

ASX ANNOUNCEMENT

30 November 2020

Redflex Holdings Limited | ABN 96 069 306 216

Redflex 

2020 Annual General Meeting Presentations

In accordance with ASX Listing Rule 3.13.3, **attached** are the Chairman's and the Group Chief Executive Officer's addresses and presentations that will be made at the Redflex Holdings Limited Annual General Meeting being held today, Monday 30 November 2020, at 9:00AM.

About Redflex

During the past 25 years, Redflex has established itself as a world leader in developing and implementing intelligent traffic management products and services which are sold and managed in Asia Pacific, North America, United Kingdom, Europe and Middle East regions. Redflex develops, manufactures and operates a wide range of platform-based solutions all utilising advanced sensor and image capture technologies enabling active management of state and local motorways.

The Redflex Group runs its own systems engineering operations, system integration technologies and innovation centre for research and development. With a continuous program of product development, Redflex has been helping to improve roadway safety, alleviate congestion and reduce the harmful impacts of vehicle emissions.

Redflex Holdings Limited was listed on the Australian Securities Exchange in January 1997.

This announcement was authorised by the Board. For further information please contact:

Mark J. Talbot
Group Chief Executive Officer
Redflex Holdings Limited
mtalbot@redflex.com
T +61 3 9093 3300

Craig Durham
SVP - Group General Counsel & Company Secretary
Redflex Holdings Limited
craig.durham@redflex.com
+61 3 9093 3300

Redflex Holdings Limited

31 Market Street (P.O. Box 720), South Melbourne, Victoria, Australia 3205 t: +613 9093 3300

e: redflexholdingslimited@redflex.com

www.redflex.com

CHAIRMAN'S ADDRESS

30 November 2020

Redflex Holdings Limited | ABN 96 069 306 216

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2020 Redflex Holdings Limited – Annual General Meeting

Chairman's Address (Mr Adam L. Gray)

Slide 1 – What we said at the 2019 AGM

At last year's AGM, I outlined two key pillars underlying the action we had taken to rebuild a platform for sustained success:

- The first being a strong and seasoned leadership team, and then,
- Providing that team the runway to drive operating and financial results.

With this foundation, the ethos of our organization transformed.

And we laid out several clear goals focused upon converting awards to revenue, building our backlog and diversifying our solution set.

Slide 2 – Until COVID Pause

Throughout calendar year 2019, Redflex was once again front-footed, with a 'go-get' attitude, urgency and ability to adapt.

- We were seeing real improvement in both our sales posture and success, as represented by the team's key strategic wins in Pennsylvania, Toronto and Los Angeles – three of the largest awards in North America;
- Production was ramping to meet aggressive implementation timelines for these awarded contracts; and
- In addition, we had established and were leveraging growth in key strategic markets around the globe, building our backlog, while pushing to expand and diversify our solutions portfolio.

With a clear path forward and the team finally in position to speak, convincingly, about the New Redflex, we undertook an aggressive schedule of existing and new investor meetings.

Not surprisingly, the market began to reset its views of value.

By the third week of February, our share price and market cap touched 5-year highs of 68.5c and \$100M, respectively.

Then COVID changed everything.

Disruption in traffic flows, roadworks, and other drivers of our business was significant. And customer-driven delays in deployments forestalled – for the time being – our momentum.

That said, our wins, existing programs and customer relationships have remained secure and confident. In fact, most of our government and agency customers continued to operate as essential services, with many intent on supporting critical partners like Redflex.

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Slide 3 – Fiscal Year 2020

Once again, despite a litany of headwinds over the past two years, our management team has been anything but complacent, demonstrating a keen ability to navigate challenges and to deliver solid results.

A few notable highlights, which Mark will further unpack:

- Total New Contract Value Won (what we refer to as “TCV”):
 - Almost quadrupled, from \$42M to \$158M:
 - This reflected both the return of North America and growth in other key strategic markets; and
 - Importantly, the vast majority of TCV Won was represented by multi-year deployment programs.
- Annual Recurring Revenue under contract (what we refer to as “ARR”):
 - Up 17.5% to \$94.8M
- International Revenue:
 - Despite the COVID impact, we continue to gain traction outside of North America... International Revenue was flat, but still up 23% over the last two fiscal years.
- And our flowthrough was solid:
 - EBITDA increased a bit more than \$2M; and
 - Leveraging more than 25% growth in Cash from Operations.

