Three-Month Report 2017

Connecting, Extending and Assuring the Cloud

ADVA™
Optical Networking

Q1 2017 Snapshot

- Revenues of EUR 141.8 million
- IFRS pro forma operating income[1] of EUR 6.6 million (4.7% of revenues)
- IFRS operating income of EUR 5.5 million and IFRS net income of EUR 6.2 million
- Net liquidity[2] of EUR 15.0 million at March 31, 2017

Profile

ADVA Optical Networking is a company founded on innovation and driven to help our customers succeed.

For over two decades our technology has empowered networks across the globe. We’re continually developing breakthrough hardware and software that leads the networking industry and creates new business opportunities.

It’s these open connectivity solutions that enable our customers to deliver the cloud and mobile services that are vital to today’s society and for imagining new tomorrows.

Together, we're building a truly connected and sustainable future.

Contents

[1] Pro forma operating income is calculated prior to non-cash charges related to the stock compensation programs and amortization and impairment of goodwill and acquisition-related intangible assets.

[2] Net liquidity is calculated by subtracting current and non-current financial liabilities as well as current and non-current finance lease obligations from cash and cash equivalents.

Q1 2017 IFRS FINANCIAL HIGHLIGHTS

Quarterly Income Statement

(in thousands of EUR, except earnings per share)	Q1 2017	Q1 2016	Change
Revenues	**141,835**	**121,962**	**16%**
Pro forma cost of goods sold	-95,712	-81,569	17%
Pro forma gross profit	**46,123**	**40,393**	**14%**
Pro forma S&M expenses	-15,939	-15,498	3%
Pro forma G&A expenses	-8,177	-7,719	6%
Pro forma R&D expenses	-27,324	-24,663	11%
Income from capitalization of development expenses	10,748	7,872	37%
Other operating income and expenses, net	1,210	1,565	-23%
Pro forma operating income[1]	**6,641**	**1,950**	**241%**
Amortization of intangible assets from acquisitions	-782	-671	17%
Stock comp. exp.	-358	-285	26%
Operating income	**5,501**	**994**	**453%**
Interest income and expenses, net	-191	-191	-
Other financial gains and losses, net	-1,002	-6,045	83%
Income (loss) before tax	**4,308**	**-5,242**	**182%**
Income tax benefit (expense), net	1,877	79	
Net income (loss)	**6,185**	**-5,163**	**220%**
Earnings per share in EUR			
basic	0.12	-0.10	
diluted	0.12	-0.10	

Balance Sheet

(in thousands of EUR)	Mar. 31, 2017	Dec. 31, 2016	Change
Cash and cash equivalents	69,709	84,871	-18%
Inventories	81,698	92,800	-12%
Goodwill	41,127	41.538	-1%
Capitalized R&D expenses	81,302	76,263	7%
Other intangible assets	17,266	16,429	5%
Total intangible assets	139,695	134,230	4%
Other assets	172,714	155,991	11%
Total assets	463,816	467,892	-1%
Stockholders' equity	244,466	238,947	2%

Cash Flow Statement

(in thousands of EUR)	Q1 2017	Q1 2016	Change
Cash flow from operating activities	5,623	2,032	177%
Gross capital expenditures for property, plant and equipment and other intangible assets	-5,220	-2,642	98%

Ratios

(in thousands of EUR)	Mar. 31, 2017	Dec. 31, 2016	Change
Net liquidity	15,029	25,506	-41%
Working capital[3]	111,808	97,984	14%
	Q1 2017[4]	**Q1 2016[4]**	**Change**
Days sales outstanding	61	61	-
Inventory turn-over (times/year)	5.3	4.3	23%
Days payable outstanding	63	64	-2%

Employees

	Mar. 31, 2017	Dec. 31, 2016	Change
	1,783	1,764	1%

[3] Working capital is defined as trade accounts receivable plus inventories minus trade accounts payable.

[4] Trailing twelve months.

Q1 2017 Business Highlights

Customer Achievements

February 27, 2017: ADVA Optical Networking announced that it is working with nine customers on trials of the Facebook-designed Voyager solution. A mixture of Tier 1 service providers and large enterprises are using the open optical packet transport system in a range of proof of concept (POC) installations. In less than nine months, ADVA Optical Networking has helped to drive the Voyager solution through the Telecom Infra Project's (TIP's) Open Optical Packet Transport project group and into commercial testing. ADVA Optical Networking was the first vendor to publicly commit to commercial support of the open 1RU DWDM device and this commitment has now grown to include integration of Voyager into the ADVA FSP Network Manager and the development of a complete portfolio of supporting services.

March 07, 2017: Oscilloquartz, an ADVA Optical Networking company, announced that Orange Egypt has deployed its OSA 5421 as part of a complete synchronization solution. The advanced Precision Time Protocol (PTP) grandmaster clocks will distribute and assure accurate timing throughout the nationwide network. The new end-to-end synchronization solution also meets stringent phase and frequency requirements necessary for Orange Egypt's widespread deployment of Long-Term Evolution (LTE) and LTE-Advanced (LTE-A) capabilities. This will enable the country's leading mobile service provider to offer 4G services to its mobile customers as well as better quality SLAs to enterprise clients.

March 15, 2017: ADVA Optical Networking announced that the digital service provider Exaring has deployed its technology in Germany's first fully integrated platform for IP entertainment services. Built on the ADVA FSP 3000, Exaring's new national backbone network will transmit high-quality, on-demand television and gaming services to around 23 million households. The 100Gbit/s core transport infrastructure, which also features the ADVA FSP Network Manager for highest service availability, has a total fiber length of 12,000km. Its reach, reliability and low latency were proven in rigorous large-scale field trials. ADVA Optical Networking's long-term partner dacoso designed and implemented the network.

March 31, 2017: ADVA Optical Networking announced that Dobson Technologies, the Oklahoma-based telecom services, transport network and IT provider has selected the ADVA ALM fiber assurance solution for up-to-the-second knowledge of its state-wide fiber optic network. ADVA Optical Networking's advanced link monitoring technology will deliver precise, real-time insight into key portions of Dobson Technologies' fiber plant, which stretches over 3,000 miles. This provides continuous and accurate performance data and helps to maximize service availability for its enterprise customers. With the solution's robust optical demarcation points for total network visibility, Dobson Technologies will be able to instantly respond to faults and deliver service assurance like never before. Its carbon footprint will also be improved as unnecessary truck rolls can now be avoided.

New Products and Solutions – Innovation

February 14, 2017: ADVA Optical Networking launched its FSP Network Hypervisor – a key component in the drive to virtualize optical networks. The software has been specifically developed to help service providers automate service discovery and service activation, especially when paired with the ADVA FSP 3000 DCI and network infrastructure solution. It creates an abstracted view of the underlying physical infrastructure, helping to decouple the complexities of managing photonic transmission systems while enabling greater network automation and optimization. Already showcased in multiple public demos and various proof-of-concept installations, the ADVA FSP Network Hypervisor has been engineered to work with all open source and commercial SDN controllers. The software will be showcased at this year's OFC and will be included in the Optical internetworking Forum's read-out event for its SDN transport API interoperability testing.

March 16, 2017: ADVA Optical Networking publicly launched a direct detect open optical layer specifically designed for the ICP and CNP market. The new solution is a key expansion of the ADVA FSP 3000 CloudConnect™ platform and offers a compelling alternative for customers who want to avoid the expense of traditional coherent solutions. The direct detect technology is available in two distinct formats. It can either be bought as an Open Line System (OLS) in a disaggregated manner or as a complete solution that includes the terminal and the line system. One compelling feature of ADVA Optical Networking's OLS is its SmartAmp™ technology that enables direct detect transmissions to be transported up to 100km. ADVA Optical Networking's new data center interconnect (DCI) solution has already achieved considerable customer success and has been shipping since the end of 2016.

March 20, 2017: ADVA Optical Networking unveiled its next generation high-speed terminal for the FSP 3000 CloudConnect™. Specifically developed for hyper-scale data center interconnect (DCI) applications, ADVA Optical Networking's TeraFlex™ terminal is capable of transporting 600Gbit/s of data over a single wavelength, delivering a total duplex capacity of 3.6Tbit/s in a single rack unit. This represents 50% more density than any competing technology. The unprecedented throughput and density of the expanded ADVA FSP 3000 CloudConnect™ platform is critical for ICPs and CNPs that need to rapidly scale their DCI networks to meet spiraling data demands.

Interoperability and Alliance Partnerships

February 21, 2017: ADVA Optical Networking announced a key expansion of its Ensemble Harmony Ecosystem. With six new members, the industry’s most comprehensive network functions virtualization (NFV) partner program encompasses an even broader range of innovators, including systems integrators and virtual network function (VNF) providers. With these new editions, the Ensemble Harmony Ecosystem now offers customers an even greater choice. It enables communication service providers (CSPs) to simplify the transition to cloud-based services in a way that best suits the specific needs of their business. The most recent additions to the partner program include Iricent, Jolata, Netrounds, Quortus, Senetas and Viptela.

February 22, 2017: ADVA Optical Networking announced that its FSP 3000 platform with ConnectGuard™ encryption technology has been approved for the transmission of classified data by the German Federal Office for Information Security (BSI). The approval means that the ADVA FSP 3000 can be used to transport data with security classifications up to the level of ”Verschlusssache nur für den Dienstgebrauch‟ (VS-NfD, “Classified: For Official Use Only”) as well as EU and NATO “restricted”. The ADVA FSP 3000 with ConnectGuard™ data protection encrypts data at the optical layer. It is the first platform that supports Fibre Channel encryption at line speeds of up to 100Gbit/s to achieve BSI-approved status. Now, government organizations can deploy the most robust security methods available in their transport infrastructure. Data that requires restricted clearance, including EU and NATO communication, can be encrypted at the lowest network layer on streams of 100Gbit/s capacity and beyond.

