

Q2

PRESENTATION OF THE SECOND QUARTER AND FIRST HALF 2015

CEO Thomas Falck and CFO Roar Østbø



Q2 2015 HIGHLIGHTS

- Revenues of NOK 179 million and EBITDA of NOK 14 million
- Gross profit increased 28% YoY due to shift in revenue composition towards ATMS
- Order intake during the period NOK 183 million and order backlog of NOK 540 million
- EBIT was negative NOK 8 million, net financials positively affected by NOK 18 million due to currency fluctuations leading to a pretax profit of NOK 8 million
- Closed first tranche with Intelight and acquired Traffiko

Highlights post quarter:

- RUC Service & Maintenance contract in Portugal, NOK 156 million
- ATMS frame agreement in the US (Intelight), NOK 82 million
- Implementing initiatives to reduce cost base by NOK 25-30 million per year
- Accelerating transition towards becoming an ITS company

Q2 2015 FINANCIAL HIGHLIGHTS

REVENUES

NOK MILLION

179

EBITDA

NOK MILLION

14

ORDER INTAKE

NOK MILLION

183

ORDER BACKLOG

NOK MILLION

540

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
- Increasing systems pipeline following reorganisation into regions
- Still the major contributor to revenues, in Q2 representing
 - 61% of revenues
 - 45% 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 Q2 representing
 - 35 % of revenues
 - 51% of order intake

MS

- Build-up to address our markets with defined service offerings
- Delivering two projects in the US
- Pursuing leads
- Stable activity, in Q2 representing
 - 4 % of revenues
 - 4 % of order intake

Currently developing joint offerings

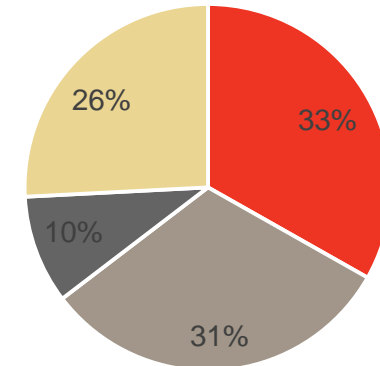


MARKET UPDATE

EUROPE & LATIN AMERICA (ELA)

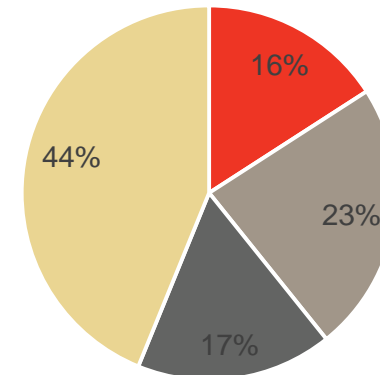
- Revenues of NOK 59 million
- Order intake of NOK 29 million
- Awarded a three year frame agreement in France with Vinci Park for Parking Guidance
- Europe re-emerging as an important market
- End of life for DSRC tags in Brazil as earlier communicated
- Outlook:
- Awarded extension of Portuguese Service & Maintenance contract, NOK 156 million
- Sales pipeline of several system tenders across the region

ELA SHARE OF REVENUES Q2 15



■ ELA ■ Nordic ■ APMEA ■ NA

ELA SHARE OF ORDER INTAKE Q2 15



■ ELA ■ Nordic ■ APMEA ■ NA

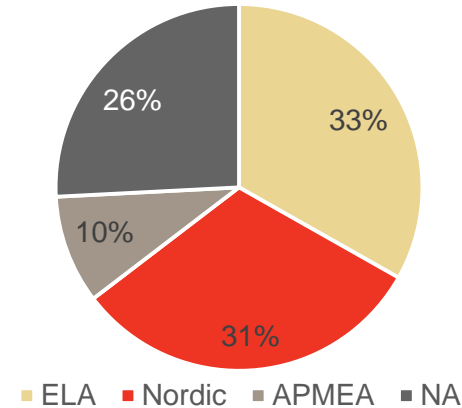
THE NORDICS

- Revenues of NOK 56 million
- Order intake of NOK 43 million
- Awarded service and maintenance contract from Trafikverket in Sweden - NOK 16 million
- Awarded ATMS Parking solution contract from APCOA Sweden – NOK 5 million
- High tendering activity in the region

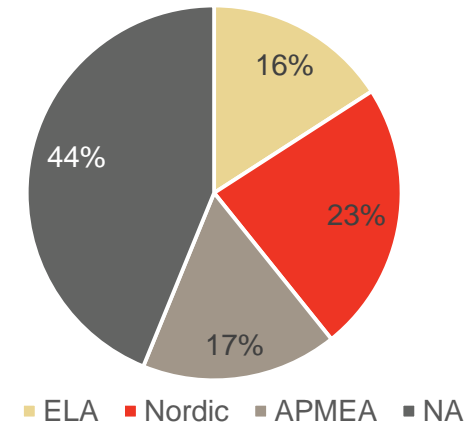
Outlook:

