



kapsch >>>
challenging limits

Kapsch TrafficCom

Investor Presentation.

August 2019.

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 738 mn
- EBIT: EUR 57 mn
- Sustainable dividend policy: Base dividend of EUR 1.—

Fiscal year: April 1 – March 31

Global player

- About 5,000 employees
- Presence in >30 countries
- References in >50 countries



Listed at Vienna Stock Exchange

- IPO in 2007
- Free float 36.7%



Relevant mega trends & drivers for the ITS industry...

... and how Kapsch TrafficCom addresses them.



Financing transportation networks.

Road infrastructure needs to be maintained and expanded.

According to a study by McKinsey Global Institute, around US\$ 900 billion must be invested annually in road infrastructure worldwide to keep pace with expected economic growth.

Urbanization.

Share of people living in cities is rising:

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

Urban population:

Today: 4.2 billion
by 2030: 5.2 billion

Mobility.

Mobility is a basic human need and an important prerequisite for the functioning of a market economy.

As prosperity increases, so does the volume of traffic.

This increases the demands placed on transportation systems.

Environmental protection.

Air pollution has significant effects on human health, impacts vegetation and ecosystems, contributes to climate change and damages materials and buildings.

Road traffic plays an important role here.

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.

Change of the ITS industry.

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

Kapsch TrafficCom's approach.

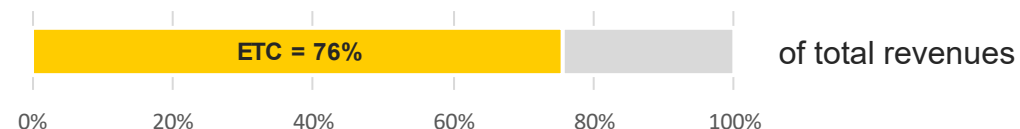
Help deal with traffic flows more efficiently by:

- **collecting charges** for the use of road infrastructure (ETC segment),
- **managing traffic** (IMS),
- applying traffic safety and security solutions (IMS).
- expanding from ITS to **intelligent, holistic mobility solutions** (both segments).

We want to make road traffic safer, more reliable, more efficient and more convenient, while reducing the environmental impact.

Reporting segments.

Tolling (Electronic Toll Collection, ETC).



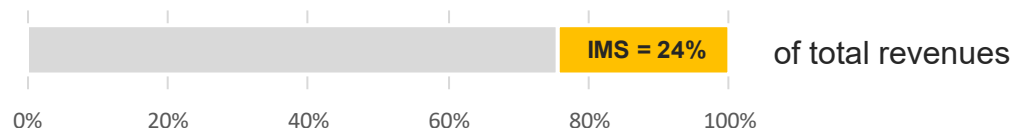
Key financials

All figures in EUR mn
unless otherwise stated

	2016/17	2017/18	2018/19	+/-
Revenues	468.4	521.6	558.4	7%
Implementation	96.6	138.9	190.5	37%
Operation	269.0	278.1	264.4	-5%
Components	102.6	104.7	103.5	-1%
EBIT	65.5	53.5	64.9	21%
EBIT margin	14.0%	10.3%	11.6%	1.4%p

Reporting segments.

Intelligent Mobility Solutions (IMS).



Traffic management

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

Traffic safety & security

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

Connected mobility

- > V2X communication technology
- > Connected mobility platform

Smart urban mobility

- > Access management
- > Smart parking
- > Mobility as a Service (MaaS)

Broad set of solutions and services addressing different aspects of traffic/mobility.

- Some offerings are already fairly mature (e.g. traffic management).
- Others are investments into future growth (e.g. connected mobility).

Different revenue split than in ETC.

- > Implementation of software and hardware has higher share.
- > Operation revenues represent mainly technical operations.
- > Potential to increase recurring revenues (mid-term to long-term).

Key financials

All figures in EUR mn
unless otherwise stated

	2016/17	2017/18	2018/19	+/-
Revenues	180.0	171.6	179.4	5%
Implementation	87.5	83.4	80.8	-3%
Operation	80.4	78.9	86.4	10%
Components	12.1	9.3	12.2	31%
EBIT	-5.4	-3.4	-7.9	-132%
EBIT margin	-3.0%	-2.0%	-4.4%	-2.4%p

System integrator with in-house production.

Hardware and software.



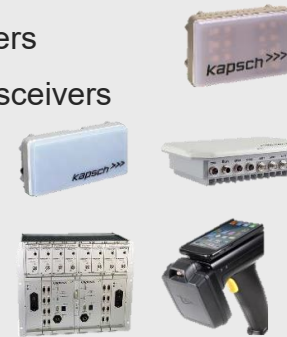
In-vehicle products

- > 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



Software platforms to be customized (selection)

Tolling

- Back office
- Kapsch Mobile CRM

Traffic management

- DYNAC®
- EcoTrafIX™ suite

Connected mobility

- Kapsch Connected Vehicle Software Suite

Mobility as a Service

- FluidHub

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

Today

- > 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 >1,200 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 mobility
- 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.
Q1 2019/20.

