Kapsch TrafficCom

Investor Presentation.

March 2021.

Challenging the limits of mobility for a healthy world without congestion.

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Kapsch TrafficCom.

At a glance.

Provider of Intelligent Transportation Solutions

- Tolling
- Traffic Management

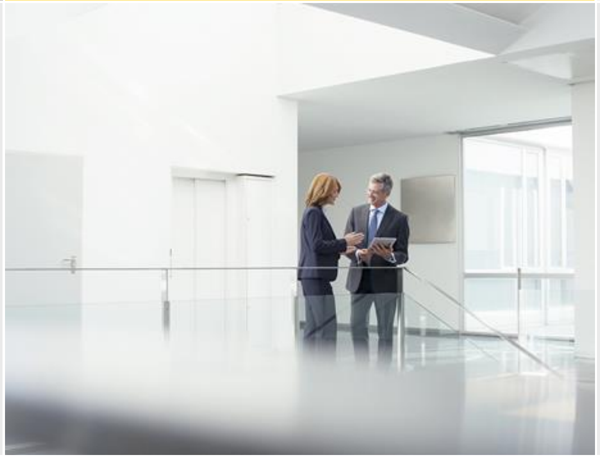
Financial parameters

- Revenues: > EUR 500 mn
- Employees: ~5,000
- Presence: >30 countries
- References: >50 countries

Financial year: April 1 – March 31

Technological forerunner

- ~18% of revenues invested in development*
- >1,200 patents*
- Pioneer in electronic toll collection



Listed at Vienna Stock Exchange

- IPO in 2007
- Free float 36.7%

**In FY 2019/20 or as of March 31, 2020*

Reporting segments.

ELECTRONIC TOLL COLLECTION (ETC) / TOLLING

- Pioneer and technology leader in electronic toll collection.
- Unique experience in nation-wide tolling systems.

Electronic toll collection.

Technology:
- Microwave (DSRC)
- Satellite (GNSS)
- Video
- Mobile tolling
- eVignette

Applications:
- Multi-lane free-flow (MLFF)
- Demand management
  - Congestion charging
  - Managed lanes (tolled)

Standards: CEN and WAVE

Plaza tolling.

Tolling services.

INTELLIGENT MOBILITY SOLUTIONS (IMS) / TRAFFIC MANAGEMENT

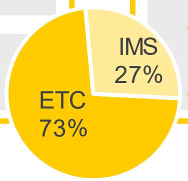
- Combines conventional traffic management with smart traffic solutions, demand management and data services.

Traffic management.

- Highway
- Tunnels/bridges
- Urban
- Corridors
- C-ITS / connected mobility

Demand management.

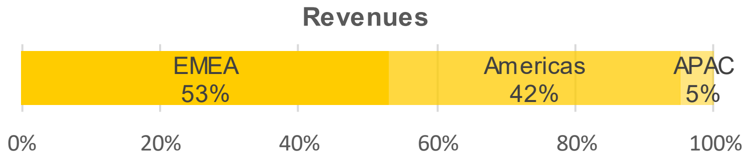
- Urban access management (non-charging)
- Managed lanes (non-charging)
- Cross-domain policy setter (CDPS) – new, to be developed



Regional focus markets.

Regional reporting

- EMEA (Europe, Middle East, Africa)
- Americas (North, Central and South America)
- APAC (Asia-Pacific)



