

Q1

PRESENTATION OF FIRST QUARTER RESULTS FOR 2015

CEO Thomas Falck and CFO Roar Østbø



Q1 2015 OPERATIONAL HIGHLIGHTS

- Revenues increased 13% from first quarter 2014
- ATMS activities increase earnings, EBITDA up 9 percent
- Financial items negatively affected with NOK 20 million by currency fluctuations
- Order intake driven by two AutoPass-contracts totalling more than NOK 100 million
- Strong order backlog, of which 60% is due in 2015
- Strengthening ATMS and US by increasing our shareholding in Intelight in the US

Q1 2015 FINANCIAL HIGHLIGHTS

REVENUES
NOK MILLION

191

EBITDA
NOK MILLION

19

ORDER INTAKE
NOK MILLION

246

ORDER BACKLOG
NOK MILLION

536

Q-FREE STRATEGIC DEVELOPMENTS

RUC

- Broadening scope of business to mitigate risk and stabilise revenues
- Refocused approach towards small- and mid-sized projects
- Generating a higher number of smaller orders
- Increased pipeline following reorganisation into regions
- Still the major contributor to revenues, in Q1 representing
 - 68% of revenues
 - 69% of order intake

ATMS

- Established a strong position through a number of acquisitions within the ATMS market
- Expanded platform for future revenues generation.
- Steadily increasing activity, in Q1 representing
 - 32 % of revenues
 - 31% of order intake
- Entered into an agreement to gradually acquire Intelight

MS

- Build-up to address our markets with defined service offerings
- Delivering two projects
- Pursuing leads

Currently developing joint offerings

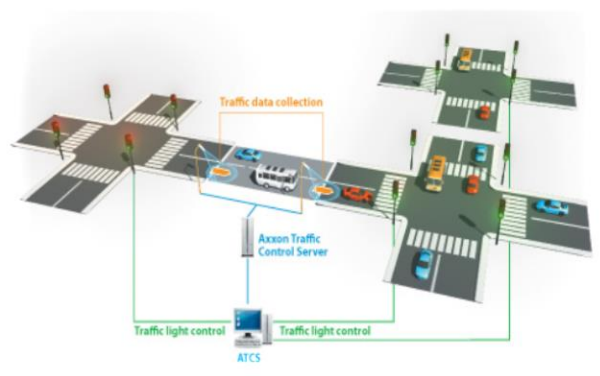
INTELIGHT TRANSACTION

- 10.2% ownership from 2013
- Agreed to acquire the remaining shares of Intelight through an option program ending 2019
- Received acceptance for additional 13.6 % of the shares under the option programme
- Currently holding 23.8 % of the shares
- Revenues of NOK 35 million in 2014
- Further strengthening the ATMS portfolio and Q-Free's presence in the US



- Established in 2006
- Corporate HQ Tucson, AZ, USA,
- 26 employees
- Software Development R&D Center in Seattle, WA, USA
- Manufactures and supplies innovative traffic management products

INTELIGHT - INNOVATIVE URBAN TRAFFIC MANAGEMENT SYSTEMS



Intersection Advanced Management Systems



Urban Traffic Management Systems

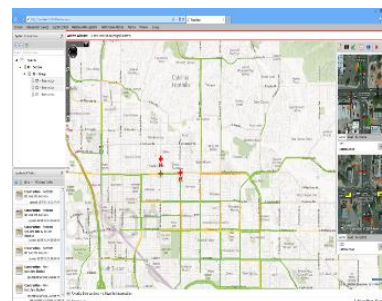


Traffic Management Applications

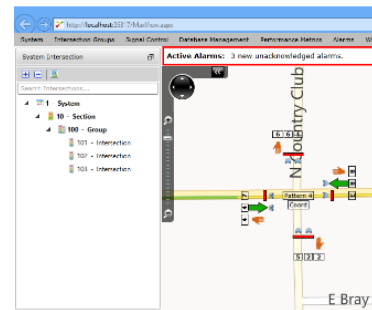
Traffic Controllers



Central Traffic Management SW



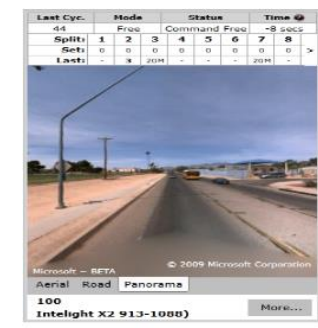
Traffic Controllers SW



Cabinets



Ramp Metering Systems





MARKET UPDATE

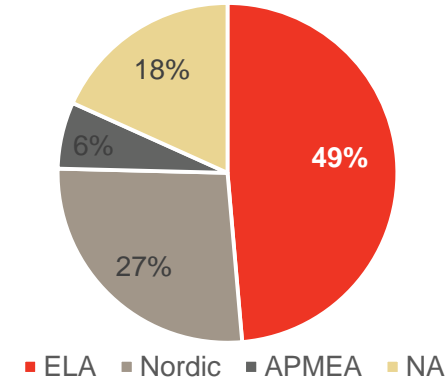
EUROPE & LATIN AMERICA (ELA)