Slide 4 – Looking Ahead

Looking ahead, we are encouraged and the team remains focused upon three things:

- 1st. Penetrating new market segments within the transportation and public safety infrastructure, addressing opportunities well beyond our traditional “enforcement” heritage, enabled by our expanded solution portfolio;
- 2nd. Profitably converting our backlog; and
- 3rd. Competing for and winning new business while maintaining our existing customer base.

Before I introduce Mark, I would like to again thank you for your continued support.

It is now my pleasure to introduce our Redflex Group CEO, Mr. Mark Talbot.

GROUP CEO ADDRESS

30 November 2020

Redflex Holdings Limited | ABN 96 069 306 216

Redflex

2020 Redflex Holdings Limited – Annual General Meeting

Group CEO Address (Mr Mark J. Talbot)

Thankyou Adam - and good morning to everyone on the call.

Slide 1 – Financial Results FY20

FY20 was a transformational year for the Company.

It is the first year without Texas which adversely impacted Revenue by \$14.2m.

Despite the impact of both Texas and COVID-19 on our revenue, the decisive actions taken enabled us to increase EBITDA by 13.0% to \$18.3m and increase margins substantially.

Slide 2 – Significant Growth in ARR and TCV

As a result of the growth in new awards in FY20, we started the new fiscal year with over \$94m of annual recurring revenue under contract, which represents 17.5% growth on the prior comparable period.

Last year we saw growth in awarded new total contract value of \$158.2m which compares to \$42.1m in FY19 and \$29.2m in FY18. This is a direct result of an improved value proposition and deeper engagement with our customers when developing new business. It validates the organizational and strategic investments we have made over the last three years.

Our total contract value backlog has nearly doubled in the last two years from \$167.2m to \$322.0m.

We continued this momentum into FY21, securing nearly \$20m of new contract value during first quarter. This was mainly driven by growth in our North American and European customers.

Slide 3 – Global Operational Presence

Today Redflex is a global business with \$323.9m of contract value in hand to be realized over the next several years.

Redflex has \$94.8m in annual recurring revenue under contract an over 100 customers across the globe. In addition, we are converting a robust and growing pipeline at an increasing rate.

Slide 4 – Implementation of New Programs in FY21

Let me provide an update on a few of the larger contracts awarded in FY20:

- Our contract in Ontario, valued at \$30m, went live in January 2020, has been well received and continues to expand. In the first quarter of FY21, we already received additional orders that will double the size of the program.
- PennDOT, valued at US\$50m went live April 2021 and is performing well with over 200k notices issued during the initial ramp. The program has been welcomed by road workers and we are gearing up for an expanded construction schedule in the next calendar year.

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- Los Angeles Metro is currently undergoing one of the most aggressive expansions of rail lines in their history. Our contract, valued at US\$25m, is essential to ensure safe cross traffic on those rail lines. We went live with our first installation in May 2020 and plan to roll out all 113 sites during FY21.
- In FY20, we received an order valued at \$5.8m from Highways England. Equipment build and delivery is ongoing and will be completed in FY21, with installations scheduled throughout 2021.

Slides 5 & 6 – Investing in Our Future - Roadmetric Acquisition

Consistent with past comments, we always look to improve our offerings and expand our market opportunities, whether it is through internal development, strategic partnerships or acquisition.

Last week we announced entering into an Asset Purchase Agreement with the shareholders of Roadmetric. Payment will be based on the number of Roadmetric solutions deployed over the next four years. As a result, we expect to fund this purchase with operating cash reserves. The consideration is not a material financial obligation.

Roadmetric has been a successful technology partner and provided essential solutions for critical customer pilots over the last two years. Their technology is proven and complements our internally developed intellectual property.

The integration of video-based analytics and machine learning into existing and future solutions is critical to maintaining our long-term competitive advantage and broadening our market reach.

The acquisition of Roadmetric makes sense given their proven market ready solutions, our successful working relationship, and highly anticipated roadway infrastructure spend that will increase demand in our core markets.

We are excited about this technology and the experienced team we have brought on board.

Slide 7 – Managed Lane Approach – Customer Pilots and Demonstrations

In addition to the acquisition of Roadmetric, let me provide some additional context to the ongoing investments we are making to expand our market. Our goal is as always to provide technology-based solutions that can solve our customers intractable problems.

