

## Basic Report Update

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### Valuation Result

**HOLD**

(previous: Hold)

### Fair Value

**€ 33.45**

(previous: € 32,60)

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## Order intake grows almost 30%, sales increase in double digits - Frequentis remains on track

Frequentis AG was able to expand **revenue** by 11.7% (to € 186.8 million) in the first half of H1 2023. The H1 **EBIT margin** was -0.2% (H1 22: -0.3%), this is due to the typical seasonal effects - as 55-60% of the annual revenue is generated in the second half of the year, with a correspondingly good margin (as the cost blocks are essentially evenly distributed). On an annual basis, Frequentis therefore plans an **EBIT margin between 6-8%**, which would follow the P&L mechanics of past fiscal years. We see Frequentis on a good path to reach the 2023 targets, large acquired **multi-year projects** and strategic portfolio expansions through acquisitions secure the medium- and long-term growth path. With a PE<sub>2023</sub> of 19.8 (Peer Group median: 22.3) we consider the stock as favourably priced.

- Both segments contributed to H1 growth. **"Air Traffic Management"** increased revenues to € 122.5 million (+8.6%), with EBIT reaching € -5.9 million (H1 2022: € -2.1 million). Projects with the **air navigation service providers** in the UK, France and Korea (voice communication systems) recorded important progress/acceptances, and the topic of drone management also recorded successes (ATM Award "Overall Excellence; project in Estonia). The "Public Safety & Transport" segment even increased sales by 18.2% (to € 64.1 million), EBIT improved to € 5.8 million (H1 2022: € -1.7 million). Operationally, the focus was on the acceptance of the LifeX solution for the Bavarian police force; the solution has also been used in the federal state of Saarland since 2/2023 (as an integrated control center). The French rail operator SNCF was won as a customer. The Maritime submarket achieved important acceptance tests in Australia and the Netherlands.
- The known **uncertainties** such as the Ukraine war, inflation, and geopolitical tensions (including Taiwan) **remain** and are currently making it difficult for companies to plan - in terms of costs and sales. Due to the high share of sales from the **public sector**, Frequentis is in a comparatively comfortable position with regard to sales planning.

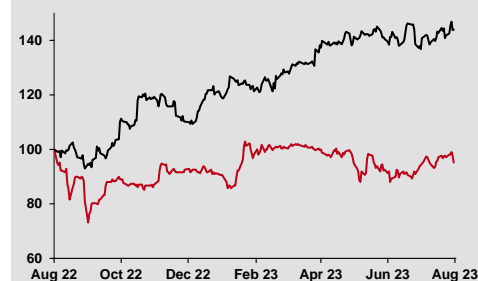
**Outlook 2023:** The company has essentially confirmed its previous outlook. Sales and order intake are expected to increase compared with the previous year's figures of € 386 million and € 405 million respectively. EBIT margin is expected to be between 6% and 8% (just under 6.5% was achieved in 2022). R&D expenses will exceed the 2022 figure, CapEx is now expected to be around € 10 million (previously € 8 million).

### Key Data / Earnings (in €mln)

Year	Net Sales	EBITDA	EBIT	EBT	Net Profit	EPS (€)	DPS (€)	EBIT margin	Net margin
2021a	333.5	46.5	29.0	27.9	20.0	1.50	0.20	8.7%	6.0%
2022a	386.0	45.6	25.0	24.7	18.7	1.41	0.22	6.5%	4.9%
2023e	407.2	46.4	26.1	26.1	19.7	1.48	0.25	6.4%	4.8%
2024e	427.6	48.4	27.6	27.6	21.0	1.58	0.32	6.5%	4.9%
2025e	448.9	50.3	29.0	28.9	22.1	1.66	0.33	6.5%	4.9%
2026e	471.4	52.9	30.9	30.8	23.6	1.77	0.35	6.5%	5.0%

