



SAFEROADS HOLDINGS LIMITED

2016 Annual General Meeting

13 October 2016

IMPROVING PUBLIC SAFETY

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IMPROVING PUBLIC SAFETY

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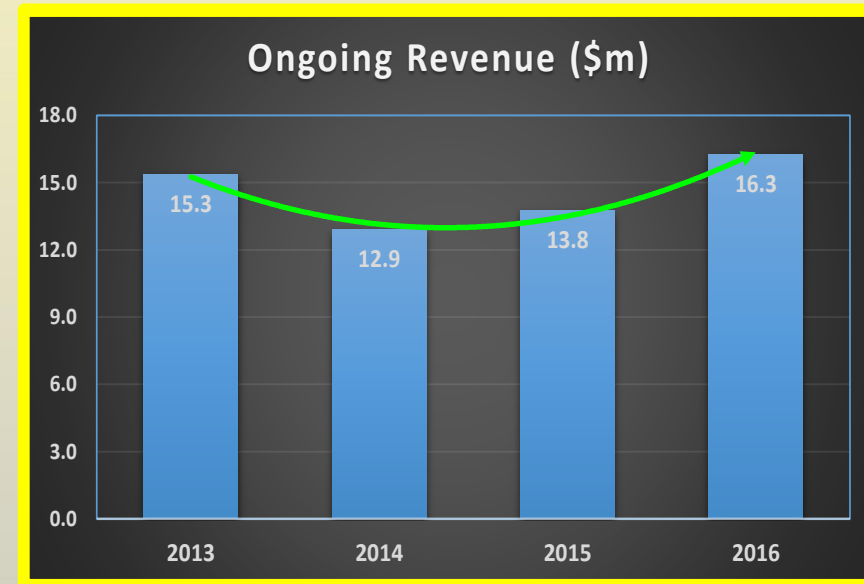
Chairman's Address – Mr. David Ashmore

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Continuation of sustainable business transformation

➤ Operating Performance for FY2016

- ❑ Revenue from ongoing product sales, royalties and rentals up \$2.5 million, or 18%
- ❑ Solid growth in our Public Lighting solutions portfolio, further enhanced by our new solar lighting offering
- ❑ Improvements in our Traffic Calming products and encouraging sales of our new flexible signage range as well as portable rumble strips - *Roadquake*
- ❑ Our Ironman™ Hybrid rental barrier offering gaining traction as a fully outsourced temporary barrier solution for mid-tier road contractors
- ❑ Initial royalties from USA and China



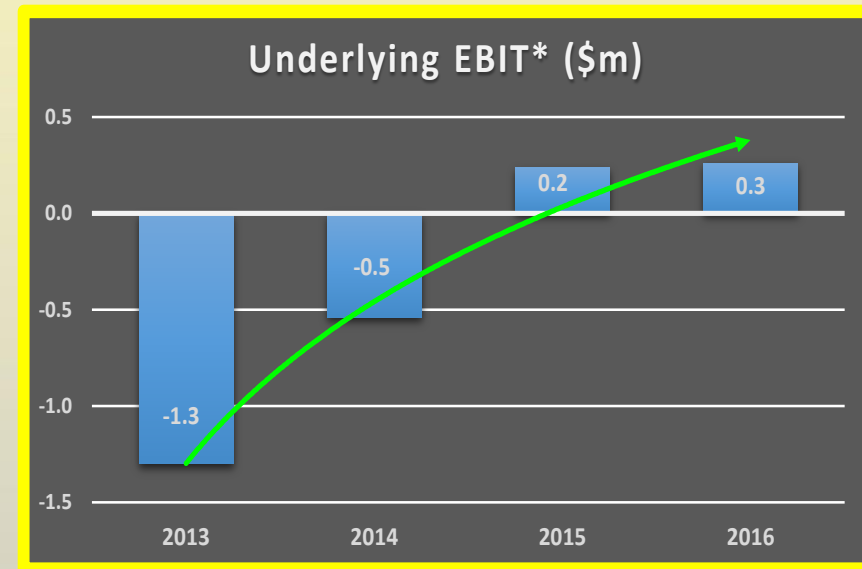
Chairman's Address (Continued)

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Continuation of sustainable business transformation

