



SAFEROADS HOLDINGS LIMITED

2017 Annual General Meeting

19 October 2017

IMPROVING PUBLIC SAFETY

Contents

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- **Chairman's Welcome and Address**
- **CEO's Address on Product and Market Developments**
- **Questions to Board and Management**
- **Formal Resolutions**
- **Questions and Close**
- **Refreshments**



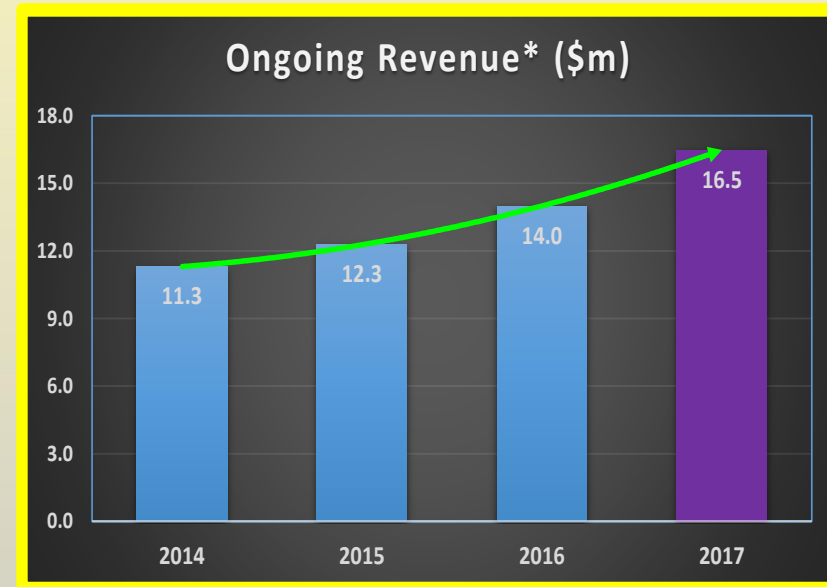
Chairman's Address – Mr. David Ashmore

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Continuation of sustainable business transformation

➤ Operating Performance for FY2017

- ❑ Ongoing Revenue from product sales and rentals up 18% on FY16, with greater market penetration in our core market segments, with a particular focus on highlighting our service offering differentiators
- ❑ This was despite the loss of the Omni EA bollard license at the start of the financial year. The YoY revenue increase as reported is still 6.3%
- ❑ Continued growth in our Public Lighting solutions portfolio (up 10%), further enhanced by our new solar lighting offering
- ❑ Our Ironman™ Hybrid rental barrier offering had strong utilisation levels - we have commenced hiring out our proprietary VMS trailer offering
- ❑ International sales of \$467k from USA, NZ, Malaysia and Belgium; with a further \$325k order for USA delivered first quarter FY18



* Excludes Omni EA bollards and royalty income



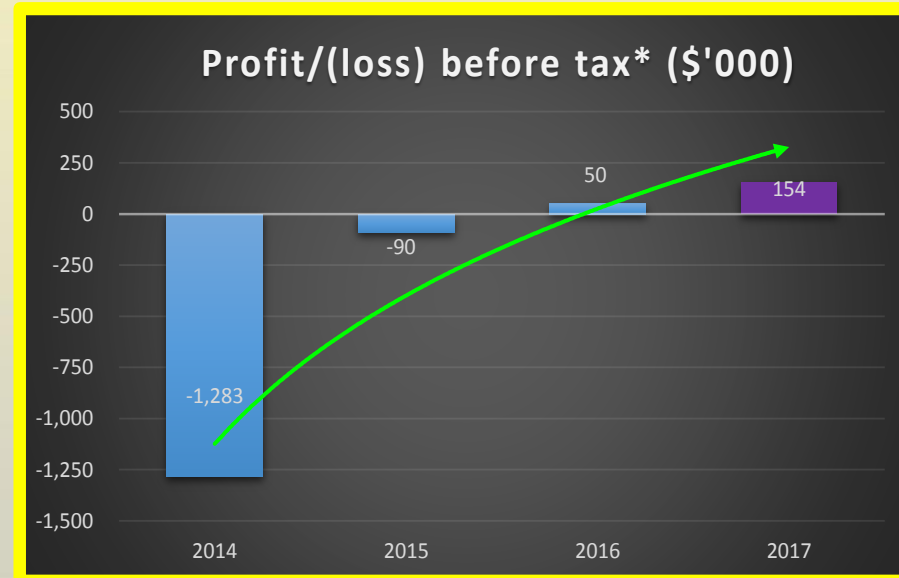
Chairman's Address (Continued)

