



**kapsch** >>>  
challenging limits

Kapsch TrafficCom

# ***Investor Presentation.***

*January 2018.*



# Kapsch.

*KTC: Leading entity of the Kapsch Group.*

- > Kapsch founded in Vienna in 1892
- > Electronic industry
- > Strong brand in Austria
- > Three key entities
  - Kapsch TrafficCom - KTC  
(Intelligent Transportation Systems)
  - Kapsch BusinessCom  
(ICT solutions for enterprises)
  - Kapsch CarrierCom  
(Telematics and telecommunications solutions for rail and urban public transport operators, carrier networks and energy supply companies)
- > Family owned Group (only KTC listed)
- > Group revenues >EUR 1bn



## **KTC: Tradition meets Future.**

125 years in the ever-changing technology industry are a proof of the sustainable business approach and the entrepreneurial spirit within the family-owned Kapsch Group.

This, together with the professionalism, structures and transparency required from a listed company, are key success factors for Kapsch TrafficCom.

# Kapsch TrafficCom.

At a glance.



## Provider of Intelligent Transportation Systems

- ❖ Tolling  
(Electronic Toll Collection – ETC)
- ❖ Mobility  
(Intelligent Mobility Solutions – IMS)



## Solid financial parameter

- ❖ Revenues ~EUR 650mn
- ❖ Sustainable dividend policy:  
Base dividend of EUR 1,--

## Global player

- ❖ More than 5,000 employees
- ❖ Presence in >30 countries
- ❖ References in >50 countries



## Listed at Vienna Stock Exchange

- ❖ Market cap >EUR 500mn
- ❖ Free float 24.0%



# Strategy.

Profitable and sustainable growth.

## Top-line growth

- ❖ Secure and expand the core business
- ❖ Reduce the cluster risk
- ❖ Growth resulting from a broad portfolio
- ❖ Growth in existing and new markets
- ❖ Acquisitions

- > Revenues to increase in both segments
- > Higher rates of growth for IMS

## Profitability

Price pressure in ETC:

- ❖ Larger number of smaller projects with lower profitability
- ❖ Current and upcoming large tenders – price pressure

EBIT margin in IMS to gradually improve:

- ❖ Non-recurring nature of costs for the integration of KTT
- ❖ Synergies between KTT and Kapsch TrafficCom

- > ETC EBIT margin comfortably >10%
- > IMS EBIT margin ~8% possible (mid term)
- > Group EBIT margin > 10% (mid term)

## Sustainability

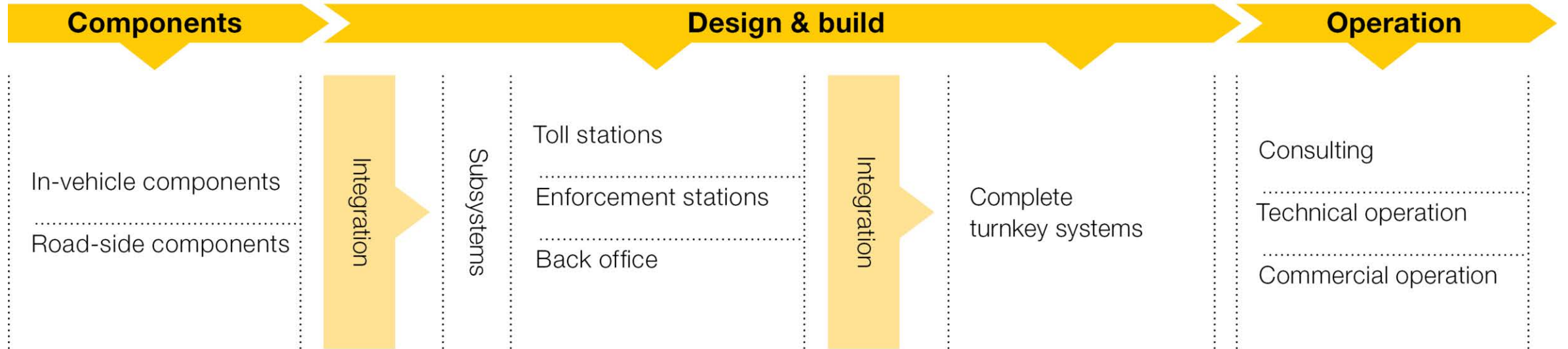
- ❖ Long-term & sustainable management: 125 years of history
- ❖ Sustainable business model
- ❖ Innovation: open approach
- ❖ Patents
- ❖ Employees: lifelong learning
- ❖ Working environment
- ❖ Engaging with stakeholder groups

- > R&D and innovation: open approach
- > Close to customers
- > Recognize trends early



# Business model – ETC.

One-stop-shop.



