



**kapsch** >>>  
challenging limits

Kapsch TrafficCom

# ***Investor Presentation.***

*February 2018.*



# Kapsch.

*KTC: Leading entity of the Kapsch Group.*

- > Kapsch founded in Vienna in 1892
- > Electronic industry
- > Strong brand in Austria
- > Four key entities
  - Kapsch TrafficCom – KTC  
(Intelligent Transportation Systems)
  - Kapsch BusinessCom  
(ICT solutions for enterprises and public administration)
  - Kapsch CarrierCom  
(End-to-end telecom solutions for railway operators, carrier networks, public authorities, public transport operators and airports)
  - Kapsch Public TransportCom  
(Intelligent infrastructure solutions for public transport operators & transportation agencies)
- > Group revenues >EUR 1bn



## **Kapsch: 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 5,000 employees
- ❖ Presence in >30 countries
- ❖ References in >50 countries



## Listed at Vienna Stock Exchange

- ❖ Market cap >EUR 500mn
- ❖ Free float 24.0%





# 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)

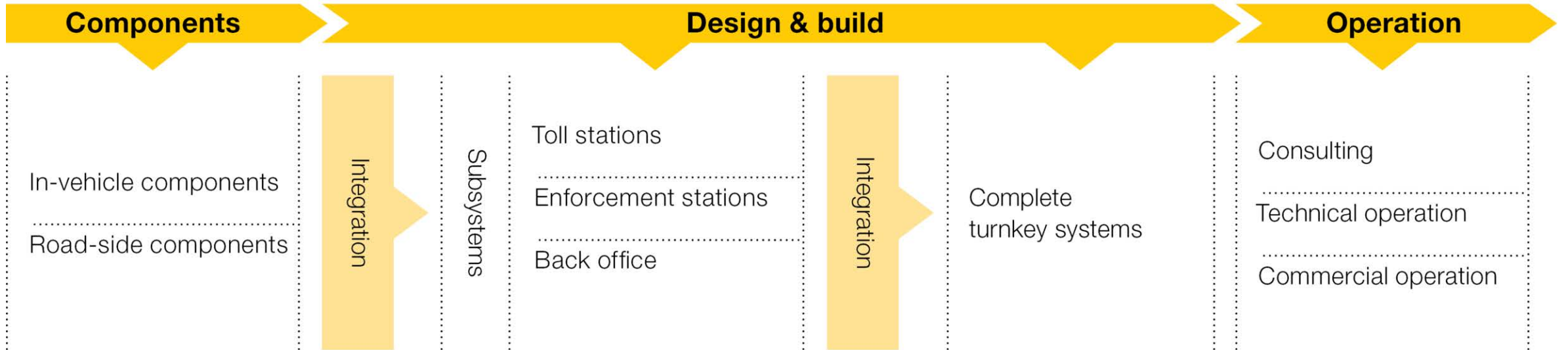
Urban TM, corridor management, access management

#### Smart parking

#### Integrated mobility

# Business model – ETC.

One-stop-shop.



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

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

## 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:

- ❖ Synergies between KTT and Kapsch TrafficCom
- ❖ Higher business volumes use overheads more efficiently

- > 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

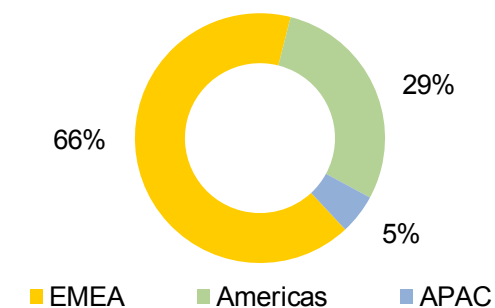
- > R&D and innovation: open approach
- > Close to customers
- > Recognize trends early

# Financials.

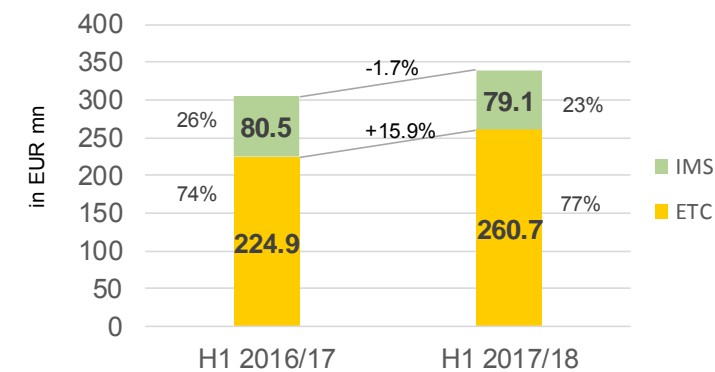
## Earnings overview.

