

# Q4

PRESENTATION OF FOURTH QUARTER AND PRELIMINARY FULL-YEAR RESULTS 2016

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## Q4-16 HIGHLIGHTS

- 241 MNOK in revenues, up 23% from Q4-15
- 7 MNOK in EBITDA, performance impacted by 12 MNOK in negative adjustments in Q-Free UK
- 196 MNOK in order intake, 55 MNOK in announced and 141 MNOK in unannounced orders
- 1.4 bn NOK in order backlog, 615 MNOK scheduled for delivery in 2017
- Net cash position improved by 83 MNOK due to private placement in October and good cash management
- Cost savings program initiated in Q3-16 finalized with ~50 MNOK in annual gross OPEX savings as promised
- Security business divested in February 2017 and reported as “Discontinued Operations”

Revenues  
241

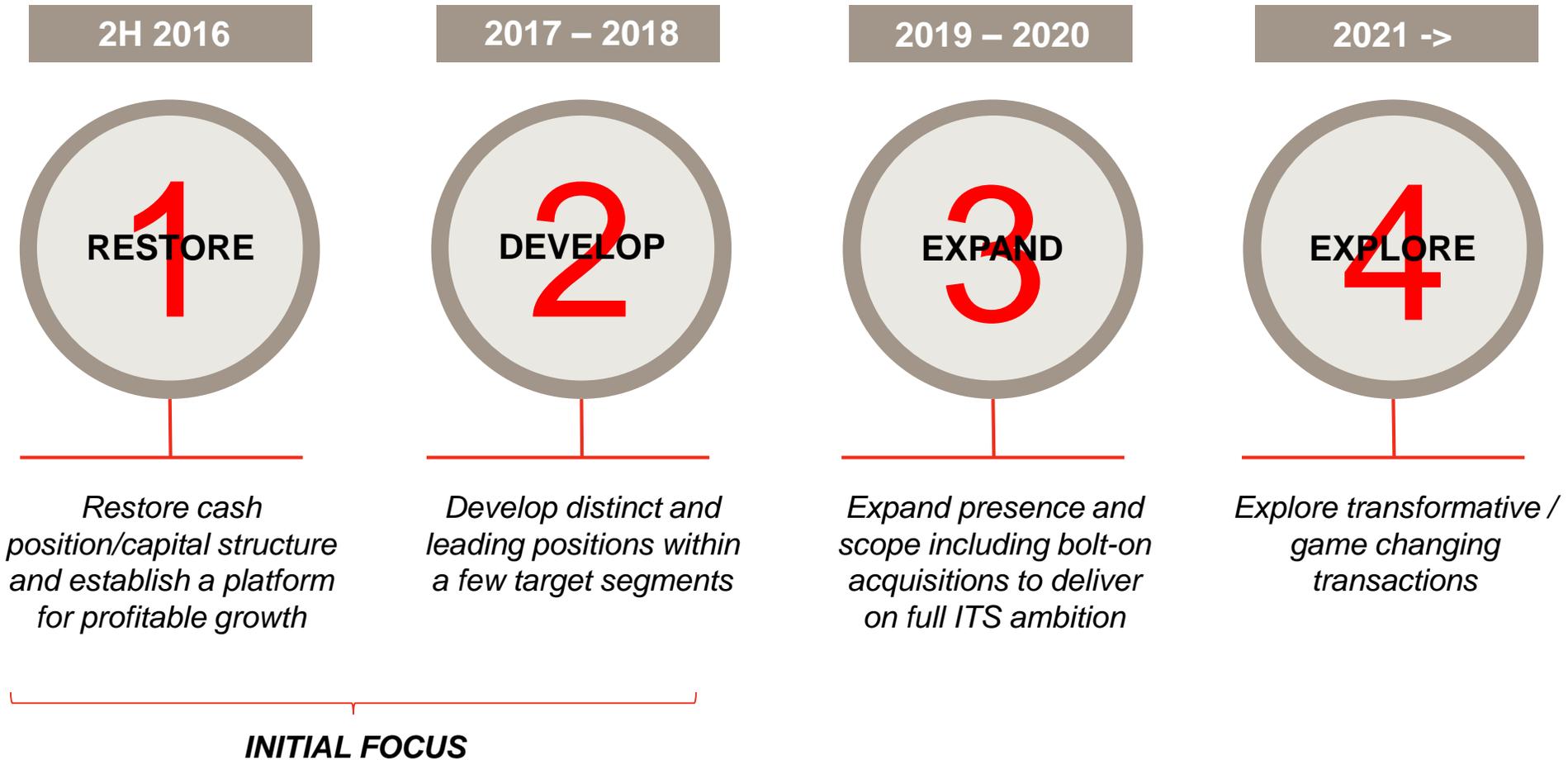
EBITDA  
7

Order intake  
196

# SUMMARY FINANCIALS Q4-16 AND FY 2016

MNOK	Q4 2016	Q4 2015	YoY change	FY 2016	FY 2015	YoY change
<b>Revenues</b>	<b>241</b>	<b>197</b>	23%	<b>877</b>	<b>767</b>	14%
<b>Gross profit</b>	<b>137</b>	<b>118</b>	16%	<b>581</b>	<b>545</b>	7%
<i>Gross margin</i>	57%	60%		66%	71%	
<b>OPEX excl. non-recurring items</b>	<b>130</b>	<b>106</b>	23%	<b>570</b>	<b>476</b>	20%
<b>EBITDA excl. non-recurring items</b>	<b>7</b>	<b>12</b>	-41%	<b>11</b>	<b>69</b>	-84%
<i>EBITDA margin excl. non-recurring items</i>	2.9%	6.1%		1.3%	9.0%	
Non-recurring items		-80		<b>- 15</b>	<b>- 80</b>	
<b>EBITDA</b>	<b>7</b>	<b>- 68</b>		<b>- 4</b>	<b>- 11</b>	
<i>EBITDA margin</i>	2.9%	-34.5%		-0.5%	-1.4%	

# A NEW AND MORE FOCUSED STRATEGY



# PHASE 1: ACCOMPLISHED

## What we said we would do :

Restore cash position and capital structure

