



kapsch >>>
challenging limits

Kapsch TrafficCom

Investor Presentation.

October 2018.

Kapsch.

KTC: Leading entity of the Kapsch Group.

- > Kapsch founded in Vienna in 1892
- > Electronic industry
- > Strong brand in Austria
- > Four key entities
 - Kapsch TrafficCom – KTC
(Intelligent Transportation Systems)
 - Kapsch BusinessCom
(ICT solutions for enterprises and public administration)
 - Kapsch CarrierCom
(End-to-end telecom solutions for railway operators, public authorities, and airports)
 - Kapsch Public TransportCom
(Intelligent infrastructure solutions for public transport operators & transportation agencies)
- > Group revenues >EUR 1bn



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Kapsch: 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 Mobility Systems

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



Solid financial parameter

- ❖ Revenues ~EUR 700mn
- ❖ EBIT ~EUR 50mn
- ❖ Sustainable dividend policy:
Base dividend of EUR 1.--

Global player

- ❖ More than 5,200 employees
- ❖ Presence in >30 countries
- ❖ References in >50 countries



Listed at Vienna Stock Exchange

- ❖ IPO in 2007
- ❖ Free float 36.7%



Portfolio of solutions.

Integrated mobility solutions provider – financial segmentation.

Tolling (ETC)

Electronic toll collection

- > Multi-lane free-flow
- > Managed lanes (tolled)
- > Mobile tolling
- > eVignette

Plaza tolling

- > Stand-alone manually operated tolling plazas
- > Plaza tolling systems combined with electronic toll collection

City tolling

- > Static city toll
- > Situation-dependent road pricing

Tolling services

- > European Electronic Toll Service (EETS)
- > Tolling services for passenger cars

Intelligent Mobility Solutions (IMS)

Traffic management

- > Highway traffic management
- > Urban traffic management
- > Managed lanes
- > Tunnels and bridges

Traffic safety & security

- > Road safety enforcement
- > Commercial vehicle enforcement
- > Electronic vehicle registration

Connected vehicles

- > V2X-automotive
- > V2X-infrastructure
- > Connected mobility

Smart urban mobility

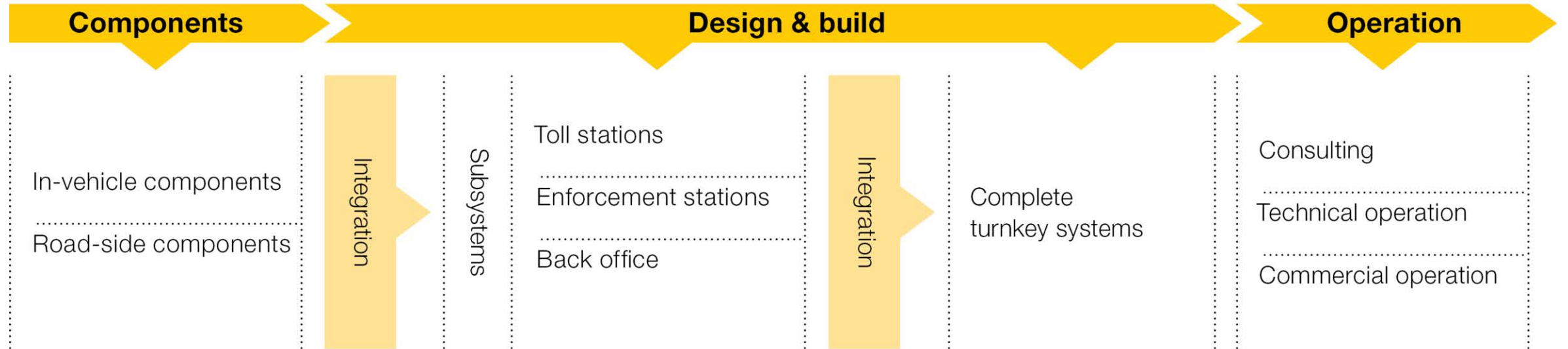
- > Access management
- > Smart parking
- > Intermodal mobility

Revenues 2017/18: EUR 522 million, i.e. 75%

Revenues 2017/18: EUR 172 million, i.e. 25%

Business overview – electronic toll collection.

One-stop-shop.



