



**kapsch** >>>  
challenging limits

Kapsch TrafficCom

# ***Investor Presentation.***

*February 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 electronic 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 500mn
- ❖ Sustainable dividend policy:  
Base dividend of EUR 1,--

## Global player

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



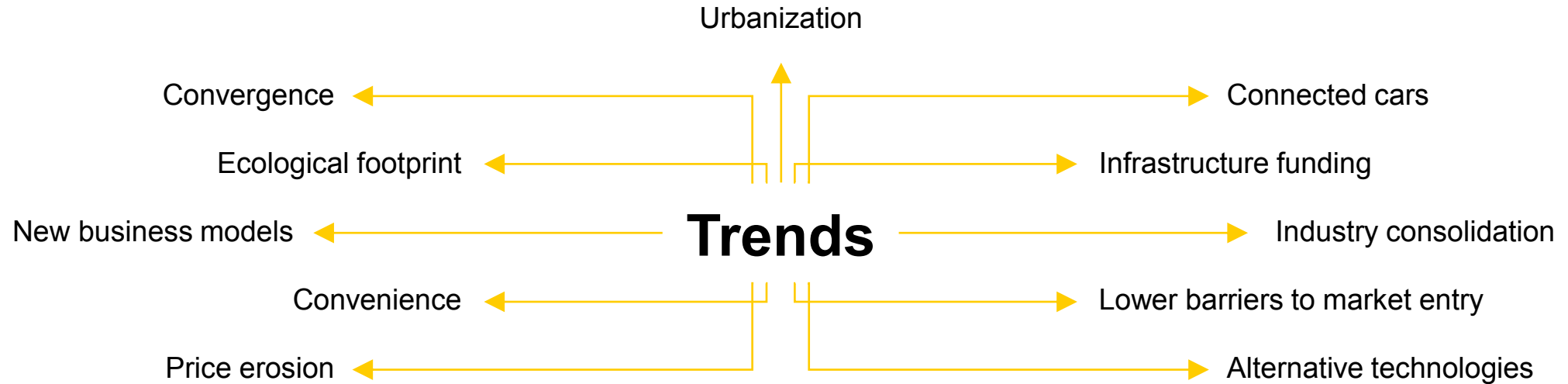
## Listed at Vienna Stock Exchange

- ❖ Market cap ~EUR 500mn
- ❖ Free float 36.7%



# Strategy.

Addressing future-defining trends.



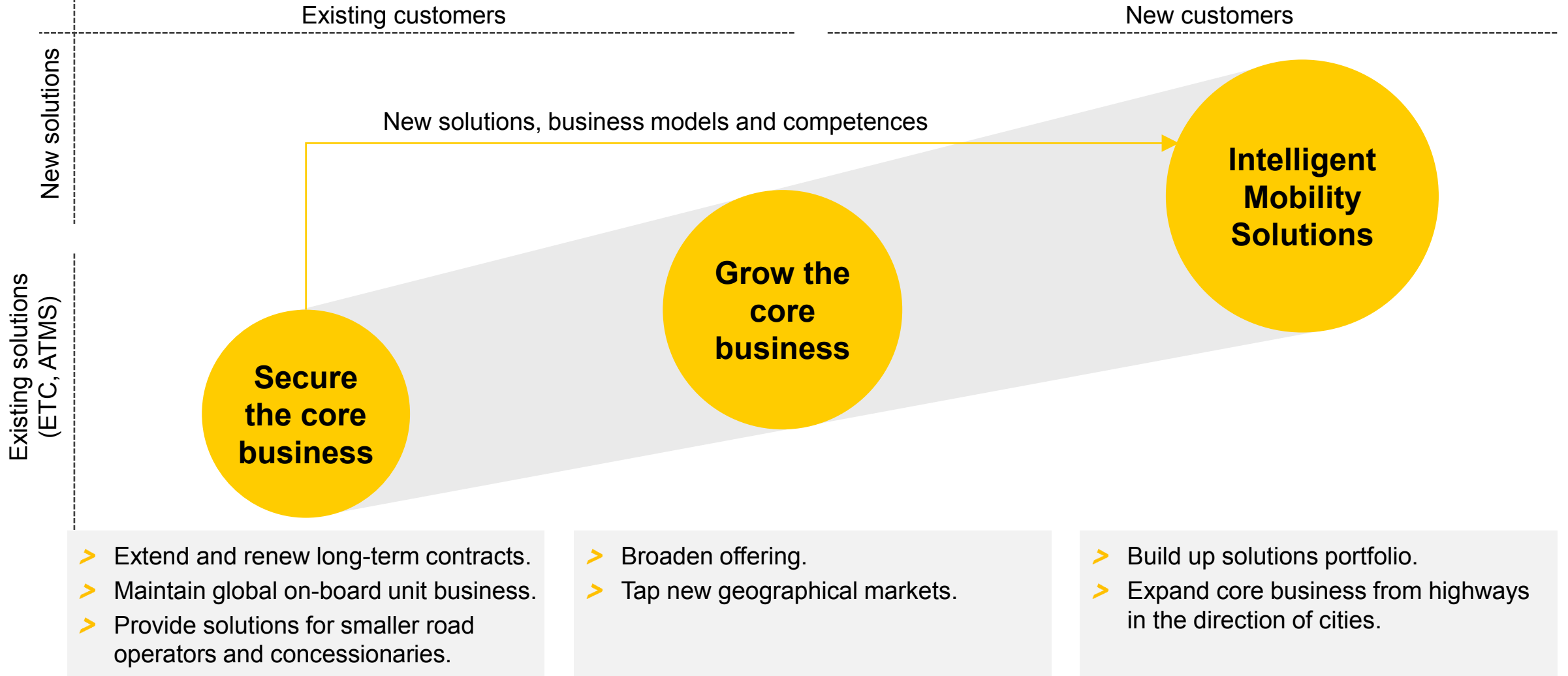
Increased profitability as  
foundation for further growth