Create platform for future profitable growth

## What we did:

- 134 MNOK in gross proceeds from private placement in October
- 22 MNOK in positive cash flow from operations in Q4-16
- 1.4 bn NOK in order backlog entering 2017
- 3 global and 2 regional service lines defined
- Security division divested in February 2017, reducing OPEX by 31 MNOK
- ~50 MNOK in additional gross OPEX savings identified and executed so far



# COST REDUCTION PROGRAM ON TRACK

NOK million	Q3-16	Q4-16	QoQ Change
Project costs	46	47	1
Other fixed costs	109	82	-27
<b>Reported OPEX excl. non-recurring items</b>	<b>155</b>	<b>129</b>	<b>-26</b>
Capitalized R&D	2	13	11
<b>OPEX incl. capitalized R&amp;D</b>	<b>157</b>	<b>142</b>	<b>-15</b>
Other adjustments	-	3	3
<b>Adjusted operating expenses</b>	<b>157</b>	<b>145</b>	<b>-12</b>

# PHASE 2: OVERALL TARGETS

## What we say we will do:

Deliver double digit revenue growth

Improve EBITDA margins

Deliver positive cash flow from operations  
(2018 ->)

## What we aim to do:

- Convert record order backlog to revenues, in particular Slovenia and VDOT contracts
- Win upcoming tenders to backfill order backlog
- Manage key projects tightly
- Increase focus on COGS reductions
- Maintain OPEX discipline throughout 2017
- Enforce tight revenue collection
- Reduce overdue receivables
- Improve payment terms

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# Business update



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# REGION EUROPE & LATIN AMERICA (ELA) UPDATE

ELA NOK million	Q4 2016	Q4 2015	FY 2016	FY 2015
Revenues	100	69	320	279
Order intake	85	79	772	407
Order backlog	766	318		

