



kapsch >>>
challenging limits

Kapsch TrafficCom

Investor Presentation.

January 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
- ❖ EBIT margin Tolling >10%

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%



USP.

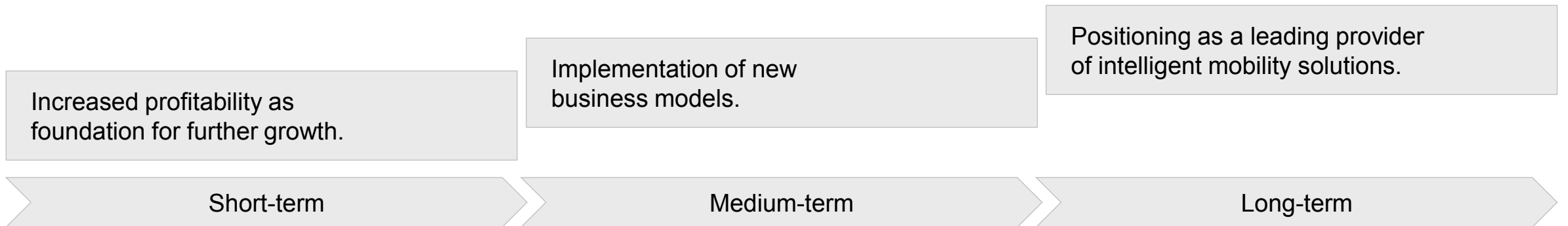
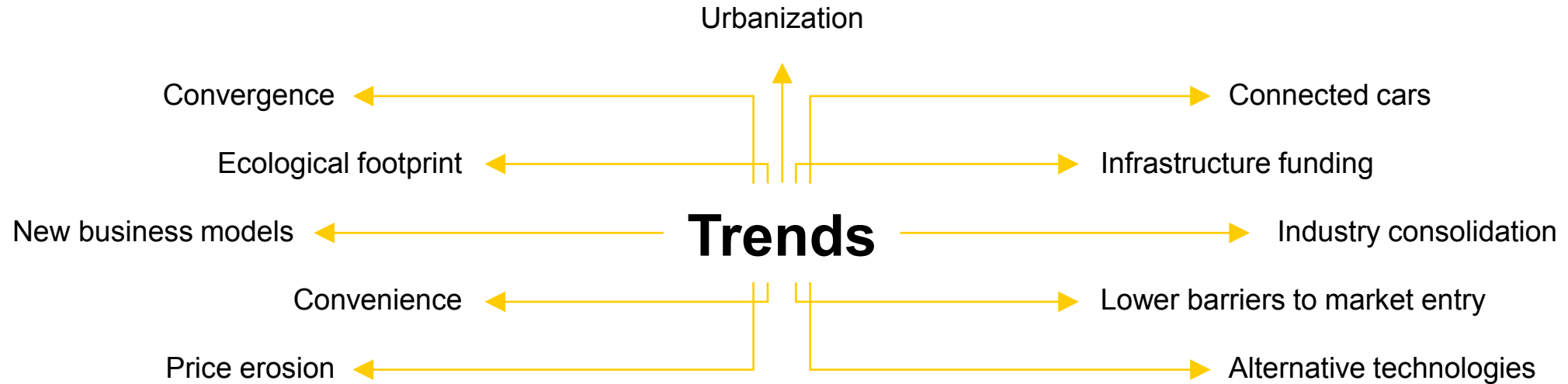
What makes Kapsch TrafficCom unique?

- > 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.



