



**FREQUENTIS**  
FOR A SAFER WORLD

# At a glance / H1 2019 Investor Presentation

November 2019

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## Frequentis group at a glance

1947

established

70+ years experience with safety critical applications

€ 286 m

revenue in 2018

30+ years profitable growth

1,853

employees<sup>1</sup>



75% STEM<sup>2</sup> & specialists  
30+ nations

Headquarters **Vienna, Austria**  
Global nature of our business

Solutions partners  
and regional offices  
in 50+ countries



1) Average of first-half year 2019 2) Science, Technology, Engineering, Math

## Safety-critical control centre solutions – across industries



Civil

- Aeronautical information services providers
- Air navigation services providers
- Airlines
- Airports
- ATM data service providers



Defence

- Air Force
- Army
- Navy
- Homeland security
- Joint Forces



Public Safety

- Police forces
- Fire and rescue services
- Critical infrastructure
- Industry



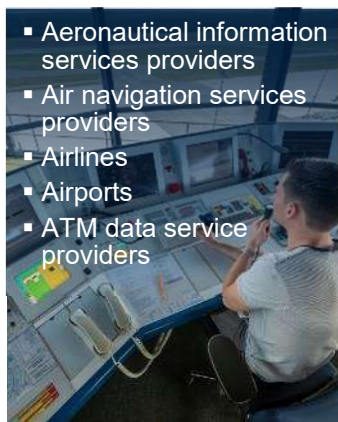
Public Transport

- Heavy rail
- Urban rail

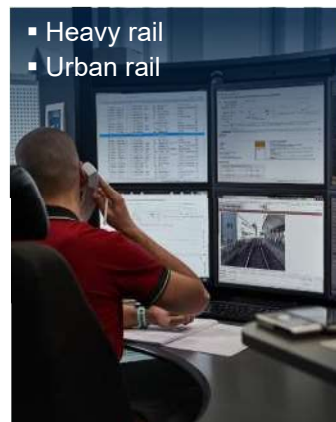
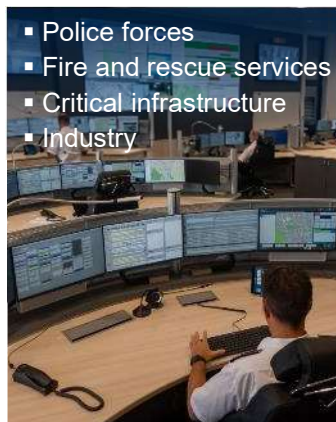
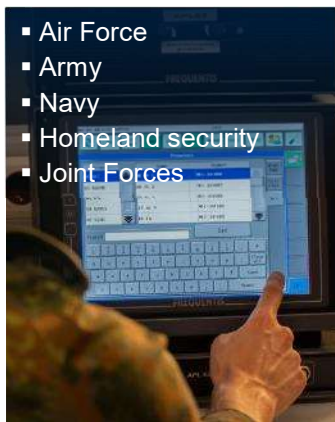


Maritime

- Coast guard / Navy
- Offshore
- Port authorities
- Search and Rescue



Air Traffic Management



Public Safety & Transport



Contributing significantly to the successful completion of safety tasks

## Vision: #1 in control centre solutions



### Voice & data communication



#### Backbone of operational control

Channelling information and transmitting to all relevant recipients.

### Tactical situation tools



#### Displaying the current situation

Objects to be controlled and the operational environment.

### Planning & management tools



#### Supporting decisions

Basing decisions on the information available.  
Documenting the process.

### Safety-critical networks



#### Ensuring seamless business continuity

Brokering between safety-critical applications and non-specialized commercially available networks.



