



Q4

PRESENTATION OF FOURTH QUARTER AND PRELIMINARY FULL YEAR 2018 RESULTS

President & CEO Håkon Volldal / CFO Tor Eirik Knutsen



SUMMARY



HIGHLIGHTS

FOURTH QUARTER 2018

- **241** MNOK in revenues, down 9% YoY due to high project revenues in Slovenia in Q4-17. **32%** YoY growth in non-tolling businesses!
- **22** MNOK in EBITDA before non-recurring items (9% margin) compared to 40 MNOK (15% margin) in Q4-17
- **262** MNOK in order intake, up 97% YoY
- **22** MNOK in operating cash flow incl. net investments
- Jakarta business closed down

FULL YEAR 2018

- **889** MNOK in revenues, down 9% from 2017. **10%** growth in non-tolling businesses despite divestments
- **89** MNOK in EBITDA before non-recurring items (10% margin), down from 110 MNOK in 2017.
71 MNOK in reported EBITDA due to 18 MNOK in one-off expenses related to close down of Serbia, Malta and Jakarta
- **971** MNOK in order intake, up 58% from 2017 (not including frame agreements worth >100 MNOK signed in 2018)
- **1 128** MNOK in order backlog (not including >200 MNOK in expected value of frame agreements), up from 1 049 MNOK at the end of Q4-17
- **117** MNOK in operating cash flow incl. net investments

Q4-18 AND FULL YEAR 2018 FINANCIALS

MNOK	Q4 2018	Q4 2017	YoY Change
Revenues	241	265	-8.7%
Gross contribution	151	169	-10.7%
<i>Gross margin</i>	62.6%	64.0%	-1.6 pp
OPEX	129*	130	-0.4%
EBITDA before non-recurring items	22	40	-44.2%
<i>Margin</i>	9.2%	15.0%	-5.8 pp
EBITDA	9*	40	-78.2%
<i>Margin</i>	3.6%	15.0%	-11.4 pp
EBIT	-3	4	
<i>EBIT margin</i>	-1.4%	1.5%	-2.9 pp

FY 2018	FY 2017	YoY Change
889	973	-8.7%
569	591	-3.7%
64.1%	60.7%	+3.4 pp
480**	481	-0.1%
89	110	-18.9%
10.0%	11.3%	-1.3 pp
71**	83***	-13.9%
8.0%	8.5%	-0.5 pp
24	4	
2.7%	0.4%	+2.3 pp

* 13 MNOK in close-down costs for Jakarta in Q4-18

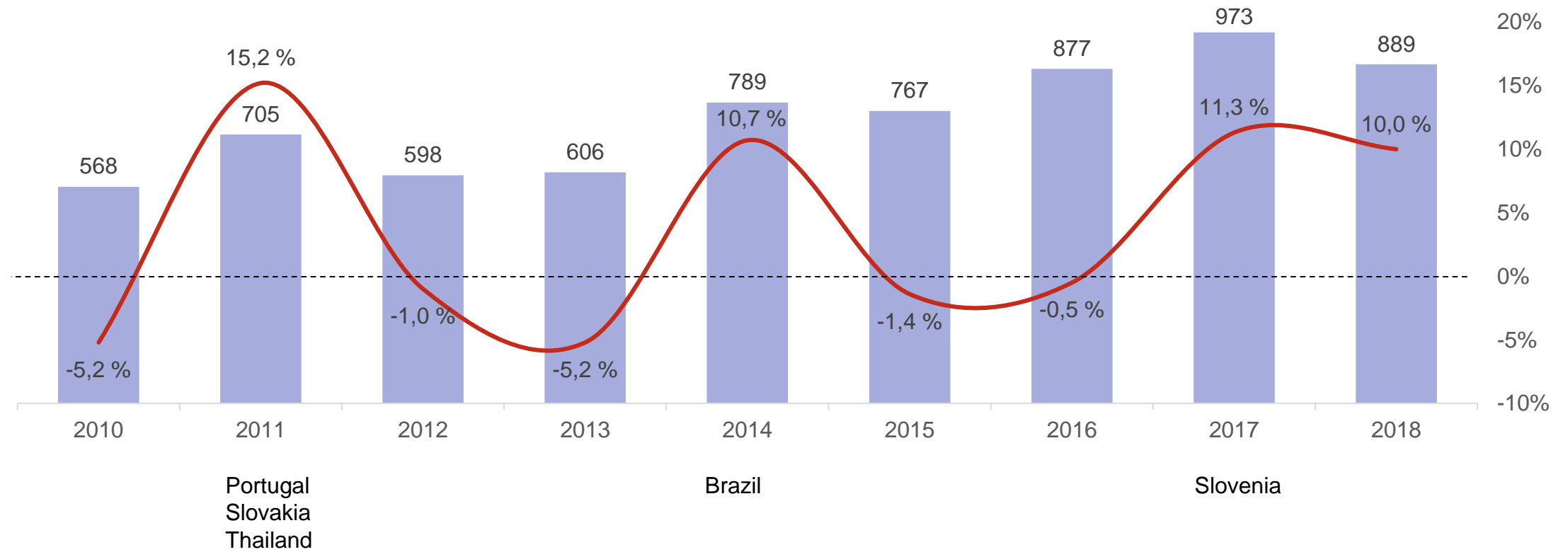
** 18 MNOK in close-down costs in FY 2018 for Jakarta, Serbia and Malta