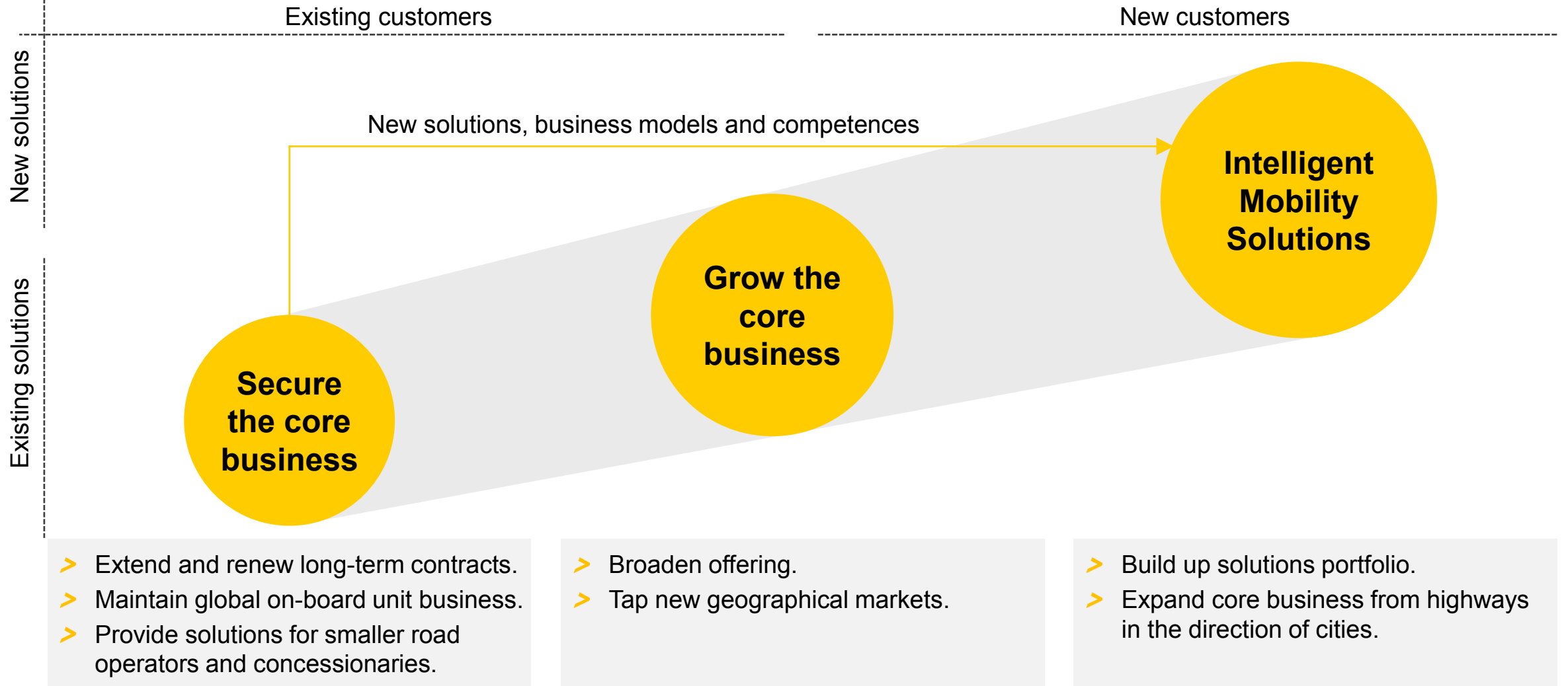
Strategy.

Addressing future-defining trends.



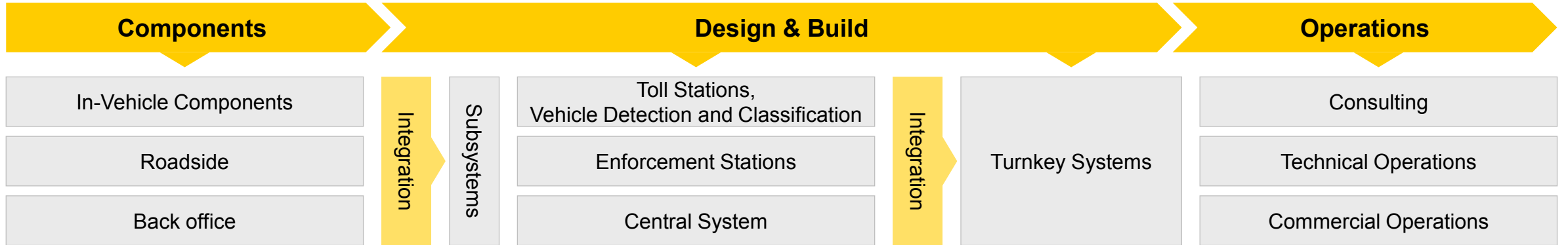
Strategy.

