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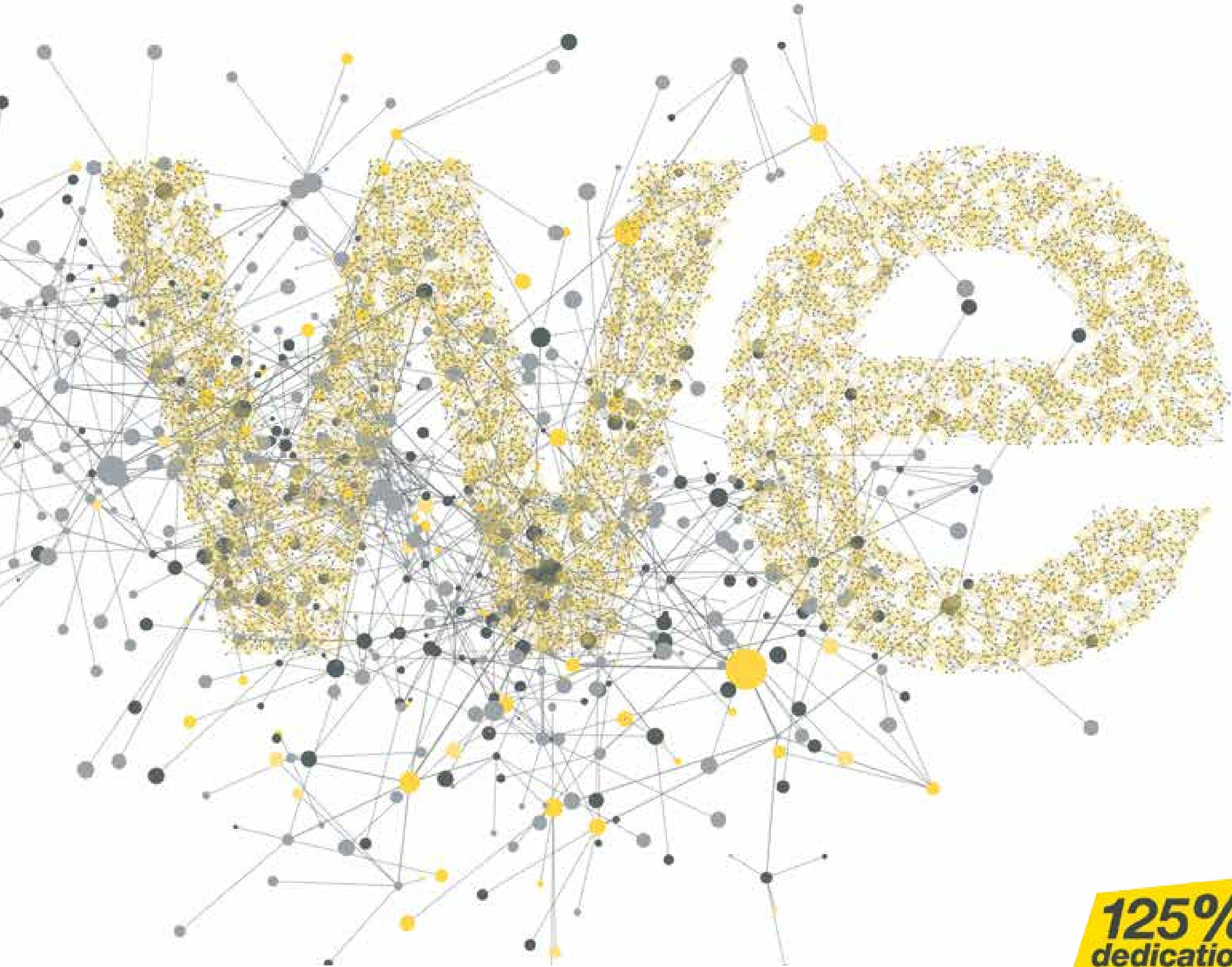
kapsch >>> challenging limits

Kapsch TrafficCom

Report on the first three quarters 2017/18.



125% dedication

125 years of Kapsch

Selected Key Data.

2017/18 and 2016/17: refers to the respective fiscal year (April 1 – March 31)
Q1-Q3: first three quarters of fiscal year (April 1 – December 31)
Q3: third quarter of fiscal year (October 1 – December 31)
All figures presented in EUR million unless otherwise stated

Earnings Data	**2016/17**	**Q3 2016/17**	**Q3 2017/18**	**+/-**	**Q1-Q3 2016/17**	**Q1-Q3 2017/18**	**+/-**
Revenues [8]	648.5	166.1	167.1	0.6%	471.5	506.9	7.5%
Share of ETC segment	72.2%	73.2%	75.5%	2.3%p	73.5%	76.3%	2.8%p
Share of IMS segment	27.8%	26.8%	24.5%	-2.3%p	26.5%	23.7%	-2.8%p
EBITDA	77.8	18.7	13.9	-25.6%	56.1	46.7	-16.7%
EBITDA margin	12.0%	11.3%	8.3%	-2.9%p	11.9%	9.2%	-2.7%p
EBIT	60.1	14.2	10.0	-29.4%	43.0	35.3	-17.8%
EBIT margin	9.3%	8.6%	6.0%	-2.6%p	9.1%	7.0%	-2.1%p
Profit before tax	60.6	15.8	11.8	-25.3%	44.5	30.6	-31.3%
Profit for the period	42.7	9.3	8.9	-4.4%	29.4	22.9	-22.0%
Profit for the period attributable to equity holders	43.6	9.5	9.1	-4.4%	30.1	23.6	-21.3%
Earnings per share in EUR	3.35	0.73	0.70	-4.4%	2.31	1.82	-21.3%
Business segments	**2016/17**	**Q3 2016/17**	**Q3 2017/18**	**+/-**	**Q1-Q3 2016/17**	**Q1-Q3 2017/18**	**+/-**
Electronic Toll Collection (ETC) [8]							
Revenues	468.4	121.6	126.1	3.7%	346.6	386.9	11.6%
EBIT	65.5	20.7	9.7	-52.9%	54.8	41.8	-23.7%
EBIT margin	14.0%	17.0%	7.7%	-9.3%p	15.8%	10.8%	-5.0%p
Intelligent Mobility Solutions (IMS)							
Revenues	180.0	44.5	41.0	-7.9%	125.0	120.0	-4.0%
EBIT	-5.4	-6.4	0.3	—	-11.8	-6.5	45.1%
EBIT margin	-3.0%	-14.4%	0.8%	15.2%p	-9.5%	-5.4%	4.1%p
Revenues by region	**2016/17**	**Q3 2016/17**	**Q3 2017/18**	**+/-**	**Q1-Q3 2016/17**	**Q1-Q3 2017/18**	**+/-**
EMEA	62.9%	66.6%	65.9%	-0.7%p	65.1%	65.9%	0.8%p
Americas	30.1%	26.0%	28.0%	2.0%p	27.8%	28.6%	0.9%p
APAC	7.0%	7.4%	6.1%	-1.3%p	7.2%	5.5%	-1.7%p
Balance sheet data	**March 31, 2017**					**Dec. 31, 2017**	**+/-**
Total assets	648.8					568.1	-12.4%
Total equity [1]	227.3					228.2	0.4%
Equity ratio [1]	35.0%					40.2%	5.2%p
Net credit (+)/debt (-) [2]	19.6					26.1	33.5%
Gearing [3]	—					—	—
Capital employed [4]	422.7					348.9	-17.4%
Net working capital [5]	247.9					229.6	-7.4%
Cash flow	**2016/17**	**Q3 2016/17**	**Q3 2017/18**	**+/-**	**Q1-Q3 2016/17**	**Q1-Q3 2017/18**	**+/-**
Net investments [6]	12.3	4.1	2.4	-42.9%	14.5	4.8	-67.0%
Free cash flow [7]	42.6	21.7	41.6	91.5%	38.7	40.6	5.0%
Other information	**2016/17**	**Q3 2016/17**	**Q3 2017/18**	**+/-**	**Q1-Q3 2016/17**	**Q1-Q3 2017/18**	**+/-**
Employees, end of period	4,823				4,842	5,250	8.4%
On-board units, in million units	11.67				8.39	9.73	15.9%

1) Incl. non-controlling interests
2) Cash and cash equivalents + other current financial assets - financial liabilities
3) Net debt/equity
4) Total equity + financial liabilities
5) Inventories + current tax receivables + trade receivables - trade payables - current tax payables
6) Investments for purchase and payments from the disposal of property, plant and equipment and intangible assets
7) Net cash flow from operating activities - net investments
8) Revenues Q3 2016/17 and Q1-Q3 2016/17 were adjusted due to the change in presentation

Highlights Q1-Q3 2017/18.

