



DNB MARKETS SME CONFERENCE

CEO Thomas Falck

8 APRIL 2014



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Agenda

- **Introduction to Q-Free**
- **Strategic positioning**
- **ATMS**
- **RUC**
- **Summary and Outlook**
- **Additional information**

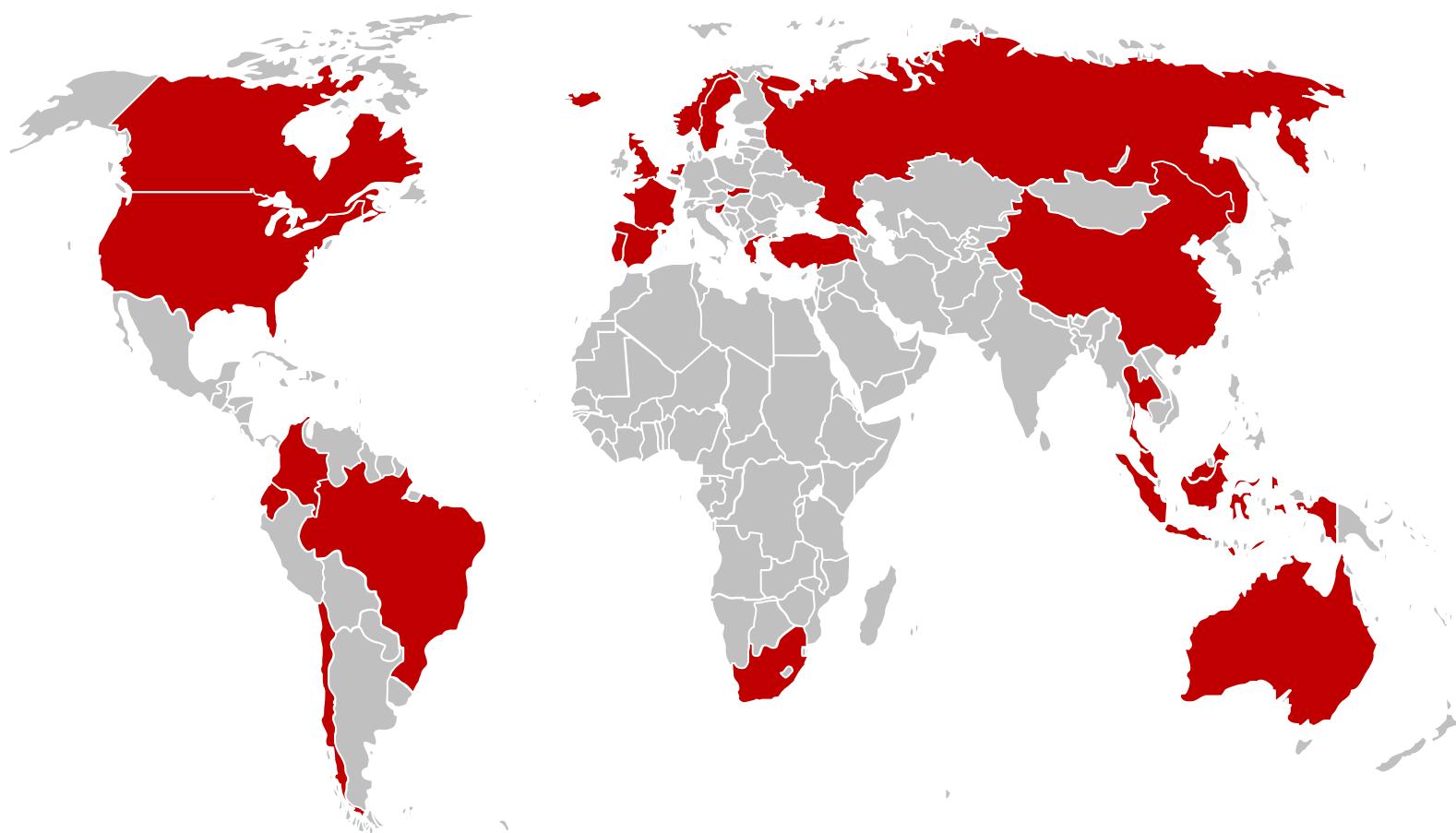
Q-Free – A pioneer in Road User Charging

- Leading global supplier with unique portfolio of solutions for Road User Charging and Advanced Transportation Managements Systems
- Well positioned in a mega trend, driven by market demand for infrastructure financing, environmental friendly solutions, congestion management and improved efficiency of manual solutions
- Represented in 16 countries, headquartered in Trondheim, Norway, ~350 employees
- Revenues of NOK 606 million in 2013
- Listed on the Oslo Stock Exchange (QFR) – market capitalization of ~ NOK 1 billion

Q-Free vision

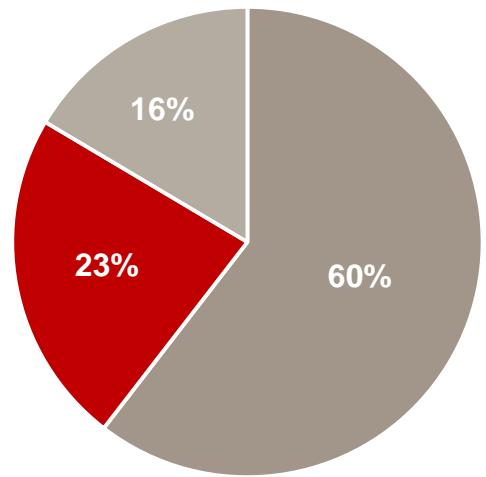
**Our vision is to be the globally preferred partner
within
Intelligent Transport Systems
and provide world-wide leadership in
Road User Charging
and
Advanced Transportation Management**

