

secunet Security Networks AG

Group Quarterly Statement as at 31 March 2021

Group sales and EBIT

secunet Security Networks AG achieved far better results in the first quarter of the 2021 financial year than expected at the beginning of the financial year. Group sales revenue increased by 118% or 38.6 million euros year-on-year to €71.2 million (Q1 2020: 32.6 million euros). The significant growth is largely the result of sharply increased product sales (IT equipment, licences, maintenance and support) with the SINA product family, in particular the SINA Workstation, and the secunet healthcare connector.

Due to the substantial rise in sales revenue, earnings before interest and taxes (EBIT) also rose from 0.0 million euros in the first quarter of the previous year to 12.2 million euros.

Segment reporting

secunet Group has a market-oriented organisational structure: two divisions – Public Sector and Business Sector – are respectively geared towards the needs of public clients and international organisations on the one hand, and to the target group of private companies on the other hand, offering consultancy services, products and solutions.

Compared with the prior-year quarter (26.4 million euros), sales in the Public Sector increased by 113% or 29.8 million euros to 56.2 million euros. The growth is largely attributable to strong product business with the SINA product family. German authorities are continuing to invest in secure mobile workstations – accordingly, demand remains high, especially for the SINA Workstation. The division thus contributed 79% to Q1 Group sales revenue (prior-year quarter: 81%). In parallel with the higher sales revenue, EBIT in the Public Sector also increased to 9.8 million euros. Compared with the EBIT of the prior-year quarter (1.1 million euros), this represents an increase of 8.7 million euros.

In the first quarter of 2021, sales revenue in the Business Sector division grew by 141% or 8.9 million euros from the prior-year level (6.2 million euros) to 15.1 million euros. The increase is largely due to the highly positive development of product business with the secunet healthcare connector. The division's share in the Group's sales revenue in Q1 was 21% (prior-year quarter: 19%). In parallel with the growth in sales, EBIT in the Business Sector rose to 2.4 million euros, an increase of 3.5 million euros on the prior-year quarter (-1.1 million euros).

Cash flow and liquid assets

1.5 million euros in cash and cash equivalents was received during the first three months of the 2021 financial year, compared with an outflow of 14.8 million euros in the prior-year quarter. This development was due primarily to higher payments received from customers as a result of the outstanding business result at the end of 2020.

Cash holdings totalled 103.1 million euros as at 31 March 2021, compared with 101.6 million euros as at 31 December 2020.

Order book

As at 31 March 2021, secunet Group has an order book totalling a record 176.9 million euros. This significantly exceeds the order book at the end of the prior-year quarter (115.2 million euros) and at the end of the 2020 financial year (149.5 million euros). The well-filled order book results from a very high level of orders received from customers in the Public Sector.

Outlook

The results achieved in the first quarter of the 2021 financial year significantly exceed Company expectations. Against this backdrop and taking into account the well-filled order book, the Management Board of secunet AG raised its full-year forecast in an ad hoc announcement on 20 April 2021. The forecast since then is for sales revenues of around 330 million euros and an EBIT of around 59 million euros (2020 financial year: sales revenues 285.6 million euros, EBIT 51.6 million euros). Achieving this forecast will depend to a large extent on continuation of a stable supply situation for intermediate products, in particular the availability of semiconductors. The original forecast (published on 3 November 2020) envisaged sales revenues of around 260 million euros and an EBIT of around 38 million euros.

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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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