

# ASX ANNOUNCEMENT

18 November 2015

**REDFLEX** HOLDINGS LIMITED ABN 96 069 306 216

## 2015 AGM Presentations

**Attached** is the Chairman's Address and Presentation and the Group Chief Executive Officer's Address and Presentation that will be made at the Redflex Holdings Limited Annual General Meeting being held today, Wednesday 18 November 2015, at 1:00pm in the Conference Centre at the offices of Computershare Investor Services, 452 Johnston Street, Abbotsford, Victoria, 3067.

### About Redflex

The Redflex Group has established itself as a world leader in traffic enforcement products and services, developing world leading enforcement camera technology and owning and operating one of the largest networks of digital speed and red-light cameras in the world.

The Redflex Group develops and manufactures a wide range of digital photo enforcement solutions including red light camera, speed camera and school bus stop arm camera systems all utilising the most advanced sensor and image capture technologies.

The Redflex Group runs its own systems engineering operations, system integration technologies and innovation centre for research and development. With our continuous development of new safety products, the Redflex Group has been helping to reduce collisions and to save lives for more than 20 years.

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

For further information:

Paul Clark  
Group Chief Executive Officer  
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Group General Counsel & Company Secretary  
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## CHAIRMAN'S ADDRESS

### FY 15 Financial Performance

Let me start first by saying that the financial result in 2015 was disappointing for the Board, for management and for shareholders alike. It was a year in which we made difficult decisions necessary to stabilize the business, continued to move beyond our challenging past, and took a number of sizable write-offs within the financial statements.

But let me also share with you the extraordinary level of focus, urgency and energy at the company. We have implemented significant changes throughout Redflex and have put in place a strong foundation for improved performance and, ultimately, increased shareholder value over time.

Paul will talk about these changes in more detail in his address, but I would like to emphasize that *we believe that as a result of our actions, the core business has stabilized*. This an important turning point for the Company.

In addition, we have also taken a series of progressive steps to bring greater focus to our fundamental operating objectives and performance. I will speak in more detail to these steps a bit later in my comments.

To be clear, there is much work that remains to be done and results to be realized in each of our focus areas, but I hope you will join me in thanking our colleagues on the Board, the management team and all of our Associates at Redflex for investing so significantly to help move the business forward and to meet our challenges.

### Board Renewal

I believe we have assembled a tremendously capable and fully engaged Board, including the three new independent directors the Company has added since April of last year. As you scan across this page, please reflect upon both the unique qualifications of these board members and the importance of continuity as the company navigates its legal liabilities while executing transformative change. This is a terrific group, bringing to Redflex operating and turnaround



credentials, as well deep experience in technology and government services, capital stewardship, tax, M&A and corporate finance.

Along with their prior board colleagues, this group has worked harder and more intensively to help management both create and protect shareholder value, *through extremely difficult circumstances*, than any board I know.

Today's agenda calls for a vote confirming the continued service of three of my colleagues – Bob DeVincenzi, Clark Davey, and David McIntyre. It is my sincere hope that you will enthusiastically support this request.

### Legal Issues

Fundamental to this process has been accepting and dealing with the issues and risks brought on by the past misconduct of a few former employees in the United States.

The Company continues to respond as necessary to inquiries from the relevant authorities... it is not just the right thing to do, but this cooperation is also in the best interests of the Company. Although previous executive employees or agents have been charged, convicted or served probationary terms, importantly, *the Company has not been charged in connection with the misconduct that we proactively disclosed*.

I would like to assure you that your Board and management team are focused upon concluding these matters as favorably and as expeditiously as possible, including the recently announced pending civil action brought by the City of Chicago against Redflex Americas.

### Moving Forward

Returning to the subject of critical focus areas for the management team and board, I would like to make clear our view that Redflex has a strong core business and presents significant growth potential. This requires diligent focus on four focus areas in particular:

- 1) profitable growth and diversification;
- 2) enhanced cost controls across all dimensions of the Company;



- 3) the release of meaningful trapped capital from our balance sheet; and
- 4) an organization staffed and aligned to drive this transformation.

I am pleased to report that we are not only moving forward on these items and others but achieving measurable improvements.

Paul will offer more detail on our results to-date in his comments.

### **Strategic Framework**

Our evolving vision for the future of Redflex remains *to enable efficient and safe traffic flows by delivering technology-led end-to-end solutions to a host of different, but related, customer groups.*

Indeed, automated enforcement forms part of the solution that Redflex may leverage by moving into adjacent Intelligent Traffic Solutions markets such as parking, tolling and electronic traffic management. These market segments are the logical extensions that result from our current core competencies.

This emerging vision, which we began to flesh out early last year, will not unfold swiftly... the strategy to move us forward can best be described as an evolution over three horizons: stabilizing the core, diversifying and then transforming the business.

We have certainly made progress through the first horizon – stabilizing the core red- light and speed business. I cannot emphasize enough the importance of turning the corner here; the importance of re-establishing a strong operating and financial foundation upon which we can build the future.

In addition, we have refocused our efforts to expand in high priority markets and with sharply-focused, commercially viable product expansion.

Paul will provide further insight into our progress on both of these horizons.



Lastly, in terms of growth and diversification through acquisitions, we have looked at and continue to evaluate promising avenues to expand our footprint and capabilities. On this front we have a sharp strategic and financial filter through which opportunities are considered.

The Redflex Group comprises two different types of businesses:

1. A Global Technology & Services Company which researches and develops new market leading products and services and provides corporate services to our distribution and support businesses globally; and
2. Distribution & Support Businesses in Australia, the Americas, and the UK that support our customers in numerous countries around the world.

This structure provides three organizing principles:

1. a common set of market leading products globally which allows us to leverage purchasing economies of scale and reduce maintenance costs;
2. centralized shared services, including reporting, compliance and risk functions to ensure consistent policies and procedures across the group but also enable reduced corporate costs; and
3. regional distribution and maintenance businesses which are customer focused and have the right level of autonomy and market focused operating strategies.

Longer term, this structure may also allow us to take advantage of different listing, tax and financing opportunities.

### **Organizational Renewal to help drive strategy and operating initiatives**

In addition to renewal at the Board level, we have recruited a number of new senior executives over the last 14 months, starting with Mr. Paul Clark, a prior Non-executive Director and now our CEO, who was appointed in April 2014.

