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challenging limits

Kapsch TrafficCom

1st Institutional Investors' Day.

Ulrike Klemm-Pöttinger: KTC's Financials.

January 11, 2017

Agenda.

1. H1 2016/17 results.

2. Analysis.

3. Outlook.



***A look back on the
H1 2016/17 results.***

P&L.

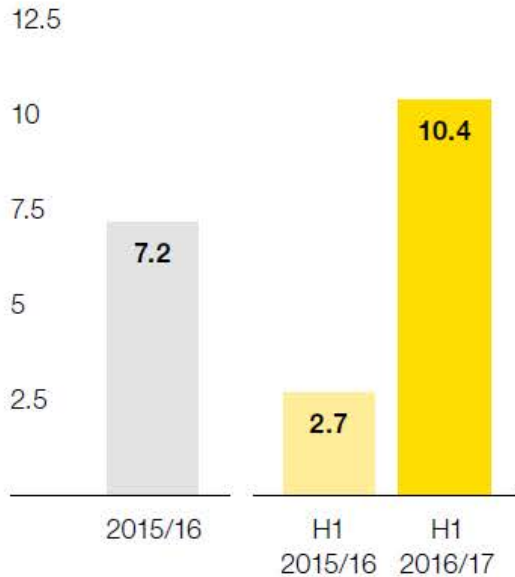
All figures in EUR mn unless otherwise stated

	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
<i>EBITDA margin</i>	12.0%	-2.6%p	14.6%	14.6%
EBIT	28.7	5%	27.4	62.3
<i>EBIT margin</i>	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



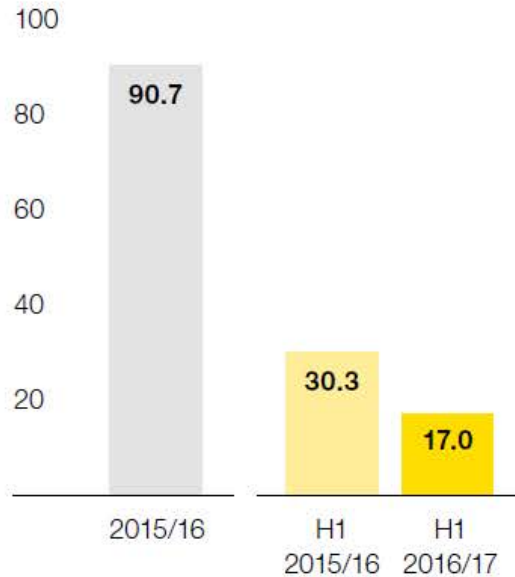
Other key financials.

Net investments



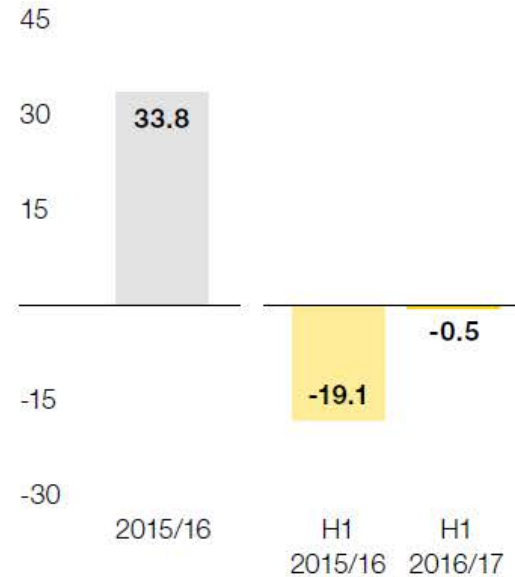
The increase in net investments to EUR 10.4mn was due to the acquisition of KTT, and primarily related to intangible assets.

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.

