EN

challenging limits

Kapsch Group

Insights.

Annual Report 2018/19.

Overview.

Fiscal Year 2018/19.

Highlights of the Fiscal Year from April 1, 2018 to March 31, 2019.

> **Kapsch Group.**

Commercial success. The revenue record set in the prior year was broken again, reaching a new high of EUR 1,211.9 million in the 2018/19 fiscal year.
Innovation power. Kapsch Group increased investments in research and development to EUR 143.6 million.

> **Kapsch TrafficCom.**

Project highlights. After Kapsch TrafficCom had been tasked with the implementation of nation-wide toll systems for cars and trucks in Bulgaria at the beginning of 2018, the passenger vehicle toll system went into operation in January 2019; the truck toll system is expected to follow in early 2020. In Poland, after the expiry of our (old) contract on November 2, 2018, Kapsch TrafficCom is supporting the operation of the toll system for another 27 months. With more than 75 new projects, business development in North America continues to be very dynamic. In Latin America, the company will be providing, for example, traffic management systems for Buenos Aires (Argentina), Lima (Peru), and Panama City (Panama). In Australia, Kapsch TrafficCom has been awarded the contract to set up the road toll system for the West Gate Tunnel Project in Melbourne and for the main connection tunnel for the WestConnex program in Sydney, among other things.

> **Kapsch PublicTransportCom.**

A key focus was on implementing existing customer projects in Belgium, the Netherlands, Romania, the USA, and Africa. Another area was the strategic further development of our solutions portfolio related to both ticketing software and hardware. With regard to intermodal transport control systems (ITCS), greater attention has been paid to partnerships rather than in-house solutions since the previous financial year. Initial successes here were chalked up primarily in the Netherlands and Romania. For example, two new projects were secured on behalf of the public transport operator EBS in connection with its concessions in Voorne-Putten and Haaglanden. Recent successes in Romania included equipping new buses for the operator STB in Bucharest.

> **Kapsch CarrierCom.**

Key sales achievements were accomplished and the company's global presence has been further consolidated. Kapsch CarrierCom has implemented networks for leading railway operators in over 25 countries around the world, including Network Rail (United Kingdom), SNCF (France), and Deutsche Bahn (Germany). The Belgium rail infrastructure manager INFRABEL recently decided to switch from its previous partner and appointed Kapsch CarrierCom to implement a pioneering project. 2,500 offices of Allianz France will be equipped with SD-WAN technology. In addition, Kapsch also acts as a distributor and integrator of the 3Binfra solution INFRALIFE®, an asset management system incorporating best practices for railway operators.
The European-wide technology initiative Shift2Rail is intended to promote innovation in the rail sector and integrate important change initiators. Kapsch CarrierCom is heading up the work packages entailing the X2Rail projects and is working in close cooperation with other Shift2Rail members such as signaling system providers, infrastructure managers, railway operators, and research institutes.

> **Kapsch BusinessCom.**

Growth course in the DACH region. With the takeover of the IT system integrator eCrome Systems AG, based in St. Gallen, Kapsch BusinessCom has expanded its presence in Switzerland. The strategic sales partnership with UPC Switzerland has been intensified. In Germany, the integration of Kapsch Carrier Solutions GmbH into Kapsch BusinessCom has been completed.
Extension of digital expertise. At the beginning of 2019, Kapsch BusinessCom completed the integration of former investment Advanced Information Management Consulting GmbH (AIMC) and bundled its data science know-how in a new, separate business unit. Consequently, the AI expertise can now be transferred into concrete use cases more quickly.

Kapsch Group.
Annual Report 2018/19.

This annual report was created with the greatest possible care and all data have been checked conscientiously. Nevertheless, the possibility of layout and printing errors cannot be completely excluded. Slight differences in calculations may arise due to the rounding of individual items and percentages.

In order to signalize that general references in this annual report to individuals apply equally to women and men, male and female gender forms have been used in part. For reasons of legibility, the male gender form has on occasion been used although the reference is always to both men and women.

Disclaimer
Certain statements contained in this annual report constitute “forward-looking statements”. These statements, which contain the words “believe”, “intend”, “expect” and words of similar meaning, reflect Management’s beliefs and expectations, and are subject to risks and uncertainties that may cause actual results to differ materially. As a result, readers are cautioned not to place undue reliance on such forward-looking statements. KAPSCH-Group Beteiligungs GmbH disclaims any obligation to publicly announce the result of any revisions to the forward-looking statements made herein, except where it would be required to do so under applicable law.

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Contents.

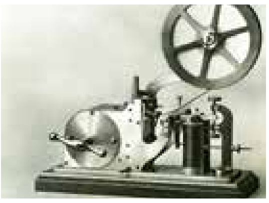
Milestones.

Kapsch. A company history.

Ever since its founding in 1892, Kapsch has been dedicated to its role as an innovator and technological pioneer. From the production of the first portable radios and the spreading of telephone technology in Austria up to ground-breaking toll projects around the world: when it comes to technological milestones in communication and mobility, Kapsch has always been a major step ahead. At the same time, we remain committed to employing technological developments efficiently and responsibly in the service of our customers. We recognize and appreciate technology as an instrument for exploiting opportunities and improving numerous aspects of people's lives.

1892

Johann Kapsch founds a precision workshop in Vienna producing Morse telegraph devices and telephones.



1918

Kapsch begins manufacturing capacitors and dry batteries.

1930

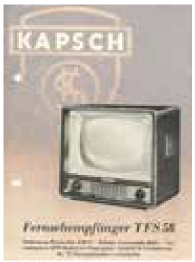
First television demonstration with a complete transmission and reception system in Austria – a revolutionary event at the Kapsch pavilion on the Vienna Trade Fair.

1948

Equipment of telecom-munications offices with switch system 48 – the first standardized, nationwide, direct-dial system. In 1950, the first automatic exchange using the system comes into service in Eferding.

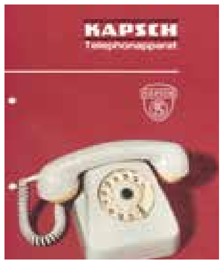
1955

Kapsch launches the first black and white television on the Austrian market, the model TFS-56.



1965

The company develops a new low-noise dialing disk for telephones that remains in use up to the 1980s.

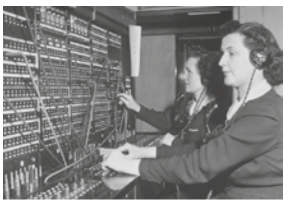


1924

Entry into radio manufacturing. The first Kapsch radio receiver Pionier L with three-tube speaker technology. Soon afterwards, Kapsch becomes a co-founder of RAVAG, the Austrian company Radio Verkehrs AG, thereby heralding the age of radio in Austria.

1946

In cooperation with Austrian Post, Kapsch plays a key role in the reconstruction of the telephone network after World War II.



1958

Capri, the first fully transistorized portable radio is launched.

1969

Development of an OHS system for semi-electronic telephone ex-change system operation.

1967

Presentation of the first Kapsch color television: the Chromomatic.

1970

Installation of train radio for Austrian Railways.

1972

Kapsch develops batteries with a non-leak guarantee.

1979

The medium-range radar system Koralpe essential to aviation safety is built.

1980

Start of digital-telephony in Austria with Schrack.

1984

Kapsch enters the mobile telephony segment and equips the Austrian Army and Austrian Railways with the first – back then still quite large – devices.

1991

First telephone call in Austria using the new digital mobile network GSM.

1994

Kapsch equips multiple European railways with cab radios.

1999

Implementation of the world's first electronic tolling system for multi-lane free-flow traffic on the Melbourne City Link highway.

2003

Kapsch implements the world's largest comprehensive electronic truck tolling system in Austria.

2010

Kapsch takes over the GSM/GSM-R division of Nortel, thus becoming a major provider in this area.

2012

Kapsch Smart Energy starts a pilot project for integrated energy management.

2013

Entry into the market for communications solutions in local public transport based on TETRA technology.

2016

Kapsch installs Europe's largest integrated advanced traffic management system (ATMS) in England and in the Netherlands.

Kapsch bolsters its global market position through the acquisition of the transportation division of Schneider Electric.

2017

Highest revenues in the company's history: EUR 1,111.2 million in the 2016/17 fiscal year.

125% dedication

125 years of Kapsch

2019

The nation-wide toll system for cars in Bulgaria goes into operation in January 2019.

Selected Key Financial Data.

2018/19 (Fiscal Year 2018/19): April 1, 2018 – March 31, 2019.
Unless otherwise stated, all values in EUR million.

Earnings data	**2016/17**	**2017/18**	**2018/19**	**+/-**
Revenues	1,111.2	1,145.0	1,211.9	5.8%
EBITDA	68.1	56.3	73.1	29.9%
EBITDA margin in %	6.1	4.9	6.0	1.1%p
EBIT	20.1	20.1	50.9	152.9%
EBIT margin in %	1.8	1.8	4.2	2.4%p
Profit before tax	19.3	8.3	44.4	435.5%
Profit for the period	4.4	6.3	33.2	423.7%
Free cash flow	-2.2	5.9	-43.0	—
Research and development	125.0	138.8	143.6	3.5%
Employees, end of period	6,868	7,236	6,896	-4.7%

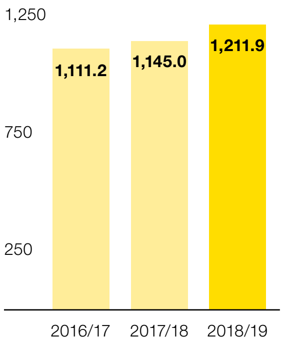
Balance sheet data	**March 31, 2017**	**March 31, 2018**	**March 31, 2019**	**+/-**
Total assets	1,058.2	1,007.1	1,070.7	6.3%
Total equity	264.0	255.8	275.4	7.7%
Equity ratio in %	25.0	25.4	25.7	0.3%p
Return on equity in %	7.6	7.9	18.5	10.6%p
Financial liabilities	342.7	313.6	302.1	-3.7%
Net cash (+)/ debt (-)	-107.5	-116.2	-176.4	-51.8%
Gearing in %	40.7	45.4	64.1	18.6%p
Capital employed	606.7	569.4	577.5	1.4%
Net working capital	191.0	192.2	233.2	21.3%

Business segments	**2016/17**		**2017/18**		**2018/19**		**+/-**
Traffic							
Revenues / share in revenues	648.5	58%	693.3	61%	737.8	61%	6.4%
EBIT / EBIT margin	60.1	9%	50.1	7%	57.0	8%	13.9%
Employees, end of period	4,823	70%	5,259	73%	4,981	72%	-5.3%
Carrier							
Revenues / share in revenues	163.2	15%	150.7	13%	107.1	9%	-28.9%
EBIT / EBIT margin	-17.0	-10%	-5.6	-4%	-11.8	-11%	-110.7%
Employees, end of period	653	10%	600	8%	399	6%	-33.5%
Enterprise							
Revenues / share in revenues	317.0	29%	317.7	28%	380.0	31%	19.6%
EBIT / EBIT margin	6.9	2%	0.4	0%	14.0	4%	>500 %
Employees, end of period	1,201	17%	1,200	17%	1,333	19%	11.1%
Public Transport							
Revenues / share in revenues	17.4	2%	13.6	1%	17.3	1%	27.5%
EBIT / EBIT margin	-31.9	-183%	-27.9	-205%	-8.9	-52%	-68.0%
Employees, end of period	82	1%	77	1%	75	1%	-2.6%

Regions	**2016/17**		**2017/18**		**2018/19**		**+/-**
Revenues / share in revenues							
Austria	296.7	27%	322.4	28%	323.6	27%	0.4%
Central and Eastern Europe	270.6	24%	270.6	24%	263.1	22%	-2.8%
Western Europe	204.2	18%	213.5	19%	228.2	19%	6.9%
Americas	197.6	18%	210.4	18%	252.9	21%	20.2%
Rest of the World	141.9	13%	128.1	11%	144.1	12%	12.5%
Employees / share in Group, end of period							
Austria	2,009	29%	2,063	29%	2,090	30%	1.3%
Central and Eastern Europe	1,233	18%	1,139	16%	620	9%	-45.6%
Western Europe	987	14%	993	14%	1,009	15%	1.6%
Americas	1,095	16%	1,343	19%	1,479	21%	10.1%
Rest of the World	1,544	22%	1,698	23%	1,698	25%	0.0%

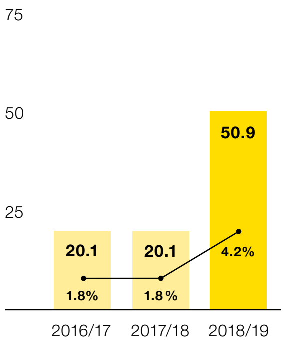
2018/19 (Fiscal year 2018/19): April 1, 2018 – March 31, 2019
Unless otherwise stated, all values in EUR million.

Revenues



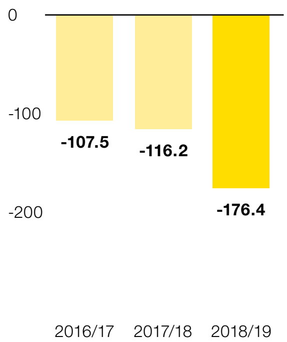
The record revenues of the previous year increased again to EUR 1,211.9 million in 2018/19.

EBIT and EBIT margin



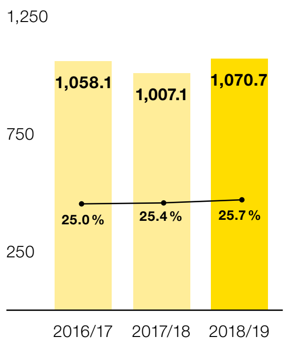
The operating result (EBIT) increased significantly to EUR 50.9 million.

Net debt



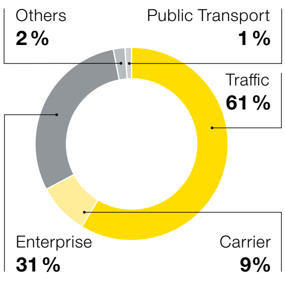
Net debt increased year-on-year by EUR 60.2 million or 52% to EUR 176.4 million.

Total assets and equity ratio



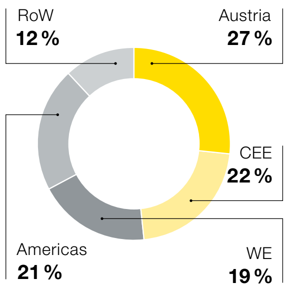
The balance sheet total as at March 31, 2019 remained stable at around 1 billion euros.

Revenues by segment



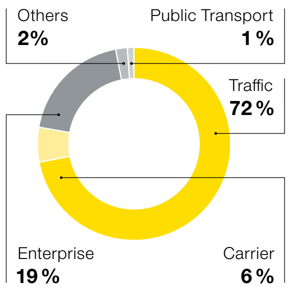
The Traffic and Enterprise segments were able to further increase their share of revenues in the Group.

Revenues by region



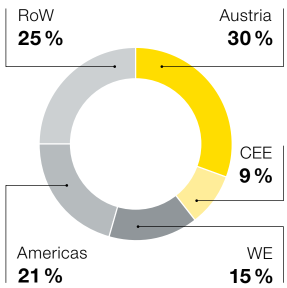
In the 2018/19 fiscal year, Kapsch Group again confirms international diversity through an even regional distribution of revenues.

Employees as of March 31, 2019 by segment



The number of employees in the Group declined slightly compared to the previous year. As of March 31, 2019, the Group employed 6,896 people.

Employees as of March 31, 2019 by region



Although most of the personnel are still employed in Austria, employee distribution also reflects regional diversity.

Letter from the Management.

Dear readers,

Stakeholders interested in a company expect to be provided with a detailed analysis of the past fiscal period, an outlook, a vision, and information about key decision-making factors; in other words, a full perspective. This is what the readers of our annual reports look for and what we happily provide every year. This time, however, we also intend to take the opportunity to focus more on the underlying basis of our perspectives of our Group's future development: An in-depth view of events within the company, its structures and departments, its interrelations and ties, as well as its networks. An insight into its strengths and weaknesses.

The value of insights.

That's how we at Kapsch regard our annual reports which we present to a wider public. The facts and figures set out in these reports shed light on the current status of our commercial activities and serve as benchmarks for measuring our success. Yet, for us, these facts and figures are also indicators which we combine with trends and developments, news and views of the future. To gain an insight into our corporate world, to more clearly and discernibly identify opportunities and risks, and to generally draw more accurate conclusions as a result. And to decide what needs to be done, even if this isn't easy at times.

Every key performance indicator, every figure, has meaning. For example, analyzing a current upward trend from our perspective may reveal hints of a pending downturn. And a stable trend spanning several years may be deceptive in terms of its future development. What we summarize in the tables and charts contained in this annual report entails far more than simply sober facts and figures. For us, every figure and every indicator tells a story. A commitment, an outlook, an idea, an indication, and, occasionally, an awareness that we didn't always live up to our own expectations and didn't always reach our defined objectives.

"Our future lies in flexibly exploiting our considerable resources to develop bespoke and tailored solutions for our customers. From digital facility solutions to country-wide toll collection systems."

Georg Kapsch, CEO

From the left:
Franz Semmernegg, Chief Financial Officer
Georg Kapsch, Chief Executive Officer
Kari Kapsch, Chief Operating Officer

It is on this network of information that we base our commercial decisions. When doing so, we never view figures in isolation but in combination with others from other periods. For example, as innovators, we regard investments in research and development as a factor of particular importance. Our R&D expenditures have been increasing substantially in recent years. While a total of EUR 138.8 million was invested in our 2017/18 fiscal year, this figure increased to EUR 143.6 million in the period covered by this report. This is equivalent to around twelve percent of our net revenues of just over EUR 1.2 billion.

We have been maintaining this level of investment for a number of years. This is clear evidence of the continuity of, and our commitment to, research and development activities. This creates the basis for transforming the Kapsch Group into a knowledge-driven company. And, this also leads to a trait, a characteristic, which sets us apart and is becoming an inherent strength. Ideally, this will also serve as a unique selling proposition, providing us with a competitive advantage in our markets.

Nowhere else does this hold truer than in the area of mobility, which is so important to Kapsch. We define ourselves as a global mobility player and the Austrian provider of reliable end-to-end solutions for communication between road users of all kinds around the world. It should therefore come as no surprise that Kapsch TrafficCom alone, with a total of EUR 108.1 million (just in extra-group research and development expenditures), accounts for around 75% of the entire R&D budget. And Kapsch PublicTransportCom still accounts for EUR 7.5 million or five percent of this budgetary position.

This continuity in the area of research and development is paying off, the different strategic processes at Kapsch TrafficCom are having an impact. We are broadening our basis, expanding our portfolio and, in doing so, breaking into new areas of business. As a result, we are now able to offer tailor-made mobility solutions entailing different dimensions more than ever before. We take into account both local and national-level requirements. For us, establishing an intelligent transport system in a city with 150,000 inhabitants is just as important as creating the infrastructure associated with an international freeway and highway network. We develop solutions for integrated parking space availability in order to keep journey times and emissions to a minimum. And we create the channels which allow various systems to reliably communicate with and among each other.

By further expanding and diversifying our product and service offerings, we are winning more “smaller” orders which, viewed as a whole and weighted accordingly, enable our Group to stand on a more stable commercial footing. To be flexible and to respond to market and technological developments in a manner which would not be possible with only a limited number of large customers. We are becoming leaner and more agile. More innovative and creative. And, ultimately, more successful.

This expansion of our own horizons is also ongoing at Kapsch BusinessCom. This business segment is responsible for developing information systems which respond easily, and within split seconds, to specific situations. It is here that information landscapes are defined which enable rapid and direct access to needed data in sensitive environments and yet at the same time provide exceptional levels of protection against cybercrime. We develop tailor-made and bespoke solutions for every conceivable environment. And we are continuously expanding our expertise in the area of digitalization. For example, in the past fiscal year, we acquired the remaining shares in Advanced Information Management Consulting GmbH (AIMC) and concentrated our data science expertise in a new and dedicated corporate division.

The figures presented here for the 2018/19 fiscal year also tell previously untold stories, each of which is worth telling. We interpret all of these indications that provide insights into our business processes and those allowing us to see that our future lies in flexibly exploiting our considerable resources to develop bespoke and tailored solutions for our customers. From digital facility solutions in office buildings to country-wide toll collection systems.

Now and again, our analyses and insights also indicate when it is time to shift our focus. For example, if we identify that a business field no longer aligns with our corporate development strategy. Over the course of our more than 125-year history, we have regularly abandoned product lines and turned our attention to new challenges. That is nothing new for us. But such a step is never taken lightly.

Such a decision was recently taken with regard to Kapsch CarrierCom. After the closing date, i.e. in the 2019/20 fiscal year, we sold this traditional part of our corporate group as well as the operational business of Kapsch PublicTransportCom to the publicly listed technology group S&T. This move was taken following the strategic decision to focus in future on the areas of mobility and digitalization; in the knowledge that both companies will be in the able hands of another successful Austrian company which will offer them an environment better suited to their respective strengths and expertise; and in the conviction that we, as a corporate group, need to fundamentally reinvent ourselves over and over again in order to survive in the long term. To achieve a positioning in our markets which offers better prospects for the future. And to be able to focus even more on our business areas with more potential for growth.

Outlook. Our two most successful business segments, Traffic and Enterprise, jointly account for around 90 percent of our revenues and personnel. Strong positive developments are being achieved in both of these segments. Our most important growth market in the Traffic segment is without doubt North America. We regard double-digit growth rates as possible here. But also in Europe and elsewhere, our tailored projects – ranging from intelligent traffic systems to toll collection solutions – are attracting more and more interest. That is why Kapsch TrafficCom can and will continue the positive development trend of late.

Kapsch BusinessCom acts as an essential partner to companies during digitalization processes. We are increasingly playing the role of an incubator, adding new ideas, innovative approaches and expertise related to Big Data and security; at times even actually enabling these developments. In a nutshell, we are the key to making certain large-scale projects possible at all. And it is exactly here that we identify the growth drivers in the years ahead. Not only in Austria, but also in Germany and Switzerland. We are growing in this area based on our existing customer base. We precisely meet companies' highly specific requirements. Because we have insights which others lack. Insights into the organizations and needs of our customers.

We are convinced that the future belongs to those who are able to act and react swiftly, decisively and purposefully. It will be largely based on the deployment of intelligent, self-learning systems, and is dependent on us knowing how to tap this potential in order to productively exploit the insights that we gain in doing so.

In conclusion, we would like to express our gratitude to our customers and business partners for their confidence in us and for the partnerships we have established. We would also like to thank our employees for their high level of commitment, creativity, and their willingness to perform. Let us continue working on the future development of the Kapsch Group and a more effective, more efficient, and more sustainable future for mobility and digital transformation.

Georg Kapsch Chief Executive Officer	Kari Kapsch Chief Operating Officer	Franz Semmernegg Chief Financial Officer

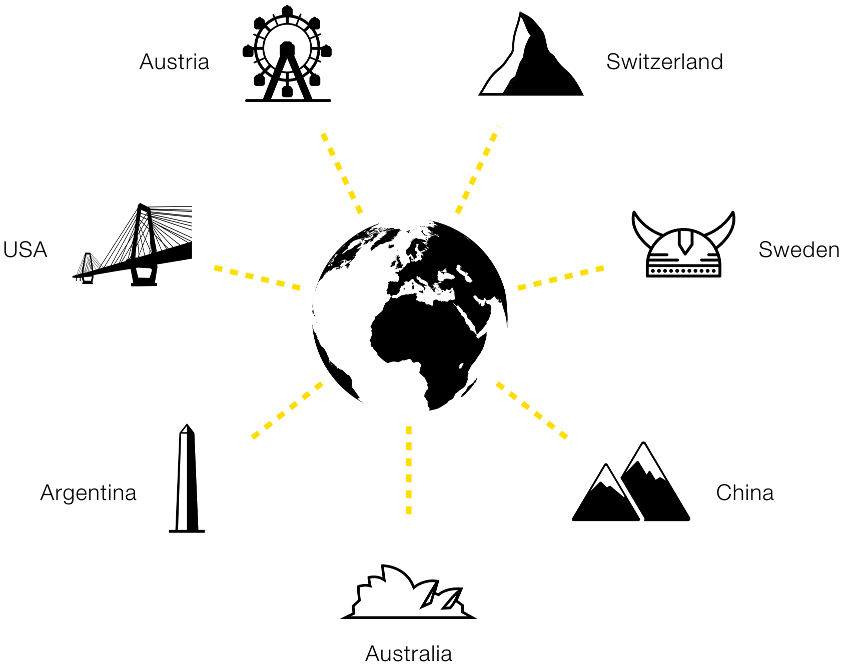
Providing insights.

Seven selected projects on five continents.

The Kapsch Group. A globally recognized provider of intelligent traffic systems in the areas of toll collection, traffic management, smart urban mobility, traffic safety, and connected vehicles, which provides its customers in more than 50 countries around the world with a one-stop shop for end-to-end solutions covering their entire value-added chains. A GSM-R specialist which has implemented networks for leading rail operators in over 25 countries and which has expanded its portfolio to include PS-LTE use cases and the next generation of mission-critical networks for rail operators. A globally active manufacturer and supplier of intelligent infrastructure solutions for operators of public transport networks. And a leading ICT and digitalization partner providing local and global support to over 17,000 customers from the DACH region and Romania.

The products and services provided by Kapsch Group are manifold. Both in terms of the technologies employed and their dimensions. Our employees based on every continent passionately work on innovations that add value for our customers. We listen to our customers in order to understand what they really need. And then create tailor-made and long-term solutions.

To illustrate this, the following pages include insights into seven selected projects on five different continents. Join us on this journey around the globe:



Insights.

Stockholm promotes inter-modal mobility.

Fluidtime, a Kapsch Group company, and the Swedish start-up UbiGo are forging ahead with mobility-as-a-service (MaaS) in Sweden.

The solution FluidHub manages the data transfers between transpor service providers, the mobility app and customers.

The mobility app UbiGo combines public transport services, carsharing, car hire and taxis in a single inter-modal mobility service.

Households select a flexible monthly subcription which can be used by all household members.

Corporate Profile.

About Kapsch Group.

Johann Kapsch laid the foundations of today's Kapsch Group by opening a workshop manufacturing telegraph equipment and telephones back in 1892. Despite all the historical turmoil and challenges, Kapsch has regularly played a pioneering role in the development and establishment of new technologies, including radio, TV and telephony, mobile and train communications. Today, Kapsch Group is a global technology group with strong business segments:

- Intelligent mobility solutions provided by Kapsch TrafficCom
- Intelligente infrastructure solutions for public transport from Kapsch PublicTransportCom
- End-to-end communications solutions for mission-critical networks provided by Kapsch CarrierCom
- Solutions and services in the field of information and telecommunications delivered by Kapsch BusinessCom

The name Kapsch stands for innovative power, a pioneering spirit, and customer orientation. The company has invested heavily in research and development for years in order to bring new technologies to the market to the benefit of customers and users. Approximately 12% of revenues were committed to this in the fiscal year 2018/19. Kapsch makes a key contribution to shaping a mobile and interconnected world in a responsible and sustainable manner.

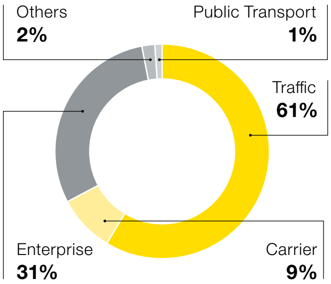
Kapsch is one of Austria's best-established, internationally renowned technological companies. The group of companies based in Vienna has around 100 subsidiaries and representative offices around the world. Kapsch Group is active across almost all of Europe, with key growth markets also located in Africa, Asia, Australia, and the Americas region. At the end of the fiscal year 2018/19, Kapsch Group had 6,896 employees.

The Kapsch Group comprises the key entities Kapsch BusinessCom, Kapsch CarrierCom, Kapsch PublicTransportCom, and Kapsch TrafficCom and focuses on peoples' requirements in the fields of communication and mobility. With innovative products and solutions, Kapsch makes a significant contribution to the digital transformation and a sustainable future in public and private transportation.

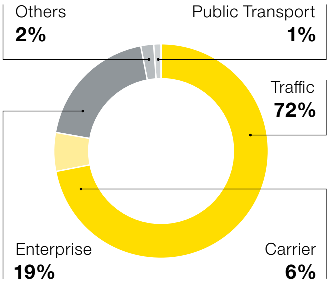
The Group's parent company is KAPSCH-Group Beteiligungs GmbH, Vienna, which is wholly owned by DATAX Handels-gmbH. The shares in this company are held in equal parts by Traditio-Privatstiftung, ALUK-Privatstiftung, and Children of Elisabeth-Privatstiftung, each a private foundation under the Austrian Private Foundations Act (Privatstiftungsgesetz). Each of these private foundations is managed by a separate board of trustees and no single person serves on more than one of the boards of the three private foundations. The beneficiaries of these private foundations are Georg Kapsch and members of his family (Traditio-Privatstiftung), Kari Kapsch and members of his family (ALUK-Privatstiftung), and Elisabeth Kapsch and members of her family (Children of Elisabeth-Privatstiftung).

In addition to strategic corporate management, KAPSCH-Group Beteiligungs GmbH and established staff departments ensure group-wide synergies and knowledge transfers, uniformly high personnel standards, and a coordinated financing strategy. In contrast, the respective subsidiaries are responsible for operational matters and strategic decisions are made in consultation with their respective supervisory boards.

Revenues by segment



Employees as of March 31, 2019 by segment



Kapsch TrafficCom is a provider of intelligent transportation systems in the fields of road user charging, traffic management, smart urban mobility, traffic safety and security, and connected cars. As a one-stop solutions provider, Kapsch TrafficCom offers end-to-end solutions covering the entire value creation chain of its customers, from components and design to the implementation and operation of systems. The mobility solutions supplied by Kapsch TrafficCom help make road traffic safer and more reliable, efficient, and comfortable in urban areas and on highways alike, while also helping to reduce pollution. Kapsch TrafficCom is an internationally renowned provider of intelligent transportation systems thanks to the many projects it has brought to successful fruition in more than 50 countries around the globe. For more information about Kapsch TrafficCom, please refer to page 38 of this report.

Kapsch PublicTransportCom is an international producer and supplier of intelligent infrastructure solutions for public transport operators and transportation agencies. The company's portfolio comprises solutions and relevant services for Intermodal Transport Control Systems (ITCS), Automatic Fare Collection (AFC), electronic and mobile ticketing systems, as well as Real-Time Passenger Information (RTPI). For more information about Kapsch PublicTransportCom, please refer to page 42 of this report.

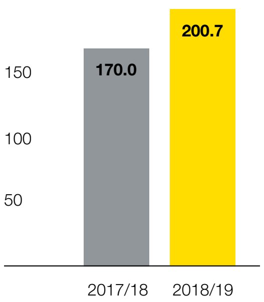
Kapsch CarrierCom is a global developer of end-to-end communications solutions for mission-critical networks. The innovative technologies, products and services cover the entire value chain, planning, developing, producing, deploying, maintaining and operating. Kapsch CarrierCom is a leading expert in the Global System for Mobile Communication-Railway (GSM-R) standard. In addition, the company is growing its portfolio to address PS-LTE (Public Safety LTE) use cases as well as the next generation of railway communication networks. Kapsch CarrierCom also offers PMR (Private Mobile Radio) networks based on TETRA (Terrestrial Trunked Radio) and DMR (Digital Mobile Radio) standards. Its international customers include leading railway operators, utilities, public authorities, transport operators and airports. For more information about Kapsch CarrierCom, please refer to page 43 of this report.

Kapsch BusinessCom supports companies in taking their business performance to the next level and developing new business models. As a partner in digitalization, the company operates as a consultant, system supplier, and service provider. Kapsch BusinessCom is the ideal partner for keeping abreast of rapidly evolving digital technologies thanks to its widespread expertise in handling large quantities of data and matters of security, in addition to the valuable experience gained from the successful implementation of a variety of use cases across numerous industries. The company's comprehensive portfolio in the DACH region and Romania includes technology solutions for intelligent and – most importantly – secure ICT infrastructure along with smart building technology, media and security technology, and outsourcing services. Kapsch pursues a strategy of manufacturer independence, cooperates with leading global providers such as HPE, Cisco, and Microsoft, and participates in a wide network of research partners and industry-specific solution providers ranging from startups to major corporations. Kapsch BusinessCom services more than 17,000 customers both locally and globally, including Allianz, Erste Bank, ÖBB, OMV, ORF, and Vodafone. For more information about Kapsch BusinessCom, please refer to page 46 of this report.

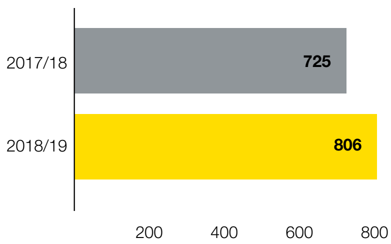
Global Presence.

North America

Revenues (in EUR million)

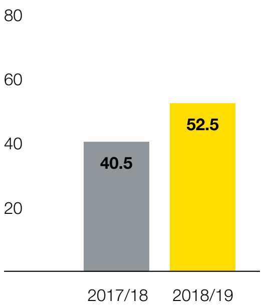


Employees (end of period)

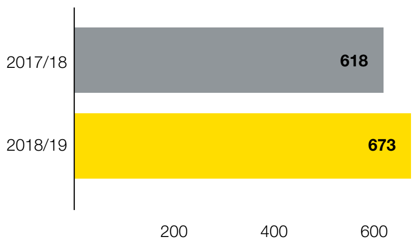


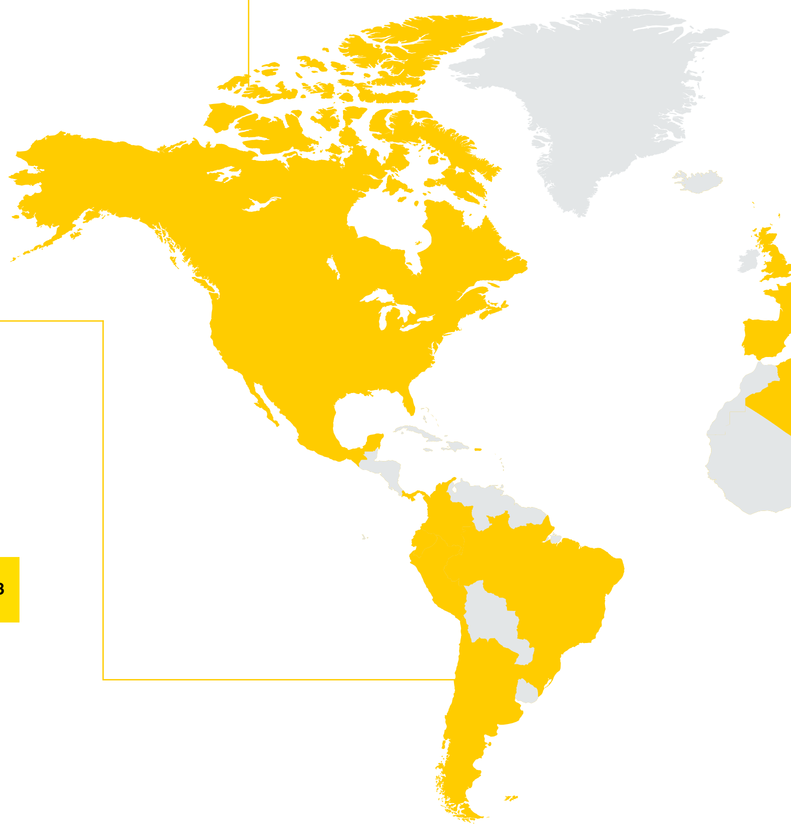
Central and South America

Revenues (in EUR million)



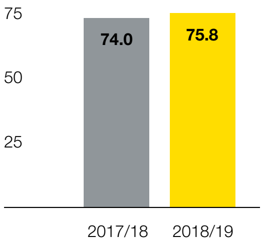
Employees (end of period)



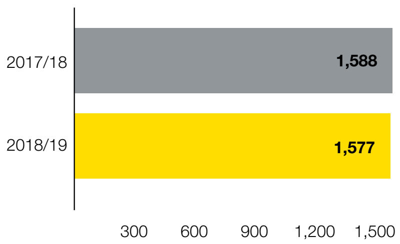


Africa

Revenues (in EUR million)

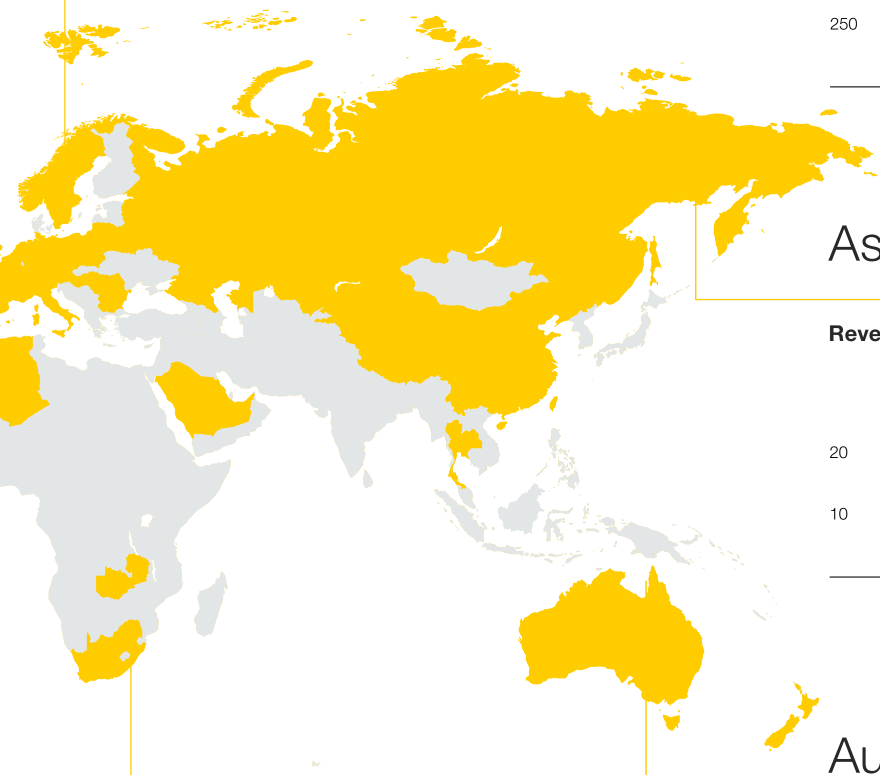


Employees (end of period)



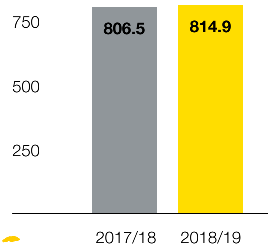
Branch offices and subsidiaries of Kapsch Group

- Algeria
- Argentina
- Australia
- Austria
- Belarus
- Belgium
- Brazil
- Bulgaria
- Canada
- Chile
- China
- Columbia
- Czech Republic
- Ecuador
- France
- Germany
- Hungary
- Italy
- Kazakhstan
- Kyrgyzstan
- Lithuania
- Mexico
- Netherlands

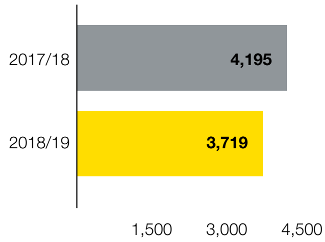


Europe

Revenues (in EUR million)

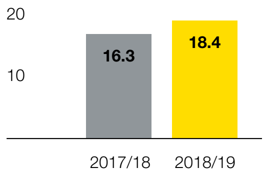


Employees (end of period)

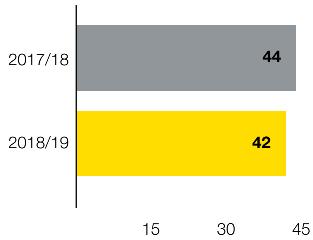


Asia

Revenues (in EUR million)

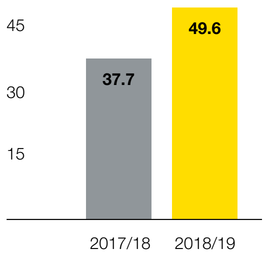


Employees (end of period)

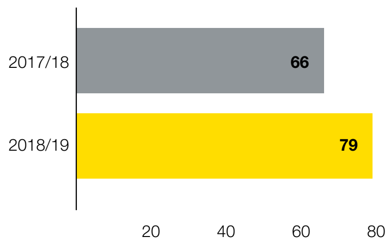


Australia

Revenues (in EUR million)



Employees (end of period)



- New Zealand
- Norway
- Panama
- Peru
- Poland
- Portugal
- Puerto Rico
- Romania
- Russia
- Saudi Arabia
- Singapore
- South Africa
- Spain
- Sweden
- Switzerland
- Taiwan
- Thailand
- United Arab Emirates
- United Kingdom
- United States of Amercia
- Zambia

Our Identity.

Kapsch. challenging limits.

As a technological pioneer, it is important for us to push beyond conventional limits. We call into question proven concepts and redefine them to forge ahead with innovations. This guiding principle forms the brand essence of Kapsch. And it is this attitude that drives our employees spread across six continents every day.

The company motto “challenging limits” is an expression of this Kapsch spirit: Because we always make passionate use of technology to the benefit of our customers. Because we do not accept boundaries, we do not settle back; because, in our eyes, today is already yesterday. Because we have been a trendsetter, visionary, pioneer, for more than 125 years.

Kapsch combines technology, innovation, and expertise to create trendsetting solutions. As an incubator, we put emphasis on expert knowledge and the strength of implementation in every area of our corporate activities. We always work in a solution and user-oriented way, even when faced with challenging circumstances. This is how Kapsch makes infrastructure and business, as well as communication and mobility, intelligent.

Kapsch always has its eye on people as users and beneficiaries of its solutions. Smart solutions for global challenges are intended to improve the lives of people in a qualitative and sustained way. Kapsch aims to demonstrate its trustworthiness in all of its undertakings.

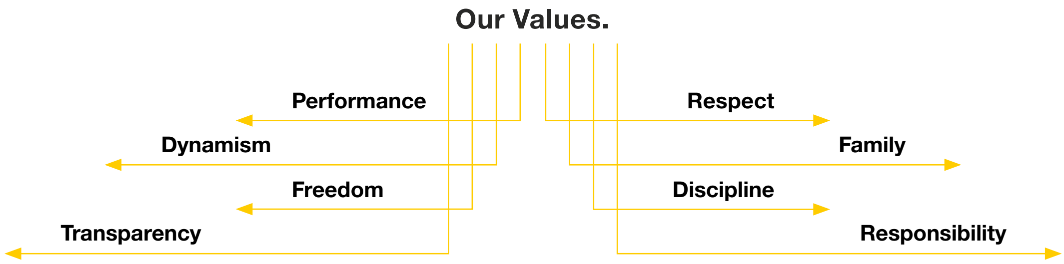
In doing so, we build on three pillars:

- Our brand reflects our trustworthiness, flexibility, and focus on the future.
- Our employees are our most important ambassadors and the foundation of our success through their dedication, expertise, and skills.
- Our products offer tailored, long-term solutions providing added value for our customers.

Through our customer orientation, our responsible actions and our willingness to progress and change, we strive to push and redefine the boundaries of what is possible – to the benefit of our customers, partners, and investors, and in the interests of our employees, society, and the environment. This is the focus of our dedicated 6,896 employees in the some 100 companies of Kapsch Group spread across six continents.

Our Values.

As a company that has always been family-run, with roots stretching all the way back to 1892, values are of particular importance to the Kapsch Group. Values are not empty words for us; they are attitudes exemplified and internalized by all employees from the very beginning.



Creating and appreciating values.

Our values are a core component of our corporate culture and form the basis of our actions every day. Our activities define lasting values for the future and make an active contribution to responsible socio-political development. Our employees, our management, and the executive board members of Kapsch Group and its subsidiary companies should live and work by these values:

> **Responsibility.** We understand responsibility as acting in the interests of the company and its employees, bearing the consequences, and taking the initiative.

> **Transparency.** We understand transparency as being open in dealing with information, as well as the traceability of our decisions and actions in daily communication.

> **Respect.** We understand respect to be the basis of our cooperation, mutual recognition of our achievements, and the opinions of others.

> **Performance.** We understand performance as the result of the dedication and the success of each individual employee who contributes to achieving our common goals.

> **Freedom.** We understand freedom as using and designing a defined scope of action and developing this through personal engagement.

> **Family.** We understand family to all be pulling on the same rope, strengthening our bonds, and supporting one another.

> **Dynamism.** We understand dynamism as our determination toward continuous change and willingness to achieve newly established goals.

> **Discipline.** We understand discipline as the adherence to rules which govern our living and working together and the commitment to our values.

Insights.

Ideal lighting conditions in Vienna.

Kapsch has equipped the new AMS call center in Vienna's 22nd district with a comprehensive smart lighting solution.

860 controllable LED lights with integrated sensors were installed to measure parameters such as occupancy and incoming sunlight.

Changes in illumination are measured 30 times per second, an optimal lighting intensity of 500 lux is maintained at all times.

Easy to control for facility management personell – the system can be managed both centrally and remotely.

Our Principles and Objectives.

As a long-standing company steeped in tradition, Kapsch Group pursues an ambitious strategy based on clear principles which serves to ensure the success and continued existence of the Group through growth.

Our objectives are:
- Commercial success
- The best possible solutions for people
- Maximum performance derived from a sense of responsibility
- Innovation and a forward-looking approach based on the established values of a family-run company
- Calculated risk-taking
- Fair competition
- Promoting diversity
- Top performance for our business partners
- Dedicated and satisfied personell
- Responsibility vis-à-vis society

Commercial success. In order to ensure the continuation of the company's 127-year history, the key is to ensure the earning power and profitability of Kapsch Group. These two aspects form the foundation of our future success and the preconditions for being able to live up to our responsibility to employees and society.

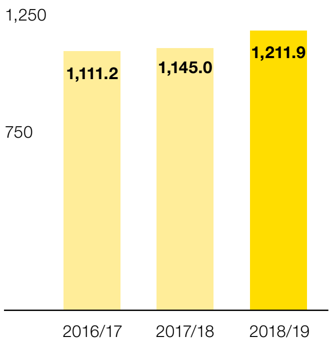
We measure the success of our company on the basis of the development of revenues and the EBIT margin. In the 2018/19 fiscal year, the Kapsch Group generated consolidated revenue of EUR 1,211.9 million, up on the prior-year level of EUR 1,145.0 million by EUR 66.9 million or 6%, as a result of the success in the Traffic and Enterprise segments.

EBIT rose by EUR 30.8 million or 153% to EUR 50.9 million, thus reaching a level more than double that of the prior year. The Traffic and Enterprise segments also played a role in this improvement, while the contributions of the Carrier and Public Transport segments remained negative. Overall, EBIT also benefited from the fact that currency-related effects associated with business operations had a significantly more positive impact in contrast to the prior year and therefore did not impose a disproportionate burden on the bottom line. This positive impact was also accentuated by anticipated compensation associated with a hedge transaction which had a negative impact on earnings in the prior year due to the EUR/USD exchange rate prevailing on the balance sheet date at the end of that period. Furthermore, the improvement in earnings is also accounted for by the lack of any impairments of intangible assets, a factor which weighed heavily on the bottom line in the prior period. Overall, the EBIT margin of Kapsch Group rose to 4.2% (prior year: 1.8%).

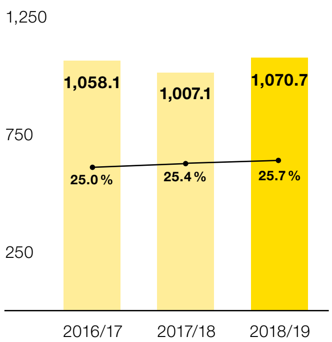
In order to safeguard the sustainability of the Group's steady growth in the years ahead, there were significant increases in investment levels, among others, in research and development, to EUR 143.6 million in the past fiscal year.

We aim for a gearing between 25% and 35% in order to preserve the Group's financial independence. Despite this, the extremely volatile project-based business may mean that, under certain circumstances, the gearing strategy and the necessary covenants cannot be complied with at all times. At March 31, 2019, the gearing stood at 64% and was therefore not within the defined range. On the grounds of the very low interest rates prevailing at present, the Group does not regard this as an increased risk and aims to reduce the gearing to within the defined range in the midterm.

Revenues



Total assets and equity ratio



The best possible solutions for people. We, and ultimately Kapsch Group, make progress because we know how to adapt our business model flexibly to the conditions prevailing and external influencing factors. We identify technological trends at an early stage and develop solutions that ensure added value for our customers. However, our understanding of technology does not end with what is technically feasible – for us, this is where it all begins.

We are only satisfied when our customers and their customers are satisfied too; when they readily use our solutions and can integrate them easily into their everyday processes. We listen to our customers so as to understand what they really need. We see ourselves as facilitators between technology and people, considering different perspectives to develop the best possible solutions.

Maximum performance derived from a sense of responsibility. We know that we bear a particular responsibility as a large company and we accept this responsibility. Our solutions and services contribute to safe and efficient communication between people or machines. They control complex systems and facilitate the mobility of people.

Our technologies are partly responsible for ensuring that traffic flows safely and that communication takes place smoothly and reliably. The associated responsibility drives us on, day after day, to achieve top performance in every project. To this end, we always focus on the people who use our technologies and work with them, not just on the technology itself.

Innovation and a forward-looking approach, based on the established values of a family-run company. These are the pillars of our corporate philosophy. We feel equally responsible to our employees as we do to our customers, business partners, and shareholders. We want to make a contribution to shaping society through our technologies, taking care to consider aspects of economic, social, and environmental sustainability. Across all our business operations, we also pay attention to aspects of sustainability in all of these dimensions, thereby striving to achieve continuous progress.

Calculated risk-taking. As a technology corporation, Kapsch Group operates in a very dynamic environment. The proper assessment of risks associated with this dynamism is therefore an integral part of our everyday business. The primary objective of our risk management activities is to deal with risks in a controlled and deliberate manner rather than merely avoiding risks, as we want to recognize and take advantage of opportunities as they arise in consideration of any associated risks. Given the particular importance of the project-related business, the associated challenges form the focal point of our risk management activities.

Fair competition. Kapsch Group, as a whole, safeguards its long-term interests by conducting itself fairly, transparently, and professionally in the market. The code of conduct of Kapsch Group prohibits any restriction of free competition and serves as a guide for employees on how to conduct themselves fairly and with integrity. Breaches of national and international antitrust regulations or any other rules on competition would have grave financial consequences and be detrimental to the Group's image. This is also why our business transactions are based solely on legal regulations and applicable codes on conduct.

The employees of Kapsch Group adhere to a Group-wide code of conduct. It can be accessed at www.kapsch.net by clicking on the menu item "About us".

Promoting diversity. Kapsch Group promotes and harnesses the diversity of society. We respect the dignity and personality of every employee. This is why we respect one another and perceive differences as opportunities that should be consciously fostered. We value the individuality of our employees, offer them all the same opportunities, and prevent social discrimination.

Top performance for our business partners. Kapsch Group takes responsibility for its business and sets the highest standards in all organizational areas. We also demand excellent performance and integrity from our business partners in order to meet these standards. All of our business relationships with customers, suppliers, and partners are based on high quality standards. The products and services delivered to us must be fully compatible in terms of their respective purpose and competitive in terms of their pricing.

Dedicated personnel. The Kapsch Group has enjoyed sustained success because our employees are enthusiastic and fully committed to ensuring, every day, that people benefit in the best possible way from our services. We support and encourage their dedication through ongoing investments in further education and training, numerous measures to balance work and family life, as well as competitive and performance-oriented compensation.

Research and Development.

Research and development activities are a high priority for the Group in terms of achieving its strategic goals. The Kapsch Group actively faces the challenges of its dynamic markets and regularly adds innovative solutions to its product portfolio, thereby ensuring that added value is created for its customers. In line with our corporate strategy, our objective here is to achieve global quality and innovation leadership.

Innovative power. The focus of our research and development activities is on market-oriented solutions and systems that safeguard the innovative edge enjoyed by Kapsch Group. The strategic business segments of Kapsch Group have their own development departments, which address key future issues. The associated expenditure here amounted to EUR 143.6 million or 11.8% of revenues in the fiscal year 2018/19 compared with EUR 138.8 million or 12.1% in the prior year. This corresponds to an increase of 3.5%.

The Group's 27 in-house research and development centers located in 11 countries form the pillars of our innovation power:

In addition, there also exist development collaboration projects with companies beyond the Kapsch Group. For example, Kapsch CarrierCom is working together with outsourcing partners in Bangalore (India) and Nischni Nowgorod (Russia) in order to offer customers a wider product range.

Global patents. The success of our research and development work is also reflected in the over 1,300 patents currently held by Kapsch Group. In 2018/19, the Group again evaluated and streamlined its patent portfolio. The intellectual property rights here cover trendsetting methods, systems, solutions, and designs in the strategic business segments. The Kapsch Group attaches considerable value to protecting this know-how. Kapsch TrafficCom, for instance, received the IP Management Award 2016 for its outstanding innovation and patent management after the Fraunhofer Institute for Industrial Engineering IAO analyzed over 3,000 companies located in the entire German-speaking region (DACH).

Award-winning. The hard work and considerable investments made by Kapsch Group in the area of research and development are also reflected in the awards regularly received. For instance, the subsidiary Kapsch TrafficCom was presented with the renowned Kaplan Medal in 2014. Named after Austrian engineer and inventor Viktor Kaplan, this award from OPEV (Austrian Association of Innovators, Patent Holders & Inventors) is bestowed approximately once every five years on persons and companies that stand for ingenious and inventive spirit, continuous development activities, and economic success.

Presentation of innovations. Kapsch Group presents the results of its extensive research and development work at global fairs and congresses, such as the ITS World Congress, the Intertraffic Amsterdam, the InnoTrans Berlin, and the HANNOVER MESSE events. This also ensures the active exchange of information with new and existing customers.

Page 86: For further examples of the innovative power of Kapsch Group, please refer to the Management Report.

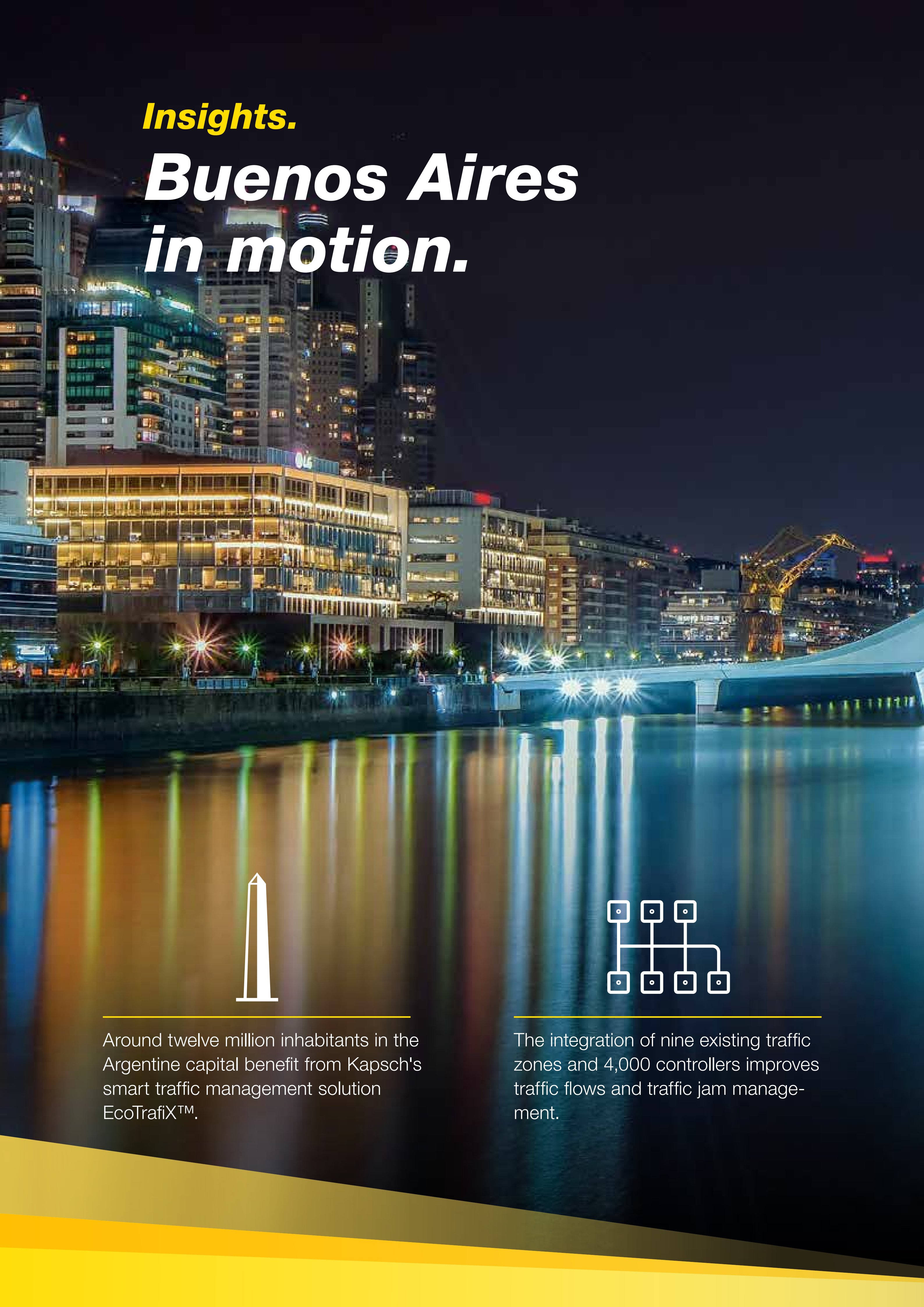
Collaborations provide impetus. Kapsch pursues an open innovation strategy which, besides Group-internal potential, also integrates external ideas. Numerous long-term collaborations with the scientific community, such as the Vienna University of Technology, the Vienna University of Economics and Business, the University of Innsbruck, and a range of universities of applied sciences (UAS), provide valuable inputs. Among others, Kapsch TrafficCom has collaborations with the UAS Technikum Wien (Josef Ressel Center), the AIT Austrian Institute of Technology as well as JOANNEUM RESEARCH Forschungsgesellschaft. Together with the UAS St. Pölten, Kapsch BusinessCom launched the Austria IT Security Hub in December 2017 in order to facilitate new forms of intensive cooperation between companies and universities and to foster innovations in the area of data security.

Another example of actively and sustainably promoting young scientists is the Kapsch Award for the best master's dissertations at the UAS Technikum Wien, which was awarded for the eleventh time in November 2018. A total of six students met the strict criteria and each received a prize of EUR 2,000 for their outstanding dissertations and degree distinctions.

Strategic acquisitions. Kapsch Group pursues the goal of safeguarding innovation, as far as possible, under its own steam or by means of collaborations. Know-how is also purchased by means of acquisitions if they complement and round off the product portfolio, thereby helping to increase the value of the company. Examples from the recent past include the acquisition of the transportation division of Schneider Electric (KTT) by Kapsch TrafficCom or the acquisition the data science specialists AIMC Advanced Information Management Consulting GmbH by Kapsch BusinessCom.

International initiatives and projekts. In order to promote innovation and shape the future of mobility, Kapsch is involved in a whole series of international initiatives and projects. For instance, Kapsch TrafficCom is participating in the EU-funded project C-Roads Spain related to connected vehicles. The C-Roads platform is a joint initiative set up by EU Member States and road network operators to test C-ITS services (Cooperative-Intelligent Transportation System) in terms of cross-border harmonization and interoperability. Also noteworthy is CONCORDIA, a multi-year cooperation project funded by the EU. Its goal is to test the hybrid and interoperable V2X communication between the ITS-G5 standard and the future mobile radio standard 5G.

Kapsch CarrierCom is an associate member of the EU's Horizon 2020 program Shift2Rail, which aims to develop new technologies, products, and solutions for rail systems by means of research and innovation. Kapsch plays a leading role in the work packages "Adaptable Communications for all Railways", "Zero On-Site Testing" and "Cyber Security".



Insights.

Buenos Aires in motion.

Around twelve million inhabitants in the Argentine capital benefit from Kapsch's smart traffic management solution EcoTrafiX™.

The integration of nine existing traffic zones and 4,000 controllers improves traffic flows and traffic jam management.

A web-based portal provides road users with better access to travel information as well as data on multi-modal mobility options.

This integrated platform makes it possible for several public authorities to coordinate their efforts and includes a standardized UTC interface for addons.

Sustainable Management.

As a responsibly-minded and forward-looking company, the Kapsch Group feels particularly committed to sustainability.

