



kapsch >>>
challenging limits

Kapsch TrafficCom

Investor Presentation.

December 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 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
- ❖ After KTT integration: better positioning, higher efficiency
- ❖ Synergies between KTT and Kapsch TrafficCom

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

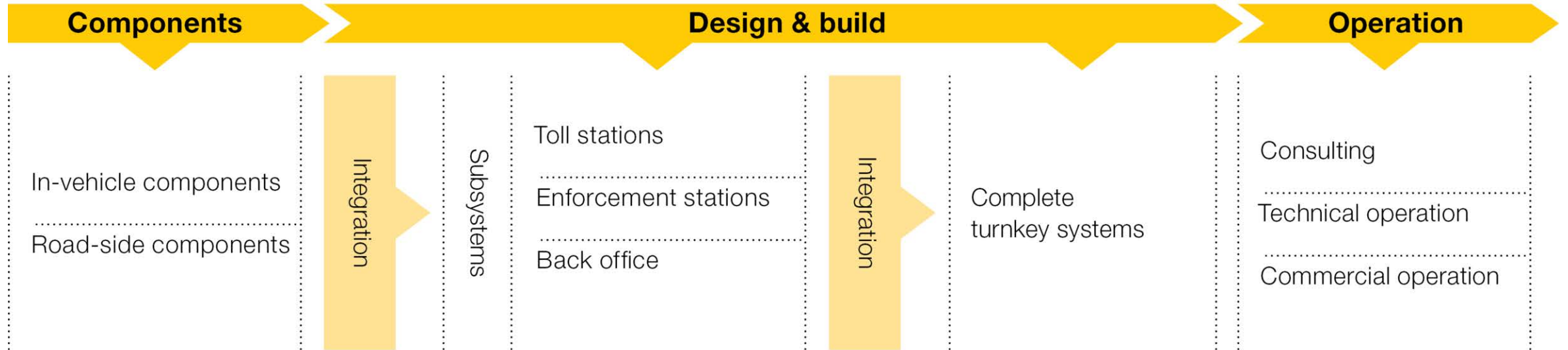
Sustainability

- ❖ 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>In-vehicle components</p> <p>On-board units (OBUs) Programming station</p> | | <p>Transceivers & readers</p> <p>Transceiver Mobile reader</p> | | <p>Reader</p> <p>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> |
|---|--|--|--|------------------------------------|--|--|--|--|--|--|---------------------------|

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

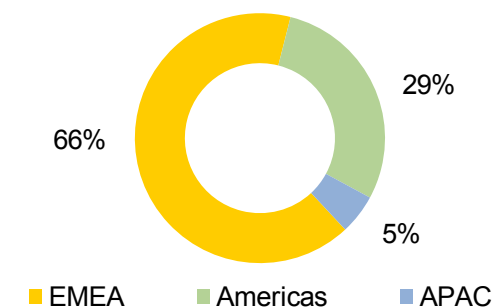
Integrated mobility

Financials.

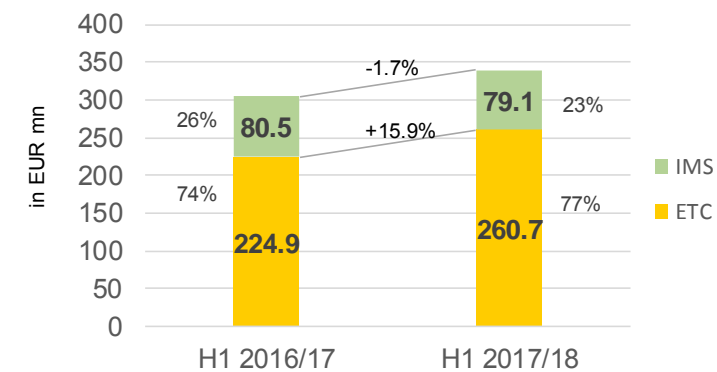
Earnings overview.

