

Q3

PRESENTATION OF THIRD QUARTER 2017 RESULTS

PRESIDENT & CEO HÅKON VOLLDAL / CFO TOR EIRIK KNUTSEN



LEADING THE WAY

SUMMARY



HIGHLIGHTS

- **Strong organic revenue growth:** 18% YoY
- **Continued cost reductions:** 5% YoY OPEX reduction and 9 pp OPEX/revenue reduction
- **Significant profitability improvement:** 33 MNOK in EBITDA (14.2% margin) before NPRA settlement fees
- **Good cash generation:** 13 MNOK in cash flow from operations and 129 MNOK in cash at hand (up 26 MNOK QoQ)

Q3-17 AND YTD KEY FINANCIALS

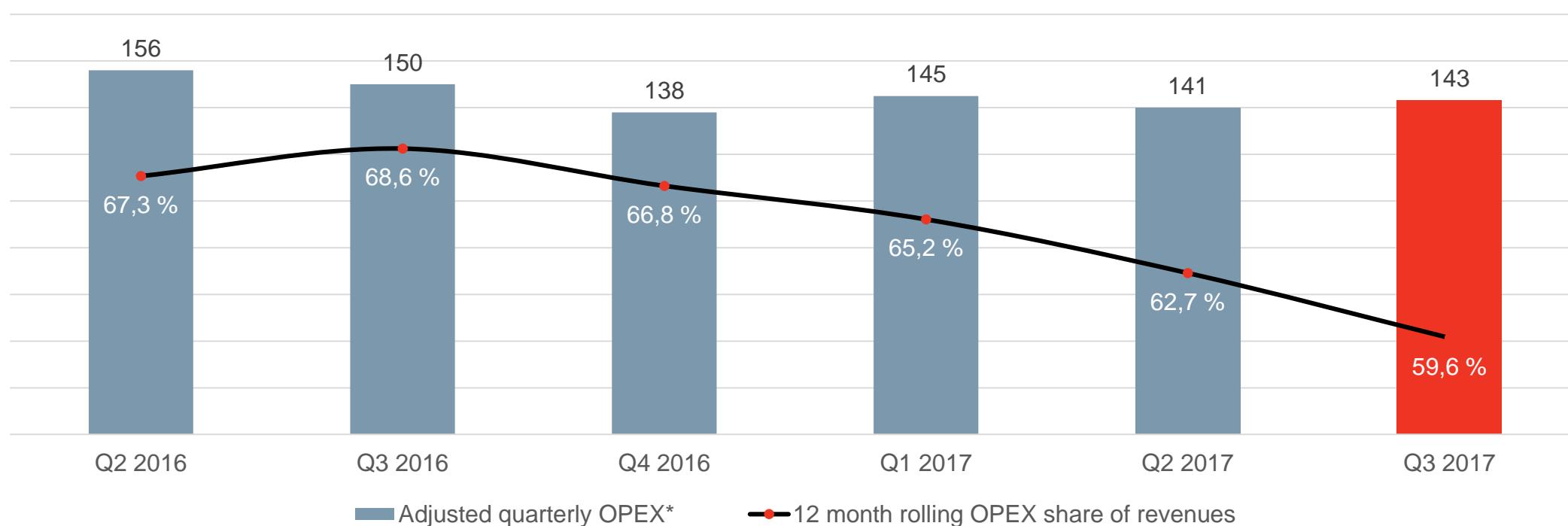
MNOK	Q3 2017	Q3 2016	YoY change
Revenues	233	197	18.1%
Gross profit	173	138	25.9%
<i>Gross margin</i>	<i>74.2%</i>	<i>69.6%</i>	<i>4.6 pp</i>
OPEX	140	147	-5.0%
EBITDA (excl. non-recurring items)	33	-10	
<i>EBITDA margin (excl. Non-recurring items)</i>	<i>14.2%</i>	<i>-4.9%</i>	<i>+19.1 pp</i>
EBITDA	5	-25	
<i>EBITDA margin</i>	<i>2.3%</i>	<i>-12.8%</i>	<i>+15.1 pp</i>
EBIT	-9	-38	

