



kapsch >>>
challenging limits

Kapsch TrafficCom

Investor Presentation.

February 2021.

*Challenging the
limits of mobility
for a healthy world
without congestion.*

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Kapsch TrafficCom.

At a glance.



Provider of Intelligent Transportation Solutions

- Tolling
- Traffic Management



Financial parameters

- Revenues: > EUR 500 mn
- Employees: ~5,000
- Presence: >30 countries
- References: >50 countries

Financial year: April 1 – March 31

Technological forerunner

- ~18% of revenues invested in development*
- >1,200 patents*
- Pioneer in electronic toll collection



Listed at Vienna Stock Exchange

- IPO in 2007
- Free float 36.7%



*In FY 2019/20 or as of March 31, 2020

Reporting segments.

ELECTRONIC TOLL COLLECTION (ETC) / TOLLING

- Pioneer and technology leader in electronic toll collection.
- Unique experience in nation-wide tolling systems.

Electronic toll collection.

Technology:

- > Microwave (DSRC)
- > Satellite (GNSS)
- > Video
- > Mobile tolling
- > eVignette

Applications:

- > Multi-lane free-flow (MLFF)
- > Demand management
 - Congestion charging
 - Managed lanes (tolled)

Standards: CEN and WAVE

Plaza tolling.

Tolling services.

INTELLIGENT MOBILITY SOLUTIONS (IMS) / TRAFFIC MANAGEMENT

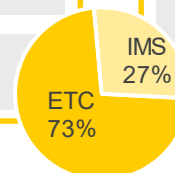
- Combines conventional traffic management with smart traffic solutions, demand management and data services.

Traffic management.

- > Highway
- > Tunnels/bridges
- > Urban
- > Corridors
- > C-ITS / connected mobility

Demand management.

- > Urban access management (non-charging)
- > Managed lanes (non-charging)
- > Cross-domain policy setter (CDPS) – new, to be developed

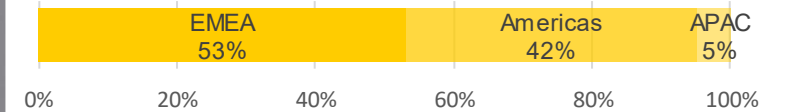


Regional focus markets.



Regional reporting

- > EMEA (Europe, Middle East, Africa)
- > Americas (North, Central and South America)
- > APAC (Asia-Pacific)



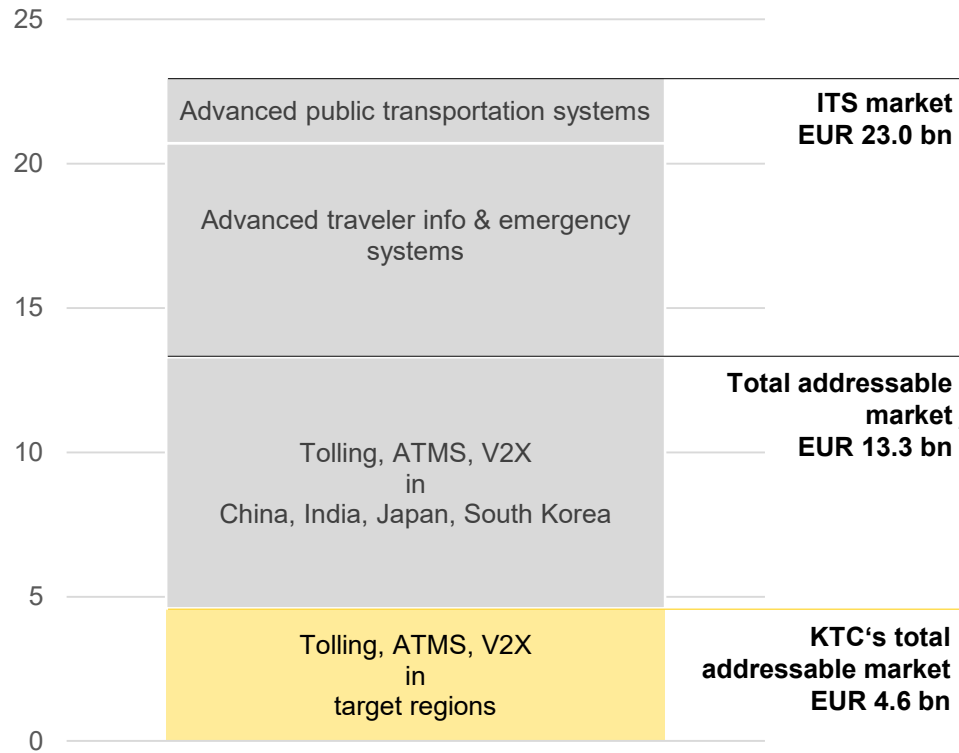
Competition

- > Fragmented market:
 - regionally,
 - by solutions/applications,
 - by technology.
- > Most competitors are (a rather small) part of a larger group.

Market volume.