Ambitious sustainability agenda. The corporate strategy of Kapsch Group is characterized by the belief that long-term commercial success can only be ensured by sufficiently accounting for social and environmental aspects. The focus here is on the following areas of activity:

> Making efficient use of all resources to protect the climate and the environment
> Ensuring equal opportunities and fairness towards all the relevant stakeholders
> Positioning itself as an attractive and responsibly-minded employer
> Assuming corporate social responsibility
> Ensuring innovative power for a worthwhile future

Given the decentralized nature of Kapsch Group, it is the responsibility of the four operational business divisions to ensure continuous progress in the abovementioned areas. They receive support here from centralized departments and binding Group guidelines that define the overriding issues.

The Kapsch Code of Conduct also defines the principles for taking decisions and action in an ethically, morally, and legally proper manner. The fundamentals, guidelines, and recommendations contained here are not just aimed at the employees of Kapsch Group but also at people who act on behalf of or on the instructions of Kapsch Group. Compliance with these principles is intended to ensure that all stakeholders are treated in a fair and equitable way. The Kapsch Code of Conduct can be accessed at www.kapsch.net by clicking on the menu item “About us”.

Kapsch TrafficCom, which is listed on the stock exchange, records its objectives and measures taken to ensure sustainable corporate governance in a sustainability report that is published every year. Since June 2009, Kapsch TrafficCom AG has been listed in the Austrian sustainability index, VÖNIX, which tracks listed Austrian companies that play leading roles through their social and environmental commitments.

Research and development (R&D) and innovation management are strategically significant for the long-term success of a technology company. In the area of innovation, Kapsch is pursuing an open approach which includes both potential within and ideas from outside the Group. The accelerator program “Factory1”, launched in 2017, is worth highlighting. Startups which have already launched products or solutions have the possibility to leverage the resources and technologies provided by Kapsch, as well as the expertise of their mentors, to implement successful proof-of-concept projects. The resulting exchange of knowledge and expertise leads to a win-win situation and, potentially, lays the groundwork for future collaborations. The second round started in October 2019: Nearly 200 startups from around the world applied to participate, five of which were accepted into the four-month acceleration program.

FACTORY 1
Accelerating with Kapsch

Effective use of resources.

The commercial activities of Kapsch Group are associated with the consumption of resources and climate-relevant emissions. We are, however, working hard to continually minimize these impacts. The majority of these effects result from the operations of the subsidiary Kapsch Components, which is responsible for production, as well as from the vehicle fleet of the entire Group.

Kapsch Components regularly achieves reductions in the consumption of resources by implementing numerous environmental and lean projects related to production processes as well as value stream and machine data analyses. Switching to hydropower and other sources of green energy has enabled CO_2 emissions associated with electrical power per metric ton of product manufactured to be reduced to zero in Austria.

The company also strives to ensure the recycling of resources used in production processes and the use of environmentally-sensitive packaging materials. Besides commercial and quality-related aspects, particular attention is also paid to achieving reductions in the environmental impacts associated with procurement processes and the transportation of goods. On the grounds of its persistent efforts to optimize its entire value added chain, Kapsch Components was awarded a Green Factory title in the course of the Fabrik 2016 competition organized by Industriemagazin and Fraunhofer Austria.

When new cars are purchased for the vehicle fleet, their fuel consumption is taken into account. In the area of administration, steps were also taken to improve energy efficiency. To raise awareness among employees about climate and environmental protection issues, our internal communications department regularly highlights the potential to reduce resource consumption levels. Among other positive impacts, this has made it possible to significantly minimize the annual consumption of paper per employee. Telepresence and video conferencing systems have been increasingly used in recent years to reduce business travel.

Aside from the measures outlined above to cut the consumption of resources within our own sphere of influence, the products and solutions of Kapsch Group also make a valuable contribution to efforts to protect the climate and environment. Examples here include Kapsch TrafficCom's urban traffic solution to automatically manage traffic or Kapsch BusinnesCom's and Kapsch CarrierCom's Internet of Things (IoT) solutions.

Comprehensive guidelines have been drawn up to account for environmental, economic, social, health, and security aspects in the best possible way when developing and designing our products. The contents of this policy document are to be integrated into functional specification documents and RFPs.

Positioning ourselves as an attractive and responsibly-minded employer.

The Kapsch Group believes that the commitment, talent, and willingness to perform of its employees represent key success factors that must be safeguarded and developed.

As at the balance sheet date of March 31, 2019, Kapsch Group had a total of 6,896 employees. It is the core task of the Kapsch HR management team to offer these employees an attractive working environment, to encourage them, and to challenge them. The guiding principle here is a well-developed corporate culture that places emphasis on responsibility, respect, performance, discipline, transparency, freedom, dynamism, and family.

Continuous professional development. Kapsch Group has to hold its own in a very dynamic environment. In order to be able to actively set new standards in the strategic business segments, particular emphasis is placed on investing in the training and education of its employees on an ongoing basis. The Kapsch University offers an individualized training plan which is composed of professional and personality-based courses and seminars. In addition, a high potentials program for managers prepares selected employees for future roles and tasks. As an alternative to this, expert career paths are also offered to enable talents to dive deeper in their relevant specialist area. For more than 25 years, a graduate trainee program has been offering university leavers with a technical and business-related masters degree an opportunity to spend two years in up to four corporate departments and divisions specific to their career goals, allows them to implement projects independently, and to take part in further training courses tailored to their requirements.

Training and encouraging young people. Kapsch Group and its business units put particular emphasis on helping young people to make a good start in their professional careers. Training apprentices is therefore always of particular importance. As a state-certified training company, Kapsch Group provides in-depth training in various technical and commercial professions. In addition to this, the company has been working together with the Public Employment Service Austria and other institutions for years in order to support young people starting their careers. Another focal point is the systematic support of integration projects: In numerous projects, the company purposefully targets the training of young people whose opportunities on the labor market are limited on account of their origin, language barriers or other factors.

Focus on performance. Kapsch Group offers a range of incentives and bonus models to promote entrepreneurial thinking and a general focus on performance. In particular, performance-based salary components have been agreed with managers and sales personnel with a view to rewarding an individual's work. In addition to this, employees also share in the success of Kapsch Group by means of a profit-sharing model. Contributions to an external occupational pension scheme are made by the company, depending on the employee's length of service and their respective income. Other measures in place that Kapsch Group uses to encourage its employees to actively shape the company include annual staff appraisals and an internal process of continuous improvement.

Onboarding. The Kapsch on-boarding program "Connected" has also been implemented across the Group in order to support new personnel joining the company. In addition to information sessions about the corporate values and culture, this also includes training to convey security-related issues such as the management of sensitive customer data. Annual staff appraisals form a core personnel and organizational development tool within Kapsch Group. They support cooperation by means of the clearly structured exchange of information between managers and employees regarding their performance in the past twelve months and also offer an opportunity to discuss perspectives for personal development and to define training objectives.

With regard to training and development, the focus is on three areas:

- Virtual leadership: In order to be able to effectively cooperate across different locations, employees increasingly have access to training on the issue of virtual and intercultural cooperation and leadership.
- Training controlling: A feedback tool is available to assess the quality of educational and training courses. Every participant is automatically invited to provide feedback based on a clearly structured feedback form distributed electronically at the end of every course. This feedback is then anonymized and evaluated before being used in the Group's continuous improvement process.
- e-Learning: The e-learning offering was also extended in addition to location-based further education measures. Besides safety training courses, that enable participants to go on a virtual tour through buildings, this includes numerous technical trainings .

Employee satisfaction. An in-depth survey of all employees is carried out every two to three years to assess employee satisfaction levels and to determine any areas where action needs to be taken. This is conducted anonymously by an external partner using a standardized questionnaire. The collected data is analyzed and presented to the Executive Board. Measures to improve employee satisfaction levels are defined in management workshops and the subsequent effectiveness of these measures is evaluated.

Promoting health and safety at work. As a responsible employer, Kapsch Group attaches particular importance to actively promoting the health of its employees. In addition to ongoing measures to improve safety at work, information campaigns, vaccination programs, medical check-ups, and eye tests are also regularly performed to this end. Sports and fitness programs are also offered. A company doctor is also available at the Vienna site.

Women@Kapsch. Kapsch Group aims to attract competent women and offer them interesting career opportunities. To this end, strategic and operational women's groups were launched to help achieve this objective under the motto Women@Kapsch. The focus is on topics such as the internal exchange of experience, networking, and the breaking down of barriers. A committee for equality has been established in order to ensure general equality for women. Among other things, a flexible working hours scheme is offered to help achieve a balance between employees' professional and private lives.

The company cooperates with schools, universities, and colleges in order to increase the proportion of women employed, among other goals. Kapsch Group also takes part in programs to promote women in the workforce, such as "techNIKE" or mentoring programs for interested girls and young female students at the Vienna University of Technology.

Synergy of business, education, and research. Kapsch Group has been focused on building bridges between business and education and research institutions for years. To meet the need for highly qualified personnel in the long run, we primarily promote institutions and projects that focus on technology and the natural sciences. These include the Institute for Electrical and Information Engineering at the Vienna University of Technology and the University of Applied Sciences FH Campus Wien. The Kapsch Award for the best master's dissertations at the University of Applied Sciences Technikum Wien was presented for the eleventh time in 2018. The Kapsch Career Lounge series of events provides students with an overview of the wide variety of areas covered by the Kapsch Group. Master lectures and workshops are dedicated to special issues and projects in order to convey a deeper insight into the Group. We also participate in various information day events and trade fairs so as to fascinate kids and youths in technology as early as possible. In addition, we offer excursions for school classes during which we present projects in order to make innovations developed by Kapsch tangible and understandable. The Kapsch Group also supports various other projects and offers, for example, workshops as part of the wienXtra vacation fair or the "smart kids" initiative.

Responsibility vis-à-vis society.

The Kapsch Group acknowledges its responsibility to society in many different ways, supporting selected cultural and social institutions and projects.

Promoting social projects. The Kapsch Group values and supports the work of charitable institutions such as the Institute for Cooperation in Development Projects (ICEP): The Austrian corporAID platform highlights how commercially-oriented cooperation in the area of development and corporate responsibility can lead to the creation of innovative solutions for sustainable global development. As part of our annual fund-raising event every Christmas, we support projects such as the CONCORDIA learning and family center LenZ which, based in Vienna's second district, helps children, youths and families at risk of being excluded from society, and the CONCORDIA România association, which has been providing support to children and young people in Romania since 1991.

For many years, Kapsch Group has also supported the activities of Doctors Without Borders, an internationally renowned organization that helps people around the world who do not have appropriate access to medical care. Since 2013, there has been a sponsorship agreement between the St. Anna Children's Cancer Research Institute and Kapsch Group: The research work is supported as part of the Next Generation Sequencing project. The aim of this project is to obtain information about the human genome and therefore insights into genetic changes associated with how diseases progress and related therapies. Kapsch is supporting this complex project due to its conviction that the chances of recovery of children with cancer can be significantly improved as a result. Moreover, Kapsch is supporting the tech2people initiative, founded in 2018, which has launched Austria's first therapeutic program with exoskeletons at a therapy center in Vienna's nineteenth district. The plan is to introduce further innovative technologies to support people with disabilities.

Platform for young artists. Under the title "Changing Views", for over 20 years Kapsch has been committed to providing up-and-coming young artists a platform for their work through a calendar project. In 2016, a new initiative was launched through the awarding of the Kapsch Contemporary Art Prize in cooperation with the Museum moderner Kunst Stiftung Ludwig Vienna (mumok): by means of a three-month exhibition at the mumok as well as an associated publication, talented up-and-coming artists living in Austria are given the opportunity to present their work for the first time before an international audience.

The first winner of the award, Anna-Sophie Berger, has since held exhibitions in New York, Rome, and Düsseldorf, and, in 2018, was included in the highly acclaimed Forbes list of the 30 most interesting people to watch under 30 in Europe (in the category "Art & Culture"). The exhibitions Julian Turner (2017) and Ute Müller (2018) were also very positively received.

Long-standing cultural partnerships. Bridging the gap between tradition and innovation shapes the self-image of the Kapsch Group. A general partnership with the Vienna Concert House has existed for more than 25 years. It cultivates traditions and attracts new audiences by means of its exciting and unconventional program. The highlight of the year is a top-notch concert with internationally renowned orchestras and conductors, where customers, partners, and investors of Kapsch Group can share in the pleasure and enjoyment of art.

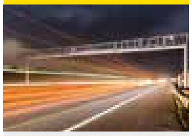
Kapsch Group sponsors "Wien Modern", one of the world's most renowned festivals of contemporary music, and has done so since it was established in 1989. The aim of this series of events is to underline the importance of Vienna as a modern city of culture. The composers, performers, and ensembles represented here are considered to be pioneers in their respective fields of art.

Kapsch Group also supports the event series entitled "Culture in the Temple" at the Kobersdorf synagogue as well as the Jewish Museum Vienna; both institutions explain Jewish life and related culture to younger generations, bringing these issues to life and making them easier to understand.

Portfolio.

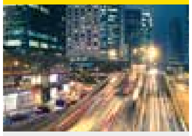
Kapsch TrafficCom

Tolling



- Electronic Toll Collection
- Plaza Tolling
- City Tolling
- Tolling Services

Traffic Management

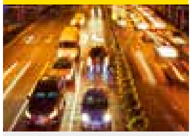


- Highway Traffic Management
- Urban Traffic Management
- Reversible Roadways
- Managed Lanes
- Tunnels and Bridges

Traffic Safety & Security

- Road Safety Enforcement
- Commercial Vehicle Enforcement
- Electronic Vehicle Registration

Connected Mobility



- V2X Communication Technology
- Connected Mobility Platform

Smart Urban Mobility

- Access Management
- Smart Parking
- Mobility as a Service (MaaS)

Kapsch Public TransportCom

Public Transport Solutions

- Automatic Fare Collection
- Mobile Ticketing
- Intermodal Transport Control Systems
- Passenger Information
- End-to-End: Plan | Build | Maintain | Operate

Brand essence.

Tradition and innovation, mobility and communication, a family-run company and technological pioneer, founded in Austria and at home around the world: Kapsch is a company that transcends frontiers. A company with a passion for technology. A company that has been a trendsetter, visionary, and pioneer since 1892.

As an incubator, we put emphasis on expert knowledge and strength of implementation in every area of our corporate activities. Our smart solutions to global challenges are intended to improve the lives of people in qualitative and sustained ways. Our employees are our most important ambassadors and the foundation of our success by means of their dedication, expertise, and skills.

Key companies.

Kapsch TrafficCom is a provider of intelligent transportation systems in the fields of road user charging, traffic management, smart urban mobility, traffic safety and security, and connected cars. As a one-stop solutions provider, Kapsch TrafficCom offers end-to end solutions covering the entire value creation chain of its customers, from components and design to the implementation and operation of systems. The mobility solutions supplied by Kapsch TrafficCom help make road traffic safer and more reliable, efficient, and comfortable in urban areas and on highways alike, while also helping to reduce pollution. Kapsch TrafficCom is an internationally renowned provider of intelligent transportation systems thanks to the many projects it has brought to successful fruition in more than 50 countries around the globe.

Kapsch PublicTransportCom is an international producer and supplier of intelligent infrastructure solutions for public transport operators and transportation agencies. The company's portfolio comprises solutions and relevant services for Intermodal Transport Control Systems (ITCS), Automatic Fare Collection (AFC), electronic and mobile ticketing systems, as well as Real-Time Passenger Information (RTPI.

Kapsch CarrierCom

Mission Critical Customers

Railways

- GSM-R
- eGPRS
- LTE-R
- FRMCS
- End-user devices
- IoT Solutions

- Cybersecurity Solutions
- SD-WAN and uCPE Solutions
- Driving role in Shift2Rail technology programs

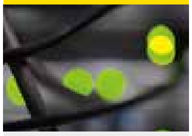
Public Transport, Airports, Emergency, Rescue Services, Utility Companies

- TETRA
- DMR
- PS-LTE
- End-user devices

- IoT/LoRa Solutions
- Cybersecurity Solutions
- SD-WAN and uCPE Solutions

Kapsch BusinessCom

Technology Solutions



- Connected Platforms & Applications
- Unified Workplace
- Intelligent Network & Security
- Converged Infrastructure
- Digital Facility Solutions

Business Services

- IT-Outsourcing
- Discovery Workshops
- Industry-specific Solutions
- Digitalization of Business Processes

Kapsch CarrierCom is a global developer of end-to-end communications solutions for mission-critical networks. The innovative technologies, products and services cover the entire value chain, planning, developing, producing, deploying, maintaining and operating. Kapsch CarrierCom is a leading expert in the Global System for Mobile Communication-Railway (GSM-R) standard. In addition, the company is growing its portfolio to address PS-LTE (Public Safety LTE) use cases as well as the next generation of railway communication networks. Kapsch CarrierCom also offers PMR (Private Mobile Radio) networks based on TETRA (Terrestrial Trunked Radio) and DMR (Digital Mobile Radio) standards. Its international customers include leading railway operators, utilities, public authorities, transport operators and airports.

Kapsch BusinessCom supports companies in taking their business performance to the next level and developing new business models. As a partner in digitalization, the company operates as a consultant, system supplier, and service provider. Kapsch BusinessCom is the ideal partner for keeping abreast of rapidly evolving digital technologies thanks to its widespread expertise in handling large quantities of data and matters of security, in addition to the valuable experience gained from the successful implementation of a variety of use cases across numerous industries. The company's comprehensive portfolio in the DACH region and Romania includes technology solutions for intelligent and – most importantly – secure ICT infrastructure along with smart building technology, media and security technology, and outsourcing services. Kapsch pursues a strategy of manufacturer independence, cooperates with leading global providers such as HPE, Cisco, and Microsoft, and participates in a wide network of research partners and industry-specific solution providers ranging from startups to major corporations. Kapsch BusinessCom services more than 17,000 customers both locally and globally, including Allianz, Erste Bank, ÖBB, OMV, ORF, and Vodafone.

Insights.

Indiana and Kentucky move closer together.

Installing and operating a tolling system for the Louisville-Southern Indiana Ohio River Bridges (LSIORB).

A fully electronic tolling system for three bridges, five tolling stations and 27 lanes.

Innovative tolling equipment, software, and account management systems from Kapsch ensure smooth-flowing traffic.

In 2018, around 13,000 transponders were issued per month and around 100,000 transactions managed daily.

Kapsch TrafficCom.

Business Segments and Strategy.

Roads are part of a country's basic infrastructure. However, both construction and maintenance are extremely costly. According to a study by McKinsey Global Institute, around USD 900 billion must be invested annually in road infrastructure worldwide to keep pace with expected economic growth.

In addition to financing sources for the required investments, decision-makers are also looking for ways to use existing infrastructure more efficiently. It is often not possible to build additional roads, especially in urban areas.

Global economic growth is leading to an increase in the transportation of goods. In addition, the increasing mobility of people and progressive urbanization pose challenges to transportation networks. At the same time, protecting people and the environment from the impact of road traffic is becoming more relevant.

In this context, Kapsch TrafficCom offers hardware, software and services that make road traffic more efficient, safer, more reliable, more efficient and more convenient, while reducing environmental impacts. The company's products and solutions – from traffic management to the use of tolling fees and charges as a mechanism to finance and manage traffic demand and congestion – help to handle traffic flows more efficiently.

Kapsch TrafficCom – **an overview.** Today, Kapsch TrafficCom is a globally active corporation with branches in more than 30 countries. The company is known for its toll solutions. These are combined in the "Electric Toll Collection" (ETC) segment. ETC is responsible for around three quarters of Group revenues. The "Intelligent Mobility Solutions" (IMS) segement combines established offerings in the areas of traffic management and road safety with the new business areas of connected mobility and smart urban mobility.

In fiscal year 2018/19, the Group generated about 59% of its revenues in the Europe-Middle East-Africa region, about 34% in the Americas region (North, Central and South America) and about 7% in the Asia-Pacific region.

In recent years, the company has succeeded in acquiring a considerable portfolio of small- and medium-volume projects in addition to major projects (mostly nation-wide toll systems). At the same time, this has reduced dependence on individual customers and thus our (bulk) risk.

Business model. With end-to-end solutions, Kapsch TrafficCom covers the customers' entire value chain as a one-stop-shop – from components, to design and installation of systems, to operation.

Components: Kapsch TrafficCom develops and produces components itself. They can also be purchased from leading manufacturers if necessary. The assortment includes in-vehicle components, road-side components, and traffic controllers.

Implementation. This includes projects for the planning, design and installation of various systems and applications (toll systems and subsystems, traffic management solutions). As a system integrator, Kapsch TrafficCom deploys its own core technology while also using the services of subcontractors and partners as required. Furthermore, the company is responsible for project and supplier management.

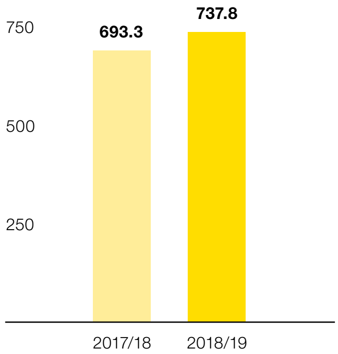
Operation. This includes consulting customers as well as providing the technical and commercial operation of systems. Consulting concerns the development of overall concepts which comprise both the technical as well as the commercial aspects. To do this, Kapsch TrafficCom analyses the local conditions as well as the traffic policy and legal framework conditions. Moreover, the company offers to optimize existing operation organizations. Technical system operation encompasses the monitoring, maintenance and constant improvement of the system. The commercial system operation focuses on the end consumer and, depending on the solution, includes the planning and realization of sales offices, setting up and operating call center services, the design of specific web portals as well as implementing payment systems including full accounting and dunning processes.

Services. Kapsch TrafficCom is increasingly providing services in both segments. The European Electronic Toll Service (EETS) deserves special mention in the area of Tolling as a Service (TaaS). In the area of "Smart Urban Mobility", Kapsch TrafficCom offers IT solutions that integrate and standardize various transportation services and make them accessible to users.

Outlook and objectives. Management is committed to further growth, both organically and through acquisitions and collaborations. As in the past, Kapsch TrafficCom will continue to acquire companies and parts of companies in order to strengthen its own portfolio, break into new geographical markets, or increase market share. The aim is to achieve a leading position in all major regional markets. At the same time, Management is scrutinizing existing investments and operations with regard to the corporation's strategic objectives. If these are not (or no longer) fulfilled, the company is prepared to sell shares and companies at a favorable opportunity.

With double-digit growth rates, North America will be the corporation's most important growth market in the coming years. In addition, management also anticipates interesting business potential from Europe, Africa, and South America. The Asian region offers growth opportunities in the medium term once modern electronic toll and mobility solutions are being used with greater frequency.

Revenues Kapsch TrafficCom
(in EUR million)



Revenues are expected to increase in both segments. In the coming years, however, the strongest impetus for growth will continue to come from the toll segment. Investments in new business areas should pay off in the medium to long term. Intelligent mobility solutions will be necessary to deal with increases in traffic. Existing solutions will also play a role, as will new applications. This also allows additional customer groups such as service providers or end users to be addressed more intensively.

Page 70: For more information about business development in this segment, please refer to the Management Report.

Insights.

Free-flowing traffic Down Under.

Kapsch equipped the world-famous Sydney Harbour Bridge with an innovative new tolling system.

The multi-lane free-flow system implemented deploys the video-based vehicle recognition technology developed in-house by Kapsch.

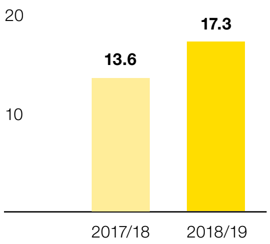
The new solution relies on a single-gantry configuration for vehicle recognition, meaning an end to unappealing toll plazas.

The tolling system improves traffic flows on the 503-meter-long bridge and also boosts safety levels.

Kapsch PublicTransportCom.

Business Segments and Strategy.

Revenues Kapsch PublicTransportCom
(in EUR million)



As a manufacturer and supplier of smart infrastructure solutions, Kapsch PublicTransportCom focuses on public and other transport companies. Following the successful integration of the innovative Belgian company Prodata Mobility Systems, the establishment of Kapsch PublicTransportCom in 2016 has made it possible to concentrate fully on the public transport market. The individual portfolio of Kapsch PublicTransportCom guarantees optimum adaptation to specific customer requirements in regional markets.

Our portfolio. The Kapsch PublicTransportCom mobi.portfolio comprises solutions and services for intermodal transport control systems (ITCS, mobi.operations), automatic fare collection (AFC), and mobile ticketing systems (mobi.ticketing). Kapsch PublicTransportCom is an expert in cloud-based, universal mobi.efficiency network solutions for smart infrastructure such as control and administration systems for public rail and road transport.

Kapsch lists a number of the most innovative solutions in its mobi.portfolio, including the smartphone app which is part of the mobi.mobileapp suite. This focuses on mobile ticketing, passenger information, and various business models for public transport companies.

In order to raise awareness of local public transport among the general public, Kapsch PublicTransportCom works closely together with renowned organizations. We are a member of UITP (Union Internationale des Transports Publics), which defends the vision of sustainable urban mobility, APTA (American Public Transportation Association), which works to improve the quality and accessibility of public transport in the USA, and STA (Smart Ticketing Alliance), which focuses on the future of tickets. Kapsch PublicTransportCom is also a member of the ITxPT (Information Technology for Public Transport) initiative, which aims to standardize the use of IT technologies in local public transport.

Our current projects. A key focus of Kapsch PublicTransportCom in the 2018/19 financial year was on implementing existing customer projects in Belgium, the Netherlands, Romania, the USA and Africa. The long-term project for the public transport operator De Lijn in Belgium is scheduled to come to a close in the coming financial year. Kapsch PublicTransportCom has supplied a fully integrated ticketing and ITCS solution for more than 5,000 vehicles. A further key project is the mobile ticketing solution for the Metropolitan Atlanta Rapid Transit Authority (MARTA). This solution enables travelers to order, pay for, and redeem their tickets via a mobile app or a mobile website. This provides users with access to 38 metro stations, 565 buses, and 210 transit buses in the Greater Atlanta metropolitan area. The solution is scheduled to go live in the coming financial year. Initial successes have been chalked up in the Netherlands and in Romania. For example, two new projects were secured on behalf of the public transport operator EBS in connection with its concessions in Voorne-Putten and Haaglanden. Recent successes in Romania included equipping new buses for the operator STB in Bucharest. The African market is one which has no longer been served directly since the end of the last calendar year. Both the hardware and the software solution have been licensed to the subsidiary Kapsch TrafficCom South Africa Holding (Pty) Ltd.

Outlook. Kapsch PublicTransportCom anticipates modest growth here in the coming financial year. The objective for the following years is to achieve strong growth on the basis of the standard product portfolio, particularly in the core markets USA, Romania, the Netherlands, and Belgium.

The ever-quickening pace of urbanization calls for fully integrated, multi-modal solutions. This trend and the associated growth opportunities bode well for the future development of Kapsch PublicTransportCom.

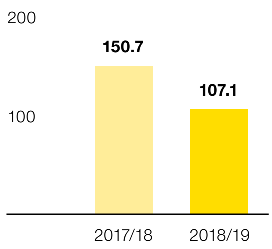
Page 82: For more information about business development in this segment, please refer to the Management Report.

Kapsch CarrierCom.

Business Segments and Strategy.

Kapsch CarrierCom is a successful and globally active manufacturer, supplier, and system integrator of end-to-end telecommunications solution. The company targets operators of mission-critical networks as customers for its innovative solutions. The core target markets are in Europe, but also the Middle East, North Africa, and China. The company offers innovative products, technologies, and services critical for operations and success, based on the work of Kapsch's research and development department and with the support of selected strategic partners. The expertise of Kapsch CarrierCom comprises, inter alia, solutions for the next generation of operationally important communications networks, the digitalization of railways, and virtualization in the communication domain.

Revenues
Kapsch CarrierCom
(in EUR million)



Railways and operators of mission-critical networks (MCN). Future-proof railway communications networks based on the GSM-R technology of Kapsch CarrierCom are successfully in use around the world. Tailored to customer needs, Kapsch CarrierCom guarantees support for these railway-specific networks until 2035 and beyond. Thanks to its highly qualified technical experts, the company is well positioned to guarantee a return on investment and deliver entirely future-proof solutions. The leading expert in the Global System for Mobile Communication-Railway (GSM-R) standard grew its portfolio to address PS-LTE (Public Safety Long Term Evolution) use cases as well as the next generation of mission-critical networks for railway operators. The broad portfolio also includes PMR (Private Mobile Radio) networks based on TETRA (Terrestrial Trunked Radio) and DMR (Digital Mobile Radio) standards. A newly developed and innovative IIoT (Industrial Internet of Things) solution for railways enables operators to reliably and securely capture, transmit and visualize mission-critical data. The solution leverages existing GSM-R networks and provides multimodal connectivity for sensors, back hauling, and local access, all displayable on Android, iOS, and Windows systems.

Kapsch CarrierCom has implemented over 15 core networks globally for leading railway operators, such as Network Rail (NR) in the United Kingdom, SNCF Réséau/SYNERAIL in France, Deutsche Bahn (DB) in Germany, Société Nationale des Chemins de Fer Luxembourgeois (CFL), or INFRABEL in Belgium. The company has been appointed as a distributor and integrator for the 3Binfra solution INFRALIFE®. INFRALIFE® is an asset management system incorporating best practices for railway operators which offers features such as master data management, status monitoring, and maintenance.

Kapsch CarrierCom is an associate member of the european program Shift2Rail, which aims to develop new technologies, products, and solutions for rail systems by means of research and innovation. Kapsch plays a leading role in the work packages "Adaptable Communications for all Railways", "Zero On-Site Testing" and "Cyber Security".

Outlook. Ensuring the successful transition to a future wireless standard represents one of the greatest challenges facing railway infrastructure operators. Forward-looking companies are making their networks fit for the future so that they will be able to comply with upcoming standards for operating radio communication. Kapsch CarrierCom has provided leading railway companies in 25 countries around the world, such as NR, SNCF, and DB, with railway communication solutions – and is therefore also the ideal partner to support clients during this challenging transition in the future. This also includes making radio networks fit for the future with our next-generation base stations, as well as providing seamless support for LTE or any other future wireless standard that may be defined. The new asset management system and the IIoT solution for railway operators allow Kapsch CarrierCom to play a key role in supporting its customers on their paths to digitalization.

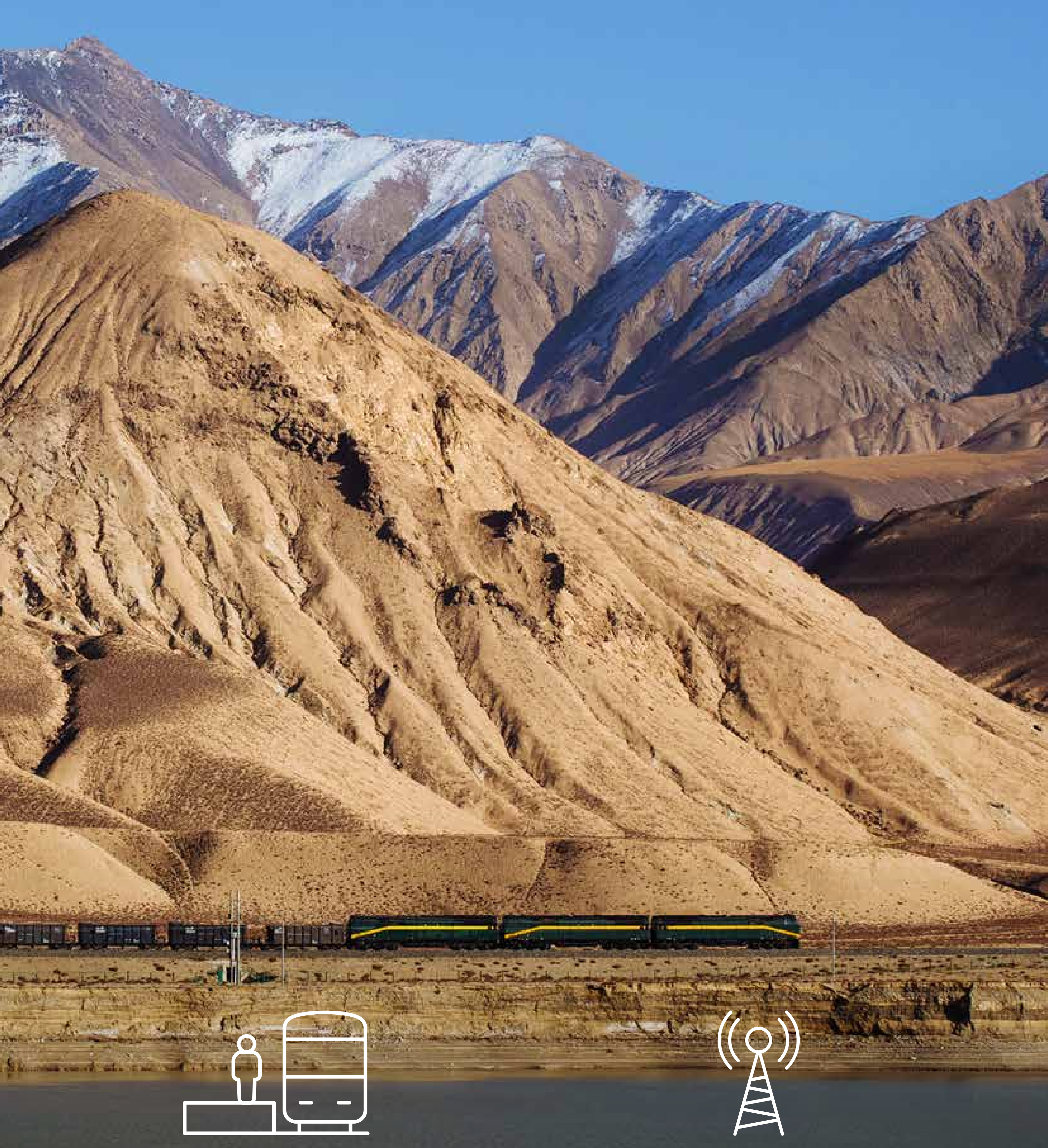
Page 75: For more information about business development in this segment, please refer to the Management Report.

Insights.

Everything is on track in Tibet.

Digital railway communication from Kapsch for the Qinghai-Tibet route – the world's highest railway.

This route has a total length of 1,956 kilometers, 550 of which run across permafrost terrain.



The highest railway station is at an altitude of 5,068 meters above sea level.

The modernization of the railway communication system from Kapsch relied exclusively on the use of GSM-R technology.

Kapsch BusinessCom.

Business Segments and Strategy.

As a leading digitalization partner, Kapsch BusinessCom, with over 1,300 employees, supports companies in improving business performance and developing new business models. The company operates as a consultant, system supplier, and service provider. Kapsch BusinessCom is the ideal partner for keeping abreast of rapidly evolving digital technologies thanks to its widespread expertise in handling large quantities of data and matters of security, in addition to the valuable experience gained from the successful implementation of a variety of use cases across numerous industries.

The company's comprehensive portfolio includes technology solutions for intelligent and – most importantly – secure ICT infrastructure along with smart building technology, media and security technology, and outsourcing services. The portfolio is rounded off by a range of different services including consulting, project management, installation, training, support and operating as well as financing solutions.

Kapsch relies on being independent from manufacturers and on partnerships with leading global providers as well as a digital ecosystem made up of partners from the field of research and industry-specific solution providers – from start-ups to large players.

Partner for digital transformation. "We transform ideas into business value". Kapsch BusinessCom is the ideal companion in the process of digital transformation in accordance with this service commitment and with a deep understanding of customer processes, extensive know-how in the handling of big data and security, as well as a range of successfully implemented use cases in diverse industries.

Customers benefit from the many years of experience with IT and communication solutions as well as a developed and proven "ecosystem" of partners. Kapsch BusinessCom puts together individual solution packages for customers, together with IT manufacturers and providers of specialized solutions.

Digital transformation in every industry. Digitalization affects all industries: service providers, retail, industry, healthcare, and finance. Not only are new technologies used to improve existing processes, but also to develop new business opportunities. Given that the fundamental principles of digitalization are always the same, very different industries are able to learn from each other. As such, innovations from the healthcare sector can be applied to the retail or automotive sectors, for example in the form of digital "health files" for cars.

Start-ups are also part of the Kapsch BusinessCom ecosystem. In this context, Kapsch often acts as an incubator to supplement new innovative ideas with its big data or security know-how, and to provide the necessary personnel resources so as to be able to implement large projects. Here, Kapsch draws on its many years of experience in the areas of ICT and digitalization, providing the infrastructure required to be able to implement new business models and ideas.

Growth strategy. Since 2016, Kapsch BusinessCom has positioned itself as a digitalization partner with the aim of achieving a strong market position in this field as well. The strength of Kapsch BusinessCom lies primarily in the breadth of the end-to-end solutions for customers of all sizes.

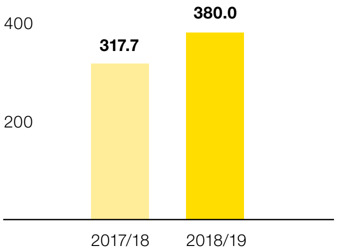
In addition to this, the company offers industry solutions for customers from a wide range of different areas such as industry, finance, healthcare, or the public sector. In this way, numerous pilot projects and proofs of concept in the field of digitalization were implemented with various renowned companies in the fiscal year 2018/19.

Reliable ICT partner. Alongside the new business segments arising out of the digital transformation, Kapsch BusinessCom continues to act as an ICT service partner for its customers. In addition to solution development, system integration, and performing optimization measures, Kapsch BusinessCom also operates classic ICT solutions.

Independent of manufacturers, yet in conjunction with recognized technology partners such as Cisco, Hewlett Packard Enterprise or Microsoft as well as a digital ecosystem comprising research institutions and start-ups, Kapsch BusinessCom acts as a consultant, system supplier, and service provider.

With five branch offices in Austria and subsidiaries in the Czech Republic, Romania, Germany, and Switzerland, Kapsch BusinessCom is always close to its customers and on hand to support them during their expansion phases.

Revenues Kapsch BusinessCom
(in EUR million)



Outlook. The focus of Kapsch BusinessCom continues to be on digitalization in selected sectors such as manufacturing industries, retail, healthcare, public, utility, and finance. The aim here is to use ICT solutions to shape and develop the business processes of customers to a greater extent, particularly with the various specialist departments. In the course of discovery workshops, the entire value-added chain and the role of IT in existing processes and future business models are highlighted and possible business models identified together with its customers in accordance with a digitalization strategy.

In the outsourcing segment, Kapsch has already been able to position itself as an innovative and flexible partner in the past. Large outsourcing projects will continue to be in demand among customers as a result of customer-side cost pressure and rising demand for safe, scalable solutions, including cloud-based solutions. It is precisely such projects that secure long-term (service-related) recurring revenues for Kapsch.

The digitalization and growth course is being pursued further by means of a 2022 strategy program launched by Kapsch BusinessCom in 2017.

Page 78: For more information about business development in this segment, please refer to the Management Report.

Insights.

Up to date on the Matterhorn.

The Matterhorn Express in Zermatt, Europe's highest cable car, was equipped with a smart information system from and by Kapsch.

The core feature of the solution is a GPS unit which provides accurate geo-data and is powered by a solar panel and battery pack.

The local storage provides space for information texts, music and advertisements. Announcements can be made flexibly.

The automatic records of operating times make it easier for personnel to define maintenance intervals.

Executive Board and Supervisory Board.

Interaction between the Executive Board and the Supervisory Board.

The Kapsch Group attaches particular importance to clear responsibilities and good corporate governance. For the purposes of transparency, the members of the Executive Board and Supervisory Board of Kapsch Aktiengesellschaft are presented below, together with the executive boards of all key subsidiaries of KAPSCH-Group Beteiligungs GmbH and the general managers of Kapsch PublicTransportCom GmbH.

Given the fact that it is listed on the stock exchange, Kapsch TrafficCom publishes a detailed corporate governance report.

Executive Board at Kapsch Aktiengesellschaft.

Georg Kapsch has been a member of the Executive Board of Kapsch Aktiengesellschaft since July 1989 and CEO since October 2001. Since October 2000, he has also been CEO of KAPSCH-Group Beteiligungs GmbH and he was appointed CEO of Kapsch TrafficCom AG in December 2002. Georg Kapsch, who graduated in business administration at the Vienna University of Economics and Business Administration in 1981, is General Manager of DATAX HandelsgmbH, Chairman of the Supervisory Board of Kapsch CarrierCom AG, Vice-Chairman of the Supervisory Board of Kapsch BusinessCom AG, a member of the Supervisory Board of Teufelberger Holding AG and a member of the Management Board of the Wunderer, Mitterbauer and Tabor private foundations.

Since June 2012, Georg Kapsch has been President of the Federation of Austrian Industries (Industriellenvereinigung Österreich).

Kari Kapsch has been a member of the Executive Board of Kapsch Aktiengesellschaft since March 2001 and COO since 2002. He has also been a member of the Supervisory Board of Kapsch TrafficCom AG since June 2002 and Vice-Chairman since June 2005. Kari Kapsch has been COO of KAPSCH-Group Beteiligungs GmbH since December 2005. He has been CEO of Kapsch CarrierCom AG since April 2010 and the Managing Director of Kapsch PublicTransportCom GmbH since December 2016. Kari Kapsch obtained his doctorate in physics at the University of Vienna in 1992.

Kari Kapsch also holds posts in various direct and indirect investments of Kapsch CarrierCom AG, Kapsch BusinessCom AG, and Kapsch Aktiengesellschaft. He is a board member of Kapsch ConnexPlus GmbH and Kapsch Immobilien GmbH.

Furthermore, Kari Kapsch holds numerous functions outside Kapsch Group and is active in several industry-related associations. He is a member of the board of the Federation of Austrian Industries – Vienna, Vice-President of the Vienna Economic Chamber, Vice-Chairman of the Professional Association Committee of the Electronics and Electrical Engineering Industry at the Austrian Economic Chamber (WKÖ), a member of the so-called Spartenkonferenz at the Austrian Economic Chamber/ Industry Sector, a board member of the UAS Technikum Wien, a member of the Machinery and Metalware Industry Unit of the Austrian Economic Chamber, a member of the Machinery, Metalware and Casting Industry Unit of the Vienna Economic Chamber (WKW), President of the Steering Committee of the Austrian Electrotechnical Association (OVE), a board member of the Railway Industry Association, a Vice-President of the Österreichisch Polnische Gesellschaft, a board member of the Austro-Arab Chamber of Commerce (AACC), a member of the French Austrian Chamber of Commerce, a board member of Austria Telecommunication International GmbH, of Gezoge Beteiligungsverwaltungs GmbH, of KEGK Holding-gesellschaft m.b.H, of ADONARD Beteiligungs GmbH, and of UKAL Handels- und Vermietungs GmbH.

Franz Semmernegg has been CFO of Kapsch Aktiengesellschaft since October 2001 and has also been CFO of KAPSCH-Group Beteiligungs GmbH since April 2005. He has also been CFO of Kapsch BusinessCom AG since March 2003 and CEO since April 2010. He has been a member of the Supervisory Board of Kapsch TrafficCom AG since June 2002 and Chairman of the Supervisory Board since June 2005. Franz Semmernegg obtained his doctorate in business administration in 1997 at Karl-Franzens-University in Graz.

Franz Semmernegg also holds posts in various direct and indirect investments of Kapsch BusinessCom AG and Kapsch Aktiengesellschaft. He is a member of the management team at Kapsch Liegenschaft Management GmbH, Kapsch Cash-pooling and Hedging GmbH, Kapsch IT Services for finance and industries GmbH, and a member of the advisory boards at a

From the left:
Franz Semmernegg, Chief Financial Officer
Georg Kapsch, Chief Executive Officer
Kari Kapsch, Chief Operating Officer

number of subsidiaries. Franz Semmernegg also holds functions outside Kapsch Group at enso GmbH, Speech Processing Solutions GmbH, and INVEST AG.

Franz Semmernegg was a member of the managing board at Schrack BusinessCom AG from 1999 to September 2001. In 1998, he was responsible for the successful management buy-out of Schrack BusinessCom AG from Ericsson Austria AG. Previously, he carried out management functions at Ericsson Austria AG (1998) and Schrack Seconet AG (1997).

Supervisory Board at Kapsch Aktiengesellschaft.

Veit Schmid-Schmidsfelden has been Chairman of the Supervisory Board at Kapsch Aktiengesellschaft, KAPSCH-Group Beteiligungs GmbH and DATAX HandelsgmbH since September 2007. He is the managing director of Schmid-Schmidsfelden Beteiligungsgesellschaft mbH. He is also the head of the Lower Austria Machinery and Metalware Industry Unit of the Austrian Economic Chamber (WKÖ), Deputy Head of the Industry Unit of the Austrian Economic Chamber in Lower Austria (WKNÖ), a board member of the Federation of Austrian Industries (Vereinigung der österreichischen Industrie), a board member of the Federation of Lower Austrian Industries (Mitglied des Vorstandes der Industriellenvereinigung Niederösterreich), a board member of the Lower Austrian Health Insurance Company (NÖGKK) and a member of the Supervisory Board of Austrian Airlines AG.

Christian Gassauer-Fleissner has been Vice-Chairman of the Supervisory Board of Kapsch Aktiengesellschaft, KAPSCH-Group Beteiligungs GmbH and DATAX HandelsgmbH since October 2000. He is a partner at the law firm Gassauer-Fleissner Rechtsanwälte GmbH. His advisory activities focus on providing comprehensive advice to businesses and business owners as well as their private foundations, including company law and M&A, intellectual property rights (patents and brands), the right to fair competition and general company and contract law. He is also active as an arbitrator and as a representative in national and international arbitration proceedings.

Karl-Heinz Strauss has been a member of the Supervisory Board of Kapsch Aktiengesellschaft, KAPSCH-Group Beteiligungs GmbH, and DATAX HandelsgmbH since September 2007. He graduated with a degree in civil engineering before going on to study at Harvard University, the Business School in St. Gallen, and completing an MBA program at IMADEC University. Until 2000, he was engaged in various positions at Raiffeisen Zentralbank – including some in the area of construction and real estate. He then set up his own real estate development business, Strauss & Partner. Since September 2010, he has been CEO at, and a co-owner of, PORR AG.

Elisabeth Kapsch has been a member of the supervisory boards of Kapsch Aktiengesellschaft, KAPSCH CarrierCom AG, DATAX HandelsgmbH, and KAPSCH-Group Beteiligungs GmbH since September 2013. After studying business administration at the Vienna University of Economics and Business Administration and holding several leading positions at Kapsch Aktiengesellschaft, she has been General Manager of Kapsch Immobilien GmbH since 1998. As such, she has played a key role in the creation of EURO PLAZA, Vienna's most modern office park. With usable office space far exceeding 200,000 m^2, EURO PLAZA is already one of the largest and most successful projects of its kind. Primarily as a result of its diverse infrastructure, tailor-made range of services and, not least, its ideal location, a unique environment for business with exceptional standards has been created for numerous satisfied tenants.

Executive Board at Kapsch TrafficCom AG.

Georg Kapsch has been CEO of Kapsch TrafficCom AG since December 2002. He also holds functions in direct subsidiaries and external organizations (see page 50).

André F. Laux has been a member of the Executive Board of Kapsch TrafficCom AG since April 2010 and COO since November 2014. He also holds functions in some of its direct and indirect subsidiaries. He began his professional career in various sales and management positions both domestically and internationally (1988-1997) after completing a degree in business administration in Germany and England. In 1997, he became director of the German chip-maker ODS Landis & Gyr in Munich. In 2000, André Laux transferred within the group to become CEO of SKIDATA AG in Salzburg. In 2004, he took over as CEO of Winter AG in Munich.

Alexander Lewald was a member of the Executive Board and CTO of Kapsch TrafficCom AG from November 2015 until April 2019.

Alfredo Escribá Gallego has been a member of the Executive Board and CTO of Kapsch TrafficCom AG since May 1, 2019. He has been working at the company since the acquisition of Schneider Electric's transportation business in April 2016. After finishing his studies and gaining first professional experience, Mr Escribá joined Sainco Tráfico in Spain in 1995. He became a project manager in

Argentina and later area manager in Latin America for South Cone and Brazil. In 2002, he returned to Spain as part of Telvent Transportation. Acting out of Spain and, later, the USA, he held various senior management positions. At Kapsch TrafficCom, Mr Escribá was Executive Vice President responsible for the Solution Center "Urban Traffic & Mobility Management" until being appointed CTO..

Management of Kapsch PublicTransportCom GmbH.

Kari Kapsch has been Managing Director of Kapsch PublicTransportCom GmbH since December 2016. He also holds internal and external functions in companies of the Kapsch Group (see page 50).

Bernd Eder has been Managing Director of Kapsch PublicTransportCom GmbH since December 2016. He is the managing director of Finance, M&A, and Integrated Management Systems. He began his career in management accounting at Kapsch Group in 2002, and has since held leading positions in Group subsidiaries. Most recently, Bernd Eder was responsible for all financial affairs and the mergers and acquisitions strategy of Kapsch CarrierCom. For instance, he led the acquisition and integration of Nortel's GSM and GSM-R assets in 2010.

Bernd Eder completed his studies at the University of Applied Sciences in finance, accounting and taxation, as well as at the Vienna University of Economics and Business, graduating in 2002. He is also a lecturer at the University of Applied Sciences in Carinthia, teaching management accounting as well as mergers and acquisitions.

Reinhold Pfeifer has been a member of the Management Board of Kapsch PublicTransportCom GmbH since October 2017. He has undertaken various mandates within Kapsch Group in the past. Since 2004, he has been the Managing Director of Management Factory Corporate Advisory GmbH, a company specialized in providing outsourced management services. Reinhold Pfeifer studied business administration at the Karl-Franzens-University in Graz. He began his professional career at PricewaterhouseCoopers and has also, among other positions, been Head of Accounting and Reporting at Ericsson Austria AG.

Executive Board at Kapsch CarrierCom AG.

Kari Kapsch has been CEO of Kapsch CarrierCom AG since April 2010. He also holds functions in direct subsidiaries and external organizations (see page 50).

Thomas Schöpf was a member of the Executive Board from 2002 and until November 2018 COO of Kapsch CarrierCom AG.

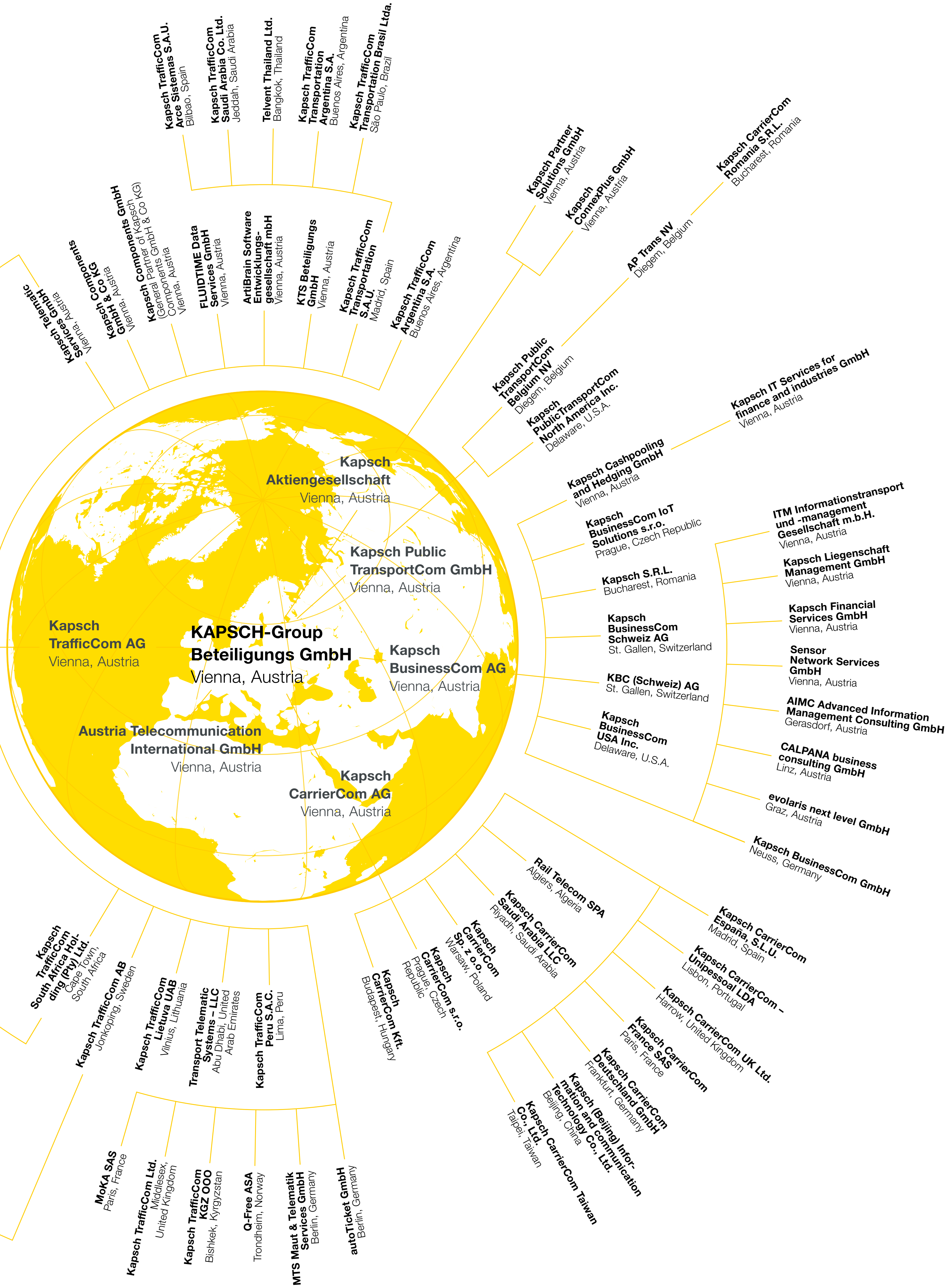
Dietmar Wiesinger has been a member of the Executive Board and COO of Kapsch CarrierCom AG since April 1, 2019. He started his professional career in the IT and telecommunications sector at T-Systems and was appointed to the management team in 2010 after he held various positions. Between 2013 and 2016, Dietmar Wiesinger was Corporate Accounts Lead and Member of the management Team at Microsoft Austria. Before joining Kapsch CarrierCom as Head of Global Sales in January 2019, he worked at Playtech BGT Sports, where he held the positions of both CCO and COO. Dietmar Wiesinger has a degree in Business Informatics from Johannes Kepler University Linz as well as two MBA degrees, from the Vienna University of Economics and Business and the University of Minnesota – Carlson School of Management. During his studies, he also spent time abroad in St. Petersburg (Russia), Bangalore (India) and Shanghai (China).

Executive Board at Kapsch BusinessCom AG.

Franz Semmernegg has been CFO of Kapsch BusinessCom AG since March 2003 and CEO since April 2010. He also holds functions in direct subsidiaries and external organizations (see page 50).

Jochen Borenich joined the Executive Board of Kapsch BusinessCom AG on September 1, 2010. In this position, he is responsible for the areas of sales, marketing, and international affairs. He graduated with a commercial degree from the Vienna University of Economics and Business Administration, collected his MBA at the University of Minnesota, and has completed further courses at renowned business schools (INSEAD, Harvard, Stanford, and MIT). His career path also included many years at T-Systems before joining Kapsch.

Kapsch Group worldwide.


KAPSCH-Group Beteiligungs GmbH
Vienna, Austria
Kapsch Aktiengesellschaft
Vienna, Austria
Kapsch Public TransportCom GmbH
Vienna, Austria
Kapsch BusinessCom AG
Vienna, Austria
Kapsch CarrierCom AG
Vienna, Austria
Austria Telecommunication International GmbH
Vienna, Austria
Kapsch TrafficCom AG
Vienna, Austria
Kapsch TrafficCom Arce Sistemas S.A.U.
Bilbao, Spain
Kapsch TrafficCom Saudi Arabia Co. Ltd.
Jeddah, Saudi Arabia
Telvent Thailand Ltd.
Bangkok, Thailand
Kapsch TrafficCom Transportation Argentina S.A.
Buenos Aires, Argentina
Kapsch TrafficCom Transportation Brasil Ltda.
São Paulo, Brazil
Kapsch Telematic Services GmbH
Vienna, Austria
Kapsch Components GmbH & Co KG
Vienna, Austria
Kapsch Components GmbH
(General Partner of Kapsch Components GmbH & Co KG)
Vienna, Austria
FLUIDTIME Data Services GmbH
Vienna, Austria
ArtiBrain Software Entwicklungs-gesellschaft mbH
Vienna, Austria
KTS Beteiligungs GmbH
Vienna, Austria
Kapsch TrafficCom Transportation S.A.U.
Madrid, Spain
Kapsch TrafficCom Argentina S.A.
Buenos Aires, Argentina
Kapsch Partner Solutions GmbH
Vienna, Austria
Kapsch ConnexPlus GmbH
Vienna, Austria
Kapsch CarrierCom Romania S.R.L.
Bucharest, Romania
AP Trans NV
Diegem, Belgium
Kapsch Public TransportCom Belgium NV
Diegem, Belgium
Kapsch PublicTransportCom North America Inc.
Delaware, U.S.A.
Kapsch IT Services for finance and industries GmbH
Vienna, Austria
Kapsch Cashpooling and Hedging GmbH
Vienna, Austria
Kapsch BusinessCom IoT Solutions s.r.o.
Prague, Czech Republic
Kapsch S.R.L.
Bucharest, Romania
Kapsch BusinessCom Schweiz AG
St. Gallen, Switzerland
KBC (Schweiz) AG
St. Gallen, Switzerland
Kapsch BusinessCom USA Inc.
Delaware, U.S.A.
ITM Informationstransport und -management Gesellschaft m.b.H.
Vienna, Austria
Kapsch Liegenschaft Management GmbH
Vienna, Austria
Kapsch Financial Services GmbH
Vienna, Austria
Sensor Network Services GmbH
Vienna, Austria
AIMC Advanced Information Management Consulting GmbH
Gerasdorf, Austria
CALPANA business consulting GmbH
Linz, Austria
evolaris next level GmbH
Graz, Austria
Kapsch BusinessCom GmbH
Neuss, Germany
Rail Telecom SPA
Algiers, Algeria
Kapsch CarrierCom Saudi Arabia LLC
Riyadh, Saudi Arabia
Kapsch CarrierCom Sp. z o.o.
Warsaw, Poland
Kapsch CarrierCom s.r.o.
Prague, Czech Republic
Kapsch CarrierCom Kft.
Budapest, Hungary
Kapsch CarrierCom España, S.L.U.
Madrid, Spain
Kapsch CarrierCom – Unipessoal LDA
Lisbon, Portugal
Kapsch CarrierCom UK Ltd.
Harrow, United Kingdom
Kapsch CarrierCom France SAS
Paris, France
Kapsch CarrierCom Deutschland GmbH
Frankfurt, Germany
Kapsch (Beijing) Information and communication Technology Co., Ltd.
Beijing, China
Kapsch CarrierCom Taiwan Co., Ltd.
Taipei, Taiwan
Kapsch TrafficCom South Africa Holding (Pty) Ltd.
Cape Town, South Africa
Kapsch TrafficCom AB
Jonkoping, Sweden
Kapsch TrafficCom Lietuva UAB
Vilnius, Lithuania
Transport Telematic Systems – LLC
Abu Dhabi, United Arab Emirates
Kapsch TrafficCom Peru S.A.C.
Lima, Peru
MoKA SAS
Paris, France
Kapsch TrafficCom Ltd.
Middlesex, United Kingdom
Kapsch TrafficCom KGZ OOO
Bishkek, Kyrgyzstan
Q-Free ASA
Trondheim, Norway
MTS Maut & Telematik Services GmbH
Berlin, Germany
autoTicket GmbH
Berlin, Germany

Group Management Report.

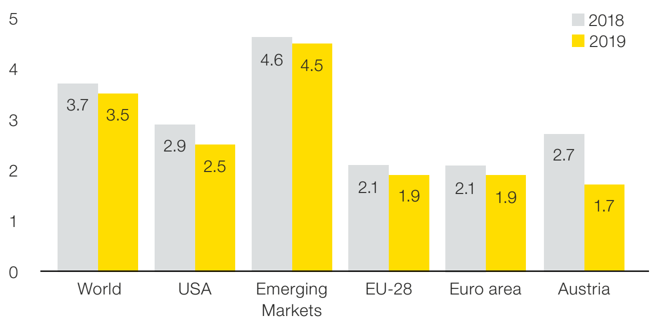
KAPSCH-Group Beteiligungs GmbH
on the Consolidated Financial Statements
as of March 31, 2019.