All figures in EUR mn unless otherwise stated	2016/17	H1 2016/17	H1 2017/18	+/-
Revenues	648.5	305.4	339.8	11%
EBITDA	77.8	37.4	32.8	-12%
<i>EBITDA margin</i>	12%	12%	10%	-2.6%p
EBIT	60.1	28.7	25.3	-12%
<i>EBIT margin</i>	9%	9%	7%	-2.0%p
Profit before tax (PBT)	60.6	28.7	18.8	-35%
Profit for the period	42.7	20.1	14.1	-30%
Profit for the period attributable to equity holders	43.6	20.6	14.6	-29%
Earnings per share (EPS), in EUR	3.35	1.58	1.12	-29%

## Revenues by Region H1 2017/18

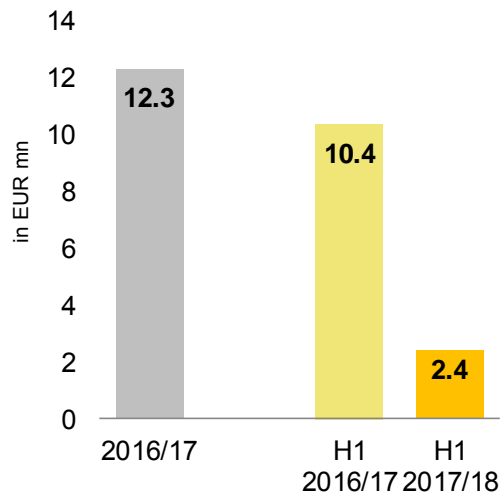


## Revenues by Segment H1 2017/18



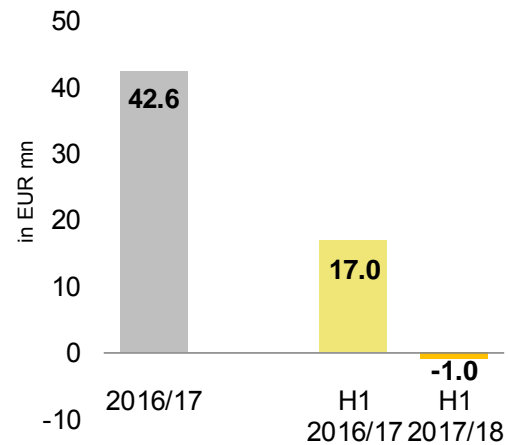
# Other key financials.

## Net investments



Net investments were lower than in H1 2016/17 because of the acquisition of KTT in 2016.

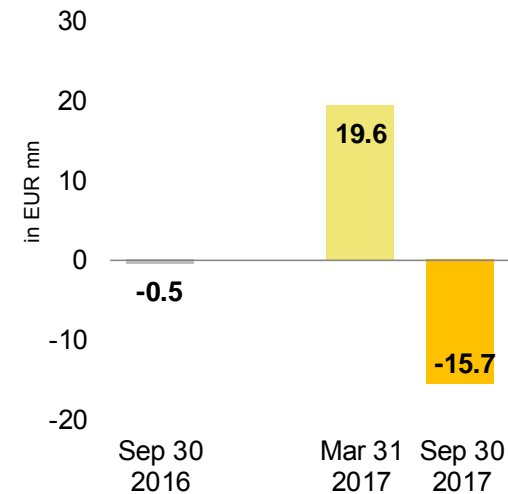
## Free cash flow



Negative free cash flow (EUR -1.0 mn) because of:

- > Lower earnings
- > A strong increase in trade receivables of EUR 13.7 million

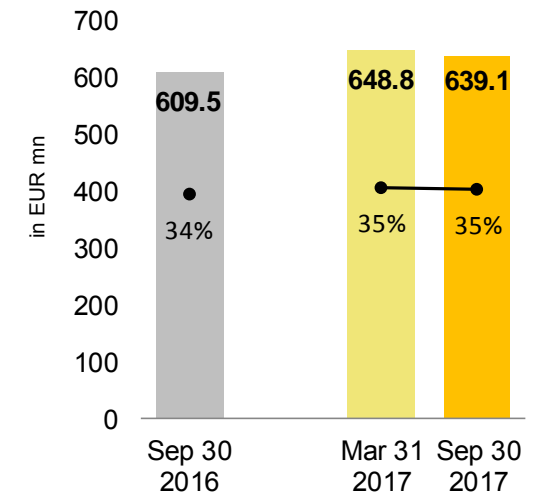
## Net credit/debt



Net credit decreased to a net debt position because of:

- > Negative free cash flow
- > Dividend payment
- > Expenses for M&A

## Balance sheet total and equity ratio



Balance sheet total and equity ratio stable, despite dividend payment of EUR 19.5 million.



