




kapsch >>>
challenging limits


Kapsch TrafficCom


Results for Q1-Q3 2016/17.


February 22, 2017


Highlights.

-  Solid results, revenues up in both segments.

-  Acquired transportation business of Schneider Electric; named Kapsch TrafficCom Transportation (KTT).

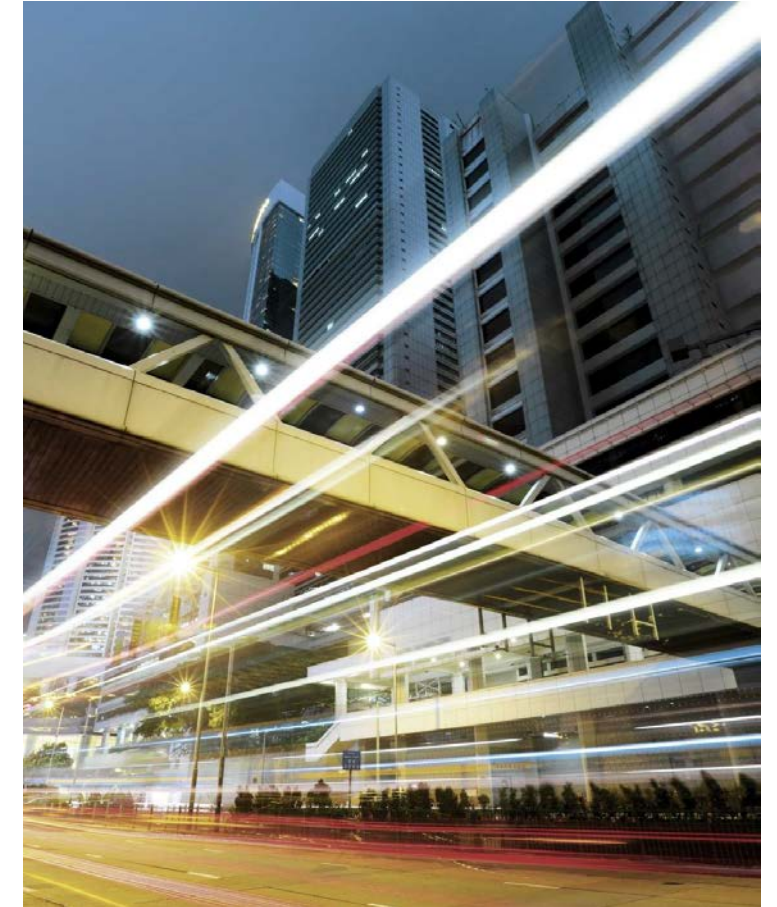
-  Acquisition of remaining 48% stake in Czech “Kapsch Telematic Services”.

-  Czech Republic and Austria: nationwide projects.

-  Dividend of EUR 1.50/share & new dividend policy.

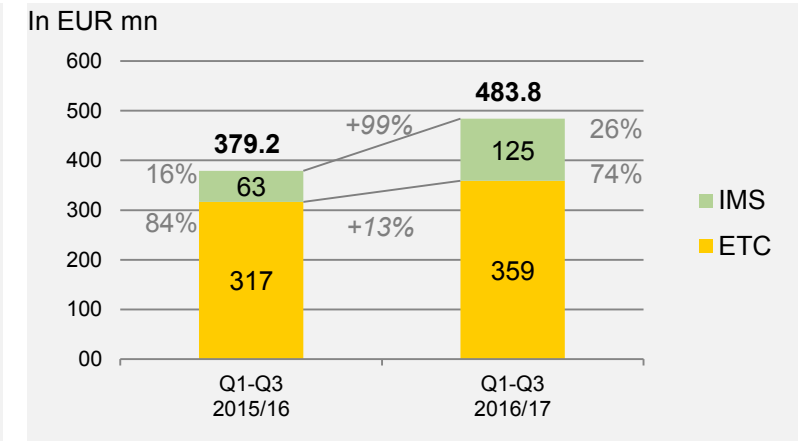
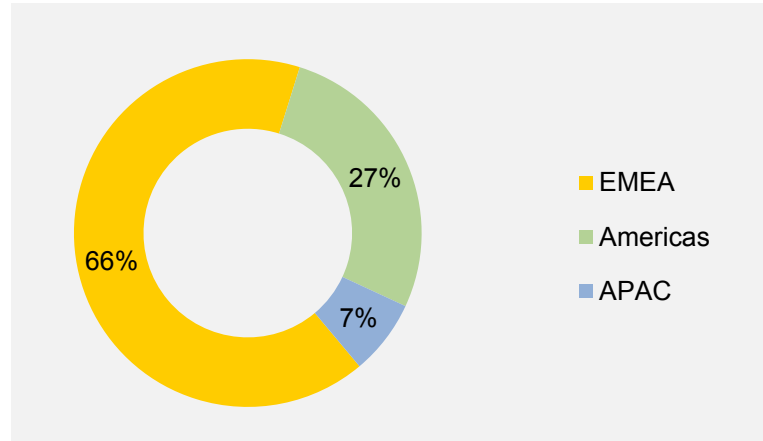
Earnings overview.

