



**kapsch** >>>  
challenging limits

Kapsch TrafficCom

# ***Investor Presentation.***

*February 2017.*



# Kapsch.

*KTC: Leading entity of the Kapsch Group.*

- Kapsch founded in Vienna in 1892
- Electronic industry
- Strong brand in Austria
- Three key entities
  - Kapsch TrafficCom - KTC  
(Intelligent Transportation Systems)
  - Kapsch BusinessCom  
(ICT solutions for enterprises)
  - Kapsch CarrierCom  
(Telematics and telecommunications solutions for rail and urban public transport operators, carrier networks and energy supply companies)
- Family owned Group (only KTC listed)
- Group revenues >EUR 1bn



## **KTC: Tradition meets Future.**

125 years in the ever-changing electronic 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 Transportation Systems

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



## Solid financials

- ❖ Revenues >EUR 500mn
- ❖ Sustainable dividend policy:  
Base dividend of EUR 1,--

## Global player

- ❖ More than 4,800 employees
- ❖ Presence in >30 countries
- ❖ References in >50 countries



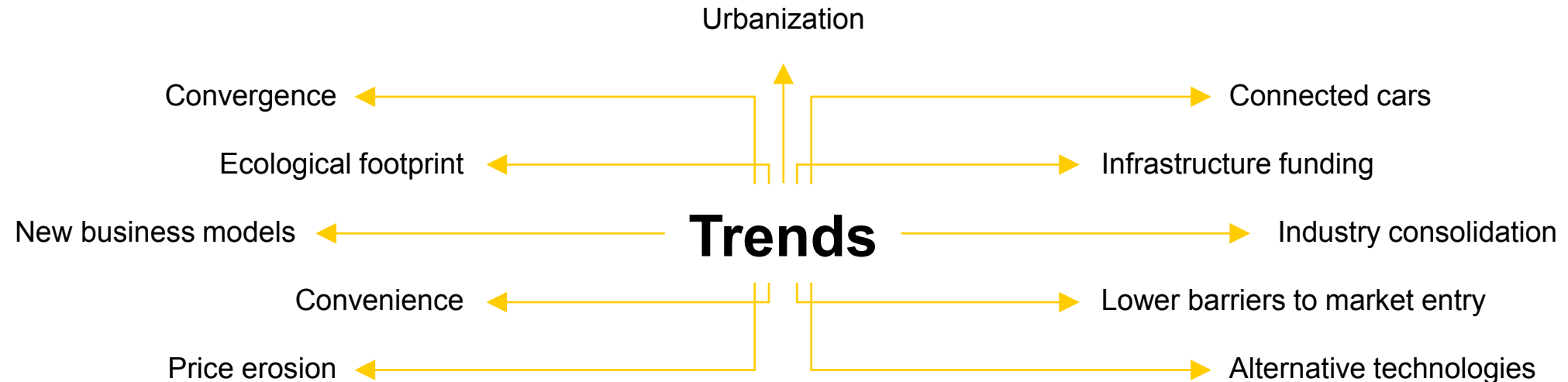
## Listed at Vienna Stock Exchange

- ❖ Market cap ~EUR 500mn
- ❖ Free float 36.7%



# Strategy.

Addressing future-defining trends.



