



# Presentation Q2 2006





## **Present from the company:**

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# Highlights Q2 06

- **Revenue NOK 104.2 mill., EBIT NOK 22.1 mill., pretax profit NOK 15.0 mill.**
- EBIT margin 21.2% and profit margin 14.4%.
- First product order in the UK market.
- Signed frame agreements with 2 French toll operators. Value of NOK 38-61 mill.
- New orders of NOK 143 mill, mostly product sales. Focus on product sales starts to pay off.

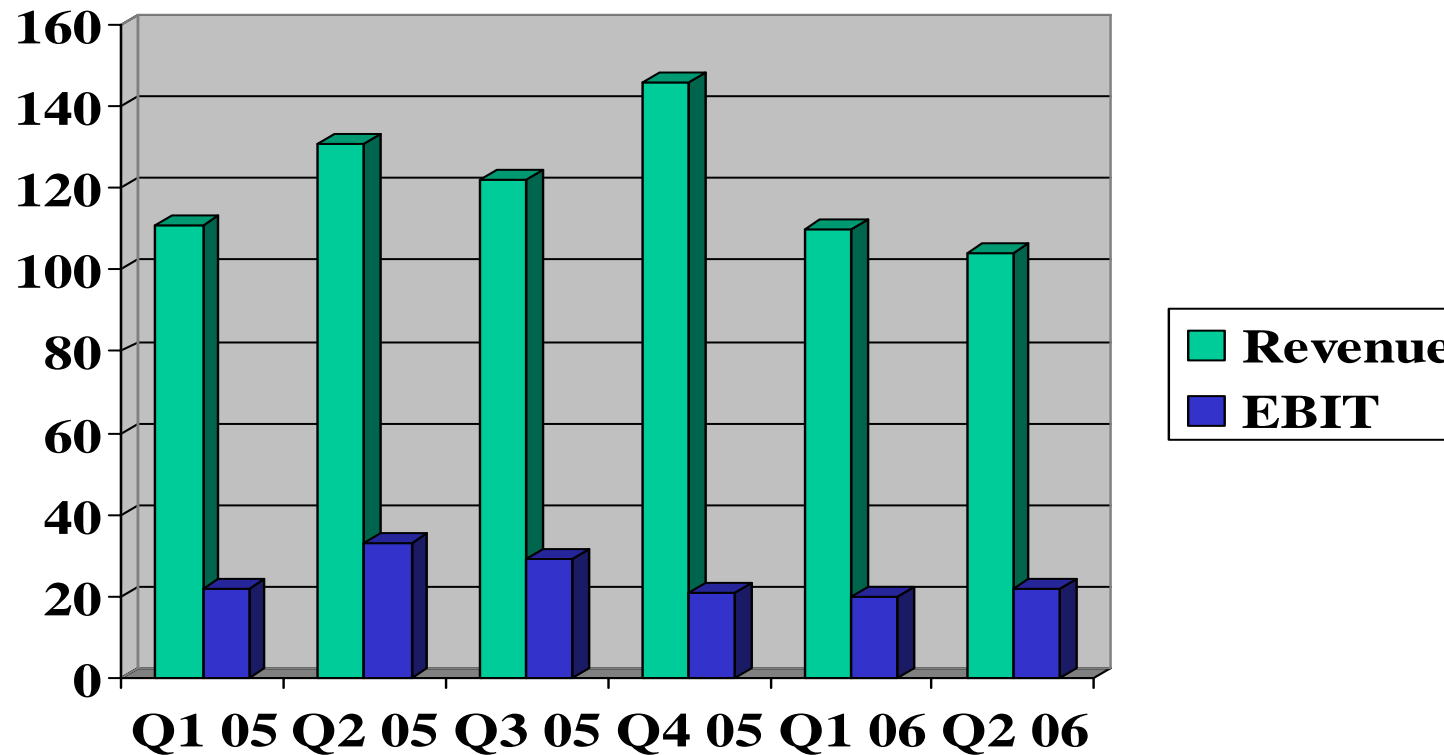


# P/L 2005-2006 NOK Mill

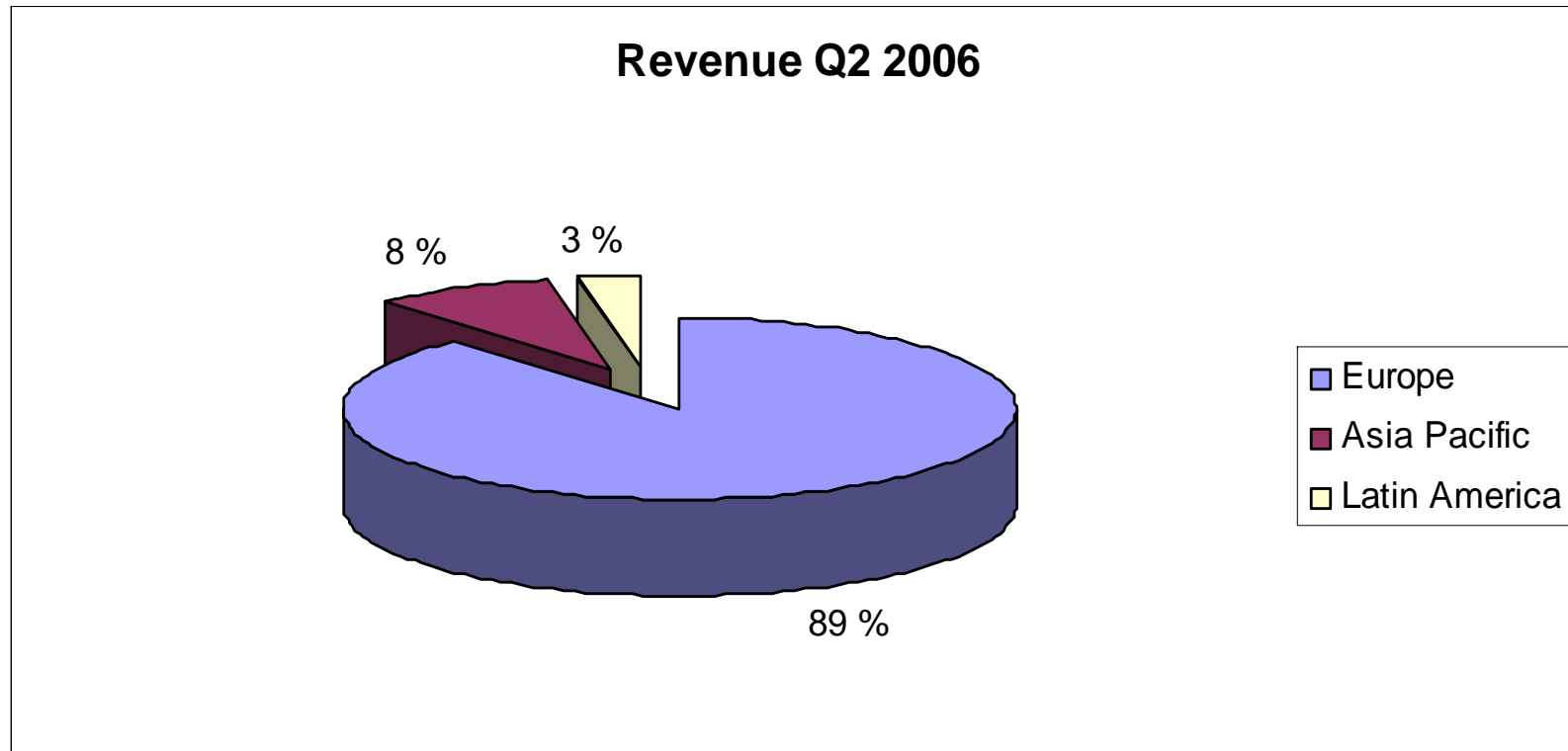
	Q2 06	Q1 06	Pr.Q2 06	Q4 05	Q3 05	Q2 05	Q1 05	Pr.Q4 05
<b>Revenue</b>	104,2	110,1	214,3	145,7	121,8	130,7	111,0	509,2
<b>EBITDA</b>	26,4	24,1	50,5	23,5	33,5	37,1	27,6	121,7
<b>EBIT</b>	22,1	20,1	42,2	21,1	29,1	33,2	22,0	105,4
<b>Profit before tax</b>	15,0	31,4	46,4	31,9	31,8	32,8	22,2	118,7
<b>Profit after tax</b>	9,9	22,4	32,3	32,9	29,8	29,9	19,6	112,3
<b>EPS</b>	0,19	0,44	0,63	0,65	0,60	0,55	0,39	2,19
<b>EBITDA-%</b>	25,3	21,9	23,6	16,1	27,5	28,4	24,9	23,9
<b>EBIT-%</b>	21,2	18,3	19,7	14,5	23,9	25,4	19,8	20,7
<b>Pretax profit-%</b>	14,4	28,5	21,7	21,9	26,1	25,1	20,0	23,3



