

Sensys Traffic AB (publ)

Interim Report for January – March 2015

JANUARY – MARCH 2015

- Net sales for the quarter amounted to SEK 54.3m, compared with SEK 14.5m in the same period last year
- Order intake amounted to SEK 43.2m (13.5)
- Operating income amounted to SEK 17.2m (-5.0), corresponding to an operating margin of 31.6 percent (Neg)
- Profit after tax for the quarter was SEK 13.5m (-5.0)
- Earnings per share before and after dilution amounted to SEK 0.02 (-0.01)
- Cash flow from operating activities amounted to SEK 19.9m (6.4)

CEO COMMENTARY: SWEDISH TRANSPORT ADMINISTRATION AND THE MIDDLE EAST IN BALANCE DURING THE QUARTER

Net sales increased in the first quarter compared with Q1 2014, amounting to SEK 54.3m, and were consistent with the strong net sales in the fourth quarter of 2014. The Swedish Transport Administration accounted for half of net sales, while the Middle East accounted for most other net sales. Operating income for the quarter amounted to SEK 17.2m, compared with SEK -5.0m in the same period last year, corresponding to an operating margin of 31.6 percent. The gross margin for the quarter amounted to 54.8 percent, which is a significant improvement on 37.9 percent for the same period in 2014. However, the gross margin also saw something of a sequential deterioration compared with Q4 2014, when it amounted to 59.5 percent. This is because the margin is no longer being supported by the underlying order from the Swedish Transport Administration, which is being recorded using the percentage of completion method.

The deal with the Swedish Transport Administration continues apace, with replacements and new installations in parallel with ongoing maintenance. An order to a value of SEK 5m was received during the quarter for extended delivery content for the service organisation in connection with new installations during the current year. Order intake from the Middle East continued to show healthy growth during the first quarter of the year, with the region accounting for SEK 31.2m of total order intake of SEK 43.2m. In the light of the high number of procurement contracts in this increasingly mature market for traffic safety systems, during this quarter Sensys will be opening an office in Dubai in order to reinforce relations with customers in the region and thus increase the probability of positive outcomes in future procurement processes.

We are continuing to target the railway market with our pantograph monitoring systems on trains (APMS), and we are seeing continued interest in our products. During the quarter we continued our partnership with the Finnish Transport Agency.

Our objective is to continue to outpace the market in terms of international growth. Competitive products, an established delivery and service organisation, effective customer relationships, strong reference projects and in particular, a stable financial position, all combine to give Sensys excellent opportunities for continued organic growth. The regional markets are fragmented, with high entry barriers, which is why we are also continuing to examine opportunities to grow via acquisitions, and this resulted in increased expenses of SEK 1.5m during the period.

During Q1 it was announced that I will be stepping down as CEO on 18 May 2015, to be replaced by Torbjörn Sandberg, current CEO of NetAdmin Systems AB and also a Board member of Sensys since 2012. In future I will be working on a number of Sensys' strategic growth projects. I would like to take this opportunity to extend my sincere thanks to Sensys' customers, personnel, partners, suppliers, shareholders and Board for their support and the tremendous backing I have enjoyed in my years as CEO, thank you to you all!

Johan Frilund
CEO, Sensys Traffic AB

KEY FIGURES

Individual orders are often of such a size that they perceivably affect sales and operating results.

SEK K	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014	April 2014 - Mar 2015
Net sales	54,328	14,545	160,580	200,363
Order intake	43,214	13,454	166,243	196,003
Operating profit/loss	17,162	-4,977	34,553	56,771
Operating margin (%)	31.6	Neg	21.5	28.3
Gross margin (%)	54.8	37.9	49.4	51.7
Profit/loss for the period	13,489	-4,954	27,294	44,647
Earnings per share (SEK)	0.02	-0.01	0.05	0,08
Cash flow	19,889	6,409	33,514	46,995

Sensys Traffic is a leading supplier of traffic enforcement systems. Sensys develops, markets and sells systems that are mainly used for speed enforcement and red-light enforcement. The company also provides servicing and maintenance alongside sales of systems. Sensys Traffic's end customers are primarily police and road authorities throughout the world, as well as private operators. The company sells direct to customers, or via partners, agents and distributors. Sensys Traffic is headquartered in Jönköping and its shares are listed on Nasdaq OMX Stockholm. The company has 41 employees and its sales in 2014 totalled SEK 160.6 million.