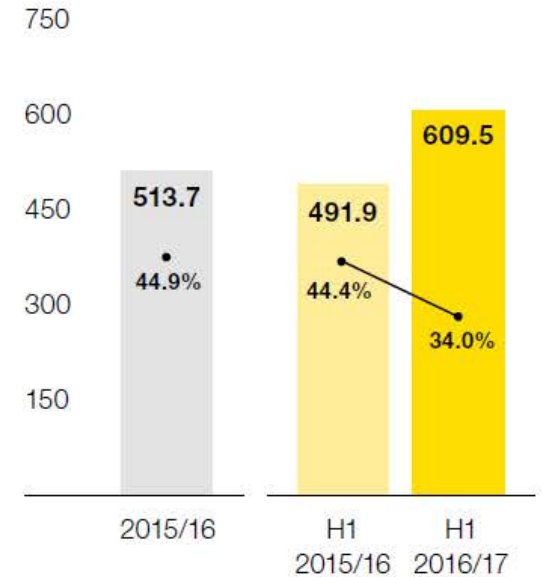
Net credit/debt



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.

Segment results.

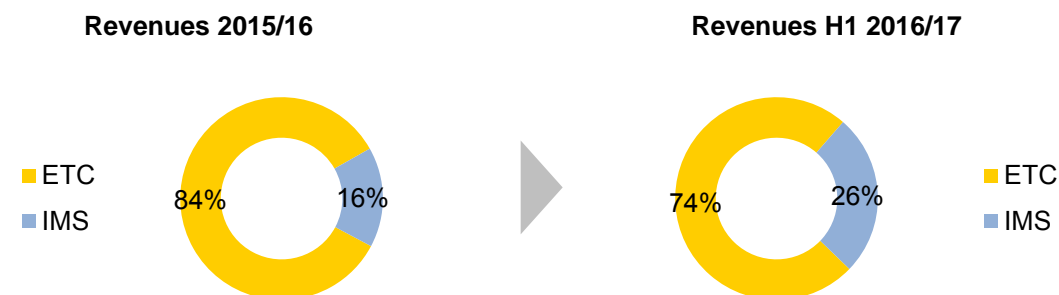
ETC

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%	0.7%p	14.1%	14.4%

IMS

All figures in EUR mn unless otherwise stated	H1 2016/17	+/-	H1 2015/16	FY 2015/16
Revenues	80.5	110%	38.3	84.0
EBIT	-5.4	-214%	-1.7	-1.3
<i>EBIT margin</i>	-6.8%	-2.2%p	-4.5%	-1.6%

- > ETC continued to grow top line and EBIT.
- > Strong increase in IMS revenues.
- > IMS-EBIT influenced by KTT and Streetline.
- > Through KTT acquisition, revenue share of IMS grew to 26%.



Segment results: ETC.

ETC Overview

All figures in EUR mn
unless otherwise stated

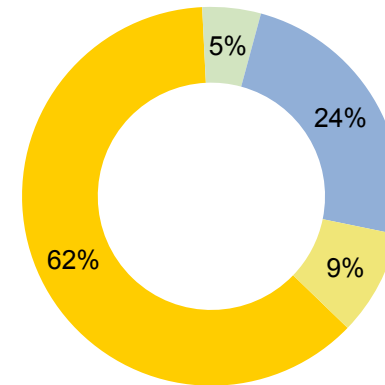
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<i>EBIT margin</i>	14.8%	0.7%p	14.1%	14.4%

ETC Revenue Split

In EUR mn

	H1 2016/17	+/-	H1 2015/16
Revenues	231.2	12%	206.6
Design & Build	44.9	18%	38.1
Operations	138.0	15%	119.8
Components	48.3	1%	48.7

ETC revenues H1 2016/17



- EMEA (excl AT)
- Austria
- Americas
- APAC



Segment results: IMS.

