

# PRESENTATION OF FIRST QUARTER 2014

CEO Thomas Falck and CFO Roar Østbø

# HIGHLIGHTS

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- Revenues in the first quarter were NOK 168 million.
- Strong order intake of NOK 238 million, increasing the backlog to NOK 448 million
- Operating profit (EBIT) of NOK 1 million
- Lower operating expenses due to the Profit Improvement Program
- Continuing to build a strong position within the ATMS market through the acquisitions of TDC and Traffic Design

<b>NOK in million</b>	<b>Q1 2014</b>	<b>Q1 2013</b>
<b>Order intake</b>	<b>238</b>	<b>88</b>
<b>Revenues</b>	<b>168</b>	<b>138</b>
<b>EBITDA</b>	<b>17.7</b>	<b>-37.8</b>
<b>EBIT</b>	<b>973</b>	<b>-53.4</b>
<b>EPS</b>	<b>0.004</b>	<b>-0.62</b>

# STRATEGIC DEVELOPMENTS - RUC

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- Strong growth in tag sales and service and maintenance revenues, still slow order intake of projects
- Strengthened position in Norway
- Phase 1 of the Q-Free Strategy and Collaboration project is completed
  - Introducing stronger regions to empower regional managers and get closer to our customers
  - Broadening our business scope to also include smaller and medium sized projects, to build the pipeline and secure business volume
  - Broadening our technology offering to address a larger part of the market

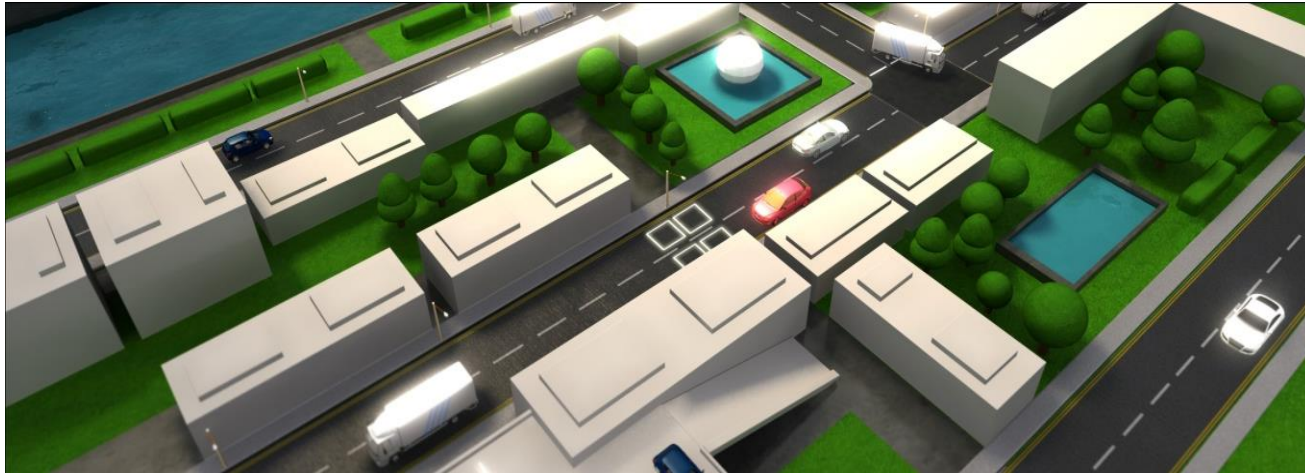
# STRATEGIC DEVELOPMENTS - ATMS

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- Further strengthened the ATMS business through acquisitions
  - TDC Systems in the UK
  - Traffic Design in Slovenia
- First wave of acquisitions is soon completed.
- ATMS wins initial orders from Simon Properties, Saba and Vinci etc.