- Revenues of NOK 93 million
- Order intake of NOK 57 million
- Continued high product demand in Brazil
- European market somewhat soft

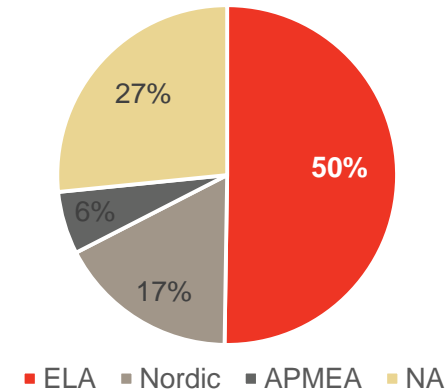
Outlook:

- Potential in further development of installed systems in Western Europe and for upgrades and installations in Eastern Europe
- Uncertainty regarding future product demand in Brazil

ELA SHARE OF REVENUES Q1 15



ELA SHARE OF ORDER INTAKE Q1 15



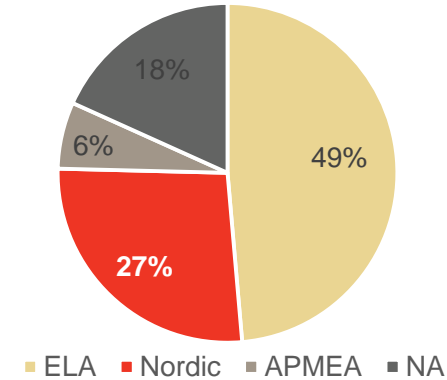
THE NORDIC

- Revenues of NOK 51 million
- Order intake of NOK 118 million
- Strong order intake from the signing of two major AutoPass contracts totalling NOK 102 million

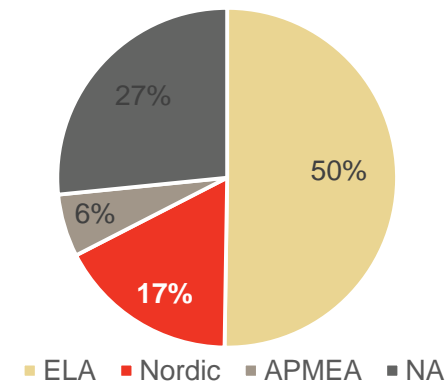
Outlook:

- Improvement in project revenues throughout 2015
- Gradually increasing Service & Maintenance activity
- Opportunities in parking

NORDIC SHARE OF REVENUES Q1 15



NORDIC SHARE OF ORDER INTAKE Q1 15



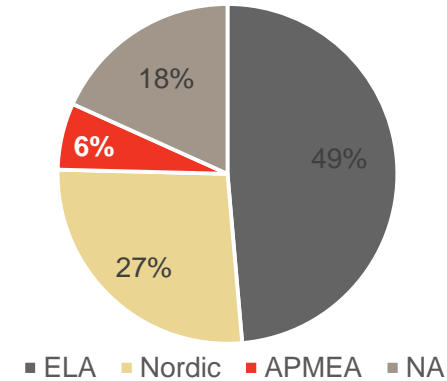
ASIA PACIFIC, MIDDLE EAST AND AFRICA (APMEA)

- Revenues of NOK 12 million
- Order intake of NOK 9 million
- Low activity in the quarter

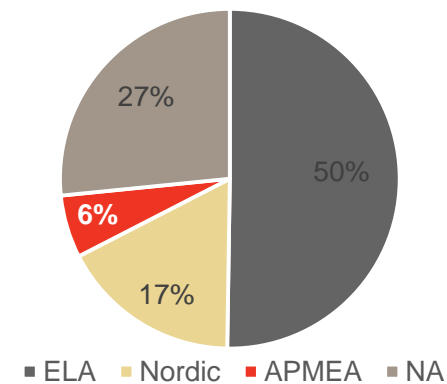
Outlook:

- Several significant tenders expected to be announced

APMEA SHARE OF REVENUES Q1 15



APMEA SHARE OF ORDER INTAKE Q1 15



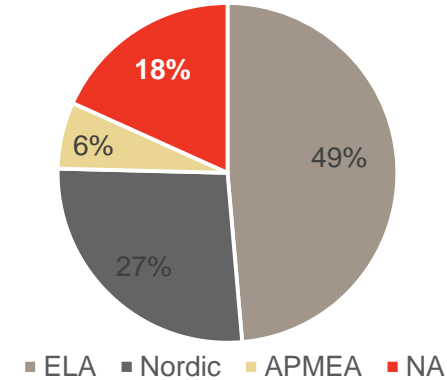
NORTH AMERICA (NA)

