

ASX ANNOUNCEMENT

24 October 2017

Redflex Holdings Limited | ABN 96 069 306 216

Redflex

Information Briefing

Redflex Holdings Limited (**ASX:RDF**) releases to the market a non-deal information briefing.

About Redflex

The Redflex Group has established itself as a world leader in traffic enforcement products and services, developing 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.

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Redflex Holdings Limited ASX.RDF Information Briefing

24 October 2017



Disclaimer

Overview

This investor presentation ("Presentation") has been prepared by Redflex Holdings Limited (ACN 96 069 306 216) ("RDF" or "Company") and is dated 24 October 2017.

Summary Information

This Presentation contains summary information about the current activities of RDF as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete. This Presentation does not purport to contain all the information that an investor should consider when making an investment decision nor does it contain all the information which would be required in a disclosure document or prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with RDF's other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au. Neither RDF nor its directors, employees or advisers give any warranties in relation to the statements and information in this Presentation.

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Financial data

All dollar values are in Australian dollars ("A\$") unless stated otherwise

Past and future performance

Past performance information is given for illustrative purposes only and is not, and should not be relied upon as, an indication of future performance. This presentation also contains certain forward-looking statements with respect to the financial condition, results of operations, projects, contracts and business of RDF and certain plans and objectives of the management of RDF. These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice. Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither RDF nor any other person gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, such forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of RDF. Further, none of RDF, its officers, agents or employees, except to the extent permitted by law, accept responsibility for any loss, claim, damages, costs or expenses arising out of or in connection with the information contained in this presentation. Investors should independently satisfy themselves as to the accuracy of all information contained herein.

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Introduction to Redflex

Introduction to Redflex

Redflex is a world leader in traffic enforcement products & services, developing world leading enforcement camera technology and owning and operating one of the world's largest networks of digital speed and red-light cameras.

Key Market Statistics

ASX code:	RDF
Market capitalisation:	\$63.7m (17-Oct)
Shares on issue:	111.8m
Listed on ASX:	Jan 1997
Customers:	Over 130 globally
Systems:	Over 3,250 deployed globally

FY17 Financial Snapshot

Revenue	\$120.8m – down 11.7% pcp
EBITDA	\$10.7m – down 139.3% pcp

Redflex Group comprises of two main subsidiaries:

1. Redflex Traffic Systems Inc. (Americas) operating a Build-Own-Operate-Maintain (BOOM) business model providing enforcement & processing services to largely municipal customers on a fully outsourced multi-year contracted basis; and
2. Redflex Traffic Systems Pty Ltd (International) offering a full suite of automated enforcement products & services via direct, distribution and BOOM contracts.

Finalisation of major legal matter

Non-Prosecution Agreement With U.S. DOJ

- Signed a Non-Prosecution Agreement (NPA) with the United States Department of Justice (U.S. DOJ) on December 23, 2016 to resolve the criminal matters relating to the Company's Chicago and Ohio misconduct
- Under the NPA, the Company is not required to pay any fine or penalty to the U.S. Government
- Required to pay restitution (which has been paid) to the City of Columbus, Ohio in the amount of US\$100,000
- Redflex to comply with the NPA for a period of two years from December 23, 2016

Settlement With City Of Chicago

- Signed a Release and Settlement Agreement with the City of Chicago on February 4, 2017 to settle and dismiss the civil litigation in the Court
- US\$20M Settlement payment agreed to and fully recognized in FY 17 accounts
- US\$5M initial instalment paid in March 2017
- Redflex to pay a further US\$15 million to the City of Chicago
 - US\$5 million payable to the City by 31 December 2017
 - Balance payable, in various annual instalments, by 31 December 2023

