ASX ANNOUNCEMENT

25 February 2019

Redflex Holdings Limited | ABN 96 069 306 216

Redflex

H1 FY19 Performance Summary

Redflex Holdings Limited (ASX:RDF) releases its H1 FY19 Performance Summary.

About Redflex

The Redflex Group has established itself as a world leader in developing and implementing intelligent traffic management products and services. Redflex develops, manufactures and operates a wide range of platformed based solutions including red light camera, speed camera, auto number plate recognition (ANPR) and school bus stop arm camera systems, all utilising advanced sensor and image capture technologies enabling active management of state and local motorways.

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 improve safety and alleviate congestion on roadways 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

H1 FY19 Performance Summary

25 February 2019

DELIVERING ADVANCED TECHNOLOGY AND SERVICES TO CREATE SAFER ROADWAYS.

H1 FY19 Highlights

Operational Review

Outlook

Appendices

Delivering Improved Performance

Growth in Group EBITDA of 64%

- Underlying EBITDA of $9.1m.
- EBITDA growth in both International and Americas businesses.

Growth in Group revenue of 7%

- Revenue growth in our International business driven by increased project sales, additional revenue from the expanded New South Wales mobile speed services contract, and increased maintenance revenue on prior year projects which have transitioned to maintenance support.

Growth in confirmed new business orders to $21.1m

- 102% growth in project orders compared to the prior year.
- Annuity orders received in both the International and America's segments.
- Strategically important orders received for the sale of Halo units into North America and equipment upgrades in the United Kingdom.

Expansion in EBITDA margins to 15.9%

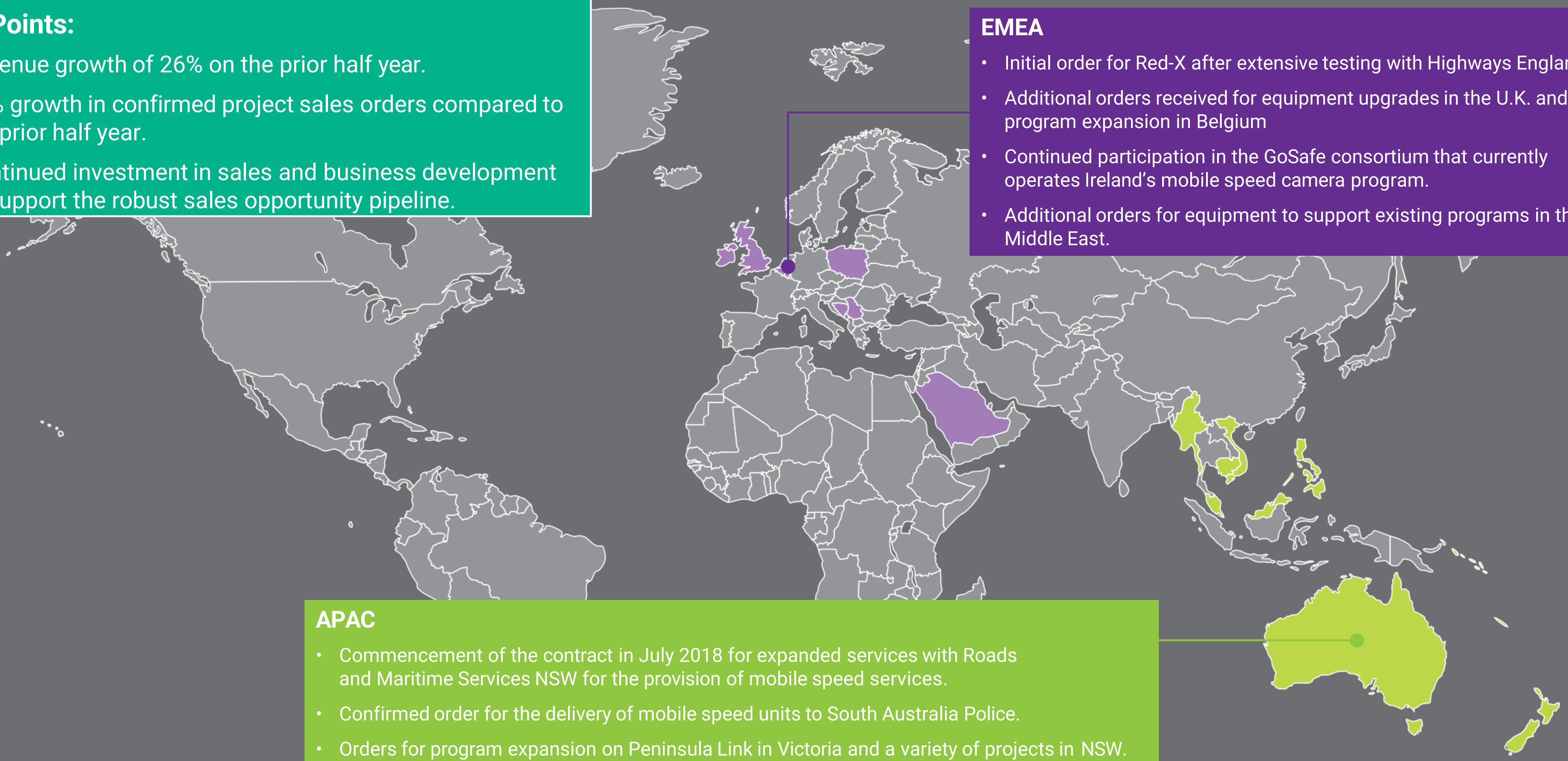
- EBITDA margin increasing from 10.4% to 15.9% in H1 FY19.
- Margin improvement reflects continued efficiency improvements and the utilisation of the cost base to deliver revenue growth.

