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challenging limits

Kapsch TrafficCom

Investor Presentation.

December 2018.

Kapsch.

KTC: Leading entity of the Kapsch Group.

- > Kapsch founded in Vienna in 1892
- > Electronic industry
- > Strong brand in Austria
- > Four key entities
 - **Kapsch TrafficCom – KTC**
(Intelligent Mobility Systems)
 - Kapsch BusinessCom
(ICT solutions for enterprises and public administration)
 - Kapsch CarrierCom
(End-to-end telecom solutions for railway operators, public authorities, and airports)
 - Kapsch Public TransportCom
(Intelligent infrastructure solutions for public transport operators & transportation agencies)
- > Group revenues >EUR 1bn



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Kapsch: Tradition meets Future.

125+ years in the ever-changing technology industry are a proof of the sustainable business approach and the entrepreneurial spirit within the family-owned Kapsch Group.

This, together with the professionalism, structures and transparency required from a listed company, are key success factors for Kapsch TrafficCom.

Kapsch TrafficCom.

At a glance.



Provider of Intelligent Mobility Solutions

- Tolling
(Electronic Toll Collection – ETC)
- Mobility
(Intelligent Mobility Solutions – IMS)



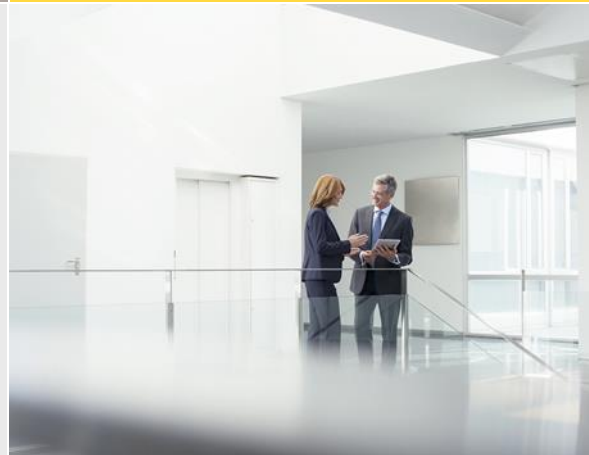
Solid financial parameter

- Revenues ~EUR 700mn
- EBIT ~EUR 50mn
- Sustainable dividend policy: Base dividend of EUR 1.—

Fiscal year: April 1 – March 31

Global player

- More than 5,200 employees
- Presence in >30 countries
- References in >50 countries



Listed at Vienna Stock Exchange

- IPO in 2007
- Free float 36.7%



Relevant mega trends and drivers.

Urbanization

Share of people living in cities is rising:

Since 2007: > 50% by 2030: > 60%

World's population continues to grow.

Urban population expected to grow:

Today: 4.2 billion by 2050: 6.7 billion

Mobility

With increasing affluence, desire for mobility increases.

Mobility viewed as a basic need/necessity.

Strong growth of individual transportation as a result of emerging countries catching up economically.

Climate protection

In Europe, >25% of energy consumption and CO₂ emissions attributed to transportation sector.

64% of total kilometers driven in cities; number of kilometers is expected to triple (2010-2050).

Expansion & financing of transportation networks

Road infrastructure needs to be maintained and expanded (especially in emerging countries).

Global investment in transport infrastructure to grow 5% p.a. (2015-2025).

Technology and concepts

Radical change in transport industry with new technologies and concepts, e.g.

- > e-mobility,
- > Mobility as a service (MaaS),
- > Connected vehicles,
- > Big data-based applications.

Convergence of the various ITS market segments calls for intelligent, holistic mobility solutions.

Portfolio of solutions.

Integrated mobility solutions provider – financial segmentation.



Tolling (ETC)

Electronic toll collection

- > Multi-lane free-flow
- > Managed lanes (tolled)
- > Mobile tolling
- > eVignette

Plaza tolling

- > Stand-alone manually operated tolling plazas
- > Plaza tolling systems combined with electronic toll collection

City tolling

- > Static city toll
- > Situation-dependent road pricing

Tolling services

- > European Electronic Toll Service (EETS)
- > Tolling services for passenger cars

Revenues 2017/18: EUR 522 million, i.e. 75%

Intelligent Mobility Solutions (IMS)

Traffic management

- > Highway traffic management
- > Urban traffic management
- > Managed lanes
- > Tunnels and bridges

Traffic safety & security

- > Road safety enforcement
- > Commercial vehicle enforcement
- > Electronic vehicle registration

Connected vehicles

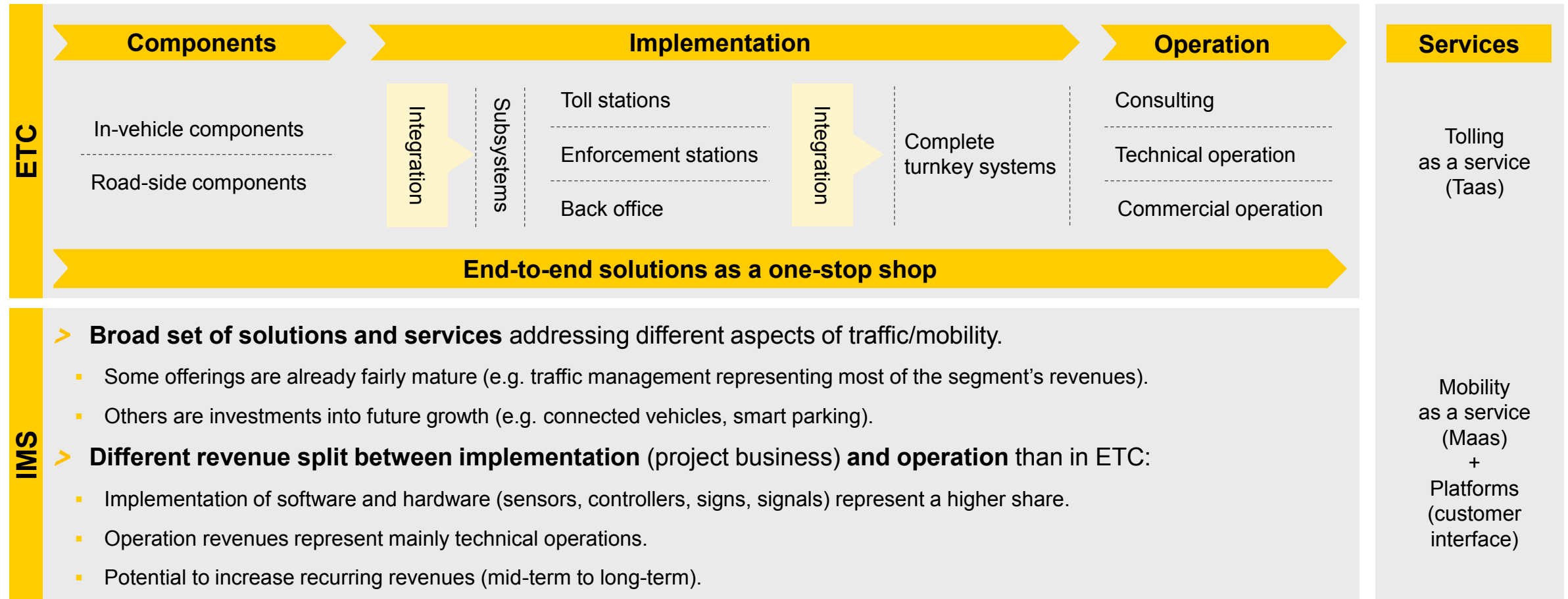
- > V2X-automotive
- > V2X-infrastructure (connected road)
- > Connected mobility