1 Economic climate.

1.1 Market analysis.

Global economy.
In 2018, global economic activity continued to expand strongly despite early signs of a slowdown. The growth rate of aggregate output stood at 3.7% and thus only slightly below the previous year's level of 3.8%. World trade was among the growth drivers that fell short of expectations, mainly because of the open trade war between the US and China. Having increased by a robust 4.7% in 2017, the volume of goods and services exchanged worldwide rose by 3.9% in 2018. As a consequence of the growing number of geopolitical risk factors, the International Monetary Fund (IMF) has lowered its global growth forecast for the year 2019 to 3.5%. However, the World Trade Organization estimates that worldwide trading volumes should expand by 3.7%.

GDP growth 2018/19.
(in %)



USA.
In the United States, GDP growth strengthened to almost 3% in 2018 despite the country's increasingly protectionist stance. The main reason for this strong economic performance was the introduction of new corporate tax incentives and the resulting boost in investments. Besides, private consumption continued to perform strongly, not least due to favourable labour market conditions. By contrast, the record-long government shutdown in early 2019, paralyzing several federal departments and agencies, is set to adversely affect the economy. GDP growth is expected to slow moderately to 2.5% in 2019.

Emerging markets and developing economies.
Economic activity in the emerging and developing economies went up by 4.6% in 2018. On a regional level, Asia continued to be the main driver of growth. The ASEAN-5 region (Indonesia, Malaysia, Thailand, Vietnam, and the Philippines) remained on a steady expansion path. In India, growth accelerated noticeably to 7.3%. China also registered a GDP increase that was well above the global average (6.6%). At the same time, however, this constitutes the lowest growth in years for the second largest regional economy in the world. This cannot only be explained by a weakening result of exports but also by a lower expansive consumer behavior. For 2019, experts predict that Chinese growth will slow further to just above 6%.

The economic development in the Commonwealth of Independent States (CIS) was marked primarily by Russia's sluggish recovery. The largest regional economy expanded by only 1.7% in the year under review. A main reason was the upheaval on the international oil market. After oil prices started to plummet towards the 50-dollar mark in October 2018, OPEC agreed with Russia and other allied producers to cut oil production until mid-2019. The expected upward trend in prices should also prove beneficial for the oil-exporting states of the MENAP region (Middle East and North Africa, Afghanistan, and Pakistan). Aggregate GDP growth in this region stood at a modest 2.4% in 2018, held back also by a lack of economic diversification.

The overall performance of the Latin American countries in 2018 did not live up to that forecast. The main reasons were the muted growth in the region's leading market Brazil (+1.3%) and economic turbulences in Argentina. The country faced an economic recession again due to a significant currency depreciation and depended on an IWF Loan to re-establish the trust of international investors. On a more positive note, Mexico signed a successor agreement to NAFTA, now called USMCA. The regional outlook for 2019 is generally more favourable thanks to the ongoing recovery in commodity prices. The latter effect should also benefit the countries in Sub-Saharan Africa, where growth is expected to strengthen from 2.9% in 2018 to 3.5%.

Europe.
The European economy remained on a path of continued, albeit subdued, growth. The combined GDP of the EU-28 increased by 1.9% in 2018. The recent deceleration was primarily due to the mounting challenges in the largest European economies, including a crisis in the German car industry triggered by the emissions scandal, ongoing protests by the Yellow Vests movement in France and a budget dispute between Italy and the European Commission. Among the more positive developments were the successful conclusion of Greece's three-year stabilization support programme in August 2018 as well as the continued decline in the EU-28 unemployment rate to below 7%.

The Euro zone grew by 1.9%, the same level as the European Union. The main cause of uncertainty, on the political scene as well as on the stock markets, was the lack of a breakthrough in the negotiations over the UK's exit from the EU (Brexit). Looking to 2019, the Brexit continues to pose a major downside risk to growth in the region. Inflation in the Euro zone, meanwhile, climbed to 1.7% in 2018, thus gradually approaching the European Central Bank's medium-term target of 2%. This trend has contributed to a reversal in monetary policy. While the ECB continues to keep the prime interest rate at a historic low, its monthly bond-buying programme officially ended in 2018.

Economic activity in Central and Southeast Europe proved resilient in 2018. This, in turn, can be attributed to high capacity utilisation, the low level of interest rates, and the continued inflow of EU funds. On a national level, the Polish (+5.1%), Hungarian (+4.9%), Slovenian (+4.5%), and Serbian (+4.4%) economies performed comparatively well in the year under review. By contrast, the economic situation for Ukraine was less favorable due to the ongoing economic crises, and Turkey which was plagued by a sharp currency depreciation.

Austria.
At 2.7%, economic growth in Austria was once again well above the EU average in 2018. This dynamic performance was primarily due to buoyant industrial production, benefiting in turn from strong external impulses. Despite a difficult trade environment, the increase in exports in 2018 added up to 4.4% due to increasing demand in Central and Eastern Europe, USA, and Asia. For 2019, economists predict a GDP increase of 1.7%.

The slackening in business activity, which had already been observed during 2018 could be seen in the capacity and investment planning of companies. Due to the favorable market conditions in financing, capital expenditure increased again but the reported increase of 3.7% has been weaker compared to the previous years. However, a solid uptrend of 1.6% relating to private consumption can be observed. This is attributable to higher real incomes, on the one hand, and tax relief resulting from the newly introduced family bonus, on the other. In 2018, the average annual inflation rate amounted to 2.0%, which underlines a stable development of the consumer price index in Austria. For 2019, the national price level is forecast to rise by 1.7%, the unemployment rate should decline, and a slight budget surplus is expected.

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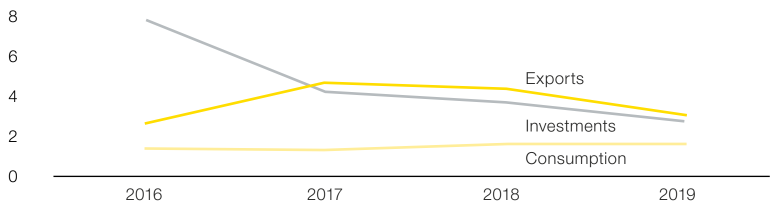
Export and investment growth in Austria 2016-19.
(in %)



1.2 Economic situation of the industry.

Market for intelligent transportation systems (ITS, segment Traffic).

The segment Traffic of Kapsch Group addresses the market for intelligent transportation systems (ITS). This refers to systems in which information and communication technologies are employed to support and optimize transportation, including infrastructure, vehicles, users, and industry.

Customer segments.
Kapsch TrafficCom has developed its own understanding and its own view of the ITS market in order to define and develop its own market positioning. From this perspective, the ITS market was divided into four customer segments and the corresponding primary addressees were identified:

Operator/infrastructure-related ITS include electronic toll collection and advanced traffic management systems as well as urban access and parking management applications. The addressees are governments and their authorities, road and toll operators as well as concessionaires that develop transportation policies using ITS to ensure the availability and quality of the infrastructure in a way that improves safety, performance, security, and environmental protection.

Vehicle-related ITS aim at in-car telematics such as remote diagnostics or driver assistance systems. They are intended mainly to enhance vehicle productivity, particularly that of commercial vehicles, as well as traffic safety and security. This field also includes systems for real-time interaction between vehicles (vehicle-to-vehicle; V2V) as well as between vehicles and infrastructure (vehicle-to-infrastructure; V2I), collectively abbreviated as V2X, which Kapsch TrafficCom believes will be based on 5.9 GHz technology. The addressees are vehicle manufacturers and their suppliers.

User-related ITS are focused mainly on convenience and efficiency for travelers. The customer in the car receives information to aid in orientation during the journey, thereby increasing traffic safety. Example applications for advanced vehicle information systems include transmitting traffic-related vehicle information to travelers before or during the trip as well as navigation services. Addressees are information service providers such as wireless network operators, radio broadcasters, and vendors of portable navigation devices as well as end users, in the latter case primarily with respect to future solutions.

Industry-related ITS encompass commercial applications designed to reduce the costs or maximize the yield of vehicle fleet operators, including public transportation companies. These are essentially systems for fleet management and providing information about the logistics behind a vehicle conglomerate. Among the addressees are insurance companies, who see pay-as-you-drive car insurance as a promising way to attract new customers by offering fair insurance rates and ITS-based value-added mobility services.

Market positioning.
The current focus of Kapsch TrafficCom aims at the operator/infrastructure-related ITS segment. Vehicle- and user-oriented ITS continue to gain in importance. Kapsch TrafficCom also continuously monitors developments in industry-oriented ITS.

The ITS market converges towards intelligent, integrated mobility solutions. Kapsch TrafficCom strives to play a leading role in this.

Market trends and drivers.

Kapsch TrafficCom has identified the most important trends and drivers in the currently addressed markets as follows:

Development and Financing of Transport Networks. Roads are part of a country's basic infrastructure. However, both construction and maintenance are extremely costly. According to a study by McKinsey Global Institute, around USD 900 billion must be invested annually in road infrastructure worldwide to keep pace with expected economic growth. In addition to financing sources for the required investments, decision-makers are also looking for ways to use existing infrastructure more efficiently. It is often not possible to build additional roads, especially in urban areas.

Global economic growth is leading to an increase in the transportation of goods. In addition, the increasing mobility of people and progressive urbanization pose challenges to transportation networks. At the same time, the impact of road traffic on the environment and people is becoming more relevant.

In view of tight government budgets, alternative financing models involving private investors will continue to gain in importance in the coming years. In order to ensure the economical operation of freeways, toll systems and traffic control systems will accordingly also play a more important role in the future.

Mobility. It is widely recognized that mobility is a basic human need and an important prerequisite for the functioning of a market economy. As prosperity increases, so does the volume of traffic. This in turn increases the demands placed on transportation systems.

Urbanization. The proportion of people living in cities is increasing. Whereas in 1800 only 2% of the world's population was urban, in 2007 for the first time more than half of the world's population lived in cities. Based on a current figure of around 55%, the United Nations forecasts that the urban population will account for around 60% of the population in 2030 and 68% in 2050. At the same time, world population will rise from 7.6 billion people in 2018 to 8.5 billion in 2030 and 9.8 billion in 2050. By 2030 there is expected to be 43 mega-cities worldwide with more than ten million inhabitants; there are currently 31.

The OECD's International Transport Forum forecasts an increase in motorized mobility in cities of 41% between 2015 and 2030, and as much as 94% by 2050. The share of private motor vehicles will continue to rise sharply in developing regions and will decline only slightly in the industrialized countries. Urban congestion rates increased globally by 23% between 2008 and 2016 according to the TomTom Traffic Index. At the same time, the consulting firm Arthur D. Little has stated that many developed cities have neither a clear vision of what their mobility systems should look like in the future, nor the strategies to get there.

Environmental protection. Air pollution has significant effects on human health, impacts vegetation, and ecosystems, contributes to climate change and damages materials and buildings. Road traffic plays an important role here. According to the European Environment Agency, road traffic is the largest emitter of nitrogen oxide in the EU with a share of 39%. The proportion is 20% for carbon monoxide, 28% black carbon, and 11% for particulate matter. Road traffic is responsible for one fifth of all greenhouse gases in the EU. Furthermore, noise pollution – with road traffic being the most widespread source – is an important environmental health problem in Europe.

Technologies and concepts. The transportation industry is undergoing radical change with new technologies and concepts such as electric mobility, mobility as a service (MaaS), networked vehicles, and applications based on "Big Data". This is increasingly leading to convergence in the ITS market segments, which calls for intelligent, holistic mobility solutions.

Market for mission-critical networks (segment Carrier).

The segment Carrier addresses markets for railway companies and operators of mission-critical networks. The area of public network operators in Austria and neighboring countries in Central- and Eastern Europe has been terminated due to transfers within the group and disposal to S&T.

Investment in the railway business, which is adapted to the general growth trend in public transport, continues to generate demand through the use of state-of-the-art technology, such as ERTMS (European Rail Traffic Management System), to provide high-performance infrastructure. The outlook for suppliers in this field is considered encouraging for the coming years as both capacity-expanding commissioning projects and a need for services are expected. European Union funding programs with a focus on ERTMS, which defines GSM-R as the EU-wide standard, were confirmed for the period from 2016 to 2020 and work on these programs is continuing apace at the moment. The possibility of supporting this technology, which now operates completely autonomously of GSM solutions (which are being used less and less in public networks), as long as the market requires, serves as an additional way of safeguarding the business potential in this market. At the same time, there continue to be signs that this change will take place over long technology cycles. This means that GSM-R networks will continue to be in use until 2035 and beyond.

GSM-R is now also being used beyond Europe's borders. New GSM-R networks are already in service or are currently being installed. In some markets, a short-term slowdown can be observed in investment activity due to global economic influences, but this will not alter the attractiveness of these markets in the medium term.

By means of the European railway technology initiative Shift2Rail, a platform has been created to promote research into improving the attractiveness of rail traffic as a whole. As an associated member, Kapsch CarrierCom has been in charge of the initiative's "Adaptable communications for all railways", "Zero on-site testing", and "Cybersecurity" issues and has thus established a firm position for further development in this business segment and is also taking advantage of this position already in the ongoing work as part of this initiative.

Outside of the established, highly-standardized telecommunications environment, solutions based on the TETRA and digital mobile radio (DMR) technologies continue to be used by railways and companies operating their own mission-critical networks. TETRA is the most widely used technology for establishing communication networks for public transport, although digital mobile radio (DMR) is becoming an increasingly competitive option given the possibility of low-cost deployments. Digitalization and security are also becoming increasingly relevant factors in this customer segment.

Market for information and communication technologies (segment Enterprise).

With a share of around 8.6%, the ICT market not only generates a considerable share of added value in Austria, ICT also drives value creation in other areas to a considerable extent. According to the Association of the Electrical and Electronics Industry in Austria, ICT companies in Austria have a production value of up to EUR 36.6 billion per year due to indirect effects and safeguard as many as 289,000 jobs.

It is therefore not surprising that, according to a representative study by the market analyst Pierre Audoin Consultants (PAC), Digitalization is the most important issue falling under the responsibility of IT managers and will remain so for the foreseeable future. The impact of digitalization on currently trending IT topics such as Industry 4.0 and IoT, the Internet of Things, which deals with the digitalization of the entire value creation process within the manufacturing industry, and IoT in the context of smart products and smart services, is significant. As such, most companies have started projects and have greatly increased their digitalization budgets. Ultimately, the goal is to optimize the range of products and services on offer, along with the associated processes, by using new technologies and to generate new business models.

Other key issues, according to PAC, include artificial intelligence and robotic process automation (RPA), which are intended to help overcome personnel shortages by automating many horizontal and vertical processes. Kapsch covers all these topics in the segment Enterprise.

The ICT market continues to experience change. This will result in higher-than-average levels of investments, which must be spread long-term over useful lives by means of modern financing and IT operating models. Kapsch is ideally equipped to meet the challenges of the future in this segment in order to be able to offer its customers the best service and customized solutions.

Market for public transport solutions.

Public transport is highly important in society, and several mega-trends are based on the rapidly growing role of public transport. It is estimated that around 60 billion trips are made by public transport every year in Europe (EU-28). These include those on local and regional buses, regional trains, underground lines, and trams. More than 700,000 buses are responsible for around 10% of passenger kilometers traveled in Europe every year. The economic value of public transport services in Europe is estimated at between EUR 130 an EUR 150 billion annually, i.e. more than 1% of GDP.

Market studies assume that, generally speaking, public transport is undergoing a phase of growth that will last several years. However, individual markets may be affected by temporary reversals in this trend, especially in response to the political situation and local developments. The total global market volume is expected to continue increasing at two-digit percentage rates annually over the next few years. Key factors driving this growth include urbanization, changing consumer attitudes to public transport, the growing need for public transport solutions in emerging markets, and the desire for sustainability.

The market for intermodal transport control systems (ITCS) continues to be seen as heterogeneous, with a number of large, internationally active participants and many smaller companies with a regional focus. In the Automated Fare Collection (AFC) area, the market is increasingly calling for “smart” solutions, such as contactless cards and mobile ticketing on smartphones. However, it is only realistic to expect the complete replacement of paper tickets and magnetic strips in certain regions in the foreseeable future. Finally, regionally defined standards constitute an entry barrier for new vendors in some countries, especially in Europe, making the market even more attractive for established vendors.

2 Development of Kapsch Group.

2.1 Overview of Group development.

Revenues rise again to a high record level of EUR 1.2 billion.

Kapsch Group can look back on a successful 2018/19 fiscal year when compared to the two previous periods. Kapsch Group has once again demonstrated that even in the very technology-driven markets in which the Group operates, it is feasible to combine innovation and tradition. It was possible not only to set a new record in terms of revenues, in the amount of EUR 1,211.9 million, but also to more than double EBIT to a level of EUR 50.9 million during the past fiscal year. This success is attributable primarily to the segments Traffic and Enterprise, each of which continued their respective revenue and earnings growth trajectories, was able to secure important major projects, and therefore allow the Group to view the future with optimism. The constantly high level of investment in the area of research and development, reaching a new record of EUR 143.6 million, underlines that the future development of the Group and sustainability represent key factors influencing management-level decisions. The intention is to accelerate this growth in the future by means of a clear focus on these core business areas and to support this through further acquisitions and entries into new markets.

In addition to the positive development of business operations, it was also possible to both reduce the level of scheduled depreciation and to avoid impairments of intangible assets, a factor which had influenced the previous year.

The headcount fell compared to the previous period to 6,896, with this being accounted for by the withdrawal from the telecom operators business in Austria and Central and Eastern Europe, on the one hand, and, on the other, the decline in Poland following the reassignment of manual tolling to the customer, an area which is personnel-intensive and not part of the Group's core competences. The headcount grew significantly in certain other divisions and markets.

During the past fiscal year, Kapsch Group continued to operate in the following main segments:

In the **segment Traffic**, it was possible to break through the EUR-700-million mark for the first time, with revenues of EUR 737.8 million, and thus to achieve significant revenue growth, which is mainly attributable to growth in connection with the implementation of new projects related to electronic toll collection (ETC). This development is particularly encouraging given that several tolling and operating projects are scheduled to expire in the near future and in as far as expansion-related investments in the related countries also declined significantly. Viewed regionally, growth in the Americas regions was particularly notable. This segment therefore continues to make the largest single contribution to consolidated revenues and to the consolidated result.

The **segment Carrier** was able to generate revenues of EUR 107.1 million in the year under review. Revenues in the area of mission-critical networks have therefore continued to stabilize. The decline relative to the previous year is accounted for by the withdrawal from the business area public network operator for telecom operators at the outset of the past fiscal year. Segment earnings were negatively impacted by a critical customer project and restructuring charges at the beginning of the period under review. With resources having already been adjusted to the lower revenue level as well as the current level of orders at the end of the fiscal year (EUR 131.5 million), the Group has now created a sound basis for continuing and further developing business in this segment.

With revenues totaling EUR 380.0 million, the **segment Enterprise** was able to significantly exceed the level of revenues in the previous year and to set a new record. This is primarily attributable to the level of growth in Austria as well as the successful work to expand the service business. Successful acquisitions were also made in the DACH region, as a result of which revenues climbed and high-profile projects were secured. Kapsch is proving to be a reliable partner to its customers when it comes to selecting and executing state-of-the-art ICT solutions and providing all of the associated services. In particular, Kapsch was able to stand out as an outsourcing partner in the past fiscal year. It is encouraging that the Group was also able to achieve a new earnings record in this segment, accounted for by outstanding operational developments on the one hand, and, on the other, by a positive one-off effect related to hedge transactions, a factor which had weighed heavily on segment earnings in the previous period. Stable development and potential for growth are forecast for the future.

In the **segment Public Transport**, an increase in revenues to EUR 17.3 million compared to the previous period was achieved, yet these revenues nonetheless remain too low in absolute terms in order to cover the fixed costs incurred by this segment. Work continues to stabilize several critical projects which in turn had a negative impact on the profitability of these undertakings. Segment earnings were also burdened by various one-off effects. The current level of orders at the end of the fiscal year amounted to EUR 20.8 million.

Overall Kapsch Group.

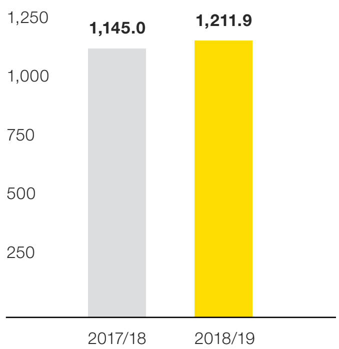
in EUR million	2017/18	2018/19	Change	
Revenues	1,145.0	1,211.9	66.9	6%
EBITDA	56.3	73.1	16.8	30%
EBITDA margin in %	4.9	6.0		
EBIT	20.1	50.9	30.8	153%
EBIT margin in %	1.8	4.2		
Total assets	1,007.1	1,070.7	63.6	6%
Equity	255.8	275.4	19.7	8%
Cash and cash equivalents	209.3	139.0	-70.3	-34%
Net debt [1]	-116.2	-176.4	-60.2	-52%
Capital employed [2]	569.4	577.5	8.1	1%
Free cash flow [3]	5.9	-43.0	-48.9	–
Net CAPEX [4]	16.7	14.8	-1.9	-12%
R&D expenses	138.8	143.6	4.8	3%
Employees, as of March 31	7,236	6,896	-340	-5%

1) Cash and cash equivalents + Other current financial assets - Financial liabilities
2) Total equity + Financial liabilities
3) Change in calculation method: Cash flow from operating activities + Cash flow from investing activities
4) Investments to purchase and payments from the disposal of property, plant and equipment and intangible assets

2.2 Earnings situation.

In the 2018/19 fiscal year, Kapsch Group generated consolidated revenues of EUR 1,211.9 million, reaching a new record high for the fourth consecutive year. The year-on-year increase from EUR 1,145.0 million amounted to EUR 66.9 million or 6% and is attributable to the success enjoyed in the segments Traffic and Enterprise. During the past fiscal year, it was possible to generate revenue growth without significant acquisitions and despite the divestment of the telecom operator business (in the segment Carrier) at the beginning of the period, all of which highlights the sound project pipeline and the stability of the core business as well as the sustainability of Kapsch Group's business model. The change in revenue recognition as a result of the first-time application of the new accounting standard IFRS 15 led to only a minimal increase of around EUR 3.3 million in reported revenues in the segments Carrier and Enterprise. Prior to the application of IFRS 15, not yet invoiced shipments and services were recognized as changes in inventories and only reported as revenues once the relevant invoices had been issued. This however had no significant impact on earnings.

Renewed revenue growth in fiscal year 2018/19.
(in EUR million)



Management continues to pursue an international growth strategy, with the aim being to achieve inorganic growth by means of acquisitions, on the one hand, and organic growth by means of expanding current business activities, on the other. Similarly, the Group was able to impressively demonstrate the success of its diversification strategy in different markets along with its ability to offset declines in individual company segments through improvements in others.

Key objectives of the management team are achieving growth in the mid and long term as well as achieving and safeguarding commensurate levels of profitability in all corporate divisions. For this reason, Management aims to focus on the successful segments as the key to safeguarding the Group's future and tapping existing potential.

From a regional perspective, revenues indicate that Kapsch Group was again able to forge ahead with international diversification in the 2018/19 fiscal year. In the local Austrian market, the increase in revenues in the segment Enterprise ensured that the anticipated declines in the segments Carrier and Traffic were more than compensated. Revenues in Austria remained at EUR 323.6 million, EUR 1.2 million higher than in the previous period. Revenues generated abroad amounted to EUR 888.3 million, equivalent to an increase of EUR 65.6 million or 8%, and therefore rose significantly. As a result of this, it was possible to increase the international share of consolidated revenues to 73%. At EUR 263.1 million, revenues were EUR 7.5 million or 3% below the previous year's level. This decline is attributable foremostly to Poland, where it was only possible to extend the expired tolling system subject to a reduced scope of services and a correspondingly lower level of revenues. Another factor was the divestment of the former telecom operator business in the segment Carrier. It was nearly possible to fully compensate for these revenue losses due to the revenue increases associated with the tolling project in Belarus and, in particular, a new construction project in Bulgaria. In Western Europe, revenues improved by EUR 14.7 million or 7% to EUR 228.2 million. This is primarily attributable to revenue increases in Belgium, the United Kingdom, Germany, Spain, and Switzerland. Revenues declined in the Netherlands and in France. It is particularly encouraging to note that there was again a significant increase in the Americas region, where revenues rose by EUR 42.6 million or 20% to a new record of EUR 252.9 million, as a result of which this region accounted for more than 20% of consolidated revenues for the first time. Growth was driven primarily by the USA and Peru. The Rest of the World region was able to markedly boost revenues during the past fiscal year, reporting an increase of EUR 15.9 million or 12% to EUR 144.1 million. This is primarily attributable to the rise in Australia, where several major projects were again implemented during the period, and to Zambia. The Rest of World region contributed 12% to consolidated revenues.

Revenues by region (share of revenues).

in EUR million	2017/18		2018/19		Change	
Austria	322.4	28%	323.6	27%	1.2	0%
Central and Eastern Europe	270.6	24%	263.1	22%	-7.5	-3%
Western Europe	213.5	19%	228.2	19%	14.7	7%
Americas	210.4	18%	252.9	21%	42.6	20%
Rest of the World	128.2	11%	144.1	12%	15.9	12%
Group	**1,145.0**	**100%**	**1,211.9**	**100%**	**66.9**	**6%**

The segment Traffic reported another significant increase in revenues of EUR 44.5 million or 6%, reaching a new record of EUR 737.8 million and therefore continues to contribute over 60% to consolidated revenues. This is all the more remarkable given that the increase in the past fiscal year was essentially not due to acquisitions but instead to organic growth and the implementation of numerous projects.

Revenues in the segment Carrier declined sharply, falling to EUR 107.1 million (previous year: EUR 150.7 million), which is closely linked to the divestment of the telecom operator business at the beginning of the period. Business with railway operators, on the other hand, remained stable.

The most significant increase in revenues was recorded in the segment Enterprise, where these climbed by EUR 62.3 million or 20% to EUR 380.0 million. This is associated, on the one hand, with the fact that Kapsch also began to specifically address future-oriented issues such as digitalization and security several years ago and continues to further develop these areas and, on the other, reflects the focus on the DACH region.

Revenues in the segment Public Transport also rose from EUR 13.6 million to EUR 17.3 million but nonetheless remain on a very low level overall.

Revenues by segment (share of revenues).

in EUR million	2017/18		2018/19		Change	
Traffic	693.3	61%	737.8	61%	44.5	6%
Carrier	150.7	13%	107.1	9%	-43.5	-29%
Enterprise	317.7	28%	380.0	31%	62.3	20%
Public Transport	13.6	1%	17.3	1%	3.7	27%
Others	19.3	2%	26.5	2%	7.3	38%
Eliminations	-49.5	-4%	-56.9	-5%	-7.4	-15%
Group	**1,145.0**	**100%**	**1,211.9**	**100%**	**66.9**	**6%**

Operating performance rose year-on-year by EUR 90.1 million or 8% to EUR 1,261.8 million, which is attributable to positive revenue developments and changes in inventories (EUR +27.0 million). Other operating income which in the previous year included insurance indemnification in the amount of EUR 5.9 million, declined by 3.8 million in a year-on-year comparison.

The cost of materials and other production services rose by EUR 83.3 million or 15% to EUR 628.9 million, which was mainly accounted for by the higher revenues. The ratio of materials and other production services to revenues increased from 47.7% to 51.9%.

Although the headcount declined over the past fiscal year by -340 or -5% to 6,896, staff costs nonetheless rose by 3% (or EUR 13.6 million) to EUR 410.2 million. This is primarily attributable to the discontinuation of manual tolling activities in Poland (474 fewer personnel associated with relatively low staff costs) and the ongoing rise in the headcount in growth markets (particularly the USA, Austria, and Switzerland) with relatively high staff costs. The divestment of the telecom operator business is also partly accountable for the decline in the headcount.

Depreciation, amortization, and impairment charges also declined significantly during the past fiscal year, falling by EUR 14.0 million or 39% to EUR 22.2 million. This decline is accounted for, on the one hand, by impairments relating to intangible assets which had to be recognized in the segment Public Transport in the previous period and, on the other, by expenses relating to scheduled depreciation amounting to EUR 22.2 million, EUR 6.5 million or 23% lower than in the previous fiscal year.

Overall, expenses for depreciation, amortization, and impairment charges are broken down as follows:

in EUR million	**2017/18**	**2018/19**	**Change**	
Property, plant and equipment	13.8	12.6	-1.3	-9%
Intangible assets	14.6	9.3	-5.4	-37%
Amortization of costs to obtain a contract	0.0	0.1	0.1	
Investment property	0.2	0.2	0.0	0%
Impairments	7.4	0.0	-7.4	-100%
Total	**36.1**	**22.2**	**-14.0**	**-39%**

Other operating expenses declined significantly year-on-year by EUR 22.6 million or 13% to EUR 151.0 million. These reductions related primarily to communication and IT expenses, maintenance expenses, office expenses and, in particular, to operational foreign exchange losses and losses associated with changes in the fair value of derivative financial instruments. Legal and consulting fees (foremostly in the USA, Germany, and Australia), taxes and charges, and the adjustment of provisions for warranties however all accounted for higher expenses than in the previous period.

The proportional result of associates and joint ventures includes the share in the results of the joint venture in Germany in the amount of EUR 0.7 million as well as the share in the result of the joint venture in Zambia in the amount of EUR 0.2 million for the period March to August 2018. The revaluation of the joint venture in Zambia as a result of its full consolidation also contributed EUR 0.5 million to EBIT.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) rose significantly by EUR 16.8 million or 30% to EUR 73.1 million in the past fiscal year. mainly relating to the segments Traffic and Enterprise.
The segment Public Transport also rose compared to the previous year, but still continued to return a negative negative bottom-line contribution whereas the EBITDA in the segment Carrier further declined compared to the previous year. The EBITDA margin therefore rose from 4.9% to 6.0%.

EBIT rose by EUR 30.8 million or 153% to EUR 50.9 million, thus even reaching a level more than twice as high as that of the previous year. Again the segments Traffic and Enterprise played a role in this improvement, whereas the contributions of the segments Carrier and Public Transport remained negative. Overall, EBIT also benefited from the fact that currency-related effects associated with business operations had a significantly more positive impact in contrast to the previous year and therefore did not impose a disproportionate burden on the bottom line. This positive impact was also accentuated by anticipated compensation associated with a hedge transaction which had a negative impact on earnings in the previous year due to the EUR/USD exchange rate. Furthermore, the improvement in earnings is also accounted for by the lack of any impairments of intangible assets, a factor which weighed heavily on the bottom line in the previous period. Overall, the EBIT margin of Kapsch Group rose to 4.2% (previous year: 1.8%).

Earnings figures of Kapsch Group.

in EUR million	2017/18	2018/19	Change	
EBITDA	56.3	73.1	16.8	30%
EBITDA margin in %	4.9	6.0		
EBIT	20.1	50.9	30.8	153%
EBIT margin in %	1.8	4.2		
Profit/loss before taxes	8.3	44.4	36.1	435%
Profit/loss for the period	6.3	33.2	26.9	424%

The financial result improved from EUR -11.2 million to EUR -6.3 million. While finance income remained essentially unchanged at EUR 11.0 million (an increase of EUR 0.5 million or 5%), finance costs fell by EUR 4.4 million or 20% to EUR 17.2 million. A key role here was played by the consideration received in connection with the divestment of the stake in ParkJockey Global Inc., USA, in the amount of EUR 5.1 million, and lower interest payments. This was in part offset by higher financial foreign exchange losses in the amount of EUR 7.7 million (particularly in connection with the US dollar (USD) and the South African rand (ZAR)).

The proportional result of associates and joint ventures amounted to a loss of EUR -0.2 million (previous year: EUR -0.6 million) resulting, on the one hand, from Traffic Technology Services Inc., USA (EUR -0,3 million) and, on the other, from investments held by Kapsch BusinessCom AG in Kapsch Financial Services, evolaris, AIMC, and CALPANA (in total EUR 0.0 million).

The result before income taxes of EUR 44.4 million (an increase of EUR 36.1 million or 435%) and the result for the period of EUR 33.2 million (rising by EUR +26.9 million or +424%) were also well above the prior year levels. Income taxes rose in line with the development of the result for the period to EUR -11.2 million (an increase of EUR -9.2 million or -474%). Deferred tax assets associated with losses carried forward in the USA and Brazil, which it is assumed will be applicable in coming years, were capitalized to an extent of around EUR 5.0 million.

Other comprehensive income for the period improved by EUR 3.8 million or 47% in the past fiscal year to EUR -4.2 million. This was primarily due to currency translation differences from net investments in foreign business operations (EUR 4.0 million in comparison to EUR -6.1 million in the previous year). Other currency translation differences and remeasurements of liabilities from post-employment benefits declined by EUR -3.4 million to EUR -7.2 million compared to the previous year.

Total comprehensive income for the period was also firmly positive at EUR 29.0 million (previous year: EUR -1.7 million).

2.3 Financial situation.

Balance sheet figures of Kapsch Group.

in EUR million	2017/18	2018/19	Change	
Total assets	1,007.1	1,070.7	63.6	6%
Equity	255.8	275.4	19.7	8%
Equity ratio in %	25.4	25.7		
Cash and cash equivalents	209.3	139.0	-70.3	-34%
Net debt [1]	-116.2	-176.4	-60.2	52%
Capital employed [2]	569.4	577.5	8.1	1%
Net working capital [3]	192.2	233.2	41.0	21%

[1] Cash and cash equivalents + Other current financial assets - Financial liabilities
[2] Total equity + Financial liabilities
[3] Change in calculation method: Inventories + Trade receivables + Current contract assets + Current tax receivables - Trade liabilities - Current contract liabilities - Current tax liabilities - Current provisions - Current other liabilities and accruals

The balance sheet total of Kapsch Group rose in comparison to the previous year by EUR 63.3 million or 6% to EUR 1,070.7 million, thereby confirming both the Group's growth trajectory and the stable balance sheet structure.

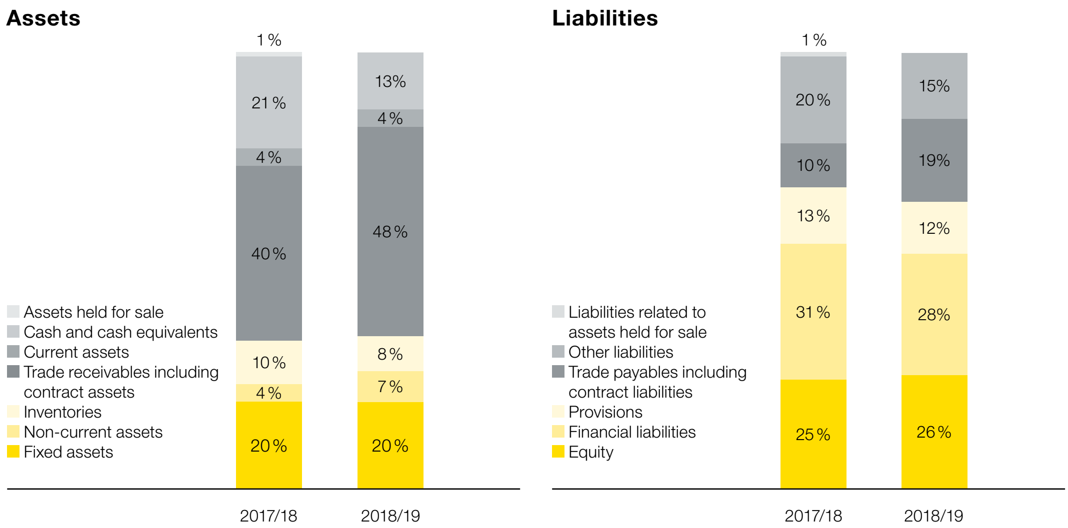
At EUR 342.0 million, the position "Non-current assets" rose significantly compared to the previous year (by EUR 56.8 million or 20%). While the position "Property, plant and equipment" actually declined marginally, mainly as a result of scheduled depreciation, by EUR 2.4 million or 4%, the carrying value of intangible assets rose by EUR 16.6 million or 12%, foremostly due to the full consolidation of Intelligent Mobility Solutions Ltd. in Zambia (EUR 15.1 million). This full consolidation in turn had a negative effect of EUR 7.5 million on the carrying value of the position "Interests in associates and joint ventures". This balance sheet position nonetheless rose, due to the new joint venture autoTicket GmbH, Germany, and the associated company Traffic Technology Services Inc., USA, to EUR 23.5 million (an increase of EUR 14.4 million or 159%). The interest in the latter of these enterprises was recognized as an investment and reclassified as a result of the purchase of further shares. For this reason and as a result of the divestment of ParkJockey Global Inc., USA, the position "Other non-current financial assets and investments" fell to EUR 22.5 million (a decline of EUR 6.8 million or 23%). The first-time recognition of "Non-current contract assets", in the amount of EUR 21.0 million, and the rise in the position "Other non-current assets" to a level of EUR 12.0 million, in addition to the position "Deferred tax assets", which rose to EUR 47.0 million, contributed to the rise in the carrying value of "Non-current assets".

The position "Current assets" also rose by EUR 15.3 million or 2% to EUR 728.7 million. This resulted from the recognition of the position "Current contract assets" in the amount of EUR 168.1 million due to the first-time application of IFRS 15. These assets were previously recognized under the position "Trade receivables and other current assets". It follows that both of these positions fell, with the carrying value of inventories declining by 21% to EUR 79.8 million and the position "Trade receivables and other current assets" falling by 14% to EUR 332.6 million. The positions "Current tax receivables" (by -27% to EUR 8.1 million) and "Other current financial assets" (by -65% to EUR 1.1 million) also declined. The level of the position "Cash and cash equivalents" also dropped markedly, by EUR 70.3 million or 34% to EUR 139.0 million, primarily the result of the increase in net working capital.

The position "Equity" of Kapsch Group rose by EUR 19.7 million or 8% to EUR 275.5 million over the course of the past fiscal year. This was possible despite the change in revenue recognition associated with the new accounting standard IFRS 15, which entailed a transition effect of EUR -4.9 million in the segment Carrier. On the other hand, there were no transition effects relating to equity in the segments Traffic, Enterprise and Public Transport as a result of the first-time application of the new standard given that the percentage-of-completion method for contract work (pursuant to IAS 11) had already been applied in these segments. As a result of the increase in equity, the equity ratio also rose marginally to 25.7%. Conditional upon IFRS 16 effects, the Group aims to increase this again to over 30% in the medium term.

"Non-current liabilities" rose compared to the previous year (by EUR 49.1 million or 15%) to EUR 378.0 million. This was attributable primarily to the rise in the position "Non-current financial assets", which was a consequence of the long-term refinancing undertaken by the Group on the basis of attractive conditions. The position "Non-current financial liabilities" therefore rose compared to the previous year (by EUR 30.7 million or 15%) to EUR 240.7 million. The first-time recognition of "Non-current contract liabilities" in the amount of EUR 11.5 million, in addition to the rise in the carrying value of the position "Liabilities from post-employment benefits to employees" by 7% to EUR 75.1 million, and that of the position "Deferred tax liabilities" by 241% to EUR 10.6 million, also contributed to this increase. On the other hand, the position "Other non-current liabilities" fell by -48% to EUR 5.9 million.

The position "Current liabilities" remained relatively stable at EUR 417.3 million (an increase of EUR +4.3 million or +1%). The non-current financial liabilities were significantly reduced by EUR 42.3 million or 41% to EUR 61.4 million which, as mentioned above, was associated with the fact that the Group was able to refinance itself on favorable terms during the period under review. A development in the opposite direction applied to the position "Trade payables", which rose by 46% to EUR 124,3 million. The first-time recognition of "non-current contract liabilities" in the amount of EUR 53.9 million also led to a rise in the carrying value of the position "Current liabilities". The position "Other liabilities and deferred income" fell significantly, by 25% to EUR 126.4 million.



Net debt rose year-on-year by EUR 60.2 million or 52% to EUR 176.4 million. Capital employed in the past fiscal year, amounting to EUR 577.5 million, was EUR 8.1 million or 1% down on the prior year's level and therefore remained relatively stable. Net current assets rose year-on-year by EUR 41.0 million or 21% to EUR 233.2 million (previous year adjusted: EUR 192.2 million). While the position "Amounts due from customers for contract work" was previously taken into account under the position "Trade receivables and other current assets" when calculating the net working capital, customer contract liabilities were not recognized under the position "Other liabilities and deferred income". Kapsch has taken the opportunity offered by the separate recognition of "Current contract liabilities" required by IFRS 15 to take this position and also the position "Other liabilities and deferred income" into account when calculating net working capital from the current fiscal year forwards. "Current provisions" will also be taken into account when calculating net working capital.

2.4 Cash flow.

in EUR million	2017/18	2018/19	Change	
Cash flow from operating activities	29.9	-20.6	-50.6	-169%
Cash flow from investing activities	-24.0	-22.4	1.6	-7%
Cash flow from financing activities	-37.1	-24.7	12.4	-33%
Total	**-31.2**	**-67.7**	**-36.5**	**-117%**

At EUR -20,6 million, cash flow from operating activities was EUR 50.6 million or 169% below the prior year's level. This is primarily associated with the changes in terms of net working capital which amounted to EUR -56.1 million (previous year: EUR -2.7 million). The most notable changes were the rises in the positions "Trade receivables and other current assets" and "Contract assets" by EUR 79.5 million (previous year: a decline of EUR 7.9 million). The change in inventories regarding the cash flow amounts to EUR +24.9 million (previous year: EUR -12.6 million). The increase in the carrying value of "Trade liabilities and other liabilities", including that of "Contract liabilities" had a positive effect of EUR 49.3 million on the cash flow but was insufficient to fully negate the negative effects of asset-related changes.

Cash flow from investing activities, amounting to EUR -22.4 million, was EUR 1.6 million or 7% higher, and therefore significantly improved compared to the previous year. While investments in associates, joint ventures and other equity investments (EUR -20.0 million) rose, the divestment of the equity stake in ParkJockey Global Inc., USA, (a cash inflow of EUR +10.7 million) played a significant role in improving cash flow from investing activities. Net investment was also EUR 1.9 million lower in 2018/19 than in the previous period. In comparison to the previous year, investments slightly declined.

The free cash flow will be adjusted with effect from March 31, 2019 to consist of cash flow from operating activities plus cash flow from investing activities and, at a value of EUR -43.0 million, was considerably lower than the restated value for the previous year of EUR +5.9 million. This development reflects the rise in net working capital.

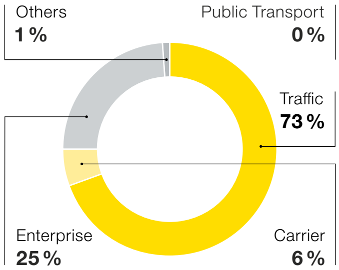
Cash flow from financing activities amounted to EUR -24.7 million, increasing by EUR 12.4 million or 33% compared to the prior year's level. Both periods saw more current financial liabilities being settled than new lending raised. No dividends were paid to shareholders in the company again in the period under review. The dividends paid out to holders of non-controlling interests remained unchanged at EUR 7.2 million.

The position "Cash and cash equivalents" at the end of the fiscal year amounted to EUR 139.0 million, representing a decrease of EUR 70.3 million or 34% compared to the previous year. This is associated with the negative cash flow.

2.5 Investments.

Investments in the past fiscal year amounted to EUR 18.7 million, EUR 1.8 million or 9% below the prior year's level. In addition, fixed assets increased by EUR 21.8 million and related to company acquisitions. Despite asset disposals amounting to EUR 3.4 million and scheduled depreciation of EUR 22.1 million, the carrying value of total assets nonetheless rose by EUR 14.3 million or 7% to EUR 216.5 million.

Investments by segment.



Kapsch Group investments.

in EUR million	Property, plant and equipment	Intangible assets	Investment property	2018/19
Carrying amount as of March 31 of previous year	**55.5**	**143.2**	**3.5**	**202.1**
Addition from business combinations	0.2	21.6	0.0	21.8
Investments (additions)	12.4	6.3	0.0	18.7
Divestments (disposals)	-2.5	-1.0	0.0	-3.4
Depreciation/amortization	-12.6	-9.3	-0.2	-22.1
Impairments	0.0	0.0	0.0	0.0
Currency translation differences	0.1	-1.2	0.0	-1.1
Reclassifications	0.0	0.0	0.0	0.0
Carrying amount as of March 31 of fiscal year	**53.0**	**159.7**	**3.3**	**216.0**

When considering all segments, it becomes clear that the majority of investments were made in the segment Traffic (EUR 13.6 million or 73%). A total of EUR 5.0 million or 19% of revenues was invested in the segment Enterprise over the past fiscal year. The level of investment in the segments Carrier (EUR 1.2 million or 6% of revenues) and Public Transport (EUR 0.0 million) both declined again during the period under review.

3 Business Segments.

During the past fiscal year, Kapsch Group continued to operate in the following segments:
> Segment Traffic
> Segment Carrier
> Segment Enterprise
> Segment Public Transport
> Segment Others

3.1 Segment Traffic.

This segment is represented by Kapsch TrafficCom AG as well as its direct and indirect subsidiary companies (sub-group Traffic). KAPSCH-Group Beteiligungs GmbH owns a 63.3% stake in this company.

In the segment Traffic, the Group offers integral technologies, solutions and services for the intelligent transportation systems (ITS) market worldwide. The segment consists of the following two divisions:

Electronic Toll Collection (ETC): This segment includes projects for the implementation, maintenance, and operation of systems that include electronic toll collection as well as manual toll systems and toll services. As a rule, these are projects put out to tender and awarded by public authorities or private concessionaires. These are systems on individual road sections or nation-wide road networks. After installation, components for the expansion, adaptation, and operation of the systems are often delivered at a later date.

Intelligent Mobility Solutions (IMS): This segment includes projects for the implementation, maintenance, and operation of systems for traffic monitoring, traffic control, and traffic safety. Projects for the control of commercial vehicles and electronic vehicle registration as well as intelligent parking solutions and systems for intermodal mobility are also allocated to this segment, as are systems and services for the operational monitoring of public transport and environmental facilities.

In fiscal year 2018/19, Kapsch TrafficCom recorded revenues of EUR 737.8 million, or EUR 44.5 million (6%) higher than in the previous year. The main part of the revenue still results from division ETC, but there has also been an increase in revenues in division IMS.

Segment Traffic revenues by division.

in EUR million	2017/18	2018/19	Change	
ETC	521.6	558.4	36.8	7%
IMS	171.6	179.4	7.8	5%
Segment Traffic total	**693.3**	**737.8**	**44.5**	**6%**

The revenue of division ETC increased by EUR 36.8 million or 7% from EUR 521.6 million to EUR 558.4 million. At EUR 334.3 million (previous year: EUR 346.8 million), the EMEA region was again able to generate the largest contribution to revenues this fiscal year. The volume of implementation projects increased by 11% mainly due to the development of the nation-wide toll system in Bulgaria. This was achieved despite the fact that the tolling and operations projects expired in the Czech Republic, Poland and Austria. Due to the short remaining period of operations projects expansion investments significantly declined. The volume of operations projects fell by 7.9%, mainly due to lower revenues in Poland and Austria. Component sales in the EMEA region declined slightly (-4%). Revenues in the Americas region increased to EUR 174.5 million in the past fiscal year (previous year: EUR 139.3 million). Growth was recorded in both implementation and operations projects. Revenues also rose in the APAC region in 2018/19. It was mainly implementation projects that led to an increase in revenues to EUR 49.7 million (previous year: EUR 35.5 million).

In fiscal year 2018/19, the number of on-board units sold reached a new record high of 13.5 million (previous year: 12.7 million units). Increases were recorded in particular in the USA (with over 8.0 million units sold, compared with 7.4 million in the previous year), Spain, and South Africa. Chile was a new sales market. Sales figures in Sweden and Denmark decreased compared to the same period of the previous year.

In fiscal year 2018/19, revenues in division IMS rose by 5% to EUR 179.4 million. This was mainly due to higher revenues from operation projects and components. Revenues of EUR 96.8 million were generated in the EMEA region (previous year: EUR 95.1 million). The project to set up and operate a traffic management system in Zambia helped to increase revenues from implementation projects. Revenues also rose by 13% to EUR 79.0 million in the Americas region. Revenue increases were achieved in both implementation and operation projects, in particular the new construction project in Lima, Peru, made a valuable contribution. In the APAC region, revenues fell from EUR 6.8 million to EUR 3.6 million, with both implementation and operation projects affected.

The EMEA region (Europe, Middle East, Africa) accounted with EUR 431.1 million for 59% of revenues and thereby represents the largest market. The Americas region (North, Central and South America) again increased its revenues to EUR 253.4 million or 34% of Group revenues. The APAC region (Asia-Pacific) contributed EUR 53.3 million or 7% to revenues.

Cost of materials and other production services increased by EUR 44.1 million to EUR 323.5 million (previous year: EUR 279.4 million). The ratio of material and other production services to revenues rose from 40.3% to 43.8%. In contrast to that stands the increase of changes in finished and unfinished goods and work in progress of EUR 2.8 million to EUR 20.9 million. Staff costs rose by 6% to EUR 252.7 million (previous year: EUR 237.9 million). While the number of employees in Poland fell due to the changed assignment of manual tolling, the company increased its staff in the USA. Overall, the average number of employees rose by 25 to 5,159, with a decrease of 488 in Poland. At 34.3%, the personnel ratio (personnel expenses as a percentage of revenues) was unchanged from the previous year. Amortization and depreciation fell slightly to EUR 14.5 million (previous year: EUR 14.8 million). There were no extraordinary depreciations or impairment losses in the fiscal year. Other operating expenses fell by 6% year-on-year to EUR 126.3 million. A decline in operating currency losses (EUR -8.9 million) and communication and IT expenses is reported.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) rose from EUR 64.9 million by EUR 6.7 million or 10% to EUR 71.5 million.

The operating result (EBIT) amounts to EUR 57.0 million and increased by 14% compared to previous year. The EBIT margin increased to 7.7% (previous year: 7.2%). The operating currency result, which can only be influenced by the entity to a certain extent, amounts to EUR 3.6 million and thereby increased by EUR 8.8 million (previous year: EUR -5.2 million). Considering both divisions, there is a different development in operating result (EBIT). The operating result of division ETC rose by 21.5% year-on-year to EUR 64.9 million (previous year: EUR 53.5 million). The increase resulted from higher earnings contributions from implementation projects, particularly in the Americas region. This more than compensated for the lower earnings contributions from operations projects. The operating currency result also improved to EUR 3.5 million (previous year: -4.7 million). In division IMS the operating result amounted to EUR -7.9 million (previous year: EUR -3.4 million). The cost of materials and other production services as well as personnel expenses rose faster than revenues. In other operating expenses, value adjustments for other taxes in Brazil (EUR 3.3 million) increased in particular, while the reversal of a provision in connection with other taxes and levies was also reduced in Brazil (EUR -1.3 million).

The proportional result of joint ventures includes the proportional result of the joint venture in Germany of EUR 0.7 million and the proportional result of the joint venture in Zambia of EUR 0.2 million for the period from March to August 2018. Furthermore, the revaluation of the joint venture in Zambia due to full consolidation contributed EUR 0.5 million to EBIT.

The financial result improved from EUR -5.2 million in the previous year to EUR -1.7 million. The main reasons for this were income of EUR 5.1 million from the sale of the investment in ParkJockey Global Inc., USA, and lower interest expenses (EUR -1.8 million). This was offset by foreign exchange losses of EUR -5.2 million (previous year: gains of EUR 0.1 million), primarily in connection with the US dollar (USD) and the South African rand (ZAR).

The proportional result from other joint ventures and associates amounted to EUR -0.3 million and resulted from Traffic Technology Services Inc., USA. In fiscal year 2017/18, this result amounted to EUR -0.7 million and can be attributed to the result as well as the devaluation of the investment in SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico, following the purchase of the remaining shares.

Income taxes fell to EUR 8.5 million (previous year: EUR 16.2 million) despite higher earnings before taxes due to one-off effects. Deferred tax assets of EUR 5.0 million were recognized for previously unrecognized tax loss carryforwards in the USA and Brazil, which can be utilized based on planning for the next few years.

Result for the period rose by 66.1% to EUR 46.6 million. Earnings of EUR 47.8 million were attributable to the shareholders of the company. This corresponds to earnings per share of EUR 3.68 (previous year: EUR 2.21).

Other comprehensive income amounted to EUR -2.0 million (previous year: EUR -6.0 million) and mainly includes currency translation differences and revaluations of post-employment benefit obligations.

Total comprehensive income of Kapsch TrafficCom Group amounted to EUR 44.6 million (previous year: EUR 22.0 million).

Earning figures segment Traffic.

in EUR million	2017/18	2018/19	Change	
EBITDA	64.9	71.5	6.7	10%
EBITDA margin in %	9.4	9.7		
EBIT	50.1	57.0	7.0	14%
EBIT margin in %	7.2	7.7		
Profit/loss before tax	44.2	55.1	10.9	25%
Profit/loss for the period	28.0	46.6	18.5	66%

The balance sheet total of Kapsch TrafficCom as of March 31, 2019 was EUR 677.7 million, EUR 56.5 million higher than the balance sheet total of the previous year (EUR 621.1 million).

At EUR 22.0 million, “Property, plant and equipment” remained at the previous year’s level (EUR 21.4 million). Due primarily to the full consolidation of Intelligent Mobility Solutions Ltd. in Zambia (EUR 15.1 million), “Intangible assets” increased by EUR 12.1 million to EUR 82.9 million. The full consolidation had a negative impact of EUR 7.5 million on “Interests in associates and joint ventures”. However, this balance sheet position increased due to the new joint venture autoTicket GmbH, Germany, and the associated company Traffic Technology Services Inc., USA. The latter was included as an investment in the previous year and reclassified due to the purchase of additional shares. As a result, and due to the sale of ParkJockey Global Inc., USA, “Other non-current financial assets and investments” decreased to EUR 15.9 million (March 31, 2018: EUR 23.2 million).

“Deferred tax assets” rose from EUR 12.4 million to EUR 18.5 million, mainly due to the capitalization of tax loss carryforwards in the USA and Brazil (EUR 5.0 million in total).

“Inventories” rose sharply from EUR 38.9 million to EUR 64.1 million, especially in the USA (EUR +15.8 million) and Bulgaria (EUR +5.6 million). Previously, “Amounts due from customers for contract work as well as service and maintenance contracts” (March 31, 2018: EUR 83.9 million) were entirely part of “Trade receivables and other current assets”. In accordance with IFRS 15 (as of April 1, 2018), receivables now referred to as “Contract assets” need to be presented separately for the first time for the 2018/19 fiscal year (non-current: EUR 16.8 million; current: EUR 122.6 million). The position “Trade receivables and other current assets” therefore decreased by EUR 45.0 million over the previous year. In particular, trade receivables increased in Bulgaria and Poland.

“Cash and cash equivalents” decreased by EUR 87.2 million to EUR 94.7 million compared to March 31, 2018, mainly due to the dividend payment (EUR 19.5 million) and the negative free cash flow (EUR -57.5 million) in fiscal year 2018/19.

There were hardly any changes in financial liabilities compared with the previous year: As of March 31, 2019, “Non-current financial liabilities” amounted to EUR 139.3 million (previous year: EUR 141.8 million) and “Current financial liabilities” amounted to EUR 29.9 million (previous year: EUR 26.7 million).

“Non-current provisions” decreased slightly by EUR 2.2 million to EUR 6.7 million. “Other non-current liabilities” decreased year-on-year by EUR 2.9 million to EUR 1.3 million, mainly due to the earn-out payment of EUR 3.0 million from the purchase of Kapsch Telematic Services spol. s r.o., Czech Republic.

“Contract liabilities” were presented separately for the first time in fiscal year 2018/19 in accordance with IFRS 15 (non-current: EUR 5.2 million; current: EUR 26.9 million). Previously, amounts due to customers for contract work (March 31, 2018: EUR 31.5 million) were part of the balance sheet item “Other liabilities and deferred income”, which consequently fell significantly by

EUR 41.0 million compared with March 31, 2018 to EUR 71.8 million (previous year: EUR 112.8 million). The decrease also results from the final earn-out payment of EUR 3.5 million from the acquisition of Kapsch Telematik Services GmbH, Vienna, in the first quarter of 2018/19.

“Trade payables” amounted to EUR 89.6 million (previous year: EUR 58.3 million) and increased mainly in Austria, Zambia, and Spain. “Current provisions” rose to EUR 14.7 million (previous year: EUR 9.6 million), whereby provisions for customer projects increased the amount.

Equity as at March 31, 2019 was EUR 258.7 million, and thus was EUR 28.7 million higher than at the end of the last fiscal year. The solid “Total comprehensive income for the period” of EUR 44.6 million and the increase in non-controlling interests of EUR 3.6 million due to the full consolidation of Intelligent Mobility Solutions Ltd., Zambia, had a positive effect. However, the dividend paid (EUR 19.5 million) reduced equity. The first-time application of the new IFRS 9 accounting standard had an impact of EUR -0.5 million. The equity ratio as of March 31, 2019 was 38.2% (March 31, 2018: 37.0%).

As at March 31, 2019 Kapsch TrafficCom reported net debt in the amount of EUR -73.5 million (March 31, 2018: net cash of EUR 16.2 million). This corresponds to a gearing ratio of 28.4% (March 31, 2018: n/a).

Net working capital as of March 31, 2019 amounted to EUR 193.3 million (March 31, 2018 adjusted: EUR 117.0 million). The difference between the change in net working capital and the cash flow statement is mainly due to the difference in current tax receivables and liabilities, the business combination of IMS Zambia, and payments for the acquisition of non-controlling interests.

In addition to the assets of the segment Traffic, there is further goodwill of EUR 39.0 million at the level of KAPSCH-Group Beteiligungs GmbH assigned to the segment Traffic, for which no need for impairment was identified in the course of the impairment test carried out.

Other key figures for the segment Traffic.

in EUR million	2017/18	2018/19	Change	
Total assets	621.1	677.7	56.5	9%
Equity	229.9	258.7	28.7	13%
Equity ratio in %	37.0	38.2		
Cash and cash equivalents	181.8	94.7	-87.2	-48%
Net debt [1]	16.2	-73.5	-89.7	–
Capital employed [2]	398.4	427.9	29.6	7%
Net working capital [3]	117.0	193.3	76.3	65%
Free cash flow [4]	21.8	-57.5	-79.3	–
Net CAPEX [5]	8.8	11.7	2.9	33%
R&D expenses [6]	103.0	108.1	5.1	5%
Employees, as of March 31	5,259	4,981	-278	-5%

1) Cash and cash equivalents + Other current financial assets - Financial liabilities
2) Total equity + Financial liabilities
3) Change in calculation method: Inventories + Trade receivables + Current contract assets + Current tax receivables - Trade liabilities - Current contract liabilities - Current tax liabilities - Current provisions - Current other liabilities and accruals
4) Change in calculation method: Cash flow from operating activities + Cash flow from investing activities
5) Investments to purchase and payments from the disposal of property, plant and equipment and intangible assets
6) R&D expenses contains Kapsch Group external costs only

Cash flow from operating activities amounted to EUR -39.5 million in the reporting period (previous year: EUR 41.8 million). Cash flow from earnings before changes in net working capital rose slightly to EUR 34.5 million (previous year: EUR 29.3 million), as lower taxes and interest were paid despite higher earnings, but the increase in “Other non-current receivables and assets” led to a higher adjustment. Changes in net working capital amounted to EUR -76.3 million (previous year: EUR 12.5 million). In particular, “Trade receivables and other current assets” and “Contract assets” increased by EUR 77.8 million (previous year: decrease of EUR 12.0 million). Inventories grew by EUR 25.2 million while they fell by EUR 3.5 million in the previous year. The increase in “Trade payables and other current liabilities”, including “Contract liabilities” had a positive effect on the cash flow with EUR 23.8 million.

Cash flow from investing activities amounted to EUR -18.0 million in fiscal year 2018/19 and was thus a bit more positive than in the previous year (EUR -20.0 million). While investments in associated companies, joint ventures and other investments increased (EUR -17.9 million), the sale of ParkJockey Global Inc., USA (EUR +10.7 million) contributed significantly to the improvement in cash flow from investing activities. Net CAPEX in 2018/19 were also EUR 2.9 million higher than in the previous year.

Cash flow from financing activities amounted to EUR -27.1 million (previous year: EUR -46.9 million). The payment of a dividend of EUR 19.5 million and earn-out payments of EUR 6.3 million from earlier acquisitions essentially led to this result. In the previous year, the corporate bond was repaid as planned, but not refinanced to the same amount.

Cash and cash equivalents decreased by EUR 87.2 million to EUR 94.7 million as of March 31, 2019 (March 31, 2018: EUR 181.8 million).

From March 31, 2019, free cash flow is redefined as cash flow from operating activities plus cash flow from investing activities and, at EUR -57.5 million, was significantly below the adjusted prior year figure of EUR 21.8 million. This development reflects the increase in net working capital.