For further information, visit www.sensys.se

Significant events during the quarter

Sensys received orders for traffic safety systems from three customers in the Middle East for a total of SEK 31.2m. Sensys also won an order for an extended undertaking in connection with the new installation of Road Safety systems from the Swedish Transport Administration to a value of SEK 5m.

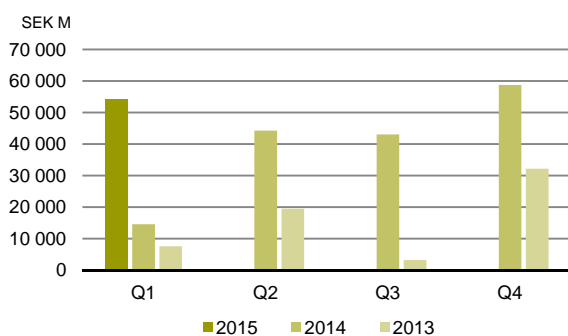
Earnings

January-March 2015

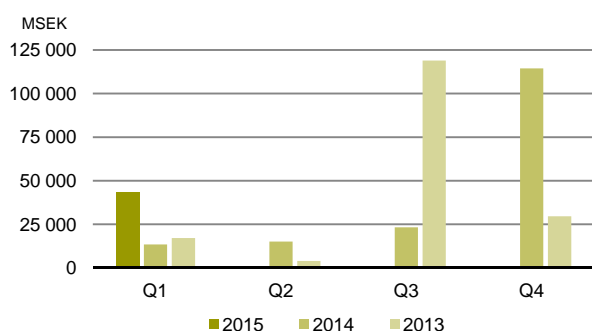
Net sales increased in the first quarter compared with Q1 2014, amounting to SEK 54.3m (14.5), and were consistent with the strong net sales in the fourth quarter of 2014. The Swedish Transport Administration accounted for half of net sales, while the Middle East accounted for most other net sales.

The gross margin for the quarter amounted to 54.8 percent, which is a significant improvement on 37.9 percent for the same period in 2014. However, the gross margin also saw something of a sequential deterioration compared with Q4 2014, when it amounted to 59.5 percent.

Net sales by quarter



Order intake by quarter



Result

January-March 2015

Earnings totalled SEK 12.6m (10.5). The slightly higher level of expenses for 2015 is due to increased marketing initiatives and administrative expenses associated with the development of our acquisition strategy and business development.

Operating income amounted to SEK 17.2m and profit after tax to SEK 13.5m (-5.0).

Financial position

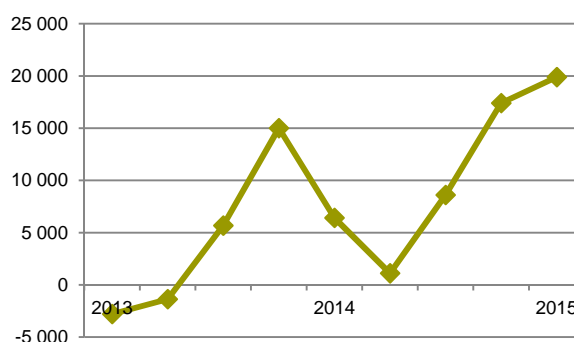
At the end of the period, equity totalled SEK 154.8m (141.3), which gave an equity/assets ratio of 80.2 percent (79.3).

Cash flow

Cash flow from operating activities amounted to SEK 19.9m (33.5) during the quarter.

