

An aerial photograph of a roundabout with a car driving on the road and a tree in the center. The image is used as a background for the presentation slide.

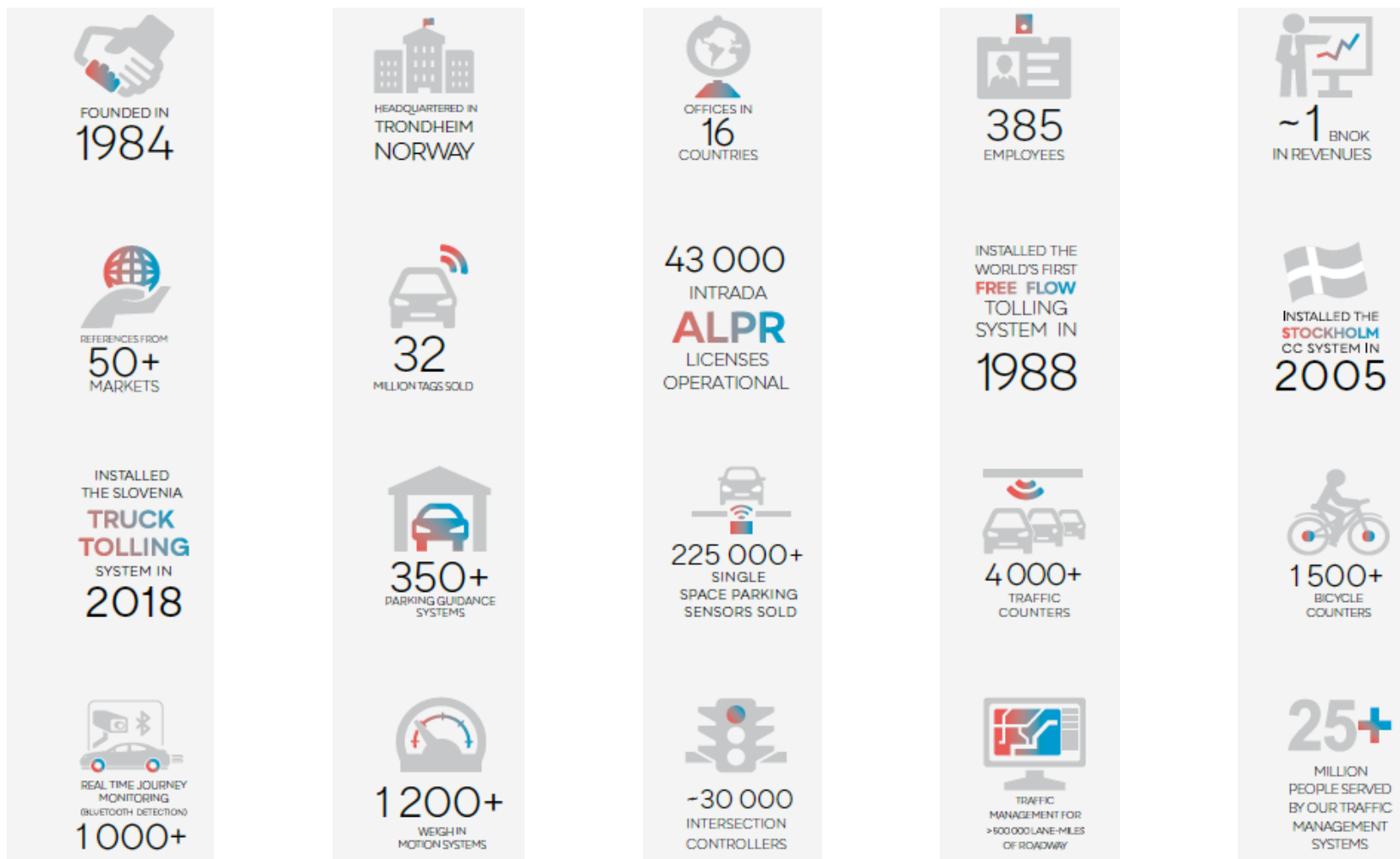
# Q1

## PRESENTATION OF FIRST QUARTER 2019

President & CEO Håkon Volldal / CFO Tor Eirik Knutsen



# Q-FREE AT A GLANCE







# SUMMARY

# Q1-19 HIGHLIGHTS

- **223** MNOK in revenues, up 9% YoY driven by 25% growth in non-tolling businesses
- **9** MNOK in EBITDA (3.8% margin), down from 16 MNOK in Q1-18 due to customer/product mix effects. IFRS-16 positively impacted EBITDA with 5 MNOK
- **298** MNOK in order intake, up 47% from Q1-18. 6<sup>th</sup> consecutive quarter with a book-to-bill ratio above 1 and QoQ growth!
- **1 192** MNOK in order backlog, up 16% from 1 026 MNOK in Q1-18
- **734** MNOK in FY 2019 revenues (of which 211 MNOK in Q2-19 revenues) secured at the end of Q1-19, 29% above secured FY 2018 revenues end of Q1-18

# SUMMARY FINANCIALS

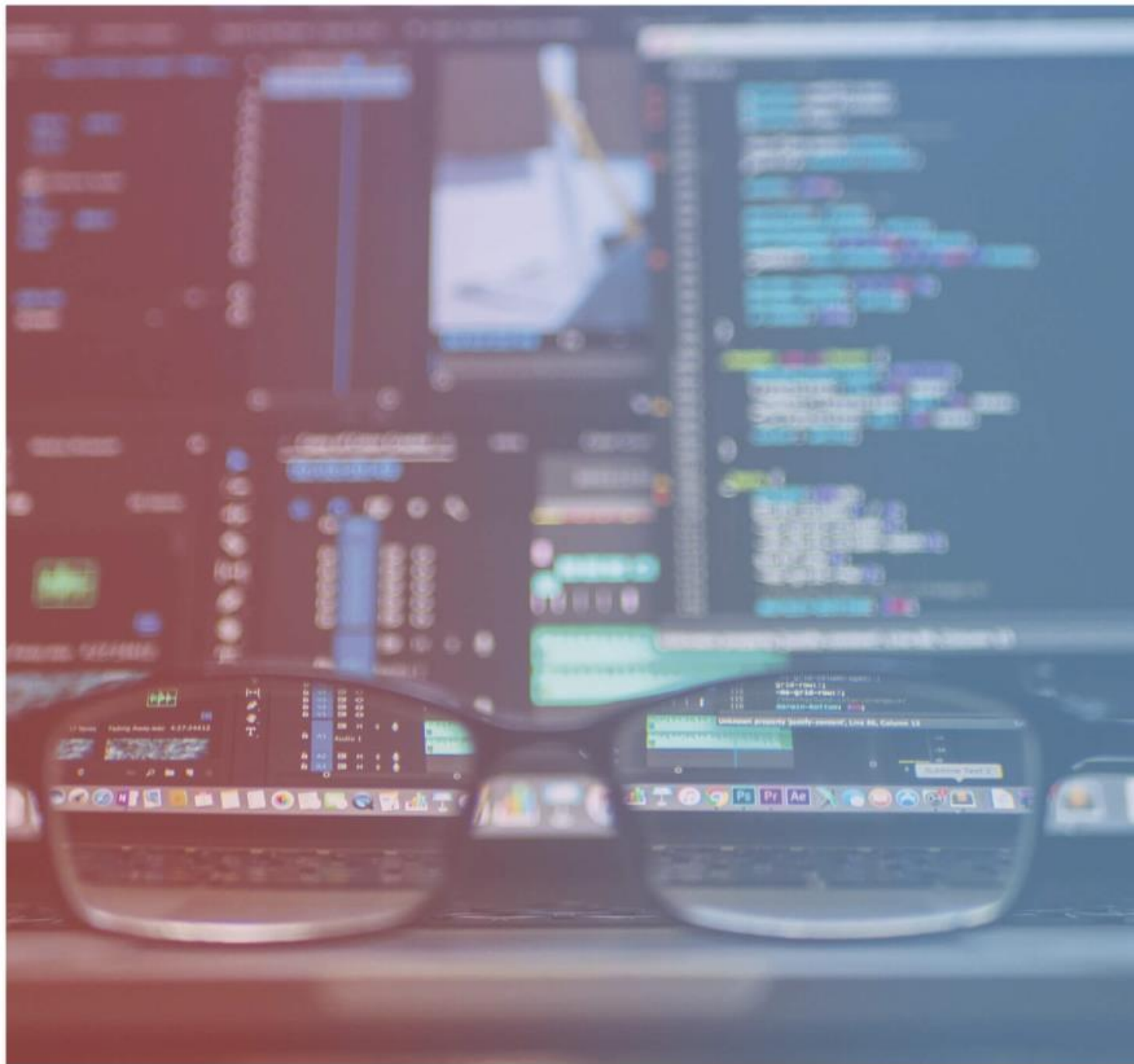
MNOK	Q1 2019	Q1 2018	YoY Change	FY 2018
<b>Revenues</b>	<b>223</b>	<b>204</b>	+9.3%	<b>889</b>
<b>Gross contribution</b>	<b>126</b>	<b>137</b>	-7.9%	<b>569</b>
<i>Gross margin</i>	56.6%	67.1%	-10.5 pp	64.1%
<b>OPEX</b>	<b>118*</b>	<b>119</b>	-2.7%	<b>480</b>
<b>EBITDA before non-recurring items</b>	<b>9*</b>	<b>18</b>	-47.2%	<b>89</b>
<i>Margin</i>	3.8%	8.8%	-5.0 pp	10.0%
<b>EBITDA</b>	<b>9*</b>	<b>16</b>	-47.2%	<b>71</b>
<i>Margin</i>	3.8%	7.9%	-4.1 pp	8.0%
<b>EBIT</b>	<b>-11</b>	<b>4</b>		<b>24</b>
<i>EBIT margin</i>	-4.8%	1.8%	-6.6 pp	2.7%