March 17, 2017: ADVA Optical Networking announced that the European Advanced Networking Test Center (EANTC) has validated the unique capabilities of its FSP 150 ProVMe. The EANTC tests found that the edge NFV device succeeded in minimizing additional latency and that its hardware-assisted support functions, such as synchronization and service assurance, can be activated without requiring compute resources. This removes negative impact on revenue-generating VNFs and enhances performance. The ADVA FSP 150 ProVMe achieves this through a combination of physical network functions and the latest Intel Xeon-D processor. Conducted by an objective and highly experienced EANTC team, the evaluation showed the independence from traffic load of specific network functions and confirmed the ease of operation through the use of open-source VNF lifecycle management.

March 20, 2017: ADVA Optical Networking announced a joint OFC demonstration with Inphi Corporation that reveals how ICPs and CNPs can use disaggregated direct detect technology to develop flexible and cost-efficient 100Gbit/s transport systems. Built on ADVA Optical Networking’s newly expanded FSP 3000 CloudConnect™ and Inphi’s ColorZ™ 100Gbit/s PAM4 platform solution in QSFP form factor, the demonstration shows ICPs and CNPs a truly open and best-of-breed alternative to more expensive and closed coherent options. By disaggregating each aspect of the terminal from the line system, ICPs and CNPs are able to evolve and optimize each network layer separately, enabling faster innovation cycles and achieving significant cost savings.

March 21, 2017: ADVA Optical Networking and Corning Incorporated (NYSE:GLW) launched a joint demonstration at the Optical Fiber Communications Conference & Exhibition that showcases a 100Gbit/s direct detect solution built on pulse-amplitude modulation 4 (PAM4) technology. The solution has been specifically designed to help internet content providers (ICPs) and carrier-neutral providers (CNPs) roll out optimized data center interconnect (DCI) networks with the lowest cost per bit. Built upon the newly expanded ADVA FSP 3000 CloudConnect™ and Corning® SMF-28® ULL optical fiber, the demonstration reveals how direct detect signals can be transported over 100km while still meeting stringent optical signal-to-noise ratio (OSNR) requirements. By extending the reach of direct detect signals, ICPs and CNPs are able to use this technology to relieve any DCI bottlenecks and relocate data centers to more cost-effective locations.

Company Events

January 20, 2017: ADVA Optical Networking announced that its Ensemble Connector has won TMC's 2016 NFV Product of the Year Award. Presented by TMC's INTERNET TELEPHONY magazine, the accolade recognized the real-world value of Ensemble Connector, the industry's only open, software-based hosting platform for virtual network functions (VNFs). Part of the ADVA Ensemble product suite, Ensemble Connector enables communication service providers (CSPs) to avoid vendor lock-in and deploy best-in-class software for VNFs. Unlike other fledgling technologies, ADVA Optical Networking's network functions virtualization (NFV) solutions have already been successfully deployed in a number of CSP networks.

February 06, 2017: ADVA Optical Networking announced that it has joined the Science-Based Targets initiative (SBTi). As part of the SBTi, the telecommunications technology supplier has committed to set goals for reducing its carbon emissions based on climate science. These science-based targets will align with internationally agreed efforts to keep global warming below the dangerous 2°C threshold. ADVA Optical Networking has two years to set its targets, which will be closely reviewed and validated by SBTi experts. Meeting the targets will officially demonstrate its continuing commitment to sustainability and corporate social responsibility. The company is one of the first 200 organizations worldwide to join the global initiative.

Three-Month Group Management Report

The numbers discussed in this unaudited interim Group management report are based on the interim consolidated financial statements under IFRS (condensed as per IAS 34 Interim Financial Reporting).

In the following, ADVA Optical Networking SE as a company is labeled "the Company" or "ADVA Optical Networking SE". "ADVA Optical Networking" or "the Group" always refer to the ADVA Optical Networking Group.

Forward-Looking Statements

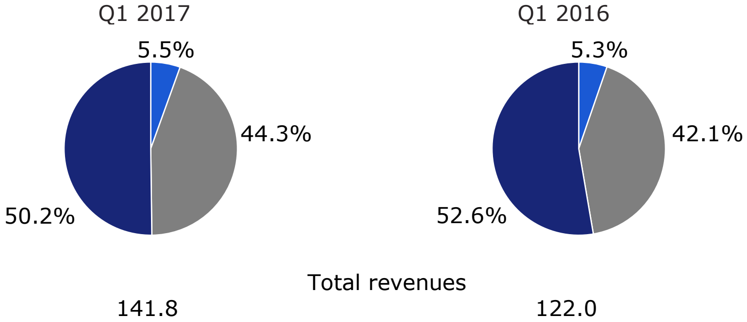
This interim Group management report of ADVA Optical Networking SE contains forward-looking statements using words such as "believes", "anticipates" and "expects" to describe expected revenues and earnings, anticipated demand for optical networking solutions, internal estimates and liquidity. These forward-looking statements are based on the beliefs of the Management Board and respective assumptions made, and involve a number of unknown risks, uncertainties and other factors, many of which are beyond ADVA Optical Networking's control. If one or more of these uncertainties or risks materializes, or if the underlying assumptions of the Management Board prove incorrect, actual results can differ materially from those described in or inferred from forward-looking statements and information. Unknown risks and uncertainties are discussed in the "risk report" section of the Group management report 2016.

Business Development and Operational Performance

Revenues
Revenues represent one of the four key performance indicators for ADVA Optical Networking. The Group's revenues in Q1 2017 amounted to EUR 141.8 million and were EUR 19.8 million or 16.3% above revenues of EUR 122.0 million in Q1 2016. Compared to revenues of EUR 128.0 million in Q4 2016, revenues in Q1 2017 increased by 10.8%. This increase mainly relates to improved Carrier Infrastructure business in the EMEA region as well as improved enterprise business specifically driven by internet content providers (ICPs) and the related business in the Americas. The rise reflects continued network traffic growth due to increased adoption of cloud-based services. Business with Carrier Ethernet access solutions was also up compared to the previous quarter, showing first cross-selling success with the expanded product and customer portfolio from the acquisition of Overture Networks.

After a disproportional increase of revenues in the Americas in 2016, Europe, Middle East and Africa (EMEA) was reported as the most important sales region in Q1 2017, followed by the Americas and Asia-Pacific. Year-on-year, EMEA revenues at EUR 71.2 million in Q1 2017 were up from EUR 64.1 million in Q1 2016 mainly due to improved Carrier Infrastructure business. ADVA Optical Networking is coping well with the ongoing challenging market environment, strong consolidation tendencies and increasing price pressure in this region. In the Americas, revenues increased by 22.3% from EUR 51.4 million in Q1 2016 to EUR 62.8 million in Q1 2017. This absolute increase was mainly driven by demand from ICPs for additional transmission capacity required to connect data processing centers. In the Asia-Pacific region, revenues increased from EUR 6.5 million in Q1 2016 to EUR 7.8 million in Q1 2017 due to improved enterprise business.

Revenues by region
(in millions of EUR and relative to total revenues)



Since ADVA Optical Networking is only active in a single operating segment, which is the development, production and marketing of optical networking solutions, a further breakdown of revenues is not relevant.

Results of Operations

(in millions of EUR, except earnings per share)	**Q1 2017**	**Portion of revenues**	**Q1 2016**	**Portion of revenues**
Revenues	**141.8**	**100.0%**	**122.0**	**100.0%**
Cost of goods sold	-96.3	67.9%	-82.1	67.3%
Gross profit	**45.5**	**32.1%**	**39.9**	**32.7%**
Selling and marketing expenses	-16.2	11.5%	-15.8	12.9%
General and administrative expenses	-8.3	5.8%	-7.8	6.4%
Research and development expenses	-16.7	11.8%	-16.9	13.9%
Other operating income and expenses, net	1.2	0.9%	1.6	1.3%
Operating income	**5.5**	**3.9%**	**1.0**	**0.8%**
Interest income and expenses, net	-0.2	0.1%	-0.2	0.1%
Other financial gains (losses), net	-1.0	0.7%	-6.1	5.0%
Income (loss) before tax	**4.3**	**3.1%**	**-5.3**	**4.3%**
Income tax benefit (expense), net	1.9	1.3%	0.1	0.1%
Net income (loss)	**6.2**	**4.4%**	**-5.2**	**4.2%**
Earnings per share in EUR				
basic	0.12		-0.10	
diluted	0.12		-0.10	

Cost of goods sold increased by EUR 14.2 million to EUR 96.3 million in Q1 2017 mainly due to increased revenues. Cost of goods sold includes amortization charges for capitalized development projects of EUR 5.7 million in Q1 2017 after EUR 7.2 million in Q1 2016.

Gross profit increased from EUR 39.9 million in Q1 2016 to EUR 45.5 million in Q1 2017, while gross margins decreased to 32.1% in Q1 2017 after 32.7% in Q1 2016. The slight decrease in gross margin in Q1 2017 is driven by a disproportional increase in cost of goods sold compared to revenue increase mainly due to customer- and product-mix in the current quarter.

