

Quarterly report – Q4 2012

CEO Øyvind Isaksen and CFO Roar Østbø



Agenda

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- Highlights and Key Figures for 4Q'12
- Jakarta update
- Financial Review
- Market Update
- Outlook

Highlights

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- Improved revenues and cash flow
- Unique road pricing system in Gothenburg implemented in record time
- Important progress in Indonesia
- Announced a NOK 18 million service and maintenance contract in Stockholm
- Post quarter announcements:
 - Brazil: NOK 23 million call-off on tag frame agreement
 - Chile: NOK 19 million tag order
- Acquisition of TCS International in the US

NOK 1.000	4Q'12	4Q'11
Revenues	208 927	188 218
EBITDA	12 242	35 890
EBIT	350	25 349
EPS	0.16	0.28

Highlights

- The Gothenburg project

- Unique and elegant urban road pricing system based on a single-gantry set-up
- Awarded contract of NOK 143 million 9 March 2012
 - NOK 52 million in extension orders
- Project execution in record time, - the system went online 2 January 2013 to the customer's satisfaction
- Remaining the only company having references from this kind of congestion charging systems
- This further strengthens an already unique position in this market
- More business opportunities in Sweden

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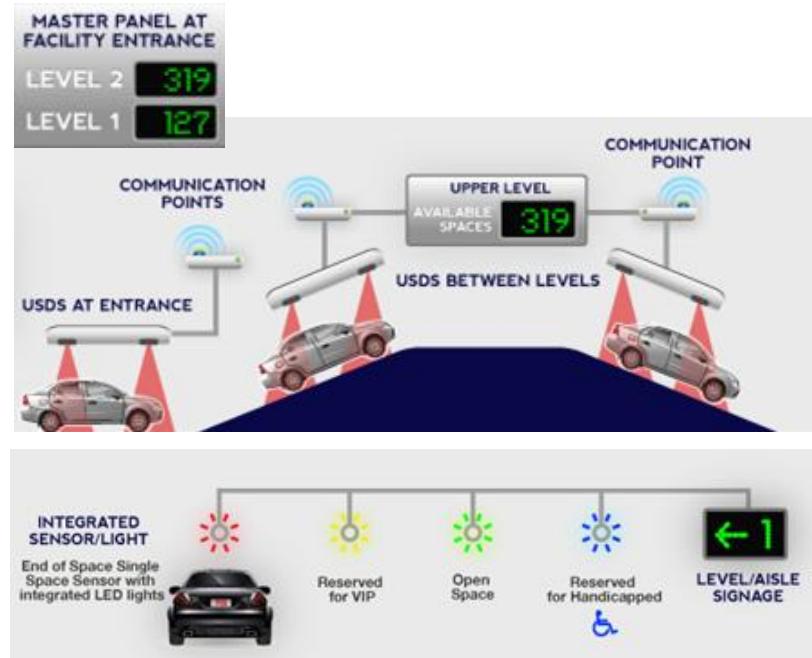


Highlights

- *Acquisition of TCS International*

- The market leader in Parking Guidance in North America
- Founded in 1999 by Greg Parzych, HQ in Sudbury, Ma. in Boston's Metro West
- A team of 15 design engineers, software specialists and sales people
- Expected revenues of NOK 35-40 million in 2013
- Fits well with ATMS growth strategy

Parking garage – guidance systems



Parking Guidance Systems direct drivers to available parking facilities throughout public parking garages, airports, shopping centers, casinos, convention centers, etc.