➤ Operating Performance for FY2016

- ❑ Minor profit of \$50k before tax and relocation costs
- ❑ Underlying EBIT* of \$260k before relocation costs
- ❑ Margins have been maintained in a very competitive market place
- ❑ Contribution from revenue growth was invested in three key areas for sustainable future growth:
 - Relocation costs incurred moving to Pakenham
 - Overseas market opportunities
 - Enhanced operations and structure with the recruitment of an experienced operations manager



* Underlying EBIT: FY16 excludes relocation costs

FY15 excludes restructuring costs and FY14 R&D tax rebate booked in FY15

FY14 excludes restructuring costs

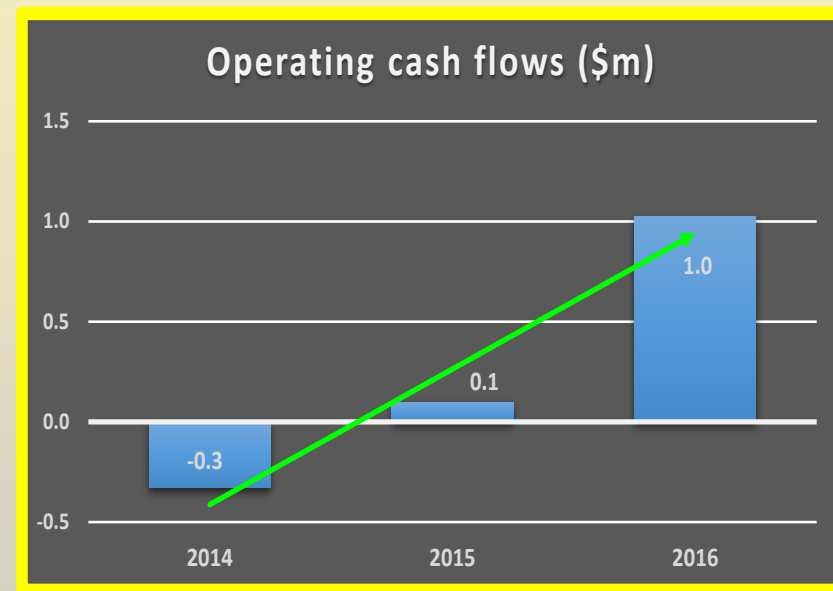


Chairman's Address (Continued)

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Continuation of sustainable business transformation

- Maintained adequate working capital
 - ❑ Generated over \$1.0 million in operating cashflows during the year, maintaining adequate cash reserves to support current working capital needs
- Continued investment in new product development
 - ❑ Invested \$0.5 million in R&D activities during the year
 - ❑ Substantively completed the \$200k Ironman Hybrid retrofit for existing rental fleet
 - ❑ Have acquired the industry-leading Finite Element Analysis system to enhance our product development capabilities

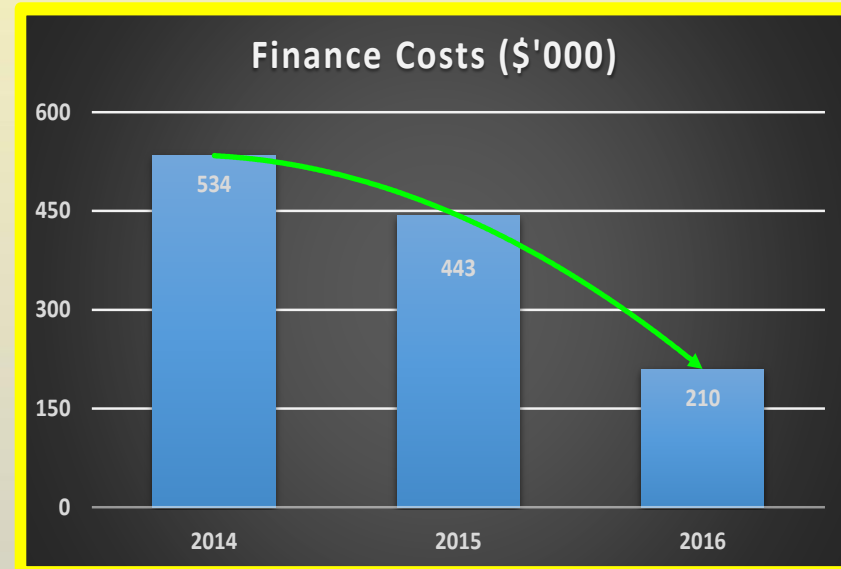
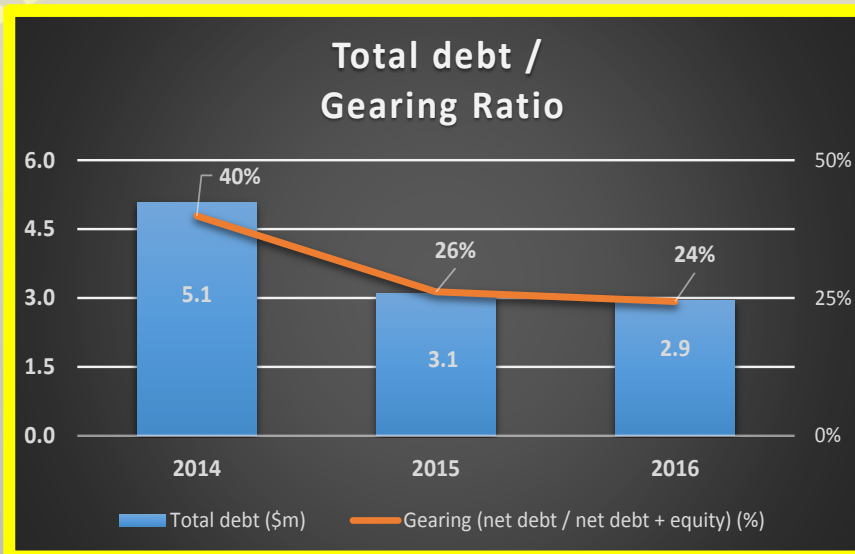


