



**kapsch** >>>  
challenging limits

Kapsch TrafficCom

# ***Investor Presentation.***

*October 2020.*

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# Kapsch TrafficCom.

*At a glance.*



## Provider of Intelligent Transportation Solutions

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



## Solid financial parameter

- Revenues: ~ EUR 730 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%



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

... and how Kapsch TrafficCom addresses them.

## Financing transportation networks.

USD 900 billion\* p.a. must be invested in road infrastructure worldwide to keep pace with expected economic growth.

\*Study by McKinsey Global Institute

## Urbanization.

Share of people living in cities:	Urban population:
since 2007: > 50%	today: 4.2 billion
by 2030: > 60%	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.

→ Higher 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.

Examples: e-mobility, Mobility as a Service (MaaS), connected vehicles, big data-based applications.

## Change of the ITS industry.

Convergence of various ITS market segments.

Trend towards intelligent, holistic mobility solutions.

## Kapsch TrafficCom's approach.

Help deal with traffic flows more efficiently by:

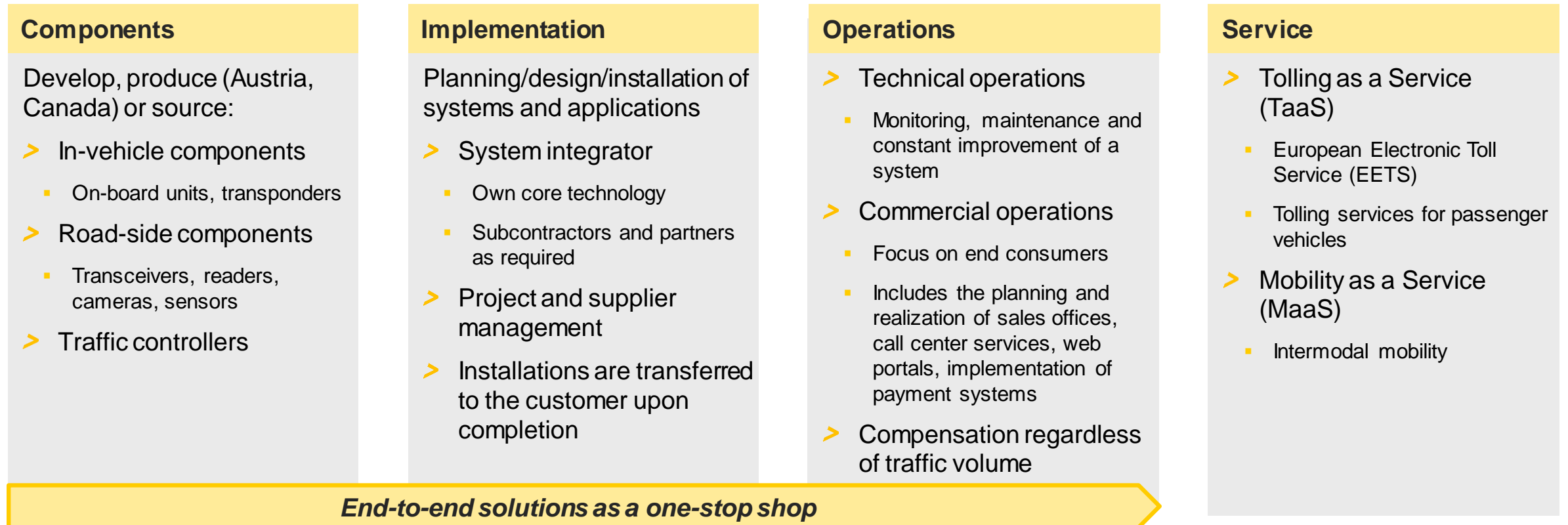
- **collecting charges** for the use of road infrastructure (ETC segment),
- **managing traffic** (IMS),
- applying traffic safety and security solutions (IMS).
- expanding from ITS to **intelligent, holistic mobility solutions** (both segments).

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

# 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.



# 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 Mobility as a Service (FluidHub)
- > Platform for connected mobility (Kapsch Connected Mobility Software Suite)

