

Q1

PRESENTATION OF FIRST QUARTER 2016

Acting CEO and CFO Roar Østbø



LEADING THE WAY

Q1 2016 OPERATIONAL HIGHLIGHTS

- Revenues NOK 219 million, 15% growth QoQ
- EBITDA NOK 6 million (3% margin), vs NOK 19 million in Q1 15
- Strong order intake of NOK 323 million
- Awarded the Slovenia Truck Tolling project of NOK 470 million pending final conclusion
- Strong order backlog of NOK 852 million (excluding the Slovenia project) – highest since 2009



MARKET UPDATE

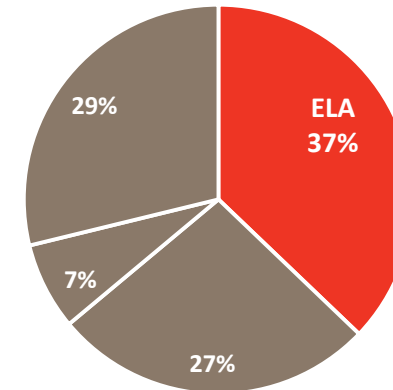
EUROPE & LATIN AMERICA (ELA)

- Revenues of NOK 81 million (93)
- Order intake of NOK 43 million (57)
- Tag orders to existing customers in France, Brazil and Chile
- High activity on Weigh-in-Motion (WIM) services and equipment during the quarter
- Q-Free was awarded a truck tolling project in Slovenia during the quarter. One of Q-Free's largest awards ever. The project is pending final approval after the complaint period expires.

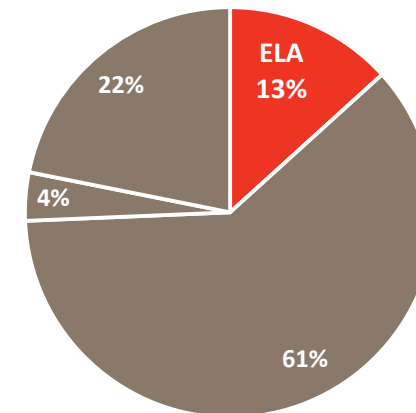
Outlook:

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

ELA SHARE OF REVENUES Q1 16



ELA SHARE OF ORDER INTAKE Q1 16



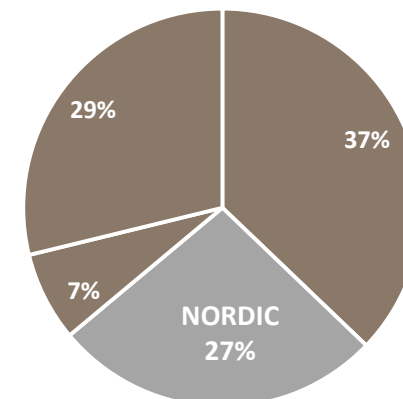
THE NORDICS

- Revenues of NOK 59 million (51)
- Order intake of NOK 197 million (118)
- Service & Maintenance activity in this region is stable, announced extension order (NOK 13 million) in Sweden post quarter
- Announcement of NOK 170 million for CS Norway contract will secure the Back office system activity going forward.

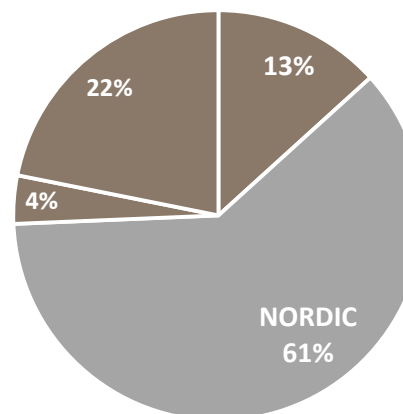
Outlook:

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

NORDIC SHARE OF REVENUES Q1 16



NORDIC SHARE OF ORDER INTAKE Q1 16



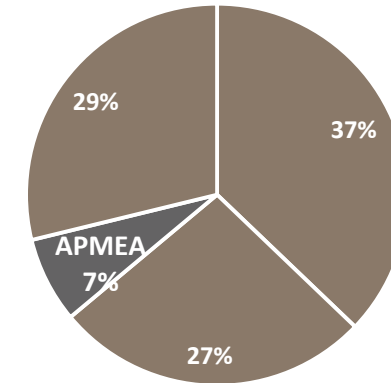
ASIA PACIFIC, MIDDLE EAST AND AFRICA (APMEA)

- Revenues of NOK 16 million (12)
- Order intake of NOK 12 million (9)
- Important tolling contracts in Thailand of NOK 22 million.
- Good activity on product deliveries and Service & Maintenance in Australia.