Chairman's Address (Continued)

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Continuation of sustainable business transformation

- Further reduction of bank debt
 - ❑ Reduced core bank debt by \$0.5 million, or 17%, during the year
 - ❑ Additional borrowings in FY16 to facilitate Pakenham relocation and additional rental barrier asset peripherals
 - ❑ Finance costs down 53% following FY15 equity raising and debt repayment

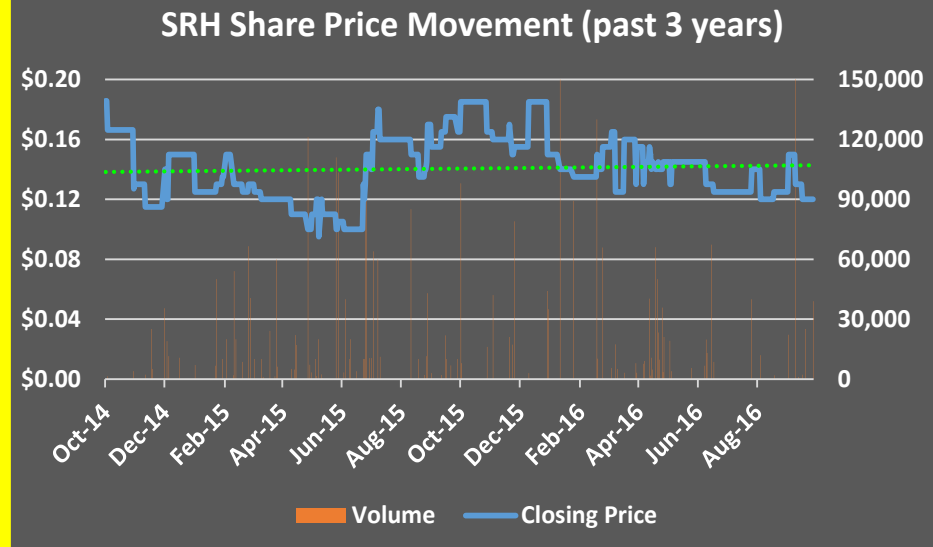


Chairman's Address (Continued)

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Key Strategies

- Sustainable shareholder value will be enhanced through;
 - ❑ Growth in sales and profitability
 - ❑ Focus on enhancing our product range
 - ❑ Commercialisation of new products
 - ❑ Enhanced distribution channels into new markets (both Australia and overseas)



Chairman's Address (Continued)

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Pakenham head office

We have relocated to a new office/warehouse facility in Pakenham

- ❑ Purpose-built facility consolidating our business onto one site
- ❑ Logistical benefits, closer to Melbourne and more accessible to our Victorian supplier and customer bases
- ❑ Access to broader talent pool for future recruitment



Chairman's Address (Continued)

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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 and identify further efficiencies

Capitalise on the new consolidated warehouse facility by continuing to achieve further efficiencies driven by our operations manager.