Selling and marketing expenses in Q1 2017 were EUR 16.2 million, up from EUR 15.8 million in Q1 2016, and representing 11.5% and 12.9% of revenues, respectively. ADVA Optical Networking continues to invest in post-sales customer service and intensified direct-touch activities with those key customers served via indirect distribution channels. Establishing direct contact enables the Group to work more closely with its end customers and better understand their specific requirements, which in turn helps in developing suitable products.

General and administrative expenses at EUR 8.3 million in Q1 2017 were up compared to EUR 7.8 reported in Q1 2016, representing 5.8% and 6.4% of revenues, respectively.

At EUR 16.7 million in Q1 2017, R&D expenses remained at the same level as the EUR 16.9 million seen in Q1 2016, comprising 11.8% and 13.9% of revenues, respectively. Gross R&D expenses increased significantly to EUR 27.5 million in Q1 2017 compared to EUR 24.8 million reported in Q1 2016. At the same time, income from capitalization of development expenses increased from EUR 7.9 million in Q1 2016 to EUR 10.8 million in Q1 2017. The capitalization rate in Q1 2017 amounted to 39.1%, significantly above the 31.8% reported in Q1 2016. The increase in capitalization of development expenses mainly relates to the development of the future product platform for innovative productivity solutions.

In Q1 2017, total operating costs of EUR 40.0 million slightly increased by EUR 1.1 million from EUR 38.9 million in Q1 2016, representing 28.2% and 31.9% of revenues, respectively.

ADVA Optical Networking reported a significant increase in operating income of EUR 4.5 million to EUR 5.5 million in Q1 2017. This increase is largely due to the rise in revenues. Compared to revenues operating expenses increased at a lower rate reflecting ADVA Optical Networkings abilitiy to manage its costs effectively.

Pro forma operating income[1] represents one of the four key performance indicators for ADVA Optical Networking. As pro forma operating income excludes non-cash charges related to stock compensation and business combinations, the Management Board of ADVA Optical Networking believes that pro forma operating income is a more appropriate measure than operating income when benchmarking the Group's operational performance against other telecommunications equipment providers. In Q1 2017 ADVA Optical Networking reported a pro forma operating income of EUR 6.6 million after EUR 2.0 million in Q1 2016, representing 4.7% and 1.6% of revenues, respectively.

Beyond the operating result, net interest expenses of EUR 0.2 million (Q1 2016: EUR 0.2 million) and net other financial losses of EUR 1.0 million (Q1 2016: net other financial losses of EUR 6.1 million) relating to the revaluation of foreign currency assets and liabilities and the result on hedging instruments, impacted the net income before tax in Q1 2017.

In Q1 2017, the Group reported an income tax benefit of EUR 1.9 million after an income tax benefit of EUR 0.1 million in Q1 2016. In Q1 2017 the deferred tax benefit from recognition of deferred taxes on loss carry forward exceeds the deferred tax expenses on temporary differences and the current tax expenses. In Q1 2016, the deferred tax benefit from temporary differences has compensated the expenses from decrease of deferred taxes on loss carry forwards and the current tax expenses.

The increase of operating result in the current year, combined with the recognition of a tax benefit, resulted in ADVA Optical Networking reporting a net income of EUR 6.2 million in Q1 2017 after a net loss of EUR 5.2 million in Q1 2016.

Summary: Business Development and Operational Performance
In Q1 2017, ADVA Optical Networking reported increased revenues compared to Q1 2016. Due to corresponding positive development of operating margins ADVA Optical Networking reported a significantly increased net income in Q1 2017.

Net Assets and Financial Position

Balance Sheet Structure

ADVA Optical Networking's total assets decreased by EUR 4.1 million from EUR 467.9 million at year-end 2016 to EUR 463.8 million at the end of March 2017.

(in millions of EUR)	Mar. 31, 2017	Dec. 31, 2016
Current assets	254.7	268.4
Non-current assets	209.1	199.5
Total assets	**463.8**	**467.9**
Current liabilities	130.7	141.5
Non-current liabilities	88.6	87.4
Stockholders' equity	244.5	239.0
Total equity and liabilities	**463.8**	**467.9**

Current assets at EUR 254.7 million at the end of Q1 2017 were EUR 13.7 million lower than the EUR 268.4 million reported at the end of 2016, and comprised 54.9% of the balance sheet total after 57.4% at the end of 2016. The decrease in current assets is mainly driven by the reduction of EUR 15.2 million in cash and cash equivalents to EUR 69.7 million at the end of Q1 2017. At the same time, inventories decreased by EUR 11.1 million to EUR 81.7 million at the end of Q1 2017, with inventory turns improved at 4.5 times in Q1 2017 compared to 4.1 times in Q4 2016. These effects were partly compensated by an increase of trade accounts receivable to EUR 94.1 million at the end of Q1 2017 after EUR 78.5 million reported on December, 31 2016. Days sales outstanding were at 54.8 days in Q1 2017, compared to the 60.2 days reported in 12M 2016.

Non-current assets increased to EUR 209.1 million on March 31, 2017, after EUR 199.5 million reported at year-end 2016. Within non-current assets capitalized development projects increased by EUR 5.0 million to EUR 81.3 million at the end of Q1 2017. In addition, deferred tax assets increased by EUR 3.6 million to EUR 39.6 million, related to the recognition of taxes on losses carried forward in ADVA Optical Networking NA Inc. and ADVA Optical Networking SE.

Meaningful additional assets belonging to ADVA Optical Networking are the broad and global customer base of several hundred service providers and thousands of enterprises, the ADVA Optical Networking brand, the vendor and partner relationships and a highly motivated and skilled global team. These assets are not included in the balance sheet. Customer satisfaction as measured by the Net Promoter Score[5] represents one of the Group's four key performance indicators, highlighting the value of sustainable relationships with customers to ADVA Optical Networking.

On the equity and liabilities side, current liabilities decreased by EUR 10.8 million from EUR 141.5 million on December 31, 2016, to EUR 130.7 million on March 31, 2017, primarily due to lower trade accounts payable and other current liabilities. Trade accounts payable at EUR 64.0 million were below the EUR 73.3 million reported at the end of 2016. Days payable outstanding were at 64.2 days in Q1 2017 compared to 62.1 days in 12M 2016. The decrease in trade accounts payable is driven by the timing of material purchases. Other current liabilities decreased by EUR 7.7 million to EUR 15.4 million at the end of March 2017, largely driven by variable compensation for prior periods paid out in Q1 2017. At the same time, current provisions increased by EUR 3.3 million as employees' variable compensation entitlement for 2017 has been included on a pro rata basis. Mainly due to an increase in services sold to customers, deferred revenues increased to EUR 14.3 million at the end of Q1 2017 compared to EUR 11.3 million reported at year-end 2016.

[5] The Net Promoter Score is obtained by asking customers a single question on a 0 to 10 rating scale: "How likely is it that you would recommend our company to a friend or colleague?" Based on their responses, customers are categorized into one of three groups: promoters (9-10 rating), passives (7-8 rating), and detractors (0-6 rating). The percentage of detractors is then subtracted from the percentage of promoters to obtain a Net Promoter Score.

Non-current liabilities slightly increased from EUR 87.4 million at year-end 2016 to EUR 88.6 million at the end of March 2017 mainly due to higher deferred revenues relating to service contracts by EUR 3.5 million as well as increased deferred tax liabilities due to capitalized expenses from research and development. These effects are partly compensated by the decrease of non-current financial liabilities by EUR 4.7 million due to scheduled servicing of loans.

Stockholders' equity increased from EUR 239.0 million reported on December 31, 2016, to EUR 244.5 million on March 31, 2017. The equity ratio was at 52.7% on March 31, 2017, after 51.1% on December 31, 2016, while the non-current assets ratio amounted to 116.9% and 119.8%, respectively with stockholders' equity fully covering the non-current assets and a portion of the current assets.

Balance sheet ratios (in %)		**Mar. 31, 2017**	**Dec. 31, 2016**
Equity ratio	Stockholders' equity / Total assets	52.7	51.1
Non-current asset ratio	Stockholders' equity / Non-current assets	116.9	119.8
Liability structure	Current liabilities / Total liabilities	59.6	61.8

Capital Expenditures

Capital expenditures for additions to property, plant and equipment in Q1 2017 amounted to EUR 3.2 million, above the EUR 2.4 million seen in Q1 2016.

Capital expenditures for intangible assets of EUR 12.8 million in Q1 2017 were up from EUR 8.1 million in Q1 2016. This total mainly consists of capitalized development projects of EUR 10.7 million in Q1 2017 after EUR 7.8 million in Q1 2016 and capital expenditures for other intangible assets of EUR 2.1 million in Q1 2017 after rounded nil in Q1 2016.

Cash Flow (in millions of EUR)	**Q1 2017**	**Portion of cash**	**Q1 2016**	**Portion of cash**
Operating cash flow	5.6	8.1%	2.0	2.8%
Investing cash flow	-15.8	22.7%	-42.9	58.4%
Financing cash flow	-5.0	7.1%	21.0	28.6%
Net effect of foreign currency translation on cash and cash equivalents	0.0	0.0%	-0.6	0.8%
Net change in cash and cash equivalents	**-15.2**	**21.7%**	**-20.5**	**27.8%**
Cash and cash equivalents at the beginning of the period	84.9	121.7%	93.9	127.8%
Cash and cash equivalents at the end of the period	**69.7**	**100.0%**	**73.4**	**100%**

Cash flow from operating activities was positive EUR 5.6 million in Q1 2017, after positive EUR 2.0 million in Q1 2016, and mainly relates to the improved income before tax.