For example, we have worked with a number of transit customers who have created dedicated bus lanes to ensure predictable travel times and service. Our solutions are deployed to ensure driver compliance maximizing the benefit of the dedicated lane. The pilot is an example where we had successfully utilised the Roadmetric technology in delivering the customer a solution.

In England, we developed technology that identifies dangerous “close following” vehicles and provides recorded evidence to enforce driver compliance. By ensuring the proper distancing between vehicles, we can reduce the risk of crashes, injuries and increased congestion.

Finally, in FY20 we entered into a pilot agreement with Highways England to identify distracted drivers using a mobile phone and to enforce seatbelt usage. We are excited to deploy our technology in support of this roadway safety initiative.

Although it has been a difficult year and we have been busy managing our ongoing operations, we have not missed an opportunity to continue to invest and create new solutions for our customers and growing our opportunities.



Slide 8 – Summary / Outlook

In summary, despite the issues related to COVID-19, in FY20 we booked \$158m in new total contract value and our EBITDA was up 13.0% with expanded margins.

As a result, we start the FY21 year with \$94.8m of annual recurring revenue under contract, an increase of 17.5% from start of the prior year.

We continue to invest in growing our market opportunities and made our first acquisition expanding our technology stack.

With a strong balance sheet and locked in Total Contract Value (TCV) we will continue to be aggressive in pursuing opportunities to bolster our market leading positions and expand into adjacent markets.

We have seen clear macro-economic signs in our core geographies which indicate strong tailwinds for transportation infrastructure investments.

Finally, FY21 started with a solid quarter of new sales bookings and we expect new contract awards to further drive growth in revenue and earnings in the year ahead.

Thank you for your time and continued support. With that I will send it back to you Adam.

Redflex Holdings Limited ASX.RDF

Annual General Meeting

Chairman's Address

30 November 2020

The Redflex logo consists of the word "Redflex" in a white, sans-serif font, followed by a stylized green circular icon that resembles a lowercase 'r' or a continuous loop.

Redflex



What we said at the 2019 AGM

Platform for Sustained Success

- Strong and Seasoned Leadership Team
- Runway

Transformed Ethos

- “Go-Get”
- Urgency and Flexibility

FY20 Goals

- Close New Targeted Contracts
- Implement Sizable Awards
- Leverage Key Markets; Build Backlog
- Expand and Diversify Solutions Portfolio



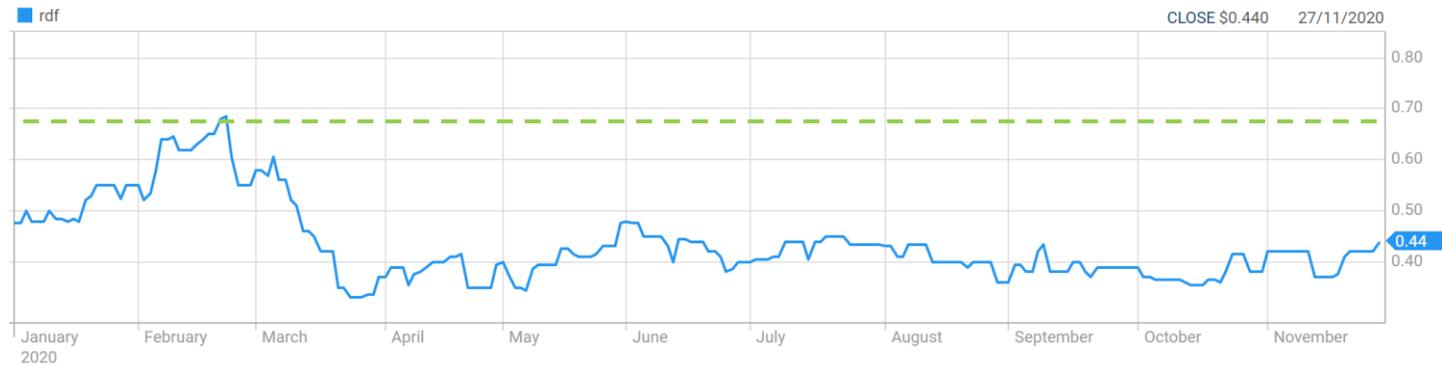
Until COVID Pause

Front-Footed

- Sales Posture and Strategic Wins
- Aggressive Implementation of Awards
- Leveraging Strategic Beachheads

Market Began to Reset View of Value

- Disruption... but an Essential Service
- Share price peaked at \$0.685 in February 2020 prior to COVID-19



