



KPS INCREASES SALES IN FIRST HALF-YEAR 2019/2020

- » Sales up by 3.2 % to 94.2 million Euros
- » EBITDA amounting to 13.1 million Euros at the year-earlier level (13.2 million Euros)

Unterföhring/Munich, 29 May 2020 – in the first half-year 2019/2020, KPS AG (WKN: A1A6V4 / ISIN: DE000A1A6V48), Europe’s leading management consultant for business transformation and process optimization, made sales of 94.2 million Euros which were 3.2 % above the year-earlier period (91.3 million Euros) and developed in line with the expectations of the Executive Board, although the effects of the COVID-19 crisis on business performance were already tangible in March.

EBITDA was influenced by enhanced sales and marketing initiatives as well as one-off impacts

In the reporting period, KPS achieved EBITDA amounting to 13.1 million Euros (year-earlier period: 13.2 million Euros).

Until the outbreak of the coronavirus pandemic in March, KPS had been broadening the scope of investments into its future growth via several sales and marketing initiatives. Thus, marketing and sales expenses were roughly 2 million Euros above the comprehensive period the year before and exerted a correspondingly negative impact on the operating result.

Furthermore, KPS has carried out an unscheduled increase in its general valuation allowance for trade receivables by 0.8 million Euros and correspondingly added this to other operating expenses. In addition, the earn-out obligations for acquired companies stood at 1.1 million Euros during the reporting period under review. This includes an agreement on the premature termination of earn-out obligations for ICE. KPS is assuming that no additional earn-out obligations arising from companies acquired in the past will exert a negative impact on earnings in the future.

Without taking account of significant one-off effects from the earn-out obligations, general valuation allowance and IFRS 16 (“Leases”), adjusted EBITDA of 12.5 million Euros would have resulted. Without the additional sales and marketing initiatives, the adjusted EBITDA would have surpassed the comparable previous year’s figure.

EBIT went down by 2.3 million Euros to 9.1 million Euros compared with the first half year 2018/2019. The positive one-off effect of the first-time application of IFR16 is virtually neutralised at EBIT level by depreciation and amortisation. Excluding the one-time effects from earn-out obligations and the general valuation allowance would result in an adjusted EBIT of 11.0 million Euros.

PRESS RELEASE

KPS continues to work smoothly from home

In response to the corona pandemic, KPS put together a comprehensive package of measures and implemented them in order to protect employees, customers and suppliers. Since the beginning of March, most members of the consultant team and other employees have been working from home. In this exceptionally challenging situation, KPS is benefiting from the strategic orientation and the business model of the KPS Group, which has increasingly focused on delivering digitalization solutions “remotely” and as a result reducing the number of consultants required on site with our customers. KPS was therefore in a position to work together with customers and rapidly transfer existing projects to streamlined remote modus and continue with them virtually uninterrupted.

However, the outbreak of the coronavirus crisis is slowing down the start of new projects and also exerting an impact on current project planning. KPS is therefore not in a position to reliably assess the effects of the COVID-19 pandemic on the demand behavior of portfolio customers and potential new customers. By the same token, this means that it is also not possible to predict the impact of the pandemic on the sales and earnings performance of the KPS Group. For this reason, KPS’ Executive Board is refraining from providing a new forecast for the current business year.

KPS AG and its international branch offices have taken all the necessary measures currently possible to deal with the current global financial crisis in the best possible way. As the present half year results demonstrate, KPS has a strong balance sheet, a sound financial structure and good operating profitability. As a leading specialist for digital transformation projects in Europe, the KPS Group is very well positioned to tackle the challenges over the coming months and take advantage of the opportunities. The KPS Group will particularly benefit in this context from its continuing internationalization and innovative strength.

The comprehensive half-year report for 2019/2020 is available for download with immediate effect at www.kps.com.

29 May 2020

KPS AG
The Executive Board

PRESS RELEASE

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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