

**TEMPLATE OF THE NATIONAL REPORT
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Kapsch Telematic Services, Czech Republic

GENERAL REPORT

PREAMBLE

The Consortium Kapsch is the General Supplier of the Toll Collection System on Roads and Provider of Services Related to the Operation of the Toll Collection System.

The Road and Motorway Directorate of the Czech Republic is the Operator of Toll Collection System on Roads. RMD is the organizational organ of the Ministry of Transport of the Czech Republic.

CGI (earlier LogicaCMG) is the independent auditor that measures the efficiency of the toll collection.

Introduction

The Czech Government discussed the introduction of the road toll shortly after the country joined the European Union (EU) in 2004. The primary reasons for this were:

- Change of time-based taxation to a more just performance-based charging where a user pays for the number of kilometres travelled
- Increase of funds flowing into road management;
- Attempt to balance the conditions for road and railroad transport as well as the related eventual reduction of increased truck traffic in the Czech Republic;
- Possibility to introduce telematic services.

The EU membership of the Czech Republic and the related expectations of highly increased transit truck traffic resulted in a demand for specifying an electronic toll collection system that would offer maximum user comfort.

The considered systems should not discriminate international carriers who occasionally use the chargeable road network in the country compared to the domestic carriers, who use it frequently. This is the reason why the competitors in the tendering process for the toll only included those who offered a system based on the microwave (DSRC) communication. One of the benefits of the microwave toll system is the use of low-cost and easy-to install on board units (OBU), which can be very easily distributed, installed and uninstalled into a vehicle. That this requirement was justified and confirmed by the experience from the first months of the system operation, primarily by the continuously growing number of active OBUs. If we compare this system with the satellite-based one, there is no doubt that the acquisition costs of the first one are higher. However the savings on acquiring more affordable low-cost and easy-to install OBUs have entirely eliminated the extra cost by now. They have proven to be the right decision.

The Czech Government decided to cover the costs for upgrading and maintenance of the transport infrastructure by introducing a distance-based truck toll. This road toll applies to Czech and foreign road users alike. On January 1, 2007, the Czech nationwide electronic toll collection system for heavy vehicles with a maximum permissible laden weight of 12 tons and above started commercial operation. As mentioned above, the system is fully electronic, using DSRC technology to achieve multilane free flow toll collection.

Within nine months from the date of contract signature, Kapsch, as the chosen supplier, was able to design, develop, manufacture, erect, integrate and implement this complex toll collection system, including setting up a nationwide distribution network for OBUs with pre-pay and post-pay capabilities, as well as establish multilingual services and a support network to enable technical and commercial operation of the system.

Since the year 2007, when the electronic tolling system started, several changes and adjustments have been brought into operation in the Czech electronic tolling system.

Since 1st January 2010 the tolling system was extended for vehicles over 3,5 tons within the nationwide tolled road network.

In August 2011 a new category "Bus" was introduced and deployed into the system, providing discounted tariffs for the carriers operating public passenger service.

The increase of road transport led to implementation of toll Discount System in year 2012, which was destined for big vehicle operators with a high amount of paid electronic toll. Some vehicles may achieve up to 13% discount from the whole sum of paid toll per year.

The Czech government has decided about increasing the toll rates since 1st January 2015 and about implementing a new emission category Euro 6. The best toll rate was applied onto the new category Euro 6 as a preference of vehicles with emission level EEV and Euro 6. This should have a big ecological effect, influence on decreasing of the environmental contamination and on air pollution - through higher toll rates for old vehicles which goes hand in hand with renewal of vehicle fleet.

From the past year clients of Czech tolling system have a possibility to use free Mobile App MYTOCZ, available for mobile platforms Android, iOS and Windows, which displays on a cellphone an overview of vehicle registration data, prepaid toll balance, information about the toll system and relevant news.

On 28 August 2016 the prolongation of the 10 year tolling contract was signed by Ministry of Transport. The contract with Kapsch is closed for up to max next 3 years. It includes the operation of tolling system itself, delivery of OBUs and incorporation of EETS (already integrated during 2017) to the system upon to client's needs, maximal 195 million Eur.