## A strong network around the world

**30,000+**

working positions using  
Frequentis solutions

**500+**

customers

**140**

countries

**90%**

of all air passengers globally are  
served by Frequentis customers



**33%**

of the world safer with  
Frequentis networks

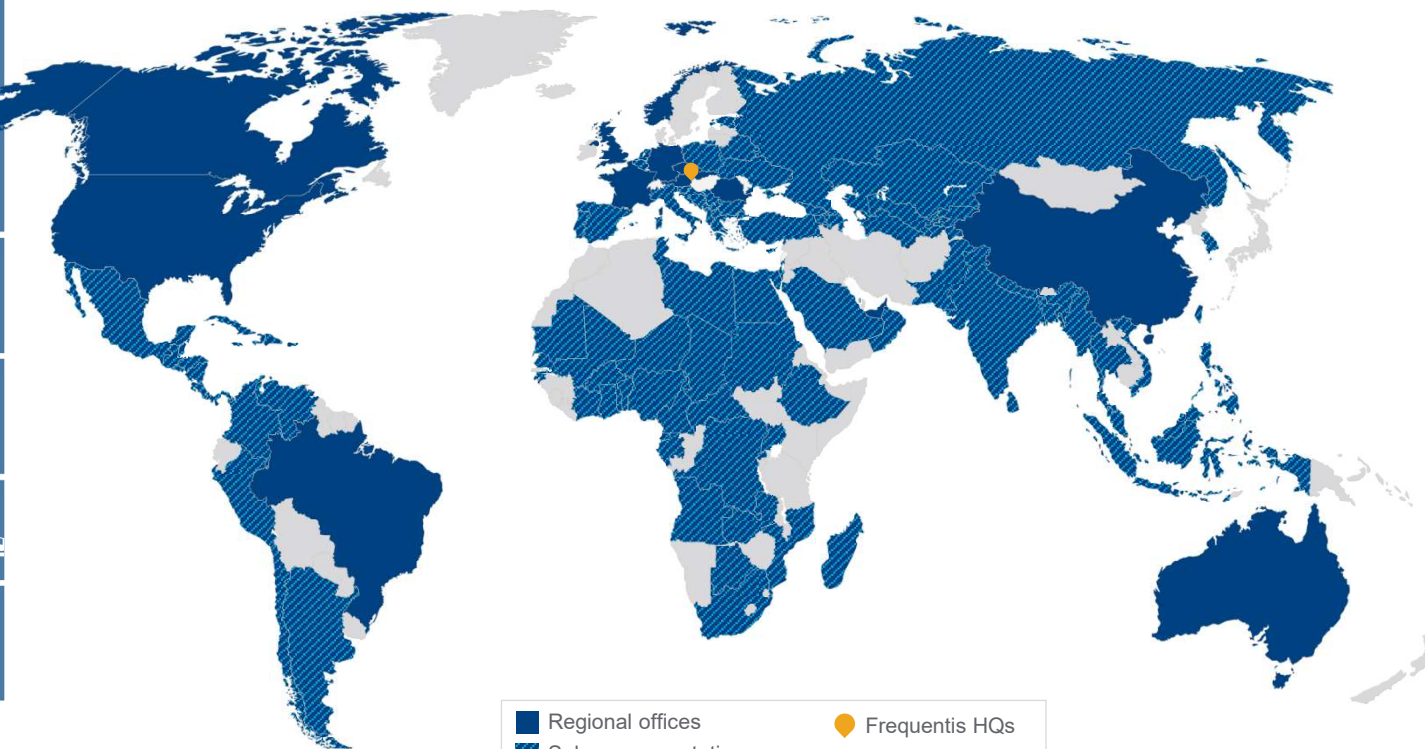
**#1** in GSM-R

dispatcher terminals



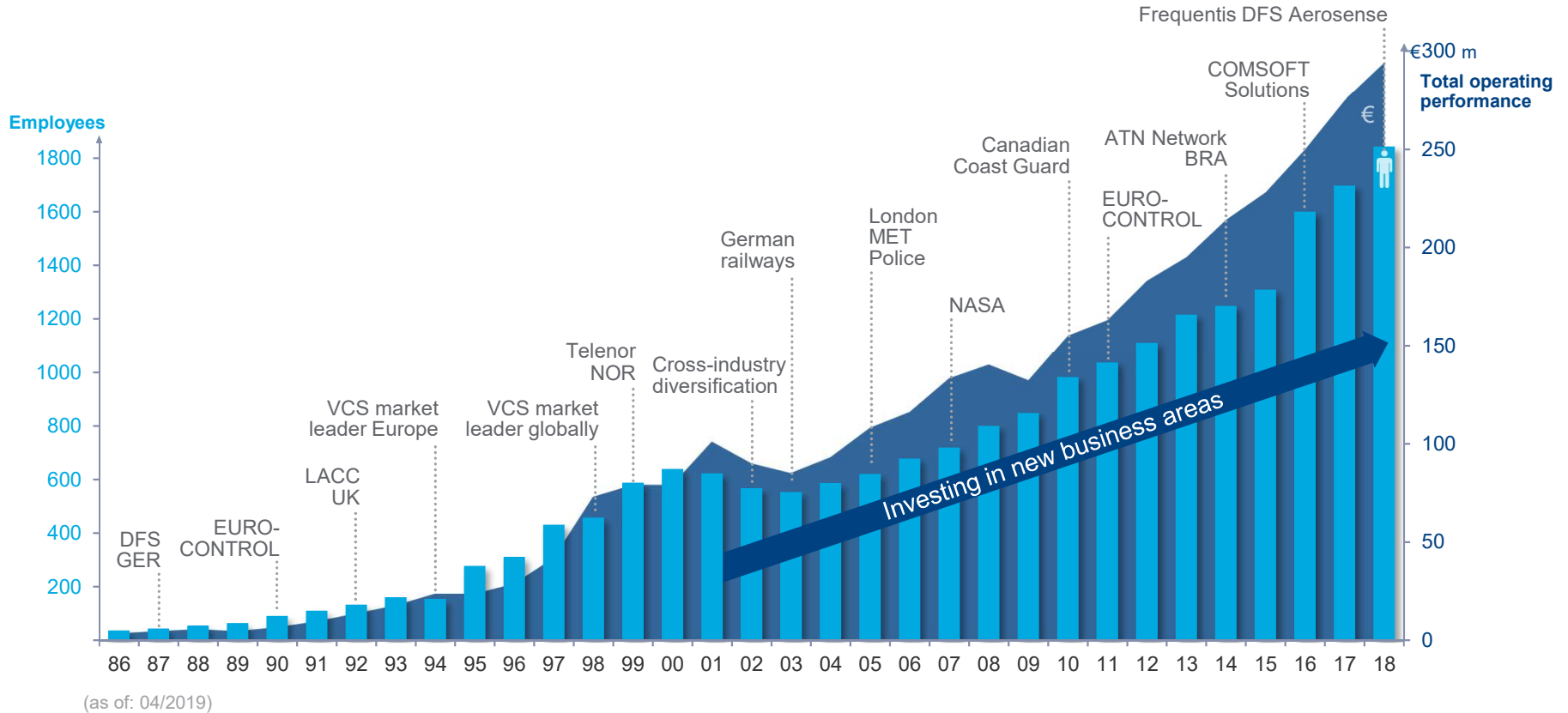
**240,000 km**

protecting the largest  
maritime coastline



# Sustainable growth – for more than 30 years

Drivers of our long-term growth are increasing mobility, digitalisation, and rising safety and security requirements



# Shareholder structure

## Shareholder Structure:

Core shareholder Hannes Bardach >68%  