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

<p>In-vehicle components</p> <p>On-board units (OBUs) Programming station</p>		<p>Transceivers & readers</p> <p>Transceiver Mobile reader</p>		<p>Cameras & sensors</p> <p>Vehicle detection Vehicle registration Vehicle classification</p>			<p>Toll & enforcement station</p> <p>Stationary enforcement Mobile enforcement</p>		<p>Back office</p>
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Characteristics of the IMS segment.

At a glance.

- Broad set of solutions and services addressing different aspects of traffic/mobility.
 - Some offerings are already fairly mature (e.g. traffic management).
 - Others are investments into future growth (e.g. connected vehicles, smart parking).
- Today, most of the segment's revenues from traffic management.
- In IMS, the split between implementation revenues (project business) and operations is different than in ETC:
 - Design, delivery and implementation of software and hardware (sensors, controllers, signs, signals) represent a higher share.
 - Operation revenues represent mainly technical operations.
- IMS segment has the potential to increase recurring revenues (mid term to long term).



From tolling to intelligent mobility solutions.

Kapsch TrafficCom – continuously reducing the risk profile.



2007/08 (IPO)

- > Mainly tolling business
- > Only a few customers
- > Very limited traffic management activities
- > Business in Europe and Australia

2012/13

- > Mainly tolling business
- > Strong ETC growth driven by a few large-scale customers
- > Little non-ETC business
- > In total <200 customer projects
- > Growing share of business in the Americas

2017/18

- > Mainly tolling business
- > Customer base significantly diversified (also within ETC)
- > Non-ETC portfolio massively expanded
- > ETC still the growth driver but non-ETC business gains relevance
- > In total >1,000 customer projects
- > Global player

New customers

New solutions

New business models

Operational excellence

In the 2020s

- > ETC and traffic management business expand further
- > Intelligent mobility solutions, e.g.
 - Smart urban mobility
 - Connected vehiclesgrow rapidly and represent a substantial part of the business

Q1 2018/19 and beyond.

Highlights.

- > Switzerland: Contract for the modernization and maintenance of the truck toll system.
- > Austria: Modernization of nation-wide truck toll system has been concluded.
- > Zambia: Full consolidation from September 2018.
- > New business opportunities: Decisions regarding a number of large-scale projects expected until the end of 2018.
- > Order situation remains positive.
- > Deferments in certain projects caused revenues and earnings of Q1 2018/19 below expectations.

Revenues

EUR 158.2 mn

Q1 2017/18 | EUR 164 mn
-4%

FY 2017/18: EUR 693.3 mn

EBIT

EUR 7.1 mn

Q1 2017/18 | EUR 12 mn
-39%

FY 2017/18: EUR 50.1 mn

EBIT margin

4.5%

Q1 2017/18 | 7.1%
-2.6%p

FY 2017/18: 7.2%

EPS

EUR 0.21

Q1 2017/18 | EUR 0.52
-60%

FY 2017/18: EUR 2.21

Q1 2018/19.

Segment results: ETC accounts for 76% of total revenues, IMS 24%.

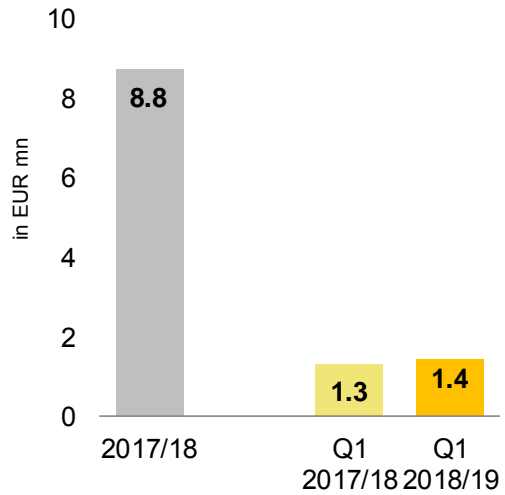
ETC	Key financials				Revenues by region	Revenues by type			
	All figures in EUR mn unless otherwise stated	Q1 2017/18	Q1 2018/19	+/-		All figures in EUR mn unless otherwise stated	Q1 2017/18	Q1 2018/19	+/-
	Revenues	123.4	119.6	-3%	<p>67% 26% 7%</p> <p>■ EMEA ■ Americas ■ APAC</p>	Implementation	27.1	25.1	-8%
	EBIT	14.6	7.0	-52%		Operation	69.8	67.2	-4%
	<i>EBIT margin</i>	11.9%	5.8%	-6.0%p		Components	26.4	27.3	3%
						OBU sold, million units	2.9	3.3	12%

