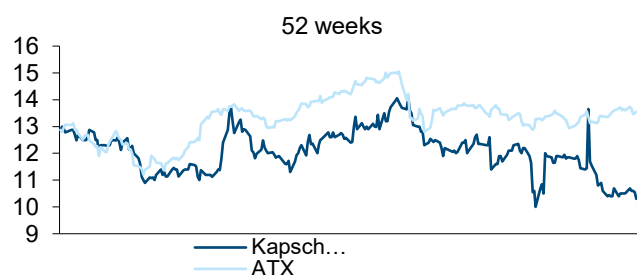


COMPANY REPORT

Kapsch TrafficCom

from Hold to Buy

EUR mn	2023	2024e	2025e	2026e
Net sales	553.4	568.7	568.0	590.7
EBITDA	29.4	110.3	38.7	44.7
EBIT	7.6	90.6	19.1	25.3
Net result after min.	-24.8	73.6	10.6	14.3
EPS (EUR)	-1.91	5.66	0.82	1.10
CEPS (EUR)	0.20	8.12	2.40	2.70
BVPS (EUR)	4.33	9.99	10.81	11.91
Div./share (EUR)	0.00	0.00	0.00	0.33
EV/EBITDA (x)	12.4	2.3	6.3	5.3
P/E (x)	nm	1.9	12.8	9.5
P/CE (x)	61.1	1.3	4.4	3.9
Dividend Yield	0.0%	0.0%	0.0%	3.1%



Performance	12M	6M	3M	1M
in EUR	-18.5%	-19.1%	-9.5%	-9.1%

Share price (EUR) close as of 08/08/2023	10.5	Reuters	KTCG.VI	Free float	36.7%
Number of shares (mn)	13.0	Bloomberg	KTCG AV	Shareholders	Kapsch-Group (63.3%)
Market capitalization (EUR mn)	136.5	Div. Ex-date			
Enterprise value (EUR mn)	258.2	Target price	17.0	Homepage:	www.kapsch.net

Analyst:

Daniel Lion, CIIA
+43 (0)5 0100 - 17420
daniel.lion@erstegroup.com

German compensation payment takes off pressure

Reflecting the lower limit of the German compensation payment in FY23/24, we up our target price to EUR 17 (previously EUR 12.5), translating into a Buy recommendation (previously Hold).

With the transfer of the compensation payment for the cancelled ETC system contract amounting to EUR 243mn to the accounts of the 50-50 JV autoticket, KTC will book at least EUR 80mn (EUR 6.15 per share or ~60% of the current share price) net contribution to its operating result already in 2Q23/24. We expect the net cash effect to be higher (closer to EUR 100mn), but have refrained from reflecting it yet.

There is still a pending compensation for the scrapped enforcement contract, which we would expect to amount to some EUR 10-15mn. We also expect an additional impact from receivables to autoticket to have a positive cash effect on KTC. Both effects are not yet included in our model.

With the compensation payment, balance sheet ratios will come down significantly, meeting the net debt/EBITDA target of <3x set by financing banks for FY24/25. Gearing and equity ratios are now healthy again. KTC will likely repay expensive debt instruments.

1Q23/24 preview: We expect negative profitability on one-off costs related to the recent loan refinancing. Starting with 2Q, we expect an improving picture.

Business outlook improving: Improving market dynamics should gradually improve business going forward. There are sound opportunities, but KTC needs to prove it can monetize them.

German compensation speeds up recovery

We have already outlined the positive impact from the German compensation payments in our [previous comments](#). Now we are incorporating them in our estimates.

As a reminder: Following the settlement of the claim for compensation after the cancelled German ETC system contract, Germany has accepted the ruling of the arbitration court and transferred the payment amounting to EUR 243mn to the accounts of autoticket in mid-July.

autoticket is the 50-50 JV of KTC and Eventim, which was awarded the German ETC implementation contract in December 2019.

KTC announced that it expects net compensation proceeds from the overall payment of at least EUR 80mn. This EUR 80mn does not cover receivables from KTC vs. autoticket, but only relates to the earnings contribution to KTC's EBITDA (result from JV).

Change in estimates

Consolidated, IFRS (EUR, mn)	2023/24e = FY24e			2024/25e = FY25e			2025/26e = FY26e		
	Now	Before	Change	Now	Before	Change	Now	Before	Change
Revenues	568.7	568.7	0.0%	568.0	568.0	0.0%	590.7	590.7	0.0%
EBITDA	110.3	30.3	263.7%	38.7	38.7	0.0%	44.7	44.7	0.0%
EBITDA margin	19.4%	5.3%	263.7%	6.8%	6.8%	0.0%	7.6%	7.6%	0.0%
EBIT	90.6	10.6	752.0%	19.1	19.1	0.0%	25.3	25.3	0.0%
EBIT margin	15.9%	1.9%	752.0%	3.4%	3.4%	0.0%	4.3%	4.3%	0.0%
Net profit	73.6	2.2	3304.2%	10.6	9.4	13.8%	14.3	12.9	11.2%
Net margin	12.9%	0.4%	3304.2%	1.9%	1.6%	13.8%	2.4%	2.2%	11.2%
EPS	5.66	0.17	3304.2%	0.82	0.72	13.8%	1.10	0.99	11.2%
DPS	0.00	0.00	nm	0.00	0.00	nm	0.33	0.00	nm

Source: Erste Group Research

- We have not changed our top line and underlying profitability expectations when excluding the compensation impact.
- We have included EUR 80mn (EUR 6.15 per share) as net compensation from results from JV in FY23/24, increasing EBITDA and EBIT by this amount.
- We have assumed KTC to use the proceeds to redeem its most expensive debt. The recently refinanced promissory note loan (PNL) and financing lines provided by the banks also to refinance this matured PNL facility are likely among those to be redeemed.
- The significantly reduced overall debt volume at KTC should already have a positive impact on its financial result from 2H23/24.
- We have reduced legal and consulting costs by about 20% or EUR 2mn in FY23/24 y/y upon the settlement of KTC's largest legal case. KTC mentioned legal costs related to the arbitration of the German ETC contract amounted to EUR 7mn in FY22/23. We have left some room for fees related to the refinancing agreements (which could be up to EUR 6mn or 2% of the refinancing volume, in our view, booked in 1Q23/24), and for settling the pending enforcement contract related to the German ETC system contract. Finally, we also believe that the increasing market dynamics will call for increasing legal costs going forward, as many tender decisions are usually appealed.
- Dividend: KTC will surpass the 30% minimum equity ratio level in FY25/26, based on our estimates. As reaching this level has so far been mentioned as a criterion to resume dividend payments, we have now incorporated a EUR 0.33 DPS for FY25/26. This figure reflects a payout ratio of 30% and is purely our assumption. The official dividend payout strategy, which has been suspended, is still an average DPS over a three-year period of EUR 1 p.a. For the time being, KTC is

blocked from paying dividends until FY24/25 following the financing agreement with banks.

