



## **Release to Australian Securities Exchange**

### **AGM 2008 Chairman's and CEO's Addresses and Presentations**

**19 November 2008**

Redflex is pleased to release the Chairman's Address, the Chief Executive Officer's Address and Presentations that will be made at the Annual General Meeting today.

For further information:

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## Annual General Meeting 2008 Chairman's Address

On behalf of the Board I welcome you to the 2008 Annual General Meeting of Reflex Holdings Limited. We thank you all for your interest in and continued support for the Company. We will do all in our power to justify that support.

Clearly the world's commercial situation is at this time extremely unstable and indeed to many nothing less than frightening. Despite this general scenario the good news is that Reflex continues to grow strongly in its business pursuits around the globe. The 2008 financial year resulted in substantial increased results as measured by standard accounting yardsticks.

Revenue increased by 26%, EBITDA increased by 25%, Pre-tax profit was up by 42%, with post-tax profit rising by a very pleasing 44%. The total financial performance was such that we were able to increase the dividend payable per share by 29% from 3.5 cents to 4.5 cents per share. Your Board believes these to be an impressive set of numbers for which the Company's staff can and should be proud.

Our USA operations continue to constitute the major portion of the Company's operations. It is pleasing to note that during the 2007 / 2008 financial year the number of Reflex camera installations operating within the USA rose by 44% from 877 to 1,267. Even more pleasing is the fact that the installed base continues to increase rapidly as evidenced by the fact that our 1500<sup>th</sup> installation is expected to be operational within a few weeks. We have enjoyed market leadership in North America for some years. We believe that the quality of our technology, our attention to client service needs, and the integrity with which we conduct our business are such that we will, with the necessary hard work, be able to maintain and indeed increase our market lead.

Simultaneously we run a very successful business from Melbourne servicing the non North American world. Reflex solutions have been sold into Australasia, Asia, the Middle East, Africa, and Europe. Growth within this division is also very strong, with revenue in the 2008 financial year having risen by 27% to AU\$17 million. We believe such growth is likely to continue.

A large number of significant milestones were achieved in the last 12 months. These include the following:

- Winning the first ever, and as yet only, state-wide speed camera contract in the USA - specifically we were awarded the contract for the State of Arizona. The contract entails, in Stage 1, the provision of 100 speed camera installations with a further 70 likely to be required for Stage 2. The roll-out of Stage 1 is well underway and is expected to be completed within the next 2 months approximately.
- The USA operation has been successfully relocated into brand new, custom built premises in Phoenix, Arizona. The new corporate USA Headquarters has over 7,000 square metres of floor space and will provide a high quality home for our operation for many years to come.
- Reflex won the tender for the biggest safety camera contract in the Middle East – namely an 86 camera contract in Qatar. Such contract has been successfully implemented and is likely to serve as a commercial beach-head, vis a vis other significant opportunities in the region.

This time one year ago the Company, for the first time, chose to issue some guidance as to anticipated prospective earnings. Notwithstanding the uncertainties of the current economic climate we have chosen to again provide similar indications for the current financial year. As you would expect the Company has detailed internal budgets in place and we are very pleased to be able to report to you today that so far this

financial year we are in fact somewhere ahead of our internal budget year-to-date. That being the case we believe that our 2008 / 2009 operating pre-tax profit will increase by approximately 40% over the 2007 / 2008 financial year result. Our growth curve is, by any standard, an impressive one – particularly in these uncertain times.

As all will be aware, we have recently received expressions of interest from a number of parties regarding a possible acquisition of the Company. Whilst the concept of selling during current market conditions seems prima facie highly unattractive, we are conscious of ensuring that all shareholders' interests are protected and maximised. Accordingly appropriate advisors have been appointed to assist the Company in engaging with the interested parties. Such advisors and the Board share the view that the recent market price of the Company's shares and the indicative proposals all very substantially understate the fair value of the Company. Despite this the Board believes that further engagement with the proposed acquirers is appropriate in light of the possibility of substantially improved proposals being solicited. Obviously it is critical that the Company's proprietary information be protected throughout this process pursuant to which all interested parties have been required to enter into appropriate confidentiality agreements. Multiple interested parties have executed the confidentiality agreements. On that basis, in coming weeks it is highly likely that further discussions will take place with those interested parties that have entered into such agreements. Shareholders will be kept posted as to any or all developments in this regard.

The Board takes the opportunity to record its appreciation of the wonderful achievements of management and staff in operating the Company so successfully. They should take great satisfaction from their achievements in simultaneously making a massive contribution to road safety whilst building an increasingly prosperous and vibrant business enterprise. We sincerely congratulate them.

Chris Cooper  
Chairman

## Annual General Meeting 2008 Chief Executive Report

### Introduction

Ladies and Gentlemen,

Thank you for your attendance here today. The 2007/2008 financial year has been one of record performance and growth.

Today, I am pleased to advise you that:

### Redflex is No. 1 in the World!

We can now confidently claim that Redflex is the largest pure photo enforcement company in the world, based on our revenue result. On the best information available, we have outstripped the revenue performance of all photo-enforcement companies in the world and the photo-enforcement divisions of larger companies with wider interests.

This is a major achievement from a small technology start-up in 1989 to an initial listing as a public company in 1997, to where we are today. We are not finished – there is a massive, global market that we are in the prime position to capitalise on.