Smart urban mobility

- > Access management
- > Smart parking
- > Intermodal mobility

Revenues 2017/18: EUR 172 million, i.e. 25%

Characteristics of the two segments.



Product portfolio.



In-vehicle products

- > 5.8 GHz DSRC transponders/on-board units
- > 5.9 WAVE/5G DSRC on-board units
- > 915 transponders
- > RFID-63 passive transponders
- > GNSS/DSRC on-board units



Radio frequency (RF) field products

- > 5.8 CEN DSRC transceivers
- > 5.9 WAVE/5G DSRC transceivers
- > 915 readers
- > RFID-63 readers
- > Handheld & desktop transceivers and readers



Video and sensor products

- > ANPR cameras
- > Image processing suite
- > Vehicle detection and classification systems



Traffic management products

- > EcoTrafIX™ controller



Tolling extended to intelligent mobility solutions.

Kapsch TrafficCom – reducing the risk profile; less dependent on few large customers.



2007/08 (IPO)

- > Mainly tolling business
- > Only a few customers
- > Very limited traffic management activities
- > Business in Europe, Australia and Chile

2012/13

- > Mainly tolling business
- > Strong ETC growth driven by a few large-scale customers
- > Little non-ETC business
- > In total <200 customer projects
- > Growing share of business in the Americas

2017/18

- > Mainly tolling business
- > Customer base significantly diversified (also within ETC)
- > Non-ETC portfolio massively expanded
- > ETC still the growth driver but non-ETC business gains relevance
- > In total >1,000 customer projects
- > Global player

New/additional customers

New/additional solutions

New business models

Operational excellence

In the 2020s

- > ETC and traffic management business expand further
 - > Intelligent mobility solutions, e.g.
 - Smart urban mobility
 - Connected vehicles
- grow rapidly and represent a substantial part of the business

USP.

What makes Kapsch TrafficCom unique?

- Ability to develop tailored solutions – proven track record
- Close to our customers
- Domain know-how
- Broad variety of technologies, prime quality
- Integrated, one-stop-shop
- Only real global player in ETC
 - Best practice
 - Risk diversification
- A leading position in our core business
- Size and financial stability
- Listed (transparence, access to capital)
- No principal-agent-conflict as one main shareholder is the CEO.



Financial results.
H1 2018/19.

H1 2018/19 and beyond.

Highlights.



- Germany: Contract for automated enforcement of the new passenger car toll.
- Poland: Contract to support the further operation of the system for another 21-27 months.
- Czech Republic: Minister of Transport signs contract with a competitor; legal proceedings launched.
- Zambia: Full consolidation from September 2018.
- EETS: JV with Axxès to build and operate technology platform for EETS; partnership with OMV to launch OMV Smart Toll.
- Deferrals in certain projects had impact on revenues and earnings of H1 2018/19.

Revenues

EUR 335.8 mn

H1 2017/18 | EUR 340 mn
-1%

FY 2017/18: EUR 693.3 mn

EBIT

EUR 17.8 mn

H1 2017/18 | EUR 25 mn
-30%

FY 2017/18: EUR 50.1 mn

EBIT margin

5.3%

H1 2017/18 | 7.4%
-2.1%p

FY 2017/18: 7.2%

EPS

EUR 0.70

H1 2017/18 | EUR 1.1
-37%

FY 2017/18: EUR 2.21

H1 2018/19.

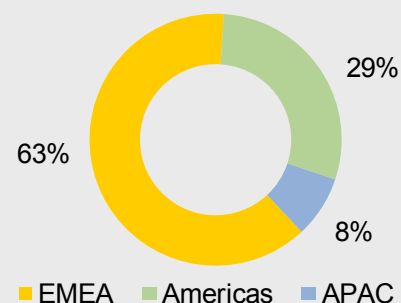
Segment results: ETC accounts for 78% of total revenues, IMS 22%.