Investing in sales and business development capability

- Development of a qualified $300m global sales opportunity pipeline with opportunities in all key markets.
- Additional sales and business development resources employed in our key markets compared to the prior year.
- Further investment in pilot programs and trials have been launched to validate with our customers our advanced technology solutions and to ensure our product development is aligned with market needs.


H1 FY19 Highlights
Operational Review
Outlook
Appendices

FY19 - Delivering improved performance: International



Key Points:

- Revenue growth of 26% on the prior half year.
- 58% growth in confirmed project sales orders compared to the prior half year.
- Continued investment in sales and business development to support the robust sales opportunity pipeline.

EMEA

- Initial order for Red-X after extensive testing with Highways England
- Additional orders received for equipment upgrades in the U.K. and program expansion in Belgium
- Continued participation in the GoSafe consortium that currently operates Ireland's mobile speed camera program.
- Additional orders for equipment to support existing programs in the Middle East.

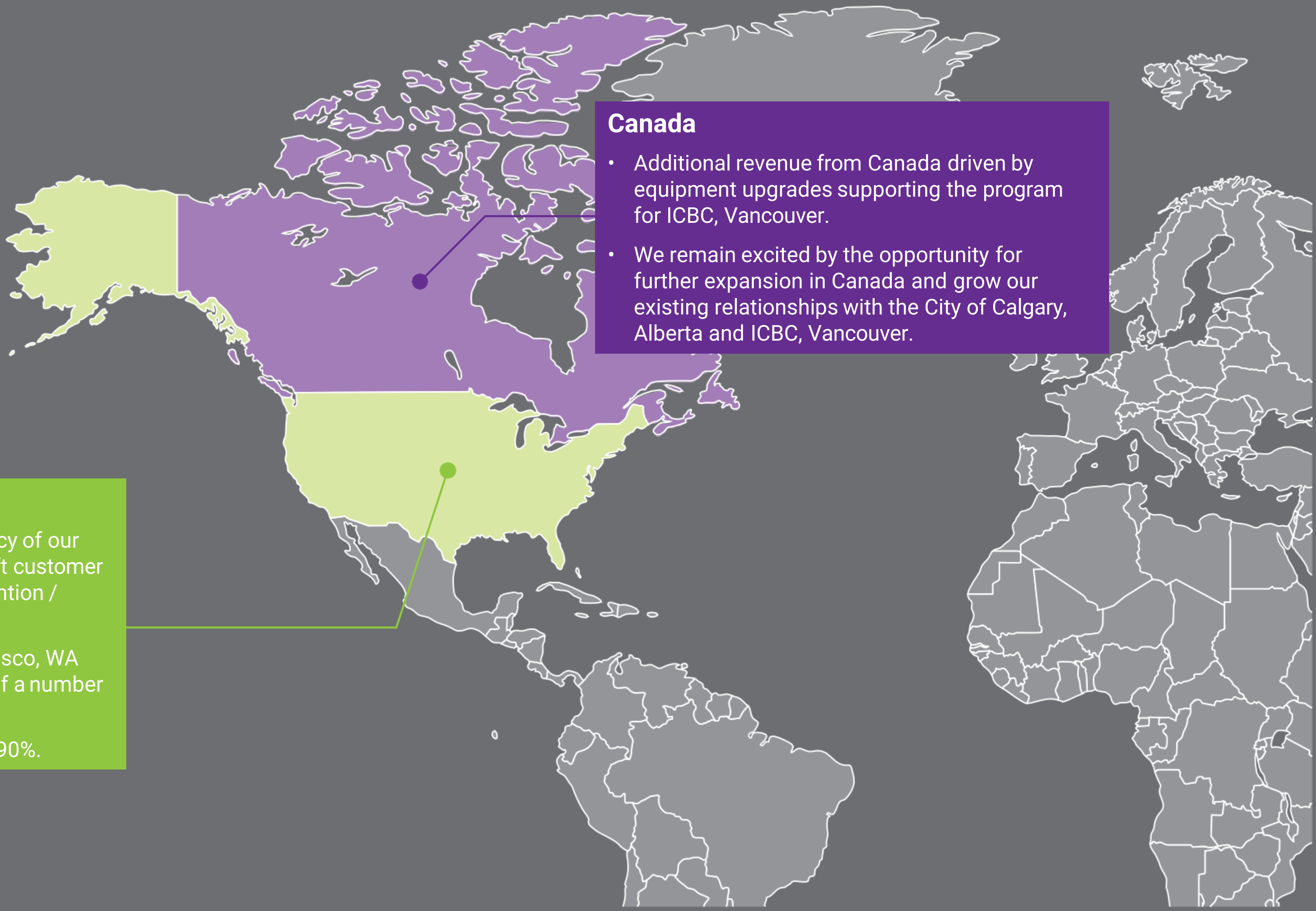
APAC

- Commencement of the contract in July 2018 for expanded services with Roads and Maritime Services NSW for the provision of mobile speed services.
- Confirmed order for the delivery of mobile speed units to South Australia Police.
- Orders for program expansion on Peninsula Link in Victoria and a variety of projects in NSW.
- Continued delivery of our Automatic Number Plate Recognition ("ANPR") cameras, expanding our frictionless parking solution at major retail shopping centres throughout Australia.

FY19 - Delivering improved performance: Americas

Key Points:

- Growth in earnings due to our streamlined operating model yielding higher margins.
- Continue to compete vigorously in the U.S. market with the expansion of some programs.
- Canada remains an exciting market for further expansion based on existing customer relationships.



Canada

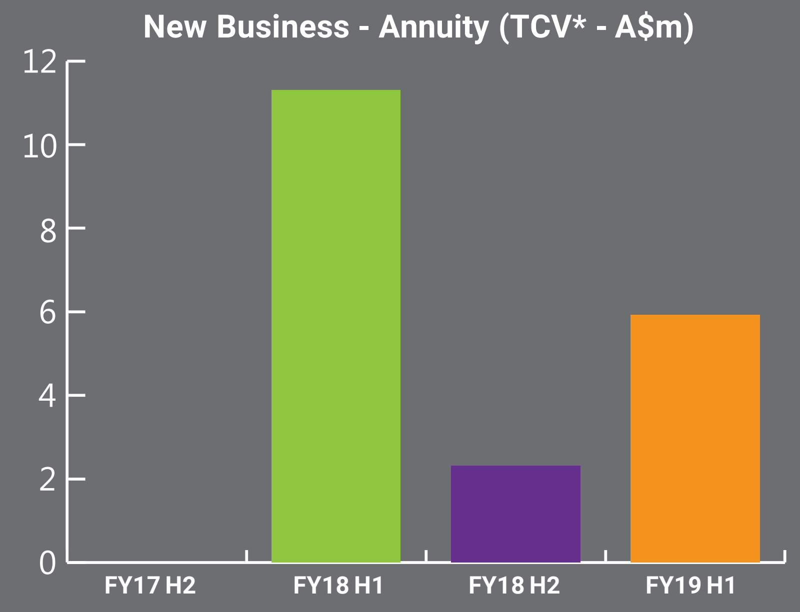
- Additional revenue from Canada driven by equipment upgrades supporting the program for ICBC, Vancouver.
- We remain excited by the opportunity for further expansion in Canada and grow our existing relationships with the City of Calgary, Alberta and ICBC, Vancouver.

