

BankM



Relationship banking for the capital markets.

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A stable partnership characterized by trust and transparency is crucial for us to create lasting values for issuers, investors and intermediaries and to achieve a lasting success on the capital market as a bank:

- Contrary to Anglo-American investment banking
- Conflict-free design of the triangular relationship investor-enterprise-bank
- Relation business instead of transaction business
- Consolidation of all competencies in an integrated process

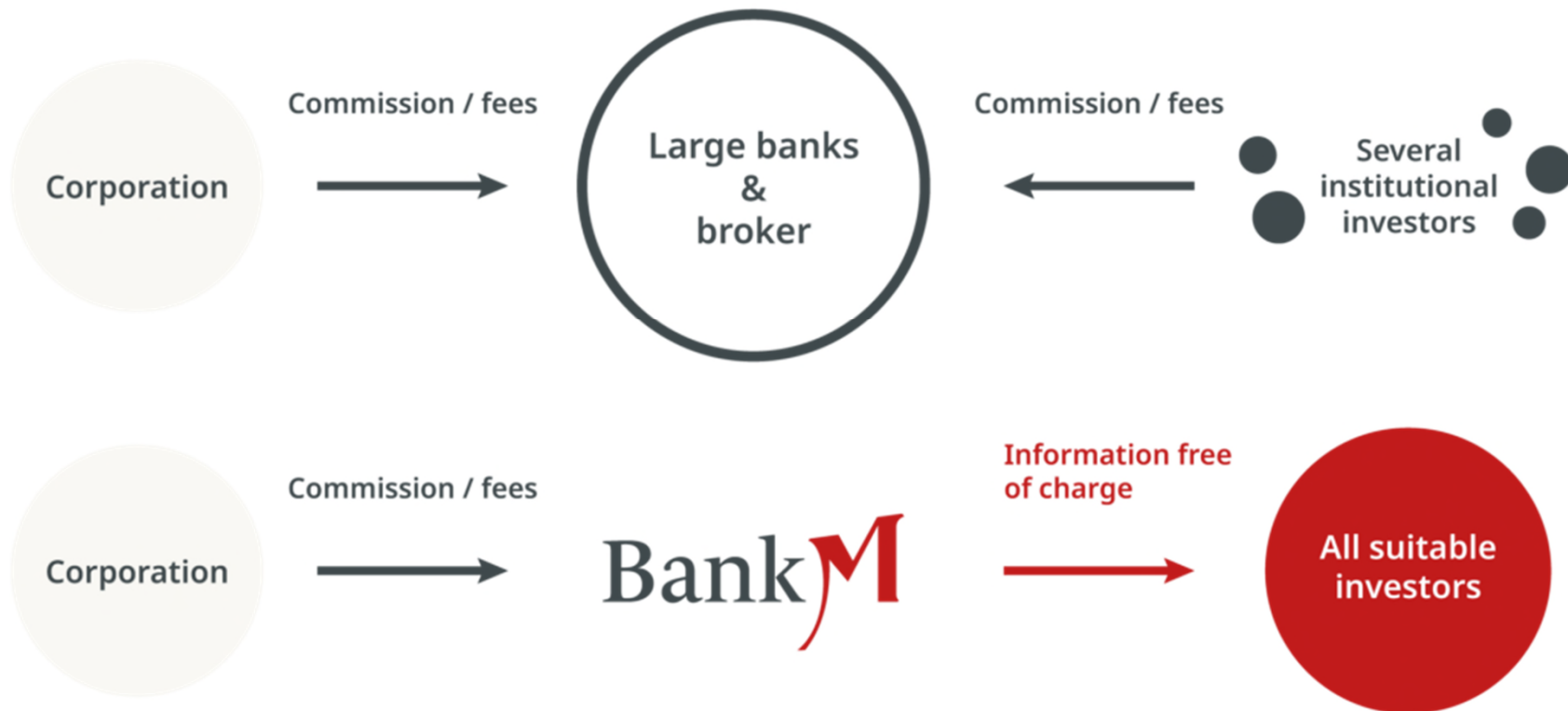
The definition of success as a long-term is the positive development of our customers.



Our main principle



No conflicts of interest caused
by contrary objectives



Equity

- IPOs, listings, corporate actions, share placements
- Designated sponsoring, market making
- Venture capital & private equity
- M&A / strategic advisory expansion Asia

Debt

- Credit financing
- Corporate bond & warrants
- Bonded loans
- Mezzanine capital

Interdisciplinary services

- Research
- Investor services
- Capital markets advisory
- Securities settlement; payment agency

Equity

IPOs, listings, corporate actions, share placements

With our wealth of experience, we are the right partner in all questions and tasks equity financing via the stock market.