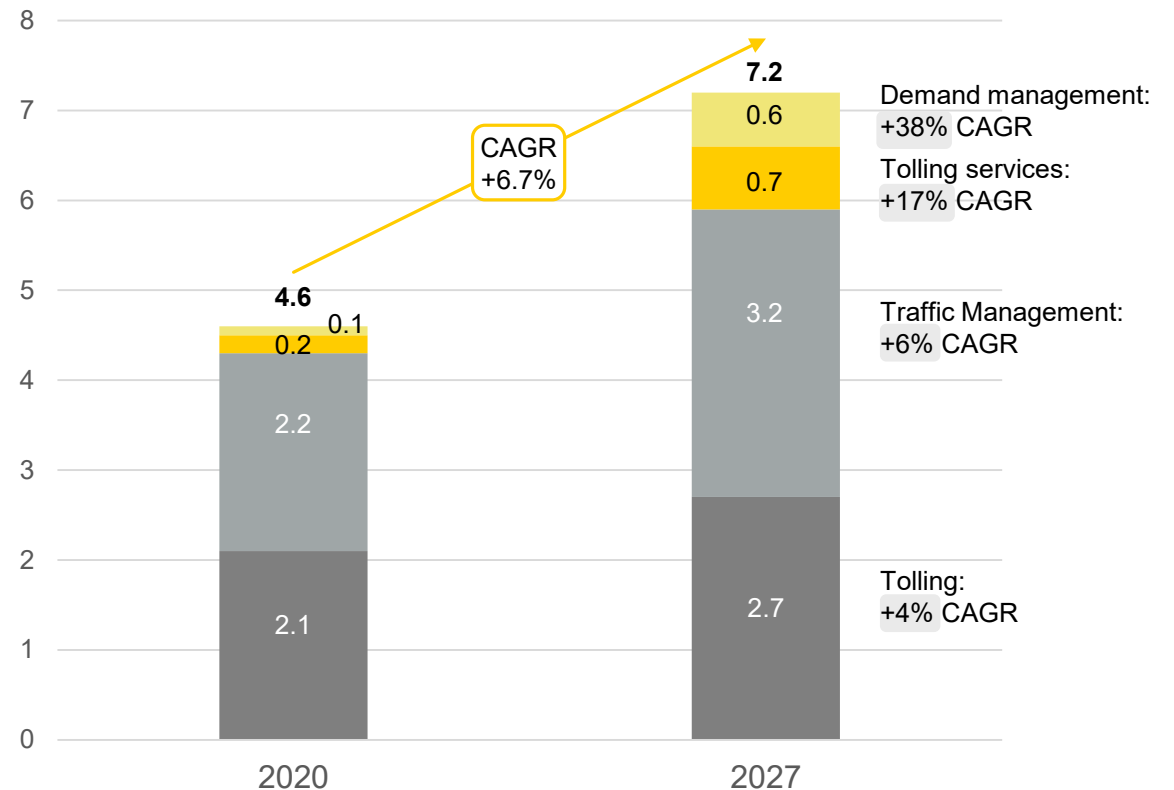
Target market and expected market development.

KTC's total addressable market in 2020
(in EUR bn)



Source: Kapsch TrafficCom, Grand View Research, ABI Research

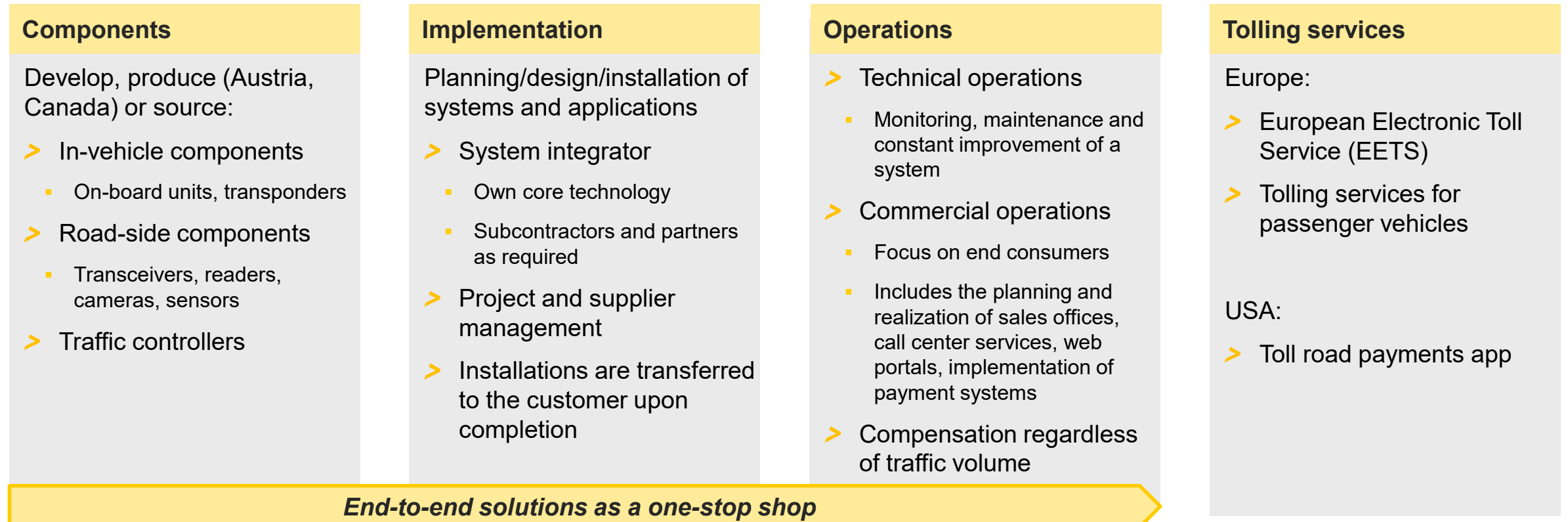
KTC's total addressable market 2020-2027
(in EUR bn)



Business model.

Overview.

- > Cover the customers' entire value chain as a one-stop-shop.
- > High degree of flexibility when responding to customer needs: From components, to building complete turnkey systems, to operating them.



Business model.

System integrator with in-house production of hardware and software.