Develop export markets, primarily the USA

We continue to identify relationships with leading industry players in the USA to distribute our products in their markets and also their products in our markets.

Innovation

Ensure we remain at the forefront of public safety product development through local R&D, creating our own patented products for domestic and international markets.



Chairman's Address (Continued)

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FY2017 Outlook

- We have shipped our first major overseas order to USA (\$325k)
- First quarter order book is up 33% on the same period last year
- Full year forecasting remains difficult however if we continue to deliver on our targets, then we anticipate a positive PBT for the full year.
- Cash generation remains solid
- Rental fleet expansion may require further fundraising. Rights issues are our preferred fundraising.



CEO's Address – Mr Darren Hotchkin

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International Update

➤ What we have achieved to date

- ❑ Signed up one major international road safety hardware company to distribute Ironman barriers in North America
- ❑ Initial exclusivity payment of \$0.3 million received in FY16
- ❑ Secured a sublicense arrangement in partnership with our US distributor for Ironman barriers in a region of China – royalty stream attached to this
- ❑ We have shipped our first major overseas order of Ironman to USA (\$0.3 million) in the current half
- ❑ Orders increasing from our NZ distributor
- ❑ Initial order from Middle East
- ❑ Regular orders from Malaysia
- ❑ Keep promoting products at targeted international conferences / trade shows



CEO's Address (Continued)

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International Update

➤ Why USA? - America's road-safety record is the worst in the rich world

- ❑ According to the National Highway Traffic Safety Administration (NHTSA), just over 35,000 people were killed in crashes in the US in 2015. That was 7% more than in 2014, the biggest annual percentage increase since 1965.
- ❑ By most counts, America has the worst road-safety record in the rich world. Its rate of 10.9 deaths per 100,000 people per year is almost twice as high as Belgium's, the next-worst well-off country, and roughly level with that of Mexico.
- ❑ One of the main reasons that the United States sits atop this grim ranking is because Americans drive far more often than the rich-world average.
- ❑ the United States has a relatively high share of rural roads, which often have poor lighting, road markings and safety barriers.
- ❑ several American cities have recently adopted policies aimed at adapting roads for safety rather than speed and separating vulnerable road users such as cyclists from cars. Car users' share of road deaths in America fell from 42% in 2006 to 36% last year, while fatalities outside of cars (cyclists, pedestrians and motorcyclists) rose from a quarter of the total to a third.

Source: Economist.com



CEO's Address (Continued)

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Improving Public Safety: What does it mean?

- Pedestrians, cyclists and other vulnerable road users are becoming a larger proportion of the worldwide road toll
- Historically, there has been a larger focus on development of products to deal with high speed road deaths, not so much on lower speed urban public safety solutions
- With this in mind, we are starting to place our focus on solutions more tailored to State government safer design guidelines for urban areas including:
 - ❑ Activity Centres (bollards/traffic calming)
 - ❑ Car Park Areas (bollards/traffic calming)
 - ❑ Parks and Open Spaces (solar lighting)
 - ❑ Lighting (solar/on-grid public lighting)
 - ❑ Walking and Cycling Paths (bollards/bike lanes)
 - ❑ Signage (low maintenance flexible signage)