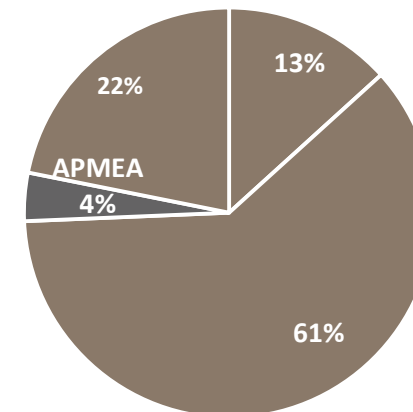
Outlook:

- Thailand represents growth potential both with regards to new projects and related tag deliveries to these projects.
- ERP tender in Jakarta expected to be released, timing still uncertain

APMEA SHARE OF REVENUES Q1 16



APMEA SHARE OF ORDER INTAKE Q1 16



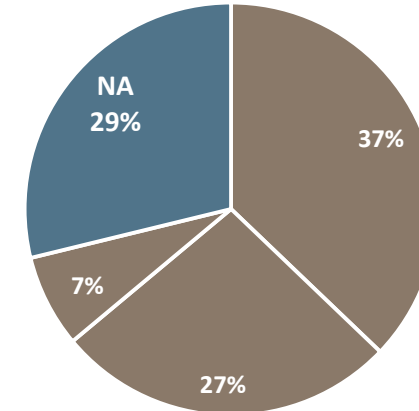
NORTH AMERICA (NA)

- Revenues NOK 63 million (35)
- Order intake NOK 71 million (63)
- Weak quarter for the region, several projects in early phase.
- Q-Free was awarded its largest tolling contract ever in the US, at a value of NOK 45 million during the quarter. The contract is a part of the upgrade of the Central Florida Expressway Authority's electronic toll collection system

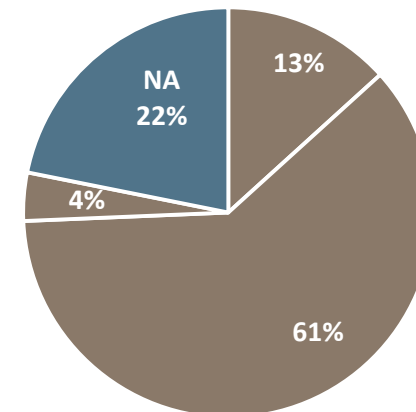
Outlook:

- Q-Free sees increasing number of prospects in the North American market, across the entire Q-Free portfolio

