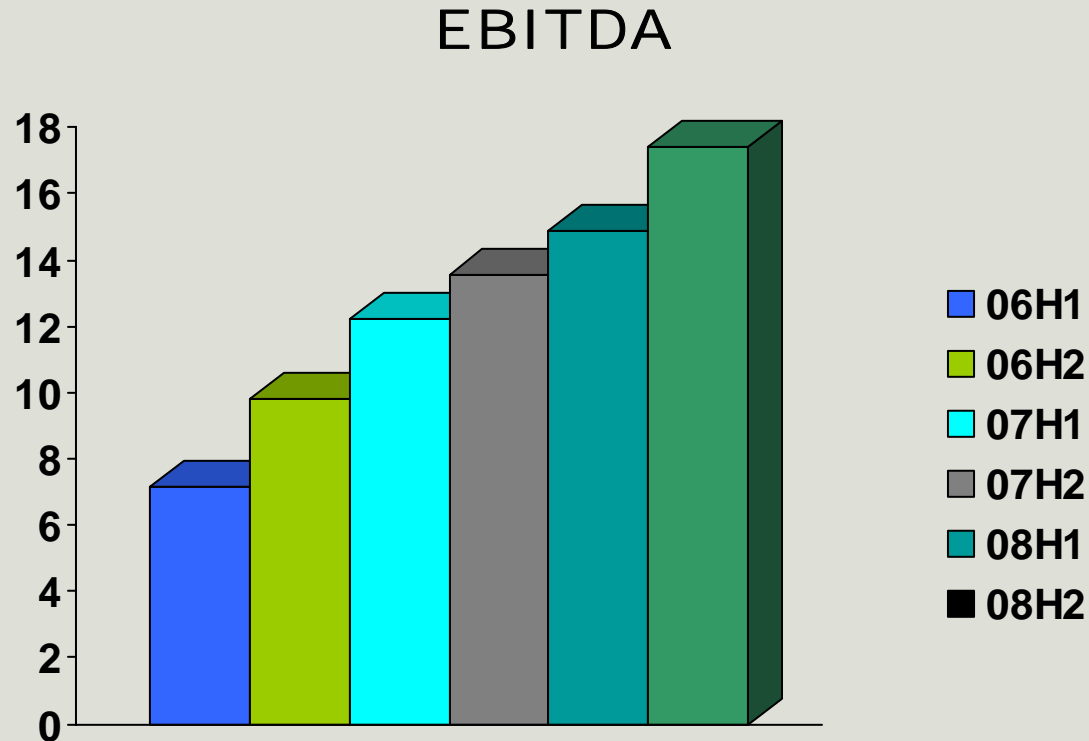
- Up 26.0% to \$88.2 million from \$70.0 million in previous corresponding period

## Revenue



- **Note:** *Continuing Operations only*

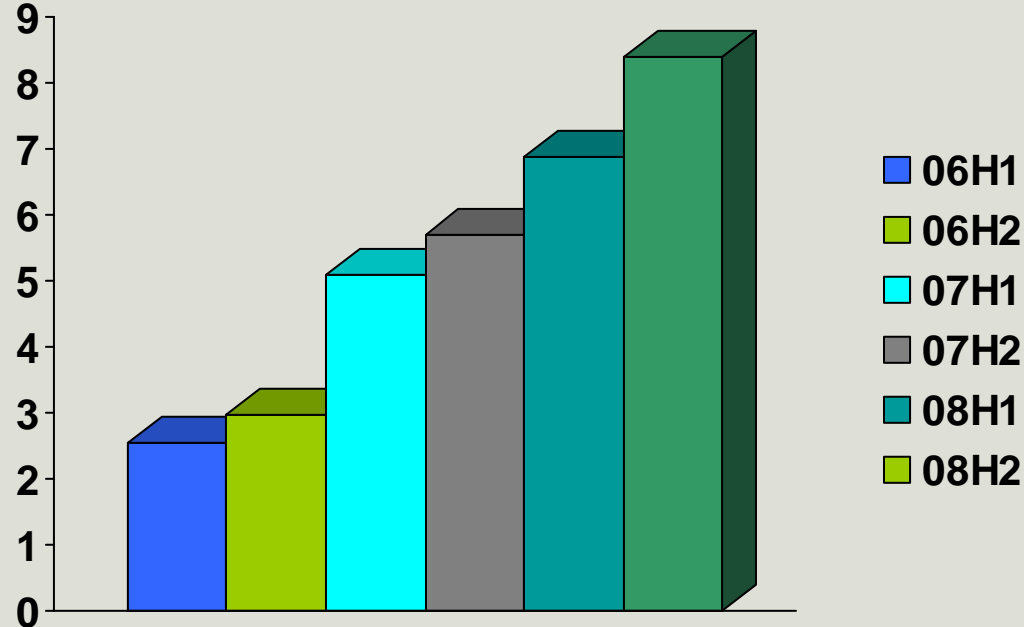
- **Earning Before Interest, Tax, Depreciation & Amortisation (EBITDA)**
  - Up 25.1% to \$32.3 million from \$25.8 million in previous financial year



