

An aerial photograph of a roundabout with a dark asphalt surface and a concrete curb. A black car is driving on the road. In the center of the roundabout is a bare, brown tree. The background shows some buildings and a street.

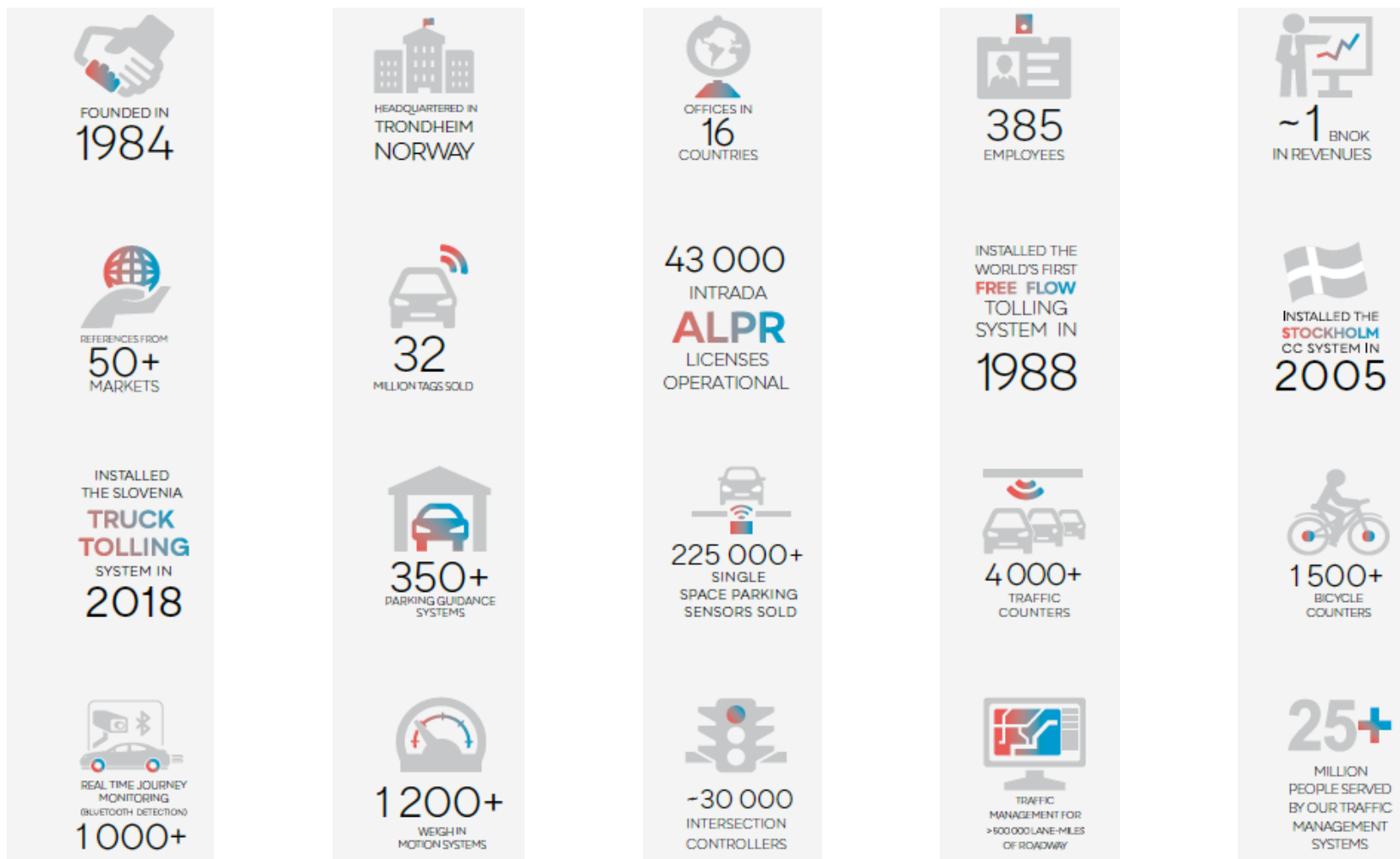
Q2

PRESENTATION OF SECOND QUARTER AND FIRST HALF 2019 RESULTS

President & CEO Håkon Volldal / CFO Tor Eirik Knutsen



Q-FREE AT A GLANCE





SUMMARY

HIGHLIGHTS

SECOND QUARTER 2019

- **251** MNOK in revenues, up 11% YoY driven by the tolling and urban business areas
- **23** MNOK in EBITDA (9% margin), a significant rebound from 9 MNOK in Q1-19 but down from 31 MNOK in Q2-18
- **209** MNOK in order intake including several high-margin ALPR/ANPR contracts
- **1 120** MNOK in order backlog, up 6% from 1 060 MNOK at the end of Q2-18
- **45** MNOK paid to increase shareholding in Intelight Inc. from 53% to 75%
- **55 MNOK** MLFF tolling contract in Australia signed in early July after closing of Q2-19

FIRST HALF 2019

- **474** MNOK in revenues, up 10% from H1-18
- **31** MNOK in EBITDA (7% margin), down from 47 MNOK in H1-18 due to mix effects and temporarily weak tolling project margins
- **507** MNOK in order intake, up 11% from 455 MNOK in H1-18 (excluding 55 MNOK tolling contract in Australia signed in early July)

SUMMARY FINANCIALS

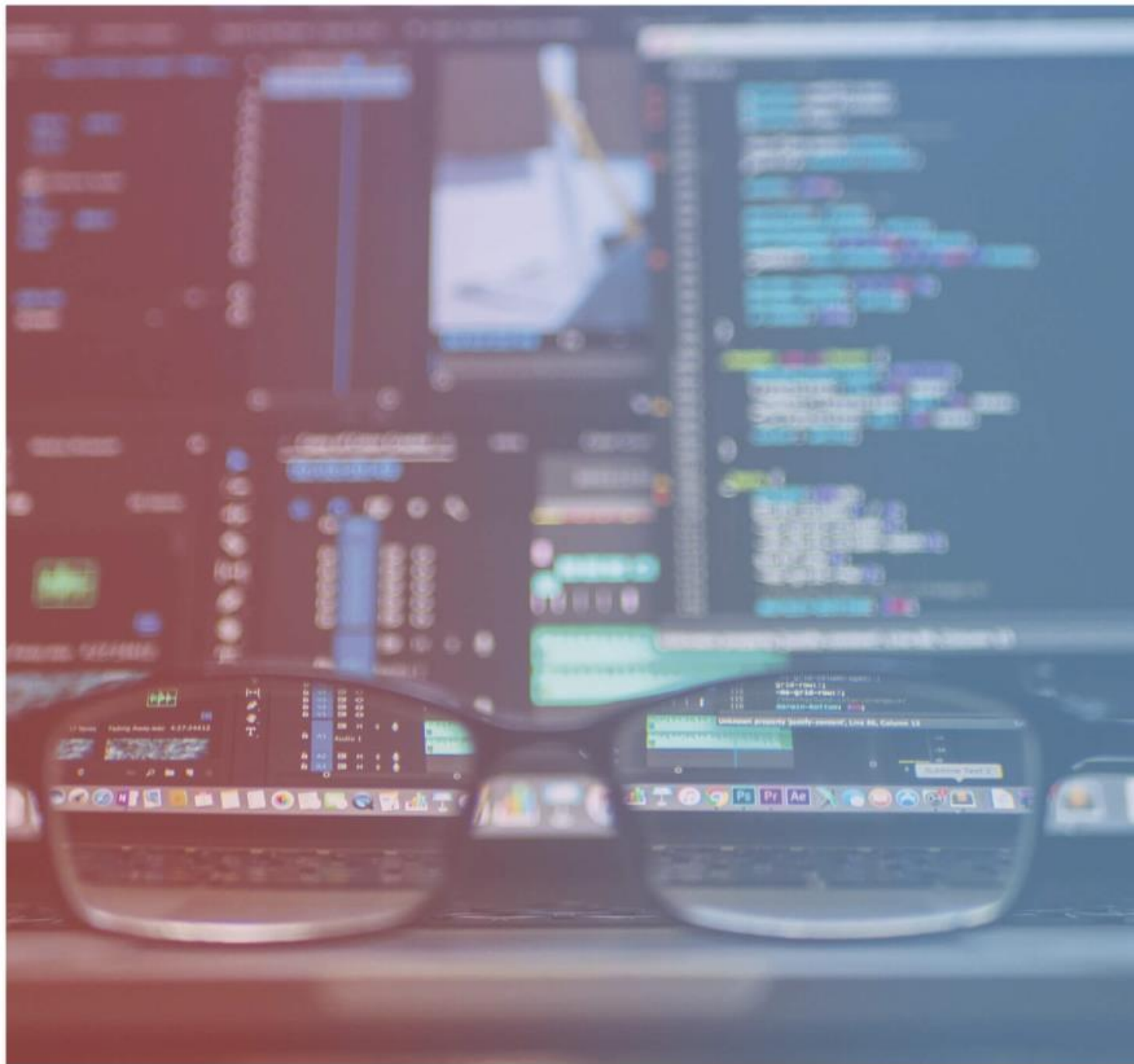
MNOK	Q2 2019	Q2 2018	YoY Change
Revenues	251	226	+11.2%
Gross contribution	137	145	-5.1%
<i>Gross margin</i>	<i>54.7%</i>	<i>64.2%</i>	<i>-9.5 pp</i>
OPEX	115	114	+0.4%
EBITDA	23	31	-25.6%
<i>Margin</i>	<i>9.1%</i>	<i>13.6%</i>	<i>-4.5 pp</i>
EBITDA before non-recurring items	23	33	
<i>Margin</i>	<i>9.1%</i>	<i>14.6%</i>	
EBIT	5	19	-73%
<i>EBIT margin</i>	<i>2.0%</i>	<i>8.2%</i>	<i>-6.2 pp</i>