Revenues Q1-Q3

EUR 506.9 million
7.5%

EBIT Q1-Q3

EUR 35.3 million
-17.8%

Earnings/share Q1-Q3

EUR 1.82
-21.3%

EUR 500 million revenues mark passed after just three quarters for the first time.

- Lower EBIT compared to previous year, in particular due to currency effects and positive one-time effect in 2016/17.
- Strong free cash flow of EUR 40.6 million turns net debt into net credit of EUR 26.1 million.

Nation-wide concession agreement in Zambia for road safety and traffic management.

- Duration: 17 years.
- 50:50 joint venture with local partner.
- Scope: Expected sales of the joint venture in the first three years totaling between EUR 90 million and EUR 110 million.

Contract for nation-wide toll system in Bulgaria (trucks and passenger cars).

- Setup, technical configuration, and technical support of the nationwide tolling system for trucks over 3.5 tons.
- Introduction of eVignette for passenger cars.
- Term of the project: 19 months, contract value of BGN 149.9 million (approximately EUR 76.7 million).

Developments in the core business.

- Poland: Tender for a nation-wide toll system discontinued. Polish government striving to have the toll system operated by the public sector. The existing contract with Kapsch TrafficCom for the operation of the nation-wide toll system is not affected by this.
- Czech Republic: A tender of a ten-year contract was announced before summer 2017.
- Kapsch TrafficCom will be striving to acquire new contracts in both markets.

Extensive new business opportunities.

- Major projects, particularly in EMEA.
- Medium-sized projects, particularly in North America.
- Small-volume projects in all sales regions.

Acquisitions: Increase market share and invest in innovative technologies.

- Takeover of the remaining shares of Simex, a Mexican intelligent traffic solutions company.
- Minority interest in Traffic Technology Services Inc., U.S.A.

Letter from the CEO.

Dear Shareholders,

Q1-Q3 2017/18:
- Revenues +7.5%
- EBIT -17.8%

Q1-Q3 2017/18 saw a revenue increase of 7.5% to EUR 506.9 million. It is the first time that we have passed the EUR 500 million mark after just three quarters. Our growth trajectory affirms that this value exceeds the revenue for the entire 2014/15 fiscal year. 76.3% of group revenues were acquired in the ETC segment (toll segment), and 23.7% in the IMS segment (Intelligent Mobility Solutions segment).

In the first three quarters, the ETC segment grew by 11.6%. While revenues of the type "Operations" fell slightly (-2.9%), the "Design & Build" revenues saw enormous growth of 72.0%. The "Components" revenues also grew by 6.4%. The IMS segment also saw an increase of 10.2% in "Design & Build" revenues, but this could not compensate for the decrease in revenues from "Components" and "Operations" (as part of the acquisition of the transportation business of Schneider Electric in 2016, projects were taken on which were outside the core business, and which have now expired), leading to a 4.0% decrease in segment revenues.

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

During the normal course of business, significant EBIT growth.

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

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

Strategy is being advanced.

In the first three quarters of the year, important foundations for our continued success were laid. In Zambia, our new 50:50 joint venture with a local partner has been granted the nation-wide road safety and traffic management concession. The project will last 17 years. We expect that the joint venture, which we have consolidated according to the equity method, will earn revenues totaling between EUR 90 million and EUR 110 million in the first three years.

Growth in ETC and IMS.

We were also able to report remarkable success in Bulgaria: Kapsch TrafficCom was awarded the contract for the construction, technical equipping, and technical support of the nation-wide, satellite-based toll system for trucks over 3.5 tons and the introduction of the eVignette for passenger cars. The project volume amounts to EUR 76.7 million and the duration is 19 months, starting in January 2018.

Moreover, there are numerous new business opportunities that our teams are evaluating or are already working on intensively.

We are striving to acquire follow-up business both in the Czech Republic as well as in Poland.

Status on the operational projects in Poland and the Czech Republic.
In Poland and the Czech Republic, we set up and are currently operating the nation-wide truck tolling system. The new tendering process for an eight-year contract in Poland began at the end of 2016 and was discontinued in January 2018. This was the expected result of the Polish government's endeavor to have the toll system operated by the public sector. The existing contract with Kapsch TrafficCom for the operation of the nation-wide toll system is not affected by this.

In the Czech Republic, the new tendering for a ten-year contract was announced before summer 2017. The submission of bids is slated for March 2018.

Acquisition of Simex (Mexico).

Strategic acquisitions and investments.
One of the goals of our acquisition policy is to open up new markets through acquisitions and to become stronger in existing markets. In order to do this, Kapsch TrafficCom acquired the remaining shares in Simex, a Mexican company in which we have been a shareholder since 2012. Having had a market presence for over 30 years and employing more than 200 employees, Simex is one of the important companies involved in intelligent transportation systems in Mexico.

Minority interest in Traffic Technology Services (U.S.A.).

Increased interest in ParkJockey Global, Inc. (U.S.A.).

We also want to secure access to innovative technologies and solutions through strategic investments. The acquisition of a EUR 2.5 million minority interest in Traffic Technology Services, U.S.A., is such a step. The company develops and distributes software solutions in the area of connected vehicles. One application, for example, is the personal traffic light assistant which transmits information about traffic light phases and the intersection area to vehicles. Furthermore, we increased our minority interest in ParkJockey Global, Inc., U.S.A. This company provides intelligent parking solutions for parking lots and other, off-street parking spaces.

Net credit of EUR 26.1 million.

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

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

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

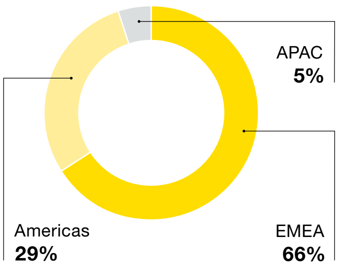
Sincerely,

Georg Kapsch
Chief Executive Officer

Analysis of the Results and Balance Sheet Q1-Q3 2017/18.

Revenues and earnings.

Revenues by region.



In the first three quarters of the current fiscal year, Kapsch TrafficCom's revenues reached a record level of EUR 506.9 million, and are thus 7.5% higher compared with the same period last year. This was adjusted by EUR -12.3 million to EUR 471.5 million due to the change in the presentation of revenues as of year end 2016/17 of agency fees for the group company "tolltickets" in the Electronic Toll Collection (ETC) segment. "Costs of materials and other production services" were adjusted accordingly. Together, the two measures had no impact on the operating result.

The result from operating activities (EBIT) was EUR 35.3 million and thus below the previous year's figure of EUR 43.0 million. This corresponds to an EBIT margin of 7.0% (Q1-Q3 2016/17 adjusted: 9.1%). Negative currency effects, mainly from the USD and SEK currencies, reduced the EBIT by EUR -4.8 million (net). During the same period of the previous year, favourable currency developments resulted in a positive effect of EUR +4.2 million (net). A one-off effect ("badwill") of EUR 3.0 million from the difference between the purchase price for the transportation business acquired from Schneider Electric (Kapsch TrafficCom Transportation, "KTT") and the acquired net assets had a positive effect in the same period during the previous year. If these effects were excluded, EBIT would be higher than in the same period of the previous year.

