



kapsch >>>
challenging limits

Kapsch TrafficCom

Report on the first three quarters 2016/17.

Selected Key data.

2015/16 (fiscal year 2015/16): April 1, 2015 – March 31, 2016

Q1-Q3 2016/17 (first three quarters of fiscal year 2016/17): April 1 – December 31, 2016

Q3 2016/17 (third quarter of fiscal year 2016/17): October 1 – December 31, 2016

All figures presented in EUR million unless otherwise stated.

| Earnings Data | Q1-Q3 2016/17 | +/- | Q1-Q3 2015/16 | Q3 2016/17 | +/- | Q3 2015/16 | 2015/16 |
|---|------------------|---------|------------------|---------------|---------|---------------|------------|
| Revenues | 483.8 | 27.6% | 379.2 | 172.2 | 28.2% | 134.3 | 526.1 |
| Share of ETC segment | 74.2% | -9.3%p | 83.5% | 74.2% | -7.7%p | 81.9% | 84.0% |
| Share of IMS segment | 25.8% | 9.3%p | 16.5% | 25.8% | 7.7%p | 18.1% | 16.0% |
| EBITDA | 56.1 | 1.3% | 55.4 | 18.7 | -4.6% | 19.6 | 76.9 |
| EBITDA margin | 11.6% | -3.0%p | 14.6% | 10.9% | -3.7%p | 14.6% | 14.6% |
| EBIT | 43.0 | -0.7% | 43.3 | 14.2 | -10.3% | 15.9 | 62.3 |
| EBIT margin | 8.9% | -2.5%p | 11.4% | 8.3% | -3.6%p | 11.8% | 11.9% |
| Profit before tax | 44.5 | 30.4% | 34.1 | 15.8 | 68.7% | 9.4 | 54.8 |
| Profit for the period | 29.4 | 16.3% | 25.3 | 9.3 | 53.0% | 6.1 | 36.5 |
| Profit for the period attributable to equity holders | 30.1 | 40.8% | 21.3 | 9.5 | 103.3% | 4.7 | 31.1 |
| Business segments | Q1-Q3 2016/17 | +/- | Q1-Q3 2015/16 | Q3 2016/17 | +/- | Q3 2015/16 | 2015/16 |
| Electronic Toll Collection (ETC) | | | | | | | |
| Revenues | 358.9 | 13.4% | 316.6 | 127.7 | 16.1% | 110.0 | 442.1 |
| EBIT | 54.8 | 18.2% | 46.4 | 20.7 | 19.7% | 17.3 | 63.7 |
| EBIT margin | 15.3% | 0.6%p | 14.7% | 16.2% | 0.5%p | 15.7% | 14.4% |
| Intelligent Mobility Solutions (IMS) | | | | | | | |
| Revenues | 125.0 | 99.4% | 62.7 | 44.5 | 83.0% | 24.3 | 84.0 |
| EBIT | -11.8 | -281.4% | -3.1 | -6.4 | -366.8% | -1.4 | -1.3 |
| EBIT margin | -9.5% | -4.5%p | -5.0% | -14.4% | -8.8%p | -5.7% | -1.6% |
| Revenues by region | Q1-Q3 2016/17 | +/- | Q1-Q3 2015/16 | Q3 2016/17 | +/- | Q3 2015/16 | 2015/16 |
| EMEA | 66.0% | -4.4%p | 70.3% | 67.7% | -0.5%p | 68.3% | 70.7% |
| Americas | 27.1% | 4.6%p | 22.4% | 25.1% | 0.8%p | 24.3% | 22.5% |
| APAC | 7.0% | -0.3%p | 7.2% | 7.1% | -0.3%p | 7.4% | 6.8% |
| Balance sheet data | 12/31/2016 | +/- | | | | | 03/31/2016 |
| Total assets | 628.2 | 22.3% | | | | | 513.7 |
| Total equity ¹ | 216.0 | -6.4% | | | | | 230.7 |
| Equity ratio ¹ | 34.4% | -10.5%p | | | | | 44.9% |
| Net credit (+)/debt (-) ² | 17.6 | -47.9% | | | | | 33.8 |
| Gearing ³ | — | | | | | | — |
| Capital employed ⁴ | 389.0 | 15.2% | | | | | 337.7 |
| Net working capital ⁵ | 219.3 | 19.4% | | | | | 183.6 |
| Cash flow | Q1-Q3 2016/17 | +/- | Q1-Q3 2015/16 | Q3 2016/17 | +/- | Q3 2015/16 | 2015/16 |
| Net investments ⁶ | 14.5 | 184.8% | 5.1 | 4.1 | 72.9% | 2.4 | 7.2 |
| Free cash flow ⁷ | 38.7 | -48.3% | 74.8 | 21.7 | -51.2% | 44.5 | 90.7 |
| Other information | Q1-Q3 2016/17 | +/- | Q1-Q3 2015/16 | | | | 2015/16 |
| Employees, end of period | 4,842 | 39.9% | 3,461 | | | | 3,716 |
| On-board units, in million units | 8.39 | 25.4% | 6.69 | | | | 9.55 |

1 Incl. non-controlling interests

2 Cash and cash equivalents + other current assets – financial liabilities

3 Net debt/equity

4 Total equity + financial liabilities

5 Inventories + current tax receivables + trade receivables – trade payables

6 Capital expenditure less proceeds from the disposal of property, plant and equipment and intangible Assets

7 Net cash flow from operating activities – net investments

Highlights of Q1-Q3 2016/17.

+ Solid results

- ▶ Revenues: EUR 483.8 million (+27.6%)
- ▶ EBIT: EUR 43.0 million. (-0.7%)
- ▶ Net credit: EUR 17.6 million

+ Distribution of dividend in the amount of EUR 1.50 per share

+ Acquisition of Kapsch TrafficCom Transportation (transportation business of Schneider Electric)

- ▶ Strengthening of our “Intelligent Mobility Solutions” segment
- ▶ EBIT for the first nine months negative, plus integration costs
- ▶ Expected share of revenues for 2016/17: more than EUR 100 million

+ Acquisition of the remaining 48% of the shares of the Czech company Kapsch Telematic Systems

- ▶ Rise in the profit for the period attributable to equity holders

+ Czech Republic: Contract for the operation of the nationwide truck toll collection system extended by up to three years

+ Austria: Awarded with the installation and the technical operation of the country-wide tolling system for vehicles with more than 3.5 tons

+ Issuance of promissory note bond (“Schuldscheindarlehen”) to refinance the bond falling due in the fall of 2017

+ New dividend policy

- ▶ At least one third of the profit for the period
- ▶ Base dividend of EUR 1.00

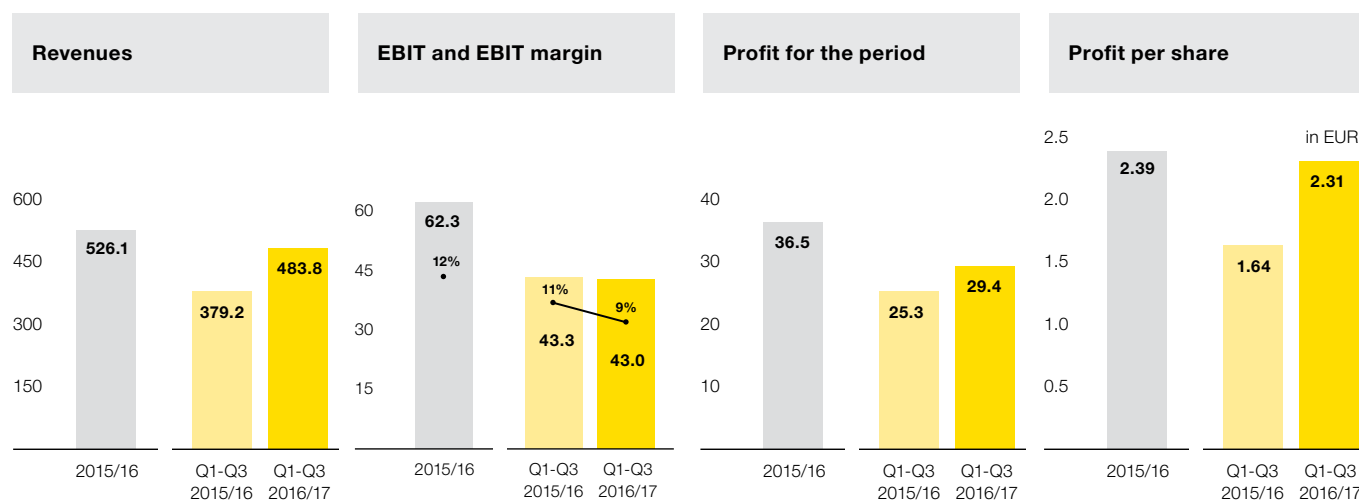
Selected Key Financial Data.

2015/16 (fiscal year 2015/16): April 1, 2015 – March 31, 2016

Q1-Q3 2016/17 (first three quarters of fiscal year 2016/17): April 1 – December 31, 2016

All figures presented in EUR million unless otherwise stated.

KTT = the global transportation division acquired from Schneider Electric as of April 1, 2016

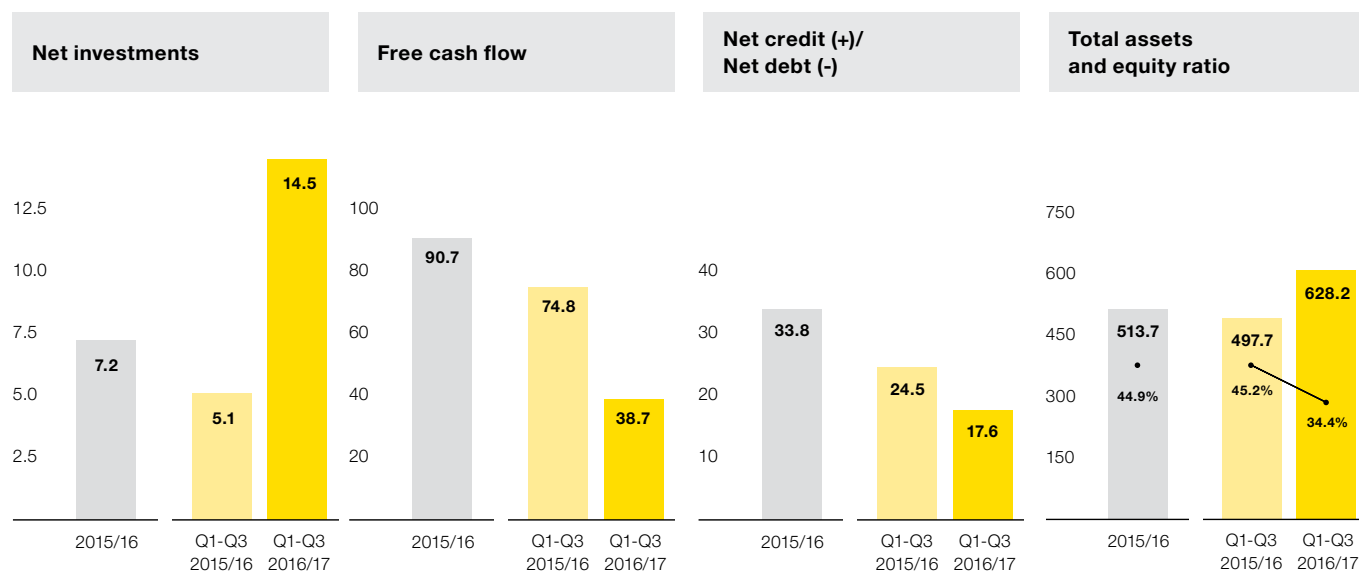


A stronger operational business as well as the initial consolidation of KTT led to a jump in revenues, as compared to the Q1-Q3 of 2015/16, to EUR 483.8 million (a plus of 28%).

