



Solid revenue and profit growth in business year 2018/2019 – strong increase in international activities

- » Group revenue increased by 4.9% to €180.7 million
- » EBITDA of €22.6 million achieved; negatively impacted by additional earn-out obligations of €4.8 million
- » Made a clear improvement in revenue structure and in 2019/2020 will focus on the optimization of the operating profit margin.

Unterföhring/Munich, 24 January 2020 – KPS AG (WKN: A1A6V4 / ISIN: DE000A1A6V48), Europe’s leading consultancy for business transformation and process optimisation, increased group revenue by 4.9% to €180.7 million and thereby reached the higher end of the expected €170-180 million range. The driver of the growth in revenue was the excellent development of KPS’ international transformation projects.

EBITDA of €22.6 million (+12.6% in comparison to the previous year, margin 12.5%) is within the forecasted range of €22-27 million. It should be taken into account that as a result of the better than expected development especially by the acquired ICE Management Consulting, in Spain in the previous business year, additional earn-out obligations of €4.8 million were due which had a negative effect and must be taken into account. As a consequence, the adjusted EBITDA would be €27.4million and the EBITDA margin would climb to 15.2%.

Revenue Mix and Customer Structure Clearly Improved

The strategic measures started at the end of 2017 which involved acquisitions in foreign markets demonstrated their clear success in the previous business year. International revenues climbed by 79.5% to €77 million and contributed 42.6% (prev. year 24.9%) to group revenue. The development in Scandinavia is noteworthy. The KPS project teams in this region were able to strongly increase turnover by +149% to €40.8 million in comparison to the business year before.

Welcome development of Free Cash Flow and Solid Financing Structure

Driven by the growth in income after taxes by 24% as well as the optimisation of working capital, KPS achieved a free cashflow of € 20.6 million, which was an increase on the year before of 42.6% In turn, Cash Conversion improved as measured by Free Cashflow in relation to the EBITDA of 72% in business year 2017/2018 to 91% in 2018/2019.

By the end of the business year, the equity ratio was at 45.2% (prev. year 46.5%) and the net debt to EBITDA ratio (including Earn-Out obligations of € 15 million) stood at 1.0. Therefore, KPS remains on very solid footing with regard to its financing structure.

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Proposed Dividend Upheld

Owing to the successful development in business year 2018/2019 the Supervisory Board and the Executive Board will suggest a dividend of €0.35 per share at the Annual General Meeting on 20 March 2020.

Outlook on Business Year 2019/2020: Focus on the Optimisation of the Operating Profit Margin

The Executive Board expects a stable business development and expects revenue of €181-191 million. The focus will be on increases in efficiency and productivity. In turn the Executive Board expects EBITDA in the range of €28-36 million. Via the application of IFRS 16 (Lease Accounting) for the first time, the expectation includes a positive one-time effect of €3.8 million.

The detailed Annual Report is now available for download at www.kps.com.

24 January 2020

KPS AG
The Executive Board

About KPS

KPS is Europe's leading partner for companies who require a radical realignment of their business model to fulfil their customer requirements and simultaneously wish to implement innovative digital processes and technologies in their business. KPS provides everything, from strategy consulting to industry-specific process chains and the implementation of the latest technology. KPS' team advises companies end-to-end and integrates merchandise management, B2B and B2C e-commerce with marketing and sales processes. In a digital world with the customer in focus, the ability to implement projects rapidly is a significant competitive advantage. The KPS Rapid-Transformation® method accelerates projects by up to 50 percent. The experience and industry knowledge KPS consultants possess ensures the success of every project. With around 1,100 consultants in 9 countries, KPS is continuously expanding its global market position via cutting edge projects in digital and technological change

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