H1 2019	H1 2018	YoY Change	FY 2018
474	430	+10.3%	889
264	282	-6.5%	569
<i>55.6%</i>	<i>65.6%</i>	<i>-10 pp</i>	<i>64.1%</i>
232	235	-1.2%	498
31	47	-33.1%	71
<i>6.6%</i>	<i>10.9%</i>	<i>-4.3 pp</i>	<i>8.0%</i>
31	51		89
<i>6.6%</i>	<i>10.9%</i>		<i>10.0%</i>
-6	22		24
<i>-1.2%</i>	<i>5.2%</i>	<i>-6.4 pp</i>	<i>2.7%</i>



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

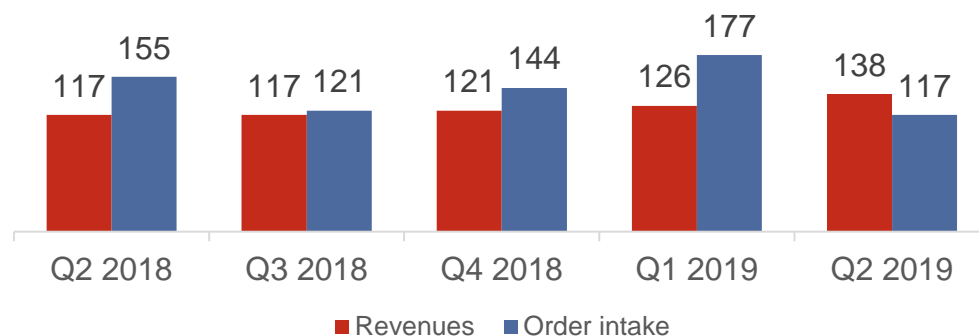
REVENUES AND EBITDA

NOK million

	Q2-19	Q2-18	H1-19	H1-18
EUROPE	104	83	200	185
APMEA	20	16	31	28
AMERICAS	13	18	34	30
REVENUES	138	117	264	244
EBITDA	22	16	39	48

REVENUE AND ORDER INTAKE DEVELOPMENT

NOK million



HIGHLIGHTS Q2-19

- Revenues up 18% YoY
 - Storebælt project in Denmark
 - High tag volumes
- EBITDA up YoY
 - High margin ALPR delivery in the US
 - Still price pressure on tags and temporarily low margins on ongoing project deliveries
- Decent order intake
 - ALPR contracts in the US and Norway (50 MNOK)
 - Extension of Gothenburg S&M contract (15 MNOK)
 - Misc. smaller product/service orders (52 MNOK)
- Ferry order backlog now at 200 MNOK!

INTRADA: INDUSTRY LEADING ALPR/ANPR SW

Undisputed leader in Automated License Plate Recognition

- Proprietary processing algorithms and patented analytics give unmatched accuracy and read rates for high automation and predictability
- > 150 States and countries supported and actively maintained
- > 50 000 Licenses in operation
- > 1 Billion tolling transaction images processed per year
- Supports any OS/platform architecture deployment without special dependencies, can operate on premise or in the cloud
- Risk-free OEM partner program supports customer growth



Q-Free can offer a range of Intrada products/services

- **Intrada ALPR:** unparalleled ALPR engine with high accuracy OCR and lowest error rates available for custom integration
- **Intrada Synergy Server (ISS):** integrated high performance (private) cloud ALPR solution incl. multiple OCR engines, fingerprinting, tuned business rules and grouping
- **Intrada Synergy as a Service (ISaaS):** managed cloud solution for flexible scaling and centralized operations
- **Intrada Insight:** ISS including optimized workflows for handling manual reviewing to achieve low operational costs



PARKING

REVENUES AND EBITDA

NOK million

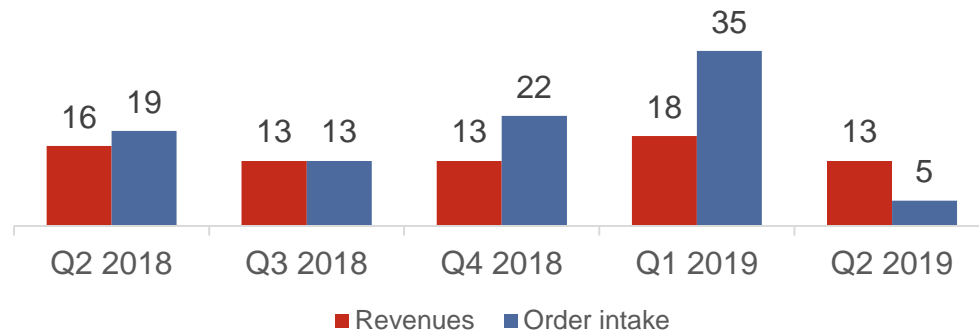
	Q2-19	Q2-18	H1-19	H2-18
EUROPE	5	8	11	13
APMEA	1	2	2	2
AMERICAS	7	6	18	11
REVENUES	13	16	30	26
EBITDA	-4	-3	-5	-9

HIGHLIGHTS Q2-19

- Slow quarter both in terms of revenues and order intake, but YTD figures still ahead of last year
- EBITDA not satisfactory, will improve when revenues increase

REVENUE AND ORDER INTAKE DEVELOPMENT

NOK million



INFOMOBILITY

REVENUES AND EBITDA

NOK million

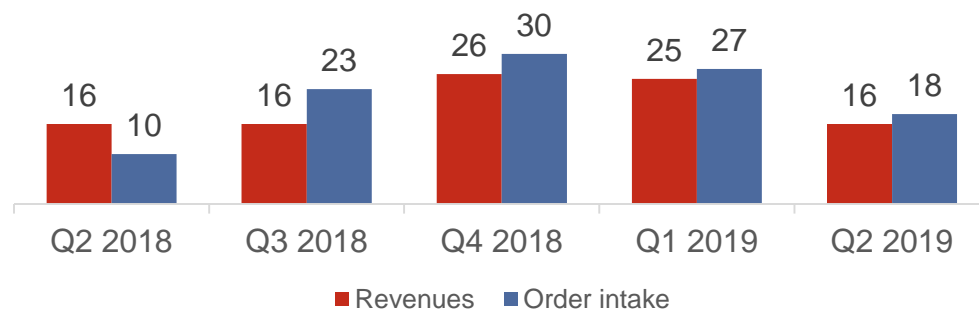
	Q2-19	Q2-18	H1-19	H2-18
EUROPE	12	12	39	31
APMEA	1	1	1	1
AMERICAS	3	3	4	3
REVENUES	16	16	41	36
EBITDA	-1	2	4	7

HIGHLIGHTS Q2-19

- Revenues flat YOY and unchanged geographic distribution
- EBITDA negatively impacted by some R&D expenses related to a new SaaS-offering and limited ALPR license revenues in the segment

