



Annual shareholder meeting

Meiningen

May 22nd 2019





Report of the management board

Brian Protiva, CEO

Uli Dopfer, CFO

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 optical 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 report’ section of ADVA Optical Networking’s annual report 2018.

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, which 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.

Economic framework

Trade
conflicts



Import
tariffs



Brexit



Digitalization
and security



Digitalization, regionalization and protectionism are influencing our markets

Financial year 2018 at a glance

Revenues

502m

Revenues increased sequentially in all four quarters ...

Gross margin contribution
+11.2m

... with overall margin improvements due to more favorable customer / product mix ...

Pro forma EBIT margin expansion
4.6%

... and active cost management.

Net liquidity increase

+30%

Net liquidity increased significantly due to higher cash flow from operations.

Consolidation phase completed, improvement of margins and cash flow

ADVA: 25 years of innovation

Global and loyal customer base

Talented and highly motivated employees

Leadership in several subsegments of our market



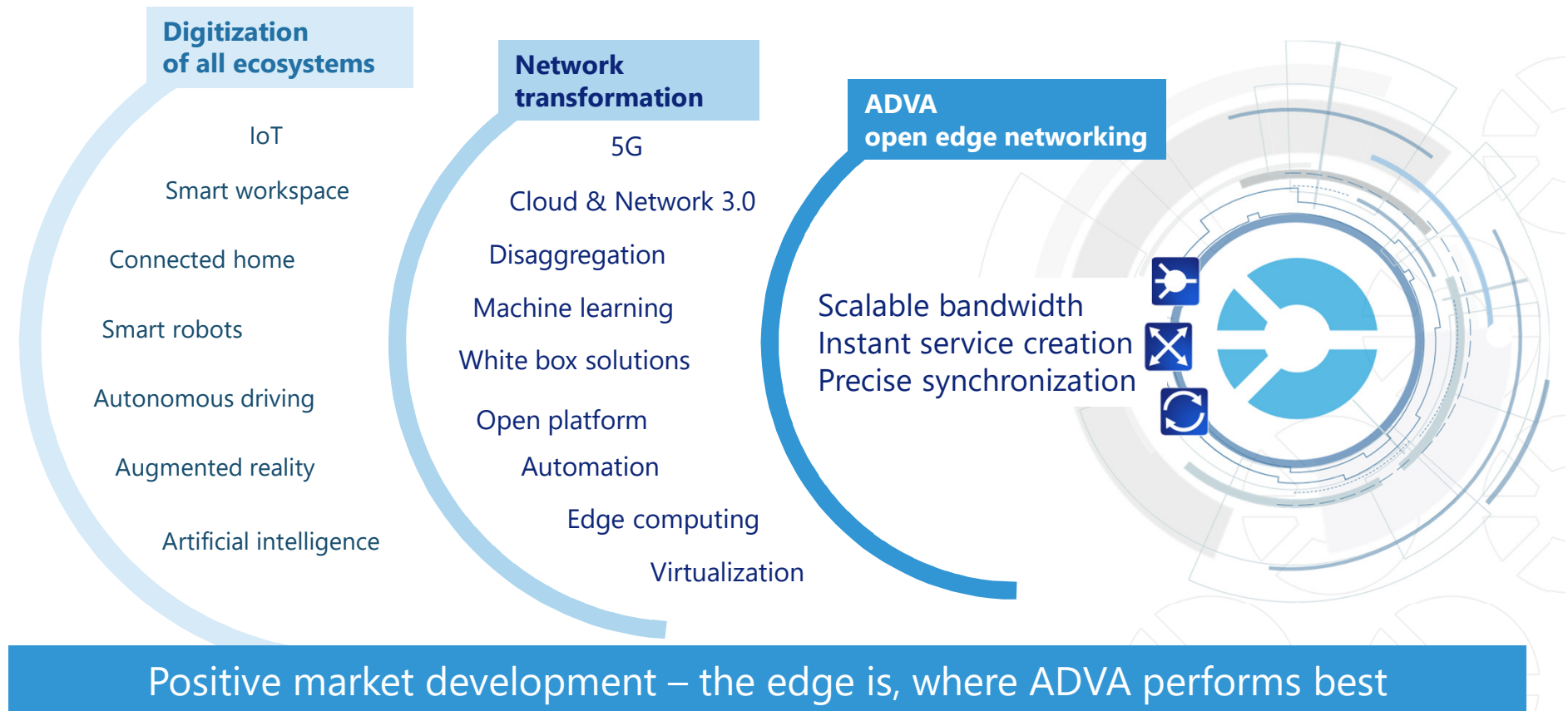
Our brand promise: Network innovator – speed for customers – trusted partner



Industry context

Market growth drivers, technologies and products

Digitization drives investment focus to the edge



What can we expect from 5G?

