



**kapsch** >>>  
challenging limits

Kapsch TrafficCom

# ***Investor Presentation.***

*July 2017.*



# 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 financials

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

## Global player

- ❖ More than 4,800 employees
- ❖ Presence in >30 countries
- ❖ References in >50 countries



## Listed at Vienna Stock Exchange

- ❖ Market cap >EUR 600mn
- ❖ Free float 28.5%



# Strategy.

Profitable and sustainable growth.

## Top-line growth

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

> Revenues to increase in both segments, with 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
  - ❖ After KTT integration: better positioning, higher efficiency
  - ❖ Synergies between KTT and Kapsch TrafficCom

> EBIT margin in ETC comfortably >10%.  
> In the medium term IMS EBIT margin of about 8% seems possible.  
> Group EBIT margin of 10% (mid term).

## Sustainability

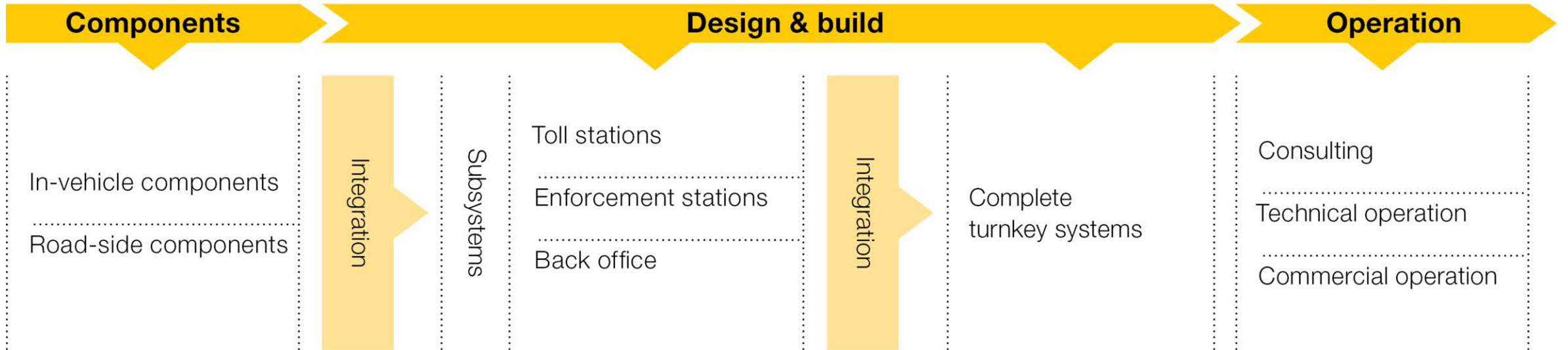
- ❖ Long-term & sustainable management: 125 years of history
- ❖ Sustainable business model
- ❖ Innovation: open approach
- ❖ Patents
- ❖ Employees: lifelong learning
- ❖ Working environment
- ❖ Engaging with stakeholder groups

> R&D and innovation with open approach.  
> Close to customers.  
> Recognise trends early.



# Business model.

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    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>
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# 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

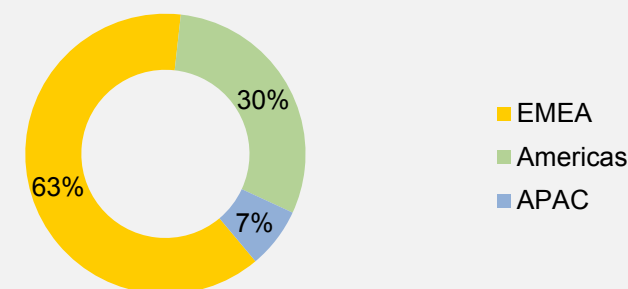
# Financials.

Earnings overview.

