

Chairman's Address to Shareholders

30 October 2019, Melbourne:

The 2019 financial year started with great promise for your Company however the end result was below expectations. Over recent years we have shared with you the plans that have been developed and implemented to improve the quality, performance and value of TTI. These plans have included the development of the lighting business, diversifying the businesses income streams in response to the steady decline in the signals market, growing sales offshore to reduce the reliance on Australia and more recently the development of the Smart City platform which represented a shift from traditional product supply, delivering cost savings and intelligence to our customers and establishing a small but growing recurring revenue stream.

Our efforts to achieve the goal of improved quality, value and performance of TTI cannot occur in isolation of the broader economy. As a company we have modest resources to manage both the day to day business and the ongoing change and development program. Obvious factors such as elections at both Federal and State levels impact decision making timetables of government. At the same time however the health of the general economy impacts TTI as it does most other industrial companies. We are not a business exposed to the consumer sector (household consumption) which is the largest part of the Australian economy. Our fortunes are tied to Government expenditure and given our geographical exposure to a lesser degree mining expenditure. The elections last year slowed government commitment processes and mining sector expenditure was down 12% year on year. As many of you will have noted our Federal Government is actively promoting infrastructure spending with the Reserve Bank seemingly even keener to see more and mining sector spending is also forecast to turn positive. While the backdrop last year was poor we support the governments' commitment to further infrastructure investment for the stimulatory benefits to the economy and for our business. I must caution though that our business is one of the last to benefit from new infrastructure construction given the products that we supply.

I will leave it to Con to talk more about operational elements of the business, its activities over the past 12 months and the future outlook.

I would now like to turn to some specific issues that I do know are on the minds of some of our investors.

The first of these is inventory which ties in with working capital and cash flow. Shareholders will have noted from looking at the balance sheet that inventory increased over the past year. With the establishment in the past few years of the Groups Lighting activities, investment was obviously required in inventory. Management did an admirable job to build this business with little working capital and over the past 12 months as term contracts were secured additional inventory (much of which is imported) was built in anticipation of the roll-out of these term contracts. For a range of reasons some of these orders were delayed resulting in levels of lighting inventory at year end which were above expectations. The first quarter of the new financial year has however seen an improvement in lighting shipments with a consequential reduction of inventory.

Cash flow and net debt levels remain a key focus of management and your board. The Company recently announced a partial restructure of its debt. The addition of two new debt providers has enabled the Company to reduce its total cost of funds by up to 30% pa, reduce its exposure to foreign currency debt and provides a more flexible structure for the Company to manage its debt. The latest debt restructure, combined with the debt restructure achieved last year has reduced debt materially. The goal remains to complete the full repayment of the ADM facility.

The Group sees a significant opportunity in the years ahead in the rapidly developing "Smart City" sector and is increasingly focusing its business model on revenue streams from "Smart City" platforms and software. As well as the initial supply of infrastructure and the related software, the Group has been developing an annuity model involving recurring revenue over the life of the assets. While at this point the revenue contribution is not material each deployment of sensors adds additional revenue.

The Group is optimistic about its prospects for the year ahead, underpinned by a number of significant projects involving the roll-out of our "Smart City" platform, our LED street, road and tunnel lighting installations and term maintenance contracts. The Group is also continuing to develop its export markets across a range of overseas countries, including the UK, South America, Middle East and Asia. The increase in multi-year term contracts with power, road authorities and municipalities is also expected to underpin our earnings base in future years.

Consistent with the goal of improving the quality, performance and value of TTI the Board and management regularly assess possible acquisitions and divestments, which offer the opportunity to consolidate our position in key markets. An example of such an opportunity is the L&M acquisition announced earlier this week. L&M is a high quality business with which TTI has had a long relationship. It has a quality portfolio of maintenance contracts and represents an attractive platform from which TTI can grow its maintenance activities. Opportunities such as this will continue to be carefully assessed and will not be completed unless they have a clear strategic alignment, have been thoroughly investigated and the Board is confident they will enhance long-term shareholder value.

The Board is concerned about the low trading price of the Company's shares. We believe this results from a combination of shareholder disappointment about the Company's recent performance and the market in which it operates, ongoing concerns about the level of debt and lack of liquidity in trading in the Company's shares.

Our Board and management are committed to the ongoing improvement of shareholder value and believe that the Company is in a stronger position to take advantage of the opportunities ahead in the "Smart Cities" area with increasing focus on the use of technology to manage government infrastructure, traffic flows and associated services. While we strongly believe that the product suite we have is attractive and that the markets for lighting and smart cities technology in particular have strong growth potential and will in time deliver the improved quality, performance and value of TTI your board retains an open mind regarding other opportunities to improve shareholder value and is currently carrying out a strategic review to assess this.

I would like to take this opportunity to thank Mr. Con Liosatos and the management team. Con and his team continue to work tirelessly on behalf of all shareholders. As I have noted on previous occasions they have deep experience with the Company and the Board believes they are the best credentialed and most skilled people to continue to lead this Company forward.

Finally, along with my fellow directors, I would like to thank you once again for your patience and continued support. We have a stronger more secure business now than last year. We have technology and products that are leaders in their markets, we are securing contracts with a range of quality customers here and overseas, many of which involve recurring revenue streams. Many of the markets we are addressing are only now developing such as Smart Cities or have significant growth such as LED street lights. We look forward to the years ahead.

I would now like to introduce Con who will provide an overview of the Company's operations and address in some more detail its future prospects.