5G impact

Higher Datarates



Higher frequencies



Shorter reach



More radio heads



Higher availability



Relevance for ADVA



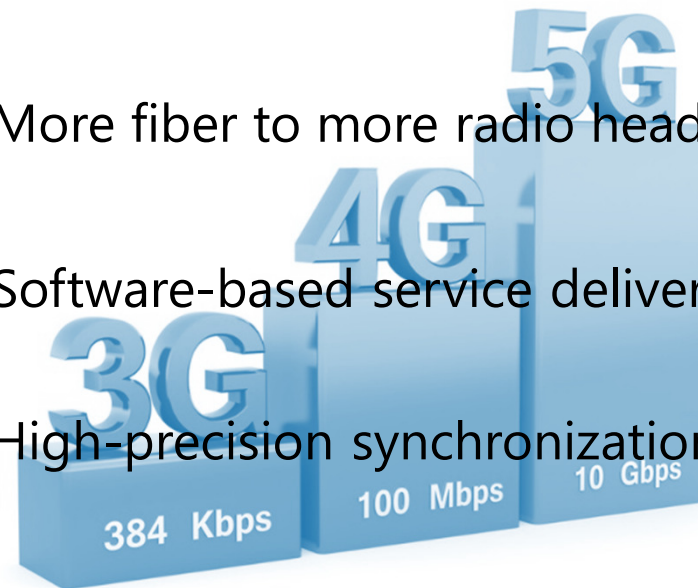
More fiber to more radio heads



Software-based service delivery



High-precision synchronization



Sustainable solid telco demand for all ADVA technologies

Portfolio overview and growth strategy

Cloud access

- Accelerate revenue contribution from edge cloud solutions and win new designs for NFV-based service delivery



Packet edge with NFV

Network synchronization

- Use technology leadership to expand into other verticals



OSCILLOQUARTZ
An ADVA Optical Networking Company

Cloud interconnect

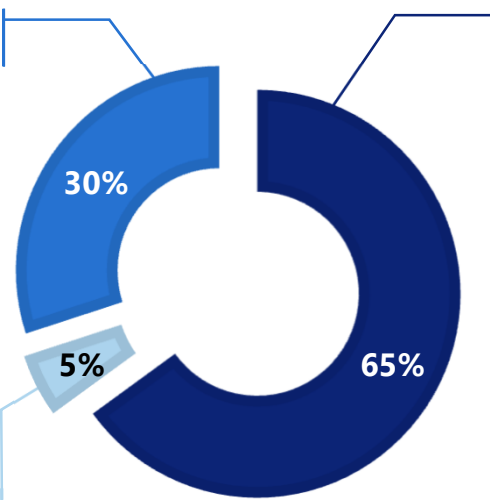
- Aggressively pursue more DCI opportunities with new Teraflex™ terminal and open line system
- Leverage our 32G FibreChannel first-mover advantage



Open optical transport

Cross portfolio

- Win new footprint for flexible, programmable 5G infrastructure leveraging optical, packet edge and synchronization



