

# Q4

PRESENTATION OF THE FOURTH QUARTER AND PRELIMINARY FULL YEAR  
RESULTS 2015

Acting CEO and CFO Roar Østbø



# Q4 2015 / 2015 OPERATIONAL HIGHLIGHTS

- Q4

- Revenues NOK 211 million, down 18 % QoQ
- EBITDA NOK -71 million, normalised EBITDA NOK 9 million before non recurring restructuring cost of NOK 80 million
- Positive cash flow from operations, increased cash at hand since Q3
- Order intake NOK 210 million
- Initiated the Q-Free ITS Transformation program

- 2015

- Revenues NOK 804 MNOK, up 2 % YoY
- ATMS increased revenues with 88% YoY, pro forma growth rate 25 %
- Strong order intake of NOK 1,070 million and backlog of NOK 748 million

# Q4 2015 FINANCIAL HIGHLIGHTS

REVENUES

NOK MILLION

211

EBITDA

NOK MILLION

-71

ORDER INTAKE

NOK MILLION

210

ORDER BACKLOG

NOK MILLION

748

# 2015 HIGHLIGHTS

REVENUES  
NOK MILLION

804

EBITDA  
NOK MILLION

- 16

ORDER INTAKE  
NOK MILLION

1,070

ORDER DELIVERY SCHEDULE 2016  
NOK MILLION

463



# MARKET UPDATE

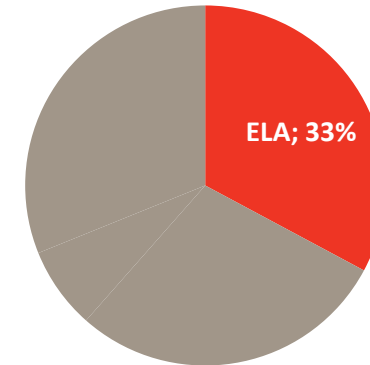
# EUROPE & LATIN AMERICA (ELA)

- Revenues of NOK 69 million (58)
- Order intake of NOK 79 million (241)
- Tag order from Vespucio Norte Express in Chile at a value of NOK 32 million and also started new infrastructure project in Chile
- Extension of Service & Maintenance contracts in Slovenia
- High activity on Weigh-in-Motion (WIM) services and equipment during the quarter

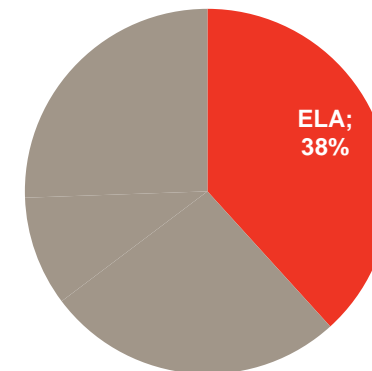
## Outlook:

- Currently involved in several project tenders across Europe
- New orders for RFID tags in Brazil - footprint in the market growing stronger

ELA SHARE OF REVENUES Q4 15



ELA SHARE OF ORDER INTAKE Q4 15



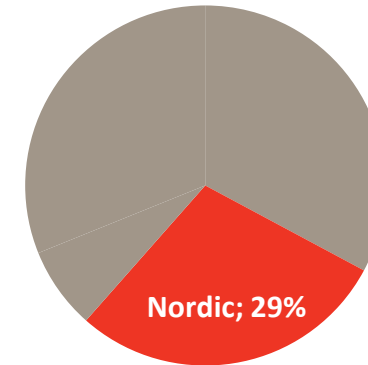
# THE NORDICS

- Revenues of NOK 61 million (72)
- Order intake of NOK 56 million (88)
- Project activity at a high level on AutoPass and CS Norway project
- Awarded a contract from the Norwegian Public Roads Administration (NPRA) for a tolling project in Norway at a value of NOK 27 million.

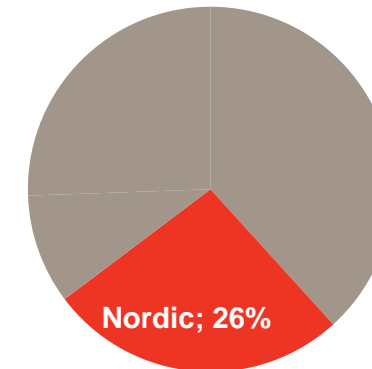
## Outlook:

- Tendering activities continue at high levels in Norway and Sweden
- Parking segment represents significant growth potential

NORDIC SHARE OF REVENUES Q4 15



NORDIC SHARE OF ORDER INTAKE Q4 15



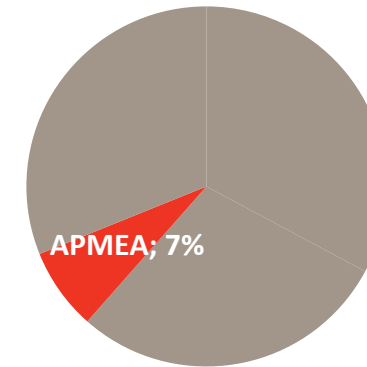
# ASIA PACIFIC, MIDDLE EAST AND AFRICA (APMEA)