- Project activities picking up in Norway
- Continued Service & Maintenance deliveries related to Stockholm and Gothenburg deliveries

NORDIC SHARE OF REVENUES Q2 15



NORDIC SHARE OF ORDER INTAKE Q2 15



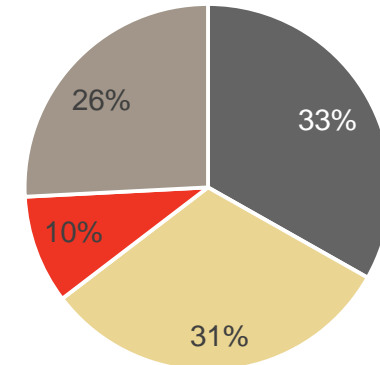
ASIA PACIFIC, MIDDLE EAST AND AFRICA (APMEA)

- Revenues of NOK 17 million
- Order intake of NOK 31 million
- Awarded tag order from RMS in Australia - NOK 25 million

Outlook:

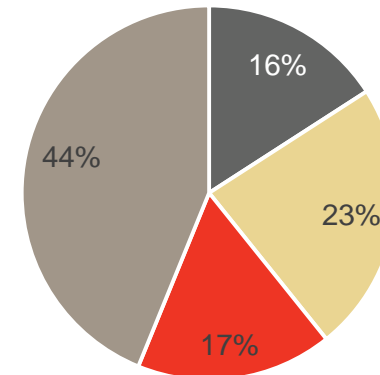
- Several significant project tenders are expected to come to market in the region in the second half of 2015

APMEA SHARE OF REVENUES Q2 15



■ ELA ■ Nordic ■ APMEA ■ NA

APMEA SHARE OF ORDER INTAKE Q2 15



■ ELA ■ Nordic ■ APMEA ■ NA

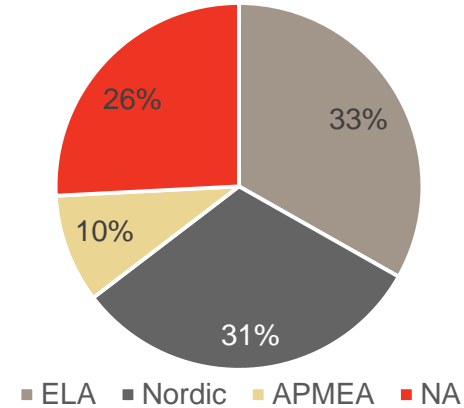
NORTH AMERICA (NA)

- Revenues NOK 46 million
- Order intake NOK 80 million
- Continued positive development in order intake
- Increasing amount of smaller orders from many customers

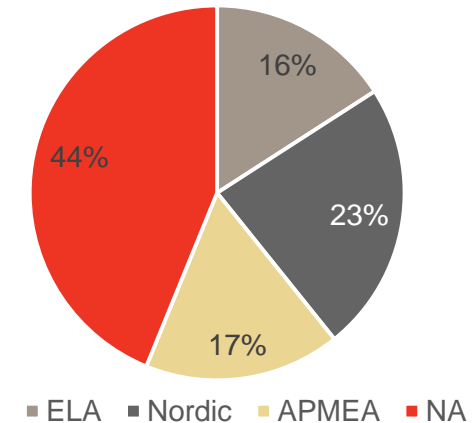
Outlook:

- Intelight awarded ATMS frame agreement NOK 82 million
- Pursuing several opportunities in the US market
- Hired senior industry person to address the North American RUC market