Key components and systems (hardware and software) are developed and produced in-house.

Hardware

- > In-vehicle products.
On-board units, transponders
- > Radio frequency field products.
Transceivers, readers
- > Video and sensor products.
Cameras, vehicle detection and classification systems
- > Traffic management products.
Controllers

Production facilities in Vienna (Austria) and Mississauga (Ontario, Canada).

Software

- > Commercial back office (tolling)
- > Traffic management (DYNAC® and EcoTrafIX™)
- > Enforcement (image processing suite)
- > Platform for connected mobility

Market drivers.

Infrastructure demand & funding

- Growing car park and traffic volumes.
- E-vehicles leads to lower fuel tax income.

Urbanization

- 60% of population in 2030,
up to 70% by 2050.

Connected mobility

- Rapid evolution of network technology and autonomous vehicles and driving.

New transportation modes & services

- New and shared transportation modes.
- Electrification of transportation.

Ecological footprint

- European Green Deal
- US-President Biden's focus on climate
- CO₂, particulate matter, noise

Individualization

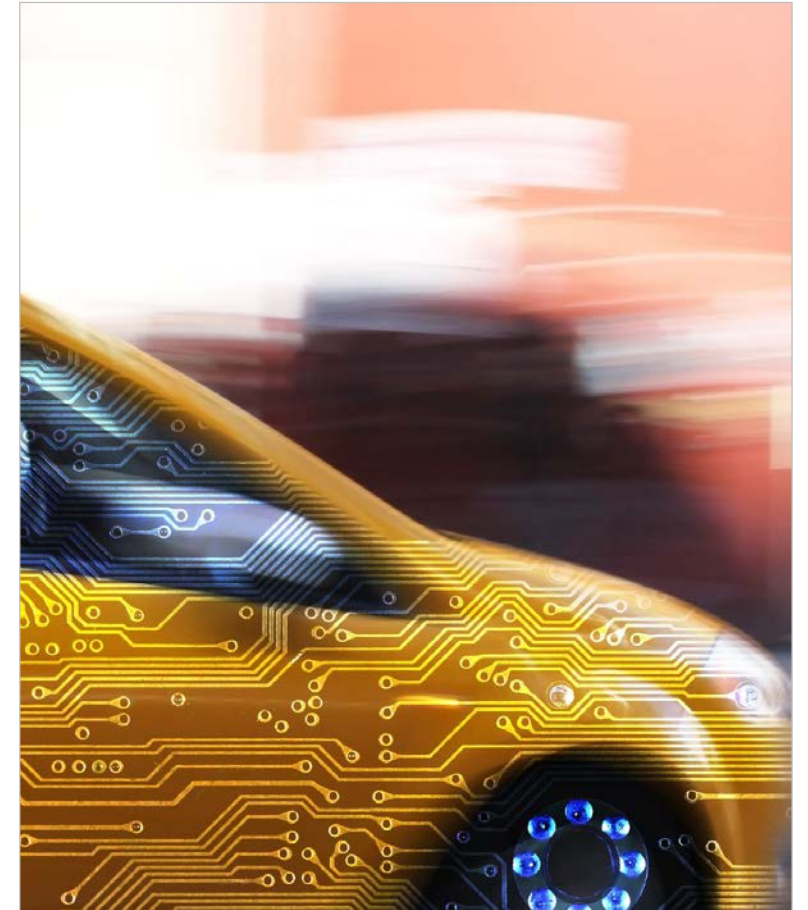
- Data privacy becoming more important.

Data & artificial intelligence (AI)

- Emergence of vehicle data hubs.
- AI for analytics, simulation and prediction.

Shift in business

- From hardware to software platforms.
- User-centric service design
- Smart infrastructure.



Major long-term industry trends.

Shift from hardware to software platforms, data and services.

Increasing **long-term demand for toll charging and traffic management.**

Reasons: scarce public funds, stricter environmental regulations or stronger user/polluter pays principles

Differentiated, usage-based fee models call for properly coordinated **demand management.**

Growing **user orientation and convenience** will promote **free-flow tolling systems** and **end user services.**

Emerging **new technologies and converging technologies.**

(E.g., connected vehicles, integrated connected car/truck functionalities, and new payment technologies)

Long-term growth in demand for **smart traffic management.**



Strategy 2027.

Strategic goals.

Until year-end 2027...

- Revenues > EUR 1 bn
 - Grow stronger than market
 - Primarily organic growth
- EBIT margin well above 10%
- Equity ratio > 30%
- CO₂-neutral as a company

- > **Tolling** is projected to remain the key driver of performance.
- > **Tolling services** for business partners (B2B) and – to a certain extent – end users (B2C) will gain importance.
- > **Traffic management** will become more and more (smart) data driven.
- > **Demand management** (manages flow of people across all transport modes rather than only road traffic) exists in selected markets today and is projected to get applied in more and more markets.
- > **Core regions:** Europe, North America, Latin America and Oceania.
- > **Total addressable target market** expected to grow with a CAGR of 6.7% from EUR 4.6 billion (2020) to EUR 7.2 billion.

USP.

What makes Kapsch TrafficCom unique?

- > Ability to develop tailored solutions – proven track record
- > More than 125 years in the technology industry
- > Close to our customers
- > Deep and comprehensive domain know-how
- > Broad variety of technologies, prime quality
- > Integrated, one-stop-shop
- > Only real global player in ETC
 - Best practice
 - Risk diversification
- > Scale
- > Listed (transparence, access to capital)
- > Shareholder interests sustainably secured on the Executive Board by CEO Georg Kapsch.





