

FREQUENTIS
FOR A SAFER WORLD

H1 2019
Investor Presentation
28 August 2019

Agenda

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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

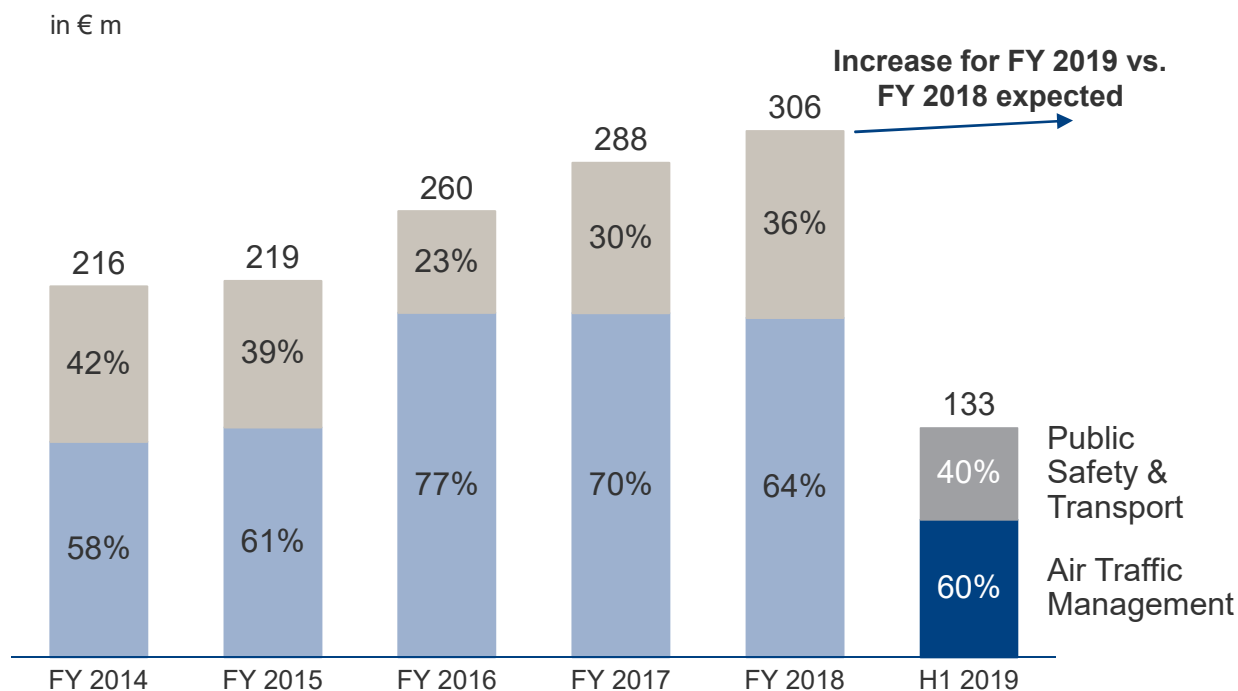


Order intake € 133.4m / -10.0%,
 second best intake for first half ever
 Orders on hand € 351.8m / -1.0%,
 about 15 months visibility



Net cash € 64.7m,
 thereof € 26.9m advance payments
 Equity ratio 40.3%
 Dividend proposal 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

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

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

Agenda

Operational highlights (p.3)

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Financial performance (p.8)

