



**SAFEROADS HOLDINGS LIMITED**  
**2019 Annual General Meeting**  
21 October 2019

***Improving public safety  
through ongoing innovation***

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# Chairman's Address

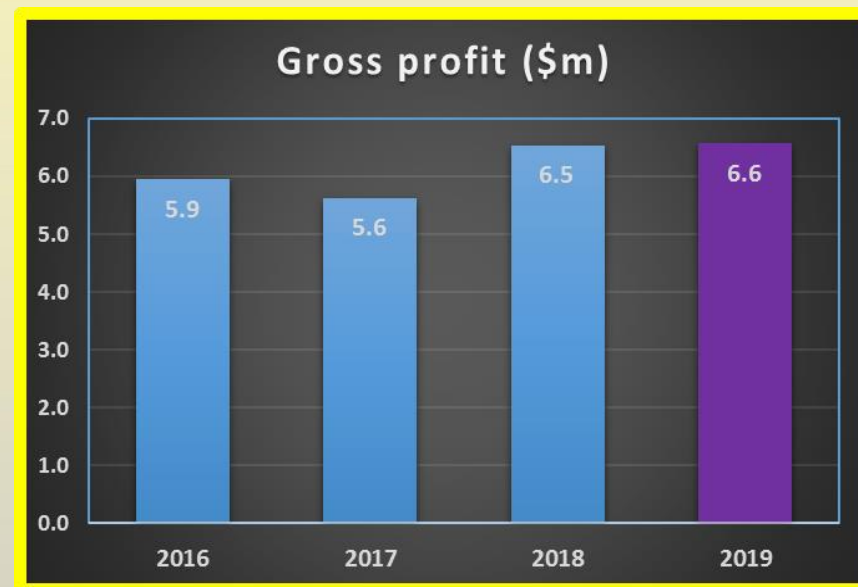
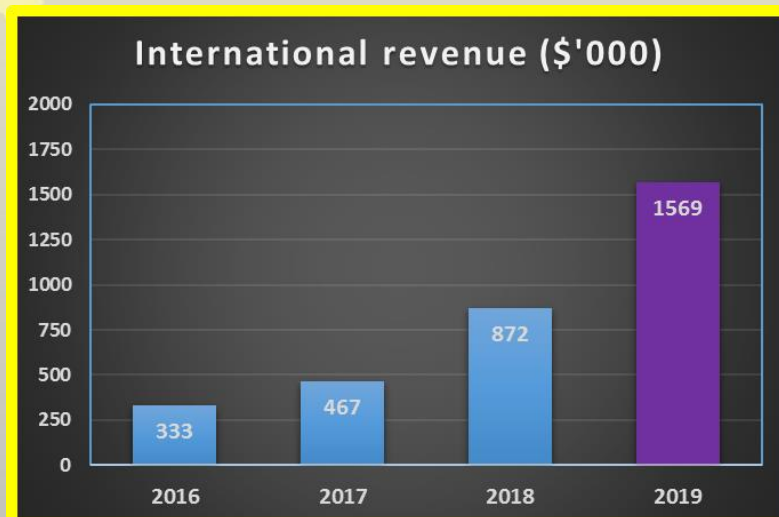
– Mr. David Ashmore

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## FY2019: Breakeven result in challenging environment

### ➤ Operating Performance

- ❑ Total Revenue from product sales and rentals down 6.5% on FY18
- ❑ Improved gross profit, despite highly competitive domestic markets
- ❑ International sales up 80%, sourced from USA, New Zealand, Belgium and Malaysia



