

## **ADVA Optical Networking Posts Record Q1 Revenues of EUR 141.8 Million**

- ***Q1 2017 Revenues of EUR 141.8 Million Drive 16.3% Year-on-Year Growth***
- ***Q1 2017 Pro Forma Operating Income: EUR 6.6 Million (4.7% of Revenues)***
- ***Q2 2017 Outlook: Revenues EUR 143-153 Million; Pro Forma Operating Income 5%-8% of Revenues***

**Munich, Germany. April 27, 2017.** ADVA Optical Networking (ISIN: DE0005103006, WKN 510300) announced financial results for its 2017 first quarter ended on March 31, 2017. The results have been prepared in accordance with International Financial Reporting Standards (IFRS).

### **Q1 2017 IFRS Financial Results**

Quarterly revenues climbed to EUR 141.8 million. The figure marks an increase of 16.3% year-on-year (YoY) (Q1 2016: EUR 122.0 million) and is in the upper half of the guidance announced on 23 February 2017.

"Q1 was a great start for 2017. Solid growth and increased profitability have strengthened our position as an innovative supplier in a competitive environment," said Brian Protiva, CEO, ADVA Optical Networking. "Cloud and mobility are driving demand for more bandwidth in communication networks. In addition to our continued success with internet content providers (ICPs), our traditional core markets in Europe, both with carriers and enterprise customers, are developing positively."

Pro forma operating income in Q1 2017 stood at EUR 6.6 million or 4.7% of revenues, which represents a EUR 4.6 million YoY increase (Q1 2016: EUR 2.0 million) and is at the upper end of previously announced guidance. The operating income amounted to EUR 5.5 million (Q1 2016: EUR 1.0 million). Cash and cash equivalents totaled EUR 69.7 million. Net liquidity reached EUR 15.0 million and net working capital EUR 111.8 million.

"The market for optical transmission technology is evolving at a rapid pace," continues Protiva. "Customers are turning from vertically integrated monolithic solution providers to innovative specialists who are pushing new ideas and an open ecosystem. Both ICPs and traditional carriers want to reduce their dependency on large network equipment providers and move towards so-called disaggregated open solutions. Our investments in this area are already delivering results. The open optical system of our FSP 3000 CloudConnect™ and the open software architecture of our Ensemble product suite give customers more choice, scalability and flexibility than ever before. Our technology, our partner landscape and our open corporate culture make us one of the most interesting companies in the networking space."

### Additional Key Data\*

(in thousands of EUR)	Q1 2017	Q1 2016	Change	Q4 2016	Change
<b>Revenues</b>	<b>141,835</b>	<b>121,962</b>	<b>16.3%</b>	<b>128,028</b>	<b>10.8%</b>
Pro forma gross profit	46,123	40,393	14.2%	42,348	8.9%
<b>in % of revenues</b>	<b>32.5%</b>	<b>33.1%</b>	<b>-0.6pp</b>	<b>33.1%</b>	<b>-0.6pp</b>
Pro forma operating income	6,641	1,950	240.6%	8,957	-25.9%
<b>in % of revenues</b>	<b>4.7%</b>	<b>1.6%</b>	<b>3.1pp</b>	<b>7.0%</b>	<b>-2.3pp</b>
Operating income	5,501	994	453.4%	8,122	-32.3%
Net income	6,185	-5,163	n/a	13,628	-54.6%

(in thousands of EUR)	Mar. 31, 2017	Mar. 31, 2016	Change	Dec. 31, 2016	Change
Cash and cash equivalents	69,709	73,402	-5.0%	84,871	-17.9%
Net liquidity	15,029	9,362	60.5%	25,506	-41.1%

\*Potential differences due to rounding

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

### Q2 2017 Outlook

In Q2 2017, ADVA Optical Networking expects revenues to range between EUR 143 million and EUR 153 million and anticipates a pro forma operating income of between 5% and 8% of revenues. ADVA Optical Networking performs quarterly reviews of the expected business development with respect to all intangible assets, including capitalized development expenses. In case of adverse business prospects, these reviews may result in non-cash impairment charges in Q2 2017 and beyond, which are excluded from the above guidance. The company will publish its Q2 2017 financial results on July 20, 2017.

### Conference Call Details

In conjunction with the release of its Q1 2017 financial results on April 27, 2017, 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 545 029 63#. 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 2017 Three-Month Report (January – March) 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).

### 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).

**Published By:**

ADVA Optical Networking SE, Munich, Germany  
[www.advaoptical.com](http://www.advaoptical.com)

**For Press:**

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

**For Investors:**

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