Upside to our estimates

Please be aware that this compensation payment only covers the settlement of the ETC system implementation and operation contract awarded to the autoticket JV, not yet the enforcement contract awarded to KTC directly. Backed by the arbitration court ruling, a settlement related to the enforcement contract should not take too long. As the enforcement contract was significantly smaller (some EUR 120mn vs. EUR 2bn ETC system implementation and operation), we also expect a significantly lower compensation. Such a compensation could be around EUR 10-15mn, as a best guess. We calculate such a compensation payment by using the final compensation for the ETC implementation and operation in relation to the initial contract volume and apply this share on the enforcement contract (now based on 100% ownership).

Receivables of KTC from autoticket are also not included. There are no details yet published on the amount of these receivables. We could imagine that, including the settlement of these receivables, we should be closer to a positive net cash impact on KTC of EUR 100mn.

Total impact from German ETC compensation:

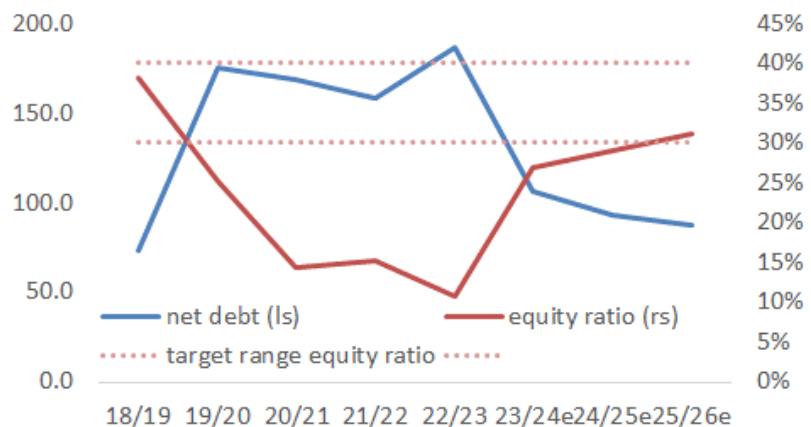
- Included: EUR 80mn net compensation = EUR 6.15 per share
- Not included yet: WC / receivables settlement from compensation of up to EUR 20mn = EUR 1.5 per share
- Not included yet: Assumed compensation for enforcement contract of EUR 10-15mn = EUR 0.8-1.15 per share

Total impact of settlement: EUR 8.5-8.8 per share, which compares to a current share price of EUR 10.5! The announced compensation amount of EUR 80mn reflects about 60% of the current share price.

Balance sheet ratios again at favorable levels

We want to highlight some balance sheet KPIs that were heavily stretched before the payment, but which have now returned to more favorable levels. This development is important for targets recently set by financing banks for refinancing the latest promissory note loan.

Equity ratio vs. target equity ratio (30-40%); EURmn; %

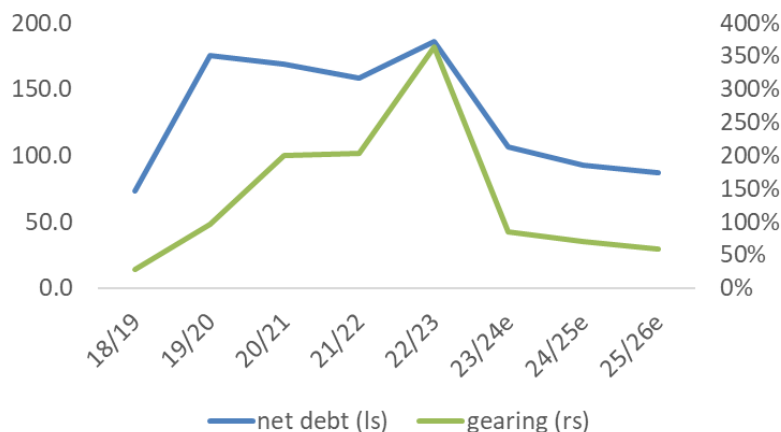


Source: Company, Erste Group Research

The equity ratio will clearly improve from 10.7% in FY22/23 to 26.7% in FY23/24 upon the inclusion of the EUR 80mn compensation payment.

We expect KTC to return to its targeted equity ratio range of 30-40% by FY25/26 (i.e. 31.1%). In the case that our other compensation assumptions materialize, KTC should reach the target range earlier.

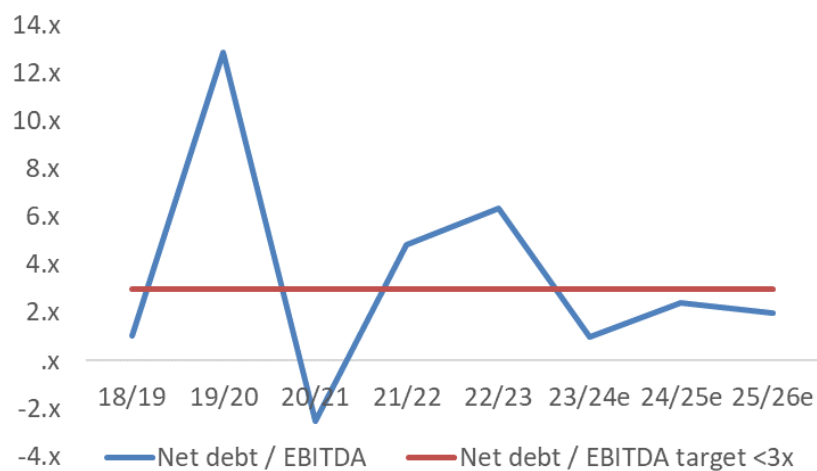
Gearing (EURmn; %)



Source: Company; Erste Group Research

There is a similar picture when it comes to KTC's gearing. The compensation impact of the EUR 80mn should reduce gearing from 363% in FY22/23 to 86% in FY23/24.

