ASX ANNOUNCEMENT

26 August 2019

Redflex Holdings Limited | ABN 96 069 306 216

FY19 Performance Summary

Redflex Holdings Limited (**ASX:RDF**) releases to the market its 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 products, the Redflex Group has been helping to improve roadway safety, alleviate congestion and reduce the harmful impacts of vehicle emissions for more than 20 years.

Redflex Holdings Limited was listed on the Australian Securities Exchange in January 1997.

For further information:

Mark J. Talbot
Group Chief Executive Officer
Redflex Holdings Limited
mtalbot@redflex.com
T +61 3 9093 3324

Neville Joyce
SVP - Group Chief Financial Officer
Redflex Holdings Limited
neville.joyce@redflex.com.au
T +61 3 9093 3324

Redflex Holdings Limited ASX.RDF

FY19 Performance Summary

26 August 2019

DELIVERING ADVANCED TECHNOLOGY AND SERVICES TO CREATE SAFER ROADWAYS

FY19 Highlights

Operational Review

Outlook

Appendices

Delivering Improved Performance

Redflex

Growth in Group EBITDA of 32%

- Underlying EBITDA of $16.2m driven by higher revenue and continued efficiency improvements.

Growth in Group revenue of 11%

- Revenue growth in our International business driven by additional project revenue in Australia and the United Kingdom, additional revenue from the expanded New South Wales Mobile Speed Services contract, and increased maintenance revenue on projects which have transitioned to maintenance support.

Growth in confirmed new business orders of 42%

- 41.5M total contract value ("TCV") of new business orders contracted during FY19.
- Orders received in all key geographies and across both project and annuity revenue streams.
- Strategically important orders received for the sale of Halo systems into North America and equipment upgrades in the United Kingdom.

Expansion in EBITDA margins to 13.8%

- EBITDA margin increasing from 11.6% to 13.8% in FY19.
- Margin expansion reflects continued efficiency improvements and the utilisation of the cost base to deliver revenue growth.

Improved sales and business development capability

- Improved conversion of pipeline opportunities supporting growth in confirmed new business orders.
- Significant win in the Americas with the notification from the Pennsylvania Dept of Transport of intent to award a contract for the Statewide Automated Work Zone Speed Enforcement. We are competing aggressively in the U. S. market.

Continued product and technology investment

- Our investment in customer trials, pilot programs and product accreditation in target markets has led to significant sales opportunities and ensures our product development is aligned with market needs.

