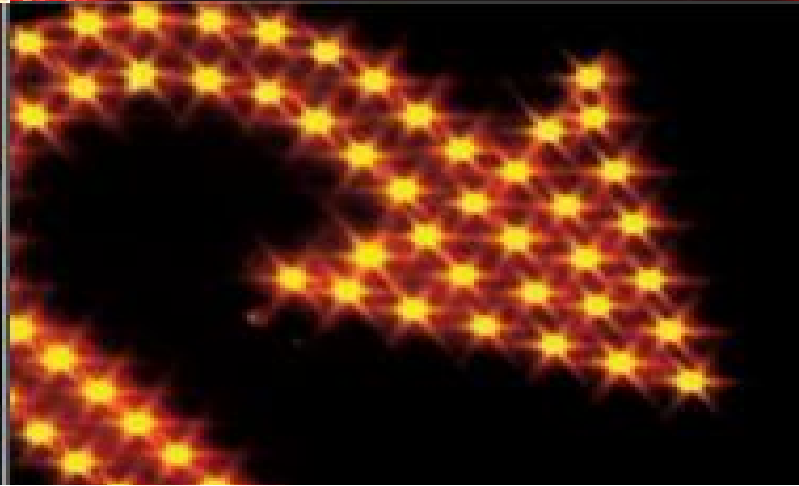
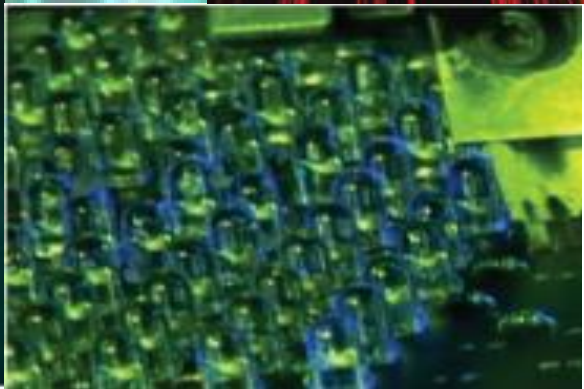


Traffic Technologies Ltd 2016 FULL YEAR RESULTS



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TRAFFIC SOLUTIONS BEYOND TOMORROW





Traffic Technologies (TTI) Company Background

- TTI is Australia’s premier traffic solutions company
- Established 2004 and listed on ASX 2005
- TTI’s head office is in Eltham, Victoria with offices in all Australian States and Nottingham, England.
- TTI designs, manufactures and supplies:
 - Technical Products – including traffic intersection products (signals, countdown timers, controllers etc), road lighting and emergency phones through its Aldridge, QTC and Clearsonics businesses
 - Road Signage – through its De Neefe, Sunny Signs and Norsign businesses

Shares on Issue	275.6m
Price (23-Nov)	4.6c
Market cap	\$12.7m
Net Debt (31-Oct)	\$22.1m
EV	\$34.8m

Substantial shareholders

Con Liosatos (MD)	7.9%
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Earnings Summary

Y/E June	FY13	FY14	FY15	FY16
Revenue (\$m)	45.2	40.1	46.2	44.0
EBITDA (\$m)	6.1	2.9	4.6	2.6
EBIT (\$m)	4.3	0.8	2.4	(19.5)



Revenue & Earnings

- Revenue down 5% to \$44.0m
- Disappointing result in Q2 and Q3
- Improved result in Q4 – Lighting & ITS sales
- EBITDA down 43% to \$2.6m (\$3.5m before one off costs).
- EBIT down to loss of \$19.5m (including Impairment \$20.0m)
- NPAT & EPS affected by Impairment (\$20.0m) & write off of deferred tax asset (\$1.4m)

Balance Sheet

- Net debt increased by \$1.8m to \$23.4m
- Bank facilities extended to 1 April 2018
- Gearing increased to 77% (net assets affected by impairment provision)

Cash Flow

- Cash flow affected by disappointing result in Q2 & Q3
- Gross operating cash flow 74%

