

3-MONTH REPORT

2015 Q1

- Revenues increase significantly, by 26% from the previous year
- EBIT improves from -1.3 million euros to -0.6 million euros
- Order book on a par with the previous year's high level
- Outlook for 2015: Forecast unchanged

Overview of key figures for the first three months

	Q1 2015	Q1 2014	Change in %
Revenues (thousand euros)	17,257	13,747	+26
EBIT (thousand euros)	-622	-1,260	-/-
EBT (thousand euros)	-585	-1,283	-/-
Group earnings for the period (thousand euros)	-261	-883	-/-
Earnings per share for the period (euros)	-0.04	-0.14	-/-
Cash flow from operating activities (thousand euros)	-9,810	-7,531	-30
Investments (thousand euros)	259	271	-5
Order book (IFRS, million euros)	35.8	35.6	+1
Employees (as at 31 March)	365	346	+6

	31 Mar 2015	31 Dec 2014	Change in %
Cash and cash equivalents (thousand euros)	27,338	37,355	-27
Equity (thousand euros)	35,416	35,667	-1
Equity ratio (in %)	61.4	52.0	+9.4%points
Loans (thousand euros)	0	0	-/-

The secunet share

Reuters	YSNG.DE
Bloomberg	YSN
WKN	727650
ISIN	DE0007276503

	31 Mar 2015	31 Mar 2014
Price (euros)	20.64	22.10
Number of shares	6,500,000	6,500,000
Market capitalisation (euros)	134,160,000	143,650,000
52W high/low (euros)	H: 22.25/ L: 17.65	H: 22.75 / L: 11.20

	Q1 2015	Q1 2014
Average Xetra trading volume	828	1,394

Group Interim Management Report as at 31 March 2015

Revenue performance

In the first quarter of the 2015 financial year, the secunet Group generated revenues of 17.3 million euros. Compared with the first quarter of 2014 (13.8 million euros), this represents a rise of 3.5 million euros or 26%. The increase in revenues can be attributed to a sharp rise in the Public Sector business unit.

Earnings performance

The earnings before interest and taxes (EBIT) of the secunet Group for the first quarter of 2015 totalled -0.6 million euros. Compared with EBIT in the same period of the previous year (-1.3 million euro), this represents an improvement of 0.7 million euros.

The earnings performance in the first three months of the year can be attributed to the following changes within the individual expense items:

The cost of sales increased by 2.5 million euros, or 20%, from 11.9 million euros to 14.4 million euros. The main reasons for this rise are increased material costs for sales of trade goods and increased personnel expenditure as a result of expanding the workforce.

Selling expenses increased only slightly, by 0.1 million euros, or 5%, from 2.3 million euros in the previous year to 2.4 million euros in the first quarter of 2015.

The general administrative costs rose by 38%, or 0.3 million euros, from 0.8 million euros to 1.1 million euros for the first quarter of 2015.

The financial result for the first quarter of 2015 was 37 thousand euros compared with 23 thousand euros the previous year.

Earnings before tax amounted to -0.6 million euros in the first quarter of 2015 compared with -1.3 million euros in the previous year.

The negative earnings situation resulted in deferred tax income of 0.2 million euros for the first quarter, compared with 0.4 million euros in the same period of the previous year. A tax refund of 0.1 million euros was also received. This resulted in an overall tax income of 0.3 million euros for the first quarter of 2015.

Group earnings for the period from January to March 2015 were -0.3 million euros compared with -0.9 million euros in the previous year. Earnings per share improved from -0.14 euros in the previous year to -0.04 euros in the first three months of 2015.

Segment reporting

secunet Security Networks AG is divided into two business units according to target group.

secunet Security Networks AG focusses its business on the target group of public sector clients who are served by the Public Sector business unit. Revenues in the Public Sector business unit increased by 4.2 million euros, or 41%, from 10.2 million euros in the first quarter of 2014 to 14.4 million euros in the current year – this increase was largely driven by the product business. At the same time, the Business Sector business unit experienced a decline in revenues. Therefore, the contribution made by the Public Sector business unit to Group revenues rose from 75% for the first quarter of 2014 to 84% for the same period of the current financial year.

The Public Sector business unit serves customers in the public sector: in Germany these are authorities and other public clients, and abroad they are international organisations and respective national public clients. The product portfolio in the Public Sector business unit includes the High Security solutions based on the *SINA* product family, as well as IT security solutions and consulting for eGovernment, authorities and international organisations. The portfolio also includes biometric identification systems for ID and border control, among other purposes.

