



Earnings call presentation

Q3 2022 financial results

November 08, 2022

Disclaimer

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements with words such as “believes”, “anticipates” and “expects” to describe expected revenues and earnings, anticipated demand for networking solutions, internal estimates and liquidity. These forward-looking statements involve a number of unknown risks, uncertainties and other factors that could cause actual results to differ materially. Unknown risks, uncertainties and other factors are discussed in the ‘risk and opportunity report’ section of ADVA Optical Networking’s annual report 2021.

CONSOLIDATED PRO FORMA FINANCIAL RESULTS

ADVA provides consolidated pro forma financial results in this presentation solely as supplemental financial information to help investors and the financial community make meaningful comparisons of ADVA’s operating results from one financial period to another. ADVA believes that these pro forma consolidated financial results are helpful because they exclude non-cash charges related to stock compensation programs and amortization and impairment of goodwill and acquisition-related intangible assets. Additionally, expenses related to M&A and restructuring measures are not included. These line items are not reflective of the group’s operating results for the period presented. This pro forma information is not prepared in accordance with IFRS and should not be considered a substitute for historical information presented in accordance with IFRS.

A photograph of a modern, multi-story building with a prominent cantilevered roof structure. The building features large glass windows and balconies with metal railings. The sky is blue with scattered white clouds. The foreground shows a green lawn.