Increased profitability as  
foundation for further growth

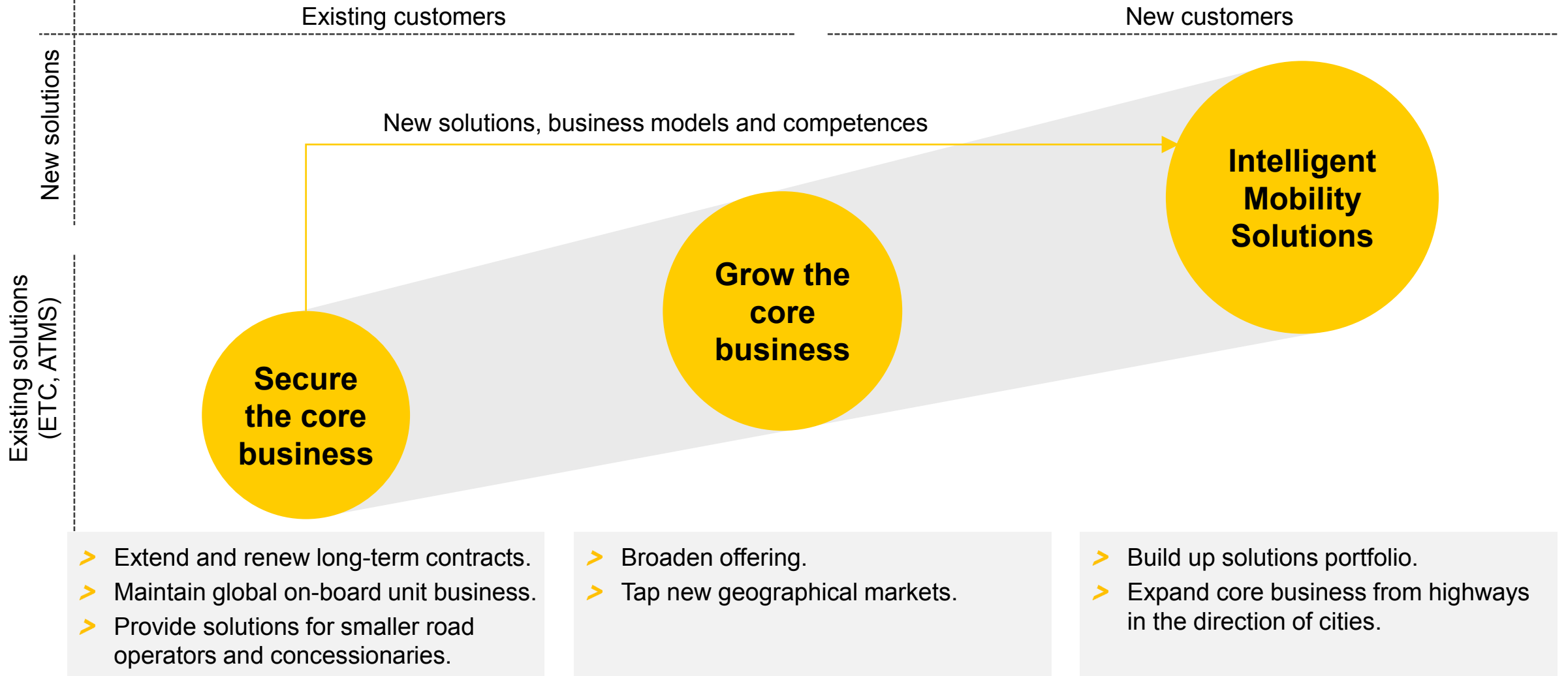
Implementation of new  
business models

Positioning as a leading provider  
of intelligent mobility solutions



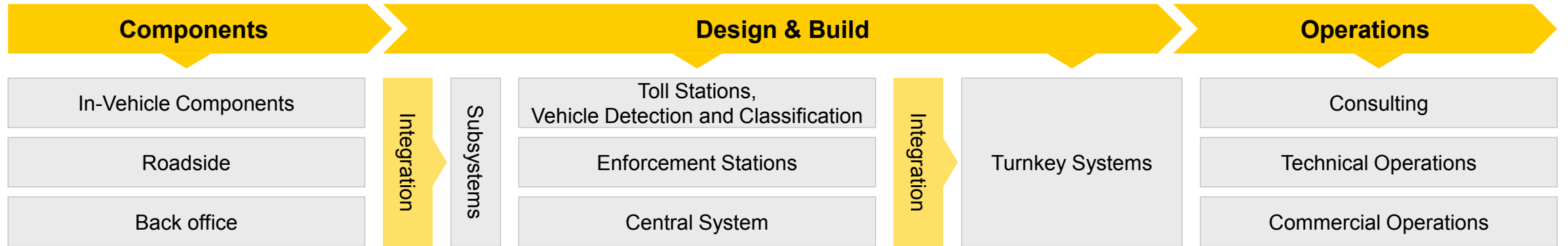
# Strategy.

Our priorities.



# Business model.

One-stop-shop.



## End-to-End Solutions as a One-Stop Shop

### In-vehicle Components



On-board Units (OBUs)



