

An aerial photograph of a multi-lane roundabout. A dark-colored car is driving on the outer edge of the roundabout. In the center of the roundabout is a large, leafless tree. The surrounding area includes some buildings and a sidewalk.

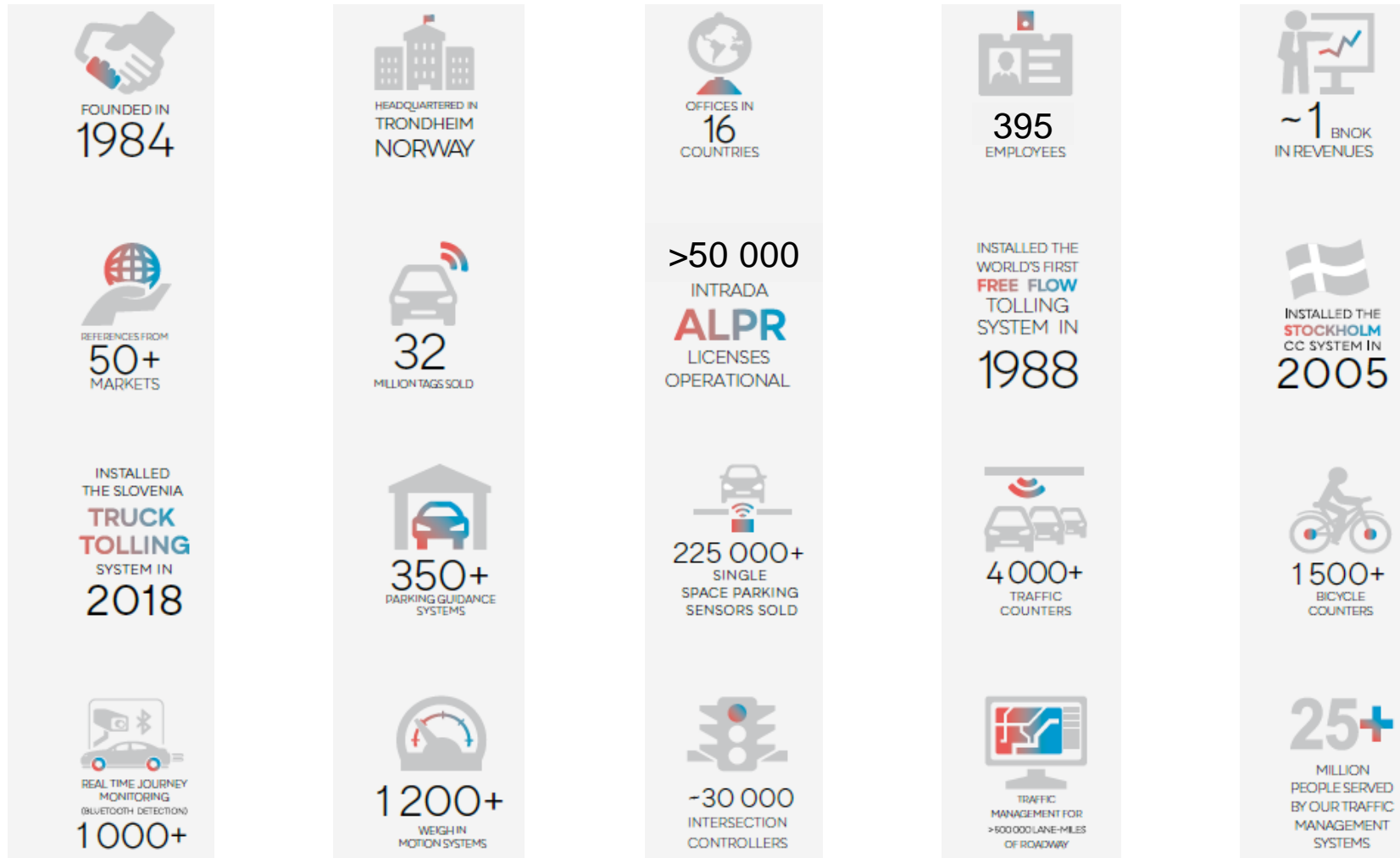
# Q4

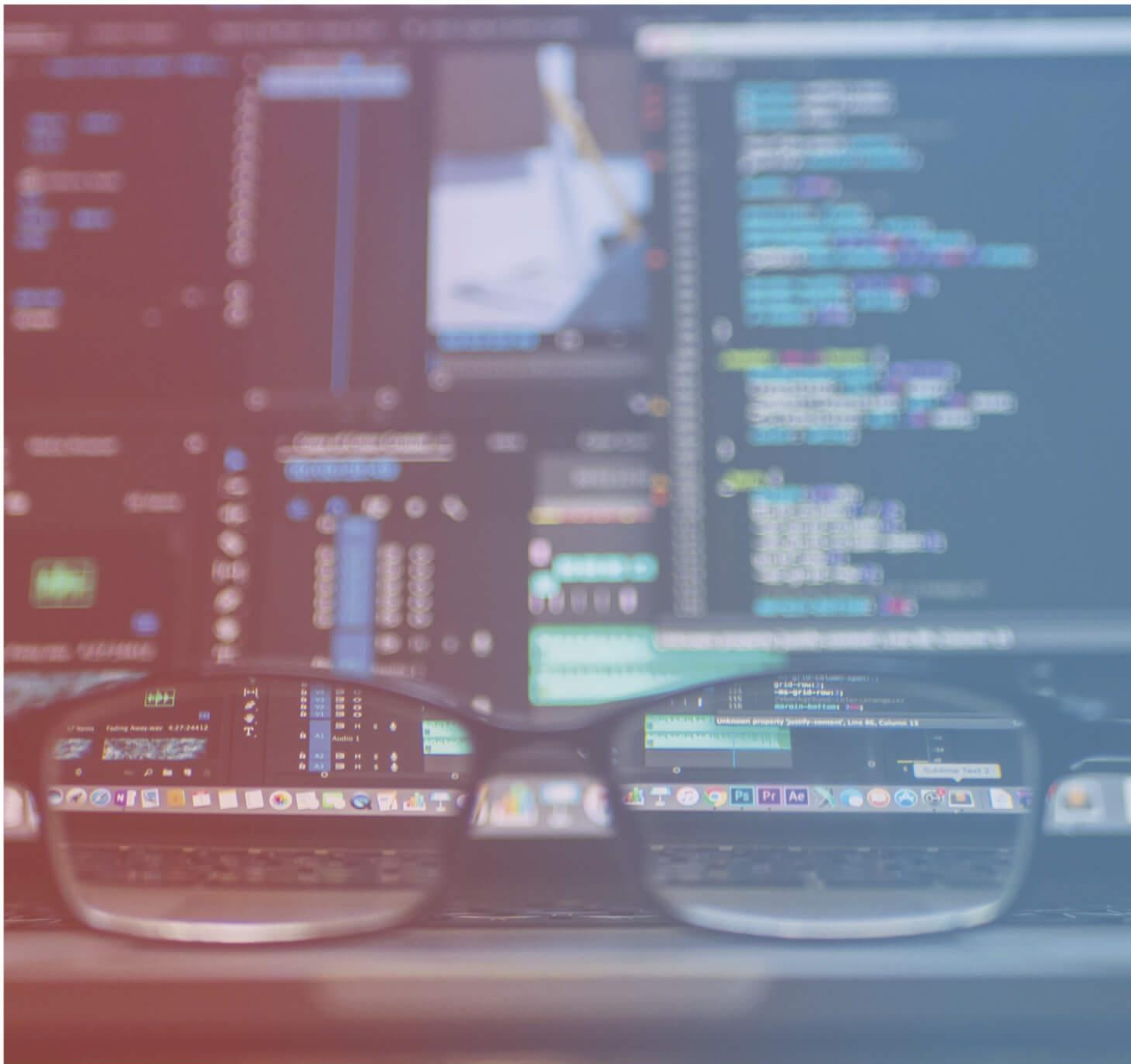
## **PRESENTATION OF FOURTH QUARTER AND PRELIMINARY FULL YEAR 2019 RESULTS**

President & CEO Håkon Volldal



# Q-FREE AT A GLANCE





# OUR PORTFOLIO



## Tolling

- DSRC Tags & Readers
- ALPR/ANPR Solutions
- Electronic Toll Collection
- Congestion Charging



## Parking

- Parking Guidance
- Parking Access Control



## Infomobility

- Weigh in Motion
- Traffic Counters
- Cycle & Pedestrian Detection
- Journey Time Monitoring
- Weather & Air-Quality Monitoring



## Urban

- Traffic Controllers
- Centralized Traffic Controller SW
- Co-Operative ITS



## Inter-urban

- Advanced Traffic Management
- Traffic Information
- Ramp Metering
- Truck Parking





# SUMMARY

# HIGHLIGHTS

## FOURTH QUARTER 2019

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- 246 MNOK in revenues, up 2% YoY driven by parking and inter-urban segments
- 11 MNOK in reported EBITDA and 15 MNOK in adjusted EBITDA (6% margin) compared to 9 MNOK and 22 MNOK respectively in Q4-18
- 236 MNOK in order intake including a 75 MNOK tolling contract in Thailand
- 46 MNOK in net cash flow from operations and 11 percent reduction in net interest-bearing debt
- 32 MNOK impairment of parking assets related to decision to divest parking and infomobility assets

