



kapsch >>>
challenging limits

Kapsch TrafficCom

Investor Presentation.

April 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, carrier networks, public authorities, public transport operators 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 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 36.7%



Portfolio of solutions.

Integrated mobility solutions provider – business segmentation.

Tolling (ETC)

Electronic toll collection

- > Multi-lane free-flow
- > Managed lanes
- > Mobile tolling
- > eVignette

Tolling services

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

City tolling

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

Plaza tolling

- > Stand-alone manually operated tolling plazas
- > Plaza tolling systems integrated into larger electronic tolling systems

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

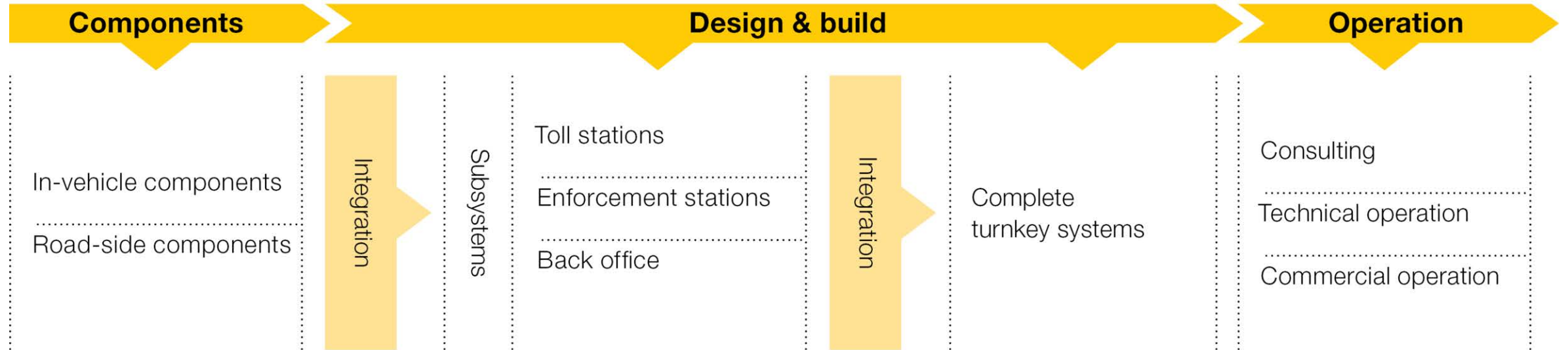
- > Access management
- > Smart parking
- > Intermodal mobility

Revenues 2016/17: EUR 468 million, i.e. 72%

Revenues 2016/17: EUR 180 million, i.e. 28%

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 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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Business overview – IMS segment.

Characteristics.

- > 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).
- > Compared to tolling solutions,
 - the IMS business has – in general – a higher software portion;
 - traffic management is characterized by higher project revenues and lower recurring revenues – however, potential to increase recurring revenues in the IMS segment.
- > Growth drivers:
 - Technological progress opens up new markets
 - Connected vehicles
 - Use of big data
 - Collaborative routing
 - Increasing traffic volumes,
 - Progressing urbanization,
 - Active industry/market consolidation.

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 >900 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

Mid-term goals.

Revenues

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

EBIT margin

- > ETC: comfortably >10%
- > IMS: up to 8% possible
- > Group: > 10%



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Q1-Q3 2017/18.

Highlights.

- > EUR 500 million revenue mark passed after just three quarters for the first time.
- > Zambia: Nation-wide concession agreement for road safety & traffic management.
- > Bulgaria: Awarded contract for nation-wide toll system.
- > Poland: Tender discontinued.
- > Czech Republic: Tender process ongoing.
- > Extensive new business opportunities.

