

FREQUENTIS
FOR A SAFER WORLD

First half 2020
Investor Presentation

18 August 2020

Agenda

Highlights (p.3)	1
Financial performance (p.7)	2
Outlook and management agenda (p.13)	3
Appendix (p.19)	4

Defying the pandemic – Resilience of business model

Frequentis products are part of the safety-critical infrastructure

Infrastructure has to be available and ready for operation

Demand for products not dependent on number of flights / flight movements, number of deployments of police, fire service and emergency rescue services not relevant for infrastructure demand

Business continuity

Remote project acceptances executed

Regional presence helpful in the face of travel restrictions¹⁾

Corporate culture has permitted mobile working practices for many years

High commitment from employees

No need for additional IT investments

¹⁾ Installation and go-lives of new systems were – and still are – only possible in those countries where Frequentis has its own locations (including the USA, Australia, Brazil, China, the UK, and Germany), or where travel by Frequentis staff is possible.

Highlights H1'20

Limited impact from COVID-19 on daily operations

Order intake
€ 171.8m
+28.8% vs.
H1'19

Orders on hand
€ 445.2m
approx. 1 ½
years visibility

Revenue
€ 132.2m
-0.1% vs.
H1'19

EBITDA
€ 6.0m
+3.6m vs. H1'19

EBIT
€ -1.0m
+2.9m vs. H1'19

Net result
€ -23.4m /
€ -0.2m¹⁾

Equity ratio
36.5%
Net cash
€ 51.2m²⁾

¹⁾ Impairment of deposits at Commercialbank Mattersburg had an impact of € 23.2m on net result (taking into account the tax effect).

²⁾ Net cash included € 36.8m advance payments from customers. Cash and cash equivalents amounted to € 57.7m, liabilities to banks were € 6.5m.

Further highlights in H1 2020

Acquisition of 51% stake in ATRiCS, Germany

Software solutions to improve safety and digitalisation at airports

Full consolidated from 1 April 2020

15% stake in Nemergent Solutions, Spain

Better exploitation of opportunities in safety-critical broadband communication

Binding investment agreement signed on 7 August 2020

Dividend of € 0.15 per share
for FY 2019 as approved by AGM

Virtual Annual General Meeting held

Employee participation programme

High participation rate of more than 35%

Issue proceeds of slightly more than € 1m

Agenda

Highlights (p.3)

1

Financial performance (p.7)