- Revenues NOK 35 million
- Order intake NOK 63 million
- Contract with Raytheon for the Massachusetts Department of Transportation project. ATMS-contract with West Virginia Division of Highways
- Intelight will strengthen ATMS in the region

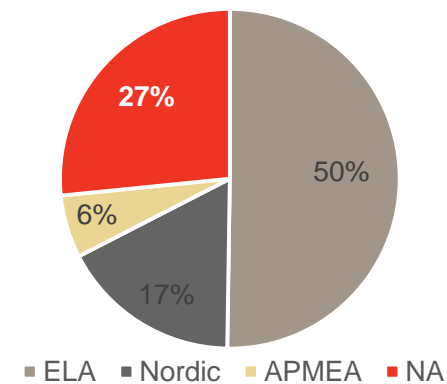
Outlook:

- North America represents a significant market, and Q-Free aims to build further upon established position in ATMS and also with RUC and Managed Services

NA SHARE OF REVENUES Q1 15



NA SHARE OF ORDER INTAKE Q1 15

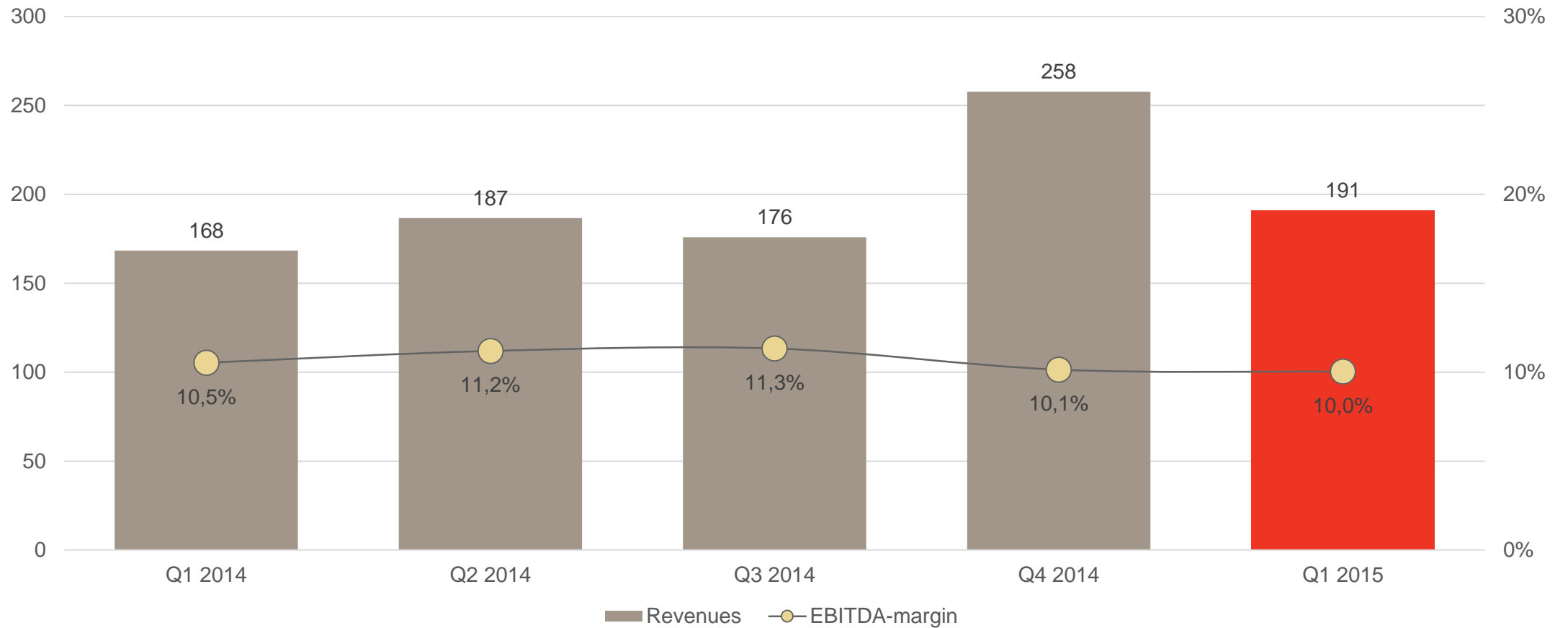




FINANCIAL REVIEW

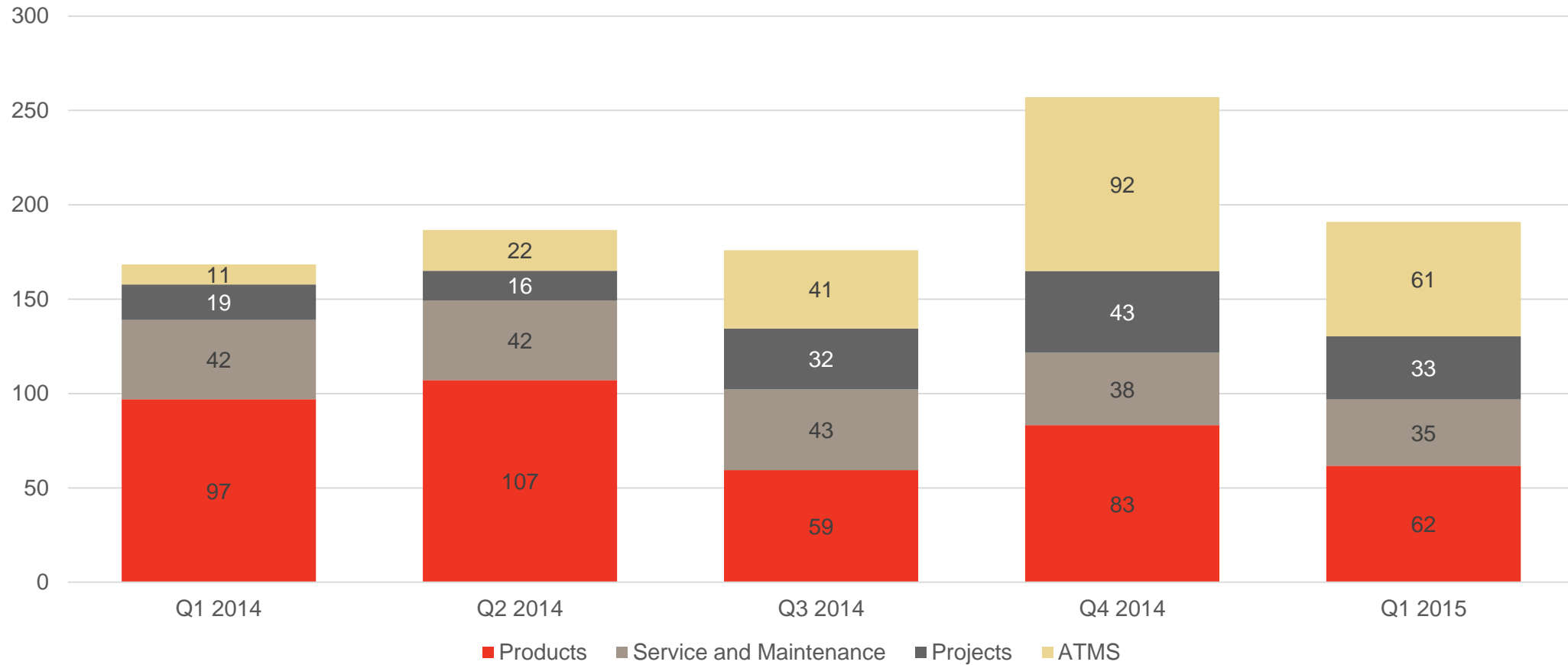
REVENUES AND EBITDA-MARGIN

NOK MILLION



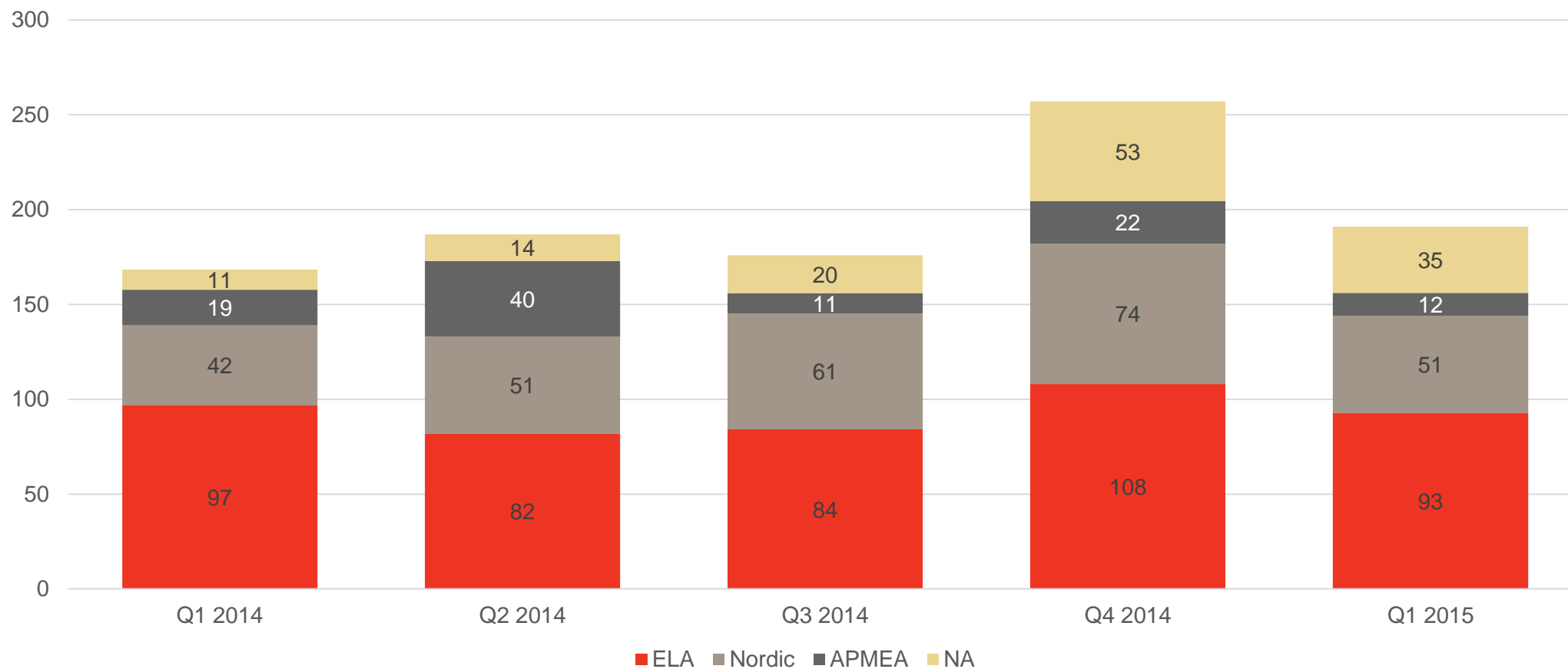
