



Quarterly report

CEO Øyvind Isaksen and Finance manager Bjørn Kleven

Second quarter 2013

Agenda

- Highlights and Key figures
- Market update
- Financial review
- Outlook

HIGHLIGHTS AND MARKET UPDATE

Presented by CEO Øyvind Isaksen



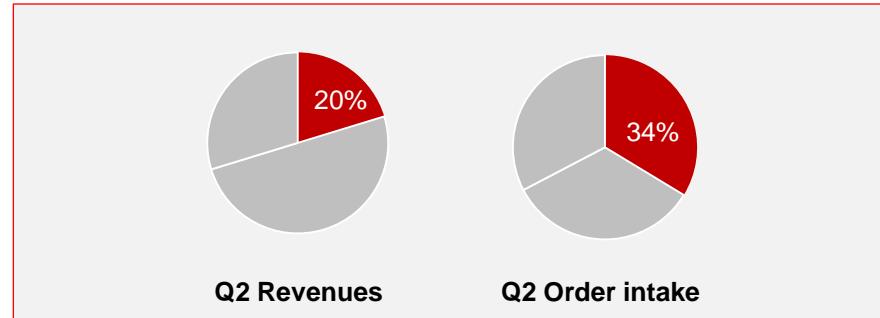
Highlights

- Export Credit Norway signed loan agreement for the Jakarta ELE project in July
- Revenues +29% from Q2-12
 - Pick-up in product revenues
 - Higher service & maintenance revenues
 - Project market remained slow
 - Sharp uptick in order intake; mainly tag orders
- Break-even on the operating level
- Profit Improvement Program progressing as planned
- Positive development in TCS

| NOK 1,000 | Q2-13 | Q2-12 | H1-13 | H1-12 |
|--------------|-------|-------|-------|-------|
| Order intake | 194 | 68 | 282 | 322 |
| Revenues | 147.9 | 114.2 | 285.9 | 235.0 |
| EBITDA | 16.1 | -10.3 | -21.7 | -8.1 |
| EBIT | 0.3 | -22.8 | -53.0 | -32.7 |
| EPS | -0.04 | -0.31 | -0.66 | -0.40 |

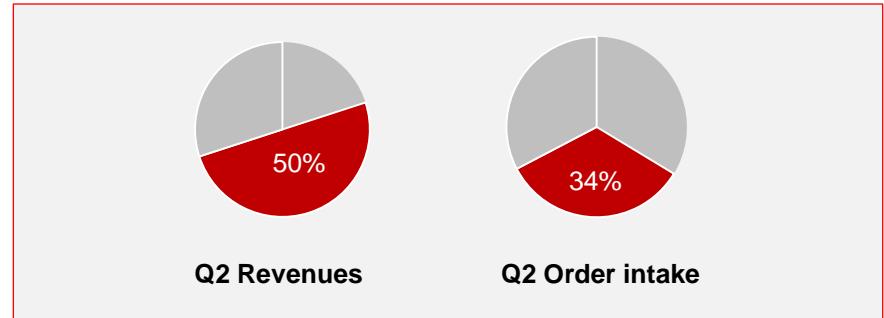
Asia Pacific second quarter market update

- NOK 16 million tag order in **Australia**
- NOK 12 million tag order in **Thailand**
- Delivering automatic number plate recognition software to the **Taiwan** tolling system
- Further infrastructure and tag opportunities to come in **Thailand**
- Tender for congestion charging project in **Jakarta** likely to be released in 2013



EMEA second quarter market update

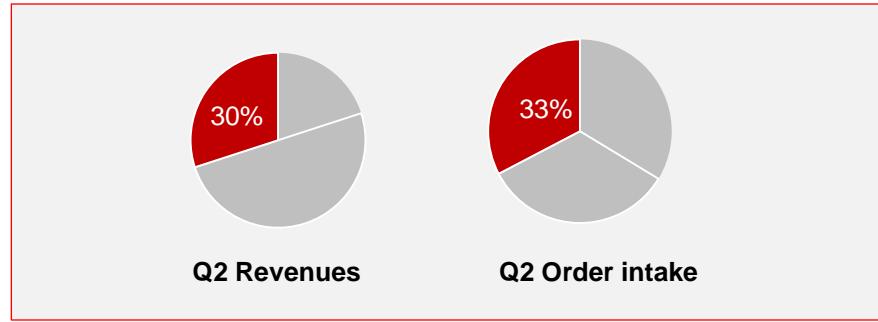
- NOK 33 million tag contract with VINCI Autoroutes in **France**
- Two Nordic contracts signed post Q2
 - NOK 36 million extension of service & maintenance contract for the congestion charging system in **Stockholm**
 - Minimum NOK 34 million contract extension in **Norway** for Central System
- Truck tolling projects progressing in **Belgium** and **Russia**
- Multilane Free Flow opportunities in **Spain**