*** 28 MNOK in settlement costs in FY2017

Q-FREE HAS HISTORICALLY STRUGGLED WITH THE TRANSITION FROM LARGE PROJECT DELIVERIES, BUT NOT IN 2018

ANNUAL REVENUES AND ADJUSTED EBITDA MARGIN

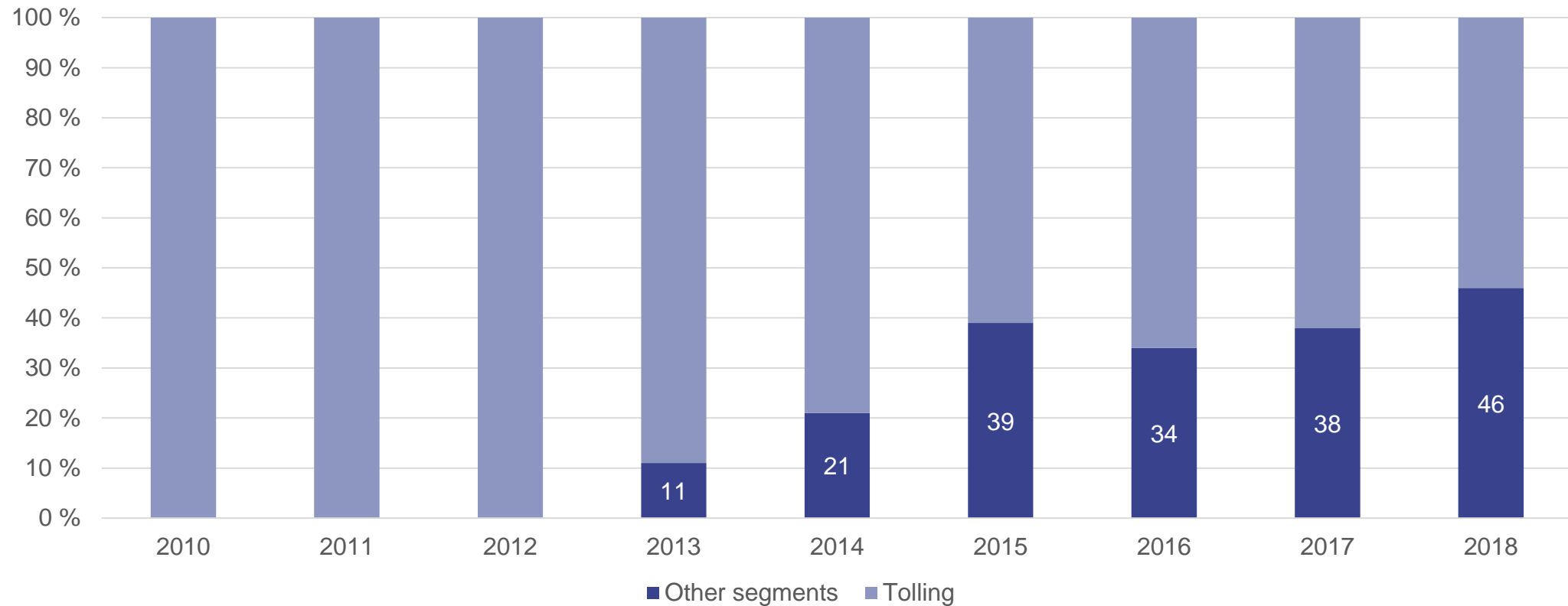
MNOK / Percent, Year End December 31st



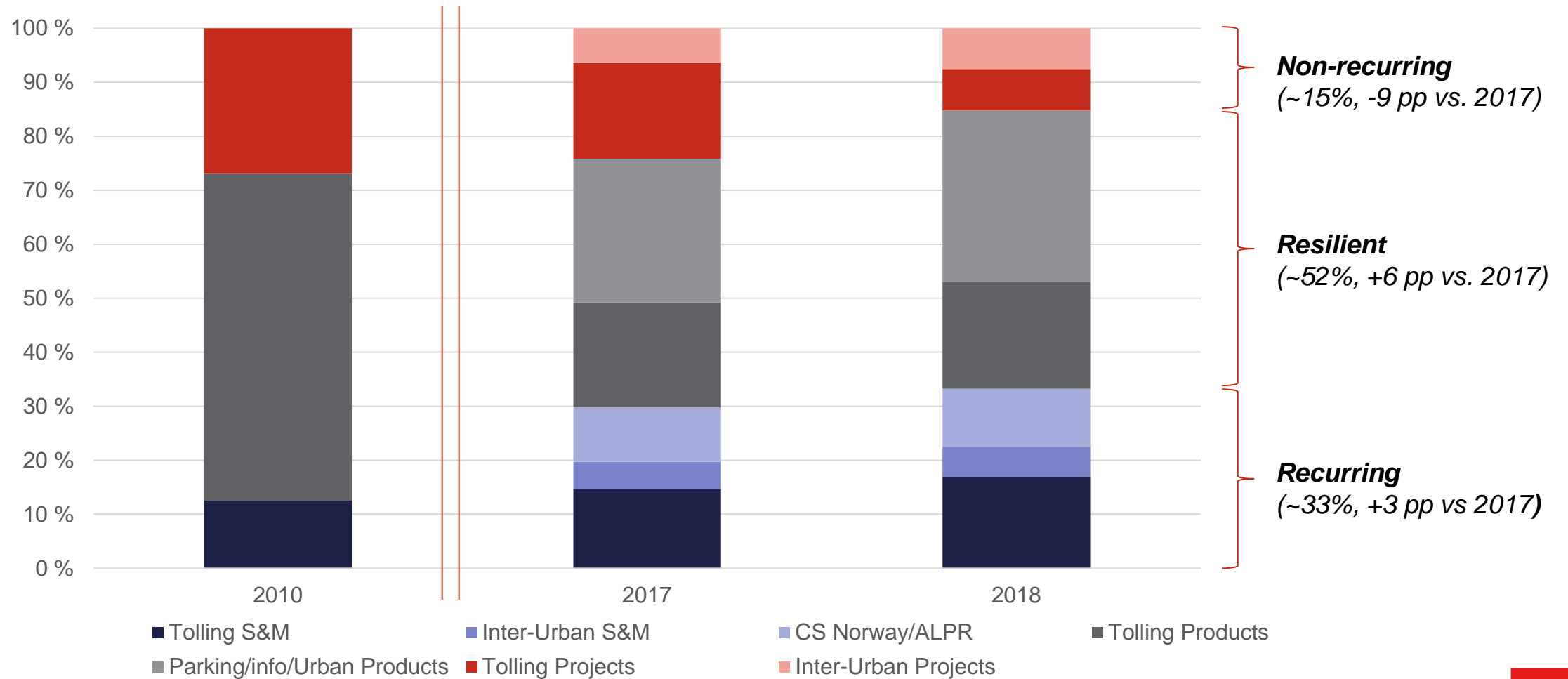
THE REVENUE COMPOSITION HAS CHANGED SIGNIFICANTLY OVER THE PAST FEW YEARS...

ANNUAL REVENUES PER BUSINESS AREA

NOK million



...HENCE, OUR BUSINESS MODEL IS NOW MORE ROBUST



BUSINESS UPDATE



TOLLING



TOLLING
DSRC TAGS & READERS
ALPR/ANPR SOLUTIONS
ELECTRONIC TOLL COLLECTION
CONGESTION CHARGING

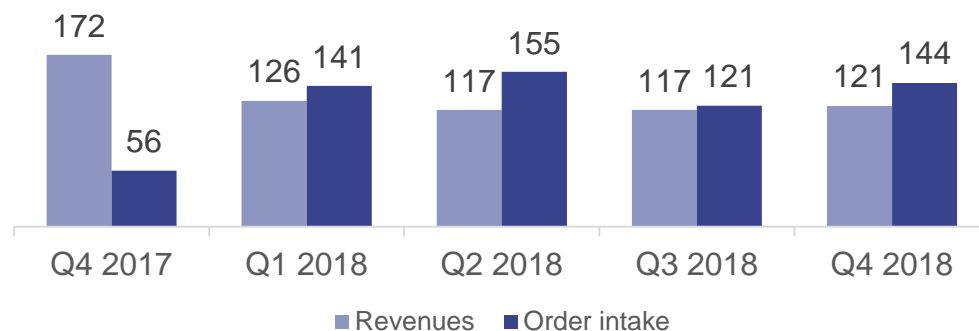
REVENUES AND EBITDA

NOK million

	Q4-18	Q4-17	FY 18	FY 17
EUROPE	99	136	376	446
APMEA	7	19	54	69
AMERICAS	14	16	51	86
REVENUES	121	172	481	601
EBITDA	18	48	84	133

REVENUE AND ORDER INTAKE DEVELOPMENT

NOK million



HIGHLIGHTS Q4-18

- Revenues and EBITDA down YoY
 - Low project revenues as Slovenia entered service and maintenance phase in Q2-18
 - New contracts in Chile and Thailand will improve revenue situation in APMEA and AMERICAS
- Significant increase in order intake
 - Ferry contract in Norway (55 MNOK)
 - Chile tolling contract (30 MNOK)
 - Australia tolling contracts (25 MNOK)
- Q-Free withdrew from the Jakarta ERP process and closed down the office in Q4-18
 - 13 MNOK in restructuring charges in Q4-18
 - >15 MNOK in expected OPEX savings in 2019