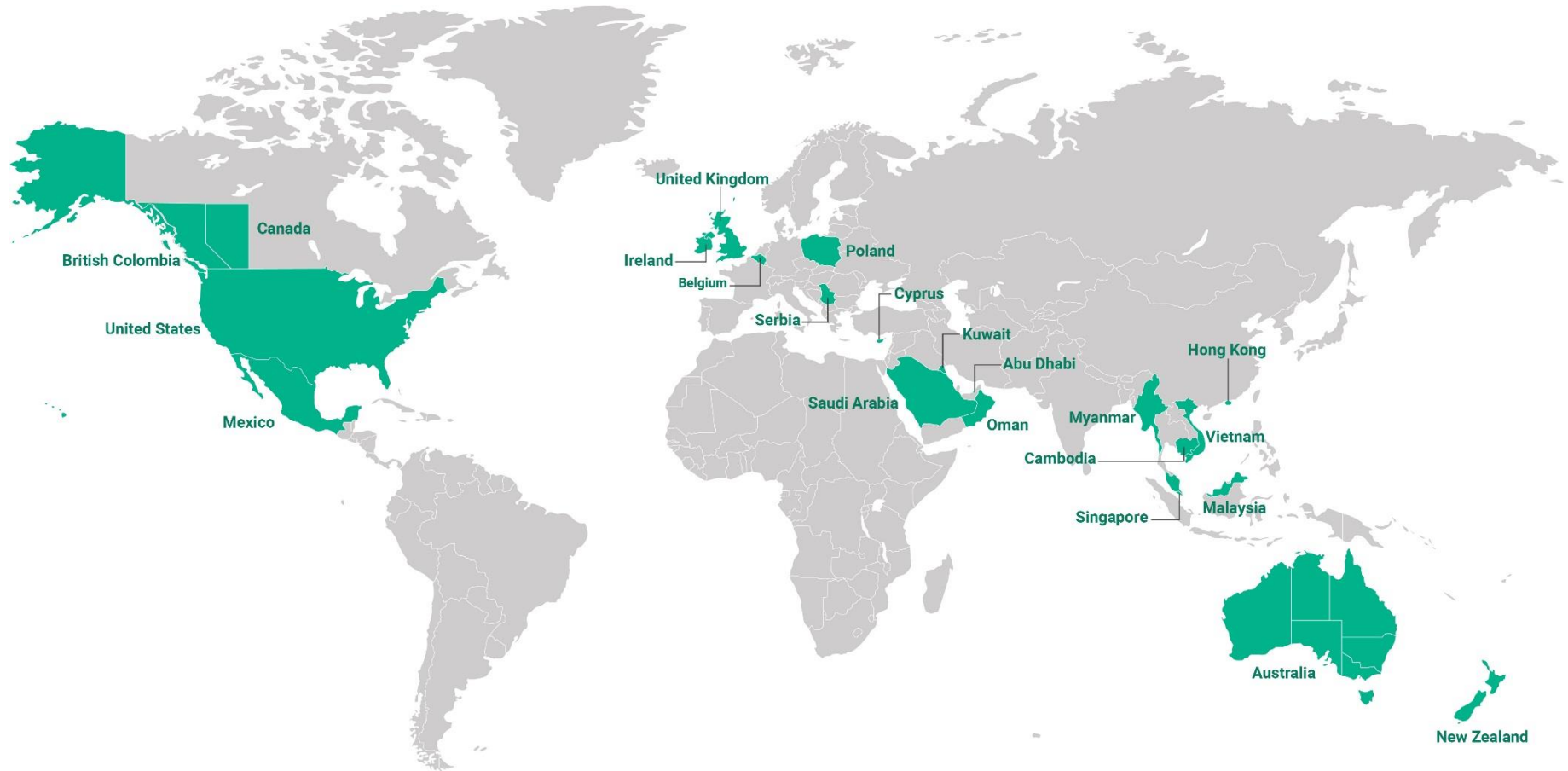
Redflex remediation actions:

- New Board and Executive Management Team as of 2012
- Global 'best of class' risk and compliance systems and procedures in place
- Detailed system driven financial reporting, authorisations and monitoring processes implemented

Redflex Overview

Where we are

550 employees with offices in Melbourne, Australia, Phoenix, United States and Southampton, United Kingdom.



Operating Divisions

Redflex Americas (Redflex Traffic Systems Inc.)

- Division is responsible for operations in the US, Canada, Mexico, Latin America and the Caribbean
- US photo enforcement market has faced headwinds as negative public sentiment has lead to the introduction of prohibitive legislation in some states – this appears to be abating
- Sentiment has previously led to contract terminations, lower contract renewal and/ or the total abandonment of photo enforcement programs
- Division has looked to adjacent products to combat photo enforcement backlash such as handheld speed systems
- Americas division continues to expand into Canada and Mexico whilst assessing opportunities in Latin America and the Caribbean

Redflex International (Redflex Traffic Systems Pty Ltd)

- Division is responsible for operations in Australia and internationally (excluding the areas within responsibility of Redflex Americas)
- Automatic Number Plate Recognition (ANPR) and international sales through the UK and Middle East further bolstered revenue
- Established a London office to pursue further opportunities through Europe and the UK
- Division continues to develop relationships with distributors throughout Asia with ongoing contracts in Hong Kong, Singapore, the Philippines and Malaysia
- Established a sales and maintenance business in the Middle East to service customers in Saudi Arabia, Qatar and Dubai

Customer base – global and diverse

North America



EMEA



Asia PAC



Key Management



Mark J. Talbot
Group CEO

- Appointed August 2017.
- Mr Talbot has extensive experience in product development, sales and strategy in the Intelligent Transportation Services market and has operated effectively throughout the major markets in the world.