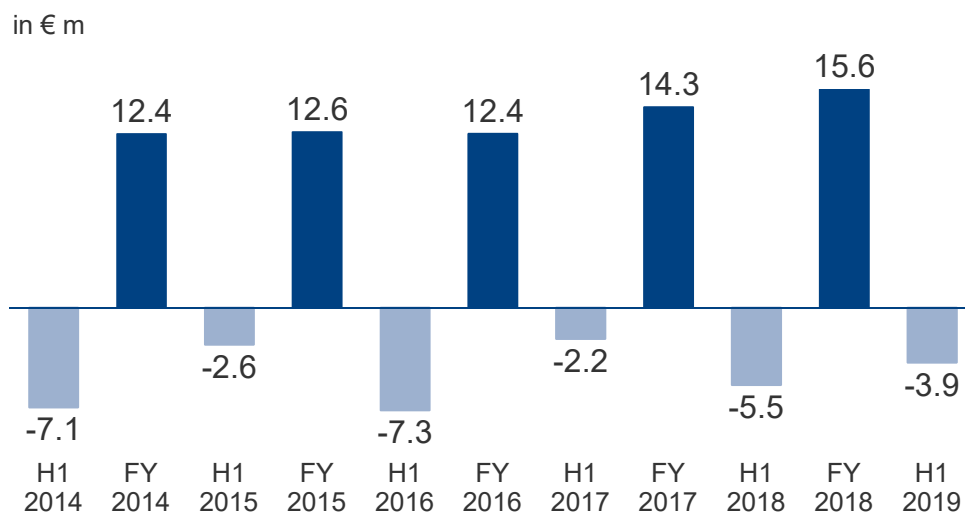
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Outlook (p.17)

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Significant seasonality of profitability

Half-year EBIT vs. full-year EBIT



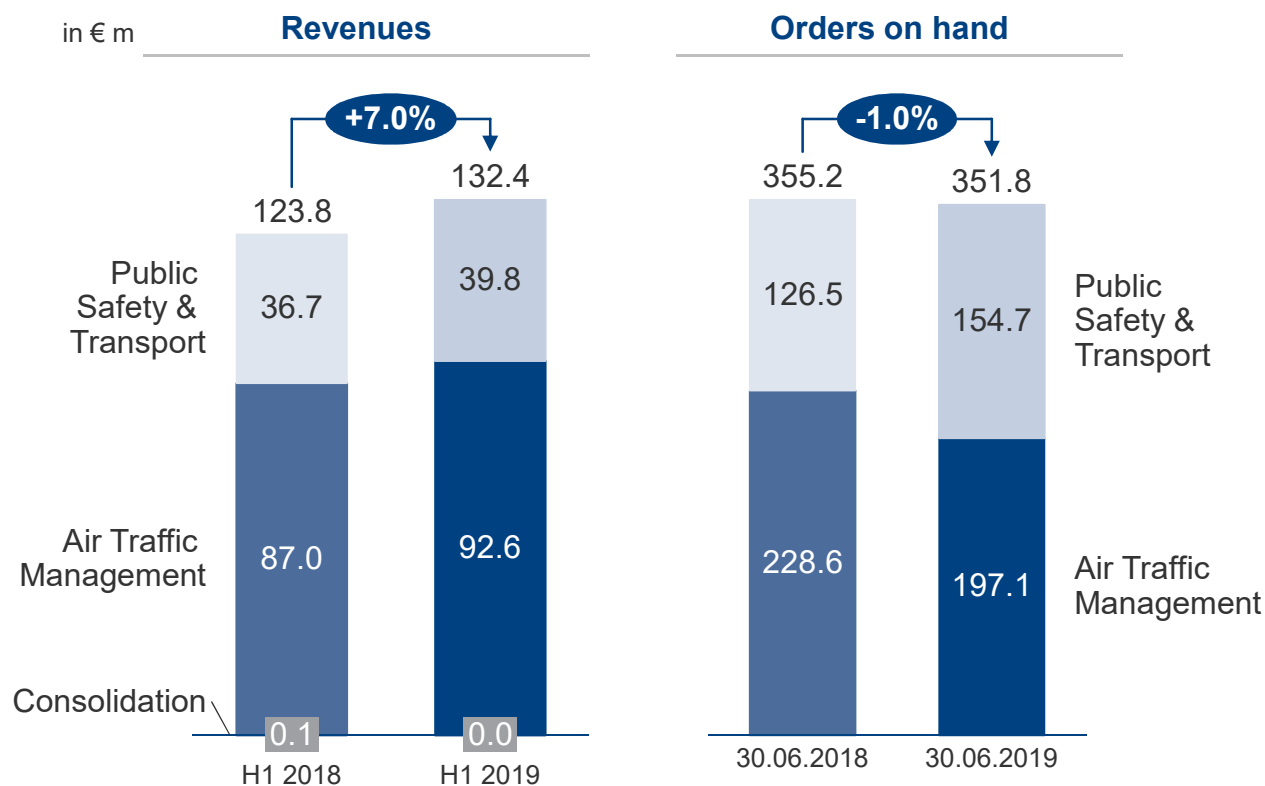
Comments

- 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

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
	30.06.2019	30.06.2018	+/- in %	+/- in EUR m	31.12.2018
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

