

# Sensys Gatso Group AB (publ)

## Interim Report for January-June 2015



### April-June 2015

- Net sales increased to SEK 64.5 m (44.2)
- Orders booked increased to SEK 23.0 m (15.0).
- The operating profit totalled SEK 17.5 m (6.7).
- Operating margin increased to 27.1 per cent (15.1).
- The profit after taxation totalled SEK 13.5 m (5.2).
- Earnings per share, before and after dilution, totalled SEK 0.02 (0.01)
- Cash flow from operating activities amounted to SEK 18.8 m (1.1).

### January-June 2015

- Net sales increased to SEK 118.8 (58.8).
- Orders booked increased to SEK 66.2 m (28.5).
- The operating profit totalled SEK 34.6 m (1.7),
- The operating margin increased to 29.2 per cent (2.9).
- The profit after taxation totalled SEK 26.9 m (1.3).
- Earnings per share, before and after dilution, totalled SEK 0.05 (0.00).
- Cash flow from operating activities amounted to SEK 38.7 m (7.5).

### Comments from the CEO

Net sales during the second quarter increased by 46 per cent, totalling SEK 64.5 million (44.2). This strong growth was driven primarily by deliveries to the Swedish Transport Administration as well as deliveries to customers in the Middle East. We delivered an operating profit of SEK 17.5 million, compared with SEK 6.7 million in the same quarter in 2014.

On 23 June, Sensys presented its plans for the acquisition of Gatso Beheer B.V, a leading Dutch supplier of system and service solutions for traffic enforcement. Gatso, with a head office in the Netherlands, generated net sales of SEK 276 million (October 2013-September 2014) and had 160 employees in five countries. The new, merged company, Sensys Gatso Group, will be significantly stronger than the individual companies and will assume a significant, leading position in the traffic safety market, with a unique offering in the managed services market. The merged company will have a strong presence in Europe, the Middle East, Asia and Australia, with a foothold in the market for managed services in North America.

The acquisition was conducted in order to provide Sensys shareholders with a company that will more quickly:

- generate regular, more stable revenues
- expand internationally
- create a starting position as a supplier of services and software

The acquisition of Gatso Beheer was completed on 31 July, after the end of the quarter. I would like to welcome the new employees to Sensys Gatso Group and look forward to an exciting, shared future for the companies.

Torbjörn Sandberg  
CEO, Sensys Gatso Group

## Key indicators

SEK thousands	April-June 2015	April-June 2014	Jan-June 2015	Jan-June 2014	June 2014 - June 2015	2014
Net sales	64,475	44,249	118,803	58,795	220,571	160,580
Order booked	23,011	15,050	66,225	28,505	202,549	166,243
Operating profit	17,486	6,682	34,647	1,705	67,575	34,553
Operating margin (%)	27.1	15.1	29.2	2.9	30.6	21.5
Gross margin (%)	45.3	40.7	49.6	40.0	52.0	49.4
Profit for the period	13,460	5,193	26,949	1,329	52,914	27,294
Earnings per share (SEK)	0.02	0.01	0.05	0.00	0.10	0.05
Cash flow from operations	18,835	1,105	38,725	7,514	64,725	33,514

### Significant events during the quarter

On 23 June, Sensys' plans to acquire Gatso Beheer were presented, as described in this half-yearly report. Sensys Traffic AB received orders to a value of SEK 18.2 million for system deliveries to the Middle East. Between "signing" and the end of the quarter, Gatso received an order to a value of SEK 7 million (EUR 0.7 million) for deliveries of systems and services to the Middle East.

### The acquisition of Gatso Beheer

On 24 July, after the end of the quarter, Sensys held an extraordinary shareholders' general meeting in order to seek the approval of shareholders for the acquisition of Gatso Beheer, to give the Board of Directors a mandate to make decisions to issue shares and convertibles in connection with the acquisition and to give the Board of Directors a mandate to make decisions to issue shares. All proposals were passed unanimously.

The acquisition of Gatso Beheer was executed on 31 July, after the end of the quarter. Payment for the acquisition took the form of a cash payment of SEK 75 million, an equity share issue in which 115,920,763 new shares were issued at a subscription price of SEK 1.2077 per share and a promissory note to the seller to the order of SEK 64.8 million (EUR 6.84 million) (based on Riksbanken's EUR/SEK exchange rate as of 30 July 2015).