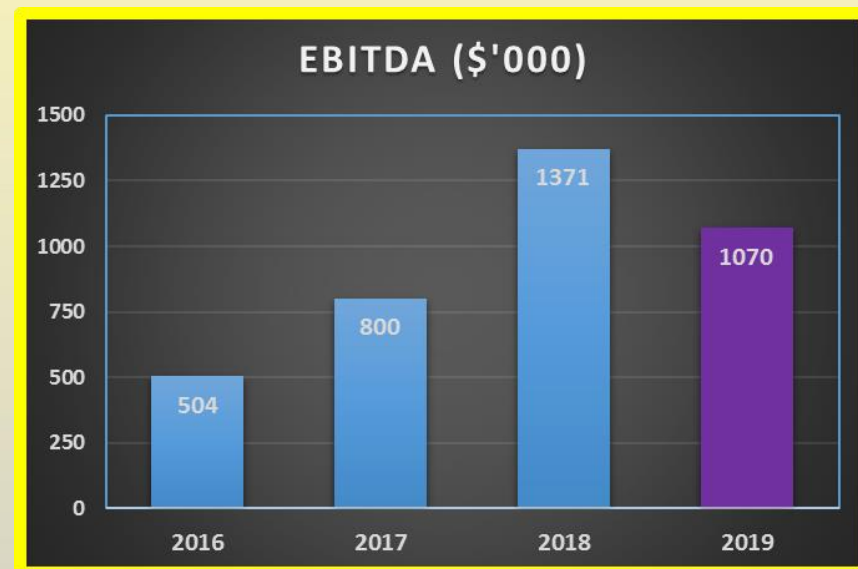
# Chairman's Address (Continued)

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## FY2019: Breakeven result in challenging environment

### ➤ Operating Performance

- ❑ Generated EBITDA of \$1.07 million
- ❑ Services revenue becoming a growing portion of total revenue, through growth in equipment hire, driven by demand and available fleet



# Chairman's Address (Continued)

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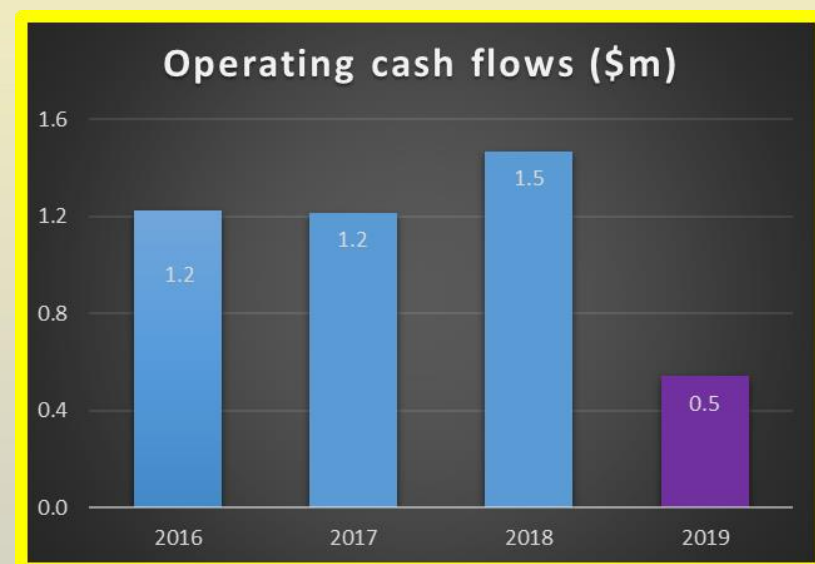
## FY2019

### ➤ Maintained adequate working capital

- ❑ Working capital remains strong, despite the breakeven result

### ➤ Continued investment in new product development

- ❑ Invested \$336k in R&D activities during the year
- ❑ Received FY18 R&D tax cash rebate of \$212k during the year and will lodge our claim for eligible R&D for FY19
- ❑ Finite element analysis modelling ensures optimal efficiency and outcomes when performing actual crash tests



