



**kapsch** >>>  
challenging limits

Kapsch TrafficCom

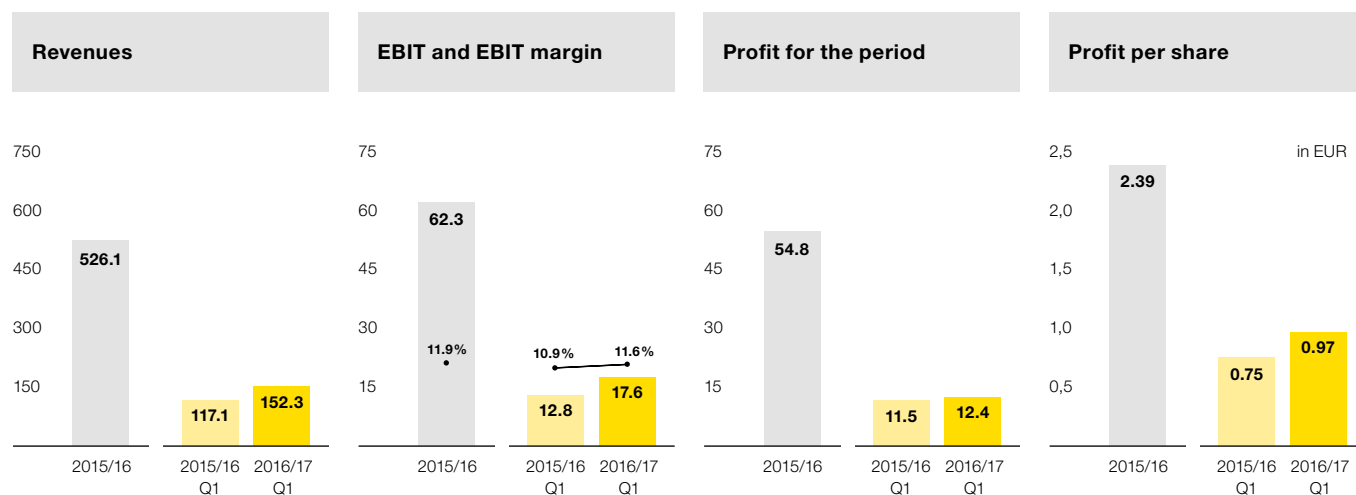
# **Report on the first quarter 2016/17.**

# Selected Key Financial Data.

2016/17 (fiscal year 2016/17): 1 April 2016 – 31 March 2017

2016/17 Q1 (first quarter 2016/17): 1 April – 30 June 2016

All figures presented in EUR million unless otherwise stated

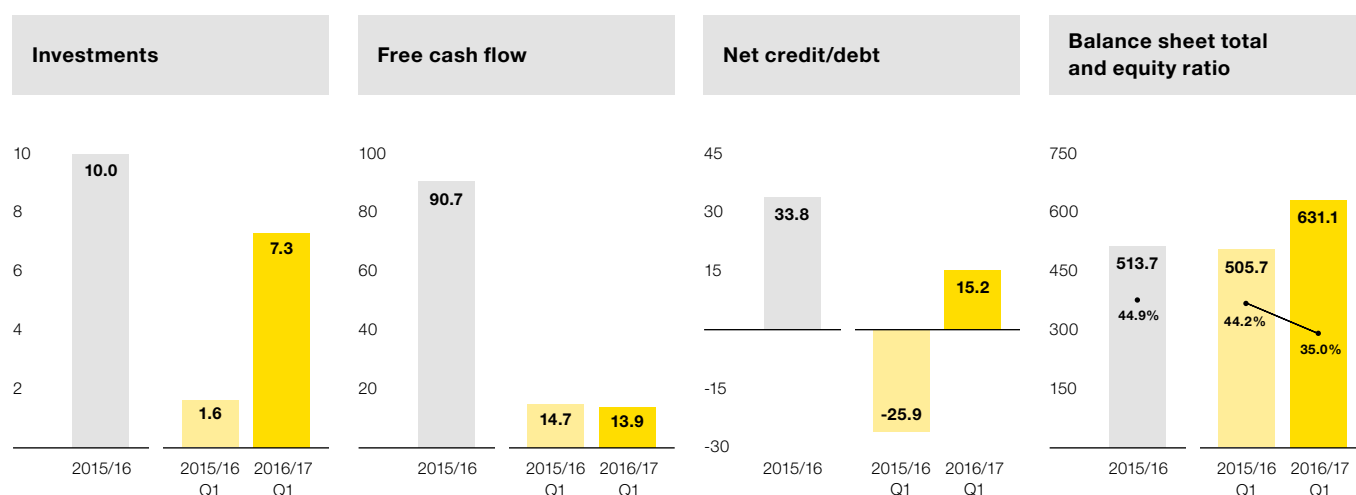


A stronger operational business as well as the initial consolidation of Kapsch TrafficCom Transportation led to a jump in revenues compared with the first quarter of 2015/16 by 30% to EUR 152.3 million.

Despite a still negative EBIT contribution from Kapsch TrafficCom Transportation as well as expenditures relating to its integration, the EBIT climbed by 38% to EUR 17.6 million, which corresponds to an EBIT margin of 11.6%.

The profit for the period rose by 8% to EUR 12.4 million. The comparison value of the previous year included a positive one-time effect in the financial result. Due to the significantly increased pretax result, the income tax expenses also increased this year.

The profit per share was EUR 0.97 (+30%). In addition to the significantly improved profit for the period, this was also due to a lower value for "non-controlling interests".



The increase in investments to EUR 7.3 million resulted from the acquisition of Kapsch TrafficCom Transportation and primarily concerns intangible assets.

The free cash flow declined by 6% compared to the same quarter of the previous year. This development also relates to the consolidation of Kapsch TrafficCom Transportation.

Kapsch TrafficCom has a net credit of EUR 15.2 million. Measures have already been taken to cover the repayment of the bonds maturing in 2017.

The assumption of a borrower's note loan (extension of the balance sheet) and an acquisition (effect in equity) resulted in a reduction of the equity ratio to 35%.

# Selected Key Data.

All figures presented in EUR million unless otherwise stated

<b>Earnings Data</b>	<b>2016/17 Q1</b>	<b>+/-</b>	<b>2015/16 Q1</b>	<b>2015/16</b>
Revenues	152.3	30%	117.1	526.1
Share of ETC segment	73.8%	-9.8%p	83.7%	84.0%
Share of IMS segment	26.2%	9.8%p	16.3%	16.0%
EBITDA	21.8	29%	16.9	76.9
EBITDA margin	14.3%	-0.1%p	14.4%	14.6%
EBIT	17.6	38%	12.8	62.3
EBIT margin	11.6%	0.6%p	10.9%	11.9%
Profit before tax	17.3	15%	15.0	54.8
Profit for the period	12.4	8%	11.5	36.5
Profit for the period attributable to equity holders	12.7	30%	9.8	31.1
<b>Business segments</b>	<b>2016/17 Q1</b>	<b>+/-</b>	<b>2015/16 Q1</b>	<b>2015/16</b>
Electronic Toll Collection (ETC)				
Revenues	112.4	15%	98.0	442.1
EBIT	18.1	33%	13.6	63.7
EBIT margin	16.1%	2.2%p	13.9%	14.4%
Intelligent Mobility Solutions (IMS)				
Revenues	39.8	108%	19.1	84.0
EBIT	-0.5	-36%	-0.8	-1.3
EBIT margin	-1.4%	3.0%p	-4.4%	-1.6%
<b>Revenues by region</b>	<b>2016/17 Q1</b>	<b>+/-</b>	<b>2015/16 Q1</b>	<b>2015/16</b>
Austria	5.6%	-2.1%p	7.7%	7.6%
EMEA (excl. Austria)	45.9%	-4.8%p	50.7%	50.8%
Americas	26.0%	3.7%p	22.3%	22.5%
APAC	22.5%	3.2%p	19.3%	19.2%
<b>Balance sheet data</b>	<b>30 June 2016</b>	<b>+/-</b>	<b>31 March 2016</b>	
Total assets	631.1	23%	513.7	
Total equity <sup>1</sup>	220.7	-4%	230.7	
Equity ratio <sup>1</sup>	35.0%	-9.9%p	44.9%	
Net assets (+)/debt (-) <sup>2</sup>	15.2	-55%	33.8	
Gearing <sup>3</sup>	—		—	
Capital employed	398.5	18%	337.7	
Net working capital	236.6	29%	183.7	
<b>Cash flow</b>	<b>2016/17 Q1</b>	<b>+/-</b>	<b>2015/16 Q1</b>	<b>2015/16</b>
Capital expenditure <sup>4</sup>	7.3	364%	1.6	10.0
Free cash flow <sup>5</sup>	13.9	-6%	14.7	90.7
<b>Other information</b>	<b>2016/17 Q1</b>	<b>+/-</b>	<b>2015/16 Q1</b>	<b>2015/16</b>
Employees, end of period	4,659	33%	3,494	3,716
On-board units, in million units	2.84	22%	2.33	9.55
<b>Stock Exchange Data</b>	<b>2016/17 Q1</b>	<b>+/-</b>	<b>2015/16 Q1</b>	<b>2015/16</b>
Market capitalization	486.1	68%	288.5	310.0
Free float	36.7%	-0.2%p	36.9%	36.7%

