



October 29, 2013

## Allot Communications Reports Non-GAAP Revenues of \$24.1 Million for the Third Quarter of 2013

**Hod Hasharon, Israel – October 29, 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 third quarter 2013 results, with non-GAAP revenues reaching \$24.1 million (\$24.0 million on a GAAP basis).

### Third Quarter Highlights:

- Non-GAAP revenues were \$24.1 million (\$24.0 million on a GAAP basis).
- Non-GAAP gross margin was 77% (73% on a GAAP basis).
- Non-GAAP operating margin was 4% (9% loss on a GAAP basis).
- Book-to-bill above one.
- Retired \$16 million of OCS liability.

### Financial Results:

On a non-GAAP basis, total revenues for the third quarter of 2013 reached \$24.1 million, compared with \$28.0 million of revenue reported for the third quarter of 2012 and \$21.5 million of revenue reported for the second quarter of 2013. On a non-GAAP basis, net profit for the third quarter of 2013 was \$1.1 million, or \$0.03 per basic and diluted share. This compares with non-GAAP net profit of \$5.1 million, or \$0.16 per basic share, and \$0.15 per diluted share, in the third quarter of 2012 and non-GAAP net loss of \$0.9 million, or \$0.03 per basic and diluted share, in the second quarter of 2013.

Total GAAP revenues for the third quarter of 2013 reached \$24.0 million compared to \$27.8 million of revenue reported for the third quarter of 2012 and \$21.2 million of revenue reported for the second quarter of 2013. On a GAAP basis, the net loss for the third quarter of 2013 was \$1.9 million, or a net loss of \$0.06 per basic and diluted share. This compares with net profit of \$2.4 million, or \$0.07 per basic and diluted share, in the third quarter of 2012, and a net loss of \$3.9 million, or a net loss of \$0.12 per basic and diluted share, in the second quarter of 2013.

### Key Quarterly Achievements:

- During the quarter, large orders were received from 14 service providers, two of which are new customers.
- Four of the large orders came from mobile-service providers, eight were from fixed-line service providers and two from enterprises.
- Received a \$12 million expansion order from a tier-1 fixed line operator in APAC.
- Received a multimillion dollar order from major U.S.-based cloud provider to monitor and guarantee SLAs for Cloud-based services.

As of September 30, 2013, cash, cash equivalents, short-term deposits and marketable securities totaled \$115 million with no debt.

"The booking environment remained strong during the third quarter and book-to-bill was once again above one, despite the weakness often associated with third quarter seasonality. The business momentum strength is equally felt both in our PCC as well as our VAS activities," said Rami Hadar, Allot Communications' President and Chief Executive Officer. "Today we announced that we have won a \$12 million project with a tier 1, fixed line operator from APAC. This deal includes a bundle of our Allot Sigma Service Gateway, our Allot ServiceProtector, VAS security offering and intelligent steering. We view this deal as another successful testament to our service gateway and VAS vision."

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### Conference Call & Webcast

The Allot management team will host a conference call to discuss third quarter 2013 earnings results today at 8:30 a.m. ET, 2:30 p.m. Israel time.

To access the conference call, please dial one of the following numbers: US: +1646 254 3360, UK: +44(0)20 3427 1902, Israel: +9723763 0147, participant code 7266032.

A replay of the conference call will be available from 12:00 AM ET on October 29, 2013 through November 27, 2013 at 6:59 PM ET time. To access the replay, please dial: US: +1 347 366 9565; UK: +44 (0) 20 3427 0598, access code: 7266032.

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 2 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.

### **Forward Looking Statement**

This release may contain forward-looking statements, which express the current beliefs and expectations of Company management. Such statements involve a number of known and unknown risks and uncertainties that could cause our future results, performance or achievements to differ significantly from the results, performance or achievements expressed or implied by such forward-looking statements. Important factors that could cause or contribute to such differences include risks relating to: our ability to compete successfully with other companies offering competing technologies; the loss of one or more significant customers; consolidation of, and strategic alliances by, our competitors, government regulation; lower demand for key value-added services; our ability to keep pace with advances in technology and to add new features and value-added services; managing lengthy sales cycles; operational risks associated with large projects; our dependence on third party channel partners for a material portion of our revenues; 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. Forward-looking statements in this release are made pursuant to the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995. 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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