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challenging limits


Kapsch TrafficCom


Results for Q1 2016/17.


24 August 2016


Highlights.

-  Acquired transportation business of Schneider Electric; named Kapsch TrafficCom Transportation (KTT).

-  Issued a “Schuldscheindarlehen” (borrower’s note loan).

-  Acquisition of minority stake in Czech “Kapsch Telematic Services”.

-  New business success and solid pipeline.

-  Net credit of EUR 15.2mn.

Earnings overview.

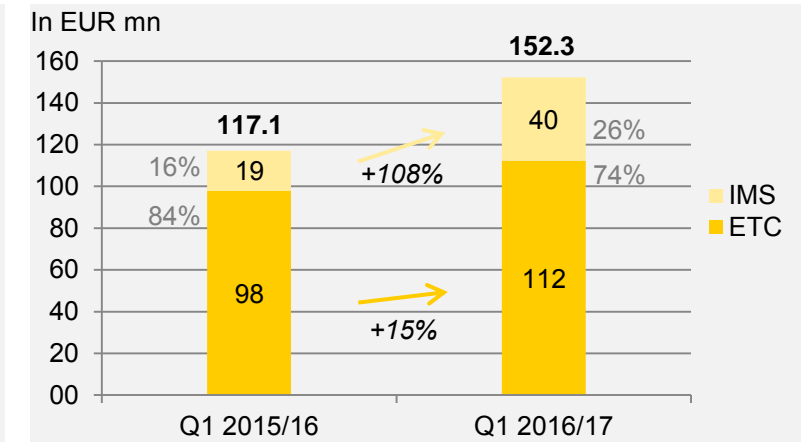
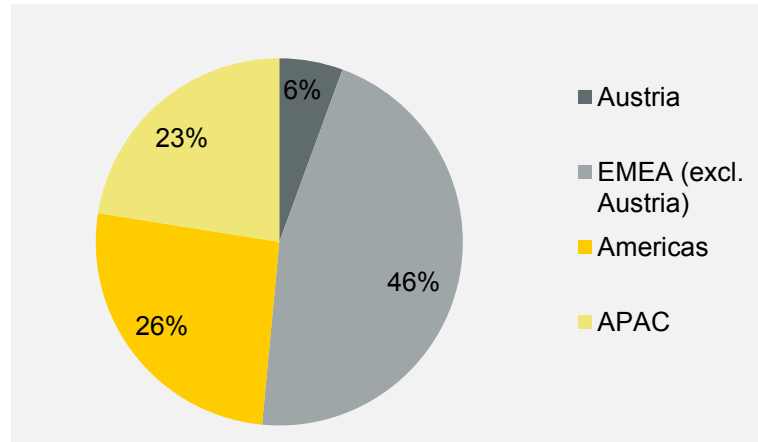
All figures in EUR mn unless otherwise stated

	Q1 2016/17	+/-	Q1 2015/16	FY 2015/16
Revenues	152.3	30%	117.1	526.1
EBITDA	21.8	29%	16.9	76.9
<i>EBITDA margin</i>	14.3%	(0.1%p)	14.4%	14.6%
EBIT	17.6	38%	12.8	62.3
<i>EBIT margin</i>	11.6%	0.6%p	10.9%	11.9%
Profit before tax (PBT)	17.3	15%	15.0	54.8
Profit for the period	12.4	8%	11.5	36.5
Profit for the period attributable to equity holders	12.7	30%	9.8	31.1
Earnings per share (EPS)	0.97	30%	0.75	2.39



Earnings.

Revenues



Key developments

- > First-time consolidation of KTT business.
- > New business. e.g.
 - 5th ETC project in Queensland, Australia. (10 yrs; AUD 9mn)
 - Modernize integrated transportation systems of the highway operations center in Massachusetts, USA. (4yrs; USD 11.5mn)
- > USA: most important growth market.

Revenues by region

Change from Q1 2015/16:

- > Austria - 2.1%p
- > EMEA - 4.8%p
- > Americas + 3.7%p
- > APAC + 3.2%p

Revenues by segment

- > ETC
 - EUR 5.7mn from KTT
 - Positive impact from exchange of IT infrastructure in South Africa
 - Growth of business in Chile and Australia
 - 2.84 million on-board units (2.33 million last year)
- > IMS
 - EUR 19.2mn from KTT
 - CHARM (UK/NL) had a positive impact

Earnings.