Business update and outlook

Christoph Glingener, CEO

Q3 2022 financial highlights

Revenues Q3 2022
y-o-y

+ 18.3%



Revenues 9M 2022

EUR 516.4m



Pro forma EBIT Q3 2022
in %

6.5%



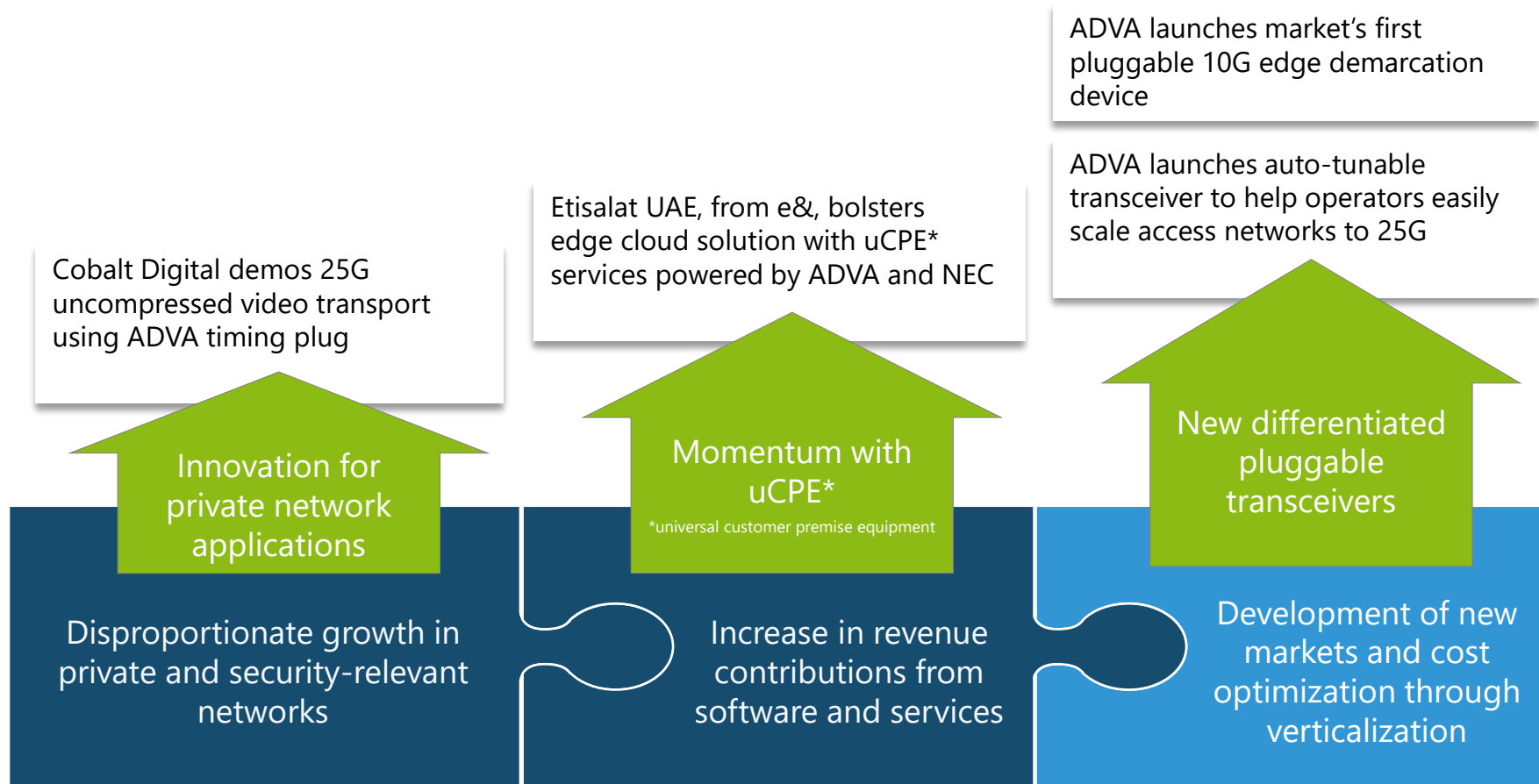
Cash Q3 2022

EUR 61.4m



Record revenues and solid demand while supply challenges continue

Business transformation update



Adva Network Security

On October 1st we launched a new legal entity to

- ... extend our business in government networks and critical infrastructure
- ... maintain/extend our strong relationship with the BSI (incl. company certification)
- ... significantly extend our product and service offerings in the secure transport networking space while benefiting from:
 - Extensive engineering efforts with significantly larger R&D spend of Adtran/ADVA
 - Vertical technology ownership
 - Extended international market reach of Adtran/ADVA



