

Traffic Technologies Ltd Investor Presentation



Smart City Smart Innovation Smart Technology



Traffic Technologies Ltd (TTI) Company Background

- Australia's premier traffic software and solutions company
- Head office is in Eltham, Victoria with offices in Sydney, Melbourne, Brisbane, Adelaide, Perth, Darwin, Canberra, Hobart and Nottingham, England
- Providing an end-to-end technical solution that encompasses design, manufacture, install and maintenance for customers

Capital Structure	
Shares on Issue	482.2m
Price (22-Mar-19)	2.4¢
Market Capitalisation	\$11.6m
Net Debt (31-Dec-18)	\$9.7m
Enterprise Value	\$21.3m

Aldridge Traffic Systems (ATS)

- Traffic Signals
- Road, Street & Tunnel Lighting
- Intelligent Transport Systems (ITS)
- Maintenance & Installation

Traffic SmartCity Technology (TST)

- Central SmartCity Platform
- Intersection of Things
- Internet of Things (IoT) Sensors



Quick Turn Circuits (QTC)

- Urban Traffic Controllers
- Urban Traffic Management
- Engineering & Planning
- Emergency Phone Systems

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- Directional Signage
- Regulatory Signage
- Traffic Control Products
- Safety Products

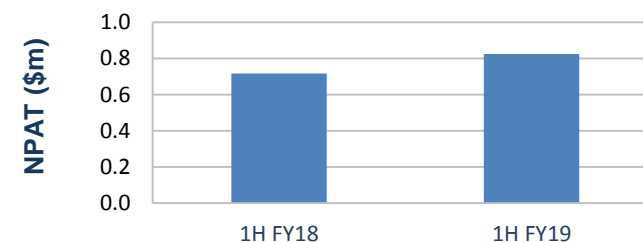
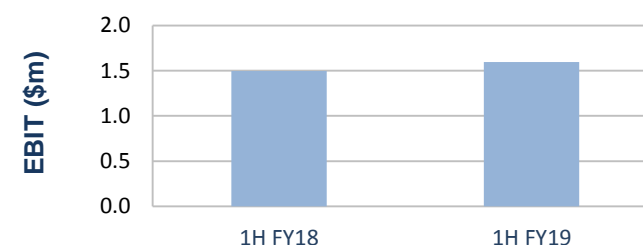
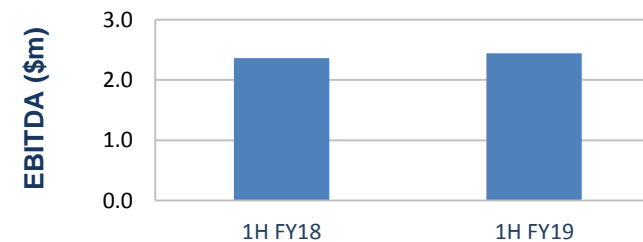
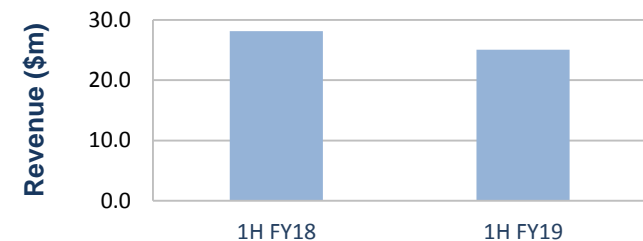
TRAFFIC SOLUTIONS BEYOND TOMORROW

1H FY19 Results:

- Revenue down 11%
- EBITDA up 3%
- EBIT up 7%
- NPAT up 15%
- EPS down 34%
- Net Debt up 5%
- Gearing* unchanged
- Gross operating cash flow** down 24%

Earnings Summary

	1H FY19	1H FY18
Revenue (\$m)	25.0	28.1
EBITDA (\$m)	2.4	2.4
D&A (\$m)	(0.8)	(0.9)
EBIT (\$m)	1.6	1.5
Interest (\$m)	(0.6)	(0.8)
NPAT (\$m)	0.8	0.7
EPS (cents)	0.17	0.26