Wide geographic reach and key references



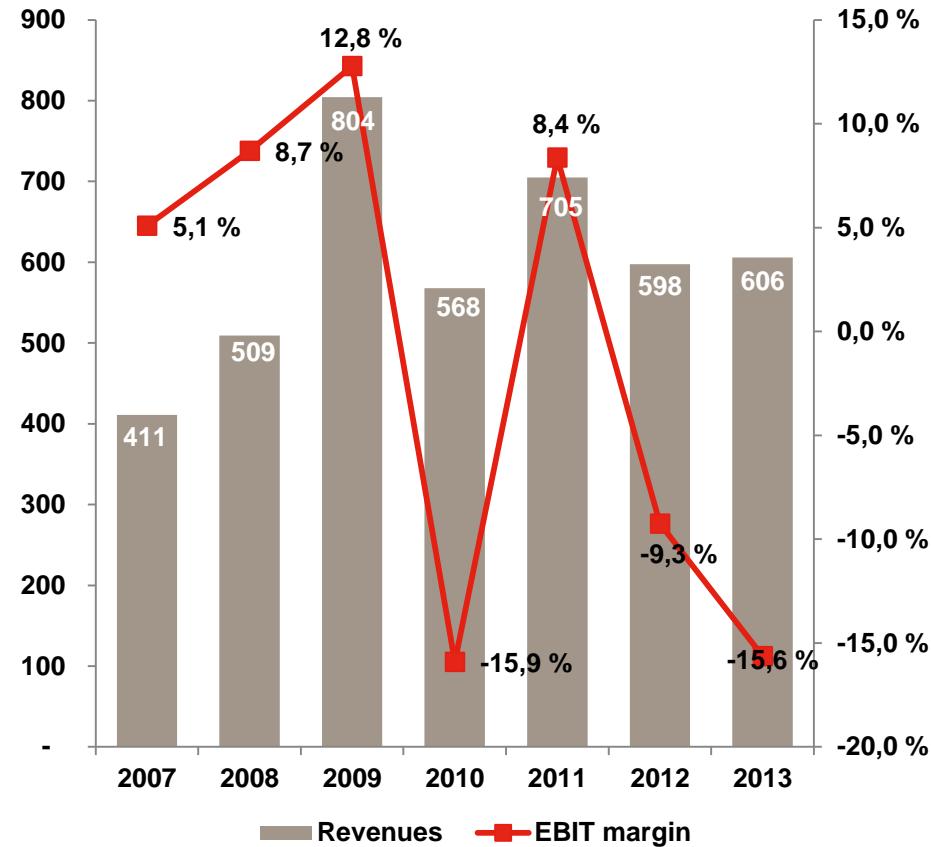
Revenue split and historical development

Business mix 2013



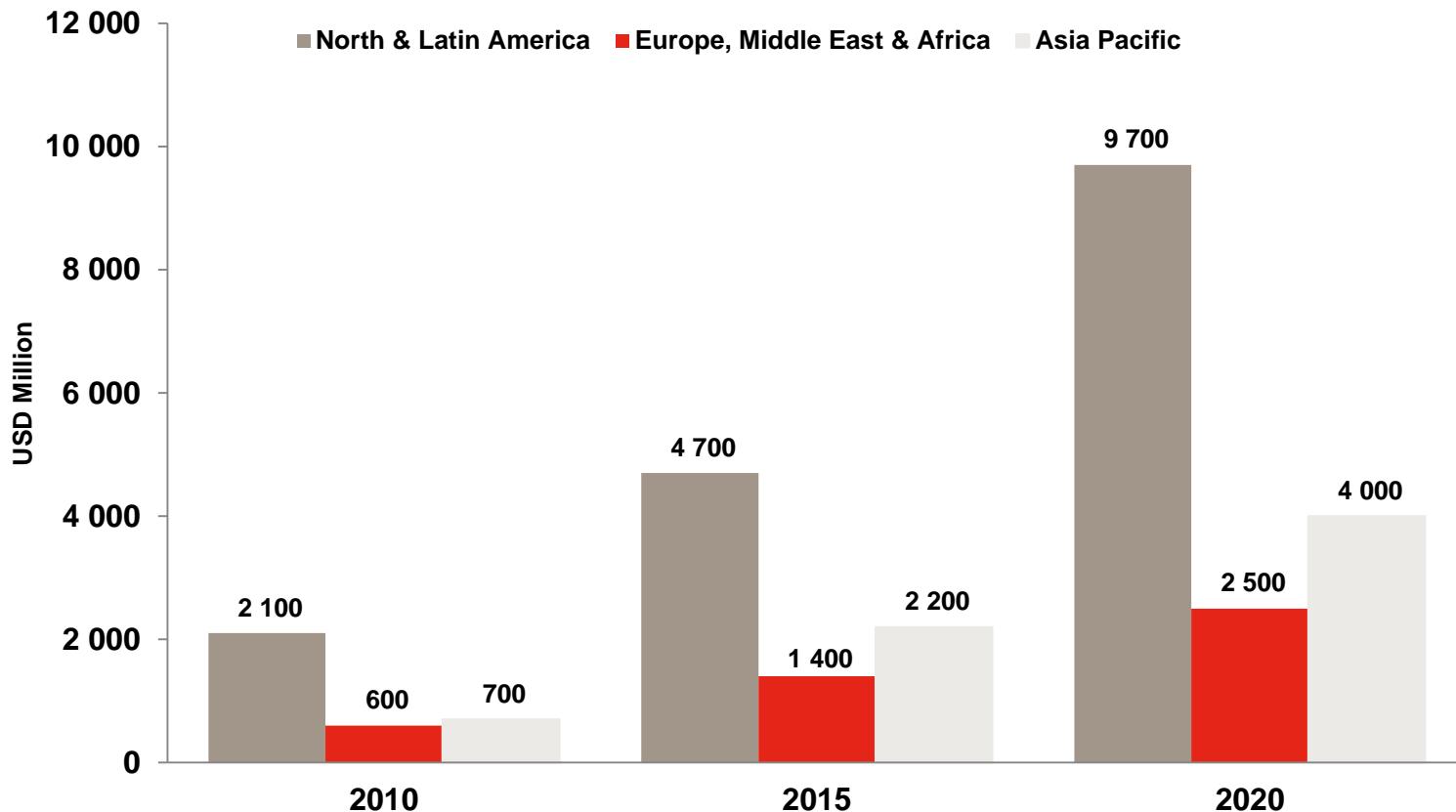
■ Products ■ Service and Maintenance ■ Projects