IMS	Key financials				Revenues by region	Revenues by type			
	All figures in EUR mn unless otherwise stated	Q1 2017/18	Q1 2018/19	+/-		All figures in EUR mn unless otherwise stated	Q1 2017/18	Q1 2018/19	+/-
	Revenues	40.9	38.7	-5%	<p>58% 40% 2%</p> <p>■ EMEA ■ Americas ■ APAC</p>	Implementation	18.6	16.3	-12%
	EBIT	-2.9	0.1	n.a.		Operation	20.1	19.6	-2%
	<i>EBIT margin</i>	-7.1%	0.3%	7.5%p		Components	2.2	2.7	23%

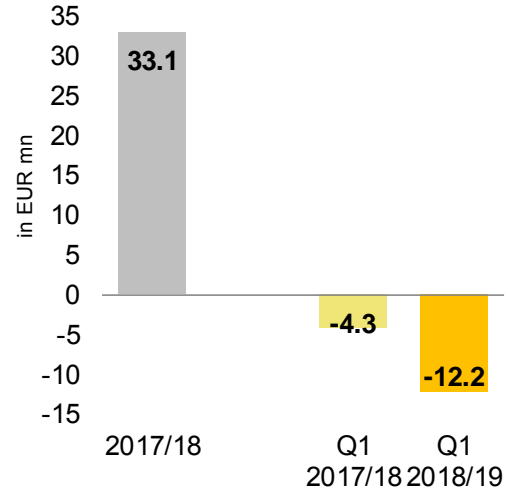
Q1 2018/19.

Other key financials.

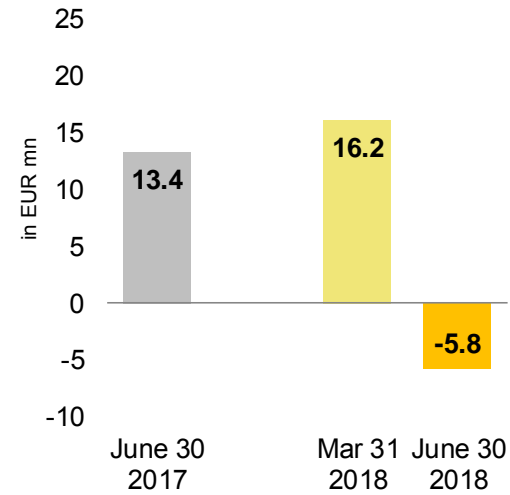
Net CAPEX



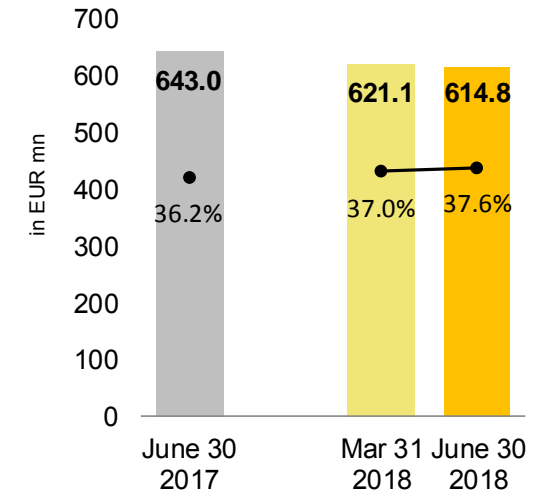
Free cash flow



Net cash/debt



Balance sheet total and equity ratio



Medium-term goals.

Revenues

- > Growing in both segments
- > Grow stronger than the market
- > Higher growth rates for IMS in the long run

EBIT margin

- > ETC: comfortably >10%
- > IMS: in good environment, 8% possible
- > Group: > 10%



USP.

