

PRESENTATION OF FOURTH QUARTER 2014

Oslo 12 February 2015

CEO Thomas Falck and CFO Roar Østbø

Q4 2014 / 2014 HIGHLIGHTS

Q4

- 71 % increase in revenues – NOK 258 million
- Continued strong growth for ATMS, revenues tripled
- Positive cash flow from operations

2014

- 30 % increase in revenues – NOK 789 million
- 15 % growth in RUC due to strong product sales
- Improved underlying profitability, strong order intake, building back log

Q4 2014 FINANCIAL HIGHLIGHTS

REVENUES
NOK MILLION

258

EBITDA
NOK MILLION

26

ORDER INTAKE
NOK MILLION

338

ORDER BACKLOG
NOK MILLION

481

2014 FINANCIAL HIGHLIGHTS

REVENUES
NOK MILLION

789

EBITDA
NOK MILLION

85

ORDER INTAKE
NOK MILLION

890

ORDER BACKLOG
NOK MILLION

481

THIS IS Q-FREE

RUC

Road User Charging

- Electronic Fee Collection
- Congestion Charging
- Truck Tolling
- Image Handling Systems
- Electronic Registration Identification



ATMS

Advanced Transportation Management Systems

- Parking Management Systems
- Urban Traffic Management
- Infomobility
- Inter-Urban Management
- Cooperative ITS



MS

Managed Services

- Commercialise new recurring revenue concepts
- Strengthen revenue base and profitability
- Increase financial predictability



STRATEGIC DEVELOPMENTS RUC AND MS

RUC

- Broadening scope of business to mitigate risk and stabilise revenues
- Refocused approach towards small- and mid-sized projects
- Generating a higher number of smaller orders
- Increased pipeline following re-organisation into regions

MS

- Build-up to address our markets with defined service offerings
- Delivering two projects
- Pursuing leads in all regions

STRATEGIC DEVELOPMENTS ATMS

ATMS

- Established a strong position through a number of acquisitions within the ATMS market
- Expanded platform for future revenues generation. Currently developing joint offerings
- In Q4 ATMS represented
 - 36% of revenues
 - 45% of order intake