Revenues

EUR 506.9 mn

Q1-Q3 16/17 | EUR 472 mn
+7%

FY 2016/17: EUR 648.5 mn

EBIT

EUR 35.3 mn

Q1-Q3 16/17 | EUR 43 mn
-18%

FY 2016/17: EUR 60.1 mn

EBIT margin

7.0%

Q1-Q3 16/17 | 9.1%
-2.1%p

FY 2016/17: 9.3%

EPS

EUR 1.82

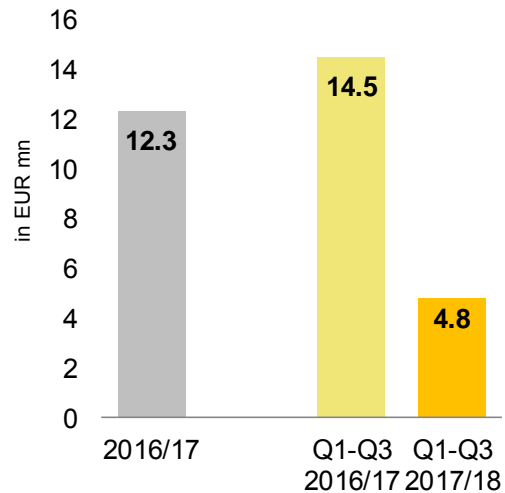
Q1-Q3 16/17 | EUR 2.31
-21%

FY 2016/17: EUR 3.35

Q1-Q3 2017/18.

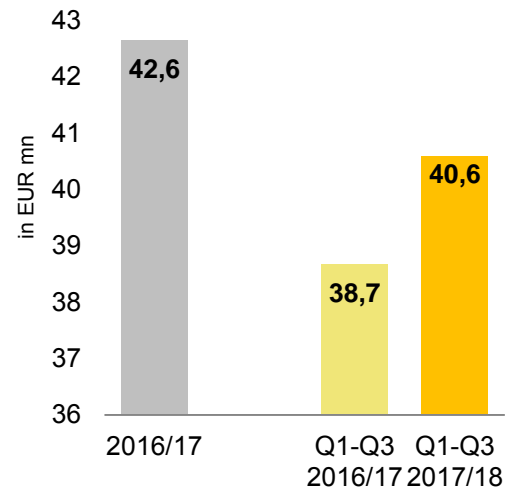
Other key financials.

Net investments



Net investments were lower than in Q1-Q3 2016/17 because of the acquisition of KTT in 2016.

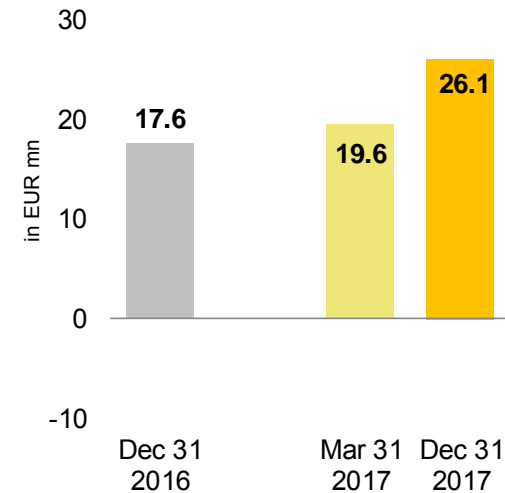
Free cash flow



Strong free cash flow mainly as a result of:

- > Decline in trade receivables (and working capital).
- > Lower investments.

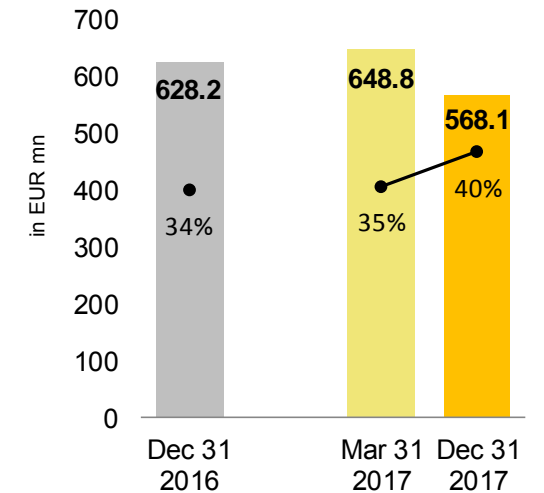
Net credit/debt



Net credit because of a strong free cash flow and despite:

- > Dividend payment.
- > Expenses for M&A.

