

COMPANY UPDATE

Kapsch TrafficCom

from Buy to Hold

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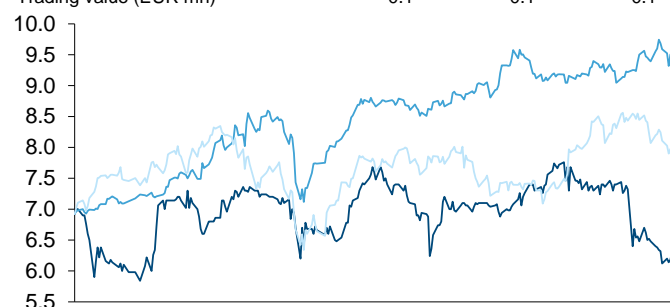
Share price (EUR) close as of 20/11/2025	6.30	Reuters	KTCG.VI	Free float	42.5%
Number of shares (mn)	14.3	Bloomberg	KTCG AV	Shareholders	Kapsch-Group (57.5%)
Market capitalization (EUR mn)	90.1	Div. Ex-date			
Enterprise value (EUR mn)	203.5	Target price	7.00	Homepage:	www.kapsch.net

Key figures Overview

EUR mn	2025	2026e	2027e	2028e
Net sales	530.3	448.8	455.1	460.9
EBITDA	29.0	37.8	26.5	28.4
EBIT	12.6	24.0	11.9	13.9
EBT	-4.3	12.5	8.6	11.0
Net profit	-6.9	9.5	6.3	8.1
EPS (EUR)	-0.48	0.66	0.44	0.57
CEPS (EUR)	0.14	1.72	1.53	1.67
BVPS (EUR)	6.23	6.89	7.33	7.90
Dividend/Share (EUR)	0.00	0.00	0.00	0.13
EV/EBITDA (x)	7.65	5.38	7.37	6.51
P/E (x)	nm	9.53	14.24	11.08
P/CE (x)	50.57	3.66	4.12	3.78
Dividend yield (%)	0.00	0.00	0.00	2.06
EBITDA margin (%)	5.46	8.43	5.81	6.17
Operating margin (%)	2.36	5.34	2.62	3.02
Net profit margin (%)	-0.58	2.08	1.41	1.79

Trading data & Statistics

Daily averages	5 days	30 days	last year
Volume	13,592	14,163	7,905
Trading value (EUR mn)	0.1	0.1	0.1



—Kapsch TrafficCom —ATX —DJ EURO STOXX Technology

Price performance:	1M	3M	6M	12M
in EUR	-15.3%	-10.8%	-16.7%	-9.0%

Financial Strength

	2025	2026e	2027e	2028e
ROE (%)	-7.66	10.08	6.22	7.47
ROCE (%)	4.16	5.32	4.18	4.92
Equity ratio (%)	20.03	26.20	28.33	30.47
Net debt (EUR mn)	117.79	111.50	102.99	93.06
Gearing (%)	129.41	111.09	96.43	80.90

Waiting for market to return

The positive market dynamics seen not too long ago, fostering expectations that KTC could build up the required scale to lift margins, have softened. We cut our target price to EUR 7.0 and our recommendation to Hold (from EUR 9.0 and Buy previously).

We are preparing for another round of efficiency measures and reduced technology related R&D (at cost) to make up for revenue levels of around EUR 450mn and a clean operating margin of ~2-4% for this and the coming years.

FY25/26 guidance of EUR 450mn in revenue and EUR 25mn in EBIT imply an EBIT margin upswing to 6% in 2H, from -6% (clean) in 1H. We continue to see a risk that such guidance could prove too ambitious in the case that the required contracts are not signed.

Overall positive market dynamics have faded, be it due to an increased market unpredictability or the technology transition to next generation tolling solutions (V2X tolling). Consequently, KTC's tender pipeline has shrunk meaningfully.

Based on our new estimates, which imply business stabilization and continuous balance sheet improvements from low but positive profit contributions, KTC looks fairly valued. Positive one-offs remain in the cards, but may not serve as a positive share price trigger as long as business stabilization has not been reached.

