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# Saferoads Holdings Limited (SRH)

Presentation to CapConnect  
FY06 Investor Forum

Melbourne Sept 6, 2006

Sydney Sept 7, 2006

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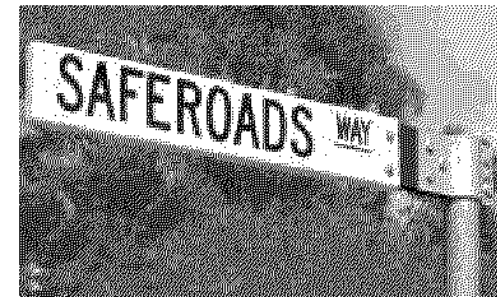
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# 1. Business Overview

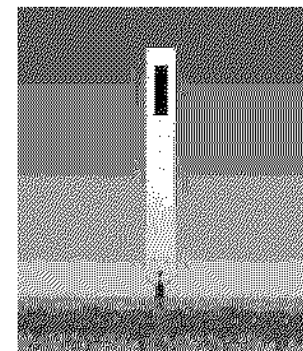
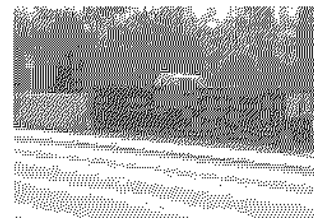
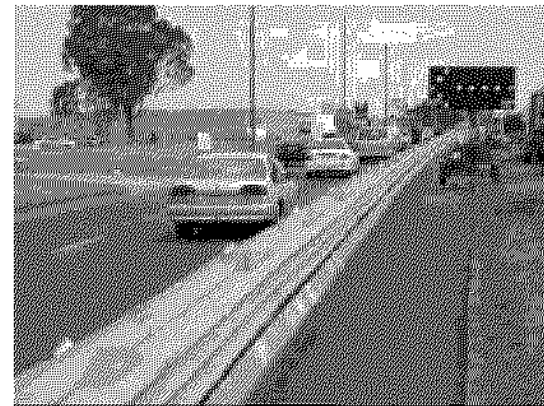
- Saferoads founded in 1992 by Darren Hotchkin:
  - Listed on ASX in December 2005, market cap approx. \$30m
  - Business is the development, manufacture, importation and distribution of road safety products
- Saferoads products:
  - *Direct* - guide posts/signs that direct or warn road users
  - *Protect* - barriers that protect personnel and property
  - *Inform* - products that capture information and inform road users
- Operations:
  - Head office, manufacturing operation in Drouin, Vic
  - Sales offices in Adelaide, Sydney and Brisbane
  - Distributor in WA
  - International distributors in USA and New Zealand



# 1. Business Overview

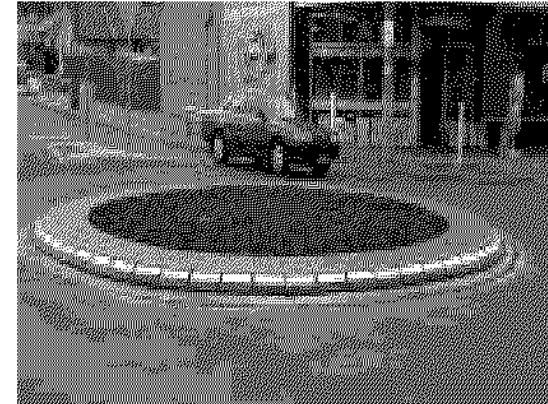
- Product development & Intellectual Property

- Ironman portable steel barriers
- Guide post technology
  - Snaploc
  - Rubber hinge made from scrap tyres
- Rubber Crash Barrier



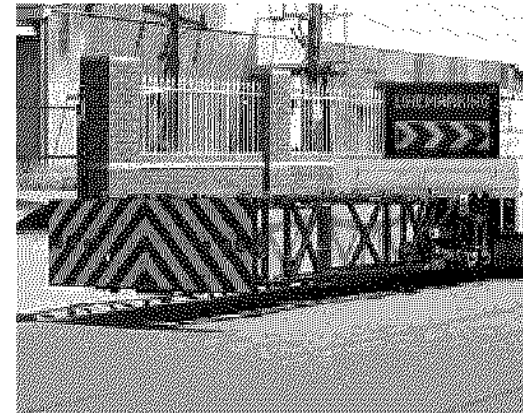
# 1. Business Overview

- Saferoads is the Australian licensee/distributor for:
  - Quixote Corporation, USA
    - Energy Absorption Systems Inc
    - Nu-Metrics Inc
    - US Traffic Corporation
    - Highway Info Systems Inc
  - Data Collect, Germany
  - Gibraltar Wire Rope, USA
  - Rockingham Pre-Cast, USA
  - Bartco Traffic Equipment, Victoria



# 2. Market

- Road safety market environment
  - Estimated domestic market size \$150m pa for current products
  - Estimated market size for total road safety over \$1 billion p/a
  - Fragmented, competitive and stable
- Main Competitors
  - Ingal Civil Products, Sydney
  - A1 Traffic Lines, Melbourne
  - Australian Construction Products, Sydney
  - Traffic Technologies
  - EZI Drive, NSW
- Major Customers
  - Hire companies and road contractors
  - Local government authorities
  - State government road departments
  - Owners of private roadways