1 Incl. non-controlling interests

2 Cash and cash equivalents + other current assets – financial liabilities

3 Net debt/equity

4 Capital expenditure for purchase of property, plant and equipment as well as intangible assets; see cash flow statement

5 Net cash flow from operating activities – capital expenditure + proceeds from the disposal of property, plant and equipment and intangible assets

# **Letter from the CEO.**

**Dear shareholders,**



in the first quarter of 2016/17, Kapsch TrafficCom continued the positive development of the previous fiscal year. Quarterly revenues increased over the comparison period of the previous year by EUR 35.1 million (+30%) to EUR 152.3 million. The operating result (EBIT) rose by EUR 4.8 million (+38%) to EUR 17.6 million, and the profit for the period grew by EUR 0.9 million (+8%) to EUR 12.4 million.

The initial consolidation of Kapsch TrafficCom Transportation (the global transportation division of Schneider Electric acquired on 1 April 2016) had a major impact on the results. The total revenues of the group increased by EUR 24.9 million as a result. As expected, the EBIT contribution was negative at EUR -1.1 million.

I expect the integration to be completed by no later than fall 2017 and that synergies will then be reflected in the results. For the current fiscal year, we anticipate that Kapsch TrafficCom Transportation will contribute revenues of roughly EUR 125 million to the group results, primarily in the segment Intelligent Mobility Solutions, in addition to a slightly positive EBIT contribution (equivalent to pressure on the results margins of the group).

Kapsch TrafficCom Transportation and its roughly 900 employees expand the portfolio of the group and strengthen our competitive position significantly, especially in growth markets such as Spain, Latin America, North America and the Near East. We are now within the top segment of toll solution providers in the U.S.A. In addition, this acquisition marks our clear jump from the highways into the cities: Previously, we had solutions for highways and individual applications for urban areas. We are now leading, globally active full-service providers.

In the first three months of the current fiscal year, we also succeeded in winning new projects. For example, we secured our fifth project in the state of Queensland, Australia. This includes both the delivery and operation of the toll system for a bypass. The contract has been concluded for ten years and has a value of AUD 9 million. In the U.S.A., we received an order for the modernization of the integrated transportation management systems in the Highway Operations Center of the Massachusetts Department of Transportation. This four-year contract has a value of USD 11.5 million.

North America certainly represents the most important growth market for the Kapsch TrafficCom Group. In addition to several larger projects, we are also expecting an increasing volume of smaller projects here. In general, our project pipeline is well utilized.

Less pleasant news came from the results of the public referendum on the “BREXIT” in Great Britain on June 23<sup>rd</sup>. Even aside from the upheaval on the stock markets following the referendum, we will certainly be dealing with this topic and the associated uncertainty for some time to come. What this development means for the European political framework as well as the economic performance of the European Union is also difficult to predict from the current perspective. The only concrete impact on Kapsch TrafficCom at this time consists of changes to exchange rates. However, their negative implications on the group are manageable.

We therefore remain focused on advancing the implementation of our strategy. One key foundation for this goal lies in ensuring that Kapsch TrafficCom has ample capital resources. Despite the acquisition of the transportation business of Schneider Electric for a net cost of EUR 16.6 million, as well as a first installment for the acquisition of shares in Kapsch Telematic Services spol. s r. o., Prague, in the amount of EUR 14.0 million, Kapsch TrafficCom had a net credit at the end of the quarter of EUR 15.2 million. A good part of the proposed dividend payment for the 2015/16 fiscal year in the amount of EUR 19.5 million (EUR 1.50/share) can therefore be covered with this net assets.

For optimization of our financing structure and refinancing of the bonds due in November 2017 (EUR 70.8 million outstanding), we obtained for the first time a borrower’s note loan in the amount of EUR 62 million plus USD 14.5 million. The interest on this loan is partially fixed and partially variable, and it encompasses three tranches for periods of five, seven and ten years. One advantage of a borrower’s note loan over a bond is that it can be repaid early, if necessary, allowing it to be used significantly more flexibly. This is an important factor in consideration of the existing net credit and the solid free cash flow.

One disadvantage of this transaction for the equity ratio is its effect of extending the balance sheet because we have temporarily invested the obtained funds. Because the equity was also burdened by the acquisition of the non-controlling interest of 48% of the Czech company Kapsch Telematic Services spol. s r.o., the equity ratio has declined to 35%. I consider this development to be primarily an accounting issue – our balance sheet at the end of June 2016 appears to me to be much stronger than at the start of the quarter.

In consideration of the

- > significantly improved strategic position of the group,
- > good business development in the first quarter,
- > strong capital resources,
- > well occupied project pipeline,

I look positively to the future.

Sincerely,



Georg Kapsch  
Chief Executive Officer

# Kapsch TrafficCom Shares.



Included in the VÖNIX Sustainability Index since 2009

ISIN: AT000KAPSCH9

Stock ticker symbol: KTCG

Reuters: KTCG.VI

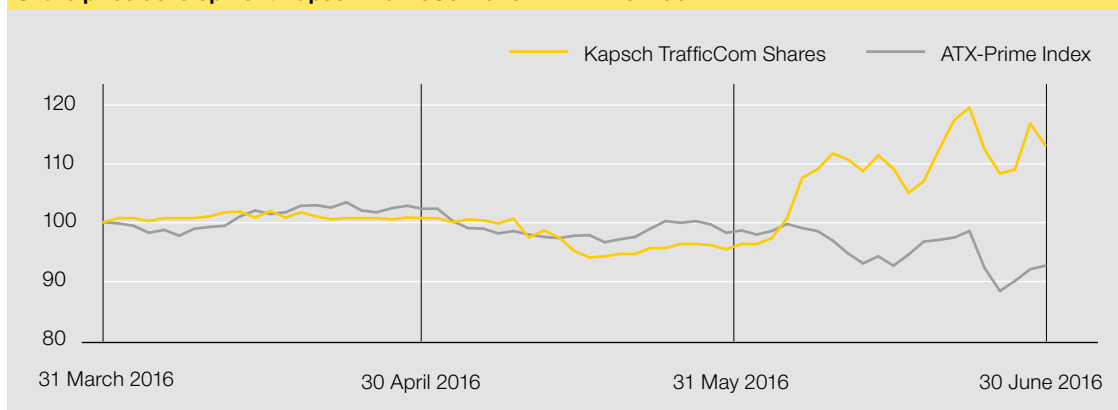
Bloomberg: KTCG AV

The shares of Kapsch TrafficCom have been listed in the Prime Market of the Vienna Stock Exchange since the flotation on 26 June 2007. The core shareholder of the company is KAPSCH-Group Beteiligungs GmbH with a share of 63.3%. The shares in free float are held by institutional investors (~23%), private investors (~11%) and other investors (~3%). The weighted average number of shares is 13 million.