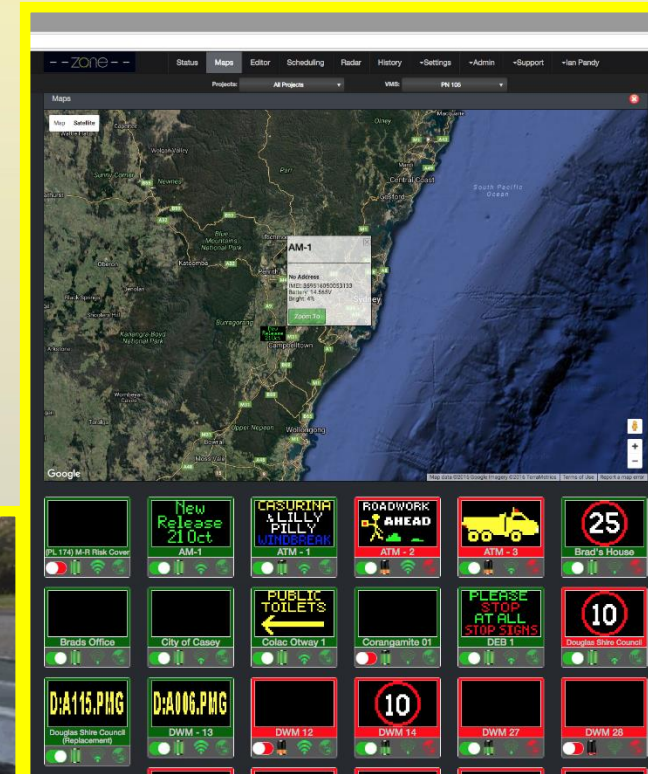


CEO's Address (Continued)

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Product Innovation – what we've achieved

- We have successfully commercialized a number of products we have developed during the past couple of years including:
 - ❑ Ironman™ Hybrid barrier
 - ❑ Zone2, our Variable Messaging Sign web-based management platform
 - ❑ Our flexible signage range

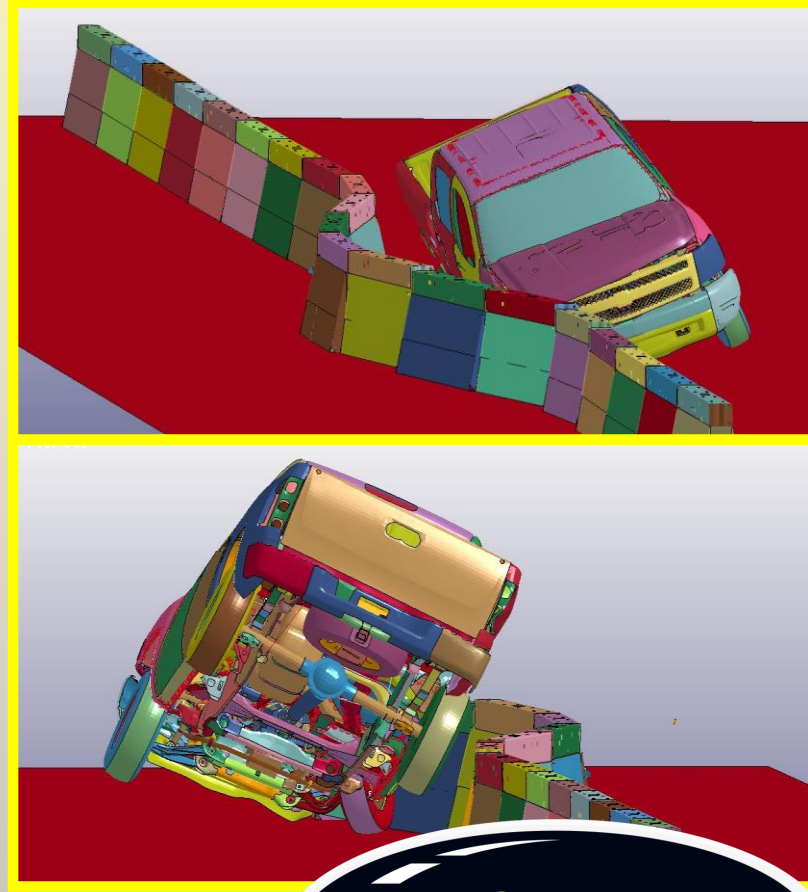


CEO's Address (Continued)

