



# Q2

PRESENTATION OF SECOND QUARTER AND FIRST HALF RESULTS 2017

PRESIDENT & CEO HÅKON VOLLDAL



LEADING THE WAY

# SUMMARY



# HIGHLIGHTS

## SECOND QUARTER 2017

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- 240 MNOK in revenues, 5% growth YoY
- 21 MNOK in EBITDA vs. 9 MNOK in Q2-16
- 218 MNOK in order intake, up 19% from Q2-16
- 1.3 bn NOK in order backlog maintained
- OPEX share of revenues down 5 pp on 12 month basis
- -5 MNOK in cash flow from operations

## FIRST HALF 2017

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- 476 MNOK in revenues, up 9% YoY
- 38 MNOK in EBITDA (7.9% margin), 14 MNOK 1H 2016
- 383 MNOK in order intake vs. 503 MNOK in 1H 2016

Revenues  
**240**

EBITDA  
**21**

Order intake  
**218**

Revenues  
**476**

EBITDA  
**38**

Order intake  
**383**

## Q2-17 AND 1H-17 KEY FINANCIALS

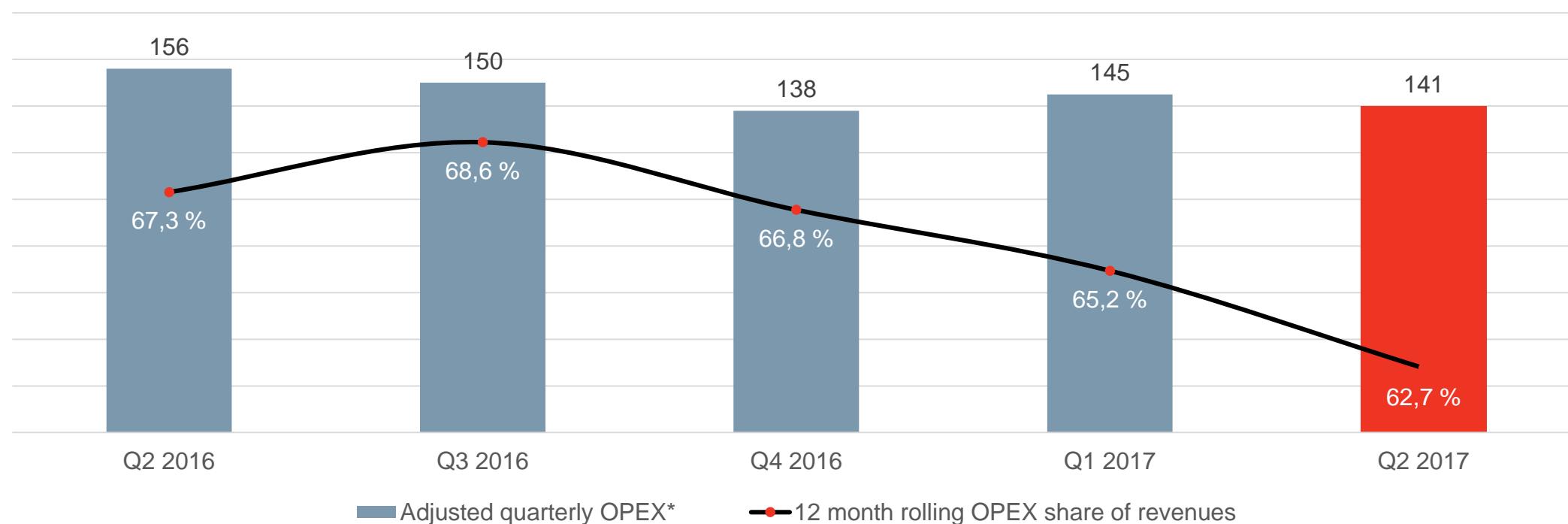
| MNOK                 | Q2 2017      | Q2 2016      | YoY<br>change  |
|----------------------|--------------|--------------|----------------|
| <b>Revenues</b>      | <b>240</b>   | <b>228</b>   | <b>5.3%</b>    |
| <b>Gross profit</b>  | <b>159</b>   | <b>162</b>   | <b>-1.9%</b>   |
| <i>Gross margin</i>  | <i>66.1%</i> | <i>71.0%</i> | <i>-4.9 pp</i> |
| <b>OPEX</b>          | <b>137</b>   | <b>153</b>   | <b>-10.0%</b>  |
| <b>EBITDA</b>        | <b>21</b>    | <b>9</b>     | <b>131%</b>    |
| <i>EBITDA margin</i> | <i>8.9%</i>  | <i>4.1%</i>  | <i>+4.8 pp</i> |
| <b>EBIT</b>          | <b>7</b>     | <b>-4</b>    |                |