## Price developments in 2016/17 Q1

The price developments in the first quarter were very positive, even against the benchmark of the ATX Prime: The shares opened on 1 April 2016 at EUR 30.01 EUR and up to 11 May moved largely laterally between EUR 28.22 and EUR 30.59 – thus far similar to the benchmark. While the ATX Prime remained relatively stable as of this point, the Kapsch TrafficCom shares fell to an (intraday) low of EUR 27.20 on 23 May but then recovered steadily and outperformed the index as of 7 June up to the end of the quarter. On 22 June – the day on which the good results for the 2015/16 fiscal year were published – the shares reached the (intraday) high for the quarter at EUR 35.93. A massive stock market decline occurred following the BREXIT referendum in Great Britain on 23 June, which also negatively impacted the Kapsch TrafficCom shares. At the end of the quarter, the share price was EUR 33.70, which is 13.1% above the closing price of the previous quarter. Over this time period, the shares outperformed the ATX Prime by 20.5 percentage points.

## Share price development Kapsch TrafficCom and ATX Prime Index



The closing prices on 31 March 2016, each indexed to 100.

Key shares data, all amounts in EUR	2016/17 Q1	2015/16 Q1
Profit/share	0.97	0.75
Closing price of previous quarter	29.80	23.85
High (intraday)	35.93	23.95
Low (intraday)	27.20	20.01
Closing price	33.70	22.20
Average trading volume (share, double count)	14,141	23,917

Selected dates	
07 September 2016	Annual General Meeting for the 2015/16 fiscal year
17 November 2016	Interim report for 2016/17 H1
22 February 2017	Interim report for 2016/17 Q1-Q3
21 June 2017	Results of fiscal year 2016/17
06 September 2017	Annual General Meeting for the 2016/17 fiscal year

Contact
Investor Relations Officer: Hans Lang
Shareholders' information line: +43 50 811 1122
E-mail: <a href="mailto:ir.kapschtraffic@kapsch.net">ir.kapschtraffic@kapsch.net</a>
Website: <a href="http://www.kapschtraffic.com">www.kapschtraffic.com</a>

# Analysis of the Results and Balance Sheet.

## Revenues and earnings.

The revenues of Kapsch TrafficCom Group were EUR 152.3 million in the first quarter of the current fiscal year 2016/17, up by 30.0% from the same period of the previous fiscal year (2015/16 Q1: EUR 117.1 million). An increase in revenues was recorded in both segments of Electronic Toll Collection (ETC) and Intelligent Mobility Solutions (IMS).

Revenues by segment in the first three months were as follows:

- > In the segment **Electronic Toll Collection (ETC)**, the previous year's revenues of EUR 98.0 million was increased by 14.8% to EUR 112.4 million.

The largest share of the revenues came from the region EMEA (Europe, Middle East, Africa) with the Operations projects in Austria, Poland, the Czech Republic and Belarus, which recorded a slight increase over the previous year. As a result of the contractual exchange of IT infrastructure, there is a significant increase in the Operations project in South Africa compared with the previous year. The Design & Build projects lagged behind the comparison period of the previous year because the planned expansions to the installation project in Poland have not yet begun. Due to low sales of on-board units in France and the Czech Republic, Components revenues in the region EMEA declined slightly.

In the Americas region, the Design & Build projects and Operations projects in the U.S.A. of the Kapsch TrafficCom Transportation group, recently acquired from Schneider Electric S.E. (formerly Telvent Tráfico y Transporte), as well as the projects of SCADA and Intervial-Angustura 2 in Chile contributed significantly to the positive revenues developments. In the area of Operations projects, it was also possible to achieve an increase compared to the previous year thanks to the maintenance contracts of Kapsch TrafficCom Transportation in the U.S.A.

In the APAC (Asia-Pacific) region, the increase in revenues resulted from the Design & Build projects, such as the project for replacement of the existing toll system of the Sydney Harbour Bridge and the Sydney Harbour Tunnel.

The number of on-board units sold amounted to 2.84 million (2015/16 Q1: 2.33 million). Increases were observed in particular in North America, Chile and Russia, while the sales figures in Mexico, France and the Czech Republic declined relative to the comparison period.

- > The segment **Intelligent Mobility Solutions (IMS)** recorded revenues of EUR 39.8 million after EUR 19.1 million in the same period of the previous fiscal year, an increase of 108.0%.

Contributions to this revenues increase came in the region EMEA (Europe, Middle East, Africa) from the Design & Build projects in Spain that were recently acquired with the Kapsch TrafficCom Transportation group (formerly Telvent Tráfico y Transporte) and fully consolidated for the first time on 1 April 2016 as well as the operation of traffic management systems in South Africa. In addition, the cross-border program "CHARM" for which the advanced traffic management system DYNAC is being implemented both in England and in the Netherlands made a significant contribution to improved revenues in this region.

In the Americas region, the revenues was also above the comparison values of the previous year, an improvement that can be explained by the acquisition of the projects of Kapsch TrafficCom Transportation in the U.S.A. and Brazil.

In the APAC (Asia-Pacific) region, slight increases in revenues were achieved with the Design & Build projects in New Zealand and Vietnam. The Operations projects and component sales were at about the same level as the previous year.

In the first three months of the current fiscal year, the Kapsch TrafficCom Group reported an operating result (EBIT) of EUR 17.6 million (2015/16 Q1: EUR 12.8 million). The project "Top Fit" for cost reduction and improved earnings had a positive impact on the development of the results. On the other hand, the results were weighed down in the first quarter of the fiscal year by the expected negative EBIT contribution in the amount of EUR -1.1 million from Kapsch TrafficCom Transportation (formerly Telvent Tráfico y Transporte), which was first consolidated on 1 April 2016. This includes a profit in the amount of EUR 3.0 million from the preliminary calculation of the difference between the purchase price and the net assets according to the initial consolidation (see note 15). Operating result developments by segment were as follows in the first quarter:

- > The segment ETC achieved an EBIT of EUR 18.1 million during the reporting period after EUR 13.6 million in the first quarter of the previous year. The good development of the Operations projects, especially in the EMEA region, was primarily responsible for this improvement in results and also succeeded in compensating for the negative contribution of the newly acquired Kapsch TrafficCom Transportation (formerly Telvent Tráfico y Transporte). The segment was positively impacted by the profit from the initial consolidation of Kapsch TrafficCom Transportation of EUR 0.9 million based on the preliminary determined negative difference in value (see note 15).
- > The segment IMS achieved an EBIT of EUR -0.5 million after EUR -0.8 million in the first quarter of the previous year. The expected negative EBIT contribution of the newly acquired Kapsch TrafficCom Transportation (formerly Telvent Tráfico y Transporte) as well as the negative contribution of Streetline Inc., U.S.A., which was purchased in the previous year, were compensated for by the positive development of the South African traffic management projects, but the EBIT of the segment was still negative overall in the first three months of the fiscal year. The lower increase in expenses for development services relative to revenues was also unable to level out the EBIT. The segment was positively impacted by the profit from the initial consolidation of Kapsch TrafficCom Transportation of EUR 2.1 million based on the preliminary determined negative difference in value (see note 15).

The financial result worsened from EUR 2.3 million in the comparison period of the previous year to EUR -0.3 million. This was due primarily to gains from the sale of securities in the amount of EUR 3.4 million that were reported under financial income in the same period of the previous year. The development of the financial result in the first three months of the fiscal year was consistently positive. On one hand, the finance income increased by EUR 0.2 million due primarily to foreign exchange rates gains. On the other hand, there was a slight reduction in the finance costs from EUR 3.1 million to EUR 2.9 million due primarily to the reduction of interest payments by EUR 0.3 million.

The profit for the period increased by 8 % compared with the same period of the previous year. In particular, the share attributable to the equity holders of the company increased to EUR 12.7 million (2015/16 Q1: EUR 9.8 million). This resulted in a profit per share for the Kapsch TrafficCom Group of EUR 0.97 (2015/16 Q1: EUR 0.75).

