

Q2

PRESENTATION OF SECOND QUARTER AND FIRST HALF 2018 RESULTS

President & CEO Håkon Volldal / CFO Tor Eirik Knutsen



SUMMARY

HIGHLIGHTS

SECOND QUARTER 2018

- **226** MNOK in revenues, down 6% YoY due to finalisation of initial Slovenia delivery and portfolio adjustments
- **31** MNOK in EBITDA (14% margin), up 43% YoY and the 7th consecutive quarter with YoY EBITDA improvement
- **252** MNOK in order intake, up 16% YoY, plus 105-125 MNOK in estimated value from new frame agreements
- **1 060** MNOK in order backlog, up from 1 026 at the end of Q1-18 (not including 250-300 MNOK in frame agreements)
- **148** MNOK in operating cash flow, up from -5 MNOK in Q2-17
- Parking revenue management business in Malta closed down end of June

FIRST HALF 2018

- **430** MNOK in revenues, down 10% from H1-17
- **47** MNOK in EBITDA (11% margin), up 24% from H1-17 due to favourable product mix and good cost control
- **455** MNOK in order intake, up 19% from 383 MNOK in H1-17 (plus 105-125 MNOK in estimated value from new frame agreements)
- **106** MNOK in operating cash flow, up from -73 MNOK in H1-17
- Portfolio restructuring finalized (Serbia, Malta, PSG and Brazil)

Q2-18 AND H1-18 KEY FINANCIALS

MNOK	Q2 2018	Q2 2017	YoY Change
Revenues	226	240	-6.1%
Gross contribution	145	136	+6.7%
<i>Gross margin</i>	64.2%	56.5%	+7.7 pp
OPEX	114	114	0%
EBITDA (excl. non-recurring items)	31	21	+42.8%
<i>EBITDA margin (excl. Non-recurring items)</i>	13.6%	8.9%	+4.7 pp
EBITDA	31	21	42.8%
<i>EBITDA margin</i>	13.6%	8.9%	+4.7 pp
EBIT	19	7	+168.5%
<i>EBIT margin</i>	8.2%	2.9%	+5.3 pp

H1 2018	H1 2017	YoY Change	FY 2017
430	476	-9.7%	973
282	274	+2.8%	591
65.6%	57.6%	+8.0 pp	60.7%
235	237	-0.6%	481
47	38	+24.0%	110
10.9%	7.9%	+3.0 pp	11.3%
47	38	+24.0%	83
10.9%	7.9%	+3.0 pp	8.5%
22	9	+154.5%	4
5.2%	1.8%	+3.4 pp	0.4%



BUSINESS UPDATE

TOLLING



TOLLING
DSRC TAGS & READERS
ALPR/ANPR SOLUTIONS
ELECTRONIC TOLL COLLECTION
CONGESTION CHARGING

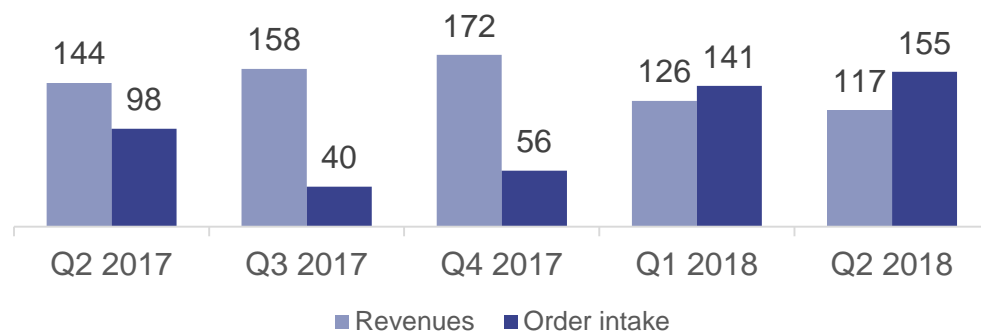
REVENUES AND EBITDA

NOK million

	Q2-18	Q2-17	H1-18	H1-17
EUROPE	83	105	185	194
APMEA	16	12	28	28
AMERICAS	18	27	30	49
REVENUES	117	144	244	271
EBITDA	19	20	48	32

REVENUE AND ORDER INTAKE DEVELOPMENT

NOK million



HIGHLIGHTS

- Revenues down 19% YoY
 - EUROPE: Lower revenue recognition in Slovenia as project is entering service and maintenance phase
 - AMERICAS: Lower activity in Chile + Brazil exit
- EBITDA contribution driven by favorable product mix (tags+ALPR)
- Significant increase in order intake
 - Great Belt bridge in Denmark (70 MNOK)
 - Chile tags (20 MNOK)
 - Service and maintenance contract renewals in Europe (25 MNOK)
 - 65 MNOK tag frame agreement with VINCI in France NOT included in order intake
- Q-Free was announced as 1 of 3 prequalified vendors for the ERP project in Jakarta

PARKING



PARKING
PARKING GUIDANCE
PARKING ACCESS CONTROL

REVENUES AND EBITDA

NOK million

	Q2-18	Q2-17	H1-18	H1-17
EUROPE	8	5	13	16
APMEA	2	1	2	3
AMERICAS	6	6	11	15
REVENUES	16	12	26	34
EBITDA	-3	-1	-8	3

REVENUE AND ORDER INTAKE DEVELOPMENT

NOK million



HIGHLIGHTS

- Revenues up 33% YoY despite divestment of revenue management business (Malta)
- Low EBITDA contribution
 - Close down costs related to Malta
 - High development costs related to new outdoor parking sensor
- Good order intake driven by AMERICAS and APMEA
- New outdoor parking sensor + base station + data collection platform expected to drive sales from Q4-18



REVENUES AND EBITDA

NOK million

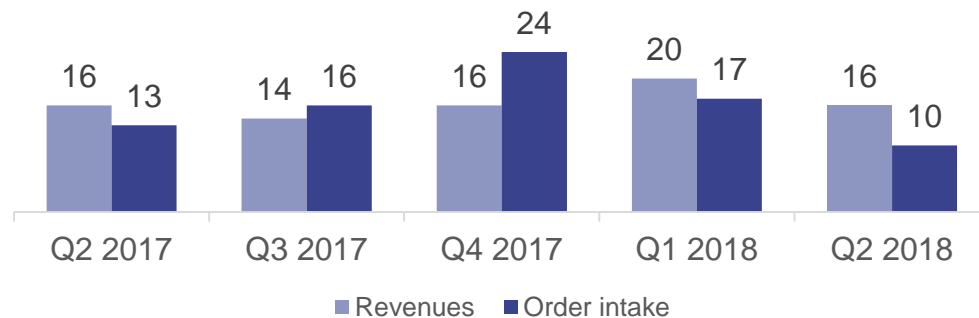
	Q2-18	Q2-17	H1-18	H1-17
EUROPE	12	11	31	23
APMEA	1	4	1	7
AMERICAS	3	2	3	3
REVENUES	16	16	36	34
EBITDA	2	3	7	7

HIGHLIGHTS

- Revenues flat YoY – EUROPE and AMERICAS up, APMEA down
- EBITDA contribution slightly down due to lower ALPR revenues
- Soft order intake as we wait for purchase orders on signed frame agreements in AMERICAS