Q1 2019/20.

Highlights.



- > Year-on-year revenue growth (+18%) up to EUR 186.2 million.
- > EBIT fell to EUR 4.6 million (previous year: EUR 7.1 million).
- > As in the previous year: A weaker first half-year should be followed by a strong second half-year.
- > First-time application of IFRS 16.
- > Germany: Notices of termination received for both projects regarding the infrastructure charge (“passenger vehicle toll”).
- > Alfredo Escribá new CTO since May 1, 2019.

Revenues

EUR 186.2 mn

Previous year | EUR 158 mn
+18%

EBIT

EUR 4.6 mn

Previous year | EUR 7 mn
-36%

EBIT margin

2.4%

Previous year | 4.5%
-2%p

EPS

EUR 0.19

Previous year | EUR 0.21
-9%

IFRS 16.

Overview.

IFRS 16 “Leases”

- Specifies the recognition, measurement, presentation as well as disclosure requirements with regard to leases in financial statements.
- As for Kapsch TrafficCom, this mainly relates to buildings, motor vehicles, and IT equipment.

Rights of use arising from leasing agreements are capitalized (tangible assets), and lease liabilities are shown separately on the liabilities side of the balance sheet. Lease expenses recorded previously (other operating expenses) are replaced by a depreciation of the assets from leasing and an interest component (which flows into the financial result).

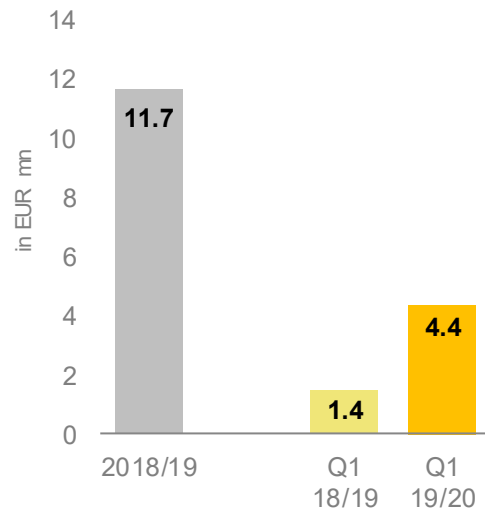
Impact in fiscal year 2019/20.

- Balance sheet total and net debt increase significantly.
- Equity ratio decreases.
- EBITDA goes up (depreciation of the assets from leasing).
- Slightly positive effect on the EBIT (in the extent of the interest component, shown in the financial result).
- Slightly negative effect on pre-tax earnings and profit for the period.

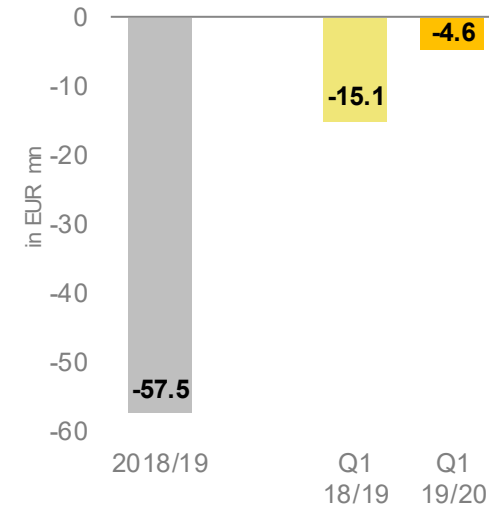
Q1 2019/20.

Other key financials.