Michael R. Finn
CEO, Redflex Americas

- Appointed May 2015.
- Prior to joining Redflex, he held executive positions in business strategy, operations, product management, global business development and connected vehicle services at NAVTEQ/HERE Technologies, a global leader in navigation content and connected location services.



Brad Crump
Group CFO

- Appointed February 2015.
- Previously, was Chief Financial Officer of Agrium Asia Pacific Limited, Group Commercial Manager of AWB Limited Group Commercial Manager and CFO of AWB Landmark Chief Financial Officer.



Craig Durham
Group General Counsel &
Company Secretary

- Appointed February 2015.
- Admitted 1991.
- Mr Durham has worked at national law firms Corrs Chambers Westgarth and King & Wood Mallesons. Previously held various senior legal and compliance roles in California in the United States and was also General Counsel & Company Secretary at a Melbourne based company in the gaming technology industry.



Alex Jannink
Head of Future Product
Group

- Appointed Head of Future Products Group in September 2015.
- With Redflex for over 10 years
- Alex has extensive experience in the design and development of various ITS technologies such as RADAR and LIDAR detection systems, real time enforcement software, licence plate recognition systems and camera technology.



Fergus Porter
Head of Client
Engineering Group

- Appointed February 2016.
- More than 30 years of experience in technology roles and has worked extensively at the General Manager and CEO level with a background in delivering strategic solutions and large-scale program/transformation management. Mr Porter has worked in a variety of industries including Insurance, Banking, Telecommunications and Consulting across Europe, Asia and Australia.



Laurence Giles
Head of New Channel
Solutions & Alliances

- Appointed August 2016.
- Laurence has held many senior positions within in the telecommunications, software, healthcare and logistics industries with extensive experience in developing and implementing market and technology solution strategies across customer segments, industries and global markets.

Board



Adam Gray
BSE (Fin), BS (Mech Eng'g)
Non-Executive Chairman

- Appointed December 2013.
- Co-founder and Managing Partner of Coliseum Capital Management, LLC.
- 30 years of private equity and operating experience and has significant expertise leading operational and financial restructurings.



Robert DeVincenzi
BSBA, MA-Org'l, MAICD
Non-executive director

- Appointed September 2012.
- Mr. DeVincenzi is a principal partner in Lupine Ventures, a non-executive director of Universal Technical Institute and is an Adjunct Professor of Entrepreneurship and Business Ethics in the College of Business at California State University, Monterey Bay.



Herman Schwarz
MBA, B.Comm
Non-executive director

- Appointed May 2014.
- Mr Schwarz has extensive experience in building and working with operating teams to develop and execute against a strategic vision while driving accountability for strong financial results.
- Mr Schwarz served as the CEO of LogistiCare Solutions, President, CEO and Director of Aegis Communications and started his career with Arthur Andersen, where he earned his CPA.



Clark Davey
B.Comm, MAICD
Non-executive director

- Appointed January 2015.
- From 1985 to 2006, Mr Davey was at PwC, the last 12 years of which were as a Partner with a focus on Corporate Tax. Since 2006, Mr Davey has held a variety of tax advisor and non-executive director roles for Australian based entities. Mr Davey is also a Chartered Tax Advisor.



David McIntyre
LL.B., MBA and B.
Econs (Acc)
Non-executive director

- Appointed March 2015.
- Mr McIntyre is a current partner of Apple Tree Partners and was previously Executive Vice President, Chief Financial Officer and Chief Operating Officer of HeartWare International, Inc.
- Prior to HeartWare, Mr McIntyre worked as a senior lawyer in private practice with Baker & McKenzie and KPMG specialising in the corporate advisory, mergers and acquisitions and equity capital markets areas.