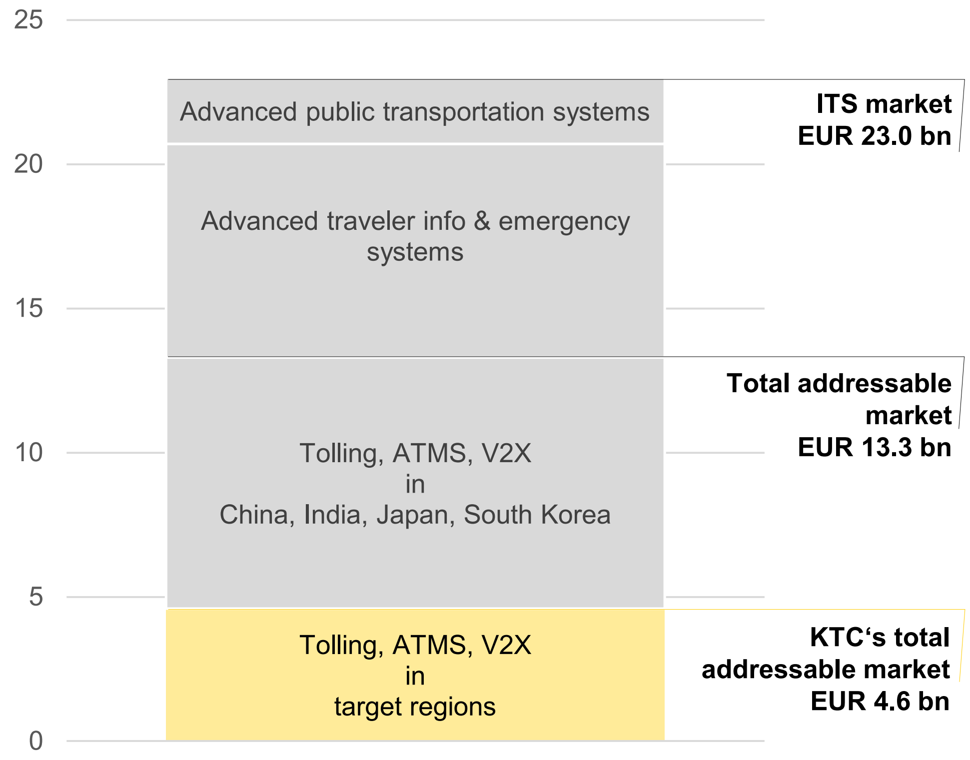
Competition

- Fragmented market:
  - regionally,
  - by solutions/applications,
  - by technology.
- Many competitors are (a rather small) part of a larger group.

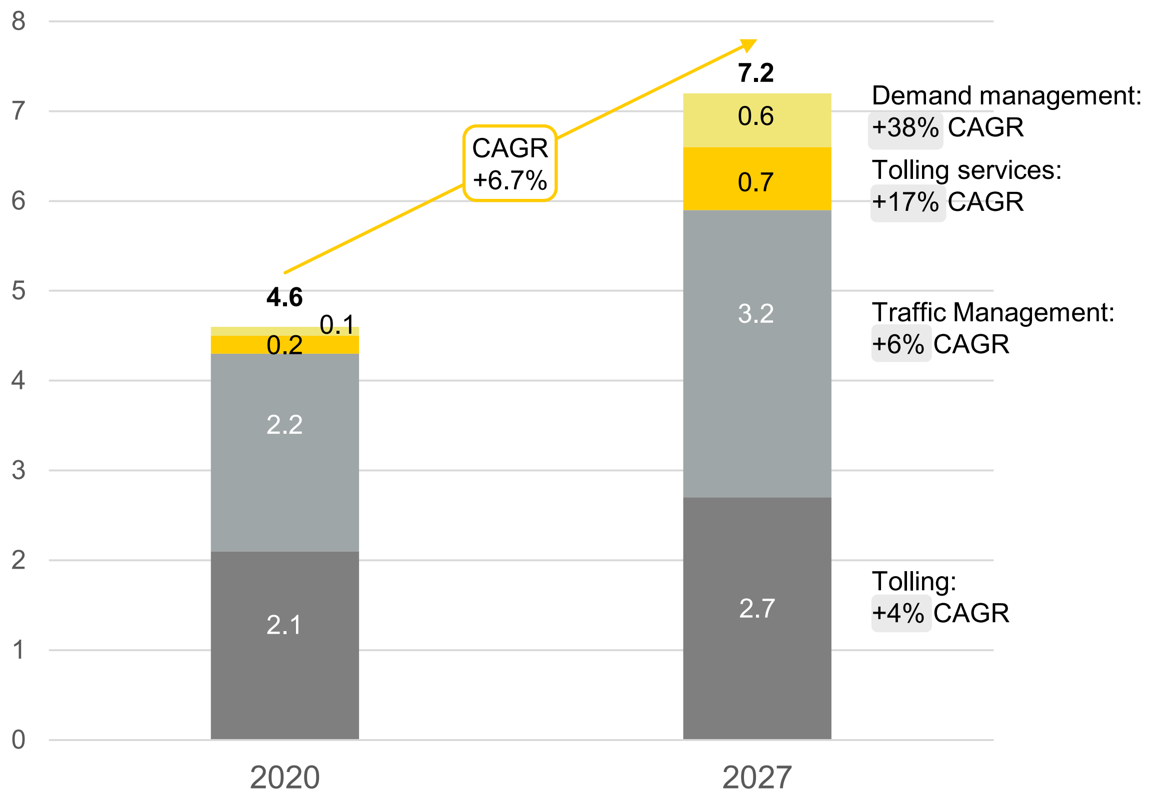
Market volume.

Target market and expected market development.

KTC's total addressable market in 2020
(in EUR bn)



KTC's total addressable market 2020-2027
(in EUR bn)



Source: Kapsch TrafficCom, Grand View Research, ABI Research

Business model.

Overview.

- Cover the customers’ entire value chain as a one-stop-shop.
- High degree of flexibility when responding to customer needs: From components, to building complete turnkey systems, to operating them.

