

## **Release to Australian Securities Exchange**

**3 June 2015**

### **TRADING UPDATE AND REVISED FY15 EARNINGS GUIDANCE**

#### **Trading Update**

The Company provides the following trading update and revised earnings guidance for the financial year ending 30 June 2015.

Market conditions continue to be challenging, in particular, within the United States of America. The negative effects associated with municipal contracts that have run to expiry and not renewed and the passage of legislation banning the use of photo enforcement in Ohio and New Jersey have required persistent restructuring activities within our United States business in an attempt to match appropriate cost levels to expected revenues.

From an operating perspective, we have experienced reductions and delays in the expected level of new photo enforcement system installations into both current customer programs and new customers forecasted to come on line during the period and the Student Guardian business has improved more slowly than forecast.

#### **Revised FY2015 Earnings Guidance**

The combination of these headwinds has merited a revision of earnings guidance for FY2015, which had previously estimated a full year operating loss of AUD\$10 million. After considering current trading results, the Company now expects FY2015 full year operating loss to be in the range of AUD\$17 million to AUD\$18 million. In addition to this expected operating loss, it is likely that the Company will take AUD\$5 million to AUD\$8 million of non-cash balance sheet adjustments further to those previously disclosed. FY2015 EBITDAI is expected to be in the range of AUD\$18 million to AUD\$19 million.

As noted above, forecasting expected business performance has become increasingly difficult. As the revenue base of the Company has fallen, the impact of movements in expected customer installations and contract awards naturally have more significant effects. As a result, the Company will not be providing forward business performance guidance.

Although the business conditions in the United States are challenging and the financial results disappointing, we are pleased with the improvement in our Student Guardian business, now operating profitably, the potential that some of the recent banning legislation in the United States may be successfully challenged and the continued positive prospects for growth from both our international business and strategic initiatives. Our corporate development efforts and drive to free up trapped capital from the balance sheet also continue.

### **Redflex Traffic Systems Pty Ltd Chief Executive Officer leaving the business**

The Company announces today that the Redflex Traffic Systems Pty Ltd Chief Executive Officer, Mr Ricardo Fiusco, has decided to leave the business.

Mr Fiusco joined the Redflex Group in early 2002 and has made a significant contribution to the development and growth of the Redflex Australian and international business.

The Company wishes to thank Mr Fiusco for his 13 years of service and wishes him well in his future endeavours.

As the Company seeks a suitable replacement, the Group Chief Executive Officer, Mr Paul Clark, will act as the Chief Executive Officer of Redflex Traffic Systems Pty Ltd.

### **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 the largest network 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.

Based in South Melbourne, Victoria, Australia, 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 25 years.

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

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