# Segment results.

ETC accounts for 77% of total revenues, IMS 23%.

ETC	Key financials				Revenues by region	Revenues by type			
	All figures in EUR mn unless otherwise stated	H1 2016/17	H1 2017/18	+/-		All figures in EUR mn unless otherwise stated	H1 2016/17	H1 2017/18	+/-
	Revenues	224.9	260.7	16%	<p>70% 25% 6%</p> <p>■ EMEA ■ Americas ■ APAC</p>	Design & build	19.8	27.1	37%
	EBIT	<sup>1)</sup> 34.2	32.1	-6%		Operations	68.7	69.8	2%
	<i>EBIT margin</i>	15.2%	12.3%	-2.9%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	H1 2016/17	H1 2017/18	+/-		All figures in EUR mn unless otherwise stated	H1 2016/17	H1 2017/18	+/-
	Revenues	80.5	79.1	-2%	<p>54% 43% 4%</p> <p>■ EMEA ■ Americas ■ APAC</p>	Design & build	14.6	18.6	27%
	EBIT	<sup>2)</sup> -5.4	-6.8	-26%		Operations	22.3	20.1	-10%
	<i>EBIT margin</i>	-6.8%	-8.6%	-1.9%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.

- > Revenue growth of 10%.
- > Goal to achieve last year's EBIT, adjusted for a one-off effect (badwill from KTT acquisition: EUR 3.0 million) and for charges from exchange rate fluctuations.
- > Equity ratio:
  - In Q3, equity ratio should increase following the redemption of the corporate bond:
    - The 4.25% corporate bond issued in 2010 was repaid as scheduled at the beginning of November.
    - In 2016, Kapsch TrafficCom obtained the funds necessary for this by issuing a promissory note bond.
    - The repayment will discharge the financial result and has a shortening effect on the balance sheet, which would have a positive effect on the equity ratio.
  - At year end, the equity ratio will come down again:
    - In January, we took out a corporate loan: EUR 50 million, 6 year term, interest: 0.8%.

