

## Corporate release

### Kapsch TrafficCom – Results for the first half of 2019/20.

#### Highlights.

- > Revenue continues to grow in both segments.
- > The Americas region is growing very dynamically.
- > Investments in growth (cost of materials and personnel expenses) are having a negative impact on profitability.
- > EBIT includes one-off effects in connection with the termination of the German infrastructure charge and the toll project in the Czech Republic.

„As in past financial years, we must also describe the first half of this year as mixed. While revenues were thoroughly positive, profitability was disappointing. If we take a closer look, there are good reasons for the decline in profits, so I am not worried at all, although I am not satisfied either,“ says Georg Kapsch, CEO of Kapsch TrafficCom.

Unless otherwise stated, all values in EUR million	H1 2018/19	H1 2019/20	+/-
Revenues	335.8	359.2	+7.0%
EBIT	17.8	8.8	-50.6%
EBIT margin	5.3%	2.4%	-2.9%p
Profit for the period	8.4	2.3	-72.1%
Earnings per share (EUR)	0.70	0.18	-74.8%

**Vienna, November 20, 2019** – The final earnings for the first half of the 2019/20 financial year published today by Kapsch TrafficCom hardly deviate from the anticipated revenues and operating result (EBIT) announced on October 14, 2019.

We were able to continue positive revenue development: Revenues rose by 7.0% to EUR 359.2 million relative to the comparable period in the previous year, with both segments contributing towards this positive development. It was the Americas region (North, Central, and South America) that drove growth with +27.5%. EMEA revenue (Europe, Middle East, Africa) remained constant (+0.1%). In the smallest sales region, APAC (Asia-Pacific), revenue declined by 29.6%. Some implementation projects came to an end, and there were delays in the acceptance of components by customers.

EBIT amounted to EUR 8.8 million (-50.6%), which corresponds to an EBIT margin of 2.4% (previous year: 5.3%). However, one-off effects must be taken into account here:

- > In connection with the German infrastructure charge:  
Due to early termination the company had to write off contract initiation costs of EUR 4.2 million.
- > In connection with the toll project in the Czech Republic:  
The contract ends in the third quarter of the financial year. Since the employees will not be hired en bloc by the designated operator, the company has set up a provision of EUR 0.9 million for severance payments.

Excluding these one-off effects, EBIT in the first half of the year would have been EUR 13.9 million (previous year: EUR 17.8 million).

The main reasons for the lower profitability are investments in future growth, namely in the form of:

- > Cost of material.  
The performance of the installation business – particularly in the ETC segment – in the first half of 2019/20 was very positive, although it required relatively high material investments (i.e. higher costs of materials). The newly installed systems must, however, be operated later on, which offers additional sales revenue potential for Kapsch TrafficCom.
- > Personnel expenses.  
Since business in North America has been growing rapidly, the company needed to hire actively in order to take full advantage of the available market potential. In the first half of the year, the number of colleagues in the USA (excluding the Smart Parking subsidiary Streetline) rose by around 70 to a total of 714.

The financial result for the first half of the year was EUR -4.4 million; EUR 1.4 million better than the previous year's figure. Tax expenses amounted to EUR 1.3 million (previous year: EUR 3.6 million).

The profit for the period amounted to EUR 2.3 million (previous year: EUR 8.4 million), which corresponds to earnings per share of EUR 0.18 (previous year: EUR 0.70).

The further increase in net working capital in the first half of 2019/20 is an important indicator of the sustained high dynamism in the area of implementation projects – in other words, a fundamentally positive development. The free cash flow of EUR -17.8 million (previous year: EUR -19.9 million) should also be valued from this point of view. Due to the negative free cash flow, the dividend payment (EUR -19.5 million) and, above all, the initial application of accounting standard IFRS 16 (EUR -49.2 million), net debt rose to EUR 169.0 million. (March 31, 2019: net debt of EUR 73.5 million). Despite everything, the equity ratio was satisfactory at 33.9% (March 31, 2019: 38.2%).

### Segment results.

In the first half of 2019/20, 78.3% of revenue was generated by the ETC segment and 21.7% by the IMS segment. 57.5% of revenue was generated in the Europe, Middle East, and Africa (EMEA) region, 38.2% in the Americas region (North, Central, and South America), and 4.3% in the Asia-Pacific (APAC) region.

<b>ETC (ElectronicToll Collection).</b>			
<small>Unless otherwise stated, all values in EUR million</small>			
	<b>H1 2018/19</b>	<b>H1 2019/20</b>	<b>+/-</b>
Revenues	262.1	281.2	+7.3%
EBIT	24.8	17.5	-29.5%
EBIT margin	9.5%	6.2%	-3.2%p

In the first half of 2019/20, ETC revenue reached EUR 281.2 million (+7.3%). The implementation business grew particularly strongly in the Americas (+87.4%) and EMEA (+43.3%) regions. By contrast, revenues from the operation of toll systems decreased (-9.1%), mainly due to the lower scope of service in Poland. After our (old) contract ended on November 2, 2018, Kapsch TrafficCom was contracted to support the operation of the toll system for another 27 months as of November 3, 2018.

ETC EBIT was EUR 17.5 million (-29.5%). The EBIT margin reached 6.2% (previous year: 9.5%). In the first half of 2019/20, Kapsch TrafficCom sold 6.3 million on-board units (previous year: 6.8 million). Unit sales declined in the Americas regions – with a simultaneously higher-quality product mix – and APAC. There were shifts in the timing of orders there.

<b>IMS (Intelligent Mobility Solutions).</b> Unless otherwise stated, all values in EUR million	<b>H1 2018/19</b>	<b>H1 2019/20</b>	<b>+/-</b>
Revenues	73.7	78.1	+5.9%
EBIT	-7.0	-8.7	-23.9%
EBIT margin	-9.5%	-11.1%	-1.6%p

In the first half of 2019/20, segment revenue reached EUR 78.1 million (+5.9%). The critical factor here consisted of higher operating revenues in the Americas region and implementation revenues that rose strongly in the APAC region and were able to more than offset a decline in the EMEA region.

The IMS EBIT was EUR -8.7 million and thus below the value of the previous year (EUR -7.0 million).

Once again, the United Kingdom's pending withdrawal from the EU (Brexit) should not have a significant impact on Kapsch TrafficCom's results. The company's revenue there is in the single-digit millions.

The report of the first half of 2019/20 as well as further materials will be available at <http://kapsch.net/ktc/ir> from today at 7:35 am (CET).

**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 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 with headquarters in Vienna, 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's about 5,000 employees generated revenues of EUR 738 million in fiscal year 2018/19.

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