



SAFEROADS HOLDINGS LIMITED

2018 Annual General Meeting

23 October 2018

IMPROVING PUBLIC SAFETY

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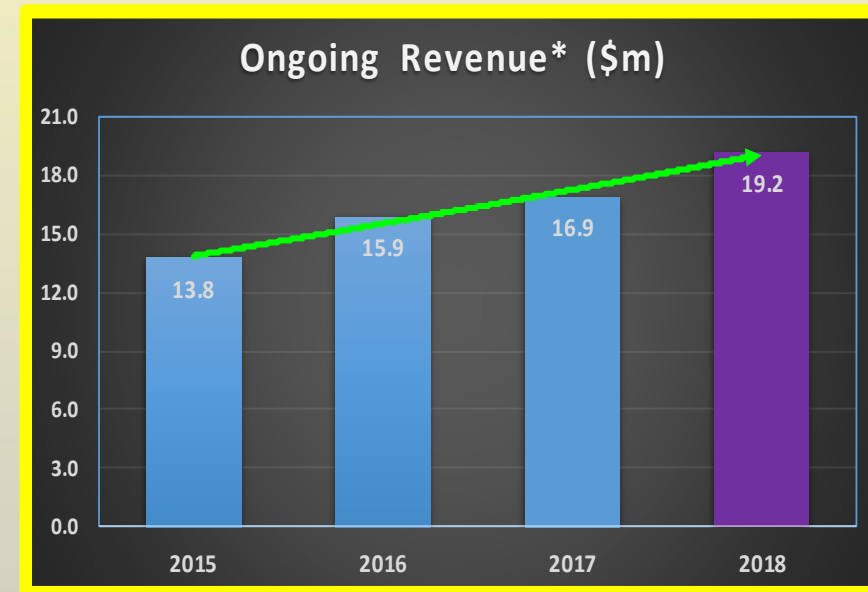
Chairman's Address – Mr. David Ashmore

IMPROVING PUBLIC SAFETY

FY2018: Significant improvement in profitability

➤ **Operating Performance**

- ❑ Revenue from product sales and rentals up 13% on FY17, through continued organic growth and a significant increase in International sales, particularly from USA
- ❑ Continued growth in our Public Lighting solutions portfolio with growth mainly in the area of solar lighting solutions
- ❑ Our Rental portfolio performed well with strong utilisation of our Ironman™ Hybrid rental barrier solution and proprietary VMS trailer offering
- ❑ International sales of \$872k sourced from USA, NZ, Middle East and Belgium



* Excludes discontinued civil services revenue (FY15) and royalty income



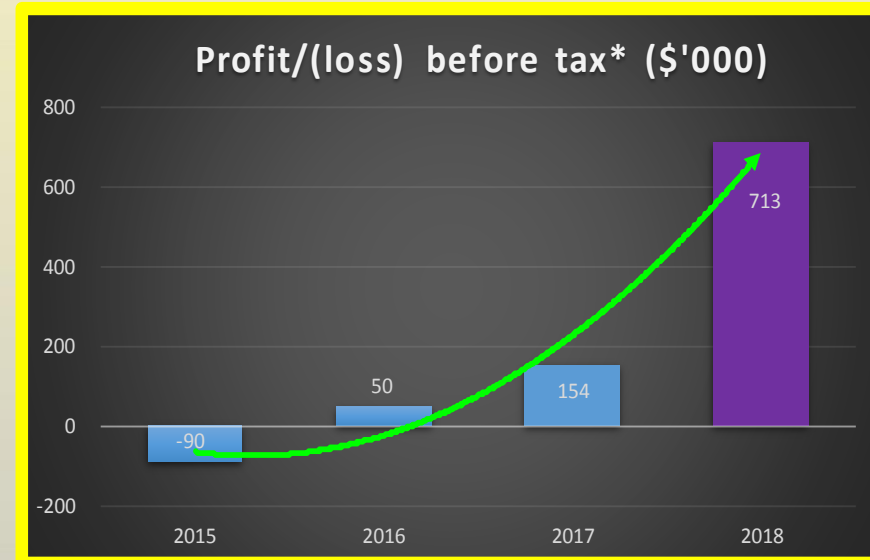
Chairman's Address (Continued)