## FULL YEAR 2019

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- 962 MNOK in revenues, up 8% YoY driven by tolling, parking and inter-urban segments
- 73 MNOK in reported EBITDA and 71 MNOK in adjusted EBITDA (7% margin) compared to 71 and 89 MNOK respectively in 2018
- 950 MNOK in order intake compared to 972 MNOK in 2018 (1065 MNOK and BtB of 1.1 including ALPR frame agreement in the US)
- 1 080 MNOK in order backlog (excluding frame agreements), versus 1128 MNOK at the end of 2018
- 25 MNOK in net cash flow from operations

# SUMMARY FINANCIALS

MNOK	Q4 2019	Q4 2018	YoY Change
<b>Revenues</b>	<b>246</b>	<b>241</b>	<b>+1.8%</b>
<b>Gross contribution</b>	<b>137</b>	<b>151</b>	<b>-9.2%</b>
<i>Gross margin</i>	<i>55.9%</i>	<i>62.6%</i>	<i>-6.7pp</i>
<b>OPEX</b>	<b>122</b>	<b>129</b>	<b>-5.2%</b>
<b>Adj. EBITDA</b>	<b>15</b>	<b>22</b>	<b>-32%</b>
<i>Margin</i>	<i>6.1%</i>	<i>9.2%</i>	<i>-3.1pp</i>
Non-recurring items	<b>-5</b>	<b>-13</b>	
<b>EBITDA</b>	<b>11</b>	<b>9</b>	<b>+22%</b>
<i>Margin</i>	<i>4.3%</i>	<i>3.6%</i>	<i>+0.7pp</i>
<b>EBIT</b>	<b>-35</b>	<b>-3</b>	

FY 2019	FY 2018	YoY Change
<b>962</b>	<b>889</b>	<b>+8.3%</b>
<b>542</b>	<b>569</b>	<b>-4.7%</b>
<i>56.4%</i>	<i>64.1%</i>	<i>-7.7pp</i>
<b>471</b>	<b>480</b>	<b>-1.8%</b>
<b>71</b>	<b>89</b>	<b>-20.1%</b>
<i>7.4%</i>	<i>10.0%</i>	<i>-2.6pp</i>
<b>2</b>	<b>-18</b>	
<b>73</b>	<b>71</b>	<b>+2.2%</b>
<i>7.6%</i>	<i>8.0%</i>	<i>-0.4pp</i>
<b>-28</b>	<b>24</b>	

An aerial, high-angle photograph of a city. A multi-lane highway runs diagonally across the center, filled with cars. To the left of the highway, there's a construction site with two large yellow cranes. To the right, there are modern, multi-story buildings with glass facades. The image has a color gradient, with a reddish-orange tint on the left and a teal/blue tint on the right.

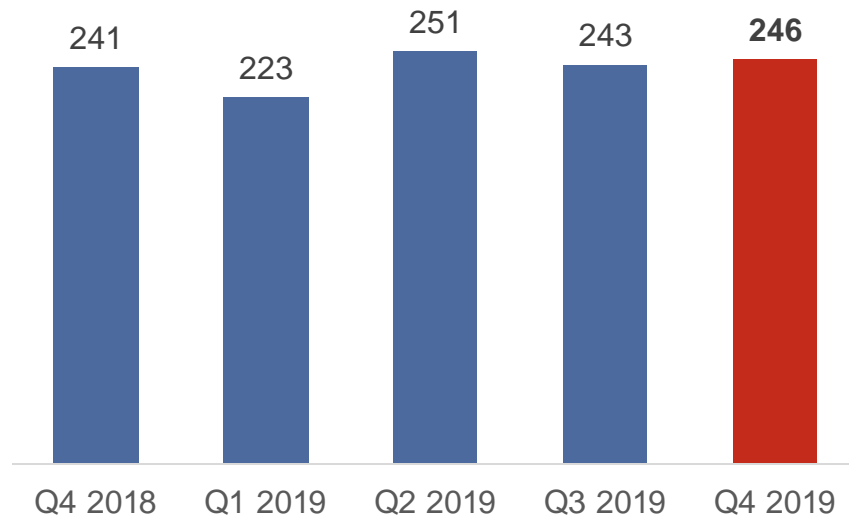
# FINANCIAL UPDATE



# REVENUE DEVELOPMENT

## QUARTERLY REVENUES

NOK million

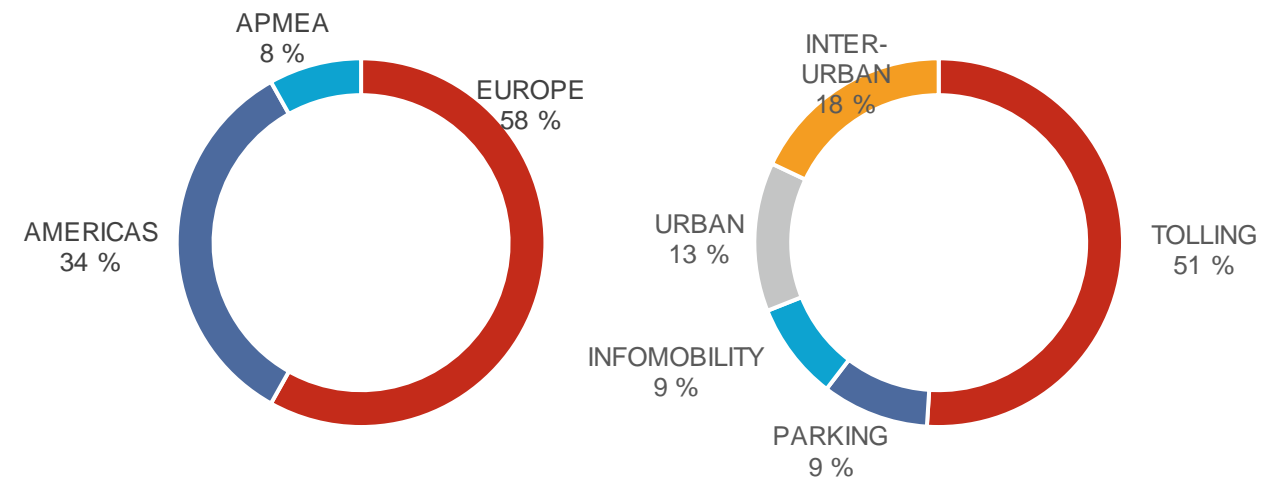


Revenues up 2% from Q4 2018

- Tolling revenues up 3% YoY
- Non-tolling revenues up 1% YoY

## Q4-19 REVENUES PER REGION/BUSINESS AREA

Percent



- EUROPE is the largest region with 58% of revenues. Nominally, revenues increased YoY in all regions except AMERICAS
- Non-tolling businesses accounted for 49% of revenues in the quarter, down from 50% in Q4-18

# SEGMENT REVENUE DETAILS

NOK million

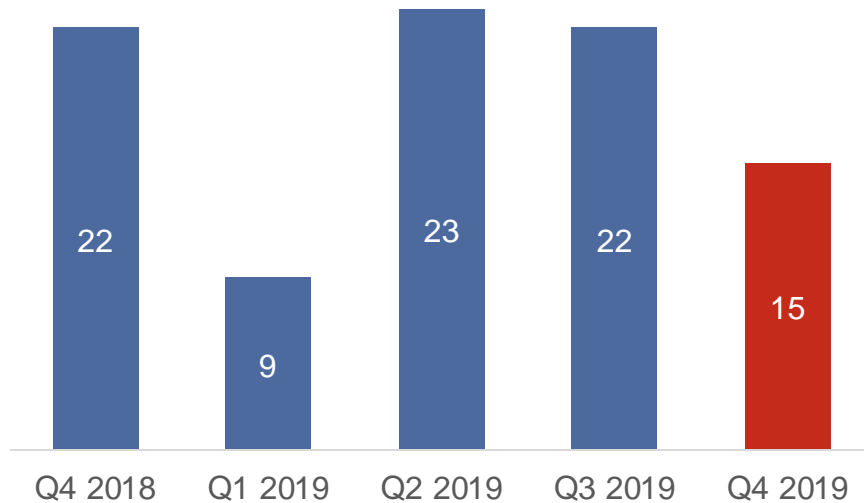
SEGMENT	Q4-19	Q4-18
Tolling	125	121
Parking	23	13
Infomobility	21	26
Urban	32	49
Inter-Urban	44	33
<b>REVENUES</b>	<b>246</b>	<b>241</b>

FY 2019	FY 2018	YoY change
536	481	+11%
71	52	+37%
78	78	0%
143	157	-9%
134	121	+11%
<b>962</b>	<b>889</b>	<b>+8%</b>