YTD 2017	YTD 2016	YoY change
709	636	11.5%
490	444	10.4%
<i>69.1%</i>	<i>69.9%</i>	<i>-0.8 pp</i>
419	440	-4.7%
71	4	
<i>10.0%</i>	<i>0.6%</i>	<i>+9.4 pp</i>
43	-11	
<i>6.1%</i>	<i>-1.8%</i>	<i>+7.9 pp</i>
0.2	-52	

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

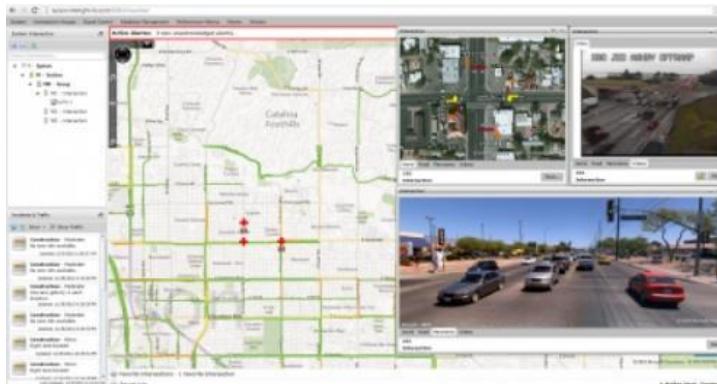
ELA (MNOK)	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Revenues	109	57	318	220
Order intake	36	591	134	686
Order backlog	583	783		



- 52 MNOK in YoY revenue growth due to Slovenia and high tag deliveries
- Small tolling, parking and infomobility contracts booked in the quarter.
- Order intake does not include an infomobility frame agreement in the UK with a potential value of 75 MNOK
- Order backlog mainly consists of tag contracts, service & maintenance agreements, and the Slovenia truck tolling contract

REGION NORTH AMERICA (NA) UPDATE

NA (MNO ^K)	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Revenues	59	52	213	168
Order intake	42	258	156	388
Order backlog	276	329		



- 7 MNO^K in YoY revenue growth amid VDOT contract deliveries and stable strong performance in service line Urban
- Order intake in the quarter comprised a 25 MNO^K tolling contract with Transcore and several small parking, urban, and inter-urban agreements
- Order backlog mainly consists of the VDOT contract plus misc. service and operations contracts

REGION NORDIC UPDATE

NORDIC (MNOK)	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Revenues	41	60	117	172
Order intake	10	10	133	255
Order backlog	277	289		



- 19 MNOK YoY revenue decline due to limited tolling installations/upgrades in Norway and Sweden
- Order intake does not include a 12 month extension of the optional period for CS Norway services worth up to 100 MNOK
- 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 (MNOK)	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Revenues	24	29	62	75
Order intake	12	17	60	50
Order backlog	46	49		

- 5 MNOK YoY revenue decline due to limited roadside projects in Thailand
- Order intake in the quarter mainly reflected signing of a new tag contract in Australia
- Order backlog mostly consists of tags and roadside equipment for tolling in Thailand and Australia



SERVICE LINE OVERVIEW

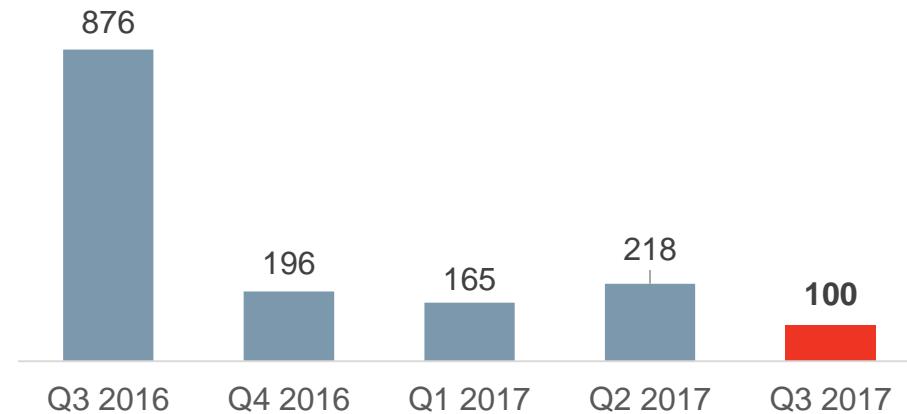
NOK million	Q3-17 REVENUES	YoY CHANGE	YTD-17 REVENUES	YoY CHANGE	YTD ORDER INTAKE	ORDER BACKLOG
TOLLING 	159	+25	429	+6	250	894
PARKING 	11	-7	45	-25	36	21
INFOMOBILITY 	14	+6	48	+14	34	10
URBAN 	26	+1	106	+33	99	43
INTER-URBAN 	23	+10	81	+45	64	214
TOTAL	233	+36 (+18%)	709	+73 (+12%)	483	1,182