 B&C Innovation Investments 10%  
 Free float <22%

13,200,000  
 shares outstanding



**ATFREQUENT09**  
 ISIN

**FQT**  
 Ticker symbol

[www.frequentis.com/ir](http://www.frequentis.com/ir)  
 Investor Relations website



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## Strong increase in revenues and high orders on hand



Revenues +7.0% to € 132.4m  
EBITDA positive at € 2.4m  
EBIT improved to € -3.9m  
Net profit increased to € -2.4m

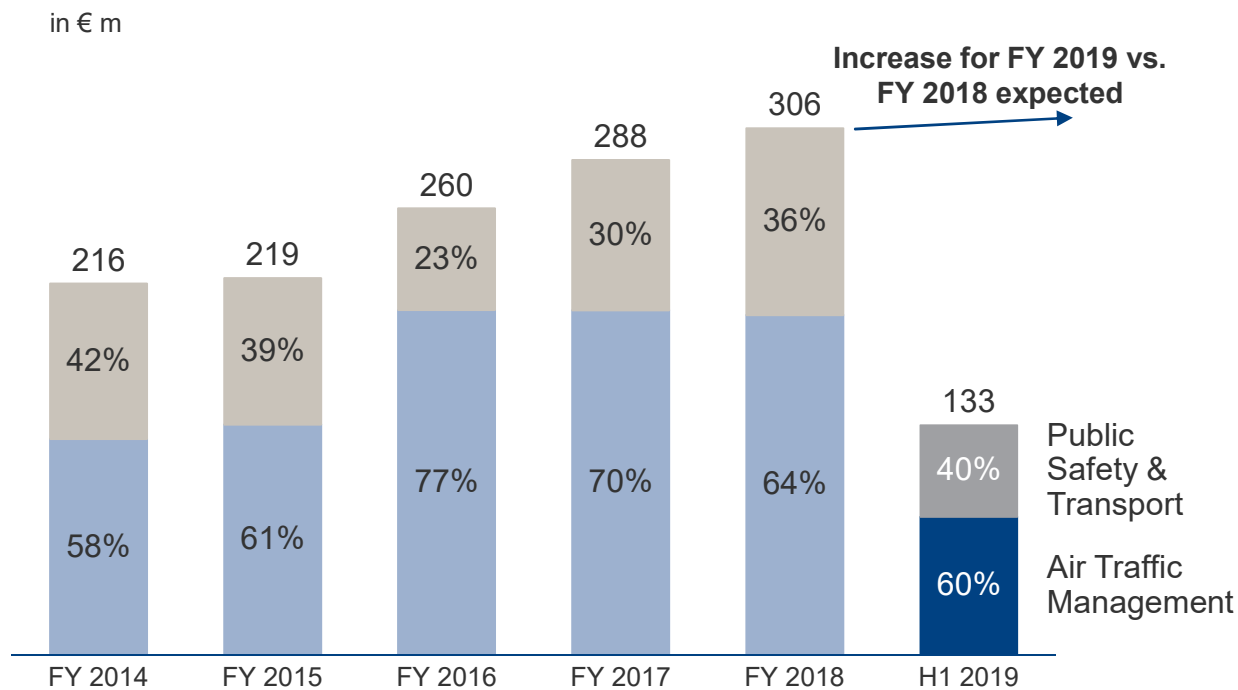


Order intake € 133.4m / -10.0%,  
second best intake for first half ever  
Orders on hand € 351.8m / -1.0%,  
about 15 months visibility