A separate/ring-fenced unit covering ADVA's secure transport offerings

Meiningen Terafactory extension



Existing manufacturing building



Terafactory: 4000m2 manufacturing extension



Work in progress... planning to move in Q1 2023



Existing manufacturing Shopfloor



Co-funded by state of Thuringia, ground-breaking ceremony in May 2022



>10mEUR investment in building & technology

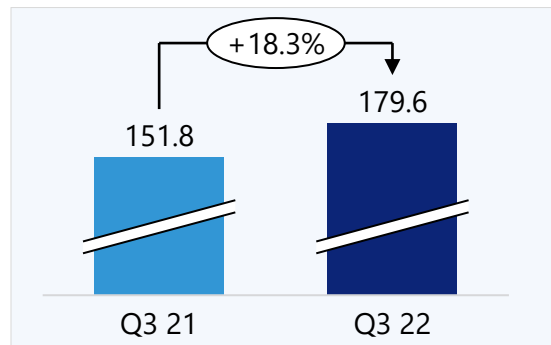


Financial performance

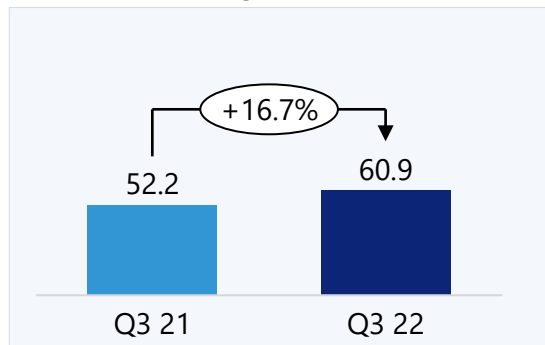
Ulrich Dopfer, CFO

Q3 2022 key financials

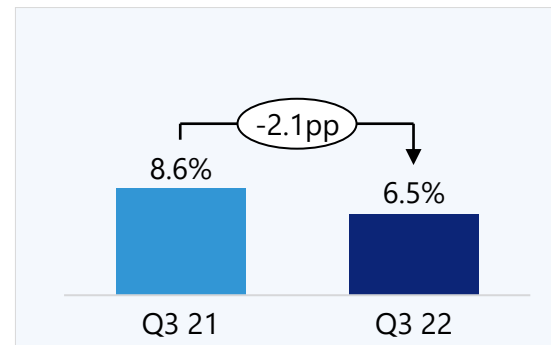
Revenues (m€)



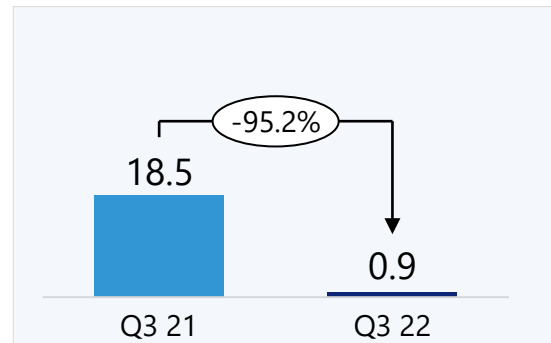
Pro forma gross profit (m€)



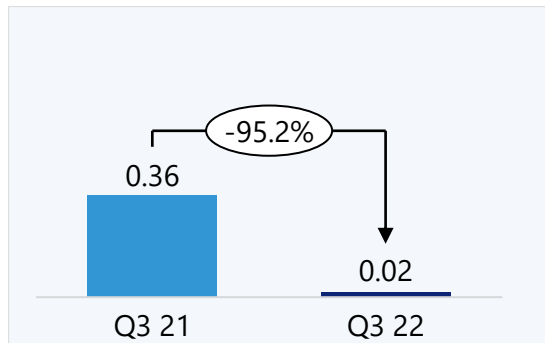
Pro forma EBIT (%)



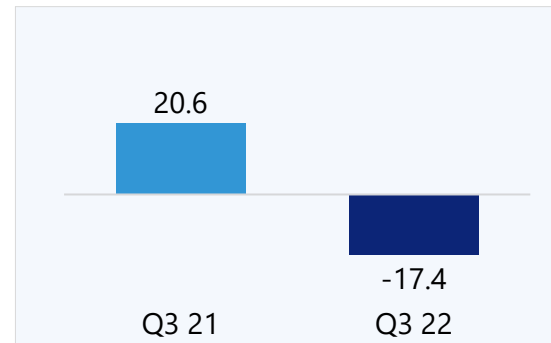
Net income (m€)



Diluted EPS (€)