Earnings Summary			
Y/E June, \$m unless stated	FY16	FY15	% Chg
Revenue	44.0	46.2	(5%)
EBITDA	2.6	4.6	(43%)
D&A	(2.1)	(2.1)	0%
Impairment Provision	(20.0)	-	
EBIT	(19.5)	2.4	(913%)
Interest	(1.6)	(1.9)	(16%)
Tax	(1.2)	(0.1)	
NPAT	(22.3)	0.4	
EPS (cents)	(8.07)	0.15	
EV / EBITDA (x)	12.0x	7.5x	
Financial Position			
Net Debt	23.4	21.6	8%
Gearing (Net D/D+E) (%)	77%	42%	
Cash Flow			
Gross Operating Cash Flow (GOCF)	1.9	4.5	(58%)
GOCF/EBITDA (%)	74%	99%	(25%)

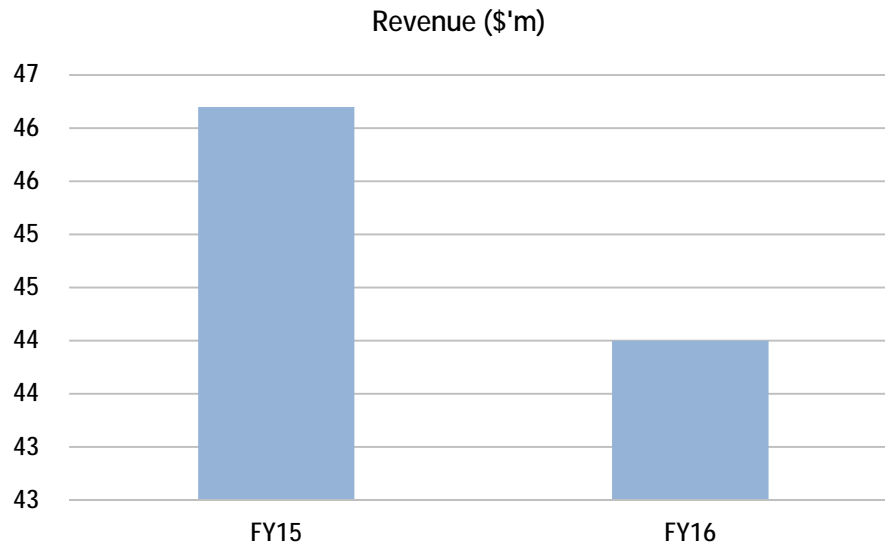


Products	Operational Highlights
Intersection Products	<ul style="list-style-type: none">• Core business remained solid in the absence of major government expenditure projects.• Market dominant position retained in all States.• Sales of pedestrian countdown timers achieved nationally.• Sales of ITS products: electronic speed signs in Victoria and Western Australia.
Traffic Controllers	<ul style="list-style-type: none">• Completed and commissioned projects in Singapore, China & New Zealand.• Combined export sales of controllers, software and intersection products across Asia, the Middle East and South America.• Obtained approvals in Queensland & New South Wales (already approved in Victoria).
Road Lights	<ul style="list-style-type: none">• Completed sales for the first freeways in Australia to be converted to LED “V” category: Monash and Calder Freeways in Victoria.• Sales of “V” category LED road lighting across South Australia.• Obtained approval for “P” category LED road lighting in Victoria.• Secured supply contracts with 5 Energy Distribution Businesses.• Sales of road lights increased by over 300%.
Exports	<ul style="list-style-type: none">• Export sales increased by 27%.• Strong export performance from QTC, including Asia, the Middle East & South America.• Solid sales in UK of traffic signals, countdown timers and emergency telephones.
Signage	<ul style="list-style-type: none">• Maintained strong market position in all States.• Improved logistics, purchasing, margins and profitability.• Streamlined production and integration with other business units.