REVENUES PER BUSINESS AREA

NOK MILLION



REVENUES BY REGION

NOK MILLION



PROFIT AND LOSS STATEMENT

NOK 1.000	Q1 2015	Q1 2014	%-chg	FY 2014
Revenues	190,944	168,339	13.4%	788,584
Gross profit	135,453	100,255	35.1%	506,375
Gross margin - %	70.9%	59.6%		64.2%
Operating expenses	116,295	82,523	40.9%	421,666
EBITDA	19,158	17,732	8.0%	84,709
EBITDA margin	10.0 %	10.5 %		10.7%
Depreciation, amortisation and impairment	22,110	16,759	31.9%	76,309
Operating profit - EBIT	-2,952	1,552		8,400
EBIT margin	-1.5%	0.6%		1.1%
Pre-tax profit	-26,509	1,552		-15,154
Profit margin	-13.9%	0.9%		-1.9%
EPS	-0.42	0.00		0.93

- Revenues up 13% YoY. Q1 2014 included NOK 19 million in revenues from Noca
- Gross profit increased 35% due to shift in revenue composition towards ATMS
- Increased cost base following ATMS acquisitions
- Net financials affected by currency fluctuations on working capital items and liabilities related to earn-out payments

CASH FLOW STATEMENT

NOK 1.000	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Cash flow from operating activities	-5,921	60,474	-3,067	-11,753	17,655
Cash flow from investment activities	-27,850	-37,817	-48,214	-23,496	-62,952
Cash flow from financing activities	0	0	632	817	377
Net change in cash and cash equivalents	-33,771	22,657	-50,649	-34,432	-44,920
Cash and cash equivalents	164,133	141,476	192,125	226,557	271,477
CASH AND CASH EQUIVALENTS	130,362	164,133	141,476	192,125	226,557

