

Reference Slides

Earnings Call for Q3-16 Results

Safe Harbor Provision

- Certain statements made herein that use words such as “estimate,” “project,” “intend,” “expect,” “believe”, “may”, “might”, “predict”, “potential”, “anticipate”, “plan” or similar expressions are intended to identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws. For example, statements about potential new projects, investments to support the Company’s growth, meeting market demand for the Company’s solutions, coordination with and executing on customer commitments, that AT&T plans to virtualize approximately 75% of their network by 2020, projected sales cycles with top-tier carriers, whether the Company’s activities will materialize into new deals, strengthening the Company’s positioning within the NFV ecosystem, scaling up workforce with a focus on engineering, expected gross margin, R&D hiring and increased capabilities to support customers and widening the gap with competitors, expected expenses, continued engagement with top-tier CSPs on potential projects, ramping up North America office, presence and activities and expected 2016 revenues all constitute forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties that could cause the actual results, performance or achievements of the Company to be materially different from those that may be expressed or implied by such statements, including, among others, changes in general economic and business conditions and specifically, decline in the demand for the Company’s products, inability to timely develop and introduce new technologies, products and applications, and loss of market share and pressure on prices resulting from competition. For additional information regarding these and other risks and uncertainties associated with the Company’s business, reference is made to the Company’s reports filed from time to time with the United States Securities and Exchange Commission. The Company does not undertake to revise or update any forward-looking statements for any reason.
- The Company does not undertake to update forward-looking statements.
- In this conference call, management will be referring to certain non-GAAP financial measures, which are provided to enhance the user’s overall understanding of the Company’s financial performance. By excluding certain non-cash charges, non-GAAP results provide information that is useful in assessing the Company’s core operating performance, and in evaluating and comparing our results of operations on a consistent basis from period to period. The presentation of this additional information is not meant to be considered a substitute for the corresponding financial measures prepared in accordance with generally accepted accounting principles. Investors are encouraged to review the reconciliations of GAAP to non-GAAP financial measures which are included in the quarter’s earnings release, which is available on the Company’s website at <http://radcom.com/investor-relations>

Overview

- Q3 Revenues Up 62% YOY to \$7.7M
- Continued Engagement with 9 Top-Tier CSPs on Potential Projects
- Increased Investments to Support Growth
- COO Relocating to US to Ramp Up our North America Office Presence and Activities

Financials

Income Statement for Q3 (GAAP, US\$ 1000s)

	Q3-16	Q3-15
Sales	7,726	4,767
Cost of sales	2,357	835
Gross profit	5,369	3,932
Gross Margin	69.5%	82%
R&D Gross	1,985	1,389
Less participation	385	867
R&D Net	1,600	522
Sales & Marketing	2,352	2,194
General & Administrative	1,436	534
Operating expenses	5,388	3,250
Operating profit (loss)	(19)	682
Financial income (expenses)	39	(107)
Net profit before Tax	20	575
Taxes	(18)	(14)
Net profit	2	561
EPS basic	\$0.00	\$0.07
Diluted	\$0.00	\$0.06

Income Statement for Q3 *(Non-GAAP, US\$ 1000s)*

	Q3-16	Q3-15
Sales	7,726	4,767
Cost of sales	2,318	828
Gross profit	5,408	3,939
Gross Margin	70.0%	82.6%
R&D Gross	1,830	1,281
Less participation	385	867
R&D Net	1,445	414
Sales & Marketing	2,279	2,092
General & Administrative	690	477
Operating expenses	4,414	2,983
Operating profit	994	956
Financial income (expenses)	39	(107)
Net profit before Tax	1,033	849
Taxes	(18)	(14)
Net profit	1,015	835
EPS (Basic)	\$0.09	\$0.10
EPS (Diluted)	\$0.09	\$0.09

Income Statement for 9 months (GAAP, US\$ 1000s)

	9M-2016	9M-2015
Sales	21,473	15,958
Cost of sales	6,186	3,189
Gross Profit	15,287	12,769
Gross Margin	71.2%	80.0%
R&D Gross	5,453	4,452
Less participation	1,141	1,007
R&D Net	4,312	3,445
Sales & Marketing	5,611	5,781
General & Administrative	3,463	1,740
Operating expenses	13,386	10,966
Operating profit	1,901	1,803
Financial income (expenses)	775	(481)
Net profit	2,676	1,322
Taxes	(24)	(121)
Net profit	2,652	1,201
EPS (GAAP)	\$0.26	\$0.14
Diluted (GAAP)	\$0.26	\$0.13

Income Statement for 9 months *(Non-GAAP, US\$ 1000s)*

	9M-2016	9M-2015
Sales	21,473	15,958
Cost of sales	6,105	3,160
Gross Profit	15,368	12,798
Gross Margin	71.6%	80.2%
R&D Gross	5,059	4,019
Less participation	1,141	1,007
R&D Net	3,918	3,012
Sales & Marketing	5,487	5,455
General & Administrative	2,362	1,468
Operating expenses	11,767	9,935
Operating profit	3,601	2,863
Financial income (expenses)	775	(481)
Net profit before Tax	4,376	2,382
Taxes	(24)	(121)
Net profit	4,352	2,261
EPS (Basic)	\$0.43	\$0.26
EPS (Diluted)	\$0.42	\$0.25