# Business model.

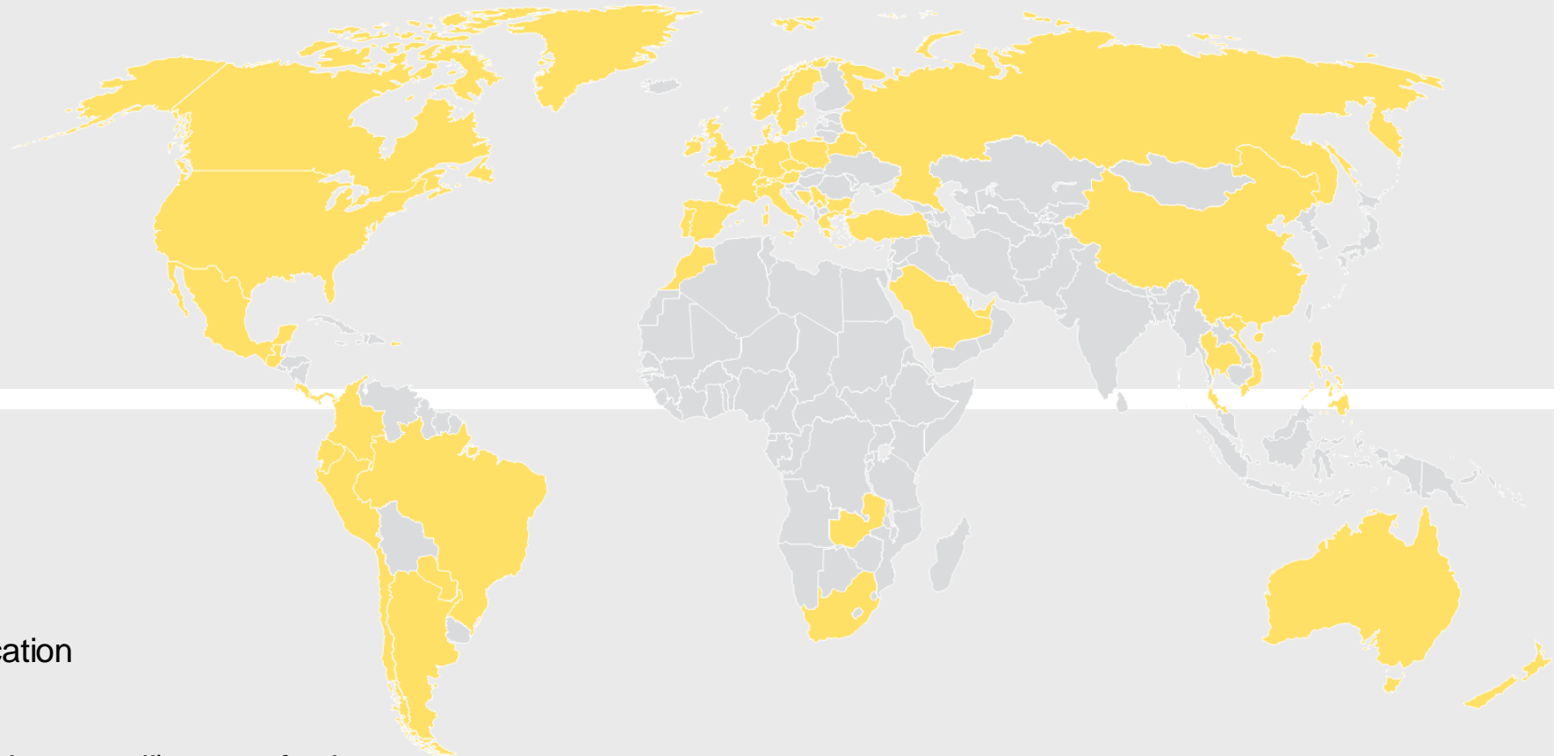
*Customers and competition.*

## Customers.

- > Public agencies
- > Municipalities
- > Private concessionaires
- > Public-private partnerships
- > Consumers (mainly USA)

## Competition.

- > Fragmented market
  - Regionally
  - Depending on solution/application
  - Technologically
- > Most competitors are (a rather small) part of a larger group.



# Reporting segments.

## ELECTRONIC TOLL COLLECTION (ETC)

- 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)
- > City tolling
- > Managed lanes (tolled)

#### Standards:

- > CEN
- > WAVE

### Plaza tolling.

### Tolling as a Service (TaaS).

## INTELLIGENT MOBILITY SOLUTIONS (IMS)

- Broad set of solutions and services addressing different aspects of traffic and mobility.
- Established solutions and investments in future growth.

### Traffic management.

- > Urban
- > Highway
- > Tunnels/bridges
- > Managed lanes
- > Reversible roadways
- > Traffic law enforcement

### Connected mobility.

- > V2X communication technology
- > Connected mobility platform

### Mobility as a Service (MaaS).



# 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
- Size and financial stability
- Listed (transparence, access to capital)
- Shareholder interests sustainably secured on the Executive Board by CEO Georg Kapsch.



# ***Financial results.***

Q1 2020/21.

# Q1 2020/21.

## Highlights.

- > Some effects from previous year continue to pose a challenge:
  - termination of several major projects,
  - ongoing personnel shortage in North America,
  - additional expenses for the implementation of new software lead to a decline in revenues and earnings.
- > No dividend for 2019/20.
- > Program launched to reduce costs and increase efficiency.
- > Still too many uncertainties for quantitative outlook on full year 2020/21.