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

Sector	Communication / Software
WKN	A2PHG5
ISIN	ATFREQUENT09
Bloomberg/Reuters	FQT GY / FQT.DE
Accounting standard	IFRS
Financial year	Dec 31
Report FY 2023	April 2024
Market segment	Regulated Market
Transparency standard	General Standard
<b>Financial ratios</b>	<b>2023e 2024e 2025e 2026e</b>
EV/Sales	0.95 0.91 0.86 0.82
EV/EBITDA	8.35 8.01 7.70 7.33
EV/EBIT	14.81 14.04 13.37 12.54
P/E	19.83 18.55 17.67 16.57
Price/Bookvalue	2.38 2.14 1.95 1.78
Price/FCF	19.84 11.97 14.05 13.41
ROE (in %)	12.64 12.15 11.56 11.23
ROIC (in %)	12.73 12.24 11.64 11.31
Dividend yield (in %)	0.85 1.08 1.13 1.21
<b>Number of shares (in mln)</b>	13.28
<b>MarketCap / EV (in €m)</b>	390.40 / 387.30
<b>Free float (in %)</b>	22
<b>Ø daily trading vol. (3M, in €ths.)</b>	38.56
<b>12M high / low (in €; close)</b>	31.80 / 22.60
<b>Price August 25, 2023 (in €; close)</b>	29.40
<b>Performance</b>	<b>1M 6M 12M</b>
absolute (in %)	1.0% -3.0% -4.9%
relative (in %)	-3.2% -18.2% -31.9%
<b>Benchmark index</b>	<b>Daxsubsector Software</b>



Frequentis AG (XETRA; red, light), Performance 1y vs. DAXsubsector Software (black)  
 Source: Bloomberg

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## Competence in recorder market strengthened by GuardREC acquisition

With the 100% acquisition of the Norwegian **GuardREC** ATC (5 employees, € 2 million annual sales), Frequentis has strengthened its own competencies in the "recorder" sector. The own solution DIVOS will be merged with that of GuardREC in the near future, the unit will then have 20 employees and will be able to address the global market with an annual volume of € 140 million. The logic of expanding competencies through (smaller) strategic acquisitions was also followed by the acquisition of the German **FRAFOS** (15 employees, € 5 million in annual sales), whose special firewall meets sophisticated cybersecurity requirements. How correct this strategic acquisition was is shown, among other things, by the statement of the German Minister of the Interior, who during a visit to Langen on 16.8.23 not only emphasized the importance of the German air traffic control DFS (with its 2,200 air traffic controllers) as part of the critical infrastructure, but also particularly emphasized the cybersecurity issue.

## Major orders for both segments

In the first half of the year, both segments again succeeded in acquiring major, multi-year orders. Worthy of particular mention are a **NASA order** to upgrade Mission Control Voice Conferencing at NASA's Johnson Air Space Center and an order from the U.S. telecommunications group **Verizon** (safety-critical voice and data communications for air traffic control at over 5,000 locations) for the **ATM segment**. In the **PST segment**, the company received orders from Germany (police, emergency control centers), France [SNCF (state railroad company)] and Australia (maritime), among others.

## Major projects offer long-term planning security, but squeeze margins in the short term

**Multi-year major projects** usually have below-average profitability in the first few years, which improves over the course of the business relationship. This is also due to the bidding processes. In this respect, the successful acquisition of several major projects leads to a temporary dilution of margins. However, this effect evens out over the course of the customer relationship. In addition, multi-year projects improve long-term planning - already in 2022, follow-up business with installed systems at existing customers was responsible for **56% of Group sales**.

## Personnel expenses increase only slightly less than proportionately - scaling despite wage cost and new hire effects

With regard to the current cost items, there was a disproportionate increase in **"Other expenses"** (+31.5%), mainly resulting from the sub-items **travel expenses, energy expenses, personnel recruitment costs as well as exchange rate and currency differences and project provisions**. The increases in travel and energy are due to macro effects (lifting of Corona requirements, Ukraine war) and can only be controlled by Frequentis to a limited extent. The main cost items, **cost of materials** (€ 44.9 million; +11.6%) and **personnel expenses** (€ 113.4 million; +9.7%), increased even less than sales (+11.7%) - although inflation or collective wage agreements and new hires could have led to a disproportionate increase here. As a result, the EBITDA margin (H1 23: 8.2%) was nevertheless below the prior-year figure (8.4%). Lower depreciation and amortization (€ 8.48 million; -5.7%) contributed to the fact that the EBIT margin was slightly above the previous year's figure.