Implementation of new  
business models

Positioning as a leading provider  
of intelligent mobility solutions

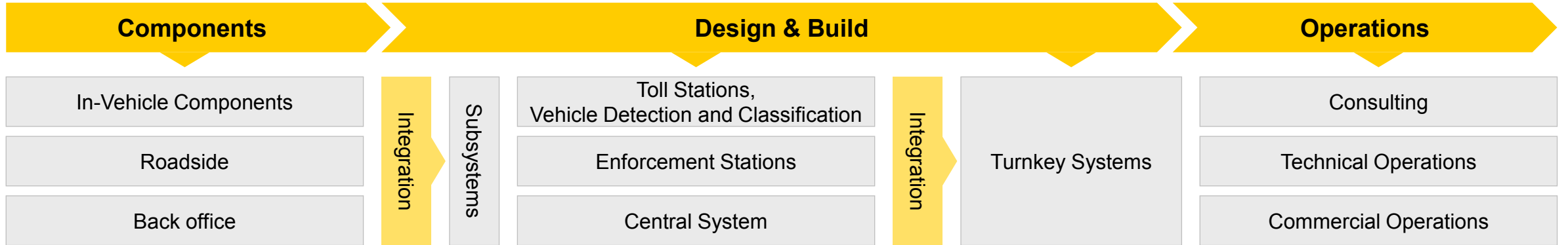
# Strategy.

Our priorities.



# Business model.

One-stop-shop.



## End-to-End Solutions as a One-Stop Shop

### In-vehicle Components



On-board Units (OBUs)



