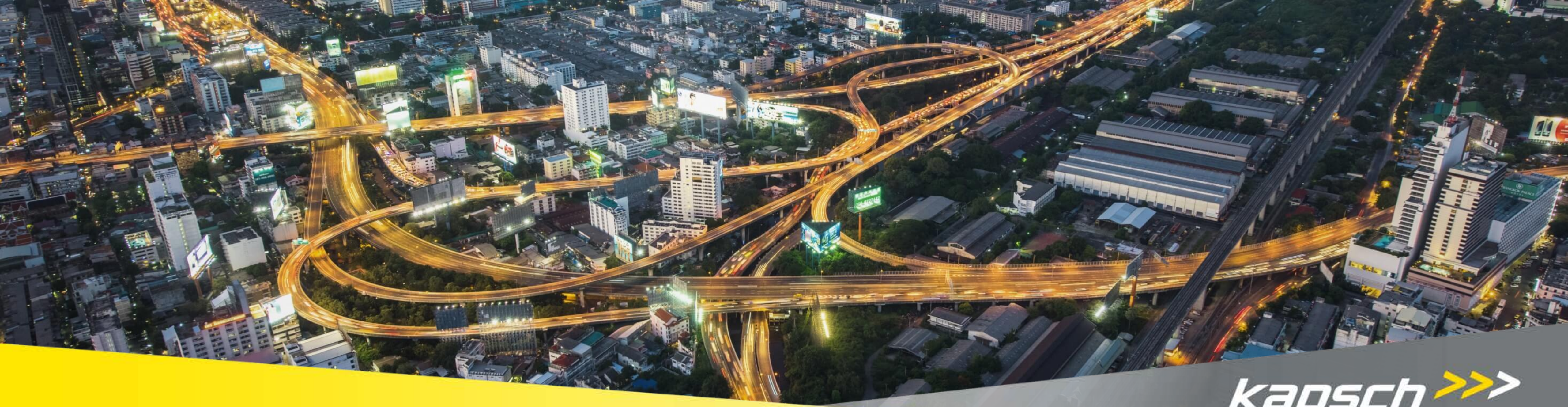


Kapsch TrafficCom

2nd Institutional Investors' Day.

Ulrike Klemm-Pöttinger: Finance.

September 18, 2018

Q1 2018/19 and beyond.

Highlights.

- Switzerland: Contract for the modernization and maintenance of the truck toll system.
- Austria: Modernization of nation-wide truck toll system has been concluded.
- Zambia: Full consolidation from September 2018.
- New business opportunities: Decisions regarding a number of large-scale projects expected until the end of 2018.
- Order situation remains positive.
- Deferments in certain projects caused revenues and earnings of Q1 2018/19 below expectations.

Revenues

EUR 158.2 mn

Q1 2017/18 | EUR 164 mn, -4%

FY 2017/18: EUR 693.3 mn

EBIT

EUR 7.1 mn

Q1 2017/18 | EUR 12 mn, -39%

FY 2017/18: EUR 50.1 mn

EBIT margin

4.5%

Q1 2017/18 | 7.1%, -2.6%p

FY 2017/18: 7.2%

EPS

EUR 0.21

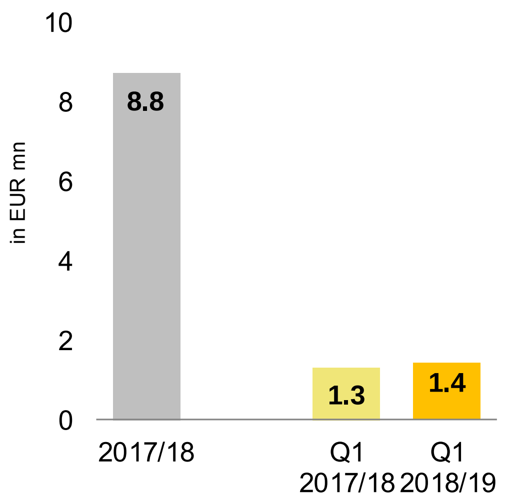
Q1 2017/18 | EUR 0.52, -60%

FY 2017/18: EUR 2.21

Q1 2018/19.

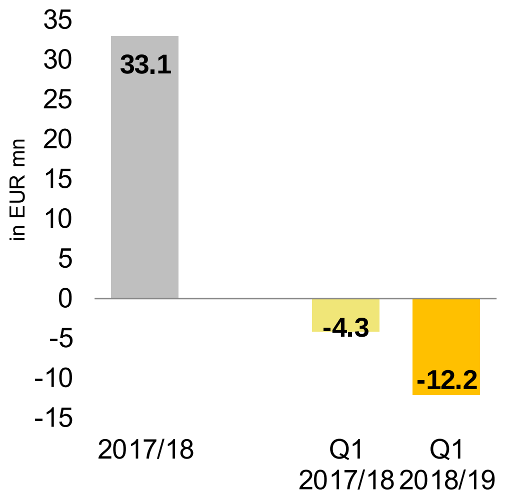
Other key financials.

