



**RADVISION**<sup>®</sup>

Delivering the Visual Experience<sup>®</sup>

# Delivering Visual Communications

## 1Q09 Financial Review

May 2009

This presentation is designed to accompany  
the information given on the  
RADVISION Q1 2009 Earnings  
Conference Call on May 5, 2009.

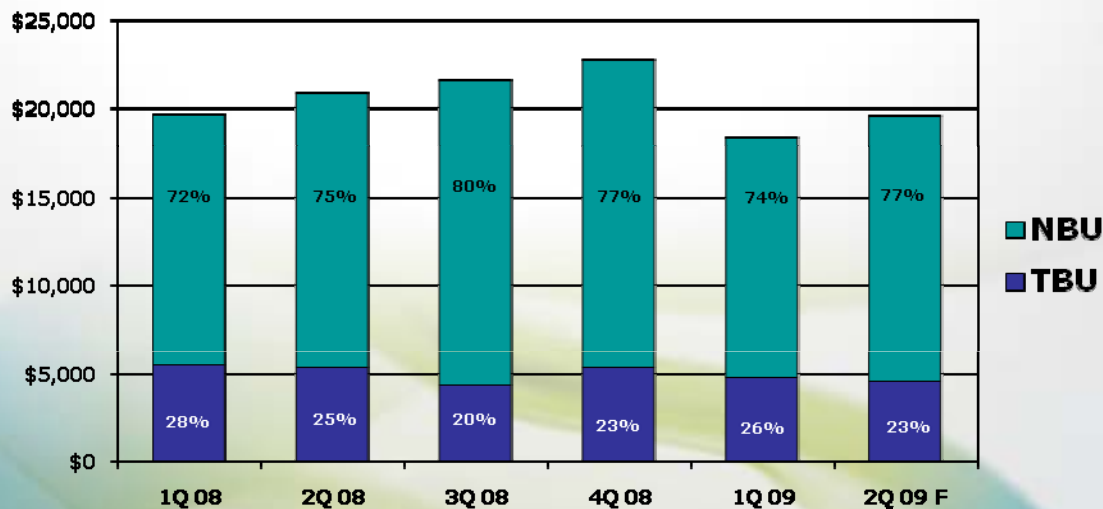
This presentation contains forward-looking statements that are subject to risks and uncertainties. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, general business conditions in the industry, changes in demand for products, the timing and amount or cancellation of orders and other risks detailed from time to time in RADVISION's filings with the Securities Exchange Commission, including RADVISION's Form 20-F Annual Report. These documents contain and identify other important factors that could cause actual results to differ materially from those contained in our projections or forward-looking statements. Stockholders and other readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update publicly or revise any forward-looking statement.

## *RADVISION Business Units*

- **Networking Business Unit (NBU)**
  - Leading provider of IP-centric and 3G videoconferencing platforms (MCUs, gateways, gatekeepers, and enhanced services)
  - Powered by RADVISION IP protocols (see below)
  - Supports both legacy ISDN and IP protocols and all end points
  - Supports Voice, Video and Data conferencing
- **Technology Business Unit (TBU)**
  - Pioneering VoIP Developer Solutions since 1992
  - Large market share with over 700 customers
  - Provides SDKs and platforms for development of VoIP Clients and Servers
  - Solutions designed for IP and 3G networks
  - Powering majority of IMS and Pre-IMS deployments

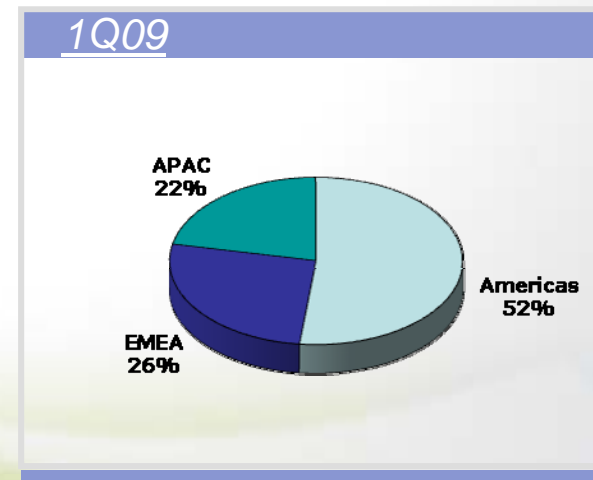
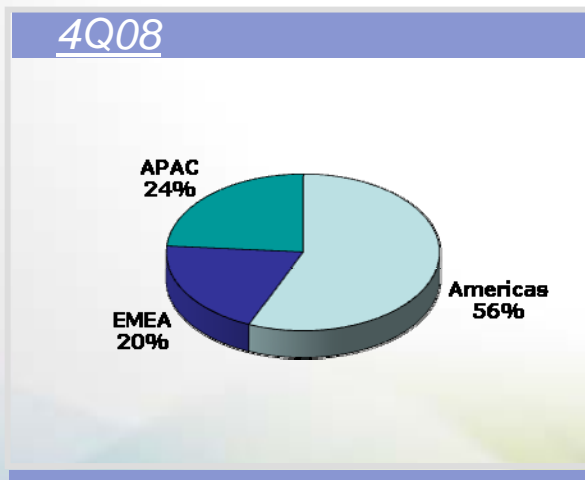
# Revenues - General

