

ADVA Optical Networking Achieves Record Q3 Financial Results

- ***Revenues of EUR 122.3 Million Drive 40.4% Year-on-Year Growth***
- ***Pro Forma Operating Income Rises to EUR 9.6 Million (7.8% of Revenues)***
- ***Operating Income Increases 174% on 2014 Figures***

Munich, Germany. October 22, 2015. ADVA Optical Networking (FSE: ADV; Prime Standard Segment, TecDAX) announced Q3 2015 financial results for the quarter ended on September 30, 2015 and prepared in accordance with International Financial Reporting Standards (IFRS).

Q3 2015 IFRS Financial Results

Quarterly revenues climbed to a record of EUR 122.3 million. The Q3 2015 figure marks an all-time high for the company and sees year-on-year (YoY) growth leap by 40.4% (Q3 2014: EUR 87.1 million). Net profit nearly doubled to EUR 8.6 million (Q3 2014: EUR 4.4 million). Today's figures are in the middle of the guidance forecast that was announced earlier this year on July 23.

The significant increase in revenues and YoY net profit was due to several factors: the demand for data center interconnect (DCI) technology, the continued push for 100G metro solutions and the rebound in European carrier and enterprise spend.

Pro forma operating income in Q3 2015 rose substantially to EUR 9.6 million or 7.8% of revenues, which marks a 173% YoY increase (Q3 2014: EUR 3.5 million) and is at the upper end of the previously announced guidance. The operating income climbed to EUR 8.5 million. This figure is a 174% increase YoY (Q3 2014: EUR 3.1 million).

The Q3 results place ADVA Optical Networking in a financially strong position with cash and cash equivalents at EUR 79.3 million. What's more, net liquidity is at a record high of EUR 50.1 million, while working capital reached EUR 90.0 million. This positive development provides considerable operational flexibility for the company.

"Q3 was an outstanding quarter. We delivered revenues of EUR 122.3 million – a quarterly record for our company," said Brian Protiva, CEO, ADVA Optical Networking. "This shouldn't come as any surprise. We've built a lot of momentum and seen strong growth throughout the year. One of the keys to our success is our focused innovation. Our business teams are working closely with customers to develop products that they want to buy. You only need to look at our work in the DCI market to see evidence of this. Our technology is leading the field. Another clear example of this success is the 100G metro space. We were the first vendor to address this market and we expect to see further exciting developments here. There can be no question that we're more competitive now than we've ever been."

Additional Key Data

(in thousands of EUR)	Q3 2015	Q3 2014	Change	Q2 2015	Change
Revenues	122,322	87,131	+40.4%	112,260	+8.9%
Pro forma gross profit	42,353	30,799	+37.5%	38,668	+9.5%
in % of revenues	34.6%	35.3%	-0.7pp	34.4%	-0.2pp
Pro forma operating income	9,599	3,514	+173.2%	7,671	+25.1%
in % of revenues	7.8%	4.0%	+3.8pp	6.8%	+1.0pp
Operating income	8,475	3,088	+174.5%	7,422	+14.2%
Net income	8,577	4,441	+93.1%	5,126	+67.3%

(in thousands of EUR)	Sep. 30, 2015	Sep. 30, 2014	Change	Jun. 30, 2015	Change
Cash and cash equivalents	79,269	82,642	-4.1%	78,819	+0.6%
Net liquidity	50,080	46,101	+8.6%	47,507	+5.4%

*Potential differences due to rounding

Pro forma financial numbers exclude non-cash charges related to the stock compensation programs and amortization and impairment of goodwill and acquisition-related intangible assets.

Q4 2015 Outlook

In Q4 2015, ADVA Optical Networking expects revenues to range between EUR 107 million and EUR 117 million and anticipates a pro forma operating income of between 6% and 9% of revenues. ADVA Optical Networking performs quarterly reviews of the expected business development with respect to all intangible assets, including capitalized development expenses. In case of adverse business prospects, these reviews may result in non-cash impairment charges in Q4 2015 and beyond, which are excluded from the above guidance. The company will publish its Q4 2015 financial results on February 25, 2016.

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Conference Call Details

In conjunction with the release of its Q3 2015 financial results on October 22, 2015, ADVA Optical Networking will host a conference call for analysts and investors at 3:00 p.m. CEST / 9:00 a.m. EDT. Participating in the call will be ADVA Optical Networking's CEO, Brian Protiva, and CFO, Ulrich Dopfer. Interested parties may dial in at +49 69 22 22 29 043 or +1 855 402 77 66, pin code 86473684#, and download the corresponding presentation from ADVA Optical Networking's website, located on the "Financial Results" page under "[Conference Calls](#)" in the investor relations section of ADVA Optical Networking's website at www.advaoptical.com.

The complete 2015 Nine-Month Report (January - September) is available as a PDF on our website: www.advaoptical.com via the links About Us – Investor Relations – Financial Results.

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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 which cannot be foreseen and which are beyond the control of ADVA Optical Networking. ADVA Optical Networking 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 Optical Networking or the market in the shares of ADVA Optical Networking.

Use of Pro Forma Financial Information

ADVA Optical Networking 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 Optical Networking's operating results from one financial period to another. ADVA Optical Networking 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. 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.

About ADVA Optical Networking

At ADVA Optical Networking we're creating new opportunities for tomorrow's networks, a new vision for a connected world. Our intelligent telecommunications hardware, software and services have been deployed by several hundred service providers and thousands of enterprises. Over the past twenty years, our innovative connectivity solutions have helped to drive our customers' networks forward, helped to drive their businesses to new levels of success. We forge close working relationships with all our customers. As your trusted partner we ensure that we're always ready to exceed your networking expectations. For more information on our products and our team, please visit us at: www.advaoptical.com.

Published By:

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