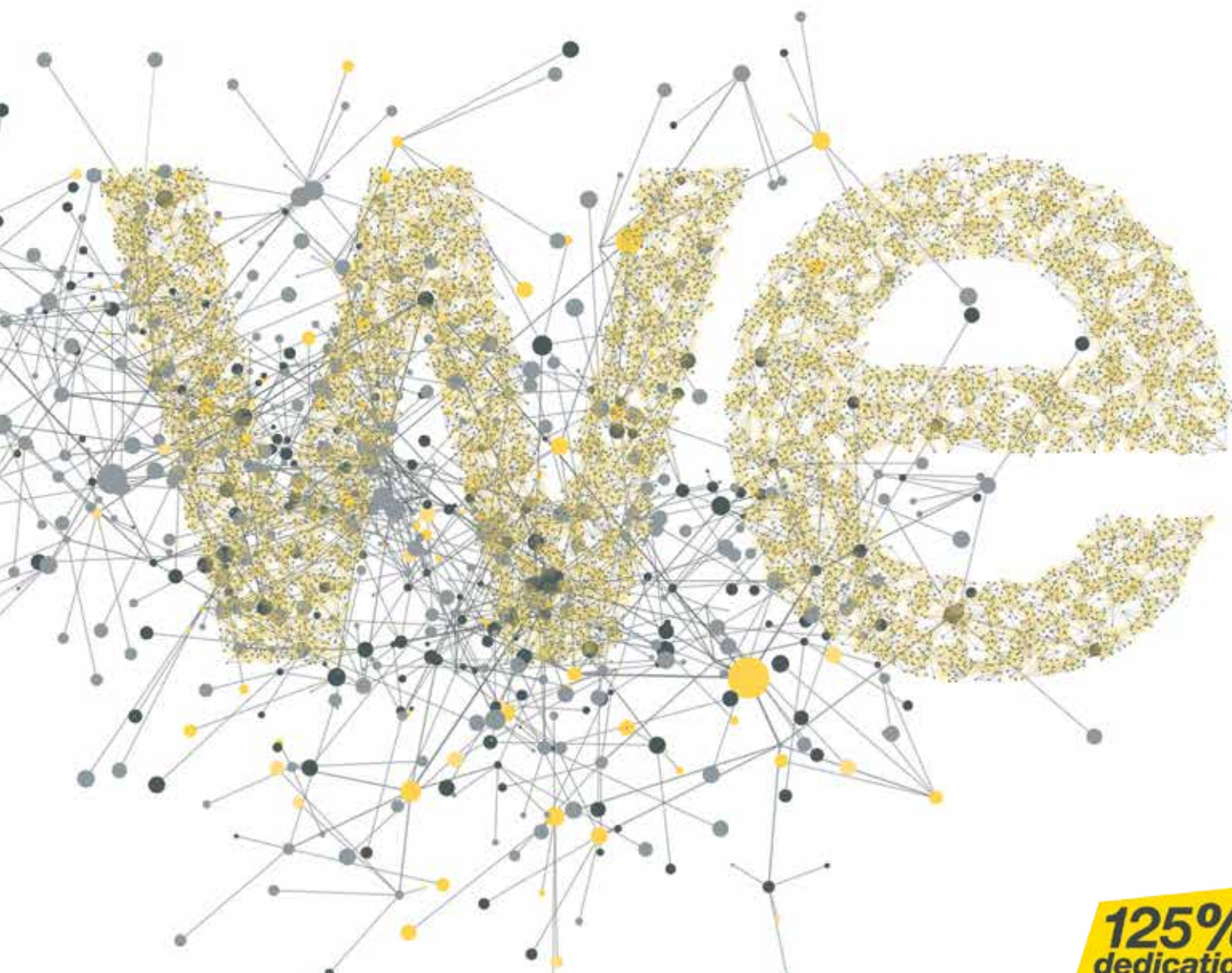


Kapsch TrafficCom

# Report on the first quarter of 2017/18.



**125%**  
dedication

125 years of Kapsch

# Selected Key Data.

2017/18 and 2016/17: Refers to the respective fiscal year (April 1 – March 31)

Q1: first quarter (April 1 – June 30)

All figures presented in EUR million unless otherwise stated

<b>Earnings Data</b>	<b>2016/17</b>	<b>Q1 2016/17</b>	<b>Q1 2017/18</b>	<b>+/-</b>
Revenues	648.5	152.3	164.3	7.9%
Share of ETC segment	72.2%	73.8%	75.1%	1.3%p
Share of IMS segment	27.8%	26.2%	24.9%	-1.3%p
EBITDA	77.8	21.8	15.7	-27.7%
EBITDA margin	12.0%	14.3%	9.6%	-4.7%p
EBIT	60.1	17.6	11.7	-33.4%
EBIT margin	9.3%	11.6%	7.1%	-4.4%p
Profit before tax	60.6	17.3	9.3	-46.6%
Profit for the period	42.7	12.4	6.6	-46.7%
Profit for the period attributable to equity holders	43.6	12.7	6.8	-46.2%
Earnings per share in EUR	3.35	0.97	0.52	-46.2%
<b>Business segments</b>	<b>2016/17</b>	<b>Q1 2016/17</b>	<b>Q1 2017/18</b>	<b>+/-</b>
Electronic Toll Collection (ETC)				
Revenues	468.4	112.4	123.4	9.7%
EBIT	65.5	18.1	14.6	-19.3%
EBIT margin	14.0%	16.1%	11.9%	-4.3%p
Intelligent Mobility Solutions (IMS)				
Revenues	180.0	39.8	40.9	2.7%
EBIT	-5.4	-0.5	-2.9	-440.6%
EBIT margin	-3.0%	-1.4%	-7.1%	-5.8%p
<b>Revenues by region</b>	<b>2016/17</b>	<b>Q1 2016/17</b>	<b>Q1 2017/18</b>	<b>+/-</b>
EMEA	62.9%	66.0%	64.9%	-1.2%p
Americas	30.1%	26.0%	29.6%	3.6%p
APAC	7.0%	8.0%	5.5%	-2.5%p
<b>Balance sheet data</b>	<b>March 31, 2017</b>		<b>June 30, 2017</b>	<b>+/-</b>
Total assets	648.8		643.0	-0.9%
Total equity <sup>1)</sup>	227.3		232.6	2.3%
Equity ratio <sup>1)</sup>	35.0%		36.2%	1.1%p
Net credit (+)/debt (-) <sup>2)</sup>	19.6		13.4	-31.5%
Gearing <sup>3)</sup>	—		—	
Capital employed <sup>4)</sup>	422.7		427.1	1.0%
Net working capital <sup>5)</sup>	247.9		256.5	3.4%
<b>Cash flow</b>	<b>2016/17</b>	<b>Q1 2016/17</b>	<b>Q1 2017/18</b>	<b>+/-</b>
Net investments <sup>6)</sup>	12.3	6.5	1.3	-79.8%
Free cash flow <sup>7)</sup>	42.6	13.9	-4.3	-130.7%
<b>Other information</b>	<b>2016/17</b>	<b>Q1 2016/17</b>	<b>Q1 2017/18</b>	<b>+/-</b>
Employees, end of period	4,823	4,659	4,829	3.6%
On-board units, in million units	11.67	2.84	2.94	3.5%

<sup>1)</sup> Incl. non-controlling interests

<sup>2)</sup> Cash and cash equivalents + other current financial assets - financial liabilities

<sup>3)</sup> Net debt/equity

<sup>4)</sup> Total equity + financial liabilities

<sup>5)</sup> Inventories + current tax receivables + trade receivables - trade payables - current tax payables

<sup>6)</sup> Investments for purchase and payments from the disposal of property, plant and equipment and intangible assets

<sup>7)</sup> Net cash flow from operating activities - net investments

# Highlights Q1 2017/18.

## Revenue growth continued, profitability under pressure.

- > Revenues: EUR 164.3 million (+7.9%)
- > EBIT: EUR 11.7 million (-33.4%)
- > Earnings per share: EUR 0.52 (-46.2%)
- > Net credit: EUR 13.4 million (March 31, 2017: EUR 19.6 million)

## Reasons for EBIT decline.

- > The prices were lowered in the context of the extension of the tolling project in the Czech Republic.
- > U.S.A.: Synergy effects not yet fully realized after integration of KTT.
- > Negative operating currency effects.
- > EBIT in Q1 2016/17 contained a positive one-time effect in the amount of EUR 3.0 million.