### **Financial position and cash flows.**

The balance sheet total as on 30 June 2016 was above that of the previous year at EUR 631.1 million (31 March 2016: EUR 513.7 million). The total equity of EUR 220.7 million was EUR 10.0 million below the comparison value at the end of the last fiscal year of EUR 230.7 million. The equity ratio of the Kapsch TrafficCom Group declined from 44.9% on 31 March 2016 to 35.0% on 30 June 2016 as a result of the increase in the balance sheet total.

The primary reason for this balance sheet extension is the placement of a borrower's note loan in the amount of EUR 62 million and USD 14.5 million for optimization of the financing structure as well as for refinancing the corporate bond due in November 2017. On the asset side of the balance sheet, the borrower's note loan resulted in an increase of the cash and cash equivalents to EUR 191.5 million (31 March 2015: EUR 140.8 million), while on the liability side it added an obligation of EUR 74.8 million.

The most significant changes in assets involved the trade receivables and other current assets. These increased since 31 March 2016 by EUR 61.9 million to EUR 258.1 million, a change attributable to the newly acquired companies of Kapsch TrafficCom Transportation, which had receivables of EUR 62.2 million on 30 June 2016. In addition, the remaining 48% of Kapsch Telematic Services spol. s r.o. in the Czech



Republic was purchased in the first quarter of the fiscal year. The purchase price in the amount of up to EUR 21.8 million consists of a fixed portion of EUR 14.0 million and a results-based variable portion of EUR 7.8 million, which is payable in installments up to 2020.

The largest change on the liabilities side of the balance sheet occurred in the non-current financial liabilities, which increased since 31 March 2016 by EUR 60.5 million to EUR 146.2 million on 30 June 2016. This is attributable to the obligation from the borrower's note loan in the amount of EUR 74.8 million. The other liabilities increased by EUR 25.8 million to EUR 105.1 million on 30 June 2016. The majority of this increase comes from the newly acquired companies of Kapsch TrafficCom Transportation, which reported other liabilities on 30 June 2016 of EUR 28.4 million. The trade payables of EUR 64.5 million are EUR 12.4 million higher than on 31 March 2016. The general decline in liabilities was more than offset here by an increase of EUR 17.9 million from the newly acquired companies of Kapsch TrafficCom Transportation.

The net cash flow from operating activities amounted in the first quarter of the fiscal year to EUR 20.4 million, which is EUR 4.3 million higher than in the comparison period of the previous year. This development can be primarily attributed to the positive profit from operating activities as well as the increase in current trade payables by EUR 2.4 million, which resulted largely from the newly acquired companies of Kapsch TrafficCom Transportation.

The cash flow from investing activities was EUR -25.4 million in the first quarter owing to payments for the purchase of the companies of Kapsch TrafficCom Transportation in the amount of EUR 26.1 million. Another EUR 2.4 million results from the purchase of a minority share in ParkJockey Global, Inc., U.S.A. In the comparison period of the previous year, the cash flow from investing activities was positive at EUR 6.6 million due largely to the sale of securities as well as the cash inflow from the purchase of the shares in Streetline, Inc., U.S.A.

The free cash flow was also positive again at EUR 13.9 million (2015/16 Q1: EUR 14.7 million) largely as a result of the current trade payables from the newly acquired companies of Kapsch TrafficCom Transportation.

The increase in the non-current financial liabilities by EUR 75.4 million is due to the obligation from the borrower's note loan and results in a positive net cash flow from financing activities of EUR 55.5 million. A contrary effect was produced by the payment in the amount of EUR 14.0 million for the purchase of minority shares for the remaining share of Kapsch Telematic Services spol. s r. o. in the Czech Republic.

Cash and cash equivalents increased from EUR 140.8 million on 31 March 2016 to EUR 191.5 million on 30 June 2016. The increase in financial liabilities as well as the increase in the cash and cash equivalents led to a decline in the net credit to EUR 15.2 million on 30 June 2016 (31 March 2016: EUR 33.8 million).

# Condensed consolidated interim financial information

as of 30 June 2016. \*)

## Kapsch TrafficCom Group – Consolidated statement of comprehensive income.

All amounts in TEUR	Notes	2016/17 Q1	2015/16 Q1
<b>Revenues</b>	(5)	<b>152,259</b>	<b>117,126</b>
Other operating income		9,219	3,306
Changes in finished and unfinished goods and work in progress		1,053	-3,361
Own work capitalized		439	221
Cost of materials and other production services		-59,603	-38,591
Staff costs		-53,531	-39,008
Amortization and depreciation		-4,179	-4,129
Impairment charge		0	0
Other operating expenses		-28,054	-22,772
<b>Operating result</b>	(5)	<b>17,604</b>	<b>12,791</b>
Finance income		2,605	5,391
Finance costs		-2,930	-3,126
<b>Financial result</b>		<b>-324</b>	<b>2,264</b>
Result from associates		57	-38
<b>Result before income taxes</b>		<b>17,337</b>	<b>15,017</b>
Income taxes	(13)	-4,918	-3,545
<b>Result for the period</b>		<b>12,419</b>	<b>11,472</b>
Result attributable to:			
Equity holders of the company		12,663	9,758
Non-controlling interests		-244	1,714
<b>Earnings per share from the result for the period attributable to the equity holders of the company (in EUR)</b>		<b>0,97</b>	<b>0,75</b>
<b>Other comprehensive income:</b>			
<b>Items subsequently reclassified to the result for the period:</b>			
Currency translation differences		-526	-214
Currency translation differences from net investments in foreign operations		1,044	1,602
Available-for-sale financial assets:			
Fair value gains/losses recognized in other comprehensive income		-1,579	611
Reclassification of cumulated net losses to the result for the period (impairment)		773	0
Reclassification of cumulated net gains to the result for the period (sale of available-for-sale financial assets)		0	-3,318
Income tax relating to items subsequently reclassified to the result for the period		-276	461
<b>Total items subsequently reclassified to the result for the period</b>		<b>-564</b>	<b>-858</b>
<b>Items subsequently not reclassified to the result for the period:</b>			
Remeasurements of liabilities from post-employment benefits		0	0
Income tax relating to items subsequently not reclassified to the result for the period		0	0
<b>Total items subsequently not reclassified to the result for the period</b>		<b>0</b>	<b>0</b>
<b>Other comprehensive income for the period net of tax</b>	(14)	<b>-564</b>	<b>-858</b>
<b>Total comprehensive income for the period</b>		<b>11,855</b>	<b>10,615</b>
Total comprehensive income attributable to:			
Equity holders of the company		12,182	8,872
Non-controlling interests		-327	1,743

Earnings per share relate to 13.0 million shares. The notes on the following pages form an integral part of this interim financial information.

\*) The condensed consolidated interim report has neither been audited nor been reviewed by an auditor.

## Kapsch TrafficCom Group – Consolidated balance sheet.

All amounts in TEUR	Notes	30 June 2016	31 March 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(6)	20,256	20,867
Intangible assets	(6)	73,990	64,911
Interests in associates	(7)	2,022	1,917
Other non-current financial assets and investments	(8)	19,573	18,651
Other non-current assets		11,008	18,877
Deferred tax assets		11,568	11,895
		<b>138,416</b>	<b>137,119</b>
<b>Current assets</b>			
Inventories		37,971	35,757
Current tax receivables		3,572	3,754
Trade receivables and other non current assets		258,066	196,158
Other current financial assets	(8)	1,495	97
Cash and cash equivalents		191,531	140,782
		<b>492,635</b>	<b>376,549</b>
<b>Total assets</b>		<b>631,052</b>	<b>513,667</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the company</b>			
Share capital	(9)	13,000	13,000
Capital reserve		117,509	117,509
Retained earnings and other reserves		91,384	92,338
		<b>221,893</b>	<b>222,847</b>
<b>Non-controlling interests</b>		<b>-1,213</b>	<b>7,811</b>
<b>Total equity</b>		<b>220,679</b>	<b>230,658</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current financial liabilities	(10)	146,190	85,734
Liabilities from post-employment benefits to employees	(11)	24,183	24,107
Non-current provisions	(12)	8,378	1,396
Other non-current liabilities		10,841	3,333
Deferred income tax liabilities		5,568	3,190
		<b>195,161</b>	<b>117,760</b>
<b>Current liabilities</b>			
Trade payables		64,476	52,041
Other liabilities and deferred income		105,119	79,342
Current tax payables		4,297	3,573
Current financial liabilities	(10)	31,606	21,349
Current provisions	(12)	9,712	8,946
		<b>215,211</b>	<b>165,250</b>
<b>Total liabilities</b>		<b>410,372</b>	<b>283,010</b>
<b>Total equity and liabilities</b>		<b>631,052</b>	<b>513,667</b>

The notes on the following pages form an integral part of this interim financial information.