\* Positively impacted by IFRS 16 with 5.4 MNOK





# BUSINESS UPDATE



# OUR PORTFOLIO



## Tolling

- DSRC Tags & Readers
- ALPR/ANPR Solutions
- Electronic Toll Collection
- Congestion Charging



## Parking

- Parking Guidance
- Parking Access Control



## Infomobility

- Weigh in Motion
- Traffic Counters
- Cycle & Pedestrian Detection
- Journey Time Monitoring
- Weather & Air-Quality Monitoring



## Urban

- Traffic Controllers
- Centralized Traffic Controller SW
- Co-Operative ITS



## Inter-urban

- Advanced Traffic Management
- Traffic Information
- Ramp Metering
- Truck Parking



# TOLLING

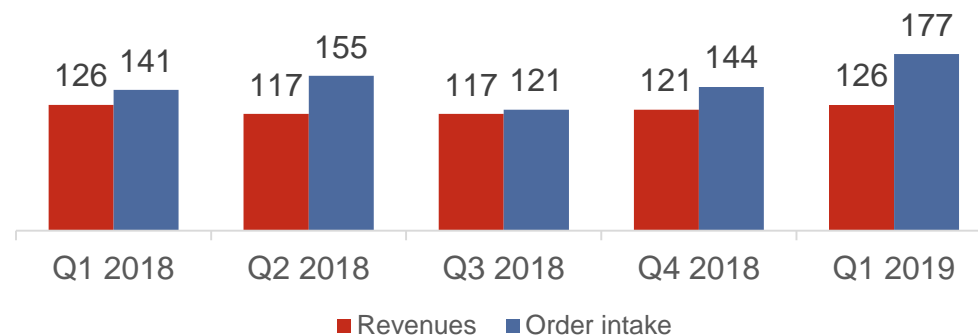
## REVENUES AND EBITDA

NOK million

	Q1-19	Q1-18		FY 18
EUROPE	96	102		376
APMEA	10	12		54
AMERICAS	20	12		51
<b>REVENUES</b>	<b>126</b>	<b>126</b>		<b>481</b>
<b>EBITDA</b>	<b>17</b>	<b>31</b>		<b>65</b>

## REVENUE AND ORDER INTAKE DEVELOPMENT

NOK million



## HIGHLIGHTS Q1-19

- Revenues flat YoY
  - Europe down due to end of Slovenia project delivery
  - Americas up due to Chile project and increased ALPR revenues in the US
- EBITDA down YoY
  - Unfavorable customer mix and prices for tags
  - Low margins on ongoing project deliveries
- Significant increase in order intake
  - Ferry contract in Norway (50 MNOK)
  - Australia contract (20 MNOK)
  - Misc. smaller product/service orders



# PARKING

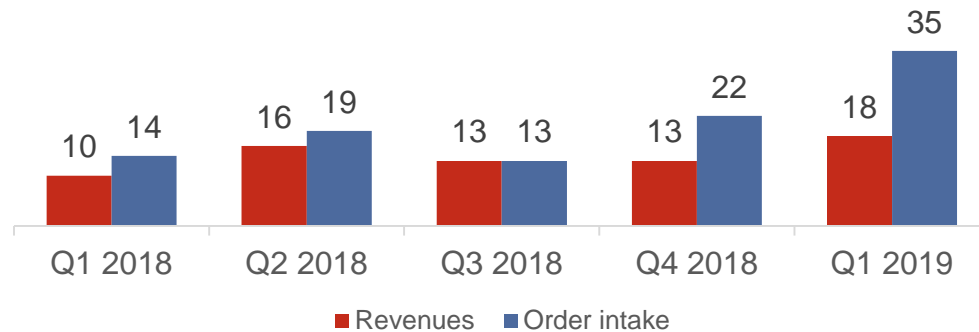
## REVENUES AND EBITDA

NOK million

	Q1-19	Q1-18		FY 18
EUROPE	6	5		26
APMEA	1	0		5
AMERICAS	11	5		20
<b>REVENUES</b>	<b>18</b>	<b>10</b>		<b>52</b>
<b>EBITDA</b>	<b>-1</b>	<b>-6</b>		<b>-13</b>

## REVENUE AND ORDER INTAKE DEVELOPMENT

NOK million



## HIGHLIGHTS Q1-19

- Revenues significantly up driven by strong start in the US
- Improved EBITDA due to higher revenues and lower OPEX (close down of Malta last year)
- Good order intake
  - 29 MNOK US contract won, however 20 MNOK in pass-through revenues with low margins

# INFOMOBILITY

## REVENUES AND EBITDA

NOK million

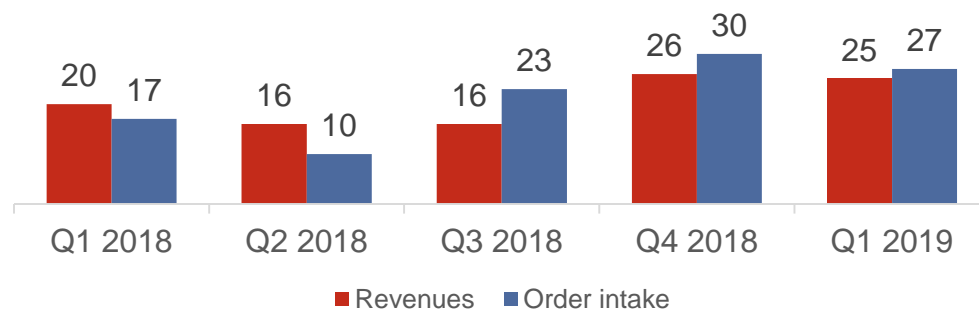
	Q1-19	Q1-18		FY 18
EUROPE	24	19		69
APMEA	0	0		4
AMERICAS	1	1		5
<b>REVENUES</b>	<b>25</b>	<b>20</b>		<b>78</b>
<b>EBITDA</b>	<b>7</b>	<b>4</b>		<b>10</b>

