




kapsch >>>
challenging limits


Kapsch TrafficCom


Results for H1 2017/18.


November 29, 2017


Highlights.

-  Second quarter positive both sequentially and year-on-year.

-  Zambia: Nation-wide concession agreement for road safety & traffic management.

-  Bulgaria: Awarded contract for nation-wide tolling system after end of Q2.

-  M&A: Takeover of remaining 67% of Simex (Mexico), increase of minority stake in ParkJockey (USA), acquisition of minority interest in Traffic Technology Services (USA).

-  Numerous new business opportunities.

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.



Project in Bulgaria.

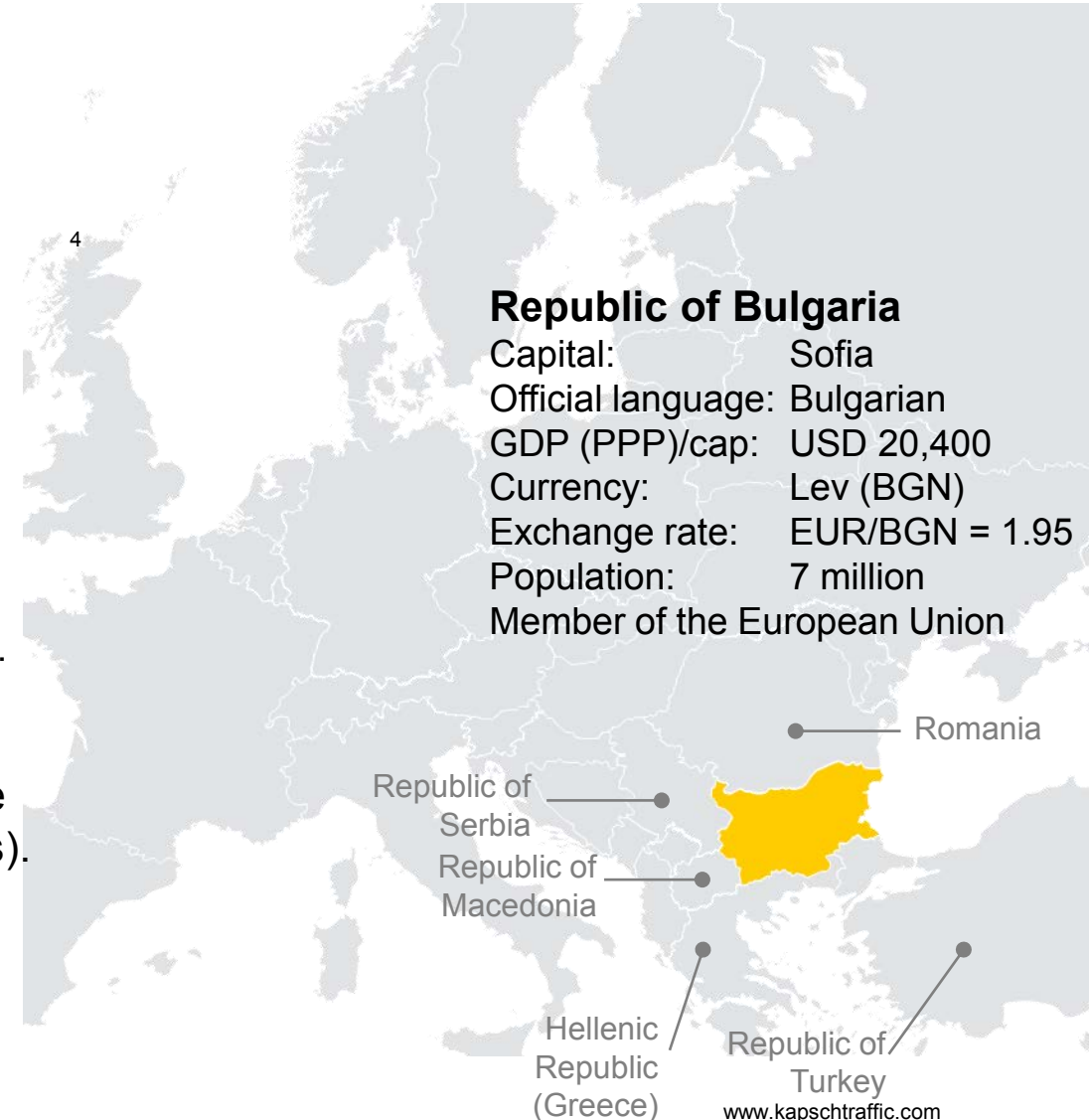
Overview.

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.
- > 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.



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%



Earnings.

EBIT.



All figures in EUR mn unless otherwise stated	H1 2016/17	H1 2017/18	+/-
Revenues	305.4	339.8	11%
Other operating income	13.9	2.7	-81%
<i>Changes: finished/unfinished goods & work in progress</i>	2.4	1.6	-33%
Own work capitalized	1.4	0.1	-92%
<i>Cost of materials and other production services</i>	-126.4	-130.6	-3%
Staff costs	-105.3	-115.3	-9%
Amortization and depreciation	-8.6	-7.5	-13%
Other operating expense	-54.0	-65.6	-21%
EBIT	28.7	25.3	-12%
<i>EBIT margin</i>	<i>9.4%</i>	<i>7.4%</i>	<i>-2.0%p</i>

Includes EUR 3mn badwill from KTT acquisition and EUR 4.2 mn FX gains.

