



kapsch >>>
challenging limits

Kapsch TrafficCom

Results for 2017/18.

June 18, 2018

Highlights.

FY 2017/18.

- > Revenues increased for the third year in a row – record sales.
- > Zambia: Nation-wide concession agreement for road safety & traffic management.
- > Bulgaria: Awarded contract for design & build of a nation-wide truck toll system and implementation of eVignette.
- > Maryland, USA: Upgrade and operation of toll collection equipment.
- > Poland and Czech Republic: Tenders discontinued.
- > Dividend of EUR 1.50 per share proposed to the Annual General Meeting.

Revenues

EUR 693.3 mn

2016/17 | EUR 648 mn
+7%

EBIT

EUR 50.1 mn

2016/17 | EUR 60 mn
-17%

EBIT margin

7.2%

2016/17 | 9.3%
-2%p

EPS

EUR 2.21

2016/17 | EUR 3.35
-34%

Highlights.

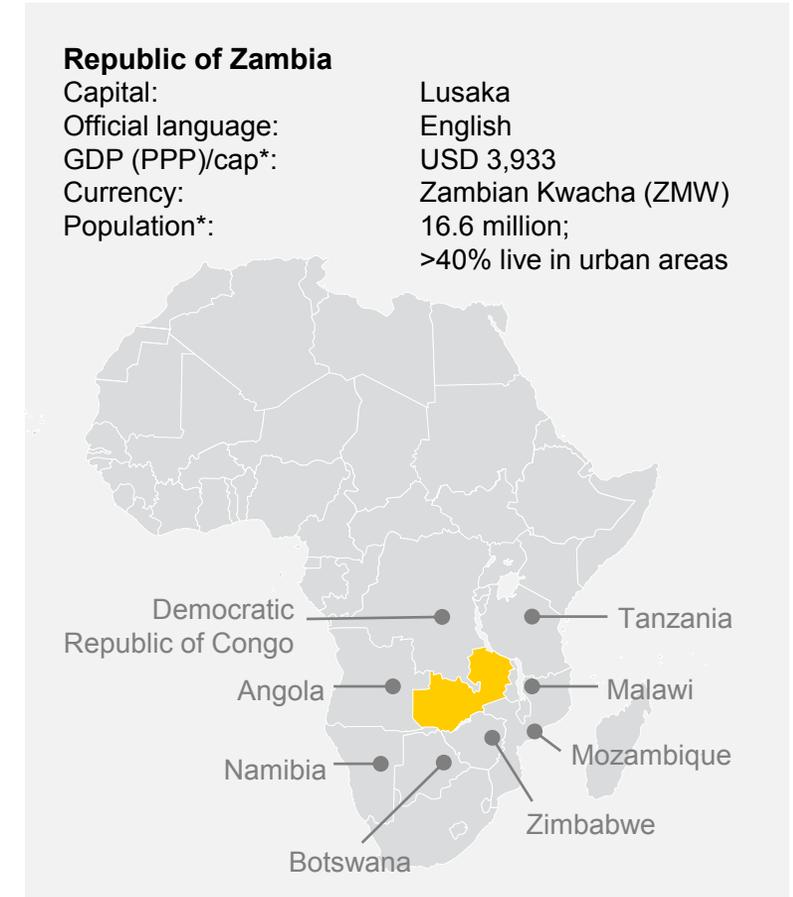
New major project in Zambia.

About the project

- > Nation-wide concession contract to improve road safety and traffic management.
- > Main components:
 - Vehicle inspection,
 - Vehicle registration,
 - Speeding fines and other traffic-related infringements.
- > Term: 17 years

Organizational & financial

- > Joint venture (JV) with local partner Lamise Trading.
- > JV consolidated at equity; reported as result from operating activities.
- > JV's expected revenues in the first 3 years projected to be in the range of EUR 90 million to EUR 110 million.



*Source: World Bank (Data for 2016)

Highlights.

New major project in Bulgaria.

About the project

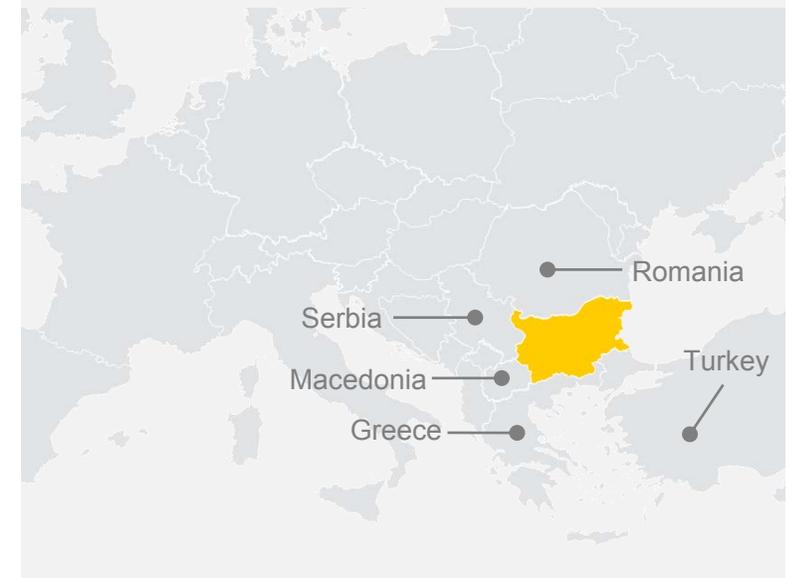
- > Contract to design and build nation-wide tolling System.
- > Satellite technology for trucks over 3.5 tons.
- > eVignette for passenger cars.
- > Tolls collected on all class I, II, and III roads, (all paved roads).
- > Some details:
 - 500 terminals for registering and issuing eVignettes,
 - 100 enforcement vehicles, 100 weigh-in-motion facilities, 100 tolling gantries.
- > Term: 19 months from signing (January 2018).
- > Kapsch TrafficCom's 6th nation-wide toll collection system in Europe (after Austria, Switzerland, Poland, the Czech Republic, and Belarus).