# TDC SYSTEMS

## 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





Parking Available  
Central Garage 157  
South Garage 43

# MARKET UPDATE

# JAKARTA – ELE PROJECT

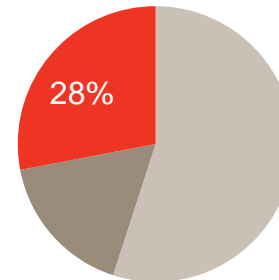
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- Release of funding from Export Credit Norway and project start-up still pending initial payment from the customer to Q-Free
- The project is still awaiting the initial customer payment, however Q-Free is of the opinion that all involved parties are working with the same agenda of getting the project started
- Funding commitment from Export Credit Norway remains valid until July 1, 2014.

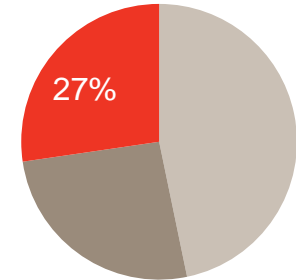
# ASIA PACIFIC – MARKET UPDATE

- Revenues NOK 47 million
- NOK 34 million tag order from EXAT in Thailand
- NOK 15 million tag order from RMS in Australia
- Settlement agreed with RMS in Australia
- Experiencing solid demand in the region, both within the RUC and the ATMS segments

Q1 Revenues



Q1 Order intake

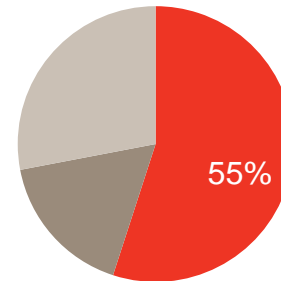




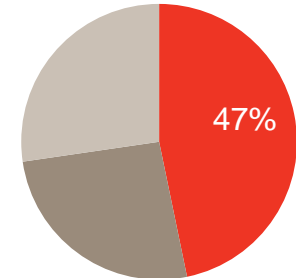
# EMEA – MARKET UPDATE

- Revenues NOK 93 million
- Several contracts awarded in Norway at a value of NOK 48 million
- Awarded a NOK 11 million service and maintenance contract in Sweden

Q1 Revenues



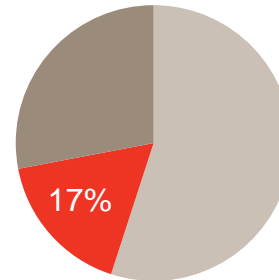
Q1 Order intake



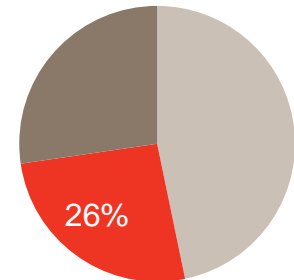
# NORTH AND LATIN AMERICA – MARKET UPDATE

- Revenues NOK 28 million
- Positive development on TCS International, with continued high demand in the first quarter
- Stable tag and reader demand in Brazil