## Challenge this year of achieving the EBIT of the previous year.

## 17.1% of the shares in the South African TMT handed over in order to implement an “Employee Participation Scheme Trust”.

- > Increase the motivation of the local colleagues.
- > Improving the competitiveness of the company within the framework of the BBBEE assessment.

## Activities for securing the core business.

- > The new tendering process for an eight-year contract in Poland already began at the end of 2016.
- > In the Czech Republic, the new tendering of a ten-year contract was announced before summer.
- > On both markets, Kapsch TrafficCom will be striving to be granted a new award.

## Large new business opportunities are being evaluated or already worked on.

## Significant events after the end of the quarter.

- > Takeover of the remaining 67% of Mexican ITS company SIMEX.



# Letter from the CEO.

**Dear Shareholders,**

**Mixed results:**

- > Revenues +7.9%
- > EBIT -33.4%

Kapsch TrafficCom has had to accept a so-so start in the new fiscal year. On the one hand, we were able to continue our growth course and increase revenues by 7.9% to EUR 164.3 million. On the other hand, we recorded a decline in operating result (EBIT) of EUR 5.9 million (-33.4%) down to EUR 11.7 million. There were several reasons for this:

- > In the course of extending the tolling project in the Czech Republic, it was necessary for us to lower the prices. The aim is to offset the resulting decline in profits through profitable new business during the next quarters.
- > After the integration of the transportation business acquired from Schneider Electric, the synergies were not yet fully realized in the US.
- > Negative currency effects – mainly from the currency combinations EUR/USD and EUR/ZAR – placed a burden of EUR 3.8 million on the EBIT, i.e. EUR 2.5 million more than in the same period of the previous year.
- > Moreover, the EBIT contained a positive one-time effect in the amount of EUR 3.0 million in the first quarter of 2016/17.

**Fiscal year 2017/18:  
Achieving last year's EBIT will  
be a challenge.**

When adjusted by the last two points – i.e. the known one-time effect and the effects of exchange rate fluctuations, which can only be influenced to a limited extent – we have nearly achieved a stable EBIT development in the normal course of business. Nevertheless, I had been hoping for a better result. Based on this first quarter, I believe it will be a challenge in 2017/18 to achieve the EBIT that we had in the last fiscal year. This is all the more so if the effects of exchange rate fluctuations will continue to work against us.

**Strategy is being advanced.**

However, I am still confident. During this first quarter, important foundations for our continued success were laid that are in harmony with our strategy.

**Sustainability.**

In our South African subsidiary TMT, 17.1% of the shares were handed over indirectly to a trust, and – linked to this – an “Employee Participation Scheme Trust” was introduced that enables all group employees in South Africa to voluntarily participate in TMT's company success. The goal of this measure was to increase both the motivation of the local colleagues as well as the competitiveness of the company within the context of the BBBEE assessment (Broad-Based Black Economic Empowerment: a program in South Africa to achieve equal economic opportunities for previously disadvantaged citizens).

**Growth.**

In Poland and the Czech Republic, we installed and are currently operating the nation-wide truck tolling system. The new tendering process for an eight-year contract in Poland began already at the end of 2016. In the Czech Republic, the new tendering for a ten-year contract was announced before summer. We will be striving to be awarded the new contract in both markets.

**Securing the core business  
in Poland and the Czech  
Republic.**

**Expanding the core business.**

Moreover, there is a series of large new business opportunities that our teams are looking at or are already working on intensively. As an example, I would like to mention the still ongoing tendering process in Bulgaria for setting up a nation-wide truck tolling system (eVignette) and technical maintenance for three additional years. In Germany and the US, opportunities have come up that we will hopefully be able to report on within the next twelve months.

**Growth through M&A.**

At this point, I am happy to announce that, following the quarterly closing date, we have taken over the remaining 67% of Mexican intelligent transportation systems (ITS) company SIMEX. Kapsch TrafficCom was already in possession of 33% of the company since 2012. With more than 30 years on the market and 255 employees, SIMEX is an important player in the Mexican ITS market.

**Net credit:  
EUR 13.4 million.**

**Solid Balance Sheet.**

The free cash flow of the first quarter was negative at EUR -4,3 million. Consequently, the net credit of EUR 19.6 million on March 31, 2017, also sank to a still rock-solid EUR 13.4 million on June 30, 2017. In the same period, the equity ratio rose from 35.0% to 36.2%.

Even though the results of the first quarter of 2017/18 were not satisfactory from my point of view, I am convinced that we are on the right path. Potential improvements have been recognized and are being implemented. And promising new business opportunities are being processed by our teams with their full commitment.

Sincerely,

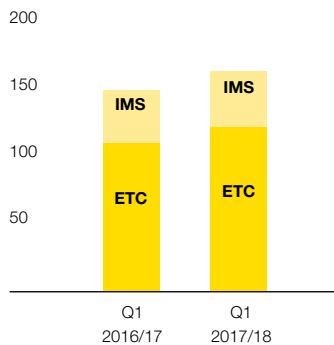


Georg Kapsch  
Chief Executive Officer

# Analysis of the Results and Balance Sheet Q1 2017/18.

## Revenues and earnings.

**Revenues by segment.**  
(in EUR million)



In the first quarter of the current fiscal year 2017/18, revenues of Kapsch TrafficCom amounted to EUR 164.3 million and as such were 7.9% higher than in the equivalent period of the previous year (Q1 2016/17: EUR 152.3 million). Fortunately, both the Electronic Toll Collection (ETC) and the Intelligent Mobility Solutions (IMS) segments recorded an increase in revenues.

The EMEA region (Europe, the Middle East and Africa) generated 64.9% of the overall revenues. The Americas region (North and South America) experienced growth primarily as a result of the acquisition of the KTT business in the previous year, generating 29.6% of the Group's revenues. The APAC region (Asia-Pacific) contributed 5.5% towards the overall total.

The operating result (EBIT), at EUR 11.7 million, was below the previous year's figure of EUR 17.6 million. This corresponds to an EBIT margin of 7.1% (Q1 2016/17: 11.6%). Negative currency effects, primarily from the EUR/USD and EUR/ZAR currency bundles, impacted the EBIT in the amount of EUR -3.8 million compared to EUR -1.4 million in the equivalent period of the previous year. In the first quarter 2016/17, a onetime effect ("badwill") had a positive effect in the amount of EUR 3.0 million (the difference between the purchase price for KTT and the value of the acquired net assets, on the basis of a purchase price allocation).

The financial result deteriorated from EUR -0.3 million to EUR -2.3 million in the first quarter of the current fiscal year compared to the previous year. This was mainly due to higher currency losses and lower currency gains of EUR -1.5 million in total. The currency differences are mainly due to the South African rand (ZAR) and the US dollar (USD) compared to the euro (EUR).

The profit for the period in the first quarter 2017/18 amounted to EUR 6.6 million (first quarter 2016/17: EUR 12.4 million). This reduction of -46.7% compared to the same period of the previous year is due to the lower EBIT as well as the worse financial results.

