

CERAGON NETWORKS LTD
Form 6-K
July 28, 2004

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

REPORT OF FOREIGN ISSUER

Pursuant to Section 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the month of July 2004

CERAGON NETWORKS LTD.

(Translation of registrant's name into English)

24 Raoul Wallenberg Street, Tel Aviv 69719, Israel

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If Yes is marked, indicate below the file number assigned to the registration in connection with Rule 12g3(b): 82 _____

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CERAGON NETWORKS LTD.

Date: July 28, 2004

BY: /s/ Shraga Katz

Shraga Katz
President

Exhibit Description

Press Release: Ceragon Networks Reports Second Quarter 2004 Financial Results

Ceragon Networks® Announces Second Quarter Financial Results

Company Reports Record Revenues and First Quarter of Operating Profits

TEL AVIV, Israel, July 22, 2004 Ceragon Networks Ltd. (NASDAQ: CRNT), www.ceragon.com, a global provider of high-capacity broadband wireless systems, today reported results for the second quarter, which ended June 30, 2004. The second quarter of 2004 was Ceragon's eleventh consecutive quarter of revenue growth and first quarter of operating income.

Revenues for the quarter were \$13.0 million, a record for Ceragon and up from \$8.1 million for the second quarter of 2003 and from \$11.4 million for the first quarter of 2004. This represents an increase of 60.5% as compared to the second quarter of 2003, and an increase of 14.1% as compared to the first quarter of 2004. Gross profit for the second quarter of 2004 increased to \$5.4 million, or 41.6 % of revenues.

The net income computed in accordance with U.S. GAAP for the second quarter of 2004 improved to \$290 thousand, or \$0.01 basic and diluted net earnings per ordinary share. This compares to net income for the first quarter of 2004 of \$39 thousand, or \$0.00 basic and diluted net earnings per ordinary share, and to net loss for the second quarter of 2003 of \$(1.2) million, or \$(0.05) basic and diluted net loss per ordinary share. The company ended the second quarter of 2004 with \$38.6 million in cash and liquid investments.

Q2 was the first quarter of operating profit for Ceragon, in addition to impressive top line growth and excellent performance in bookings and growing market share, said Shraga Katz, president and CEO, Ceragon Networks Ltd. Looking ahead, our visibility is clear and together with the latest additions to our Fibeair family of products we are confident going forward.

A conference call discussing Ceragon's results for the second quarter of 2004 will take place today, July 22, 2004, at 11:00 a.m. (EDT). Details can be found on Ceragon's website at http://www.ceragon.com/site/Investor_events.asp. The live call and its replay will be accessible on Ceragon's website. The replay will be available through July 29, 2004.

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About Ceragon Networks Ltd.

Ceragon Networks Ltd. (Nasdaq: CRNT), a pacesetter in broadband wireless networking systems, enables rapid and cost-effective high-capacity network connectivity for mobile cellular infrastructure, fixed networks, private networks and enterprises. Ceragon's modular FibeAir product family operates across multiple frequencies, supports integrated high-capacity services over SONET/SDH, ATM and IP networks, and offers innovative built-in add/drop multiplexing and encryption functionality to meet the growing demand for value-added broadband services. Ceragon's FibeAir product family complies with North American and international standards and is installed with over 150 customers in more than 50 countries. More information is available at www.ceragon.com.

Ceragon Networks®, CeraView®, and the FibeAir® design mark are registered trademarks of Ceragon Networks Ltd., and Ceragon, FibeAir, PolyView, ConfigAir, CeraMon, EtherAir, QuickAir, QuickAir Partner Program, QuickAir Partner Certification Program, QuickAir Partner Zone, EncryptAir and Microwave Fiber are trademarks of Ceragon Networks Ltd.

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CERAGON NETWORKS LTD. CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands, except share and per share data

| | Six months ended June 30, | | Three months ended June 30, | | Year ended December 31, |
|------------------|------------------------------|-----------|--------------------------------|----------|----------------------------|
| | 2004 | 2003 | 2004 | 2003 | 2003 |
| Revenues | \$ 24,404 | \$ 15,140 | \$ 13,007 | \$ 8,103 | \$ 34,421 |
| Cost of revenues | 14,132 | 9,342 | 7,600 | 4,908 | 20,646 |