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FY2018: Significant improvement in profitability

➤ Operating Performance

- ❑ Generated profit before tax of \$713k
- ❑ EBITDA of \$1.371 million, up 71% on prior FY
- ❑ Margins improved with continued focus on cost rationalization in increasingly competitive markets



* Excluding relocation costs (FY16)

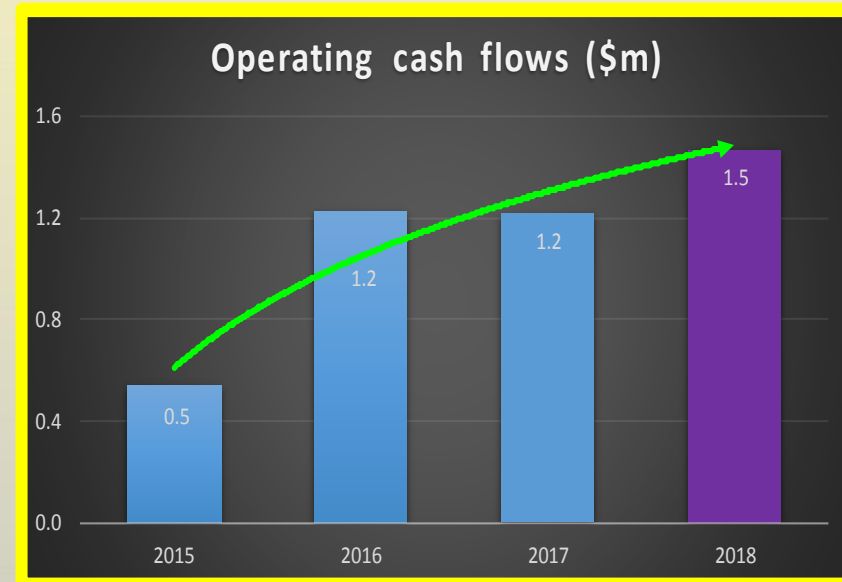


Chairman's Address (Continued)

IMPROVING PUBLIC SAFETY

FY2018: Significant improvement in profitability

- **Maintained adequate working capital**
 - ❑ Generated \$1.5 million in operating cashflows during the year, maintaining adequate cash reserves to support current working capital needs
- **Continued investment in new product development**
 - ❑ Invested \$758k in R&D activities during the year
 - ❑ This included the new HV2™ temporary barrier system, and next generation Omni-stop™ bollard system
 - ❑ Received FY17 R&D tax cash rebate of \$281k during the year and have lodged our claim for eligible R&D for FY18



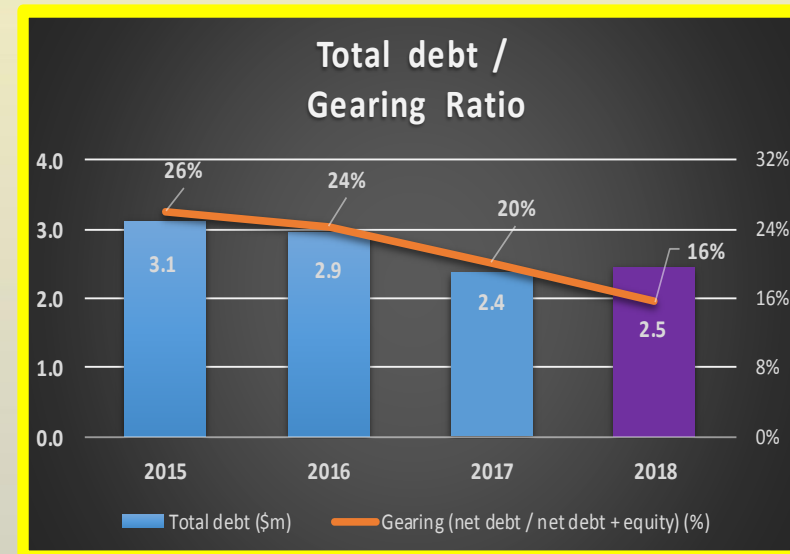
Chairman's Address (Continued)