- **Note:** *Continuing Operations only*

- **Net Profit Before Tax (NPBT)**
  - Up 41.5% to \$15.3 million from \$10.8 million in previous corresponding period

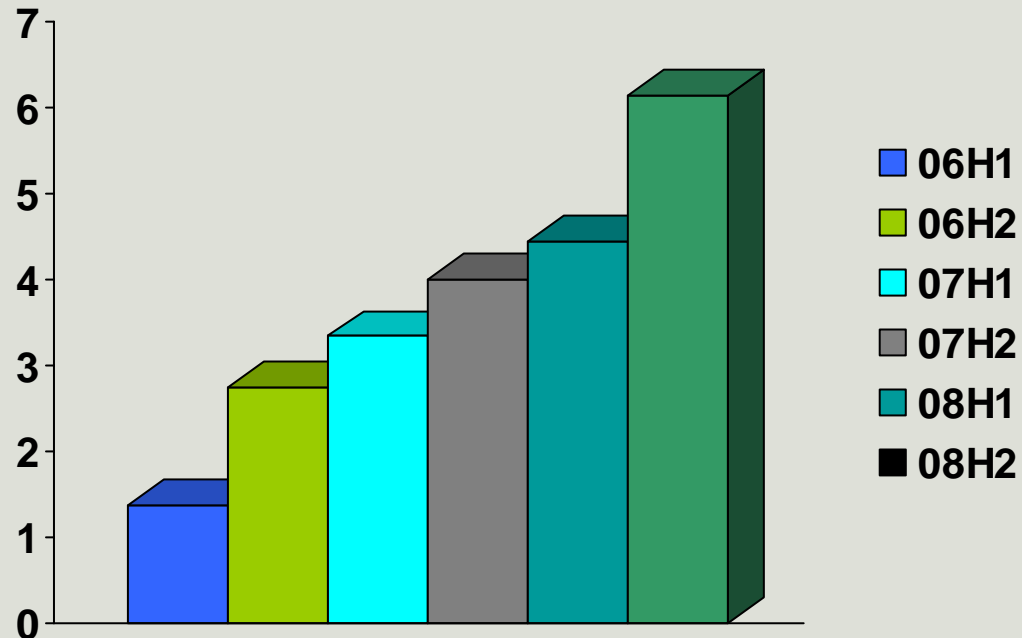
## Net Profit Before Tax (NPBT)



- **Note:** *Continuing Operations only*

- **Net Profit After Tax (NPAT)**
  - Up 44.4% to \$10.6 million from \$7.3 million in previous corresponding period

## Net Profit After Tax (NPAT)



- **Note:** *Continuing Operations only*

# EBITDA margins on Build Own Operate recurring revenue

AUD (\$'000)	FY06	FY07	FY08
Recurring Revenue	40,120	53,134	63,638
EBITDA	15,896	22,114	25,293
Royalty paid to Australia	1,623	2,214	3,378
EBITDA prior to royalty	17,519	24,328	28,671
EBITDA % on Recurring Revenue	43.7%	45.8%	45.0%

## Exchange rate impact

The decline in average currency compared to the opening exchange rate of ~7% reduces EBITDA by ~ \$2 million

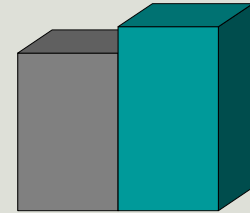
- **Cash flow from operations \$25.0 million**
- **CAPX (PPE) of \$33.6 million**
- **Bank facility with BMO (formerly Harris Bank) and Commonwealth Bank of Australia increased to US\$50 million**
  - Increased from US\$25 million
  - Drawn to US\$32 million (at 30 June 2008)
- **Cash and equivalents at 30 June 2008 - \$12.1 million**
- **Continuing to fund growth from existing facilities and cash generated**