PARKING



PARKING
PARKING GUIDANCE
PARKING ACCESS CONTROL

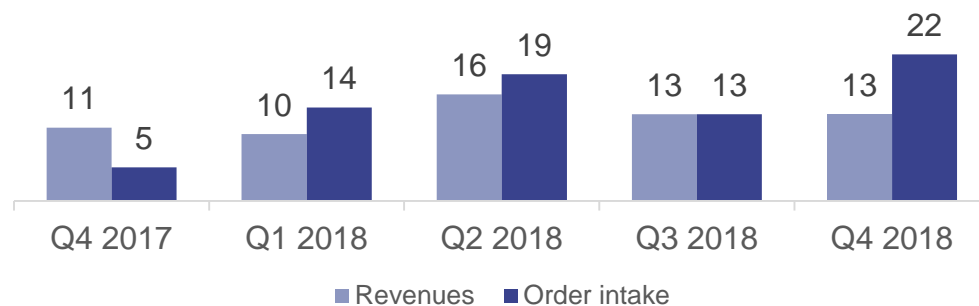
REVENUES AND EBITDA

NOK million

	Q4-18	Q4-17	FY 18	FY 17
EUROPE	8	5	26	27
APMEA	1	2	5	7
AMERICAS	4	4	20	22
REVENUES	13	11	52	56
EBITDA	0	-3	-13	-8

REVENUE AND ORDER INTAKE DEVELOPMENT

NOK million



HIGHLIGHTS Q4-18

- Revenues up 11% YoY driven by increased parking guidance sales in France
- Improved EBITDA
 - Malta costs removed from Q3-18
 - R&D and industrialization costs related to launch of new outdoor parking sensor impact negatively (lower cost base from Q1-19)
 - Continued positive development expected
- Good order intake
 - Increased sales in the US
 - First contracts for new outdoor sensor won!
 - Several significant tenders for outdoor sensor in the pipeline



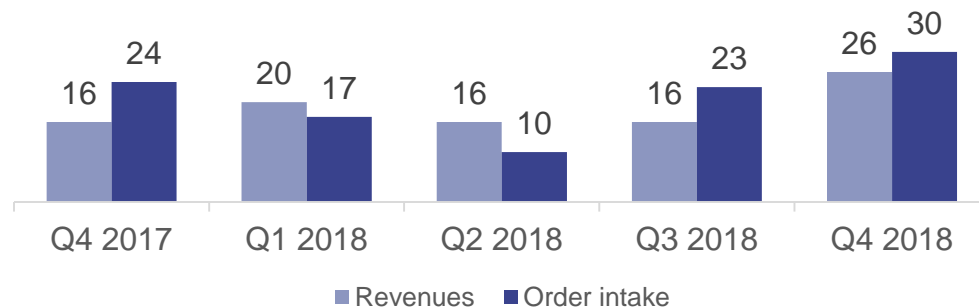
REVENUES AND EBITDA

NOK million

	Q4-18	Q4-17	FY 18	FY 17
EUROPE	22	11	69	46
APMEA	1	3	4	11
AMERICAS	2	2	5	7
REVENUES	25	16	78	64
EBITDA	4	0	10	5

REVENUE AND ORDER INTAKE DEVELOPMENT

NOK million



HIGHLIGHTS Q4-18

- Revenues up 64% YoY driven by strong performance in EUROPE
- Good EBITDA contribution in the quarter due to high revenues and good ALPR volumes
- Continued growth in order intake after a soft 1H-18
 - First large order from the US (6 MNOK)
 - Misc. orders in Europe



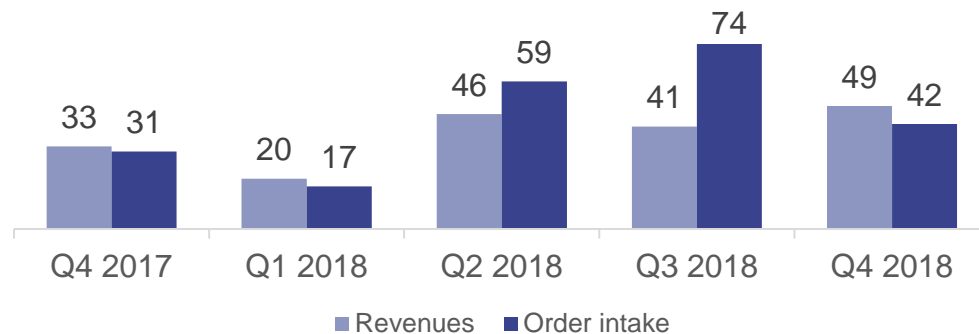
REVENUES AND EBITDA

NOK million

	Q4-18	Q4-17	FY 18	FY 17
EUROPE	0	5	1	14
APMEA	0	0	0	0
AMERICAS	49	28	156	126
REVENUES	49	33	157	139
EBITDA	11	-4	30	2

REVENUE AND ORDER INTAKE DEVELOPMENT

NOK million



HIGHLIGHTS Q4-18

- Revenues up 13% YoY despite divestiture of Serbia
 - Strong HW volumes
 - Delivery of PennDOT SW contract
- Strong EBITDA contribution
 - Higher share of high-margin SW revenues
 - No negative contribution from Serbia
- Order intake driven by several medium-sized contracts, strong pipeline for 2019

INTER-URBAN



INTER-URBAN
ADVANCED TRAFFIC MANAGEMENT
TRAFFIC INFORMATION
RAMP METERING
TRUCK PARKING

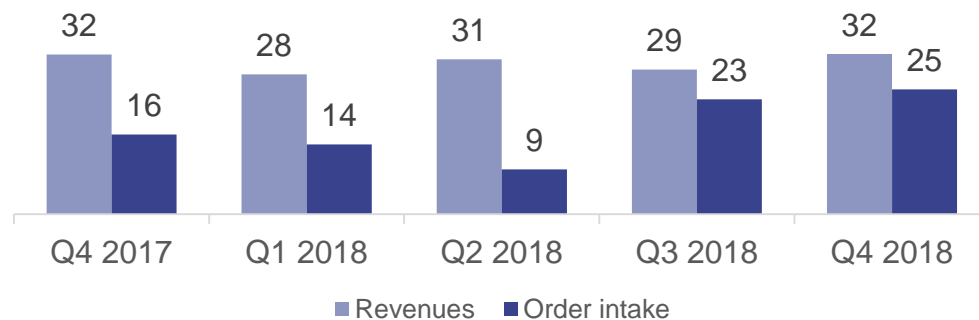
REVENUES AND EBITDA

NOK million

	Q4-18	Q4-17	FY 18	FY 17
EUROPE	5	4	21	19
APMEA	0	0	0	0
AMERICAS	28	28	99	94
REVENUES	33	32	121	113
EBITDA	2	8	16	16

REVENUE AND ORDER INTAKE DEVELOPMENT

NOK million

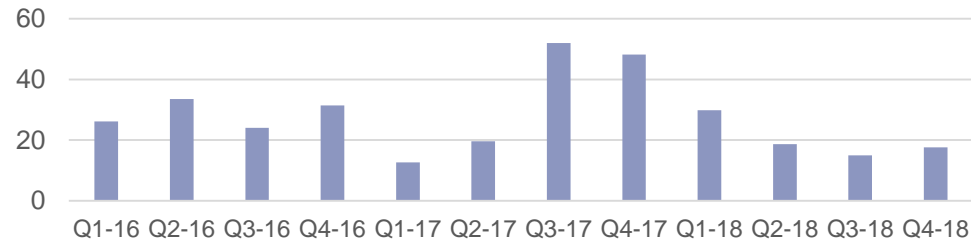


HIGHLIGHTS Q4-18

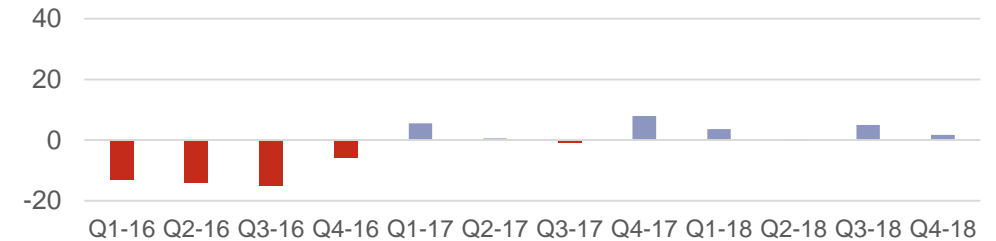
- Revenues flat versus Q4-17
 - Steady business in Slovenia
 - Steady US business with VDOT, PennDOT and WVDOT
- EBITDA contribution stabilized after a weak H1-18
- Good order intake compared to previous quarters, however book-to-bill is negative given ongoing VDOT project deliveries
 - Ljubljana Ring Bypass project (10 MNOK)
 - Misc. US orders

