



kapsch >>>
challenging limits

Kapsch TrafficCom

Results for 2019/20.

June 16, 2020

Looking back on financial year 2019/20.

Positive start to the year,
but **darn it:**
major projects in Germany
suddenly canceled.

**2019/20: a cursed
financial year.**

Darn in:
the **implementation of new
software** in existing customer
projects is **more demanding than
expected.**

Very successful on the market,
but **darn it:**
the team is not big enough.

Best bidder for a large project in
South Africa, but **darn it:**
tendering discontinued.

Darn in:
in the end, a **virus** plunges the
market into uncertainty.

Looking back on financial year 2019/20.

Zambia.

Impossible to overcome regulatory hurdles.

As a result, disappointing business prospects.

For this reason, the involvement in Zambia was impaired.

Czech Republic.

In November 2019, the contract to operate the nation-wide toll system expired.

End of a Project with annual revenues of EUR 70+ mn.

US patent dispute.

End of a long-standing patent dispute in the USA.

Decision in favor of Kapsch TrafficCom by the court of last instance.

Streetline.

Not aware of a sustainable and profitable business model in the area of smart on-street parking.

Also true for Streetline.

That is why this company's activities are ended.

Infrastructure charge Germany (passenger vehicle toll).

Review.



- > In 2018, two projects regarding the German infrastructure charge („passenger vehicle toll“) were awarded:
 - **Project „passenger vehicle toll“** to *autoTicket*, a joint venture of Kapsch TrafficCom and CTS EVENTIM.
 - **Project „automatic control of the passenger vehicle toll“** to *MTS Maut & Telematik Services*, a 100% subsidiary of Kapsch TrafficCom.

- > Ruling of the European Court of Justice (ECJ) from June 18, 2019:
A passenger vehicle toll, where in Germany accredited vehicles receive a tax relief simultaneously, violates EU principles.

- > Customer terminated on the following day both contracts effective September 30, 2019.

- > The projects relating to the passenger vehicle toll would have been one of the largest projects in the company’s history.



Financial results.
2019/20.

Financial year 2019/20.

Overview.

- > Revenues just slightly below the previous year's level despite the loss of two major projects (in Czechia and Germany).
- > Significant one-off effects and operative challenges led to a negative EBIT.
- > Positive EBIT when excluding one-off effects.
- > Positive free cash flow.
- > Dividend proposed to the AGM: probably EUR 0.25 per share.

Revenues

EUR 731.2 mn

Previous year | EUR 738 mn
-1%

EBIT

EUR -39.2 mn

Previous year | EUR 57 mn
n.m.

EBIT margin

-5.4%

Previous year | 7.7%
-13.1%p

EPS

EUR -3.70

Previous year | EUR 3.68
n.m.

One-time effects 2019/20.

> IMS segment (in particular Zambia)	EUR -27 million
Value adjustments and impairments in connection with updated estimates	
> German infrastructure charge	EUR -9 million
Depreciations and compensation for non-acceptance of loans as well as increased legal and consulting fees	
> Streetline activities shut down	EUR -3 million
> Operation of the toll system in the Czech Republic ended	EUR -2 million
	<hr/> EUR -40 million * <hr/>

**Slight differences in calculations
may arise due to the
rounding of individual items.*

IFRS 16.

Overview.

IFRS 16 „Leases“.

- > Specifies the recognition, measurement, presentation as well as disclosure requirements with regard to leases in financial statements.
- > As for Kapsch TrafficCom, this mainly relates to: buildings, motor vehicles, and IT equipment.

Rights of use arising from leasing agreements are capitalized (tangible assets), and lease liabilities are shown separately on the liabilities side of the balance sheet.

Lease expenses recorded previously (other operating expenses) are replaced by a depreciation of the assets from leasing and an interest component (which flows into the financial result).

IFRS 16 impact on certain KPIs.*

In EUR million unless otherwise stated	Reported value	IFRS 16 effect
Balance sheet total	727.2	63.6
Equity	182.5	-0.7
Equity ratio	25.1%	-2.5%p
Net debt	-175.7	-63.6
Gearing ratio	96.3%	35.1%p
EBIT	-39.2	0.8
EBITDA	13.6	14.6
Financial result	-23.1	-1.5
Result for the period	-55.7	-0.7

*As per March 31, 2020 and for FY 2019/20, respectively.

Earnings.

EBIT.

