



Ceragon Reports Fourth Quarter 2009 Results

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

	Three months ended December 31,		Year ended December 31,	
	2009	2008	2009	2008
Revenues	\$ 53,357	\$ 56,779	\$ 184,220	\$ 217,278
Cost of revenues	35,231	37,802	123,494	144,607
Gross profit	18,126	18,977	60,726	72,671
Operating expenses:				
Research and development	5,812	5,195	20,189	20,310
Selling and marketing	7,877	8,989	29,996	32,252
General and administrative	2,244	2,160	7,893	7,150
Total operating expenses	\$ 15,933	\$ 16,344	\$ 58,078	\$ 59,712
Operating profit	2,193	2,633	2,648	12,959
Financial income, net	228	69	1,496	2,184
Income before taxes	2,421	2,702	4,144	15,143
Tax benefit (taxes on income)	(293)	36	(489)	10,834
Net Income	<u>\$ 2,128</u>	<u>\$ 2,738</u>	<u>\$ 3,655</u>	<u>\$ 25,977</u>
Basic net earnings per share	<u>\$ 0.06</u>	<u>\$ 0.07</u>	<u>\$ 0.11</u>	<u>\$ 0.70</u>
Diluted net earnings per share	<u>\$ 0.06</u>	<u>\$ 0.07</u>	<u>\$ 0.10</u>	<u>\$ 0.68</u>
Weighted average number of shares used in computing basic net earnings per share	<u>34,256,957</u>	<u>36,517,147</u>	<u>34,369,212</u>	<u>36,863,684</u>
Weighted average number of shares used in computing diluted net earnings per share	<u>36,365,610</u>	<u>36,938,654</u>	<u>35,796,878</u>	<u>38,338,584</u>

(more)

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CONDENSED CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands)
(Unaudited)

	<u>December 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 38,339	\$ 28,224
Short-term bank deposits	30,183	35,044
Marketable securities	16,724	2,187
Trade receivables, net	68,452	70,811
Deferred taxes	3,462	4,082
Other accounts receivable and prepaid expenses	7,492	10,094
Inventories	65,925	40,510
<u>Total current assets</u>	<u>230,577</u>	<u>\$ 190,952</u>
LONG-TERM INVESTMENTS:		
Long-term bank deposits	10,824	8,204
Long-term marketable securities	2,250	24,102
Severance pay funds	4,971	4,065
Deferred taxes	8,942	8,007
<u>Total long-term investments</u>	<u>\$ 26,987</u>	<u>\$ 44,378</u>
PROPERTY AND EQUIPMENT, NET	<u>11,809</u>	<u>8,891</u>
<u>Total assets</u>	<u>\$ 269,373</u>	<u>\$ 244,221</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	52,898	40,731
Deferred revenues	18,548	5,886
Other accounts payable and accrued expenses	9,847	8,041
<u>Total current liabilities</u>	<u>\$ 81,293</u>	<u>\$ 54,658</u>
LONG-TERM LIABILITIES		
Accrued severance pay	<u>\$ 7,174</u>	<u>\$ 6,647</u>
SHAREHOLDERS' EQUITY:		
Share capital:		
Ordinary shares	92	91
Additional paid-in capital	291,736	285,141
Treasury shares at cost	(20,091)	(7,923)
Other comprehensive income	100	193
Accumulated deficits	(90,931)	(94,586)
<u>Total shareholders' equity</u>	<u>\$ 180,906</u>	<u>\$ 182,916</u>
<u>Total liabilities and shareholders' equity</u>	<u>\$ 269,373</u>	<u>\$ 244,221</u>

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(U.S. dollars, in thousands)

(Unaudited)