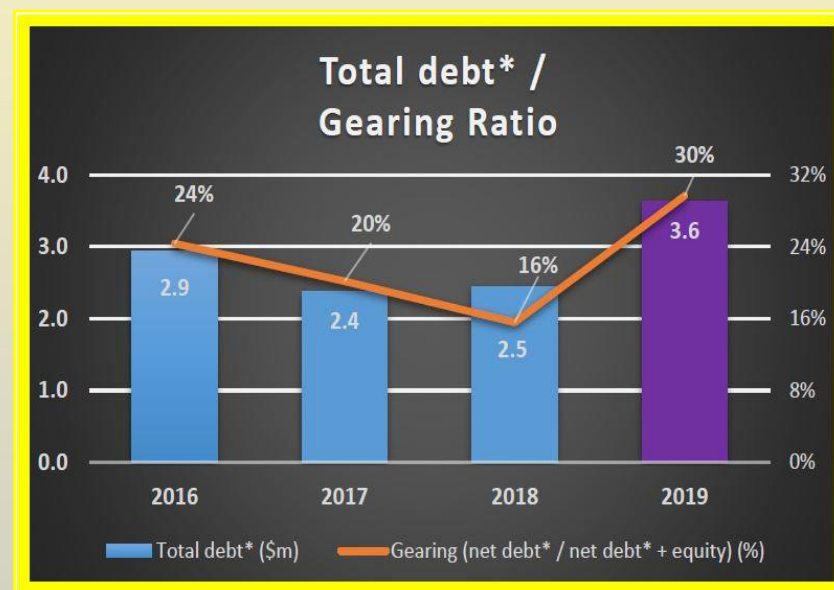
# Chairman's Address (Continued)

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## FY2019

### ➤ Financing

- ❑ We have broadened our equipment rental offering through additional equipment borrowings of \$1.36 million, generating an additional \$780k in revenue in FY2019 over the prior year
- ❑ As a result, Gearing ratio increased to 30%
- ❑ It will require a compelling business case to materially increase gearing levels, which would be used to facilitate further Rental fleet expansion
- ❑ Recently secured an extension to our CBA banking facility, out to September 2022



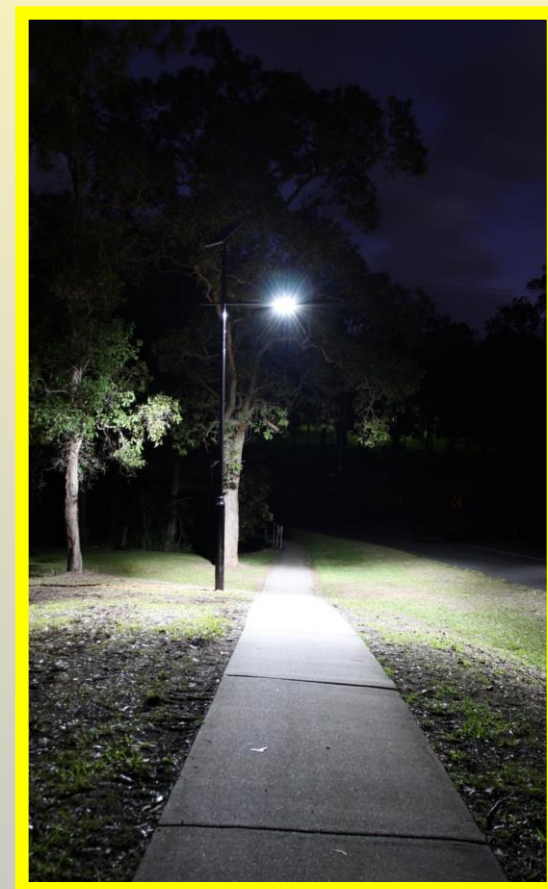
*\* Excluding Right of use asset leases*

# Chairman's Address (Continued)

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## FY2020 Outlook

- Full year forecasting remains difficult however if we continue to deliver on our targets, then we anticipate a return to positive PBT for the full year.
- The first quarter of FY20 has been challenging, however we have secured significant orders to be delivered across the second quarter and beyond, for both domestic and overseas markets
- We currently have \$4.0 million of secured work in hand
- Growth continues to be top-line driven – focus remains on tightly managing operating expenses and optimising investment in capital assets (Road Safety Rental) to adequately support the growth



30W Delta Solar Light

# Chairman's Address (Continued)

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## Managing to our four Key Strategies