## HIGHLIGHTS Q1-19

- Revenues up YoY driven by strong performance in EUROPE, in particular in the UK
- Good EBITDA contribution due to high revenues and solid ALPR OEM sales
- Continued growth in order intake

## REVENUE AND ORDER INTAKE DEVELOPMENT

NOK million



# URBAN

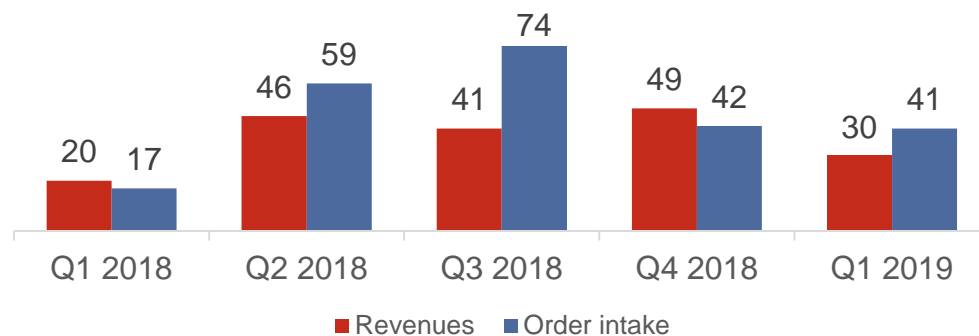
## REVENUES AND EBITDA

NOK million

	Q1-19	Q1-18		FY 18
EUROPE	0	0		1
APMEA	0	0		0
AMERICAS	30	20		156
<b>REVENUES</b>	30	20		157
<b>EBITDA</b>	-4	-6		30

## REVENUE AND ORDER INTAKE DEVELOPMENT

NOK million



## HIGHLIGHTS Q1-19

- Revenues up YoY driven by strong HW sales, but lower than in past quarters due to seasonality
- Low EBITDA due to low share of SW sales, contribution expected to improve in coming quarters as SW share increases
- Order intake significantly up YoY. Key wins included GDOT and OregonDOT plus several small and medium-sized contracts



# INTER-URBAN

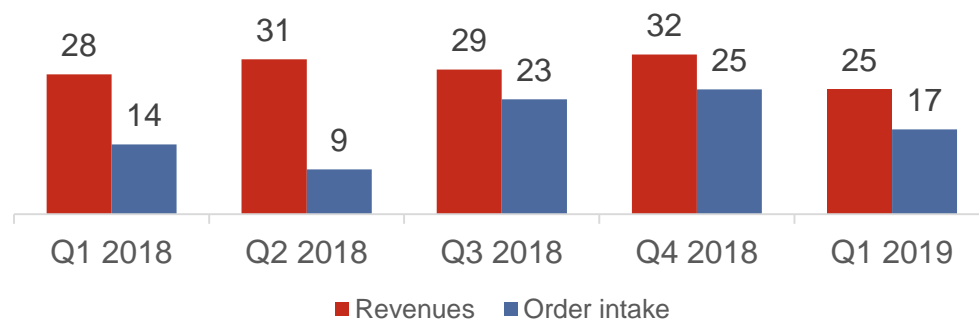
## REVENUES AND EBITDA

NOK million

	Q1-19	Q1-18		FY 18
EUROPE	4	8		21
APMEA	0	0		0
AMERICAS	21	20		99
<b>REVENUES</b>	<b>25</b>	<b>28</b>		<b>121</b>
<b>EBITDA</b>	<b>1</b>	<b>4</b>		<b>16</b>

## REVENUE AND ORDER INTAKE DEVELOPMENT

NOK million

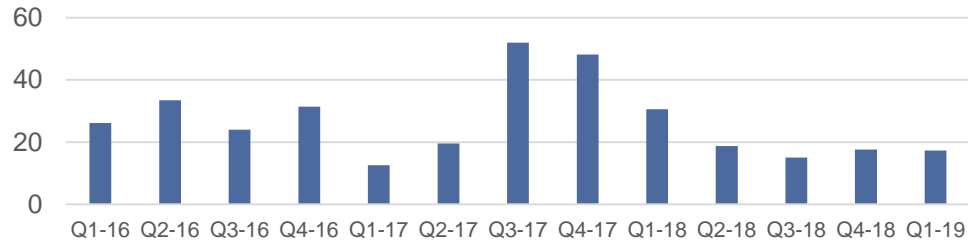


## HIGHLIGHTS Q1-19

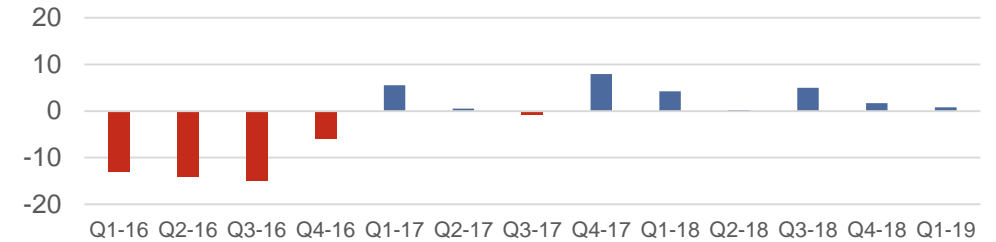
- Revenues down YoY due to phasing of Slovenia inter-urban revenues (not related to truck tolling project)
- EBITDA contribution expected to increase in coming quarters
- Several potential contracts, both renewals of existing contracts and new accounts, expected to be signed in the coming quarters

# SEGMENT PROFITABILITY OVER TIME

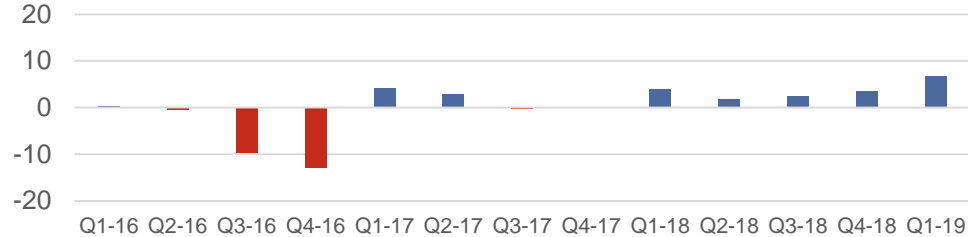
**Tolling EBITDA**



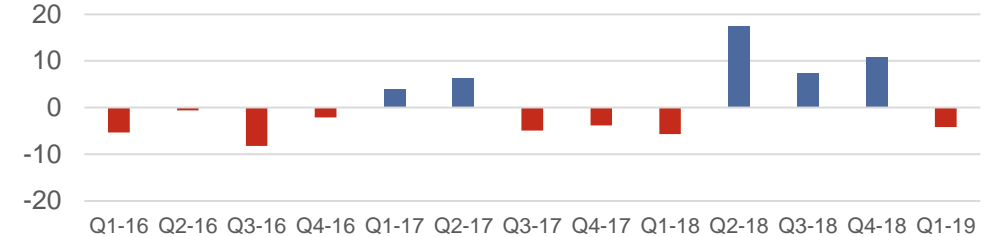
**Inter-Urban EBITDA**



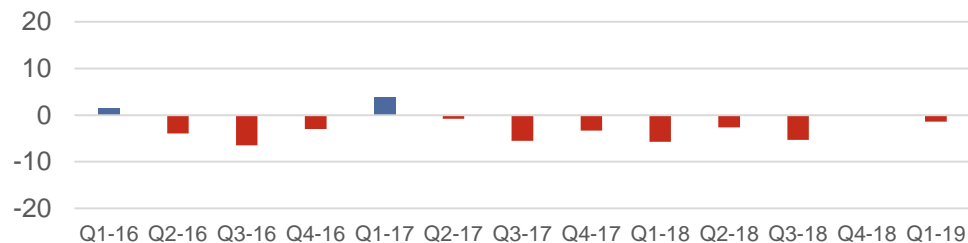
**Infomobility EBITDA**



**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 up until end of Q2-18, and R&D expenses related to new parking sensor



An aerial, high-angle photograph of a city. A multi-lane highway runs diagonally across the frame, filled with cars. To the left of the highway, there's a construction site with two large yellow cranes. To the right, several modern skyscrapers with glass facades are visible. The image has a color gradient, transitioning from a reddish-orange on the left to a teal/blue on the right.