FINANCIAL UPDATE

ORDER INTAKE IN Q3-17

ORDER INTAKE DEVELOPMENT

NOK million

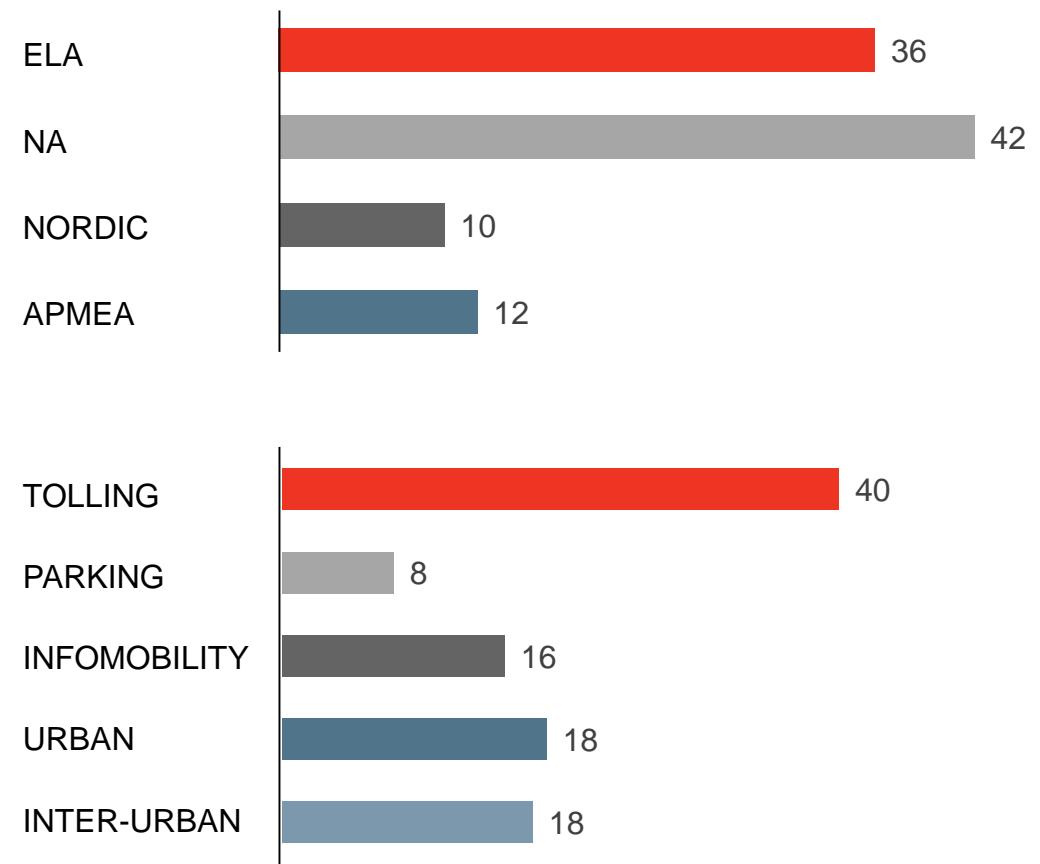


Order intake down YoY due to 2 large contracts booked in Q3-16

- A 12 month extension of the optional period for CS Norway services worth up to 100 MNOK is not included
- A 3+2 year infomobility frame agreement worth up to 75 MNOK is not included
- Several ongoing bids and tenders for medium-sized contracts