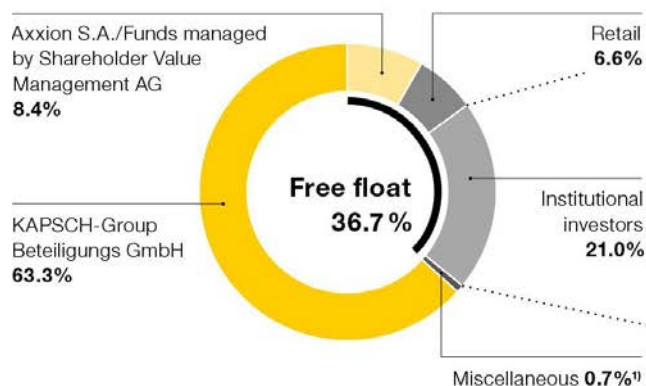
What makes Kapsch TrafficCom unique?

- > Ability to develop tailored solutions – proven track record
- > Close to our customers
- > Domain know-how
- > Integrated, one-stop-shop
- > Only real global player in ETC
 - 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

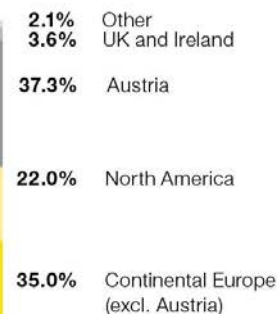


Kapsch TrafficCom share.

Shareholder structure



Institutional investors by region



Source: Shareholder survey from March 2018, participation notification, estimates by Kapsch TrafficCom.

1) Trading positions and unidentified shareholders.

Basic information

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

Select events

November 21, 2018 H1 2018/19 results

February 21, 2019 Results Q1-Q3 2018/19

More information: www.kapschtraffic.com/ir



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Overview: Major project.

Road safety and traffic management in Zambia.

About the project

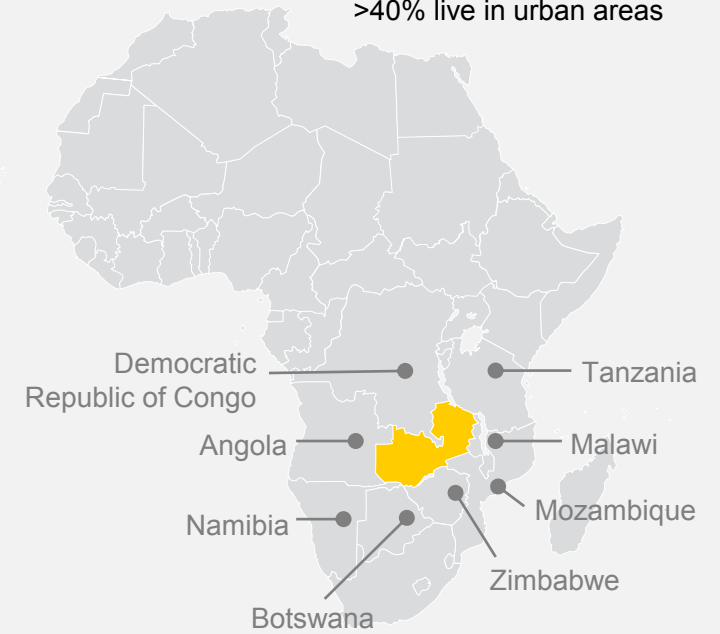
- > Nation-wide concession contract to improve road safety and traffic management.
- > Main components:
 - Vehicle inspection,
 - Vehicle registration,
 - Speeding fines and other traffic-related infringements.
- > Term: 17 years

Organizational & financial

- > Joint venture (JV) with local partner Lamise Trading.
- > Consolidation: Until August 2018 at equity, thereafter full consolidation.
- > JV's expected revenues in the first 3 years projected to be in the range of EUR 90 million to EUR 110 million.

Republic of Zambia

Capital:	Lusaka
Official language:	English
GDP (PPP)/cap*:	USD 3,933
Currency:	Zambian Kwacha (ZMW)
Population*:	16.6 million; >40% live in urban areas



*Source: World Bank (Data for 2016)

Overview: Major project.

Nation-wide tolling system in Bulgaria.