## End-to-end solutions as a one-stop shop

<p><b>In-vehicle components</b></p> <p>On-board units (OBUs)    Programming station</p>		<p><b>Transceivers &amp; readers</b></p> <p>Transceiver    Mobile reader</p>		<p><b>Reader</b></p> <p>Reader</p>		<p><b>Cameras &amp; sensors</b></p> <p>Vehicle detection    Vehicle registration    Vehicle classification</p>			<p><b>Toll &amp; enforcement station</b></p> <p>Stationary enforcement    Mobile enforcement</p>		<p><b>Back office</b></p>
---	--	--	--	------------------------------------	--	--	--	--	--	--	---------------------------

# Portfolio.

Integrated mobility solutions provider.

## Tolling (ETC)

### Tolling solutions



#### Electronic Toll Collection

Multi-lane free-flow, managed lanes, mobile tolling, eVignette

#### City tolling

#### Plaza tolling

### Tolling services



#### Trans-European tolling services

## Intelligent Mobility Solutions (IMS)

### Highway



#### Traffic management (TM)

Highway TM, managed lanes, tunnels and bridges

#### Traffic safety

Electronic vehicle registration, commercial vehicle enforcement

#### Connected vehicles

V2X-automotive, V2X-infrastructure, connected services

### City



#### Traffic management (TM)

Urban TM, corridor management, access management

#### Smart parking

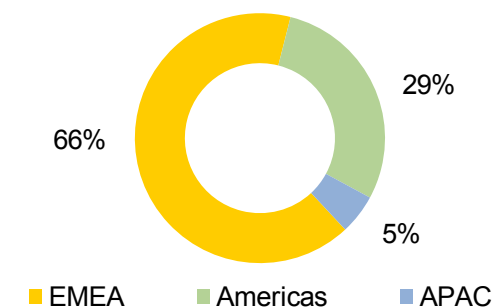
#### Integrated mobility

# Financials.

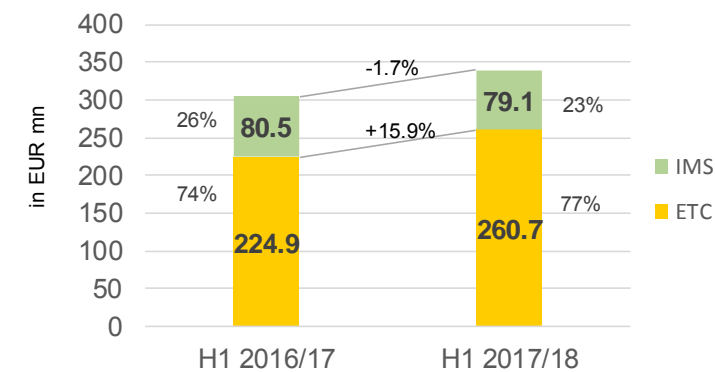
## Earnings overview.

All figures in EUR mn unless otherwise stated	2016/17	H1 2016/17	H1 2017/18	+/-
Revenues	648.5	305.4	339.8	11%
EBITDA	77.8	37.4	32.8	-12%
<i>EBITDA margin</i>	12%	12%	10%	-2.6%p
EBIT	60.1	28.7	25.3	-12%
<i>EBIT margin</i>	9%	9%	7%	-2.0%p
Profit before tax (PBT)	60.6	28.7	18.8	-35%
Profit for the period	42.7	20.1	14.1	-30%
Profit for the period attributable to equity holders	43.6	20.6	14.6	-29%
Earnings per share (EPS), in EUR	3.35	1.58	1.12	-29%

## Revenues by Region H1 2017/18

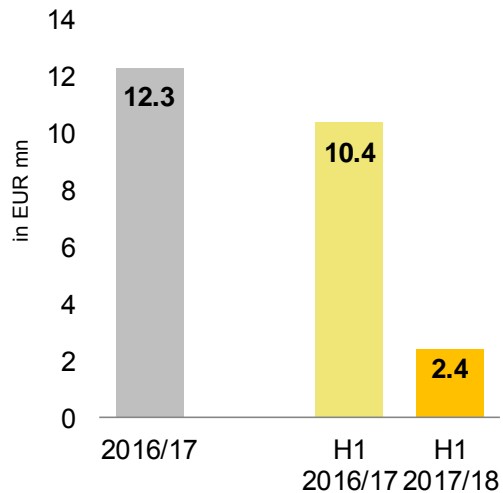


## Revenues by Segment H1 2017/18



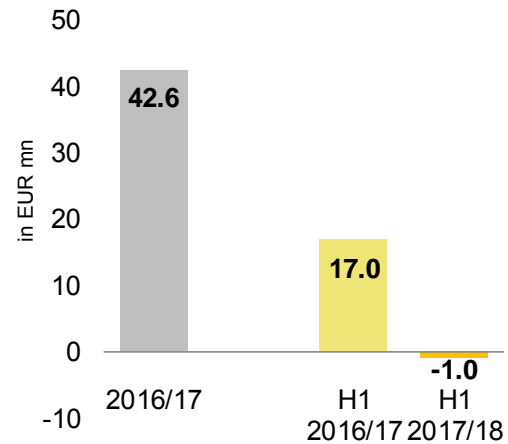
# Other key financials.

## Net investments



Net investments were lower than in H1 2016/17 because of the acquisition of KTT in 2016.