- Revenues of NOK 16 million (19)
- Order intake of NOK 21 million (27)
- Deliveries of Service & Maintenance operations in Australia and Thailand, and smaller ATMS deliveries in Indonesia

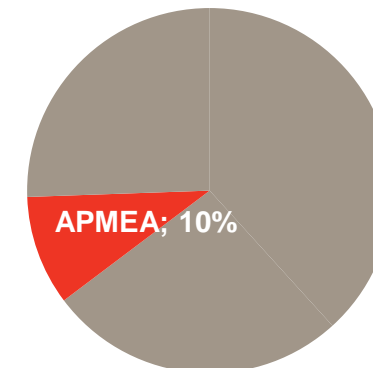
## Outlook:

- Currently involved in significant project tenders in Thailand and Australia
- ERP tender in Jakarta expected to be released, timing uncertain

APMEA SHARE OF REVENUES Q4 15



APMEA SHARE OF ORDER INTAKE Q4 15



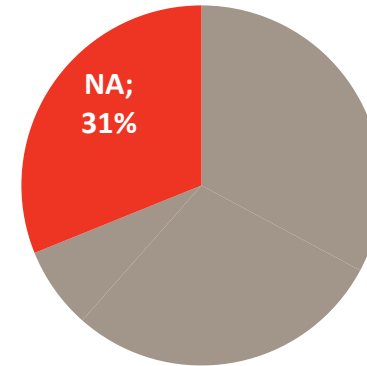
# NORTH AMERICA (NA)

- Revenues NOK 66 million (75)
- Order intake NOK 54 million (75)
- Positive development continues and generating strong revenue levels
- Received our first Weigh-in-Motion (WIM) contract in US

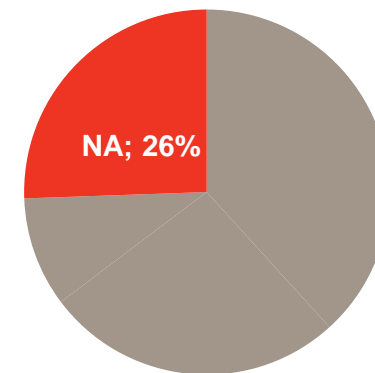
## Outlook:

- Q-Free is increasingly positive to the prospects in the North American market, within both Tolling and ATMS
- Received strategic tolling project in the US post quarter at a value of NOK 45 million