Net debt / EBITDA (x)



Source: Company, Erste Group Research

The refinancing agreement with the banks foresees a net debt / EBITDA target of below 3x by May 2025, which is obviously based on FY24/25 figures. The compensation payment of EUR 80mn already pushed the net debt / EBITDA ratio down below 3x starting with this FY23/24. In FY23/24, the ratio is obviously boosted by the EBITDA impact of the compensation payment (net debt / EBIT: 0.97x), and is expected to be at 2.41x in FY24/25e and 1.96x in FY25/26e.

Valuation

Based on the improving balance sheet KPIs, we have also slightly adjusted our valuation assumptions. Hence, we have

- reduced our equity risk premium slightly to 8.7% (previously 9.1%) in the detailed period and to 8.2% (8.5%) in the terminal value
- increased the equity ratio to 60% (48%) in the detailed period and kept it at 70% in the terminal value.

Target price composition

	DCF	Multiple	Weight	12-month target price	act. share price	upside to target price	Recom- mendation
Kapsch TrafficCom	17.0	20.3	100/0	17.0	10.5	61.9%	Buy

Source: Bloomberg, Erste Group Research

Peers	MarketC (EURmn)	P/E			EV/EBITDA			EV/EBIT		
		2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Q-FREE ASA	58	-	26.4x	10.7x	11.2x	6.5x	4.6x	44.1x	11.3x	6.9x
SENSYS GATSO GROUP A	70	114.3x	12.9x	9.3x	15.2x	6.5x	6.0x	63.7x	9.9x	9.1x
EDENRED	14,541	29.8x	24.8x	21.4x	15.2x	13.3x	11.9x	18.1x	15.5x	13.9x
CEPTON INC	108	-	-	3.8x	-	5.9x	3.3x	-	18.3x	4.3x
SINGAPORE TECH ENGINE	7,848	20.6x	17.8x	15.8x	12.9x	12.1x	11.0x	21.4x	19.6x	17.9x
ITERIS INC	181	17.2x	12.9x	-	13.6x	10.7x	-	27.1x	16.4x	-
INIT INNOVATION IN TRAFFI	294	16.8x	14.3x	12.5x	9.4x	-	7.0x	13.4x	10.9x	9.4x
IU TRAFFIC TECHNOLOGI	266	22.4x	19.2x	14.6x	11.8x	10.4x	9.6x	14.6x	12.4x	9.6x
TAGMASTER AB	24	24.1x	13.8x	12.8x	5.4x	4.3x	3.8x	14.1x	9.7x	7.8x
WAG PAYMENT SOLUTION	764	14.6x	11.1x	8.8x	6.8x	5.4x	4.6x	9.4x	7.3x	6.3x
MEDIAN broader peers		21.5x	14.3x	12.5x	11.8x	6.5x	6.0x	18.1x	11.9x	9.1x
Kapsch TrafficCom	153.4	1.9x	12.8x	9.5x	2.3x	6.3x	5.3x	2.8x	12.7x	9.4x
prem. / disc median		-91.4%	-10.1%	-23.6%	-80.2%	-3.5%	-11.3%	-84.3%	7.1%	3.6%
Peers	Share price	P/B			ROE			Dividend yield		
		2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Q-FREE ASA	0.5	-	-	-	-	-	-	-	-	-
SENSYS GATSO GROUP A	6.0	1.3x	1.1x	1.0x	4.0%	10.0%	11.0%	-	-	-
EDENRED	58.3	-	-	385.8x	-77.8%	-183%	9.9%	2.0%	2.2%	2.4%
CEPTON INC	0.7	1.2x	1.2x	-	-	-	-	-	-	-
SINGAPORE TECH ENGINE	2.5	4.7x	4.4x	4.1x	23.3%	25.8%	27.3%	4.3%	4.5%	4.6%
ITERIS INC	4.2	2.9x	2.5x	-	-	-	-	-	-	-
INIT INNOVATION IN TRAFFI	29.3	2.3x	2.1x	1.8x	14.4%	16.1%	17.0%	2.3%	2.4%	2.6%
IU TRAFFIC TECHNOLOGI	15.0	-	-	-	-	-	-	1.7%	1.9%	2.0%
TAGMASTER AB	1.6	-	-	-	5.0%	7.0%	8.0%	-	-	-
WAG PAYMENT SOLUTION	1.1	2.3x	2.0x	1.6x	16.7%	18.5%	19.3%	0.0%	0.0%	-
MEDIAN broader peers		2.3x	2.0x	1.8x	9.7%	13.1%	14.0%	2.0%	2.2%	2.5%
Kapsch TrafficCom	11.8	1.1x	1.0x	0.9x	79.1%	7.9%	9.7%	0.0%	0.0%	3.1%
prem. / disc median		-54.4%	-51.8%	-51.4%	716%	-39.8%	-30.9%	nm	nm	nm
Per KTC share (EUR) 2024e		88.2								
Per KTC share (EUR) 2025e			13.5							
Per KTC share (EUR) 2026e				14.5						
Period weight		5%	80%	15%						
NPV as of Aug 2023 EUR		17.4								
Cost of Equity		17.1%								
NPV as of Aug 2024 EUR		20.3								

