Q4

Presentation of fourth quarter and annual results for 2013

CEO Thomas Falck and CFO Roar Østbø

Q4 and FY 2013 highlights

NOK 1,000	Q4-13	Q4-12	2013	2012
Order Intake	79	98.0	548.0	573.0
Revenues	150.4	208.9	606.1	597.5
EBITDA	-33.8	12.2	-31.8	-6.0
EBIT	-49.8	0.3	-94.7	-55.3
EPS	-1.07	0.16	-1.65	-0.51

- Q-Free revenues were NOK 150 million in Q4, full year revenues of NOK 606 million, Q4 EBIT were NOK -50 million, full year EBIT of NOK -95 million
- Q4 revenues, orders and earnings were negatively affected by project cancellation in Australia by NOK 18 million in revenues, NOK 36 million in orders and NOK 54 million in EBIT
- Full-year operating profit further affected by restructuring costs in Q1, adjusted EBIT of NOK -10 million, compared NOK -55 million in 2012
- Annual cost base reduced by NOK 40 million and capex by NOK 20 million through PIP program
- Order backlog of NOK 379 million, cash funds of NOK 271 million

Strategic developments

- Products and Service & Maintenance revenues are increasing, and the Profit Improvement Program has lowered the revenue break-even level
- Still need to address the low inflow of new RUC projects, as this undermines the basis for future revenue generation
- Q-Free's focus has been on large 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 optimize the scope of business
  - Seeking to strengthen our market focus and position
  - Increase internal cooperation and efficiency
- More information about the actions following the QSC project will be given in the first quarter 2014 presentation

Market update

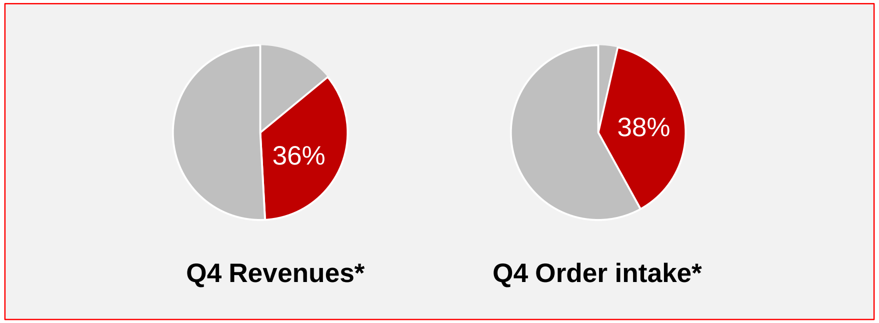
Jakarta – ELE project

- 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.

EMEA - market update

RUC:
- NOK 12 million tag order in Portugal
- Service contracts with Norwegian and Swedish Road Administrations
- “Go-live” on the Gauteng Highway Tolling in South Africa may open for additional tag orders

ATMS:
- Awarded data & classification project with NPRA in Norway.
- Started development project funded by Innovation Norway
- Awarded several parking and traffic control projects in France, Faroe Island, Serbia, Poland and Ukraine

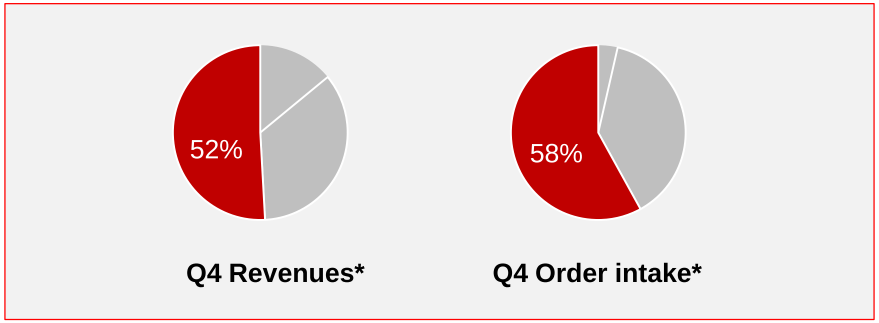


* Adjusted for order cancellation in Asia Pacific, which negatively affected revenue by NOK 18 million and order intake by NOK 35 million