| 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

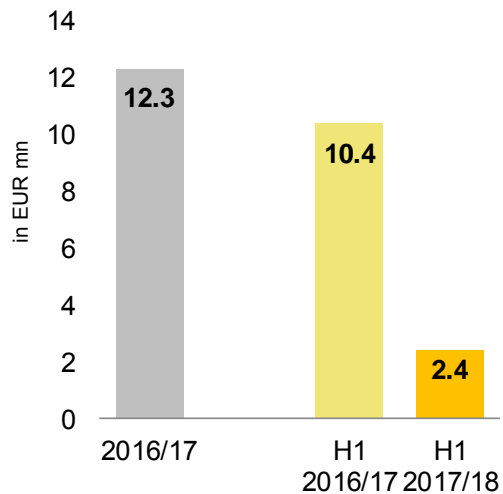


Revenues by Segment H1 2017/18



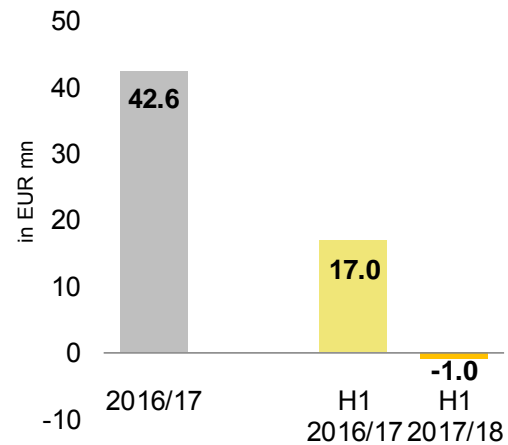
Other key financials.

Net investments



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

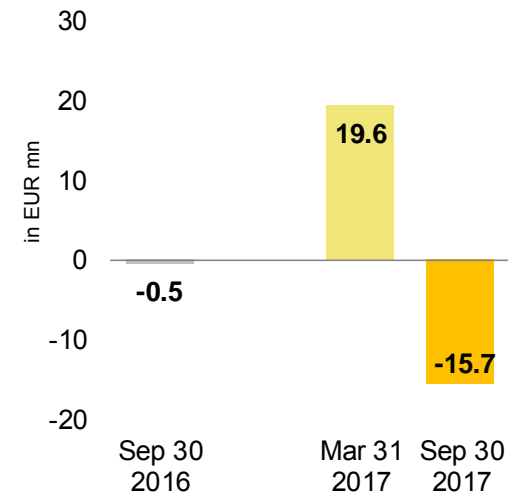
Free cash flow



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

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

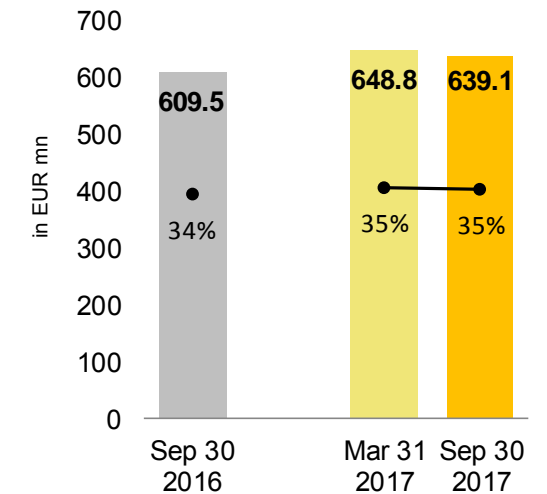
Net credit/debt



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 | ¹⁾ 34.2 | 32.1 | -6% | | Operations | 68.7 | 69.8 | 2% |
| | EBIT margin | 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 | ²⁾ -5.4 | -6.8 | -26% | | Operations | 22.3 | 20.1 | -10% |
| | EBIT margin | -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.