## Innovation is part of the business model

Frequentis is aware of the importance of research and development as the basis for future corporate success. Accordingly, in-house R&D expenses in 2023 will be higher than in 2022 (in the amount of € 26.8 million). In addition to in-house R&D work, Frequentis also participates in customer- and third-party financed R&D projects. One example of this is a **research initiative on artificial intelligence**, which is intended to enhance the safety and efficiency of the Remote Digital Tower. The project is led by Frequentis, and cooperation partners are the "Austrian Institute of Technology" and the University of Graz. Funding is provided

by the Austrian research initiative "Take Off". In addition to the **Remote Digital Tower**, R&D activities are currently focusing on **drone management** and **services via 5G/LTE**.

Frequentis' business shows a pronounced seasonality with a strong second half-year. The higher sales in H2 (with almost the same distribution of costs) result in a significantly better operating result. In the years since the IPO, H1 has always been negative - with the exception of 2021 due to corona effects. In this respect, the EBIT achieved in H1 2023 (€ -0.3 million) is the second best H1 - but in our view quite comparable to the previous year, where an H1 EBIT of € -0.5 million was followed by an H2 EBIT of € 25 million.

The **equity ratio** at the end of the first half-year was a solid 40% (30.6.22: 40.7%) and thus well above the target of at least 35%. For the first time, the item "Other liabilities" includes liabilities in connection with **operating leases** in which Frequentis is the **lessor**. In total, at just under € 3.2 million - especially in relation to Frequentis' leasing liabilities (€ 38.2 million) - the issue is still of little significance, but it could become more important in the wake of changed capital market conditions (rising interest rates, budgeting preferences) for customers. It should be noted that systems leased by customers are included in Frequentis' Capex. This explains the increase in the capex outlook for the current year. In the income statement, the internally generated assets from an operating lease contract account for almost all of the own **work capitalized** (€ 2.49 million).

**Pronounced seasonality with strong H2**

**Balance sheet quality and leasing**

## Valuation

### DCF model

in € ths.	2022a	Phase I				Phase II				Terminal Value
		2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	
	Basis	1	2	3	4	5	6	7	8	
	Growth	5.9%	4.3%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	1%
<b>Total Revenue</b>	<b>399,080</b>	<b>422,813</b>	<b>440,997</b>	<b>462,594</b>	<b>485,264</b>	<b>509,060</b>	<b>534,040</b>	<b>560,262</b>	<b>587,788</b>	<b>593,666</b>
<b>EBIT</b>	<b>24,991</b>	<b>26,149</b>	<b>27,581</b>	<b>28,960</b>	<b>30,873</b>	<b>34,102</b>	<b>37,574</b>	<b>41,307</b>	<b>45,316</b>	<b>47,769</b>
- adapted Tax on EBIT (2023 cont.)	5,400	6,276	6,344	6,661	7,101	7,843	8,642	9,501	10,423	10,987
+ Depreciation and amortization	20,641	20,223	20,780	21,366	21,981	22,627	23,305	24,017	24,764	24,921
+ Change in long-term provisions	-2,151	0	0	0	0	0	0	0	0	0
- Change in net working capital	23,561	3,942	-2,286	3,667	3,850	4,043	4,245	4,457	4,680	5,859
+ Other non-cash items	25	0	0	0	0	0	0	0	0	0
- Capex (net of RoU)	20,143	11,157	11,714	12,300	12,915	13,561	14,239	14,951	15,698	15,855
- Capex in Right of Use	8,686	9,066	9,066	9,066	9,066	9,066	9,066	9,066	9,066	9,066
<b>= Free Cash Flow</b>	<b>-14,284</b>	<b>15,931</b>	<b>23,523</b>	<b>18,632</b>	<b>19,922</b>	<b>22,216</b>	<b>24,687</b>	<b>27,349</b>	<b>30,213</b>	<b>30,923</b>
Terminal Value										439,868
Discount factor	n.a.	0.92	0.85	0.79	0.73	0.67	0.62	0.58	0.53	0.53
<b>NPV of Free Cash Flows</b>	<b>n.a.</b>	<b>14,723</b>	<b>20,092</b>	<b>14,708</b>	<b>14,534</b>	<b>14,979</b>	<b>15,384</b>	<b>15,750</b>	<b>16,081</b>	
<b>NPV of Terminal Value</b>										<b>234,117</b>
<b>Valuation</b>		<b>Proportion of Enterprise Value</b>								
Result of phase I and II	126,252	35%								
+ Result of Terminal Value		65%								
<b>= Entity Value</b>	<b>360,369</b>									
+ Net liquidity (as of Dec 31, 2022)	61,746	(Cash - longterm and shortterm financial liabilities - pension provisions)								
- Minorities (as of Dec 31, 2022)	2,224									
<b>= Equity Value</b>	<b>419,891</b>									
Current No. of Shares (in ths.)	13,280									
<b>Price per Share</b>	<b>31.62</b>									

