



kapsch >>>
challenging limits

Kapsch TrafficCom

Investor Presentation.

November 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)

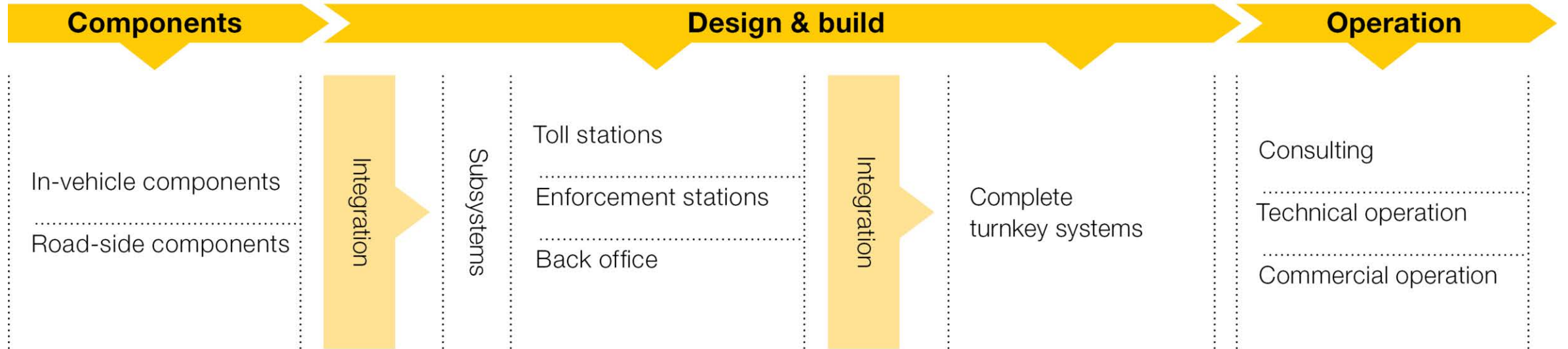
Sustainability

- ❖ 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 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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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

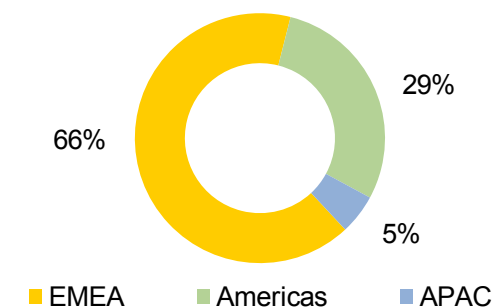
Integrated mobility

Financials.

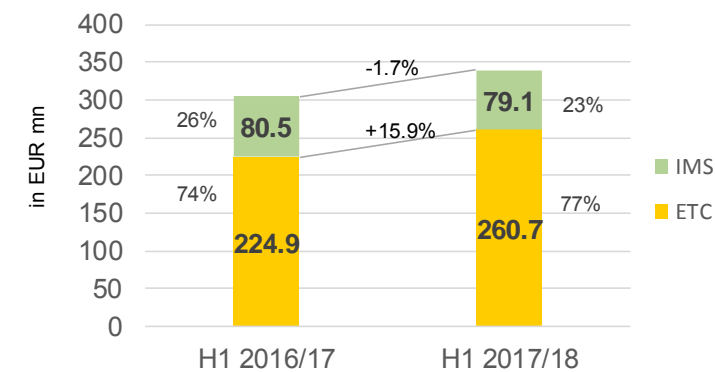
Earnings overview.

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

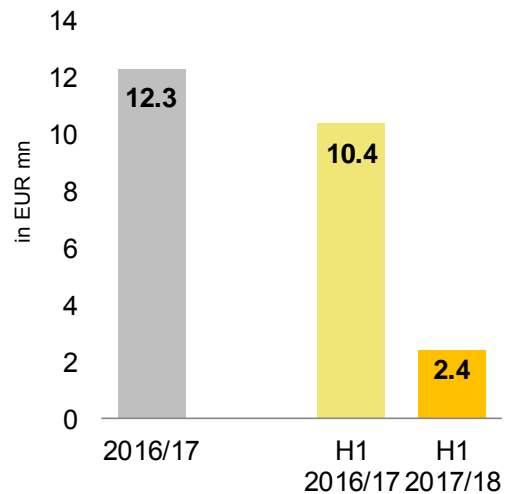


Revenues by Segment H1 2017/18



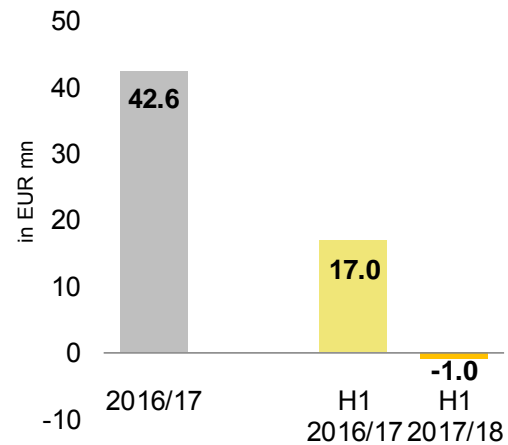
Other key financials.