The financial result declined in the first three quarters of the current financial year to EUR -4.0 million compared to EUR 1.5 million the same period of the previous year. The main reason for this was also higher currency losses and lower currency gains. These burdened the financial result with a total of EUR -5.8 million. The currency effects are mainly based on changes in the price of the South African rand (ZAR) and the US dollar (USD) against the euro (EUR).

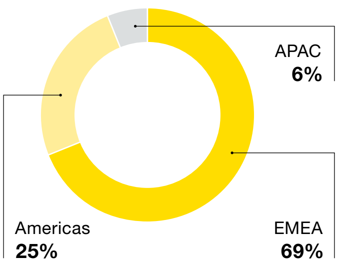
The profit for the period for the first three quarters of 2017/18 was EUR 22.9 million (Q1-Q3 2016/17: EUR 29.4 million). The decrease of -22.0% compared to the same period of the previous year is attributable to the lower EBIT and the lower financial earnings.

The segments developed as follows in the first three quarters of the year:

ETC revenues:
EUR 386.9 million (+11.6%).

Electronic Toll Collection (ETC).
At EUR 386.9 million, revenues in the ETC segment were 11.6% higher than the adjusted previous year's figure of EUR 346.6 million and contributed 76.3% to total revenues (Q1-Q3 2016/17: 73.5%).

ETC revenues by region.



The largest contribution to revenues (EUR 265.5 million, Q1-Q3 2016/17 adjusted: EUR 232.1 million) continued to be generated in the EMEA region with the nation-wide toll projects in the Czech Republic, Poland, Belarus and Austria. The volume of construction projects also increased significantly compared to the same period of the previous year, in particular due to expansion and renovation projects in Poland and Austria.

Revenues in the Americas region rose to EUR 97.0 million (Q1-Q3 2016/17: EUR 84.9 million) in the first three quarters. Above all, the volume of operatings projects increased compared to the same period of the previous year.

In the APAC region, there was a decline in revenues (EUR -5.7 million) compared to the same period of the previous year. This is primarily due to the comparatively high revenue level of the previous year due to construction projects in Australia.

In the first three quarters of the fiscal year, a record number of 9.7 million on-board units were sold (Q1-Q3 2016/17: 8.4 million units). Increases were recorded particularly in the U.S.A., Sweden/Denmark, Australia and Morocco, while sales in Norway, Chile and Spain declined compared to the same period in the previous year.

ETC EBIT:
EUR 41.8 million (-23.7%).

Revenues in this segment are broken down by business type as follows:

in EUR million	Q1-Q3 2016/17	Q1-Q3 2017/18	+/-
Revenues	**346.6**	**386.9**	**11.6%**
Design & Build	57.8	99.4	72.0%
Operations	214.7	208.6	-2.9%
Components	74.1	78.8	6.4%
EBIT	**54.8**	**41.8**	**-23.7%**

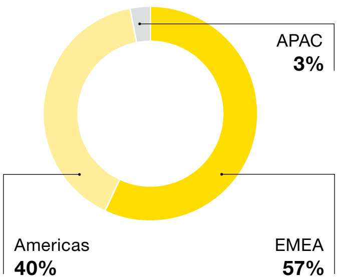
EBIT in the ETC segment fell by -23.7% compared to the same period in the previous year and reached EUR 41.8 million. Cost of materials and other production services, as well as staff costs, increased in the first three quarters of 2017/18 in line with the increase in revenues. Other operating income decreased compared to the previous year due to lower foreign exchange gains (EUR -3.5 million) as well as because of a positive one-off effect (badwill from KTT acquisition) of EUR 0.9 million. Other operating expenses increased by EUR 9.2 million, mainly due to the increase in foreign exchange losses (EUR 6.4 million), higher maintenance costs (EUR 3.0 million), and increased automobile expenses (EUR 1.0 million). The reduction in legal and consulting fees of EUR -5.1 million had a positive effect.

Intelligent Mobility Solutions (IMS).

IMS revenues:
EUR 120.0 million (-4.0%).

Revenues in the IMS segment fell slightly from EUR 125.0 million to EUR 120.0 million (-4.0%) in the first three quarters of 2017/18 compared to 2016/17. One reason for this are projects outside of the core business, which were taken over in the previous year as part of the acquisition of Kapsch TrafficCom Transportation. These have already expired. The IMS segment accounts for 23.7% of total revenues (Q1-Q3 2016/17: 26.5%).

IMS revenues by region.



While sales in the EMEA region declined (-9.0%), they increased slightly in the Americas region (+4.7%). The APAC region recorded a revenue decline of -7.4% in this segment.

Revenues in this segment are broken down by business type as follows:

in EUR million	Q1-Q3 2016/17	Q1-Q3 2017/18	+/-
Revenues	**125.0**	**120.0**	**-4.0%**
Design & Build	48.5	53.4	10.2%
Operations	67.2	59.6	-11.4%
Components	9.3	7.0	-24.4%
EBIT	**-11.8**	**-6.5**	**45.1%**

IMS EBIT:
EUR -6.5 million (+45.1%).

EBIT in the IMS segment amounted to EUR -6.5 million in the first three quarters of the year and was higher compared with the same period of the previous year (Q1-Q3 2016/17: EUR -11.8 million), which also included a positive one-off effect (badwill from KTT acquisition) of EUR 2.1 million. Although the loss was halved, negative IMS results in South Africa and in the U.S.A. continue to weigh on profitability. Cost of materials and other production services decreased sharply compared with the previous period, while staff costs and other operating expenses increased.

Financial position.

Kapsch TrafficCom's balance sheet total as of December 31, 2017 amounted to EUR 568.1 million (March 31, 2017: EUR 648.8 million). This reduction is mainly attributable to the scheduled repayment of the corporate bond in the amount of EUR 70.8 million in November 2017.

The item "trade receivables and other current assets" decreased by EUR 21.1 million, mainly due to lower receivables in Austria, Belarus and Sweden. The item "cash and cash equivalents" decreased by EUR -67.7 million due to acquisitions of companies, the payment of dividends, above all, the repayment of the corporate bond. The items "interests in associated companies and joint ventures" as well as "other non-current financial assets and investments" increased due to acquisitions (EUR +6.5 million).

On the liabilities side of the balance sheet, "current provisions" decreased by EUR -6.4 million and "other non-current liabilities" decreased by EUR -4.1 million. "Other liabilities and deferred income" increased (EUR +3.0 million). "Equity" increased by EUR 0.9 million to EUR 228.2 million, whereby on the one hand the "comprehensive income of the period" increased equity by EUR 20.4 million, and on the other hand the dividend distribution reduced equity by EUR -19.5 million. Due to the reduced balance sheet total, the equity ratio stood at 40.2% as at December 31, 2017, which was significantly higher than at March 31, 2017 (35.0%).

Net working capital fell from EUR 247.9 million as of March 31, 2017 to EUR 229.6 million as of December 31, 2017, in particular due to the decline in trade receivables. "Current tax payables" are included in the calculation of net working capital in the same way as "current tax receivables".

As of December 31, 2017, a net credit of EUR 26.1 million (March 31, 2017: EUR 19.6 million) was again reported, comprising of "cash and cash equivalents" plus "other short-term financial assets" and minus "financial liabilities".

Cash flow.

Net cash flow from operating activities amounted to EUR 45.4 million in the first three quarters of the financial year (Q1-Q3 2016/17: EUR 53.2 million). The decline is due to the lower operating results in the reporting period (EUR -7.7 million) and the decrease in "trade payables and other current liabilities" (EUR -5.7 million) and "short-term provisions" (EUR -6.3 million). This was partly offset by the current and non-current "trade receivables and other assets" with an increase of EUR +8.5 million (Q1-Q3 2017/18: EUR +23.5 million, Q1-Q3 2016/17: EUR +15.0 million).