Fiscal Year 2020



New TCV

- Up from \$42M to \$158M (87% via multi-year deployments)
- ARR up 17.5% to \$94.8M



International Revenue

- Flat vs. FY19
- Up 23% vs. FY18



Flowthrough

- EBITDA up \$2.1M to \$18.3M
- Cash Flow from Ops up \$2.3M to \$11.6M

Despite Headwinds, Team Has Navigated Challenges and Delivered Results

Looking Ahead

Broaden Reach in ITS

- Evolve Solution Portfolio
- Penetrate New Market Segments

Profitably Convert Backlog

- Contract Delivery

Win New Business

- Maintain Existing Customer Base

Opportunistic Posture for Emerging Recovery



Redflex Holdings Limited ASX.RDF

Annual General Meeting

Group CEO Presentation

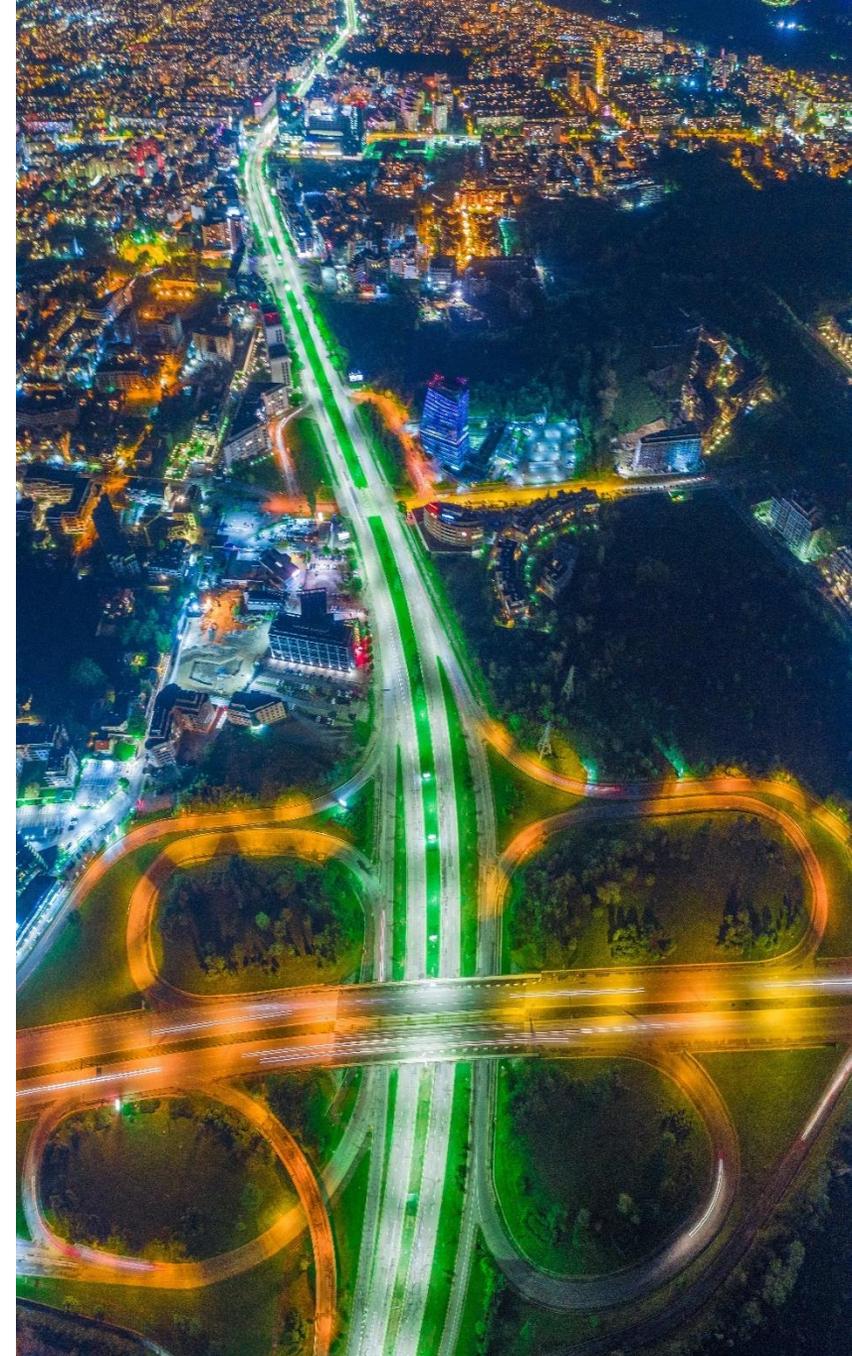
30 November 2020

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Financial Results for FY20