IMS Overview

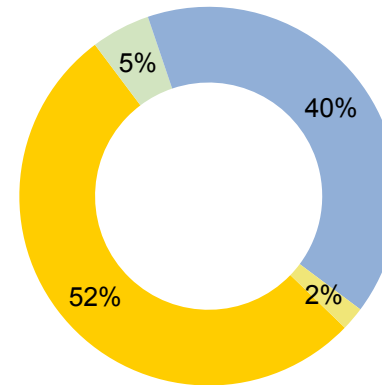
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	H1 2016/17	+/-	H1 2015/16	FY 2015/16
Revenues	80.5	110%	38.3	84.0
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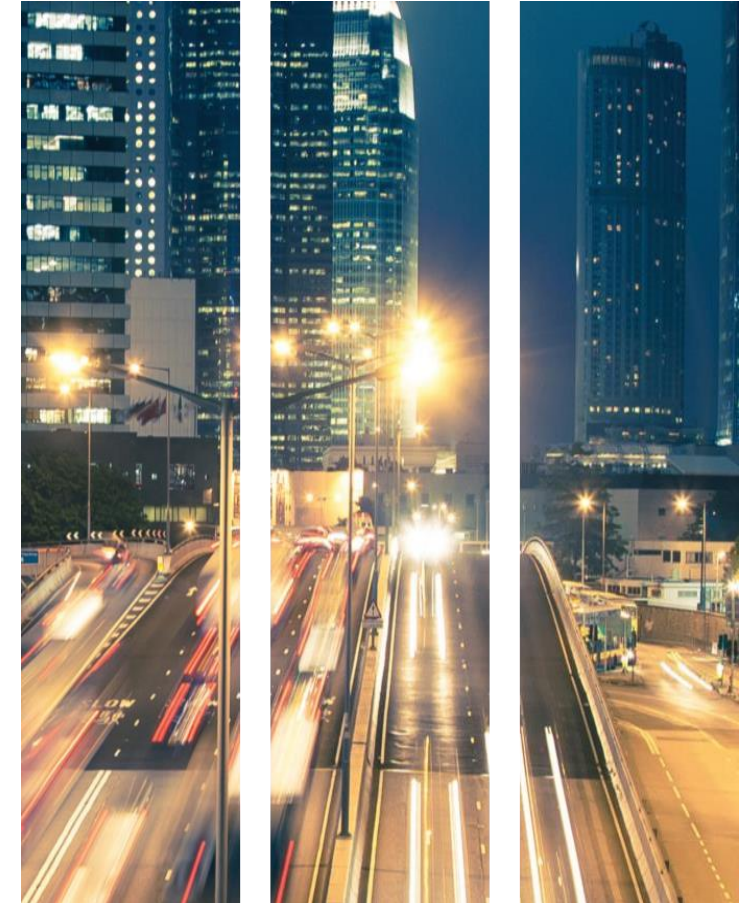
IMS Revenue Split

In EUR mn	H1 2016/17	+/-	H1 2015/16
Revenues	80.5	110%	38.3
Design & Build	29.7	115%	13.8
Operations	45.4	180%	16.2
Components	5.3	-36%	8.3

IMS revenues H1 2016/17



- EMEA (excl AT)
- Austria
- Americas
- APAC





Analysis.

In H1 2016/17, organic growth (even without KTT).

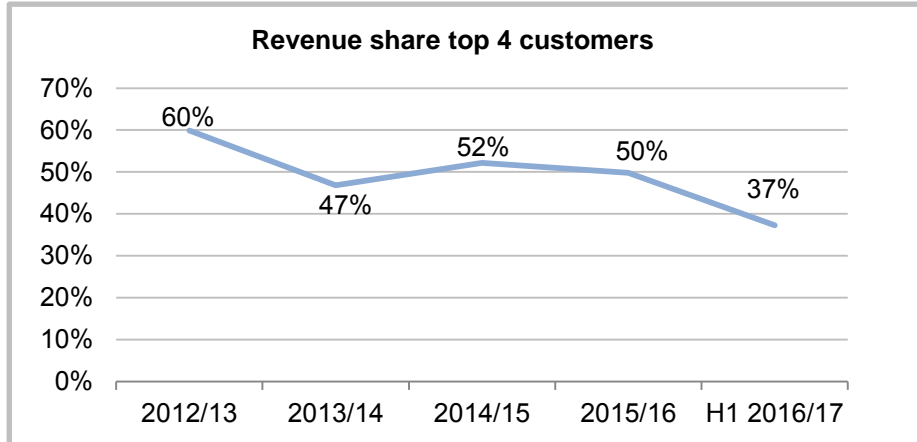
ETC	All figures in EUR mn unless otherwise stated	H1 2015/16	H1 2016/17	thereof KTT	KTC old	Organic growth
	Revenues		206.6	231.2	11.4	219.8
EBIT		29.1	34.2	-2.8	37.0	27.1%
<i>EBIT margin</i>		14.1%	14.8%		16.8%	