The net cash flow from investing activities amounted to EUR -15.3 million in the first three quarters of 2017/18, which is significantly lower than in the first three quarters of 2016/17 (EUR -39.6 million). For acquisitions of companies as well as acquisitions of investments and non-current assets, EUR 10.6 million were paid in the first three quarters (Q1-Q3 2016/17: EUR -22.5 million). Net investments in property, plant and equipment and intangible assets in the first three quarters of the previous year were EUR -15.6 million higher than in the current financial year (EUR -5.2 million) as a result of the acquisition and integration of KTT.

Free cash flow (net cash flow from operating activities minus net investments) of EUR 40.6 million fortunately exceeded the previous year's figure of EUR 38.7 million. Although operating result decreased, the lower net working capital as well as the lower capital expenditures offset that effect and increased in total the free cash flow.

Net cash flow from financing activities amounted to EUR -94.5 million after three quarters (Q1-Q3 2016/17: EUR +30.7 million), with the majority being attributable to the paid dividend (EUR -19.5 million) and the repayment of the corporate bond (EUR -70.8 million). In the previous year, this item was positively influenced by the issue of the promissory note bond.

Cash and cash equivalents as of December 31, 2017 amounted to EUR 143.6 million (March 31, 2017: EUR 211.3 million).

Events occurring after December 31, 2017.

In January 2018, a new long-term financing of EUR 50 million was concluded. Due to this new financing, the equity ratio will decline again as of the balance sheet date.

On January 15, 2018, the contract for the construction, technical equipment and technical support of the nationwide toll system for trucks over 3.5 tons as well as the introduction of the eVignette for passenger cars in Bulgaria was signed. The project has a term of 19 months and a volume of approximately EUR 76.6 million.

Kapsch TrafficCom was informed in January 2018 that the tender for a nation-wide toll system in Poland was stopped. This was the expected consequence of the efforts of the Polish government to have the toll system run by public authorities. The upright contract with Kapsch TrafficCom for the operation of the nation-wide toll system is not affected.

Vienna, February 27, 2018

The Executive Board

Mag. Georg Kapsch
Chief Executive Officer

Dipl.-Betriebsw. André Laux
Executive Board member

Dr.-Ing. Alexander Lewald
Executive Board member

Condensed Consolidated Interim Financial Information

as of 31 December 2017.)*

Kapsch TrafficCom – Consolidated statement of comprehensive income.

All amounts in TEUR	Note	Q3 2016/17	Q3 2017/18	Q1-Q3 2016/17	Q1-Q3 2017/18
Revenues [1]	(6)	166,144	167,081	471,549	506,914
Other operating income		5,449	4,422	19,307	7,117
Changes in finished and unfinished goods and work in progress		2,793	24	5,225	1,645
Other own work capitalized		827	435	2,218	540
Cost of materials and other production services [1]		-65,783	-70,577	-192,151	-201,187
Staff costs		-58,432	-58,960	-163,781	-174,224
Amortization and depreciation		-4,480	-3,875	-13,097	-11,415
Other operating expenses	(7)	-32,280	-28,885	-86,291	-94,464
Proportional operating result of joint ventures	(11)	0	384	0	384
Operating result		**14,239**	**10,049**	**42,977**	**35,309**
Finance income		3,412	2,215	8,143	4,324
Finance costs		-1,867	-447	-6,680	-8,351
Financial result		**1,545**	**1,767**	**1,463**	**-4,027**
Results from associates and joint ventures including revaluation of shares [2]	(11)	49	5	78	-683
Result before income taxes		**15,833**	**11,821**	**44,518**	**30,600**
Income taxes	(8)	-6,551	-2,950	-15,101	-7,651
Result for the period		**9,282**	**8,871**	**29,417**	**22,949**
Result attributable to:					
Equity holders of the company		9,491	9,076	30,060	23,646
Non-controlling interests		-210	-205	-643	-697
		9,282	**8,871**	**29,417**	**22,949**
Earnings per share from the result for the period attributable to the equity holders of the company (in EUR)					
diluted and undiluted		0.73	0.70	2.31	1.82
Other comprehensive income					
Items subsequently be reclassified to the result for the period:					
Currency translation differences		-2,191	-1,655	-4,202	1,157
Currency translation differences from net investments in foreign operations		2,481	-681	3,306	-4,935
Available-for-sale financial assets:					
Fair value gains/losses recognized in other comprehensive income		-533	-817	-2,923	-21
Reclassification of cumulated net losses to the result for the period (impairment)		438	47	2,035	0
Fair value adjustments of cash flow hedges		0	14	0	51
Income tax relating to items subsequently reclassified to the result for the period		-597	167	-821	1,239
Total items subsequently be reclassified to the result for the period		**-401**	**-2,926**	**-2,605**	**-2,509**
Items subsequently not be reclassified to the result for the period		**0**	**0**	**0**	**0**
Other comprehensive income for the period net of tax	(9)	**-401**	**-2,926**	**-2,605**	**-2,509**
Total comprehensive income for the period		**8,880**	**5,945**	**26,812**	**20,440**
Total comprehensive income attributable to:					
Equity holders of the company		9,104	6,197	27,474	21,073
Non-controlling interests		-223	-252	-662	-633
		8,880	**5,945**	**26,812**	**20,440**

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.
1) In Q1-Q3 2016/17 and Q3 2016/17, revenues were adjusted by TEUR -12,281 respectively TEUR -6,015 and costs of materials and other production services by TEUR 12,281 respectively TEUR 6,015 due to the change in the presentation as of year end 2016/17 of agency fees for the group company “tolltickets”. The EBIT is unchanged.
2) Income from associates and joint ventures also includes losses from the revaluation of investments in the amount of TEUR -563 in Q1-Q3 2017/18.

Kapsch TrafficCom – Consolidated balance sheet.

All amounts in TEUR	Note	March 31, 2017	Dec. 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	(10)	23,141	20,292
Intangible assets	(10)	71,985	71,925
Interests in associates and joint ventures	(11)	2,131	3,938
Other non-current financial assets and investments	(12)	18,364	23,102
Other non-current assets		611	717
Deferred tax assets		11,938	13,030
		128,169	**133,003**
Current assets			
Inventories		39,255	42,736
Current tax receivables		4,490	4,808
Trade receivables and other current assets		261,935	240,784
Other current financial assets	(12)	3,638	3,166
Cash and cash equivalents		211,299	143,625
		520,616	**435,118**
Total assets		**648,785**	**568,121**
EQUITY			
Capital and reserves attributable to equity holders of the company			
Share capital	(13)	13,000	13,000
Capital reserve		117,509	117,509
Retained earnings and other reserves		97,849	99,789
		228,358	**230,298**
Non-controlling interests		**-1,052**	**-2,053**
Total equity		**227,306**	**228,245**
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	(14)	97,482	94,349
Liabilities from post-employment benefits to employees	(15)	23,946	23,447
Non-current provisions	(16)	9,993	9,224
Other non-current liabilities		10,536	6,413
Deferred tax liabilities		2,745	3,668
		144,702	**137,102**
Current liabilities			
Current financial liabilities	(14)	97,902	26,345
Trade payables		55,950	56,794
Current provisions	(16)	17,640	11,234
Current tax payables		1,807	1,935
Other liabilities and deferred income		103,478	106,467
		276,778	**202,775**
Total liabilities		**421,479**	**339,876**
Total equity and liabilities		**648,785**	**568,121**

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

Kapsch TrafficCom – Consolidated statement of changes in equity.