Balance sheet total and equity ratio



Repayment of the 4.25% corporate bond had a shortening effect on the balance sheet. As a consequence the equity ratio increased.

Q1-Q3 2017/18.

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-Q3 2016/17	Q1-Q3 2017/18	+/-		All figures in EUR mn unless otherwise stated	Q1-Q3 2016/17	Q1-Q3 2017/18	+/-
	Revenues	346.6	386.9	12%	<p>69% 25% 6%</p> <p>■ EMEA ■ Americas ■ APAC</p>	Design & build	57.8	99.4	72%
	EBIT	¹⁾ 54.8	41.8	-24%		Operations	214.7	208.6	-3%
	<i>EBIT margin</i>	15.8%	10.8%	-5.0%p		Components	74.1	78.8	6%
						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	Q1-Q3 2016/17	Q1-Q3 2017/18	+/-		All figures in EUR mn unless otherwise stated	Q1-Q3 2016/17	Q1-Q3 2017/18	+/-
	Revenues	125.0	120.0	-4%	<p>57% 40% 3%</p> <p>■ EMEA ■ Americas ■ APAC</p>	Design & build	48.4	53.4	10%
	EBIT	²⁾ -11.8	-6.5	-45%		Operations	67.2	59.6	-11%
	<i>EBIT margin</i>	-9.5%	-5.4%	4.1%p		Components	9.3	7.0	-25%

1) Includes badwill of EUR 0.9 million

2) Includes badwill of EUR 2.1 million

Outlook.

FY 2017/18.

- > Further revenue growth.
- > Goal to achieve 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 (Q1-Q3 2017/18: EUR 9.0 million).
- > Equity ratio:
 - In Q3, equity ratio increased 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 discharges the financial result and had a shortening effect on the balance sheet, which had a positive effect on the equity ratio.
 - At year end, the equity ratio will come down again:
 - In January 2018, we took out a corporate loan: EUR 50 million, 6 year term, interest: 0.8%.

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.

