



kapsch >>>
challenging limits

Kapsch TrafficCom

Results for FY 2016/17.

June 20, 2017

Agenda.

1. Highlights 2016/17.

2. Financial results 2016/17.

3. Outlook 2017/18 and beyond.



Highlights.
Fiscal year 2016/17.

Highlights.

Fiscal year 2016/17.

- ✓ Solid results
- ✓ Acquired KTT, the transportation business of Schneider Electric
- ✓ Other acquisitions
- ✓ Important tolling contracts secured
- ✓ Promissory note bond to refinance the corporate bond due in fall 2017
- ✓ New dividend policy
- ✓ Dividend proposal for FY 2016/17: EUR 1.50/share

Highlights.

Acquisition of KTT.

As of April 1, 2016, Kapsch TrafficCom acquired the transportation business of Schneider Electric:

- > Strengthening of the “Intelligent Mobility Solutions” segment
 - From the highway into the city: extension of the product portfolio
 - 30 years of experience in IMS
 - Within the top segment of toll solution providers in the US
 - Strengthens the company’s competitive position, above all in growth markets
- > Revenue contribution 2016/17: EUR 112.8 million
- > Contribution to EBIT still negative (EUR -2.1 million), plus integration costs
- > About 900 employees

Highlights.

Other acquisitions.



Other acquisitions with strategic relevance:

- > Remaining 48% in Kapsch Telematic Services (Czech Republic)
- > 65% in tolltickets (Germany)
- > 75.5% in Fluidtime (Austria)

Highlights.

Important toll contracts secured.

- > Austria: Establishment and technical operation of the nation-wide tolling system for vehicles over 3.5 tons. Term: 10 years, can be extended by one year five times.
- > Czech Republic: Operation of the nation-wide HGV tolling system. Term: Up to three years.
- > South Africa: Gauteng project with a term until 2019. Can be extended by up to two years.

Highlights.

Promissory note bond.

In Q1 2016/17, Kapsch TrafficCom issued a promissory note bond (Schuldscheindarlehen).

- > Volume: EUR 62 million + USD 14.5 million
- > Tenors: 5, 7 and 10 years
- > Purpose: to refinance the corporate bond due in November 2017; used favorable market conditions
- > Advantage: may be repaid prior to maturity, i.e. considerably more flexible source of financing
- > Impact on balance sheet until repayment of corporate bond:
 - Kapsch TrafficCom has a net credit position. Therefore, the proceeds from the promissory note bond are invested.
 - This causes an extension of the balance sheet.
 - Will be „corrected“ with the repayment of the corporate bond.
 - Until then: Negative impact on the equity ratio.

Highlights.

New dividend policy & dividend.

Sustainable dividend policy which grants the company enough flexibility to react to market developments.

- > Dividend per share at least the higher of:
 - Base level dividend of EUR 1.00
 - One third of the profit for the period
- > Depending on economic development, the market conditions and capital requirements for upcoming projects, this value can be exceeded or fallen short of.
- > Over a time period of three years to at least have an average annual payout of the base dividend mentioned (EUR 1.00).

Dividend for 2016/17

Proposal to the annual general meeting to pay out a dividend for 2016/17 amounting to:

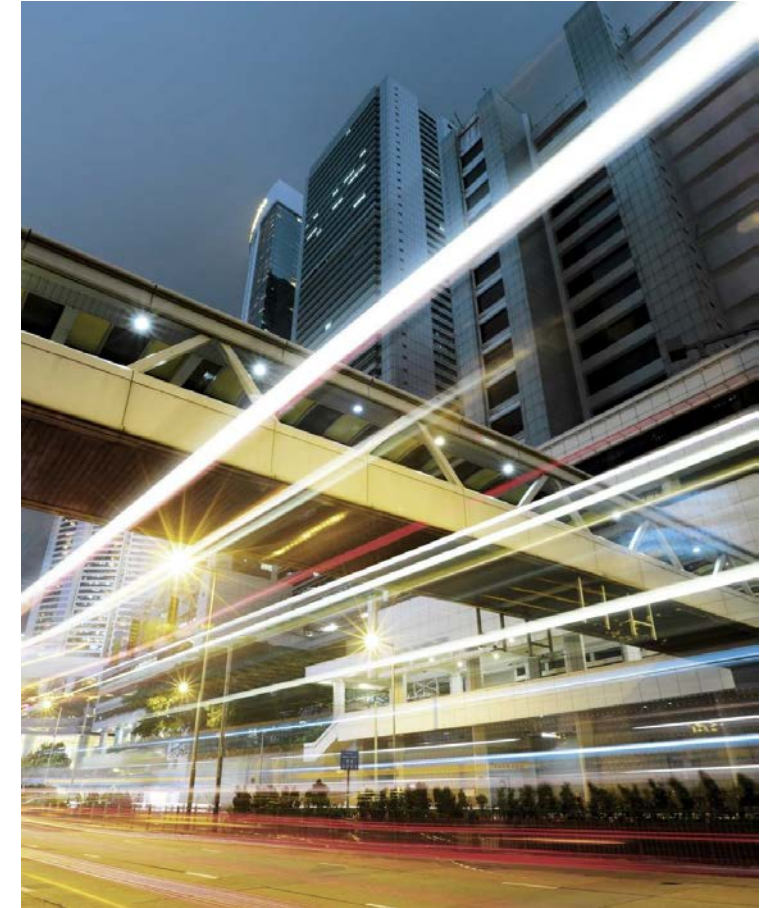
EUR 1.50 per share
as in the previous year



Financial results.
Fiscal year 2016/17.