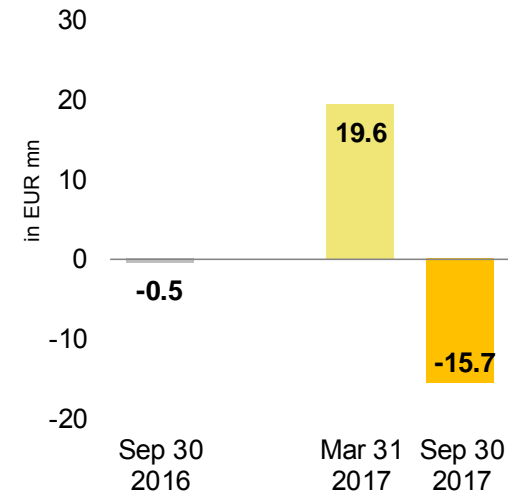
## Free cash flow



Negative free cash flow (EUR -1.0 mn) because of:

- > Lower earnings
- > A strong increase in trade receivables of EUR 13.7 million

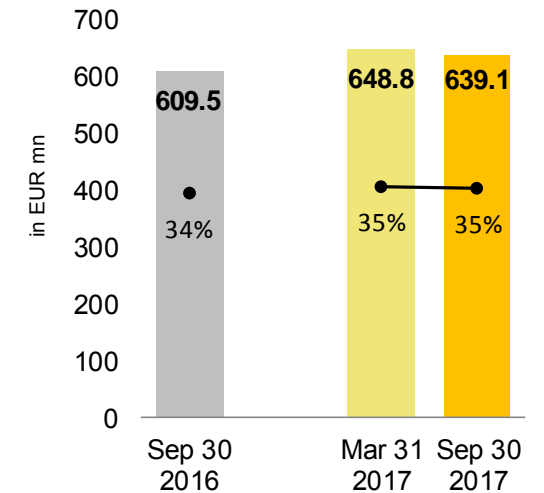
## Net credit/debt



Net credit decreased to a net debt position because of:

- > Negative free cash flow
- > Dividend payment
- > Expenses for M&A

## Balance sheet total and equity ratio



Balance sheet total and equity ratio stable, despite dividend payment of EUR 19.5 million.



# Segment results.

ETC accounts for 77% of total revenues, IMS 23%.

ETC	Key financials				Revenues by region	Revenues by type			
	All figures in EUR mn unless otherwise stated	H1 2016/17	H1 2017/18	+/-		All figures in EUR mn unless otherwise stated	H1 2016/17	H1 2017/18	+/-
	Revenues	224.9	260.7	16%	<p>70% 25% 6%</p> <p>■ EMEA ■ Americas ■ APAC</p>	Design & build	19.8	27.1	37%
	EBIT	<sup>1)</sup> 34.2	32.1	-6%		Operations	68.7	69.8	2%
	<i>EBIT margin</i>	15.2%	12.3%	-2.9%p		Components	24.0	26.4	10%
						OBU sold, million units	2.8	2.9	4%

IMS	Key financials				Revenues by region	Revenues by type			
	All figures in EUR mn unless otherwise stated	H1 2016/17	H1 2017/18	+/-		All figures in EUR mn unless otherwise stated	H1 2016/17	H1 2017/18	+/-
	Revenues	80.5	79.1	-2%	<p>54% 43% 4%</p> <p>■ EMEA ■ Americas ■ APAC</p>	Design & build	14.6	18.6	27%
	EBIT	<sup>2)</sup> -5.4	-6.8	-26%		Operations	22.3	20.1	-10%
	<i>EBIT margin</i>	-6.8%	-8.6%	-1.9%p		Components	2.9	2.2	-23%

1) Includes badwill of EUR 0.9 million

2) Includes badwill of EUR 2.1 million

# Outlook.

FY 2017/18.

- > Revenue growth of 10%.
- > Achieving last year's EBIT, adjusted for a one-off effect (badwill from KTT acquisition: EUR 3.0 million) and for charges from exchange rate fluctuations, will be a challenge.
- > Equity ratio should increase following the redemption of the corporate bond:
  - The 4.25% corporate bond issued in 2010 was repaid as scheduled at the beginning of November.
  - In 2016, Kapsch TrafficCom obtained the funds necessary for this by issuing a promissory note bond.
  - The repayment will discharge the financial result and has a shortening effect on the balance sheet, which would have a positive effect on the equity ratio.
  - However, we are currently examining whether we can use the favorable interest rate environment in the medium or long term.