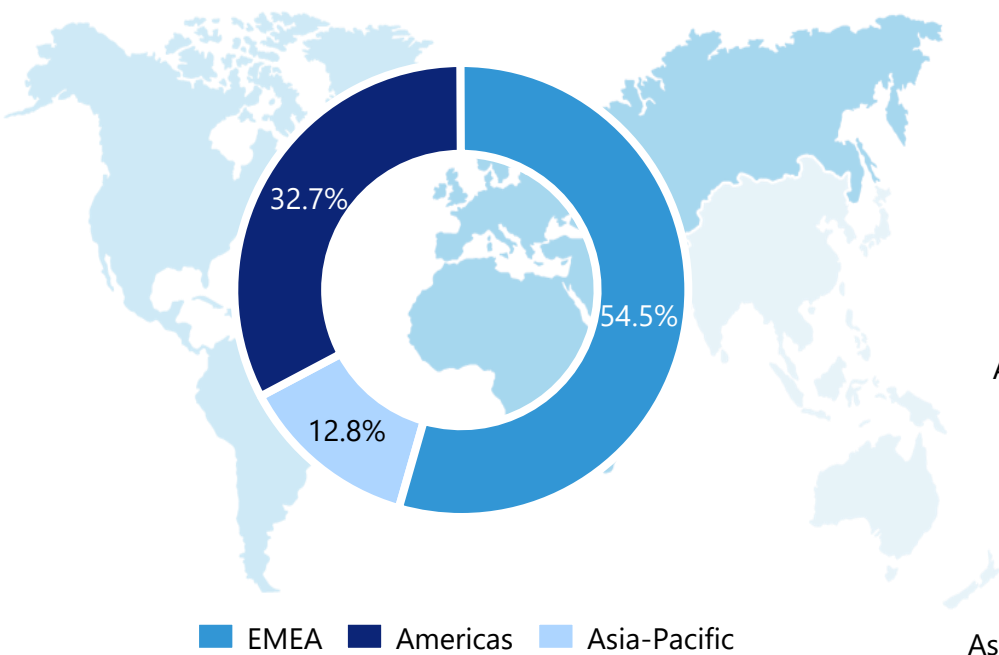
Net cash (+) / debt (-) (m€)*



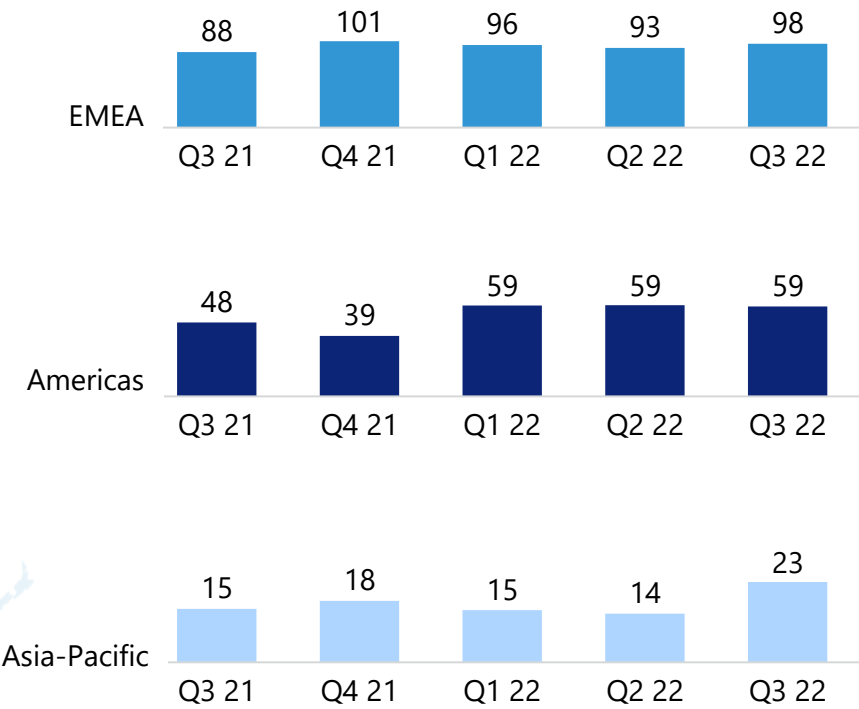
*Note: Net cash Q3 2022 includes EUR 23.4 million lease liabilities due to IFRS 16 (Q3 2021: EUR 24.6 million)

Regional revenue development Q3 2022

Revenue split Q3 2022 (%)



Revenue development per region Q3 21 – Q3 22 (m€)