Despite the negative EBIT contribution from KTT, expenses relating to its integration and the ongoing losses incurred by Streetline, EBIT amounted to EUR 43.0 million, virtually unchanged as compared to the equivalent period of the previous year (-1%).

The profit for the period rose by 16% to EUR 29.4 million. Lower exchange rate losses resulted in a better financial result in Q1-Q3 2016/17 than had been the case in the previous year (EUR -9.7 million).

The profit per share amounted to EUR 2.31 (+41%), which was largely attributable to the lower value of the "non-controlling interests".



The increase in net investments to EUR 14.5 million was mainly a result of the acquisition and integration of KTT.

Free cash flow was again positive (EUR 38.7 million); however, this was significantly lower than the figure for Q1-Q3 2015/16 (EUR 74.8 million). The main reason was the development of the working capital. Also the higher net investments had a negative impact.

Despite having undertaken a number of acquisitions and a dividend payment, Kapsch TrafficCom had net credit in the amount of EUR 17.6 million.

The assumption of a promissory note bond (increase in balance sheet total), acquisitions (effect in equity) and the dividend payment resulted in a reduction of the equity ratio to 34%.



Letter from the CEO.

Dear shareholders,

In the first nine months of fiscal year 2016/17, Kapsch TrafficCom succeeded in increasing its revenues by 28% to EUR 483.8 million. The operating result (EBIT), at EUR 43.0 million, fell just short of the previous year's level (EUR 43.3 million), with the EBIT margin in the first three quarters of the year thus amounting to 8.9%. The profit for the period increased by 16% to EUR 29.4 million, and the amount attributable to equity holders by no less than 41% to EUR 30.1 million.

**KTT
revenues: EUR 80.7 million
EBIT: EUR -1.7 million.**

One of our main focal points in the current fiscal year is the integration of KTT (Kapsch TrafficCom Transportation), the global transportation division of Schneider Electric acquired on April 1, 2016. KTT generated EUR 80.7 million in revenues in the first nine months of the year, while realizing EBIT in a low negative amount of EUR -1.7 million (ETC: EUR -1.0 million and IMS: EUR -0.7 million). This amount comprises a positive onetime effect in the amount of EUR 3 million due to the purchase price for KTT being lower than the value of the acquired net assets (on the basis of a preliminary purchase price allocation) – even despite the payment of a contingent purchase price adjustment of EUR 5 million in December 2016.

**Focus on
integration of KTT.**

It is currently anticipated that the integration process will largely be completed over the course of this fiscal year. However, we will likely also experience a number of follow-on effects next year. In any case, we should then start to see the synergies resulting from the acquisition being reflected in our results. In the current fiscal year though, KTT's results and the costs relating to its integration will have an adverse effect on the profitability of the Kapsch TrafficCom Group.

In the third quarter of the fiscal year, we acquired 75.5% of the Austrian company Fluidtime Data Services, a small but innovative enterprise which has been developing and operating software solutions and user-friendly mobile services for intermodal travel (i.e. getting from A to B using various means of transportation) in the urban context since 2004. Fluidtime's mobility platform provides passengers with real-time information on possible means of transportation and multi-modal alternative routes, with integrated booking and payment services being a further option. Fluidtime is therefore an outstanding new addition to our IMS portfolio.

**Operation of
nationwide toll collection
systems extended.**

We achieved a number of highly successful outcomes in the sales context in the first nine months of the current fiscal year. In the Czech Republic, our contract for the operation of the nationwide toll collection system for road haulage was extended by up to a further three years. In Austria, we were awarded the contract for the installation and technical operation of the nationwide toll collection system for vehicles weighing 3.5 or more tons. The technical operation services will be performed over a period of ten years following the acceptance of the delivery of the new system, with an option of extending the contract by five periods of one year.

This year, we also secured two further projects in the state of Queensland, Australia. The first of these comprises both the delivery and operation of the toll collection system for a bypass, with the corresponding contract having been concluded for a ten-year term. The other project involves the replacement of an outdated toll collection system with the most modern Kapsch technology.

**North America: the most
important growth market.**

In the US, we have been contracted to undertake the modernization of the integrated transportation management system of the Highway Operations Center of the Massachusetts Department of Transportation over a four-year period. In addition, we have been awarded a contract for the renewal of the toll collection system for all the bridges and tunnels of the Port Authority of New York and New Jersey (PANYNJ). Following the completion of this project, which is scheduled for the end of our fiscal year 2020/21, Kapsch TrafficCom will undertake the ongoing maintenance work on the new toll collection system over a period of six years – with the option of extending this contract for up to a further six years. North America certainly represents the most important growth market for the Kapsch TrafficCom Group, and we expect to acquire a growing number of smaller contracts as well as several larger projects in this region.

Resolutions of the Shareholders' Meeting.

At our Shareholders' Meeting held in September 2016, the mandates of three members of the Supervisory Board up for re-election, including its Chairman, were extended. In addition, a resolution was adopted in favor of the distribution of a dividend in the amount of EUR 1.50 per share.

Net credit: EUR 17.6 million.

In spite of this distribution in the amount of EUR 19.5 million, as well as payments made in connection with

- > the acquisitions of KTT, tolltickets and Fluidtime,
- > the participation in Parkjockey and
- > the acquisition of the remaining 48% of the shares in Kapsch Telematic Services, the operating company for the toll collection project in the Czech Republic,

Kapsch TrafficCom had net credit in the amount of EUR 17.6 million at its disposal as of December 31, 2016.

Temporary effect on equity ratio.

The equity ratio of 34.4% as of the end of the third quarter was significantly lower than that as of March 31, 2016 (44.9%). This was primarily attributable, on the one hand, to reduced equity as a result of:

- > the disbursement of the dividend in the total amount of EUR 19.5 million and
- > the acquisition of the remaining 48% of the shares in Kapsch Telematic Services, which was reflected in equity in the amount of EUR 21.8 million,

and, on the other hand, the effect, in terms of increasing the balance sheet total, of the issuance of a promissory note bond ("*Schuldscheindarlehen*") in the amount of EUR 62.0 million and USD 14.5 million for the purposes of refinancing the bond falling due in November 2017. The redemption of this bond in the next fiscal year will have a positive effect of the equity ratio of Kapsch TrafficCom.

New dividend policy.

Given that Kapsch TrafficCom's goal is to have its share be regarded as dividend-paying stock in the capital markets, it has been necessary to revise and further specify the dividend policy which the company has in place since going public. Thus, in November 2016 we announced that we would be continuing our practice of distributing at least one third of the Group's net income. However, should this amount prove to be less than EUR 1.00 per share, we will consider distributing a larger proportion of our profits, such that an annual basic dividend amount of EUR 1.00 may be expected.

In the final weeks of the current fiscal year, we will continue to work towards the implementation of our growth strategy. 2017 marks the 125th anniversary of the formation of the Kapsch Group, and we are very much aware of our obligation to continue to take a sustainable and long-term approach to the running of our business as we look towards the future. We believe ourselves to be a reliable and enduring business partner.

Sincerely,



Georg Kapsch
Chief Executive Officer

The Kapsch TrafficCom shares.

ISIN: AT000KAPSCH9

Ticker symbol: KTCG

Reuters: KTCG.VI

Bloomberg: KTCG AV



Included in the
VÖNIX Sustainability
Index since 2009.

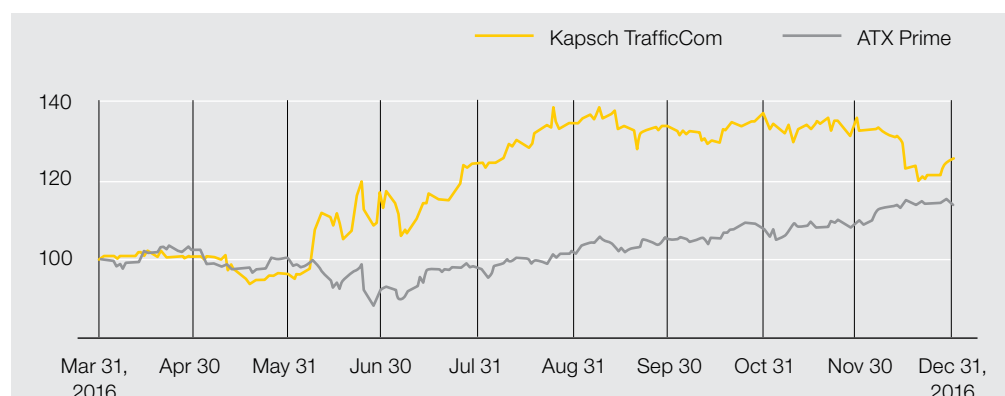
The shares of Kapsch TrafficCom have been listed in the prime market segment of the Vienna Stock Exchange since the company's initial public offering on June 26, 2007. The major shareholder of the company, with a shareholding of 63.3%, is KAPSCH-Group Beteiligungs GmbH. The shares in free float (36.7%) are held by institutional investors (~23%), private investors (~11%) and other investors (~3%). The weighted average number of shares amounts to 13 million.

Share performance in Q1-Q3 2016/17.

The share's performance in the first nine months of the year was positive, even as compared to the benchmark, the ATX Prime Index: The share price opened at EUR 30.01 on April 1, 2016 and underwent fluctuations of a mostly lateral nature for a period of some weeks thereafter, losing ground somewhat as of May 11 and falling to an (intraday) low of EUR 27.20 as of May 23. The share price then rose considerably from June 7 onwards, reaching an (intraday) high of EUR 41.20 on August 24. On September 14, the share price was adjusted to reflect the dividend payment in the amount of EUR 1.50 per share (ex-dividend date). After several weeks of minor fluctuations, pressure to sell set in towards mid-December. The Kapsch TrafficCom share closed at EUR 37.31 on December 30, 2016, thus outperforming the ATX Prime Index by 11.4 percentage points in the first nine months of the fiscal year.

Kapsch TrafficCom share and ATX Prime.

Share performance in the
first nine months
+25.2%.