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

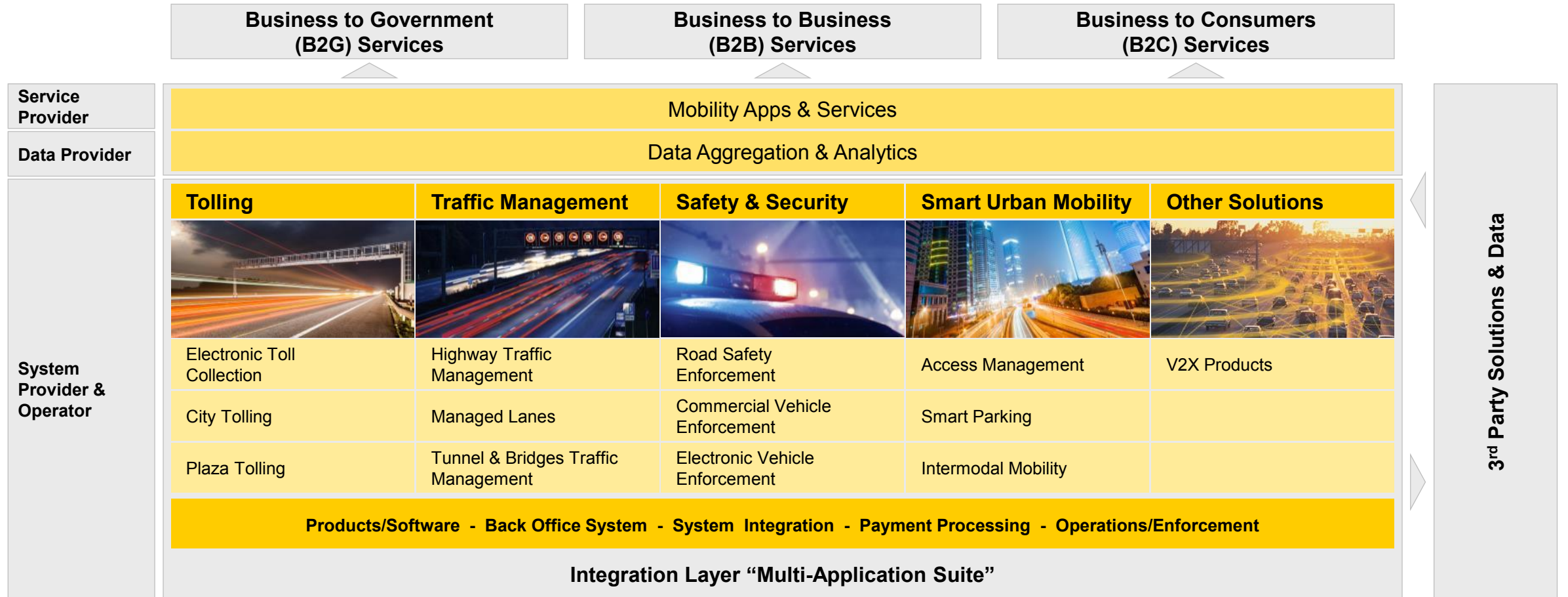
Central System



Back Office System

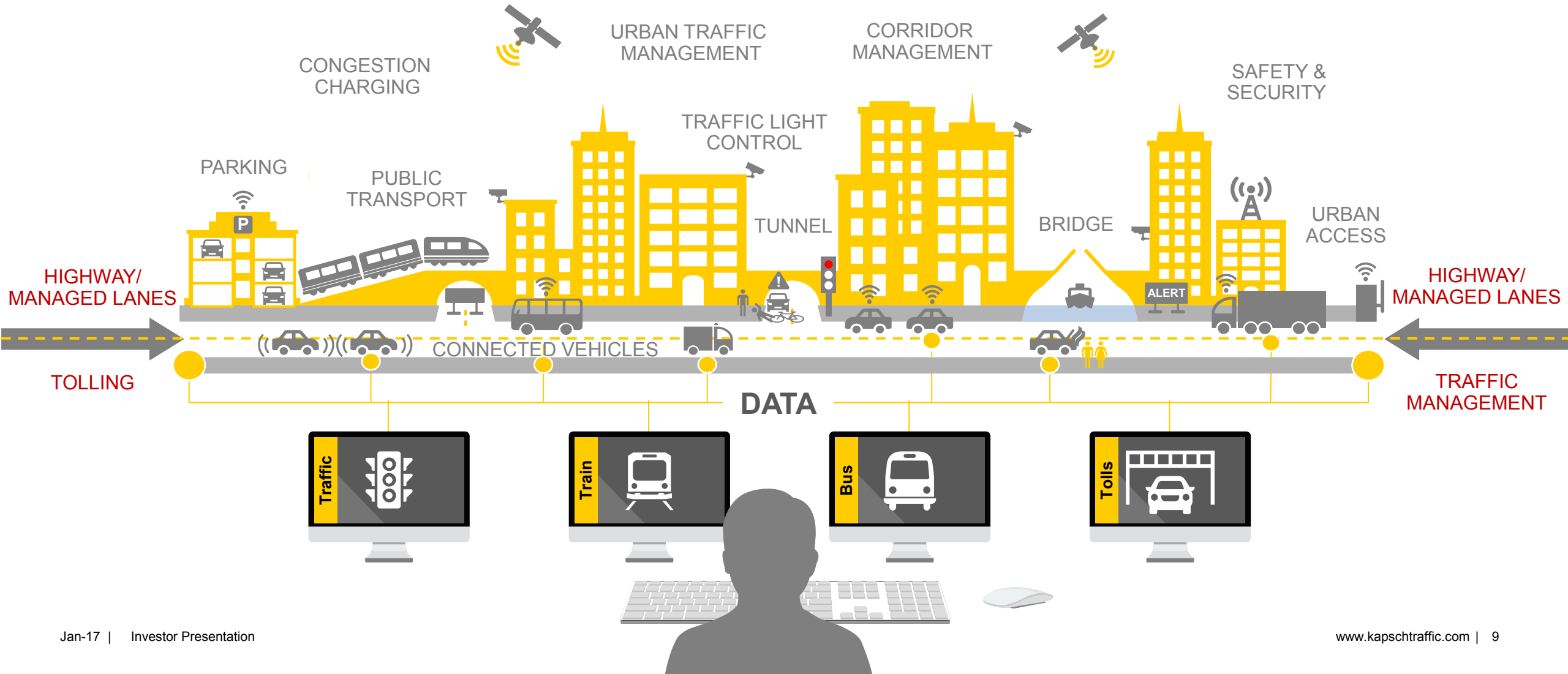
Portfolio.

