



Traffic Technologies Ltd

Half Year Results to 31 December 2019



1H FY20 Results

Commentary

- Slower than expected revenue and profits in the domestic market due to timing delays of government expenditures and slow economic outlook
- Government projects expected to be completed in FY19 have been deferred and expected to be completed in 2020
- Margin affected by impact of \$US vs \$Aus dollar exchange rate on supply chain
- Impairment provision against goodwill at 31 December 2019, given the disappointing result
- Occupancy costs, depreciation and interest affected by capitalisation of property leases to comply with new accounting standard AASB 16

(A\$m)	1H FY20	1H FY19
Revenue (\$m)	21.9	25.0
EBITDA	0.5	2.4
D&A (\$m)	(1.2)	(0.8)
Impairment (\$m)	(10.6)	-
EBIT	(11.3)	1.6
Interest	(1.1)	(0.6)
NPAT (\$m)	(12.4)	0.8
EPS (cents)	(2.57)	0.17

FY20 Operational Update

- Diversified Revenue Base:
 - Products;
 - Software Platforms and IoT applications;
 - Installation and Maintenance;
 - Customers; and
 - Export markets;
- Long term supply contracts with authorities in Victoria, New South Wales, South Australia and Queensland
- Smart City platform deployment along with recurring revenue
- QTC continues to export controllers worldwide
- Next generation traffic controller developed VC6 for local and export markets
- Aldridge traffic signals retains dominant market position



PRODUCT GROUPS

Signs Signals Lighting



Cash Flow

- Gross Operating Cash Flow+ / EBITDA: 527%
- Debt refinanced in October 2019
- + Gross Operating Cash Flow is Operating Cash Receipts less Operating Cash Payments

CASH FLOW (\$m)	1H FY20	1H FY19
Receipts	25.3	29.5
Payments	(22.7)	(27.5)
Interest	(0.6)	(0.6)
Operating Cash Flows	2.0	1.5
PP&E	-	-
Intangible Assets	(1.0)	(1.2)
Acquisition Costs	(0.1)	-
Investing Cash Flows	(1.1)	(1.2)
Borrowing Proceeds	7.5	-
Borrowing Repayments	(9.0)	(0.1)
Financing Cash Flows	(1.5)	(0.1)
Cash Start	3.1	4.0
Net Cash Flow	(0.5)	0.2
Cash End	2.6	4.2



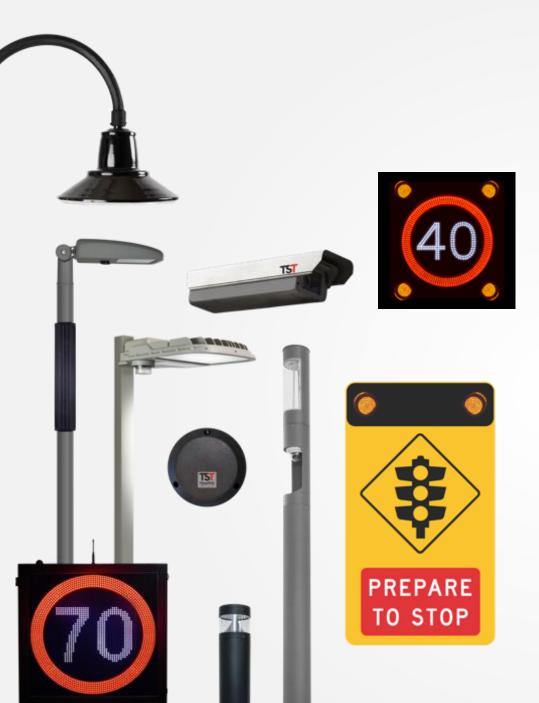
Balance Sheet

- Net Debt*: \$9.7m
- Net Assets \$8.7m
- Gearing** Ratio: 53%
- Goodwill impairment \$10.6m

- * Net Debt excludes \$1.3m relating to property leases capitalized at 31 December 2019
- ** Gearing is Net Debt divided by Net Debt plus Shareholders' Equity

Balance Sheet (\$m)

	1H FY20	FY19		
Cash	2.6	3.1		
Receivables	8.2	8.8		
Inventories	11.1	12.6		
Derivative Financial Instrument	-	0.3		
Total Current Assets	21.8	24.8		
PP&E	2.4	1.2		
Goodwill	-	10.6		
Intangibles	9.1	8.9		
Total Non-Current Assets	11.5	20.7		
Total Assets	33.3	45.5		
Payables	7.1	7.3		
Debt	4.0	0.1		
Provisions	2.7	2.7		
Deferred Tax Lability	0.9	0.9		
Derivative Financial Instrument	0.1	-		
Total Current Liabilities	14.8	11.0		
Debt	9.6	13.1		
Other	0.2	0.2		
Total Non-Current Liabilities	9.8	13.3		
Total Liabilities	24.6	24.3		
Equity	8.7	21.2		





Overview of Operations

- Road, Street and Tunnel Lighting
 - Introduction of Tunnel and Decorativ
- Safety Signage
- Road Signage
 - Static
 - Electronic
- 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
- 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