IMS	All figures in EUR mn unless otherwise stated	H1 2015/16	H1 2016/17	thereof KTT	KTC old	Organic growth
	Revenues		38.3	80.5	41.6	38.9
EBIT		-1.7	-5.4	1.9	-7.3	4.3x
<i>EBIT margin</i>		-4.5%	-6.8%		-18.8%	

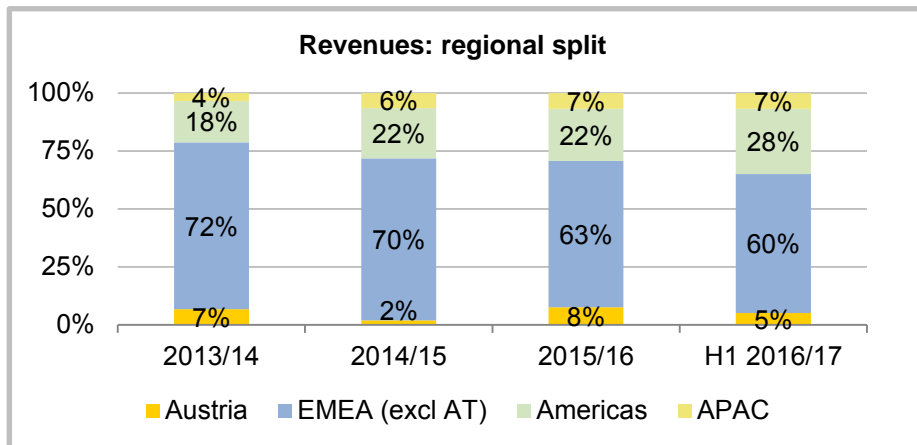
Total	All figures in EUR mn unless otherwise stated	H1 2015/16	H1 2016/17	thereof KTT	KTC old	Organic growth
	Revenues		244.9	311.7	53.0	258.7
EBIT		27.4	28.8	-0.9	29.7	8.4%
<i>EBIT margin</i>		11.2%	9.2%		11.5%	

Revenue contribution.

Business has changed, accelerated by KTT acquisition.



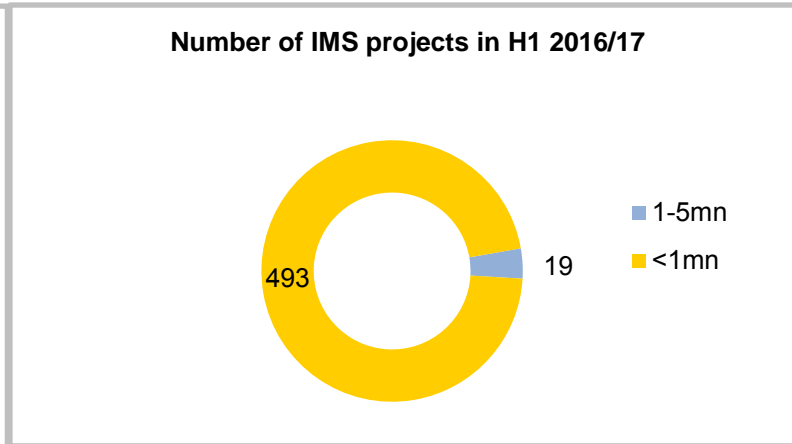
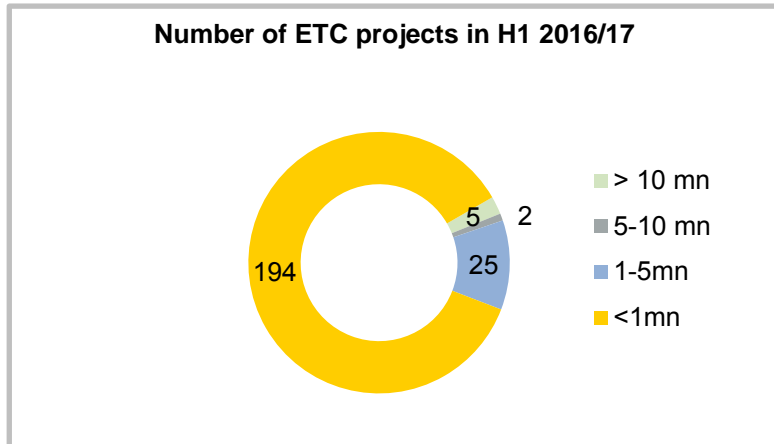
- > Largest customers: mainly nation-wide tolling projects.
- > Revenue share of top 4 customers came down in the past.
 - Growth of KTC
 - Price erosion when contracts are newly tendered/negotiated – will continue
- > With the acquisition of KTT, less dependency on a few big customers.
- > More diversification – product-wise, geographically.