Programming Station

### Transceivers & Readers



Transceiver Mobile Reader



Reader

### Cameras & Sensors



Vehicle Detection Vehicle Registration



Vehicle Classification

### Toll & Enforcement Station



Stationary Enforcement



Mobile Enforcement

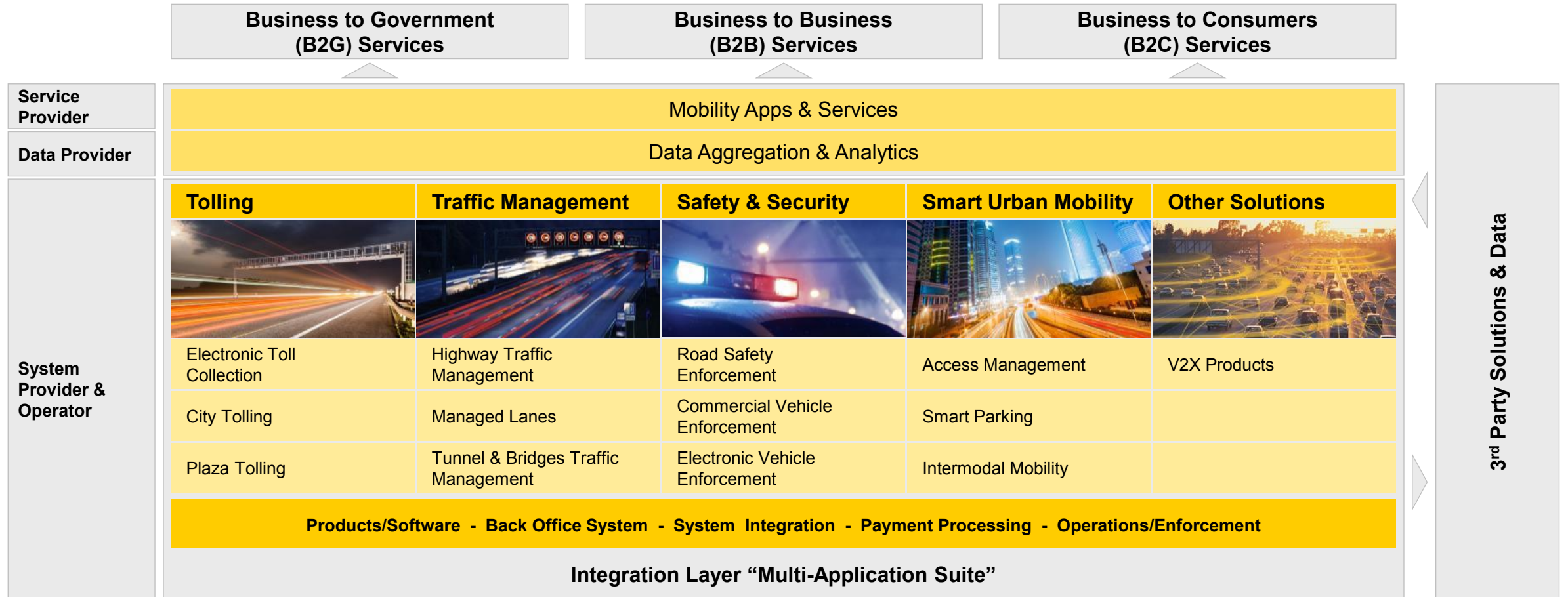
### Central System



Back Office System

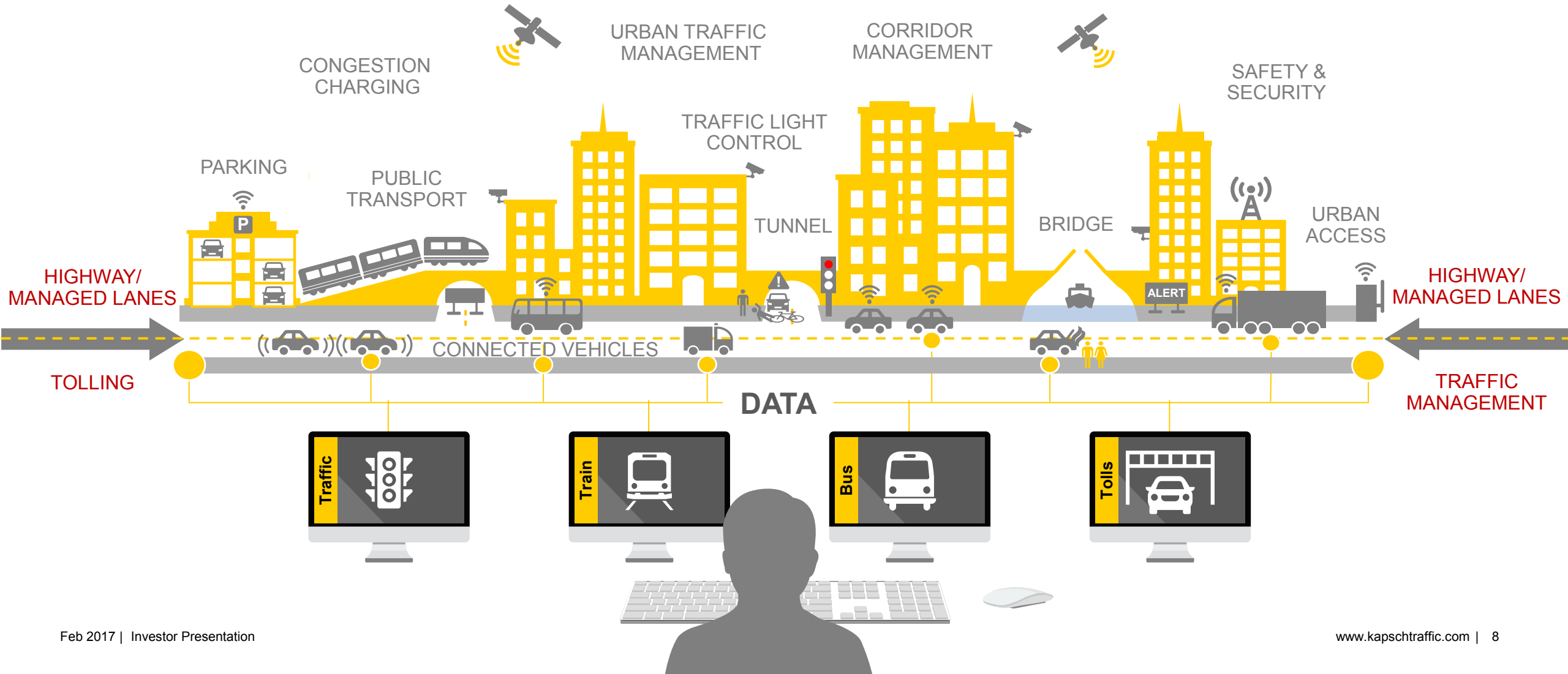
# Portfolio.