- Financing still not concluded
- Legal and due diligence issues being sorted out step by step
- Important progress has been made
- Q-Free has established local organisation and is well prepared to execute the project
- Costs related to project:
 - Opex: P/L effect in 2012 of NOK 13 million
 - New tag manufacturing line: Capitalised NOK 13 million as non-current asset in 2012



Financial Review

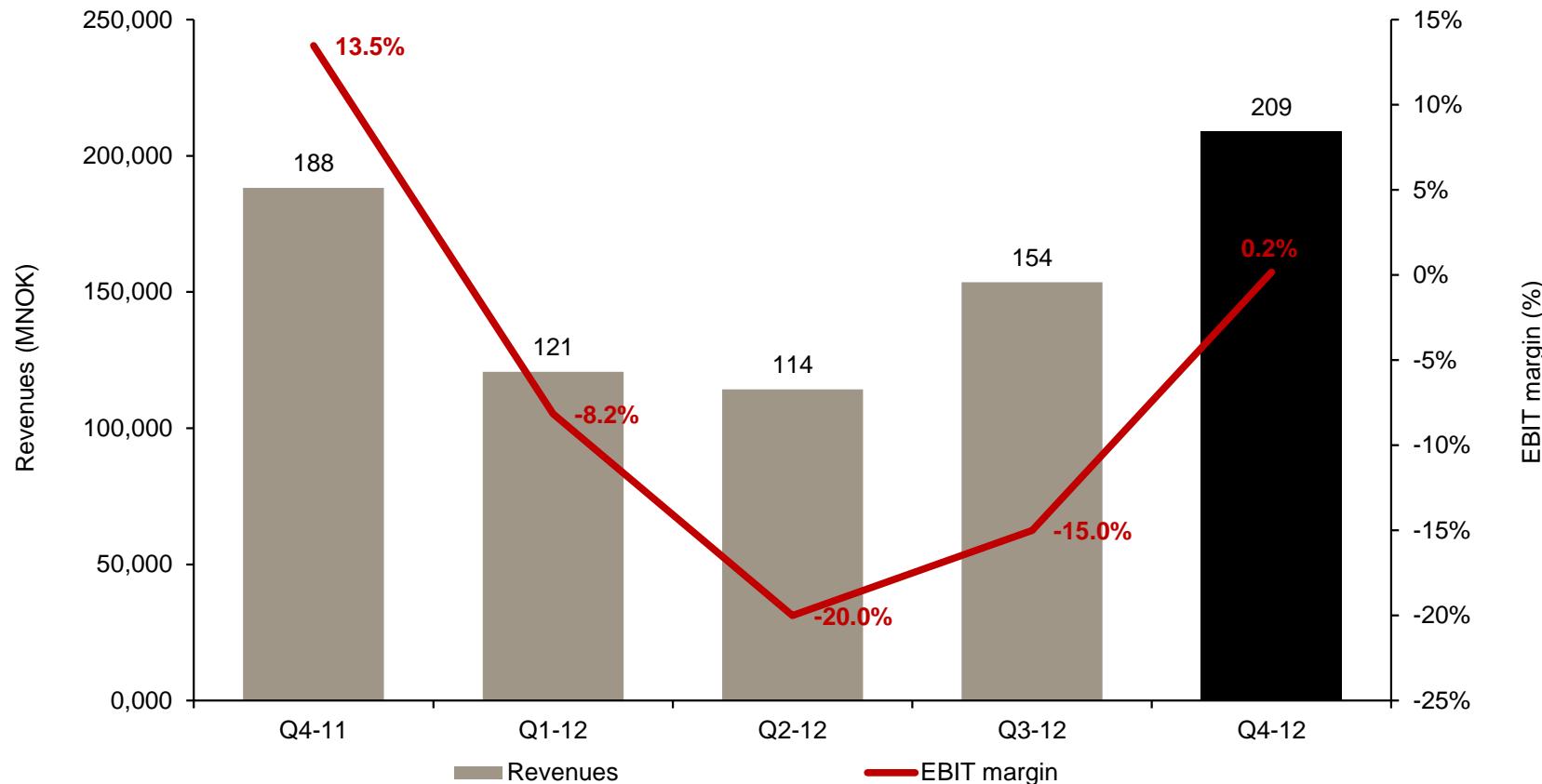
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Presented by CFO Roar Østbø