NA SHARE OF REVENUES Q4 15



NA SHARE OF ORDER INTAKE Q4 15

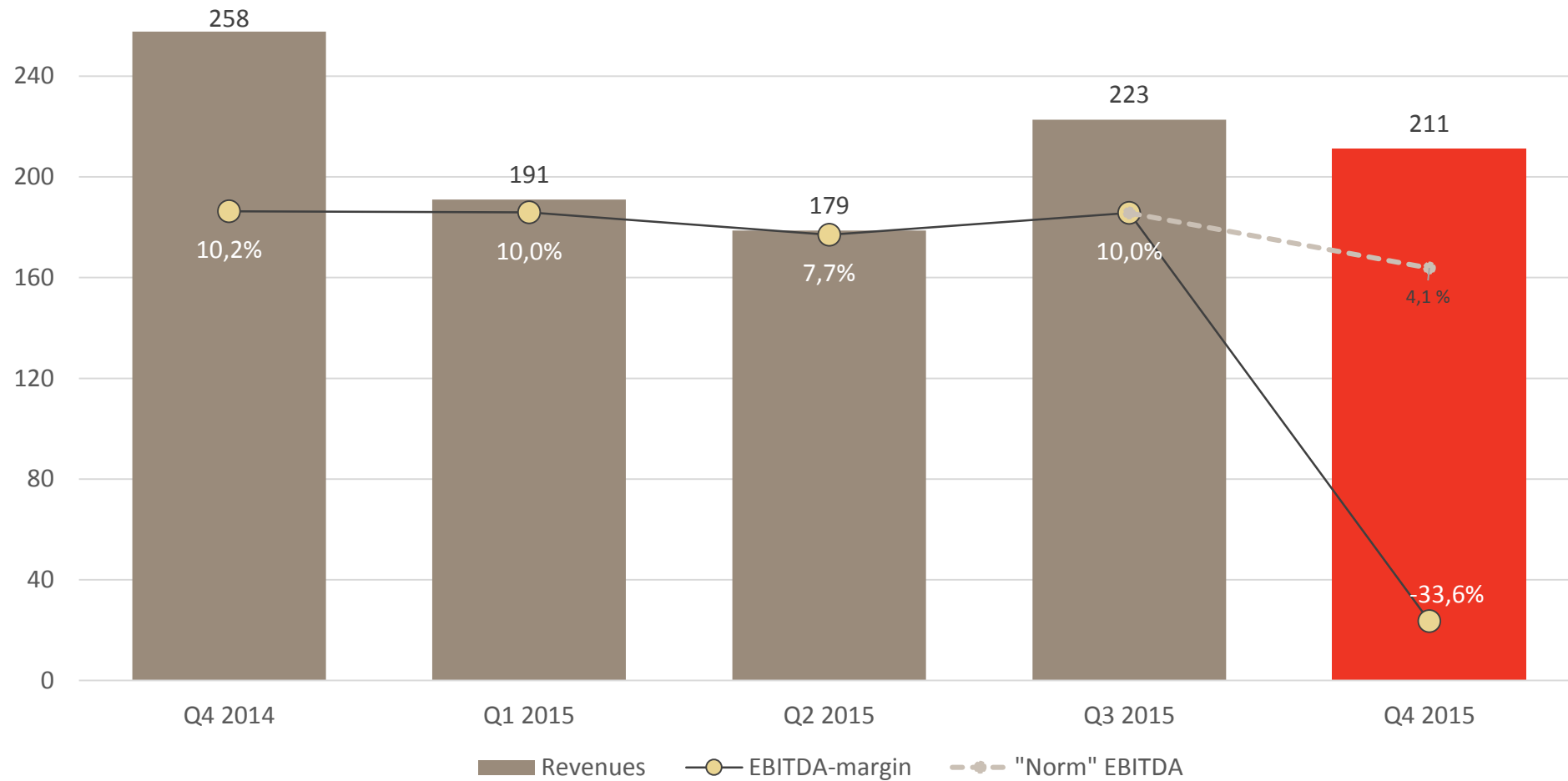




# FINANCIAL REVIEW Q4 2015

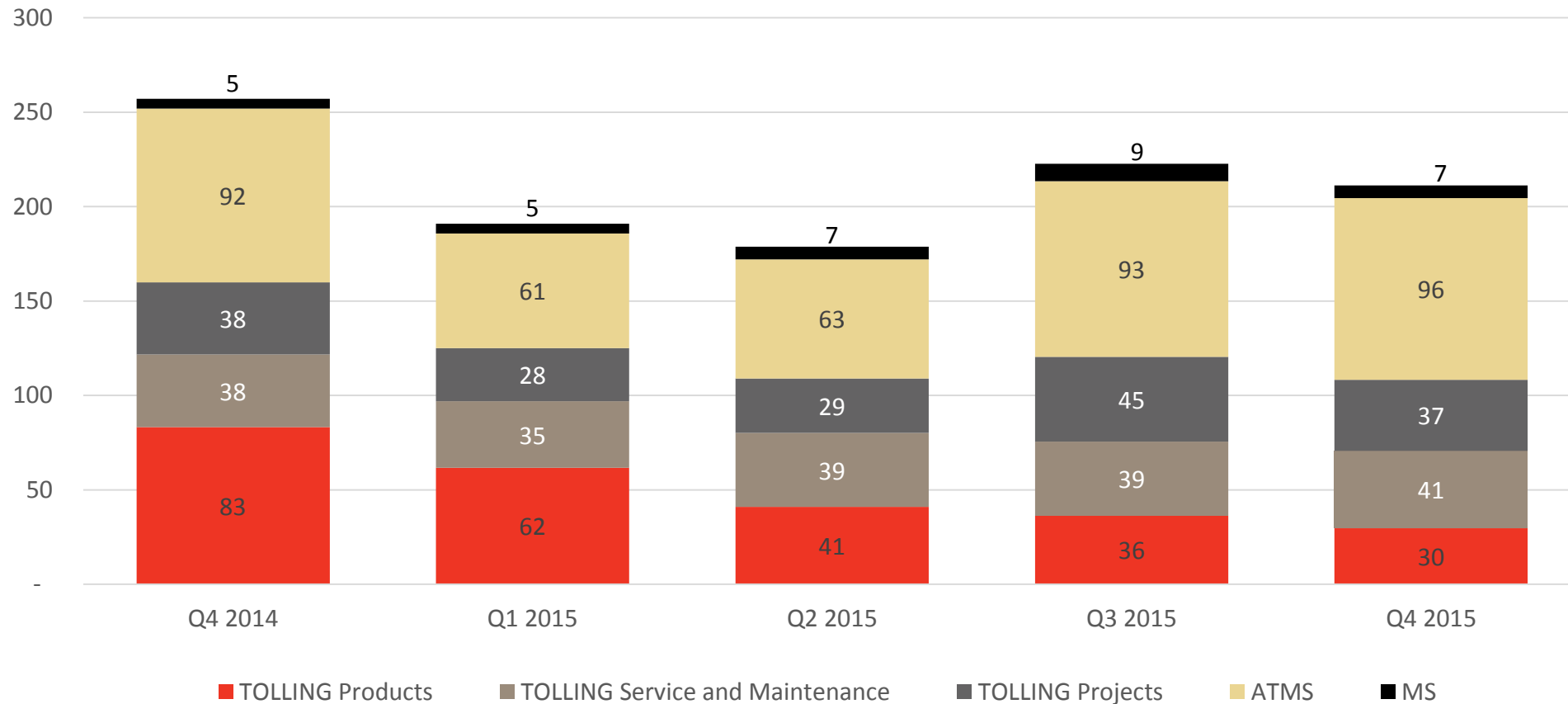
# REVENUES AND EBITDA-MARGIN

NOK MILLION



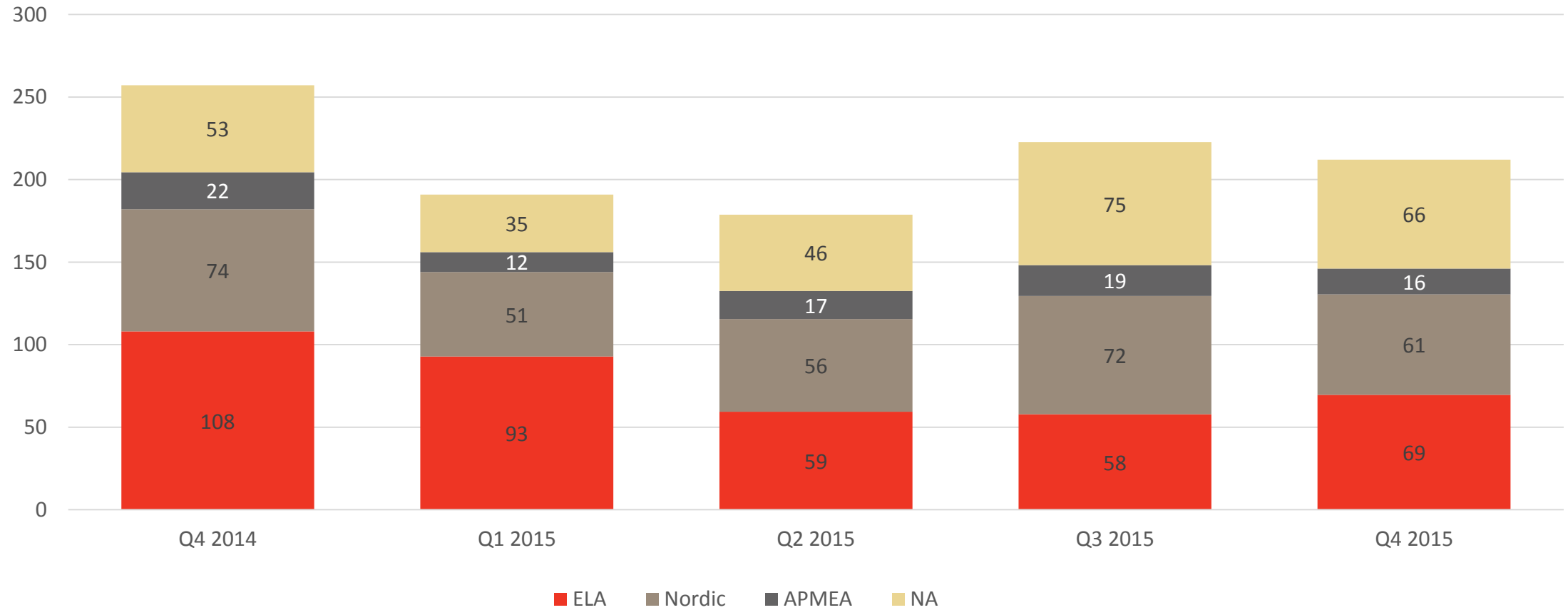
# REVENUES PER BUSINESS AREA

NOK MILLION



# REVENUES BY REGION

NOK MILLION



# PROFIT AND LOSS STATEMENT

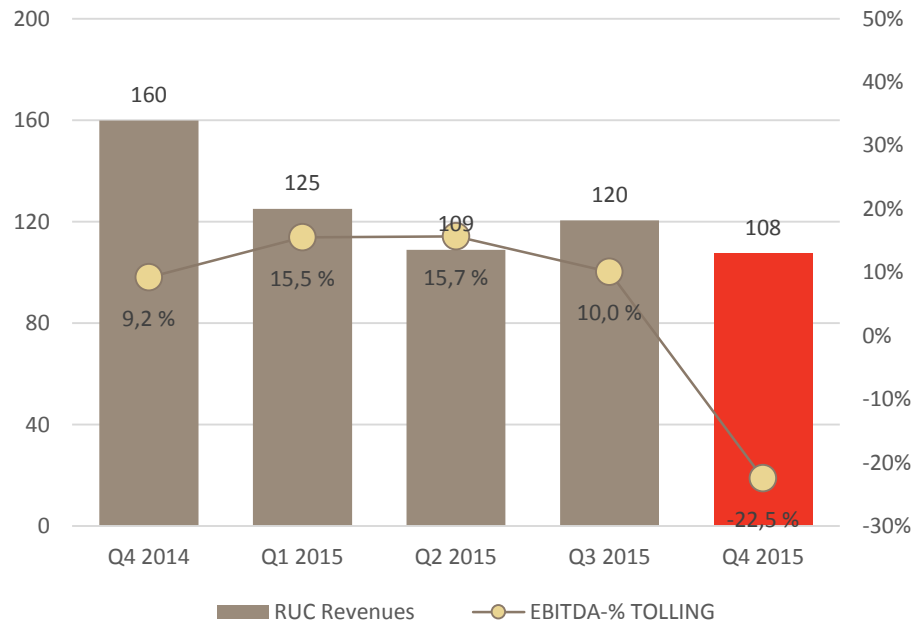
NOK 1.000	Q4 2015	Q4 2014	Q/Q-%	FY 2015	FY 2014	Y/Y-%	FY 2014
<b>Revenues</b>	<b>211 199</b>	<b>257 697</b>	<b>-18,0%</b>	<b>803 525</b>	<b>788 584</b>	<b>1,9%</b>	<b>788 584</b>
<b>Gross profit</b>	<b>127 442</b>	<b>178 064</b>	<b>-28,4%</b>	<b>571 173</b>	<b>506 411</b>	<b>12,8%</b>	<b>506 411</b>
Gross margin - %	60,3%	69,1%		71,1%	64,2%		675,0%
Operating expenses	198 499	151 885	30,7%	587 149	421 666	39,2%	421 666
<b>EBITDA</b>	<b>-71 057</b>	<b>26 179</b>	<b>-371,4%</b>	<b>-15 976</b>	<b>84 745</b>		<b>0</b>