North and Latin America - market update

RUC:

- Implementation ongoing of Enhanced Imaging Processing solution for the Miami-Dade Expressway Authority
- Brazil remains an important product market



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ATMS:

- Healthy order intake, including all-time high ATMS revenues to TCS International
  - Awarded several parking projects in California, Washington, Florida and Canada

Asia Pacific - market update

RUC:

- Project cancellation with the Roads and Maritime Services (RMS) in Australia

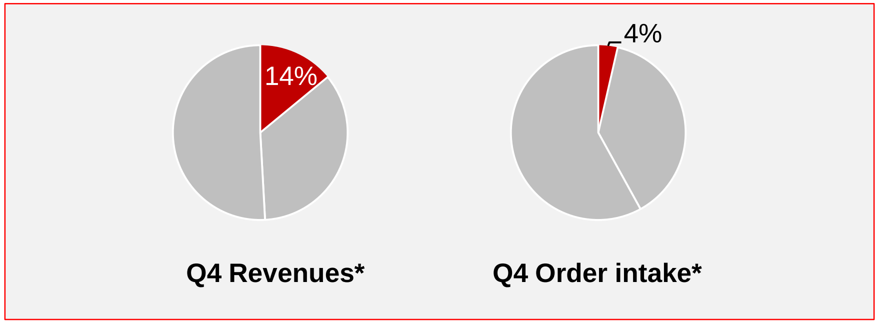
  Accounting effects:

  - Revenues NOK -18 million in Q4
  - Order intake and backlog NOK -35 million
  - EBIT: NOK -54 million in Q4 and NOK -60 million for FY'13

- RMS awarded Q-Free a NOK 15 million tag contract in January for delivery in Q2'14

ATMS:

- Awarded several parking projects in Australia



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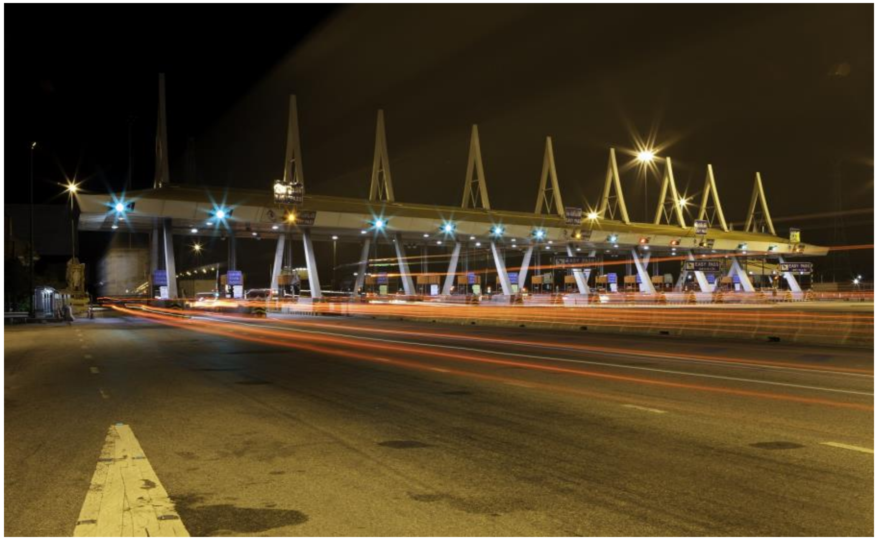
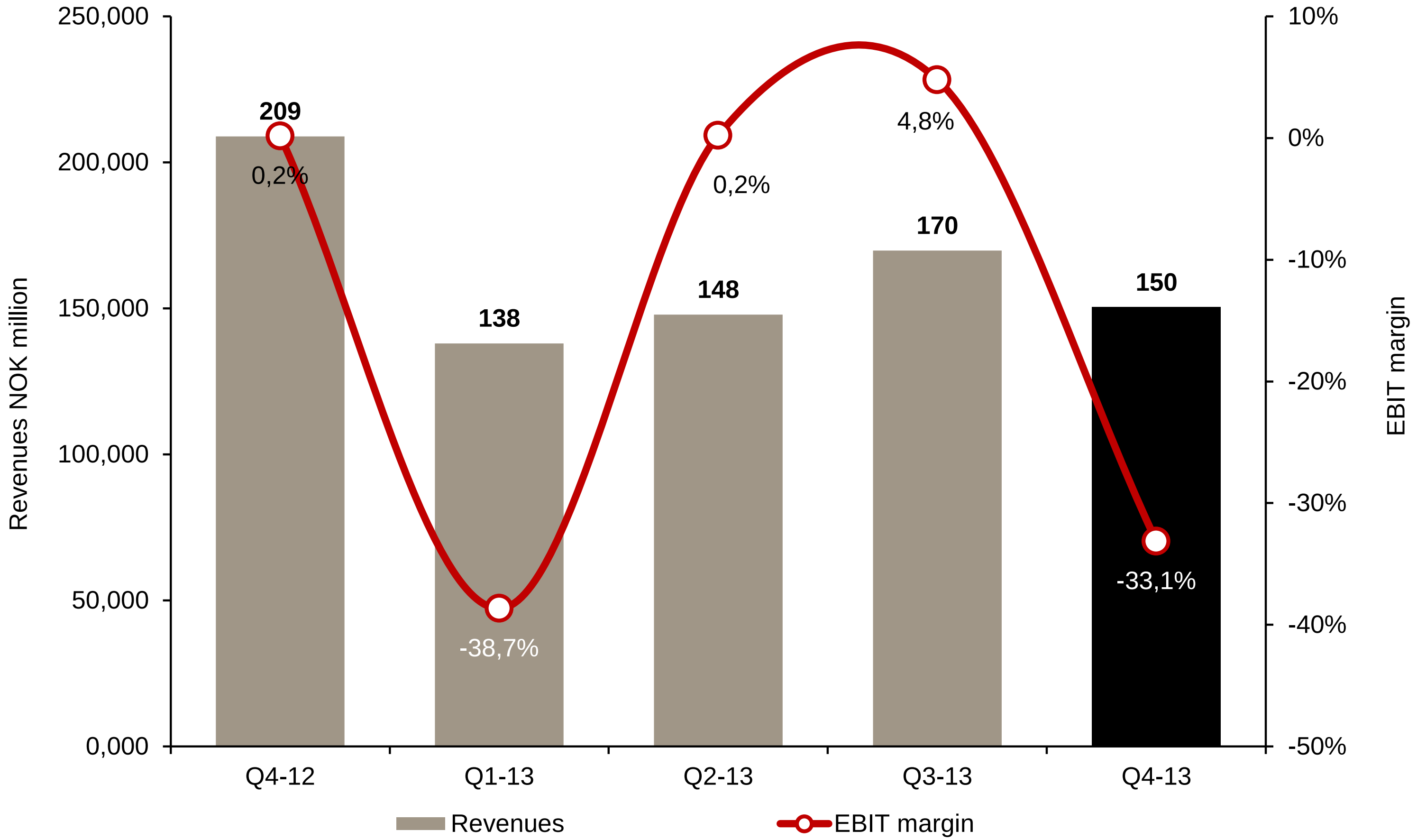
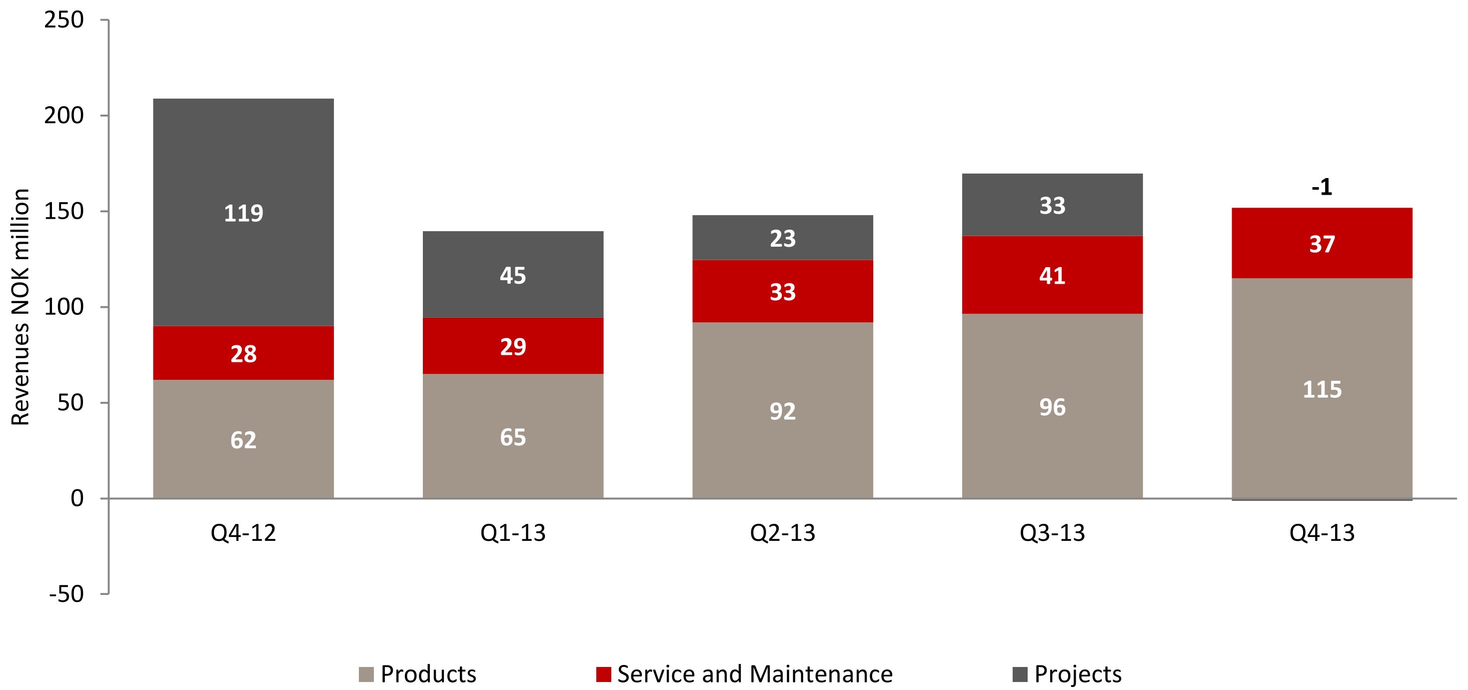


