

Corporate release

Kapsch TrafficCom – Results for the fiscal year of 2018/19.

Highlights.

- > Revenues at a record high, increasing for the fourth year in a row
- > Both segments experienced higher revenues, with positive EBIT development
- > The increase in working capital is a testimony to the growing dynamics of the implementation business
- > Stable balance sheet, higher equity ratio
- > Outlook for the fiscal year 2019/20: both revenues and EBIT expected to grow by at least 5%
- > Dividend proposal to the Annual General Meeting: EUR 1.50 per share (as in the previous year)

“We have increased revenues for the fourth year in a row, raising them above EUR 700 million for the very first time. Furthermore, we have improved EBIT, in comparison to the previous year. The numerous new projects from the fiscal year 2018/19 provide us with stability and are the basis for further growth”, says Georg Kapsch, CEO of Kapsch TrafficCom.

| Unless otherwise stated, all values in EUR million | Q4 | | | 2017/18 | | | 2018/19 | | |
|--|---------|---------|---------|---------|---------|--------|---------|---------|-----|
| | 2017/18 | 2018/19 | +/- | 2017/18 | 2018/19 | +/- | 2017/18 | 2018/19 | +/- |
| Revenues | 186.3 | 204.7 | +9.9% | 693.3 | 737.8 | +6.4% | | | |
| EBIT | 14.7 | 23.4 | +58.9% | 50.1 | 57.0 | +13.9% | | | |
| <i>EBIT margin</i> | 7.9% | 11.5% | +3.5%p | 7.2% | 7.7% | +0.5%p | | | |
| Profit for the period | 5.1 | 24.7 | +384.8% | 28.0 | 46.6 | +66.1% | | | |
| Earnings per share (EUR) | 0.41 | 1.91 | +370.9% | 2.21 | 3.68 | +66.7% | | | |

Vienna, June 18, 2019 – Kapsch TrafficCom has published its final earnings for the fiscal year 2018/19, which hardly deviate from the preliminary revenues and operating result (EBIT) announced on May 17, 2019.

Kapsch TrafficCom can look back on a very successful fiscal year 2018/19, despite a weak first half of the year. The company has increased revenues above EUR 700 million – to be precise, up to EUR 737.8 million (+6.4%) – for the very first time. The EBIT reached EUR 57.0 million (+13.9%), corresponding to an EBIT margin of 7.7% (previous year: 7.2%). Tax effects (particularly with regard to input tax) in Brazil totaling EUR -2.0 million prevented an even better result. Both segments contributed towards the growth.

In the fourth quarter of 2018/19 the company once again succeeded in surpassing the record revenues of the previous quarter. This was due in particular to higher implementation revenues in the ETC (Electronic Toll Collection) segment and higher operations revenues in the IMS (Intelligent Mobility Solutions) segment. From a regional perspective, the Americas (North, Central and South America) were the revenue driver in the fourth quarter. Increased profitability in implementation projects and lower costs in operations projects led to a strong increase in EBIT. In addition, operating foreign currency gains of EUR 2.1 million and tax effects in Brazil of around EUR 2.0 million had a positive impact on the EBIT in the fourth quarter. As a negative tax effect of EUR -4.0 million was recorded in the previous quarter, the tax impact on the EBIT for the fiscal year 2018/19 was EUR -2.0 million.

The financial results in the fiscal year 2018/19 were EUR -1.7 million, EUR 3.5 million better than in the previous year. A positive one-off effect due to the sale of our minority interest in ParkJockey, USA, (EUR 5.1 million) compensated in negative foreign currency effects, particularly in connection with the South African Rand (EUR 5.2 million). Tax expenses amounted to EUR 8.5 million (previous year: EUR 16.2 million).

The higher EBIT, an only slightly negative financial result and lower tax expenses, led to significantly better results for the period compared to the previous year. This amounted to EUR 46.6 million (previous year: EUR 28.0 million), which corresponds to earnings per share of EUR 3.68 (previous year: EUR 2.21).

The significant increase in working capital in the fiscal year 2018/19 is an important indicator of the growing dynamics in the area of our implementation projects – it is fundamentally a positive development. The associated negative free cash flow of EUR -57.5 million (previous year: EUR 21.8 million) needs to be seen from this point of view as well. Based on the negative free cash flow and since we distributed a dividend in the amount of EUR 19.5 million, net debt expanded to EUR 73.5 million at the end of the fiscal year 2018/19 (on March 31, 2018: a net cash of EUR 16.2 million). This corresponds to a gearing ratio of 28.4%. The equity ratio was again strong at 38.2% (March 31, 2018: 37.0%).