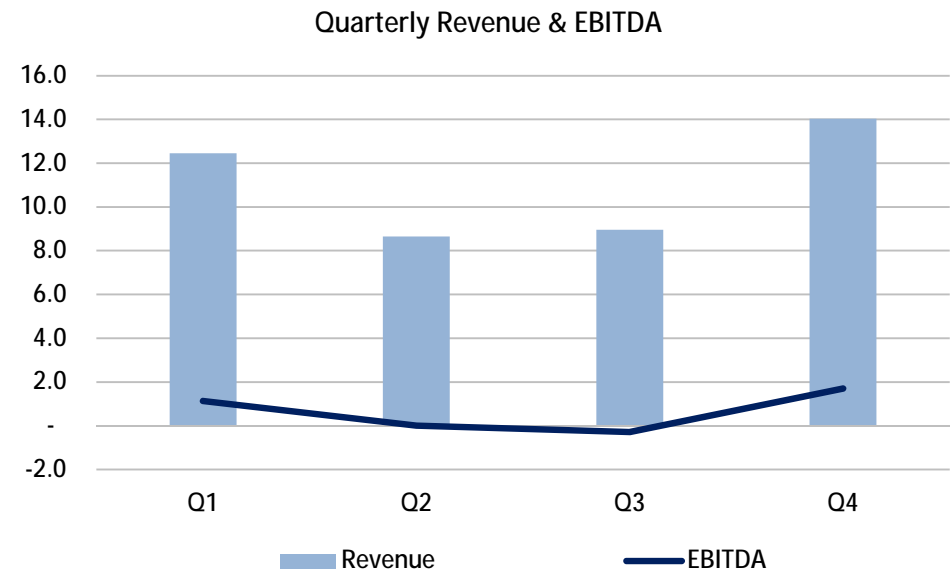
Revenue

- Total revenue down by 5%
- Disappointing result in Q2 & Q3
- Significantly improved result in Q4 – driven by Lighting, ITS & traffic controller sales
- QTC performing well – particularly exports



NPAT and EPS

- NPAT and EPS affected by:
 - Disappointing result in Q2 & Q3
 - Impairment provision \$20.0m
 - Write off of deferred tax asset \$1.4m

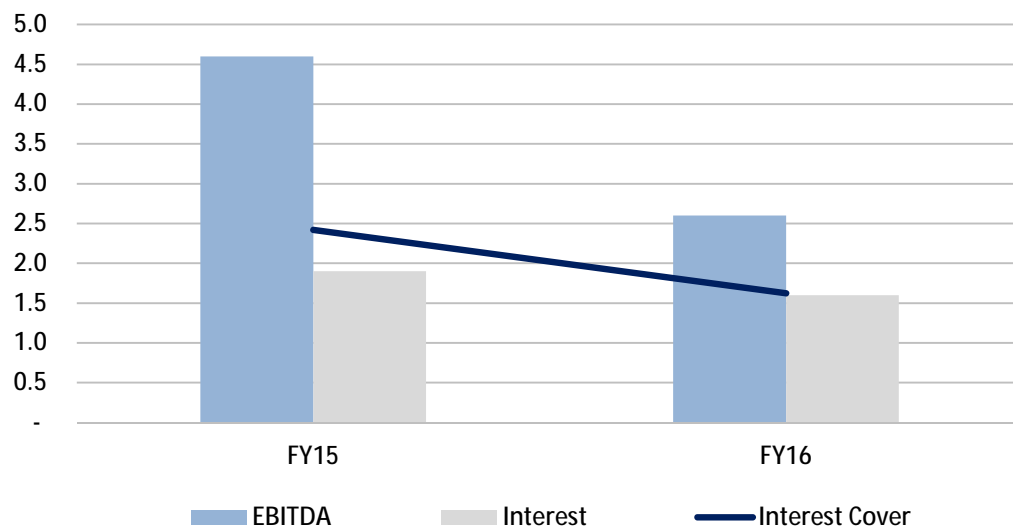




Cash Flow

- Operating cash flow affected by weaker result in Q2 & Q3
- Financed by overdraft facility

FY EBITDA (\$'m), FY Interest (\$'m)