# Revenue & EBIT 2005-2006



# Revenue geographical areas



# Balance Sheet 2005-2006 (NOK mill.)

	Q2 06	Q1 06	Q4 05	Q3 05	Q2 05	Q1 05
Fixed assets	90,4	95,1	84,6	67,3	49,9	52,9
Cash	183,3	160,0	166,5	132,5	84,4	78,7
Other current assets	122,8	140,1	178,5	174,0	223,0	211,3
Assets discontinued oper.	0,0	0,0	0,0	0,0	70,7	49,4
<b>Total assets</b>	<b>396,5</b>	<b>395,2</b>	<b>429,6</b>	<b>373,8</b>	<b>428,0</b>	<b>392,3</b>
Equity	294,0	263,3	241,0	210,4	229,5	210,4
Liabilities	102,5	131,9	188,6	163,4	177,5	176,6
Liabilities discontinued oper.	0,0	0,0	0,0	0,0	21,0	5,3
<b>Total liabilities &amp; Equity</b>	<b>396,5</b>	<b>395,2</b>	<b>429,6</b>	<b>373,8</b>	<b>428,0</b>	<b>392,3</b>



# Balance Sheet Items Q2 06

## – Fixed assets

- Decrease of NOK 5 mill. due to increased R&D activity of NOK 3 mill and decrease in market value of the shares in FARA of NOK 8 mill.

## – Current assets

- Increased 6 mill. Mainly due to reduction in working capital on ongoing projects, but an increase in inventory. Minor changes in other current assets.

## –Equity

- Increase due to profits in Q2 and share issue of NOK 20 mill.
- Equity ratio 74 %

## – Long-term liabilities

- Refinancing and an increase in long term debt of NOK 1.3 mill related to Noca in this period.

## – Short-term liabilities

- Decreased NOK 30 mill. mainly due to reduction of prepayment from customers and suppliers.