The promissory note has a term of seven years and is repaid in five instalments, SEK 28,4 million (EUR 3 million) as of 31/07/2018, SEK 9,5 million (EUR 1 million) in years four, five and six after execution of the transaction, and SEK 7,9 million (0,8 EUR million)

seven years after execution of the transaction. The purchase price for Gatso Beheer thus totals SEK 279,8 million. The takeover date is 1 August 2015.

In addition to this, the sellers also have the right, under certain conditions, to receive an additional purchase price of a maximum of SEK 37,9 million (EUR 4 million), which may fall due for payment at the earliest during 2016.

### Income

#### April-June 2015

Order input during the second quarter totalled SEK 23.0 million (15.0) and relates to, among others, orders for deliveries to the Middle East. Net sales increased during the second quarter to SEK 64.5 million (44.2) and consisted primarily of deliveries for the Swedish road safety camera system project (SEK 51.1 million).

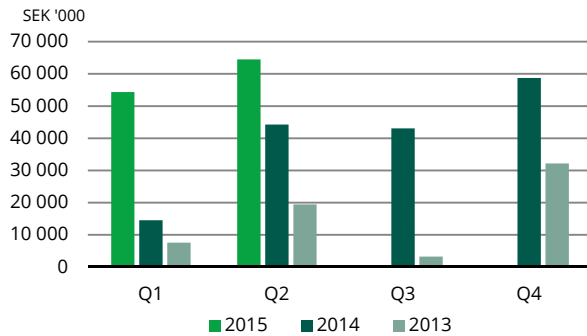
The gross margin for the quarter was 45.3 per cent (40.7).

#### January-June 2015

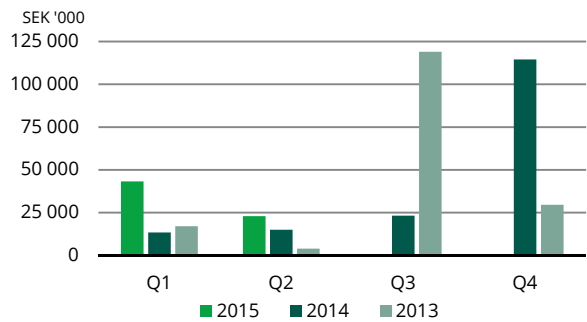
Order input during the first six months totalled SEK 66.2 million (28.5), with the single biggest order coming from Iran (SEK 15.6 million). Net sales for the first six months increased and totalled SEK 118.8 million (58.8), relating primarily to deliveries to the Swedish Transport Administration and to customers in the Middle East.

The gross margin for the period was 49.6 per cent (40.0).

### Net sales per quarter



### Order booked per quarter



## Financial results

### April-June 2015

Expenses totalled SEK 11.7 million (11.3). During the period, the acquisition costs for Gatso Beheer of SEK 6.2 million were posted as shares in subsidiaries. The operating profit for the quarter totalled SEK 17.5 million (6.7) and the profit after taxation totalled SEK 13.5 million (5.2).

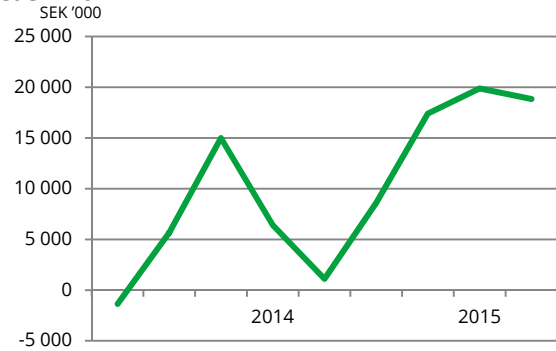
### January-June 2015

Expenses during the first half of the year totalled SEK 24.3 million (21.8). The higher level of expenses for 2015 is due to increased marketing initiatives. Expenses attributable to the acquisition of Gatso Beheer totalled SEK 6.2 million and were posted as shares in subsidiaries.