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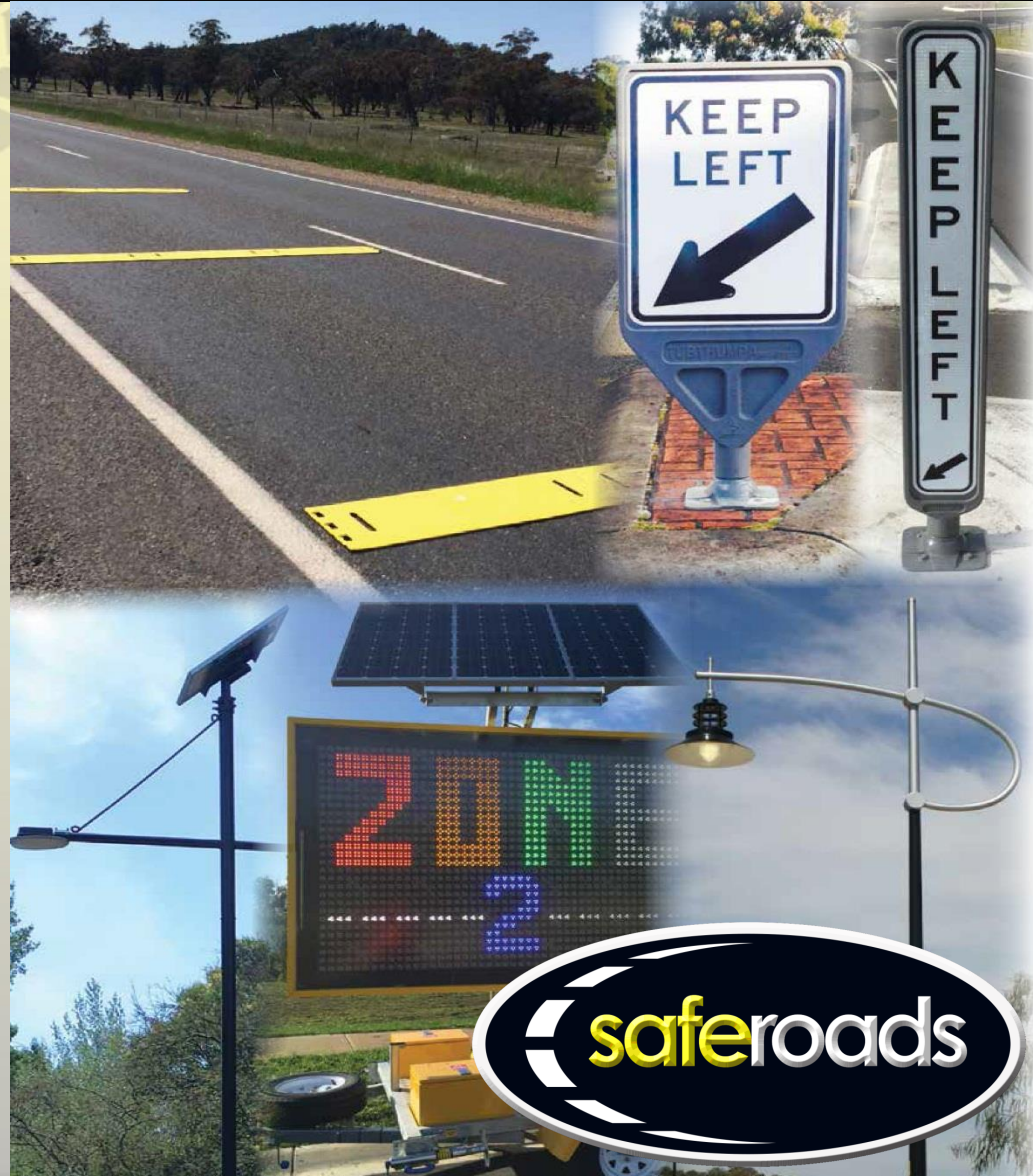
Product Innovation – utilising technology

- We have acquired LS-DYNA, developed by Livermore Software Technology Corp. (LSTC), a multi-purpose finite element program used to analyse the non-linear response of structures.
- LS-DYNA is used by companies and universities worldwide to simulate a whole range of different engineering problems including crashworthiness simulation
- LS-DYNA is a tool for understanding the deformation of complex systems such as vehicle structures.
- This product will enhance our ability to develop more robust safety products and reduce the likelihood of failure when conducting actual crash tests to meet regulatory standards



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QUESTIONS





Formal Resolutions

Formal Resolutions

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Item 1

Financial Statements and Reports

To receive and consider the financial statements and reports of the Directors for the year ended 30 June 2016, together with the Directors' and Auditors' report for that period.



Formal Resolutions

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Item 2

Adoption of Remuneration Report

“That for the purposes of section 250R(2) of the Corporations Act and for all other purposes approval is given for the adoption of the Remuneration Report for the financial year ended 30 June 2016”.



Formal Resolutions

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Proxies received for Item 2 – Remuneration Report

Votes in favour	8,660,591	98.95%
Votes against	80,000	0.91%
Proxy's discretion	12,000	0.14%
Total votes cast	8,752,591	100.00%
Abstentions	26,800	



Formal Resolutions

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Item 3

Re-election of Mr. David Cleland as a Director

“That Mr David Cleland, being eligible, be re-elected as a Director of the Company”.



