



**kapsch** >>>  
challenging limits

Kapsch TrafficCom

# ***Investor Presentation.***

*October 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 technology 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 financial parameter

- ❖ Revenues ~EUR 650mn
- ❖ 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 28.0%



# Strategy.

Profitable and sustainable growth.

## Top-line growth

- ❖ Secure and expand the core business
- ❖ Reduce the cluster risk
- ❖ Growth resulting from a broad portfolio
- ❖ Growth in existing and new markets
- ❖ Acquisitions

- > Revenues to increase in both segments
- > Higher rates of growth for IMS

## Profitability

Price pressure in ETC:

- ❖ Larger number of smaller projects with lower profitability
- ❖ Current and upcoming large tenders – price pressure

EBIT margin in IMS to gradually improve:

- ❖ Non-recurring nature of costs for the integration of KTT
- ❖ After KTT integration: better positioning, higher efficiency
- ❖ Synergies between KTT and Kapsch TrafficCom

- > ETC EBIT margin comfortably >10%
- > IMS EBIT margin ~8% possible (mid term)
- > Group EBIT margin > 10% (mid term)

## Sustainability

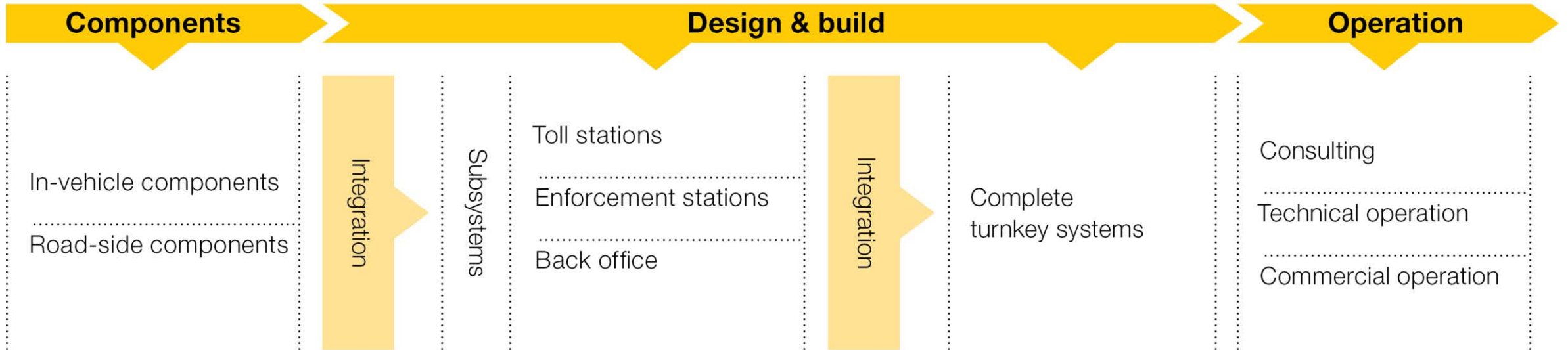
- ❖ Long-term & sustainable management: 125 years of history
- ❖ Sustainable business model
- ❖ Innovation: open approach
- ❖ Patents
- ❖ Employees: lifelong learning
- ❖ Working environment
- ❖ Engaging with stakeholder groups

- > R&D and innovation: open approach
- > Close to customers
- > Recognise trends early



# Business model.

One-stop-shop.



## End-to-end solutions as a one-stop shop

<b>In-vehicle components</b> <p>On-board units (OBUs)    Programming station</p>		<b>Transceivers &amp; readers</b> <p>Transceiver    Mobile reader</p>		<b>Cameras &amp; sensors</b> <p>Vehicle detection    Vehicle registration    Vehicle classification</p>		<b>Toll &amp; enforcement station</b> <p>Stationary enforcement    Mobile enforcement</p>		<b>Back office</b> 
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# Portfolio.

Integrated mobility solutions provider.