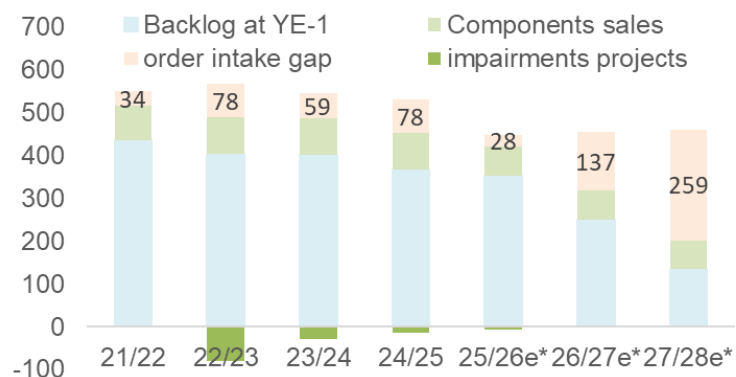
Another round of efficiency measures due to slowing market

Increasing market uncertainty and an ongoing shift to next generation tolling technology, connected vehicle tolling, pushed out or cancelled several tolling projects across regions, meaningfully cutting KTC's project pipeline for the upcoming 12-24 months. The technology transition to next generation tolling solutions (V2X tolling) also plays a role ([V2X tolling overview in our last report](#))

Order intake has already suffered substantially in 1H25/26 ("1H26"), dropping almost 50% y/y to EUR 224mn. B2B (calculated excluding component sales) remained above at 1.31x as revenue dropped 27% to EUR 200mn.

KTC guides for FY26 revenue at around EUR 450mn, which looks reasonable to us, even if it seems to require some EUR 30mn in order intake effective this year. In deriving this order intake gap, we assumed a pick-up of component sales in 2H26 vs. 1H, as the relocation of the NAM OBU manufacturing facility negatively impacted OBU supplies, which should have returned to normal.

Historical order intake gap based on t-1 backlog; to FY estimates for FY26-28 (EURmn)



- Backlog in FY26-28 based on estimated YTD FY26 order backlog. Component sales are not reflected in backlog.

Source: Company; Erste Group Research

Looking beyond FY26, we believe that KTC should manage to keep up with an order intake of some EUR 400-450mn p.a., which would translate into a B2B >1 (component sales of about EUR 65-70mn p.a. are not reflected). Such an order intake marks a sizeable decrease vs. the past two years, where order intake reached EUR 734mn and EUR 802mn, respectively for FY24 and FY25. On the positive side, based on an order backlog of EUR 1.2bn, we believe revenue levels of around EUR 450mn should be reachable until FY28, when the market, as mentioned by CEO George Kapsch during the 1H26 CC, should pick up again.

What about profitability? The compensation payment for the scrapped German enforcement contract amounting to EUR 23mn booked in 1Q26 and received in 2Q26 buys time, as reported EBIT in FY26 is guided at about EUR 25mn or 5.6% margin - translating into a clean EBIT of zero. With some restructuring measures already reflected in 1H26, the FY26

guidance implies clean 2H26 EBIT margin of 6%. As KTC aims to reduced fixed costs and investments in R&D (mostly at cost), we believe EBIT profitability should range between 2-4% in the coming years. A stringent focus on especially R&D at cost provides some flexibility with a direct impact on profitability. Obviously, such a profitability is way below company's long term target. But a higher profitability requires bigger scale, which is not to be expected in the coming two years.

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	448.8	507.1	-11.5%	455.1	517.3	-12.0%	460.9	527.6	-12.6%
EBITDA	37.8	57.2	-33.8%	26.5	40.1	-34.0%	28.4	40.9	-30.5%
EBITDA margin	8.4%	11.3%	-25.2%	5.8%	7.8%	-25.0%	6.2%	7.8%	-20.5%
EBIT	24.0	43.6	-45.0%	11.9	24.7	-51.7%	13.9	25.9	-46.1%
EBIT margin	5.3%	8.6%	-37.8%	2.6%	4.8%	-45.1%	3.0%	4.9%	-38.3%
Net profit	9.5	24.5	-61.3%	6.3	16.5	-61.8%	8.1	18.4	-55.9%
Net margin after min.	2.1%	4.8%	-56.3%	1.4%	3.2%	-56.5%	1.8%	3.5%	-49.5%
EPS	0.66	1.71	-61.3%	0.44	1.16	-61.8%	0.57	1.29	-55.9%
EPS adjusted	-0.58	1.71	-133.7%	0.44	1.16	-61.8%	0.57	1.29	-55.9%
DPS	0.00	0.00	nm	0.00	0.00	nm	0.13	0.28	-53.6%

