

# TRAFFIC TECHNOLOGIES LTD

## FY19 RESULTS PRESENTATION





# traffic technologies

**TRAFFIC SOLUTIONS BEYOND TOMORROW**

## About Traffic Technologies (TTI)



### OUR COMPANY

- Australia's premier traffic software and solutions company
- Founded in 2004 and headquartered in Eltham, Victoria
- 176 staff across 8 Australian offices and one in the United Kingdom



### TECHNOLOGY

- End-to-end technical solutions for the traffic sector
- Unique infrastructure technology endorsed by state road authorities
- New smart city platform strengthens global market position



### CUSTOMER BASE

- 600+ customers across 4 continents
- Strong relationships with municipal governments and local councils
- Largest customer representing ~11% of revenue

## FY19 Result Summary

(A\$m)	Statutory FY19	Underlying FY18	Statutory FY18
Revenue	48.3	56.7	56.7
EBITDA	4.3	5.0	10.2
D&A	(1.5)	(1.7)	(1.7)
EBIT	2.8	3.2	8.4
Interest	(1.4)	(1.5)	(1.5)
NPAT	1.3	1.5	6.1

*Note: Underlying FY18 result excludes gain on repayment of debt and write-down of inventory*

## Result Commentary

- Slower than expected revenue and profits in the domestic market mainly due to timing delays of government expenditures
- Strong export sales of road safety products to overseas markets, including the UK, South America, Middle East and Asia
- De-risked revenue streams via roll-out of proprietary 'Traffic SmartCity Technology' (TST) platform, Internet of Things (IoT) systems and maintenance and installation contracts
- Increased multi-year term contracts with power, road authorities and municipalities is expected to underpin future earnings
- Government projects expected to be completed in FY19 have been deferred and expected to be completed in FY20

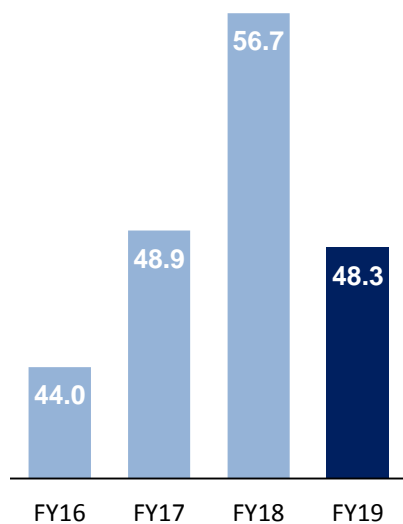




## FY19 Result Summary

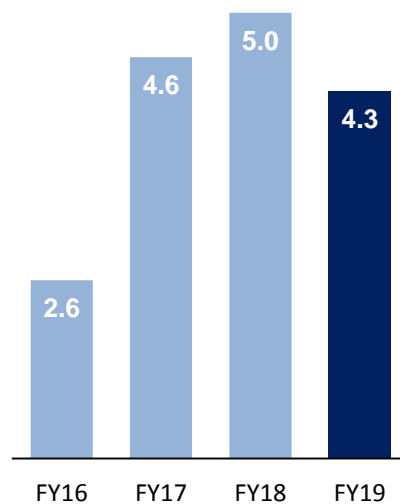
### Revenue

(A\$m)



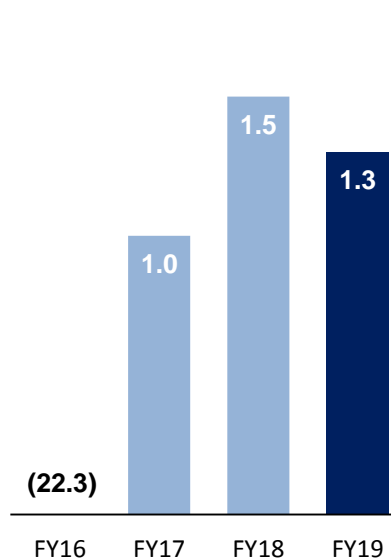
### EBITDA

(A\$m)



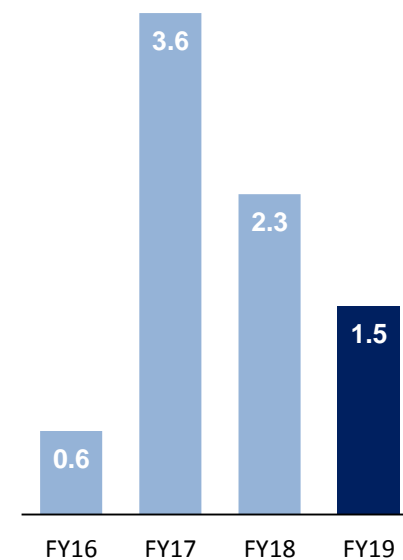
### NPAT

(A\$m)



### Operating Cash Flow

(A\$m)