ORDER INTAKE BREAKDOWN ON REGION/SERVICE LINE

NOK million



REVENUES IN Q3-17

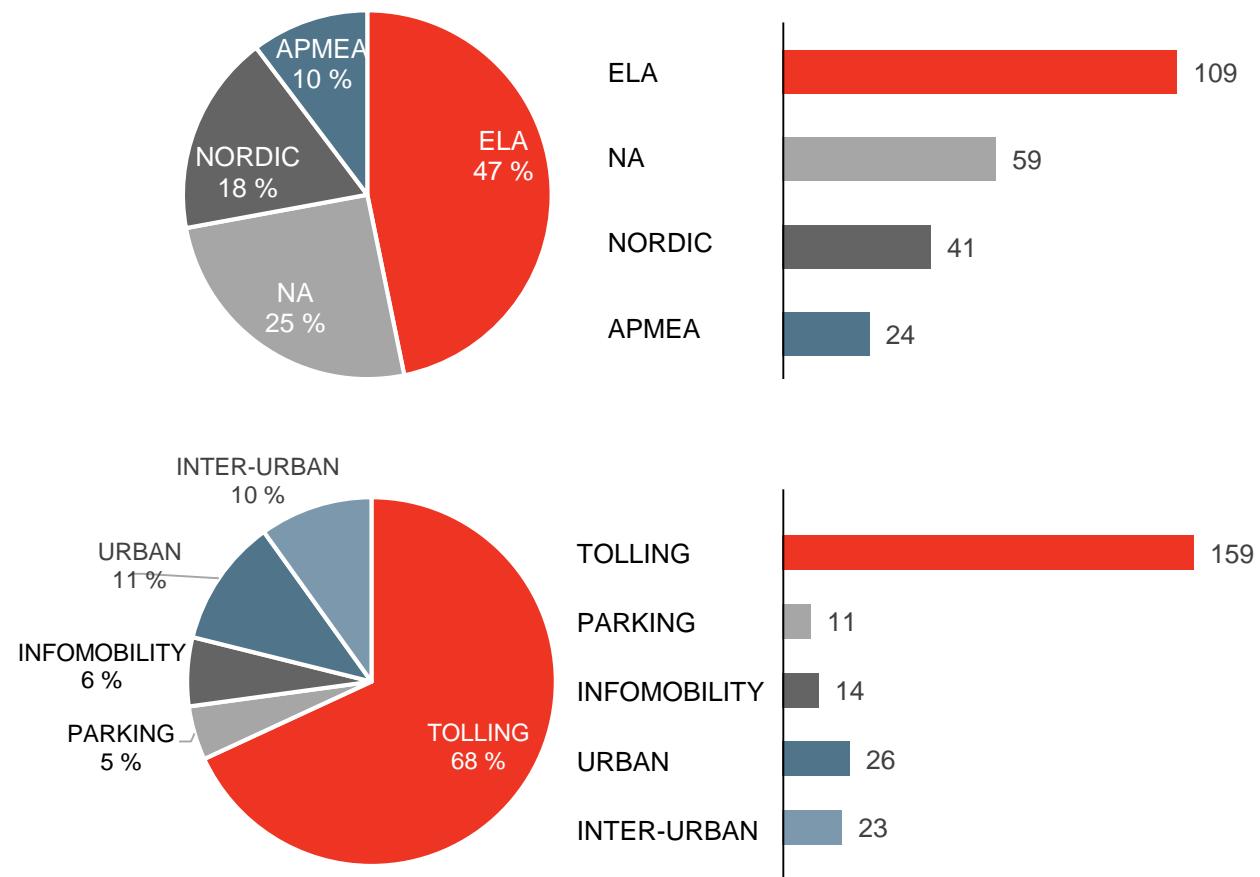
QUARTERLY REVENUE DEVELOPMENT NOK million



Revenues up 36 MNOK from Q3 2016

- 159 MNOK in revenues from tolling including 36 MNOK from Slovenia truck tolling project
- 75 MNOK in revenues from non-tolling service lines

