



**Quarterly report – Q3 2012**

**CEO Øyvind Isaksen and CFO Roar Østbø**



# Agenda

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- Highlights and Key Figures for 3Q'12
- Financial Review
- Market Update
- Outlook

# Highlights

- Earnings impacted by project delays, e.g. Jakarta, low product revenues and ramp-up cost
- Signature project in *Gothenburg* is developing well with variation orders in the quarter worth 52 MNOK
- Additional new important contracts:
  - Centri Gestao Meios de Pagto, Brazil
  - Roads and Maritime Services, Sydney Harbour Bridge
  - Tag order in Portugal
- Positioning for the first ATMS order

NOK 1.000	3Q'12	3Q'11
Revenues	153 614	144 161
EBITDA	-10 099	22 865
EBIT	-23 000	12 156
EPS	-0,28	0,12

# Financial Review

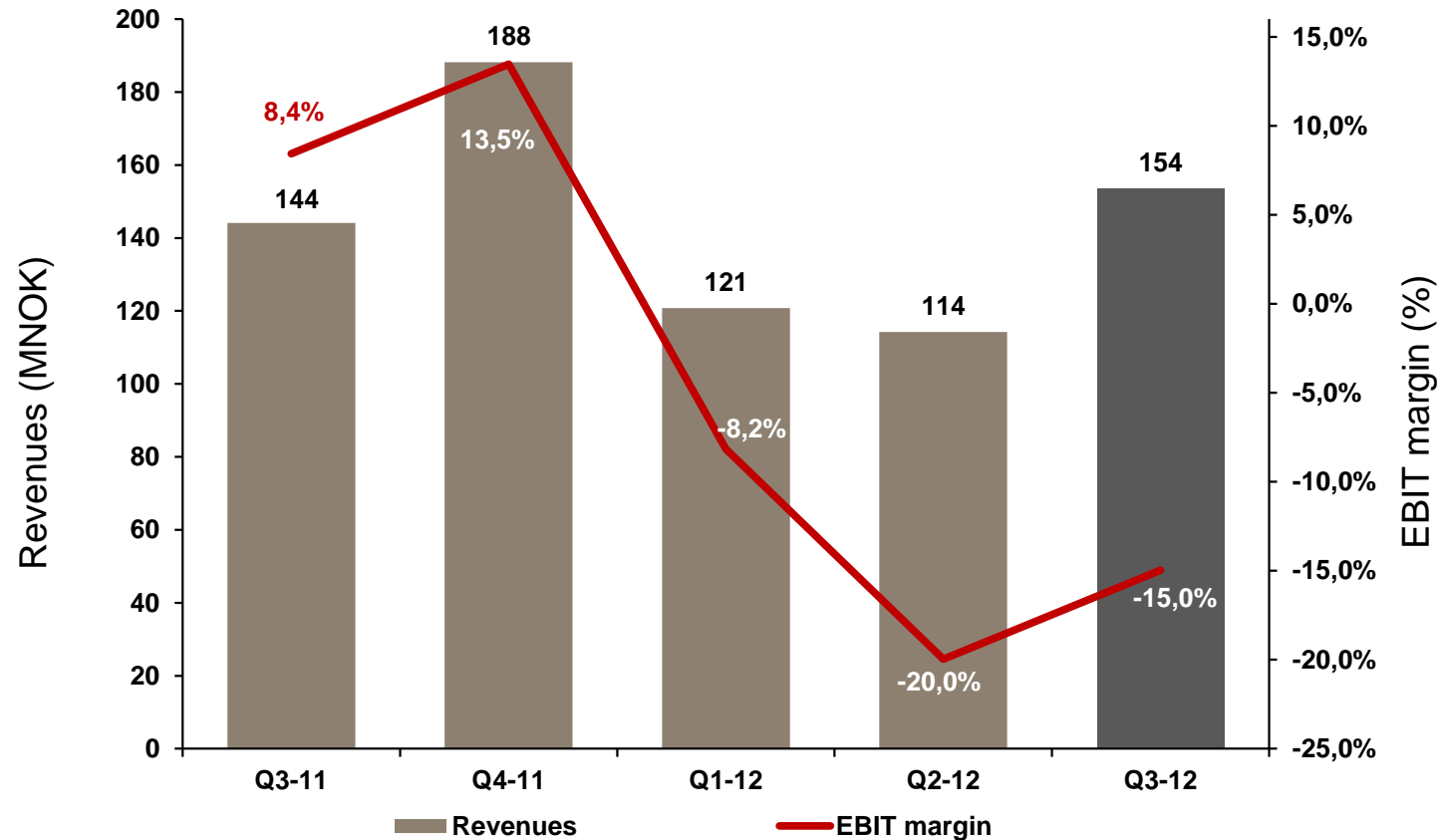
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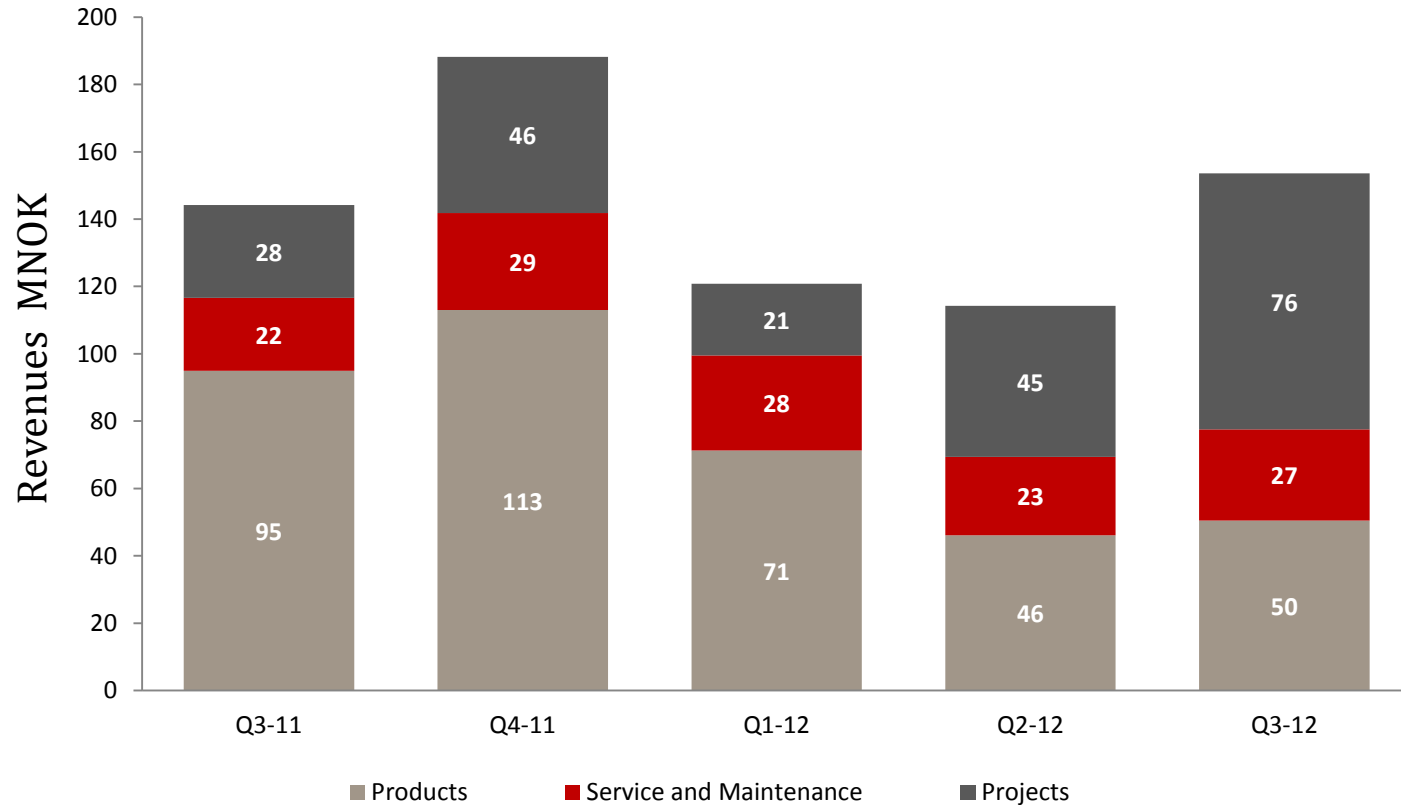