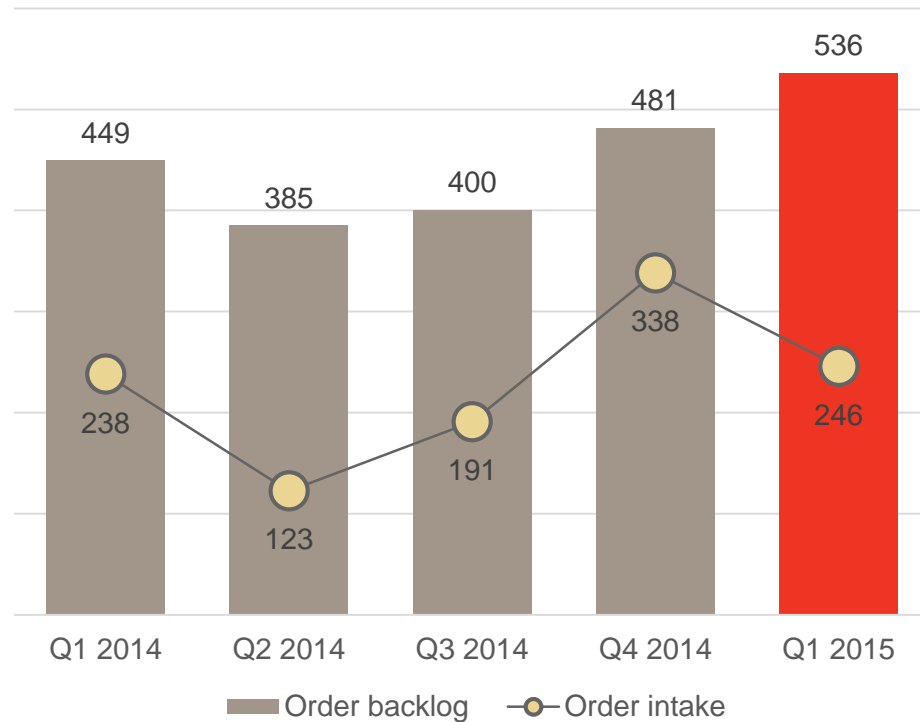
- Cash flow from operations negatively impacted by weak earnings and working capital build up during the quarter
- Cash flow from investments mainly reflecting NOK 21 million in earn-out payments on ATMS acquisitions
- Cash reduced by NOK 34 million during the period
- Cash holdings of NOK 130 million by the end of the quarter

BALANCE SHEET

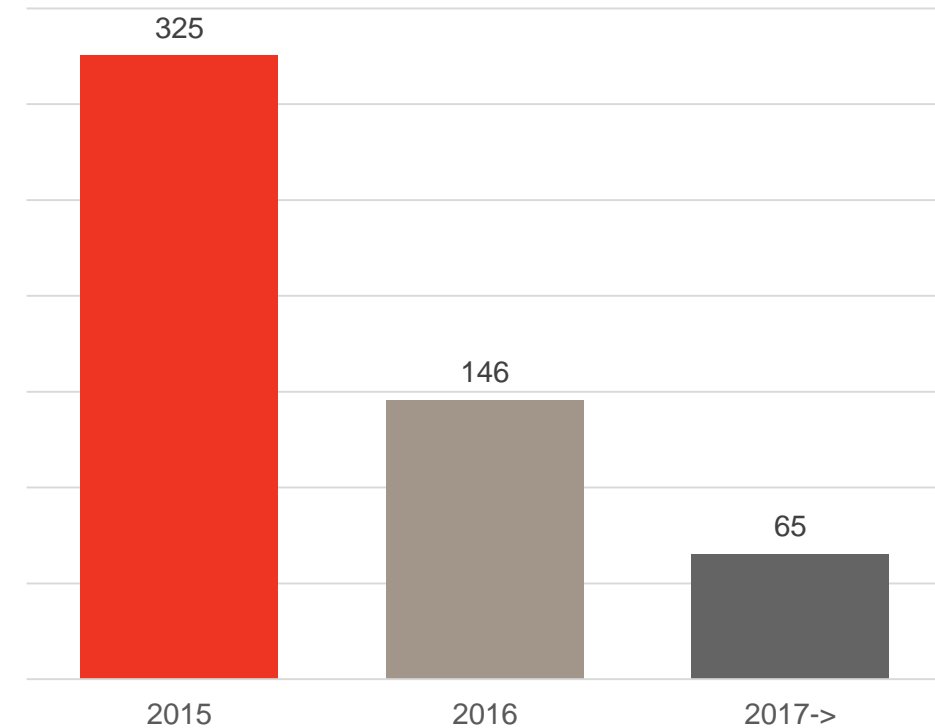
NOK 1.000	31.03.2015	31.12.2014	30.09.2014	30.06.2014	31.03.2014
Total intangible assets	403,190	414,342	369,358	333,912	315,541
Non-current assets	49,819	51,799	60,433	61,108	63,252
Other current assets	282,953	294,361	287,573	246,936	268,790
Cash	130,362	164,133	141,476	192,125	226,557
Total assets	877,728	939,794	871,946	850,906	891,272
Total equity	473,289	485,389	524,964	520,624	505,158
Non-current liabilities	174,732	172,753	180,185	170,510	119,882
Current liabilities	209,899	261,844	166,796	159,772	221,103
Total liabilities	384,631	434,597	346,981	330,282	386,114
Total equity and liabilities	857,920	919,986	871,946	850,906	891,272
Equity ratio	55.2%	52.8%	60.2%	61.2%	56.7%
Net working capital excl. cash	73,054	32,517	120,777	87,164	47,687
Net working capital excl. cash % of 12m revenues	9%	4%	18%	13%	7%
Liquidity ratio	2.0	1.8	2.6	2.7	2.2