About the project

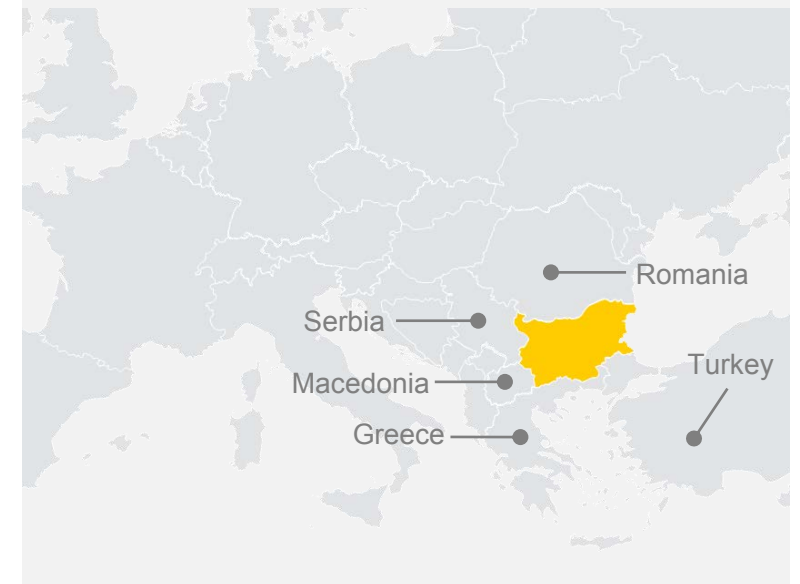
- > Contract to design and build nation-wide tolling system.
- > Satellite technology for trucks over 3.5 tons.
- > eVignette for passenger cars.
- > Tolls collected on all class I, II, and III roads, (all paved roads).
- > Some details:
 - 500 terminals for registering and issuing eVignettes,
 - 100 enforcement vehicles, 100 weigh-in-motion facilities, 100 tolling gantries.
- > Term: 19 months from signing (January 2018).
- > 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 76.6 million.

Republic of Bulgaria

Capital:	Sofia
Official language:	Bulgarian
GDP (PPP)/cap*:	USD 19,242
Currency:	Lev (BGN)
Population*:	7.1 million
Member of the European Union	



*Source: World Bank (Data for 2016)

Overview: Major project.

Tolling in Maryland (USA).

About the project

- > Contract to replace and maintain all roadside tolling equipment in the mixed-mode, cash, and express toll lanes under management of the Maryland Transportation Authority.
- > The new roadside equipment will include:
 - RFID toll readers.
 - Automated license plate recognition (ALPR) cameras.
 - Scanners in the mixed-mode lanes.
 - Stereoscopic Vehicle Detection and Classification sensors.
- > Term: Start in February 2018, replacement of all toll equipment by 2020, six years of subsequent technical operation as well as the option to extend the contract for additional four years.

Financial

- > Total revenues of more than EUR 55 million.



Overview: Major project.

Port Authority of New York and New Jersey (USA).

About the projects

1. Tolling (2016)

- > Replace the toll collection system at all bridges and tunnels and ongoing system maintenance.
- > Term: Upon completion, maintenance for a 6-year period, with options to extend for up to three 2-year periods.
- > Potential total revenues >EUR 100 million.

2. Traffic Management (2017)

- > Design and install an Agency-Wide Advanced Transportation Management Software (ATMS).
- > Term: 4-year base term followed by two additional 1-year optional support periods.
- > Total revenues >EUR 8 million.



References in more than 50 countries.

Global

All figures in EUR mn unless otherwise stated	2017/18	% of total
Revenues	693.3	
thereof ETC	521.6	75%
thereof IMS	171.6	25%