Integrated ITS provider



Mobility.

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

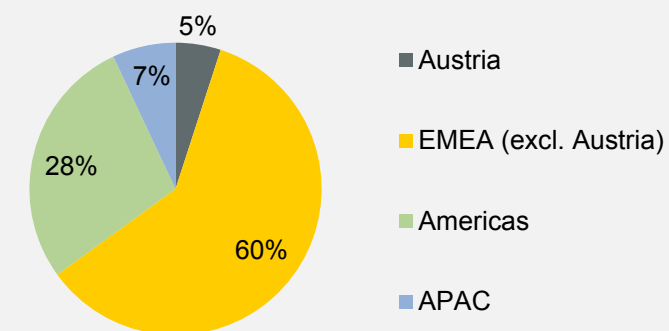


Financials.

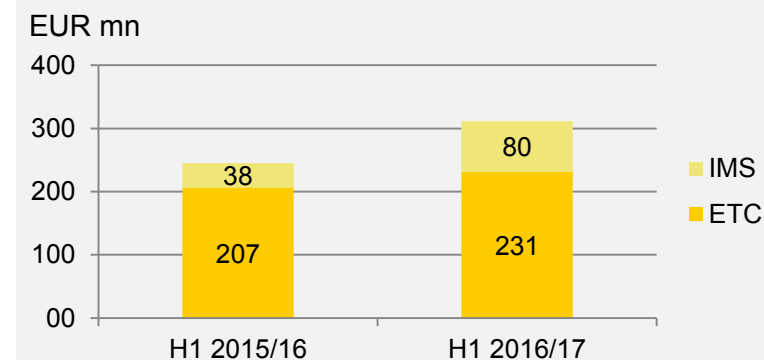
Earnings Overview.

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

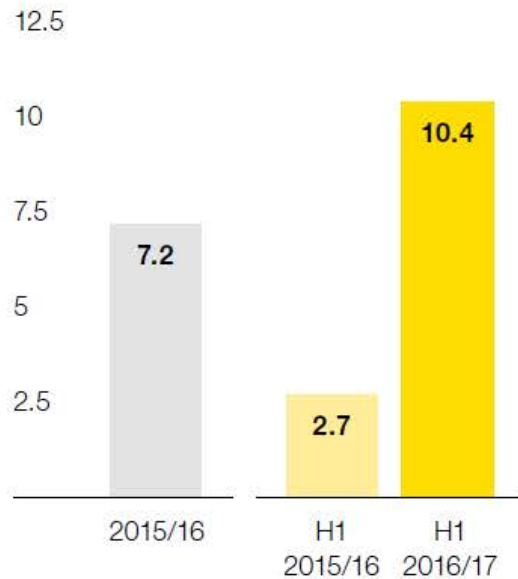


Revenues by Segment H1 2016/17



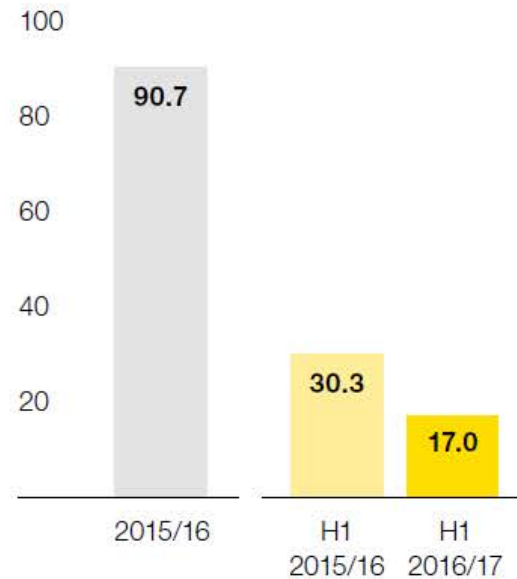
Other Key Financials.