## Kapsch TrafficCom Group – Consolidated statement of changes in equity.

All amounts in TEUR	Attributable to equity holders of the company			Consolidated retained earnings	Non-controlling interests	Total equity
	Share capital	Capital reserve	Other reserves			
<b>Carrying amount as of 31 March 2015</b>	<b>13,000</b>	<b>117,509</b>	<b>-12,184</b>	<b>89,634</b>	<b>11,403</b>	<b>219,361</b>
Dividend				0	-6,663	-6,663
Effects from acquisition of shares in subsidiaries				0	21	21
Result for the period				9,758	1,714	11,472
Other comprehensive income for the period:						
Currency translation differences			959		28	988
Fair value gains/losses on available-for-sale financial assets			-1,845		0	-1,845
<b>Carrying amount as of 30 June 2015</b>	<b>13,000</b>	<b>117,509</b>	<b>-13,070</b>	<b>99,391</b>	<b>6,503</b>	<b>223,333</b>
<b>Carrying amount as of 31 March 2016</b>	<b>13,000</b>	<b>117,509</b>	<b>-21,887</b>	<b>114,225</b>	<b>7,811</b>	<b>230,658</b>
Dividend				0	0	0
Effects from acquisition of shares in subsidiaries			-13,062		-8,772	-21,834
Result for the period				12,663	-244	12,419
Other comprehensive income for the period:						
Currency translation differences			266		-9	257
Fair value gains/losses on available-for-sale financial assets			-821		0	-821
<b>Carrying amount as of 30 June 2016</b>	<b>13,000</b>	<b>117,509</b>	<b>-35,504</b>	<b>126,888</b>	<b>-1,213</b>	<b>220,679</b>

The effects from the acquisition of shares in subsidiaries in the first quarter of the fiscal year 2016/17 result from the acquisition of the remaining 48% shares in Kapsch Telematic Services spol. s r.o., Prague, Czech Republic. An amount of TEUR 14,000 has already been paid.

The notes on the following pages form an integral part of this interim financial information.

## Kapsch TrafficCom Group – Consolidated cash flow statement.

All amounts in TEUR	2016/17 Q1	2015/16 Q1
<b>Cash flow from operating activities</b>		
<b>Operating result</b>	<b>17,604</b>	<b>12,791</b>
Adjustments for non-cash items and other reconciliations:		
Scheduled depreciation and amortization	4,179	4,129
Impairment charge	0	0
Increase/decrease in liabilities from post-employment benefits	76	-106
Increase/decrease in other non-current liabilities and provisions	-4,822	-25
Increase/decrease in other non-current receivables	-2,335	-1,022
Increase/decrease in trade receivables (non-current)	9,478	13,006
Increase/decrease in trade payables (non-current)	-99	-214
Other (net)	823	4,222
	<b>24,905</b>	<b>32,781</b>
Changes in net current assets:		
Increase/decrease in trade receivables and other assets	-4,708	-2,960
Increase/decrease in inventories	-1,557	1,161
Increase/decrease in trade payables and other current payables	2,422	-8,604
Increase/decrease in current provisions	767	-483
	<b>-3,076</b>	<b>-10,887</b>
<b>Cash flow from operations</b>	<b>21,829</b>	<b>21,894</b>
Interest received	823	313
Interest payments	-1,123	-1,331
Net payments of income taxes	-1,175	-4,870
<b>Net cash flow from operating activities</b>	<b>20,354</b>	<b>16,007</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	-1,046	-1,548
Purchase of intangible assets	-6,225	-19
Purchase of securities, investments and other non-current financial assets	-2,419	0
Increase/decrease in cash from the acquisition of entities (less cash and cash equivalents of these entities)	-16,554	2,543
Proceeds from the disposal of property, plant and equipment and intangible assets	803	291
Proceeds from the disposal of securities and investments	0	5,335
<b>Net cash flow from investing activities</b>	<b>-25,441</b>	<b>6,601</b>
<b>Cash flow from financing activities</b>		
Dividends paid to parent company's shareholders	0	0
Dividends paid to non-controlling interests	0	-6,663
Payments for the acquisition of non-controlling interests	-14,000	0
Increase in non-current financial liabilities	75,376	44
Increase in current financial liabilities	205	892
Decrease in current financial liabilities	-6,054	-11,727
<b>Net cash flow from financing activities</b>	<b>55,527</b>	<b>-17,454</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>50,440</b>	<b>5,154</b>
<b>Change in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of period	140,782	96,765
Net increase/decrease in cash and cash equivalents	50,440	5,154
Exchange gains/losses on cash and cash equivalents	309	-1,504
<b>Cash and cash equivalents at end of period</b>	<b>191,531</b>	<b>100,415</b>

The notes on the following pages form an integral part of this interim financial information.

# Selected notes to the condensed consolidated interim financial information.

## 1 General information.

Kapsch TrafficCom Group is an international supplier of superior Intelligent Transportation Systems (ITS).

The business activities of the Kapsch TrafficCom Group are subdivided into the following two segments:

- > Electronic Toll Collection (ETC)
- > Intelligent Mobility Solutions (IMS)

The segment **Electronic Toll Collection (ETC)** reflects projects for the installation, maintenance and operation of systems for electronic collection of tolls without stopping at a toll station as well as manual toll systems. These are generally projects awarded based on invitations to tender by public agencies or private concessionaires. The systems cover either individual road sections or nationwide road networks. After installation, additional deliveries of components frequently take place for the expansion or adaptation of the systems.

The segment **Intelligent Mobility Solutions (IMS)** reflects projects for the installation, maintenance and operation of systems for traffic monitoring, traffic control and traffic safety. Projects for the monitoring of utility vehicles and for electronic vehicle registration as well as intelligent parking solutions and systems for intermodal mobility are also assigned to this segment as are systems and services for operational monitoring of public transportation and environmental installations.

## 2 Basis of preparation.

This condensed interim financial information for the first quarter of the current fiscal year 2016/17 ended 30 June 2016 has been prepared in accordance with IAS 34 "Interim financial reporting". The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 March 2016.

For ease of presentation, amounts have been rounded and, unless indicated otherwise, are presented in thousand euro (TEUR). However, calculations are done using exact amounts, including the digits not shown, which may lead to rounding differences.

## 3 Accounting policies.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2016, as described in the annual financial statements for the year ended 31 March 2016.

In the condensed interim financial information for the first quarter of the current fiscal year 2016/17 the following new or amended IFRS and IFRIC have been adopted.

New/adopted IFRS		Applicable to financial years beginning on or after
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 11	Joint Arrangements (Amendment)	1 January 2016
IAS 16	Property, Plant and Equipment and Intangible Assets (Amendment)	1 January 2016
IAS 38	Property, Plant and Equipment and Intangible Assets (Amendment)	1 January 2016
IAS 16	Property, Plant and Equipment and Intangible Assets (Amendment)	1 January 2016
IAS 41	Property, Plant and Equipment and Agriculture (Amendment)	1 January 2016
IAS 27	Separate Financial Statements (Amendment)	1 January 2016
IAS 1	Presentation of Financial Statements (Amendment)	1 January 2016

Adoption of the new/amended standards did not result in any significant effects on the condensed consolidated interim financial information.

#### 4 Risk management.

The financial risks to which Kapsch TrafficCom Group is exposed are generally consistent with those of the consolidated financial statements for the year ended 31 March 2016 and are described therein.

#### 5 Segment information.

2016/17 Q1 All amounts in TEUR	ETC	IMS	Consolidated group
Revenues	112,436	39,823	152,259
Operating result	18,144	-540	17,604
2015/16 Q1 All amounts in TEUR	ETC	IMS	Consolidated group
Revenues	97,981	19,144	117,126
Operating result	13,633	-841	12,791

The following table contains all single external customers which contributed more than 10% to the total revenues of the period and additionally shows the information of the respective operating segment.