Revenues and EBIT margin



Strategic positioning

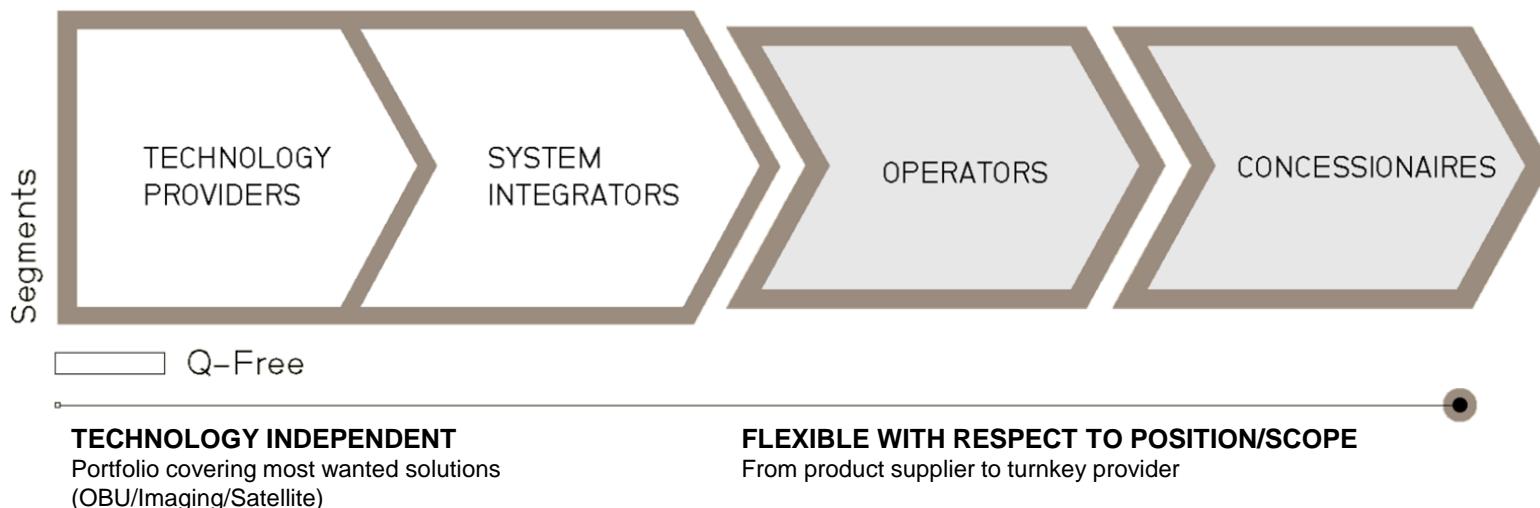
Road User Charging- A global megatrend



Source : Innova Consulting 2011

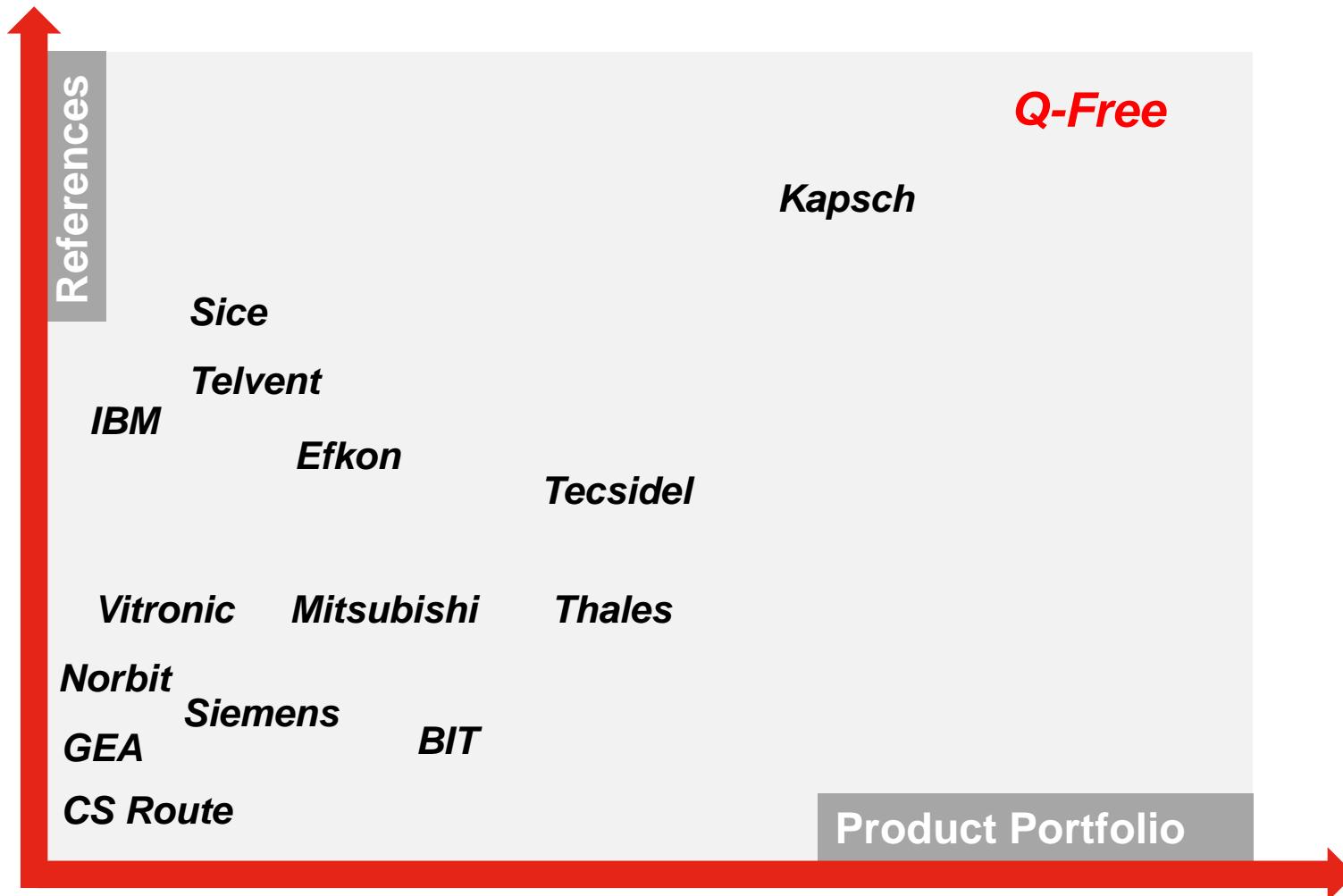
The Road User Charging Market

- Strong drivers for Road User Charging (RUC) solutions
 - Financing construction and maintenance of infrastructure
 - Congestion management
 - Improved efficiency of existing RUC solutions
- Q-Free is a market leader in its focus areas



Competitive Scene

Multi-lane Free-Flow RUC systems and product supply (ex. US)



Strategy developments

- Products and Service & Maintenance revenues are increasing, and the Profit Improvement Program has lowered the revenue break-even level
- Still needs to address the slow flow of new RUC projects, as this undermines the basis for future revenue generation
- Q-Free's focus has been on larger projects and contracts, and we need to broaden our focus in the current market
- Initiated “Q-Free Strategy and Collaboration project” (QSC) to increase customer focus and broaden the scope of business
 - Seeking to strengthen our market focus and position
 - Expand the addressable market and get closer to our customers
 - Increase internal cooperation and efficiency