Paul has extensive experience leading turnarounds, funding, and risk management. He is the former Chairman of Melbourne Water and has served on subsidiary company boards and



executive committees of various listed entities. As an executive, Paul has led teams of up to 3,500 people and driven significant cultural and structural change.

This has been, indeed, a meaningful undertaking and one that we undertook with diligence to protect key capabilities while driving much greater organizational effectiveness and efficiency.

Paul will speak to the new executive team, organizational design, capability mapping and change management process in more detail in his remarks.

### **Making Progress**

We continue to move forward and to meet our challenges though there remains a significant amount of work to be done.

With virtually a new board and executive team we have taken meaningful strides in executing the first phase of our organisational change agenda to establish a platform for profitable growth.

### **Conclusion**

Before I introduce Paul, let me share one further perspective with you.

Redflex has established itself as a world leader in photo enforcement. We develop and manufacture high-performing digital solutions including red light, speed and school bus stop arm systems using the most advanced sensor and image capture technologies available. We own and operate one of the largest networks of digital speed cameras in the world.

*Ultimately an inspiring mission... our business is about saving lives.*

We have been saving lives for more than 20 years in 21 countries including every State of Australia and in 21 States and 130 cities of the U.S. which we operate as a result of the hard work and innovation of over 500 people that work for Redflex around the globe.

Thank you to everyone associated with the company. To our shareholders for their continued support, to my board colleagues for their commitment and courage to meet the challenges we face, to our executive team and our Associates for their willingness to accept change, make



tough decisions and to continue the good work with our customers to save lives and improve our performance.

**It is now my pleasure to introduce Paul Clark, Redflex Group CEO**





# AGM PRESENTATION – CHAIRMAN’S ADDRESS

Moving forward and continuing to meet our challenges





# REDFLEX BOARD OF DIRECTORS



**ADAM GRAY**  
BSE (Fin), BS (Mech Eng'g)  
Non-Executive Chairman



**PAUL CLARK**  
B.Bus (Acc), MBA (Exec), FCA, GAICD  
Group Chief Executive Officer



**ROBERT DEVINCENZI**  
BSBA, MA-Org'l  
Non-Executive Director



**TERRY WINTERS**  
FAICD  
Non-Executive Director



**HERMAN SCHWARZ**  
MBA, B.Comm  
Non-Executive Director



**CLARK DAVEY**  
B.Comm, MAICD  
Non-Executive Director



**DAVID MCINTYRE**  
LL.B., B.Ec (Acc), MBA  
Non-Executive Director



## BACKGROUND

- Turnarounds & Restructurings
- Executive Leadership
- Investment Management

- Turnarounds & Change Management
- Executive Leadership
- Financing & Risk

- Executive Leadership
- Strategy & Corporate Development
- Technology
- Government Services

- Technology
- International Strategy
- Cultural Change Programs
- Governance

- Executive Leadership
- Growth & Optimization
- Public-Private Contracting
- Processing & Technology

- Tax Structuring & Optimization
- Risk Management

- Executive Leadership
- Multinational Growth & Commercialisation
- Corporate, M&A and Equity Capital Markets

## OTHER CURRENT/ PAST ROLES

- Managing Partner, Coliseum Capital
- Various Public & Private Boards

- Former Chairman, Melbourne Water
- Various Listed Entity Executive Committees & Boards

- Former RHL CEO
- Various Private Boards
- Business Professor

- Chairman & Director of Australian listed & private companies & charities
- Former CEO and/or Chairman of Link
- Former Director of Optus

- CEO, Logisticare Solutions

- Former Tax Partner, PwC
- Various Tax Advisor & Board Roles

- Partner, Apple Tree Partners
- Former CFO & COO of HeartWare Int'l
- Formerly with KPMG and Baker & McKenzie



# **MOVING FORWARD, CONTINUING TO MEET OUR CHALLENGES**

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**Profitable Growth and Diversification**



**Enhance cost controls across all dimensions of the company**



**Release trapped capital from balance sheet**



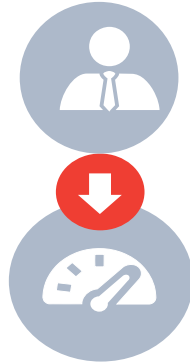
**Organisation staffed and aligned to drive transformation**