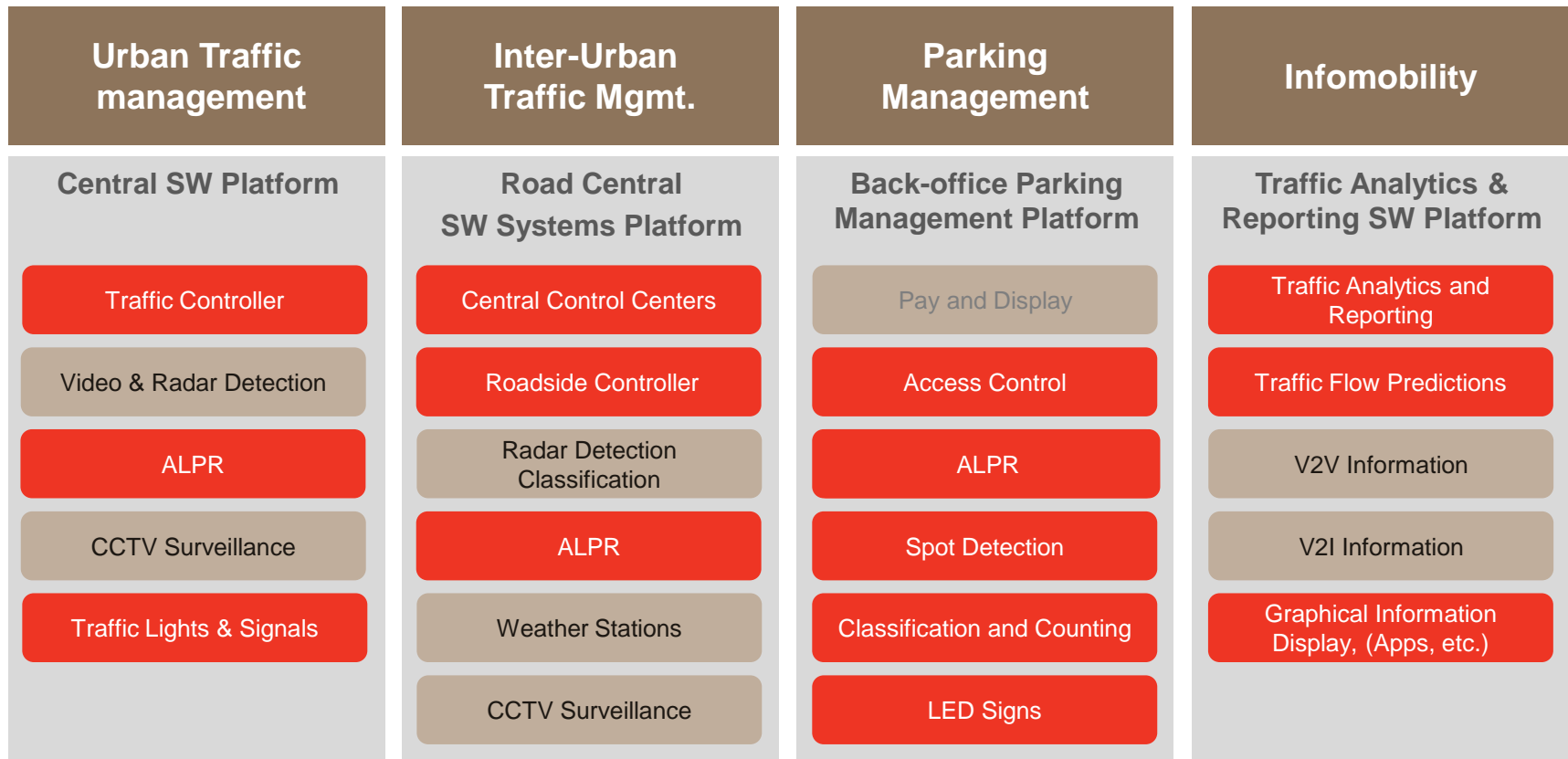


OPEN ROADS IN POLE POSITION

- Strong market position, providing a platform for further penetration into the US
- Awarded contracts of approximately NOK 100 million in the last four months
- Further revenue synergies anticipated
- Open Roads is an important step for Q-Free in becoming a fully-fledged ITS supplier