- ELA benefited from solid tag and project deliveries, including start-up of the Slovenia truck tolling project
- Only 5% of the total Slovenia contract was recognized in FY 2016, ~19 MNOK in Q4-16
- Good order intake driven by
  - Tag order from Vinci Autoroutes in France (29 MNOK)
  - Tag order from Costanera Norte in Chile (26 MNOK)
- Order backlog mostly consists of tag contracts and the Slovenia truck tolling contract
- Q-Free is targeting new tolling projects in e.g. Chile, Spain, and Bulgaria as well as a growing number of mid-sized ATMS contracts



# REGION NORDIC UPDATE

NORDIC NOK million	Q4 2016	Q4 2015	FY 2016	FY 2015
Revenues	57	61	229	240
Order intake	30	56	285	305
Order backlog	261	206		

- Revenues mostly related to ongoing service agreements
- Order intake included a ferry project in Norway for ~20 MNOK plus new parking contracts
- The order backlog consists of long-term agreements with NPRA in Norway and Trafikverket in Sweden
- Several large and medium-sized tenders will be decided in early 2017
  - autoPASS road projects
  - autoPASS ferry projects
  - parking contracts



# REGION ASIA PACIFIC, MIDDLE EAST AND AFRICA (APMEA) UPDATE

APMEA NOK million	Q4 2016	Q4 2015	FY 2016	FY 2015
Revenues	20	16	95	63
Order intake	19	21	69	87
Order backlog	48	74		

- Revenues increased YoY on the back of deliveries to existing customers in Australia and ongoing upgrades of old tolling systems in Thailand
- Order intake in the quarter included a large parking project in Australia and tolling projects in Thailand
- The order backlog mostly consists of tags and roadside equipment for tolling
- The region is expected to develop into the biggest DSRC tolling market in the world driven by e.g. Indonesia, Thailand, and Myanmar



# REGION NORTH AMERICA (NA) UPDATE

NA NOK million	Q4 2016	Q4 2015	FY 2016	FY 2015
Revenues	64	51	232	185
Order intake	62	48	450	212
Order backlog	330	113		

- Revenues increased YoY amid new tolling projects and start-up of the VDOT delivery
- Order intake included signing of new parking, infomobility, urban, and inter-urban agreements
- The order backlog consists of a large contract with VDOT (~200 MNOK), project sales in tolling, parking and urban and service and maintenance agreements on traffic management systems
- Several growth opportunities in all service lines



# SERVICE LINE OVERVIEW

	NOK million	Q4 REVENUES	CHANGE vs. Q4-15	FY 2016 REVENUES	CHANGE vs. FY 2015	Q4 ORDER INTAKE	ORDER BACKLOG
<b>GLOBAL SERVICE LINES</b>	TOLLING	152	38	575	85 (+17%)	78	1,074
	PARKING	27	8	97	38 (+64%)	30	29
	INFOMOBILITY	19	3	52	-2 (-4%)	24	23
<b>REGIONAL SERVICE LINES</b>	URBAN	29	13	99	34 (+52%)	23	31
	INTER-URBAN	14	-18	53	-45 (-46%)	41	248
<b>TOTAL</b>		<b>241</b>	<b>44</b>	<b>877</b>	<b>110 (+14%)</b>	<b>196</b>	<b>1,405</b>

