

ASX Announcement

4 June 2019

Traffic Technologies Ltd (ASX: TTI) Trading Update

Traffic Technologies Ltd (ASX: TTI) ('Traffic Technologies' or the 'Company') wishes to provide a trading update for the financial year to 30 June 2019 (FY19).

FY19 Update:

- Estimated operating revenue of approximately \$48.0 million and earnings before interest, tax, depreciation and amortisation (EBITDA) of approximately \$4.1 - \$4.5 million;
- Lower than previously anticipated revenue and earnings due to the state elections in Victoria and New South Wales and recent federal election, which have resulted in delays to the approval of several projects now expected to be completed during the financial year to 30 June 2020 (FY20);
- Awarded three contracts to supply over 2,000 LED street lights and associated hardware in Victoria, with a combined contract value of approximately \$900,000; and
- The Company expects to be awarded several other contracts which it hopes to announce over the coming weeks.

Trading Update

Traffic Technologies has experienced slower than expected conditions in the domestic market over the FY19 period. This has been largely attributed to the uncertain economic environment and political uncertainty resulting from the recent state elections in Victoria and New South Wales, as well as the recent Australian federal election. This has delayed the approval by the state governments for a number of the Company's projects previously expected to commence in FY19. Whilst the Company expects the projects to still be awarded, the projects are now anticipated to commence in FY20.

As a result of the delay, Traffic Technologies anticipates operating revenue and earnings to be lower than the previous financial year to 30 June 2018 (FY18). For FY19, the Company is expecting operating revenue of approximately \$48.0 million, compared to \$56.7 million in FY18. The Company is also anticipating EBITDA of approximately \$4.1 - \$4.5 million for FY19, compared to underlying EBITDA of \$5.0 million in FY18. The final result will be dependent on the timing and delivery of customer orders and is subject to audit.

The FY18 result included a gain on repayment of debt and a write-down of inventory. The above estimates compare the underlying trading result for the previous financial year excluding these items.

Awarded Contracts

Traffic Technologies has been awarded three contracts to supply over 2,000 LED street lights and associated hardware in Victoria. The contracts have been awarded by the City



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of Whittlesea (in the outer northern suburbs of Melbourne), by Powercor to supply and deliver LED street lights to the City of Geelong (to the west of Melbourne) and by the Shire of Yarra Ranges (in the outer east of Melbourne). The contracts have a combined contract value of approximately \$900,000 and are expected to be completed in the current financial year to 30 June 2019 (FY19).

Commentary & Outlook

Traffic Technologies' Managing Director, Con Liosatos, said: "Whilst we are disappointed by the delay of several contracts, we are pleased to announce three new contract wins. We remain confident about the business prospects for the year ahead and expect to announce several other project wins for the roll-out of our "Smart City" platform and LED street, road and tunnel lights over the coming weeks. The Company is continuing to receive strong traction in several export markets, including the United Kingdom, South America, the Middle East and Asia. The increase in multi-year supply contracts with power, road authorities and municipalities is also expected to underpin our earnings base for future years."

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