

Press Release

Kapsch TrafficCom – Results for the first half of 2018/19.

Highlights.

- > Second quarter 2018/19 sequentially much better, but weaker year-on-year
- > Deferments in certain projects had an impact on revenues and EBIT
- > By the end of the fiscal year, decisions on the awarding of further major projects are expected
- > Outlook confirmed: Revenues and EBIT at previous year's level

„After disappointing first three months we managed to achieve a significant improvement in the second quarter of the current fiscal year. That we are heading in the right direction is also demonstrated by the various new orders that we have announced in the last few weeks. And we are working hard to report further major successes by the end of the fiscal year,” says Georg Kapsch, CEO of Kapsch TrafficCom.

Unless otherwise stated, all values in EUR million	Q2			H1		
	2017/18	2018/19	+/-	2017/18	2018/19	+/-
Revenues	175.6	177.6	+1.2%	339.8	335.8	-1.2%
EBIT	13.5	10.7	-21.1%	25.3	17.8	-29.5%
EBIT margin	7.7%	6.0%	-1.7%p	7.4%	5.3%	-2.1%p
Profit for the period	7.5	5.9	-21.0%	14.1	8.4	-40.4%
Earnings per share (EUR)	0.58	0.49	-15.7%	1.10	0.70	-36.8%

Vienna, November 21, 2018 – In the first half of the current fiscal year, Kapsch TrafficCom's revenues reached EUR 335.8 million, an amount slightly (-1.2%) below the previous year's level. The EBIT amounted to EUR 17.8 million (-29.5%) and the EBIT margin decreased from 7.4% to 5.3%.

Like the first quarter as a whole, the beginning of the second quarter was still influenced by deferments within existing implementation projects (ETC segment). After a traditionally calm August, a good September helped us achieve quarterly revenues 12.3% above the figure for the first three months of the fiscal year and at the level of the comparable quarter of the previous year. The result from operating activities (EBIT) rose sequentially by 50.3%, but was EUR 2.9 million lower than in the second quarter 2017/18.

The financial result in the first half of 2018/19 remained stable compared with the same period of the previous year. Tax expenses fell to EUR 3.6 million (previous year: EUR 4.7 million) due to the lower pre-tax earnings. In the first half of 2018/19, the profit for the period amounted to EUR 8.4 million (previous year: EUR 14.1 million), which leads to earnings per share of EUR 0.70 (previous year: EUR 1.10).

The free cash flow of EUR -16.9 million (previous year: EUR -1.0 million) reflected the weaker operating results and the more than double increase in working capital. As a consequence of this and due to the dividend distribution of EUR 19.5 million, net debt rose to EUR 31.7 million (March 31, 2018: net cash of EUR 16.2 million). This corresponds to a gearing ratio of 14.4%. The equity ratio remained strong at 35.9% (March 31, 2018: 37.0%). The balance sheet total amounted to EUR 614.6 million (March 31, 2018: EUR 621.1 million).

Segment results.

In the first half of 2018/19, 78.1% of the revenues were attributed to the ETC segment and 21.9% to the IMS segment.

ETC (ElectronicToll Collection).

Unless otherwise stated, all values in EUR million.	Q2			H1		
	2017/18	2018/19	+/-	2017/18	2018/19	+/-
Revenues	137.4	142.6	+3.8%	260.7	262.1	+0.5%
EBIT	17.4	17.8	+2.2%	32.1	24.8	-22.7%
<i>EBIT margin</i>	12.7%	12.5%	-0.2%p	12.3%	9.5%	-2.8%p

In the second quarter 2018/19, Kapsch TrafficCom succeeded in increasing ETC-revenues by 19.2% compared with the first three months to EUR 142.6 million. The EBIT margin reached 12.5% and was at previous year's level.

In the first half of the year, ETC revenues rose by 0.5% to EUR 262.1 million. Kapsch TrafficCom managed to offset an 9.0% decline in revenues in the EMEA region by a rise in revenues in the Americas (+17.7%) and APAC (+44.0%). Primarily as a consequence of the relatively weak results of the first quarter, the ETC-EBIT of EUR 24.8 million was 22.7% lower than in the previous year.

In the first half of 2018/19, Kapsch TrafficCom sold 6.77 million on-board units (previous year: 5.85 million).

IMS (Intelligent Mobility Solutions).

Unless otherwise stated, all values in EUR million.	Q2			H1		
	2017/18	2018/19	+/-	2017/18	2018/19	+/-
Revenues	38.2	35.0	-8.2%	79.1	73.7	-6.8%
EBIT	-3.9	-7.1	-83.0%	-6.8	-7.0	-2.8%
<i>EBIT margin</i>	-10.2%	-20.4%	-10.2%p	-8.6%	-9.5%	-0.9%p

In the second quarter 2018/19, IMS-revenues fell to EUR 35.0 million (-9.3% compared to the first three months). After a slightly positive EBIT in the first quarter (EUR 0.1 million), the company had to accept an operating loss of EUR 7.1 million in this segment in the second quarter.

The segment's revenues for the first half of 2018/19 amounted to EUR 73.7 million (-6.8%). Decreases in revenues were recorded in all regions. While operations revenues increased by 0.4% the implementation revenues fell by 14.9%. IMS-EBIT in the first half of 2018/19 amounted to EUR -7.0 million (previous year: EUR -6.8 million). The investment in Intelligent Mobility Solutions Ltd. in Zambia, which is fully consolidated from September 2018, had a negative impact on EBIT, primarily due to currency losses. In addition, operating losses in the business area Smart Urban Mobility as well as adjustments to profit margins on several existing projects contributed to the result.

Outlook.

Despite already winning numerous and in some cases substantial projects in the current financial year, Kapsch TrafficCom continues to work intensively on exciting opportunities.

The management expects to reach revenues and EBIT for the current fiscal year to reach the previous year's level. Naturally, any currency and special effects are not taken into account. The departure of the United Kingdom from the EU (Brexit) in spring 2019 should not have a significant impact on Kapsch TrafficCom's results. The company's local revenues there are in the single-digit million range.

Today, from 7:35 (CET), you can find the report on the first half of 2018/19 as well as further materials regarding the results at: <http://kapsch.net/ktc/ir>.

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. 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 5,200 employees, and generated revenue of approximately EUR 693,3 million in fiscal year 2017/18.

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