

FREQUENTIS: High order intake, satisfied with operating performance in the first half of 2020 despite COVID-19

- **Order intake up nearly 30% in the first half of 2020**
- **Revenues almost unchanged, considerable improvement in EBITDA and EBIT**
- **Broadening and diversification of the product portfolio continued through strategic investments**

The operating business of Frequentis AG (ISIN: ATFREQUENT09) developed satisfactorily in the first half of 2020 despite the extensive restrictions resulting from the COVID-19 pandemic. Thanks to successful installations and project acceptances, the Group's revenues were almost unchanged year-on-year and the operating performance improved considerably. Moreover, a clear rise in order intake generates confidence for the second half of the year.

The Executive Board was satisfied with this performance. "The high commitment and creativity of our employees, combined with specific action and digital innovations, had a positive effect," says Frequentis' CEO, Norbert Haslacher. "The present challenging situation highlights the stability of our business model – the products supplied by Frequentis are part of the safety-critical and therefore indispensable infrastructure in the respective countries."

This infrastructure always has to be available and ready for operation – irrespective of the number of flights / flight movements or how many times the police, fire service, and emergency rescue services are deployed. Consequently, there is continued demand for Frequentis' products and services, as shown by the increase in order intake.

Order intake and orders on hand

To serve customers, Frequentis used a wide range of digital marketing activities such as webinars and online demonstration rooms. In addition, it introduced a "Sales Goes Digital" initiative to acquire new orders despite travel restrictions. This has been successful, as evidenced by the increase in order intake to EUR 171.8 million in the first six months of 2020 (+28.8% compared with the first half of 2019).

Examples of orders received by the Air Traffic Management segment are an order from the Spanish air navigation service provider ENAIRE, which covers one of the widest areas in Europe, and an order from the Danish air navigation service provider Naviair for a digital (remote) tower solution. The

Norwegian air navigation service provider Avinor has placed an order with Frequentis for an unmanned traffic management (UTM) system.

Within the Public Safety & Transport segment, the Public Safety business domain received an order to deliver a communication system for the police and fire service control centres in Hamburg. This extends its market leadership with the emergency services in Germany. In Public Transport, orders were mainly secured from the installed base in Europe. In the Maritime business domain, an order for renewal of the Swedish coastal radio system underlines Frequentis' strong presence in northern Europe.

Overall, orders on hand as at 30 June 2020 amounted to EUR 445.2 million, an increase of 13.7% or EUR 53.7 million compared with year-end 2019 (EUR 391.5 million). Thanks to the good order situation and the efforts to use digitisation to deliver projects, the Frequentis team is working at full capacity despite the pandemic.

Development of revenues and earnings

Revenues were EUR 132.3 million in the first six months of 2020, almost unchanged compared to the prior-year period. This was attributable to a number of successful project acceptances and installations, despite COVID-19. These included project acceptances in Vienna and Melbourne as part of the Australian OneSky project, for the German Armed Forces, and in Switzerland, as well as for the Norwegian security network Nødnett, rail projects in Central and Eastern Europe, and project acceptance for the GMDSS (Global Maritime Distress and Safety System) for Greenland.

EBITDA (earnings before taxes, interest, depreciation, and amortisation) increased to EUR 6.0 million in the reporting period (H1 2019: EUR 2.4 million) and EBIT improved to EUR -1.0 million (H1 2019: EUR 3.9 million).

Despite the impairment loss on deposits caused by the insolvency of Commerzialbank Mattersburg, the equity ratio was maintained at 36.5% at the end of June 2020. Unlike EBITDA and EBIT, the loss for the period is directly affected by the impairment loss. After adjustment for this one-off effect (EUR 23.2 million after taking the tax effect into account), the Frequentis Group made a loss of EUR 0.2 million in the first half of 2020 (H1 2019: loss of EUR 2.4 million).

An employee participation programme was successfully completed in May 2020. Participation was high: the programme was taken up by more than 35% of eligible employees. The proceeds from the employee participation programme were just over EUR 1 million.

Outlook

The diversification and expansion of the product portfolio were also driven forward by the acquisition of the German company ATRiCS Advanced Traffic Solutions GmbH in March and of a shareholding in the Spanish technology company Nemergent Solutions in August.

Thanks to the good order situation and the efforts to use digitisation to deliver projects, Frequentis has been – and still is – working at full capacity despite the pandemic.

The impairment loss caused by the insolvency of Commerzialbank Mattersburg has no impact on customers, suppliers, current projects, employees, or M&A projects: the operating business is continuing as usual. As a result of this impairment loss, the Frequentis Group is expected to report a loss at the end of the 2020 financial year.

The ongoing COVID-19 pandemic entails risks, so there are still uncertainties in the current year. It is not possible to make a reliable estimate of the exact effect on our costs (e.g. travel expenses), or on project acceptances, supply chains, the budgets available, and the potential postponement of investments.

Although there cannot be a forecast how the pandemic will develop, Frequentis aims to roughly maintain or even increase revenues and order intake in 2020 as a whole.

About FREQUENTIS

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 (police, fire brigade, ambulance services, shipping, railways). As a global player, 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 30,000 operator working positions and in approximately 140 countries. Founded in 1947, Frequentis considers itself to be the global market leader in voice communication systems for air traffic control with a market share of around 30%. In addition, the Frequentis Group's AIM (aeronautical information management) and AMHS (aeronautical message handling) systems, as well as GSM-R systems for Public Transport are industry leading global solutions.

The shares of Frequentis AG are traded on the Vienna and Frankfurt Stock Exchange under the ticker symbol FQT (ISIN: ATFREQUENT09). In 2019, the Frequentis Group had about 1,850 employees worldwide and generated revenues of EUR 303.6 million and EBIT of EUR 17.2 million.

For more information, please visit www.frequentis.com

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