ETC

Key financials

All figures in EUR mn unless otherwise stated	H1 2017/18	H1 2018/19	+/-
Revenues	260.7	262.1	1%
EBIT	32.1	24.8	-23%
<i>EBIT margin</i>	12.3%	9.5%	-2.8%p

Revenues by region



Revenues by type

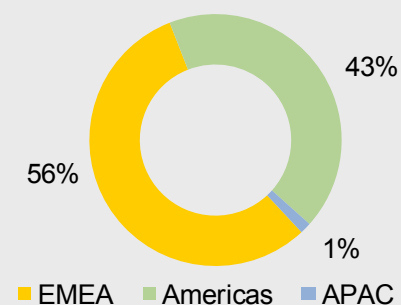
All figures in EUR mn unless otherwise stated	H1 2017/18	H1 2018/19	+/-
Implementation	68.2	73.6	8%
Operation	140.3	133.4	-5%
Components	52.2	55.1	6%
OBU sold, million units	5.9	6.8	16%

IMS

Key financials

All figures in EUR mn unless otherwise stated	H1 2017/18	H1 2018/19	+/-
Revenues	79.1	73.7	-7%
EBIT	-6.8	-7.0	-3%
<i>EBIT margin</i>	-8.6%	-9.5%	-0.9%p

Revenues by region



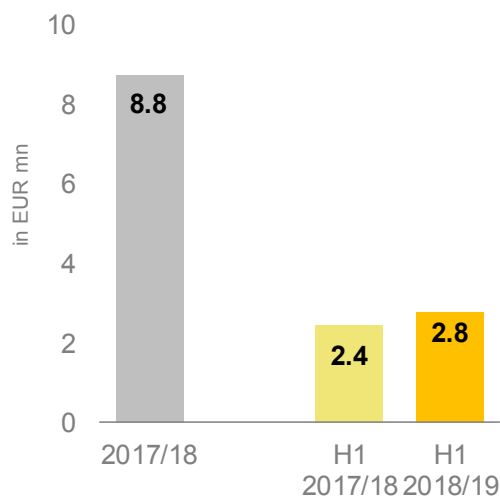
Revenues by type

All figures in EUR mn unless otherwise stated	H1 2017/18	H1 2018/19	+/-
Implementation	35.6	30.3	-15%
Operation	38.2	38.4	0%
Components	5.3	5.0	-4%

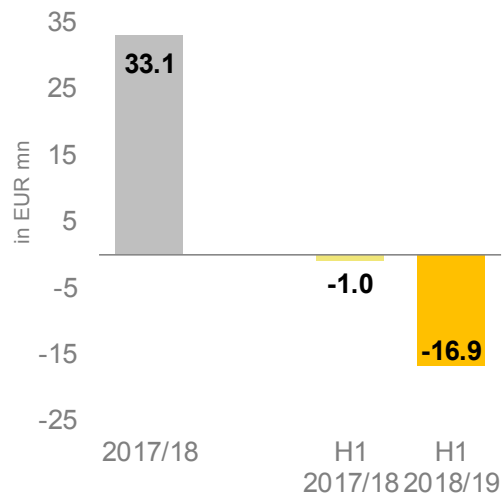
H1 2018/19.

Other key financials.

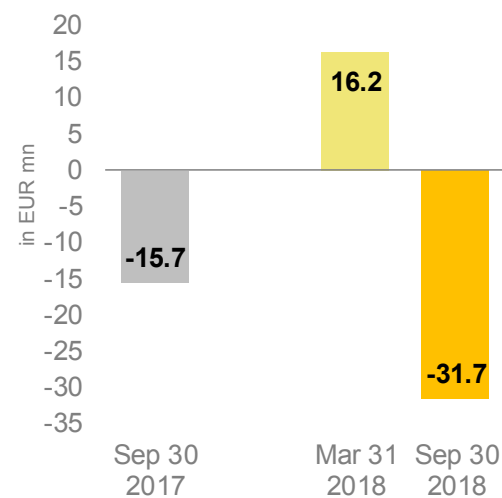
Net CAPEX



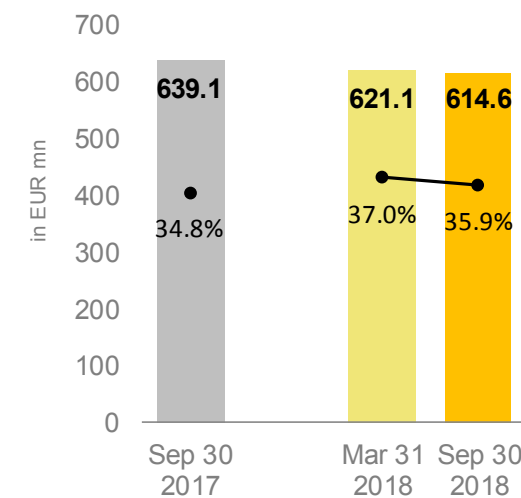
Free cash flow



Net cash/debt



Balance sheet total and equity ratio



- > CAPEX on previous year's level.
- > Free cash flow followed development operating result; net working capital increased stronger than in H1 2017/18.

- > Negative free cash flow and dividend payment (EUR 19.5 mn) caused net cash to turn into net debt.
- > Balance sheet continues to be very robust.

Outlook & medium-term goals.

Outlook 2018/19

- > Revenues and EBIT at previous year's levels

Revenues (medium-term)

- > Growing in both segments
- > Grow stronger than the market
- > Higher growth rates for IMS in the long run

EBIT margin (medium-term)

- > ETC: comfortably >10%
- > IMS: in good environment, 8% possible
- > Group: > 10%



Dividends.

Dividend policy*

- > At least the higher of
1/3 of the earnings per share (EPS) and EUR 1.
- > Depending on economic development, the market environment and capital needs for upcoming projects, the dividend payment can be higher or lower. ...
- > ... However, within a reference period of 3 years, the company aims at paying out an average annual dividend of at least EUR 1.