REVENUE AND ORDER INTAKE DEVELOPMENT

NOK million



Q-FREE HUB: A NEW WAY OF REMOTELY MANAGING SENSORS AND OTHER DEVICES



- Q-Free HUB is a SW platform for remote management of sensors and connected devices
- Q-Free HUB offers data processing, data storage, data security, and extensive analytics and machine learning/AI capabilities
- Q-Free HUB offers API's and application portals for various smart city applications and works with Q-Free AND 3rd party devices such as indoor/outdoor parking sensors, traffic counters, cameras etc.
- Built on bleeding edge technology stack and made for the cloud

URBAN

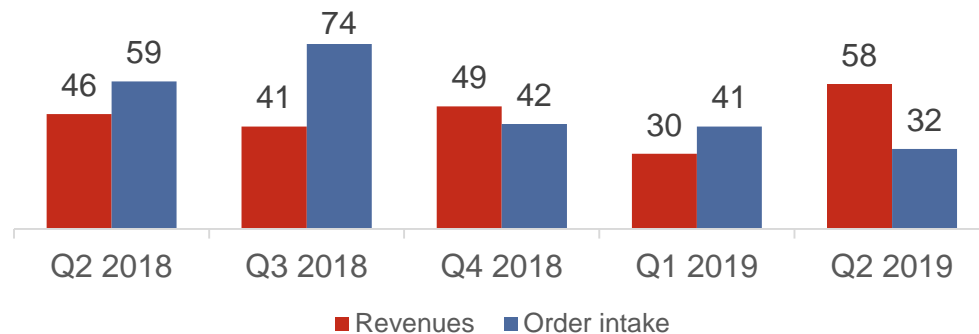
REVENUES AND EBITDA

NOK million

	Q2-19	Q2-18	H1-19	H2-18
EUROPE	0	0	0	0
APMEA	0	0	0	0
AMERICAS	58	46	88	66
REVENUES	58	46	88	66
EBITDA	13	18	10	12

REVENUE AND ORDER INTAKE DEVELOPMENT

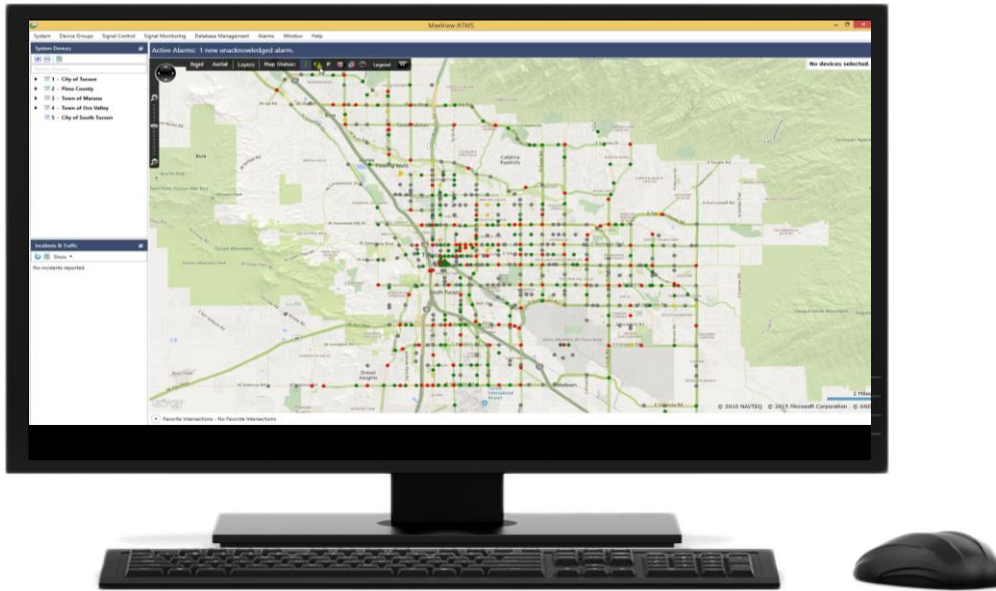
NOK million



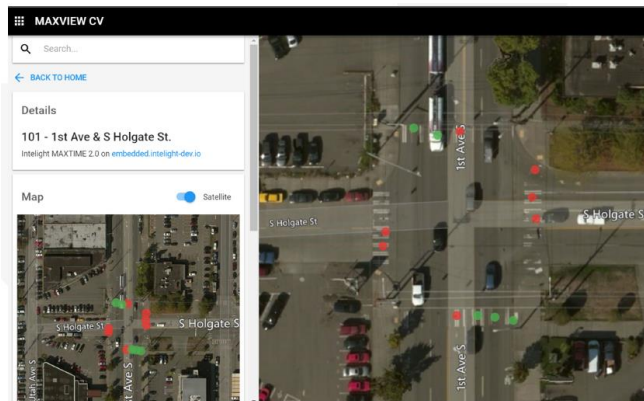
HIGHLIGHTS Q2-19

- Stable revenues when adjusting for 10 MNOK in pass-through revenues i Q2-19
- Significant EBITDA rebound after a weak Q1-19
 - Higher SW revenues in Q2-19 versus Q1-19
 - YoY decline explained by 2 MUSD GODT contract delivered in Q2-18
- Order intake is expected to increase in 2H-19 and pipeline of SW contracts is good

MAXVIEW: STATE OF THE ART TRAFFIC SIGNAL SW



- Traffic Signal System based on modern technology and “Open Standards”
 - Provides complete monitoring and management of signalized intersections and other ITS devices
 - Supports 1-10 000 devices with real-time status updates including device from competitors
 - Centrally manages, schedules, and downloads/installs field device software
- Seamless migration to SaaS for mobility solutions
 - Horizontally scaled technology stack
 - Can operate on premise, in cloud, or balanced between both
 - Remote management and analytics
 - Allows for distributive processing and edge computing
- Modular and Open APIs
 - Pub/Sub, JSON based API provides near real-time SPaT (Signal, Phasing, and Timing) CV data and other status information
 - Interoperability between multiple signal manufacturers' signal controllers
 - JSON Center to Center API broadcast status and consumes command/control of devices



INTER-URBAN

REVENUES AND EBITDA

NOK million

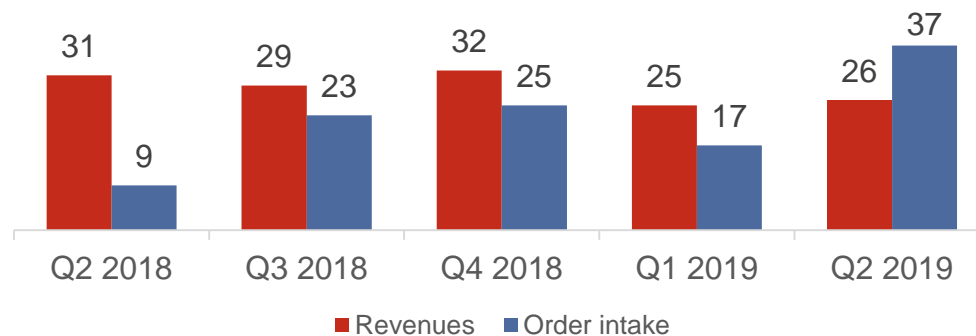
	Q2-19	Q2-18	H1-19	H2-18
EUROPE	6	6	10	13
APMEA	0	0	0	0
AMERICAS	20	25	41	45
REVENUES	26	31	51	58
EBITDA	2	4	3	9