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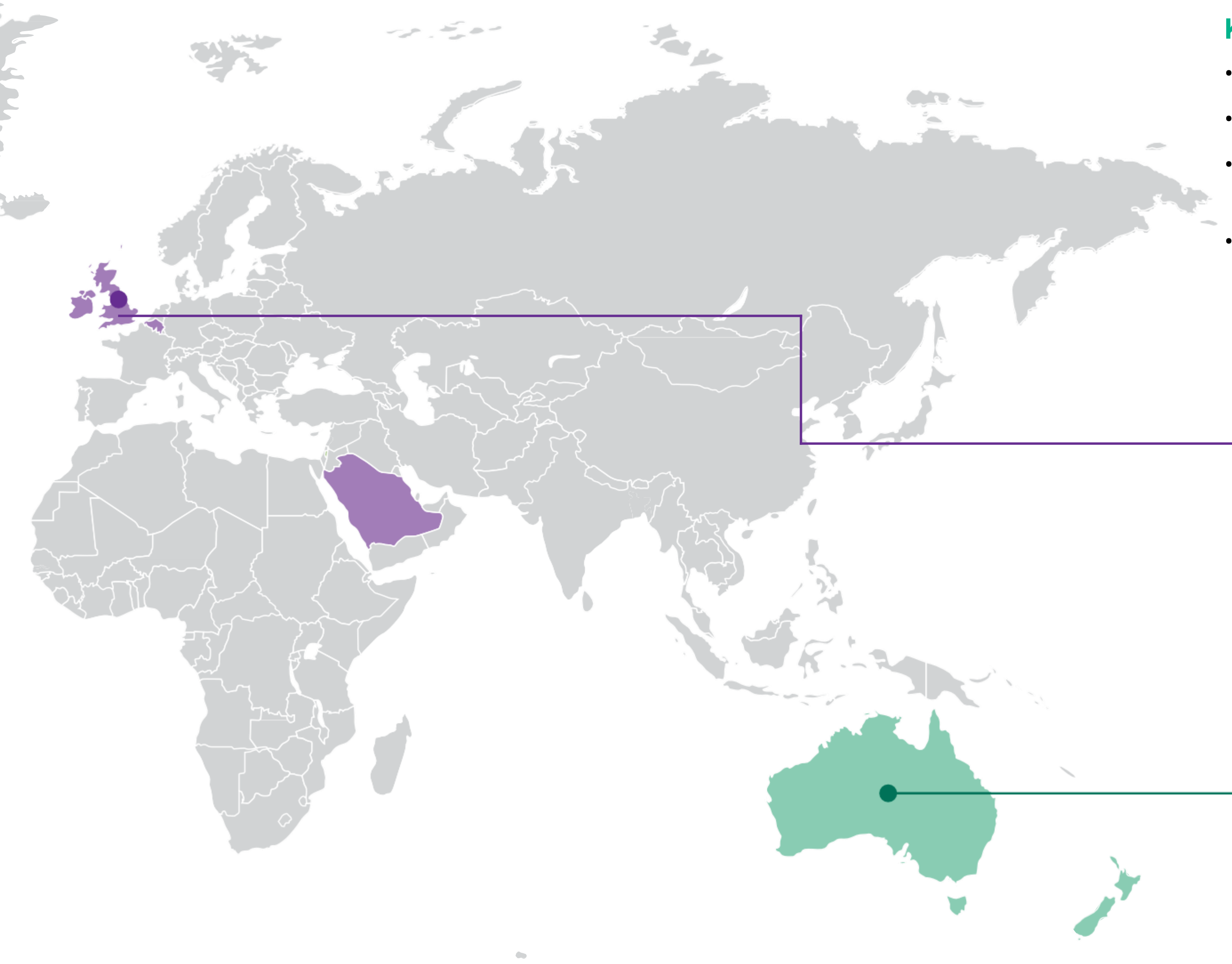
FY19 Highlights

Operational Review

Outlook

Appendices

FY19 - Delivering improved performance: International



Key Points:

- Revenue growth of **21%** to **$55.2m** compared to the prior financial year.
- **40%** growth in confirmed project sales orders compared to the prior financial year.
- Our investment in sales and business development has resulted in orders for innovative solutions in our Red X and parking applications.
- Continued strong pipeline of sales opportunities for both project and annuity revenue.

U.K., Ireland, Belgium, Middle East

- **Expanded our installed base of variable speed enforcement systems in the U.K. and installed additional fixed and mobile systems in Belgium.**
- **Additional orders for equipment to support existing programs in the Middle East.**
- **NMI and Home Office approvals for both our Halo systems and Red X product to enable future sales opportunities.**

Australia, New Zealand, South East Asia

- **Commencement of the contract in July 2018 for expanded services with Roads and Maritime Services NSW for the provision of mobile speed services.**
- **Expansion of our off street parking solution via a direct contract award with a major Australian shopping centre operator.**
- **Confirmed order for the delivery of mobile speed units to South Australia Police and program expansion on Peninsula Link in Victoria via our point to point speed solution.**

FY19 - Delivering improved performance: Americas

Key Points:

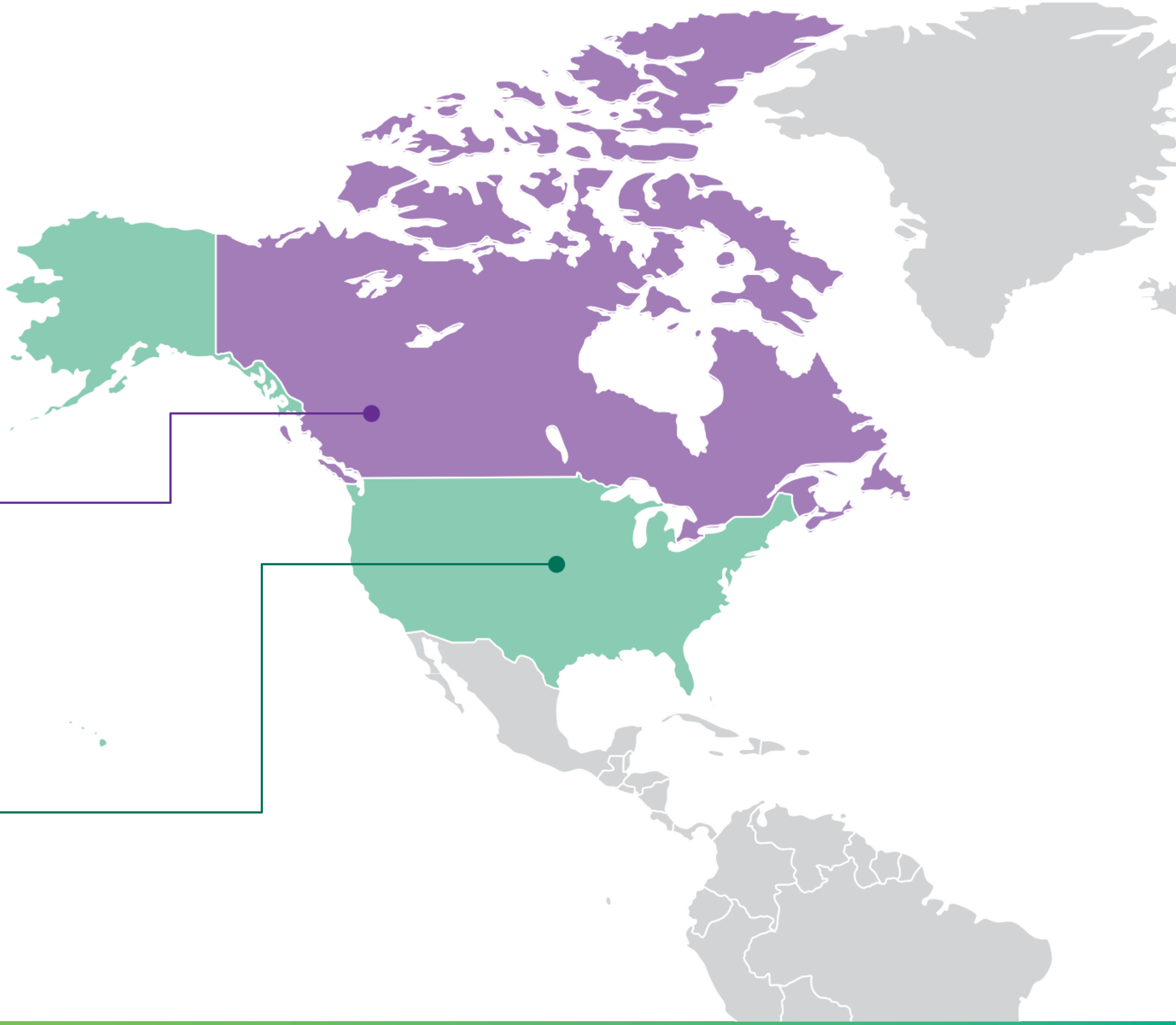
- Significant contract awards reflecting Improved business development and bidding capability.
- Vigorously compete in the U.S. market resulting in new programs commencing.
- Increased revenue from Canada which remains an exciting market for further expansion.
- Focus on operational efficiency to maximise customer satisfaction and earnings through our streamlined operating model.