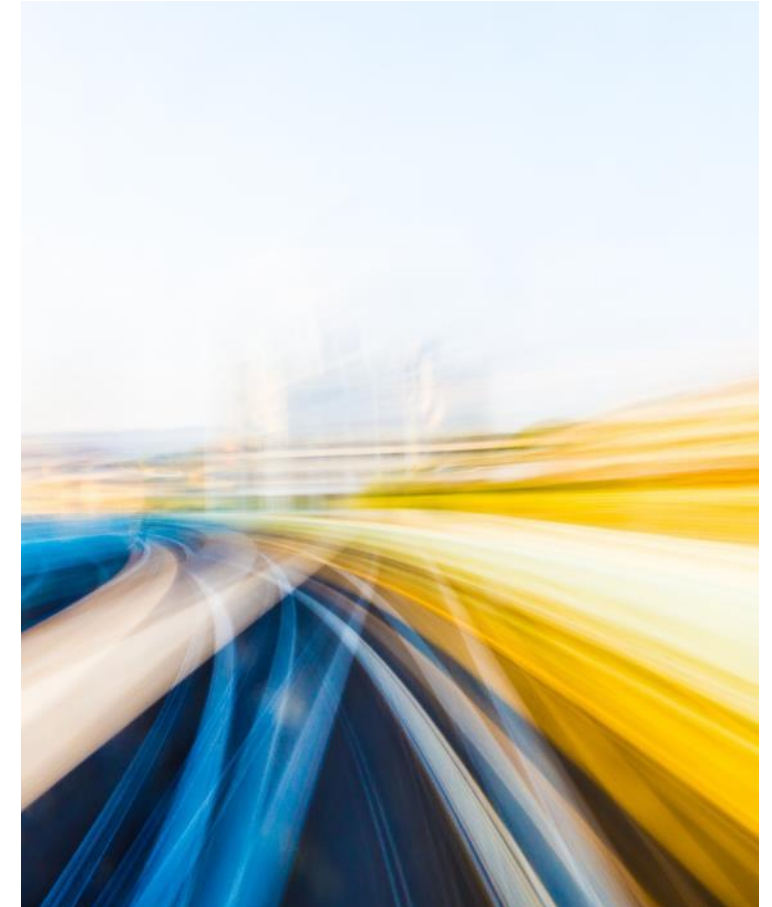
* As of November 29, 2016.

Dividend payouts

2016: EUR 1.50 (EPS 2015/16: 2.39)

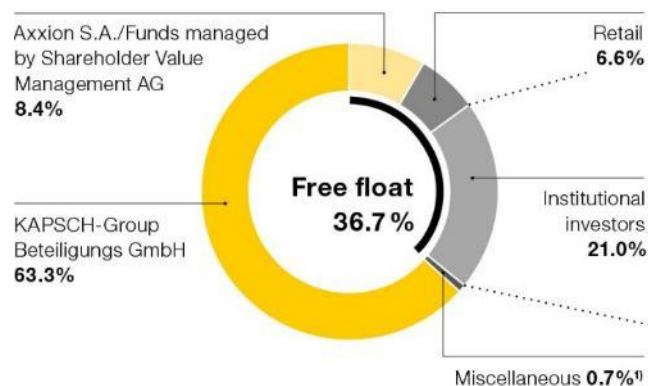
2017: EUR 1.50 (EPS 2016/17: 3.35)

2018: EUR 1.50 (EPS 2017/18: 2.21)



Kapsch TrafficCom share.

Shareholder structure



¹⁾ Trading positions and unidentified shareholders.

Institutional investors by region



Source: Shareholder survey from March 2018, participation notification, estimates by Kapsch TrafficCom.

Basic information

- > Listed in Prime Market segment at the Vienna Stock Exchange since 2007
- > 13 million shares
- > Coverage by: Erste Group, Kepler Cheuvreux, ODDO BHF, Raiffeisen Centrobank

Select events

February 21, 2019 Results Q1-Q3 2018/19

June 18, 2019 Results FY 2018/19

More information: www.kapschtraffic.com/ir



ISIN: AT000KAPSCH9

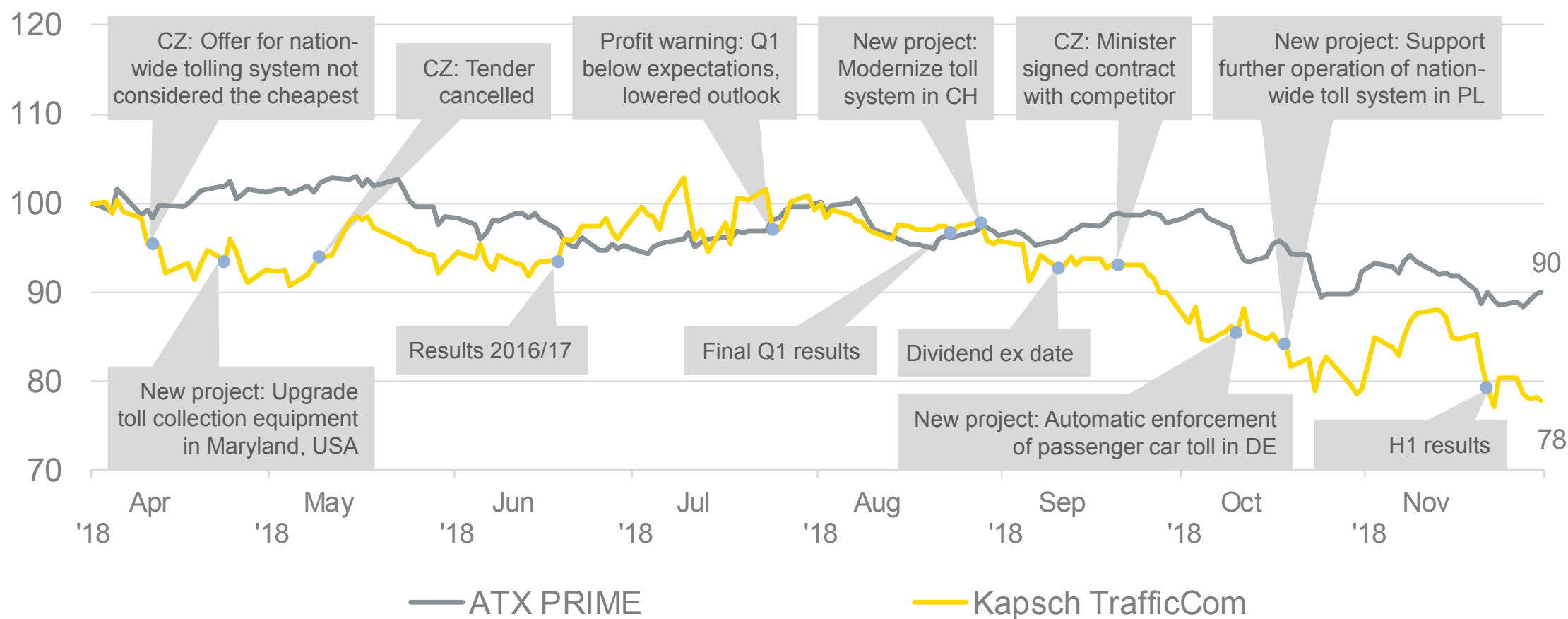
Reuters: KTCG.VI

Bloomberg: KTCG AV



Share price development.