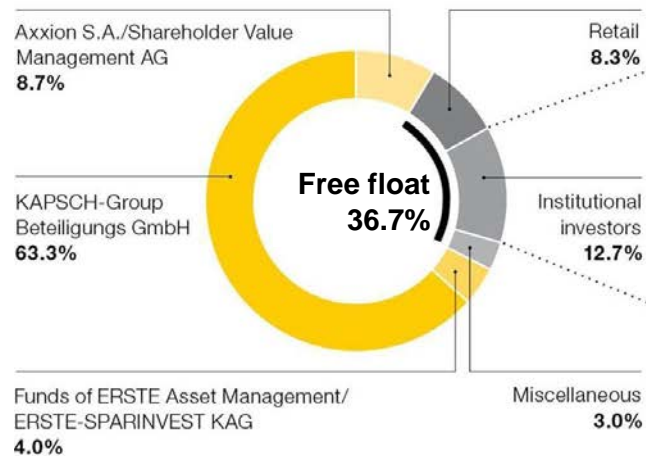
ISIN: AT000KAPSCH9

Stock Ticker Symbol: KTCG

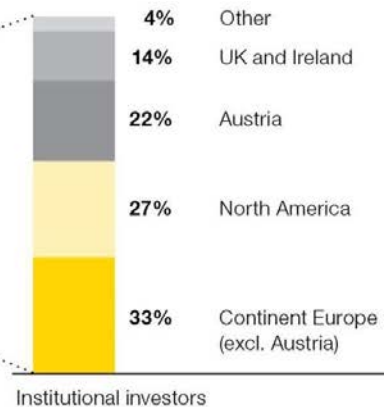
Reuters: KTCG.VI

Bloomberg: KTCG AV

Shareholder structure



Institutional investors by region



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

Basic information

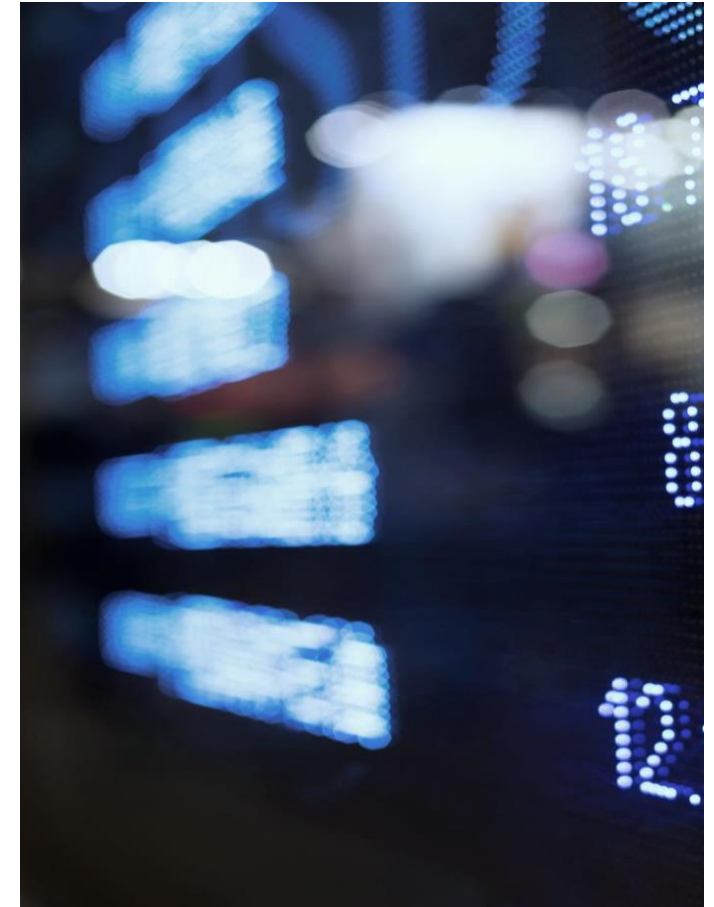
- > Listed in Prime Market segment at the Vienna Stock Exchange since 2007
- > 13 million shares
- > Market cap: >EUR 500mn
- > Coverage by: Erste Group, Kepler Cheuvreux, Matelan, ODDO BHF, RCB

Select events

June 18, 2018 Results FY 2017/18

August 23, 2018 Results Q1 2018/19

More information: www.kapschtraffic.com/ir



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

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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.

References in more than 50 countries.

Global

All figures in EUR mn unless otherwise stated	2016/17	% of total
Revenues	648.5	
thereof ETC	468.4	72%
thereof IMS	180.0	28%