NA SHARE OF REVENUES Q2 15



NA SHARE OF ORDER INTAKE Q2 15

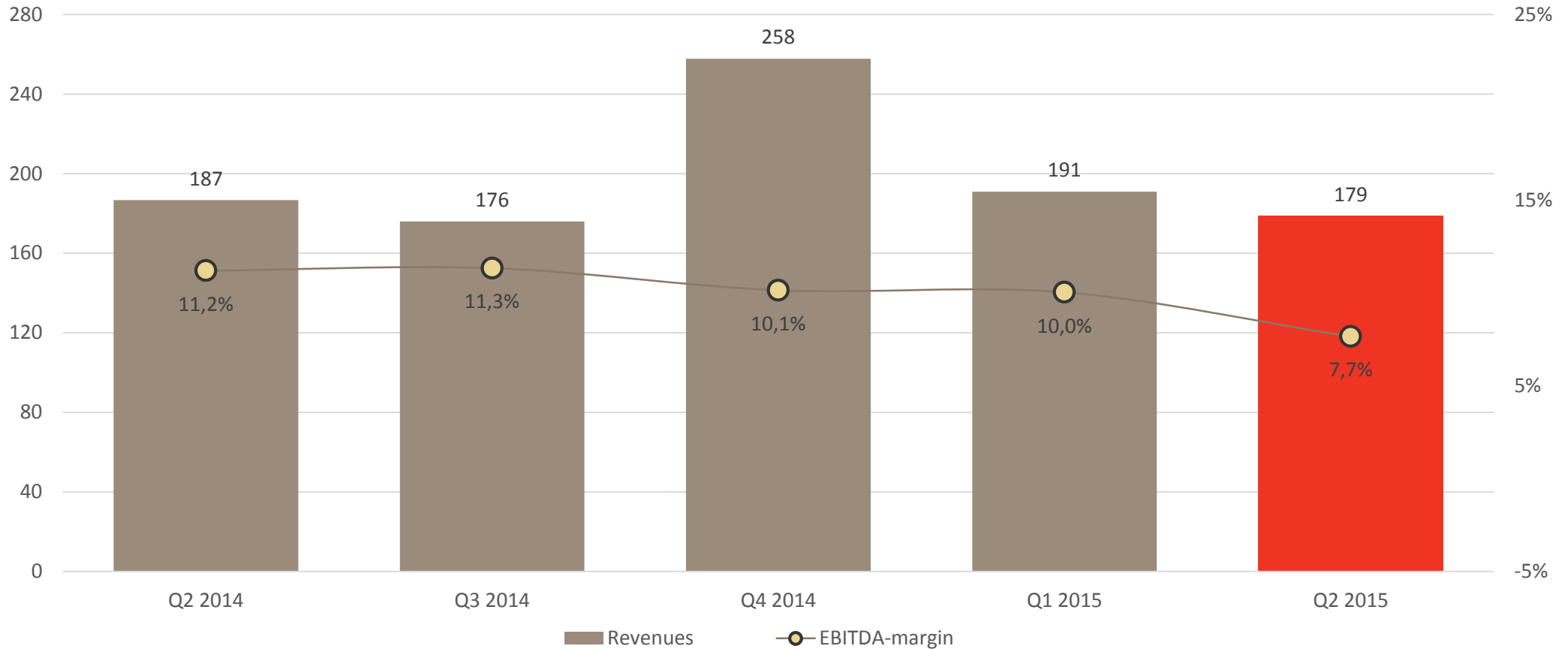




FINANCIAL REVIEW Q2 2015

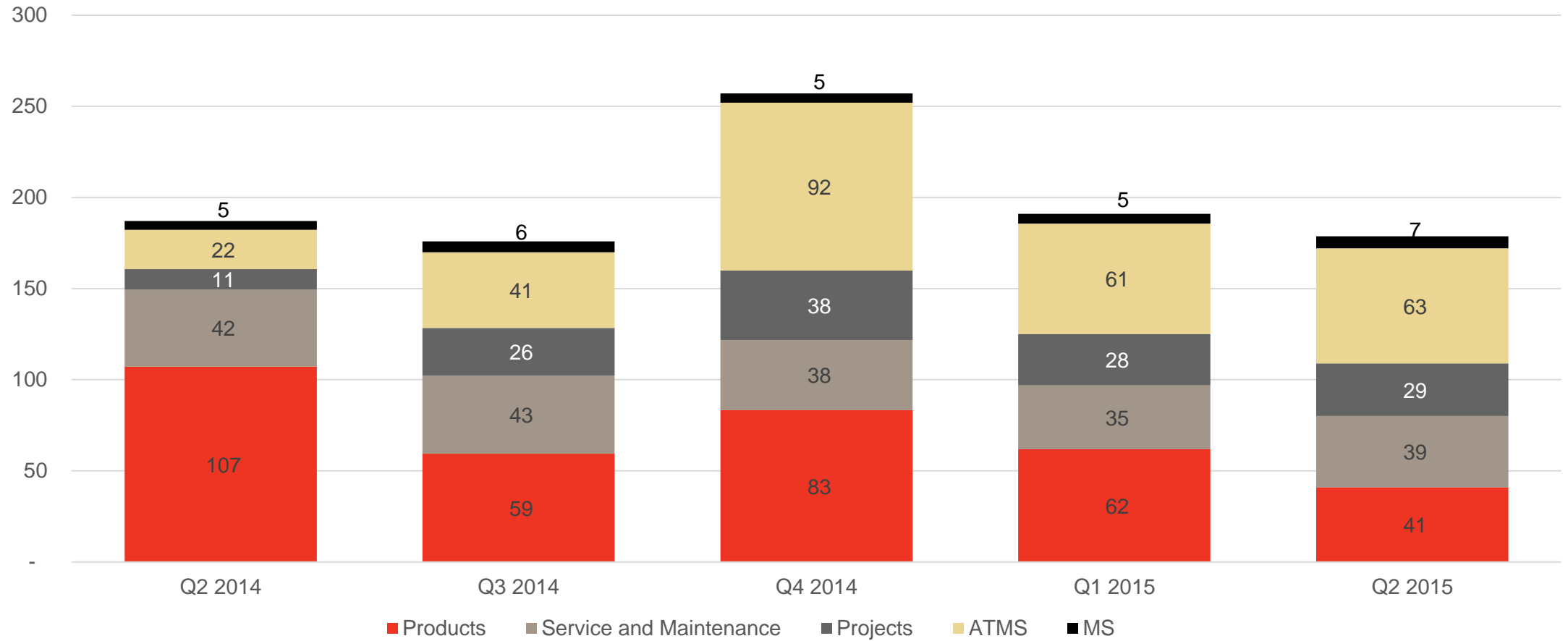
REVENUES AND EBITDA-MARGIN

NOK MILLION



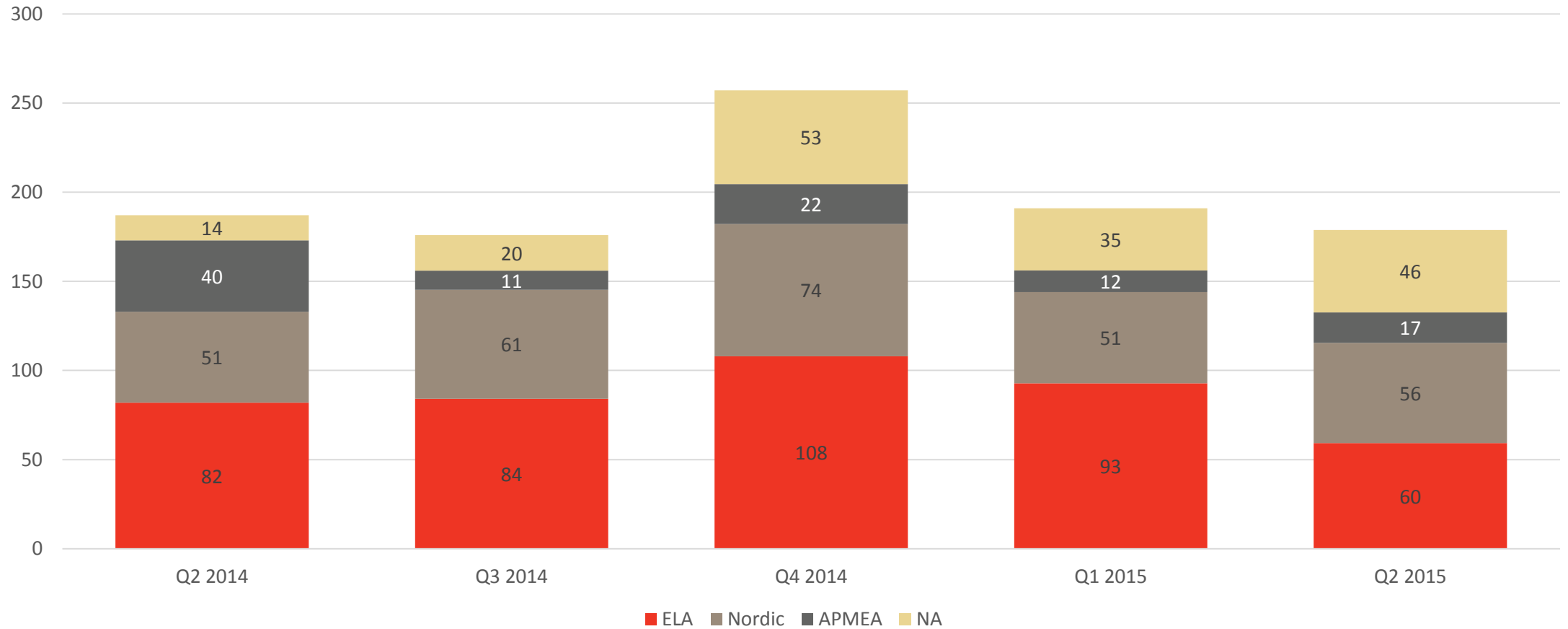
REVENUES PER BUSINESS AREA

NOK MILLION



REVENUES BY REGION

NOK MILLION



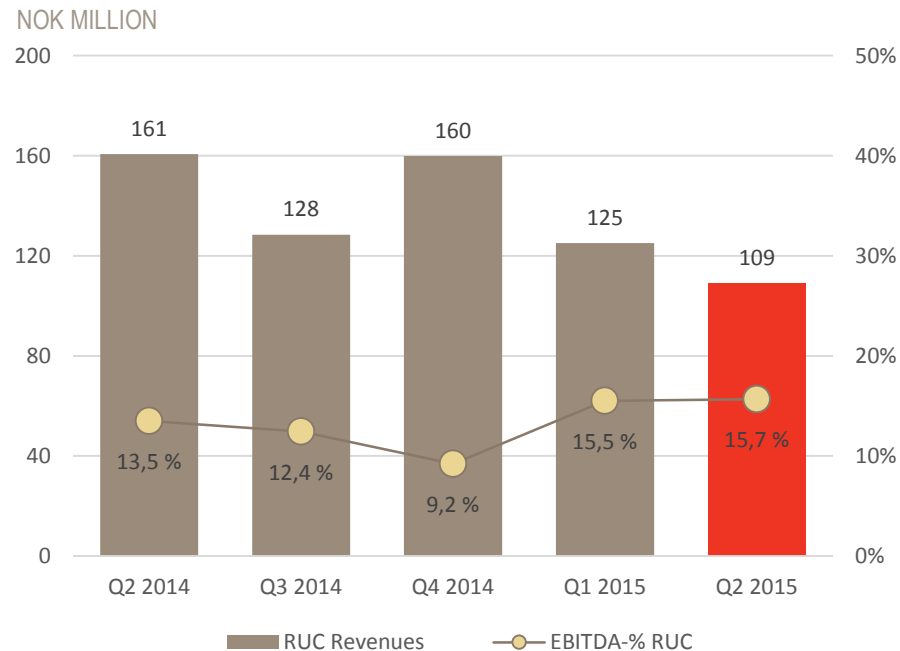
PROFIT AND LOSS STATEMENT

NOK 1.000	Q2 2015	Q2 2014	Q/Q-%	30.06.2015	30.06.2014	Y/Y-%	FY 2014
Revenues	178 718	186 636	-4,2 %	369 662	354 976	4,1 %	788 584
Gross profit	136 828	111 743	22,4 %	272 281	211 998	28,4 %	506 375
Gross margin -%	76,6%	59,9%		73,7%	59,7%		64,2%
Operating expenses	123 149	90 848	35,6 %	239 444	173 371	38,1 %	421 666
EBITDA	13 679	20 895		32 837	38 627		84 709
EBITDA margin -%	7,7%	11,2%		8,9%	10,9%		10,7%
