

# ADVA posts final Q2 2020 financial results

- Quarterly revenues up 8.9% year over year to EUR 145.0 million
- Pro forma operating income of EUR 10.1 million (7.0% of revenues)

**Munich, Germany. July 23, 2020.** ADVA (ISIN: DE0005103006), a leading provider of open networking solutions for the delivery of cloud and mobile services, reported final financial results for Q2 2020 ended on June 30, 2020. The results have been prepared in accordance with International Financial Reporting Standards (IFRS).

## Q2 2020 financial summary<sup>1</sup>

(in thousands of EUR)	Q2 2020	Q2 2019	Change	Q1 2020	Change
<b>Revenues</b>	<b>145,024</b>	<b>133,216</b>	<b>8.9%</b>	<b>132,686</b>	<b>9.3%</b>
Pro forma gross profit	50,204	46,513	7.9%	42,275	18.8%
<b>in % of revenues</b>	<b>34.6%</b>	<b>34.9%</b>	<b>-0.3pp</b>	<b>31.9%</b>	<b>2.7pp</b>
Pro forma operating income	10,107	4,337	133.0%	-1,671	n.a.
<b>in % of revenues</b>	<b>7.0%</b>	<b>3.3%</b>	<b>3.7pp</b>	<b>-1.3%</b>	<b>8.3pp</b>
Operating income <sup>2</sup>	8,658	2,497	246.7%	-4,038	n.a.
Net income <sup>2</sup>	7,629	1,297	488.2%	-7,235	n.a.
(in thousands of EUR)	Jun. 30 2020	Jun. 30 2019	Change	Mar. 31 2020	Change
Cash and cash equivalents	67,586	48,275	40.0%	52,753	28.1%
Net debt	44,928	68,117	-34.0%	67,705	-33.6%

<sup>1</sup> Potential differences due to rounding

<sup>2</sup> Q1 2020 including EUR 0.8 million one-off expenses

## **Q2 2020 IFRS financial results**

As already stated in the ad hoc announcement on 16 July, 2020, revenues for Q2 2020 increased by 9.3% to EUR 145.0 million from EUR 132.7 million in Q1 2020 and grew by 8.9% from EUR 133.2 million in the same year-ago period.

Pro forma operating income for Q2 2020 was EUR 10.1 million (7.0% of revenues), significantly up from EUR 1.7 million loss (-1.3% of revenues) in Q1 2020 and also up from EUR 4.3 million income (3.3% of revenues) in the same year-ago period. The significant increase in profitability is mainly due to the operational cost improvement measures introduced in 2019.

Consequently, operating income for Q2 2020 of EUR 8.7 million significantly increased from the EUR 4.0 million loss reported for Q1 2020 and also increased from EUR 2.5 million income in the same year-ago quarter.

Net income was EUR 7.6 million in Q2 2020 and overcompensated a net loss of EUR 7.2 million in Q1 2020 and also grew substantially from a net income of EUR 1.3 million in Q2 2019.

At quarter-end, the company's cash and cash equivalents totaled at EUR 67.6 million, representing an increase of 28.1% compared to EUR 52.8 million at the end of Q1 2020 and a significant increase of 40.0% compared to EUR 48.3 million in Q2 2019.

Consequently, net debt in Q2 2020 decreased by EUR 22.7 million to EUR 45.0 million from EUR 67.7 million at the end of Q1 2020 and improved by EUR 23.2 million compared to Q2 2019.

Net working capital at quarter-end was EUR 127.9 million compared to EUR 134.2 million at the end of Q1 2020 and decreased despite increased revenues.

## **Management commentary**

"Our results in the second quarter of 2020 were convincing. So far, the demand for our products and services has developed positively during the Covid-19 pandemic. A recession-related slowdown in the second half of the year is still possible, but, in the meantime, we believe that we will have further revenue growth in Q3," said Brian Protiva, CEO, ADVA. "The pandemic has made our production and supply chains more complex and our transportation costs increased. But our ability to deliver is stable and fundamentally intact. Additionally, we have a global, well-diversified and loyal customer base with which we can expand and improve the digital infrastructure that our society is so increasingly dependent on."

"Despite the ongoing Covid-19 pandemic, we managed to increase revenues and earnings in the second quarter, both sequentially and year over year," commented Uli Dopfer, CFO, ADVA. "Our significantly improved profitability is mainly the result of the cost improvement measures that we introduced in 2019. Furthermore, we were able to improve our cash position compared to the first quarter by around EUR 15 million to EUR 67.6 million providing a solid financial basis. Due to the ongoing risks, both on the supply and on the demand side, we have concluded a KfW back-up facility of EUR 40 million for hedging purposes should a further Covid-19-driven crisis occur. With this preventive measure, we feel prepared for all scenarios."

The company will publish its financial results for Q3 2020 on October 22, 2020.

### **Conference call details**

ADVA will hold a conference call for analysts and investors today, July 23, 2020, to discuss these results and management's outlook. The company's CEO, Brian Protiva, and CFO, Uli Dopfer, will host the call at 3:00 p.m. CEST (9:00 a.m. EDT). A question and answer session will follow management presentations.

To participate, please register [here](#). Once registered, you will receive the dial-in details via e-mail.

A corresponding presentation is available on ADVA's website:

<https://www.adva.com/en/about-us/investors/financial-results/conference-calls>

The complete half-year report 2020 (January – June) is available as a PDF here:

<https://www.adva.com/en/about-us/investors/financial-results/financial-statements>

A replay of the call will be available here:

<https://www.adva.com/en/about-us/investors/financial-results/conference-calls>

### **Forward-looking statements**

The economic projections and forward-looking statements contained in this document relate to future facts. Such projections and forward-looking statements are subject to risks that cannot be foreseen and that are beyond the control of ADVA. ADVA is therefore not in a position to make any representation as to the accuracy of economic projections and forward-looking statements or their impact on the financial situation of ADVA or the market in the shares of ADVA.

### **Use of pro forma financial information**

ADVA provides consolidated pro forma financial results in this press release 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 the stock option programs and amortization and impairment of goodwill and acquisition-related intangible assets, which are not reflective of the company's operating results for the period presented. Additionally, expenses related to restructuring measures are not included. This pro forma information is not prepared in accordance with IFRS and should not be considered a substitute for the historical information presented in accordance with IFRS.

**About ADVA**

ADVA is a company founded on innovation and focused on helping our customers succeed. Our technology forms the building blocks of a shared digital future and empowers networks across the globe. We're continually developing breakthrough hardware and software that leads the networking industry and creates new business opportunities. It's these open connectivity solutions that enable our customers to deliver the cloud and mobile services that are vital to today's society and for imagining new tomorrows. Together, we're building a truly connected and sustainable future. For more information on how we can help you, please visit us at [www.adva.com](http://www.adva.com).

**Published by:**

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