Programming Station

### Transceivers & Readers



Transceiver    Mobile Reader



Reader

### Cameras & Sensors



Vehicle Detection    Vehicle Registration



Vehicle Classification

### Toll & Enforcement Station



Stationary Enforcement



Mobile Enforcement

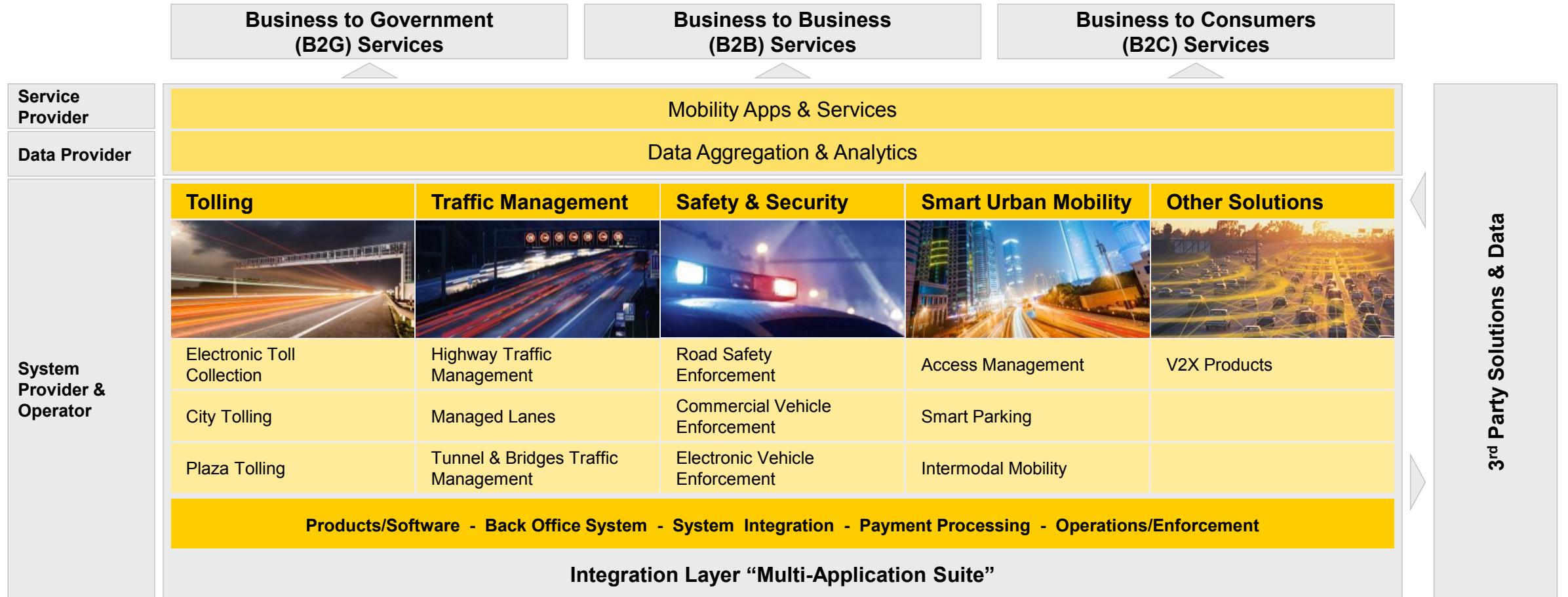
### Central System



Back Office System

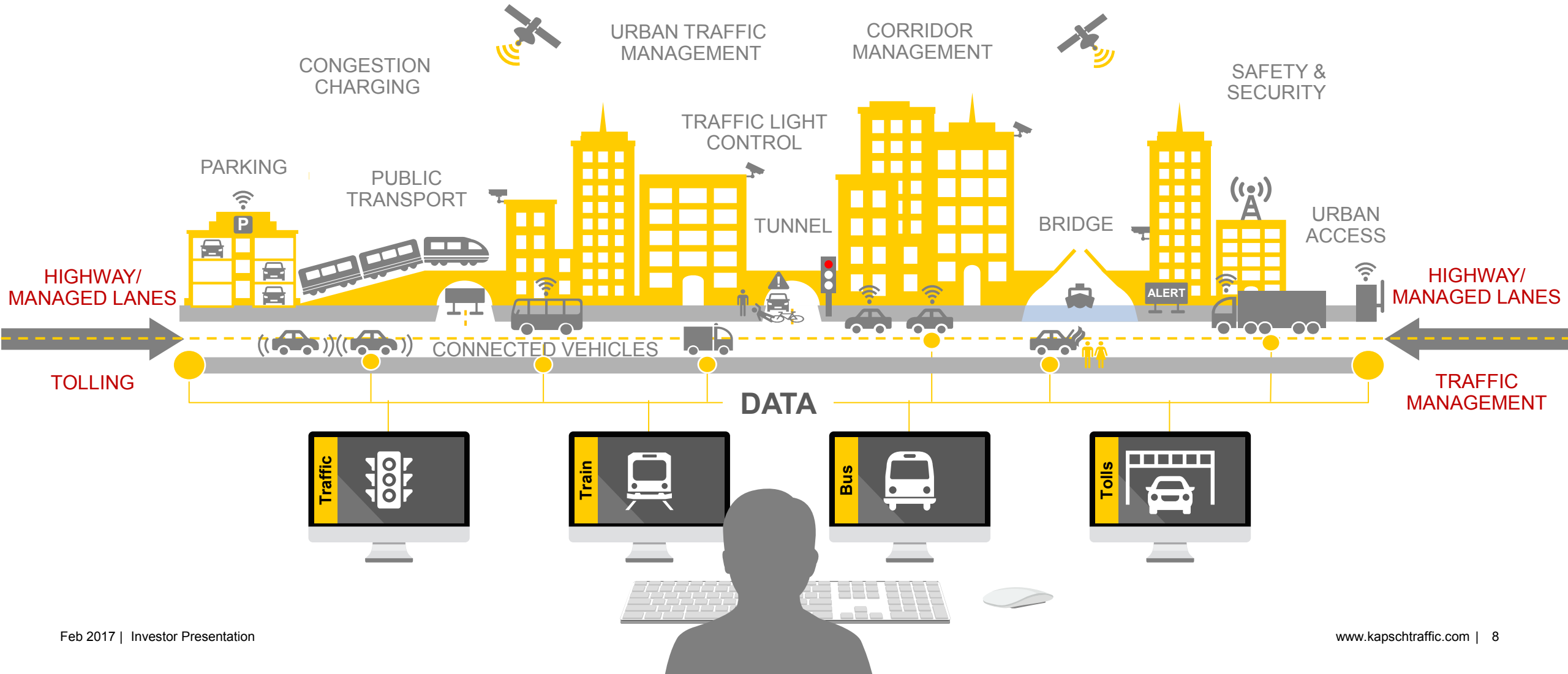
# Portfolio.

Integrated ITS provider



# Mobility.

Intelligent Mobility Solutions (IMS): From highways to cities.