Depreciation, amortisation and impairment	21 504	18 741	14,7 %	43 614	35 501	22,9 %	76 309
Operating profit - EBIT	-7 825	2 154		-10 777	3 126		8 400
EBIT margin -%	-4,4%	1,2%		-2,9%	0,9%		1,1%
Pre-tax profit	8 120	260		-18 389	1 812		-15 154
Profit margin -%	4,5%	0,1%		-5,0%	0,5%		-1,9%
EPS	0,09	0,00		-0,33	-0,01		-0,42

- Revenues for 1H up 4.1% compared to 1H 14. Adjusted for transactions this shows an organic growth in ATMS of 5 % but a reduction in RUC of 14 % during 1H 15
- Gross profit increased 28% compared to 1H 14 and 22 % compared Q1 14 due to shift in revenue mix towards ATMS and RUC projects
- Increased cost base following ATMS acquisitions, while cost base in RUC has been reduced
- Depreciations and amortisation on all time high due to 7 acquisitions the last two years
- Net financials affected positively by NOK 18 million due to currency fluctuations on working capital items and liabilities related to earn-out payments, reversing the negative impact from Q1 15

ROAD USER CHARGING – RUC

Road User Charging - RUC	Q2 2015	Q2 2014	Q/Q-%	30.06.2015	30.06.2014	Y/Y-%	31.12.2014
Products	40,9	107,2	-61,8%	102,7	204,1	-49,7%	346,7
Service & maintenance	39,2	42,2	-7,2%	74,3	84,2	-11,7%	165,4
Projects	28,8	11,3	155,6%	57,0	25,0	127,8%	89,2
RUC Revenues	108,9	160,3	-32,0 %	234,0	313,3	-25,3 %	601,3
EBITDARUC	17,1	21,7		36,5	41,3		82,5
EBITDA-% RUC	15,7 %	13,5 %		15,6 %	13,2 %		13,7 %



• Products

- Important deliveries during Q2 15 are tags to France, Australia and Brazil
- End of lifetime for DSRC tag in Brazil tag influenced the quarter
- Lower product sales during the quarter due to a competitive tag market, decrease of NOK 48 million adjusted for Noca impact (53 %)