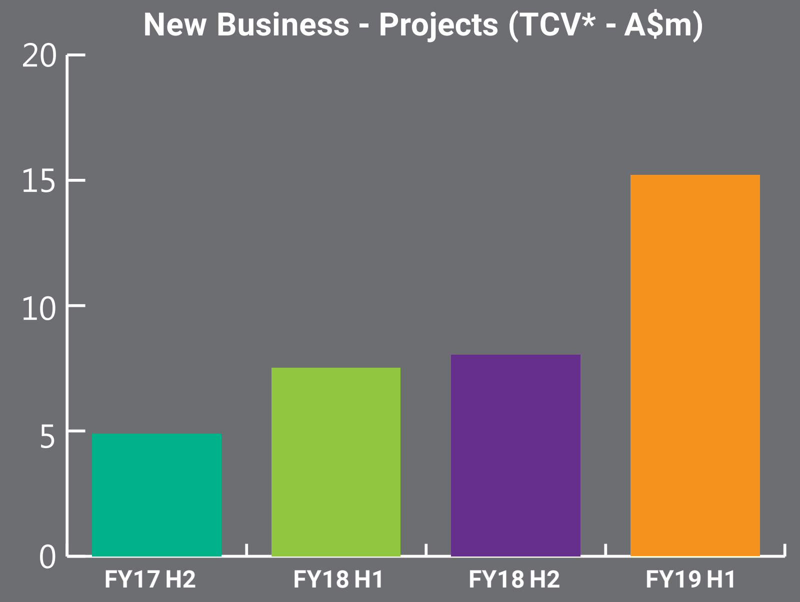
United States

- We continue to focus on the efficiency of our Americas operations to ensure we lift customer service levels to assist program retention / expansion and maximise earnings.
- New annuity contract signed with Pasco, WA during H1 FY19 and the expansion of a number of existing programs.
- Retention rates remain greater than 90%.

Confirmed new business orders of $21.1m closed in H1 FY19

- Significant growth in confirmed project orders underpinned by conversion of International sales pipeline opportunities.
  New annuity streams in both the Americas and International segments
- Customer renewal rates remain in excess of 90%.



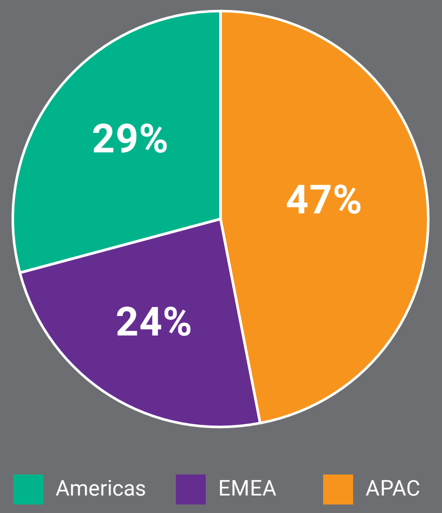


*TCV = Total Contract Value which is the expected contracted revenue over the life of the contract.

Sales Pipeline remains > $300m TCV

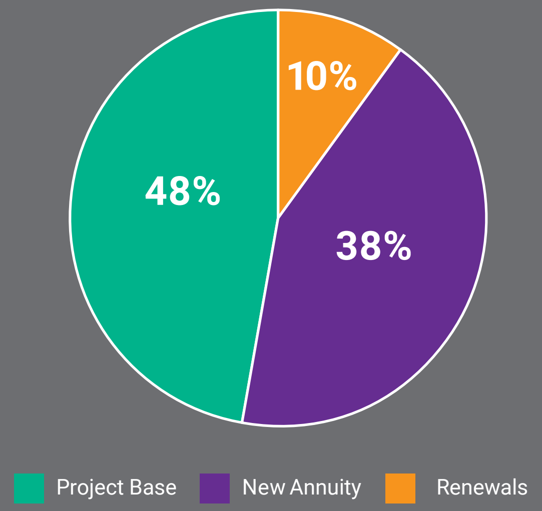
Sales leadership remains focused on qualifying and converting pipeline opportunities.

Sales Opportunity Pipeline
Total Contract Value by Region



- Global Sales Pipeline with estimated close dates in the next four quarters remains in excess of $300m.
- Significant sales pipeline opportunities remain within all of our key geographies.
- Sales Pipeline value is measured as the TCV attributable to an opportunity.

Sales Opportunity Pipeline
Total Contract Value by Revenue Type



- We have a solid balance of new projects and new annuity sales opportunities.
- Continued focus on growing annuity streams in both the Americas and International segments.
- Renewal rates remain stable at above 90%.

Financial Performance

- Significant growth in EBITDA driven by increased revenue and our continued focus on cost management.
- Increased revenue underpinned by additional projects in the International business coupled with increased annuity revenue from the delivery of increased maintenance and mobile services.
- Reduction in reported gross margin due to the reclassification of some U.S. based IT related costs from operating costs to cost of sales in the current year. When adjusted for this reclassification, prior year gross profit was $25.5m with a corresponding reduction in operating costs to $20.0m.
- Improved EBITDA margin as we leverage the cost structure to deliver increased earnings via revenue growth.