The operating profit for the period totalled SEK 34.6 million (1.7) and the profit after taxation totalled SEK 26.9 million (1.3).

All costs for non order-specific development work are charged to the income statement as incurred.

### Cash flow



## Financial position

Equity at the end of the period totalled SEK 168.2 million (141.3), producing an equity/assets ratio of 78.0 per cent (79.3).

### Cash flow

Cash flow from operating activities totalled SEK 38.7 million (33.5) during the first six months, with a figure of SEK 18.8 million (1.1) for the second quarter.

Cash and cash equivalents at the end of the period totalled SEK 113.0 million (80.5), in addition to which the company has SEK 10.0 million (10.0) in frozen assets in the bank as a completion guarantee for the contract with the Swedish Transport Administration. This guarantee expires in July 2016.

After the end of the quarter, in connection with the acquisition, Sensys arranged a long-term loan of SEK 50 million as well as a bank overdraft facility of SEK 25 million. The long-term loan has a term of three years and must be repaid in July 2018.

### Investments

Investments during the first six months totalled SEK 6.2 million (2.2), of which SEK 6.2 relates to the acquisition of shares in daughter company.

Investments during the second quarter totalled SEK 6.2 million, of which SEK 6.2 relates to the acquisition of shares in subsidiaries.

### The Sensys Gatso share

The number of shares at the end of the period was 541,234,314 (541,234,314).

The average number of shares during the period was 541,234,314 (479,837,886).

After the end of the period, in connection with the acquisition of Gatso Beheer, Sensys issued 115,920,763 new shares. The extraordinary general meeting in July also authorized the board to repurchase a maximum of 5% of the total number of issued shares.

### Personnel

The average number of employees was 41 people (40). The number of employees at the end of the period was 42 (41).

### Risks and uncertainty

The company's significant risk and uncertainty factors include commercial risks associated with customers and suppliers, as well as other external factors. There are also financial risks as a consequence of changes in exchange rates and interest rate levels.

There is a description of the company's significant financial and commercial risks on pages 14, 26 and 33 of the annual report for 2014. There are not considered to be any significant risks in addition to these.

### Declaration by the Board of Directors

The Board of Directors and the CEO declare that this half-yearly report provides a fair view of the company's activities, financial position and financial results, and describes the significant risks and uncertainty factors faced by the company.

Jönköping, 26 August 2015

Gunnar Jardelöv  
*Chairman*

Karin Ahl

Ingemar Skogö

Helena Nordman-Knutson

Jochem Garritsen

Claes Ödman

Torbjörn Sandberg  
*CEO*

This report has been the subject of a special review by the company's auditor. The review report is on page 10.  
For further information please contact:  
Torbjörn Sandberg, CEO  
+46 76 843 43 76

This is information that Sensys Gatso Group AB (publ) must publish pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act.

The information was submitted for publication on 27 August 2015 at 08:30.

## Invitation to presentation for press and analysts

On 27 August at 09:30, CEO Torbjörn Sandberg will present the report and answer questions in an audiocast. The presentation can be followed on the Internet via the link on Sensys' website:

[www.sensys.se](http://www.sensys.se). It is also possible to listen to the presentation and ask questions by phone, via the following numbers:

Sweden: +46 8 505 20 114

USA: +1 334 323 6203

UK +44 207 1620 177

Password: Sensys.

Please call ten minutes before the time specified.

## Future reporting dates

Interim report July–September 26 November 2015

Year-end accounts bulletin 25 February 2016

Interim report January–March 2016 19 May 2016

Annual General Meeting, 2015 19 May 2016

## Accounting policies

This half-yearly report was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The policies applied are unchanged compared with the last annual report. The company observes the Swedish Annual Accounts Act and recommendation RFR 2 Reporting for Legal Entities from the Swedish Financial Reporting Board. The application of RFR 2 has the effect that the company must, in its interim report, apply all of the EU-approved IFRS and statements as far as is possible within the framework of the Swedish Annual Accounts Act and with due regard to the relationship between accounting and taxation.

In July 2010, Sensys Traffic acquired all of the shares in a Swedish limited liability company that now bears the name Sensys International AB. The company is completely dormant, and has been since it was formed. The purpose of the acquisition was solely to meet the terms of an international procurement contract. In view of the fact that Sensys International AB is dormant and has never conducted any business activity, no consolidated accounts have been prepared.