The segments' performance in the first quarter was as follows:

**ETC revenues:**  
**EUR 123.4 million (+9.7%).**

### Electronic Toll Collection (ETC).

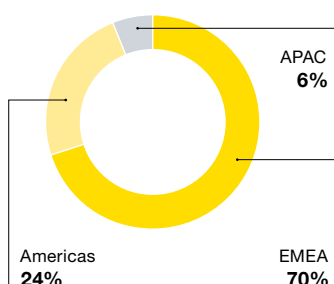
The largest share of the revenues (EUR 86.0 million, Q1 2016/17: EUR 75.9 million) was once more attributable to the EMEA region with the nationwide road toll collection projects in the Czech Republic, Poland, Belarus and Austria. Additionally, the volume of design & build projects significantly increased compared to the equivalent period of the previous year, in particular through expansion and renewal projects in Poland and Austria.

Revenues in the Americas region increased over the first quarter to EUR 29.9 million (Q1 2016/17: EUR 26.0 million), with this positive development primarily being attributable to the US projects previously acquired in conjunction with KTT. The volume of design & build projects rose compared to the equivalent period of the previous year.

In the APAC region, revenues declined (EUR -3.0 million) during the equivalent period of the previous year, mainly due to the comparatively high level of revenues generated due to construction projects in Australia in the last fiscal year.

The number of on-board units sold in the first quarter of the fiscal year amounted to 2.94 million (Q1 2016/17: 2.84 million units). Increases were recorded above all in the US, Australia, Morocco and Norway, while the sales figures of Spain, Russia and Chile fell as compared to the equivalent period of the previous year. Overall, revenues of on-board units increased compared to the first quarter of the previous year (+3.5%).

**ETC revenues by region.**



The breakdown of the revenues generated by this segment according to business type is as follows:

in EUR million	Q1 2016/17	Q1 2017/18	+/-
<b>Revenue</b>	<b>112.4</b>	<b>123.4</b>	<b>9.7%</b>
Design & Build	19.8	27.1	37.2%
Operations	68.7	69.8	1.7%
Components	24.0	26.4	10.1%
<b>EBIT</b>	<b>18.1</b>	<b>14.6</b>	<b>-19.3%</b>

**ETC-EBIT:**  
**EUR 14.6 million (-19.3%).**

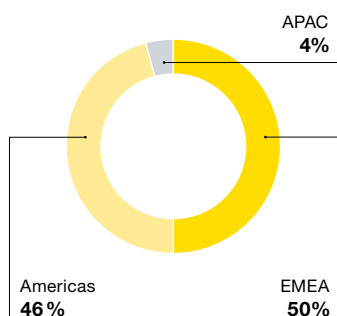
The EBIT of the ETC segment decreased by -19.3% from the comparative period and reached a value of EUR 14.6 million. In particular, other operating income decreased by EUR -6.0 million compared to the equivalent period of the previous year, which included proceeds from a legal dispute in the amount of EUR 1.5 million in the previous year and a badwill of EUR 0.9 million. Cost of materials and other production services, staff costs and other operating expenses increased in the first quarter of fiscal year 2017/18 to the comparable period, reflecting higher sales.

**IMS revenues:**  
**EUR 40.9 million (+2.7%).**

### Intelligent Mobility Solutions (IMS).

The revenues generated by the IMS segment increased slightly to EUR 40.9 million (Q1 2016/17: EUR 39.8 million, +2.7%). While revenues in the EMEA region decreased (-16.5%), revenues in the Americas region rose sharply (+37.7%). Revenues in the APAC region remained at the previous year's level.

**IMS revenues by region.**



The breakdown of the revenues generated by this segment according to business type is as follows:

in EUR million	Q1 2016/17	Q1 2017/18	+/-
<b>Revenue</b>	<b>39.8</b>	<b>40.9</b>	<b>2.7%</b>
Design & Build	14.6	18.6	27.0%
Operations	22.3	20.1	-9.9%
Components	2.9	2.2	-23.3%
<b>EBIT</b>	<b>-0.5</b>	<b>-2.9</b>	<b>-440.6%</b>

**IMS-EBIT:**  
**EUR -2.9 million (-440.6%).**

The EBIT in the IMS segment amounted to EUR -2.9 million and was well below the previous year's figure (Q1 2016/17: EUR -0.5 million). In particular, the negative results in South Africa and from the smart parking business in the US impact the profitability of the segment. In the previous year, the badwill from the KTT acquisition had a positive effect of EUR 2.1 million on the segment. Cost of materials and other production services, staff costs and other operating expenses increased in the first quarter of fiscal year 2017/18 to the comparable period, reflecting higher sales.

### Financial position.

The total assets of Kapsch TrafficCom amounted to EUR 643.0 million as of the balance sheet date, June 30, 2017 (March 31, 2017: EUR 648.8 million).

The item "trade receivables and other current assets" increased by EUR +4.6 million, mainly due to higher receivables from orders in progress in Austria and the Czech Republic. The increase in trade receivables in Poland and South Africa more than compensated for the decline in Belarus. The item "cash and cash equivalents" deteriorated (EUR -6.5 million) and the positions of "property, plant and equipment" and "intangible assets" (EUR -3.6 million) declined slightly due to lower investments.

On the liabilities side of the balance sheet, "current provisions" fell by EUR 4.0 million as well as "other non-current liabilities" by EUR 4.1 million. "Trade payables" declined slightly (EUR -3.5 million). On the other hand, "equity" rose to EUR 232.6 million (EUR +5.3 million) according to the "total comprehensive income for the period" (EUR 5.3 million). The equity ratio also increased from 35.0% in the first quarter of the previous year to 36.2% in the first quarter of 2017/18.

Net working capital increased from EUR 247.9 million as at March 31, 2017 to EUR 256.5 million as at June 30, 2017. "Current tax payables" were now included in the calculation of the net working capital in line with "current tax receivables".

Net credit provided by cash and cash equivalents plus other current financial assets and less financial liabilities, amounted to EUR 13.4 million as at June 30, 2017 (EUR -6.2 million compared to March 31, 2017).

### **Cash flow.**

Net cash flow from operating activities in the first quarter of the fiscal year amounted to EUR -3.0 million (first quarter 2016/17: EUR 20.4 million). The decline compared to the previous year is due to the lower results in the reporting period (EUR -5.9 million) and the increase in "trade receivables and other current assets" (EUR 4.6 million) as well as the decline in "current provisions" (EUR 4.0 million). "Net payments of income taxes" also rose by EUR 7.0 million compared to the previous year.

Net cash flow from investing activities amounted to EUR -1.3 million in the first quarter of 2017/18, which is significantly more positive than in the first quarter of 2016/17. In the equivalent period of the previous year, net cash flow from investing activities amounted to EUR -25.4 million, while EUR -16.6 million were attributable to the acquisitions of the first quarter. As a result of the acquisition and integration of KTT, net investments in property, plant and equipment and intangible assets of EUR -7.2 million were above the value of the current fiscal year.

Free cash flow (net cash flow from operating activities minus net investments) was negative at EUR -4.3 million and was well below the previous year's figure of EUR 13.9 million, mainly due to the development of the result, the increase in receivables as well as the decrease in provisions and higher tax payments. The lower investments on the other hand relieve the free cash flow.

Net cash flow from financing activities as at June 30, 2017 amounted to EUR 0.4 million. In the previous year this position was influenced by the achieved funds from the issuance of the promissory note bond. In the first quarter of the previous year, net cash flow from financing activities amounted to EUR 55.5 million, which included a paid purchase price component for the remaining shares in the Czech Kapsch Telematic Services (EUR -14.0 million) in addition to the issuance of the promissory note bond.

Cash and cash equivalents amounted to EUR 204.8 million as of June 30, 2017 (March 31, 2017: EUR 211.3 million).

### **Events occurring after June 30, 2017.**

On July 18, 2017, Kapsch TrafficCom AG purchased the remaining 67% of the Mexican company SIMEX Integración de Sistemas S.A.P.I. De C.V., Mexico. Up to now, Kapsch TrafficCom held 33% of the shares and recorded the company as an associated company using the equity method. The purchase price for the remaining 67% of the shares was MXN 43 million (approximately EUR 2.1 million).