Cash flow from investing activities amounted to negative EUR 15.8 million in Q1 2017 after negative EUR 42.9 million in Q1 2016. The significantly decreased use of funds for investing activities is largely due to cash outflows in the acquisition of Overture reported in Q1 2016.

Finally, net cash outflows of EUR 5,0 million were used for financing activities in Q1 2017, after EUR 21.0 million cash inflows for financing activities in Q1 2016. The cash flow in Q1 2017 is due to scheduled servicing of existing debt. In Q1 2016, the inflows mainly resulted from taking up new debt.

Overall, including the net effect of foreign currency translation of close to nil in Q1 2017, cash and cash equivalents decreased by EUR 15.2 million, from EUR 84.9 million at the end of December 2016 to EUR 69.7 million on March 31, 2017.

Financing and Liquidity

ADVA Optical Networking's financial management objective is to provide sufficient funds to ensure ongoing operations and to support the Group's future growth. Beyond the strong equity base appropriate for the growing business, ADVA Optical Networking finances its business by means of liabilities with maturities typically exceeding the life of the assets being financed. For any liability taken, ADVA Optical Networking is focused on minimizing related interest cost, as long as access to funds is not at risk. Excess funds are generally used to redeem.

Financial liabilities (in millions of EUR)	**Mar. 31, 2017**	**Dec. 31, 2016**
Current financial liabilities	18.6	18.7
Non-current financial liabilities	36.1	40.7
Total financial liabilities	**54.7**	**59.4**

Total financial liabilities decreased by EUR 4.7 million. While the current portion remained fairly stable at EUR 18.6 million, the non-current portion decreased from EUR 40.7 million on December 31, 2016 to EUR 36.1 million at the end of March 2017. The decrease in non-current financial liabilities mainly results from scheduled servicing of existing debts.

On March 31, 2017, the Group had available EUR 8.0 million of undrawn committed borrowing facilities (December 31, 2016: EUR 8.0 million).

Net liquidity[2] represents one of the four key performance indicators for ADVA Optical Networking. Due to the decrease in cash and cash equivalents in Q1 2017, partly offset by the decrease in financial liabilities ADVA Optical Networking's net liquidity decreased from EUR 25.5 million at year-end 2016 to EUR 15.0 million at the end of March 2017. Cash and cash equivalents on March 31, 2017, and on December 31, 2016, were invested mainly in EUR, USD and GBP. At the end of March 2017 and at the end of December 2016, EUR 0.2 million and EUR 0.1 million of cash and cash equivalents was restricted, respectively.

Net liquidity (in millions of EUR)	**Mar. 31, 2017**	**Dec. 31, 2016**
Cash and cash equivalents	69.7	84.9
- financial liabilities		
current	18.6	18.7
non-current	36.1	40.7
Net liquidity	**15.0**	**25.5**

ADVA Optical Networking's liquidity ratios reflect the healthy balance sheet structure.

Financing ratios		Mar. 31, 2017	Dec. 31, 2016
Cash ratio	Cash and cash equivalents / Current liabilities	0.53	0.60
Quick ratio	Monetary current assets* / Current liabilities	1.25	1.15
Current ratio	Current assets / Current liabilities	1.95	1.90

* Monetary current assets are defined as the sum of cash and cash equivalents, short-term investments and securities and trade accounts receivable.

Return on capital employed in Q1 2017 was at positive 6.8%, up from positive 1.4% reported in Q1 2016. This development is mainly due to the improved operating result in Q1 2017.

Return on capital employed (ROCE) (base data in millions of EUR)		Q1 2017	Q1 2016
Operating income		5.5	1.0
Average total assets*		465.9	408.9
Average current liabilities*		136.1	114.7
ROCE	Operating income, annualized / Ø total assets - Ø current liabilities	**6.8%**	**1.4%**

* Arithmetic average of the quarterly balance sheet values (Dec. 31 of the previous year and Mar. 31 of the year).

Transactions with Related Parties
Transactions with related individuals and legal entities are discussed in note (23) to the three-month consolidated interim financial statements.

Summary: Net Assets and Financial Position
The net assets and financial position of ADVA Optical Networking continues to be solid in Q1 2017, albeit the lower levels of cash and cash equivalents as well as net liquidity compared to year-end 2016.

Events After the Balance Sheet Date

There were no events after the balance sheet date that impacted the financial position of the Group on March 31, 2017, or its financial performance for the reporting period then ended. Similarly there were no events considered material for disclosure.

Risk Report

ADVA Optical Networking's future development is subject to various general and Group-specific risks, which in certain cases can also endanger the Group's continued existence. Unknown risks, uncertainties and other factors are discussed in the "risk report" section of the 2016 Annual Report.

Outlook

Based on the macroeonomic framework, ADVA Optical Networking anticipates a compound annual growth rate of 8%[6] for the Group's addressable core market between the years 2016 – 2021. Internet content providers represent the customer group with the greatest growth potential due to their demand for data center interconnect solutions.

The global megatrends cloud and mobility still drive sustainable growth for the Group's addressable market. The market for cloud and mobile services is driving demand for more bandwidth, and thus also the demand for more transmission technology that accelerate and improve access to the cloud.

In order to ensure sustainable corporate success, ADVA Optical Networking focuses on the following long-term strategic objectives:

- Grow global revenues and profitability through extensive sales and marketing activities focusing on large customers, new customer acquisition and the service and software business.
- Expand the Group's proven innovation leadership and increase market share by meeting strategic customers' demand for innovative connectivity solutions.
- Maintain operational excellence by further focusing on industry-leading processes and best-in-class execution, which will result in product and service quality leadership, improved efficiency and increased overall customer satisfaction.
- Recruit, retain, motivate, educate and nurture the Group's employees to sustainably achieve high levels of performance, personal growth and job satisfaction, while keeping employee turnover low.

In 2017 the Company aims once again to achieve revenue growth above average market growth. In addition, the profitability of the Group is expected to be improved and returned to the level of 2015. The following factors will play a decisive role:

- Internet content providers build new and larger data centers that need to be connected with optical transmission technology. The FSP 3000 CloudConnect™ has been specifically designed for this target group and ADVA Optical Networking expects additional growth and margin improvement in this application due to an improved cost structure.
- Large companies build geographically dispersed data protection and storage solutions, requiring optical transmission technology. The security package ConnectGuard™ and the BSI-certification in Germany bring competitive advantages and increased customer loyalty. ADVA Optical Networking expects solid growth in this application with good profitability.
- Carrier infrastructure upgrades will continue in 2017. The investment focus is shifting further towards metro networks, where ADVA Optical Networking is particularly well positioned.
- The expansion of the ADVA FSP 150 portfolio as well as the expansion of the relevant customer base, due to the acquisition of Overture strengthen ADVA Optical Networking's position in the cloud access market. The Company expects new customer wins and an expansion of existing business relationships in all regions.
- High-precision synchronization technology is rapidly gaining strategic importance. Specifically mobile operators, who are expanding existing LTE networks and preparing for upcoming 5G standards, are asking for network-based solutions to deliver and assure highly accurate time and frequency information. The Oscilloquartz solution portfolio is industry-leading and promises an above-average contribution to revenue growth and margins for 2017.

[6] Industry analyst estimates for metro WDM equipment and access switching & routing relevant to ADVA Optical Networking. Sources: Ovum, Optical Networks Forecast 2016-2021 and service provider switching and routing forecast 2016-2022, published January 2017.

Despite the current uncertainty caused by the Brexit decision in the UK and the protectionist tendencies of the new US government, the global megatrends Cloud and Mobility continue to drive the growth for the network equipment industry. ADVA Optical Networking's commitment to being a trusted partner for Connecting, Extending and Assuring the Cloud, is positioning the company as an attractive supplier in important growth markets. The combination of application-optimized innovation, short development and delivery times, a broad and growing customer base, and a balanced distribution model distinguish ADVA Optical Networking from comparable companies and leads to a profitable business model.

Based on these factors, and taking into account planning parameters such as personnel and currency exchange rates, the Management Board of ADVA Optical Networking expects the Group to grow faster than the average market and increase revenues in a moderate double digit percentage range. Under this assumption, the Management Board also expects its 2017 pro forma operating income[1] to increase. Net liquidity[2] in 2016 was reduced through the acquisition of Overture, compared to the highs of 2015. The Management Board expects an increase from the new level in the lower double digit million Euro range by the end of 2017. The Group will continue to selectively invest in product development, technology and revenue-generating opportunities. In addition, the Management Board of ADVA Optical Networking expects, due to the continued focus on innovation, quality and service, that customer satisfaction in 2017 will once again be at high positive levels. Actual results may differ materially from expectations if risks materialize or the underlying assumptions prove unrealistic.

