

COMPANY UPDATE

# Kapsch TrafficCom

Hold

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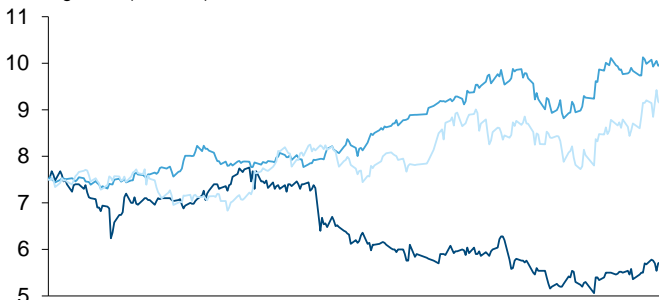
Share price (EUR) close as of 19/05/2026	5.84	Reuters	KTCG.VI	Free float	36.7%
Number of shares (mn)	14.3	Bloomberg	KTCG AV	Shareholders	Kapsch-Group (63.3%)
Market capitalization (EUR mn)	83.5	Div. Ex-date			
Enterprise value (EUR mn)	206.4	<b>Target price</b>	<b>6.30</b>	Homepage:	www.kapsch.net

**Key figures Overview**

EUR mn	2025	2026e	2027e	2028e
Net sales	530.3	420.3	465.7	477.1
EBITDA	29.0	20.1	26.2	28.0
EBIT	12.6	7.2	13.4	15.4
EBT	-4.3	-3.5	9.8	12.2
Net profit	-6.9	-2.5	7.2	9.0
EPS (EUR)	-0.48	-0.17	0.51	0.63
CEPS (EUR)	0.14	0.64	1.48	1.60
BVPS (EUR)	6.23	6.05	6.56	7.19
Dividend/Share (EUR)	0.00	0.00	0.00	0.14
EV/EBITDA (x)	7.65	10.28	7.47	6.75
P/E (x)	nm	nm	11.56	9.24
P/CE (x)	50.57	9.18	3.96	3.65
Dividend yield (%)	0.00	0.00	0.00	2.40
EBITDA margin (%)	5.46	4.78	5.63	5.87
Operating margin (%)	2.36	1.71	2.88	3.24
Net profit margin (%)	-0.58	-0.62	1.57	1.92

**Trading data & Statistics**

Daily averages	5 days	30 days	last year
Volume	7,773	9,405	9,835
Trading value (EUR mn)	0.0	0.1	0.1



—Kapsch TrafficCom —ATX —DJ EURO STOXX Technology

<b>Price performance:</b>	<b>1M</b>	<b>3M</b>	<b>6M</b>	<b>12M</b>
<b>in EUR</b>	<b>6.2%</b>	<b>1.4%</b>	<b>-5.5%</b>	<b>-22.1%</b>

**Financial Strength**

	2025	2026e	2027e	2028e
ROE (%)	-7.66	-2.83	8.01	9.20
ROCE (%)	4.16	-0.45	4.59	5.31
Equity ratio (%)	20.03	22.06	22.75	25.38
Net debt (EUR mn)	117.79	121.03	110.45	103.53
Gearing (%)	129.41	136.87	115.34	98.69

**Visibility improves for FY26/27**

Backlog provides improved visibility for business rebound in FY26/27, justifying earnings revisions that lead to a **new target price of EUR 6.3** (previously EUR 5.8). Our **Hold recommendation is confirmed** due to a limited upside.

For FY25/26e, to be published on June 17, we expect KTC to meet is previously lowered guidance of EUR 420mn in revenue and EUR 7mn in EBIT.

An improved backlog and restructuring measures should help trigger a business rebound next FY26/27.

Market demand has not yet rebounded, but KTC's succeeds to win early movers for next generation tolling and traffic management solutions, collecting references helping to monetize on a broader market adoption when it happens.

Valuation-wise, KTC is not yet a bargain at about 10x / 7.6x EV/EBITDA for FY25/26e and FY26/27e, respectively.

After years of missing out, KTC needs to prove it can finally return onto a profitably growth path.

## Business stabilisation ahead

Based on the update we received on KTC's CMD in mid-March ([click for the details](#)), following discussions with the company, and the recently signed (smaller) contracts, we finetune our estimates to provide a more realistic view of KTC's expected business development.

### Change in estimates

Our basis for the revised estimates for FY26/27 and beyond is KTC's statements regarding order backlog, revenue and EBIT, also reflecting on restructuring measures. Overall, we believe KTC could do better than we assume, but after many years of missing out, we tend to remain cautious for the time being.