# USP.

*What makes Kapsch TrafficCom unique?*

- > Ability to develop tailored solutions – proven track record
- > Close to our customers
- > Domain know-how
- > Integrated, one-stop-shop
- > Global player
  - Best practice
  - Risk diversification
- > A leading position in our core business
- > Size and financial stability
- > Listed (transparence, access to capital)
- > No principal-agent-conflict as one main shareholder is the CEO
  - Long-term view; sustainable measures not sacrificed for short-term profits





# Kapsch TrafficCom share.

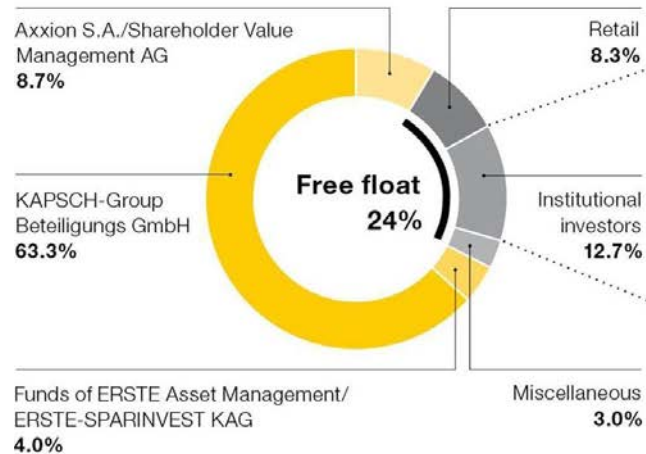
ISIN: AT000KAPSCH9

Stock Ticker Symbol: KTCG

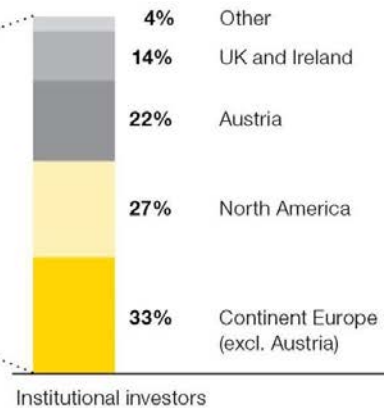
Reuters: KTCG.VI

Bloomberg: KTCG AV

## Shareholder structure



## Institutional investors by region



**Source:** Shareholder survey from March 2017, participation notifications, estimation by Kapsch TrafficCom AG

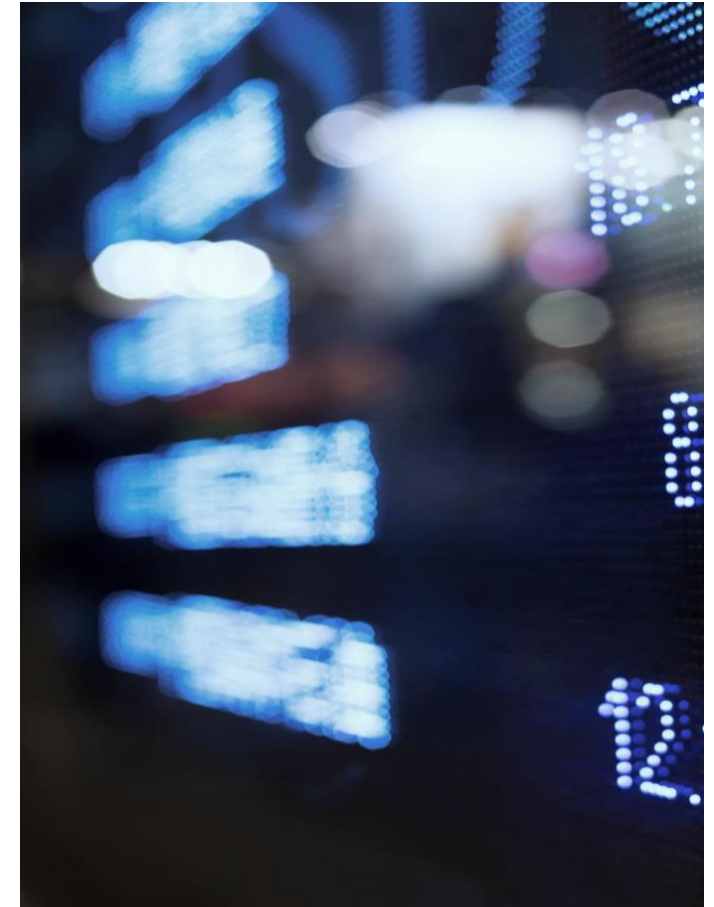
## Basic information

- > Listed in Prime Market segment at the Vienna Stock Exchange since 2007
- > 13 million shares
- > Market cap: >EUR 600mn
- > Coverage by: Erste Group, Kepler Cheuvreux, Matelan, ODDO BHF, RCB

## Select events

Feb 28, 2018	Results Q1-Q3 2017/18
June 18, 2018	Results FY 2017/18

More information: [www.kapschtraffic.com/ir](http://www.kapschtraffic.com/ir)



# Disclaimer.

This presentation is made by Kapsch TrafficCom AG (“Kapsch TrafficCom”) solely for use at this presentation. It is furnished to you solely for your information and its content may not be copied, distributed, disclosed or otherwise be made available, directly or indirectly, to any other person by any recipient, or published, in whole or in part, for any purpose.