Meiningen, April 25, 2017

Brian Protiva

Christoph Glingener | Ulrich Dopfer

Three-Month IFRS Consolidated Financial Statements

Consolidated Statement of Financial Position (Unaudited)

(in thousands of EUR)	Note	Mar. 31, 2017	Dec. 31, 2016
Assets			
Current assets			
Cash and cash equivalents	(5)	69,709	84,871
Trade accounts receivable	(6)	94,103	78,474
Inventories	(7)	81,698	92,800
Tax assets		1,525	1,474
Other current assets	(8)	7,633	10,742
Total current assets		**254,668**	**268,361**
Non-current assets			
Property, plant and equipment	(9)	25,731	25,126
Goodwill		41,127	41,538
Capitalized development projects	(10)	81,302	76,263
Intangible assets acquired in business combinations	(10)	13,413	14,284
Other intangible assets	(10)	3,853	2,145
Deferred tax assets		39,642	35,999
Other non-current assets	(8)	4,080	4,176
Total non-current assets		**209,148**	**199,531**
Total assets		**463,816**	**467,892**

(in thousands of EUR)	Note	Mar. 31, 2017	Dec. 31, 2016
Equity and liabilities			
Current liabilities			
Financial liabilities		18,648	18,648
Trade accounts payable	(11)	63,993	73,290
Advance payments received		548	352
Other provisions	(12)	15,054	11,789
Tax liabilities		2,711	2,957
Deferred revenues		14,296	11,347
Other current liabilities	(11)	15,445	23,143
Total current liabilities		**130,695**	**141,526**
Non-current liabilities			
Financial liabilities		36,032	40,717
Provisions for pensions and similar employee benefits		4,872	4,705
Other provisions	(12)	1,621	1,507
Deferred tax liabilities		31,962	30,256
Deferred revenues		10,511	6,971
Other non-current liabilities	(11)	3,657	3,263
Total non-current liabilities		**88,655**	**87,419**
Total liabilities		**219,350**	**228,945**
Stockholders' equity entitled to the owners of the parent company	(13)		
Share capital		49,499	49,499
(Conditional capital EUR 4,813 thousand; prior year EUR 3,531 thousand)			
Capital reserve		312,663	312,305
Accumulated deficit		-126,970	-148,502
Net income		6,185	21,532
Accumulated other comprehensive income (loss)		3,089	4,113
Total stockholders' equity		**244,466**	**238,947**
Total equity and liabilities		**463,816**	**467,892**

Consolidated Income Statement (Unaudited)

(in thousands of EUR, except earnings per share and number of shares)	Note	Q1 2017	Q1 2016
Revenues	(14)	**141,835**	**121,962**
Cost of goods sold		-96,297	-82,085
Gross profit		**45,538**	**39,877**
Selling and marketing expenses		-16,235	-15,775
General and administrative expenses		-8,260	-7,770
Research and development expenses		-16,752	-16,903
Other operating income	(15)	1,535	1,716
Other operating expenses	(15)	-325	-151
Operating income		**5,501**	**994**
Interest income	(16)	32	11
Interest expenses	(16)	-223	-202
Other financial gains and losses, net	(17)	-1,002	-6,045
Income (loss) before tax		**4,308**	**-5,242**
Income tax benefit (expense), net	(18)	1,877	79
Net income (loss) entitled to the owners of the parent company		**6,185**	**-5,163**
Earnings per share in EUR			
basic		0.12	-0.10
diluted		0.12	-0.10
Weighted average number of shares for calculation of earnings per share			
basic		49,498,934	49,374,484
diluted		50,251,344	49,374,484

Consolidated Statement of Comprehensive Income (Unaudited)

(in thousands of EUR)	Q1 2017	Q1 2016
Net income (loss) entitled to the owners of the parent company	**6,185**	**-5,163**
Items that possibly get reclassified to profit or loss in future periods		
Exchange differences on translation of foreign operations	1,520	-1,602
Items that not get reclassified to profit or loss in future periods		
Remeasurement of defined benefit plans	-2,544	-2,009
Total comprehensive income (loss) entitled to the owners of the parent company	**5,161**	**-8,774**

Remeasurement of defined benefit plans is regularly done at year-end. Thus in 3M 2017 no effects from remeasurement were recognized.

In Q1 2017 and Q1 2016, no items were reclassified (recycled) from comprehensive income to profit or loss.

Consolidated Cash Flow Statement (Unaudited)

(in thousands of EUR)	Note	Q1 2017	Q1 2016
Cash flow from operating activities			
Income (loss) before tax		4,308	-5,242
Adjustments to reconcile income (loss) before tax to net cash provided by operating activities			
Non-cash adjustments			
Amortization of non-current assets		9,359	10,627
Loss from disposal of property, plant and equipment and intangible assets		106	2
Stock compensation expenses	(22)	358	285
Other non-cash income and expenses (net)		1,039	257
Foreign currency exchange differences		-523	-537
Changes in assets and liabilities			
Decrease (increase) in trade accounts receivable		-15,629	-15,352
Decrease (increase) in inventories		11,102	4,620
Decrease (increase) in other assets		3,084	-391
Increase (decrease) in trade accounts payable		-9,297	10,795
Increase (decrease) in provisions		2,527	3,282
Increase (decrease) in other liabilities		-341	-5,847
Income tax paid		-470	-467
Net cash provided by operating activities		**5,623**	**2,032**

(in thousands of EUR)	Note	Q1 2017	Q1 2016
Cash flow from investing activities			
Proceeds from government grants		90	-
Investment in property, plant and equipment	(9)	-3,155	-2,356
Investment in intangible assets	(10)	-12,813	-8,112
Net cash received from (paid in) acquisition of affiliated companies		-	-32,409
Interest received		31	11
Net cash used in investing activities		**-15,847**	**-42,866**
Cash flow from financing activities			
Payments received from financial liabilities	)	-	35,000
Cash repayment of financial liabilities		-4,688	-13,636
Interest paid		-278	-388
Net cash provided by/(used in) financing activities		**-4,966**	**20,976**
Net effect of foreign currency translation on cash and cash equivalents		28	-590
Net change in cash and cash equivalents		**-15,162**	**-20,448**
Cash and cash equivalents at the beginning of the period		84,871	93,850
Cash and cash equivalents at the end of the period		**69,709**	**73,402**

Consolidated Statement of Changes in Stockholders' Equity (Unaudited)

(in thousands of EUR, except number of shares)	Share capital					
	Number of shares	Par value	Capital reserve	Net income (loss) and accumulated deficit	Accumulated other comprehensive income (loss)	Total stockholders' equity entitled to the owners of the parent company
Balance on January 1, 2016	**48,374,484**	**49,374**	**310,645**	**-148,502**	**4,404**	**215,921**
Stock options outstanding			303			303
Net loss				-5,163		-5,163
Exchange differences on translation of foreign operations					-1,602	-1,602
Remeasurement of defined benefit plans					-2,009	-2,099
Total comprehensive income				-5,163	-3,611	-8,774
Balance on March 31, 2016	**49,374,484**	**49,374**	**310,948**	**-153,665**	**793**	**207,450**
Balance on January 1, 2017	**49,498,934**	**49,499**	**312,305**	**-126,970**	**4,113**	**238,947**
Stock options outstanding			358			358
Net income				6,185		6,185
Exchange differences on translation of foreign operations					1,520	1,520
Remeasurement of defined benefit plans					-2,544	-2,544
Total comprehensive income (loss)				6,185	-1,024	5,161
Balance on March 31, 2017	**49,498,934**	**49,499**	**312,663**	**-120,785**	**3,089**	**244,466**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

(1) Information about the Company and the Group

ADVA Optical Networking SE (hereinafter referred to as "the Company"), Märzenquelle 1-3, 98617 Meiningen, Germany is a Societas Europaea, registered as HRB 508155 at the commercial register in Jena. The Company's headquarters are in Fraunhoferstrasse 9a, 82152 Martinsried/Munich, Germany.

The ADVA Optical Networking Group (hereinafter referred to as „ADVA Optical Networking" or „the Group") develops, manufactures and sells optical and Ethernet-based networking solutions to telecommunications carriers and enterprises to deliver data, storage, voice and video services.

Telecommunications service providers, private companies, universities and government agencies worldwide use the Group's systems. ADVA Optical Networking sells its product portfolio both directly and through an international network of distribution partners.

(2) Basis of Preparation and Accounting Policies

The Group's consolidated interim financial statements for the period ended March 31, 2017, are prepared in accordance with IAS 34. The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements per December 31, 2016.

The condensed interim consolidated financial statements for the period ended March 31, 2017, have neither been audited nor subject to a limited review by the Group auditor PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Munich.

The condensed interim consolidated financial statements are presented in EUR. Unless otherwise stated, all amounts quoted are in thousands of EUR. The balance sheet is broken down into current and non-current assets and liabilities. The classification of income and expenses in the income statement is based on their function within the entity. Where items on the balance sheet and in the income statement are summarized in the interest of clarity, this is explained in the notes to the consolidated financial statements. The additional disclosure requirements in order to comply with section 315 a paragraph 1 of the German Commercial Code (Handelsgesetzbuch, HGB) are all met.

The interim financial statements of the individual subsidiaries of the holding company ADVA Optical Networking SE, as subsumed in the condensed interim consolidated financial statements, are all prepared using the same accounting and valuation policies and the same balance sheet date.

The result of the three-month period through March 31, 2017, cannot be extrapolated to the result of the full year 2017.

(3) Effects of New Standards and Interpretations

The accounting policies followed are consistent with those of the prior financial year, except for the adoption of new and amended IFRSs and interpretations (IFRICs) during Q1 2017.

Standards, amendments and interpretations applicable for the first time in 2017
In Q1 2017, following standards and interpretations have been adopted for the first time.

Standard	Topic	First-time adoption*	Expected impact on the financial position and performance
Amendments to IAS 12	Recognition of Deferred Tax Assets Related to Unrealized Losses	Jan. 1, 2017	none
Amendments to IAS 7	Disclosure Initiative	Jan. 1, 2017	none

* To be applied in the first reporting period of a financial year beginning on or after this date.

New accounting requirements not yet endorsed by the EU
The IASB and the IFRIC have issued further Standards and Interpretations in 2017 and previous years that are not applicable for the financial year 2017. In addition, the first-time adoption is subject to endorsement by the EU.