HIGHLIGHTS Q2-19

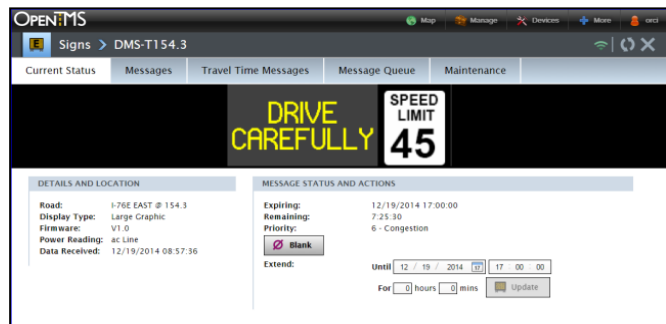
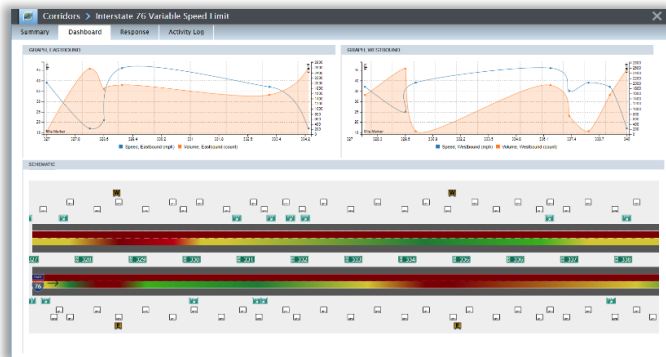
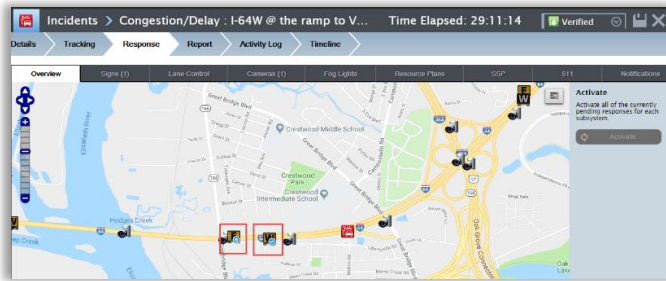
- Revenues down YoY due to phasing of the VDOT project deliveries
- EBITDA down due to lower recognized revenues
- Good order intake driven by a couple of key wins:
 - IowaDOT statewide contract (NEW!)
 - WVDOT maintenance (renewal)

REVENUE AND ORDER INTAKE DEVELOPMENT

NOK million



OpenTMS: COMPLETE INTEGRATED MOBILITY MANAGEMENT SOLUTION



Off-the-shelf web-based regional traffic management platform

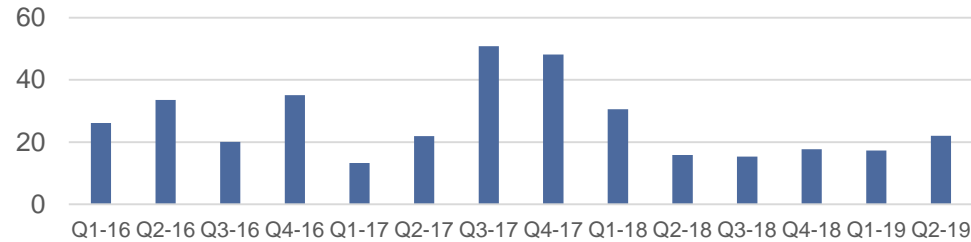
- Easily customizable and configurable
- Scalable and extensible platform (30,000 devices, 1000+ users)
- Highly available (99.99% uptime)
- Manages multiple regions from a single software instance
- Integration with over 50 device and system manufacturers
- API to support mobile apps and systems integration
- Supports all major ITS standards (IEEE 1512, NTCIP, SAE J2735, TMDD)

Key components

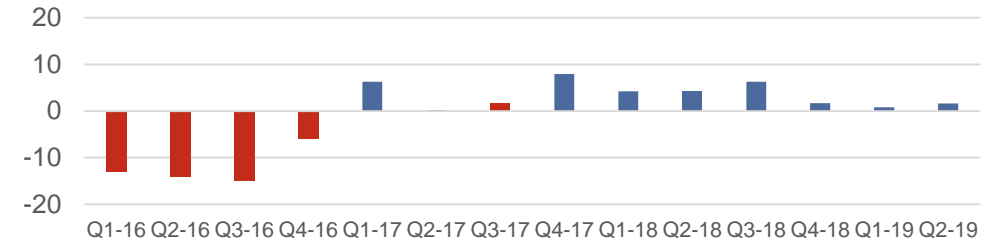
- ITS Device Monitoring and Control
- Event/Closure Planning
- Event Detection, Management & Response
- Active Traffic Management
- Integrated Corridor Management
- Traffic Signal Integration
- Decision Support (Rules, Algorithms)

SEGMENT PROFITABILITY OVER TIME

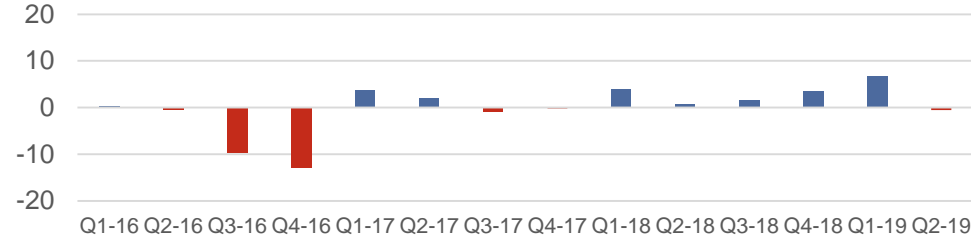
Tolling EBITDA



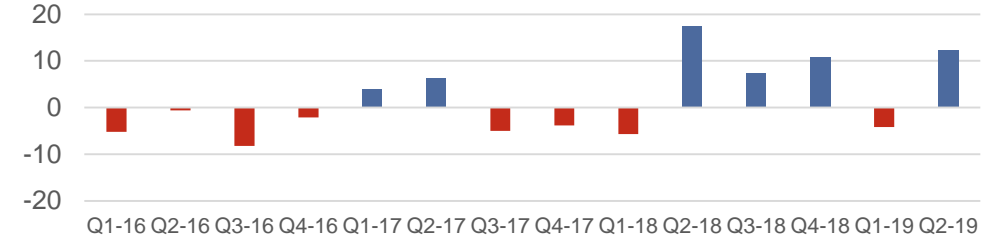
Inter-Urban EBITDA



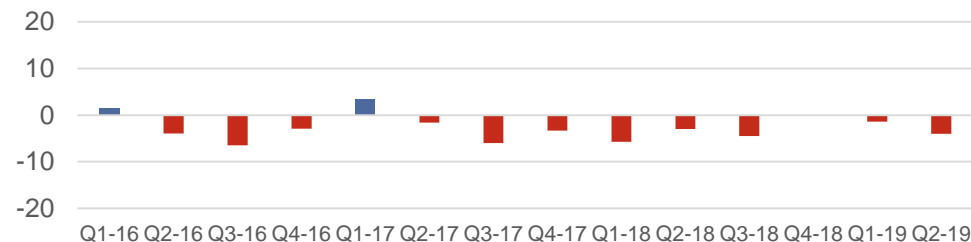
Infomobility EBITDA



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 tower 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.