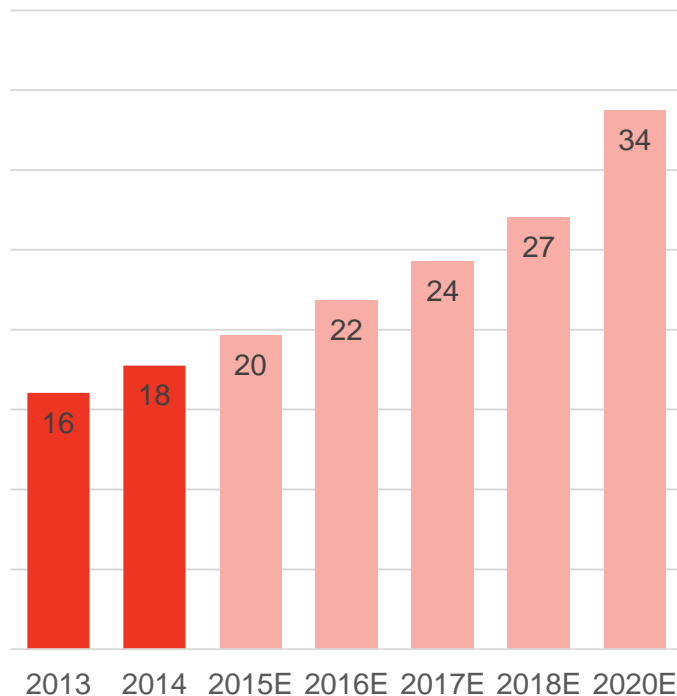
A BROAD AND COMPETITIVE ATMS PORTFOLIO



INTELLIGENT TRANSPORTATION SYSTEMS (ITS) - A SIGNIFICANT MARKET IN GROWTH

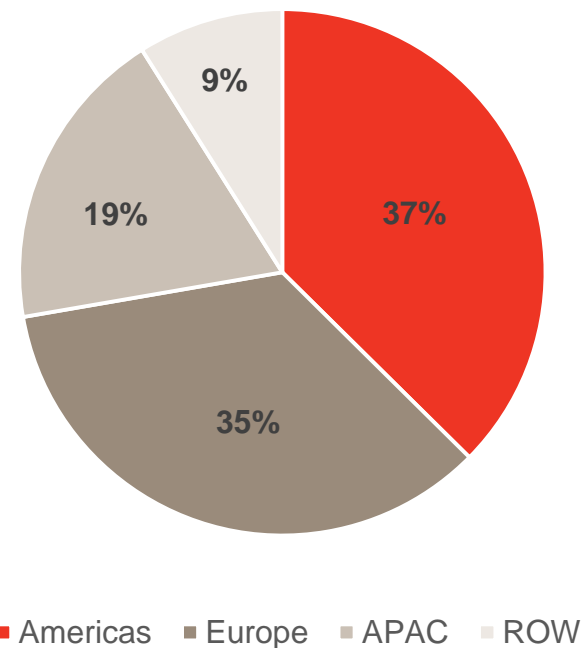
GLOBAL ITS MARKET

USD BILLION



Source: MarketsandMarkets

MARKET DISTRIBUTION BY REGION



Source: MarketsandMarkets

An architectural rendering of a modern urban scene. On the left, a multi-level parking garage with white concrete levels and yellow-painted support columns. Several cars are parked on different levels. A blue sign on a pillar indicates parking availability: 'Parking Available', 'Central Garage 157', and 'South Garage 43'. A white SUV is driving on the street in front of the garage. To the right, a wide city street with a pedestrian sidewalk. A person in a dark suit is walking away from the camera. In the background, there are modern buildings, including a curved glass-fronted building and a building with a red roof. Traffic lights and streetlights are visible along the road.

MARKET UPDATE

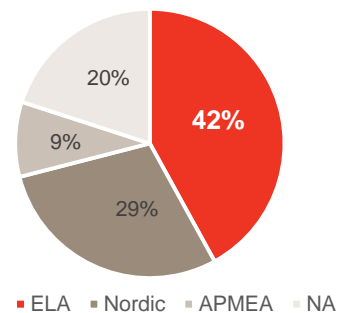
EUROPE & LATIN AMERICA (ELA)

- Revenues of NOK 108 million
- Order intake of NOK 170 million
- Continued high product demand in Brazil, Chile and France
- Strong performance across the region for ATMS

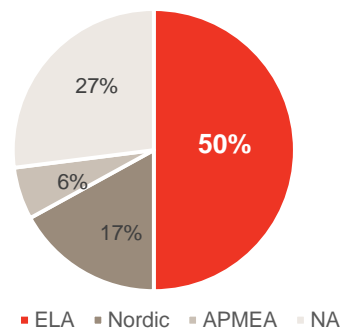
Outlook:

- Tendering activity for both RUC and ATMS deliveries in the region
- Uncertainty regarding future product demand in Brazil

ELA SHARE OF REVENUES (%)



ELA SHARE OF ORDER INTAKE



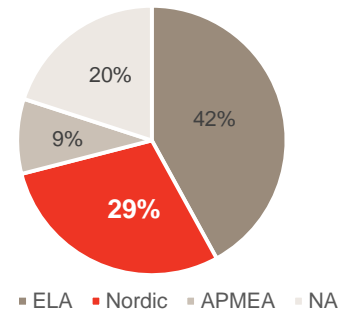
THE NORDICS

- Revenues of NOK 74 million
- Order intake of NOK 58 million
- Stable Service & Maintenance activity
- Extension of CS Norway project
- Strengthened our competitive position

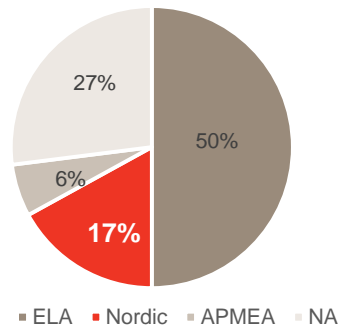
Outlook:

- Tendering activity for both RUC and ATMS deliveries in the region

THE NORDICS SHARE OF REVENUES



THE NORDICS SHARE OF ORDER INTAKE



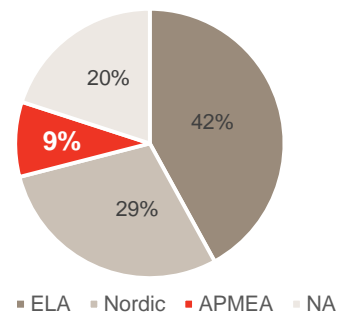
ASIA PACIFIC, MIDDLE EAST AND AFRICA

- Revenues of NOK 22 million
- Order intake of NOK 20 million
- Q-Free no longer believes that the ELE project in Jakarta will materialise in its current form