North and Latin America second quarter market update

7
→

- NOK 27 million tag contract in **Brazil**
 - Call-off on frame agreement
- Exploring infrastructure and tag contracts in **Chile, Columbia and Ecuador**
- TCS International shows promising development

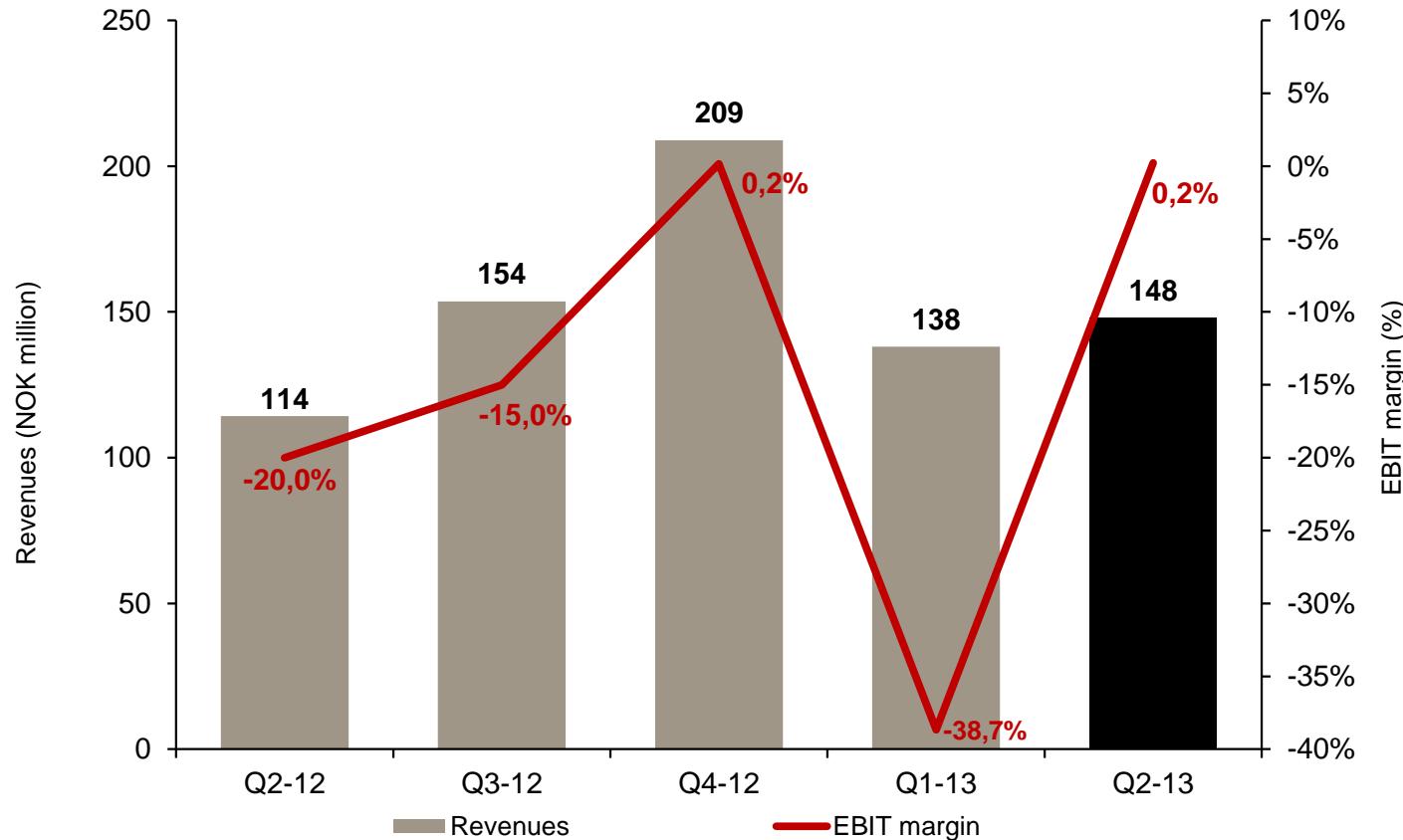


Financial Review

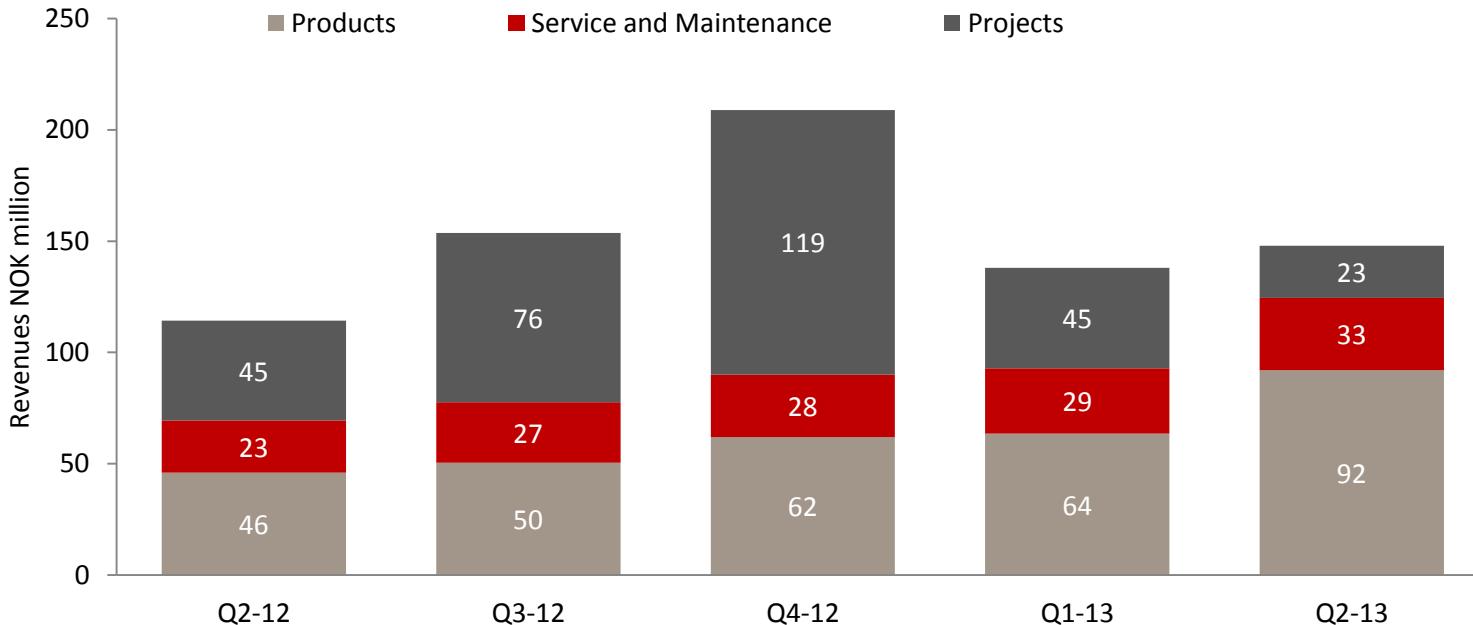
Presented by Finance Manager Bjørn Kleven