- Our estimates for **FY25/26**, to be published on June 17, are virtually unchanged. Minor absolute adjustments relate to depreciation, financial result and taxes. We assume KTC will at least deliver on its previously reduced revenue and EBIT guidance of EUR 420mn and EUR 7mn, respectively. Important to recall: The EBIT line includes a positive one-off of EUR 23mn, related to a compensation payment for the scrapped German tolling enforcement contract. Hence, adjusted EBIT is around EUR -16mn.
- **FY26/27**: KTC's order backlog as of the end of February, i.e. one month before the end of FY25/26 was at EUR 1.24bn, flattish y/y. Order intake for FY25/26 stood at EUR 470mn. Based on such a development, KTC said to have already secured 88% of consensus revenue for FY26/27e, which stood at EUR 432mn. Usually, backlog coverage is around 65% at the beginning of a new fiscal year. A major reason for the good backlog visibility stems from three postponed projects (two in the US, one in Europe), with a total volume of some EUR 40-50mn in our view. These projects will now be executed in FY26/27. EBIT wise, we assume the restructuring program with a cost reduction of slightly above EUR 30mn (OPEX 18mn, PAX14mn) to be almost fully accretive in FY26/27e. Hence, only the lower cost base justifies the EBIT in the low double digit EURmn range, which is our assumption (i.e. EUR 13mn), leaving benefits from economies of scale as a risk related cushion to our estimates.
- **FY27/28**: Based on the positive earnings revision for FY26/27, we now assume little growth at a slight margin expansion for FY27/28.

### Change in estimates

Consolidated, IFRS (EUR, mn)	2025/26e = FY26e			2026/27e = FY27e			2027/28e = FY28e		
	Now	Before	Change	Now	Before	Change	Now	Before	Change
Revenues	420.3	420.3	0.0%	465.7	426.3	9.2%	477.1	431.6	10.5%
EBITDA	20.1	20.9	-3.8%	26.2	26.4	-0.6%	28.0	28.4	-1.4%
EBITDA margin	4.8%	5.0%	-3.8%	5.6%	6.2%	-9.0%	5.9%	6.6%	-10.8%
EBIT	7.2	7.0	2.5%	13.4	11.8	13.4%	15.4	13.9	10.8%
EBIT margin	1.7%	1.7%	2.5%	2.9%	2.8%	3.8%	3.2%	3.2%	0.2%
Net profit	-2.5	-3.7	-32.1%	7.2	5.4	33.1%	9.0	7.2	24.9%
Net margin after min.	-0.6%	-0.9%	-32.1%	1.6%	1.3%	21.8%	1.9%	1.7%	13.0%
EPS	-0.17	-0.26	-32.1%	0.51	0.38	33.1%	0.63	0.51	24.9%
EPS adjusted	-1.41	-1.49	-5.5%	0.51	0.38	33.1%	0.63	0.51	24.9%
DPS	0.00	0.00	nm	0.00	0.00	nm	0.14	0.11	27.3%

Source: Erste Group Research

**Business potential in place, but market remains sluggish**

Business potential for KTC is sizeable, as KTC offers all the ingredients (products) to support a leap in AI supported digitalization for highway tolling, traffic management, congestion charging, city tolling. Timing and growth dynamics are difficult to assess as in many cases, first reference contracts (e.g. smartphone tolling, C-ITS) or even pilots (proactive traffic management platforms) need to prove their reliability in order to gradually gain broader acceptance.

**Market consolidation could pick up**

Given the market situation in tolling / traffic management for years, many pure play peers to KTC face a similar issue – they are lacking scale. Hence, we believe market consolidation could become a stronger topic going forward again, be it through private equity or mergers in the industry to increase scale.

### Valuation

We have kept the valuation assumptions in our DCF unchanged compared to our previous report.

- COE: 16.6% and 15.0% in detailed period / TV.
- WACC: 10.2% and 12.5% in detailed period / TV.
- TV EBIT margin: 3.5%
- TV growth: 1%

Our new target price of EUR 6.3 (previously EUR 5.8) confirms our Hold recommendation.

### Target price composition

	DCF	Multiple	Weight	12-month target price	act. share price	upside to target price	Recom- mendation
<b>Kapsch TrafficCom</b>	6.3	9.3	100/0	6.3	5.78	9.0%	<b>Hold</b>