Operating Expenses (GAAP, US\$ 1000s)

	9M-2016	9M-2015
R&D Gross	5,453	4,452
Less participation	1,141	1,007
R&D Net	4,312	3,445
Sales & Marketing	5,611	5,781
General & Administrative	3,463	1,740
Operating expenses	13,386	10,966

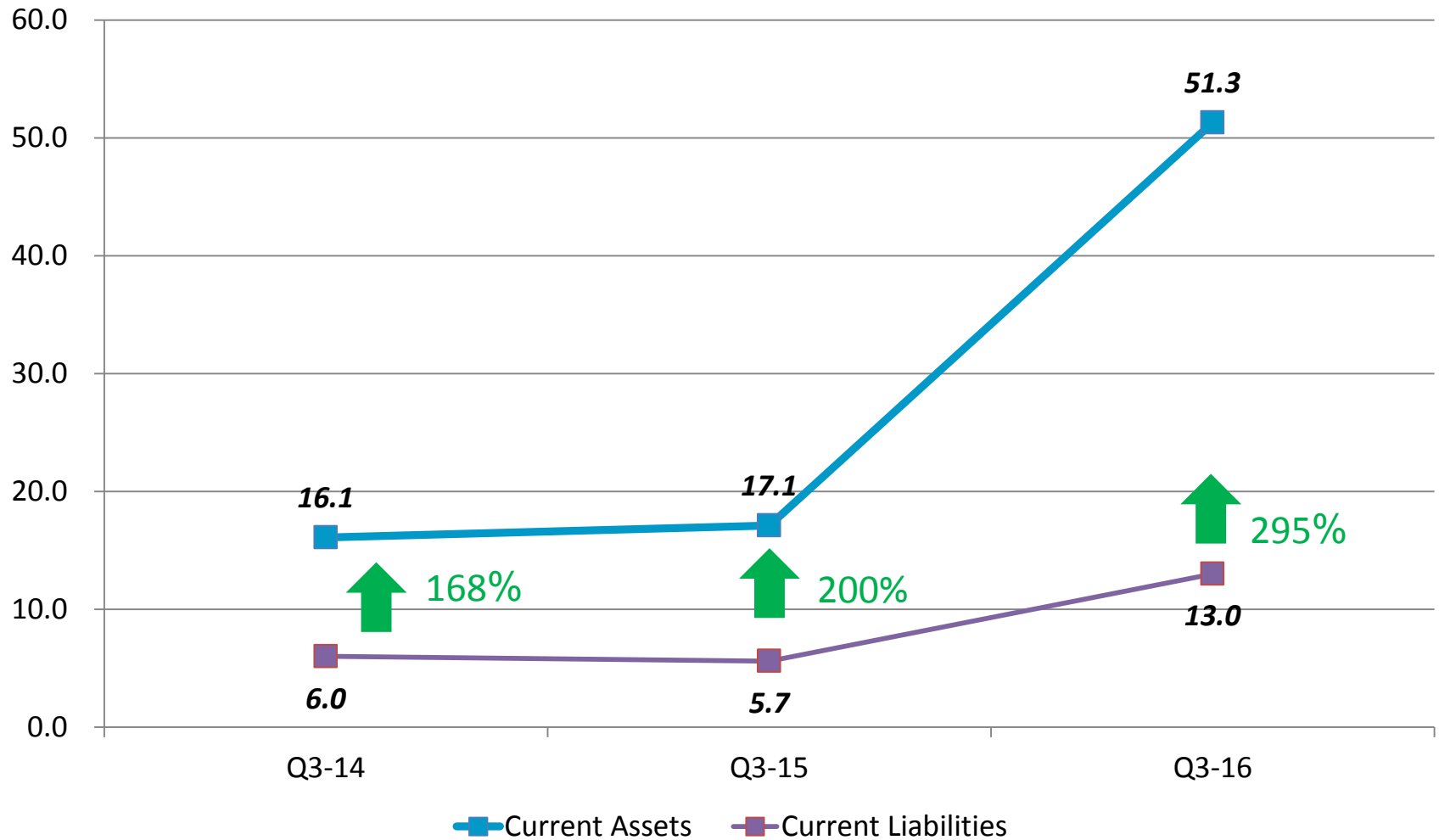
Operating Expenses *(Non GAAP, US\$ 1000s)*

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Operating expenses	11,767	9,935

Balance Sheet (US\$ 1000s)

	Sep-16	Sep-15
Cash and cash equivalents	43,248	7,946
Restricted cash deposits	32	32
Trade Receivables	4,413	5,527
Inventories	1,151	1,709
Other receivables	2,503	1,928
Current assets	51,347	17,142
Assets for severance benefits	3,205	3,130
Property & Equipment-Net	984	316
Other long term receivables	621	464
Total Assets	56,157	21,052
Trade payables	2,801	1,013
Current deferred revenues	4,819	799
Other payables	5,354	3,850
Current Liabilities	12,974	5,662
Long-term deferred revenues	25	318
Liability For severance benefits	3,807	3,573
Equity	39,351	11,499
Total Liabilities & Equity	56,157	21,052

Current Assets vs. Current Liabilities





Thank You