Vienna, August 30, 2017

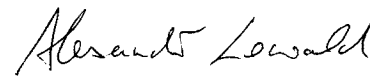
The Executive Board



Mag. Georg Kapsch  
Chief Executive Officer



André Laux  
Executive Board member



Dr.-Ing. Alexander Lewald  
Executive Board member



# Condensed Consolidated Interim Financial Information

as of June 30, 2017\*)

## Kapsch TrafficCom – Consolidated statement of comprehensive income.

All amounts in TEUR	Note	Q1 2016/17	Q1 2017/18
Revenues	(6)	152,259	164,260
Other operating income		9,219	1,292
Changes in finished and unfinished goods and work in progress		1,053	326
Other own work capitalized		439	141
Cost of materials and other production services		-59,603	-58,464
Staff costs		-53,531	-59,922
Amortization and depreciation		-4,179	-4,024
Other operating expenses	(7)	-28,054	-31,893
<b>Operating result</b>		<b>17,604</b>	<b>11,717</b>
Finance income		2,605	1,043
Finance costs		-2,930	-3,377
<b>Financial result</b>		<b>-324</b>	<b>-2,334</b>
Results from associates and joint ventures	(11)	57	-124
<b>Result before income taxes</b>		<b>17,337</b>	<b>9,259</b>
Income taxes	(8)	-4,918	-2,644
<b>Result for the period</b>		<b>12,419</b>	<b>6,615</b>
<b>Result attributable to:</b>			
Equity holders of the company		12,663	6,815
Non-controlling interests		-244	-200
		<b>12,419</b>	<b>6,615</b>
<b>Earnings per share from the result for the period attributable to the equity holders of the company (in EUR)</b>			
diluted		0.97	0.52
undiluted		0.97	0.52
<b>Other comprehensive income</b>			
<b>Items subsequently be reclassified to the result for the period:</b>			
Currency translation differences		-526	798
Currency translation differences from net investments in foreign operations		1,044	-2,833
Available-for-sale financial assets:			
Fair value gains/losses recognized in other comprehensive income		-773	-20
Reclassification of cumulated net losses to the result for the period (impairment)		773	-0
Fair value adjustments of cash flow hedges		0	50
Income tax relating to items subsequently reclassified to the result for the period		-276	713
<b>Total items subsequently be reclassified to the result for the period</b>		<b>-564</b>	<b>-1,292</b>
<b>Items subsequently not be reclassified to the result for the period:</b>			
Remeasurements of liabilities from post-employment benefits		0	0
Income tax relating to items subsequently reclassified to the result for the period		0	0
<b>Total items subsequently not be reclassified to the result for the period</b>		<b>0</b>	<b>0</b>
<b>Other comprehensive income for the period net of tax</b>	(9)	<b>-564</b>	<b>-1,292</b>
<b>Total comprehensive income for the period</b>		<b>11,855</b>	<b>5,323</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the company		12,182	5,471
Non-controlling interests		-327	-148
		<b>11,855</b>	<b>5,323</b>

Earnings per share relate to 13.0 million shares.

The notes on the following pages form an integral part of this interim financial information.

\*) The condensed consolidated interim report has neither been audited nor been reviewed by an auditor.

## Kapsch TrafficCom – Consolidated balance sheet.

All amounts in TEUR	Note	March 31, 2017	June 30, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(10)	23,141	21,498
Intangible assets	(10)	71,985	70,067
Interests in associates and joint ventures	(11)	2,131	1,932
Other non-current financial assets and investments	(12)	18,364	18,157
Other non-current assets		611	896
Deferred tax assets		11,938	11,930
		<b>128,169</b>	<b>124,480</b>
<b>Current assets</b>			
Inventories		39,255	39,495
Current tax receivables		4,490	4,672
Trade receivables and other current assets		261,935	266,538
Other current financial assets	(12)	3,638	3,039
Cash and cash equivalents		211,299	204,788
		<b>520,616</b>	<b>518,532</b>
<b>Total assets</b>		<b>648,785</b>	<b>643,012</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the company</b>			
Share capital	(13)	13,000	13,000
Capital reserve		117,509	117,509
Retained earnings and other reserves		97,849	103,678
		<b>228,358</b>	<b>234,186</b>
<b>Non-controlling interests</b>		<b>-1,052</b>	<b>-1,557</b>
<b>Total equity</b>		<b>227,306</b>	<b>232,630</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current financial liabilities	(14)	97,482	96,637
Liabilities from post-employment benefits to employees	(15)	23,946	23,697
Non-current provisions	(16)	9,993	9,582
Other non-current liabilities		10,536	6,400
Deferred tax liabilities		2,745	2,836
		<b>144,702</b>	<b>139,153</b>
<b>Current liabilities</b>			
Trade payables		55,950	52,439
Other liabilities and deferred income		103,478	105,520
Current tax payables		1,807	1,813
Current financial liabilities	(14)	97,902	97,803
Current provisions	(16)	17,640	13,655
		<b>276,778</b>	<b>271,230</b>
<b>Total liabilities</b>		<b>421,479</b>	<b>410,382</b>
<b>Total equity and liabilities</b>		<b>648,785</b>	<b>643,012</b>

The notes on the following pages form an integral part of this interim financial information.

## Kapsch TrafficCom – Consolidated statement of changes in equity.

All amounts in TEUR	Attributable to equity holder of the company				Non-controlling interests	Total equity
	Share capital	Capital reserve	Other reserves	Consolidated retained earnings		
<b>Carrying amount as of March 31, 2016</b>	<b>13,000</b>	<b>117,509</b>	<b>-21,887</b>	<b>114,225</b>	<b>7,811</b>	<b>230,658</b>
Effects from increase in shares of subsidiaries			-13,062		-8,772	-21,834
Dividend				0	0	0
Result for the period				12,663	-244	12,419
Other comprehensive income for the period:						
Currency translation differences			266		-9	257
Fair value gains/losses on available-for-sale financial assets			-821			-821
<b>Carrying amount as of June 30, 2016</b>	<b>13,000</b>	<b>117,509</b>	<b>-35,504</b>	<b>126,888</b>	<b>-1,213</b>	<b>220,679</b>
<b>Carrying amount as of March 31, 2017</b>	<b>13,000</b>	<b>117,509</b>	<b>-40,486</b>	<b>138,335</b>	<b>-1,052</b>	<b>227,306</b>
Effects from decrease in shares of subsidiaries				357	-357	0
Dividend						0
Result for the period				6,815	-200	6,615
Other comprehensive income for the period:						
Currency translation differences			-1,379		52	-1,327
Fair value gains/losses on available-for-sale financial assets			-15			-15
Fair value adjustments of cash flow hedges			50			50
<b>Carrying amount as of June 30, 2017</b>	<b>13,000</b>	<b>117,509</b>	<b>-41,830</b>	<b>145,508</b>	<b>-1,557</b>	<b>232,630</b>

The effects from the decrease of shares in subsidiaries in the first quarter of the fiscal year 2017/18 relate to TMT Services and Supplies (Pty) Ltd., South Africa, MobiServe Pty Ltd., South Africa, as well as to Electronic Toll Collection (PTY) Ltd, South Africa. A total of 17.1% of the shares of TMT Services and Supplies (Pty) Ltd., South Africa, was distributed indirectly via MobiServe Pty Ltd., South Africa, to an "Employee Participation Scheme Trust", in which all group employees in South Africa on a voluntary basis can participate in the company success of the TMT. This measure aimed at increasing the motivation of the employees as well as the competitiveness of the company within the framework of the BBBEE evaluation in South Africa. This indirectly also reduced the share of Electronic Toll Collection (PTY) Ltd, South Africa.

The effects from increase in shares of subsidiaries in the first quarter of the fiscal year 2016/17 result from the acquisition of the remaining 48% in Kapsch Telematic Services spol. s r.o., Czech Republic.

