



KPS publishes Annual Report 2017/2018 – Significant sales growth and robust result

- » Group sales significantly increased by 7.4 % to 172.2 million euros
- » Robust EBITDA of 20.0 million euros
- » Company acquisitions expand portfolio by digital strategy consulting and open up new markets in Spain and the United Kingdom
- » Executive Board expects sales of between 170 million and 180 million euros and EBITDA in a corridor between 22 million and 27 million euros in 2018/2019

Unterföhring/Munich, 29 January 2019 – KPS AG (WKN: A1A6V4 / ISIN: DE000A1A6V48), Europe’s leading management consultant for business transformation and process optimization, today publishes its Annual Report 2017/2018, and information about the forecast for 2018/2019. On the basis of the audited results for the business year 2017/2018, Group sales rose by 7.4 % to 172.2 million euros (previous year: 160.3 million euros). Owing to company acquisitions as part of the growth strategy and the associated increased personnel expenses, Group EBITDA at 20.0 million euros was around 24.3 % less than in the previous year. EBIT came down as a result of M&A-related depreciation and amortization to 16.6 million euros (previous year: 24.8 million euros).

Over the course of the business year 2017/2018, KPS AG was able to derive significant benefit from the positive economic and sector-specific development and once again underwent dynamic growth. In the business year 2017/2018, new projects were acquired in Germany and in European countries outside Germany, both in retail and in other sectors. Particularly in the fledgling area of SAP marketing (formerly SAP Hybris marketing), KPS AG was already able to position itself as a leading consulting partner for SAP with several successful customer projects at an early stage. Furthermore, the business year 2017/2018 witnessed the newly acquired subsidiary companies Infront Consulting & Management GmbH (Hamburg, Germany), Envoy Digital Limited (London, United Kingdom) and ICE Consultants Europe S.L. (Barcelona, Spain) contributing to Group sales for the first time.

Broadly-based customer platform and stable order backlog

During the past business year, KPS succeeded in further expanding the national and international customer platform and strengthening this base by concluding a number of long-term cooperation contracts. A stable order backlog and steady flow of incoming orders laid the foundation stone for positive business development. The current order volume now has a timeframe exceeding one year, assuming that the current projects are implemented in accordance with the contractual terms. Most of these projects are scheduled to run over a period of several years. The average capacity utilization rate of more than 1,000 KPS consultants remained stable at the very high level of virtually 100 % throughout the entire

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business year 2017/2018. This means that the excellent capacity utilization in the previous business year has been continued (average capacity utilization rate 2016/2017: around 100 %). On a sector comparison, KPS is operating among the premier leading field of consultants with this rate.

Sound financial structure

Strengthening and safeguarding liquidity continues to be a top priority for KPS AG. In this connection, the company decided to provide the necessary liquid funds for continuing operations and for financing additional growth, partly by taking on outside borrowings. On 30 September 2018, liquid funds amounted to 9.1 million euros (previous year: 6.7 million euros). An equity ratio of 46.5 % (previous year: 64.3 %) continues to place KPS on a robust financial basis.

Innovation and internationalization

KPS expanded its portfolio even further by additional innovative consulting services through the acquisitions of Infront Consulting & Management GmbH from Hamburg and Envoy Digital Limited from London. These additions have given the Group an even broader international base. The team at Infront Consulting acts as a spearhead for digital strategy consulting within the KPS Group and simultaneously opens up strategic access to new customer segments in other areas. The takeover of Envoy Digital has provided KPS with a leading SAP consulting partner for e-commerce. This move has also significantly expanded the pool of digital consultants and secured a strategic presence in the United Kingdom. Once again, the innovative strength of KPS AG as a consulting partner was confirmed by an array of awards in the past business year. KPS and its subsidiary Infront were saluted as Germany's best management consultant by business magazine brand eins and the statistics portal statista. KPS also won the IP Innovation Award conferred by the SME Initiative.

Leonardo Musso, Chief Executive Officer of KPS AG, gives his view: "The business year 2017/2018 proved to be an eventful and successful year for KPS. As a result of acquiring a large number of new projects both inside and outside Germany, we have been able to continue consolidating our position as a leading provider for digital transformation and demonstrate our know-how in a wide variety of different settings. At the same time, the new impacts from Infront Consulting empowered us to expand our range for digital strategy consulting. KPS customers in all sectors therefore benefit from turnkey, holistic solutions for their digitalization plans. We are looking forward to working with our customers on the roll-out of a wide range of other exciting and innovative projects. Once again this year, our aim is to allow our shareholders to participate in the company's success by paying out an appropriate dividend."

Outlook: Growth and dividend

The successful development in the business year 2017/2018 and the buoyant start to the current year mean that the Supervisory Board and the Executive Board will propose paying a dividend amounting to 0.35 euros per share equal to that of the previous business year at the Annual General Meeting being held on 29 March 2019.

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The Executive Board is assuming that stable growth will continue during the current business year. It expects a slight increase in sales to a projected level of between 170 million and 180 million euros, alongside a significant increase in EBITDA expected in the corridor between 22 million and 27 million euros.

The full Annual Report is available to download from www.kps.com right now.

29 January 2019

KPS AG
The Executive Board

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About KPS

KPS is Europe's leading transformation consultancy for companies who want to radically focus on the customer and realign their business processes and technologies accordingly. KPS delivers everything from a single source: strategy consulting, industry-specific process chains as well as the implementation of the latest technologies. KPS is one of the few consulting partners who advise their clients end-to-end and integrate ERP, B2B and B2C commerce with Marketing & Sales processes. Especially in a digital world, the capability to execute projects faster is a clear and significant competitive advantage: The KPS Rapid-Transformation® methodology accelerates projects by up to 50 %. With around 1,000 consultants in 12 countries, KPS continues to expand its market position by delivering successful digital and technological transformation projects.

Reshape and transform rapidly. Your business in a digital world. www.kps.com

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