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Continuation of sustainable business transformation

➤ Operating Performance for FY2017

- ❑ Generated profit before tax of \$154k
- ❑ EBITDA of \$800k, up 58% on prior FY
- ❑ Margins down slightly due to very competitive markets
- ❑ Continued cost rationalization, including focus on supply chain sourcing (domestic and overseas)



* Excluding relocation costs (FY16)

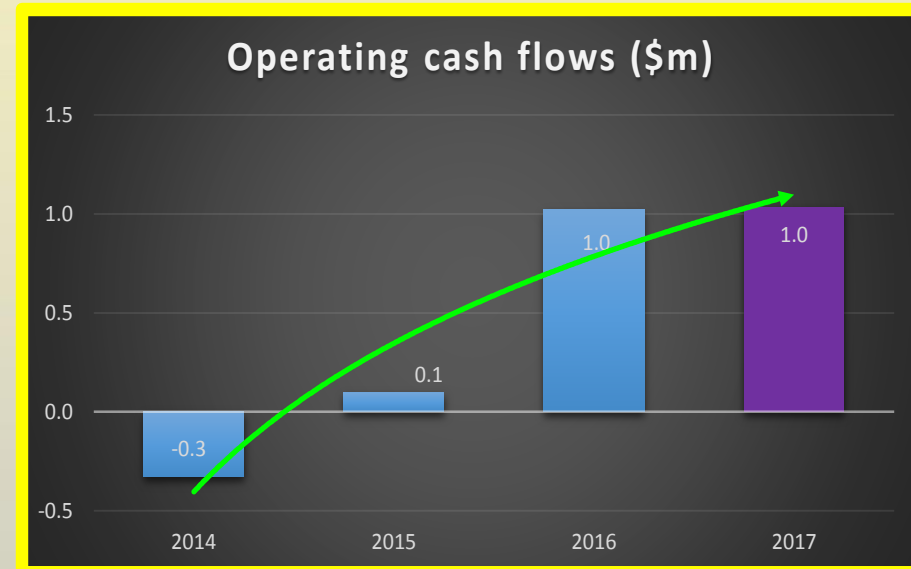


Chairman's Address (Continued)

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Continuation of sustainable business transformation

- **Maintained adequate working capital**
 - ❑ Generated over \$1.0 million in operating cashflows during the year, maintaining adequate cash reserves to support current working capital needs
- **Continued investment in new product development**
 - ❑ Invested \$0.4 million in R&D activities during the year
 - ❑ This included the new HV2 temporary barrier system, next generation High security Omni-stop™ bollard, and portable solar pole solution
 - ❑ Received FY16 R&D tax cash rebate of \$237k during the year



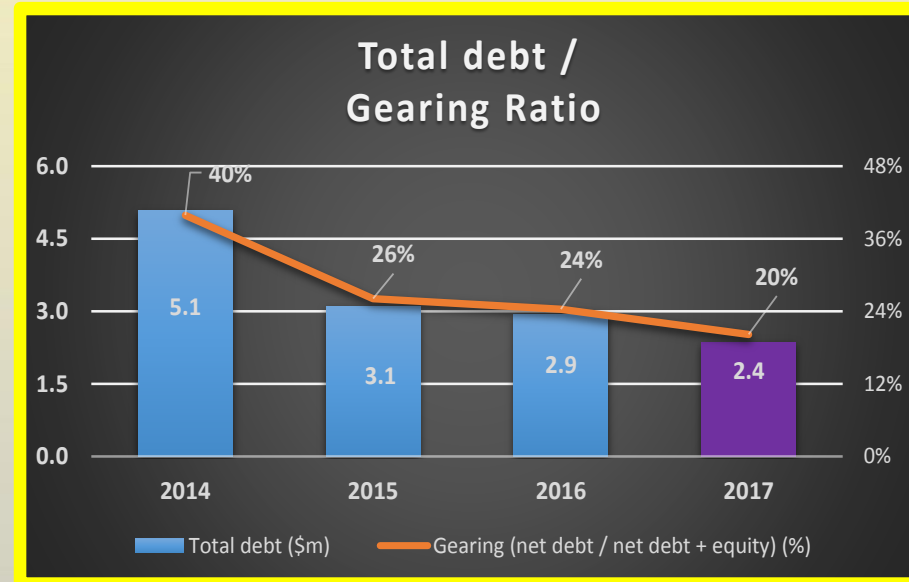
Chairman's Address (Continued)

