

H1 FY2015 INVESTOR PRESENTATION



PAUL CLARK Chief Executive Officer



BRAD CRUMP Chief Financial Officer

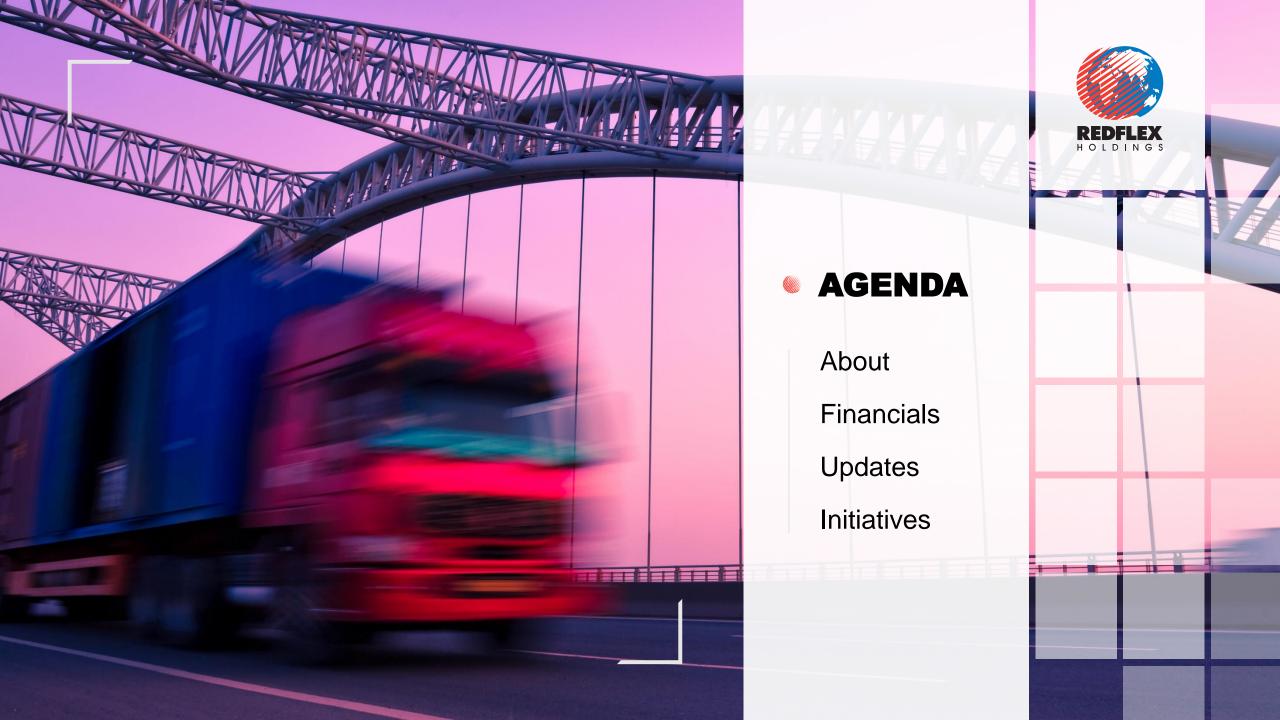


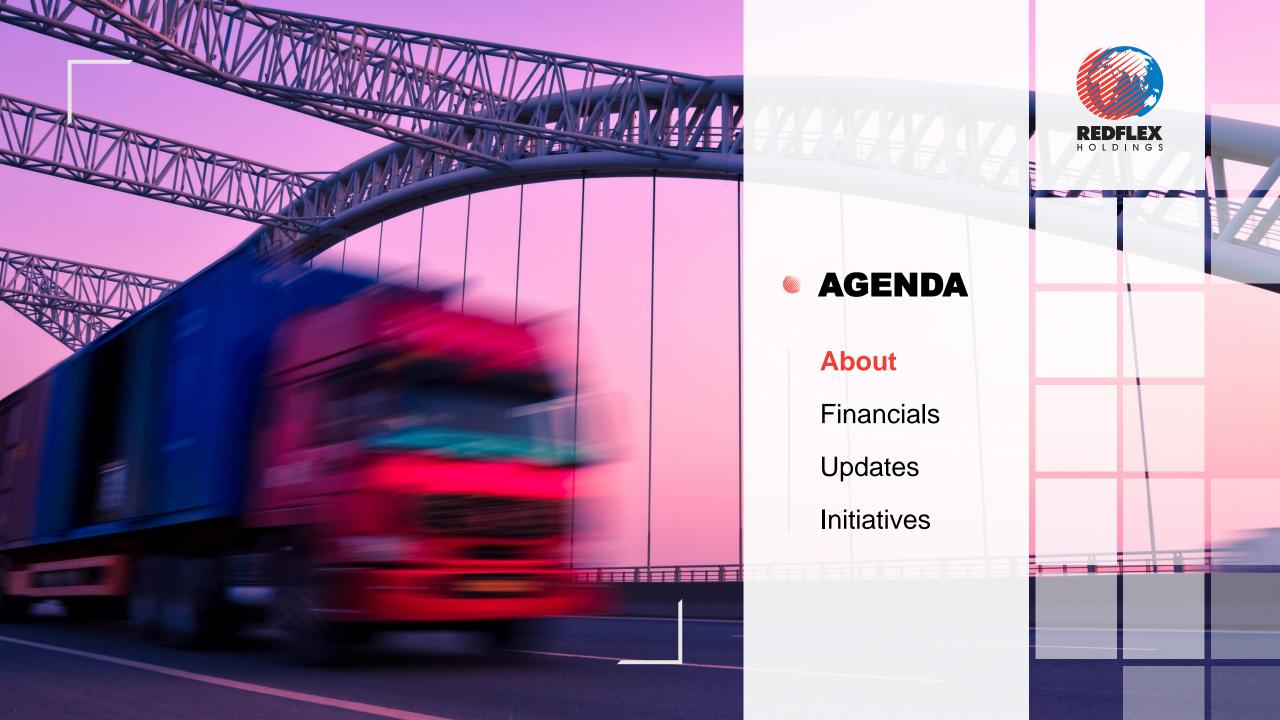
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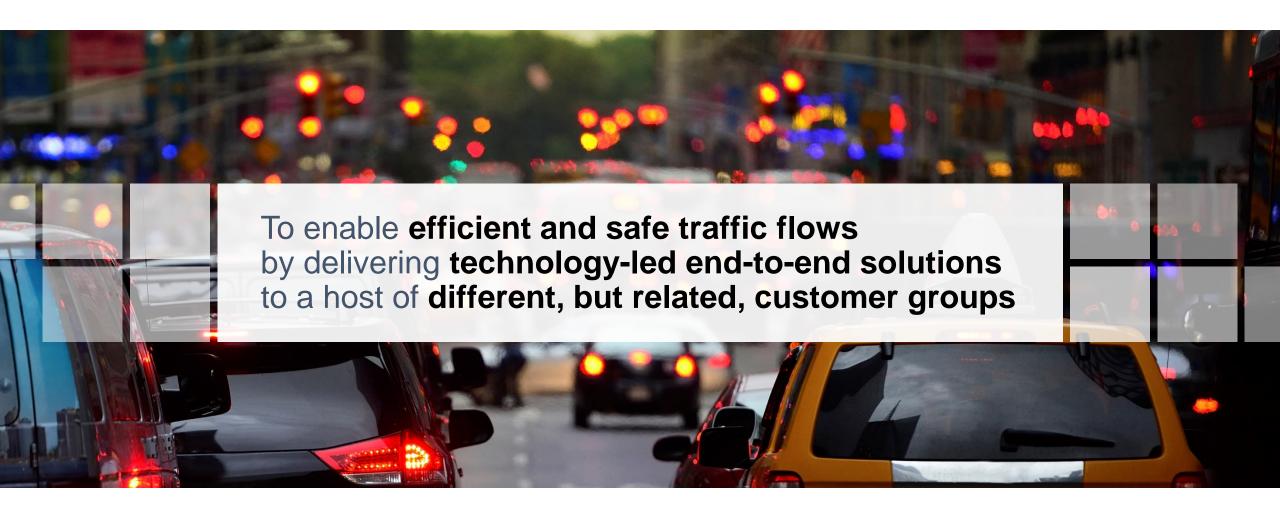
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REDFLEX'S VISION





PRINCIPAL ACTIVITIES

Redflex focuses on enhancing public safety using innovative technologies in red-light and speed photo enforcement solutions.