EMEA

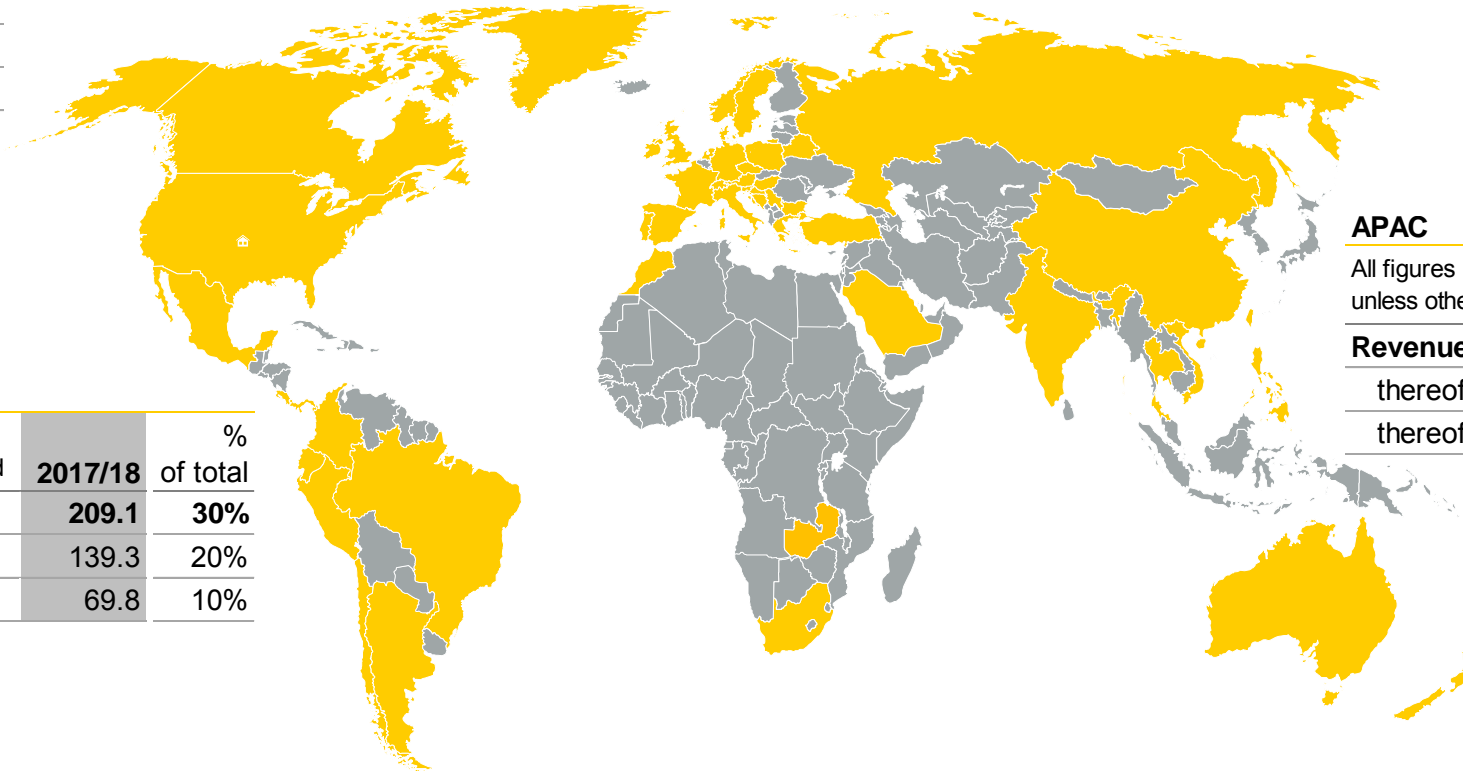
All figures in EUR mn unless otherwise stated	2017/18	% of total
Revenues	441.9	64%
thereof ETC	346.8	50%
thereof IMS	95.1	14%