- **Basic Earnings per Share**
  - 11.8 cents
  - Up 43% from 8.25 cents in FY07
- **Dividend per share**
  - Annual dividend of 4.5 cps fully franked to be paid in November
- **Net Tangible Assets Per Share**
  - 66.0 cents
- **Interest Bearing Debt/Equity Ratio**
  - 50%
- **Return on Equity**
  - 15.5%

- **Total Assets**

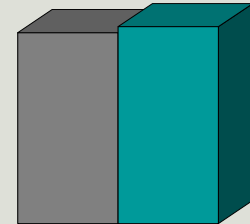
- \$127 million
- Compared with \$109 million at 30 June 2007



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- **Net Assets/Equity**

- \$68 million
- Compared with \$66 million at 30 June 2007



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- **Result despite 13.2% adverse movement in AUD/USD exchange rate between 30 June 2007 and 30 June 2008**



Karen Finley, President & CEO

Redflex Traffic Systems, Inc.

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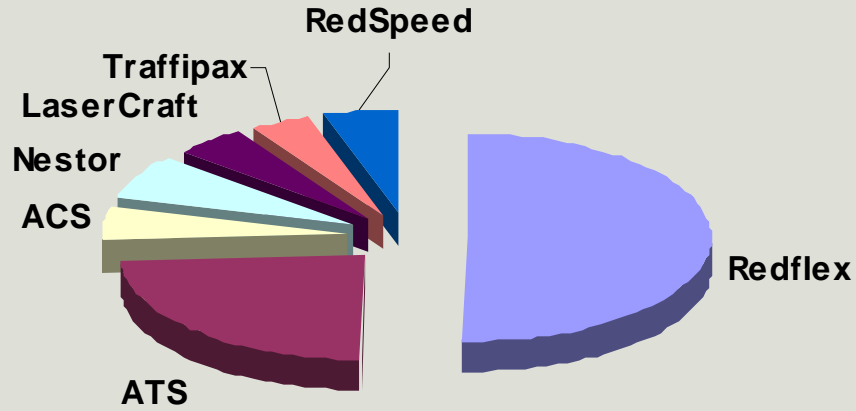
August 2008



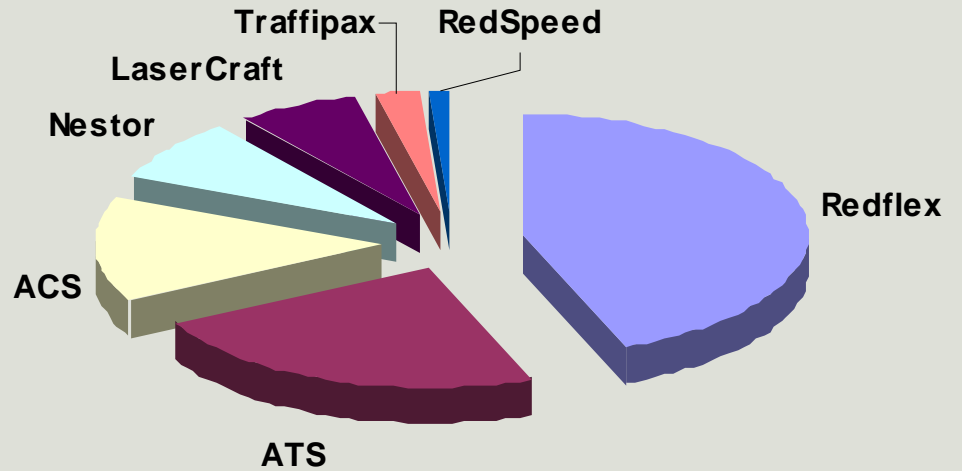
**REDFLEX**  
HOLDINGS

- **Redflex Traffic Systems, Inc.**
  - Our number one position in the US photo-enforcement market has been retained
  
  - Another record setting year
    - New contract awards
    - Continued renewal contract success
    - System installations
    - Key Wins
      - Austin head to head
      - Chicago 440 systems (new contract)
      - Arizona Statewide Program