The Public Sector business unit achieved EBIT of -0.2 million euros in the first quarter of 2015 compared with -1.1 million euros in the same period of the previous year. The improvement in EBIT can be attributed to the fact that throughout the business unit the individual cost items increased more moderately than revenues.

16% of Group revenues (previous year: 25%) were generated in the Business Sector business unit. Revenues in the Business Sector business unit decreased by 19%, or 0.6 million euros, from 3.5 million euros in the first quarter of 2014 to 2.9 million euros in the same period of the current year. The difference is due to seasonal fluctuations in the number of projects commissioned.

This business unit addresses IT security issues affecting the private sector with services including IT security consulting and solutions for companies in the private sector. It specialises in solutions for the automotive industry and for operators of critical infrastructures (including suppliers). EBIT in the Business Sector business unit totalled -0.4 million euros in the first quarter of 2015 compared with -0.2 million euros in the first quarter of the previous year.

Assets and financial position

The following items on the balance sheet show a significant change as at the reporting date of 31 March 2015 compared with the figure as at 31 December 2014:

Trade receivables decreased by 8%, or 1.4 million euros. This was due to high revenues in the fourth quarter of 2014, which led to settlement of correspondingly high invoice amounts in the first quarter of the current year.

Income tax receivables rose by 0.4 million euros due to advance tax payments.

Other current liabilities and trade accounts payable fell by a total of 7.1 million euros. Just as with the receivables, this result was influenced by the fact that a large number of supplier invoices received at the end of 2014 were settled in the first few months of the year. A large VAT liability, which existed as at 31 December 2014, was also paid in early 2015.

Other provisions also decreased significantly, falling by 3.5 million euros from 7.3 million euros as at 31 December 2014 to 3.8 million euros as at 31 March 2015. This was mainly due to the payment of variable remuneration elements to the workforce of secunet Security Networks AG for the strong financial year 2014.

As a result of these changes, the amount of cash and cash equivalents was reduced by 10.0 million euros from 37.4 million euros as at 31 December 2014 to 27.3 million euros as at 31 March 2015.

secunet has not taken out any loans and has an unchanged debt/equity ratio of 0%.

Cash flow

After the first quarter of 2015, cash flow from operating activities is -9.8 million euros, which is down on the previous year's figure of -7.5 million euros. The increase of 2.3 million euros in cash outflow is largely due to the improved earnings before tax in comparison with the first quarter of 2014 (effect: increase of 0.7 million euros) and lower tax payments (effect: increase of 0.4 million euros), which were offset by a smaller decline in receivables (effect: decrease of 0.5 million euros), higher utilization of provisions (effect: decrease of 1.8 million euros) and a larger decrease in liabilities (effect: decrease of 1.0 million euros).

Funds amounting to 0.3 million euros were spent on investment activity in the first quarter of 2015: this corresponds to the figure for the same period of the previous year.

In the first quarter of 2015, cash flow from financing activities was 67 thousand euros compared with 11 thousand euros in the same period of the previous year.

This results in a total outflow of cash and cash equivalents of around 10.0 million euros after the first three months of the 2015 financial year. Liquid funds as at 31 March 2015 were therefore 27.3 million euros.

Investments

In the first quarter of 2015, secunet invested a total of 0.3 million euros. The investment volume has not changed significantly compared with the same reporting period of the previous year. secunet invested primarily in new acquisitions and the replacement of hardware, software and other operating equipment.

Employees

As at 31 March 2015, the number of secunet Group employees totalled 365, which is 19 individuals or 6% more than on the same reporting date of the previous year. The new appointments were made primarily in the productive areas of consulting, development and distribution.

Order book

As at 31 March 2015, the order book of secunet Security Networks AG according to IFRS amounted to 35.8 million euros. Compared with the figure on the same reporting date in the previous year (Euro 35.6 million), the order book is almost unchanged (up 1%).

Outlook, risks and opportunities

Compared with the preparation phase of the 2014 Annual Financial Statements (March 2015), the estimates of the Management Board with regard to business performance in 2015 are unchanged. Its view of opportunities and risks for secunet Security Networks AG also remains the same as that of 31 December 2014. No risks that threaten the continued existence of the Company have currently been identified.

Within the context of the record year 2014, the first quarter was also relatively weak. Therefore, in the opinion of the Management Board, the strong business performance in the first quarter of 2015 compared with the same quarter of 2014, does not allow any conclusions to be drawn about a continuation of this trend for the whole of the financial year 2015. Experience from previous years also shows that scheduled major projects are often postponed by customers. The project business of the secunet Group can therefore fluctuate considerably from one quarter to the next. The Management Board is confirming its forecast for the 2015 financial year overall. It expects revenues and earnings before interest and taxes (EBIT) to remain at around the same level as in the previous year.