Americas

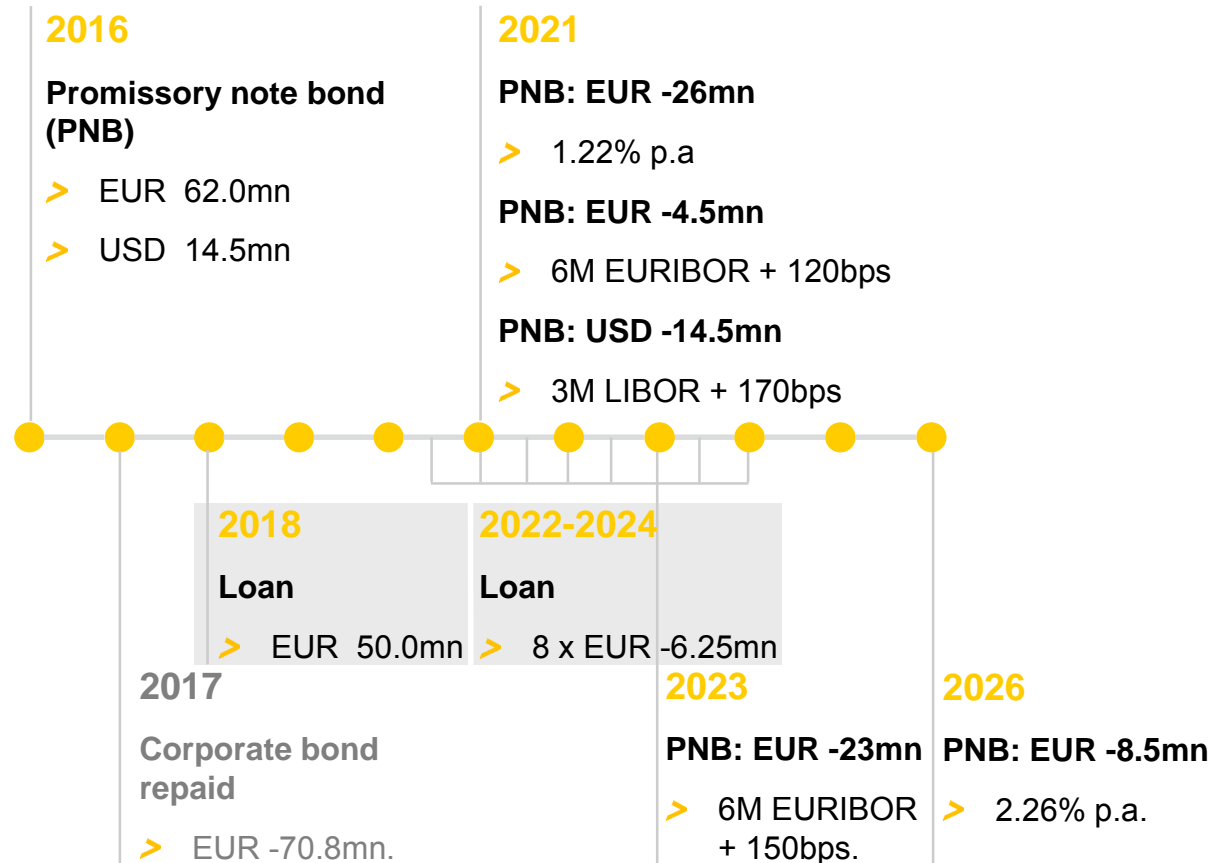
All figures in EUR mn unless otherwise stated	2017/18	% of total
Revenues	209.1	30%
thereof ETC	139.3	20%
thereof IMS	69.8	10%

APAC

All figures in EUR mn unless otherwise stated	2017/18	% of total
Revenues	42.3	6%
thereof ETC	35.5	5%
thereof IMS	6.8	1%



Promissory note bond & long-term bank loan.



Corner stones of the promissory note bond

- > Issued 2016
- > Volume: EUR 62mn + USD 14.5mn
- > 3 tenors (5/7/10 years)
- > Partially fixed interest, partially variable

Corner stones of the long-term bank loan

- > Issued January 2018
- > Volume: EUR 50mn
- > Term: 6 years
- > Fixed interest: 0.8% p.a.
- > Redemption: 2.5 years grace period, then 8 half-year installments

Corporate milestones.

More than 125 years in the ever-changing electronic industry.

1892

Kapsch founded

- > Morse telegraph devices
- > Telephones (fixed and mobile)
- > Capacitors and dry batteries
- > Radios, incl. portable radios
- > TVs (black & white, later color)
- > Telecom networks (analog, later digital)

1991

Toll collection division within Kapsch Aktiengesellschaft

2002

Activities structured in three autonomous organizations:

- > Kapsch TrafficCom
- > Kapsch BusinessCom
- > Kapsch CarrierCom

2007

IPO of Kapsch TrafficCom

2011

Capital increase

2016

Acquired the transportation business of Schneider Electric

1995

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

1999

Australia: Launch of world's 1st MLFF ETC system for an urban motorway on Melbourne City Link

2004

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

2007

Czech Republic: Nation-wide ETC system goes into operation

2010

Poland: Contract for implementation and operation of nation-wide tolling system

2012

Belarus: Contract for implementation and operation of nation-wide tolling system

2017

- > Zambia: Concession agreement for nation-wide road safety and traffic management
- > Bulgaria: Nation-wide tolling system

We make traffic solutions intelligent.

Why is this so important to us?

- ❖ *Because we want you to reach your destination quickly, comfortably, and safely.*
- ❖ *Because we want to enable our customers to provide the very best service at a low cost.*
- ❖ *Because we want to protect the environment.*