

Ceragon Reports First Quarter 2009 Results

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(U.S. dollars in thousands, except share and per share data)
(Unaudited)

	Three months ended	
	March 31,	
	<u>2009</u>	<u>2008</u>
Revenues	\$ 43,902	\$ 47,176
Cost of revenues	29,031	30,515
	<u>14,871</u>	<u>16,661</u>
Gross profit		
Operating expenses:		
Research and development	5,070	4,819
Selling and marketing	7,958	7,026
General and administrative	1,900	1,361
	<u>\$ 14,928</u>	<u>\$ 13,206</u>
Total operating expenses		
Operating profit (loss)	(57)	3,455
Financial income, net	354	818
	<u>\$ 297</u>	<u>\$ 4,273</u>
Income before taxes		
Taxes on income	(82)	-
	<u>\$ 215</u>	<u>\$ 4,273</u>
Net Income		
Basic net earnings per share	<u>\$ 0.01</u>	<u>\$ 0.12</u>
Diluted net earnings per share	<u>\$ 0.01</u>	<u>\$ 0.11</u>
Weighted average number of shares used in computing basic net earnings per share	<u>34,802,987</u>	<u>36,943,142</u>
Weighted average number of shares used in computing diluted net earnings per share	<u>35,324,176</u>	<u>38,830,582</u>

(more)

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CONDENSED CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

(Unaudited)

	<u>March 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 41,622	\$ 28,224
Short-term bank deposits	28,606	35,044
Marketable securities	6,063	2,187
Trade receivables, net	58,184	70,811
Deferred taxes	4,082	4,082
Other accounts receivable and prepaid expenses	10,228	11,508
Inventories	39,246	40,113
<u>Total current assets</u>	<u>188,031</u>	<u>\$ 191,969</u>
LONG-TERM INVESTMENTS:		
Long-term bank deposits	6,198	8,204
Long-term marketable securities	11,025	24,102
Severance pay funds	3,837	4,065
Deferred taxes	8,007	8,007
<u>Total long-term investments</u>	<u>\$ 29,067</u>	<u>\$ 44,378</u>
PROPERTY AND EQUIPMENT, NET	<u>9,344</u>	<u>8,891</u>
<u>Total assets</u>	<u>\$ 226,442</u>	<u>\$ 245,238</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	28,149	41,748
Deferred revenues	7,321	5,886
Other accounts payable and accrued expenses	8,917	8,041
<u>Total current liabilities</u>	<u>\$ 44,387</u>	<u>\$ 55,675</u>
LONG-TERM LIABILITIES		
Accrued severance pay	\$ 6,090	\$ 6,647
SHAREHOLDERS' EQUITY:		
Share capital:		
Ordinary shares	91	91
Additional paid-in capital	285,930	285,141
Treasury shares at cost	(14,345)	(7,923)
Other comprehensive income	(1,340)	193
Accumulated deficits	(94,371)	(94,586)
<u>Total shareholders' equity</u>	<u>\$ 175,965</u>	<u>\$ 182,916</u>
<u>Total liabilities and shareholders' equity</u>	<u>\$ 226,442</u>	<u>\$ 245,238</u>

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
(U.S. dollars, in thousands)
(Unaudited)

	Three months ended	
	March 31,	
	2009	2008
Cash flow from operating activities:		
Net income	215	4,273
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	711	392
Stock-based compensation expense	789	644
Decrease in trade and other receivables, net	13,537	928
Increase in inventory	867	2,595
Decrease in trade payables and accrued liabilities	(12,563)	(6,884)
Increase (decrease) in deferred revenues	1,435	(2,074)
Other adjustments	(138)	(19)
Net cash provided by (used in) operating activities	4,853	(145)
Cash flow from investing activities:		
Purchase of property and equipment, net	(2,487)	(1,034)
Investment in short and long-term bank deposit	(8,460)	(13,209)
Proceeds from short and long-term bank deposits	16,960	16,057
Investment in held-to-maturity marketable securities	(1,500)	(14,000)
Proceeds from maturities of held-to-maturity marketable securities	10,454	2,100
Net cash provided by (used in) investing activities	14,967	(10,086)
Cash flow from financing activities:		
Proceeds from exercise of options	-	209
Payment of issuance costs	-	(330)
Purchase of treasury shares at cost	(6,422)	-
Net cash used in financing activities	(6,422)	(121)
Increase (decrease) in cash and cash equivalents	13,398	(10,352)
Cash and cash equivalents at the beginning of the period	28,224	58,650
Cash and cash equivalents at the end of the period	41,622	48,298

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RECONCILIATION OF NON-GAAP FINANCIAL RESULTS
U.S. dollars in thousands, except share and per share data

	Three months ended March 31,			2008
	2009		Non-GAAP	
	GAAP (as reported)	Adjustments (*)		
Revenues	\$ 43,902		\$ 43,902	\$ 47,176
Cost of revenues	29,031	63	28,968	30,445
Gross profit	14,871		14,934	16,731
Operating expenses:				
Research and development	5,070	160	4,910	4,660
Selling and marketing	7,958	306	7,652	6,747
General and administrative	1,900	260	1,640	1,225
<u>Total operating expenses</u>	<u>\$ 14,928</u>		<u>\$ 14,202</u>	<u>\$ 12,632</u>
Operating profit (loss)	(57)		732	4,099
Financial income, net	354		354	818
Income before taxes	\$ 297		\$ 1,086	\$ 4,917
Taxes on income	(82)		(82)	-
Net income	<u>\$ 215</u>		<u>\$ 1,004</u>	<u>\$ 4,917</u>
Basic net earnings per share	<u>\$ 0.01</u>		<u>\$ 0.03</u>	<u>\$ 0.13</u>
Diluted net earnings per share	<u>\$ 0.01</u>		<u>\$ 0.03</u>	<u>\$ 0.13</u>
Weighted average number of shares used in computing basic net earnings per share	<u>34,802,987</u>		<u>34,802,987</u>	<u>36,943,142</u>
Weighted average number of shares used in computing diluted net earnings per share	<u>35,324,176</u>		<u>35,324,176</u>	<u>38,830,582</u>
<u>Total adjustments</u>		<u>789</u>		

(*) Adjustments related to equity based
 compensation expenses according to SFAS 123
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