# FINANCIAL UPDATE

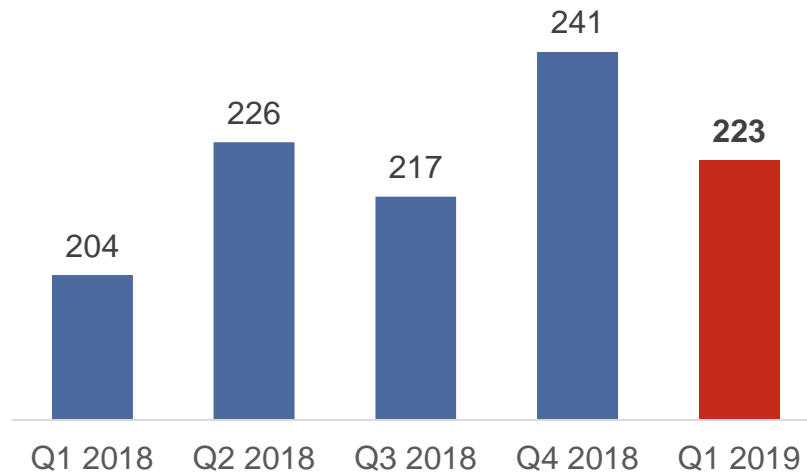




# GOOD REVENUE DEVELOPMENT

## QUARTERLY REVENUES

NOK million

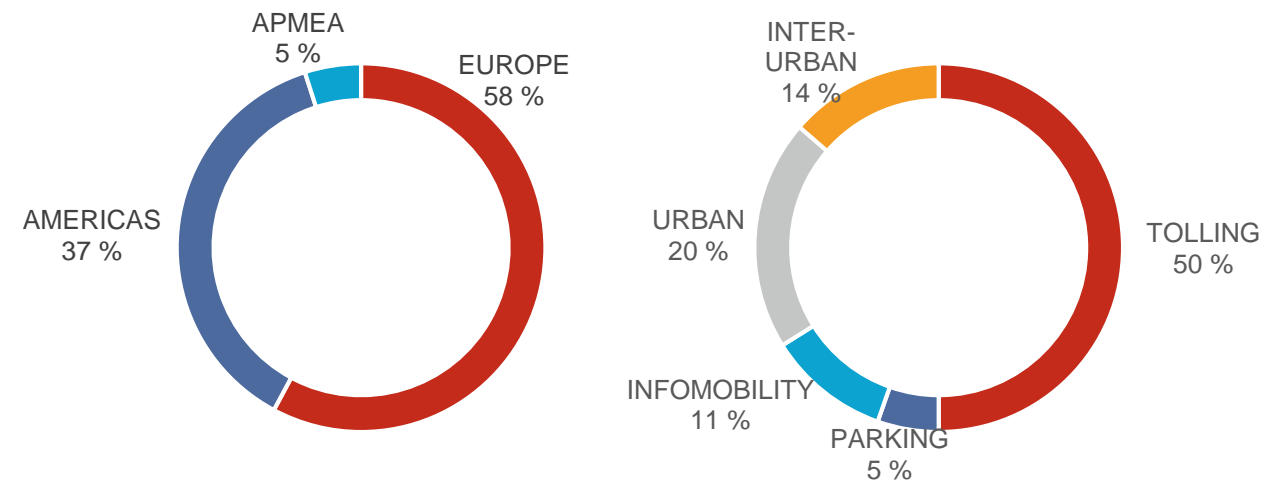


Revenues up 9% from Q1 2018

- Stable tolling revenues as Chile, Denmark and high tag volumes compensated for lower Slovenia project revenues
- Non-tolling revenues up 25% YoY (despite exit from Serbia and Malta in 2018)

## REVENUE BREAKDOWN ON REGION/SERVICE LINE

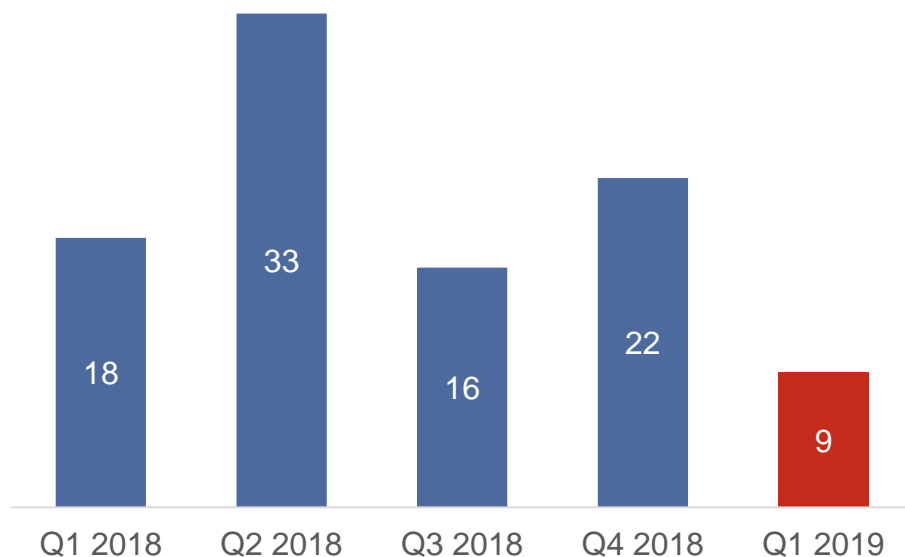
Percent



- EUROPE is still the largest region with 58% of revenues, down from 66% in Q1-18
- Non-tolling businesses accounted for 43% of revenues in the quarter, up from 38% in Q1-18

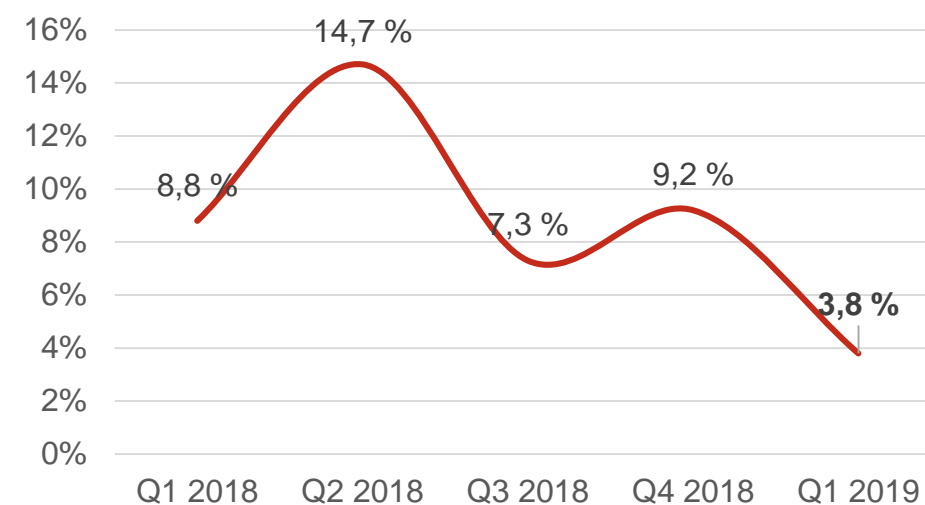
# TEMPORARY FLUCTUATION IN EBITDA

**EBITDA EXCL. NON-RECURRING ITEMS\***  
NOK million



- YoY EBITDA reduction due to gross margin decline driven by customer/product mix effects