All figures in EUR mn unless otherwise stated	2018/19	2019/20	+/-
Revenues	737.8	731.2	-1%
Other operating income	13.8	16.0	15%
Changes: un-/ finished goods & work in progress	20.9	-6.1	n.m.
Cost of materials and other production services	-323.5	-334.9	4%
Staff costs	-252.7	-269.2	7%
Amortization and depreciation	-14.5	-52.8	264%
Other operating expense	-126.3	-118.7	-6%
Proportional result of joint ventures	¹⁾ 1.5	-4.6	n.m.
EBIT	57.0	-39.2	n.m.
<i>EBIT margin</i>	7.7%	-5.4%	-13.1%p

Mainly autoTicket
(Germany)

¹⁾ JV in Zambia (Q2 2017/18 – August 2018)

FX impact on EBIT

in EUR mn	2018/19	2019/20	+/-
	3.6	0.0	-3.7

Includes:
EUR 13.8 million from IFRS 16
EUR 24.9 million impairments

Headcount development

End of period	2018/19	2019/20	+/-
	4,981	5,104	123

Higher staff levels
in Poland, USA

Less staff in
South Africa and Czechia

Earnings.

Financial result, taxes, non-controlling interests.

All figures in EUR mn unless otherwise stated	2018/19	2019/20	+/-
EBIT	57.0	-39.2	n.m.
Financial result	-1.7	-23.1	-1248%
Proportional results from associates and joint ventures from financial investments	-0.3	-1.2	-361%
Result before income taxes	55.1	-63.4	n.m.
Income taxes	-8.5	7.7	n.m.
Tax rate	15.4%	n.m.	n.m.
Result for the period	46.6	-55.7	n.m.
Non-controlling interests	-1.3	-7.6	-505%
Result attributable to equity holders of the firm	47.8	-48.1	n.m.

In particular South African Rand and Zambian kwacha

Financial result

All figures in EUR mn unless otherwise stated	2018/19	2019/20	change
Interest (net result)	-2.8	-3.3	-0.4
FX (net result)	-5.2	-9.0	-3.7
Other (net result)	6.3	-10.9	-17.2

Includes EUR 5.1 million from the sale of ParkJockey stake

Includes EUR 5.6 million tax allocation to the tax group parent company (KAPSCH-Group Beteiligungs GmbH)

Includes EUR -5.7 million (mark-to-market) write-down of investment in Q-Free and EUR -2.3 million hyperinflation adjustments in Argentina and EUR -1.1 million IFRS 16 effect

2019/20.

Segment results.



ELECTRONIC TOLL COLLECTION (ETC)

All figures in EUR mn unless otherwise stated

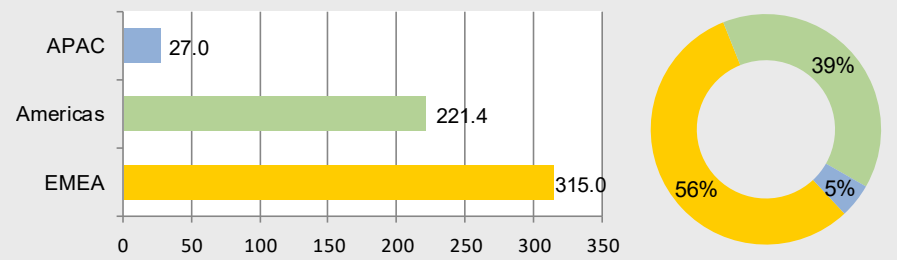
	2018/19	2019/20	+/-
Revenues	558.4	563.5	1%
Implementation	190.5	219.3	15%
Operations	264.4	234.9	-11%
Components	103.5	109.3	6%
EBIT	64.9	1.5	-98%
EBIT margin	11.6%	0.3%	-11%p

Strong US business

Lower revenues in PL and CZ

Stronger sales in Spain

Revenues by region



INTELLIGENT MOBILITY SOLUTIONS (IMS)

All figures in EUR mn unless otherwise stated

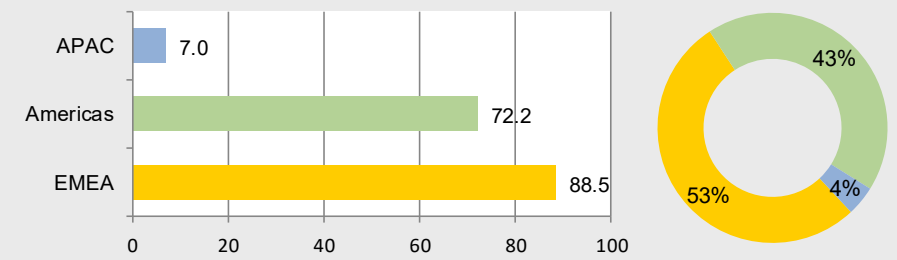
	2018/19	2019/20	+/-
Revenues	179.4	167.7	-7%
Implementation	80.8	73.6	-9%
Operations	86.4	84.4	-2%
Components	12.2	9.7	-21%
EBIT	-7.9	-40.7	-413%
EBIT margin	-4.4%	-24.2%	-20%p