Standard	Topic	First-time adoption*	Expected impact on the financial position and performance
IFRS 9 (2014)	Financial Instruments	Jan. 1, 2018	under review
IFRS 15 including relevant clarifications	Revenue from Contracts with Customers	Jan. 1, 2018	none
IFRS 16	Leases	Jan. 1, 2019	under review
Amendments to IFRS 2	Share-based Payment	Jan. 1, 2018	none
Amendments to IFRS 4	Insurance Contracts	Jan. 1, 2018	none
Amendments to IAS 40	Investment Property	Jan. 1, 2018	none
Annual improvements 2016	The improvements include changes to: IAS 28 – Investments in Associates and Joint Ventures IFRS 12 – Disclosure of Interests in Other Entities as well as editorial amendments to IFRS 1	Jan. 1, 2017 and 2018, respectively	none
IFRIC 22	Foreign Currency Transactions and Advance Considerations	Jan. 1, 2018	under review

* To be applied in the first reporting period of a financial year beginning on or after this date.

IFRS 9 (2014) in its final version replaces IAS 39 Financial Instruments: Recognition and Measurement. It supersedes all regulations previously published. The Standard includes requirements for classification and valuation of financial assets. In addition, a new impairment model based on expected payment defaults is implemented. Furthermore, IFRS 9 contains new hedge accounting rules. ADVA Optical Networking will apply the new standard in the financial year 2018 for the first time. The application will presumably result in changes to the calculation of impairment of financial assets. However, ADVA Optical Networking does not expect significant impact on its financial position and performance of the Group.

IFRS 15 specifies how and when revenues will be recognized based on a single, principles based five-step model to be applied to all contracts with customers. Additionally, the standard defines comprehensive disclosure requirements. ADVA Optical Networking has started a global project for the implementation of the new standard. The first-time adoption will apply prospectively for financial periods starting January 1, 2018. Currently, ADVA Optical Networking does not expect significant impact on its financial performance.

On January 13, 2016, the IASB published IFRS 16 Leases regarding accounting of lease contracts. The new standard will replace IAS 17 Leases and all related interpretations and implements a consistent lease accounting model. Hence, lessees will have to recognize assets (right to use) and lease liabilities for all lease contracts with terms over 12 months. At present, ADVA Optical Networking reviews the potential impact of the application of IFRS 16 on its consolidated financial statements. The standard will be applied for financial years starting January 1, 2019.

Besides the described standards, the adoption of new or revised standards and interpretations – from today’s perspective – will not have a material impact on the financial position and performance of the Group. The Group does not plan an early adoption of these standards.

(4) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group’s interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities on the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Discussed below are the key judgments and assumptions concerning the future and other key sources of estimation of uncertainty on the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current financial year.

Development expenses
Initial capitalization of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. See note (10) for the carrying amounts involved.

Impairment of non-financial assets
The Group assesses whether there are any indicators of impairment for all non-financial assets on each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of these cash flows. See note (9) and (10) for the carrying amounts involved.

Employee benefits
Pension and similar post-employment obligations as well as the related expenses are recognized based on actuarial calculations. The actuarial valuation of the present value of pension obligations depends on a number of assumptions regarding the discount rate, the expected salary increase rate, the expected pension trend, and life expectancy. In the event that changes in the assumptions regarding the valuation parameters are required, the future amounts of the pension obligations as well as the pension benefit costs may be affected materially.

Share-based compensation transactions
The Group measures the cost of equity-settled and cash-settled transactions with employees by reference to the fair value of the equity instruments on the date at which they are granted or on the balance sheet date. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the expected life of the option, volatility and dividend yield, as well as further assumptions.

Provisions
Significant estimates are involved in the determination of provisions related to warranty costs and legal proceedings. The estimate of warranty claims is based on historic data and is extrapolated into the future. Legal proceedings often involve complex legal issues and are subject to substantial uncertainties. Accordingly, management exercises considerable judgment in determining whether there is a present obligation as a result of a past event at the end of the reporting period, whether it is more likely than not that such a proceeding will result in an outflow of resources and whether the amount of the obligation can be reliably estimated. Other provisions are described in note (12).

Taxes
Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expenses already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available to utilize these losses. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(5) Cash and Cash Equivalents

Cash and cash equivalents include the following amounts to which ADVA Optical Networking has only limited access:

(in thousands of EUR)	**Mar. 31, 2017**	**Dec. 31, 2016**
Amounts pledged as security	151	146

On March 31, 2017, cash of EUR 3,505 thousand (December 31, 2016: EUR 3,436 thousand) is held in China and is subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash equivalents are invested for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

On March 31, 2017, the Group had EUR 8,000 thousand available (on December 31, 2016: EUR 8,000 thousand) of undrawn committed borrowing facilities in respect of which all conditions had been met.

(6) Trade Accounts Receivable

As a result of an agreement on the sale of accounts receivable entered into on September 16, 2008, interest expenses of EUR 40 thousand were incurred in Q1 2017 (Q1 2016: EUR 59 thousand).

(7) Inventories

In Q1 2017, write-downs amounting to EUR 2,293 housand (Q1 2016: EUR 425 thousand) were recognized as expense within costs of goods sold. This amount includes reversals of earlier write-downs in the amount of EUR 515 thousand (Q1 2016: EUR 541 thousand) due to higher selling and input prices.

In Q1 2017 and Q1 2016, material costs of EUR 75,157 thousand and EUR 62,980 thousand, respectively, have been recognized.

(8) Other Current and Non-Current Assets

On March 31, other current assets can be analyzed as follows:

(in thousands of EUR)	Mar. 31, 2017	Dec. 31, 2016
Non-financial assets		
Prepaid expenses	2,832	2,707
Receivables due from tax authorities	1,242	3,632
Other	519	703
Total current non-financial assets	**4.593**	**7.042**
Financial assets		
Government grant allowances for research projects	2,417	2,478
Positive fair values of derivative financial instruments	379	903
Other	244	319
Total current financial assets	**3,040**	**3,700**
	7,633	**10,742**

Other current assets are non-interest-bearing and are generally due within 0 to 60 days.

Further disclosures on derivative financial instruments are given in note (17).

On March 31, other non-current assets can be analyzed as follows:

(in thousands of EUR)	Mar. 31, 2017	Dec. 31, 2016
Financial assets		
Investments	1,374	1,374
Government grant allowances for research projects	1,433	1,567
Other	1,273	1,235
Total non-current financial assets	**4,080**	**4,176**

On March 31, 2017, and December 31, 2016, no non-current non-financial assets have been recognized.

Investments relate to 9% of the shares of Saguna Networks Ltd. Nesher, Israel, held by ADVA Optical Networking SE (prior year: 9% of the shares).

On March 31, 2017, government grants for thirteen research projects are recognized (December 31, 2016: fourteen research projects). These public grants relate to programs promoted by the EU and national governments.

(9) Property, Plant and Equipment

Property, plant and equipment can be analyzed as follows:

(in thousands of EUR)	Mar. 31, 2017	Dec. 31, 2016
Land and buildings	7,856	8,069
Technical equipment and machinery	14,054	13,707
Factory and office equipment	3,081	2,902
Assets under construction	740	448
	25,731	**25,126**

In Q1 2017 and Q1 2016, there were neither impairments nor write-backs of property, plant and equipment impaired in prior years.

In Q1 2017, the Group has received cash payments of EUR 90 thousand for government grants related to purchases (Q1 2016: nil). Based on grant notifications no historical costs have been deducted in Q1 2017 (Q1 2016: nil).

(10) Capitalized Development Projects, intangible assets acquired in business combinations and Other Intangible Assets

The table below summarizes the carrying amounts:

(in thousands of EUR)	**Mar. 31, 2017**	**Dec. 31, 2016**
Capitalized development projects	81,302	76,263
Intangible assets acquired in business combinations	13,413	14,284
Other intangible assets	3,853	2,145
	98,568	**92,692**

In Q1 2017, borrowing costs of EUR 84 thousand (Q1 2016: EUR 160 thousand) were capitalized related to development projects with an expected duration of more than 12 months. Borrowing costs were capitalized at the weighted average rate of the financial liabilities of 2.7%.

Intangible assets acquired in business combinations can be analyzed as follows:

(in thousands of EUR)	**Mar. 31, 2017**	**Dec. 31, 2016**
Purchased technology Biran	87	111
Purchased technology Time4 Systems	424	456
Purchased technology FiSEC	920	993
Purchased hardware technology Overture	2,996	3.260
Purchased software technology Overture	3,745	3.919
Brand Ensemble	175	185
Purchased customer relationships OSA	148	166
Purchased customer relationships Overture	4,918	5,194
	13,413	**14,284**

Amortization of intangible assets

Amortization of intangible assets with a finite useful life comprises:

(in thousands of EUR)	**Q1 2017**	**Q1 2016**
Capitalized development projects	5,699	7,155
Intangible assets acquired in business combinations	782	671
Other intangible assets	439	421
	6,920	**8,247**

Amortization of intangible assets acquired in business combinations can be analyzed as follows:

(in thousands of EUR)	**Q1 2017**	**Q1 2016**
Purchased technology Biran	28	26
Purchased technology Time4 Systems	32	32
Purchased technology FiSEC	73	73
Purchased hardware technology Overture	264	225
Purchased software technology Overture	173	146
Brand Ensemble	11	9
Purchased customer relationships OSA	19	28
Purchased customer relationships Overture	182	132
	782	**671**

In the income statement, amortization of capitalized development projects and amortization of purchased technology is included in cost of goods sold. Amortization of purchased customer relationship assets is included in selling and marketing expenses.