Redflex has two main subsidiaries:



Redflex Traffic Systems Inc

Based in the USA, provides host of services to the North American market focused on helping improve safety and change driver behaviors

Build Own Operate and Maintain (BOOM) model prevails in the USA, where Redflex distributes camera systems, associated technology and services on a fully outsourced basis

BOOM contract terms typically three to five years with optional extension periods



Redflex Traffic Systems Pty Ltd,

Based in Australia, focuses on investment in R&D to provide relevant technology solutions for Australian and International markets

International business comprises mix of product and service sales, and BOOM type contracts



H1 FY15 OPERATIONS SUMMARY



US legislative environment extremely challenging



Student Guardian impacted by:
Gwinnett County contract delay
30 day warning period
Lower than anticipated incident rates

Following \$2.1M loss, significant improvement with corrective actions



Additional North American cost reductions completed during H1 FY2015



Legal costs reduced by \$0.8M compared to H1 FY2014





H1 FY15 OPERATIONS SUMMARY



No further developments on Chicago investigation



International business winning new projects in UK



Investment in R&D with projects in radar systems and automated number plate recognition



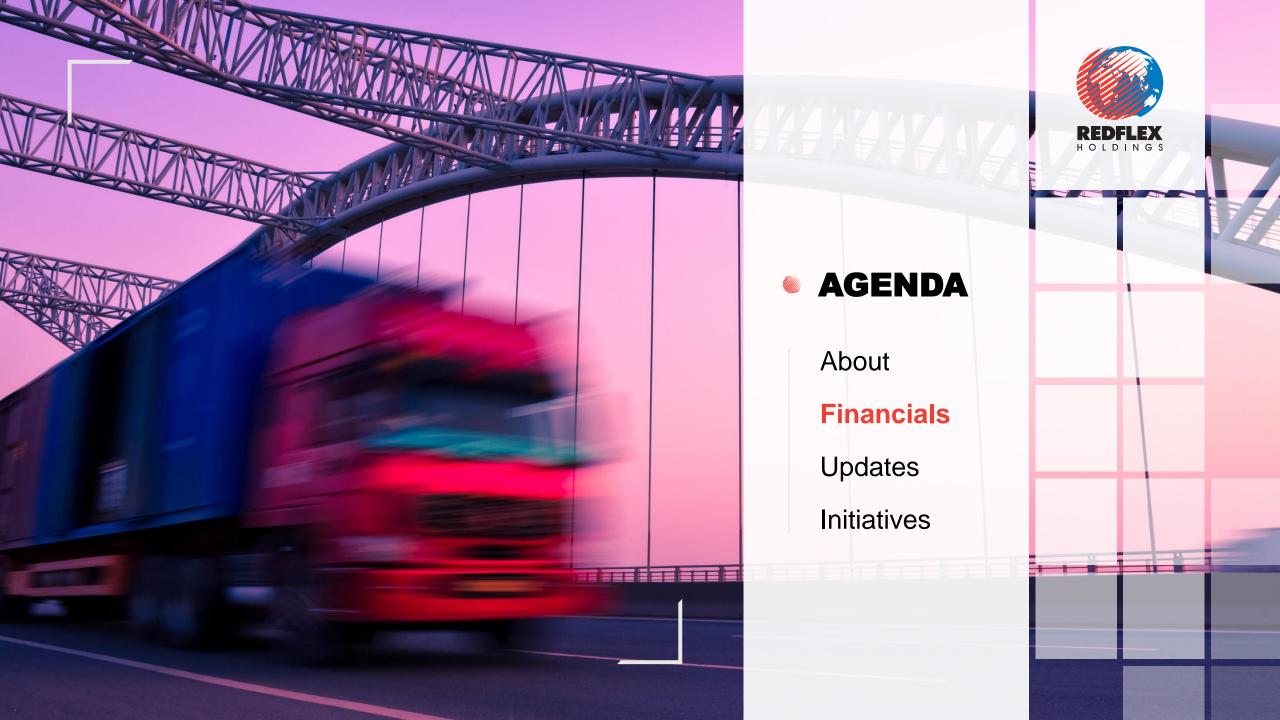
Key personnel changes:

Paul Clark – Chief Executive Officer

Brad Crump – Chief Financial Officer

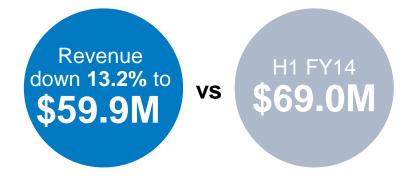
Craig Durham – General Counsel/
Company Secretary





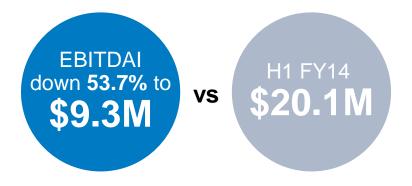


H1 FY15 FINANCIAL RESULTS



Reduction due to finalisation of Chicago contract in Feb 2014 (\$10.5M impact)

Partially offset by **7.3% (\$1.5M)** increase in International revenue due to delivery of NSW Speed Camera program



Reduction due predominantly to finalisation of Chicago contract (\$7.0M)

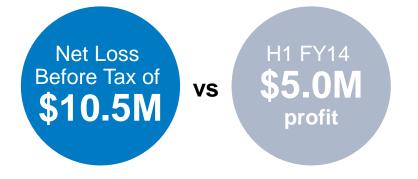
One-off sale of international software licence in H1 FY2014

One-off costs incurred in completing Company's organisational restructure in H1 FY2015 (\$0.7M)

Partially offset by significant cost reduction in North America (\$1.4M)

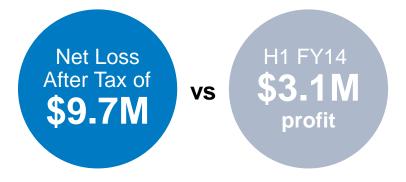


H1 FY15 FINANCIAL RESULTS



Impairment of Ohio assets due to legislative changes causing non viability of red light cameras in that state (\$2.3M)

Impairment of New Jersey assets due to completion and discontinuation of five year pilot program (\$2.2M)



North American foreign tax credits have been taken off-balance sheet (\$3.1M)

CASH FLOW

 Cash flow from operations of \$5.2M for H1 FY2015, compared to \$18.1M PCP

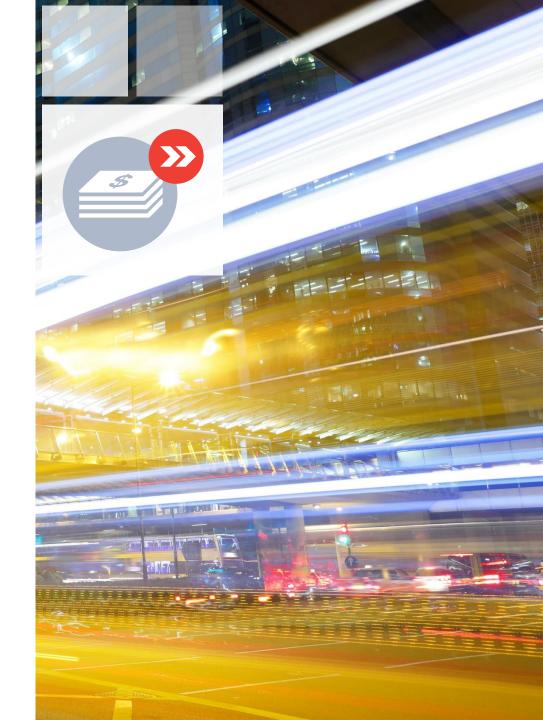
More than sufficient to fund all future capital requirements