	Three months ended December 31,		Year ended December 31,	
	2009	2008	2009	2008
Cash flow from operating activities:				
Net income	\$ 2,128	\$ 2,738	\$ 3,655	\$ 25,977
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation	960	685	3,283	2,070
Stock-based compensation expense	1,317	594	3,607	2,557
Decrease (increase) in trade and other receivables, net	(9,751)	(9,792)	4,724	(33,411)
Decrease (increase) in inventory	(15,755)	2,299	(25,415)	(394)
Increase (decrease) in trade payables and accrued liabilities	18,932	(1,150)	14,619	8,116
Increase (decrease) in deferred revenues	4,565	257	12,662	(816)
Increase in deferred tax asset	(281)	(241)	(281)	(11,353)
Decrease in long term payable	-	-	-	(4,650)
Other adjustments	374	108	(42)	360
Net cash provided by (used in) operating activities	\$ 2,489	\$ (4,502)	\$ 16,812	\$ (11,544)
Cash flow from investing activities:				
Purchase of property and equipment ,net	(1,640)	(1,956)	(6,737)	(5,029)
Investment in short and long-term bank deposit	(16,214)	(13,124)	(44,009)	(66,267)
Proceeds from short and long-term bank deposits	19,284	13,542	46,177	61,376
Investment in held-to-maturity marketable securities	(3,203)	-	(4,703)	(14,851)
Proceeds from maturities of held-to-maturity marketable securities	-	7,450	11,754	13,500
Net cash provided by (used in) investing activities	\$ (1,773)	\$ 5,912	\$ 2,482	\$ (11,271)
Cash flow from financing activities:				
Proceeds from exercise of options	2,205	104	2,989	695
Purchase of treasury shares at cost	(4,128)	(7,923)	(12,168)	(7,923)
Issuance costs	-	(11)	-	(383)
Net cash used in financing activities	\$ (1,923)	\$ (7,830)	\$ (9,179)	\$ (7,611)
Increase (decrease) in cash and cash equivalents	\$ (1,207)	\$ (6,420)	\$ 10,115	\$ (30,426)
Cash and cash equivalents at the beginning of the period	39,546	34,644	28,224	58,650
Cash and cash equivalents at the end of the period	\$ 38,339	\$ 28,224	\$ 38,339	\$ 28,224

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

	Three months ended December 31,			2008
	2009			
	GAAP (as reported)	Adjustments (*)	Non-GAAP	Non-GAAP
Revenues	\$ 53,357		\$ 53,357	\$ 56,779
Cost of revenues	35,231	70	35,161	37,749
Gross profit	18,126		18,196	19,030
Operating expenses:				
Research and development	5,812	170	5,642	5,068
Selling and marketing	7,877	316	7,561	8,752
General and administrative	2,244	761	1,483	1,983
<u>Total operating expenses</u>	<u>\$ 15,933</u>		<u>\$ 14,686</u>	<u>\$ 15,803</u>
Operating profit	2,193		3,510	3,227
Financial income, net	228		228	69
Income before taxes	2,421		3,738	3,296
Tax benefit (taxes on income)	(293)		(293)	36
Net income	<u>\$ 2,128</u>		<u>\$ 3,445</u>	<u>\$ 3,332</u>
Basic net earnings per share	<u>\$ 0.06</u>		<u>\$ 0.10</u>	<u>\$ 0.09</u>
Diluted net earnings per share	<u>\$ 0.06</u>		<u>\$ 0.09</u>	<u>\$ 0.09</u>
Weighted average number of shares used in computing basic net earnings per share	<u>34,256,957</u>		<u>34,256,957</u>	<u>36,517,147</u>
Weighted average number of shares used in computing diluted net earnings per share	<u>36,365,610</u>		<u>36,365,610</u>	<u>36,938,654</u>
<u>Total adjustments</u>		<u>1,317</u>		

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

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

	Year ended December 31,			2008
	2009			
	GAAP (as reported)	Adjustments(*)	Non-GAAP	Non-GAAP
Revenues	\$ 184,220		\$ 184,220	\$217,278
Cost of revenues	123,494	256	123,238	144,350
Gross profit	60,726		60,982	72,928
Operating expenses:				
Research and development	20,189	643	19,546	19,724
Selling and marketing	29,996	1,185	28,811	31,245
General and administrative	7,893	1,523	6,370	6,443
<u>Total operating expenses</u>	<u>\$ 58,078</u>		<u>\$ 54,727</u>	<u>\$ 57,412</u>
Operating profit	2,648		6,255	15,516
Financial income, net	1,496		1,496	2,184
Income before taxes	4,144		7,751	17,700
Taxes on income	489		489	373
Net income	<u>\$ 3,655</u>		<u>\$ 7,262</u>	<u>\$ 17,327</u>
Basic net earnings per share	<u>\$ 0.11</u>		<u>\$ 0.21</u>	<u>\$ 0.47</u>
Diluted net earnings per share	<u>\$ 0.10</u>		<u>\$ 0.20</u>	<u>\$ 0.45</u>
Weighted average number of shares used in computing basic net earnings per share	<u>34,369,212</u>		<u>34,369,212</u>	<u>36,863,684</u>
Weighted average number of shares used in computing diluted net earnings per share	<u>35,796,878</u>		<u>35,796,878</u>	<u>38,338,584</u>
<u>Total adjustments</u>		<u>3,607</u>		

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

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