# EBITDA DEVELOPMENT

## EBITDA EXCL. NON-RECURRING ITEMS

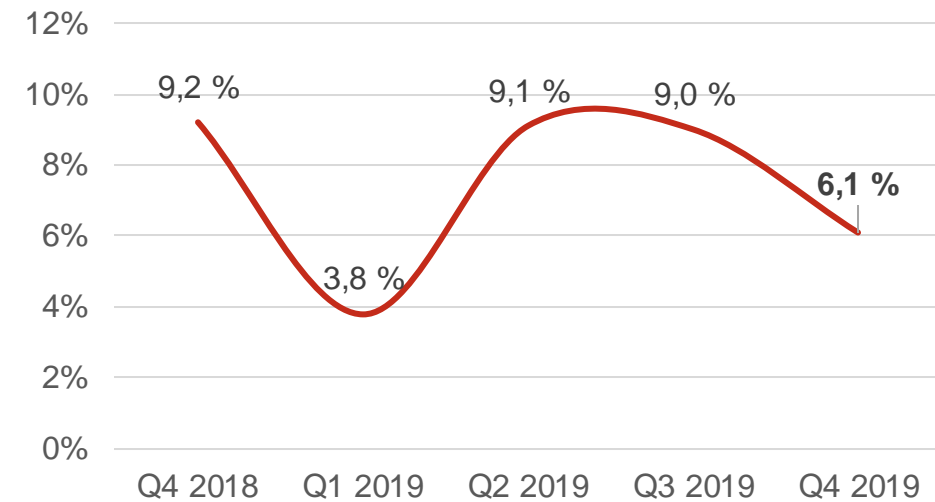
NOK million



- YoY EBITDA decreased due to low SW sales in Urban
- Q4-18 and Q4-19 have been adjusted with 13.5 and 4.5 MNOK respectively in non-recurring items

## EBITDA MARGIN EXCL. NON-RECURRING ITEMS

Percent



- 2019 EBITDA negatively impacted by several low-margin tolling projects that are now finalized and low urban SW sales

# SEGMENT EBITDA DETAILS

NOK million

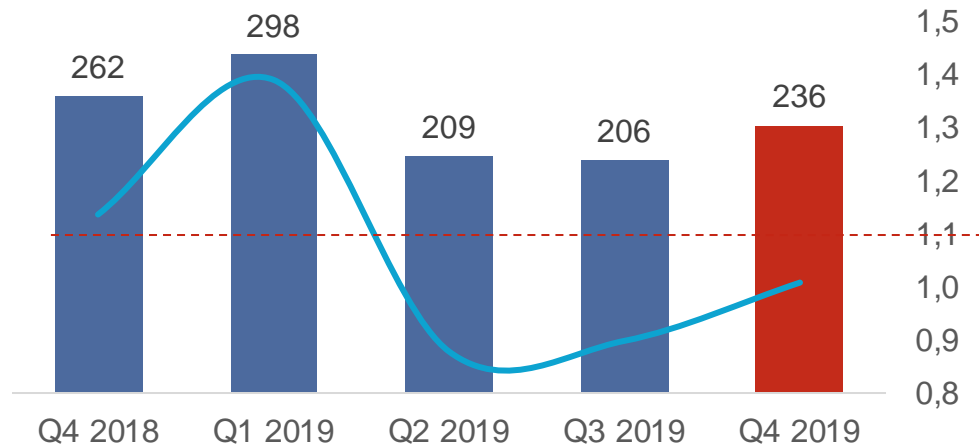
SEGMENT	Q4-19	Q4-18
Tolling	8	18
Parking	5	0
Infomobility	0	4
Urban	0	11
Inter-Urban	8	2
Global Functions	-7	-12
<b>Adj. EBITDA</b>	<b>15</b>	<b>22</b>
Non-recurring	-4	-13
<b>EBITDA</b>	<b>11</b>	<b>9</b>

FY 2019	FY 2018	YoY change
77	83	-8%
-5	-13	
5	10	-51%
4	30	-88%
24	16	+43%
-34	-38	
<b>71</b>	<b>89</b>	<b>-20%</b>
2	-18	
<b>73</b>	<b>71</b>	<b>+2%</b>

# ORDER INTAKE

## ORDER INTAKE & BOOK-TO-BILL PER QUARTER

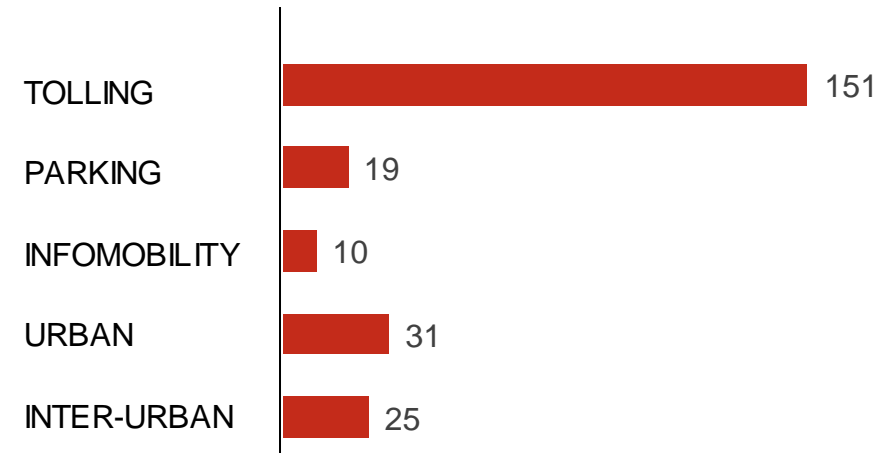
NOK million / ratio



- Order intake in the quarter driven by 75 MNOK contract in Thailand
- The book-to-bill ratio for 2019 as a whole was 0.99, 1.1 if we include the ALPR frame agreement in the USA in Q3-19