Business continues to invest in capital expenditure

\$3M invested in PP&E in 1H FY2015

\$3M of investment in Capitalised Development costs incurred in H1 FY2015

- Sufficient headroom in cash reserves to fund bank repayments or further investments
- Translation effects improved equity by \$12.9M since 30 June 2014
- Balance sheet in strong position despite H1 2015 result
- Current facility of US\$30M and A\$8M working capital facility expiring Aug 2017
- At 31 Dec 2014 drawn to \$18.2M





M H1 FY15 FINANCIAL RESULTS

Summary

Consolidated income statement for the six months ended 31 December 2014

	H1 FY 2015 (A\$M)	H1 FY 2014 (A\$M)	Variance (%)	Comments
Revenue	59.9	69.0	(13.2%)	Finalisation of Chicago contract in 2014
EBITDAI*	9.3	20.1	(53.7%)	
NPBT	(10.5)	5.0	(310.0%)	Loss of Ohio and New Jersey due to legislation
NPAT	(9.7)	3.1	(412.9%)	
Cash from Operations	5.2	18.1	(71.3%)	Average USD/AUD exchange rate for H1 FY15 was 89.06 cents; 3.5% decline vs. PCP
Net Debt	18.2	23.5	22.6%	Majority of borrowings are in USD
Gearing Ratio	6.3	2.2	(186.4%)	Net Debt less Cash/Equity 6.3%