Revenues and EBIT margin

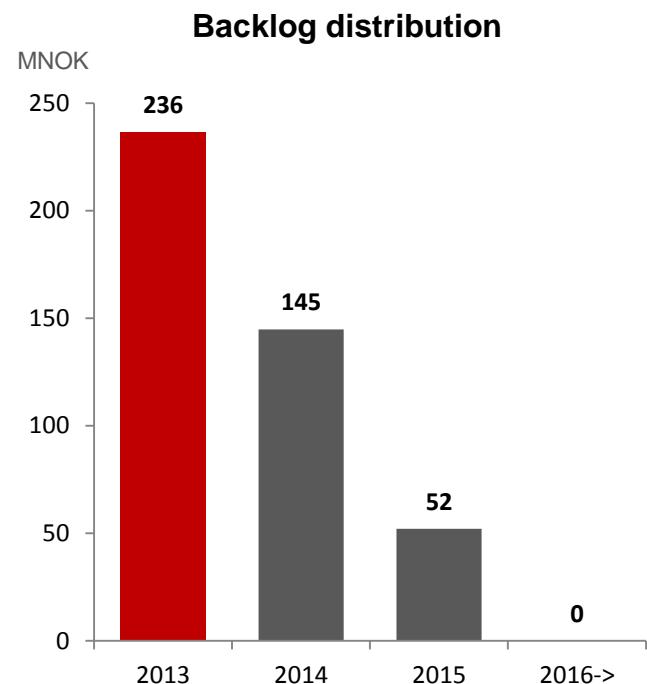
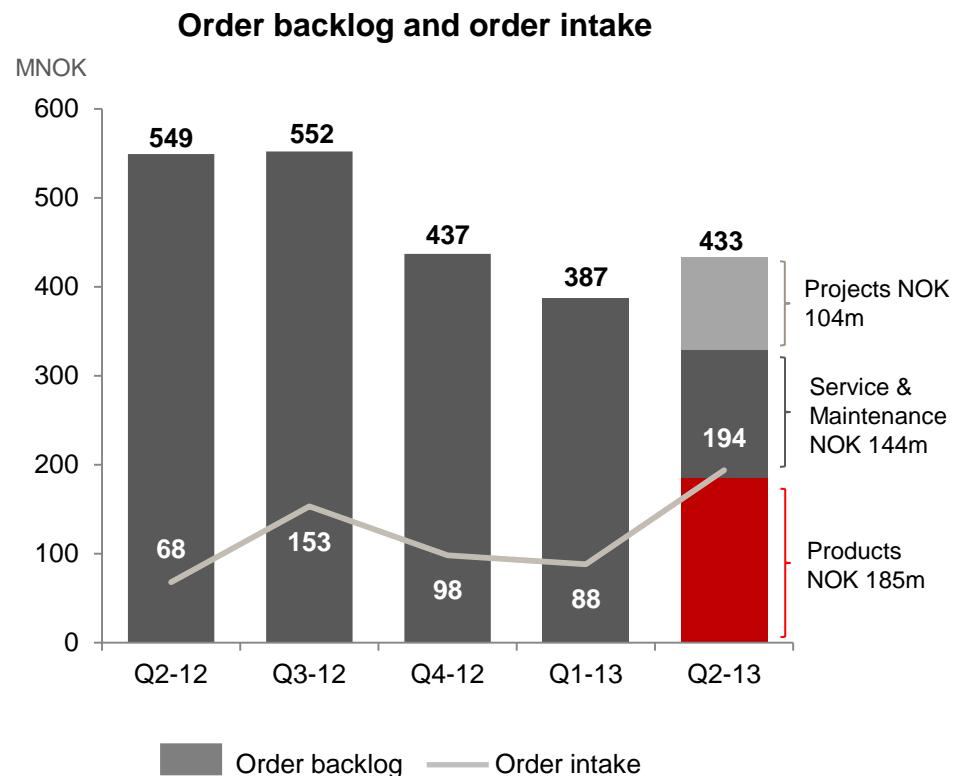


Revenues per Business Area



| | MNOK | Q2-12 | Q3-12 | Q4-12 | Q1-13 | Q2-13 |
|-------------------------|------|------------|------------|------------|------------|------------|
| Products | | 46 | 50 | 62 | 64 | 92 |
| Service and Maintenance | | 23 | 27 | 28 | 29 | 33 |
| Projects | | 45 | 76 | 119 | 45 | 23 |
| TOTAL | | 114 | 154 | 209 | 138 | 148 |

