

secunet Security Networks AG

Quarterly Group Statement, 30 September 2018

Group sales and EBIT

In the period from January to September 2018, secunet Group achieved revenue of 98.0 million euros. When compared to revenue from the same period of the previous year (92.7 million euros), this represents an increase of 5.7% or 5.3 million euros, which primarily results from the growth in product business (trade goods, licenses, maintenance and support).

secunet Group achieved earnings before interest and taxes (EBIT) of 13.7 million euros in the first nine months of 2018. Compared to the EBIT in the same reporting period of the previous year (10.2 million euros), this corresponds to an improvement of 3.5 million euros, or 35%. The positive trend in earnings is due to the increase in product sales.

Segment reporting

secunet Security Networks AG focuses on public sector clients as the target group for its business. These include public authorities in Germany, and international and national organisations outside Germany. The Public Sector business unit looks after these clients, and has a product portfolio that includes high-security solutions connected with the SINA product family and automatic border control systems, as well as IT security solutions and consulting. Sales in the Public Sector business unit increased by 6% or 5.2 million euros year on year, from 80.7 million euros in the period from January to September 2017 to 85.9 million euros in the reporting period. This means that the Public Sector business unit contributed 88% to Group sales (previous year: 87%). EBIT in the Public Sector business unit improved from 10.6 million euros during the first nine months of 2017 to 12.7 million euros during the same period of the current year.

12% of Group revenue (previous year: 13%) was generated in the Business Sector business unit, which 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). The relevant employees' capacity was tied up with continued extensive work in developing the secunet health konnektor, meaning that Business Sector sales remained at approximately the same level as the previous year (12.0 million euros), at 12.1 million euros from January to September 2018. For the nine months of 2018 the Business Sector generated an EBIT of 1.0 million euros compared to -0.5 million euros in the same period in the previous year. The improvement in the EBIT is primarily due to the capitalisation of development expenditure for the secunet konnektor. In the previous year, associated preliminary work was recorded as expenses, while the criteria for justifying an obligation to capitalise were fulfilled as of February 2018.

Cash flow and liquid assets

36.2 million euros in cash and cash equivalents was disbursed during the first nine months of the 2018 financial year, compared to 20.4 million euros during the previous year. The increase is due to higher taxes on earnings, the increase in working capital, larger investments, and higher dividend payments.

Cash holdings amounted to 26.7 million euros on 30 September 2018, compared with 62.9 million euros on 31 December 2017.

Order book

As at 30 September 2018, secunet Security Networks AG's order book according to IFRS totalled 68.6 million euros, compared with 70.5 million euros as at the previous year's reporting date.

Outlook

secunet occupies an excellent position on the growth market of IT security. The Management Board assesses 2018 business performance to date as good. In the context of the earnings achieved and given the existing sales opportunities for the fourth quarter of 2018, the Management Board is slightly increasing its forecast for 2018: revenue and EBIT for the 2018 financial year are expected to be at approximately the same level of the previous year.

Essen, Germany, 8 November 2018

Dr. Rainer Baumgart

Axel Deininger

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 0201 5454 1227; email Investor.Relations@secunet.com