2

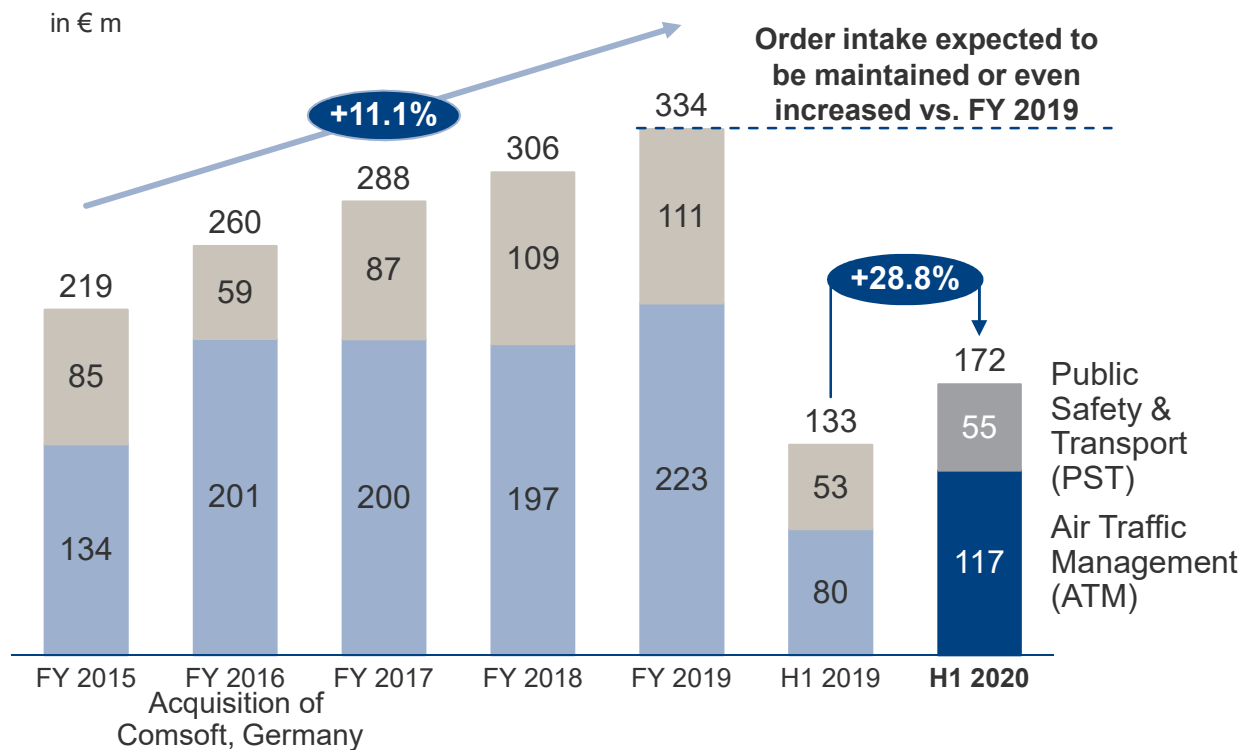
Outlook and management agenda (p.13)

3

Appendix (p.19)