# 3. First Year Highlights

- Delivered Sales Revenue of \$26.7m, up 17% on 2005
- Achieved EBIT of \$4.1m, up 32% on 2005
- Achieved earnings per share of 12.5 cents per share
- Signed new international Distributor and Licence Agreement with Quixote USA
- Signed agreements with Gibraltar and Rockingham
- Successfully introduced a new pedestrian safety barrier
- Increased presence in all states
- Met all prospectus forecasts

2005-06	\$m	Forecast	Actual
Revenue	\$m	\$26.1	\$26.7
EBIT	\$m	\$3.8	\$4.1
NPAT	\$m	\$2.7	\$2.9
EPS	cents	11.8	12.5

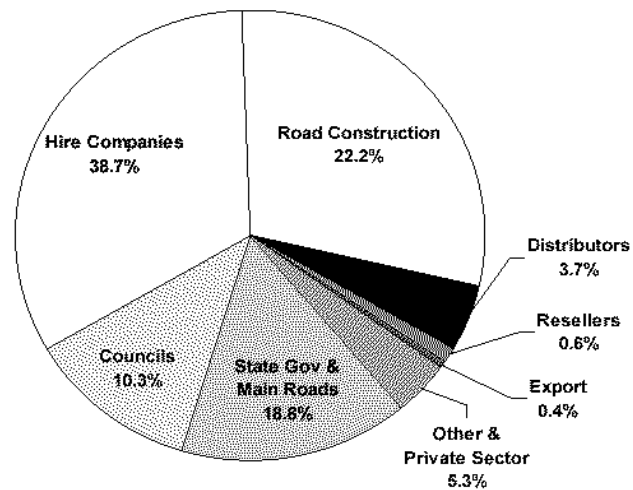


# 4. Sales Analysis

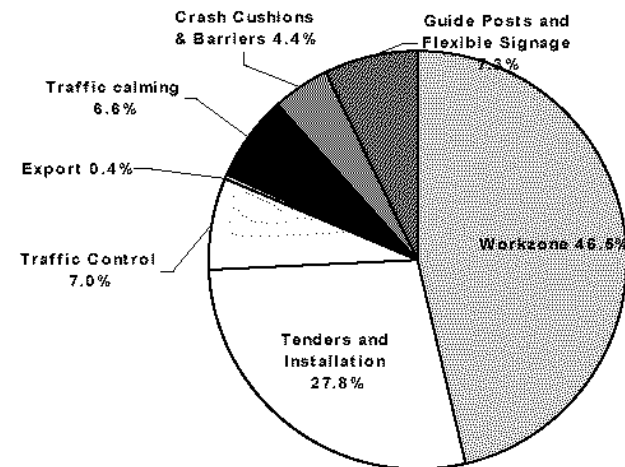
Diverse spread of:

- Customer type
- Product type

## SALES BY CUSTOMER GROUP



## SALES BY PRODUCT GROUP



# 5. Financial Comparisons

Financials	\$m	2003	2004	2005	2006
Revenue	\$m	12.6	15.4	21.5	26.7
Expenses	\$m	9.7	12.0	18.0	22.7
EBITDA	\$m	2.9	3.3	3.5	4.0
D & A	\$m	0.1	0.2	0.2	0.2
EBIT	\$m	2.8	3.1	3.3	3.8
Interest	\$m	0.0	0.0	0.0	0.0
NPAT	\$m	1.9	2.2	2.3	2.9
EPS	Cents				12.5
DPS	Cents				6.0

# 6. The Year Ahead 2006 - 2007

- Strong Government spending in recent State Budgets
- Increase sales by at least 15% to \$30m plus
- Maximise competitive purchasing opportunities to further drive up net profit margin
- Reap benefit of increased sales resources in Qld, NSW, Vic and SA.
- Double the capacity to assemble Ironman Barriers to meet increased demand
- Gibraltar Wire Rope Safety Barrier has been approved for application in Qld and Vic. Other States should follow

# 7. Strategic Growth Outlook

## CORPORATE OBJECTIVE:

- Saferoads to be a \$100m revenue company by the end of FY 08/09, with the current NPAT to revenue ratio
- This will be achieved by a combination of organic growth and strategic acquisitions



# 7. Strategic Growth Outlook – Organic

## ORGANIC GROWTH

Capitalise on Ironman and Pedestrian Barrier product developments

- Expand distribution channels:
  - New Offices & Warehouses in SA, NSW and Qld
  - Sales personnel increased in all Eastern states
- Continue product development:
  - New generation safety barriers
  - Introduction of overseas technologies
  - Emerging market segments
- Be vigilant for vertical integration opportunities



# 7. Strategic Growth Outlook - Acquisitions

## GROWTH BY ACQUISITION

- The overall road safety market in Australia is in excess of \$1 billion
- Acquisition target exploration has commenced
- The company has a strong balance sheet (zero debt), and has a variety of means of financing/structuring acquisitions
- The current dividend policy (50-70% of NPAT) will be maintained

# 7. Strategic Growth Outlook - Acquisitions

## FIRST ACQUISITION

- 1 September 2006, signed an agreement with Swift Tech to purchase its net assets
- Swift Tech:
  - is a vibrant, innovative company based in Drouin
  - manufactures and supplies decorative street lighting
- Purchase consideration - \$3.0 million, comprising:
  - \$700,000 in Saferoads shares, held in escrow for 24 months
  - \$2.3 million in cash
- Swift Tech's 2006 audited financials indicate an annual profit of \$800,000 on sales of \$6.0 million
- Anticipated completion date – 2 October 2006