

Transmode announces preliminary sales for the fourth quarter 2013

Stockholm, Sweden - 14 January 2014 - Transmode, a global supplier of packet optical networking solutions, is announcing today preliminary sales for the fourth quarter 2013, of SEK 223 m, which is below the expected level reported previously.

CEO Karl Thedéen commented: "Order intake in the fourth quarter was in line with our expectations and the fourth quarter of the previous year. The main reason for fourth-quarter sales being below the expected level stated in the Third-quarter Interim Report is that we could not recognize late orders as revenue during 2013."

The company's preliminary sales for the fourth quarter 2013 were SEK 223 (251) m, down by 11.1%, preliminarily. In the Third-quarter Report, the company communicated "As a result of the situation in the Americas and the merger of two of our major European customers, the company's sales in the fourth quarter will show low growth compared to the corresponding quarter of the previous year."

Preliminary fourth-quarter sales by region were as follows: Europe, SEK 193 (200) m; Americas, SEK 24 (46) m and APAC, SEK 6 (5) m.

Accordingly, full-year 2013 preliminary sales are SEK 1,029 m compared to SEK 1,011 m for the full year 2012.

Preliminary operating profit for the fourth quarter 2013 is expected between SEK 8.3 m and SEK 9.6 (37.1) m, equating to an operating margin of between 3.7% and 4.3% (14.7%). For the full year 2013, Transmode expects a preliminary operating profit of between SEK 147.5 m and SEK 148.8 (170.7) m, equating to an operating margin of between 14.3% and 14.5% (16.9%).

Preliminary cash flow from operating activities in the fourth quarter will exceed SEK 67 (71) m and preliminary cash flow from operating activities for the full year 2013 will exceed SEK 170 (177) m.

In accordance with the dividend policy, the Board of Directors is also proposing an ordinary dividend of SEK 1.80 per share to the AGM, equivalent to a total of SEK 50,019,617, and an extra dividend of SEK 4.70 per share, equivalent to a total of SEK 130,606,777. See a separate press release of today's date, 14 January 2014.

Transmode's fourth-quarter results and the Financial Statement 2013 will be published on 5 February at 08:00 a.m. CET, as previously stated.

The information in this press release is mandatory for Transmode AB (publ) to publish pursuant to the Swedish Securities Markets Act (Sw. lagen om värdepappersmarknaden). The information was submitted for publication at 08:00 a.m. CET on 14 January 2014.

This is a translation of the Swedish original. In case of any inconsistency between the Swedish and English version, the Swedish version shall apply.

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About Transmode

Transmode is a global provider of packet optical networking solutions that enable fixed line and mobile network operators to cost effectively address the capacity needs created by the rapid growth in video and data traffic. These solutions are important building blocks in next-generation high-speed optical networks that support services such as broadband backhaul, mobile data backhaul, video delivery services and cloud computing. Transmode's solutions are designed to increase the capacity, flexibility and functionality of metro and regional networks and are based on Wavelength Division Multiplexing (WDM) and transport technologies such as Ethernet. Transmode's Native Packet Optical 2.0 architecture gives customers key advantages such as cost efficient Ethernet services, ultra-low latency, low power consumption and future proof network design.

Transmode is headquartered in Stockholm, Sweden and is listed on the NASDAQ OMX Stockholm Exchange (TRMO). Since 2000, the company has installed more than 40,000 systems for over 500 fixed and mobile network operators, service providers, large enterprises and public institutions in over 45 countries across the globe.

For additional information about Transmode, please visit www.transmode.com.