## Tolling (ETC)

### Tolling solutions



#### Electronic Toll Collection

Multi-lane free-flow, managed lanes, mobile tolling, eVignette

#### City tolling

#### Plaza tolling

### Tolling services



#### Trans-European tolling services

## Intelligent Mobility Solutions (IMS)

### Highway



#### Traffic management (TM)

Highway TM, managed lanes, tunnels and bridges

#### Traffic safety

Electronic vehicle registration, commercial vehicle enforcement

#### Connected vehicles

V2X-automotive, V2X-infrastructure, connected services

### City



#### Traffic management (TM)

Urban TM, corridor management, access management

#### Smart parking

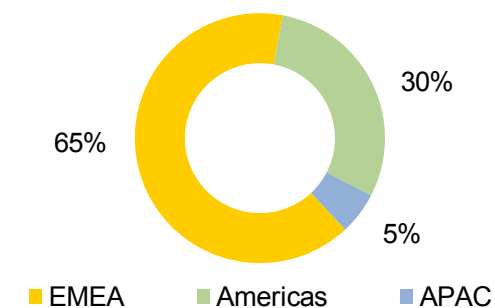
#### Integrated mobility

# Financials.

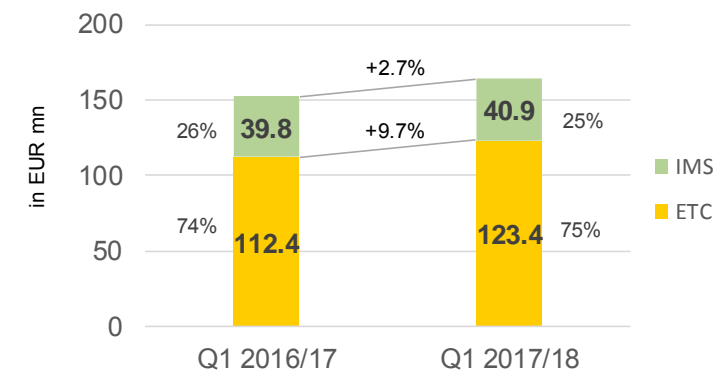
## Earnings overview.

All figures in EUR mn unless otherwise stated	2016/17	Q1 2016/17	Q1 2017/18	+/-
Revenues	648.5	152.3	164.3	8%
EBITDA	77.8	21.8	15.7	-28%
<i>EBITDA margin</i>	12%	14%	10%	-4.7%p
EBIT	60.1	17.6	11.7	-33%
<i>EBIT margin</i>	9%	12%	7%	-4.4%p
Profit before tax (PBT)	60.6	17.3	9.3	-47%
Profit for the period	42.7	12.4	6.6	-47%
Profit for the period attributable to equity holders	43.6	12.7	6.8	-46%
Earnings per share (EPS), in EUR	3.35	0.97	0.52	-46%

## Revenues by Region Q1 2017/18

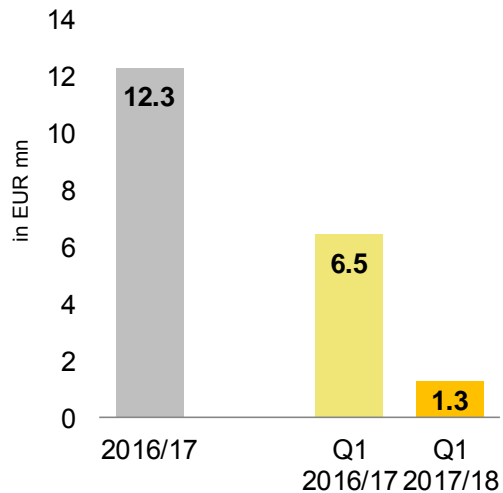


## Revenues by Segment Q1 2017/18



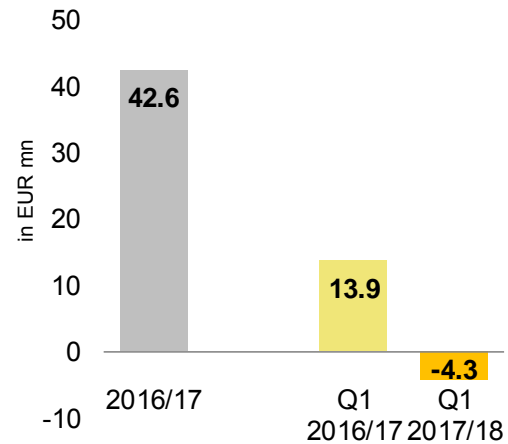
# Other key financials.

## Net investments



Net investments were below the depreciation rate of about EUR 4mn. In Q1 2016/17 investments were higher due to the acquisition of KTT.