Includes EUR 1.0 million FX gains (i.e. EUR 3.2 million less than in the previous year).

Main reason: Additional 360 employees compared to H1 2016/17.

FX losses of EUR -7.0mn i.e. EUR 5.0 million higher than in the previous year).

Earnings.

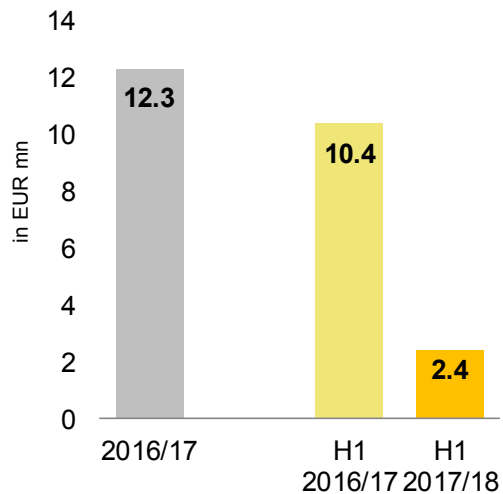
Financial result, taxes, non-controlling interests.



		All figures in EUR mn unless otherwise stated		H1 2016/17	H1 2017/18	+/-		
Interest income	EUR 2.0 mn	EBIT		28.7	25.3	-12%	Interest income	EUR 1.2 mn
FX gains	EUR 2.6 mn						FX gains	EUR 0.8 mn
Other	EUR 0.1 mn	Finance income		4.7	2.1	-55%	Other	EUR 0.2 mn
Interest expenses	EUR -2.8 mn	Finance costs		-4.8	-7.9	-64%	Interest expenses	EUR -3.2 mn
FX losses	EUR -0.3 mn	Financial result		-0.1	-5.8	—	FX losses	EUR -4.4 mn
Impairment Q-Free	EUR -1.6 mn	Result before income taxes		28.7	18.8	-35%	Impairment Q-Free	EUR 0.0 mn
Other	EUR -0.2 mn	Income taxes		-8.6	-4.7	-45%	Other	EUR -0.2 mn
		<i>Tax rate</i>		29.8%	25.0%	-4.8%p		
		Result for the period		20.1	14.1	-30%		
		Non-controlling interests		-0.4	-0.5	—		
		Result attributable to equity holders of the firm		20.6	14.6	-29%		
		Earnings per share (EPS) in EUR		1.58	1.12	-29%		

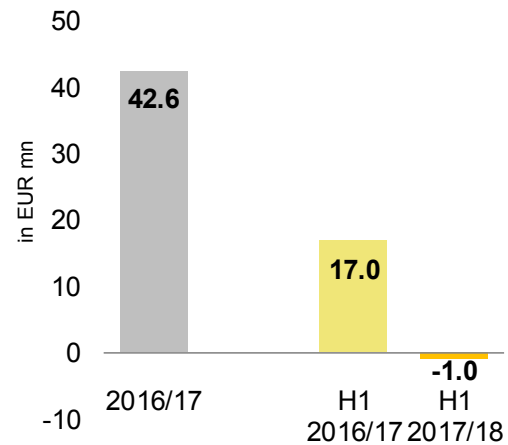
Other key financials.

Net investments



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

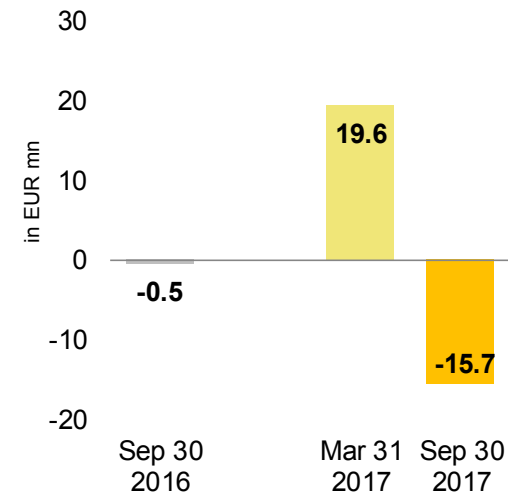
Free cash flow



Negative free cash flow mainly because of:

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

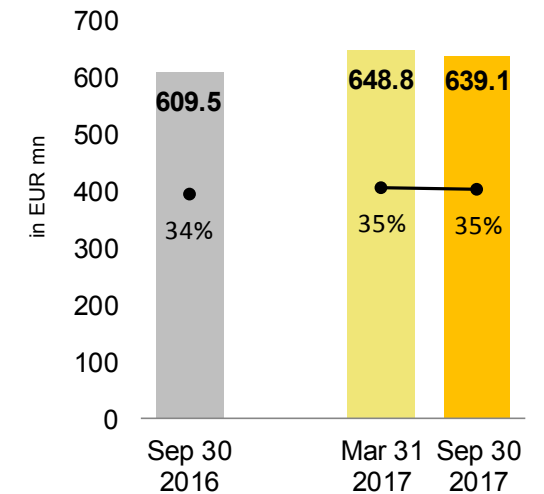
Net credit/debt



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	¹⁾ 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	²⁾ -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%.
- > Achieving 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, will be a challenge.
- > 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.
 - However, we are currently examining whether we can use the favorable interest rate environment in the medium or long term.

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for your attention.***

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