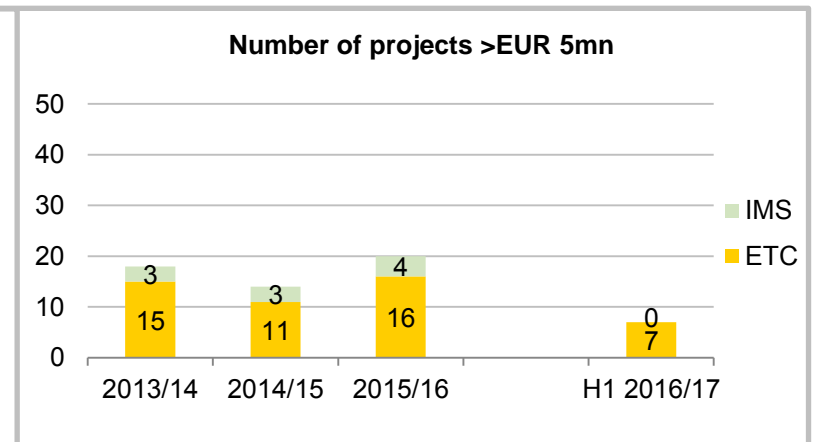
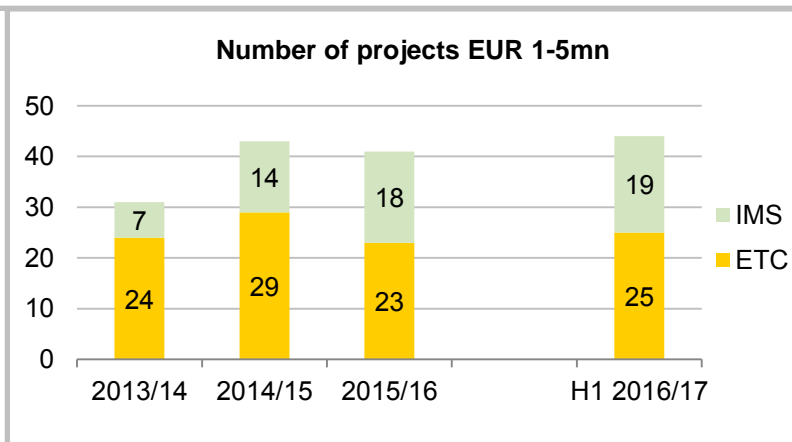
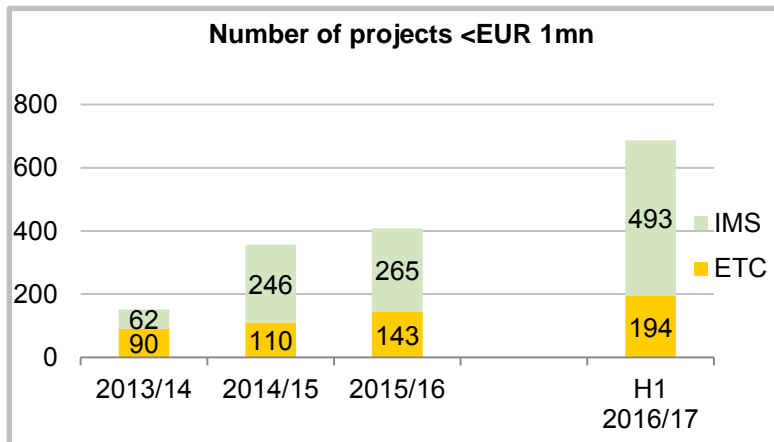
- > Largest customers from EMEA region.
- > With their revenue share going down also the EMEA share decreases.
- > KTT brought significant revenues in EMEA (region's revenue share went down by 3%p while share of top 4 customers 13%p) and Americas.