• Service and maintenance

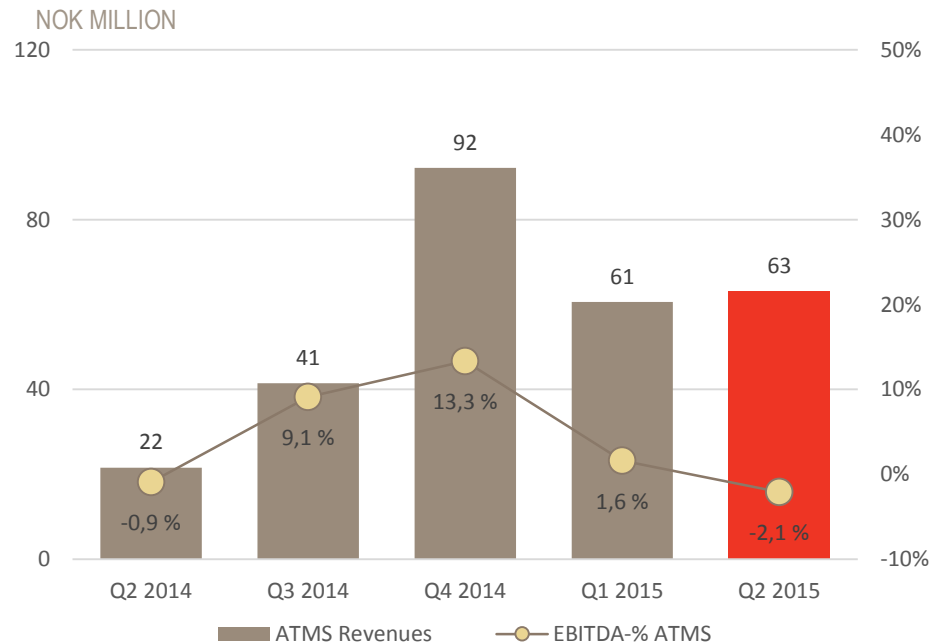
- Stable revenue levels in the last quarters, but reduction from Q2 14 (7%)
- Portugal, Sweden, Australia and Norway are key contracts in this segment

• Projects

- Increased project revenues following the recent project wins in Norway (156 %)
- Ongoing extension period on the central system in Norway

ADVANCED TRANSPORTATION MANAGEMENT SYSTEMS - ATMS

	Q2 2015	Q2 2014	Q/Q-%	30.06.2015	30.06.2014	Y/Y-%	31.12.2014
ATMS Revenues	63,2	21,6	192,8 %	123,8	32,2	284,8 %	166,4
EBITDA ATMS	-1,3	-0,2		-0,3	-1,4		2,4
EBITDA-% ATMS	-2,1 %	-0,9 %		-0,3 %	-4,3 %		1,4 %



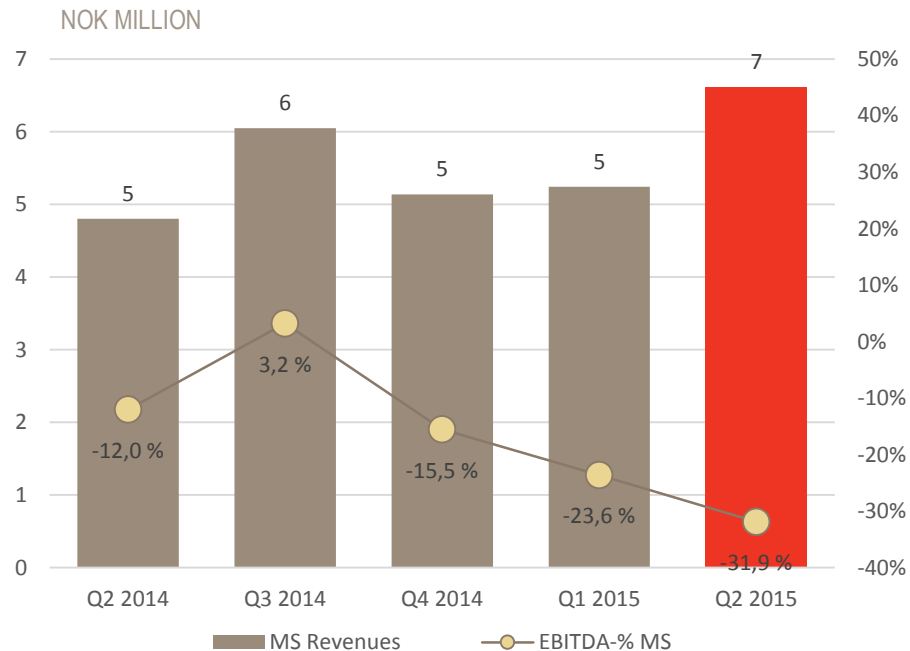
- Continued to develop the ATMS business organically
- Building a portfolio to address attractive market segments
- ATMS represents an increasing share of revenues (35 %)
 - Acquired growth of NOK 35 million
 - Organic growth of NOK 7 million (33 %)
- First wave of acquisitions completed

