

FREQUENTIS publishes its half-year financial report 2019 – Growth track confirmed

- **Revenues up 7.0% at EUR 132.4 million, improvement in earnings**
- **High level of orders on hand in the first half cover over 80% of revenues for 2019**
- **Dividend of EUR 0.10 per share to be proposed to the Extraordinary General Meeting**

Frequentis AG, which has been listed on the stock market under ISIN ATFREQUENT09 since the IPO in May, performed well in the first half of 2019. The Group's revenues increased by 7.0% and earnings improved year-on-year. It should be noted that order intake and customer acceptance of projects is normally highest at year-end, which restricts the comparability of the half-year results. Moreover, since fixed costs are incurred evenly over the year, half-year earnings are generally negative.

“The significant rise in revenues and the success of projects show that we are consistently driving forward growth. In both segments and all five business domains in which we operate, we secured important orders in the first half of the year, highlighting our leading technological position and the trust placed in us by our global customer base. We want our new shareholders to participate in this success. Although we have only been listed on the stock market since mid-May, at our Extraordinary General Meeting in September, we will therefore be proposing a dividend of EUR 0.10 per share for 2018 - as announced in the offering prospectus. Our dividend policy is unchanged,” says Frequentis' CEO Norbert Haslacher.

Development of revenues and earnings

Revenues increased by 7.0% or EUR 8.6 million to EUR 132.4 million in the first half of 2019, with both segments contributing to this growth. With a growth rate of 8.4%, the Public Safety & Transport segment grew revenues slightly faster than the Air Traffic Management segment (6.4%).

EBITDA (earnings before interest, taxes, depreciation and amortisation) was EUR 2.4 million in the reporting period (H1 2018: minus EUR 2.5 million). The change was mainly due to the reclassification of lease expense as a result of initial application of the accounting standard IFRS 16 to leases with effect from 1 January 2019. This change had a positive effect of EUR 3.7 million on EBITDA. The EBITDA margin (based on revenues) was therefore 1.8%. EBIT improved by EUR 1.6 million to minus EUR 3.9 million. The loss after taxes was EUR 2.4 million in the reporting period, compared with a loss of EUR 3.8 million in the first half of 2018. This resulted in earnings per share of minus EUR 0.23, compared to minus EUR 0.36 in the prior-year period.

The cash flow from operations declined from EUR 2.8 million to minus EUR 6.1 million due to reporting date effects, including an increase in working capital. By contrast, the total cash flow increased year-on-year from minus EUR 13.9 million to plus EUR 1.5 million, mainly as a result of the cash inflow from the proceeds of the IPO. The net cash position (time deposits and cash and cash equivalents less liabilities to banks and other financial liabilities) was EUR 64.7 million as at 30 June 2019. That was 16.8% above the level reported at year-end 2018.

Due to initial application of IFRS 16 (“Leases”) and, above all, the resulting increase in total assets and liabilities, the equity ratio declined to 40.3% at the end of June 2019 (year-end 2018: 43.3%). Shareholders’ equity increased from EUR 85.6 million at year-end 2018 to EUR 103.1 million as at 30 June 2019, mainly due to the cash inflow from the IPO. The company is therefore still very soundly financed.

Order intake and orders on hand

Order intake in the first half of 2019 amounted to EUR 133.4 million. That was a reduction compared with the first half of 2018, when order intake included the OneSKY Australia major multi-year contract. Looking at the 12-month rolling order intake, order volume was EUR 291.4 million in the second half of 2018 and the first half of 2019 (H2 2017 plus H1 2018: EUR 310.6 million), a drop of 6.2%.

Orders on hand as at 30 June 2019 totalled EUR 351.8 million and were therefore in line with high level in mid-2018 (30 June 2018: EUR 355.2 million). The Air Traffic Management segment accounted for around 56% of orders (H1 2018: around 64%), while the Public Safety & Transport segment accounted for around 44% (H1 2018: around 36%).

Outlook

The business trend in the first half of the year was in line with the long-term growth rate. The company assumes that there will be a further year-on-year increase in order intake in 2019. Orders on hand at the end of June 2019 already covered more than 80% of revenues for the 2019 financial year.

About FREQUENTIS

The Austrian company Frequentis headquartered in Vienna is an international supplier of communication and information systems for control centres with safety-critical tasks. Such "control centre solutions" are developed and marketed by Frequentis in the business sectors Air Traffic Management (civil and military air traffic control, air defence) and Public Safety & Transport (the police, fire brigade, ambulance services, shipping, railways). Frequentis operates a worldwide network of branches, subsidiaries and local representatives in more than 50 countries. Products and solutions from Frequentis can be found in over 25,000 operator working positions and in about 140 countries. Founded in 1947, Frequentis is, by its own estimation, the global market leader in voice communication systems for air traffic control with a market share of around 30%. Moreover, the Frequentis Group's systems are globally leading in AIM (aeronautical information management) and aeronautical message handling systems, as well as in GSM-R systems in the field of Public Transport. The shares of Frequentis AG are traded under the ticker symbol FQT, ISIN ATFREQUENT09, on the Vienna and Frankfurt Stock Exchange.

For more information, please visit www.frequentis.com

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Key figures for the Frequentis Group at a glance:

| in EUR million | H1 2019 ¹⁾ | H1 2018 | +/- in % | +/- in EUR million | 2018 |
|---|-----------------------|---------|-------------|-----------------------|-------|
| Revenues | 132.4 | 123.8 | +7.0% | +8.6 | 285.8 |
| EBITDA | 2.4 | -2.5 | – | +4.9 | 21.6 |
| EBIT | -3.9 | -5.5 | +29.1% | +1.6 | 15.6 |
| Profit/loss for the period | -2.4 | -3.8 | +36.1% | +1.4 | 11.8 |
| Earnings per share in EUR | -0.23 | -0.36 | +34.7% | – | 0.94 |
| 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 |
| Net cash flow from investing activities²⁾ | -9.0 | -2.2 | >100% | -6.8 | -4.4 |
| of which capital expenditures | 2.1 | 2.6 | -18.3% | 0.5 | 4.8 |
| Net cash flow from financing activities | 16.7 | -14.6 | – | +31.2 | -14.2 |
| Order intake | 133.4 | 148.3 | -10.0% | -14.9 | 306.3 |
| Orders on hand (as at reporting date) | 351.8 | 355.2 | -1.0% | -3.4 | 355.2 |
| Total assets | 255.5 | 191.1 | +33.7% | +64.4 | 198.0 |
| Equity | 103.1 | 70.1 | +46.9% | +32.9 | 85.6 |
| Equity ratio | 40.3% | 36.7% | +3.6 PP | – | 43.3% |
| Net cash position | 64.7 | 55.6 | +16.3% | +9.1 | 55.4 |
| Employees (average) | 1,853 | 1,712 | +8.2% | – | 1,763 |

Note: The addition of rounded amounts and percentages may result in rounding differences as a result of the use of automated calculation systems.

¹⁾ Initial application of IFRS 16 (Leases) with effect from 1 January 2019, see notes to the consolidated interim financial statements, page 21f.

²⁾ Includes time deposits (short and long-term-term bank deposits)