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Continuation of sustainable business transformation

➤ Financing

- ❑ Further reduction in core bank debt by \$0.5 million, or 20%, during the year
- ❑ Gearing ratio reduced to 20%
- ❑ Post financial year end we have secured revised banking facility with CBA
- ❑ Main benefits include:
 - ❖ Extension of 3 years (to Sep 2020)
 - ❖ Significantly reduced principal repayments
 - ❖ Better interest rates
 - ❖ Overdraft line to manage expanding working capital needs as business grows



Chairman's Address (Continued)

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FY2018 Outlook

- We have budgeted continued growth in revenue and PBT for FY18
- We have generated a profit in the first quarter of FY18
- This includes our second major overseas order to USA and we anticipate further orders
- We currently have \$2.7 million of secured work in hand, up 16% for the same time last year
- Full year forecasting remains difficult however if we continue to deliver on our targets, then we anticipate a positive PBT for the full year.
- Growth is top-line driven – operating expenses are projected to be relatively stable
- This is supported by the funds committed to major Australian transport infrastructure projects over the next 5 years



Chairman's Address (Continued)

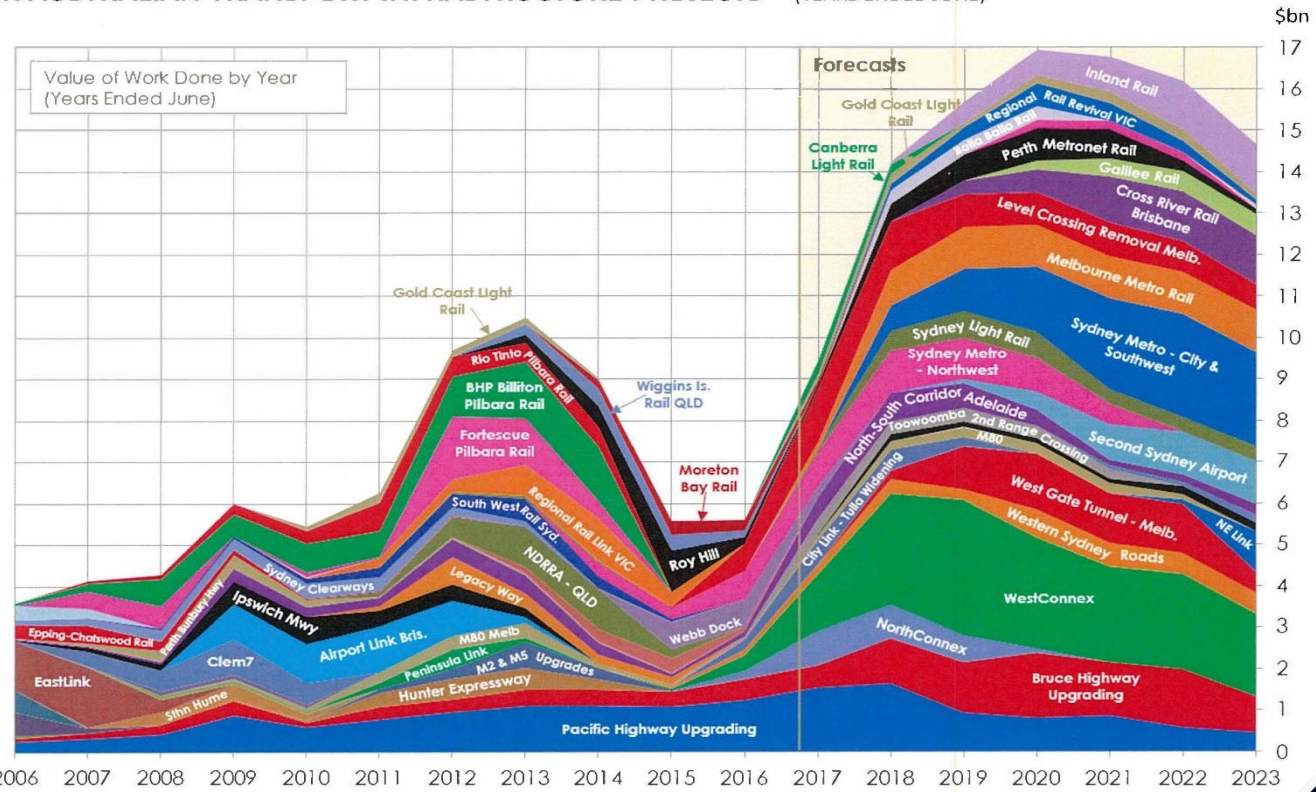
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“Australia is on the cusp of the biggest wave of public infrastructure spending in at least three decades” - Australian Financial Review (23-24 Sep 2017)