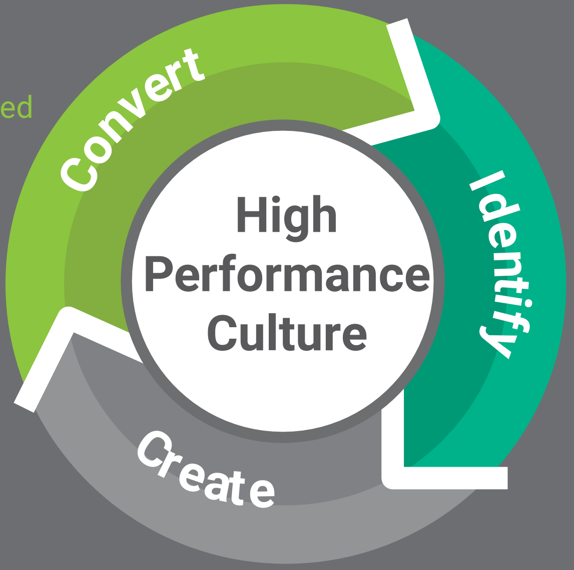
	H1 FY19 (A$M)	H1 FY18 (A$M)	YoY (change)
Revenue	57.0	53.2	7.0%
Gross Profit	26.2	28.2	(7.1%)
Gross Margin	46.1%	53.1%	(7.0%)
Operating Expenses	17.2	22.7	(24.4%)
Underlying EBITDA	***9.1***	***5.5***	***63.8%***
PBITDA Margin	15.9%	10.4%	5.5%
Depreciation / Amortisation	9.6	8.7	(9.3%)
Underlying EBIT	***(0.5)***	***(3.2)***	***84.4%***


H1 FY19 Highlights
Operational Review
Outlook
Appendices

Positioned for Future Growth

Near Term:

Convert pipeline to confirmed sales orders.



Identify market opportunities for advanced transportation solutions.

Create value propositions leveraging our intellectual property and subject matter expertise.

Medium to Long Term:

- Leverage our technology capabilities into opportunities in ITS/Traffic Management ($35b global market).
- Provide a full suite of ITS services to a global network of customers through key strategic partnerships and outstanding customer service.

H1 FY19 Highlights

Operational Review

Outlook

Appendices

Group Financial Performance

Growth in EBITDA of 64% is driven by increased revenue and continued focus on cost management.

Increased revenue is attributable to:

- Growth in International project revenue driven by improved pipeline conversion;
- Growth in International annuity revenue due to the commencement of the new mobile speed services contract in NSW and the transition of a number of completed projects to maintenance support;
- Partly offset by lower revenue from the Americas reflecting completion of programs in Mexico and Jacksonville, FL in the prior year.

Reduction in reported gross margin due to the reclassification of some U.S. based IT related costs from operating costs to cost of sales in the current year. When adjusted for this reclassification, prior year gross profit was $25.5m with a corresponding reduction in operating costs to $20.0m.

Reduced costs are driven by lower global head count, reduced debt provisioning (Mexico) and lower legal expenses.

Increased amortisation charge in the current year is due to the change in the useful life of intangible assets from seven years to five.

Tax expense in the prior year includes recognition of a reduction to U.S. based deferred tax assets attributable to the change in the Federal tax rate to 21% in that jurisdiction.

	H1 FY19 (A$000's)	H1 FY18 (A$000's)	YoY (change)
Revenue	56,977	53,230	7.0%
Gross Profit	26,245	28,242	(7.1%)
Gross Margin	46.1%	53.1%	(7.0%)
Operating Expenses	17,175	22,704	24.4%
Underlying EBITDA	***9,070***	***5,538***	***63.8%***
EBITDA Margin	15.9%	10.4%	5.5%
Other items impacting earnings		1,306	
Depreciation	6,353	6,312	
Amortisation	3,217	2,441	
Finance Costs	514	466	
Net loss before tax	***(1,014)***	***(4,987)***	***79.7%***
Tax Expense / (benefit)	(69)	5,823	
Lost for the period	***(945)***	***(10,810)***	***91.3%***

Group Cash Flow

- Significant improvement in cash flow from operations reflecting improved earnings and lower Chicago settlement payment in the current year.
- Our working capital requirement reflects the ramp up of project orders received during the first half year and the payment of creditors carried forward from the prior year.
- An additional payment for US$1 million was made to Chicago in December 2018 as part of the agreed settlement. A further US$9.0 million remains outstanding against this liability.
- Capital expenditure has been invested to support revenue generating International projects and additional equipment required to service the U.S. “BOOM” customer base.
- Reduced development expenditure reflects the substantive completion of the Alcyon platform in the prior year.