Net cash € 64.7m,  
thereof € 26.9m advance payments  
Equity ratio 40.3%  
Dividend of € 0.10 for FY 2018

## Order intake overview



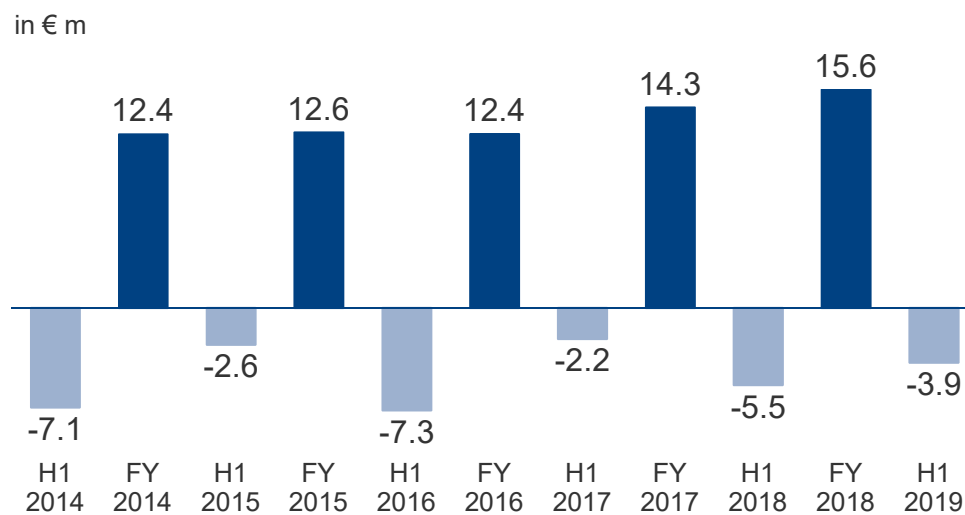
### Comments

- Order intake in H1 2019 below very strong H1 2018 level
- Majority of orders usually received in second half year
- Different annual order intake splits of segments prove resilience of growth path
- Increase in order intake expected for FY 2019
  - Order intake of € 306m for FY 2018 as reference base
  - Customer orders influenced by budgetary cycles of governments/ govt. agencies

<sup>1)</sup> Orders > € 10m qualify as large order.