Closing price on March 31, 2016, indexed to 100 in each case.

| Key share data all amounts in EUR | Q1-Q3 | |
|---|---------|---------|
| | 2016/17 | 2015/16 |
| Profit/share | 2.31 | 1.64 |
| Dividend for the previous year | 1.50 | 0.50 |
| Closing price on March 31 | 29.80 | 23.85 |
| Closing price on December 31 | 37.31 | 37.40 |
| High (intraday) | 41.20 | 37.83 |
| Low (intraday) | 27.20 | 20.01 |
| Ø trading volume (share, double counting) | 11,134 | 23,559 |

Investor Relations
Officer: Hans Lang

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Selected dates

| | |
|--------------------|-------------------------------------|
| June 20, 2017 | Results 2016/17 |
| August 27, 2017 | Record date: Annual General Meeting |
| August 30, 2017 | Results Q1 2017/18 |
| September 6, 2017 | Annual General Meeting |
| September 13, 2017 | Dividend Ex Date |
| September 14, 2017 | Dividend Record Date |

Corporate Governance.

Update.

Supervisory Board.

At the ordinary Shareholders' Meeting held on September 7, 2016, Dr. Franz Semmerneegg, Dr. Kari Kapsch and Dr. Harald Sommerer were re-elected to the Supervisory Board. Their terms of office will expire upon the end of the Shareholders' Meeting resolving upon the formal approval of the actions of the Supervisory Board with regard to the fiscal year 2018/19. Each of these individuals has issued a declaration in accordance with Section 87(2) of the Austrian Stock Corporation Act (Aktiengesetz – AktG).

At the subsequent meeting of the Supervisory Board, Dr. Franz Semmerneegg was re-elected Chairman, and Dr. Kari Kapsch Vice Chairman, of the Supervisory Board. Dr. Franz Semmerneegg and Dr. Harald Sommerer were re-elected to the Audit Committee and the Committee for Executive Board Matters. Mr Christian Windisch (Ing.) was once more delegated to the Audit Committee by the Works Council.

The Supervisory Board of Kapsch TrafficCom AG is thus composed of the following members:

| Name | Position | Year of birth | Initial appointment | Appointed until |
|---------------------------------------|---------------|---------------|---------------------|-----------------|
| Dr. Franz Semmerneegg | Chairman | 1968 | 2002 | 2019 |
| Dr. Kari Kapsch | Vice Chairman | 1964 | 2002 | 2019 |
| Dipl.-BW(FH) Sabine Kauper | | 1968 | 2011 | 2018 |
| Dr. Harald Sommerer | | 1967 | 2013 | 2019 |
| Ing. Christian Windisch ¹⁾ | | 1963 | 2002 | — |
| Martin Gartler ¹⁾ | | 1970 | 2015 | — |

1) delegated by the Works Council.

Auditor.

Auditor re-elected.

The Shareholders' Meeting once more appointed PwC Wirtschaftsprüfung GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, as auditor of the financial statements and the consolidated financial statements for the fiscal year 2016/17.

Managers' transactions.

Since the coming into force of Article 19 of Regulation (EU) No 596/2014 (the "Market Abuse Regulation" – MAR), transactions previously referred to as "directors' dealings" are now referred to as "managers' transactions".

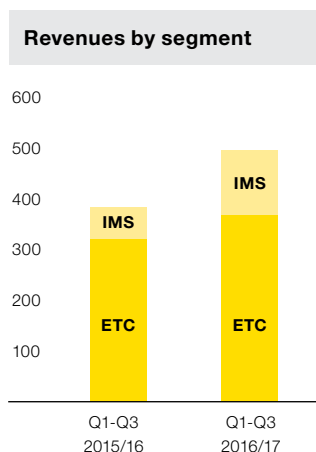
In the first three quarters of the fiscal year 2016/17 two such transactions occurred with shares of Kapsch TrafficCom AG: KAPSCH-Group Beteiligungs GmbH acquired

- > on September 6, 2016: 228 shares at a price of EUR 36.83 per share and
- > on December 1, 2016: 1,304 shares at a price of EUR 39.68 per share.

As a result, KAPSCH-Group Beteiligungs GmbH now holds a total of 8,227,831 shares (63.3%) in that company.

Analysis of the Results and Balance Sheet Q1-Q3 2016/17.

Revenues and earnings.



In the first three quarters of the current fiscal year 2016/17, the revenues of Kapsch TrafficCom Group amounted to EUR 483.8 million and as such were 27.6% higher than in the equivalent period of the previous year (Q1-Q3 2015/16: EUR 379.2 million). Fortunately, both the Electronic Toll Collection (ETC) and the Intelligent Mobility Solutions (IMS) segments recorded an increase in revenues. The major driver of this growth was the first-time consolidation of Kapsch TrafficCom Transportation (KTT), the global transportation division of Schneider Electric acquired on April 1, 2016. KTT contributed revenues in the amount of EUR 80.7 million (ETC: EUR 17.8 million; IMS: EUR 62.9 million).

The EMEA region (Europe, the Middle East and Africa) generated 65.5% of the overall revenues. The Americas region (North America and Latin America) experienced growth primarily as a result of the acquisition of the KTT business, generating 27.1% of the Group's revenues. The APAC region (Asia-Pacific) contributed 7.0% towards the overall total.

The operating result (EBIT), at EUR 43.0 million, was virtually unchanged as compared to the previous year (Q1-Q3 2015/16: EUR 43.3 million) commensurate with an EBIT margin of 8.9% (Q1-Q3 2015/16: 11.4%). The fall in the margin was primarily due to the strong contribution made by KTT towards overall revenues while still generating EBIT in a low negative amount (EUR -1.7 million) in the first three quarters. Integration expenses in relation to this company acquired at the beginning of the fiscal year also had an adverse impact on the overall result. A onetime effect ("bad will") had a positive effect in the amount of EUR 3.0 million (the difference between the purchase price for KTT and the value of the acquired net assets, on the basis of a preliminary purchase price allocation). The persistently negative results of the smart parking subsidiary, Streetline Inc., USA, also had an adverse impact on the Group's results.

The financial result improved somewhat in the first three quarters of the current fiscal year, from EUR -9.1 million to EUR 1.5 million. The primary reason for this development was a fall in the exchange rate losses in the amount of EUR -12.9 million. The finance income, at EUR 8.1 million, was slightly lower than the figure for the equivalent period of the previous year (Q1-Q3 2015/16: EUR 9.4 million).

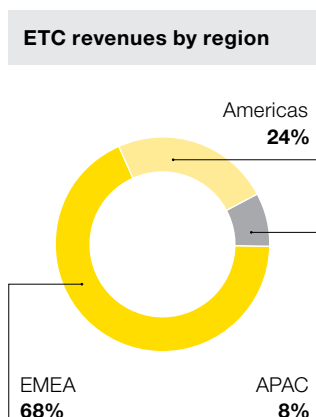
The profit for the period increased by 16.3% as compared to the equivalent period of the previous year. As a result of the acquisition of the remaining, non-controlling 48% interest in the Czech company Kapsch Telematic Services spol. s r.o., the profit for the period attributable to equity holders rose significantly to EUR 30.1 million (Q1-Q3 2015/16: EUR 21.3 million), which corresponds to a profit per share in the amount of EUR 2.31 (Q1-Q3 2015/16: EUR 1.64).

The segments' performance in the first three quarters was as follows:

Electronic Toll Collection (ETC)

The largest share of the revenues (EUR 244.4 million) was once more attributable to the EMEA region (Europe, the Middle East and Africa), specifically the nationwide toll collection projects in the Czech Republic, Poland, Belarus and Austria. The scheduled replacement of the IT structure in South Africa resulted in a considerable rise in the revenues generated there. The performance of the newly acquired tolltickets GmbH, Germany, also had a positive impact on revenues. The volume of design & build projects was lower than in the equivalent period of the previous year due to the slower progress, in line with expectations, of the expansion of the existing systems in Belarus and Poland. Components-related revenues in the EMEA region were very slightly higher than the high level achieved in the previous year, by virtue of the successful offsetting of lower sales of on-board units in France, the Czech Republic, Spain and Russia.

ETC revenues:
EUR 358.9 million (+13.4%).



Revenues in the Americas region (North America and Latin America) increased over the first three quarters of the fiscal year to EUR 84.9 million (Q1-Q3 2015/16: EUR 59.1 million), with this positive development primarily being attributable to the US projects acquired in conjunction with KTT.

New design & build projects resulted in an increase in revenues in the APAC region (EUR +3.3 million); these included the contract awarded to Kapsch TrafficCom for the renewal of the existing toll collection system for the Sydney Harbor Bridge and the Sydney Harbor.

The number of on-board units sold in the first three quarters of the fiscal year amounted to 8.4 million (Q1-Q3 2015/16: 6.7 million units). Increases were recorded above all in the US, Russia, Australia and Spain, while the sales figures for Thailand and Mexico fell as compared to the equivalent period of the previous year. Components-related revenues fell slightly as compared to the first three quarters of the previous year (-1%), due to the lower average price for on-board units, particularly in the US.

The breakdown of the revenues generated by this segment according to business type is as follows:

| in EUR Mio. | Q1-Q3 2016/17 | Q1-Q3 2015/16 | +/- |
|-----------------|------------------|------------------|---------------|
| Revenues | 358.9 | 316.6 | 13.4 % |
| Design & Build | 70.2 | 61.9 | 13.4 % |
| Operations | 215.2 | 180.5 | 19.2 % |
| Components | 73.5 | 74.3 | -1.0 % |
| EBIT | 54.8 | 46.4 | 18.2 % |

ETC-EBIT:
EUR 54.8million (+18.2%).

The EBIT for the ETC segment amounted to EUR 54.8 million, which represents a rise of 18.2% as compared to the equivalent period of the previous year. This improvement in the result was largely due to the positive developments regarding the operation projects in the EMEA region in particular. Although KTT contribution towards EBIT remains a negative one, the provisional badwill in the amount of EUR 0.9 million arising in connection with this acquisition had a positive effect.

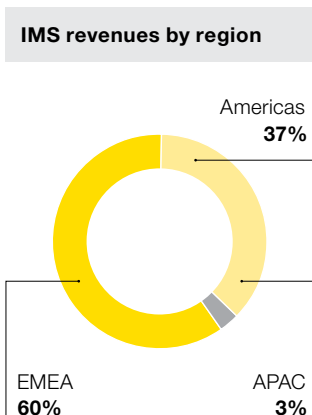
IMS revenues:
EUR 125.0 million (+ 99.4%).

Intelligent Mobility Solutions (IMS)

The revenues generated by the IMS segment increased significantly to EUR 125.0 million (+99.4%). The strongest growth was recorded in the EMEA region (EUR +39.2 million), with KTT, acquired at the beginning of the fiscal year, contributing greatly towards this result. The rise in revenues in the Americas region (EUR +20.1 million) was also primarily due to KTT projects in the US (EUR +14.4 million). The APAC region recorded slight growth in revenues (EUR +3.0 million).