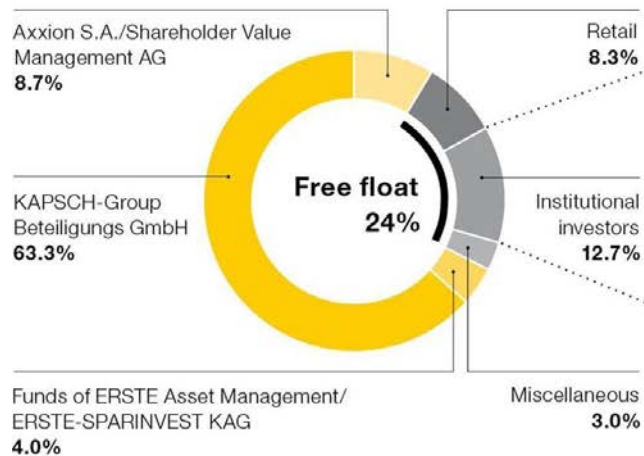
ISIN: AT000KAPSCH9

Stock Ticker Symbol: KTCG

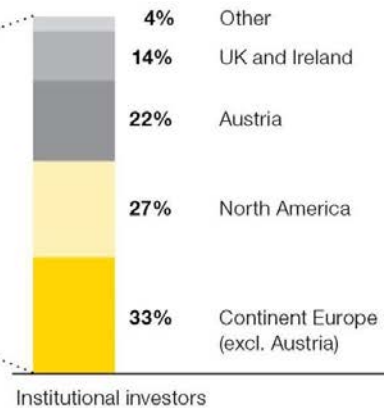
Reuters: KTCG.VI

Bloomberg: KTCG AV

Shareholder structure



Institutional investors by region



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

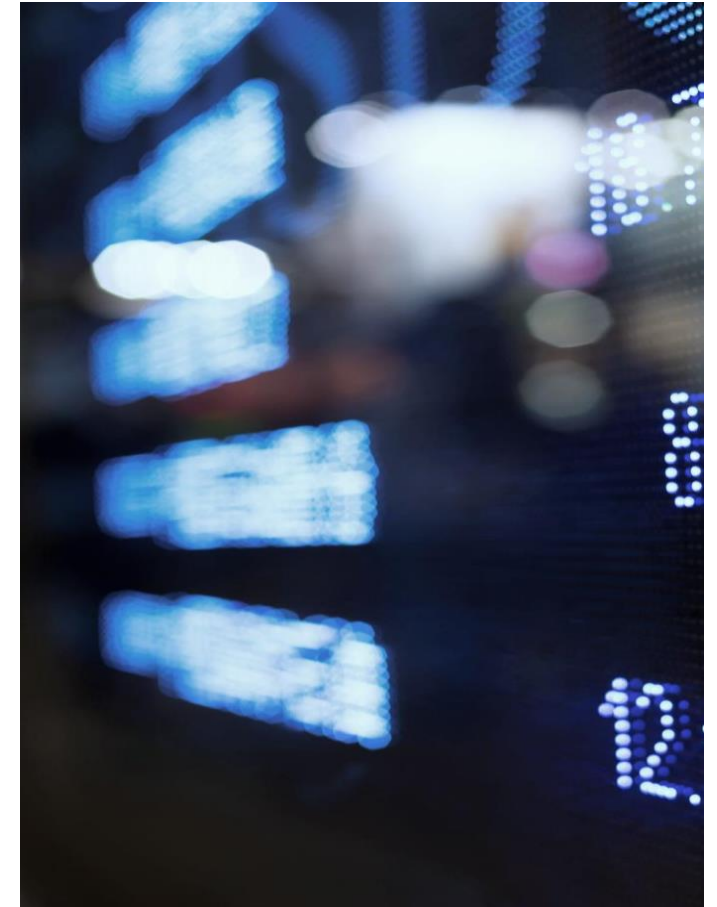
Basic information

- > 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



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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

P: +43 50 811 - 1122

E-Mail: hans.lang@kapsch.net

www.kapschtraffic.com/ir

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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