|  | 1H 2017      | 1H 2016      | YoY<br>change  |
|--|--------------|--------------|----------------|
|  | <b>476</b>   | <b>438</b>   | <b>8.6%</b>    |
|  | <b>317</b>   | <b>307</b>   | <b>3.4%</b>    |
|  | <b>66.6%</b> | <b>70.0%</b> | <b>-3.4 pp</b> |
|  | <b>279</b>   | <b>293</b>   | <b>-4.6%</b>   |
|  | <b>38</b>    | <b>14</b>    | <b>172%</b>    |
|  | <b>7.9%</b>  | <b>3.2%</b>  | <b>+4.7 pp</b> |
|  | <b>9</b>     | <b>-13</b>   |                |

# OPEX AS SHARE OF REVENUES CONTINUE DOWNWARDS

## «NORMALIZED» OPEX DEVELOPMENT \*

NOK million



\* Reported OPEX excl. non-recurring items plus activated R&D expenses

NOTE: 2016 figures have been adjusted from previously shown figures due to divestment of PSG

# BUSINESS UPDATE

# REGION EUROPE & LATIN AMERICA (ELA) UPDATE

| ELA<br>(MNOK) | Q2<br>2017 | Q2<br>2016 | 1H<br>2017 | 1H<br>2016 |
|---------------|------------|------------|------------|------------|
| Revenues      | 113        | 82         | 208        | 164        |
| Order intake  | 61         | 52         | 99         | 95         |
| Order backlog | 656        | 249        |            |            |

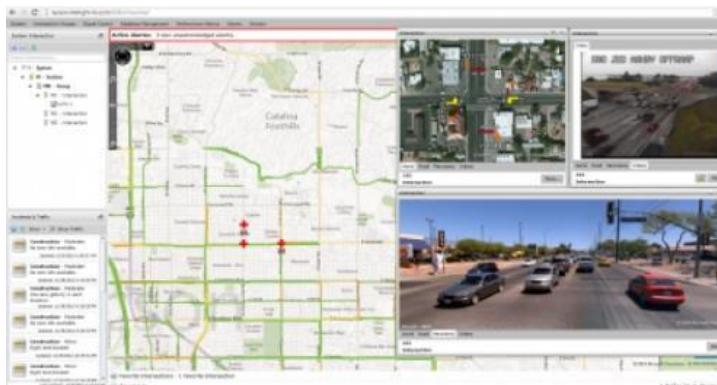
- 31 MNOK in YoY revenue growth due to Slovenia and good tag volumes
- Order intake driven by small and medium-sized tag and parking contracts in addition to a tolling contract in Spain
- Order backlog mainly consists of tag contracts, service & maintenance agreements, and the Slovenia truck tolling contract



# REGION NORTH AMERICA (NA) UPDATE

| NA<br>(MNOK)  | Q2<br>2017 | Q2<br>2016 | 1H<br>2017 | 1H<br>2016 |
|---------------|------------|------------|------------|------------|
| Revenues      | 75         | 62         | 154        | 116        |
| Order intake  | 82         | 62         | 113        | 130        |
| Order backlog | 292        | 127        |            |            |

- 13 MNOK YoY revenue growth due to VDOT contract deliveries and continued strong performance in service line Urban
- Order intake in the quarter comprised several new parking, urban, and inter-urban agreements
- Order backlog mainly consists of the VDOT contract plus misc. service and operations contracts



# REGION NORDIC UPDATE

| NORDIC<br>(MNOK) | Q2<br>2017 | Q2<br>2016 | 1H<br>2017 | 1H<br>2016 |
|------------------|------------|------------|------------|------------|
| Revenues         | 36         | 53         | 76         | 112        |
| Order intake     | 56         | 48         | 123        | 245        |
| Order backlog    | 308        | 339        |            |            |