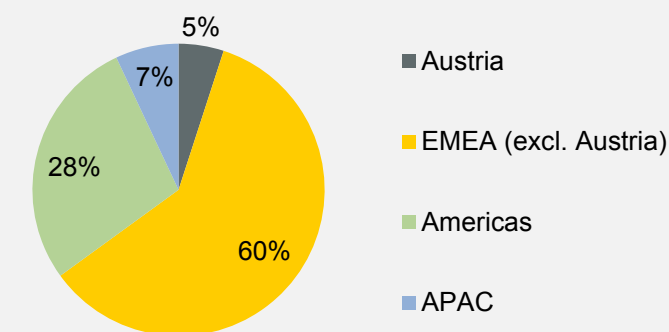
# Financials.

## Earnings overview.

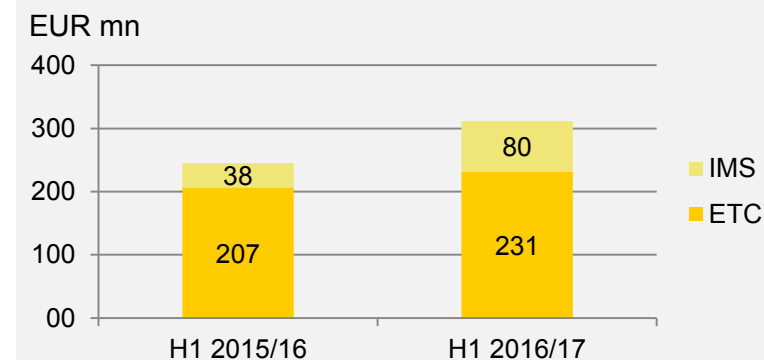


All figures in EUR mn unless otherwise stated	H1 2016/17	+/-	H1 2015/16	FY 2015/16
Revenues	311.7	27%	245.0	526.1
EBITDA	37.4	5%	35.7	76.9
EBITDA margin	12.0%	(2.6%p)	14.6%	14.6%
EBIT	28.7	5%	27.4	62.3
EBIT margin	9.2%	(2.0%p)	11.2%	11.9%
Profit before tax (PBT)	28.7	16%	24.8	54.8
Profit for the period	20.1	5%	19.2	36.5
Profit for the period attributable to equity holders	20.6	23%	16.7	31.1
Earnings per share (EPS)	1.58	23%	1.28	2.39

### Revenues by Region H1 2016/17

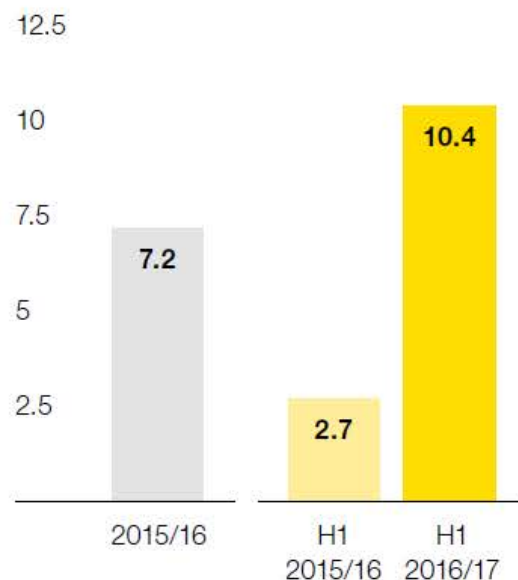


### Revenues by Segment H1 2016/17



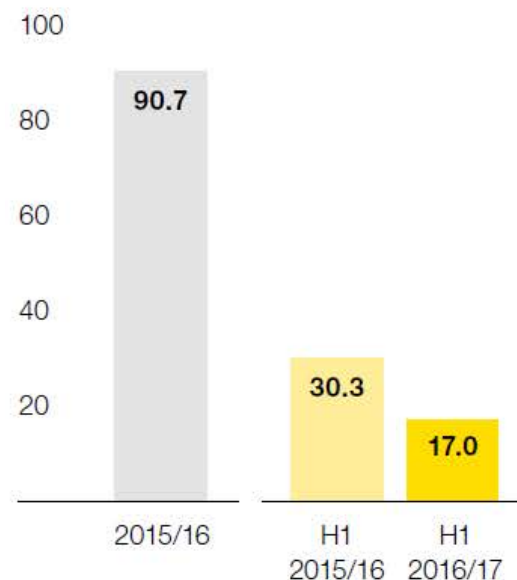
# Other key financials.

## Net investments



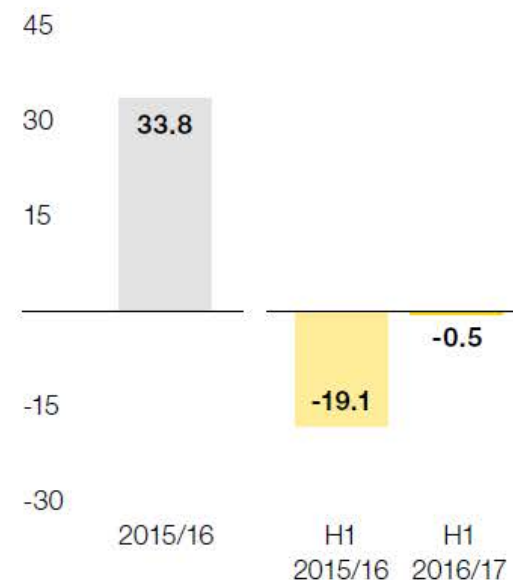
The increase in net investments to EUR 10.4mn was due to the acquisition of KTT, and primarily related to intangible assets.