## Significant seasonality of profitability

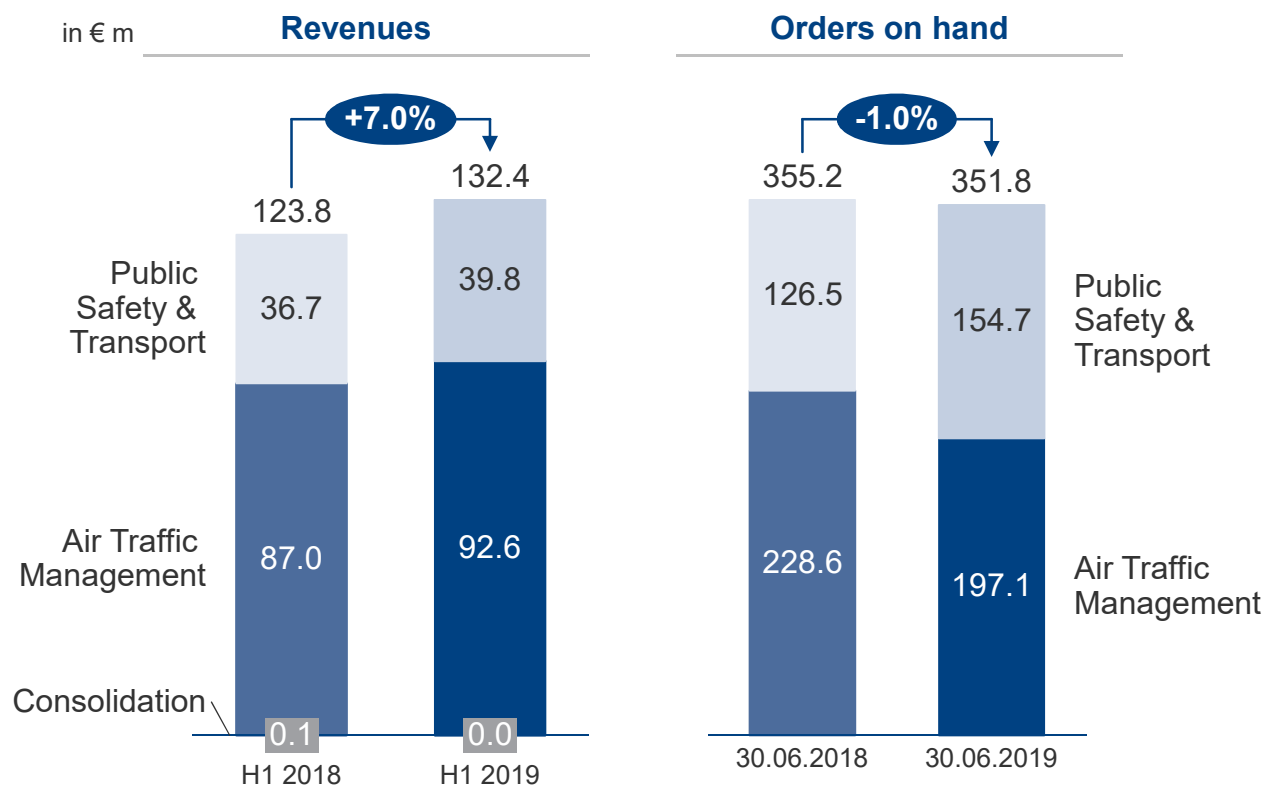
Half-year EBIT vs. full-year EBIT



### Comments

- Half-year results usually negative
- Revenues and EBIT highest in H2 due to completion of site acceptance tests and finalisation of projects
- Expenses (fixed costs like staff, raw materials etc.) incurred almost evenly in each quarter

## Continuous strong top-line growth and well-filled order books



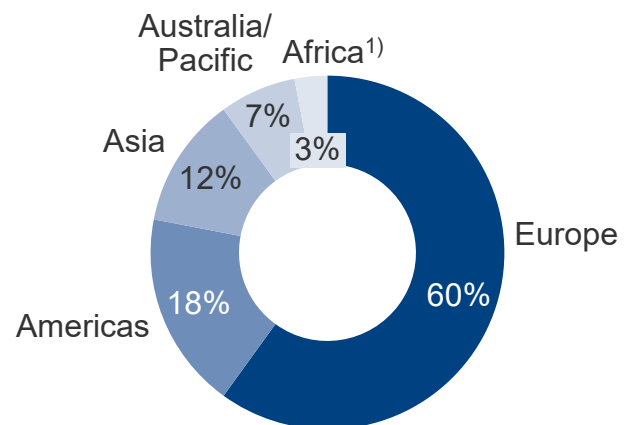
### Comments

- Strong increase in revenues
  - Air Traffic Management +6.4%
  - Public Safety & Transport +8.4%
- Revenue split: 70% ATM and 30% PST (unchanged vs. previous period)
- Orders on hand almost at same level as last year
  - Strong growth at PST almost mitigated decline in ATM
  - Split of orders on hand: 56% ATM, 44% PST (June 2019) / 64% ATM, 36% PST (June 2018)