The facts and information contained herein are as up to date as is reasonably possible and are subject to revision in the future. Neither Kapsch TrafficCom nor any of its respective directors, officers, employees or advisors nor any other person makes any representation or warranty, express or implied, as to the accuracy, completeness or fairness of the information or opinions contained in this presentation. Neither Kapsch TrafficCom nor any of its respective directors, officers, employees and advisors nor any other person shall have any liability whatsoever for loss howsoever arising, directly or indirectly, from any use of this presentation.

Whilst all reasonable care has been taken to ensure that the facts stated herein are accurate and that the opinions contained herein are fair and reasonable, this document is selective in nature and is intended to provide an introduction to, and overview of, the business of Kapsch TrafficCom. Where any information and statistics are quoted from any external source, such information or statistics should not be interpreted as having been adopted or endorsed by Kapsch TrafficCom as being accurate. We have not independently verified market data provided by third parties or industry or general publications.

This presentation contains forward-looking statements, based on the beliefs and assumptions currently held by the management of Kapsch TrafficCom, which are expressed in good faith and are in its opinion, reasonable. These statements may be identified by words such as “expectation” or “target” and similar expressions, or by their context. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, financial condition, performance, or achievements of Kapsch TrafficCom, or results of our industry generally, to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements.

Given these risks, uncertainties and other factors, recipients of this document are cautioned not to place undue reliance on these forward-looking statements. Kapsch TrafficCom disclaims any obligation to update these forward-looking statements to reflect future events or developments.

This presentation does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of Kapsch TrafficCom in any jurisdiction in which such solicitation, offer or sale would be unlawful, nor shall part, or all, of this presentation form the basis of, or be relied on in connection with, any contract or investment decision in relation to any securities. Any such offers will only be made when a prospectus is published.

This document is directed only at persons (i) who are outside the United Kingdom or (ii) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the “Order”) or (iii) who fall within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Order (all such persons together being referred to as “Relevant Persons”). Any person who is not a Relevant Person must not act or rely on this presentation or any of its contents. Any investment or investment activity to which this presentation relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

The shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any U.S. state securities law.

The distribution of this presentation in other jurisdictions may be restricted by law and persons into whose possession this presentation comes should inform themselves about, and observe, any such restrictions. By accepting this presentation you agree to be bound by the foregoing instructions and restrictions.



***Thank you  
for your attention.***

**Hans Lang**

Investor Relations Officer

**Kapsch TrafficCom**

Kapsch TrafficCom AG

Am Europlatz 2

1120 Vienna, Austria

P: +43 50 811 - 1122

E-Mail: [hans.lang@kapsch.net](mailto:hans.lang@kapsch.net)

[www.kapschtraffic.com/ir](http://www.kapschtraffic.com/ir)

**Please Note:**

The content of this presentation is the intellectual property of Kapsch AG and all rights are reserved with respect to the copying, reproduction, alteration, utilization, disclosure or transfer of such content to third parties. The foregoing is strictly prohibited without the prior written authorization of Kapsch TrafficCom AG. Product and company names may be registered brand names or protected trademarks of third parties and are only used herein for the sake of clarification and to the advantage of the respective legal owner without the intention of infringing proprietary rights.



# Competition.

Overview.

## Tolling



### ETC

T-Systems | Autostrade  
Q-Free | TransCore | emovis

### City Tolling

Q-Free | MHI | IBM  
Cubic | Siemens

### Plaza Tolling

Tescidel | TransCore  
G.E.A. | Indra | SICE

## Traffic Management



### Highway

Delcan | Q-Free | SwRI  
TransCore | Siemens

### Managed Lanes

Delcan | Xerox | SICE  
Q-Free | TransCore

### Tunnel & Bridges

SICE | Delcan | Dynniq  
Telegra | IBI Group

## Smart Urban Mobility



### Smart Parking

IPS Group | Worldensing  
Smart Parking Inrix | Xerox

### Urban Traffic Management

Eagle | Swarco | SICE  
Econolite | Dynniq

### Intermodal Mobility

HaCon | Xerox | Moovel  
Cubic | Siemens

## Safety & Security



### Road Safety Enforcement

Redflex | Jenoptik | Sensys  
Gatso | Vitronic | Redspeed

### Commercial Vehicle Enforcement

IRD | Xerox | Mettler Toledo  
Drivewyze (IMS) | Iteris

### Electronic Vehicle Registration

3M | UTI | Neology  
TransCore | Q-Free

## Connected Cars



### V2X Automotive

Delphi | Denso | Continental  
LG Electronics | Bosch

### V2X Infrastructure

Cohda | Savari | Neavia  
Arada | Dynniq

### Connected Services

n.a.