Terence Winters
FAICD
Non-executive director

- Appointed August 2013.
- Mr Winters is currently Chairman of Future Fibre Technologies Limited, Converge International Pty Limited, Intellex Pty Ltd and TasmaNet Pty Ltd and is a Non-Executive Director of Australian Home Care Services Pty Ltd and Many Rivers Microfinance Limited.

Financials

FY17 Key Financials

- Revenue decreased by 11.7% to \$120.8M
- Gross profit decreased to 51% or \$61.7M
- EBITDA decreased by 58.2% to \$10.7M
- Net loss before tax increased to \$37.6M
- Full City of Chicago (CoC) settlement liability (USD\$20M) recognised in FY17 – to be paid in instalments over the next 6 years
- Cash declined by \$4.2m with first CoC instalment (USD\$5M) paid out of operating cash flows
- No debt as at 30 June 2017

	FY2016	FY2017
Revenue	\$136.8m	\$120.8m
Gross Profit	\$74.3m	\$61.7m
<i>Gross Profit %</i>	54.3%	51.1%
EBITDA	\$25.6m	\$10.7m
<i>EBITDA%</i>	18.7%	8.9%
Net Loss Before Tax	(\$3.6m)	(\$37.6m)
EPS	(4.23c)	(28.41c)

Quality of earnings remains positive

Adjusted EBITDA accounts for one time events and areas where actions have already been taken.

Quality of Earnings

AU\$ 000's	FY15	FY16	FY17
Reported EBITDA	18,527	25,637	10,671
QoE adjustments			
Chicago legal matter	2,270	1,930	1,300
Middle East legal costs			659
Occupancy Savings			624
Consulting expenses			603
Mobile Service Provider change			73
People Related costs			4,348
Saudi Arabia contract earnings	(1,957)	(2,396)	(1,015)
Total normalisation adjustments	313	(466)	6,593
Adjusted EBITDA	18,840	25,171	17,264

FY17 Highlights

- Finalisation of long standing City of Chicago legal matter (refer page 6)
- Finalised development on:
 - Halo technology
 - Alcyon technology
- Increase in investment in service delivery leading to engaged customer base for recurring revenue moving forward
- New contracts secured in key markets:
 - Belgium mobile speed cameras
 - Ireland mobile speed program
 - NSW Roads & Maritime Services three year panel contract (support and maintenance services)
- Extensions granted for key domestic contracts
 - NSW Roads & Maritime Services mobile speed operations
 - Victorian Department of Justice and Regulation maintenance of road safety cameras
- Significant growth in sales pipeline
- Stabilisation of the US photo enforcement market
- Improved operating efficiencies in the Americas leading to continual improved margins