Components

Develop, produce (Austria, Canada) or source:

- In-vehicle components
  - On-board units, transponders
- Road-side components
  - Transceivers, readers, cameras, sensors
- Traffic controllers

Implementation

Planning/design/installation of systems and applications

- System integrator
  - Own core technology
  - Subcontractors and partners as required
- Project and supplier management
- Installations are transferred to the customer upon completion

Operations

- Technical operations
  - Monitoring, maintenance and constant improvement of a system
- Commercial operations
  - Focus on consumer interfaces
  - Includes the planning and realization of sales offices, call center services, web portals, implementation of payment systems
- Compensation regardless of traffic volume

Tolling services

Europe:

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

USA:

- Toll road payments app

End-to-end solutions as a one-stop shop

Business model.

System integrator with in-house production of hardware and software.

Key components and systems (hardware and software) are developed and produced in-house.

Hardware

- In-vehicle products.
  On-board units, transponders
- Radio frequency field products.
  Transceivers, readers
- Video and sensor products.
  Cameras, vehicle detection and classification systems
- Traffic management products.
  Controllers

Production facilities in Vienna (Austria) and Mississauga (Ontario, Canada).

Software

- Commercial back office (tolling)
- Traffic management (DYNAC® and EcoTrafiX™)
- Enforcement (image processing suite)
- Platform for connected mobility

Market drivers.

Infrastructure demand & funding

- Growing car park and traffic volumes.
- More e-vehicles → lower fuel tax income.

Ecological footprint

- European Green Deal
- US-President Biden's focus on climate
- CO_2, particulate matter, noise

Urbanization

- 60% of population in cities by 2030, up to 70% by 2050.

Individualization

- Data privacy becoming more important.

Connected mobility

- Rapid evolution of network technology and autonomous vehicles and driving.

Data & artificial intelligence (AI)

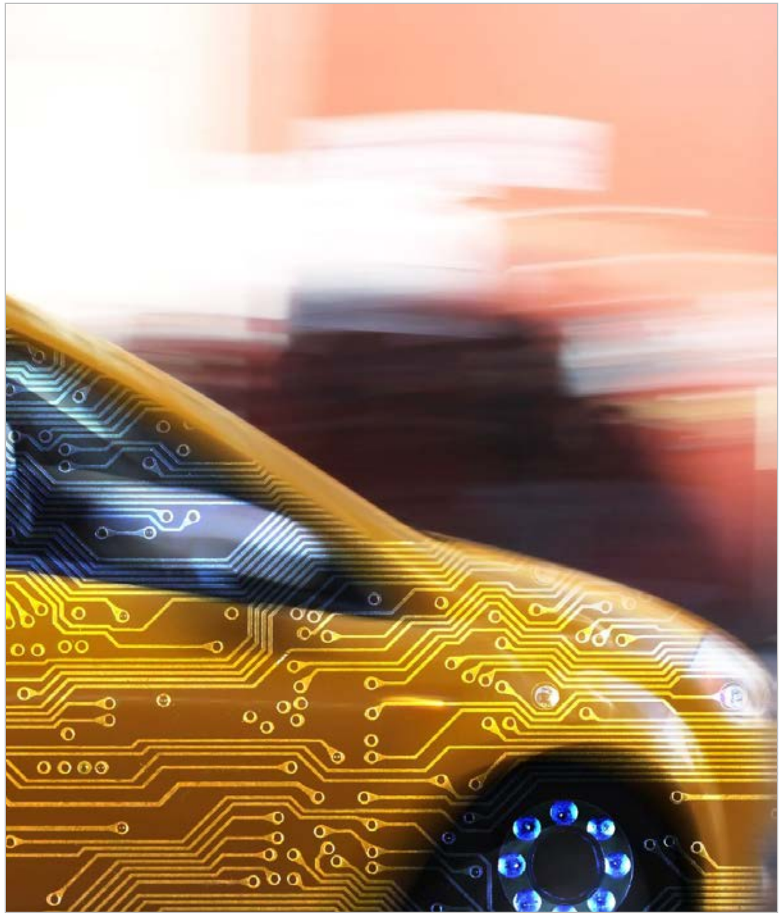
- Emergence of vehicle data hubs.
- AI for analytics, simulation and prediction.

New transportation modes & services

- New and shared transportation modes.
- Electrification of transportation.

Shift in business

- From hardware to software platforms.
- User-centric service design
- Smart infrastructure.



Major long-term industry trends.

Trends

Shift **from hardware to software platforms, data and services**.

Increasing **long-term demand for toll charging and traffic management.**
Scarce public funds, stricter environmental regulations, stronger user pays principles; decreasing fuel tax income due to rise of e-mobility.

Differentiated, usage-based fee models call for properly coordinated **demand management**.