Net investments



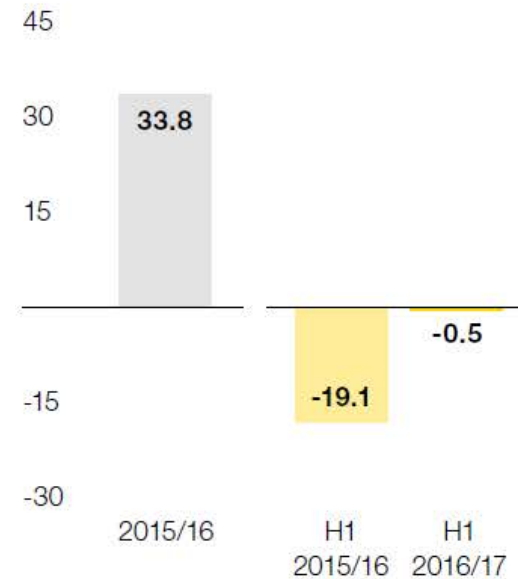
The increase in net investments to EUR 10.4mn was due to the acquisition of KTT, and primarily related to intangible assets.

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

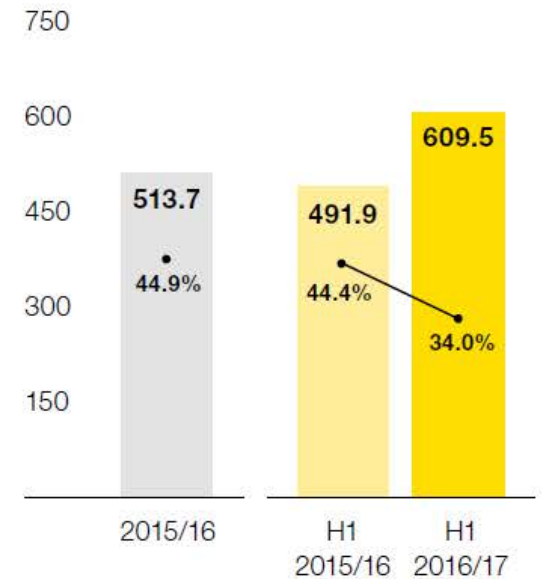


Despite

- 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.

Financials.

Tolling.

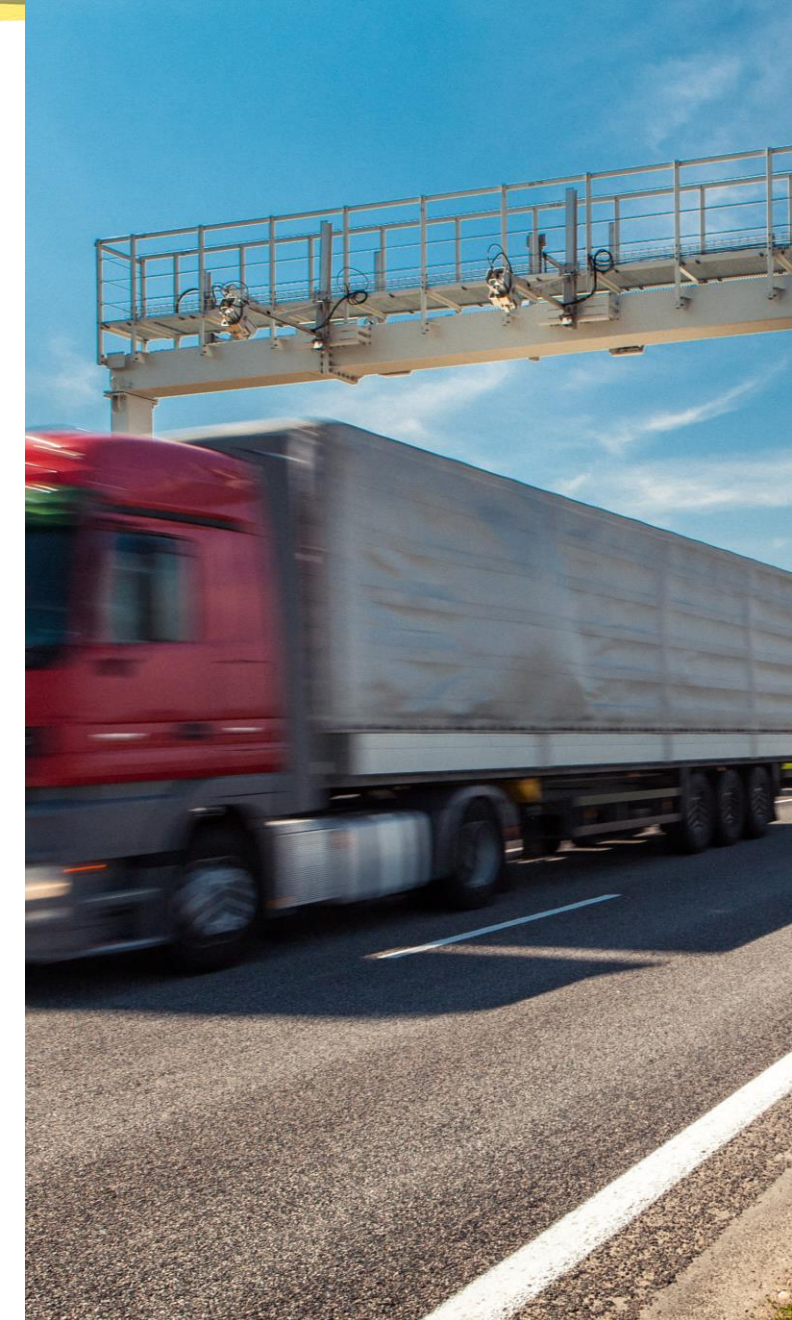
All figures in EUR mn unless otherwise stated	H1 2016/17	+/-	H1 2015/16	FY 2015/16
Revenues	231.2	12%	206.6	442.1
EBIT	34.2	17%	29.1	63.7
<i>EBIT margin</i>	14.8%	<i>0.7%p</i>	14.1%	14.4%