REVENUE AND ORDER INTAKE DEVELOPMENT

NOK million





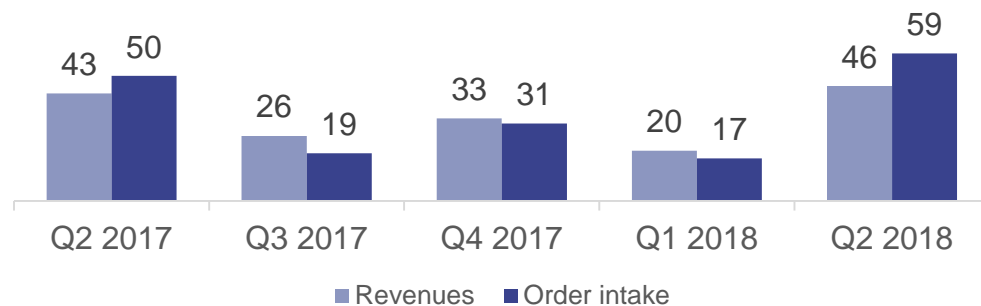
REVENUES AND EBITDA

NOK million

	Q2-18	Q2-17	H1-18	H1-17
EUROPE	0	7	0	8
APMEA	0	0	0	0
AMERICAS	46	35	66	72
REVENUES	46	43	66	80
EBITDA	18	6	12	10

REVENUE AND ORDER INTAKE DEVELOPMENT

NOK million



HIGHLIGHTS

- Revenues up 9% versus last year
 - EUROPE: Serbia divested in Q1-18
 - AMERICAS: SW rollout with GDOT, production and delivery capacity normalized after component shortage in Q1
- Solid EBITDA contribution driven by high share of SW revenues
- Good order intake
 - GDOT connected vehicles SW (delivered during the quarter)
 - New contract to integrate signal processing in Open TMS for PennDOT (~15 MNOK)
 - From pilot contracts of 200-300 kUSD to 2-3 MUSD contracts and large projects (10-20 MUSD)

INTER-URBAN



INTER-URBAN
ADVANCED TRAFFIC MANAGEMENT
TRAFFIC INFORMATION
RAMP METERING
TRUCK PARKING

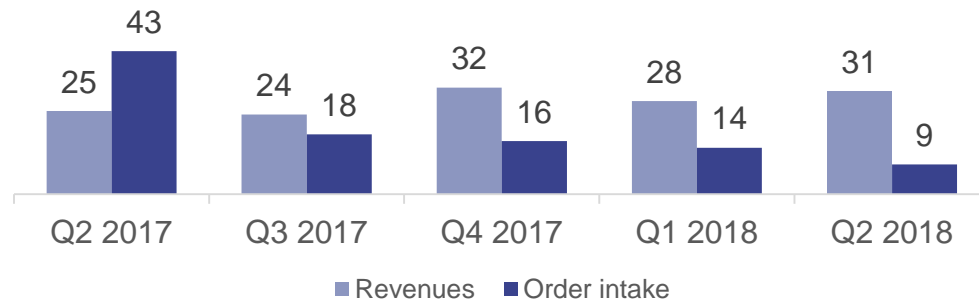
REVENUES AND EBITDA

NOK million

	Q2-18	Q2-17	H1-18	H1-17
EUROPE	6	7	13	13
APMEA	0	0	0	0
AMERICAS	25	18	45	44
REVENUES	31	25	58	57
EBITDA	0	1	4	6

REVENUE AND ORDER INTAKE DEVELOPMENT

NOK million



HIGHLIGHTS

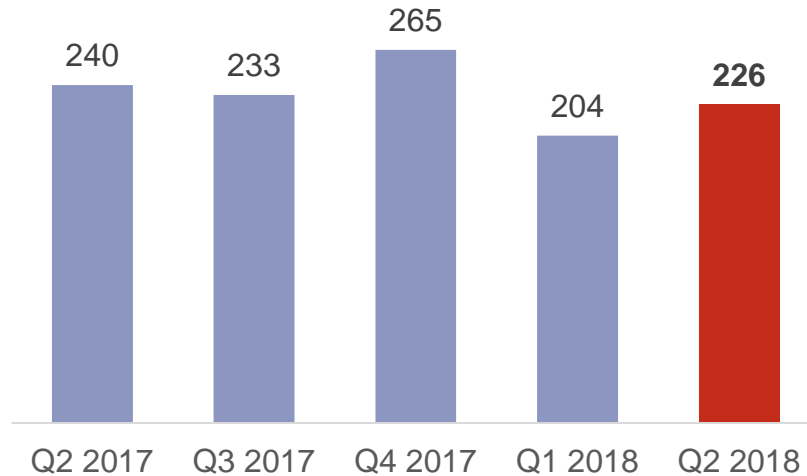
- Revenues up more than 20% YoY
 - US statewide contracts plus Slovenia highway monitoring system generate recurring revenues
 - Task orders provide additional revenues
- Low EBITDA contribution due to phasing of VDOT contract and limited task orders in the period
- Solid order intake if the new frame agreement for border control in Norway is included
 - New contract to integrate signal processing in Open TMS for PennDOT (5 MNOK)
 - Misc task orders
 - *Frame agreement with Norwegian Customs to provide ALPR cameras for nationwide border control system (40-60 MNOK) NOT included in order intake*

FINANCIAL UPDATE

REVENUES IN Q2-18

QUARTERLY REVENUES

NOK million

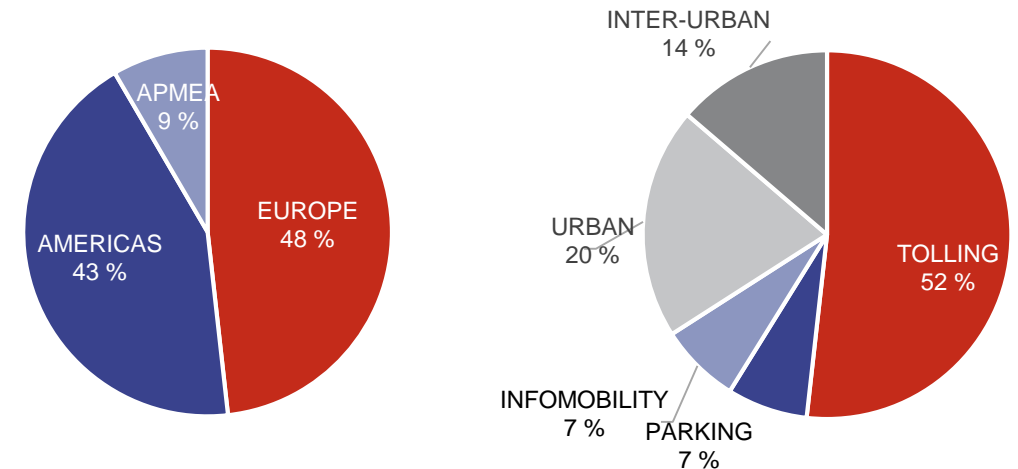


Revenues down 6% from Q2 2017

- Tolling revenues down 19% (27 MNOK) YoY due to 25 MNOK lower revenue recognition from Slovenia and Chile projects
- Non-tolling revenues up 13% (13 MNOK) YoY despite exit from Serbia and Malta

