

## Press Release

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### Kapsch TrafficCom – Results for the first quarter 2020/21.

#### Headlines.

- > Termination of several major projects, an ongoing personnel shortage in North America and additional expenses for the implementation of new software lead to a decline in revenues and earnings.
- > No dividend for 2019/20.
- > Program launched to reduce costs and increase efficiency.
- > Still too many uncertainties for quantitative outlook on full year 2020/21.

“We are currently in a period of weakness. However, I am convinced that we are taking the right steps to quickly put the company back on the road to success,” says Georg Kapsch, CEO of Kapsch TrafficCom.

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Unless otherwise stated, all values in EUR million	Q1 2019/20	Q1 2020/21	+/-
Revenues	186.2	138.5	-25.6%
EBIT	4.6	-11.3	> -100%
EBIT margin	2.4%	-8.2%	-10.6%
Profit for the period attributable to equity holders	2.4	-10.0	> -100%
Earnings per share (EUR)	0.19	-0.77	> -100%

**Vienna, August 12, 2020** – The final earnings for the first quarter of financial year 2020/21 published today by Kapsch TrafficCom hardly differ from the anticipated revenues and operating profit (EBIT) announced on July 24, 2020.

**Revenues** decreased by approximately 26% to EUR 138 million in Q1. This decline is mainly due to developments in the EMEA region (Europe, Middle East, Africa). Last year, revenues still included projects that have been completed in the meantime: two projects for the German infrastructure charge, the operation of the nation-wide toll system in the Czech Republic and the implementation of the nation-wide toll system in Bulgaria. This alone explains a drop in revenues of around EUR 38 million. In South Africa, the COVID-19 situation in particular led to a drop in revenues of EUR 6 million.

By contrast, revenues continued to rise in the Americas region (North, Central, and South America). The critical factor here was the strong implementation business. In the APAC region (Asia-Pacific), revenues fell by 7%.

The **EBIT** was at EUR -11 million (previous year: EUR 5 million). It has not yet been possible to compensate for the loss of profitable major projects. At the same time, the company has not yet been able to adapt its cost base to the new circumstances. The implementation of new software in individual customer systems

continued to result in additional costs. The difficult situation with staff in North America has also hurt profitability.

In Q1 2020/21, Kapsch TrafficCom achieved **earnings for the period attributable to equity holders** of EUR -10 million (previous year: EUR 2 million). This corresponds to **earnings per share** of EUR -0.77 (previous year: EUR 0.19). **Free cash flow** was very negative at -EUR 27 million. More than EUR 20 million of this amount resulted from changes in working capital. In particular, trade payables were reduced, which caused the balance sheet to decline. **Total assets** fell to EUR 677 million as of June 30, 2020 (March 31, 2020: EUR 727 million) and the **net debt** rose to EUR 205 million (March 31, 2020: EUR 176 million). The **equity ratio** increased slightly to 26% (March 31, 2020: 25%).

In anticipation of a difficult financial year, Kapsch TrafficCom has launched a program to both define short-term cost reduction measures and to create the basis for sustainable growth. The goals include sustainable cost reductions in the double-digit million range and the cushioning of negative factors influencing earnings in the current financial year. The first measures are already being implemented and more will follow. As a sign of how seriously management takes this program, the members of the Executive Board and the 15 executives on the Global Leadership Team are waiving 10% of their fixed salary for at least six months.

It is not yet possible to quantify the effects of COVID-19 on the business. In individual cases, there are delays within projects and in tenders. Moreover, visibility for the second half of the financial year remains low. For this reason, and due to the weak Q1 results, the Executive Board is stepping away from the original dividend proposal (EUR 0.25 per share) and will not be proposing a distribution at the Annual General Meeting on September 9, 2020.

From today's point of view, management expects profitability for financial year 2020/21 to be significantly better than in the previous year. Based on the performance in Q1, achieving a positive EBIT is expected to be much more challenging than originally anticipated, given the low visibility and uncertainties surrounding COVID-19.

### Segment Results.

In Q1 2020/21, 77% of the revenues were attributed to the ETC segment and 23% to the IMS segment. 48% of revenues were generated in the Europe, Middle East, and Africa (EMEA) region, 47% in the Americas region (North, Central, and South America), and 5% in the Asia-Pacific (APAC) region.

<b>ETC (ElectronicToll Collection).</b>	<b>Q1 2019/20</b>	<b>Q1 2020/21</b>	<b>+/-</b>
Unless otherwise stated, all values in EUR million			
Revenues	147.0	106.0	-27.9%
EBIT	7.6	-8.9	> -100%
EBIT margin	5.2%	-8.4%	-13.6%

In Q1 2020/21, ETC revenues fell to EUR 106 million (-28%). ETC EBIT was EUR -9 million (previous year: EUR 8 million). The EBIT margin reached -8% (previous year: 5%).

<b>IMS (Intelligent Mobility Solutions).</b> Unless otherwise stated, all values in EUR million	<b>Q1 2019/20</b>	<b>Q1 2020/21</b>	<b>+/-</b>
Revenues	39.1	32.5	-17.0%
EBIT	-3.1	-2.5	20.1%
EBIT margin	-7.9%	-7.6%	0.3%

In Q1 2020/21, segment revenues totaled EUR 32 million (-17%). IMS EBIT was at EUR -2 million and thus better than the figure of the previous year (EUR -3 million).

The highlights report of the first quarter 2020/21 will be available at <http://kapsch.net/ktc/ir> from today at 7:35 am (CEST).

*Kapsch TrafficCom is a globally renowned provider of transportation solutions for sustainable mobility. Our innovative solutions in the application fields of Tolling, Traffic Management, Demand Management and Mobility Services contribute to a healthy world without traffic congestion.*

*We have brought projects to fruition in more than 50 countries around the globe. With our one-stop solutions, we cover the entire value chain of our customers, from components to design and implementation to 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). Kapsch TrafficCom's about 5,100 employees generated revenues of EUR 731 million in financial year 2019/20.*

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