EBIT

All figures in EUR mn
unless otherwise stated

	Q1 2016/17	+/-	Q1 2015/16
Revenues	152.3	30%	117.1
Other operating income	9.2		3.3
Changes in finished and unfinished goods and work in progress	1.1		(3.4)
Own work capitalized	0.4		0.2
Cost of materials and other production services	(59.6)		(38.6)
Staff costs	(53.5)		(39.0)
Amortization and depreciation	(4.2)		(4.1)
Impairment charge	0.0		0.0
Other operating expense	(28.1)		(22.8)
EBIT	17.6	38%	12.8
<i>EBIT margin</i>	<i>11.6%</i>	<i>0.6%p</i>	<i>10.9%</i>

Includes EUR 3mn badwill from KTT acquisition and EUR 2.3 mn FX gains.

Additional ~900 KTT employees; now total of 4,659

Higher legal & consulting fees, travel expenses, rents and communication expenses; KTT accounted for EUR -3.3mn.

EBIT by segment

ETC: EUR 18.1mn
(+33% from EUR 13.6mn)

IMS: EUR -0.5mn
(from EUR -0.8mn)

- Growth from operations projects in EMEA
- KTT contributed EUR -1.5mn
 - Includes positive effect from badwill of EUR 0.9mn
- Positive development of traffic management projects in South Africa
- Negative impact from Streetline EUR 0.4mn from KTT
 - Includes badwill of EUR 2.1mn

Earnings.

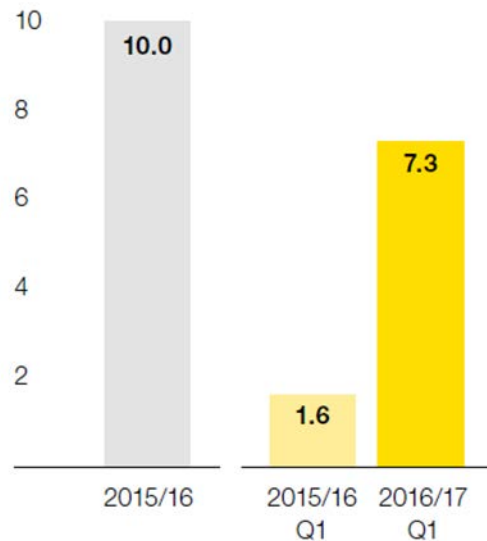
Financial result, taxes, non-controlling interests

All figures in EUR mn
unless otherwise stated

	Q1 2016/17	+/-	Q1 2015/16	
EBIT	17.6	38%	12.8	Included (non-recurring) EUR 3.4mn gains from the sale of securities.
Finance income	2.6		5.4	
Finance costs	(2.9)		(3.1)	Interest income EUR 1.5mn FX gains EUR 1.0mn Other EUR 0.0mn
Financial result	(0.3)		2.3	
Result before income taxes	17.3	15%	15.0	Interest expenses EUR -1.1mn FX losses EUR -0.8mn Other EUR -1.0mn
Income taxes	(4.9)		(3.5)	
Tax rate	28%		24%	Different applicable corporate tax rates (e.g. South Africa: 28%, Australia: 30%) and tax deferrals.
Result for the period	12.4	8%	11.5	
Non-controlling interests	(0.2)		1.7	
Result attributable to equity holders of the company	12.7	30%	9.8	Acquisition of the non-controlling interest (48%) of the Czech company Kapsch Telematic Services spol. s r.o.
Earnings per share (EPS)	0.97	30%	0.75	

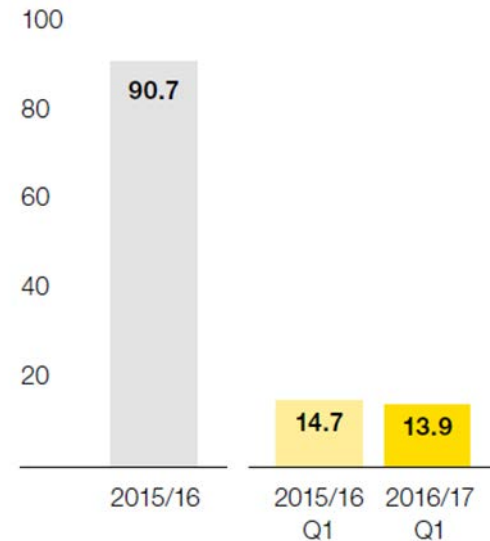
Other key financials.