REVENUE BREAKDOWN ON REGION/SERVICE LINE

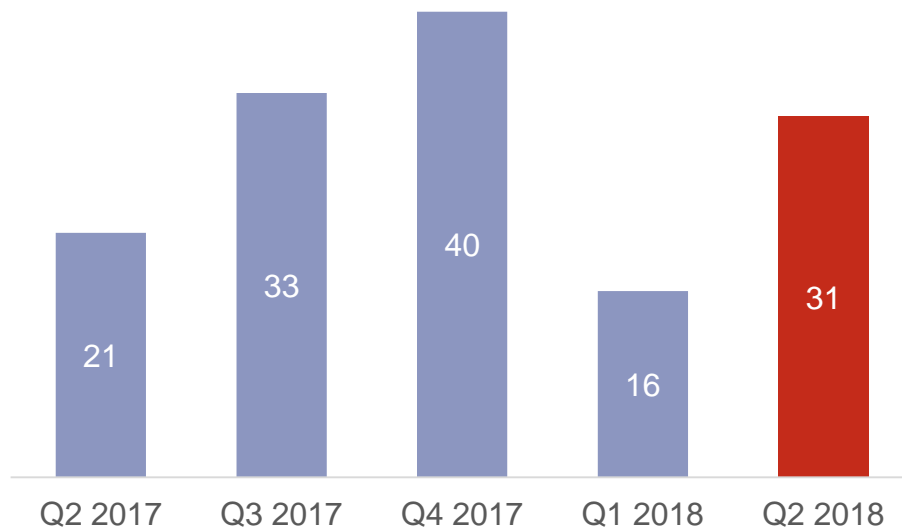
Percent



- EUROPE is still largest region with 48% of revenues, down from 56% in Q2-17
- Tolling accounted for 52% of revenues in the quarter, down from 60% in Q2-17

EBITDA IN Q2-18

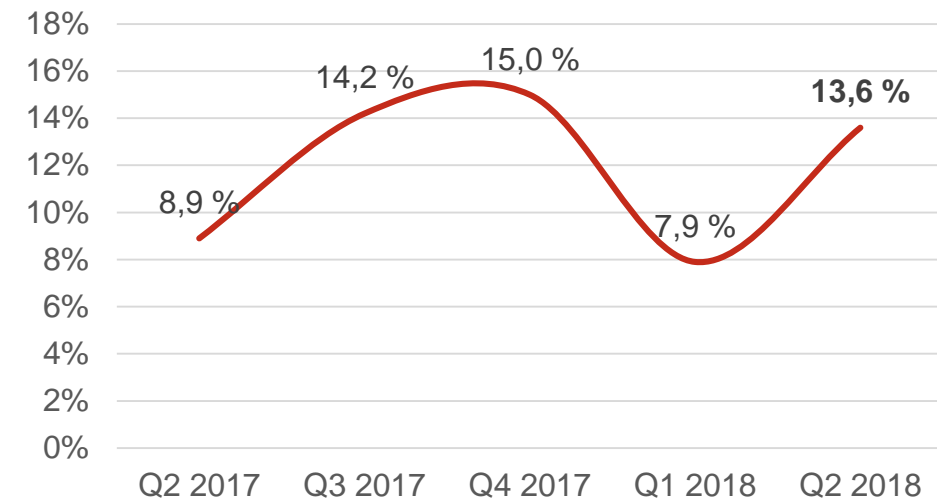
EBITDA EXCL. NON-RECURRING ITEMS NOK million



43% YoY EBITDA improvement driven by favorable product and project mix

- High tag volumes
- High share of SW deliveries in urban
- Close down of unprofitable operations

EBITDA MARGIN EXCL. NON-RECURRING ITEMS Percent

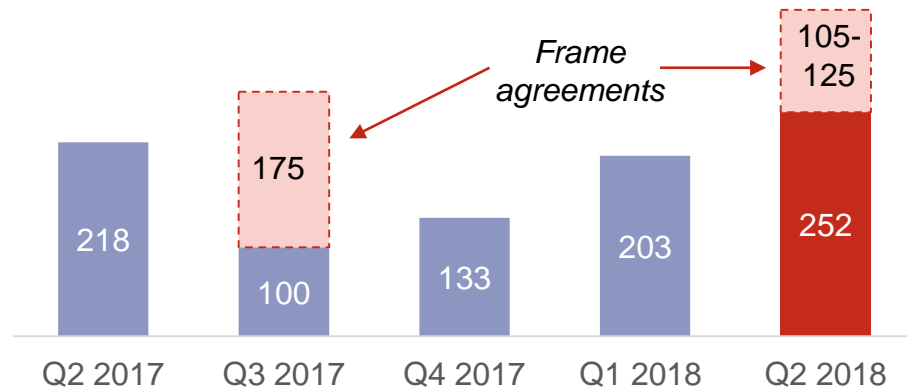


- 7th consecutive quarter with YoY improvement in EBITDA margin
- Year to date EBITDA margin at 10.9% despite revenue decrease

ORDER INTAKE IN Q2-18

ORDER INTAKE

NOK million

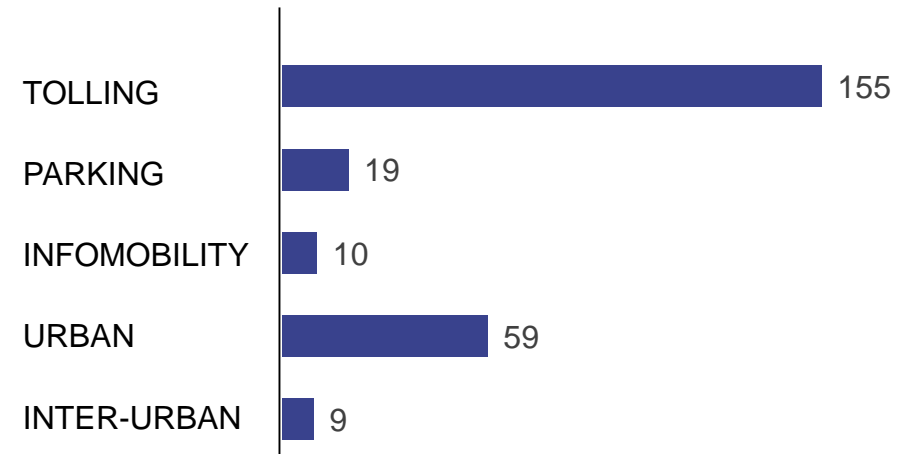


Best order intake since Q3-16

- 252 MNOK in confirmed orders, of which 90 MNOK were announced
- 105-125 MNOK in signed frame agreements with high likelihood of being fulfilled