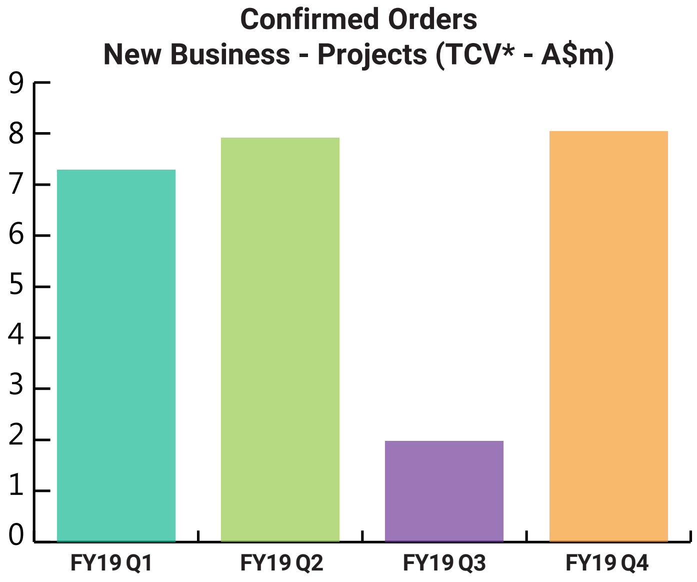
Canada

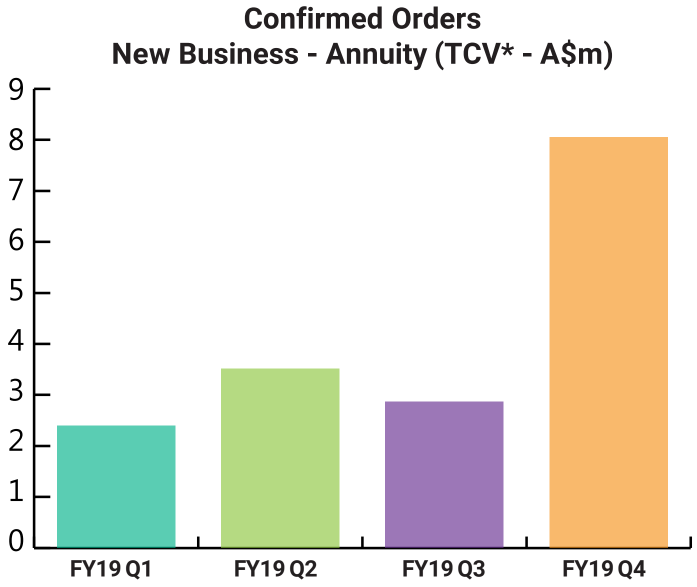
- **Additional revenue from Canada driven by equipment upgrades supporting the program for ICBC, Vancouver.**
- **New program awarded in Wetaskiwin, Alberta and notification received during July from the City of Toronto of the intention to award another significant program in early FY20.**
- **Continue to compete for new programs throughout Canada while we grow our existing relationships with the City of Calgary, Alberta and ICBC, Vancouver.**

United States

- **Improved business development capability resulting in the notification from Pennsylvania Dept of Transport of the intent to award the operation of the Statewide Automated Work Zone Enforcement System.**
- **Pursuit of new programs in targeted jurisdictions that seek to introduce or expand photo enforcement to support road safety initiatives.**
- **New program commenced with Pasco, WA.**
- **Continued focus on the efficiency of our Americas operations to ensure we lift customer service levels and to maximise earnings.**







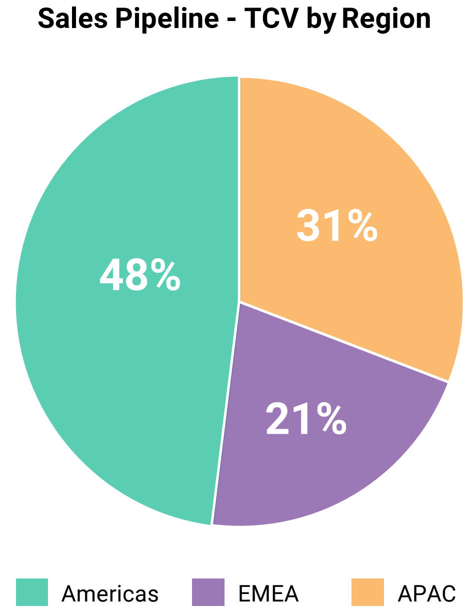
Redflex

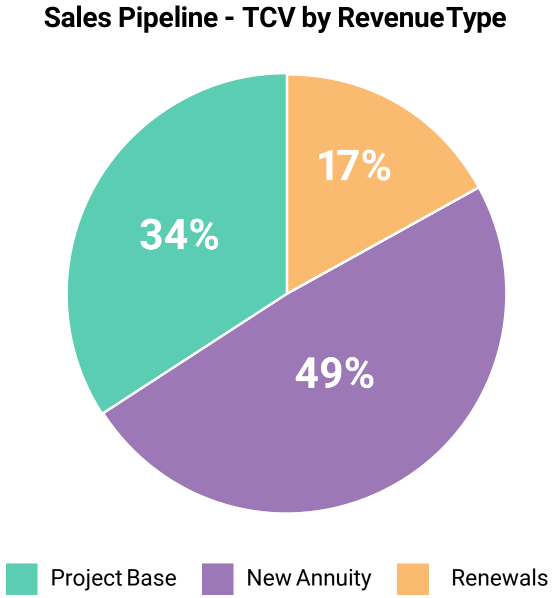
42% increase in new business orders compared to the prior financial year

- TCV of **$16.1m** in confirmed new business orders received in Q4 FY19.
- TCV of **$41.5m** in confirmed new business orders for the full year representing **42%** growth on the prior year. This represents the second consecutive year of double digit growth in new business orders.
- Strong project orders in Q4 attributable to equipment sales and installation in UK, Belgium and Australia.
- Significant annuity orders in Q4 highlighted by new customer win in Canada, program expansions in the U.S. and expanded maintenance support of new equipment installs in the U.K.