4

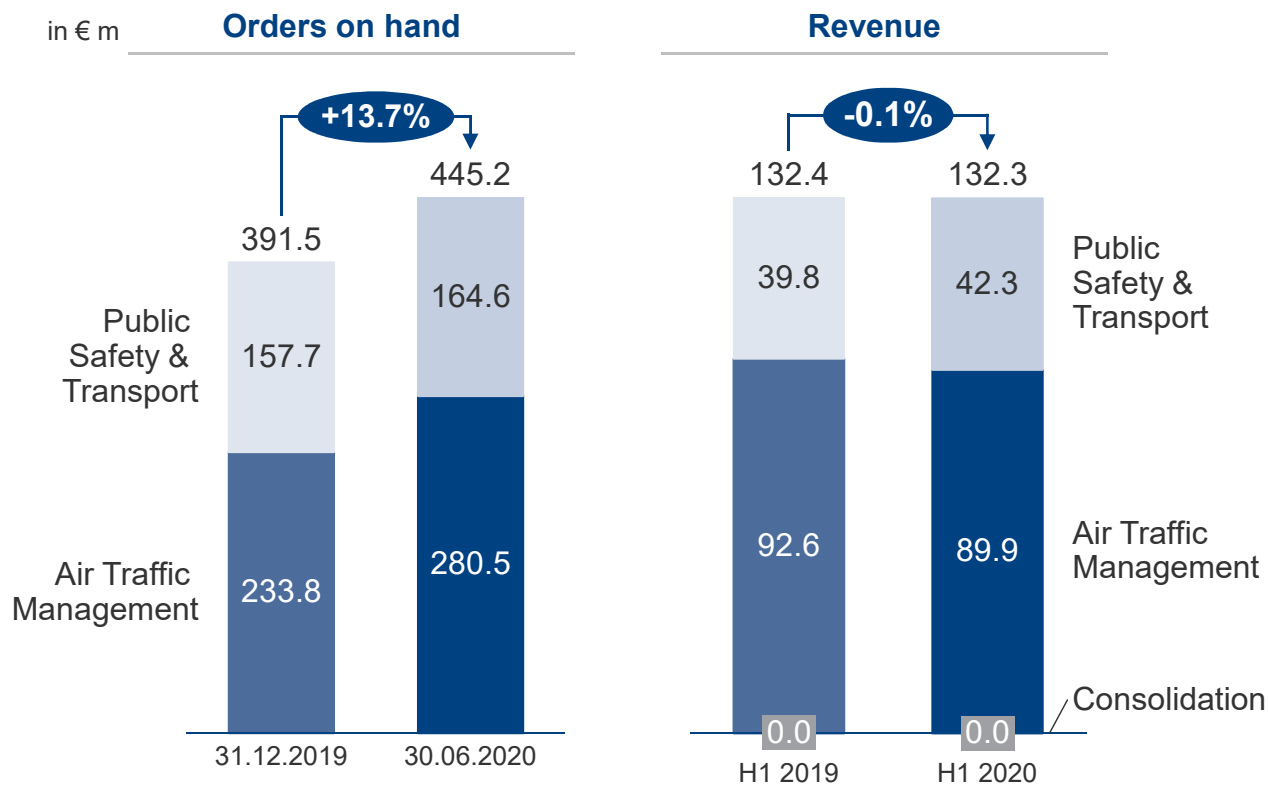
Increase in order intake



Comments

- Order intake in H1 2020 significantly above H1 2019
- Strong growth despite pandemic
- Resilience of business model and growth path confirmed
- Strive to roughly maintain or even increase order intake in FY 2020
 - Full year impact of COVID-19 cannot be estimated, possibility that customers could postpone investments

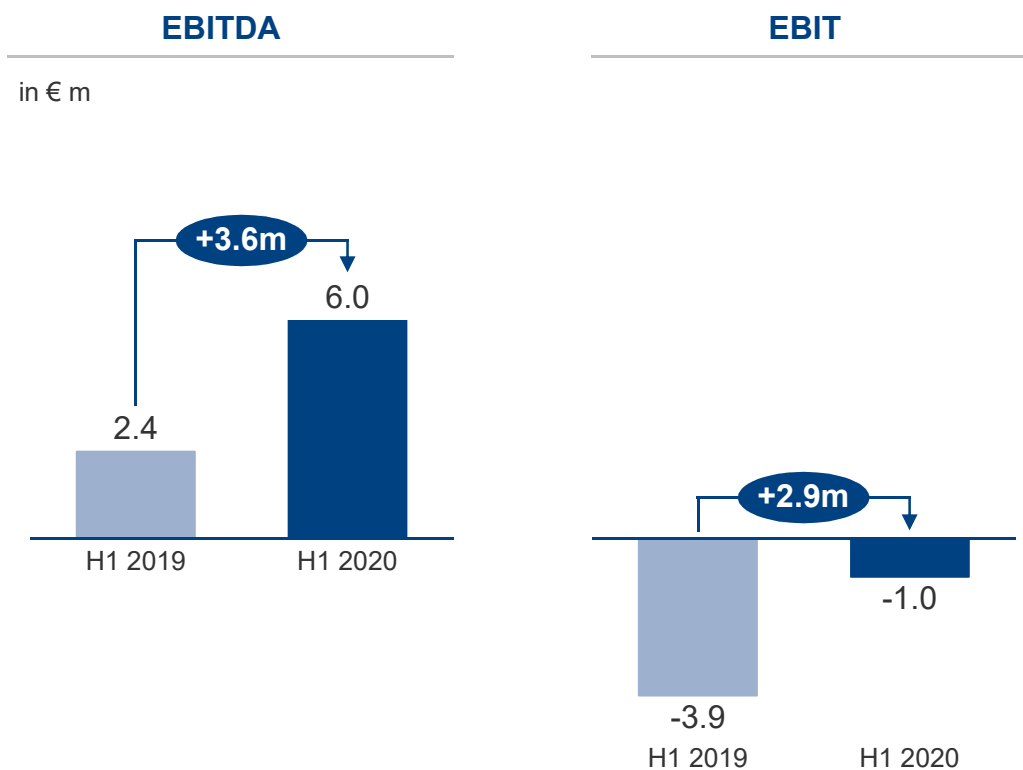
Well-filled order books, stable revenue despite pandemic



