

Press release

Kapsch TrafficCom – Stronger second quarter: The Group continues growth

Highlights.

- > Revenues increased by 11.3% to EUR 339.8 million
- > Second quarter of 2017/18 was positive both sequentially and year-on-year
- > EBIT for the first half 2017/18 is 12.1% below last year's comparison value
- > Net debt of EUR -15.7 million (gearing ratio: 7.1%)
- > Nation-wide road safety and traffic management concession in Zambia
- > After the end of the quarter: awarded contract for a nation-wide toll system in Bulgaria

“The second quarter was positive both sequentially and year-on-year. Revenues continued to increase and the operating result (EBIT) rose as well. Furthermore, I am delighted that for the first time Kapsch TrafficCom employed more than 5,000 employees worldwide as of the quarterly reporting date,” says Georg Kapsch, CEO of Kapsch TrafficCom.

Unless otherwise stated, all values in EUR million.	H1 2017/18	H1 2016/17	+/- %
Revenues	339.8	305.4	11.3%
EBIT	25.3	28.7	-12.1%
<i>EBIT margin</i>	<i>7.4%</i>	<i>9.4%</i>	<i>-2.0%p</i>
Profit for the period	14.1	20.1	-30.1%
Earnings per share (EUR)	1.12	1.58	-29.2%

Vienna, November 29, 2017 – Kapsch TrafficCom increased revenues by 11.3% to EUR 339.8 million in the first half of 2017/18. This was due to the ETC (Electronic Toll Collection) segment, which grew by 15.9%. The IMS (Intelligent Mobility Solutions) segment's revenues were 1.7% lower mainly because non-core business projects have expired which were taken over in connection with the acquisition of the transportation business of Schneider Electric (in 2016).

The EBIT of EUR 25.3 million was EUR 3.4 million (-12.1%) lower than the previous year due to the low value in the first quarter of this year. The following effects influenced operating profitability in the first six months of the current fiscal year:

- > Negative currency effects, mainly from the USD, ZAR and SEK currencies, placed a burden of EUR 5.9 million on the EBIT, i.e., EUR 8.2 million more than in H1 2016/17.
- > The EBIT in H1 2016/17 contained a positive one-time effect of EUR 3.0 million.
- > In the course of extending the tolling project in the Czech Republic in 2016, it was necessary to lower prices. This has an impact on profitability this fiscal year. The decline in profits should be offset by profitable new business.

- > After the integration of the transportation business acquired from Schneider Electric in 2016 the synergies have not been fully realized in the US. In order to advance this process, a number of measures have been taken and already implemented in some cases. Positive effects should gradually become noticeable in the current 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 higher currency losses (by EUR 4.1 million) and lower currency gains (by EUR -1.9 million) compared to H1 2016/17 were the main reasons for the decline in the financial result to EUR -5.8 million (H1 2016/17: EUR -0.1 million). The profit for the period was EUR 14.1 million (H1 2016/17: EUR 20.1 million), and the earnings per share was EUR 1.12 (H1 2016/17: EUR 1.58).

Segment results.

In H1 2017/18, 76.7% of the revenue fell to the ETC segment and 23.3% to the IMS segment.

ETC (Electronic Toll Collection). Unless otherwise stated, all values in EUR million.	H1 2017/18	H1 2016/17	+/- %
Revenues	260.7	224.9	15.9%
EBIT	32.1	34.2	-6.1%
<i>EBIT margin</i>	12.3%	15.2%	-2.9%p

The EBIT in H1 2016/17 included a positive one-time effect of EUR 0.9 million.

IMS (Intelligent Mobility Solutions). Unless otherwise stated, all values in EUR million.	H1 2017/18	H1 2016/17	+/- %
Revenues	79.1	80.5	-1.7%
EBIT	-6.8	-5.4	-25.7%
<i>EBIT margin</i>	-8.6%	-6.8%	-1.9%p

The EBIT in H1 2016/17 included a positive one-time effect of EUR 2.1 million.

Free cash flow and balance sheet.

In particular, the strong increase in trade receivable of EUR 13.7 million resulted in a negative free cash flow of EUR -1.0 million in the first half of the year. As a consequence, as well as a result of the dividend payment of EUR 19.5 million and the expenses for investments and acquisitions, the net credit of EUR 19.6 million as of March 31, 2017 decreased to a net debt of EUR -15.7 million as of September 30, 2017 (gearing ratio of 7.1%). The equity ratio declined slightly from 35.0% to 34.8%, mainly as a result of the dividend payment. Nevertheless, the management believes that the balance sheet is still solid.

Outlook.

The corporate bond issued in 2010 was repaid as scheduled at the beginning of November. In 2016, Kapsch TrafficCom obtained the funds necessary for this by issuing a promissory note bond. The repayment of the 4.25% bond will discharge the interest income and has a shortening effect on the balance sheet. This has a positive effect on the equity ratio. However, it is currently examined whether the company can use the favorable interest rate environment in the medium or long term.

The company expects an increase in revenues of approximately 10% for the current fiscal year. Nevertheless, it will be a challenge to again reach the EBIT of the previous year, adjusted for the one-off effect (EUR 3.0 million) and for adverse exchange rate fluctuations. The company does not expect to achieve a positive EBIT contribution in the IMS segment in 2017/18.

You can find the report on the first half of 2017/18 at: 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. 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 and www.kapschtraffic.com

Connect with us on Social Media: [Twitter](#) | [Linkedin](#)

Press contact:

Alf Netek

Chief Officer Marketing & Press Officer
Kapsch AG
Am Europlatz 2, 1120 Vienna, Austria
P +43 50 811 1700
alf.netek@kapsch.net

Alexandra Vieh

Head of Marketing and PR, Global
Kapsch TrafficCom AG
Am Europlatz 2, 1120 Vienna, Austria
P +43 50 811 1728
alexandra.vieh@kapsch.net

Investor contact:

Hans Lang

Investor Relations Officer
Kapsch TrafficCom AG
Am Europlatz 2, 1120 Vienna, Austria
P +43 50 811 1122
ir.kapschtraffic@kapsch.net

>>> www.kapsch.net