### Making a Safer World

Redflex – Making a Safer World – is one of the key messages that we have been promoting. We are proud and privileged to be operating in a business where we can make a positive contribution to saving lives, reducing crashes and injuries, and making roads safer, while at the same time delivering shareholder value. I will touch on high level group issues, and also speak about the Australian-based Redflex International business before handing over to Karen and her team.

### Financials

Now, a quick summary of the financial performance for the financial year ended in June 2008. We delivered another year of records that are worth mentioning:

- Group revenue was \$88.2 million, up from \$70.0 million the previous year,
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) rose from \$25.5 million to \$32.3 million.
- Profit Before Tax was \$15.3 million, ahead of our published forecast of \$15.0 million for the financial year.
- Net Profit after tax rose by 44% from \$7.3 million to \$10.6million.

In short, all key measures have shown impressive growth over the past year.

These results were achieved in the context of an adverse movement in the exchange rate. In recent days we have seen a significant favourable movement in the exchange rate which, if maintained, could flow through our results in the current year.

We have continued to grow our business which is capital intensive. While our cash flow from operations covers a significant part of that growth we also draw on our bank facilities for the additional financing required to underpin that growth. We are appreciative of the support of our banking partners, particularly in the current economic climate.

Approximately 81% of group revenue was generated from our US operations, with the remaining 19% emerging from our Australian operations.

## **Redflex International**

### **Achievements**

Redflex International has seen a record breaking year with some impressive achievements: We received an order from Qatar for 86 cameras valued at \$4.75million. These cameras were delivered in a short timeframe and are now installed and operational.

In New Zealand, following our success with a red light cameras contract for the city of Auckland, we have recently been awarded a contract for Mobile Radar Speed cameras.

The red light program in South Australia was expanded with additional camera systems, and we also received an order for Mobile Speed Systems.

Our business in New South Wales has continued to grow with additional bus lane cameras ordered and the implementation of BorderCam, a specialised system to detect vehicles that may be carrying cattle illegally over the northern border of the state.

In Victoria, Redflex was chosen to supply and install trial systems at three designated railway crossings. The trials have been underway for some time. This has been an opportunity for Redflex to showcase some new innovative technologies.

The Image and Infringement Processing System (IIPS) supplied to Western Australia has been upgraded and enhanced to meet the requirements of the government in that state.

Also, we recently announced that Redflex had won the Governor of Victoria Export Award in the Large Advanced Manufacturer category. This is recognition of the achievements of a large number of people in the team at Redflex Traffic Systems in driving for excellence in all that they do.

### **Opportunities**

Our sales team continue to develop opportunities around the world.

Part of this is developing a global network of distributors with regional expertise and capability to represent Redflex' interests around the globe. The number of distributors has been expanded greatly over the past year.

We have had our first product approved in the Netherlands. Other products in our portfolio are at various stages of the approval process in the UK and Europe. Specific approvals are necessary in a number of countries in order to effectively sell products there.

In Eastern Europe we have worked with our distributors and local authorities to install trial systems that are in operation.

We are anticipating contracts in the near future in a number of regions, including in Australia, the Middle East, Europe and Asia. We will advise further when these come to fruition; however a number are at an advanced stage.

Several significant Build-Own-Operate-Maintain (BOOM) or Build-Operate-Transfer (BOT) opportunities have been identified and are being actively pursued.

## Research & Development

We spent about 3.5% of our revenue on Research & Development during the financial year, an investment that was essential to enable us to stay at the forefront of our industry. The R&D was carried out both in the USA and in Australia. While there are numerous developments under way, which I will not talk about for competitive reasons, I wanted to give you a summary of the breadth of our product range so that you can get a feel for the results of all of the work that our development staff have undertaken in the past.

Among the wide range of camera systems we offer for different applications are:

- Speed camera systems with various types and configurations for all purposes – Fixed with in-road sensors, fixed using radar detection, tripod mounted radar cameras, mobile radar vans, and our LaserCam systems;
- Red Light Camera systems that can be at fixed locations at intersections, or mobile for rapid deployment; and
- Combination Red Light and Speed systems which can enforce on both types of offence.

In addition our pioneering point-to-point speed cameras detect average speeds over long distance and enforce against violating vehicles.

Apart from our red light and speed camera system we have:

- Bus-lane camera systems for detecting vehicles using bus lanes illegally;
- Toll road enforcement cameras;
- Rail crossing enforcement cameras;
- Weigh-In-Motion systems that weighs vehicles at full speed down a highway and captures images of those that are overweight;
- Our SmartScene cameras that provide short duration video clips to provide useful context for infringements, and also to provide streaming video for additional monitoring purposes.

Backing up those camera systems are our back office ticket processing and camera management functions:

- Our Image and Infringement Processing System is our high volume enterprise grade back office system;
- SmartViewplus provides a range of flexible back office functions for smaller installations; and
- Our Digital Camera Management System provides efficient central monitoring, management and maintenance

That should give you a feel for the breadth of both our expertise and our product range.

## Outlook

As I said at the beginning of this presentation we are number one in our industry and are in the prime position to capitalise on a multi billion dollar global market with massive potential. Looking to the future, we will:

- maintain and grow the #1 position in the US market,
- aggressively tackle opportunities in the rest of the world,
- continue to identify opportunities for Build-Own-Operate business outside of the United States,

- look at opportunities to add shareholder value by acquisitions and industry consolidation,
- continue to invest significantly in R&D to position us at the forefront of our industry.