EBITDA margin	-33,6%	10,2%		-2,0%	10,7%		0,0%
Depreciation, amortisation and impairment	79 239	21 834	262,9%	144 482	76 309	89,3%	76 309
<b>Operating profit - EBIT</b>	<b>-150 296</b>	<b>4 345</b>		<b>-160 458</b>	<b>8 436</b>		<b>8 436</b>
EBIT margin	-71,2%	1,7%		-20,0%	1,1%		0,0%
<b>Pre-tax profit</b>	<b>-160 989</b>	<b>-18 171</b>		<b>-182 098</b>	<b>-16 369</b>		<b>-16 369</b>
Profit margin	-76,2%	-7,1%		-22,7%	-2,1%		0,0%
<b>EPS</b>	<b>-2,31</b>	<b>-0,38</b>		<b>-2,78</b>	<b>-0,41</b>		<b>-0,41</b>

- Revenues down 18% QoQ, up YoY 2 %.
- Decreased gross margin in Q4-15 due to write down on Tolling inventory related to the impairment of this technology, however still increased gross margin FY 2015 due to shift in revenues split from Tolling to ATMS
- NOK 80 million in non-recurring restructuring costs during the quarter, normalised EBITDA of NOK 9 million in Q4 and NOK 64 million FY 2015
- Depreciations and amortisation increased NOK 55 million due to impairment of Tolling technology, normalised EBIT of NOK – 13 million in Q4 and NOK – 25 million FY 2015
- Net financials negatively affected by NOK 10 million from currency fluctuations on earn-out liabilities

# TOLLING

MNOK	Q4 2015	Q4 2014	FY 2015	FY 2014
Products	29,6	83,3	168,6	347,7
Service & maintenance	41,1	38,4	154,7	165,4
Projects	37,0	38,2	138,8	89,2
<b>RUC Revenues</b>	<b>107,6</b>	<b>159,8</b>	<b>462,1</b>	<b>601,3</b>
EBITDA RUC	-24,2	14,7	24,4	82,5
<b>EBITDA-% RUC</b>	<b>-22,5 %</b>	<b>9,2 %</b>	<b>5,3 %</b>	<b>13,7%</b>

NOK MILLION



- Products

- Important deliveries during Q4 15 are tags to France, Australia, Chile and Portugal
- Revenues down 65% QoQ and 51% YoY.
- Tag market remains competitive

- Service and maintenance

- Stable revenues recent quarters, up 7% QoQ
- Portugal, Sweden, Australia and Norway are key contracts