Market drivers - megatrend

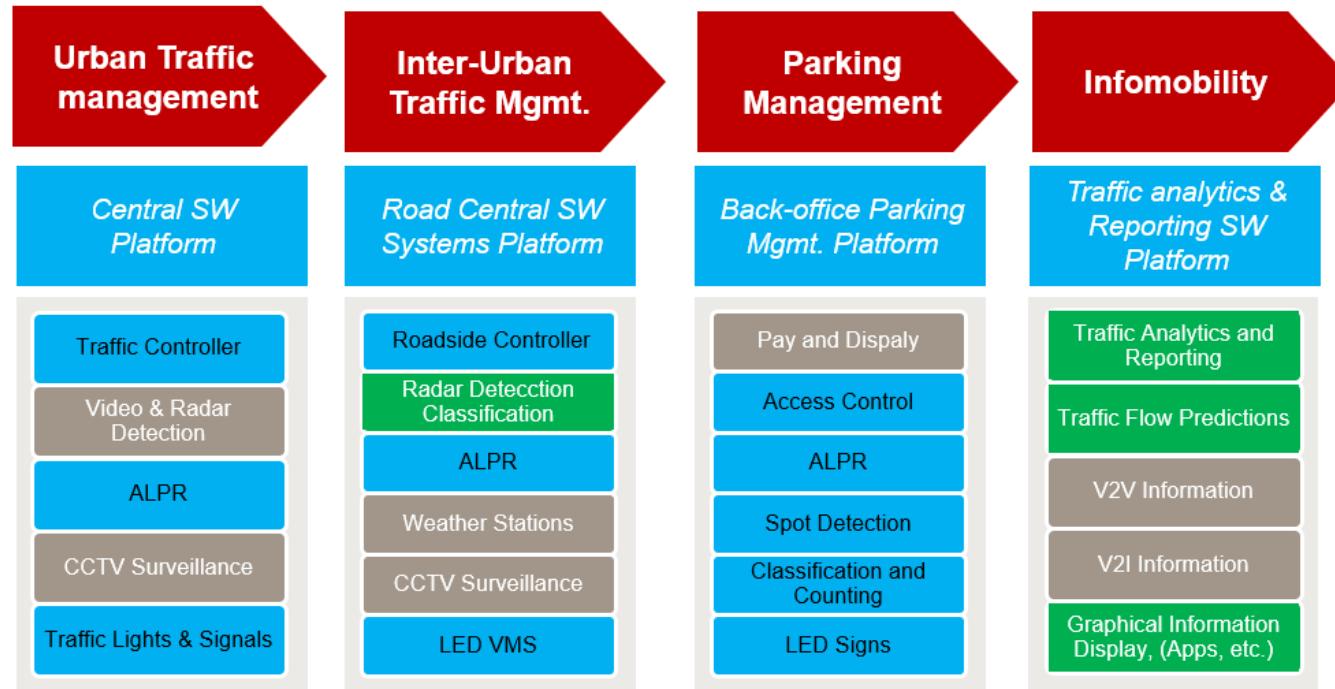
- City managers have historically used fee collection systems to fund government, infrastructure and more recently means of public transportation
- Ongoing urbanisation drives wealth increase
- Increase in the number and sizes of cities, cars and transportation needs
- New implications emerge:
Congestion → Pollution → Accidents → Great costs to society

Upcoming major shifts in the market

- Political shift in focus from «fee collection» to «traffic management»
- Car manufacturers are shifting focus from passive to active security
- Creates opportunities for innovative companies like Q-Free to collect data and provide information to traffic managers and motorists in real-time, which offers more efficient and secure flow of traffic
- Q-Free is therefore broadening the scope into Advanced Traffic Management Systems (ATMS) and Intelligent Traffic Systems (ITS)

Q-Free's ATMS portfolio

15
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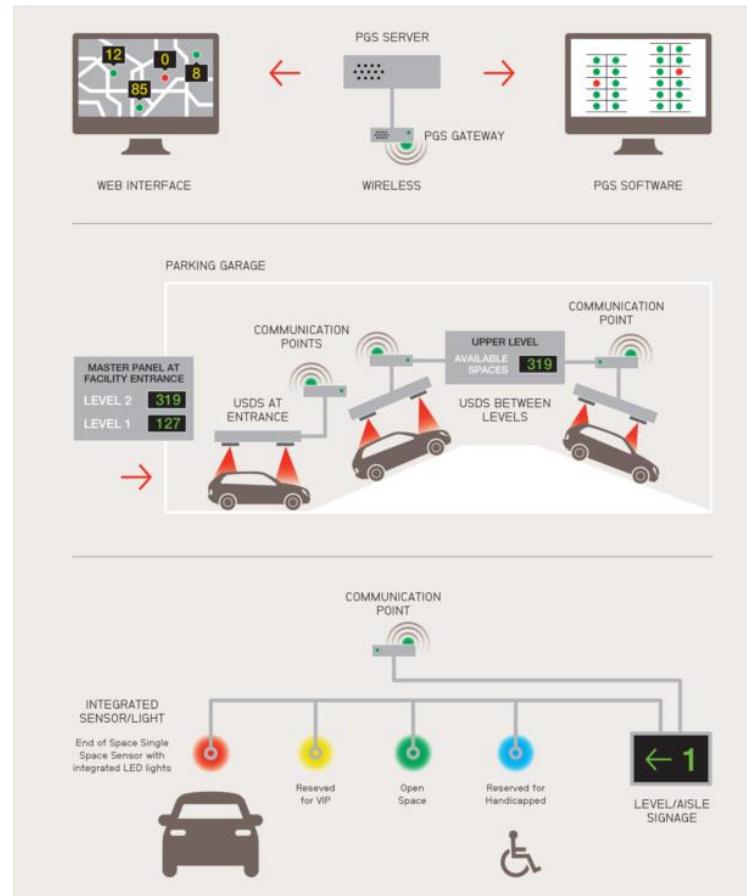


- Increasing exposure towards a USD 200+ billion market and growing fast
- The acquisition of TDC strengthens Q-Free's position within the ATMS market
- TDC has an integrated solution portfolio, which complements Q-Free's ATMS portfolio
- Q-Free is taking an important step in the direction of integrating the value chain