Our forecast for the 2008/2009 financial year is a Net Profit Before Tax increase of approximately 40% over the results for the 2007/2008 financial year.

The way ahead for the Redflex Group is exciting.

### **Thanks**

I take this opportunity to thank all those who have contributed to our success to date, particularly to the staff who, through their dedication, persistence and professionalism, have made Redflex what it is today. They are the key to its future. Thanks also to the board, shareholders, customers, suppliers, and advisers.

Graham Davie  
Chief Executive Officer



**REFLEX HOLDINGS LIMITED**  
ANNUAL GENERAL MEETING 2008







Chris Cooper

Chairman





Graham Davie

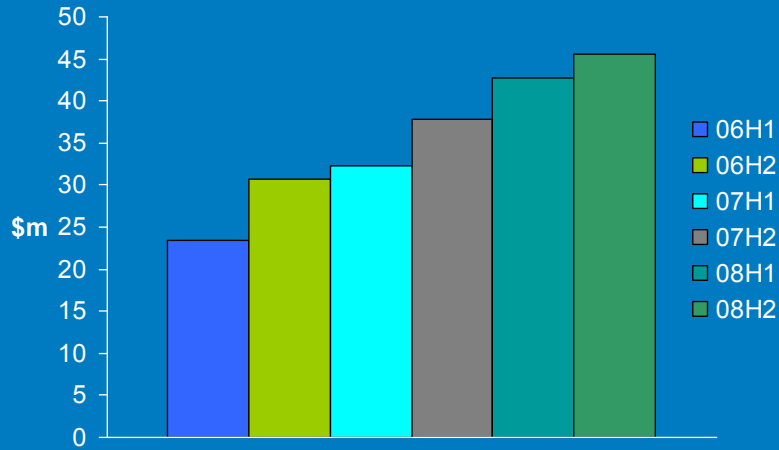
CEO Redflex Holdings Limited



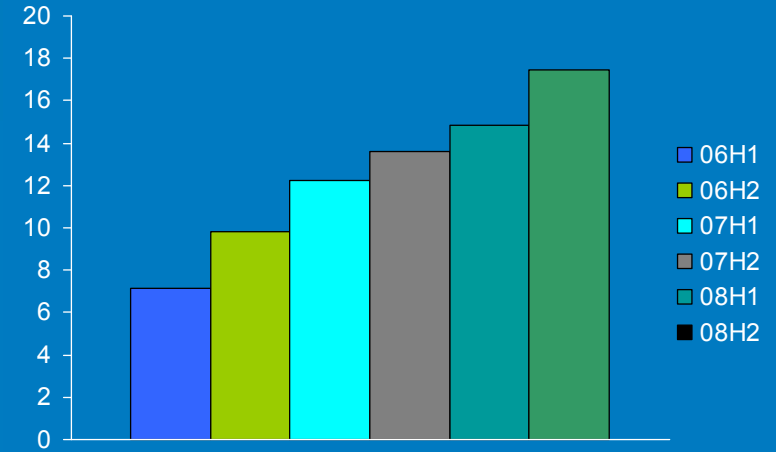
- Number 1 in Photo Enforcement Globally
  - Largest pure Photo Enforcement company in the world
  - Based on Revenues generated
  - Startup in 1989
  - Public Listing in 1997
- Redflex - Making a Safer World
  - Lives saved
  - Injuries and crashes reduced
  - Roads safer