Financial results.
Q1-Q3 2020/21.

Q1-Q3 2020/21.

Highlights.

- > Expiry of major projects, COVID-19, special effects, internal challenges led to a decline in revenues and negative EBIT.
- > Restructuring measures have shown the first signs of success; free cash flow is positive again.
- > Acquisition of the remaining shares in tolltickets; sale of equity investments in Fluidtime, Q-Free.

Revenues

EUR 384 mn

Previous year | EUR 545 mn
-30%

EBIT

EUR -89 mn

Previous year | EUR 8 mn
n.m.

EBIT margin

-23.1%

Previous year | 1.4%
-24.5%p

EPS

EUR -6.03

Previous year | EUR 0.14
n.m.

Special effects on EBIT in Q1–Q3 2020/21.

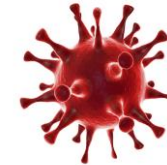
> Adjustments of project margins and provisions for onerous contracts	EUR -50 mn
For projects, especially in North America, adjustments in project margins and set up of provisions for onerous contracts were necessary.	
> Goodwill impairment	EUR -21 mn
Full impairment of goodwill of the CGU ETC-EMEA.	
> Provision for lawsuit	EUR -8 mn
A competitor in the USA filed a lawsuit and accused Kapsch TrafficCom of patent violations.	
> Currency effects	EUR -11 mn
USD, SEK against EUR.	
	<hr/> EUR -90 mn <hr/> <hr/>

Special effects are mainly non-cash; currency effects had a minor cash impact.

Current impact of COVID-19 and Brexit.

COVID-19.

- > Significant decrease in business with on-board units.
 - In Q1–Q3 2020/21, 7.5 million OBUs were sold (10.1 million in Q1–Q3 of the previous year)
 - ETC component revenues fell by 34% in Q1–Q3 2020/21
- > Increased delays in tenders and contract awards.
- > Visibility relating to new business has decreased significantly.



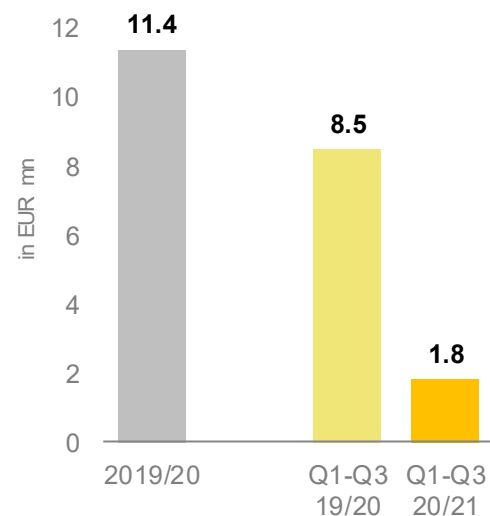
Brexit

- > No significant impact on the results, as revenues in the UK were in the single-digit million range during the first three quarters of 2020/21.

Q1-Q3 2020/21.

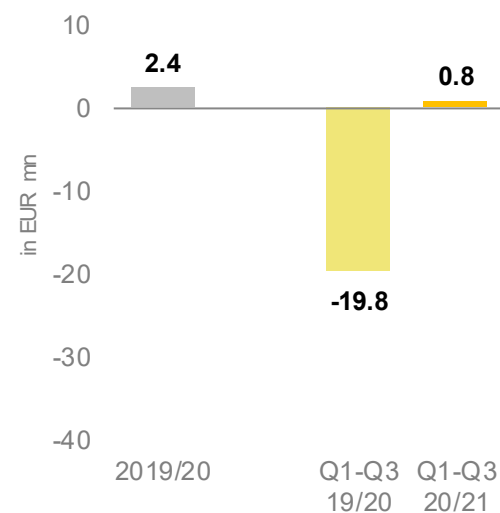
Other key financials.

Net CAPEX

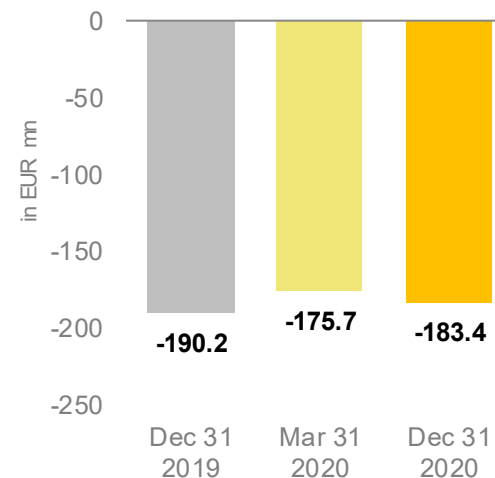


- > Strict CAPEX control in Q1–Q3 2020/21.
- > Improved free cash flow (Q1: EUR -27 mn, Q2: EUR -3 mn, Q3: EUR 31 mn).

Free cash flow

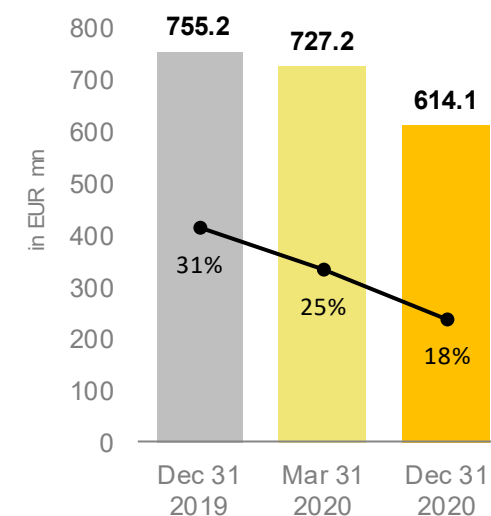


Net debt



- > Net debt stabilized.
- > Balance sheet total lower because of goodwill impairment and working capital management.