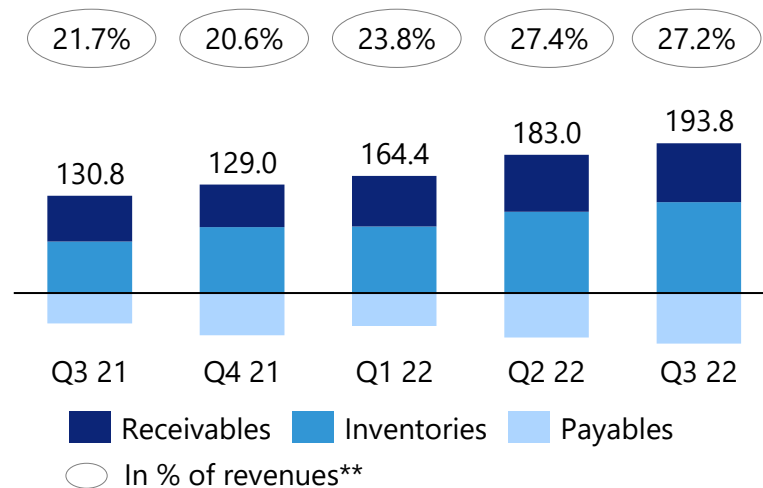


Cash flow and balance sheet

Cash flow breakdown (m€)*

	Q3	
	2021	2022
Earnings before taxes	9.7	-3.3
Depreciation & Amortization	17.5	17.0
Increase (-) / decrease (+) in working capital	2.0	-11.6
Increase (-) / decrease (+) in other items	-0.8	-1.5
Operating cash flow	28.4	0.6
R&D	-10.6	-10.4
Other investing cash flow	-4.5	-7.2
Investing cash flow	-15.1	-17.6
Free cash flow	13.3	-17.0
Gross cash end of period	100.5	61.4
Net cash end of period	20.6	-17.4

Working capital development (m€; %)



Equity ratio

56.0%

Leverage LTM***

0.7x

ROCE LTM

3.5%

* Potential differences due to rounding

** Calculated on a quarterly basis

*** Leverage is calculated as total bank debt divided by EBITDA. EBITDA is calculated as operating income plus depreciation and amortization of non-current assets. Impacts from IFRS 16 are excluded from leverage calculation.

Outlook FY 2022

Revenues (m€)

680m – 730m

Pro forma EBIT (%)

5% – 9%

Supported by:



Business transformation strategy successfully implemented

Non-telco expansion – software & services – verticalization



A unique investment cycle for communications networks

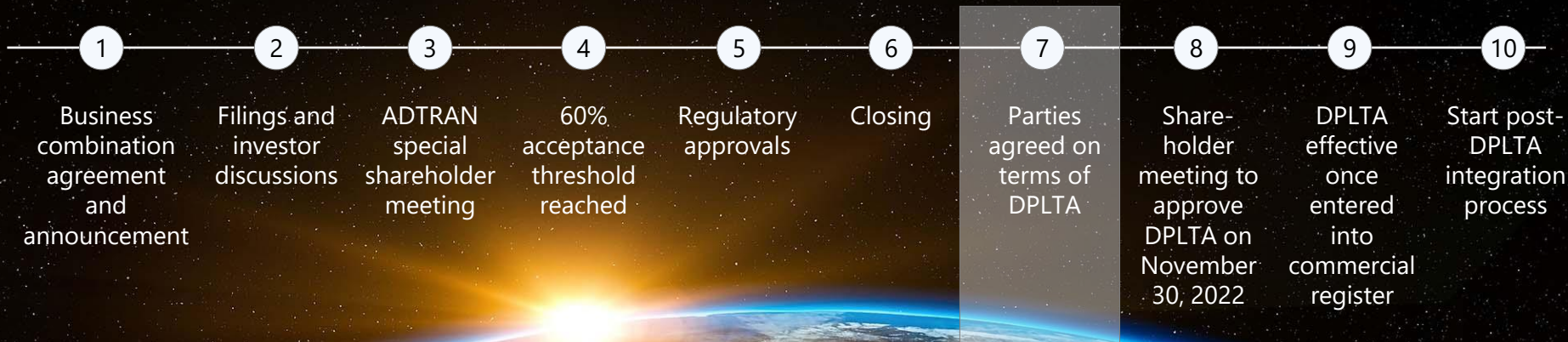
Digitalization – government stimulus – network security



Technologies well aligned

Cloud, mobility, 5G, Automation and security for mission critical infrastructure

Road to business combination with ADTRAN





Thank you

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