## ORDER INTAKE BREAKDOWN IN Q4-19

NOK million

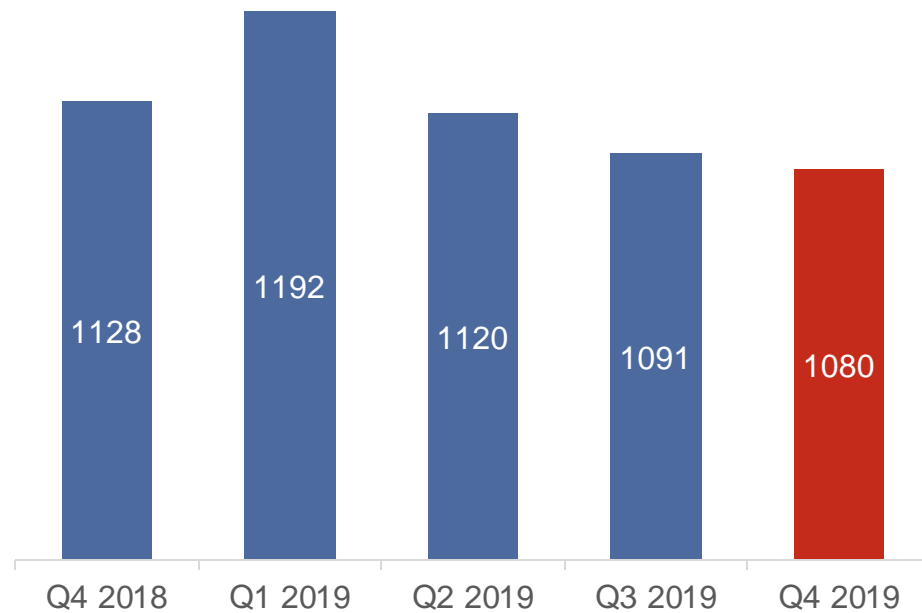


- Tolling represented 64% of total order intake in the quarter, non-tolling 36%

# ORDER BACKLOG

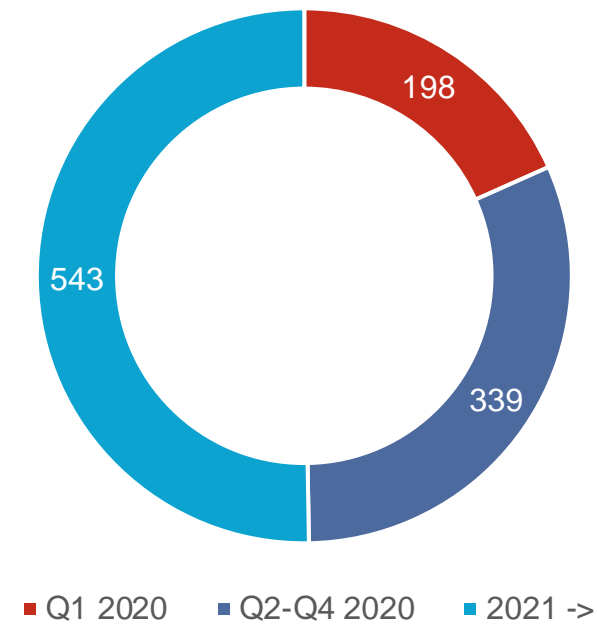
## ORDER BACKLOG

NOK million



## EXPECTED DELIVERY SCHEDULE

NOK million

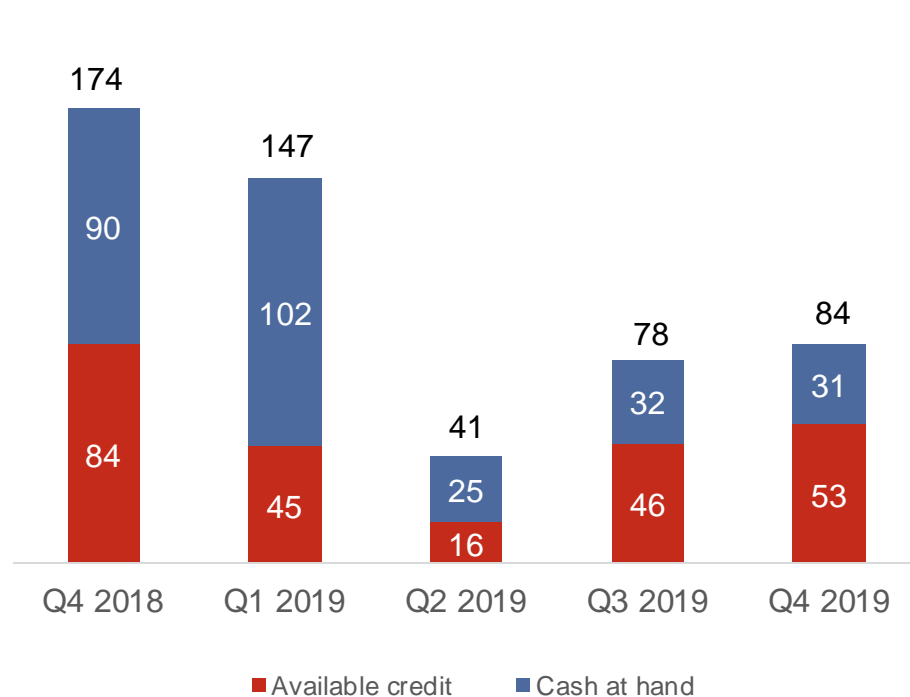


- Frame contracts with no committed minimum volume are NOT included in the backlog

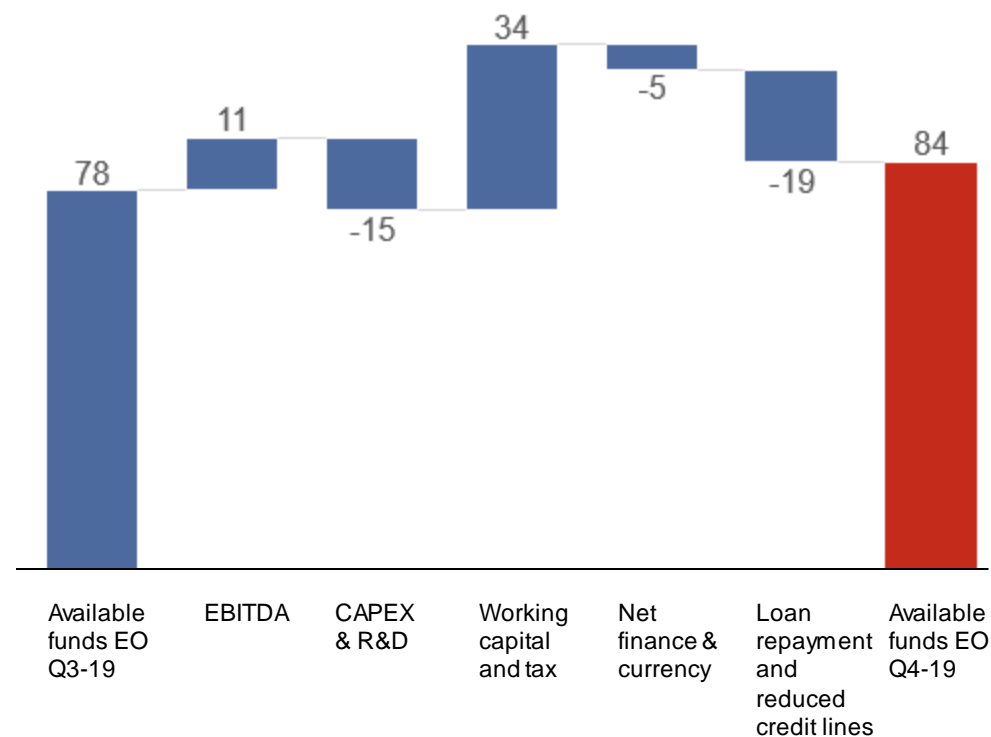
# CASH FLOW AND AVAILABLE CREDIT/CASH

## AVAILABLE CREDIT AND CASH AT HAND

NOK million



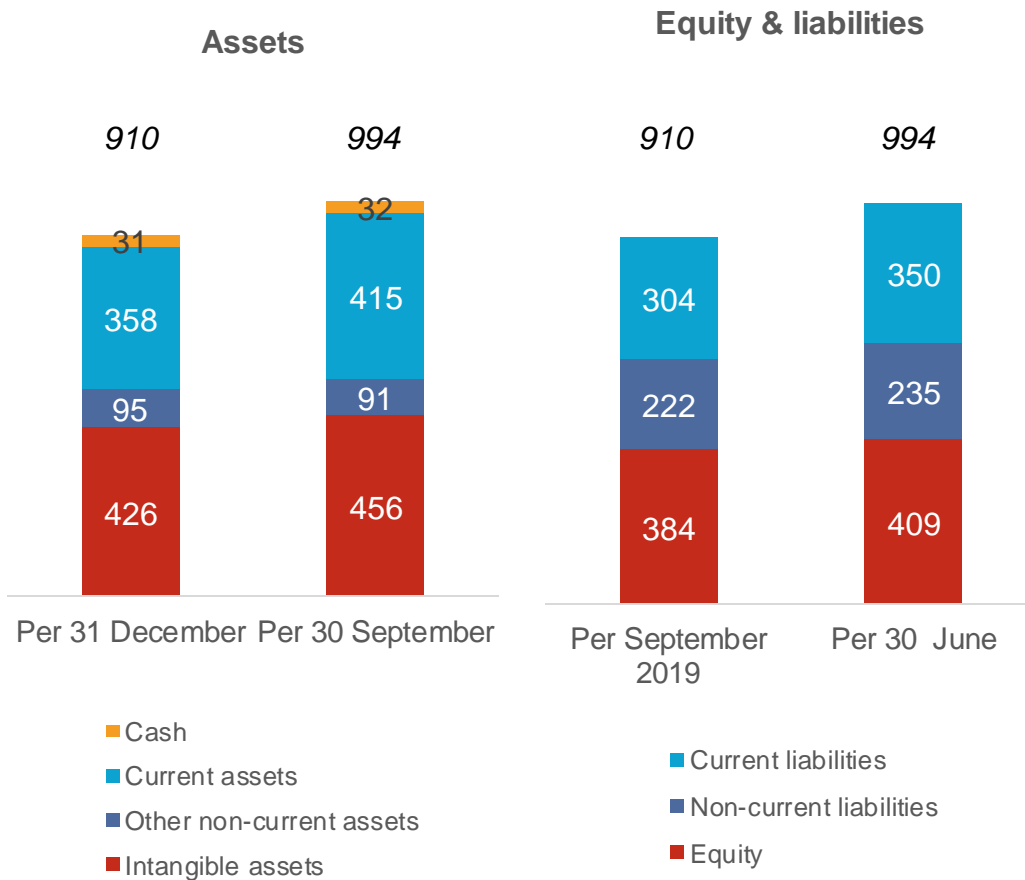
## RECONCILIATION OF Q4 AND Q3-19 AVAILABLE FUNDS