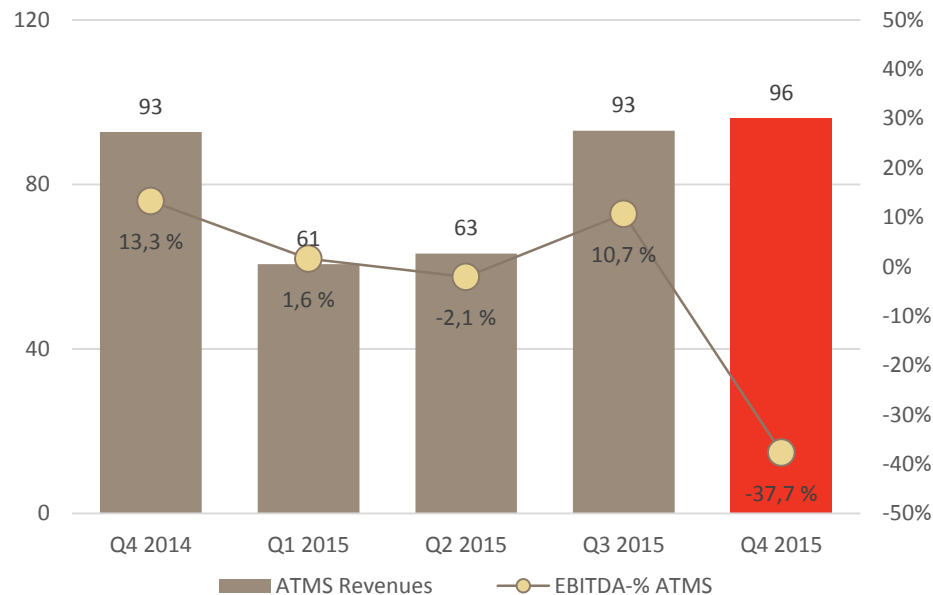
- Projects

- AutoPass projects and ongoing extension period on the central system in Norway. Started project in Chile
- Increased project revenues FY 2015, up 55% compared to FY 2014

# ADVANCED TRANSPORTATION MANAGEMENT SYSTEMS - ATMS

	Q4 2015	Q4 2014	FY 2015	FY 2014
<b>ATMS Revenues</b>	96,1	92,7	313,0	166,4
EBITDA ATMS	-36,2	12,3	-26,6	2,4
<b>EBITDA-% ATMS</b>	<b>-37,4 %</b>	<b>13,3 %</b>	<b>-8,5 %</b>	<b>1,4 %</b>

NOK MILLION



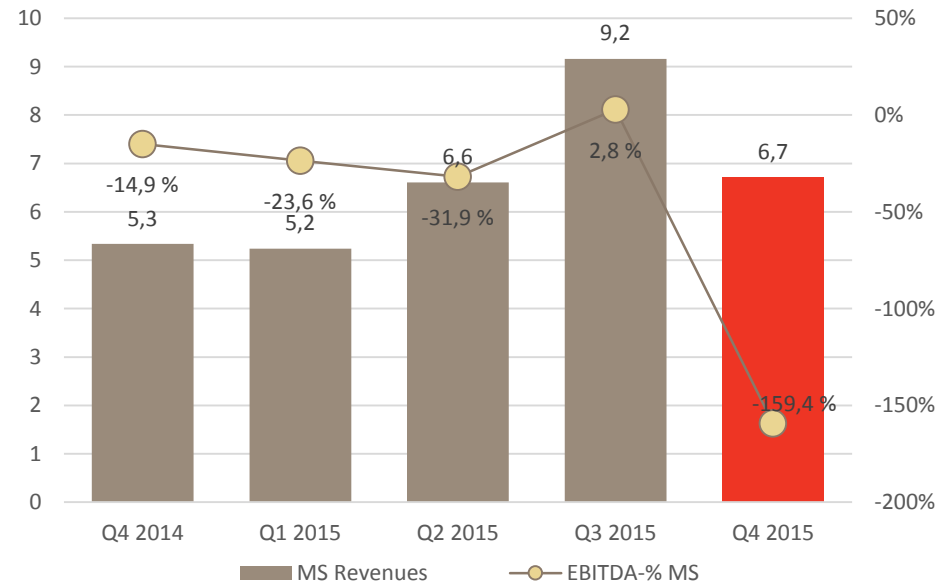
- Building a portfolio to address attractive market segments
- Increased revenues with 4% QoQ and 88% YoY, pro forma growth FY 2015 on 25 %
- ATMS represents 45 % of revenues in Q4, 39% of FY 2015 revenues
- Last two quarters in 2015 with 100% impact from all ATMS acquisitions,
- Entering 2016 with NOK 190 million in ATMS backlog

# MANAGED SERVICES - MS

	Q4 2015	Q4 2014	FY 2015	FY 2014
<b>MS Revenues</b>	6,7	5,3	27,7	20,9
EBITDA MS	-10,7	-0,8	-13,8	-0,2
<b>EBITDA-% MS</b>	<b>-159,4 %</b>	<b>-14,9 %</b>	<b>-49,7 %</b>	<b>-1,0 %</b>