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# Financial status

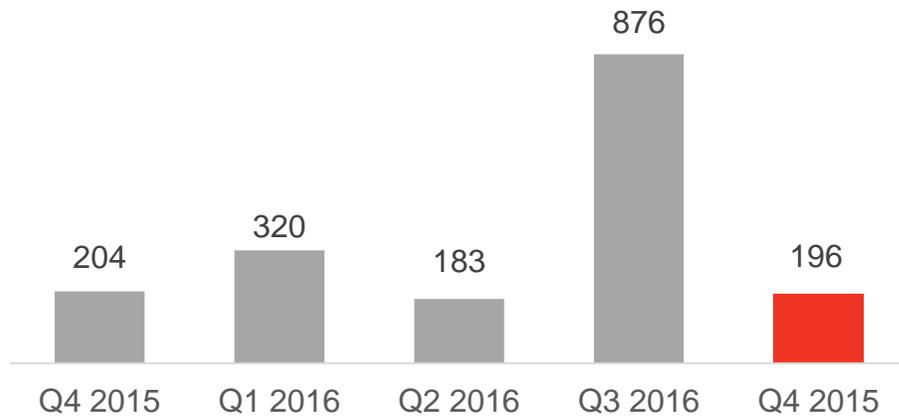


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# ORDER INTAKE IN Q4

## ORDER INTAKE DEVELOPMENT

NOK million

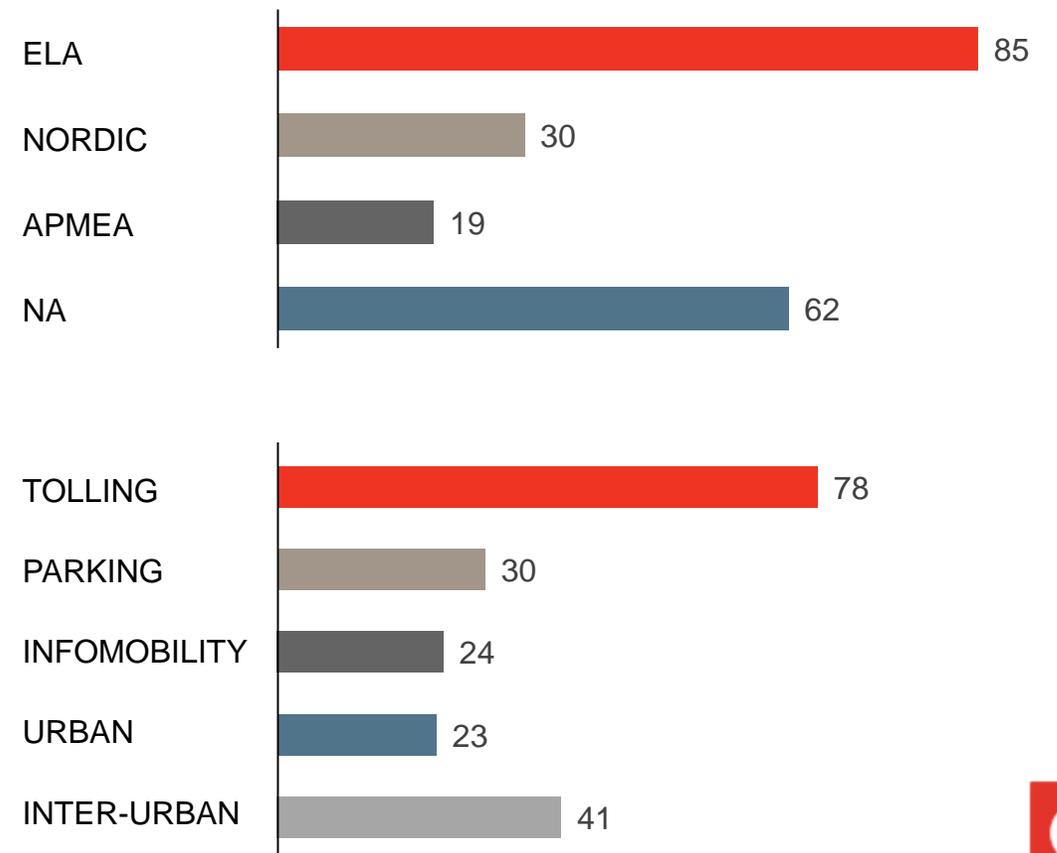


Q4-16 order intake slightly down YoY

- 55 MNOK in two announced tag orders – Chile (26 MNOK) and France (29 MNOK)
- 141 MNOK in announced orders