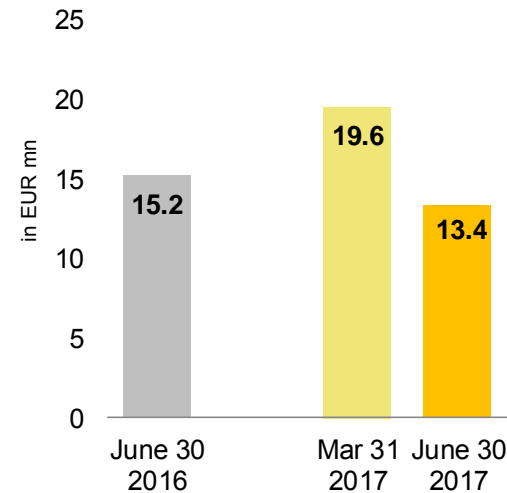
## Free cash flow



Negative free cash flow (EUR -4.3 mn); in Q1 2016/17 free cash flow amounted to EUR 13.9mn. Main reasons:

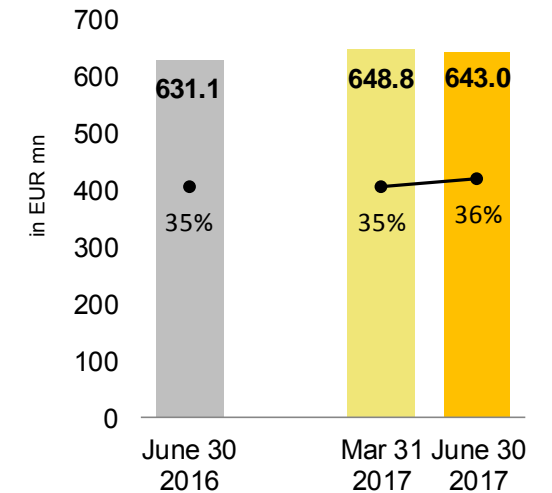
- > working capital
- > higher income tax payments

## Net credit/debt



Still net credit positive (EUR 13.4mn) but amount came down due to the negative free cash flow in Q1.

## Balance sheet total and equity ratio



Balance sheet total was stable compared to March 31, 2017. Equity ratio went up by 1%p.



# Segment results.

ETC accounts for 75% of total revenues, IMS 25%.

ETC	Key financials				Revenues by region	Revenues by type			
	All figures in EUR mn unless otherwise stated	Q1 2016/17	Q1 2017/18	+/-		All figures in EUR mn unless otherwise stated	Q1 2016/17	Q1 2017/18	+/-
	Revenues	112.4	123.4	10%	<p>70% 24% 6%</p> <p>■ EMEA ■ Americas ■ APAC</p>	Design & build	19.8	27.1	37%
	EBIT	1) 18.1	14.6	-19%		Operations	68.7	69.8	2%
	<i>EBIT margin</i>	16.1%	11.9%	-4.3%p		Components	24.0	26.4	10%
						OBU sold, million units	2.8	2.9	4%

IMS	Key financials				Revenues by region	Revenues by type			
	All figures in EUR mn unless otherwise stated	Q1 2016/17	Q1 2017/18	+/-		All figures in EUR mn unless otherwise stated	Q1 2016/17	Q1 2017/18	+/-
	Revenues	39.8	40.9	3%	<p>50% 46% 4%</p> <p>■ EMEA ■ Americas ■ APAC</p>	Design & build	14.6	18.6	27%
	EBIT	2) -0.5	-2.9	-441%		Operations	22.3	20.1	-10%
	<i>EBIT margin</i>	-1.4%	-7.1%	-5.8%p		Components	2.9	2.2	-23%

1) Includes badwill of EUR 0.9 million

2) Includes badwill of EUR 2.1 million

# Outlook.

FY 2017/18.

- > Revenues continue to grow.
- > Challenge to reach last fiscal year's EBIT.
- > Equity ratio should increase following the redemption of the corporate bond in November 2017.