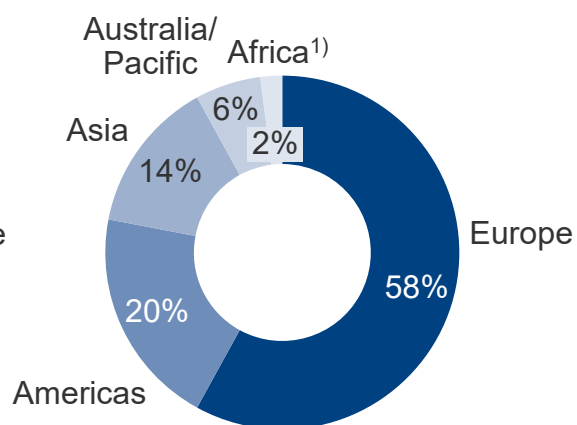


## Regional revenue split

Revenue split H1 2018



Revenue split H1 2019



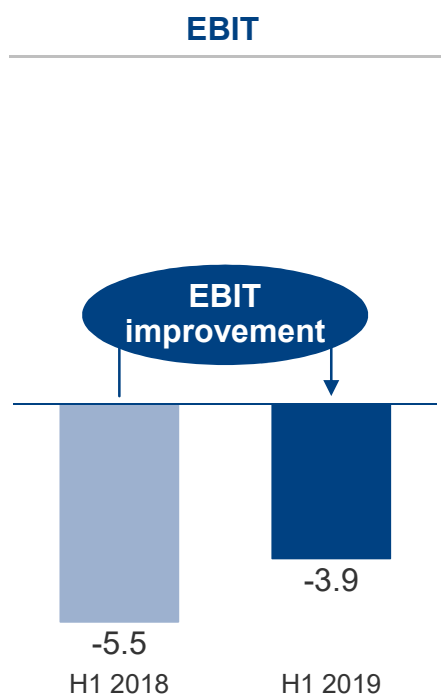
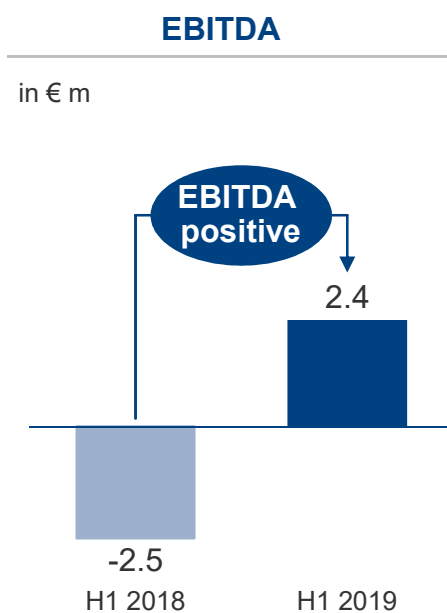
### Comments

- Europe dominates revenue split
- Deviation between regions mostly caused by revenue shift from award of larger orders
- Asia plus Australia / Pacific at same level as Americas (North and South America)

<sup>1)</sup> Including small orders (not allocated).

## Improvements in EBITDA and EBIT

Note: IFRS 16 (Leases) applied from 01.01.2019 onwards / H1 2018 not restated



### Comments

- Comparability of half-year and full-year data limited due to seasonality
- EBITDA with € +4.9m vs. H1'18
  - Thereof € +3.7m due to initial application of IFRS 16 (Leases)
- Depreciation increased to € 6.3m due to IFRS 16 in H1'19 (H1 2018: € 3.0m)
- EBIT improved by € +1.6m vs. H1'18
  - Thereof € +0.2m due to initial application of IFRS 16 in H1'19
- Some projects with higher margins contributed positively to the EBITDA and EBIT improvement

## Financial policy framework

Maintain net cash position.

Equity ratio of >35%.

Capex of about € 5-6m per year.



### Dividend policy

Payout of 20-30% of Frequentis Group net profits with a cap of 40% of net profits of Frequentis AG.



## R&D – an important part of the Frequentis success story

Diverse R&D activities:

- research
- platform development
- product enhancements
- development for customer projects
- lifecycle and product management

R&D costs comprise both internal and customer-financed activities with the latter mostly taking place in the second half of the year.

R&D activities are fully expensed and not capitalised.

Some of the R&D expenses are covered by grants and subsidies (accounted for in other operating income).



R&D expenses:  
€ 11.2m vs. € 10.6m in H1 2018,  
data based on IAS 38 (that is  
internal, not customer-financed  
R&D activities).



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## Outlook 2019

Orders as at June 2019 secure  
>80% of revenues for FY 2019.

Order intake to increase in FY 2019  
compared with € 306m in FY 2018.

R&D strategy pays off, remote /  
digital towers are just one example.  
Drones and 5G as additional  
R&D area.



## Contact / Financial Calendar

### Investor Relations contact

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### Financial Calendar 2020

02.04.2020 Publication of 2019 annual financial statements  
04.05.2020 Record Date Annual General Meeting  
14.05.2020 Annual General Meeting  
18.05.2020 Ex-dividend day  
19.05.2020 Record date for dividend  
20.05.2020 Dividend payment day  
18.08.2020 Half-year financial report 2020