Approximate revenue contribution rolling four quarters

High single digit revenue growth for 2019



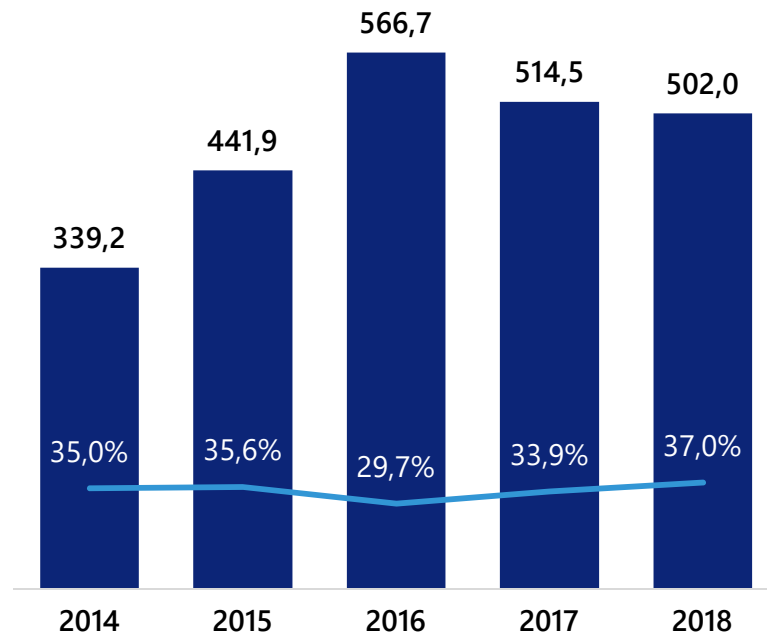
Financials

Overview

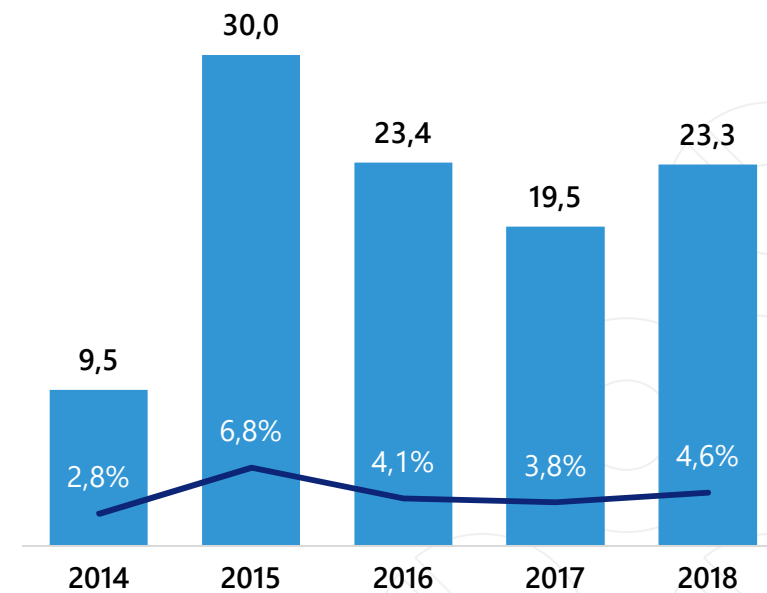
Revenue and pro forma profitability 2014-2018

(In millions of EUR, in % of revenues)