## Kapsch TrafficCom – Consolidated cash flow statement.

All amounts in TEUR	Note	Q1 2016/17	Q1 2017/18
<b>Cash flow from operating activities</b>			
Operating result		17,604	11,717
Adjustments for non-cash items and other reconciliations:			
Scheduled depreciation and amortization		4,179	4,024
Increase/decrease in obligations for post-employment benefits		76	-249
Increase/decrease in other non-current liabilities and provisions		-4,822	-1,069
Increase/decrease in other non-current receivables and assets		-2,335	-300
Increase/decrease in trade receivables (non-current)		9,478	319
Increase/decrease in trade payables (non-current)		-99	-100
Other (net)		823	-885
		<b>24,905</b>	<b>13,456</b>
Changes in net current assets:			
Increase/decrease in trade receivables and other assets		-4,708	-3,920
Increase/decrease in inventories		-1,557	-240
Increase/decrease in trade payables and other current payables		2,422	1,308
Increase/decrease in current provisions		767	-3,986
		<b>-3,076</b>	<b>-6,838</b>
<b>Cash flow from operations</b>		<b>21,829</b>	<b>6,618</b>
Interest received		823	209
Interest payments		-1,123	-1,577
Net payments of income taxes		-1,175	-8,209
<b>Net cash flow from operating activities</b>		<b>20,354</b>	<b>-2,960</b>
<b>Cash flow from investment activities</b>			
Purchase of property, plant and equipment		-1,046	-1,102
Purchase of intangible assets		-6,225	-248
Purchase of securities, investments and other non-current financial assets	(12)	-2,419	-39
Payments for the acquisition of entities (less cash and cash equivalents of these entities)		-16,554	0
Proceeds from the disposal of property, plant and equipment and intangible assets		803	46
Proceeds from the disposal of securities and other financial assets		0	0
<b>Net cash flow from investment activities</b>		<b>-25,441</b>	<b>-1,343</b>
<b>Cash flow from financing activities</b>			
Dividends paid to parent company's shareholders		0	0
Dividends paid to non-controlling interests		0	0
Payments for the acquisition of non-controlling interests		-14,000	-750
Increase in non-current financial liabilities	(14)	75,376	8
Increase in current financial liabilities	(14)	205	2,091
Decrease in current financial liabilities	(14)	-6,054	-962
<b>Net cash flow from financing activities</b>		<b>55,527</b>	<b>388</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>50,440</b>	<b>-3,915</b>
<b>Change in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year		140,782	211,299
Net increase/decrease in cash and cash equivalents		50,440	-3,915
Exchange gains/losses on cash and cash equivalents		309	-2,596
<b>Cash and cash equivalents at the end of the period</b>		<b>191,531</b>	<b>204,788</b>

The notes on the following pages form an integral part of this interim financial information.

# Selected Notes to the Condensed Consolidated Interim Financial Information.

## 1 General information.

Kapsch TrafficCom, headquartered in Austria, is a global supplier of superior Intelligent Transportation Systems (ITS).

The Group operates in 2 segments:

- > Electronic Toll Collection (ETC)
- > Intelligent Mobility Solutions (IMS)

The **ETC** segment comprises activities relating to the installation and the technical and commercial operation of toll collection systems. Projects are generally awarded by public agencies or private concessionaires in the context of tender procedures. Toll collection systems may comprise both individual road sections and nationwide road networks. The manufacture and procurement of components both for the expansion and adaptation of the systems installed by Kapsch TrafficCom and on behalf of third parties complete the portfolio of ETC services offered by Kapsch TrafficCom.

The **IMS** segment comprises activities relating to the installation and the technical and commercial operation of systems for traffic monitoring, traffic control and traffic safety. Projects for the monitoring of utility vehicles and for electronic vehicle registration, as well as intelligent parking solutions and systems for intermodal mobility (networked modes of transport), are also allocated to this segment, as are systems and services for operational surveillance of public transportation and environmental installations. Components-related business also rounds off the range of IMS services offered by Kapsch TrafficCom.

## 2 Basis of preparation.

This condensed interim financial information for the quarter ended June 30, 2017 has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the IASB, as adopted by the EU, according to IAS 34 Interim Financial Statements, and should only be read in conjunction with the annual financial statements for the year ended March 31, 2017.

The interim report was neither subject to an audit nor to a review by an auditor.

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

## 3 Accounting policies.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended March 31, 2017, and described therein.

In the condensed interim financial information for the first quarter of the current fiscal year 2017/18 the following new or amended IFRS and IFRIC have been adopted:

	<b>New/adopted IFRS</b>	<b>Published by the IASB and adopted by the EU</b>	<b>Applicable to financial years beginning on or after</b>	<b>Material impact on group's consolidated financial statement</b>
IAS 12	Income Tax (Amended by Recognition of Deferred Tax Assets for Unrealised Losses)	January 2016	January 1, 2017	none
IAS 7	Cash Flow (Amendment)	January 2016	January 1, 2017	none
IFRS 12	Annual improvement to IFRS (Cycle 2014-2016): Disclosure of Interests in Other Entities (clarified the scope of the standard)	December 2016	January 1, 2017	none

Adoption of the new/amended standards did not result in any significant effects on the condensed consolidated interim financial information.

#### 4 Material accounting estimates and assumptions.

In the context of its preparation of the report on the first quarter of the year, the Group has made judgements, estimates and assumptions in relation to the application of accounting methods and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates. All estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including expectations as to future events which are believed to be reasonable under the given circumstances.

The estimates made by the Management are in line with those adopted in the consolidated financial statements as of March 31, 2017 and described therein.

#### Fair value measurement.

The Group bases its fair value measurement of assets and liabilities on observable market data to the greatest extent possible. The fair value can be assigned to one of various levels within a fair value hierarchy using a number of evaluation techniques. Further information on the fair value measurement of assets and liabilities can be found in note 12.

#### 5 Risk management.

The financial risks to which Kapsch TrafficCom is exposed are generally consistent with those of the consolidated financial statements for the year ended March 31, 2017 and are described therein.

#### 6 Segment information.

Q1 2017/18 in TEUR	ETC	IMS	Total
Revenues	123,363	40,898	164,260
Operating result	14,637	-2,921	11,717

Q1 2016/17 in TEUR	ETC	IMS	Total
Revenues	112,436	39,823	152,259
Operating result	18,144	-540	17,604

The following table contains all single external customers which contributed more than 10% to the total revenues of the first quarter of the fiscal year 2017/18 and 2016/17.

in TEUR	Q1 2016/17			Q1 2017/18		
	Revenue	ETC	IMS	Revenue	ETC	IMS
Customer 1	12,840	x		19,452	x	
Customer 2	19,986	x	x	19,349	x	x
Customer 3	15,440	x		14,884	x	

## 7 Other operating expenses.

in TEUR	Q1 2016/17	Q1 2017/18
Rental expenses	4,451	4,556
Communication and IT expenses	6,116	4,230
Exchange rate losses from operating activities	1,360	3,821
Legal and consulting fees	4,663	3,620
Travel expenses	3,072	2,814
Maintenance	1,013	2,182
Marketing and advertising expenses	1,713	1,958
Automobile expenses	1,101	1,701
License and patent expenses	1,102	1,402
Insurance costs	1,011	1,189
Office expenses	1,220	1,095
Taxes and charges	388	669
Bank charges	293	546
Training costs	497	537
Allowance and write-off of receivables	-1,361	-361
Transport costs	363	358
Adjustment of provision for warranties	213	311
Operating losses from fair value change from derivative financial instruments and earn-out liabilities	0	233
Membership fees	189	188
Warranty costs and project financing	123	81
Damages	14	43
Commissions and other fees	249	14
Losses on disposal of non-current assets	25	12
Other	238	693
	<b>28,054</b>	<b>31,893</b>

## 8 Income taxes.

Income taxes relate to current taxes and to deferred tax assets and deferred tax liabilities. Applying the Austrian corporate tax rate of 25% to the Group's pre-tax result gives rise to the theoretical value for the tax expense/income. The effective tax expense/income differs from the above due to, among others, different tax regimes in the various countries, the treatment of tax losses, tax allowances and permanent differences.