Growing **user orientation and convenience** will promote **free-flow tolling systems** and **end user services.**

Emerging **new technologies and converging technologies.**
(E.g., connected vehicles, integrated connected car/truck functionalities, and new payment technologies)

Long-term growth in demand for **smart traffic management.**

Strategy 2027.

kapsch challenging limits

Strategic goals.

Until year-end 2027…

- Revenues > EUR 1 bn
  - Grow stronger than market
  - Primarily organic growth
- EBIT margin well above 10%
- Equity ratio > 30%
- CO_2-neutral as a company

> **Tolling** is projected to remain the key driver of performance.

> **Tolling services** for business partners (B2B) and – to a certain extent – end users (B2C) will gain importance.

> **Traffic management** will become more and more (smart) data driven.

> **Demand management** (manages flow of people across all transport modes rather than only road traffic) exists in selected markets today and is projected to get applied in more and more markets.

> **Core regions**: Europe, North America, Latin America and Oceania.

> **Total addressable target market** expected to grow with a CAGR of 6.7% from EUR 4.6 billion (2020) to EUR 7.2 billion.

USP.

What makes Kapsch TrafficCom unique?

- Ability to develop tailored solutions – proven track record
- More than 125 years in the technology industry
- Close to our customers
- Deep and comprehensive domain know-how
- Broad variety of technologies, prime quality
- Integrated, one-stop-shop
- Only real global player in ETC
  - Best practice
  - Risk diversification
- Scale
- Listed (transparence, access to capital)
- Shareholder interests sustainably secured on the Executive Board by CEO Georg Kapsch.

Financial results.

Q1-Q3 2020/21.

Q1-Q3 2020/21.

Highlights.

- Expiry of major projects, COVID-19, special effects, internal challenges led to a decline in revenues and negative EBIT.
- Restructuring measures have shown the first signs of success; free cash flow is positive again.
- Acquisition of the remaining shares in tolltickets; sale of equity investments in Fluidtime, Q-Free.

Revenues	EBIT	EBIT margin	EPS
EUR 384 mn	EUR -89 mn	-23.1%	EUR -6.03
Previous year: EUR 545 mn, -30%	Previous year: EUR 8 mn, n.m.	Previous year: 1.4%, -24.5%p	Previous year: EUR 0.14, n.m.

Special effects on EBIT in Q1–Q3 2020/21.

kapsch
challenging limits

> **Adjustments of project margins and provisions for onerous contracts** For projects, especially in North America, adjustments in project margins and set up of provisions for onerous contracts were necessary.	**EUR -50 mn**
> **Goodwill impairment** Full impairment of goodwill of the CGU ETC-EMEA.	**EUR -21 mn**
> **Provision for lawsuit** A competitor in the USA filed a lawsuit and accused Kapsch TrafficCom of patent violations.	**EUR -8 mn**
> **Currency effects** USD, SEK against EUR.	**EUR -11 mn**
	EUR -90 mn

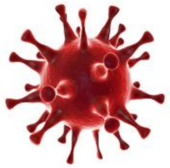
Current impact of COVID-19 and Brexit.

COVID-19.

> Significant decrease in business with on-board units.

- In Q1–Q3 2020/21, 7.5 million OBUs were sold (10.1 million in Q1–Q3 of the previous year)
- ETC component revenues fell by 34% in Q1–Q3 2020/21

> Increased delays in tenders and contract awards.



> Visibility relating to new business has decreased significantly.

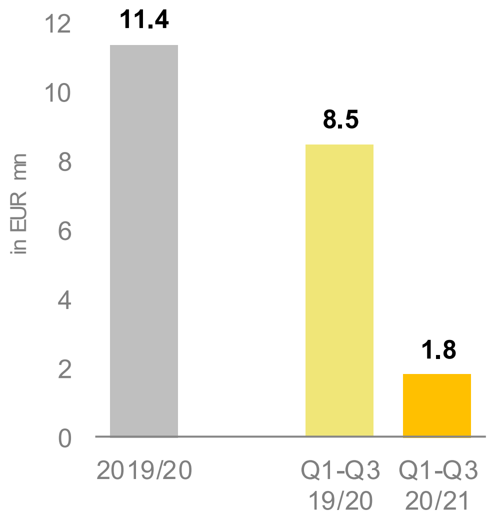
Brexit

> No significant impact on the results, as revenues in the UK were in the single-digit million range during the first three quarters of 2020/21.

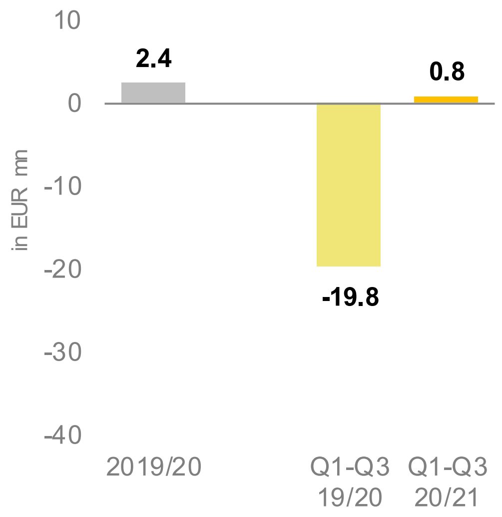
Q1-Q3 2020/21.