# 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

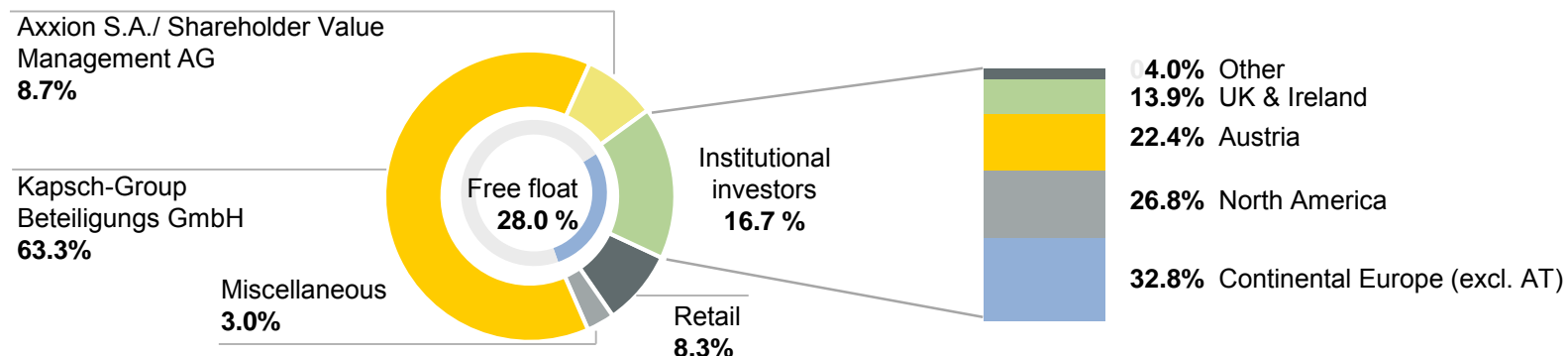
Stock Ticker Symbol: KTCG

Reuters: KTCG.VI

Bloomberg: KTCG AV

## Shareholder structure

## Institutional investors by region



## Basic information

- > Listed in Prime Market segment at the Vienna Stock Exchange since 2007
- > 13 million shares
- > Market cap: >EUR 600mn
- > Coverage by: Erste Group, Kepler Cheuvreux, Matelan, ODDO BHF, RCB

## Select events

Nov 29, 2017	Results H1 2017/18
Feb 28, 2018	Results Q1-Q3 2017/18

More information: [www.kapschtraffic.com](http://www.kapschtraffic.com)



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for your attention.***

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# Competition.

Overview.

## Tolling



### ETC

T-Systems | Autostrade  
Q-Free | TransCore | emovis

### 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

IPS Group | Worldensing  
Smart Parking 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