- Pre-IPO investments / co-investments
- (IPOs / listings) and capital increases in all market segments
- Private placements and public offers
- Share placements and block trades (on and off-exchange)
- Support in organizational and legal preparation
- Preparation of a comprehensive securities prospectus / assumption of liability
- Communication and coordination with the relevant authorities (BaFin, Boerse)
- Collaboration with market-leading online banks in the retail sector
- Active marketing by qualified multipliers

Designated sponsoring

As one of the largest designated sponsors on the Frankfurt Stock Exchange, we ensure our corporate clients a liquid stock trading by placing binding purchase and sale prices. Our additional services also provide true value to any company regardless of company size or industry sector.

- Permanent presence in the order book
- Reduction in default spreads
- AA rating
- No quote machine
- Active personal support
- Clear contact persons
- No order execution or commission business
- No risk transfer to the issuer
- Holding of overnight positions
- Adjustment of market imbalances
- Advanced liquidity procurement (regional stock exchanges)
- Support of liquidity in “fast market” situations and if performance measurement is suspended
- Additional services (analyst meetings, capital market conferences, etc.)



Mergers & Acquisitions (M&A)

We advise our customers as an independent and entrepreneurial partner with the experience of more than 50 transactions in all questions of the structuring and execution of company acquisitions and sales as well as on strategic issues with regard to the expansion to Asia.

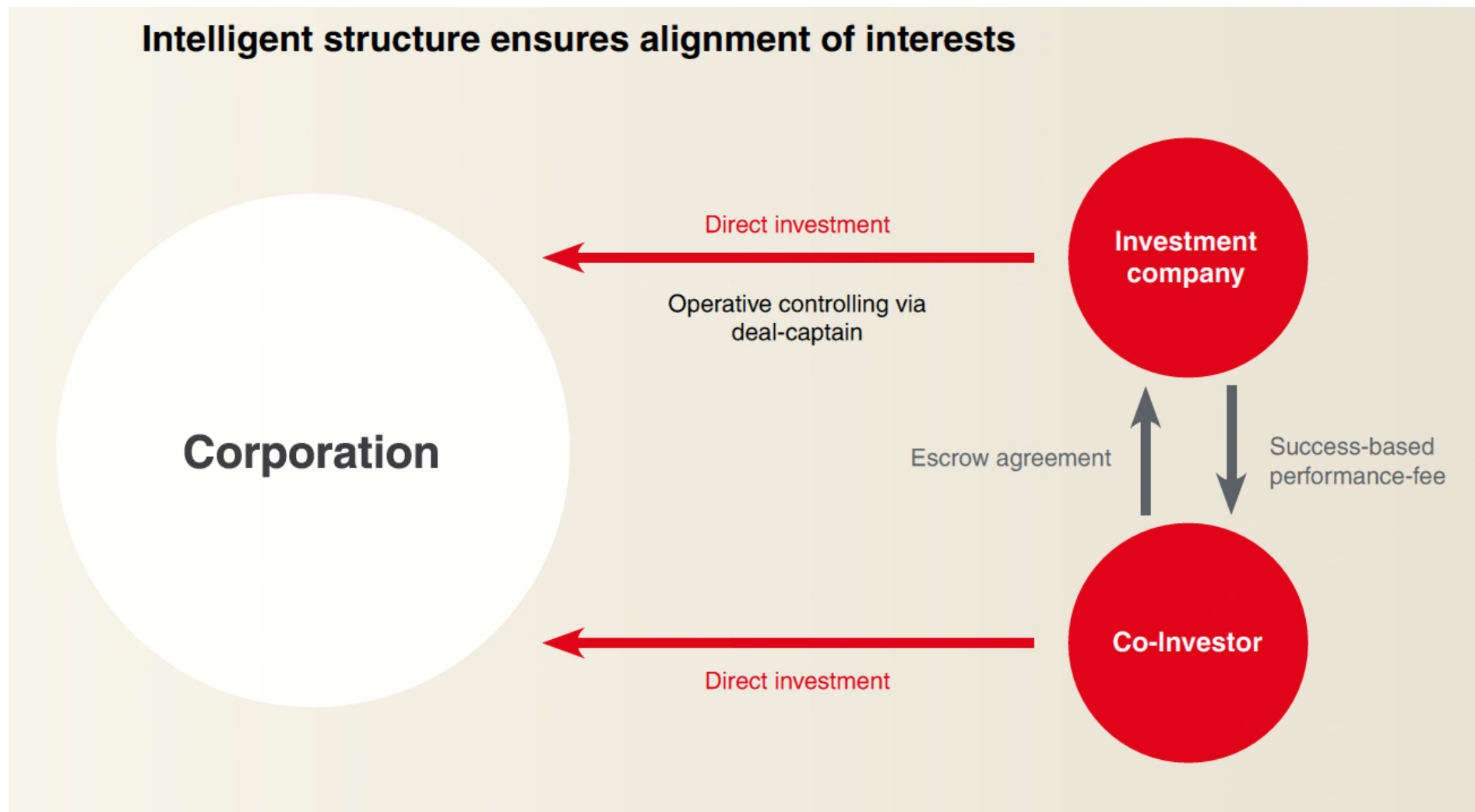
- Advising on mergers & acquisitions and company sales in the context of growth strategies, succession arrangements or restructuring
- Monitoring throughout the entire process, from strategy development to target search and negotiation to contract signing and beyond
- Integrated offer including partner search, financing and capital market access
- Strong network of industry experts and external service providers
- Strong mid-market experience and long-term contacts with a large number of companies and their management in the Germany-speaking area
- Five-headed China Desk supports expansion into Asia and the search for strategic partners; robust network to enterprises, investors and political decision-makers increases transaction security and operational success
- Co-operation with one of the world's leading networks of legally independent auditors, tax and business consultants with 440 locations in 150 countries and extensive know-how from a multitude of international cross-border transactions