Forward-looking statements

This 3-Month Report contains statements regarding the future performance of secunet Security Networks AG and 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.

Essen, 5 May 2015

Dr Rainer Baumgart

Thomas Pleines

Condensed Interim Report for the first quarter of 2015

OF SECUNET SECURITY NETWORKS AKTIENGESELLSCHAFT

Consolidated balance sheet

(according to IFRS) as at 31 March 2015

Assets in euros	31 Mar 2015	31 Dec 2014
Current assets		
Cash and cash equivalents	27,338,047.29	37,354,898.55
Trade receivables	15,722,452.92	17,098,705.60
Intercompany financial assets	7,140.00	74,922.31
Inventories	4,553,501.08	4,851,411.46
Other current assets	722,379.20	402,718.01
Income tax receivables	357,986.00	0.00
Total current assets	48,701,506.49	59,782,655.93
Non-current assets		
Property, plant and equipment	1,855,141.00	1,873,176.00
Intangible assets	85,020.00	101,693.00
Goodwill	2,950,000.00	2,950,000.00
Non-current financial assets	2,791,320.37	2,765,069.00
Deferred taxes	1,326,811.77	1,101,379.41
Total non-current assets	9,008,293.14	8,791,317.41
Total assets	57,709,799.63	68,573,973.34

Liabilities in euros	31 Mar 2015	31 Dec 2014
Current liabilities		
Trade accounts payable	4,287,286.09	9,300,125.85
Intercompany payables	0.00	4,689.41
Other provisions	3,792,467.45	7,334,662.40
Income tax liabilities	938,043.39	877,291.73
Other current liabilities	2,643,852.73	4,691,909.09
Deferred income	5,101,017.55	5,282,036.25
Total current liabilities	16,762,667.21	27,490,714.73
Non-current liabilities		
Deferred taxes	165,398.84	123,204.69
Provisions for pensions	5,263,839.45	5,191,728.00
Other provisions	101,434.00	101,434.00
Total non-current liabilities	5,530,672.29	5,416,366.69
Equity		
Share capital	6,500,000.00	6,500,000.00
Capital reserves	21,922,005.80	21,922,005.80
Reserve for treasury shares	-103,739.83	-103,739.83
Group profit carryforward	8,727,110.04	4,358,523.14
Group deficit/profit	-260,986.68	4,368,586.90
Accumulated other comprehensive income/loss	-1,367,929.20	-1,378,484.09
Total equity	35,416,460.13	35,666,891.92
Total liabilities	57,709,799.63	68,573,973.34

Consolidated income statement

(according to IFRS) for the period 1 January 2015 to 31 March 2015

in euros	1 Jan– 31 Mar 2015	1 Jan– 31 Mar 2014
Revenue	17,257,240.02	13,747,382.10
Cost of sales	-14,387,436.97	-11,919,156.03
Gross profit on sales	2,869,803.05	1,828,226.07
Selling expenses	-2,357,987.31	-2,255,766.88
Research and development costs	-168.62	-10,500.74
General administration costs	-1,132,247.70	-821,603.91
Other operating expenses	-1,280.35	0.00
Earnings before interest and income tax	-621,880.93	-1,259,645.46
Interest income	71,467.97	11,037.48
Interest expenses	-34,252.82	-33,941.78
Earnings before tax	-584,665.78	-1,282,549.76
Income taxes	323,679.10	399,358.28
Group loss for the period	-260,986.68	-883,191.48
Earnings per share (diluted and undiluted)	-0.04	-0.14
Average number of shares outstanding (diluted, undiluted, units)	6,469,502	6,469,502

Consolidated statement of comprehensive income

(according to IFRS) for the period 1 January 2015 to 31 March 2015

in euros	1 Jan– 31 Mar 2015	1 Jan– 31 Mar 2014
Group loss for the period	-260,986.68	-883,191.48
Items that can be transferred to the income statement		
Currency conversion differences (change not affecting income)	10,554.89	211.50
Other comprehensive income	10,554.89	211.50
Consolidated comprehensive loss	-250,431.79	-882,979.98