Balance sheet total and equity ratio



Q1-Q3 2020/21.

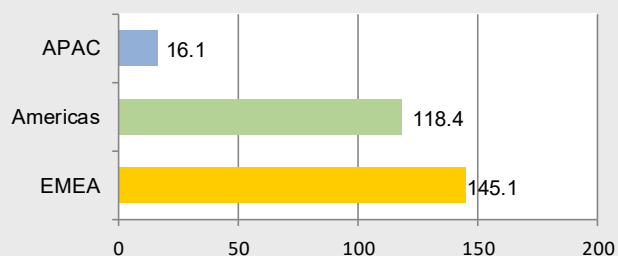
Segment results.

ELECTRONIC TOLL COLLECTION (ETC)

All figures in EUR mn unless otherwise stated

	2019/20	Q1-Q3 2019/20	Q1-Q3 2020/21	+/-
Revenues	563.5	420.1	279.6	-33%
Implementation	219.3	158.0	86.7	-45%
Operations	234.9	179.8	138.3	-23%
Components	109.3	82.3	54.6	-34%
EBIT	1.5	18.5	-79.7	—
EBIT margin	0.3%	4.4%	-28.5%	-33%p

Revenues by region

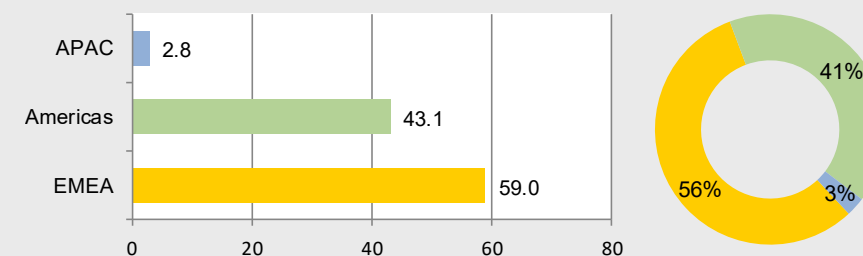


INTELLIGENT MOBILITY SOLUTIONS (IMS)

All figures in EUR mn unless otherwise stated

	2019/20	Q1-Q3 2019/20	Q1-Q3 2020/21	+/-
Revenues	167.7	125.3	104.9	-16%
Implementation	73.6	53.4	48.4	-9%
Operations	84.4	64.7	52.5	-19%
Components	9.7	7.3	4.0	-46%
EBIT	-40.7	-10.9	-9.3	14%
EBIT margin	-24.2%	-8.7%	-8.9%	0%p

Revenues by region



Outlook.

Outlook to FY 2020/21.

- Revenues: above EUR 500 mn
- EBIT: loss could exceed
 EUR -100 million
- No dividend for FY 2020/21



Sustainability in the DNA of Kapsch TrafficCom.

A brief overview.



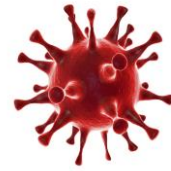
Sustainability has always been inherent in the business model and a matter of course.

However, „*do good and tell people about it*„ was not considered to be relevant for a while. (This has changed so reporting will improve steadily.)

- > The company's activities fully support environmental goals:
 - Distance-based tolling (user/polluter pays principle) is a widely recognized, fair and efficient instrument to achieve a sustainable transport policy.
 - Traffic management reduces congestion and, consequently, pollution and the use of fuel.
- > Kapsch TrafficCom is committed to the 10 universal principles of the UN Global Compact.
- > Selected goals:
 - By 2023, 30% of leadership positions held by women.
 - By 2027, CO₂-neutral as a company. Kapsch TrafficCom wants to contribute disproportionately to environment protection through its products and solutions.

Impact of COVID-19

Forward looking.



Impact on market

Consequences on market

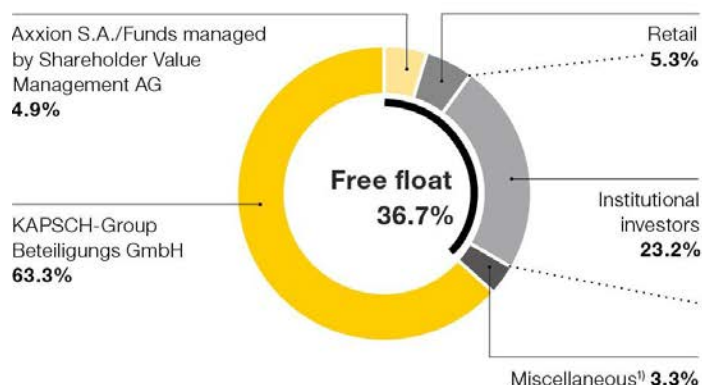
Relevance for Kapsch TrafficCom

1 Economic downturn	Governments launch investment programs	+ Tolling systems generate income for govmt
2 Shift to individual transport	Modal shift from public to individual transport	+ Increasing pressure on road infrastructure
3 Reduced income for road/toll operators	Revenue collapse as reaction of lock-down	+ Greater demand for toll roads expected
4 Increase of bicycle use & walking	Many cities reallocate road space	+ Need for demand management increases
5 Increasing sale of connected vehicles	Connected car park increases	+ Intelligent infrastructure (V2X) required
6 Exchange of critical information	Data of vehicles/infrastructure is important	+ ITS-G5 is potentially a critical infrastructure
7 New work	Working at home becomes a new modality	~ Less office space required

+ Positive ~ Neutral - Negative

Kapsch TrafficCom share.

