



**TRAFFIC**  
TECHNOLOGIES

# Traffic Technologies Ltd

**Half Year Results to 31 December 2020**

## Commentary

- Revenue up 19%
- EBITDA up 344%
- EBIT up 109%
- NPAT up 98%
- Group has continued trading in all states throughout COVID lockdowns
- Order book strong
- Significant improvement on prior period result

## 1H FY21 Results

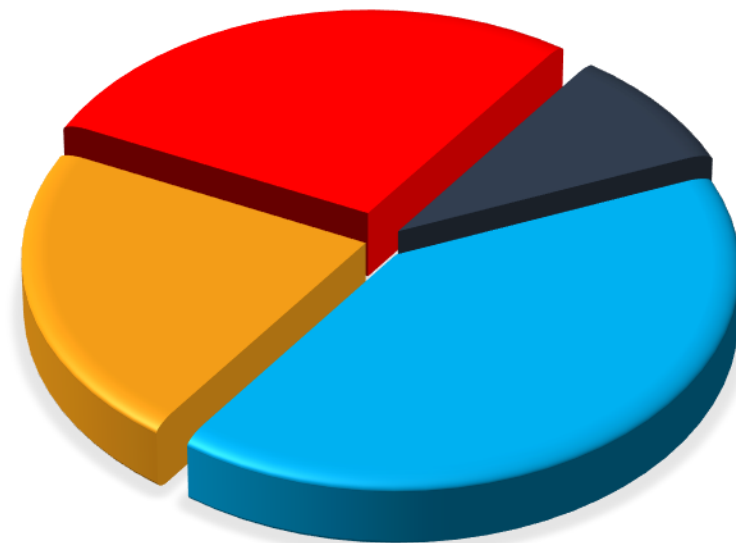
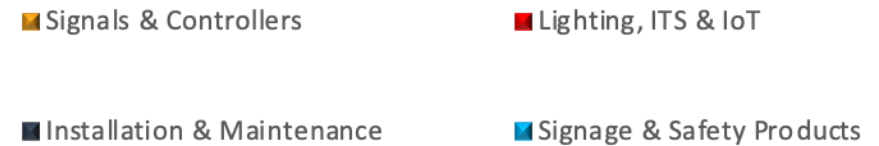
(A\$m)	1H FY21	1H FY20
Revenue (\$m)	26.1	21.9
EBITDA (\$m)	2.2	0.5
D&A (\$m)	(1.2)	(1.2)
Impairment (\$m)	-	(10.6)
EBIT (\$m)	1.0	(11.3)
Interest (\$m)	(1.0)	(1.1)
NPAT (\$m)	(0.2)	(12.4)
EPS (cents)	(0.04)	(2.57)



## FY21 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 Data Concentrator and iCell are now listed on the latest AEMO unmetered load table
- Lighting approvals continue to bring significant orders
- Urban Traffic Controllers continue to be exported worldwide despite COVID-19
- Traffic signals retains dominant market position

### Product Groups



CASH FLOW (\$m)	1H FY21	1H FY20
Receipts	28.5	25.3
Payments	(27.7)	(22.7)
Interest	(0.7)	(0.6)
<b>Operating Cash Flows</b>	<b>0.1</b>	<b>2.0</b>
PP&E	(0.1)	(0.0)
Intangible Assets	(0.9)	(1.0)
Purchase of business	(0.3)	-
Acquisition costs	(0.0)	(0.1)
<b>Investing Cash Flows</b>	<b>(1.3)</b>	<b>(1.1)</b>
Borrowing Proceeds	0.5	7.5
Borrowing Repayments	(0.4)	(9.0)
<b>Financing Cash Flows</b>	<b>0.1</b>	<b>(1.5)</b>
Cash Start	3.6	3.1
<b>Net Cash Flow</b>	<b>(1.0)</b>	<b>(0.5)</b>
Cash End	2.6	2.6

## Cash Flow

- Due to growing demand, operating cash flow impacted by requirement to prepay for some overseas sourced components to maintain supply chain

## Balance Sheet

- Net Debt: \$9.8m
- Net Assets: \$6.9m
- Gearing Ratio: 59%

*Net Debt excludes \$1.0m relating to property leases capitalized*

*Gearing is Net Debt divided by Net Debt plus Shareholders' Equity*

Balance Sheet (\$m)	1H FY21	FY20
Cash	2.6	3.6
Receivables	8.0	7.9
Inventories	11.3	10.1
<b>Total Current Assets</b>	<b>21.9</b>	<b>21.6</b>
PP&E	2.0	2.3
Intangibles	11.0	9.2
<b>Total Non-Current Assets</b>	<b>13.0</b>	<b>11.5</b>
<b>Total Assets</b>	<b>34.9</b>	<b>33.1</b>
Payables	9.5	8.8
Debt	9.6	8.6
Provisions	3.0	2.7
Deferred Tax Liability	1.4	1.0
Derivative Financial Instrument	0.5	0.5
<b>Total Current Liabilities</b>	<b>24.0</b>	<b>21.6</b>
Debt	3.8	4.2
Other	0.2	0.2
<b>Total Non-Current Liabilities</b>	<b>4.0</b>	<b>4.4</b>
<b>Total Liabilities</b>	<b>28.0</b>	<b>26.0</b>
<b>Equity</b>	<b>6.9</b>	<b>7.1</b>