ORDER BACKLOG AND DELIVERY SCHEDULE

ORDER BACKLOG AND ORDER INTAKE
NOK MILLION



ORDER BACKLOG DISTRIBUTION
NOK MILLION

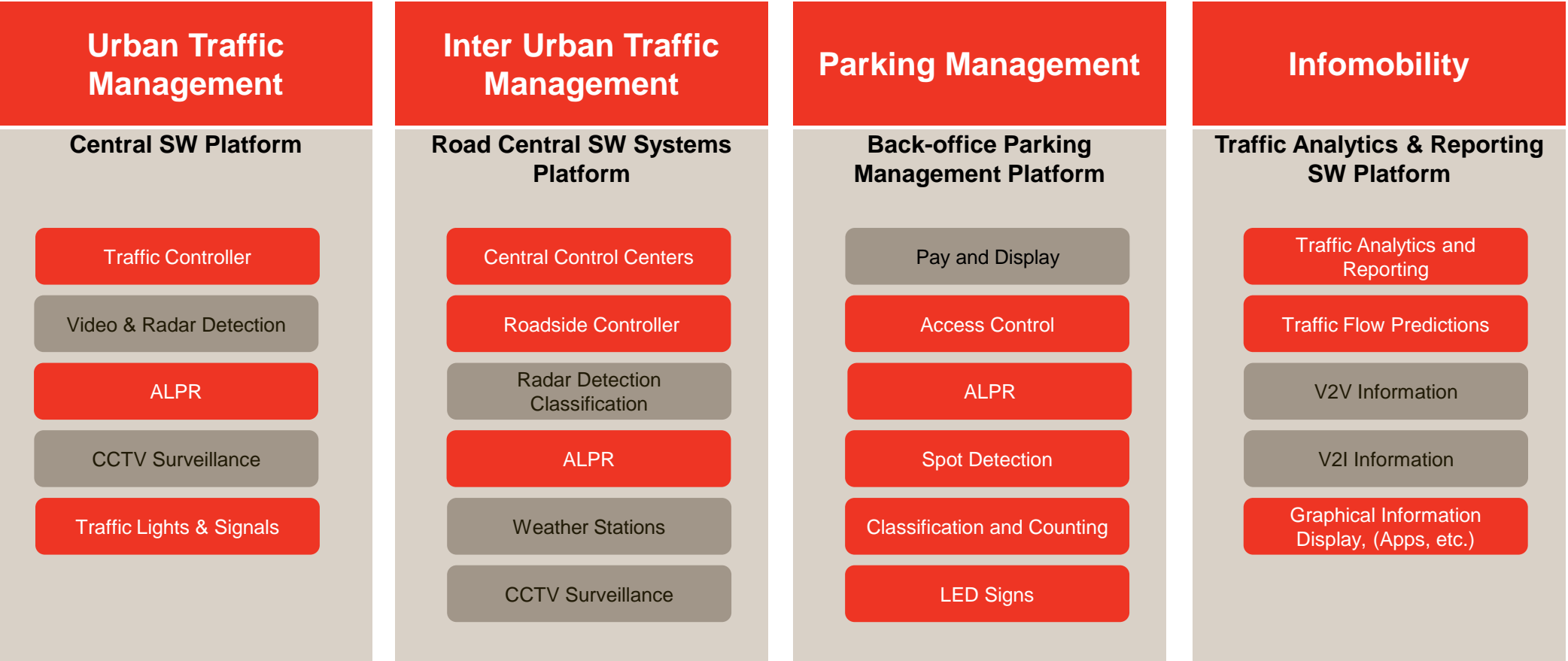


A white, rectangular camera unit with a 'Q FREE' logo is mounted on a pole. It has two small white sensors on top and black cables hanging from the side. The background is a blurred city street scene with a large building and a road.

Q-FREES PARKING MANAGEMENT CONCEPT



CONTINUED DEVELOPMENT OF THE ATMS PORTFOLIO



Currently developing joint offerings



APCOA CONTRACT IN SWEDEN POST QUARTER

Trondheim/Oslo 17 April 2015: Q-Free has received a contract with APCOA Parking Sverige AB for two parking garages at the Stockholm Globe Arena in Sweden. The contract has an estimated initial value of NOK 5 million.

The solution includes a parking guidance system with single-space sensors and a barrierless and ticketless access and payment solution. Q-Free Sweden is responsible for the installation, which comprises combined technologies from Q-Free Elcom, Q-Free TCS and Q-Free Netherlands.

- This is an important step for Q-Free in parking, showing that we offer important core technologies and can package them in an attractive manner in the market. It also gives an indication of the breadth of Q-Free's parking management offering. APCOA is one of the largest parking operators in Europe, and The Stockholm Globe Arena is a prestigious reference for us, says CEO in Q-Free, Thomas Falck.