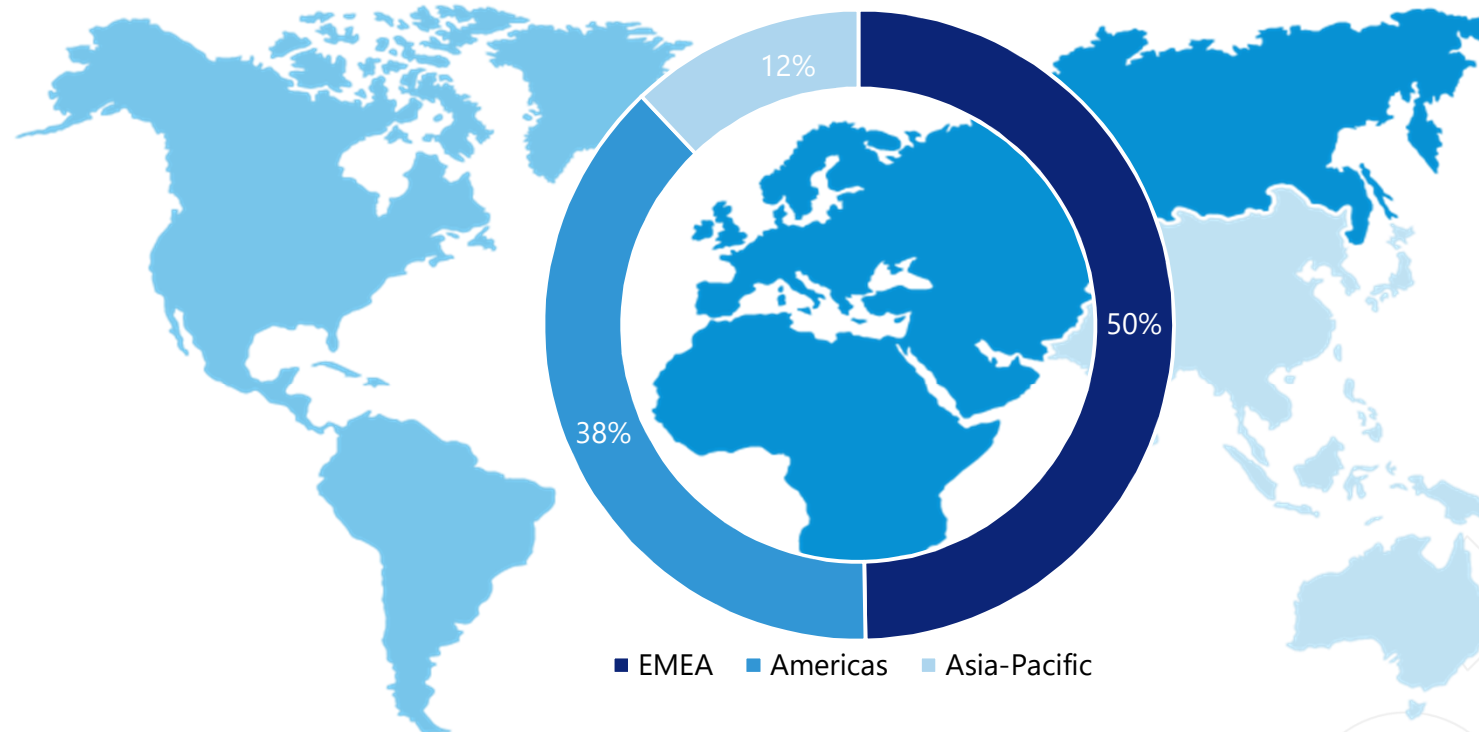
Revenue & pro forma gross margin



Pro forma operating income & margin



Annual revenue per region FY 2018



Customer expansion in APAC – strength in Central Europe

Balance sheet ratios 2018

Equity ratio

50.3%

Gross leverage

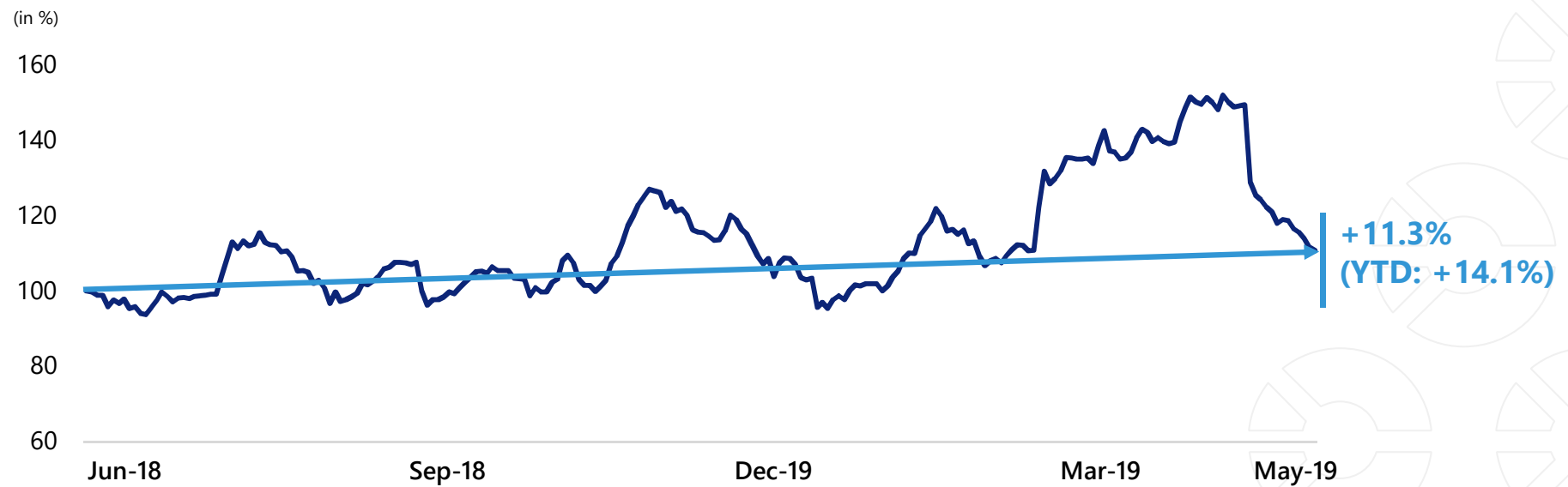
1.4x

ROCE

4.8%

