

Q3

PRESENTATION OF THE THIRD QUARTER 2015 RESULTS



Q3 2015 OPERATIONAL HIGHLIGHTS

- Revenues NOK 223 million, up 26.6% QoQ
- EBITDA NOK 22 million, up 11.6% QoQ
- EBIT NOK 1 million
- Gross profit increased 47% QoQ due to shift in revenue composition towards ATMS
- Strong order intake of NOK 432 million. Order backlog of NOK 749 million, of which NOK 201 million is due in 2015

- North-America is now the largest region as a consequence of ATMS strategy under implementation
- Continued weak tag market

Q3 2015 FINANCIAL HIGHLIGHTS

REVENUES
NOK MILLION

223

EBITDA
NOK MILLION

22

ORDER INTAKE
NOK MILLION

432

ORDER BACKLOG
NOK MILLION

749



MARKET UPDATE

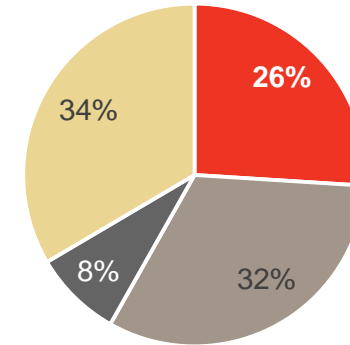
EUROPE & LATIN AMERICA (ELA)

- Revenues of NOK 58 million
- Order intake of NOK 241 million
- Continue to develop operations in Latin America, signed RUC-contract in Chile NOK 34 million
- Extension of Service & Maintenance contract in Portugal, NOK 156 million
- Signed first contract in Russia, NOK 10 million

Outlook:

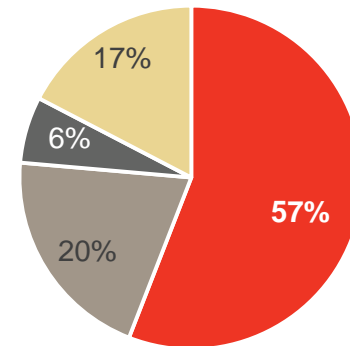
- Currently involved in several project tenders across Europe
- Received first orders for RFID tags in Brazil in October

ELA SHARE OF REVENUES Q3 15



■ ELA ■ Nordic ■ APMEA ■ NA

ELA SHARE OF ORDER INTAKE Q3 15



■ ELA ■ Nordic ■ APMEA ■ NA

THE NORDICS

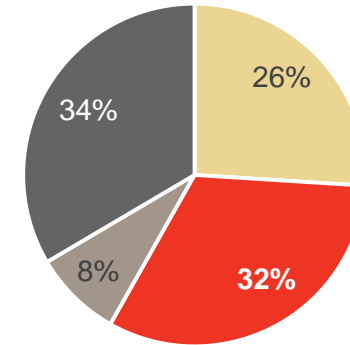
- Revenues of NOK 72 million
- Order intake of NOK 88 million

- Project activity picking up
- Signed important RUC-contracts with the Norwegian Public Roads Administration during the period

Outlook:

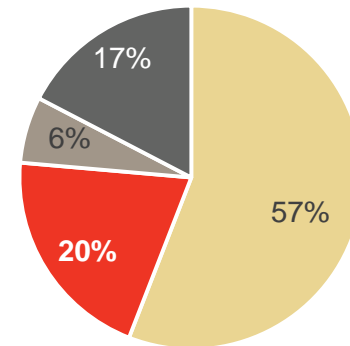
- Tendering activities continue at high levels in Norway
- Continued Service & Maintenance deliveries in Sweden

NORDIC SHARE OF REVENUES Q3 15



■ ELA ■ Nordic ■ APMEA ■ NA

NORDIC SHARE OF ORDER INTAKE Q3 15



■ ELA ■ Nordic ■ APMEA ■ NA

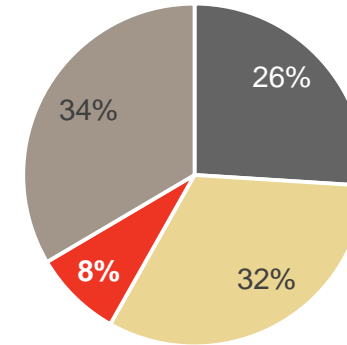
ASIA PACIFIC, MIDDLE EAST AND AFRICA (APMEA)

- Revenues of NOK 19 million
- Order intake of NOK 27 million
- Extension of Service & Maintenance contract in Sydney, Australia, NOK 21 million

Outlook:

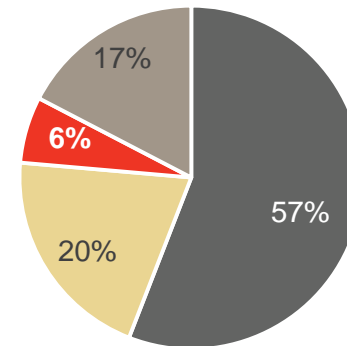
- Currently involved in significant project tenders in the region
- ERP tender Jakarta is expected to come to market before year end

APMEA SHARE OF REVENUES Q3 15



■ ELA ■ Nordic ■ APMEA ■ NA

APMEA SHARE OF ORDER INTAKE Q3 15



■ ELA ■ Nordic ■ APMEA ■ NA

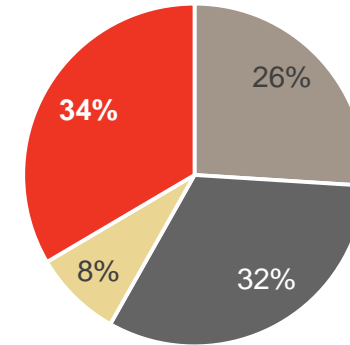
NORTH AMERICA (NA)

- Revenues NOK 74 million
- Order intake NOK 75 million
- Positive development continues and generating strong revenue growth, largest region during Q3 15
- Extended Service & Maintenance contract in Virginia
- Received first two orders under ATMS frame agreement in Georgia

Outlook:

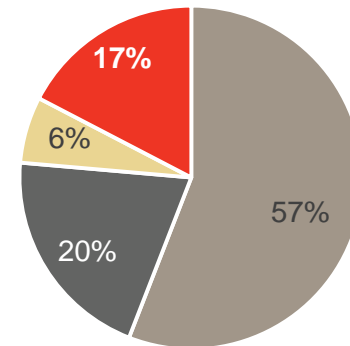
- Q-Free is increasingly positive to the prospects in the North American market, within the RUC-, ATMS, and MS-segments