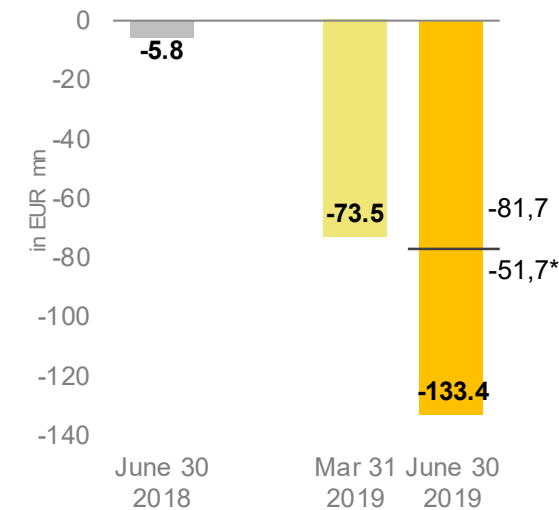
Net CAPEX



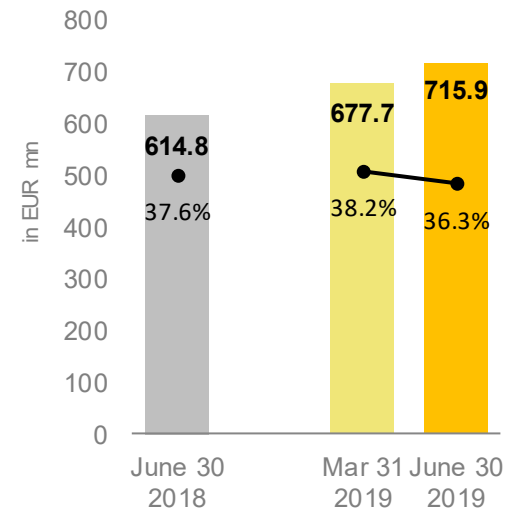
Free cash flow



Net cash/debt



Balance sheet total and equity ratio



- > Free cash flow significantly improved because of the reduced, albeit continued, increase in working capital.

- > IFRS 16 impact on net debt and total assets (increase by EUR 51.7 million).

Outlook & medium-term goals.

Outlook 2019/20

- Revenues and EBIT (excl non-recurring items) both: +5%
- Slow start into the fiscal year, stronger H2

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.

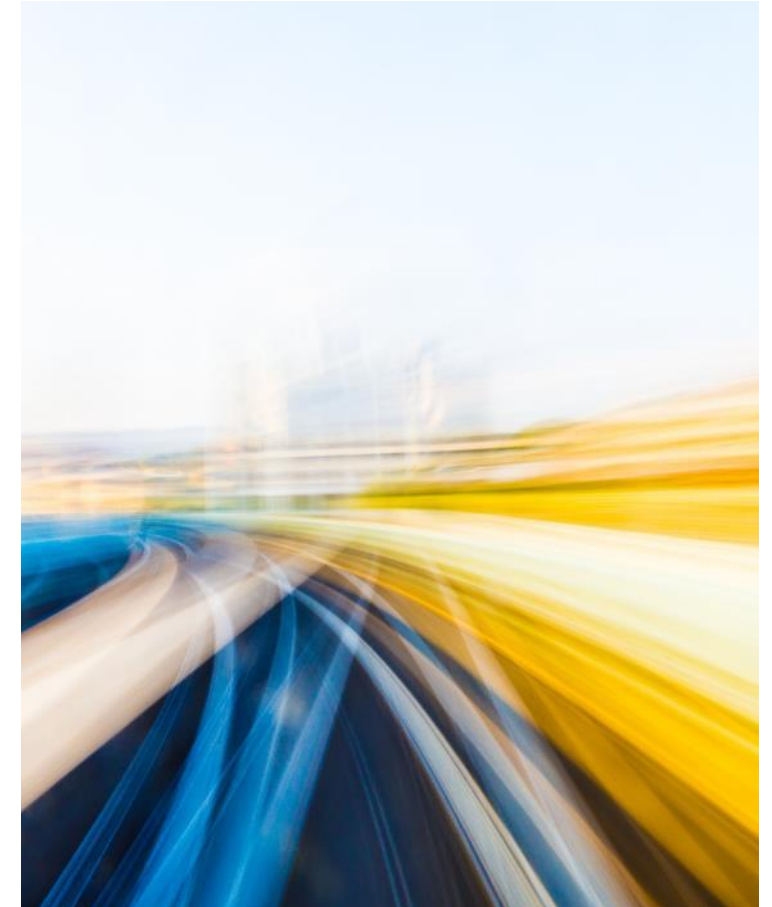
Dividend payouts

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

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

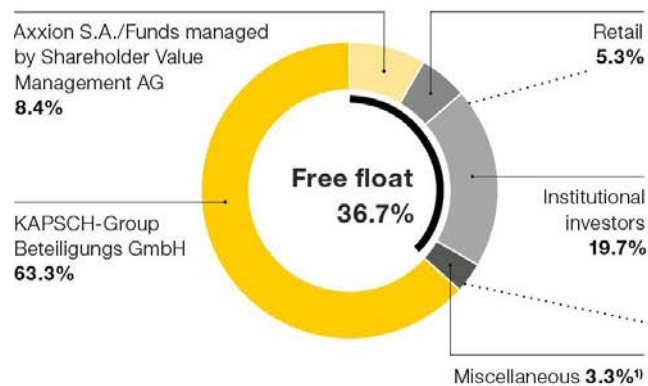
2018: EUR 1.50 (EPS 2017/18: 2.21)

2019: EUR 1.50 (EPS 2018/19: 3.68) – proposal to the AGM

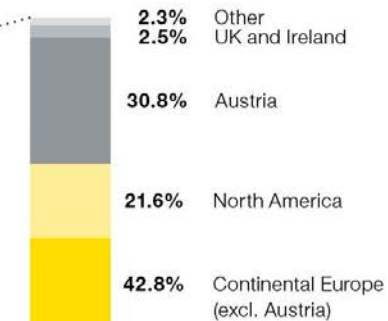


Kapsch TrafficCom share.

