

## Press release

### **Kapsch TrafficCom – record sales and record profits in its anniversary year, proposed dividend of EUR 1.50 per share**

#### Highlights

- > Revenues increase of 23%
- > EBIT slightly less than the comparative value of the previous year
- > Strong increase in the profit for the period (+40%)
- > Despite acquisitions and dividend payment: Net credit balance of EUR 19.6 million
- > New projects won along with solid new business pipeline
- > Dividend proposal to the general meeting: EUR 1.50 per share, the same as the previous year

“The Kapsch Group is celebrating its 125th anniversary this year. Kapsch TrafficCom is 15 years old and has been listed in the Prime Segment of the Vienna Stock Exchange for ten years. I look forward to being able to announce record results in this our anniversary year. They form a good basis and motivation to work in a committed way towards further success in the future”, says Georg Kapsch, CEO of Kapsch TrafficCom.

Unless otherwise stated, all values in EUR million.	2016/17	+/- %	2015/16
Revenues	648.5	23.3%	526.1
EBIT	60.1	-3.6%	62.3
EBIT margin	9.3%	-2.6%p	11.9%
Profit for the period	42.7	17.1%	36.5
Profit for the period attributable to equity holders	43.6	40.3%	31.1

Vienna, June 19, 2017 – Kapsch TrafficCom grew strongly in the 2016/17 fiscal year. Revenues increased by 23% to EUR 648.5 million, and the number of employees by more than 1,100 to 4,823. The operating profit (EBIT) was EUR 60.1 million and thus not far below the record of the previous year (EUR 62.3 million.). The EBIT margin amounted to 9.3% (11.9% in the previous year). The financial result improved, and this was due in particular to a decline in the expenses incurred by foreign exchange rate losses of EUR -7.6 million to EUR 0.4 million. Compared to the same period of last year, the profit for the period increased by 17.1% to EUR 42.7 million. As a result of the acquisition of the remaining, non-controlling 48% interest in the Czech company Kapsch Telematic Services, the profit for the period attributable to equity holders rose significantly to EUR 43.6 million (+40.3%). This corresponds to a profit per share in the amount of EUR 3.35 (2015/16: EUR 2.39).

In view of the solid earnings situation and balance sheet as well as positive prospects for the future, a dividend of EUR 1.50 per share will be proposed to the annual general meeting (6 September 2017).

## Profitability.

In terms of sales, Kapsch TrafficCom achieved a number of notable successes in 2016/17, such as:

- > EMEA region: Kapsch TrafficCom was able to secure for the medium and/or long term the nation-wide tolling projects in the Czech Republic (three-year extension) and Austria (establishment and technical operation for up to 15 years). For the tolling project in the South African province of Gauteng, the company was able to extend the commercial operation for a further year. The contract now provides for technical and commercial operation until 2019 and can be extended by a further two years.
- > Americas region: In the USA, we were awarded the contract to renew the toll collection system for all bridges and tunnels of the Port Authority of New York and New Jersey and this represents a major success. The fact that we were subsequently awarded the contract for the development, installation and operation of an agency-wide Advanced Transportation Management Software (ATMS) system was all the more gratifying. In Rio de Janeiro, Brazil, KTT (Kapsch TrafficCom Transportation) delivered a traffic light prioritizing system of the newly built light rail system in good time before the Summer Olympics.
- > APAC region: In the Australian state of Queensland, Kapsch TrafficCom succeeded in acquiring two further projects and in further consolidating our market position.

The initial consolidation of KTT, the global transportation division of Schneider Electric acquired on April 1, 2016, had an important influence on the Group and its returns. With its around 900 employees it contributed to revenues in the amount of EUR 112.8 during the past fiscal year with a slightly negative EBIT of EUR -2.3 million. In addition, the substantial integration costs put a strain on the profitability of the Group. The integration process has in the meantime been successfully concluded, although some ripple-down effects are not to be excluded for FY 2017/18.

Legal expenses increased in 2016/17, primarily due to an intellectual property-related dispute with a competitor regarding certain technology, which Kapsch TrafficCom is convinced is an open industry standard, while the competitor has asserted patent claims. The dispute is being implemented in several procedures in parallel and in the 2016/17 fiscal year resulted in legal expenses of EUR 11.9 million (2015/16: EUR 2.2 million).

