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## Traffic managers take the off ramp

Tim Boreham  
Boards

THE dominant company in the traffic management sector is straining market credibility — and the reputation of its high-profile board — after a string of senior executive departures.

In a little more than a year, Melbourne-based Traffic Technologies (TTI) has churned through three chief finance officers, with joint chief executive officer Con Scrimis abruptly departing after a disagreement with the board and fellow CEO Con Liosatos.

The most recent CFO, David Oswin, left in early September after refusing to sign off on the 2006-07 accounts. Mr Oswin declined to talk to *The Australian*, but it is believed he was concerned about a number of accounting and disclosure issues.

Five out of seven divisional heads have also departed, the most recent being this month's exit of traffic management chief Stephen O'Dwyer.

Others departing are Ron Hunt and Feroz Mussa, who ran the DeNeefe Signs arm at different times. Shean Gannon, head of asset management, and signals and hardware chief Mike Walsh.

TTI, which employs up to 1200 people, has grown aggressively by consolidating smaller, privately owned businesses, including DeNeefe Signs, traffic light provider Aldridge and protective barrier maker Guardrail.

Mr Liosatos said he did not see anything unusual in the departures. "They just didn't work out," he said. "They weren't the right people for the job."

Mr Liosatos said Mr O'Dwyer "left on good terms and he is more than welcome to come back". He said Mr Gannon, whose contract lapsed, had "left to have a break for most of next year".

Mr Liosatos confirmed that TTI did not renew Mr Oswin's contract, but denied the departure related to Mr Oswin's refusal to sign the accounts, which were

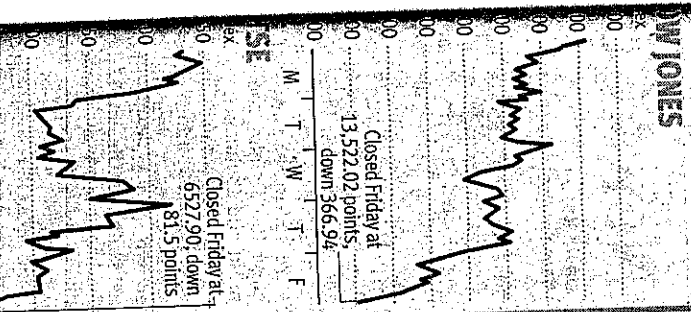
at least quarterly economic releases. Although it expected prices remain at historic high levels some time, it was not anticipating another price spurt. The Reserve Bank's concern is how it is to rein in a away economy must now be winged.

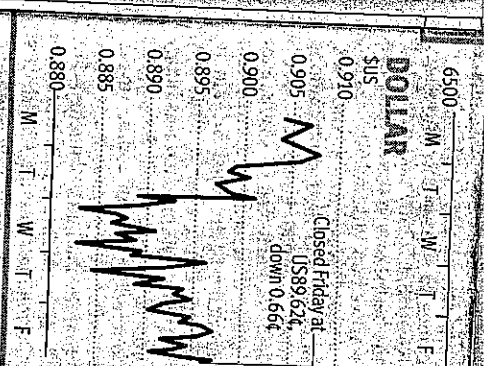
The IMF emphasised the risk of inflation in its world economic outlook released last week. Commodity markets have been the most obvious source of recent upward pressure on prices, it said. "Strong growth of demand kept oil and metals prices at levels since 2006 while food prices have also spiked upward."

The IMF said a second source of inflationary pressure was the "gap" between actual and minimum potential levels of output. The world downturn in 2009, particularly in Asia, contributed to falling prices of manufactured goods.

Tightening resource constraints could put upward pressure on inflation, and prompt central banks to tighten monetary conditions more aggressively than been built into the projections," the IMF warned.

SOURCE: BLOOMBERG





## n gets the buys farm

west faced a major  
ade because of noise  
dust affecting a farm  
500m from the  
posed siding

ed on to 64-wagon trains to Geraldton, n away. Midwest faced a major icle because of noise and dust affecting a just 500m from the proposed siding t the EPA's concerns were allayed Midwest offered to buy the farm for an closed sum.

us understood that the owners have d to the sale. The company will have t in place noise and dust management to minimise the impact on the town Morawa race track, which are 15km from the proposed siding.

A chairman Barry Carbon said that had been an issue of noise and dust tially affecting a nearby farm but the pany had arranged for the occupants to "The proponent's noise manage- plan specifies that night-time load- ations will not take place until noise eorning has confirmed that night-time g could be carried out without eing the noise regulations," Mr on said.

"We just didn't think he was the type of CFO we were after," he said. "He chose at the eleventh hour not to sign the accounts. Being a contractor had made it a bit more difficult for him to sign off the accounts."

Adding to TTI's woes, the listed group has raised a \$1.3 million contingent liability over one of two damages actions brought by the vendors of DeNeefe Signs, but denies liability.

TTI in August reported \$27 million of underlying earnings before interest, tax, depreciation and amortisation (EBITDA), having earlier downgraded market expectations of a \$6 million-plus result. Most of the profit derived from two months of earnings from the Aldridge traffic light division, which was acquired for \$37 million in May.

Management also forecast current-year EBITDA of \$9.5 million to \$10.5 million. "We are on target with where we are heading now," Mr Liosatos said.

While Aldridge remained the star performer, he said the other divisions were "looking okay". "There are no skeletons out there now," he said.

In November last year, TTI attracted former OneSteel chief Ray Horsburgh to the board, while former Victorian Liberal leader Alan Brown is also a director.

TTI is chaired by former National Mutual funds management chief Sam Kayourakis.

According to one fund manager, TTI's management has failed to capitalise on boom conditions as governments pour billions of dollars into road improvement projects.

He said that with a diluted market capitalisation of \$32 million — less than the worth of De Neefe alone — TTI was prone to takeover.

Traffic shares have more than halved from a May 30 high of 53¢ to a close on Friday of 21.5¢.

## BY GARRY TRUDEAU



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