EMEA

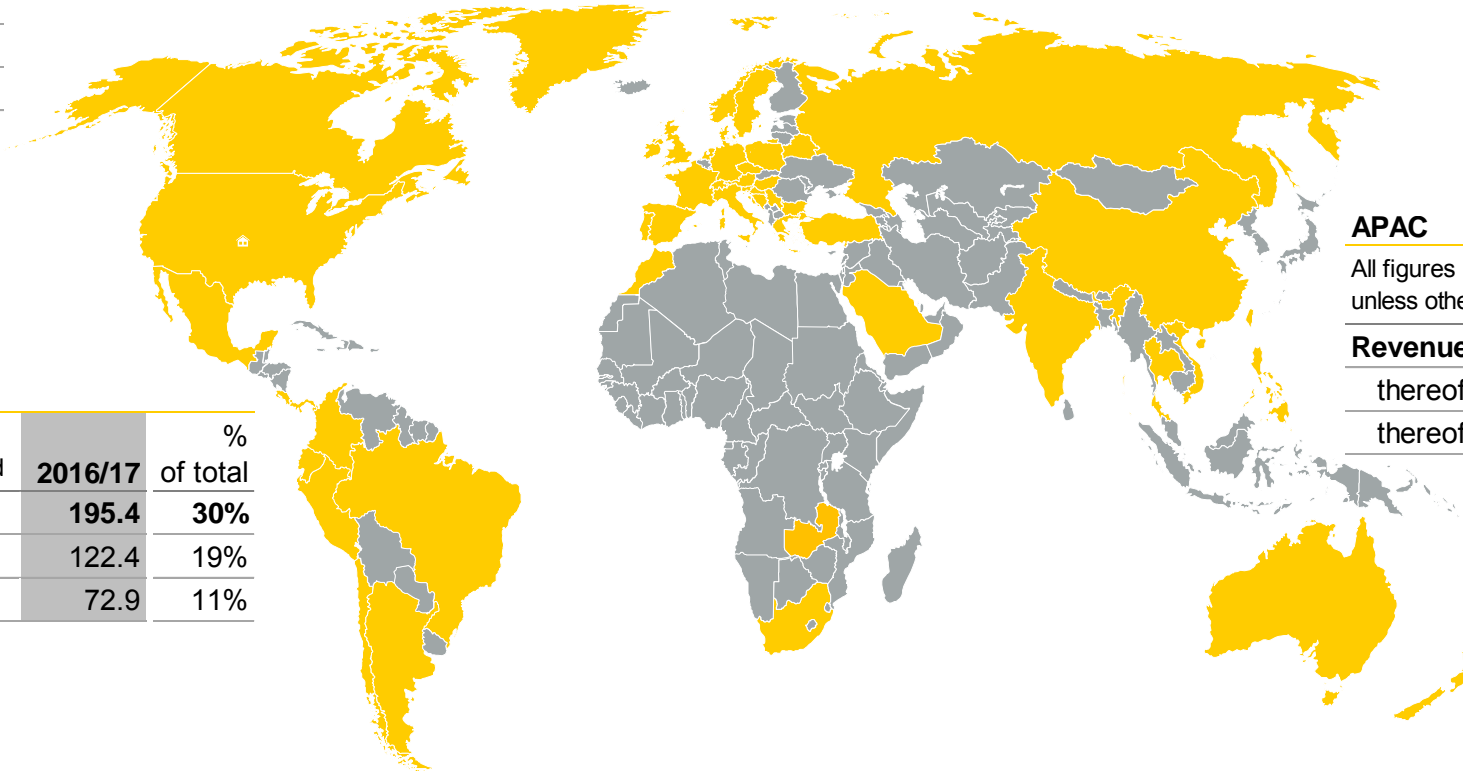
All figures in EUR mn unless otherwise stated	2016/17	% of total
Revenues	407.7	63%
thereof ETC	307.1	47%
thereof IMS	100.6	16%

