



August 6, 2013

## **Allot Communications Reports non-GAAP Revenues of \$21.5 Million for Second Quarter of 2013**

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**Hod Hasharon, Israel – August 6, 2013** – Allot Communications Ltd. (NASDAQ: ALLT), a leading supplier of service optimization and revenue generation solutions for fixed and mobile broadband service providers worldwide, today announced its second quarter 2013 results, with non-GAAP revenues reaching \$21.5 million (\$21.2 million on a GAAP basis).

#### **Second quarter highlights:**

- Non-GAAP revenues were \$21.5 million (\$21.2 million on a GAAP basis).
- Non-GAAP gross margin was 76% (73% on a GAAP basis).
- All-time high, record booking, leading to book-to-bill significantly above 1. Booking's level was more than 20% higher than the second quarter of 2012.
- Won a multi-million USD contract with an APAC Tier 1 fixed-line operator in a competitive deal against other pure play DPI vendors.
- A \$5 million deal with an EMEA Tier 1 fixed-line operator, has been delivered however, revenue recognition has been delayed to the second half of 2013.

#### **Financial results:**

On a non-GAAP basis, total revenues for the second quarter of 2013 reached \$21.5 million, compared with \$26.4 million of revenue reported for the second quarter of 2012 and \$24.2 million of revenue reported for the first quarter of 2013. On a non-GAAP basis, net loss for the second quarter of 2013 was \$0.9 million, or (\$0.03) per basic and diluted share. This compares with non-GAAP net profit of \$5.0 million, or \$0.16 per basic share, and \$0.15 per diluted share, in the second quarter of 2012 and non-GAAP net profit of \$0.6 million, or \$0.02 per basic and diluted share, in the first quarter of 2013.

Total GAAP revenues for the second quarter of 2013 reached \$21.2 million compared to \$26.4 million of revenue reported for the second quarter of 2012 and \$24.1 million of revenue reported for the first quarter of 2013. On a GAAP basis, the net loss for the second quarter of 2013 was \$3.9 million, or a net loss of (\$0.12) per basic and diluted share. This compares with net profit of \$2.7 million, or \$0.08 per basic and diluted share, in the second quarter of 2012, and a net loss of \$1.8 million, or a net loss of \$0.06 per basic and diluted share, in the first quarter of 2013.

#### **Key quarterly achievements:**

- During the quarter, large orders were received from 13 service providers, 3 of which were new customers
- 6 of the large orders came from mobile-service providers, two of which were new customers
- Secured orders from three of the world's top ten telecommunication operators to assist in their LTE network rollouts
- Won a \$2 million new account with a Tier 1 EMEA mobile operator, for the delivery of service gateway and video caching combination
- VAS accounted for 26% of total bookings.
- A multi million dollars, follow-on order with a Tier 1, U.S. mobile operator, announced early second quarter exceeded \$10 million.

As of June 30, 2013, cash, cash equivalents, short-term deposits and marketable securities totaled \$134.7 million with no debt.

"Our second quarter revenue came in 11% below first quarter's level" commented Rami Hadar, Allot Communications' President and Chief Executive Officer. "The sequential revenues' decline was mostly the result of unfulfilled revenue recognition terms of a \$5 million deal with an EMEA Tier 1 operator. We expect this deal to materialize during the second half of the year. We are encouraged by the surge in demand for our DPI solution, as well as for our VAS, as demonstrated by the all-time, record booking level achieved during the quarter. In the second quarter we made good progress with our Tier 1 mobile U.S. operator,

increasing the announced follow-on order to more than \$10 million. We expect that the booking results of the last two quarters will set a good foundation to resumed growth in the following quarters."

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### **Conference Call & Webcast**

The Allot management team will host a conference call to discuss second quarter 2013 earnings results today at 8:30 a.m. ET, 3:30 p.m. Israel time.

To access the conference call, please dial one of the following numbers: US: +1212 444 0896 [ ] UK: +44(0)20 3427 1911, Israel: +972-3-721 9510 [ ] participant code 2638006.

A replay of the conference call will be available from 12:01 a.m. ET on August 6th, 2013 for 30 days. To access the replay, please dial: US: + 1 347 366 9565, UK: + 44 (0)20 3427 0598, access code: 2638006.

A live webcast of the conference call can be accessed on the Allot Communications website at [www.allot.com](http://www.allot.com). The webcast also will be archived on the website following the conference call.

### **About Allot Communications**

Allot Communications Ltd. (NASDAQ: ALLT) is a leading provider of intelligent data traffic optimization and monetization solutions for fixed and mobile broadband operators and large enterprises. Allot's scalable, carrier-grade solutions provide the visibility, topology awareness, security, application control and subscriber management that are vital to managing fixed and mobile data, enhancing user experience, containing operating costs, and enabling service providers to generate revenues from their broadband networks. Allot's rich portfolio of solutions leverages dynamic actionable recognition technology (DART) to transform broadband pipes into smart networks that can rapidly and efficiently deploy value added Internet services. For more information, please visit <http://www.allot.com>.

### **GAAP to Non-GAAP Reconciliation**

The discrepancy between GAAP and non-GAAP revenues is related to the acquisitions made by the Company during the year and represents revenues adjusted for the impact of the fair value adjustment to acquired deferred revenue related to purchase accounting. Non-GAAP net profit is defined as GAAP net profit after including deferred revenues related to the fair value adjustment resulting from purchase accounting and excluding stock based compensation expenses, amortization of acquisition related intangible assets, regulatory matters, acquisition related expenses and compensation expenses related to the acquisitions.

These non-GAAP measures should be considered in addition to, and not as a substitute for, comparable GAAP measures. The non-GAAP results and a full reconciliation between GAAP and non-GAAP results are provided in the accompanying Table 2. The Company provides these non-GAAP financial measures because it believes they present a better measure of the Company's core business and management uses the non-GAAP measures internally to evaluate the Company's ongoing performance. Accordingly, the Company believes they are useful to investors in enhancing an understanding of the Company's operating performance.

### **Safe Harbor Statement**

Information provided in this press release may contain statements relating to current expectations, estimates, forecasts and projections about future events that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally relate to the Company's plans, objectives and expectations for future operations. These forward-looking statements are based upon management's current estimates and projections of future results or trends. Actual results may differ materially from those projected as a result of certain risks and uncertainties. These factors include, but are not limited to: our ability to increase the breadth and functionality of the Service Gateway platform through additional partnerships, changes in general economic and business conditions; the Company's inability to develop and introduce new technologies, products and applications; loss of market; and other factors discussed under the heading "Risk Factors" in the Company's annual report on Form 20-F filed with the Securities and Exchange Commission. These forward-looking statements are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

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