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

Sales Pipeline remains strong. Rolling four quarter TCV > $300m.





- Global Sales Pipeline with estimated close dates in the next four quarters remains in excess of $300m.
- Conversion of pipeline opportunities remains the key focus in FY20.
- Increased proportion of opportunities in the Americas reflects the value of recent significant bids in that market.
- Sales Pipeline value is measured as the TCV attributable to an opportunity.

- Increased annuity opportunities reflecting the value of recent significant bids in the Americas.
- Strong focus on maintaining renewals rate at or around 100%.

Financial Performance

- Significant growth in EBITDA driven by increased International revenue and expansion of margin through 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 $48.8m with a corresponding reduction in operating costs to $36.5m.
- Improved EBITDA margin as we leverage the cost structure to deliver increased earnings via revenue growth.
- Other items in the current year include impairment of Texas related equipment and impairment of the Mexico receivable.

	FY19 (A$M)	FY18 (A$M)	YoY (change)
Revenue	117.0	105.6	10.8%
Gross Profit	52.1	54.7	(4.6%)
Gross Margin	44.5%	51.8%	(7.3%)
Operating Expenses	35.9	42.4	(15.3%)
EBITDA	***16.2***	***12.3***	***31.5%***
EBITDA Margin	13.8%	11.6%	2.2%
Depreciation / Amortisation	19.1	20.0	(4.5%)
Financing / Other Items impacting earnings	5.7	1.4	
Net loss before tax	***(8.6)***	***(9.1)***	***5.4%***

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Operational Review

Outlook

Appendices

Positioned for Future Growth

Redflex

Growth in developed markets:

- Expand our product footprint with existing customers beyond traditional speed and red light enforcement.
- Leverage our existing market position to support our customers in the development of managed motorway and urban mobility programs.
- Compete aggressively in the Americas by targeting large opportunities for full service contracts in enabled jurisdictions that are expanding photo enforcement.

Continued market expansion:

- Europe, U.K. and Asia Pacific are leading the way in developing actively managed motorways that require advanced Intelligent Traffic Solutions (“ITS”). Our customer trials and product development are aligned with these opportunities.
- We will position ourselves in each of our target markets to ensure we are a leading provider of ITS. Our focus is on solutions that improve road safety, congestion management and air quality as programs emerge.

Positioned for Future Growth

Redflex

Public policy development:

- Enabling or restrictive legislation is a determining factor in the success and expansion of our industry. In identifying sales opportunities we target jurisdictions with strong public policy initiatives supporting road safety, congestion management and improved air quality.
- Disappointingly the State of Texas in the U.S. passed a law that effectively banned the use of automated photo enforcement cameras. This resulted in the effective termination of our existing contracts in that state.
- Despite the loss of Texas other large new business opportunities have emerged. We continue to position ourselves to win these opportunities.

Reducing cost and complexity, developing a high performance culture:

- Building a resilient and efficient global organisation that aggressively pursues sales opportunities and can withstand changes to our operating environment.
- Heavy focus on new business development, using our expertise to ensure we provide compelling customer solutions that are delivered profitably.
- Continued investment in a high performance work culture with the recruitment and retention of a highly skilled, motivated and experienced team.

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FY19 Highlights

Operational Review

Outlook

Appendices

Group Financial Performance

- Growth in EBITDA of 32% driven by increased revenue and continued focus on efficiency improvements.
- Increased revenue is attributable to:
  - Growth in International project revenue from improved pipeline conversion;
  - Growth in International annuity revenue from the expanded mobile speed services in NSW and additional maintenance services in a number of jurisdictions;
  - Partly offset by lower revenue from the Americas following termination of the Texas contracts and completion of programs in Mexico and Jacksonville, FL in the prior year.
- Reduction in reported gross margin due 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 $48.8m (46.2%) with a corresponding reduction in operating costs to $36.5m.
- Reduced costs are driven primarily by lower global headcount.
- Other items impacting earnings in the current year include impairment charges for equipment deployed to Texas contracts ($2.1m), additional provisioning against the Mexico receivable ($2.1m), and restructure costs following termination of Texas contracts ($0.4m).

