

secunet Security Networks AG

Quarterly Group Statement, 30 September 2017

Group sales and EBIT

In the period from January to September 2017, the secunet Group achieved revenue of 92.7 million euros. When compared to the revenue during the same period of the previous year (69.2 million euros), this represents an increase of 34% or 23.5 million euros, which primarily results from growth in the product business (trade goods, licenses, maintenance and support).

The secunet Group achieved earnings before interest and taxes (EBIT) of 10.2 million euros in the first nine months of 2017. Compared to the EBIT in the same reporting period of the previous year (4.8 million euros), this corresponds to an improvement of 5.4 million euros, or 113%. The positive trend in earnings is largely due to the increase in product sales.

Segment reporting

secunet Security Networks AG focusses its business on the target group of public sector clients. These include authorities and other public clients in Germany, and international and national organisations abroad. These are supported by the Public Sector business unit; its product portfolio includes High Security solutions connected with the SINA product family, as well as IT security solutions and consulting. Sales in the Public Sector business unit increased by 38% or 22.1 million euros year on year, from 58.6 million euros in the period from January to September 2016 to 80.7 million euros in the reporting period. This means that the Public Sector business unit contributed 87% to Group sales (previous year: 85%). EBIT in the Public Sector business unit improved from 4.8 million euros during the first nine months of 2016 to 10.6 million euros during the same period of the current year.

13% of Group revenue (previous year: 15%) was generated in the Business Sector business unit. The Business Sector business unit provides IT security consulting and solutions for companies in the private sector. It specialises in solutions for the automotive industry and for providers in the field of critical infrastructures (including utilities). Sales in the Business Sector business unit increased by 14% or 1.5 million euros year on year, from 10.5 million euros in the period from January to September 2016 to 12.0 million euros in the reporting period. As a result of expenditure for unlocking new business areas, the EBIT changed from an almost completely balanced result in the previous year, to -0.5 million euros in the first nine months of 2017.

Cash flow and liquid assets

20.4 million euros in cash and cash equivalents was disbursed during the first nine months of the 2017 financial year, compared to 12.0 million euros during the previous year. The increased cash out is primarily due to the establishing of inventories to serve ongoing major projects, as well as the rise in working capital (increase in receivables, decline in liabilities).

Cash holdings therefore amounted to 29.8 million euros on 30 September 2017, compared with 50.2 million euros on 31 December 2016.

Order book

As at 30 September 2017, secunet Security Networks AG's order book according to IFRS totalled 70.5 million euros, up 16 % on the order book as at the previous year's reporting date (61.0 million euros).

Outlook

The Management Board's assessment of business development in 2017 continues to be positive. As a result of positive business development to date, as well as the current order situation, the Management Board has moderately increased the 2017 fiscal year forecast that was published in June 2017 (which stated revenue around 130 million euros, and an EBIT around 18 million euros). The calculated revenue is now 140 million euros, and the EBIT 19 million euros. Although existing sales opportunities may further improve the outlook, it is uncertain at the time that this interim report is published whether these can still be realised in Q4.

Essen, 6 November 2017

Dr Rainer Baumgart

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.

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