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

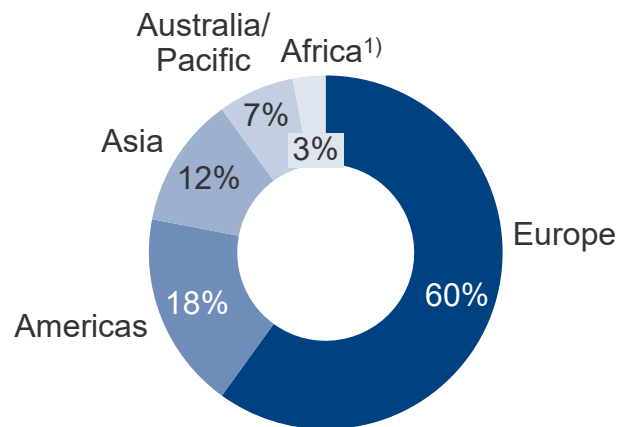


Comments

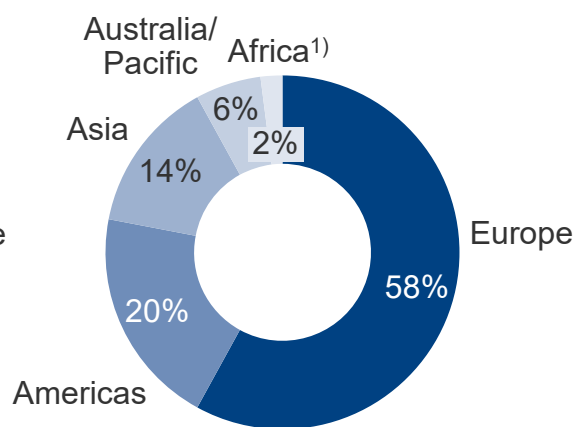
- Strong increase in revenues
 - Air Traffic Management +6.4%
 - Public Safety & Transport +8.4%
- Revenue split: 70% ATM and 30% PST (unchanged vs. previous period)
- Orders on hand almost at same level as last year
 - Strong growth at PST almost mitigated decline in ATM
 - Split of orders on hand: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