- 17 MNOK YoY revenue decline due to limited tolling installations/upgrades in Norway and Sweden
- Order intake included a 3-year extension of a tolling service agreement in Gothenburg and a new ferry contract in Norway
- Order backlog consists of long-term agreements with NPRA in Norway and Trafikverket in Sweden plus ferry and parking agreements

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



| APMEA<br>(MNO <sup>K</sup> ) | Q2<br>2017 | Q2<br>2016 | 1H<br>2017 | 1H<br>2016 |
|------------------------------|------------|------------|------------|------------|
| Revenues                     | 17         | 31         | 38         | 46         |
| Order<br>intake              | 19         | 21         | 48         | 33         |
| Order<br>backlog             | 58         | 61         |            |            |



- 14 MNO<sup>K</sup> YoY revenue decline due to limited tag deliveries and upgrades of tolling systems in Thailand
- Order intake in the quarter mainly reflected signing of a new tag contract in Thailand
- Order backlog mostly consists of tags and roadside equipment for tolling in Thailand and Australia

# SERVICE LINE OVERVIEW

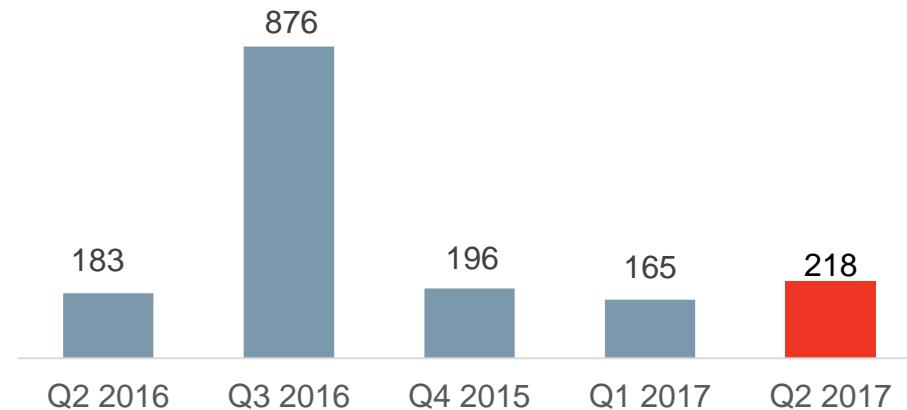
| NOK million  | Q2-17 REVENUES | YoY CHANGE | 1H-17 REVENUES | YoY CHANGE       | 1H-17 ORDER INTAKE | ORDER BACKLOG |
|--|----------------|------------|----------------|------------------|--------------------|---------------|
| TOLLING       | 144            | -14        | 271            | -18 (-6%)        | 210                | 1,011         |
| PARKING       | 12             | -11        | 34             | -18 (-35%)       | 29                 | 24            |
| INFOMOBILITY  | 16             | +6         | 34             | +8 (+31%)        | 18                 | 9             |
| URBAN         | 43             | +16        | 80             | +32 (+67%)       | 80                 | 50            |
| INTER-URBAN  | 25             | +15        | 57             | +34 (+148%)      | 47                 | 220           |
| <b>TOTAL</b>   | <b>240</b>     | <b>+12</b> | <b>476</b>     | <b>+38 (+9%)</b> | <b>383</b>         | <b>1,314</b>  |

