

Press Release.

Kapsch TrafficCom – Result for the first half of 2023/24.

Highlights.

- > Cash inflow from settlement in Germany significantly improves financial position.
- > Revenues of EUR 266 million at previous year's level.
- > Operating result (EBIT) increased to EUR 73 million.
- > Outlook financial year 2023/24: Revenue growth in single-digit percentage range and significant improvement in operating result (EBIT); further project tenders about to be awarded.

“The settlement in Germany is highly encouraging, it improves our key financial indicators and significantly reduces our debt. However, we are aware that this is only a one-time effect. We will therefore continue to work consistently on improving the profitability of our operating business in order to achieve sustainable appropriate profits, which will require further efficiency improvements and, in particular, an increase in revenues“, says Georg Kapsch, CEO of Kapsch TrafficCom.

Unless otherwise stated, all values in EUR million.	H1 2022/23	H1 2023/24	+/-
Revenues	264.8	266.4	+0.6%
EBIT	4.7	73.1	>+500%
EBIT margin	1.8%	27.5%	+25,7pp
Result for the period attributable to equity holders	0.3	46.6	>+500%
Earnings per share (EUR)	0.02	3.59	>+500%

Vienna, November 15, 2023 – The Kapsch TrafficCom Group reached a decisive milestone in the first half of 2023/24: The settlement of the arbitration proceedings with the Federal Republic of Germany led to an inflow of cash, the effects of which significantly improved the key financial indicators as of September 30, 2023. In addition, the projects that Kapsch TrafficCom has recently won and is still expecting will strengthen the business in the coming years.

Milestone: settlement agreement in Germany.

At the beginning of July, the arbitration proceedings conducted due to the termination of the operations contract for the collection of the infrastructure charge, the passenger car toll in Germany, were concluded with a settlement agreement. Accordingly, autoTicket GmbH, a joint venture between Kapsch TrafficCom and CTS Eventim, received an amount of EUR 243 million from the Federal Republic of Germany.

The cash inflow of EUR 79 million already received is reflected in the EBIT with EUR 72 million and was predominantly used to repay financial liabilities. The company continues to expect a total net cash inflow of at least around EUR 100 million, of which the portion not yet received will have no further effect on earnings.

Positive operating performance in the first half of the financial year 2023/24.

Revenues in the first half of the year amounted to EUR 266 million, which is 1% higher than in the same period of the previous year. The increasing market momentum is not reflected in revenues due to a customer credit of EUR 6 million in the first quarter; without this credit, revenues would have increased by 4% to EUR 272 million compared to the previous year.

The result from operating activities before depreciation, amortization and impairment (EBITDA) grew from EUR 15 million to EUR 82 million, and the result from operating activities (EBIT) increased from EUR 5 million to EUR 73 million. The EBIT margin was therefore 28%, compared to 2% in the first half of the previous year.

EBITDA and EBIT were influenced in particular by the following special effects:

- The cash inflow from Germany led to an increase in EBIT of EUR 72 million.
- After an agreement was reached with a customer regarding overdue receivables, a credit note was issued (reduction in revenues of EUR 6 million) and, conversely, the allowance for these receivables was reversed in the amount of EUR 10 million. This led to a positive effect on earnings of EUR 4 million.
- Some implementation projects in the USA were confronted with a margin deterioration due to increased costs. As a result, EBIT was negatively impacted in the amount of EUR 9 million (previous year: EUR 8 million).
- The operating currency effects had a positive impact of EUR 3 million in the reporting period (previous year: EUR 9 million).

The reduction in personnel expenses and other operating expenses by EUR 6 million and EUR 4 million respectively already shows the effects of the systematic restructuring. However, the cost of materials and other production services increased by EUR 11 million compared to the previous year, in particular due to unfavorable exchange rate developments and inflation adjustments.

After a negative result in the first quarter, the second quarter was thus significantly better. Excluding the effects of the settlement in Germany, Kapsch TrafficCom recorded a slightly positive business development in the first half of the year with an EBIT of EUR 1 million. With an EBIT of EUR 5 million, the second quarter performed significantly better than the first quarter (EUR -3 million) and also better than the second quarter of the previous year (EUR 4 million).

The financial result was influenced in particular by higher interest expenses and one-time costs due to the restructuring of financing and amounted to EUR -14 million (previous year: EUR -1 million). Of this amount, EUR -9 million are attributable to a one-time interest surcharge and processing fees. Positive and negative effects from exchange rate changes largely counterbalanced each other. Income taxes increased to EUR 11 million.

