



Traffic Technologies Ltd FY20 Results Presentation

FY20 Results Summary

Result Commentary

- Slower than expected revenue and profits in the domestic market mainly due to timing delays of government expenditures
- Trading conditions volatile, including impact of COVID-19 but Group has continued to trade despite supply chain issues
- Second half EBITDA up by almost 90% despite lockdown
- Sales and customer orders improved during the second half, despite the lockdowns
- Export markets expected to improve once international travel restrictions ease, although exports have continued during the COVID-19 lockdown.
- Net debt reduced by 22%
- Occupancy costs, depreciation and finance costs impacted by AASB 16, capitalisation of property leases
- Impairment provision against goodwill \$10.6m

(A\$m)	FY20	FY19
Revenue	44.5	48.3
EBITDA	1.4	4.3
D&A	(2.3)	(1.5)
Impairment	(10.6)	-
EBIT	(11.4)	2.8
Interest	(2.4)	(1.4)
NPAT	(14.0)	1.3

FY20 Balance Sheet

Commentary

- Net assets reflect net loss for the year, including the impairment provision
- Intangibles after adjustment for impairment provision against goodwill \$10.6m
- ADM debt due to be refinanced in July 2021 (\$5.1m at 30 June 2020)
- Net debt, excluding liabilities associated with capitalised property leases, reduced to \$7.9m (2019: \$10.1m)

(A\$m)	FY20	FY19
Current Assets	21.6	24.8
PP&E & Intangibles	11.5	20.7
Total Assets	33.1	45.5
Borrowings	(12.8)	(13.2)
Net Debt	7.9	10.1
Other Payables	(13.2)	(11.1)
Net Assets	7.1	21.2

FY20 Cash Flow

Commentary

- Operating cash flow reflects the Group's trading operations during the year
- Debtor finance facility has enabled quicker access to funds from trade receivables
- Investing cash flow includes continued investment in R&D
- Financing cash flow is net of \$7.5m debt refinancing in October 2019

(A\$m)	FY20	FY19
Operating Cash Flow	5.3	1.5
Investing Cash Flow	(2.1)	(2.3)
Financing Cash Flow	(2.7)	(0.1)
Net Cash Flow	0.5	(0.9)
Cash b/f	3.1	4.0
Cash c/f	3.6	3.1

FY20 Operational Update

Road & Street Lighting

- Continuing roll-out of LED street lights for state road authorities, local councils and other customers
- Third 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
- Since Ausgrid contract signed in August 2020, orders received for over 4,500 street lights.

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, and the Middle East.
- Introduction of contactless push button (for pedestrian signals) "iTouch" for the world market with trials across Australia.



FY20 Operational Update

TST SmartCity Platform

- Successful roll-out of the company's proprietary TST SmartCity Platform across the east coast and South 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 England, Asia and Sth America



Outlook and Business Strategy

- TTI is confident about its prospects for FY21, which is expected to include a number of projects deferred from previous years
- 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
- Strategic review undertaken, implementation delayed by COVID-19





L&M Acquisition

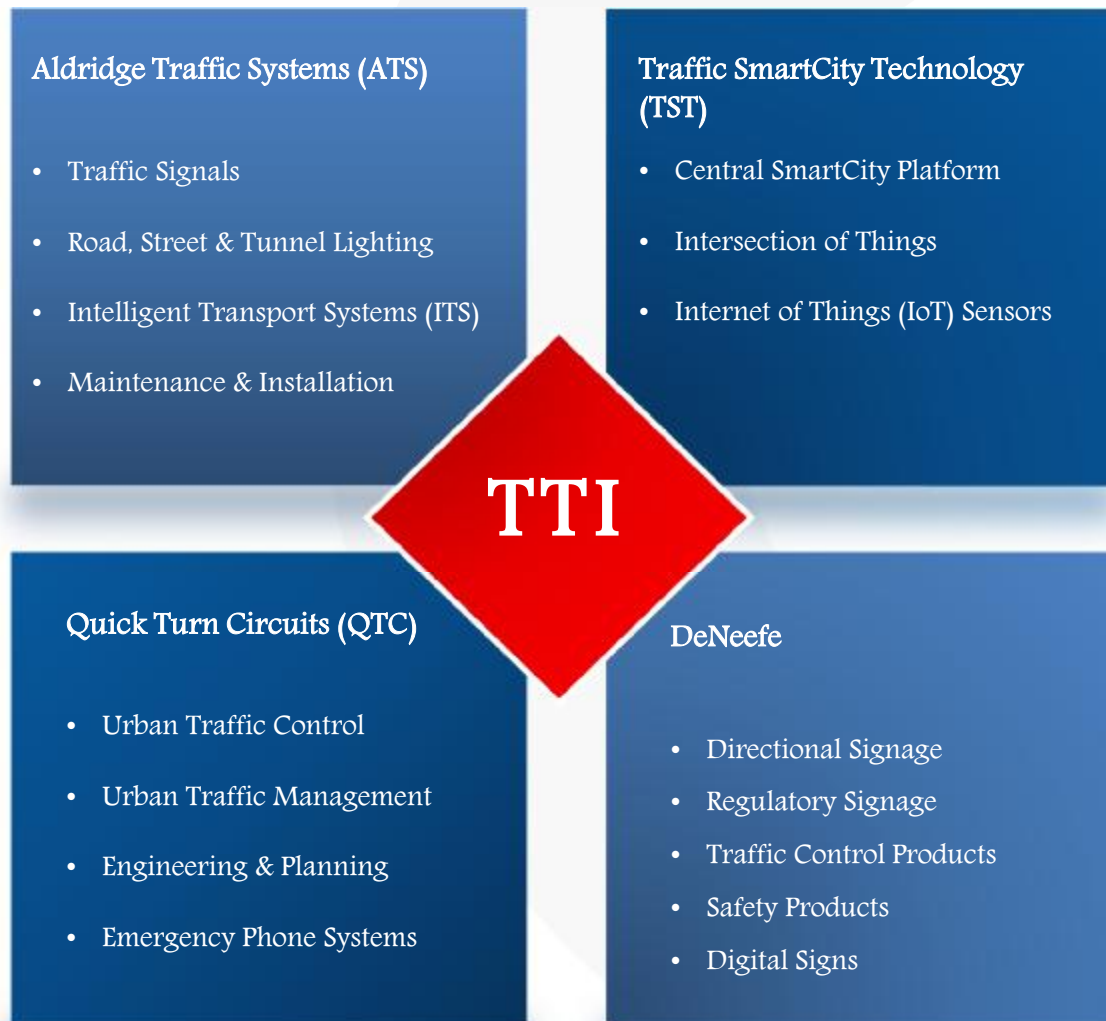
- Acquisition of L&M Traffic Signals business completed in August 2020
- Established in Dandenong South, Victoria in 1985
- Accredited provider and installer for the Department of Transport Victoria for traffic controllers, traffic signals, electronic speed signs, ITS equipment and road lights
- L&M also holds a number of term maintenance contracts with several local councils across Victoria
- L&M has won over \$1m of work in its first 4 weeks of trading since it was acquired in August 2020.

TTI Background

Capital Structure	
Shares on Issue	482.2m
Price (9-Oct-20)	3.4¢
Market Capitalisation	16.4m
Net Debt (30-June-20)	\$7.9m
Enterprise Value	\$24.3m

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



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