4 OUT OF 5 SEGMENTS CONTRIBUTE POSITIVELY, PARKING WE EXPECT TO BE “FIXED” IN 2019

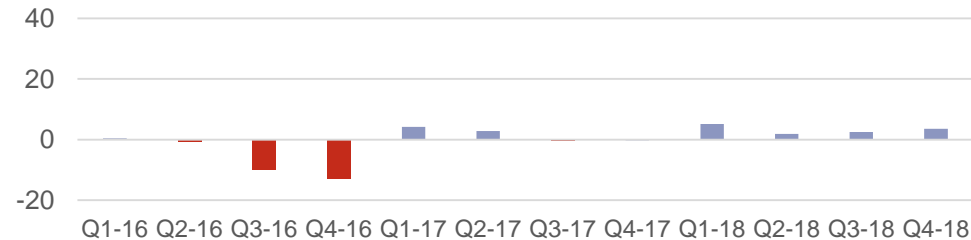
Tolling EBITDA



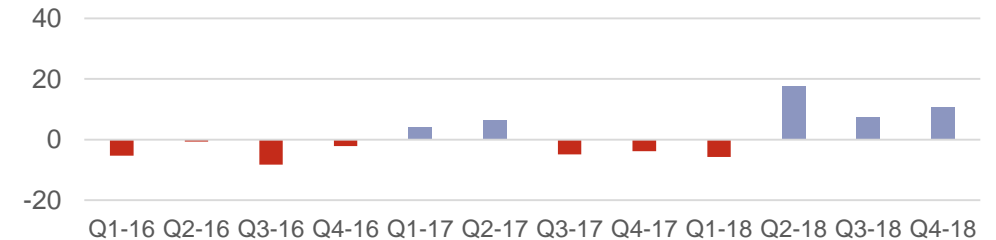
Inter-Urban EBITDA



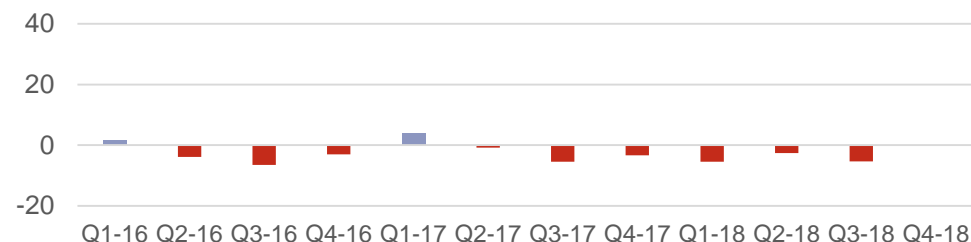
Infomobility EBITDA



Urban EBITDA



Parking EBITDA



- Urban: Profitability negatively impacted by Serbia up until end of Q1-18
- Parking: Profitability in the period negatively impacted by Malta, which was discontinued end of Q2-18, and R&D expenses related to new parking sensor

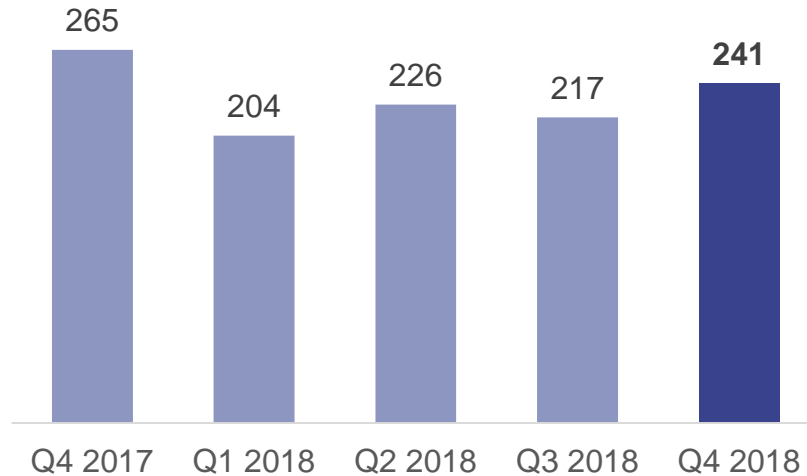


FINANCIAL UPDATE

REVENUE DEVELOPMENT

QUARTERLY REVENUES

NOK million

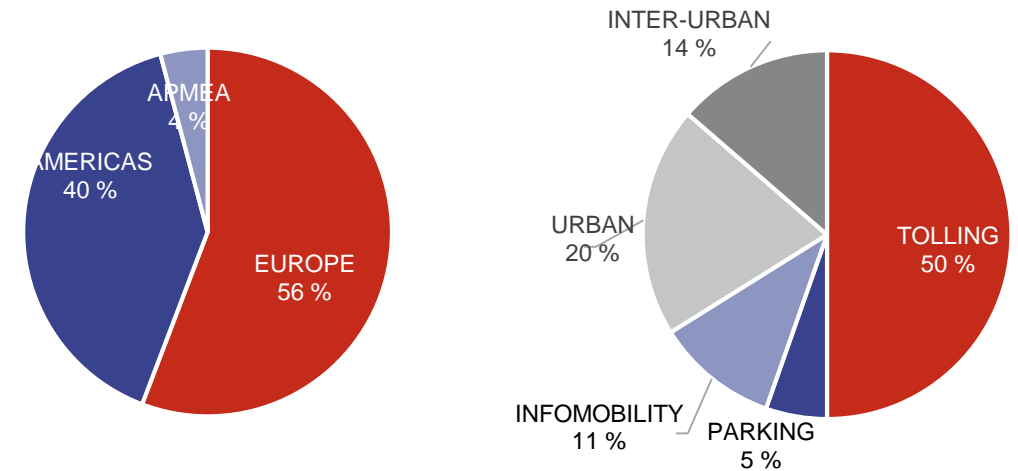


Revenues down 9% from Q4 2017

- Tolling revenues down 51 MNOK due to lower project revenues in Slovenia and Chile
- Non-tolling revenues up 27 MNOK despite exit from Serbia and Malta

REVENUE BREAKDOWN ON REGION/SERVICE LINE

Percent

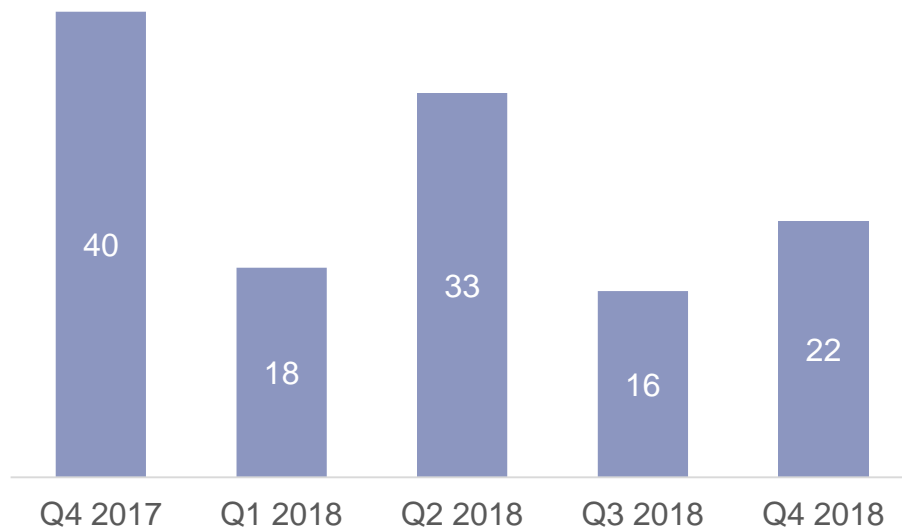


- EUROPE is still the largest region with 56% of revenues, down from 61% in Q4-17
- Non-tolling businesses accounted for 50% of revenues in the quarter, up from 35% in Q4-17