The result for the period attributable to equity holders amounted to EUR 47 million after EUR 0.3 million in the first half of the previous year. This corresponds to earnings per share of EUR 3.59 after EUR 0.02.

Segment performance.

The tolling segment contributed 71% to total revenues, the traffic management segment 29%. At EUR 189 million, revenues in the tolling segment were 3% lower than the previous year's figure of EUR 195 million. The decline resulted primarily from the Americas region (North, Central and South America). The segment EBIT recorded extraordinary growth to EUR 64 million after EUR 3 million in the previous year in connection with the cash inflow from Germany, although margin adjustments and higher costs in implementation projects in the USA dampened profitability.

In the traffic management segment, revenues increased by 12% from EUR 69 million to EUR 78 million. This growth was primarily due to implementation and operations projects in the EMEA region (Europe, Middle East, Africa). The segment EBIT increased from EUR 2 million to EUR 9 million.

In regional terms, Kapsch TrafficCom recorded business growth of 6% to EUR 133 million in the EMEA region and further growth of 3% to EUR 16 million in the APAC (Asia-Pacific) region. In the Americas region, revenues decreased by 5% to EUR 118 million in the reporting period.

Financial and asset position.

Free cash flow amounted to EUR 49 million in the first half of 2023/24 and was, due to the effect from Germany, significantly higher than in the same period of the previous year (EUR -11 million). However, net working capital changed by EUR -13 million (previous year: EUR -8 million).

In terms of the balance sheet, two developments in particular led to significant changes in the first half of 2023/24: Firstly, the restructuring of the financing arrangements agreed at the end of May, and secondly, the cash inflow from Germany.

Accordingly, equity increased from EUR 51 million as of the balance sheet date on March 31, 2023, to EUR 93 million as of September 30, 2023, and the equity ratio grew to 19% (March 31, 2023: 11%). Following the repayment of financial liabilities, net debt decreased from EUR 186 million to EUR 142 million and the gearing ratio declined from 363% to 153%.

Corporate development.

The settlement in Germany improved the key financial indicators and significantly reduced debt. Kapsch TrafficCom is now focusing on its future corporate development and will therefore also conduct a review of its Strategy 2027, with numerous new projects confirming the expected connectivity of infrastructure and vehicles for the road of the future. In addition, Kapsch TrafficCom's "Green Vision" is becoming more precise with the further expansion of sustainability management.

The goal is to achieve the longer-term targeted minimum level of net debt to EBITDA of 3.0x, as set before the settlement in Germany, now promptly. This means increasing the EBITDA, which requires further efficiency improvements and, in particular, an increase in revenues, and further reducing net debt.

In the first half of 2023/24, Kapsch TrafficCom recorded an enormous order intake, which at EUR 480 million was almost doubled compared to the same period of the previous year and led to a high order backlog at EUR 1.4 billion, 2.5 times the previous year's revenues. In addition, further projects are about to be awarded. This forms a solid basis for the required increase in revenues.

The company is aiming for cash inflows of at least EUR 30 million to further reduce the gearing ratio. Together with the expected remaining cash inflow of at least about EUR 20 million from the settlement in Germany and a reduction in net working capital, which increased in the first half of the year, this should once again significantly reduce net debt.

Outlook.

In addition to the new projects that Kapsch TrafficCom has already won in the first half of the year, several more project tenders are about to be awarded. Kapsch TrafficCom sees this as confirmation of the increase in market dynamics.

The settlement concluded in Germany led to a significant improvement in the operating result and key financial indicators. Building on this, the focus remains on consistent cost and liquidity management, improving key financial indicators and new business.

For the financial year 2023/24, the Executive Board continues to expect revenue growth in the single-digit percentage range and a significant improvement in the operating result (EBIT).

The report on the first half of 2023/24 as well as further materials on the results are scheduled to be available today, from 7:35 a.m. (CET), at: www.kapsch.net/ir

***Kapsch TrafficCom** is a globally renowned provider of transportation solutions for sustainable mobility with successful projects in more than 50 countries. Innovative solutions in the application fields of tolling, tolling services, traffic management and demand management contribute to a healthy world without congestion.*

With one-stop-shop-solutions, the company covers the entire value chain of customers, from components to design and implementation to the operation of systems.

Kapsch TrafficCom, headquartered in Vienna, has subsidiaries and branches in more than 25 countries and is listed in the Prime Market segment of the Vienna Stock Exchange (ticker symbol: KTCG). In its 2022/23 financial year, about 4,000 employees generated revenues of EUR 553 million.

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