## Free cash flow



Free cash flow decreased to EUR 17.0 million (-44%), mainly as a result of the higher amount of net investments in the wake of the KTT acquisition.

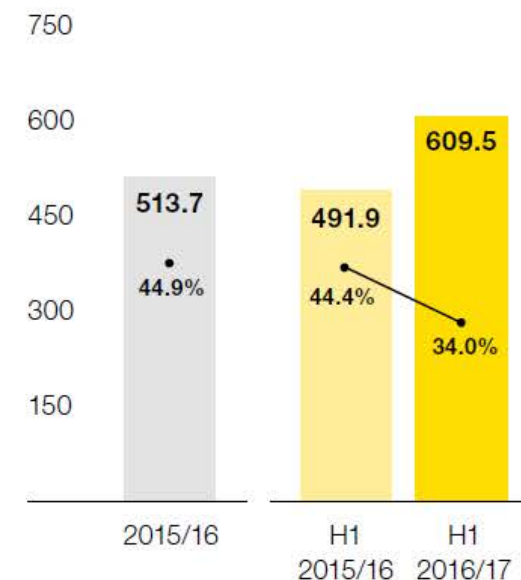
## Net credit/debt



Despite

- acquisition of KTT,
- purchase of 48% stake in Kapsch Telematic Systems,
- payment of the dividend, net debt of only EUR 0.5mn.

## Balance sheet total and equity ratio



Promissory note bond (extension of balance sheet), an acquisition (effect in equity), and dividend payment lead to a reduction of the equity ratio.

# Segment results.

ETC.

## ETC Overview

All figures in EUR mn  
unless otherwise stated

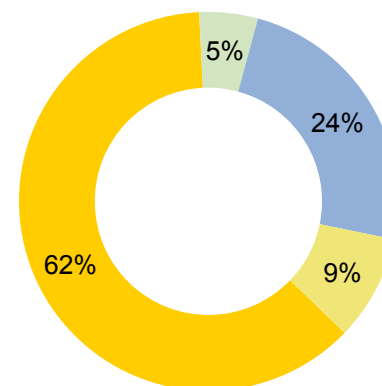
	H1 2016/17	+/-	H1 2015/16	FY 2015/16
Revenues	231.2	12%	206.6	442.1
EBIT	34.2	17%	29.1	63.7
EBIT margin	14.8%	0.7%p	14.1%	14.4%

## ETC Revenue Split

In EUR mn

	H1 2016/17	+/-	H1 2015/16
<b>Revenues</b>	<b>231.2</b>	<b>12%</b>	<b>206.6</b>
Design & Build	44.9	18%	38.1
Operations	138.0	15%	119.8
Components	48.3	1%	48.7

ETC revenues H1 2016/17



- EMEA (excl AT)
- Austria
- Americas
- APAC





# Segment results.

IMS.

## IMS Overview

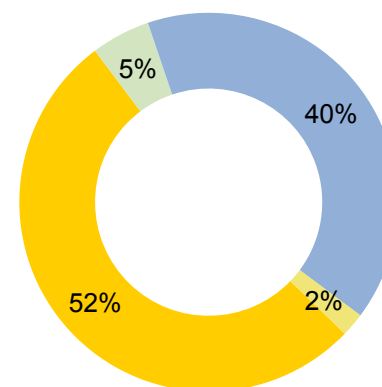
All figures in EUR mn  
unless otherwise stated

	H1 2016/17	+/-	H1 2015/16	FY 2015/16
Revenues	80.5	110%	38.3	84.0
EBIT	-5.4	-214%	-1.7	-1.3
EBIT margin	-6.8%	-2.2%p	-4.5%	-1.6%

## IMS Revenue Split

In EUR mn	H1 2016/17	+/-	H1 2015/16
<b>Revenues</b>	<b>80.5</b>	<b>110%</b>	<b>38.3</b>
Design & Build	29.7	115%	13.8
Operations	45.4	180%	16.2
Components	5.3	-36%	8.3

IMS revenues H1 2016/17



- EMEA (excl AT)
- Austria
- Americas
- APAC



# Outlook.

FY 2016/17.



- Focus on driving forward the integration of KTT.
  - Minimizing costs and realizing synergies as quickly as possible.
  - Helping the ~900 new employees to become acquainted with and a part of the corporate culture of the Kapsch TrafficCom Group.
  
- Annual revenues should grow by more than EUR 100 million.
  
- ETC: EBIT margin is set to significantly exceed 10%.
  
- IMS: EBIT margin will be adversely impacted by the integration and the lower EBIT contribution of KTT, as well as the negative EBIT performance of Streetline.

# Outlook.

*Beyond FY 2016/17.*

## ETC

- > Margins of large projects could erode after new tenders of existing contracts.
- > Limited number of potential new nation-wide tolling contracts BUT larger number of smaller contracts.
- > tolltickets: high revenues (H1 2016/17: EUR 7mn) and low single-digit EBIT margin – dilution of Group EBIT margin.
- > EBIT margin should remain >10%.