Financial

- > Total revenues of about EUR 76.6 million.

Republic of Bulgaria

Capital:	Sofia
Official language:	Bulgarian
GDP (PPP)/cap*:	USD 19,242
Currency:	Lev (BGN)
Population*:	7.1 million
Member of the European Union	



*Source: World Bank (Data for 2016)

Highlights.

New major project in Maryland (USA).

About the project

- > Contract to replace and maintain all roadside tolling equipment in the mixed-mode, cash, and express toll lanes under management of the Maryland Transportation Authority.
- > The new roadside equipment will include:
 - RFID toll readers.
 - Automated license plate recognition (ALPR) cameras.
 - Scanners in the mixed-mode lanes.
 - Stereoscopic Vehicle Detection and Classification sensors.
- > Term: Start in February 2018, replacement of all toll equipment by 2020, six years of subsequent operations and maintenance as well as the option to extend the contract for additional four years.

Financial

- > Total revenues of more than EUR 55 million.



Highlights.

Large existing projects.

General remark

Dependency on a few large customers reduced by

- > diversification of services and
- > large portfolio of smaller contracts.

Lower cluster risk: The end of a large-volume contract hurts, but the company is in no way threatened in its existence.

Status Poland

- > Contract expires in November 2018.
- > Polish government wants to have the tolling system operated by a state agency.
- > Kapsch TrafficCom aims at doing business in Poland also in the future.

Status Czech Republic

- > Contract until the end of 2019.
- > Tender, in which Kapsch TrafficCom turned out not to be the cheapest, has been cancelled.
- > Kapsch TrafficCom wants to continue being a strong partner for the government regarding toll collection.



Financial results.
Fiscal year 2017/18.

Earnings.

EBIT.

All figures in EUR mn unless otherwise stated	2016/17	2017/18	+/-
Revenues	648.5	693.3	7%
Other operating income	¹⁾ 25.1	20.5	-18%
Changes: un-/ finished goods & work in progress	1.4	2.8	97%
Own work capitalized	3.6	0.4	-89%
Cost of materials and other production services	-242.1	-279.8	16%
Staff costs	-224.2	-237.9	6%
Amortization and depreciation	-17.7	-14.8	-16%
Other operating expense	-134.4	-134.9	0%
Proportional operating result of joint ventures	0.0	0.5 ²⁾	0%
EBIT	60.1	50.1	-17%
EBIT margin	9.3%	7.2%	-2.0%p

¹⁾ Includes goodwill of EUR 3.0 million from KTT acquisition

²⁾ JV in Zambia (since Q3 2017/18)

FX impact on EBIT

in EUR mn	2016/17	2017/18	+/-
	4.7	-5.2	-9.9

Headcount development

End of period	2016/17	2017/18	+/-
	4,823	5,259	436

Earnings.

Financial result, taxes, non-controlling interests.

All figures in EUR mn unless otherwise stated	2016/17	2017/18	+/-
EBIT	60.1	50.1	-17%
Financial result	0.4	-5.2	—
Result before income taxes	60.6	44.2	-27%
Income taxes	-18.0	-16.2	-10%
<i>Tax rate</i>	29.6%	36.6%	7.0%p
Result for the period	42.7	28.0	-34%
Non-controlling interests	-0.9	-0.6	-30%
Result attributable to equity holders of the firm	43.6	28.7	-34%
Earnings per share (EPS) in EUR	3.35	2.21	-34%

Financial result

All figures in EUR mn unless otherwise stated	2016/17	2017/18	change
Interest (net result)	-1.7	-4.2	-2.5
FX (net result)	4.4	0.1	-4.2
Other (net result)	-2.3	-1.1	1.2

Segment results.

ETC accounts for 75% of total revenues, IMS 25%.

