

Voltaire Announces 39% Sequential Revenue Growth in Second Quarter 2009

BILLERICA, Mass. and RA'ANANA, Israel – July 29, 2009 – Voltaire Ltd. (NASDAQ: VOLT), a leading provider of scale-out data center fabrics, today announced financial results for the three- and six-month period ended June 30, 2009.

Main Highlights

- Revenues total \$10.7 million, compared to \$7.7 million revenues in first quarter 2009
- Gross margin totals 52.9%, down from first quarter 2009 following change in product mix
- Substantially lower operating and net loss, on higher revenues and implemented cost efficiencies
- Cash, cash equivalents and marketable securities at June 30, 2009 total \$50.6 million

Financial Results

Revenues for the second quarter of 2009 totaled \$10.7 million, compared to \$17.1 million in the second quarter of 2008. Revenues increased 39% sequentially from the \$7.7 million in the first quarter 2009.

Gross profit for the second quarter of 2009 totaled \$5.7 million, compared to \$9.3 million in the second quarter of 2008. Gross profit increased 30% sequentially from the \$4.4 million in the first quarter 2009. Gross margin for the second quarter of 2009 totaled 52.9%, compared to 54.5% gross margin for the second quarter of 2008. Gross margin for the first quarter of 2009 totaled 56.7% due to a more favorable product mix.

Operating loss for the second quarter of 2009 totaled \$2.8 million, compared to operating profit of \$0.3 million in the second quarter of 2008. Operating loss for the quarter was down substantially from the \$5.9 million operating loss in the first quarter of 2009 which also included a one time provision of \$1.7 million for a doubtful debt.

Net loss for the second quarter of 2009 totaled \$2.9 million, or \$0.14 per share, compared to net income of \$0.4 million, or \$0.02 earnings per diluted share, in the second quarter of 2008. Net loss for the first quarter of 2009 totaled \$6.1 million, or \$0.29 per share.

On a non-GAAP basis, net loss for the second quarter of 2009 totaled \$2.3 million, or \$0.11 per share, compared to net income of \$0.8 million, or \$0.04 earnings per diluted share, in the second quarter of 2008. On a non-GAAP basis, net loss for the first quarter of 2009 totaled \$5.5 million, or \$0.26 per share, which also included a one time \$1.7 million provision for doubtful debt.

Cash, cash equivalents, and marketable bonds and securities as of June 30, 2009, totaled \$50.6 million, compared to \$54.8 million as of March 31, 2009.

Mr. Ronnie Kenneth, Chairman and CEO of Voltaire commented, "Our second quarter results demonstrate that we are back on track. We returned to double-digit sequential revenue growth, while narrowing our operating and net losses."

Mr. Kenneth added, "During the quarter we witnessed demand for both our existing and new products, with orders from the government sector returning to over 30% of our total order intake, followed by financial services which contributed 25%. Our new 40 Gb/s QDR InfiniBand director switches, which shipped towards the end of the quarter, experienced strong demand as nearly all major HPC deals emerging today view these switches as the interconnect technology that best maximizes the new capacity provided by next generation server architectures. Furthermore, our recently released UFM software is gaining interest given its ability to dramatically optimize performance and management of scale-out server and storage fabrics. We ended the quarter with a healthy backlog enabling us to enter the third quarter, and second half the year, with a high degree of visibility -- higher than in recent quarters, granting us the confidence to reiterate our annual revenue guidance."

Mr. Kenneth concluded, "As we look ahead to the second half of the year, we are already seeing growing excitement among partners and end users for our upcoming 10 Gigabit Ethernet switches. In June we announced the first switch in our Ethernet portfolio, the Voltaire Vantage 8500. Slated for general availability towards the end of this year, we expect these switches to open the door to new markets and expansion opportunities for Voltaire, increasing our addressable market from hundreds of millions of dollars to billions of dollars. These new products, paired with our market leading InfiniBand product portfolio, will serve as the key growth drivers for the company in 2010 and beyond."

Outlook

Management reiterates previously announced guidance, and expects revenues for the full year of 2009 to be around \$50 million. Gross margin for the year is expected to be around 50%, and to return to approximately 55% in 2010. Non-GAAP operating expense levels are expected to remain at a similar level to 2008.