NA SHARE OF REVENUES Q3 15



■ ELA ■ Nordic ■ APMEA ■ NA

NA SHARE OF ORDER INTAKE Q3 15



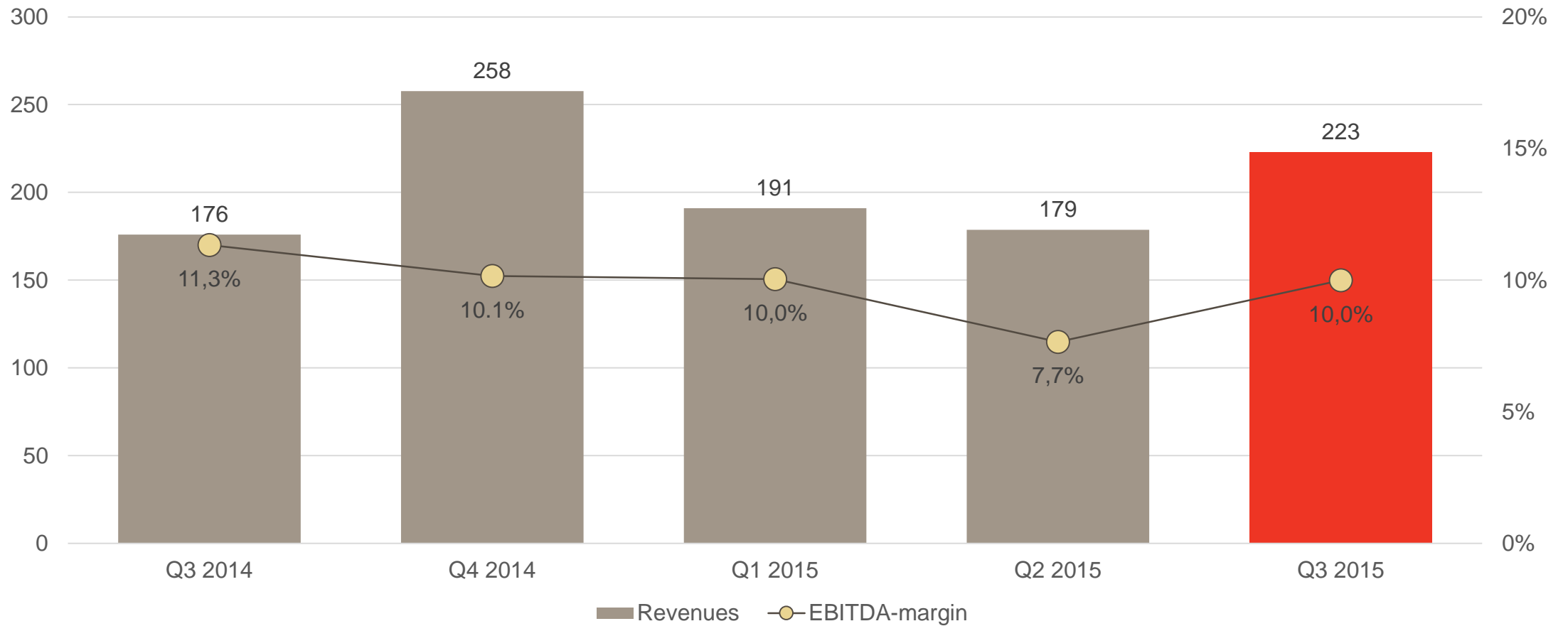
■ ELA ■ Nordic ■ APMEA ■ NA



FINANCIAL REVIEW Q3 2015

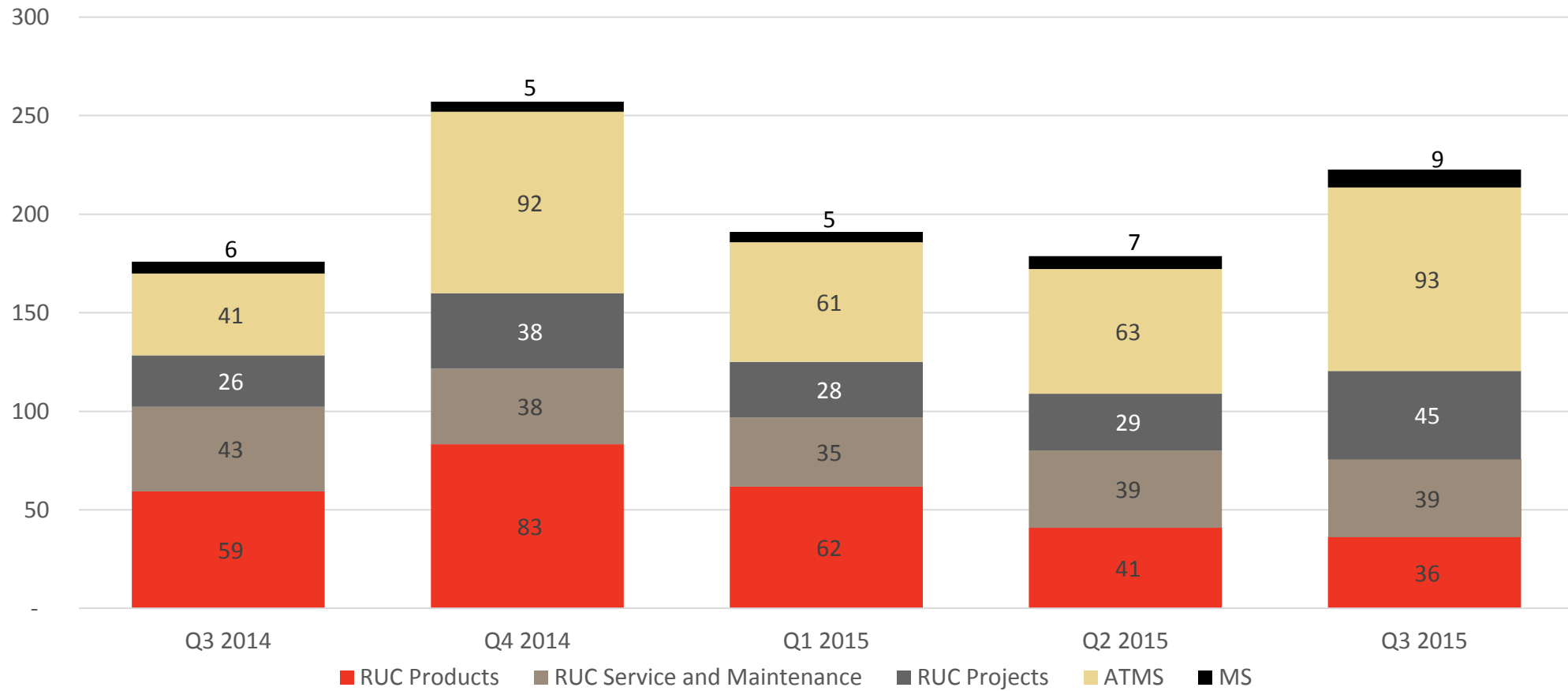
REVENUES AND EBITDA-MARGIN

NOK MILLION



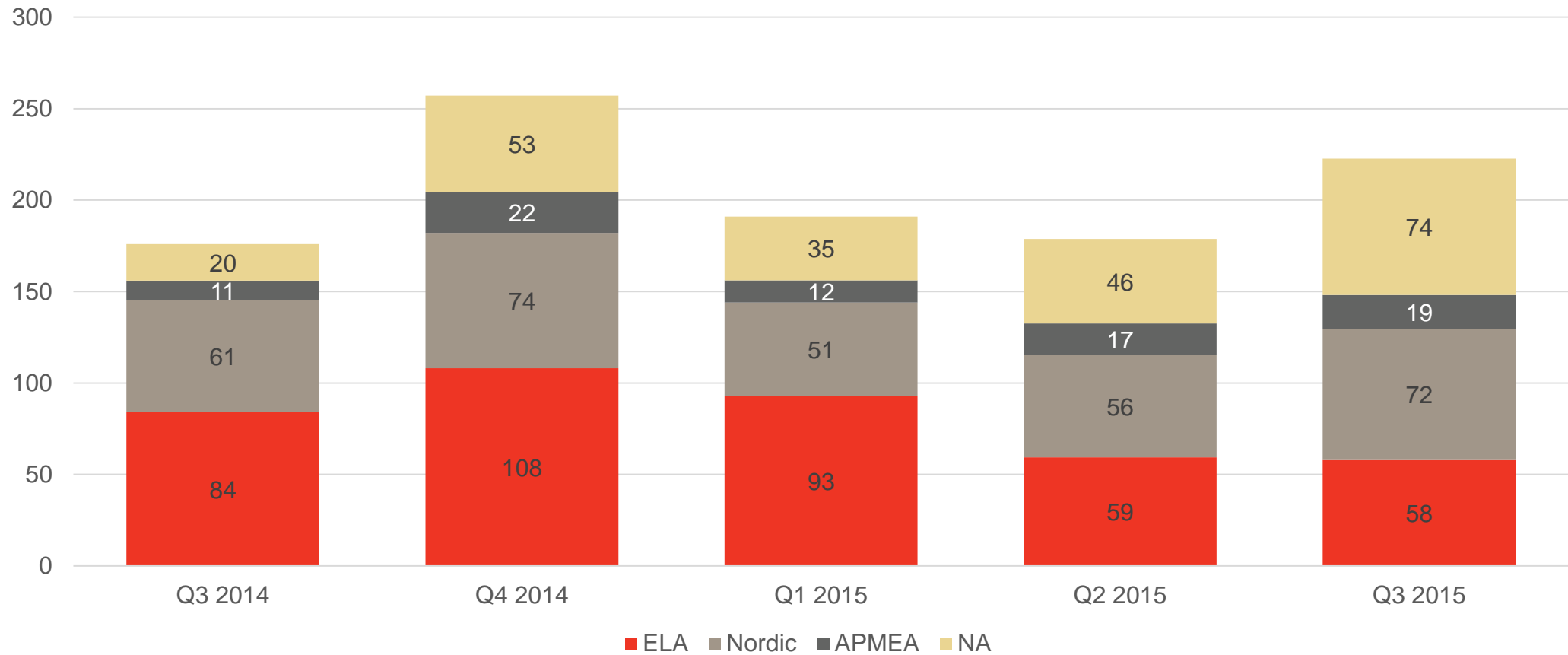
REVENUES PER BUSINESS AREA

NOK MILLION



REVENUES BY REGION

NOK MILLION



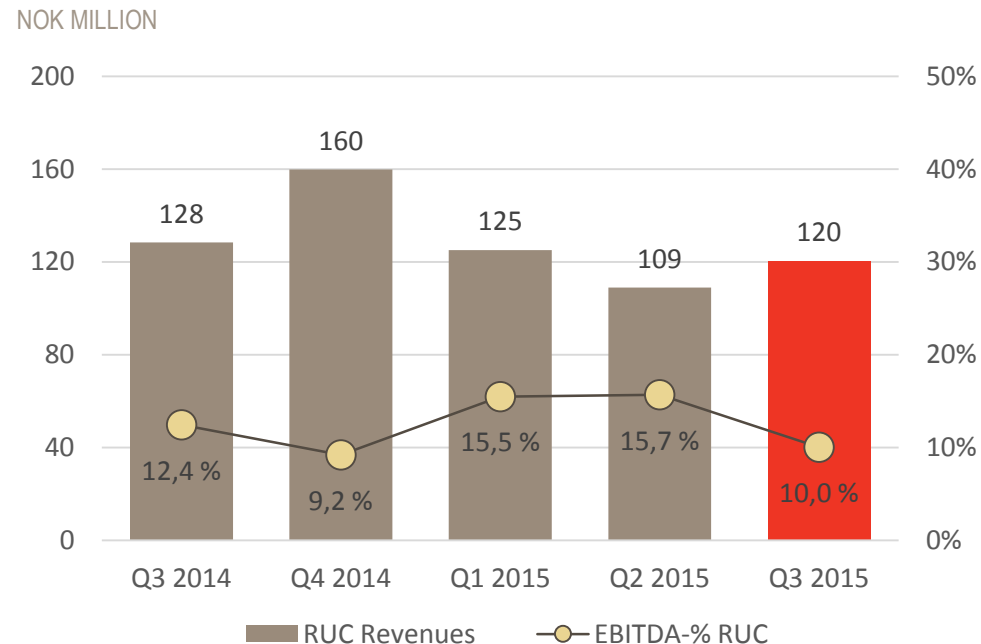
PROFIT AND LOSS STATEMENT

NOK 1.000	Q3 2015	Q3 2014	Q/Q-%	30.09.2015	30.09.2014	Y/Y-%	31.12.2014
Revenues	222 664	175 912	26.6%	592 326	530 887	11.6%	788 584
Gross profit	171 450	116 349	47.4%	443 731	328 347	35.1%	506 411
Gross margin - %	77.0%	66.1%		74.9%	61.8%		64.2%
Operating expenses	149 206	96 410	54.8%	388 650	269 781	44.1%	421 666
EBITDA	22 244	19 939	11.6 %	55 081	58 566	-6.0%	84 745