## IMS

- > KTT: Improvement of profitability expected.
- > Streetline continues to contribute losses, turnaround expected mid-term.
- > EBIT margin should steadily develop towards 10%.

## Dividend policy:

- At least 1/3 of the profit for the period
- Annual Base Dividend of EUR 1.00
- Dividend payment can be higher or lower; within a reference period of 3 years, average annual dividend at least EUR 1.00



# USP.

*What makes Kapsch TrafficCom unique?*

- Ability to develop tailored solutions – proven track record.
- Close to our customers.
- Domain know-how.
- Integrated, one-stop-shop.
- Global player.
  - Best practice
  - Risk diversification
- A leading position in our core business.
- Size and financial stability.
- Listed (transparency, access to capital).
- No principal-agent-conflict as one main shareholder is the CEO.
  - Long-term view; sustainable measures not sacrificed for short-term profits.



# Kapsch TrafficCom share.

ISIN: AT000KAPSCH9

Stock Ticker Symbol: KTCG

Reuters: KTCG.VI

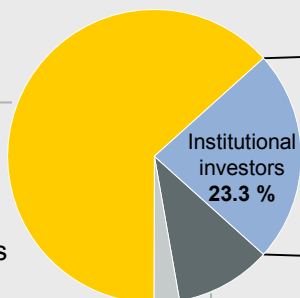
Bloomberg: KTCG AV

## Shareholder Structure

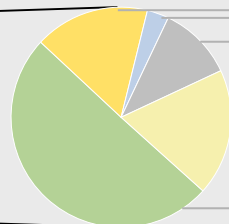
Kapsch-Group  
Beteiligungs GmbH  
**63.3 %**

Private  
investors  
**10.6 %**

Other investors  
and shares in  
trading positions  
**2.8 %**



## Institutional Investors by Region



Austria  
**16.9 %**

Other  
**3.2 %**

North America  
**18.6 %**

Continental Europe  
(excl. Austria)  
**50.3 %**

## Basic Information

- > Listed in Prime Market segment at the Vienna Stock Exchange since 2007
- > 13 million shares
- > Market cap: ~EUR 500mn
- > Coverage by: Erste Group, Matelan, RCB

## Select Events

Feb 22, 2017	Q1-Q3 results 2016/17
June 20, 2017	Results for FY 2016/17
Sep 6, 2017	AGM

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for your attention.***

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# ***Appendix.***

# Competition.

Overview.

## Tolling



### ETC

T-Systems  
Autostrade Tech | Q-Free  
TransCore | Sanef its

### City Tolling

Q-Free | MHI | IBM  
Cubic | Siemens

### Plaza Tolling

Tescidel | TransCore  
G.E.A. | Indra | SICE

## Traffic Management



### Highway

Delcan | Q-Free | SwRI  
TransCore | Siemens

### Managed Lanes

Delcan | Xerox | SICE  
Q-Free | TransCore

### Tunnel & Bridges

SICE | Delcan | Dynniq  
Telegra | IBI Group

## Smart Urban Mobility



### Smart Parking

Worldsensing  
Smart Parking | IPS Group  
Inrix | Xerox

### Urban Traffic Management

Eagle | ISwarco | SICE  
Econolite | Dynniq

### Intermodal Mobility

HaCon | Xerox | Moovel  
Cubic | Siemens

## Safety & Security



### Road Safety Enforcement

Redflex | Jenoptik | Sensys  
Gatso | Vitronic | Redspeed

### Commercial Vehicle Enforcement

IRD | Xerox | Mettler Toledo  
Drivewyze (IMS) | Iteris

### Electronic Vehicle Registration

3M | UTI | Neology  
TransCore | Q-Free

## Connected Cars



### V2X Automotive

Delphi | Denso | Continental  
LG Electronics | Bosch

### V2X Infrastructure

Cohda | Savari | Neavia  
Arada | Dynniq

### Connected Services

n.a.



# Consolidation of Kapsch TrafficCom Transportation.

Impact on H1 results.

## Impact on the P&L

<b>Revenues</b>	<b>EUR +53.0mn</b>
thereof ETC	EUR +11.4mn
thereof IMS	EUR +41.6mn
<b>EBIT</b>	<b>EUR -0.9mn</b>
thereof ETC	EUR -2.8mn
thereof IMS	EUR +1.9mn

## Impact on the balance sheet\*

Property, plant & equipment	EUR	0.7mn
Intangible assets	EUR	5.2mn
Other non-current assets	EUR	0.2mn
Inventories	EUR	0.7mn
Receivables & other current assets	EUR	57.0mn
Cash & cash equivalents	EUR	9.5mn
Liabilities, other liabilities & deferred income	EUR	-42.8mn
<b>Net assets acquired (provisionally)</b>	<b>EUR</b>	<b>30.4mn</b>

## Other

- > Number of KTC Group employees up by approximately 900.
- > KTC is now in the top segment of toll solution providers in the U.S.A.
- > Strategic jump from the highways into the cities.
- > KTC has become a leading, globally active full-service provider.
- > Integration costs will weigh on KTC's profitability.
- > Integration to be completed by fall 2017.

