



SAFEROADS HOLDINGS LIMITED

2015 Annual General Meeting

15 October 2015

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Innovative Road Safety Solutions

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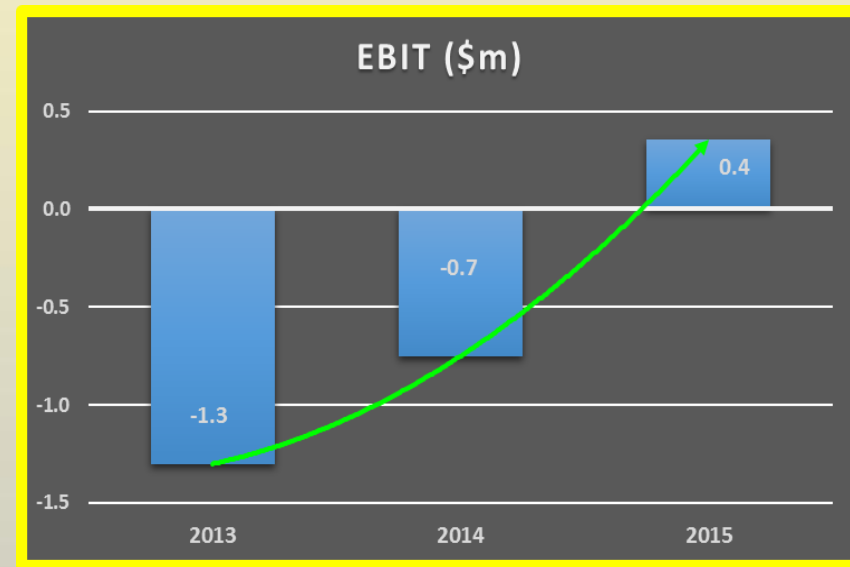
Chairman's Address – Mr David Ashmore

Innovative Road Safety Solutions

FY2015: Return to underlying profitability

➤ Operating Performance for FY2015

- ❑ Positive EBIT of \$0.35 million compared to \$0.75 million (loss) in 2014 and \$1.3 million (loss) in 2013
- ❑ 7% annual growth in sales from ongoing operations
- ❑ Maintained appropriate levels of working capital to meet operational needs, generating over \$0.5 million in operating cash flows (before interest)



Chairman's Address (Continued)

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FY2015: Return to underlying profitability

➤ Operating Performance for FY2015

- ❑ Significant reduction in financing costs in second half following December 2014 equity raising and debt repayment.
- ❑ Invested \$0.3 million in R&D activities during the year and received an R&D tax rebate of \$0.3 million pertaining to FY14 expenditure.
- ❑ Orderly exit of our Civil services operations realising a minor gain on sale of surplus assets and providing \$0.4 million cash proceeds - utilised to further reduce debt

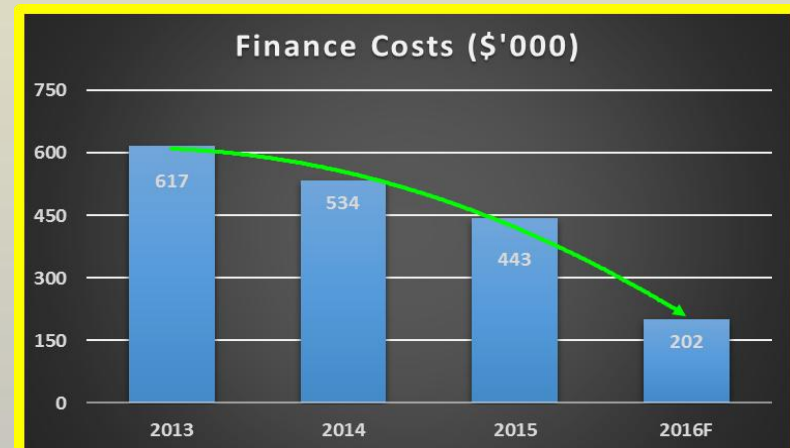
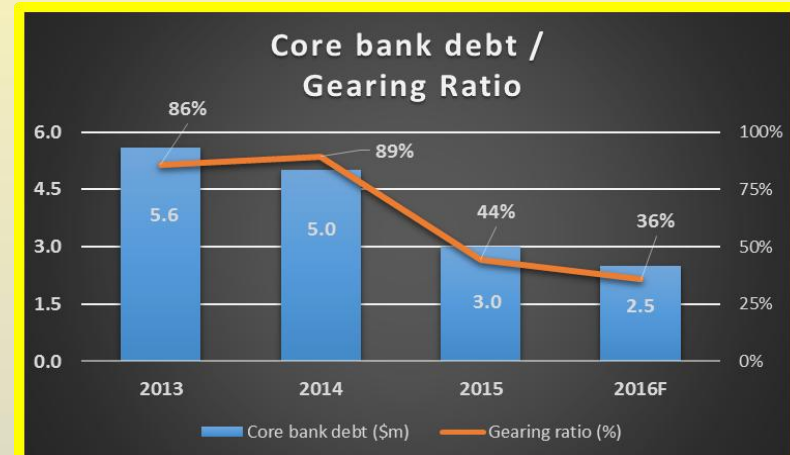