All amounts in TEUR	2016/17 Q1			2015/16 Q1		
	Revenues	ETC	IMS	Revenues	ETC	IMS
Customer 1	19,986	x	x	20,431	x	x
Customer 2	15,440	x		8,222	x	
Customer 3	14,379	x		18,829	x	

#### 6 Capital expenditure.

All amounts in TEUR	30 June 2016	30 June 2015
<b>Carrying amount as of 31 March of prior year</b>	<b>85,778</b>	<b>93,644</b>
Additions	7,271	1,567
Addition resulting from company acquisition	5,891	1,297
Disposals	-811	-291
Impairment	0	0
Depreciation, amortization and other movements	-4,179	-4,129
Currency translation differences	295	-558
<b>Carrying amount as of 30 June of fiscal year</b>	<b>94,245</b>	<b>91,529</b>

#### 7 Interests in associates.

All amounts in TEUR	30 June 2016	30 June 2015
<b>Carrying amount as of 31 March of prior year</b>	<b>1,917</b>	<b>2,014</b>
Currency translation differences	48	-14
Share in result	57	-38
<b>Carrying amount as of 30 June of fiscal year</b>	<b>2,022</b>	<b>1,961</b>

On 3 December 2015, together with a partner, the group founded the Russian company LLC National operator of telematics services and holds an interest of 49%. The company is classified as an associated company. Therefore the investment is accounted for using the equity method. As of 30 June 2016 the book value of the interest amounts to TEUR 0 (30 June 2015: TEUR n/a).

On 31 July 2012, the group acquired 33% of the shares in SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico City, Mexico. Taking potential voting rights into account (options for purchase of the remaining shares) the group has the majority of the shares. As the potential voting rights are not assessed to be substantial the presumption of control was rebutted. As significant influence over the financial and business policies exists, the investment is accounted for using the equity method. As of 30 June 2016 the book value of the interest amounts to TEUR 2,022 (30 June 2015: TEUR 1,961).

## 8 Current and non-current financial assets.

All amounts in TEUR	30 June 2016	31 March 2016	30 June 2015	31 March 2015
Other non-current financial assets and investments	19,573	18,651	23,712	23,099
Other current financial assets	1,495	97	0	5,291
	<b>21,068</b>	<b>18,748</b>	<b>23,712</b>	<b>28,390</b>

Other non-current financial assets and investments 2016/17 Q1 in TEUR	Available-for-sale securities	Available-for-sale investments	Other investments	Loans and other non-current financial assets	Total
<b>Carrying amount as of 31 March 2016</b>	<b>3,723</b>	<b>14,825</b>	<b>4</b>	<b>99</b>	<b>18,651</b>
Currency translation differences	0	0	36	-1	35
Additions	0	0	2,419	46	2,466
Disposals	0	0	0	0	0
Change in fair value	58	-1,637	0	0	-1,579
<b>Carrying amount as of 30 June 2016</b>	<b>3,782</b>	<b>13,187</b>	<b>2,459</b>	<b>144</b>	<b>19,573</b>

Other non-current financial assets and investments 2015/16 Q1 in TEUR	Available-for-sale securities	Available-for-sale investments	Other investments	Loans and other non-current financial assets	Total
<b>Carrying amount as of 31 March 2015</b>	<b>3,803</b>	<b>19,291</b>	<b>5</b>	<b>0</b>	<b>23,099</b>
Currency translation differences	0	0	0	0	0
Additions	0	0	0	2	2
Disposals	0	0	0	0	0
Change in fair value	-129	740	0	0	611
<b>Carrying amount as of 30 June 2015</b>	<b>3,675</b>	<b>20,031</b>	<b>5</b>	<b>2</b>	<b>23,712</b>

As of 30 June 2016, as prior year, **available-for-sale securities** relate to government and bank bonds as well as shares in investment funds.

As of 30 June 2016, as prior year, **investments classified as available-for-sale** mainly relate to a 19.26% investment in the listed company Q-Free ASA, Trondheim, Norway.

The addition in **other investments** in the first quarter of financial year 2016/17 relates to the acquisition of non-controlling interests in ParkJockey Global, Inc., U.S.A.



Other current financial assets 2016/17 Q1 in TEUR	Available-for- sale securities	Current loans	Other current financial assets	Total
<b>Carrying amount as of 31 March 2016</b>	<b>0</b>	<b>97</b>	<b>0</b>	<b>97</b>
Currency translation differences	0	8	0	8
Additions	0	1,391	0	1,391
Disposals	0	0	0	0
Change in fair value	0	0	0	0
<b>Carrying amount as of 30 June 2016</b>	<b>0</b>	<b>1,495</b>	<b>0</b>	<b>1,495</b>

In the first quarter of the fiscal year 2016/17, the additions of the current loans relate mainly to the acquisition of the entities of Kapsch TrafficCom Transportation (TEUR 1,296), see note 15.

Other current financial assets 2015/16 Q1 in TEUR	Available-for- sale securities	Current loans	Other current financial assets	Total
<b>Carrying amount as of 31 March 2015</b>	<b>5,291</b>	<b>0</b>	<b>0</b>	<b>5,291</b>
Currency translation differences	0	0	0	0
Additions	0	0	0	0
Disposals	-5,291	0	0	-5,291
Change in fair value	0	0	0	0
<b>Carrying amount as of 30 June 2015</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

In the first quarter of the fiscal year 2015/16, the disposal of the available-for-sale securities relate to the sale of a mutual fund (ESPA Cash Asset-Backed) and led to a gain amounting to TEUR 3,363 (effect in the result for the period) and TEUR 44 (effect in total comprehensive income for the period).

#### Fair value-hierarchies and determination of fair value

Financial assets and liabilities have to be classified in one of the three following fair value-hierarchies:

**Level 1:** There are quoted prices in active markets for identical assets and liabilities. In the group, the investment in Q-Free ASA, Trondheim, Norway, as well as listed equity instruments are attributed to Level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on observable direct or indirect market data. This category comprises available-for-sale securities, such as mortgage bonds and government bonds, which are quoted, however not regularly traded on a stock market.

Specific valuation techniques used to value financial instruments include:

- > quoted market prices or dealer quotes for similar instruments;
- > the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- > the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- > other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

**Level 3:** Financial instruments are included in Level 3 if the valuation information is not based on observable market data.

The classification of current and non-current financial assets is as follows:

	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	2016/17 Q1
<b>Non-current financial assets</b>				
Available-for-sale securities	3,082	699	0	3,782
Available-for-sale investments	13,187	0	0	13,187
	<b>16,270</b>	<b>699</b>	<b>0</b>	<b>16,969</b>
<b>Current financial assets</b>				
Available-for-sale securities	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>16,270</b>	<b>699</b>	<b>0</b>	<b>16,969</b>

As of 30 June 2016, other non-current financial assets amounting to TEUR 144, other investments amounting to TEUR 2,459 as well as other current financial assets amounting to TEUR 1,495 were recognized at amortized cost.

	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	2015/16 Q1
<b>Non-current financial assets</b>				
Available-for-sale securities	2,969	706	0	3,675
Available-for-sale investments	20,031	0	0	20,031
	<b>22,999</b>	<b>706</b>	<b>0</b>	<b>23,706</b>
<b>Current financial assets</b>				
Available-for-sale securities	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>22,999</b>	<b>706</b>	<b>0</b>	<b>23,706</b>

As of 30 June 2015, other non-current financial assets amounting to TEUR 2 as well as other investments amounting to TEUR 5 were recognized at amortized cost.

## 9 Share capital.

The registered share capital of the company amounts to EUR 13,000,000. The share capital is fully paid in. The total number of ordinary shares issued is 13,000,000. The shares are ordinary bearer shares and have no par value.