# References in more than 50 countries.

## Global

All figures in EUR mn unless otherwise stated	H1 2017/18	% of total
<b>Revenues</b>	<b>339.8</b>	
thereof ETC	260.7	77%
thereof IMS	79.1	23%

## EMEA

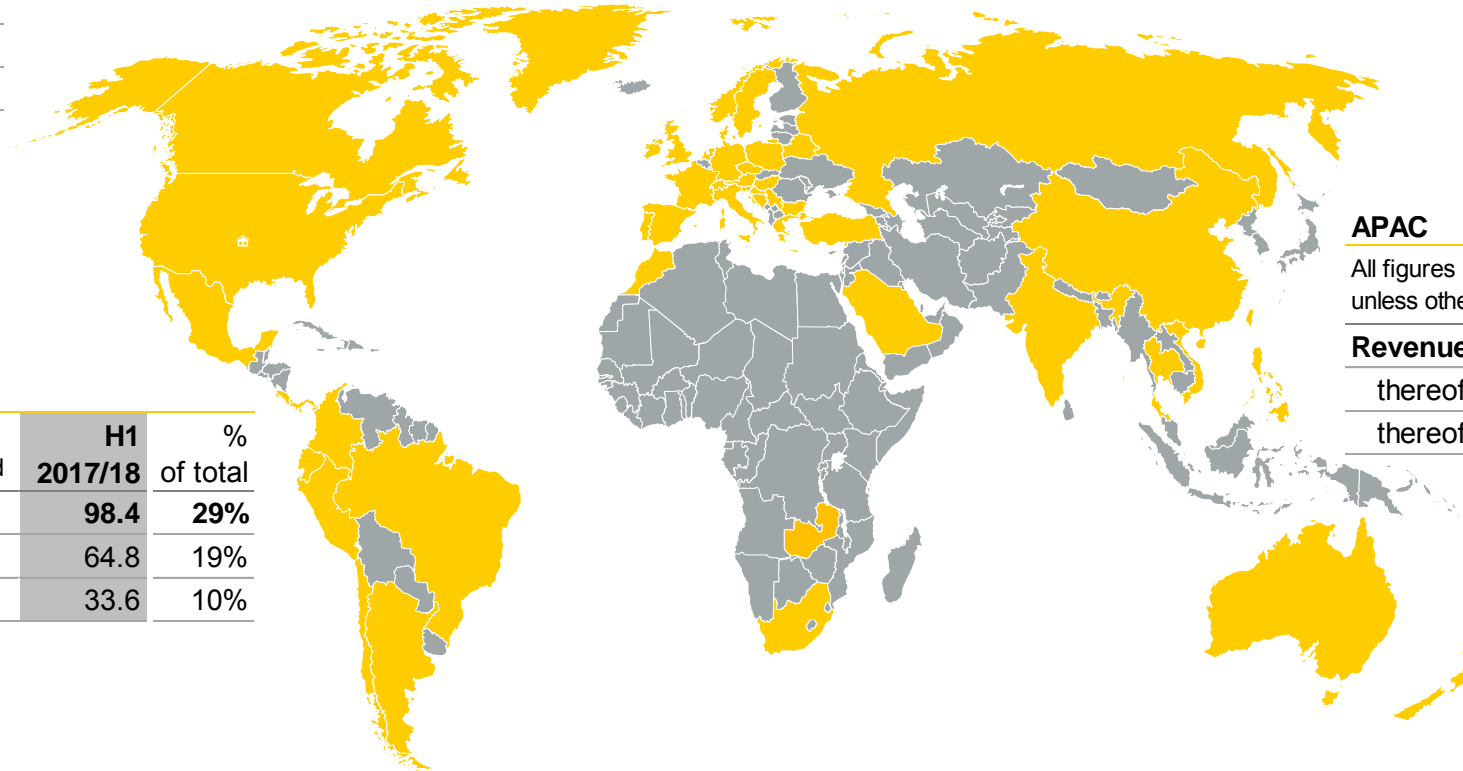
All figures in EUR mn unless otherwise stated	H1 2017/18	% of total
<b>Revenues</b>	<b>223.9</b>	<b>66%</b>
thereof ETC	181.5	53%
thereof IMS	42.4	12%