Shareholder structure



Institutional investors by region



Source: Shareholder survey from March 2019

1) Trading positions and unidentified shareholders.

Basic information

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

Select events

September 10, 2019 Annual General Meeting

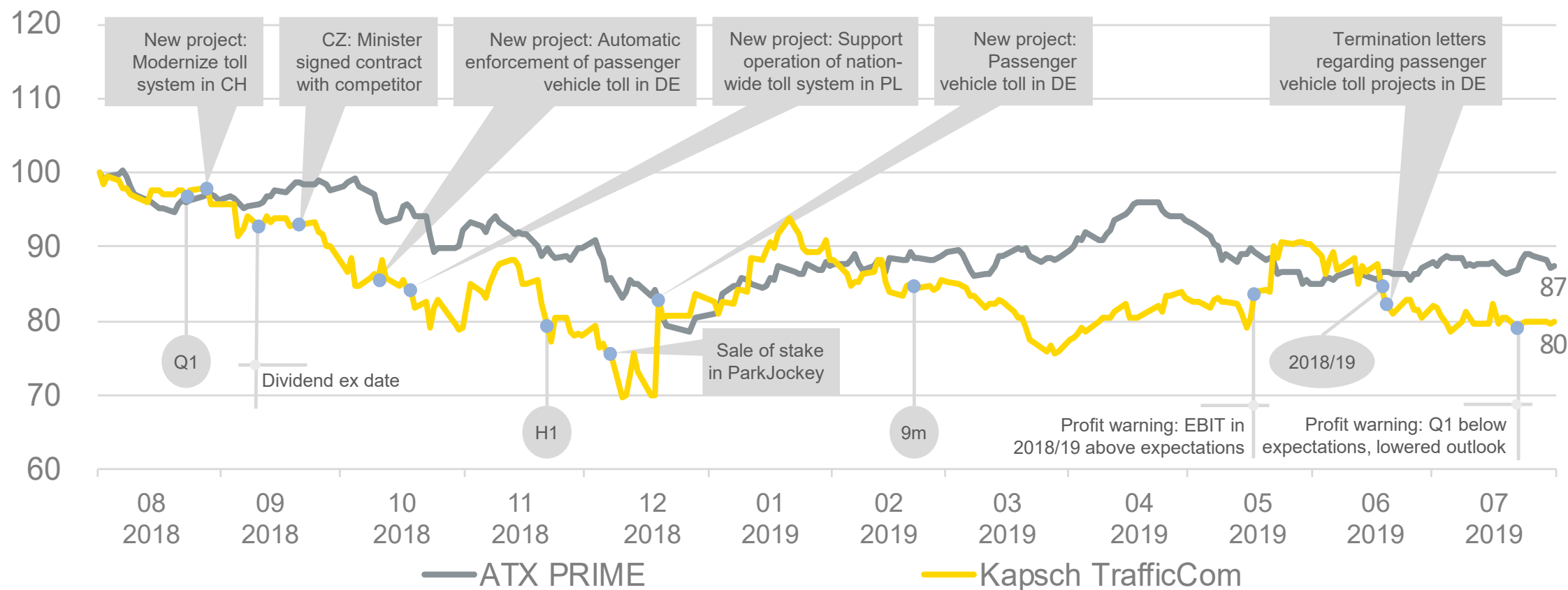
September 13, 2019 Dividend Ex Date

More information: www.kapschtraffic.com/ir



Share price development (last 12 months).

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	2018/19	% of total
Revenues	737.8	
thereof ETC	558.4	76%
thereof IMS	179.4	24%