Q1 Revenues



Q1 Order intake

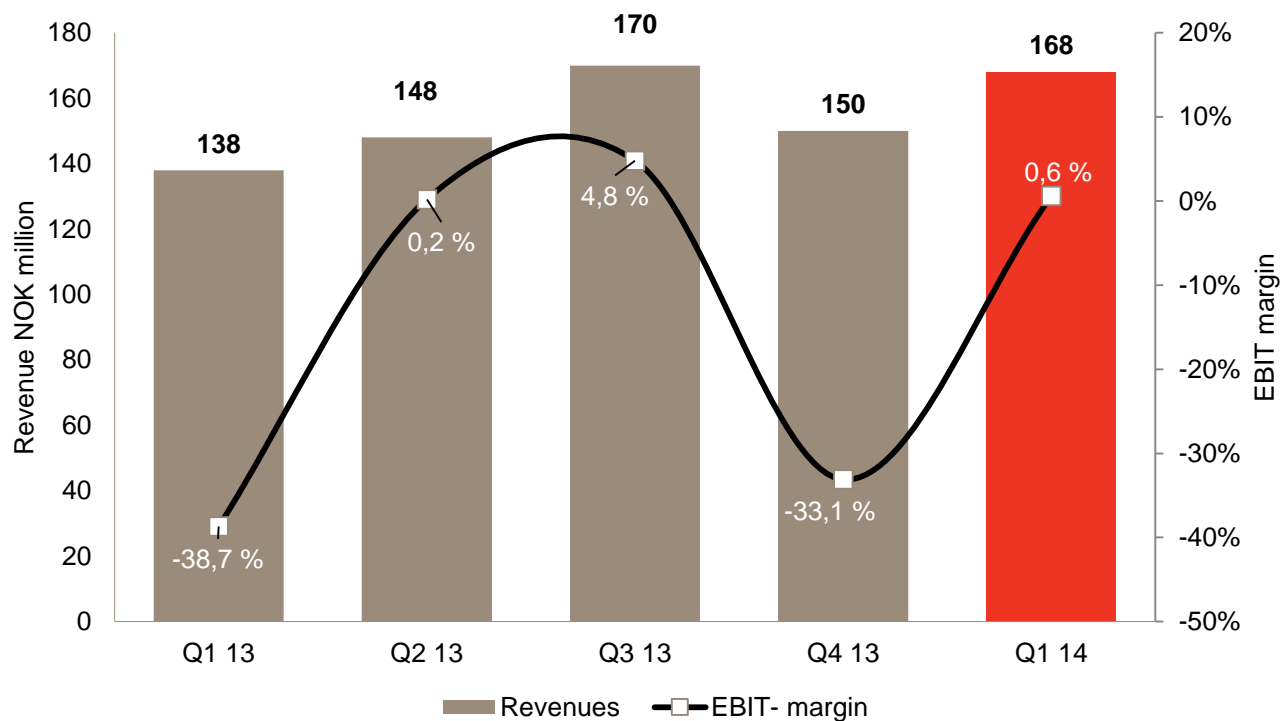




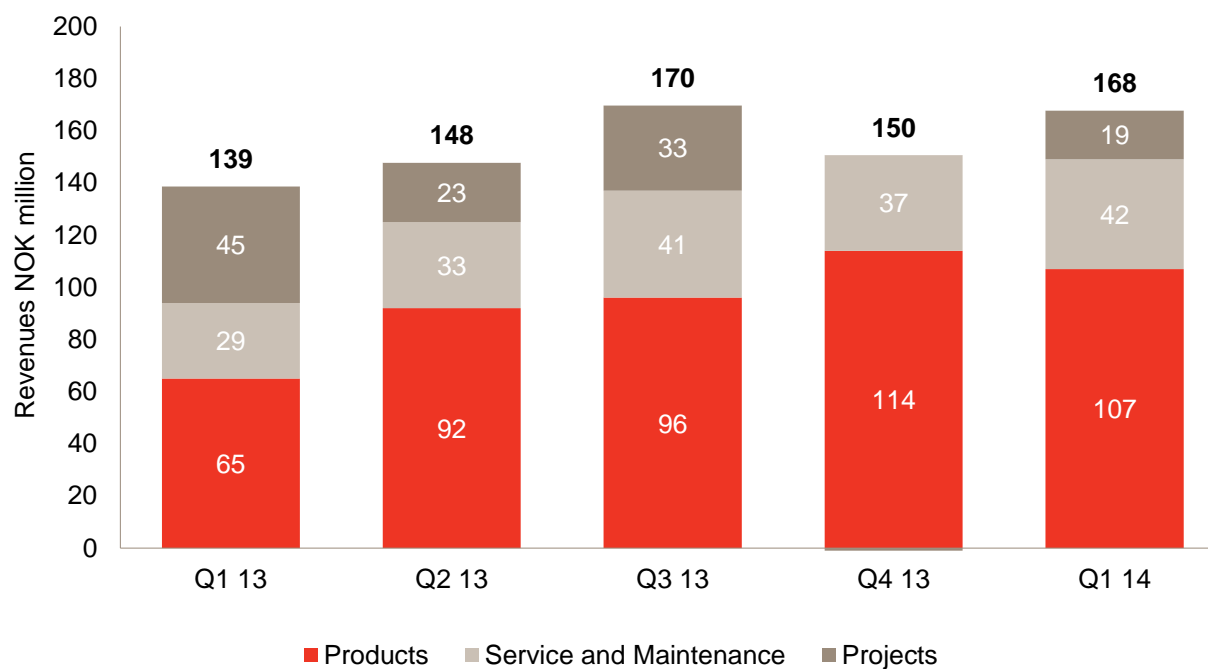
Parking Available  
Central Garage 157  
South Garage 43