The breakdown of the revenues generated by this segment according to business type is as follows:

| in EUR Mio. | Q1-Q3 2016/17 | Q1-Q3 2015/16 | +/- |
|-----------------|------------------|------------------|-----------------|
| Revenues | 125.0 | 62.7 | 99.4 % |
| Design & Build | 48.5 | 27.6 | 75.7 % |
| Operations | 67.2 | 23.8 | 182.0 % |
| Components | 9.3 | 11.3 | -17.2 % |
| EBIT | -11.8 | -3.1 | -281.4 % |



**IMS-EBIT:
EUR -11.8 million.**

The EBIT of the IMS segment amounted to EUR -11.8 million, considerably lower than the figure for the equivalent period of the previous year (Q1-Q3 2015/16: EUR -3.1 million). The integration of KTT, the negative results of Streetline Inc., USA, and the lower contributions of the North American operation projects adversely impacted the profitability of the Kapsch TrafficCom Group in this segment. The provisional bad will arising from the KTT acquisition had a positive effect on the segment in the amount of EUR 2.1 million.

Financial position.

The total assets of the Kapsch TrafficCom Group increased to EUR 628.2 million as of the cut-off date, December 31, 2016 (March 31, 2016: EUR 513.7 million).

The greatest change on the assets side of the balance sheet related to the item "Trade receivables and other current assets", which increased by EUR 53.6 million to EUR 249.7 million in the period from March 31, 2016 onwards. This increase was primarily due to the assumption of outstanding receivables in the context of the KTT acquisition, which amounted to EUR 70.0 million as of December 31, 2016. In contrast, the receivables from the project in Belarus decreased by EUR 20.3 million.

Cash and cash equivalents also increased significantly by EUR 47.5 million to EUR 188.3 million as of December 31, 2016, largely as a result of the issuance of the promissory note bond ("*Schuldscheindarlehen*").

On the liabilities side of the balance sheet, financial liabilities underwent the most significant change: Due to the fact that the residual term of the corporate bond was less than one year (ending in November 2017), this was reallocated from the "Non-current financial liabilities" to the "Current financial liabilities", with the latter increasing by EUR 71.1 million as a result. The item "Non-current financial liabilities" now essentially comprising the promissory note bond placed in the first quarter of the current fiscal year (EUR 75.6 million).

Since March 31, 2016, "Trade payables" have increased by EUR 24.0 million and "Other liabilities and deferrals" by EUR 22.9 million, with both of these developments primarily being attributable to the KTT acquisition (representing an accrual of EUR 16.9 million and EUR 28.8 million, respectively).

Equity amounted to EUR 216.0 million, and as such was EUR 14.7 million lower than at the end of the previous fiscal year. The equity ratio also fell from 44.9% to 34.4% over this period. This development is primarily attributable, on the one hand, to reduced equity as a result of:

- > the disbursement of the dividend in the total amount of EUR 19.5 million (EUR 1.50 per share) and
- > the acquisition of the remaining 48% of the shares in Kapsch Telematic Services, spol. s r.o., Czech Republic; the purchase price in the amount of up to EUR 21.8 million comprises a fixed component in the amount of EUR 14.0 million (already paid), and a variable, results-based component in the amount of EUR 7.8 million, to be paid in installments by 2020,

and, on the other hand, an increase in balance sheet total as a result of the issuance of a promissory note bond in the amount of EUR 62.0 million and USD 14.5 million for the purposes of refinancing the bond falling due in November 2017. On the one hand, the issuance of the promissory note bond has resulted in an increase in "Cash and cash equivalents" on the assets side of the balance sheet and, on the other hand, in an increase in "Non-current financial liabilities" on the liability side of the balance sheet.

Despite the dividend payment and various acquisitions, the balance sheet evidenced net credit in the amount of EUR 17.6 million.

The net working capital rose from EUR 83.6 million as of March 31, 2016 to EUR 219.3 million as of December 31, 2016.

Cash flow.

“Net cash flow from operating activities” in the reporting period amounted to EUR 53.2 million, with this positive development largely being due to the favorable results (EUR 43.0 million), the decrease in “Non-current trade receivables” (EUR 10.4 million) and the increase in “Trade payables” and other current liabilities (EUR 13.4 million), despite a countervailing effect as a result of net income tax payments (EUR -14.6 million).

Net cash flow from investing activities amounted to EUR -39.6 million in the first three quarters of 2016/17, EUR -21.6 million of which (net, after deduction of the cash and cash equivalents of the acquired companies) related to the acquisition of KTT (see Note 17). In addition, EUR -2.5 million were attributable to the stake in Park Jockey Global, Inc., USA, EUR -0.3 million (net) to the acquisition of a 65% interest in tolltickets GmbH, Germany, and EUR -0.6 million (net) to the acquisition of a 75.5% interest in FLUIDTIME Data Services GmbH, Austria. “Net cash flow from investing activities” in the equivalent period of the previous year had been in a positive amount of EUR 2.8 million, primarily due to the sale of securities and an inflow of cash and cash equivalents from the acquisition of the shares of Streetline, Inc., USA. As a result of the acquisition and integration of KTT, “Net investments in property, plant and equipment and intangible assets”, at EUR -14.5 million, were significantly higher than in the equivalent period of the previous year (EUR -6.9 million).

Free cash flow (cash flow from operating activities minus net investments) was again positive (EUR 38.7 million); however, this was significantly lower than the figure for the equivalent period of the previous year (EUR 74.8 million). The main reason was the development of the receivables and the higher increase in payables. Also the aforementioned investments had a negative impact on the free cash flow.

“Net cash flow from financing activities” amounted to EUR 30.7 million as of December 31, 2016. The funds generated through the issuance of the promissory note bond caused the recorded amount of the „Increase in non-current financial liabilities“ to rise by EUR 78.6 million, with countervailing developments largely comprising a reduction in “Current financial liabilities” (EUR -17.2 million), the payment of the dividend (EUR -19.5 million) and the payment of a purchase price component for the remaining shares in the Czech company Kapsch Telematic Services (EUR -14.0 million).

“Cash and cash equivalents” amounted to EUR 188.3 million as of December 31, 2016 (March 31, 2016: EUR 140.8 million).

Events occurring after December 31, 2016.

No material events occurred after December 31, 2016.

Vienna, February 22, 2017

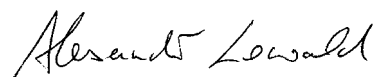
The Executive Board



Georg Kapsch
Chief Executive Officer



André Laux
Executive Board member



Alexander Lewald
Executive Board member

Condensed Consolidated Interim Financial Information

as of December 31, 2016.*)

Kapsch TrafficCom Group – Consolidated statement of comprehensive income.

| in TEUR | Note | Q3 | | Q1-Q3 | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2016/17 | 2015/16 | 2016/17 | 2015/16 |
| Revenues | (6) | 172,159 | 134,262 | 483,830 | 379,226 |
| Other operating income | | 5,449 | 6,250 | 19,307 | 12,731 |
| Changes in finished and unfinished goods and work in progress | | 2,793 | -4,222 | 5,225 | -4,593 |
| Own work capitalized | | 827 | 139 | 2,218 | 547 |
| Cost of materials and other production services | | -71,797 | -50,747 | -204,433 | -144,204 |
| Staff costs | | -58,432 | -39,237 | -163,781 | -113,857 |
| Amortization and depreciation | | -4,480 | -3,755 | -13,097 | -12,095 |
| Impairment charge | | 0 | 0 | 0 | 0 |
| Other operating expenses | (7) | -32,280 | -26,814 | -86,291 | -74,479 |
| Operating result | (6) | 14,239 | 15,875 | 42,977 | 43,276 |
| Finance income | | 3,412 | 1,432 | 8,143 | 9,442 |
| Finance costs | | -1,867 | -7,882 | -6,680 | -18,580 |
| Financial result | | 1,545 | -6,450 | 1,463 | -9,137 |
| Result from associates and joint ventures | | 49 | -39 | 78 | 6 |
| Result before income taxes | | 15,833 | 9,386 | 44,518 | 34,144 |
| Income taxes | (15) | -6,551 | -3,321 | -15,101 | -8,852 |
| Result for the period | | 9,282 | 6,065 | 29,417 | 25,292 |
| Result attributable to: | | | | | |
| Equity holders of the company | | 9,491 | 4,669 | 30,060 | 21,344 |
| Non-controlling interests | | -210 | 1,396 | -643 | 3,947 |
| Earnings per share from the result for the period attributable to the equity holders of the company (in EUR) | | 0.73 | 0.36 | 2.31 | 1.64 |
| Other comprehensive income: | | | | | |
| Items subsequently reclassified to the result for the period: | | | | | |
| Currency translation differences | | -2,191 | 1,975 | -4,202 | 640 |
| Currency translation differences from net investments in foreign operations | | 2,481 | -2,123 | 3,306 | -469 |
| Available-for-sale financial assets: | | | | | |
| Fair value gains/losses recognized in other comprehensive income | | -533 | -1,093 | -2,923 | -5,567 |
| Reclassification of cumulated net losses to the result for the period (impairment) | | 438 | 1,046 | 2,035 | 1,237 |
| Reclassification of cumulated net gains to the result for the period (sale of available-for-sale financial assets) | | 0 | 0 | 0 | -3,318 |
| Income tax relating to items subsequently reclassified to the result for the period | | -597 | 543 | -821 | 981 |
| Total items subsequently reclassified to the result for the period | | -401 | 347 | -2,605 | -6,497 |
| Items subsequently not reclassified to the result for the period: | | | | | |
| Remeasurements of liabilities from post-employment benefits | | 0 | 0 | 0 | 0 |
| Income tax relating to items subsequently not reclassified to the result for the period | | 0 | 0 | 0 | 0 |
| Total items subsequently not reclassified to the result for the period | | 0 | 0 | 0 | 0 |
| Other comprehensive income for the period net of tax | (16) | -401 | 347 | -2,605 | -6,497 |
| Total comprehensive income for the period | | 8,880 | 6,412 | 26,812 | 18,795 |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the company | | 9,104 | 5,090 | 27,474 | 15,060 |
| Non-controlling interests | | -223 | 1,323 | -662 | 3,735 |

Earnings per share relate to 13.0 million shares.

The notes on the following pages form an integral part of this interim financial information.

*) The condensed consolidated interim report has neither been audited nor been reviewed by an auditor.