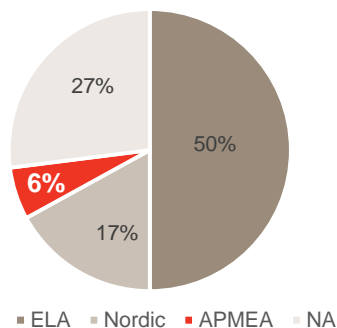
Outlook:

- Several significant tenders expected to be announced

APMEA SHARE OF REVENUES



APMEA SHARE OF ORDER INTAKE



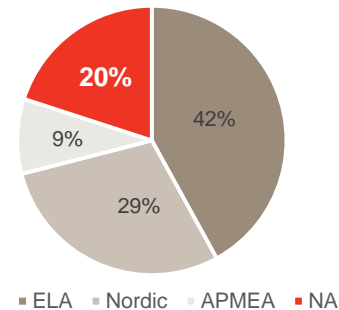
NORTH AMERICA

- Revenues NOK 53 million
- Order intake NOK 90 million
- Strong quarter for both TCS and Open Roads

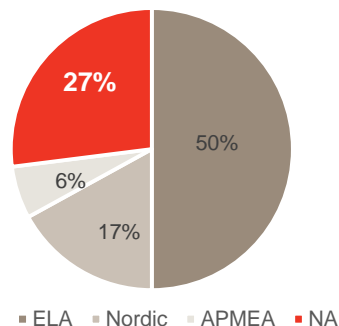
Outlook:

- North America represents a significant market, and Q-Free aims to build further upon our established position also with RUC and Managed Services