### Model assumptions

	Source
Risk free return*	2.72% <i>Bloomberg</i>
Expected Market Return	9.19% <i>Bloomberg / KPMG</i>
Market risk premium	6.47%
Levered Beta	1.03
<i>Beta in Terminal Value = 1</i>	
<b>Cost of Equity</b>	<b>9.40%</b>
Target weight (mean of Peer Group)	83%
<b>Cost of Debt</b>	<b>3.00%</b>
Target weight (mean of Peer Group)	17%
Tax shield	25%
<b>WACC phase I and II</b>	<b>8.20%</b>
<b>WACC TV</b>	<b>8.03%</b>
<b>Growth in Terminal Value</b>	<b>1.00%</b>

\*Spot rate German Government Bond, 20 years

### Sensitivity analysis

Growth rate Terminal Value	WACC in Terminal Value						
	6.50%	7.00%	7.50%	8.03%	8.50%	9.00%	9.50%
0.0%	32.83	31.49	30.32	29.24	28.40	27.60	26.88
0.5%	34.52	32.94	31.59	30.35	29.39	28.48	27.68
<b>1.0%</b>	36.52	34.65	33.06	<b>31.62</b>	30.51	29.48	28.57
1.5%	38.92	36.66	34.77	33.08	31.80	30.61	29.57
2.0%	41.85	39.07	36.79	34.78	33.28	31.90	30.71

Growth rate Terminal Value	EBIT margin in Terminal Value						
	7.70%	7.80%	7.90%	8.05%	8.10%	8.20%	8.30%
0.0%	28.46	28.68	28.91	29.24	29.36	29.59	29.81
0.5%	29.51	29.75	30.00	30.35	30.48	30.72	30.96
<b>1.0%</b>	30.72	30.98	31.24	<b>31.62</b>	31.76	32.02	32.28
1.5%	32.10	32.38	32.67	33.08	33.23	33.51	33.79
2.0%	33.72	34.03	34.33	34.78	34.95	35.25	35.56