Comments

- Orders on hand increased significantly
 - Public Safety & Transport +4.4%
 - Air Traffic Management +20.0%
- Stable revenue development despite pandemic
- Revenue split: 68% ATM, 32% PST (H1 2019: 70% ATM, 30% PST)

Improvement in EBITDA and EBIT

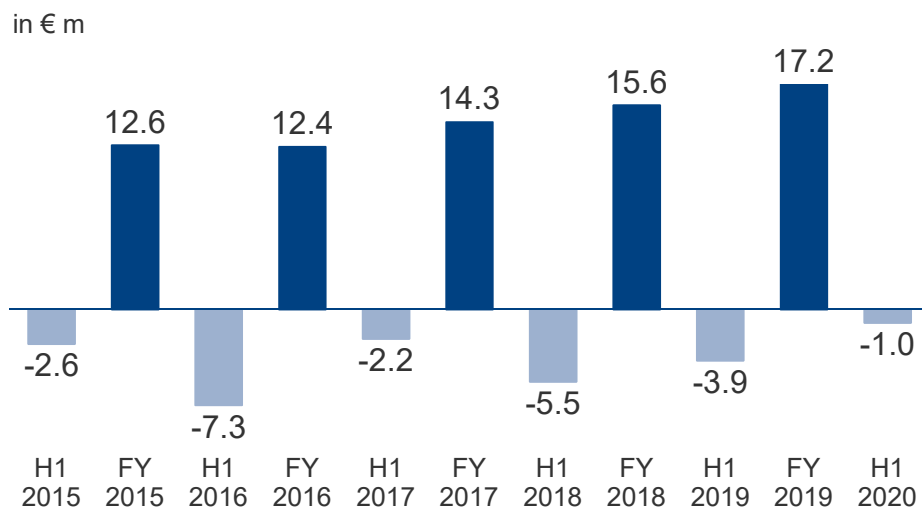


Comments

- Comparability of half year / full year limited due to seasonality
- EBITDA and EBIT mainly positively influenced by lower travel / trade show expenses due to travel restrictions
- EBIT in line with the normal business pattern during the year
- Net result of € -23.4m (incl. impairment loss on the deposits at Commerzialbank Mattersburg) / € -0.2m (excl. impairment loss)
- EPS € -1.78 (incl. impairment loss) / € -0.03 (excl.) vs. € -0.23 in H1 2019

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.) spread fairly evenly over the quarters

Financial policy framework

Maintain net cash position with minimum level of about 10% of Group revenues.

Equity ratio of >35%.

FY 2020:
Capex of about € 5m,
R&D expenses of about € 22m.



Dividend policy

Payout of 20-30% of Frequentis Group net profit with a cap of 40% of net profit of Frequentis AG.



Agenda

Highlights (p.3)	1
Financial performance (p.7)	2
Outlook and management agenda (p.13)	3
Appendix (p.19)	4

Update on the insolvency of Commerzialbank Mattersburg

Main facts

- Notification of the Austrian Financial Market Authority (FMA) on 14 July 2020 prohibiting Commerzialbank Mattersburg by decree with immediate effect from continuing its business operations
- Appointment of an auditor as government commissioner
- Austrian FMA filed application to open insolvency proceedings, 27 July
- Government commissioner states in interim report dated 24 July 2020 that the bank was mathematically over-indebted at the time FMA prohibited business operations