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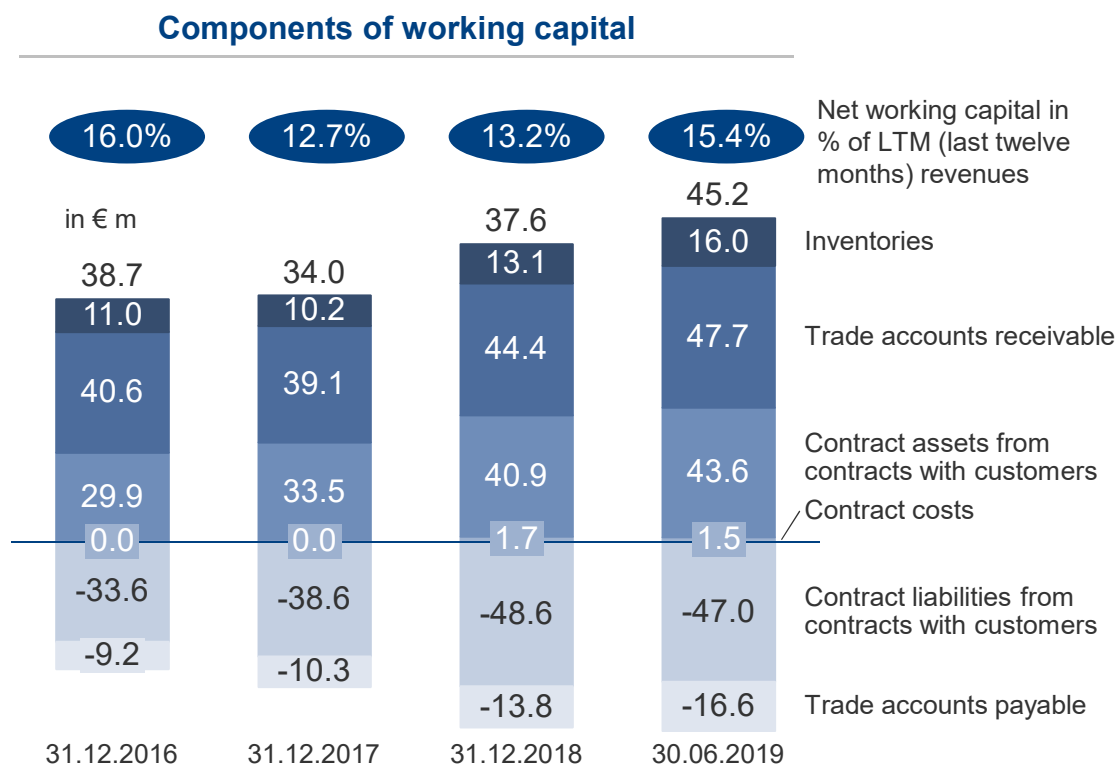
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## Key figures for the Frequentis Group

in EUR m	H1 2019	H1 2018	+/- in %	+/- in EUR m	2018
Order intake	133.4	148.3	-10.0%	-14.9	306.3
Orders on hand (as of end of period)	351.8	355.2	-1.0%	-3.4	355.2
Revenues	132.4	123.8	+7.0%	+8.6	285.8
EBITDA	2.4	-2.5	-	+4.9	21.6
EBITDA margin	1.8%	-2.0%	+3.8 PP	-	7.6%
EBIT	-3.9	-5.5	+29.1%	+1.6	15.6
EBIT margin	-2.9%	-4.4%	+1.5 PP	-	5.5%
Net profit	-2.4	-3.8	+36.1%	+1.4	11.8
Net cash flow from operations	1.7	-5.9	-	+7.6	16.5
Net cash flow from operating activities	-6.1	2.8	-	-9.0	4.6
	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>+/- in %</b>	<b>+/- in EUR m</b>	<b>31.12.2018</b>
Total assets	255.5	191.1	+33.7%	+64.4	198.0
Net cash	64.7	55.6	+16.3%	+9.1	55.4
Equity	103.1	70.1	+46.9%	+32.9	85.6
Equity ratio	40.3%	36.7%	+3.6 PP	-	43.3%
Employees (average)	1.853	1.712	+8.2%	-	1.763

## Working capital overview



### Comments

- Net working capital in percent of last twelve months revenues at or below 16% in the past 3 ½ years
- Overall working capital increases as revenues increase, weighing on cash flow from operating activities



## Order intake highlights H1 2019

### Air Traffic Management / civil

- Digital (remote) towers for ...
  - New Zealand
  - Argentina
  - Brazil

### Air Traffic Management / defence

- Comprehensive defence modernisation programmes for Slovak and Czech air forces
- US Navy (July): voice and data communication system for unmanned aerial vehicles (UAVs)



### Public Safety

- Multimedia control room solutions for ...
  - Scottish police authority
  - Germany: police authorities in North Rhine-Westphalia and Rhineland-Palatinate

### Public Transport

- Numerous orders from installed base in Europe and overseas
  - Roll-out of new systems
  - Installation of new releases and upgrades

### Maritime

- Global Maritime Distress and Safety System (GMDSS) for Greenland
- As of now, 18 countries use GMDSS from Frequentis

## Project highlights H1 2019

### Air Traffic Management / civil

- Amsterdam Schiphol airport: Two towers equipped with digital smartStrips as part of the modernisation programme by the Dutch air navigation service provider LVNL

### Air Traffic Management / defence

- Swiss Airforce: replacement of voice communication systems at seven military airfields - commissioning of the first two sites



### Public Safety

- Liechtenstein state police: Implementation of multimedia communication / dispatcher platform
- Continuous work for Norwegian safety net 'Nødnett'