Other key financials.

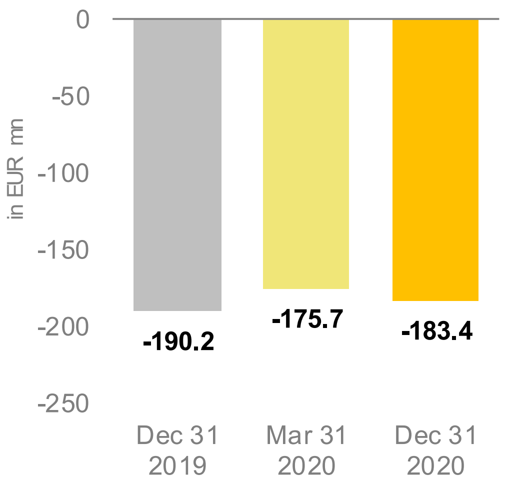
Net CAPEX



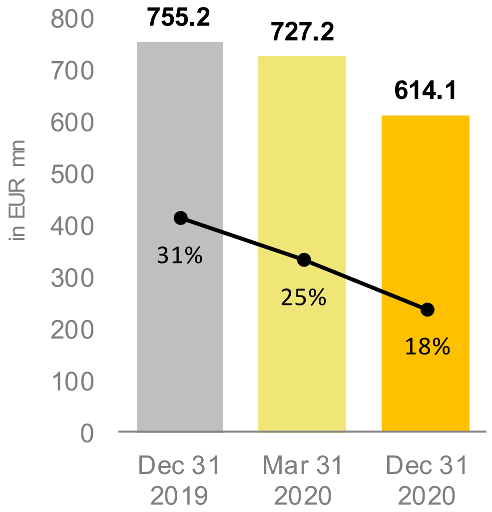
Free cash flow



Net debt



Balance sheet total and equity ratio



- Strict CAPEX control in Q1–Q3 2020/21.
- Improved free cash flow (Q1: EUR -27 mn, Q2: EUR -3 mn, Q3: EUR 31 mn).

- Net debt stabilized.
- Balance sheet total lower because of goodwill impairment and working capital management.

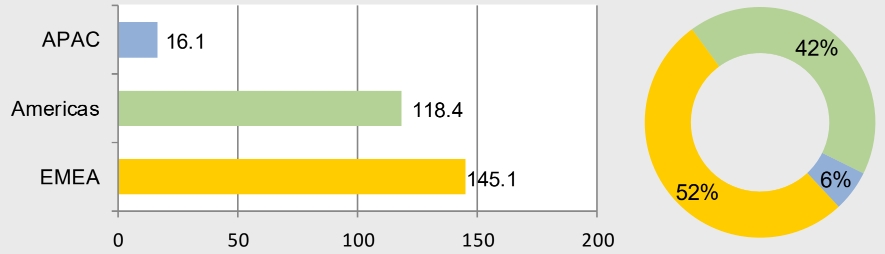
Q1-Q3 2020/21.

Segment results.

ELECTRONIC TOLL COLLECTION (ETC)

All figures in EUR mn unless otherwise stated	2019/20	Q1-Q3 2019/20	Q1-Q3 2020/21	+/-
Revenues	563.5	420.1	279.6	-33%
Implementation	219.3	158.0	86.7	-45%
Operations	234.9	179.8	138.3	-23%
Components	109.3	82.3	54.6	-34%
EBIT	1.5	18.5	-79.7	—
EBIT margin	*0.3%*	*4.4%*	*-28.5%*	*-33%p*

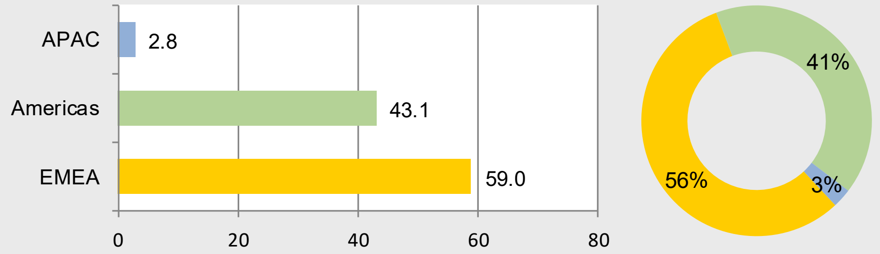
Revenues by region



INTELLIGENT MOBILITY SOLUTIONS (IMS)

All figures in EUR mn unless otherwise stated	2019/20	Q1-Q3 2019/20	Q1-Q3 2020/21	+/-
Revenues	167.7	125.3	104.9	-16%
Implementation	73.6	53.4	48.4	-9%
Operations	84.4	64.7	52.5	-19%
Components	9.7	7.3	4.0	-46%
EBIT	-40.7	-10.9	-9.3	14%
EBIT margin	*-24.2%*	*-8.7%*	*-8.9%*	*0%p*

Revenues by region



Outlook.