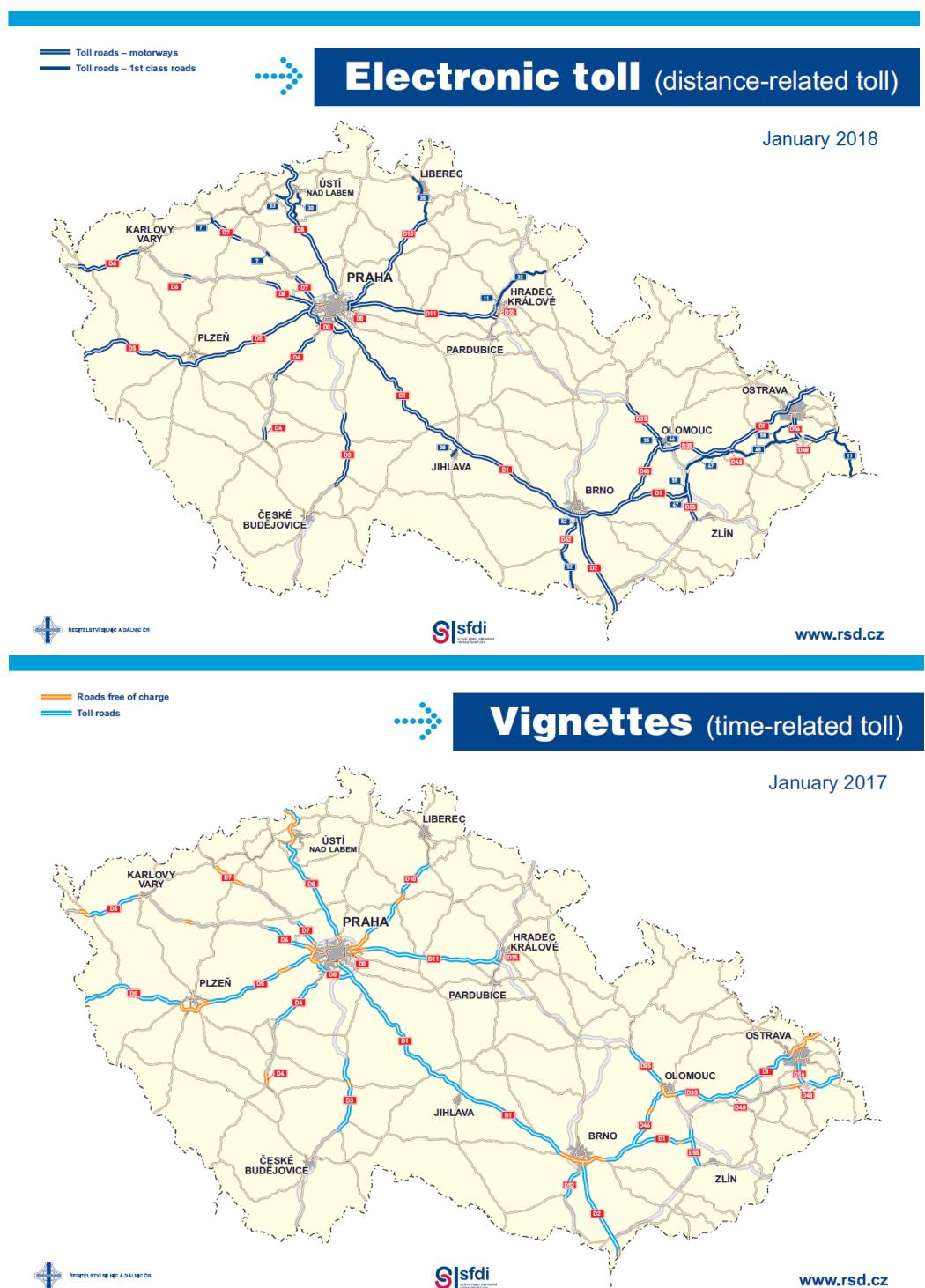
In year 2017 was announced a new Electronic Toll System tender by Ministry of Transport. The public contract shall have the form of negotiated tender, the new contractor should be known within year 2018.

