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Earnings Guidance: EBIT and NPAT on the increase

18 February 2019, Melbourne: Traffic Technologies Ltd ('TTI' or 'the Company') presents earnings guidance for the half year ended 31 December 2018.

TTI expects to report the following result for the half year ended 31 December 2018 compared to the previous corresponding period.

- Revenue is expected to -11%
- EBITDA is expected to +3%
- EBIT is expected to +7%
- Net profit after tax (NPAT) is expected to +15%

	<i>Half Year to 31 Dec 2018</i>	<i>Half Year to 31 Dec 2017</i>
	<i>\$'m</i>	<i>\$'m</i>
• <i>Sales revenue</i>	24.5 - 25.5	28.1
• <i>Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)+</i>	2.2 – 2.6	2.4
• <i>Earnings before Interest and Tax (EBIT)</i>	1.4 – 1.8	1.5
• <i>Net Profit After Tax (NPAT)</i>	0.6 – 1.0	0.7

+ EBITDA is after taking into account restructuring costs and other one-off items of \$0.2m.

The first half result represents an improvement in profitability and margins with both EBIT and NPAT improving 7% and 15% compared to the same period last year clearly showing the positive effect of the diversification program moving from old to new technologies including Smart City "TST".

First half revenue was affected by a number of project delays caused by political uncertainty including the forthcoming federal election and the recent state election in Victoria.

Whilst FY19 has been affected by political uncertainty with federal and state elections, expectations are that the refinancing of the Group's debt in 2018 along with the roll-out of our LED street, road and tunnel lighting installations, term maintenance contracts and development of export markets especially including the UK, South America, Middle East and Asia and the increase in multi-year supply contracts with power, road authorities and municipalities, will underpin our earnings base for the second half and for future years.

The Group's diversification program has transformed its business by de-risking its revenue through expanding into "Smart City" platforms, IoT systems and maintenance and installation

contracts along with securing long term supply contracts across the country. The roll-out of the Group's proprietary "Smart City" software "TST" across the east coast will enable road authorities, councils and power companies to fully utilise and maintain critical assets in real time. The Group is also continuing to benefit from the supply of LED road and street lights across the country.

The Company expects to release its half year results to the market in late February 2019.

Should you require any further information please contact Mr. Con Liosatos.

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