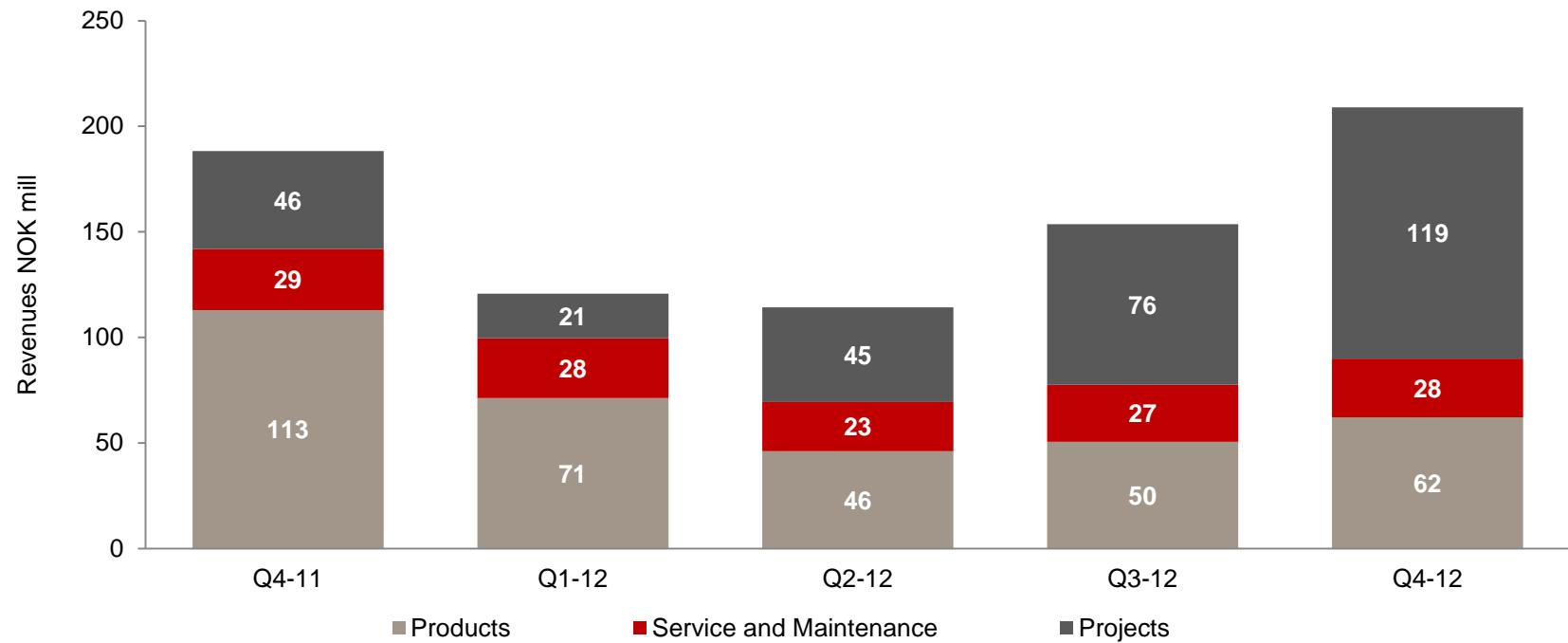
Revenues and EBIT margin

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Revenues per Business Area

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Profit and Loss Statement

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NOK 1.000	Q4 2012	Q4 2011	Q/Q-%	2012	2011	Y/Y-%
Revenues	208 927	188 218	11.0 %	597 532	704 912	-15.2 %
Gross profit	133 415	128 040	4.2 %	370 442	405 590	-8.7 %
Gross margin - %	63.9 %	68.0 %		62.0 %	57.5 %	
Operating expenses	121 173	92 151	31.5 %	376 434	303 731	23.9 %
Operating profit - EBITDA	12 242	35 890	-65.9 %	-5 991	101 859	-105.9 %
EBITDA margin	5.9 %	19.1 %		-1.0 %	14.4 %	
Depreciation, amortisation and impairment	11 893	10 540	12.8 %	49 315	42 952	14.8 %
Operating profit - EBIT	350	25 349	-98.6 %	-55 306	58 907	-193.9 %
EBIT margin	0.2 %	13.5 %		-9.3 %	8.4 %	
Pretax profit	9 067	27 394	-66.9 %	-44 623	54 916	-181.3 %
Profit margin	4.3 %	14.6 %		-7.5 %	7.8 %	
EPS	0.16	0.28	-0.12	-0.52	0.58	-1.10