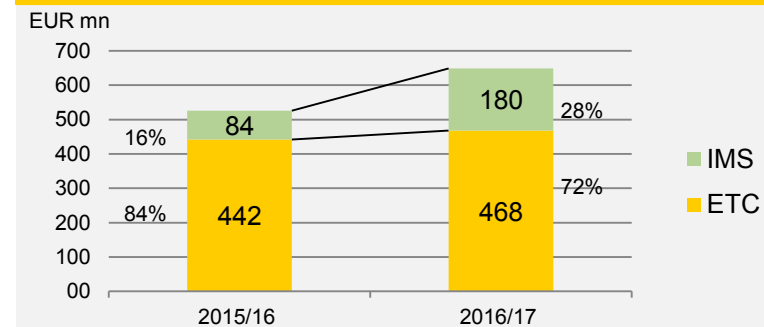


All figures in EUR mn unless otherwise stated	2016/17	+/-	2015/16	2014/15
Revenues	648.5	23%	526.1	456.4
EBITDA	77.8	1%	76.9	61.5
<i>EBITDA margin</i>	12.0%	-3%p	14.6%	13.5%
EBIT	60.1	-4%	62.3	32.7
<i>EBIT margin</i>	9.3%	-3%p	11.9%	7.2%
Profit before tax (PBT)	60.6	11%	54.8	19.9
Profit for the period	42.7	17%	36.5	11.4
Profit for the period attributable to equity holders	43.6	40%	31.1	3.6
Earnings per share (EPS) in EUR	3.4	40%	2.4	0.3

Revenues by Region FY 2016/17

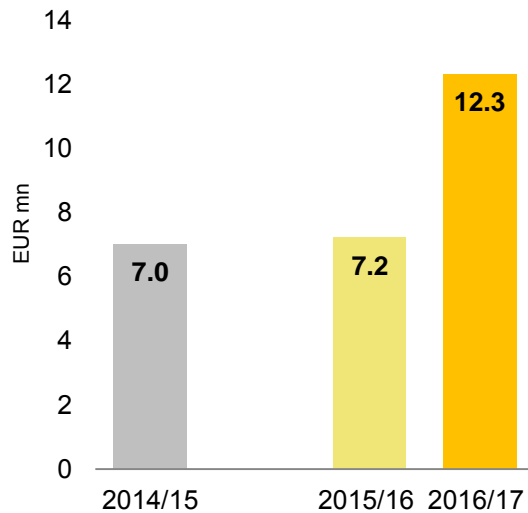


Revenues by Segment FY 2016/17



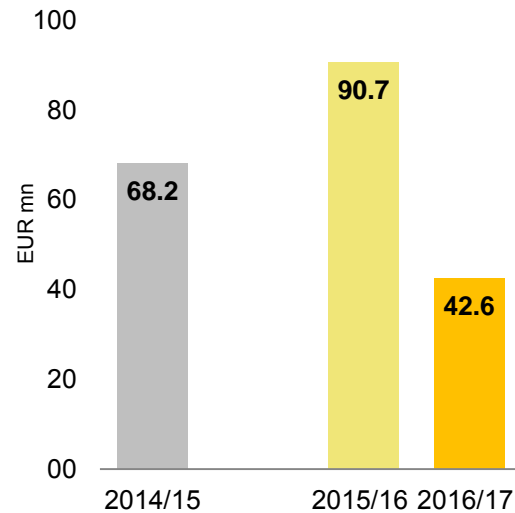
# Other key financials.

## Net investments



The growth of net investments to EUR 12.3mn resulted primarily from the acquisition and integration of KTT.