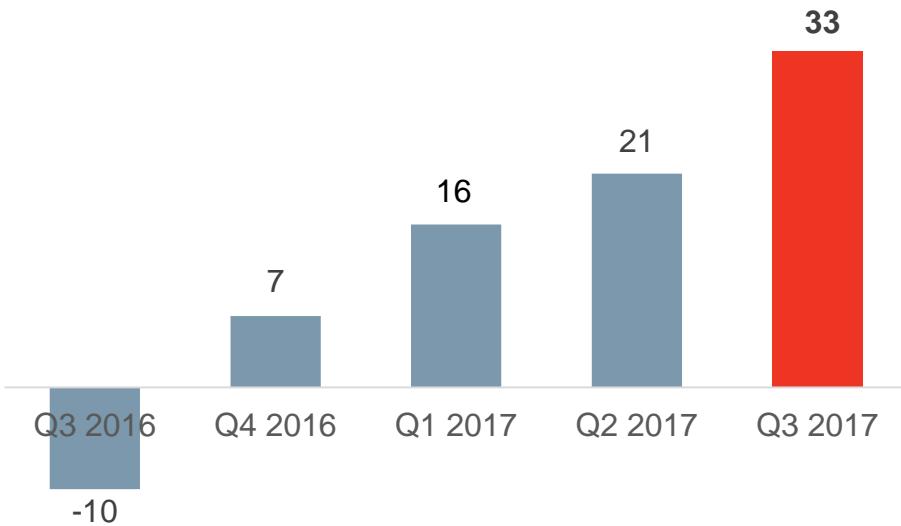
Q3 REVENUE BREAKDOWN ON REGION/SERVICE LINE NOK million / Percent



EBITDA IN Q3-17

EBITDA EXCL. NON-RECURRING ITEMS

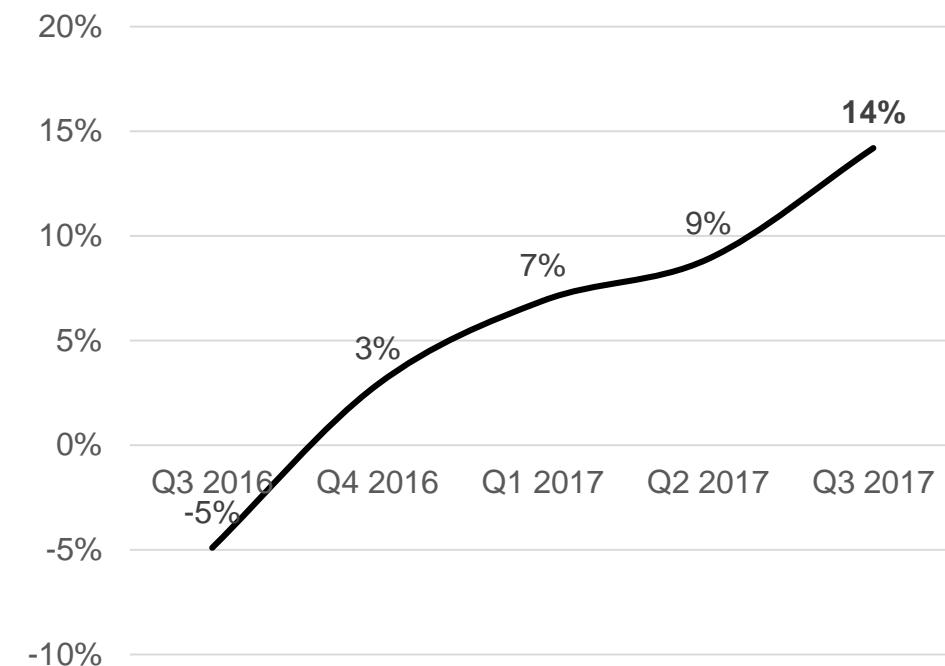
NOK million



- EBITDA excl. non-recurring items up 43 MNOK YoY
- EBITDA margin excl. non-recurring items up 19.1 percentage points versus Q3-16 and 9.4 percentage points YTD
- 28 MNOK settlement with NPRA over historic invoicing for CS Norway services impacts numbers negatively in Q3-17