Formal Resolutions

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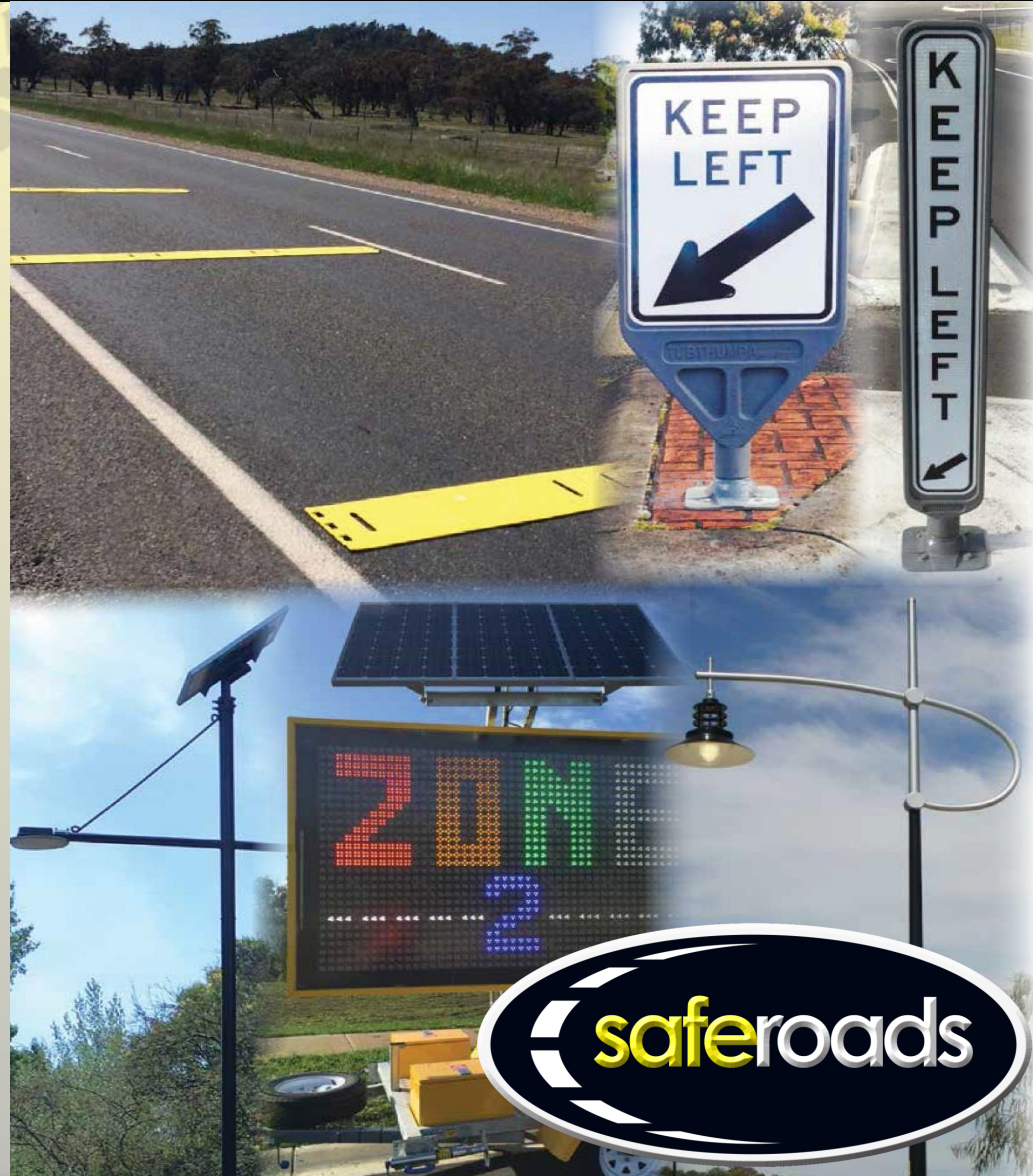
Proxies received for Item 3 – Re-election of Mr. David Cleland

Votes in favour	17,447,083	99.48%
Votes against	80,000	0.45%
Proxy's discretion	12,000	0.07%
Total votes cast	17,539,083	100.00%
Abstentions	10,000	



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QUESTIONS





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