	H1 FY19 (A$000's)	H1 FY18 (A$000's)
EBITDA	9,070	5,538
Other EBITDA adjustments		(1,306)
Working Capital Movement	(2,757)	(2,509)
Chicago Settlement	(1,418)	(6,406)
Interest Received / (Paid)	(212)	(204)
Tax Received / (Paid)	(164)	(375)
Cash Flow from Operations	**4,519**	**(5,262)**
Capital Expenditure	(2,496)	(3,494)
Development Expenditure	(1,071)	(1,807)
Cash Flow from Investing	**(3,567)**	**(5,301)**
Borrowings	(396)	6,406
Capital Raising (net of costs)		15,288
Cash Flow from Financing	**(396)**	**21,694**
Cash Movement	**556**	**11,131**
Cash at beginning of period	18,864	8,199
Effect of exchange rate changes	635	(120)
Cash at end of period	**20,054**	**19,210**

Group Balance Sheet

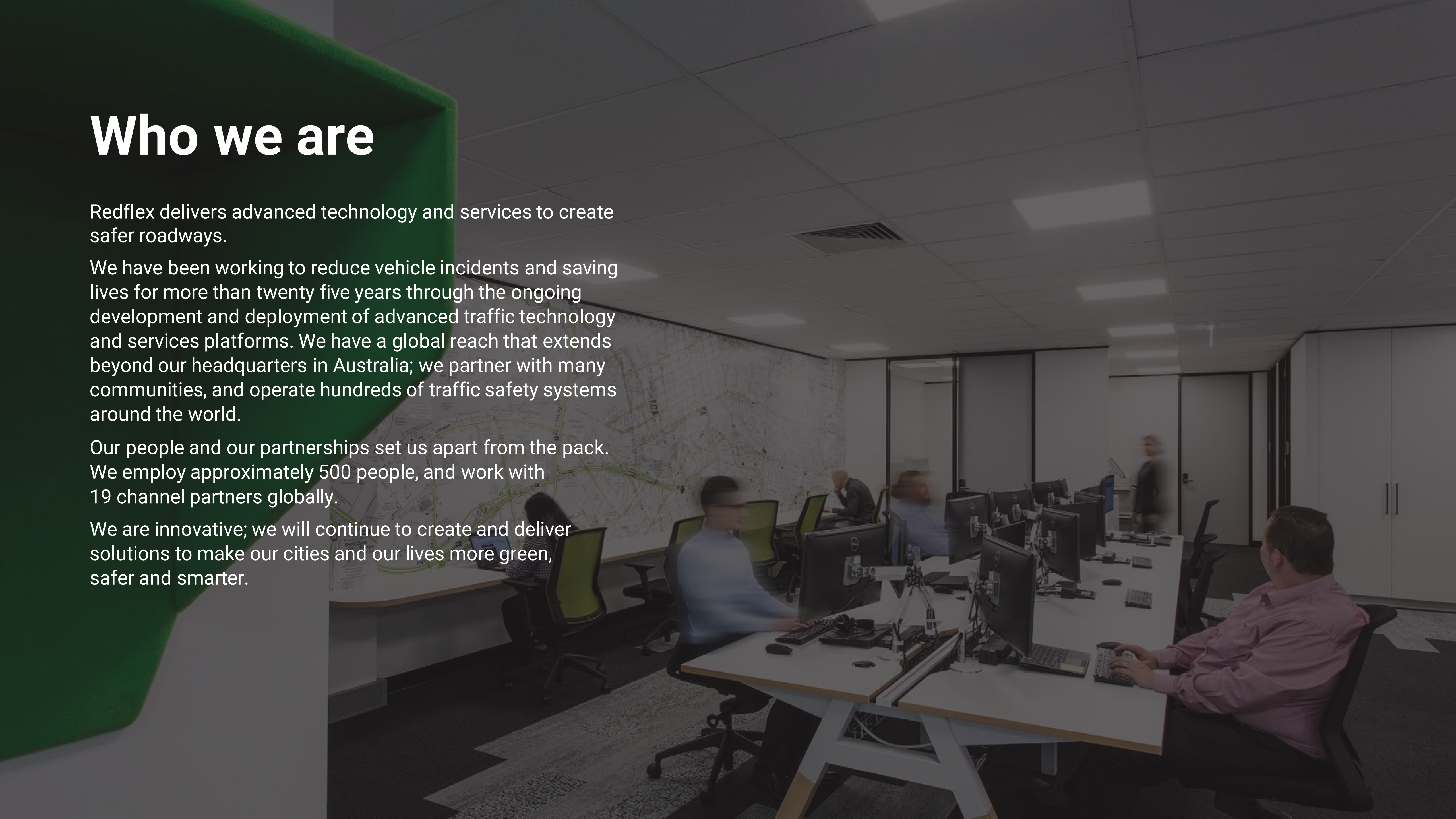
	Dec 18 (A$000's)	Jun 18 (A$000's)	YoY (change)
Cash	20,054	18,864	1,190
Receivables	27,152	26,897	255
Inventory	5,661	5,741	(80)
Other	3,099	2,643	456
Current Assets	***55,966***	***54,145***	***1,821***
Plant & Equipment	37,115	38,551	(1,436)
Deferred Tax Assets	18,445	18,603	(158)
Intangible Assets	16,502	18,633	(2,131)
Other	612	606	6
Non Current Assets	72,674	76,393	(3,719)
Total Assets	128,640	130,538	(1,898)