(A\$m)	FY19	FY20	%
Revenue	117.0	100.7	-14%
Gross Margin	52.1	46.1	-12%
<i>Gross Margin (%)</i>	<i>44.5%</i>	<i>45.8%</i>	<i>+1.3%</i>
Operating Expenses	35.9	27.8	-23%
EBITDA	16.2	18.3	+13%
EBITDA Margin (%)	13.8%	18.2%	+4.4%
Net loss before tax	(8.6)	(6.2)	

- Revenue adversely affected with the loss of Texas contracts.
- Improved EBITDA and margins reflecting reduced underlying operating costs and offsets following the loss of the Texas contracts and mitigation action implemented following COVID-19.



Significant Growth in ARR and TCV

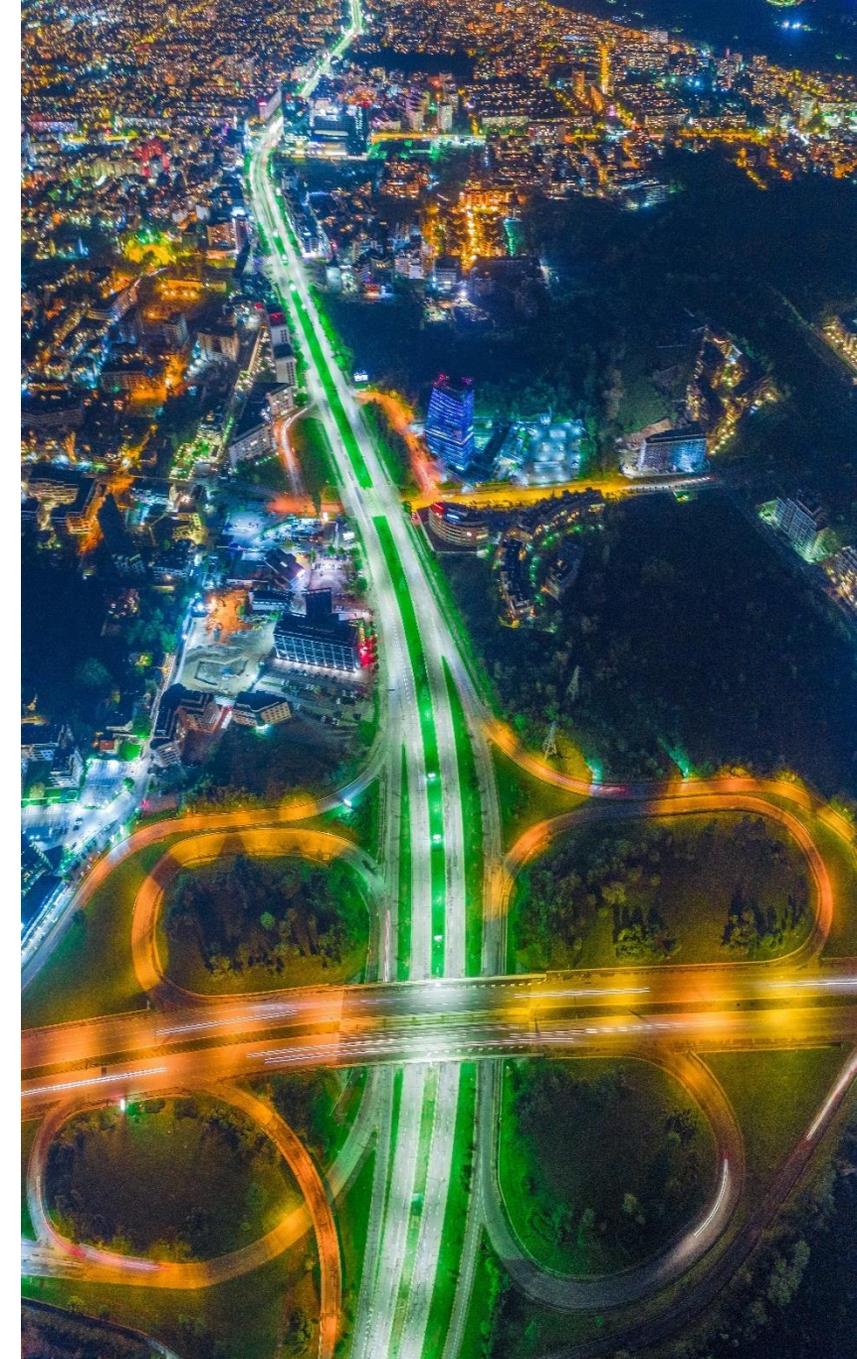
(A\$m)	FY18	FY19	FY20	FY21 (Under Contract)
International	30.6	34.0	35.9	
Americas	61.6	59.9	44.8	
ARR	78.0	79.6	80.7	94.8
Project	13.4	23.1	20.0	
Revenue*	91.3	102.7	100.7	
New TCV Won	29.2	42.1	158.2	
TCV	167.2	184.0	322.0	

