

CERAGON NETWORKS LTD
Form 6-K
February 17, 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 February 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.

BY: /S/ Shraga Katz

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Date: February 15, 2004

Shraga Katz
President and CEO

Exhibit Description

Press Release: Ceragon Networks Reports Fourth Quarter and Fiscal Year 2003
Financial Results

Ceragon Networks® Reports Fourth Quarter and Fiscal Year 2003 Financial Results

TEL AVIV, Israel, January 29, 2004 Ceragon Networks Ltd. (NASDAQ:CRNT), www.ceragon.com, a global provider of high-capacity broadband wireless systems, today reported results for the fourth quarter and fiscal year, which ended December 31, 2003. 2003 was a record year for Ceragon, representing growth of close to 90% over 2002. Revenues for 2003 were \$34.4 million, up from \$18.4 million in 2002. Revenues for the fourth quarter of 2003 were \$10.2 million, up from \$6.1 million for the fourth quarter of 2002 and from \$9.1 million for the third quarter of 2003. This represents an increase of 67 % as compared to the fourth quarter of 2002, and an increase of 12% as compared to the third quarter of 2003. This past quarter was Ceragon's ninth consecutive quarter of revenue growth.

Gross profit for 2003 increased to \$13.8 million or 40.0% of revenues. This compares to a gross profit for 2002 of \$5.6 million or 30.5% of revenues. Gross profit for the fourth quarter of 2003 increased to \$4.2 million, or 41.8% of revenues. This compares to gross profit for the fourth quarter of 2002 of \$2.1 million, or 34.5% of revenues, and to gross profit for the third quarter of 2003 of \$3.7 million, or 40.9% of revenues. Net loss for 2003 has decreased to \$(4.3) million, or \$(0.19) basic and diluted net loss per ordinary share. This compares to net loss of \$(14.4) million, or \$(0.64) for 2002. Net loss for the fourth quarter of 2003 has decreased for the ninth consecutive quarter to \$(0.3) million, or \$(0.01) basic and diluted net loss per ordinary share. This compares to net loss for the fourth quarter of 2002 of \$(2.9) million, or \$(0.13) basic and diluted net loss per ordinary share, and to net loss for the third quarter of 2003 of \$(0.7) million, or \$(0.03) basic and diluted net loss per ordinary share.

The company ended the fourth quarter of 2003 with \$39.0 million in cash and liquid investments.

Ceragon has just reported record year results, said Shraga Katz, president and CEO, Ceragon Networks Ltd. We've made impressive gains, increased market share, nearly doubled our revenues and we are looking forward to continued growth and our first profitable year.

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A conference call discussing Ceragon's results for the fourth quarter and fiscal year 2003 will take place today, January 29, 2004, at 11:00 a.m. (EST). Details can be found on Ceragon's website at http://www.ceragon.com/site/Investor_events.asp. The live call as well as its replay will be accessible on Ceragon's website through February 2, 2004.

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 from 6 to 38 GHz, supports integrated high-capacity services from 100 to 622 Mbps 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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CONSOLIDATED STATEMENTS OF OPERATIONS
U.S. dollars in thousands, except share and per share data

| | Three months ended December 31, | | Year ended December 31, | |
|--|------------------------------------|------------|----------------------------|-------------|
| | 2003 | 2002 | 2003 | 2002 |
| | Unaudited | | Unaudited | |
| Revenues | \$ 10,167 | \$ 6,071 | \$ 34,421 | \$ 18,394 |
| Cost of revenues | 5,919 | 3,974 | 20,646 | 12,791 |
| Gross profit | 4,248 | 2,097 | 13,775 | 5,603 |
| Operating expenses: | | | | |
| Research and development | 2,321 | 2,362 | 8,946 | 9,143 |
| Less: grants and participations | 563 | 544 | 1,976 | 1,870 |
| Research and development, net | 1,758 | 1,818 | 6,970 | 7,273 |
| Selling and marketing, net | 2,460 | 2,310 | 9,437 | 9,130 |
| General and administrative | 573 | 510 | 2,167 | 2,031 |
| Amortization of deferred stock compensation (a) | 244 | 575 | 1,354 | 2,974 |
| Non-recurring expenses (income), net | (167) | 83 | (704) | 83 |
| Total operating expenses | 4,868 | 5,296 | 19,224 | 21,491 |
| Operating loss | (620) | (3,199) | (5,449) | (15,888) |
| Financial income, net | 345 | 292 | 1,159 | 1,528 |
| Net loss | \$ (275) | \$ (2,907) | \$ (4,290) | \$ (14,360) |
| Basic and diluted net loss per share | \$ (0.01) | \$ (0.13) | \$ (0.19) | \$ (0.64) |
| Weighted average number of shares used in computing basic and diluted net loss per share | 24,022,189 | 22,498,846 | 23,063,160 | 22,375,939 |
| (a) <u>Amortization of deferred stock compensation relates to the following :</u> | | | | |
| Cost of revenues | \$ 23 | \$ 47 | \$ 109 | \$ 214 |
| Research and development, net | 73 | 177 | 400 | 958 |
| Selling and marketing, net | 99 | 210 | 530 | 1,072 |
| General and administrative | 49 | 141 | 315 | 730 |
| <u>Total</u> amortization of deferred stock compensation | \$ 244 | \$ 575 | \$ 1,354 | \$ 2,974 |

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

| | December 31, | |
|---|------------------|------------------|
| | 2003 | 2002 |
| | Unaudited | |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 7,307 | \$ 4,688 |
| Short-term bank deposits | 10,556 | 10,853 |
| Marketable securities | 4,861 | 11,743 |
| Trade receivables, net | 5,056 | 4,329 |
| Other accounts receivable and prepaid expenses | 2,892 | 1,268 |
| Inventories | 11,103 | 8,054 |
| Total current assets | 41,775 | 40,935 |
| LONG-TERM INVESTMENTS: | | |
| Long-term bank deposits | 1,473 | 4,214 |
| Long-term marketable securities | 14,849 | 11,675 |
| Severance pay funds | 1,664 | 1,200 |
| Total long-term investments | 17,986 | 17,089 |
| PROPERTY AND EQUIPMENT, NET | 2,667 | 3,616 |
| Total assets | \$ 62,428 | \$ 61,640 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Trade payables | \$ 5,662 | \$ 5,744 |
| Other accounts payable and accrued expenses | 5,632 | 4,805 |
| Total current liabilities | 11,294 | 10,549 |
| ACCRUED SEVERANCE PAY | 2,451 | 1,825 |
| SHAREHOLDERS' EQUITY: | | |
| Share capital: | | |
| Ordinary shares of NIS 0.01 par value: Authorized: 40,000,000 shares as of December 31, 2002 and December 31, 2003; Issued and outstanding: 22,578,346 shares and 24,675,313 shares as of December 31, 2002 and December 31, 2003, respectively | 61 | 56 |
| Additional paid-in capital | 171,611 | 169,286 |
| Deferred stock compensation | (395) | (1,772) |
| Accumulated deficit | (122,594) | (118,304) |
| Total shareholders' equity | 48,683 | 49,266 |
| Total liabilities and shareholders' equity | \$ 62,428 | \$ 61,640 |

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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