EMEA

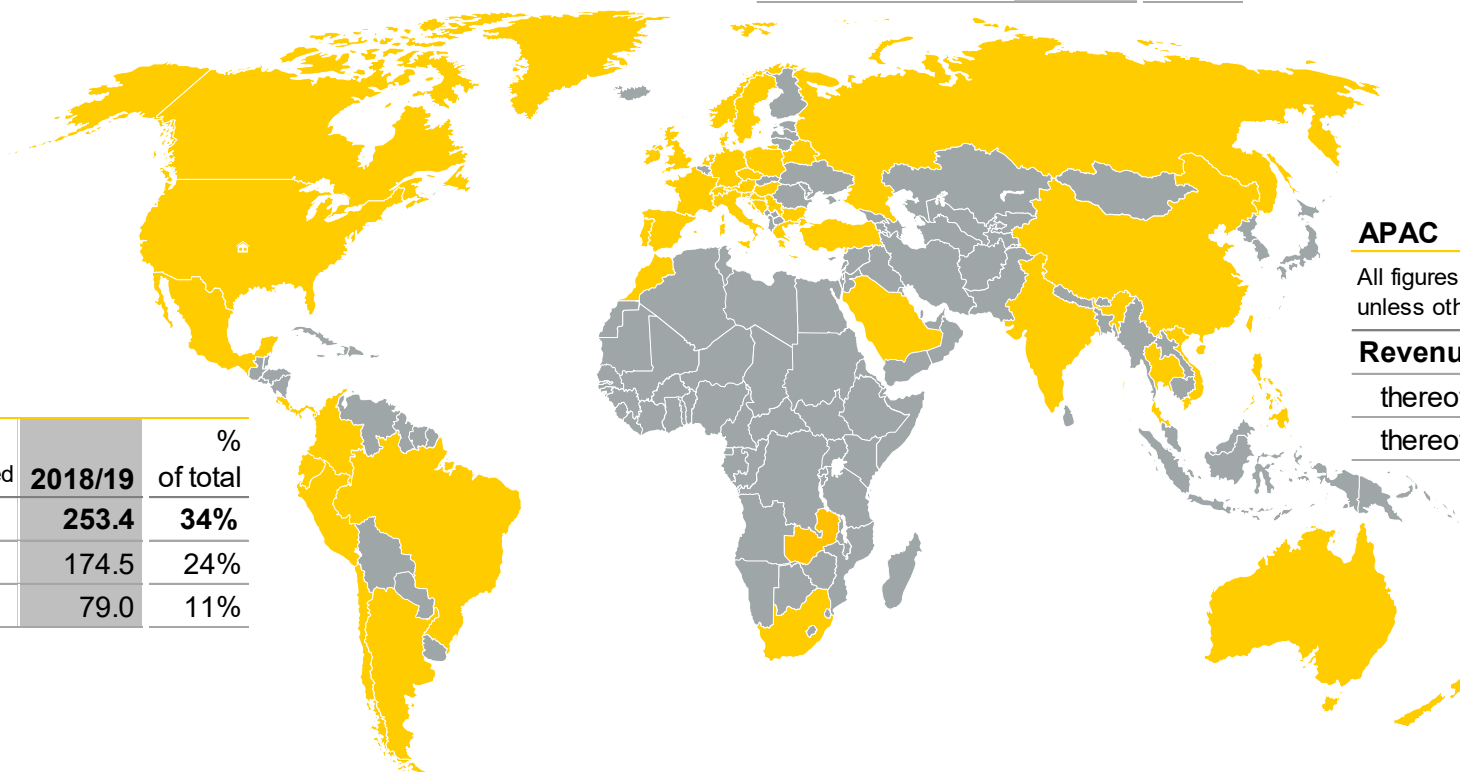
All figures in EUR mn unless otherwise stated	2018/19	% of total
Revenues	431.1	58%
thereof ETC	334.3	45%
thereof IMS	96.8	13%

Americas

All figures in EUR mn unless otherwise stated	2018/19	% of total
Revenues	253.4	34%
thereof ETC	174.5	24%
thereof IMS	79.0	11%

APAC

All figures in EUR mn unless otherwise stated	2018/19	% of total
Revenues	53.3	7%
thereof ETC	49.7	7%
thereof IMS	3.6	0%



Overview: Major project.