NORTH AMERICA SHARE OF REVENUES



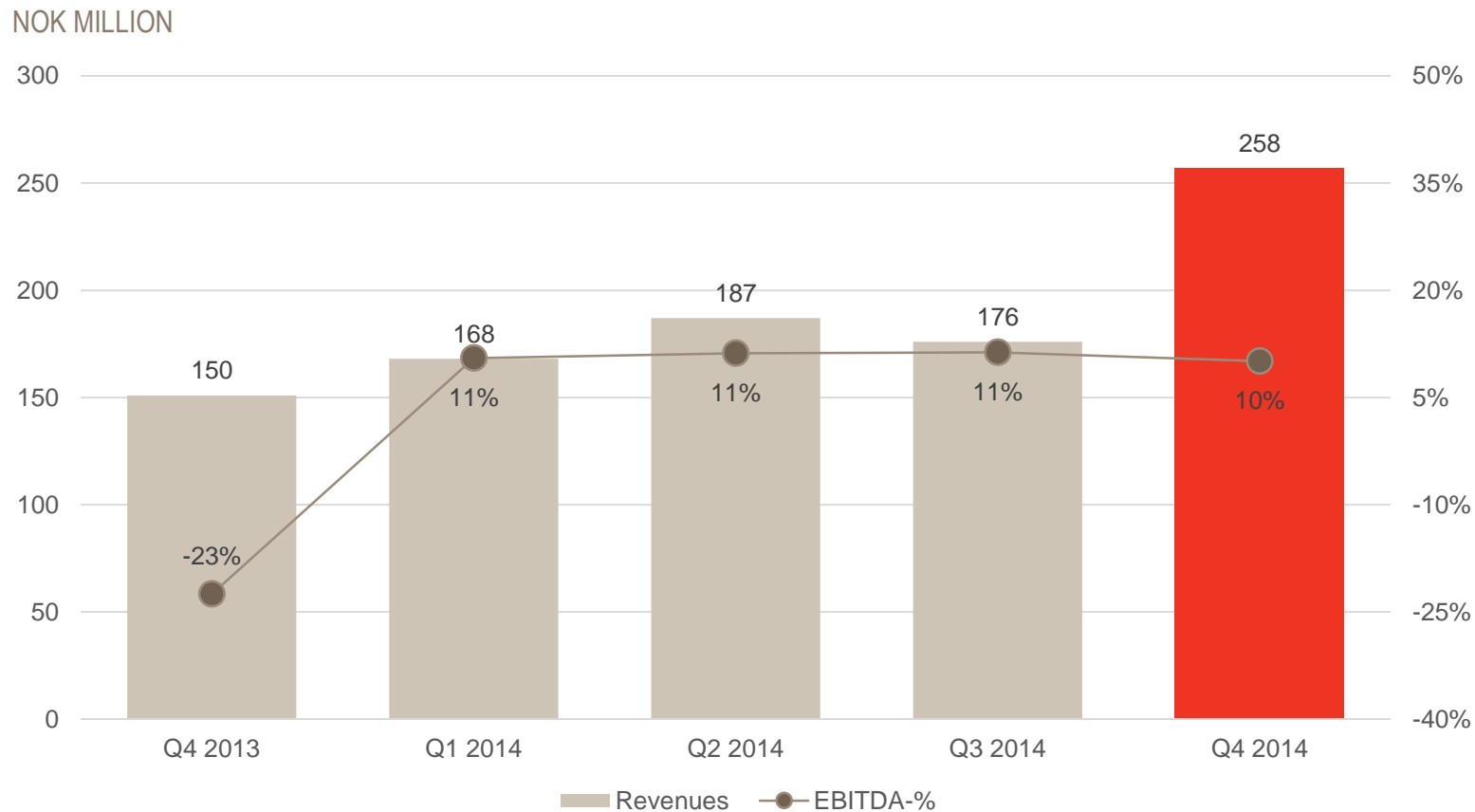
NORTH AMERICA SHARE OF ORDER INTAKE



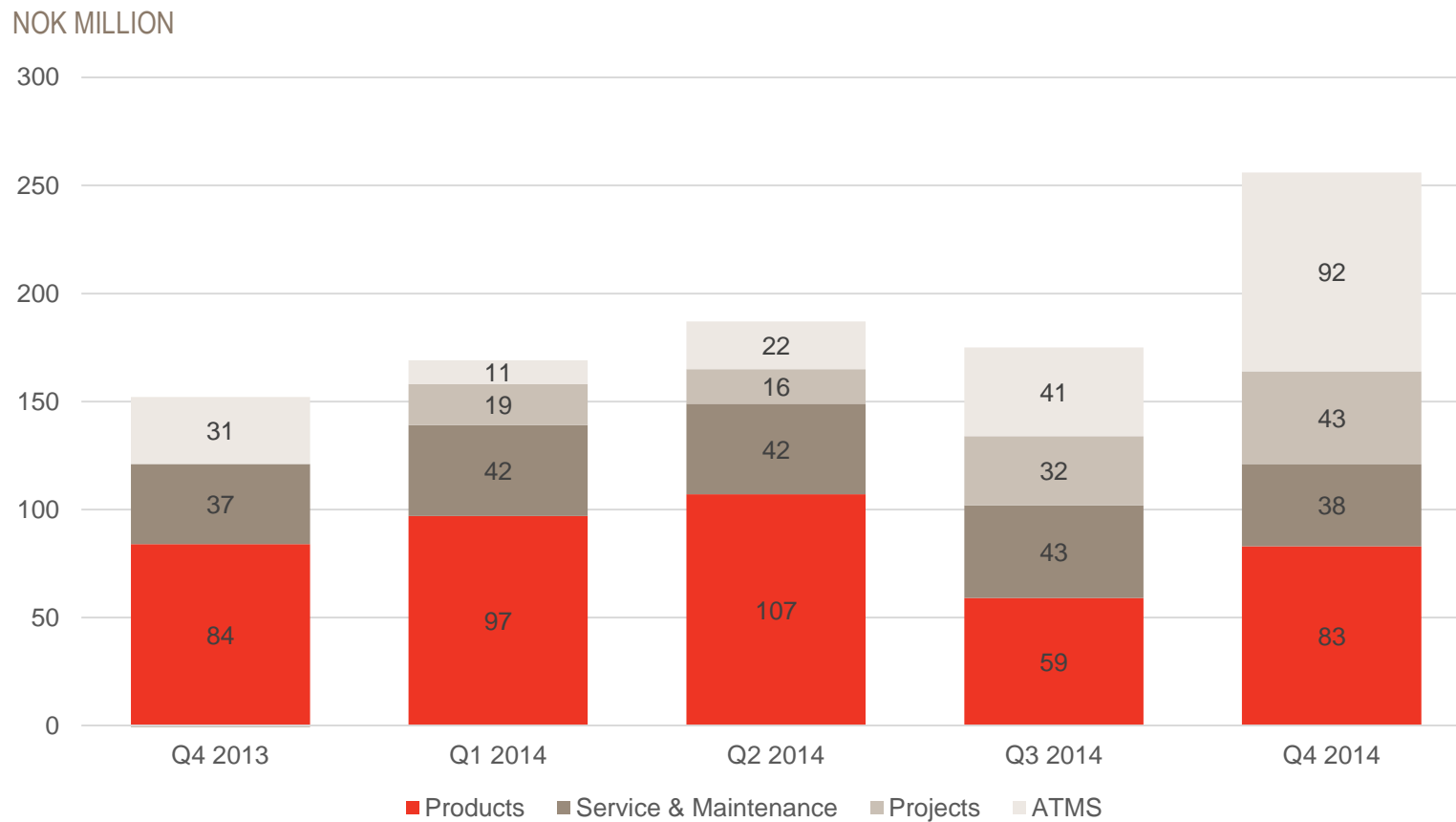
An architectural rendering of a modern urban scene. On the left, a multi-level parking garage with white concrete levels and yellow-painted support columns. Several cars are parked on different levels. A blue sign on a pillar indicates parking availability: 'Parking Available', 'Central Garage 157', and 'South Garage 43'. In the foreground, a white SUV is driving on a road. To the right, a wide sidewalk with a person walking away from the camera. In the background, there's a tall, curved glass building and a smaller building with a red roof. Traffic lights and streetlights are visible along the road.