Chairman's Address (Continued)

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FY2015: Extension of financing facility

- Further reduction of bank debt and extension of bank facility.
 - ❑ Reduced core bank debt by 40% from \$5.0 million to \$3.0 million during the year.
 - ❑ This was mainly attributable to the \$1.25 million raised from the December 2014 share entitlement issue.
 - ❑ This allowed us to secure a three year extension to our CBA finance facility to February 2018.
 - ❑ Finance costs down by 61% in second half following equity raising and debt repayment/restructure.

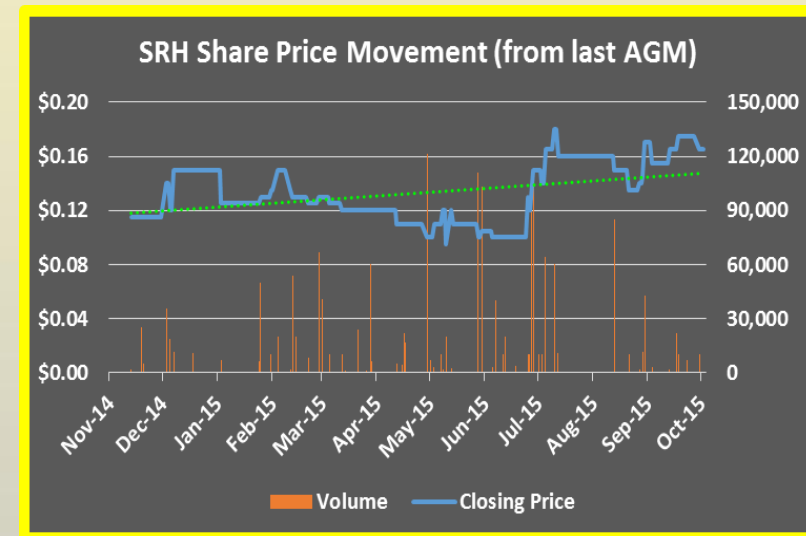


Chairman's Address (Continued)

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Strategic Initiatives

- Primary ongoing focus - to enhance shareholder value
- This will be enabled through
 - ❑ Growth in sales and profits
 - ❑ Leading to ability to pay dividends
 - ❑ Business expansion through development and commercialisation of products and distribution in new markets (both Australia and overseas)
- Initiatives and alliances to grow the business and unlock IP value
- Expand Rental barrier business



Chairman's Address (Continued)

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Strategic Initiatives

- We have secured a ten year lease for a new office/warehouse in Pakenham
 - ❑ New build facility, consolidating our Public Lighting and Roadside and Workzone products to one site
 - ❑ Logistical benefits, being closer to Melbourne and more accessible to our Victorian supplier and customer bases
 - ❑ Access to broader talent pool for future recruitment
 - ❑ Relocation will be complete by end of November



Chairman's Address (Continued)

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Strategic initiatives – new markets

➤ International opportunities

☐ USA

(Ironman and Ironman Hybrid; Omni-stop bollards; Safepole; Tubthumpa; VMS)

☐ Malaysia

(Crash cushions; Traffic calming)

☐ New Zealand

(Traffic calming; guide posts)

➤ Public lighting solutions

☐ Interstate expansion

☐ Solar LED public lighting



Chairman's Address (Continued)

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Focus for FY2016

➤ Increase Profitable Sales

- ❑ maintain domestic sales focus through a management structure dedicated to our various customer bases (local government, road contractors, equipment hire companies, electrical contractors)

➤ Maintain efficiencies

- ❑ the new consolidated warehouse facility located closer to Melbourne will assist with this.