EBITDA DEVELOPMENT

EBITDA EXCL. NON-RECURRING ITEMS

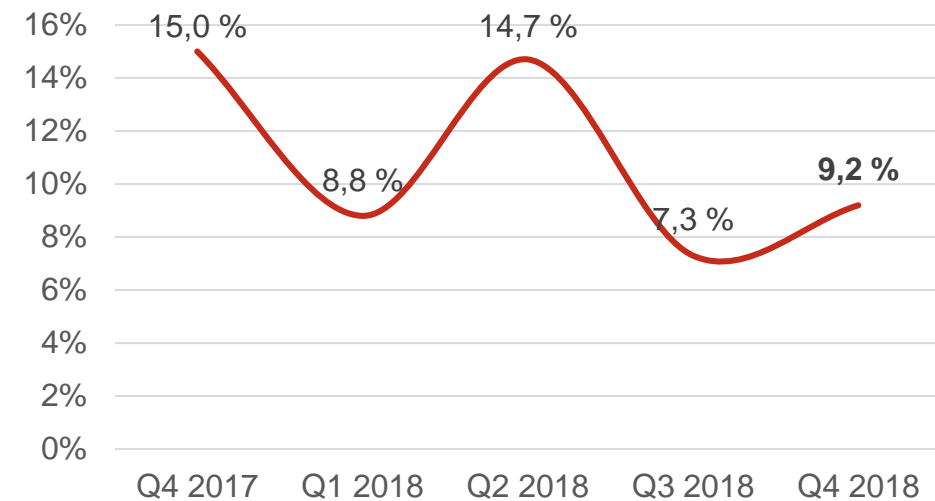
NOK million



- YoY EBITDA reduction due to lower project revenues in tolling
- Reported EBITDA in Q4-18 negatively impacted by 13 MNOK in close-down costs in Jakarta

EBITDA MARGIN EXCL. NON-RECURRING ITEMS

Percent

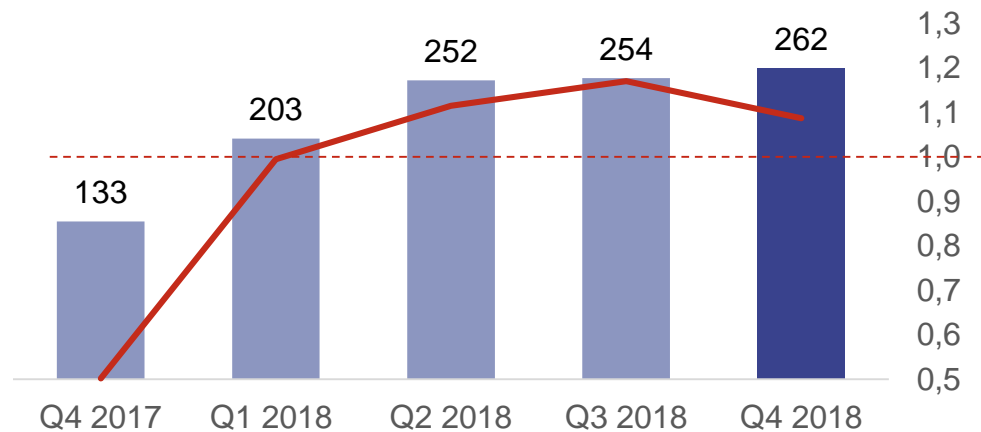


- Full-year 2018 adjusted EBITDA margin of 10%, down from 11.3% in 2017
- Reported Q4-18 and FY 2018 EBITDA margin negatively impacted by close down-costs of 13 and 18 MNOK respectively

ORDER INTAKE

ORDER INTAKE & BOOK-TO-BILL PER QUARTER

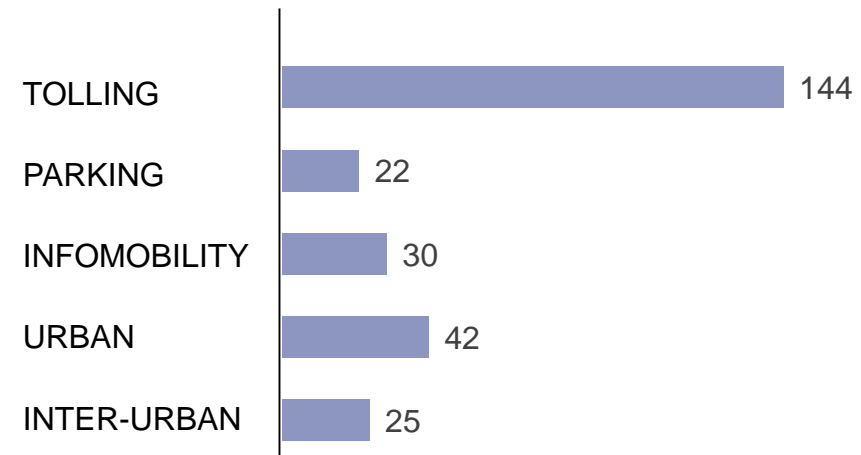
NOK million / ratio



- Solid order intake driven by small and medium-sized contracts
- Total 2018 order intake up 58% versus 2017 (not including 2018 frame agreements of 105-125 MNOK)
- Book-to-bill ratio of 1.09 in Q4-18 and for FY18 as a whole