ORDER INTAKE BREAKDOWN SERVICE LINE

NOK million



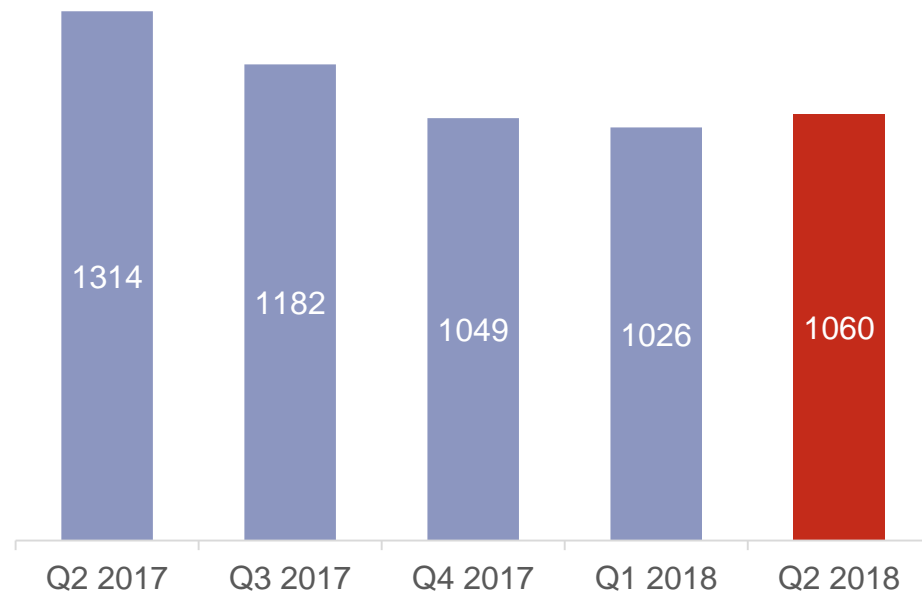
Key contracts in the quarter included

- Tolling: Great Belt bridge in Denmark (70 MNOK), tags in Chile (20 MNOK), service contract renewals (25 MNOK)
- Non-tolling: PennDOT (20 MNOK) and GDOT (15 MNOK)

ORDER BACKLOG AND DELIVERY SCHEDULE END OF Q2-18

ORDER BACKLOG

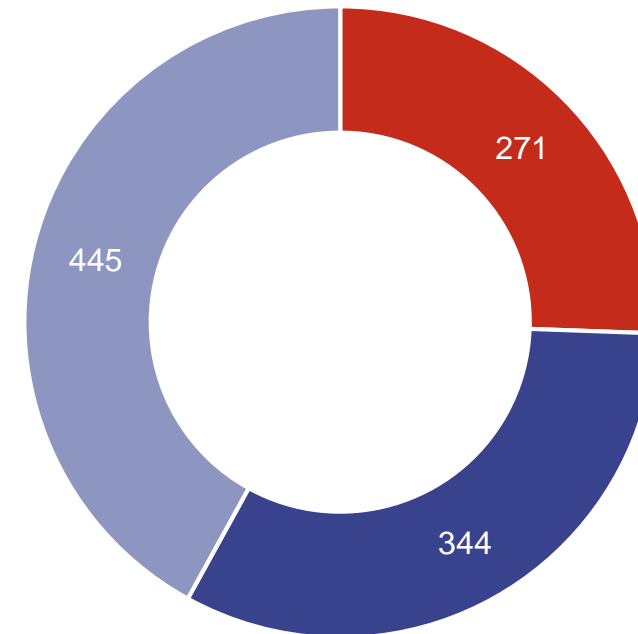
NOK million



Frame contracts at the end of Q2-18 with a total estimated value of 250-300 MNOK are NOT included in the backlog