Cash flow of the segment Traffic.

in EUR million	2017/18	2018/19	Change	
Cash flow from operating activities	41.8	-39.5	-81.4	-195%
Cash flow from investing activities	-20.0	-18.0	2.1	10%
Cash flow from financing activities	-46.9	-27.1	19.8	42%
Total	**-25.1**	**-84.6**	**-59.5**	**-237%**

At EUR 13.6 million, investments in the segment Traffic were around 16% above the previous year's figure of EUR 11.8 million.

EUR 108.1 million was expended externally of Kapsch Groupfor research and development. This corresponds to an increase of EUR 5.1 million or 5%, demonstrating that considerable investment continues to be made in this segment that is so important to the company's future. The share of revenue invested in research and development remains at 15% unchanged compared to the previous year.

As at March 31, 2019, the Group employed a total of 4,981 people in the segment Traffic, -278 or -5% fewer than at the balance sheet date of the previous year. This decline was primarily due to the reduction in the scope of services for the operation of the nation-wide truck toll system in Poland (-488 people). In other countries like USA the number of employees increased.

3.2 Segment Carrier.

This segment is represented by Kapsch CarrierCom AG as well as its respective direct and indirect subsidiaries. KAPSCH-Group Beteiligungs GmbH owns a 100% stake in this company.

In the segment Carrier, Kapsch is an established and globally active developer, supplier, and system integrator of end-to-end telecommunications solutions. The aim of Kapsch CarrierCom is to help shape the future development of dedicated telecommunication networks required for the operations of railway and local public transport companies, public authorities, and airports. The company offers innovative, success and mission-critical end-to-end solutions, based on the work of Kapsch's research and development department and with the support of selected strategic partners. The expertise of Kapsch CarrierCom comprises, inter alia, solutions for the next generation of operationally important telecommunications networks, the digitalization of railway systems, and the virtualization of communications networks.

In terms of the servicing of public network operators (formerly telecom operators), the Carriers division has been dissolved in Austria and the neighboring countries in Central and Eastern Europe as a result of transactions within the Group (Kapsch Carrier Solutions Deutschland GmbH transferred to Kapsch BusinessCom AG) and divestments to S&T (an asset deal in Austria and the sale of subsidiaries in Croatia, Serbia, Slovenia, Belarus, Macedonia, and Bulgaria). Customers of the Carriers division in Western Europe have been retained and have since been served by the mission-critical networks division. These customers include, inter alia, Allianz, Électricité de France, and Orange in France, Chunghwa Telecom in Taiwan, and BICS (Belgacom International Carrier Services) in Belgium.

In the mission-critical Networks division, Kapsch manages the railways portfolio of solutions, which was most recently expanded to include the TETRA and Digital Mobile Radio (DMR) technologies, as well as the new, specific solutions of "Cyber Security", "Next generation", and "Digitalization". In addition, there are also SD-WAN solutions, which are being marketed primarily in Western Europe.

In order to ensure efficient operation and the safety of passengers and staff, rail operators require a reliable and secure network infrastructure which needs to be equipped to handle future developments. The further development of the ERTMS agenda is also intended to ensure the complete interoperability of rail communication across international borders. Kapsch CarrierCom Group's end-to-end solutions in the area of railway dedicated networks (RDN) are not just based on the GSM-R standard, but in fact go well beyond this by supporting the entire range of requirements for voice and data communication in railway operations. The solution has been tested at speeds of more than 500km/h without any communication breakdowns. This makes a major contribution to ensuring the safety of passengers and employees. In this segment, Kapsch has been developing, building, installing, and supporting end-to-end RDN network solutions based on the GSM-R standard for over 20 years. As a leading company in the industry, Kapsch Group today supports communication along more than 80,000 track kilometers in Europe, Africa, and Asia. The available expertise and the commitment to supporting solutions over an extended period of time safeguard the position of the Kapsch CarrierCom Group in this segment as a strategic partner to large national railway companies, as well as other public and private companies operating proprietary communications networks. Kapsch CarrierCom group aims to maintain and expand its strong market position in the GSM-R / ERTMS segments by focusing on key opportunities, strengthening its local presence – if necessary, indirectly through partners – and consistent end-to-end access.

As an associated member of the European railway technology initiative Shift2Rail, Kapsch CarrierCom has established a strong position in terms of the technological shift in the period after 2020 and is also a recognized member of several standardization bodies which play a major role in shaping evolution in the railway technology sector.

Segment revenues declined by EUR 43.5 million or 29% to EUR 107.1 million (previous year: EUR 150.7 million), which was mainly attributable to the carve out of the telecom operator business. The focus in the railways business in the past fiscal year remained on product shipments as well as follow-up and completion work associated with existing projects. Several strategically important new projects were however also acquired. Key projects in the Czech Republic, Hungary, Slovenia, the UK, Bulgaria, Romania, Saudi Arabia, Algeria, China, Spain, Brazil, France, and Germany were acquired and completed, or are still at the implementation phase. The focus in the coming years will continue to be on markets in Central, Western, and Eastern Europe as well as North Africa and in the Asia region. A further expansion of, and imminent updates to, solutions in the existing Kapsch GSM-R networks is anticipated in many Western European countries. Digitalization and increasing security requirements will generate more investment in this area than in the past.

From a regional perspective, the carve out of the telecom operator business and project-specific factors accounted for shifts in revenue distributions as a result of which segments revenues were as follows: EUR 7.2 million (a decline of EUR 6.3 million) in Austria, EUR 23.8 million (a fall of EUR 7.9 million) in Central and Eastern Europe, EUR 63.5 million (EUR 29.3 million less) in Western Europe, and EUR 12.6 million (unchanged) in the Rest of the World region. The countries with highest revenues here are Germany, France, Austria, the Czech Republic, and the United Kingdom.

Segment Carrier revenues by region.

in EUR million	2017/18	2018/19	Change	
Austria	13.5	7.2	-6.3	-47%
Central and Eastern Europe	31.7	23.8	-7.9	-25%
Western Europe	92.8	63.5	-29.3	-32%
Rest of the World	12.6	12.6	0.0	0%
Segment Carrier total	**150.7**	**107.1**	**-43.5**	**-29%**

The segment result was negatively impacted by a decline in the general level of business and the associated general inability to cover fixed and one-off costs. Earnings before interest, tax, depreciation, and amortization in the past fiscal year of EUR -9.0 million were again more negative than in the preceding period (EUR -0.7 million), which is again attributable to the critical project in Hungary and restructuring expenses in connection with the Carriers carve-out scenario. At -8.4% (previous year: -0.4%), the EBITDA margin also declined correspondingly.

EBIT therefore also fell markedly by EUR 6.2 million or 109% to EUR -11.8 million (previous year: EUR -5.6 million). Despite taking into account the one-time losses in Hungary and the restructuring costs associated with the carve out of the telecom operators business in the Carriers division, earnings nonetheless remain unsatisfactory.

The result before income taxes of EUR -10.9 million (previous year: EUR +2.9 million) and the result for the period of EUR -7.7 million (previous year: EUR +4.3 million) were consequently also well below those in the previous period.

Earning figures segment Carrier.

in EUR million	2017/18	2018/19	Change	
EBITDA	-0.7	-9.0	-8.3	1,278%
EBITDA margin in %	-0.4	-8.4		
EBIT	-5.6	-11.8	-6.2	109%
EBIT margin in %	-3.7	-11.0		
Profit/loss before taxes	2.9	-10.9	-13.8	470%
Profit/loss for the period	4.3	-7.7	-12.0	-280%

The balance sheet total for the segment Carrier declined considerably to EUR 117.6 million (by EUR -35.6 million or -23%).

The position “Property, plant and equipment” decreased to EUR 6.0 million and that of “Intangible assets” to EUR 10.5 million, primarily as a result of scheduled depreciation and amortization. Overall, “non-current financial liabilities” fell by EUR 3.7 million to EUR 27.2 million.

Current assets held by the segment Carrier which, since the implementation of IFRS 15, now consist of "Inventories" of EUR 9.9 million (previous year: EUR 30.5 million including own work capitalized), “Contract assets” of EUR 16.5 million (recognized as inventories in the previous year), and "Other receivables and assets" of EUR 51.1 million (previous year: EUR 78.0 million) amounted to a total of EUR 77.5 million, which is equivalent to a decline of EUR 31.0 million or 29% in comparison to the preceding period.

The position “Financial liabilities” in the segment Carrier fell further by EUR 13.3 million or 38% to EUR 22.0 million. The position “Non-current provisions” rose from EUR 4.7 million in the previous year to EUR 6.2 million.

At EUR 18.0 million, the position “Other current liabilities” was EUR 6.8 million or 27% below the level of the previous year, and that of “Current provisions” also fell by EUR 11.2 million to EUR 12.8 million. Besides the decline as a result of the withdrawal from the telecom operators business, this was also attributable to the application of IFRS 15 given that "Current contract liabilities" of EUR 15.4 million are now recognized under a separate position.

“Trade payables” of EUR 16.8 million also followed the trend of the balance sheet contraction in this segment and fell by EUR 5.7 million or 25% year-on-year.

The position “Equity” declined over the period by EUR -12.2 million from EUR 23.9 million to EUR 11.7 million as a result of the negative result for the period and the IFRS 15 transition effect in the negative amount of EUR -4.9 million. The equity ratio therefore declined from 15.6% to 10.0%.

Other key figures for the segment Carrier.

in EUR million	2017/18	2018/19	Change	
Total assets	153.2	117.6	-35.6	-23%
Equity	23.9	11.7	-12.2	-51%
Equity ratio in %	15.6	10.0		
Cash and cash equivalents	12.2	14.5	2.4	20%
Net debt [1]	-21.6	-9.1	12.4	-58%
Capital employed [2]	59.3	33.7	-25.6	-43%
Net working capital [3]	35.3	12.6	-22.6	-64%
Free cash flow [4]	2.9	7.4	4.5	153%
Net CAPEX [5]	1.8	0.3	-1.5	-83%
R&D expenses [6]	27.7	25.4	-2.3	-8%
Employees, as of March 31	600	399	-201	-34%

1) Cash and cash equivalents + Other current financial assets - Financial liabilities
2) Total equity + Financial liabilities
3) Change in calculation method: Inventories + Trade receivables + Current contract assets + Current tax receivables - Trade liabilities - Current contract liabilities - Current tax liabilities - Current provisions - Current other liabilities and accruals
4) Change in calculation method: Cash flow from operating activities + Cash flow from investing activities
5) Investments to purchase and payments from the disposal of property, plant and equipment and intangible assets
6) R&D expenses contains Kapsch Group external costs only

It was possible to significantly reduce net debt by EUR 12.4 million or 58% to EUR -9.1 million while, at the same time, net working capital also fell markedly, by EUR 22.6 million or 64%, to EUR 12.6 million (previous year adjusted: EUR 35.3 million). Capital employed fell by EUR 25.6 million or 43% to EUR 33.7 million.

At the level of KAPSCH-Group Beteiligungs GmbH, goodwill of EUR 9.4 million is recognized relating to the MCN division, which was confirmed as recoverable in the course of the impairment test carried out.

The net cash flow from operating activities in the segment Carrier amounted to EUR +2.7 million despite the markedly negative segment EBIT, which is also the consequence of the waiver of receivables and the settlement of tax payables on the part of the parent company KAPSCH Group Beteiligungs GmbH. Compared to the previous period in the amount of EUR 4.8 million, this nonetheless represents a decline. At EUR 4.7 million (previous year: EUR -1.8 million), net cash flow from investing activities was markedly positive, primarily due to the partial divestments in the telecommunications operator business mentioned above. At EUR -8.3 million (previous year: EUR 3.9 million), cash flow from financing activities was well below that of the previous period, which is accounted for by the repayment of bank loans.

Cash flow of the segment Carrier.

in EUR million	2017/18	2018/19	Change	
Cash flow from operating activities	4.8	2.7	-2.0	-42%
Cash flow from investing activities	-1.8	4.7	6.5	–
Cash flow from financing activities	3.9	-8.3	-12.2	–
Total	**6.8**	**-0.9**	**-7.7**	**–**

At EUR 1.2 million, investments in the segment Carrier were well below the prior year's level (EUR 1.8 million).

EUR 25.4 million was expended externaly of Kapsch Group for research and development. Despite the telecom operators division being divested, this represents only a minimal decline of EUR -2.3 million or -8%, demonstrating that, despite the difficult earnings situation, research and development continues to be considered key to the medium and long-term success of the company in this segment. The share of investment in research and development exceeds 20% of revenues.

The headcount in the segment Carrier totaled 399 as at the balance sheet date and was therefore considerably lower (-201 personnel or -34% fewer) due primarily to the divestment of the telecom operators division.

3.3 Segment Enterprise.

This segment is represented by Kapsch BusinessCom AG as well as all direct and indirect subsidiaries (sub-group Enterprise). KAPSCH-Group Beteiligungs GmbH owns a 94.9% stake in this company.

As a leading digitalization partner, Kapsch BusinessCom, with its 1,333 employees, supports its customers in improving their business performance and developing new business models. Kapsch acts here as a consultant, system supplier, and service provider. With its extensive expertise in handling large amounts of data and security issues, as well as a wide range of successful use cases in numerous industries, Kapsch is the ideal companion during digital transformation. The comprehensive portfolio comprises technology solutions for intelligent and, above all, secure ICT infrastructure, smart buildings, media and safety technologies, as well as outsourcing services. The portfolio is rounded off by a range of different services including consulting, project management, installation, training, support, and operating as well as financing solutions.

In this segment, Kapsch relies on being independent from manufacturers and on partnerships with leading global providers as well as a digital business ecosystem made up of partners from the field of research and industry-specific solution providers – from start-ups to large players.

With a total of six sites in Austria and subsidiaries in Romania, Germany, Switzerland, and the USA, Kapsch BusinessCom group generated revenues of around EUR 380 million in the 2018/19 fiscal year. The new regional positioning is aimed primarily at the DACH region. The company eCrome Systems AG in St. Gallen was successfully acquired during the period under review. This subsidiary, which now trades under the name Kapsch BusinessCom AG Switzerland, generated revenues about EUR 3 million. It has already been able to secure prestige projects such as that at the Thurgauer Kantonalbank. On April 1, 2018, Kapsch BusinessCom acquired Kapsch Carrier Solutions in Germany and consequently now also offers a full ICT portfolio in this market. Revenues in Kapsch Carrier Solutions amounted to around EUR 24 million in the past fiscal year.

Together with the ORF subsidiary ORS comm and Microtronics, Kapsch BusinessCom founded the joint venture SENS (Sensor Network Services), which was created to plan and implement IoT solutions. SENS solutions and services are based on the LoRaWAN™ radio standard and enable the rapid and efficient digitalization of processes through the efficient and cost-effective integration of devices and sensors via a standardized interface, thereby boosting the competitiveness of Austrian companies. The first proof of concepts have been developed alongside customers and these will now be implemented in the course of corresponding projects.

Since 2017, Kapsch BusinessCom has had its own Cyber Defense Center (CDC) to identify, analyze, and mitigate cyber attacks. In addition to prevention, the CDC also focuses on detecting and isolating cyber attacks, thereby guaranteeing customers fast response times in cases of emergency as well as the establishment of a close-knit safety net.

In the segment Enterprise, Kapsch provides its customers with the following portfolio:

Technology Solutions	**Business Services**
Connected Platforms & Applications	IT Outsourcing
Unified Workplace	Discovery Workshops
Intelligent Network & Security	Industry-specific Solutions
Converged Infrastructure	Digitalization of Business Processes
Digital Facility Solutions	

Partner for digital transformation. “We transform ideas into business value”. Kapsch BusinessCom is the ideal companion for the process of digital transformation in accordance with this service commitment and combined with a deep understanding of customer processes, extensive know-how in the handling of Big Data and security issues, as well as a range of successfully implemented use cases in the widely varying industries. With a clear focus on digitalization, increasing numbers of in-house products are now being developed within Kapsch and subsequently positioned on the market. These projects incorporating Kapsch’s own intellectual property include Kapsch Smart Identity and Signature Service, Kapsch Smart Monitoring Platform, Kapsch Smart IoT Hub, and Kapsch Cyber Defense Center. Management assumes that it will continue to enjoy market success with in-house products.

Customers benefit from the many years of experience with IT and communication solutions as well as an established and proven business ecosystem of partners. Kapsch BusinessCom puts together individual solution packages for customers, together with IT manufacturers and providers of specialized solutions.

Digitalization affects all industries: service providers, retail, industry, healthcare, and finance. Not only are new technologies used to improve existing processes, but also to develop new business opportunities. Given that the fundamental principles of digitalization are always the same, very different industries are able to learn from each other. As such, innovations from the healthcare sector can be applied to the retail or automotive sector, for example in the form of digital “health files” for cars. Start-ups are also part of the Kapsch BusinessCom ecosystem. In this context, Kapsch often acts as an incubator to supplement new innovative ideas with its Big Data or security know-how, and to provide the necessary personnel resources so as to be able to implement large-scale projects. Here, Kapsch draws on its many years of experience in the areas of ICT and digitalization, providing the infrastructure required to be able to implement new business models and ideas.

Growth strategy 2019. Since 2016, Kapsch BusinessCom has positioned itself as a digitalization partner with the aim of also occupying a strong market position in this field. The strength of Kapsch BusinessCom is primarily in the breadth of end-to-end solutions for customers of all sizes.

In addition to this, the company offers industry solutions for customers from a wide range of different areas, such as industry, finance, healthcare, or the public sector. In this way, numerous pilot projects and proofs of concept in the field of digitalization were implemented with various renowned companies in the 2018/19 fiscal year.

Reliable ICT partner. Alongside the new business segments arising out of the digital transformation, Kapsch BusinessCom continues to act as an ICT service partner to its customers. In addition to solution development, system integration, and performing optimization measures, Kapsch BusinessCom also operates classic ICT solutions.

Through various acquisitions and collaborations with a combination of well-established companies and some start-ups, Kapsch BusinessCom AG is also able to gain a foothold in new business segments and secure the required know-how – an important prerequisite to gain a sustainable postion in this very dynamic and competitive market environment.

Segment revenues increased by EUR 62.3 million to EUR 380.0 million (previous year: EUR 317.7 million). This is mainly due to the fact that revenues in Austria reached a new high of EUR 305.9 million, an increase of EUR 31.8 million or 12%. Additionally there has been a significant increase in Germany by EUR 25.5 million or 188% to EUR 39.0 million.

Segment Enterprise revenues by region.

in EUR million	2017/18	2018/19	Change	
Austria	274.0	305.9	31.8	12%
Germany	13.5	39.0	25.5	188%
Central and Eastern Europe	20.9	23.1	2.2	10%
Others	9.3	12.1	2.8	31%
Segment Enterprise total	**317.7**	**380.0**	**62.3**	**20%**

A detailed analysis of the nature of business operations highlights that revenues increased, primarily as a result of setting a new record in terms of project-related business, but also in response to modest increases in the areas of service, maintenance and operation.

In terms of the portfolio, the revenue increase related to the divisions Business Services, with an increase of EUR 6.3 million or 10% to revenues of EUR 68.3 million, Technology Solutions, with an increase of EUR 52.4 million or 21% to EUR 304.8 million, and Others, with an increase of EUR 3.7 million or 115% to EUR 6.9 million. The largest projects in the Technology Solutions division (Bundesrechenzentrum GmbH, Allianz Group, EVN AG, Salzburg AG, and Vienna City Administration) and in the Business Services division (ORF, Allianz Group, PSA Payment Services, and ACCOR Group) are in part responsible for this encouraging development.

The earnings contribution of the segment Enterprise rose over the course of the past fiscal year as a result of the healthy development of revenues and business, but also due to the anticipated compensation of the negative FX effect in the previous period, to reach a new record. As such, EBITDA increased to EUR 18.9 million (by EUR 13.9 million or 282%) and EBIT to EUR 14.0 million (by EUR 13.5 million).

Besides the extremely positive development of business operations, the improvement on the bottom line is also attributable to the favorable development of the EUR/USD exchange rate. This became clear as early as the first quarter of the period under review as the EUR/USD exchange rate fell considerably from 1.233 on March 31, 2018 to 1.167 on June 30, 2018. As a result, the positive operational result already anticipated was boosted by the abovementioned compensation effect to culminate in a segment result for the full period which was correspondingly positive overall.

Profit before tax of EUR 12.6 million (previous year: EUR -1.1 million) and the profit for the period of EUR 9.6 million (previous year: EUR -0.9 million) were also considerably higher than the previous-year levels.

Earning figures segment Enterprise.

in EUR million	2017/18	2018/19	Change	
EBITDA	4.9	18.9	13.9	282%
EBITDA margin in %	1.6	5.0		
EBIT	0.4	14.0	13.5	>500 %
EBIT margin in %	0.1	3.7		
Profit/loss before taxes	-1.1	12.6	13.7	–
Profit/loss for the period	-0.9	9.6	10.5	–

The balance sheet total in the segment Enterprise increased over the past fiscal year to EUR 165.3 million, EUR 23.9 million or 17% higher the prior year's level.

The position "Non-current assets" rose by EUR 11.6 million or 29% to EUR 52.0 million, while that of "Current assets" increased to EUR 113.3 million (by EUR 12.3 million or 12%). "Inventories" declined by EUR 24.5 million to a level of just EUR 3.8 million as a result of the position "Work in progress" being reported separately under "Current contract assets" since the past fiscal year due to the first-time application of IFRS 15. These amounted to EUR 29.6 million and the carrying value of "Cash and cash equivalents" rose compared to the previous period by EUR 2.4 million or 67% to EUR 5.9 million.

The position “Non-current liabilities” rose to EUR 56.9 million (by EUR 9.5 million or 20%). While the position “Non-current financial liabilities” again rose significantly, by EUR 5.5 million to EUR 6.9 million, there were also increases in the positions “Liabilities from post-employment benefits to employees” of EUR 3.0 million and “Non-current provisions” of EUR 2.9 million, respectively, albeit partly offset by a reduction of EUR 2.5 million recognized under “Other non-current liabilities”. The position “Current liabilities” rose by EUR 6.8 million or 8% to EUR 87.3 million despite a reduction in "Current financial liabilities" of EUR 14.4 million or 90% to EUR 1.5 million. This increase was attributable to “Current contract liabilities” associated with specific projects.

The position “Equity” rose by EUR 7.5 million or 55% to EUR 21.1 million. The equity ratio correspondingly also increased from 9.6% to 12.8%.

Other figures for the segment Enterprise.

in EUR million	2017/18	2018/19	Change	
Total assets	141.4	165.3	23.9	17%
Equity	13.6	21.1	7.5	55%
Equity ratio in %	9.6	12.8		
Cash and cash equivalents	3.6	5.9	2.4	67%
Net debt [1]	-28.8	-17.0	11.9	-41%
Capital employed [2]	31.0	29.6	-1.4	-4%
Net working capital [3]	33.6	22.2	-11.4	-34%
Free cash flow [4]	-1.6	12.4	14.0	–
Net CAPEX [5]	4.8	3.5	-1.3	-27%
R&D expenses [6]	1.1	2.6	1.5	128%
Employees, as of March 31	1,200	1,333	133	11%

1) Cash and cash equivalents + Other current financial assets - Financial liabilities
2) Total equity + Financial liabilities
3) Change in calculation method: Inventories + Trade receivables + Current contract assets + Current tax receivables - Trade liabilities - Current contract liabilities - Current tax liabilities - Current provisions - Current other liabilities and accruals
4) Change in calculation method: Cash flow from operating activities + Cash flow from investing activities
5) Investments to purchase and payments from the disposal of property, plant and equipment and intangible assets
6) R&D expenses contains Kapsch Group external costs only

In comparison to the previous period, it was possible to significantly improve net debt to EUR -17.0 million (an improvement of EUR +11.9 million or +41%). Net current assets declined year-on-year by EUR 11.4 million or 34% to EUR 22.2 million (previous year adjusted: EUR 33.6 million). Capital employed fell by EUR 1.4 million or 4% to EUR 29.6 million.

In addition to these assets held by the segment Enterprise, there is further goodwill of EUR 12.1 million at the level of KAPSCH-Group Beteiligungs GmbH assigned to the segment Enterprise, for which no need for impairment was identified in the course of the impairment test carried out.

At EUR 22.1 million, net cash flow from operating activities was also well above the prior year’s level of EUR 1.8 million. This is due to the positive development of the net working capital. The increase in the volume of “Current trade payables” and the new position covering “Contract liabilities” accounted for the positive development. The cash flow from investing activities declined by EUR 6.3 million or 185% to EUR -9.7 million (previous year: EUR -3.4 million) as a result of the acquisition of two subsidiaries, in Germany and Switzerland. The cash flow from financing activities also developed negatively, EUR -9.9 million, during the past fiscal year, mainly as a result of a further reduction in financial liabilities. Net cash flow of EUR 2.4 million (previous year: EUR -6.3 million) and free cash flow of EUR 12.4 million (previous year: EUR -1.6 million) were consequently also well above those in the previous period.

Cash flow of the segment Enterprise.

in EUR million	2017/18	2018/19	Change	
Cash flow from operating activities	1.8	22.1	20.3	>500 %
Cash flow from investing activities	-3.4	-9.7	-6.3	-185%
Cash flow from financing activities	-4.7	-9.9	-5.3	-112%
Total	**-6.3**	**2.4**	**8.8**	**–**

At EUR 4.7 million, investments in the segment Carrier remained below the previous year's level of EUR 6.3 million.

The headcount in the segment Enterprise increased due to the acquisition of two subsidiaries as well as a further buildup of human resources (+86) in Austria, and consequently stood at 1,333 on the balance sheet date following 1,200 a year earlier.

3.4 Segment Public Transport.

This segment is represented by Kapsch PublicTransportCom GmbH, Vienna, as well as its respective direct and indirect subsidiaries. KAPSCH-Group Beteiligungs GmbH owns a 100% stake in this company.

In the segment Public Transport, Kapsch is a global manufacturer and supplier of intelligent infrastructure solutions for public transport operators. The portfolio comprises solutions and relevant services for intermodal transport control systems (ITCS), automatic fare collection (AFC), electronic and mobile ticketing systems, as well as real-time passenger information.

Aggregated under the “mobi.guider” brand, Kapsch PublicTransportCom has a broad portfolio of technologies focusing on the areas of computed-supported transport control systems (ITCS, mobi.operations), automated payment systems (AFC, mobi.ticketing), and electronic and mobile ticket systems. Customers in this segment include De Lijn in Belgium, as well as large public transport companies in the Netherlands and the USA. One of the previous core markets, South Africa, will in future be managed by the segment Traffic, with the segment Public Transport continuing to provide product shipments. The most important company in this division is Kapsch PublicTransportCom Belgien NV, which is owned by Kapsch PublicTransport GmbH.

Revenues during the 2018/19 fiscal year rose to EUR 17.3 million (previous year: EUR 13.6 million) but remain below the level necessary to cover the fixed costs incurred in this division. This is mainly due to the fact that, in the past fiscal year, the focus was on solving problems with existing customer projects. Invoices associated with current service contracts could not be issued to the extent anticipated. Due to the ongoing focus on critical projects in this segment, it was also not possible to deliver more invoiceable services to end customers. Revenues in a material amount were invoiced in Belgium (EUR 7.4 million), the Netherlands (EUR 3.5 million), Romania (EUR 0.7 million), the USA (EUR 2.0 million), and Africa (EUR 3.7 million).

Segment Public Transport revenues by region.

in EUR million	2017/18	2018/19	Change	
Austria	0.1	0.0	-0.1	-100%
Central and Eastern Europe	3.8	0.7	-3.1	-82%
Western Europe	5.6	11.0	5.4	96%
Rest of the World	4.1	5.7	1.5	37%
Segment Public Transport total	**13.6**	**17.3**	**3.7**	**27%**

EBITDA amounted to EUR -8.9 million (previous year: EUR -16.6 million). The reduction in ongoing losses is explained by the higher revenues compared to the previous period and the lack of any need to increase provisions related to existing critical customer projects. The negative EBITDA in absolute terms is primarily attributable to the fact that recurring fixed costs are higher than the revenues currently being generated. It was not possible to negate this despite lower staff costs and other cost-cutting measures.

EBIT amounted to EUR -8.9 million, which represents an improvement of EUR 19.0 million compared to the previous period. Besides the operational reasons mentioned above, this is mainly accounted for by the absence of impairment charges taken against intangible assets (previous year: EUR 7.4 million).

The financial result was again markedly positive in the past fiscal year, EUR 8.2 million (previous year: EUR 23.5 million), which was again due to the fact that the parent company KAPSCH-Group Beteiligungs GmbH waived receivables amounting to EUR 9.0 million.

Earnings before tax, while still negative at EUR -0.7 million, were nonetheless an improvement on the previous year (EUR -4.5 million). Profit for the period amounted to EUR 1.5 million (previous year: EUR 8.6 million).

Earning figures segment Public Transport.

in EUR million	2017/18	2018/19	Change	
EBITDA	-16.6	-8.9	7.7	-46%
EBITDA margin in %	-121.5	-51.3		
EBIT	-27.9	-8.9	19.0	68%
EBIT margin in %	-205.0	-51.6		
Profit/loss before tax	-4.5	-0.7	3.7	84%
Profit/loss for the period	8.6	1.5	-7.2	83%

The balance sheet total in the segment Public Transport declined marginally by EUR 4.1 million or 11% to EUR 33.1 million over the past fiscal year.

The position “Non-current assets” also declined, by EUR 0.8 million, to EUR 16.9 million. While there were only marginal declines in the carrying values of “Intangible assets” (EUR 3.6 million) and “Property, plant and equipment” (EUR 0.3 million), “Deferred tax assets” declined to EUR 12.9 million (previous year: EUR 13.7 million).

The position “Current assets” also declined to EUR 16.2 million (previous year: EUR 19.4 million). This was foremostly attributable to declines in the carrying amount of "Receivables" to EUR 9.5 million and “Cash and cash equivalents” to EUR 1.0 million. The decline in the carrying amount of “Inventories” to EUR 2.0 million is again associated with the reclassification to the new reporting line entitled “Current contract assets” amounting to EUR 3.8 million.

The reduction in the position “Non-current liabilities” to EUR 7.7 million (by EUR -4.7 million or -38%) was due to the scheduled repayment of “Non-current financial liabilities” of EUR 6.4 million or 34% to EUR 12.4 million. The debt waiver by the parent company also meant that “Current contract liabilities” were reduced by EUR 1.5 million or 23% to EUR 5.2 million.

The position “Equity” increased substantially from EUR 7.2 million to EUR 8.6 million, primarily as a result of the positive result for the period due to the parent company’s debt waiver. The equity ratio also rose correspondingly to 26.1%.

Other key figures for the segment Public Transport.

in EUR million	2017/18	2018/19	Change	
Total assets	37.1	33.1	-4.1	-11%
Equity	7.2	8.6	1.4	20%
Equity ratio in %	19.4	26.1		
Cash and cash equivalents	2.5	1.0	-1.6	-62%
Net debt [1]	-16.7	-12.0	4.7	-28%
Capital employed [2]	26.4	21.6	-4.9	-18%
Net working capital [3]	9.3	4.8	-4.5	-48%
Free cash flow [4]	-12.8	-7.3	5.5	-43%
Net CAPEX [5]	0.4	0.0	-0.4	-97%
R&D expenses [6]	6.9	7.5	0.6	9%
Employees, as of March 31	77	75	-2	-3%

1) Cash and cash equivalents + Other current financial assets - Financial liabilities
2) Total equity + Financial liabilities
3) Change in calculation method: Inventories + Trade receivables + Current contract assets + Current tax receivables - Trade liabilities - Current contract liabilities - Current tax liabilities - Current provisions - Current other liabilities and accruals
4) Change in calculation method: Cash flow from operating activities + Cash flow from investing activities
5) Investments to purchase and payments from the disposal of property, plant and equipment and intangible assets
6) R&D expenses contains Kapsch Group external costs only

Net debt fell by EUR 4.7 million or 28% to EUR -12.0 million. Net working capital amounted to EUR 4.8 million, which is equivalent to a decline of EUR 4.5 million or 48% compared to the EUR 9.3 (adjusted) posted at the end of the previous period. Capital employed fell by EUR 4.9 million or 18% to EUR 21.6 million.

Net cash flow from operating activities amounted to EUR -7.3 million, which was primarily a consequence of the negative EBIT in this segment. A limited level of investment accounted for cash flow from investing activities of EUR 0.0 million (previous year: EUR -0.4 million). The cash flow from financing activities was markedly positive at EUR 5.7 million (previous year: EUR 13.6 million) despite the ongoing repayment of financial liabilities over the course of the fiscal year but due to debt waver net cash flow decreased by EUR 2.4 million to EUR -1.6 million (previous year: EUR 0.8 million). At EUR -7.3 million, free cash flow was well above the previous year's level (EUR -12.8 million).

Cash flow of the segment Public Transport.

in EUR million	2017/18	2018/19	Change	
Cash flow from operating activities	-12.4	-7.3	5.1	-41%
Cash flow from investing activities	-0.4	-0.0	0.4	-98%
Cash flow from financing activities	13.6	5.7	-7.9	-58%
Total	**0.8**	**-1.6**	**-2.4**	**–**

At EUR 0.0 million, investments in the segment Public Transport were below the prior year's level (EUR 0.5 million).

EUR 7.5 million was expended externally of Kapsch Group for research and development in line with the extensive portfolio. This corresponds to a year-on-year change of EUR 0.6 million or 9%, demonstrating that research and development continue to be considered key to the medium and long-term success of the company in this segment.

The headcount in the segment Public Transport totaled 75 as at the balance sheet date and was therefore unchanged compared to the previous year's figure.

3.5 Segment Others.

This segment mainly comprises the companies involved in managing the Group, i.e. KAPSCH-Group Beteiligungs GmbH, Kapsch Aktiengesellschaft, and Kapsch Partner Solutions GmbH, as well as the activities of Kapsch ConnexPlus GmbH.

Head office companies handle the strategic and operational management of the Group companies, corporate marketing, corporate legal services, corporate accounting and controlling, central financial planning and financing activities, and insurance matters, as well as internal audit activities. They also provide all personnel-related services such as human resource administration, recruiting and personnel development, as well as travel management services for the entire Group. Personnel training is additionally offered to both internal and external customers.

Kapsch ConnexPlus GmbH has been operating a car park since July 2014, offering parking spaces to interested contract parkers.

Key figures for the Others segments.

in EUR million	2017/18	2018/19	Change	
Revenues	19.3	26.5	7.3	38%
EBIT	3.2	0.6	-2.6	-80%
EBIT margin in %	16.8	2.4		
Employees, as of March 31	100	108	8	8%

4 Other corporate disclosures.

4.1 Research and development.

Research and development activities are a high priority for the Group in terms of pursuing its strategic goals in all corporate divisions. Successful research is a key prerequisite for the ongoing improvement of existing products and systems as well as the continuous reduction of production, installation, operating and maintenance costs, and for the early identification of new trends. Knowledge and the availability of entirely new technologies, based on national and international standards, form the basis for successful business development and also enable the Group to enter new markets.

To ensure the continued innovative strength of the company, all of the strategic business areas of Kapsch Group have development departments that focus specifically on solutions reflecting the needs of customers. These research and development activities are complemented in some areas by joint projects and close collaboration with universities, public and private institutes, as well as technology and research companies.

Kapsch has been facing these challenges head on for many years and also invested heavily here in the 2018/19 fiscal year to a tune of EUR 143.6 million (previous year: EUR 138.8 million). This represents a new record level of investment in research and development and is intended to guarantee the long-term growth of the Group. In the 2018/19 fiscal year and despite the high level in the previous year, expenditure on research and development increased by EUR 4.8 million or 3%. It was therefore possible to maintain the traditionally high share of consolidated revenues expended for research and development at 12% despite the increase in revenues.

In the **segment Traffic**, Kapsch has key development sites in Austria, Sweden, Argentina, the USA, Canada, and Spain. Other development resources are located in Italy, South Africa, and Chile. As at March 31, 2019, Kapsch Group employed a total of 860 engineers (previous year: 761) in its research and development departments. The development-related expenses of Kapsch Group in the 2018/19 fiscal year amounted to EUR 108.1 million (previous year: EUR 103.0 million), which is equivalent to around 15% of consolidated revenues as in the previous year.

The established structure, with solution centers and a corporate technology function, ensures the streamlined alignment of innovation processes. Solution centers each focus on a special market/solution segment. Their task is to define and develop products and solutions for their area of responsibility, and also to market them in close cooperation with the sales regions. The main focus remains on the sales regions being given support in the smooth implementation of customer-specific solutions. Corporate Technology is a cross-functional organization that supports the solution centers. The most important objective is to identify and evaluate promising new technologies: a key factor in remaining competitive. In addition, Corporate Technology develops and integrates solutions based on the products and solutions of multiple solution centers, providing them with tools, processes, common services, and modules, as well as situation-specific IPR support.

Kapsch pursues a focused patent strategy in this area. In the 2018/19 fiscal year, Kapsch further optimized its patent portfolio by focusing on areas of high strategic importance. The current patent portfolio encompasses 181 patent families with more than 1,262 individual patents and 125 ongoing patent registration processes. In the past fiscal year, five new patent families were registered in the fields of tolling and integrated transport systems. In order to counteract the risk of patent infringements in the future by means of expanding business activities into new regions as well as into new business areas, a mandatory patent analysis has been included in the development process. This action will ensure that the relevant patent landscape and any existing intellectual property rights are examined before the start of development work. In addition, the global patent monitoring system was further expanded. Patent applications submitted by competitors in relevant technology segments are analyzed in order to gain a better overview of competitor strategies.

In the **segment Carrier**, Kapsch Group has a network of research and development centers in Vienna (Austria), Paris (France), Zagreb (Croatia), and Aveiro (Portugal). Furthermore, there is also collaborative work taking place with outsourcing partners in Bangalore (India) and Nizhny Novgorod (Russia). As a result, it is possible to offer customers a broader product portfolio and maintain the customer base in the long term. In the segment Carrier, the individual research and development centers are also organized as competence centers and directed centrally by the product management department.

In addition to technologically leading and industry-specific developments in the GSM-R area that have led to new patents, other development activities are also taking place in close cooperation with customers. Not only does this mean responding directly to customer wishes, but it also involves developing innovations that can be used with a broader range of customers over the medium term. In this way, Kapsch is paving the way forward for its rail customers towards the next generation of communication solutions. Relevant issues are also isolated as the basis for possible solutions in other verticals. Kapsch also safeguards its investments in roadmap development through its high level of commitment in all relevant standard-setting bodies. The development organization led by Kapsch in this field, both internally and externally, currently has a daily capacity of around 2,000 hours and a budget of approximately EUR 17 million. More than ten programs, defined and executed under the governance of an established product life cycle process, are currently being implemented. This organization is able to provide 24/7 global support.

In the **segment Enterprise**, Kapsch Group employs a total of over 30 personnel, and has a separate subsidiary in the Czech Republic, who are engaged in software development. A total of EUR 2.6 million was invested in development work during the past fiscal year, particularly in the areas of artificial intelligence (AI) and digitalization.

In the **segment Public Transport**, Kapsch Group has had a research and development center in Zaventum (Belgium) since July 2014 which forms the core of its internal development resources in this segment. Furthermore, there is also collaborative work taking place here with outsourcing partners in Bangalore (India) and Nizhny Novgorod (Russia). It is therefore also possible in this segment to offer customers a broader product portfolio and maintain the customer base in the long term. In addition to technologically leading developments in the AFC area, other development activities are taking place in close cooperation with customers. Not only does this mean responding directly to customer wishes, but it also involves developing innovations that can be used with a broader range of customers over the medium term.

Research costs are always recognized as expenses. Development costs are generally capitalized, pursuant to IAS 38, and only expensed if the IFRS criteria for recognition as intangible assets are not fulfilled. Since the total-cost method is used, the research and development costs recorded as expenses are reported under various items of the statement of comprehensive income, in particular under the costs of material and other production services, staff costs, and other operating expenses.

4.2 Non-financial performance indicators.

Sustainable management.
Kapsch sees itself as particularly committed to the central aspects of sustainability, not least due to the business model of the company. Securing the long-term stability of the company in consideration of all economic, environmental, and social perspectives is an overarching goal in this area, and Kapsch is committed to a consistent focus on sustainability. The focus here is on the conservative and sparing use of all types of resources, safeguarding profitability and innovative thinking, as well as ensuring equal opportunities and fairness towards all the relevant stakeholders.

Kapsch makes an important contribution to society and to improving environmental and climate protection by means of innovative products and services. In addition, Kapsch also works consistently in its own sphere of activity to minimize the consumption of resources and any environmental impact. Correspondingly high is the value placed on research and development activities that are intended to ensure future company successes and which serve to drive development in the current business segments.

Another major issue for Kapsch Group is ensuring a continuous and effective focus on sustainability. Work has begun over the past few years to systematize related agendas here. For the first time, a consolidated non-financial report was prepared for the subsidiary Kapsch TrafficCom Group due to the new legal provisions, a report which is based on the guidelines of the “Global Reporting Initiative” – GRI guideline G4 for sustainability reports.

Environmental issues.
The various subsidiaries of Kapsch Group have certified environmental management systems according to ISO 14001, the aim of which, among others, is to minimize environmental impacts and resource use on a continual basis. In addition, these companies comply with legal obligations relating to waste disposal alongside memberships of Altstoff Recycling Austria AG and UFH (Umweltforum Haushalt).

The commercial activities of Kapsch Group are associated with the consumption of raw materials and the release of climate-relevant emissions. Kapsch works hard to minimize such factors and their effects by implementing targeted measures to improve both environmental and climate protection. The majority of the climate-relevant effects result from the operations of the subsidiary Kapsch Components GmbH & Co KG, which is responsible for manufacturing, as well as from the vehicle fleet of the entire Group.

Quality management.
Ensuring high standards of quality, safety and robust processes is a top priority in every business unit of Kapsch Group. Kapsch defines its processes in an integrated HSSEQ management system (Health, Safety, Security, Environment, Quality). The basis for this is certifications according to ISO 9001 (quality management, since 2002), to OHSAS 18001 (occupational safety management) and to ISO 14001 (environmental management, since 2005).

Kapsch has established and constantly monitors the necessary measures to safeguard the associated standards in its internal processes. The ISO 27001 certificate defines the necessary information security management. With ISO 20000 for IT service management, a high quality of service is ensured in the area of technical operation. The established HSSEQ Circle meets once a quarter to discuss the status of health and safety, quality, environment and information security goals and measures and to implement measures for further improvement.

Personnel – Kapsch as an attractive and responsible employer.
The success of a company depends on the loyalty, motivation, and performance of its employees as well as on the possibility of being able to recruit sufficiently qualified employees if necessary. Companies are differentiated by the demands placed on their employees and the way they treat them. Kapsch regards employees not simply as human resources, but as a team that – motivated by different personal interests and needs – drives the company forward. Remuneration in line with global market standards is a matter of course at Kapsch.

Kapsch Group combines an international orientation with the roots of a modern family business. Entrepreneurship, market-oriented and quick decisions as well as an above-average level of commitment and dedication characterize the corporate culture. The company works with a clear understanding that is characterized in particular by mutual respect and a strong sense of "us". A focus on performance and mutual appreciation leads to a close connection between the company and its employees.

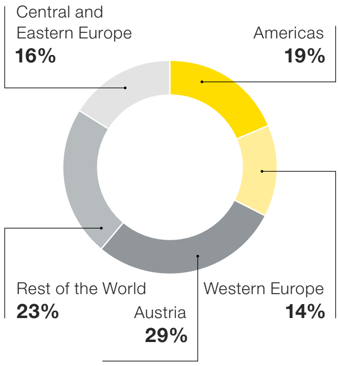
It is particularly important to Kapsch Group that it is an attractive and responsible employer for its employees. On the reporting date of March 31, 2019, Kapsch Group had 6,896 employees. This represents a reduction of 340 personnel or 5%. This decline in the headcount is primarily a result of the divestment of the telecom operators division and the restructuring measures implemented in the segment Carrier (entailing a total reduction of 201 employees), in the course of which a subsidiary in Germany was transferred within the Group to the segment Enterprise, and due to the change in the commissioning of manual tolling in the segment Traffic in Poland (a reduction of 488 personnel in Poland). On the other hand, headcounts were significantly increased in the segment Traffic in several countries (particularly in the USA 92, Zambia 51, Argentina 42), and in the segment Enterprise (a further 133 personnel in Austria, Germany, and Switzerland). In the segment Traffic, Kapsch Group now has 4,981 employees (278 or 5% fewer). The headcount in the segment Enterprise rose by 133 or 11% over the course of the period under review to stand at 1,333. In the segment Carrier, the headcount decreased markedly to 399 employees (by -201 employees or -34%) for the abovementioned reasons. At the end of the period under review, headcounts in the segments Public Transport and Others stood at 75 (2 personnel or 3% fewer) and 108 (8 personnel or 8% more) respectively, and therefore remained relatively stable.

Employees by segment	**2017/18**		**2018/19**		**Change**	
Traffic	5,259	73%	4,981	72%	-278	-5%
Carrier	600	8%	399	6%	-201	-34%
Public Transport	77	1%	75	1%	-2	-3%
Enterprise	1,200	17%	1,333	19%	133	11%
Others	100	1%	108	2%	8	8%
Group	**7,236**	**100%**	**6,896**	**100%**	**-340**	**-5%**

Employees by region.

Regarded at a country level, headcounts increased in countries such as the USA (+75 or +13%), Argentina (+42 or +16%), Chile (+25 or +22%), Zambia (+51 or +100%), Austria (+27 or +1%), and Australia (+13 or +21%). There were declines in the headcount mainly in Poland (-474 or -76%), South Africa (-62 or -4%), Mexico (-17 or -8%), and in Croatia (-29 or -100%), the latter due to a divestment. Austria continues to have by far the highest number of employees, namely 2,090. Other countries with higher-than-average headcounts are South Africa (1,526), the USA (670), and Spain (498).

Employees by region.



Kapsch Group believes that the qualifications, above-average dedication, and the ability of its employees to develop solutions are key factors for success. This means that the company places particularly high value on the measures in place to ensure continuous professional development for employees as well as organizational development. A job rotation program has been implemented to encourage multinational employee exchanges, and a trainee management program prepares selected employees for their future duties. Furthermore, a two-year internal trainee program is also offered, during which the trainees can familiarize themselves with various companies and departments within Kapsch Group. When filling vacant positions, both the professional as well as the social skills of the applicants are naturally taken into consideration. Lifelong learning is expected of employees and promoted by the company, with the goal of continuous development being the preservation and expansion of professional and social skills. Managers playing a leading role at Kapsch Group, which is why the personality of applicants is considered when preparing and selecting managers. In the course of leadership training, modular training courses must be taken every year.

In the context of the structured training program at Kapsch University, employees are offered a series of equivalent training packages aimed at various career paths (managers, experts, and project managers). These packages consist of specialist and personality-based training which are both clearly structured and yet also allow individuals to tailor these to their specific needs. The aim is to promote learning and to continually and consistently raise skill levels. The main focus areas here are agile working methods and leadership styles as well as the promotion of innovation. Kapsch also teaches responsible and appreciative employee leadership.

Furthermore, the personnel management of Kapsch Group also concentrates on encouraging a focus on performance by means of performance-based remuneration systems, making ongoing improvements to occupational health and safety, and by ensuring equal opportunities.

In order to underscore its reputation as an attractive and responsible employer, Kapsch Group has for many years enabled its employees to participate in the success of the company. In addition to this, contributions are paid into an external pension fund according to a defined contribution scheme for employees of Group companies in Austria. Employee satisfaction is a particularly important issue for the company. That is why considerable efforts are made to ensure this. Mutual respect, a sense of community, and loyalty are high priorities at Kapsch. The company firmly believes that this will make it possible to work more effectively and with more quality of life and success. Surveys are regularly conducted on an anonymous basis in order to evaluate the opinions of employees about the company. It is important for Management to find out what employees think about their company, their activities, their executives and their colleagues, what their expectations are for the future, how they assess the working environment, and how satisfied they are with their work. In order to underline the importance of employee satisfaction for the Executive Board, a financial performance incentive was created for all members of the Executive Board based on the results of the employee survey. Annual staff appraisals are a central instrument of personnel and organizational development throughout the Group. They promote cooperation through the structured exchange between managers and employees about the performance achieved over the past twelve months. Staff appraisals also provide a framework for discussing career development perspectives and defining further training.

In order to optimally accommodate the various needs of the workforce in the different regions, Kapsch takes local action to protect employees and to promote their health. This includes providing occupational healthcare and regularly offering health-related advice, vaccinations, health and eye tests.

Ensuring equal opportunities and promoting women is an active goal within Kapsch Group.
Kapsch attaches particular importance to promoting women, who are supported at Kapsch in particular by means of flexible working hours so they can combine professional and family life. The still relatively low number of female executives at Kapsch is due to the fact that the share of women working in technical fields remains comparatively modest. From the point of view of a technology company, a broader base of female technicians needs to be available. Talented female colleagues are valued and are able to advance to leadership positions within the organization. Achieving this to an even greater extent than today

requires long-term initiatives. A group of dedicated employees launched the initiative “women@kapsch”, offering support in terms of individual further development by means of events and networking opportunities. An initiative in the context of women@ kapsch with the specific aim of increasing the share of women in management. The company would also like to promote the cooperation of men and women with the aim of harnessing the talents of both. The focus here is not on the classic separation of roles, but rather on reinforcing strengths. The company is also involved in special programs to promote women in the workplace, such as “Frauen in die Technik (FIT)” or “FemTech”. Kapsch also cooperates with schools, universities of applied sciences, and universities to increase the proportion of women employed in all areas of the company. Other measures include the “Women in sales” trainee program and a separate body for equal treatment issues.

Responsibility to society.
Alongside statutory requirements and internal guidelines, the code of conduct of Kapsch Group defines binding principles for ethically, morally, and legally correct behavior that apply to all business units – and therefore to all Kapsch employees. Fighting human rights abuses and corruption of all kinds is a major concern for Kapsch. The code of conduct can be found on the website www.kapsch.net.

Additionally, within the scope of internal risk management, all business units over which Kapsch has primary control are audited with regard to their risk of corruption and the employees of the first and second management levels are trained in anti-corruption policy and anti-corruption processes. A system of internal guidelines provides a framework for action designed to mitigate the risk of corruption.

Cultural and social responsibility.
Kapsch Group actively acknowledges its social responsibility, supporting selected local, regional, and global cultural and social projects and institutions. In doing so, Kapsch is well aware of the sustainable and longterm role of its support. For instance, a general partnership with the Vienna Concert House has existed since 1992, appealing to new audiences on an ongoing basis with unconventional programs, albeit without losing support from long-standing friends of the establishment. The “Wien Modern” festival – one of the world’s most renowned festivals of contemporary music – has been a recipient of support since 1989. In 2016, another initiative was launched to promote young artists, enabling up-and-coming talent to present work for the first time to an international audience, with the awarding of the Kapsch Contemporary Art Prize in cooperation with mumok Vienna.

However, Kapsch Group also has an acute awareness of its social responsibility, which is reflected in its support for numerous organizations and institutions. These include ‘Doctors without Borders’, Caritas Socialis, the St. Anna Children’s Cancer Research Institute, and CONCORDIA social projects.

4.3 Risk management.

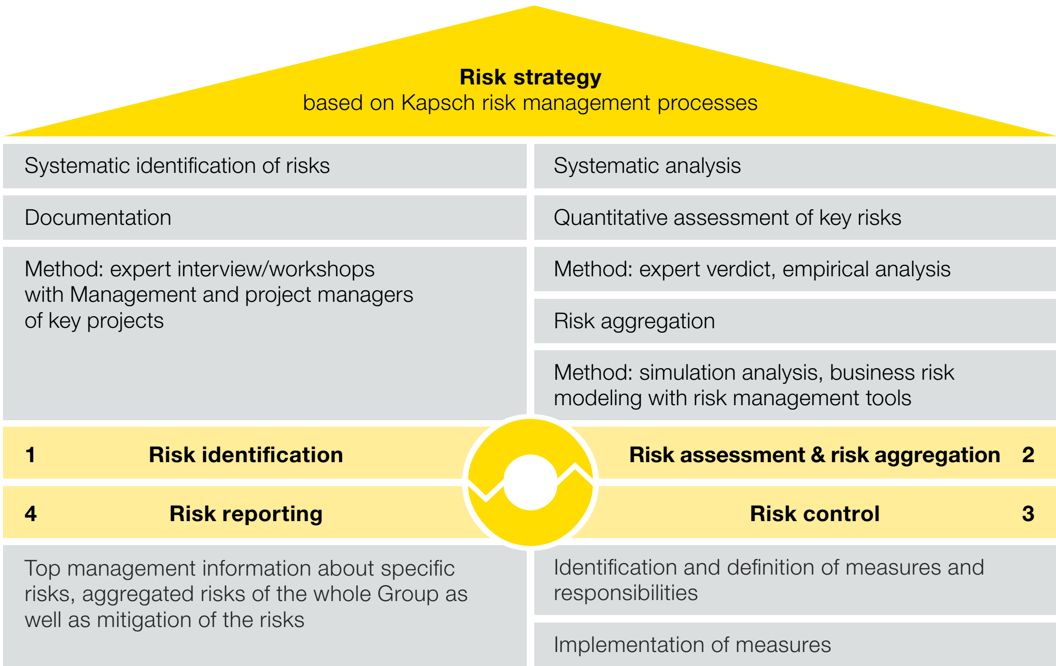
As a technology corporation, Kapsch Group operates in a very dynamic environment. Risks are therefore an integral part of everyday business. Under risk, the company understands the possibility of a deviation from corporate objectives. The risk concept thus encompasses both positive (opportunities) and negative (risks) deviations from planned objectives. Risk management entails the identification and analysis of risks and opportunities.

Risk management system.
Kapsch Group has initiated numerous processes to make its risk management more effective and to establish best practice standards. The position of risk manager has been established in the finance divisions of the main companies and the defined processes are based on the COSO ERM (Enterprise Risk Management Framework of the Committee of Sponsoring Organizations of the Treadway Commission) and ONR 49000/ISO 31000 Risk Management Systems, the set of rules laid down by the Austrian Standards International.

The main focus of risk management is on project risk management and enterprise risk management (ERM):

Project risk management covers both external customer projects as well as internal development projects, beginning in the bid or initiation phase. Using institutionalized processes allows an analysis of all relevant opportunities and risks pertaining to the Group's projects, thereby providing the basis for the timely planning and implementation of risk-mitigating activities.

Enterprise risk management (ERM) analyzes not only Kapsch Group's significant project-related risks but also strategic, technological, organizational, financial, legal, and IT risks. Reports are sent to the Executive Board, the Audit Committee of the Supervisory Board and the first reporting level on a quarterly basis. The ERM approach is aimed at the early identification, assessment, and management of the risks that may materially influence the achievement of the strategic and operational goals of the company. The primary objective in this context is not to avoid risks but to deal with risks in a controlled and deliberate manner and to recognize and realize opportunities as they arise over time in order to make a valuable contribution to the management of the company.



An overview of the major risks faced by the Group, together with the respective risk management measures, can be found below:

Industry-specific risks.
Volatility of new orders. A major portion of the revenues of Kapsch Group is generated from project business and is therefore subject to high levels of volatility. In connection with large projects in the segment Traffic in particular, Kapsch Group regularly participates in tenders for the installation of nationwide, regional or route-dependent toll collection systems as well as the technical and commercial operation of toll collection systems. The ultimate awarding of the contract to Kapsch is thus subject to a series of uncertainties within and beyond its own sphere of influence. Tenders in which Kapsch Group participates or plans to participate could be delayed or withdrawn, for instance as a result of political changes, appeals or legal actions by unsuccessful bidders. On the other hand, there is a risk that Kapsch Group may not win with its bids for new projects due to technological, financial, formal, or other reasons. Continuing revenues from maintenance agreements and from technical operations also depend on the successful participation in tenders for systems. Thus, the successful acquisition of one single nationwide installation project can have an significant impact on revenue development in the current as in future periods.

The strategy of Kapsch Group aims at adequately counteracting volatility in terms of incoming orders and therefore also in sales performance, respectively, in the cash flow from operating activities. This is achieved, on the one hand, through activities in three different business segments and, on the other, by increasing geographical diversification, broadening the customer base and product portfolio, developing of new business areas which are fit to the existing core business, and by constantly increasing the share of revenue from technical operation, including the maintenance of systems as well as the general increase of the share of service revenues. In past fiscal years, it has been possible to increase revenues on an ongoing basis with smaller-scale construction projects, which also counteracts volatility risk. Furthermore, the commercial operation of toll collection systems and the components business in the segment Traffic have also contributed to increasing the share of calculable, regular, and recurring revenues and cash flows.

Project execution risks. In connection with the execution of the projects outlined above, which very often entail solutions for sophisticated and complex technical systems, product and system defects can occur due to the limited time available for implementation and testing. Given these circumstances, Kapsch is usually obliged to give guarantees regarding performance and/or deadlines.

Unexpected project modifications, a shortage of skilled workers, quality problems, unexpected technical problems and performance problems with suppliers or consortium partners may have a negative effect on the adherence to delivery dates. If the contractual services are not fulfilled or if deadlines are missed, penalties usually have to be paid, often also damages, in some cases even damages to customers for loss of earnings. Missed deadlines may be covered by contractual clauses that allow the customer to terminate the contract prematurely. A significant delay in a project, a clear failure to meet the contractually agreed performance criteria, or even failure in the implementation of a project would also reduce the chances of success for future tenders for systems. There is also the risk that Kapsch projects cannot be realized at the previously calculated costs. Moreover, in the segment Traffic, the implementation of a toll collection system may have a negative effect on cash flows and revenues of the operations projects due to the toll system being started late or in a limited way if there is strong social opposition.

Kapsch makes use of the project management methods and project risk management processes based on the IPMA standards (International Project Management Association) to minimize theses risks. The project execution is carried out by project managers certified according to IPMA standards. In the segment Enterprise, the creditworthiness of the customer must be checked as part of the contract acquisition process. In cases in which there is a credit rating risk, the customer is asked to provide additional collateral.

Long-term contracts with public authorities. In many cases, projects are awarded by public agencies or quasi-government companies. Framework agreements and service contracts, especially in connection with toll projects, may include terms and conditions that are not negotiable in a tender process and that may be disadvantageous for Kapsch Group. Some multi-year contracts contain demanding requirements regarding the target performance of the implemented systems, components, and processes. If these requirements are not met, this may result in substantial penalties, liability for damages, or termination of the contract. On the other hand, under some contracts, substantial bonus payments may be earned in the case of over-performance. Moreover, in the case of long-term contracts, the margins earned can also differ from the original calculations due to changes in costs.

Liabilities arising from contracts may include those relating to customers' loss of earnings, product liabilities and other liabilities. While Kapsch Group aims to include appropriate limitations to its liability in contracts, it is still impossible to guarantee that all contracts contain sufficient limitations to the Group's liability or that these limitations can be enforced under applicable law.

Strategic risks.
An ongoing and consistent innovation process supports the strong market position of Kapsch Group.

Innovative power. The strong market position of Kapsch Group is based to a large extent on its ability to develop state-of-the-art, efficient, and reliable systems, components, and products. In this context, Kapsch Group is committed to an ongoing and consistent innovation process. In order to maintain its high technological standards, Kapsch Group invests a considerable portion of its revenues in research and development activities. However, if it is not successful in developing innovative systems, components, and products, this can be detrimental to the competitive position of Kapsch Group.

Since striving for innovation leadership is based to a large extent on technology, internal know-how, and intellectual property, the global increase in product piracy and reverse engineering may have negative effects on Kapsch Group. In addition, any failures to adequately protect these technologies may have a negative impact on the competitive position of Kapsch Group. Kapsch Group places great emphasis on protecting technologies and the company's internal know-how, such as by means of patents and non-disclosure agreements with contractual parties. On the other hand, it is possible that its systems, components, products, or services may also infringe on the intellectual property rights of third parties.

Acquisition and integration of companies as part of the Group's growth. One of the strategic objectives of Kapsch Group is to expand internationally both through organic growth and via selected acquisitions and joint ventures. International growth opens new opportunities but also entails risks. In implementing this strategy, Kapsch Group has acquired companies around the world and integrated them into the Group. In the course of this inorganic growth, it is necessary to overcome a number of challenges in order to achieve the desired goals and synergies and to leverage the expected opportunities from the acquisition of new technologies and market know-how.

Country risk. Following the strong expansion of business activities in states outside Europe, Kapsch Group is exposed to heightened political risks. Significant and unforeseeable political changes can exert a major influence on the ability to implement or operate projects in these countries as well as to make funds available and/or withdraw them again. Interference with the property rights of Kapsch Group or problems with business practices and activities may also arise. Kapsch Group includes these risks in the evaluation of such projects.

