

Press release.

Kapsch TrafficCom – Result for the financial year 2023/24.

Highlights.

- > *Project successes strengthen future revenues and earnings.*
- > *Result from operating activities (EBIT) increased significantly to EUR 70 million.*
- > *Key financial indicators show solid basis again.*
- > *Settlement agreement in Germany significantly improved the financial position.*
- > *Outlook to financial year 2024/25: revenue growth over market growth and improvement in adjusted EBIT.*

"Kapsch TrafficCom is on the right track, even if this is not yet reflected in the operating figures. Our highly motivated team has paved the way for the future of our company through successes in the market and in technology," says Georg Kapsch, CEO of Kapsch TrafficCom.

Unless otherwise stated, all values in EUR million.	2022/23	2023/24	+/-
Revenues	553.4	538.8	-2.6%
EBIT ¹⁾	5.2	70.3	>+500%
EBIT margin ¹⁾	0.9%	13.0%	+12.1pp
Result for the period attributable to equity holders	-24.8	23.2	-
Earnings per share (EUR)	-1.91	1.72	-

¹⁾ Adjustment previous year: reporting of gains from derivative financial instruments in financial income

Vienna, June 19, 2024 – The Kapsch TrafficCom Group reached key milestones in the financial year 2023/24 that put the company back on a solid base for the future. On the one hand, the financial and net assets position as well as the results of operation improved significantly compared to the previous year, while on the other hand, Kapsch TrafficCom was able to make significant progress on projects and was awarded new orders, which will increasingly be reflected in revenues, earnings and liquidity.

Significant events and project developments.

In July 2023, a settlement agreement was reached in the arbitration proceedings between the autoTicket joint venture and the Federal Republic of Germany. This led to a total cash inflow of EUR 109 million in the reporting period, which was reflected in EBIT in the amount of EUR 79 million and enabled the repayment of financial liabilities in the amount of EUR 88 million.

In May 2023, Kapsch TrafficCom already agreed a financing restructuring with its major financial creditors, which led to a longer-term financing structure and has since been extended until March 2026. In accordance with this agreement, a capital increase of 10% of the existing share capital was conducted in November 2023.

In addition, Kapsch TrafficCom was able to achieve significant project successes in the past financial year. Milestones were reached in existing projects that will lead to incoming payments, some implementation projects were transitioned into the operation phase, in South Africa the operation of the tolling system in the Gauteng province was extended again and, last but not least, we were awarded numerous new orders. Of particular strategic importance are those that point the path to the future of roads with tolling services and connected vehicles.

The order intake reached a remarkable EUR 734 million in the reporting period, 53% more than in the previous year, and the order backlog amounted to EUR 1.4 billion at the end of the year, 15% higher than in the previous year. The key financial indicators improved significantly as a result of these developments.

Earnings position.

At EUR 539 million, Kapsch TrafficCom's revenues in the financial year 2023/24 were 3% below the previous year's figure of EUR 553 million. The decline in reported net revenues was primarily due to a customer credit note in the amount of EUR 6 million, accrued revenues from orders in progress and margin value adjustments. By contrast, the invoiced revenues in the reporting period were higher than in the previous year, resulting in an increase in receivables from customers and a corresponding expected cash inflow.

In regional terms, revenues in the EMEA region (Europe, Middle East, Africa) were 2% higher than in the previous year, while the Americas (North, Central and South America) and Asia-Pacific regions recorded a decline of 7% and 12% respectively following the growth of previous years.

At EUR 70 million, the result from operating activities (EBIT) significantly exceeded the previous year's figure of EUR 5 million (adjusted). The increase was influenced in particular by the following one-time effects:

- The one-time effects from Germany led to an increase in EBIT of EUR 79 million.
- After an agreement was reached with a customer regarding overdue receivables, the allowances for these receivables were reversed in the amount of EUR 10 million. In contrast, a credit note was issued, which led to the reduction in revenues. The EBIT effect therefore amounted to EUR 5 million.
- For some projects in the Americas region, the project margins were adjusted, revenue and contract assets from customer contracts were reduced and provisions for onerous contracts were recognized. This had a negative impact of EUR 25 million on EBIT.
- Costs in connection with the restructuring are reflected in EBIT in the amount of EUR 3 million.

Adjusted for these one-time effects, EBIT for the financial year would have amounted to EUR 15 million.

The financial result decreased from EUR -14 million (adjusted) in the previous year to EUR -30 million in the 2023/24 financial year. The main deviations resulted from the increase in interest expenses and the one-time costs recognized in connection with the restructuring of financing.

The result for the period attributable to equity holders grew to EUR 23 million compared to EUR -25 million in the previous year. This corresponds to earnings per share of EUR 1.72 (previous year: EUR -1.91).