# FINANCIAL REVIEW

# REVENUES AND EBIT MARGIN



# REVENUES PER BUSINESS AREA



# PROFIT AND LOSS STATEMENT

NOK 1.000	Q1 2014	Q1 2013	Q/Q-%	2013
Revenues	168 039	138 047	21.7 %	606 072
Gross profit	100 255	86 322	16.1 %	381 281
Gross margin - %	59.6 %	62.5 %		62.9 %
Operating expences	82 523	124 113	-33.5 %	413 080
Operating profit - EBITDA	17 732	-37 791		-31 799
EBITDA margin	10.5 %	-27.4 %		-5.2 %
Depreciation, amortisation and impairment	16 759	15 577	7.6 %	62 914
Operating profit - EBIT	973	-53 368		-94 713
EBIT margin	0.6 %	-38.7 %		-15.6 %
Pretax profit	1 552	-55 269		-97 959
Profit margin	0.9 %	-40.0 %		-16.2 %
EPS	0,004	-0,62		-1,65

- Revenue composition continued to reflect significant increases in product sales and service and maintenance, however lower project revenues
- PIP program has reduced the cost base by NOK 40 million, with full effect in 2014

# CASH FLOW STATEMENT

NOK 1.000	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Cash flow from operations	17 655	25 343	26 270	-61 209	-22 971
Cash flow from investments	-62 952	-20 546	-12 022	-10 454	-18 897
Cash flow from financing	377	-3 853	1 105	-435	-344
Net change in cash in the period	-44 920	944	15 353	-72 098	-42 212
Cash opening balance	271 477	270 534	255 181	327 279	369 491
<b>Cash closing balance</b>	<b>226 557</b>	<b>271 477</b>	<b>270 534</b>	<b>255 181</b>	<b>327 279</b>