Net CAPEX



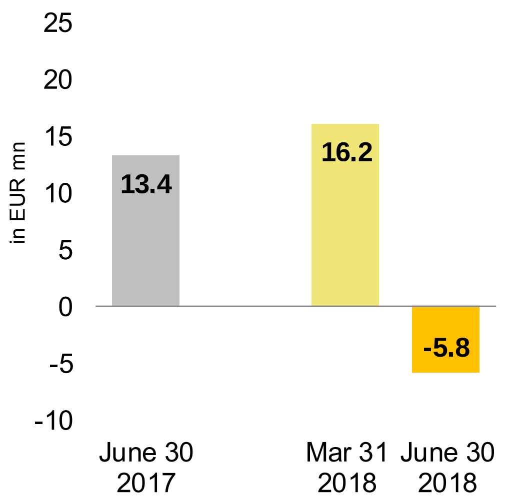
CAPEX at a constant level.

Free cash flow



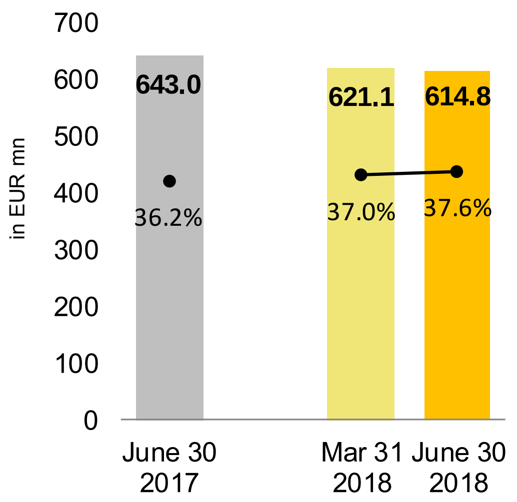
Free cash flow followed the decline of the operating results and was influenced by negative effects from net working capital.

Net cash/debt



As a consequence of the negative free cash flow, the net cash position (March 2018) turned into net debt (net gearing of 2.5%).

Balance sheet total and equity ratio



Balance sheet continues to be strong.

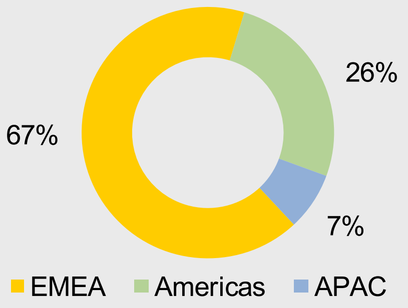
Q1 2018/19.

Segment results: ETC (76% of revenues).

Key financials

All figures in EUR mn unless otherwise stated	Q1 2017/18	Q1 2018/19	+/-
Revenues	123.4	119.6	-3%
EBIT	14.6	7.0	-52%
EBIT margin	*11.9%*	*5.8%*	*-6.0%p*

Revenues by region



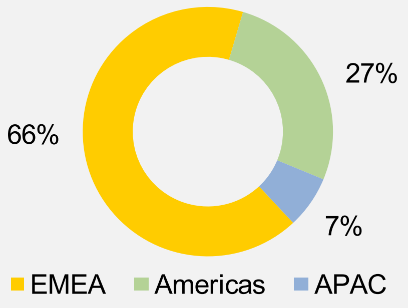
Revenues by type

All figures in EUR mn unless otherwise stated	Q1 2017/18	Q1 2018/19	+/-
Implementation	27.1	25.1	-8%
Operation	69.8	67.2	-4%
Components	26.4	27.3	3%
OBUs sold, million units	2.9	3.3	12%

Key financials

All figures in EUR mn unless otherwise stated	2016/17	2017/18	+/-
Revenues	468.4	521.6	11%
EBIT	1) 65.5	53.5	-18%
EBIT margin	*14.0%*	*10.3%*	*-3.7%p*

Revenues by region



Revenues by type

All figures in EUR mn unless otherwise stated	2016/17	2017/18	+/-
Design & build	96.9	138.9	43%
Operations	269.0	278.1	3%
Components	102.6	104.7	2%
OBUs sold, million units	11.7	12.7	8%

1) Includes badwill of EUR 0.9 million

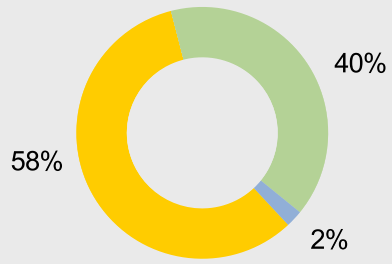
Q1 2018/19.

Segment results: IMS (24% of revenues).