Cash and cash equivalents at the end of the quarter amounted to SEK 100.4m (80.5). In addition, the company has SEK 10m (10) in a blocked bank deposit as a performance bond regarding the contract with the Swedish Transport Administration. This guarantee expires in July 2016.

Cash flow



Investments

Investments during the quarter amounted to SEK 0m (2.2).

The Sensys share

At the end of the period, the number of shares totalled 541,234,314 (541,234,314).

The average number of shares in the period was 541,234,314 (541,234,314).

Employees

The average number of employees was 41 persons (40), and the number of employees at the end of the period was 41 (41).

Risks and uncertainties

The Company's significant risk and uncertainty factors include business risks related to customers, suppliers and general global conditions. There are also financial risks associated with fluctuations in exchange rates and interest levels.

A summary of the Company's significant financial and business risks is set out on pages 14, 26 and 33 of the Annual Report for 2014. No additional material risks are deemed to have arisen since then.

This report has not been the subject of a summary audit by the Company's auditor.

For further information, please contact:
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This information is such that Sensys Traffic AB (publ) is required to publish in accordance with the Securities Market Act and/or the Swedish Financial instruments Act.

This information was submitted for publication on 22 April 2015 at 08:30.

Significant events after the end of the reporting period

From the end of March up until the date of publication of this report, no significant events have occurred and no information on circumstances, whether favourable or unfavourable, has required additional disclosures, other than what has been stated above.

Invitation to presentation for press and analysts

On 22 April at 09:30, CEO Johan Frilund will present the report and respond to questions in an audiocast. The presentation can be followed online via the link on Sensys' website: www.sensys.se. You can also listen to the presentation and ask questions over the telephone, using the following numbers:

Sweden: +46 (0)8-5052 0114
USA: +1 334 323 6203
UK: +44 (0)207 1620 177

Password: Sensys.

Please call 10 minutes prior to the specified time.

Forthcoming financial reports

Half-year Report, 2015	27 August 2015
Interim Report, Jan-Sep 2015	22 October 2015
Year-end Report, 2015	11 February 2016

Accounting policies

This interim report has been prepared in compliance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting policies applied are unchanged from the most recent annual report. As of the fourth quarter 2013, income related to the order from the Swedish Transport Administration is reported in accordance with the percentage completion method. The Company follows the Swedish Annual Accounts Act and Recommendation RFR 2 Reporting for Legal Entities of the Swedish Financial Reporting Board. The application of RFR 2 implies that in this interim report the Company applies all EU endorsed IFRS items and statements made as far as possible within the framework of the Swedish Annual Accounts Act, and taking into account the connection between reporting and taxation.

In July 2010, Sensys Traffic acquired all shares in a Swedish limited company [aktiebolag] that now has the name Sensys International AB. This company is completely dormant, and has been since it was formed. The objective of the acquisition was solely to fulfil conditions in an international procurement process. Sensys does not intend to carry out any business activity through Sensys International AB within the forthcoming year. In view of the fact that Sensys International AB is dormant, and has never carried out any business, no consolidated accounts have been prepared.

Condensed income statement

SEK K	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014
Net sales	54,328	14,545	160,580
Cost of goods sold	-24,567	-9,036	-81,242
Gross profit	29,761	5,509	79,338
Selling costs	-5,185	-4,948	-20,524
Administrative costs	-3,240	-1,300	-6,224
Development costs	-3,838	-4,238	-17,847
Other operating costs/income	-336	0	-190
Operating profit/loss	17,162	-4,977	34,553
Net financial items	132	23	517
Profit/loss before tax	17,294	-4,954	35,070
Tax	-3,805	0	-7,776
Total comprehensive income/loss for the period	13,489	-4,954	27,294
Number of shares	541,234	541,234	541,234
Earnings per share	0.02	-0.01	0.05