Net investments



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

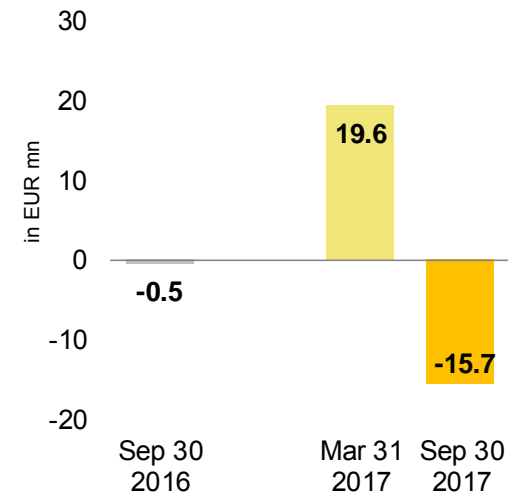
Free cash flow



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

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

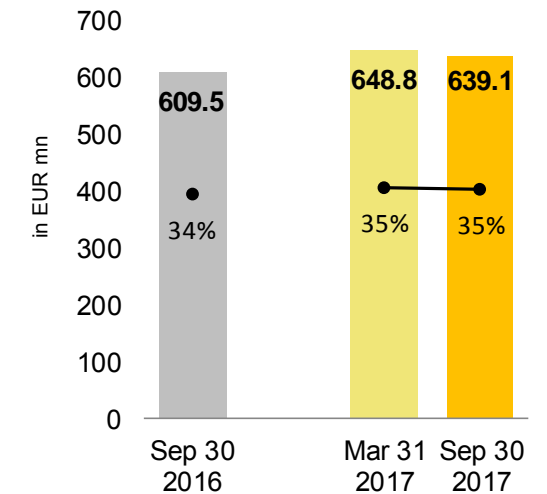
Net credit/debt



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%
	<i>EBIT margin</i>	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%
	<i>EBIT margin</i>	-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.