The efficiency of the toll collection -which is measured by an independent auditor - is long-standing on a high grade, in the past year it was over 99,5%.

Network length

The length of the Czech tolled network has increased from 1447,3 (as for 1.1.2017) up to 1468,3 km (January 2018). The total length of all roads in the Czech Republic comes up to 56.000 km.

The most motorways in Czech Republic are 2x2 lanes, the type of lane 3x2 were put to use only in three locations – in big traffic nodes of national importance and big cities. From overall length 1468,3 km of motorways are 40,8 km of them built as 3x2 lanes.



Our first map shows actual toll duty on roads for vehicles over 3,5 t. On the Map No.2 you can see the actual vignettes duty situation with marked roads free of charge.

Openings in 2018

In the year 2018 several sections are foreseen to be newly opened. Prolongation of the main motorway D1 is planned to be open: Přerov – Lipník nad Bečvou (15 km). On the motorway D7 is planned a new section Postoloprty - Bitozeves (3 km). This year the total length of motorways will increase about 18 kilometers.

Investments

The total amount of investments spent on modernization, road construction and maintenance of in year 2017 was more than 1.157 Million €.

In this year it is assumed, that the amount of money investments is 973.478 Mil €.

This amount will be used to build new toll roads, the rest of the investments will be used for example on the project of « Modernization of D1 », which is still in progress (The motorway D1 as the longest and main arterial motorway in Czech Republic is step by step being modernized. Nowadays we have 5 sections on the motorway D1 under reconstruction and there are 7 other sections that should be modernized in next few years), or on the Crocodile project, etc.

Financing

As of 11 July 2007, after only 6 months of operation the total amount of the tolls collected reached the total capital expenditure. This excellent indicator is in addition amplified by the fact that the system was built using the contractor's method, meaning that the general contractor bears the initial costs related to the construction – which is a type of PPP project. The state reimburses the general contractor for those costs gradually within a horizon of 30 months after the launch of the system.

Traffic

As an universal indicator of traffic of vehicles over 3,5 tons in Czech republic we consider the traffic volume (average daily vehicles which means the result of the ratio between the summation of vehicles-km and the

summation of the lengths of the motorways axis as for the year 2017) which makes 5034.

In comparison to previous years, we can observe an increasing tendency of the traffic volume. In year 2016 this indicator was 4689, only few years ago – in year 2013 the average daily traffic got through the limit 4000, so we can see a perceptible progress the last few years.

The information about traffic volume for vehicles under 3,5 tons isn't available.

Tolling system and tolling technologies used

This is a multi-lane free flow system which uses antennas mounted on gantries above the highway which communicate with OBUs installed on the windscreen of passing trucks. Changing lanes while passing beneath the gantries does not influence the tolling transaction. The tolling process is fully automatic and requires no intervention on the part of the driver.

Technology used: DSRC 5.8 GHz microwave technology and DSRC-MLFF technology. In horizon of few years there is no change in this domain expected.

Toll rates

Toll rates as for 01/01/2018

| Emission class | EURO 0-II | | | EURO III-IV | | | EURO V | | | <i>tarif Euro6</i> EURO VI, EEV | | |
|-------------------|-----------|------|-------|-------------|------|------|--------|------|------|------------------------------------|------|------|
| | 2 | 3 | 4+ | 2 | 3 | 4+ | 2 | 3 | 4+ | 2 | 3 | 4+ |
| Number of axles | | | | | | | | | | | | |
| Motorways | 3,34 | 5,70 | 8,24 | 2,82 | 4,81 | 6,97 | 1,83 | 3,13 | 4,52 | 1,67 | 2,85 | 4,12 |
| -- Friday 15-20 h | 4,24 | 8,10 | 11,76 | 3,58 | 6,87 | 9,94 | 2,33 | 4,46 | 6,46 | 2,12 | 4,05 | 5,88 |
| 1st class roads | 1,58 | 2,74 | 3,92 | 1,33 | 2,31 | 3,31 | 0,87 | 1,50 | 2,15 | 0,79 | 1,37 | 1,96 |
| -- Friday 15-20 h | 2,00 | 3,92 | 5,60 | 1,69 | 3,31 | 4,74 | 1,10 | 2,15 | 3,07 | 1,00 | 1,96 | 2,80 |
| Busses | 1,38 | | | 1,15 | | | 1,04 | | | 0,80 | | |