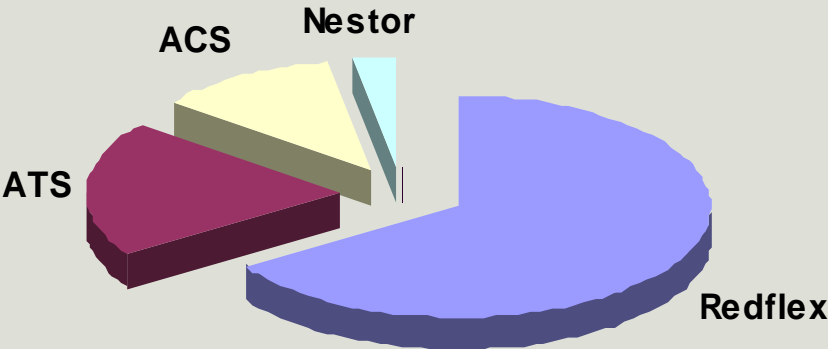
## Red Light Contracts



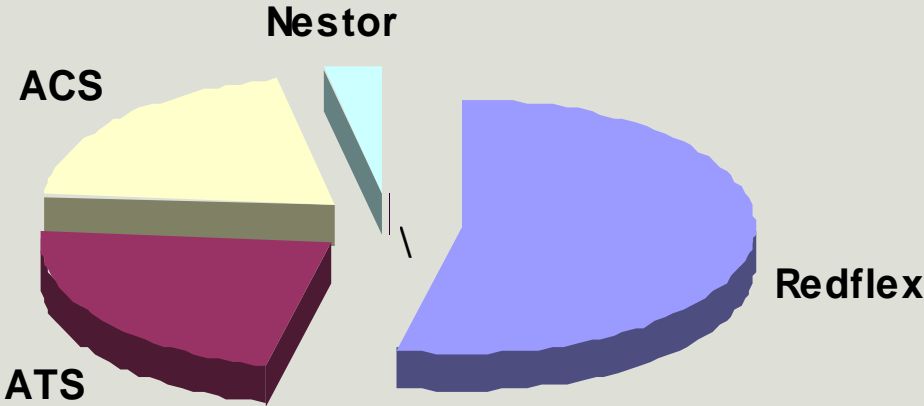
## Red Light Systems



### Speed Contracts



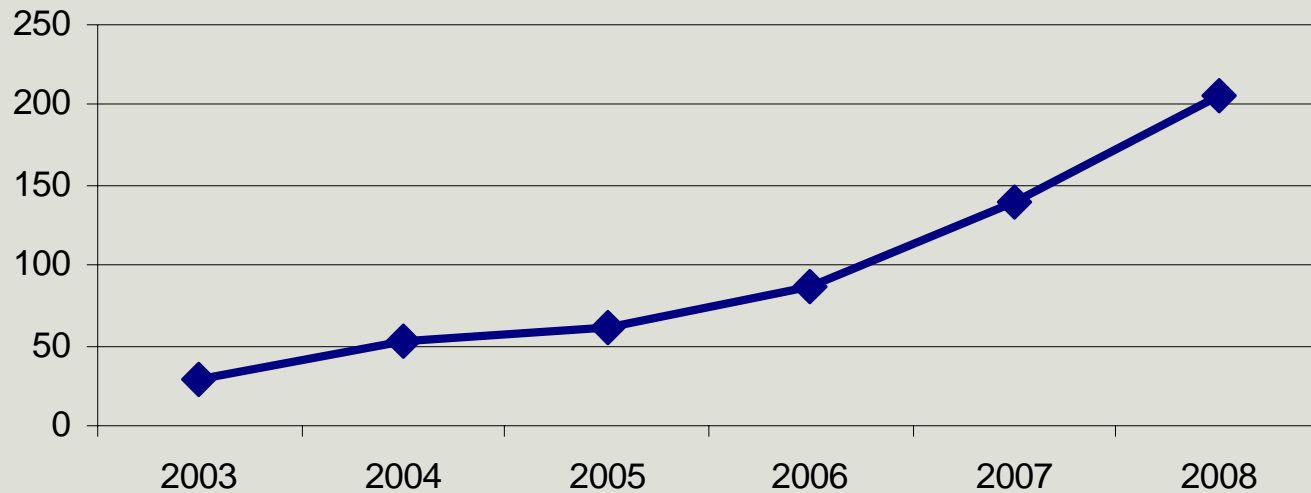
### Speed Systems



- **Record year for contract awards**
- **Addition of sales resources in key markets of Arizona, Colorado and New Mexico**
- **Growth in the speed market both fixed and mobile**
  - Greater general acceptance of technology
  - Speed component to several new deals in Arizona, Louisiana and Tennessee
  - Emerging opportunities for our fixed speed enforcement systems being established with red light enforcement
- **Continued growth in Illinois, Ohio and California**
- **Chicago Status**
  - As of June 30, 2008: 204 systems
  - As of August 15, 2008: 222 systems
- **New products**
  - REDFLEXred Mobile: Mobile red light
  - Next generation mobile speed (G3) to include new platforms for mobile speed vehicles and tripod based portable speed enforcement
  - Photonotice.com in a Kiosk form for placement in customer courts