Outlook to FY 2020/21.

- Revenues: above EUR 500 mn
- EBIT: loss could exceed EUR -100 million
- No dividend for FY 2020/21

Sustainability in the DNA of Kapsch TrafficCom.

A brief overview.

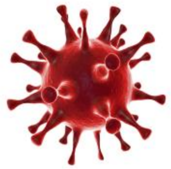
Sustainability has always been inherent in the business model and a matter of course.

However, „*do good and tell people about it*„ was not considered to be relevant for a while.
(This has changed so reporting will improve steadily.)

- The company's activities fully support environmental goals:
  - Distance-based tolling (user/polluter pays principle) is a widely recognized, fair and efficient instrument to achieve a sustainable transport policy.
  - Traffic management reduces congestion and, consequently, pollution and the use of fuel.
- Kapsch TrafficCom is committed to the 10 universal principles of the UN Global Compact.
- Selected goals:
  - By 2023, 30% of leadership positions held by women.
  - By 2027, CO_2-neutral as a company. Kapsch TrafficCom wants to contribute disproportionately to environment protection through its products and solutions.

Impact of COVID-19

Forward looking.

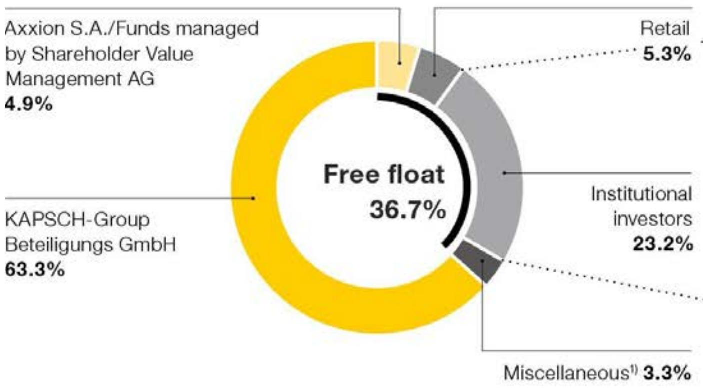


Impact on market		Consequences on market	Relevance for Kapsch TrafficCom
1	**Economic downturn**	Governments launch investment programs	+ Tolling systems generate income for govmt
2	**Shift to individual transport**	Modal shift from public to individual transport	+ Increasing pressure on road infrastructure
3	**Reduced income for road/toll operators**	Revenue collapse as reaction of lock-down	+ Greater demand for toll roads expected
4	**Increase of bicycle use & walking**	Many cities reallocate road space	+ Need for demand management increases
5	**Increasing sale of connected vehicles**	Connected car park increases	+ Intelligent infrastructure (V2X) required
6	**Exchange of critical information**	Data of vehicles/infrastructure is important	+ ITS-G5 is potentially a critical infrastructure
7	**New work**	Working at home becomes a new modality	~ Less office space required

+ Positive ~ Neutral - Negative

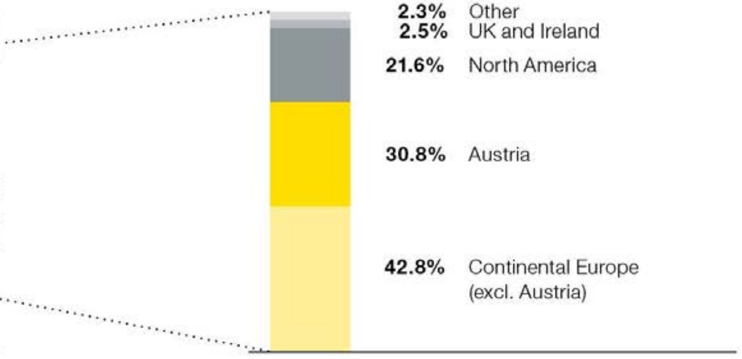
Kapsch TrafficCom share.

Shareholder structure



[1] Trading positions and unidentified shareholders.

Institutional investors by region



Source: Shareholder survey, participation notice, estimates by Kapsch TrafficCom

Research coverage*

Erste Group	
Under review	Under review
Kepler Cheuvreux	
Hold	EUR 16.00
ODDO BHF/FMR	
Hold	EUR 18.00
Raiffeisen Centrobank	
Hold	EUR 12.50

* As per March 1, 2021.