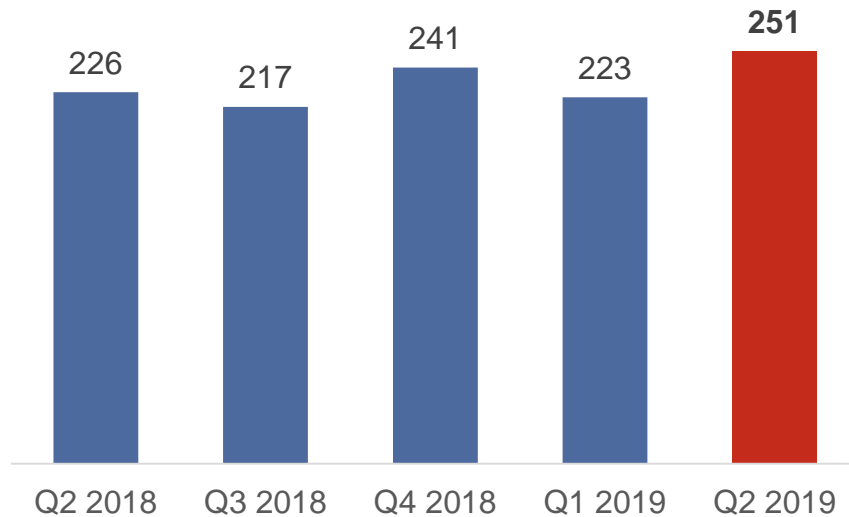
FINANCIAL UPDATE



REVENUE DEVELOPMENT

QUARTERLY REVENUES

NOK million

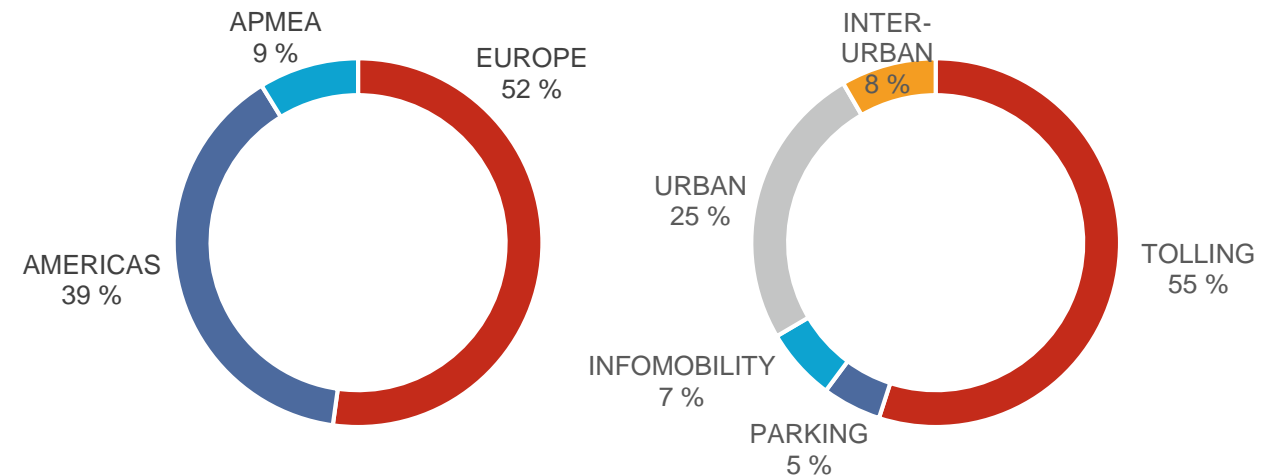


Revenues up 11% from Q2 2018

- Tolling revenues up 18% YoY
- Non-tolling revenues up 4% YoY

Q2-19 REVENUES PER REGION/BUSINESS AREA

Percent

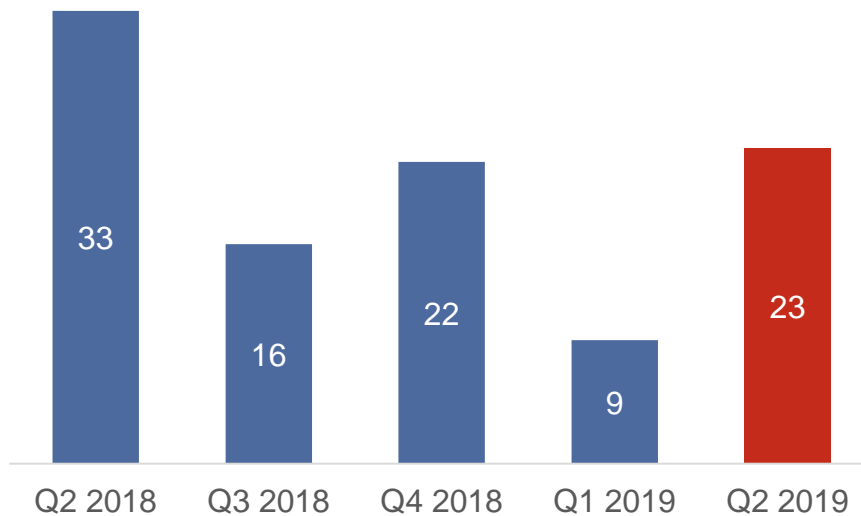


- EUROPE is still the largest region with 52% of revenues, up from 48% in Q2-18. Nominally, revenues increased in all regions YoY
- Non-tolling businesses accounted for 45% of revenues in the quarter, down from 48% in Q2-18

EBITDA PERFORMANCE

EBITDA EXCL. NON-RECURRING ITEMS

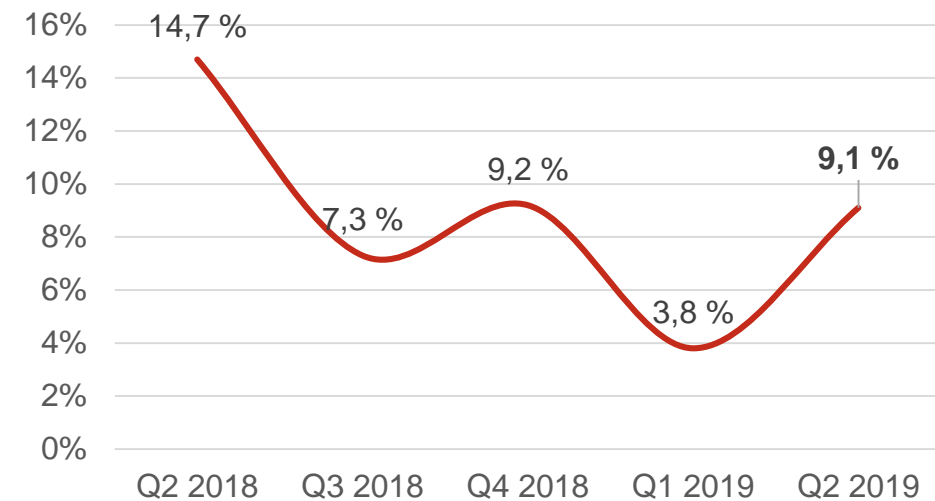
NOK million



- YoY EBITDA reduction due to lower gross margin on tags and projects in tolling
- Q2-18 positively impacted by a 2 MUSD SW delivery in the urban business area

EBITDA MARGIN EXCL. NON-RECURRING ITEMS

Percent

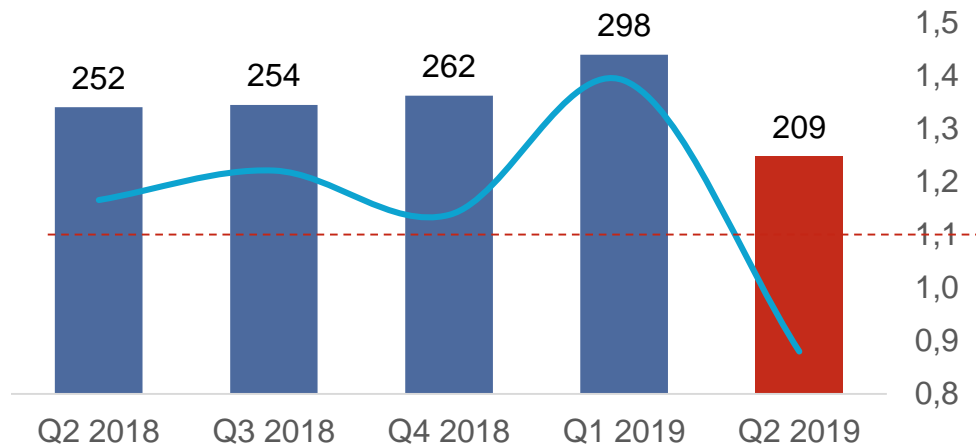


- Significant EBITDA margin rebound from the weak Q1-19 based on higher share of SW sales in urban and low quarterly OPEX

ORDER INTAKE

ORDER INTAKE & BOOK-TO-BILL PER QUARTER

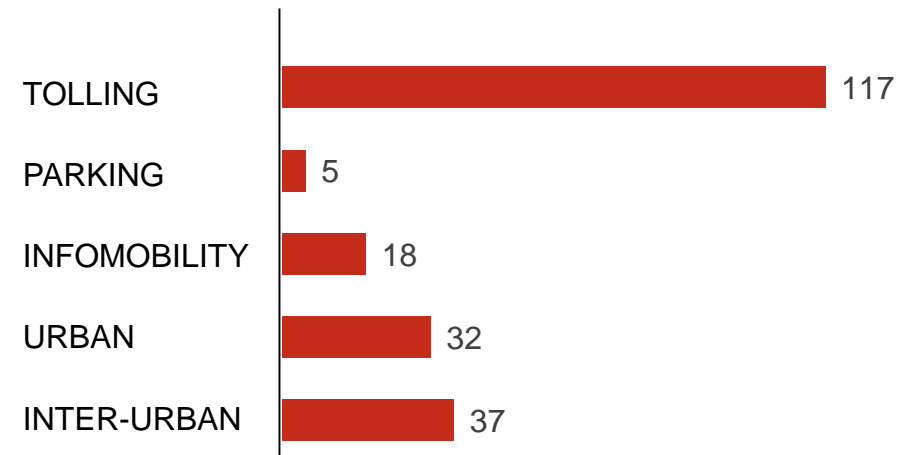
NOK million / ratio



- Order intake in the quarter driven by small and medium-sized contracts, primarily in tolling, urban and inter-urban
- Book-to-bill ratio of 0.83. The 55 MNOK tolling contract in Australia slipped into Q3, including this BtB would have been 1.05