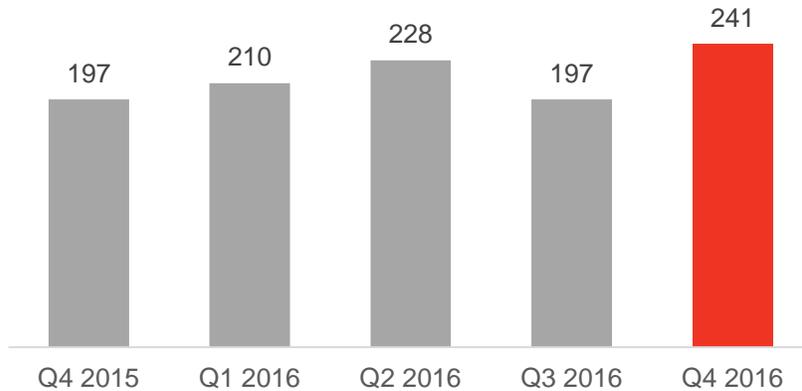
## ORDER INTAKE BREAKDOWN ON REGION/SERVICE LINE

NOK million



# REVENUES IN Q4

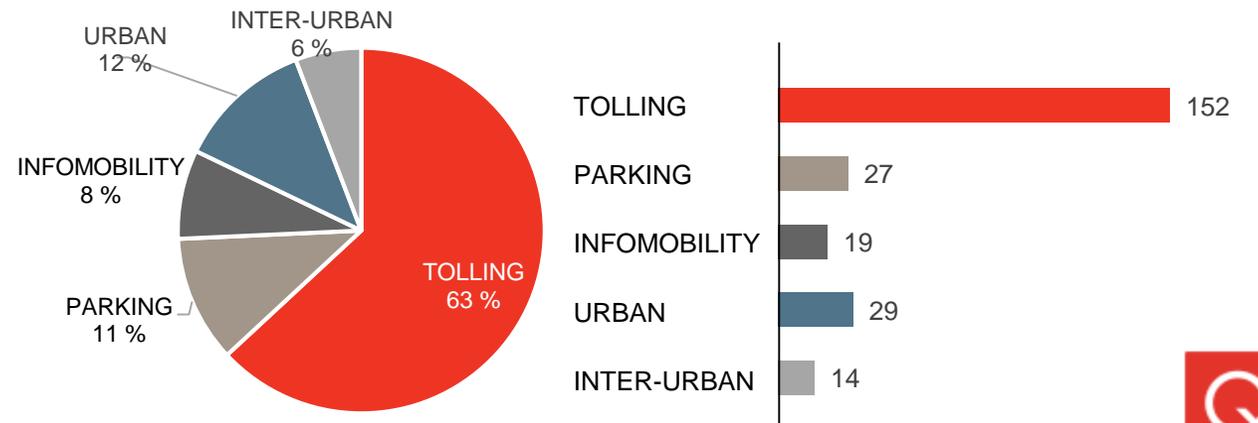
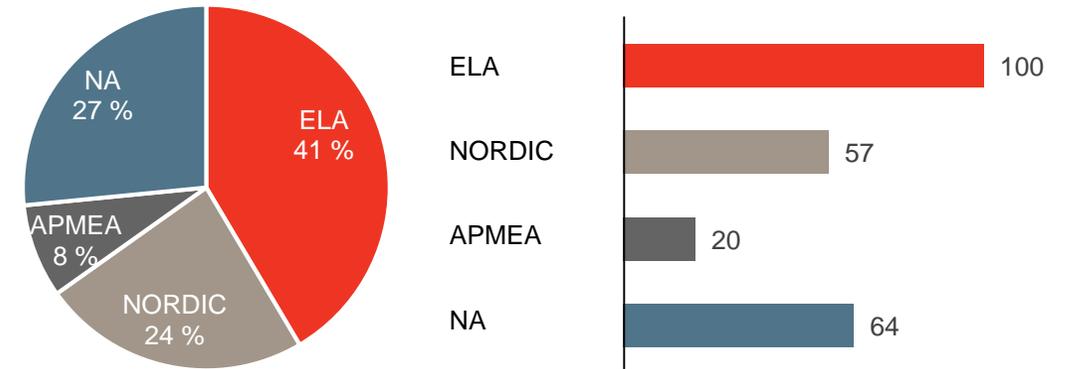
**QUARTERLY REVENUE DEVELOPMENT**  
NOK million



