

O T T A W A BUSINESS JOURNAL

The power to build business

DragonWave's Q1 revenues soar on strength of single customer

By [Krystle Chow](#), Ottawa Business Journal Staff

Wed, Jul 15, 2009 9:00 AM EST

DragonWave Inc. ([TSX:DWI](#))'s revenues grew 48.7 per cent in its first quarter, but losses continued to grow as the company suffered foreign exchange losses.

The Ottawa-based networking technology maker said its net loss rose to \$2.88 million or 10 cents per share, from \$1.94 million or seven cents per share, with the latest number including the effect of \$1.69 million in foreign exchange losses.

Still, the company said it's on track for its goal of reaching profitability during its fiscal 2010 year, especially considering the strong growth in both its North American and international revenues.

Total sales rose to \$15.95 million from \$10.73 million, which DragonWave said was a record figure for quarterly revenues, with the majority of the gain coming from a single, major North American customer that [has "accelerated" its orders for DragonWave's backhaul technology](#) lately. The unnamed customer accounted for 52 per cent of revenue during the quarter, DragonWave said.

Including that client, the company's revenues from customers within North America rose to roughly \$12.9 million from \$8 million. Sales to customers from outside North America, meanwhile, rose to \$3.1 million from \$2.7 million.

On top of the sales growth, DragonWave also managed to narrow the loss from operations to \$1.2 million from \$2.5 million.

"Our first-quarter results are extremely pleasing with strong growth in both North America and EMEA (the Europe, Middle East and Africa region). Our overall growth will accelerate as we move through Q2," said DragonWave CEO Peter Allen in a statement. "DragonWave is making strides on multiple fronts."

The company also highlighted as evidence that it's on its way to a "breakout year" [a recent major deal scored with Globalive Wireless Management Corp.](#), which chose DragonWave's technology to backhaul its new 3G network following Globalive's success in a wireless spectrum auction, although the contract was awarded after the close of DragonWave's first quarter.

DragonWave said it expects to see its sales sequentially double in its second quarter, with full-year revenues anticipated to rise to \$100 million from just \$43.3 million in fiscal 2009.