Source: Bloomberg, Erste Group Research

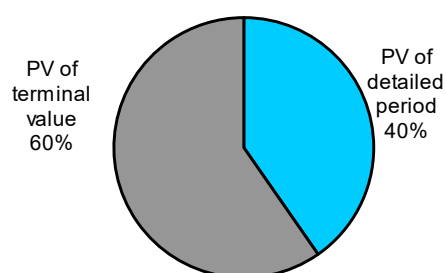
WACC calculation

	2024e	2025e	2026e	2027e	2028e	2029e (TV)
Risk free rate	4.0%	3.8%	3.5%	3.3%	3.2%	2.9%
Equity risk premium	8.7%	8.7%	8.7%	8.7%	8.7%	8.2%
Beta	1.5	1.5	1.5	1.5	1.5	1.4
Cost of equity	17.1%	16.9%	16.6%	16.3%	16.2%	14.4%
Cost of debt	6.5%	6.3%	6.0%	5.8%	5.7%	5.4%
Effective tax rate	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
After-tax cost of debt	5.0%	4.9%	4.6%	4.5%	4.4%	4.2%
Equity weight	60%	60%	60%	60%	60%	70%
WACC	12.2%	12.1%	11.8%	11.6%	11.5%	11.3%

DCF valuation

(EUR mn)	2024e	2025e	2026e	2027e	2028e	2029e (TV)
Sales growth	2.8%	-0.1%	4.0%	4.0%	4.1%	2.0%
EBIT	90.6	19.1	25.3	31.7	32.4	32.6
EBIT margin	15.9%	3.4%	4.3%	5.2%	5.1%	5.0%
Tax rate	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
Taxes on EBIT	-20.8	-4.4	-5.8	-7.3	-7.4	-7.5
NOPLAT	69.8	14.7	19.5	24.4	24.9	25.1
+ Depreciation	19.7	19.5	19.4	19.3	19.3	19.3
Capital expenditures / Depreciation	21.0%	21.2%	21.4%	21.5%	21.7%	25.0%
+/- Change in working capital	2.8	4.1	-8.8	-9.2	-2.7	-0.6
Chg. working capital / chg. Sales	18.2%	-578.9%	-38.9%	-38.8%	-10.9%	-5.0%
- Capital expenditures	-4.1	-4.1	-4.2	-4.2	-4.2	-4.8
Free cash flow to the firm	88.1	34.2	25.9	30.3	37.3	38.9
Terminal value growth						2.0%
Terminal value						426.6
Discount factor	0.89	0.80	0.71	0.64	0.57	0.57
Discounted free cash flow - Mar 31 2023	78.5	27.2	18.5	19.3	21.3	243.9
Enterprise value - Mar 31 2023	408.7					
Minorities	-5.0					
Non-operating assets	0.0					
Net debt	206.9					
Equity value - Mar 31 2023	206.8					
Number of shares outstanding (mn)	13.0					
Cost of equity	17.1%					
12M target price per share (EUR)	17.0					
Current share price (EUR)	10.5					
Up/Downside	61.9%					

Enterprise value breakdown



Source: Factset, Erste Group research

Sensitivity (per share)

		Terminal value EBIT margin				
		4.0%	4.5%	5.0%	5.5%	6.0%
WACC	10.3%	16.5	18.0	19.4	20.8	22.3
	10.8%	15.4	16.8	18.1	19.5	20.9
	11.3%	14.4	15.7	17.0	18.3	19.6
	11.8%	13.5	14.7	16.0	17.2	18.4
	12.3%	12.7	13.9	15.0	16.2	17.4
		Terminal value growth				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	10.3%	16.8	18.0	19.4	21.0	22.7
	10.8%	15.8	16.9	18.1	19.5	21.1
	11.3%	14.9	15.9	17.0	18.2	19.6
	11.8%	14.0	15.0	16.0	17.1	18.3
	12.3%	13.3	14.1	15.0	16.1	17.2