All figures in EUR mn unless otherwise stated	Q1-Q3 2016/17	+/-	Q1-Q3 2015/16	FY 2015/16
Revenues	483.8	28%	379.2	526.1
EBITDA	56.1	1%	55.4	76.9
<i>EBITDA margin</i>	11.6%	-3%p	14.6%	14.6%
EBIT	43.0	-1%	43.3	62.3
<i>EBIT margin</i>	8.9%	-3%p	11.4%	11.9%
Profit before tax (PBT)	44.5	30%	34.1	54.8
Profit for the period	29.4	16%	25.3	36.5
Profit for the period attributable to equity holders	30.1	41%	21.3	31.1
Earnings per share (EPS) in EUR	2.3	41%	1.6	2.4



Earnings.

Revenues.



Key developments

- > First-time consolidation of KTT business.
- > Extension of nation-wide tolling contracts in Czech Republic and Austria.
- > 2 new ETC project in Australia.
- > Vital US business, e.g.
 - Highway Operations Center, Massachusetts
 - Port Authority of New York and New Jersey
- > USA: most important growth market.

Revenues by region

Change from Q1-Q3 2015/16:

- > EMEA - 4.4%p
- > Americas + 4.6%p
- > APAC - 0.3%p

Revenues by segment

- > ETC
 - EUR 17.8mn from KTT
 - Design & Build: EUR 70.2mn (+13%)
 - Operations: EUR 215.2mn (+19%)
 - Components: EUR 73.5mn (-1%)
 - ❖ 8.4 million on-board units (6.7 million last year)
- > IMS
 - EUR 62.9mn from KTT
 - Design & Build: EUR 48.5mn (+76%)
 - Operations: EUR 67.2mn (+182%)
 - Components: EUR 9.3mn (-17%)

Earnings.

EBIT.

All figures in EUR mn unless otherwise stated	Q1-Q3 2016/17	+/-	Q1-Q3 2015/16
Revenues	483.8	28%	379.2
Other operating income	19.3	52%	12.7
Changes: finished/unfinished goods & work in progress	5.2	—	-4.6
Own work capitalized	2.2	305%	0.5
Cost of materials and other production services	-204.4	-42%	-144.2
Staff costs	-163.8	-44%	-113.9
Amortization and depreciation	-13.1	-8%	-12.1
Other operating expense	-86.3	-16%	-74.5
EBIT	43.0	-1%	43.3
<i>EBIT margin</i>	8.9%	-3%p	11.4%

Includes EUR 3mn badwill from KTT acquisition and EUR 7.0 mn FX gains.

Additional ~900 KTT employees; now total of 4,842.

Higher legal & consulting fees – due to focus on US market, travel expenses and rents; KTT accounted for EUR -14.1mn.

