
FREQUENTIS reports a strong rise in revenues and earnings in H1 2021

- **Revenues +9.4% to EUR 144.6 million**
- **First-ever positive half-year EBIT of EUR 5.4 million**
- **Order intake +5.9% to EUR 453.0 million**
- **Biggest acquisition in the company's history completed in record time**

As a leading global provider of information and communication solutions for safety-critical applications, Frequentis has demonstrated that its business model remains robust. The products supplied by Frequentis are part of the safety-critical infrastructure, in other words, the essential infrastructure of the relevant countries. This infrastructure always has to be available and ready for operation – irrespective of the number of flights or how many times the police, fire service, and emergency rescue services are deployed. Consequently, there is continued demand for Frequentis' solutions.

“We are particularly proud that we were able to increase revenues by nearly 10% in these challenging times. The restrictions due to the pandemic, especially the travel restrictions, could not hold us back,” says Frequentis' CEO, Norbert Haslacher. “In addition, we managed to complete the transaction with the US group L3Harris Technologies, the biggest acquisition in our company's history, in just over five months. Now, the focus is on the stepwise integration of the three companies acquired into the Frequentis Group.”

Revenues increased significantly by 9.4% to EUR 144.6 million, thanks to successful project acceptances. Project acceptances are generally highest at year-end, but fixed costs are distributed equally over the year, so in the past this has resulted to negative earnings in the first half of the year. Frequentis turned this around for the first time in the first half of 2021. EBITDA more than doubled to EUR 12.4 million and EBIT rose to EUR 5.4 million. The profit for the period was EUR 4.1 million.

Orders on hand were EUR 453.0 million at the end of June 2021, an increase of 5.9% compared with year-end 2020. That is a good basis for revenues in the 2021 financial year and beyond. Order intake in the first six months of 2021 was 8.6% lower than in the very good first half of 2020.

Acquisition

Frequentis has now taken over civil and military product lines for air traffic management (ATM) voice communication systems and the software and cloud solutions for traffic optimisation (traffic synchronisation) from the US group L3Harris. That greatly expands the ATM product portfolio.

Asset and capital structure

Equity rose to EUR 115.1 million as at end-June 2021 and the equity ratio is 39.6%, which is still above the target of >35%. The company has net cash of EUR 77.2 million, despite the dividend and the initial cash outflows for the L3Harris transaction.

Outlook

Despite global measures to contain the pandemic and the increasing availability of vaccines, Frequentis faces a number of uncertainties in 2021. It is not possible to make a reliable estimate of the exact effect of the ongoing pandemic on costs (e.g. travel expenses), revenues (e.g. due to the deferral of project acceptances), supply chains, the budgets available, and the potential postponement of investments.

Depending on how the pandemic develops in the remaining months of the year, Frequentis aims to increase revenues and order intake in 2021 compared with 2020. Some of this increase will be attributable to the L3Harris transaction. An unchanged amount of around EUR 5 million has been earmarked for capital expenditure (capex). Frequentis expects to report an EBIT margin of around 5-7% in 2021 – depending on how the pandemic develops and the post-merger integration costs for the L3Harris units.

About FREQUENTIS

Frequentis, headquartered in Vienna, is a global 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 35,000 operator working positions and in approximately 150 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 dispatcher working positions for Public Transport are industry leading solutions. The shares of Frequentis AG are traded on the Vienna and Frankfurt Stock Exchange under the ticker symbol FQT (ISIN: ATFREQUENT09). In 2020, the Frequentis Group generated revenues of EUR 299.4 million and EBIT of EUR 26.8 million. Following the transaction with L3Harris, the number of employees is around 2,100.

For more information, please visit www.frequentis.com

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