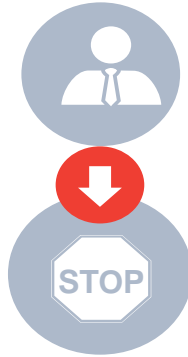
# THE FUTURE: ENABLE EFFICIENT & SAFE TRAFFIC FLOWS

## DIFFERENT BUT RELATED CUSTOMER SEGMENTS

Competitive advantage through smarter software and hardware



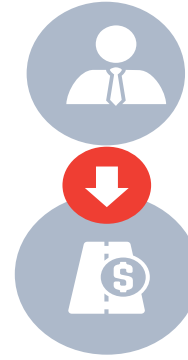
Red-Light & Speed



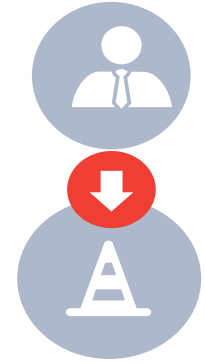
School Bus Stop Arm



Parking



Tolling



Traffic Management

Leading with an end-to-end integrated solution

SOFTWARE/HARDWARE

CITATION/PAYMENT PROCESSING AND ISSUANCE

INFORMATION - TRAFFIC PATTERNS ETC

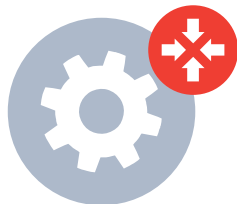


# STRATEGY EVOLVES OVER THREE HORIZONS





# OUR OPERATING MODEL



Global technology and services company



Local distribution and support businesses







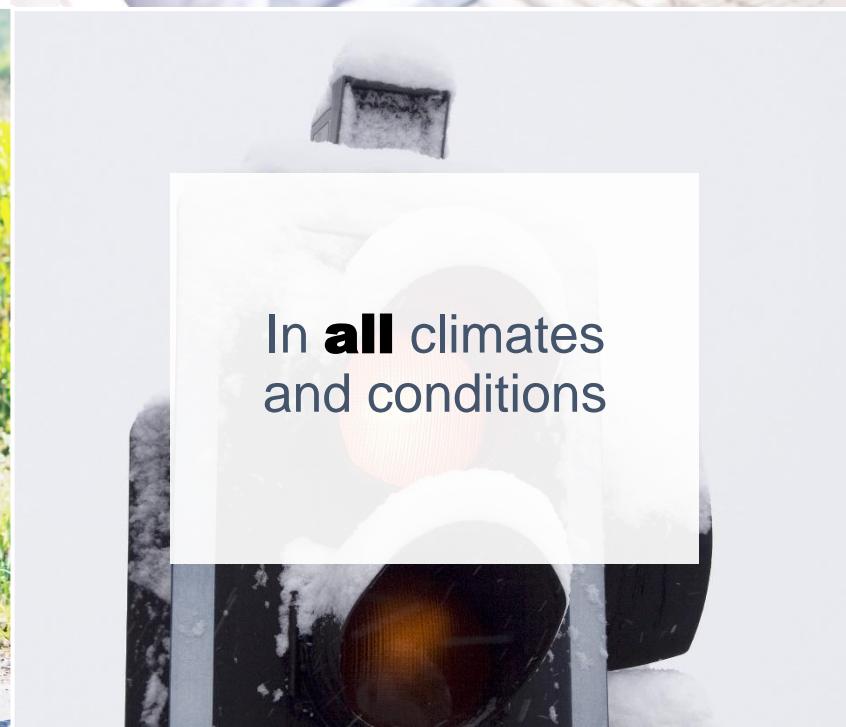
**End-to-end**  
photo enforcement  
solutions



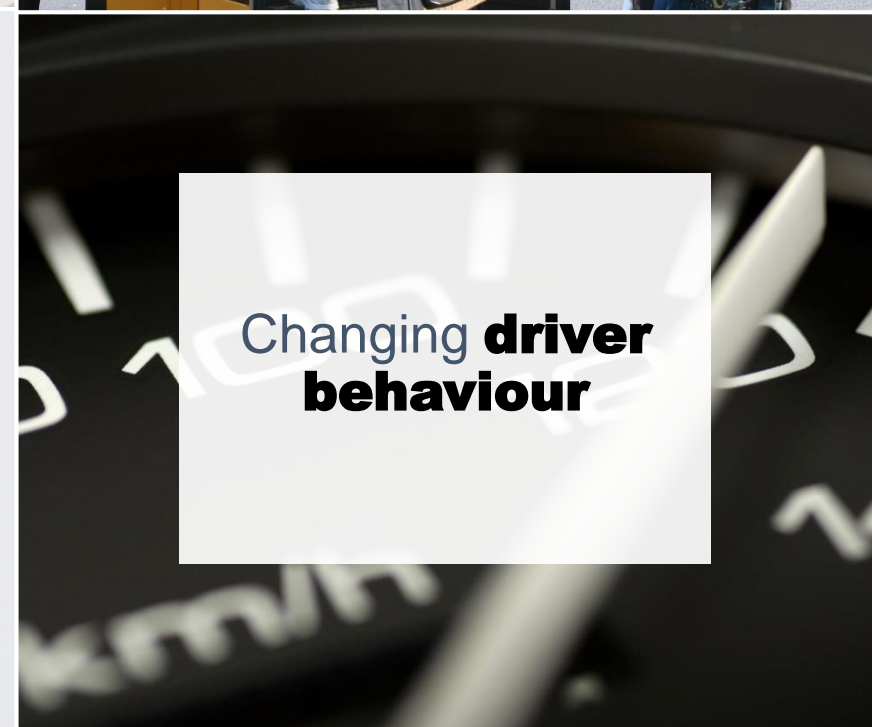
Creating **safer**  
communities



**Safer roads**  
for future  
generations



In **all** climates  
and conditions



Changing **driver**  
**behaviour**





## GROUP CHIEF EXECUTIVE OFFICER'S ADDRESS

As Adam mentioned FY15 was a difficult year for Redflex.

Apart from the need to recognise and rectify a number of long dated and systemic problems we've had to drive a significant change agenda to ensure that the company can achieve its potential.

What I'd like to cover this afternoon is the FY2015 update, the FY2016 update, Our Strategy and the Outlook for the Company.

Firstly, Redflex is in the business of increasing public safety and saving lives by using innovative technologies in red-light, speed and school bus safety photo enforcement solutions.

We operate under two major subsidiaries, Redflex Traffic Systems Pty Ltd based in Australia and Redflex Traffic Systems, Inc based in Phoenix, Arizona in the United States.

### Financial Performance

Unfortunately, our net loss before tax for FY15 was \$38.6 million versus a loss of \$3.8 million a year ago. The net loss was driven by a number of non-cash adjustments and the loss of major contracts in Chicago, New Jersey and Ohio in the U.S.

Revenue increased despite the loss of these contracts to \$124 million (2014: \$121.5 million) driven by increased sales in the International business and favourable exchange rates. These offset the decline in U.S. revenue from \$83.5 million to \$75 million as a result of the contract losses. The loss of revenue was immediate and we were unable to reduce our cost base as quickly as reflected in the lower EBITDA.

EBITDA was 33% down to \$18.5 million (2014:\$27.8 million).

The non- cash adjustments or extraordinary items totaled \$27.5 million these included:

- A \$11.8 million write down in the value of the U.S. PE business;



- \$6.1 million resulted from contract terminations and non-renewals;
- \$4.9 million in inventory and other write downs in the U.S.;
- \$2.8 million in inventory write offs in the International business;
- \$1.7 million in increased bad debt provisioning in the Middle East; and
- Some one-off restructuring costs.

Backing out the impact of the loss of these contracts revenue from the continuing business increased 12.6% driven by strong growth in the international business. EBITDA was down 13% due to a high fixed cost base in the U.S.

As recently announced to the market our first quarter results reflect a number of changes that were implemented last year.

Revenue is 14.4% higher EBITDA is 37.5% higher and operating cash flow is 105% higher than the same period last year.

Our improved performance has been driven by increased sales, higher margins, lower operating expenses and better working capital management.

