

Corporate release

Kapsch TrafficCom – Results for the first half of 2020/21.

Headlines.

- > Special factors strain the EBIT:
 - Adjustments of project margins and provisions for onerous contracts: EUR -32 million.
 - Goodwill impairment: EUR -21 million.
 - Negative currency impacts: EUR -6 million.

- > Impacts of COVID-19 on business:
 - Significant decrease in business with on-board units.
 - Increased delays in tenders and contract awards.
 - Visibility relating to new business decreased significantly.

“It pains me to see the company I built with my team, practically from the ground up, in this state after continuous upward development over the past 20 years. What is clear is how important it was to start up a program, before the summer, to both define short-term cost reduction measures and create a basis for sustainable growth,” says Georg Kapsch, CEO of Kapsch TrafficCom.

Unless otherwise stated, all values in EUR million	H1 2019/20	H1 2020/21	+/-
Revenues	359.2	257.5	-28.3%
EBIT	8.8	-57.8	> -100%
EBIT margin	2.4%	-22.5%	-24.9%
Result for the period attributable to equity holders	2.3	-54.0	> -100%
Earnings per share (EUR)	0.18	-4.15	> -100%

Vienna, November 18, 2020 – In the first half of the current financial year, revenues reached EUR 257 million (-28%). A major reason for the reduction in revenues is, that some major toll projects ended which contributed EUR 64 million in the first half of 2019/20. These projects comprise the early terminated toll projects in Germany, the expired contract of the nation-wide toll system in the Czech Republic and the concluded implementation of the toll system in Bulgaria. The loss of these high-revenue projects could not be compensated by new business in the first half of the current financial year. The delays of tenders and contract awards due to COVID-19 play a major part in this.

The earnings before interest and taxes (EBIT) were negative at EUR -58 million (previous year: EUR 9 million). The EBIT margin was thus -22% (previous year: 2%). There are several reasons for the negative development of the EBIT in the first half of 2020/21, the most significant are as follows:

- > Impairments of non-current assets: Based on updated estimates Kapsch TrafficCom critically reviewed the recoverability of non-current assets. Consequently impairments of goodwill amounting to EUR 21 million and of further intangible assets amounting to EUR 3 million have been made.

- > Adjustments of project margins and provisions for onerous contracts: For several projects, especially in North America, project margins were adjusted and provisions for onerous contracts were recorded. This had a negative impact of around EUR 32 million on EBIT.
- > Impacts of COVID-19: Revenues in the profitable component business suffered severely as a result of lower traffic volumes. Also the implementation business was affected by delays or postponed tenders.
- > Operating currency effects: The operating currency effects (net) resulted in EUR -6 million (previous year: EUR +1 million) in the first half of the current financial year. This is mainly attributable to the exchange rates of the US dollar (USD) and the Swedish krona (SEK) against the euro (EUR).

The financial result in the first half of 2020/21 amounted to EUR -8 million, about EUR 3 million less than in the previous year. Income taxes amounted to EUR 11 million (previous year: EUR -1 million).

The result for the period attributable to equity holders in the first half of the current financial year decreased to EUR -54 million (previous year: EUR 2 million). This corresponds to earnings per share of EUR -4.15 (previous year: EUR 0.18).

Free cash flow amounted to EUR -30 million and was thus significantly lower than in the comparable period of the previous year (EUR -18 million). While the free cash flow was strongly negative at EUR -27 million in the first quarter 2020/21 the negative amount in the second quarter could be reduced to EUR -3 million. Net debt reached EUR 213 million on September 30, 2020 (March 31, 2020: net debt of EUR 176 million). This corresponds to a gearing of 163%. The equity ratio was 21% (March 31, 2020: 25%).

Segment results.

In the first half of 2020/21, 74% of revenue was generated by the ETC segment and 26% by the IMS segment. 51% of revenue was generated in the region EMEA (Europe, Middle East, and Africa), 44% in the region Americas (North-, Central- and South America), and 5 % in the APAC (Asia-Pacific) region.

ETC (Electronic Toll Collection).	H1 2019/20	H1 2020/21	+/-
Unless otherwise stated, all values in EUR million			
Revenues	281.2	190.6	-32.2%
EBIT	17.5	-52.1	> -100%
EBIT margin	6.2%	-27.3%	-33.6%

In the first half of 2020/21, ETC revenues reached EUR 191 million (-32%). The above mentioned ended major projects were all related to the tolling segment in Europe. Consequently, revenues declined here by 43%. ETC-EBIT amounted to EUR -52 million (previous year: EUR 17 million) including a EUR 21 million impairment of goodwill. EBIT margin was at -27% (previous year: 6%).

IMS (Intelligent Mobility Solutions). Unless otherwise stated, all values in EUR million	H1 2019/20	H1 2020/21	+/-
Revenues	78.1	66.9	-14.3%
EBIT	-8.7	-5.7	34.0%
EBIT margin	-11.1%	-8.6%	2.6%

In the first half of 2020/21, segment revenues reached EUR 67 million. (-14%). The IMS EBIT was EUR -6 million and thus above the value of the previous year (EUR -9 million). A major reason for this is a decline in the cost of materials and other production services by 22%.

The report of the first half of 2020/21 as well as further materials will be available at www.kapsch.net/ktc/IR from today at 7:35 a.m. (CET).

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

Kapsch has brought projects to fruition in more than 50 countries around the globe. With one-stop solutions, the company covers the entire value chain of customers, from components to design and implementation to the operation of systems.

As part of the Kapsch Group and headquartered in Vienna, Kapsch TrafficCom has subsidiaries and branches in more than 30 countries. It has been listed in the Prime Market segment of the Vienna Stock Exchange since 2007 (ticker symbol: KTCG). In its 2019/20 financial year, around 5,100 employees generated revenues of EUR 731.2 million.

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