NA SHARE OF REVENUES Q1 16



NA SHARE OF ORDER INTAKE Q1 16

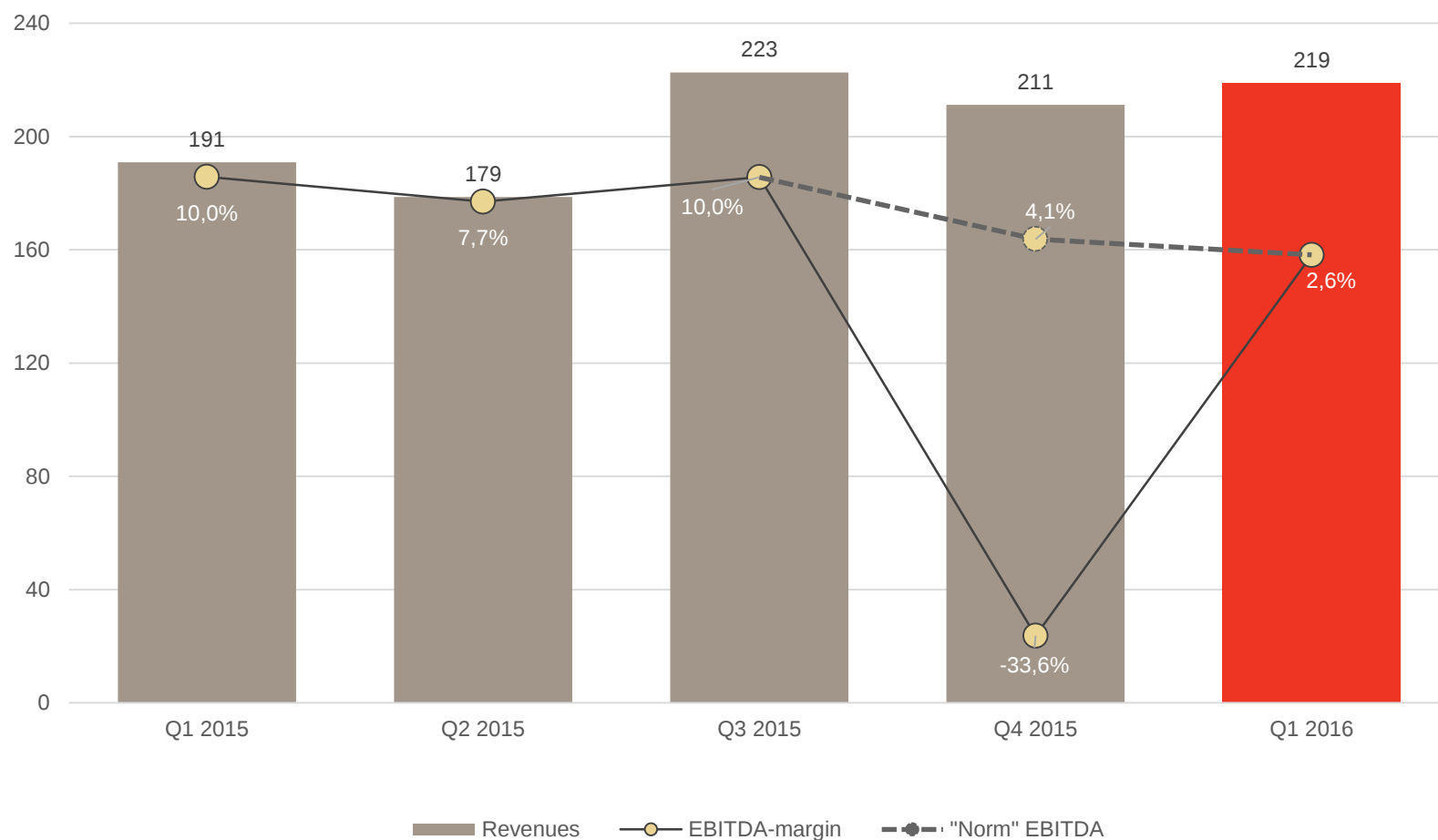




FINANCIAL REVIEW Q1 2016

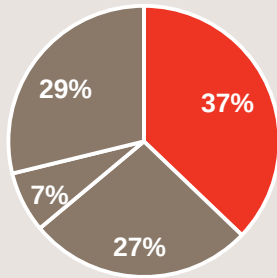
REVENUES AND EBITDA-MARGIN

NOK MILLION



REVENUES BY REGION

Q1 Revenues

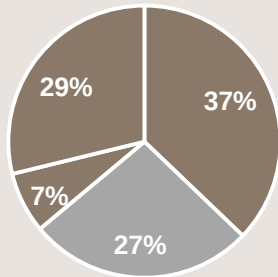


ELA (Europe, Latin America)

- Stable Service & Maintenance activity in the region and increasing interest for the ALPR technology.
- Delivered tags to existing customers in France, Brazil and Chile.
- Awarded truck tolling project in Slovenia during the quarter. This project is pending final approval after the period expires.