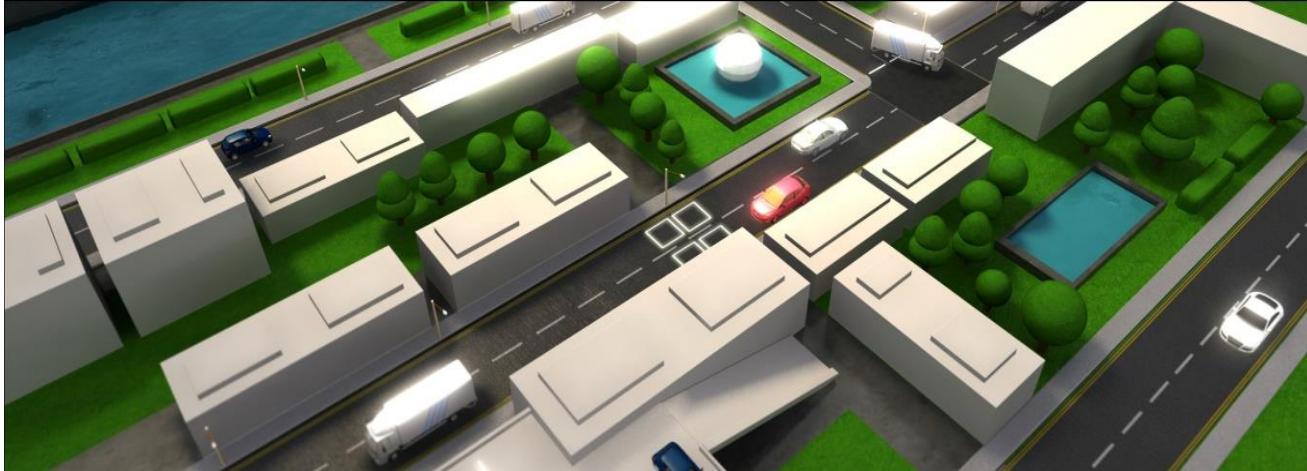
TCS International

- Shown continuously improvement in the underlying business since acquisition in 2012
- Revenues of NOK 35 million in 2013
 - All-time high order intake and deliveries in fourth quarter 2013
- Market leader in Parking Guidance in North America
- Directing drivers to available parking in public parking garages, airports, shopping centres, casinos, convention centres, etc.
- A team of 15 design engineers, software specialists and sales people

TCS wireless level counting and single space system



Traffic Data Collection, Traffic Monitoring and Vehicle Weigh-in-Motion Systems



- Established in 1998, North Somerset, England
- 40 employees, with offices in the UK, Australia and Malaysia
- Acquisition is in line with Q-Free's long term strategy of building a strong position within the ATMS market

Weigh-In-Motion,
Vehicle Classification



Traffic and Cycle
Counting



Journey Time
Monitoring



Air Quality Monitoring



Q-Free products and offering-RUC

| RUC Systems | Products | Traffic Management |
|--|---|--|
| <ul style="list-style-type: none"> Single- and Multilane tolling systems Enforcement for satellite-based Truck Tolling Central Systems Service & Maintenance | <p>Tags</p> <ul style="list-style-type: none"> DSRC Tags Satellite tags <p>Road Side equipment</p> <ul style="list-style-type: none"> DSRC readers High-performance imaging system <p>Video and still-image processing</p> <ul style="list-style-type: none"> Automatic License Plate Recognition software (ALPR) | <ul style="list-style-type: none"> Electronic law enforcement systems Parking and Access control Traffic Statistics |



Positioning for the next Era

Strategy:

- Experienced and dedicated management team
- Expand the application area
- Team up with key partners
- Acquire complementary companies
- Increase recurring revenues and add growth potential

Advanced Transportation Management Systems



Positioning Q-Free for a future converged market in
Intelligent Transport Systems

Summary and Outlook

Summary and Outlook

- Long-term RUC outlook remains positive, with opportunities in all the main regions
 - Positive development in Products and Services & Maintenance revenue
 - Slow inflow of new projects
 - Taking steps to strengthen our market focus and position, and increase collaboration and effectiveness
- Continuing efforts to build a new business line within ATMS
 - Positive development in 2013
 - Acquisition of TDC in 1Q 2014



Google search phrase: «Jakarta traffic»