Kapsch TrafficCom Group – Consolidated balance sheet.

| in TEUR | Note | Dec 31, 2016 | March 31, 2016 |
|---|------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | (8) | 23,188 | 20,867 |
| Intangible assets | (8) | 73,962 | 64,911 |
| Interests in associates and joint ventures | (9) | 2,073 | 1,917 |
| Other non-current financial assets and investments | (10) | 18,464 | 18,651 |
| Other non-current assets | | 13,541 | 18,877 |
| Deferred tax assets | | 10,919 | 11,895 |
| | | 142,148 | 137,119 |
| Current assets | | | |
| Inventories | | 40,465 | 35,757 |
| Current tax receivables | | 5,165 | 3,754 |
| Trade receivables and other current assets | | 249,710 | 196,158 |
| Other current financial assets | (10) | 2,393 | 97 |
| Cash and cash equivalents | | 188,306 | 140,782 |
| | | 486,040 | 376,549 |
| Total assets | | 628,188 | 513,667 |
| EQUITY | | | |
| Capital and reserves attributable to equity holders of the company | | | |
| Share capital | (11) | 13,000 | 13,000 |
| Capital reserve | | 117,509 | 117,509 |
| Retained earnings and other reserves | | 86,495 | 92,338 |
| | | 217,004 | 222,847 |
| Non-controlling interests | | -1,042 | 7,811 |
| Total equity | | 215,962 | 230,658 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Non-current financial liabilities | (12) | 79,152 | 85,734 |
| Liabilities from post-employment benefits to employees | (13) | 23,635 | 24,107 |
| Non-current provisions | (14) | 9,712 | 1,396 |
| Other non-current liabilities | | 10,139 | 3,333 |
| Deferred tax liabilities | | 6,245 | 3,190 |
| | | 128,883 | 117,760 |
| Current liabilities | | | |
| Trade payables | | 76,074 | 52,041 |
| Other liabilities and deferred income | | 101,019 | 79,342 |
| Current tax payables | | 3,611 | 3,573 |
| Current financial liabilities | (12) | 93,924 | 21,349 |
| Current provisions | (14) | 8,715 | 8,946 |
| | | 283,343 | 165,250 |
| Total liabilities | | 412,226 | 283,010 |
| Total equity and liabilities | | 628,188 | 513,667 |

The notes on the following pages form an integral part of this interim financial information.

Kapsch TrafficCom Group – Consolidated cash flow statement.

| in TEUR | Q3 | | Q1-Q3 | |
|---|----------------|----------------|----------------|----------------|
| | 2016/17 | 2015/16 | 2016/17 | 2015/16 |
| Cash flow from operating activities | | | | |
| Operating result | 14,239 | 15,875 | 42,977 | 43,276 |
| Adjustments for non-cash items and other reconciliations: | | | | |
| Scheduled depreciation and amortization | 4,480 | 3,755 | 13,097 | 12,095 |
| Impairment charge | 0 | 0 | 0 | 0 |
| Increase/decrease in liabilities from post-employment benefits | -136 | -98 | -472 | -520 |
| Increase/decrease in other non-current liabilities and provisions | 487 | 429 | -4,184 | -41 |
| Increase/decrease in other non-current receivables and assets | 289 | -782 | -3,792 | -2,787 |
| Increase/decrease in trade receivables (non-current) | 415 | 3,257 | 10,439 | 22,436 |
| Increase/decrease in trade payables (non-current) | -76 | -156 | -284 | -626 |
| Other (net) | 622 | -3,834 | 430 | -2,126 |
| | 20,319 | 18,447 | 58,212 | 71,706 |
| Changes in net current assets: | | | | |
| Increase/decrease in trade receivables and other assets | 988 | 21,964 | 4,536 | 20,902 |
| Increase/decrease in inventories | -2,651 | 4,345 | -3,888 | 4,626 |
| Increase/decrease in trade payables and other current payables | 11,459 | 4,103 | 12,178 | -1,221 |
| Increase/decrease in current provisions | -62 | 466 | -231 | -335 |
| | 9,734 | 30,878 | 12,595 | 23,972 |
| Cash flow from operations | 30,053 | 49,326 | 70,807 | 95,678 |
| Interest received | 293 | 256 | 1,084 | 823 |
| Interest payments | -1,508 | -1,235 | -4,146 | -3,806 |
| Net payments of income taxes | -3,011 | -1,494 | -14,578 | -12,793 |
| Net cash flow from operating activities | 25,826 | 46,853 | 53,167 | 79,903 |
| Cash flow from investing activities | | | | |
| Purchase of property, plant and equipment | -3,929 | -1,890 | -8,238 | -4,733 |
| Purchase of intangible assets | -353 | -2,115 | -7,330 | -2,212 |
| Purchase of securities, investments and other non-current financial assets | -45 | 0 | -2,596 | 0 |
| Increase/decrease in cash from the acquisition of entities (less cash and cash equivalents of these entities) | -5,593 | 0 | -22,469 | 2,543 |
| Proceeds from the disposal of property, plant and equipment and intangible assets | 163 | 1,622 | 1,071 | 1,855 |
| Proceeds from the disposal of securities and investments | -0 | -0 | 0 | 5,375 |
| Net cash flow from investing activities | -9,757 | -2,383 | -39,562 | 2,827 |
| Cash flow from financing activities | | | | |
| Contribution from shareholders | -0 | 0 | 0 | 0 |
| Dividends paid to parent company's shareholders | -0 | -0 | -19,500 | -6,500 |
| Dividends paid to non-controlling interests | 0 | -11 | -8 | -6,709 |
| Payments for the acquisition of non-controlling interests | -95 | 0 | -14,095 | 0 |
| Increase in non-current financial liabilities | 1,360 | 12 | 78,645 | 483 |
| Decrease in non-current financial liabilities | 0 | 0 | 0 | 0 |
| Increase in current financial liabilities | 1,060 | 698 | 2,875 | 2,573 |
| Decrease in current financial liabilities | -5,224 | -9,084 | -17,188 | -26,975 |
| Net cash flow from financing activities | -2,900 | -8,386 | 30,731 | -37,127 |
| Net increase/decrease in cash and cash equivalents | 13,170 | 36,083 | 44,335 | 45,602 |
| Change in cash and cash equivalents | | | | |
| Cash and cash equivalents at beginning of period | 173,310 | 102,339 | 140,782 | 96,765 |
| Net increase/decrease in cash and cash equivalents | 13,170 | 36,083 | 44,335 | 45,602 |
| Exchange gains/losses on cash and cash equivalents | 1,825 | -388 | 3,189 | -4,333 |
| Cash and cash equivalents at end of period | 188,306 | 138,034 | 188,306 | 138,034 |

The notes on the following pages form an integral part of this interim financial information.

Kapsch TrafficCom Group – Consolidated statement of changes in equity.

| in TEUR | Attributable to equity holders of the company | | | | Non-controlling interests | Total equity |
|--|---|-----------------|----------------|--------------------------------|---------------------------|----------------|
| | Share capital | Capital reserve | Other reserves | Consolidated retained earnings | | |
| Carrying amount as of March 31, 2015 | 13,000 | 117,509 | -12,184 | 89,634 | 11,403 | 219,361 |
| Dividend | | | | -6,500 | -6,709 | -13,209 |
| Effects from acquisition of shares in subsidiaries | | | | 0 | 21 | 21 |
| Effects from acquisition and sale of non-controlling interests | | | | -19 | 19 | 0 |
| Result for the period | | | | 21,344 | 3,947 | 25,292 |
| Other comprehensive income for the period: | | | | | | |
| Currency translation differences | | | 500 | | -212 | 288 |
| Fair value gains/losses on available-for-sale financial assets | | | -6,785 | | 0 | -6,785 |
| Carrying amount as of December 31, 2015 | 13,000 | 117,509 | -18,469 | 104,460 | 8,469 | 224,969 |
| Carrying amount as of March 31, 2016 | 13,000 | 117,509 | -21,887 | 114,225 | 7,811 | 230,658 |
| Dividend | | | | -19,500 | -8 | -19,508 |
| Effects from acquisition of shares in subsidiaries | | | -13,679 | | -8,321 | -22,000 |
| Effects of changes in the investment interest held in subsidiaries | | | -137 | | 137 | 0 |
| Result for the period | | | | 30,060 | -643 | 29,417 |
| Other comprehensive income for the period: | | | | | | |
| Currency translation differences | | | -1,704 | | -19 | -1,723 |
| Fair value gains/losses on available-for-sale financial assets | | | -882 | | 0 | -882 |
| Carrying amount as of December 31, 2016 | 13,000 | 117,509 | -38,290 | 124,786 | -1,042 | 215,962 |

The effects from the acquisition of shares in subsidiaries in the first three quarters of the fiscal year 2016/17 result from the acquisition of the remaining 48% shares in Kapsch Telematic Services spol. s r.o., Czech Republic – an amount of TEUR 14,000 has already been paid – as well as from the acquisition of tolltickets GmbH, Germany, and FLUIDTIME Data Services GmbH, Vienna.

The notes on the following pages form an integral part of this interim financial information.

Selected notes to the condensed consolidated interim financial information.

1 General information.

Kapsch TrafficCom Group is a global supplier of superior Intelligent Transportation Systems (ITS).

The Group operates in 2 segments:

- > Electronic Toll Collection (ETC)
- > Intelligent Mobility Solutions (IMS)

The **ETC** segment comprises activities relating to the installation and the technical and commercial operation of toll collection systems. Projects are generally awarded by public agencies or private concessionaires in the context of tender procedures. Toll collection systems may comprise both individual road sections and nationwide road networks. The manufacture and procurement of components both for the expansion and adaptation of the systems installed by Kapsch TrafficCom and on behalf of third parties complete the portfolio of ETC services offered by Kapsch TrafficCom Group.

The **IMS** segment comprises activities relating to the installation and the technical and commercial operation of systems for traffic monitoring, traffic control and traffic safety. Projects for the monitoring of utility vehicles and for electronic vehicle registration, as well as intelligent parking solutions and systems for intermodal mobility (networked modes of transport), are also allocated to this segment, as are systems and services for operational surveillance of public transportation and environmental installations. Components-related business also rounds off the range of IMS services offered by Kapsch TrafficCom Group.

2 Basis of preparation

This condensed interim financial information for the first three quarters of the current fiscal year 2016/17 ended December 31, 2016 has been prepared in accordance with IAS 34 "Interim financial reporting". The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended March 31, 2016.

For ease of presentation, amounts have been rounded and, unless indicated otherwise, are presented in thousand euro (TEUR). However, calculations are done using exact amounts, including the digits not shown, which may lead to rounding differences.

3 Accounting policies.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended March 31, 2016, as described in the annual financial statements for the year ended March 31, 2016.

In the condensed interim financial information for the first three quarters of the current fiscal year 2016/17 the following new or amended IFRS and IFRIC have been adopted:

| New/adopted IFRS | | Applicable to financial years beginning on or after |
|-------------------------|---|--|
| IFRS 14 | Regulatory Deferral Accounts | January 1, 2016 |
| IFRS 11 | Joint Arrangements (Amendment) | January 1, 2016 |
| IAS 16 IAS 38 | Property, Plant and Equipment and Intangible Assets (Amendment) | January 1, 2016 |
| IAS 16 IAS 41 | Property, Plant and Equipment and Agriculture (Amendment) | January 1, 2016 |
| IAS 27 | Separate Financial Statements (Amendment) | January 1, 2016 |
| IAS 1 | Presentation of Financial Statements (Amendment) | January 1, 2016 |

Adoption of the new/amended standards did not result in any significant effects on the condensed consolidated interim financial information.

4 Discretionary decisions and estimates.

In the context of its preparation of the report on the first three quarters of the year, the Group has made discretionary decisions, estimates and assumptions in relation to the application of accounting methods and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates. All estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including expectations as to future events which are believed to be reasonable under the given circumstances.

The estimates made by the Management are in line with those adopted in the consolidated financial statements as of March 31, 2016 and described therein.