IMPROVING PUBLIC SAFETY

FY2018: Significant improvement in profitability

➤ Financing

- ❑ We secured a revised banking facility with CBA in September 2017
- ❑ 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
- ❑ CBA granted us a temporary Overdraft extension during the year to facilitate two major orders and have subsequently enhanced our facility with an increase in the Overdraft line in September 2018
- ❑ Gearing ratio reduced to 16%
- ❑ We will look to utilise debt to facilitate our Rental fleet expansion



Chairman's Address (Continued)

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FY2019 Outlook

- We have budgeted for growth in revenue and PBT for FY19
- The first quarter of FY19 has been impacted by some customer deferrals but we anticipate a stronger second quarter with the delivery of a significant Ironman™ Hybrid barrier order to a major equipment hire company
- Internationally, we have delivered another Ironman™ barrier order to USA during the first quarter
- We currently have \$4.1 million of secured work in hand, up 53% from the same time last year
- Full year forecasting remains difficult however if we continue to deliver on our targets, then we anticipate another positive PBT for the full year.
- Growth continues to be top-line driven – focus remains on tightly managing operating expenses to adequately support the growth



Chairman's Address (Continued)

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Managing to our four Key Strategies

- Our key strategies have paid off in ensuring we delivered strong profit growth in FY2018
- They remain the key to delivering continued profit growth for FY2019 and beyond:
 1. Continued domestic growth
 2. Rental fleet expansion
 3. International growth
 4. Product innovation and development
- We are formalising the terms of a Dividend Reinvestment Plan to allow shareholders to reinvest in the Company whilst receiving benefits of past franking credits



CEO's Address – Mr Darren Hotchkin

IMPROVING PUBLIC SAFETY

1. Continued Domestic Growth

- ❑ Our domestic business generated 11% revenue growth in FY2018
- ❑ Our management structure is aligned to our various customer bases (local government, civil construction companies, equipment hire companies, electrical contractors)
- ❑ We continue to promote ourselves as a solution-focused brand rather than just a product shop
- ❑ This creates greater cross-selling opportunities and repeat business



CEO's Address – Mr Darren Hotchkin

IMPROVING PUBLIC SAFETY

1. Continued Domestic Growth

- ❑ Improved marketing and business development activities (including the pending launch of our new website) and better utilisation of industry association alliances is increasing new customer enquiries
- ❑ We focus on maintaining and identifying supply chain and other operational efficiencies to improve profitability – operating expenses were up only 7% on FY2017, but profit was up almost five-fold



CEO's Address (Continued)

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2. Rental fleet expansion

- ❑ With the increase in road infrastructure spend, we have expanded our workzone rental fleet to meet demand
- ❑ This now includes our steel (Ironman™ Hybrid) and concrete (T-Lok™) temporary barrier systems, and Variable Messaging Sign (VMS) trailers
- ❑ To accommodate this demand, we have procured a new site to manage our Rental business
- ❑ We have launched a new brand – *Road Safety Rental*

ROAD SAFETY RENTAL



CEO's Address (Continued)

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2. Rental fleet expansion

- ❑ We are looking at other workzone product rental opportunities, to enhance our overall workzone rental offering, including portable light towers, CCTV solar lighting, temporary rumble strips (RoadQuake™), and our new OmniStop™ portable bollard system
- ❑ Our market focus is Victoria, specialising in tier 2 and 3 workzone requirements, where customers require the most support as they lack specialist expertise in workzone matters