## 10 Financial liabilities.

All amounts in TEUR	30 June 2016	31 March 2016	30 June 2015	31 March 2015
Non-current financial liabilities	146,190	85,734	79,792	88,985
Current financial liabilities	31,606	21,349	46,473	48,969
<b>Total</b>	<b>177,796</b>	<b>107,083</b>	<b>126,266</b>	<b>137,954</b>

Movements in borrowings are analyzed as follows:

2016/17 Q1 All amounts in TEUR	Non-current financial liabilities	Current financial liabilities	Total
<b>Carrying amount as of 31 March 2016</b>	<b>85,734</b>	<b>21,349</b>	<b>107,083</b>
Reclassification	-15,096	15,096	0
Additions	75,376	205	75,581
Repayments of borrowings	0	-6,054	-6,054
Currency translation differences	177	1,009	1,186
<b>Carrying amount as of 30 June 2016</b>	<b>146,190</b>	<b>31,606</b>	<b>177,796</b>

The addition in non-current financial assets mainly relates to a borrower's note loan ("Schuldscheindarlehen") with different tranches. Maturity periods constitute 5, 7 and 10 years. The tranches have fixed and variable interest rates. These interest rates move between 1.22–2.26% (fixed) and 1.20–2.35% (variable) at the balance sheet date.

2015/16 Q1 All amounts in TEUR	Non-current financial liabilities	Current financial liabilities	Total
<b>Carrying amount as of 31 March 2015</b>	<b>88,985</b>	<b>48,969</b>	<b>137,954</b>
Reclassification	-9,237	9,237	0
Additions	44	892	936
Repayments of borrowings	0	-11,727	-11,727
Currency translation differences	0	-897	-897
<b>Carrying amount as of 30 June 2015</b>	<b>79,792</b>	<b>46,473</b>	<b>126,266</b>

The fair values and the gross cash flows (including interests) of current and non-current financial liabilities are as follows:

All amounts in TEUR	30 June 2016	30 June 2015
<b>Carrying amount</b>	<b>177,796</b>	<b>126,266</b>
<b>Fair value</b>	<b>179,324</b>	<b>139,063</b>
Gross cash flows:		
Up to 6 months	12,866	10,141
Between 6 months and 1 year	22,722	39,690
Between 1 and 2 years	76,470	12,693
Between 2 and 3 years	553	74,013
Between 3 and 4 years	553	0
Between 4 and 5 years	43,813	0
More than 5 years	32,688	0
	<b>189,665</b>	<b>136,537</b>

The classification of financial liabilities is as follows:

All amounts in TEUR	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	30 June 2016
Corporate bond	73,913	0	0	73,913
Other financial liabilities	0	105,412	0	105,412
<b>Total</b>	<b>73,913</b>	<b>105,412</b>	<b>0</b>	<b>179,324</b>

All amounts in TEUR	Level 1 Quoted prices	Level 2 Observable market data	Level 3 Not based on observable market data	30 June 2015
Corporate bond	74,323	0	0	74,323
Other financial liabilities	0	64,740	0	64,740
<b>Total</b>	<b>74,323</b>	<b>64,740</b>	<b>0</b>	<b>139,063</b>

The fair value of the other financial liabilities (Level 2) was derived through discounting the gross cash flows over the contracted term at a risk-adjusted interest rate.

## 11 Liabilities from post-employment benefits to employees.

All amounts in TEUR	30 June 2016	31 March 2016	30 June 2015	31 March 2015
Termination benefits	9,494	9,505	9,632	9,690
Retirement benefits	14,689	14,603	15,472	15,520
<b>Total</b>	<b>24,183</b>	<b>24,107</b>	<b>25,104</b>	<b>25,210</b>

### Termination benefits

Termination benefits include legal and contractual entitlements to one-off payments to employees of the group which result from events such as dismissal by the employer, amicable termination of the employment, retirement or death of the employee. For termination benefits the group bears the risk of inflation due to compensation increases. The obligations from termination benefits mainly result from the Austrian entities of the group.

### Retirement benefits

Liabilities for retirement benefits recognized at the balance sheet date relate to retirees only. All pension agreements are based on the final salary, are granted as fixed monthly pension payments and are not covered by external plan assets (funds). In addition, contributions are paid to an external pension fund for employees of the group. For retirement benefits the group bears the risk of longevity and inflation due to pension increases.

## 12 Provisions.

All amounts in TEUR	30 June 2016	31 March 2016	30 June 2015	31 March 2015
Non-current provisions	8,378	1,396	1,692	1,661
Current provisions	9,712	8,946	8,741	9,225
<b>Total</b>	<b>18,091</b>	<b>10,341</b>	<b>10,434</b>	<b>10,886</b>

2016/17 Q1 All amounts in TEUR	31 March 2016	Addition re- sulting from company acquisition	Addition	Utilization	Disposal	Reclassi- fication	Currency translation differences	30 June 2016
Obligations from anniversary bonuses	1,186	0	0	0	-135	0	0	1,051
Warranties	0	0	0	0	0	1,509	0	1,509
Projects (excl. impending losses)	0	1,881	0	0	0	39	276	2,197
Legal fees, costs of litigation and contract risks	0	2,551	0	0	0	104	375	3,029
Costs of dismantling, removing and restoring assets	0	0	0	0	0	142	0	142
Other non-current provisions	210	125	9	0	-8	95	19	450
<b>Non-current provisions, total</b>	<b>1,396</b>	<b>4,557</b>	<b>9</b>	<b>0</b>	<b>-143</b>	<b>1,890</b>	<b>671</b>	<b>8,378</b>
Warranties	2,113	0	5	-1	-40	-1,509	4	571
Losses from pending transactions and rework	0	0	0	0	0	0	0	0
Projects (excl. impending losses)	3,196	5,554	57	-390	-1,824	-39	470	7,023
Legal fees, costs of litigation and contract risks	3,349	142	1,213	-3,322	0	-104	48	1,325
Costs of dismantling, removing and restoring assets	156	0	0	0	0	-142	4	18
Other	132	670	121	-76	-22	-95	47	776
<b>Current provisions, total</b>	<b>8,946</b>	<b>6,366</b>	<b>1,395</b>	<b>-3,789</b>	<b>-1,887</b>	<b>-1,890</b>	<b>572</b>	<b>9,712</b>
<b>Total</b>	<b>10,341</b>	<b>10,922</b>	<b>1,404</b>	<b>-3,789</b>	<b>-2,030</b>	<b>0</b>	<b>1,243</b>	<b>18,091</b>

2015/16 Q1 All amounts in TEUR	31 March 2015	Addition re- sulting from company acquisition	Addition	Utilization	Disposal	Reclassi- fication	Currency translation differences	30 June 2015
Obligations from anniversary bonuses	1,189	0	7	0	-21	0	0	1,175
Other	472	0	76	-5	0	0	-25	518
<b>Non-current provisions, total</b>	<b>1,661</b>	<b>0</b>	<b>82</b>	<b>-5</b>	<b>-21</b>	<b>0</b>	<b>-25</b>	<b>1,692</b>
Warranties	1,611	711	0	0	-82	0	-40	2,201
Losses from pending transactions and rework	1	0	0	0	0	0	0	1
Projects (excl. impending losses)	0	0	0	0	0	0	0	0
Legal fees, costs of litigation and contract risks	402	0	0	-30	-36	0	1	337
Costs of dismantling, removing and restoring assets	0	183	0	0	-7	0	-10	166
Other	7,211	0	1,339	-1,351	-1,059	0	-102	6,037
<b>Current provisions, total</b>	<b>9,225</b>	<b>894</b>	<b>1,340</b>	<b>-1,381</b>	<b>-1,185</b>	<b>0</b>	<b>-151</b>	<b>8,741</b>
<b>Total</b>	<b>10,886</b>	<b>894</b>	<b>1,422</b>	<b>-1,386</b>	<b>-1,206</b>	<b>0</b>	<b>-176</b>	<b>10,434</b>

### 13 Income taxes.

Income taxes relate to current taxes and to deferred tax assets and deferred tax liabilities. Applying the Austrian corporate tax rate of 25% to the group's pre-tax result gives rise to the theoretical value for the tax expense/income. The effective tax expense/income differs from the above due to, among others, different tax regimes in the various countries, the treatment of tax losses, tax allowances and permanent differences.