Kapsch TrafficCom and ATX Prime.



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Appendix.

References and recent major projects.

References in more than 50 countries.

Global

All figures in EUR mn unless otherwise stated	2017/18	% of total
Revenues	693.3	
thereof ETC	521.6	75%
thereof IMS	171.6	25%

EMEA

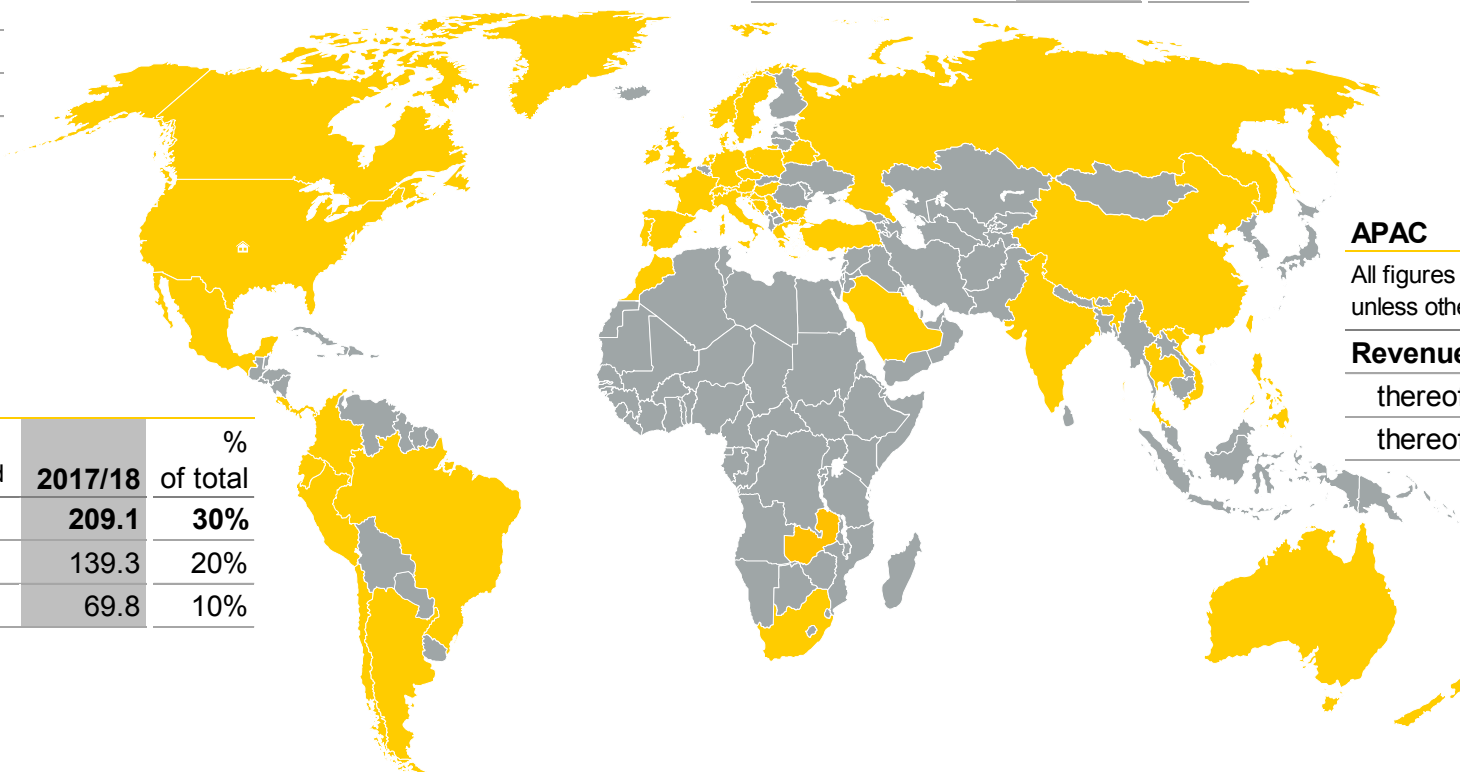
All figures in EUR mn unless otherwise stated	2017/18	% of total
Revenues	441.9	64%
thereof ETC	346.8	50%
thereof IMS	95.1	14%

Americas

All figures in EUR mn unless otherwise stated	2017/18	% of total
Revenues	209.1	30%
thereof ETC	139.3	20%
thereof IMS	69.8	10%

APAC

All figures in EUR mn unless otherwise stated	2017/18	% of total
Revenues	42.3	6%
thereof ETC	35.5	5%
thereof IMS	6.8	1%



Overview: Major project.