Source: BankM Research

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# Frequentis AG

August 28, 2023

Valuation Summary - 5/10 -

## Peer Group Analysis

Peer Group	Mkt Cap*	EV*	EV/Sales			EV/EBITDA			EV/EBIT			P/E		
	prev. Day	prev. Day	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
in € mln														
Saab AB	6,452	6,178	1.5	1.3	1.2	11.3	9.9	8.8	17.1	14.7	12.7	24.6	20.4	17.3
CeoTronics AG	22	29	1.0	0.8	0.8	6.1	5.1	4.8	8.6	6.9	6.6	9.8	7.7	7.4
Kudelski SA	97	359	0.5	0.5	0.5	9.1	7.2	5.5	37.2	18.5	11.0	-	19.2	6.1
PSI AG für Produkte und System	401	372	1.4	1.2	1.1	17.9	8.7	7.5	58.2	13.4	11.2	111.7	19.4	15.8
Kapsch TrafficCom AG	135	316	-	0.6	0.5	11.2	2.8	8.2	49.4	3.5	18.0	neg.	3.4	14.3
Secunet Security Networks AG	1,430	1,443	3.8	3.3	2.9	22.3	18.5	15.8	29.1	24.1	20.2	43.0	35.3	29.6
GFT Technologies SE	646	730	0.9	0.8	0.7	7.8	6.8	6.1	10.4	8.7	7.5	15.4	11.1	10.1
Init Innovation in Traffic Sys	280	325	1.5	1.4	1.2	10.3	8.6	7.4	15.0	11.9	9.9	20.5	14.6	12.2
IVU Traffic Technologies AG	239	227	1.9	1.7	1.6	11.3	9.9	8.7	14.2	12.6	10.8	20.6	18.4	15.9
Adacel Technologies Ltd	26	28	1.6	1.5	1.3	13.6	9.2	8.4	29.2	14.0	12.3	neg.	20.0	17.9
Amper SA	124	151	0.4	0.4	0.3	15.3	9.3	6.4	24.0	13.4	8.1	-	34.4	14.2
Kontron AG	1,274	1,173	0.9	0.8	0.7	8.8	7.5	6.5	12.9	11.0	9.2	17.9	14.9	12.4
SRT Marine Systems PLC	115	123	3.5	1.5	1.0	33.3	8.5	6.1	337.7	13.0	8.5	1553.3	14.3	9.0
Rosenbauer International AG	209	678	0.6	0.6	0.6	11.3	8.5	7.5	21.9	13.4	11.0	19.5	7.9	5.9
<b>Median**</b>	<b>224.3</b>	<b>342.4</b>	<b>1.4</b>	<b>1.0</b>	<b>0.9</b>	<b>11.3</b>	<b>8.6</b>	<b>7.4</b>	<b>22.9</b>	<b>13.2</b>	<b>10.9</b>	<b>22.3</b>	<b>16.7</b>	<b>13.3</b>
Mean (for information, only)	817.9	866.6	1.5	1.2	1.0	13.6	8.6	7.7	47.5	12.8	11.2	183.6	17.2	13.4
			Sales			EBITDA			EBIT			Net result		
<b>Frequentis AG op. key figures</b>			<b>407.20</b>	<b>427.56</b>	<b>448.94</b>	<b>46.37</b>	<b>48.36</b>	<b>50.33</b>	<b>26.15</b>	<b>27.58</b>	<b>28.96</b>	<b>19.69</b>	<b>21.04</b>	<b>22.10</b>

\*Closing prices prev. day, if not available: current prices

\*\* All values, including negative ones, are considered for median calculation, with negative values receiving the highest rank

<b>Enterprise Value</b>	<b>558.59</b>	<b>446.26</b>	<b>405.90</b>	<b>523.82</b>	<b>415.29</b>	<b>372.93</b>	<b>600.10</b>	<b>364.55</b>	<b>316.30</b>			
+ Net liquidity as of Dec 31, 2021	61.75	61.75	61.75	61.75	61.75	61.75	61.75	61.75	61.75			
- Minorities as of Dec 31, 2021	2.22	2.22	2.22	2.22	2.22	2.22	2.22	2.22	2.22			
<b>Value of the Equity</b>	<b>618.11</b>	<b>505.78</b>	<b>465.42</b>	<b>583.34</b>	<b>474.81</b>	<b>432.46</b>	<b>659.62</b>	<b>424.08</b>	<b>375.82</b>	<b>439.02</b>	<b>350.89</b>	<b>294.66</b>

Year	2023	2024	2025
Implicit price per share	43.30	33.05	29.52

Calculation of the Equity Value (in €mln)	2023	2024	2025
- based on EV/Sales	618.11	505.78	465.42
- based on EV/EBITDA	583.34	474.81	432.46
- based on EV/EBIT	659.62	424.08	375.82
- based on P/E	439.02	350.89	294.66
<b>Mean</b>	<b>575.02</b>	<b>438.89</b>	<b>392.09</b>
No. of shares (in ths.)	13,280	13,280	13,280
<b>Price/share (€)</b>	<b>43.30</b>	<b>33.05</b>	<b>29.52</b>

Source: Bloomberg, BankM Research

## Valuation Summary

Our **DCF analysis** suggests a value per share of € 31.62 and the **peer group analysis** based on 2023, 2024 and 2025 yields an average value per share of € 35.29. Equal weighting of both approaches returns a fair value **per Frequentis share of € 33.45**. Our fair value thus exceeds the current share price by 13.8% and entails a "Hold" rating based on our valuation scheme.