Investments



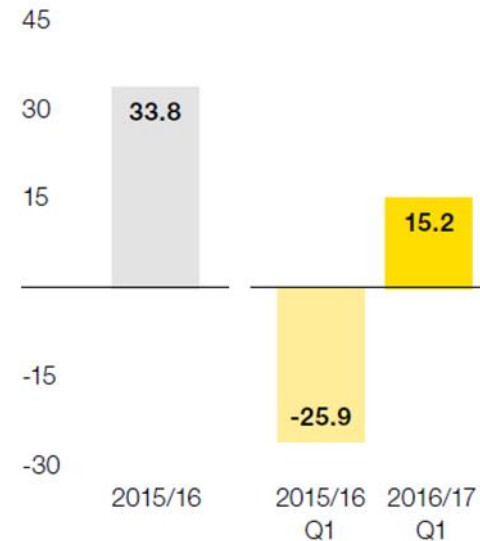
The increase resulted from the acquisition of KTT and primarily concerns intangible assets.

Free cash flow



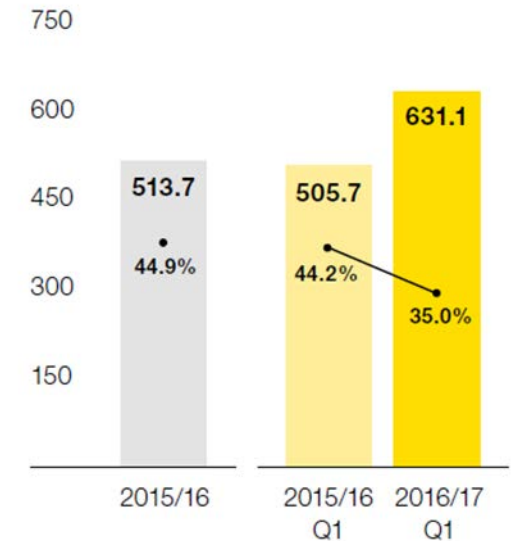
The free cash flow declined by 6% and this also relates to the consolidation of KTT.

Net credit/debt



Despite M&A, KTC still holds a net credit. Measures to cover the repayment of the bonds maturing in 2017 have already been taken.

Balance sheet total and equity ratio



Borrower's note loan (extension of balance sheet) and an acquisition (effect in equity) lead to a reduction of the equity ratio.

Consolidation of Kapsch TrafficCom Transportation.

Impact on Q1 results

Impact on the P&L

Revenues	EUR +24.9mn
thereof ETC	EUR +5.7mn
thereof IMS	EUR +19.2mn
EBIT	EUR -1.1mn
thereof ETC	EUR -1.5mn
thereof IMS	EUR +0.4mn

Impact on the balance sheet*

Property, plant & equipment	EUR	0.7mn
Intangible assets	EUR	5.2mn
Other non-current assets	EUR	0.2mn
Inventories	EUR	0.7mn
Receivables & other current assets	EUR	57.0mn
Cash & cash equivalents	EUR	9.5mn
Liabilities, other liabilities & deferred income	EUR	-42.8mn
Net assets acquired (provisionally)	EUR	30.4mn

Other

- > Number of KTC Group employees up by 895.
- > KTC is now in the top segment of toll solution providers in the U.S.A.
- > Strategic jump from the highways into the cities.
- > KTC has become a leading, globally active full-service provider.
- > Integration costs will weigh on KTC's profitability.
- > Integration to be completed by fall 2017.



Purchase price*: EUR 27.4mn
Difference to net assets
acquired (badwill): EUR 3.0mn

* Provisionally determined; preliminary purchase price allocation. Values may change subject to audit as well as through purchase price adjustments.

Acquisition of non-controlling stake.

Kapsch Telematic Services spol. s.r.o.