## Americas

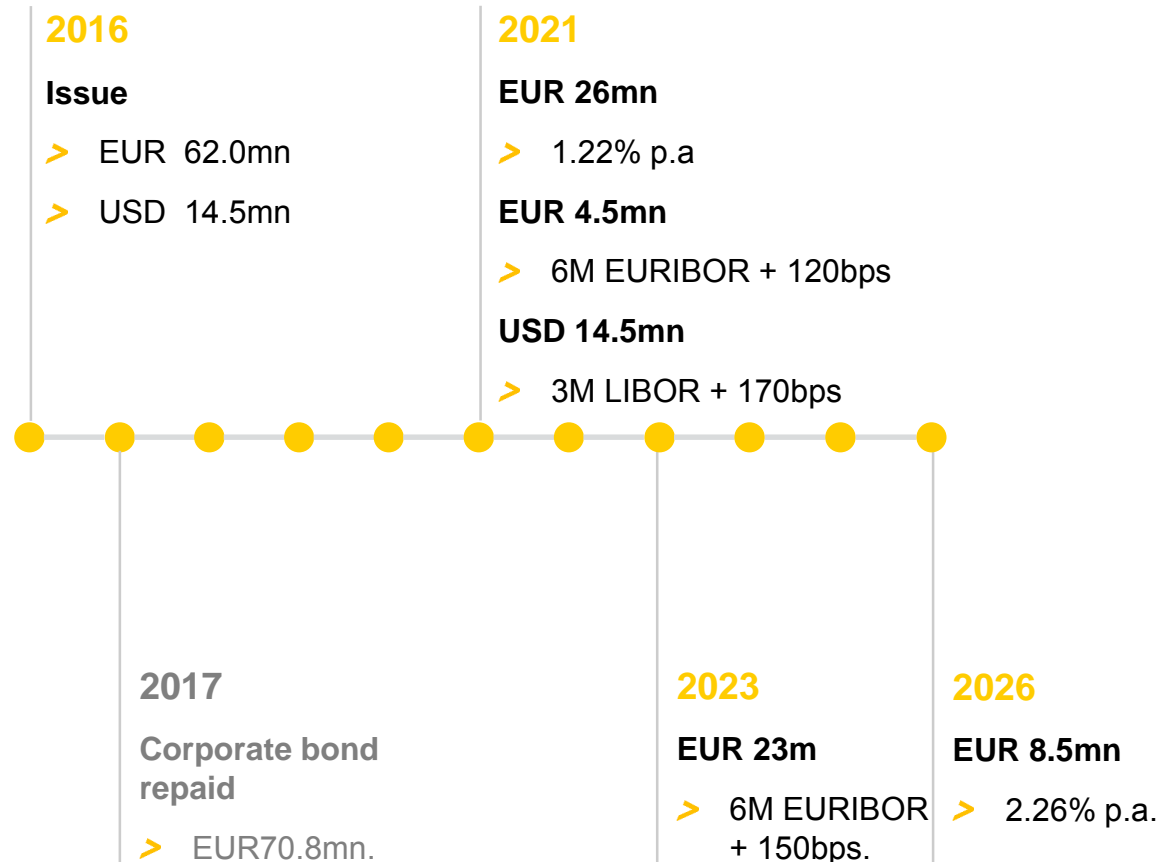
All figures in EUR mn unless otherwise stated	H1 2017/18	% of total
<b>Revenues</b>	<b>98.4</b>	<b>29%</b>
thereof ETC	64.8	19%
thereof IMS	33.6	10%

## APAC

All figures in EUR mn unless otherwise stated	H1 2017/18	% of total
<b>Revenues</b>	<b>17.5</b>	<b>5%</b>
thereof ETC	14.5	4%
thereof IMS	3.1	1%



# Promissory note bond.



## Corner stones of the transaction

- > Volume: EUR 62mn + USD 14.5mn
- > 3 tenors (5/7/10 years)
- > Partially fixed interest, partially variable
- > Rationale:
  - Diversified investor base
  - Optimized financing structure
  - Refinancing of corporate bond (EUR 70.8mn) maturing in November 2017
  - Can be repaid early; higher flexibility



# Large project in Zambia.

Overview.

## About the project

- > Nation-wide concession contract to improve road safety and traffic management.
- > Main components:
  - Vehicle inspection,
  - Vehicle registration,
  - Speeding fines and other traffic-related infringements.
- > Term: 17 years

## Organizational & financial

- > 50:50 joint venture (JV) with local partner Lamise Trading.
- > JV consolidated at equity; reported as result from operating activities.
- > JV's expected revenues in the first 3 years projected to be in the range of EUR 90 million to EUR 110 million.