**Fair Value per share:**  
**€ 33,45**

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## Tables

### Profit & Loss Account

Fiscal Year 31.12 (IFRS) in € ths.	2021a	2022a	2023e	2024e	2025e	2026e	5y - CAGR (%) 2021 -2026	H1/2022a	H1/2023a
<b>Net sales</b>	<b>333,526</b>	<b>385,970</b>	<b>407,198</b>	<b>427,558</b>	<b>448,936</b>	<b>471,383</b>	7.2	<b>167,296</b>	<b>186,799</b>
<i>Growth rate (in %)</i>	11.4	15.7	5.5	5.0	5.0	5.0		15.7	11.7
Changes in inventory	-202	22	2402	0	0	0		1,760	2,402
Other own work capitalized	92	2,574	2,488	2,500	2,500	2,500		457	2,488
Other operating income	9,451	10,514	10,724	10,939	11,158	11,381		4,605	3,873
Profit from a business combination	1,951	0	0	0	0	0		0	3
<b>Total operating income</b>	<b>344,818</b>	<b>399,080</b>	<b>422,813</b>	<b>440,997</b>	<b>462,594</b>	<b>485,264</b>	7.1	<b>174,118</b>	<b>195,565</b>
Cost of materials	75,696	99,250	104,709	107,317	112,683	117,846		40,215	44,903
<i>in % of net sales</i>	22.7	25.7	25.7	25.1	25.1	25.0		24.0	24.0
<b>Gross profit</b>	<b>269,122</b>	<b>299,830</b>	<b>318,104</b>	<b>333,680</b>	<b>349,911</b>	<b>367,418</b>	6.4	<b>133,903</b>	<b>150,662</b>
Personnel expenses	182,137	203,872	213,502	224,178	235,386	247,156		103,374	113,430
<i>in % of net sales</i>	54.6	52.8	52.4	52.4	52.4	52.4		61.8	60.7
Other operating expenses	40,479	50,326	58,229	61,141	64,198	67,408		22,080	29,043
<i>in % of net sales</i>	12.1	13.0	14.3	14.3	14.3	14.3		13.2	15.5
<b>EBITDA</b>	<b>46,506</b>	<b>45,632</b>	<b>46,372</b>	<b>48,361</b>	<b>50,326</b>	<b>52,854</b>	2.6	<b>8,449</b>	<b>8,189</b>
Depreciation and amortization	17,538	20,641	20,223	20,780	21,366	21,981		8,992	8,483
<i>in % of net sales</i>	5.3	5.3	5.0	4.9	4.8	4.7		5.4	4.5
<b>EBIT</b>	<b>28,968</b>	<b>24,991</b>	<b>26,149</b>	<b>27,581</b>	<b>28,960</b>	<b>30,873</b>	1.3	<b>-543</b>	<b>-294</b>
Interest income	79	209	435	435	435	435		41	435
Interest expense	607	738	615	615	615	615		316	615
Investments in associated companies	342	275	154	154	154	154		119	154
Other Financial result	-857	0	0	0	0	0		0	0
<b>EBT</b>	<b>27,925</b>	<b>24,737</b>	<b>26,123</b>	<b>27,555</b>	<b>28,934</b>	<b>30,847</b>	2.0	<b>-699</b>	<b>-320</b>
Taxes on Income (Exp./+Inc.-)	7,158	5,859	6,270	6,338	6,655	7,095		-411	197
<b>Net profit before minorities</b>	<b>20,767</b>	<b>18,878</b>	<b>19,854</b>	<b>21,217</b>	<b>22,279</b>	<b>23,752</b>	2.7	<b>-288</b>	<b>-517</b>
Minorities	797	155	163	174	183	195		89	480
<b>Net profit after minorities</b>	<b>19,970</b>	<b>18,723</b>	<b>19,691</b>	<b>21,043</b>	<b>22,096</b>	<b>23,557</b>	3.4	<b>-377</b>	<b>-997</b>
No. of shares	13,280	13,280	13,280	13,280	13,280	13,280		13,280	13,280
Net profit / share (EPS)	1.50	1.41	1.48	1.58	1.66	1.77		-0.03	-0.08

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

### P&L

#### Margins

Margins (in %) of revenues	2021a	2022a	2023e	2024e	2025e	2026e		H1/2022a	H1/2023a
Gross profit margin	80.7	77.7	78.1	78.0	77.9	77.9		80.0	80.7
EBITDA margin	13.9	11.8	11.4	11.3	11.2	11.2		5.1	4.4
EBIT margin	8.7	6.5	6.4	6.5	6.5	6.5		-0.3	-0.2
EBT margin	8.4	6.4	6.4	6.4	6.4	6.5		-0.4	-0.2
Net profit margin	6.0	4.9	4.8	4.9	4.9	5.0		-0.2	-0.5