### Revenues

EUR 138.5 mn

Previous year | EUR 186 mn  
-26%

### EBIT

EUR -11.3 mn

Previous year | EUR 5 mn  
n.m.

### EBIT margin

-8.2%

Previous year | 2.4%  
-10.6%p

### EPS

EUR -0.77

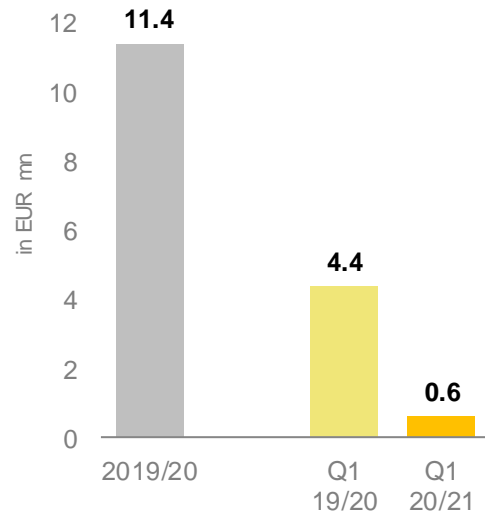
Previous year | EUR 0.19  
n.m.



# Q1 2020/21.

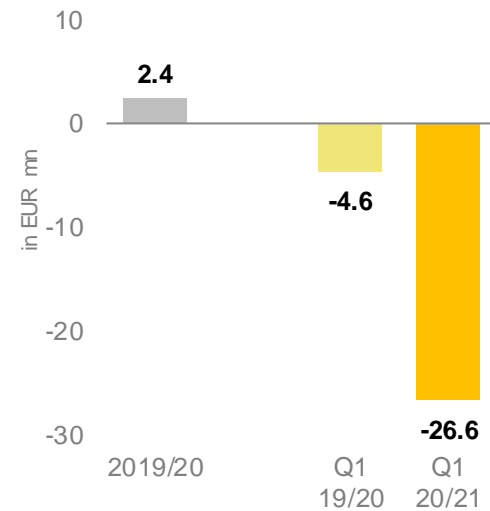
Other key financials.

## Net CAPEX

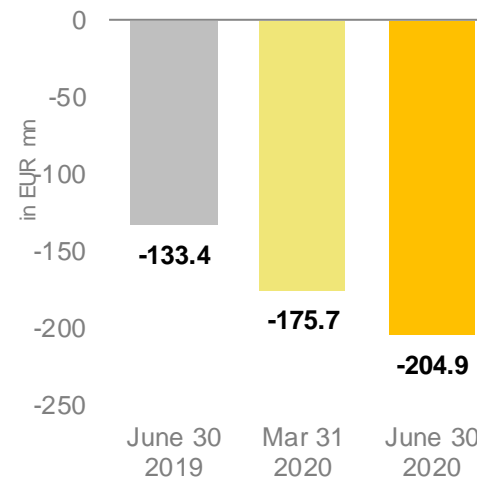


- > Low CAPEX because of cost management.
- > Negative free cashflow mainly from changes in working capital.

## Free cash flow

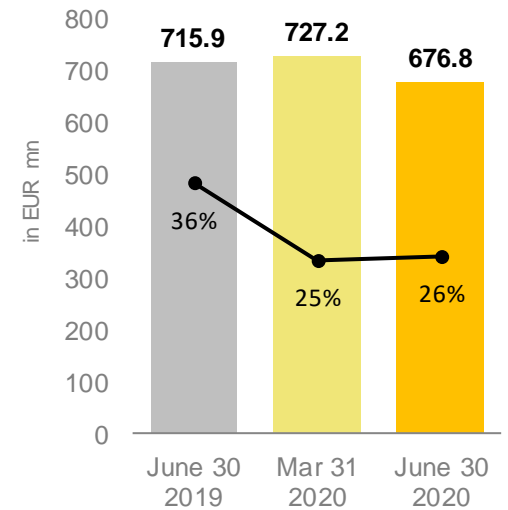


## Net debt



- > Net debt position expanded because of negative free cash flow.
- > Reduction of trade payables resulted in lower total assets. Equity ratio slightly improved.

## Balance sheet total and equity ratio





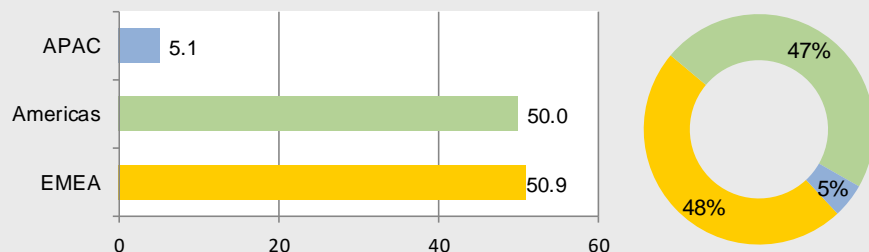
# Q1 2020/21.