Portfolio of ATMS companies acquired

Q1 2014	TCS	Elcom					
Q2 2014	TCS	Elcom	TDC	Traffic Design			
Q3 2014	TCS	Elcom	TDC	Traffic Design			
Q4 2014	TCS	Elcom	TDC	Traffic Design	Open Roads		
Q1 2015	TCS	Elcom	TDC	Traffic Design	Open Roads		
Q2 2015	TCS	Elcom	TDC	Traffic Design	Open Roads	Intelight	Traffiko

MANAGED SERVICES - MS

	Q2 2015	Q2 2014	Q/Q-%	30.06.2015	30.06.2014	Y/Y-%	31.12.2014
MS Revenues	6,6	4,8	37,7 %	11,9	9,5	24,7 %	20,9
EBITDA MS	-2,1	-0,6		-3,3	-1,3		-0,2
EBITDA-% MS	-31,9 %	-12,0 %		-28,2 %	-13,4 %		-0,8 %



- In process of defining and building a portfolio of managed service offering
- Pursuing leads in all regions
- Currently delivering two MS projects in the US with growth of NOK 2 million (38 %)
- Important for Q-Free to develop our recurring revenue base

CASH FLOW STATEMENT

NOK 1.000	Q2 2015	Q2 2014	1H 2015	1H 2014	Q1 2015	FY 2014
Cash flow from operating activities	-19,891	-11,753	-25,812	5,903	-5,921	63,310
Cash flow from investment activities	-62,719	-23,496	-90,569	-86,448	-27,850	-172,480
Cash flow from financing activities	50,000	817	50,000	1,194	0	1,826
Net change in cash and cash equivalents	-32,610	-34,432	-66,381	-79,352	-33,771	-107,344
Cash and cash equivalents beginning of period	130,362	226,557	164,133	271,477	164,133	271,477
CASH AND CASH EQUIVALENTS	97,752	192,125	97,752	192,125	130,362	164,133

- Cash flow from operations negatively impacted by weak earnings and working capital build up during the quarter
- Cash flow from investments consists of the following acquisitions in addition to investments in technology projects
 - Acquisition of Intelight NOK 18 million and Traffiko NOK 9 million
 - Earn-out Open Roads NOK 15 million
 - Technology projects and other fixed assets NOK 20 million
- Increased long-term bank loan by NOK 50 million to NOK 150 million
- Cash reduced by NOK 33 million during the period to NOK 98 million by the end of the quarter