Consolidated Cash flow Statement

(according to IFRS) for the period 1 January 2015 to 31 March 2015

in euros	1 Jan – 31 Mar 2015	1 Jan – 31 Mar 2014
Cashflow from operating activities		
Earnings before tax	-584,665.78	-1,282,549.76
Depreciation and amortisation of tangible and intangible fixed assets	291,155.63	270,341.18
Change in provisions	-3,499,882.50	-1,691,092.60
Book gains/losses (net) on the sale of intangible assets and of property, plant and equipment	2,319.35	0.00
Interest result	-37,215.15	22,904.30
Change in receivables and other assets	1,422,114.02	2,005,248.28
Change in payables and deferred income	-7,246,774.39	-6,290,985.54
Tax paid	-156,793.45	-565,271.64
Cash from operating activities	-9,809,742.27	-7,531,405.78
Cashflow from investing activities		
Purchase of intangible assets and of property, plant and equipment	-258,766.98	-271,201.02
Proceeds from the sale of intangible assets and of property, plant and equipment	0.00	10,076.00
Purchase of financial assets	-26,251.37	-26,251.46
Cash from investment activities	-285,018.35	-287,376.48
Cashflow from financing activities		
Interest received	71,467.97	11,037.48
Interest paid	-4,453.82	-518.78
Cash generated from financing activities	67,014.15	10,518.70
Effects of exchange rate changes on cash and cash equivalents	10,895.21	211.89
Changes in cash and cash equivalents	-10,016,851.26	-7,808,051.67
Cash and cash equivalents at the beginning of the period	37,354,898.55	29,265,027.15
Cash and cash equivalents at the end of the period	27,338,047.29	21,456,975.48

Consolidated Statement of changes in equity

(according to IFRS) for the period from 1 January 2014 to 31 March 2015

in euros	Share capital	Capital reserves	Reserve for treasury shares	Group profit carryforward	Accumulated other comprehensive income/loss			Total
					Items that cannot be transferred to the income statement		Items that can be transferred to the income statement	
					Revaluation of defined benefit pension plans	Deferred taxes	Miscellaneous	
Equity as at 31 Dec 2013	6,500,000.00	21,922,005.80	-103,739.83	5,328,948.44	-813,207.00	262,503.22	-17,571.11	33,078,939.52
Group loss 1 Jan–31 Mar 2014				-883,191.48	0.00	0.00	0.00	-883,191.48
Other comprehensive income/loss 1 Jan–31 Mar 2014				0.00	0.00	0.00	211.50	211.50
Equity as at 31 Mar 2014	6,500,000.00	21,922,005.80	-103,739.83	4,445,756.96	-813,207.00	262,503.22	-17,359.61	32,195,959.54
Group profit 1 Apr–31 Dec 2014				5,251,778.38	0.00	0.00	0.00	5,251,778.38
Other comprehensive income/loss 1 Apr–31 Dec 2015				0.00	-1,196,026.00	386,077.19	-471.89	-810,420.70
Dividend payment				-970,425.30	0.00	0.00	0.00	-970,425.30
Equity as at 31 Dec 2014	6,500,000.00	21,922,005.80	-103,739.83	8,727,110.04	-2,009,233.00	648,580.41	-17,831.50	35,666,891.92
Group loss 1 Jan–31 Mar 2015				-260,986.68	0.00	0.00	0.00	-260,986.68
Other comprehensive income/loss 1 Jan–31 Mar 2015				0.00	0.00	0.00	10,554.89	10,554.89
Equity as at 31 Mar 2015	6,500,000.00	21,922,005.80	-103,739.83	8,466,123.36	-2,009,233.00	648,580.41	-7,276.61	35,416,460.13

Selected explanatory notes

The quarterly financial report of secunet Security Networks pursuant to Article 37w of the German Securities Trading Law (Wertpapierhandelsgesetz, WpHG) dated 31 March 2015 was compiled in accordance with the International Accounting Standard (IAS) 34 “Interim Report”. This quarterly financial report is condensed. It is to be read in conjunction with the IFRS Consolidated Financial Statements dated 31 December 2014 (Consolidated Financial Statements). This quarterly financial report was approved by the Management Board of secunet Security Networks AG on 5 May 2015.

Accounting principles

The consolidation principles and currency translation method for the period from 1 January to 31 March 2015 correspond to those used for the Consolidated Annual Financial Statements for the 2014 financial year. The accounting and valuation methods were retained. The consolidated financial statements of secunet Security Networks AG as at 31 December 2014 were produced on the basis of Articles 315 and 315a of the German Commercial Code (HGB) and in accordance with the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union.

The figures shown in the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity correspond to the normal course of business at secunet and do not include any extraordinary items.

A tax rate of 32.28% applies to the calculation of income taxes for national companies. Calculation of tax payable on income for foreign companies is based on the relevant rates of tax for those countries.

The preparation of the quarterly financial report requires a series of assumptions and estimates on the part of the management. As a result, it is possible that the figures reported in the interim report will deviate from the actual figures. The main assumptions and estimations are fundamentally unchanged compared with the Consolidated Financial Statements as at 31 December 2014.