All amounts in TEUR	Attributable to equity holder of the company				Non-controlling interests	Total equity
	Share capital	Capital reserve	Other reserves	Consolidated retained earnings		
Carrying amount as of March 31, 2016	**13,000**	**117,509**	**-21,887**	**114,225**	**7,811**	**230,658**
Effects from increase in shares of subsidiaries			-13,679		-8,321	-22,000
Dividend				-19,500	-8	-19,508
Effects from changes in shares of 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			-882
Carrying amount as of December 31, 2016	**13,000**	**117,509**	**-38,290**	**124,786**	**-1,042**	**215,962**
Carrying amount as of March 31, 2017	**13,000**	**117,509**	**-40,486**	**138,335**	**-1,052**	**227,306**
Effects from changes in shares of subsidiaries				368	-368	0
Dividend				-19,500		-19,500
Result for the period				23,646	-697	22,949
Other comprehensive income for the period:						
Currency translation differences			-2,608		64	-2,544
Fair value gains/losses on available-for-sale financial assets			-15			-15
Fair value adjustments of cash flow hedges			51			51
Carrying amount as of December 31, 2017	**13,000**	**117,509**	**-43,059**	**142,848**	**-2,053**	**228,245**

The effects from changes in the shares of subsidiaries in the first three quarters of the 2017/18 fiscal year mainly relate to TMT Services and Supplies (Pty) Ltd., South Africa, MobiServe Pty Ltd., South Africa, and Electronic Toll Collection (PTY) Ltd., South Africa. Further information can be found in note 17 “Business Combinations and Other Changes in the Scope of Consolidation”.

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

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

Kapsch TrafficCom – Consolidated cash flow statement.

All amounts in TEUR	Note	Q3 2016/17	Q3 2017/18	Q1-Q3 2016/17	Q1-Q3 2017/18
Cash flow from operating activities					
Operating result		14,239	10,049	42,977	35,309
Adjustments for non-cash items and other reconciliations:					
Scheduled depreciation and amortization		4,480	3,875	13,097	11,415
Increase/decrease in obligations for post-employment benefits		-136	-145	-472	-499
Increase/decrease in other non-current liabilities and provisions		487	-1,336	-4,184	-2,985
Increase/decrease in other non-current receivables and assets		289	164	-3,792	-368
Increase/decrease in trade receivables (non-current)		415	-112	10,439	517
Increase/decrease in trade payables (non-current)		-76	283	-284	326
Other (net)		622	-718	430	-1,978
		20,319	**12,059**	**58,212**	**41,737**
Changes in net current assets:					
Increase/decrease in trade receivables and other assets		988	36,719	4,536	22,993
Increase/decrease in inventories		-2,651	-1,341	-3,888	-315
Increase/decrease in trade payables and other current payables		11,459	4,182	12,178	6,525
Increase/decrease in current provisions		-62	-1,835	-231	-6,480
		9,734	**37,725**	**12,595**	**22,723**
Cash flow from operations		**30,053**	**49,785**	**70,807**	**64,461**
Interest received		293	214	1,084	842
Interest payments		-1,508	-918	-4,146	-3,965
Net payments of income taxes		-3,011	-5,165	-14,578	-15,954
Net cash flow from operating activities		**25,826**	**43,916**	**53,167**	**45,384**
Cash flow from investing activities					
Purchase of property, plant and equipment	(10)	-3,929	-2,080	-8,238	-4,282
Purchase of intangible assets	(10)	-353	-428	-7,330	-884
Purchase of securities, investments and other non-current financial assets	(12)	-45	-1,005	-2,596	-5,564
Payments for the acquisition of entities (less cash and cash equivalents of these entities)	(17)	-5,593	0	-22,469	-1,017
Payments for the acquisition of shares in at-equity-consolidated entities	(11)	0	0	0	-4,039
Proceeds from the disposal of property, plant and equipment and intangible assets		163	157	1,071	376
Proceeds from the disposal of securities and other financial assets		0	0	0	70
Net cash flow from investing activities		**-9,757**	**-3,356**	**-39,562**	**-15,340**
Cash flow from financing activities					
Dividends paid to parent company's shareholders		-0	0	-19,500	-19,500
Dividends paid to non-controlling interests		0	0	-8	0
Payments for the acquisition of non-controlling interests		-95	-750	-14,095	-2,250
Increase in non-current financial liabilities	(14)	1,360	68	78,645	87
Increase in current financial liabilities	(14)	1,060	1,716	2,875	4,858
Decrease in current financial liabilities	(14)	-5,224	-74,786	-17,188	-77,693
Net cash flow from financing activities		**-2,900**	**-73,752**	**30,731**	**-94,498**
Net increase/decrease in cash and cash equivalents		**13,170**	**-33,192**	**44,335**	**-64,454**
Change in cash and cash equivalents					
Cash and cash equivalents at beginning of year		173,310	175,676	140,782	211,299
Net increase/decrease in cash and cash equivalents		13,170	-33,192	44,335	-64,454
Exchange gains/losses on cash and cash equivalents		1,825	1,141	3,189	-3,220
Cash and cash equivalents at the end of the period		**188,306**	**143,625**	**188,306**	**143,625**

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, headquartered in Vienna, Austria, 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.

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.

2 Basis of preparation.

This condensed interim financial information for the first three quarters ended December 31, 2017 has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the IASB, as adopted by the EU, according to IAS 34 Interim Financial Statements, and should only be read in conjunction with the annual financial statements for the year ended March 31, 2017.

The interim report was neither subject to an audit nor to a review by an auditor.

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, 2017, and described therein.

In the condensed interim financial information for the first half of the current fiscal year 2017/18 the following new or amended IFRS and IFRIC have been adopted:

	New/adopted IFRS	Published by the IASB and adopted by the EU	Applicable to financial years beginning on or after	Material impact on group's consolidated financial statement
IAS 12	Income Tax (Amended by Recognition of Deferred Tax Assets for Unrealised Losses)	January 2016	January 1, 2017	none
IAS 7	Cash Flow (Amendment)	January 2016	January 1, 2017	none
IFRS 12	Annual improvement to IFRS (Cycle 2014-2016): Disclosure of Interests in Other Entities (clarified the scope of the standard)	December 2016	January 1, 2017	none

The application of the new/amended standards has had no effect on the condensed consolidated interim financial statements.

IFRS 15 Revenue from Contracts with Customers restates revenue recognition and replaces the previously applicable IAS 18 and IAS 11. The new regulations are effective from the fiscal year 2018/19. The Group has already mainly completed the analysis process with regard to its impact as far as possible and continues to expect that, with the exception of the additional notes, no material economic impact of the new regulations on the consolidated financial statements is expected. The Group is currently implementing a tool which calculates the required deferred revenue for all customer projects differentiated according to the different performance obligations.

IFRS 9 Financial Instruments leads to amendments and innovations in the area of financial instruments and will replace the rules of IAS 39 in the future. IFRS 9 is to be applied for the first time from the financial year 2018/19. Currently, there is an analysis of future recognition and measurement. The Group will use the simplified model for trade receivables without a significant financing component as well as for contract assets in the meaning of IFRS 15, and accordingly calculate the allowance for the amount of credit losses expected over the term. The expected credit loss is determined on the basis of a provision matrix, in which the financial assets are structured according to the age structure and the respective default rates for different age bands are determined. A final assessment of the impact can only be made after the finalization of the current analysis.

With regard to the introduction of IFRS 16, which leads to changes in the area of leasing contracts, the phase of survey and analysis of leases held is still ongoing. A final assessment of the effects is therefore not yet possible, but we refer in particular to the comments on the obligations arising from non-terminable operating leases in the consolidated financial statements as of March 31, 2017.

4 Material accounting estimates and assumptions.

In the context of its preparation of the report on the first three quarters of the year, the Group has made judgements, 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, 2017 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 12.

5 Risk management.

The financial risks to which Kapsch TrafficCom is exposed are generally consistent with those of the consolidated financial statements for the year ended March 31, 2017 and are described therein.

6 Segment information.

Q1-Q3 2017/18 in TEUR	**ETC**	**IMS**	**Total**
Revenues	386,859	120,054	506,914
Operating result	41,813	-6,504	35,309

Q1-Q3 2016/17 in TEUR	**ETC adjusted**	**IMS**	**Total adjusted**
Revenues	346,585	124,964	471,549
Operating result	54,826	-11,849	42,977

Revenues in the first three quarters of 2016/17 were adjusted by TEUR -12,281 million due to the change in the presentation as of year end 2016/17 of agency fees for the group company “tolltickets” in the ETC segment. A reclassification was made from the cost of materials and other production services, thus the operating result is unchanged.