ELA	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16
Revenues	93	59	58	69	81
Order Intake	57	29	241	79	43
Order Backlog	153	123	307	318	279

Q1 Revenues

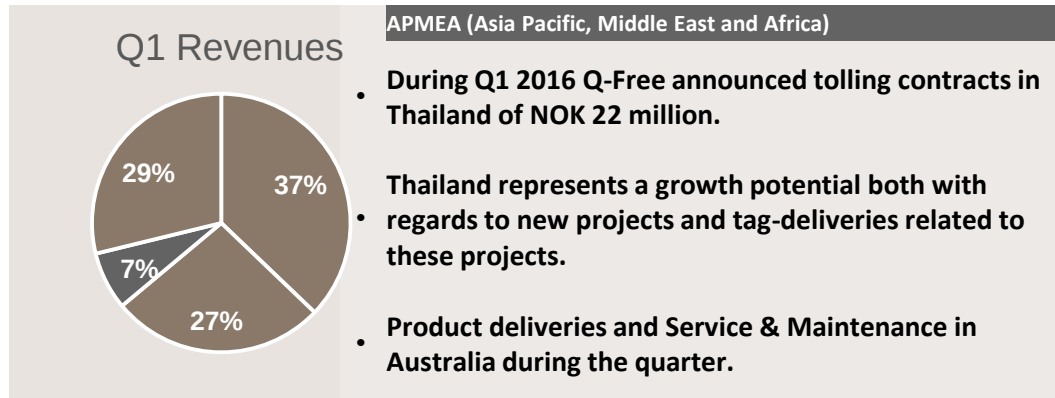


NORDIC (Norway, Sweden, Denmark, Finland, Iceland and The Faroe Islands.)

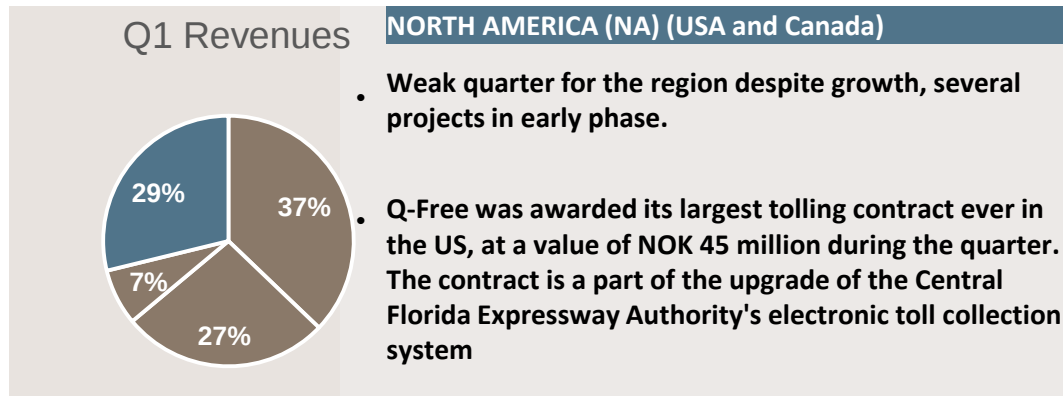
- Q-Free currently deliver several tolling - projects in Norway
- Service & Maintenance activity is stable and expected to grow this activity due to deployment of projects in Norway
- Announcement of NOK 170 million for CS Autopass contract will secure the company's back office system activity going forward.

NORDIC	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16
Revenues	51	56	72	61	59
Order Intake	118	43	88	56	197
Order Backlog	207	194	210	205	344

REVENUES BY REGION



APMEA	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16
Revenues	12	17	19	16	16
Order Intake	9	31	27	21	12
Order Backlog	47	60	69	74	70



NA	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16
Revenues	35	46	75	66	63
Order Intake	63	80	75	55	71
Order Backlog	129	163	163	151	159

REVENUES BY SERVICE LINES



TOLLING :

- *Q-Free provides a full range of state-of-the-art tolling technology*
- Largest contributor to overall revenues in Q-Free with 60 percent in Q1-2016. Important order received CS Autopass
- Tag deliveries to Thailand, Australia, France, S&M contracts in Portugal, Sweden & Norway. Projects in Norway

	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16
Revenues	131	116	130	114	131
Order Intake	170	89	341	110	285
Order Backlog	378	351	563	559	713



PARKING

- *The main activity is deliveries of parking guidance systems and parking management systems*
- Projects delivered to APCOA, Sweden and to VINCI in France during Q1-16. Important customer base in the NA region.
- 163 % growth during Q1-16 compared to the Q1 2015.