EBIT by segment

- ETC:** EUR 54.8mn
(from EUR 46.4mn)
- Growth from operations projects in EMEA
 - KTT contributed EUR -1.0mn
 - Includes positive effect from badwill of EUR 0.9mn

- IMS:** EUR -11.8mn
(from EUR -3.1mn)
- Negative impact from Streetline
 - Lower-margin operations projects in N-America
 - EUR -0.7mn from KTT
 - Includes badwill of EUR 2.1mn

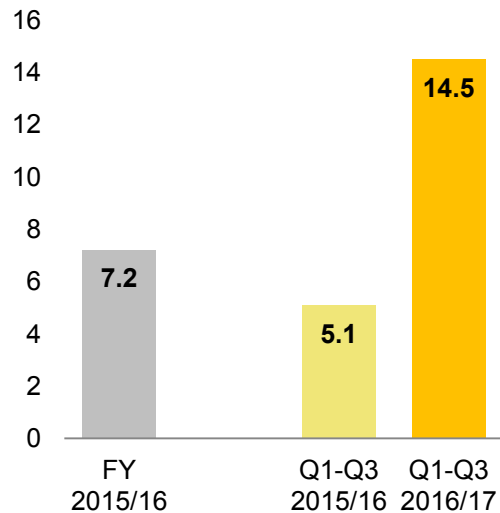
Earnings.

Financial result, taxes, non-controlling interests.

			All figures in EUR mn unless otherwise stated	Q1-Q3 2016/17	+/-	Q1-Q3 2015/16	
			EBIT	43.0	-1%	43.3	
Interest income	EUR	2.7mn					Included (non-recurring) EUR 3.4mn gains from sale of securities.
FX gains	EUR	5.3mn	Finance income	8.1	-14%	9.4	
Other	EUR	0.1mn	Finance costs	-6.7	-64%	-18.6	
Interest expenses	EUR	-4.1mn					
FX losses	EUR	-0.0mn	Financial result	1.5	—	-9.1	
Impairment Q-Free	EUR	-2,0mn					
Other	EUR	-0.6mn					
			Result before income taxes	44.5	30%	34.1	
			Income taxes	-15.1	-71%	-8.9	Different applicable corporate tax rates (e.g. South Africa: 28%, Australia: 30%) and tax deferrals.
			<i>Tax rate</i>	33.9%	8%p	25.9%	
			Result for the period	29.4	16%	25.3	
Acquisition of the remaining 48% stake in the Czech company Kapsch Telematic Services spol. s r.o.			Non-controlling interests	-0.6	—	3.9	
			Result attributable to equity holders of the firm	30.1	41%	21.3	
			Earnings per share (EPS) in EUR	2.3	41%	1.6	

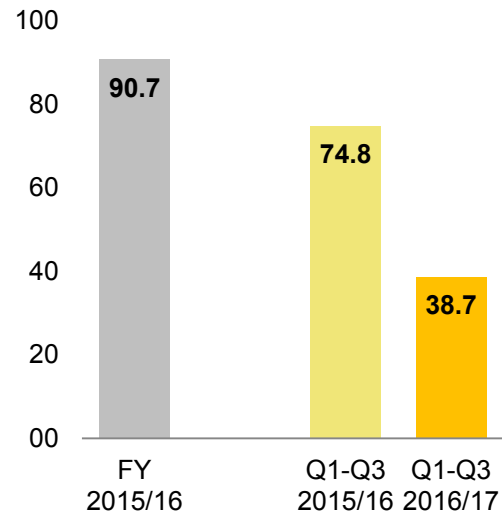
Other key financials.

Net investments



The increase in net investments to EUR 14.5mn was due to the acquisition of KTT.

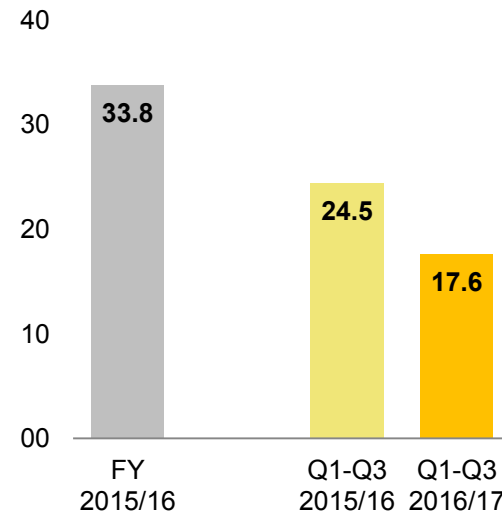
Free cash flow



Again positive (EUR 38.7mn); however, significantly lower than in Q1-Q3 2015/16 (EUR 74.8mn). Main reasons:

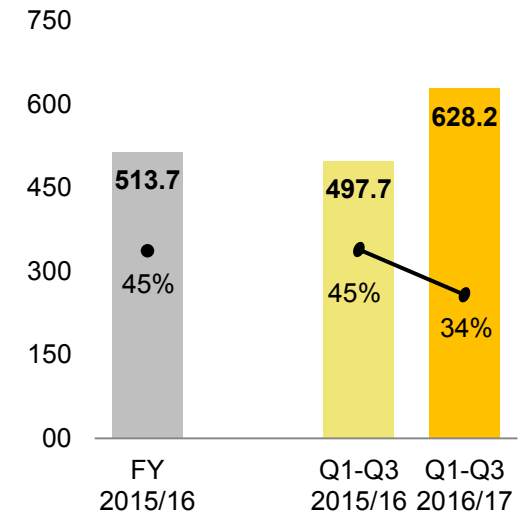
- > working capital
- > higher net investments

Net credit/debt



Despite having undertaken a number of acquisitions and a dividend payment, Kapsch TrafficCom had a net credit in the amount of EUR 17.6mn.

Balance sheet total and equity ratio



The assumption of a promissory note bond (increase in balance sheet total), acquisitions (effect in equity) and the dividend payment resulted in a reduction of the equity ratio to 34%.

Consolidation of Kapsch TrafficCom Transportation.


Impact on Q1-Q3 results.

Impact on the P&L

Revenues	EUR +80.7mn
thereof ETC	EUR +17.8mn
thereof IMS	EUR +62.9mn
EBIT	EUR -1.7mn
thereof ETC	EUR -1.0mn
thereof IMS	EUR -0.7mn

Impact on the balance sheet*

Property, plant & equipment	EUR	0.7mn
Intangible assets	EUR	5.2mn
Other non-current assets	EUR	0.2mn
Inventories	EUR	0.7mn
Receivables & other current assets	EUR	57.0mn
Cash & cash equivalents	EUR	9.5mn
Liabilities, other liabilities & deferred income	EUR	-39.2mn
Net assets acquired (provisionally)	EUR	34.1mn

 Purchase price*: EUR 31.1mn
Difference to net assets
acquired (badwill): EUR 3.0mn

* Provisionally determined; preliminary purchase price allocation.
Values may change subject to audit.

Other

- > Number of KTC Group employees up by approximately 900.
- > KTC is now in the top segment of toll solution providers in the U.S.A.
- > Strategic jump from the highways into the cities.
- > KTC has become a leading, globally active full-service provider.
- > December 2016: Contingent purchase price adjustment of EUR 5mn.
- > Integration costs weigh on KTC's profitability.
- > Integration to be completed end of FY 2016/17.

Outlook.

FY 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% (Q1-Q3 2016/17: 15.3%).

- > IMS: EBIT margin (Q1-Q3 2016/17: -9.5%) will be adversely impacted by the integration and the lower EBIT contribution of KTT, as well as the negative EBIT performance of Streetline.

Outlook.

Beyond FY 2016/17.

ETC

- > Limited number of potential new nation-wide tolling contracts BUT larger number of smaller contracts.
- > Margins of large projects could erode after new tenders of existing contracts.
- > tolltickets: high revenues (Q1-Q3 2016/17: EUR 13mn) and low margin – dilution of Group EBIT margin.
- > EBIT margin should remain >10%.

IMS

- > KTT: Improvement of profitability expected.
- > Streetline continues to contribute losses, turnaround expected mid-term.
- > EBIT margin should steadily develop towards 10%.

Dividend policy:

- At least 1/3 of the profit for the period.
- Annual Base Dividend of EUR 1.--.
- Dividend payment can be higher or lower; within a reference period of 3 years, average annual dividend at least EUR 1.--.

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

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