In Q1 2017 and Q1 2016, no impairment of intangible assets with finite useful economic lives was recognized.

(11) Trade Accounts Payable and Other Current and Non-Current Liabilities

The trade accounts payable are non-interest-bearing and generally due within 30 to 90 days.

Other current liabilities on March 31, can be analyzed as follows:

(in thousands of EUR)	**Mar. 31, 2017**	**Dec. 31, 2016**
Non-financial liabilities		
Liabilities to employees for vacation	4,064	2,048
Liabilities due to withheld wage income tax and social security contribution	2,015	1,777
Liabilities due to tax authorities	1,513	1,139
Obligations from subsidized research projects	2,179	2,256
Other	577	1,004
Total current non-financial liabilities	**10,348**	**8,224**
Financial liabilities		
Liabilities to employees for variable compensation and payroll	3,592	14,008
Other	1,505	911
Total current financial liabilities	**5,097**	**14,919**
	15,445	**23,143**

On March 31, other non-current liabilities include:

(in thousands of EUR)	**Mar. 31, 2017**	**Dec. 31, 2016**
Non-financial liabilities		
Obligations from subsidized research projects	1,379	1,594
Other	1,315	1,469
Total non-current non-financial liabilities	**2,694**	**3,063**
Financial liabilities		
Other	963	200
Total non-current financial liabilities	**963**	**200**
	3,657	**3,263**

On March 31, 2017, other non-current non-financial liabilities primarily include deferred rental expense of EUR 1,299 thousand (December 31, 2016: EUR 1,377 thousand).

(12) Other Provisions

(in thousands of EUR)	Mar. 31, 2017	Dec. 31, 2016
Current provisions		
Warranty provision	3,019	2,581
Personnel provisions	4,544	530
Other current provisions	7,491	8,678
	15,054	**11,789**
Non-current provisions		
Warranty provision	1,329	1,264
Personnel provisions	265	216
Other non-current provisions	27	27
	1,621	**1,507**
	16,675	**13,296**

The estimated expenses related to warranty claims reflect both past experience and current developments and are based on a percentage of sales revenues. Any differences between actual amounts and anticipated amounts are treated as changes in accounting estimates and affect earnings in the period in which the change occurs.

Current personnel provisions mainly include variable compensation payments, expenses for employee's accident insurance and other expenses resulting from legal requirements. For year-end reporting, variable compensation payments are reclassified to other liabilities.

Other current provisions primarily include provisions for outstanding invoices of uncertain amount and timing and provisions for potential obligations from existing contracts.

Non-current personnel provisions mainly include liabilities from share-based compensation transactions.

(13) Stockholders' Equity

On March 31, 2017, and on December 31, 2016, the share capital amounts to EUR 49,499 thousand, respectively.

Further details on stockholders' equity are included in the Consolidated Statement of Changes in Stockholders' Equity.

(14) Revenues

In Q1 2017 and Q1 2016, revenues included EUR 14,266 thousand and EUR 14,267 thousand for services, respectively. The remaining revenues relate mainly to product sales.

A summary of revenues by geographic region is provided in the section on segment reporting under note (19).

(15) Other Operating Income and Expenses

(in thousands of EUR)	Q1 2017	Q1 2016
Other operating income		
Government grants received	302	277
Income for the supply of development services	38	
Release of bad debt allowances	173	240
Release of provisions	215	992
Other	807	207
	1,535	**1,716**
Other operating expenses		
Other	-325	-151
	-325	**-151**
Other operating income and expenses, net	**1,210**	**1,565**

(16) Interest Income and Expenses

Interest income primarily includes interest from daily bank deposits and from other short-term deposits with maturities between one day and three months.

Interest expenses are primarily incurred on financial liabilities and on the sale of receivables. Refer to note (6) for further details.

(17) Other Financial Gains (Losses), net, and Derivative Financial Instruments

Other financial gains (losses), net, mainly comprise the following:

(in thousands of EUR)	Q1 2017	Q1 2016
Foreign currency exchange gains	1,395	1,855
thereof: gains from forward rate agreements	-	*90*
Foreign currency exchange losses	-2,397	-7,900
thereof: losses from forward rate agreements	*-325*	*-3,673*
	-1,002	**-6,045**

Forward rate agreements
On March 18, 2016, the Group entered into a forward rate agreement to hedge foreign currency exposure of expected future cash flows. This agreement matures in Q2 2017. In Q1 2017, unrealized losses, amount to EUR 69 thousand (Q1 2016: net unrealized gains and losses from ten forward rate agreements amounted to negative EUR 2,911 thousand).

In Q1 2017, on forward rate agreement signed on January 28, 2016 matured. A loss of EUR 256 thousand was realized on this transaction in Q1 2017 (Q1 2016: total net result of negative EUR 672 thousand from five agreements).

Fair value disclosures
On March 31, 2017, and December 31, 2016, the Group held the following financial instruments measured at fair value:

(in thousands of EUR)	Fair value		Nominal value	
	Mar. 31, 2017	**Dec. 31, 2016**	**Mar. 31, 2017**	**Dec. 31, 2016**
Forward rate agreements	379	903	6,143	16,075

The nominal value is the accounting value from which payments are derived (underlying transaction). Since the nominal value itself is not at risk, the hedged item relates to the potential for changes in foreign exchange rates, interest rates and prices.

The fair value reflects the credit risk of the instrument. Since the Group only uses standard, marketable instruments for its hedges, the fair value is determined using market prices and is not netted against any contrary trend in the value of underlying transactions.

The fair value of these transactions is presented within other current liabilities in the statement of financial position.

(18) Income Taxes

The table below shows the components of the Group's total income tax expense:

(in thousands of EUR)	Q1 2017	Q1 2016
Current taxes		
Current income tax charge	-388	-850
Adjustments in respect of current income tax for prior years	131	324
	-257	**-526**
Deferred taxes		
Relating to temporary differences	-692	1,410
Relating to changes in tax rates	0	-1
Relating to additions to and reversals of deferred tax assets on tax loss carry-forwards	2.826	-804
	2.134	**605**
Income tax benefit (expense), net	**1.877**	**79**

In Q1 2017 the deferred tax benefit from recognition of deferred taxes on loss carry forward exceeds the deferred tax expenses on temporary differences and the current tax expenses. In Q1 2016 the deferred tax benefit from temporary differences has compensated the expenses from decrease of deferred taxes on loss carry forwards and the current tax expenses.

(19) Segment Reporting

In accordance with IFRS 8 operating segments are identified based on the way information is reported internally to the chief operating decision maker and regularly reviewed to make decisions about resources to be allocated to the segment and assess its performance. Within the ADVA Optical Networking Group, management decisions are based on pro forma operating results. Pro forma financial information excludes non-cash charges related to share-based compensation plans and amortization and impairment of goodwill and acquisition-related intangible assets. Income from capitalization of development expenses is shown separately from research and development expenses.

Segment information on March 31, 2017 is analyzed as follows:

(in thousands of EUR)	Pro forma financial information	Intangible assets from acquisitions	Goodwill	Compensation expenses	Disclosure of R&D expenses	Consolidated financial information
Revenues	141,835	-	-	-	-	141,835
Cost of goods sold	-95,712	-570	-	-15	-	-96,297
Gross profit	**46,123**	**-570**	**-**	**-15**	**-**	**45,538**
Gross margin	***32.5%***					***32.1%***
Selling and marketing expenses	-15,939	-212	-	-84	-	-16,235
General and administrative expenses	-8,177	-	-	-83	-	-8,260
Research and development expenses	-27,324	-	-	-176	10,748	-16,752
Income from capitalization of development expenses	10,748	-	-	-	-10,748	-
Other operating income	1,535	-	-	-	-	1,535
Other operating expenses	-325	-	-	-	-	-325
Operating income	**6,641**	**-782**	**-**	**-358**	**-**	**5,501**
Operating margin	***4.7%***					***3.9%***
Segment assets	**409,276**	**13,413**	**41,127**	**-**	**-**	**463,816**

Segment information on March 31, 2016 is analyzed as follows:

(in thousands of EUR)	Pro forma financial information	Intangible assets from acquisitions	Goodwill	Compensation expenses	Disclosure of R&D expenses	Consolidated financial information
Revenues	121,962	-	-	-	-	121,962
Cost of goods sold	-81,569	-501	-	-15	-	-82,085
Gross profit	**40,393**	**-501**	**-**	**-15**	**-**	**39,877**
Gross margin	***33.1%***					***32.7%***
Selling and marketing expenses	-15,498	-170	-	-107	-	-15,775
General and administrative expenses	-7,719	-	-	-51	-	-7,770
Research and development expenses	-24,663	-	-	-112	7,872	-16,903
Income from capitalization of development expenses	7,872	-	-	-	-7,872	-
Other operating income	1,716	-	-	-	-	1,716
Other operating expenses	-151	-	-	-	-	-151
Operating income	**1,950**	**-671**	**-**	**-285**	**-**	**994**
Operating margin	***1.6%***					***0.8%***
Segment assets	**373,480**	**15,119**	**37,609**	**-**	**-**	**426,208**

Additional information by geographical regions:

(in thousands of EUR)	Q1 2017	Q1 2016
Revenues		
Germany	34,366	24,177
Rest of Europe, Middle East and Africa	36,821	39,913
Americas	62,848	51,370
Asia-Pacific	7,800	6,502
	141,835	**121,962**

(in thousands of EUR)	Mar. 31, 2017	Dec. 31, 2016
Non-current assets		
Germany	100,583	94,209
Rest of Europe, Middle East and Africa	17,480	17,273
Americas	45,150	45,720
Asia-Pacific	2,213	2,154
	165,426	**159,356**
Deferred tax assets		
Germany	19,957	19,141
Rest of Europe, Middle East and Africa	1,660	1,178
Americas	17,597	15,226
Asia-Pacific	428	454
	39,642	**35,999**

Revenue information is based on the shipment location of the customers.