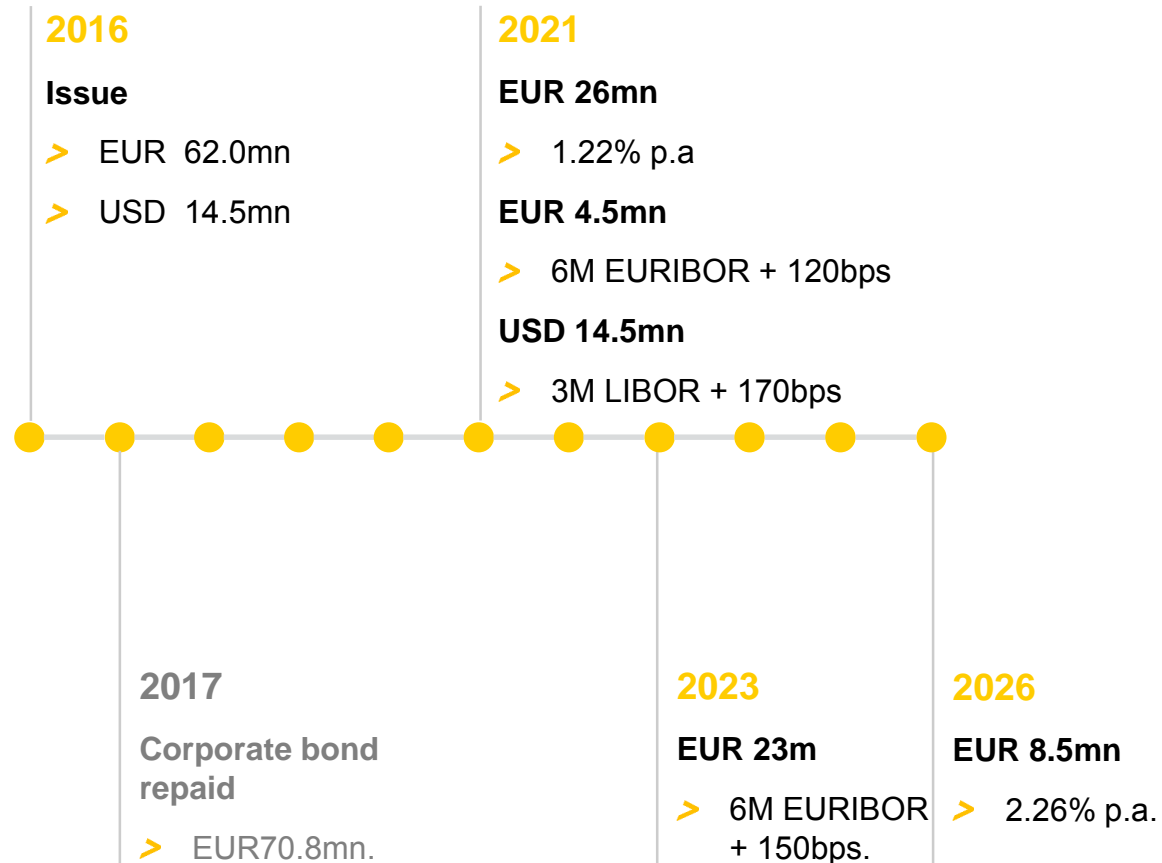
V2X Infrastructure

Cohda | Savari | Neavia
Arada | Dynniq

Connected Services

n.a.

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

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 1st emissions-based TMS

1999

Launch of world's 1st 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 1st 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 nation-wide tolling system in Poland

2011

Capital increase

2012

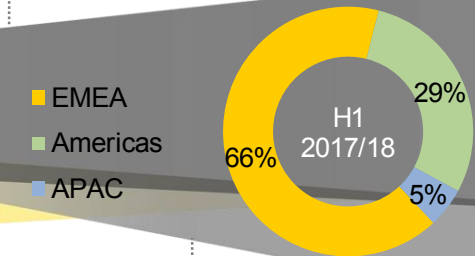
Contract for implementation and operation of nation-wide tolling system in Belarus

2016

Acquisition of KTT (Schneider Electric Transportation Business)

2017

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



References in more than 50 countries.