Source: BBG; Erste Group Research

### Multiple comparison

Peers	MarketC (EURmn)	P/E			EV/EBITDA			EV/EBIT		
		2026e	2027e	2028e	2026e	2027e	2028e	2026e	2027e	2028e
EDENRED	5,104	8.7x	10.6x	9.4x	4.0x	5.1x	4.7x	5.1x	6.5x	6.0x
INIT INNOVATION IN TRAFF	529	23.7x	20.3x	16.1x	10.8x	9.9x	8.5x	16.4x	14.4x	11.6x
GEA	98	27.1x	-	-	11.7x	-	-	13.7x	-	-
<b>MEDIAN broader peers</b>		<b>25.4x</b>	<b>20.3x</b>	<b>16.1x</b>	<b>11.3x</b>	<b>9.9x</b>	<b>8.5x</b>	<b>15.1x</b>	<b>14.2x</b>	<b>11.6x</b>
Kapsch TrafficCom	82.7	nm	15.2x	11.4x	9.9x	7.5x	6.7x	23.4x	16.8x	13.6x
prem. / disc median		nm	-24.9%	-28.9%	-12.5%	-24.3%	-21.8%	55.4%	17.9%	16.8%
Peers	Share price	P/B			ROE			Dividend yield		
		2026e	2027e	2028e	2026e	2027e	2028e	2026e	2027e	2028e
EDENRED	21.5	-	-	-	-	-51%	-58.0%	7.0%	6.3%	6.9%
INIT INNOVATION IN TRAFF	52.7	3.3x	3.3x	2.9x	14.2%	17.6%	20.0%	1.7%	2.0%	2.4%
GEA	89.0	1.6x	-	-	6.2%	-	-	1.9%	-	-
<b>MEDIAN broader peers</b>		<b>3.3x</b>	<b>3.3x</b>	<b>2.9x</b>	<b>14.2%</b>	<b>15.5%</b>	<b>17.3%</b>	<b>1.8%</b>	<b>2.0%</b>	<b>2.4%</b>
Kapsch TrafficCom	5.8	1.0x	0.9x	0.8x	-2.8%	8.0%	9.2%	0.0%	0.0%	2.4%
prem. / disc median		-70.9%	-72.5%	-71.2%	-120%	-48.3%	-46.8%	nm	nm	0.8%
<b>Per KTC share (EUR) 2026e</b>		<b>5.5</b>								
<b>Per KTC share (EUR) 2027e</b>			<b>12.0</b>							
<b>Per KTC share (EUR) 2028e</b>				<b>11.4</b>						
Period weight		60%	30%	10%						
<b>NPV as of Dec 2025 EUR</b>		<b>8.0</b>								
Cost of Equity		16.6%								
<b>NPV as of Dec 2026 EUR</b>		<b>9.3</b>								

Source: Bloomberg, Erste Group Research

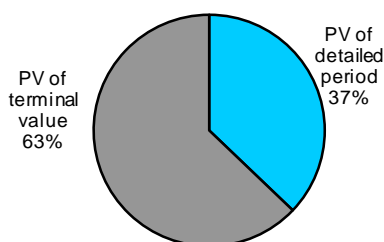
### WACC calculation

	2026e	2027e	2028e	2029e	2030e	2031e (TV)
Risk free rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Equity risk premium	8.5%	8.5%	8.5%	8.5%	8.5%	8.0%
Beta	1.6	1.6	1.6	1.6	1.6	1.5
<b>Cost of equity</b>	<b>16.6%</b>	<b>16.6%</b>	<b>16.6%</b>	<b>16.6%</b>	<b>16.6%</b>	<b>15.0%</b>
Cost of debt	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Effective tax rate	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
<b>After-tax cost of debt</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>
Equity weight	45%	45%	45%	45%	45%	75%
<b>WACC</b>	<b>10.2%</b>	<b>10.2%</b>	<b>10.2%</b>	<b>10.2%</b>	<b>10.2%</b>	<b>12.5%</b>

### DCF valuation

(EUR mn)	2026e	2027e	2028e	2029e	2030e	2031e (TV)
<i>Sales growth</i>	-20.7%	10.8%	2.5%	2.0%	2.0%	1.0%
EBIT	7.2	13.4	15.4	16.3	18.4	17.5
<i>EBIT margin</i>	1.7%	2.9%	3.2%	3.4%	3.7%	3.5%
<i>Tax rate</i>	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
Taxes on EBIT	-1.7	-3.1	-3.6	-3.8	-4.2	-4.0
<b>NOPLAT</b>	<b>5.5</b>	<b>10.3</b>	<b>11.9</b>	<b>12.6</b>	<b>14.2</b>	<b>13.5</b>
+ Depreciation	12.9	12.8	12.6	12.6	12.7	12.7
<i>Capital expenditures / Depreciation</i>	4.5%	40.0%	40.9%	41.0%	41.0%	25.0%
+/- Change in working capital	2.5	-1.0	-0.7	-0.6	-0.6	-0.2
<i>Chg. working capital / chg. Sales</i>	-2.3%	-2.2%	-5.9%	-6.2%	-5.9%	-5.0%
- Capital expenditures	-0.6	-5.1	-5.1	-5.2	-5.2	-3.2
<b>Free cash flow to the firm</b>	<b>20.4</b>	<b>17.0</b>	<b>18.7</b>	<b>19.4</b>	<b>21.1</b>	<b>22.8</b>
<i>Terminal value growth</i>						1.0%
Terminal value						200.0
<i>Discount factor</i>	0.91	0.82	0.75	0.68	0.61	0.61
Discounted free cash flow - Mar 31 2026	18.5	14.0	13.9	13.2	13.0	122.8
<b>Enterprise value - Mar 31 2026</b>	<b>195.3</b>					
Minorities	1.9					
Non-operating assets	0.0					
Net debt	117.8					
<b>Equity value - Mar 31 2026</b>	<b>75.7</b>					
Number of shares outstanding (mn)	14.3					
Cost of equity	16.6%					
<b>12M target price per share (EUR)</b>	<b>6.3</b>					
Current share price (EUR)	5.8					
<i>Up/Downside</i>	7.9%					