ORDER INTAKE BREAKDOWN IN Q2-19

NOK million

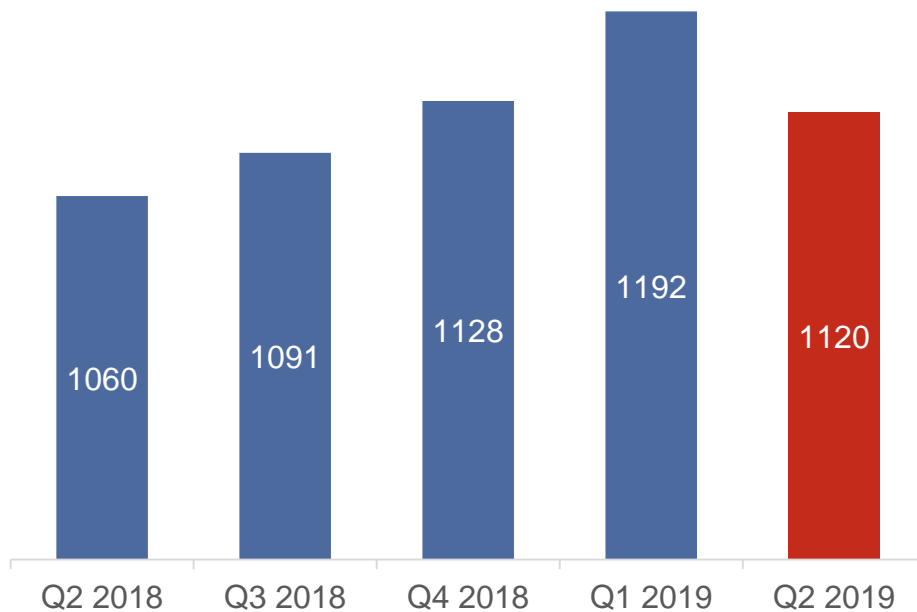


- Tolling represented 56% of total order intake in the quarter, non-tolling 44%

ORDER BACKLOG

ORDER BACKLOG

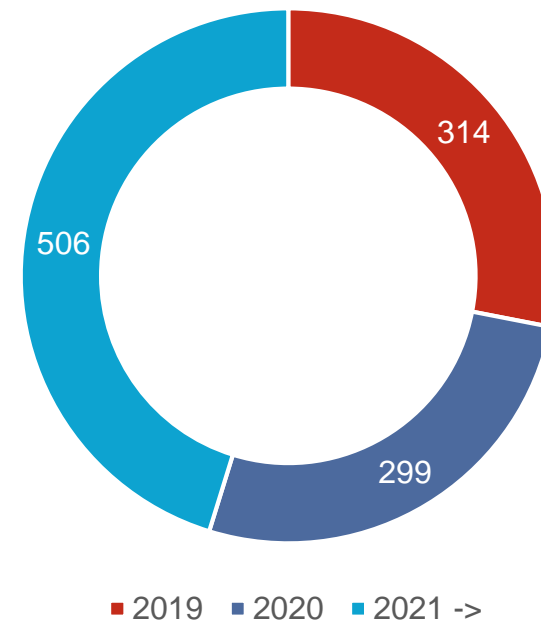
NOK million



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

EXPECTED DELIVERY SCHEDULE

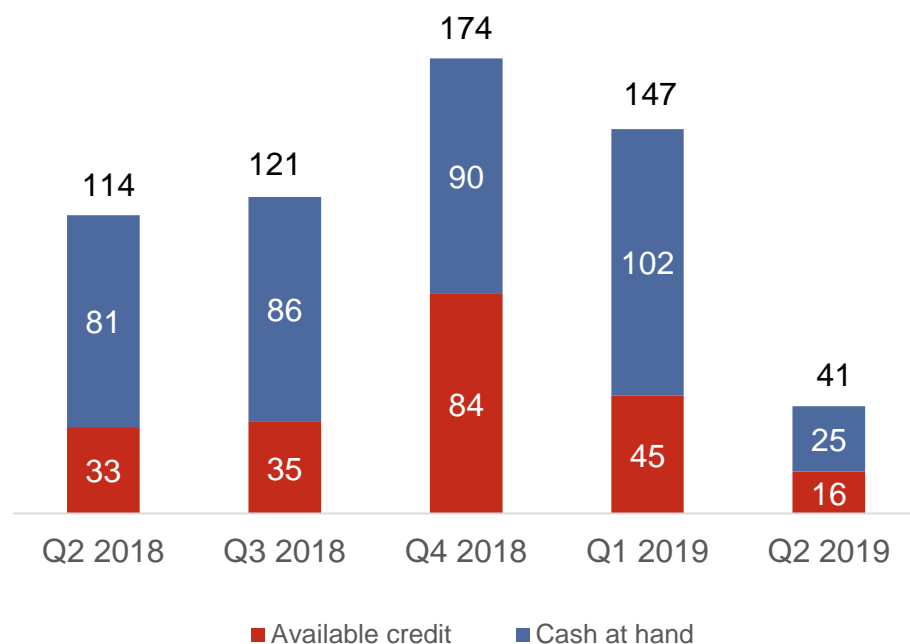
NOK million



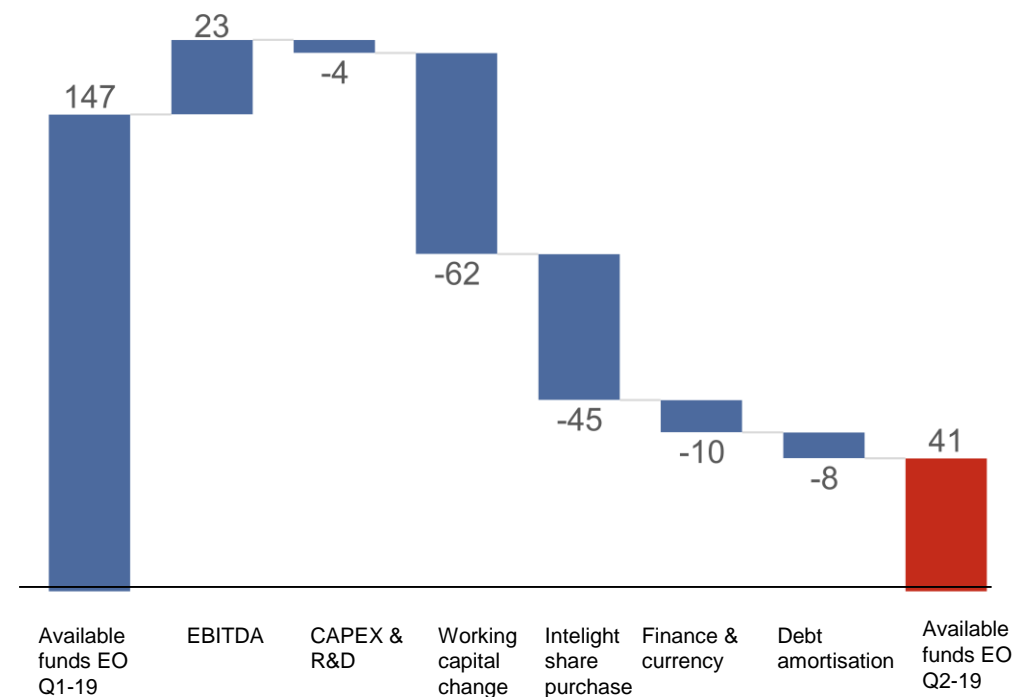
- 788 MNOK already secured for FY2019
- Large parking order received in previous quarter will now be deployed in 2019 and 2020, not only in 2019