Key financials

All figures in EUR mn unless otherwise stated	Q1 2017/18	Q1 2018/19	+/-
Revenues	40.9	38.7	-5%
EBIT	-2.9	0.1	n.a.
EBIT margin	*-7.1%*	*0.3%*	*7.5%p*

Revenues by region



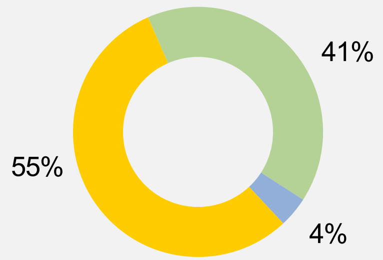
Revenues by type

All figures in EUR mn unless otherwise stated	Q1 2017/18	Q1 2018/19	+/-
Implementation	18.6	16.3	-12%
Operation	20.1	19.6	-2%
Components	2.2	2.7	23%

Key financials

All figures in EUR mn unless otherwise stated	2016/17	2017/18	+/-
Revenues	180.0	171.6	-5%
EBIT	2) -5.4	-3.4	36%
EBIT margin	*-3.0%*	*-2.0%*	*1.0%p*

Revenues by region



Revenues by type

All figures in EUR mn unless otherwise stated	2016/17	2017/18	+/-
Design & build	87.5	83.4	-5%
Operations	80.4	78.9	-2%
Components	12.1	9.3	-23%

1) Includes badwill of EUR 2.1 million

Characteristics of the IMS segment.

At a glance.

- Today, most of the segment's revenues from traffic management.
- In IMS, the split between implementation revenues (project business) and operations is different than in ETC:
  - Design, delivery and implementation of software and hardware (sensors, controllers, signs, signals) represent a higher share.
  - Operation revenues represent mainly technical operations.
- IMS segment has the potential to increase recurring revenues (mid term to long term).

DYNAC® Traffic Management Software Suite

EcoTrafiX™ Controller

Signals

CCTV / VIDS

Signs

Sensors

Full consolidation of JV in Zambia.

Service concession agreement according to IFRIC 12.

IFRIC 12 because:

- Public-to-private arrangement to build-operate-transfer an asset without separate payments of building, operating and transferring the asset to a public entity, but is paid via the operation (user fees, fines , etc. of the asset).
- Public entity regulates what services we provide with the assets, to whom and at what prices.
- Assets are used for their entire useful life and legally transferred to the public entity at the end of the arrangement.

Consequences:

- Equivalent of the implementation revenues = intangible assets (considered as the right to charge users of the infrastructure/the public service).
- These intangible assets are to be depreciated until the end of the contract‘s life.

Impact of new accounting standards.

IFRS 9 (financial instruments).

Impact on financial assets:

> Classification based on the business model at
  - amortized costs,
  - FVTPL (Fair Value Through Profit and Loss) or
  - FVOCI (Fair Value through Other Comprehensive Income; equity)

> For equity instruments (other investments in entities) the irrevocable option to classify FVOCI (without recycling) is possible and KTC has chosen as follows:
  - Q-Free ASA: apply FVTPL
  - ParkJockey: apply FVOCI
  - TTS: apply FVOCI

Impact on financial liabilities:

> Classification either at amortized costs or at FVTPL

Impact of new accounting standards.

IFRS 15 (revenues).

Scope

> All customer contracts have to be processed according to IFRS 15.

> The revenue recognized based on the current plan approved and the actual costs booked.

> We have determined 5 performance obligations for our business.

General impact

> As Kapsch TrafficCom has been applying the percentage of completion method, **no material impact on revenues from IFRS 15.**

> Revenues are aligned to costs, i.e. a seasonal effect can just occur in components business (revenues continue to be recognized with billing) or in implementation projects having massive cost fluctuations.

Impact on the balance sheet

> Amounts due from customers for contract work as well as for service and maintenance contracts which are not yet billed are taken out from “Trade receivables and other current assets” and presented separately as “Contract assets”.

> Amounts due to customers for contract work (i.e. payment received but relevant milestone not yet completely reached) taken out from “Other liabilities” and are presented as “Contract liabilities”.

Impact of new accounting standards.

IFRS 16 (leases): Outlook – to be applied as of April 1, 2019.

- Single accounting model for all leases with a term > 12 months and an value > USD 5,000.
- At KTC, most likely 4 major cases of leases: IT, motor vehicles, rents, others.

Impact on the balance sheet.

Assets	Equity & Liabilities
Current assets	Equity
Non-current assets	Liabilities
Right of use financial asset	Lease liability

Extending effect: Asset-rich but more indebted

EBITDA improves, but total lease expenses are front-loaded even when cash outflows are constant.

Impact on the P&L.

P&L before IFRS 16	P&L after IFRS 16
Revenues	**Revenues**
Costs	Costs
Various costs	Total costs
Leasing costs	
Depreciation	Depreciation
Depreciation of PPE and intang.	Depreciaiton of PPE and intang.
	Depreciation of lease assets
EBIT	**EBIT**
Financial result	Financial result
Financial income	Financial income
Financial expenses	Financial expenses
	Interest related to lease assets

Financial goals.

2018/19

- Revenues and EBIT at previous year's levels

Medium-term revenues

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

Medium-term EBIT margin

- ETC: comfortably >10%
- IMS: in good environment, 8% possible
- Group: > 10%

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for your attention.

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