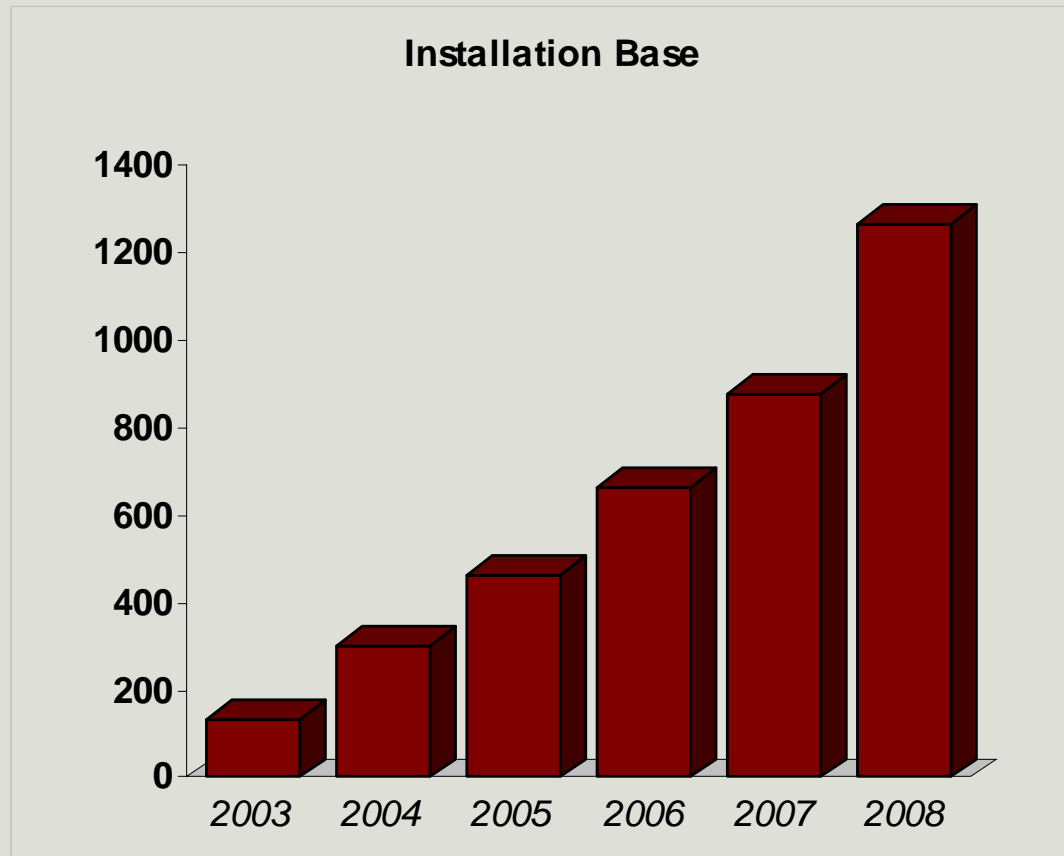
- **Signed 67 new contracts in FY08**
  - As of August 15, 2008 executed 7 new contracts
  - Total contracted cities as of August 15 - 210

## New Cities Contracted



- **Aaron Rosenberg promoted to Executive Vice President of Business Development**
  - Focus on rapid expansion of new product and channel initiatives
- **Cris Weekes promoted to Executive Vice President of Sales & Marketing**
  - Added Sales to Marketing/Public Relations & Government Affairs responsibility
- **Appointment of Michael Browne to CFO**

