

EANS-News: Kapsch TrafficCom / Results for the first three quarters of 2020/21.

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Financial Figures/Balance Sheet/Quarterly Report

Vienna - Highlights.

- * Expiry of major projects, COVID-19, special effects, and 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.

"The success of the introduced cost reduction program is already evident. While the free cash flow in Q1 was still negative at around EUR 27 million, the shortfall in Q2 fell to EUR 3 million. In the just finished Q3, we succeeded in generating a positive free cash flow of EUR 31 million. As a result, we now have a positive value of EUR 1 million after nine months," says Georg Kapsch, CEO of Kapsch TrafficCom.

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Unless otherwise stated, all values in EUR million	Q1-Q3		+/-
	2019/20	2020/21	
Revenues	545.5	384.5	-29.5%
EBIT	7.7	-89.0	> -100%
EBIT margin	1.4%	-23.1%	-24.5%p
Result for the period attributable to equity holders	1.9	-78.3	> -100%
Earnings per share (EUR)	0.14	-6.03	> -100%

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Revenues totaled EUR 384 million in the first three quarters of 2020/21, which represents a decline of 30% or EUR 161 million. EUR 75 million of this amount is attributable to major projects that ended in the previous year: one in Germany (early termination of the implementation project by the customer due to a decision by the European Court of Justice), one in the Czech Republic (operating contract expired), and one in Bulgaria (completion of the implementation of a nation-wide toll system). In North America, the focus was on completing and

restructuring existing projects. In addition, project margins had to be adjusted in the USA. This not only had negative effects on the EBIT but also, and in a large extent, on revenues. Finally, the various measures adopted to slow the spread of COVID-19 also led to a substantial decline in demand and revenues: In the Electronic Toll Collection (ETC) segment, they were major drivers behind the decline of EUR 28 million or around one-third in component revenues. Implementation revenues also fell by EUR 71 million.

The operating result (EBIT) went from EUR 8 million in the previous year to EUR -89 million in the current reporting period. The following special effects in particular were responsible for this development in the current financial year:

- * Adjustment of project margins and provisions for onerous contracts, particularly for projects in North America: EUR -50 million.
- * Impairments of goodwill: EUR -21 million (corresponds to the figure in H1 2020/21).
- * Provision for lawsuit in the USA: EUR -8 million.
- * Operating currency effects: EUR -11 million (net).

The financial result in the first three quarters of 2020/21 amounted to EUR -10 million (previous year: EUR -5 million). This was primarily due to the net interest loss of EUR 3 million and unrealized foreign exchange losses in the amount of EUR 5 million (net). Income taxes were positive at EUR 18 million (previous year: EUR -1 million).

The result for the period attributable to equity holders of the company after nine months totaled EUR -78 million (previous year: EUR 2 million). This equates to earnings per share of EUR -6.03 (previous year: EUR 0.14).

As of December 31, 2020, the net debt amounted to EUR 183 million (March 31, 2020: EUR 176 million). The equity ratio was at 18% (March 31, 2020: 25%). The balance sheet total fell to EUR 614 million (March 31, 2020: EUR 727 million).

Free cash flow of EUR 1 million after three quarters was substantially better than in the comparative period of the previous year (EUR -20 million). Net CAPEX totaled EUR 2 million (previous year: EUR 9 million).

And even though we are seeing the first signs of success from our efforts to make the company more efficient, focused, agile, and profitable over the long term, we still have a hard road ahead of us. The management is examining structures, processes, and expenditures throughout the entire organization. Many necessary restructuring measures have already been implemented, while others have been introduced, and a few are still outstanding. Naturally, this is often

connected with additional costs in the short term. The Executive Board assumes that these will be reflected for the most part in the current financial year's result. Therefore, it is quite possible that, with revenues of somewhat more than EUR 500 million, the negative EBIT in the 2020/21 financial year could exceed the EUR 100 million threshold.

Segment results.

In the first three quarters of 2020/21, 73% of revenue was generated by the ETC segment and 27% by the IMS segment. 53% of revenue was generated in the region EMEA (Europe, Middle East, and Africa), 42% in the region Americas (North-, Central- and South America), and 5 % in the APAC (Asia-Pacific) region.

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ETC (Electronic Toll Collection)

Unless otherwise stated,	Q1-Q3	Q1-Q3	
all values in EUR million	2019/20	2020/21	+/-
Revenues	420.1	279.6	-33.5%
EBIT	18.5	-79.7	> -100%
EBIT margin	4.4%	-28.5%	-32.9%p

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In the first three quarters of 2020/21, ETC revenues reached EUR 280 million (-33%). As mentioned above, the comparative period included revenues of major projects which have come to an end in the meantime. Implementation and component revenues fell by EUR 100 million. A good portion of this decrease is a consequence of the international measures adopted to slow the spread of COVID-19. ETC-EBIT amounted to EUR -80 million (previous year: EUR 19 million). EBIT margin was at -28% (previous year: 4%). In the first three quarters 2020/21 Kapsch TrafficCom sold 7.5 million on-board units (previous year: 10.1 million).

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IMS (Intelligent Mobility Solutions)

Unless otherwise stated,	Q1-Q3	Q1-Q3	
all values in EUR million	2019/20	2020/21	+/-
Revenues	125.3	104.9	-16.3%
EBIT	-10.9	-9.3	14.2%
EBIT margin	-8.7%	-8.9%	-0.2%p

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In the first three quarters of 2020/21, segment revenues reached EUR 105 million. (-16%). The IMS EBIT was EUR -9 million and thus better than in the previous year (EUR -11 million).

The now completed departure of the United Kingdom from the EU (Brexit) had no significant impact on Kapsch TrafficCom's results. Revenues there were in the single-digit million range during the first three quarters of 2020/21.

The highlights report of the first three quarters of 2020/21 as well as further materials will be available at <http://kapsch.net/ktc/IR> from today at 7:35 am (CET).

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