

ASX ANNOUNCEMENT

30 March 2020

Redflex Holdings Limited | ABN 96 069 306 216

Redflex 

COVID-19 Pandemic Update

Redflex Holdings Limited (**ASX:RDF**), a global provider of automated enforcement systems and services which greatly enhance the safety of motorways, reduce congestion and limit the harmful impacts of vehicle emissions, today provides a business update relating to the anticipated impact of the current COVID-19 pandemic.

Redflex's priority remains on ensuring the health and safety of its employees, partners, customers and the associated communities in which it operates. We continue to support our customers but have reduced the scope of our activities to 'essential services' to protect the interests of everyone associated with our business. This means that we have implemented a comprehensive 'work from home' plan for all employees except for those deemed essential, such as our manufacturing and other direct contract support services that cannot be provided remotely.

The Redflex Board and management have assessed the likely business impact of the COVID-19 pandemic and provide the following update.

North America

Redflex operates road safety programs in 90 cities in the United States as well as several programs in Canada.

These programs are a combination of fixed fee contracts and volume-based contracts (i.e. traffic violations). Following adoption of government mandated 'work from home', self-isolation and quarantine restrictions, road traffic volumes have reduced. Approximately 15% of group revenue is dependent on volume-based contracts and we anticipate our revenues from these contracts will be impacted broadly in line with the reduction in traffic volumes as well as the duration of the disruption.

As outlined in our H1 FY20 results released to the ASX on February 24, 2020, Redflex has invested significantly in new North American programs in Pennsylvania (PennDOT and PTC), California (LA Metro) and Ontario (City of Toronto).

Unfortunately, the deployment of the roadwork speed enforcement contract in Pennsylvania, which commenced in March 2020, has been adjourned due to the decision by the state to suspend roadworks. We anticipate this program will recommence when roadworks are permitted on Pennsylvania state highways.

In Los Angeles, Redflex continues design work to commence operations for rail crossing and dedicated bus lane enforcement. We will continue to monitor the effects of COVID-19 on this implementation in relation to restricted site access and potential delays to approvals.

In Toronto, Canada, our speed enforcement program (a fixed fee program) commenced recently and at present continues to operate.

Redflex Holdings Limited

31 Market Street (P.O. Box 720), South Melbourne, Victoria, Australia 3205 t: +613 9093 3300

e: redflexholdingslimited@redflex.com.au

www.redflex.com

For personal use only

United Kingdom / Europe

We continue to fulfill several contracts with key customers in the United Kingdom. These contracts include the provision and installation of hardware on England's motorways (managed by Highways England). Progress on the provision of hardware remains as planned. Mobility restrictions may impact installation which may result in revenues being recognised in FY21 rather than H2 FY20. Redflex remains in close contact with our UK customers to ensure projects are delivered safely and within original timelines where possible.

Australia / Pacific

At present, all programs in Australia are continuing. Redflex is actively engaged with all our domestic customers and have assured them that we currently maintain full operational capability by automating workstreams, reconfiguring workspaces to ensure the health and safety of our staff and by deploying technology to enable a significant number of staff to work remotely.

Liquidity

As previously advised, the Company is utilising its existing debt facilities to support the acquisition of equipment and implementation of its new programs in North America (see above).

However, the COVID-19 pandemic is causing reductions or delays to the rollout of these programs which may adversely impact the Company's revenue. As a result, the Company has implemented several cost saving initiatives including reduction in salaries, reduced hours for most staff and close monitoring and review of non-program related expenditure. The Company continues to manage variable costs in line with anticipated work volumes and the Company's cash position to support the resumption of business when travel and movement restrictions ease.

It is important to note that the impact of the COVID-19 pandemic has not resulted in any program or contract terminations. All programs are expected to regain normal operating performance as business conditions improve.

Outlook

Given the level of global economic uncertainty associated with the COVID-19 pandemic, the Company is withdrawing all financial guidance relating to H2 FY 2020. Further updates on the business impact of the COVID-19 pandemic will be provided, as appropriate.

Continued Global Support

We have received tremendous support from, and we sincerely thank, our customers, shareholders and other stakeholders for their continued loyalty during this difficult and challenging time.

Redflex Group CEO, Mark Talbot said:

"I would like to take this opportunity to thank our customers, employees, shareholders and other stakeholders for their loyalty and support during this challenging time.

"We have a customer base predominantly made up of government agencies, and a revenue base that is made up of both full-service, multi-year and project-based contracts which are continuing. Together with strong relationships with lenders, the Company is well-placed to withstand the current operating environment.

"Our focus will remain on operating the business in a way that protects the health and wellbeing of customers and employees, whilst supporting the government as well as the communities in which we operate, in limiting the spread of COVID 19."

COVID-19 Pandemic Update Teleconference

The Group Chief Executive Officer, Mr Mark J. Talbot and Group Chief Financial Officer, Mr Neville Joyce will discuss the business impact of the COVID-19 pandemic on Redflex on a teleconference **from 9:00am – 9:30am (AEDST) on Tuesday 31 March 2020.**

To dial in and to wait for an operator:

Australia	
Melbourne	+61 3 9912 0327
Sydney	+61 2 9007 4041
Brisbane	+61 7 3107 0242
United States and Canada	1 855 336 4664
Teleconference Name:	Redflex Business Update
Booking Reference:	10005308

Alternatively, if you do not wish to wait for an operator please click on the following link:

<https://s1.c-conf.com/diamondpass/10005308-invite.html>

Then click on "Register Now" to register. You will then be provided with the dial in number, the passcode and your unique PIN for the call.

A recording of this call will be available on the Redflex website after the teleconference at <https://redflex.com/int/articles/covid-19-pandemic-update-teleconference>.

About Redflex

During the past 25 years, Redflex has established itself as a world leader in developing and implementing intelligent traffic management products and services which are sold and managed in Asia Pacific, North America, United Kingdom, Europe and Middle East regions. Redflex develops, manufactures and operates a wide range of platform-based solutions all

For personal use only

For personal use only



utilising advanced sensor and image capture technologies enabling active management of state and local motorways.

The Redflex Group runs its own systems engineering operations, system integration technologies and innovation centre for research and development. With a continuous program of product development, Redflex has been helping to improve roadway safety, alleviate congestion and reduce the harmful impacts of vehicle emissions.

Redflex Holdings Limited was listed on the Australian Securities Exchange in January 1997.

This announcement was authorised by the officers listed below. For further information please contact:

Mark J. Talbot
Group Chief Executive Officer
Redflex Holdings Limited
mtalbot@redflex.com
T +61 3 9093 3300

Neville Joyce
SVP - Group Chief Financial Officer
Redflex Holdings Limited
neville.joyce@redflex.com
T +61 3 9093 3300