## 9 Other comprehensive income.

Q1 2017/18 in TEUR	Before taxes	Tax expense/ income	After taxes
Fair value gains/losses on available-for-sale financial assets:			
Unrealized gains/losses in the current period	-20	5	-15
Gains/losses recognized in the result for the period	0	0	0
Currency translation differences	798	0	798
Currency translation differences from net investments in foreign operations	-2,833	708	-2,125
Fair value adjustments of cash flow hedges	50	0	50
<b>Fair value changes recognized in equity</b>	<b>-2,005</b>	<b>713</b>	<b>-1,292</b>

The unrealized gains/losses on available-for-sale financial assets recognized in the first quarter of the fiscal year 2017/18 amounting to TEUR -20 relate to fair value changes of available-for-sale securities, that have been recognized through other comprehensive income in equity.

Q1 2016/17 in TEUR	Before taxes	Tax expense/ income	After taxes
Fair value gains/losses on available-for-sale financial assets:			
Unrealized gains/losses in the current period	-773	-15	-787
Gains/losses recognized in the result for the period	773	0	773
Currency translation differences	-526	0	-526
Currency translation differences from net investments in foreign operations	1,044	-261	783
<b>Fair value changes recognized in equity</b>	<b>518</b>	<b>-276</b>	<b>242</b>

The unrealized gains/losses on available-for-sale financial assets recognized in the first quarter of the fiscal year 2016/17 amounting to TEUR -1,637 relate to fair value changes on the investment in Q-Free ASA, Norway. Due to the ongoing unfavorable development of the share price up to the first quarter of the fiscal year 2016/17 the contained net gains, together with net losses that have been recognized through other comprehensive income in equity in the amount of TEUR 865 up to June 30, 2016, were recognized as impairment in the result for the period (TEUR -773; reclassification from other comprehensive income to the result for the period).

## 10 Capital expenditure.

in TEUR	Q1 2016/17	Q1 2017/18
<b>Carrying amount as of March 31 of prior year</b>	<b>85,778</b>	<b>95,126</b>
Additions	7,271	1,350
Additions resulting from company acquisition	5,891	0
Disposals	-811	-51
Impairment	0	0
Depreciation, amortization and other movements	-4,179	-4,030
Currency translation differences	295	-830
<b>Carrying amount as of June 30 of fiscal year</b>	<b>94,245</b>	<b>91,564</b>

## 11 Interests in associates and joint ventures.

in TEUR	Q1 2016/17	Q1 2017/18
<b>Carrying amount as of March 31 of prior year</b>	<b>1,917</b>	<b>2,131</b>
Currency translation differences	48	-75
Additions resulting from company acquisition	0	0
Disposal	0	0
Share in result	57	-124
<b>Carrying amount as of June 30 of fiscal year</b>	<b>2,022</b>	<b>1,932</b>
thereof shares in associates	2,022	1,931
thereof interests in joint ventures	0	1

### Shares in associates.

#### LLC National operator of telematic services.

On December 3, 2015, together with a partner, the Group founded the Russian company LLC National operator of telematics services and holds an interest of 49%. The company is classified as an associated company. Therefore the investment is accounted for using the equity method. As of June 30, 2017, the book value of the interest amounts to TEUR 0 (June 30, 2016: TEUR 0).

#### Simex, Integración de Sistemas, S.A.P.I. de C.V.

On July 31, 2012, the Group acquired 33% of the shares in SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico. Taking potential voting rights into account (options for purchase of the remaining shares) the Group has the majority of the shares. As the potential voting rights are not assessed to be substantial the presumption of control was rebutted. As significant influence over the financial and business policies exists, the investment is accounted for using the equity method. As of June 30, 2017, the book value of the interest amounts to TEUR 1,931 (June 30, 2016: TEUR 2,022).

On 18 July, 2017, the Group acquired the remaining 67% of the shares (see note 19).



## Interests in joint ventures.

The position interests in joint ventures relates to the Italian consortium Consorzio 4trucks and MyConsorzio, which were acquired in the course of the company acquisition of tolltickets GmbH, Germany, on July 1, 2016. Both investments are accounted for using the equity method. As of June 30, 2017, the book value of the interest amounts to TEUR 1 (June 30, 2016: TEUR 0).

## 12 Current and non-current financial assets.

in TEUR	March 31, 2016	June 30, 2016	March 31, 2017	June 30, 2017
Other non-current financial assets and investments	18,651	19,573	18,364	18,157
Other current financial assets	97	1,495	3,638	3,039
	<b>18,748</b>	<b>21,068</b>	<b>22,002</b>	<b>21,196</b>

### Other non-current financial assets and investments.

Other non-current financial assets and investments in TEUR	Available- for-sale securities	Available- for-sale investments	Other investments	Other non- current financial assets	Total
<b>Carrying amount as of March 31, 2017</b>	<b>3,602</b>	<b>11,683</b>	<b>2,785</b>	<b>293</b>	<b>18,364</b>
Currency translation differences	0	0	-170	-8	-179
Additions	0	0	0	39	39
Disposals	0	0	0	0	0
Impairments	0	-47	0	0	-47
Change in fair value	-20	0	0	0	-20
<b>Carrying amount as of June 30, 2017</b>	<b>3,582</b>	<b>11,637</b>	<b>2,615</b>	<b>324</b>	<b>18,157</b>

Other non-current financial assets and investments in TEUR	Available- for-sale securities	Available- for-sale investments	Other investments	Other non- current financial assets	Total
<b>Carrying amount as of March 31, 2016</b>	<b>3,723</b>	<b>14,825</b>	<b>4</b>	<b>99</b>	<b>18,651</b>
Currency translation differences	0	0	36	-1	35
Addition resulting from company acquisition	0	0	0	0	0
Additions	0	0	2,419	46	2,466
Disposals	0	0	0	0	0
Change in fair value	58	-1,637	0	0	-1,579
<b>Carrying amount as of June 30, 2016</b>	<b>3,782</b>	<b>13,187</b>	<b>2,459</b>	<b>144</b>	<b>19,573</b>

As of June 30, 2017, as prior year, **available-for-sale securities** relate to government and bank bonds as well as to shares in investment funds.

As of June 30, 2017, as prior year, **investments classified as available-for-sale** mainly relate to a 15.4% investment in the listed company Q-Free ASA, Norway.

The addition in **other investments** in the first quarter of fiscal year 2016/17 relates to the acquisition of non-controlling interests in ParkJockey Global, Inc., U.S.A.

## Other current financial assets.

Other current financial assets in TEUR	Available- for-sale securities	Current loans	Other	Total
<b>Carrying amount as of March 31, 2017</b>	<b>0</b>	<b>1,477</b>	<b>2,161</b>	<b>3,638</b>
Currency translation differences	0	-18	-99	-117
Additions	0	19	38	57
Disposals	0	-539	0	-539
Change in fair value	0	0	0	0
<b>Carrying amount as of June 30, 2017</b>	<b>0</b>	<b>939</b>	<b>2,100</b>	<b>3,039</b>

Other current financial assets in TEUR	Available- for-sale securities	Current loans	Other	Total
<b>Carrying amount as of March 31, 2016</b>	<b>0</b>	<b>97</b>	<b>0</b>	<b>97</b>
Currency translation differences	0	8	0	8
Additions	0	1,391	0	1,391
Disposals	0	0	0	0
Change in fair value	0	0	0	0
<b>Carrying amount as of June 30, 2016</b>	<b>0</b>	<b>1,495</b>	<b>0</b>	<b>1,495</b>

In the first quarter of the fiscal year 2017/18, the disposals of the current loans mainly relate to the repayment of current loans in Spain.