Financial risks.
Financial risks arise primarily in connection with exchange rate and interest rate fluctuations as well as credit ratings and loans. Sufficient liquidity increases flexibility and the ability to take action rapidly. The main instruments used to monitor and minimize risks are standardized planning and controlling processes, company-wide guidelines, and regular reports.

Foreign exchange risk. As a global company, Kapsch Group maintains branches, offices, and subsidiaries in many countries outside the euro zone. In the course of implementing projects outside the euro zone, transaction risks arise in connection with possible exchange rate fluctuations that can be reflected in the consolidated financial statements as exchange rate losses or gains. Kapsch Group strives, as far as is possible, to avoid these transaction risks in the amount of the net currency positions associated with the respective projects or to hedge them, if necessary. However, because the net currency position at the respective payment flow date is often difficult to predict, hedging is only possible to a limited extent. The remaining exchange rate risk is accepted and included in business planning. In addition, risks also arise from the translation of separate financial statements of international companies into the group currency, the euro (translation risk). In addition, long-term disadvantageous exchange rate changes in particular can also cause a change in the position of Kapsch Group relative to competitors, such as when products or services based on a euro cost structure can no longer be offered at competitive prices or rates outside the euro zone. In principle, only operational risks are hedged, speculative transactions are not permitted within the Group.

Interest rate risk. Within the framework of project financing, the Group regularly agrees to variable interest rates that are tied to market interest rates (for example Euribor). This exposes Kapsch Group to interest rate risks. Kapsch Group utilizes appropriate financial instruments to hedge against interest rate risks when these risks are significant.

Liquidity risk. Sufficient financial resources have to be available for Kapsch Group to meet its payment obligations at all times. Medium and long-term financing must be available in order to carry out major projects (such as implementing a national toll collection system under delayed payment terms) and to acquire other companies. Additionally, implementing large-scale projects often requires the provision of significant bank guarantees to back bid obligations (bid bonds) or cover possible warranty claims (performance bonds).

In financing agreements, Kapsch Group is subject to the usual limitations on its business policy, such as, for instance, with regard to taking on additional borrowings, the use of assets as collateral or the provision of guarantees/sureties in favor of third parties. The availability of financing and bank guarantees is subject to market conditions as well as, in particular, the net asset, financial, and earnings positions of Kapsch Group. A lack of liquid assets (even if the Group is otherwise essentially solvent), of financing, or of bank guarantees can have an extremely adverse impact on the net asset, financial, and earnings positions of Kapsch Group.

Furthermore, the liquidity risk is mitigated by ongoing group-wide financial planning and cash flow forecasting. Potential liquidity shortages can be identified in this way and adequate countermeasures taken in good time.

Credit risk. Kapsch Group is exposed to the risk of non-payment by customers. Since the main customers of Kapsch Group are often large public or formerly public network operators, the bad debt risk is considered to be very low. However, Kapsch also acts as a subcontractor to third parties (for example concessionaires, or general contractors) in public sector projects. The extent of a potential default varies depending on the size of the project and may have a noticeable impact on the results of operations in the case of individual largescale projects. The creditworthiness of new and existing customers is continuously reviewed as required and hedged in accordance with the assessment of the existing payment default risk. In addition, Kapsch Group takes advantage of offers from public institutions, such as OeKB (Oesterreichische Kontrollbank AG), EKN (Exportkreditnämnden; Swedish National Export Credits Guarantee Board) and MIGA (Multilateral Investment Guarantee Agency), to hedge against the non-payment risk on the basis of guarantees. There is also a risk that counterparties (including financial institutions assumed to have good credit ratings) of both original and derivative financial instruments cannot meet their payment obligations when these fall due. A payment default or the need to impair receivables can have an extremely adverse impact on the net asset, financial, and earnings positions of Kapsch Group.

Personnel risk.
The success of Kapsch Group depends heavily on key personnel with many years of experience in the individual business segments. Moreover, Kapsch Group's ability to recruit qualified staff, integrate them into the company, and retain them over the long term is crucial in the current growth phase. The loss of key personnel and difficulties in recruiting personnel can adversely affect the success of the Group.

Kapsch Group has implemented a number of attractive measures, such as incentive schemes, training and further education opportunities, etc. in order to mitigate this risk. A periodic employee survey helps Management identify current issues, concerns, and wishes, as well as to assess the general mood.

Legal risks.
In connection with participating in the tenders of public authorities, the construction of infrastructure for ITS solutions (such as toll stations), and the operation of toll collection systems, but also the increasingly complex requirements in the other segments, a number of regulations and legal requirements have to be complied with. Recording, monitoring, and implementing legal regulations and requirements can result in considerable administrative, technical, and commercial expense. If applicable regulations or official requirements cannot be met or fulfilled, this can lead to severe penalties and also reduce the possibility of (successfully) taking part in tenders or continuing with the given business activity.

The various markets in which Kapsch Group operates are impacted by numerous legal provisions on an international and national level. In this context, Kapsch Group is exposed to the risk that certain regulations, such as data protection laws or environmental and safety requirements, might have negative impacts on business activities.

The further expansion of business activities into new regions and selected new business areas tends to increase the risk of patent violations or the violation of intellectual property rights (IPR) which could result in financial damages as a result of lawsuits, court actions, and settlement proceedings.
Kapsch Group attempts to counteract this risk as far as possible by performing an evaluation of possible IPR violations prior to entry into new markets or regions, for example. However, it is not possible to completely avoid this risk.

IT risks.
As a technology company, Kapsch Group is exposed to common IT risks in terms of the security, confidentiality, and availability of data. Kapsch has introduced an IT risk management system based on the Corporate Risk Application Method CRISAM® and is certified in accordance with ISO 27001 (Information Security Management). In the area of toll collection systems, Kapsch is certified under ISO 20000 ("IT Service Management") and is pushing ahead with the roll-out of CRISAM® as an IT risk management tool within the Group.

In this context, Kapsch not only prioritizes greater IT security but also takes a holistic view of the crucial area of security. For example, building and infrastructure security were also increased, and regular training courses are held to raise employee awareness of security issues.

Opportunities.
The enterprise risk management (ERM) approach of Kapsch Group not only deals with risks but also with the regular identification, measurement, and exploitation of opportunities in its markets. The aim of these efforts is to manage the strategic orientation of the product portfolio and market activities through the early identification of opportunities and to develop corresponding potential.

Particularly in the segment Traffic, market opportunities exist in geographic diversification as well as in increasing the expansion of the customer and product portfolio, driven in part by the following factors:

Due to the increasing financing requirements of infrastructure projects and the growing need to relieve federal budgets, there exists an opportunity to develop new markets, especially in emerging and developing countries, as well as to expand activities into already developed markets.

The global rise in traffic volumes and the associated impact on the environment and society open up opportunities in the area of traffic management because measures such as toll collection, road pricing, and the establishment of environmental zones or access restrictions are increasingly being employed as controlling instruments of environmental and traffic policy. This is creating opportunities in both the ETC and ITS divisions to further develop and market the portfolio based on these new requirements.

The drive to increase the productivity of vehicles and vehicle operations, as well as the rising comfort expectations of travelers, also open up new opportunities for expanding the functionality of existing systems. Opportunities also exist to win new customers or to offer new concepts to public authorities as well as to end customers. Of particular note are the opportunities in the areas of tolling as a service, parking management, and intermodal mobility.

In addition, numerous market opportunities arise in the other segments as a result of the geographic diversification, the increasing broadening of the customer and product portfolio, and through strategic partnerships. Constant innovation, technical advancements, and the acquisition of new technologies through company takeovers also create opportunities for Kapsch to improve the efficiency and performance of customer systems as well as to gain a technological edge over competitors with regard to the performance and functionality of the systems offered.

Overall assessment of Kapsch Group's risk position.
From today's perspective, no risks have been identified that could endanger the continued operations of Kapsch Group. Increasing geographic diversification and the constant broadening of the portfolio of products and solutions are planned to further reduce the concentration of risks in individual regions and dependencies in the future. By the same token, constantly striving to maintain its strong technology position and offering high-quality products and innovative solutions in all segments are intended to ensure that our customers continue to feel they have a partner in Kapsch that will continue to provide reliable long-term support and optimal solutions in the future.

4.4 Internal control system (ICS).

The reliability of the internal control system is audited by the Internal Audit department.

Kapsch Group has established an internal control system which analyzes and documents the existing accounting-related internal control processes. The uniform group-wide documentation of all controls to achieve the main monitoring objectives is constantly being adapted and optimized, allowing the improved control of measures and serving as the basis for auditing the performance of local ICS. The results to date were presented to the Supervisory Board for evaluation and discussion in the quarterly meetings of the Audit Committee. During the regular on-site reviews carried out by Internal Audit, one of the focal points is checking the reliability and functionality of the internal control system. In this way, the Internal Audit department makes an important contribution to ensuring that every company implements a reliable and functional control system.

The central elements of the ICS process include regular checks according to the principle of dual control, the segregation of duties, and defined actions for monitoring the effectiveness and efficiency of operating activities, the reliability of financial reporting, and compliance with relevant legal regulations. The ICS guidelines follow the basic structures of the internationally recognized standards for internal control systems, COSO – Internal Control and Enterprise Risk Managing Frameworks of the Committee of Sponsoring Organizations of the Treadway Commission.

The processes for Group accounting and reporting are based on an IFRS accounting manual that is issued and regularly updated by Kapsch Group. This manual sets out the main accounting and reporting requirements for the Group based on International Financial Reporting Standards (IFRS). Group guidelines, working instructions, and defined procedures constitute another important cornerstone of ICS.

The accounting of all group transactions is managed by a variety of software solutions. In a number of countries, the accounting has been outsourced to local tax accountants due to the size of the relevant subsidiaries. The individual companies submit reporting packages to Head Office on a monthly basis containing all relevant accounting data pertaining to the income statement, the balance sheet and the cash flow statement, as well as contribution margin accounting. These data are then entered into the central consolidation system (Hyperion Financial Management) on an ongoing basis. The financial information is verified on a group-wide basis by the subsidiary and participation controlling department and subsequently forms the basis for the group reports issued in accordance with IFRS.

The Supervisory Board is kept informed of business developments by the Executive Board during regular meetings by way of consolidated presentations consisting of segment reporting, earnings development analysis containing comparisons of current figures with figures from the budget and the previous period as well as selected financial figures, forecasts, group financial statements and changes in the number of employees and order intake.

In keeping with the decentralized structure of Kapsch Group, local management is responsible for complying with and monitoring the internal control system. The general managers of the individual subsidiaries are ultimately responsible for establishing and designing internal control and risk management processes that meet the needs of the given company in terms of accounting procedures as well as for ensuring compliance with the group-wide rules and guidelines in this respect. In order to provide support to the management teams of the individual group companies, an ICS officer position was established at the parent companies of the three key segments. This individual is responsible for standardizing and constantly developing ICS throughout the individual segment, monitoring compliance with and the effectiveness of controls, as well as taking action to address the weaknesses identified, and reporting periodically to the Audit Committee of the Supervisory Board. To exploit synergies here throughout the entire Group and share experience, regular meetings are held by the Group Governance Committee, in which the ICS officers of the individual segments and Internal Audit regularly coordinate and forge ahead with relevant topics and developments.

5 Outlook.

With effect from the coming fiscal year 2019/20, Kapsch Group will concentrate on its two largest and most successful segments, Traffic and Enterprise, which combined represent around 90% of consolidated revenues and the overall headcount. From the perspective of Group Management, this focus offers the best prospects of leveraging future potential and the development of the Group. The basis for this is an agreement on the sale that was concluded after the balance sheet date of the segments Carrier and Public Transport to S&T, another Austrian technology group, with the commercial transition planned for June 1, 2019 (subject to anti-trust approval that is expected by end of July 2019). Management is convinced that this is the best option in order to safeguard the future commercial development of these areas and especially for the employees in these areas. While this step will entail Kapsch Group losing around 10% of its consolidated revenues, these two segments have been accountable for major negative contributions to the Group's earnings in recent fiscal years. As a result, the segments remaining are those which, on the one hand, have grown in recent years and, on the other, are regarded by Management as offering the greatest potential for future growth. Consequently, the Management is optimistic about the future development of Kapsch Group and assumes that there will be only a temporary stagnation or possibly a slight decline in terms of the high revenue level despite the concentration on only two segments, but that this will subsequently increase again. Earnings are expected to improve again as early as the coming fiscal year.

The outlook remains optimistic, with a stronger focus on the segments Traffic and Enterprise.

In the segment Traffic, Kapsch intends to continue growing during the 2019/20 fiscal year. The target is to increase revenues by at least 5%. This is forecast despite the fact that several high-revenue projects are due to come to an end and the project in Poland will be generating a considerably lower revenue contribution. The most important growth market in the coming years is expected to be North America (USA and Canada). Double-digit growth rates are forecast for this market based on revenues of around EUR 200 million in the 2018/19 fiscal year. Interesting opportunities for new business also exist in Europe and, to a lesser extent, in Central and South America as well as in Africa. A growth in Europe is possible too after the termination of the contracts regarding the German infrastructure charge (see note 35).

In terms of profitability, the company also expects EBIT to increase by at least 5% (excluding any one-off effects) in the 2019/20 fiscal year . The plan is to achieve this through a combination of high-margin new business and a further increase in efficiency related to internal cooperation. Investments in future growth are constantly being evaluated. In the event that certain activities no longer prove to be strategically relevant or sustainably fail to develop in line with expectations, the company will distance itself from these activities.

Considerable business opportunities may also arise in the Asia region in the midterm as soon as more is invested in electronic tolling and intelligent transport systems. We aim to further consolidate our positions in the Australian and New Zealand markets. Acquisitions may also boost growth further. The mid-term objective is to achieve an EBIT margin of 10% in this segment.

In the segment Enterprise, the scope of business with existing customers is expected to widen. In Austria, the company's strong position in the field of ICT infrastructure has been further expanded. Kapsch has positioned itself as an attractive service partner for ICT solutions using a honed IT strategy. The solutions cover all areas of voice and data transmission as well as parts of the infrastructure in companies. This starts with "simple" telephony, continues with wireless and mobile business solutions and Voice over IP, and includes IT solutions, network security, network management, internet integration, call center solutions, communications consulting, IPTV, video solutions, managed services, and much more. With its extensive expertise in handling large volumes of data and security issues, as well as a wide range of successful use cases in numerous industries, Kapsch is the ideal companion during digital transformation.

Management expects the revenue potential of the IT segment to increase further. Kapsch will also be an important partner in the process of digitalization in the future. In this context, Kapsch often acts as an incubator, supplementing new innovative ideas with its Big Data or security know-how, and providing the necessary personnel resources so as to be able to implement large-scale projects. Management sees this new business segment as the growth driver of the future. Target customers are small and medium-sized enterprises with 50 to 500 users, some of which already form part of the existing customer base in the segment Enterprise. By means of the 2022 Strategy, which Kapsch initiated in 2017, the company is continuing to pursue its digitalization and growth trajectory as a result of which this segment is also expected to develop and grow steadily in the coming years.

Kapsch Group will continue its strategy of bolstering its market position in both of its future core segments, Traffic and Enterprise, and by means of targeted acquisitions in new business fields.

Selective measures to optimize individual companies and enhance synergies, such as through internal digitalization projects, will continue to be deployed within Kapsch Group.

Vienna, on July 24, 2019

Georg Kapsch Chief Executive Officer	Kari Kapsch Chief Operating Officer	Franz Semmernegg Chief Financial Officer

Consolidated Financial Statements

as of March 31, 2019.

Consolidated statement of comprehensive income.

In EUR	**Note**	**2017/18**	**2018/19**
Revenues	(3)	1,145,043,116	1,211,900,791
Other operating income	(4)	33,022,397	29,263,597
Changes in finished and unfinished goods and work in progress	(5)	-6,434,467	20,590,429
Cost of materials and other production services	(6)	-545,614,797	-628,944,138
Staff costs	(7)	-396,566,282	-410,158,943
Amortization and depreciation	(8)	-28,692,374	-22,179,360
Impairment charges	(8)	-7,441,031	0
Other operating expenses	(9)	-173,683,261	-151,047,474
Proportional result of associates and joint ventures	(16)	492,120	941,510
Gains from the revaluation of joint ventures	(16)	0	523,008
Operating result		**20,125,421**	**50,889,420**
Finance income	(10)	10,446,710	10,974,459
Finance costs	(10)	-21,676,440	-17,240,974
Financial result		**-11,229,730**	**-6,266,515**
Proportional results from associates and joint ventures from financial investments	(16)	-46,050	-200,842
Losses from the revaluation of associates	(16)	-562,194	-46,650
Result before income taxes		**8,287,447**	**44,375,413**
Income taxes	(11)	-1,945,209	-11,158,202
Result for the period		**6,342,239**	**33,217,211**
Result attributable to:			
Equity holders of the company		-3,452,984	17,182,247
Non-controlling interests		9,795,222	16,034,964
		6,342,239	**33,217,211**
Other comprehensive income for the period			
Items subsequently to be reclassified to the result for the period:			
Currency translation differences		-1,943,899	-3,899,541
Currency translation differences from net investments in foreign operations		-6,094,232	4,025,719
Available-for-sale financial assets:			
Fair value gains/losses recognized in other comprehensive income		-14,941	0
Reclassification of cumulated net losses to the result for the period (impairment)		136,006	0
Cash flow hedges		37,259	-291,423
Income tax relating to items subsequently to be reclassified to the result for the period		1,493,263	-1,006,430
Total items subsequently to be reclassified to the result for the period		**-6,386,543**	**-1,171,675**
Items subsequently not to be reclassified to the result for the period:			
Remeasurements of liabilities from post-employment benefits		-2,066,582	-3,909,490
Income tax relating to items subsequently not to be reclassified to the result for the period		459,536	872,303
Total items subsequently not to be reclassified to the result for the period		**-1,607,047**	**-3,037,187**
Other comprehensive income for the period net of tax	(12)	**-7,993,590**	**-4,208,861**
Total comprehensive income for the period		**-1,651,351**	**29,008,350**
Total comprehensive income attributable to:			
Equity holders of the company		-9,150,271	13,951,343
Non-controlling interests		7,498,919	15,057,007
		-1,651,351	**29,008,350**

Consolidated balance sheet.

In EUR	Note	March 31, 2018	March 31, 2019
ASSETS			
Property, plant and equipment	(13)	55,460,514	53,006,117
Intangible assets	(14)	143,156,864	159,726,130
Investment properties	(15, 17)	3,507,356	3,291,519
Interests in associates and joint ventures	(16)	9,057,886	23,462,156
Non-current financial assets and investments	(17)	29,343,020	22,521,079
Non-current contract assets	(21, 17)	-	21,006,677
Other non-current assets	(18)	4,384,818	11,953,972
Deferred tax assets	(26)	40,274,031	47,006,600
Non-current assets		**285,184,488**	**341,974,250**
Inventories	(19)	101,092,450	79,781,852
Trade receivables and other current assets	(20, 17)	388,714,504	332,572,207
Current contract assets	(21, 17)	-	168,100,573
Current tax receivables		11,067,758	8,120,981
Current financial assets	(17)	3,276,305	1,134,741
Cash and cash equivalents	(22, 17)	209,296,161	138,999,728
Current assets		**713,447,178**	**728,710,082**
Assets classified as held for sale		8,483,963	0
TOTAL ASSETS		**1,007,115,629**	**1,070,684,333**
EQUITY			
Share capital	(23)	726,728	726,728
Capital reserve		66,222,590	66,222,590
Retained earnings and other reserves		97,075,488	105,292,047
Capital and reserves attributable to equity holders of the company		**164,024,806**	**172,241,365**
Non-controlling interests	(33)	**91,748,848**	**103,187,511**
TOTAL EQUITY		**255,773,654**	**275,428,877**
LIABILITIES			
Non-current financial liabilities	(24, 17)	209,966,981	240,692,833
Non-current liabilities from finance lease	(25, 17)	14,478,645	13,927,158
Liabilities from post-employment benefits to employees	(27)	70,018,320	75,128,549
Non-current provisions	(28)	20,027,395	20,323,063
Non-current contract liabiliites	(21, 17)	-	11,457,449
Other non-current liabilities	(29, 17)	11,310,646	5,872,798
Deferred tax liabilities	(26)	3,092,612	10,552,773
Non-current liabilities		**328,894,599**	**377,954,624**
Current financial liabilities	(24, 17)	103,645,271	61,391,474
Current liabilities from finance lease	(25, 17)	681,498	551,487
Trade payables	(17)	85,068,845	124,251,801
Current contract liabilities	(21, 17)	-	53,907,246
Current provisions	(28)	36,313,893	34,565,801
Current tax liabilities		17,599,127	16,187,644
Other liabilities and deferred income	(30, 17)	169,675,562	126,445,379
Current liabilities		**412,984,197**	**417,300,832**
TOTAL LIABILITIES		**741,878,796**	**795,255,456**
Liabilities related to assets held for sale		9,463,179	0
TOTAL EQUITY AND LIABILITIES		**1,007,115,629**	**1,070,684,333**

Consolidated statement of changes in equity.

In EUR	Attributable to equity holders of the company				Non-controlling interests	Total equity
	Share capital	Capital reserve	Other reserves	Consolidated retained earnings		
Carrying amount as of March 31, 2017	**726,728**	**66,222,590**	**-5,834,539**	**112,009,957**	**90,884,541**	**264,009,277**
Effects from acquisition of shares in subsidiaries			0		-27,798	-27,798
Effects from increase of shares in subsidiaries			-10,877		11,068	191
Effects from deconsolidation of subsidiaries			61,218		409,121	470,339
Effects from capital increase at a subsidiary			0		131,250	131,250
Dividend				0	-7,158,253	-7,158,253
Result for the period				-3,452,984	9,795,222	6,342,239
Other comprehensive income for the period:						
Currency translation differences			-4,284,256		-2,230,317	-6,514,573
Fair value gains/losses on available-for-sale financial assets			92,343		-1,573	90,770
Remeasurements of liabilities from post-employment benefits			-1,529,201		-77,846	-1,607,047
Cash flow hedges			23,826		13,433	37,259
Carrying amount as of March 31, 2018	**726,728**	**66,222,590**	**-11,481,485**	**108,556,973**	**91,748,848**	**255,773,654**
Adjustments due to new IFRS standards (see note 41.18)				-6,779,718		-6,779,718
Deferred taxes on adjustments due to new IFRS standards				445,418		445,418
Reclassification from other reserves to retained earnings			-1,537,083	1,537,083		0
Carrying amount as of April 1, 2018 adjusted	**726,728**	**66,222,590**	**-13,018,568**	**103,759,756**	**91,748,848**	**249,439,354**
Effects from acquisition of shares in subsidiaries			0		3,613,446	3,613,446
Effects from increase of shares in subsidiaries			3,504		-3,504	0
Effects from decrease of shares in subsidiaries			-14,672		14,672	0
Effects from deconsolidation of subsidiaries			8,542		0	8,542
Effects from capital increase at subsidiaries			0		517,440	517,440
Dividend				0	-7,158,253	-7,158,253
Reversal of historical negative non-controlling interests			602,144		-602,144	0
Result for the period				17,182,247	16,034,964	33,217,211
Other comprehensive income for the period:						
Currency translation differences			-348,164		-532,087	-880,252
Remeasurements of liabilities from post-employment benefits			-2,698,296		-338,891	-3,037,187
Cash flow hedges			-184,445		-106,978	-291,423
Carrying amount as of March 31, 2019	**726,728**	**66,222,590**	**-15,649,955**	**120,942,004**	**103,187,511**	**275,428,877**

Share capital. The registered share capital of the parent company amounts to EUR 726,728. The share capital is fully paid.

Capital reserve. Capital reserve includes those reserves that have not been established from results of prior periods.

Other reserves. Other reserves contain effects of changes in shares held in subsidiaries, effects from the acquisition and disposal of non controlling-interests as well as reserves from other comprehensive income, for example reserves for currency translation differences and in the previous year, fair value gains/losses on available-for-sale financial assets after deduction of deferred taxes, remeasurements of liabilities from post-employment benefits after deduction of deferred taxes as well as changes of the cash flow hedge reserve after deduction of deferred taxes.

Consolidated retained earnings. Retained earnings include the net result for the fiscal year as well as past earnings of the entities included in consolidation, to the extent that these results have not been distributed as dividends.

Non-controlling interests. Non-controlling interests represent the third-party shares in the equity of consolidated subsidiaries.

The effects from **acquisition of shares in subsidiaries** in the fiscal year 2018/19 essentially resulted from the full consolidation of Intelligent Mobility Solutions Ltd., Zambia (see note 2). The effects from acquisition of subsidiaries in the fiscal year 2017/18 resulted from the acquisition of shares in SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico.

The effects from **increase of shares in subsidiaries** in the fiscal year 2018/19 resulted from the acquisition of additional shares and in the fiscal year 2017/18 from shifts of shares between subgroups of Kapsch Group which led to shifts in shareholdings. The effects from the **decrease of shares in subsidiaries** in the fiscal year 2018/19 resulted from shifts of shares between subgroups of Kapsch Group which led to shifts in shareholdings.

The effects from **deconsolidation of subsidiaries** in the fiscal year 2018/19 and 2017/18 resulted from the liquidation of various subsidiaries (see note 2).

The effects from **capital increase at subsidiaries** in the fiscal year 2018/19 relate to a capital contribution, which was paid proportionately by the shareholders of tolltickets GmbH, Germany, and FLUIDTIME Data Services GmbH, Vienna. In the fiscal year 2017/18 the effects related to a capital contribution, which was paid proportionately by the shareholders of tolltickets GmbH, Germany.

Consolidated cash flow statement.

In EUR	Note	2017/18	2018/19
Operating result		20,125,421	50,889,420
Scheduled depreciation and amortization	(8)	28,692,374	22,179,360
Impairment charge	(8)	7,441,031	0
Increase/decrease in obligations for post-employment benefits		-1,428,207	1,975,159
Increase/decrease in other non-current liabilities and provisions [2]		602,675	3,167,877
Increase/decrease in other non-current receivables and assets [1]		-1,661,409	-23,775,981
Increase/decrease in trade receivables (non-current)		237,188	100,251
Increase/decrease in trade payables (non-current)		367,074	-369,545
Net payments of income taxes		-13,617,063	-10,699,202
Interest received		1,433,629	1,697,439
Interest payments		-9,894,819	-7,253,348
Other (net)		323,778	-2,469,636
Cash flow from earnings		**32,621,672**	**35,441,794**
Changes in net working capital:			
Increase/decrease in trade receivables and other assets [1]		7,942,450	-79,542,343
Increase/decrease in inventories		12,579,328	-24,879,826
Increase/decrease in trade payables and other current payables [2]		-11,196,971	49,300,883
Increase/decrease in current provisions		-12,015,701	-949,874
Changes in net working capital		**-2,690,895**	**-56,071,159**
Cash flow from operating activities		**29,930,778**	**-20,629,365**
Purchase of property, plant and equipment	(13)	-16,854,547	-12,375,189
Purchase of intangible assets	(14)	-3,635,562	-6,315,678
Purchase of securities, investments and other non-current financial assets		-4,456,006	-895,551
Payments for the acquisition of entities (less cash and cash equivalents of these entities)	(2)	-1,017,137	-1,601,148
Payments for the acquisition of shares in at-equity-consolidated entities	(16)	-4,095,151	-19,951,818
Proceeds from the disposal of property, plant and equipment and intangible assets		3,814,297	3,939,889
Proceeds from the disposal of securities and other financial assets		45,177	13,001,983
Proceeds from the disposal of subsidiaries		1,456,052	1,311,345
Dividends received from associates, joint ventures and other investments		722,547	507,340
Cash flow from investing activities		**-24,020,329**	**-22,378,827**
Free Cash flow [3]		**5,910,448**	**-43,008,193**
Contributions from shareholders at subsidiaries		131,250	517,440
Dividends paid to non-controlling interests		-7,158,253	-7,158,253
Payments for the acquisition of non-controlling interests		-3,027,798	-2,750,700
Increase in non-current financial liabilities	(24)	86,835,584	46,800,826
Increase in current financial liabilities	(24)	16,831,932	4,870,745
Decrease in current financial liabilities	(24)	-130,296,558	-66,397,583
Changes in liabilities from finance lease	(25)	-404,375	-548,089
Cash flow from financing activities		**-37,088,217**	**-24,665,614**
Change in cash and cash equivalents			
Cash and cash equivalents at beginning of year	(22)	246,618,111	209,296,161
Net increase/decrease in cash and cash equivalents [4]		-31,177,769	-67,673,807
Exchange gains/losses on cash and cash equivalents		-4,515,710	-2,622,626
Reclassification as held for sale		-1,628,471	0
Cash and cash equivalents at end of year	(22)	**209,296,161**	**138,999,728**

1) including “contract assets”
2) including “contract liabilities“
3) Cash flow from operating activities + Cash flow from investing activities
4) Free cash flow + Cash flow from financing activities

Notes to the Consolidated Financial Statements.

1 General information.

Kapsch Group operates mainly in the areas of telecommunications and traffic-control systems and related areas. It holds shares in domestic and foreign companies. The Group's main markets include Austria and the rest of Europe, as well as in the segment Carrier also Asia and North Africa. In the segment Traffic, Kapsch operates worldwide and serves customers on all other continents, especially in North and South America. The parent company is headquartered in Vienna.

The business activities of Kapsch Group are subdivided into the following five segments:
> Traffic (Intelligent Transportation Systems – ITS solutions)
> Carrier (communication solutions for railway operators)
> Enterprise (speech, data and IT solutions for business customers including public authorities)
> Public Transport (intelligent infrastructure solutions for public transport operators)
> Others

The segment *Traffic* relates to the worldwide development, installation and operation of Intelligent Transportation Systems solutions. Furthermore, services for maintenance and operation and components in the area of ITS solutions are provided.

The segment *Carrier*, a global provider of end-to-end telecommunications services for mission-critical networks, covers the entire value chain from planning and development to deployment and technical operations management. The portfolio includes state-of-the-art, GSM-R and PMR networks based on the TETRA and DMR standards.

The segment *Enterprise* relates to the system-integration business of corporate IT and communication solutions in Central and Eastern Europe.

The segment *Public Transport* relates to intelligent infrastructure solutions for public transport operators and transportation agencies.

The segment *Others* essentially relates to all tasks associated with managing the Group.

1.1 Basis of preparation.

Pursuant to Section 245a Austrian Commercial Code (UGB), the consolidated financial statements as of March 31, 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) as well as the International Financial Reporting Standards Interpretations Committee (IFRS IC) as adopted by the European Union (EU).

For ease of presentation, amounts have been rounded and, unless indicated otherwise, are presented in thousands of euros (TEUR). However, calculations are done using exact amounts, including the digits not shown, which may lead to rounding differences.

1.2 Group structure and consolidated group.

The parent company (reporting entity) of this Group is KAPSCH-Group Beteiligungs GmbH, Vienna, a private limited company incorporated and domiciled in Vienna, Austria. The address of its registered office is 1120 Vienna, Am Europlatz 2.

Immediate parent company of the reporting entity is DATAX HandelsgmbH, Vienna, which is the sole shareholder of KAPSCH-Group Beteiligungs GmbH, Vienna. DATAX HandelsgmbH, Vienna, is the controlling entity of the reporting entity and the ultimate parent of Kapsch Group.

As of March 31, 2019 the Group holds a share of 63.3% in Kapsch TrafficCom AG, Vienna (March 31, 2018: 63.3%). Since June 26, 2007, the free float shares of Kapsch TrafficCom AG, Vienna, have been listed in the Prime Market segment of the Vienna Stock Exchange.

1.3 Accounting and valuation principles.

The consolidated financial statements as of March 31, 2019 are prepared under the historical cost concept, with the exception of financial instruments measured at fair value according to IFRS 9 as well as plan assets measured at fair value according to IAS 19, which were measured accordingly at the balance sheet date. Pertinent explanations can be found within the scope of the corresponding accounting policies.

The accounting and valuation principles, which form the basis for these consolidated financial statements, were applied unchanged to the previous period and supplemented by new mandatory guidelines applicable from the fiscal year. Note 41 provides a detailed description of all accounting and valuation principles, including new accounting and valuation principles to be applied.

1.4 Material accounting estimates and assumptions.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions which influence the amount and presentation of assets and liabilities reported at the balance sheet date as well as income and expenses recorded during the reporting period. Although these estimates are made by the Executive Board to the best of their knowledge and are based on current transactions, actual figures may differ from these estimates. Material estimates and assumptions used in accounting and valuation concern IFRS 15 revenue recognition, impairment of goodwill as well as other estimates and assumptions relating to provisions, inventory and deferred taxes and are disclosed in note 37.

2 Changes in the scope of consolidation.

2.1 Consolidated group.

As of March 31, 2019 the consolidated group (including the parent company KAPSCH-Group Beteiligungs GmbH, Vienna) consists of 89 entities (March 31, 2018: 96 entities). The consolidated group changed as follows:

Consolidated group	2017/18	2018/19
Amount of entities at the beginning of the fiscal year	101	96
Initial consolidation	6	7
Mergers	-2	-4
Deconsolidations	-9	-10
Amount of entities in the consolidated group	**96**	**89**

Kapsch TrafficCom Peru S.A.C., Peru, was founded on April 1, 2018 and MTS Maut & Telematik Services GmbH, Germany, on June 1, 2018. Both entities are wholly-owned subsidiaries of Kapsch TrafficCom.

Intelligent Mobility Solutions Ltd., Zambia, which had previously been accounted for as a joint venture, was fully included in the consolidated financial statements of the Group in the second quarter of fiscal year 2018/19. For further details see chapter 2.2.

In the third quarter the consortium Kapsch TrafficCom – Rowing – UTE, Argentina, was founded with Kapsch TrafficCom holding 50%. Due to the voting rights stipulated in the consortium agreement, the consortium is controlled by Kapsch TrafficCom and is therefore fully consolidated.

By agreement dated September 6, 2018, 100% of the shares in eCrome Systems AG, Switzerland, and its subsidiary eCrome Medical AG, Switzerland, were acquired. In March 2019, effective December 31, 2018, eCrome Medical AG was merged into eCrome Systems AG and eCrome Systems AG was renamed to Kapsch BusinessCom AG, Switzerland. Kapsch BusinessCom Schweiz AG, Switzerland, was also merged into Kapsch BusinessCom AG, Switzerland, in March 2019 effective December 31, 2018.

Kapsch BusinessCom AG, Vienna acquired the remaining 74,9% of the shares in AIMC Advanced Information Management Consulting GmbH, Austria, as of November 30, 2018 and the entity was merged into Kapsch BusinessCom AG, Vienna, in March 2019 effective December 31, 2018.

In September 2018, Kapsch Smart Energy GmbH, Vienna, was merged into Kapsch BusinessCom AG, Vienna, effective March 31, 2018.

The shell company Athomstart Invest 253 AS, Norway, which was fully acquired in fiscal year 2017/18, was renamed to Kapsch TrafficCom Norway AS, on April 4, 2018.

As of April 1, 2018, Kapsch Carrier Solutions GmbH, Germany was sold from Kapsch CarrierCom Deutschland GmbH, Germany, to Kapsch BusinessCom AG, Vienna, and hence renamed to Kapsch BusinessCom GmbH.

On April 4, 2018 the agreement to sell the following subsidiaries in the Carrier segment (share deal) as well as parts of Kapsch CarrierCom AG, Vienna (asset deal) was signed: Kapsch EOOD, Bulgaria, Kapsch DOOEL, Macedonia, Kapsch d.o.o. Beograd, Serbia, Kapsch CarrierCom d.o.o., Croatia, Kapsch d.o.o., Slovenia, and Foreign Trade Unitary Enterprise „Kapsch“, Belarus. The sale of the partial operation of Kapsch CarrierCom AG as well as the sale of the subsidiaries of Kapsch CarrierCom in Croatia, Serbia and Slovenia was completed as of June 29, 2018 and the sale of the subsidiaries in Bulgaria, Macedonia and Belarus as of August 7, 2018. The economic transfer to the buyer already took place on April 1, 2018.

The following entities were liquidated in the fiscal year 2018/19: Kapsch TrafficCom do Brasil LTDA, Brazil, in the first quarter, Berrydust 51 (Pty) Ltd., South Africa, and AP Trans Scandinavia AB, Sweden, in the third quarter as well as Kapsch CarrierCom Russia OOD, Russia in the fourth quarter of the fiscal year.

The regional distribution of the subsidiaries is as follows:

Consolidated group	2017/18	2018/19
Austria	20	19
Central and Eastern Europe (excl. Austria)	21	14
Western Europe	20	20
Rest of the World	35	36
Total	**96**	**89**

For further information on interests in subsidiaries see note 32.

2.2 Business combinations.

Intelligent Mobility Solutions Ltd., Zambia.
In the first half of 2017/18 Kapsch TrafficCom AG acquired 50% of the shares in Intelligent Mobility Solutions Ltd., Zambia. The company is responsible for the design, implementation and operation of systems and solutions for traffic monitoring, vehicle speed enforcement and vehicle inspection as well as vehicle registration. In May 2018 another one percent share was acquired, however without amendment of the partnership agreement and the representation rights in the committees that direct the relevant activities. The amendment was carried out at the end of August 2018, thus the Zambian entity is fully consolidated starting from September 2018. Up until this point the entity was accounted for as a joint venture. A contractually agreed purchase price in the amount of TEUR 1,558 was variable, conditional upon the signing of another project in the company within a contractual period. Since this contractual period had expired before the date of acquisition, there is no longer a payment obligation and the payment is not probable, thus the amount was not recognized in the business combination.

The fair value of the acquired identifiable assets and liabilities assumed of Intelligent Mobility Solutions Ltd., Zambia, at the acquisition date was as follows (preliminary calculation):

	Fair Value
Intangible assets	2,959
Intangible assets from service concession arrangements	10,503
Other non-current assets	3,425
Receivables and other current assets	1,285
Cash and cash equivalents	3
Non-current financial liabilities	-2,895
Deferred tax liabilities	-1,685
Current financial liabilities	-320
Trade payables	-4,719
Other current liabilities and deferred income	-1,259
Net assets acquired	**7,295**

The entity’s intangible assets from service concession arrangements relate to assets from a concession agreement, which covers a period of 17 years. Cash and cash equivalents acquired in the context of the acquisition (thus the net cash inflow in fiscal year 2018/19 from the acquisition) amounted to TEUR 3. Transaction costs directly attributable to the acquisition amounted to TEUR 0.

The difference between the fair value of the shares previously held including non-controlling interests, and the fair value of the net assets acquired, is calculated as follows (preliminary calculation):

	Difference
Fair value of previously held shares	5,356
Share of net assets relating to non-controlling interests	3,575
Less fair value of proportionate net assets acquired	-7,295
Goodwill (preliminary calculation)	**1,636**

The above presentation results from a purchase price allocation, based on the company’s planning data until the end of the contract term and the application of an adequate interest rate.

The preliminary goodwill amounting to TEUR 1,636, which was allocated to the cash-generating unit IMS-EMEA, results mainly from the market entry and was recognized on the basis of the proportionate share of the net assets.

Receivables and other assets have been fully cash-effective since acquisition. The valuation is preliminary, as additional information about facts and circumstances of the acquired entity will be collected in the scope of current contract negotiations. For the period from September 1, 2018 to March 31, 2019, the acquired company contributed an amount of TEUR 1,996 to revenues and of TEUR -1,807 to the Group‘s result for the period. If the company had already been included as of April 1, 2018, the contribution to revenues and the Group‘s result for the period would only have been insignificantly different.

eTrans Systems Inc., USA.
As of November 1, 2018, the assets of eTrans Systems Inc. (eTrans), USA, were acquired. eTrans is a provider of network and autonomous solutions for vehicles.

The fair value of the acquired identifiable assets and liabilities assumed of eTrans, USA, at the acquisition date was as follows (preliminary calculation):

	Fair Value
Intangible assets	884
Net assets acquired	**884**

The difference between the purchase price and the fair value of the net assets acquired, is calculated as follows (preliminary calculation):

	Difference
Purchase price	
Consideration paid	707
Not yet due part of purchase price	177
Less fair value of proportionate net assets acquired	-884
Goodwill (preliminary calculation)	**0**

The net cash outflow from the acquisition amounted to TEUR -707 in fiscal year 2018/19. Transaction costs directly attributable to the acquisition amounted to TEUR 0. For the period from November 1 to March 31, 2019, the acquired company’s contribution to revenues and the Group‘s result for the period was insignificant.

eCrome Systems AG, Switzerland.
By agreement dated September 6, 2018, 100% of the shares in eCrome Systems AG, Switzerland, and its subsidiary eCrome Medical AG, Switzerland, were acquired.

The company is an IT system integrator specializing in managed services in the areas of data center-, network- and collaboration solutions. The subsidiary of eCrome Systems AG, eCrome Medical AG, is specialized in eHealth solutions. A part of the contractually agreed purchase price is variable, based on the average operating result for the years 2019-2022.

The fair value of the acquired identifiable assets and liabilities assumed of eCrome Systems AG, Switzerland at the acquisition date was as follows (preliminary calculation):

	Fair Value
Property, plant and equipment	146
Intangible assets	3,638
Receivables and other current assets	649
Contract assets	192
Cash and cash equivalents	808
Deferred tax liabilities	-633
Current financial liabilities	-475
Trade payables	-224
Other current liabilities and deferred income	-476
Current provisions	-55
Net assets acquired	**3,570**

The difference between the purchase price and the fair value of the net assets acquired, is calculated as follows (preliminary calculation):

	Difference
Purchase price	
Consideration paid	1,763
Not yet due part of purchase price	3,573
Less fair value of proportionate net assets acquired	-3,570
Goodwill (preliminary calculation)	**1,766**

The preliminary goodwill amounting to TEUR 1.766, which was allocated to the cash-generating unit Enterprise, results mainly from the increased presence on the Swiss market and was recognized on the basis of the proportionate share of the net assets.

The net cash outflow from the acquisition amounted to TEUR -955 in fiscal year 2018/19. Transaction costs directly attributable to the acquisition were directly recognized under expenses in the income statement.

Receivables and other current assets have become cash-effective since acquisition.

For the period from September 1, 2018 to March 31, 2019, the acquired company contributed an amount of TEUR 2,999 to revenues and of TEUR 141 to the Group's result for the period. If the company had already been included as of April 1, 2018, the contribution to revenues would have been around TEUR 1,400 higher and the contribution to the Group's result for the period would only have been insignificantly different.

In March 2019, effective December 31, 2018, eCrome Medical AG was merged into eCrome Systems AG and eCrome Systems AG was renamed to Kapsch BusinessCom AG, Switzerland. Kapsch BusinessCom Schweiz AG, Switzerland, was merged into Kapsch BusinessCom AG, Switzerland, in March 2019 effective December 31, 2018.

AIMC Advanced Information Management Consulting GmbH, Austria.
Kapsch BusinessCom AG, Vienna acquired the remaining 74,9% of the shares in AIMC Advanced Information Management Consulting GmbH, Austria, as of November 30, 2018. In February 2017 Kapsch BusinessCom already acquired 25.1% of the shares, which was included as an associated company until the acquisition of the remaining shares. The company is active in the field of data science and artificial intelligence, with the aim of generating large amounts of information and deriving recommendations for action.

The fair value of the acquired identifiable assets and liabilities assumed of AIMC, Austria, at the acquisition date was as follows (preliminary calculation):

	Fair Value
Property, plant and equipment	9
Intangible assets	1
Other non-current assets	5
Inventories	49
Receivables and other current assets	44
Cash and cash equivalents	68
Current financial liabilities	-276
Trade payables	-22
Other current liabilities and deferred income	-113
Current provisions	-7
Net assets acquired	**-242**

The difference between the purchase price, the fair value of the shares previously held, and the fair value of the net assets acquired, is calculated as follows (preliminary calculation):

	Difference
Purchase price	10
Fair value of previously held shares	3
Less fair value of proportionate net assets acquired	242
Goodwill (preliminary calculation)	**256**

The preliminary goodwill amounting to TEUR 256, which was allocated to the cash-generating unit Enterprise, results mainly from the increased presence in the area of data science and was recognized on the basis of the proportionate share of the net assets.

As cash and cash equivalents of TEUR 68 were acquired and the purchase price was TEUR 10, the net cash inflow from the acquisition in fiscal year 2018/19 amounted to TEUR 58. Transaction costs directly attributable to the acquisition amounted to TEUR 0.

Receivables and other current assets have become cash-effective since acquisition. For the period from December 1, 2018 to March 31, 2019, the acquired company contributed only insignificantly to revenues and to the Group‘s result for the period.

In March 2019, effective December 31, 2018, the entity was merged into Kapsch BusinessCom AG, Vienna.

3 Segment information.

A business segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses. The operating results of the segments are regularly reported to the Executive Board (chief operating decision maker). Resource allocation decisions are reviewed based on these segments. The Executive Board has identified five reportable segments:

> Traffic
> Carrier
> Enterprise
> Public Transport
> Others

The segment information follows the same principles and same accounting policies as applied in these consolidated financial statements.

The segment results for the fiscal year ended March 31, 2019 are as follows:

	Traffic	Carrier	Enterprise	Public Transport	Others	Group
Revenues	737,795	107,118	380,046	17,334	26,543	1,268,836
Implementation	271,336	66,979	235,881	10,998	0	585,194
Operations and other services (including intercompany charges)	350,772	40,139	144,166	6,335	26,543	567,955
Components	115,686	0	0	0	0	115,686
Inter-segment revenues	-7,262	-2,257	-19,705	-4,136	-23,574	-56,935
Revenues from external customers	730,532	104,861	360,342	13,198	2,968	1,211,901
Operating result (EBIT)	57,028	-11,798	13,966	-8,937	631	50,889
EBIT margin in %	7.7	-11.0	3.7	-51.6	2.4	4.0

The segment results for the fiscal year ended March 31, 2018 are as follows:

	Traffic	Carrier	Enterprise	Public Transport	Others	Group
Revenues	693,257	150,658	317,716	13,630	19,286	1,194,546
Implementation	222,286	113,510	192,862	9,501	0	538,159
Operations and other services (including intercompany charges)	356,988	37,147	124,854	4,129	19,286	542,404
Components	113,983	0	0	0	0	113,983
Inter-segment revenues	-5,214	-1,508	-21,947	-5,050	-15,786	-49,505
Revenues from external customers	688,042	149,149	295,769	8,581	3,500	1,145,043
Operating result (EBIT)	50,059	-5,640	418	-27,945	3,233	20,125
EBIT margin in %	7.2	-3.7	0.1	-205.0	16.8	1.7

Transfers and transactions between segments are recorded at the same conditions offered to third parties.

The segment assets and liabilities as of March 31, 2019 as well as capital expenditure, depreciation, amortization and impairment and other non-cash-effective positions for the period then ended, are as follows:

	Traffic	Carrier	Enterprise	Public Transport	Others	Eliminations	Group
Segment assets	478,347	88,526	143,050	19,164	12,542	-21,088	720,542
Interests in associates and joint ventures	19,973	60	3,429	0	0	0	23,462
Segment liabilities	244,656	83,299	120,102	11,519	40,158	-31,594	468,140
Capital expenditure	13,584	1,210	4,727	20	129	-979	18,691
Depreciation, amortization and impairment	14,512	2,837	4,918	49	418	-554	22,179
Other non-cash-effective positions	-616	246	68	440	0	0	138

The segment assets and liabilities as of March 31, 2018 as well as capital expenditure, depreciation, amortization and impairment and other non-cash-effective positions for the period then ended, are as follows:

	Traffic	Carrier	Enterprise	Public Transport	Others	Eliminations	Group
Segment assets	393,437	123,667	126,000	20,895	25,364	-95,554	593,810
Interests in associates and joint ventures	7,502	60	1,495	0	0	0	9,058
Assets held for sale	0	8,484	0	0	0	0	8,484
Segment liabilities	220,874	92,884	95,415	10,827	49,043	-59,029	410,014
Liabilities related to assets held for sale	0	9,463	0	0	0	0	9,463
Capital expenditure	11,757	1,874	6,027	451	85	297	20,490
Depreciation, amortization and impairment	14,808	4,989	4,519	11,381	436	0	36,133
Other non-cash-effective positions	1,314	582	127	6	0	0	2,029

The eliminations result from consolidation effects (mainly from capital consolidation and the consolidation of receivables and payables between the segments).

The segment assets include property, plant and equipment, intangible assets, other non-current assets, non-current and current contract assets, inventories, trade receivables and other current assets, as well as current tax receivables.

The segment liabilities include liabilities from post-employment benefits to employees, non-current provisions, other non-current liabilities, non-current and current contract liabilities, trade payables, other liabilities and deferred income, current tax payables, as well as current provisions.

In fiscal year 2018/19 as well as in fiscal year 2017/18 no customer contributed more than 10% to group revenues.

Information by region.
In addition to the reportable segments, the revenues and non-current non-financial assets are presented by geographical segment. Revenues are segmented by the location of the customer and balance sheet figures by the location of the company.

The figures for the fiscal year ended March 31, 2019 and March 31, 2018 are as follows:

	2017/18		2018/19	
	Revenues	**Non-current non-financial assets**	**Revenues**	**Non-current non-financial assets**
Austria	322,355	83,821	323,598	97,022
Central and Eastern Europe (excluding Austria)	270,637	29,090	263,104	27,989
Western Europe	213,524	26,021	228,185	26,733
Rest of the World	338,527	68,743	397,015	84,451
Total	**1,145,043**	**207,675**	**1,211,901**	**236,194**

4 Other operating income.

	2017/18	2018/19
Exchange rate gains from operating activities	10,650	7,909
Income from research tax credits	6,601	7,229
Operating gains from fair value change from derivative financial instruments	108	6,268
Income from sale of non-current assets	55	919
Income from insurance refunds	5,851	424
Sundry operating income	9,758	6,515
Total	**33,022**	**29,264**

Operating exchange rate gains mainly related to exchange rate fluctuations of the currencies Argentine peso and US dollar in respect to euro.

Operating gains from fair value changes from derivative financial instruments related to forward exchange contracts. In 2017/18 losses amounting to TEUR 6.514 were generated from these transactions.

Other operating income in fiscal year 2018/19 included income from the joint operation MoKA SAS, France, reversals of earn-out liabilities, and other tax income in Brazil.

Income from insurance refunds in fiscal year 2017/18 mainly related to compensation for a fire in the business premises of the Swedish subsidiary in April 2017. Other operating income also included reversals of value adjustments to the associated company SIMEX prior to its full consolidation.

5 Change in finished and unfinished goods and work in progress.

	2017/18	2018/19
Change in unfinished goods and work in progress	-8,423	267
Change in finished goods	1,988	20,323
Total	**-6,434**	**20,590**

Details on the changes in inventories can be found in note 19.

6 Cost of materials and other production services.

	2017/18	2018/19
Cost of materials	308,376	347,344
Cost of purchased services	237,238	281,600
Total	**545,615**	**628,944**

7 Staff costs.

	2017/18	2018/19
Wages, salaries and other remunerations	316,254	325,778
Expenses for social security and payroll-related taxes and contributions	64,398	64,174
Expenses for termination benefits (see note 27)	1,348	3,174
Expenses for pensions (see note 27)	769	685
Contributions to pension funds and other external funds	3,098	3,688
Fringe benefits	10,700	12,660
Total	**396,566**	**410,159**

As of March 31, 2019, the number of staff amounted to 6,896 persons (March 31, 2018: 7,236 persons), and averaged 7,070 persons in fiscal year 2018/19 (2017/18: 7,114 persons).

The decline in the number of staff compared with the previous year is related to the withdrawal from the telecom operators business in Austria and Central and Eastern Europe on the one hand, and to a decline in business in Poland on the other hand. In Poland resource-intensive manual toll collection, which is not part of the Group's core competence, was transferred back to the customer. The number of staff increased in other areas and markets, particularly in the USA and Austria.

8 Expenses for amortization, depreciation and impairment.

	2017/18	2018/19
Depreciation of property, plant and equipment	13,838	12,583
Amortization of intangible assets	14,639	9,281
Amortization of costs to obtain a contract	0	99
Depreciation of investment properties	216	216
Impairment charge	7,441	0
Total	**36,133**	**22,179**

9 Other operating expenses.

	2017/18	2018/19
Rental expenses	25,559	26,721
Legal and consulting fees	18,781	23,978
Travel expenses	15,828	16,660
Automobile expenses	14,010	13,521
Communication and IT expenses	17,421	13,087
Marketing and advertising expenses	11,595	10,734
Maintenance	10,078	7,748
Taxes and charges	3,832	5,991
Insurance costs	5,319	5,556
Exchange rate losses from operating activities	15,625	4,766
Office expenses	5,007	3,422
Bank charges	2,742	2,633
License and patent expenses	2,533	2,691
Transport costs	2,515	2,399
Training costs	2,393	2,012
Warranty costs and project financing	1,301	1,406
Allowance and write-off of receivables and contract assets	1,787	284
Operating losses from changes in the fair value of derivative financial instruments	6,610	233
Damages	2,242	116
Other	8,505	7,088
Total	**173,683**	**151,047**

The increase in legal and consulting expenses in fiscal year 2018/19 is mainly due to legal assistance and legal representation in the USA, Germany and Australia.

Communication and IT expenses as well as maintenance expenses associated with projects in the USA decreased, these costs are included in cost of materials in fiscal year 2018/19.

Expenses for taxes and charges included a value adjustment of input tax credits in Brazil (TEUR 3,302) as well as the release of a provision in connection with other taxes and charges (TEUR 1,297).

Exchange rate losses from operating activities amounting to TEUR 4,766 were significantly lower than in the previous year (TEUR 15,625) and are primarily due to exchange rate fluctuations of the currencies Zambian kwacha and Swedish krona in respect to euro and euro in respect to US dollar.

Operating losses from changes in the fair value of derivative financial instruments in fiscal year 2017/18 related to forward exchange contracts. In fiscal year 2018/19 a gain was generated from these transactions (see note 4).

Damages in fiscal year 2017/18 mainly related to a fire at the business premises of the Swedish subsidiary in April 2017.

10 Financial result.

	2017/18	2018/19
Interest and similar income	1,303	1,550
Income from securities	131	148
Income from other investments, recognized at fair value through profit or loss	466	789
Income from interest accretion of non-current receivables	921	22
Gains from the disposal of financial assets, recognized at fair value through profit or loss	280	5,119
Gains from changes of fair value of derivative financial instruments	827	1,093
Exchange rate gains from financing activities	6,519	2,254
Finance income	**10,447**	**10,974**
Interest and similar expense	-9,869	-7,178
Expense from interest accretion of non-current liabilities	-291	-110
Losses from change of fair value of derivative financial instruments	-208	-802
Expense from other investments, recognized at fair value through profit or loss	-1,055	-74
Expense from the disposal and impairment of financial assets	-1,986	-21
Exchange rate losses from financing activities	-7,000	-7,653
Interest expense from liabilities from post-employment benefits to employees (see note 27)	-1,209	-1,260
Interest expense from liabilities from anniversary bonuses	-59	-143
Finance cost	**-21,676**	**-17,241**
Financial result	**-11,230**	**-6,267**

The exchange rate gains and losses resulted mainly from foreign currency fluctuations on intercompany financing, in particular of the subsidiaries in North America (US dollar against euro) and South Africa (South African rand against euro).

Gains from the disposal of financial assets, recognized at fair value through profit or loss, related to the sale of the investment in ParkJockey Global Inc., USA, in the third quarter of 2018/19. In fiscal year 2018/19, income from investments, measured at fair value through profit or loss, primarily related to the development of the investment in Q-Free ASA, Norway. This investment is no longer considered as strategic. In the previous year, there was an impairment on this investment due to the sustained negative share price development (TEUR 1,026).

11 Income taxes.

	2017/18	2018/19
Current income taxes	-12,261	-12,636
Deferred tax assets/liabilities	10,316	1,478
Total	**-1,945**	**-11,158**

For fiscal year 2018/19, the applicable income tax rate is at 25% (2017/18: 25%).

In March 2005, the parent company KAPSCH-Group Beteiligungs GmbH, Vienna, formed a tax group according to Sec. 9 of the Austrian Corporate Income Tax Act. KAPSCH-Group Beteiligungs GmbH, Vienna, acts as the group leader and the subsidiaries in Austria act as group members. The group taxation regime applies to the respective entities effective from the tax year 2005 (i.e. fiscal year 2004/05). Within the tax group, the taxable income of the group members is generally taxed at the level of the tax group leader. Therefore, tax losses incurred by a member of the tax group can be set off by taxable earnings of other group members.

The reasons for the difference between the arithmetic tax expense/income based on the Austrian corporate income tax rate of 25% and the recognized tax expense/income are as follows:

	2017/18	2018/19
Result before income taxes	8,287	44,375
Arithmetic tax income/expense based on a tax rate of 25% (2017/18: 25%)	-2,072	-11,094
Unrecognized deferred tax assets on current losses and impairment of deferred taxes	-4,345	-7,113
Utilization of previously unrecognized tax losses	106	5,006
Effects of different tax rates in the Group	4,423	3,473
Change of tax rates	45	0
Tax allowances claimed and other permanent tax differences	-150	-628
Income and expenses not subject to tax and other differences	3,751	-1,462
Adjustment in respect to previous year	-3,703	660
Recognized tax income/expense	**-1,945**	**-11,158**

Deferred tax assets for previously unrecognized losses mainly related to loss carryforwards in the USA and Brazil, which can be used based on the plans for the next few years. Unrecognized taxes for current losses mainly related to entities in France and Belgium. Tax effects from previous periods related to adjustments of the previous year's figures due to tax audits and adjustments in connection with the preparation of tax returns.

For further information on deferred tax assets/liabilities see note 26.

12 Other comprehensive income.

	2017/18			2018/19		
	Before taxes	**Tax expense/ income**	**After taxes**	**Before taxes**	**Tax expense/ income**	**After taxes**
Fair value gains/losses on available-for-sale financial assets:						
Unrealized gains/losses in the current period	-15	4	-11	0	0	0
Gains/losses recognized in the result for the period	136	-34	102	0	0	0
Remeasurements of liabilities from post-employment benefits	-2,067	460	-1,607	-3,909	872	-3,037
Currency translation differences	-1,944	0	-1,944	-3,900	0	-3,900
Currency translation differences from net investments in a foreign operation	-6,094	1,524	-4,571	4,026	-1,006	3,019
Cash flow hedges	37	0	37	-291	0	-291
Fair value changes recognized in equity	**-9,946**	**1,953**	**-7,994**	**-4,075**	**-134**	**-4,209**

The unrealized gains/losses on available-for-sale financial assets recognized in fiscal year 2017/18 still concerned the requirements of IAS 39. These available-for-sale financial assets were now allocated to the category "at fair value through profit or loss" in accordance with the new regulations of IFRS 9 and no longer lead to fluctuations in other comprehensive income.

In fiscal year 2013/14, two USD loans granted by Kapsch TrafficCom AG to subsidiaries in the USA were classified as net investments in a foreign operation in accordance with IAS 21, as the management board of Kapsch TrafficCom AG does not plan to repay these loans in the foreseeable future and repayment is not probable. Exchange differences arising on these loans are recognized in other comprehensive income.

The item "Cash flow hedges" refers to the effective portion of changes in the fair value of derivatives designated as cash flow hedges.

13 Property, plant and equipment.

	Land and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Construction in progress	Prepayments	Total
Carrying amount as of March 31, 2017	**27,823**	**10,315**	**18,083**	**2,640**	**0**	**58,860**
Currency translation differences	-135	-509	-661	-137	0	-1,442
Reclassification	0	-79	892	-813	0	0
Additions from business combinations	1	0	47	0	0	47
Additions	3,023	2,496	5,611	5,724	0	16,855
Disposals	-38	-761	-297	-3,507	0	-4,602
Reclassification as held for sale	0	0	-419	0	0	-419
Scheduled depreciation	-3,188	-3,222	-7,428	0	0	-13,838
Carrying amount as of March 31, 2018	**27,486**	**8,241**	**15,827**	**3,907**	**0**	**55,461**
Acquisition/production costs	52,835	53,649	74,906	3,907	0	185,297
Accumulated depreciation	-25,349	-45,408	-59,079	0	0	-129,837
Carrying amount as of March 31, 2018	**27,486**	**8,241**	**15,827**	**3,907**	**0**	**55,461**
Carrying amount as of March 31, 2018	**27,486**	**8,241**	**15,827**	**3,907**	**0**	**55,461**
Currency translation differences	-6	133	-144	73	0	56
Reclassification	1,086	1,712	490	-3,288	0	0
Additions from business combinations	0	0	155	0	0	155
Additions	501	3,362	4,558	3,954	0	12,375
Disposals	-232	-10	-323	-1,893	0	-2,458
Scheduled depreciation	-3,178	-3,278	-6,126	0	0	-12,583
Carrying amount as of March 31, 2019	**25,657**	**10,159**	**14,437**	**2,753**	**0**	**53,006**
Acquisition/production costs	53,469	56,273	74,768	2,753	0	187,264
Accumulated depreciation	-27,812	-46,114	-60,331	0	0	-134,258
Carrying amount as of March 31, 2019	**25,657**	**10,159**	**14,437**	**2,753**	**0**	**53,006**

The carrying amount of capitalized leases (land and buildings) as of March 31, 2019 amounts to TEUR 14,405 (March 31, 2018 TEUR 14,864). With regard to the additions resulting from business combinations, see note 2.2.