	FY19 (A$000's)	FY18 (A$000's)	YoY (change)
Revenue	117,011	105,611	10.8%
Gross Profit	52,124	54,659	(4.6%)
Gross Margin	44.5%	51.8%	(7.2%)
Operating Expenses	35,956	42,365	15.1%
EBITDA	***16,168***	***12,294***	***31.5%***
Other items impacting earnings	4,776	419	
Depreciation	11,128	11,762	
Amortisation	7,925	8,223	
Finance Costs	943	986	
Net loss before tax	(8,604)	(9,096)	5.4%
Tax Expense / (benefit)	(3,000)	3,024	
Loss for the period	(5,604)	(12,120)	53.8%

Group Cash Flow

- Significant improvement in cash flow from operations due to stronger earnings and lower Chicago restitution payment during FY19.
- Our working capital requirement reflects the growth in project orders in the International segment.
- Reduction in capital expenditure due to the spend on the mobile speed operation in New South Wales in the prior year being completed for contract commencement in early in FY19.
- Capital expenditure in the current year has been invested to support revenue generating International projects and additional equipment required to service the U.S. “BOOM” customer base.

	FY19 (A$000’s)	FY18 (A$000’s)
EBITDA	16,168	12,294
Other EBITDA adjustments	(2,657)	(419)
Working Capital Movement	(1,957)	(2,723)
Chicago restitution	(1,416)	(6,406)
Interest Received / (Paid)	(477)	(463)
Tax Received / (Paid)	(346)	(690)
Cash Flow from Operations	**9,315**	**(1,593)**
Capital Expenditure	(3,415)	(9,003)
Development Expenditure	(3,451)	(3,513)
Cash Flow from Investing	**(6,866)**	**(12,516)**
Borrowings	(816)	5,999
Capital Raising (net of costs)		15,288
Cash Flow from Financing	**(816)**	**21,287**
Cash Movement	**1,633**	**10,364**
Cash at beginning of period	18,864	8,199
Effect of exchange rate changes	707	301
Cash at end of period	**21,204**	**18,864**

Group Balance Sheet

Redflex

	Jun 19 (A$000's)	Jun 18 (A$000's)	YoY (change)
Cash	21,204	18,864	2,340
Receivables	25,587	26,897	(1,310)
Inventory	6,405	5,741	664
Other	1,952	2,643	(691)
Current Assets	***55,148***	***54,145***	***1,003***
Plant & Equipment	32,013	38,551	(6,538)
Deferred Tax Assets	20,261	18,603	1,658
Intangible Assets	14,159	18,633	(4,474)
Other	571	606	(35)
Non Current Assets	67,004	76,393	(9,389)
Total Assets	122,152	130,538	(8,386)

	Jun 19 (A$000's)	Jun 18 (A$000's)	YoY (change)
Payables	16,620	17,867	(1,247)
Interest Bearing Liabilities	853	796	57
Deferred Revenue	1,174	2,395	(1,221)
Tax Payable	371	192	179
Provisions	8,673	8,015	658
Current Liabilities	***27,691***	***29,265***	***(1,574)***
Payables	10,020	10,403	(383)
Interest Bearing Liabilities	5,029	5,551	(522)
Deferred Tax Liabilities	2,165	4,410	(2,245)
Provisions	3,650	4,568	(918)
Total Non Current Liabilities	20,864	24,932	(4,068)
Total Liabilities	48,555	54,197	(5,642)
Net Assets	73,597	76,341	(2,744)

Segment Results

Redflex

	FY19 (A$000's)				FY18 (A$000's)			
	Int'l	Americas	Corp	Group	Int'l	Americas	Corp	Group
Revenue	55,214	61,797		117,011	45,544	60,067		105,611
Gross Profit	20,803	31,321		52,124	16,839	37,857	(37)	54,659
Gross Margin	37.7%	50.7%		44.5%	37.0%	63.0%		51.7%
Operating Expenses	13,186	20,457	2,313	35,956	13,597	27,530	1,238	42,365
EBITDA	***7,617***	***10,864***	***(2,313)***	***16,168***	***3,242***	***10,327***	***(1,275)***	***12,294***
EBITDA Margin	13.8%	17.6%		13.8%	7.1%	17.2%		11.6%
Depreciation / Amortisation	10,597	8,456		19,053	10,540	9,445		19,985
EBIT	(2,980)	2,408	(2,313)	(2,885)	(7,298)	882	(1,275)	(7,691)

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 $32.0m (53.2%) with a corresponding reduction in operating costs to $21.6m.