# BALANCE SHEET AND NIBD

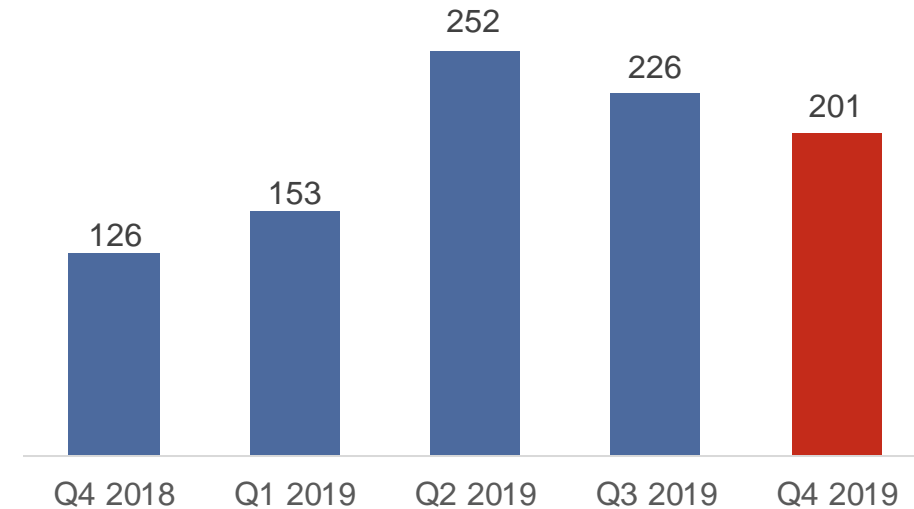
## BALANCE SHEET ITEMS

NOK million



## NET INTEREST BEARING DEBT

NOK million



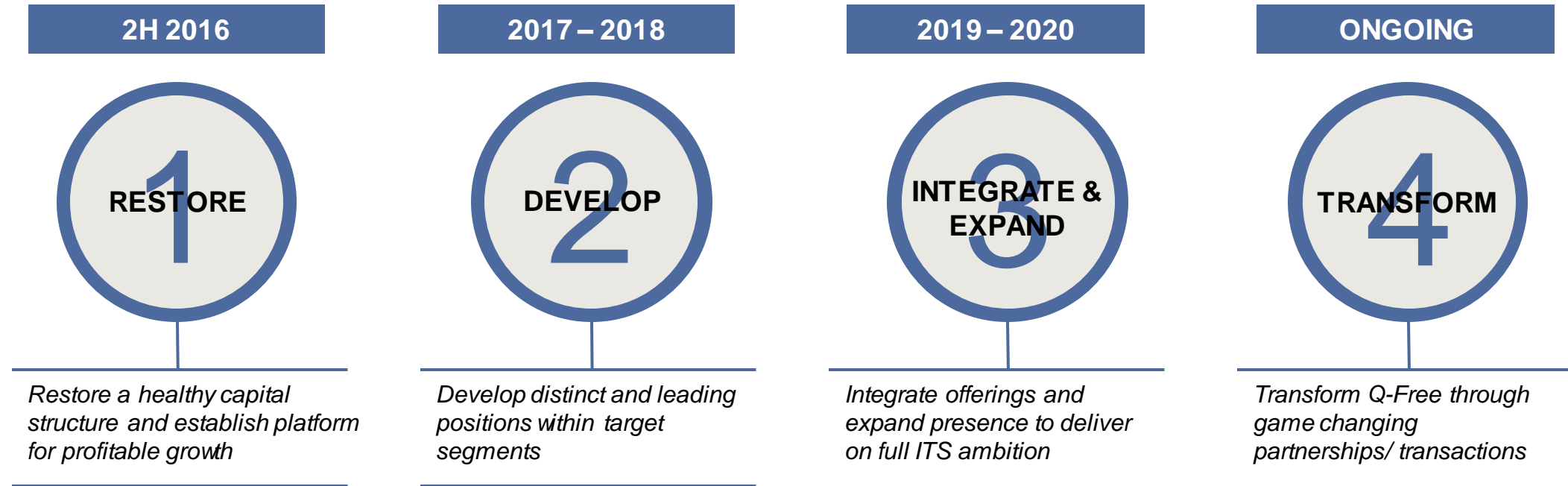
- NIBD decreased in Q4-19 due to strong cash management
- NIBD/EBITDA ratio is within loan covenant

An aerial photograph of a two-lane asphalt road that curves through a dense, lush green forest. The road has white dashed lane markings and a solid white edge line. Three vehicles are visible: a white car in the lower left lane, a blue car in the upper left lane, and a white van in the lower right lane. The forest is composed of various types of trees with vibrant green foliage.

# OUTLOOK



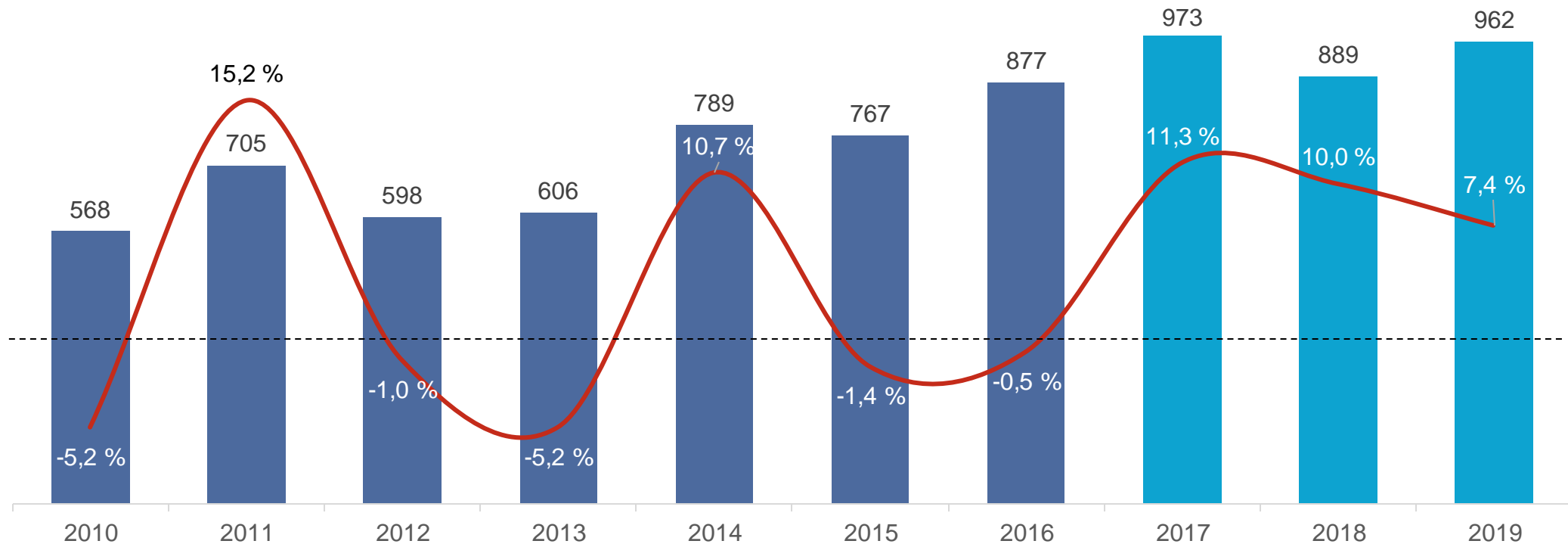
# OUR 2016-2020 STRATEGIC PLAN



# Q-FREE HAS DELIVERED POSITIVE EBITDA FOR 3 CONSECUTIVE YEARS SINCE THE 2016 RESTRUCTURING

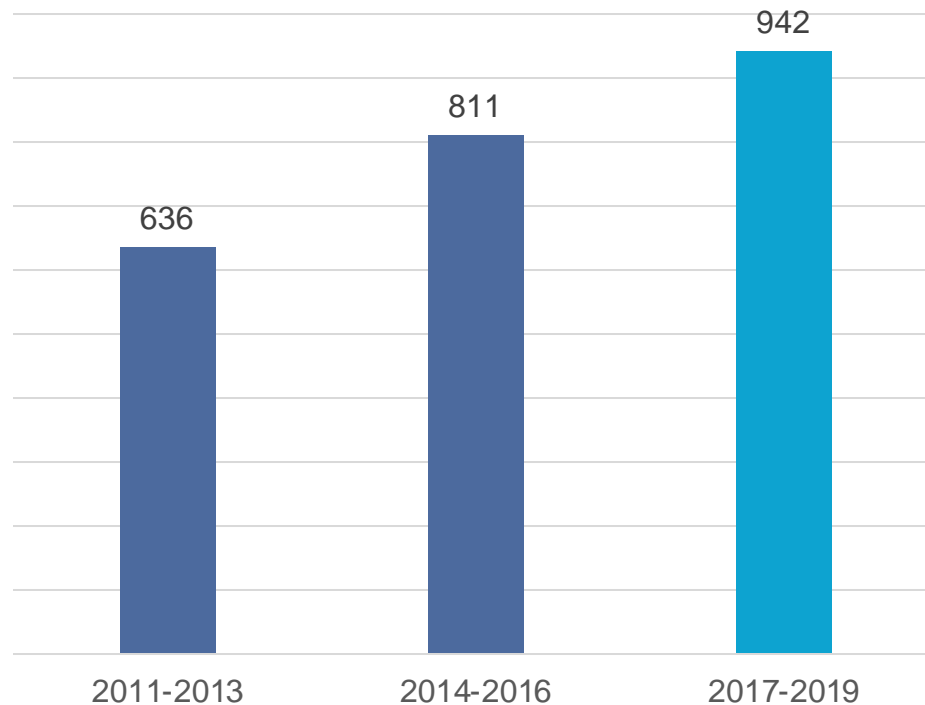
## ANNUAL REVENUES AND ADJ. EBITDAMARGIN