Global

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

EMEA

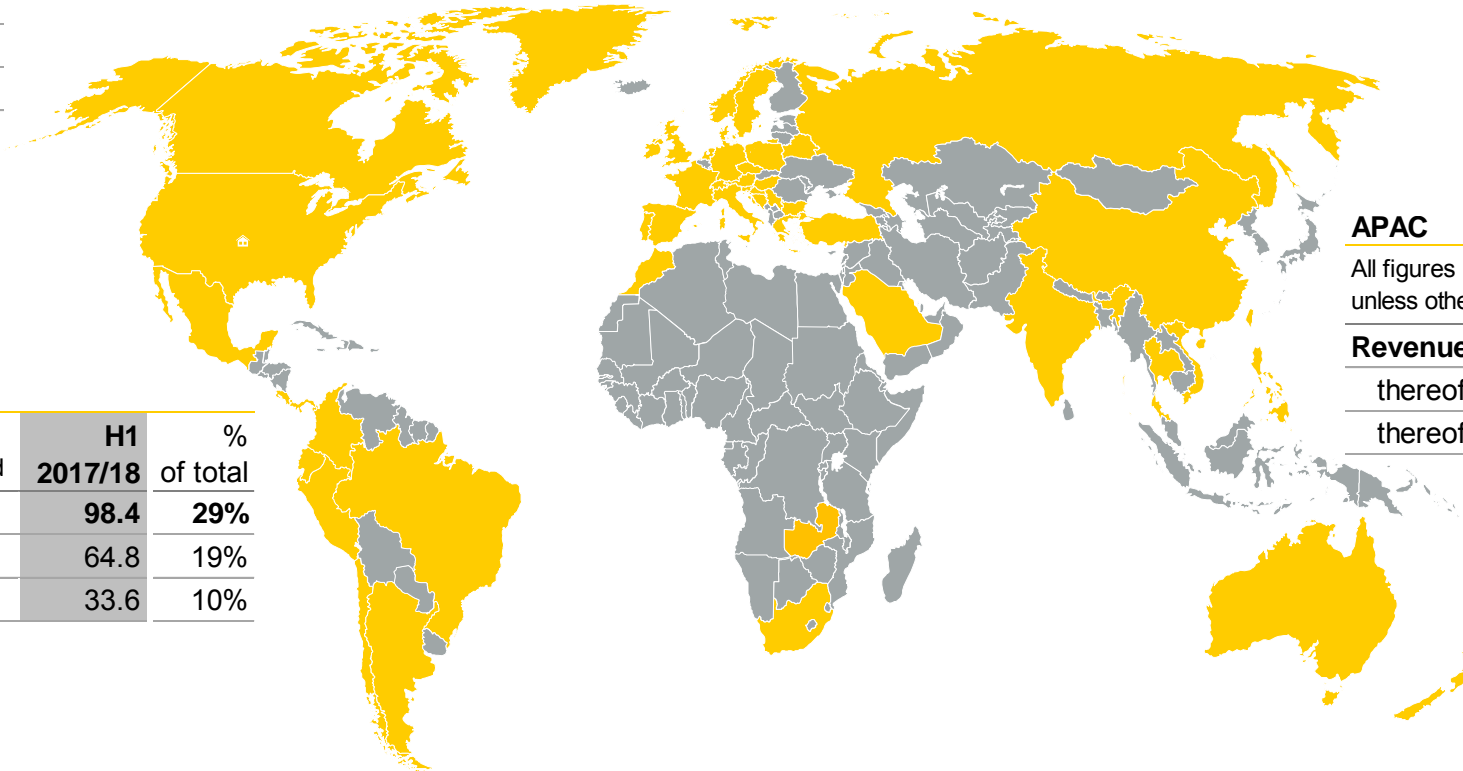
| All figures in EUR mn unless otherwise stated | H1 2017/18 | % of total |
|---|--------------|------------|
| Revenues | 223.9 | 66% |
| thereof ETC | 181.5 | 53% |
| thereof IMS | 42.4 | 12% |

Americas

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

APAC

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



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

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