ORDER INTAKE BREAKDOWN IN 4Q-18

NOK million

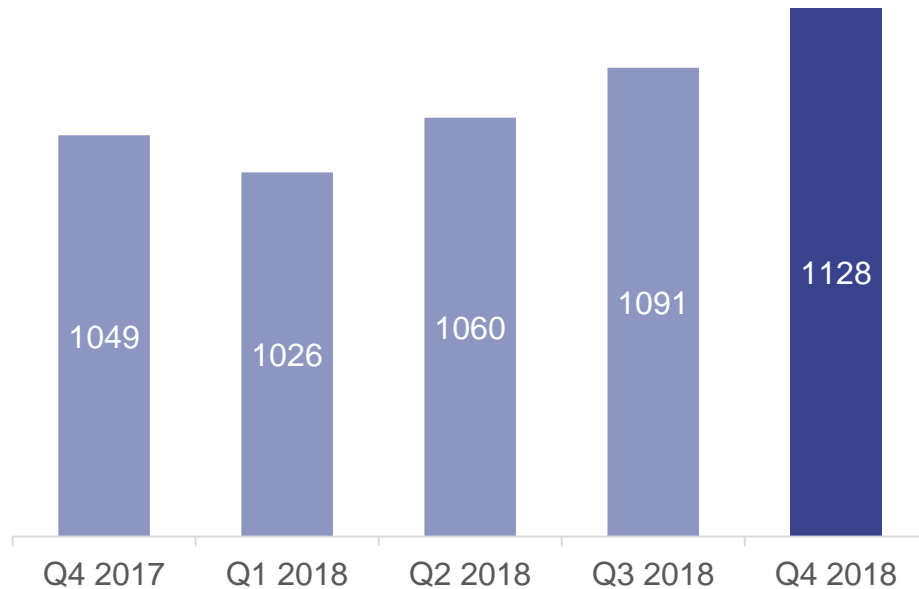


- Tolling represented 55% of total order intake in the quarter, non-tolling 45%

ORDER BACKLOG AND DELIVERY SCHEDULE END OF 2018

ORDER BACKLOG

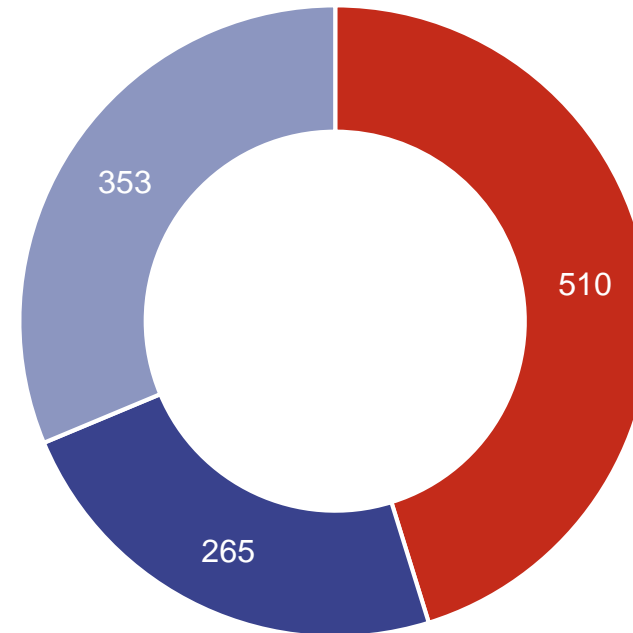
NOK million



Frame contracts with no committed minimum volumes (at the end of Q4-18 estimated at >200 MNOK) are NOT included in the backlog