EBITDA margin	10.0%	11.3%		9.3%	11.0%		10.7%
Depreciation, amortisation and impairment	21 629	18 974	14.0%	65 243	54 475	19.8%	76 309
Operating profit - EBIT	615	965		-10 162	4 091		8 436
EBIT margin	0.3%	0.5%		-1.7%	0.8%		1.1%
Pre-tax profit	-2 720	-10		-21 109	1 802		-16 369
Profit margin	-1.2%	0.0%		-3.6%	0.3%		-2.1%
EPS	-0.14	-0.04		-0.47	-0.04		-0.41

- Revenues up 27% QoQ.
- Organic growth of 10% in ATMS and stable for RUC (adjusted for transactions)
- Increased gross margin due to shift in revenue mix towards ATMS and RUC projects
- Increased cost base following ATMS acquisitions, fixed cost base in RUC has been reduced despite increased costs from higher project activity
- Depreciations and amortisation at peak level following 7 acquisitions in recent years
- Net financials negatively affected by NOK 3 million from currency fluctuations on working capital items and liabilities for earn-out payments

ROAD USER CHARGING – RUC

MNOK	Q3 2015	Q3 2014	9M 2015	9M2014	FY 2014
Products	36.3	59.4	139.0	263.5	346.7
Service & maintenance	39.3	42.9	113.6	127.0	165.4
Projects	44.9	26.2	101.8	51.6	89.2
RUC Revenues	120.5	128.4	354.5	442.1	601.3
EBITDA RUC	12.1	16.0	48.6	57.2	82.5
<i>EBITDA-% RUC</i>	<i>10.0 %</i>	<i>12.4 %</i>	<i>13.7 %</i>	<i>12.9 %</i>	<i>13.7 %</i>



- Products

- Important deliveries during Q3 15 are tags to France, Australia, Chile and Portugal
- First deliveries to new customer in Russia
- Q3 15 revenues ex Noca (NOK 22 million) in line with Q3 14, despite end of lifetime DSRC in Brazil.
- Tag market remains very competitive

- Service and maintenance

- Stable revenues recent quarters, down 8% compared to Q3 14
- Portugal, Sweden, Australia and Norway are key contracts

