

prepare for the future...

Presentation Q3 2004



Highlights Q3 04

- **Revenues NOK 82.2 mill, EBIT NOK 4.7 mill, profit before tax NOK 7.2 mill.**
- Stockholm congestion charging project started
- Break through in the Chilean transponder market
- Tender process in UK started, LRUC
- Restructuring process as planned
- Strategy as technology provider is working



Profit & Loss Q3 04 (NOK mill.)

	Q3-04	Q3-03	Q2-04	Q1-04	Q4-03
• Revenues:	82.2	68.5	81.9	56.3	80.2
• EBITDA:	9.2	- 2.4	8.4	-89.8	- 0.8
• EBIT:	4.7	- 6.7	3.6	- 94.2	- 6.8
• Profit before tax:	7.2	- 4.6	2.2	- 98.6	- 10.4
• Profit after tax:	5.2	- 3.9	1.6	- 73.0	- 6.1



Profit & Loss 30.09.04 (NOK mill.)

	30.09.04	30.09.03	31.12.03
• Revenues:	220.4	200.9	281.0
• EBITDA:	- 72.2	- 2.1	- 2.9
• EBIT:	- 86.0	- 14.8	- 21.5
• Profit before tax:	- 89.1	- 13.1	- 23.6
• Profit after tax:	- 66.3	- 10.0	- 16.1



Balance Sheet 30.09.04 (NOK mill.)

	30.09.04	30.09.03	31.12.03
• Fixed assets:	79.8	74.2	70.8
• Current assets:	257.1	259.4	267.9
– Cash:	83.7	89.3	78.1
• Total assets:	336.9	333.6	338.7
• Equity	223.1	266.4	260.4
• Liabilities:	113.8	67.2	78.3
• Total equity/liabilities:	336.9	333.6	338.7



Balance Sheet Items Q3 04

– Fixed assets

- Reduced with NOK 11.7 mill. Mainly due to closing of a contract in Australia.

– Current assets

- Increased with NOK 31.1 mill. Mainly due to increase accounts receivable with NOK 15.8 mill. (Stockholm).

– Cash

- Increased with NOK 7.8 mill. to NOK 83.7 mill.

– Equity

- Increased with NOK 4.6 mill. due to the profit in period.

– Long-term liabilities

- Reduced with NOK 0.7 mill. due to repayment of long term loans.

– Short-term liabilities

- Increased with NOK 15.3 mill. mainly due to prepayment from customer (Stockholm).



Cash Flow (NOK mill.)

	Q3-04	Q3-03	Q2-04
CF from operating activities	10.0	- 3.2	- 20.4
CF from investing activities	- 1.2	- 4.6	- 2.2
CF from financing activities	- 1.0	- 0.3	28.6
Net change in cash and equivalents	7.8	- 8.2	6.0
Cash and cash equivalents IB	75.9	97.5	69.9
Cash and cash equivalents UB	83.7	89.3	75.9



Order Backlog

– 30.09.2004:

NOK 394 mill.

Not included, Chile NOK 25 mill (Q4)

–Order backlog 30.06.2004: NOK 331 mill.



Major Shareholders

• Q-Free International AS	34.52%
• Odin Norge	9.41%
• Lars Andresen	8.65%
• Telenor Venture II ASA	7.54%
• Decibel AS	5.59%
• Datum AS	5.37%
• Skagen Vekst	3.53%
• Wega AS	2.07%
• Firstnordic Norge Vekst	1.74%
• Kikut AS	1.19%
• Haakon M. Sæter	1.09%
• Tore Traaseth	0.83%
• Jarlsberg Meny AS	0.79%
• Edvin Austbø	0.72%
• Norsk Hydro Pensjon	0.71%
• Handelsbank (megler)	0.60%

Total shares:

50.524.268



Market strategies

- Tolling
 - Larger international projects as partner and technology provider to global market players
 - Smaller and medium size projects and existing markets as system supplier.
- Ticketing
 - Larger projects in Scandinavia as partner and technology provider to larger market players



Market Tolling

- Q-Free to focus on ETC product and sub-systems supplies
- Road pricing (Financing of infrastructure)
 - Eastern Europe. First project in Croatia is operating. Hungary and Czech Rep. expected to tender in 2005
 - Australia: Mitcham Frankstone concession won by ConnectEast consortium. A smaller MLFF project, Lane Cove Tunnel, expected decision for supply in near future.
 - Spain, France, Greece, Portugal, others
 - China, expected new investments in ETC in 2005
- Truck Tolling (Taxation of heavy goods vehicles)
 - Decision in UK expected in 2005.



Market size

example

- Scenario from an existing market: Oslo Toll ring
 - Population in area: 900'
 - Crossings in city cordon/day: 250'
 - ETC transaction : 81%
 - Number of OBUs today : 400'
 - Initial contract value: 50 mill

- Scenario in Stockholm
 - Population in area: 1.9 million
 - Crossings in city cordon/day: 560'
 - ETC transactions: Not known
 - Number of OBUs: Not known
 - Initial contract value: 120 mill



Large scale advantages

- Q-Free has the broadest product line in the ETC business.
- Limited investments in production can secure revenues and margins.
 - 5 production lines in Europe and South America.
 - New production lines in Asia and South America in 2005.
 - New production lines with limited investment
- Limited growth in operating expenses.
 - Only limited handling from Q-Free.
 - Products are developed



MD-5888 OBU



MD-5850 MultiReader



Market Ticketing

- **Q-Free established as leading supplier of Ticketing systems in Norway and started its first projects in Sweden.**
- **Focus on securing good references in the Scandinavian market.**
- **Development of own Q-Free hardware (bus computer). Need for Open Platform architecture.**
- **Participate with partners on larger projects in Scandinavia**
- **Offer Q-Free SW and HW to larger international market players.**



Future outlook

- Focus as a technology provider is meeting market expectations
- Increasing interest in the market regarding Q-Free products and sub-systems
- Order backlog is strong and projects in pipeline are increasing
- Focus on existing and mature markets