CASH FLOW AND AVAILABLE CREDIT/CASH

AVAILABLE CREDIT AND CASH AT HAND
NOK million



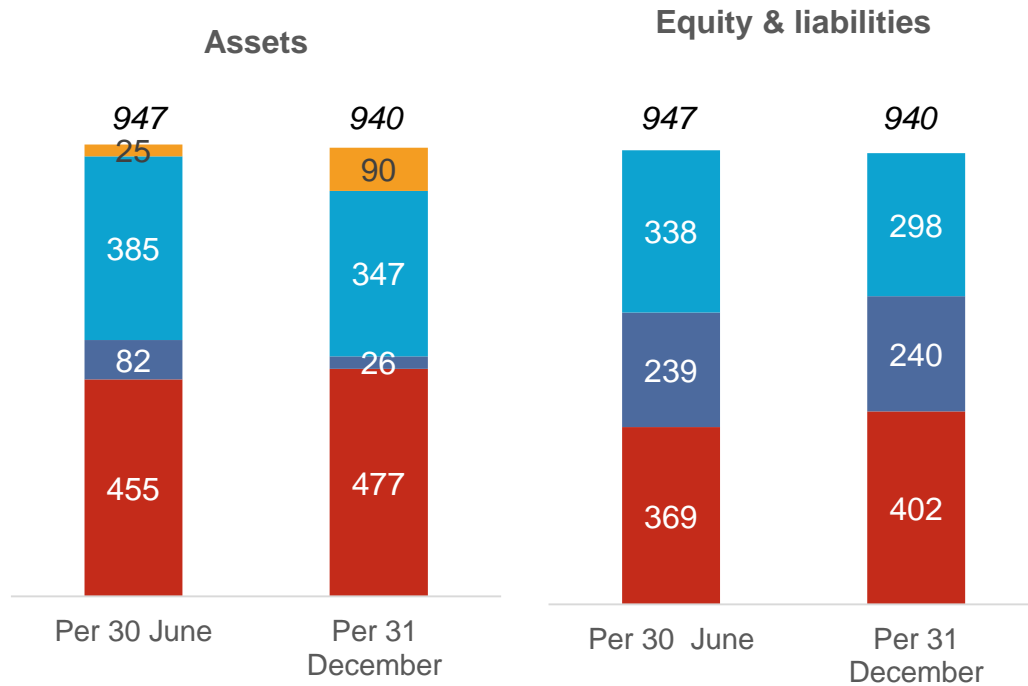
RECONCILIATION OF Q2 AND Q1-19 AVAILABLE FUNDS



BALANCE SHEET ITEMS

BALANCE SHEET ITEMS

NOK million

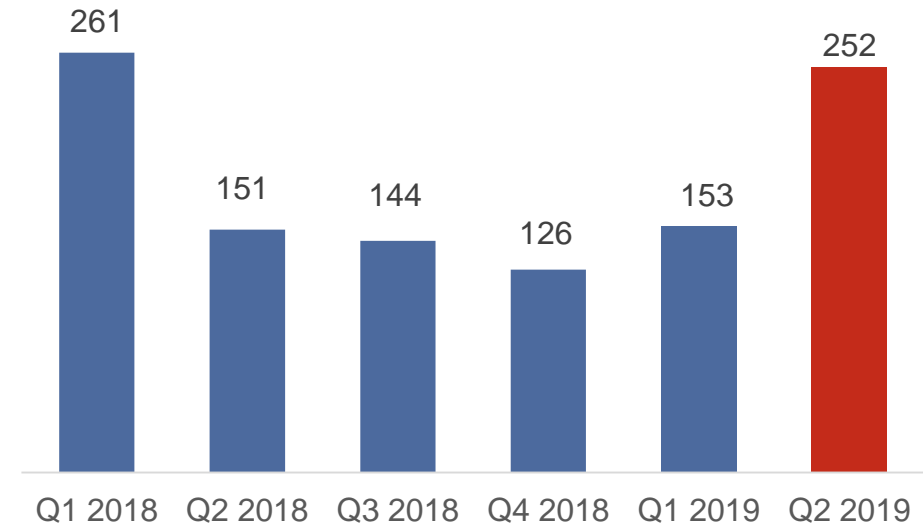


■ Cash
■ Current assets
■ Other non-current assets
■ Intangible assets

■ Current liabilities
■ Non-current liabilities
■ Equity

NET INTEREST BEARING DEBT

NOK million



- NIBD significantly increased in Q2-19 due to purchase of Intelight shares for 45 MNOK and working capital effects (current assets)
- NIBD/EBITDA covenant waiver obtained from Nordea for Q2-19
- Proactive, constructive dialogue with bank to solve the challenging financial situation into 2H-19

An aerial photograph of a winding asphalt road cutting through a dense, lush green forest. The road curves from the top left towards the bottom right. Three cars are visible on the road: a white car in the upper left, a blue car further along, and a white car in the lower right. 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



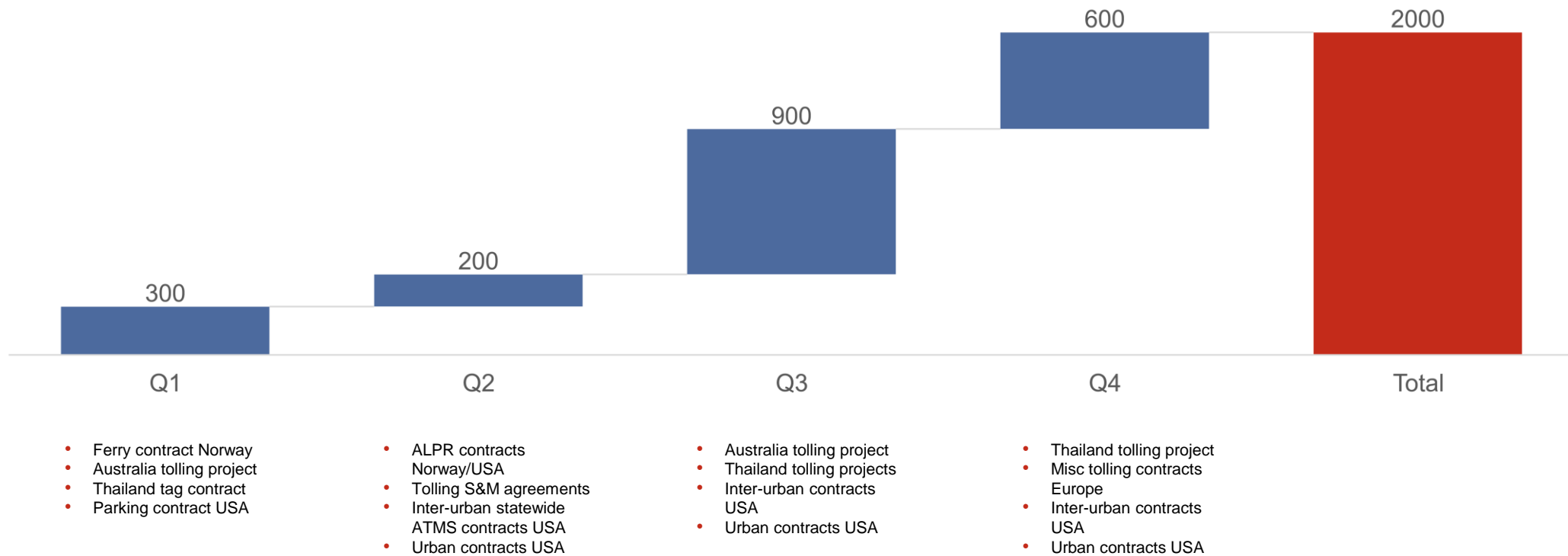
Profitability (EBITDA)

>10% (dependent on product mix)

CURRENT OPPORTUNITY PIPELINE SUPPORTS ORDER INTAKE AMBITION

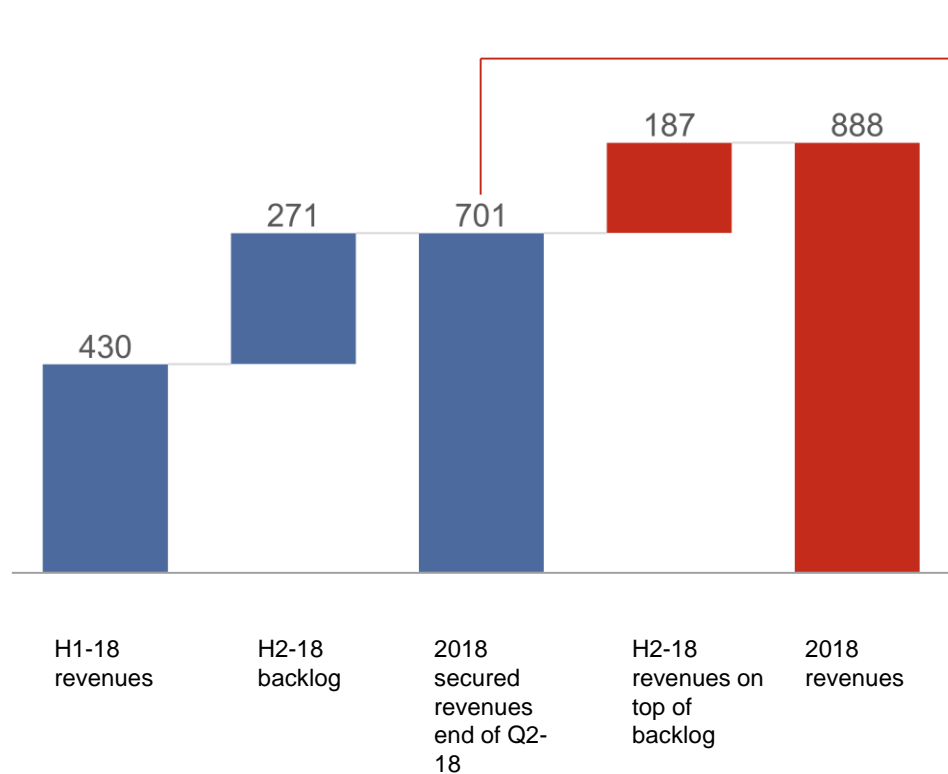
CONTRACT PIPELINE FOR 2019 (GROSS VALUES, NOT PROBABILITY ADJUSTED)