	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16
Revenues	11	19	10	19	29
Order Intake	14	19	17	23	21
Order Backlog	30	30	37	42	34

REVENUES BY SERVICE LINES



URBAN

Consists of traffic management products, traffic controllers, traffic signals and Cooperative ITS solutions delivered to cities.

- Traffic management solutions and traffic signal heads delivered in the US
- The growth during Q1-16 is due to increase in the US market

	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16
Revenues	3	9	38	16	21
Order Intake	-1	39	31	22	12
Order Backlog	7	36	29	36	26



INTER URBAN

- *Product portfolio of various Traffic Management solutions and Tunnel Management Applications.*

- Q1-2016 weak quarter characterised by low market activity in US.
- Pipeline is good in US and high tender activity

	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16
Revenues	19	20	27	32	13
Order Intake	24	32	-1	20	-1
Order Backlog	69	80	53	41	27

REVENUES BY SERVICE LINES



INFOMOBILITY

- *Product portfolio includes traffic counters, cycle and pedestrian detection, journey time monitoring, weather and air quality monitoring and weight-in-motion systems*
- Revenues in Q1-16 stable compared to previous quarters. Governmental customer base in UK important
- Increasing interests for Infomobility products in US, first orders delivered during Q1-2016.

	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16
Revenues	18	11	9	16	16
Order Intake	14	-3	20	28	3
Order Backlog	24	10	21	33	20



HOMELAND SECURITY

- *Consists of integrated security systems and Vicads Video Management System*
- Some seasonality on these projects, however important contract win during Q1-2016 of Vicads to undisclosed US Military facility
- Service line is expected to grow throughout 2016

	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16
Revenues	10	5	8	15	9
Order Intake	25	8	22	6	3
Order Backlog	29	32	46	38	32

PROFIT AND LOSS STATEMENT

NOK 1.000	Q1 2016	Q1 2015	Q/Q-%	FY 2015
Revenues	218 972	190 944	14,7%	803 525
Gross profit	152 224	135 453	12,4%	571 173
Gross margin - %	69,5%	70,9%		71,1%
Operating expenses	146 576	116 295	26,0%	587 149
EBITDA	5 648	19 158	-70,5%	-15 976
EBITDA margin	2,6%	10,0%		-2,0%
Depreciation, amortisation and impairment	14 685	22 110	-33,6%	144 482
Operating profit - EBIT	-9 037	-2 952		-160 458
EBIT margin	-4,1%	-1,5%		-20,0%
Pre-tax profit	-11 744	-26 509		-182 098
Profit margin	-5,4%	-13,9%		-22,7%
EPS	-0,11	-0,42		-2,79

- Revenues up 15% QoQ.
- Gross margin stable compared to Q1-15.
- The increased operating costs compared to 2016 due to higher project activity, cost on larger project tenders in various regions and costs related to the ITS – transformation. Fixed cost base reduced NOK 70 million on an annual basis from 2015.
- Depreciation and amortisation decreased NOK 7 million, mainly explained by impairment of Tolling technology in Q4-15.

CASH FLOW STATEMENT

CASH FLOW STATEMENT

NOK 1.000	Q1 2016	Q1 2015	FY 2015
Cash flow from operating activities	-7 291	-5 921	-17 244
Cash flow from investment activities	-5 147	-27 850	-123 413
Cash flow from financing activities	0	0	41 873
Net change in cash and cash equival.	-12 438	-33 771	-98 784
Cash and cash equivalents per 01.01.	65 349	164 133	164 133
CASH AND CASH EQUIVALENTS	52 911	130 362	65 349