Shareholder structure



Institutional investors by region



Source: Shareholder survey, participation notice, estimates by Kapsch TrafficCom

¹⁾ Trading positions and unidentified shareholders.

Research coverage*

Erste Group	
Under review	Under review
Kepler Cheuvreux	
Hold	EUR 16.00
ODDO Seydler Bank/FMR	
Hold	EUR 12.00
Raiffeisen Centrobank	
Hold	EUR 12.50

* As per February 16, 2021.

Select events

June 16, 2021	FY 2020/21 results
August 11, 2021	Q1 2021/22 results
More information: www.kapschtraffic.com/ir	

Basic information

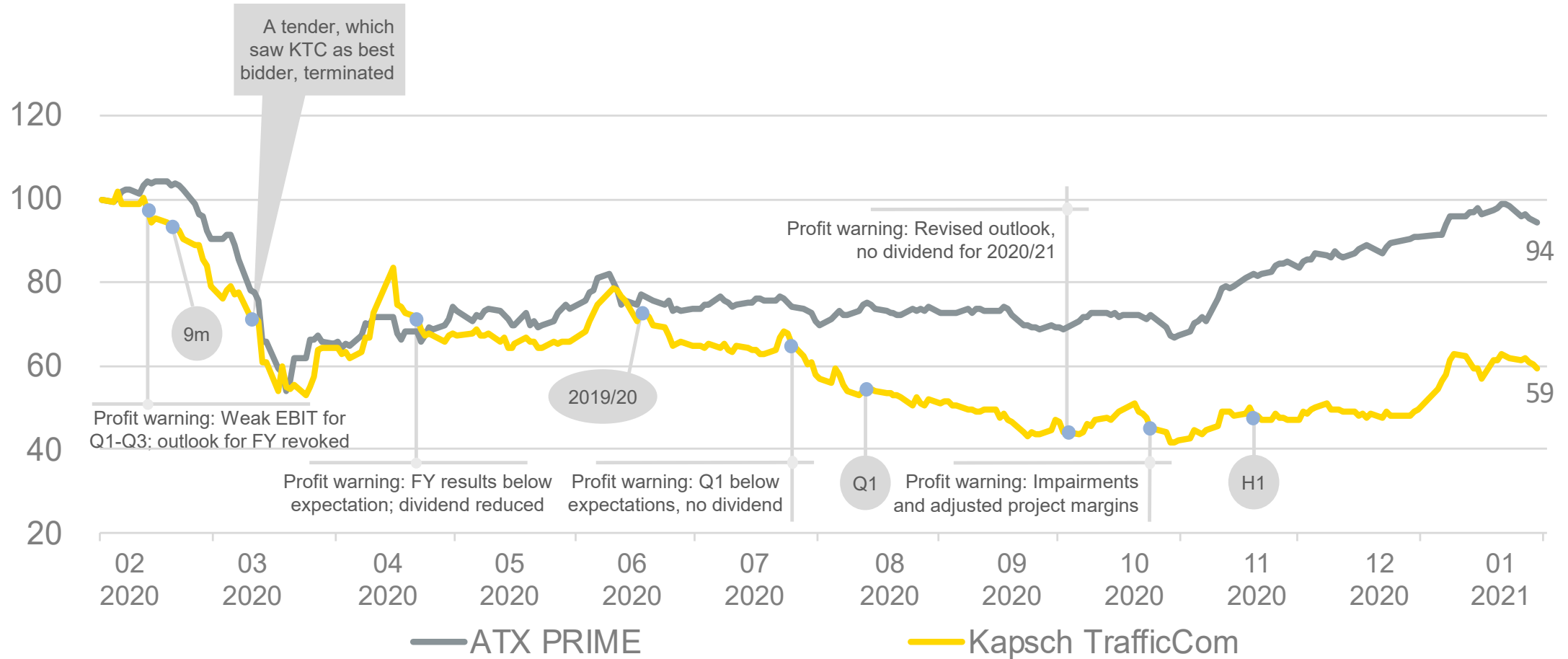
- > Listed in Prime Market segment at the Vienna Stock Exchange since 2007.
- > Capital increase in 2011.
- > Total of 13 million shares.

- > ISIN: AT000KAPSCH9
- > Reuters: KTCG.VI
- > Bloomberg: KTCG AV



Share price development (last 12 months).

Kapsch TrafficCom and ATX Prime.





***Thank you
for your attention.***

Kapsch TrafficCom

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Appendix.

Dividends.