TST SmartCity Platform

- Successful 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





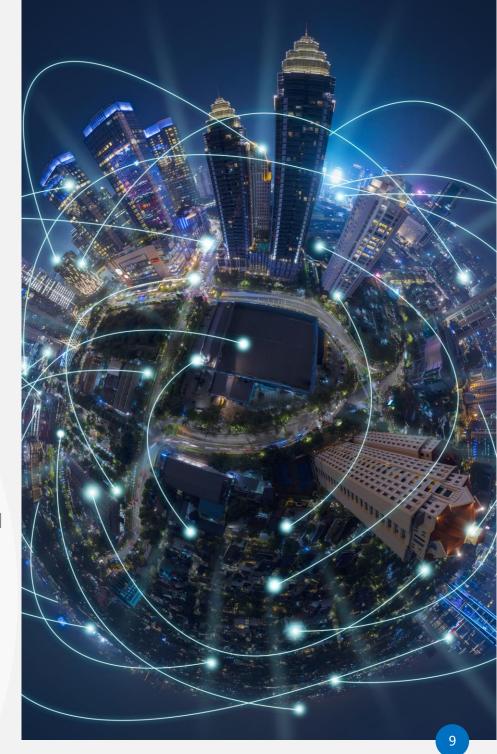






Outlook and Business Strategy

- The company expects to benefit from a number of significant projects, including:
 - Continued roll-out of our SmartCity (TST) platform across various government assets including: lighting, incident detection, parking, waste management and cabinet security bringing increased annuity revenue streams
 - LED street, road and tunnel lighting installations
 - Term supply contracts
 - Further export sales to overseas markets
- The increase in multi-year term contracts with power, road authorities and municipalities is expected to underpin our earnings base in future years to greater than 50% of revenue
- Agreement to acquire the L&M Traffic Signals business enabling TTI to develop and expand its maintenance business in Victoria, with L&M's existing contracts and relationships with local councils





TTI Background

Capital Structure		
Shares on Issue	482.2m	
Price (26-Feb-20)	1.3c	
Market Capitalisation	\$6.3m	
Net Debt (31-Dec-19) \$9.7m		
Enterprise Value	\$16.0m	

Board & Management		
Non-Executive Chairman	Garry Lowrey	
Managing Director	Con Liosatos	
Non-Executive Director	Mark Hardgrave	
CFO & Company Secretary	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
- Intersection of Things
- Internet of Things (IoT) Sensors

TTI

Quick Turn Circuits (QTC)

- Urban Traffic Control
- Urban Traffic Management
- Engineering & Planning
- Emergency Phone Systems

DeNeefe

- Directional Signage
- Regulatory Signage
- Electronic Signage
- Traffic Control Products
- Safety Products



Disclaimer

This document has been prepared by Traffic Technologies Ltd (TTI) and comprises written material/slides for a presentation concerning TTI.

The presentation is for information purposes only and does not constitute or form part of any offer or invitation to acquire, sell or otherwise dispose of, or issue, or any solicitation of any offer to sell or otherwise dispose of, purchase, or subscribe for, any securities, nor does it constitute investment advice, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision. Certain statements in this presentation are forward looking statements. You can identify these statements by the fact that they use words such as "anticipate", "estimate", "expect", "project", "intend", "plan", "believe", "target", "may", "assume" and words of similar import. These forward looking statements speak only as at the date of this presentation. These statements are based on current expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause the actual results, performances and achievements to differ materially from any expected future results, performance or achievements expressed or implied by such forward looking statements.

No representation, warranty or assurance (express or implied) is given or made by TTI that the forward looking statements contained in this presentation are accurate, complete, reliable or adequate or that they will be achieved or prove to be correct. Except for any statutory liability which cannot be excluded, TTI and its respective officers, employees and advisers expressly disclaim any responsibility for the accuracy or completeness of the forward looking statements and exclude all liability whatsoever (including negligence) for any direct or indirect loss of damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission there from.

Subject to any continuing obligation under applicable law or any relevant listing rules of the ASX, TTI disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in these materials to reflect any change in expectations in relation to any forward looking statements or any change of events, conditions, or circumstances on which any statement is based. Nothing in these materials shall under any circumstances create an implication that there has been no change in the affairs of TTI since the date of this presentation.



TasmaniaQueenslandWestern Australia

Victoria

New South Wales

Traffic Technologies Ltd	DeNeefe Signs	Aldridge Traffic Systems	QTC Traffic Solutions	Aldridge Traffic Systems UK
Traffic Technologies Ltd	Delveere Signs	Alahage Traffic Systems	QTC Traffic Solutions	UK
Head Office	Head Office	12-14 Leeds Street, Rhodes NSW 2138	12-14 Leeds Street, Rhodes NSW 2138	Units D3+D5 Cowlairs
31 Brisbane Street Eltham Victoria 3095	25 Brisbane Street Eltham Victoria 3095	Australia	Australia	Southglade Business Park off Rigley Drive
Australia	Australia	T: + 61 2 9701 9900 F: + 61 2 9736 3391	T: + 61 2 9701 9900 F: + 61 2 9736 3391	Top Valley Nottingham
T: + 61 3 9430 0222 F: + 61 3 9430 0244	T: + 61 3 9430 0266 F: + 61 3 9430 0277			NG5 9ŘA UK
Offices in: • Northern Territory				T: + 44 7400 189720 F: + 44 1159 223836

www.trafficltd.com.au