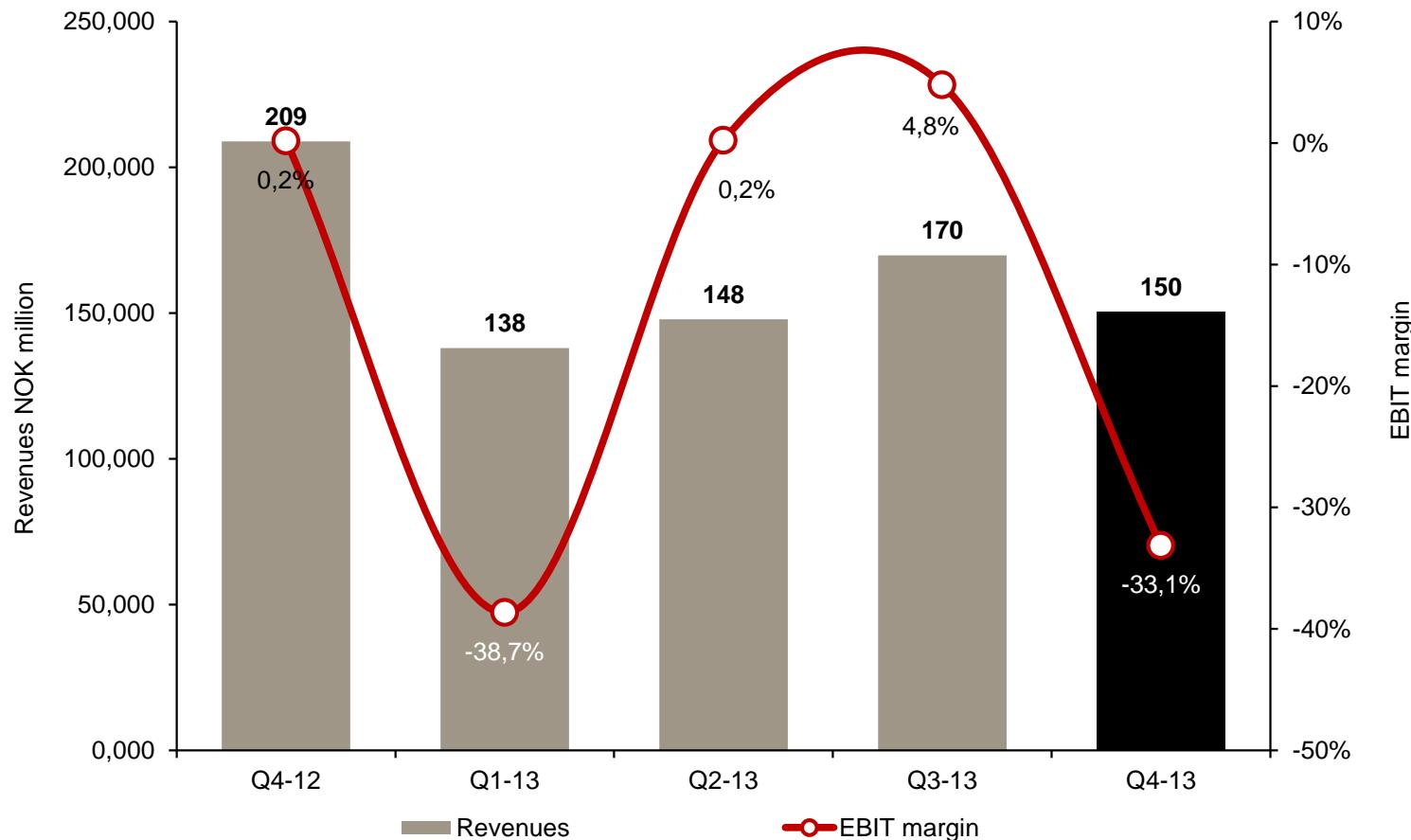
Q-A



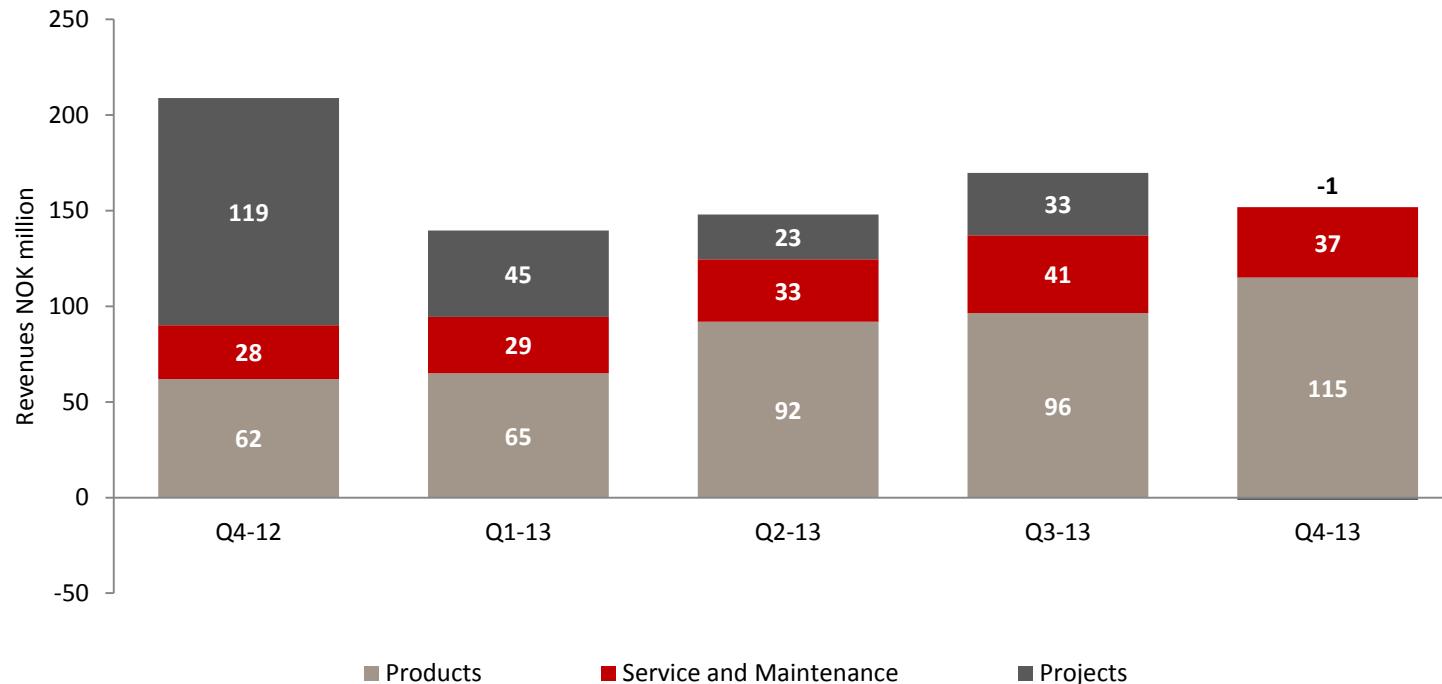
Additional information

Financials Q4-13

Revenues and EBIT margin



Revenues per Business Area



| MNOK | Q4-12 | Q1-13 | Q2-13 | Q3-13 | Q4-13 | 31.12.12 | 31.12.13 | y/y-% |
|--------------------------------|-------|-------|-------|-------|-------|----------|----------|-------|
| Products | 62 | 64 | 92 | 96 | 114 | 230 | 367 | 60 % |
| Service and Maintenance | 28 | 29 | 33 | 41 | 37 | 107 | 140 | 31 % |
| Projects | 119 | 45 | 23 | 33 | -1 | 261 | 100 | -62 % |
| TOTAL | 209 | 138 | 148 | 170 | 150 | 598 | 607 | 2 % |

Profit and Loss Statement

| NOK 1.000 | Q4 2013 | Q4 2012 | Q/Q-% | 31.12.2013 | 31.12.2012 | Y/Y-% |
|---|---------|---------|---------|------------|------------|--------|
| Revenues | 150 352 | 208 927 | -28.0 % | 606 072 | 597 532 | 1.4 % |
| Gross profit | 98 451 | 133 414 | -26.2 % | 381 281 | 370 442 | 2.9 % |
| Gross margin - % | 65.5 % | 63.9 % | n.m. | 62.9 % | 62.0 % | n.m. |
| Operating expenses | 132 317 | 121 173 | 9.2 % | 413 080 | 376 434 | 9.7 % |
| Operating profit - EBITDA | -33 866 | 12 241 | n.m. | -31 799 | -5 992 | n.m. |
| EBITDA margin | -22.5 % | 5.9 % | n.m. | -5.2 % | -1.0 % | n.m. |
| Depreciation, amortisation and impairment | 15 947 | 11 893 | 34.1 % | 62 914 | 49 315 | 27.6 % |
| Operating profit - EBIT | -49 814 | 348 | n.m. | -94 713 | -55 307 | n.m. |
| EBIT margin | -33.1 % | 0.2 % | n.m. | -15.6 % | -9.3 % | n.m. |
| Pretax profit | -47 684 | 9 066 | n.m. | -97 959 | -44 624 | n.m. |
| Profit margin | -31.7 % | 4.3 % | n.m. | -16.2 % | -7.5 % | n.m. |
| EPS | -1.07 | 0.16 | | -1.65 | -0.51 | |