Measures adopted with respect to Commerzialbank Mattersburg

- Full amount of Frequentis' claims against the bank declared due on 16 July 2020
- € 100,000,-- received from protection entity for Austrian credit institutions (Einlagensicherung) on 24 July
- Impairment loss of € 30.9 million recognised in other financial results
- Engagement of a team of lawyers to evaluate all legal options in order to protect the interests of Frequentis
- Filing the entire amount in the insolvency proceedings
- Filing of a statement of facts as well as participation as a private party in the criminal proceedings

15% stake in Nemergent Solutions, Spain



Nemergent at a glance

- Based in Bilbao, Spain
- About 30 employees
- Strong R&D expertise in mission-critical services



Strategic rationale

- Strong expertise in LTE and mission-critical services (3GPP) for the use in safety-critical environments
- Strategic expansion and deepening of already existing collaboration
- Bundling of skills and competences in software and technology
- Better exploitation of opportunities in safety-critical broadband communication brought by the LTE mobile communications standard, e.g. in Public Safety & Transport market
- Frequentis representative member of the Nemergent Board of Directors

Transaction details

- Frequentis acquisition of a 15% stake
- Customary pre-emption right
- Transaction is to be carried out through a capital increase at Nemergent, binding investment agreement signed on 7 August 2020

Growth markets of the future: our innovations already in use

Digital (Remote) Tower

- Denmark
- Germany
- England
- Brazil
- New Zealand
- Double-digit annual growth



Drone management

- Avinor, Norway
- AirLabs Austria
- GOF-U-Space project / SESAR joint undertaking (EU co-financed project)
- Developing counter-drone system for FALKE project in Germany



5G/LTE in control centres

- BroadWay programme¹⁾ for the use of 5G/LTE for safety-critical broadband communication
- Use in local public transport
- 15% stake in Nemergent, Spain
- Public safety project in UK to include 5G/LTE



¹⁾ Frequentis is part of phase 2 of the European investment procurement programme BroadWay.

Outlook and management agenda for 2020

Orders on hand of € 445.3m as at 30 June 2020 – a good basis for solid revenue generation in H2 2020 and beyond.

Order intake of € 171.8m – a good start to H1 2020.

Striving to roughly maintain or even increase revenues and order intake in FY 2020.

All expectations for FY 2020 connected to risks from COVID-19 pandemic, especially due to travel restrictions and potential temporary shift in revenues.

Dealing with the COVID-19 situation remains a key management issue.

Impact on our costs (e.g. travel expenses), project acceptances, supply chains, the budgets available, and the potential postponement of investments cannot be estimated at present.



Contact / Financial Calendar

Investor Relations contact

Stefan Marin, Head of Investor Relations

+43 1 81150 – 1074

investor-relations@frequentis.com

www.frequentis.com/en/ir

Innovationsstrasse 1

1100 Vienna, Austria

Financial Calendar 2020

18.08.2020 Half-year financial report 2020

25.11.2020 Ex-dividend day

26.11.2020 Record date for dividend

27.11.2020 Dividend payment day

Disclaimer: This document has been prepared by Frequentis AG for (hereinafter “Frequentis” or the “Issuer”) for information purposes only. It neither constitutes a financial analysis nor investment advice or recommendation, nor an offer to sell or a solicitation of an offer to buy any securities of the Issuer. Figures and any other contents in this document prepared by Frequentis are based on information from sources, which are reliable in the view of Frequentis, but have not been independently verified or audited. Rounding differences may arise. Frequentis is not obliged to update this document or to adjust it to future occurrences or developments. Despite careful examination, Frequentis does not make any declaration, guarantee, representation or warranty that this document is true, correct, complete, balanced and not misleading. Consequently, no reliance should be placed on the fairness, accuracy, completeness or correctness of this information or the opinions contained herein.

Frequentis may not be held liable for any damages resulting from or in connection with any potential errors and does, in particular, not assume any liability for damages or consequential damages resulting from the use of this document.