# Large project in Bulgaria.

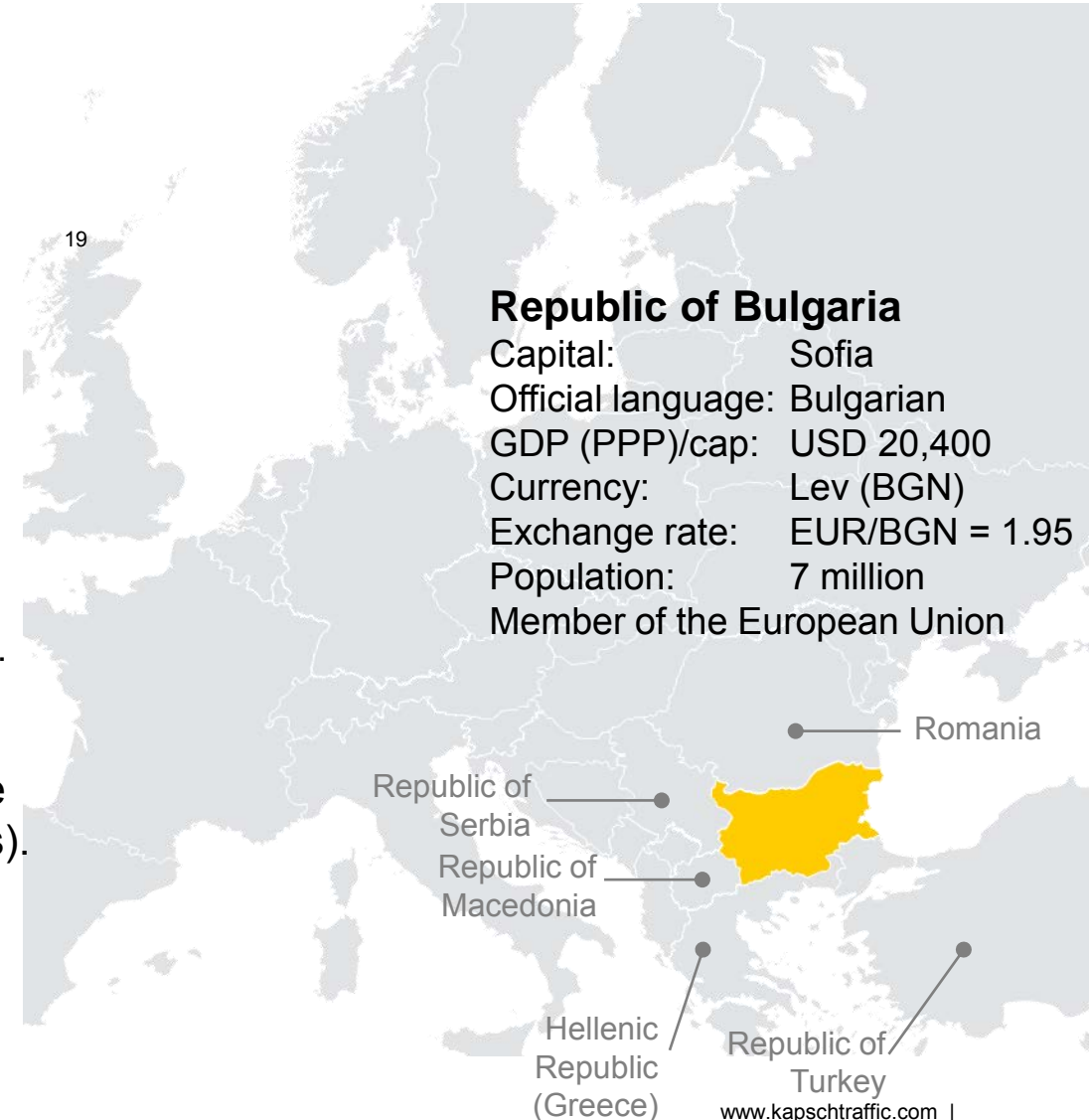
Overview.

## About the project

- > Contract to design and build nation-wide tolling System.
- > Satellite technology for trucks over 3.5 tons.
- > eVignette for passenger cars.
- > Tolls collected on all class I, II, and III roads, (all paved roads).
- > Some details:
  - 500 terminals for registering and issuing eVignettes,
  - 100 enforcement vehicles, 100 weigh-in-motion facilities, 100 tolling gantries.
- > Term: 19 months from signing.
- > Kapsch TrafficCom's 6th nation-wide toll collection system in Europe (after Austria, Switzerland, Poland, the Czech Republic, and Belarus).

## Financial

- > Total revenues of about EUR 75 million.



# Corporate milestones.

125 years in the ever-changing electronic industry.

**1892**

Kapsch founded

- Morse telegraph devices
- Telephones
- Capacitors and dry batteries
- Radios
- TVs (black & white, later color)
- Telecom networks (analog, later digital)
- Portable radios
- Mobile phones

**1991**

Toll collection division within Kapsch AG

**1995**

Contract for the realization of the nationwide Ecopoint System, the world's 1<sup>st</sup> emissions-based TMS

**1999**

Launch of world's 1<sup>st</sup> MLFF ETC system for an urban motorway on Melbourne City Link in Australia.

**2002**

Activities structured in three autonomous organizations:

- Kapsch TrafficCom
- Kapsch BusinessCom
- Kapsch CarrierCom

**2004**

Austria introduces the national truck road user charging system: the worldwide 1<sup>st</sup> nationwide multi-lane free-flow system on major highways

**2007**

IPO of Kapsch TrafficCom

**2007**

Nation-wide ETC system in Czech Republic goes into operation

**2010**

Contract for implementation and operation of nationwide tolling system in Poland

**2011**

Capital increase

**2012**

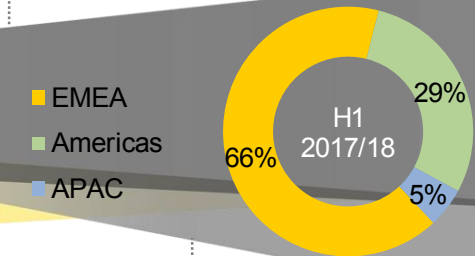
Contract for implementation and operation of nationwide tolling system in Belarus

**2016**

Acquisition of KTT (Schneider Electric Transportation Business)

**2017**

Concession agreement for nation-wide road safety and traffic management in Zambia





*We make mobility solutions intelligent to enable users to arrive at their destination*

- ❖ *comfortably,*
- ❖ *on time,*
- ❖ *safely,*
- ❖ *efficiently, and*
- ❖ *with minimal environmental impact.*