ROAD SAFETY RENTAL



CEO's Address – Mr Darren Hotchkin

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3. International Growth

➤ What we achieved in FY2018

- ❑ Generated \$872k revenue from offshore customers in FY18 (up from \$467k in FY17)
- ❑ This included further major overseas orders for Ironman™ barriers to USA (\$653k)
- ❑ Regular orders for solar lighting and Traffic calming products from NZ
- ❑ Further orders from Belgium for flexible signage



CEO's Address – Mr Darren Hotchkin

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3. International Growth

➤ International trade shows create sales opportunities and generate new ideas

- ❑ We were one of 800 exhibitors at the biennial *Intertraffic* Trade Show in Amsterdam in March this year
- ❑ It's an opportunity to display our new products, meet with our International partners, and discover what other countries are developing to address ever increasing road safety and traffic management issues
- ❑ We also recently exhibited at the American Public Works Expo in Kansas City
- ❑ We believe International opportunities will become an increasingly significant portion of our business going forward



CEO's Address (Continued)

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3. International Growth

➤ Plans for FY2019 and beyond

- ❑ We have just received regulatory approval from FHWA for the new HV2™ barrier system in USA
- ❑ Already in discussions with major barrier providers in USA and Canada to distribute HV2™
- ❑ Official American launch of HV2™ planned for the annual ATSSA* Traffic Expo in February 2019
- ❑ Have high level interest from municipal authorities in USA for our OmniStop™ bollard range (both permanent and temporary systems)
- ❑ Continue sales of Ironman™ barriers with existing US customer
- ❑ Continue to identify potential distributors worldwide
- ❑ Maintain and build on NZ sales opportunities through existing distribution channels

* American Traffic Safety Services Association (ATSSA)



CEO's Address (Continued)

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4. Product innovation and development

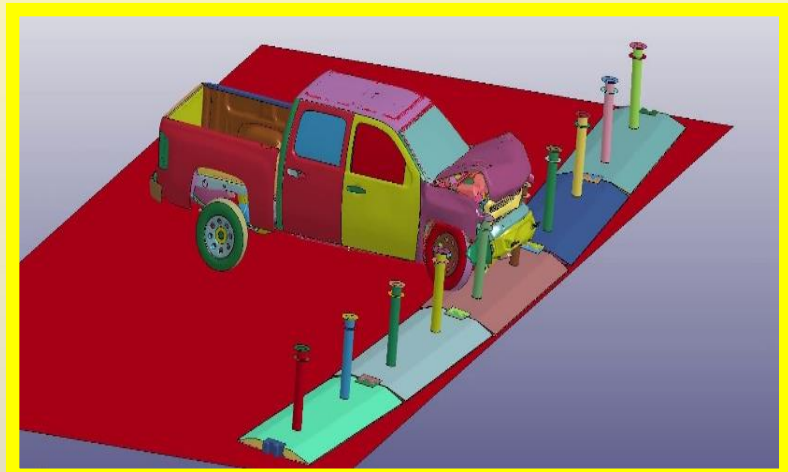
- ❑ We remain at the forefront of public safety product development through R&D, creating our own patented products for domestic and international markets.
- ❑ We have received formal regulatory approval of our HV2™ temporary barrier system from FHWA in USA and are awaiting approval from ASBAP for Australia
- ❑ We are also looking at adding more end terminal options and anchored options



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4. Product innovation and development

- ❑ From Concept to Reality - we have developed an OmniStop™ portable bollard system, crash tested to 60 kph with a 2,270 kg vehicle
- ❑ Our Finite Element Analysis (FEA) software tool continues to deliver simulated results that reinforce our concepts and give us a high level of confidence of successful physical crash test outcomes
- ❑ Possible future R&D activities include a lane closure crash absorber, and a water-filled base temporary light with CCTV
- ❑ These projects usually come from customer requirements for new and improved solutions to issues they presently experience



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QUESTIONS