Revenues H1 2016/17

- EUR 11.4mn from KTT
- Extension of contract in the Czech Republic by up to 3 years
- Replace the toll collection system at all bridges and tunnels managed by the Port Authority of New York and New Jersey + maintenance
- 5.64 million on-board units (4.60 million last year)

EBIT H1 2016/17

- Growth from operations projects in EMEA
- KTT contributed EUR -2.8mn
 - Includes positive effect from badwill of EUR 0.9mn



Financials.

Mobility.

All figures in EUR mn unless otherwise stated	H1 2016/17	+/-	H1 2015/16	FY 2015/16
Revenues	80.5	110%	38.3	84
EBIT	-5.4	-214%	-1.7	-1.3
<i>EBIT margin</i>	-6.8%	-2.2%p	-4.5%	-1.6%

Revenues H1 2016/17

- EUR 41.6mn from KTT
- CHARM (UK/NL) had a positive impact
- Modernize integrated transportation systems of the highway operations center in Massachusetts, USA. (4yrs; EUR 10.3mn)

EBIT H1 2016/17

- Positive development of traffic management projects in South Africa
- Negative impact from Streetline
- EUR 1.9mn from KTT
 - Includes badwill of EUR 2.1mn



Kapsch TrafficCom Share.

ISIN: AT000KAPSCH9

Stock Ticker Symbol: KTCG

Reuters: KTCG.VI

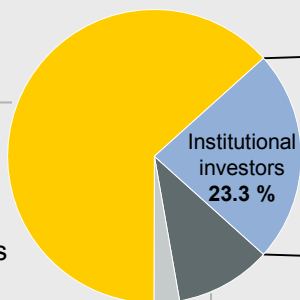
Bloomberg: KTCG AV

Shareholder Structure

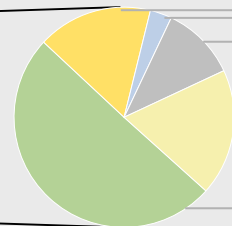
Kapsch-Group
Beteiligungs GmbH
63.3 %

Private
investors
10.6 %

Other investors
and shares in
trading positions
2.8 %



Institutional Investors by Region



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

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.
- > New 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

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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
Siemens

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

Revenues	EUR +53.0mn
thereof ETC	EUR +11.4mn
thereof IMS	EUR +41.6mn
EBIT	EUR -0.9mn
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
Net assets acquired (provisionally)	EUR 30.4mn

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.

