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Traffic Technologies Ltd
2019 Annual General Meeting
Presentation
30 October 2019



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

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



KEY ACHIEVEMENTS IN 2019

- Debt restructure
- Awarded supply contracts in Tasmania & NSW
- Further development of "SmartCity" (TST) platform
- Development of overseas markets
- Developed and deployed lighting products to the lucrative tunnel and decorative lighting market, controlled by TST
- L&M acquisition - term maintenance contracts for six councils in Victoria





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 SmartCity 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



OVERVIEW OF OPERATIONS



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- Road, Street and Tunnel Lighting
 - Introduction of Tunnel and Decorative
- Safety Signage
- Road Signage
 - Static
 - Electronic
- Traffic Signals
- Traffic Signals and Controllers
- TST SmartCity Platform
 - SmartCity Sensors
- Software and Firmware Solutions
- Software Integration
- End to End Solutions and Maintenance





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

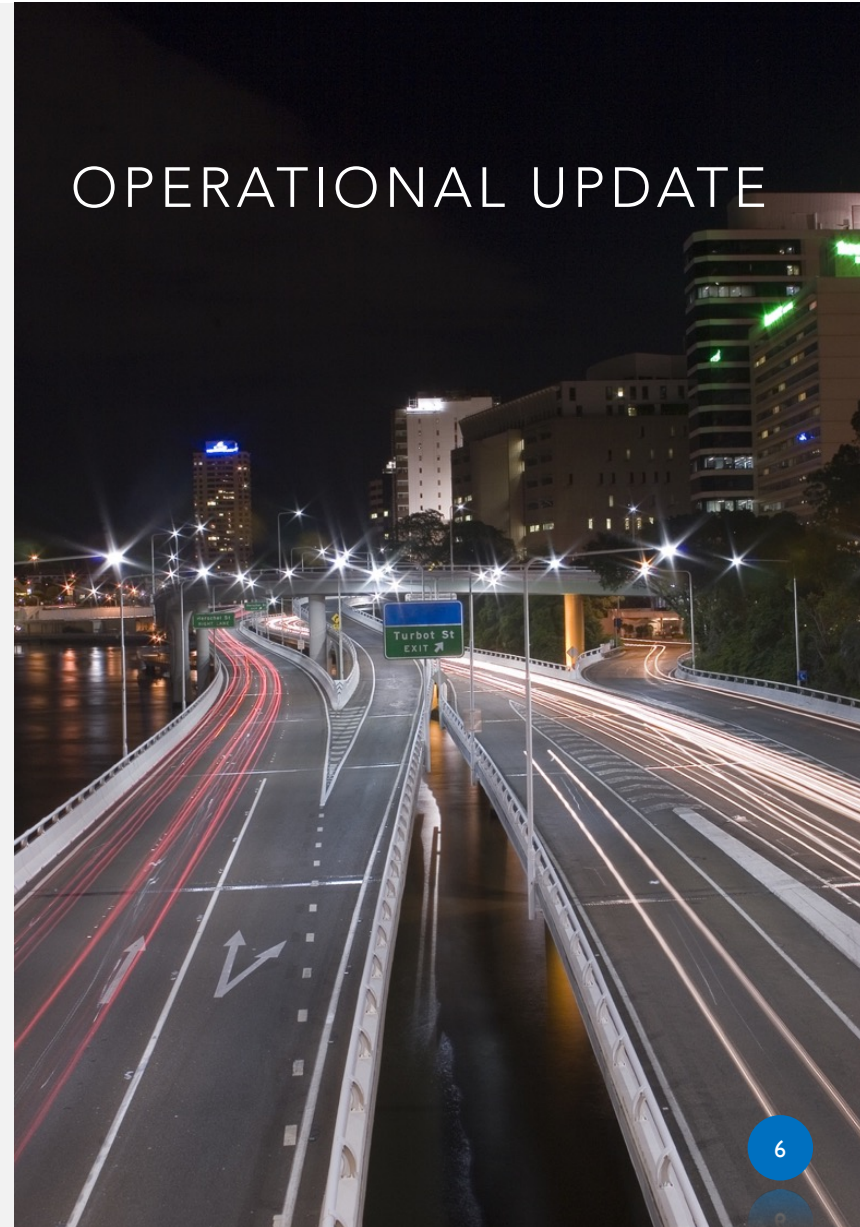
Safety Signage

- 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

OPERATIONAL UPDATE





TST SmartCity Platform

- Successful initial roll-out of the company's proprietary TST SmartCity 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 SmartCity technology to overseas markets, (including UK, Hong Kong and Peru)
- Annuity streams derived from roll outs
- Over 16,000 Sensors to date





GLOBAL BUSINESS UPDATE

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

~13.2%

revenue derived from outside Australia



Secured agreements for TTI's road safety products and technology



DEBT RESTRUCTURE

Debt restructure on 18 October 2019

ADM loan reduced from \$13.2m to \$5.7m

Debt now:

- ADM term loan \$5.7m
- Octet debtor & trade finance \$4.0m (up to \$5.5m)
- First Samuel note facility \$3.5m
- Total debt \$13.2m
- Saving on interest \$0.7m pa.