Some key highlights in this result:

- Revenue in the International business increased by 28.8% and now accounts for 43.6% of our revenue (last year 38.8%). Driven by new contract wins in Australia, the UK and Europe.
- The Redflex Americas business revenue fell by 17% as a result of contract terminations in New Jersey and Ohio but we won new contracts in Mexico and Canada and achieved a 92% renewal rate.
- At constant exchange rates expenses were down 17.6% with the Americas down 19.1% and International 16.4%. The first quarter included some one off restructuring costs and we have a number of cost reduction initiatives being executed.



- EBITDA has increased by 37.5% with the International business up 87.6% partially offset by a reduction of 32.6% in the Americas business largely due to the termination of the New Jersey and Ohio contracts.
- Our improved trading performance and better working capital management resulted in \$4.1 million in operating cash flow being generated (last year \$2 million).

During FY15 we made the following changes to the business:

- We recruited a new executive team with the necessary capabilities to turn the business around.
- We realigned our business around a global technology and shared services business supporting the sales and maintenance businesses in the Americas and the rest of the world.
- We reduced our cost base, started to focus on working capital management, reviewed our financial policies, processes and procedures and made significant changes. This included a complete review of the carrying assets of the assets in our balance sheet which resulted in significant write offs.
- Student Guardian became profitable as we installed the Gwinnett County fleet and reviewed and exited unviable Non-Gwinnett county routes.
- We continued to de-risk the business and close out a number of long dated legal issues including our litigation with Jefferson Parish in the U.S.
- We continued to invest for growth and diversification. Our strategy became more focused as we selected a smaller markets that had lower risk, significant growth prospects that we could enter directly or through an acceptable distributor;
- We continued to invest in a smaller number of market leading new products.
- We worked with the authorities on the Chicago and Ohio investigations and the Chicago Qui Tam action to have them resolved as soon as possible.



- We have expanded our U.S. business into Mexico and Canada recognizing the U.S. photo enforcement market was no/low growth.

In the short term we have focused on five key areas:

- Growing revenue in existing and new markets by selling existing and new products;
- Process redesign to reduce COGS and better margin management;
- Reducing operating expenses through stricter cost control, restructures and better procurement;
- Working capital management with better supply chain management and better collection procedures; and
- Creating greater organizational capability.

As Adam mentioned we have recruited a high potential executive team.

For over thirty years I have specialised in turning around underperforming businesses through strategic, cultural and structural change.

I'd like to introduce you to the rest of our leadership team.

Brad Crump our Group CFO and our CFO for the International Business. Brad has over 25 years' experience in various senior finance roles. His focus has been to drive our working capital strategy, centralise our support and finance functions and improve our financial reporting capability.

Craig Durham our Group General Counsel and Company Secretary. Craig has over 25 years' experience. He has worked in Australia and the U.S. and for large corporate and large legal firms. Craig has been driving the de-risking of our business globally and closing out a number of long dated legal disputes.

Cheryl Kirk Hogan our Group Head of Business Transformation. Cheryl has over 20 years' experience in change management and leading large operational teams. She has successfully



led significant and complex cultural change programs for teams of up to 3,500 people in over 120 locations. Cheryl has initially focused on the International business and with the change process completed there we will apply the same process to the U.S. business.

Mike Finn the President and CEO of our Americas business. Mike has had over 20 years' experience in the Intelligent Traffic Solutions market and is focused on significantly improving the performance of our U.S. business. Improved renewal rates, lower costs, our expansion into Canada and our contract win in Mexico city have all been the result of Mike's leadership.

Andrew McKindlay the Group Head of Strategy and Business Development. Andrew has 17 years' experience in the Intelligent Traffic Solutions market and in technology and engineering. Andrew has taken over responsibility for sales in the International business. He is driving contract negotiations, customer relationships and approvals across multiple jurisdictions.

This team is supported by a number of long term Redflex employees who are experts in photo enforcement technology and that have been heavily involved in developing the company's current product range. Our Heads of Future Product Development, Client Engineering and Operations and Maintenance in the International business, our key technology and operational areas have been with Redflex, on average, for 10 years. Their teams include high potential resources who have been with Redflex for a number of years. More than half our workforce and virtually all our senior technical resources have been with Redflex for more than 5 years.

In summary, we believe:

- Significant revenue growth will come from markets that we have only just established a presence or where we have just started to develop new products. The U.S. and Australian photo enforcement markets will continue to underpin our business but will provide sporadic and limited growth opportunities.
- The restructures, cost reduction initiatives and management changes have improved our financial results and our ability to grow the business. Significant opportunities still exist in the business to make it faster, smarter and better than our competitors. We continue to execute a prioritised list of initiatives.



- Investment in new installations and research and development needs to be carefully assessed and generate adequate returns. Our research and development spend is now focused on developing new products and not on extensive customization and has been significantly reduced.
- Working capital and cash flow management are crucial.
- The company needs to continue to consolidate, execute a number of initiatives and resolve a number of pending legal issues and investigations before considering significant expansion.

### The Future

Negative U.S. public sentiment and emerging new vehicle technologies will reduce the demand for photo enforcement in the future.

Redflex's future is in providing Intelligent Traffic Systems or ITS solutions. Apart from our existing photo enforcement products (red light, speed and Student Guardian) we need to leverage our ability to integrate hardware and software into the parking, tolling and traffic management markets.

Our competitive advantage is our ability to develop smarter software with higher detection and recognition rates which increases the effectiveness and viability of the program – a key driver for our customers. We want to continue to produce market leading solutions and provide them to a growing number of customers.

Smarter software combined with state of the art hardware will allow us to enter the parking, tolling and traffic management markets.

These markets will diversify us away from speed and red light which will continue to be impacted by negative public sentiment and increasing in car automation.

The two capabilities that we need to develop are an ability to process, issue and receive payments for infringements, such as tolls and parking and to extract information that can be used to develop traffic management strategies.





## Change Strategy

Our change strategy in FY15 and FY16 has been to diversify and transform the business by:

- Protecting and enhancing the current business by retaining customers, resizing the cost base, changing the culture, realigning the structure and closing out major issues. Getting the basics right and reducing our cost base.
- Growing the business and creating the future by better understanding our customers, recruiting high potential resources, refocusing research and development on a small number of market leading products and looking at opportunities to standardize and converge our products and rationalise and outsource our components. Becoming a customer focused organization.
- Expanding into new products and markets by expanding into growth markets (UK, Canada and Europe) and entering new markets (Asia, Mexico and Latin America). Product expansion leveraging our core capabilities into adjacent ITS markets.