* Gearing is Net Debt divided by Net Debt plus Shareholders' Equity

** Gross Operating Cash Flow is Operating Cash Receipts less Operating Cash Payments



In line with TTI's diversification strategy the Group has:

• Road & Street Lighting

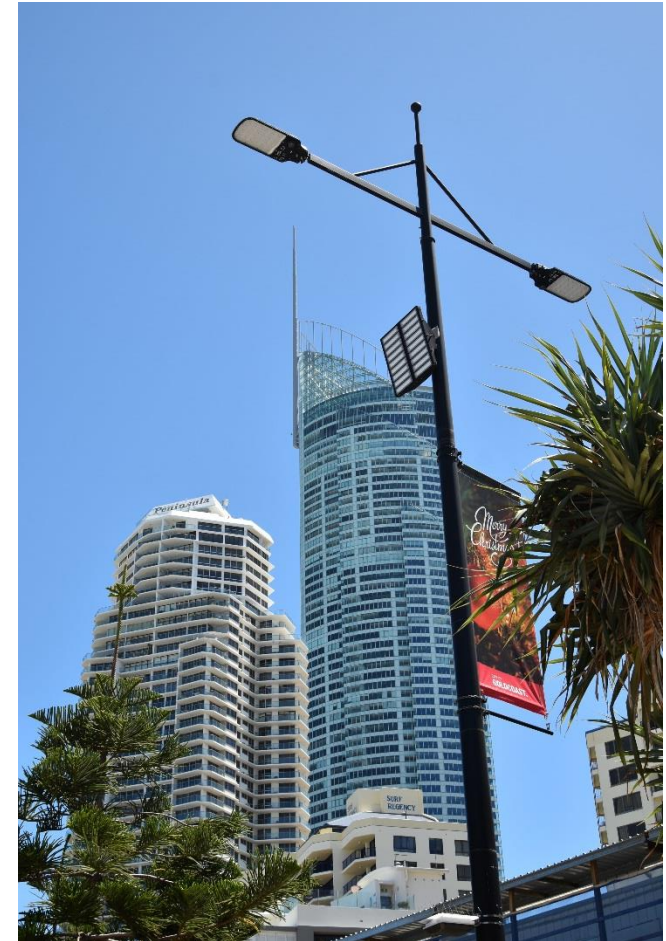
- Continued growth in road and street lights (Australian market: 2.28m street and road lights where approximately 10% changed to LED to date)
- Secured approvals for "V" & "P" category road and street lights across states
- Secured supply contracts including VicRoads, RMS, Gold Coast City Council, TasNetworks
- Secured multi year LED road and street supply contracts with power and road authorities in Victoria, New South Wales, South Australia and Queensland
- Secured multi year term maintenance contract for Northern New South Wales for traffic signals, controllers and road lighting

• Smart City Platform

- IoT sensors developed for the road industry, councils and power authorities
- Secured supply contracts across New South Wales, Victoria and Queensland
- Secured and deployment of >15,000 IoT nodes/sensors
- Integration and trials for additional road authorities and council assets

• Maintenance and Install

- Term maintenance contract for Northern NSW renewed
- Installation of >10,000 LED road lights and IoT nodes in Victoria, New South Wales and Queensland
- Install crews across eastern states deployed



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• **Controllers**

- Next generation of controllers currently being developed
- Export contracts secured in:
 - Middle East;
 - South America
 - New Zealand
 - Asia; and
 - Mexico

• **Signage**

- Maintained strong market position in all states
- Streamlined production and integration with other business units
- Continued focus on production efficiency and cost control