EXPECTED DELIVERY SCHEDULE

NOK million / Percent

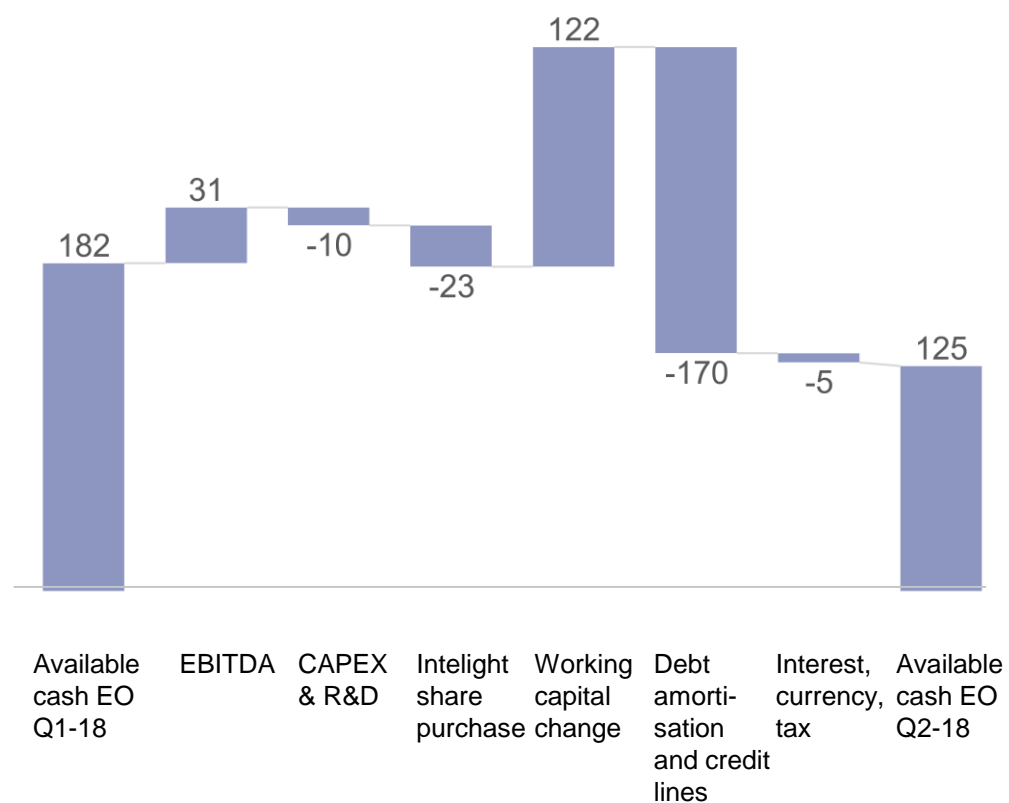


■ 2018 ■ 2019 ■ 2020 ->

CASH FLOW AND AVAILABLE CREDIT/CASH END OF Q2-18

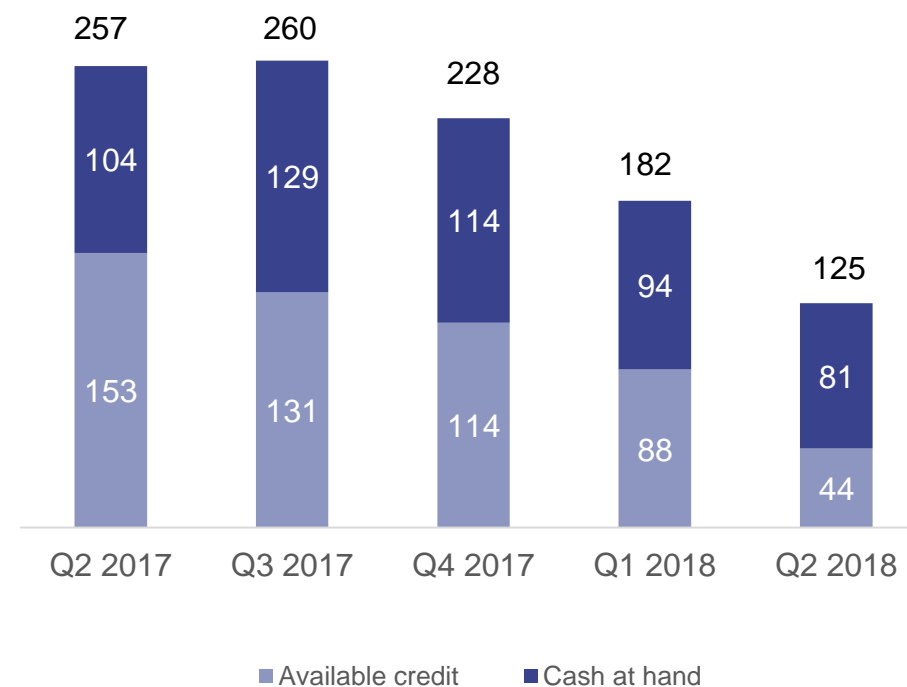
CASH DEVELOPMENT

NOK million



QUARTERLY AVAILABLE CREDIT AND CASH AT HAND

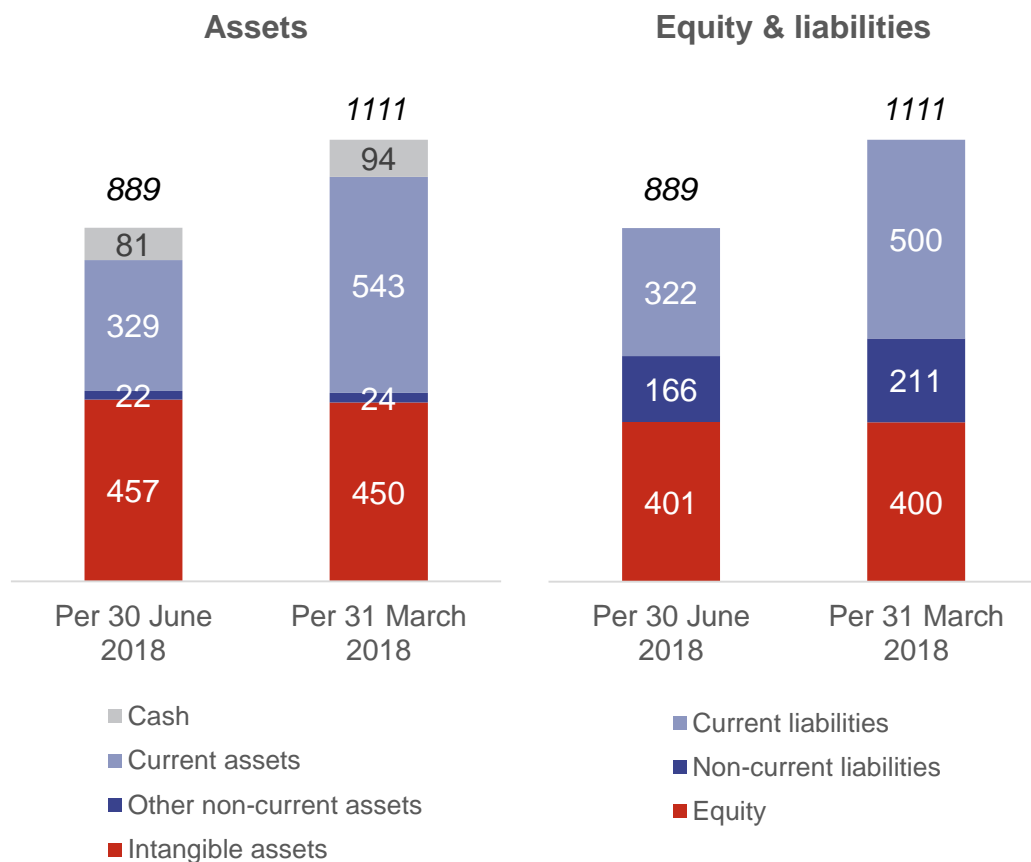