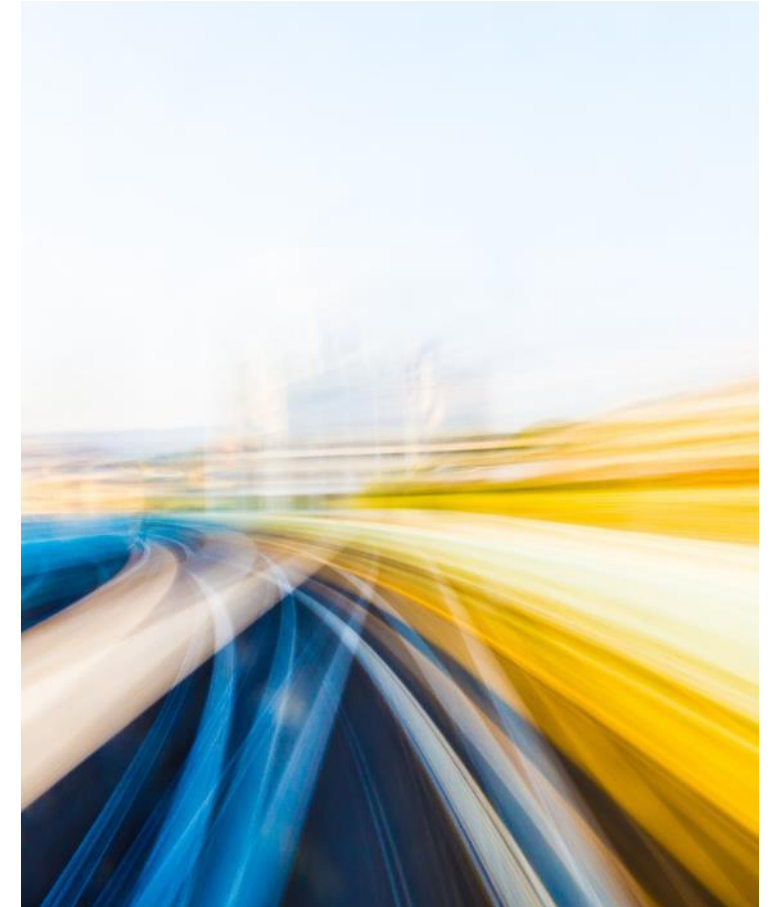
Dividend policy*

- > At least the higher of 1/3 of the earnings per share (EPS) and EUR 1.
- > Depending on economic development, the market environment and capital needs for upcoming projects, the dividend payment can be higher or lower. ...
- > ... However, within a reference period of 3 years, the company aims at paying out an average annual dividend of at least EUR 1.

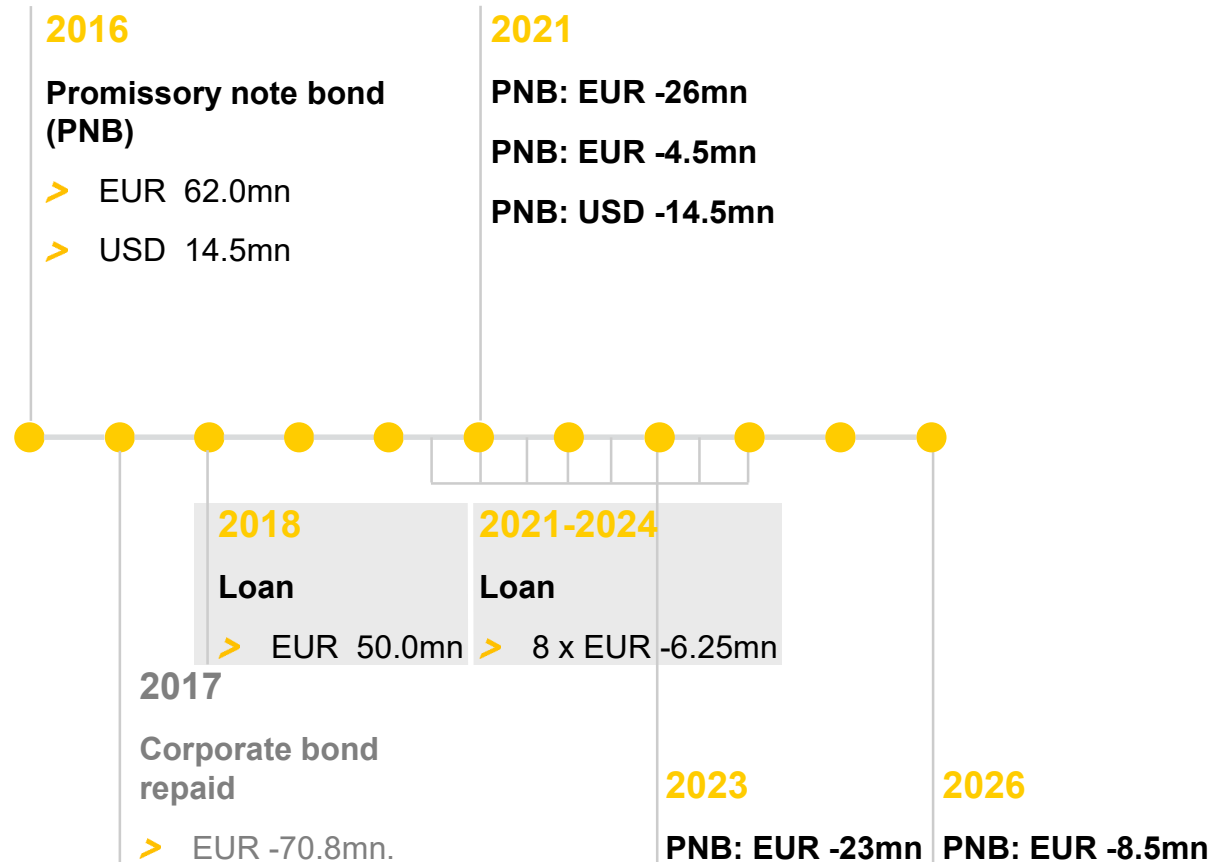
* As of November 29, 2016. Suspended until further notice as per Oct. 2020.

Dividend payouts

Year	Dividend per share	Earnings per share (in reference year)	Payout ratio
2018	EUR 1.50	EUR 2.21	68.0%
2019	EUR 1.50	EUR 3.68	40.8%
2020	EUR 0.00	EUR -3.70	0.0%
2021	EUR 0.00	EUR < 0	0.0%



Promissory note bond & long-term bank loan.