• **Traffic Signals**

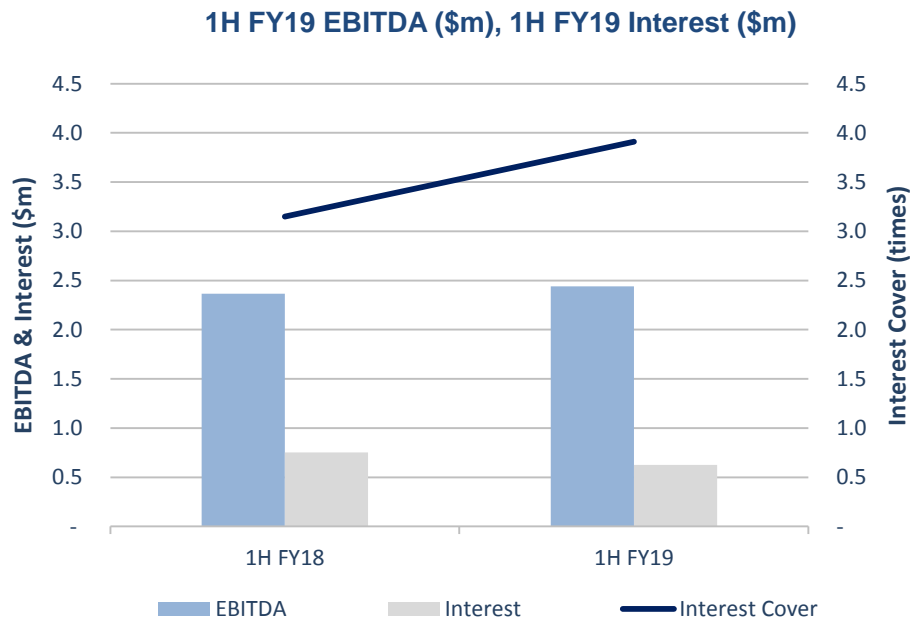
- Core business remained solid in the absence of major government expenditure projects
- Market dominant position across the country
- Sales of pedestrian countdown timers achieved nationally
- UK sales maintained along with market share and customer base
- New generation IoT Traffic Signal lantern completed



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Cash Flow

- Gross Operating Cash Flow* / EBITDA: 83%
- Net Debt: \$9.7m



* Gross Operating Cash Flow is Operating Cash Receipts less Operating Cash Payments

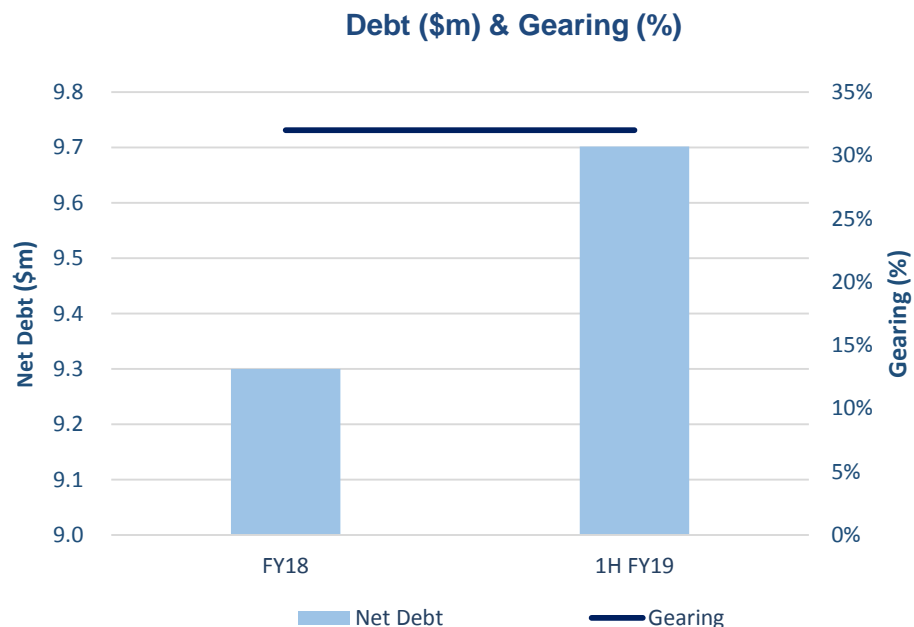
Cash Flow (\$m)

	1H FY19	1H FY18
Receipts	29.5	32.6
Payments	(27.5)	(29.9)
Interest	(0.6)	(0.8)
Operating Cash Flows	1.5	1.9
Development costs	(1.0)	(0.9)
PP&E	(0.0)	(0.0)
Intangible assets	(0.2)	(0.1)
Investing Cash Flows	(1.2)	(1.1)
Borrowing proceeds	-	1.3
Borrowing repayments	(0.1)	(1.4)
Financing Cash Flows	(0.1)	(0.1)
Cash Start	4.0	0.7
Net Cash Flow	0.2	0.7
Cash End	4.2	1.4