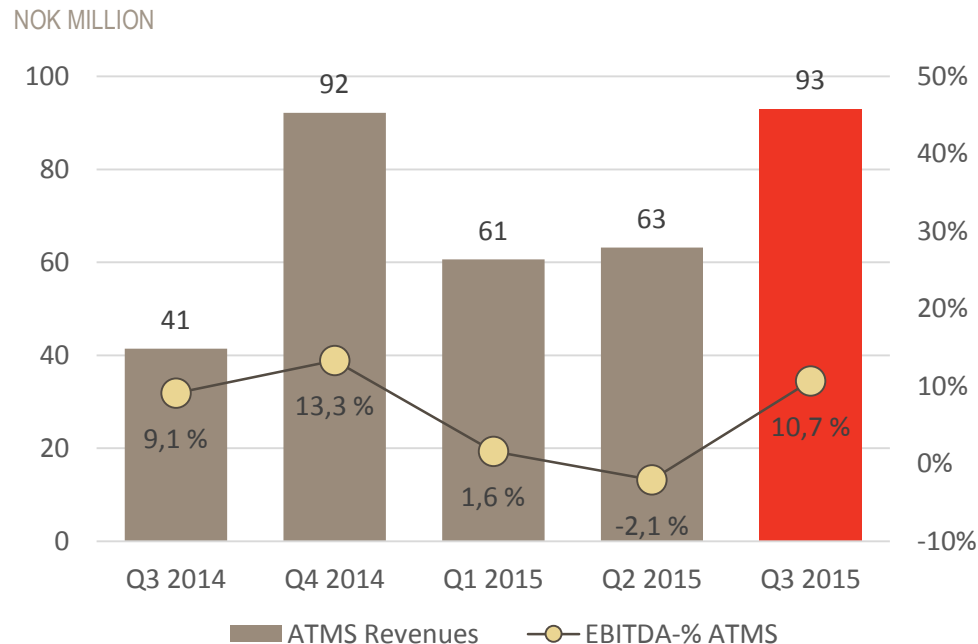
- Projects

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

ADVANCED TRANSPORTATION MANAGEMENT SYSTEMS - ATMS

MNOK	Q3 2015	Q3 2014	9M 2015	9M 2014	FY 2014
ATMS Revenues	93.0	41.5	216.9	73.6	166.4
EBITDA ATMS	9.9	3.8	9.6	2.4	2.4
EBITDA-% ATMS	10.7 %	9.1 %	4.4 %	3.3 %	1.4 %

- Continued to develop the ATMS business
- Building a portfolio to address attractive market segments
- Important project wins announced during the quarter for Intelight (20 MNOK out of frame agreement of 82 MNOK) and Open Roads (16 MNOK)
- ATMS now represents 42% of revenues
- First quarter with 100% impact from all ATMS acquisitions



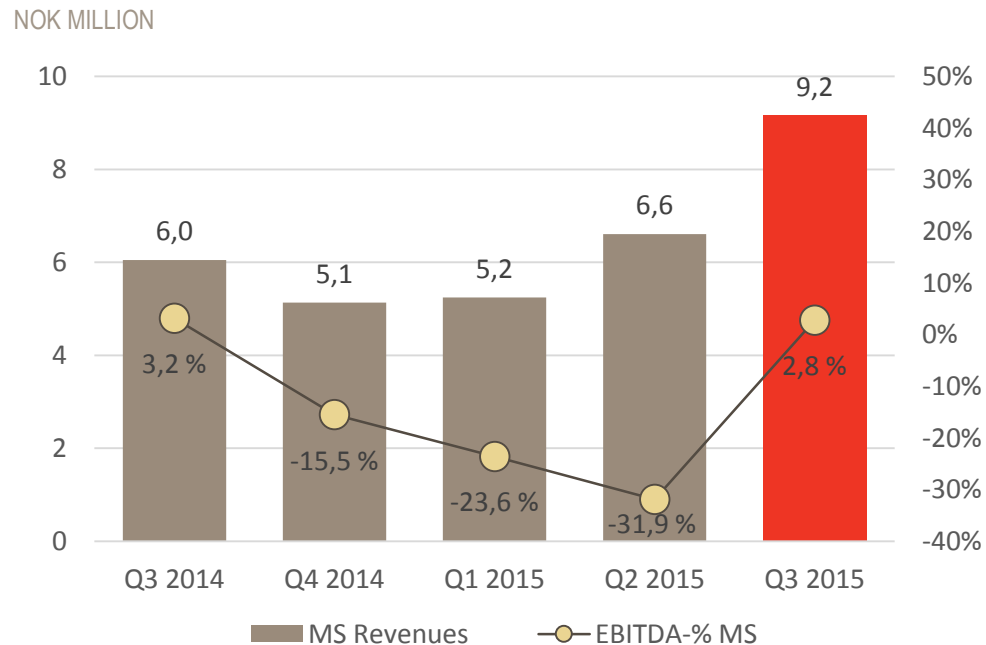
Portfolio of ATMS companies acquired

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 50%	Traffiko 40%
Q3 2015	TCS	Elcom	TDC	Traffic Design	Open Roads	Intelight	Traffiko

MANAGED SERVICES - MS

MNOK	Q3 2015	Q3 2014	9m 2015	9M 2014	FY 2014
MS Revenues	9.2	6.0	21.0	15.5	20.9
EBITDA MS	0.3	0.2	-3.1	-1.1	-0.2
EBITDA-% MS	2.8 %	3.2 %	-14.7 %	-7.1 %	-0.8 %