- **As of June 30, 2008 at 1,267**
  - As of August 15, 2008: 1,305



\*FY08 installed 417 systems for an average of 35 per month

- **Employee growth: Over the past year Redflex USA has seen a 35% increase in the number of US employees. To indicate efficiencies, in the same period:**
  - Systems in service grew by 44%
  - The rate of net new installation rollout increased by 86%
  - Contracted customers increased by 48%
  - Citations processed grew by 51%
- **As part of the widespread growth of the business, Redflex hired employees in six new states during the 2008 financial year.**
- **Construction and maintenance teams maintained and improved efficiencies while accomplishing 86% growth in the rate of net new installs and 44% growth in installed base fully supported**
- **Efficiencies gained through collaborative, global supply chain improvements**
- **Efficiencies in data storage**
- **Migration of core production systems**

- Relocated to New Building at Pinnacle Peak Commerce Center in Phoenix, AZ adjacent to the Deer Valley Airpark



- **The new facility offers:**
  - Brand new building
  - Greater efficiency in operational layout
  - Layout customised to our requirements
  - An enhanced work environment
  - Space and facilities for current and future growth needs over the next 7-10 years
  - Convenient access for employees
  - Lower cost per square foot than the existing location
  - New facility totals 76,500 sq. ft. compared to previous totaling 26,000 sq. ft.
  - 344 parking spaces.
  
- **The space currently accommodates:**
  - 405 "seats" (offices and workstations)
  - Training room that can accommodate 50 or be divided into two rooms of 25. This flexible room could also seat up to 100 "auditorium style" for a large meeting.
  - 3,000 sq. ft. separate bays for Van Build, Equipment Prep, and Storage plus a 2,000 sq. ft. equipment repair area.
  - 1000 sq. ft. "State of the Art" Data Center
  
- **Move completed August 22, 2008**

- **Arizona** HB2210 passed providing for a state level speed program
- **Minnesota & Iowa** continued efforts to legislate
- **Florida** Mark Wandall red light bill made progress but fell short of passage as the session ended.
- **Ohio** HB30 signage bill passed requiring signs at entrance to enforced municipalities.
- **New Jersey** AB4314 bill passed providing for 12 jurisdictions to pilot red light enforcement programs.
- **Massachusetts** HB3512 failed to be heard on the last day of the session. Strong momentum precedes the next session.
- **Texas** SB1119 passed in this session requiring more administrative process and ear marking funds for trauma centers.
- **New Mexico** SB780 ear marking funds to provide DUI prevention



Graham Davie, Chief Executive Officer

**Redflex Holdings Limited**

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- **A record financial year with increased revenue and profit**
  - Revenue growth – 27% with only 8% staff growth
- **Qatar**
  - Largest ever contract for camera systems in Qatar in the Middle East
  - 86 cameras delivered
- **New Zealand**
  - Auckland red light program was re-launched in May with Redflex camera systems.
- **Continued focus on R&D**
  - Mobile Speed product gained approval in the Netherlands
  - Precursor to approvals in other European countries
  - New vehicle classification technologies in Bordercam project
  - New detection and enforcement approaches being trialled for railway crossings

- **South Australia**
  - Expansion of Red-light camera program
  - New contract to supply mobile radar speed cameras
  
- **New South Wales**
  - Delivering speed camera systems to Roads and Traffic Authority
  - Delivered Bus lane enforcement systems
  - delivered the Bordercam system to enforce the regulations regarding the transport of livestock across the border
  
- **Victoria**
  - Trials of a number of innovative technologies for the enforcement of railway crossings.
  - Red light camera and speed enforcement programs are operating well
  - Redflex's world-leading Point-to-Point speed enforcement system operating on the Hume freeway continues to be a flagship system for innovative Australian technology.
  
- **Northern Territory**
  - Enforcement camera program is operating extremely well
  - delivered mobile laser camera systems for use by the Northern Territory Police infringement notice issued on the first of February this year.
  
- **Western Australia**
  - Upgraded Image and Infringement Processing Ticket Processing Systems
  - back-office automation functions and support for digital enforcement cameras.

- **Maintain and grow the #1 position in US market**
  - Multi-billion dollar potential market
  - Growth underpinned by committed work
- **Expect to install over 440 new cameras in the USA in FY09**
- **Build on the successes of the international business**
- **Expect to increase the services component in non-USA markets**
- **Continue to invest in R&D to remain at the forefront of the industry**
- **Looking at opportunities to apply Redflex skills and expertise in collateral business areas**
- **Look at opportunities for acquisition and industry consolidation**
- **Note: FY09 H1 is likely to show lower margins than H2 due to:**
  - Costs of move to new USA premises
  - Sales organisation/business development structuring costs – the benefits of the new structure are expected to flow from H2 onwards.