Select events

June 16, 2021	FY 2020/21 results
August 11, 2021	Q1 2021/22 results

More information: www.kapschtraffic.com/ir

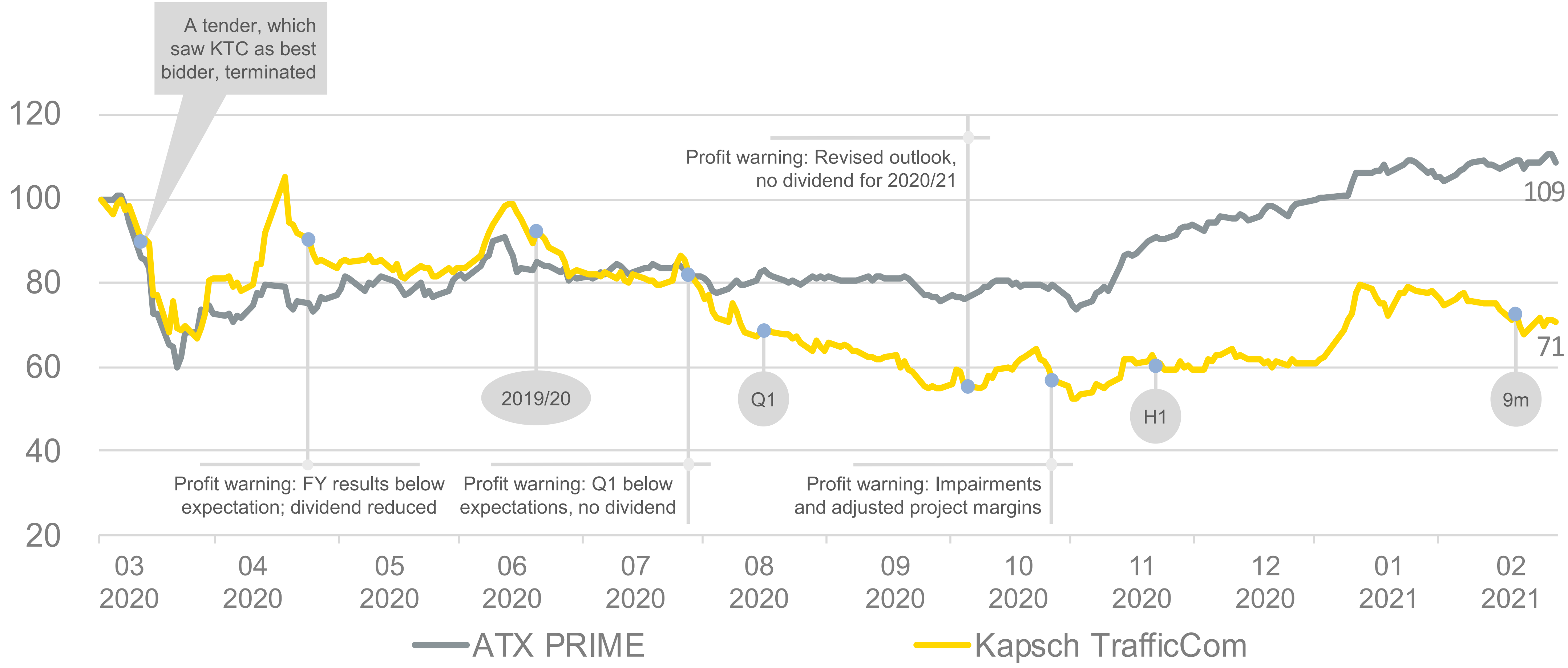
Basic information

- Listed in Prime Market segment at the Vienna Stock Exchange since 2007.
- Capital increase in 2011.
- Total of 13 million shares.
- ISIN: AT000KAPSCH9
- Reuters: KTCG.VI
- Bloomberg: KTCG AV

VÖNIX 2021 INDEX MEMBER

Share price development (last 12 months).

Kapsch TrafficCom and ATX Prime.



Thank you for your attention.

Kapsch TrafficCom

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Appendix.

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. Suspended until further notice as per Oct. 2020.

Dividend payouts

Year	Dividend per share	Earnings per share (in reference year)	Payout ratio
2018	EUR 1.50	EUR 2.21	68.0%
2019	EUR 1.50	EUR 3.68	40.8%
2020	EUR 0.00	EUR -3.70	0.0%
2021	EUR 0.00	EUR < 0	0.0%

Promissory note bond & long-term bank loan.

2016

Promissory note bond (PNB)

- EUR 62.0mn
- USD 14.5mn

2017

Corporate bond repaid

- EUR -70.8mn.