This document contains forward-looking statements. As such, such statements bear risks, uncertainties and other factors which may result in the actual results, financial condition, performance or achievement of objectives, of or by the Issuer materially differing from the results described in these forward-looking statements. Recipients of this information should not consider it as legal, tax or investment advice and should make their own assessment in respect thereof and other consequences resulting from investments in the Issuer and its securities, including the advantages of investments and the risks connected therewith. By accessing this information you confirm towards Frequentis that (i) you may receive this information in accordance with all applicable laws, and (ii) you are solely responsible for your own evaluation of the Issuer and that you will make your own analysis and that you are solely responsible to form your own opinion on the potential future development of the Issuer.

Agenda

Highlights (p.3)	1
Financial performance (p.7)	2
Outlook and management agenda (p.13)	3
Appendix (p.19)	4

Control centres for mission-critical applications – worldwide

You're on a plane.

Frequentis products ensure secure communication between pilot and air traffic control.



You call the rescue service, fire brigade or police.

Our technology guarantees that your call is put through.



Frequentis supplies safety-critical and therefore indispensable infrastructure. **Worldwide!**



Key figures for the Frequentis Group

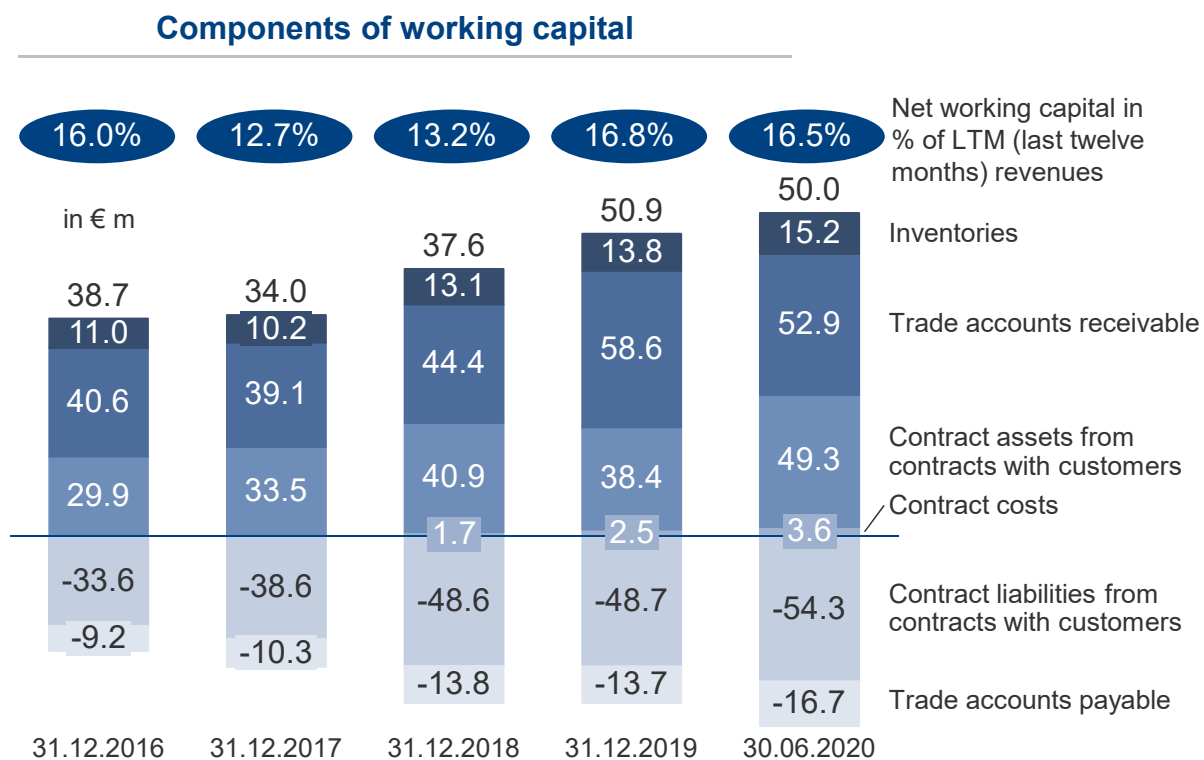
All figures in € million, except where otherwise stated.