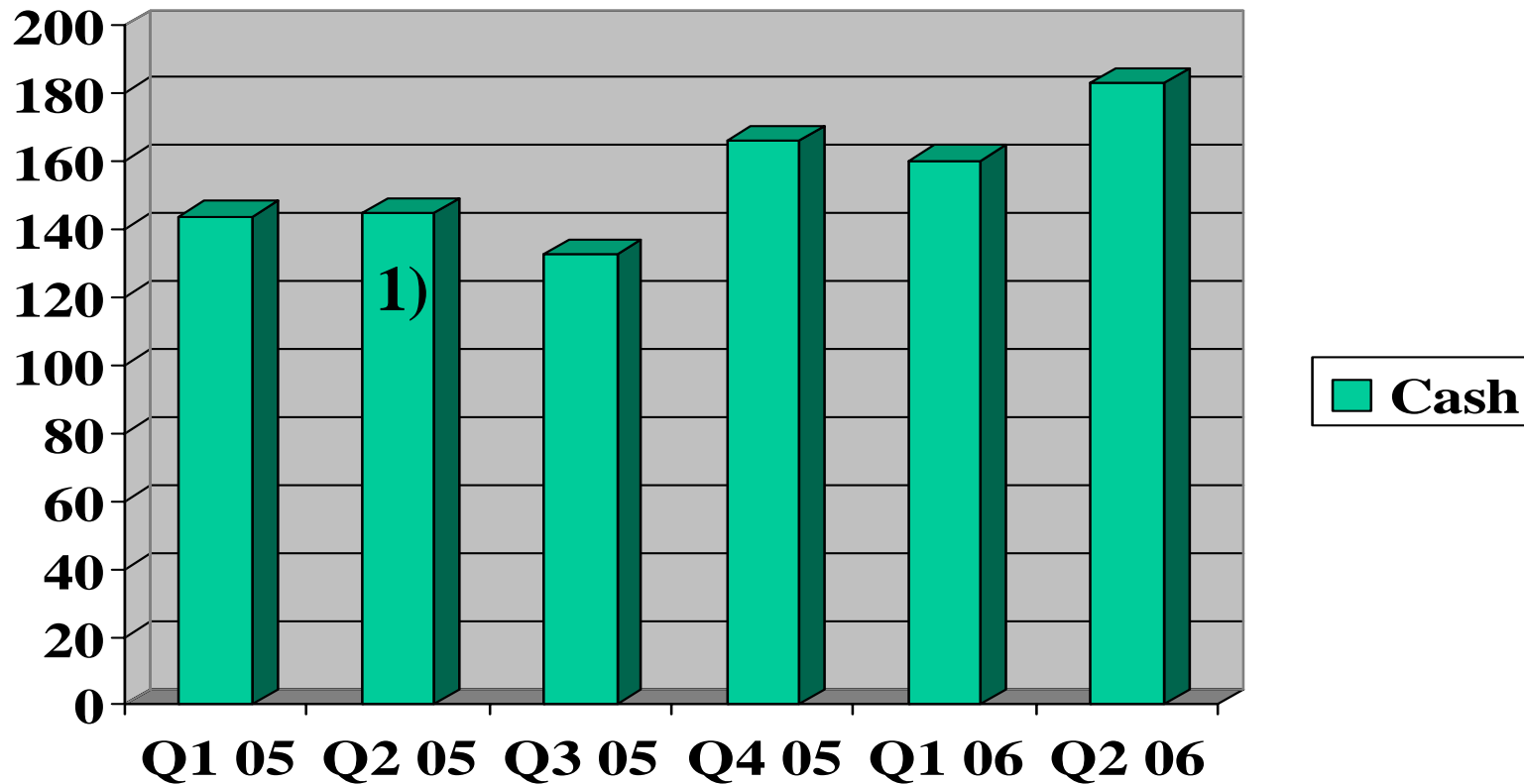


# Cash Flow 2005-2006 (NOK mill.)

	Pr.Q2 06	Pr.Q1 06	Pr.Q4 05	Pr.Q3 05	Pr.Q2 05	Pr.Q1 05
CF from operations	16,4	8,0	147,8	90,5	30,2	20,1
CF from investments	-19,5	-14,1	-49,8	-29,0	-15,7	-7,3
CF from demerger FARA	0,0	0,0	-60,3	-60,3	0,0	0,0
CF from financing	19,9	-0,4	-1,5	1,0	-0,1	0,6
Net change in cash	16,8	-6,5	36,2	2,2	14,4	13,4
Cash opening balance	166,5	166,5	130,3	130,3	130,3	130,3
Cash closing balance	183,3	160,0	166,5	132,5	144,7	143,7