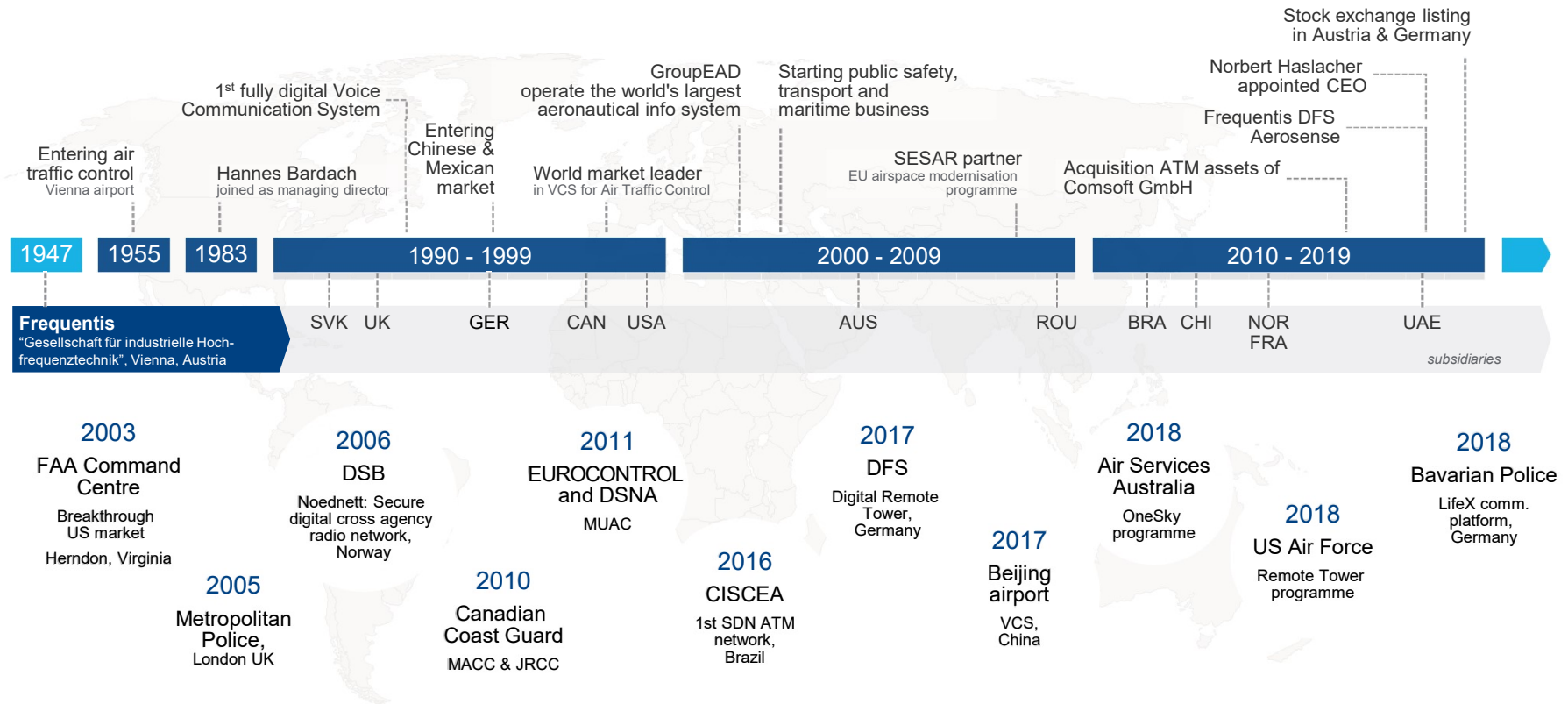
### Public Transport

- Unified Railway Communication and Application (URCA): Implementation of a state-of-the-art communication solution for the Finnish transport infrastructure authority

### Maritime

- Maritime communication system for South Korea: Acceptance passed

# Company milestones



# Leadership team

Executive board



**Norbert Haslachner**  
CEO

Business units and regions  
Global sales & marketing  
New business development  
Investor relations



**Sylvia Bardach**  
CFO

Finance | Human resources  
Legal | IT | Reg. operations  
Corporate communications  
Safety | Facility mgmt.



**Hermann Mattanovich**  
CTO, COO

Technology & products  
Project mgmt. | Customer services  
Planning, production & logistics  
Security | Quality mgmt. & processes

Supervisory board

**Hannes Bardach**  
(Chairman)

**Reinhold Daxecker**  
(Member)

**Petra Preining**  
(Member)

**Gabriele Schedl**  
(Delegated by the Workers' Council)

**Karl Michael Millauer**  
(Deputy Chairman)

**Boris Nemsic**  
(Member)

**Siegfried Meisel**  
(Delegated by the Workers' Council)

**Reinhard Steidl**  
(Delegated by the Workers' Council)