NOK million

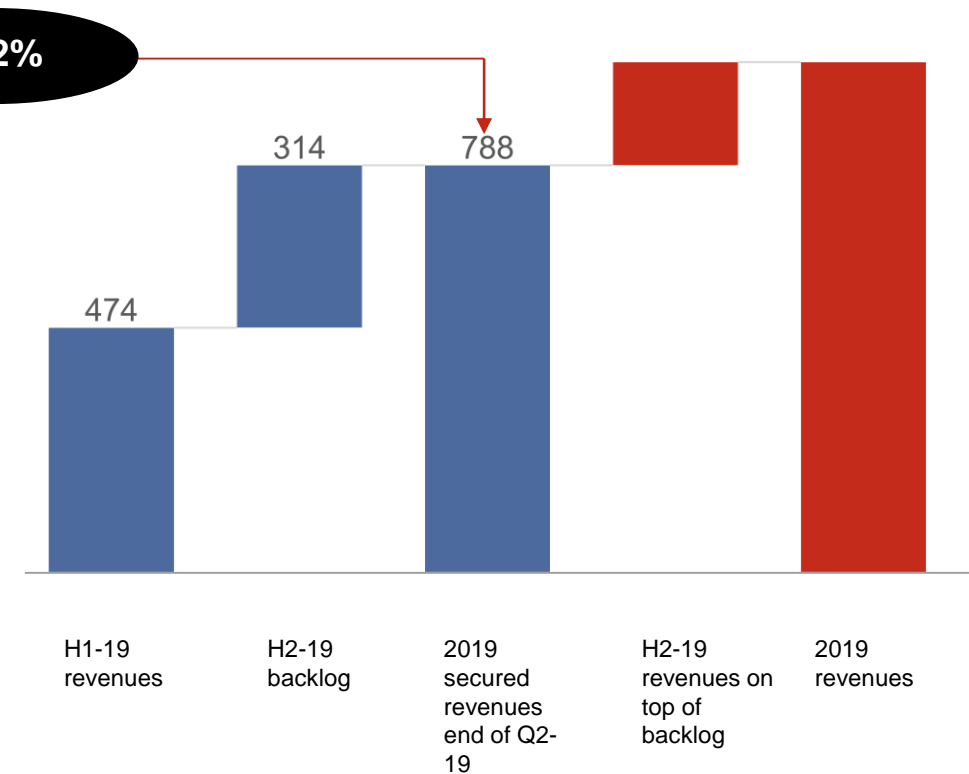


STRONG REVENUE MOMENTUM COMPARED TO 2018 BUILDS COMFORT AROUND 10% GROWTH AMBITION

SECURED 2018 REVENUES AT END OF Q2-18
NOK million

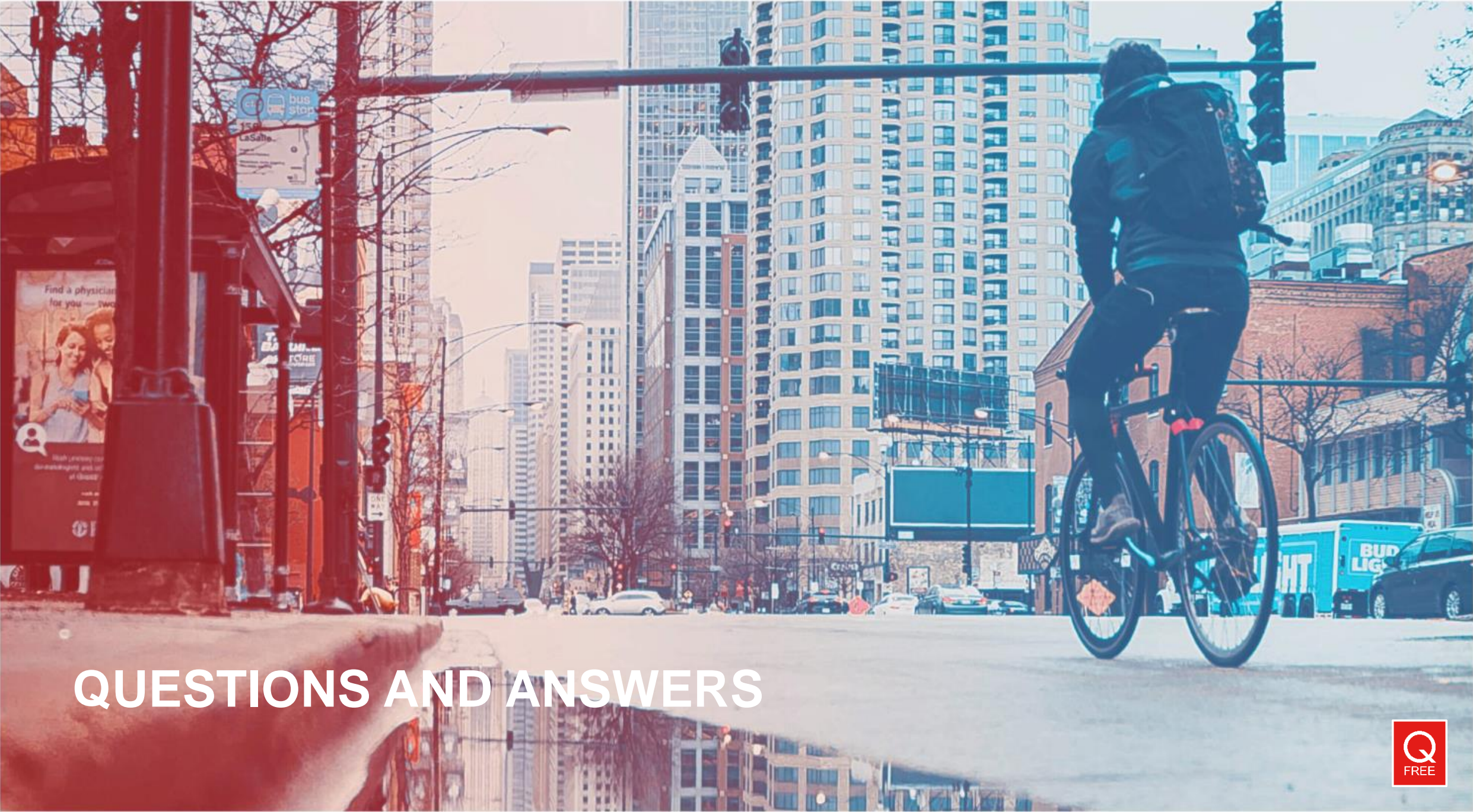


SECURED 2019 REVENUES AT END OF Q2-19
NOK million



MARGIN IMPROVEMENTS EXPECTED IN COMING QUATERS

GM1	YTD 2019 vs.YTD 2018	FY 2020 vs. YTD 2019
Tolling S&M	Stable	Stable
Tolling products	Significantly down	Slightly down
Tolling systems	Significantly down	Significantly up
Parking	Significantly down	Moderately up
Infomobility	Slightly up	Stable
Urban	Slightly down	Moderately up
Inter-Urban	Slightly down	Stable
TOTAL	-10 pp	+5 pp



QUESTIONS AND ANSWERS



HEADQUARTERS
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