In the first quarter of the fiscal year 2016/17, the additions of the current loans mainly relate to the acquisition of the entities of Kapsch TrafficCom Transportation.

### Fair value-hierarchies and determination of fair value.

Financial assets and liabilities have to be classified in 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 observable direct or indirect market data. This category comprises available-for-sale securities, such as mortgage bonds and government bonds, which are quoted, however not regularly traded on a stock market.

Specific valuation techniques used to value financial instruments include:

- > quoted market prices or dealer quotes for similar instruments;
- > 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 back to present value;
- > other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments;

**Level 3:** Financial instruments are included in Level 3 if the valuation information is not based on observable market data.

The classification of current and non-current financial assets is as follows:

Current and non-current financial assets in TEUR	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	June 30, 2017
<b>Non-current financial assets</b>				
Available-for-sale securities	2,921	661	0	3,582
Available-for-sale investments	11,637	0	0	11,637
	<b>14,558</b>	<b>661</b>	<b>0</b>	<b>15,219</b>
<b>Current financial assets</b>				
Available-for-sale securities	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>14,558</b>	<b>661</b>	<b>0</b>	<b>15,219</b>

As of June 30, 2017, other non-current financial assets amounting to TEUR 324, other investments amounting to TEUR 2,615 as well as other current financial assets amounting to TEUR 3,039 were recognized at amortized cost.

Current and non-current financial assets in TEUR	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	June 30, 2016
<b>Non-current financial assets</b>				
Available-for-sale securities	3,082	699	0	3,782
Available-for-sale investments	13,187	0	0	13,187
	<b>16,270</b>	<b>699</b>	<b>0</b>	<b>16,969</b>
<b>Current financial assets</b>				
Available-for-sale securities	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>16,270</b>	<b>699</b>	<b>0</b>	<b>16,969</b>

As of June 30, 2016, other non-current financial assets amounting to TEUR 144, other investments amounting to TEUR 2,459 as well as other current financial assets amounting to TEUR 1,495 were recognized at amortized cost.

### Derivative financial instruments.

As of June 30, 2017, trade receivables and other current assets include derivative financial instruments that are measured at fair value through profit or loss amounting to TEUR 86 (June 30, 2016: TEUR 54) and derivative financial instruments designated as cash flow hedges amounting to TEUR 27 (June 30, 2016: TEUR 0).

As of June 30, 2017, other current liabilities and accruals include derivative financial instruments that are measured at fair value through profit or loss amounting to TEUR -139 (June 30, 2016: TEUR -704) and derivative financial instruments designated as cash flow hedges amounting to TEUR -1 (June 30, 2016: TEUR 0).

The change in financial instruments designated as cash flow hedges has been reported in other comprehensive income. The derivative financial instruments are classified under Level 2 in the fair value hierarchy.

## 13 Share capital.

The registered share capital of the company amounts to EUR 13,000,000. The share capital is fully paid in. The total number of ordinary shares issued is 13,000,000. The shares are ordinary bearer shares and have no par value.

## 14 Financial liabilities.

in TEUR	March 31, 2016	June 30, 2016	March 31, 2017	June 30, 2017
Non-current financial liabilities	85,734	146,190	97,482	96,637
Current financial liabilities	21,349	31,606	97,902	97,803
	<b>107,083</b>	<b>177,796</b>	<b>195,384</b>	<b>194,440</b>

Movements in borrowings are analyzed as follows:

in TEUR	Non-current financial liabilities	Current financial liabilities	Total
<b>Carrying amount as of March 31, 2017</b>	<b>97,482</b>	<b>97,902</b>	<b>195,384</b>
Additions	8	2,091	2,099
Repayments	0	-962	-962
Currency translation differences	-853	-1,229	-2,081
<b>Carrying amount as of June 30, 2017</b>	<b>96,637</b>	<b>97,803</b>	<b>194,440</b>

Non-current financial liabilities mainly relate to the promissory note bond ("Schuldscheindarlehen"). 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

in TEUR	Non-current financial liabilities	Current financial liabilities	Total
<b>Carrying amount as of March 31, 2016</b>	<b>85,734</b>	<b>21,349</b>	<b>107,083</b>
Reclassification	-15,096	15,096	0
Additions	75,376	205	75,581
Repayments	0	-6,054	-6,054
Currency translation differences	177	1,009	1,186
<b>Carrying amount as of June 30, 2016</b>	<b>146,190</b>	<b>31,606</b>	<b>177,796</b>

Fair values and gross cash flows (including interests) of financial liabilities are as follows:

in TEUR	Q1 2016/17	Q1 2017/18
<b>Carrying amount</b>	<b>177,796</b>	<b>194,440</b>
<b>Fair value</b>	<b>179,324</b>	<b>192,252</b>
Gross cash flows		
In the next 6 months	12,866	78,103
In the next 7 to 12 months	22,722	22,682
<b>Total up to 1 year</b>	<b>35,588</b>	<b>100,785</b>
Between 1 and 2 years	76,470	5,639
Between 2 and 3 years	553	4,938
Between 3 and 4 years	553	47,753
Between 4 and 5 years	43,813	4,156
More than 5 years	32,688	39,328
	<b>189,665</b>	<b>202,598</b>

The classification of financial liabilities is as follows:

in TEUR	Level 1 Quoted prices	Level 2 Observable market data	June 30, 2017
Corporate bond	71,597	0	71,597
Promissory note bond	0	72,176	72,176
Other financial liabilities	0	48,479	48,479
<b>Total</b>	<b>71,597</b>	<b>120,655</b>	<b>192,252</b>

in TEUR	Level 1 Quoted prices	Level 2 Observable market data	June 30, 2016
Corporate bond	73,913	0	73,913
Other financial liabilities	0	105,412	105,412
<b>Total</b>	<b>73,913</b>	<b>105,412</b>	<b>179,324</b>

The fair value of the other financial liabilities (Level 2) was derived through discounting the gross cash flows over the contracted term at a risk-adjusted interest rate.

## 15 Liabilities from post-employment benefits to employees.

in TEUR	March 31, 2016	June 30, 2016	March 31, 2017	June 30, 2017
Termination benefits	9,505	9,494	9,858	9,857
Pension benefits	14,603	14,689	14,088	13,840
	<b>24,107</b>	<b>24,183</b>	<b>23,946</b>	<b>23,697</b>

### Termination benefits.

This item primarily comprises legal and contractual claims for the payment of one-off termination benefits on the part of employees in Austria or their dependents, with such claims arising, in particular, upon the termination by the employer of an employee's employment, an amicable termination of an employee's employment, or the retirement or death of an employee. Where any such obligations to make such termination payments exist, the Group will bear the risk of inflation associated with salary adjustments resulting in larger amounts of such termination benefits. In the case of employees having entered the employ of Kapsch TrafficCom in Austria after December 31, 2002, contributions are made into an external employee pension fund on a monthly basis, with the result that the Group will not generally be subject to any obligations to make termination payments with regard to such employees.

## Pension benefits.

The reported pension obligations relate solely to retired employees. All pension arrangements are based on the final salary, take the form of monthly pension benefits and are not covered by any external plan assets (funds). The Group bears the risk of longevity and rising pensions in this connection. Furthermore, contributions are paid into an external pension fund by way of voluntary social benefits on behalf of active employees of the Group.