Integrated ITS provider



# Mobility.

Intelligent Mobility Solutions (IMS): From highways to cities.





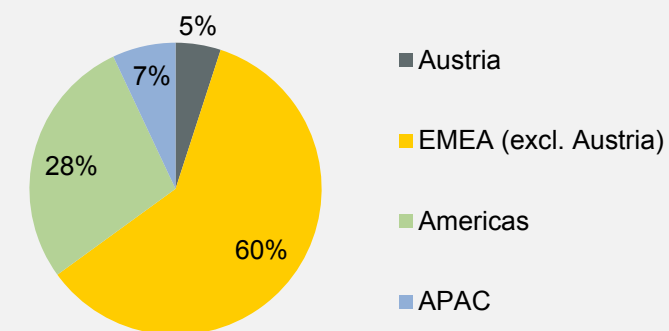
# Financials.

Earnings overview.

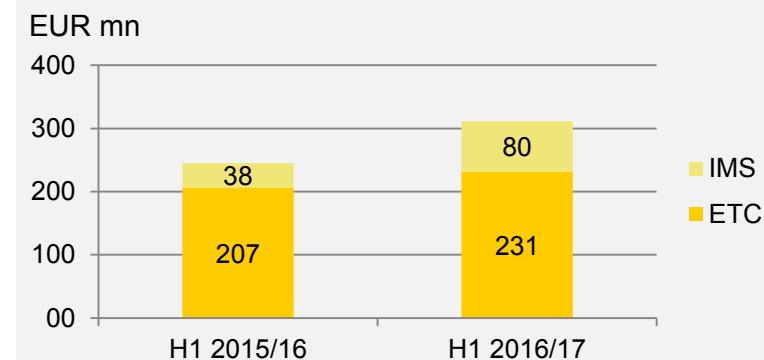


All figures in EUR mn unless otherwise stated	H1 2016/17	+/-	H1 2015/16	FY 2015/16
Revenues	311.7	27%	245.0	526.1
EBITDA	37.4	5%	35.7	76.9
EBITDA margin	12.0%	(2.6%p)	14.6%	14.6%
EBIT	28.7	5%	27.4	62.3
EBIT margin	9.2%	(2.0%p)	11.2%	11.9%
Profit before tax (PBT)	28.7	16%	24.8	54.8
Profit for the period	20.1	5%	19.2	36.5
Profit for the period attributable to equity holders	20.6	23%	16.7	31.1
Earnings per share (EPS)	1.58	23%	1.28	2.39

Revenues by Region H1 2016/17

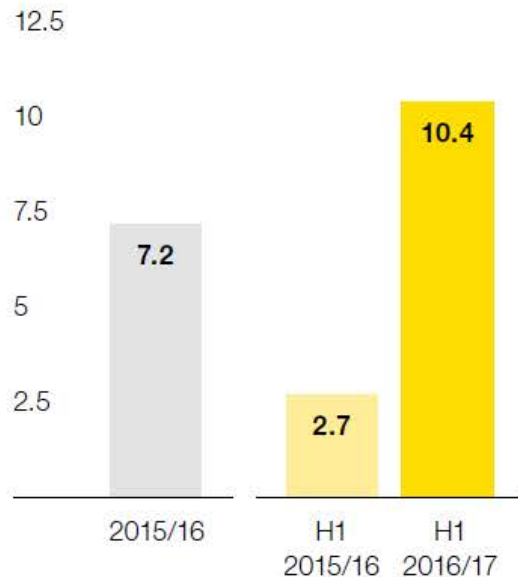


Revenues by Segment H1 2016/17



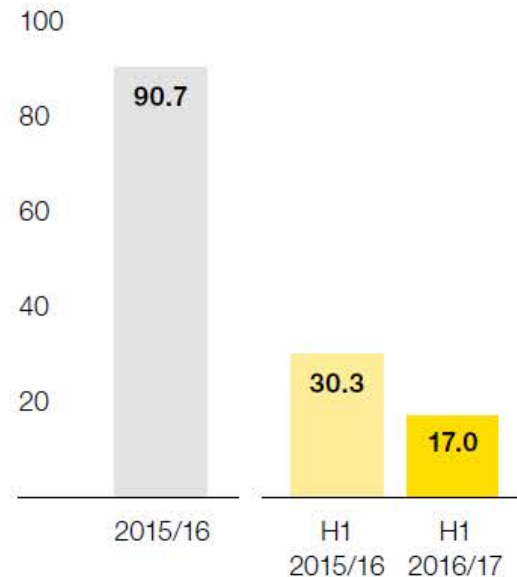
# Other key financials.