Australian construction outlook

MAJOR AUSTRALIAN TRANSPORT INFRASTRUCTURE PROJECTS – (YEARS ENDED JUNE)

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Source: Macromonitor – March 2017



Chairman's Address (Continued)

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Four Key Strategies

1. Continued domestic growth
2. Rental fleet expansion
3. International growth
4. Continued product innovation



CEO's Address – Mr Darren Hotchkin

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1. Continued Domestic Growth

- ❑ Maintain domestic sales focus through a management structure dedicated to our various customer bases (local government, civil construction companies, equipment hire companies, electrical contractors)
- ❑ Enhanced distribution channels into new and existing markets
- ❑ Increase cross-selling opportunities where possible
- ❑ Improve marketing and business development activities and better utilise industry association alliances
- ❑ Maintain and identify further supply chain and other operational efficiencies



CEO's Address (Continued)

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2. Rental fleet expansion

- ❑ With the anticipated increase on road infrastructure, we will look to expand our workzone rental fleet
- ❑ We commenced hiring out our proprietary VMS to enhance our temporary barrier solution
- ❑ We are looking at other workzone product rental opportunities, to enhance our overall workzone rental offering



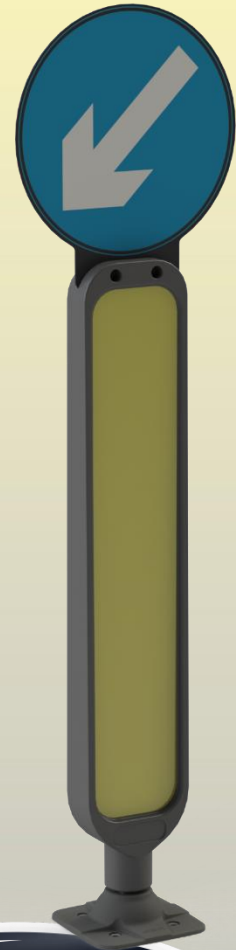
CEO's Address – Mr Darren Hotchkin

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3. International Growth

➤ What we have achieved to date

- ❑ Generated \$467k in sales from offshore customers in FY17
- ❑ This included our first major overseas order of Ironman™ barriers to USA (\$325k)
- ❑ A second order (\$325k) shipped in July 2017
- ❑ Regular orders from Belgium for flexible signage
- ❑ Commenced export of portable solar light poles to NZ



3. International Growth

➤ Plans for FY2018 and beyond

- ❑ Increase sales from existing distributors – NZ, USA, Europe
- ❑ Expand the number of distributors worldwide
- ❑ Plan to conduct MASH crash testing in the USA of our new HV2 barrier in the first half of CY2018
- ❑ Partner with major barrier providers to provide distribution channels for new product launch into the USA following successful testing and submissions for regulatory approval – estimated lead-time to market is 2 years
- ❑ Timing is right as USA temporary barrier standards changing from December 2020, requiring all barriers to be tested to new MASH standards
- ❑ Concurrently look to launch product in Australia and NZ with regulatory approval following successful crash testing in the USA (Australia and NZ relies on US safety standards - MASH)