## 16 Provisions.

in TEUR	March 31, 2016	June 30, 2016	March 31, 2017	June 30, 2017
Non-current provisions	1,396	8,378	9,993	9,582
Current provisions	8,946	9,712	17,640	13,655
	<b>10,341</b>	<b>18,091</b>	<b>27,633</b>	<b>23,237</b>

in TEUR	March 31, 2017	Addition from the acquisition of companies	Addition from accumulation	Addition	Utilization	Disposal	Reclassification	Currency translation differences	June 30, 2017
Obligations from anniversary bonuses	1,249	0	4	0	0	-4	0	0	1,249
Warranties	1,516	0	0	0	0	0	-162	0	1,353
Projects (excl. impending losses)	872	0	0	0	0	0	-131	0	741
Legal fees, costs of litigation and contract risks	61	0	0	0	0	0	-34	0	26
Costs of dismantling, removing and restoring assets	137	0	0	0	0	0	-26	0	111
Other non-current provisions	6,158	0	0	19	0	-0	557	-633	6,101
<b>Non-current provisions, total</b>	<b>9,993</b>	<b>0</b>	<b>4</b>	<b>19</b>	<b>0</b>	<b>-4</b>	<b>204</b>	<b>-633</b>	<b>9,582</b>
Warranties	1,371	0	0	75	-1	-39	162	-63	1,506
Projects (excl. impending losses)	10,430	0	0	9	-3,388	0	131	-166	7,016
Legal fees, costs of litigation and contract risks	4,645	0	0	6	-92	-3	34	-280	4,311
Costs of dismantling, removing and restoring assets	19	0	0	0	0	0	26	-10	35
Other current provisions	1,176	0	0	389	-85	0	-557	-136	787
<b>Current provisions, total</b>	<b>17,640</b>	<b>0</b>	<b>0</b>	<b>479</b>	<b>-3,566</b>	<b>-41</b>	<b>-204</b>	<b>-654</b>	<b>13,655</b>
<b>Total</b>	<b>27,633</b>	<b>0</b>	<b>4</b>	<b>498</b>	<b>-3,566</b>	<b>-45</b>	<b>0</b>	<b>-1,287</b>	<b>23,237</b>

in TEUR	March 31, 2016	Addition from the acquisition of companies	Addition from accumulation	Addition	Utilization	Disposal	Reclassification	Currency translation differences	June 30, 2016
Obligations from anniversary bonuses	1,186	0	0	0	0	-135	0	0	1,051
Warranties	0	0	0	0	0	0	1,509	0	1,509
Projects (excl. impending losses)	0	1,881	0	0	0	0	39	276	2,197
Legal fees, costs of litigation and contract risks	0	2,551	0	0	0	0	104	375	3,029
Costs of dismantling, removing and restoring assets	0	0	0	0	0	0	142	0	142
Other non-current provisions	210	125	0	9	0	-8	95	19	450
<b>Non-current provisions, total</b>	<b>1,396</b>	<b>4,557</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>-143</b>	<b>1,890</b>	<b>671</b>	<b>8,378</b>
Warranties	2,113	0	0	5	-1	-40	-1,509	4	571
Projects (excl. impending losses)	3,196	5,554	0	57	-390	-1,824	-39	470	7,023
Legal fees, costs of litigation and contract risks	3,349	142	0	1,213	-3,322	0	-104	48	1,325
Costs of dismantling, removing and restoring assets	156	0	0	0	0	0	-142	4	18
Other current provisions	132	670	0	121	-76	-22	-95	47	776
<b>Current provisions, total</b>	<b>8,946</b>	<b>6,366</b>	<b>0</b>	<b>1,395</b>	<b>-3,789</b>	<b>-1,887</b>	<b>-1,890</b>	<b>572</b>	<b>9,712</b>
<b>Total</b>	<b>10,341</b>	<b>10,922</b>	<b>0</b>	<b>1,404</b>	<b>-3,789</b>	<b>-2,030</b>	<b>0</b>	<b>1,243</b>	<b>18,091</b>

## 17 Contingent liabilities and other commitments.

Most of the contingent liabilities of Kapsch TrafficCom result from largescale projects, with the remainder relating to both performance guarantees and warranty obligations, sureties and performance bonds issued by Kapsch TrafficCom, as well as guarantees and bid bonds issued by third parties (usually banks or loan insurance companies). Where contractual obligations are not complied with, there will be a risk of corresponding claims being brought by the customer in question, and the bank or insurance company will have a right of recourse against the Group in such a case.

The contingent and other liabilities, in line with standard industry practice, solely comprise obligations owed to third parties as follows:

in TEUR	March 31, 2017	June 30, 2017
<b>Contract, warranty, performance and bid bonds</b>		
South Africa (toll collection system)	42,134	40,214
Australia (toll collection system)	22,428	21,136
Other	416	4,457
<b>Total</b>	<b>64,978</b>	<b>65,807</b>

Outflows of resources in connection with other liabilities amounting to TEUR 377,598 (March 31, 2017: TEUR 369,605), the actual occurrence of which is considered to be unlikely, are not reported on the balance sheet or under contingent liabilities.

## 18 Related parties.

The following tables provide an overview of revenues and expenses in the respective fiscal years as well as receivables from and payables due to related parties at the respective balance sheet dates.

in TEUR	Q1 2016/17	Q1 2017/18
<b>Affiliated companies outside the Kapsch TrafficCom</b>		
Revenues	2,368	1,096
Expenses	7,361	6,188
<b>Other related parties</b>		
Revenues	40	41
Expenses	26	23

in TEUR	Q1 2016/17	Q1 2017/18
<b>Affiliated companies outside the Kapsch TrafficCom</b>		
Trade receivables and other assets	1,419	1,812
Trade payables and other payables	9,844	6,502
Liabilities from share purchase	2,077	3,473
<b>Other related parties</b>		
Trade receivables and other assets	31	0
Trade payables and other payables	12,326	11,830

The members of the Executive and Supervisory Boards have management functions or are members in Supervisory Boards of other companies of Kapsch Group.

A comprehensive presentation of the different relationships with related parties is represented in note 34 of the annual financial statements for 2016/17.

## 19 Events occurring after June 30, 2017.

On July 18, 2017, Kapsch TrafficCom AG purchased the remaining 67% of the Mexican company SIMEX Integración de Sistemas S.A.P.I. De C.V., Mexico. Up to now, Kapsch TrafficCom held 33% of the shares and recorded the company as an associated company using the equity method. The purchase price for the remaining 67% of the shares was MXN 43 million (approximately EUR 2.1 million). In reference to IFRS 3.B66, the disclosures of the assets and liabilities resulting from the acquisition which are not yet finalized are not included in these financial statements as of June 30, 2017.

Vienna, August 30, 2017

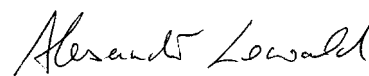
The Executive Board



Mag. Georg Kapsch  
Chief Executive Officer



André Laux  
Executive Board member



Dr.-Ing. Alexander Lewald  
Executive Board member



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## Financial calendar.

September 6, 2017	Annual General Meeting
September 13, 2017	Dividend Ex Date
September 14, 2017	Dividend Record Date
September 21, 2017	Dividend Payment Date
November 29, 2017	Results H1 2017/18
February 28, 2018	Results Q1-Q3 2017/18

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## Contact details for investors.

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### Disclaimer.

Certain statements contained in this report constitute "forward-looking statements". These statements, which contain the words "believe", "intend", "expect" and words of similar meaning, reflect the 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 TrafficCom AG 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.

This report was created with the greatest possible care, and all data has 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. The English translation is for convenience; only the German text is binding.

### Imprint.

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### **Kapsch TrafficCom**

Kapsch TrafficCom is a provider of intelligent transportation systems in the fields of tolling, traffic management, smart urban mobility, traffic safety and security, and connected vehicles. 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 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. The family-owned company is headquartered in Vienna, Austria and in 2017 celebrated 125 years of successfully developing and implementing new technologies for the benefit of its customers. As part of the Kapsch Group, Kapsch TrafficCom has subsidiaries and branches in more than 30 countries. It has been listed in the Prime Market of the Vienna Stock Exchange since 2007 (ticker symbol: KTCG). Kapsch TrafficCom currently has more than 4,800 employees, and generated revenue of EUR 648.5 million in fiscal year 2016/17.

**>>> [www.kapschtraffic.com](http://www.kapschtraffic.com)**