Order backlog and delivery schedule



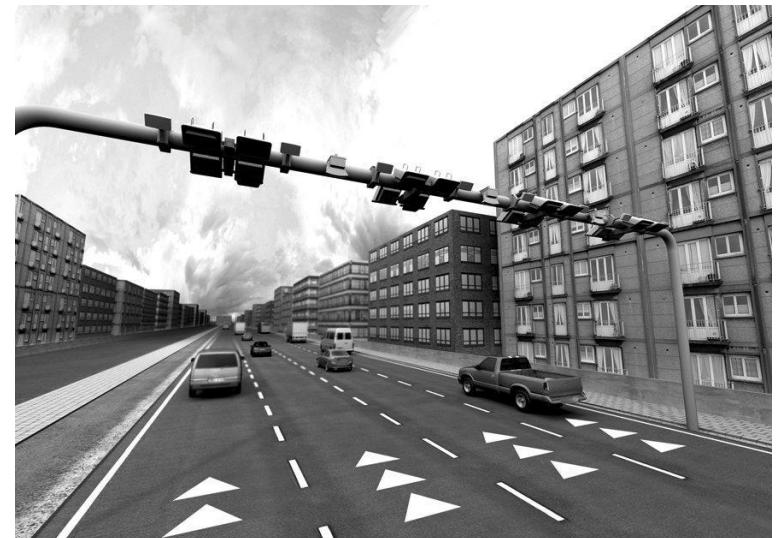
Profit and Loss Statement

| NOK 1.000 | Q2 2013 | Q2 2012 | Q/Q-% | 2012 |
|------------------------------------|----------------|----------------|--------|----------------|
| Revenues | 147 892 | 114 230 | 29,5 % | 597 532 |
| Gross profit | 92 125 | 67 769 | 35,9 % | 370 442 |
| Gross margin - % | 62,3 % | 59,3 % | n.m. | 62,0 % |
| Operating expenses | 76 062 | 78 088 | -2,6 % | 376 434 |
| Operating profit - EBITDA | 16 063 | -10 319 | n.m. | -5 991 |
| EBITDA margin | 10,9 % | -9,0 % | n.m. | -1,0% |
| Depr., amort and impairment | 15 732 | 12 495 | 25,9 % | 49 315 |
| Operating profit - EBIT | 330 | -22 814 | n.m. | -55 306 |
| EBIT margin | 0,2 % | -20,0 % | n.m. | -9,3 % |
| Pretax profit | -2 275 | -23 538 | n.m. | -44 623 |
| Profit margin | -1,5 % | -20,6 % | n.m. | -7,5 % |
| EPS | -0,04 | -0,31 | n.m. | -0,51 |

- Opex below Q2-12, including positive effect of ~NOK6.6 million from reversal of restructuring provision
- Increased D&A reflects Single Gantry depreciation and amortization of the TCS acquisition

Profit Improvement Program (PIP)

- Program progressing broadly speaking according to plan
- Targeting **NOK 60 million** annual reduction
 - Operational costs NOK -40m
 - Capital investment spending NOK -20m



Cash flow statement

| NOK 1.000 | Q2 2012 | Q3 2012 | Q4 2012 | Q1 2013 | Q2 2013 | 30.06.13 | 2012 |
|---|----------------|----------------|----------------|----------------|----------------|-----------------|----------------|
| Net cash flow from operations | -3 631 | -53 689 | 87 188 | -22 970 | -61 209 | -84 179 | -19 886 |
| Net cash flow from investments | -15 931 | -10 929 | -43 039 | -18 897 | -10 454 | -29 351 | -79 229 |
| Net cash flow from financing | 30 155 | -1 476 | 677 | -344 | -435 | -779 | 28 819 |
| Net change in cash in the period | 10 593 | -66 094 | 44 826 | -42 211 | -72 098 | -114 309 | -70 296 |
| Cash opening balance | 380 165 | 390 758 | 324 665 | 369 491 | 327 279 | 369 491 | 439 789 |
| Cash closing balance | 390 758 | 324 664 | 369 491 | 327 280 | 255 181 | 255 181 | 369 491 |

- Increased working capital due to concentrated product invoicing late in the quarter
- Reduced investment level compared to previous quarters

Balance sheet

| NOK 1.000 | 30.06.2013 | 31.03.2013 | 31.12.2012 |
|---|----------------|----------------|----------------|
| Total intangible assets | 251 202 | 253 094 | 244 387 |
| Non current assets | 78 849 | 81 149 | 77 261 |
| Cash & Cash equivalents | 255 181 | 327 279 | 369 491 |
| Other current assets | 259 484 | 228 136 | 250 560 |
| TOTAL ASSETS | 844 715 | 889 659 | 941 699 |
| Total Equity | 579 558 | 585 568 | 630 908 |
| Non current liabilities | 128 058 | 126 041 | 124 287 |
| Current liabilities | 137 099 | 178 050 | 186 504 |
| TOTAL EQUITY & LIABILITIES | 844 715 | 889 659 | 941 699 |
| <i>Equity ratio</i> | <i>68.6 %</i> | <i>65.8 %</i> | <i>67.0 %</i> |
| <i>Net working capital</i> | <i>122 385</i> | <i>50 087</i> | <i>64 056</i> |
| <i>Working capital % 12 months Revenues</i> | <i>19 %</i> | <i>8 %</i> | <i>11 %</i> |

Summary and Outlook

- Improved underlying development in Q2
 - Solid order intake due to higher product sales
 - Implementation of the Profit Improvement Program progressing as planned
 - Making progress in the ATMS market
- Financing agreement signed for the Jakarta project in July
 - Loan will be released upon initial payment of USD 6 million to Q-Free
 - Payment will mark project start-up and a new era for Q-Free



Google search phrase: «Jakarta traffic»



Q&A

Second quarter 2013