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



Earnings.

EBIT.

All figures in EUR mn unless otherwise stated	2016/17	+/-	2015/16
Revenues	648.5	23%	526.1
Other operating income	25.1	47%	17.0
Changes: finished/unfinished goods & work in progress	1.4	—	-12.3
Own work capitalized	3.6	401%	0.7
Cost of materials and other production services	-242.1	-20%	-201.9
Staff costs	-224.2	-46%	-153.2
Amortization and depreciation	-17.7	-22%	-14.5
Other operating expense	-134.4	-35%	-99.6
EBIT	60.1	-4%	62.3
<i>EBIT margin</i>	9.3%	-3%p	11.9%

Includes EUR 3mn badwill from KTT acquisition and EUR 8.1 mn FX gains.

Additional ~900 KTT employees; now total of 4,823.

KTT accounted for
EUR -22.5mn

Legal and consulting*
EUR -31.7mn (up EUR 13.9mn)
Rental expenses
EUR -18.5mn (up EUR 5.1mn)
Travel expenses
EUR -11.6mn (up EUR 3.8mn)
Exchange rate losses
EUR -3.4mn (down EUR 4.8mn)

*Higher legal & consulting fees:
> Transaction-related costs
> IP-related dispute in USA accounting for EUR 11.9mn (previous year: EUR 2.2mn)

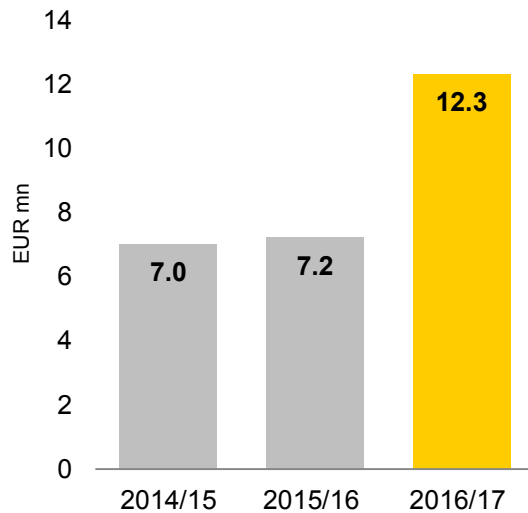
Earnings.

Financial result, taxes, non-controlling interests.

			All figures in EUR mn unless otherwise stated	2016/17	+/-	2015/16			
Interest income	EUR	2.6mn	EBIT	60.1	-4%	62.3	Interest income	EUR	2.6mn
FX gains	EUR	8.7mn					FX gains	EUR	3.2mn
Other	EUR	2.2mn					Sale of securities	EUR	3.4mn
			Finance income	13.5	5%	12.9	Other	EUR	3.7mn
			Finance costs	-13.1	-36%	-20.5	Interest expenses	EUR	-5.2mn
Interest expenses	EUR	-5.7mn	Financial result	0.4	—	-7.6	FX losses	EUR	-12.7mn
FX losses	EUR	-4.3mn					Impairment Q-Free	EUR	-1.5mn
Impairment Q-Free	EUR	-2.4mn	Result before income taxes	60.6	11%	54.8	Other	EUR	-0.9mn
Other	EUR	-0.8mn					Income taxes	-18.0	-2%
			<i>Tax rate</i>	29.6%	-4%p	33.5%			
			Result for the period	42.7	17%	36.5			
							Non-controlling interests	-0.9	—
Acquisition of the remaining 48% stake in the Czech company Kapsch Telematic Services spol. s r.o.			Result attributable to equity holders of the firm	43.6	40%	31.1			
							Earnings per share (EPS) in EUR	3.4	40%

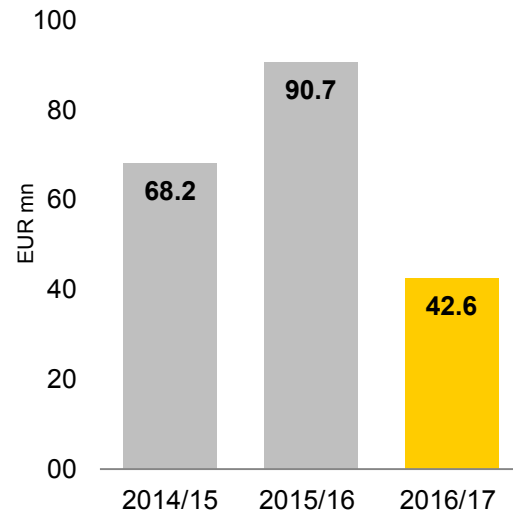
Other key financials.