## Net investments



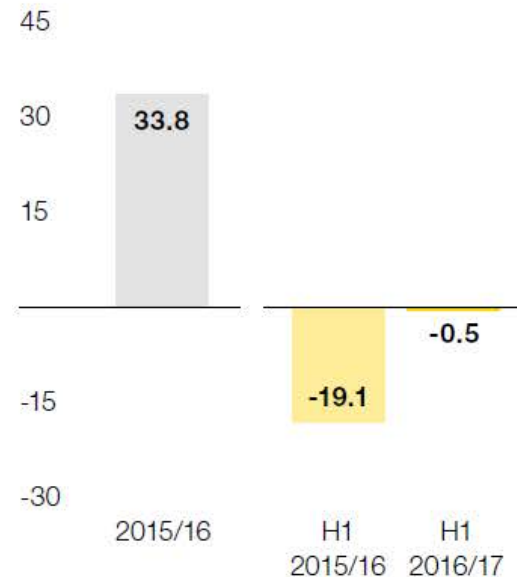
The increase in net investments to EUR 10.4mn was due to the acquisition of KTT, and primarily related to intangible assets.

## Free cash flow



Free cash flow decreased to EUR 17.0 million (-44%), mainly as a result of the higher amount of net investments in the wake of the KTT acquisition.

## Net credit/debt

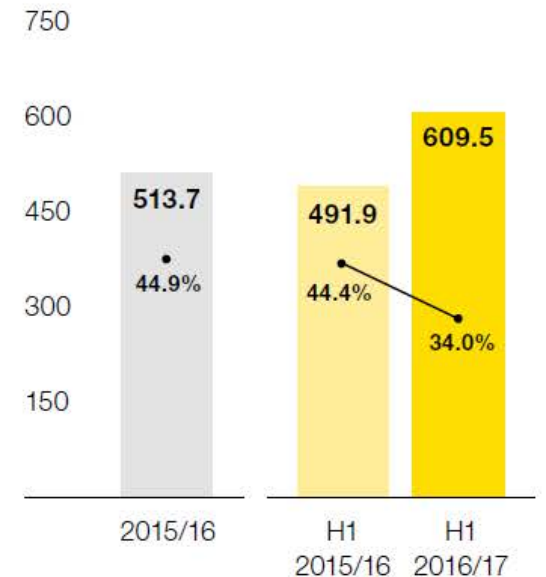


Despite

- acquisition of KTT,
- purchase of 48% stake in Kapsch Telematic Systems,
- payment of the dividend,

net debt of only EUR 0.5mn.

## Balance sheet total and equity ratio



Promissory note bond (extension of balance sheet), an acquisition (effect in equity), and dividend payment lead to a reduction of the equity ratio.

# Segment results.

ETC.

## ETC Overview

All figures in EUR mn unless otherwise stated

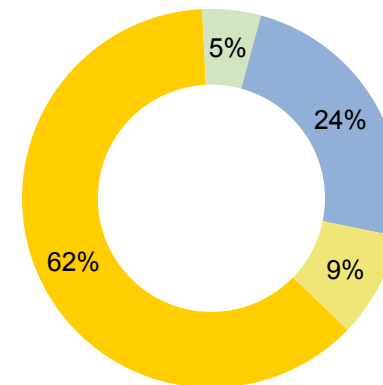
	H1 2016/17	+/-	H1 2015/16	FY 2015/16
Revenues	231.2	12%	206.6	442.1
EBIT	34.2	17%	29.1	63.7
<i>EBIT margin</i>	14.8%	0.7%p	14.1%	14.4%

## ETC Revenue Split

In EUR mn

	H1 2016/17	+/-	H1 2015/16
<b>Revenues</b>	<b>231.2</b>	<b>12%</b>	<b>206.6</b>
Design & Build	44.9	18%	38.1
Operations	138.0	15%	119.8
Components	48.3	1%	48.7

ETC revenues H1 2016/17



- EMEA (excl AT)
- Austria
- Americas
- APAC



# Segment results.

IMS.