➤ Develop export opportunities (particularly USA)

- ❑ We have established relationships with various companies in USA to partner in distributing our products in their markets.

➤ Innovation

- ❑ Ensure we remain at the forefront of road safety product development through local R&D and access to overseas products and opportunities.



Chairman's Address (Continued)

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FY2016 Outlook

- Recorded a positive PBT in the first quarter of FY16.
- Trading conditions are still irregular and securing sales remains an ongoing challenge. Federally funded major roads projects (particularly NSW and QLD) are an encouraging sign.
- Order and delivery deferrals are still common which highlights demand but also funding constraints
- Forecasting a positive EBIT for the first half (before relocation costs)
- Full year forecasting is difficult but if we continue to deliver on our targets then we anticipate a positive PBT for the full year.
- Cash generation remains solid and we do not anticipate any need to seek additional funding (other than some fitout of the new premises which will be financed).
- Rental fleet expansion may require further fundraising. Rights issues are our preferred fundraising and/or a flexible share issue plan.



CEO's Address – Mr Darren Hotchkin

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PRODUCT INNOVATION – LOOKING AHEAD

- Ironman Hybrid
- Tubthumpa Flexible Sign System
- RoadQuake
- ZoneRay Solar Light Tower
- Solar public lighting solutions

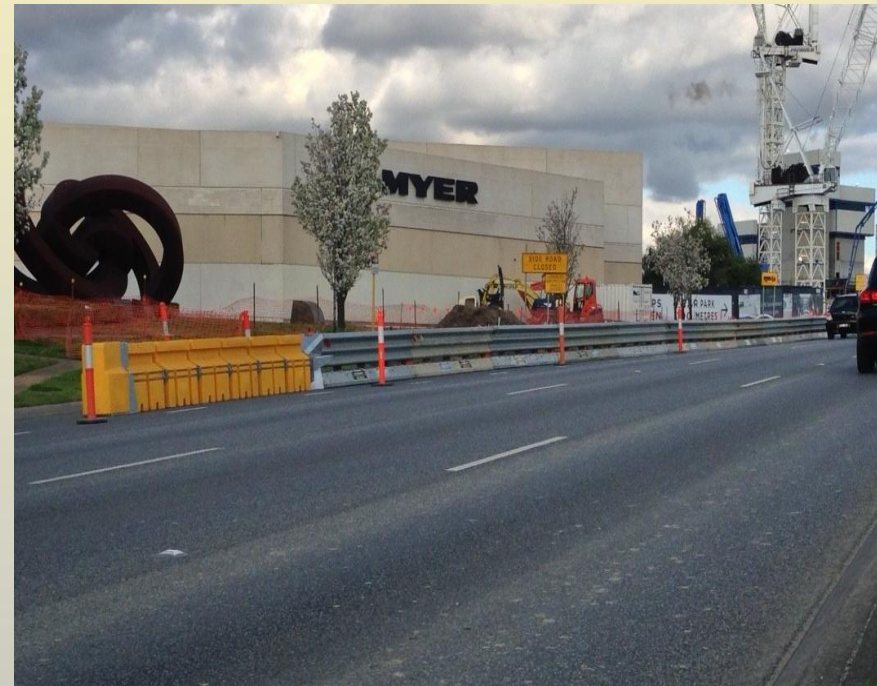


CEO's Address (Continued)

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Product Innovation – Ironman Hybrid

- Australia's only completely unpinned steel temporary barrier system, having no requirement to pin along the system's length or at the end terminals.
- Additional to the logistics savings using steel barriers over concrete and the water costs using water-filled barrier systems, Ironman Hybrid does not require any drilling into the road and the associated road repairs at the completion of a project.
- The ability to install an approved steel barrier system without any drilling and damage to the road structure is critical to road authorities and owners.