# Financial Summary - FY08

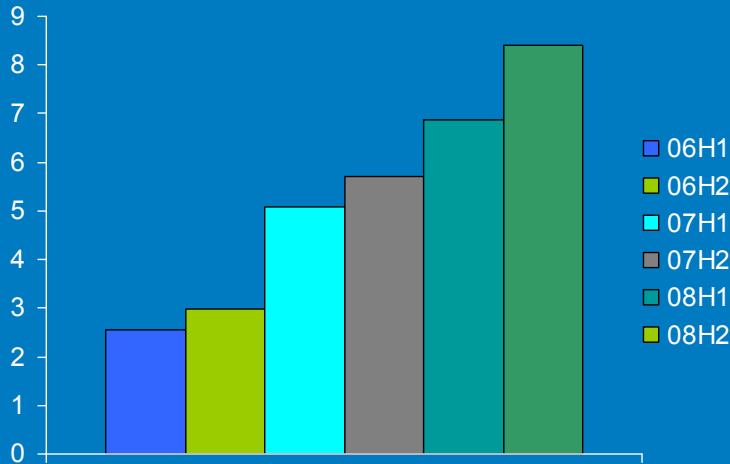
## Revenue



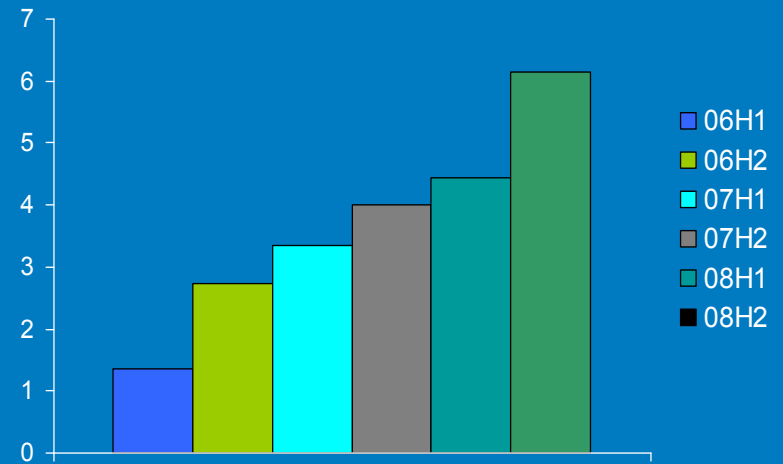
## EBITDA



## Net Profit Before Tax (NPBT)



## Net Profit After Tax (NPAT)



# Redflex International - Achievements

- Qatar
  - 86 cameras delivered
- New Zealand
  - Auckland Red Light Program
  - Mobile Radar Speed Cameras
- South Australia
  - Expansion of Red Light Program
  - Mobile Speed System order
- New South Wales
  - Additional Bus Lanes
  - BorderCam
- Victoria
  - Rail Crossing Trials
- Western Australia
  - Upgraded Image and Infringement Processing System
- Governor of Victoria Export Award

# Redflex International - Opportunities

- Developing Global Network of Distributors
- First European Product Approval - Netherlands
- Trials under way in Eastern Europe
- Growth Potential with anticipated Contracts in
  - Australia
  - Middle East
  - Europe
  - Asia
- Several significant Build-Own-Operate-Maintain (BOOM) or Build-Operate-Transfer (BOT )opportunities identified

- R&D investment - 3.5% of revenue
- Essential to stay at the forefront of industry
- R&D undertaken in Australia and USA
- Numerous new projects and products under development

# Products - Speed Camera Systems





# Products – Red Light Camera Systems



# Products - Monitoring



# Product - Software



# Outlook

- We will maintain and grow our #1 position in the US market
- We will aggressively tackle opportunities in the rest of the world.
- We will continue to identify opportunities for Build-Own-Operate business non-USA markets
- We will continue to invest significantly in R&D to position us at the forefront of our industry.
- We will look at opportunities to add shareholder value by acquisitions and industry consolidation.
- Our forecast for the 2008/2009 financial year is approximately a 40% increase in Net Profit Before Tax.
- Our projection for camera systems installed in the US is a record number of at least 440 new systems over FY09.



Karen Finley

President and CEO, Redflex Traffic Systems, Inc. USA



# Organisation

## Meet the Executive Team

- Karen Finley
  - President and CEO
- Michael Browne
  - CFO
- Aaron Rosenberg
  - Executive Vice President, Business Development
- Cris Weekes
  - Executive Vice President, Sales & Marketing
- Rob Feiler
  - VP Construction and Maintenance
- Jennifer Dwiggin
  - VP Operations
- Charlie Carpinteri
  - Director Engineering and IT Manager

# Redflex Continues Industry Leadership

- Currently 224 municipalities under contract
- New States
  - FY08 – Mississippi and Nevada
  - FY09 – Virginia and Montana
- New Contracts
  - 66 in FY2008
  - 24 in FY09 as of November 10
- Notable Contract Wins
  - Chicago new 440 along with retaining the original 136 under a new support agreement
  - Arizona Department of Public Safety (DPS) state freeway speed and red light enforcement program for up to 170 fixed and mobile systems
  - Austin, Texas head to head live trial win – 6 week demonstration

# Redflex US Programs - 2008





# Chicago

- Largest program in North America up to 580 cameras
- 248 cameras installed as of November 10, 2008
- Another 18-20 activated by November 30, 2008
- Medium term potential to convert to Combination systems if State legislation is enacted
- Premier reference site for other US cities and international interests
- Includes a regional processing center within the city limits

# Arizona State Highway Speed Enforcement

- Fixed system evaluation pilot Jan 2006 through Oct 2006
- 6 systems on 7.8 mile stretch of AZ Loop 101
  - Speeds -9.5mph
  - Single vehicle crashes -63%
  - Side swipe crashes -46%
  - Rear end crashes -26%
  - Injuries -46%
  - Camera revenue averaged USD 42k per month
- Mobile system pilot of two speed vans began November 2007.
- Trial extremely successful in reducing average speeds and accidents leading AZ Governor to mandate a Statewide response

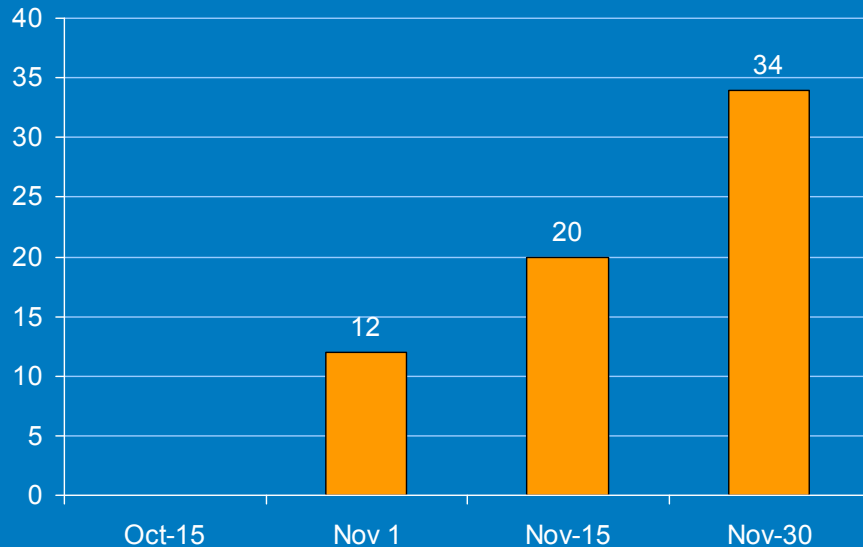
# Arizona State Highway Speed Enforcement