# 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.

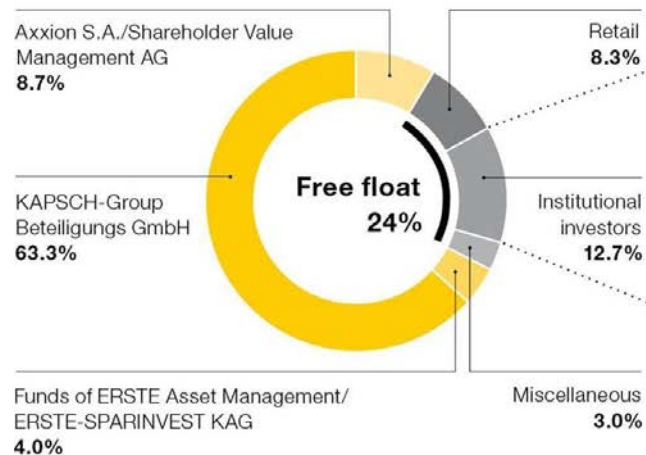
ISIN: AT000KAPSCH9

Stock Ticker Symbol: KTCG

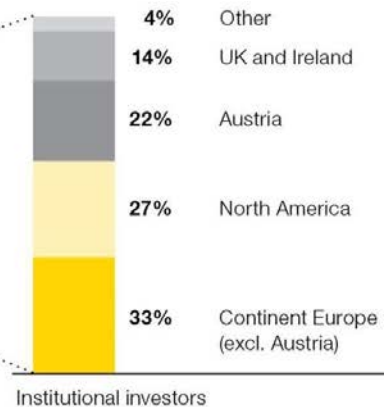
Reuters: KTCG.VI

Bloomberg: KTCG AV

## Shareholder structure



## Institutional investors by region



**Source:** Shareholder survey from March 2017, participation notifications, estimation by Kapsch TrafficCom AG

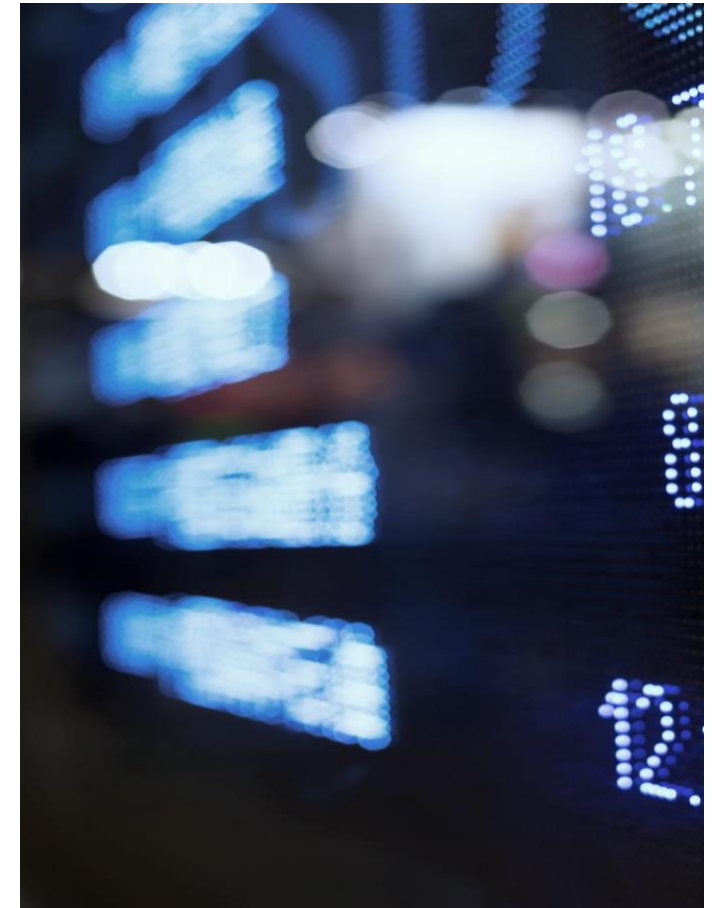
## Basic information

- > 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

Feb 28, 2018	Results Q1-Q3 2017/18
June 18, 2018	Results FY 2017/18

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



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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 | Swarco | 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.

# References in more than 50 countries.

## Global

All figures in EUR mn unless otherwise stated	2016/17	% of total
<b>Revenues</b>	<b>648.5</b>	
thereof ETC	468.4	72%
thereof IMS	180.0	28%