## IMS Overview

All figures in EUR mn unless otherwise stated

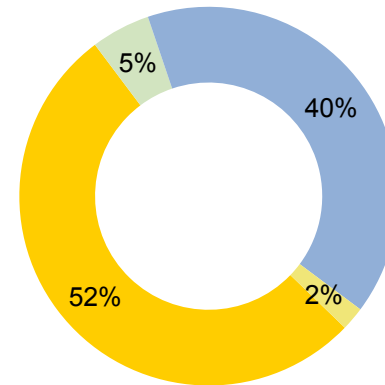
	H1 2016/17	+/-	H1 2015/16	FY 2015/16
Revenues	80.5	110%	38.3	84.0
EBIT	-5.4	-214%	-1.7	-1.3
<i>EBIT margin</i>	-6.8%	-2.2%p	-4.5%	-1.6%

## IMS Revenue Split

In EUR mn

	H1 2016/17	+/-	H1 2015/16
<b>Revenues</b>	<b>80.5</b>	<b>110%</b>	<b>38.3</b>
Design & Build	29.7	115%	13.8
Operations	45.4	180%	16.2
Components	5.3	-36%	8.3

IMS revenues H1 2016/17



- EMEA (excl AT)
- Austria
- Americas
- APAC



# Outlook.

FY 2016/17.

- > Focus on driving forward the integration of KTT.
  - Minimizing costs and realizing synergies as quickly as possible.
  - Helping the ~900 new employees to become acquainted with and a part of the corporate culture of the Kapsch TrafficCom Group.
  
- > Annual revenues should grow by more than EUR 100 million.
  
- > ETC: EBIT margin is set to significantly exceed 10%.
  
- > IMS: EBIT margin will be adversely impacted by the integration and the lower EBIT contribution of KTT, as well as the negative EBIT performance of Streetline.

# Outlook.

*Beyond FY 2016/17.*

## ETC

- > Margins of large projects could erode after new tenders of existing contracts.
- > Limited number of potential new nation-wide tolling contracts BUT larger number of smaller contracts.
- > tolltickets: high revenues (H1 2016/17: EUR 7mn) and low single-digit EBIT margin – dilution of Group EBIT margin.
- > EBIT margin should remain >10%.

## IMS

- > KTT: Improvement of profitability expected.
- > Streetline continues to contribute losses, turnaround expected mid-term.
- > EBIT margin should steadily develop towards 10%.

## Dividend policy:

- At least 1/3 of the profit for the period
- Annual Base Dividend of EUR 1.00
- Dividend payment can be higher or lower; within a reference period of 3 years, average annual dividend at least EUR 1.00

# 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

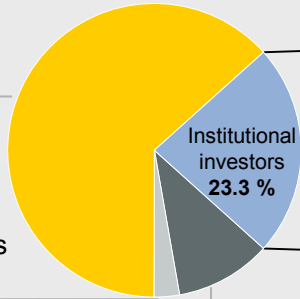
Bloomberg: KTCG AV

## Shareholder Structure

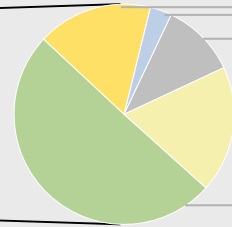
Kapsch-Group  
Beteiligungs GmbH  
**63.3 %**

Private  
investors  
**10.6 %**

Other investors  
and shares in  
trading positions  
**2.8 %**



## Institutional Investors by Region



Austria  
**16.9 %**

Other  
**3.2 %**

U.K. and Ireland  
**11.0 %**

North America  
**18.6 %**

Continental Europe  
(excl. Austria)  
**50.3 %**

## 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, Matelan, RCB

## Select Events

Feb 22, 2017	Q1-Q3 results 2016/17
June 20, 2017	Results for FY 2016/17
Sep 6, 2017	AGM



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for your attention.***

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# ***Appendix.***

# Competition.

Overview.

## Tolling



### ETC

T-Systems  
Autostrade Tech | Q-Free  
TransCore | Sanef its

### 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

Worldsensing  
Smart Parking | IPS Group  
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 H1 results.

## Impact on the P&L

<b>Revenues</b>	<b>EUR +53.0mn</b>
thereof ETC	EUR +11.4mn
thereof IMS	EUR +41.6mn
<b>EBIT</b>	<b>EUR -0.9mn</b>
thereof ETC	EUR -2.8mn
thereof IMS	EUR +1.9mn

## Impact on the balance sheet\*

Property, plant & equipment	EUR 0.7mn
Intangible assets	EUR 5.2mn
Other non-current assets	EUR 0.2mn
Inventories	EUR 0.7mn
Receivables & other current assets	EUR 57.0mn
Cash & cash equivalents	EUR 9.5mn
Liabilities, other liabilities & deferred income	EUR -42.8mn
<b>Net assets acquired (provisionally)</b>	<b>EUR 30.4mn</b>

## 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 will weigh on KTC's profitability.
- > Integration to be completed by fall 2017.