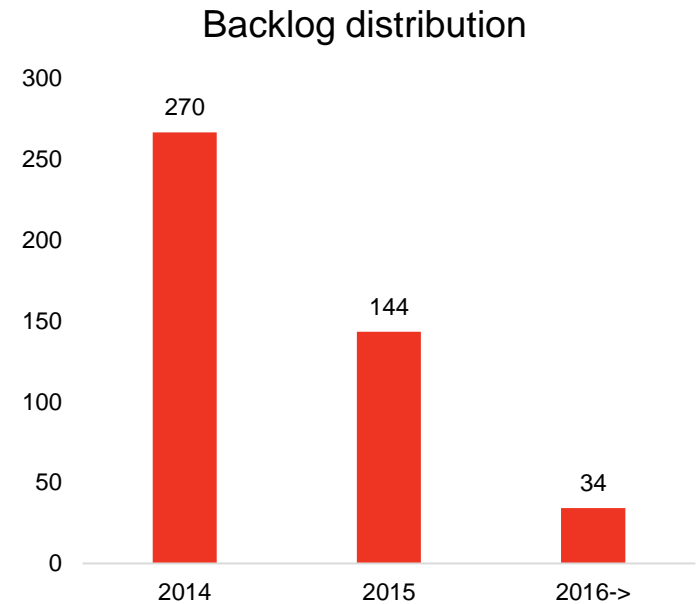
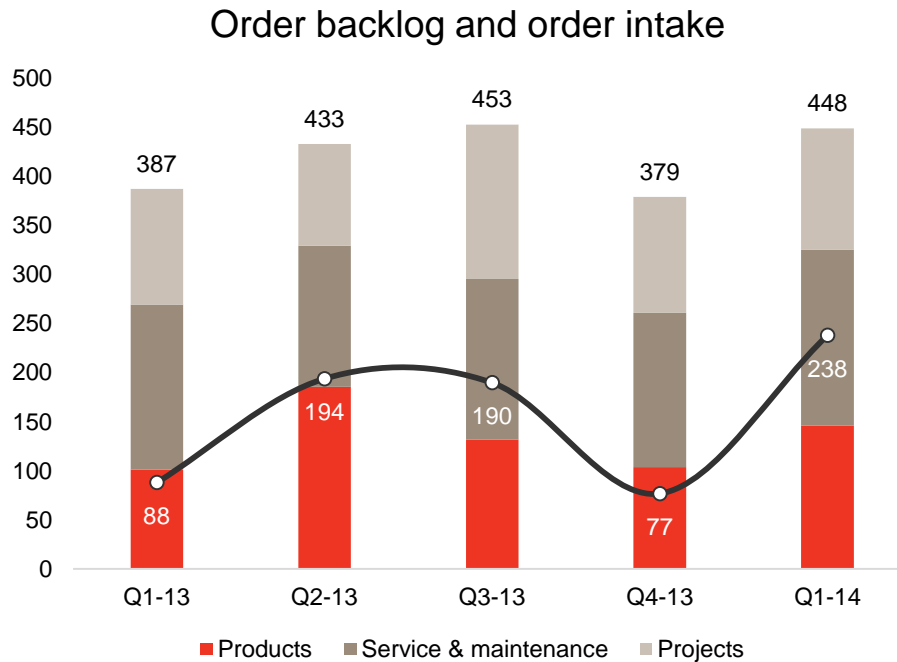
- Improvement in cash flow from operations mainly reflecting improved profitability in the quarter and stable working capital
- Cash flow from investments impacted by acquisition of TDC Systems, payment of earn out in the acquisition of TCS International and investments in new technology

# BALANCE SHEET

NOK 1.000	31.03.2014	31.12.2013	30.09.2013	30.06.2013	31.03.2013
Total intangible assets	315 541	236 279	244 530	251 202	253 094
Non current assets	80 384	83 452	83 254	78 849	81 149
Cash & Cash equivalents	226 557	271 477	270 534	255 181	327 279
Other current assets	268 790	303 136	266 827	259 484	228 136
<b>TOTAL ASSETS</b>	<b>891 272</b>	<b>894 344</b>	<b>865 145</b>	<b>844 715</b>	<b>889 659</b>
Total Equity	505 158	504 526	581 964	579 558	585 568
Non current liabilities	165 011	119 882	129 996	128 058	126 041
Current liabilities	221 103	269 936	153 185	137 099	178 050
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>891 272</b>	<b>894 344</b>	<b>865 145</b>	<b>844 715</b>	<b>889 659</b>
<b>Equity ratio</b>	<b>56,7 %</b>	<b>56,4 %</b>	<b>67,3 %</b>	<b>68,6 %</b>	<b>65,8 %</b>
<b>Net working capital</b>	<b>47 687</b>	<b>33 200</b>	<b>113 642</b>	<b>122 385</b>	<b>50 087</b>
<b>Working capital % 12 months Revenues</b>	<b>7 %</b>	<b>5 %</b>	<b>17 %</b>	<b>19 %</b>	<b>8 %</b>



# ORDER BACKLOG AND DELIVERY SCHEDULE





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# SUMMARY AND OUTLOOK

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- Steps have been taken to improve cost position and strengthen the platform for future revenue generation
- Acquisitions of TDC Systems and Traffic Design strengthens the ATMS area. We are continuing to seek complementary investment opportunities
- Large potential in the RUC market, with opportunities in all the main regions
- Broadening our business scope and technology offering to address a larger part of the market



# Q&A

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