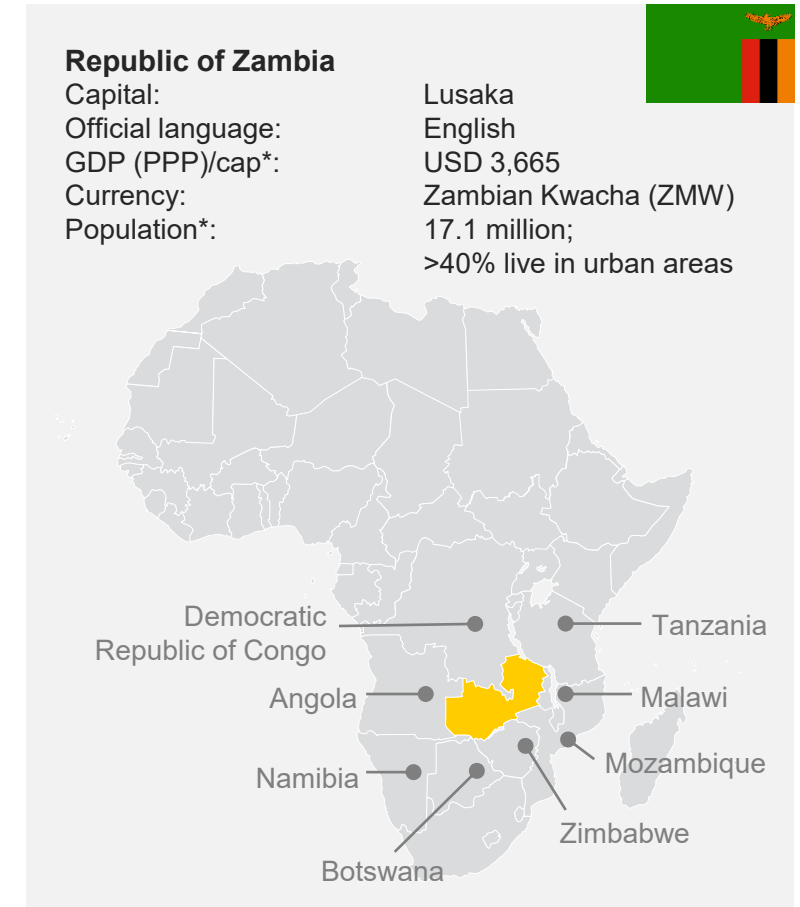
Road safety and traffic management in Zambia.

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 starting from January 1, 2018.

Organizational & financial

- > Joint venture (JV) with local partner Lamise Trading (49%).
- > Full consolidation since September 2018 (before: at equity).
- > JV's expected average revenues for 3 years: EUR 90 - 110 million.



*Source: World Bank (Data for 2017)

Overview: Major project.

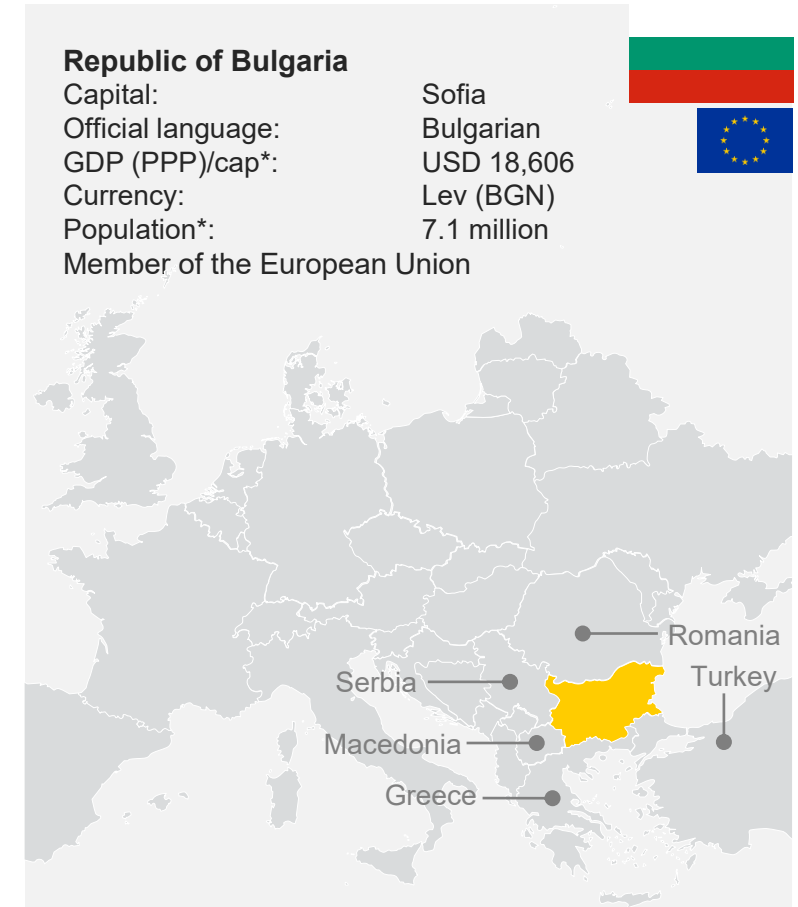
Nation-wide tolling system in Bulgaria.

About the project

- > Implement nation-wide tolling system, start: 01/2018
 - 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, no cities).
- > Some details:
 - 500 terminals for registering and issuing eVignettes,
 - 100 enforcement vehicles, 100 weigh-in-motion facilities, 100 tolling gantries.
- > Term: eVignette finished 12/2018, truck tolling to be concluded in 2019.
- > 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).