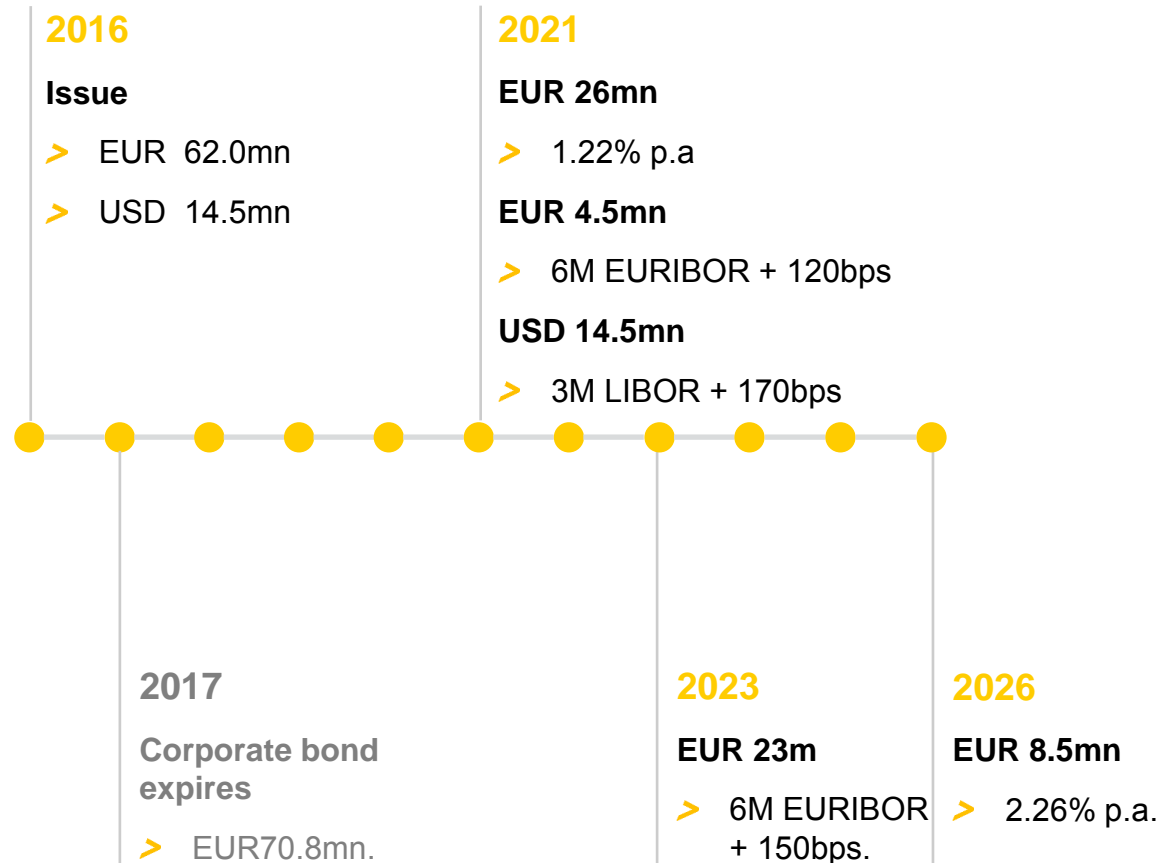
Kapsch Telematic Services spol. s r.o., Prague, is the company which is responsible for the operations of the nationwide electronic toll collection system in the Czech Republic.

KTC held 52% and acquired the remaining 48% in Q1.

- > Purchase price: up to EUR 21.8mn
 - Fixed portion paid in Q1: EUR 14.0mn
 - Performance-based variable portion: EUR 7.8mn, payable in installments until 2020.
- > Impact on results:
 - P&L: non-controlling interests down significantly (i.e. result attributable to equity holders of the company up)
 - Equity: reduction in the amount of the maximum purchase price (EUR 21.8mn)
 - Cash flow statement: fixed portion of purchase price in the “Cash flow from financing activities”

Borrower's note loan.

Successful issue.



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 outstanding) maturing in November 2017.
 - Can be repaid early; higher flexibility.
- > Extending effect on balance sheet (increase in cash and cash equivalents as well as in non-current financial liabilities)

Thank you for your attention.

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Appendix.

Q1 results.

P&L

All amounts in TEUR	2016/17 Q1	2015/16 Q1
Revenues	152,259	117,126
Other operating income	9,219	3,306
Changes in finished and unfinished goods and work in progress	1,053	-3,361
Own work capitalized	439	221
Cost of materials and other production services	-59,603	-38,591
Staff costs	-53,531	-39,008
Amortization and depreciation	-4,179	-4,129
Impairment charge	0	0
Other operating expenses	-28,054	-22,772
Operating result	17,604	12,791
Finance income	2,605	5,391
Finance costs	-2,930	-3,126
Financial result	-324	2,264
Result from associates	57	-38
Result before income taxes	17,337	15,017
Income taxes	-4,918	-3,545
Result for the period	12,419	11,472
Result attributable to:		
Equity holders of the company	12,663	9,758
Non-controlling interests	-244	1,714
Earnings per share from the result for the period attributable to the equity holders of the company (in EUR)	0,97	0,75

Q1 results.