Equity

Venture capital & private equity

The demand for direct participation in young companies outside the stock exchange is growing steadily, but standardized offers from banks and asset managers are passing by. BankM offers intelligent investment models and proven networks.

- Direct investments in interesting growth companies on the basis of attractive valuations
- Co-investments within reliable networks with industry-oriented deal-captains
- Cooperation with investment companies, universities and high-net-worth private investors
- Thought-out structures ensure the congruence of all parties
- Fair performance fee instead of expensive and performance-independent fees as with standardized products
- Industry focus on deep-tech areas such as ICT, IoT, Smart Grids, Sensors, Semiconductors, MEMS, Mechatronics, Robotics and Material Science as well as MedTech, Life Sciences and Pharma



Debt



It is crucial to finance opportunities and risks with the right tools. Within the framework of the BankM-Hausbank principle, we also offer companies comprehensive solutions for borrowing capital. In doing so, we rely on a flexible, product-independent offer that minimizes the time and financial costs on the company side. Our ambition is to find the best strategic solution for your company.

- Mediation of loans or loans (first / subordinated) by domestic and foreign banks as well as bank-independent institutional investors
- Structuring and placement of corporate and convertible bonds
- Special fund for the provision of mezzanine capital for property values
- 3-stage process from pre-sounding, structuring / documentation and mediation of the leverage in order to keep the process as slim and cost-effective as possible
- Transfer of the technical processing (payment function, securitization, coordination of the drawing process, exchange entry).
- Sustainable investor contacts as well as modern IT and data technology
- About 275,000 flatex Bank AG customers with capital market affiliation ensure increased placement power and tradability
- The target group is medium-sized companies with a debt financing requirement of between EUR 10-100 million and a positive development perspective (investment-grade rating is not binding)

Interdisciplinary services



Research

Preparation of a fair and transparent company analysis for the determination of the company value for IPOs, M&A transactions and our corporate clients.

- Information memos, basic reports, updates and short analyses
- Comments on corporate events
- Free availability for the issuer and publication on the BankM website
- Dispatch of reports on BankM press and investor distribution lists
- Dissemination through financial information services and online portals
- Strong expertise in the life sciences, e-commerce, software & IT and real estate sectors

Frequentis AG

April 8, 2020

Basic Report Update

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Valuation Result

BUY

(previous: Buy)

Fair Value

€25.19

(previous: € 22.52)



Find BankM Research on Bloomberg, CapitalIQ, Factset, ResearchPool, Thomson Reuters, vwd and www.BankM.de

COVID-19 casts a shadow over 2020, Frequentis positioned more comfortably than other companies

Frequentis AG has completed 2019 in line with our expectations in terms of net income and EPS. We expected a slightly stronger increase in revenue (+8% instead of +6.3%), whereas we were positively surprised by the order intake (+9%) and the fact that our EBIT margin expectations were exceeded [5.2%(e) vs. 5.7%(a)] - which **more than offsets the revenue effect** on the EBIT side. We believe that Frequentis is better prepared than most of the other companies to meet the challenges in 2020: On the one hand, the **classification as an infrastructure-critical company** is favourable. On the other hand, the **customer base (>90% public authorities)** makes project cancellations rather unlikely, whereas in the private sector cost reduction programmes are already initiated in some cases. Government agencies are currently endeavouring to counteract an impending (longer-term) recession with public investment and infrastructure programmes. In our baseline scenario we assume moderate growth of 4% in 2020. With an EV/revenue of 0.6 (peer group: median 0.9, mean: 1.2), Frequentis currently appears to be favourably priced.