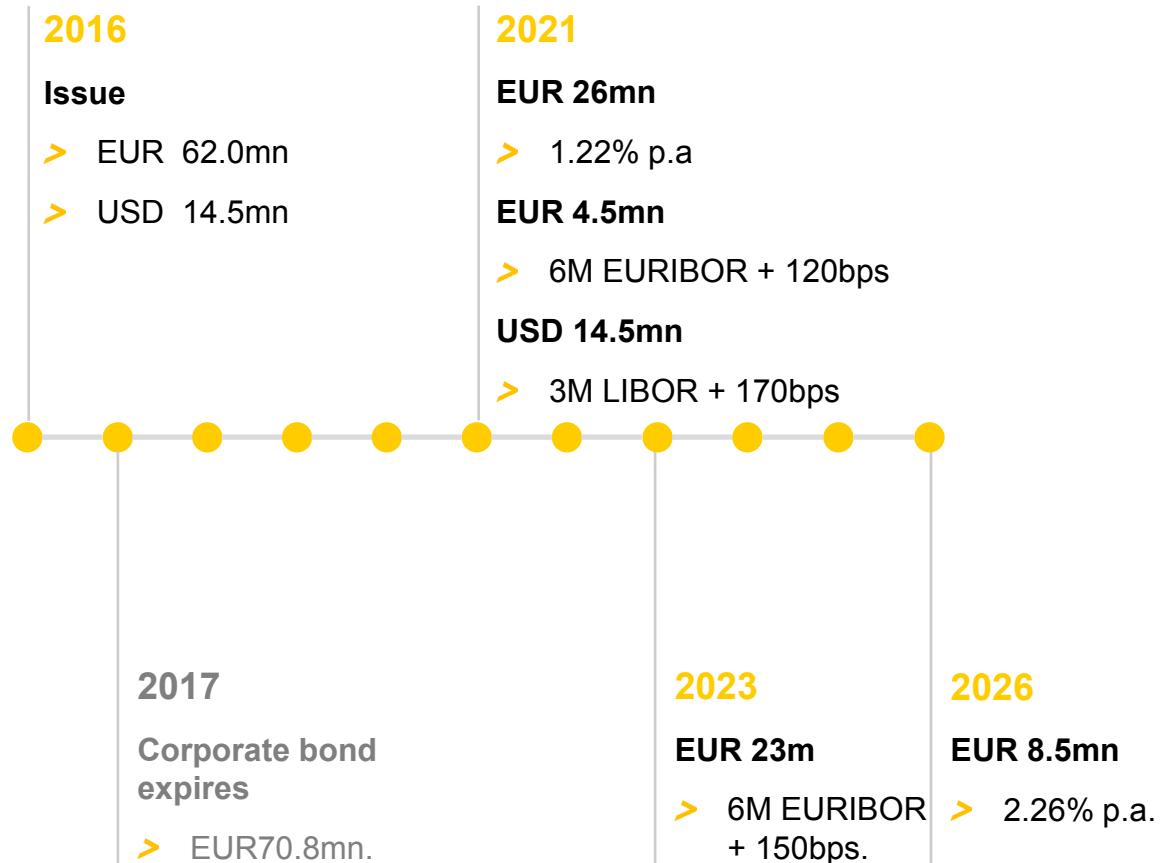


Purchase price\*: EUR 27.4mn  
Difference to net assets  
acquired (badwill): EUR 3.0mn

\* Provisionally determined; preliminary purchase price allocation. Values may change subject to audit as well as through purchase price adjustments.

# Promissory note bond.

Successful Issue.



## Corner Stones of the Transaction

- > Volume: EUR 62mn + USD 14.5mn
- > 3 tenors (5/7/10 years)
- > Partially fixed interest, partially variable
- > Rationale:
  - Diversified investor base
  - Optimized financing structure
  - Refinancing of corporate bond (EUR 70.8mn outstanding) maturing in November 2017
  - Can be repaid early; higher flexibility
- > Extending effect on balance sheet (increase in cash and cash equivalents as well as in non-current financial liabilities)

# Corporate milestones.

125 years in the ever-changing electronic industry.

1892

Kapsch founded

- Morse telegraph devices
- Telephones
- Capacitors and dry batteries
- Radios
- TVs (black & white, later color)
- Telecom networks (analog, later digital)
- Portable radios
- Mobile phones

1991

Toll collection division within Kapsch AG

2002

Activities structured in three autonomous organizations:

- Kapsch TrafficCom
- Kapsch BusinessCom
- Kapsch CarrierCom

2007

IPO of Kapsch TrafficCom

2011

Capital increase

2016

Acquisition of KTT (Schneider Electric Transportation Business)

1995

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

1999

Launch of world's 1<sup>st</sup> 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 1<sup>st</sup> nationwide multi-lane free-flow system on major highways

2007

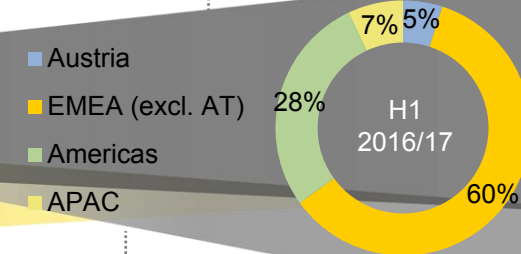
Nationwide ETC system in Czech Republic goes into operation