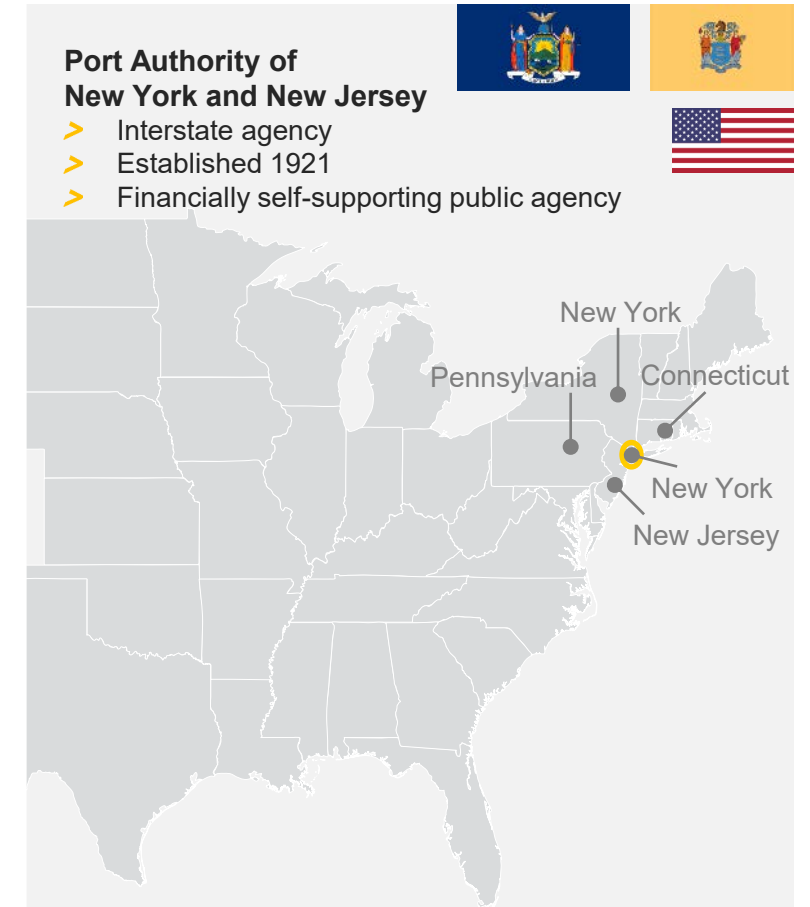
About the projects

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.

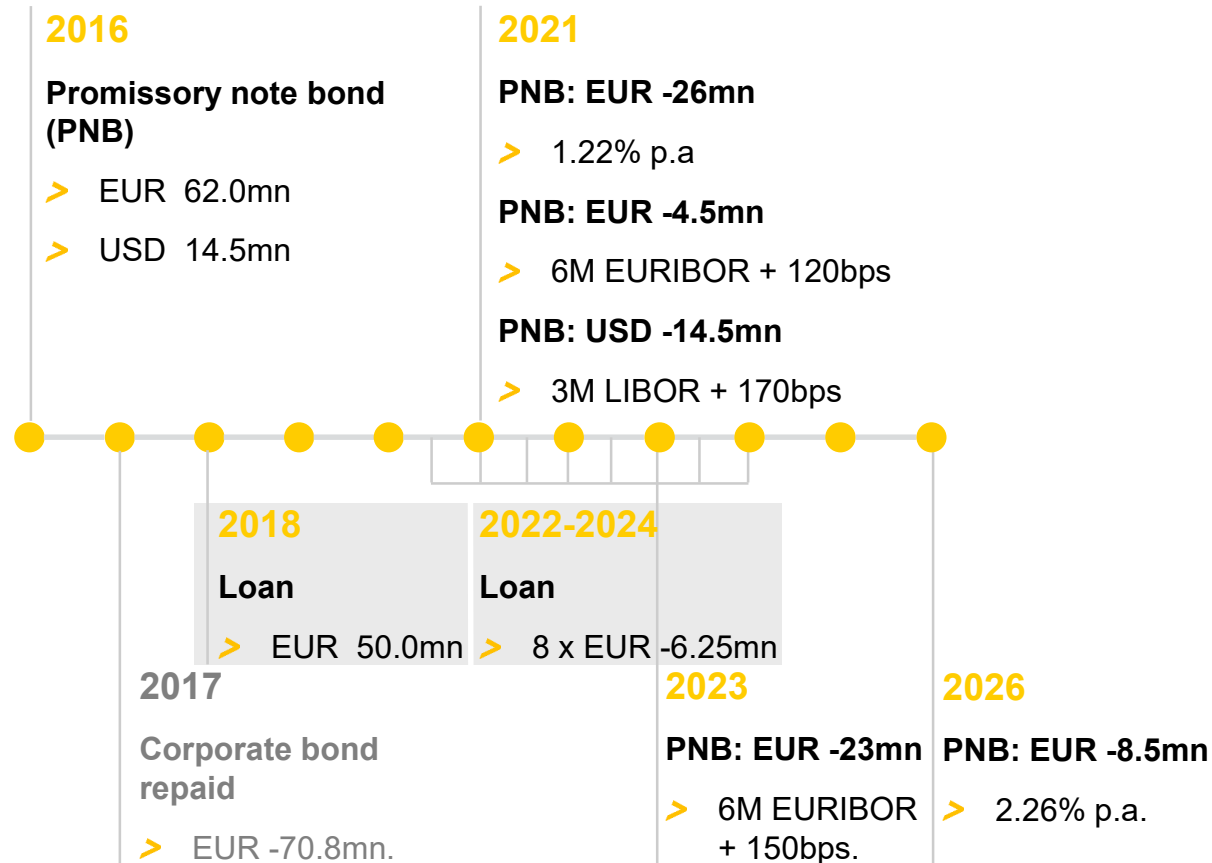
2. Traffic Management (2017)