- Contract for 2 years plus 3 one year option periods
- Initially 40 speed vans and 60 fixed road side installations by end of January 2009
- 2nd phase of up to another 70 systems
- Establishes Redflex as the premier provider of speed enforcement within the USA
- Other states eagerly awaiting AZ program results
- High yielding

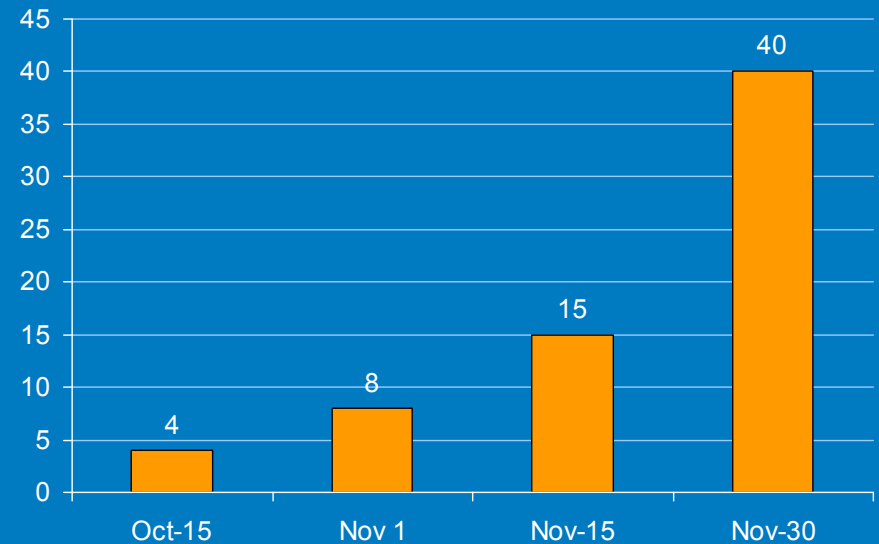


# DPS Implementation Results

## Fixed Deployment Sites Enabled



## Mobile Vans Deployed



Phase 1 Deployments In Phoenix Metro Area

Phase 2 Project Implementation : 26 Fixed Sites Being Finalized by

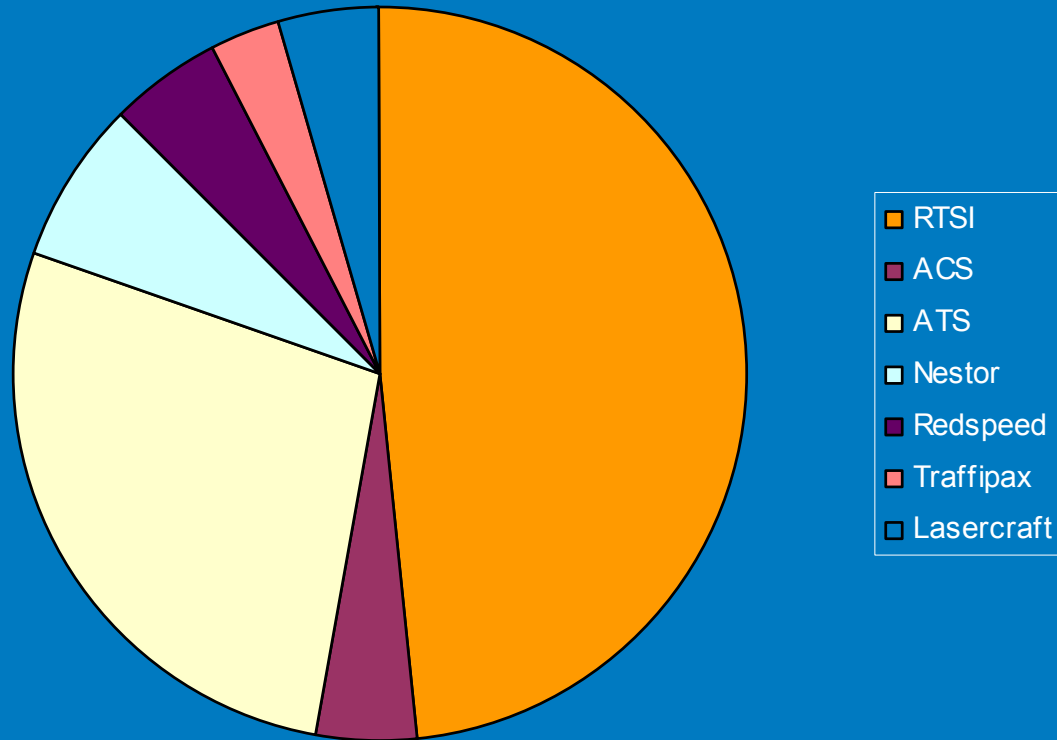
DPS and State Dept. of Transportation. Target Go Live Of Jan 30, 2009

# Austin, Texas Pilot

- Head to head pilot vs next nearest competitor held in the capital of Texas, the city of Austin.
- The evaluation included metrics on price, references, technical evaluation, management reports, customer service, and delivery of scope of work.
- REDFLEX outscored the competition on all fronts.