# FINANCIAL UPDATE

# ORDER INTAKE IN Q2-17

## ORDER INTAKE DEVELOPMENT

NOK million

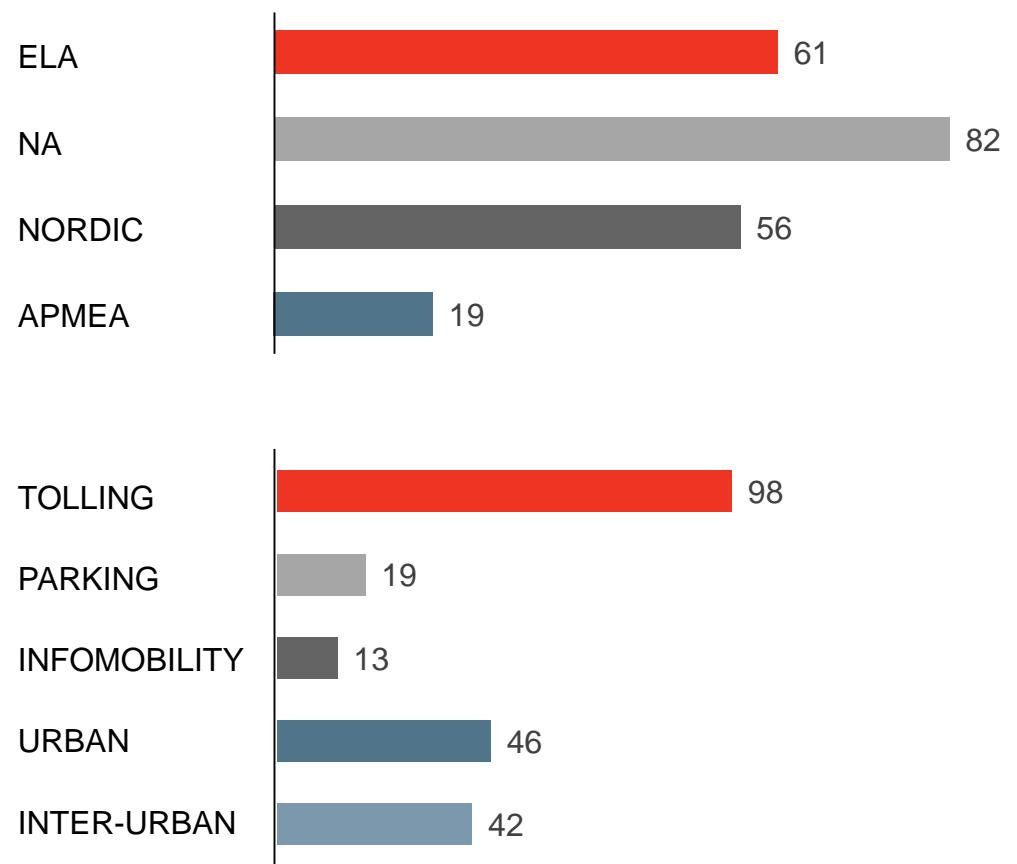


Order intake up 35 MNOK YoY (19% increase)

- New ferry contract in Norway, several tag contracts, and a new tolling system contract in Spain
- 120 MNOK in orders from other service lines than tolling - renewal of Inter-Urban service agreements and good growth in traffic controllers in the US

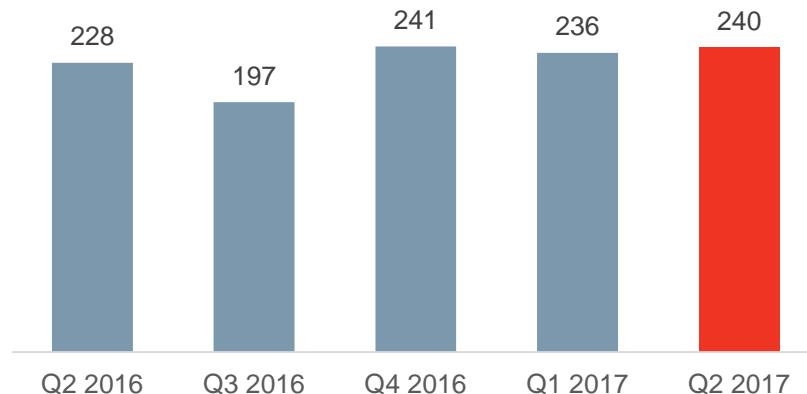
## ORDER INTAKE BREAKDOWN ON REGION/SERVICE LINE