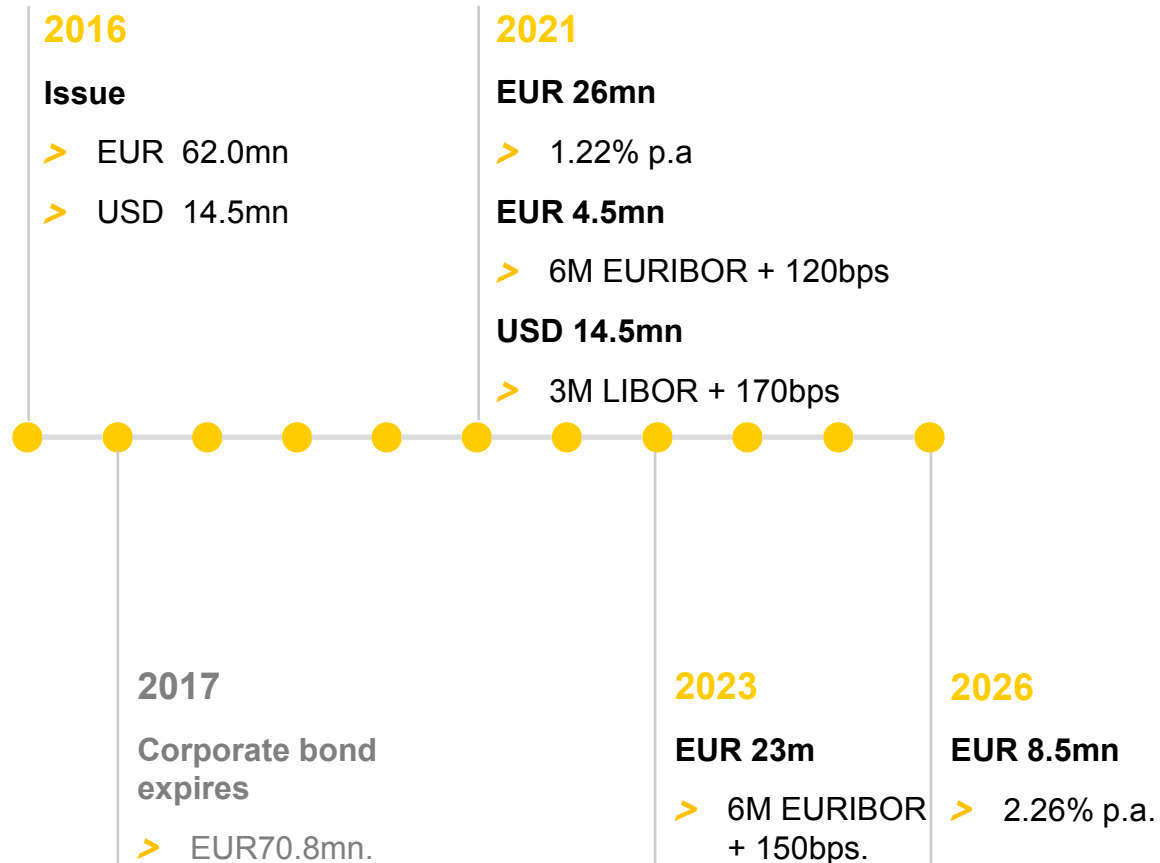


Purchase price*: EUR 27.4mn
Difference to net assets
acquired (badwill): EUR 3.0mn

* 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)

H1 results.

P&L.

in TEUR	Note	Q2		H1	
		2016/17	2015/16	2016/17	2015/16
Revenues	(6)	159,412	127,839	311,671	244,964
Other operating income		4,638	3,175	13,857	6,481
Changes in finished and unfinished goods and work in progress		1,379	2,990	2,432	-371
Own work capitalized		952	187	1,391	408
Cost of materials and other production services		-73,033	-54,867	-132,636	-93,458
Staff costs		-51,818	-35,612	-105,349	-74,620
Amortization and depreciation		-4,439	-4,210	-8,618	-8,339
Impairment charge		0	0	0	0
Other operating expenses	(7)	-25,957	-24,893	-54,011	-47,665
Operating result	(6)	11,134	14,609	28,738	27,400
Finance income		2,126	2,620	4,732	8,011
Finance costs		-1,883	-7,572	-4,813	-10,698
Financial result		243	-4,951	-81	-2,687
Result from associates and joint ventures		-28	83	29	45
Result before income taxes		11,349	9,741	28,685	24,758
Income taxes	(15)	-3,632	-1,987	-8,550	-5,532
Result for the period		7,716	7,754	20,135	19,226
Result attributable to:					
Equity holders of the company		7,906	6,918	20,569	16,675
Non-controlling interests		-190	837	-434	2,551
Earnings per share from the result for the period attributable to the equity holders of the company (in EUR)		0.61	0.53	1.58	1.28

H1 results.

Balance sheet.

in TEUR	Sep. 30, 2016	March 31, 2016
ASSETS		
Non-current assets		
Property, plant and equipment	21,224	20,867
Intangible assets	74,131	64,911
Interests in associates and joint ventures	1,954	1,917
Other non-current financial assets and investments	18,837	18,651
Other non-current assets	13,163	18,877
Deferred tax assets	11,841	11,895
	141,151	137,119
Current assets		
Inventories	37,814	35,757
Current tax receivables	4,334	3,754
Trade receivables and other non current assets	251,905	196,158
Other current financial assets	956	97
Cash and cash equivalents	173,310	140,782
	468,319	376,549
Total assets	609,470	513,667

in TEUR	Sep. 30, 2016	March 31, 2016
EQUITY		
Capital and reserves attributable to equity holders of the company		
Share capital	13,000	13,000
Capital reserve	117,509	117,509
Retained earnings and other reserves	78,009	92,338
	208,517	222,847
Non-controlling interests	-1,189	7,811
Total equity	207,328	230,658
LIABILITIES		
Non-current liabilities		
Non-current financial liabilities	148,201	85,734
Liabilities from post-employment benefits to employees	23,771	24,107
Non-current provisions	8,868	1,396
Other non-current liabilities	10,480	3,333
Deferred tax liabilities	5,343	3,190
	196,664	117,760
Current liabilities		
Trade payables	67,642	52,041
Other liabilities and deferred income	99,684	79,342
Current tax payables	2,852	3,573
Current financial liabilities	26,523	21,349
Current provisions	8,776	8,946
	205,478	165,250
Total liabilities	402,141	283,010
Total equity and liabilities	609,470	513,667

H1 results.