Note: FY18 result exclude gain on repayment of debt and write-down of inventory

## FY19 Profit & Loss Statement (\$'000)

	Statutory FY19	Underlying FY18	Statutory FY18
<b>Revenue</b>	<b>48,321</b>	<b>56,670</b>	<b>56,670</b>
Other income	125	124	8,003
Change in inventories of finished goods and work in progress	2,433	(526)	(3,046)
Raw materials and consumables used	(28,986)	(32,481)	(32,481)
Employee benefits expense	(13,661)	(15,134)	(15,134)
Occupancy costs	(1,907)	(1,905)	(1,905)
Advertising and marketing expense	(123)	(296)	(296)
Other expenses	(1,879)	(1,501)	(1,651)
Depreciation and amortisation	(1,474)	(1,731)	(1,731)
<b>EBIT</b>	<b>2,849</b>	<b>3,220</b>	<b>8,429</b>
Finance costs	(1,380)	(1,548)	(1,548)
<b>NPBT</b>	<b>1,469</b>	<b>1,672</b>	<b>6,881</b>
Income tax expense	(206)	(150)	(809)
<b>NPAT</b>	<b>1,263</b>	<b>1,522</b>	<b>6,072</b>

*Note: FY18 result includes gain on repayment of debt and write-down of inventory*

## FY19 Balance Sheet (‘000)

### Assets

Cash and cash equivalents	3,107	4,044
Trade and other receivables	8,803	10,766
Inventories	12,597	10,164
Other current assets	251	619
<b>Total current assets</b>	<b>24,758</b>	<b>25,593</b>

Property, plant and equipment	1,224	1,253
Intangible assets	19,483	18,510
<b>Total non-current assets</b>	<b>20,707</b>	<b>19,763</b>
<b>Total assets</b>	<b>45,465</b>	<b>45,356</b>

### Liabilities

Trade and other payables	7,341	8,730
Borrowings	142	172
Provisions	2,685	2,570
Deferred tax liability	861	659
<b>Total current liabilities</b>	<b>11,029</b>	<b>12,131</b>

Borrowings	13,073	13,128
Provisions	203	200
<b>Total non-current liabilities</b>	<b>13,276</b>	<b>13,328</b>
<b>Total liabilities</b>	<b>24,305</b>	<b>25,459</b>
<b>Net assets</b>	<b>21,160</b>	<b>19,897</b>

### Equity

Contributed equity	54,755	54,755
Accumulated losses	(33,595)	(34,858)
<b>Total equity</b>	<b>21,160</b>	<b>19,897</b>



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## FY19 Operational Update

### Road & Street Lighting

- Continuing roll-out of LED street lights for state road authorities, local councils and other customers
- Second generation LED road lights are substantially more energy efficient relative to conventional road lights, providing material savings to power bills and maintenance costs in a time of rising electricity prices
- Secured long-term supply contracts and orders with state and local government agencies, major power companies and contractors

### Safety Signage

- Continues to be one of Australia's major suppliers of road signs to all states and territories in the domestic market
- Further enhanced integration synergies with other business units

### Traffic Controllers & Signals

- Growing demand for traffic controllers and signals in key export markets, including New Zealand, Singapore, Ecuador, China, Qatar and Mexico





## FY19 Operational Update

### TST Platform

- Successful initial roll-out of the company's proprietary TST smart city platform across the east coast of Australia
- TST platform enables road authorities, councils and power companies to fully utilise and maintain critical assets in real time
- Identified a number of opportunities to supply its state-of-the-art lighting control systems and "Smart City" technology to overseas markets

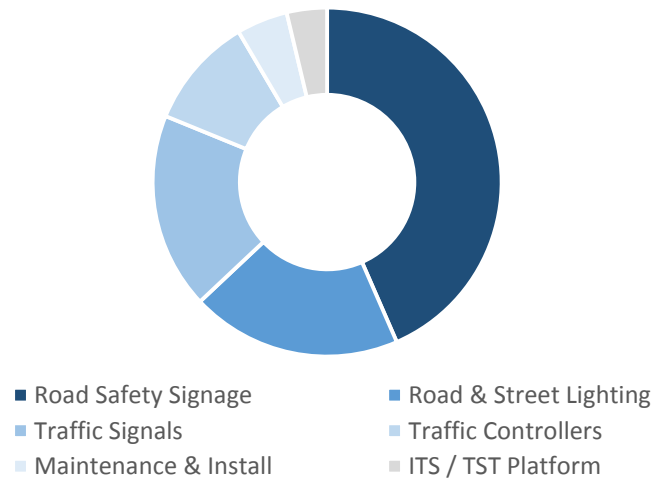






## FY19 Operating Highlights

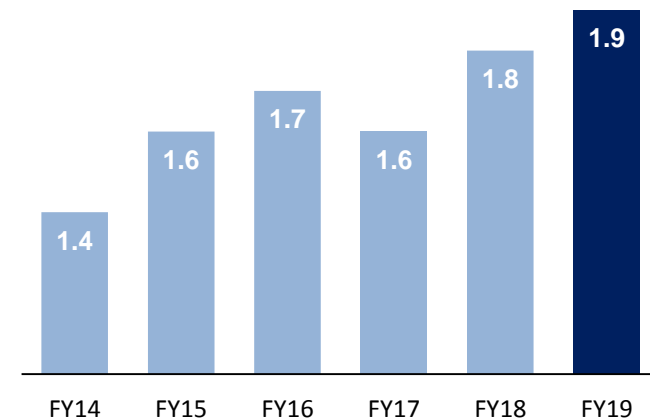
### Successful Diversification of Revenue Streams



Successful diversification program by expanding the TST platform, IoT systems and maintenance and installation contracts.