NOK million



# REVENUES IN Q2-17

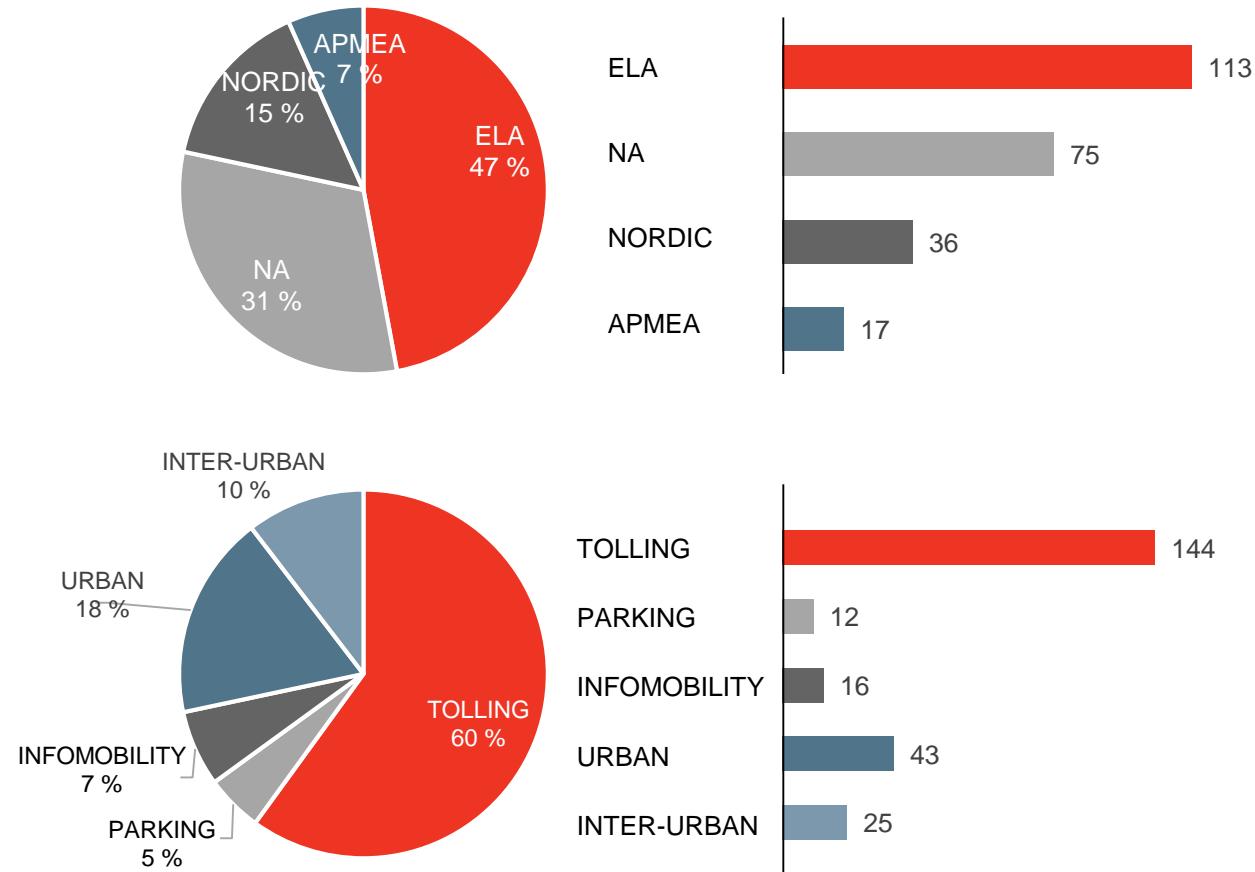
## QUARTERLY REVENUE DEVELOPMENT NOK million



Revenues up 12 MNOK (5% increase) from Q2 2016

- 38 MNOK in revenue recognition from Slovenia (16% of quarterly revenues)
- 96 MNOK in revenues from other service lines than tolling (up 37% YoY)