Based on the encouraging results for the fiscal year 2018/19 and the robust balance sheet, the Executive Board of Kapsch TrafficCom will propose to the Annual General Meeting that a dividend of EUR 1.50 per share (EUR 19.5 million in total) should be distributed.

Segment Results

In the fiscal year 2018/19, 75.7% of the revenues were generated by the ETC segment and 24.3% by the IMS segment. 58.4% of the revenues were generated in the region Europe-Middle-East-Africa (EMEA), 34.3% in the region Americas (North, Central and South America) and 7.2 % in the region Asia-Pacific (APAC).

ETC (Electronic Toll Collection).

| Unless otherwise stated, all values in EUR million. | Q4 | | | Q4 | | |
|---|---------|---------|---------|---------|---------|--------|
| | 2017/18 | 2018/19 | +/- | 2017/18 | 2018/19 | +/- |
| Revenues | 134.8 | 151.5 | +12.4% | 521.6 | 558.4 | +7.1% |
| EBIT | 11.7 | 24.6 | +111.3% | 53.5 | 64.9 | +21.5% |
| EBIT margin | 8.7% | 16.3% | +7.6%p | 10.3% | 11.6% | +1.4%p |

Kapsch TrafficCom increased its revenues in the ETC segment to EUR 151.5 million in the fourth quarter of 2018/19, which is +12.4% greater than over the same period in the previous year. The EBIT margin reached 16.3% and was 7.6 percentage points above that of the previous year.

In the fiscal year 2018/19, ETC revenues rose to EUR 558.4 million, an increase of 7.1% over the same period in the previous year. The company managed to more than offset a decline in revenue in the EMEA region (-3.6%) by a year-over-year rise in revenue in the Americas (+25.2%) and APAC (+39.9%) regions. ETC EBIT was at EUR 64.9 million and thus EUR 21.5% higher than in the previous year. The EBIT margin reached 11.6% (previous year: 10.3%). Kapsch TrafficCom sold 13.5 million on-board units during the fiscal year 2018/19 (previous year: 12.7 million).

IMS (Intelligent Mobility Solutions).

| Unless otherwise stated, all values in EUR million. | Q4 | | | Q4 | | |
|---|---------|---------|-------------|---------|---------|---------|
| | 2017/18 | 2018/19 | +/- | 2017/18 | 2018/19 | +/- |
| Revenues | 51.6 | 53.2 | +3.2% | 171.6 | 179.4 | +4.5% |
| EBIT | 3.1 | -1.2 | <i>n.m.</i> | -3.4 | -7.9 | -131.9% |
| <i>EBIT margin</i> | 6.0% | -2.2% | -8.2%p | -2.0% | -4.4% | -2.4%p |

IMS revenues in the fourth quarter of 2018/19 increased by 3.2% year-on-year to EUR 53.2 million. EBIT was negative at EUR -1.2 million (previous year: EUR 3.1 million).

After one year in decline, the IMS segment grew again, with revenues achieving EUR 179.4 million (+4.5%) in the fiscal year 2018/19. The Americas (+13.2%) and EMEA (+1.8%) sales regions were responsible for the increase. Revenues only dropped in the APAC region – from EUR 6.8 million to EUR 3.6 million. The IMS-EBIT was at EUR -7.9 million and below the previous year's value (EUR -3.4 million). The main reasons for this were the devaluation of the Zambian Kwacha, the adjustment of a tax credit in Brazil, and the negative profit contributions in the future areas of “Connected Mobility” and “Smart Urban Mobility.”

Outlook.

Kapsch TrafficCom plans to increase revenues by at least 5% in the fiscal year 2019/20. This is indeed possible, even though we need to realise that a few lucrative projects will come to an end, and that the project in Poland will generate much lower revenues. The most important growth market in the coming years will be North America (the USA and Canada). Growth rates in the double digits should be possible there (assuming revenues of approx. EUR 200 million in the 2018/19 fiscal year).

EBIT is expected to grow by at least 5% (excluding any one-time effects) in the fiscal year 2019/20.

The course of the 2019/20 fiscal year will be similar to that of the one before: a weaker first half-year period should be followed by a strong second half.

The medium-term outlook remains unchanged. Kapsch TrafficCom plans to grow in both segments. At the same time, the company aims to raise the Group's EBIT margin to a sustainable level of over 10%. To this end, EBIT in the ETC business is to be maintained well above 10% and EBIT in the IMS business is to be continuously improved. In a good environment, an IMS EBIT of up to 8% appears feasible from today's perspective.

The exit of the United Kingdom from the EU (as a result of Brexit) should have no significant impact on Kapsch TrafficCom's results, as the company's local revenues there are in the single-digit million range.

Starting today at 7:35 am (CEST), the report on the fiscal year of 2018/19 along with other materials concerning the results will be available at kapsch.net/ktc/ir.