# Cash 2005-2006 (NOK mill.)



**1) Incl. NOK 60 mill to FARA**

# Order backlog

**Order backlog 30.06.2006: NOK 253 mill.**

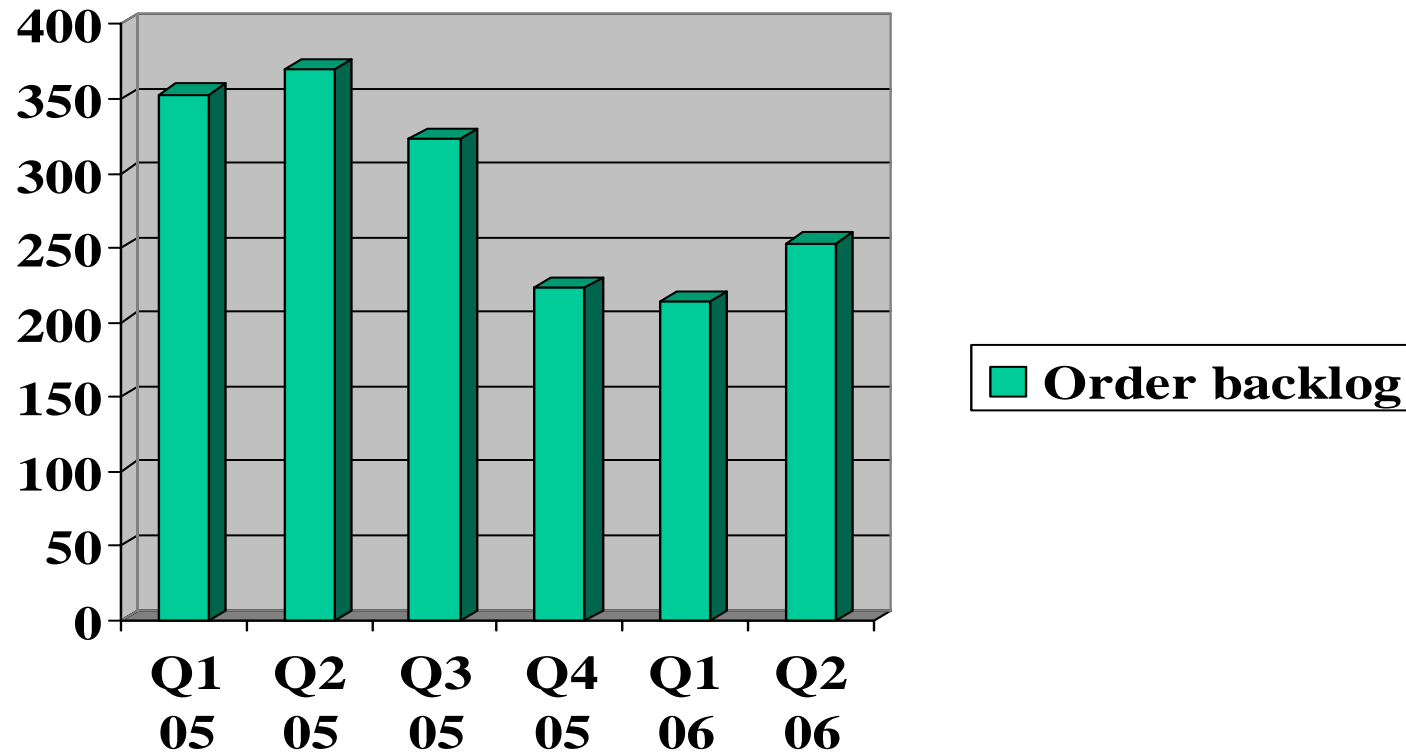
-Order backlog 31.12.2005: NOK 224 mill.

-Order backlog 31.03.2006: NOK 214 mill.