Fair value measurement

The Group bases its fair value measurement of assets and liabilities on observable market data to the greatest extent possible. The fair value can be assigned to one of various levels within a fair value hierarchy using a number of evaluation techniques. Further information on the fair value measurement of assets and liabilities can be found in note 10.

5 Risk management.

The financial risks to which Kapsch TrafficCom Group is exposed are generally consistent with those of the consolidated financial statements for the year ended March 31, 2016 and are described therein.

6 Segment information.

| Q1-Q3 2016/17 in TEUR | ETC | IMS | Consolidated group |
|--------------------------|---------|---------|-----------------------|
| Revenues | 358,866 | 124,964 | 483,830 |
| Operating result | 54,826 | -11,849 | 42,977 |

| Q1-Q3 2015/16 in TEUR | ETC | IMS | Consolidated group |
|--------------------------|---------|--------|-----------------------|
| Revenues | 316,569 | 62,656 | 379,226 |
| Operating result | 46,383 | -3,107 | 43,276 |

The following table contains all single external customers which contributed more than 10% to the total revenues of the first three quarters of the fiscal year 2016/17.

| in TEUR | Q1-Q3 2016/17 | | | Q1-Q3 2015/16 | | |
|------------|---------------|-----|-----|---------------|-----|-----|
| | Revenues | ETC | IMS | Revenues | ETC | IMS |
| Customer 1 | 64,688 | x | x | 61,811 | x | x |
| Customer 2 | 47,349 | x | | 53,993 | x | |

7 Other operating expenses.

| in TEUR | Q1-Q3 2016/17 | Q1-Q3 2015/16 |
|--|------------------|------------------|
| Legal and consulting fees | -16,647 | -12,431 |
| Rental expenses | -13,866 | -10,030 |
| Communication and IT expenses | -12,894 | -13,746 |
| Travel expenses | -8,820 | -5,797 |
| Marketing and advertising expenses | -5,133 | -4,843 |
| Office expenses | -3,953 | -2,482 |
| Automobile expenses | -3,808 | -3,023 |
| License and patent expenses | -3,612 | -2,999 |
| Maintenance | -3,105 | -2,459 |
| Insurance costs | -3,020 | -2,530 |
| Exchange rate losses from operating activities | -2,807 | -6,617 |
| Taxes and charges | -1,970 | -1,356 |
| Training costs | -1,395 | -1,188 |
| Allowance and write-off of receivables | 1,361 | 23 |
| Bank charges | -1,183 | -1,304 |
| Transport costs | -1,089 | -753 |
| Warranty costs and project financing | -572 | -613 |
| Adjustment of provision for warranties | -790 | -396 |
| Other operating expenses | -2,987 | -1,936 |
| | -86,291 | -74,479 |

The rise in legal and consulting expenses was due to the increased focus on the US market, where the costs associated with the enforcement of legal rights and legal redress are higher than in other jurisdictions.

The item "Other operating expenses" includes membership fees, commissions and other fees, losses on disposal of non-current assets, remuneration to Supervisory Board and damages.

8 Capital expenditure.

| in TEUR | Q1-Q3 2016/17 | Q1-Q3 2015/16 |
|---|------------------|------------------|
| Carrying amount as of March 31 of prior year | 85,778 | 93,644 |
| Additions | 15,569 | 6,946 |
| Addition resulting from company acquisition | 8,956 | 1,297 |
| Disposals | -1,159 | -1,855 |
| Impairment | 0 | 0 |
| Depreciation, amortization and other movements | -13,097 | -12,095 |
| Currency translation differences | 1,104 | -1,251 |
| Carrying amount as of December 31 of fiscal year | 97,151 | 86,686 |

9 Interests in associates and joint ventures.

| in TEUR | Q1-Q3 2016/17 | Q1-Q3 2015/16 |
|---|------------------|------------------|
| Carrying amount as of March 31 of prior year | 1,917 | 2,014 |
| Currency translation differences | 76 | -184 |
| Addition resulting from company acquisition | 2 | 0 |
| Addition resulting from foundation | 0 | 0 |
| Disposal | 0 | 0 |
| Share in result | 78 | 6 |
| Carrying amount as of December 31 of fiscal year | 2,073 | 1,836 |
| thereof shares in associates | 2,072 | 1,836 |
| thereof interests in joint ventures | 1 | 0 |

Interests in associates

> LLC National operator of telematic services

On December 3, 2015, together with a partner, the Group founded the Russian company LLC National operator of telematics services and holds an interest of 49%. The company is classified as an associated company. Therefore the investment is accounted for using the equity method. As of December 31, 2016, the book value of the interest amounts to TEUR 0 (December 31, 2015: n/a).

> Simex, Integración de Sistemas, S.A.P.I. de C.V.

On July 31, 2012, the Group acquired 33% of the shares in SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico. Taking potential voting rights into account (options for purchase of the remaining shares) the Group has the majority of the shares. As the potential voting rights are not assessed to be substantial the presumption of control was rebutted. As significant influence over the financial and business policies exists, the investment is accounted for using the equity method. As of December 31, 2016, the book value of the interest amounts to TEUR 2,072 (December 31, 2015: TEUR 1,836).

Interests in joint ventures

The addition resulting from company acquisition relates to the Italian consortium Consorzio 4trucks and MyConsortio, each amounting to TEUR 1. They were acquired in the course of the company acquisition of tolltickets GmbH, Germany, on July 1, 2016 (see note 17). Both investments are accounted for using the equity method.

> Consorzio 4trucks

As of December 31, 2016, the book value of the interest amounts to TEUR 1 (December 31, 2015: n/a).

> MyConsortio

As of December 31, 2016, the book value of the interest amounts to TEUR 0 (December 31, 2015: n/a).

10 Current and non-current financial assets.

| in TEUR | Dec 31, 2016 | March 31, 2016 | Dec 31, 2015 | March 31, 2015 |
|--|---------------|----------------|---------------|----------------|
| Other non-current financial assets and investments | 18,464 | 18,651 | 17,588 | 23,099 |
| Other current financial assets | 2,393 | 97 | 0 | 5,291 |
| | 20,857 | 18,748 | 17,588 | 28,390 |

Other non-current financial assets and investments

| Q1-Q3 2016/17 in TEUR | Available-for-sale securities | Available-for-sale investments | Other investments | Loans and other non-current financial assets | Total |
|---|-------------------------------|--------------------------------|-------------------|--|---------------|
| Carrying amount as of March 31, 2016 | 3,723 | 14,825 | 4 | 99 | 18,651 |
| Currency translation differences | 0 | 0 | 122 | 1 | 123 |
| Addition resulting from company acquisition | 0 | 0 | 0 | 16 | 16 |
| Additions | 0 | 0 | 2,464 | 132 | 2,596 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| Change in fair value | -23 | -2,900 | 0 | 0 | -2,923 |
| Carrying amount as of Dec 31, 2016 | 3,700 | 11,925 | 2,590 | 249 | 18,464 |

| Q1-Q3 2015/16 in TEUR | Available-for-sale securities | Available-for-sale investments | Other investments | Loans and other non-current financial assets | Total |
|---|-------------------------------|--------------------------------|-------------------|--|---------------|
| Carrying amount as of March 31, 2015 | 3,803 | 19,291 | 5 | 0 | 23,099 |
| Currency translation differences | 0 | 0 | 0 | 0 | 0 |
| Additions | 0 | 0 | 0 | 96 | 96 |
| Disposals | -40 | 0 | 0 | 0 | -40 |
| Change in fair value | -136 | -5,432 | 0 | 0 | -5,567 |
| Carrying amount as of Dec 31, 2015 | 3,627 | 13,859 | 5 | 96 | 17,588 |

As of December 31, 2016, as prior year, **available-for-sale securities** relate to government and bank bonds as well as shares in investment funds.

As of December 31, 2016, as prior year, **investments classified as available-for-sale** mainly relate to a 15.4% investment in the listed company Q-Free ASA, Norway.

The addition in **other investments** in the first three quarters of of financial year 2016/17 relates to the acquisition of non-controlling interests in ParkJockey Global, Inc., USA.

Other current financial assets

| Q1-Q3 2016/17 in TEUR | Available-for- sale securities | Current loans | Other current financial assets | Total |
|--|-----------------------------------|------------------|-----------------------------------|--------------|
| Carrying amount as of March 31, 2016 | 0 | 97 | 0 | 97 |
| Currency translation differences | 0 | 739 | 185 | 924 |
| Addition resulting from company acquisition | 0 | 1,270 | 0 | 1,270 |
| Additions | 0 | 85 | 1,907 | 1,992 |
| Disposals | 0 | -1,890 | 0 | -1,890 |
| Change in fair value | 0 | 0 | 0 | 0 |
| Carrying amount as of December 31, 2016 | 0 | 302 | 2,092 | 2,393 |

In the first three quarters of the fiscal year 2016/17, the additions of the current loans relate mainly to the acquisition of the entities of Kapsch TrafficCom Transportation, see note 17.

| Q1-Q3 2015/16 in TEUR | Available-for- sale securities | Current loans | Other current financial assets | Total |
|--|-----------------------------------|------------------|-----------------------------------|--------------|
| Carrying amount as of March 31, 2015 | 5,291 | 0 | 0 | 5,291 |
| Currency translation differences | 0 | 0 | 0 | 0 |
| Additions | 0 | 0 | 0 | 0 |
| Disposals | -5,291 | 0 | 0 | -5,291 |
| Change in fair value | 0 | 0 | 0 | 0 |
| Carrying amount as of December 31, 2015 | 0 | 0 | 0 | 0 |

In the first three quarters of the fiscal year 2015/16, the disposal of the available-for-sale securities relate to the sale of a mutual fund (ESPA Cash Asset-Backed) and led to a gain amounting to TEUR 3,363 (effect in the result for the period) and TEUR 44 (effect in total comprehensive income for the period).

Fair value-hierarchies and determination of fair value

Financial assets and liabilities have to be classified in one of the three following fair value-hierarchies:

Level 1: There are quoted prices in active markets for identical assets and liabilities. In the Group, the investment in Q-Free ASA, Norway, as well as listed equity instruments are attributed to Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on observable direct or indirect market data. This category comprises available-for-sale securities, such as mortgage bonds and government bonds, which are quoted, however not regularly traded on a stock market.

Specific valuation techniques used to value financial instruments include:

- > quoted market prices or dealer quotes for similar instruments;
- > the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- > the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- > other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments;

Level 3: Financial instruments are included in Level 3 if the valuation information is not based on observable market data.