In Q1 2017, the share of revenues allocated to major end customers was EUR 30,553 thousand (Q1 2016: EUR 30,253 thousand). In Q1 2017, revenues with two major customers exceeded 10% of total revenues (Q1 2016: revenues with two major customers).

Non-current assets and deferred tax assets are attributed on the basis of the location of the respective Group Company. Non-current assets for the purpose of segment reporting consist of property, plant and equipment, intangible assets and finance lease equipment.

(20) Other Financial Obligations and Financial Commitments

Lease commitments
The Group has non-cancellable operating leases, primarily for buildings and cars.

The future minimum lease payments due on operating leases are listed in the table below:

(in thousands of EUR)	Mar. 31, 2017	Dec. 31, 2016
Up to one year	7,604	9.253
One to five years	13,216	13.113
More than five years	4,418	5.704
	25,238	**28.070**

Other obligations
On March 31, 2017, the Group had purchase commitments totaling EUR 51,151 thousand in respect to suppliers (on December 31, 2016: EUR 44,799 thousand).

Guarantees
Group entities have issued guarantees in favor of customers. On March 31, 2017, performance bonds with a maximum guaranteed amount of EUR 3,832 thousand were issued. At end of Q1 2017, ADVA Optical Networking does not expect claims from these guarantees.

(21) Contingent Liabilities

In the normal course of business, claims may be asserted or lawsuits filed against the Company and its subsidiaries from time to time. On March 31, 2017, ADVA Optical Networking does not expect that potential titles or litigations in detail or in total will have a material impact on its financial position or operating performance.

(22) Stock Option Programs

Changes in the number of options rights outstanding and similar rights are detailed in the table below:

	Stock Option Program 2003 **Plan IX**	Stock Option Program 2003 for the Management Board **Plan IXb**	Stock Appreciation Rights **Plan XI**	Stock Option Program 2011 **Plan XIV**	Stock Option Program 2011 for the Management Board **Plan XIVa**	Stock Appreciation Rights **Plan XV**
Options outstanding at Jan. 1, 2016	**103,806**	**75,000**	**9,000**	**1.558,677**	**440,000**	**59,400**
Granted options	-	-	-	365,700	401,667	-
Exercised options	-82,950	-	-	-41,500	-	-4,000
Forfeited options	-	-	-	-29,200	-	-
Options outstanding at Dec. 31, 2016	**20,856**	**75,000**	**9,000**	**1,853,677**	**841,667**	**55,400**
Forfeited options	-	-	-	-18,300	-	-
Options outstanding at Mar. 31, 2017	**20,856**	**75,000**	**9,000**	**1,835,377**	**841,667**	**55,400**
Of which exercisable	20,856	75,000	9,000	499,177	100,000	55,400

(23) Related Party Transactions

There were no significant changes at March 31, 2017, to related party disclosures reported in the consolidated financial statements as of December 31, 2016.

All transactions with related parties are conducted on an arm's-length basis.

On March 31, 2017, the EGORA Group held a 15.1% equity stake in ADVA Optical Networking.

In Q1 2017 ADVA Optical Networking acquired components with an amount of EUR 5 thousand from the EGORA Group (Q1 2016: EUR 7 thousand).

ADVA Optical Networking has entered into several agreements with the EGORA Group under which ADVA Optical Networking is entitled to make use of certain facilities and services of the EGORA Group. In Q1 2017 and Q1 2016, these agreements were not utilized.

On March 31, 2017 trade accounts payable of EUR 3 thousand existed in respect to EGORA Group (December 31, 2016: nil).

ADVA Optical Networking SE owns 9% of the shares of Saguna Networks Ltd., Nesher, Israel. A service agreement with Saguna Networks Ltd. exists regarding the provision of development services for the companies of ADVA Optical Networking Group.

In Q1 2017 and Q1 2016, Saguna Networks Ltd. has not performed development services for the Group.

On March 31, 2017 and December 31, 2016, no trade receivables or provisions in respect to related parties existed.

On March 31, 2017, no business relationships existed with any other related parties resuling from the board memberships of the ADVA Optical Networking Management and Supervisory Board members as reported in the consolidated financial statements as of December 31, 2016.

See note (24) for information on the Management Board and the Supervisory Board of ADVA Optical Networking.

(24) Governing Boards

Management Board
The members of the Management Board held the following shares and/or had been granted the following stock options:

	Shares		Stock options	
	Mar. 31, 2017	**Dec. 31, 2016**	**Mar. 31, 2017**	**Dec. 31, 2016**
Brian Protiva Chief Executive Officer	401,030	401,030	335.000	335.000
Christoph Glingener Chief Technology Officer & Chief Operating Officer	-	-	325.000	325.000
Ulrich Dopfer Chief Financial Officer	500	500	259.667	259.667

The options to members of the Management Board were granted out of Plan IXb, Plan XIV and Plan XIVa. These option rights authorize the Management Board to purchase the said number of common shares in the Company once the qualifying period has elapsed. Plan IXb and Plan XIVa include a profit limit of EUR 20.00 per option, whereas Plan XIV has no profit limitations.

The strike price for these option rights is

- EUR 5.04 for 75,000 options granted on October 1, 2010,
- EUR 5.05 for 103,000 options granted on August 15, 2012,
- EUR 3.90 for 130,000 options granted on November 15, 2013,
- EUR 3.19 for 60,000 options granted on May 15, 2014,
- EUR 5.15 for 150,000 options granted on May 15, 2015,
- EUR 8.70 for 401,667 options granted on May 15, 2016, respectively.

Supervisory Board
Members of the Supervisory Board held the following shares:

	Shares	
	Mar. 31, 2017	**Dec. 31, 2016**
Nikos Theodosopoulos Chairman	-	-
Johanna Hey Vice Chairwoman	-	-
Hans-Joachim Grallert (since February 19, 2016)	-	620

(25) Events after the Balance Sheet Date

There were no events after the balance sheet date that impacted the financial position of the Group on March 31, 2017, or its financial performance for the reporting period then ended. Similarly there were no events considered material for disclosure.

Declaration of Compliance with the German Corporate Governance Code

Pursuant to Section 161 of the German Stock Corporation Law (AktG), the Management Board and the Supervisory Board have issued a declaration of compliance with the German Corporate Governance Code. This declaration is published on the Group's website (www.advaoptical.com).

Meiningen, April 25, 2017

Brian Protiva

Christoph Glingener   Ulrich Dopfer

Affirmative Declaration of the Legal Representatives

We, the members of the Management Board of ADVA Optical Networking SE, to the best of our knowledge affirm that, in accordance with the applicable reporting principles, the unaudited interim Group management report and the interim consolidated financial statements of the ADVA Optical Networking Group represent a true and fair view of the net assets, financial position and performance of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Meiningen, April 25, 2017

Brian Protiva

Christoph Glingener   Ulrich Dopfer

Shareholder Information

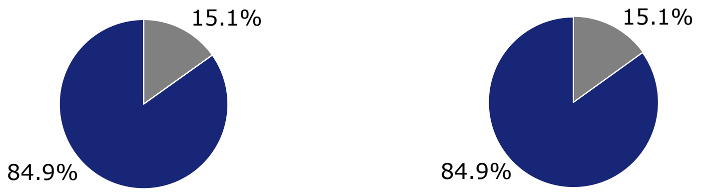
Stock Information[7]

Trade name	ISIN DE0005103006/WKN 510300
Symbol	ADV
Exchange	Prime Standard Segment Frankfurt Stock Exchange
Sector	Technology
Industry	Communications Technology
Number of shares outstanding on March 31, 2017	49,498,934
Price on December 31, 2016	EUR 7.72
Price on March 31, 2017	EUR 10.55
Share price performance YTD (until March 31, 2017)	**+36.7%**
Market capitalization on March 31, 2017	EUR 522.21 million

Stock Price Development April 1st 2016 to March 31st 2017 in EUR

Shareholder Structure

March 31, 2017 | December 31, 2016



Shares outstanding

49,498,934	49,498,934
● Free float	● EGORA Group

Financial Calendar

Investor roadshows	Madrid, Spain in May Frankfurt, Germany in May
European Capital Markets Conference	April 12, 2017, Munich, Germay
Jefferies Technology Conference	May 9, 2017, Miami, USA
dbAccess German	June 21, 2017 Berlin, Germany
Annual Shareholders' Meeting	May 17, 2017 Meiningen, Germany
Publication of Six-Month Report	July 20, 2017 Martinsried/Munich, Germany

[7] Price information is based on Xetra closing prices

Corporate Information

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ADVA Optical Networking on the Web
More information about ADVA Optical Networking, including solutions, technologies and products, can be found on the Company's website at www.advaoptical.com.

PDF files of this quarterly report, as well as previous quarterly and annual reports, presentations and general investor information, are also located on the Company's website and can be downloaded in both English and German. Quarterly conference calls are conducted on the day of earnings announcements. Related PDF, audio and transcript files are available for download in the investor relations section of the Company's website, www.advaoptical.com.

Investor Communication
To receive an investor packet, request other information, ask specific questions, or be placed on the distribution list, please contact:

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