## EMEA

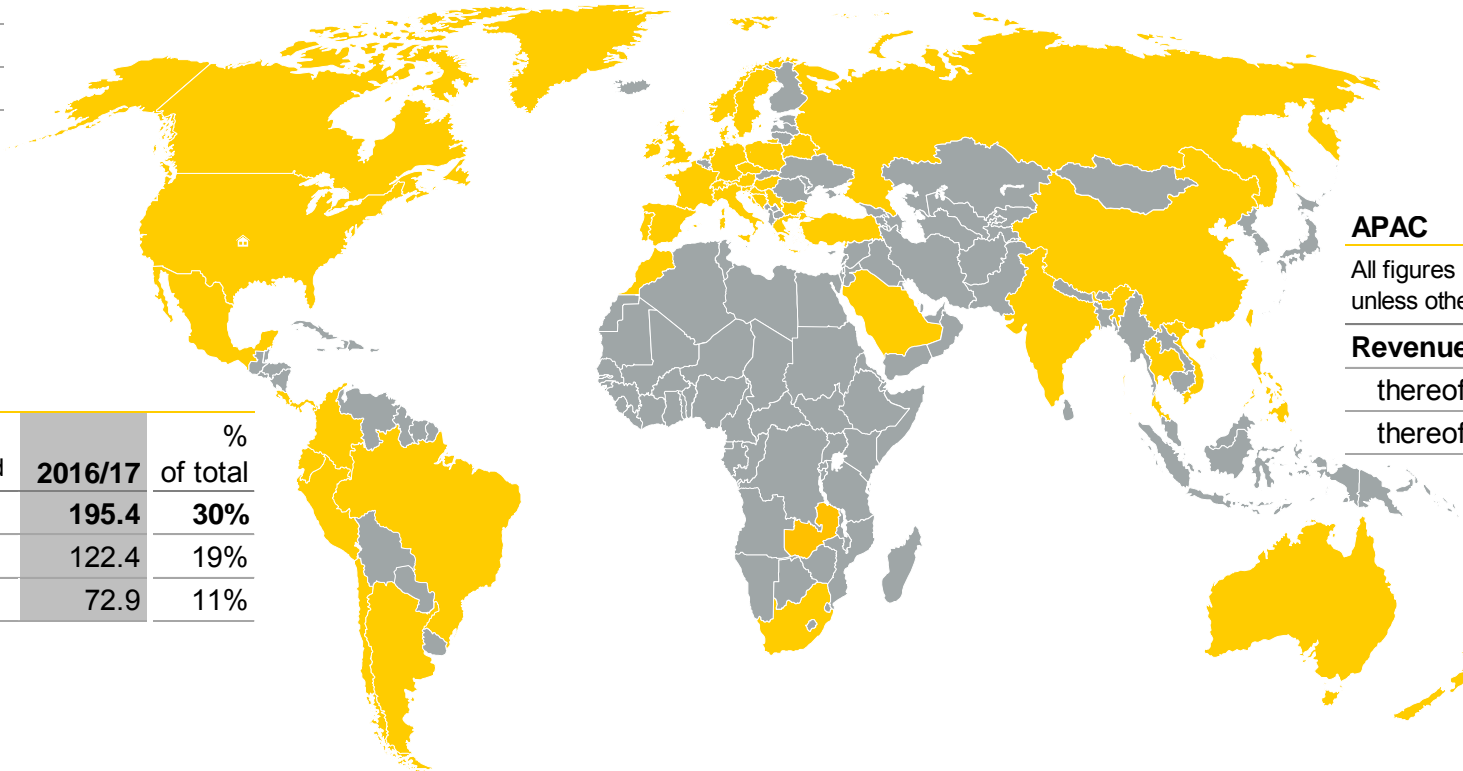
All figures in EUR mn unless otherwise stated	2016/17	% of total
<b>Revenues</b>	<b>407.7</b>	<b>63%</b>
thereof ETC	307.1	47%
thereof IMS	100.6	16%

## Americas

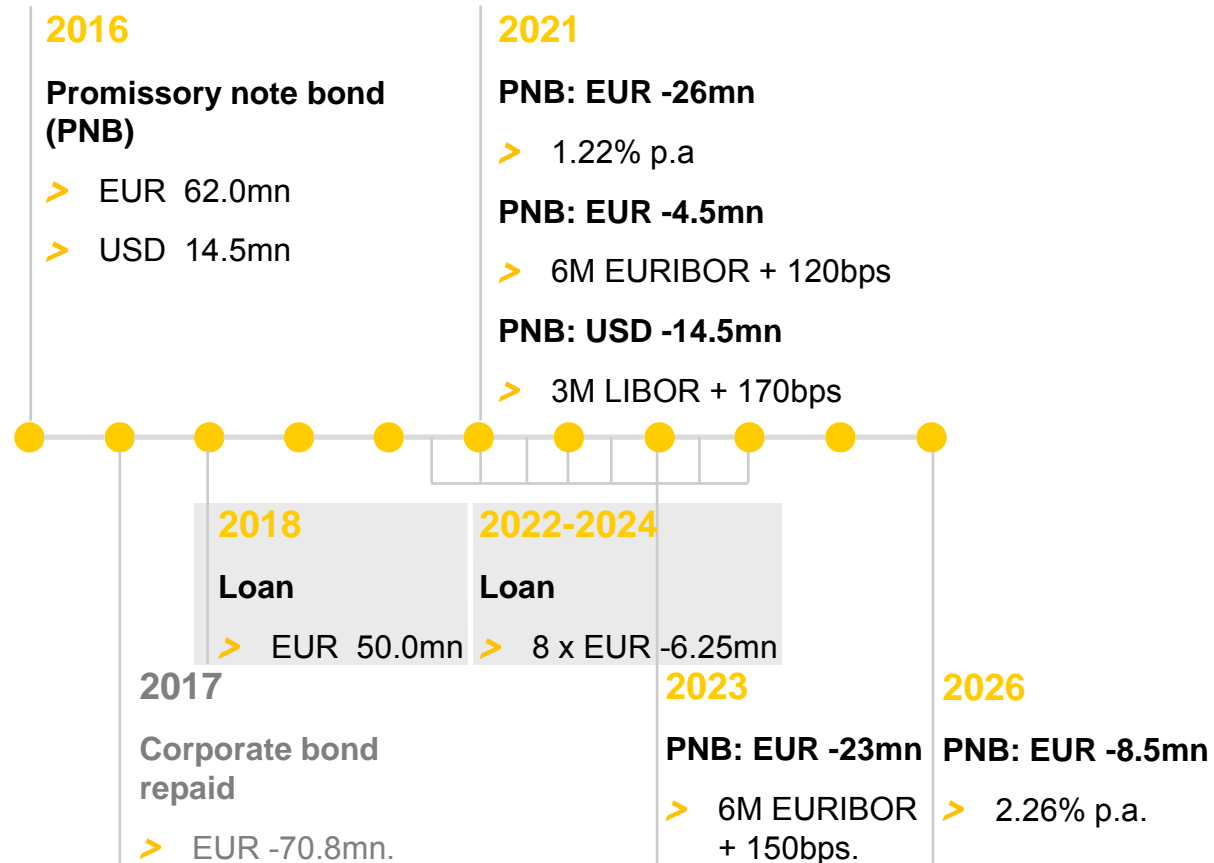
All figures in EUR mn unless otherwise stated	2016/17	% of total
<b>Revenues</b>	<b>195.4</b>	<b>30%</b>
thereof ETC	122.4	19%
thereof IMS	72.9	11%