### Progress in Research and Development

*Development costs (A\$m)*



Continued development of the Traffic SmartCity Platform ensuring a best in class solution.

## Global Business Update

- Securing of contracts in the UK, South America, Middle East and Asia are providing an exciting pathway for growth

**~13.2%**

revenue derived from  
outside Australia

**~A\$19.2m**

total long term  
contract value



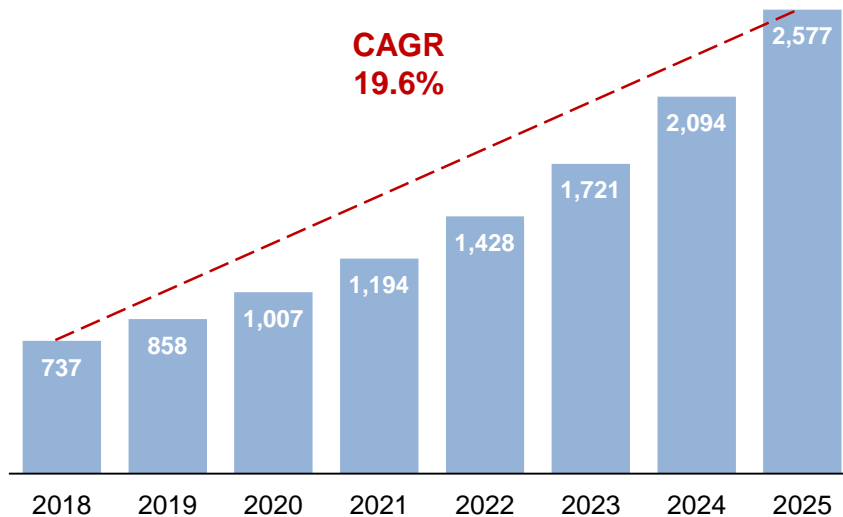
*Secured agreements for TTI's road safety products and technology*



### Smart City Opportunity

*A smart city is an urban area that uses information and communication technologies to increase operational efficiency, share information with the public and improve both the quality of government services and citizen welfare.*

Global smart city market (US\$ billion)<sup>1</sup>



Key drivers of smart city adoption



Rapid population growth in urban areas



Increasing automobile use and congestion



Pressure to reduce environmental impact



Greater importance on quality of life and safety



Availability and affordability of technology



### Traffic SmartCity Technology (TST)

- TTI's proprietary TST brings together the functionality of today's modern cities into a single platform to improve the efficiency of services across:

#### Asset Management

- Rapid batch device information input
- Compatibility with multiple surveillance devices
- Auto-equipment commissioning

#### Energy Reporting

- Real-time energy consumption
- Real-time equipment status monitoring
- Energy saving statistics

#### Environmental Monitoring

- Real-time element monitoring, including: temperature, humidity and illumination

#### Road, Street and Tunnel Lighting

- Light sensor and vehicle detection interface
- Emission and cost saving data for local councils

#### Traffic Control

- Interpretation of traffic data to maximise traffic flow by adjusting traffic lights and other signals
- Potential to guide emergency vehicles via the fastest route



## Outlook and Business Strategy

- TTI is confident about its prospects for FY20, which is expected to include a number of projects deferred from the 2019 financial year
- The company expects to benefit from a number of significant projects, including:
  - Continued roll-out of our “Smart City” platform
  - LED street, road and tunnel lighting installations
  - Term supply contracts
  - Further export sales to a range of overseas markets
- The increase in multi-year term contracts with power, road authorities and municipalities is also expected to underpin our earnings base in future years





# Appendix







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## TTI Background

### Capital Structure

<b>Shares on issue</b>	482.2 million
<b>Share price (27-Aug-19)</b>	\$0.02
<b>Market capitalisation</b>	\$9.6 million
<b>Net Debt (30-Jun-19)</b>	\$10.1 million
<b>Enterprise Value</b>	\$19.7 million

### Board & Management

<b>Non-Executive Chairman</b>	Garry Lowrey
<b>Managing Director</b>	Con Liosatos
<b>Non-Executive Director</b>	Mark Hardgrave
<b>CFO &amp; Company Secretary</b>	Peter Crafter

## Business Divisions & Product Suite

### Aldridge Traffic Systems (ATS)

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

### Traffic SmartCity Technology (TST)

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

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### Quick Turn Circuits (QTC)

- Traffic Controllers
- Emergency Phones

### De Neefe

- Directional & Regulatory Signage
- Traffic Control & Safety Products

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