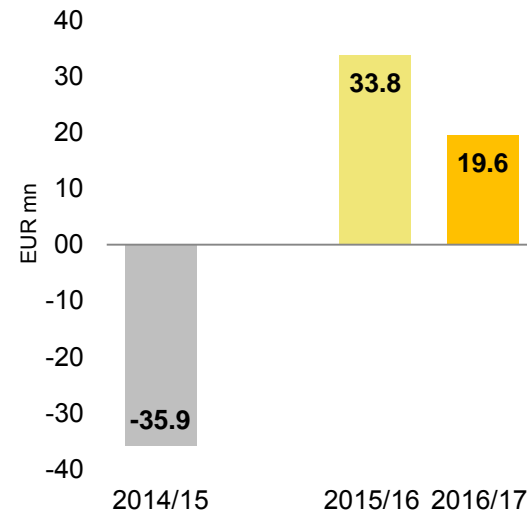
## Free cash flow



Free cash flow was again positive at EUR 42.6mn, but was below the 2015/16 value of EUR 90.7mn. Main reasons:

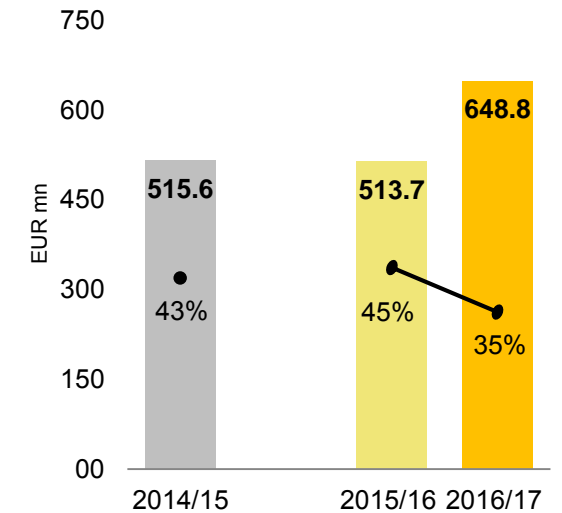
- > working capital
- > higher net investments

## Net credit/debt



In spite of several acquisitions and the payment of dividends, Kapsch TrafficCom was able to conclude the fiscal year with a net credit (EUR 19.6mn).

## Balance sheet total and equity ratio



The assumption of a promissory note bond (balance sheet extension), acquisitions (effect in equity) and dividend payment led to a reduction of the equity ratio to 35%.



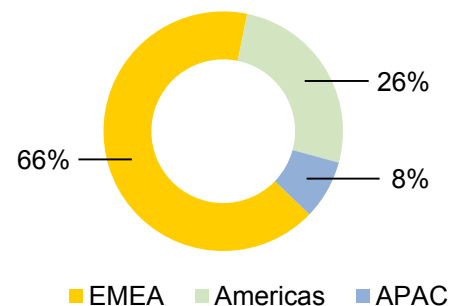
# Segment results.

Revenue share of IMS increased from 16.0% to 27.8%.

## ETC

All figures in EUR mn unless otherwise stated	2016/17	+/-	2015/16
Revenues	468.4	6.0%	442.1
EBIT	65.5 <sup>1)</sup>	2.8%	63.7
<i>EBIT margin</i>	14.0%	-0.4%p	14.4 %

## ETC revenues

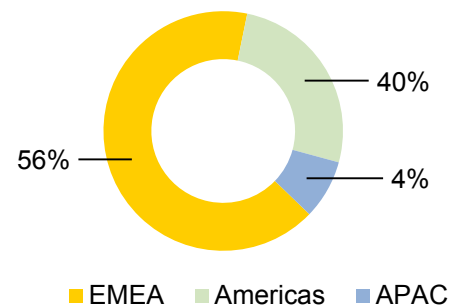


All figures in EUR mn unless otherwise stated	2016/17	+/-	2015/16
Design & build	96.9	5.0%	92.3
Operations	269.0	6.7%	252.1
Components	102.6	5.0%	97.7

## IMS

All figures in EUR mn unless otherwise stated	2016/17	+/-	2015/16
Revenues	180.0	114.4%	84.0
EBIT	-5.4 <sup>2)</sup>	-308.9%	-1.3
<i>EBIT margin</i>	-3.0%	-1.4%p	-1.6%

## IMS revenues



All figures in EUR mn unless otherwise stated	2016/17	+/-	2015/16
Design & build	75.3	108.5%	36.1
Operations	92.6	186.8%	32.3
Components	12.1	-22.2%	15.6

1) Includes badwill of EUR 0.9 million

2) Includes badwill of EUR 2.1 million

# Outlook.

FY 2017/18.