- Revenue decline in 2012 explained mainly by lower product sales
- Increased OPEX compared to 2011 due to ramp up cost in Jakarta and higher project activity
- Fixed costs roughly on same level as 2011

Cash flow statement

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NOK 1.000	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2011	2012
Net cash flow from operations	100 470	-49 327	-3 631	-53 689	87 188	193 795	-19 459
Net cash flow from investments	-13 879	-9 730	-15 931	-10 929	-43 039	-39 894	-79 629
Net cash flow from financing	99 905	-565	30 155	-1 476	677	200 163	28 791
Net change in cash in the period	186 496	-59 622	10 593	-66 094	44 826	354 064	-70 297
Cash opening balance	253 291	439 787	380 165	390 758	324 665	85 724	439 789
Cash closing balance	439 787	380 165	390 758	324 664	369 491	439 788	369 491

- Improved working capital during the quarter due to large payments from the Gothenburg project
- Acquisition of TCS International of NOK 25 million

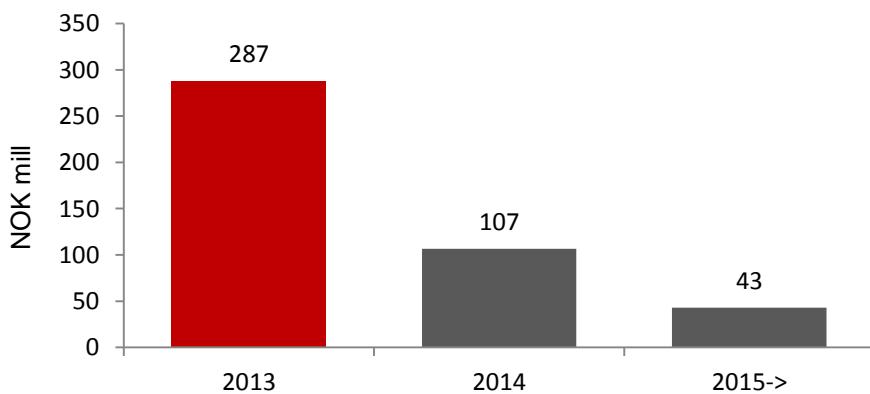
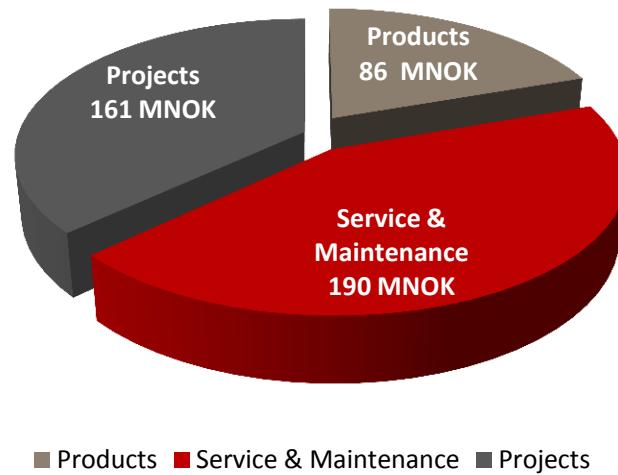
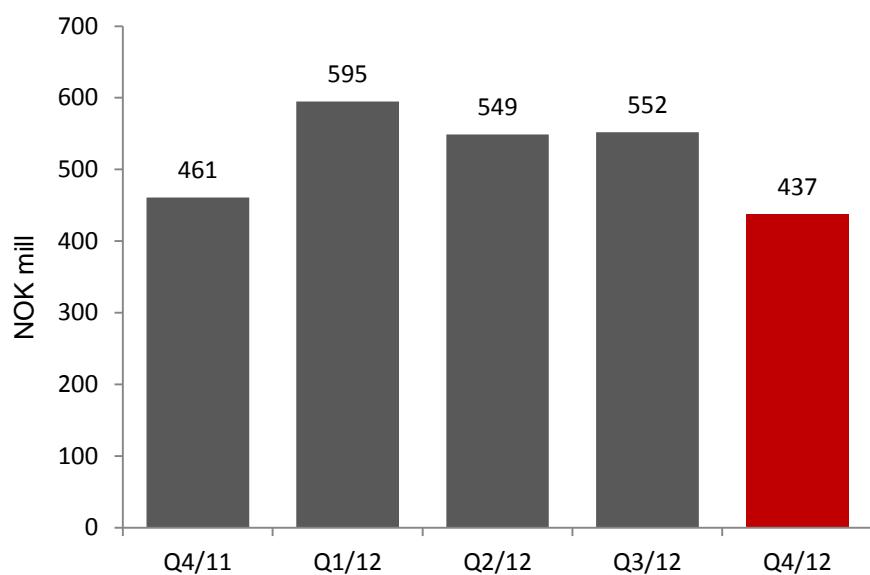
Balance sheet