Electronic toll rates haven't changed since 01st January 2015 and it isn't expected any price increase for this year in the moment. The main vehicle categories over 3,5 tons are:

Category M: motor vehicles, which have at least four wheels and are used for transport of persons. (category BUS)

Category N: motor vehicles, which have at least four wheels and are used for transport of goods. (category TRUCK)

Time-based toll charge (vignette)

| Time/Period | Within 3,5t |
|------------------|-----------------|
| 10 days | 12,5 EUR |
| One month | 18 EUR |
| One year | 60,5 EUR |

The fees for 2018 for the use of motorways and expressways by road motor vehicles of total weight under 3,5 tons (motorbikes are free of charge) were set by Government Directive No. 354/2011 Coll., which came into effect on 1st December 2011 (there is no change of vignette rates since year 2012).

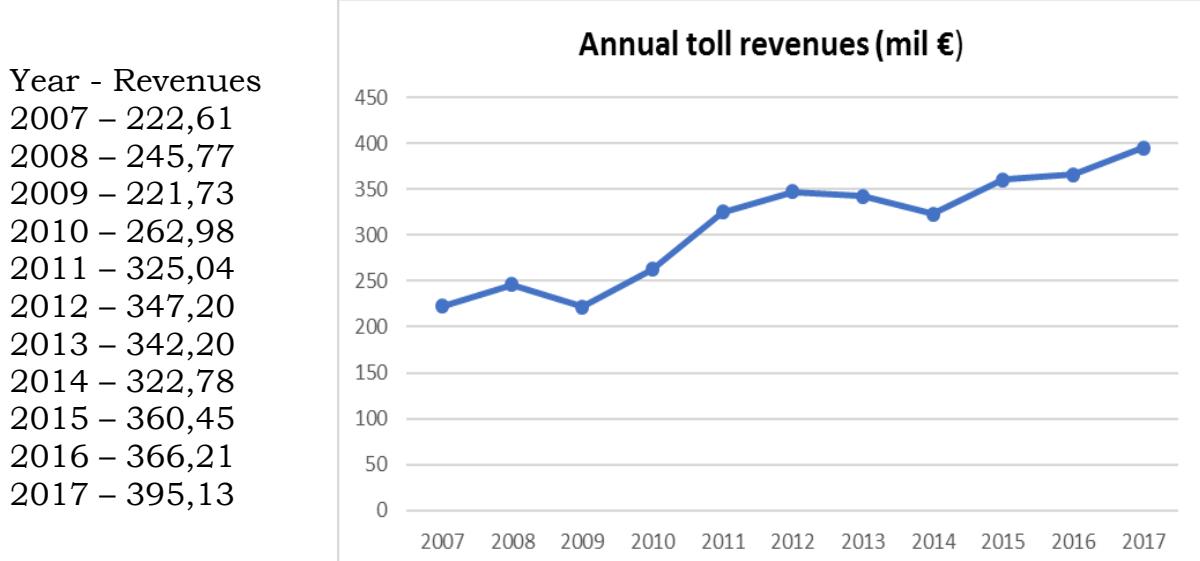
The variation between charges in EUR is caused because of noticeable change of currency exchange rate in the past year.

Revenues

The year 2017 was the most successful year for the Czech electronic tolling system since the beginning of operation in sight of toll revenues.

More than 395,13 mil € paid vehicles over 3,5 tons past year. That means increase of electronic toll revenues around 29 mil €.

Annual toll revenues (million EUR)



The annual toll revenues in year 2017 increased by 5 % in comparison to year 2016 in the national currency (CZK).