Segment results for the financial year 2023/24.

In the tolling segment, revenues decreased by 6% compared to the previous year from EUR 403 million to EUR 378 million, of which EUR 6 million was attributable to the customer credit. The share of total revenues was 70% (previous year: 73%). EBIT amounted to EUR 54 million after EUR -9 million (adjusted) in the previous year. The enormous increase reflects the effect of the settlement agreement in Germany, but the deterioration in margins in implementation projects as well as the adjustment and provisions for projects to be completed in the Americas region had a significant dampening effect on performance.

Results tolling.

Unless otherwise stated, all values in EUR million.

	2022/23	2023/24	+/-
Revenues	403.4	378.3	-6.2%
EBIT ¹⁾	-9.3	54.3	—
EBIT margin ¹⁾	-2.3%	14.4%	—

¹⁾ Adjustment previous year: reporting of gains from derivative financial instruments in financial income

The traffic management segment recorded revenue growth of 7% from EUR 150 million to EUR 161 million, with its share of total revenues increasing to 30%. EBIT increased from EUR 15 million to EUR 16 million.

Results traffic management.

Unless otherwise stated, all values in EUR million.

	2022/23	2023/24	+/-
Revenues	150.0	160.5	+7.0%
EBIT ¹⁾	14.6	15.9	+9.3%
EBIT margin ¹⁾	9.7%	9.9%	+0.2pp

¹⁾ Adjustment previous year: reporting of gains from derivative financial instruments in financial income

Financial and asset position.

Free cash flow reached EUR 106 million in the past financial year after EUR 3 million (adjusted) in the previous year. This increase was primarily due to the effect from Germany and the sale of the shares in Traffic Technology Services, Inc, USA.

On the assets side of the balance sheet, non-current assets decreased, primarily in connection with the effects from Germany. Current assets reflect the increase in trade receivables and the reduction in non-current and current contract assets from customer contracts due to higher invoiced revenues. The liabilities side is characterized by the significant increase in equity by 63% to EUR 83 million and a shift in the liability structure from current to non-current liabilities as well as the repayments of financial liabilities.

The equity ratio thus grew to 19% after 11% on the previous year's balance sheet date. Net debt decreased from EUR 186 million to EUR 106 million. As a result, the gearing ratio was significantly reduced and amounted to 127% compared to 363% at the end of the previous year.

As expected, Kapsch TrafficCom will propose to the Annual General Meeting that no dividend be distributed for the financial year 2023/24 due to the financing agreement reached with the banking partners.

Strategic progress.

In the reporting period, Kapsch TrafficCom started a review of Strategy 2027. As a first step, one investment that was not part of the strategic core business was sold in March and one in April 2024.

The company also took significant steps forward in the area of sustainability: The "Green Vision", which is based on sustainable products and a sustainable company, was further developed. In addition, Kapsch TrafficCom carried out a comprehensive materiality analysis in the past financial year in order to be able to address the key sustainability matters in a focused manner.

Outlook.

For the financial year 2024/25, the management expects revenues to grow above the forecasted average annual market growth of 7.5% from 2024 to 2030 according to Grand View Research. The operating result (EBIT) should show a slight improvement compared to the result adjusted for one-time effects of EUR 15 million, whereby positive one-time effects are also possible again. Despite the improved situation, the focus remains on costs.

The management continues to aim for further cash inflows from pending proceedings and other measures to further reduce net debt. The aim is to achieve a minimum level of net debt to EBITDA of less than 3.0x in the longer term.

Global megatrends as well as growing awareness and legal requirements regarding climate and environmental protection are increasing the demand for comprehensive and intelligent transportation solutions. More and more, this confirms that Kapsch TrafficCom is addressing the right issues with its Strategy 2027, even if implementation is taking longer than originally assumed due to the market situation.

The report on the financial year 2023/24 as well as further materials on the results are scheduled to be available today, from 7:35 a.m. (CEST), at: www.kapsch.net/en/ir

***Kapsch TrafficCom** is a globally renowned provider of transportation solutions for sustainable mobility with successful projects in more than 50 countries. Innovative solutions in the application fields of tolling, tolling services, traffic management and demand management contribute to a healthy world without congestion.*

With one-stop-shop-solutions, the company covers the entire value chain of customers, from components to design and implementation to the operation of systems.

Kapsch TrafficCom, headquartered in Vienna, has subsidiaries and branches in more than 25 countries and is listed in the Prime Market segment of the Vienna Stock Exchange (ticker symbol: KTCG). In its 2023/24 financial year, about 4,000 employees generated revenues of EUR 539 million.

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