



KPS WITH COMPARATIVELY ROBUST RESULTS IN FINANCIAL YEAR 2019/2020

- » Business model and strategy have proved their resilience during the COVID-19 crisis
- » Group revenue at EUR 166.4m – 7.9% down on the previous FY
- » EBITDA of EUR 22.7m achieved (Partially comparable to previous FY owing to IFRS 16).
- » Cash generation remains at a comparatively high level.
- » Cost base reduced by EUR 10m

Unterföhring/Munich, 22 January 2021 – KPS AG (WKN: A1A6V4 / ISIN: DE000A1A6V48), Europe’s leading consultancy for digital transformation and process optimisation in commerce, achieved a turnover of EUR 166.4m in the recently concluded FY2019/2020 and was as a result 7.9% under the figure of the previous FY (EUR 180.7m). Particularly pleasing were the developments in KPS’ international transformation projects. International revenues increased by 7.7% to EUR 82.8m.

EBITDA was at EUR 22.7m. Included was a one-off positive impact from the first time use of IFRS 16 (“Leasing”) of EUR 5.3m and was therefore only partially comparable with the EBITDA of the previous FY (EUR 22.6m).

Business model and strategy proved their resilience

Our business model and strategy proved themselves during the COVID-19 crisis. KPS AG’s business model and strategy are geared towards increasingly delivering digitalisation solutions “remotely” and significantly reducing the number of consultants on-site. Consequently, with the escalation of the COVID-19 pandemic at the beginning of March 2020, KPS was in the position to quickly reorganise its processes and enable its employees to work from home. As a consequence, KPS was able to transfer existing projects seamlessly into a “remote” mode in close cooperation and with the agreement of clients. Owing to the high strategic relevance KPS has for its clients, transformation projects that had already been initiated could also be continued despite the challenges created by the COVID-19 pandemic.

KPS benefitted from an increase in its international business and as a result continued to improve the quality of the revenue structure. In the recently concluded FY, KPS achieved close to 50% of its revenues with international projects and 80% of revenues with more than 30 clients.

Strict cost management and flexible cost structure compensated for the decrease in revenues.

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Some clients requested a project hiatus or postponement owing to the pandemic. KPS was able to partially compensate for the decline in sales through strict cost management and flexible cost structures. In the past fiscal year, the cost base was reduced by EUR 10m compared to the same period in the previous year.

KPS achieved an EBIT of EUR 14.1m (Previous FY: EUR 18.8m) and an annual net profit of EUR 8.1m (Previous FY: EUR 12.2m).

Cash generation remains at a comparatively solid level.

In FY 2019/2020 KPS achieved a free cashflow of EUR 13.1m. (payments for leasing obligations are taken into account) (2018/2019: EUR 20.6m). That corresponds to a cash conversion measured by free cash flow to EBITDA (adjusted for payments for leasing obligations) of a solid 75.8% (2018/2019: 93.5%).

Dividend proposal of 17 Euro Cents

At the annual general meeting on 21.05.2021 the supervisory board and the board will propose a dividend of 0.17 Euro per share. The dividend proposal takes into account the annual accounts and the continuing uncertainties generated by the COVID-19 crisis.

Outlook for FY 2020/2021

Based on data currently available to the board, KPS estimates a revenue for FY 2020/2021 at the level of FY 2019/2020. The board assumes that it will be able to moderately increase EBITDA. The projections are afflicted by great uncertainties as it is very difficult to predict the future of the COVID-19 pandemic, the success of the vaccine campaign and the effect that the lockdown and the social distancing measures will have. With this in mind, the behaviour of existing and potential clients can change.

Extension of the Contract with Leonardo Musso

Leonardo Musso has been a member of the Executive Board since January 2015 and Chairman of the KPS AG Executive Board since December 2016. He is one of four founding members and a KPS AG shareholder (holding 10% of the outstanding shares). Leonardo Musso has significantly enhanced the development of the company in recent years and has kept the company on course, especially in the past year. Since the appointment of Leonardo Musso, the KPS Group has increased sales by 60%.

In the Supervisory Board meeting on January 21, 2021, the Supervisory Board agreed on an early extension of the Executive Board contract with Leonardo Musso and reappointed him as KPS AG CEO for another five years, i.e. until December 31, 2026. In doing so, the Supervisory Board highlights the particular importance of stability and continuity, especially in times that are characterized by unexpected developments such as the COVID-19 pandemic.

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Well positioned for the current challenges and the future.

Upon the deadline on 30.09.2020 the KPS-Group had a strong balance sheet and financial resources at its disposal. The equity ratio of KPS was 38.1%. As of the reporting date the group had cash and cash equivalents of EUR 20.1m as well as further undrawn and guaranteed credit lines. The financial net debt level remains at a low level of EUR 12.5m.

The supervisory board and the board view the KPS-group as excellently positioned to face the current challenges as well as take full advantage of the future opportunities digitalisation will bring.

In addition, the continuing internationalisation of the group, the ever-increasing innovation of KPS's digitalisation solutions, the high relevance KPS has for its clients in their transformation as they move into the digital age, the excellent skills of its employees as well as its solid financial situation and earning power mean that KPS is well positioned to face the future.

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

22 January 2021

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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