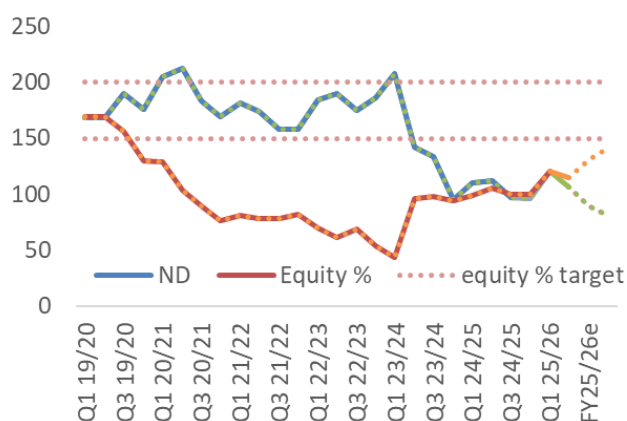
Source: Erste Group Research

Our new estimates are based on the following assumptions:

- Revenue levels of around EUR 450mn until FY28. The assumed order intake level of EUR 450mn p.a. would not be required to meet the assumed revenue level in FY27 and FY28. New design and build contracts have lower contribution in the year of signing but provide visibility through an increasing order backlog.
- Margin-wise, taking a clean EBIT margin of around zero as a starting point for FY26, we assume a moderate improvement from around 2.5% to above 3% in the coming years.
- DPS: Based on our assumptions, equity ratio should recover to 30% by FY27/28 which has been set as a base for resuming dividend payments. In fact, KTC could reach the 30% level much earlier, in case one or even two of the targeted asset disposals materialize. A potential sale of the majority stake of tolltickets has already been disclosed (1H26 NAV of EUR 1-2mn).

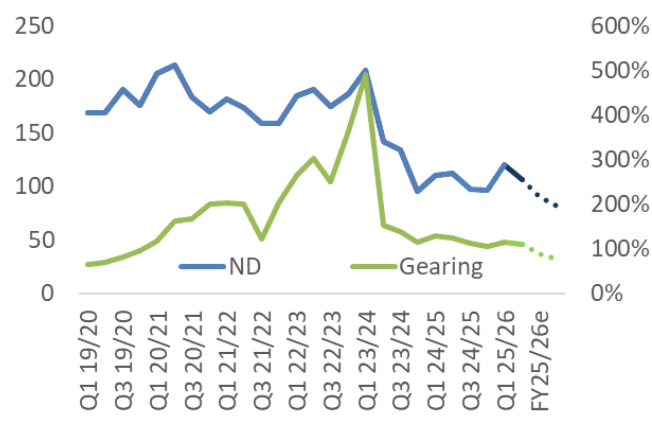
Balance sheet health – improving (EURmn);

Net debt, equity ratio development



Source: Company; Erste Group Research

Net debt, Gearing ratio development



Valuation

We continue to rely on DCF for deriving our 12-month target price. Apply an alternative peer group valuation approach becomes increasingly difficult as there are no reasonable comps we could be using. Former peers have been acquired by mostly private companies, infrastructure funds or private equity or have never been publicly listed.

What is left, is France's GEA, which manufactures OBUs and has just been selected as part of a consortium with T-systems to implement and operate the ETC system in Alsace, France. EDENRED offers fuel cards and EETS services to hauliers, among others. INIT and IVU have their business focus rather on public transport than on tolling. Still, to a certain degree, the suggested peer group derived target value could be seen as a distant share price potential, once business is not only stabilized, but returned to growth, generating sustainable mid to high single digit EBIT margin levels. At the moment it seems we are far away from such a scenario, which is why our DCF derived target price per share is now EUR 7.0, translating into a Hold recommendation.

