



Nine-month revenue flat at €67.4 million

PRESS RELEASE

PARIS, October 12, 2020 - Ekinops (Euronext Paris - FR0011466069 – EKI), a leading supplier of telecommunications solutions for telecom operators and businesses, has published its revenue for the third quarter (July 1 - September 30) of 2020.

€m - IFRS - unaudited	2019	2020	Change
Q1 revenue	20.8	21.1	+2%
Q2 revenue	24.3	24.7	+2%
Q3 revenue	22.9	21.6	-5%
9-month revenue	67.9	67.4	-1%

In Q3 2020, Ekinops posted consolidated revenue of €21.6 million, down 5.4% (down 4.2% at constant exchange rates).

The COVID-19 pandemic and its consequences continued to disrupt business during the period, to a greater or lesser extent depending on the region. Asia-Pacific (APAC) was hit hard by the health crisis, and to a lesser extent so was North America. On the other hand, Ekinops generated revenue growth in France and in EMEA (Europe, Middle East & Africa excluding France) throughout the period.

For the first nine months of 2020, Ekinops posted consolidated revenue of €67.4 million, slightly down at 0.7% Y-o-Y (-0.5% at constant exchange rates).

11.2% nine-month growth in France

After double-digit growth in H1, business in North America (hit later by the health crisis) was less buoyant in Q3. For the first nine months, this region posted 3.7% growth and accounted for 16% of Group revenue. Having generated 12% of Group sales in 2019, Asia-Pacific was the region worst affected by the health crisis, particularly in Australia where strict lockdown measures were imposed. Business with Australian telecom operators was severely impacted. APAC nine-month sales were down 35%, representing 7% of Group business for the period.

In EMEA, however, Ekinops returned to robust growth in Q3 (up 18.1%), particularly in Eastern and Northern Europe. For the first nine months, the EMEA region (outside France) limited its decline to 2.8% and generated 39% of Group sales for the period.

International operations accounted for 62% of consolidated nine-month revenue (vs. 67% in FY 2019).

Lastly, France saw sustained double-digit business growth in Q3, with cumulative growth of 11.2% over the first nine months. France accounted for 38% of Group revenue for the period (vs. 33% in 2019).

Didier Brédy, Chairman & CEO of Ekinops, made the following comments:

“We experienced highly contrasted situations during the third quarter, with some regions more impacted by the health crisis than in Q2 and others that enjoyed renewed business growth.

Overall, Ekinops’ nine-month revenue was more or less flat, which is a strong performance in relation to our market and main competitors.

In the current environment and in view of the wait-and-see attitude adopted by certain customers, we have opted to devote more time to business development, hunting and winning new accounts, focusing on our virtualization, SD-WAN and OTN network solutions, which have been a resounding success. The results of this strategy, and new successes to be announced, will boost the return to growth in 2021 once the effects of the crisis are behind us.”

Outlook

In view of the continued poor visibility and the worsening of the health situation over recent weeks in some regions, Ekinops has set a revenue target of €22-26 million for Q4 2020 (versus €25.6 million in Q4 2019, up 20.7%).

With regard to gross margin, a solid performance in Q3 keeps the Group on course to achieve an annual gross margin rate towards the upper end of its 50-55% target range.

Continued tight management of cost structure will help maintain profitability (EBITDA margin) over the entire 2020 financial year.

Lastly, Ekinops continues to enjoy a robust balance sheet situation at the end of the third quarter, close to that recorded at June 30, 2020 (reminder: €47.9 million cash and cash equivalents vs. €31.7 million borrowings).

Financial reporting calendar

Date	Release
Tuesday, January 12, 2021	FY 2020 revenue (unaudited)

All press releases are published after Euronext Paris market close.

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About EKINOPS

Ekinops is a leading provider of open and fully interoperable Layer 1, 2 and 3 solutions to service providers around the world. Our programmable and highly scalable solutions enable the fast, flexible and cost-effective deployment of new services for both high-speed, high-capacity optical transport as well as virtualization-enabled managed enterprise services.

Our product portfolio consists of three highly complementary product and service sets:

- EKINOPS 360 provides optical transport solutions for metro, regional and long-distance networks with WDM for high-capacity point-to-point, ring and optical mesh architectures, and OTN for improved bandwidth utilization and efficient multi-service aggregation.
- OneAccess offers a wide choice of physical and virtualized deployment options for Layer 2 and Layer 3 access network functions.
- Compose supports service providers in making their networks software-defined with a variety of software management tools and services, including the scalable SD-WAN Xpress.

As service providers embrace SDN and NFV deployment models, Ekinops enables future-proofed deployment today, enabling operators to seamlessly migrate to an open, virtualized delivery model at a time of their choosing.

A global organization, Ekinops (EKI) - a public company traded on the Euronext Paris exchange - is headquartered in Lannion, France, and Ekinops Corp., a wholly-owned subsidiary, is incorporated in the USA.

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For more information, visit www.ekinops.com