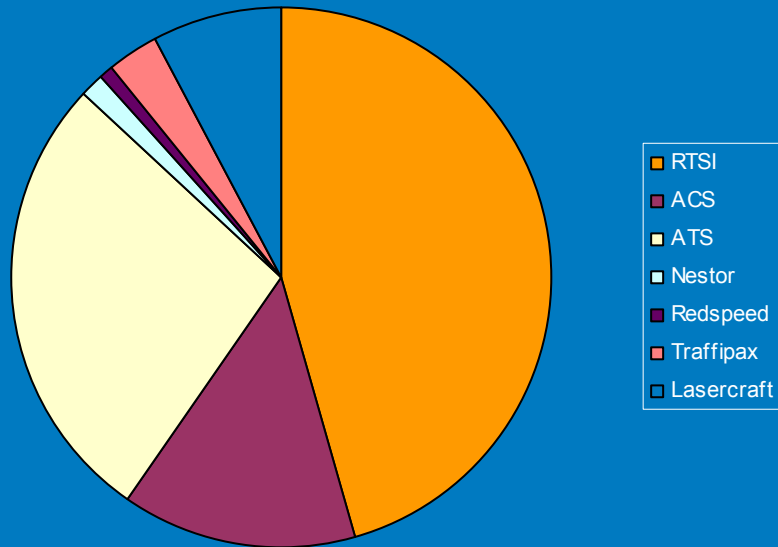
# Market Share By Contracts

## Market Share - Contract



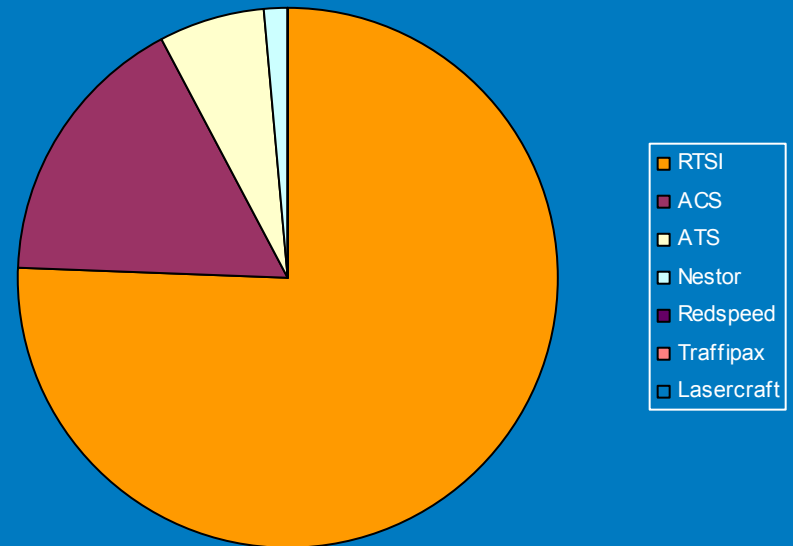
# Market Share By System Type

Market Share - Red light



RED LIGHT

Market Share - Speed Systems

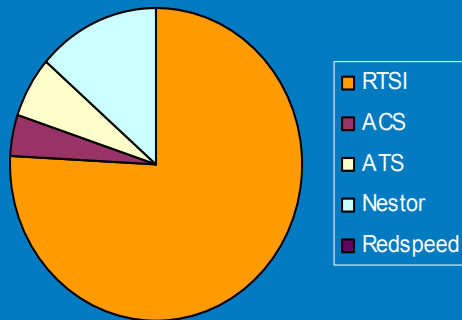


SPEED

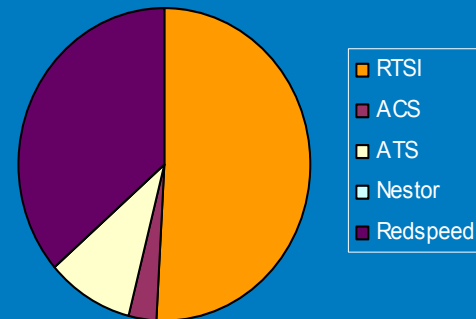
# Market Share By State (Contracts)