- > 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

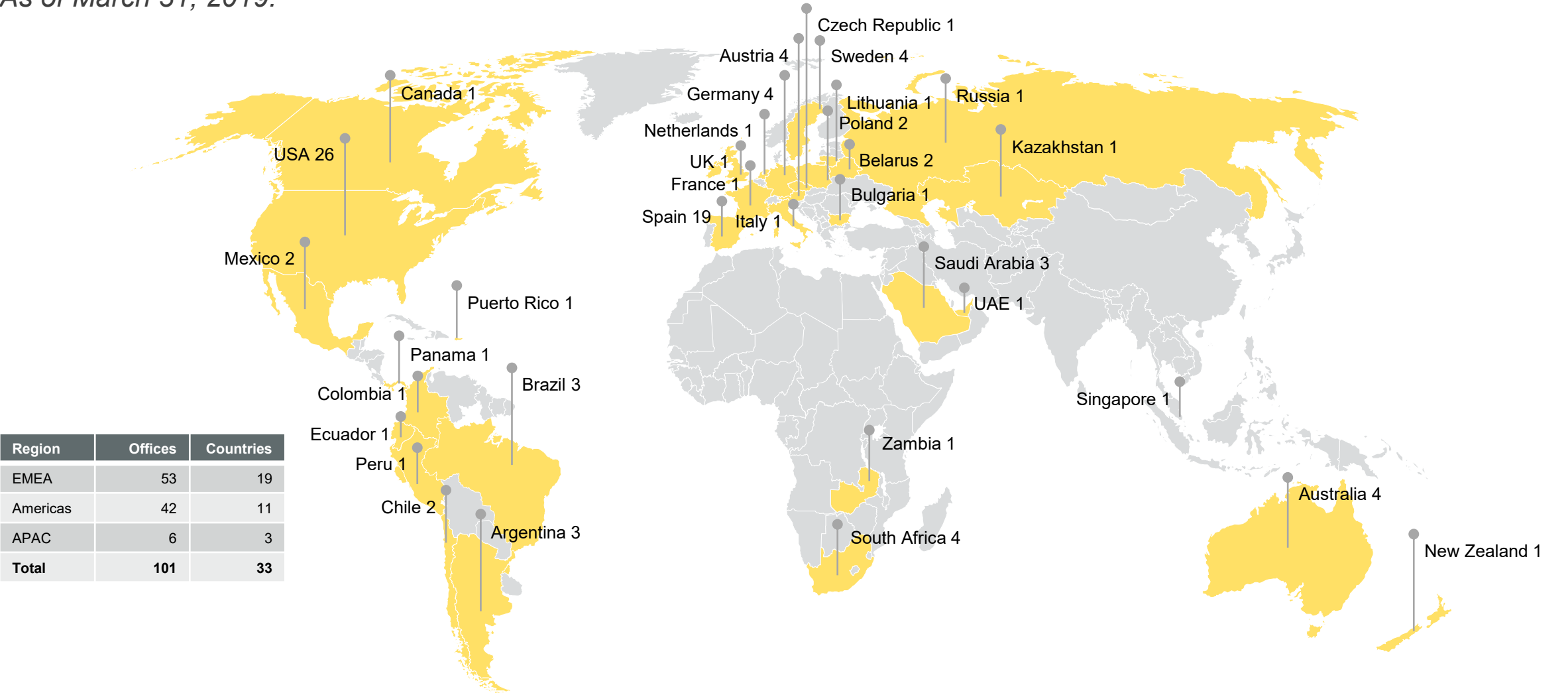
- > Issued 2016
- > Volume: EUR 62mn + USD 14.5mn
- > 3 tenors (5/7/10 years)
- > Partially fixed interest, partially variable

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

Ovierview of Kapsch TrafficCom's offices.

As of March 31, 2019.



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

2018

Germany: Contracts for implementation & operation of passenger vehicle toll system + for the automatic enforcement

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.*