Segment results.

## ELECTRONIC TOLL COLLECTION (ETC)

All figures in EUR mn unless otherwise stated	2019/20	Q1 2019/20	Q1 2020/21	+/-
Revenues	563.5	147.0	106.0	-28%
Implementation	0.0	58.9	39.8	-32%
Operations	0.0	63.7	47.0	-26%
Components	0.0	24.5	19.2	-22%
EBIT	1.5	7.6	-8.9	—
EBIT margin	0.3%	5.2%	-8.4%	-14%p

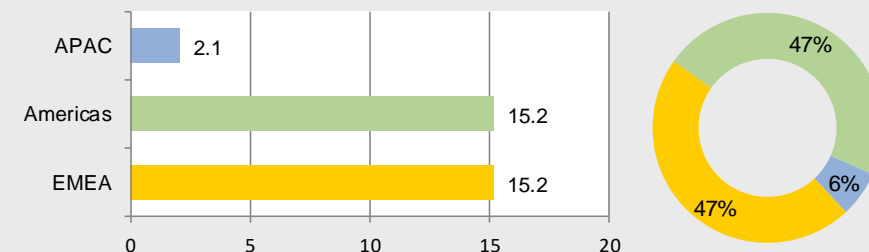
### Revenues by region



## INTELLIGENT MOBILITY SERVICES (IMS)

All figures in EUR mn unless otherwise stated	2019/20	Q1 2019/20	Q1 2020/21	+/-
Revenues	167.7	39.1	32.5	-17%
Implementation	0.0	15.0	15.7	5%
Operations	0.0	20.9	16.0	-24%
Components	0.0	3.3	0.8	-74%
EBIT	-40.7	-3.1	-2.5	20%
EBIT margin	-24.2%	-7.9%	-7.6%	0%p

### Revenues by region



# Outlook.

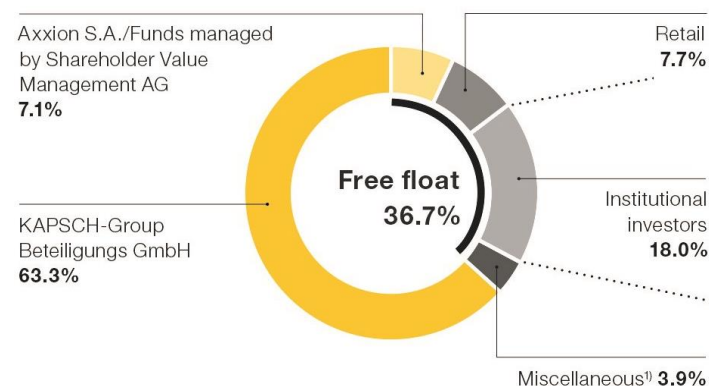
## FY 2020/21.

- Revenues: down by 15-20% from previous year's EUR 731 million
- EBIT: Negative two-digit million value
- No dividend for FY 2020/21



# Kapsch TrafficCom share.

## Shareholder structure



## Institutional investors by region



Source: Shareholder survey from March 2020

<sup>1)</sup> Trading positions and unidentified shareholders.

## Research coverage\*

Erste Group	
Accumulate	EUR 23.00
Kepler Cheuvreux	
Hold	EUR 22.00
ODDO Seydler Bank/FMR	
Hold	EUR 16.50
Raiffeisen Centrobank	
Hold	EUR 12.50

\* As per October 2, 2020.

## Select events

November 18, 2020	H1 2020/21 results
February 16, 2021	Q1-Q3 2020/21 results
More information: <a href="http://www.kapschtraffic.com/ir">www.kapschtraffic.com/ir</a>	