- Our key strategies remain the same and are the answer to delivering profit growth for FY2020 and beyond:
  1. Domestic product sales growth
  2. Rental fleet expansion
  3. International growth
  4. Product innovation and development
- FY19 saw advancements in three of the above four strategies
- Domestic product sales growth was an area that did not meet expectations in FY19 and we have implemented action plans to turn this around in FY20



TLOK barriers with screens Road Safety Rental deployment

# CEO's Address

## – Mr Darren Hotchkin



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### 1. Domestic Product Sales Growth

- ❑ Overall domestic sales revenue fell by 16% in FY2019
- ❑ Mainly attributed to the significant prior year sale of portable light towers for the Gold Coast Commonwealth Games and reduction in sales to a major Public lighting customer due to proposed trading terms not acceptable to us
- ❑ The Board took a unanimous risk stance on this latter issue in the interests of shareholders
- ❑ Allowing for these two factors, Domestic sales revenue increased 2% in a Year on Year comparison
- ❑ We continue to promote ourselves as a solution-focused brand rather than just a product shop
- ❑ We've commenced a key customer focus initiative to reinforce this broader solution-focused approach



SupaSteel Guide Post

# CEO's Address (Continued)

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## 1. Domestic Product Sales Growth

- ❑ Improved marketing and business development activities (through our new website) and a better focus on key industry association alliances is increasing new customer enquiries
- ❑ A new online shop (attached to our website) has been launched, enabling orders and despatch of product more efficiently and effectively



RoadQuake Portable Rumble Strip

# CEO's Address (Continued)

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## 2. Rental fleet expansion

- ❑ Strong demand for our workzone rental fleet enabled a 63% increase in revenue Year on Year
- ❑ To facilitate this, an additional \$1.36 million in equipment finance was sourced as we broadened our equipment rental offering
- ❑ The new brand – *Road Safety Rental* – has been accepted well in the marketplace
- ❑ Our equipment range now includes temporary barriers, Variable Messaging Signs (VMS), portable light towers, portable bollard systems, and temporary workzone rumble strips

### ROAD SAFETY RENTAL



Road Safety Rental T-LOK Barriers

# CEO's Address (Continued)

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## ROAD SAFETY RENTAL

### 2. Rental fleet expansion

- ❑ We have secured our first order for the new OmniStop™ portable bollard system for a Victorian Council for an upcoming local street festival event
- ❑ Our market focus has broadened to not only cover road construction workzone requirements, but to provide asset and event security needs, particularly with our portable solar lighting and portable bollard solutions



V20 Light Tower

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## 3. International Growth

### ➤ What we achieved in FY2019

- ❑ Generated over \$1.5 million revenue from offshore customers in FY19 (up from \$872k in FY18)
- ❑ This included the initial sale of our HV2™ temporary barrier system to New Zealand
- ❑ Regular orders for solar lighting and Traffic calming products to NZ and Malaysia; and flexible signage to Belgium



First HV2 Barrier installation in New Zealand

# CEO's Address (Continued)

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## 3. International Growth

### ➤ Plans for FY2020 and beyond

- ❑ We have secured further orders of our HV2™ barrier system in New Zealand
- ❑ The HV2™ temporary barrier system is now approved for use in 12 US states and one Canadian province
- ❑ We continue to work on securing a North American business partner to enable us to commercialise the HV2™ barrier and other products in this vast market effectively and efficiently
- ❑ We will be attending the biennial *Intertraffic* international trade show in Amsterdam in April 2020
- ❑ *Intertraffic* is an excellent opportunity to not only showcase our products to the world but to see what other world-class and innovative products are available which could have application here in Australia



Separation Kerb in Malaysia

# CEO's Address (Continued)

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## 4. Product innovation and development

- ❑ We remain at the forefront of public safety product development through R&D, creating our own patented products for domestic and international markets.
- ❑ There are a number of projects we are currently looking at, a mixture of existing product improvements as well as new product ideas



OmniStop Portable Bollard System

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# QUESTIONS



2019 Lunch and Learn Event