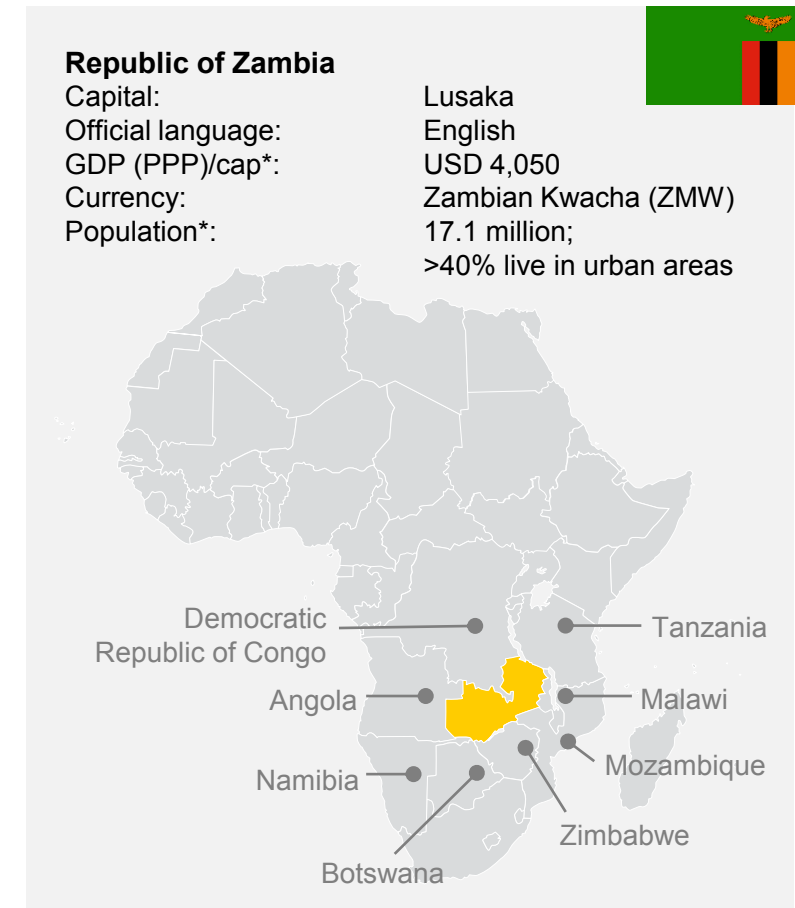
Road safety and traffic management in Zambia.

About the project

- > Nation-wide concession contract to improve road safety and traffic management.
- > Main components:
 - Vehicle inspection,
 - Vehicle registration,
 - Speeding fines and other traffic-related infringements.
- > Term: 17 years

Organizational & financial

- > Joint venture (JV) with local partner Lamise Trading.
- > Consolidation: Until August 2018 at equity, thereafter full consolidation.
- > JV's expected revenues in the first 3 years projected to be in the range of EUR 90 million to EUR 110 million.



*Source: World Bank (Data for 2017)

Full consolidation of JV in Zambia.

Service concession agreement according to IFRIC 12.

IFRIC 12 because

- > Public-to-private arrangement to build-operate-transfer an asset without separate payments of building, operating and transferring the asset to a public entity, but is paid via the operation (user fees, fines , etc. of the asset).
- > Public entity regulates what services we provide with the assets, to whom and at what prices.
- > Assets are used for their entire useful life and legally transferred to the public entity at the end of the arrangement.

Consequences

- > Equivalent of the implementation revenues = intangible assets (considered as the right to charge users of the infrastructure/the public service).
- > These intangible assets are to be depreciated until the end of the contract's life.

Further note

- > Result for the period: 49% of JV's results attributable to non-controlling interests, 51% to equity holders of the company.

Overview: Major project.

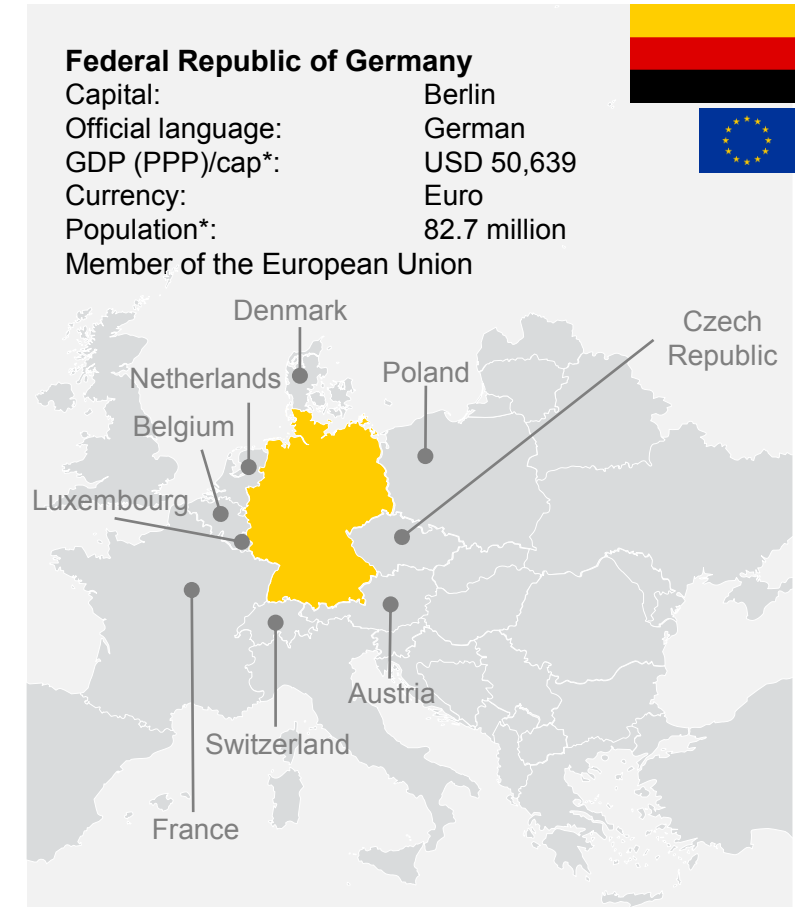
Automatic enforcement of the German passenger car toll.

About the project

- > Planning, development, implementation, operation and maintenance of the automated enforcement system for the German passenger car toll.
 - Equipment (e.g. cameras, scanners)
 - Central system (software)
- > Awarded: October 22, 2018.
- > Term: 12 years starting with the first collection of the passenger car toll, can be extended to up to 15 years.

Financial

- > Total project volume in the range of <EUR 100 million up to EUR 120 million.



*Source: World Bank (Data for 2017)

Overview: Major project.