Corner stones of the promissory note bond

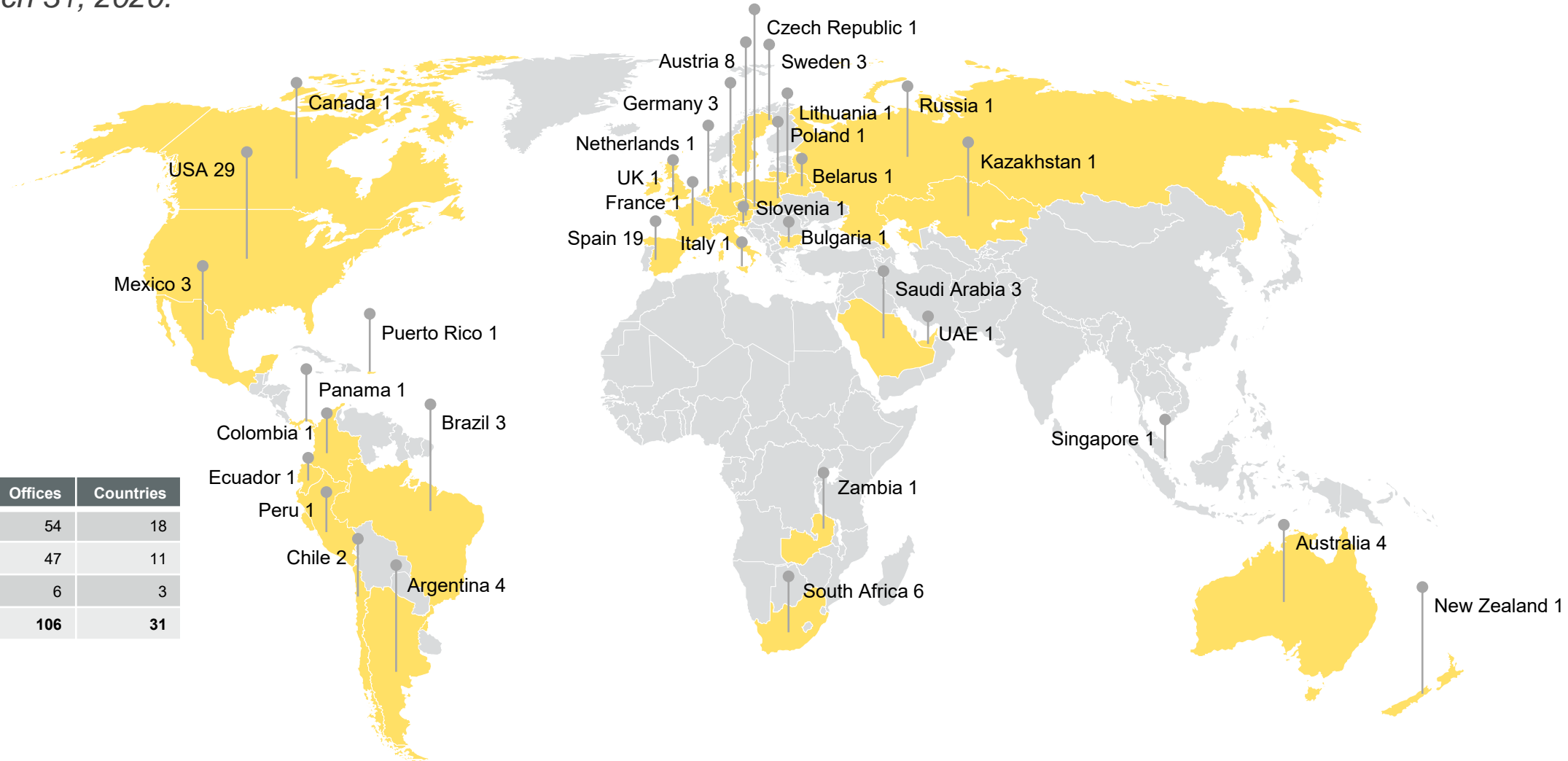
- > Issued 2016
- > Volume: EUR 62mn + USD 14.5mn
- > 3 tenors (5/7/10 years)
- > Partially fixed interest, partially variable

Corner stones of the long-term bank loan

- > Issued January 2018
- > Volume: EUR 50mn
- > Term: 6 years
- > Fixed interest: 0.8% p.a.
- > Redemption: 2.5 years grace period, then 8 half-year installments

Overview of Kapsch TrafficCom's offices.

As of March 31, 2020.



Region	Offices	Countries
EMEA	54	18
Americas	47	11
APAC	6	3
Total	106	31

The emergence of Kapsch TrafficCom.

More than 125 years in the ever-changing electronic industry.



1892

Kapsch founded

- > Morse telegraph devices
- > Telephones (fixed and mobile)
- > Capacitors and dry batteries
- > Radios, incl. portable radios
- > TVs (black & white, later color)
- > Telecom networks

1995

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

2002

Kapsch Aktiengesellschaft restructured in:

- **Kapsch TrafficCom**
- Kapsch BusinessCom
- Kapsch CarrierCom

2007

IPO of Kapsch TrafficCom

Nation-wide ETC system in Czech Republic goes into operation

1991

Toll collection division within Kapsch Aktiengesellschaft

1999

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

We make traffic solutions intelligent.

Why is this so important to us?

- ❖ *Because we want you to reach your destination quickly, comfortably, and safely.*
- ❖ *Because we want to enable our customers to provide the very best service at a low cost.*
- ❖ *Because we want to protect the environment.*