Consolidated Group

In addition to secunet Security Networks AG, the Consolidated Financial Statements include all associate companies that are controlled by secunet AG. Control is considered to exist if secunet has the authority to dispose of the associate company, has a right to variable returns from the participation and has the opportunity to use the authority to dispose of the associate company in a way that can influence the variable returns. In the reporting period and in the 2014 financial year, there were no minority interests in equity or in the profit or loss for the respective period.

Compared with 31 December 2014, the consolidated Group was unchanged as at 31 March 2015. The two consolidated subsidiaries secunet s.r.o., Prague, Czech Republic, and secunet SwissIT AG, Solothurn, Switzerland, are in liquidation.

Treasury shares

As at 31 March 2015 the Company held 30,498 treasury shares, the same figure as at 31 December 2014; this equates to 0.5% of its share capital.

Segment reporting

The secunet Group is split into two business units, the Public Sector and the Business Sector. Both business units are shown separately for the purposes of segment reporting, as they meet at least one of the quantitative thresholds defined in IFRS 8.13.

The Public Sector business unit addresses the highly complex security requirements of authorities, the military and international organisations. It focuses on High Security solutions and products based on the Secure Inter-Network Architecture, *SINA*, developed in conjunction with the German Federal Office for Information Security (Bundesamt für Sicherheit in der Informationstechnik, BSI). The Public Sector also supports authorities in Germany and abroad in all areas relating to eGovernment and IT security. These include, among other things, biometric solutions and electronic ID (eID) documents, the electronic health system (eHealth), security awareness and secure web solutions. This business unit also operates a BSI-certified evaluation laboratory for IT conformity.

In the Business Sector business unit the focus is on security issues affecting companies in the private sector. Its product line includes public key infrastructures, mobile security and network security. In all areas, analyses, consulting and complete solutions are tailored to each customer's specific requirements. In addition, solutions to the specific IT security issues affecting the automotive industry and for providers in the field of critical infrastructures are also supplied here.

Segment report Q1 2015 in thousand euros	Public Sector	Business Sector	secunet Q1 2015
Segment income	14,411	2,846	17,257
Cost of sales	-11,867	-2,521	-14,388
Selling expenses	-1,894	-464	-2,358
Research and development costs	0	0	0
Administration costs	-831	-302	-1,133
Segment result (EBIT)	-181	-441	-622
Interest result			37
Group profit before tax			-585
Goodwill	2,668	282	2,950

Segment report Q1 2014 in thousand euros	Public Sector	Business Sector	secunet Q1 2014
Segment income	10,244	3,503	13,747
Cost of sales	-9,131	-2,788	-11,919
Selling expenses	-1,548	-707	-2,255
Research and development costs	-11	0	-11
Administration costs	-627	-195	-822
Segment result (EBIT)	-1,073	-187	-1,260
Interest result			-23
Group profit before tax			-1,283
Goodwill	2,668	282	2,950

The transfer prices are essentially in line with the prices for third-party transactions.

The accounting principles for the segments are identical to those used for the Consolidated Financial Statements. Using apportionments, expenses (e. g. overhead costs) that are not directly allocable to the reportable segments are allocated to the reportable segments. The segments are managed on the basis of the segment result.

With the exception of non-essential components, the segments' assets are focused on the domestic market. There were no significant changes to the segment assets as at the reporting date.

Related party disclosures

The consolidated companies within the secunet Group have an association with their main shareholder, Giesecke & Devrient GmbH, Munich and its affiliated companies, in the course of their normal business activities. In addition, the main shareholder is granted short-term loans. All transactions are conducted in accordance with normal market practice.

In the first three months of 2015, no Management Board members were promised or granted any benefits by a third party in respect of their activity as members of the Management Board. In the first three months of 2015, the members of the Supervisory Board did not receive any other remuneration (over and above the Supervisory Board remuneration as regulated in the Articles of Association of secunet Security Networks) or benefits for services provided personally, in particular consulting and agency services. Neither the members of the Management Board nor the members of the Supervisory Board received any loans from the Company.

Events after the end of the interim reporting period

There were no significant events after the reporting date.

Essen, 5 May 2015

Dr Rainer Baumgart

Thomas Pleines

Responsibility statement

“To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the Consolidated Interim Financial Statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Group, and the Interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the rest of the financial year.”

Essen, 5 May 2015

Dr Rainer Baumgart

Thomas Pleines

Financial Calendar

2015

6 May	3-Month Report 2015
13 May	Annual General Meeting
5 August	Half-year Financial Report 2015
4 November	9-Month Report 2015

secunet

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shall prevail.