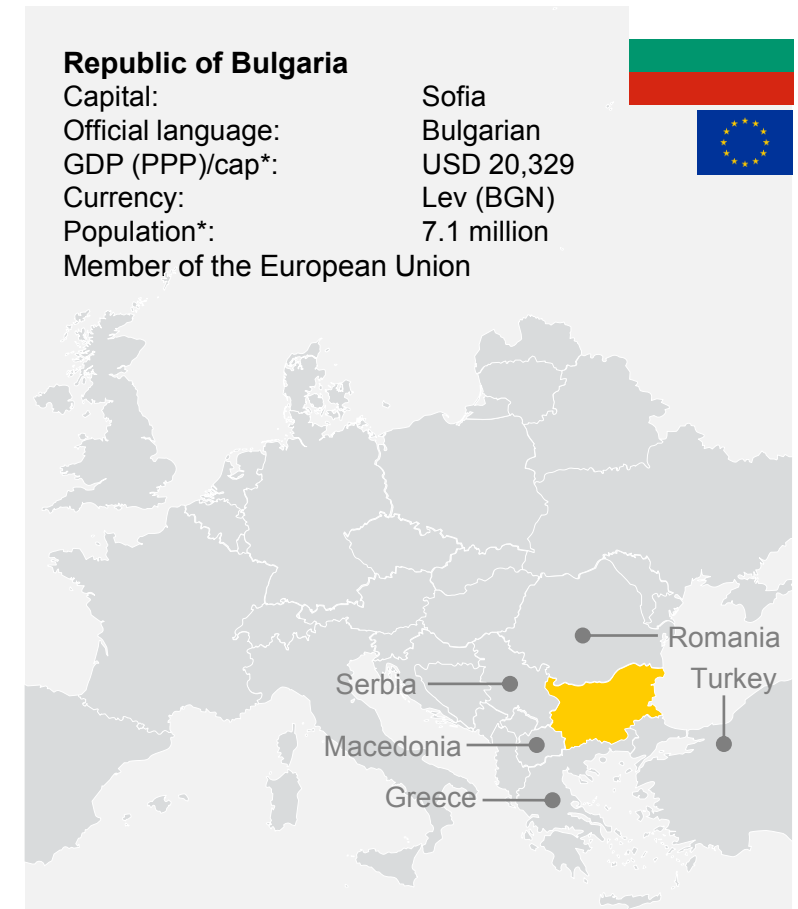
Nation-wide tolling system in Bulgaria.

About the project

- > Contract to design and build nation-wide tolling system.
- > Satellite technology for trucks over 3.5 tons.
- > eVignette for passenger cars.
- > Tolls collected on all class I, II, and III roads, (all paved roads).
- > Some details:
 - 500 terminals for registering and issuing eVignettes,
 - 100 enforcement vehicles, 100 weigh-in-motion facilities, 100 tolling gantries.
- > Term: 19 months from signing (January 2018).
- > Kapsch TrafficCom's 6th nation-wide toll collection system in Europe (after Austria, Switzerland, Poland, the Czech Republic, and Belarus).

Financial

- > Total project volume of about EUR 76.6 million.



*Source: World Bank (Data for 2017)

Overview: Major project.

Tolling in Maryland (USA).

About the project

- > Contract to replace and maintain all roadside tolling equipment in the mixed-mode, cash, and express toll lanes under management of the Maryland Transportation Authority.
- > The new roadside equipment will include:
 - RFID toll readers.
 - Automated license plate recognition (ALPR) cameras.
 - Scanners in the mixed-mode lanes.
 - Stereoscopic Vehicle Detection and Classification sensors.
- > Term: Start in February 2018, replacement of all toll equipment by 2020, six years of subsequent technical operation as well as the option to extend the contract for additional four years.

Financial

- > Total project volume of more than EUR 55 million.



Overview: Major project.

Port Authority of New York and New Jersey (USA).

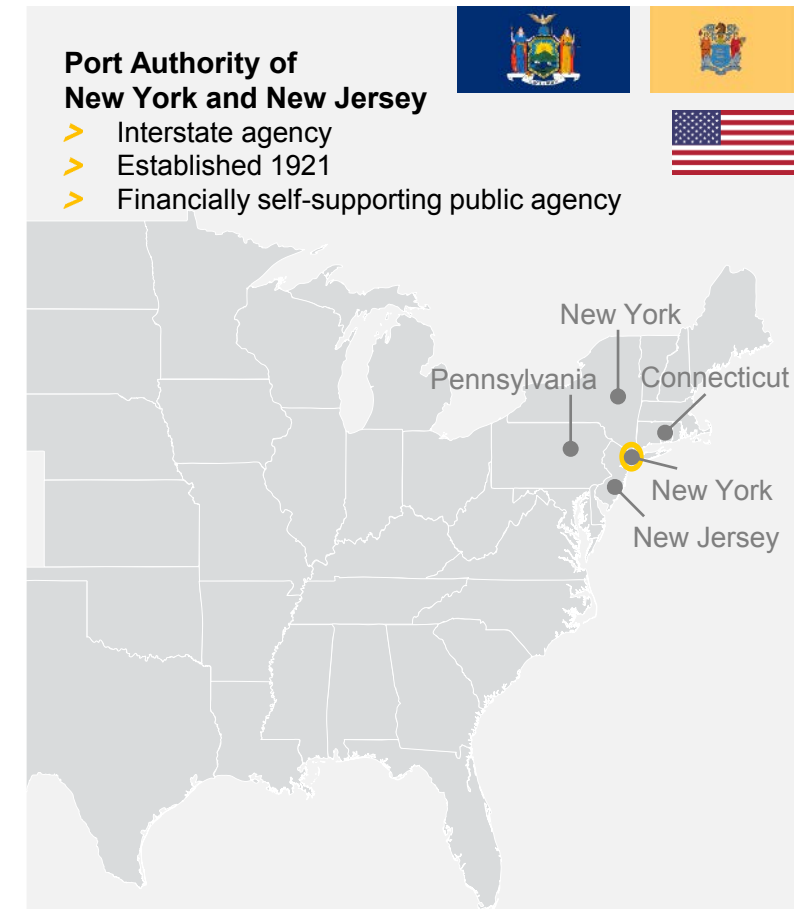
About the projects

1. Tolling (2016)

- > Replace the toll collection system at all bridges and tunnels and ongoing system maintenance.
- > Term: Upon completion, maintenance for a 6-year period, with options to extend for up to three 2-year periods.
- > Total project volume >EUR 100 million.