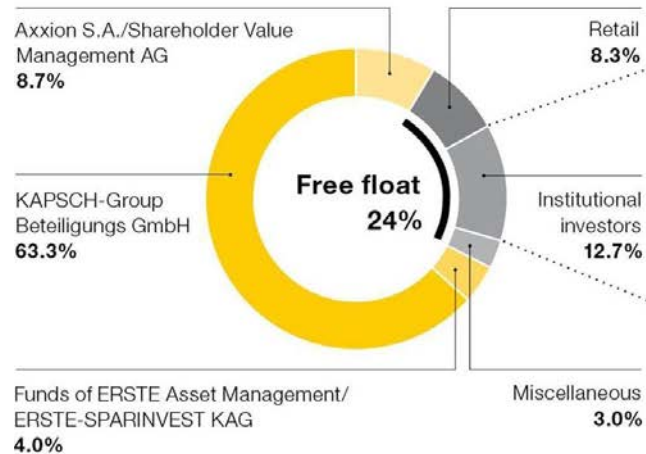
ISIN: AT000KAPSCH9

Stock Ticker Symbol: KTCG

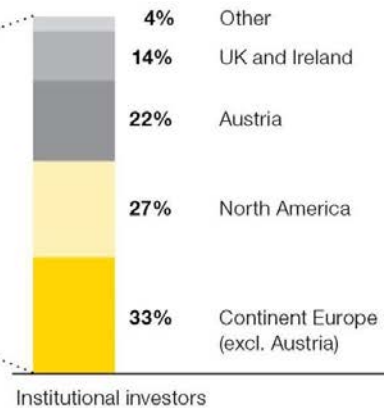
Reuters: KTCG.VI

Bloomberg: KTCG AV

Shareholder structure



Institutional investors by region



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

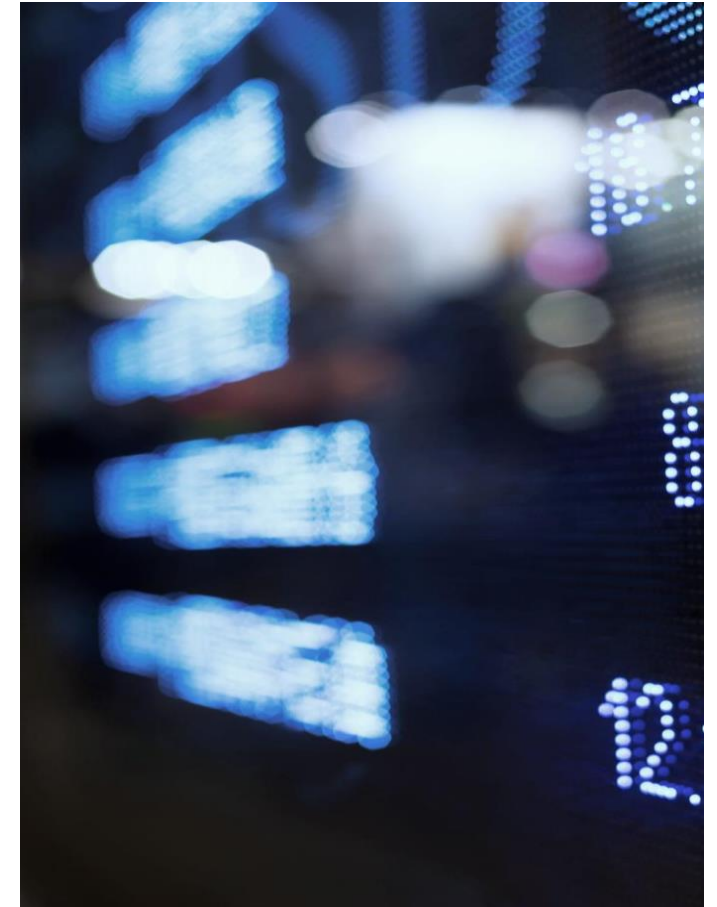
Basic information

- > 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.***

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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

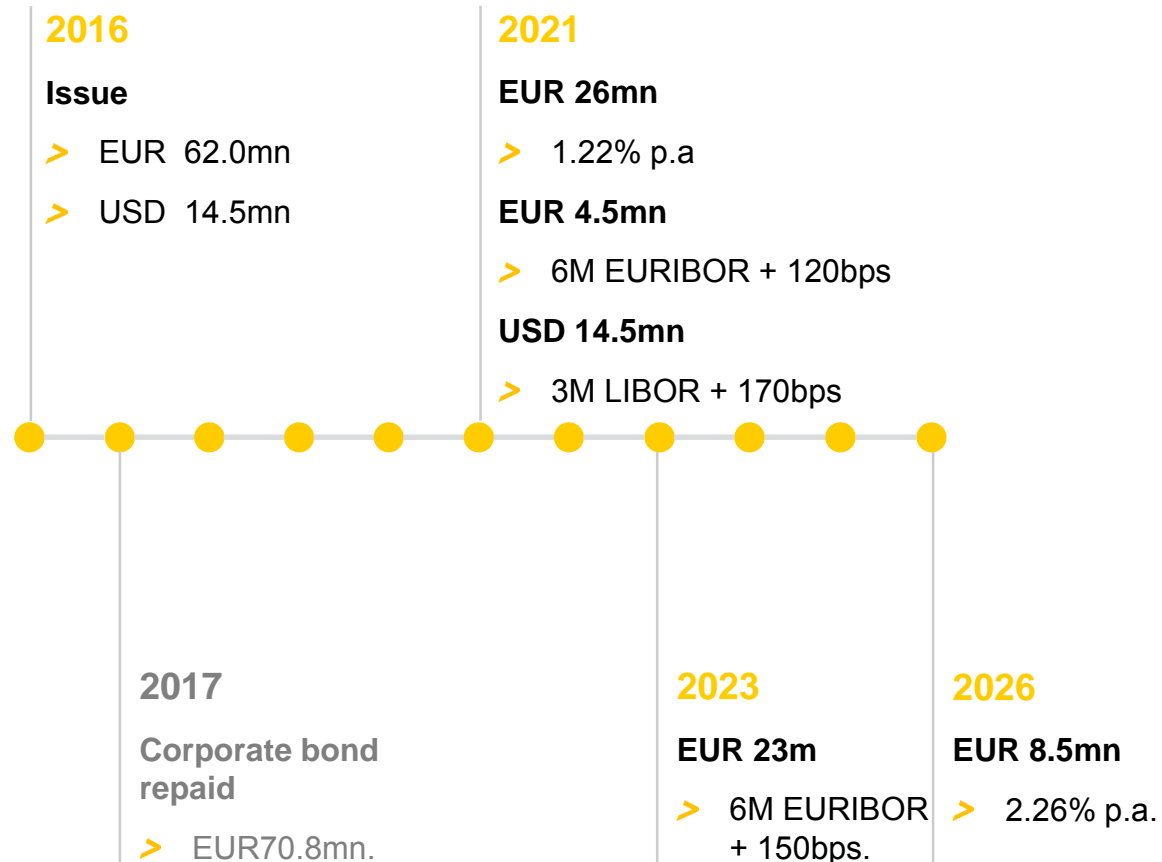
V2X Infrastructure

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 nationwide tolling system in Poland