**Order intake Q2 2006: NOK 143 mill.**



# Order Backlog 2005-2006



## Major Shareholders (60 % of shares)

<b>ODIN NORGE</b>	<b>8,79</b>	
<b>TROJAN AS</b>	<b>6,77</b>	
<b>NORDEA VEKST AKSJEFONDET</b>	<b>5,32</b>	
<b>HAUAN CONSULTING AS</b>	<b>4,60</b>	
<b>VITAL FORSIKRING</b>	<b>3,38</b>	
<b>HANDELSBANKEN MARKET Marketing making</b>	<b>3,33</b>	
<b>SKAGEN VEKST</b>	<b>3,25</b>	
<b>LARS ANDRESEN</b>	<b>3,13</b>	
<b>JAN PIHL GRIMNES</b>	<b>2,73</b>	
<b>NORDEA BANK DENMARK</b>	<b>2,25</b>	NOM
<b>WEGA AS</b>	<b>2,00</b>	
<b>STATOILS PENSJONSKASSE</b>	<b>1,93</b>	
<b>DNB NOR NORGE IV</b>	<b>1,92</b>	
<b>KIKUT AS</b>	<b>1,91</b>	
<b>CREDIT AGRICOLE INVESTMENT BANK</b>	<b>1,88</b>	NOM
<b>NORDEA AVKATNING</b>	<b>1,80</b>	
<b>SAGA EQUITY FUND</b>	<b>1,68</b>	
<b>STATOILS FORSIKRING</b>	<b>1,21</b>	
<b>DANSKE FUND NORGE</b>	<b>1,18</b>	
<b>HAAKON MORTEN SÆTER</b>	<b>1,17</b>	
<b>TOTAL</b>	<b>60,23</b>	



# Market

- A long term growing market
  - Market drivers are:
    - EU directive (2004/52/EC) for interoperability
    - Financing of new road infrastructure
    - Increase mobility in congested areas
    - Taxation of heavy goods vehicles
    - Conversion from manual tolling to electronic tolling



# Market Europe(1)

- Hungary stopped the tender process of tolling system. New specifications expected end Q3. Starts with taxation of trucks, then possible passenger cars.
- Slovakia truck tolling project still not out for tender.
- Referendum to be held in Stockholm in Q3.
- First OBU order for UK signed in Q2. UK expected to be an important market for Q-Free in the coming years.
- Transport for London runs a trial of DSRC technology. TfL has confirmed that a possible way forward is to introduce a tag and beacon system in 2009. If TfL selects this route a contract should be awarded in 2007. Q-Free's new product series, urban furniture, is well received so far.



# Market Europe (2)

- First project M50, Dublin, Ireland in tender process. Suppliers pre-qualified for final bid.
- Good opportunities for product sale in existing and growing markets:
  - France: More tenders expected in 2006
  - Portugal: Stable growth in use of ETC products
  - Turkey: Increased growth in use of ETC products.
  - Spain: Expects a strong growth from 2007 and forward. Q-Free positioning for this growth.
  - Greece: ETC still not widespread but Q-Free expects increased growth in this market.
  - Norway: Replacement of OBU population in 2007. Approx 1.1 millions OBUs are distributed.



# Market Asia Pacific

- Increased order intake in Australia. New small and medium sized projects coming up and growth in products sales.
- New Zealand. First ETC project tender in process.
- Bangkok, Thailand. One project is out for tender. One other project is expected for tender end this year.
- New Delhi, India. First tolling project based on European standard coming up for tender probably in 2H 2006. Potential after sales of OBUs.
- Beijing, China. Will start implementation in 2006 of a common ETC system on existing road network and plan to install a ETC system on all 10 highways in 2007. Q-Free and competitors supply products for pilot scheme in Q3 2006.
- Shanghai, China. Plans for implementation of ETC on highway network in 2007. Q-Free and competitors have supplied equipment for pilot.
- Common for the initial projects in Asia is a good potential for after sales of OBUs.



# Market Latin-America

- Increased Q2 product sales in the region.
- New toll concessions in different states of Brazil and privatisation of road infrastructure in the city of Sao Paulo are drivers for further growth.
- Possible introduction of ETC on the Chilean interurban road network a driver for further growth
- Q-Free to position for product sales in other countries like Argentina and Peru.
- Q-Free only supplier who has manufacturing in Mercosur (Brazil).



# Future outlook

- Q-Free business proven scalable and healthy with solid margins.
- Increased focus on product sales starts to pay off.
- High activity in the market place both on product sales as well as on new larger and medium sized projects.