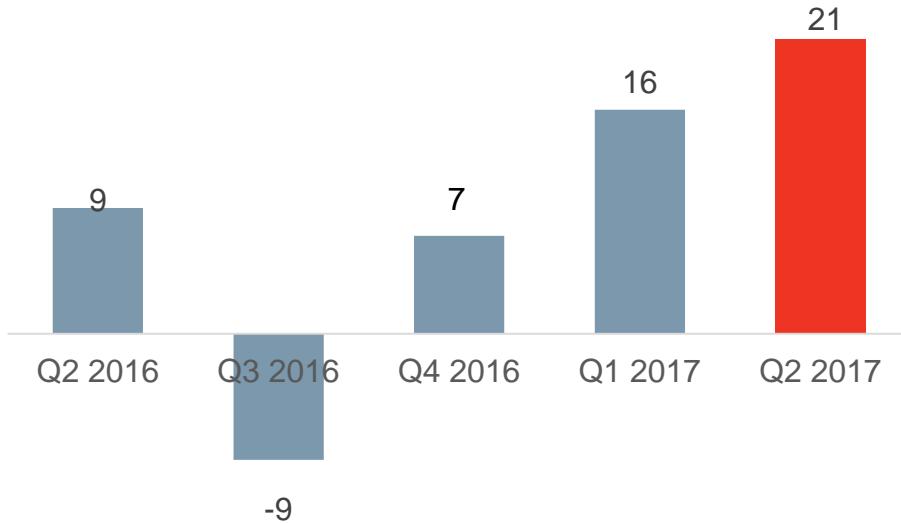
## Q2 REVENUE BREAKDOWN ON REGION/SERVICE LINE NOK million / Percent



# EBITDA IN Q2-17

## EBITDA EXCL. RESTRUCTURING COSTS

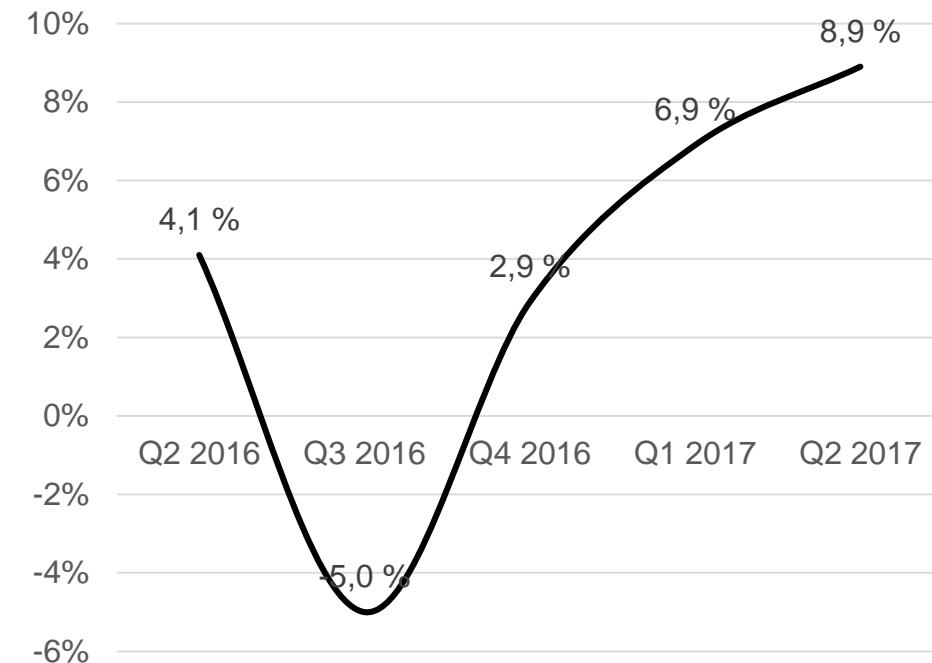
NOK million



- Best quarter since Q3-15, EBITDA up 12 MNOK YoY
- EBITDA margin up 5 p.p. versus both Q2-16 and 1H-16