# Revenues and EBIT margin

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# Revenues per Business Area



# Profit and Loss Statement

NOK 1.000	Q3 2012	Q3 2011	30.09.2012	30.09.2011	2011
Revenues	153 614	144 161	388 605	516 695	704 912
Gross profit	91 621	91 353	237 027	277 550	405 590
Gross margin - %	59,6 %	63,4 %	61,0 %	53,7 %	57,5 %
Operating expenses	101 721	68 488	255 261	211 581	303 731
Operating profit - EBITDA	-10 099	22 865	-18 234	65 969	101 859
EBITDA margin	-6,6 %	15,9 %	-4,7 %	12,8 %	14,4 %
Depreciation, amortisation and impairment	12 900	10 709	37 422	32 412	42 952
Operating profit - EBIT	-23 000	12 156	-55 656	33 557	58 907
EBIT margin	-15,0 %	8,4 %	-14,3 %	6,5 %	8,4 %
Pretax profit	-21 797	9 473	-53 690	27 521	54 916
Profit margin	-14,2 %	6,6 %	-13,8 %	5,3 %	7,8 %
EPS	-0,28	0,12	-0,68	0,33	0,58

- Increased OPEX compared to Q3-11 due to project ramp up and higher project activity

# Cash flow statement

<b>NOK 1.000</b>	<b>Q3 2012</b>	<b>Q2 2012</b>	<b>Q1 2012</b>	<b>Q4 2011</b>	<b>Q3 2011</b>
<b>Net cash flow from operations</b>	<b>-53 689</b>	-3 631	-49 327	100 470	35 528
<b>Net cash flow from investments</b>	<b>-10 929</b>	-15 931	-9 730	-13 879	-8 225
<b>Net cash flow from financing</b>	<b>-1 476</b>	30 155	-565	99 905	-131
<b>Net change in cash in the period</b>	<b>-66 094</b>	10 593	-59 622	186 496	27 172
<b>Cash opening balance</b>	<b>390 758</b>	380 165	439 787	253 291	226 119
<b>Cash closing balance</b>	<b>324 665</b>	390 758	380 165	439 787	253 291

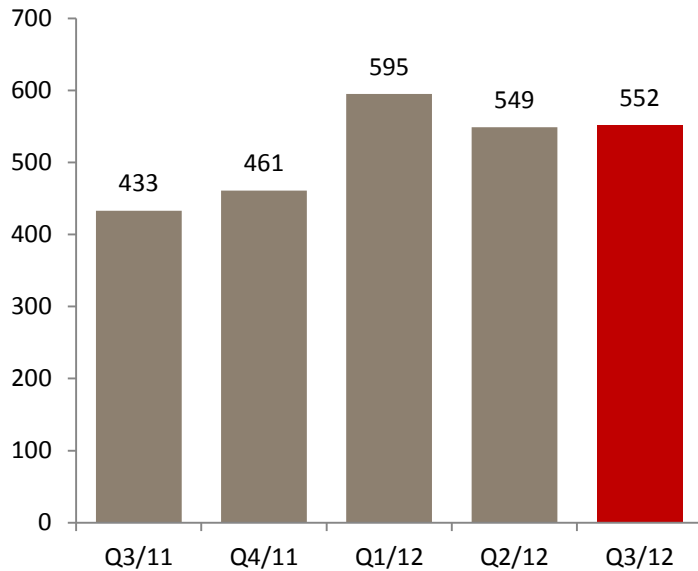
- Increased working capital during quarter due to variation in payment terms on on-going projects



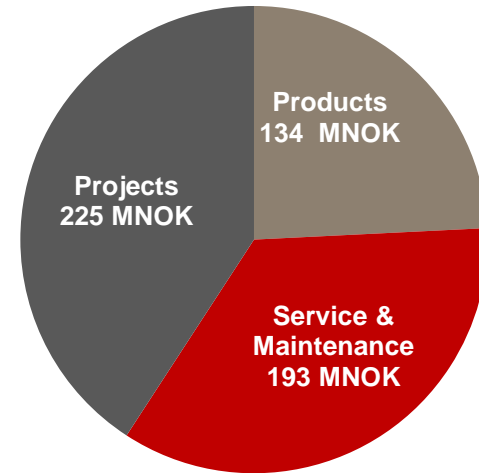
# Balance sheet

<b>NOK 1.000</b>	<b>30.09.2012</b>	<b>30.06.2012</b>	<b>30.09.2011</b>
Total intangible assets	185 229	181 769	178 390
Non current assets	74 898	72 633	62 103
Cash & Cash equivalents	324 665	390 758	253 291
Other current assets	295 435	234 680	252 566
<b>TOTAL ASSETS</b>	<b>880 227</b>	<b>879 840</b>	<b>746 350</b>
Total Equity	619 756	637 857	515 635
Non current liabilities	111 692	110 217	106 660
Current liabilities	148 779	131 767	124 055
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>880 227</b>	<b>879 840</b>	<b>746 350</b>
<i>Equity ratio</i>	<i>72,5 %</i>	<i>73,4 %</i>	<i>69,1 %</i>
<i>Net working capital</i>	<i>146 656</i>	<i>102 913</i>	<i>128 511</i>
<i>Working capital % 12 months Revenues</i>	<i>25 %</i>	<i>18 %</i>	<i>20 %</i>