	Dec 18 (A$000's)	Jun 18 (A$000's)	YoY (change)
Payables	16,804	17,867	(1,063)
Interest Bearing Liabilities	834	796	38
Deferred Revenue	1,115	2,395	(1,280)
Tax Payable	297	192	105
Provisions	8,192	8,015	177
Current Liabilities	***27,242***	***29,265***	***(2,023)***
Payables	9,990	10,403	(413)
Interest Bearing Liabilities	5,424	5,551	(127)
Deferred Tax Liabilities	3,567	4,410	(843)
Provisions	4,262	4,568	(306)
Total Non Current Liabilities	23,243	24,932	(1,689)
Total Liabilities	50,485	54,197	(3,712)
Net Assets	78,155	76,341	1,814

H1 FY19 - Segment Results

	H1 FY19 (A$000's)				H1 FY18 (A$000's)			
	Int'l	Americas	Corp	Group	Int'l	Americas	Corp	Group
Revenue	26,723	30,254		56,977	21,229	32,001		53,230
Gross Profit	9,452	16,794		26,245	7,982	20,260		28,242
Gross Margin	35.4%	55.5%		46.1%	37.6%	63.3%		53.1%
Operating Expenses	6,718	10,658	871	18,247	8,829	14,860	822	24,511
Capitalised Development	(1,071)			(1,071)	(1,807)			(1,807)
Underlying EBITDA	***3,805***	***6,136***	***(871)***	***9,070***	***960***	***5,400***	***(822)***	***5,538***
EBITDA Margin	14.2%	20.3%		15.9%	4.5%	16.9%		10.4%
Depreciation / Amortisation	5,208	4,362		9,570	3,689	5,064		8,753
Underlying EBIT	(1,403)	1,774	(871)	(500)	(2,729)	(336)	(822)	(3,215)

Reduction in the reported gross margin in the Americas is due to the reclassification of some IT related costs from operating costs to cost of sales in the current year. When adjusted for this reclassification, prior year gross profit was $17.6m with a corresponding reduction in operating costs to $12.2m.



Who we are

Redflex delivers advanced technology and services to create safer roadways.

We have been working to reduce vehicle incidents and saving lives for more than twenty five years through the ongoing development and deployment of advanced traffic technology and services platforms. We have a global reach that extends beyond our headquarters in Australia; we partner with many communities, and operate hundreds of traffic safety systems around the world.

Our people and our partnerships set us apart from the pack. We employ approximately 500 people, and work with 19 channel partners globally.

We are innovative; we will continue to create and deliver solutions to make our cities and our lives more green, safer and smarter.

Our Core Businesses

Traffic Safety

Traffic safety solutions contribute to a reduction in road accidents and the effective flow of traffic, safer work places and improved commuter experiences.

Key Solutions Include:

- Mobile speed;
- Red light & speed;
- ANPR
- Average speed; and
- Student & Commuter solutions

Intelligent Traffic Management

We offer a range of intelligent traffic management solutions to address road congestion and safety.

Key Solutions Include:

- Managed Motorways Detection;
- Priority and closed lane enforcement;
- Vehicle Hotlists;
- Traffic flow and volume data;
- Traffic data analytics;
- Travel Time Monitoring;
- Pollution Detection; and
- Over-height Detection

Ticketless Parking

Our highly developed camera systems combined with leading automatic number plate recognition (ANPR) solutions create effective ticketless or frictionless parking.

Our solutions have the ability to capture all cars parking and leaving a designated parking environment, whether on or off street.

Video Surveillance

Our high definition SMARTScene video surveillance solutions are optimised to capture short video clips of each potential offence or scene.