The following table shows those customers who contributed more than 10% of revenues in the first three quarters of 2017/18 or in the same period of the previous year. The order of these customers is based on the amount of revenues in the current reporting period.

in TEUR		**Q1-Q3 2016/17**			**Q1-Q3 2017/18**	
	Revenue	ETC	IMS	Revenue	ETC	IMS
Customer 1	47,349	x		67,131	x	
Customer 2	64,688	x	x	59,923	x	x

7 Other operating expenses.

in TEUR	Q1-Q3 2016/17	Q1-Q3 2017/18
Communication and IT expenses	12,894	14,301
Rental expenses	13,866	13,314
Legal and consulting fees	16,647	11,626
Travel expenses	8,820	8,489
Exchange rate losses from operating activities	2,807	8,337
Maintenance	3,105	6,217
Marketing and advertising expenses	5,133	5,971
Automobile expenses	3,808	5,116
License and patent expenses	3,612	3,859
Insurance costs	3,020	3,538
Office expenses	3,953	3,431
Taxes and charges	1,970	2,405
Training costs	1,395	1,980
Allowance and write-off of receivables	-1,361	-1,782
Bank charges	1,183	1,589
Adjustment of provision for warranties	790	1,262
Transport costs	1,089	1,256
Warranty costs and project financing	572	894
Membership fees	354	428
Other	2,634	2,234
	86,291	**94,464**

Operating foreign currency losses increased from TEUR 2,807 in the first three quarters of 2016/17 to TEUR 8,337 in the first three quarters of 2017/18, primarily due to exchange rate fluctuations in the currencies USD and SEK. Higher maintenance costs and automobile expenses related to projects also contributed significantly to the increase in other operating expenses. Legal and consulting expenses declined in the first three quarters of 2017/18 due to lower litigation-related expenses, particularly in the U.S.A.

8 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. During the year, an effective tax rate of 25% is used. At year end, 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.

9 Other comprehensive income.

Q1-Q3 2017/18 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	-21	5	-15
Gains/losses recognized in the result for the period	0	0	0
Currency translation differences	1,157	0	1,157
Currency translation differences from net investments in foreign operations	-4,935	1,234	-3,701
Fair value adjustments of cash flow hedges	51	0	51
Fair value changes recognized in equity	**-3,748**	**1,239**	**-2,509**

The unrealized gains/losses on available-for-sale financial assets recognized in the first three quarters of the fiscal year 2017/18 amounting to TEUR -21 relate to fair value changes of available-for-sale securities, that have been recognized through other comprehensive income in equity. Fluctuations in the fair value of the investment in Q-Free ASA, Norway, in the amount of TEUR -435 are included in other comprehensive income in the first three quarters of 2017/18.

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	0	2,035
Currency translation differences	-4,202	0	-4,202
Currency translation differences from net investments in foreign operations	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 three quarters 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).

10 Capital expenditure.

in TEUR	Q1-Q3 2016/17	Q1-Q3 2017/18
Carrying amount as of March 31 of prior year	**85,778**	**95,126**
Additions	15,569	5,166
Additions from business combinations	8,956	5,124
Disposals	-1,159	-465
Impairment	0	0
Depreciation, amortization and other movements	-13,097	-11,416
Currency translation differences	1,104	-1,318
Carrying amount as of December 31 of fiscal year	**97,151**	**92,217**

11 Interests in associates and joint ventures.

in TEUR	Q1-Q3 2016/17	Q1-Q3 2017/18
Carrying amount as of March 31 of prior year	**1,917**	**2,131**
Additions from business combinations	2	0
Additions	0	4,039
Disposal	0	0
Share in operating result	0	384
Adjustments for unrealized profits	0	-487
Loss from revaluation of shares due to business combination	0	-563
Disposal due to acquisition of remaining shares	0	-1,370
Share in result from financial investments	78	-119
Currency translation differences	76	-77
Carrying amount as of December 31 of fiscal year	**2,073**	**3,938**
thereof shares in associates	2,072	0
thereof interests in joint ventures	1	3,938

Pro rata results from associated companies and joint ventures are split in the income statement. Results from associated companies and joint ventures, whose activities and strategic directions are part of the core business of Kapsch TrafficCom, are reported in the result from operating activities. Results from other associated companies and joint ventures are reported in result before income taxes after the financial result.

Shares 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, 2017, the book value of the interest amounts to TEUR 0 (December 31, 2016: TEUR 0).

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 (hereinafter referred to as Simex). The investment was accounted for using the equity method.

On July 18, 2017, a capital reduction was approved at Simex, whereby Kapsch TrafficCom did not participate and thus holds 39.97% of Simex as of July 18, 2017, before acquiring the remaining shares. The shares were measured at fair value as of July 18, 2017 based on a company valuation of TEUR 1,370 and have been disposed as associated company with this value. The revaluation of the shares as a result of the business combination resulted in a loss of TEUR -563, which is included in the result from associated companies.

On July 18, 2017, the remaining shares were acquired, so that Kapsch TrafficCom now holds 100% of the shares and the company is fully consolidated as of July 18, 2017 (see note 17). Proportionate results from associated companies are shown in result before income taxes after the financial result.

Interests in joint ventures.

Consortia.
The position "investments in joint ventures" includes shares in the Italian consortia Consorzio 4trucks and MyConsorzio, which were acquired on July 1, 2016 as part of the acquisition of the shares in tolltickets GmbH, Germany. The investment is accounted for using the equity method. The book value of the shares as of December 31, 2017 amounted to TEUR 1 (December 31, 2016: TEUR 1). Proportional results from these joint ventures are reported in result before income taxes after the financial result.

Intelligent Mobility Solutions Limited, Zambia.
The addition to the interests in joint ventures relates to the acquisition of 50% of Intelligent Mobility Solutions Limited in Zambia on August 30, 2017. The company is responsible for the planning, construction and operation of traffic monitoring, speed and vehicle control systems and solutions as well as the registration of vehicles. The investment is accounted for using the equity method. As the activities and strategy of this company are part of the core business of Kapsch TrafficCom, the proportional results from this joint venture are reported in the result from operating activities. Since the acquisition, pro rata earnings in the amount of TEUR 384 have been generated.

12 Current and non-current financial assets.

in TEUR	March 31, 2016	Dec. 31, 2016	March 31, 2017	Dec. 31, 2017
Other non-current financial assets and investments	18,651	18,464	18,364	23,102
Other current financial assets	97	2,393	3,638	3,166
	18,748	**20,857**	**22,002**	**26,268**

Other non-current financial assets and investments.

in TEUR	Available-for-sale securities	Available-for-sale investments	Other investments	Other non-current financial assets	Total
Carrying amount as of March 31, 2017	**3,602**	**11,683**	**2,785**	**293**	**18,364**
Additions	0	0	4,292	1,345	5,637
Disposals	-71	0	-1	0	-71
Impairment	0	-435	0	0	-435
Change in fair value	-21	0	0	0	-21
Currency translation differences	0	0	-354	-18	-372
Carrying amount as of December 31, 2017	**3,511**	**11,249**	**6,722**	**1,620**	**23,102**

in TEUR	Available-for-sale securities	Available-for-sale investments	Other investments	Other non-current financial assets	Total
Carrying amount as of March 31, 2016	**3,723**	**14,825**	**4**	**99**	**18,651**
Additions from business combinations	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
Currency translation differences	0	0	122	1	123
Carrying amount as of December 31, 2016	**3,700**	**11,925**	**2,590**	**249**	**18,464**

As of December 31, 2017, as prior year, **available-for-sale securities** relate to government and bank bonds as well as to shares in investment funds.

As of December 31, 2017, **investments classified as available-for-sale** relate to a 15.4% investment in the listed company Q-Free ASA, Norway (December 31, 2016: 15.4%).