Regional revenue split

Revenue split H1 2018



Revenue split H1 2019



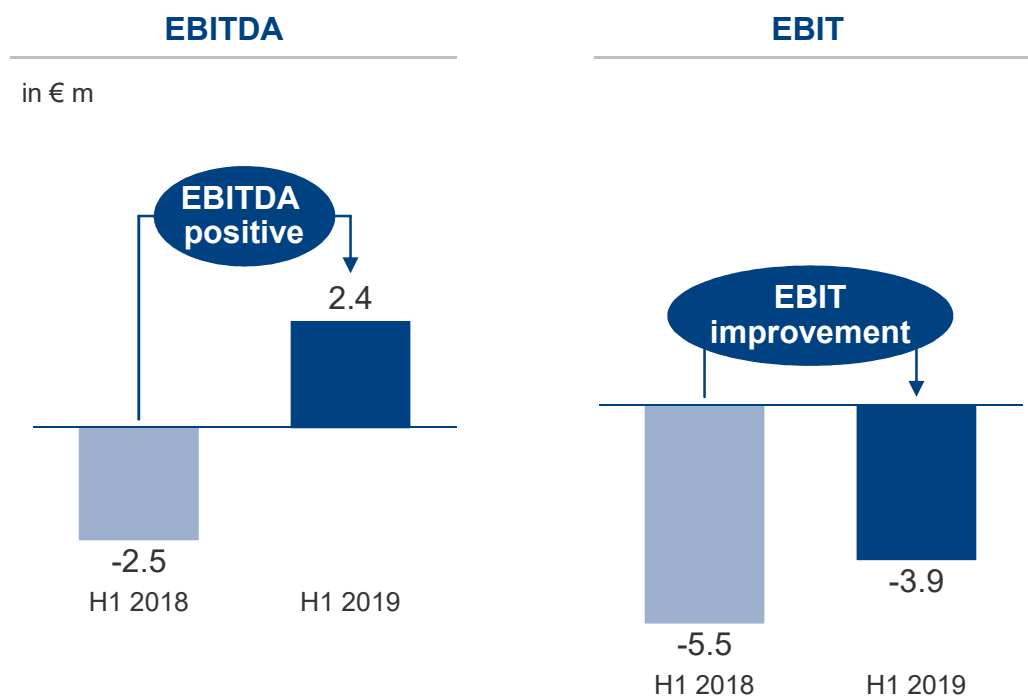
Comments

- 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)

¹⁾ Including small orders (not allocated).

Improvements in EBITDA and EBIT

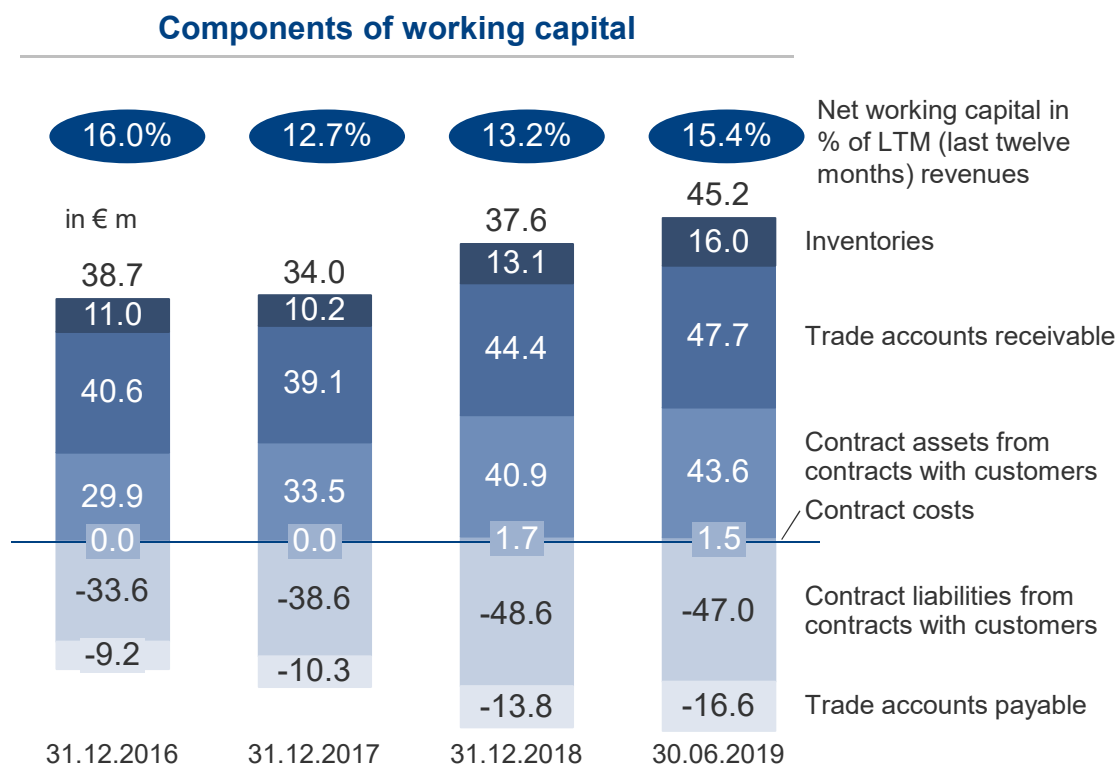
Note: IFRS 16 (Leases) applied from 01.01.2019 onwards / H1 2018 not restated



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

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

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

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Financial Calendar 2019

28.08.2019	Half-year financial report 2019
10.09.2019	Record date for General Meeting
20.09.2019	Extraordinary general meeting, Vienna
15.10.2019	Last day on which shares can be bought with dividend entitlement
16.10.2019	Ex-dividend day
17.10.2019	Record date for dividend
18.10.2019	Dividend payment

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