2011

Capital increase

2012

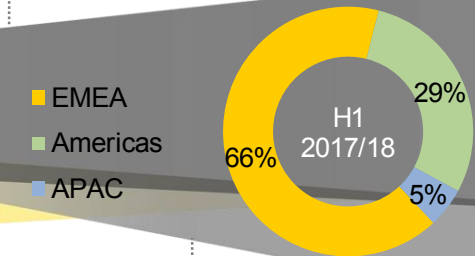
Contract for implementation and operation of nationwide tolling system in Belarus

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

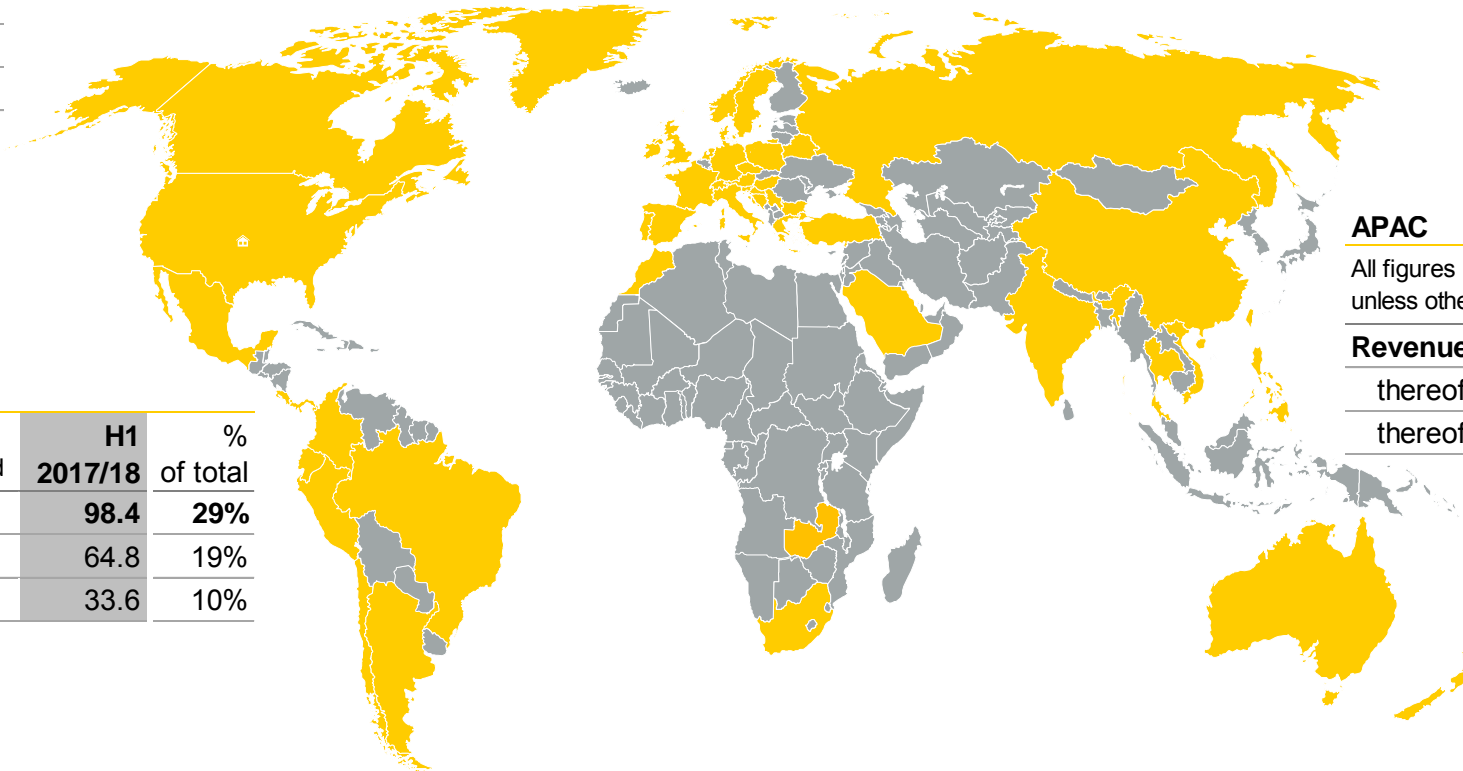
All figures in EUR mn unless otherwise stated	H1 2017/18	% of total
Revenues	223.9	66%
thereof ETC	181.5	53%
thereof IMS	42.4	12%

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.*