## APAC

All figures in EUR mn unless otherwise stated	2016/17	% of total
<b>Revenues</b>	<b>45.4</b>	<b>7%</b>
thereof ETC	39.0	6%
thereof IMS	6.5	1%



# 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



# Large project in Zambia.

Overview.

## About the project

- > Nation-wide concession contract to improve road safety and traffic management.
- > Main components:
  - Vehicle inspection,
  - Vehicle registration,
  - Speeding fines and other traffic-related infringements.
- > Term: 17 years

## Organizational & financial

- > 50:50 joint venture (JV) with local partner Lamise Trading.
- > JV consolidated at equity; reported as result from operating activities.
- > JV's expected revenues in the first 3 years projected to be in the range of EUR 90 million to EUR 110 million.



# Large project in Bulgaria.

Overview.

## About the project

- > Contract to design and build nation-wide tolling System.
- > Satellite technology for trucks over 3.5 tons.
- > eVignette for passenger cars.
- > Tolls collected on all class I, II, and III roads, (all paved roads).
- > Some details:
  - 500 terminals for registering and issuing eVignettes,
  - 100 enforcement vehicles, 100 weigh-in-motion facilities, 100 tolling gantries.
- > Term: 19 months from signing (January 2018).
- > Kapsch TrafficCom's 6th nation-wide toll collection system in Europe (after Austria, Switzerland, Poland, the Czech Republic, and Belarus).

## Financial

- > Total revenues of about EUR 75 million.



# Corporate milestones.

125 years in the ever-changing electronic industry.

1892

Kapsch founded

- Morse telegraph devices
- Telephones
- Capacitors and dry batteries
- Radios
- TVs (black & white, later color)
- Telecom networks (analog, later digital)
- Portable radios
- Mobile phones

1991

Toll collection division within Kapsch AG

1995

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

1999

Launch of world's 1<sup>st</sup> MLFF ETC system for an urban motorway on Melbourne City Link in Australia.

2002

Activities structured in three autonomous organizations:

- Kapsch TrafficCom
- Kapsch BusinessCom
- Kapsch CarrierCom

2004

Austria introduces the national truck road user charging system: the worldwide 1<sup>st</sup> nationwide multi-lane free-flow system on major highways

2007

IPO of Kapsch TrafficCom

2007

Nation-wide ETC system in Czech Republic goes into operation

2011

Capital increase

2010

Contract for implementation and operation of nation-wide tolling system in Poland

2012

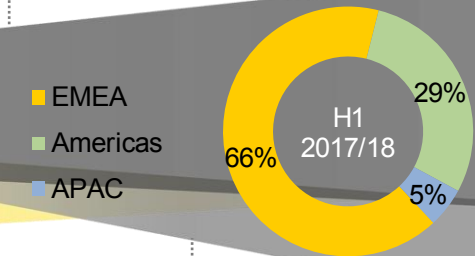
Contract for implementation and operation of nation-wide tolling system in Belarus

2016

Acquisition of KTT (Schneider Electric Transportation Business)

2017

- Concession agreement for nation-wide road safety and traffic management in Zambia
- Nation-wide tolling system in Bulgaria



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

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