This annual increase was caused by higher traffic – especially as a result of the economic boom in our country and in neighbouring countries in Europe.

Safety

| | Definition and method of calculation | In number for one billion kilometres travelled in 2016 | Variation in % in 2015/2016 |
|----------------------|---|--|-----------------------------|
| Personal injury rate | Number people with injured persons on motorways | N/A | 2017: 831 - 11 % |
| Fatal accident rate | Number of accidents with fatalities (deaths) on motorways | N/A | 2017: 24 - 38,5 % |
| Rate of dead | Number of deaths on motorways | N/A | 2017: 25 - 40,5 % |

In year 2017 we can see a really huge decrease of number of injured and dead people, this was the lowest number of dead people since 1961 when a comprehensive accident statistics were introduced in Czech republic.

Long-term forecasts and tendencies

As we can see in next two pictures, the main tendency is to develop a complete network of motorways which will connect the main big cities and to allow the transit of vehicles through Czech Republic to other countries of European Union.

The high-speed railway network (forecast for the next year you can see in the second map) is tracing the main motorway network to disburden the motorway transport.

— Dálnice a rychlostní silnice v provozu

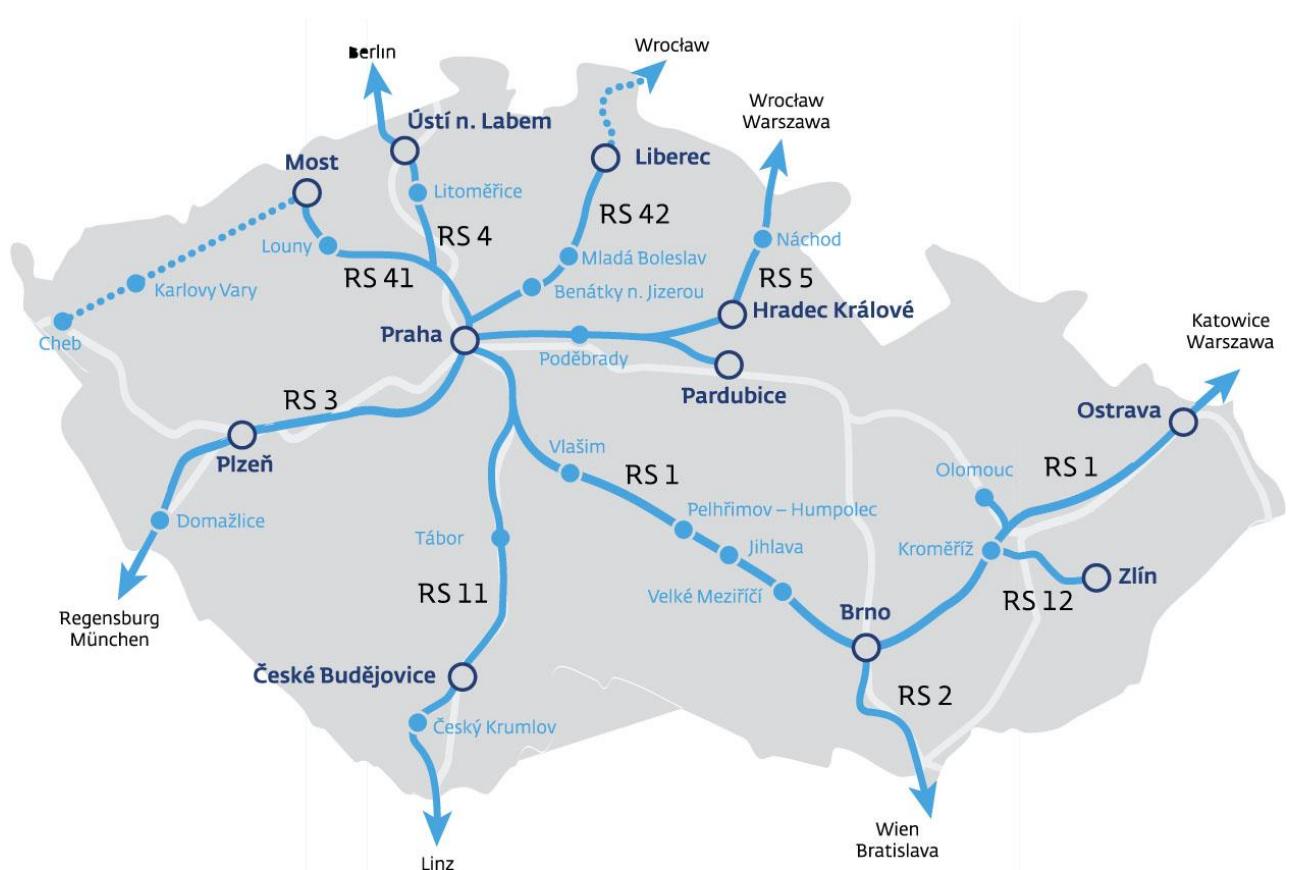


Dálniční síť'

výhledový stav



Long-term forecast development of the tolled and non-tolled network in Czech Republic



Long-Term forecast for the development of high-speed railways in Czech Republic

Significant actions already started (and/or to be achieved in 2017) and foreseen for 2018.

During the year 2017 was integrated the EETS to existing Czech tolling system. A new free Mobile App MYTOCZ is available for mobile platforms Android, iOS and Windows, which displays on a cellphone an overview of vehicle registration data, prepaid toll balance, information about the toll system and relevant news since past year.

During year 2017 Ministry of Transport has announced a new tender for Electronic Toll System in Czech Republic, so the year 2018 will be dedicated to seeking of new contractor, that should start his operation at least by end of 2019.