Sensys Gatso Group is the leading supplier of system solutions for traffic safety in the field of traffic enforcement systems. Sensys Gatso has subsidiaries in Australia, Germany, the Netherlands, Sweden, and the USA, and a branch office in the United Arab Emirates. The Sensys Gatso Group's shares are listed at NASDAQ OMX Stockholm. The Group has 200 employees and is the result of a merger of Sensys Traffic AB and Gatso Beheer B.V. following Sensys Traffic's acquisition of Gatso Beheer. Sensys Traffic had net sales of SEK 160.6 million during 2014 and Gatso Beheer had a proforma net sales of SEK 275.5 million during the financial year ending on 30 September 2014.

For further information, visit [www.sensysgatso.com](http://www.sensysgatso.com)

## Income statement

SEK thousands	April-June 2015	April-June 2014	Jan-June 2015	Jan-June 2014	Full year 2014
Net sales	64,475	44,249	118,803	58,795	160,580
Cost of goods sold	-35,274	-26,232	-59,842	-35,268	-81,242
<b>Gross profit</b>	<b>29,201</b>	<b>18,017</b>	<b>58,961</b>	<b>23,527</b>	<b>79,338</b>
Selling expenses	-6,478	-5,092	-11,663	-10,040	-20,524
Administrative expenses	-580	-1,195	-3,820	-2,495	-6,224
Development expenses	-4,226	-5,048	-8,065	-9,287	-17,847
Other operating expenses/income	-431	0	-766	0	-190
<b>Operating profit</b>	<b>17,486</b>	<b>6,682</b>	<b>34,647</b>	<b>1,705</b>	<b>34,553</b>
Net financial items	-230	-24	-97	-1	517
<b>Profit before tax</b>	<b>17,256</b>	<b>6,658</b>	<b>34,550</b>	<b>1,704</b>	<b>35,070</b>
Tax	-3,796	-1,465	-7,601	-375	-7,776
<b>Profit for the period/Comprehensive income for the period</b>	<b>13,460</b>	<b>5,193</b>	<b>26,949</b>	<b>1,329</b>	<b>27,294</b>
Number of shares	541,234	541,234	541,234	541,234	541,234
Earnings per share	0.02	0.01	0.05	0.00	0.05

## Cash flow from operation

SEK thousands	April-June 2015	April-June 2014	Jan-June 2015	Jan-June 2014	Full year 2014
<b>Operating profit</b>	<b>17,486</b>	<b>6,682</b>	<b>34,647</b>	<b>1,705</b>	<b>34,553</b>
Items with no effect on cash flow	1,871	228	2,071	419	866
Change in working capital incl. net financial items	-522	-5,805	2,007	5,390	-1,905
<b>Cash flow from operating activities</b>	<b>18,835</b>	<b>1,105</b>	<b>38,725</b>	<b>7,514</b>	<b>33,514</b>
Investment in tangible non-current assets	-32	-88	-32	-1,652	-1,674
Investment in intangible non-current assets				-550	-550
Investment in daughter company	-6,249	0	-6,249	0	0
<b>Change in cash and bank balances</b>	<b>12,554</b>	<b>1,017</b>	<b>32,444</b>	<b>5,312</b>	<b>31,290</b>
Opening cash and cash equivalents	100,403	53,518	80,513	49,223	49,223
Closing cash and cash equivalents	112,957	54,535	112,957	54,535	80,513

## Balance sheet

SEK thousands	30/06/2015	30/06/2014	31/12/2014
<b>Assets</b>			
Intangible non-current assets	138	459	275
Property, plant and equipment	989	1,462	1,221
Financial non-current assets <sup>1)</sup>	30,033	38,753	31,385
Long-term trade and other receivables <sup>2)</sup>	10,000	10,000	10,000
Trade and other receivables	42,269	37,148	34,357
Inventories	16,046	13,680	17,903
Other current assets	3,095	2,561	2,467
Cash and bank balances	112,957	54,535	80,513
<b>Total assets</b>	<b>215,527</b>	<b>158,598</b>	<b>178,121</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	168,213	115,299	141,264
Trade and other payables	27,993	18,506	11,207
Other current interest-free liabilities	19,321	24,794	25,650
<b>Total shareholders' equity and liabilities</b>	<b>215,527</b>	<b>158,598</b>	<b>178,121</b>

<sup>1)</sup> Tax asset SEK 23.8 million (31.3). Shares in daughter company 6.2 MSEK

<sup>2)</sup> Blocked assets in bank representing completion guarantee for the Swedish Transport Administration. The guarantee will end in July 2016.