Redflex needs to be faster, smarter and better than our competitors. This has been an inherent part of our DNA but our execution needs to improve and the number of markets we operate in needs to expand.

## Outlook for FY16

The first quarter's performance indicates that the changes made in FY15 are starting to have a positive impact.

The outlook for the company is difficult to predict given the uncertainty surrounding the U.S. photo enforcement market. Our strategy still remains to reduce our reliance on the U.S. photo enforcement market by developing new products and entering new markets.

Since the release of the first quarter results we have:

- Signed a two year maintenance agreement in Abu Dhabi;
- Received the settlement proceeds from Jefferson Parish;



- Continued to focus on cost reduction and working capital management;
- Submitted an updated proposal for Malaysia; and
- Signed our first contract for the sale of used equipment to the corporate market.

### **Longer Term Strategy**

Our longer term strategy remains unchanged. We will continue to pursue:-

- photo enforcement opportunities in new geographies; and
- opportunities in its markets adjacent markets.

In closing, I'd like to thank you for you attending today's meeting and also for your continued support of the company, our people and what we are trying to achieve.



**REDFLEX**  
HOLDINGS



## AGM – GROUP CEO'S PRESENTATION





**REDFLEX**  
HOLDINGS

## ● **AGENDA**

**About**

**FY2015 Update**

**FY2016 Update**

**Strategy**

**Outlook**



## PRINCIPAL ACTIVITIES

Redflex increases public safety by using innovative technologies in red-light, speed photo and school bus safety enforcement solutions.

Redflex has two main subsidiaries:



### **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 Build Own Operate and Maintain (BOOM) type contracts



### **Redflex Traffic Systems, Inc.**

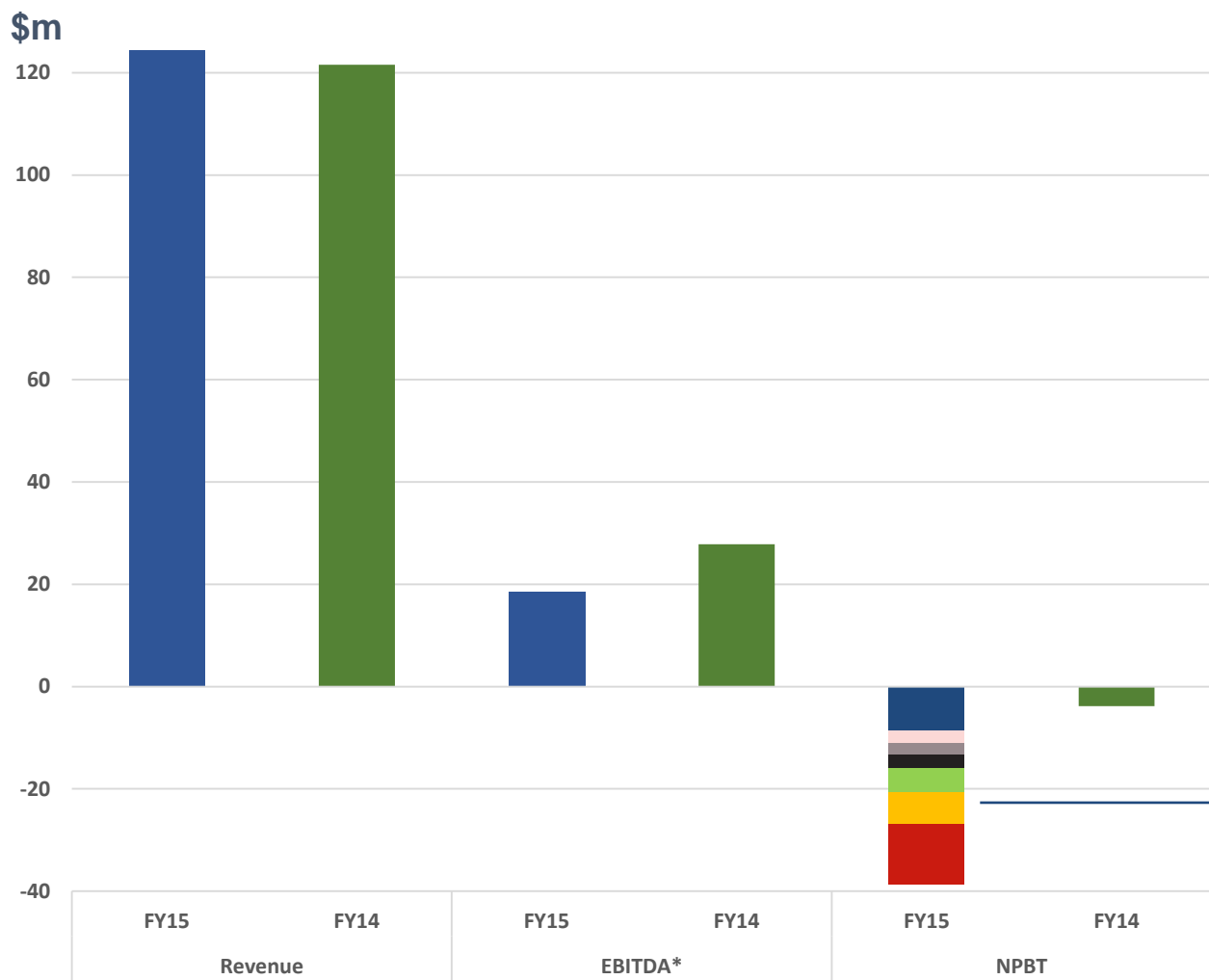
Based in the USA, provides host of services to the North American market focused on helping improve safety and change driver behaviors