Americas

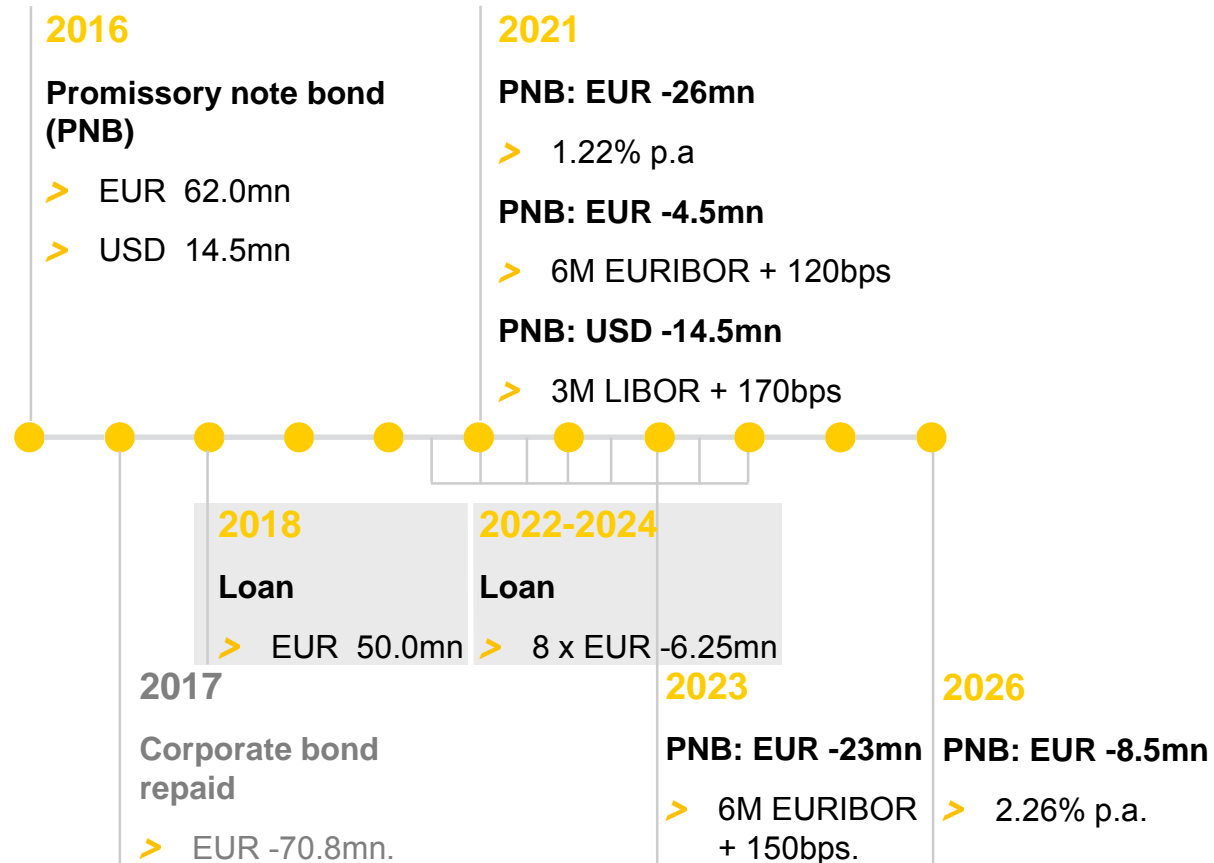
All figures in EUR mn unless otherwise stated	2016/17	% of total
Revenues	195.4	30%
thereof ETC	122.4	19%
thereof IMS	72.9	11%

APAC

All figures in EUR mn unless otherwise stated	2016/17	% of total
Revenues	45.4	7%
thereof ETC	39.0	6%
thereof IMS	6.5	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

Large project in Zambia.

Overview.

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

- > 50:50 joint venture (JV) with local partner Lamise Trading.
- > JV consolidated at equity; reported as result from operating activities.
- > JV's expected revenues in the first 3 years projected to be in the range of EUR 90 million to EUR 110 million.



Large project in Bulgaria.

