

## **ADVA Optical Networking Posts Record Q3 Quarter of EUR 159.5 Million Revenues**

- ***Revenues of EUR 159.5 Million Drive 30.4% Year-on-Year Growth***
- ***Pro Forma Operating Income: EUR 8.3 Million (5.2% of Revenues)***
- ***Q4 2016 Outlook: Revenues EUR 125 - 140 Million; Pro Forma Operating Income 4% - 7% of Revenues***

**Munich, Germany. October 27, 2016.** ADVA Optical Networking (ISIN: DE0005103006, WKN 510300) announced Q3 2016 financial results for the quarter ended on September 30, 2016 and prepared in accordance with International Financial Reporting Standards (IFRS).

### **Q3 2016 IFRS Financial Results**

Quarterly revenues climbed to a record high of EUR 159.5 million. The figure marks an increase of 30.4% year-on-year (YoY) (Q3 2015: EUR 122.3 million) and is at the upper end of the guidance forecast on July 21.

"Our markets continue to have multiple growth drivers," said Brian Protiva, CEO, ADVA Optical Networking. "Cloud and mobility are fueling the demand for more bandwidth and reshaping our industry around the data center paradigm. Our focus on open connectivity solutions for data center interconnect (DCI) applications is delivering results. We took the number one position in the metro ICP/CNP segment and continue to expand our leadership in private enterprise networks."

Pro forma operating income in Q3 2016 stood at EUR 8.3 million or 5.2% of revenues, which represents a EUR 1.3 million YoY decrease (Q3 2015: EUR 9.6 million) and is in line with previously announced guidance. The operating income amounted to EUR 7.2 million (Q3 2015: EUR 8.5 million). Cash and cash equivalents totaled at EUR 81.2 million. Net liquidity reached EUR 20.3 million and net working capital EUR 96.6 million.

"Our success in DCI is complemented by growth in the cloud access space," continued Brian Protiva. "With our acquisition of Overture, we have a broader and richer solution portfolio for the business network edge than any other player in that space. Service providers are rethinking their approach to service creation, delivery and assurance. Speed, scalability and operational simplicity matter more than ever before. With ADVA Ensemble, a new strategic division, focused on network functions virtualization, we're giving our customers unprecedented choice and flexibility – a future-proof foundation for cloud services."

## Additional Key Data

(in thousands of EUR)	Q3 2016	Q3 2015	Change	Q2 2016	Change
<b>Revenues</b>	<b>159,453</b>	<b>122,322</b>	<b>30.4%</b>	<b>157,243</b>	<b>1.4%</b>
Pro forma gross profit	42,817	42,353	1.1%	42,967	-0.3%
<b><i>in % of revenues</i></b>	<b>26.9%</b>	<b>34.6%</b>	<b>-7.7pp</b>	<b>27.3%</b>	<b>-0.4pp</b>
Pro forma operating income	8,295	9,599	-13.6%	4,213	96.9%
<b><i>in % of revenues</i></b>	<b>5.2%</b>	<b>7.8%</b>	<b>-2.6pp</b>	<b>2.7%</b>	<b>2.5pp</b>
Operating income	7,171	8,475	-15.4%	3,080	132.8%
Net income	3,261	8,577	-62.0%	9,806	-66.7%

(in thousands of EUR)	30. Sept. 2016	30. Sept. 2015	Change	30. June 2016	Change
Cash and cash equivalents	81,238	79,269	2.5%	82,521	-1.6%
Net liquidity	20,315	50,080	-59.4%	20,039	1.4%

\*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 2016 Outlook

In Q4 2016, ADVA Optical Networking expects revenues to range between EUR 125 million and EUR 140 million and anticipates a pro forma operating income of between 4% and 7% 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 2016 and beyond, which are excluded from the above guidance. The company will publish its Q4 2016 financial results on February 23, 2017.

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## Conference Call Details

In conjunction with the release of its Q3 2016 financial results on October 27, 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 500 753 32#. A corresponding presentation is available on ADVA Optical Networking's website: [www.advaoptical.com/en/about-us/investor-relations/financial-results/conference-calls.aspx](http://www.advaoptical.com/en/about-us/investor-relations/financial-results/conference-calls.aspx)

The complete 2016 Nine-Month Report (January – September) is available as a PDF on our website: [www.advaoptical.com/en/about-us/investor-relations/financial-results/financial-statements.aspx](http://www.advaoptical.com/en/about-us/investor-relations/financial-results/financial-statements.aspx)

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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](http://www.advaoptical.com).

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