Revenue contribution.

Higher number of small contracts.

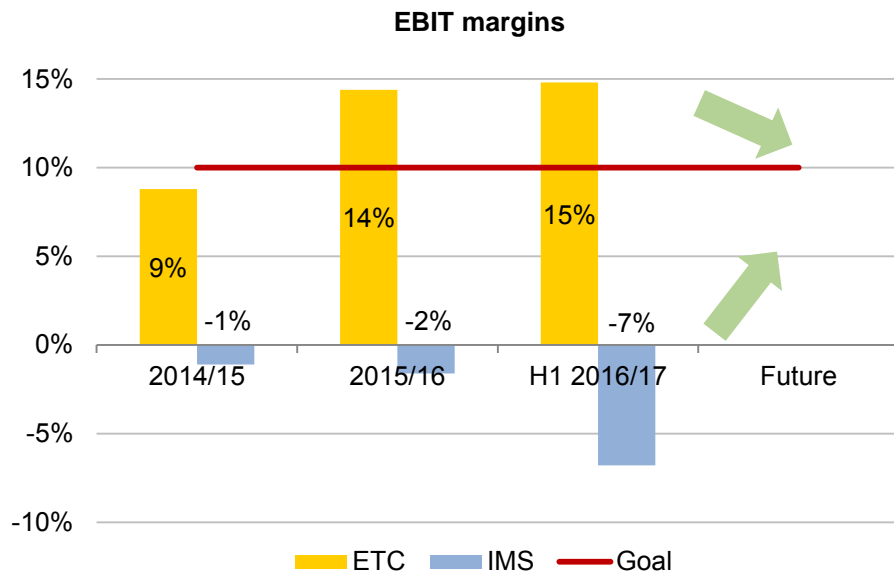


- > A few large projects – predominately in ETC.
- > Increasingly large number of small projects – in particular in IMS.
- > KTT was a boost to this development.



What does this mean for profitability?

EBIT in ETC expected to come down, IMS to increase.



ETC

- > Margins of large projects could erode after new tenders of existing contracts.
- > Limited number of potential new nation-wide tolling contracts.
- > Larger number of smaller contracts which have lower profitability.
- > tolltickets with its high revenues (H1 2016/17: EUR 7mn) and low single-digit EBIT margin dilutes Group EBIT margin.
- > EBIT margin should remain above 10%.

IMS

- > KTT
 - Integration costs weigh on 2016/17 EBIT.
 - Improvement of profitability expected.
- > Streetline continues to contribute losses, turnaround expected mid-term.
- > EBIT margin should steadily develop towards 10%.

How KTC is steered.

Key parameters.

Revenues

- > KTC intends to grow.
- > Revenues also an indicator of market share.

EBIT

- > Profitable growth is key.
- > Target margin of 10%.

Equity ratio

- > Solid capital structure is important for being a long-term partner to our customers.

Capital structure.

As of September 30, 2016.