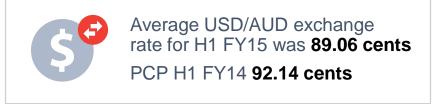


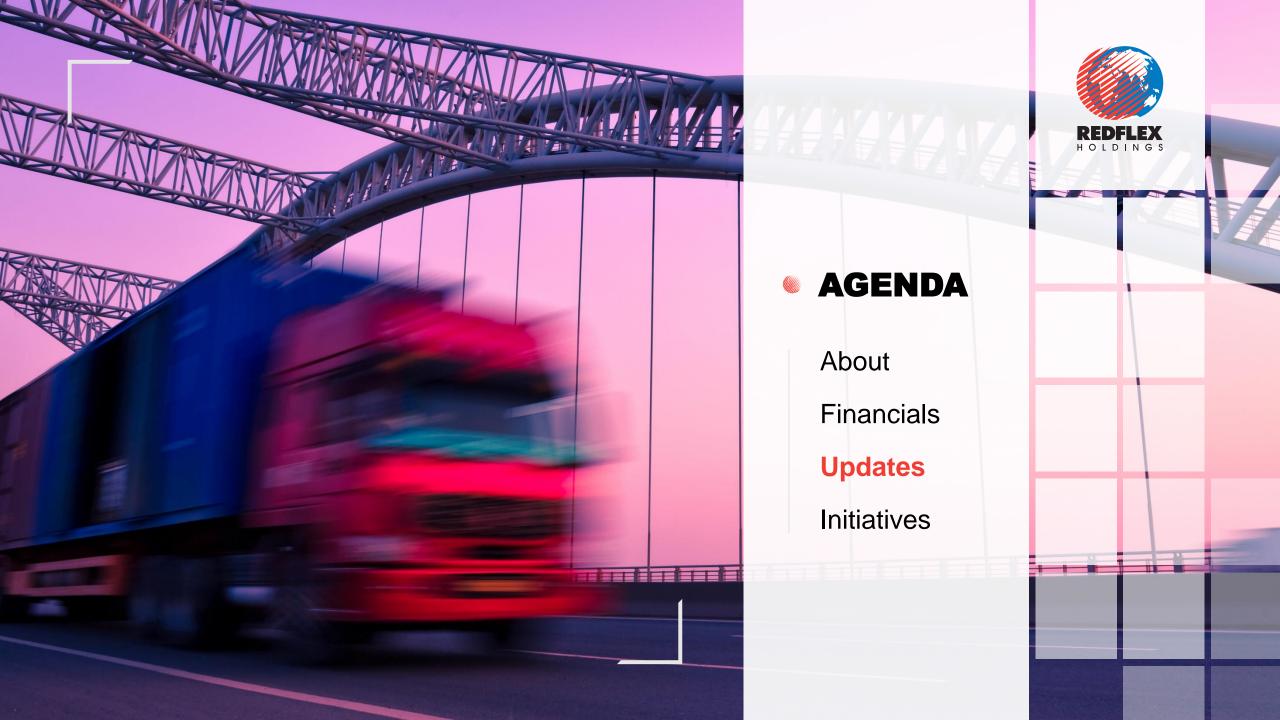
H1 FY15 FINANCIAL RESULTS

Summary

EBITDAI by business unit for the six months ended 31 December 2014

	H1 FY 2015 (A\$M)	H1 FY 2014 (A\$M)	Variance (%)	Comments
North America	7.2	16.5	(56.4%)	Loss of Chicago contract in 2014
Student Guardian	(1.2)	(1.4)	14.3%	Delays in contract finalisation
International	5.4	7.0	(22.9%)	One-off Licence sale in 2014
Corporate	(2.1)	(2.0)	(5.0%)	
Total	9.3	20.1	(53.7%)	







INTERNATIONAL MARKETS UPDATE

Ireland

Redflex has 16% equity in GoSafe consortium with Spectra (Ireland) and Egis (France)

Outsourced service provision contract

Redflex supplied photo enforcement and back office systems to consortium

Payment of Coupon rates on investment made annually

UK

Redflex awarded **3 contracts** with HADECS with revenue expectations of **\$4.2M**

Recurring maintenance fees to commence in FY2016
Office opened in Slough, south east of London
Team in place to support ongoing regional growth

Saudi Arabia

Continuing to provide services in the Eastern province, Aseer and Tabuk



AUSTRALIAN MARKET UPDATE



Back Office Processing Centre in place

Contract extended for a further **one-year** term

South Australia

Installed 2 point to point cameras on 2 highways

HGV enforcement cameras in place which monitor axle numbers and match vehicle registration class

New South Wales

Awarded **4 out of 6 regions** of NSW RMS program which includes network operations centre in Sydney

Recurring revenue of \$9M p.a.

Contract is 2.5+ 1+1 years

Commissioning of 2 additional HGV speed monitoring zones



RESEARCH AND DEVELOPMENT UPDATE

Aligned with group strategies

REDUCE CAPITAL & OPERATIONAL COSTS

REDUCE RISK

IMPROVE YIELDS & EFFICIENCIES

MAINTAIN COMPETITIVENESS



Current projects



Full suite of radar systems delivering world leading detection and prosecution rates