**EBITDA MARGIN EXCL. NON-RECURRING ITEMS\***  
Percent



- EBITDA margin expected to increase in Q2-19 based on already secured revenue backlog and lower OPEX due to seasonality

\* 2018 figures adjusted for restructuring charges, 2019 figures impacted positively by IFRS 16

# GROSS MARGIN IN Q1-19 AFFECTED BY CUSTOMER/PRODUCT MIX EFFECTS

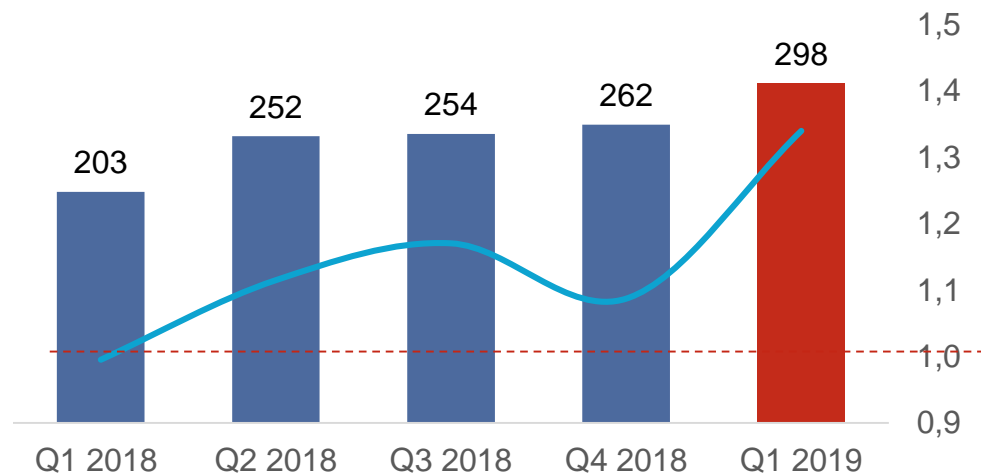
Segment	Key GM drivers	Q1-19 GM vs. Q1-18
<b>Tolling - service &amp; operations</b>	Revenues	Stable revenues and margins
<b>Tolling - product sales</b>	Customer mix	Unfavourable customer mix, GM down >5 pp.
<b>Tolling - project sales</b>	Materials (COGS), external contractor share, project delivery stage	High COGS and early stage deliveries vs last year, GM down significantly
<b>Tolling total</b>		Flat revenues, GM down 15 pp
<b>Parking</b>	External contractor share	80% growth YoY, GM down 3 pp due to higher contractor share in Q1-19
<b>Infomobility</b>	Direct sales vs distributor sales, share of SW deliveries	25% growth, GM up 1 pp due to SW share
<b>Urban</b>	Sales of HW (low margin) vs SW (high margin)	50% growth, GM up 5 pp driven by COGS savings (low share of SW in both quarters)
<b>Inter-urban</b>	Revenues	Lower revenues, GM down 6 pp



# CONTINUED STRONG ORDER INTAKE

## ORDER INTAKE & BOOK-TO-BILL PER QUARTER

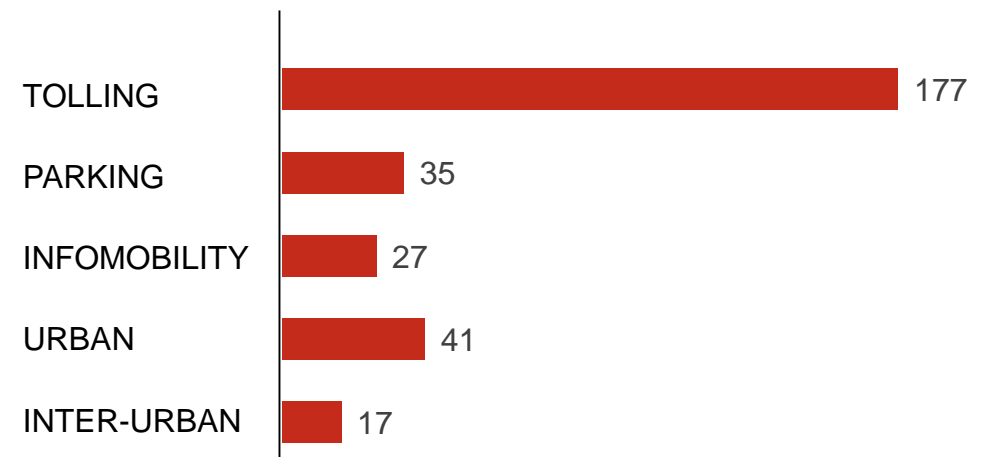
NOK million / ratio



- Solid order intake driven by several small and medium-sized contracts
- Book-to-bill ratio of 1.34 in Q1-19, which represents the 6th consecutive quarter with a ratio above 1

## ORDER INTAKE BREAKDOWN IN Q1-19

NOK million

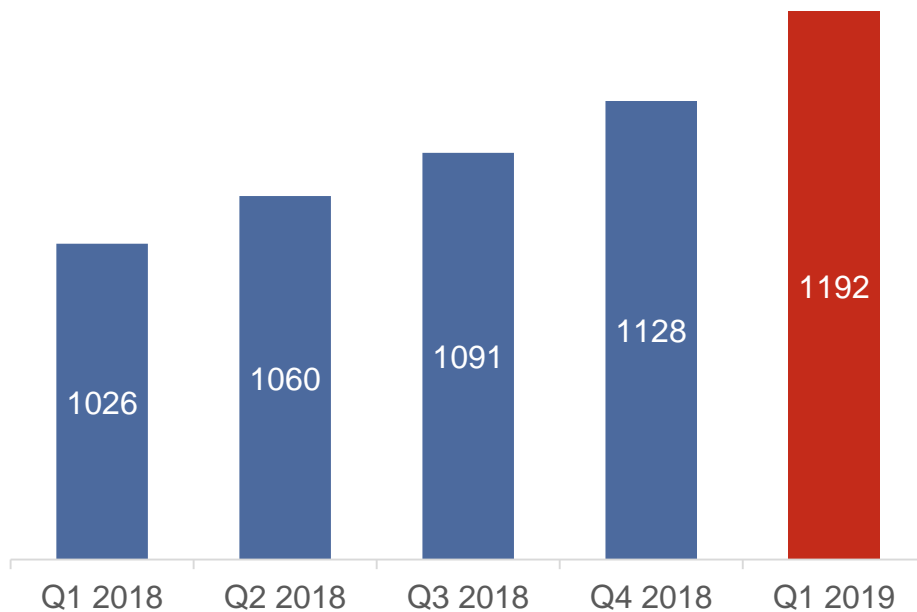


- Tolling represented 59% of total order intake in the quarter, non-tolling 41%
- All business areas except inter-urban had positive book-to-bill ratios in the the quarter