NOK million



KEY BALANCE SHEET ITEMS END OF Q2-18

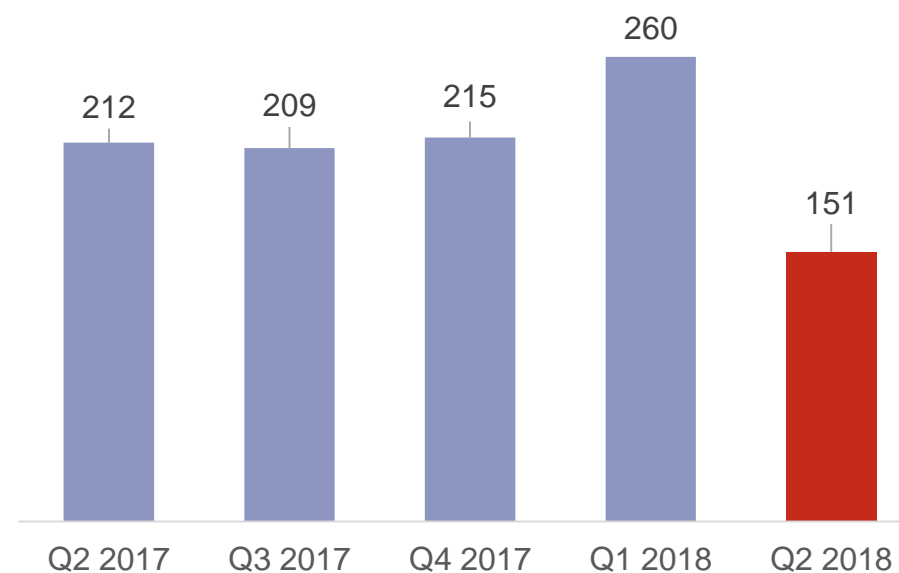
BALANCE SHEET ITEMS

NOK million



NET INTEREST BEARING DEBT

NOK million

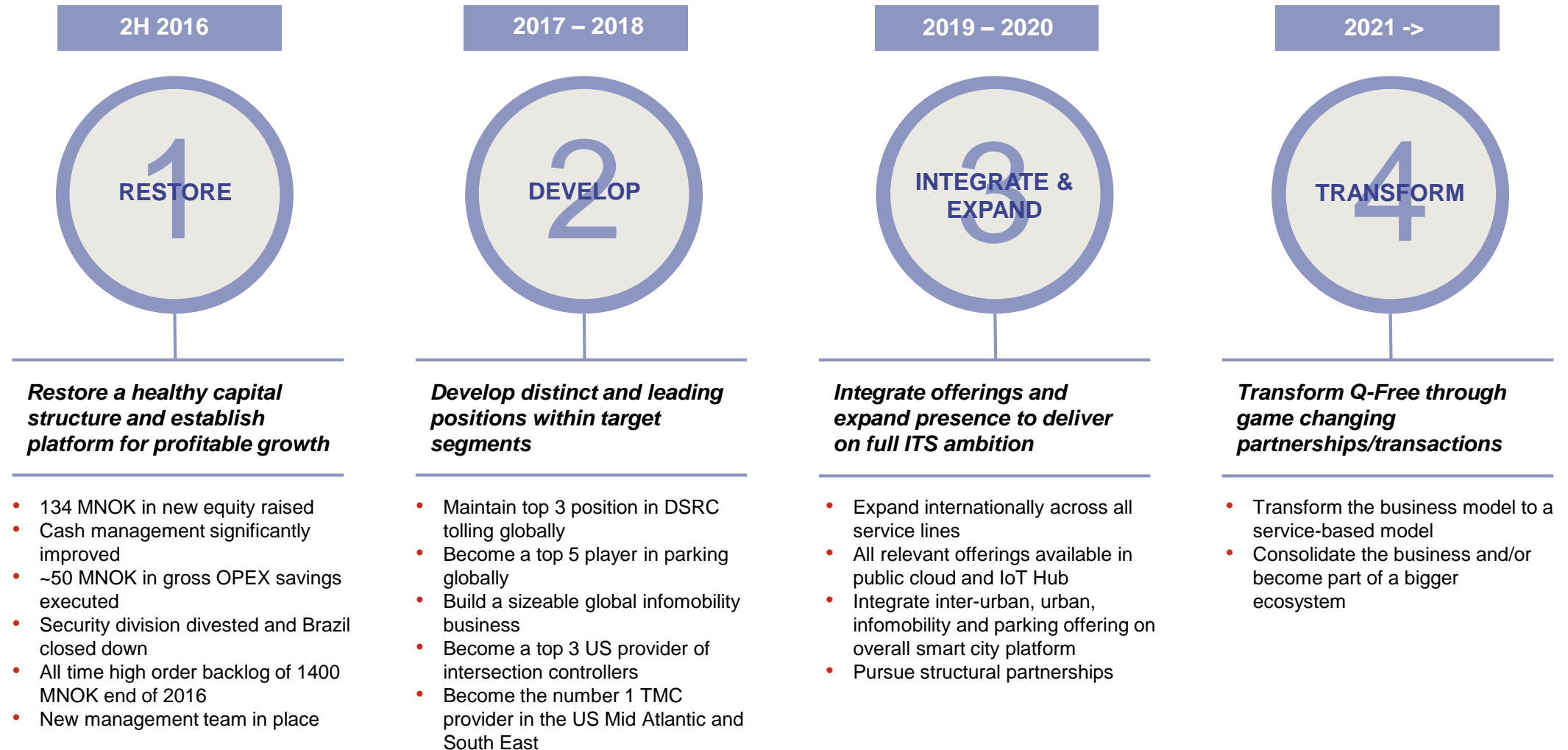


- NIBD significantly reduced after collecting cash for initial Slovenia deployment on 26 April