## Basic information

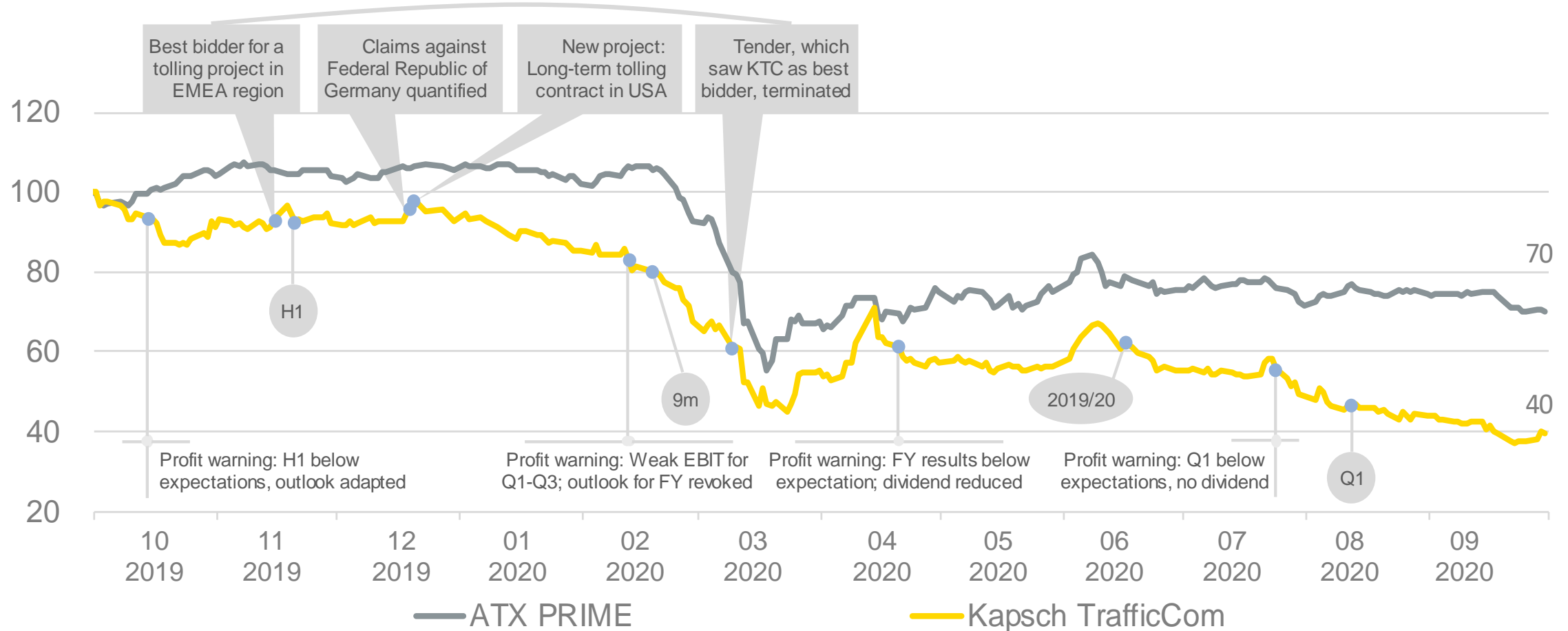
- > Listed in Prime Market segment at the Vienna Stock Exchange since 2007.
- > Capital increase in 2011.
- > Total of 13 million shares.

- > ISIN: AT000KAPSCH9
- > Reuters: KTCG.VI
- > Bloomberg: KTCG AV



# Share price development (last 12 months).

Kapsch TrafficCom and ATX Prime.





***Thank you  
for your attention.***

**Kapsch TrafficCom**

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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	<b>2019/20</b>	% of total
<b>Revenues</b>	<b>731.2</b>	
thereof ETC	563.5	77%
thereof IMS	167.7	23%

## Americas

All figures in EUR mn unless otherwise stated	<b>2019/20</b>	% of total
<b>Revenues</b>	<b>293.6</b>	<b>40%</b>
thereof ETC	221.4	30%
thereof IMS	72.2	10%

## EMEA

All figures in EUR mn unless otherwise stated	<b>2019/20</b>	% of total
<b>Revenues</b>	<b>403.5</b>	<b>55%</b>
thereof ETC	315.0	43%
thereof IMS	88.5	12%

## APAC

All figures in EUR mn unless otherwise stated	<b>2019/20</b>	% of total
<b>Revenues</b>	<b>34.1</b>	<b>5%</b>
thereof ETC	27.0	4%
thereof IMS	7.0	1%