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

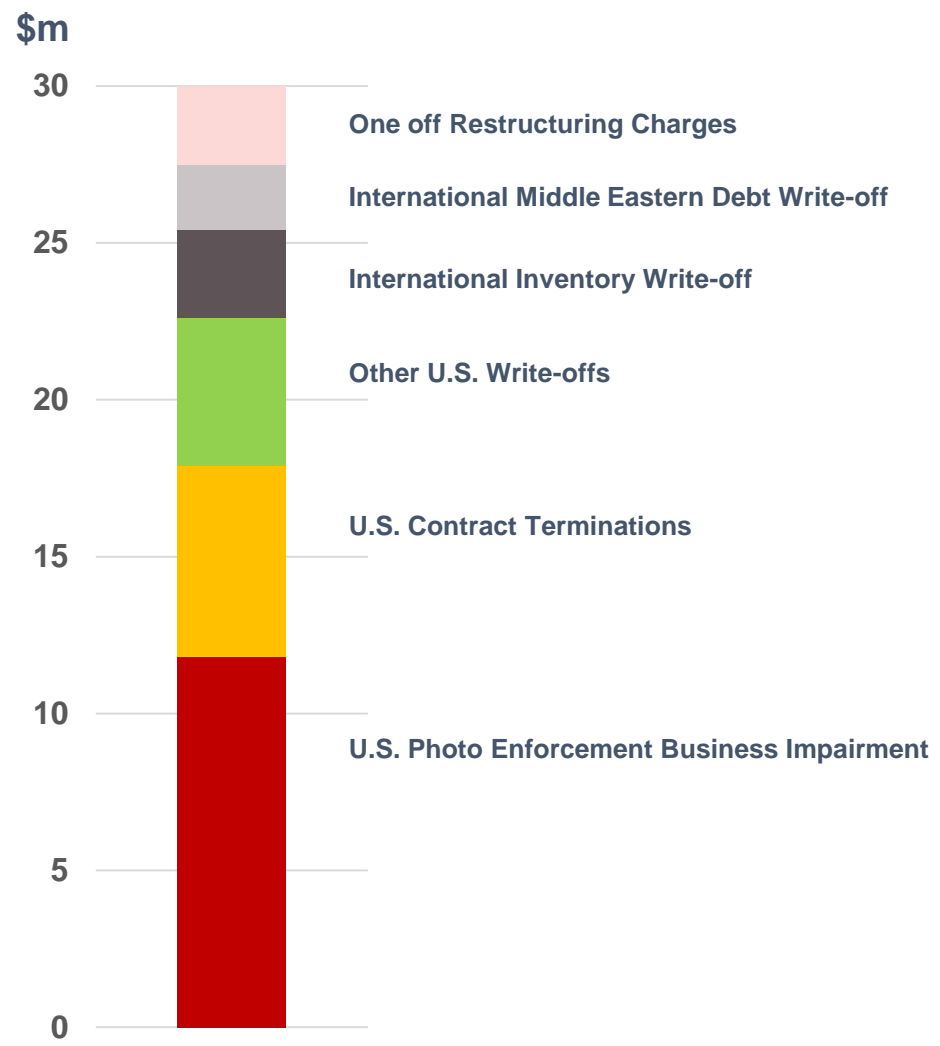
# FY15 FINANCIAL RESULT WAS DISAPPOINTING

Redflex FY 2015 Financial Results



\*Profit before depreciation, amortisation, impairment, finance costs and tax

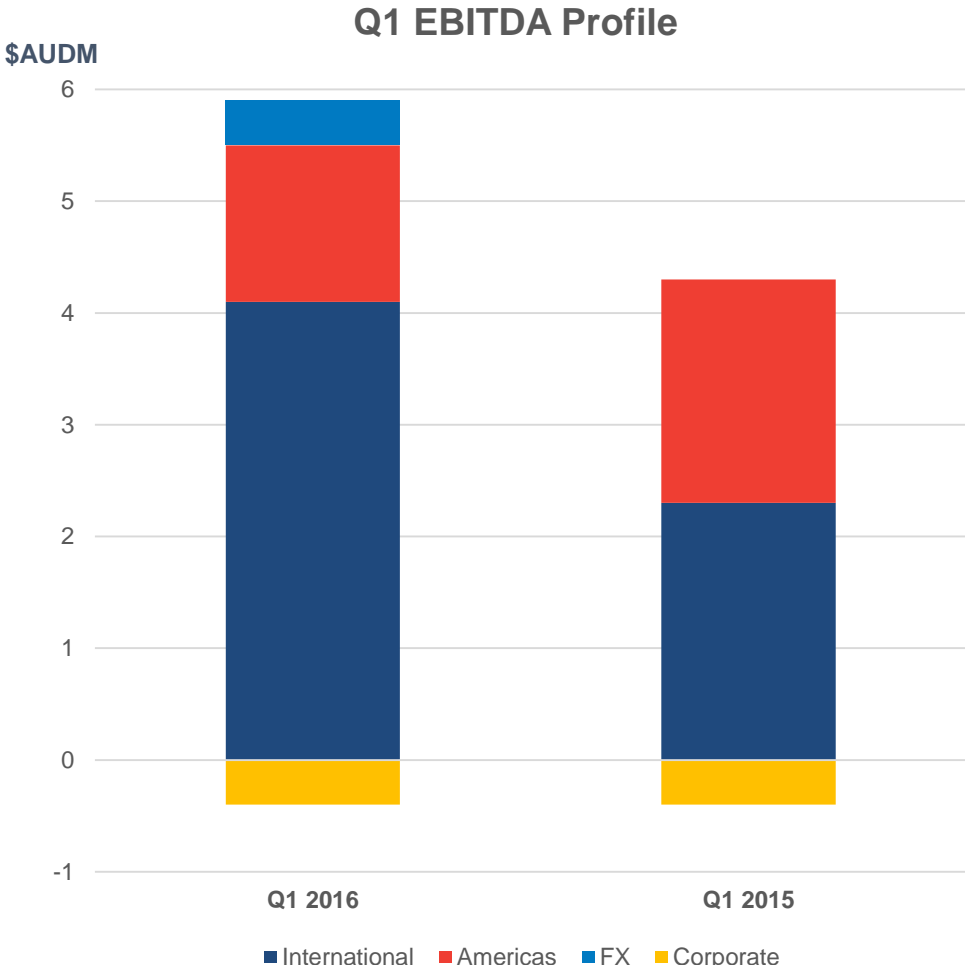
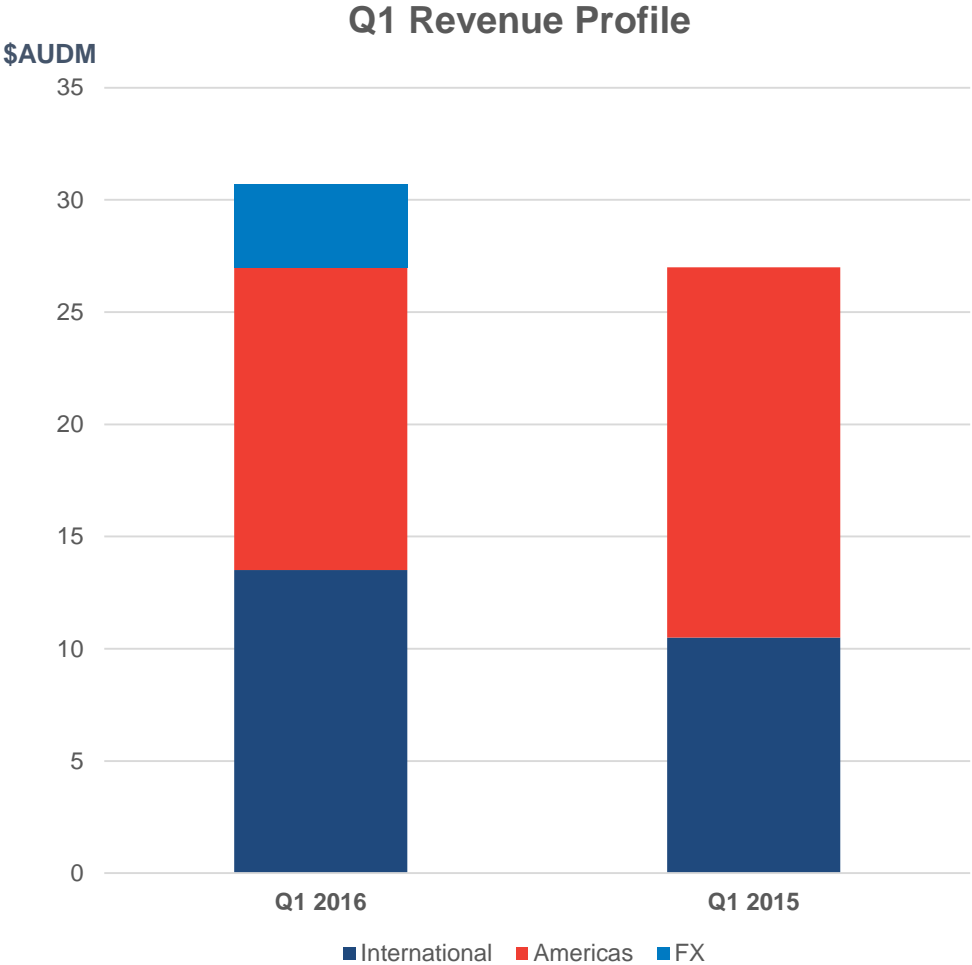
Redflex FY 2015 Extraordinary Items