FINANCIAL REVIEW

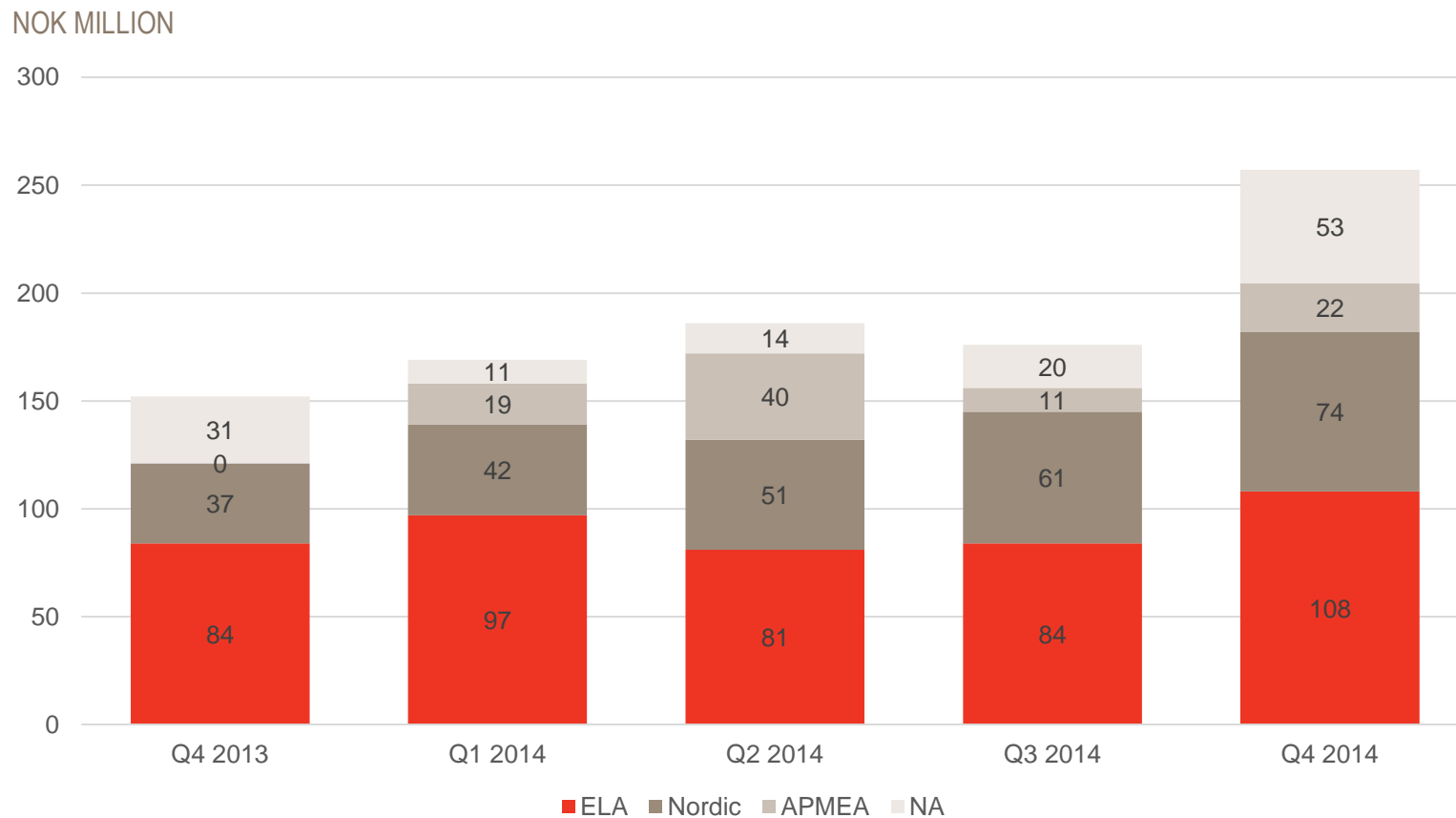
REVENUES AND EBITDA-MARGIN



REVENUES PER BUSINESS AREA



REVENUES BY REGION



PROFIT AND LOSS STATEMENT

NOK 1.000	Q4 2014	Q4 2013	%-chg.	FY 2014	FY 2013	%-chg.
Revenues	257,697	150,352	71.4 %	788,584	606,072	30.1 %
Gross profit	178,064	98,451	80.9 %	506,411	381,281	32.8 %
Gross margin - %	69.1 %	65.5 %		64.2 %	62.9 %	
Operating expenses	151,885	132,317	14.8 %	421,666	413,080	2.1 %
EBITDA	26,179	-33,866		84,745	-31,799	
EBITDA margin	10.2 %	-22.5 %		10.7 %	-5.2 %	
Depreciation, amortisation and impairment	21,834	15,947	36.9 %	76,309	62,914	21.3 %
Operating profit - EBIT	4,345	-49,814		8,436	-94,713	
EBIT margin	1.7 %	-33.1 %		1.1 %	-15.6 %	
Pre-tax profit	-18,171	-47,684		-16,369	-97,959	
Profit margin	-7.1 %	-31.7 %		-2.1 %	-16.2 %	
EPS	-0.67	-1.06		-0.70	-1.64	

- Improved gross margin due to increased ATMS activity
- Increased operating expenses due to acquisitions within ATMS and bonus accrual
- Pre-tax profit reduced significantly due to increased provisions for future earn-out payments on ATMS acquisitions

CASH FLOW STATEMENT

NOK 1.000	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	FY 2014	FY 2013
Cash flow from operating activities	36,609	-3,067	-11,753	17,655	25,343	39,444	-32,566
Cash flow from investment activities	-13,952	-48,214	-23,496	-62,952	-20,546	-148,614	-61,919
Cash flow from financing activities	0	632	817	377	-3,853	1,826	-3,527
Net change in cash and cash equivalents	22,657	-50,649	-34,432	-44,920	944	-107,344	-98,012
Cash and cash equivalents per 01.01.	141,476	192,125	226,557	271,477	270,534	271,479	369,491
CASH AND CASH EQUIVALENTS	164,133	141,476	192,125	226,557	271,477	164,135	271,477