## > Continue to grow the top line

### ▪ ETC

- Good potential in the USA
- Hope for greater momentum in Asia
- In EMEA, focus on nation-wide toll collection systems, e.g. in Poland, the Czech Republic and Bulgaria

### ▪ IMS

- As KTT integration has been completed, stronger focus on sales
- Greatest attention to the CHARM project
- Matrix organization should improve cooperation between the Regions and the Solution Centers as well as with customers

## > Profitability: no great leaps in terms of EBIT

- Price effects from secured projects in Czech Republic and Austria
- IMS should achieve a positive EBIT
- Legal expenses from IP-related dispute with a competitor in the US

## > Balance sheet

- Repayment of the corporate bond will influence both financial results and equity ratio

# 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

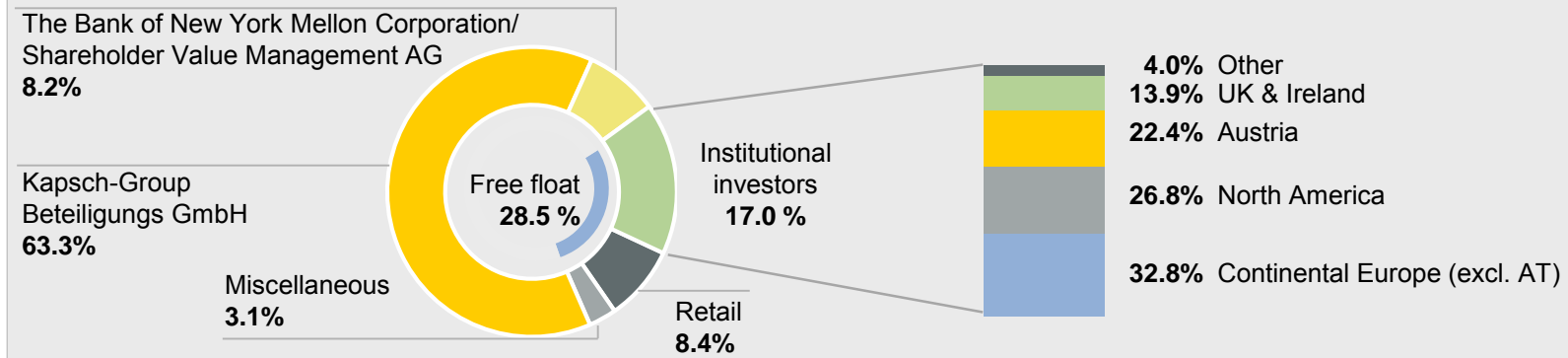
Stock Ticker Symbol: KTCG

Reuters: KTCG.VI

Bloomberg: KTCG AV

## Shareholder Structure

## Institutional Investors by Region



## Basic Information

## Select Events

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

Aug 27, 2017	Record date AGM
Aug 30, 2017	Results Q1 2017/18
Sep 6, 2017	AGM
Sep 13, 2017	Record date - dividend



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

**Hans Lang**

Investor Relations Officer

**Kapsch TrafficCom**

Kapsch TrafficCom AG

Am Europlatz 2

1120 Vienna, Austria

Phone: +43 50 811 1122

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

[www.kapsch.net](http://www.kapsch.net)

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# *Appendix.*

# 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 | ISwarco | 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.

# Consolidation of Kapsch TrafficCom Transportation.


Impact on FY 2016/17 results.

