



May 7, 2013

## Allot Communications Reports non-GAAP Revenues of \$24.2 Million for First Quarter of 2013

**Sharon, Israel – May 7, 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 first quarter 2013 results, with non-GAAP revenues reaching \$24.2 million (\$24.1 million on a GAAP basis).

### First Quarter Highlights:

- Non-GAAP revenues were \$24.2 million (\$24.1 million on a GAAP basis).
- Non-GAAP gross margin was 75% (72% on a GAAP basis).
- Non-GAAP operating margin was 2% (8% loss on a GAAP basis).
- Book-to-bill above 1.
- Early in second quarter, a \$9 million follow-on order was received from a tier 1 US mobile operator.

### Financial Results:

On a non-GAAP basis, total revenues for the first quarter of 2013 reached \$24.2 million, compared with \$24.2 million of revenue reported for the first quarter of 2012 and \$28.5 million of revenue reported for the fourth quarter of 2012. On a non-GAAP basis, net profit for the first quarter of 2013 was \$0.6 million, or \$0.02 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 first quarter of 2012 and non-GAAP net profit of \$4.6 million, or \$0.14 per basic and diluted share, in the fourth quarter of 2012.

Total GAAP revenues for the first quarter of 2013 reached \$24.1 million compared to \$24.2 million of revenue reported for the first quarter of 2012 and \$26.4 million of revenue reported for the fourth quarter of 2012. On a GAAP basis, the net loss for the first quarter of 2013 was \$1.8 million, or a net loss of \$0.06 per basic and diluted share. This compares with net profit of \$3.2 million, or \$0.10 per basic and diluted share, in the first quarter of 2012, and a net loss of \$15.1 million, or a net loss of \$0.46 per basic and diluted share, in the fourth quarter of 2012.

### Key Quarterly Achievements:

- During the quarter, large orders were received from 16 service providers, 3 of which represented new customers
  - 12 of the large orders came from mobile-service providers, one of which was a new customer
  - Announced a \$6 million project to provide virtualized-parental control service to a tier-1 mobile operator
  - Allot was selected by Tata Communications to provide hosted-policy management services
  - Received a \$6.5 Million Steering and VAS order from a tier-1 EMEA mobile operator
- As of March 31, 2013, cash, cash equivalents, short-term deposits and marketable securities totaled \$134.8 million with no debt.

"The sequential decrease in revenues was mainly attributable to the weakness in EMEA markets as expressed in a book-to-bill below 1 during the second half of 2012, as well as to normal first-quarter seasonality. Despite that, we started the year with a much stronger booking environment reflected by a number of multi-million dollars deals won during the first quarter. Also we started the second quarter with positive booking momentum by securing a follow-on, \$9m order from a Tier 1 Mobile operator in the US.. We continue to see a strong funnel of large orders ahead," commented Rami Hadar, Allot Communications' President and Chief Executive Officer. "As can be seen by the two large deals announced in the first quarter, Value-Added Services was a major contributor to revenue and booking. We are pleased to see our Service Gateway strategy gain acceptance among tier 1 service providers while we grow our VAS portfolio and redefine the DPI space."

### Conference Call & Webcast

The Allot management team will host a conference call to discuss first 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: +1646 254 3360, UK: +44(0)20 3364 5381, Israel: +972-3-763 0145, participant code 2641301.

A replay of the conference call will be available from 12:01 a.m. ET on May 7, 2013 through May 14, 2013 at 11:59 p.m. UK time. To access the replay, please dial: US: + 1 347 366 9565, UK: + 44 (0)20 3427 0598, access code: 2641301.

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.

### **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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