



SAFEROADS HOLDINGS LIMITED

2014 Annual General Meeting

Lardner Park, 25 November 2014

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Innovative Road Safety Solutions

- **Chairman's Welcome and Address**
- **CEO's Address on Product Developments**
- **Questions to Board and Management**
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Chairman's Address – Mr David Ashmore

Innovative Road Safety Solutions

FY2014: Transformation of the Company

➤ 2013/14 Return to underlying profitability

- ❑ Operating underlying loss of \$0.78 million compared to \$1.56 million loss in 2013 and \$4.25 million loss in 2012.
- ❑ Further improved gross margin by 13.3% from 33.1% in FY13 to 37.4% in FY14.
- ❑ Now structured to yield underlying profitable operations.
- ❑ Q4 FY14 & Q1 FY15. Both profitable quarters.
- ❑ We now have a stable platform to grow.



Chairman's Address (Continued)

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FY2014: Transformation of the Company

➤ Operating Performance for FY2014

- ❑ Reduced costs through headcount, productivity and premises rationalisation.
- ❑ Focus on winning products with dedicated product managers.
- ❑ Progressive cost reduction and productivity initiatives saving \$2.8 million.
- ❑ Initiated the controlled wind down of our unprofitable Civil Services business.
- ❑ Maintained appropriate levels of working capital to meet operational needs as well as invested \$297k in R&D activities.
- ❑ Generated \$0.5 million in proceeds from sale of non-core assets, used to further reduce bank debt.



Chairman's Address (Continued)

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FY2014: Transformation of the Company

- 2013/14 Continue to reduce bank debt and financing costs.
 - ❑ Reduced core bank debt by 11% from \$5.6 million to \$5.0 million.
 - ❑ Finance costs down by \$83k to \$534k.
 - ❑ Complied with financial covenants and exceeded minimum debt reduction targets through proceeds of asset sales.
 - ❑ Constructive relationship with our bankers as we stabilise our earnings capability.



Chairman's Address (Continued)

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Innovation - Strategic Growth

➤ Ironman Hybrid

- ❑ Initial approval for 80 KPH in all States.
- ❑ First rental deployments achieved (WA and NSW). Strong quote pipeline.
- ❑ Feedback very favourable, customers appreciate and are paying for its advantages.
- ❑ Continue to engage with interested parties to sell or licence. Australia and overseas.



Chairman's Address (Continued)

Innovative Road Safety Solutions

Innovation - Strategic Growth

➤ International opportunities

- ☐ Direct result of *Intertraffic* conference.
- ☐ Safepole to Canada.
- ☐ National Signals in Australia.
- ☐ *Crossafe* Culvert Protector.



Chairman's Address (Continued)

Innovative Road Safety Solutions

Strategic Initiatives

- Bank Debt – 2/5 Entitlement Offer
 - ❑ \$1.2 million to reduce debt.
 - ❑ Further \$1.0 million reduction from internal sources.
 - ❑ 3 year facility till July 2018.
 - ❑ Substantial interest reduction.
- Capital Structure - Additional Share Placement.
- Create and control more winning products.
- Initiatives and Alliances to unlock IP value.
- Primary ongoing focus - to enhance shareholder value.



Chairman's Address (Continued)

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Focus for FY2015

- **Increase Profitable Sales** - Current products to known markets and launch new innovative products into known and new markets.
- **Develop export opportunities through contacts made at recent trade conferences**
 - ❑ We have secured an agreement with a major company to distribute Safepole in Canada.
 - ❑ Pursue other established opportunities
- **Maintain efficiencies** - Ensure margins are maintained and/or improved and costs are managed tightly.
- **Innovation** - Develop and commercialise existing IP to the extent possible.



Chairman's Address (Continued)

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FY2015 Outlook

- Recorded a positive EBIT in the first quarter of FY15, the second consecutive quarter of underlying profitability.
- Trading conditions are still irregular and securing sales remains an ongoing challenge. Federally funded major roads projects are an encouraging sign.
- Order deferrals are still common which highlights demand but also funding constraints
- Anticipating a positive EBIT for the first half
- Full year forecasting is difficult but if we continue to deliver on our targets then we anticipate a positive EBIT for the full year.
- Cash generation remains good and we do not anticipate any need to seek additional funding for working capital.
- Rental fleet expansion may require further fundraising.

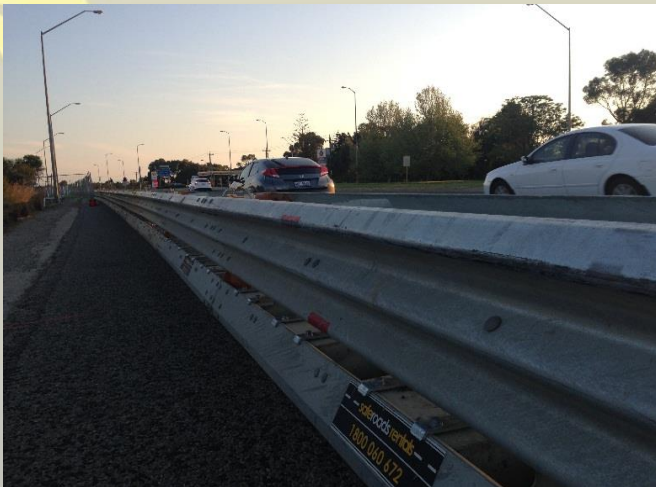


CEO's Address – Mr Darren Hotchkin

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PRODUCT INNOVATION – LOOKING AHEAD