CEO's Address (Continued)

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Product Innovation – *Tubthumpa* 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

<https://www.youtube.com/watch?v=gTTiwzMNtuQ>



CEO's Address (Continued)

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Product Innovation – RoadQuake

- Saferoads RoadQuake alerts drivers to upcoming changing road conditions and where daily installation and removal of the work zone is required for:
 - ☐ Lane closures
 - ☐ Traffic safety check-points
 - ☐ Routine maintenance projects
 - ☐ Paving operations
- Tested up to 120 kph with minimal movement and temperatures between 0° to 80° C.
- Key benefits include:
 - ☐ Temporary - No nails or glue needed for installation
 - ☐ Portable - No installation equipment needed, one person can easily assemble and install an array in minutes.
 - ☐ Durable - 3-5 year life expectancy and suitable for use in rain and other inclement weather.



Product Innovation – ZoneRay Solar Light Tower

- These towers are designed for simple, trouble-free and environmentally friendly lighting that utilises renewable energy.
- On top of the mast are four heavy-duty LED light fixtures with ultra-high intensity, state of the art LED's with remarkable brightness. The LED light fixtures boast brightness levels from 40,000 to 65,000 total lumens and brighter.
- These high performance light fixtures are designed to maximise light utility with very little 'lost' light. To maximize battery life, the control system is equipped with several selections including automatic on/off at dusk and dawn and settable run times from 3 to 12 hours.



Product Innovation – Solar public LED lighting

- Saferoads is partnering with Sonaray, part of the Hong Kong-based DASCOT Group, to develop a solar public lighting solution
- Local government authorities are under increasing pressure from various community groups to improve public safety, particularly in public open spaces
- The solar public LED lighting solution overcomes the challenges of providing infrastructure (ie. power) to remote sites in parklands
- The benefits to the community are improved public safety, at nominal cost (just initial investment of pole and installation with no ongoing energy costs), and longer-lasting LED luminaires

The logo for Sonaray, featuring the word "SONARAY" in a bold, blue, sans-serif font. A small red triangle is positioned above the letter "A". A trademark symbol (TM) is located at the top right of the word.

CEO's Address (Continued)

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INTERNATIONAL OPPORTUNITIES

➤ **USA**

- ❑ Largest market in the world for our products
- ❑ Same or similar road safety standards
- ❑ Similar road safety culture
- ❑ We have numerous industry contacts there already

United States

Inhabitants:	311.6 million
Vehicles per 1,000 inhabitants:	846
Road fatalities in 2012:	33,561
Fatalities per 100,000 inhabitants in 2012:	10.7

Source: IRTAD, NHTSA

Australia

Inhabitants:	23.1 million
Vehicles per 1,000 inhabitants:	743
Road fatalities in 2012:	1,196
Fatalities per 100,000 inhabitants in 2012:	5.2

Source: IRTAD, DIRD

CEO's Address (Continued)

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INTERNATIONAL OPPORTUNITIES



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.
- ❑ Policy makers in over 120 countries have made the commitment to meet this challenge. To accomplish this goal, road authorities must understand that a “Decade of Action” must be a “Decade of Change” to be effective. They cannot continue to do the same things and expect different results.
- ❑ The International Road Federation has developed a series of Road Safety Seminars (*SAFER ROADS BY DESIGN™*) to provide road authorities with best practices and latest technologies that can be implemented to meet a country's commitment to the Decade of Action. *Safer Roads by Design™* is an all-inclusive approach to road safety and includes seminars on the fundamentals of Road Safety, Roadside Safety, Work Zone Safety, Intersection/Roundabout Safety and Vulnerable User Safety. With members in ninety countries on six continents, the IRF is uniquely positioned to be the leading advocate for global road safety.
- ❑ Saferoads continues to actively play its part in influencing road agencies in its respective areas of expertise.

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QUESTIONS

