

Press Release.

Kapsch TrafficCom – Results for the financial year 2022/23.

Highlights.

- > Revenues increased by 7% to EUR 553 million.
- > Operating result (EBIT) declined to EUR 8 million.
- > Financial indicators remain in focus.
- > Outlook to financial year 2023/24: Revenue growth in the single-digit percentage range and slight improvement in the operating result (EBIT).

“We achieved very pleasing project successes in the past financial year. The new projects are also increasingly confirming our Strategy 2027. However, several factors and one-time effects led to an EBIT significantly below our expectations. The measures we implemented for our profitability and future growth enabled us to achieve a positive EBIT. We therefore continue to see ourselves on the right track“, says Georg Kapsch, CEO of Kapsch TrafficCom.

Unless otherwise stated, all values in EUR million.	2021/22	2022/23	+/-
Revenues	519.8	553.4	+6.5%
EBIT	11.0	7.6	-31.1%
EBIT margin	2.1%	1.4%	-0.7pp
Result for the period attributable to equity holders	-9.3	-24.8	> -100%
Earnings per share (EUR)	-0.72	-1.91	> -100%

Vienna, June 14, 2023 – Kapsch TrafficCom recorded a slight increase in business in the financial year 2022/23, as expected, but EBIT remained significantly below expectations. This was caused in particular by rising costs for components, inflation-related higher wages and salaries as well as negative margin adjustments in existing customer projects. The cost base, which has been restructured and reduced in recent years, was unable to compensate for this.

The economic environment remained challenging, with the recovery from the effects of the COVID 19 pandemic overshadowed by the conflict in the Ukraine. This resulted in price increases in all areas due to inflation and rising interest rates, among other factors. Supply difficulties and disproportionate price increases for electronic components also continued.

New business momentum improved over the course of the year and was already reflected in successes on the project side. New tolling projects increasingly include sustainable aspects, and efficient traffic management in cities is also gaining in importance. Kapsch TrafficCom was able to win several new urban projects in the reporting period.

Moreover, in the financial year 2022/23, a number of implementation projects were completed and entered the operations phase. In South Africa, the contract for the tolling system in the Gauteng province was last extended until mid-December 2023.

In light of these circumstances, Kapsch TrafficCom was able to increase revenues in the financial year 2022/23 by 7% from EUR 520 million to EUR 553 million. Strong growth in the Americas (North, Central and South America) and Asia-Pacific regions was the main contributor to this increase.

Although Kapsch TrafficCom was able to significantly reduce its cost base in the past years, the EBIT of EUR 8 million was nevertheless 31% below the previous year's figure of EUR 11 million. This development was influenced by the following special effects:

- Increased personnel costs influenced by unfavorable currency developments and above-average salary indexations.
- Adjustment of project margins for several customer projects; sales and contract assets from customer contracts were reduced and provisions for onerous contracts were recognized.
- COVID-related changes in office presence resulted in adjustments to existing leases and one-off lease exit expenses, particularly in the Americas region.
- The income from the sale of the Spanish public transport business had a positive effect of EUR 6 million; this was also a significant strategic milestone, as Kapsch TrafficCom can now focus on its core business.

The financial result decreased from EUR -5 million in the previous year to EUR -16 million in the financial year 2022/23 in connection with the foreign currency effects, hyperinflation in Argentina, increased interest expense and a valuation adjustment. In addition, income taxes were higher than in the previous year, mainly due to the reduction in the balance sheet recognition of deferred taxes. Thus, the result attributable to equity holders remained negative and decreased to EUR -25 million. This corresponds to earnings per share of EUR -1.91 (previous year: EUR -0.72).

Cash flow from operating activities was negative due to the lower EBIT and the increase in net working capital, as was free cash flow, which amounted to EUR -6 million in the financial year (previous year: EUR 17 million).

The key asset figures reflect the challenges of the past year: Cash and cash equivalents at the end of the financial year were below the previous year's level, equity decreased in particular due to the negative result for the period and currency translation differences, and financial liabilities increased. As a result, the gearing ratio grew to 363%, and the equity ratio declined to 11%.