## Impact on the P&L

<b>Revenues</b>	<b>EUR +112.8mn</b>
thereof ETC	EUR +21.8mn
thereof IMS	EUR +91.0mn
<b>EBIT</b>	<b>EUR -2.3mn</b>
thereof ETC	EUR 1.6mn
thereof IMS	EUR -4.0mn

## Impact on the balance sheet\*

Property, plant & equipment	EUR	0.7mn
Intangible assets	EUR	9.0mn
Other non-current assets	EUR	0.9mn
Inventories	EUR	1.7mn
Receivables & other current assets	EUR	61.0mn
Cash & cash equivalents	EUR	9.2mn
Liabilities, other liabilities & deferred income	EUR	-48.5mn
<b>Net assets acquired (provisionally)</b>	<b>EUR</b>	<b>34.1mn</b>

 Purchase price: EUR 31.1mn  
Difference to net assets  
acquired (badwill): EUR 3.0mn

## Other

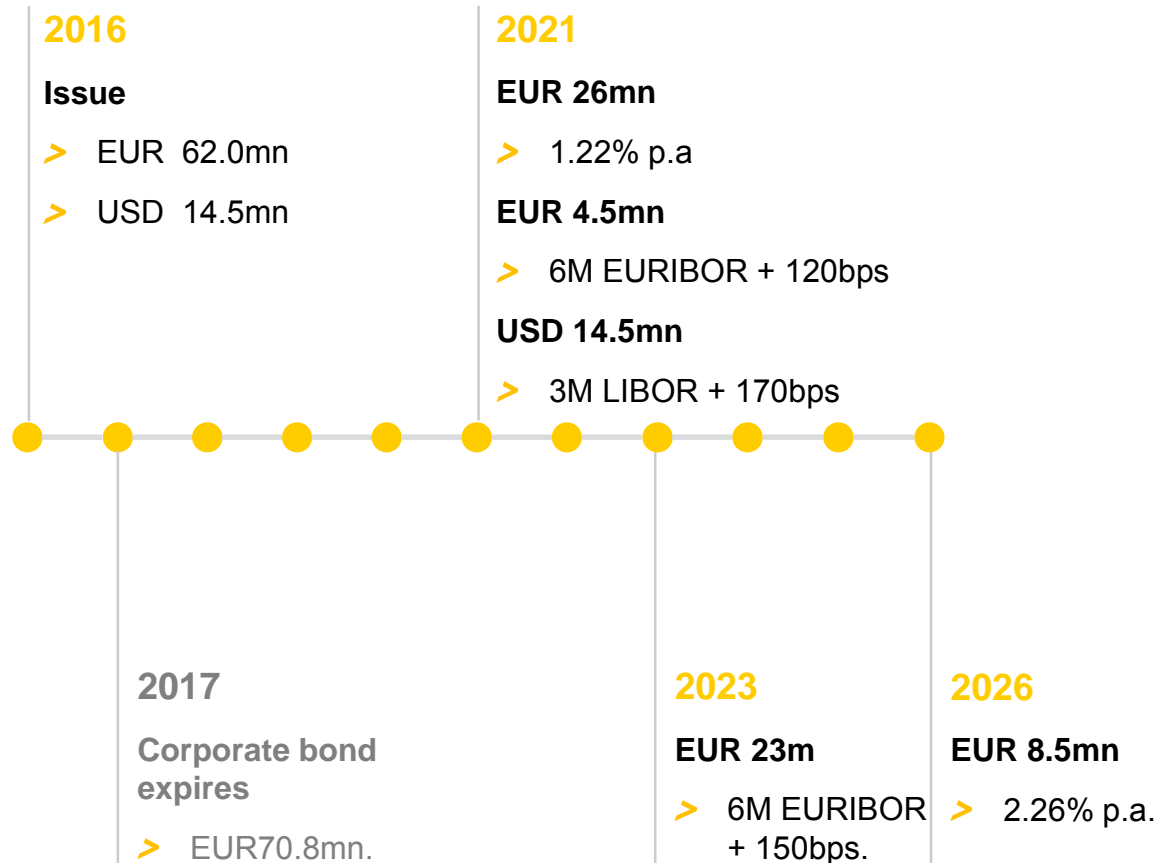
- > Number of KTC Group employees up by approximately 900.
- > KTC is now in the top segment of toll solution providers in the U.S.A.
- > Strategic jump from the highways into the cities.
- > KTC has become a leading, globally active full-service provider.
- > Integration costs weigh on KTC's profitability.
- > Integration completed FY 2016/17.