Balance sheet

All amounts in TEUR	30 June 2016	31 March 2016		30 June 2016	31 March 2016
ASSETS			LIABILITIES		
Non-current assets			Non-current liabilities		
Property, plant and equipment	20,256	20,867	Non-current financial liabilities	146,190	85,734
Intangible assets	73,990	64,911	Liabilities from post-employment benefits to employees	24,183	24,107
Interests in associates	2,022	1,917	Non-current provisions	8,378	1,396
Other non-current financial assets and investments	19,573	18,651	Other non-current liabilities	10,841	3,333
Other non-current assets	11,008	18,877	Deferred income tax liabilities	5,568	3,190
Deferred tax assets	11,568	11,895		195,161	117,760
	138,416	137,119	Current liabilities		
Current assets			Trade payables	64,476	52,041
Inventories	37,971	35,757	Other liabilities and deferred income	105,119	79,342
Current tax receivables	3,572	3,754	Current tax payables	4,297	3,573
Trade receivables and other non current assets	258,066	196,158	Current financial liabilities	31,606	21,349
Other current financial assets	1,495	97	Current provisions	9,712	8,946
Cash and cash equivalents	191,531	140,782		215,211	165,250
	492,635	376,549	Total liabilities	410,372	283,010
Total assets	631,052	513,667	Total equity and liabilities	631,052	513,667

Q1 results.

Shareholders' equity

All amounts in TEUR	Attributable to equity holders of the company				Non-controlling interests	Total equity
	Share capital	Capital reserve	Other reserves	Consolidated retained earnings		
Carrying amount as of 31 March 2016	13,000	117,509	-21,887	114,225	7,811	230,658
Dividend				0	0	0
Effects from acquisition of shares in subsidiaries			-13,062		-8,772	-21,834
Result for the period				12,663	-244	12,419
Other comprehensive income for the period:						
Currency translation differences			266		-9	257
Fair value gains/losses on available-for-sale financial assets			-821		0	-821
Carrying amount as of 30 June 2016	13,000	117,509	-35,504	126,888	-1,213	220,679

Q1 results

Cash flow statement: Cash flow from operations

All amounts in TEUR	2016/17 Q1	2015/16 Q1
Cash flow from operating activities		
Operating result	17,604	12,791
Adjustments for non-cash items and other reconciliations:		
Scheduled depreciation and amortization	4,179	4,129
Impairment charge	0	0
Increase/decrease in liabilities from post-employment benefits	76	-106
Increase/decrease in other non-current liabilities and provisions	-4,822	-25
Increase/decrease in other non-current receivables	-2,335	-1,022
Increase/decrease in trade receivables (non-current)	9,478	13,006
Increase/decrease in trade payables (non-current)	-99	-214
Other (net)	823	4,222
	24,905	32,781
Changes in net current assets:		
Increase/decrease in trade receivables and other assets	-4,708	-2,960
Increase/decrease in inventories	-1,557	1,161
Increase/decrease in trade payables and other current payables	2,422	-8,604
Increase/decrease in current provisions	767	-483
	-3,076	-10,887
Cash flow from operations	21,829	21,894
Interest received	823	313
Interest payments	-1,123	-1,331
Net payments of income taxes	-1,175	-4,870
Net cash flow from operating activities	20,354	16,007

Q1 results

Cash flow statement, cont'd

All amounts in TEUR	2016/17 Q1	2015/16 Q1
Net cash flow from operating activities	20,354	16,007
Cash flow from investing activities		
Purchase of property, plant and equipment	-1,046	-1,548
Purchase of intangible assets	-6,225	-19
Purchase of securities, investments and other non-current financial assets	-2,419	0
Increase/decrease in cash from the acquisition of entities (less cash and cash equivalents of these entities)	-16,554	2,543
Proceeds from the disposal of property, plant and equipment and intangible assets	803	291
Proceeds from the disposal of securities and investments	0	5,335
Net cash flow from investing activities	-25,441	6,601
Cash flow from financing activities		
Dividends paid to parent company's shareholders	0	0
Dividends paid to non-controlling interests	0	-6,663
Payments for the acquisition of non-controlling interests	-14,000	0
Increase in non-current financial liabilities	75,376	44
Increase in current financial liabilities	205	892
Decrease in current financial liabilities	-6,054	-11,727
Net cash flow from financing activities	55,527	-17,454
Net increase/decrease in cash and cash equivalents	50,440	5,154
Change in cash and cash equivalents		
Cash and cash equivalents at beginning of period	140,782	96,765
Net increase/decrease in cash and cash equivalents	50,440	5,154
Exchange gains/losses on cash and cash equivalents	309	-1,504
Cash and cash equivalents at end of period	191,531	100,415

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