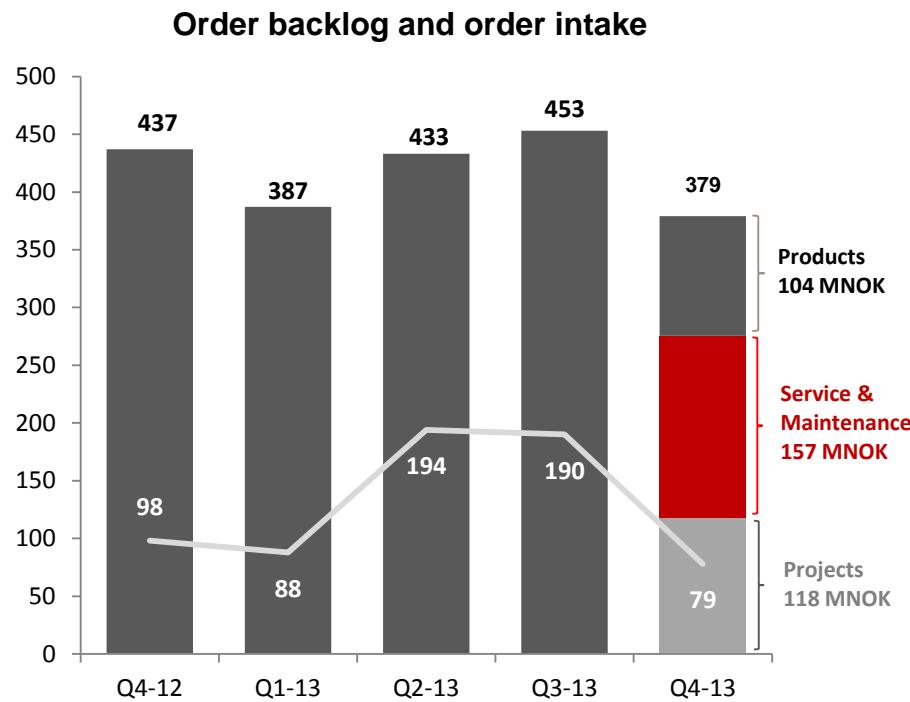
- Revenues positively impacted by sixth consecutive quarter of growth in the product segment
- Cancellation of Australia project had negative impact of NOK 18 million on revenues and NOK 54 million on EBIT in Q4
- Adjusted for one off cost, FY EBITDA was NOK 53 million and FY EBIT NOK -10 million

Cash flow statement

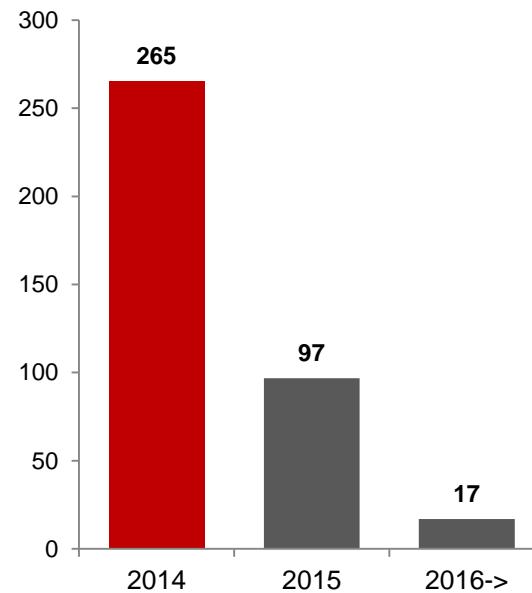
| NOK 1.000 | Q4 2012 | Q1 2013 | Q2 2013 | Q3 2013 | Q4 2013 | 31.12.13 | 31.12.12 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Net cash flow from operations | 86 788 | -22 971 | -61 209 | 26 270 | 25 343 | -32 567 | -19 887 |
| Net cash flow from investments | -43 039 | -18 897 | -10 454 | -9 806 | -20 546 | -61 919 | -79 229 |
| Net cash flow from financing | 677 | -344 | -435 | 1 105 | -3 853 | -3 527 | 28 819 |
| Net change in cash in the period | 44 826 | -42 212 | -72 098 | 15 353 | 944 | -98 013 | -70 297 |
| Cash opening balance | 324 665 | 369 491 | 327 279 | 255 181 | 270 534 | 369 491 | 439 788 |
| Cash closing balance | 369 491 | 327 279 | 255 181 | 270 534 | 271 477 | 271 477 | 369 491 |

- Cash flow from operations reflecting positive EBITDA and stable net working capital
- Technology investment in Elcom in Serbia NOK 10 million and Development Projects of NOK 11 million
- Cash funds increased NOK 1 million during fourth quarter 2013

Order backlog and delivery schedule



Backlog distribution



Major shareholders per 4 April 2014

30
→

| SHAREHOLDER | % OWNERSHIP |
|---|-------------|
| Kapsch Trafficom AG ERSTE GROUP BANK AG | 14,56 |
| ODIN NORGE | 7,50 |
| KAPSCH TRAFFICOM AG | 5,19 |
| SKAGEN VEKST | 4,68 |
| J.P. Morgan Chase Ba SPECIAL TREATY LENDI | 3,24 |
| VERDIPAPIRFONDDET DNB | 3,21 |
| VERDIPAPIRFONDDET DNB | 3,17 |
| ANDRESEN LARS ODDGEIR | 2,40 |
| VPF NORDEA KAPITAL C/O JPMORGAN EUROPE | 2,39 |
| REDBACK AS | 2,20 |
| STOREBRAND VEKST JPMORGAN EUROPE LTD, | 2,14 |
| VERDIPAPIRFONDDET EIK | 1,91 |
| STOREBRAND NORGE I JPMORGAN EUROPE LTD, | 1,58 |
| VPF NORDEA SMB C/O JPMORGAN EUROPE | 1,57 |
| MONS HOLDING AS | 1,53 |
| HOLBERG NORDEN VERDIPAPIRFONDDET V/HOLBERG FONDSFORVA | 1,47 |
| HOLBERG NORGE VERDIPAPIRFONDDET V/HOLBERG FONDSFORVA | 1,47 |
| KLP AKSJE NORGE VPF | 1,40 |
| VPF NORDEA AVKASTNIN C/O JPMORGAN EUROPE | 1,24 |
| STATOIL PENSJON C/O JP MORGAN CHASE | 1,09 |

Management



Thomas Falck
CEO

Thomas Falck has held the position of CEO since 2014. Falck has an MBA from the Darden Graduate School of Business Administration, and was educated at the Royal Norwegian Naval Academy and the Norwegian Defence University College (Forsvarets Høgskole). Falck has an extensive background in business development. Previously, he has been a partner in Verdane Capital as well as CEO of Vismar ASA. He is currently a board member of a number of privately held and publicly listed companies.