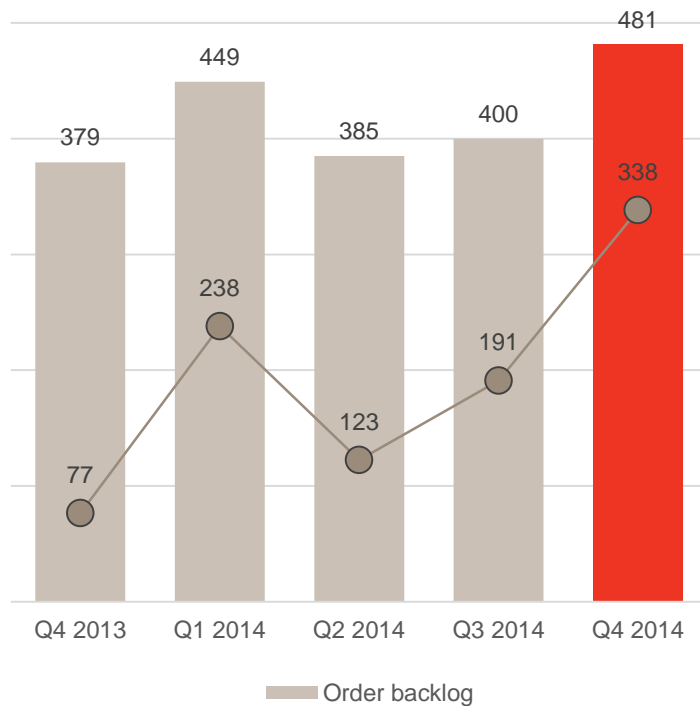
- Cash flow from operations positive with NOK 37 million due to positive EBITDA and improvements in working capital
- Cash flow from investment activities down to NOK -14 million, reflecting investments in technology

BALANCE SHEET

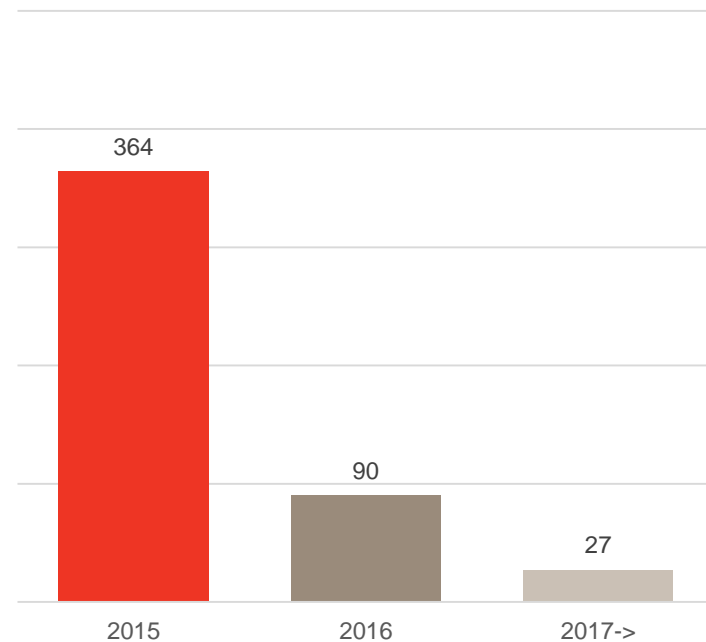
NOK 1.000	31/12/14	30/09/14	30/06/14	31/03/14	31/12/13
Total intangible assets	394,534	369,358	333,912	315,541	236,279
Non-current assets	51,799	60,433	61,108	63,252	63,071
Other current assets	294,361	287,573	246,936	268,790	303,136
Cash	164,133	141,476	192,125	226,557	271,477
Total assets	919,986	871,946	850,906	891,272	894,344
Total equity	465,581	524,964	520,624	505,158	504,526
Non-current liabilities	192,561	180,185	170,510	119,882	129,996
Current liabilities	261,844	166,796	159,772	221,103	269,936
Total liabilities	454,405	346,981	330,282	386,114	389,818
Total equity and liabilities	919,986	871,946	850,906	891,272	894,344
Equity ratio	50.6%	60.2%	61.2%	56.7%	56.4%
Net working capital	32,517	120,777	87,164	47,687	33,200
Net working capital % of 12m revenues	4%	18%	13%	7%	5%
Liquidity ratio	1.8	2.6	2.7	2.2	2.1

ORDER BACKLOG AND DELIVERY SCHEDULE

ORDER BACKLOG & ORDER INTAKE
NOK MILLION



ORDER BACKLOG DISTRIBUTION
NOK MILLION



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SUMMARY AND OUTLOOK

SUMMARY AND OUTLOOK

- Strong quarter following change in strategy and organisation
 - 71% revenue growth
 - Increased margins on expanding volumes
 - Strengthened cashflow and strong order intake
- Strategically well positioned
 - Developing joint offerings
 - Aligning the organisation towards the market
 - Realising technology and market synergies
 - Maintaining cost discipline

“An ITS company emerging”

Q&A