Income Statement	2021	2022	2023	2024e	2025e	2026e
(IAS, EUR mn, 31/03)	31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026
Net sales	505.17	519.80	553.42	568.70	568.00	590.67
Invent. changes + capitalized costs	-6.23	-2.68	1.96	0.00	0.00	0.00
Total revenues	498.94	517.12	555.38	568.70	568.00	590.67
Other operating revenues	5.86	14.56	20.73	94.19	14.20	14.77
Material costs	-243.46	-202.83	-222.55	-227.48	-227.20	-236.27
Personnel costs	-243.84	-227.12	-247.93	-254.13	-260.49	-267.00
Other operating expenses	-84.65	-69.07	-76.20	-70.98	-55.86	-57.44
EBITDA	-67.15	32.66	29.42	110.30	38.66	44.73
Depreciation/amortization	-56.01	-21.63	-21.82	-19.69	-19.53	-19.42
EBIT	-123.16	11.03	7.60	90.61	19.13	25.31
Financial result	-9.97	-5.71	-17.49	-9.67	-7.34	-6.84
Extraordinary result	0.00	0.00	0.00	0.00	0.00	0.00
EBT	-133.13	5.32	-9.89	80.94	11.79	18.47
Income taxes	27.84	-11.48	-14.35	-8.34	-3.18	-4.99
Result from discontinued operations	0.00	0.00	0.00	0.00	0.00	0.00
Minorities and cost of hybrid capital	2.41	-3.15	-0.56	1.01	2.04	0.82
Net result after minorities	-102.88	-9.31	-24.80	73.61	10.65	14.30
Balance Sheet	2021	2022	2023	2024e	2025e	2026e
(IAS, EUR mn, 31/03)						
Intangible assets	36.23	35.75	31.76	29.89	28.52	27.51
Tangible assets	64.80	56.80	60.31	58.43	59.42	60.16
Financial assets	43.55	44.40	42.86	42.86	42.86	42.86
Total fixed assets	144.58	136.94	134.93	131.19	130.80	130.53
Inventories	41.73	35.56	45.10	45.50	45.44	47.25
Receivables and other current assets	242.84	219.63	205.09	197.80	197.80	205.54
Other assets	61.99	60.22	49.78	37.88	37.29	36.36
Cash and cash equivalents	102.01	59.75	45.23	51.36	44.84	50.30
Total current assets	448.58	375.16	345.20	332.53	325.37	339.45
TOTAL ASSETS	593.16	512.10	480.13	463.72	456.17	469.99
Shareholders' equity	91.24	83.20	56.30	129.91	140.56	154.87
Minorities	-6.48	-5.29	-4.99	-6.00	-8.04	-8.87
Hybrid capital and other reserves	0.00	0.00	0.00	0.00	0.00	0.00
Pension and other LT personnel accruals	27.34	24.20	20.60	21.01	21.43	21.86
LT provisions	0.00	0.00	0.00	0.00	0.00	0.00
Interest-bearing LT debts	156.59	163.65	90.67	90.00	90.00	90.00
Other LT liabilities	14.39	6.18	3.99	4.02	4.01	4.11
Total long-term liabilities	170.98	169.83	94.66	94.02	94.01	94.11
Interest-bearing ST debts	115.95	55.95	142.76	70.00	50.00	50.00
Other ST liabilities	194.13	184.22	170.80	154.77	158.20	158.02
Total short-term liabilities	258.72	194.05	294.68	205.37	188.82	187.87
TOTAL LIAB. , EQUITY	593.16	512.10	480.13	463.71	456.16	469.99
Cash Flow Statement	2021	2022	2023	2024e	2025e	2026e
(IAS, EUR mn, 31/03)						
Cash flow from operating activities	11.11	25.47	-5.82	98.70	32.62	24.61
Cash flow from investing activities	-6.79	-8.71	-0.20	-4.13	-4.14	-4.15
Cash flow from financing activities	-26.83	-61.07	-4.55	-88.44	-35.00	-15.00
CHANGE IN CASH , CASH EQU.	-20.62	-42.26	-14.50	6.13	-6.52	5.46
Margins & Ratios	2021	2022	2023	2024e	2025e	2026e
Sales growth	-30.9%	2.9%	6.5%	2.8%	-0.1%	4.0%
EBITDA margin	-13.5%	6.3%	5.3%	19.4%	6.8%	7.6%
EBIT margin	-24.7%	2.1%	1.4%	15.9%	3.4%	4.3%
Net profit margin	-21.1%	-1.2%	-4.4%	12.8%	1.5%	2.3%
ROE	-73.6%	-10.7%	-35.6%	79.1%	7.9%	9.7%
ROCE	-28.7%	-4.1%	5.9%	31.4%	5.5%	7.2%
Equity ratio	14.3%	15.2%	10.7%	26.7%	29.1%	31.1%
Net debt	196.3	182.5	206.9	127.7	114.7	109.7
Working capital	127.9	120.9	0.7	89.3	99.3	115.2
Capital employed	295.5	266.6	262.2	255.7	251.2	259.8
Inventory turnover	5.0	5.2	5.5	5.0	5.0	5.1