EXPECTED DELIVERY SCHEDULE

NOK million

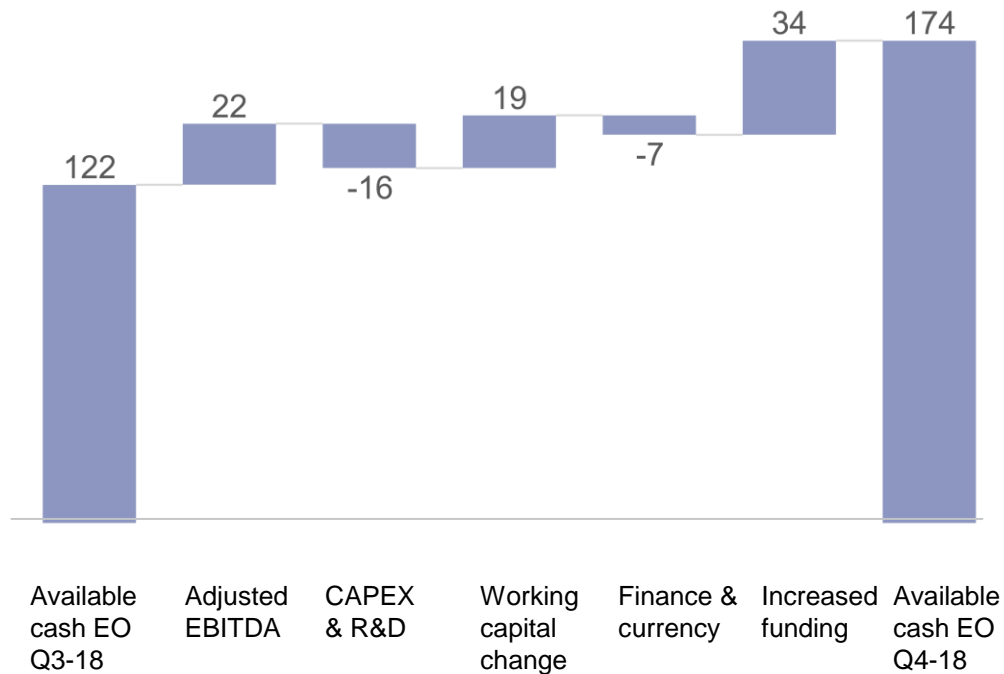


■ 2019 ■ 2020 ■ 2021 ->

CASH FLOW AND AVAILABLE CREDIT/CASH END OF 2018

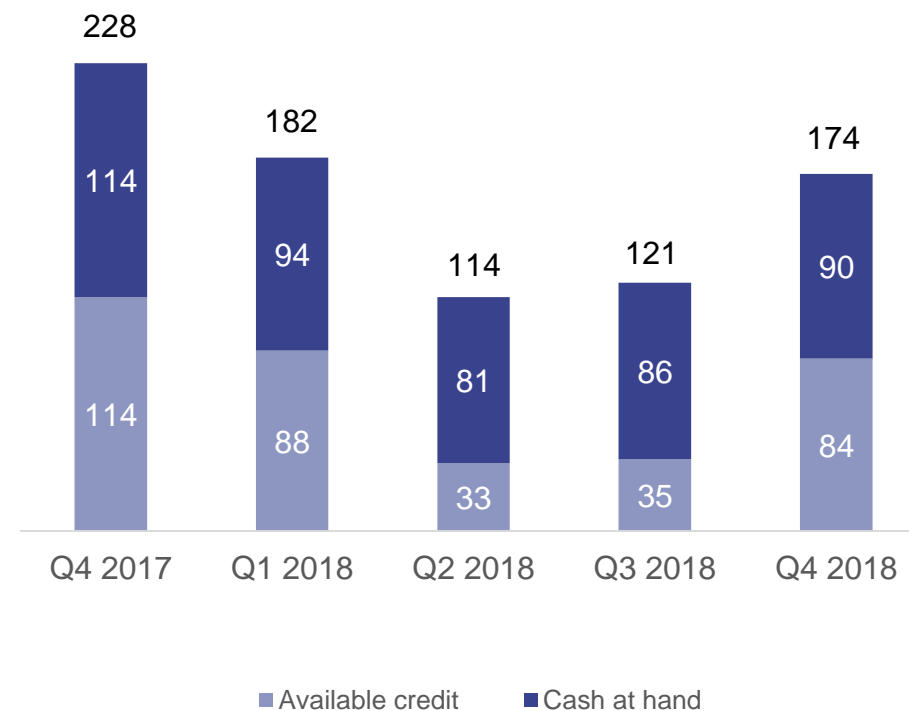
CASH DEVELOPMENT

NOK million



QUARTERLY AVAILABLE CREDIT AND CASH AT HAND

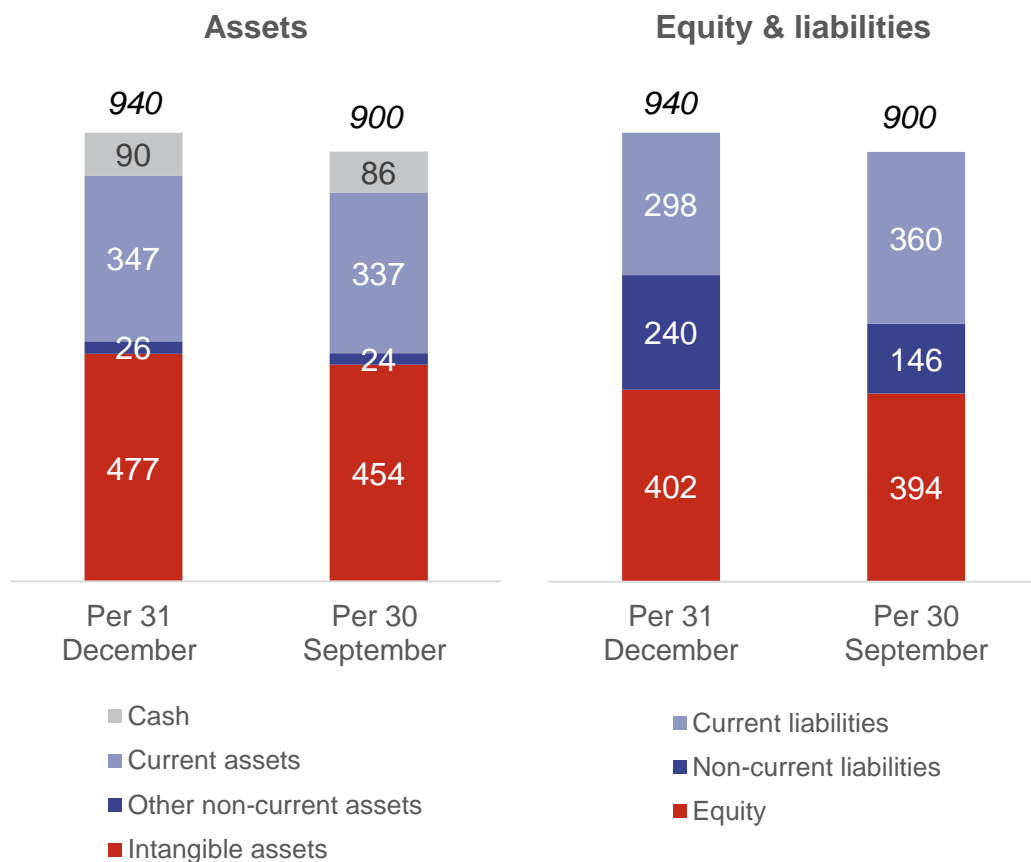
NOK million



KEY BALANCE SHEET ITEMS END OF 2018

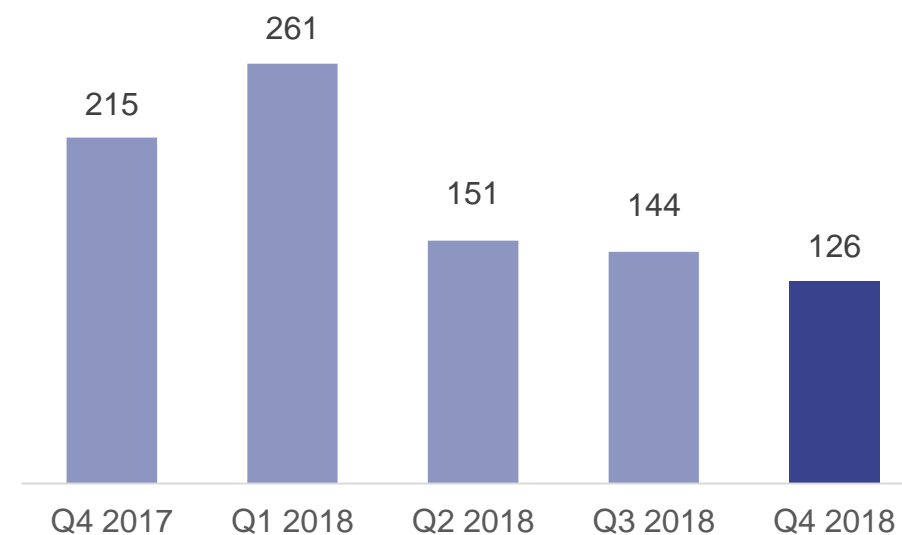
BALANCE SHEET ITEMS

NOK million



NET INTEREST BEARING DEBT

NOK million

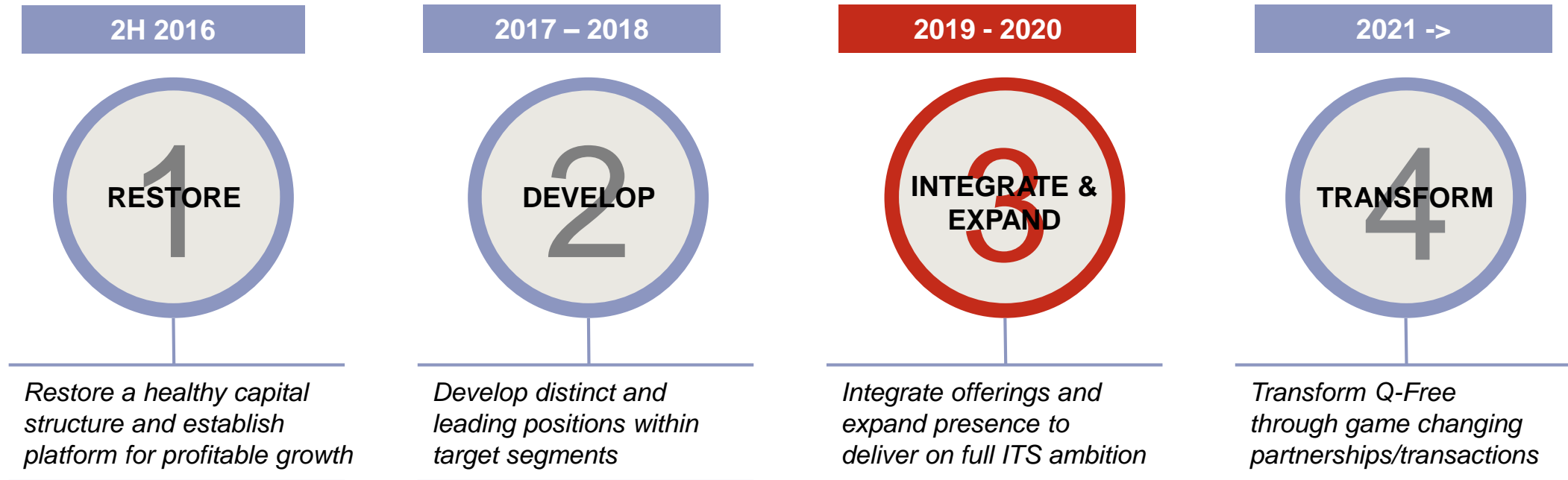


- NIBD significantly reduced in Q2-18 after collecting cash for initial Slovenia deployment on 26 April