CEO's Address (Continued)

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4. Continued product innovation

- Ensure we remain at the forefront of public safety product development through R&D, creating our own patented products for domestic and international markets.
- Initial success in proof of concept for HV2
- Have recently commercialised our portable solar pole
- Currently working on a new bollard range

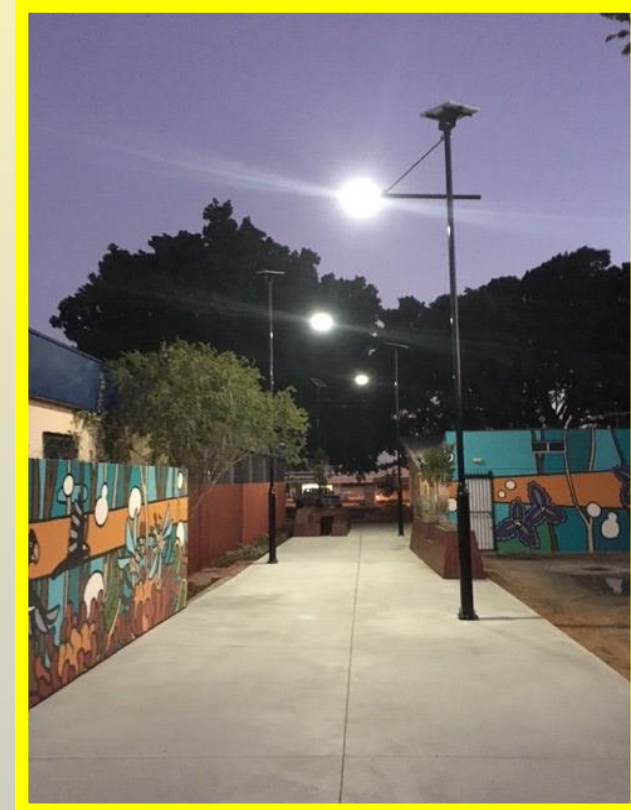


CEO's Address (Continued)

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Public Safety Initiatives

- **Solar Lighting – permanent solutions**
 - ❑ Communities increasingly calling for improved lighting in areas not well suited to gridded lighting solutions
 - ❑ Cheaper installation than gridded alternative with no need for trenching or cabling; powered naturally by the sun and cleverly stored by the inbuilt Tesla battery kit
 - ❑ Installations to date have included foreshore areas, parks and gardens, urban laneways and carparks



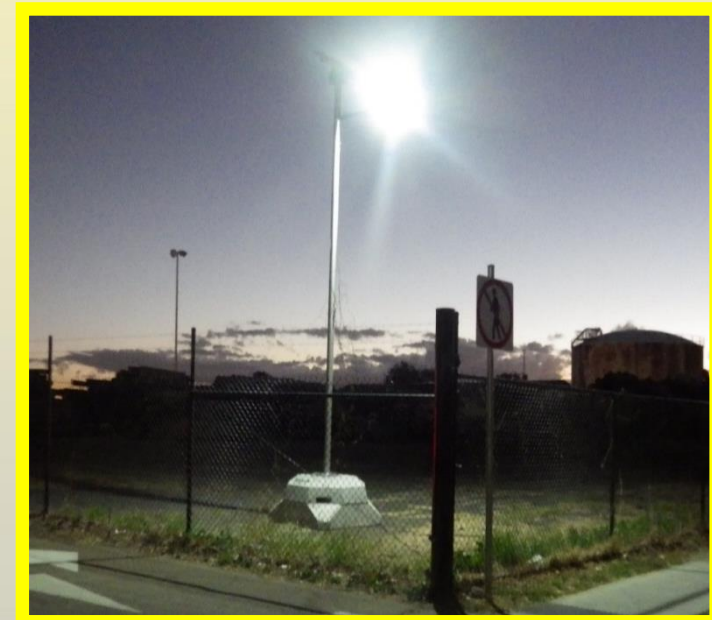
CEO's Address (Continued)