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

# Frequentis AG

August 28, 2023

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## Cash Flow Statement

Fiscal Year 31.12 (IFRS) in € ths.	2021a	2022a	2023e	2024e	2025e	2026e	H1/2022	H1/2023
<b>EBT</b>	<b>27,925</b>	<b>24,737</b>	<b>26,123</b>	<b>27,555</b>	<b>28,934</b>	<b>30,847</b>	<b>-699</b>	<b>-320</b>
+ Depreciation and amortization	18,401	20,641	20,223	20,780	21,366	21,981	8,992	8,479
+ Chg. in long-term provisions	3,860	-2,151	0	0	0	0	-5,690	-4,764
<b>= Cash Earnings</b>	<b>50,186</b>	<b>43,227</b>	<b>46,346</b>	<b>48,335</b>	<b>50,300</b>	<b>52,828</b>	<b>2,603</b>	<b>3,395</b>
- Chg. in net working capital	-4,810	23,561	3,942	-2,286	3,667	3,850	3,277	1,346
+ Financial result	199	107	26	26	26	26	275	363
- Tax	3,584	5,400	11,598	6,321	6,576	6,985	2,482	3,083
+ Others	-2,858	-150	0	0	0	0	-417	-330
<b>= Operating Cash Flow</b>	<b>48,753</b>	<b>14,223</b>	<b>30,831</b>	<b>44,327</b>	<b>40,084</b>	<b>42,019</b>	<b>-3,298</b>	<b>-1,001</b>
- Capex	24,613	20,143	11,157	11,714	12,300	12,915	4,225	4,225
<b>= Free Cash Flow</b>	<b>24,140</b>	<b>-5,920</b>	<b>19,675</b>	<b>32,612</b>	<b>27,784</b>	<b>29,104</b>	<b>-7,523</b>	<b>-5,226</b>
+ Increase in share capital (net)	0	0	0	0	0	0	0	0
- Share buyback	384	0	0	0	0	0	0	0
+ Bank and other loans	-1,400	-4,201	0	0	0	0	-4,527	5,440
- Amortization Leasing	8,228	8,686	9,066	9,066	9,066	9,066	4,215	4,450
- Dividends	2,593	3,607	2,922	3,320	4,209	4,419	2,654	2,921
+ Financial result	0	0	-26	-26	-26	-26	0	0
+ Other items	0	0	0	0	0	0	-896	-469
<b>= Incr. in Cash (+)/Decr. in Cash (-)</b>	<b>11,535</b>	<b>-22,414</b>	<b>7,661</b>	<b>20,200</b>	<b>14,483</b>	<b>15,593</b>	<b>-19,815</b>	<b>-7,626</b>