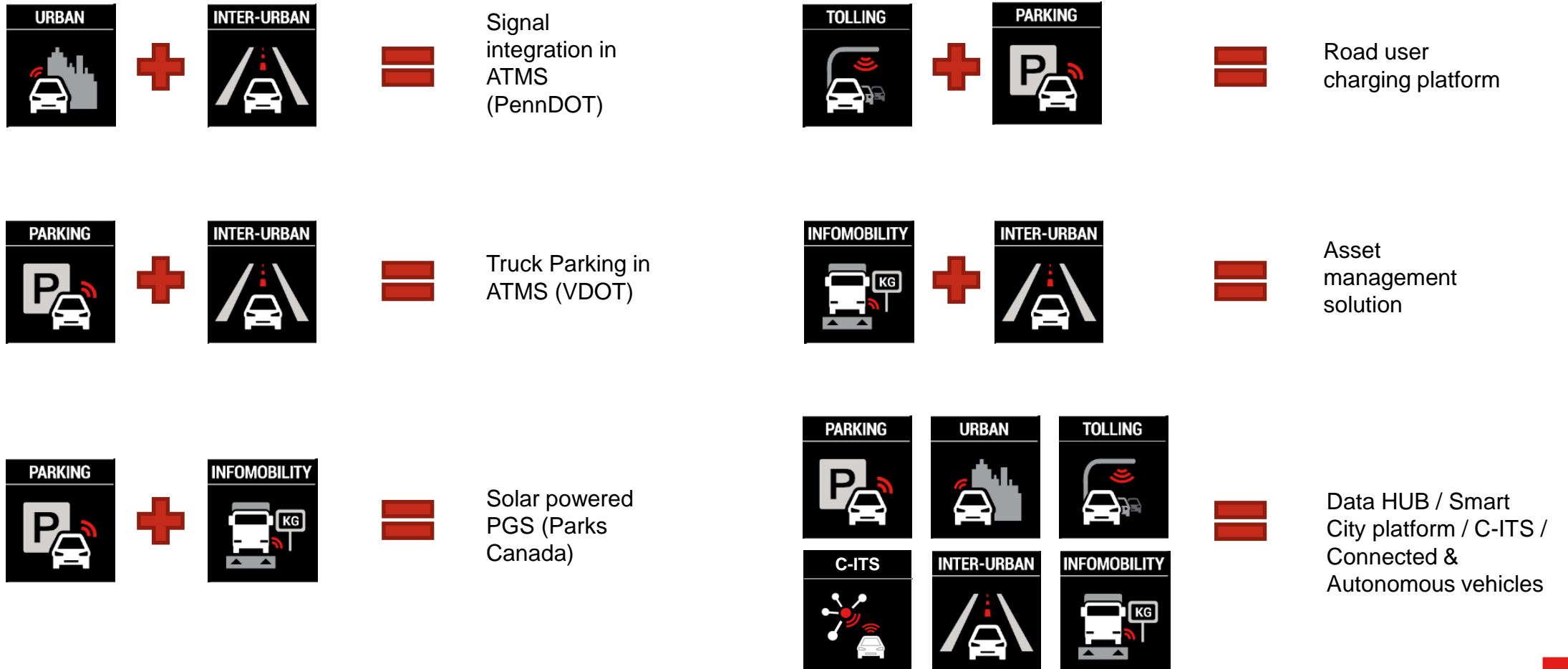


OUTLOOK

OUR 2016-2021 STRATEGY



EXAMPLES OF TECHNOLOGY SYNERGIES



EXAMPLES OF SOLUTION / CONCEPT PACKAGES

Q-FLOW

Optimize how people and goods move

- Traffic Management Systems
- Parking guidance and way-finding
- Traffic controllers
- Electronic Tolling and Road Pricing
- Traffic counters and classifiers
- Journey time monitoring
-

Q-SAFE

Make roads and travel safe

- Incident detection and management
- Travel Information Systems
- ARD (dangerous goods)
- Weigh in motion
- Weather monitoring
- ALPR enforcement
- Truck parking
- C-ITS
- ...

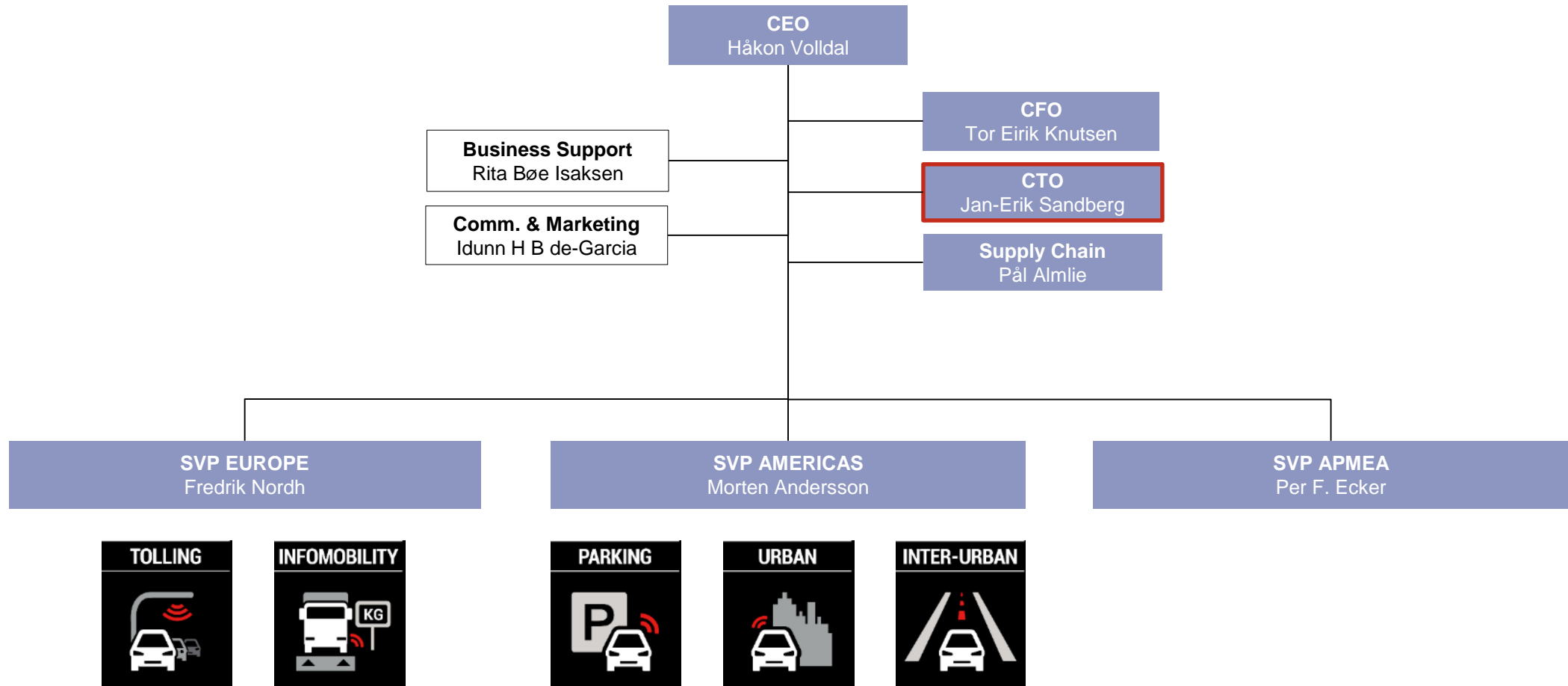
Q-CLEAN

Stimulate sustainable transportation

- Electronic tolling and road pricing
- Parking guidance and way-finding
- Smart traffic controllers
- Bicycle priority
- Air quality monitoring
- ...

Q-HUB: data capture, analysis and reporting

NEW ORGANIZATIONAL STRUCTURE TO SUPPORT TECHNOLOGY INTEGRATION



EXPECTED DEVELOPMENT IN KPIs IN 2019

INDICATIVE



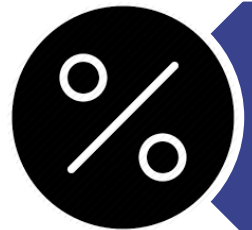
Order intake

- Growth in bread-and-butter contracts
- More medium-sized tolling projects
- Growth in number of non-tolling contracts and average contract values



Revenues

- ~10% annual revenue growth from 2018 level
 - Rebound in tolling project revenues
 - Continued growth in non-tolling businesses
- Continued shift towards recurring/resilient revenues, e.g. ferry contracts and parking/infom./urban sales



Margins

- Margin expansion from today's level
 - Increased share of high-margin products/services (ALPR, Urban etc.)
 - Operational leverage from revenue growth

A low-angle, close-up shot of a person's legs in bright red trousers and dark shoes, captured mid-stride as they cross a city street. The pavement is a light blue-grey color and features a large, white, stylized bicycle symbol. In the background, a busy urban scene is visible with other pedestrians, trees, and buildings, all slightly out of focus. The overall lighting is bright and sunny, suggesting a clear day.

QUESTIONS AND ANSWERS



Nothing happens until something moves

– Albert Einstein

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