14 Intangible assets.

	Capitalized develop-ment costs	Conces-sions and rights	Goodwill	Intangible assets on completion	Prepay-ments	Intangible assets from service concession arrange-ments	Total
Carrying amount as of March 31, 2017	**12,787**	**31,344**	**111,411**	**2,917**	**17**	**0**	**158,475**
Currency translation differences	-155	-61	-8	-187	0	0	-412
Reclassification	0	1,500	0	-1,500	0	0	0
Reclassification of prepayments	0	17	0	0	-17	0	0
Additions from business combinations	0	5,000	48	0	0	0	5,049
Additions	294	2,637	0	705	0	0	3,636
Disposals	0	-113	-1,384	0	0	0	-1,497
Reclassification as held for sale	0	-15	0	0	0	0	-15
Scheduled amortization	-3,051	-11,587	0	0	0	0	-14,639
Impairment	-3,485	-3,956	0	0	0	0	-7,441
Carrying amount as of March 31, 2018	**6,391**	**24,765**	**110,067**	**1,934**	**0**	**0**	**143,157**
Acquisition/production costs	53,176	163,035	130,377	1,934	0	0	348,522
Accumulated amortization	-46,785	-138,270	-20,310	0	0	0	-205,365
Carrying amount as of March 31, 2018	**6,391**	**24,765**	**110,067**	**1,934**	**0**	**0**	**143,157**
Carrying amount as of March 31, 2018	**6,391**	**24,765**	**110,067**	**1,934**	**0**	**0**	**143,157**
Currency translation differences	74	-429	2	119	0	-919	-1,154
Reclassification	-20	758	0	-738	0	0	0
Additions from business combinations	884	6,598	3,657	0	0	10,503	21,641
Additions	437	3,310	0	1,206	0	1,362	6,316
Disposals	-1,781	842	0	-14	0	0	-953
Scheduled amortization	-434	-8,519	0	0	0	-328	-9,281
Impairment	-0	0	0	0	0	0	-0
Carrying amount as of March 31, 2019	**5,550**	**27,325**	**113,727**	**2,507**	**0**	**10,617**	**159,726**
Acquisition/production costs	44,481	173,274	134,037	2,507	0	10,935	365,234
Accumulated amortization	-38,932	-145,948	-20,310	0	0	-318	-205,508
Carrying amount as of March 31, 2019	**5,550**	**27,325**	**113,727**	**2,507**	**0**	**10,617**	**159,726**

Service concession arrangements.
Intangible assets from service concession arrangements relate to assets from a service concession arrangement in Zambia, that is included according to the interpretation IFRIC 12. The contract consists of an implementation and an operations phase and is concluded over a contract term of 17 years, until October 2034. The concession covers the design, construction and operation of nation-wide systems and solutions for traffic monitoring, vehicle speed enforcement and vehicle inspection as well as vehicle registration. At the end of the concession period, the project infrastructure and related rights are transferred to the concessionaire. During the implementation phase of the project, an intangible asset is built up, which is amortized over the operation phase of the project. In fiscal year 2018/19 revenues amounting to TEUR 1,362 were recognized in the statement of comprehensive income. As part of the implementation is already finalized and operations started, amortization amounting to TEUR 328 was recognized in fiscal year 2018/19. Due to immateriality no borrowing costs were capitalized so far. The additions are included in the cash flow from investing activities.

Goodwill.

Goodwill is allocated to the segments and their cash-generating units as follows:

	March 31, 2018	March 31, 2019
CGU ETC-Americas: Electronic Toll Collection, Americas	21,386	21,386
CGU ETC-EMEA: Electronic Toll Collection, Europe, Middle East and Africa	37,184	37,184
CGU ETC-APAC: Electronic Toll Collection, Asia and Pacific	13,436	13,436
Electronic Toll Collection (ETC)	**72,006**	**72,006**
CGU IMS-Americas: Intelligent Mobility Solutions, Americas	6,340	6,340
CGU IMS-EMEA: Intelligent Mobility Solutions, Europe, Middle East and Africa	5,657	7,293
CGU IMS-APAC: Intelligent Mobility Solutions, Asia and Pacific	434	434
Intelligent Mobility Solutions (IMS)	**12,431**	**14,067**
Traffic	**84,437**	**86,073**
CGU CRS: Carriers	0	n.a.
CGU MCN: Mission Critical Networks	9,383	9,386
Carrier	**9,383**	**9,386**
Enterprise (CGU EN)	**16,247**	**18,268**
Public Transport (CGU PTR)	**0**	**0**
Total	**110,067**	**113,727**

Due to the sale of the telecom operator business at the beginning of the fiscal year 2018/19, the Carriers segment has been discontinued.

The Group has performed an impairment test for each group of CGUs to test the impairment of the goodwill.

The following key assumptions for determining of the recoverable amount of the cash-generating units were made:

	2017/18	2018/19
Determination of recoverable amount	Value in use	Value in use
Detailed planning period	4 years	4 years
Terminal value growth rate	2.00%	2.00%
Market risk premium	6.8%	7.3%
Risk-free rate	1.4%	0.9%

14.1 General planning assumptions for the segment Traffic.

In the case of all CGUs of the segment Traffic, the market side is generally based on a project business in which the Group is commissioned to set up an ETC or IMS system on the one hand, but on the other hand can often generate long-term maintenance or operation business in connection with this – especially in connection with an ETC system. In addition, system extensions (e.g. through additional routes or additional applications) and/or further ongoing component deliveries for these customers can also be provided within the framework of such long-term contracts. This characteristic of the project business is also reflected in the market planning process of the individual cash-generating units, in which the Group plans each customer project as carefully as possible for each performance obligation in its project planning tool. During projects in which systems have already been set up, there are, however, still medium- and long-term service transactions and several years of experience with customers associated with this. In these cases, the further development and the potential for additional business can usually be planned very reliably over the entire remaining term. For new implementation projects, the uncertainties regarding technical implementation, timing and quantities are higher. In general, the closer the award dates of such implementation projects are, the more reliable planning is in this respect. Implementation projects for which the Group has already been selected as a supplier or which are even already in the implementation phase can also be planned with particular accuracy. Projects, which are unlikely to be won or executed at the time of budgeting are not included in the budget or medium-term planning. Uncertainties, delays and deviations can never be completely ruled out in the project business, however such risks are minimized in the best possible way by professional project management and controlling. Furthermore, planning includes the sale of components that are not related to construction projects or systems implemented by the Group. This, too, can generally be estimated very well on the basis of many years of experience.

14.2 Cash-generating unit ETC-Americas.

Key assumptions for determining expected cash flows of the CGU ETC-Americas
Management has based its determination on the assumption that after the successful implementation of road toll collection systems, in particular in the USA, Chile and Mexico, demand for toll systems will remain stable. The planning for the CGU ETC-Americas is based on implemented construction projects and current operation projects and their expansion as well as on the fact that in various countries invitations to tender are in preparation or already in progress. Furthermore, the delivery of components constitutes a substantial contribution to revenues.

Parameters CGU ETC-Americas.

	2017/18	2018/19
Carrying amount of goodwill allocated to the CGU	21,386	21,386
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	0
Value in use of the CGU	107,809	397,835
Carrying amount of the CGU	59,383	91,898
Discount rate	7.0%	5.4%
Discount rate before tax	9.6%	7.2%
Break-even discount rate before tax	15.1%	28.7%

Sensitivity analysis with the impact of changes to the value in use of the CGU ETC-Americas.

	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	± 10%	69,237	-50,358
Revenue growth	± 10%	-4,153	4,291
EBITDA margin	± 10%	-8,570	8,570
Terminal value growth rate	± 0.5%	-41,716	56,181

14.3 Cash-generating unit ETC-EMEA.

Key assumptions for determining expected cash flows of the CGU ETC-EMEA.
Management has based its determination on the assumption that after the successful implementation of road toll collection systems in EMEA, especially in Austria, the Czech Republic, Switzerland, South Africa, Poland and the Republic of Belarus as well as the ongoing implementation in Bulgaria and the recently won projects in Germany, demand for toll systems will remain stable, in particular due to tight public budgets. The planning for the CGU ETC-EMEA is based on implemented construction projects and current operation projects, their expansion and delivery of components as well as on the fact, that in various countries public invitations to tender are in preparation or already in progress.

Parameters CGU ETC-EMEA.

	2017/18	2018/19
Carrying amount of goodwill allocated to the CGU	37,184	37,184
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	530	874
Value in use of the CGU	533,245	462,193
Carrying amount of the CGU	108,989	166,795
Discount rate	9.7%	8.6%
Discount rate before tax	12.6%	11.1%
Break-even discount rate before tax	59.9%	35.6%

Sensitivity analysis with the impact of changes to the value in use of the CGU ETC-EMEA.

	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	± 10%	58,662	-45,293
Revenue growth	± 10%	-532	533
EBITDA margin	± 10%	-10,013	10,013
Terminal value growth rate	± 0.5%	-21,867	25,456

14.4 Cash-generating unit ETC-APAC.

Key assumptions for determining expected cash flows of the CGU ETC-APAC.
Management has based its determination on the assumption that after the successful implementation of road toll collection systems in APAC, especially in Australia, demand for toll systems will remain stable. The planning for the CGU ETC-APAC is based on implemented construction projects and current operation projects and their expansion as well as on the fact that in Australia and New Zealand invitations to tender are in preparation or already in progress. Furthermore, the delivery of components constitutes a substantial contribution to revenues.

Parameters CGU ETC-APAC.

	2017/18	2018/19
Carrying amount of goodwill allocated to the CGU	13,436	13,436
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	0
Value in use of the CGU	181,849	285,437
Carrying amount of the CGU	25,635	25,676
Discount rate	6.6%	4.9%
Discount rate before tax	8.7%	6.4%
Break-even discount rate before tax	88.7%	86.7%

Sensitivity analysis with the impact of changes to the value in use of the CGU ETC-APAC.

	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	± 10%	53,274	-37,908
Revenue growth	± 10%	-1,763	1,813
EBITDA margin	± 10%	-3,880	3,880
Terminal value growth rate	± 0.5%	-34,860	49,459

14.5 Cash-generating unit IMS-Americas.

Key assumptions for determining expected cash flows of the CGU IMS-Americas.
Management has based its determination on the assumption that after the successful implementation of intelligent mobility solutions in North and South America, demand for intelligent mobility solutions will continue to rise. Furthermore, it is expected that the technical maintenance and commercial operation will be performed by Kapsch TrafficCom. The planning for the CGU IMS-Americas is based especially on road safety and traffic monitoring systems.

Parameters CGU IMS-Americas.

	2017/18	2018/19
Carrying amount of goodwill allocated to the CGU	6,340	6,340
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	1,230	1,348
Value in use of the CGU	89,000	176,424
Carrying amount of the CGU	21,617	27,893
Discount rate	7.6%	5.9%
Discount rate before tax	10.3%	7.8%
Break-even discount rate before tax	32.5%	64.3%

Sensitivity analysis with the impact of changes to the value in use of the CGU IMS-Americas.

	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	± 10%	27,652	-20,434
Revenue growth	± 10%	-583	589
EBITDA margin	± 10%	-2,958	2,958
Terminal value growth rate	± 0.5%	-15,343	19,854

14.6 Cash-generating unit IMS-EMEA.

Key assumptions for determining expected cash flows of the CGU IMS-EMEA.
Management has based its determination on the assumption that after the successful implementation of intelligent mobility solutions in Spain, Africa, the Czech Republic and Saudi Arabia and the ongoing implementation in Great Britain and the Netherlands, demand for intelligent mobility solutions, particularly road telematics solutions will continue to rise. Furthermore, it is expected that the technical maintenance and commercial operation will be performed by Kapsch TrafficCom. The planning for the CGU IMS-EMEA is based especially on road safety and traffic monitoring systems.

Parameters CGU IMS-EMEA.

	2017/18	2018/19
Carrying amount of goodwill allocated to the CGU	5,657	7,293
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	174	285
Value in use of the CGU	46,418	99,332
Carrying amount of the CGU	24,276	36,695
Discount rate	9.7%	8.3%
Discount rate before tax	12.6%	11.0%
Break-even discount rate before tax	19.5%	21.5%

Sensitivity analysis with the impact of changes to the value in use of the CGU IMS-EMEA.

	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	± 10%	17,338	-13,375
Revenue growth	± 10%	-1,708	1,723
EBITDA margin	± 10%	-5,157	5,157
Terminal value growth rate	± 0.5%	-6,676	7,830

14.7 Cash-generating unit IMS-APAC.

Key assumptions for determining expected cash flows of the CGU IMS-APAC.
Management has based its determination on the assumption that after the successful implementation of intelligent mobility solutions in Australia and New Zealand, demand for intelligent mobility solutions, particularly road telematics solutions will continue to rise. Furthermore, it is expected that the technical maintenance and commercial operation will be performed by Kapsch TrafficCom. The planning for the CGU IMS-APAC is based especially on road safety and traffic monitoring systems.

Parameters CGU IMS-APAC.

	2017/18	2018/19
Carrying amount of goodwill allocated to the CGU	434	434
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	0
Value in use of the CGU	44,156	64,092
Carrying amount of the CGU	1,606	1,289
Discount rate	6.7%	5.0%
Discount rate before tax	9.2%	6.7%
Break-even discount rate before tax	144.3%	513.8%

Sensitivity analysis with the impact of changes to the value in use of the CGU IMS-APAC.

	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	± 10%	11,640	-8,315
Revenue growth	± 10%	-1,032	1,085
EBITDA margin	± 10%	-1,152	1,152
Terminal value growth rate	± 0.5%	-7,520	10,571

14.8 Cash-generating unit MCN.

Key assumptions for determining expected cash flows of the CGU MCN.
The investments in the railway environment adapted to the general growth trend for public transport continue to generate demand for state-of-the-art technology, such as ERTMS (European Rail Traffic Management System), to provide efficient infrastructure. European Union funding programs focusing on ERTMS, which defines GSM-R as the EU-wide standard, have been confirmed for the period 2016-2020. The ability to support and evolve this technology, which is now totally unrelated to GSM less and less used in public networks, is an additional source of business opportunity in this market. It is also becoming apparent that GSM-R networks will be operational in 2035 and beyond, and that there will be a change along long technology cycles. This in turn will have a positive impact on the after-sales and maintenance business in this area.

Outside of the established, highly standardized telecommunications environment, railways and companies operating their own mission-critical networks continue to deploy solutions based on TETRA and Digital Mobile Radio (DMR) technologies. In particular, digitalization, value-added applications in connection with available data and the topic of security are also becoming increasingly relevant in this customer segment.

Kapsch is also well positioned to help shape the technological transformation of telecom in rail companies through its membership of Shift2Rail, a European rail technology initiative focused on driving research and innovation into new railroad technologies, and thus aims to remain a dominant player in this market segment.

Management expects that revenues in this CGU will continue to develop, based on the aforementioned focus areas, along a slight growth path. The margins in this CGU should remain constant, with margin reductions resulting from the ongoing price pressure on new tenders being compensated by a shift towards the sustainable supply and maintenance business. In addition to general priorities in cost management, Kapsch continues to focus on structural and cost optimization in this CGU.

The regional and customer focus of the business remains unchanged in Europe, where countries such as France, Germany, Great Britain or the Czech Republic should continue to contribute to a stable business base. Business in the Middle East, China, and Africa is expected to contribute to growth in this CGU as well.

Parameters CGU MCN.

	2017/18	2018/19
Carrying amount of goodwill allocated to the CGU	9,383	9,386
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	0
Value in use of the CGU	65,109	39,976
Carrying amount of the CGU	62,672	38,725
Discount rate	7.7%	7.9%
Discount rate before tax	9.7%	10.1%
Break-even discount rate before tax	10.0%	10.4%

Sensitivity analysis with the impact of changes to the value in use of the CGU MCN.

	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	± 10%	7,568	-5,774
Revenue growth	± 10%	-2,347	2,396
EBITDA margin	± 10%	-1,494	1,494
Terminal value growth rate	± 0.5%	-3,424	4,058

14.9 Cash-generating unit EN.

Key assumptions for determining expected cash flows of the CGU EN.
This CGU is expected to broaden the scope of business with existing customers. In Austria, the strong position in the field of ICT infrastructure was further expanded. Management expects to further strengthen this. Based on a sharper IT strategy, Kapsch positions itself as an attractive service partner for ICT solutions. Management assumes that the sales potential in the IT area will continue to grow. In addition, Kapsch will be an important partner in digitalization in the future. With the strategy program 2022 that Kapsch started in 2017, Kapsch continues its digitalization and growth course.

As an outsourcing partner, Kapsch has already been able to position itself as an innovative and flexible partner in the past. In addition, the company offers industry-specific solutions to clients in a variety of sectors, including industry, finance, healthcare and the public sector. As a result, numerous pilot projects and proof of concepts in the field of digitalization with various well-known companies were carried out in fiscal year 2018/19.

The extensive portfolio of this CGU includes technology solutions for intelligent and above all secure ICT infrastructure, smart building, media and security technology as well as outsourcing services. The portfolio is rounded off by numerous services such as consulting, project management, installation, training, service and operating as well as security solutions. The solutions cover all areas of voice and data transmission as well as parts of the infrastructure in companies. This starts with "simple" telephony, continues with wireless and mobile business solutions and Voice over IP, and includes IT solutions, network security, network management, internet integration, call center solutions, communications consulting, IPTV, video solutions, managed services and much more. New technologies are used not only to improve existing processes, but also to open up new business opportunities.

Digitalization affects all sectors, whether service companies, trade, industry or the health and financial sectors. New technologies are not only used to improve existing processes, but also to open up new business opportunities. Since the basic principles of digitalization are always the same, very different industries can learn from each other. For example, innovations in the health sector can be converted to trade or the automotive sector, for example in the form of a digital "health record" for cars.

Parameters CGU EN.

	2017/18	2018/19
Carrying amount of goodwill allocated to the CGU	16,247	18,268
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	0
Value in use of the CGU	87,166	96,694
Carrying amount of the CGU	83,821	76,624
Discount rate	6.7%	7.6%
Discount rate before tax	8.9%	10.3%
Break-even discount rate before tax	9.2%	12.4%

Sensitivity analysis with the impact of changes to the value in use of the CGU EN.

	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	± 10%	15,751	-11,945
Revenue growth	± 10%	-473	477
EBITDA margin	± 10%	-3,200	3,200
Terminal value growth rate	± 0.5%	-6,875	8,211

14.10 Cash-generating unit PTR.

Key assumptions for determining expected cash flows of the CGU PTR.
Market surveys assume that the public transport sector is in a growth phase that will last for several years. The total global market volume is expected to continue to grow in the double-digit percentage range over the next few years. Main drivers of this growth are urbanization, changing customer behavior in favor of public transport, an increasing demand for Public Transport solutions in emerging markets and the desire for sustainability. Nevertheless, individual markets may be affected by temporary declines, in particular due to the political situation and local developments.

Combined under the "mobi.guider" brand, Kapsch has a broad technology portfolio in this area, with a focus on computerized operations control systems (ITCS – mobi operations), automated payment systems (AFC – mobi ticketing) and electronic and mobile ticketing systems. Customers in this segment include De Lijn in Belgium, large public transport organizations in the Netherlands and customers in South Africa and the USA.

Management takes a conservative stance on this business and expects only slightly increasing revenues in the medium term, based on well-known customer projects and opportunities and established performance capacity. This is underpinned by orders received from sales generated by the established product portfolio, as recently in the Netherlands or in Romania. The budget for the coming year builds on the good order backlog in defined core markets such as Belgium, the Netherlands, Romania and South Africa. Projects in the USA will be completed next year and new ones will be acquired. The strategy in this CGU is to be further developed on this basis towards partnerships in central solution areas such as ITCS. Reinforcements in the sales teams are scheduled. In addition, the Public Transport division is already working successfully with other subgroups of the Kapsch Group on projects in South Africa and North America.

Parameters CGU PTR.

	2017/18	2018/19
Carrying amount of goodwill allocated to the CGU	0	0
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	0
Value in use of the CGU	7,167	8,769
Carrying amount of the CGU	6,879	8,299
Discount rate	8.4%	5.8%
Discount rate before tax	10.3%	5.8%
Break-even discount rate before tax	11.1%	6.0%

Sensitivity analysis with the impact of changes to the value in use of the CGU PTR.

	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	± 10%	2,517	-1,851
Revenue growth	± 10%	-1,352	1,421
EBITDA margin	± 10%	-676	676
Terminal value growth rate	± 0.5%	-1,485	1,930

Capitalized development costs.
Development costs relate to expenses which, in accordance with IAS 38, are capitalized and amortized over 3 to 15 years once the assets are available for commercial use. They relate to development projects for software solutions of Kapsch CarrierCom Belgium NV, Belgium as well as Kapsch TrafficCom Group.

Additional research and development costs of the Group in fiscal year 2018/19 amounted to TEUR 143,647 (2017/18: TEUR 138,830). In fiscal year 2018/19, TEUR 60,993 thereof (2017/18 adjusted: TEU 65,433) related to project-specific development costs charged to the customer. The remaining amount of TEUR 82,654 (2017/18 adjusted: TEUR 73,398) was recognized as an expense.

In fiscal year 2017/18, an impairment of capitalized development costs in the amount of TEUR 3,485 and of concessions and rights in the amount of TEUR 3,956 in the Public Transport segment was made, as the impairment test based on the cash flows for these parts led to the abovementioned write-down requirement.

15 Investment properties.

	2017/18	2018/19
Carrying amount as of March 31 of previous year	**3,723**	**3,507**
Additions	0	0
Scheduled depreciation	-216	-216
Carrying amount as of March 31 of fiscal year	**3,507**	**3,292**
Acquisition/production costs	4,316	4,316
Accumulated depreciation	-809	-1,025
Carrying amount as of March 31 of fiscal year	**3,507**	**3,292**

For accounting of investment properties, the Group uses the amortized cost model according to IAS 40.56.

The fair value of investment property is calculated internally using the capitalized earnings method and is classified to level 3 of the fair value-hierarchy under IFRS 13. The fair value of the investment property as of March 31, 2019 amounts to TEUR 6,495 (March 31, 2018: TEUR 6,604).

Parameters of the capitalized earnings method.

	March 31, 2018	March 31, 2019
Interest rate for property	6.00%	6.00%
Remaining useful life in years	37	36
Multiplying factor	14.74	14.62

The gross income from the rental of investment property as of March 31, 2019 amounts to TEUR 564 (March 31, 2018: TEUR 553).

The operating expenses from investment properties are as follows:

	2017/18	2018/19
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period	-327	-322
Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the period	0	0

Contractual commitments.
The Group has entered into contractual commitments for managing and maintaining the rented commercial properties leased to third parties. Annual expenses arising under these contracts amount to around TEUR 103 (2017/18: TEUR 98).

16 Interests in associates and joint ventures.

Interests in associates and joint ventures developed as follows:

	2017/18	2018/19
Carrying amount as of March 31 of previous year	**4,018**	**9,058**
Additions	7,889	20,293
Reclassification of other investments due to additional purchase of shares		2,897
Disposal	0	-4,135
Proportional result reflecting the core business	492	942
Adjustments for elimination of intercompany transactions	-825	0
Loss from revaluation of shares due to business combination	-562	-47
Gain from revaluation of shares due to business combination	0	523
Disposal due to business combination	-1,370	-5,360
Proportional result from financial investments	-46	-120
Impairment	-198	-81
Dividend payments	-257	-507
Currency translation differences	-84	0
Carrying amount as of March 31 of fiscal year	**9,058**	**23,462**
thereof interests in associates	1,495	12,509
thereof interests in joint ventures	7,563	10,953

Proportional results from associates and joint ventures are split in the presentation in the income statement. Results from associated companies and joint ventures whose activities and strategic directions are part of the core business of Kapsch TrafficCom are reported in the operating result. Results from other associates and joint ventures are reported in the result before income taxes.

As described under “Business combinations” above (note 2.2), another one percent share was acquired in Intelligent Mobility Solutions Ltd., Zambia, in the first quarter of 2018/19. Kapsch TrafficCom AG thus held 51% in the company, however without amendment of the partnership agreement and the representation rights in the committees that direct the relevant activities. The amendment was carried out at the end of August 2018, thus the Zambian entity has been fully consolidated starting from September 2018. Due to the revaluation of the interests as a result of the business combination a gain of TEUR 523 was recognized.

Furthermore, the company autoTicket GmbH, Germany, was acquired as a shell company together with a partner in the second quarter of 2018/19. This entity was commissioned with the contract as of December 30, 2018 to collect the toll (“passenger vehicle toll”) in Germany on behalf of the authorities in Germany. Kapsch TrafficCom holds 50% in the entity, which is accounted for as a joint venture.

MoKA SAS, France, was founded together with the French company Axxès in the third quarter of 2018/19. The aim of the company is the set up and the operation of a technology platform for the EETS activities of both companies (EETS: European Electronic Toll Service). Kapsch TrafficCom AG holds 50% in the entity, which is accounted for as a joint operation.

As of November 30, 2018, Kapsch BusinessCom AG, Vienna acquired the remaining shares (74.9%) in AIMC Advanced Information Management Consulting GmbH, Austria (see note 2.2 “Business combinations” above). Due to the revaluation of shares as a result of the business combination, there was a loss in the amount of TEUR 47.

In December 2018 Kapsch TrafficCom AG acquired further shares in Traffic Technology Services Inc., USA. On the one hand a loan was swapped to equity and on the other hand shares were purchased, both directly from Traffic Technology Services Inc., USA, and from a third party. Due to this swap and the acquisition of additional shares, Kapsch TrafficCom has the right to appoint additional members of the management board. Therefore the company is reported as an associated company now and the shares included in other investments in the amount of TEUR 2,550 were reclassified to associated companies.

Furthermore, Kapsch BusinessCom AG acquired additional shares in Kapsch Financial Services GmbH, Vienna in December 2018 and increased its stake to 49% The company continues to be accounted for as an associated company.

The Group holds 40% of the shares in CALPANA business consulting GmbH, Linz, which is reported as an associated company in fiscal year 2018/19 and was shown under other investments as of March 31, 2018.

The additions in fiscal year 2017/18 related to 50% of the shares in Intelligent Mobility Solutions Ltd., Zambia, the “loss from revaluation of shares due to business combination” and “disposal due to business combination” related to SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico.

16.1 Interests in associates.

Kapsch Financial Services GmbH, Vienna.
The Group acquired additional shares in December 2018 and holds an interest of 49% in Kapsch Financial Services GmbH, Vienna as of March 31, 2019 (March 31, 2018: 26%). Additions in fiscal year 2018/19 amounted to TEUR 1,604, the carrying amount of the interests as of March 31, 2019 amounted to TEUR 2,538 (March 31, 2018: TEUR 1,308). Proportional results from this associate are reported in the result before income taxes after the financial result.

The financial data of the entity as of the latest balance sheet date is as follows:

	September 30, 2017	September 30, 2018
Non-current assets	34,842	34,876
Current assets	1,657	1,353
Non-current liabilities	-429	-454
Current liabilities	-33,414	-33,414
Net assets	**2,656**	**2,362**
Revenues	33,333	32,989
Result for the period	1,050	1,034
Other comprehensive income	-63	-6
Total comprehensive income	**988**	**1,028**

The financial information stated above relates to the last audited financial report of Kapsch Financial Services GmbH, Vienna. Since the balance sheet date of the entity differs from the balance sheet date of the Group, the net assets are evaluated and recognized based on an interim report.

evolaris next level GmbH, Graz.
On September 30, 2015, the Group acquired 25% of the shares in evolaris next level GmbH, Graz, and in fiscal year 2016/17 the Group increased its stake to 45%. The interests in this associate are accounted for using the equity method. The carrying amount of the interests as of March 31, 2019 amounted to TEUR 0 (March 31, 2018: TEUR 81). Proportional results from this associate are reported in the result before income taxes after the financial result.

The financial data of the entity as of the latest balance sheet date are as follows:

	December 31, 2016	December 31, 2017
Non-current assets	59	43
Current assets	1,175	993
Non-current liabilities	-189	-121
Current liabilities	-222	-674
Net assets	**823**	**241**
Revenues	1,961	1,346
Result for the period	175	-583
Other comprehensive income	0	0
Total comprehensive income	**175**	**-583**

LLC National operator of telematic services, Russia.
On December 3, 2015, together with a partner, the Group founded the Russian company LLC National operator of telematic services and holds an interest of 49%. The company is classified as an associated company. Therefore, it is accounted for using the equity method. As of March 31, 2019, the carrying amount of the interests amounted to TEUR 0 (March 31, 2018: TEUR 0). Proportional results from this associate are reported in the result before income taxes after the financial result.

The financial data of the entity as of the latest balance sheet date is as follows:

	March 31, 2018	March 31, 2019
Non-current assets	1	1
Current assets	21	20
Non-current liabilities	0	-0
Current liabilities	-399	-388
Net assets	**-377**	**-367**
Revenues	0	0
Result for the period	-101	-91
Other comprehensive income	0	0
Total comprehensive income	**-101**	**-91**

Sensor Network Services GmbH, Vienna.
On January 23, 2018, the Group founded the company Sensor Network Services GmbH, together with two partners, and holds a stake of 37.5%. The company is classified as an associated company. Therefore, it is accounted for using the equity method. Additions in fiscal year 2018/19 amounted to TEUR 488, the carrying amount of the interests as of March 31, 2019 amounted to TEUR 544 (March 31, 2018: 56). Proportional results from this associate were reported in the result before income taxes after the financial result.

The financial data of the entity as of the latest balance sheet date is as follows:

	December 31, 2017	December 31, 2018
Non-current assets	n.a.	558
Current assets	n.a.	839
Non-current liabilities	n.a.	-1
Current liabilities	n.a.	-295
Net assets	**n.a.**	**1,100**
Revenues	n.a.	25
Result for the period	n.a.	-348
Other comprehensive income	n.a.	0
Total comprehensive income	**n.a.**	**-348**

CALPANA business consulting GmbH, Linz.

The Group holds 40% of the shares in CALPANA business consulting GmbH, Linz. Previously, the company was shown as other investment and reclassified to associated companies in fiscal year 2018/19. It is accounted for using the equity method. The carrying amount of the interests as of March 31, 2019 amounted to TEUR 347, the value of the other investment as of March 31, 2018 in the amount of TEUR 347 was reclassified to associated companies. Proportional results from this associate are reported in the result before income taxes after the financial result. The proportional dividend in fiscal year 2018/19 amounted to TEUR 240.

The financial data of the entity as of the latest balance sheet date are as follows:

	March 31, 2017	March 31, 2018
Non-current assets	n.a.	32
Current assets	n.a.	2,427
Non-current liabilities	n.a.	-742
Current liabilities	n.a.	-650
Net assets	**n.a.**	**1,068**
Revenues	n.a.	3,564
Result for the period	n.a.	889
Other comprehensive income	n.a.	0
Total comprehensive income	**n.a.**	**889**

Traffic Technology Services Inc., USA.

As of March 31, 2019 Kapsch TrafficCom AG holds 41.56% in the entity. The company is accounted for using the equity method. Additions in fiscal year 2018/19 amounted to TEUR 6,784 and the carrying amount of the interests as of March 31, 2019 amounted to TEUR 9,080 (March 31, 2018: TEUR 2,550). Proportional results from this associate are reported in the result before income taxes after the financial result.

The financial data of the entity as of March 31, 2019 is as follows:

	March 31, 2018	March 31, 2019
Non-current assets	n.a.	8,660
Current assets	n.a.	3,912
Non-current liabilities	n.a.	-1,511
Current liabilities	n.a.	-262
Net assets	**n.a.**	**10,799**
Revenues	n.a.	335
Result for the period	n.a.	-770
Other comprehensive income	n.a.	0
Total comprehensive income	**n.a.**	**-770**

16.2 Interests in joint ventures.

Rail Telecom SPA, Algeria.
On March 23, 2016 the Group acquired 49% of the shares in Rail Telecom SPA, Algeria. This Algerian subsidiary is included in the Group as a joint venture and is accounted for using the equity method. Together with a partner, the Group manages the joint venture and has rights over the net assets. The carrying amount of the interest as of March 31, 2019 amounted to TEUR 60 (March 31, 2018: TEUR 60). Proportional results from this joint venture were reported in the result before income taxes after the financial result.

The financial data of the entity as of the latest balance sheet date are as follows:

	December 31, 2017	December 31, 2018
Non-current assets	1	0
Current assets	138	127
Non-current liabilities	0	0
Current liabilities	-77	-112
Net assets	**63**	**15**
Revenues	0	0
Result for the period	-40	-51
Other comprehensive income	0	0
Total comprehensive income	**-40**	**-51**

autoTicket GmbH, Germany.
As of August 13, 2018 the company autoTicket GmbH, Germany, was acquired as a shell company together with a partner. This entity was commissioned with the contract as of December 30, 2018 to collect the toll ("passenger vehicle toll") in Germany on behalf of the authorities in Germany. Kapsch TrafficCom holds 50% in the entity, which is accounted for as a joint venture using the equity method. As the activities and strategic directions are part of the core business of Kapsch TrafficCom, proportional results of this joint venture are reported separately in the operating result. Since the acquisition a proportional result of TEUR 754 was generated. The carrying amount of the interests as of March 31, 2019 amounted to TEUR 10,766.

The financial data of the entity as of March 31, 2019 is as follows:

	March 31, 2018	March 31, 2019
Non-current assets	n.a.	18,426
Current assets	n.a.	20,694
Non-current liabilities	n.a.	-2,231
Current liabilities	n.a.	-15,360
Net assets	**n.a.**	**21,529**
Revenues	n.a.	16,840
Result for the period	n.a.	1,505
Other comprehensive income	n.a.	0
Total comprehensive income	**n.a.**	**1,505**
Cash and cash equivalents	n.a.	18,730
Financial liabilities (non-current and current)	n.a.	0
Reconciliation		
Net assets at beginning of fiscal year	n.a.	24
Increase of nominal capital and capital reserve	n.a.	20,000
Total comprehensive income	n.a.	1,505
Net assets as of March 31 of fiscal year	**n.a.**	**21,529**
Share of Kapsch TrafficCom AG (50%)	n.a.	10,766
Carrying amount as of March 31 of fiscal year	**n.a.**	**10,766**

Consortia.
In the course of the acquisition of the shares in tolltickets GmbH, Germany, on July 1, 2016, the two Italian consortia Consorzio 4trucks and MyConsorzio were acquired. Both investments are accounted for using the equity method. Proportional results from these joint ventures are reported in the result before income taxes after the financial result.

The acquired joint ventures Consorzio 4trucks and MyConsorzio are jointly managed with one partner each, with an equal distribution of the shares of 50% in both consortia. The consortia serve as purchasing cooperatives with the aim of passing discounts on to freight forwarders. The assets are attributable to the two consortia. The consortium members are generally excluded from liability.

As of March 31, 2019, the carrying amount of the shares amounted to TEUR 1 (March 31, 2018: TEUR 1). The financial data of the entities as of the latest balance sheet date is as follows:

	March 31, 2018	March 31, 2019
Non-current assets	12	19
Current assets	485	559
Non-current liabilities	-6	-17
Current liabilities	-477	-560
Net assets	**15**	**1**
Revenues	969	2,852
Result for the period	12	1
Other comprehensive income	1	1
Total comprehensive income	**13**	**2**

16.3 Joint operations.

The Group had several joint arrangements in fiscal year 2018/19, mainly for implementation and maintenance projects, including a traffic management project for Lima, Peru. These joint arrangements were designated as joint operations. The company MoKA SAS, France, is also included as a joint operation. None of the joint operations is material to the Group individually in fiscal year 2018/19. Proportional revenues in the amount of TEUR 17,484 (2017/18: TEUR 15,345) and proportional results in the amount of TEUR 456 (2017/18: TEUR 954) were included in the respective items in the consolidated financial statements.

17 Financial instruments.

Financial instruments by category at carrying amount	March 31, 2018	March 31, 2019
Trade receivables and other current assets	**388,715**	**332,572**
At amortized cost	**317,692**	**257,686**
Trade receivables	230,723	257,686
Amounts due from customers for contract work	79,688	-
Amounts due from customers for service and maintenance contracts	7,281	-
At fair value through profit or loss	**12**	**50**
Derivative financial instruments (Fair value level 2)	12	50
Hedging instruments	**0**	**0**
Derivative financial instruments - Cash flow hedges (Fair value level 2)	0	0
Other non-financial assets [1]	**71,010**	**74,836**
Contract assets (non-current and current) at amortized cost	**-**	**189,107**
Other financial assets and investments (non-current and current)	**32,619**	**23,656**
At fair value through profit or loss	**26,885**	**21,001**
Securities (Fair value level 1) [2]	8,506	9,497
Securities (Fair value level 2) [2]	599	0
Derivative financial instruments (Fair value level 2)	154	79
Investments (Fair value level 1) [2]	10,657	11,389
Investments (Fair value level 3) [3]	6,969	37
At fair value through other comprehensive income (without recycling)	**0**	**0**
Investments (with option of fair value through OCI, fair value level 3) [3]	0	0
At amortized cost	**5,734**	**2,655**
Fixed income deposits (current)	2,686	0
Other financial assets and loans (non-current)	2,458	1,520
Other financial assets and loans (current)	590	1,135
Investment property (Fair value level 3)	**3,507**	**3,292**
Cash and cash equivalents at amortized cost	**209,296**	**139,000**
Financial liabilities (non-current and current) at amortized cost	**313,612**	**302,084**
Promissory note bond (Fair value level 2)	73,622	74,794
Project financing (Fair value level 2)	50,000	50,000
Other financial liabilities (Fair value level 2)	189,990	177,290
Liabilities from finance lease (non-current and current) (Fair value level 2)	**15,160**	**14,479**
Trade payables at amortized cost	**85,069**	**124,252**
Contract liabilities (non-current and current) at amortized cost	**-**	**65,365**
Other liabilities and deferred income (non-current and current)	**180,986**	**132,318**
At amortized cost	**43,153**	**7,083**
Amounts due to customers for contract work	31,571	-
Variable purchase price components (earn-out, fair value level 3)	9,250	5,737
Other financial liabilities	2,332	1,346
At fair value through profit or loss	**7,524**	**1,237**
Derivative financial instruments (Fair value level 2)	7,524	1,237
Hedging instruments	**6**	**0**
Derivative financial instruments - Cash flow hedges (Fair value level 2)	6	0
Other non-financial liabilities [1]	**130,303**	**123,999**

[1] Non-financial receivables and liabilities are only included for reconciliation with the respective balance sheet item.
[2] Shown as available-for-sale financial assets (AFS) as at March 31, 2018.
[3] Shown as other investment as at March 31, 2018.

Changes and fair value.
One reclassification between the fair value hierarchy levels 2 and 1 was made for securities in fiscal year 2018/19, but no further reclassifications were made.

As of March 31, 2019, as in the previous year, the securities relate to government and bank bonds as well as shares in investment funds. Kapsch used the option according to IFRS 9 to recognize one debt instrument at fair value through profit and loss instead of amortized costs. Investments recognized at fair value through profit or loss as of March 31, 2019 in the amount of TEUR 11,393 refer to the 15.4% investment (March 31, 2018: 15.4%) in the listed Q-Free ASA, Norway. The investment in ParkJockey Global Inc., USA, was no longer considered strategic to the Group and was sold in December 2018. The investment in CALPANA business consulting GmbH, Linz, was previously shown as other investment and reclassified to associated companies in fiscal year 2018/19.

The investment in Traffic Technology Services Inc., USA, was classified at fair value through other comprehensive income as of April 1, 2018. Due to further investments in fiscal year 2018/19 in that entity, it is recognized as an associated company in these Group financial statements.

Fixed income deposits were disposed fully in fiscal year 2018/19.

The carrying amount of “trade receivables and other current assets”, “contract assets”, “other financial assets and investments”, “cash and cash equivalents”, “trade payables”, “contract liabilities”, and “other liabilities and deferred income”, which are valued at amortized cost, is a reasonable approximation of the fair value in accordance with IFRS 7.29.

The fair value of non-current and current financial liabilities amounted to TEUR 72,818 for the promissory note bond (March 31, 2018: TEUR 71,497), TEUR 47,194 for the project financing (March 31, 2018: TEUR 46,643) and TEUR 172,344 for other financial liabilities (March 31, 2018: TEUR 184,925). Details on the level 3 earn-out liabilities can be found in note 30. The fair values of investment properties can be found in note 15.

Fair value-hierarchies and determination of fair value.
Financial assets and liabilities must be classified to one of the three following fair value-hierarchies:

Level 1: There are quoted prices in active markets for identical assets and liabilities. In the Group, the investment in Q-Free ASA, Norway, as well as listed equity instruments are attributed to level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on direct or indirect observable market data. This category comprises securities that are not regularly traded on a stock market, derivative financial instruments and financial liabilities.

Specific valuation techniques used to value financial instruments include:
- Quoted market prices are used for securities.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted to present value.
- The fair value of financial liabilities and finance leases classified as level 2 was derived through discounting the gross cash flows over the contracted term at a risk-adjusted interest rate.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Level 3: Financial instruments whose valuation information is not based on observable market data are classified to the level 3 category. Variable purchase price components (earn-out) fall into this category and are based on agreed conditions and the expectation of the future sales/earnings development of the respective subsidiaries. Long-term purchase price components are discounted using a risk-adjusted interest rate.

Statement of comprehensive income.
Financial instruments are recognized in the statement of comprehensive income with the following net results:

	2017/18	2018/19
Available-for-sale financial assets	-912	0
Loans and receivables	911	-3,827
Financial liabilities recognized at (amortized) cost	-10,160	-7,288
At fair value through profit or loss	619	6,251
Total	**-9,542**	**-4,863**

Derivative financial instruments.
Derivative financial instruments that are measured at fair value through profit or loss are shown in the operating or financial result.

The table in this note shows the balance sheet values. The operating income/losses from the change in the fair value of derivative financial instruments amounted to TEUR 6,268 and TEUR -233 respectively (2017/18: TEUR +108 and TEUR -6,610). The gains and losses included in the financial result are shown in note 10.

To hedge the foreign currency risk, certain derivative financial instruments are designated as cash flow hedges to an insignificant extent. These are forward exchange contracts with different maturities and currencies. Changes to cash flow hedges are shown in other comprehensive income. As of March 31, 2019 there were no hedges designated as cash flow hedges (March 31, 2018: TEUR 6).

The effectiveness test of derivative financial instruments, designated as cash flow hedge, is carried out on a regular basis at each reporting date on a retrospective as well as on a prospective basis. The hypothetical derivative approach is used as the method for measuring the effectiveness, where the change in the fair value of a hypothetical derivative is compared to the change in the actual derivative.

18 Other non-current assets.

	March 31, 2018	March 31, 2019
Costs to obtain a contract	0	7,077
Other long-term receivables	4,385	4,877
Total	**4,385**	**11,954**

Costs to obtain a contract relate to customer projects in Zambia and Germany and are amortized on a straight-line basis over the contract term of the project. The amortization in fiscal year 2018/19 amounted to TEUR 99.

Other non-current receivables mainly consist of tax refunds in France in the amount of TEUR 3,631 (2017/18: TEUR 2,897).

Furthermore, they include rental guarantees for buildings of the Spanish companies. As in the previous year, the remaining term is more than 1 year but less than 5 years from the balance sheet date.

Non-current receivables were discounted on the basis of cash flows using an interest rate of 2.31% to 7.00%. The fair values approximate to the book values.

Gross cash flows of other non-current assets are as follows:

	2017/18	2018/19
Less than 2 years	1,102	950
Between 2 and 3 years	935	1,152
More than 3 years	2,488	2,927
	4,525	**5,029**

19 Inventories.

	March 31, 2018	March 31, 2019
Purchased parts and merchandise, at acquisition cost	36,562	40,270
Unfinished goods and work in progress, at production cost	49,587	5,070
Finished goods, at production cost	12,304	32,627
Prepayments on inventories	2,639	1,815
Total	**101,092**	**79,782**

Services not yet invoiced decreased sharply due to the first-time application of IFRS 15 in the Group as of April 1, 2018, and and the reclassification and separate presentation of contract assets. Inventories for projects increased especially in the USA and in Bulgaria.

Individual inventory items were written down, where necessary, to their net realizable values. The write-downs of inventories as of March 31, 2019 amounted to TEUR 25,869 (March 31, 2018: TEUR 27,323). In the reporting period, TEUR -1,454 were recognized in the statement of comprehensive income (2017/18: TEUR 122).

20 Trade receivables and other current assets.

	March 31, 2018	March 31, 2019
Trade receivables	240,419	264,424
Allowance for bad debts	-9,697	-6,738
Trade receivables – net	**230,723**	**257,686**
Amounts due from customers for contract work	79,688	0
Amounts due from customers for service and maintenance contracts	7,281	0
Receivables from tax authorities (other than income tax)	26,922	28,349
Other receivables and prepaid expenses	44,101	46,538
Total trade receivables and other current assets	**388,715**	**332,572**

Allowance for bad debt developed as follows:

	2017/18	2018/19
Balance as of March 31 of previous year	**-8,734**	**-9,697**
Adjustment due to initial adoption of IFRS 9	-	-3,037
Balance as of April 1 of previous year	**-8,734**	**-12,733**
Additions from business combinations	-288	-62
Additions	-6,385	-836
Utilization	2,001	6,408
Disposals	3,108	692
Expected credit losses according to IFRS 9	0	-158
Currency translation differences	453	-50
Allowance on assets held for sale	149	0
Balance as of March 31 of fiscal year	**-9,697**	**-6,738**

Maturity structure of trade receivables:

	2017/18	2018/19
Not yet due	159,164	187,918
Overdue		
1-30 days	28,977	31,555
31-60 days	12,071	4,919
61-90 days	5,723	5,743
91-180 days	11,565	17,795
181-270 days	4,413	2,769
More than 271 days	18,505	13,726
Total	**240,419**	**264,424**

There is no concentration of credit risk with respect to trade receivables, except for the toll collection projects in Bulgaria, the USA, Austria, the Czech Republic and Spain, as the Group generally has a large number of customers worldwide. Trade receivables relating to the toll collection project in Bulgaria amounted to TEUR 46,016 (March 31, 2018: TEUR 0) and contributed mainly to the increase in trade receivables. Trade receivables relating to the maintenance of the truck toll collection system in the Czech Republic amounting to TEUR 14,304 (March 31, 2018: TEUR 14,174) are due from Ředitelství silnic a dálnic ĈR (RSD), a company of the Czech Republic.

21 Contract assets and contract liabilities.

Contract assets and liabilities are composed as follows:

	March 31, 2018	March 31, 2019
Current contract assets	-	168,796
Allowance on current contract assets	-	-695
Total current contract assets	**-**	**168,101**
Non-current contract assets	-	21,151
Allowance on non-current contract assets	-	-144
Total non-current contract assets	**-**	**21,007**
Total contract assets	**-**	**189,107**
Current contract liabilities	-	53,907
Non-current contract liabilities	-	11,457
Total contract liabilities	**-**	**65,365**

Due to the adoption of the new standard IFRS 15 no previous year information is shown.

Impairment on contract assets amounted to TEUR 840 as of March 31, 2019. The impairment on contract assets, due to the application of the new standard IFRS 9 as of April 1, 2018, amounted to TEUR 412. In fiscal year 2018/19 impairment losses amounting to TEUR 428 were included in the statement of comprehensive income.

An amount of TEUR 33,375 of the contract liabilities as of April 1, 2018 was recognized as revenue in fiscal year 2018/19.

In case the margins would change by 10% compared to the assumptions made, the sensitivity analysis indicates that operating profits would change with an increase of margins and a decrease of margins by approximately TEUR 16,182 and TEUR -14,039 respectively. The assumptions made in the past showed that the estimates were largely reliable up to now.

The future revenues from performance obligations that are unsatisfied are as follows:

	2017/18	2018/19
Future revenues	**-**	**2,873,945**
Total up to 1 year	-	966,898
Between 1 and 2 years	-	550,322
Between 2 and 3 years	-	241,921
Between 3 and 4 years	-	189,760
Between 4 and 5 years	-	103,339
More than 5 years	-	821,704

22 Cash and cash equivalents.

	March 31, 2018	March 31, 2019
Cash on hand	230	133
Deposits held with banks	209,066	138,867
	209,296	**139,000**

The carrying amounts of this item also represent cash and cash equivalents at the end of the reporting period as presented in the cash flow statement.

23 Share capital.

	2017/18	2018/19
Carrying amount as of March 31 of fiscal year	**727**	**727**

The registered share capital of the company amounts to EUR 726,728. The share capital is fully paid.

24 Current and non-current financial liabilities.

	March 31, 2018	March 31, 2019
Non-current financial liabilities	209,967	240,693
Current financial liabilities	103,645	61,391
Total	**313,612**	**302,084**

Movements are as follows:

	March 31, 2018	Additions from business combinations	Reclassification	Additions	Repayment	Currency translation differences and interest accrued	March 31, 2019
Loans for acquisitions	30,292	0	-8,316	0	0	0	21,976
Loans for project financing	50,000	0	0	0	0	0	50,000
Capital expenditure loans	3,517	0	-412	79	0	0	3,184
Promissory note bond	73,622	0	0	36	0	1,136	74,794
Other non-current loans	52,536	227	-8,729	46,685	0	20	90,738
Non-current financial liabilities	**209,967**	**227**	**-17,457**	**46,801**	**0**	**1,155**	**240,693**
Loans for acquisitions	9,982	0	8,316	0	-9,982	0	8,316
Loans for project financing	7,583	0	0	0	-237	-269	7,078
Other current loans	86,080	475	9,141	4,871	-56,179	1,610	45,998
Current financial liabilities	**103,645**	**475**	**17,457**	**4,871**	**-66,398**	**1,341**	**61,391**
Total	**313,612**	**702**	**0**	**51,672**	**-66,398**	**2,496**	**302,084**

	March 31, 2017	Additions from business combinations	Reclassification	Additions	Repayment	Currency translation differences and interest accrued	March 31, 2018
Loans for acquisitions	40,274	0	-9,982	0	0	0	30,292
Loans for project financing	0	0	0	50,000	0	0	50,000
Capital expenditure loans	5,140	0	-2,293	669	0	0	3,517
Promissory note bond	75,376	0	0	36	0	-1,790	73,622
Other non-current loans	47,177	152	-30,909	36,130	0	-14	52,536
Non-current financial liabilities	**167,968**	**152**	**-43,184**	**86,836**	**0**	**-1,804**	**209,967**
Corporate bonds	80,923	0	0	116	-81,038	0	0
Loans for acquisitions	10,618	0	9,982	0	-10,644	26	9,982
Loans for project financing	6,660	0	0	1,059	0	-135	7,583
Other current loans	76,483	1,832	33,202	15,657	-38,614	-2,480	86,080
Current financial liabilities	**174,683**	**1,832**	**43,184**	**16,832**	**-130,297**	**-2,590**	**103,645**
Total	**342,651**	**1,984**	**0**	**103,668**	**-130,297**	**-4,394**	**313,612**

Additions and repayments are cash effective.

In January 2018, a long-term project financing in the amount of TEUR 50,000 with a term of 6 years and a fixed interest rate of 0.8% was concluded.

In November 2017 a corporate bond with a volume of TEUR 75,000 and in May 2017 a bond with a volume of TEUR 10,000 were redeemed as scheduled.

The non-current financial liabilities included a promissory note bond ("Schuldscheindarlehen") amounting to TEUR 74,794 as of March 31, 2019, that was placed in June 2016. Details to tranches, maturity periods and interest rates are shown in the table below:

Tranche	Interest rate	Interest fixing and interest payment	Repayment
EUR 26 mn	1.22%	yearly	June 16, 2021
EUR 4.5 mn	6M EURIBOR + 120 Bp	semi-annual	June 16, 2021
USD 14.5 mn	3M LIBOR + 170 Bp	quarterly	June 16, 2021
EUR 23 mn	6M EURIBOR + 150 Bp	semi-annual	June 16, 2023
EUR 8.5 mn	2.26%	yearly	June 16, 2026

The gross cash flows (including interest) of current and non-current financial liabilities are as follows:

	2017/18	2018/19
Carrying amount	**313,612**	**302,084**
Fair value	**303,065**	**292,356**
Gross cash flows:		
In the first half year of the next fiscal year	28,576	10,192
In the second half year of the next fiscal year	78,723	55,582
Total up to 1 year	**107,298**	**65,773**
Between 1 and 2 years	12,013	54,013
Between 2 and 3 years	42,666	76,452
Between 3 and 4 years	66,041	30,085
Between 4 and 5 years	19,379	77,213
More than 5 years	80,842	10,723
Total	**328,240**	**314,260**

Interest rates on current and non-current financial liabilities are as follows:

	2017/18	2018/19
Total financial liabilities:		
Carrying fixed interest rates	221,590	203,380
Carrying variable interest rates	92,022	98,704
	313,612	**302,084**
Average interest rates:		
Loans for acquisitions	0.80 - 2.10%	0.54 - 2.10%
Loans for project financing	0.66 - 0.80%	0.66 - 0.80%
Capital expenditure loan	0.75 - 2.00%	0.75 - 2.19%
Promissory note bond	1.20 - 3.20%	1.20 - 4.31%
Other loans	0.49 - 3.80%	0.50 - 3.65%

Financial liabilities of Kapsch ConnexPlus GmbH, Vienna, are collateralized with a maximum amount of TEUR 4,500. As of March 31, 2019 an amount of TEUR 2,883 was outstanding (March 31, 2018: TEUR 3,238).

Liabilities to banks in the amount of TEUR 8,165 (March 31, 2018: TEUR 17,027) are pledged with shares in Kapsch Financial Services GmbH, Vienna.

Bills of exchange amounting to TEUR 19,281 (March 31, 2018: TEUR 22,853) were issued for an export promotion loan and loans for acquisitions.

25 Liabilities from finance lease.

Finance lease mainly relates to two lease contracts for buildings entered into by Kapsch BusinessCom AG, Vienna. The contracts have a duration of 18 and 20 years and include a purchase option to buy the buildings at their carrying amount at the end of the lease period. For the calculation of the present value, an interest rate of 0.82% was applied.

	March 31, 2018	March 31, 2019
Up to 1 year	722	636
Between 1 and 5 years	2,239	2,192
More than 5 years	12,432	11,796
Minimum lease payments (purchase option included)	**15,394**	**14,624**
Accrued interests	-233	-146
Present value of the lease liabilities	**15,160**	**14,479**
thereof disclosure as non-current liabilities	14,479	13,927
thereof disclosure as current liabilities	681	551
	15,160	**14,479**

Of the change in liabilities from finance leases, TEUR 548 (2017/18: TEUR 404) are cash-effective.

The maturity of finance lease liabilities is as follows:

	2017/18	2018/19
Up to 1 year	681	551
Between 1 and 5 years	2,192	2,206
More than 5 years	12,286	11,721
	15,160	**14,479**

Finance lease liabilities are collateralized in a way that, in case of delayed payments, the ownership of the leased property is transferred back to the lessor.

26 Deferred tax assets/liabilities.

	March 31, 2018	March 31, 2019
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	32,350	35,529
Deferred tax assets to be recovered within 12 months	7,924	11,477
Deferred tax assets	**40,274**	**47,007**
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	1,584	3,595
Deferred tax liabilities to be recovered within 12 months	1,509	6,957
Deferred tax liabilities	**3,093**	**10,553**
Deferred tax assets net (+)/deferred tax liabilities net (-)	**37,181**	**36,454**

Deferred taxes due to tax loss carry-forwards and other temporary differences deductible in the future are recognized only to the extent of their potential realization. In these consolidated financial statements, tax loss carry-forwards amounting to TEUR 290,414 (March 31, 2018 adjusted: TEUR 280,565) are not recognized due to the unsecure potential for future taxable income. Tax losses in Brazil and the USA, that were not recognized before, were recognized in fiscal year 2018/19 amounting to TEUR 23,620. Based on the business plans of the coming years, it is expected that those tax losses can be used on future taxable gains. The not recognized tax loss carry-forwards mainly relate to foreign subsidiaries, primarily in the USA, Spain, South Africa, France, and Belgium and are, for the predominant part, not expiring before 2030. All other deferred tax assets have been recognized in the respective Group companies as future deductible items.

Deferred tax assets and liabilities are offset, taking maturities into account, when there is a legally enforceable right to offset tax assets against tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax assets/liabilities are attributable to the following positions:

	March 31, 2018	Transition to new IFRS standards	Additions resulting from business combinations	Through the profit or loss of the period	Through other comprehensive income	Currency translation differences	Reclassification and off-set	March 31, 2019
Deferred tax assets								
Tax loss carry-forwards	7,991	0	0	1,433	0	-27	0	9,397
Provisions disallowed for tax purposes	12,537	0	0	-1,245	872	-76	0	12,088
Depreciation disallowed for tax purposes	15,695	0	0	-491	0	0	0	15,205
Other (active deferred income)	4,051	445	0	8,548	-1,006	-85	-1,636	10,317
Deferred tax assets	**40,274**	**445**	**0**	**8,245**	**-134**	**-188**	**-1,636**	**47,007**
Deferred tax liabilities								
Special depreciation/amortization of non-current assets	489	0	0	-443	0	20	0	67
Gains from recognition at fair value	3,869	0	2,318	-1,359	0	0	0	4,829
Other (passive deferred income)	-1,266	0	0	8,568	0	-9	-1,636	5,658
Deferred tax liabilities	**3,093**	**0**	**2,318**	**6,767**	**0**	**11**	**-1,636**	**10,553**
Total change	**37,181**	**445**	**-2,318**	**1,478**	**-134**	**-199**	**0**	**36,454**

	March 31, 2017	Additions resulting from business combinations	Through the profit or loss of the period	Through other comprehensive income	Currency translation differences	Reclassification and reclassification to held for sale assets and off-set	March 31, 2018
Deferred tax assets							
Tax loss carry-forwards	12,434	0	-3,787	0	-229	-427	7,991
Provisions disallowed for tax purposes	11,752	0	238	460	87	0	12,537
Depreciation disallowed for tax purposes	6,911	0	8,612	0	-4	177	15,695
Other (active deferred income)	5,387	0	-1,854	1,534	-177	-838	4,051
Deferred tax assets	**36,484**	**0**	**3,210**	**1,993**	**-324**	**-1,089**	**40,274**
Deferred tax liabilities							
Special depreciation/amortization of non-current assets	799	0	-243	0	-67	0	489
Contract work	364	0	-2,102	0	0	1,737	0
Gains from recognition at fair value	5,959	1,040	-3,167	41	0	-3	3,869
Other (passive deferred income)	3,124	0	-1,594	0	16	-2,811	-1,266
Deferred tax liabilities	**10,246**	**1,040**	**-7,106**	**41**	**-51**	**-1,077**	**3,093**
Total change	**26,238**	**-1,040**	**10,316**	**1,953**	**-273**	**-12**	**37,181**

27 Liabilities from post-employment benefits to employees.

	March 31, 2018	March 31, 2019
Termination benefits	41,506	45,653
Pension benefits	28,512	29,476
Total	**70,018**	**75,129**

Termination benefits.
This item essentially comprises legal and contractual claims of employees in Austria or their dependents on one-time severance payments. These may arise, in particular, on the basis of an employer's notice, amicable solution to the employment relationship, retirement or death of the employee. In the case of severance payments, the Group bears the risk of inflation resulting from salary adjustments, which simultaneously lead to higher severance payments. For employees who have joined Kapsch Group in Austria after December 31, 2002, these are paid into an external employee benefit fund on a monthly basis so that the Group does not normally incur any severance payments.

Pension benefits.
Liabilities for retirement benefits recognized at the balance sheet date relate mainly to retirees. All pension agreements are based on the final salary, are granted as fixed monthly pension payments and are not covered by external plan assets (funds). In addition, contributions are paid to an external pension fund for employees of the Group (see note 7). For retirement benefits the Group bears the risk of longevity and inflation due to pension increases.

Parameters.
Termination benefits obligations were valued based on an interest rate of 1.05 – 1.75% (2017/18: 1.30 – 1.85%), retirement benefit obligations for active employees were valued based on an interest rate of 1.30 – 2.05% (2017/18: 1.55 – 2.25%) for the euro zone, and 3.80% (2017/18: 3.70%) for Canada, as well as an interest rate of 3.50% (2017/18: 2.00%) for pensioners and compensation increases based on a rate of 2.00 – 3.00 % (2017/18: 2.00 – 3.00 %). In addition, the calculation was based on the earliest possible statutory retirement age including transition provisions and using the mortality tables AVO 2018-P ANG (2017/18: AVO 2008-P) by Pagler & Pagler for Austria and the 2014 Canadian Pension Mortality Private Tables for Canada, INSEE 2012 – 2014 for France and Richttafeln 2005 G Dr. Heubeck for Germany. Pension increases were estimated at 2.60% on average (2017/18: 1.93%).