\* After concluded purchase price allocation.



# Promissory note bond.

Successful Issue.

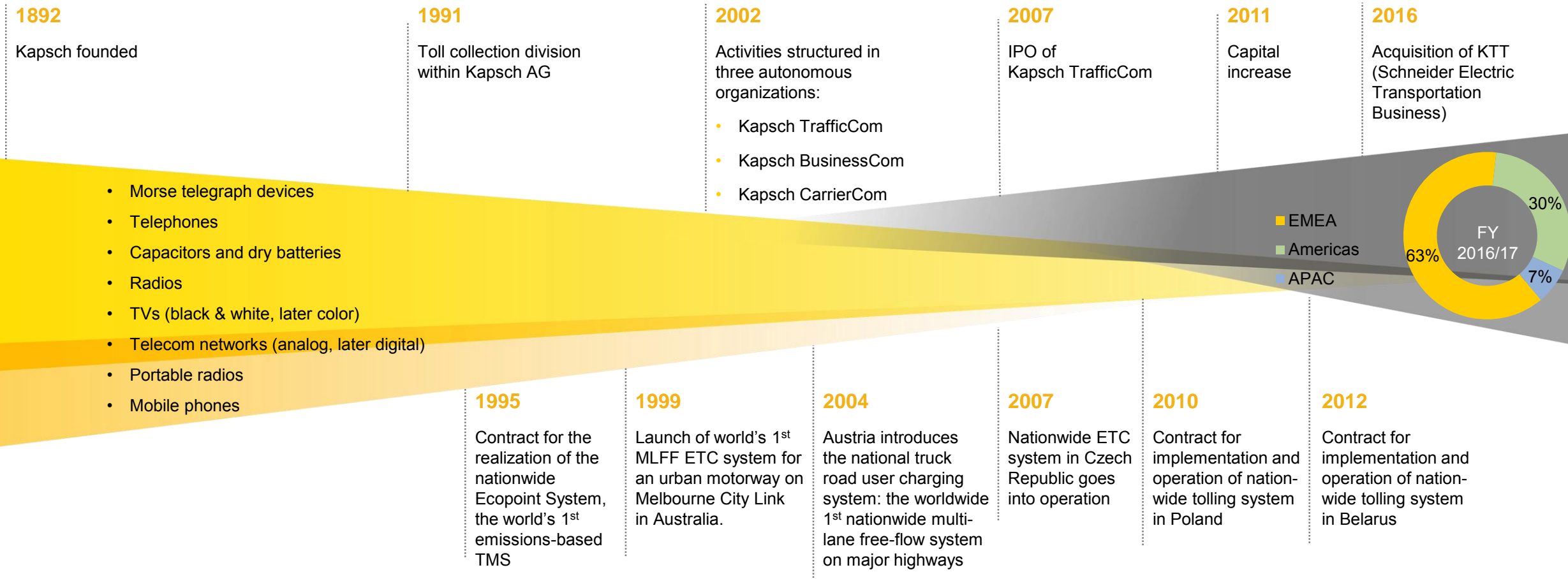


## Corner Stones of the Transaction

- > 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)

# Corporate milestones.

125 years in the ever-changing electronic industry.