|              | <u>Actual</u><br>1Q 2008 | <u>Actual</u><br>2Q 2008 | <u>Actual</u><br>3Q 2008 | <u>Actual</u><br>4Q 2008 | <u>Actual</u><br>FY2008 | <u>Actual</u><br>1Q 2009 | <u>Forecast</u><br>2Q 2009 |
|--------------|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------|--------------------------|----------------------------|
| TBU          | \$5,456                  | \$5,291                  | \$4,297                  | \$5,324                  | \$20,368                | \$4,745                  | \$4,500                    |
| NBU          | \$14,151                 | \$15,554                 | \$17,258                 | \$17,416                 | \$64,379                | \$13,554                 | \$15,000                   |
| <b>Total</b> | <b>\$19,607</b>          | <b>\$20,845</b>          | <b>\$21,555</b>          | <b>\$22,740</b>          | <b>\$84,747</b>         | <b>\$18,299</b>          | <b>\$19,500</b>            |
| Gross Margin | 79.1%                    | 78.3%                    | 77.7%                    | 78.3%                    | 78.3%                   | 78.1%                    | 79.0%                      |



## Revenues – Geographic & Concentration

|          | <u>1Q08</u> | <u>2Q08</u> | <u>3Q08</u> | <u>4Q08</u> | <u>1Q09</u> |
|----------|-------------|-------------|-------------|-------------|-------------|
| Americas | 57.6%       | 64.8%       | 66.7%       | 56.5%       | 51.8%       |
| EMEA     | 24.3%       | 16.9%       | 19.3%       | 20.0%       | 26.4%       |
| APAC     | 18.1%       | 18.3%       | 14.0%       | 23.5%       | 21.8%       |
| Total    | 100%        | 100%        | 100%        | 100%        | 100%        |



|                  | <u>1Q08</u> | <u>2Q08</u> | <u>3Q08</u> | <u>4Q08</u> | <u>1Q09</u> |
|------------------|-------------|-------------|-------------|-------------|-------------|
| Top 10 Customers | 57%         | 64%         | 69%         | 56%         | 63%         |

## Non-GAAP Operating Expenses

(U.S. Dollars in thousands)  
(Un-audited)

|              | <u>Actual</u><br>1Q 2008 | <u>Actual</u><br>2Q 2008 | <u>Actual</u><br>3Q 2008 | <u>Actual</u><br>4Q 2008 | <u>Actual</u><br>FY 2008 | <u>Actual</u><br>1Q 2009 | <u>Forecast</u><br>2Q 2009 |
|--------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|----------------------------|
| R&D          | \$7,751                  | \$8,850                  | \$9,378                  | \$9,209                  | \$35,188                 | \$6,707                  | \$6,600                    |
| S&M          | \$8,910                  | \$8,573                  | \$8,111                  | \$7,897                  | \$33,491                 | \$6,657                  | \$6,500                    |
| G&A          | \$1,658                  | \$1,920                  | \$1,888                  | \$1,786                  | \$7,252                  | \$1,114                  | \$1,100                    |
| <b>Total</b> | <b>\$18,319</b>          | <b>\$19,343</b>          | <b>\$19,377</b>          | <b>\$18,892</b>          | <b>\$75,931</b>          | <b>\$14,478</b>          | <b>\$14,200</b>            |

### % of revenues

|              | <u>1Q 2008</u> | <u>2Q 2008</u> | <u>3Q 2008</u> | <u>4Q 2008</u> | <u>FY 2008</u> | <u>1Q 2009</u> | <u>2Q 2009</u> |
|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| R&D          | 39.5%          | 42.5%          | 43.5%          | 40.5%          | 41.5%          | 36.7%          | 33.8%          |
| S&M          | 45.4%          | 41.1%          | 37.6%          | 34.7%          | 39.5%          | 36.4%          | 33.3%          |
| G&A          | 8.5%           | 9.2%           | 8.8%           | 7.9%           | 8.6%           | 6.1%           | 5.6%           |
| <b>Total</b> | <b>93.4%</b>   | <b>92.8%</b>   | <b>89.9%</b>   | <b>83.1%</b>   | <b>89.6%</b>   | <b>79.1%</b>   | <b>72.8%</b>   |

Data excluding deferred stock compensation according to FAS-123R and restructuring expenses.