# Overview: Major project.

*Tolling in Belle Chasse (Louisiana, USA).*

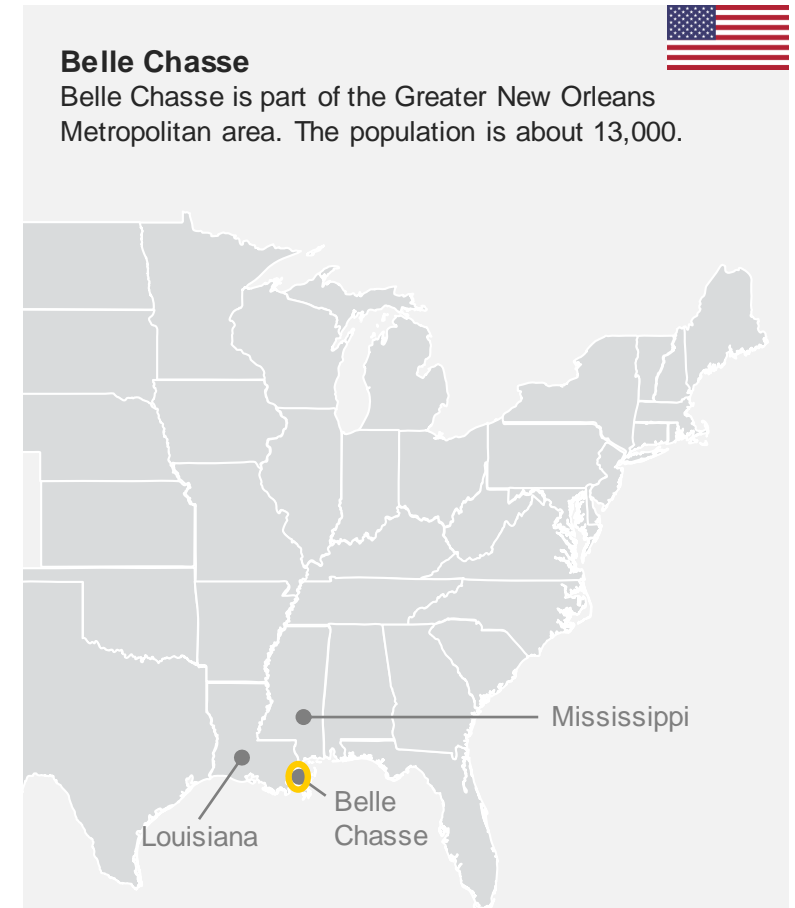


## About the project

- Implementation of an electronic toll collection system on a newly built bridge followed by commercial and technical operations.
- Kapsch TrafficCom is supplier to a consortium,
  - awarded to build a new bridge replacing old traffic infrastructure and
  - representing the first Private, Public, Partnership (P3) project in Louisiana.
- Term: Start in 2023, total term of more than 30 years.

## Financial

- Total project volume of more than USD 100 million.