ETC	Key financials				Revenues by region		Revenues by type			
	All figures in EUR mn unless otherwise stated						All figures in EUR mn unless otherwise stated			
		2016/17	2017/18	+/-				2016/17	2017/18	+/-
	Revenues	468.4	521.6	11%	<p>66% 27% 7%</p> <p>■ EMEA ■ Americas ■ APAC</p>	Design & build	96.9	138.9	43%	
	EBIT	1) 65.5	53.5	-18%		Operations	269.0	278.1	3%	
<i>EBIT margin</i>	14.0%	10.3%	-3.7%p	Components	102.6	104.7	2%			
				OBU sold, million units	11.7	12.7	8%			

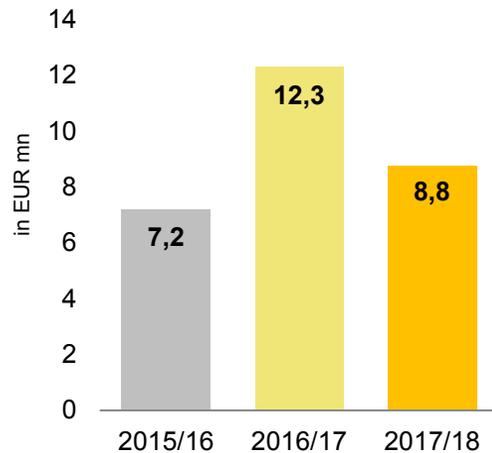
IMS	Key financials				Revenues by region		Revenues by type			
	All figures in EUR mn unless otherwise stated						All figures in EUR mn unless otherwise stated			
		2016/17	2017/18	+/-				2016/17	2017/18	+/-
	Revenues	180.0	171.6	-5%	<p>55% 41% 4%</p> <p>■ EMEA ■ Americas ■ APAC</p>	Design & build	87.5	83.4	-5%	
	EBIT	2) -5.4	-3.4	36%		Operations	80.4	78.9	-2%	
<i>EBIT margin</i>	-3.0%	-2.0%	1.0%p	Components	12.1	9.3	-23%			

1) Includes badwill of EUR 0.9 million

2) Includes badwill of EUR 2.1 million

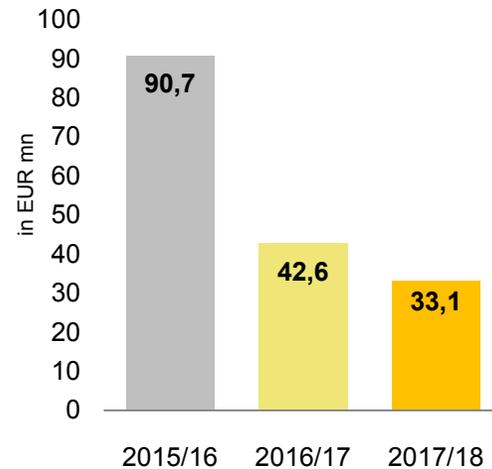
Other key financials.

Net investments



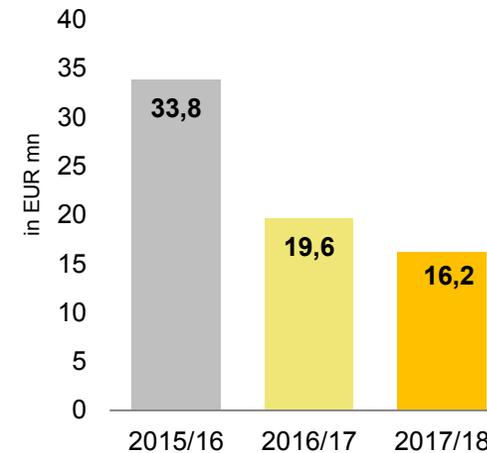
In connection with the acquisition and integration of KTT, net investments increased in the previous year. In 2017/18 they came down again.

Free cash flow



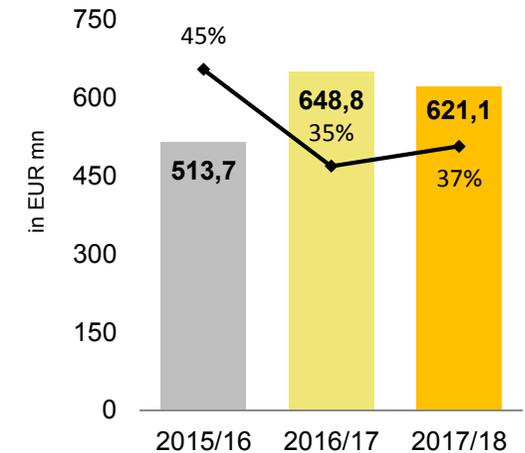
Free cash flow again positive at EUR 33.1 million, but below the previous year's figure.

Net credit/debt



Despite several investments and the dividend payment, Kapsch TrafficCom again closed the fiscal year with a net credit (EUR 16.2 million).

Balance sheet total and equity ratio



The equity ratio increased to 37.0% and underlines the solid balance sheet structure of the company.



Outlook.
2018/19 and medium-term.

Outlook.

FY 2018/19.

2018/19.

- > Revenue growth of about 10%, whereas business dynamics should increase as the year progresses.
 - Nation-wide tolling system in Bulgaria
 - Dynamic development in the USA
 - Relating to the new joint venture in Zambia
- > Increase in EBIT by about 10%.

Medium-term.

- > EBIT margin of the Group sustainably higher than 10%.
- > EBIT margin of the ETC segment shall be held comfortably above 10%.
- > EBIT margin of the IMS segment shall improve continuously. In a good environment, up to 8% are feasible.

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