Cash flow from operations

SEK K	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014
Operating profit/loss	17,162	-4,977	34,553
Items not affecting cash flow	200	191	866
Changes in working capital, incl. net financial items	2,527	11,195	-1,905
Cash flow from operating activities	19,889	6,409	33,514
Investments in property, plant and equipment	0	-1,564	-1,674
Investments in intangible non-current assets	0	-550	-550
Increase in non-current receivables	0	0	0
Changes in cash and bank balances	19,889	4,295	31,290
Cash and cash equivalents at beginning of the period	80,513	49,223	49,223
Cash and cash equivalents at end of the period	100,402	53,518	80,513

Condensed balance sheet

SEK K	31 Mar 2015	31 Mar 2014	31 Dec 2014
Assets			
Intangible assets	206	550	275
Property, plant and equipment	1,089	1,510	1,221
Financial non-current assets ¹⁾	27,547	39,129	31,385
Non-current receivables ²⁾	10,000	10,000	10,000
Trade receivables	34,719	13,396	34,357
Inventories	16,165	15,981	17,903
Other current assets	2,926	3,115	2,467
Cash and bank balances	100,402	53,518	80,513
Total assets	193,054	137,199	178,121
Equity and liabilities			
Shareholders' equity	154,753	109,019	141,264
Trade payables	20,751	8,045	11,207
Other current interest-free liabilities	17,550	20,138	25,650
Total equity and liabilities	193,054	137,199	178,121

¹⁾ Tax recoverable SEK 27.5m (31.3)

²⁾ Blocked bank deposit as a performance bond regarding the contract with the Swedish Transport Administration. The guarantee expires in July 2016.

Changes in equity

SEK K	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014
At beginning of the period	141,264	113,970	113,970
New share issue	0	0	0
Total comprehensive income/loss for the period	13,489	-4,954	27,294
At end of the period	154,753	109,016	141,264

Income statement, quarterly data

	2015	2014				2013		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales	54,328	58,743	43,043	44,249	14,545	32,192	3,262	19,463
Cost of goods sold	-24,567	-23,797	-22,160	-26,232	-9,036	-17,296	-2,578	-10,408
Gross profit	29,761	34,946	20,882	18,017	5,509	14,896	684	9,055
Overhead costs	-12,599	-14,476	-8,425	-11,335	-10,486	-11,177	-7,314	-9,887
Operating profit/loss	17,162	20,470	12,457	6,682	-4,977	3,719	-6,630	-832
Net financial items	132	461	-22	-24	23	228	-37	69
Profit/loss before tax	17,294	20,931	12,435	6,658	-4,954	3,947	-6,667	-763
Tax	-3,805	-4,666	-2,735	-1,465	0	0	0	0
Profit/loss for the period/ Total comprehensive income/loss for the period	13,489	16,265	9,700	5,193	-4,954	3,947	-6,667	-763

Key figures and other information

	2015	2014				2013		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Earnings per share, SEK ⁽¹⁾²⁾	0.02	0.03	0.02	0.01	-0.01	0.01	-0.01	0.00
Equity per share, SEK ⁽¹⁾²⁾	0.29	0.26	0.23	0.21	0.20	0.21	0.18	0.19
Cash flow per share, SEK	0.04	0.03	0.02	0.00	0.01	0.03	0.01	0.00
Gross margin, %	54.8	59.5	48.5	40.7	37.9	46.3	20.9	46.5
Operating margin, %	31.6	34.8	28.9	15.1	Neg	11.6	Neg	Neg
Equity/assets ratio, %	80.2	79.3	74.6	72.7	79.4	78.8	83.7	85.2
Order intake, SEK K	43,214	114,502	23,237	15,050	13,454	29,600	119,000	4,000

¹⁾ Refers to profit/loss and equity before and after dilution.

²⁾ Sensys does not have any outstanding incentive programmes that entail a dilution effect.

For definitions of key figures, please refer to the annual report for 2014, which is available on the company's website www.sensys.se