2010

Contract for implementation and operation of nationwide tolling system in Poland

2012

Contract for implementation and operation of nationwide tolling system in Belarus



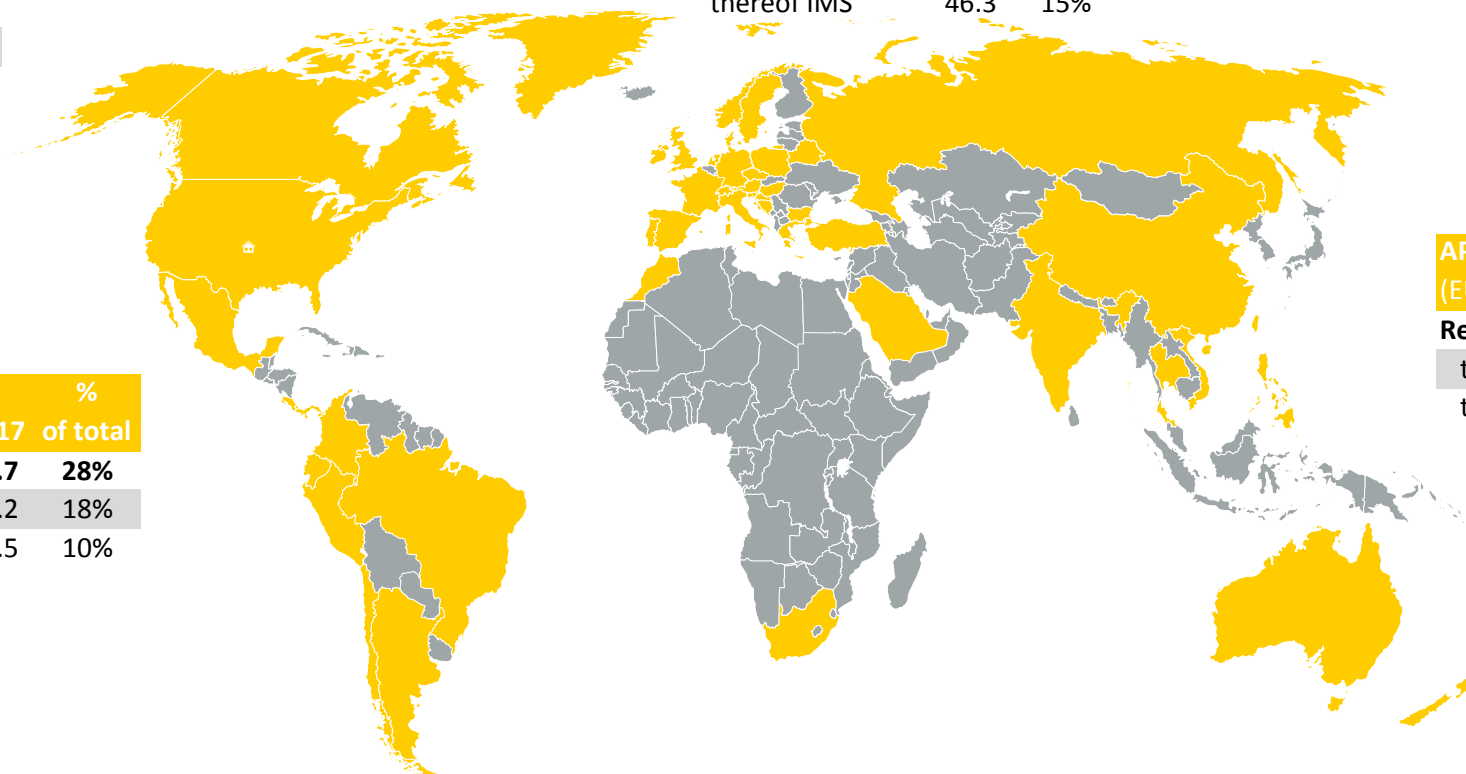
# References in more than 50 countries.

Total (EUR mn)	H1 2016/17	% of total
<b>Revenues</b>	<b>311.7</b>	<b>100%</b>
thereof ETC	231.2	74%
thereof IMS	80.5	26%

EMEA (EUR mn)	H1 2016/17	% of total
<b>Revenues</b>	<b>202.5</b>	<b>65%</b>
thereof ETC	156.2	50%
thereof IMS	46.3	15%

APAC (EUR mn)	H1 2016/17	% of total
<b>Revenues</b>	<b>21.5</b>	<b>7%</b>
thereof ETC	19.9	6%
thereof IMS	1.6	1%

Americas (EUR mn)	H1 2016/17	% of total
<b>Revenues</b>	<b>87.7</b>	<b>28%</b>
thereof ETC	55.2	18%
thereof IMS	32.5	10%





*We make mobility solutions intelligent to enable users to arrive at their destination*

- ❖ *comfortably,*
- ❖ *on time,*
- ❖ *safely,*
- ❖ *efficiently, and*
- ❖ *with minimal environmental impact.*