## Cash Flow

(U.S. Dollars in thousands)

|                            | <u>1Q 2008</u> | <u>2Q 2008</u> | <u>3Q 2008</u> | <u>4Q 2008</u> | <u>1Q 2009</u> |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| Cash & cash equivalents*   | \$127,581      | \$123,464      | \$121,581      | \$121,253      | \$117,677      |
| as percent of total assets | 75%            | 74%            | 74%            | 75%            | 75%            |
| Cash flow from operations  | \$1,334        | (\$354)        | \$719          | \$2,939        | (\$2,114)      |
| Capital expenditures       | (\$948)        | (\$917)        | (\$469)        | (\$683)        | (\$320)        |
| Option Exercise            | \$18           | \$6            | \$0            | \$5            | \$0            |
| Share Buyback              | (\$3,565)      | (\$2,852)      | (\$2,133)      | (\$2,589)      | (\$1,142)      |
| Net Change in Cash         | (\$3,161)      | (\$4,117)      | (\$1,883)      | (\$328)        | (\$3,576)      |
| Cash per basic share       | \$6.04         | \$5.98         | \$6.00         | \$6.10         | \$6.01         |
| # of basic shares          | 21,123         | 20,637         | 20,250         | 19,876         | 19,564         |

\*Including short term and long term investments

## Balance Sheet

(U.S. Dollars in thousands)  
 (Un-audited)

|                | <u>1Q 2008</u> | <u>2Q 2008</u> | <u>3Q 2008</u> | <u>4Q 2008</u> | <u>1Q 2009</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|
| Inventory Days | 26             | 22             | 19             | 22             | 19             |
| Inventory      | \$1,154        | \$1,088        | \$983          | \$1,185        | \$824          |
| DSOs (in days) | 66             | 68             | 60             | 57             | 68             |
| Target DSOs    | 55             | 55             | 55             | 55             | 55             |
| Receivables    | \$14,141       | \$15,627       | \$14,106       | \$14,118       | \$13,640       |

## Actual Results and 2Q09 Guidelines

|                            | 1Q08a*     | 2Q08a*     | 3Q08a*     | 4Q08a*     | 2008a*     | 1Q09a*     | 2Q09f*     |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|
| Revenue                    | \$19,607   | \$20,845   | \$21,555   | \$22,740   | \$84,747   | \$18,299   | \$19,500   |
| COG                        | (4,096)    | (4,534)    | (4,808)    | (4,941)    | (18,379)   | (4,016)    | (4,100)    |
| Gross Profit               | \$15,511   | \$16,311   | \$16,747   | \$17,799   | \$66,368   | \$14,283   | \$15,400   |
|                            | 79%        | 78%        | 78%        | 78%        | 78%        | 78%        | 79%        |
| R&D                        | (7,751)    | (8,850)    | (9,378)    | (9,209)    | (35,188)   | (6,707)    | (6,600)    |
| S&M                        | (8,910)    | (8,573)    | (8,111)    | (7,897)    | (33,491)   | (6,657)    | (6,500)    |
| G&A                        | (1,658)    | (1,920)    | (1,888)    | (1,786)    | (7,252)    | (1,114)    | (1,100)    |
| Exp.                       | (\$18,319) | (\$19,343) | (\$19,377) | (\$18,892) | (\$75,931) | (\$14,478) | (\$14,200) |
| Op. Profit (loss)          | (\$2,808)  | (\$3,032)  | (\$2,630)  | (\$1,093)  | (\$9,563)  | (\$195)    | \$1,200    |
| Financial income           | \$1,044    | \$858      | \$1,009    | \$1,015    | \$3,926    | \$891      | \$550      |
| Tax benefit (expense)      | (\$3)      | \$12       | (\$128)    | (\$161)    | (\$280)    | (\$106)    | (\$300)    |
| Non GAAP Net Income (loss) | (\$1,767)  | (\$2,162)  | (\$1,749)  | (\$239)    | (\$5,917)  | \$590      | \$1,450    |
| ARS Gain (Write-down)      | \$0        | (\$446)    | (\$1,070)  | \$129      | (\$1,387)  | (\$259)    | \$0        |
| Restructuring Expenses     | \$0        | \$0        | \$0        | (\$221)    | (\$221)    | \$0        | \$0        |
| FAS-123R Option expenses   | (\$1,304)  | (\$1,267)  | (\$1,688)  | (\$1,156)  | (\$5,415)  | (\$1,168)  | (\$1,200)  |
| GAAP Net Income (loss)     | (\$3,071)  | (\$3,875)  | (\$4,507)  | (\$1,487)  | (\$12,940) | (\$837)    | \$250      |
| No. of diluted shares      | 21,123     | 20,637     | 20,250     | 19,876     | 20,472     | 19,564     | 19,564     |
| Non GAAP Diluted EPS       | (\$0.08)   | (\$0.10)   | (\$0.09)   | (\$0.01)   | (\$0.29)   | \$0.03     | \$0.07     |
| Diluted EPS                | (\$0.15)   | (\$0.19)   | (\$0.22)   | (\$0.07)   | (\$0.63)   | (\$0.04)   | \$0.01     |

(\*) Operating expenses data excluding deferred stock compensation according to FAS-123R and Restructuring expenses.



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