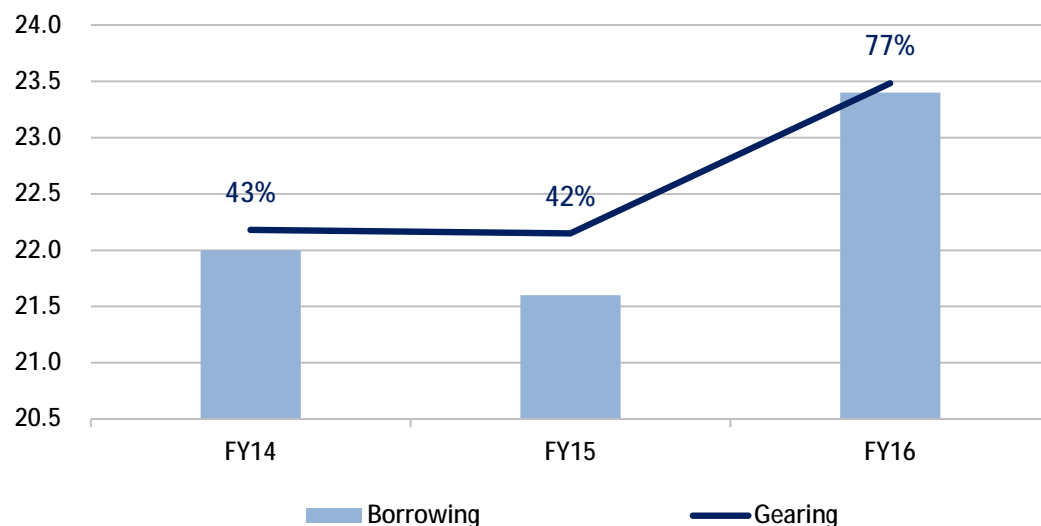
Cash Flow (\$m)	FY16	FY15
Receipts	45.5	50.5
Payments	(43.6)	(46.0)
Interest	(1.3)	(1.6)
Operating Cash Flows	0.6	2.9
Development costs	(1.7)	(1.6)
PP&E	(0.1)	(0.2)
Intangible assets	(0.2)	(0.3)
Investing Cash Flows	(2.0)	(2.1)
Borrowing proceeds	2.3	1.6
Borrowing repayments	(0.6)	(2.0)
Other	(0.1)	(0.2)
Financing Cash Flows	1.6	(0.6)
Cash Start	1.0	0.8
Net Cash Flow	0.2	0.2
Cash End	1.2	1.0



Balance Sheet

- Net debt increased from \$21.6m to \$23.4m
- Net assets were \$7.1m (after Impairment)
- Gearing increased to 77% (after Impairment)
- Bank facilities extended to 1 April 2018

Debt (\$m) & Gearing



Balance Sheet (\$m)	FY16	FY15
Cash	1.2	1.0
Receivables	11.7	9.2
Inventories	10.4	10.6
Total Current Assets	23.3	20.8
PPE	1.7	1.9
Goodwill	10.6	30.6
Intangibles	6.8	6.4
Deferred Tax	0.4	1.5
Total Non-Current Assets	19.5	40.4
Total Assets	42.8	61.2
Payables	8.7	6.7
Debt	7.1	5.9
Provisions	2.3	2.5
Total Current Liabilities	18.1	15.1
Debt	17.5	16.7
Other	0.1	0.1
Total Non-Current Liabilities	17.6	16.8
Total Liabilities	35.7	31.9
Equity	7.1	29.3



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PERFORMANCE YEAR TO DATE AND OUTLOOK

TRAFFIC SOLUTIONS BEYOND TOMORROW

FY17 performance to date has been encouraging with:

- Diversification of revenue base – products, customers and export markets.
- Strong export performance from QTC.
- Continued healthy order flow in lighting; however delays in some expected projects means we are modestly below expectations. Some of this may be made up in future months with orders now in hand.
- The traffic signals market remains flat with continuing strong price competition.
- Net debt has been reduced to \$22.1m at 31 October 2016. This has been achieved in an environment where we continue to build inventory to support growing sales in Lighting.
- Debt facilities with Westpac have been extended to 1 April 2018.
- Too early to give earnings guidance for FY17.



Intersection Products – Australia & NZ

- No major upgrades in the year
- Brisbane City Council Tier 1 status in place for 3 year term
- Implementation of ~5,000 electronic speed signs across Perth over 3-4 years. First orders delivered
- Further expansion of pedestrian countdown timers across QLD, WA and NSW
- Launch of next generation traffic signal products in several States

Export Markets

- Build on current success of export opportunities with existing product range to countries with SCATS operated traffic systems:
- Develop export markets in Singapore, China, New Zealand, the Middle East and South America
- Transport for London has awarded £317m of maintenance contracts over 8 years to 3 contractors to whom TTI supplies
 - This involves the upgrade of ~6,000 intersections to LED, including the installation of countdown timers
- Develop opportunities in the UK LED road lighting market

Road Lighting

- First order delivered in Australia for 1,500 freeway Category V LED road lights in Victoria for Monash and Calder Freeways.
- Approval received for Category P in VIC and QLD
- Supply contracts secured with 5 Energy Distribution Businesses
- Significant growth area with change-over of 2.25m road lights to LED in next few years

Operations

- Continued focus on margin improvement with further product rationalisation with local and offshore manufacturing
- Continued focus on overhead structure savings
- Continued focus on system improvements



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