

secunet Security Networks AG

Group Quarterly Statement, 31 March 2020

Group sales and EBIT

In the period from January to March 2020, secunet Group achieved sales revenue of 32.6 million euros. Compared with the revenue in the same period of the previous year (40.4 million euros), this represents a decline of 19% or 7.8 million euros. The decline is attributable to weaker product business in the Business Sector division, resulting primarily from the lower sales revenues generated with the secunet healthcare connector compared to the first quarter of the previous year, as expected.

Due to the lower sales revenue, earnings before interest and taxes (EBIT) also fell from 2.4 million euros in the first quarter of the previous year to 0.0 million euros.

Segment reporting

secunet Group has a target group-oriented organisational structure from which the operating segments (divisions) are derived.

The business focus of secunet Security Networks AG is on the target group of public sector clients, which are served by the Public Sector division. These include authorities in Germany and international and national organisations abroad. The Public Sector product portfolio includes high-security solutions related to the SINA product family and automatic border control systems, as well as IT security solutions and consulting. Public Sector sales revenue rose in the period from January to March 2020 by 5.1 million euros or 24% from the prior-year level (21.3 million euros) to 26.4 million euros. This means that the Public Sector division contributed 81% to Group sales revenue in the first quarter of 2020 (previous year: 53%). EBIT in the Public Sector division improved from 0.3 million euros during the first three months of 2019 to 1.1 million euros during the same period of the current year.

The Business Sector division addresses its range of products and services (IT security consulting and solutions) towards companies in the private and healthcare sectors. Business Sector sales revenue fell in the period from January to March 2020 by 12.9 million euros from the prior-year level (19.1 million euros) to 6.2 million euros. The decline is primarily attributable to the fact that the rollout of healthcare connectors in medical practices in the previous year resulted in a very high increase in sales. The division's share in the Group's sales revenue was 19% (previous year: 47%). Parallel to the decline in sales, EBIT in the Business Sector also fell in the first three months of 2020 by 3.2 million euros from the prior-year level (2.1 million euros) to -1.1 million euros.

Cash flow and liquid assets

14.8 million euros in cash and cash equivalents was disbursed during the first three months of the 2020 financial year, compared to 21.2 million euros during the previous year. This development was due primarily to lower tax payments and higher payments received from customers.

Cash holdings amounted to 49.6 million euros as at 31 March 2020, compared with 64.5 million euros as at 31 December 2019.

Order book

As at 31 March 2020, secunet Group has an order book totalling a record 115.2 million euros. This significantly exceeds the order book at the end of the prior-year quarter (84.4 million euros) and at the end of the 2019 financial year (78.5 million euros). The well-filled order book results from a very high level of orders received for secure mobile solutions, particularly SINA Workstation, and a major contract for exchanging the healthcare connectors of T-Systems.

Outlook

The Management Board's assessment of potential business development in the current year, 2020, remains unchanged: secunet is excellently positioned in the growth market of IT security. Particularly against the background of the well-filled order book, and subject to further developments in the coronavirus pandemic, the Management Board is adhering to its forecast, which was published with the 2019 Annual Report on 30 March 2020. Accordingly, a slight drop in sales revenues is still anticipated and EBIT for secunet Group is expected to be slightly lower than that of the previous year.

Essen, 6 May 2020

Axel Deininger

Torsten Henn

Dr Kai Martius

Thomas Pleines

Forward-looking statements

This Interim Communication contains statements regarding the future performance of secunet Security Networks AG, as well as economic and political developments. These statements are opinions that we have formed based on the information currently available to us. Should the assumptions on which these statements are based not be applicable or should further risks arise, the actual results may deviate from the results currently expected. We cannot therefore offer any guarantee as to the accuracy of these statements.

Contact

secunet Security Networks AG

Kurfürstenstrasse 58

45138 Essen, Germany

Investor Relations: Phone +49 201 5454 1227, e-mail Investor.Relations@secunet.com