- Increasing volumes and improving margins on existing contracts in the US with growth of NOK 3 million compared to Q3 14
- Tendering for projects in North-America



CASH FLOW STATEMENT

NOK 1.000	Q3 2015	Q3 2014	30.09.2015	30.09.2014	Q2 2015	31.12.2014
Cash flow from operating activities	-11 399	-3 067	-37 211	2 835	-19 891	63 310
Cash flow from investment activities	-16 092	-48 214	-106 661	-134 662	-62 719	-172 480
Cash flow from financing activities	-8 127	632	41 873	1 826	50 000	1 826
Net change in cash and cash equivalents	-35 618	-50 649	-101 999	-130 001	-32 610	-107 344
Cash and cash equivalents beginning of period	97 752	192 125	164 133	271 477	130 362	271 477
CASH AND CASH EQUIVALENTS	62 134	141 476	62 134	141 476	97 752	164 133

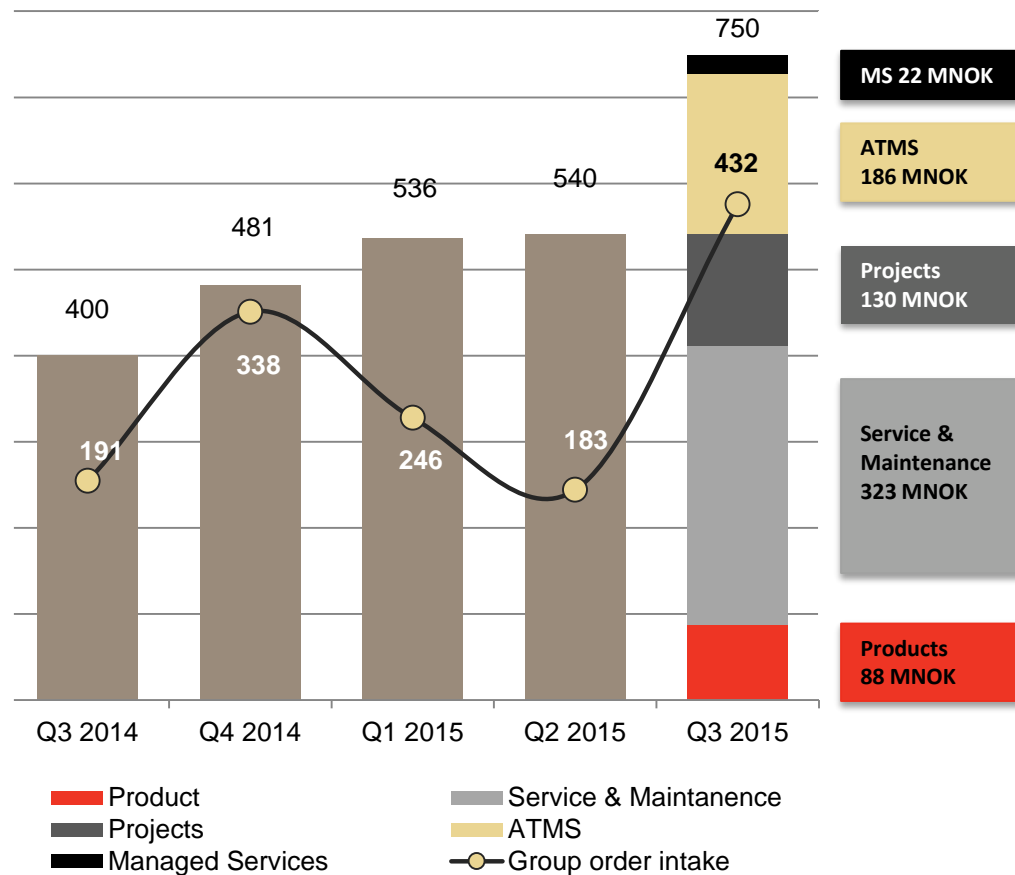
- Cash flow from operations negatively affected by working capital build up during the quarter – in ATMS ahead of cyclical high season. Major portion of revenues generated late in the quarter
- Cash flow from investments consists of NOK 14 million in technology projects and NOK 2 million in other fixed assets
- Financing activities during Q3-15 is explained by down payment of debt in acquired company Intelight
- Cash reduced by NOK 36 million during the period to NOK 62 million by the end of the quarter
- Available credit facilities of NOK 150 million