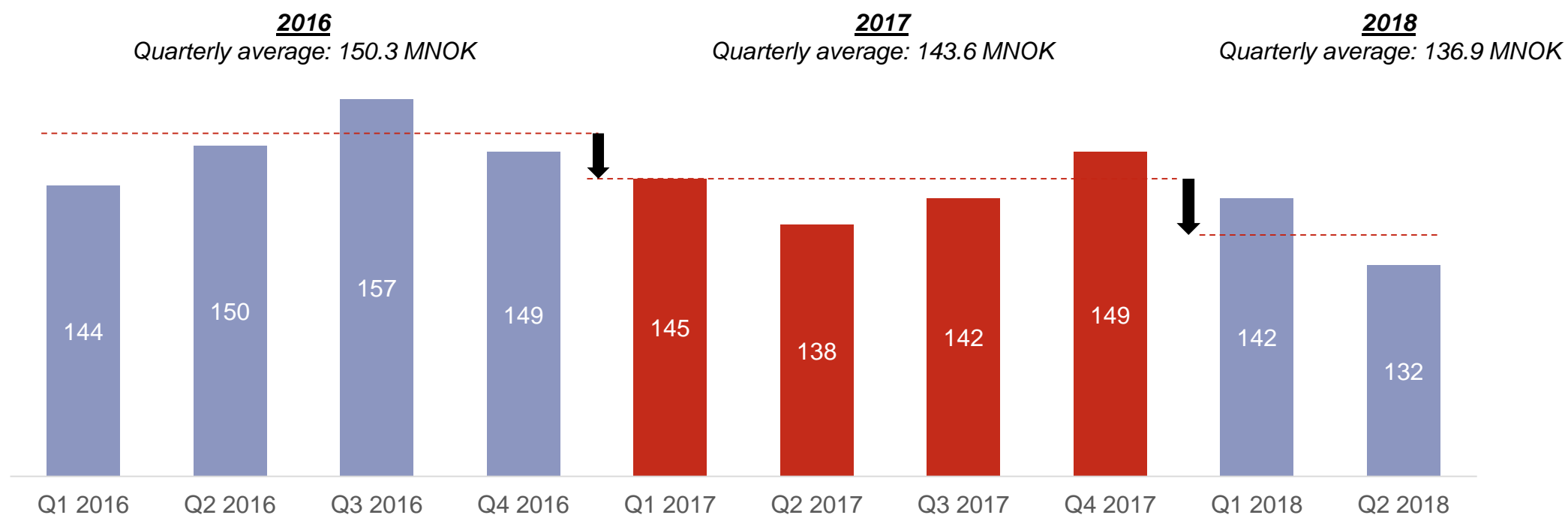
OUTLOOK

OUR 2016-2021 STRATEGY



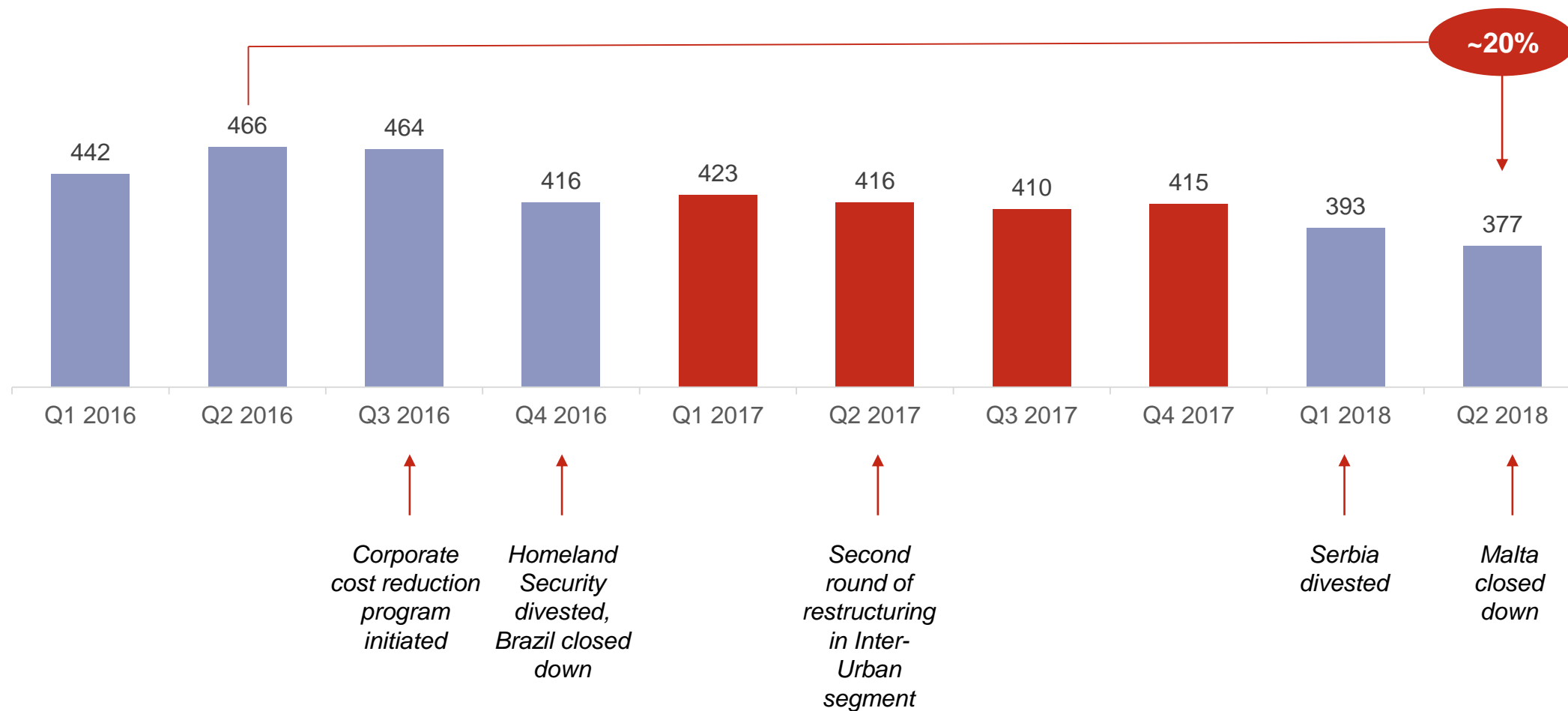
PROMISED OPEX SAVINGS HAVE BEEN DELIVERED

REPORTED OPEX + CONTRACTORS, ADJUSTED FOR NON-RECURRING ITEMS
NOK million



SAVINGS HAVE BEEN DRIVEN BY FTE REDUCTIONS

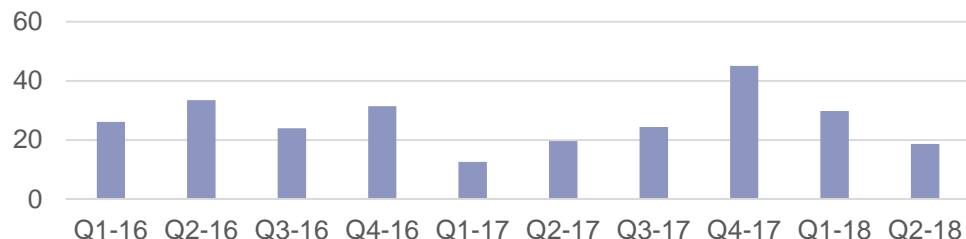
NUMBER OF EMPLOYEES AT THE END OF EACH QUARTER
FTEs



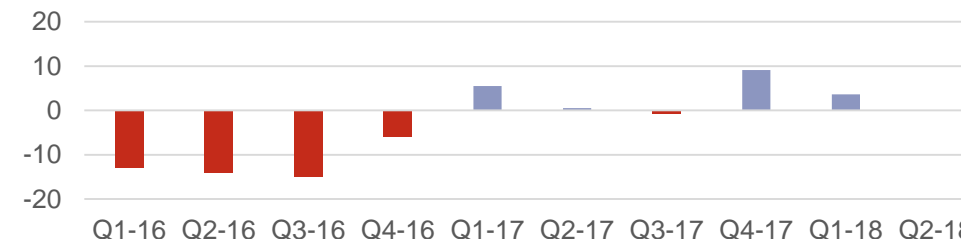
ALL SEGMENTS ARE SET TO CONTRIBUTE POSITIVELY AFTER PORTFOLIO OPTIMIZATION

① ② ③ ④

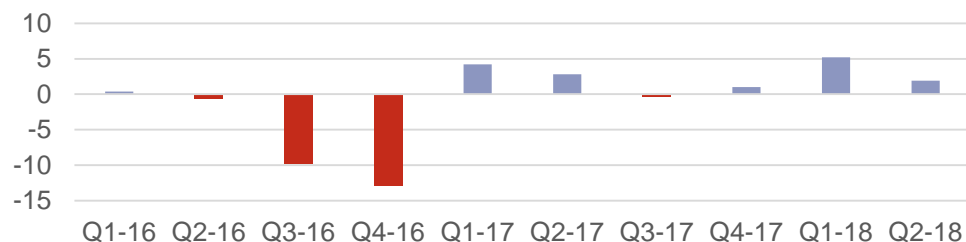
Tolling EBITDA



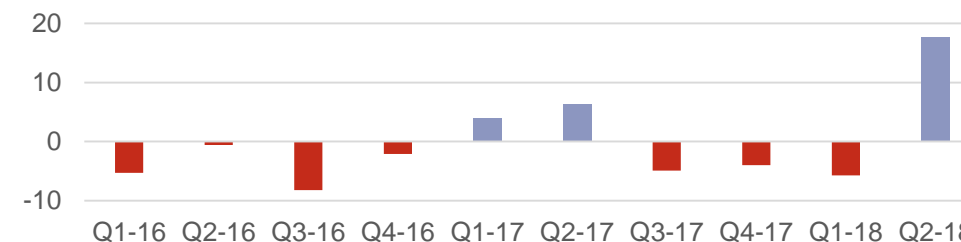
Inter-Urban EBITDA



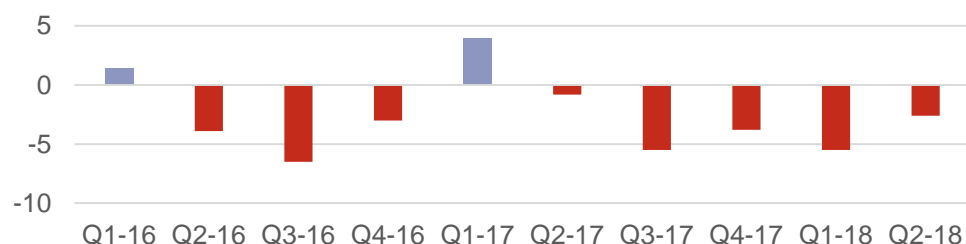
Infomobility EBITDA



Urban EBITDA



Parking EBITDA



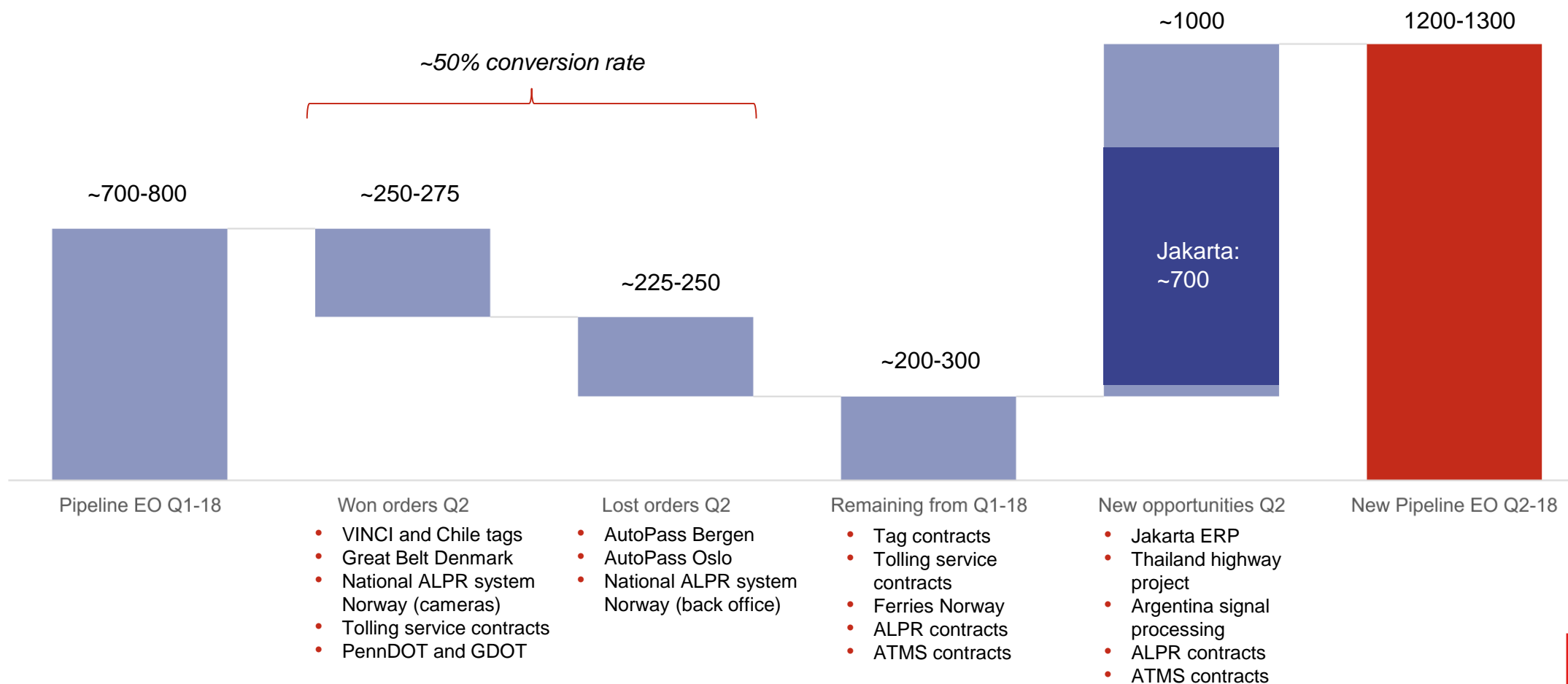
- Urban: Profitability in the period negatively impacted by Serbia, which was divested in Q1-18
- Parking: Profitability in the period negatively impacted by Malta, which was discontinued in June 2018, and R&D expenses related to new parking sensor

CONTRACT PIPELINE SITUATION IS PROMISING AND SUPPORTS GROWTH AMBITIONS

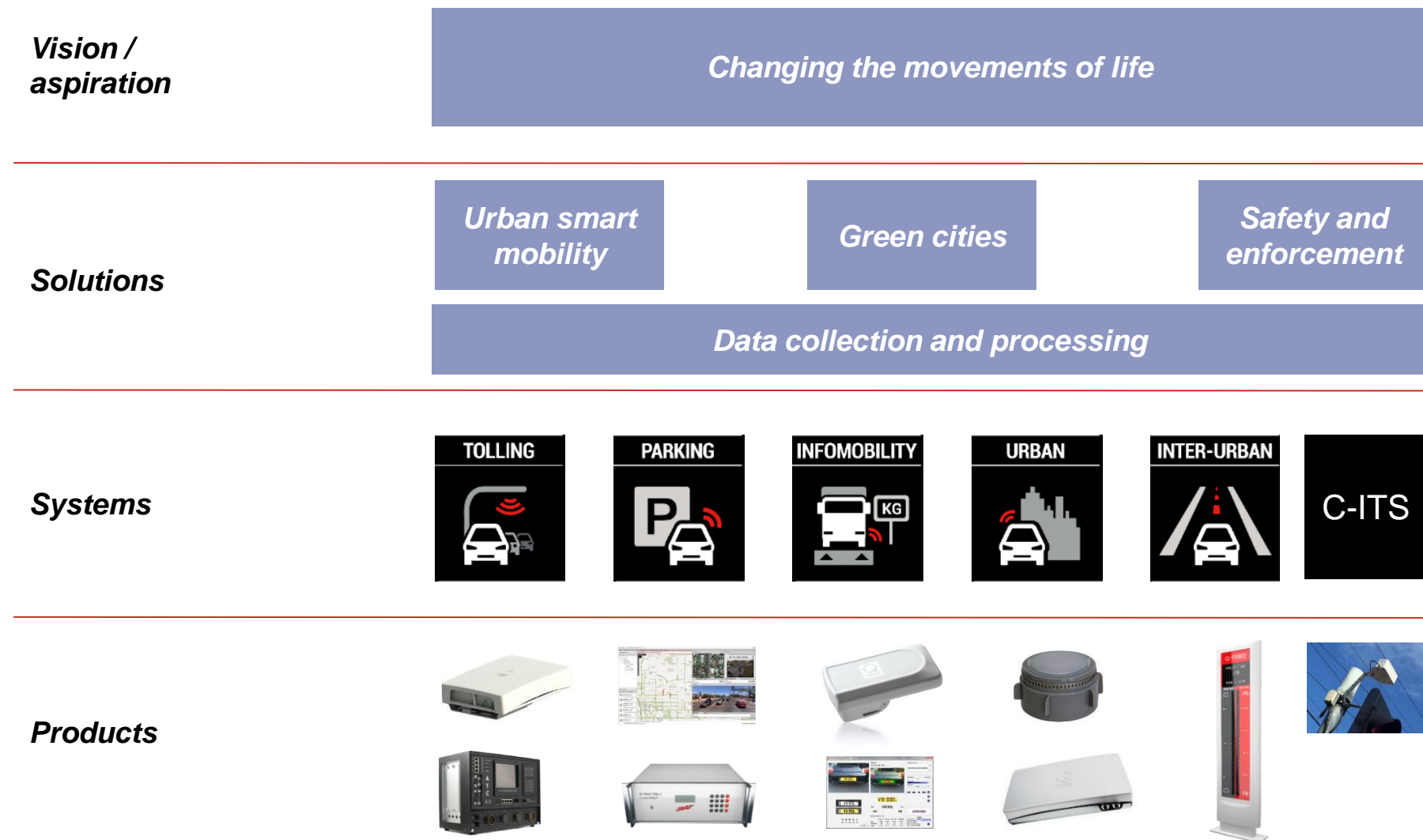
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ESTIMATED VALUE OF LARGE AND MEDIUM TENDERS TO BE AWARDED IN 2018

NOK million



EVOLUTION OF Q-FREE'S OFFERING



EXAMPLES OF SOLUTION/CONCEPT PACKAGES

- Congestion pricing systems
- Smart intersection controllers and systems
- Way finding/smart parking guidance solutions
- Bicycle priority schemes
- Intelligent traffic routing and ramp metering
- Journey time monitoring
- Traffic information systems

Urban smart mobility



- Emission-based congestion charging systems
- Smart traffic controllers
- Way-finding/smart parking guidance solutions
- Bicycle counting/priority
- Air quality monitoring/environmental sensors
- Etc.

Green cities



- Traffic monitoring
- Weigh in motion systems
- Parking enforcement
- Truck parking concept
- Cooperative ITS
- ALPR for border control and “follow me home”
- Digital tacographs for commercial vehicles
- Etc.

Safety and enforcement



Data collection, processing and dissemination

A person with long hair, seen from the side, is sitting on a rooftop or balcony, looking out over a sprawling city at night. The city is densely packed with skyscrapers and buildings, many of which are brightly lit with various colors like blue, green, and orange. The lights create a bokeh effect in the background. The overall atmosphere is one of contemplation and connection with the urban environment.

HARMONIZING HUMANS & TECHNOLOGY

Q&A



Nothing happens until something moves

– Albert Einstein

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