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

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## Balance Sheet

Fiscal Year 31.12 (IFRS) in € ths.	2021a	2022e	2023e	2024e	2025e	2026e	H1/2023
<b>Assets</b>							
<b>Total Fixed Assets</b>	<b>72,613</b>	<b>80,435</b>	<b>80,435</b>	<b>80,435</b>	<b>80,435</b>	<b>80,435</b>	<b>86,468</b>
Tangible assets	47,717	53,298	53,298	53,298	53,298	53,298	55,018
Intangible assets	17,717	14,501	14,501	14,501	14,501	14,501	16,141
Goodwill	3,433	5,834	5,834	5,834	5,834	5,834	7,816
Shares in associated companies	1,656	2,097	2,097	2,097	2,097	2,097	2,012
Equity instruments	0	0	0	0	0	0	22
Other assets	241	920	920	920	920	920	897
Deferred tax	1,849	3,785	3,785	3,785	3,785	3,785	4,562
<b>Total Current Assets</b>	<b>243,083</b>	<b>259,840</b>	<b>276,080</b>	<b>298,441</b>	<b>321,259</b>	<b>345,605</b>	<b>270,802</b>
Inventories	17,077	21,726	22,921	18,000	18,900	19,845	31,099
Accounts receivable & other assets	112,172	134,248	141,632	148,713	156,149	163,956	142,131
Securities	2,199	10,000	10,000	10,000	10,000	10,000	26,000
Total liquid funds	103,798	81,380	89,041	109,241	123,724	139,317	54,530
Other current assets	7,837	12,486	12,486	12,486	12,486	12,486	17,042
<b>Balance Sheet Total</b>	<b>315,696</b>	<b>340,275</b>	<b>356,515</b>	<b>378,876</b>	<b>401,694</b>	<b>426,040</b>	<b>357,270</b>
<b>Equity / Liabilities</b>							
<b>Equity</b>	<b>129,850</b>	<b>147,279</b>	<b>164,211</b>	<b>182,109</b>	<b>200,179</b>	<b>219,512</b>	<b>142,840</b>
Subscribed capital	13,280	13,280	13,280	13,280	13,280	13,280	13,280
Share premium	21,138	21,138	21,138	21,138	21,138	21,138	21,138
Other reserves	92,380	110,858	127,627	145,350	163,238	182,376	105,645
Own shares	-384	-221	-221	-221	-221	-221	-24
Minorities	3,436	2,224	2,387	2,561	2,744	2,939	2,801
<b>Long Term Liabilities</b>	<b>60,621</b>	<b>61,924</b>	<b>61,924</b>	<b>61,924</b>	<b>61,924</b>	<b>61,924</b>	<b>64,598</b>
Provisions	19,992	17,263	17,263	17,263	17,263	17,263	18,065
Long-Term Loans	3,820	218	218	218	218	218	169
Lease Liabilities	29,785	30,763	30,763	30,763	30,763	30,763	30,484
Deferred tax	6,166	9,441	9,441	9,441	9,441	9,441	9,359
Other liabilities	858	4,239	4,239	4,239	4,239	4,239	6,521
<b>Short Term Liabilities (&lt; 1 year)</b>	<b>125,225</b>	<b>131,072</b>	<b>130,380</b>	<b>134,843</b>	<b>139,591</b>	<b>144,603</b>	<b>149,832</b>
Acc. payable & pre-paymts.	78,810	84,293	88,929	93,376	98,044	102,947	93,515
Bank loans	1,085	199	199	199	199	199	5,225
Lease Liabilities	7,794	8,422	8,422	8,422	8,422	8,422	7,698
Provisions	17,415	14,914	14,914	14,914	14,914	14,914	9,526
Tax liabilities	4,992	6,896	1,567	1,584	1,664	1,774	6,673
other current liabilities	15,129	16,348	16,348	16,348	16,348	16,348	27,195
<b>Balance Sheet Total</b>	<b>315,696</b>	<b>340,275</b>	<b>356,515</b>	<b>378,876</b>	<b>401,694</b>	<b>426,040</b>	<b>357,270</b>

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

## Balance Sheet Ratios

In % of Balance Sheet Total	2021a	2022e	2023e	2024e	2025e	2026e	H1/2023
Total Fixed Assets	23.00	23.64	22.56	21.23	20.02	18.88	24.20
Total Current Assets	77.00	76.36	77.44	78.77	79.98	81.12	75.80
Inventories	5.41	6.38	6.43	4.75	4.71	4.66	8.70
Trade receivables	35.53	39.45	39.73	39.25	38.87	38.48	39.78
Total liquid funds	32.88	23.92	24.98	28.83	30.80	32.70	15.26
Shareholder's Equity	41.13	43.28	46.06	48.07	49.83	51.52	39.98
Long Term Liabilities	19.20	18.20	17.37	16.34	15.42	14.53	18.08
Short Term Liabilities	39.67	38.52	36.57	35.59	34.75	33.94	41.94
Total Liabilities	58.87	56.72	53.94	51.93	50.17	48.48	60.02

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



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**Authors: Daniel Grossjohann and Dr. Roger Becker (CEFA), analysts.**

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Analysts	Date	Valuation Result	Fair Value
Daniel Großjohann, Dr. Roger Becker (CEFA)	April 14, 2021	Buy	€ 25.93
Daniel Großjohann, Dr. Roger Becker (CEFA)	August 20, 2021	Hold	€ 28.07
Daniel Großjohann, Dr. Roger Becker (CEFA)	February 11, 2022	Hold	€ 30.46
Daniel Großjohann, Dr. Roger Becker (CEFA)	April 12, 2022	Buy	€ 34.21
Daniel Großjohann, Dr. Roger Becker (CEFA)	August 24, 2022	Hold	€ 30.47
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