Completion of project in Peru

Lower revenues in Zambia and South Africa

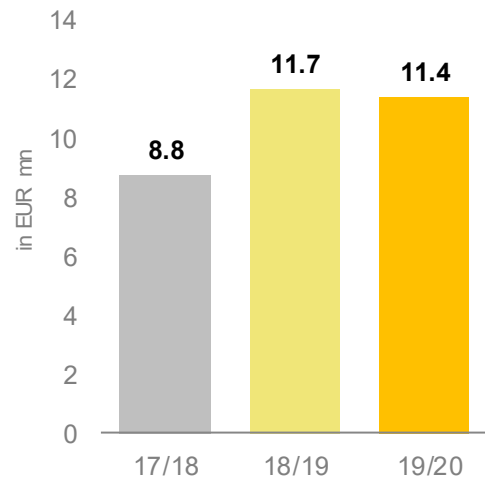
Lower sales to sister companies

Revenues by region

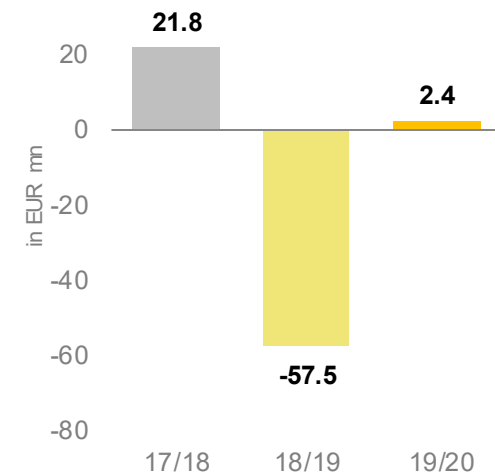


Other key financials.

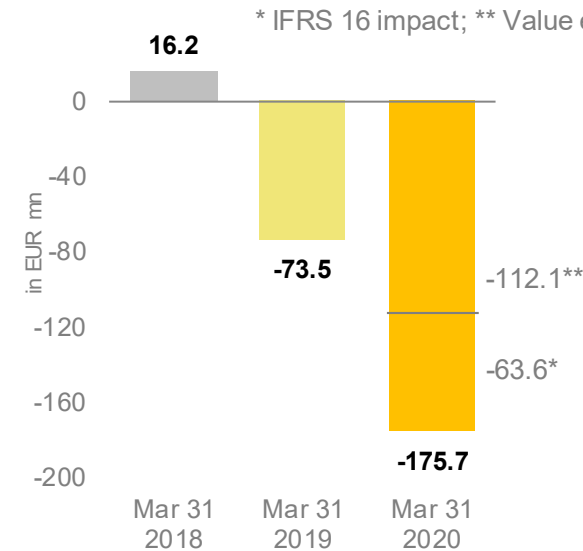
Net CAPEX



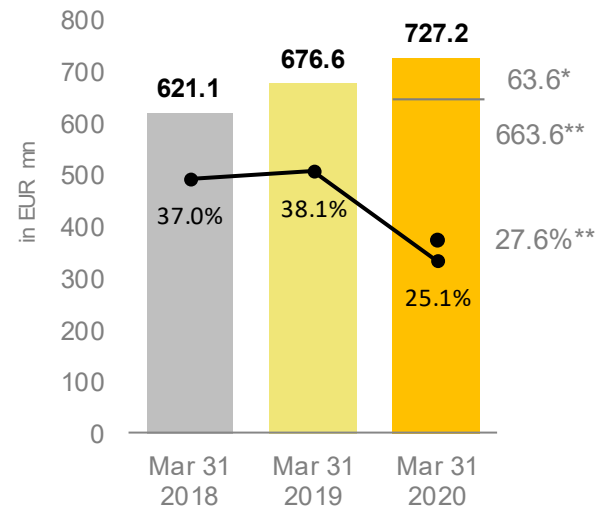
Free cash flow



Net cash/debt



Balance sheet total and equity ratio



- > CAPEX on previous year's level.
- > Free cash flow positive again, reflecting reduced net working capital and the IFRS 16 effect.

- > Net debt increased because of dividend payment, cash flow from investing, IFRS 16.
- > Augmented balance sheet total from IFRS 16. Equity suffered from negative result for the period and dividend payment.



Outlook.

Outlook 2020/21.

- > A large number of negative effects came together in the 2019/20 financial year.
- > Many challenges have already been taken care of (Zambia, Streetline, US patent dispute)
- > Other economically burdensome factors are known:
 - The personnel shortage in North America will presumably last until the end of 2020.
 - Additional expenses for the implementation of new software will probably be incurred up to the first half of the year.
 - Challenge of making up for the loss of the nation-wide toll project in the Czech Republic—with a high revenue and result contribution—at the end of November 2019.
 - Investments in new mobility service in the USA.
- > Currently not possible to quantify the effects of COVID-19 on the business. Visibility has come down, particularly with regard to invitations to tender.
- > 2020/21 should be better than the previous year. Clearly positive EBIT expected.

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for your attention.***

Kapsch TrafficCom

Kapsch TrafficCom AG
Am Europlatz 2
1120 Vienna, Austria
P: +43 50 811 - 0
ir.kapschtraffic@kapsch.net
www.kapschtraffic.com/ir

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