- \$94.8m ARR under contract to start FY21, up 17.5% from FY20.
- Q1FY21 saw \$19.6 of New TCV Won bringing TCV to \$323.9m
- Historically ~80% of revenue is generated from ARR with the balance coming from project implementation revenue.
- TCV increase reflects resumption of growth in key North American market.

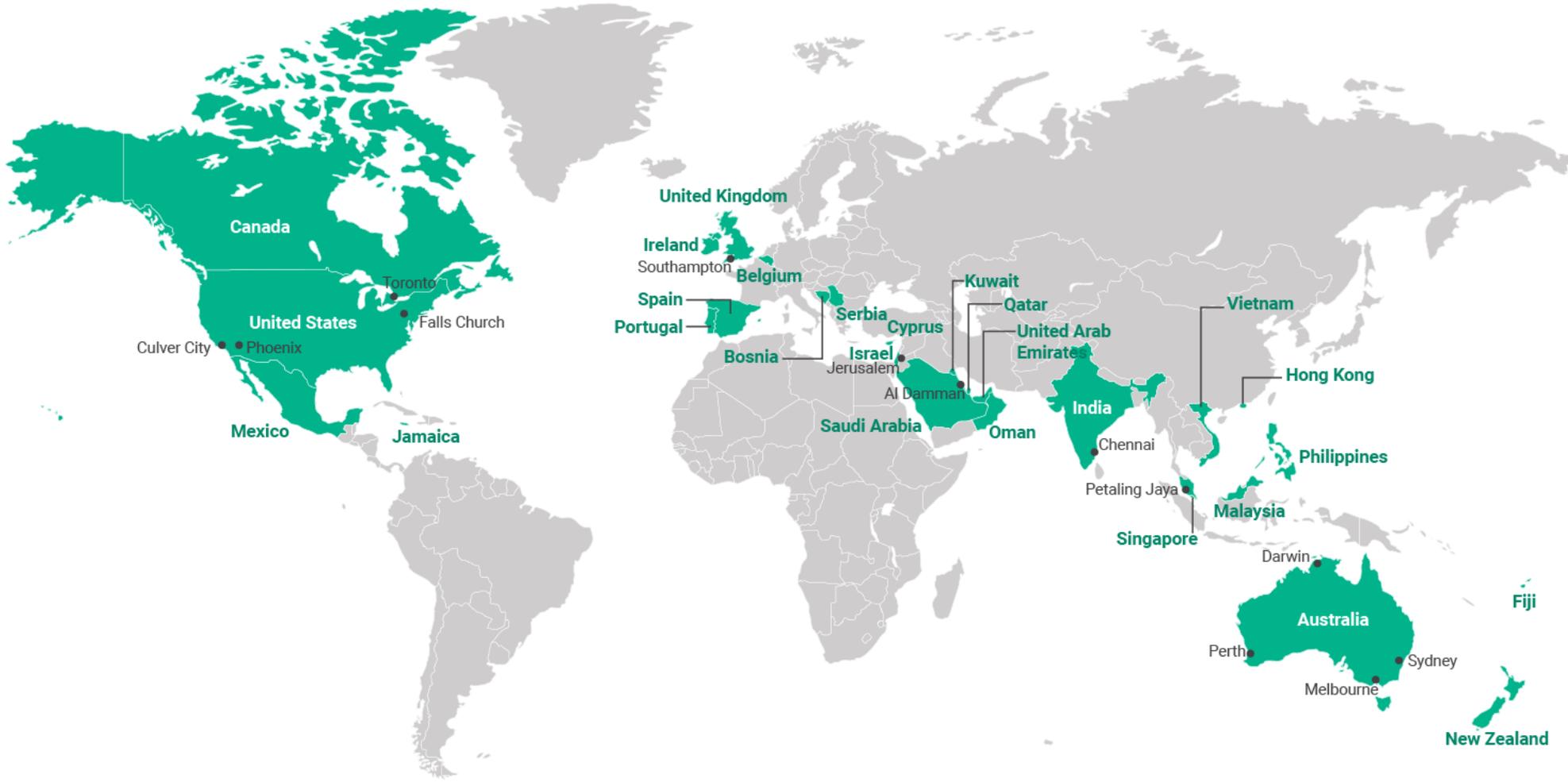
Continued focus on recurring revenue contracts