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NOK 1.000	31.12.2012	30.09.2012	30.06.2012	31.03.2012	31.12.2011
Total intangible assets	242 577	185 229	181 769	182 905	182 901
Non current assets	77 262	74 898	72 633	66 619	63 941
Cash & Cash equivalents	369 491	324 665	390 758	380 165	439 788
Other current assets	250 231	295 435	234 680	231 101	242 040
TOTAL ASSETS	939 560	880 227	879 840	860 790	928 670
Total Equity	628 413	619 756	637 857	631 434	636 746
Non current liabilities	126 791	111 692	110 217	107 483	107 797
Current liabilities	184 356	148 779	131 767	121 873	184 128
TOTAL EQUITY & LIABILITIES	939 560	880 227	879 840	860 790	928 670
<i>Equity ratio</i>	<i>66.9 %</i>	<i>72.5 %</i>	<i>73.4 %</i>	<i>73.4 %</i>	<i>68.6 %</i>
<i>Net working capital</i>	<i>65 874</i>	<i>146 656</i>	<i>102 913</i>	<i>109 228</i>	<i>57 912</i>
<i>Working capital % 12 months Revenues</i>	<i>11 %</i>	<i>25 %</i>	<i>18 %</i>	<i>17 %</i>	<i>8 %</i>

Order Backlog

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Strategic Positioning & Market Update

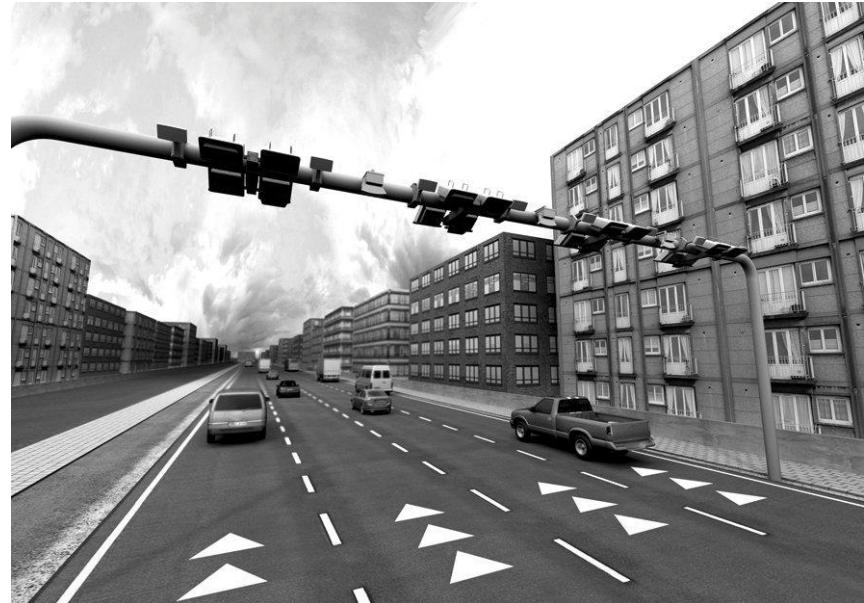
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Presented by CEO Øyvind Isaksen



