

Highlights

For a safer world

Safe communication is becoming increasingly important in our digital world. As the world's leading provider of safety-critical communication and information solutions, the Frequentis Group has an excellent position in this attractive growth market. The company has been developing safety-critical information and communication systems for civil aviation and military air defence for more than 70 years (Air Traffic Management business segment). Since 2001, its target markets have included public safety (police, fire brigades, emergency rescue services), shipping and railways (Public Safety & Transport business segment).

Frequentis customers' control centres manage traffic flows and the deployment of emergency services. The technical components of control centres support operators (e.g. air traffic controllers, dispatchers) in their safety-critical tasks. Frequentis stands for solutions for a safer world.

A growing market

Frequentis operates in highly specialised areas of the global megamarkets for transport and safety infrastructure. The hallmarks of these markets are a constant need for technological optimisation and rising investment. The principal growth drivers are rising mobility, digitalisation and the growing need for safety. The aviation sector is coming under increasing pressure to operate efficiently, railways and shipping are becoming more important worldwide, and new technologies such as drones are changing the demands made on control centres. As a global specialist, Frequentis is well-positioned for both organic and inorganic growth.

Innovation is a priority

Frequentis is a recognised innovation leader that makes modern technologies usable for safety-critical control centres. Current examples are adopting the LTE mobile communications standard for air traffic control/ATM and PST, and the integration of videos and social media in the PST business segment. Frequentis' innovative solutions have already won many awards. To make sure the company continues to set standards in the future, around 14% of revenue was invested in research & development in 2018.

Sustained profitable growth / dividend policy

Frequentis is synonymous with sustained profitable growth: the company has always operated profitably and is continuing to grow steadily: between 2016 and 2018 its total operating performance increased by an average of 7.9% p.a. EBIT rose by an average of 12.1% p.a. in the same period. Secure orders on hand amounted to EUR 355.2 million on 31 December 2018. With respect to the Company's business activities and taking into account its growth strategies, it is the Company's intention to ensure that shareholders participate appropriately in the success of the Company. With its earnings-oriented dividend policy, Frequentis aims at a balance between growth investments and shareholder remuneration.

The Company's current dividend policy provides for a pay-out ratio of approximately 20% to 30% of net profits after taxes of Frequentis Group determined in accordance with IFRS in a given financial year as dividends, and taking into account an annual ceiling of 40% of the annual surplus of Frequentis AG financial statement prepared in accordance with the Austrian company code. With regard to dividend continuity, the Company is aiming for a dividend which will at least be equal to the previous one. In addition to the regular distributions, Frequentis' dividend policy may allow shareholders to participate in a particularly positive development of the Company in the form of a special dividend or share buyback.

Built on trust

The safety-critical nature of the company's business requires extremely high standards and a deep understanding of our customers business. Frequentis' success is based on the trust that has evolved from long-term customer relationships. Today, more than 500 customers at public authorities and other organisations operating in the safety-critical domain in some 140 countries rely on solutions provided by Frequentis. On average, about 90% of orders come from established customers, about 40% are accounted for by installed base business. Extending and using the installed base drives sustained revenue growth and profitability.

Living our vision

From its origins as a specialist for voice communication in the aviation sector, Frequentis has become a global leader in the whole area of safety-critical communication and information systems. In the coming years, the company plans to extend its product portfolio further through organic and inorganic growth and to gain access to new customer groups. The long-term goal is to become the market leader in all possible areas of the control centre market. A global distribution network paves the way for regional expansion and market penetration in all business units. Every system sale extends the installed base and offers scope for long-term follow-on orders.

Strong commitment

Frequentis was established in Vienna more than 70 years ago. The Bardach family sees itself as a long-term core investor – Hannes Bardach acquired the company in 1986 when it was a mid-sized Austrian enterprise. In this way, Frequentis can safeguard the advantages of a family business, which are visible, for instance, in business continuity and its special corporate culture, and simultaneously benefit from best practices as a listed company.