2018

Loan

- EUR 50.0mn

2021

PNB: EUR -26mn

PNB: EUR -4.5mn

PNB: USD -14.5mn

2021-2024

Loan

- 8 x EUR -6.25mn

2023

PNB: EUR -23mn

2026

PNB: EUR -8.5mn

Corner stones of the promissory note bond

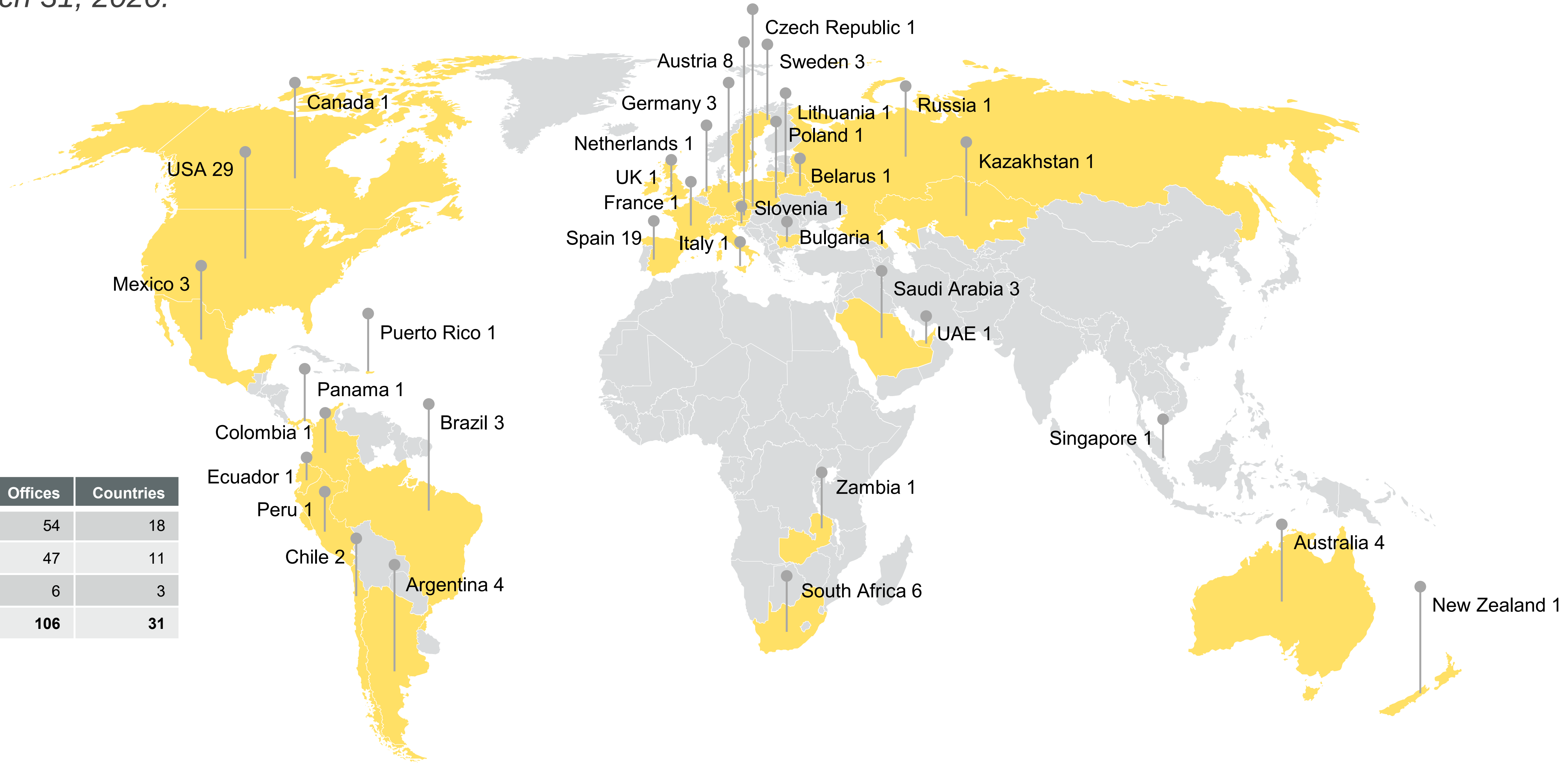
- Issued 2016
- Volume: EUR 62mn + USD 14.5mn
- 3 tenors (5/7/10 years)
- Partially fixed interest, partially variable

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

Overview of Kapsch TrafficCom‘s offices.

As of March 31, 2020.



Region	Offices	Countries
EMEA	54	18
Americas	47	11
APAC	6	3
Total	**106**	**31**

The emergence of Kapsch TrafficCom.

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

1991

Toll collection division within Kapsch Aktiengesellschaft

1995

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

1999

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

2002

Kapsch Aktiengesellschaft restructured in:

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

2004

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

2007

IPO of Kapsch TrafficCom

Nation-wide ETC system in Czech Republic goes into operation

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.*