# Overview: Major project.

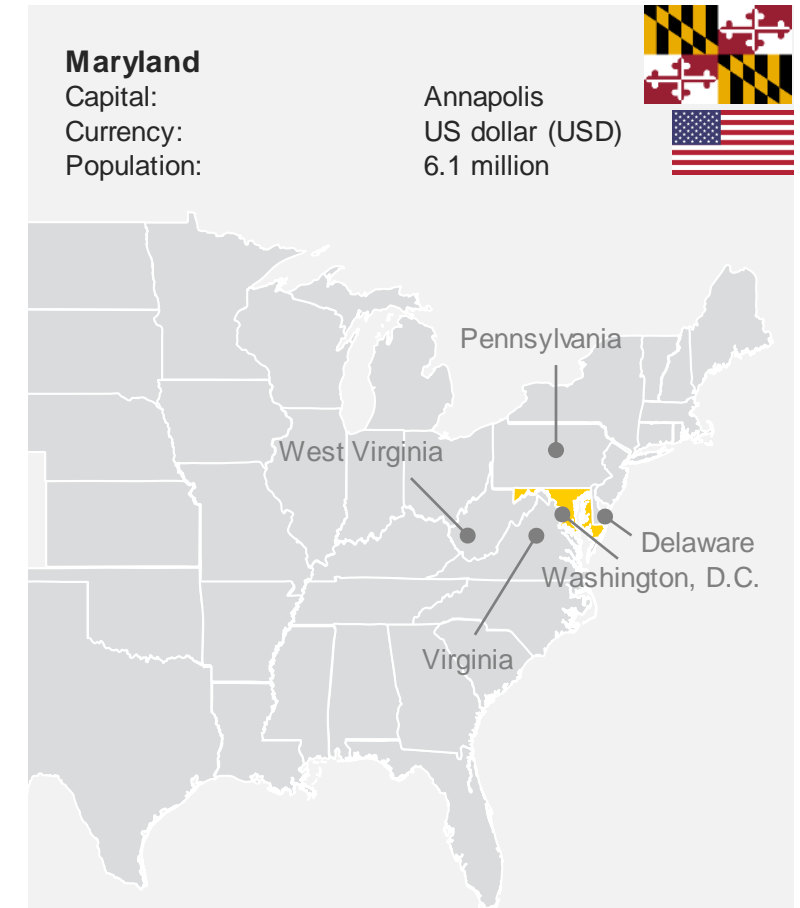
*Tolling in Maryland (USA).*

## 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).*

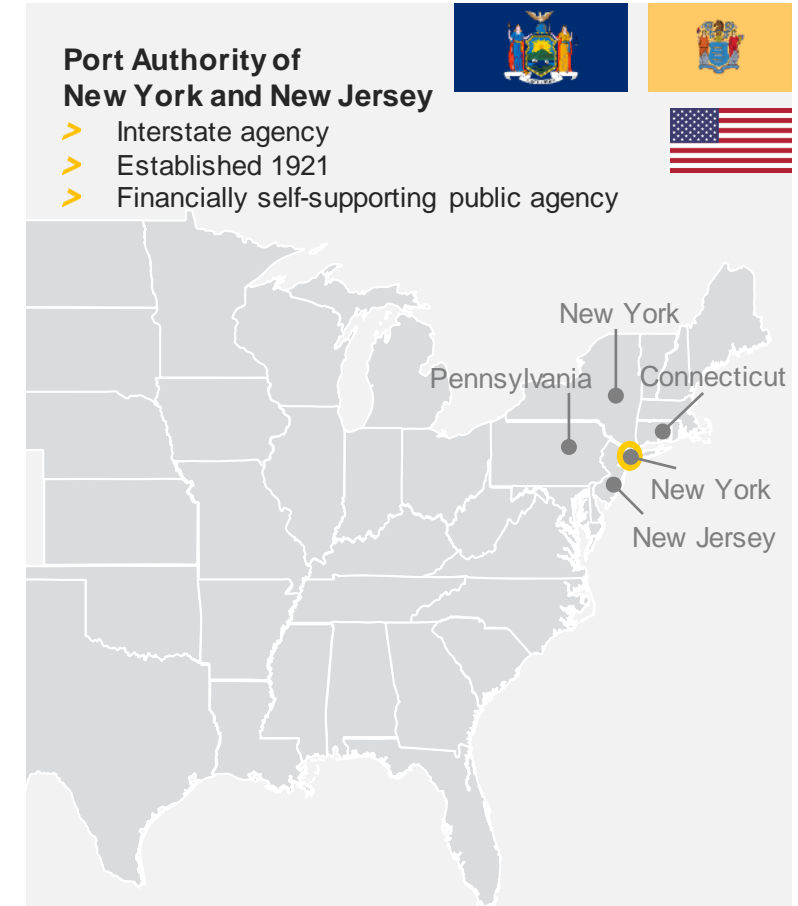
## About the projects

### 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.*

# 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.

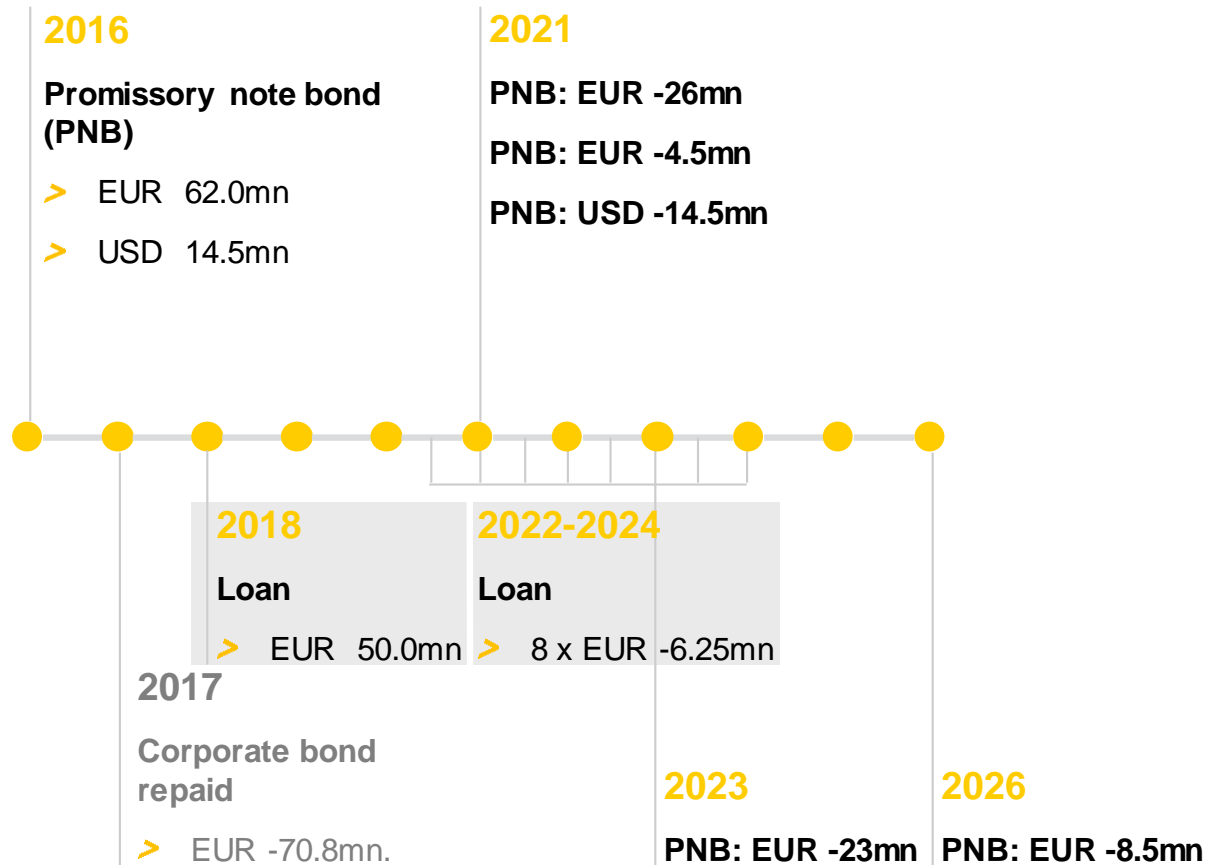
## Dividend payouts

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.



## Corner stones of the promissory note bond

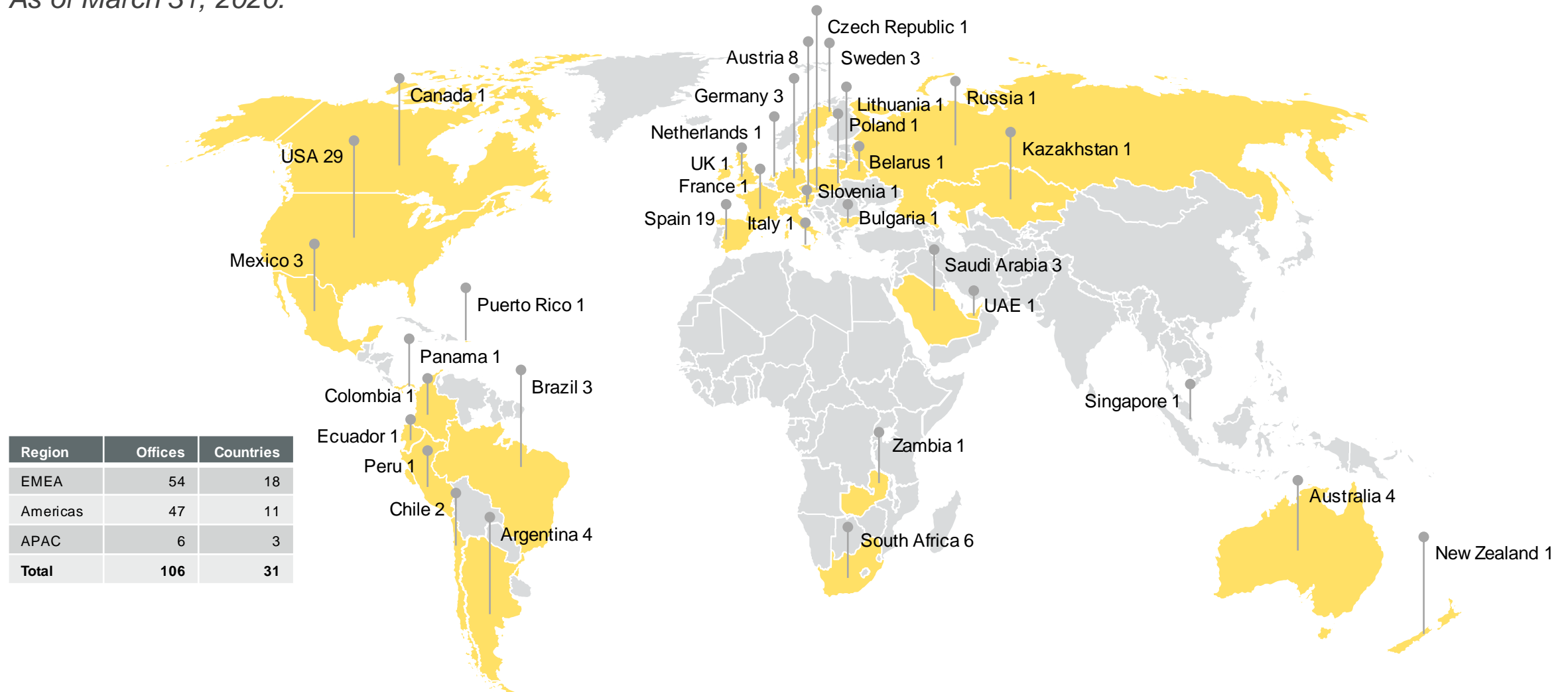
- > Issued 2016
- > Volume: EUR 62mn + USD 14.5mn
- > 3 tenors (5/7/10 years)
- > Partially fixed interest, partially variable

## 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.



# 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**

Bulgaria: Nation-wide tolling system

**2018**

Germany: Contracts for implementation & operation of passenger vehicle toll system + for the automatic enforcement; terminated in 2019.



*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.*