Roadside fixed speed system

Mobile speed system

Red-light and speed system

Gantry mounted freeway speed system



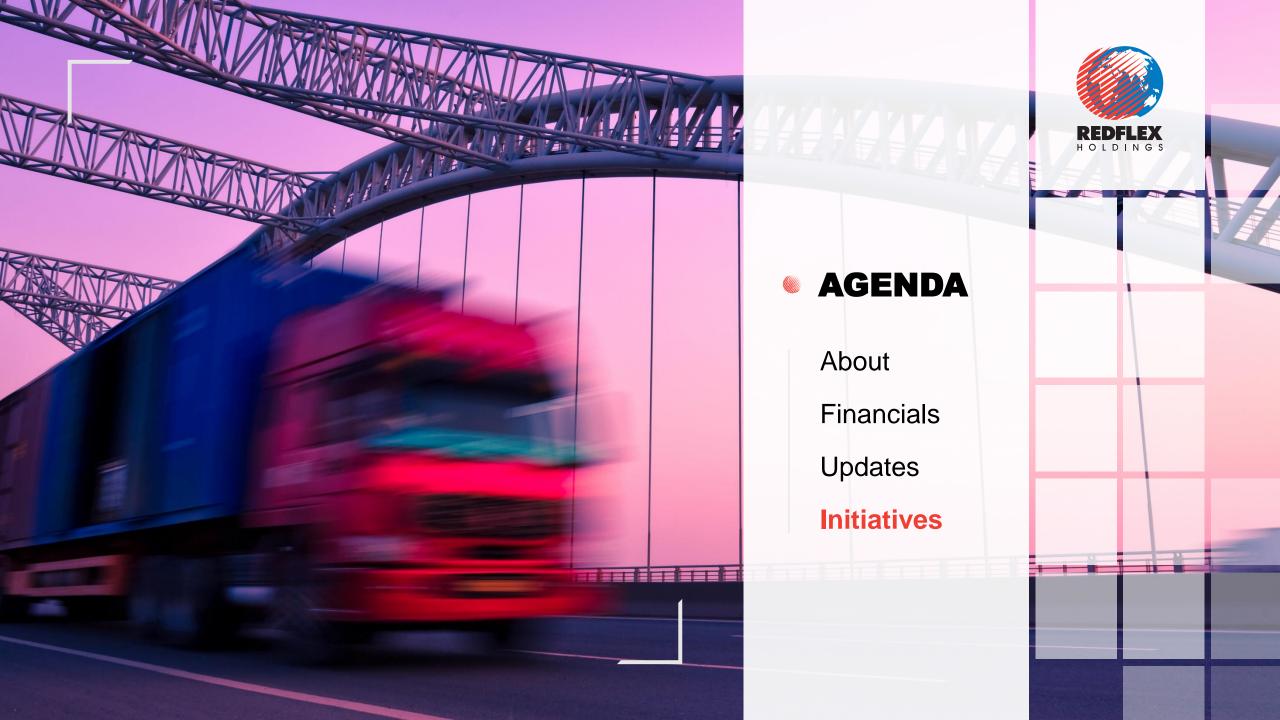
Student Guardian

Detects vehicles that do not stop for school buses whilst "Stop" arm extended



Automatic Number Plate Recognition

Installing new ANPR cameras in carparks throughout Australia





OUTLOOK FOR H2 FY15



Whilst difficult to forecast, the Board expects a substantially reduced loss in H2 FY15 given:

H2 FY15

Loss of Ohio and New Jersey revenues, and remaining direct costs, cease from April 2015 Increased Student Guardian earnings Roll-out continues as planned

Impact of cost saving measures actioned in North American business Ongoing cost reduction strategies across the Group

Decreased

impact of incurred one-off costs

Continued

performance improvement from international contracts Commence delivery of identified short term actions



SHORT TERM INITIATIVES IN 2016



Continue to invest in growth opportunities in international markets

Contracts awarded

Office opened in UK

Options to increase momentum in EU markets

Assess other markets in Asia, Latin America and the Middle East



Protect and enhance the current base of profitable North American earnings

Resources to retain and service current client base

Ensure North American market is managed and serviced

Accommodate legislative changes and different operating model

Expand newly developed services across existing and new customer base



Improve and grow Student Guardian

Optimise performance of Gwinnett County contract

Deliver additional contracts along similar customer profile

Alternative fee structure models for smaller customer groups



SHORT TERM INITIATIVES IN 2016



Centralise backoffice function, rationalise cost base and improved consistency

Finance and commercial support, Legal, HR and Information Technology



Reduce costs by identifying non-profitable activities

Ensure appropriate reporting by areas of accountability

Introduction of ROCE model and appropriate hurdles



Review current R&D expenditure, ensure targeted approach

Detailed analysis of projects prior to commencement

Direct resources to projects with highest commercial value



Identify specific working capital areas with clear reduction targets

Long term debt collection

Reduced inventory holdings through improved systems and processes



Close out current litigation matters, closely manage ongoing legal exposures



LONGER TERM STRATEGY



Continue to pursue opportunities in new geographies by building upon leading market position

Continue to grow in Australian market

Continue expansion in UK

Analyse expansion opportunities in other EU markets

Pursue options that may arise in other jurisdictions



Continue to pursue opportunities in adjacent Intelligent Transportation Systems market segments

Organic growth opportunities

Inorganic opportunities





MAKING A SAFER WORLD