Revenues up 44 MNOK, or 23% from Q4 2015

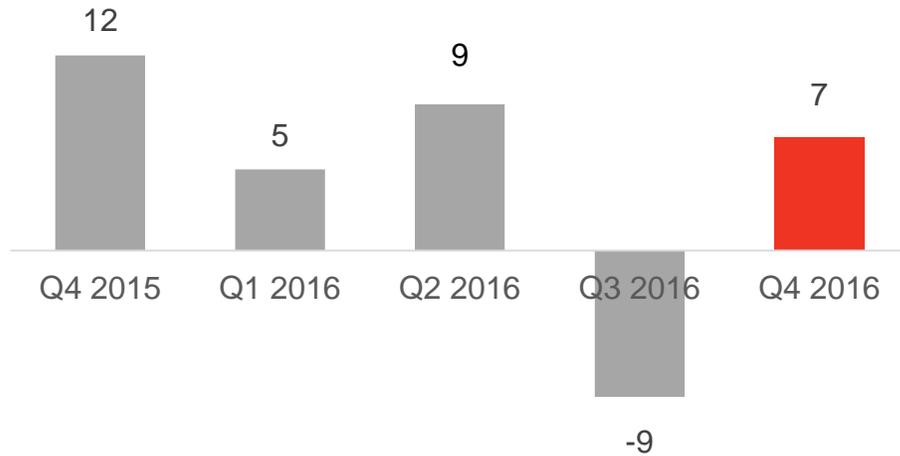
- Limited revenue recognition of new projects in Slovenia and in the US
- Good growth in tolling and urban compared to Q4-15

**Q4 REVENUE BREAKDOWN ON REGION/SERVICE LINE**  
NOK million / Percent



# EBITDA IN Q4

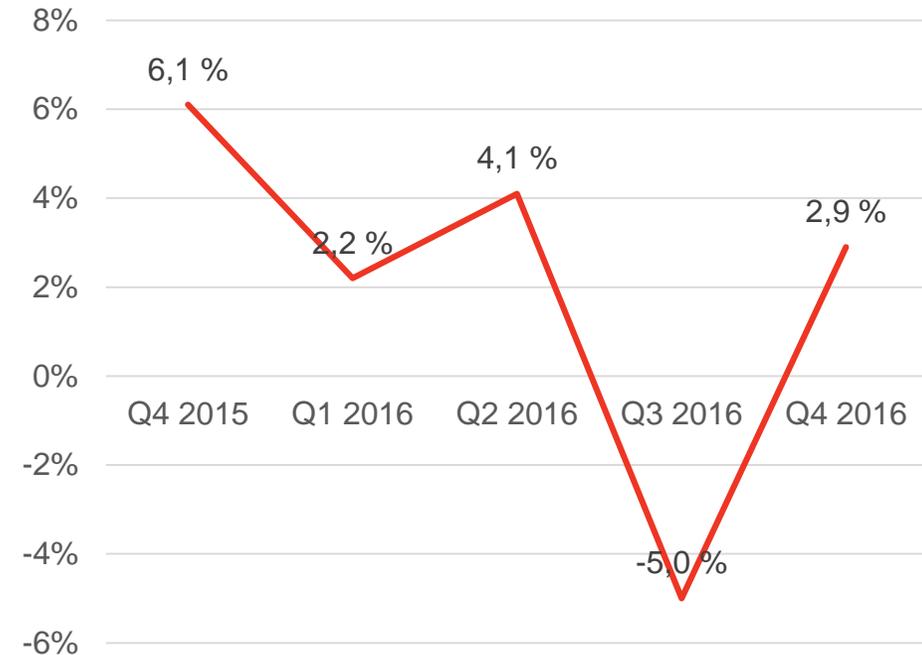
## EBITDA EXCL. RESTRUCTURING COSTS NOK million