- Increasing volumes on existing contracts in the US with growth of NOK 1.4 million compared to Q4 14
- Loss in Q4-15 due to provision for changed sourcing in project from external to internal services. Enabling us to take larger scope in future projects
- Tendering for several projects in North-America

NOK MILLION



# CASH FLOW STATEMENT

## CASH FLOW STATEMENT

NOK 1.000

	Q4 2015	Q4 2014	FY 2015	FY 2014
Cash flow from operating activities	19 967	60 475	-17 244	63 310
Cash flow from investment activities	-16 752	-37 818	-123 413	-172 480
Cash flow from financing activities	0	0	41 873	1 826
Net change in cash and cash equival.	3 215	22 657	-98 784	-107 344
Cash and cash equivalents per 01.01.	62 134	141 476	164 133	271 477
<b>CASH AND CASH EQUIVALENTS</b>	<b>65 349</b>	<b>164 133</b>	<b>65 349</b>	<b>164 133</b>

- Cash flow from operations positive in quarter due to an effective collection process. Customers reduced with NOK 16 million compared to Q3-15
- Cash flow from investments consists of NOK 15 million in technology projects and NOK 2 million in other fixed assets
- Cash at hand increased by NOK 3 million during the period to NOK 65 million by the end of the quarter
- Available unused credit facilities of NOK 150 million