Additions in **other investments** in the first three quarters of the financial year 2017/18 include the acquisition of a minority interest in Traffic Technology Services Inc., U.S.A., in the amount of TEUR 2,549 and the acquisition of further minority interests in ParkJockey Global Inc., U.S.A., in the amount of TEUR 1,737. The addition in other investments in the first half of fiscal year 2016/17 relates to the acquisition of non-controlling interests in ParkJockey Global, Inc., U.S.A.

Other current financial assets.

in TEUR	Available-for-sale securities	Current loans	Other	Total
Carrying amount as of March 31, 2017	**0**	**1,477**	**2,161**	**3,638**
Additions	0	59	105	163
Disposals	0	-534	0	-534
Change in fair value	0	0	0	0
Currency translation differences	0	-21	-79	-101
Carrying amount as of December 31, 2017	**0**	**980**	**2,187**	**3,166**

in TEUR	Available-for-sale securities	Current loans	Other	Total
Carrying amount as of March 31, 2016	**0**	**97**	**0**	**97**
Additions from business combination	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
Currency translation differences	0	739	185	924
Carrying amount as of December 31, 2016	**0**	**302**	**2,092**	**2,393**

In the first three quarters of the fiscal year 2017/18, the disposals of the current loans mainly relate to the repayment of current loans in Spain.

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

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, 2017
Non-current financial assets				
Available-for-sale securities	2,902	609	0	3,511
Available-for-sale investments	11,249	0	0	11,249
	14,151	**609**	**0**	**14,760**
Current financial assets				
Available-for-sale securities	0	0	0	0
	0	**0**	**0**	**0**
Total	**14,151**	**609**	**0**	**14,760**

As of December 31, 2017, other non-current financial assets amounting to TEUR 1,620, other investments amounting to TEUR 6,722 as well as other current financial assets amounting to TEUR 3,166 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, 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.

Derivative financial instruments.

As of December 31, 2017, trade receivables and other current assets include derivative financial instruments that are measured at fair value through profit or loss amounting to TEUR 73 (December 31, 2016: TEUR 5) and derivative financial instruments designated as cash flow hedges amounting to TEUR 4 (December 31, 2016: TEUR 0). As of December 31, 2017, other non-current financial assets include derivative financial instruments measured at fair value through profit or loss in the amount of TEUR 73 (December 31, 2016: TEUR 0).

As of December 31, 2017, other current liabilities and accruals include derivative financial instruments that are measured at fair value through profit or loss amounting to TEUR -570 (December 31, 2016: TEUR -752) and derivative financial instruments designated as cash flow hedges amounting to TEUR 0 (December 31, 2016: TEUR 0).

The change in financial instruments designated as cash flow hedges has been reported in other comprehensive income. The derivative financial instruments are classified under Level 2 in the fair value hierarchy.

13 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.

14 Financial liabilities.

in TEUR	March 31, 2016	Dec. 31, 2016	March 31, 2017	Dec. 31, 2017
Non-current financial liabilities	85,734	79,152	97,482	94,349
Current financial liabilities	21,349	93,924	97,902	26,345
	107,083	**173,076**	**195,384**	**120,694**

Movements in financial liabilities are analyzed as follows:

in TEUR	Non-current financial liabilities	Current financial liabilities	Total
Carrying amount as of March 31, 2017	**97,482**	**97,902**	**195,384**
Reclassification	-1,883	1,883	0
Additions	87	4,858	4,945
Additions from business combinations	152	1,832	1,984
Repayments	0	-77,693	-77,693
Currency translation differences	-1,488	-2,438	-3,926
Carrying amount as of December 31, 2017	**94,349**	**26,345**	**120,694**

The corporate bond with a nominal value of TEUR 70,818 was redeemed at the beginning of November 2017 as scheduled.

Non-current financial liabilities mainly relate to the promissory note bond ("Schuldscheindarlehen"). Details to tranches, maturity periods and interest rates are shown in the table below:

Tranche	Interest rate	Interest fixing and interest payment	Repayment
EUR 26 mn	1.22%	yearly	June 16, 2021
EUR 4.5 mn	6M EURIBOR + 120 Bp	semi-annual	June 16, 2021
USD 14.5 mn	3M LIBOR + 170 Bp	quarterly	June 16, 2021
EUR 23 mn	6M EURIBOR + 150 Bp	semi-annual	June 16, 2023
EUR 8.5 mn	2.26%	yearly	June 16, 2026

in TEUR	Non-current financial liabilities	Current financial liabilities	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
Additions from business combinations	0	0	0
Repayments	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**

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

in TEUR	Dec. 31, 2016	Dec. 31, 2017
Carrying amount	**173,076**	**120,694**
Fair value	**173,427**	**116,058**
Gross cash flows		
In the next 6 months	23,399	22,863
In the next 7 to 12 months	76,906	4,079
Total up to 1 year	**100,306**	**26,942**
Between 1 and 2 years	4,399	5,748
Between 2 and 3 years	1,457	4,953
Between 3 and 4 years	1,255	47,332
Between 4 and 5 years	45,036	4,146
More than 5 years	31,040	37,538
	183,494	**126,659**

The classification of financial liabilities is as follows:

in TEUR	Level 1 Quoted prices	Level 2 Observable market data	Dec. 31, 2017
Promissory note bond	0	71,851	71,851
Other financial liabilities	0	44,207	44,207
Total	**0**	**116,058**	**116,058**

in TEUR	Level 1 Quoted prices	Level 2 Observable market data	Dec. 31, 2016
Corporate bond	72,943	0	72,943
Promissory note bond	0	71,529	71,529
Other financial liabilities	0	28,956	28,956
Total	**72,943**	**100,484**	**173,427**

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

15 Liabilities from post-employment benefits to employees.

in TEUR	March 31, 2016	Dec. 31, 2016	March 31, 2017	Dec. 31, 2017
Termination benefits	9,505	9,352	9,858	9,965
Pension benefits	14,603	14,283	14,088	13,482
	24,107	**23,635**	**23,946**	**23,447**

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.

Pension 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). The Group bears the risk of longevity and rising pensions in this connection. Furthermore, contributions are paid into an external pension fund by way of voluntary social benefits on behalf of active employees of the Group.

16 Provisions.

in TEUR	March 31, 2016	Dec. 31, 2016	March 31, 2017	Dec. 31, 2017
Non-current provisions	1,396	9,712	9,993	9,224
Current provisions	8,946	8,715	17,640	11,234
	10,341	**18,427**	**27,633**	**20,458**

in TEUR	March 31, 2017	Addition from business combinations	Addition from accumu-lation	Addition	Utiliza-tion	Disposal	Reclassi-fication	Currency translation differences	Dec. 31, 2017
Obligations from anniversary bonuses	1,249	139	11	9	0	-11	0	-22	1,377
Warranties	1,516	0	0	0	0	0	-522	0	993
Projects (excl. impending losses)	872	0	0	0	0	0	-250	0	622
Legal fees, costs of litigation and contract risks	61	0	0	0	0	0	112	0	173
Costs of dismantling, remov-ing and restoring assets	137	0	0	0	0	0	-15	0	122
Other non-current provisions	6,158	599	0	262	0	-99	75	-1,058	5,937
Non-current provisions, total	**9,993**	**738**	**11**	**271**	**0**	**-110**	**-600**	**-1,080**	**9,224**
Warranties	1,371	0	0	261	-81	-48	522	-125	1,901
Projects (excl. impending losses)	10,430	0	0	11	-4,356	-191	250	-274	5,870
Legal fees, costs of litigation and contract risks	4,645	0	0	6	-556	-877	-112	-457	2,649
Costs of dismantling, remov-ing and restoring assets	19	0	0	0	0	0	15	-17	17
Other current provisions	1,176	73	0	218	-333	-65	-75	-197	798
Current provisions, total	**17,640**	**73**	**0**	**497**	**-5,327**	**-1,180**	**600**	**-1,069**	**11,234**
Total	**27,633**	**811**	**11**	**768**	**-5,327**	**-1,290**	**0**	**-2,149**	**20,458**

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

17 Business combinations and other changes in the scope of consolidation.

Simex, Integración de Sistemas, S.A.P.I. de C.V.
On July 18, 2017, Kapsch TrafficCom AG purchased the remaining 60.03% of the Mexican company Simex, Integración de Sistemas S.A.P.I. de C.V., Mexico (hereinafter referred to as Simex). Simex is a major provider of intelligent transport systems (ITS), including hardware and software solutions. In 2012, 33% of Simex have already been acquired by the Group. These shares were increased by a capital reduction on July 18, 2017 to 39.97%, in which the Group did not participate. Up to now, Simex has been included in the result from associates (see note 11).