## Change in shareholders' equity

SEK thousands	April-June 2015	April-June 2014	Jan-June 2015	Jan-June 2014	Full year 2014
<b>Beginning of period</b>	<b>154,753</b>	<b>110,106</b>	<b>141,264</b>	<b>113,970</b>	<b>113,970</b>
New share issue	0	0	0	0	0
Profit for the period/Comprehensive income for the period	13,460	5,193	26,949	1,329	27,294
<b>End of period</b>	<b>168,213</b>	<b>115,299</b>	<b>168,213</b>	<b>115,299</b>	<b>141,264</b>



## Income statement, quarterly data

	2015		2014				2013	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net sales	64,475	54,328	58,743	43,043	44,249	14,545	32,192	3,262
Cost of goods sold	-35,274	-24,567	-23,797	-22,160	-26,232	-9,036	-17,296	-2,578
Gross profit	<b>29,201</b>	<b>29,761</b>	<b>34,946</b>	<b>20,882</b>	<b>18,017</b>	<b>5,509</b>	<b>14,896</b>	<b>684</b>
Costs	-11,715	-12,599	-14,476	-8,425	-11,335	-10,486	-11,177	-7,314
Operating profit	<b>17,486</b>	<b>17,162</b>	<b>20,470</b>	<b>12,457</b>	<b>6,682</b>	<b>-4,977</b>	<b>3,719</b>	<b>-6,630</b>
Net financial items	-230	132	461	-22	-24	23	228	-37
<b>Profit before tax</b>	<b>17,256</b>	<b>17,294</b>	<b>20,931</b>	<b>12,435</b>	<b>6,658</b>	<b>-4,954</b>	<b>3,947</b>	<b>-6,667</b>
Tax	-3,796	-3,805	-4,666	-2,735	-1,465	0	0	0
Profit for the period/ Comprehensive income for the period	<b>13,460</b>	<b>13,489</b>	<b>16,265</b>	<b>9,700</b>	<b>5,193</b>	<b>-4,954</b>	<b>3,947</b>	<b>-6,667</b>

## Key indicators and other information

	2015		2014				2013	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Earnings per share, SEK <sup>1)2)</sup>	0.02	0.02	0.03	0.02	0.01	-0.01	0.01	-0,01
Shareholders' equity per share, SEK <sup>1)2)</sup>	0.31	0.29	0.26	0.23	0.21	0.20	0.21	0,18
Cash flow per share, SEK	0.03	0.04	0.03	0.02	0.01	0.01	0.03	0,01
Gross margin, %	45.3	54.8	59.5	48.5	40.7	37.9	46.3	20,9
Operating margin, %	27.1	31.6	34.8	28.9	15.1	Neg	11.6	Neg
Equity/assets ratio, %	78.0	80.2	79.3	74.6	72.7	79.4	78.8	83,7
Order input, SEK thousands	23,011	43,214	114,502	23,237	15,050	13,454	29,600	119 000

<sup>1)</sup> Refers to profit and shareholder's equity before and after dilution.

<sup>2)</sup> Sensys has no outstanding incentive schemes that involve a dilution effect.

For definitions of key indicators, please refer to the annual report issued for 2014, which is available on the company's website [www.sensysgatso.com](http://www.sensysgatso.com)



## Report of Review of Interim Financial Information

### Introduction

We have reviewed the condensed interim financial information (interim report) of Sensys Traffic AB (publ.) as of 30 June 2015 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act.

Jönköping, 27 August 2015

Öhrlings PricewaterhouseCoopers AB

Martin Odqvist  
Authorized Public Accountant  
Auditor in Charge

Magnus Brändström  
Authorized Public Accountant