# Q1 GROWTH IN THE INTERNATIONAL SEGMENT IS DRIVING IMPROVED PERFORMANCE



\*Profit before depreciation, amortisation, impairment, finance costs and tax

\*\*Discontinued Operations - Chicago, Ohio and New Jersey

## **FY15 OVERVIEW**



Significant leadership changes and realignment



Significant cost reductions



Student Guardian – now viable



Jefferson Parish settled (US\$9M).  
Business risk reduced.



## FY15 OVERVIEW



Continued investment to drive growth and diversification



Investment in R&D in new products



No further developments in Chicago investigation. Chicago Qui Tam commences



US extremely challenging. Entering Mexico and Canada.







# REDFLEX EXECUTIVE TEAM



**PAUL CLARK**

B.Bus (Acc), MBA (Exec), FCA, GAICD  
Group Chief Executive Officer



**BRAD CRUMP**

B.Bus. (Acc.) AMP (Insead) CPA  
Group Chief Financial Officer



**CRAIG DURHAM**

LL.B. (Hons), Grad Dip Leg Prac, LL.M.  
(Melb), Grad Dip App Corp Gov, MAICD,  
FGIA, FCIS  
Group General Counsel &  
Company Secretary



**CHERYL KIRK HOGAN**

M.A. Mgt, Grad Dip Bus. Mgt  
Group Head of Business  
Transformation



**MIKE FINN**

MBA, BA. Econs  
President & CEO of Americas



**ANDREW MCKINDLAY**

BSc BE (Hons)  
Group Head of Strategy &  
Business Development

## BACKGROUND

- Turnarounds & Change Management
- Executive Leadership
- Financing & Risk

- Financial Management
- Centralisation of Support Services
- Process Re-engineering
- Strategic Planning

- Legal & Compliance
- Company Secretarial
- Corporate Governance
- Risk Management
- Audit

- Change Management
- Strategic Design & Business Operational

- Intelligent Traffic Solutions
- Technology
- Executive Leadership

- Project & Business Solutions
- Intelligent Traffic Solutions
- Technology & Engineering

## OTHER CURRENT/ PAST ROLES

- Former Chairman, Melbourne Water
- Various Listed Entity Executive Committees & Boards

- Former CFO and Senior Finance position at various listed entities

- Former General Counsel & Company Secretary in the gaming technology industry
- Former Senior Legal and Compliance roles at various law firms

- Former Head of Change Management in various major organisation within the Financial Services Industry
- Led large operational businesses

- Former GM of Nokia HERE Division
- Held various senior executive positions at NAVTEQ in the U.S.
- Former Financial Controller at JP Morgan Chase

- Former Principal and ITS Practice Lead at Evans & Peck
- Former GM for Siemens Ltd
- Consultant at private consultancy
- Senior positions in technology and engineering industries



## SHORT TERM INITIATIVES IN 2015/16



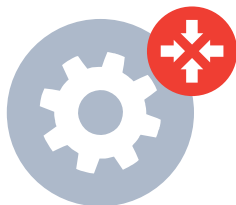
Grow International



Protect Americas and diversify



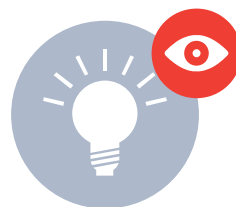
Improve and grow Student Guardian



Centralise functions



Reduce costs



Focused R&D



Reduced working capital

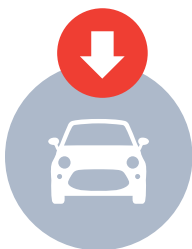


Close out litigation and reduce legal costs

INFORMATION - TRAFFIC PATTERNS ETC

CITATION/PAYMENT PROCESSING AND ISSUANCE

SOFTWARE/HARDWARE



Parking



Tolling



Traffic  
Management



Red-Light &  
Speed



School Bus Stop  
Arm





## CHANGE STRATEGY IN 2015/16



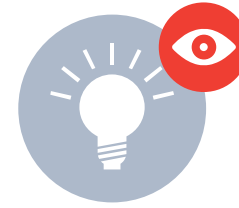
### **Protect and enhance the current business**