# SIGNIFICANT 2019 REVENUES ALREADY SECURED

## ORDER BACKLOG

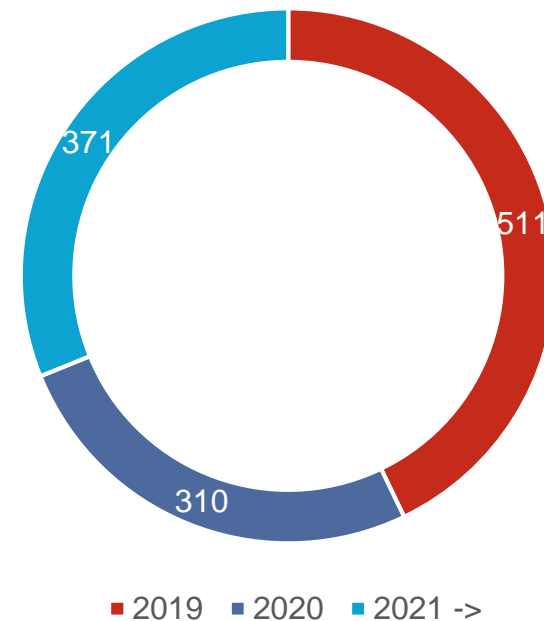
NOK million



- Frame contracts with no committed minimum volumes are NOT included in the backlog