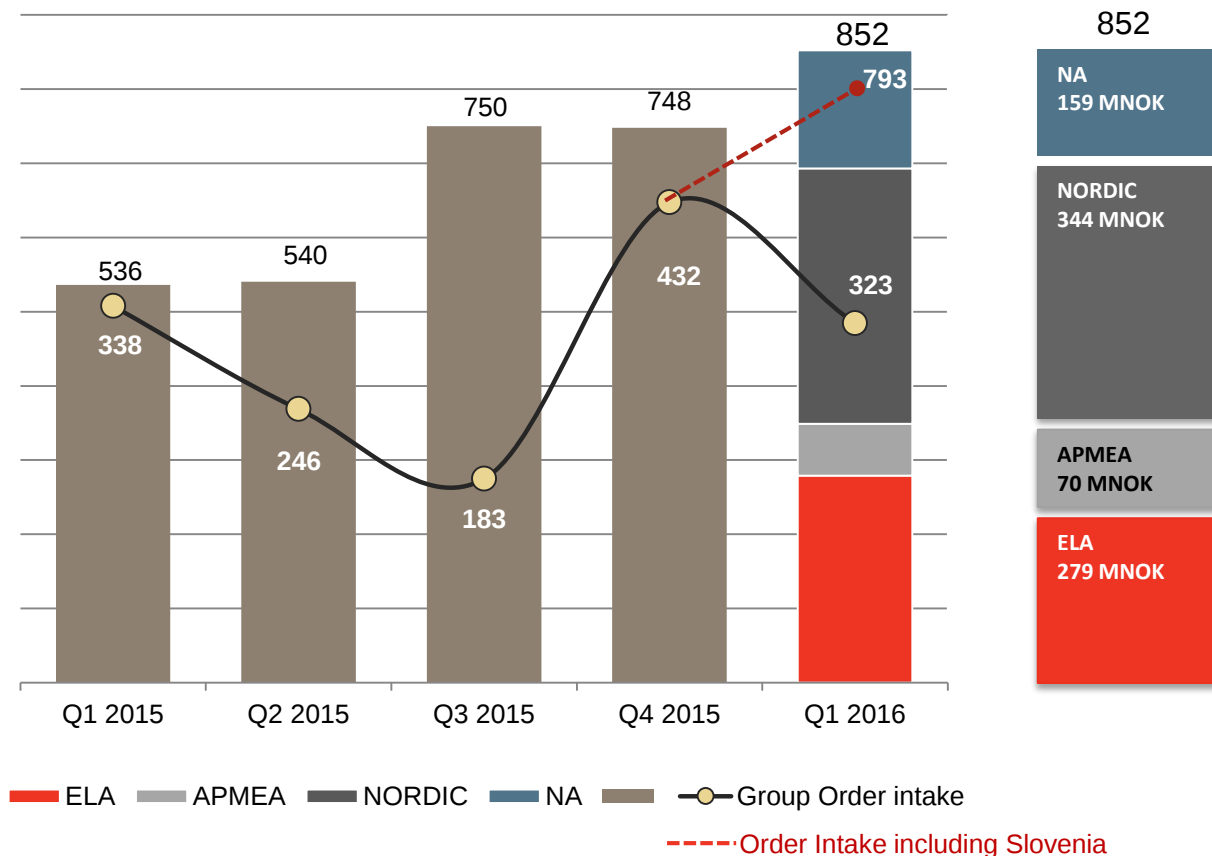
- Cash flow from operations negative mostly due to NOK 6 million payments related to restructuring process from 2015 and tax payments
- Cash flow from investments consist of NOK 5 million in tolling and parking technology, significantly reduced from corresponding quarter in 2015.
- Cash at hand decreased by NOK 12 million during the period to NOK 53 million by the end of the quarter
- Available unused credit facilities of NOK 135 million