Target price composition

	DCF	Multiple	Weight	12-month target price	act. share price	upside to target price	Recommendation
Kapsch TrafficCom	7.0	16.6	100/0	7.0	6.3	11.1%	Hold

Source: Refinitiv; Erste Group Research

Peer Group comparison

Peers	MarketC (EURmn)	P/E			EV/EBITDA			EV/EBIT		
		2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e
EDENRED	4,352	7.8x	7.7x	6.7x	4.8x	4.8x	4.4x	6.0x	6.0x	5.5x
INIT INNOVATION IN TRAFF	438	20.4x	15.6x	12.6x	10.2x	8.5x	7.4x	15.2x	11.9x	9.8x
IVU TRAFFIC TECHNOLOGI	361	26.8x	25.2x	21.5x	14.0x	13.0x	11.5x	17.6x	16.4x	14.1x
GEA	82	-	-	-	-	-	-	-	-	-
MEDIAN broader peers		20.4x	15.6x	12.6x	10.2x	8.5x	7.4x	15.2x	11.9x	9.8x
Kapsch TrafficCom	90.1	9.5x	14.2x	11.1x	5.4x	7.4x	6.5x	8.5x	16.3x	13.3x
prem. / disc median		-53.2%	-8.7%	-12.1%	-47.2%	-13.5%	-12.5%	-44.2%	37.7%	35.1%
Peers	Share price	P/B			ROE			Dividend yield		
		2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e
EDENRED	18.1	-	-	-	-0.7x	-103%	809.9%	7.2%	7.7%	8.5%
INIT INNOVATION IN TRAFF	43.6	2.9x	2.6x	2.2x	15.1%	19.2%	21.4%	2.1%	2.2%	2.4%
IVU TRAFFIC TECHNOLOGI	20.4	-	-	-	15.6%	15.1%	16.1%	1.5%	1.6%	1.7%
GEA	74.5	-	-	-	-	-	-	-	-	-
MEDIAN broader peers		2.9x	2.6x	2.2x	15.1%	15.1%	21.4%	2.1%	2.2%	2.4%
Kapsch TrafficCom	6.3	0.9x	0.9x	0.8x	10.1%	6.2%	7.5%	0.0%	0.0%	2.1%
prem. / disc median		-69.0%	-67.1%	-64.1%	-33%	-58.8%	-65.2%	nm	nm	-14.3%
Per KTC share (EUR) 2026e		17.6								
Per KTC share (EUR) 2027e		9.3								
Per KTC share (EUR) 2028e		8.9								
Period weight		60%	30%	10%						
NPV as of Nov 2025 EUR		14.2								
Cost of Equity		16.6%								
NPV as of Nov 2026 EUR		16.6								

Source: Bloomberg; Erste Group Research

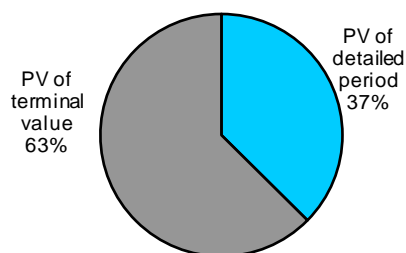
WACC calculation

	2027e	2028e	2029e	2030e	2031e	2032e (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
Cost of equity	16.6%	16.6%	16.6%	16.6%	16.6%	15.0%
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%
After-tax cost of debt	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Equity weight	45%	45%	45%	45%	45%	75%
WACC	10.2%	10.2%	10.2%	10.2%	10.2%	12.5%