## EBITDA MARGIN EXCL. NON-RECURRING COSTS

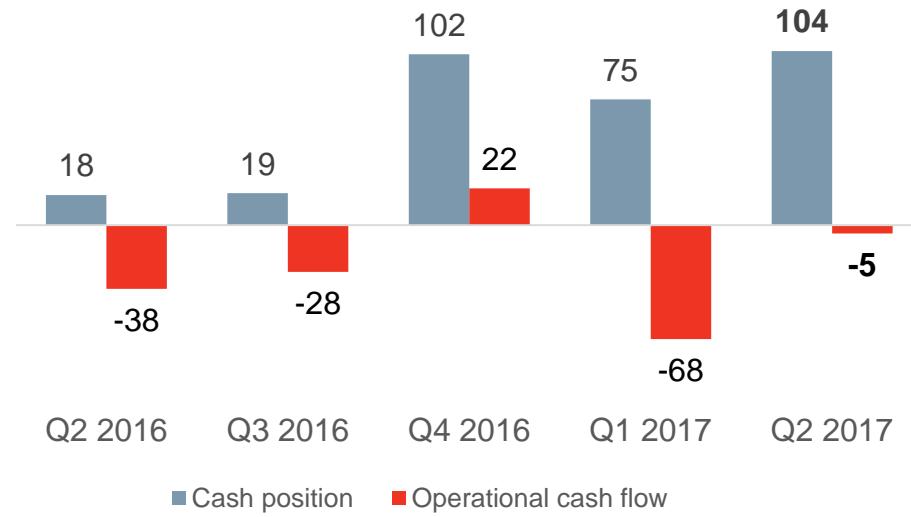
Percent



# CASH FLOW AND FINANCIAL POSITION END OF Q2-17

## CASH DEVELOPMENT

NOK million



- -5 MNOK in cash flow from operations reflects improvements in cash collection
- +38 MNOK in cash flow from financing for Slovenia and VDOT
- -4 MNOK in cash flow from investments