FINANCIAL POSITION

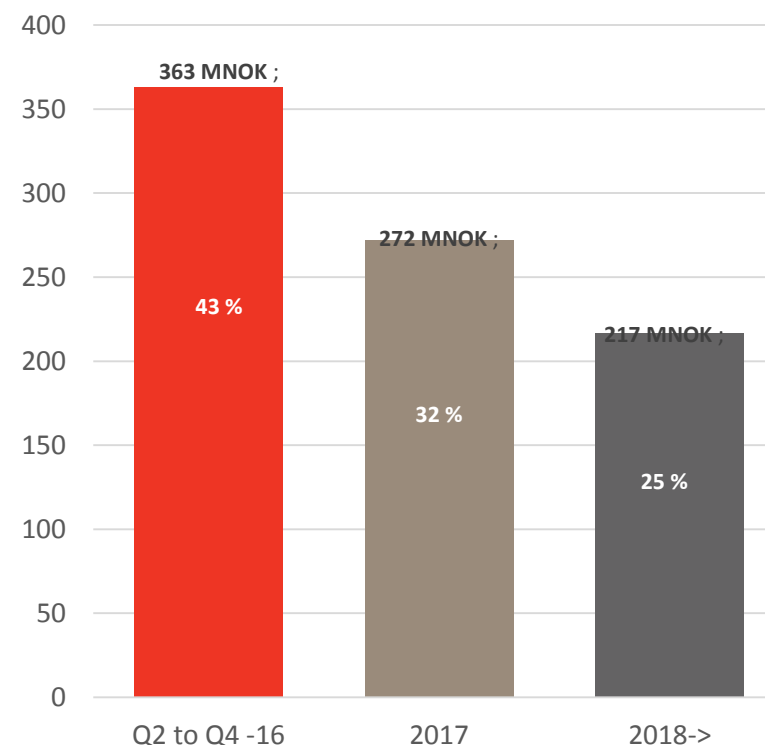
NOK 1.000	31.03.2016	31.12.2015	30.09.2015	30.06.2015	31.03.2015
Total intangible assets	544 360	581 991	629 644	592 409	459 209
Non-current assets	41 998	46 106	48 166	50 193	61 223
Other current assets	338 015	303 869	347 208	279 483	282 953
Cash	52 911	65 349	62 134	97 752	130 362
Total assets	977 284	997 315	1 087 152	1 019 837	933 747
Total equity	406 404	416 499	553 518	535 751	542 186
Non-current liabilities	153 364	167 299	305 788	280 547	194 540
Current liabilities	417 516	413 517	227 846	203 539	197 021
Total liabilities	570 880	580 816	533 634	484 086	391 561
Total equity and liabilities	977 284	997 315	1 087 152	1 019 837	933 747
Equity ratio	41,6%	41,8%	50,9%	52,5%	58,1%
Net working capital (excl interest bearing debts)	102 755	40 352	119 362	75 944	85 932
Net working capital % of 12 months revenues	10 %	4 %	15 %	9 %	11 %

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

- Revenues NOK 219 million, up 15% QoQ
- Strong order intake and order backlog, highest backlog since 2009.
 - Awarded Slovenia Truck Tolling project of NOK 470 million pending final approval
 - Awarded CS extension NOK 170 million
 - Important tolling contracts in the US
- Positioned as an ITS company with broad technology footprint in all important markets

OUTLOOK

- The Tolling product market continues to be challenging, however there is increased tendering and project activity proved by the latest wins.
- The ITS market is huge and Q-Free has experienced growth both organically and through acquisitions the last few years.
- The Q-Free ITS Transformation program continues and will further strengthen our ability to present competitive solutions addressing the global ITS market
 - Leveraging technology from various parts of the Q-Free portfolio
 - Bringing joint offerings to the global ITS market
 - Increasing the financial robustness through a reduced fixed cost base and improved capital discipline
 - Speeding up the strategy implementation to become more powerful and profitable

NEW CEO

- Håkon Volldal is employed as new Chief Executive Officer in Q-Free ASA. Volldal will start in the position in Q-Free ASA on 1 August 2016.
- Currently Volldal holds the position as Executive Vice President and Head of business area TOMRA Collection Solutions. Previous leadership positions in TOMRA include Business Development, R&D/Operations/Product management, Investor Relations and M&A. Prior to joining TOMRA, Volldal worked as a management consultant in McKinsey & Co. Volldal has a Master of Science degree in Industrial Economics and Technology Management from the Norwegian University of Science and Technology (NTNU) in Trondheim, Norway.
- Acting CEO and CFO Roar Østbø will return to the CFO position 1 August 2016.

A 3D rendered city street scene. In the foreground, a large blue bus is partially visible on the right. The street curves to the left, with a green car and a small truck further ahead. The left side of the road is lined with stylized green trees. In the background, there are several modern buildings, including a large curved glass building and a tall rectangular skyscraper. A street sign and a tall light pole are also visible. The sky is clear and blue.

Q&A