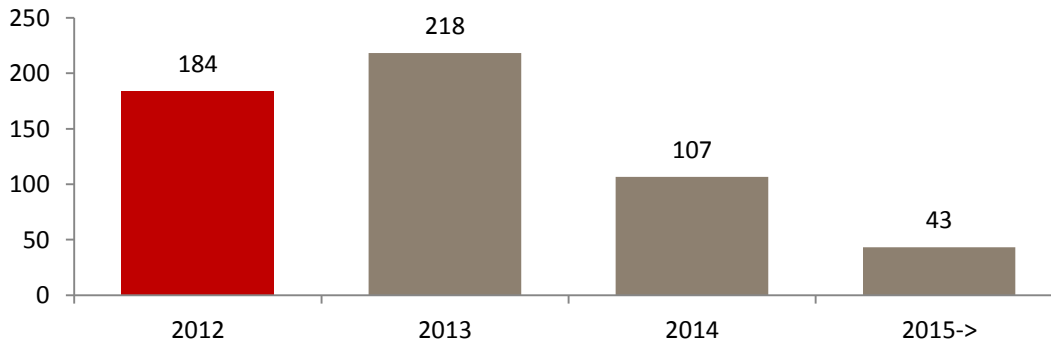
# Order Backlog \*



■ Products ■ Service & Maintenance ■ Projects



\* All graphs exclude contract in Indonesia



# Market Update

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- Key drivers for Road User Charging (RUC) solutions
  - Financing construction and maintenance of infrastructure
  - Improved efficiency of existing RUC solutions
  - Congestion management
- New Markets and Applications
  - Electronic Registration and Identification
  - Access systems
- Several major project opportunities are maturing



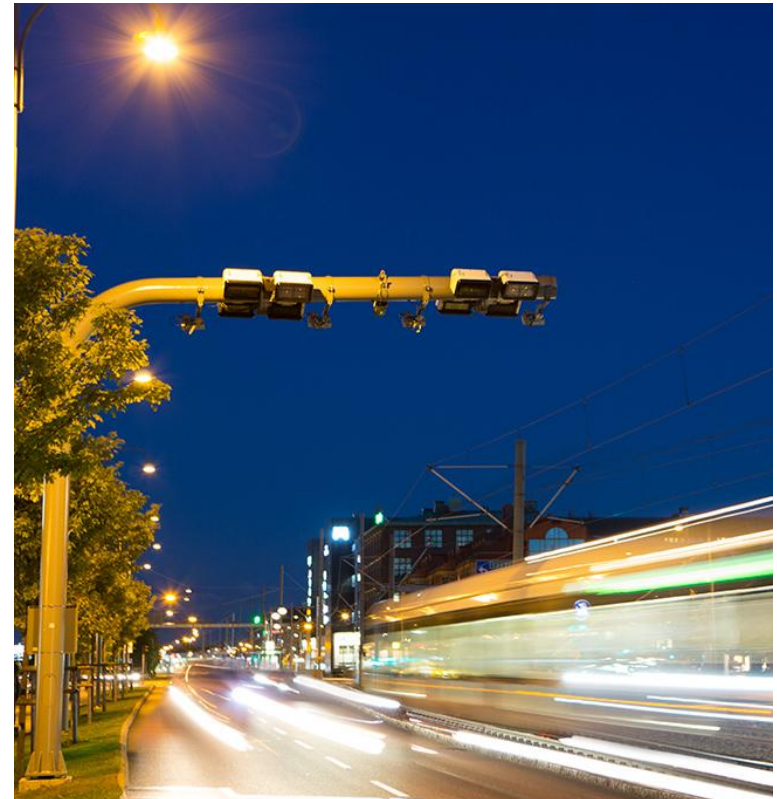
- Represents 6% of revenues and 11% of orders received in Q3
- **Jakarta** – financial close still pending, but client is in the process of concluding
- Several other market opportunities in **Indonesia**
- Increased activity in **Thailand** with a new infrastructure project expected to materialise during 2012 and further tag contracts
- No new development in **Taiwan**



- Represents 17% of revenues and 29% of orders received in Q3
- Repositioning process in **Brazil**, however potential in existing frame agreement
- **Chile** and **Columbia** showing some interesting opportunities
- Status quo in the **US** – bidding ALPR software and preparing imaging portfolio to enter US in a bigger way
- Currently exploring a number of ATMS cases



- Represents 77% of revenues and 60% of orders received in Q3
- Good progress in congestion charging project in **Gothenburg**
- Truck tolling projects in **Denmark, Hungary and Belgium progressing**
- New truck tolling scheme in **Russia** with major opportunities for Q-Free
- Several other **truck tolling** opportunities will materialise over the next few year, e.g. Bulgaria, Romania, Slovenia
- The **Norwegian** Public Road Administration is tendering a nationwide back office in 2013
- RUC market in European countries not hampered long term by financial problems, - **significant opportunities in Spain**



# Outlook

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- Expected EBIT for full year 2012 in line with the accumulated figures per Q3-12
- Substantial opportunities in Indonesia and major projects in other markets maturing
- Q-Free has clear ambitions and plans for the next steps
  - Establish presence in the wider Transportation Management area, e.g. Jakarta project
  - Further develop ATMS division through combination of acquisitions and organic growth → diversified contract portfolio
  - Increase penetration in Road User Charging (RUC)



**Q&A**