Net investments



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

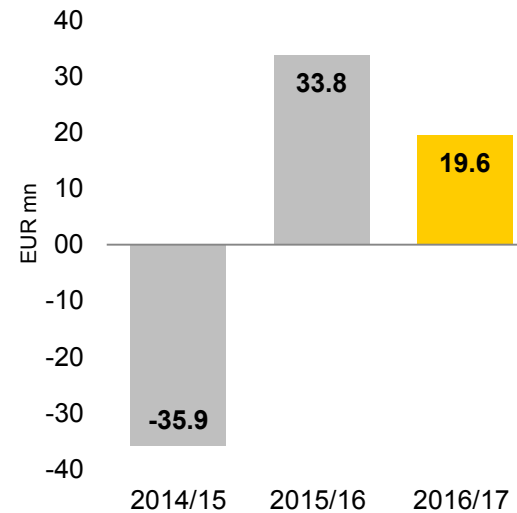
Free cash flow



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

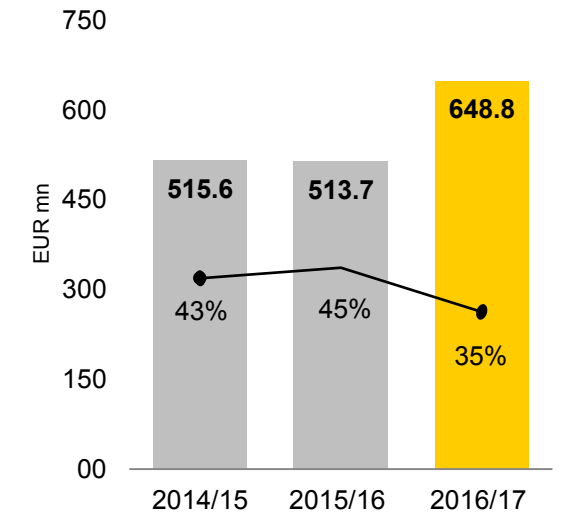
- > working capital
- > higher net investments

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%.

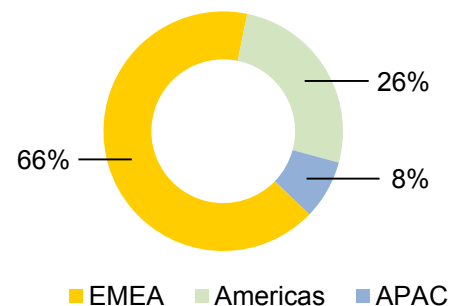
Segment results.

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 ¹⁾	2.8%	63.7
<i>EBIT margin</i>	14.0%	-0.4%p	14.4 %

ETC revenues

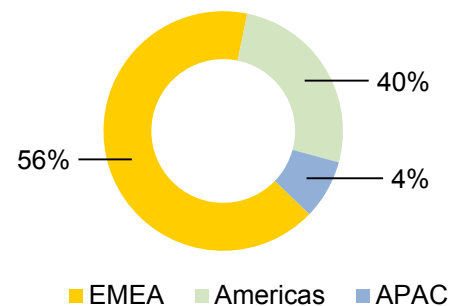


All figures in EUR mn unless otherwise stated	2016/17	+/-	2015/16
Design & build	96.9	5.0%	92.3
Operations	269.0	6.7%	252.1
Components	102.6	5.0%	97.7

IMS

All figures in EUR mn unless otherwise stated	2016/17	+/-	2015/16
Revenues	180.0	114.4%	84.0
EBIT	-5.4 ²⁾	-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 goodwill of EUR 0.9 million

2) Includes goodwill of EUR 2.1 million

Consolidation of Kapsch TrafficCom Transportation.


Impact on FY 2016/17 results.

Impact on the P&L

Revenues	EUR +112.8mn
thereof ETC	EUR +21.8mn
thereof IMS	EUR +91.0mn
EBIT	EUR -2.3mn
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
Net assets acquired (provisionally)	EUR	34.1mn


 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.



Outlook.
2017/18 and beyond.

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.

Outlook.

Beyond FY 2017/18.

- > Revenue should increase in both segments, with higher rates of growth for IMS
 - Further expansion of the toll collection business
 - Reducing the cluster risk – growing the portfolio of smaller contracts
 - Growth resulting from a broad range
 - Growth in existing and new markets
 - Acquisitions
- > Falling EBIT margin in ETC, however it will continue to be comfortably higher than 10%
 - Larger number of smaller projects. They tend to have lower profitability compared with large ones because they lack scaling effects
 - Price pressure is to be anticipated for current and upcoming tenders for large projects
- > EBIT margin in IMS to gradually improve; first achieve a balanced result, in the medium term an EBIT margin of about 8% seems possible
 - (Almost) non-recurring nature of costs for the integration of KTT taken over in 2016
 - Better positioning and more efficient processes following the integration
 - Synergies between KTT and Kapsch TrafficCom in both customer acquisition as well as in terms of costs
- > Mid-term EBIT margin for the Group of about 10%

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for your attention.***

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