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| | Six months ended June 30, | | Three months ended June 30, | | Year ended December 31, |
|---|------------------------------|------------|--------------------------------|------------|----------------------------|
| Gross profit | 10,272 | 5,798 | 5,407 | 3,195 | 13,775 |
| Operating expenses: | | | | | |
| Research and development | 4,576 | 4,397 | 2,390 | 2,225 | 8,946 |
| Less - grants and participations | 1,013 | 941 | 520 | 491 | 1,976 |
| Research and development, net | 3,563 | 3,456 | 1,870 | 1,734 | 6,970 |
| Sales and marketing | 5,583 | 4,634 | 2,848 | 2,270 | 9,437 |
| General and administrative | 1,079 | 1,042 | 555 | 532 | 2,167 |
| Amortization of deferred stock compensation (a) | 245 | 802 | 87 | 351 | 1,354 |
| Non-recurring income, net | - | (315) | - | (233) | (704) |
| Total operating expenses | 10,470 | 9,619 | 5,360 | 4,654 | 19,224 |
| Operating income (loss) | (198) | (3,821) | 47 | (1,459) | (5,449) |
| Financial income, net | 435 | 499 | 182 | 235 | 1,159 |
| Other financial expenses - Non-cash charge relating to a puttable warrant | - | - | - | - | (3,432) |
| Other income | 92 | - | 61 | - | - |
| Net income (loss) | \$ 329 | \$ (3,322) | \$ 290 | \$ (1,224) | \$ (7,722) |
| Basic and diluted net earnings (loss) per share | \$ 0.01 | \$ (0.15) | \$ 0.01 | \$ (0.05) | \$ (0.33) |
| Weighted average number of shares used in computing basic net earnings (loss) per share | 24,790,561 | 22,694,910 | 24,851,571 | 22,780,642 | 23,063,160 |
| Weighted average number of shares used in computing diluted net earnings (loss) per share | 28,291,805 | 22,694,910 | 28,177,109 | 22,780,642 | 23,063,160 |
| (a) <u>Amortization of deferred stock compensation relates to the following:</u> | | | | | |
| Cost of revenues | \$ 22 | \$ 62 | \$ 7 | \$ 25 | \$ 109 |
| Research and development costs, net | 58 | 232 | 14 | 96 | 400 |
| Selling and marketing expenses, net | 134 | 316 | 59 | 145 | 530 |
| General and administrative expenses | 31 | 192 | 7 | 85 | 315 |
| <u>Total</u> amortization of deferred stock compensation | \$ 245 | \$ 802 | \$ 87 | \$ 351 | \$ 1,354 |

CERAGON NETWORKS LTD.
CONSOLIDATED BALANCE SHEETS

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U.S. dollars in thousands, except share and per share data

| | June 30, 2004 | December 31, 2003 |
|--|--------------------------|------------------------------|
| | <hr/> | <hr/> |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 9,026 | \$ 7,307 |
| Short-term bank deposits | 4,171 | 10,556 |
| Marketable securities | 8,423 | 4,861 |
| Trade receivables, net | 9,377 | 5,056 |
| Other accounts receivable and prepaid expenses | 3,650 | 2,892 |
| Inventories | 13,981 | 11,103 |
| | <hr/> | <hr/> |
| Total current assets | 48,628 | 41,775 |
| | <hr/> | <hr/> |
| LONG-TERM INVESTMENTS: | | |
| Long-term bank deposits | 6,575 | 1,473 |
| Long-term marketable securities | 10,453 | 14,849 |
| Long-term receivables | 300 | - |
| Severance pay funds | 1,824 | 1,664 |
| | <hr/> | <hr/> |
| Total long-term investments | 19,152 | 17,986 |
| | <hr/> | <hr/> |
| PROPERTY AND EQUIPMENT, NET | 2,646 | 2,667 |
| | <hr/> | <hr/> |
| Total assets | \$ 70,426 | \$ 62,428 |
| | <hr/> | <hr/> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Trade payables | \$ 10,060 | \$ 5,662 |
| Other accounts payable and accrued expenses | 7,682 | 5,632 |
| | <hr/> | <hr/> |
| Total current liabilities | 17,742 | 11,294 |
| | <hr/> | <hr/> |
| ACCRUED SEVERANCE PAY | 2,831 | 2,451 |
| | <hr/> | <hr/> |
| SHAREHOLDERS' EQUITY: | | |
| Share capital: | | |
| Ordinary shares of NIS 0.01 par value: Authorized: | | |
| 40,000,000 shares | | |
| as of December 31, 2003 and June 30, 2004; issued and | | |
| outstanding: | | |
| 24,675,313 and 24,919,350 as of December 31, 2003 and June | | |
| 30, 2004, respectively | | |
| | 61 | 61 |
| Additional paid-in capital | 175,437 | 175,043 |
| Deferred stock compensation | (142) | (395) |
| Accumulated other comprehensive income | 194 | - |
| Accumulated deficit | (125,697) | (126,026) |
| | <hr/> | <hr/> |
| Total shareholders' equity | 49,853 | 48,683 |
| | <hr/> | <hr/> |
| Total liabilities and shareholders' equity | \$ 70,426 | \$ 62,428 |
| | <hr/> | <hr/> |

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This press release may contain statements concerning Ceragon's future prospects that are forward-looking statements under the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations and projections that involve a number of risks and uncertainties. There can be no assurance that future results will be achieved, and actual results could differ materially from forecasts and estimates. Important factors that could cause actual results to differ materially from forecasts and estimates include: Ceragon's limited operating history and history of losses; Ceragon's dependence on a limited number of key customers, independent manufacturers and suppliers; and the demand for Ceragon's products and technology. These risks and uncertainties, as well as others, are discussed in greater detail in Ceragon's Annual Report on Form 20-F and Ceragon's other filings with the Securities and Exchange Commission. Forward-looking statements speak only as of the date on which they are made and Ceragon undertakes no commitment to revise or update any forward-looking statement in order to reflect events or circumstances after the date any such statement is made.

Contacts:

Daphna Golden
Ceragon Networks Ltd.
+972-3-645-5513
ir@ceragon.com