- *Ironman Hybrid* barrier
- *Zone VMS*
- *Safepole* impact absorbing pole
- New Flexible Sign System
- *Crosssafe* Culvert Protector



CEO's Address (Continued)

Innovative Road Safety Solutions

Product Innovation – Ironman Hybrid

- We have our first rental deployments (WA and NSW)
- State road authority approvals granted in all States
- Still actively seeking the best commercial rollout opportunity

Criteria	Water-filled	Anchored Steel	Precast concrete	Ironman Hybrid
Low deflection	✗	✓	✓	✓
Economical to transport	✓	✓	✗	✓
Economical to deploy	✗	✗	✗	✓
No pavement damage	✓	✗	✓	✓
Durable / long life span	✗	✓	✗	✓

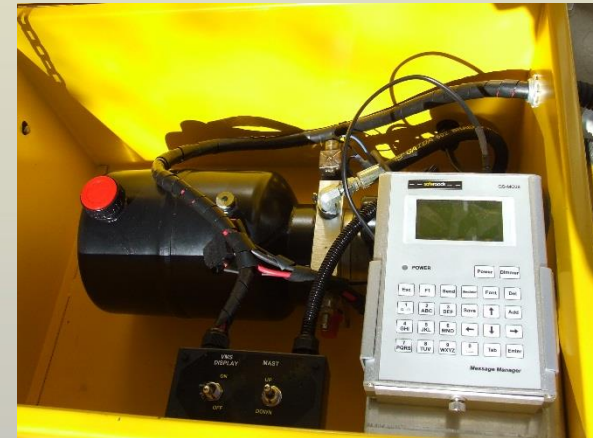


CEO's Address (Continued)

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Product Innovation – Zone VMS

- ☐ Program remotely via internet, mobile phone or message manager
- ☐ Australian built, fully galvanised trailers with powder coated toolboxes
- ☐ Training for customers and ongoing support through our ZoneCare program
- ☐ Security and diagnostic alerts can be sent to your mobile phone



-- zone --
care

-- saferoads --

Product Innovation – Safepole

- ❑ Only Impact Absorbing Pole tested to and exceeding the requirements of AS/NZS 1158-1-3-1997 and VicRoads TCS-041-3-2001
- ❑ Approved by VicRoads, Powercor, Citipower, Jemena and Ausnet Services
- ❑ Designed to enable the pole to deform and capture a vehicle in a controlled manner to provide safe and pedestrian-friendly outcomes
- ❑ Simple and easy to install
- ❑ Minimum life of 20+ years due to its robust construction and galvanising which exceeds AS/NZS 4680



CEO's Address (Continued)

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Product Innovation – Flexible Sign System

- First fully integrated impact sign post assembly
- Potentially could save millions of dollars in sign maintenance and replacement
- Both domestic and international opportunities



CEO's Address (Continued)

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Product Innovation – Crossafe Culvert Protector

- Only crash-tested culvert protection available worldwide
- First order received for South Australia
- Opportunity to retrofit thousands of culverts across Australia



<http://www.youtube.com/watch?v=f5OpCEmLsxE>

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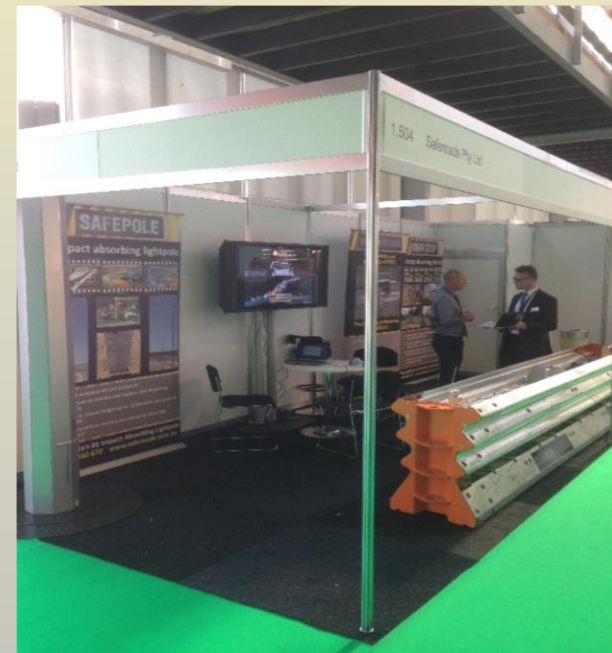
CEO's Address (Continued)

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INTERNATIONAL OPPORTUNITIES

➤ *Intertraffic 2014* – new ideas

- ❑ We are currently engaging with various overseas parties on the prospect of distributing their unique products here in Australia
- ❑ We are also exploring opportunities for parties to distribute our products in USA / Canada and Malaysia



CEO's Address (Continued)

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INTERNATIONAL OPPORTUNITIES - IRF



DECADE OF ACTION FOR
ROAD SAFETY 2011-2020

➤ Influencing the approach to road safety

- ❑ Over 1.3 million people are killed on roads around the world each year.
- ❑ The Decade of Action for Road Safety is a United Nations sponsored program that has called upon governments around the world to implement measures that will reduce road traffic fatalities by 50% by 2020.
- ❑ Over 120 countries have made the commitment to meet this challenge.
- ❑ Saferoads is actively playing its part in influencing road agencies in its respective areas of expertise.

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QUESTIONS