- Four States Account For Over 50% Of Total US Industry

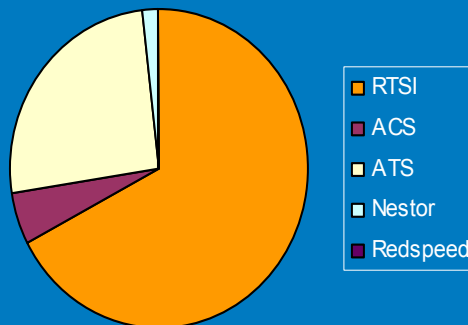
Market Share - California



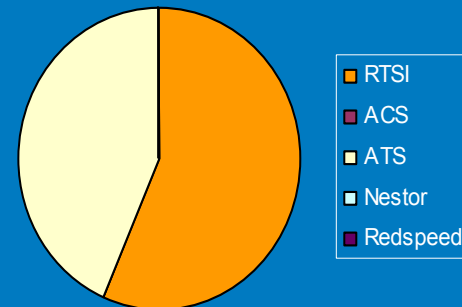
Market Share - Illinois



Market Share - Texas



Market Share - Arizona





# Market Potential – Red Light & Speed

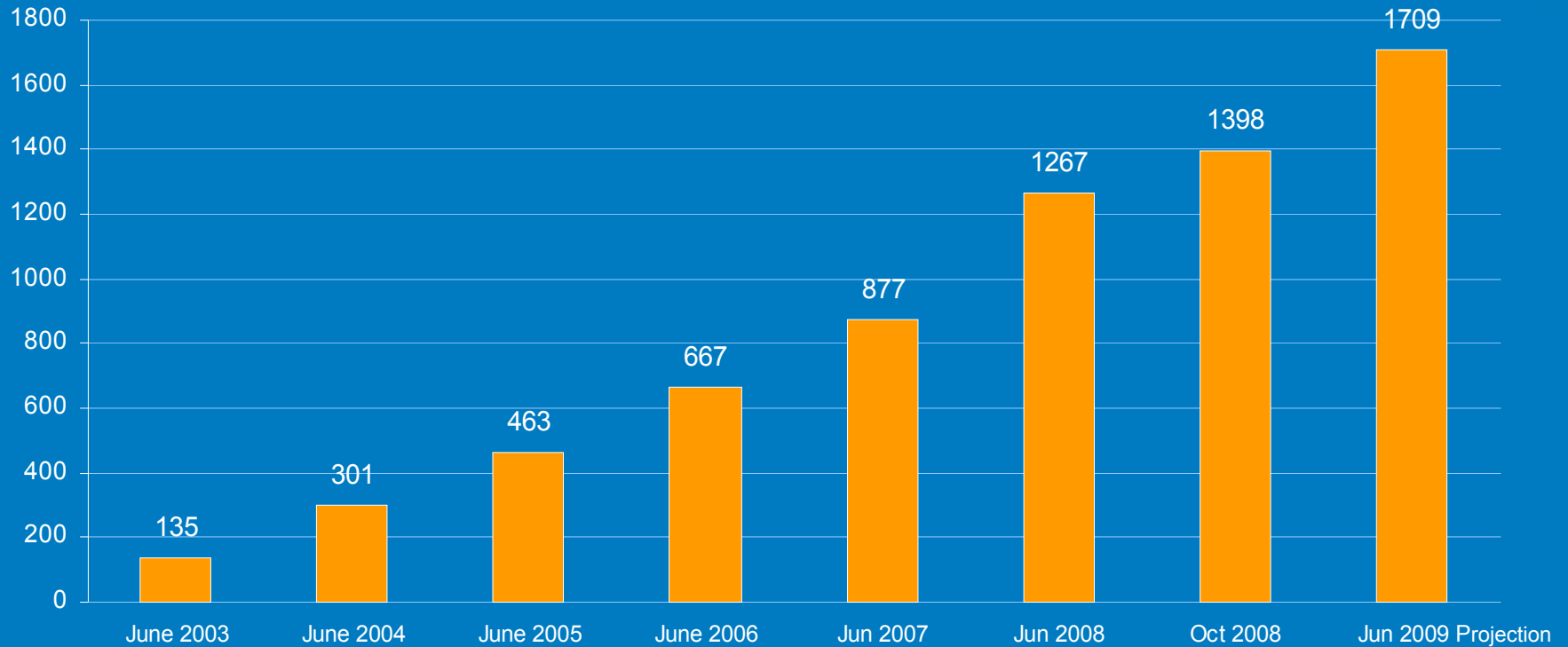
- Red light signal intersections 300,000 – 350,000
  - 9% saturation seen in mature markets up to 35,000.
    - Only 2,600 in place today
- Utilizing UK speed camera metrics as benchmark for:
  - UK: 6,000 cameras, 60MM population
  - US: 30,000 cameras, 300MM population
    - Only 300 speed or combination Red light/Speed in place today
- Total Camera Market potential = 65,000

Note: " In the 1990's the UK dropped its road fatalities by 34%. The US managed a 6.5% reduction. Why the difference? Better air bags, safer cars? It was mostly speed, one study concluded (although US drivers also rack up many more miles each year). While the UK was introducing speed cameras, the US was resisting cameras and raising speed limits. Had the US pulled off what the UK did, it is suggested that 10,000 fewer people would have been killed."