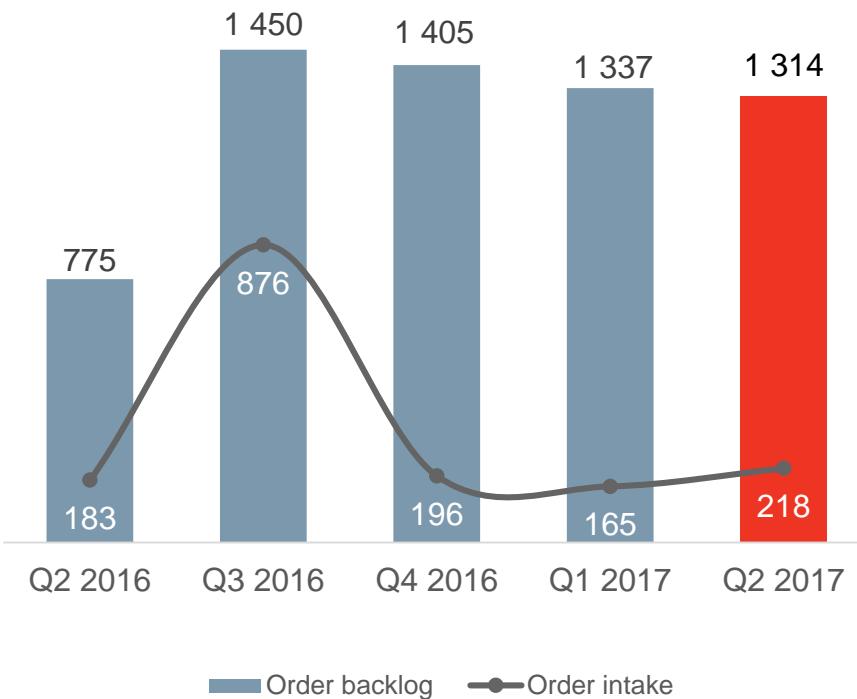
## FINANCIAL POSITION

NOK million / Percent

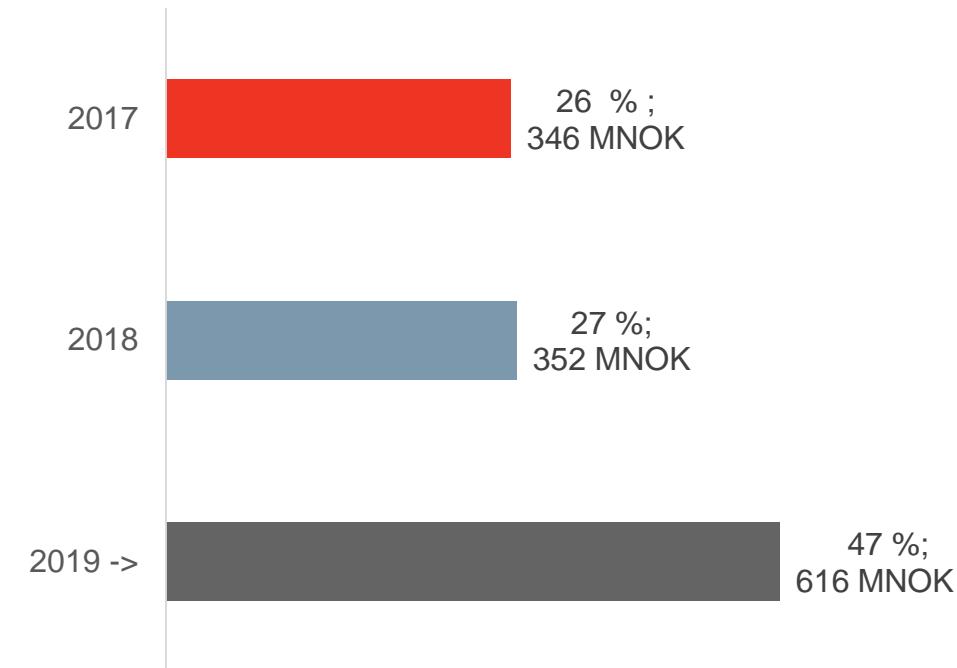
|   | March 31, 2017 | June 30, 2017 |
|---|----------------|---------------|
| Total intangible assets                                       | 506            | 498           |
| Net working capital<br>(excl. cash and interest-bearing debt) | 221            | 243           |
| Net working capital % of<br>12 months revenues                | 25 %           | 27 %          |
| Equity ratio  | 42.9 %         | 42.2 %        |
| Gross interest bearing debt                                   | 278            | 315           |
| Net interest bearing debt                                     | 203            | 212           |

# ORDER BACKLOG AND DELIVERY SCHEDULE END OF Q2-17

**ORDER BACKLOG**  
NOK million



**EXPECTED DELIVERY SCHEDULE**  
NOK million / Percent



# OUTLOOK

# OUR 2016-2021 STRATEGY

2H 2016



2017 – 2018



2019 – 2020



2021 ->



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

- 134 MNOK in new equity raised
- 22 MNOK in cash flow from operations in Q4-16
- 1.4 bn in order backlog end of 2016
- ~50 MNOK in gross OPEX savings executed
- Security division divested

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

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

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

*Explore transformative / game changing transactions*

# PHASE 2 FINANCIAL TARGETS AND PROGRESS

**Deliver double digit revenue growth**

## What we said we will do:

- Convert record order backlog to revenues
- Backfill order backlog to sustain momentum

**Improve margins**

- Manage key projects tightly
- Maintain OPEX discipline
- Implement COGS reductions

**Deliver positive cash flow from operations (2018 ->)**

- Reduce working capital
- Reduce project dependency

## Progress so far:

- Revenues up 9% YTD
- ~350 MNOK in order backlog scheduled for deliveries in 2H 2017
- Good pipeline of potential new projects

- EBITDA margin up 5 pp YTD
- OPEX as share of revenues down 5 pp on rolling 12M basis and 8 pp YTD
- EBITDA from current business will increase in 2H-17 compared to 1H-17 provided key projects stay on track

- Significantly improved cash collection
- Increasing revenues from other service lines than tolling provide stability

# INTERESTING SHORT- AND MID-TERM OPPORTUNITIES

## THAILAND



- Highway/motorway tolling projects
- Traffic controller system for Bangkok

## INDONESIA



- Congestion charging system in Jakarta
- Nationwide ETC conversion

## SWEDEN



- Roadside equipment Stockholm
- Parking expansion

## USA



- Traffic management system upgrades and expansions
- ALPR improvement programs

## NORWAY



- Central system and roadside equipment for ferries
- Tolling expansion in Oslo, Bergen and other cities

## FRANCE



- Tag contracts
- Parking expansion

# THE NEW NB-IOT PARKING SENSOR – A NEW VOLUME PRODUCT FOR Q-FREE?



- New radar-based wireless parking sensor to be launched end of 2017
- Sensor seen as a very interesting early application of NB-IoT technology
- Strong interest from international telecom operators following early pilot testing with Telenor in Norway
- More than 41 million regulated and 190 million non-regulated parking spaces in Europe alone
- Sensor has the potential to become the «tag» equivalent for parking over time



# Q&A