As expected, Kapsch TrafficCom will not pay a dividend for the financial year 2022/23

Segment results for the financial year 2022/23.

Growth was driven by the tolling segment, which generated 73% of total revenues in the reporting period. The traffic management segment accounted for 27%. In regional terms, the share of revenues in the EMEA region (Europe, Middle East, Africa) declined to 49%, while Kapsch TrafficCom recorded strong growth in the other regions: in the Americas region (North, Central and South America) to 45% and in the Asia-Pacific region (APAC) to 6% of total revenues. Components business increased in both segments during the reporting period, demonstrating a market recovery following the restrictions of the COVID pandemic. However, expectations could not be met due to continuing supply difficulties.

Tolling segment.

Revenues in the tolling segment increased by 9% from EUR 370 million to EUR 403 million, with the implementation business up by remarkable 34% compared to the previous year and the components business also increasing. In the Americas region, revenues increased by 20%, making this region the largest contributor to revenues in the financial year 2022/23 (47%). In the EMEA region, revenues declined - mainly in connection with the termination of the nationwide tolling project in Poland – to account for 46% of total revenues. Enormous growth was recorded in the APAC region, with the share of revenues now at 7%.

The EBIT in the tolling segment decreased to EUR -8 million (previous year: EUR 3 million) due to increased costs.

Results tolling.			
Unless otherwise stated, all values in EUR million.	2021/22	2022/23	+/-
Revenues	369.9	403.4	+9.1%
EBIT	3.3	-7.6	–
EBIT margin	0.9%	-1.9%	–

Traffic management segment.

In the traffic management segment, revenues remained stable at EUR 150 million. While implementation revenues decreased compared to the previous year, operations revenues increased by 18%. In regional terms, the EMEA region made the largest contribution to revenues at 57% despite a decline in revenues, the Americas region contributed 40% and the APAC region 3%.

The EBIT in the traffic management segment almost doubled – in particular due to the sale of the Spanish public transport business – and amounted to EUR 15 million, compared to EUR 8 million in the previous year. The EBIT margin was therefore 10%.

Results traffic management.			
Unless otherwise stated, all values in EUR million.	2021/22	2022/23	+/-
Revenues	149.9	150.0	+0.1%
EBIT	7.7	15.2	+97.9%
EBIT margin	5.1%	10.1%	+5.0pp

Outlook.

For the financial year 2023/24, management expects revenue growth in the single-digit percentage range and a slight improvement in the operating result (EBIT). The focus remains on new business, as well as on disciplined cost and liquidity management and an improvement of financial indicators.

New orders will be reflected in revenues in the coming years, and management also sees a good project pipeline.

Kapsch TrafficCom anticipates that costs will continue to rise for the time being. The achieved reduction of the cost base proves to be particularly valuable in this context. In the past years and also in the past financial year, project risks became apparent, which led to negative margin adjustments. As these projects have been increasingly processed, the risks have now been significantly reduced.

The progress of projects should also have a positive impact on liquidity in the future. In addition, Kapsch TrafficCom agreed on a restructuring of the financing with its major financial partners in May 2023 in order to ensure financial stability.

In Germany, Kapsch TrafficCom continues to wait for further developments after the termination of the contracts by the customer. Kapsch TrafficCom most recently reached an interim arbitration award in March 2022, which affirmed a claim for compensation on the merits. In the current phase of the arbitration proceedings, the amount of the claim will be decided.

Strategy 2027.

The continued global megatrends as well as the increasing awareness and legal requirements for climate and environmental protection increase the need for comprehensive and intelligent transportation solutions. Kapsch TrafficCom is convinced that it is addressing the right issues with its Strategy 2027 and continues to implement it consistently.

In terms of urban traffic management, significant project successes were achieved in the past year, and the contribution of the solutions to sustainable mobility is increasingly proving to be a powerful argument. Kapsch TrafficCom is becoming a green, CO₂-neutral company with a green portfolio that contributes to climate protection.

The report on the financial year 2022/23 as well as further materials on the results are scheduled to be available today, from 7:35 a.m. (CEST), at: www.kapsch.net/en/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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