The classification of current and non-current financial assets is as follows:

| in TEUR | Level 1 Quoted prices | Level 2 Observable market data | Level 3 Not based on observable market data | Dec 31, 2016 |
|-------------------------------------|-----------------------------|--------------------------------------|--|---------------|
| Non-current financial assets | | | | |
| Available-for-sale securities | 2,983 | 717 | 0 | 3,700 |
| Available-for-sale investments | 11,925 | 0 | 0 | 11,925 |
| | 14,908 | 717 | 0 | 15,625 |
| Current financial assets | | | | |
| Available-for-sale securities | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| Total | 14,908 | 717 | 0 | 15,625 |

As of December 31, 2016, other non-current financial assets amounting to TEUR 249, other investments amounting to TEUR 2,590 as well as other current financial assets amounting to TEUR 2,393 were recognized at amortized cost.

| in TEUR | Level 1 Quoted prices | Level 2 Observable market data | Level 3 Not based on observable market data | Dec 31, 2015 |
|-------------------------------------|-----------------------------|--------------------------------------|--|---------------|
| Non-current financial assets | | | | |
| Available-for-sale securities | 2,945 | 682 | 0 | 3,627 |
| Available-for-sale investments | 13,859 | 0 | 0 | 13,859 |
| | 16,805 | 682 | 0 | 17,487 |
| Current financial assets | | | | |
| Available-for-sale securities | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| Total | 16,805 | 682 | 0 | 17,487 |

As of December 31, 2015, other non-current financial assets amounting to TEUR 101 were recognized at amortized cost

11 Share capital.

The registered share capital of the company amounts to EUR 13,000,000. The share capital is fully paid in. The total number of ordinary shares issued is 13,000,000. The shares are ordinary bearer shares and have no par value.

12 Financial liabilities.

| in TEUR | Dec 31, 2016 | March 31, 2016 | Dec 31, 2015 | March 31, 2015 |
|-----------------------------------|----------------|----------------|----------------|----------------|
| Non-current financial liabilities | 79,152 | 85,734 | 72,634 | 88,985 |
| Current financial liabilities | 93,924 | 21,349 | 40,930 | 48,969 |
| Total | 173,076 | 107,083 | 113,563 | 137,954 |

Movements in borrowings are analyzed as follows:

| Q1-Q3 2016/17 in TEUR | Financial Liabilities | | |
|--|-----------------------|---------------|----------------|
| | Non-current | Current | Total |
| Carrying amount as of March 31, 2016 | 85,734 | 21,349 | 107,083 |
| Reclassification | -85,887 | 85,887 | 0 |
| Additions | 78,645 | 2,875 | 81,521 |
| Repayments of borrowings | 0 | -17,188 | -17,188 |
| Currency translation differences | 661 | 999 | 1,660 |
| Carrying amount as of December 31, 2016 | 79,152 | 93,924 | 173,076 |

The reclassification from non-current to current financial liabilities mainly relates to the corporate bond, as it's residual term is less than one year (ending in November 2017).

The addition in non-current financial assets mainly relates to a promissory note bond ("*Schuldscheindarlehen*"). Details to tranches, maturity periods and interest rates are shown in the table below:

| Tranche | Interest rate | Repayment |
|-------------|----------------------|---------------|
| EUR 26 mn | 1.22 % | June 16, 2021 |
| EUR 4.5 mn | 6M EURIBOR + 120 bps | June 16, 2021 |
| USD 14.5 mn | 3M LIBOR + 170 bps | June 16, 2021 |
| EUR 23 mn | 6M EURIBOR + 150 bps | June 16, 2023 |
| EUR 8.5 mn | 2.26 % | June 16, 2026 |

| Q1-Q3 2015/16 in TEUR | Financial Liabilities | | |
|--|-----------------------|---------------|----------------|
| | Non-current | Current | Total |
| Carrying amount as of March 31, 2015 | 88,985 | 48,969 | 137,954 |
| Reclassification | -16,834 | 16,834 | 0 |
| Additions | 483 | 2,573 | 3,056 |
| Repayments of borrowings | 0 | -26,975 | -26,975 |
| Currency translation differences | 0 | -472 | -472 |
| Carrying amount as of December 31, 2015 | 72,634 | 40,930 | 113,563 |

The fair values and the gross cash flows (including interests) of financial liabilities are as follows:

| in TEUR | Dec 31, 2016 | Dec 31, 2015 |
|-----------------------------|----------------|----------------|
| Carrying amount | 173,076 | 113,563 |
| Fair value | 173,427 | 125,992 |
| Gross cash flows: | | |
| Up to 6 months | 23,399 | 17,891 |
| Between 6 months and 1 year | 76,906 | 26,272 |
| Between 1 and 2 years | 4,399 | 5,383 |
| Between 2 and 3 years | 1,457 | 74,017 |
| Between 3 and 4 years | 1,255 | 0 |
| Between 4 and 5 years | 45,036 | 0 |
| More than 5 years | 31,040 | 0 |
| | 183,494 | 123,562 |

The classification of financial liabilities is as follows:

| in TEUR | Level 1 Quoted prices | Level 2 Observable market data | Level 3 Not based on observable market data | Dec 31, 2016 |
|---|-----------------------------|--------------------------------------|--|----------------|
| Corporate bond | 72,943 | 0 | 0 | 72,943 |
| Promissory note bond ("Schuldscheindarlehen") | 0 | 71,529 | 0 | 71,529 |
| Other financial liabilities | 0 | 28,956 | 0 | 28,956 |
| Total | 72,943 | 100,484 | 0 | 173,427 |

| in TEUR | Level 1 Quoted prices | Level 2 Observable market data | Level 3 Not based on observable market data | Dec 31, 2015 |
|-----------------------------|-----------------------------|--------------------------------------|--|----------------|
| Corporate bond | 73,828 | 0 | 0 | 73,828 |
| Other financial liabilities | 0 | 52,165 | 0 | 52,165 |
| Total | 73,828 | 52,165 | 0 | 125,992 |

The fair value of the other financial liabilities (Level 2) was derived through discounting the gross cash flows over the contracted term at a risk-adjusted interest rate.

13 Liabilities from post-employment benefits to employees.

| in TEUR | Dec 31, 2016 | March 31, 2016 | Dec 31, 2015 | March 31, 2015 |
|----------------------|---------------|----------------|---------------|----------------|
| Termination benefits | 9,352 | 9,505 | 9,490 | 9,690 |
| Retirement benefits | 14,283 | 14,603 | 15,201 | 15,520 |
| Total | 23,635 | 24,107 | 24,690 | 25,210 |

Termination benefits

This item primarily comprises legal and contractual claims for the payment of one-off termination benefits on the part of employees in Austria or their dependents, with such claims arising, in particular, upon the termination by the employer of an employee's employment, an amicable termination of an employee's employment, or the retirement or death of an employee. Where any such obligations to make such termination payments exist, the Group will bear the risk of inflation associated with salary adjustments resulting in larger amounts of such termination benefits. In the case of employees having entered the employ of Kapsch TrafficCom in Austria after December 31, 2002, contributions are made into an external employee pension fund on a monthly basis, with the result that the Group will not generally be subject to any obligations to make termination payments with regard to such employees.

Retirement benefits

The reported pension obligations relate solely to retired employees. All pension arrangements are based on the final salary, take the form of monthly pension benefits and are not covered by any external plan assets (funds). Furthermore, contributions are paid into an external pension fund by way of voluntary social benefits on behalf of active employees of the Group. The Group bears the risk of longevity and rising pensions in this connection.

14 Provisions.

| in TEUR | Dec 31, 2016 | March 31, 2016 | Dec 31, 2015 | March 31, 2015 |
|------------------------|---------------|----------------|---------------|----------------|
| Non-current provisions | 9,712 | 1,396 | 1,369 | 1,661 |
| Current provisions | 8,715 | 8,946 | 8,890 | 9,225 |
| Total | 18,427 | 10,341 | 10,259 | 10,886 |

| Q1-Q3 2016/17 in TEUR | March 31, 2016 | Addition re- sulting from company acquisition | Addition | Utiliza- tion | Disposal | Reclas- si- fication | Currency translation differences | Dec 31, 2016 |
|---|-------------------|--|--------------|------------------|---------------|----------------------------|--|-----------------|
| Obligations from anniversary bonuses | 1,186 | 0 | 0 | 0 | 0 | 0 | 0 | 1,186 |
| Warranties | 0 | 0 | 0 | 0 | 0 | 1,814 | 0 | 1,814 |
| Projects (excl. impending losses) | 0 | 0 | 0 | 0 | 0 | 590 | 0 | 590 |
| Legal fees, costs of litigation and contract risks | 0 | 0 | 0 | 0 | 0 | 155 | 0 | 155 |
| Costs of dismantling, removing and restoring assets | 0 | 0 | 0 | 0 | 0 | 139 | 0 | 139 |
| Other non-current provisions | 210 | 4,557 | 167 | 0 | -25 | 0 | 919 | 5,827 |
| Non-current provisions, total | 1,396 | 4,557 | 167 | 0 | -25 | 2,699 | 919 | 9,712 |
| Warranties | 2,113 | 0 | 298 | -12 | -141 | -1,814 | 34 | 477 |
| Losses from pending transactions and rework | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Projects (excl. impending losses) | 3,196 | 5,363 | 1,556 | -2,301 | -1,788 | -590 | 726 | 6,162 |
| Legal fees, costs of litigation and contract risks | 3,349 | 150 | 6,415 | -8,701 | 0 | -155 | 125 | 1,183 |
| Costs of dismantling, removing and restoring assets | 156 | 0 | 0 | 0 | -10 | -139 | 12 | 19 |
| Other | 132 | 707 | 468 | -107 | -413 | 0 | 87 | 874 |
| Current provisions, total | 8,946 | 6,220 | 8,737 | -11,121 | -2,352 | -2,699 | 983 | 8,715 |
| Total | 10,341 | 10,776 | 8,904 | -11,121 | -2,377 | 0 | 1,902 | 18,427 |

| Q1-Q3 2015/16 in TEUR | March 31, 2015 | Addition re- sulting from company acquisition | Addition | Utiliza- tion | Disposal | Reclas- si- fication | Currency translation differences | Dec 31, 2015 |
|---|-------------------|--|--------------|------------------|---------------|----------------------------|--|-----------------|
| Obligations from anniversary bonuses | 1,189 | 0 | 20 | 0 | -63 | 0 | 0 | 1,146 |
| Other non-current provisions | 472 | 0 | 105 | -5 | -245 | 0 | -103 | 223 |
| Non-current provisions, total | 1,661 | 0 | 124 | -5 | -308 | 0 | -103 | 1,369 |
| Warranties | 1,611 | 711 | 5 | -1 | -162 | 0 | -42 | 2,123 |
| Losses from pending transactions and rework | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Projects (excl. impending losses) | 0 | 0 | 0 | 0 | 0 | 6 | 0 | 6 |
| Legal fees, costs of litigation and contract risks | 402 | 0 | 2,964 | -30 | -79 | 0 | 33 | 3,290 |
| Costs of dismantling, removing and restoring assets | 0 | 183 | 0 | 0 | -15 | 0 | -5 | 163 |
| Other | 7,211 | 0 | 732 | -3,243 | -1,270 | 0 | -121 | 3,308 |
| Current provisions, total | 9,225 | 894 | 3,701 | -3,274 | -1,526 | 6 | -135 | 8,890 |
| Total | 10,886 | 894 | 3,825 | -3,279 | -1,834 | 6 | -239 | 10,259 |

15 Income taxes.

Income taxes relate to current taxes and to deferred tax assets and deferred tax liabilities. Applying the Austrian corporate tax rate of 25% to the Group's pre-tax result gives rise to the theoretical value for the tax expense/income. The effective tax expense/income differs from the above due to, among others, different tax regimes in the various countries, the treatment of tax losses, tax allowances and permanent differences.

