

## Press release

### **Kapsch TrafficCom – Revenues exceed EUR 500 million after nine months for the first time, profitability under pressure, strong free cash flow**

#### Highlights.

- > Revenue increase of 7.5% to EUR 506.9 million
- > EBIT in Q3 under pressure, but still positive in Q1-Q3 after adjustment for extraordinary effects
- > Free cash flow of EUR 40.6 million
- > Net credit of EUR 26.1 million

„For the first time, we have exceeded the revenue threshold of EUR 500 million after just nine months. This validates our growth trajectory and succeeded despite the fact that developments in the third quarter were somewhat dampened”, said Georg Kapsch, CEO of Kapsch TrafficCom.

Unless otherwise stated, all values in EUR million.	Q1-Q3 2017/18	Q1-Q3 2016/17	+/- %
Revenues	506.9	471.5	7.5%
EBIT	35.3	43.0	-17.8%
<i>EBIT margin</i>	7.0%	9.1%	-2.1%p
Profit for the period	22.9	29.4	-22.0%
Earnings per share (EUR)	1.82	2.31	-21.3%

**Vienna, February 28, 2018** – Kapsch TrafficCom was able to increase revenues by 7.5% to EUR 506.9 million in the first three quarters of 2017/18. This was due to the ETC segment (toll segment), which grew by 11.6%. The revenues of the "Intelligent Mobility Solutions" segment (IMS segment) decreased by 4.0%, above all because as part of the acquisition of the transportation business of Schneider Electric (in 2016), projects outside of the core business were taken on, many of which have now expired.

The EBIT of EUR 35.3 million was EUR 7.7 million (-17.8%) lower than in the reference period of the previous year. The following effects influenced operating profitability in the first nine months of the current fiscal year:

- > Negative currency effects, primarily from fluctuations in the exchange rate of the euro against the US dollar and the Swedish krona, affected the EBIT in the amount of EUR -4.8 million (net). This corresponds to a difference in the amount of EUR -9.0 million from the positive effect in the reference period of the previous year. Operational currency effects occur when foreign currency receivables and payables are posted, but paid only at a later point in time, and the exchange rate changes during this period of time.
- > Following an acquisition, the EBIT in Q1-Q3 2016/17 contained a positive one-time effect in the amount of EUR 3.0 million.
- > In the course of extending the tolling project in the Czech Republic in 2016, Kapsch TrafficCom lowered prices. This has an impact on the company's profitability this fiscal year.

When adjusted by the first two points – i.e., the known one-time effect and the effects of exchange rate fluctuations, which can only be influenced to a limited extent – Kapsch TrafficCom achieved significant EBIT growth during the normal course of business.

The financial result declined to EUR -4.0 million in the first three quarters of the current fiscal year as compared to EUR 1.5 million in the reference period of the preceding year. The primary reasons for this were also higher foreign currency losses and lower foreign currency gains. This had a negative impact on the financial result in the amount of EUR 5.8 million. The currency effects are mainly due to exchange rate fluctuations for the South African rand (ZAR) and the US dollar (USD) against the euro.

The profit for the first three quarters 2017/18 amounted to EUR 22.9 million (Q1-Q3 2016/17: EUR 29.4 million) and the earnings per share were EUR 1.82 (Q1-Q3 2016/17: EUR 2.31).

### Segment results.

In Q1-Q3 2017/18, 76.3% of the revenues fell to the ETC segment and 23.7% to the IMS segment.

<b>ETC (Electronic Toll Collection).</b> Unless otherwise stated, all values in EUR million.	<b>Q1-Q3 2017/18</b>	<b>Q1-Q3 2016/17</b>	<b>+/- %</b>
Revenues	386.9	346.6	11.6%
EBIT	41.8	54.8	-23.7%
<i>EBIT margin</i>	<i>10.8%</i>	<i>15.8%</i>	<i>-5.0%p</i>

The EBIT in Q1-Q3 2016/17 included a positive one-time effect of EUR 0.9 million.

<b>IMS (Intelligent Mobility Solutions).</b> Unless otherwise stated, all values in EUR million.	<b>Q1-Q3 2017/18</b>	<b>Q1-Q3 2016/17</b>	<b>+/- %</b>
Revenues	120.0	125.0	-4.0%
EBIT	-6.5	-11.8	-45.1%
<i>EBIT margin</i>	<i>-5.4%</i>	<i>-9.5%</i>	<i>4.1%p</i>

The EBIT in Q1-Q3 2016/17 included a positive one-time effect of EUR 2.1 million.

### Free cash flow and balance sheet.

While the free cash flow was negative at the middle of the year, the payment of receivables, in particular from Austria, Belarus, and Sweden in the preceding quarter led to a positive value of EUR 40.6 million. As a result, Kapsch TrafficCom reported a net credit of EUR 26.1 million after nine months.

The balance sheet total decreased from EUR 648.8 million (March 31, 2017) to EUR 568.1 million. The main reason for the lower balance sheet total was the repayment of the 4.25% corporate bond taken out in 2010. In 2016, we obtained the funds necessary for this by issuing a promissory note bond. In January 2018, we took advantage of the attractive interest rate level and took out EUR 50 million in bank loans with a term of six years and an interest rate of 0.8%. This will again extend the balance sheet at the end of the fiscal year and reduce the temporarily increased equity ratio (40.2%).

**Outlook.**

The company expects a dynamic fourth quarter, in which revenue will increase once again as compared to the previous year. It continues to be the goal to reach again the EBIT of the past year – adjusted for the one-off effect (EUR 3.0 million) and exchange rate fluctuations (Q1-Q3 2017/18: EUR 9.0 million).

You can find the Q1-Q3 2017/18 report at: [www.kapsch.net/ktc/ir](http://www.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 4,800 employees, and generated revenue of approximately EUR 648 million in fiscal year 2016/17.

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