- Q-Free mainly operated in the Road User Charging (RUC) market
- This market is still immature
 - Untapped business potential
 - Project driven and subjected to political risk
 - The underlying business is not yet fully developed
- The above has contributed to a challenging 2012
- We will address the above risks by;
 - Increasing exposure in the ATMS market to build a broader and more diversified growth platform
 - Reconsider the general activity level in the company, and improve cost efficiency

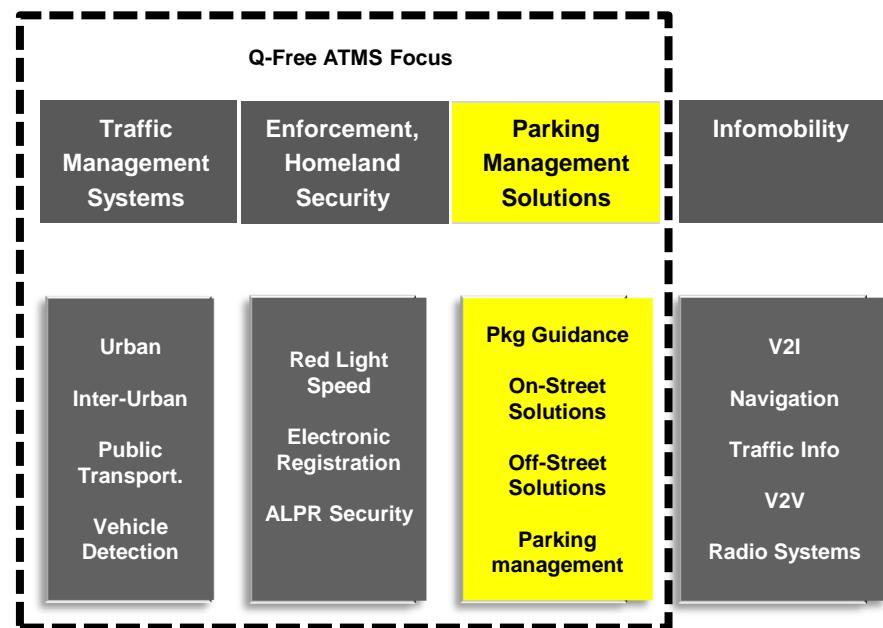
- Key drivers for Road User Charging (RUC) solutions
 - Financing construction and maintenance of infrastructure
 - Improved efficiency of existing RUC solutions
 - Congestion management



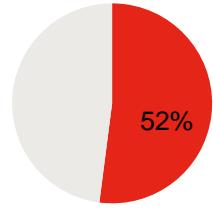
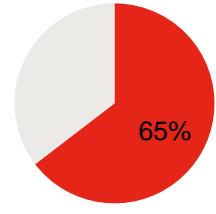
Advanced Transportation Management Systems (ATMS) Market