The fair value of the acquired identifiable assets and liabilities assumed by Simex at the acquisition date are shown as follows (provisionally determined):

	Fair value
Property, plant and equipment	48
Intangible assets	5,000
Inventories	3,166
Receivables and other current assets	2,057
Cash and cash equivalents	49
Non-current financial liabilities	-152
Non-current provisions	-738
Deferred tax liabilities	-1,040
Current financial liabilities	-1,832
Trade payables	-1,505
Other liabilities and deferred income	-1,615
Current provisions	-73
Net assets acquired	**3,365**

The difference between the purchase price, the fair value of the shares previously held and the fair value of the net assets acquired is calculated as follows (provisionally determined):

Consideration	
Consideration paid	1,066
Consideration not yet due	1,005
Fair value of the previously held shares	1,370
Less fair value of net assets acquired	-3,365
Goodwill	**76**

The above description is based on a preliminary purchase price allocation. The values may change due to the ongoing assessment. The purchase price consists of a payment in July in the amount of TEUR 1,066 and a payment due on March 29, 2019 in the amount of TEUR 1,045, which was discounted. The cash and cash equivalents acquired in the context of the acquisition amounted to TEUR 49, the preliminary net cash outflow in the first half of the fiscal year 2017/18 from the acquisition amounted to TEUR 1,017. The transaction costs directly attributable to the acquisition amounted to TEUR 141 and were recognized in the income statement and in cash flow from operating activities.

The goodwill amounting to TEUR 76 was allocated to the cash-generating unit ETC-Americas (TEUR 61) and to the cash-generating unit IMS-Americas (TEUR 15).

The acquired company contributed revenue of TEUR 3,502 and a net loss of TEUR -623 to the result of the Group for the period from July 18, 2017 to December 31, 2017.

Other changes in the scope of consolidation.

In the first half year of 2017/18, a total of 17.1% of the shares of TMT Services and Supplies (Pty) Ltd., South Africa, was distributed indirectly via MobiServe Pty Ltd., South Africa, to an “Employee Participation Scheme Trust”, in which all group employees in South Africa on a voluntary basis can participate in the company success of the TMT. This measure aimed at increasing the motivation of the employees as well as the competitiveness of the company within the framework of the BBBEE evaluation in South Africa. This indirectly also reduced the share of Electronic Toll Collection (PTY) Ltd, South Africa. The effects of the change in the shares as well as the assessment of the changed control rights are provisional and may be adjusted after final assessment.

At the beginning of September 2017, Kapsch TrafficCom S.A.S. in Colombia was founded.

At the end of September 2017, the remaining share (1%) of Kapsch TrafficCom Construction & Realization spol. s.r.o. was acquired from the Kapsch Group for TEUR 1.

At the beginning of October, Kapsch TrafficCom Transportation NA, Inc, Kapsch TrafficCom U.S.A., Inc were merged with Kapsch TrafficCom IVHS Inc, and Kapsch TrafficCom IVHS Inc was renamed Kapsch TrafficCom U.S.A., Inc.

18 Contingent liabilities and other commitments.

Most of the contingent liabilities of Kapsch TrafficCom result from largescale projects, with the remainder relating to both performance guarantees and warranty obligations, sureties and performance bonds issued by Kapsch TrafficCom, 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, in line with standard industry practice, solely comprise obligations owed to third parties as follows:

in TEUR	March 31, 2017	Dec. 31, 2017
Contract, warranty, performance and bid bonds		
South Africa (toll collection systems)	42,134	40,526
Australia (toll collection systems)	22,428	20,298
Mexico	0	4,527
Other	416	3,159
Total	**64,978**	**68,510**

Outflows of resources in connection with other liabilities amounting to TEUR 363,606 (March 31, 2017: TEUR 369,605), 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 2017/18
Affiliated companies outside the Kapsch TrafficCom		
Revenues	7,020	4,580
Expenses	23,667	21,035
Other related parties		
Revenues	128	41
Expenses	73	23

in TEUR	March 31, 2017	Dec. 31, 2017
Affiliated companies outside the Kapsch TrafficCom		
Trade receivables and other assets	1,926	4,386
Trade payables and other payables	12,398	8,528
Liabilities from share purchase	3,465	3,491
Other related parties		
Trade receivables and other assets	15	15
Trade payables and other payables including pension benefits	12,765	11,285

At the end of September 2017, the remaining share (1%) of Kapsch TrafficCom Construction & Realization spol. s.r.o. was acquired from the Kapsch Group (see note 17).

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

A comprehensive presentation of the different relationships with related parties is represented in note 34 of the annual financial statements for 2016/17.

20 Events occurring after December 31, 2017.

In January 2018, a new long-term financing of EUR 50 million was concluded. Due to this new financing, the equity ratio will decline again as of the balance sheet date.

On January 15, 2018, the contract for the construction, technical equipment and technical support of the nationwide toll system for trucks over 3.5 tons as well as the introduction of the eVignette for passenger cars in Bulgaria was signed. The project has a term of 19 months and a volume of approximately EUR 76.6 million.

Kapsch TrafficCom was informed in January 2018 that the tender for a nation-wide toll system in Poland was stopped. This was the expected consequence of the efforts of the Polish government to have the toll system run by public authorities. The upright contract with Kapsch TrafficCom for the operation of the nation-wide toll system is not affected.

Vienna, February 27, 2018

The Executive Board

Mag. Georg Kapsch
Chief Executive Officer

Dipl.-Betriebsw. André Laux
Executive Board member

Dr.-Ing. Alexander Lewald
Executive Board member

Financial calendar.

June 18, 2018	Results FY 2017/18
August 23, 2018	Results Q1 2018/19
August 27, 2018	Record date: Annual General Meeting
September 6, 2018	Annual General Meeting
September 10, 2018	Dividend ex date
September 11, 2018	Record date: dividend
September 13, 2018	Dividend payment date
November 21, 2018	Results H1 2018/19
February 21, 2019	Results Q1-Q3 2018/19

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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 the 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. Kapsch TrafficCom AG 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.

This report was created with the greatest possible care, and all data has been checked conscientiously. Nevertheless, the possibility of layout and printing errors cannot be completely excluded. 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.

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Kapsch TrafficCom

Kapsch TrafficCom is a provider of intelligent transportation systems in the fields of tolling, traffic management, smart urban mobility, traffic safety and security, and connected vehicles. As a one-stop solutions provider, Kapsch TrafficCom offers end-to-end solutions covering the entire value creation chain of its customers, from components and design to the implementation and operation of systems. The mobility solutions supplied by Kapsch TrafficCom help make road traffic safer and more reliable, efficient, and comfortable in urban areas and on highways alike while helping to reduce pollution.

Kapsch TrafficCom is an internationally renowned provider of intelligent transportation systems thanks to the many projects it has brought to successful fruition in more than 50 countries around the globe. The family-owned company is headquartered in Vienna, Austria and in 2017 celebrated 125 years of successfully developing and implementing new technologies for the benefit of its customers. As part of the Kapsch Group, Kapsch TrafficCom has subsidiaries and branches in more than 30 countries. It has been listed in the Prime Market of the Vienna Stock Exchange since 2007 (ticker symbol: KTCG). Kapsch TrafficCom has more than 4,800 employees, and generated revenue of EUR 648.5 million in fiscal year 2016/17.

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