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Ceragon Q2 profit quadruples, tops estimates

By Tova Cohen

TEL AVIV, July 26 (Reuters) - Israeli communications equipment maker Ceragon Networks (CRNT.O) reported higher quarterly net profit from record revenue, boosted by growing demand for voice and data on cellular networks.

Ceragon (CRNT.TA) provides backhaul networks, which connect cellular telecommunications towers with operators' networks.

"There is significant demand worldwide for more data, mainly in the developed world where people need a lot more data to go into smartphone devices, Internet browsing, being on Facebook all the time, getting emails and watching videos," President and Chief Executive Ira Palti told Reuters.

"In developing markets there is a need for more phone calls; it's more voice."

Both of these trends create significant demand for more capabilities in the mobile network, he said, adding that he believes these trends will continue over the next few years.

"If you look worldwide we are just beginning a cycle of next-generation data usage and operators are deploying ... fourth generation networks for more data," he said.

Ceragon posted second-quarter net profit excluding one-time items of \$4.6 million, or 13 cents per share, compared with \$1.0 million, or 3 cents a share, a year earlier.

Revenue rose 44 percent to an all-time high of \$60.9 million.

Ceragon was expected to earn 11 cents a share ex-items on revenue of \$61.3 million, according to Thomson Reuters I/B/E/S.

Its U.S.-listed shares opened up 1.3 percent at \$8.07.

Outside of India, where orders are being delayed pending a security-related process being implemented by the government, the book-to-bill was above one, Ceragon said.

"We expect revenues in the third and fourth quarters to be similar to the second quarter," Palti said, estimating third quarter revenue would be between \$59 million and \$63 million.

"For the full year, we continue to target revenue growth in the range of 30-35 percent, with profits growing at a higher rate than revenue."

Ceragon competes with several much larger companies such as Ericsson (ERICb.ST) -- which provides an end-to-end system, and NEC (6701.T).

Palti said not all operators want a complete system and prefer the flexibility provided by a company like Ceragon.

The company also announced a one-time expense of \$1.15 million to acquire technology for further development. Palti said Ceragon would continue to make such deals.

The CEO does not see Ceragon as an acquisition target.

"We believe we can continue to grow significantly over the next years as an independent company," he said.

(Additional reporting by Steven Scheer; Editing by Andrew Callus)

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