Traffic, Tom Vanderbilt 2008. Pg 271

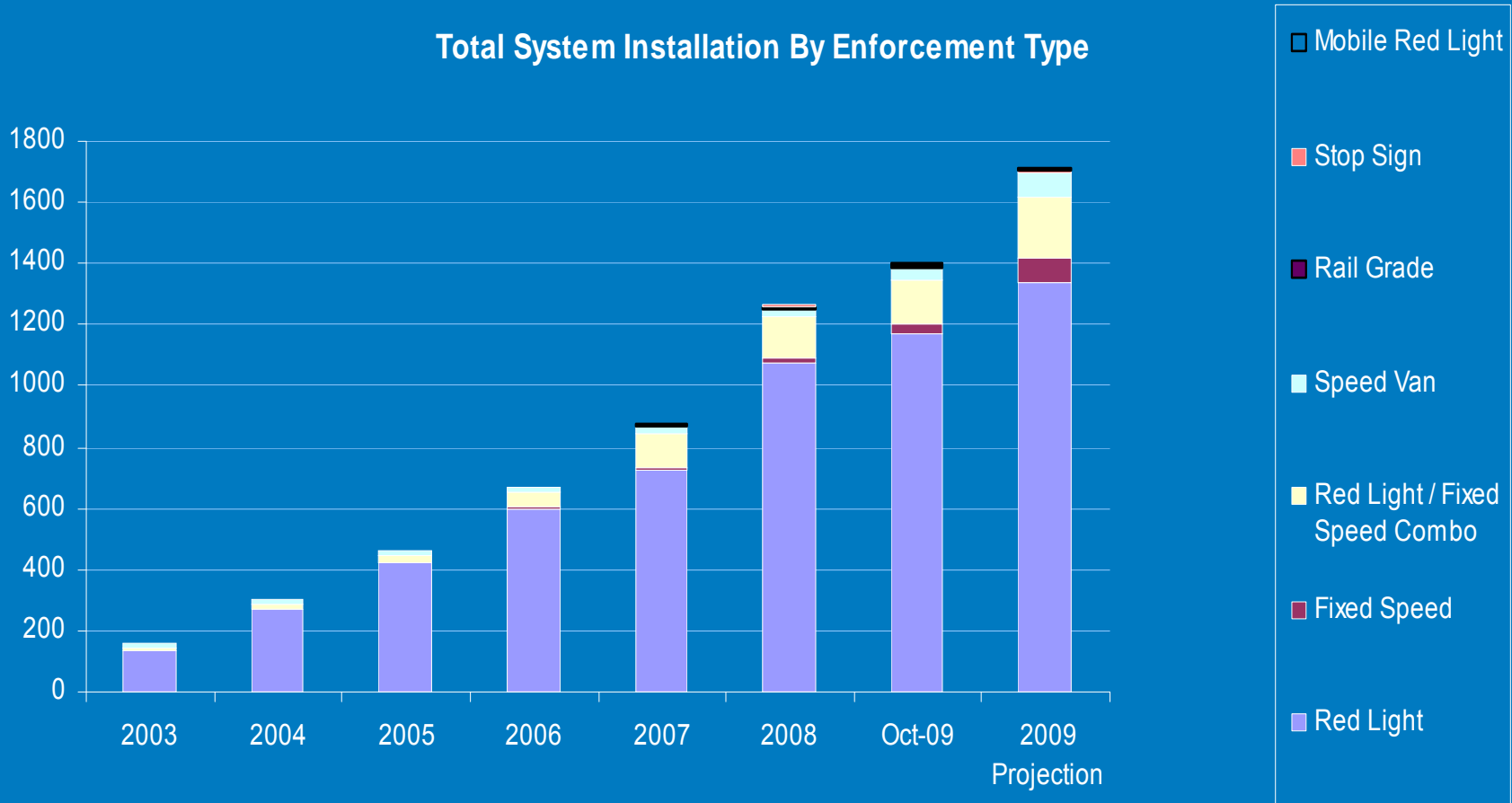
# Total System Installation

## Installed Camera Base



As of November 17th 1416 systems live.

# Total System Installation By Enforcement Type



# Business Development

- Newly Created Division headed by Aaron Rosenberg
- Creation of focused business development group to drive commercialization of newly developed or underdeveloped products in the portfolio
- Current Focus (FY09)
  - Drive market potential for underdeveloped speed market
- Large speed contracts in cities with population in excess of 50,000
- Channel Partners
- New Product Roll Out Leadership
  - Automated License Plate Reader launch January 2009.

Awareness of this technology fairly low in USA- 39%\*

However, purchase interest among aware greater than 50%  
Application for Amber Alerts (lost or kidnapped children),  
Wanted, stolen vehicles.

# Renewals

- Contracts signed due to California (CA) legislation in 2003 and other non-CA contracts
  - Successes 82% renewal rate November 2007 through 2008
  - Non-renewals 3 out of 17 did not renew.; only 1 in CA
  - Future outlook
    - Same ratio likely to sustain.
  - Does revenue compression to date match expectations?
    - Revenue management with up-sells to expanded programs or new products.

# Community Outreach and Education

- Strategy: Professional voice of photo enforcement in all formats
  - Public Outreach: Public Service Announcement, Radio, Print and Event turn key kits provided to the cities.
    - Spring 2008 - Won Addy Award for Outstanding Public Service Announcement. “Excuses. There is Never a Good Reason For Running a Red Light.”
  - National News Coverage:
    - US Media releases. Big Discrete new products, wins, etc.
      - Wall Street Journal June 17, 2008 - Small Business Report.
      - ITS International August 2008 - Karen Finley Perspective.
      - Business Journal May 2008 - Cristina Weekes, “My View” Speed Enforcement.
      - Law Enforcement Technology October 2008 - “Caught on Camera” 7 page story.
      - Los Angeles Times May 2008 - Efficacy of Red Light Enforcement and Profitability of Redflex Systems for Municipalities.
    - Opinion Polls
      - 80% favor speed enforcement in Arizona where programs live since 1988.
      - Nearly 70% favor both red light and speed automated enforcement in Louisiana in its inaugural year.

# New Corporate Office





**REDFLEX**  
HOLDINGS