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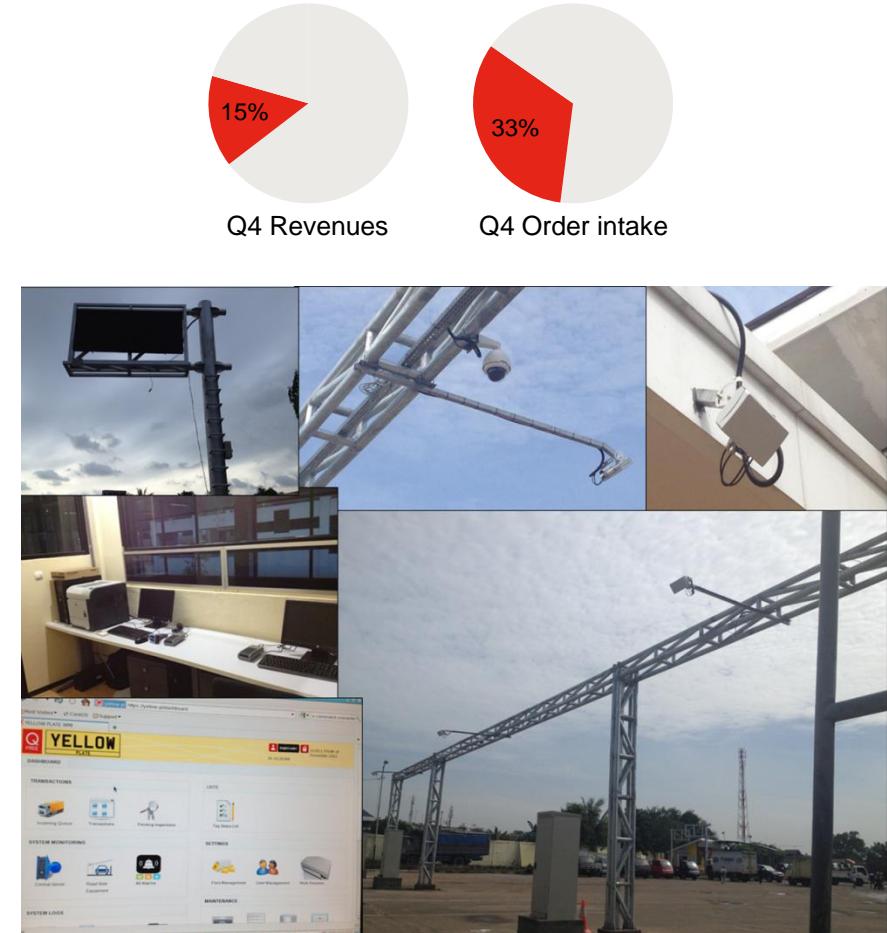
- Collects real-time traffic data for integration and processing in a Transportation Management Centre
- Total estimated market in 2011: USD 200 billion
- Forecast to double in value by 2016
- Market split into: Urban traffic, Inter-Urban, Parking, Public Transport, Rail, consultancy and planning
- Q-Free's focus areas in Urban, Inter-Urban and Parking management account for ~ 50 percent of the market



- Road pricing system in **Gothenburg** implemented in record time
 - Additional future opportunities in **Sweden**
- Truck tolling projects in **Denmark** and **Belgium** progressing
- Tender process in **Russia** in 2013 for truck tolling
- More truck tolling schemes expected throughout Europe
- **Spain** showing interesting multi-lane free flow opportunities
- Nationwide back-office tender in **Norway** in 2013



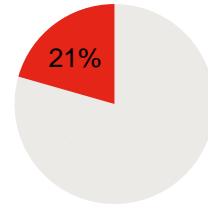
- “Yellow plate” project in **Indonesia**
 - Electronic car inspection system
 - Pilot may trigger new opportunities
- Kick-off on **Sydney** Harbour bridge project, planned to go-live mid 2013
- **Thailand** – activity has picked up, and new market opportunities will materialise



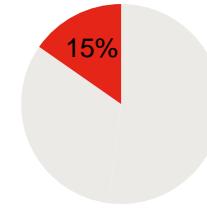
Market Update – North and Latin America

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- Technology shift in **Brazil** further postponed
 - Awarded NOK 23 million tag contract post quarter
- Currently supplying tags in **Chile**
 - Awarded NOK 19 million tag contract post quarter
- Exploring opportunities in **Ecuador** and **Columbia**



Q4 Revenues



Q4 Order intake



- Taking actions to improve financial performance in 2013
- Continuing to position Q-Free for long-term megatrend
- Remaining confident in the market potential in Indonesia
- Order backlog points to a slow start in 2013
- Expecting improved activity through 2013, with the level depending on start-up of the Jakarta project



Q&A