Source: Company data, Erste Group estimates

Group Research

Head of Group Research Friedrich Mostböck, CEFA®, CESGA®	+43 (0)5 0100 11902	Institutional Equity Sales Czech Republic Head: Michal Rizek Pavel Krabicka Martin Hlavlan Jiri Feres	+420 224 995 537 +420 224 995 411 +420 224 995 551 +420 224 995 554
CEE Macro/Fixed Income Research Head: Juraj Kotian (Macro/Fl) Katarzyna Rzentarzewska (Fixed income) Jakub Cery (Fixed income)	+43 (0)5 0100 17357 +43 (0)5 0100 17356 +43 (0)5 0100 17384	Institutional Equity Sales Hungary Levente Nándori Balázs Zánkay Krisztián Kandik	+361 235 5141 +361 235 5156 +361 235 5140
Croatia/Serbia Alen Kovac (Head) Mate Jelić Ivana Rogic	+385 72 37 1383 +385 72 37 1443 +385 72 37 2419	Institutional Equity Sales Poland Jacek Jakub Langer (Head) Tomasz Galanciak Wojciech Wysocki Przemyslaw Nowosad Grzegorz Stepień	+48 22 257 5711 +48 22 257 5715 +48 22 257 5714 +48 22 257 5712 +48 22 257 5713
Czech Republic David Navrátil (Head) Jiri Polansky Michal Skorepa	+420 956 765 439 +420 956 765 192 +420 956 765 172	Institutional Equity Sales Romania Liviu George Avram	+40 3735 16569
Hungary Órsolya Nyeste János Nagy	+361 268 4428 +361 272 5115	Group Markets Retail and Agency Business Head: Christian Reiss	+43 (0)5 0100 84012
Romania Ciprian Dascalu (Head) Eugen Sinca Dorina Ilasco Vlad Nicolae Ionita	+40 3735 10108 +40 3735 10435 +40 3735 10436 +40 7867 15618	Markets Retail Sales AT Head: Markus Kaller	+43 (0)5 0100 84239
Slovakia Mária Valachyova (Head) Matej Hornak	+421 2 4862 4185 +421 902 213 591	Group Markets Execution Head: Kurt Gerhold	+43 (0)5 0100 84232
Major Markets & Credit Research Head: Gudrun Egger, CEFA® Ralf Burchert, CEFA® (Sub-Sovereigns & Agencies) Hans Engel (Global Equities) Margarita Grushanina (Austria, Quant Analyst) Peter Kaufmann, CFA® (Corporate Bonds) Heiko Langer (Financials & Covered Bonds) Stephan Lingnau (Global Equities) Carmen Riefler-Kowarsch (Financials & Covered Bonds) Rainer Singer (Euro, US) Bernadett Povazsai-Römhild, CEFA®, CESGA® (Corporate Bonds) Elena Staelov, CIAA® (Corporate Bonds) Gerald Walek, CFA® (Euro, CHF)	+43 (0)5 0100 11909 +43 (0)5 0100 16314 +43 (0)5 0100 19835 +43 (0)5 0100 11957 +43 (0)5 0100 11183 +43 (0)5 0100 85509 +43 (0)5 0100 16574 +43 (0)5 0100 19632 +43 (0)5 0100 17331 +43 (0)5 0100 17203 +43 (0)5 0100 19641 +43 (0)5 0100 16360	Retail & Sparkassen Sales Head: Uwe Kolar	+43 (0)5 0100 83214
CEE Equity Research Head: Henning Eßkuchen Daniel Lion, CIAA® (Technology, Ind. Goods&Services) Michael Marschallinger, CFA® Nora Nagy (Telecom) Christoph Schultes, MBA, CIAA® (Real Estate) Thomas Unger, CFA® (Banks, Insurance) Vladimira Urbankova, MBA (Pharma) Martina Valenta, MBA	+43 (0)5 0100 19634 +43 (0)5 0100 17420 +43 (0)5 0100 17906 +43 (0)5 0100 17416 +43 (0)5 0100 11523 +43 (0)5 0100 17344 +43 (0)5 0100 17343 +43 (0)5 0100 11913	Corporate Treasury Production Distribution Head: Martina Kranzl-Carvell	+43 (0)5 0100 84147
Croatia/Serbia Mladen Dodig (Head) Boris Pevalek, CFA® Marko Plastic Matej Pretkovic Iva Tomic Bruno Barbic Davor Spoljar, CFA®	+381 11 22 09178 +385 99 237 2201 +385 99 237 5191 +385 99 237 7519 +385 99 237 1662 +385 99 237 1041 +385 72 37 2825	Group Securities Markets Head: Thomas Einramhof	+43 (0)50100 84432
Czech Republic Petr Bartek (Head, Utilities) Jan Safranek	+420 956 765 227 +420 956 765 218	Institutional Distribution Core Head: Jürgen Niemeier	+49 (0)30 8105800 5503
Hungary József Miró (Head) András Nagy Tamás Pletser, CFA®	+361 235 5131 +361 235 5132 +361 235 5135	Institutional Distribution DACH+ Head: Marc Friebertshäuser Bernd Bollhof Andreas Goll Mathias Gindele Ulrich Inhofner Sven Kienzle Rene Klasen Christopher Lampe-Traupe Michael Schmotz Klaus Vosseler	+49 (0)711 810400 5540 +49 (0)30 8105800 5525 +49 (0)711 810400 5561 +49 (0)711 810400 5562 +43 (0)5 0100 85544 +49 (0)711 810400 5541 +49 (0)30 8105800 5521 +49 (0)30 8105800 5523 +43 (0)5 0100 85542 +49 (0)711 810400 5560
Poland Cezary Bernatek (Head) Piotr Bogusz Łukasz Jańczak Krzysztof Kawa Jakub Szkopek	+48 22 257 5751 +48 22 257 5755 +48 22 257 5754 +48 22 257 5752 +48 22 257 5753	Slovakia Šarlota Šipulová Monika Směliková	+421 2 4862 5619 +421 2 4862 5629
Romania Caius Rapanu	+40 3735 10441	Institutional Distribution CEE & Insti AM CZ Head: Antun Burić Jaromir Malak	+385 (0)7237 2439 +43 (0)5 0100 84254
Group Institutional & Retail Sales		Czech Republic Head: Ondřej Čech Milan Bartoš Jan Porvich	+420 2 2499 5577 +420 2 2499 5562 +420 2 2499 5566
Group Institutional Equity Sales Head: Michal Rizek	+420 224 995 537	Croatia Head: Antun Burić Zvonimir Tukač Natalija Zujic	+385 (0)7237 2439 +385 (0)7237 1787 +385 (0)7237 1638
Cash Equity Sales Werner Fuerst Viktoria Kubalcova Thomas Schneidhofer Oliver Schuster	+43 (0)5 0100 83121 +43 (0)5 0100 83124 +43 (0)5 0100 83120 +43 (0)5 0100 83119	Hungary Head: Peter Csizmadia Gábor Bálint Ádám Szönyi	+36 1 237 8211 +36 1 237 8205 +36 1 237 8213
Institutional Equity Sales Croatia Matija Tkalicanac	+385 72 37 21 14	Romania and Bulgaria Head: Octavian Florin Munteanu	+40 746128914
		Institutional Asset Management Czech Republic Head: Petr Holeček Petra Maděrová Martin Peřina David Petráček Blanca Weinerová Petr Valenta	+420 956 765 453 +420 956 765 178 +420 956 765 106 +420 956 765 809 +420 956 765 317 +420 956 765 140
		Group Fixed Income Securities Markets Head: Goran Hobljaj	+43 (0)50100 84403
		FISM Flow Head: Gorjan Hobljaj Margit Hraschek Bernd Thaler Ciprian Mitu Christian Kienesberger Zsuzsanna Toth	+43 (0)5 0100 84403 +43 (0)5 0100 84117 +43 (0)5 0100 84119 +43 (0)5 0100 85612 +43 (0)5 0100 84323 +36-1-237 8209
		Poland: Pawel Kielek Michal Jarmakowicz	+48 22 538 6223 +43 50100 85611

Company description

Kapsch TrafficCom is among the market leaders in Electronic Toll Collection (ETC) systems and the clear no.1 worldwide in Dedicated Short Range Communication (DSRC). KTC has an strong track record of winning 5 out of 11 nationwide ETC systems in Europe (SUI, AUT, CZE, POL, BLR) and supplies the worldwide biggest interoperable ETC system - the E-ZPass system in the USA. KTC's solutions combine an excellent performance rate & low operating costs. KTC always strives to be technologically independent.