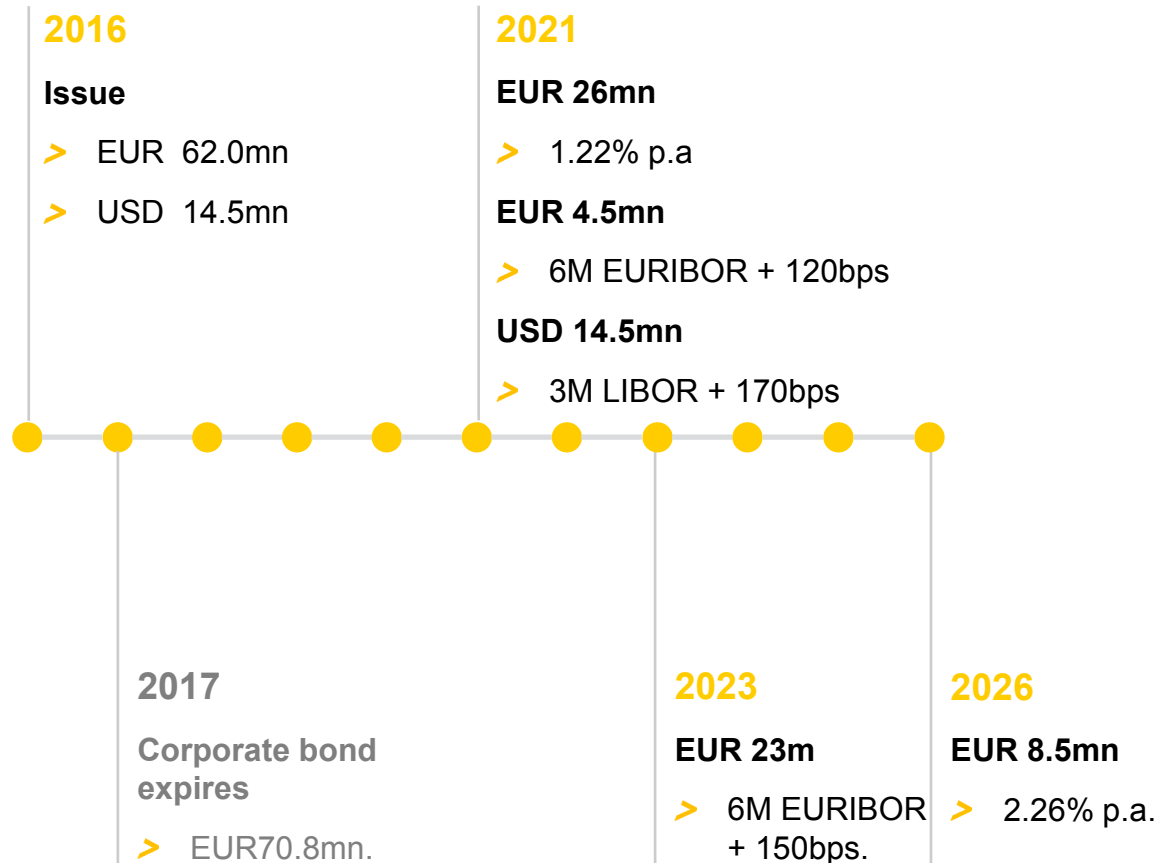


Purchase price\*: EUR 27.4mn  
 Difference to net assets  
 acquired (badwill): EUR 3.0mn

\* Provisionally determined; preliminary purchase price allocation. Values may change subject to audit as well as through purchase price adjustments.

# 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.

**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

**2002**

Activities structured in three autonomous organizations:

- Kapsch TrafficCom
- Kapsch BusinessCom
- Kapsch CarrierCom

**2007**

IPO of Kapsch TrafficCom

**2011**

Capital increase

**2016**

Acquisition of KTT (Schneider Electric Transportation Business)

**1995**

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

**1999**

Launch of world's 1<sup>st</sup> 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 1<sup>st</sup> nationwide multi-lane free-flow system on major highways

**2007**

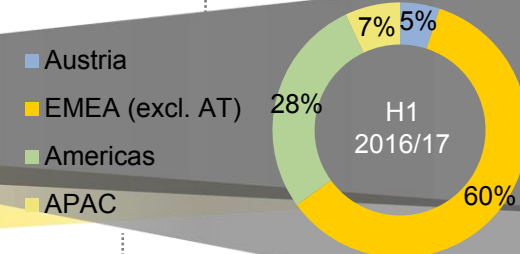
Nationwide ETC system in Czech Republic goes into operation