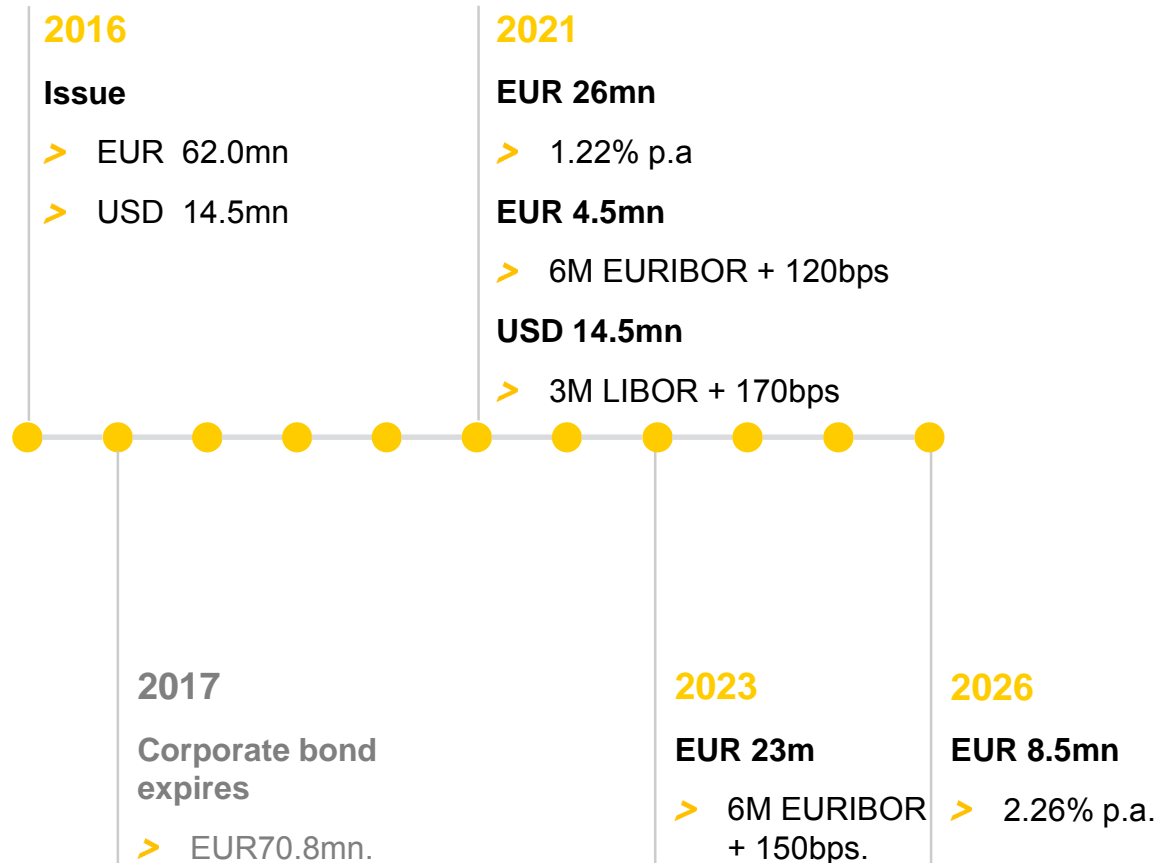
### V2X Infrastructure

Cohda | Savari | Neavia  
Arada | Dynniq

### Connected Services

n.a.

# Promissory note bond.

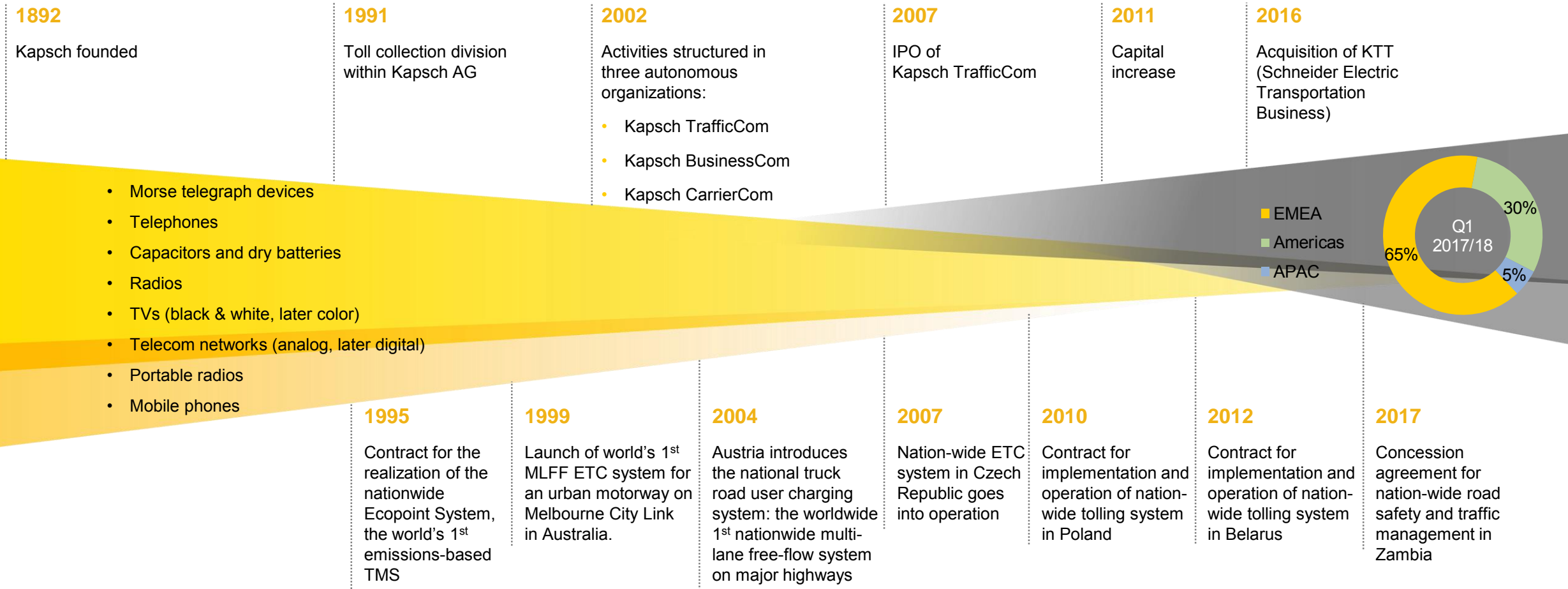


## Corner stones of the transaction

- > 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) maturing in November 2017
  - Can be repaid early; higher flexibility

# Corporate milestones.

125 years in the ever-changing electronic industry.