Solid investment grade capital structure

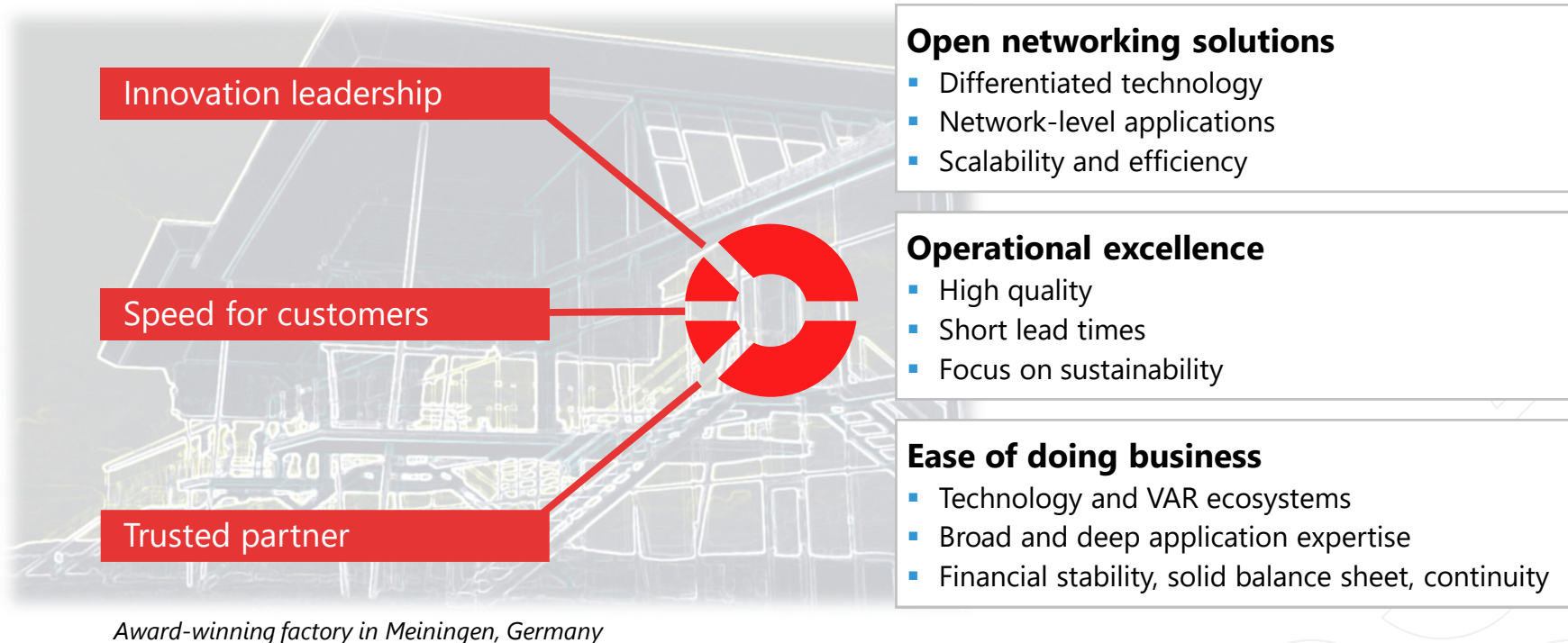
Share price development since last AGM



As of: 17.05.2019

Member of SDAX since march 2019

Why do customers choose ADVA?



The combination of our brand promise is unique in the industry



Thank you

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