Morten Dammen
Acting VP R&D RUC

Morten Dammen has been working in Q-Free since 2007, holding the position as Research Director OBU. Dammen has a Master Degree in Electronics from NTNU, and has extensive knowledge and experience in Q-Free RUC technologies. This is his second period in the company. He also worked in Q-Free from 1998 to 2001. From 2001 to 2007, Dammen worked in Nordic Semiconductor ASA as a Senior Project Manager.



Stein-Tore Nybordahl
Human Resource Manager

Stein-Tore Nybordahl (born 1965) is Q-Free's Human Resource Manager and started with the company in 2006. He holds a Master's degree in Business (Copenhagen Business School, Denmark, 1992) and successfully completed the senior executive program INSEAD in France (1993). He has extensive HR and strategy experience having held various senior management roles at Telenor (Norway), where he became director of strategy and HR development. At Q-Free, Mr. Nybordahl is responsible for the management and development of human resources.



Roar Østbø
Chief Financial Officer (CFO)

Born 1961, Roar Østbø has been employed in Q-Free ASA since 2009. Østbø came from the same position in Aqualyng Group and has previously held the CFO position in the publicly listed companies Q-Free ASA and CorrOcean ASA, and in the oil service company Reslab AS and Sintef. Mr Østbø is a Certified Public Accountant from the Norwegian School of Economics and Business Administration (1988) and has also worked as auditor in Arthur Andersen & Co.



Per Ecker
Vice President Sales

Per Ecker (born 1969) has been with the company since 2007. He comes from the position as Sales Director in Siemens Mobile Networks (1992 - 2007) with responsibility for Eastern European markets in particular. Mr. Ecker has extensive experience from international sales both in Asia and Europe. He is educated by The Norwegian Army Officers Training School (1986-1989) as Second Lieutenant in Electronics.



Morten Andersson
VP ATMS

Morten Andersson (born 1957) was employed in 2012 as VP ATMS in Q-Free ASA. Andersson has held similar positions in Peek and Swarco, and have more than 30 years of experience in the Traffic Management industry.



Henrik F. Stoltenberg
Vice President Business Development & M&A

Vice President Business Development & M&A Henrik F. Stoltenberg (born 1960) comes from the position as Group Executive Vice President, responsible for the daily operation of JAI Group (Denmark), and with focus on implementing the corporate strategy. Mr. Henrik F. Stoltenberg holds a HD Degree from Business School Copenhagen. He has been Chief Financial Officer and member of the management team in JAI since 2006. Henrik F. Stoltenberg has previously also been finance director at Merkantildata A/S and Bruhn A/S.



Marianne Sandal
Vice President Operation

Marianne Sandal has been with the company since 2006. She holds an engineering degree from the University of Bergen (1988), in addition to credits within management from Norwegian School of Management (BI). Marianne Sandal has been working in Nera Networks since 1988, has extensive experience in project management, and since 2003 she has been heading the world wide operation activity of Nera.

Board of Directors



Terje Christoffersen
Chairman of the Board

Terje Christoffersen is a partner i Interforum Partners. Han has more than 30 years management experience for listed Norwegian and foreign companies within the IT and telecom businesses, with focus on the North European market. Christoffersen has been the CEO of Hewlett-Packard in Northern Europe and Chairman of the Board in NetCom ASA, managed Telia Sonera's operations in Denmark and been on the Executive Group Management of Telia Sonera. Christoffersen has a MBA from Universität zu Köln (1978)



Jan Pihl Grimnes
Board Member

Jan Pihl Grimnes is through his company Redback AS investing in the IT, petroleum and mining industries. He holds 2,29% of the shares in Q-Free ASA. Grimnes founded Technoguide AS, and holds several board positions both in listed and non-listed companies. Grimnes holds an MBA from the Norwegian School of Economics and Business Administration and a MSc. from the Norwegian University of Science and Technology.



Charlotte Brogren
Board Member

Charlotte Brogren is General Director of Verket för innovationssystem, VINNOVA, a Swedish governmental administration authority, organised under the Ministry of Trade. Brogren has previously held management positions in the R&D organisation of ABB and been Group Vice President of ABB Robotics. Brogren is a Chemical engineer and holds a PhD from Lunds Tekniska Högskola (1997). Brogren is Chairman of the Board of Industrifonden, and member of the Board of HMS AB and Post- och telestyrelsen.



Frank Aune
Employee elected Board Member

Frank Aune has been working in Q-Free since 2006. Aune holds a MSc in Electronics and Telecommunication and holds the position as Head of R&D Security.



Selma Kveim
Board Member

Selma Kveim is General Manager and Chairman in Inbuca AS. Kveim is a board member and a member of the audit committee in PSI Group ASA and has also position as member of the board in several unlisted companies in Norway. She is a former board member in Goodtech ASA. Kveim has 25 years of experience within the IT-industry, in leading positions within sales and market, latest as Vice President Channel business (Europe, Middle East and Africa) in Fujitsu Siemens Computers. She previously has held several different positions in Hewlett Packard. She has worked abroad for 15 years and has been living in four different European countries. Kveim is educated from The Norwegian Business School (Handelshøyskolen BI). Selma Kveim is resident in Grimstad. Kveim has 5,500 shares in Q-Free ASA.



Sissel Lillevik Larsen
Employee elected Board Member

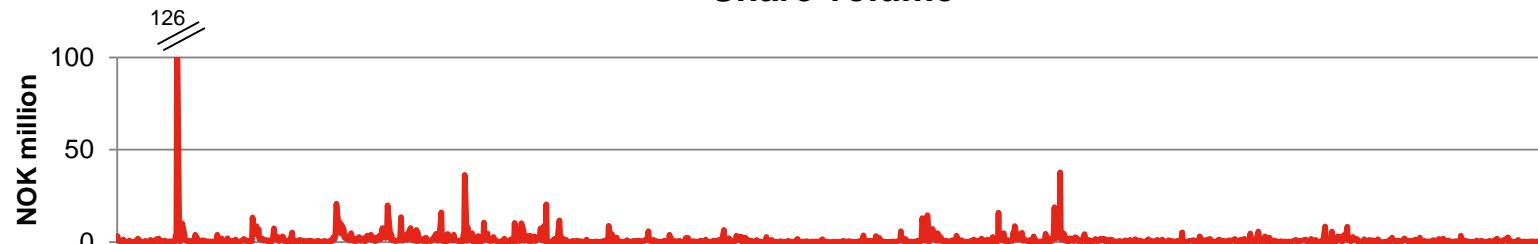
Mrs Lillevik Larsen has been with Q-Free ASA since 2000 and holds the position as Technical project manager

Share price and volume traded

Share price (NOK)



Share volume



Analysts

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