Shareholders' equity.

in TEUR	Attributable to equity holders of the company				Non-controlling interests	Total equity
	Share capital	Capital reserve	Other reserves	Consolidated retained earnings		
Carrying amount as of March 31, 2015	13,000	117,509	-12,184	89,634	11,403	219,361
Dividend				-6,500	-6,697	-13,197
Effects from acquisition of shares in subsidiaries				0	21	21
Effects from acquisition and sale of non-controlling interests				-19	19	0
Result for the period				16,675	2,551	19,226
Other comprehensive income for the period:						
Currency translation differences			44		-139	-95
Fair value gains/losses on available-for-sale financial assets			-6,749		0	-6,749
Carrying amount as of September 30, 2015	13,000	117,509	-18,889	99,791	7,157	218,567

H1 results.

Cash flow statement: Cash flow from operating activities.

in TEUR	Q2		H1	
	2016/17	2015/16	2016/17	2015/16
Cash flow from operating activities				
Operating result	11,134	14,609	28,738	27,400
Adjustments for non-cash items and other reconciliations:				
Scheduled depreciation and amortization	4,439	4,210	8,618	8,339
Impairment charge	0	0	0	0
Increase/decrease in liabilities from post-employment benefits	-412	-316	-336	-422
Increase/decrease in other non-current liabilities and provisions	152	-445	-4,670	-470
Increase/decrease in other non-current receivables	-1,746	-983	-4,080	-2,005
Increase/decrease in trade receivables (non-current)	547	6,174	10,025	19,179
Increase/decrease in trade payables (non-current)	-110	-256	-209	-470
Other (net)	-1,015	-2,515	-192	1,707
	12,989	20,478	37,893	53,259
Changes in net current assets:				
Increase/decrease in trade receivables and other assets	8,255	1,898	3,548	-1,062
Increase/decrease in inventories	320	-880	-1,237	281
Increase/decrease in trade payables and other current payables	-1,703	3,281	719	-5,324
Increase/decrease in current provisions	-936	-318	-169	-801
	5,937	3,981	2,861	-6,906
Cash flow from operations	18,925	24,459	40,754	46,353
Interest received	-32	253	791	567
Interest payments	-1,515	-1,240	-2,638	-2,571
Net payments of income taxes	-10,392	-6,429	-11,567	-11,299
Net cash flow from operating activities	6,986	17,043	27,340	33,050

H1 results.

Cash flow statement, cont'd.

in TEUR	Q2		H1	
	2016/17	2015/16	2016/17	2015/16
Cash flow from investing activities				
Purchase of property, plant and equipment	-3,264	-1,295	-4,310	-2,844
Purchase of intangible assets	-751	-79	-6,977	-98
Purchase of securities, investments and other non-current financial assets	-132	0	-2,551	0
Increase/decrease in cash from the acquisition of entities (less cash and cash equivalents of these entities)	-322	0	-16,876	2,543
Proceeds from the disposal of property, plant and equipment and intangible assets	106	-58	909	233
Proceeds from the disposal of securities and investments	0	40	0	5,375
Net cash flow from investing activities	-4,364	-1,392	-29,806	5,210
Cash flow from financing activities				
Contribution from shareholders	0	0	0	0
Dividends paid to parent company's shareholders	-19,500	-6,500	-19,500	-6,500
Dividends paid to non-controlling interests	-8	-34	-8	-6,697
Payments for the acquisition of non-controlling interests	0	0	-14,000	0
Increase in non-current financial liabilities	1,910	427	77,285	471
Decrease in non-current financial liabilities	0	0	0	0
Increase in current financial liabilities	1,610	983	1,816	1,875
Decrease in current financial liabilities	-5,910	-6,164	-11,963	-17,891
Net cash flow from financing activities	-21,897	-11,287	33,630	-28,741
Net increase/decrease in cash and cash equivalents	-19,275	4,364	31,165	9,518
Change in cash and cash equivalents				
Cash and cash equivalents at beginning of period	191,531	100,415	140,782	96,765
Net increase/decrease in cash and cash equivalents	-19,275	4,364	31,165	9,518
Exchange gains/losses on cash and cash equivalents	1,055	-2,441	1,364	-3,945
Cash and cash equivalents at end of period	173,310	102,339	173,310	102,339

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

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