SMARTScene uses the latest image sensor technology to provide high sensitivity colour video. Redflex SmartStreamLive software can connect to any number of cameras to stream video in real-time to a central location.

Our advanced technology, supported through exceptional service, enables our clients to make roads and cities, safer and smarter.

Market Reach

Over 500 employees with offices in:

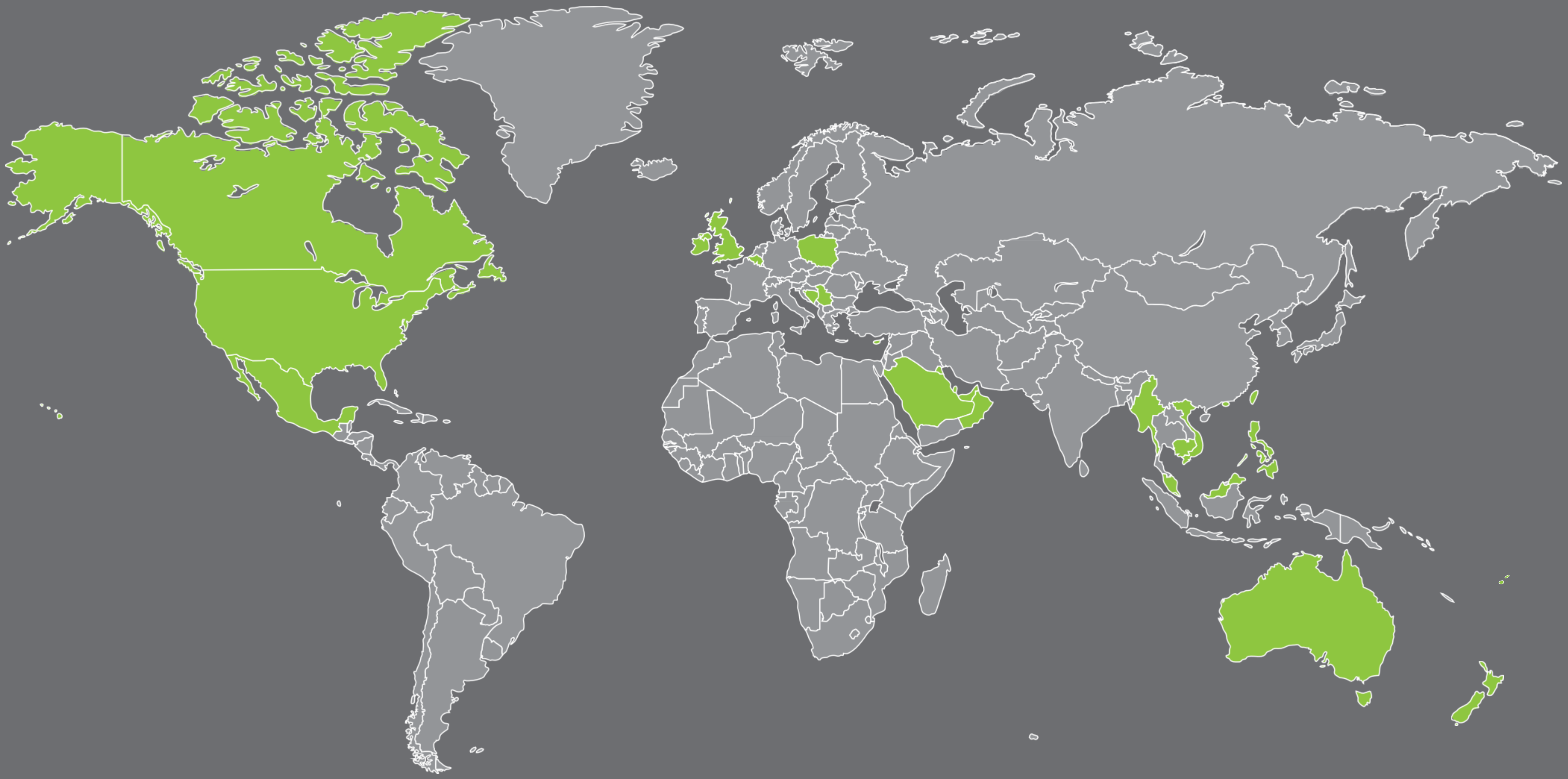
Australia
- Melbourne
- Sydney
- Perth
- Darwin

Malaysia
- Petaling Jaya

Saudi Arabia
- Al Damman

United Kingdom
- Southampton

United States
- Phoenix



Disclaimer

Overview
This Presentation has been prepared by Redflex Holdings Limited (ACN 96 069 306 216) ("RDF" or "Company") and is dated on the front cover sheet.

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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Redflex