

# ADVA posts quarterly revenues of EUR 128.2 million for Q1 2019

- Quarterly revenues up 6.3% year-over-year to EUR 128.2 million
- Pro forma operating income of EUR 2.7 million (2.1% of revenues)
- Q2 2019 outlook: revenues EUR 130 - 140 million; Pro forma operating income 2% - 5% of revenues

**Munich, Germany. April 18, 2019.** ADVA (ISIN: DE0005103006), a leading provider of open networking solutions for the delivery of cloud and mobile services, reported financial results for Q1 2019 ended on March 31, 2019. The results have been prepared in accordance with International Financial Reporting Standards (IFRS).

## Q1 2019 financial summary\*

(in thousands of EUR)	Q1 2019	Q1 2018	Change	Q4 2018	Change
<b>Revenues</b>	<b>128,160</b>	<b>120,538</b>	<b>6.3%</b>	<b>131,513</b>	<b>-2.5%</b>
Pro forma gross profit	45,132	44,263	2.0%	48,665	-7.3%
<b>in % of revenues</b>	<b>35.2%</b>	<b>36.7%</b>	<b>-1.5pp</b>	<b>37.0%</b>	<b>-1.8pp</b>
Pro forma operating income	2,748	2,239	22.7%	8,106	-66.1%
<b>in % of revenues</b>	<b>2.1%</b>	<b>1.9%</b>	<b>0.2pp</b>	<b>6.2%</b>	<b>-4.1pp</b>
Operating income (loss)	868	-424	n/a	6,332	-86.3%
Net income	1,036	-2,440	n/a	3,633	-71.5%

  

(in thousands of EUR)	Mar. 31 2019	Mar. 31 2018	Change	Dec. 31 2018	Change
Cash and cash equivalents	49,323	57,695	-14.5%	62,652	-21.3%
Net debt (+) / Net liquidity (-)**	73,702	44,180	66.8%	26,832	174.7%

\*Potential differences due to rounding

\*\* Q1 2019 includes EUR 36.8 million due to the first-time adoption of IFRS 16

**Q1 2019 IFRS financial results**

Revenues for Q1 2019 decreased by 2.5% to EUR 128.2 million from EUR 131.5 million in Q4 2018 and increased by 6.3% from EUR 120.5 million in the same year-ago period. Revenues for Q1 2019 were within the guidance forecast the company provided on February 21, 2019, of between EUR 124 million and EUR 134 million.

Pro forma operating income for Q1 2019 was EUR 2.7 million (2.1% of revenues), compared to EUR 8.1 million (6.2% of revenues) in Q4 2018 and a pro forma operating income of EUR 2.2 million in the same year-ago period. Pro forma operating income for Q1 2019 was at the mid-point of the company's guidance range of between 0% and 4% of revenues.

Operating income for Q1 2019 decreased to EUR 0.9 million, compared to EUR 6.3 million reported for Q4 2018, and improved from the operating loss of EUR 0.4 million in the same year-ago quarter.

Net income for Q1 2019 was EUR 1.0 million, down from EUR 3.6 million in Q4 2018 and significantly improved in comparison to a net loss of EUR 2.4 million in Q1 2018.

At quarter-end, the company's cash and cash equivalents totaled EUR 49.3 million, representing a decrease of 21.3% compared to EUR 62.7 million at the end of Q4 2018.

The company's net debt increased by EUR 46.9 million to EUR 73.7 million from EUR 26.8 million at the end of the prior quarter. This is in particular due to the recognition of lease liabilities of EUR 36.8 million due to the first-time adoption of the IFRS 16 accounting standard.

Net working capital at quarter-end was EUR 132.0 million compared to EUR 120.5 million at the end of Q4 2018.

"The new fiscal year started well. Both revenues and profitability developed according to plan," said Uli Dopfer, CFO, ADVA. "From March 18, 2019, we are a member of the SDAX index, which had been redefined in September 2018. This positive development shows that not only our customers are loyal to ADVA, but also the confidence of investors in our company and our technologies has returned."

"We continue to invest aggressively in innovation leadership, and our portfolio is very well aligned to current and emerging market trends," commented Brian Protiva, CEO, ADVA. "All three of our core technological competencies provide good revenue contributions. Geographically, we grew year over year again in the EMEA and Americas regions. We are winning tenders and new customers in our core markets."

**Q2 2019 financial outlook**

For Q2 2019, ADVA expects revenues to be in the range of EUR 130 million and EUR 140 million and a pro forma operating income of between 2% and 5% of revenues.

ADVA performs quarterly reviews of 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 2019 and beyond, which are excluded from the above guidance.

The company will publish its financial results for Q2 2019 on July 25, 2019.

### **Conference call details**

ADVA will hold a conference call for analysts and investors today, April 18, 2019, to discuss these results and management's outlook. The company's CEO, Brian Protiva, and CFO, Uli Dopfer, will host the call at 3:00 p.m. CET (9:00 a.m. EST). A question and answer session will follow management presentations.

To participate, please dial the appropriate number at least five minutes prior to the start time and ask for the ADVA conference call.

International number: +49 69 201 744 210

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A corresponding presentation is available on ADVA's website:

<https://www.advaoptical.com/en/about-us/investors/financial-results/conference-calls>

The complete quarterly statement 3M 2019 (January – March) is available as a PDF here:

<https://www.advaoptical.com/en/about-us/investors/financial-results/financial-statements>

A replay of the call will be available here:

<https://www.advaoptical.com/en/about-us/investors/financial-results/conference-calls>

### **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 that cannot be foreseen and that are beyond the control of ADVA. ADVA 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 or the market in the shares of ADVA.

### **Use of pro forma financial information**

ADVA 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's operating results from one financial period to another. ADVA 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. Additionally, expenses related to restructuring measures are not included. This pro forma information is not prepared in accordance with IFRS and should not be considered a substitute for the historical information presented in accordance with IFRS.

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**About ADVA**

ADVA is a company founded on innovation and focused on helping our customers succeed. Our technology forms the building blocks of a shared digital future and empowers 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. For more information on how we can help you, please visit us at: [www.advaoptical.com](http://www.advaoptical.com).

**Published by:**

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