EBITDA down 5 MNOK YoY, excluding restructuring charges of 80 MNOK in Q4-15

- EBITDA in the quarter negatively impacted by inventory adjustments (-4 MNOK) and a change of principle for recognising revenues on work in progress (-8 MNOK) in Q-Free UK.
- Q-Free also had a higher share of projects in the initial phase with low margin contribution in Q4-16 compared to Q4-15

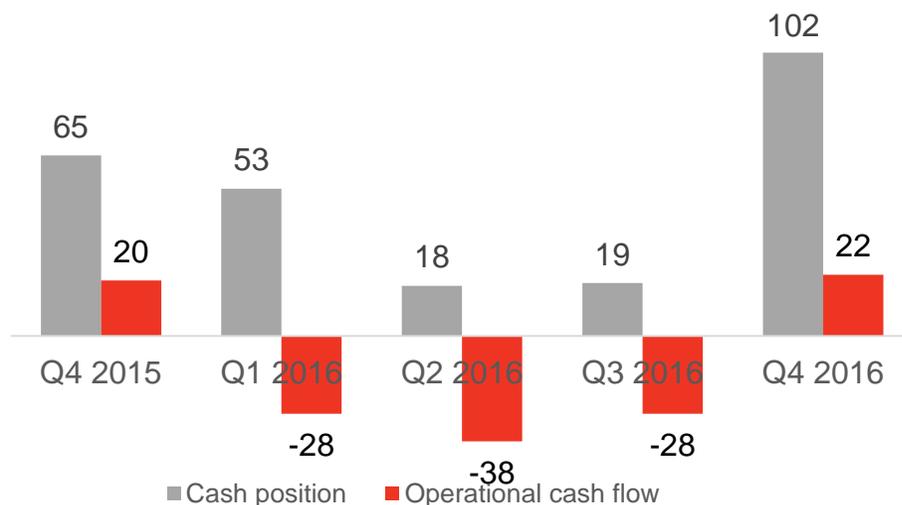
## EBITDA MARGIN EXCL. RESTRUCTURING COSTS Percent



# CASH FLOW AND FINANCIAL POSITION END OF Q4

## CASH DEVELOPMENT

NOK million



Increase in cash position of 83 MNOK

- Cash flow from operations of 22 MNOK, cash flow from investments of -22 MNOK
- Cash flow from financing activities of 83 MNOK driven by October share issue (+127 MNOK), down-payments on short-term overdraft facilities (-58 MNOK), and increased credit facility for Slovenia project (+14) MNOK