* Frequentis had a **successful start to financial year 2020**, with the order book reaching new record levels at the end of 2019 with €391.5 mln (+10.7%; approx. 15 months visibility). However, the pivotal issue for 2020 will be the effects of the corona crisis. If **global travel restrictions** continue into June 2020, Frequentis is likely to **be able to compensate for potential delays**. The (public) customers are basically interested in timely project completion/implementation and are sometimes flexible (remote instead of on-site). **Supply chain problems** (e.g. with standard hardware produced outside Europe) could nevertheless lead to project delays. Frequentis is aware of these issues, however has only limited possibilities to counteract.

* In 2019 the **ATM segment** increased its revenue to €211.2 mln (+4.3%), the segment EBIT margin fell to 4.9% (2018: 5.9%). The smaller **PST segment** performed very well, increasing revenues by 11.2% and improving the margin to 7.5% (2018: 4.1%). This is due to a large number of projects with **blue-light authorities** (including the North Rhine-Westphalia and Rhineland-Palatinate police forces), **rail operators** and the **maritime sub-market** (Greenland, Greece).

Outlook: The COVID-19 pandemic is the key issue in 2020, and the impact on project postponements, project delays, supply chains etc. is currently not foreseeable for Frequentis.

Key earnings figures (in €mln)

Year	Net Sales	EBITDA	EBIT	EBT	Net Profit	EPS (€)	DPS (€)	EBIT margin	Net margin
2018a	285.8	21.6	15.6	15.6	11.3	0.94	0.11	5.5%	3.9%
2019a	303.6	30.2	17.2	17.2	11.8	0.90	0.15	5.7%	3.9%
2020e	315.8	27.7	14.0	14.0	9.8	0.75	0.15	4.4%	3.1%
2021e	360.0	35.9	21.3	21.3	15.1	1.14	0.23	5.9%	4.2%
2022e	388.8	39.8	24.6	24.6	17.4	1.32	0.26	6.3%	4.5%
2023e	419.9	44.0	28.1	28.1	19.8	1.50	0.30	6.9%	4.6%

Source: Frequentis AG (a), BankM Research (e)

Sector	Communication Software			
WKN	A2PM33			
ISIN	AT0000000000			
Bloomberg/Reuters	PST OY / PCT OE			
Accounting standard	IFRS			
Financial year	31.12			
Next report 2020	Aug. 18, 2020			
Market segment	Registered Market			
Transparency standard	General Standard			
Financial ratios	2019e	2020e	2021e	2022e
EV/Sales	0.6	0.6	0.5	0.5
EV/EBITDA	7.3	5.7	5.1	4.6
EV/EBIT	14.5	9.8	8.3	7.2
P/E adj.	21.8	14.2	12.3	10.8
Price/Bookvalue	1.7	1.5	1.4	1.2
Price/CF	22.0	18.8	13.3	9.7
ROCE (in %)	8.2	11.4	11.7	11.9
ROIC (in %)	8.2	11.4	11.8	12.1
Dividend yield (in %)	0.89	1.36	1.07	1.79
Number of shares (in mln)	13.2			
MarketCap / EV (in €m)	214.3 / 209.6			
Price paid (in %)	22.71			
5 daily trading vol. (3M, in €bns.)	62.47			
12M high / low (in €; close)	21.10 / 13.85			
Price April 7, 2020 (in €; close)	16.80			
Performance absolute (in %)	1M	6M	12M	
	-6.1%	-17.7%	-4.0%	
relative (in %)	-3.1%	-8.9%	-0.9%	
Benchmark Index	Deutscher Software			



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Interdisciplinary services

Investor services

Our Corporate Markets team has contacts with almost all relevant international investor groups and supports you in addressing new and assisting existing shareholders.

- Strong contacts with all relevant investor groups (investment funds, private wealth managers, asset managers, insurance companies, family offices)
- Organization of individual roadshows in Germany, Austria, Switzerland, France, Great Britain, Luxembourg and Asia
- Follow-up of investor meetings in the context of regular feedback discussions
- Regular update of interested and invested investors
- Support at capital market conferences or other investor meetings
- BankM Zoom events for investors at the issuer's premises

Interdisciplinary services



Capital markets advisory

The demands on the capital market have become increasingly complex in recent years. To make sure you do not make any mistakes, we will be happy to provide you with our expert know-how for all questions concerning the capital markets.