Total assets: EUR 609.5mn

Equity: EUR 207.3mn

> Non-controlling interests: EUR -1.2mn

> Attributable to equity holders: EUR 208.5mn

> *Equity ratio:* 34%

Net debt: EUR -0.5mn

> Non-controlling interests significantly reduced in particular because of acquisition of remaining 48% in Czech subsidiary Kapsch Telematic Services spol. s.r.o.

> Promissory bond issued to refinance corporate bond expiring in November 2017: increase in balance sheet total.

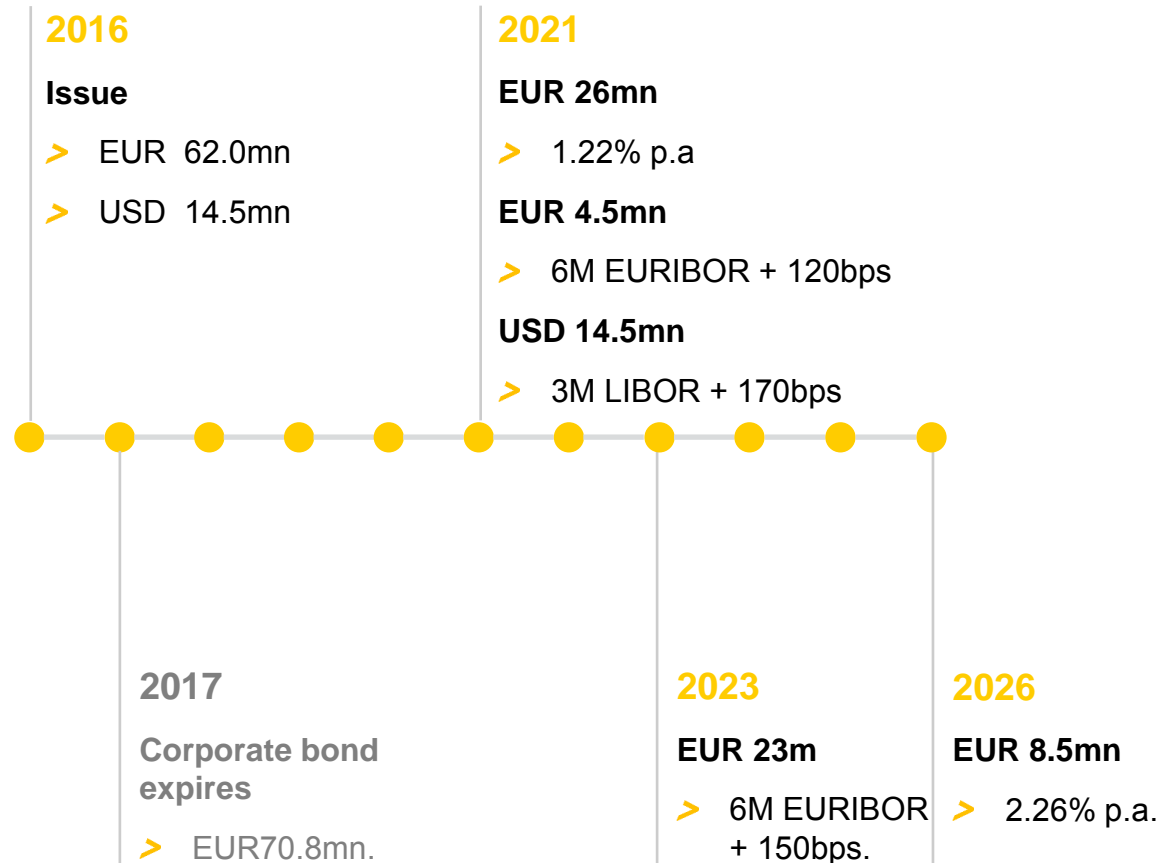
> Dividend payment: EUR 19.5mn

> Acquisitions with effect in equity:

- Remaining 48% in Kapsch Telematic Services spol. s.r.o., Czech Republic
- Tolltickets GmbH, Germany

Promissory note bond.

Successful issue in Q1 2016/17.



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)



Outlook.

Outlook 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.

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

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