**2010**

Contract for implementation and operation of nationwide tolling system in Poland

**2012**

Contract for implementation and operation of nationwide tolling system in Belarus



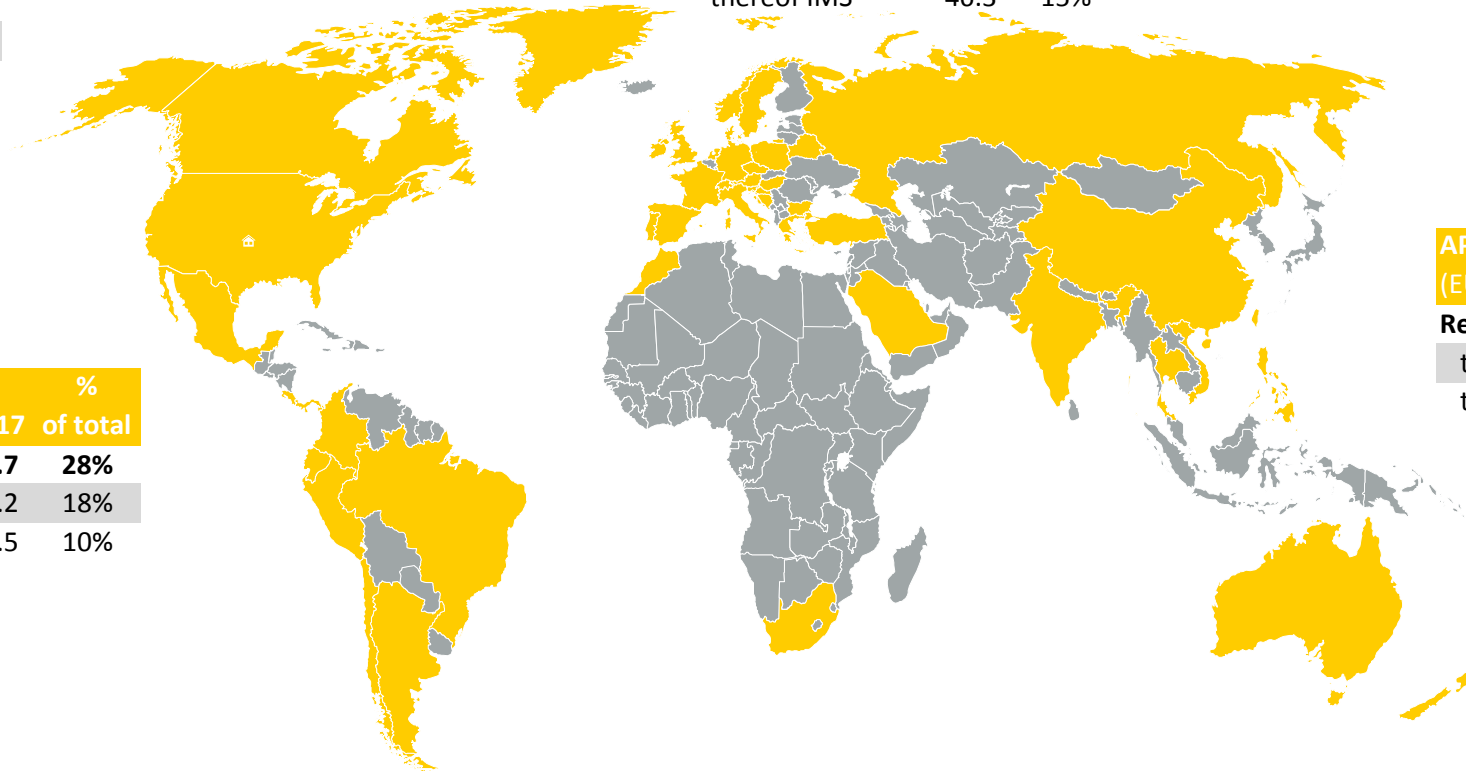
# References in more than 50 countries.

Total (EUR mn)	H1 2016/17	% of total
<b>Revenues</b>	<b>311.7</b>	<b>100%</b>
thereof ETC	231.2	74%
thereof IMS	80.5	26%

EMEA (EUR mn)	H1 2016/17	% of total
<b>Revenues</b>	<b>202.5</b>	<b>65%</b>
thereof ETC	156.2	50%
thereof IMS	46.3	15%

Americas (EUR mn)	H1 2016/17	% of total
<b>Revenues</b>	<b>87.7</b>	<b>28%</b>
thereof ETC	55.2	18%
thereof IMS	32.5	10%

APAC (EUR mn)	H1 2016/17	% of total
<b>Revenues</b>	<b>21.5</b>	<b>7%</b>
thereof ETC	19.9	6%
thereof IMS	1.6	1%





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

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