## EXPECTED DELIVERY SCHEDULE

NOK million

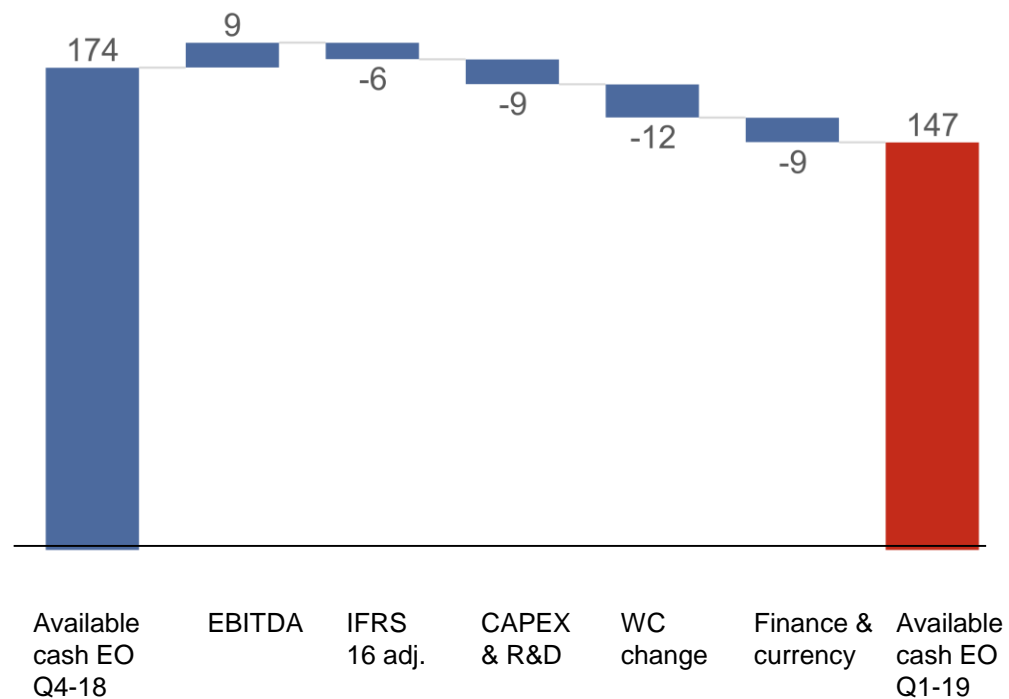


- 211 MNOK already secured for Q2-19

# CASH FLOW AND AVAILABLE CREDIT/CASH END OF Q1-19

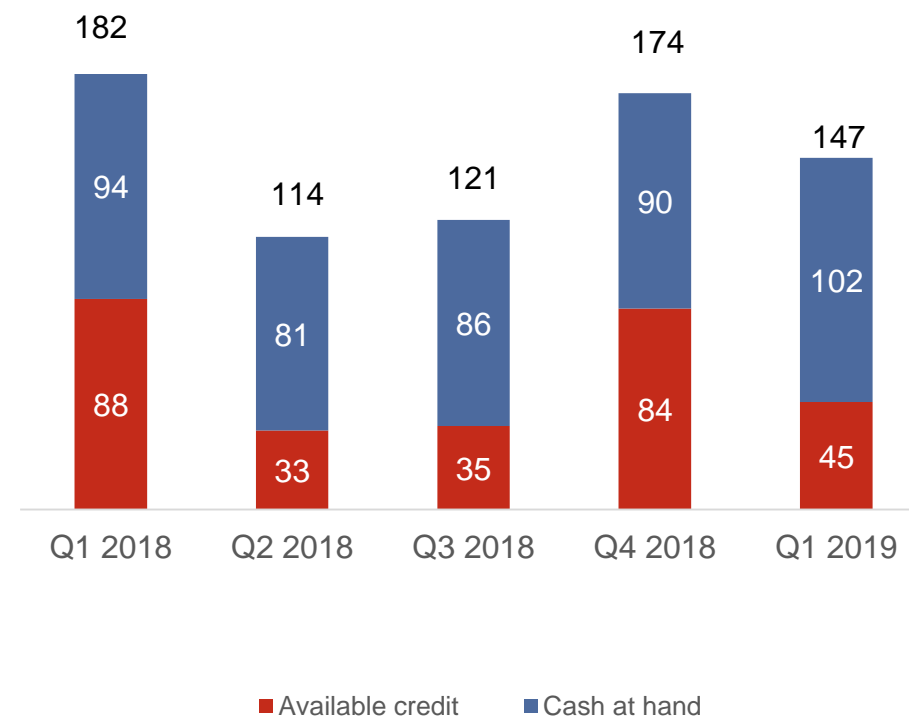
## CASH DEVELOPMENT

NOK million



## QUARTERLY AVAILABLE CREDIT AND CASH AT HAND

NOK million

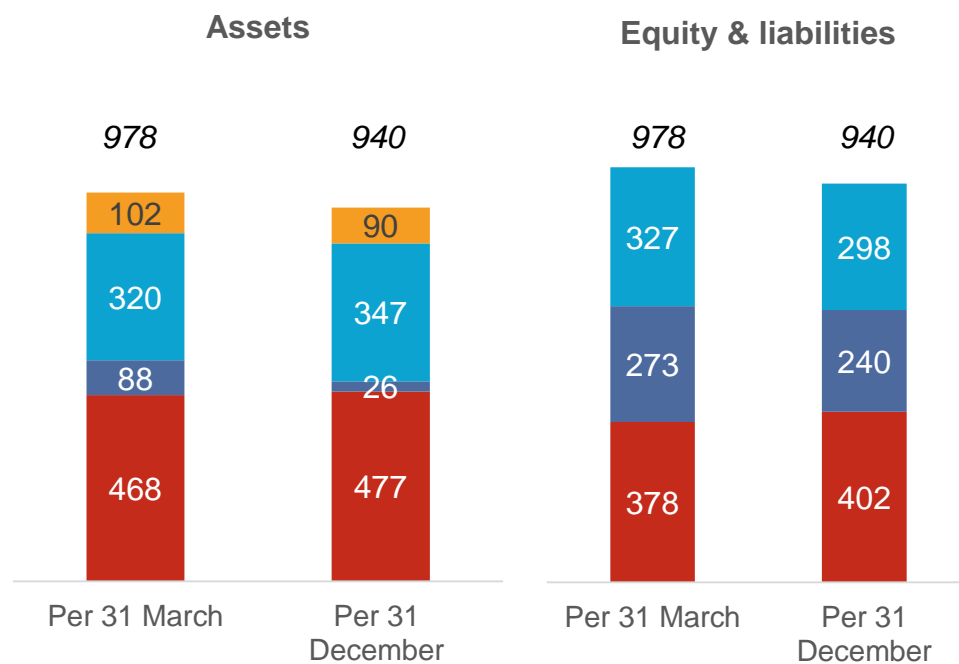




# KEY BALANCE SHEET ITEMS END OF Q1-19

## BALANCE SHEET ITEMS

NOK million

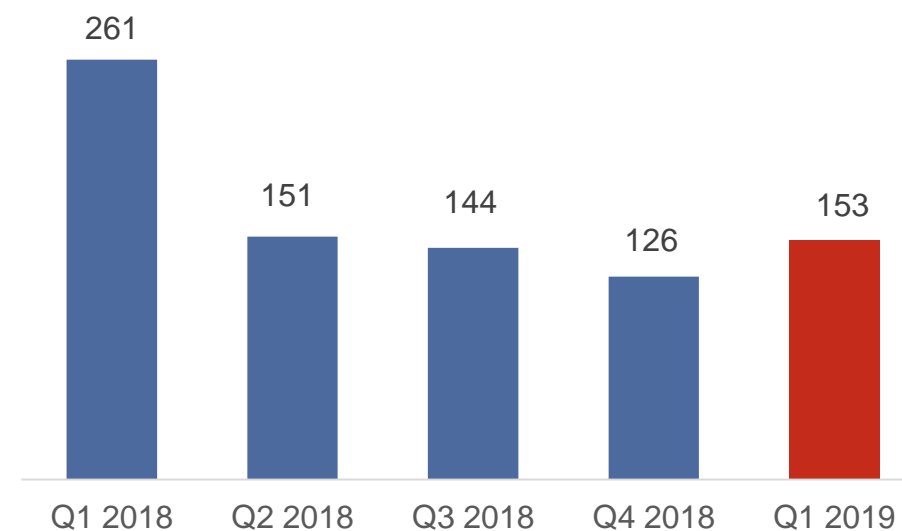


■ Cash  
■ Current assets  
■ Other non-current assets  
■ Intangible assets

■ Current liabilities  
■ Non-current liabilities  
■ Equity

## NET INTEREST BEARING DEBT

NOK million



- NIBD significantly reduced in Q2-18 after collecting cash for initial Slovenia deployment on 26 April 2018

An aerial photograph of a two-lane asphalt road that curves through a dense, lush green forest. The road has white dashed lane markings and a solid white edge line. Three cars are visible: a white car in the lower right lane, a white car in the upper left lane, and a blue car further ahead in the upper left lane. The forest is thick with various shades of green, suggesting a healthy, mature woodland.

# OUTLOOK





# OUR FINANCIAL GOALS

*INDICATIVE*



Order intake

Book to bill > 1.1



Revenues

>10% organic growth



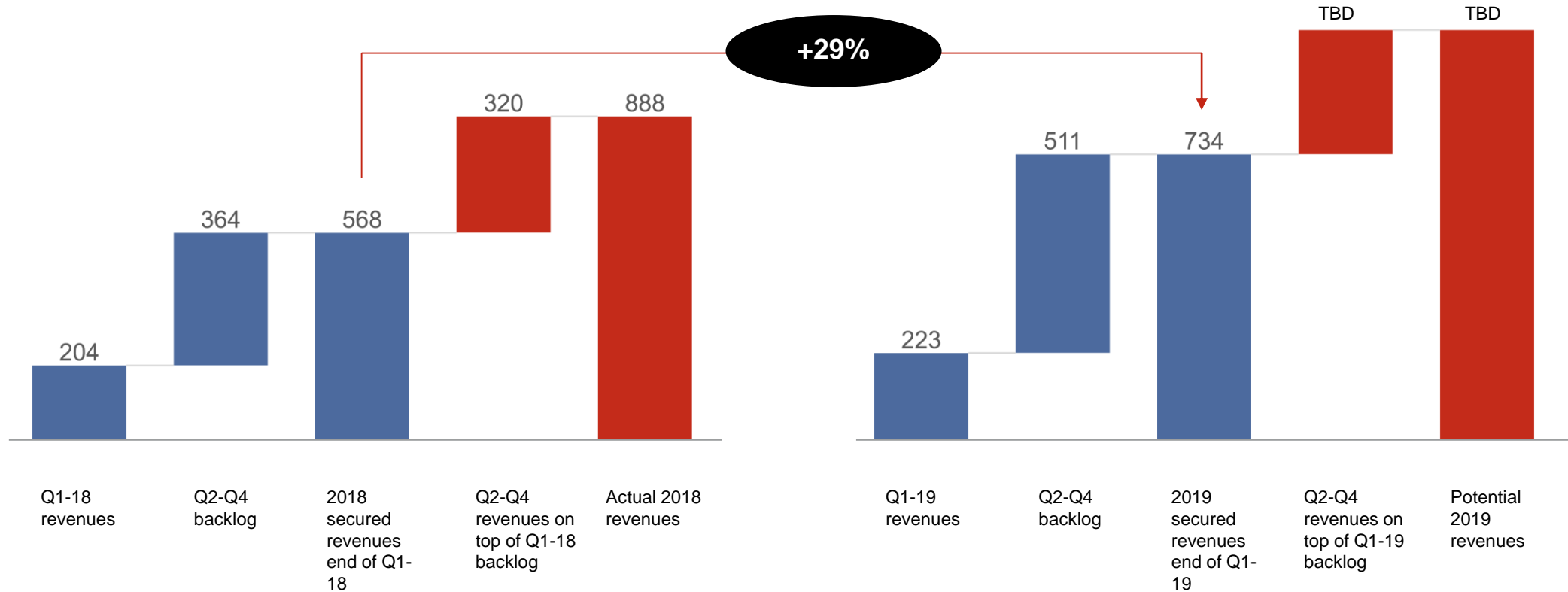
Profitability (EBITDA)

>10% (dependent on product mix)