- Development of a general communication line and formulation of sustainable targets
- Development of a long-term capital market strategy and coordination of the equity story
- Preparation of a capital market calendar and support for capital market conferences
- Advice and support for the fulfillment of follow-up obligations
- Assistance in the application of laws and regulations of securities exchanges
- Support in the preparation of investor presentations
- Feedback on the company's IR appearance on the internet
- Support in answering shareholder and / or press inquiries
- Capital Market Partner for shares and corporate bonds in the SME segment
Scale of the Frankfurt Stock Exchange
- Emission experts at the Bavarian Stock Exchange Munich in the SME
segment m:access



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Interdisciplinary services

Securities settlement

The integration into the banking and regulatory structures of FinTech Group Bank AG allows efficient and customer-oriented technical settlement in almost all areas.

- Introduction into exchange trading
- Capital increases & capital reductions
- Share placements & share buy-backs
- Securitization of shares, bonds, dividend-right certificates or convertible bonds in Germany and Switzerland
- Employee participation programs
- Takeover offers and squeeze-outs
- Takeover of the payment agency in Germany and Switzerland

Direct contact



Thomas Stewens

Thomas Stewens is a founding partner of BankM and responsible for strategy & communication.

With more than twenty years experience of equity transactions in various areas of investment banking (M&A, public offerings, SPO, private equity, PIPEs), Thomas Stewens is familiar with the capital market needs of companies and investors. Before founding BankM in 2007, he was a member of the management board of a listed German securities bank specialising in the SME sector for six years, where he was responsible for Corporate Finance transactions.

Before that he worked for a major German bank, where he successfully built up an investment banking unit to serve Central Europe. During this period, he successfully assisted in more than 60 equity transactions of varying sizes from EUR 2-120 million.

Contact



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Imprint



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Chairman of the supervisory board Dr. Gerhard Grebe

Regulator: Federal Financial Supervisory Authority (BaFin), Internet: www.bafin.de

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Tax number: 045 233 18157, USt-IdNr.: DE254290210, LEI: 5299001H21LR9DLCC127

The purpose of BankM AG according to its articles of association is:

1. the provision of the following banking and financial services::

- the acquisition and sale of financial instruments in its own name for the account of third parties (financial commission business) pursuant to Article 1 section 1 no. 4 KWG;
- the purchase of financial instruments for own risk for placement or the assumption of equivalent guarantees (issuing business), pursuant to Article 1 section 1 no. 10 KWG);
- the brokerage of transactions relating to the acquisition and sale of financial instruments (investment brokerage) pursuant to Article 1 section 1a no. 1 KWG;
- the placement of financial instruments without a firm commitment to underwrite (placement business) pursuant to Article 1 section 1a no. 1 c KWG;
- the acquisition and sale of financial instruments in the name of third parties for the account of third parties (acquisition brokerage) pursuant to Article 1 section 1a no. 2 KWG;
- Proprietary trading by continuously offering to buy and sell financial instruments at own prices for own account using own capital (Article 1 section 1a no. 4 a) and by purchasing or selling financial instruments for own account as a service for others (Article 1 section 1a no. 4 c);
- Proprietary business pursuant to section 32 (1a) sentence 1 KWG in the form of the purchase and sale of financial instruments for own account, which is not proprietary trading within the meaning of Article 1 section 1a) sentence 2 no. 4 KWG.

2. The purpose of BankM is also the provision of ancillary services pursuant to Article 2 section 9 WpHG (Wertpapierhandelsgesetz):

- advising companies on their capital structure, industrial strategy and advising and offering services in connection with company mergers & acquisitions;
- the preparation or dissemination of recommendations or proposals of investment strategies within the meaning of Article 3 section 1 number 34 of Regulation EU No. 596/2014 (investment strategy recommendation) or of investment recommendations within the meaning of Article 3 section 1 No. 35 of this Regulation (investment recommendation);
- services related to the issuing business;
- as well as other activities in connection with the above services, insofar as these do not require permission under the Banking Act.

3. The purpose of the company shall also be the provision of management services, strategic corporate and capital market consulting as well as the management of its own assets.

4. The company is entitled to all measures and transactions that are suitable to promote the company's purpose. This also includes the establishment of branch offices and other companies as well as the participation in such in Germany and abroad.

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