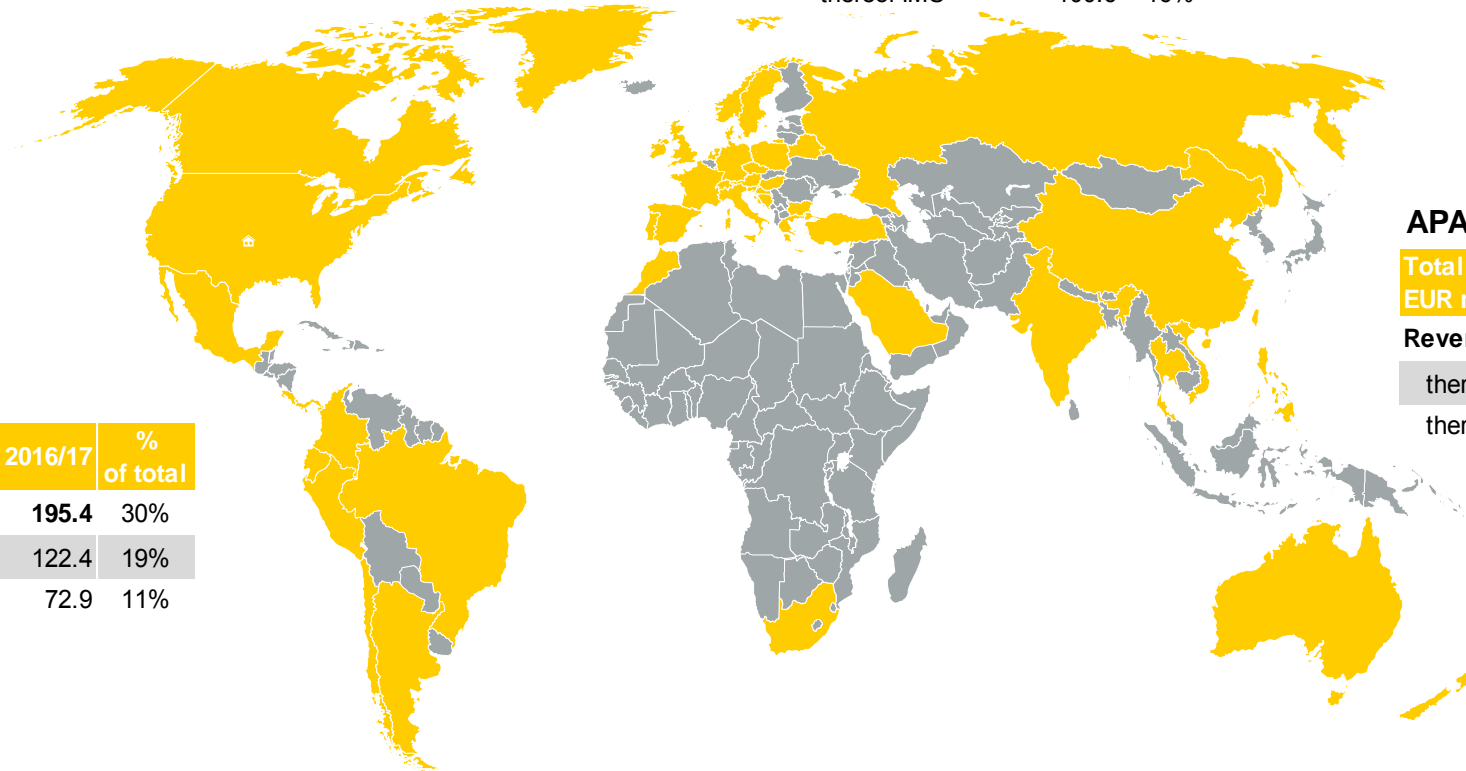
# References in more than 50 countries.

## Global

Total (EUR mn)	2016/17	% of total
<b>Revenues</b>	<b>648.5</b>	
thereof ETC	468.4	72%
thereof IMS	180.0	28%

## EMEA

Total EUR mn	2016/17	% of total
<b>Revenues</b>	<b>407.7</b>	63%
thereof ETC	307.1	47%
thereof IMS	100.6	16%



## Americas

Total EUR mn	2016/17	% of total
<b>Revenues</b>	<b>195.4</b>	30%
thereof ETC	122.4	19%
thereof IMS	72.9	11%

## APAC

Total EUR mn	2016/17	% of total
<b>Revenues</b>	<b>45.4</b>	7%
thereof ETC	39.0	6%
thereof IMS	6.5	1%



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

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