MNOK / Percent, Year End December 31st

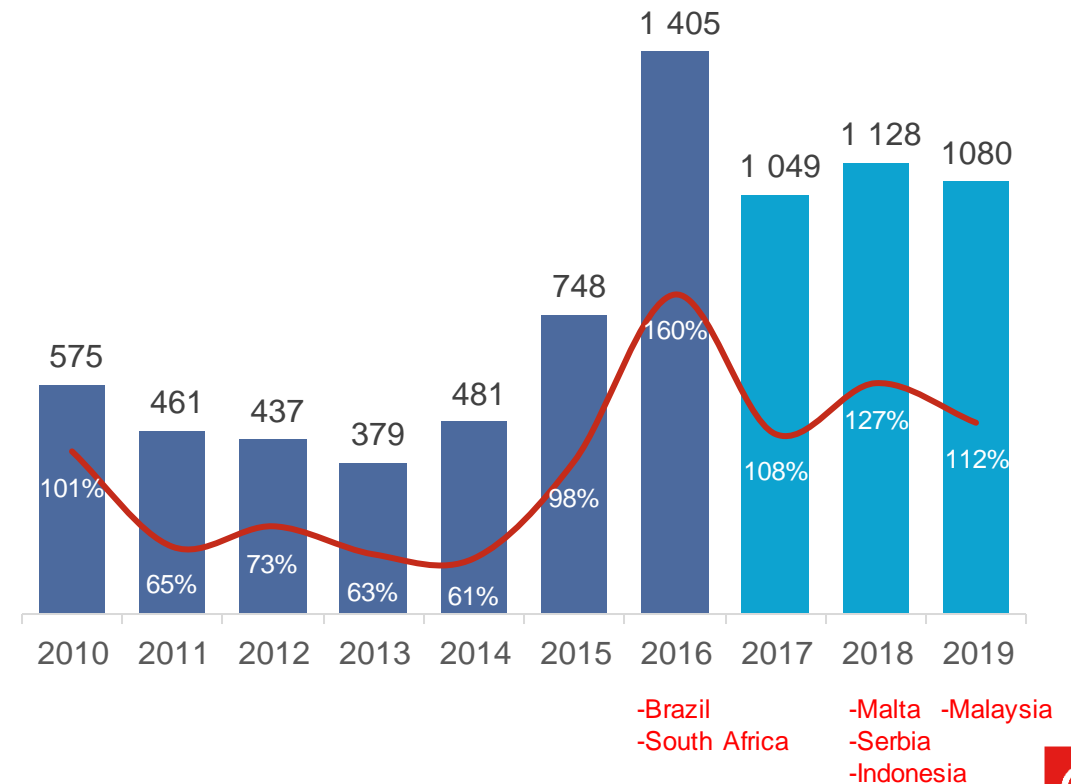


# REVENUES AND BACKLOG HAVE GROWN DESPITE A REDUCED GEOGRAPHICAL FOOTPRINT

**AVERAGE ANNUAL REVENUES**  
MNOK



**BACKLOG END OF YEAR / BACKLOG-REVENUE RATIO**  
MNOK/Percent



# SEVERAL KEY CONTRACTS HAVE BEEN WON DURING THE PAST 3 YEARS



*Nationwide truck tolling system, Slovenia*



*Toll collection system for Great Belt Bridge, Denmark*



*Toll collection system for Ruta 68, Chile*



*ALPR border control system, Norway*



*Toll collection system for Cross City Tunnel, Australia*



*New statewide ATMS for Virginia DOT, USA*



*New statewide ATMS for Iowa DOT, USA*



*PGS for 5 Charles Schwab garages, USA*



*G-DOT Connected Vehicle deployment, USA*



*Toll collection system for TU in Queensland, Australia*



*Large tag orders from France, Chile, Portugal, Russia, Thailand, Australia, Norway etc.*