The following amounts are recognized in the balance sheet and the statement of comprehensive income for **termination benefits**:

	2017/18	2018/19
Carrying amount as of March 31 of previous year	**41,289**	**41,506**
Additions from business combinations	599	0
Current service cost	1,348	2,084
Past service costs	0	1,090
Interest expense	599	651
Remeasurements (actuarial gains/losses)	1,234	2,951
Payments	-2,158	-2,643
Currency translation differences	-101	13
Reclassification of liabilities related to assets held for sale	-1,304	0
Carrying amount as of March 31 of fiscal year	**41,506**	**45,653**
Total, included in staff costs (note 7)	1,348	3,175
Total, included in financial result (note 10)	599	651

Remeasurements are attributable to the following positions:

	2017/18	2018/19
Remeasurements from changes in demographic assumptions	920	2,106
Remeasurements from changes in financial assumptions	-218	864
Remeasurements from other changes (experience adjustments)	533	-19
Total	**1,234**	**2,951**

The expected allocation for termination benefits for the next fiscal year 2019/20 amounts to TEUR 1,367. The weighted average duration amounts to 9.9 years.

Analysis of expected maturity of undiscounted benefits.

	2019/20	2020/21	2021/22	2022/23	2023/24	over 5 years	Total
Termination benefits	2,021	2,272	1,978	3,912	2,380	42,153	54,716

In the following sensitivity analysis for termination benefit obligations, the impacts resulting from changes in significant actuarial assumptions were stated, whereas the other impact parameters were kept constant. However, in reality it will be rather likely that several of these parameters will change.

	Changes in assumption	Decrease in assumption	Increase in assumption
Impact of changes in the discount rate			
Defined benefit obligation (DBO)	± 50 Bp	2,220	-2,061
Expected annual interest expenses (IC)	± 50 Bp	-197	177
Expected annual service costs (CSC)	± 50 Bp	47	-43
Impact of changes in salary increases			
Defined benefit obligation (DBO)	± 50 Bp	-1,955	2,081
Expected annual interest expenses (IC)	± 50 Bp	-26	28
Expected annual service costs (CSC)	± 50 Bp	-46	49
Impact of changes in fluctuation			
Defined benefit obligation (DBO)	± 5%	42	-42
Expected annual interest expenses (IC)	± 5%	1	-1
Expected annual service costs (CSC)	± 5%	2	-2

The following amounts are recognized in the balance sheet and the statement of comprehensive income for **pension benefits**:

	March 31, 2018	March 31, 2019
Present value of funded obligations	7,070	7,473
Fair value of plan assets	-2,687	-3,139
Deficit of funded plans	**4,382**	**4,334**
Present value of unfunded obligations	24,130	25,142
Liability on the balance sheet	**28,512**	**29,476**

The defined benefit obligation developed as follows:

	2017/18	2018/19
Carrying amount as of March 31 of previous year	**30,231**	**31,199**
Current service costs	769	685
Interest expense	610	608
Remeasurements (actuarial gains/losses)	832	958
Payments	-977	-970
Currency translation differences	-266	134
Carrying amount as of March 31 of fiscal year	**31,199**	**32,615**

The fair value of plan assets developed as follows:

	2017/18	2018/19
Carrying amount as of March 31 of previous year	**2,163**	**2,687**
Remeasurements	0	0
Expected return on plan assets	101	29
Employer contribution	423	423
Benefits paid	0	0
Carrying amount as of March 31 of fiscal year	**2,687**	**3,139**

The following amounts are recognized in the statement of comprehensive income as expenses for pension benefits:

	2017/18	2018/19
Total, included in staff costs (note 7)	769	685
Total, included in the financial result (note 10)	610	608

Remeasurements of liabilities from post-employment benefits to employees are attributable to the following positions:

	2017/18	2018/19
Remeasurements from changes in demographic assumptions	0	573
Remeasurements from changes in financial assumptions	288	811
Remeasurements from other changes	545	-426
Total	**832**	**958**

Plan assets are comprised as follows:

	2017/18	2018/19
Equity instruments	29%	30%
Debt instruments	51%	51%
Property	12%	12%
Other	8%	7%
	100%	**100%**

The expected allocation for pension benefits for the next fiscal year 2019/20 amounts to TEUR 1,354. The weighted average duration amounts to 15.2 years.

Analysis of expected maturity of undiscounted benefits.

	2019/20	2020/21	2021/22	2022/23	2023/24	over 5 years	Total
Pension benefits	1,116	947	975	1,128	1,118	32,987	38,272

In the following sensitivity analysis for pension benefit obligations, the impacts resulting from changes in significant actuarial assumptions were changed, whereas the other impact quantities were kept constant. However, in reality it will be rather likely that several of these impact quantities will change.

	Changes in assumption	Decrease in assumption	Increase in assumption
Impact of changes in the discount rate			
Defined benefit obligation (DBO)	± 50 Bp	2,886	-2,538
Expected annual interest expenses (IC)	± 50 Bp	-110	92
Expected annual service costs (CSC)	± 50 Bp	79	-69
Impact of changes in salary increases			
Defined benefit obligation (DBO)	± 50 Bp	-1,562	1,727
Expected annual interest expenses (IC)	± 50 Bp	-28	31
Expected annual service costs (CSC)	± 50 Bp	-44	50

28 Provisions.

	March 31, 2018	March 31, 2019
Non-current provisions	20,027	20,323
Current provisions	36,314	34,566
Total	**56,341**	**54,889**

The provisions changed as follows

	March 31, 2018	Additions from business combinations	Addition from accumulation	Addition	Utilization	Disposal	Reclassification	Currency translation differences	March 31, 2019
Obligations from anniversary bonuses	5,951	0	143	2,017	-152	-486	0	4	7,477
Warranties	2,931	0	0	0	0	0	148	0	3,078
Losses from onerous contracts	2,200	0	0	0	0	0	-1,200	0	1,000
Projects (excl. impending losses)	4,013	0	0	0	0	0	-1,650	0	2,364
Legal fees, costs of litigation and contract risks	246	0	0	0	0	0	3,001	0	3,248
Other non-current provisions	4,686	0	39	1,896	0	-2,910	-295	-259	3,157
Non-current provisions, total	**20,027**	**0**	**181**	**3,913**	**-152**	**-3,396**	**4**	**-255**	**20,323**
Warranties	1,485	46	0	922	-230	-343	-148	71	1,803
Losses from onerous contracts	6,947	0	0	7,307	-5,691	-1,031	1,200	121	8,852
Projects (excl. impending losses)	15,086	0	0	1,362	-9,155	-514	1,650	-132	8,296
Legal fees, costs of litigation and contract risks	8,144	7	0	12,757	-6,698	-1,181	-3,001	235	10,263
Other current provisions	4,652	9	0	4,781	-3,031	-1,202	295	-151	5,352
Current provisions, total	**36,314**	**61**	**0**	**27,129**	**-24,806**	**-4,272**	**-4**	**143**	**34,566**
Total	**56,341**	**61**	**181**	**31,042**	**-24,959**	**-7,667**	**0**	**-111**	**54,889**

	March 31, 2017	Additions from business combi- nations	Addition from accumu- lation	Addition	Utiliza- tion	Disposal	Reclassi- fication as held for sale IFRS 5	Reclassi- fication	Currency trans- lation differ- ences	March 31, 2018
Obligations from anniversary bonuses	5,916	139	66	805	-132	-662	-166	0	-16	5,951
Warranties	2,278	0	0	0	0	0	0	652	0	2,931
Losses from pending transactions and rework (onerous contracts)	479	0	0	0	0	0	0	1,721	0	2,200
Projects (excl. impending losses)	3,121	0	0	0	0	0	0	892	0	4,013
Legal fees, costs of litigation and contract risks	3,377	0	0	0	0	0	0	-3,131	0	246
Other non-current provisions	6,305	0	257	555	-13	-1,514	0	101	-1,005	4,686
Non-current provisions, total	**21,477**	**139**	**324**	**1,361**	**-145**	**-2,177**	**-166**	**236**	**-1,021**	**20,027**
Warranties	3,213	0	0	630	-577	-898	0	-652	-231	1,485
Losses from pending transactions and rework (onerous contracts)	7,756	0	0	4,243	-2,770	-61	-500	-1,721	0	6,947
Projects (excl. impending losses)	22,858	0	0	7,699	-10,562	-3,633	-351	-892	-32	15,086
Legal fees, costs of litigation and contract risks	9,185	0	0	1,581	-3,545	-1,691	0	3,131	-516	8,144
Other current provisions	6,998	73	0	3,061	-5,024	-104	0	-101	-252	4,652
Current provisions, total	**50,009**	**73**	**0**	**17,214**	**-22,477**	**-6,388**	**-851**	**-236**	**-1,030**	**36,314**
Total	**71,486**	**212**	**324**	**18,574**	**-22,622**	**-8,565**	**-1,017**	**0**	**-2,052**	**56,341**

Provisions for “anniversary bonuses” relate to non-current entitlements of employees based on Collective Agreements. The valuation was based on an interest rate of 0.95 – 1.75% (2017/18: 0.95 – 1.70%), the earliest possible statutory retirement age including transition provisions and using the mortality tables AVO 2018-P ANG (2017/18: AVO 2008-P) by Pagler & Pagler. Increases in salary were considered at 2.50% (2017/18: 2.50%). It is expected that an amount of TEUR 357 will be used in fiscal year 2019/20 and the remaining amount in the following fiscal years.

As manufacturer, dealer and service provider, the Group issues “product warranties” at the time of sale to its customers. Usually, under the terms of the warranty contract, the Group has the obligation to repair or replace manufacturing or software defects that become apparent within the period under guarantee. When the Group expects warranty claims on products sold or services rendered during the period under guarantee, a corresponding provision is set up in the financial statements. Based on the expectation that the majority of the expenditure will be incurred in the short or medium term, the best estimate for the cost of warranty is used for the recognition of the provision. Likewise, historical data is taken into account in the calculation of the provision amount. According to past experience, it is probable that there will be claims under the warranties. It is expected that an amount of TEUR 251 will be used in the first half of fiscal year 2019/20, TEUR 1,551 in the second half of the year and the remaining amount of TEUR 3,078 in the following fiscal years.

Provisions for “losses from onerous contracts” exist in the Group in the amount of TEUR 9,851. It is expected that an amount of TEUR 2,034 will be used in the first half of fiscal year 2019/20, TEUR 6,817 in the second half of the year and the remaining amount of TEUR 1,000 in the following fiscal years.

Provisions for “projects (excl. impending losses)” mainly relate to maintenance-, extension- and repair services for current toll and GSM-R projects. It is expected that an amount of TEUR 487 will be used in the first half of fiscal year 2019/20, TEUR 7,809 in the second half of the year and the remaining amount of TEUR 2,364 in the following fiscal years.

Provisions for “legal fees, costs of litigation and contract risks” mainly relate to current legal cases and consulting costs, particularly related to company acquisitions. It is expected an amount of TEUR 7,375 will be used in the first half of fiscal year 2019/20, TEUR 2,887 in the second half of the year and the remaining amount of TEUR 3,248 in the following fiscal years.

“Other provisions” mainly include provisions for taxes and charges, provisions for commissions and bonuses, provisions for dismantling, removing and restoring assets, provisions for outstanding credit notes, as well as discounts granted to customers. It is expected that an amount of TEUR 1,237 will be used in the first half of fiscal year 2019/20, TEUR 4,115 in the second half of the year and the remaining amount of TEUR 3,157 in the following fiscal years.

29 Other non-current liabilities.

	March 31, 2018	March 31, 2019
Liabilities from acquisition of shares	2,456	3,573
Non-current liabilities from derivative financial instruments	6,522	954
Non-current trade payables	832	573
Other	1,500	773
Total	**11,311**	**5,873**

The liabilities from acquisition of shares as of March 31, 2019 mainly related to the long-term part of the variable purchase price component (sales-based earn-out payment) from the acquisition of the shares in eCrome Systems AG, Switzerland. As of March 31, 2018 the position mainly related to the long-term part of the variable purchase price component (sales-based earn-out payment) from the acquisition of the remaining 48% shares in Kapsch Telematic Services spol. s r.o., Czech Republic, amounting to TEUR 1,953, of which only short-term liabilities were outstanding as of March 31, 2019. Moreover the long-term portion of the variable purchase price component (earn-out payment) from the acquisition of the shares in FLUIDTIME Data Services GmbH, Vienna, amounting to TEUR 503 was included as of March 31, 2018. In fiscal year 2018/19 an amount of TEUR 206 was paid and the remaining amount was released.

The non-current liabilities from derivative financial instruments amounting to TEUR 954 (2017/18: TEUR 6,522) included TEUR 954 (2017/18: TEUR 1,009) for an interest rate swap with a nominal value of EUR 10 million and a term until 2022 in connection with the hedging of the interest rate risk from the variable interest rate from finance leases and with TEUR 0 (2017/18: TEUR 5,514) liabilities from the valuation of forward exchange contracts.

The non-current trade payables as of March 31, 2019 related to liabilities to subcontractors for the construction of the Czech truck toll system in the amount of TEUR 573 (March 31, 2018: TEUR 832). The remaining term, as in the previous year, is more than one year, but less than five years from the balance sheet date.

The non-current liabilities were discounted on the basis of cash flows using discount rates. The gross cash flows of other non-current liabilities are as follows:

	2017/18	2018/19
Less than 2 years	7,543	1,091
Between 2 and 3 years	2,491	313
More than 3 years	1,786	4,782
	11,820	**6,186**

30 Other liabilities and deferred income.

	March 31, 2018	March 31, 2019
Amounts due to customers for contract work	31,571	0
Other prepayments received	16,217	7,935
Current employee liabilities	53,457	54,055
Other liabilities to tax authorities (other than income tax)	16,867	21,652
Current liabilities from derivatives	1,002	283
Current liabilities from hedging activities	6	0
Other liabilities and deferred income	50,555	42,520
Total	**169,676**	**126,445**

Other liabilities and deferred income as of March 31, 2019 include the short-term portion of the variable purchase price component (sales-based earn-out payment) from the acquisition of the remaining 48% interest in Kapsch Telematic Services spol. s r.o., Czech Republic, amounting to TEUR 2,000 (March 31, 2018: TEUR 3,000).

The development of the earn-out liabilities was as follows:

	2017/18	2018/19
Carrying amount as of March 31 of previous year	**8,386**	**9,250**
Addition	3,794	3,747
Disposal	-3,000	-7,298
Interests	70	37
Carrying amount as of March 31 of fiscal year	**9,250**	**5,736**

31 Contingent liabilities, other commitments and operating lease commitments.

The contingent liabilities of the Group are mainly the result of major projects in the segments Traffic and Carrier.

The contingent and other liabilities solely comprise obligations owed to third parties and are in line with standard industry practice. They detail as follows:

	March 31, 2018	March 31, 2019
Contract, warranty, performance and bid bonds		
South Africa (toll collection system)	34,197	30,742
Australia (toll collection systems)	19,236	29,926
Spain (GSM-R project)	30,000	30,000
Germany (GSM-R project)	16,490	16,490
Ireland (GSM-R project)	18,300	18,300
Guarantees against third parties for subsidiaries	12,458	9,587
Other	1,540	161
Total	**132,221**	**135,207**

Operating activities require the disclosure of contract, warranty, performance and bid bonds for major projects, which are issued by financial institutes and insurance companies. In case the contractual obligations cannot be fulfilled, there is a risk of utilization, that can result in a recourse claim of the financial institute or insurance company against the Group. Such an outflow of resources is deemed unlikely. This kind of contract, warranty, performance and bid bonds in the amount of TEUR 373,244 (March 31, 2018: TEUR 393,794) are not included in the balance sheet or in the contingent liabilities respectively.

For details of securities for abovementioned contingent liabilities and other commitments, see note 24. In addition, assets of Kapsch TrafficCom AB, Sweden, amounting to TEUR 11,541 (March 31, 2018: TEUR 11,668) were used as collateral for contingent liabilities in favor of a Swedish bank as well as assets of Kapsch CarrierCom France SAS, France, in the amount of TEUR 451 (March 31, 2018: TEUR 472) which were pledged as collateral for contingent liabilities in favor of a French bank.

With shareholder agreement as of February 8, 2019 Kapsch TrafficCom has committed itself against autoTicket GmbH, Germany, to grant a subordinated shareholder loan in an amount up to TEUR 17,500 and to take over a joint and several liability for the third-party financing of autoTicket GmbH in the total amount of TEUR 175,000 (together with second shareholder CTS EVENTIM AG & Co KGaA). According to the loan agreement that joint and several liability will be converted to a guarantee of both shareholders after the start of the toll collection, the collection of the reimbursement costs and end of the first year of operations. Each of the shareholders has to guarantee half of the amount outstanding at that moment.

As at March 31, 2019 neither any shareholder loans of Kapsch TrafficCom nor any bank liabilities are outstanding in autoTicket GmbH. The shareholders are liable together with the operator (autoTicket GmbH) as joint and several debtors for all obligations of the operator in accordance with the operations contract (the liability of the operator is limited to a total of EUR 300 million until the end of the first year of operations, afterwards to EUR 40 million per year of operations and to EUR 100 million in the last year of operations and/or per year of the extension period).

Financial obligations from lease contracts.
The future payments from non-cancelable obligations from rental and operating lease contracts are presented below:

	2017/18	2018/19
Up to 1 year	26,536	31,514
Between 1 and 5 years	59,619	75,379
Over 5 years	16,083	17,078
Total	**102,238**	**123,971**

Rental and lease payments recognized as expenses in the reporting period.
Payments from operating leases recognized as expenses of the reporting period are as follows:

	2017/18	2018/19
Rents	20,289	24,460
Motor vehicle leases	5,484	7,808
IT leases	5,183	4,540
Other	507	665
Total	**31,463**	**37,473**

32 Interests in subsidiaries.

Entity, headquarter of entity	March 31, 2018 Group's share	March 31, 2018 Non-controlling interests	March 31, 2019 Group's share	March 31, 2019 Non-controlling interests
Segment Traffic				
Kapsch TrafficCom AG, Vienna	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Construction & Realization spol. s.r.o., Prague, Czech Republic	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Ltd., Middlesex, United Kingdom	63.3%	36.7%	63.3%	36.7%
Kapsch Components GmbH & Co KG, Vienna	63.3%	36.7%	63.3%	36.7%
Kapsch Components GmbH, Vienna	63.3%	36.7%	63.3%	36.7%
FLUIDTIME Data Services GmbH, Vienna	47.8%	52.2%	47.8%	52.2%
ArtiBrain Software Entwicklungsgesellschaft mbH, Vienna	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom S.r.l. a socio unico, Milan, Italy	63.3%	36.7%	63.3%	36.7%
Transport Telematic Systems - LLC, Abu Dhabi, United Arab Emirates [5]	31.0%	69.0%	31.0%	69.0%
Kapsch TrafficCom Russia OOO, Moscow, Russia	63.3%	36.7%	63.3%	36.7%
Kapsch Telematik Technologies Bulgaria EAD, Sofia, Bulgaria	63.3%	36.7%	63.3%	36.7%
Kapsch Traffic Solutions (Consortium), Sofia, Bulgaria	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Argentina S.A., Buenos Aires, Argentina	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom - Rowing - UTE (Consortium), Buenos Aires, Argentina [1), 4)]	–	–	31.6%	68.4%
Kapsch TrafficCom Kazakhstan LLC, Almaty, Kazakhstan	63.3%	36.7%	63.3%	36.7%
Kapsch Telematic Services IOOO, Minsk, Belarus	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom KGZ OOO, Bishkek, Kyrgyzstan	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Lietuva UAB, Vilnius, Lithuania	32.3%	67.7%	32.3%	67.7%
tolltickets GmbH, Rosenheim, Germany	41.1%	58.9%	41.1%	58.9%
MTS Maut & Telematik Services GmbH, Berlin, Germany [1]	–	–	63.3%	36.7%
Kapsch TrafficCom Transportation S.A.U., Madrid, Spain	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Arce Sistemas S.A.U., Bilbao, Spain	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Saudi Arabia Co. Ltd., Jeddah, Saudi Arabia	63.3%	36.7%	63.3%	36.7%
Telvent Thailand Ltd., Bangkok, Thailand	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Transportation Brasil Ltda.,São Paulo, Brazil	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Transportation Argentina S.A., Buenos Aires, Argentina	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom S.A.S., Bogotá, Colombia	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Peru S.A.C., Lima, Peru [1]	–	–	63.3%	36.7%
Kapsch TrafficCom Norway AS (formerly: Athomstart Invest 253 AS), Oslo, Norway	63.3%	36.7%	63.3%	36.7%
KTS Beteiligungs GmbH, Vienna	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom AB, Jonkoping, Sweden	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom do Brasil LTDA., Sao Paulo, Brazil [2]	63.3%	36.7%	–	–
Kapsch TrafficCom Australia Pty Ltd, Melbourne, Australia	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Chile S.A., Santiago de Chile, Chile	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom France SAS, Paris, France	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom PTE. LTD., The Heeren, Singapore	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom New Zealand Ltd., Auckland, New Zealand	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom South Africa (Pty) Ltd., Sunninghill, South Africa	63.3%	36.7%	63.3%	36.7%
Electronic Toll Collection (PTY) Ltd., Centurion, South Africa	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom South Africa Holding (Pty) Ltd., Cape Town, South Africa	63.3%	36.7%	63.3%	36.7%
TMT Services and Supplies (Pty) Ltd., Cape Town, South Africa [6]	63.3%	36.7%	63.3%	36.7%
MobiServe (Pty) Ltd., Cape Town, South Africa [6]	63.3%	36.7%	63.3%	36.7%
Trust South Africa, Cape Town, South Africa [6]	63.3%	36.7%	63.3%	36.7%
Berrydust 51 (Pty) Ltd., Cape Town, South Africa [2]	63.3%	36.7%	–	–
Intelligent Mobility Solutions Limited, Lusaka, Zambia [1]	31.6%	68.4%	32.3%	67.7%
Kapsch TrafficCom B.V., Amsterdam, Netherlands	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Canada Inc., Mississauga, Canada	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom IVHS, S.A. de C.V., Mexico City, Mexico	63.3%	36.7%	63.3%	36.7%

Kapsch TrafficCom Holding II US Corp., McLean, USA	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom USA, Inc., McLean, USA	63.3%	36.7%	63.3%	36.7%
SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico City, Mexico	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Holding Corp., McLean, USA	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Inc., McLean, USA	63.3%	36.7%	63.3%	36.7%
Streetline Inc., Foster City, USA	59.5%	40.5%	59.5%	40.5%
Kapsch Telematic Services GmbH, Vienna	63.3%	36.7%	63.3%	36.7%
Kapsch Telematic Services spol. s r.o., Prague, Czech Republic	63.3%	36.7%	63.3%	36.7%
Kapsch Telematic Services GmbH Deutschland, Berlin, Germany	63.3%	36.7%	63.3%	36.7%
Kapsch Telematic Services Sp. z o.o., Warsaw, Poland	63.3%	36.7%	63.3%	36.7%
Kapsch Road Services Sp. z o.o., Warsaw, Poland	63.3%	36.7%	63.3%	36.7%
Segment Carrier				
Kapsch CarrierCom AG, Vienna	100.0%	–	100.0%	–
Kapsch CarrierCom Kft., Budapest, Hungary	100.0%	–	100.0%	–
Kapsch EOOD, Sofia, Bulgaria [2)]	100.0%	–	–	–
Kapsch DOOEL, Skopje, Macedonia [2)]	100.0%	–	–	–
Kapsch d.o.o. Beograd, Belgrade, Serbia [2)]	100.0%	–	–	–
Kapsch CarrierCom d.o.o., Zagreb, Croatia [2)]	100.0%	–	–	–
Kapsch d.o.o., Ljubljana, Slovenia [2)]	100.0%	–	–	–
Foreign Trade Unitary Enterprise "Kapsch", Minsk, Belarus [2)]	100.0%	–	–	–
Kapsch CarrierCom France SAS, Paris, France	100.0%	–	100.0%	–
Kapsch CarrierCom Deutschland GmbH, Frankfurt, Germany	100.0%	–	100.0%	–
Kapsch CarrierCom Taiwan Co., Ltd., Taipei, Taiwan	100.0%	–	100.0%	–
Kapsch CarrierCom UK Ltd., Harrow, United Kingdom	100.0%	–	100.0%	–
Kapsch CarrierCom España, S.L.U., Madrid, Spain	100.0%	–	100.0%	–
Kapsch CarrierCom Russia OOO, Moscow, Russia [2)]	100.0%	–	–	–
Kapsch CarrierCom Sp. z o.o., Warsaw, Poland	100.0%	–	100.0%	–
Kapsch CarrierCom s.r.o., Prague, Czech Republic	100.0%	–	100.0%	–
Kapsch (Beijing) Information and communication Technology Co., Ltd., Beijing, China	100.0%	–	100.0%	–
Kapsch CarrierCom - Unipessoal LDA, Lisbon, Portugal	100.0%	–	100.0%	–
Kapsch BusinessCom GmbH (formerly: Kapsch Carrier Solutions GmbH), Neuss, Germany [7)]	100.0%	–	–	–
Kapsch CarrierCom Saudi Arabia LLC, Riyadh, Saudi Arabia	100.0%	–	100.0%	–
Segment Public Transport				
Kapsch PublicTransportCom GmbH, Vienna	100.0%	–	100.0%	–
Kapsch PublicTransportCom Belgium NV, Diegem, Belgium	100.0%	–	100.0%	–
AP Trans NV, Diegem, Belgium	100.0%	–	100.0%	–
AP Trans Scandinavia AB, Lidköping, Sweden [2)]	100.0%	–	–	–
Kapsch CarrierCom Romania S.R.L., Bucharest, Romania	100.0%	–	100.0%	–
Kapsch PublicTransportCom North America Inc., Delaware, USA	100.0%	–	100.0%	–
Segment Enterprise				
Kapsch BusinessCom AG, Vienna [3)]	94.9%	5.1%	94.9%	5.1%
Kapsch S.R.L., Bucharest, Romania	94.9%	5.1%	94.9%	5.1%
Kapsch Smart Energy GmbH, Vienna [3)]	94.9%	5.1%	–	–
Kapsch IT Services for finance and industries GmbH, Vienna [1)]	87.3%	12.7%	89.2%	10.8%
Kapsch Cashpooling and Hedging GmbH, Vienna	94.9%	5.1%	94.9%	5.1%
Kapsch Liegenschaft Management GmbH, Vienna	94.9%	5.1%	94.9%	5.1%
ITM Informationstransport und -management Gesellschaft m.b.H., Vienna	94.9%	5.1%	94.9%	5.1%
Kapsch BusinessCom AG (formerly: Kapsch BusinessCom Schweiz AG and KBC (Schweiz) AG), St. Gallen, Switzerland [8)]	94.9%	5.1%	94.9%	5.1%
Kapsch BusinessCom USA Inc., Delaware, USA	94.9%	5.1%	94.9%	5.1%
Kapsch BusinessCom IoT Solutions s.r.o., Prague, Czech Republic	94.9%	5.1%	94.9%	5.1%
Kapsch BusinessCom GmbH (formerly: Kapsch Carrier Solutions GmbH), Neuss, Germany [7)]	–	–	94.9%	5.1%

Segment Others				
Kapsch Aktiengesellschaft AG, Vienna	100.0%	–	100.0%	–
Kapsch Partner Solutions GmbH, Vienna	100.0%	–	100.0%	–
Kapsch ConnexPlus GmbH, Vienna	100.0%	–	100.0%	–
Austria Telecommunication International GmbH, Vienna	100.0%	–	100.0%	–

1) Foundation/acquisition/acquisition of additional shares in fiscal year 2018/19
2) Deconsolidation in fiscal year 2018/19
3) Merger in fiscal year 2018/19
4) Consolidation due to voting-right-agreements
5) Power over the relevant activities of the entity based on substantive rights
6) IFRS 10 control of Trust South Africa and thus full consolidation with 100%
7) Transfer of shares between subgroups
8) Acquisition and merger (eCrome entities)

For all entities mentioned above the headquarter of the company complies with the country of incorporation.

With exception of the following entities all mentioned subsidiaries report at the balance sheet date of March 31.

Entities which do not report at the balance sheet date of March 31 due to legal restrictions:
> Kapsch TrafficCom Russia OOO, Moscow, Russia (December 31)
> Kapsch Telematik Technologies Bulgaria EAD, Sofia, Bulgaria (December 31)
> Kapsch TrafficCom Kazakhstan LLC, Almaty, Kazakhstan (December 31)
> Kapsch Telematic Services IOOO, Minsk, Republic of Belarus (December 31)
> Kapsch TrafficCom KGZ OOO, Bischkek, Kyrgyzstan (December 31)
> Kapsch (Beijing) Information and Communication Technology Co., Ltd., Beijing, China (December 31)

Further entities with deviating balance sheet date:
> KTS Beteiligungs GmbH, Vienna
  The entity was acquired, the balance sheet date as of December 31 has not been amended.
> Kapsch TrafficCom Lietuva UAB, Vilnius, Lithuania
  The entity was incorporated together with a partner and reports as of December 31.

33 Non-controlling interests.

The non-controlling interests represent the third-party shares in the equity of consolidated subsidiaries.

Information on the balance sheet.

The balance sheet of the consolidated subsidiaries with material non-controlling interests and the carrying amount of material non-controlling interests are presented below:

Information on the balance sheet as of March 31, 2019	**Amounts before intercompany eliminations**					**Carrying amount of non-controlling interests**
	Non-current assets	**Current assets**	**Non-current liabilities**	**Current liabilities**	**Net assets**	
Kapsch TrafficCom AG, Vienna	334,737	151,262	148,745	57,714	279,539	48,234
Kapsch Telematic Services spol. s r.o., Czech Republic	836	24,859	0	16,775	8,920	18,520
Kapsch TrafficCom AB, Sweden	13,144	42,091	3,000	13,810	38,425	13,715
Kapsch TrafficCom Canada Inc., Canada	20,150	25,512	2,276	5,327	38,059	11,901
Kapsch Telematic Services Sp. z o.o., Poland	1,702	20,544	457	16,542	5,247	11,901
Kapsch TrafficCom B.V., Netherlands	117,004	441	0	288	117,157	-8,695
Streetline Inc., USA	1,766	1,823	18,065	3,338	-17,813	-8,002
Electronic Toll Collection (PTY) Ltd., South Africa	139	18,394	23,198	17,042	-21,707	-7,899
Kapsch TrafficCom Inc., USA	0	58	14,275	4,178	-18,395	-7,033
Kapsch Components GmbH & Co KG, Vienna	9,181	19,778	16,368	5,646	6,944	6,612
Kapsch TrafficCom Holding Corp., USA	100,258	26,336	45,443	37,505	43,646	-6,517
Kapsch TrafficCom Holding II US Corp., USA	72,345	0	0	0	72,345	-5,973
Kapsch TrafficCom Construction & Realization spol. s.r.o., Czech Republic	39	2,924	573	1,525	865	5,838
Kapsch Telematic Services IOOO, Belarus	1,277	12,855	14	6,769	7,348	4,885
Intelligent Mobility Solutions Limited, Zambia	12,920	4,474	3,964	8,695	4,735	4,011
Kapsch TrafficCom Chile S.A., Chile	552	11,736	100	4,082	8,106	3,811
Kapsch TrafficCom USA, Inc., USA	21,040	142,284	4,377	132,503	26,444	2,906
Kapsch TrafficCom South Africa Holding (Pty) Ltd., South Africa	10,843	8,854	797	7,612	11,289	2,874
Kapsch Telematic Services GmbH, Vienna	12,090	4,349	0	1,993	14,446	-2,604
Kapsch TrafficCom Transportation S.A.U., Spain	11,299	42,296	895	33,925	18,775	2,543
Kapsch TrafficCom South Africa (Pty) Ltd., South Africa	88	2,478	7,909	1,256	-6,600	-2,389
Kapsch TrafficCom Australia Pty Ltd, Australia	1,004	17,444	50	14,543	3,855	2,346
SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico	621	5,237	564	3,184	2,110	1,859
TMT Services and Supplies (Pty) Ltd., South Africa	2,062	10,083	1,440	7,746	2,959	1,626
Kapsch TrafficCom Transportation Brasil Ltda., Brazil	3,275	2,816	841	1,292	3,957	-1,516
Kapsch BusinessCom AG, Vienna	58,083	97,252	53,664	78,735	22,935	1,005
Remaining	3,338	132,819	21,072	71,776	43,309	9,227
Carrying amount as of March 31, 2019						**103,188**

Information on the balance sheet as of March 31, 2018	Amounts before intercompany eliminations					Carrying amount of non-controlling interests
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net assets	
Kapsch TrafficCom AG, Vienna	271,971	206,311	149,607	53,316	275,359	51,551
Kapsch Telematic Services spol. s r.o., Czech Republic	1,304	23,755	0	14,472	10,586	19,132
Kapsch Telematic Services Sp. z o.o., Poland	2,514	29,443	122	27,922	3,914	11,411
Kapsch TrafficCom AB, Sweden	16,391	43,795	7,000	22,851	30,334	10,784
Kapsch TrafficCom Holding Corp., USA	92,784	6,925	41,387	33,306	25,016	-10,754
Kapsch TrafficCom Canada Inc., Canada	19,755	19,505	2,683	5,253	31,324	9,730
Kapsch TrafficCom B.V., Netherlands	104,109	647	0	510	104,246	-8,542
Kapsch Components GmbH & Co KG, Vienna	6,896	25,524	16,023	5,517	10,880	8,057
Kapsch TrafficCom Holding II US Corp., USA	56,667	0	0	0	56,667	-7,117
Kapsch TrafficCom Inc., USA	0	52	13,017	3,256	-16,220	-6,235
Kapsch TrafficCom Construction & Realization spol. s.r.o., Czech Republic	24	5,729	832	3,238	1,682	6,138
Streetline Inc., USA	1,706	2,338	11,951	3,613	-11,519	-5,450
Electronic Toll Collection (PTY) Ltd., South Africa	1,218	24,796	30,186	15,329	-19,502	-4,845
Kapsch Telematic Services IOOO, Belarus	1,373	8,672	46	3,285	6,713	4,168
Kapsch TrafficCom Chile S.A., Chile	671	10,258	0	3,258	7,671	3,706
Kapsch TrafficCom USA, Inc., USA	17,977	101,402	928	92,459	25,992	2,896
Kapsch TrafficCom South Africa (Pty) Ltd., South Africa	626	2,335	8,353	1,104	-6,496	-2,350
TMT Services and Supplies (Pty) Ltd., South Africa	2,161	14,796	152	12,297	4,507	2,194
Kapsch TrafficCom South Africa Holding (Pty) Ltd., South Africa	8,879	7,968	837	5,439	10,571	1,945
SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico	515	8,269	713	2,480	5,592	1,865
Kapsch TrafficCom Australia Pty Ltd, Australia	1,061	11,977	0	9,612	3,427	1,781
Kapsch TrafficCom Transportation Brasil Ltda., Brazil	273	9,613	3,886	2,297	3,702	-1,610
Kapsch BusinessCom AG, Vienna	44,827	92,904	41,065	76,521	20,146	1,339
Kapsch Traffic Solutions (Consortium), Bulgaria	0	4,278	1,069	0	3,208	1,178
Kapsch TrafficCom Transportation S.A.U., Spain	11,011	37,171	9,741	26,240	12,201	1,089
Remaining	28,481	54,741	13,846	31,680	37,696	-312
Carrying amount as of March 31, 2018						**91,749**

Information on the statement of comprehensive income.

The statement of comprehensive income of the consolidated subsidiaries with material non-controlling interests are presented below (amounts before intercompany elimination):

Information on the statement of comprehensive income 2018/19	Amounts before intercompany eliminations				Amounts attributable to non-controlling interests		
	Revenues	Result for the period	Other comprehensive income	Total comprehensive income	Result for the period	Other comprehensive income	Total comprehensive income
Kapsch TrafficCom AG, Vienna	155,577	23,733	2,966	26,699	1,270	1,089	2,358
Kapsch Telematic Services spol. s r.o., Czech Republic	70,975	6,255	-148	6,106	2,296	-54	2,242
Kapsch TrafficCom AB, Sweden	66,705	8,435	-344	8,091	2,551	-126	2,425
Kapsch TrafficCom Canada Inc., Canada	47,235	4,952	963	5,914	1,818	353	2,171
Kapsch Telematic Services Sp. z o.o., Poland	54,369	4,917	-83	4,835	1,747	-30	1,716
Kapsch TrafficCom B.V., Netherlands	1,363	15	0	15	-153	0	-153
Streetline Inc., USA	2,712	-5,012	-1,283	-6,295	-2,032	-520	-2,552
Electronic Toll Collection (PTY) Ltd., South Africa	52,354	-4,292	2,087	-2,205	-3,820	766	-3,054
Kapsch TrafficCom Inc., USA	0	-587	-1,588	-2,175	-215	-583	-798
Kapsch Components GmbH & Co KG, Vienna	53,062	2,679	-615	2,064	983	-226	758
Kapsch TrafficCom Holding Corp., USA	8	4,315	-2,508	1,807	1,148	-921	228
Kapsch TrafficCom Holding II US Corp., USA	0	3,013	-230	2,783	1,106	-84	1,022
Kapsch TrafficCom Construction & Realization spol. s.r.o., Czech Republic	3,986	194	-22	172	71	-8	63
Kapsch Telematic Services IOOO, Belarus	48,157	4,640	0	4,640	2,187	0	2,187
Intelligent Mobility Solutions Limited, Zambia	3,579	-1,710	-452	-2,161	-1,224	-306	-1,530
Kapsch TrafficCom Chile S.A., Chile	13,158	640	-205	435	180	-75	105
Kapsch TrafficCom USA, Inc., USA	197,572	-1,992	2,445	453	-887	898	10
Kapsch TrafficCom South Africa Holding (Pty) Ltd., South Africa	4,213	-1,496	-286	-1,783	117	-105	12
Kapsch Telematic Services GmbH, Vienna	0	1,243	0	1,243	-25	0	-25
Kapsch TrafficCom Transportation S.A.U., Spain	61,059	6,513	-291	6,222	2,730	-107	2,623
Kapsch TrafficCom South Africa (Pty) Ltd., South Africa	4,577	-782	677	-104	-287	249	-38
Kapsch TrafficCom Australia Pty Ltd, Australia	34,276	853	51	904	721	19	739
SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico	8,022	235	77	312	-34	28	-6
TMT Services and Supplies (Pty) Ltd., South Africa	16,014	-1,154	-394	-1,548	-424	-145	-568
Kapsch TrafficCom Transportation Brasil Ltda., Brazil	2,777	-420	-237	-656	-154	-87	-241
Kapsch BusinessCom AG, Vienna	330,447	4,625	-1,990	2,635	275	-102	173
Remaining	170,531	32,941	-2,435	30,506	6,090	-900	5,190
Total					**16,035**	**-978**	**15,057**

Information on the statement of comprehensive income 2017/18	Amounts before intercompany eliminations				Amounts attributable to non-controlling interests		
	Revenues	Result for the period	Other comprehensive income	Total comprehensive income	Result for the period	Other comprehensive income	Total comprehensive income
Kapsch TrafficCom AG, Vienna	145,804	28,896	-4,565	24,331	1,008	-1,676	-668
Kapsch Telematic Services spol. s r.o., Czech Republic	69,644	6,169	817	6,986	2,264	300	2,564
Kapsch Telematic Services Sp. z o.o., Poland	88,993	3,788	-63	3,725	882	-23	859
Kapsch TrafficCom AB, Sweden	66,611	5,913	-2,186	3,726	1,750	-802	948
Kapsch TrafficCom Holding Corp., USA	880	-2,733	6,464	3,731	-1,003	2,373	1,370
Kapsch TrafficCom Canada Inc., Canada	47,463	5,386	-1,663	3,723	1,977	-610	1,367
Kapsch TrafficCom B.V., Netherlands	986	537	0	537	-224	0	-224
Kapsch Components GmbH & Co KG, Vienna	49,312	6,786	-43	6,744	2,491	-16	2,476
Kapsch TrafficCom Holding II US Corp., USA	0	0	-1,294	-1,294	0	-475	-475
Kapsch TrafficCom Inc., USA	0	-411	2,434	2,023	-151	894	743
Kapsch TrafficCom Construction & Realization spol. s.r.o., Czech Republic	12,058	782	99	881	405	37	442
Streetline Inc., USA	2,280	-5,172	1,266	-3,906	-2,107	513	-1,594
Electronic Toll Collection (PTY) Ltd., South Africa	49,510	-1,640	423	-1,217	299	155	454
Kapsch Telematic Services IOOO, Belarus	35,669	3,937	0	3,937	1,758	0	1,758
Kapsch TrafficCom Chile S.A., Chile	17,171	2,071	-411	1,660	43	-151	-108
Kapsch TrafficCom USA, Inc., USA	181,018	3,353	-3,693	-340	311	-1,353	-1,042
Kapsch TrafficCom South Africa (Pty) Ltd., South Africa	5,637	-350	153	-198	-129	56	-73
TMT Services and Supplies (Pty) Ltd., South Africa	19,061	32	-111	-78	12	-41	-29
Kapsch TrafficCom South Africa Holding (Pty) Ltd., South Africa	7,078	66	-54	12	-642	-20	-662
SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico	5,356	-591	-36	-627	-297	-13	-310
Kapsch TrafficCom Australia Pty Ltd, Australia	24,256	825	-465	360	140	-171	-31
Kapsch TrafficCom Transportation Brasil Ltda., Brazil	3,582	-721	-866	-1,588	-265	-318	-583
Kapsch BusinessCom AG, Vienna	294,591	3,318	-879	2,440	158	-45	113
Kapsch Traffic Solutions (Consortium), Bulgaria	4,278	3,208	0	3,208	1,178	0	1,178
Kapsch TrafficCom Transportation S.A.U., Spain	50,501	2,294	0	2,294	735	11	746
Remaining	80,148	7,512	-2,693	4,819	-797	-921	-1,718
Total					**9,795**	**-2,296**	**7,499**

Information on the cash flow statement and dividends.

The cash flow statement and dividends of the consolidated subsidiaries with material non-controlling interests are presented below (amounts before intercompany elimination):

Information on the cash flow statement 2018/19	Cash flow from			Cash net increase/ decrease	Dividends paid to non-controlling shareholders
	Operating activities	Investing activities	Financing activities		
Kapsch TrafficCom AG, Vienna	20,680	-41,705	-38,547	-59,573	-7,158
Kapsch Telematic Services spol. s r.o., Czech Republic	10,530	-6	-7,773	2,752	0
Kapsch TrafficCom AB, Sweden	180	-238	-1,104	-1,161	0
Kapsch TrafficCom Canada Inc., Canada	400	-414	-0	-14	0
Kapsch Telematic Services Sp. z o.o., Poland	-5,979	-26	-3,502	-9,507	0
Kapsch TrafficCom B.V., Netherlands	90	-12,895	12,647	-158	0
Streetline Inc., USA	-6,056	-427	6,115	-369	0
Electronic Toll Collection (PTY) Ltd., South Africa	8,250	0	-7,284	966	0
Kapsch TrafficCom Inc., USA	-2,179	0	2,179	0	0
Kapsch Components GmbH & Co KG, Vienna	4,750	-2,893	-6,000	-4,143	0
Kapsch TrafficCom Holding Corp., USA	-21,065	11,163	13,203	3,301	0
Kapsch TrafficCom Holding II US Corp., USA	-332	-12,564	12,895	-0	0
Kapsch TrafficCom Construction & Realization spol. s.r.o., Czech Republic	-500	0	-989	-1,489	0
Kapsch Telematic Services IOOO, Belarus	3,030	-259	-4,005	-1,235	0
Intelligent Mobility Solutions Limited, Zambia	3,144	-7,779	4,900	265	0
Kapsch TrafficCom Chile S.A., Chile	-506	-174	-1,304	-1,984	0
Kapsch TrafficCom USA, Inc., USA	-5,757	-2,623	3,718	-4,661	0
Kapsch TrafficCom South Africa Holding (Pty) Ltd., South Africa	-483	-693	1,163	-14	0
Kapsch Telematic Services GmbH, Vienna	-1,710	10,000	-17,000	-8,710	0
Kapsch TrafficCom Transportation S.A.U., Spain	5,851	5	-7,895	-2,039	0
Kapsch TrafficCom South Africa (Pty) Ltd., South Africa	-74	-7	-444	-524	0
Kapsch TrafficCom Australia Pty Ltd, Australia	685	-133	-475	77	0
SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico	-774	-13	442	-345	0
TMT Services and Supplies (Pty) Ltd., South Africa	-251	-92	1,047	703	0
Kapsch TrafficCom Transportation Brasil Ltda., Brazil	-1,721	-90	912	-899	0
Kapsch BusinessCom AG, Vienna	22,493	-11,437	-10,599	457	0
Remaining	-19,184	157	23,786	4,758	0
Total					**-7,158**

Information on the cash flow statement 2017/18	Cash flow from			Cash net increase/ decrease	Dividends paid to non-controlling shareholders
	Operating activities	Investing activities	Financing activities		
Kapsch TrafficCom AG, Vienna	32,697	-16,684	-39,329	-23,316	-7,158
Kapsch Telematic Services spol. s r.o., Czech Republic	888	-171	-7,750	-7,033	0
Kapsch Telematic Services Sp. z o.o., Poland	13,784	-6	-4,865	8,913	0
Kapsch TrafficCom AB, Sweden	9,200	-780	0	8,420	0
Kapsch TrafficCom Holding Corp., USA	-999	-1,768	3,034	267	0
Kapsch TrafficCom Canada Inc., Canada	7,042	-2,967	-5,689	-1,613	0
Kapsch TrafficCom B.V., Netherlands	298	0	-3	296	0
Kapsch Components GmbH & Co KG, Vienna	1,706	-474	-6,000	-4,768	0
Kapsch TrafficCom Holding II US Corp., USA	0	-13,732	0	-13,732	0
Kapsch TrafficCom Inc., USA	2,030	0	-2,030	0	0
Kapsch TrafficCom Construction & Realization spol. s.r.o., Czech Republic	3,168	0	-477	2,691	0
Streetline Inc., USA	-3,497	-1,033	5,190	660	0
Electronic Toll Collection (PTY) Ltd., South Africa	2,127	0	-3,024	-897	0
Kapsch Telematic Services IOOO, Belarus	13,871	-83	-12,364	1,425	0
Kapsch TrafficCom Chile S.A., Chile	2,815	-69	-919	1,827	0
Kapsch TrafficCom USA, Inc., USA	-18,776	11,617	7,241	82	0
Kapsch TrafficCom South Africa (Pty) Ltd., South Africa	-558	-16	-147	-720	0
TMT Services and Supplies (Pty) Ltd., South Africa	-931	-145	2,176	1,101	0
Kapsch TrafficCom South Africa Holding (Pty) Ltd., South Africa	-1,709	-482	13	-2,178	0
SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico	-6,706	-164	7,362	492	0
Kapsch TrafficCom Australia Pty Ltd, Australia	-1,400	-346	-329	-2,075	0
Kapsch TrafficCom Transportation Brasil Ltda., Brazil	-1,554	-118	0	-1,672	0
Kapsch BusinessCom AG, Vienna	27	-471	-3,574	-4,018	0
Kapsch Traffic Solutions (Consortium), Bulgaria	0	0	0	0	0
Kapsch TrafficCom Transportation S.A.U., Spain	-189	-508	5,762	5,066	0
Remaining	13,574	-2,925	-12,805	-2,157	0
Total					**-7,158**

34 Related parties.

The related entities and persons of Kapsch Group include, in particular, all subsidiaries, joint ventures and associated companies of the Group, their executive bodies (Executive Board and Supervisory Board, if present) as well as close members of the bodies' families and companies over which they have control or significant influence.

Balances and transactions between KAPSCH-Group Beteiligungs GmbH and its fully consolidated subsidiaries were eliminated in the course of consolidation and are not explained here.

Services with related parties take place at arm's length. Goods are bought and sold on the basis of normal market conditions.

The following tables provide an overview of revenues and expenses in the past fiscal year as well as receivables and liabilities at the respective balance sheet dates for related parties.

	2017/18	2018/19
Associated companies		
Revenues	35,625	34,793
Expenses	-8,629	-11,790
Joint ventures		
Revenues	1,661	10,201
Expenses	0	0
Other related parties		
Revenues	704	509
Expenses	-1,787	-2,460

	March 31, 2018	March 31, 2019
Associated companies		
Trade receivables and other non-current and current assets	2,567	6,283
Trade payables and other payables	-9	-15
Joint ventures		
Trade receivables and other non-current and current assets	4,316	15
Contract assets	0	9,058
Trade payables and other payables	0	-400
Other related parties		
Trade receivables and other non-current and current assets	86	37
Trade payables and other payables, including pension benefits	-11,580	-11,276

Associated companies.
The associated company Kapsch Financial Services GmbH, Vienna, leases Kapsch BusinessCom AG's systems for voice, data and IT business to business customers.

Through sales of material (hardware), services including maintenance, and other goods and services from Kapsch BusinessCom AG to Kapsch Financial Services GmbH, revenues of TEUR 34,740 (2017/18: TEUR 35,594) were generated in the Group in fiscal year 2018/19.

In fiscal year 2018/19 the rental and other expenses of Kapsch group companies towards Kapsch Financial Services GmbH amounted to TEUR 11,633 (2017/18: TEUR 8,278).

Joint ventures.
Revenues with joint ventures in fiscal year 2018/19 amounting to TEUR 9,058 (2017/18: TEUR 0) relate to the infrastructure charge project ("passenger vehicle toll") of autoTicket GmbH, Germany and TEUR 1,143 (2017/18: TEUR 1,661) to the traffic safety and management project of Intelligent Mobility Solutions Ltd., Zambia.

Intelligent Mobility Solutions Ltd., Zambia, was classified as a joint venture until the end of August 2018 and is fully consolidated as of September 2018.

The revenues with autoTicket GmbH, Germany, are fully included as contract assets as of March 31, 2019.

As of March 31, 2018, receivables from joint ventures included loans to Intelligent Mobility Solutions Ltd., Zambia, amounting to TEUR 1,540.

Other related parties.
Kapsch group companies (in particular Kapsch BusinessCom AG) render other deliveries and services for the related party Kapsch Immobilien GmbH, Vienna, which led to revenues of TEUR 332 in fiscal year 2018/19 (2017/18: TEUR 698).

The group members Kapsch BusinessCom AG, Kapsch Aktiengesellschaft and Kapsch Partner Solutions GmbH, as tenants, have entered into leases with Kapsch Immobilien GmbH, as owner of the company buildings in Vienna. The resulting rental expenses within the Group in fiscal year 2018/19 amounted to TEUR 412 (2017/18: TEUR 462) for the location Wagenseilgasse 14 (Kapsch Aktiengesellschaft) and TEUR 311 (2017/18: TEUR 355) for the location Johann-Hoffmann-Platz 9 (Kapsch Partner Solutions GmbH).

Kapsch ConnexPlus GmbH concluded a building contract with Kapsch Immobilien GmbH for the property Liebenstraße 6, on which Kapsch ConnexPlus GmbH has meanwhile built and put into operation a parking garage. The Group incurred expenses from the annual usage fee of TEUR 60 (2017/18: TEUR 55). The building permit was granted until September 30, 2113.

In addition, Kapsch Immobilien GmbH charged the Group for other goods and services in the amount of TEUR 1,654 in fiscal year 2018/19 (2017/18: TEUR 915).

The pension obligations to other related parties are included in trade payables and other liabilities, including pension benefits and include a pension obligation (pensions in payment) to the widow of Karl Kapsch, a former board member of Kapsch Aktiengesellschaft.

The managing directors of Kapsch Immobilien GmbH are members of the Supervisory Board of various group companies. In addition, one managing director also serves as managing director of KAPSCH-Group Beteiligungs GmbH as well as other group companies, and as a board member of two group companies.

Details of compensation and other payments to executive bodies are presented in note 36.

35 Events after the reporting period.

After successful acceptance and start of the operations of the nation-wide toll system for vehicles and trucks in Bulgaria, a partial amount of EUR 46 million was invoiced, and payment was received at the end of May 2019 according to the contract.

On May 23, 2019 KAPSCH-Group Beteiligungs GmbH, Vienna, and Kapsch PublicTransportCom GmbH, Vienna, signed an agreement with S&T AG, Linz, for the transfer of the entire Kapsch CarrierCom Group as well as the operative business area of Kapsch PublicTransportCom. Once the necessary approvals by the authorities have been obtained, the economic transfer will take place as of May 31, 2019. The closing of the transaction is expected at the end of July 2019.

On June 19, 2019, Kapsch TrafficCom was informed by the customer about the termination of the contracts regarding the German infrastructure charge, with effect of September 30, 2019. In 2018, MTS Maut & Telematik Services GmbH, a 100% subsidiary of Kapsch TrafficCom AG, was awarded the contract for planning, development, implementation, operation and maintenance of the automated ISA enforcement system (automatic enforcement) of the German infrastructure charge (passenger vehicle toll). Furthermore, the joint venture autoTicket GmbH, Germany, was commissioned with the collection of the German passenger vehicle toll. Currently, the termination and its consequences are being evaluated. The contracts contain protective provisions that guard against pecuniary damages for the operating company and its shareholders.

36 Supplementary disclosures.

The average number of staff in fiscal year 2018/19 was 7,070, including 6,303 salaried employees and 767 waged earners (2017/18: 7,114, including 6,244 salaried employees and 870 waged earners).

Expenses for the auditor.

The expenses for the auditor amounted to TEUR 81 (2017/18: TEUR 72) and are broken down as follows:

	2017/18	2018/19
Audit of the consolidated financial statements	48	48
Other assurance services	5	6
Tax consulting services	0	0
Other services	20	28
Total	**72**	**81**

Information on organs.

The total remuneration of the members of the Executive Board of KAPSCH-Group Beteiligungs GmbH for the performance of their duties in the parent company and subsidiaries is as follows:

	2017/18	2018/19
Fixed	2,583	2,468
Variable	989	588
Total	**3,572**	**3,057**

Expenses for termination benefits and pensions after use of provisions for members of the Executive Board amounted to TEUR 1,404 (2017/18: TEUR 1,322).

Total compensation of the members of the Supervisory Board amounted to TEUR 63 in total in fiscal year 2018/19 (2017/18: TEUR 66).

As in the previous year, neither advances nor loans were granted to the members of the Executive Board and the Supervisory Board, nor were liability agreements made in favor of these persons.

In fiscal year 2018/19, the following persons were employed as Managing Directors:

Georg Kapsch
Kari Kapsch
Franz Semmernegg

In fiscal year 2018/19 the following persons were members of the Supervisory Board:

Veit Schmid-Schmidsfelden (Chairman)
Christian Gassauer-Fleissner (Deputy Chairman)
Elisabeth Kapsch
Karl-Heinz Strauss

Proposed appropriation of profit.

The Group intends not to distribute a dividend from KAPSCH-Group Beteiligungs GmbH's balance sheet profit as of March 31, 2019 (previous year: TEUR 0) and to carry forward the entire amount to new account.

37 Material accounting estimates and assumptions with regard to accounting policies.

The Group makes estimates and assumptions concerning the future development. All estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will generally differ from actual results.

In particular, estimates and assumptions regarding the following areas have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year.

37.1 Percentage of completion method for contract work / IFRS 15.

The Group used the percentage-of-completion method in accounting for its construction contracts until March 31, 2018. At the balance sheet date of March 31, 2018, the amounts due from customers for contract work amounted to TEUR 79,688 and the amounts due to customers for contract work amounted to TEUR 31,571. As of April 1, 2018, the Group applies the rules of IFRS 15. Also under this method, revenue for construction projects is recognized in accordance with the corresponding stage of completion, with an expected profit margin already being assumed. The stage of completion is determined by the ratio between the costs already incurred and the expected total costs of the corresponding contract. This requires the Group to continuously estimate and update the planned costs arising from the contract as well as the risks arising from project management which may result from technical difficulties, delays in the schedule or difficulties with sub-suppliers or other external general conditions, and which influence the profit margin of the order. Furthermore, these projects may also lead to damages or penalties that are to be considered during the project evaluation and which require an assessment of risks. For most contracts, contract revenue is defined and includes fixed elements and partly variable elements that are assessed by probability as to their amounts and timing. The total contract amount is also estimated for service concession arrangements that are remunerated based on the use of a service. Large-scale orders of the Group are usually technically complex individual orders based on specific terms and conditions which therefore are to be critically assessed with regard to revenue recognition and project risks on an individual basis. Details to the revenue recognition are included in note 41.2 and sensitivity analysis is included in note 21.

37.2 Estimated impairment of goodwill.

In accordance with the accounting policy stated in note 14 and 41, the Group tests annually whether goodwill has suffered any impairment. The recoverable amount of cash generating units is determined on the basis of the calculation of the value in use. These calculations require the use of estimates. Sensitivities for the acquired goodwill are detailed in note 14.

37.3 Other estimates and assumptions.

Further areas where assumptions and estimates are significant to the consolidated financial statements include impairment of inventories, recoverability of deferred tax assets/liabilities, assumption of useful lives for intangible assets and property, plant and equipment, assumptions and interest rates related to liabilities from post-employment benefits to employees as well as provisions for warranties and losses for onerous contracts. Sensitivity analyses of the assumptions made by the Group in connection with inventories and provisions indicate that no material effect will arise if the actual final outcomes were to differ from the estimates made by 10%.

The sensitivities for liabilities from post-employment benefits to employees are detailed in note 27.

38 Risk management.

As regards the risks of the Group as well as risk management, we refer to item 4.3 in the management report for the Group. The impact of financial risks as described in the management report for the Group, in particular foreign exchange risk, interest rate risk, liquidity risk and credit risk, is disclosed in the following.

The Group has initiated several processes to make risk management more effective and to embed best practice standards. Risk management has been positioned as a separate function within the finance departments of the four main companies. According to the Group's internal control system (ICS), the existing internal control processes relating to financial reporting are documented. Local management is responsible for implementation, design and monitoring of the ICS in order to comply with group-wide guidelines and regulations. An ICS officer has been appointed at Kapsch Group, who assists the local management teams of the individual group companies. The main task is to standardize and continuously improve the ICS throughout the whole Group, to monitor the compliance and effectiveness of controls and to address weaknesses, as well as to report regularly to the audit committee of the Supervisory Board. The internal audit department verifies the reliability of the internal control system. The defined processes are based on COSO ERM (Enterprise Risk Management Framework of the Committee of Sponsoring Organizations of the Treadway Commission) and on ONR 49000/ISO 31000 Risk Management Systems, the regulations of the Austrian Standards International.

38.1 Foreign exchange risk.

The foreign exchange risk originates from future business transactions, assets and liabilities as well as net investments of foreign business locations if business transactions are executed in a currency or could come about in the course of normal business operations which is not in conformity with the functional currency of the respectively subsidiary (hereinafter referred to as "foreign currency").

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to South African rand, the US dollar and the Bulgarian lev. Because the terms of agreement are stipulated in euro, no foreign exchange risk arises to the Group with regard to the Belorussian ruble. Customer orders are mainly invoiced in the local currencies of the respective group companies. Only in cases in which the Group expects to be exposed to significant foreign exchange risk, major orders denominated in foreign currencies will be hedged by forward foreign exchange contracts. Argentina has been classified as a hyperinflationary country since July 1, 2018. Since the application of IAS 29 would not have a material impact, no remeasurement in accordance with IAS 29 was made.

If the exchange rate of the below stated currencies had increased/decreased by the percentage rate ('volatility') stated below (relating to current and non-current receivables and payables), as of March 31, 2019 and March 31, 2018 respectively, the result before tax, provided all other variables had remained unchanged, would have been higher (+) or lower (-), respectively, by the following amounts. The details relating to EUR in the table below show the impact in subsidiaries whose functional currency is not euro and where a change in the rate to the euro would have the following impact.

	Effect on equity and result			
	2017/18		2018/19	
Currency	**Volatility +10%**	**Volatility -10%**	**Volatility +10%**	**Volatility -10%**
USD	-5,399	6,599	-6,096	7,450
EUR	5,717	-6,988	4,393	-5,370
BGN	-6	7	-2,827	3,456
ZAR	-2,277	2,783	-2,282	2,789
CZK	-1,112	1,359	-668	816
PLN	-1,180	1,442	-628	767
AUD	-650	795	-616	753

The Group is exposed to foreign exchange risk from one significant equity instrument (Q-Free ASA, Norway) as the share is traded in Norwegian crown on the Oslo Stock Exchange.