Segment EBIT excludes impairment related charges and restructure costs.

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

Redflex

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:

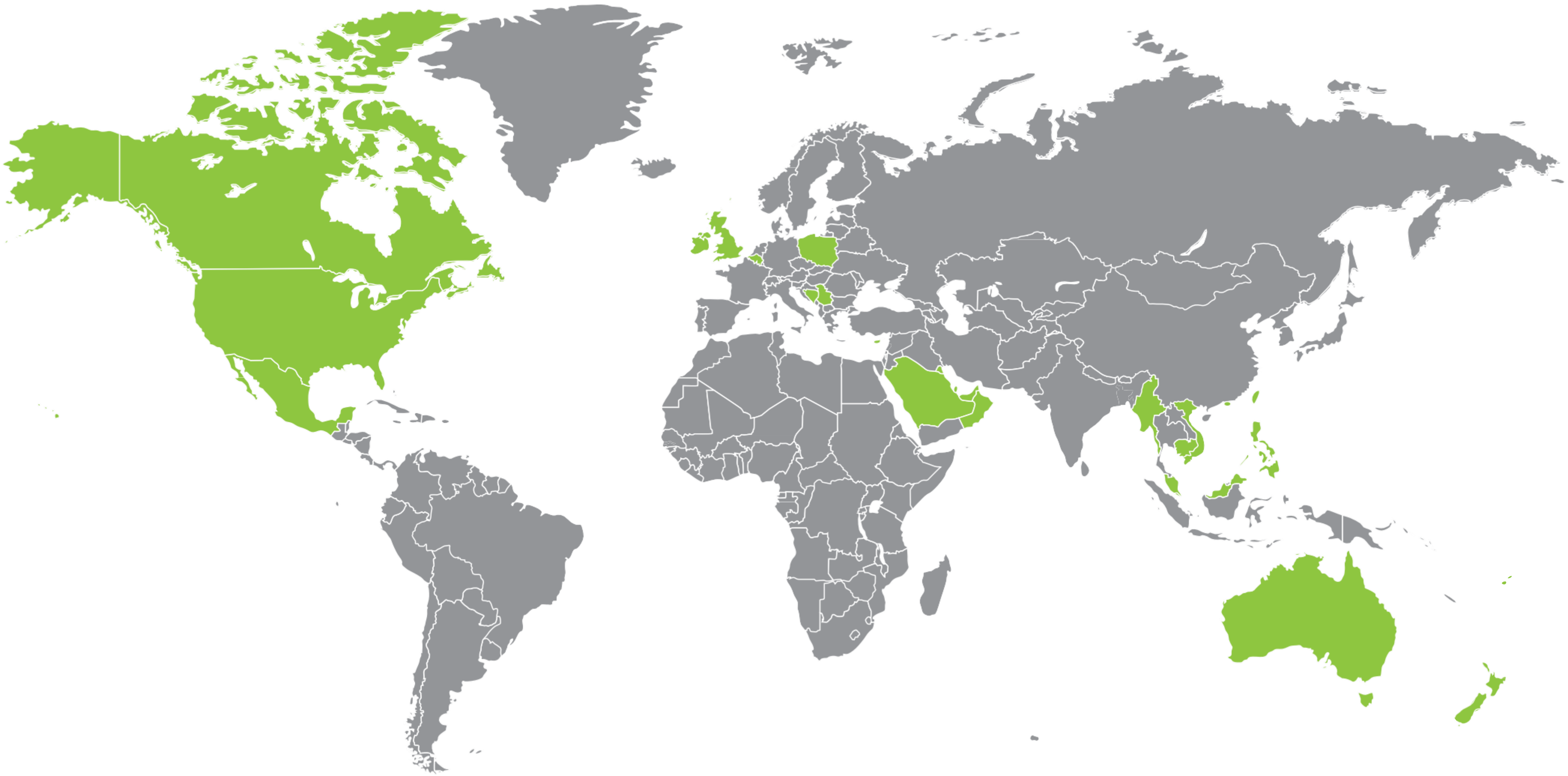
Australia
- Melbourne
- Sydney
- Perth
- Darwin

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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Financial data
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Redflex