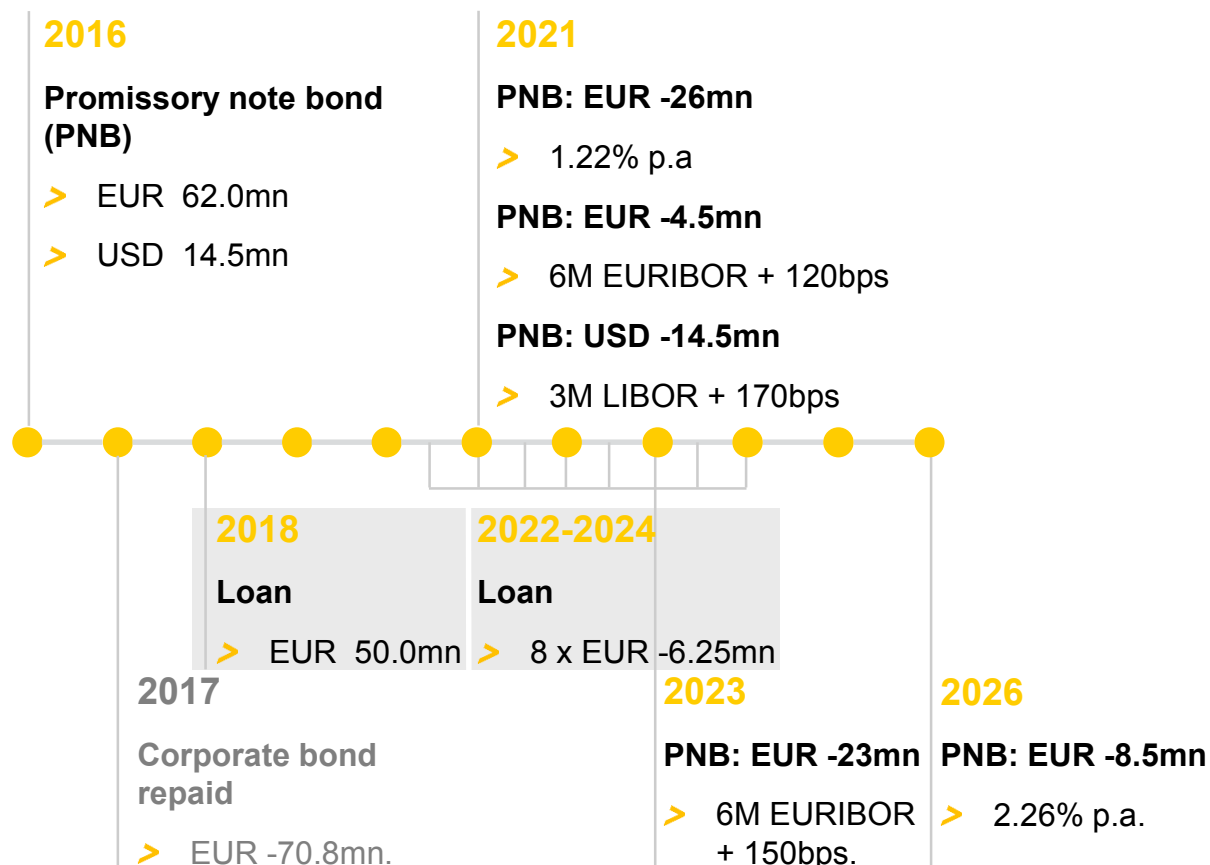
2. Traffic Management (2017)

- > Design and install an Agency-Wide Advanced Transportation Management Software (ATMS).
- > Term: 4-year base term followed by two additional 1-year optional support periods.
- > Total project volume >EUR 8 million.



Appendix.
Miscellaneous.

Promissory note bond & long-term bank loan.



Corner stones of the promissory note bond

- > Issued 2016
- > Volume: EUR 62mn + USD 14.5mn
- > 3 tenors (5/7/10 years)
- > Partially fixed interest, partially variable

Corner stones of the long-term bank loan

- > Issued January 2018
- > Volume: EUR 50mn
- > Term: 6 years
- > Fixed interest: 0.8% p.a.
- > Redemption: 2.5 years grace period, then 8 half-year installments

Corporate milestones (1).

More than 125 years in the ever-changing electronic industry.

1892

Kapsch founded

- > Morse telegraph devices
- > Telephones (fixed and mobile)
- > Capacitors and dry batteries
- > Radios, incl. portable radios
- > TVs (black & white, later color)
- > Telecom networks

1995

Contract for the realization of the nationwide Ecopoint System, the world's 1st emissions-based TMS

2002

Kapsch Aktiengesellschaft restructured in:

- **Kapsch TrafficCom**
- Kapsch BusinessCom
- Kapsch CarrierCom

2007

IPO of Kapsch TrafficCom

Nation-wide ETC system in Czech Republic goes into operation

1991

Toll collection division within Kapsch Aktiengesellschaft

1999

Launch of world's 1st MLFF ETC system for an urban motorway on Melbourne City Link in Australia.

2004

Austria introduces the national truck road user charging system: the worldwide 1st nationwide multi-lane free-flow system on major highways

Corporate milestones (2).

More than 125 years in the ever-changing electronic industry.

2007

IPO of Kapsch TrafficCom

Nation-wide ETC system in Czech Republic goes into operation

2011

Capital increase

USA: Selected by E-ZPass Group for new 10 year technology and services contracts

2016

Acquisition of the transportation business of Schneider Electric

2010

Poland: Contract for implementation and operation of nation-wide tolling system

North America: Acquisition of MARK IV IVHS

2012

Belarus: Contract for implementation and operation of nation-wide tolling system

2017

Zambia: Concession agreement for nation-wide road safety and traffic management

Bulgaria: Nation-wide tolling system

We make traffic solutions intelligent.

Why is this so important to us?

- ❖ *Because we want you to reach your destination quickly, comfortably, and safely.*
- ❖ *Because we want to enable our customers to provide the very best service at a low cost.*
- ❖ *Because we want to protect the environment.*