- Maximise current client revenue
- Retain current client base
- Move to a lower cost operating model
- Close out problems
- Execute tactical change initiatives
- Determine competitive advantage
- Drive Efficiencies
- Optimise Capex



### **Grow the business and create the future**

- Recruit high potential leaders
- Develop new operating model
- Process redesign
- Drive Revenue Growth
- Align KPIs
- Standardise/ Converge/ Outsource



### **Expand into new markets and products**

- Expand in existing markets UK, Europe and Canada
- Enter new markets Asia, Mexico, Latin America
- Product expansion in new and existing markets (ANPR, parking etc.)
- Acquisitions
- Existing product upgrade plus back office



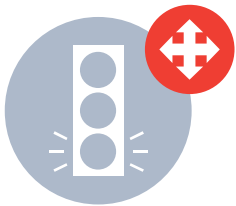
## SUBSEQUENT EVENTS



Since the first quarter results announcement we have:

- Signed a two year maintenance agreement in Abu Dhabi
- Received the settlement proceeds from Jefferson Parish
- Continued to focus on working capital management
- Submitted an updated proposal for Malaysia
- Signed our first contract for the sale of used equipment to the corporate market

# **LONGER TERM STRATEGY**



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

Continue to grow in Australia

Continue expansion in UK

Expand into other EU markets

Opportunistic tenders in other countries

Selective acquisitions/joint ventures that quickly build scale in the photo enforcement market



**Continue to pursue opportunities in adjacent markets inside and outside Intelligent Transportation Systems**

Grow Student Guardian

Expand non-photo enforcement products

Selective acquisitions which provide product diversification







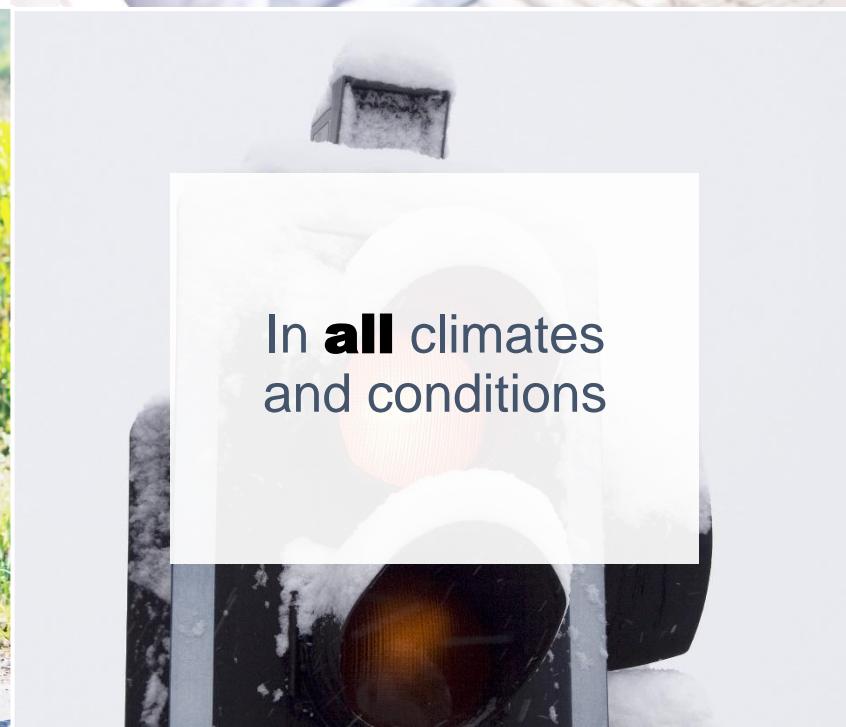
**End-to-end**  
photo enforcement  
solutions



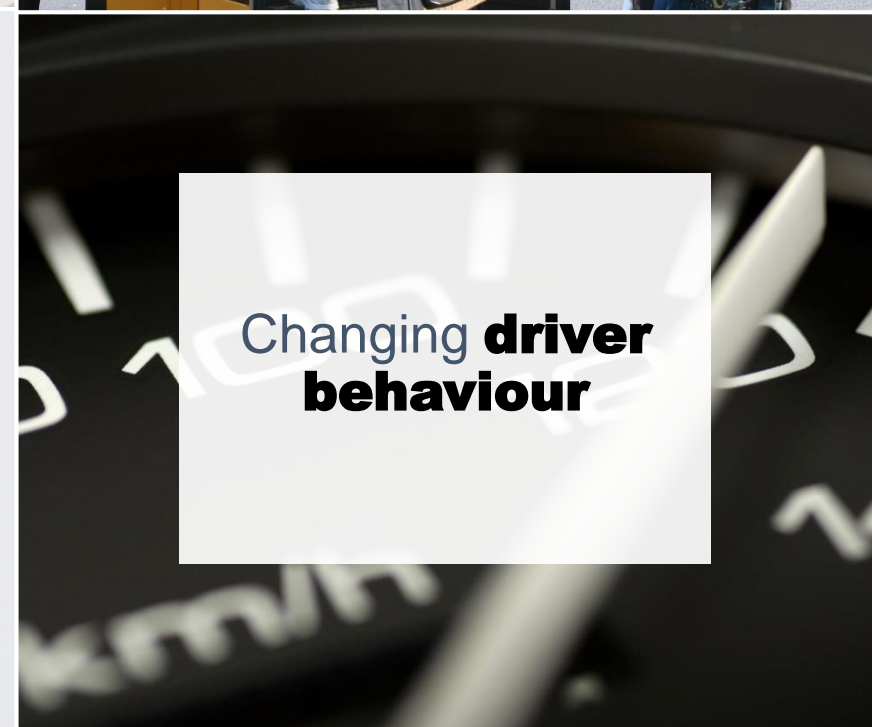
Creating **safer**  
communities



**Safer roads**  
for future  
generations



In **all** climates  
and conditions



Changing **driver**  
**behaviour**