Strategic Focus

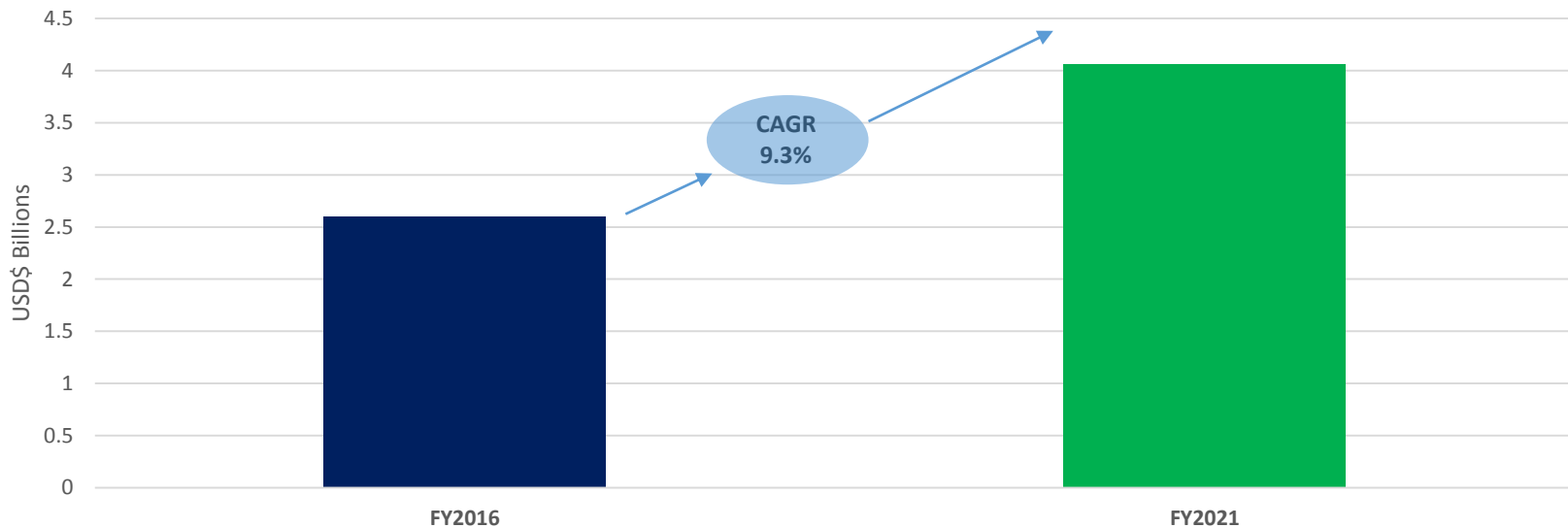
Go forward strategy



What does our market look like

- North America, Europe and Australia represent majority of the mature global road safety market, with significant growth in the Middle East
- Redflex will leverage its installed base in Australia and the Americas and grow customers in UK, Ireland and Middle East.
- Per the Road Safety Survey of 2017, Europe will lead the growth from 2016-2021.

Regulatory Compliance continues To Drive Road Safety Market Growth



New Products - Halo

- Halo provides the functionality for all common enforcement scenarios in a single platform
- The same Halo system may be installed either at the intersection or by the roadside without any component changes
- The same Halo system may be used for red light enforcement, speed enforcement, point-to-point speed, licence plate recognition and a host of other enforcement options and possibilities without any hardware changes to the default Halo platform.

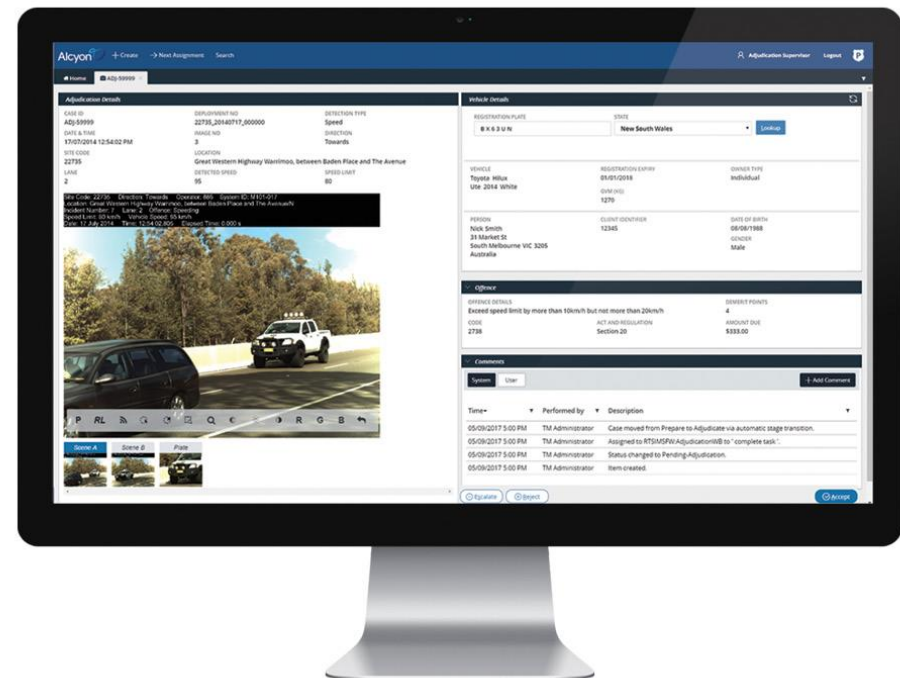


New Products - Alcyon

- Alcyon is a unified photo enforcement processing platform that provides line of sight of cases end to end.
- Alcyon is a cloud based platform that allows organisations to streamline, manage and handle photo enforcement cases more effectively all through an intuitive user interface.
- This allows you to confidently handle cases without impacting user experience, easily scale to meet business needs and have access to leading tools to reach out to new market.

Alcyon

BY REDFLEX



FY18 Outlook

- Improved operating result expected in FY18
- First quarter results in line with plan
- Cost reduction initiatives actioned
- US market environment appears to have stabilised
- Sales pipeline clearly identified – revenue timing skewed toward Q3 and Q4
- Additional sales opportunities being pursued to cover any potential pipeline delays