# 2019 VS. 2018 REVENUE MOMENTUM

**SECURED 2018 REVENUES AT END OF Q1-18**  
NOK million

**SECURED 2019 REVENUES AT END OF Q1-19**  
NOK million

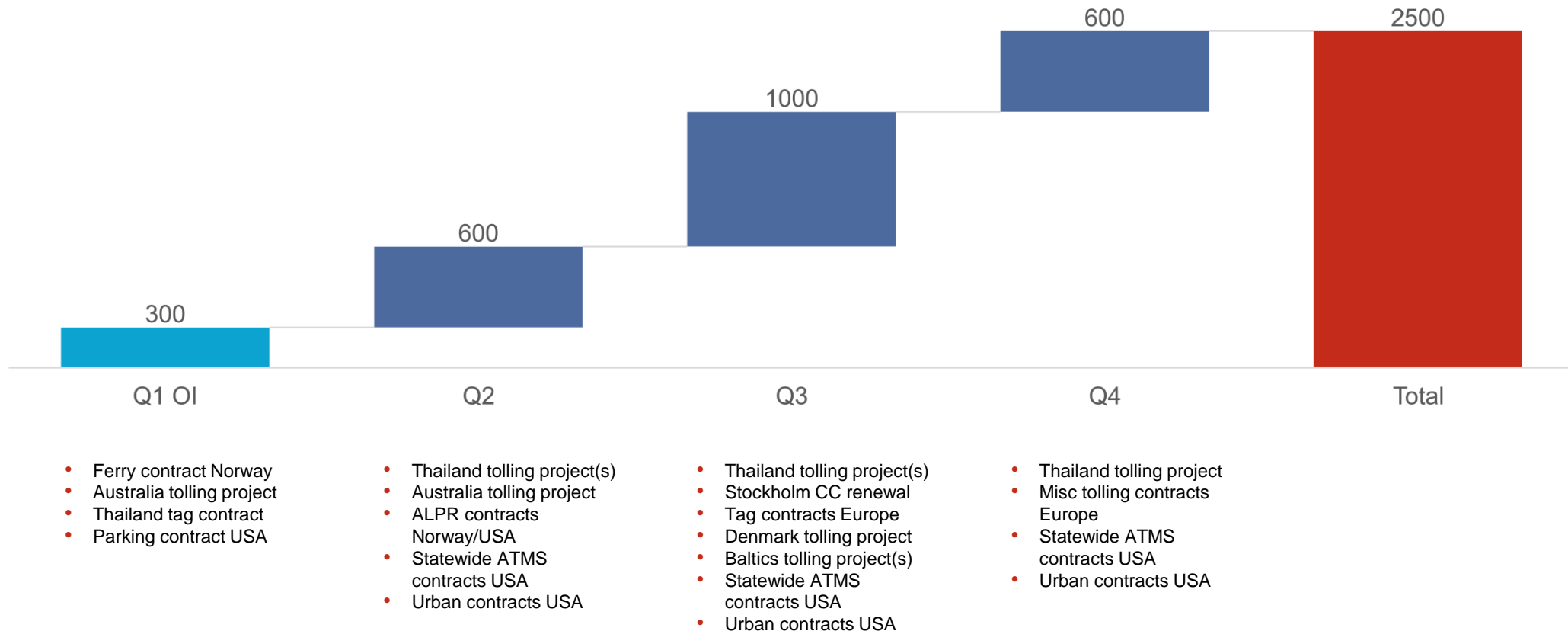




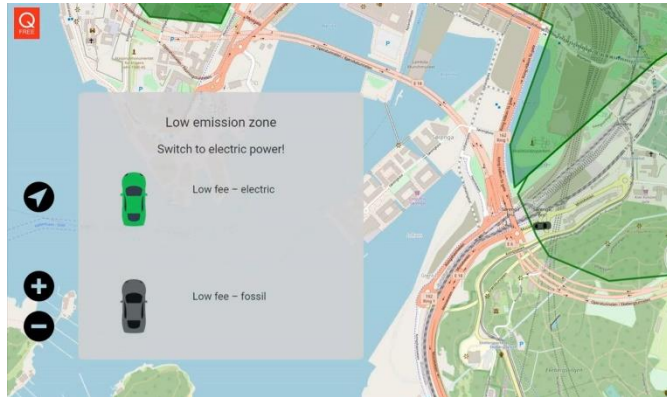
# OPPORTUNITY PIPELINE

## CONTRACT PIPELINE FOR 2019 (GROSS VALUES FOR SELECTED CONTRACTS, NOT PROBABILITY ADJUSTED)

NOK million



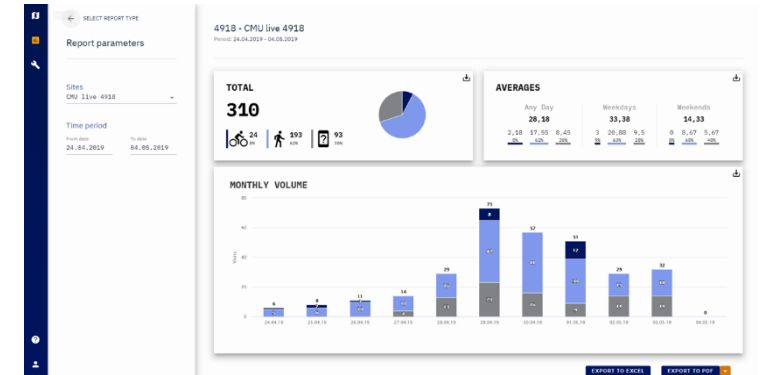
# Q-FREE IS LEADING THE WAY WITH NEW INNOVATIONS



*C-ITS and geofencing pilot in Norway*



*First commercial installation of new outdoor parking sensor in USA*



*Integration of cycle and pedestrian counting with Q-Free HUB*



*Connected vehicle test with Tesla*

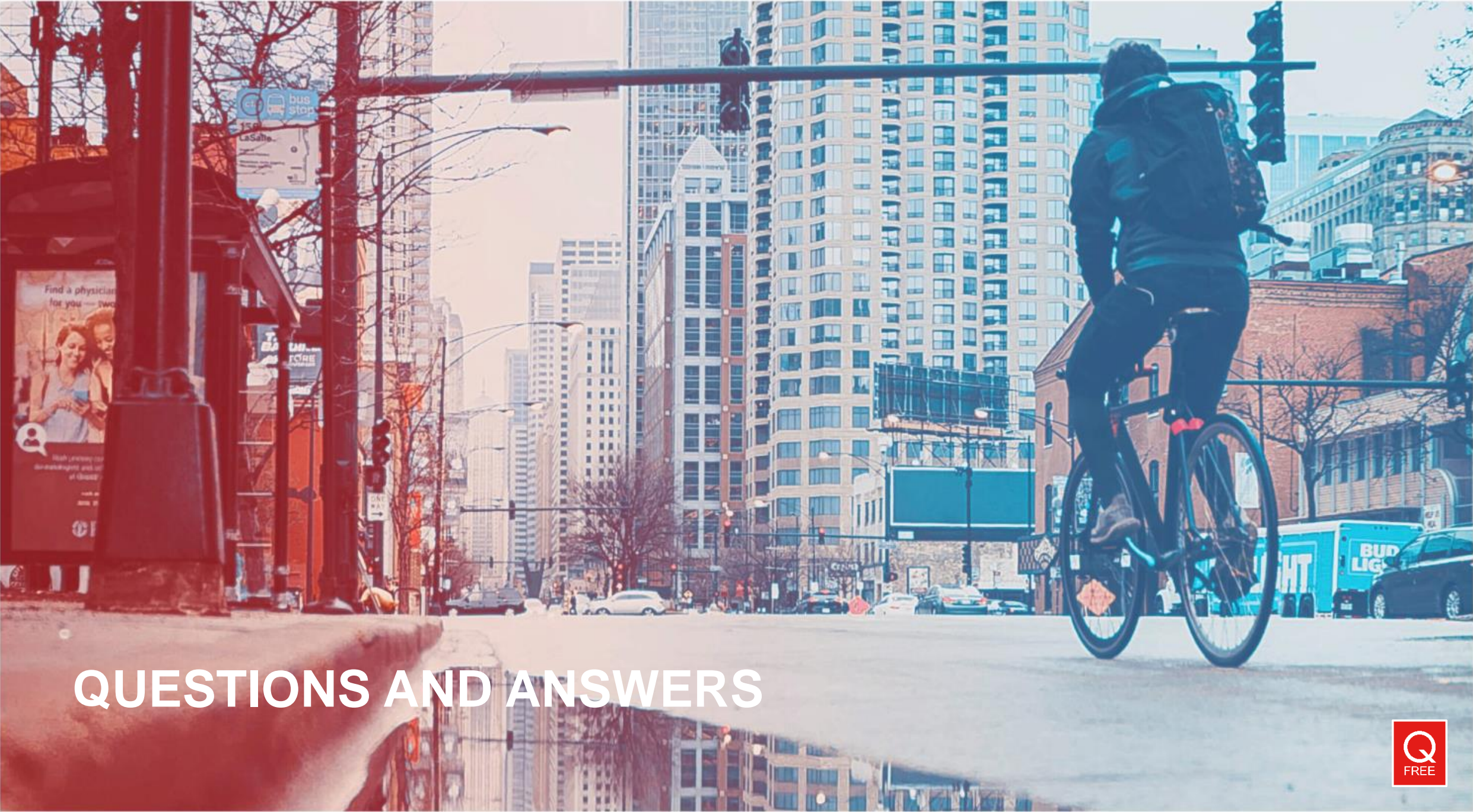


*Connected vehicle intersections in the US*



*Dual mode ETC in Thailand*





# QUESTIONS AND ANSWERS





HEADQUARTERS  
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