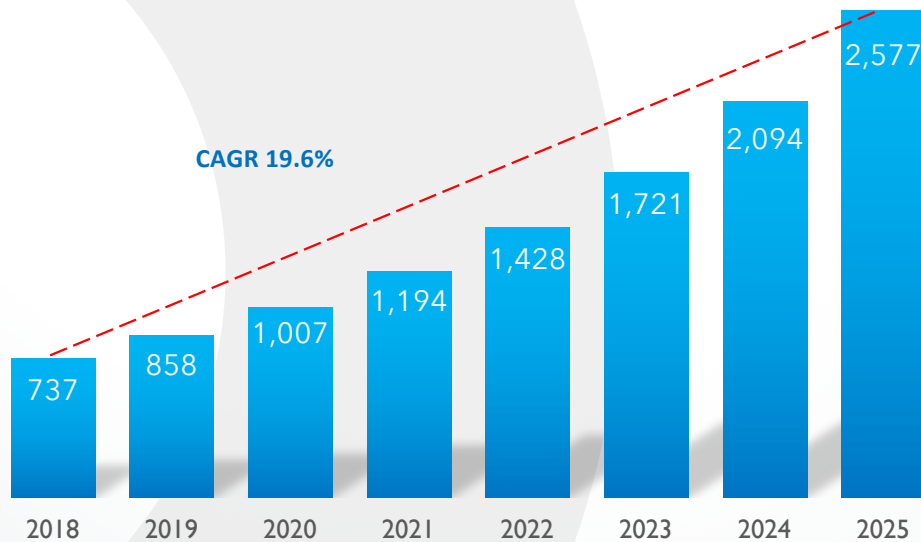
OUTLOOK AND BUSINESS STRATEGY

- The company expects to benefit from a number of significant projects, including:
 - Continued roll-out of our SmartCity platform across various government assets including: lighting, incident detection, parking, waste management and cabinet security bring increased annuity revenue streams
 - 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 to greater than 50% of revenue
- Further debt restructure



SMARTCITY 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 SmartCity market (US\$ billion)¹

Note: 1. PwC analysis, Technavio, Cisco, ITU, IEEE, Smart Cities Dive, GreenBiz, Deloitte Smart Mobility Report

Key Drivers of SmartCity 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

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
- ENERGY REPORTING
- ENVIRONMENTAL MONITORING
- ROAD, STREET & TUNNEL, LIGHTING
- TRAFFIC CONTROL

- Rapid batch device information input
- Compatibility with multiple surveillance devices
- Auto-equipment commissioning
- Real-time energy consumption
- Real-time equipment status monitoring
- Energy saving statistics
- Real-time element monitoring, including: temperature, humidity and illumination
- Light sensor and vehicle detection interface
- Emission and cost saving data for local councils
- Interpretation of traffic data to maximise traffic flow by adjusting traffic lights and other signals
- Potential to guide emergency vehicles via the fastest route





LONDON

London Transport

- Trial smart traffic signal control at intersections. To monitor, report lantern alignment, pedestal hit
- SmartCity lighting control system
- CCTV activated upon incident
- SmartCity Manhole Sensors



HONG KONG

- Road Authority to test:
- Smart Lighting and WiFi
- Incorporating Zigbee and NB-IoT



SMART CITY TRIALS





LED LIGHTING OPPORTUNITY

- Approx. 2.3 million street lights in Australia
- Approximately 20% converted to LED to date
- Significant savings in power and maintenance
- Recent contracts include NSW and Tasmania
- Environmental benefits
- Tunnel and decorative lighting





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Traffic Technologies Ltd	DeNeefe Signs	Aldridge Traffic Systems	QTC Traffic Solutions	Aldridge Traffic Systems UK
<p>Head Office</p> <p>31 Brisbane Street Eltham Victoria 3095 Australia</p> <p>T: + 61 3 9430 0222 F: + 61 3 9430 0244</p> <p>Offices in:</p> <ul style="list-style-type: none"> • Northern Territory • Tasmania • Queensland • Western Australia • Victoria • New South Wales 	<p>Head Office</p> <p>25 Brisbane Street Eltham Victoria 3095 Australia</p> <p>T: + 61 3 9430 0266 F: + 61 3 9430 0277</p>	<p>12-14 Leeds Street, Rhodes NSW 2138 Australia</p> <p>T: + 61 2 9701 9900 F: + 61 2 9736 3391</p>	<p>12-14 Leeds Street, Rhodes NSW 2138 Australia</p> <p>T: + 61 2 9896 5702 F: + 61 2 9892 7698</p>	<p>Units D3+D5 Cowlairs Southglade Business Park off Rigley Drive Top Valley Nottingham NG5 9RA UK</p> <p>T: + 44 7400 189720 F: + 44 1159 223836</p>