*Roadside solutions for ferry operators, Norway*



*Intrada Insight for MassDOT, CFX, FTE, MDX, TXDOT etc. in the USA*



*AutoPass Central System extensions, Norway*



*Toll collection system for Don Muang Tollway, Thailand*



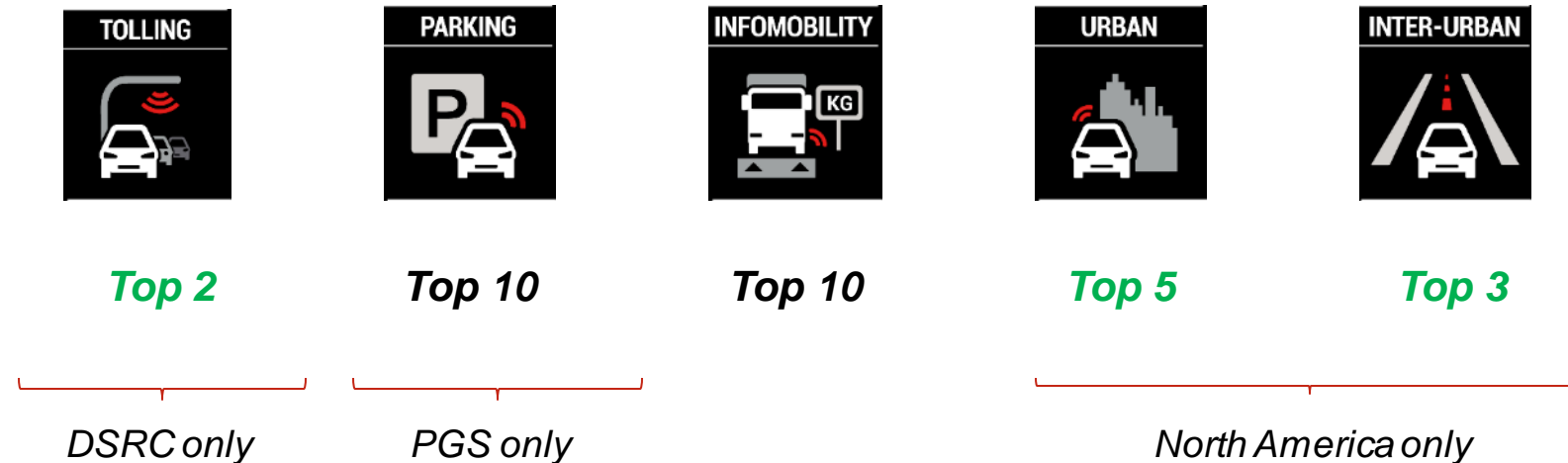
*Digital Tacograph orders*

## WIN RATE ON TARGET CONTRACTS ABOVE 10 MNOK IN 2019

**>60% of value**

# WE HAVE BUILT/MAINTAINED TOP MARKET POSITIONS IN 3 OUT OF 5 TARGET SEGMENTS

## MARKET POSITIONS BY ANNUAL REVENUES IN RELEVANT TARGET MARKETS

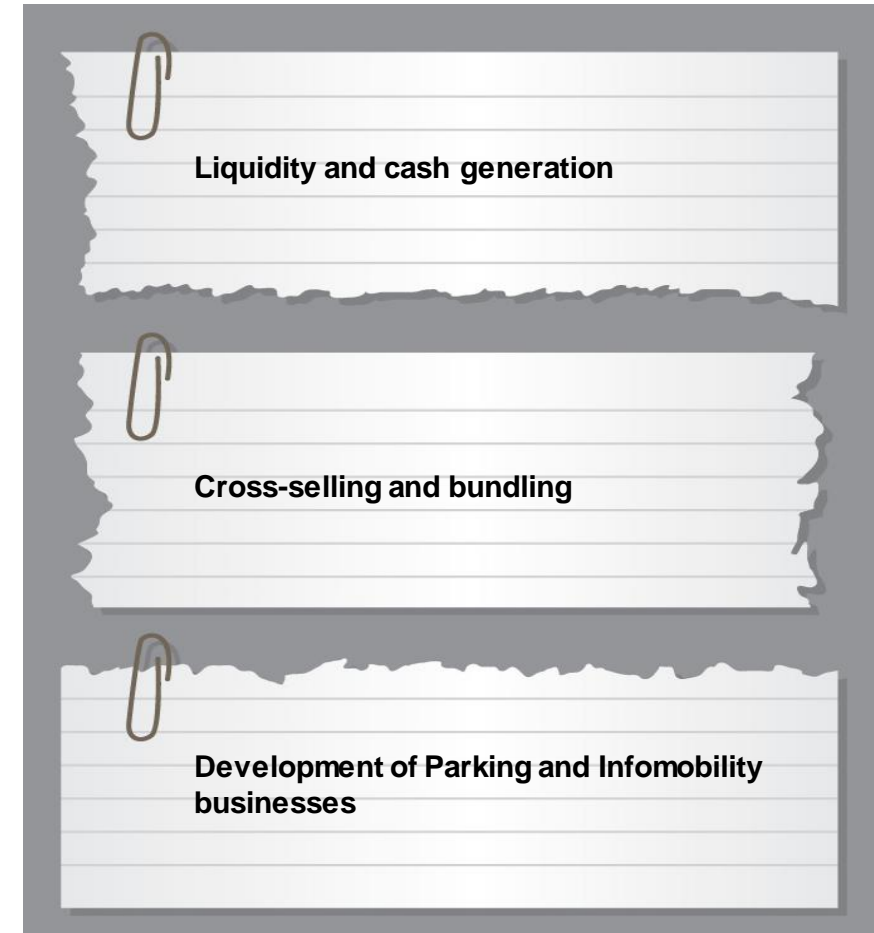


# HIGH LEVEL EVALUATION OF 2016-2020 STRATEGIC PLAN

## WHAT HAS WORKED



## WHAT HAS NOT WORKED








# OUR UPDATED 2020-2023 STRATEGIC PLAN

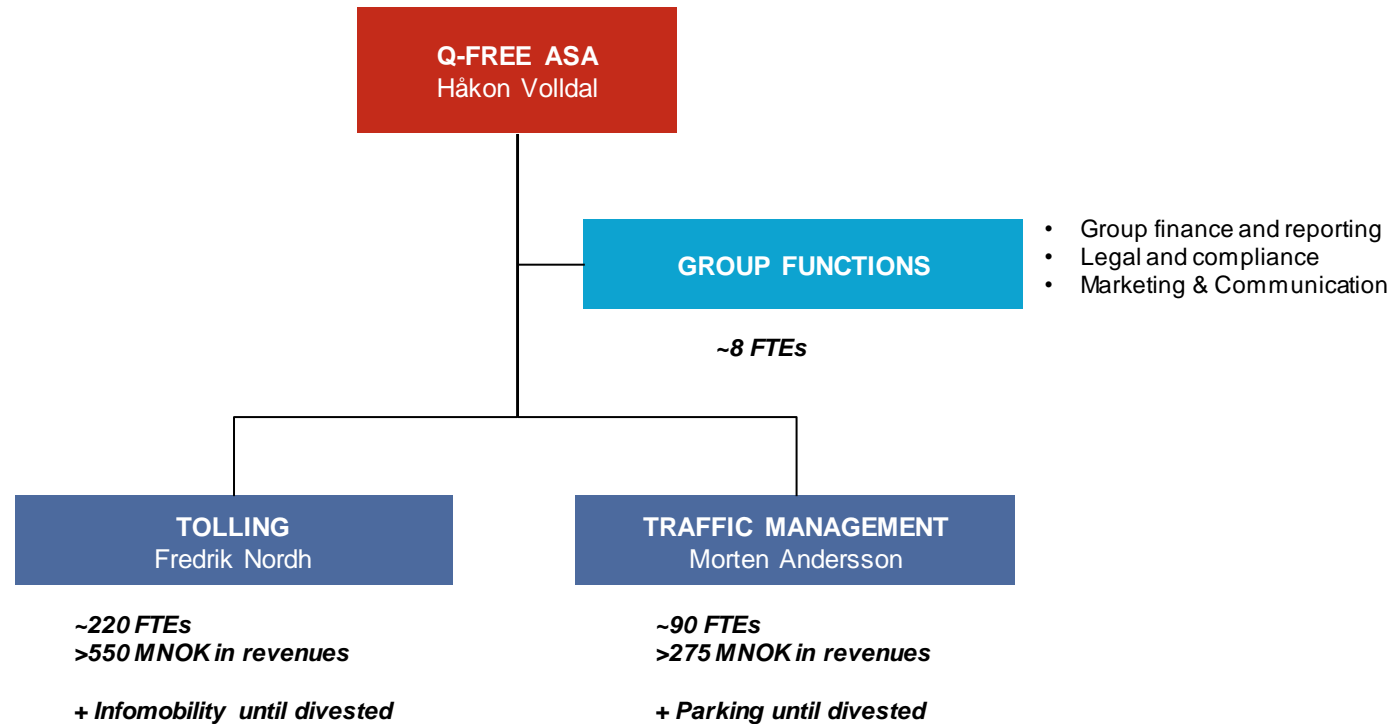


# WE AIM TO REDUCE PORTFOLIO COMPLEXITY TO IMPROVE FOCUS AND RESOURCE ALLOCATION



		 (old TCS)	 (old TDC)	 (Intelight)	 (Open Roads)
Acc. 2017-2019 revenues	1666	104	182	428	327
Acc. 2017-2019 EBITDA	300	2	12	51	28
Market position	Top 2	Top 10	Top 10	Top 5	Top 3
<b><i>Q-Free will seek to divest TCS and TDC</i></b>			<b><i>Q-Free will merge Urban and Inter-Urban into 1 business area</i></b>		

# Q-FREE ASA WILL BE A LEAN «HOLDING» COMPANY FOR 2 AUTONOMOUS BUSINESS UNITS



# A COMPLETE AND ATTRACTIVE TOLLING OFFERING!



Products	ALPR SW	Back-office SW	System Integration (projects)	Service and maintenance
<ul style="list-style-type: none"> <li>• DSRC tags</li> <li>• DSRC roadside transceivers</li> <li>• DSRC handheld transceivers/tacographs</li> <li>• Imaging systems</li> </ul>	<ul style="list-style-type: none"> <li>• Intrada ALPR firmware/licences</li> <li>• Intrada Synergy Server (solution incl. multiple OCR engines, fingerprinting etc.)</li> <li>• Intrada Insight (Synergy Server + manual image review)</li> </ul>	<ul style="list-style-type: none"> <li>• Operational Back-Office (roadside transaction processing and business rules)</li> <li>• CS Norway (commercial and operational BO for AutoPASS in Norway)</li> </ul>	<ul style="list-style-type: none"> <li>• MLFF systems incl. congestion charging and truck tolling</li> <li>• “Speed gantry» solutions</li> <li>• DSRC-based payment solutions for ferries</li> <li>• New RUC concepts</li> </ul>	<ul style="list-style-type: none"> <li>• 24/7 remote monitoring from NOC</li> <li>• Responsive and preventive field service</li> <li>• Data reporting and analyses</li> </ul>
~150-175 MNOK/year	~50 MNOK/year	~70 MNOK/year	~100-200 MNOK/year	~130-150 MNOK/year



# SLOVENIA: THE FULL OFFERING IN ACTION



- >300 000 OBUs in circulation
- ~115 charging points and ~15 enforcement gantries with roadside equipment
- Mobile enforcement solutions
- Operational back-office + integration with commercial back-office
- Service & maintenance on long-term contract



# TOLLING EXPANSION OVER TIME

INDICATIVE



## 2020-2021: Grow in existing markets

- Protect established core markets like Norway, Sweden, Portugal, Slovenia etc.
- Deliver signed projects and win additional contracts in growth markets like Australia, Thailand, Spain, Chile and Denmark
- Continue ALPR expansion in the USA
- Prepare for Baltics market entry and potential other promising greenfield markets

## 2022-2023: Enter selected new markets

- Continue expansion in Thailand/Australia
- Win and start delivery of first Baltics project(s) (truck tolling and congestion charging)
- Opportunistic expansion in other markets with appropriate scope and funding (Ukraine, Croatia)
- Expand Intrada Insight (ALPR) solution beyond the US and Nordics
- Pilot first distance-based RUC scheme in Europe

# A UNIQUE TRAFFIC MANAGEMENT OFFERING

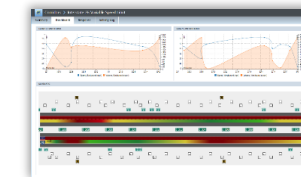
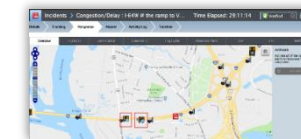


Urban HW products	Urban SW solutions	Inter-Urban SW solutions
<ul style="list-style-type: none"> <li>Traffic Signal Controllers                             <ul style="list-style-type: none"> <li>2070 Controllers</li> <li>NEMA Controllers</li> <li>1C Controller Units</li> </ul> </li> <li>Advanced Traffic Controller Cabinets</li> </ul>	<ul style="list-style-type: none"> <li>MaxTime (local SW)</li> <li>MaxView ATMS (central SW)</li> <li>Enhancements                             <ul style="list-style-type: none"> <li>RampMeter</li> <li>Analytics</li> <li>Adaptive</li> <li>CV</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Open TMS (ATMS platform)</li> <li>Enhancements                             <ul style="list-style-type: none"> <li>Active TM / Corridors</li> <li>Signal Integration</li> <li>LaneAware</li> <li>Event Management</li> </ul> </li> </ul>
~10 MUSD	~6-8 MUSD	~10-12 MUSD