*Excludes Texas @ \$14.2m in FY'18 & FY'19

ARR is annual value of multi-year contracts; Project Revenue is one-off equipment sale (hardware/software); Total Contract Value (TCV) is the total value of multi-year contracts



Global Operational Presence



**\$323.9m
TCV**

**\$94.8m
ARR**

**100+
Contracts**

Implementation of New Programs in FY21

Key Contract Wins	TCV	Annual Recurring Revenue	Commenced	Tenure
Ontario Traffic Council Canada	A\$27M	A\$2.4M	20-Jan	Over 10 years
Pennsylvania Department of Transportation	US\$50M	US\$7.6M	20-Apr	Over 7 years
Los Angeles County Metropolitan Transit Authority	US\$25M	US\$2.7M	20-May	Over 8 years
Highways England (Additional equipment sales)	A\$5.8M	-	20-Jun	Over 18 months

* Typical ramp timeframes range from 6-12 months

- All new programs commenced operating during H2 FY20 and continue to ramp, despite delays due to COVID-19.
- Ontario speed program is well received and will more than double in units deployed during FY21.
- Pennsylvania program was nominated by American Association of Highway Transportation Officials (AASHTO) as a finalist for safety program of the year.
- Los Angeles MTA is undergoing one of the most aggressive expansion of commuter rail line services in its history and recognizes the value of ensuring safe rail crossing using automated enforcement is critical.
- Highways England, like many of our customers, identified our program as an essential service and continues to push installations of delivered systems.

Investing in our Future

RoadMetric Asset Acquisition



- Acquiring all assets of RoadMetric. Consideration will be paid based on the number of RoadMetric solutions deployed over the next 3-4 years. As a result the purchase will be funded from ongoing operating cash reserves and is not a material financial obligation.
- Strategic partner for last two years whereby Redflex utilized RoadMetric's platform in three successful pilot programs.
- RoadMetric's platform is well advanced and their solutions are market ready.
- Extensive Intellectual Property with 7 granted patents and 8 patents pending.
- Strategic rationale – existing AI and Machine Learning will add to Redflex's technology stack which is considered important as we expand our "Managed Lane" solution which utilizes multi-sensor detection and analysis.

Managed Lane Approach

Customer Pilots and Demonstrations

- Our technology is well placed to support roadway operators to efficiently manage compliance of lane level directives in order to drive greater capacity, improve safety and reduce congestion.
- Redflex has initiated multiple technology pilots with customers to expand on our Managed Lane solutions (which will be enhanced by the RoadMetric acquisition):

- **Dedicated “in motion” bus lane enforcement**

12-week pilot with large transit agency to capture offending vehicles parked in a dedicated bus lane or loading zone. This pilot utilized the RoadMetric technology.



- **Close following enforcement**

Pilot with a large motorway operator to capture and identify any vehicles that encroaches within a specified unsafe distance of another vehicle.



- **Distracted driver**

Pilot program in Europe awarded in FY20 to deliver in 2HFY21 a system to capture driver cell phone usage while operating a motor vehicle.



Summary / Outlook

- Despite the issues COVID, TCV increased by \$158.2m a record year and EBITDA was up 13% on FY20.
- FY21 starting ARR under contract of \$94.8m (up 17.5% on FY20).
- We continue to invest in growing market opportunities and made our first acquisition to expand our technology stack
- Strong balance sheet and locked in TCV we will continue to be aggressive pursuing opportunities to expand into adjacent markets or support our market leading position
- Our industry is expected to benefit from strong tailwinds
- We expect additional contracts to drive TCV and new project income in FY21 driving future growth in revenue and earnings

Disclaimer



Overview

This Presentation has been prepared by Redflex Holdings Limited (ACN 96 069 306 216) ("RDF" or "Company") and is dated on the front cover sheet.

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