### Enterprise value breakdown



Source: Factset, Erste Group research

### Sensitivity (per share)

		Terminal value EBIT margin				
		2.5%	3.0%	3.5%	4.0%	4.5%
WACC	11.5%	5.4	6.4	7.3	8.3	9.2
	12.0%	5.0	5.9	6.8	7.7	8.6
	12.5%	4.6	5.5	6.3	7.2	8.1
	13.0%	4.2	5.1	5.9	6.7	7.6
	13.5%	3.9	4.7	5.5	6.3	7.1
		Terminal value growth				
		0.0%	0.5%	1.0%	1.5%	2.0%
WACC	11.5%	6.2	6.7	7.3	7.9	8.6
	12.0%	5.8	6.3	6.8	7.4	8.0
	12.5%	5.4	5.9	6.3	6.9	7.4
	13.0%	5.1	5.5	5.9	6.4	6.9
	13.5%	4.7	5.1	5.5	6.0	6.4

**Disclosure of particular interests or indications of conflicts of interest according to delegated Regulation (EU) 958/2016 supplementing Article 20 of Regulation (EU) 596/2014 (MAR):**

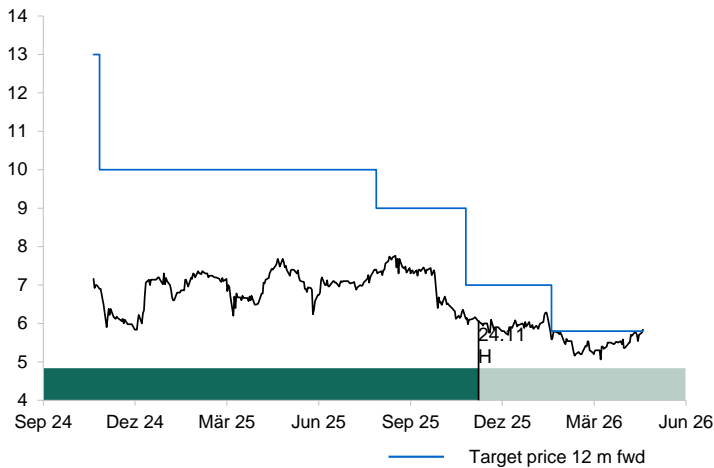
Company	ISIN	1 EGB/affiliates holdings exceed 5% of the share capital of issuer or vice versa	2 market maker or liquidity provider for issuer/instruments	3 agreement for the provision of services of investment firms over the previous 12 months	4a Agreement with the covered company about the production of analyses	4b Agreement with a third party about the production of analyses	5 Managed or co- managed a public offering over the previous 12 months	6 Draft of report disclosed to issuer prior its publication	7 Analyst has a position in the issued share capital of the issuer
Kapsch TrafficCom	AT000KAPSCH9		Y	Y	Y				

The above specific disclosures (marked with “Y” if applicable), are valid at the time of publication of this report.  
May 21 2026

For a more detailed and an up-to-date overview of conflicts of interests for all analysed companies and/or financial instruments by Erste Group, which are updated regularly upon changes, please follow below link:

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**Kapsch TrafficCom**



**Rating history**

Date	Rating	Price	Target Price	Action
17. Feb 26	Hold	5.58	5.80	
24. Nov 25	Hold	6.12	7.00	
27. Aug 25	Buy	7.40	9.00	
25. Nov 24	Buy	6.90	10.00	
04. Sep 24	Buy	8.44	13.00	

**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 a 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.

A history of all recommendations for covered issuers/financial instruments within the last 12 months is provided under the following link:  
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<b>Institutional Equity Sales Austria</b> Werner Fuerst Viktoria Kubalцова Thomas Schneidhofer Oliver Schuster	+43 (0)5 0100 83121 +43 (0)5 0100 83124 +43 (0)5 0100 83120 +43 (0)5 0100 83119	<b>Hungary</b> Head: Peter Csizmadia Gábor Bálint Balázs Papay Gergő Szabo	+36 1 237 8211 +36 1 237 8205 +36 1 237 8213 +36 1 237 8209
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		<b>Group Fixed Income Securities Markets</b> Head: Goran Hobljaj	+43 (0)50100 84403
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