## 14 Other comprehensive income.

2016/17 Q1 All amounts in TEUR	Before taxes	Tax expense/ income	After taxes
Fair value gains/losses on available-for-sale financial assets:			
Unrealized gains/losses in the current period	-1,579	-15	-1,593
Gains/losses recognized in the result for the period	773		773
Currency translation differences	-526		-526
Currency translation differences from net investments in foreign business	1,044	-261	783
<b>Fair value changes recognized in equity</b>	<b>-288</b>	<b>-276</b>	<b>-564</b>

The unrealized gains/losses on available-for-sale financial assets recognized in the fiscal year 2016/17 amounting to TEUR -1,637 relate to fair value changes on the investment in Q-Free ASA, Trondheim, Norway. Due to the ongoing unfavorable development of the share price up to the first quarter of the fiscal year 2016/17 the contained net gains, together with net losses that have been recognized through other comprehensive income in equity in the amount of TEUR 865 up to 30 June 2016, were recognized as impairment in the result for the period (TEUR -773; reclassification from other comprehensive income to the result of the period).

2015/16 Q1 All amounts in TEUR	Before taxes	Tax expense/ income	After taxes
Fair value gains/losses on available-for-sale financial assets:			
Unrealized gains/losses in the current period	611	32	643
Gains/losses recognized in the result for the period	-3,318	829	-2,488
Currency translation differences	-214	0	-214
Currency translation differences from net investments in foreign business	1,602	-401	1,202
<b>Fair value changes recognized in equity</b>	<b>-1,319</b>	<b>461</b>	<b>-858</b>

In the first quarter of the fiscal year 2015/16 the unrealized gains/losses on available-for-sale financial assets amounting to TEUR 740 related to fair value changes on the investment in Q-Free ASA, Trondheim, Norway, which are tax neutral.

In the first quarter of the fiscal year 2015/16, the gains/losses recognized in the result for the period related to the disposal of current available-for-sale financial assets (see note 8).

## 15 Business combinations.

On 14 December 2015, Kapsch TrafficCom concluded an agreement with Schneider Electric S.E. concerning an acquisition of its global transportation business. The Closing was on 1 April 2016. The transportation segment, which previously operated under the name Telvent Tráfico y Transporte, is a provider of real-time IT solutions and intelligent traffic systems for use in cities, on highways and in tunnels. The portfolio also includes tolling and transit solutions. The acquisition will enable Kapsch TrafficCom to offer existing and future customers an integrated portfolio of intelligent transportation solutions from the highway into the city.

All amounts in TEUR	
Consideration paid	26,096
Conditional adjustment of purchase price (provisionally determined)	1,346
<b>Purchase price total (provisionally determined)</b>	<b>27,441</b>
Less fair value of net assets acquired (provisionally determined)	30,432
<b>Difference between purchase price and net assets acquired (provisionally determined)</b>	<b>-2,991</b>

Assets and liabilities resulting from the acquisition are shown as follows (provisionally determined):

All amounts in TEUR	Fair value
Property, plant and equipment	721
Intangible assets	5,170
Other non-current assets	157
Inventories	656
Receivables and other current assets	57,013
Cash and cash equivalents	9,542
Liabilities, other liabilities and deferred income	-42,827
<b>Net assets acquired (provisionally determined)</b>	<b>30,432</b>

The above presentation is based on a preliminary purchase price allocation. The values may change subject to the audit to be performed on the opening balances as well as any contractually stipulated purchase price adjustments.

The acquired company contributed revenues of TEUR 24,887 and a net loss of TEUR -934 to the group's result for the period from 1 April 2016 to 30 June 2016.

## 16 Contingent liabilities and other commitments.

The group's contingent liabilities primarily result from large-scale projects. Other commitments mainly relate to contract and warranty bonds, bank guarantees, performance and bid bonds as well as sureties.

Contingent liabilities and other commitments only include commitments to third-parties and are as follows:

All amounts in TEUR	30 June 2016	31 March 2016
<b>Contract, warranty, performance and bid bonds</b>		
South Africa (Toll collection system)	48,003	47,029
Australia (Toll collection systems)	20,662	20,832
Other	257	241
<b>Total</b>	<b>68,922</b>	<b>68,102</b>

Operating activities require the disclosure of contract, warranty, performance and bid bonds for major projects, which are issued by financial institutes and insurance companies. In case the contractual obligations cannot be fulfilled, there is a risk of utilization, that can result in a recourse claim of the financial institute or insurance company against the group. Such an outflow of resources is expected as unlikely. This kind of contract, warranty, performance and bid bonds in the amount of TEUR 252,395 (previous year: TEUR 178,598) are not included in the contingent liabilities respectively in the financial statements.

## 17 Related parties.

The following tables provides an overview of revenues and expenses in the respective fiscal years as well as receivables from and payables due to related parties at the respective balance sheet dates:

All amounts in TEUR	2016/17 Q1	2015/16 Q1
<b>Affiliated companies outside the Kapsch TrafficCom Group</b>		
Revenues	2,368	2,733
Expenses	7,361	5,277
<b>Other related parties</b>		
Revenues	40	0
Expenses	26	61

All amounts in TEUR	30 June 2016	30 June 2015
<b>Affiliated companies outside the Kapsch TrafficCom Group</b>		
Trade receivables and other current assets	1,419	2,613
Trade payables and other liabilities	9,450	8,097
Liabilities from share purchase	2,077	2,046
<b>Other related parties</b>		
Trade receivables and other current assets	852	112
Trade payables and other liabilities	12,598	13,179

The members of the executive and supervisory boards have management functions or are members in supervisory boards of other companies of the Kapsch Group.

### 18 Events occurring after 30 June 2016.

On 1 July 2016 Kapsch TrafficCom AG, Vienna, acquired 65% of shares in tolltickets GmbH, Germany. The purchase price is EUR 1.5 million. Furthermore an option for purchase of another 20% of shares exists.

All amounts in TEUR	
Consideration paid	1,524
Less fair value of net assets acquired (provisionally determined)	1,524
<b>Goodwill (provisionally determined)</b>	<b>0</b>

Assets and liabilities resulting from the acquisition are shown as follows (provisionally determined):

All amounts in TEUR	Fair value
Property, plant and equipment	174
Intangible assets	2,741
Other non-current assets	11
Inventories	164
Receivables and other current assets	2,100
Cash and cash equivalents	1,202
Liabilities, other liabilities and deferred income	-3,500
Deferred tax liabilities	-547
<b>Net assets acquired (provisionally determined)</b>	<b>2,345</b>

Vienna, 24 August 2016

The Managing Board



Mag. Georg Kapsch  
Chief Executive Officer



André Laux  
Executive board member



Dr.-Ing. Alexander Lewald  
Executive board member

**Disclaimer.** Certain statements contained in this report constitute “forward-looking statements.” These statements, which contain the words “believe”, “intend”, “expect” and words of similar meaning, reflect management’s beliefs and expectations and are subject to risks and uncertainties that may cause actual results to differ materially. As a result, readers are cautioned not to place undue reliance on such forward-looking statements. The company disclaims any obligation to publicly announce the result of any revisions to the forward-looking statements made herein, except where it would be required to do so under applicable law. Slight differences in calculations may arise due to the rounding of individual items and percentages. The English translation is for convenience; only the German text is binding.



## **Kapsch TrafficCom**

**Kapsch TrafficCom** is a provider of Intelligent Transportation Systems (ITS) in the segments of toll collection, traffic management, safety and security, smart urban mobility and connected cars.

The end-to-end solutions of Kapsch TrafficCom cover the entire value creation chain of its customers as a one-stop shop, from components and design to the installation and operation of systems. The core business comprises the development, installation and operation of electronic toll collection and traffic management systems.

References in more than 50 countries on all continents have made Kapsch TrafficCom a globally recognized ITS provider. As part of the Kapsch Group, an Austrian family-owned technology group founded in 1892, Kapsch TrafficCom with over 4,600 employees is headquartered in Vienna, Austria, and subsidiaries and branches in 33 countries.

For more information:

**>>> [www.kapsch.net](http://www.kapsch.net)**