## Overview of Operations

- Road, Street and Tunnel Lighting
  - Introduction of Tunnel and Decorative
- 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





## FY21 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 16,000 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 "iTouch" touchless push button (for pedestrian signals) for the world market with trials across Australia, Asia and UK



## Operations Update

### 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





## 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 “SmartCity” 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

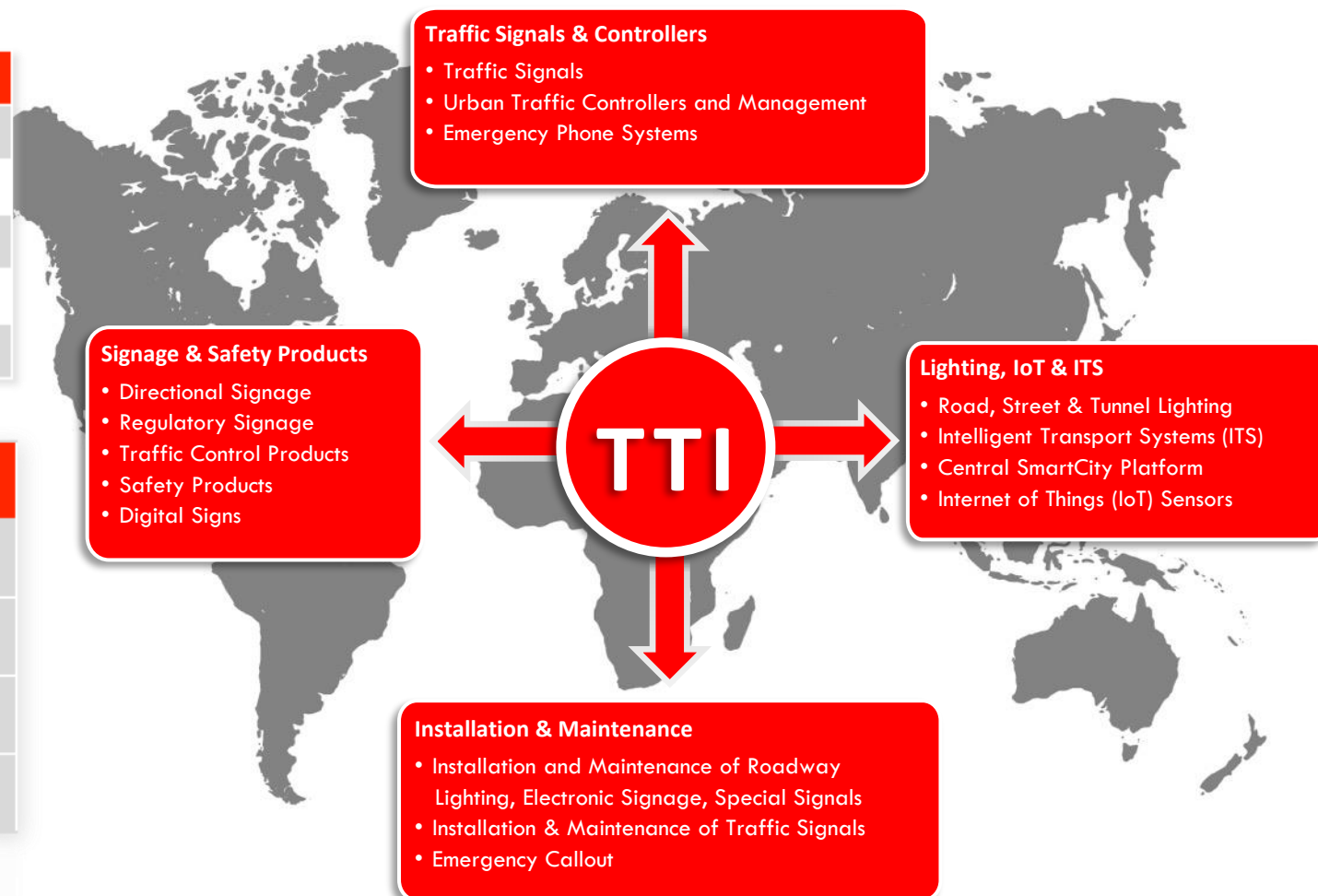
### TTI Background

#### Capital Structure

Shares on issue	482.2m
Price (23.2.21)	4.7¢
Market cap	\$22.7m
Net debt (31.12.20)	9.8m
Enterprise Value	\$32.5m

#### Board & Management

Non-Executive Chairman	Mark Hardgrave
Managing Director	Con Liosatos
Non-Executive Director	Tim Fry
CFO & Company Secretary	Peter Crafter





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