

ASX ANNOUNCEMENT

23 December 2016

Redflex Holdings Limited | ABN 96 069 306 216

The Redflex logo features the word "Redflex" in a white, sans-serif font, followed by a stylized green circular graphic that resembles a lowercase 'r' or a partial circle.

FY2017 Earnings Outlook

Redflex Holdings Limited (**ASX:RDF**) (**Company**) provides the following financial update in relation to expected preliminary results for the six-month period ending 31 December 2016 (H1 FY17):

- gross revenue is expected to be in the range of A\$60 million to A\$63 million (H1 FY16: A\$65.2 million).
- EBITDA¹ is expected to be between A\$5.0 million and A\$7.0 million (H1 FY16: A\$11.4 million).

The above results are preliminary in nature and are subject to review by the Company's auditor.

The above is primarily driven by:

- the inherent volatility of project based earnings in our international business where a significant amount of our revenue is from one off system sales. These sales are generally associated with large scale projects with longer decision lead times and are subject to commissioning delays. The Company's strategy continues to be to build our recurring revenue streams to lessen the impact of this volatility;
- delays in decisions on government contracts in Asia and the Middle East;
- a number of contract terminations in the United States. Our contract renewal rates remain strong and the terminations are generally the result of the cessation of the photo enforcement program in a particular locality, not losses to our competitors. Continued negative public sentiment means that the U.S. photo enforcement market continues to be a low/no growth market. Photo enforcement is an important part of our business and to reduce our reliance on it we will continue to diversify into other products and geographic markets where there is strong demand;
- the decrease in photo enforcement revenues in the United States due to slower system installation rates;
- the decrease in U.K. revenue due to the finalisation of the Highways Agency Digital Enforcement Camera (HADECS) contracted system installation program which also involved a large systems sale. This program has been successfully completed and we continue to provide ongoing operational and maintenance support under the contract; and
- higher costs due to investment in new products and improving customer service.

If these factors continue throughout the balance of the financial year ending on 30 June 2017, the Company could expect to experience equivalent reductions in financial outcomes as compared to prior year results.

The Company's strategy remains unchanged. We are focused on providing exceptional service to our existing customers and expanding our existing photo enforcement business by growing our presence in Asia, the Middle East, Europe, UK, Canada and Mexico. We are also diversifying through the development of products adjacent to photo enforcement that leverage our current technologies and service capabilities.

The Company continues to be cash flow positive and is currently debt free.

The Company will release its ASX Appendix 4D and Report for the Half-Year Ended 31 December 2016 on or before 28 February 2017.

1. Earnings Before Depreciation, Amortisation, Impairment, Finance Costs and Tax.

Redflex Holdings Limited

31 Market Street (P.O. Box 720), South Melbourne, Victoria, Australia 3205 t: +613 9093 3324

e: redflexholdingslimited@redflex.com.au

www.redflex.com



About Redflex

The Redflex Group has established itself as a world leader in traffic enforcement products and services, developing world leading enforcement camera technology and owning and operating one of the largest networks of digital speed and red-light cameras in the world. Redflex develops and manufactures a wide range of digital photo enforcement solutions including red light camera, speed camera and school bus stop arm camera systems all utilising the most advanced sensor and image capture technologies.

The Redflex Group runs its own systems engineering operations, system integration technologies and innovation centre for research and development. With our continuous development of new safety products, the Redflex Group has been helping to reduce collisions and to save lives for more than 20 years.

Redflex Holdings Limited was listed on the Australian Securities Exchange in January 1997.

For further information:

Paul Clark
Group Chief Executive Officer
Redflex Holdings Limited
paul.clark@redflex.com.au
+61 3 9093 3324

Brad Crump
Group Chief Financial Officer
Redflex Holdings Limited
brad.crump@redflex.com.au
+61 3 9093 3324