

ADVA Optical Networking Increases Sales to EUR 122.0 Million in Q1 2016

- ***Revenues of EUR 122.0 Million Drive 27.6% Year-on-Year Growth***
- ***Pro Forma Operating Income: EUR 2.0 Million (1.6% of Revenues)***
- ***Q2 2016 Outlook: Revenues EUR 145 – 155 Million; Pro Forma Operating Income 1% - 4% of Revenues***

Munich, Germany. April 21, 2016. ADVA Optical Networking (ISIN: DE0005103006, WKN 510300) announced Q1 2016 financial results for the quarter ended on March 31, 2016 and prepared in accordance with International Financial Reporting Standards (IFRS).

Q1 2016 IFRS Financial Results

Quarterly revenues climbed to EUR 122.0 million. The figure marks an increase of 27.6% year-on-year (YoY) (Q1 2015: EUR 95.6 million) and is in line with the guidance forecast that was announced earlier this year on February 25.

"We were absolutely right with the assessments we communicated in 2015", comments Brian Protiva, CEO of ADVA Optical Networking. "The demand for data center interconnect (DCI) technology continues to grow, and 100G solutions in metro networks are gaining momentum."

Pro forma operating income in Q1 2016 stood at EUR 2.0 million or 1.6% of revenues, which represents a EUR 1.7 million YoY decrease (Q1 2015: EUR 3.7 million) and is in line with the previously announced guidance. The operating income came to EUR 1.0 million (Q1 2015: EUR 3.3 million).

The quarterly result includes the acquisition of Overture, which took place on January 13, and consequently contains some of the one-off restructuring and integration expenses related to the acquisition. The acquisition was a strategically important step for ADVA Optical Networking and will strengthen the company's product portfolio for cloud access solutions. Cash and cash equivalents were at EUR 73.4 million. Net liquidity, currently at EUR 9.4 million, has declined due to the acquisition, while net working capital reached EUR 110.9 million.

"Q1 went according to plan and we had a promising start," so Protiva. "The megatrends cloud and mobility continue to drive our business and the DCI market is developing rapidly. Our FSP 3000 CloudConnectTM solution is the leading platform and its market introduction is on track. In addition we have significantly strengthened our capabilities both tactically and strategically through the acquisition of Overture. We have access to new customers, a more complete product portfolio for cloud access solutions and an excellent software architecture for the nascent era of network virtualization. 2016 will be another exciting year for our company."

Additional Key Data

(in thousands of EUR)	Q1 2016	Q1 2015	Change	Q4 2015	Change
Revenues	121,962	95,604	+27.6%	111,752	+9.1%
Pro forma gross profit	40,393	34,619	+16.7%	41,777	-3.3%
in % of revenues	33.1%	36.2%	-3.1pp	37.4%	-4.3pp
Pro forma operating income	1,950	3,703	-47.3%	9,004	-78.3%
in % of revenues	1.6%	3.9%	-2.3pp	8.1%	-6.5pp
Operating income	994	3,335	-70.2%	7,523	-86.8%
Net income	-5,163	4,264	-221.1%	8,881	-158.1%

(in thousands of EUR)	Mar. 31, 2016	Mar. 31, 2015	Change	Dec. 31, 2015	Change
Cash and cash equivalents	73,402	73,358	+0.1%	93,850	-21.8%
Net liquidity	9,362	40,489	-76.9%	51,181	-81.7%

*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.

Q2 2016 Outlook

In Q2 2016, ADVA Optical Networking expects revenues to range between EUR 145 million and EUR 155 million and anticipates a pro forma operating income of between 1% and 4% 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 Q2 2016 and beyond, which are excluded from the above guidance. The company will publish its Q2 2016 financial results on July 21, 2016.

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Conference Call Details

In conjunction with the release of its Q1 2016 financial results on April 21, 2016, 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 853 851 94#, 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 2016 Three-Month Report (January - March) 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:

ADVA Optical Networking SE, Martinsried/Munich and Meiningen, Germany
www.advaoptical.com

For Press:

Gareth Spence
t +44 1904 699 358
[public-relations\(at\)advaoptical.com](mailto:public-relations(at)advaoptical.com)

For Investors:

Stephan Rettenberger
t +49 89 890 665 854
[investor-relations\(at\)advaoptical.com](mailto:investor-relations(at)advaoptical.com)