DCF valuation

(EUR mn)	2027e	2028e	2029e	2030e	2031e	2032e (TV)
<i>Sales growth</i>	1.4%	1.3%	2.0%	2.0%	2.0%	1.0%
EBIT	11.9	13.9	14.8	16.9	17.4	17.3
<i>EBIT margin</i>	2.6%	3.0%	3.2%	3.5%	3.6%	3.5%
<i>Tax rate</i>	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
Taxes on EBIT	-2.7	-3.2	-3.4	-3.9	-4.0	-4.0
NOPLAT	9.2	10.7	11.4	13.0	13.4	13.3
+ Depreciation	14.5	14.5	14.2	14.0	14.1	14.1
<i>Capital expenditures / Depreciation</i>	38.4%	35.3%	36.3%	36.9%	37.0%	25.0%
+/- Change in working capital	-0.4	-0.2	-0.6	1.0	-0.4	-0.2
<i>Chg. working capital / chg. Sales</i>	-5.9%	-3.3%	-6.1%	10.3%	-3.8%	-5.0%
- Capital expenditures	-5.6	-5.1	-5.1	-5.2	-5.2	-3.5
Free cash flow to the firm	17.8	19.9	19.9	22.9	21.9	23.7
<i>Terminal value growth</i>						1.0%
Terminal value						207.8
<i>Discount factor</i>	0.91	0.82	0.75	0.68	0.61	0.61
Discounted free cash flow - Mar 31 2026	16.1	16.4	14.8	15.5	13.5	127.7
Enterprise value - Mar 31 2026	204.0					
Minorities	1.9					
Non-operating assets	0.0					
Net debt	111.5					
Equity value - Mar 31 2026	90.6					
Number of shares outstanding (mn)	14.3					
Cost of equity	16.6%					
12M target price per share (EUR)	7.0					
Current share price (EUR)	6.3					
<i>Up/Downside</i>	11.1%					

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%	6.2	7.1	8.0	8.8	9.7
	12.0%	5.8	6.6	7.5	8.3	9.1
	12.5%	5.4	6.2	7.0	7.8	8.6
	13.0%	5.1	5.8	6.6	7.4	8.1
	13.5%	4.8	5.5	6.2	7.0	7.7
		Terminal value growth				
		0.0%	0.5%	1.0%	1.5%	2.0%
WACC	11.5%	6.9	7.4	8.0	8.6	9.2
	12.0%	6.5	7.0	7.5	8.0	8.6
	12.5%	6.1	6.6	7.0	7.5	8.1
	13.0%	5.8	6.2	6.6	7.1	7.6
	13.5%	5.5	5.8	6.2	6.7	7.1

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):

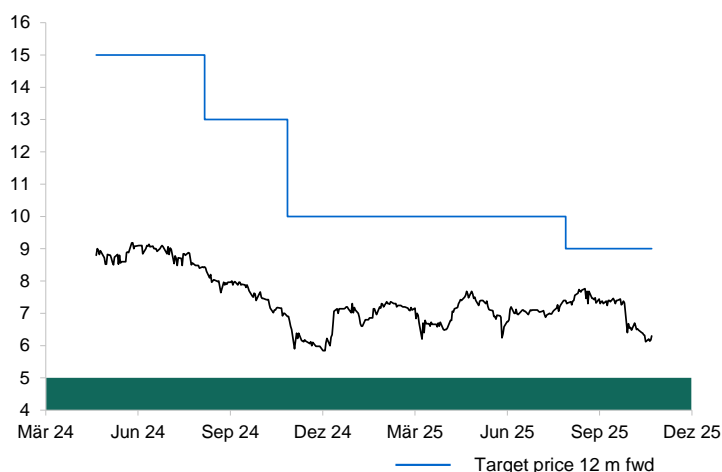
Company	ISIN	1 EGB/affiliates holdings exceed 5% of the share capital of issuer or vice versa	2 market maker or liquidity provider for issuer/instrumen ts	3 agreement for the provision of services of investment firms over the previous 12 months	4a Agreement with the covered company about the production 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.
November 24 2025

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:

[Disclosure | Erste Group Bank AG](#)

Kapsch TrafficCom



Rating history

Date	Rating	Price	Target Price	Action
27. Aug 25	Buy	7.40	9.00	
25. Nov 24	Buy	6.90	10.00	
04. Sep 24	Buy	8.44	13.00	
08. Mar 24	Buy	8.48	15.00	
12. Dec 23	Buy	9.20	15.10	

Company description

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

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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