Disclaimer

This investment research (the "Document") has been prepared by Erste Group Bank AG or any of its consolidated subsidiaries (together with consolidated subsidiaries "Erste Group") independently and objectively for the purpose of providing additional economical information about the analyzed company or companies. The Document is based on reasonable knowledge of Erste Group's analyst in charge of producing the Document as of the date thereof and may be amended from time to time without further notice. It only serves for the purpose of providing non-binding information and does not constitute investment advice or investment recommendations. This Document does not constitute or form part of, and should not be construed as, an offer, recommendation or invitation to subscribe for or purchase any securities, and neither this Document nor anything contained herein shall form the basis of or be relied on in connection with or act as an inducement to enter into any contract or inclusion of a security or financial product in a trading strategy. All information, analysis and conclusions provided herein are of general nature. This Document does not purport to provide a comprehensive overview about any investment, the potential risks and results nor does this Document take into account any individual needs of an investor (the "Investor") in relation to proceeds, tax aspects, risk awareness and appropriateness of the security or financial product. Therefore, this Document does not replace any investor- and investment-related evaluation nor any comprehensive risk disclosure; any security or financial product has a different risk level. Performance charts and example calculations do not provide any indication for future performance of the security or the financial product. Information about past performance does not necessarily guarantee a positive development in the future and investments in securities or financial products can be of risk and speculative nature. The weaker the Company's credit-worthiness is, the higher the risk of an investment will be. Not every investment is suitable for every investor. Therefore, Investors shall consult their advisors (in particular legal and tax advisors) prior to taking any investment decision to ensure that – irrespective of information provided herein – the intended purchase of the security or financial product is appropriate for the Investor's needs and intention, that the Investor has understood all risks and that, after due examination, the Investor has concluded to make the investment and is in a position to bear the economical outcome of such investment. Investors are advised to mind the client information pursuant to the Austrian Securities Supervision Act 2018. Investment research is produced by Erste Group's division for investment research within the framework provided by applicable laws. The opinions featured in the equity and credit research reports may vary. Investors in equities may pursue different interests compared to those of investors on the credit side, related to the same issuer. The analyst has no authority whatsoever to make any representation or warranty on behalf of the analyzed Company, Erste Group, or any other person. While all reasonable care has been taken to ensure that the facts stated herein are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, Erste Group (including its representatives and employees) neither expressly nor tacitly makes any guarantee as to or assumes any liability for the up-to-dateness, completeness and correctness of the content of this Document. Neither a company of Erste Group nor any of its respective managing directors, supervisory board members, executive board members, directors, officers or other employees shall be in any way liable for any costs, losses or damages (including subsequent damages, indirect damages and loss of profit) howsoever arising from the use of or reliance on this Document. Erste Group, associated companies as well as representatives and employees may, to the extent permitted by law, have a position in the securities of (or options, warrants or rights with respect to, or interest in the financial instruments or other securities of) the Company. Further, Erste Group, associated companies as well as representatives and employees may offer investment services to the Company or may take over management function in the Company. This Document has been produced in line with Austrian law and for the territory of Austria. Forwarding this Document as well as marketing of financial products described herein are restricted or interdicted in certain jurisdictions. This, in particular, applies to the United States, Canada, Switzerland, Australia, Korea and Japan. In particular, neither this Document nor any copy hereof may be taken or transmitted or distributed, directly or indirectly, into the United States or to US Persons (as defined in the U.S. Securities Act of 1933, as amended) unless applicable laws of the United States or certain federal states of the United States provide for applicable exemptions. Any failure to comply with these restrictions may constitute a violation of the laws of any such other jurisdiction. Persons receiving possession of this Document are obliged to inform themselves about any such restrictions and to adhere to them. By accepting this Document, the recipient agrees to be bound by the foregoing limitations and to adhere to applicable regulations. Further information may be provided by Erste Group upon request. This Document and information, analysis, comments and conclusions provided herein are copyrighted material. **Erste Group reserves the right to amend any opinion and information provided herein at any time and without prior notice. Erste Group further reserves the right not to update any information provided herein or to cease updates at all.** All information provided in this Document is non-binding. Misprints and printing errors reserved. This document is only made to or directed at investment professionals (as that term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial promotion) Order 2005 ("FPO")) or to persons for whom it would otherwise be lawful to distribute it. Accordingly, persons who do not have professional experience in matters relating to investments should not rely on this document.

If one of the clauses provided for in this disclaimer is found to be illicit, inapplicable or not enforceable, the clause has to be treated separately from other clauses provided for in this disclaimer to the largest extent possible. In any case, the illicit, inapplicable or not enforceable clause shall not affect the licitness, applicability or enforceability of any other clauses.

Important Disclosures

THIS DOCUMENT MAY NOT BE TAKEN, TRANSMITTED OR DISTRIBUTED INTO THE UNITED STATES, CANADA, SWITZERLAND, AUSTRALIA, KOREA OR JAPAN OR TO ANY U.S. PERSON OR TO ANY INDIVIDUAL OUTSIDE CANADA, AUSTRALIA, SWITZERLAND, KOREA OR JAPAN WHO IS A RESIDENT OF THE UNITED STATES, CANADA, SWITZERLAND, AUSTRALIA, KOREA OR JAPAN OR TO THE PRESS IN THESE COUNTRIES.

General disclosures

All recommendations given by Erste Group Research are independent, objective and are based on the latest company, industry and other general information publicly available which Erste Group Research considers being reliable; however, we do not represent or assume any liability for the completeness of accuracy of such information or our recommendation. The best possible care and integrity is used to avoid errors and/or misstatements. No influence on the rating and/or target price is being exerted by either the covered company or other internal departments of Erste Group. Each research drawn up by an analyst is reviewed by a senior research executive or agreed with a senior analyst/deputy (4-eyes-principle). Erste Group has implemented extensive Compliance Rules on personal account dealings of analysts (please see "Conflicts of Interest"). Analysts are not allowed to involve themselves in any paid activities with the covered companies except as disclosed otherwise. No part of their compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or views expressed by them contained in this document. Erste Group may engage in transactions with financial instruments, on a proprietary basis or otherwise, in a manner inconsistent with the view taken in this research report. In addition, others within Erste Group, including strategists and sales staff, may take a view that is inconsistent with that taken in this research report.

Conflicts of interest

Disclosures of potential conflicts of interest relating to Erste Group Bank AG, its affiliates or branches and its relevant representatives and employees with respect to the issuers, financial instruments and/or securities forming the subject of this document are updated daily.

An overview of conflicts of interest for all analysed companies by Erste Group in Research is provided under the following link:

[Disclosure \(erstegroup.com\)](https://produkte.erstegroup.com).

Erste Group Bank AG ensures with internal policies that conflicts of interest are managed in a fair and reasonable manner. The overview on policies regarding „Managing Conflicts of Interest in Connection with Investment Research“ is provided under the following link:

https://produkte.erstegroup.com/Retail/de/PDF/Umgang_mit_Interessenskonflikten/index.phtml.