Financial review

Revenues and EBIT margin



Revenues per Business Area



MNOK	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13
Products	62	64	92	96	**114**
Service and Maintenance	28	29	33	41	**37**
Projects	119	45	23	33	**-1**
TOTAL	**209**	**138**	**148**	**170**	**150**

31.12.12	31.12.13	y/y-%
230	**367**	**60 %**
107	**140**	**31 %**
261	**100**	**-62 %**
598	**606**	**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

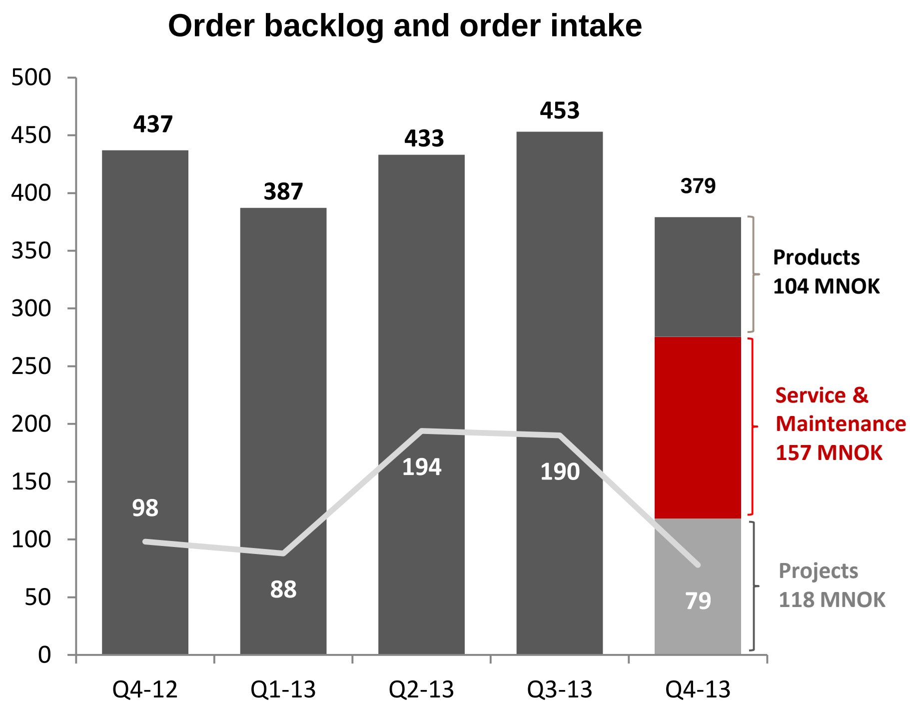
NOK 1.000	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	31.12.13	31.12.12
Net cash flow from operations	86 788	-22 971	-61 209	24 054	25 343	-32 567	-19 887
Net cash flow from investments	-43 039	-18 897	-10 454	-9 806	-20 546	-61 919	-79 229
Net cash flow from financing	677	-344	-435	1 105	-3 853	-3 527	28 819
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**

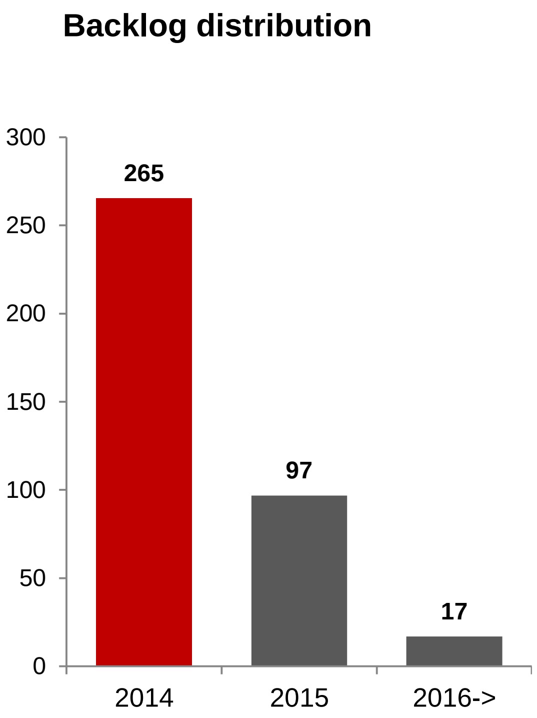
- Cash flow from operations reflecting positive EBITDA and stable net working capital
- Technology investment in Elcom in Serbia NOK 10 million and Development Projects of NOK 11 million
- Cash funds increased NOK 1 million during fourth quarter 2013

Balance sheet

NOK 1.000	31.12.2013	30.09.2013	30.06.2013	31.03.2013	31.12.2012
Total intangible assets	236 279	244 530	251 202	253 094	244 387
Non current assets	83 452	83 254	78 849	81 149	77 261
Cash & Cash equivalents	271 477	270 534	255 181	327 279	369 491
Other current assets	303 136	266 827	259 484	228 136	250 560
TOTAL ASSETS	894 344	865 145	844 715	889 659	941 699
Total Equity	504 524	581 964	579 558	585 568	630 908
Non current liabilities	126 833	129 996	128 058	126 041	124 287
Current liabilities	262 987	153 185	137 099	178 050	186 504
TOTAL EQUITY & LIABILITIES	894 344	865 145	844 715	889 659	941 699
Equity ratio	*56,4 %*	*67,3 %*	*68,6 %*	*65,8 %*	*67,0 %*
Net working capital	*40 149*	*113 642*	*122 385*	*50 087*	*64 056*
Working capital % 12 months Revenues	*7 %*	*17 %*	*19 %*	*8 %*	*11 %*

Order backlog and delivery schedule





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

Q&A