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Balance Sheet

- Net Debt: \$9.7m
- Net Assets: \$20.7m
- Gearing* Ratio: 32%



* Gearing is Net Debt divided by Net Debt plus Shareholders' Equity

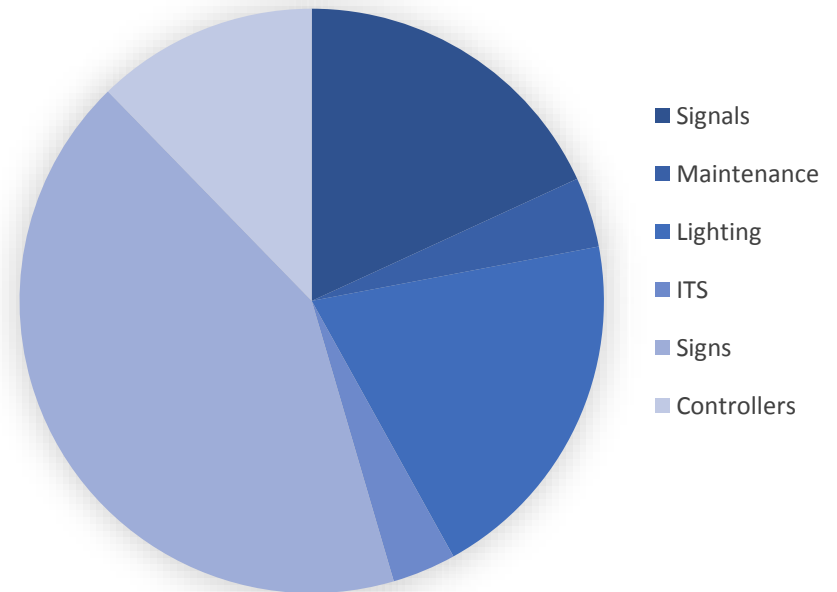
Balance Sheet (\$m)

	1H FY19	FY18
Cash	4.2	4.0
Receivables	8.6	10.8
Inventories	11.7	10.2
Derivative financial instrument	1.2	0.6
Total Current Assets	25.7	25.6
PPE	1.1	1.3
Goodwill	10.6	10.6
Intangibles	8.5	8.0
Total Non-Current Assets	20.1	19.8
Total Assets	45.9	45.4
Payables	7.6	8.7
Debt	0.1	0.2
Provisions	2.6	2.6
Deferred tax liability	0.8	0.7
Total Current Liabilities	11.2	12.1
Debt	13.8	13.1
Other	0.2	0.2
Total Non-Current Liabilities	14.0	13.3
Total Liabilities	25.1	25.5
Equity	20.7	19.9

1H FY19 performance has benefitted from:

- Diversification of revenue base:
 - *Products;*
 - *Software Platforms and IoT applications;*
 - *Installation & Maintenance;*
 - *Customers; and*
 - *Export markets*
- Long term supply contracts with power authorities in Victoria, New South Wales, South Australia and Queensland
- Healthy order flow in lighting and supply contracts for LED street lights
- IoT platform deployment along with recurring revenue
- Strong export performance from QTC
- Despite traffic signals market remaining flat, maintained dominant market position
- Net debt \$9.7m, following debt restructure in April 2018

Product Groups (Revenue by Segment)



Outlook:

- Strong order book from recently awarded projects with delivery in FY19
- Key term contracts in play for delivery in FY19
- Commissioning of “Smart City” platform “TST” with recurring revenue
- Increase of term supply contracts with power authorities, road authorities and municipalities
- Continual drive on “diversification revenue program” from:
 - Smart City - Software Platform “TST”
 - IoT applications for road authorities and municipalities
 - LED street and road lighting
 - Installation & term maintenance contracts
 - Export markets: UK, South America, Middle East, Asia



SmartCity Devices





traffic
technologies

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