FINANCIAL POSITION

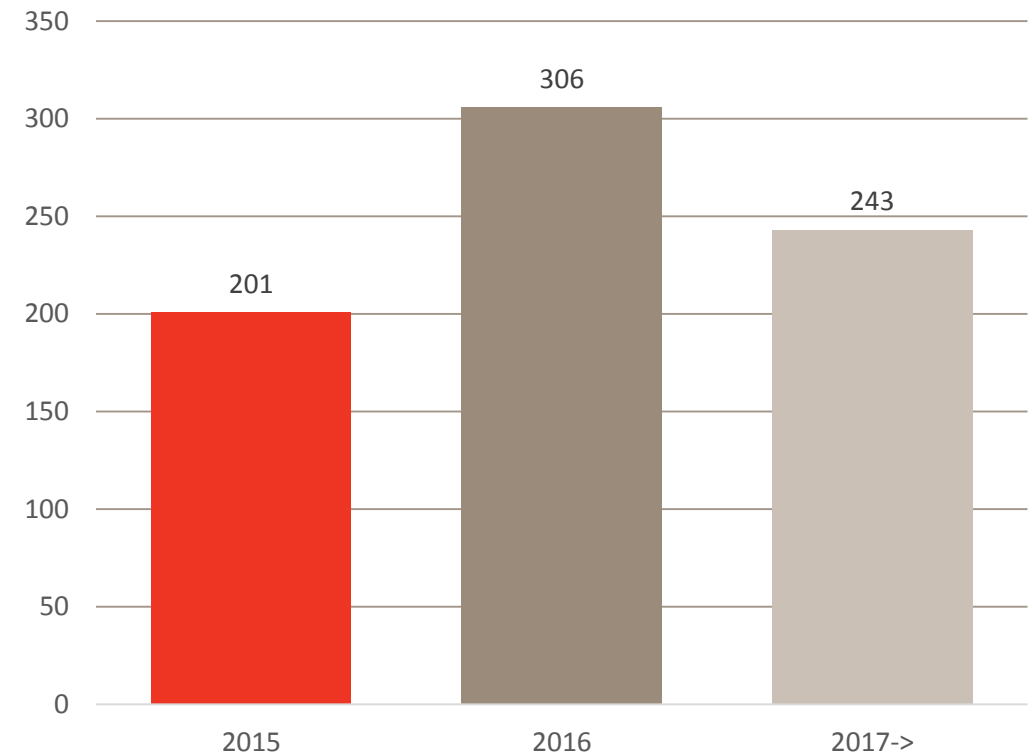
NOK 1.000	30.09.2015	30.06.2015	31.03.2015	31.12.2014	30.09.2014
Total intangible assets	529 968	532 954	403 190	414 342	369 358
Non-current assets	48 166	50 193	61 223	66 958	73 539
Other current assets	347 208	279 483	282 953	294 361	287 573
Cash	62 134	97 752	130 362	164 133	141 476
Total assets	987 476	960 382	877 728	939 794	871 946
Total equity	461 150	479 892	486 167	485 389	524 964
Non-current liabilities	298 480	276 951	194 540	192 561	180 185
Current liabilities	227 846	203 539	197 021	261 844	166 796
Total liabilities	526 326	480 490	391 561	454 405	346 981
Total equity and liabilities	987 476	960 382	877 728	939 794	871 946
Equity ratio	46.7%	50.0%	55.4%	51.6%	60.2%
Net working capital	119 362	75 944	85 932	32 517	120 777
Net working capital % of 12 months revenues	14%	9%	11%	5%	18%
Liquidity ratio	1.8	1.9	2.1	1.8	2.6

ORDER BACKLOG AND DELIVERY SCHEDULE

ORDER BACKLOG AND ORDER INTAKE
NOK MILLION



ORDER BACKLOG DISTRIBUTION
NOK MILLION





SUMMARY AND OUTLOOK



SUMMARY

- Strong order intake and order backlog
- Shift in revenue composition improved gross margins
- Transition from pure RUC player to a broader ITS provider continues
- Continued focus on reducing cost base

OUTLOOK

- RUC product market remains tough. Q-Free sees increased tendering and project activity for DSRC based systems
- Strengthening cost containment, capital discipline and a strong quality focus
- Continue process to bring joint offerings to market, primarily in the areas of
 - Tolling
 - Parking
 - Traffic Management

A 3D rendered city street scene. In the foreground, a large blue bus is driving on the right side of the road. Another smaller blue bus is visible further down the road. The street is lined with green, rounded trees. In the background, there are several modern buildings, including a tall glass skyscraper and a curved glass building. A street sign and a traffic light are visible on the left side of the road. The sky is clear and blue.

Q&A