# References in more than 50 countries.

## Global

All figures in EUR mn unless otherwise stated	Q1 2017/18	% of total
<b>Revenues</b>	<b>164.3</b>	
thereof ETC	123.4	75%
thereof IMS	40.9	25%

## EMEA

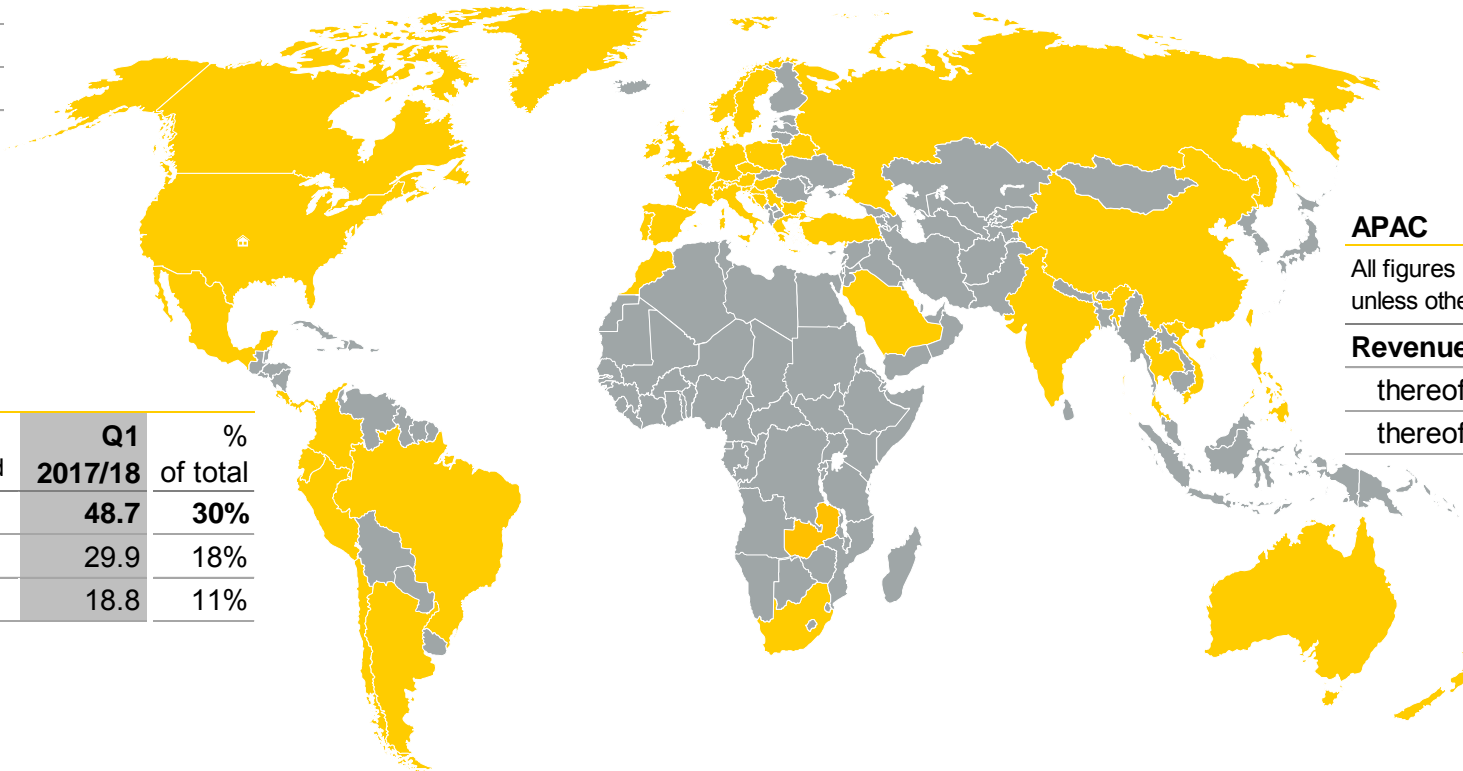
All figures in EUR mn unless otherwise stated	Q1 2017/18	% of total
<b>Revenues</b>	<b>106.6</b>	<b>65%</b>
thereof ETC	86.0	52%
thereof IMS	20.6	13%

## Americas

All figures in EUR mn unless otherwise stated	Q1 2017/18	% of total
<b>Revenues</b>	<b>48.7</b>	<b>30%</b>
thereof ETC	29.9	18%
thereof IMS	18.8	11%

## APAC

All figures in EUR mn unless otherwise stated	Q1 2017/18	% of total
<b>Revenues</b>	<b>9.0</b>	<b>5%</b>
thereof ETC	7.4	4%
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.*