## FINANCIAL POSITION

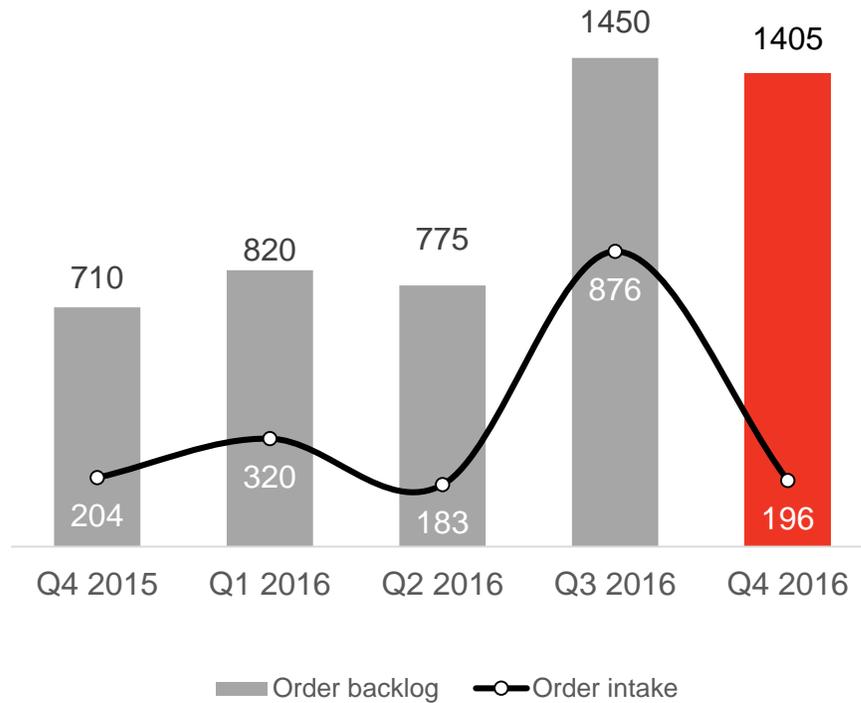
NOK thousand / Percent

	December 31, 2016	September 30, 2016	December 31, 2015
Total intangible assets	512 451	511 195	581 991
Net working capital (excl. cash and interest-bearing debt)	132 274	153 899	40 352
Net working capital % of 12 months revenues	15 %	18 %	5 %
Equity ratio	43.1 %	36.4 %	41.8 %
Net interest bearing debt	229 457	273 893	150 000

# ORDER BACKLOG AND DELIVERY SCHEDULE END OF Q4

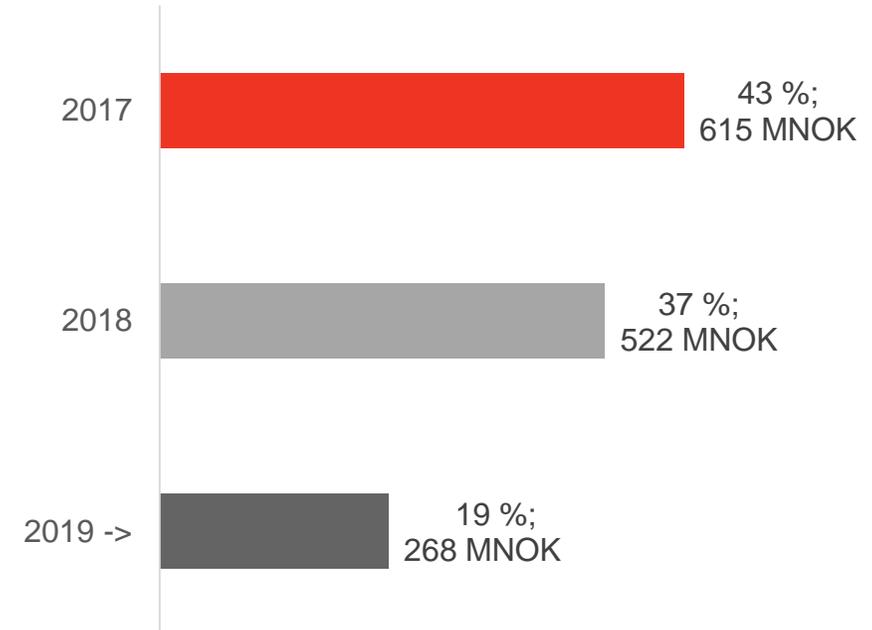
## ORDER BACKLOG

NOK million



## ASSUMED DELIVERY SCHEDULE

NOK million / Percent





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# Summary and outlook



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# SUMMARY AND OUTLOOK

2H 2016



*Restore cash position/ capital structure and establish a platform for profitable growth*

- 134 MNOK in (gross) equity raised
- 22 MNOK in cf from ops. Q4-16
- 1.4 bn NOK in order backlog end of 2016
- Security division divested
- ~50 MNOK in gross OPEX savings identified and executed

2017 – 2018



*Develop distinct and leading positions within a few target segments*

- Deliver double digit revenue growth
- Improve margins
- Deliver positive cash flow from operations (2018 ->)

2019 – 2020



*Expand presence and scope including bolt-on acquisitions to deliver on full ITS ambition*

2021 ->



*Explore transformative / game changing transactions*

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