16 Other comprehensive income.

| Q1-Q3 2016/17 in TEUR | Before taxes | Tax expense/ income | After taxes |
|---|-----------------|---------------------------|----------------|
| Fair value gains/losses on available-for-sale financial assets: | | | |
| Unrealized gains/losses in the current period | -2,923 | 6 | -2,917 |
| Gains/losses recognized in the result for the period | 2,035 | | 2,035 |
| Currency translation differences | -4,202 | | -4,202 |
| Currency translation differences from net investments in foreign business | 3,306 | -826 | 2,479 |
| Fair value changes recognized in equity | -1,784 | -821 | -2,605 |

The unrealized gains/losses on available-for-sale financial assets recognized in the first three quarters of the fiscal year 2016/17 amounting to TEUR -2,900 relate to fair value changes on the investment in Q-Free ASA, Norway, which are tax neutral. Due to the ongoing unfavorable development of the share price up to the first half year of the fiscal year 2016/17 the contained net gains, together with net losses that have been recognized through other comprehensive income in equity in the amount of TEUR 865 up to December 31, 2016, were recognized as impairment in the result for the period (TEUR -2,035; reclassification from other comprehensive income to the result for the period).

| Q1-Q3 2015/16 in TEUR | Before taxes | Tax expense/ income | After taxes |
|---|-----------------|---------------------------|----------------|
| Fair value gains/losses on available-for-sale financial assets: | | | |
| Unrealized gains/losses in the current period | -5,567 | 34 | -5,533 |
| Gains/losses recognized in the result for the period | -2,081 | 829 | -1,251 |
| Currency translation differences | 640 | 0 | 640 |
| Currency translation differences from net investments in foreign business | -469 | 117 | -352 |
| Fair value changes recognized in equity | -7,478 | 981 | -6,497 |

In the first three quarters of the fiscal year 2015/16 the unrealized gains/losses on available-for-sale financial assets amounting to TEUR -5,432 related to fair value changes on the investment in Q-Free ASA, Norway, which are tax neutral.

In the first three quarters of the fiscal year 2015/16, the gains/losses recognized in the result for the period related to the disposal of current available-for-sale financial assets (see note 10).

17 Business combinations.

> Kapsch TrafficCom Transportation (Transportation business from Schneider Electric)

On December 14, 2015, Kapsch TrafficCom concluded an agreement with Schneider Electric S.E. concerning an acquisition of its global transportation business. The closing was on April 1, 2016. The transportation segment, which previously operated under the name Telvent Tráfico y Transporte, is a provider of real-time IT solutions and intelligent traffic systems for use in cities, on highways and in tunnels. The portfolio also includes tolling and transit solutions. The acquisition will enable Kapsch TrafficCom to offer existing and future customers an integrated portfolio of intelligent transportation solutions from the highway into the city.

| in TEUR | |
|---|---------------|
| Consideration paid | 26,096 |
| Conditional adjustment of purchase price | 5,000 |
| Purchase price total | 31,096 |
| Less fair value of net assets acquired (provisionally determined) | 34,087 |
| Difference between purchase price and net assets acquired (provisionally determined) | -2,991 |

Assets and liabilities resulting from the acquisition are shown as follows (provisionally determined):

| in TEUR | Fair value |
|---|---------------|
| Property, plant and equipment | 721 |
| Intangible assets | 5,170 |
| Other non-current assets | 157 |
| Inventories | 656 |
| Receivables and other current assets | 57,013 |
| Cash and cash equivalents | 9,542 |
| Liabilities, other liabilities and deferred income | -39,173 |
| Net assets acquired (provisionally determined) | 34,087 |

The purchase agreement concluded by Kapsch TrafficCom and Schneider Electric provided for the possibility of a contingent adjustment of the purchase price, depending on the degree of satisfaction of various criteria. In the past quarter, the contracting parties agreed upon a retrospective purchase price payment in the total amount of EUR 5.0 million, which was effected in full by Kapsch TrafficCom in December 2016.

The above presentation is based on a preliminary purchase price allocation. The assets and liabilities resulting from the acquisition may change subject to the audit to be performed on the opening balances.

The acquired company contributed revenue of TEUR 80,729 and a net loss of TEUR -1,850 to the Group's result for the period from April 1, 2016 to December 31, 2016.

> tolltickets

On July 1, 2016 Kapsch TrafficCom AG, Vienna, acquired 65% of shares in tolltickets GmbH, Germany. The purchase price was EUR 1.5 million. Furthermore an option for purchase of another 20% of shares exists.

| in TEUR | |
|---|--------------|
| Purchase price total | 1,524 |
| Less fair value of net assets acquired (provisionally determined) | 148 |
| Goodwill (provisionally determined) | 1,376 |
| Non-controlling interests (provisionally determined) | 80 |

Assets and liabilities resulting from the acquisition are shown as follows (provisionally determined):

| in TEUR | Fair value |
|---|------------|
| Property, plant and equipment | 174 |
| Intangible assets | 72 |
| Other non-current assets | 14 |
| Joint Ventures | 2 |
| Inventories | 164 |
| Receivables and other current assets | 2,100 |
| Cash and cash equivalents | 1,202 |
| Liabilities, other liabilities and deferred income | -3,500 |
| Net assets acquired (provisionally determined) | 228 |

The acquired company contributed revenue of TEUR 13,111 and a net loss of TEUR -283 to the Group's result for the period from July 1, 2016 to December 31, 2016.

> FLUIDTIME Data Service GmbH, Vienna

On December 20, 2016, Kapsch TrafficCom AG, Vienna, acquired 75.5% of the shares in FLUIDTIME Data Services GmbH, Vienna. The purchase price comprises a fixed component and an earn-out payment.

| in TEUR | |
|--|--------------|
| Consideration paid | 690 |
| Variable purchase price | 257 |
| Purchase price total (provisionally determined) | 946 |
| Less fair value of proportional net assets acquired (provisionally determined) | -468 |
| Goodwill (provisionally determined) | 1,414 |
| Non-controlling interests (provisionally determined) | -152 |

Assets and liabilities resulting from the acquisition are shown as follows (provisionally determined):

| in TEUR | Fair value |
|---|-------------|
| Property, plant and equipment | 28 |
| Intangible assets | 1 |
| Receivables and other current assets | 527 |
| Cash and cash equivalents | 97 |
| Liabilities, other liabilities and deferred income | -1,273 |
| Net assets acquired (provisionally determined) | -619 |

The acquired company contributed revenue of TEUR 0 and a net result of TEUR 0 to the Group's result for the period from December 20, 2016 to December 31, 2016.

18 Contingent liabilities and other commitments.

Most of the contingent liabilities of the Kapsch TrafficCom Group result from largescale projects, with the remainder relating to both performance guarantees and warranty obligations, sureties and performance bonds issued by the Kapsch TrafficCom Group, as well as guarantees and bid bonds issued by third parties (usually banks or loan insurance companies). Where contractual obligations are not complied with, there will be a risk of corresponding claims being brought by the customer in question, and the bank or insurance company will have a right of recourse against the Group in such a case.

The contingent and other liabilities have been adjusted in line with standard industry practice and solely comprise obligations owed to third parties as follows:

| in TEUR | Dec 31, 2016 | March 31, 2016 |
|---|---------------|----------------|
| Contract, warranty and performance bonds | | |
| South Africa (Toll collection system) | 41,502 | 47,029 |
| Australia (Toll collection systems) | 21,133 | 20,832 |
| Other | 150 | 241 |
| Total | 62,786 | 68,102 |

Outflows of resources in connection with other liabilities amounting to TEUR 276,126 (previous year: TEUR 178,598), the actual occurrence of which is considered to be unlikely, are not reported on the balance sheet or under contingent liabilities.

19 Related parties.

The following tables provide an overview of revenues and expenses in the respective fiscal years as well as receivables from and payables due to related parties at the respective balance sheet dates:

| in TEUR | Q1-Q3 2016/17 | Q1-Q3 2015/16 |
|---|------------------|------------------|
| Affiliated companies outside the Kapsch TrafficCom Group | | |
| Revenues | 7,020 | 8,137 |
| Expenses | 23,667 | 21,236 |
| Other related parties | | |
| Revenues | 128 | 111 |
| Expenses | 73 | 79 |

| in TEUR | Dec 31, 2016 | Dec 31, 2015 |
|---|--------------|--------------|
| Affiliated companies outside the Kapsch TrafficCom Group | | |
| Trade receivables and other current assets | 1,269 | 1,889 |
| Trade payables and other liabilities | 10,640 | 7,814 |
| Liabilities from share purchase | 2,108 | 2,067 |
| Other related parties | | |
| Trade receivables and other current assets | 571 | 127 |
| Trade payables and other liabilities incl. retirement obligations | 12,025 | 13,168 |

The members of the Executive and Supervisory Boards have management functions or are members in Supervisory Boards of other companies of the Kapsch Group.

A comprehensive presentation of the different relationships with related parties are represented in note 31 of the annual financial statements for the year ended March 31, 2016.

20 Events occurring after December 31, 2016.

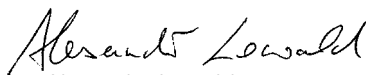
No material events have occurred after December 31, 2016.

Vienna, February 22, 2017

The Executive Board


Georg Kapsch
Chief Executive Officer


André Laux
Executive Board member


Alexander Lewald
Executive Board member

Disclaimer. Certain statements contained in this report constitute “forward-looking statements.” These statements, which contain the words “believe”, “intend”, “expect” and words of similar meaning, reflect management’s beliefs and expectations and are subject to risks and uncertainties that may cause actual results to differ materially. As a result, readers are cautioned not to place undue reliance on such forward-looking statements. The company disclaims any obligation to publicly announce the result of any revisions to the forward-looking statements made herein, except where it would be required to do so under applicable law. Slight differences in calculations may arise due to the rounding of individual items and percentages. The English translation is for convenience; only the German text is binding.

Kapsch TrafficCom

Kapsch TrafficCom is a provider of Intelligent Transportation Systems (ITS) in the segments of toll collection, traffic management, safety and security, smart urban mobility and connected cars.

The end-to-end solutions of Kapsch TrafficCom cover the entire value creation chain of its customers as a one-stop shop, from components and design to the installation and operation of systems. The core business comprises the development, installation and operation of electronic toll collection and traffic management systems.

References in more than 50 countries on all continents have made Kapsch TrafficCom a globally recognized ITS provider. As part of the Kapsch Group, an Austrian family-owned technology group founded in 1892, Kapsch TrafficCom with over 4,600 employees is headquartered in Vienna, Austria, and subsidiaries and branches in 33 countries.

For more information:

>>> www.kapschtraffic.com