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Public Safety Initiatives

➤ Solar Lighting – portable solutions

- ❑ We have developed a more flexible Portable range of solar lighting solutions
- ❑ Easily repositioned wherever there is a need for lighting
- ❑ Uses to date have included workzones, public events, and portable security for storage yards
- ❑ Currently trialling CCTV capabilities to create a more comprehensive public safety and security solution



CEO's Address (Continued)

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Public Safety Initiatives

➤ Bollards

- ❑ Increased public concerns with errant vehicles accidentally or sometimes deliberately entering pedestrian zones
- ❑ Few products on the market that will comply with new impact standards
- ❑ We have developed a variety of Omni-stop™ bollards to meet these standards



CEO's Address (Continued)

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Public Safety Initiatives

➤ Omni-Stop™ Bollards

- ❑ There is an increasing trend in the proportion of larger passenger and commercial vehicles compared to smaller vehicles on the roads today *
- ❑ This means that some crash-tested bollard products available in the market now will only stop around half of new passenger vehicles on the road today
- ❑ Our newly developed Omni-stop™ Super-Duty bollard will stop a vehicle up to 2.3 tonne, which includes the majority of Australia's SUV's, 4WD's and other light commercial vehicles

* Source: ABS – Sales of New Motor Vehicles (Aug 17)

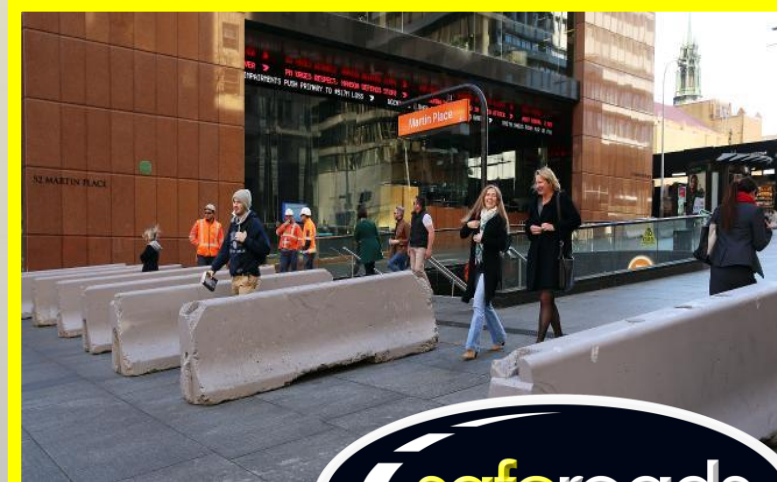
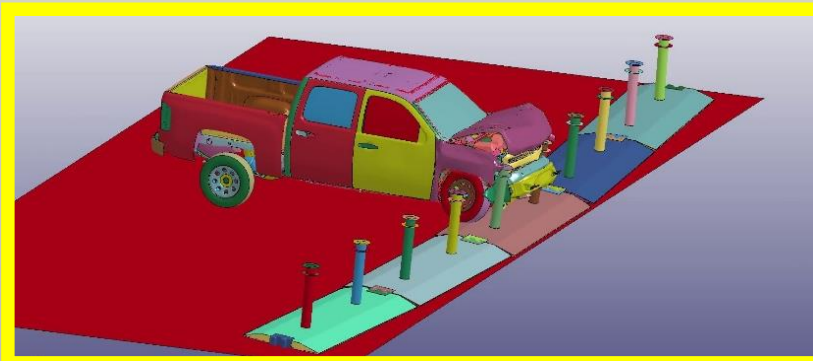
Omni-stop™ bollard	Competitor's bollard (up to 1,600 kg)



Public Safety Initiatives

➤ Portable Bollards

- ❑ Recent global concerns for public safety in high-volume pedestrian corridors
- ❑ Authorities have responded with basic (untested) temporary solutions which are unsightly and not designed to blend into the urban environment
- ❑ We are looking at alternate solutions that will be crash tested in accordance with relevant new standards in this area
- ❑ Our Finite Element Analysis (FEA) software tool assists us in modelling solutions for optimal outcomes (example below)



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QUESTIONS