Beside the electronic toll collection KTS participates on projects of V2X and WIM. Project RODOS - Dynamic Mobile Model of the Czech Republic (DMM) - will support promotion of city tolling systems, electronic vignettes and other ITS projects.

MAIN ASECAP KEY FIGURES

| | | |
|--|--|-----------|
| Country: Czech republic | Indicate below how you calculate each figure provided in the “2017” column | 2017 |
| Network length (Km)..... | | 1468,8 km |
| 2 x 2 lanes (Km)..... | | 1427,5 km |
| 2 x 3 lanes (Km)..... | | 40,8 km |
| 2 x 4 lanes (Km)..... | | 0 km |
| Number of km in construction | motorways | 18 km |
| Forecasts of opening motorways section | | 2 |
| Annual toll revenues* (in millions of Euros) | vehicles over 3,5 t | 395,13 |
| VAT % (Indicate the VAT % percentage to the toll revenues) | Electronic Toll is a type of tax | 0% |
| Permanent staff | | 144 |
| Average daily traffic (light vehicles) | | N/A |
| Average daily traffic (heavy vehicles) | | 5034 |
| Average daily traffic (total = light + heavy vehicles) | | N/A |
| Total number of accidents | motorways (light + heavy vehicles) | 4387 |
| Number of personal injury accidents | motorways (light + heavy vehicles) | 614 |
| Number of dead | motorways (light + heavy vehicles) | 25 |
| Fatality rate | | 0,93 |
| Kilometres travelled ($10^6 \times \text{km}$) | distance travelled (vehicles over 3,5t) | 2698 |

| | Indicate below how you calculate each figure provided in the “2017” column | 2017 |
|---|--|-------------|
| Number of toll transactions (Total) | | N/A |
| Number of toll transactions (light vehicles): | | N/A |
| Number of toll transactions (heavy vehicles): | vehicles over 3,5 t | 462 589 767 |
| Number of toll stations | | 275 |
| Number of toll lanes | | N/A |
| Number of ETC lanes | | N/A |
| Number of ETC subscribers (Total): | | 460 866 |
| Number of ETC subscribers (light vehicles): | | 0 |
| Number of ETC subscribers (heavy vehicles): | | 460 866 |
| Number of service areas (equipped with petrol stations) | | 114 |
| Number of rest areas | | 130 |
| Number of restaurants | | 32 |
| Number of hotels | | 12 |

*please provide the figure VAT and other taxes excluded.