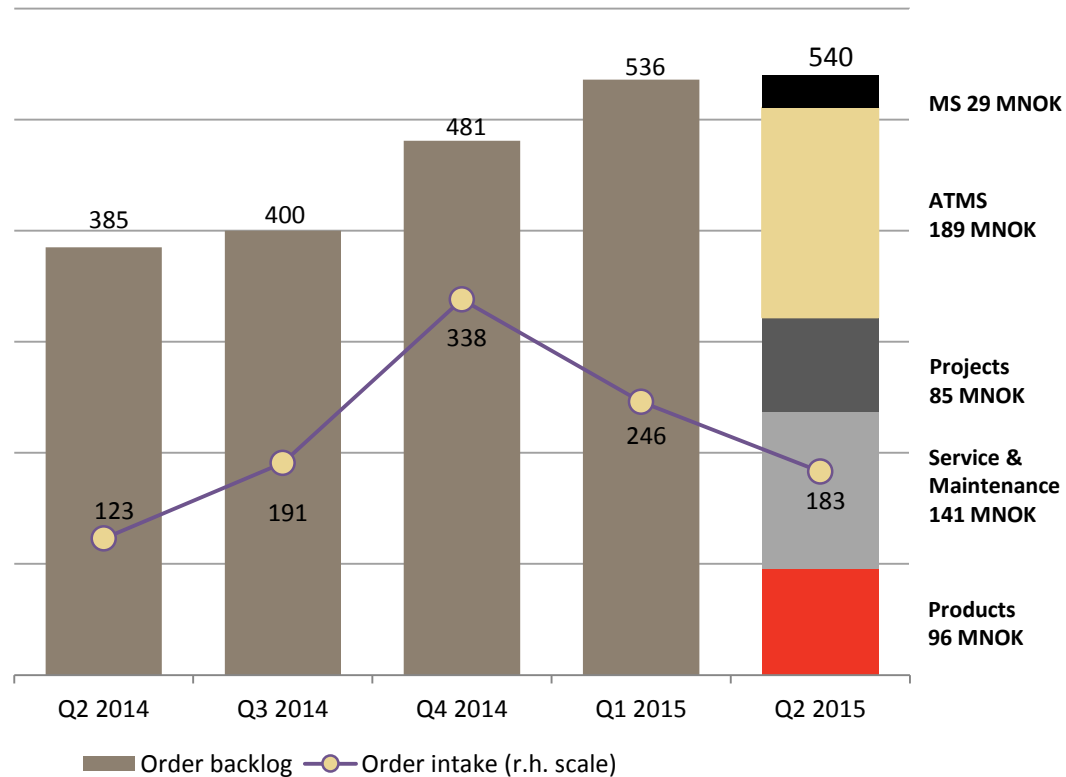
FINANCIAL POSITION

NOK 1.000	30/06/2015	31/03/2015	31/12/2014	30/09/2014	30/06/2014
Total intangible assets	532,954	403,190	414,342	369,358	333,912
Non-current assets	50,193	61,223	66,958	73,539	77,933
Other current assets	279,483	282,953	294,361	287,573	246,936
Cash	97,752	130,362	164,133	141,476	192,125
Total assets	960,382	877,728	939,794	871,946	850,906
Total equity	479,892	486,167	485,389	524,964	520,624
Non-current liabilities	276,951	194,540	192,561	180,185	170,510
Current liabilities	203,539	197,021	261,844	166,796	159,772
Total liabilities	480,490	391,561	454,405	346,981	330,282
Total equity and liabilities	960,382	877,728	939,794	871,946	850,906
Equity ratio	50.0%	55.4%	51.6%	60.2%	61.2%
Net working capital	75,944	85,932	32,517	120,777	87,164
Net working capital % of 12 months revenues	9%	11%	4%	18%	13%
Liquidity ratio	1.9	2.1	1.8	2.6	2.7

ORDER BACKLOG AND DELIVERY SCHEDULE

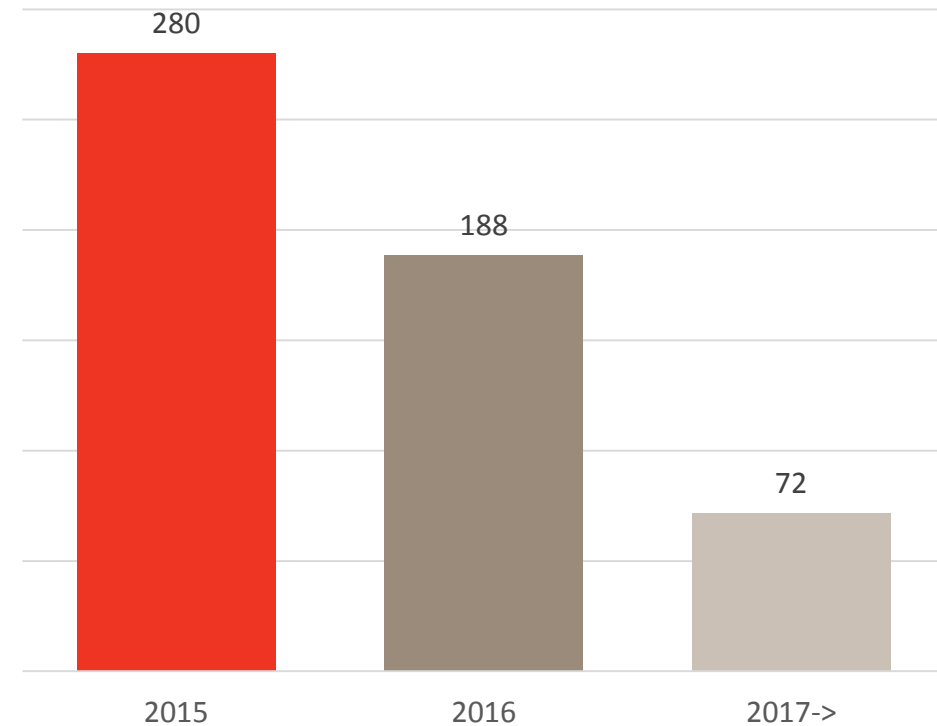
ORDER BACKLOG AND ORDER INTAKE

NOK MILLION



ORDER BACKLOG DISTRIBUTION

NOK MILLION



A white, rectangular device with a 'Q FREE' logo is mounted on a pole. The device has two small, pointed antennas on top. Black cables are connected to the back. The background is a blurred city street with a large building and a road.

SUMMARY AND OUTLOOK

SUMMARY

- First wave of acquisitions completed in transition from pure RUC player to broader ITS provider. Streamlining portfolio. Gradually building a recurring revenue base
- Weak product sale in the quarter due to «end of life» for DSRC tags in Brazil and continued margin pressure in a competitive tag market
- Implementing cost reductions of NOK 25-30 million per year
- Strong order intake post quarter

OUTLOOK

- Focus on developing a sound commercial and operational platform to support growth. Optimise cost base, increase capital discipline and maintain a strong quality focus
- Broadening our sales pipeline and developing new attractive market concepts through combinations of technologies and services – i.e. Parking Management and Managed Services
- Accelerating transition towards becoming an ITS company



Q&A