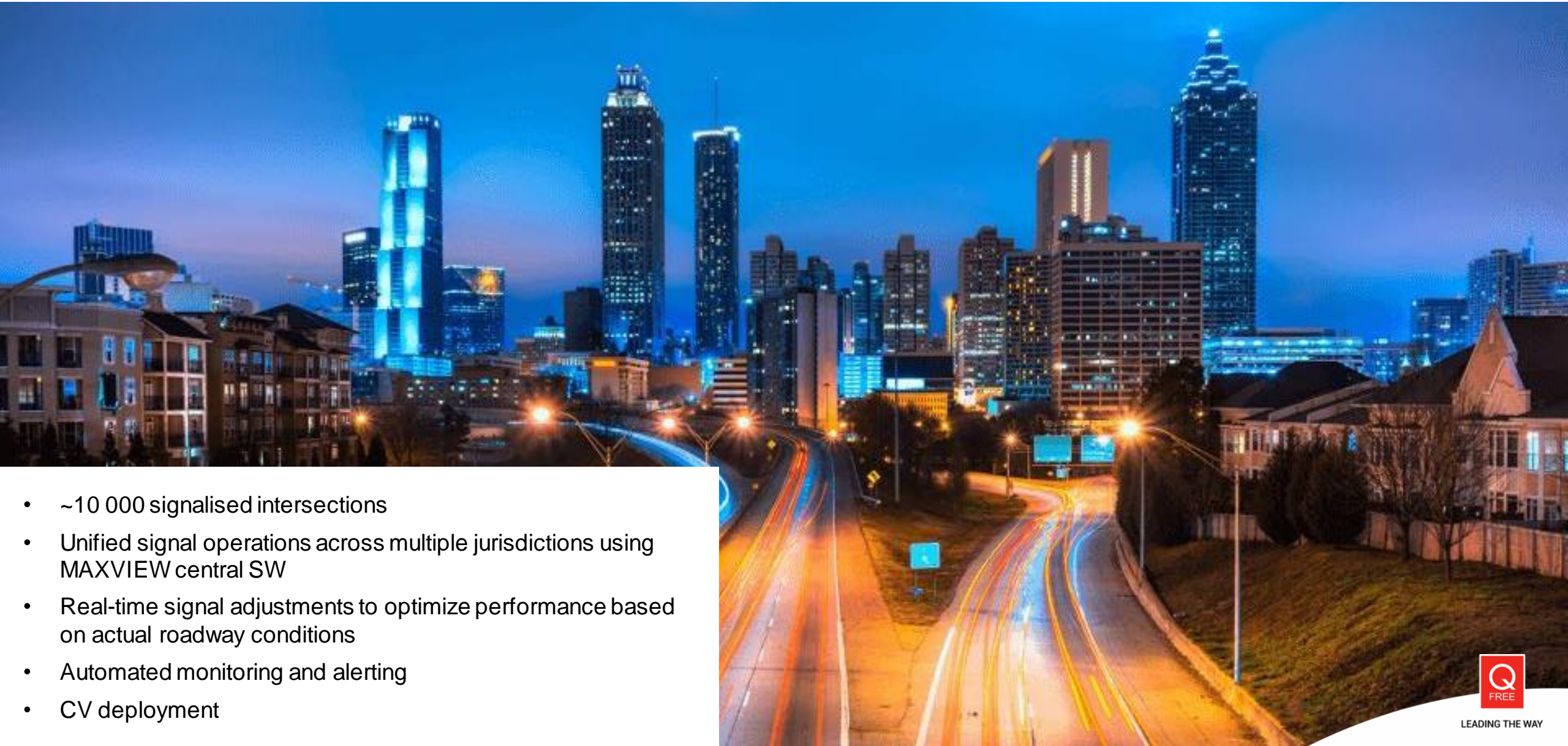


INTELLIGHT MaxAdapt 1.0.1

Act. No.	Start Time	Adaptive Cycle Length	Adaptive Offset	Score	Score To Compare
1	Thursday February 19 2016 11:24:18	125	85	85	100
2	Thursday February 19 2016 11:12:17	125	85	85	100
3	Thursday February 19 2016 11:00:17	125	85	85	100
4	Thursday February 19 2016 10:58:18	125	85	85	100

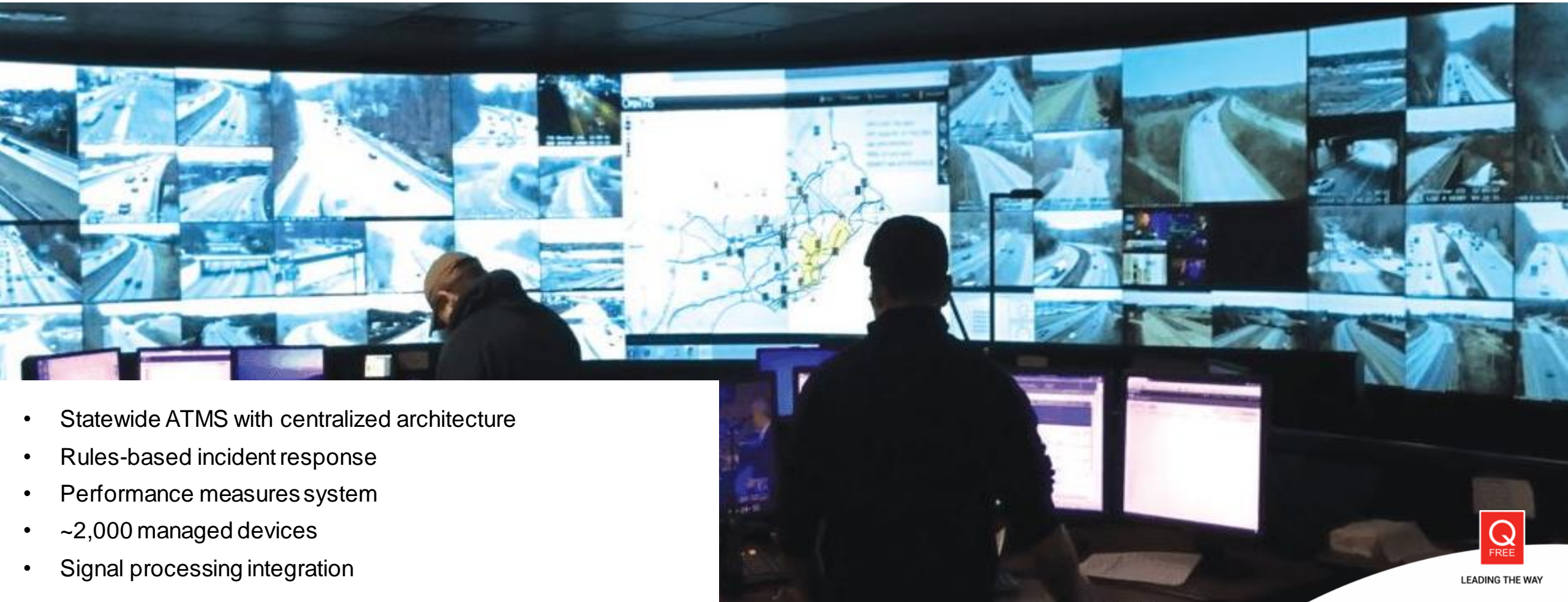


# GEORGIA, USA: OUR URBAN SHOWCASE



- ~10 000 signalised intersections
- Unified signal operations across multiple jurisdictions using MAXVIEW central SW
- Real-time signal adjustments to optimize performance based on actual roadway conditions
- Automated monitoring and alerting
- CV deployment

# PENNSYLVANIA, USA: AN ADVANCED STATEWIDE ATMS



- Statewide ATMS with centralized architecture
- Rules-based incident response
- Performance measures system
- ~2,000 managed devices
- Signal processing integration

# TRAFFIC MANAGEMENT EXPANSION OVER TIME

INDICATIVE



## 2020-2021: Grow in existing + new markets in the US

- Fortify position in key ATMS markets like Virginia, West Virginia, Pennsylvania
- Deliver IowaDOT ATMS contract and a handful of new statewide systems
- Push Open TMS enhancements in NY/NJ, California etc.
- Grow presence in key urban markets like Georgia, Texas, Washington, Oregon and Florida
- Win a signal management contract in Eastern Europe
- Deliver Integrated multi-city ATMS system (Open TMS + MaxView)

## 2022-2023: Expansion to selected markets outside the US

- Continue expansion statewide expansion for both Open TMS and MaxView
- Solidify our market position as the leader in Multi-City integrated ATMS systems
- Establish overseas partnerships and establish resources outside the US to grow new markets

# OUR COMMITMENT REMAINS THE SAME!



## Q-SAFE

Make roads and travel safe

Connected Intersections

Lane Closure Management

ALPR Enforcement

Smart Tachograph Verification

Decentralized Environmental Notification

In-Vehicle Information Broadcasting



## Q-CLEAN

Stimulate sustainable  
transportation

Congestion Charging

Urban Geofencing

Traffic Signal Operations  
and Management



## Q-FLOW

Optimize how people and  
goods move

Electronic Tolling

Ferry Tolling

Signal Phase and Timing

Adaptive Signal Control

Regional Freeway Management

## VALUE OF KNOWN TOLLING AND TRAFFIC MANAGEMENT CONTRACTS ABOVE 10 MNOK TO BE AWARDED IN 2020

**>1.7 bn NOK**

# OUR UPDATED 2020-2023 STRATEGIC PLAN

1H 2020



*Reduce business complexity to improve execution and resource allocation*

- Slim down portfolio by divesting parking and infomobility
- Run company through 2 autonomous business units – Tolling and Traffic Management
- Optimize and focus remaining resources and investments

2020-2021



*Keep building reputation as the #1 technology provider in tolling and traffic management and standardize solutions*

- Tolling: Maintain lead in DSRC, cost optimize single gantry solution, become first-mover in road user charging
- Traffic Management: Advance MaxView, Open TMS and product enhancements

2022-2023



*Scale standardized solutions to selected target markets*

- Tolling: Target selected greenfield tolling markets and commercialize new RUC technology
- Traffic Management: Become a clear top 3 player in terms of revenues in NA and target selected international greenfield markets



# QUESTIONS AND ANSWERS



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