## Segment results.

In the 2016/17 fiscal year, the revenues for the IMS segment increased from 16.0% to 27.8%.

<b>ETC (Electronic toll collection).</b> Unless otherwise stated, all values in EUR million.	<b>2016/17</b>	<b>+/- %</b>	<b>2015/16</b>
Revenues	468.4	6.0%	442.1
EBIT	65.5	2.8%	63.7
EBIT margin	14.0%	-0.4%p	14.4%

<b>IMS (Intelligent mobility solutions).</b> Unless otherwise stated, all values in EUR million.	<b>2016/17</b>	<b>+/- %</b>	<b>2015/16</b>
Revenues	180.0	114.4%	84.0
EBIT	-5.4	-308.9%	-1.3
EBIT margin	-3.0%	-1.4%p	-1.6%

### Balance sheet.

Despite various acquisitions and the dividend payment of EUR 19.5 million, Kapsch TrafficCom at the end of the 2016/17 fiscal year had net assets of EUR 19.6 million. The equity ratio on 31 March 2017 was 35% and thus substantially below the value on 31 March 2016 (44.9%). The main reasons for this were the reduction of the equity following the payout of the dividends and the acquisition of the remaining 48% in the Czech operating company effective in the equity, as well as the ongoing extending impact on the balance sheet of the placement of the promissory note loan amounting to EUR 62.0 million and USD 14.5 million. The latter is being used to refinance the bond due in November 2017, the repayment of which will have a positive effect on the equity ratio.

### Outlook.

Kapsch TrafficCom should also continue to grow in fiscal year 2017/18. The pipeline of new businesses in the ETC segment seems to be especially strong in the USA in particular. The company is also expecting more dynamism from the APAC region. In Europe there is a focus on countrywide toll collection systems:

- > In Poland (the existing contract expires in 2018), the tendering process has begun.
- > In the last business year there were numerous delays in the tendering process in Bulgaria; the management of Kapsch TrafficCom is hoping to make progress here this fiscal year, however.
- > In the Czech Republic (the existing contract has already been extended to 2019), the tendering process has just started.

In the IMS segment, the integration of KTT is largely completed, so that more focus can now be placed on sales here. The new matrix organization is expected to substantially improve the collaboration between the regions and solution centers as well as with customers. The CHARM project (comprehensive modernization and consolidation of traffic management on the highways in England and the Netherlands) is to be driven forward successfully. Due to its size and complexity, this project demands Kapsch TrafficCom's greatest attention.

Despite an increase in revenues, stable operating results are to be assumed with regard to profit (EBIT) for the 2017/18 fiscal year. There will be price effects due to the extension/renewal of the toll collection projects in the Czech Republic and Austria and there will continue to be expenses arising from operations in the USA (such as for the pending legal dispute). In the IMS segment the company is working to achieve positive EBIT for 2017/18. The repayment of the 4.25% corporate bond in November 2017 will positively influence both Kapsch TrafficCom's financial results and its equity ratio.

**Kapsch TrafficCom** is a provider of intelligent transportation systems in the fields of tolling, traffic management, smart urban mobility, traffic safety and security, and connected vehicles. As a one-stop solutions provider, Kapsch TrafficCom offers end-to-end solutions covering the entire value creation chain of its customers, from components and design to the implementation and operation of systems. The mobility solutions supplied by Kapsch TrafficCom help make road traffic safer and more reliable, efficient, and comfortable in urban areas and on highways alike while helping to reduce pollution. Kapsch TrafficCom is an internationally renowned provider of intelligent transportation systems thanks to the many projects it has brought to successful fruition in more than 50 countries around the globe. The family-owned company is headquartered in Vienna, Austria and in 2017 celebrated 125 years of successfully developing and implementing new technologies for the benefit of its customers. As part of the Kapsch Group, Kapsch TrafficCom has subsidiaries and branches in more than 30 countries. It has been listed in the Prime Market of the Vienna Stock Exchange since 2007 (ticker symbol: KTCG). Kapsch TrafficCom currently has more than 4,800 employees, and generated revenue of approximately EUR 648.5 million in fiscal year 2016/17.

For additional information: [www.kapsch.net](http://www.kapsch.net) and [www.kapschtraffic.com](http://www.kapschtraffic.com)

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