	Effect on equity and result			
	2017/18		2018/19	
Currency	**Volatility +10%**	**Volatility -10%**	**Volatility +10%**	**Volatility -10%**
NOK	-969	1,184	-1,035	1,265

38.2 Interest rate risk.

Interest rate risk is the risk arising from fluctuations in the value of financial instruments, other balance sheet items (e.g. receivables and payables) and/or cash flows due to fluctuations in the market interest rates. For fixed interest balance sheet items, the risk comprises the present value risk. In case the market interest rate for the financial instrument fluctuates, either a profit or a loss may result if the financial instrument is sold prior to maturity.

In the case of variable interest balance sheet items, the risk relates to the cash flow. With variable interest financial instruments, adjustments in the interest rates may result from changes in the market interest rates. Such changes would entail changes in interest payments. Variable interest (both current and non-current) financial liabilities account for round one third of interest-bearing financial liabilities. If the market interest rate had been 100 basis points higher (lower) as of March 31, 2019, this, as in the previous year, would not have had any material impact on the result of the Group.

In the Group, derivative instruments in the form of interest rate swaps exist in an insignificant proportion to minimize interest rate risk of financial liabilities and finance leases, which are based on a variable interest rate.

38.3 Liquidity risk.

Kapsch Group attaches considerable importance to the ongoing monitoring, control and measurement of financial and liquidity positions in order to reduce financial risk. This important task is carried out at the level of operational entities, is additionally monitored and optimized in the individual subgroups and combined in the overall Group.

The Group controls liquidity risks predominantly by maintaining suitable financial reserves, by issuing bonds, through customer prepayments and the continuous reconciliation of the terms of receivables, liabilities and financial assets. To this end, cash flow forecasts are prepared at regular intervals for short-term periods (the next 12 weeks), on a quarterly basis for the medium term (current fiscal year) as well as for long-term periods (in accordance with long-term payment obligations, particularly those arising from loans). Suitable measures for ensuring sufficient liquidity are then deducted from these forecasts.

Furthermore, the Management monitors the rolling forecasts of the Group's liquidity reserves to ensure that it has sufficient liquidity to meet operational needs and also to secure an adequate scope of unutilized credit lines at any time. Kapsch Group holds high amounts of cash which also serve as a liquidity reserve. As a result, the Group's liquidity situation is currently good.

Kapsch Group avoids becoming dependent on individual banks by making sure that the financial structure is always distributed over several partner banks. Major repayment obligations of typically long-term contracts (such as corporate bonds or maturing repayments of long-term loans) are monitored on an ongoing basis and appropriate measures are initiated at an early stage (either cash flow monitoring or timely refinancing) to ensure agreed payment obligations.

Kapsch Group employs a risk-averse investment strategy. Liquid funds are held such that they are generally available in the short term and can therefore be used quickly whenever needed. When it comes to securities, conservative security funds, which are actively managed on an ongoing basis and include an appropriate share of bonds, are used as a rule for the coverage and hedging of pension obligations. In the event of international financial market turbulence, however, the financial investments made might still develop unfavorably or individual securities might even become untradeable. This might result in reductions in value and impairments, which in turn have a negative impact on the financial result and equity of Kapsch Group. Such a crisis also increases the default risk of individual issuers of securities or their customers. In addition, the Group might for strategic reasons acquire a direct interest in individual entities by purchasing shares. A sufficiently bad performance of these entities might also necessitate an impairment, which in turn leads to the mentioned negative impact on the financial result and equity.

Cash flows (gross cash flows including interest) show the liquidity risk of future periods and are split into:
- First half year of the next fiscal year
- Second half year of the next fiscal year
- Between 1 and 2 years
- Between 2 and 3 years
- Between 3 and 4 years
- Between 4 and 5 years
- More than 5 years

This information is included in note 24.

38.4 Credit risk.

As part of the Group's risk management policy, the Group only engages in business relationships with third parties deemed to be creditworthy and has implemented policies to ensure that the Group sells only to customers with appropriate credit histories. In addition, the Group monitors its receivables balances on an ongoing basis in order to limit its exposure to bad debts. Kapsch Group endeavors to reduce the risk of customer default as best as possible by obligatory credit checks before contract signing or, in the case of large projects, by additionally collateralizing payments. Nevertheless, it cannot be entirely ruled out that there will be individual payment defaults that would have a material negative impact on the earnings and liquidity development of Kapsch Group in the case of an event of default.

In the case of large toll collection projects, there is a credit risk essentially in the phase of the construction of the toll system. With the exception of the toll collection projects in Bulgaria, USA, Austria, the Czech Republic and Spain (see note 20), there is no concentration of credit risk relating to trade receivables since the Group generally has a large number of customers worldwide. Based on the Group's experiences, the default risk for trade receivables can be considered low.

The maximum credit risk corresponds to book values:

	March 31, 2018	March 31, 2019
Other non-current financial assets and investments	29,343	22,521
Other non-current contract assets	-	21,007
Other non-current assets	4,385	11,954
Current securities	3,276	1,135
Current contract assets	-	168,101
Trade receivables and other current assets	388,715	332,572
Current income tax receivables	11,068	8,121
Cash and cash equivalents	209,296	139,000
Total	**646,083**	**704,410**

38.5 Equity price risk.

The Group is exposed to equity securities price risk resulting from a material investment, the Norwegian investment Q-Free ASA, Norway. This investment is measured at fair value through profit or loss in accordance with IFRS 9.

The impact of increases/decreases in the stock price of Q-Free ASA, Norway, on equity and the result would be TEUR 1,139 (2017/18: TEUR 1,066) if stock price would have increased by 10% and TEUR -1,139 (2017/18: TEUR -1,066) if stock price would have decreased by 10%. The analysis is based on the assumption that the stock price increases/decreases by 10% with all other variables held constant.

39 Capital management.

Capital management is carried out in line with value-driven and sustainable corporate governance on the basis of the profit and loss accounts of the individual business segments. Accounting ratios and other economic criteria as well as the long-term development of the Group are also monitored and taken into account with regard to corporate governance. A crucial ratio for the capital structure is the gearing ratio calculated as the ratio of net debt to equity. Net debt (net cash) comprises current and non-current financial and lease liabilities less cash on hand, bank balances and current securities. Kapsch Group's capital management strategy aims among other things to ensure that the Group companies' capital resources comply with local requirements. Furthermore, the Group focuses on maintaining the gearing ratio on an annual average within a range from 25% to 35% (before effects from application of IFRS 16 in the next fiscal year) in order to still be able to borrow at reasonable cost. The Group also continuously monitors if all covenants comply with credit agreements. The highly volatile project business may, nonetheless, be responsible for the gearing ratio strategy and/or the required covenants not being complied with under certain circumstances. As of March 31, 2019, the debt ratio was 64% and thus not within the desired range. Due to the currently very low level of interest rates, the Group does not see any increased risk and aims to reduce the debt level within the defined range in the medium term, particularly through the initiated focus on the segments Traffic and Enterprise.

In the year under review, all externally imposed capital requirements resulting from financing at the level of KAPSCH-Group Beteiligungs GmbH, were complied with as agreed.

The objective of these measures is to safeguard the ability to continue as a long-term going concern in order to show to shareholders and other stakeholders that their requirements can be fulfilled in a high-quality and sustainable manner and that returns for shareholders and benefits for other stakeholders can be provided. Other essential objectives of the Group's capital management include the financing of the envisaged growth path and the maintenance of an optimal capital structure.

Net debt and net cash as of March 31, 2019 and March 31, 2018 are as follows:

	March 31, 2018	**March 31, 2019**
Non-current financial liabilities	209,967	240,693
Current financial liabilities	103,645	61,391
Finance Lease	15,160	14,479
Total financial liabilities	**328,772**	**316,563**
Cash and cash equivalents	209,296	139,000
Other current financial assets	3,276	1,135
Net cash (+) / net debt (-)	**-116,200**	**-176,428**
Equity	255,774	275,429
Gearing	**45%**	**64%**

40 Consolidation.

40.1 Subsidiaries.

Subsidiaries are all companies (including structured companies) where the Group exerts its control. The Group controls an associated company if the Group is exposed to fluctuating returns arising from its interest in the subsidiary, is in possession of entitlements to these returns and has the ability to influence such returns by virtue of its position of power with respect to the associated company. Subsidiaries are included within the consolidated financial statements (full consolidation) as from the time when the parent company has acquired control over the subsidiary. They are deconsolidated at the time when such control is relinquished.

All Group internal assets and liabilities, equity, expenses and income as well as unrealized gains and losses from transactions between Group companies are completely eliminated in the course of Group consolidation. In case of consolidation processes affecting profit or loss, income tax effects are taken into consideration and deferred taxes are recognized.

40.2 Transactions with non-controlling interests.

Transactions with non-controlling interests are treated as transactions with equity owners of the Group. Depending on the ownership structure, the Group splits the gains or losses as well as all components of the comprehensive income to the interests of the parent company and the non-controlling interests. Even in the event of a negative balance of the non-controlling interests, the total comprehensive income is attributed to the parent company and the non-controlling interests. For purchases of non-controlling interests, the difference between any consideration paid and the relevant interest acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity, unless a change in the percentage of shares held leads to a loss of control of the interest.

If a change in the percentage of shares held does not lead to the loss of control of the interest, the transactions are to be shown under equity. The carrying amounts for both the controlling and non-controlling interests are correspondingly set so as to ensure they reflect any changes to the existing shareholdings. Every deviation between the amount by which the non-controlling interests are adjusted and the fair value of the paid or received consideration is to be directly recognized under equity and allocated to the owners of the parent company.

If the Group loses its control over any of the companies, the assets and liabilities of the former subsidiary are to be removed from the consolidated balance sheet. The remaining interest is to be remeasured at fair value and regarded as the initially recognized value of a financial asset pursuant to IFRS 9, Financial Instruments: Recognition and measurement or as acquisition costs in case of the addition of an interest in an associated company or joint venture. Any resulting gains or losses which are attributable to the controlling interest are recognized in the income statement. In addition, any amounts previously recognized in other comprehensive income with respect to the former subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that amounts previously recognized in other comprehensive income are reclassified from equity to the result for the period.

40.3 Joint arrangements.

The Group applies IFRS 11 to all joint arrangements.

The Group differentiates according to the contractual arrangements concerning rights and obligations of the controlling parties between joint ventures and joint operations. Parties belonging to a joint venture enjoy rights to net assets. In the consolidated financial statements, the result, assets, and liabilities are included subject to the equity method. If a contractual agreement creates rights to assets and obligations for debts, then such joint arrangement will be deemed to be a joint operation. Inclusion within the consolidated financial statements occurs through the proportionate recognition of assets, debts, revenues, and expenses, which are shown in the respective positions in the balance sheet and statement of comprehensive income.

In the case of the equity method, the interests in joint ventures are initially recognized at acquisition costs. After this, the carrying value of the interests goes up or down according to the share of the Group in profit or loss as well as in any changes in the other comprehensive income of the joint venture. If the share in the losses of a joint venture exceeds the carrying value of the joint venture (including all long-term interests which are to be allocated to the commercial substance after the net investment of the Group in the joint venture), then the Group is not to recognize the excessive loss share unless it has entered into legal or constructive obligations for the joint venture or has made payments for the joint venture.

Unrealized gains or losses from transactions between Group companies and joint ventures are to be eliminated in the consolidated financial statements in the amount of the share of the Group in the joint venture. Unrealized losses are not eliminated if the transaction gives any indication that there may be an impairment of the asset transferred.

The accounting policies of joint ventures correspond substantially to those of the parent company.

Proportional results from joint ventures are split in the presentation in the income statement. Results from joint ventures whose activities and strategic alignments are part of Kapsch TrafficCom's core business are reported in the operating result. Results from other joint ventures are reported in the result before income taxes after the financial result.

40.4 Associated companies.

Associated companies are entities in which the Group has a significant but not a controlling influence, generally accompanied by a shareholding of between 20% and 50% of the voting rights. Associated companies are reported using the equity method and initially recognized at acquisition costs. Following the acquisition date, the share of the Group in the result of the associate is recorded in the statement of comprehensive income and the share of changes in other comprehensive income is recognized in other comprehensive income, with a corresponding adjustment being made to the carrying amount of the interest. Dividends received from the associated company reduce the carrying amount of the interest. Goodwill arising on acquisition of associated companies is not separately shown but recorded as part of the carrying amount of associated companies.

If the percentage of shares held in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to the profit or loss for the period where appropriate.

The cumulative shares of the Group in the profits and losses as well as in the other comprehensive income of the associated company after the acquisition are offset against the carrying amount of the investment. If the Group's share in the losses of an associate, including any unsecured receivables, equals or exceeds its interest in that associated company, the Group will not disclose any additional losses, unless it has made commitments or payments to the associate.

At each balance sheet date, the Group checks whether there are any indications showing that the investment in an associate is impaired. If this is the case, the impairment requirement is determined as the difference arising from the carrying amount of the interest of the associate and the corresponding recoverable amount and recognized separately in the income statement. Significant unrealized gains from transactions between the Group and associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Proportionate results from associated companies are split in the presentation in the income statement. Results from associated companies whose activities and strategic directions are part of the core business of Kapsch TrafficCom are reported in the operating result. Results from other associated companies are reported in the result before income taxes after the financial result.

The accounting policies of associated companies correspond substantially to those of the parent company.

40.5 Business combinations.

The Group uses the acquisition method of accounting to account for business combinations as at the acquisition date. The acquisition date relates to the date of transfer of control to the Group.

The consideration transferred for the acquisition is the fair value of the assets transferred, the equity interests issued by the Group and the liabilities incurred or assumed as at the transaction date. In addition, they include the fair value of any recognized assets or liabilities resulting from a contingent consideration arrangement. Acquisition-related costs are expensed in full as incurred.

In accordance with IFRS 3, any assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured at their full fair values as at the acquisition date, irrespective of the extent of any non-controlling interests. Intangible assets are recognized separately from goodwill if they are separable from the entity or result from statutory, contractual or other legal rights. No new restructuring provisions may be recognized within the scope of the purchase price allocation. Any remaining positive differences, which compensate the seller with market opportunities that cannot be identified more closely and with development potential, are capitalized as goodwill in the respective cash generating units (CGUs).

Any contingent consideration to be transferred by the Group is recognized at fair value as at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is measured in accordance with IFRS 9 and a resulting profit or loss recognized in the statement of comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

If the combination is achieved in stages, the equity capital share previously held in the acquired company by the acquirer is remeasured at the fair value as at the acquisition date. Any resulting profit or loss is to be recognized in the income statement.

Any hidden reserves and liabilities uncovered are carried forward in line with the corresponding assets and liabilities.

The determination of the fair values requires certain estimates and assumptions, in particular of the acquired intangible assets and property, plant and equipment, of the liabilities assumed as well as of the useful lives of the acquired intangible assets and property, plant and equipment.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's net assets.

The Group determines the goodwill at the acquisition date as:
- the fair value of the consideration transferred – if necessary plus
- the value recognized of all recognized non-controlling interests in the acquiree – plus
- the fair value of the acquirer's previously held equity interest in the acquiree if the combination is achieved in stages – less
- the net amount (in general of the fair values) of the identifiable assets acquired and liabilities assumed and contingent liabilities.

If the excess is negative, a gain on a bargain purchase is recognized directly in the result for the period after a reassessment.

40.6 Foreign currency translation.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in euros, which is Kapsch Group's presentation currency.

Translation of foreign financial statements.
In accordance with IAS 21, financial statements of foreign subsidiaries (except for foreign entities from hyperinflationary countries) that have a functional currency different from the euro which are included in the consolidated financial statements are translated as follows:

The statement of comprehensive income of foreign entities is translated into the Group's presentation currency at average exchange rates of the fiscal year, balance sheets at the prevailing mean exchange rate at the balance sheet date. The reference rates of the European Central Bank (ECB) and Deutsche Bundesbank, which are accessible via the Austrian Central Bank's (Österreichische Nationalbank) website, serve as the basis for the translation. If no current exchange rates are available, this will result in the use of the exchange rates as disclosed by the national banks. Differences arising from the currency translation of foreign operations into euro are recognized in other comprehensive income and collected in equity. If control of the foreign entity is lost, exchange rate differences accumulated in equity are reclassified and presented as part of the gain/loss from the disposal.

Pursuant to IAS 29, a separate measurement is required for hyperinflationary countries. As in accordance with IAS 21, monetary items are translated into the reporting currency of the Group using the average exchange rate at the balance sheet date. All non-monetary assets and liabilities are measured either at adjusted cost, or at net realizable value or at fair value. Argentina has been classified as a hyperinflationary country since July 1, 2018. All items in the statement of comprehensive income are to be restated as of the date of initial recognition of the income and expenses in the financial statements, using the general price index. Since the application of IAS 29 would not have a material impact on the non-monetary items and the statement of comprehensive income, no restatement in accordance with IAS 29 was made.

Goodwill and adjustments to the fair value in connection with the acquisition of a foreign company are treated as the assets and liabilities of the foreign company in question and converted in the course of initial consolidation at the transaction rate and subsequently converted with the key date exchange rate as at the financial statements key date of the business operation.

The main exchange rates used during the fiscal year are shown below:

	2017/18		2018/19	
	Average exchange rate	**Exchange rate as at balance sheet date**	**Average exchange rate**	**Exchange rate as at balance sheet date**
AUD	1.512	1.604	1.589	1.582
CAD	1.504	1.590	1.525	1.500
CZK	25.965	25.425	25.740	25.802
GBP	0.879	0.875	0.882	0.858
PLN	4.216	4.209	4.290	4.301
SEK	9.761	10.284	10.379	10.398
USD	1.170	1.232	1.161	1.124
ZAR	15.096	14.621	15.823	16.264

Foreign currency transactions.
Transactions in foreign currencies are translated into the functional currency at the exchange rate as at the transaction date or, in case of new measurements, as at the time of the measurement. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income. Non-monetary items in the balance sheet are translated at historical exchange rates; non-monetary items which were recognized at their lower net realizable value are translated at the exchange rate prevailing at the time of measurement.

Foreign exchange gains and losses which are attributable to the translation of cash and cash equivalents as well as financial receivables and financial liabilities are presented in the statement of comprehensive income within the financial result. All other foreign exchange gains and losses are presented in the statement of comprehensive income in other operating income or other operating expenses.

This excludes foreign exchange gains and losses from monetary items to be received from/to be paid to foreign operations as part of a net investment in a foreign operation. Such foreign exchange gains and losses are initially recognized in other comprehensive income and are then reclassified from equity to profit or loss if the net investment is sold (see note 12).

41 Accounting and valuation principles.

The accounting and valuation principles, which form the basis for these consolidated financial statements, were applied unchanged to the previous period and supplemented by new mandatory IFRS and IFRIC applicable from the fiscal year.

41.1 Fair value measurement.

Historical costs are based on the fair value as at the acquisition date. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In measuring the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

To the greatest extent possible, the Group uses observable market data for the fair value measurement of assets or liabilities. Depending on the availability of observable input factors and their impact on the fair value measurement as a whole, the fair value is assigned to one of 3 levels in the following fair value-hierarchy:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs at this level are unobservable inputs for the asset or liability (IFRS 13.72ff).

41.2 Revenue recognition.

Revenue is recognized in accordance with IFRS 15 “Revenue from Contracts with Customers“.

Assessment of each contract is based on the five-step model:
> Identify the contract with a customer
> Identify the performance obligations
> Determine the transaction price
> Allocate the transaction price to the performance obligations
> Recognize revenue either over time or at a point in time

A customer is defined as a party that has contracted with an entity to obtain goods or services that are an output of the entity’s ordinary activities in exchange for a consideration. It is assessed if the contracts meet the criteria in accordance with IFRS 15.9, in particular the enforceable right to consideration. It is furthermore assessed if the consideration the entity is entitled to is enforceable and revenue is probable (see note 38.4. Credit risk).

The Group identified the following performance obligations:

Implementation projects include the construction of toll collection systems for both individual road sections and nation-wide road networks as well as the construction of systems for traffic monitoring, traffic control and traffic safety, moreover the implementation of intelligent infrastructure solutions for public transport operators and IT and communication solutions for business customers and mission-critical networks. Components such as on-board units which are necessary for putting the system into a condition ready for operation, are considered part of the implementation projects. Major software upgrades that are agreed in operation projects as well as implementation within the context of service concession arrangement also fall under this performance obligation.

Implementation projects meet the criteria for "satisfaction of the performance obligation over time", as the Group creates assets that do not have an alternative use and the Group thus has an enforceable right to payment for the performance completed to date. The stage of completion is derived from the ratio of the costs already incurred and the estimated total costs of the corresponding order.

Operation projects mainly include the operation and maintenance of toll collection systems, intelligent infrastructure solutions for public transport operators and IT and communication solutions for business customers and mission-critical networks.. Operation within the context of service concession contracts also falls under this performance obligation. Additonally services within Kapsch Group as well as external services are included.

Revenue from operation projects is recognized over time since the customer receives the benefits as the entity performs.

The sale of **components** that are not made under a implementation or operation project also constitutes a separate performance obligation. As for the sale of components, revenue is recognized as the control of the component is transferred.

The Group also assumes statutory warranties which do not represent a separate performance obligation but for which provisions are set up in accordance with IAS 37.

The transaction price is mostly fixed but some contracts may also contain elements of variable consideration which are usually bonuses or penalties. They are taken into account if and to the extent that the receipt of a bonus or the payment of a penalty is highly probable. The transaction price typically refers to the price of the individual performance obligation as the price is set on basis of the costs including a reasonable margin. Cross-subsidizations are not part of the business model of Kapsch Group. It is therefore for most contracts not necessary to allocate the transaction price to the performance obligations. For service concession arrangements, the transaction price is estimated for each performance obligation. In such cases, allocation is made based on the expected-cost-plus-margin approach. For contracts with a significant financing component, the consideration is adjusted by the interest component.

Contract assets are capitalized if the services are rendered before the consideration is received. Contract liabilities are recognized if the amount of consideration exceeds the amount of performance rendered. Service concession arrangements including the concession right to receive fees result in an intangible asset. That intangible asset increases with construction progress, thus revenue is recognized according to the stage of completion.

Certain costs arising in the course of obtaining or fulfilling a contract have to be recognized under IFRS 15 if the criteria are met. Those costs to obtain or fulfill a contract are amortized on a straight-line basis over the contract term of the project.

Other revenue is recognized by the Group as follows:

- Revenue from recharged expenses is recognized on the basis of the accumulated amounts in accordance with the respective agreements.
- Interest income is recognized on a time-proportion basis using the effective interest method.
- Dividend income is recognized when the right to receive payment is established.

41.3 Segment information.

The reporting on operating segments is consistent with the internal reporting provided to the chief operating decision-maker (management approach). The chief operating decision-maker is responsible for allocating resources to the operating segments and assessing their performance. The Executive Board has been identified as the chief operating decision-maker.

41.4 Property, plant and equipment.

Property, plant and equipment are recognized at acquisition and production cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected useful lives of the assets in accordance with the group policies:

Properties are not subject to scheduled depreciation. The useful lives generally range between 5 to 26 years for buildings owned and buildings on leasehold land, 4 to 20 years for technical equipment and machinery, and 3 to 10 years for other equipment, factory, and office equipment. The assets' useful lives and residual values are reviewed, and adjusted if appropriate, in case of evidence leading to an adjustment. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of those assets which were replaced is derecognized. Expenses for repairs and maintenance which do not necessitate a significant replacement investment (i.e. day-to- day servicing) are charged to the income statement during the financial period in which they are incurred.

The difference between the proceeds from the disposal of property, plant and equipment and the carrying amount is recognized as profit or loss in the result from operating activities.

41.5 Intangible assets.

41.5.1 Goodwill.

Goodwill arises on the acquisition of subsidiaries, associates, and joint ventures and represents the excess of the consideration transferred for the acquisition beyond the Group's interest in net fair value of the identifiable assets, liabilities, and contingent liabilities of the acquiree, the fair value of the non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree, if the combination is achieved in stages, at the acquisition date. If the acquisition costs are less than the net assets of the acquired subsidiary measured at fair value, the difference is recognized directly in the statement of comprehensive income.

Goodwill impairment reviews are undertaken at least annually or more frequently if events or changes in circumstances indicate a potential impairment. As a rule, the Group carries out the annual goodwill impairment review in the fourth quarter. In addition, the Group carries out impairment tests during the year if a triggering event occurs that may cause the asset to be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the cash generating units (CGUs) or groups of cash generating units which are expected to benefit from the synergies of the business combination and have reported the goodwill. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

The impairment loss of goodwill is recognized in the statement of comprehensive income. No write-ups on goodwill are made.

41.5.2 Concessions and rights.

Computer software, trademarks, and similar rights are capitalized on the basis of the costs incurred for acquisition and amortized linearly over their estimated useful lives of 4 to 30 years. Acquired customer agreements (toll contracts, maintenance agreements) are recognized at acquisition costs and amortized over estimated useful lives that generally range between 2 and 10 years.

41.5.3 Research and development costs.

Research expenditures are recognized as an expense. Costs incurred for development projects (relating to the design and testing of new or improved products) are recognized as intangible assets if the following criteria are fulfilled:

a) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
b) Management intends to complete the intangible asset and use or sell it;
c) there is an opportunity to use or sell the intangible asset;
d) it can be demonstrated how the intangible asset will generate probable future economic benefits;
e) adequate technical, financial, and other resources are available to complete the development and to use or sell the intangible asset; and
f) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense. The costs for producing the intangible asset are capitalized as from the point in time when the above criteria are initially met. Development costs previously recognized as an expense cannot be subsequently capitalized. Capitalized development costs are amortized, as soon as they are available for use, using the straight-line method on the basis of the normal useful life, which generally ranges between 3 and 15 years.

Capitalized development assets are tested for impairment annually in accordance with IAS 36 as long as they are not yet available for use.

41.5.4 Service concession arrangements.

Service concession arrangements exist when a private entity develops and operates an infrastructure facility for public services, with the grantor being a public sector entity. The Group does not provide public infrastructure or overall public services considering most of the contracts. The isolated development or the operation of a toll collection system or systems for traffic monitoring, traffic control and traffic safety do not fall into the scope of this interpretation. In case service concession arrangements can be assumed, a distinction between those arrangements resulting in an intangible asset and those resulting in a financial asset has to be made. In case the operator receives an unconditional contractual right to receive an amount of cash or another financial asset from the grantor in return for the construction of a system, the operator recognizes a financial asset. In case the operator solely receives the right to charge for the use of a public sector service, the operator recognizes an intangible asset. The intangible asset is recognized during the construction phase as construction progresses, in line with the recognition of revenue according to the stage of completion, and is amortized over the period of the operational phase after completion. Financial assets are settled through payment of the construction portion.

In accordance with this interpretation, Kapsch Group measured one construction project as intangible asset as well as the corresponding operation project as of March 31, 2019.

41.6 Investment property.

Investment property is property held to earn rental income or for capital appreciation. This includes property that is under construction and intended to serve such purposes.

Investment property is recognized at acquisition and production costs, including transaction costs, upon addition. The Group applies the cost model pursuant to IAS 40.56 to investment property. Depreciation is charged on a straight-line basis over the expected useful lives of the assets in accordance with group policies. With respect to a multi-story car park built using solid construction methods, the normal useful life is 40 years. The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as at the reporting date. The fair value is determined internally in accordance with generally accepted valuation principles.

Investment property is derecognized upon disposal or whenever it is no longer to be used continuously and a future economic benefit is no longer expected to be achieved through disposal. The difference between the proceeds from the disposal of investment property and the carrying amount is recognized as profit or loss in the result from operating activities.

41.7 Impairment of non-financial assets.

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready for use – are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the asset might be impaired.

An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and its value in use. First, the goodwill is amortized by the amount of the impairment. If the impairment is higher than the carrying amount of the goodwill, the carrying amounts of the other assets of these cash-generating units (CGUs) are proportionately reduced.

The value in use of a cash generating unit corresponds to the present value, calculated using the discounted cash flow method, of the future cash flows which the entity will receive from the cash generating unit. In order to determine the value in use, the expected future cash flows plus taxes based on the post-tax discount rate that reflects the current market expectations with regard to the interest effect and the specific risks of the cash generating units, are discounted to their present values. In the process, the current planning, covering a period of four years (detailed forecast period) and approved by Management, is used as the basis with subsequent transition to perpetuity. The growth rates according to the detailed forecast period are based on historical growth rates and on external studies on the future medium-term market development.

The fair value less costs to sell is determined using an appropriate valuation model which is based on the medium-term planning of the respective cash generating unit. The valuation is made in line with the discounted cash flow calculations and verified through suitable multiples, if available.

The difference between the recoverable amount of assets and their carrying value is reported as profit or loss in the operating result. Profits are not reported as revenues. For assets (other than goodwill) for which an impairment loss has been recognized in the past, a check is carried out on each subsequent balance sheet date to determine if any reversal of impairment is required.

The residual carrying values and useful lives are adapted in case of triggering events occur that may cause adjustments.

41.8 Borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. A qualifying asset is an asset (inventories, manufacturing plants, toll collection projects, power generation facilities, intangible assets and investment in properties) that requires a substantial period of time (with regard to the Group at least 12 months) to be made ready for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization within a specific period.

In fiscal year 2018/19, the criteria for a qualified asset were fulfilled for the service concession arrangement that is included as intangible asset. Otherwise no other assets meet the requirements of a qualifying asset. Due to immateriality no borrowing costs were capitalized.

All other borrowing costs are expensed in the period in which they are incurred.

41.9 Government grants.

Government grants with regard to purchased non-current assets (technical equipment) are deferred and taken through profit or loss over the estimated useful life of the respective asset. Government grants are recognized at their fair value, provided it is sufficiently certain that the Group will comply with all attached conditions and the grant will be received.

Other government grants received as compensation for expenses or losses already incurred are immediately taken through profit or loss.

41.10 Leasing.

41.10.1 Finance leases – Accounting for agreements from the lessee's perspective.

Leasing agreements in which the Group as the lessee bears a substantial part of the risks and rewards associated with the use of an asset are accounted for as finance leases.

The respective assets are capitalized under non-current assets at the net present value of minimum lease payments or the fair value of the leased asset, whichever is lower, and are depreciated over their expected useful lives. A liability with regard to finance leases is recognized in the same amount. The difference between the minimum lease payments and the accrued net present value is recognized as interest expense. The interest component is spread over the agreed term of the lease using the effective interest rate method.

41.10.2 Operating leases – Accounting for agreements from the lessee's perspective.

Leases in which a substantial part of the risks and rewards associated with the use of an asset are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged as rental expense to the statement of comprehensive income on a straight-line basis over the period of the lease.

41.11 Financial instruments.

Financial instruments include financial assets (such as securities, investments, loans, trade receivables, and cash and cash equivalents) as well as financial liabilities (such as bonds and loans, trade payables, and derivative financial instruments).

41.11.1 Financial assets.

In accordance with IFRS 9, financial assets are subdivided as follows:

> amortized cost,
> fair value through profit or loss
> fair value through other comprehensive income.

The classification depends on the business model used by the entity to control financial assets and the characteristics of the contractual cash flows of the financial asset.

Financial assets are measured at amortized cost if they meet the following two conditions and are not designated as at fair value through profit or loss:

> they are held in a business model whose objective is to hold financial assets to collect the contractual cash flows and
> the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest of the principal amount outstanding.

These financial assets are subsequently measured at amortized cost using the effective interest rate method. If not material, they are not discounted. Cash and cash equivalents, trade receivables and parts of other financial receivables and assets fall into this category.

Financial assets that are neither held to collect the contractual cash flows nor held to collect or sell the contractual cash flows are measured at fair value through profit or loss. Assets may be designated or also fall into this category if the contractual cash flows are not solely payments of principal and interest of the principal amount outstanding. The assets are measured at fair value, with gains or losses recognized in the income statement. The fair values are determined through transactions on an active market or, if there is no active market, by using valuation techniques.

Debt instruments that do not include solely payments of principal and interest of the principal amount outstanding, and derivative financial instruments fall into this category. Such derivatives that are designated as cash flow hedges to hedge foreign currency risks continue to be accounted for as hedging instruments in accordance with IAS 39.

Financial assets that are measured at fair value through other comprehensive income are such debt instruments that are held in the business model hold to collect the contractual cash flows, or hold to collect the contractual cash flows or sell, and that are solely payments of principal and interest of the principal amount outstanding. Those financial assets that are not designated at fair value through profit or loss are measured at fair value through other comprehensive income. The assets are measured at fair value, with gains or losses recognized in other comprehensive income. The fair values are determined through transactions on an active market or, if there is no active market, by using valuation techniques. When financial assets are disposed, the difference between the proceeds from the disposal and the carrying amount is recognized as expense or income in the statement of comprehensive income. The amount stated in equity is additionally recognized through profit or loss in the statement of comprehensive income.

Generally, equity investments are mandatorily measured at fair value through profit or loss. In accordance with IFRS 9, an entity can make an irrevocable election at initial recognition to classify equity investments at fair value through other comprehensive income (without recycling). The assets are measured at fair value, with gains or losses recognized in other comprehensive income without recycling. The fair values are determined through transactions on an active market or, if there is no active market, by using valuation techniques.

All purchases and sales are recognized at the settlement day, acquisition costs includes transaction costs.

Financial instruments whose maturity does not exceed twelve months after the balance sheet date are stated as current assets, all others are stated as non-current assets.

41.11.2 Cash and cash equivalents.

Cash and cash equivalents include cash and cash equivalents, short-term bank deposits held at call and other bank balances. Changes in in cash and cash equivalents are presented in the cash flow statement. Overdrafts are reported in the balance sheet under current financial liabilities.

41.11.3 Financial liabilities.

In accordance with IFRS 9, financial liabilities are subdivided as follows:

> amortized cost and
> fair value through profit or loss.

Financial liabilities are non-derivative financial assets with fixed or determinable payments. They are initially recognized at fair value less transaction costs incurred and subsequently at amortized cost, taking into account the effective interest method. Financial liabilities with a remaining term of up to one year are reported as current liabilities; if the remaining term is longer, they are reported under non-current liabilities. Borrowing costs are recognized as an expense in the statement of comprehensive income on an accrual basis. Liabilities denominated in foreign currencies are measured at the current rate at the balance sheet date.

Financial liabilities include non-current and current financial liabilities, trade payables, contract liabilities arising from contracts with customers as well as portions of other liabilities.

There are no liabilities that were designated at fair value through profit or loss.

41.11.4 Derivative financial instruments.

Derivatives are only used for economic hedging purposes and not as speculative investments. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into. They are subsequently remeasured at their fair value at each reporting date. The method of recognizing gains or losses depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Kapsch designates certain derivative financial instruments (swaps, forwards) as collateral against certain cash flow hedge risks associated with a recognized asset, liability or expected and highly probable forecast transaction. Derivatives are currently only used as hedges of cash flows from forecast transactions. As at March 31, 2019 no such derivatives or cash flow hedges are recognized and no fair value hedges are recognized. The Group decided to continue applying the accounting principles for hedge accounting in accordance with IAS 39.

The Group has a group-wide treasury policy in place to generally regulate hedging transactions. Moreover, the Group documents at the inception of each hedging transaction the relationship between hedging instruments and hedged items, as well as the underlying strategy. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The fair values of the various derivative financial instruments used for hedging purposes are disclosed in note 17. Movements in the cash flow hedge reserve are shown in note 12. The full fair value of a hedging derivative is classified as non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss within other operating income or other operating expenses or in the financial result.

Gains or losses accumulated in equity are reclassified to profit or loss as income or expense in the period when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). When a hedging instrument (forecast transaction) expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized in profit or loss only when the originally hedged forecast transaction takes place. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

In addition to that, the Group has stand-alone derivatives that are not held for hedging purposes. They are therefore designated as financial instruments held for trading and measured at fair value through profit or loss. The fair value corresponds to the value which the relevant entity would receive or have to pay upon liquidation of the deal on the balance sheet date. Positive fair values at the balance sheet date are recognized under financial assets and negative fair values under financial liabilities. Changes in the fair value of these derivative financial instruments are recognized immediately in the statement of comprehensive income within other operating income or other operating expenses or the financial result, depending on the derivative's purpose.

In the case of net investments in a foreign operation, exchange rate differences are recognized in other comprehensive income and are reclassified from equity to profit or loss on the sale or partial disposal of the foreign operation or the repayment of the amounts owed.

41.11.5 Impairment of financial assets.
In accordance with IFRS 9, recognition of expected credit losses applies to the following financial assets:
> Trade receivables
> Contract assets
> Cash and cash equivalents

The Group uses the simplified impairment model for trade receivables without a significant financing component as well as for contract assets from contracts with customers and accordingly calculates impairment at the amount of the lifetime expected credit losses (expected credit loss model) based on a provision matrix in which financial assets are structured according to ageing and the respective default rates are determined for different maturity bands. The age structure breaks down as follows: not past due, 1-30 days, 31-60 days, 61-90 days, 91-180 days, 181-270 days, more than 270 days past due. In preparing the provision matrix, historical data on actually incurred defaults as well as forward-looking information and expectations are taken into account by overall estimating a potential loss by the Group. The financial assets are allocated to different regions and credit risk and/or the changes to credit risk for the corresponding region are taken into account. Contract assets from contracts with customers represent receivables not yet invoiced and do not significantly differ from trade receivables from comparable contracts as regards the risk criteria. Therefore, the same default rates as for receivables not past due are applied. Receivables are written off in case the cash inflow cannot be anticipated anymore.

Any impairment on cash and cash equivalents would be insignificant and was thus not taken into consideration.

The Group assesses at each balance sheet date whether there is objective evidence of impairment of each significant individual financial asset or group of financial assets.

If such evidence exists, the Group accounts for that impairment, and the proportionate loss previously recognized in equity for debt instruments measured at fair value through other comprehensive income is removed from equity and recognized through profit or loss in the statement of comprehensive income. The cumulative loss reclassified from equity to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

If in subsequent periods the fair value of the impaired financial instrument increases and that increase is directly related to an event occurring after the impairment was recognized through profit or loss in the statement of comprehensive income, the Group reverses the impairment loss.

41.12 Inventories.

Inventories are stated at cost or, if lower, at net realizable value. Cost is determined using the moving average price method. Production cost includes all directly attributable expenses and fixed and variable overheads (based on normal operating capacity) incurred in connection with production. It excludes, however, borrowing costs as they cannot be allocated to a qualifying asset. Net realizable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

41.13 Employee benefits.

The Group provides various post-employment benefits to employees and other long-term benefits either based on individual agreements or in accordance with local labor law provisions.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate non-group entity (fund). The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service, and compensation.

The projected unit credit method is used for the calculation of liabilities arising from pension obligations and termination benefits in accordance with IAS 19. According to this method, post-employment costs for employee benefits are recognized in the statement of comprehensive income in such a way that scheduled costs are spread over the employees' years of service on the basis of an expert opinion by a qualified actuary, who completely remeasures the schemes annually. The obligations for pension payments are calculated at the present value of future benefits using interest rates of high-quality corporate bonds whose term roughly equals the term of the liability. The liability recognized on the balance sheet with respect to defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

Costs arising from defined benefit plans from pension obligations and termination benefits include the following components:

- Service costs include current as well as past service costs as well as gains or losses from benefit changes or curtailments. Service costs are recognized in profit or loss within staff costs.
- The net interest cost on the defined benefit obligation or plan asset. This component is included in interest expense in the statement of comprehensive income.
- Remeasurements of the net defined benefit obligation or net asset. These are charged or credited to other comprehensive income in the period in which they arise.

Contributions paid by the Group under a defined contribution pension scheme are charged to the statement of comprehensive income under staff costs in the period in which they occur.

For the calculation of liabilities arising from obligations for jubilee bonuses in accordance with IAS 19, the projected unit credit method is used. Jubilee bonuses are special lump-sum payments stipulated in the collective agreement and dependent on compensation and years of service. Eligibility is determined by a certain number of service years. The calculation of liabilities arising from obligations for jubilee bonuses is performed in a similar way as the calculation for liabilities arising from termination benefits. Current service costs are recognized within staff costs, net interest costs are recognized in interest expense in the statement of comprehensive income.

41.14 Provisions.

Provisions are recognized in the balance sheet in the event of a current legal or constructive obligation to third parties due to past events when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If such a reliable estimate is not possible, no provisions are set up. Provisions are measured based on the present value of the estimated settlement amount. The settlement amount is the best possible estimate of an expense on the basis of which a current obligation might be settled at the balance sheet date or transferred to a third party. This estimate takes into account future cost increases that are foreseeable and likely to occur on the balance sheet date. If material, the provisions are discounted using a pre-tax interest rate that takes into account current market expectations regarding the interest effect and the risks specific to the obligation. Increases in the provision resulting from pure compounding are recognized as interest expense in the income statement.

Provisions for warranties and liabilities for construction flaws, serial and system problems mainly serve as coverage for obligations for free repairs and replacement deliveries, in accordance with the general sales and delivery conditions or due to individual agreements, and are measured on the basis of the group of obligations, using rates based on past experience regarding direct labor and material costs incurred, overheads, replacement deliveries, or rebates. A provision is recognized for the best estimate of the costs incurred for defects to be rectified under the warranty for products sold before the balance sheet date.

Provisions for onerous contracts are recognized if the expected benefit to be derived from the contract is less than the unavoidable costs of meeting the obligations under the contract. The provision is measured at the present value of the amount from the fulfillment of the contract or any compensation payments in case of non-performance, which- ever is lower. The recognition of impairment losses on assets dedicated to such "onerous" contracts is, however, established prior to the recognition of the provisions for onerous contracts.

41.15 Current and deferred income tax.

The tax expense for the period comprises current and deferred tax. Tax is generally recognized in the statement of comprehensive income. Only taxes that relate to items recognized in other comprehensive income are recognized in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws applicable at the balance sheet date in the countries where the subsidiaries and associates operate and generate taxable income. The local Management is responsible together with the local fiscal representative for the preparation of tax returns, particularly relating to matters subject to interpretations and for setting up provisions, if reasonable, for amounts payable to tax authorities.

Deferred tax assets/liabilities are provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax assets/liabilities arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither IFRS profit or loss nor taxable profit or loss, it is not accounted for. Likewise, deferred taxes are not recognized if they arise from the initial recognition of goodwill.

Deferred tax assets/liabilities are determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. In addition, it is to be assumed that such temporary differences will be reversed in the foreseeable future.

The carrying value of deferred tax assets is reviewed annually at the balance sheet date and impaired if it is no longer likely that sufficient taxable income will be available to realize such assets partially or in full.

Temporary differences mainly arise in connection with depreciation (amortization) periods of non-current assets, provisions for pension benefits, other post-employment benefits, differences regarding the measurement of contract assets and contract liabilities arising from contracts with customers, as well as the measurement of receivables and payables, and tax loss carry-forwards.

Deferred tax liabilities are provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Taking into account the corresponding terms, deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

41.16 Non-current assets held for sale and discontinued operations.

Non-current assets are classified as "held for sale" if the benefit arising from the remaining carrying amount is to be realized predominately through the sale and not through the further use of the asset. The assets are remeasured in accordance with IFRS 5 immediately prior to their classification as "held for sale". The assets are subsequently measured at the lower of carrying amount and fair value less costs to sell. Any impairment is initially allocated to goodwill and subsequently to the other assets and liabilities on a pro rata basis, and recognized in the statement of comprehensive income.

41.17 Contingent liabilities.

With regard to contingent liabilities, the Group classifies the possibility of an outflow of resources embodying economic benefits as remote, and a liability does not have to be recognized yet pursuant to IFRS.

Contingent liabilities occur for two reasons. For one, they comprise possible obligations that arise from past events and whose existence will be confirmed by uncertain future events that are at least partly beyond the Group's control. For another, they comprise present obligations that fail to meet general or special recognition standards (i.e. the amount of an obligation cannot be measured with sufficient reliability or an outflow of resources to settle the obligations is not deemed probable).

41.18 New and amended standards and interpretations that have been adopted by the EU and applied for the first time in fiscal year 2018/19.

	New/amended IFRS	Published by the IASB and adopted by the EU	Applicable to fiscal years beginning on or after	Material impact on group's consolidated financial statements
IFRS 15	Revenue from Contracts with Customers	May 2014	January 1, 2018	Described below
IFRS 15	Clarifications to Revenue from Contracts with Customers	April 2016	January 1, 2018	Described below
IFRS 9	Financial Instruments	July 2014	January 1, 2018	Described below
IFRS 4	Applying IFRS 9 with IFRS 4	September 2016	January 1, 2018	None
AIP 2014–2016	Annual improvement to IFRSs, Cycle 2014–2016: Amendment of IFRS 1 "First-time adoption of International Financial Reporting Standards" and IAS 28 "Investments in Associates and Joint Ventures"	December 2016	January 1, 2018	None
IFRS 2	Classification and Measurement of Share-based Payment Transactions	June 2016	January 1, 2018	None
IAS 40	Transfers of Investment Property	December 2016	January 1, 2018	None
IFRIC 22	Foreign Currency Transactions and Advance Consideration	December 2016	January 1, 2018	None

IFRS 15 "Revenue from Contracts with Customers" regulates the recognition of revenue, replacing IAS 11 and IAS 18. Kapsch Group applied the standard, including the clarifications on IFRS 15, for the first time in fiscal year 2018/19 (as of April 1, 2018), using the modified retrospective method. The effects are included in the table below.

IFRS 9 "Financial Instruments", addresses the classification, recognition and measurement of financial assets and financial liabilities.

Kapsch Group applied the new standard for the first time in fiscal year 2018/19 (as of April 1, 2018), with the exception of the new rules of hedge accounting, and take advantage of the practical facilitations. The comparative figures for fiscal year 2017/18 were not adjusted. As regards the adoption of IFRS 9, the following has to be noted additionally:

- Debt instruments previously classified as available for sale under IAS 39 are now measured at fair value through profit or loss under IFRS 9.
- Debt instruments leading to cash flows that are solely payments of principal and interest and that are held in the business model are to be accounted at amortized cost in accordance with IFRS 9. Kapsch Group uses the option to recognize them at their fair value instead.
- Equity instruments classified as available for sale under IAS 39 are measured at fair value through profit or loss under IFRS 9. The investment in the listed entity Q-Free ASA, Norway, and, until its sale, the investment in ParkJockey Global Inc., USA, fall into this category in fiscal year 2018/19.
- Existing investments previously accounted for at amortized cost and not classified as available for sale are measured at fair value through other comprehensive income (without recycling) under IFRS 9. Until its increase and subsequent reclassification as an associate, the investment in Traffic Technology Services Inc., USA, falls into this category in fiscal year 2018/19.
- Derivative financial instruments continue to be measured at fair value through profit or loss. Derivatives that are designated as cash flow hedges to hedge foreign currency risks continue to be accounted for as hedging instruments in accordance with IAS 39.
- Trade receivables and other financial assets and liabilities continue to be measured at amortized cost in accordance with IFRS 9. There are no liabilities that were designated in the category "fair value through profit or loss".

Due to the first-time application of IFRS 9 as of April 1, 2018, the following adjustments in equity were made on consolidated level: The measurement of other investments resulted in a positive effect in equity in the amount of TEUR 1,603, while the impairment on trade receivables due to expected credit losses resulted in a negative effect in the amount of TEUR -3,037, and the impairment on contract assets arising from contracts with customers due to expected credit losses resulted in a negative effect of TEUR -412. The reclassification of securities that were previously classified as available for sale under IAS 39 and that are now measured at fair value through profit or loss under IFRS 9 resulted in a reclassification of cumulative gains arising from the fair value measurement (AFS reserve) that were previously recognized in other comprehensive income to retained earnings in the amount of TEUR 1,537.

First-time application of IFRS 9 and IFRS 15.

The following amounts were adjusted as of April 1, 2018 due to the first-time application of IFRS 9 and IFRS 15:

	March 31, 2018		April 1, 2018
Adjustment due to IFRS 9	**Carrying amount**	**Adjustments due to new IFRS**	**Carrying amount adjusted**
Trade receivables and other current assets	**388,715**	**-3,037**	**385,679**
Trade receivables including impairment	230,723	-3,037	227,686
Amounts due from customers for contract work	79,688	0	79,688
Amounts due from customers for service and maintenance contracts	7,281	0	7,281
Other receivables and prepaid expenses	71,023	0	71,023
Contract assets including impairment (non-current and current)	**-**	**-412**	**-412**
Other financial assets and investments (non-current and current)	**32,619**	**1,603**	**34,222**
Securities	9,105	193	9,298
Derivative financial instruments	154	0	154
Investments	17,626	-1,140	16,486
Investments (at fair value through comprehensive income without recycling)	0	2,550	2,550
Fixed-income securities	2,686	-472	2,214
Other financial assets and loans	3,048	472	3,520
Deferred tax assets	**40,274**	**445**	**40,719**
Equity	**255,774**	**-1,400**	**254,374**
Carrying amount as at March 31, 2018	255,774	0	255,774
Adjustment of impairment of trade receivables and contract assets	-	-3,449	-3,449
Adjustment of valuation of investments	-	1,603	1,603
Adjustment of deferred taxes	-	445	445
Adjustment due to IFRS 15	**Carrying amount**	**Adjustments due to new IFRS**	**Carrying amount adjusted**
Inventories	**101,092**	**-44,784**	**56,308**
Purchased parts and merchandise, at acquisition cost	36,562		36,562
Unfinished goods and work in progress, at production cost	49,587	-44,784	4,803
Finished goods, at production cost	12,304		12,304
Prepayments on inventories	2,639		2,639
Trade receivables and other current assets	**388,715**	**-86,969**	**301,746**
Trade receivables including impairment	230,723	0	230,723
Amounts due from customers for contract work	79,688	-79,688	0
Amounts due from customers for service and maintenance contracts	7,281	-7,281	0
Other receivables and prepaid expenses	71,023	0	71,023
Contract assets including impairment (non-current and current)	**-**	**131,754**	**131,754**
Contract liabilities (non-current and current)	**-**	**47,847**	**47,847**
Other liabilities and deferred income (non-current and current)	**180,981**	**-42,913**	**138,068**
Amounts due to customers for contract work	31,571	-31,571	0
Other liabilities and deferred income	149,409	-11,342	138,068
Deferred tax assets	**40,274**	**0**	**40,274**
Equity	**255,774**	**-4,934**	**250,840**
Carrying amount as at March 31, 2018	255,774	0	255,774
Adjustment due to IFRS 15	-	-4,934	-4,934

41.19 Standards, interpretations and amendments to published standards that are not yet effective and that have not been prematurely adopted by the Group.

	New/amended IFRS	Published by the IASB and adopted by the EU	Applicable to fiscal years beginning on or after	Material impact on group's consolidated financial statements
IFRS 16	Leases	January 2016	January 1, 2019	Described below
IFRS 9	Prepayment Features with Negative Compensation	October 2017	January 1, 2019	None
IFRIC 23	Uncertainty over Income Tax Treatments	June 2017	January 1, 2019	None
IAS 28	Long-term Interests in Associates and Joint Ventures	October 2017	January 1, 2019	None
IAS 19	Plan Amendment, Curtailment or Settlement	February 2018	January 1, 2019	None
AIP 2015-2017	Annual improvement to IFRSs, Cycle 2015-2017: Amendment of IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangements", IAS 12 "Income Taxes" as well as IAS 23 "Borrowing Costs"	December 2017	January 1, 2019	None

	New/amended IFRS	Published by the IASB but not yet adopted by the EU	Applicable to fiscal years beginning on or after	Material impact on group's consolidated financial statements
IFRS 17	Insurance Contracts	May 2017	January 1, 2021	None
Framework	References to the Conceptual Framework in IFRS Standards	March 2018	January 1, 2020	None
IFRS 3	Definition of a Business	October 2018	January 1, 2020	None
IAS 1, IAS 8	Definition of Material	October 2018	January 1, 2020	None

The Group does not apply these new or amended standards and interpretations prematurely and plans to use the simplification rules.

IFRS 16 "Leases" specifies the recognition, measurement, presentation as well as disclosure requirements with regard to leases in financial statements. As for Kapsch Group, this mainly relates to buildings, motor vehicles and IT equipment. IFRS 16 introduces a single accounting model that recognizes future leases, regardless of whether they are operating or finance leases under the criteria of IAS 17, in the lessee's balance sheet. A lessee recognizes a right-of-use asset on the underlying asset and a liability that represents its liability to lease payments. The lessor continues to distinguish between finance or operating leases for accounting purposes. In this regard, the accounting model of IFRS 16 does not differ significantly from that in IAS 17.

The Group established a project team, which reviewed and assessed all of the Group's leases with respect to IFRS 16 in the past fiscal year. The standard primarily affects the accounting treatment of contracts previously classified as operating leases. The Group implemented a software solution for recording the lease contracts and recorded the individual lease contracts in that software solution. This software solution calculates the effects of IFRS 16 on a contract basis and provides them for accounting purposes. For the calculation of the present values of the lease liabilities, the incremental borrowing rates for the respective terms are determined and used.

The Group will adopt the new standard as of the mandatory date of first-time adoption (April 1, 2019) and elects to apply the modified retrospective approach as a transitional method, not providing comparative figures for the previous period. The exemptions regarding short-term leases with a term of not more than twelve months or a remaining term of not more than twelve months at the date of first-time application, and leases of low-value assets will be applied. Those leases will not be recognized in the balance sheet, instead, payments made for such leases will continue to be recognized as expenses. Finance leases previously reported according to the regulations of IAS 17 will be carried at their previous carrying amounts. The present value of the lease payments from finance leases as of March 31, 2019 amounts to EUR 14.5 million.

The Group acts as lessor in the context of subleasing voice, data and IT equipment to business customers. The regulations of IFRS 16 concerning the classification of subleases, will result in a significant portion of these subleases being classified as finance leases and the corresponding accounting for lease receivables in the future.

At the date of first-time application, the Group's balance sheet total will increase by EUR 118.6 million as a result of the application of IFRS 16. On the assets side, right-of-use assets arising from the contracts or leasing receivables are recognized, and on the liabilities side, lease liabilities in this amount are recognized from the 2019/20 fiscal year. The most significant effect from the recognition of the rental and lease contracts results from leases for office and storage buildings as well as motor vehicles. The previously recorded lease expenses are replaced by depreciation of the right-of-use asset and interest expenses of the lease liability.

As a result of the amended regulations, there will be a significant improvement in earnings before interest, taxes, depreciation and amortization (EBITDA) and an increase in depreciation and interest expense. Based on the contracts as at March 31, 2019, EBITDA will improve by EUR 19.9 million in the coming fiscal year. The operating result (EBIT) will increase only slightly, while earnings before taxes (EBT) and the Group's result for the period will decrease slightly due to higher interest expenses.

The cash flow from operating activities will increase due to the absence of rental and leasing expenses, while the cash flow from financing activities will decrease accordingly due to the repayment of the lease liability. The total cash flow will remain unaffected by the effects of IFRS 16.

As a result of the increase in lease liabilities, net debt will decline by EUR 118.5 million at the time of first application and the gearing ratio will increase to around 107.1% (from 64.1%). The equity ratio will be reduced slightly to 23.2% (from 25.7%) due to the significant balance sheet extension. Since this also affects individual key figures which are defined as financial covenants in credit agreements, the Group will hold discussions with banks regarding an adjustment of these key figures on the basis of the changes.

The amendments to **IFRS 9 "Prepayment Features with Negative Compensation"** enable the measurement at amortized cost of some financial assets with negative compensation. The corresponding assets which include some loans and debt instruments would otherwise be classified at fair value through profit or loss. The amendment to the standard is not expected to have an impact on the consolidated financial statements of the Group.

IFRIC 23 "Uncertainty over Income Tax Treatments" clarifies the accounting of uncertainties over incomes taxes. The application of this interpretation is not expected to have a significant impact on the consolidated financial statements of the Group.

The IASB published amendments to **IAS 28 "Associates"** in order to clarify that an entity applies IFRS 9 Financial Instruments on long-term interests in associates or joint ventures that constitute part of the net investment in the associate or joint venture but that are not accounted for using the equity method. The amendment to the standard is not expected to have a significant impact on the consolidated financial statements of the Group.

Standards and interpretations already **published by the IASB** but not yet adopted by the EU:
These standards or interpretations or amendments to the standards and interpretations are not yet mandatory, however from today's perspective they will not have a material impact on the Group. The amendments to "References to the Conceptual Framework in IFRS Standards" aim to update the references to the conceptual framework and quotations thereof in IFRS standards in such way that they refer to the revised Conceptual Framework for Financial Reporting published by the IASB on March 28, 2018. The amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" harmonize the definition of "material". The new definition states "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".

Authorized for issue:
Vienna, July 24, 2019

Georg Kapsch	Kari Kapsch	Franz Semmernegg
Chief Executive Officer	Chief Operating Officer	Chief Financial Officer

Auditor’s Report.

Report on the consolidated financial statements.

Audit opinion.
We have audited the consolidated financial statements of KAPSCH-Group Beteiligungs GmbH, Vienna, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2019, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year then ended, and the notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at March 31, 2019, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements under Section 245a Austrian Commercial Code.

Basis for opinion.
We conducted our audit in accordance with Austrian generally accepted auditing standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with Austrian Generally Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and the Supervisory Board for the consolidated financial statements.
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements under Section 245a UGB, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Group’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements.
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Austrian Generally Accepted Auditing Standards, which require the application of ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Austrian Generally Accepted Auditing Standards, which require the application of ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements.

Comments on the Management Report for the Group.

Pursuant to the Austrian Commercial Code, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the management report for the Group in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report for the Group.

Opinion.
In our opinion, the management report for the Group was prepared in accordance with the applicable legal requirements and is consistent with the consolidated financial statements.

Statement.
Based on the findings during the audit of the consolidated financial statements and due to the obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

Other information.

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the management report for the Group and the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Vienna, July 24, 2019

PwC Wirtschaftsprüfung GmbH

signed:
Peter Pessenlehner
Austrian certified Public Accountant

Glossary.

AFC	Automatic Fare Collection.
C-ITS	Cooperative-Intelligent Transportation Systems.
DMR	Digital Mobile Radio.
EETS	European Electronic Toll Service.
eGPRS	Enhanced General Packet Radio Service.
ERTMS	European Rail Traffic Management System.
ETC	Electronic Toll Collection, a reporting segment of Kapsch TrafficCom.
FRMCS	Future Railway Mobile Communication System.
GSM	Global System for Mobile Communications – standard for fully digital mobile telephony networks.
GSM-R	GSM for Railways – mobile telephony system built on the leading global radio standard, which was adapted specifically for use in the rail industry.
ICT	Information and Communications Technology.
IMS	Intelligent Mobility Solutions, a reporting segment of Kapsch TrafficCom encompassing: traffic management, safety and security, connected vehicles, smart parking, and intermodal mobility.
IoT	Internet of Things.
ITCS	Intermodal Transport Control Systems.
ITS	Intelligent Transportation Systems.
LoRa	Long Range – radio technology specially developed to meet the demands of the Internet of Things.
LoRaWAN	Long Range Wide Area Nework – wireless standard based on LoRa technology.
LTE	Long Term Evolution – fourth-generation mobile communication standard.
MaaS	Mobility as a Service.
MCN	Mission-Critical Networks.
OBU	On-Board Unit – an electronic device readable and writeable via wireless communication. The OBU can identify a vehicle and serve as a means of payment or as a data memory.
PMR	Private Mobile Radio.
PS-LTE	Public Safety LTE.
RDN	Railway Dedicated Networks.
RPA	Robotic Process Automation.
RTPI	Real-Time Passenger Information.
SD-WAN	Software-Defined Wide Area Network.
TETRA	Terrestrial Trunked Radio – standard for digital trunked radio, which facilitates the establishment of universal networks.
uCPE	Universal Customer Premises Equipment.
V2I	Vehicle-to-Infrastructure, communication between vehicles and dedicated infrastructure.
V2V	Vehicle-to-Vehicle, communication between vehicles.
V2X	Vehicle-to-X, communication between vehicles and infrastructure.

Adresses.

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Kapsch Group

Founded in 1892, this family-owned company headquartered in Vienna today is a globally-operating technology group with around 7,000 employees. The Kapsch Group comprises the four key entities Kapsch BusinessCom, Kapsch CarrierCom, Kapsch PublicTransportCom, and Kapsch TrafficCom, and focuses on peoples' requirements in the fields of communication and mobility. With innovative products and solutions, Kapsch makes a significant contribution to the digital transformation and a sustainable future in public and private transportation. Kapsch strives for global leadership in terms of quality and innovation, and therefore annually invests some ten percent of its total revenue in research and development. R&D centers in the strategic business segments of the Kapsch Group are constantly working to make new technologies marketable. Long-standing collaborations with scientific institutions as well as strategic acquisitions provide additional know-how.

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