

# ADVA posts quarterly revenues of EUR 133.2 million for Q2 2019

- Quarterly revenues up 7.6% year-over-year to EUR 133.2 million
- Pro forma operating income of EUR 4.3 million (3.3% of revenues)
- Q3 2019 outlook: revenues EUR 135 – 145 million; Pro forma operating income 3% - 6% of revenues

**Munich, Germany. July 25, 2019.** ADVA (ISIN: DE0005103006), a leading provider of open networking solutions for the delivery of cloud and mobile services, reported financial results for Q2 2019 ended on June 30, 2019. The results have been prepared in accordance with International Financial Reporting Standards (IFRS).

## Q2 2019 financial summary\*

(in thousands of EUR)	Q2 2019	Q2 2018	Change	Q1 2019	Change
<b>Revenues</b>	<b>133,216</b>	<b>123,752</b>	<b>7.6%</b>	<b>128,160</b>	<b>3.9%</b>
Pro forma gross profit	46,513	45,389	2.5%	45,132	3.1%
<b>in % of revenues</b>	<b>34.9%</b>	<b>36.7%</b>	<b>-1.8pp</b>	<b>35.2%</b>	<b>-0.3pp</b>
Pro forma operating income	4,337	6,145	-29.4%	2,748	57.8%
<b>in % of revenues</b>	<b>3.3%</b>	<b>5.0%</b>	<b>-1.7pp</b>	<b>2.1%</b>	<b>1.2pp</b>
Operating income (loss)	2,497	4,087	-38.9%	868	187.7%
Net income	1,297	4,577	-71.7%	1,036	25.2%

  

(in thousands of EUR)	Jun. 30 2019	Jun. 30 2018	Change	Mar. 31 2019	Change
Cash and cash equivalents	48,275	59,656	-19.1%	49,323	-2.1%
Net debt**	68,117	36,594	86.1%	73,702	-7.6%

\* Potential differences due to rounding

\*\* Q2 and Q1 2019 include lease liabilities of EUR 36.2 million and EUR 36.8 million, respectively, due to first-time adoption of IFRS 16

**Q2 2019 IFRS financial results**

Revenues for Q2 2019 increased by 3.9% to EUR 133.2 million from EUR 128.2 million in Q1 2019 and increased by 7.6% from EUR 123.8 million in the same year-ago period. Revenues for Q2 2019 were within the guidance forecast the company provided on April 18, 2019, of between EUR 130 million and EUR 140 million.

Pro forma operating income for Q2 2019 was EUR 4.3 million (3.3% of revenues), compared to EUR 2.7 million (2.1% of revenues) in Q1 2019 and compared to a pro forma operating income of EUR 6.1 million (5.0% of revenues) in the same year-ago period. Pro forma operating income for Q2 2019 was at the mid-point of the company's guidance range of between 2% and 5% of revenues.

Operating income for Q2 2019 of EUR 2.5 million increased significantly, compared to EUR 0.9 million reported for Q1 2019 and decreased compared to EUR 4.1 million in the same year-ago quarter.

Net income for Q2 2019 increased by 25.2% to EUR 1.3 million from EUR 1.0 million in Q1 2019 and was down from EUR 4.6 million in Q2 2018.

At quarter-end, the company's cash and cash equivalents totaled EUR 48.3 million, representing a decrease of 2.1% compared to EUR 49.3 million at the end of Q1 2019.

The company's net debt decreased by EUR 5.6 million to EUR 68.1 million from EUR 73.7 million at the end of Q1 2019.

Net working capital at quarter-end was EUR 127.6 million compared to EUR 132.0 million at the end of Q1 2019.

"Despite growing global political uncertainties, the second quarter of 2019 developed largely as planned. Both revenue and profitability were within our guidance range that we provided on April 18," said Uli Dopfer, CFO, ADVA. "Overall, our order intake was very good, and we are entering the third quarter with well-filled order books. We see promising projects and activities in all regions and among all customer groups."

"There's no question that the strong US dollar and international trade tensions are putting pressure on our margins and operating costs. However, we achieved some great customer success in Q2 with a strong win rate. Our achievements here further underscore our confidence in the market and our growth opportunities," commented Brian Protiva, CEO, ADVA. "Moving forward, we have an exciting portfolio of new and differentiated products that we believe will drive additional growth and stronger margins."

**Q3 2019 financial outlook**

For Q3 2019, ADVA expects revenues to be in the range of EUR 135 million and EUR 145 million and a pro forma operating income of between 3% and 6% of revenues.

The company will publish its financial results for Q3 2019 on October 24, 2019.

**Conference call details**

ADVA will hold a conference call for analysts and investors today, July 25, 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. EDT). A question and answer session will follow management presentations.

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

International number: +49 69 201 744 210

US number: +1 877 423 08 30

Pin code: 690 99 030#

A corresponding presentation is available on ADVA's website:

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

The complete half-year report 2019 (January – June) 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).

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