EBITDA MARGIN EXCL. NON-RECURRING ITEMS

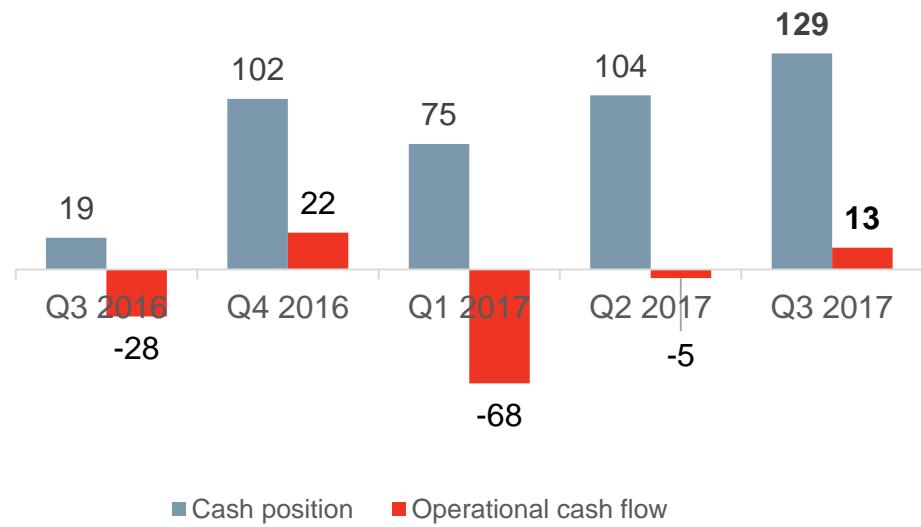
Percent



CASH FLOW AND FINANCIAL POSITION END OF Q3-17

CASH DEVELOPMENT

NOK million



- 13 MNOK in cash flow from operations mainly due to strong cash collection and VDOT release 1 payment
- 18 MNOK in cash flow from financing for Slovenia and VDOT
- -5 MNOK in cash flow from investments on tolling and parking

FINANCIAL POSITION

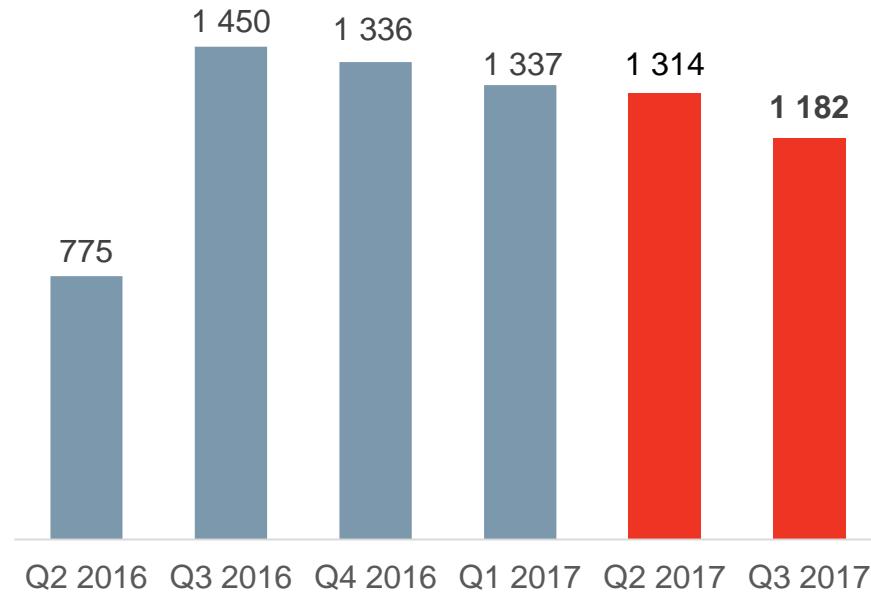
NOK million / Percent

	September 30, 2017	June 30, 2017
Total intangible assets	473	498
Net working capital (excl. cash and interest-bearing debt)	235	243
Net working capital % of 12 months revenues	25 %	27 %
Equity ratio	39.2 %	42.2 %
Gross interest bearing debt	339	315
Net interest bearing debt	209	212