Q-FREE'S INTEGRATED PARKING SOLUTION



**Access
Control Module**



**Permits & Agents
management**



**Enforcement &
Claims Module**



Customer Data Mart:
Reporting, Statistics,
User's profiles



**Workflow &
Rules engine**



**Registration &
Payment Process
Portal**



**CPMS
Central Pkg
Mgmt. System**



**Data Bases for
AccessControl**



**High End cameras
ALPR Software**



**In Car Parking
Surveillance
& Enforcement**



**Mobile
Surveillance
& Enforcement**



**INTRADA
ALPR
Software**



**Parking & Access
Control Cameras**



**Highway & Road
Cameras**



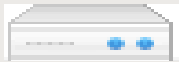
**Parking Access
SW Application**



Tags



**DSRC
Antennas**



**Universal Parking
Controller**



**Taxis Access
Control Application**



LED Signs



Sensors



Level Counting



Space management



Way Finding

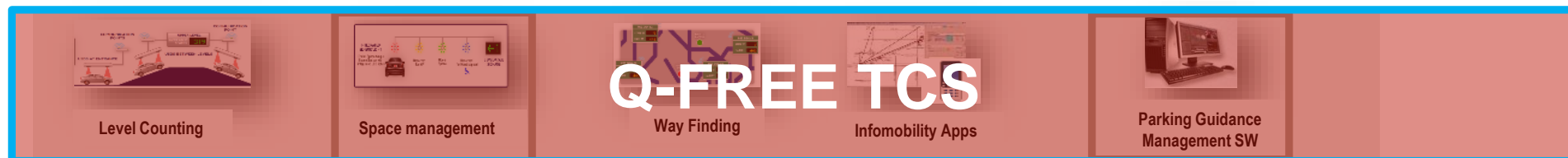
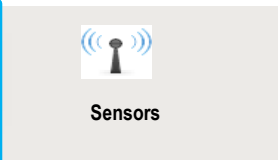
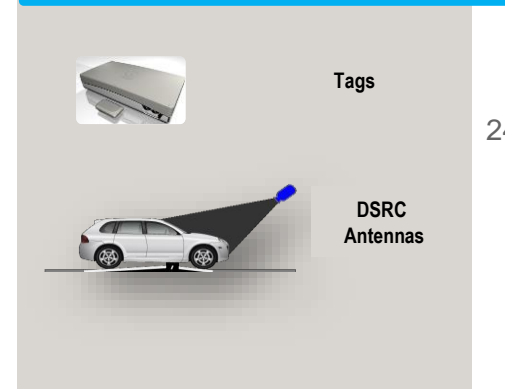
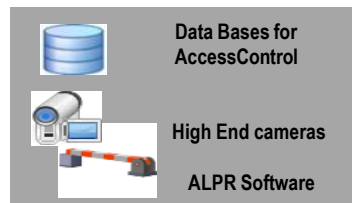


Infomobility Apps



**Parking Guidance
Management SW**

THE APCOA SWEDEN CONFIGURATION



INSTALLED BY
Q-FREE SWEDEN

EUROPEAN AND US MARKET

- European and US Parking Market consists of ~ 100 million regulated spaces and several hundred million unregulated spaces



- Q-Free currently in dialogue and/or piloting with 5 key players controlling 4 million parking spaces. Each space represents on average a revenue potential to Q-Free of ~350 USD
- These 4 million spaces represent an implicit revenue potential of ~1,4 bn USD

Source; EPA, Web Pages of 5 operators, Q-Free

KEY SELLING POINTS FOR Q-FREE'S PARKING OFFERING

- >300 reference installations in parking – demonstrated quality, experience, flexibility
- Attractive parking management portfolio – partly patented.
An attractive combination of «in-house» and partner technologies.
Future proof - no legacy technology
- Attractive cost / benefit to our customers
- Flexible dynamic organisation that may assume responsibility and deliver in multiple geographies

A white, rectangular device with a 'Q FREE' logo is mounted on a pole. The device has two small, white, cone-shaped antennas on top. Black cables are connected to the back of the device. The background is a blurred city street scene with a large building featuring a red roof and many windows. A road with a green-painted lane and a car is visible in the distance.

SUMMARY AND OUTLOOK

SUMMARY AND OUTLOOK

- Satisfactory quarter given revenue mix
- Order intake boosted by AutoPass contracts, weak tag sales in quarter
- ATMS and US position strengthened through Intelight acquisition
- Realise market and technology synergies from acquisitions
- Aligning market operations – developing cross-selling opportunities and strategies
- Continued development of ATMS activities
- Converging Q-Free towards a fully integrated ITS player



Q&A