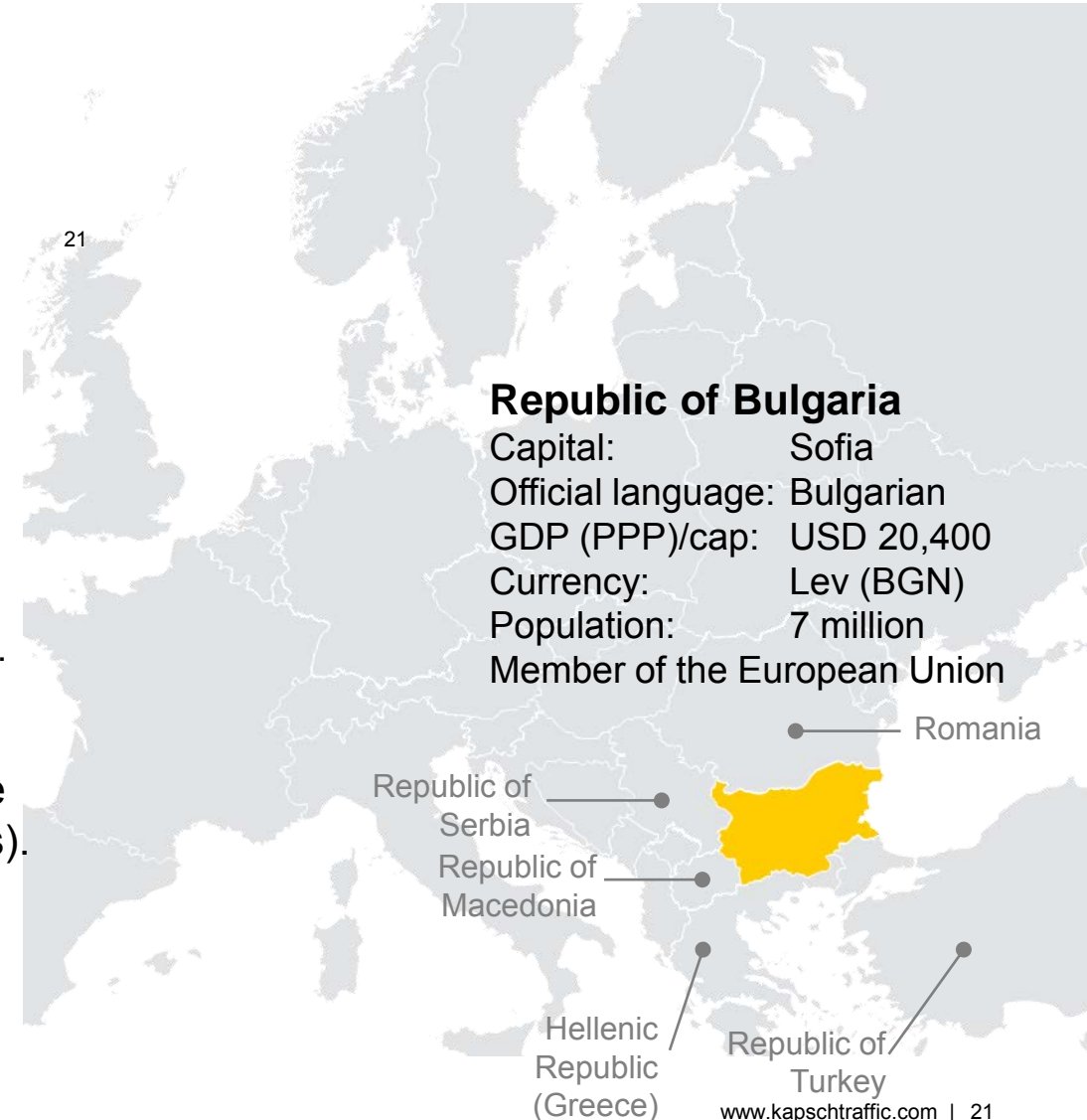
Overview.

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 75 million.



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

2002

Activities structured in three autonomous organizations:

- Kapsch TrafficCom
- Kapsch BusinessCom
- Kapsch CarrierCom

1999

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

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

2011

Capital increase

2010

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

2016

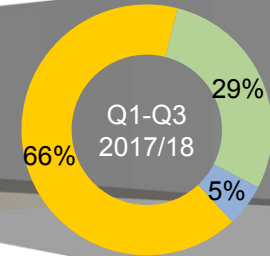
Acquisition of KTT (Schneider Electric Transportation Business)

2012

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

2017

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



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.*