ORDER BACKLOG AND DELIVERY SCHEDULE END OF Q3-17

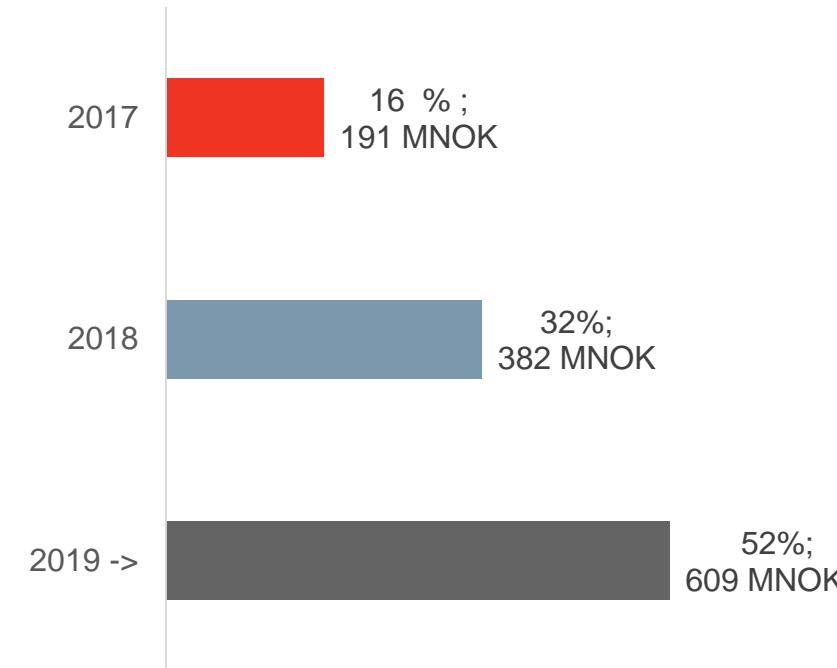
ORDER BACKLOG

NOK million



EXPECTED DELIVERY SCHEDULE

NOK million / Percent



OUTLOOK

OUR 2016-2021 STRATEGY

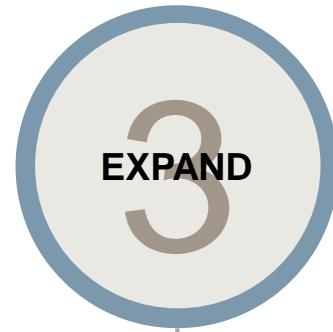
2H 2016



2017 – 2018



2019 – 2020



2021 ->



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

- 134 MNOK in new equity raised
- ~50 MNOK in gross OPEX savings executed
- 22 MNOK in cash flow from operations in Q4-16
- 1.4 bn in order backlog end of 2016
- 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 and increase recurring revenues

Progress so far:

- Revenues up 12% YTD, 191 MNOK in order backlog scheduled for deliveries in Q4 2017
- Good pipeline of potential new projects, but need new medium-sized contracts to sustain growth

- 10% EBITDA margin YTD, up 9 pp vs. 2016
- OPEX as share of revenues down 10 pp YTD (9 pp on rolling 12M basis)
- Several COGS reductions implemented

- Significantly improved cash collection and large reduction in overdue receivables
- Increasing number of transaction-based tolling contracts (US+ferries) and non-tolling contracts build recurring revenue base

SHORT- AND MID-TERM OPPORTUNITIES (EXAMPLES)

THAILAND



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

INDONESIA



- Congestion charging system in Jakarta
- Nationwide ETC conversion

USA



- Traffic management system upgrades and expansions
- Traffic controller system contracts
- Image based solutions (tolling++)
- Parking guidance expansion

NORWAY



- Tag mini-tenders
- Expansion of roadside equipment in Oslo and other cities
- New central system(s) for AutoPASS
- Roadside equipment for ferries

SWEDEN



- Service and maintenance contract
- Roadside equipment Stockholm

FRANCE/SPAIN/PORTUGAL



- Tag tenders
- Highway/motorway tolling projects
- Parking guidance expansion

CHILE



- Tag tenders
- Roadside equipment
- Service and maintenance contract

Q&A