The distribution of all recommendations and the distribution of recommendations in relation to which investment services have been provided is available under the following link:

https://produkte.erstegroup.com/Retail/de/PDF/Recommendations_Distribution/index.phtml.

Erste Group rating definitions

Buy	> +20% from target price
Accumulate	+10% < target price < +20%
Hold	0% < target price < +10%
Reduce	-10% < target price < 0%
Sell	< -10% from target price

Our target prices are established by determining the fair value of stocks, taking into account additional fundamental factors and news of relevance for the stock price (such as M&A activities, major forthcoming share deals, positive/negative share/sector sentiment, news) and refer to 12 months from now. All recommendations are to be understood relative to our current fundamental valuation of the stock. The recommendation does not indicate any relative performance of the stock vs. a regional or sector benchmark.

A history of all recommendations within the last 12 months is provided under the following link:

<https://www.erstegroup.com/en/research/research-legal>.

Explanation of valuation parameters and risk assessment

Unless otherwise stated in the text of the financial investment research, target prices in the publication are based on a discounted cash flow valuation and/or comparison of valuation ratios with companies seen by the analyst as comparable or a combination of the two methods. The result of this fundamental valuation is adjusted to reflect the analyst's views on the likely course of investor sentiment. Whichever valuation method is used there is a significant risk that the target price will not be achieved within the expected timeframe. Risk factors include unforeseen changes in competitive pressures or in the level of demand for the company's products. Such demand variations may result from changes in technology, in the overall level of economic activity or, in some cases, from changes in social values. Valuations may also be affected by changes in taxation, in exchange rates, in the capital market sentiment and in regulatory provisions. Investment in overseas markets and instruments such as ADRs can result in increased risk from factors such as exchange rates, exchange controls, taxation, political, economic and social conditions.

All market prices within this publication are closing prices of the previous trading day (unless otherwise mentioned within the publication).

Detailed information about the valuation and methodology of investment research by the Erste Group Bank AG is provided under the following link:

[Bewertungsmethoden \(erstegroup.com\)](https://www.erstegroup.com/Bewertungsmethoden)

Planned frequency of updates for recommendations

Target prices for individual stocks are meant to be 12 month target prices, starting from the date of the publication. Target prices and recommendations are reviewed usually upon release of quarterly reports, or whenever circumstances require.

Periodical publications are identified by their respective product name and indicate update frequency as such (e.g. Quarterly). Recommendations mentioned within these publications are updated in an according frequency, unless otherwise mentioned (e.g. a 12M TP is not updated on a monthly base, even when mentioned in summarizing monthly/quarterly product).

Links

Erste Group may provide hyperlinks to websites of entities mentioned in this document, however the inclusion of a link does not imply that Erste Group endorses, recommends or approves any material on the linked page or accessible from it. Erste Group does not accept responsibility whatsoever for any such material, including in particular the completeness and accuracy, nor for any consequences of its use.

Additional notes to readers in the following countries:

Austria: Erste Group Bank AG is registered in the Commercial Register at Commercial Court Vienna under the number FN 33209m. Erste Group Bank AG is authorized and regulated by the European Central Bank (ECB) (Sonnenmannstraße 20, D-60314 Frankfurt am Main, Germany) and by the Austrian "Finanzmarktaufsichtsbehörde" (FMA) (Otto-Wagner Platz 5, A-1090, Vienna, Austria).

Germany: Erste Group Bank AG is authorised for the conduct of investment business in Germany by the Austrian Financial Market Authority (FMA) and subject to limited regulation by the German Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

United Kingdom: Erste Group Bank AG will provide its cross-border service to its UK clients under the Overseas Persons Exemption (OPE) model. This research is only made to or directed at investment professionals (as that term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial promotion) Order 2005 ("FPO")) or to persons for whom it would otherwise be lawful to distribute it. Accordingly, persons who do not have professional experience in matters relating to investments should not rely on this research.

Czech Republic: Česká spořitelna, a.s. is regulated for the conduct of investment activities in Czech Republic by the "Česká Národní Banka" (CNB).

Croatia: Erste Bank Croatia is regulated for the conduct of investment activities in Croatia by the "Hrvatska Agencija za Nadzor Financijskih Usluga" (HANFA).

Hungary: Erste Bank Hungary ZRT. and Erste Investment Befektetési Zrt. are regulated for the conduct of investment activities in Hungary by the Magyar Nemzeti Bank" (MNB).

Serbia: Erste Group Bank AG is regulated for the conduct of investment activities in Serbia by the Komisija za hartije od vrednosti Republike Srbije (SCRS).

Romania: Banka Comerciala Romana is regulated for the conduct of investment activities in Romania by the "Autoritatea de Supraveghere Financiară" (ASF).

Poland: Erste Securities Polska S.A. is regulated for the conduct of investment activities in Poland by the "Komisja Nadzoru Finansowego" (KNF).

Slovakia: Slovenská sporiteľňa, a.s. is regulated for the conduct of investment activities in Slovakia by the "Národná banka Slovenska" (NBS).

Switzerland: This research report does not constitute a prospectus or similar communication in connection with an offering or listing of securities as defined in Articles 652a, 752 and 1156 of the Swiss Code of Obligation and the listing rules of the SIX Swiss Exchange.

Hong Kong: This document may only be received in Hong Kong by 'professional investors' within the meaning of Schedule 1 of the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made there under.

Great Britain: This document is only made to or directed at investment professionals (as that term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial promotion) Order 2005 ("FPO")) or to persons for whom it would otherwise be lawful to distribute it. Accordingly, persons who do not have professional experience in matters relating to investments should not rely on this document.

© Erste Group Bank AG 2023. All rights reserved.

Published by:

Erste Group Bank AG
Group Research
1100 Vienna, Austria, Am Belvedere 1
Head Office: Wien
Commercial Register No: FN 33209m
Commercial Court of Vienna
Erste Group Homepage: www.erstegroup.com