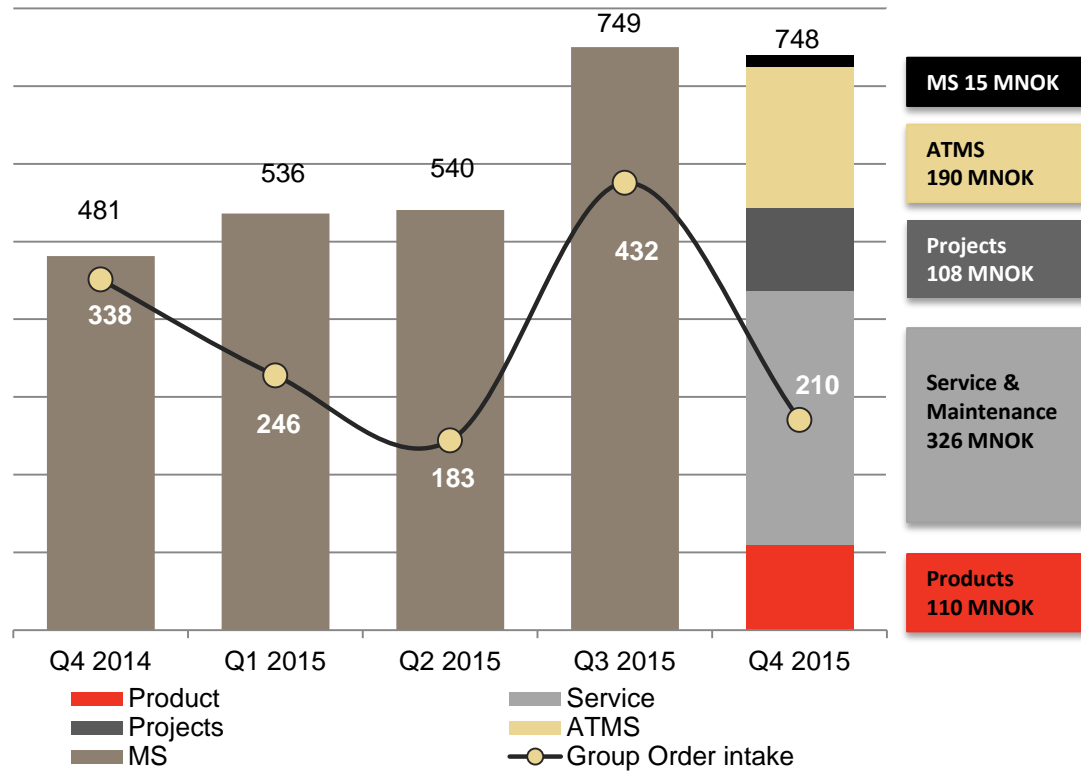
# FINANCIAL POSITION

## BALANCE SHEET - EQUITY & LIABILITIES

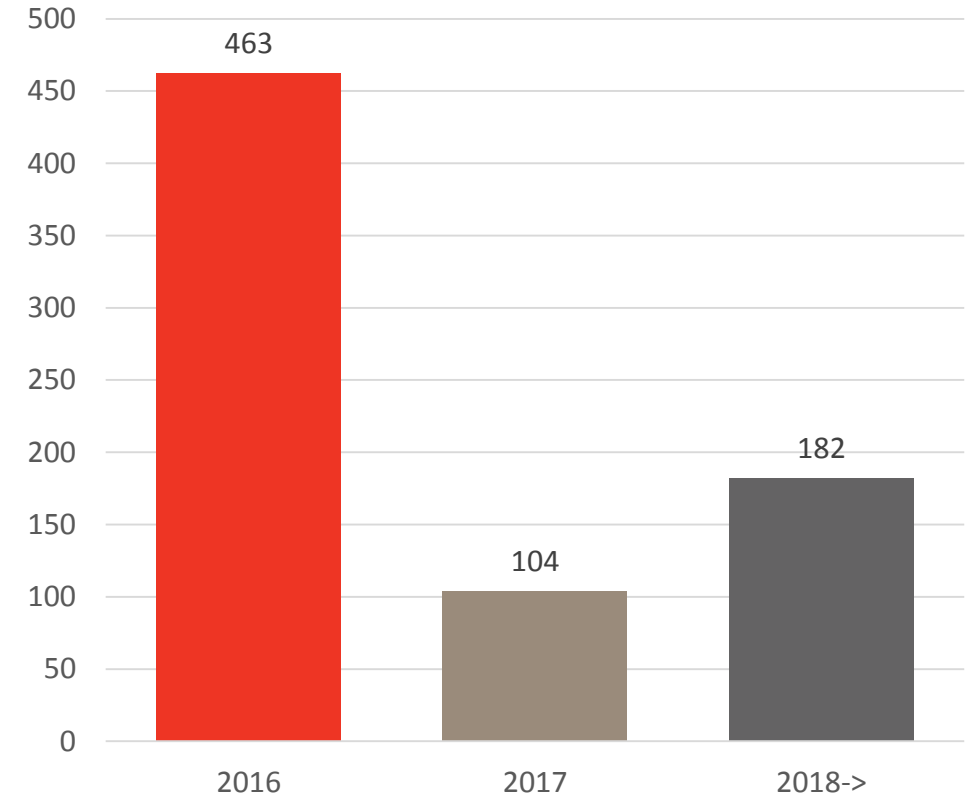
NOK 1.000	Note	31.12.2015	30.09.2015	30.06.2015	31.03.2015	31.12.2014
Total intangible assets		581 991	629 644	592 409	459 209	458 354
Non-current assets		46 106	48 166	50 193	61 223	66 958
Other current assets		303 869	347 208	279 483	282 953	294 361
Cash		65 349	62 134	97 752	130 362	164 133
<b>Total assets</b>		<b>997 315</b>	<b>1 087 152</b>	<b>1 019 837</b>	<b>933 747</b>	<b>983 806</b>
Total equity		416 499	553 518	535 751	542 186	529 401
Non-current liabilities		167 299	305 788	280 547	194 540	192 561
Current liabilities		413 517	227 846	203 539	197 021	261 844
Total liabilities		580 816	533 634	484 086	391 561	454 405
<b>Total equity and liabilities</b>		<b>997 315</b>	<b>1 087 152</b>	<b>1 019 837</b>	<b>933 747</b>	<b>983 806</b>
<b>Equity ratio</b>		<b>41,8%</b>	<b>50,9%</b>	<b>52,5%</b>	<b>58,1%</b>	<b>53,8%</b>
<b>Net working capital</b>		<b>-109 648</b>	<b>119 362</b>	<b>75 944</b>	<b>85 932</b>	<b>32 517</b>
<b>Net working capital % of 12 months revenues</b>		<b>-10 %</b>	<b>15 %</b>	<b>9 %</b>	<b>11 %</b>	<b>5 %</b>
<b>Liquidity ratio</b>		<b>0,9</b>	<b>1,8</b>	<b>1,9</b>	<b>2,1</b>	<b>1,8</b>

# 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
- EBITDA significant impacted by non recurring restructuring cost, normalised EBITDA margin FY 2015 of 8 %
- Cash Flow improved during Q4
- Initiated the Q-Free ITS Transformation program

# OUTLOOK

- RUC product market remains tough. However, Q-Free sees increased tendering and project activity for Tolling systems and pipeline growing stronger
- The Q-Free ITS Transformation program initiated after completion of 8 acquisitions
  - Leveraging technologies from various parts of the Q-Free portfolio
  - Streamlining the company and reduced the fixed cost base some NOK 70 million
  - Focus on profitability through securing contracts and strong cost control
  - Increase financial robustness through improved capital discipline
  - Continue process to bring joint competitive offerings to the global ITS market, primarily in the areas of
    - Tolling
    - Parking
    - Traffic Management

A 3D rendered city street scene. In the foreground, a large blue bus is partially visible on the right. Further down the road, another blue bus is driving towards the viewer. The street is lined with green, rounded trees. In the background, there are modern buildings, including a curved glass-fronted building on the left and a tall, cylindrical building in the center. A street sign and a traffic light are visible on the left side of the road. The sky is clear and blue.

Q&A