Orders	H1 2020	H1 2019	+/- in %	+/- in € m	2019
Order intake	171.8	133.4	+28.8%	+38.4	333.7
Orders on hand at end of period	445.2	351.8	+26.5%	+93.4	391.5
Earnings	H1 2020	H1 2019 ¹⁾	+/- in %	+/- in € m	2019 ¹⁾
Revenue	132.3	132.4	-0.1%	-0.1	303.6
EBITDA	6.0	2.4	>+100.0%	+3.6	30.2
EBITDA margin	4.5%	1.8%	+2.7 PP	–	9.9%
EBIT	-1.0	-3.9	+75.5%	+2.9	17.2
EBIT margin	-0.7%	-2.9%	+2.2 PP	–	5.7%
Profit/loss for the period ²⁾	-23.4	-2.4	>+100.0%	-20.9	12.5
Profit/loss attributable to equity holders ²⁾	-23.6	-2.9	>+100.0%	-20.7	11.8
Earnings per share in € ²⁾	-1.78	-0.23	>+100.0%	–	0.93
Statement of financial position	H1 2020	H1 2019 ¹⁾	+/- in %	+/- in € m	2019 ¹⁾
Total assets	258.1	255.5	+1.0%	+2.7	272.1
Shareholders' equity	94.1	103.1	-8.7%	-8.9	116.2
Equity ratio	36.5%	40.3%	-3.8 PP	–	42.7%
Net cash	51.2	64.7	-20.8%	-13.5	77.8
No. of employees (average)	1,890	1,853	+2.0%	–	1,849
Cash flow statement	H1 2020	H1 2019 ¹⁾	+/- in %	+/- in € m	2019 ¹⁾
Cash Flow from operating activities	12.2	-6.1	–	+18.3	17.7
Cash Flow from investing activities	-4.7	-9.0	+48.1%	+4.3	-4.6
Cash Flow from financing activities	-3.7	16.7	–	-20.4	8.0
Cash and cash equivalents at end of period	57.7	47.2	+22.2%	+10.5	66.9

¹⁾ Initial application of IFRS 16 (Leases) from 1 January 2019 (Annual Report 2019, note 41 to the consolidated financial statements).

²⁾ Remark for H1 2020 figures: The impact of the impairment loss on the deposits at Commercialbank Mattersburg on the loss for the period was € 23.2 million (including the income tax effect). Excluding this impairment, the loss in the first half of 2020 would have been € 0.2 million and earnings per share would have been € -0.03.

Working capital overview



Comments

- Net working capital in percent of last twelve months revenues below 17% in the past 5 years

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.

Customer-financed activities mostly take place in the second half of the year.

R&D activities are fully expensed and not capitalised.



R&D expenses:
€ 22.1m in FY 2019,
data based on IAS 38
(i. e. internal, not customer-financed
R&D activities).



Leadership team

Executive board



Norbert Haslachner
CEO

Business units and regions
Global sales & marketing
New business development
Investor relations



Sylvia Bardach
CFO

Finance | Human resources
Legal | IT | Reg. operations
Corporate communications
Safety | Facility mgmt.



Hermann Mattanovich
CTO, COO

Technology & products
Project mgmt. | Customer services
Planning, production & logistics
Security | Quality mgmt. & processes

Supervisory board

Hannes Bardach
(Chairman)

Reinhold Daxecker
(Member)

Petra Preining
(Member)

Gabriele Schedl
(Delegated by the Workers' Council)

Karl Michael Millauer
(Deputy Chairman)

Boris Nemsic
(Member)

Siegfried Meisel
(Delegated by the Workers' Council)

Reinhard Steidl
(Delegated by the Workers' Council)