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AUDC - Q3 2018 AudioCodes Ltd Earnings Call

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Allison Soss

PRESENTATION

Operator

Greetings, and welcome to the AudioCodes Third Quarter 2018 Earnings Conference Call. (Operator Instructions) As a reminder, this conference is being recorded.

I would now like to turn the conference over to your host, Ms. Allison Soss with KCSA. Thank you. You may begin.

Allison Soss

Thank you, Melissa. I would like to welcome everyone to the AudioCodes Third Quarter 2018 Earnings Conference Call. Hosting the call today are Shabtai Adlersberg, President and Chief Executive Officer; and Niran Baruch, Vice President, Finance and Chief Financial Officer.

Before beginning, we'd like to remind you that the information provided during this call may contain forward-looking statements relating to AudioCodes business outlook, future economic performance, product introductions and plans and objectives related thereto, and statements concerning assumptions made or expectations as to any future event, conditions, performance or other matters are forward-looking statements as the term is defined under the U.S. federal securities law.

Forward-looking statements are subject to various risks, uncertainties and other factors that could cause actual results to differ materially from those stated in such statements. These risks, uncertainties and factors include, but are not limited to, the effect of current global economic conditions and conditions in general and in AudioCodes industry and target market; in particular, shifts in supply and demand; market acceptance of new products and the demand for existing products; the impact of competitive products and pricing on AudioCodes and its customer products and markets; timely product and technology developments; upgrade and the ability to make changes in the market conditions as needed; possible need for additional financing; the ability to satisfy covenants in the company's loan agreements; possible disruptions from acquisitions; the ability of the AudioCodes to successfully integrate the products and operations from acquired companies into AudioCodes business; and other factors detailed in AudioCodes filings with the SEC, the U.S. Securities and Exchange Commission. AudioCodes assumes no obligation to update information.

In addition, during the call, AudioCodes will refer to non-GAAP net income and net income per share. AudioCodes has provided a reconciliation of non-GAAP net income and net income per share to its net income and net income per share according to GAAP in its press release and on its website.

Before I turn the call over to management, I would like to remind everyone that this call is being recorded, and an archived webcast will be made available on the Investor Relations section of the company's website at the conclusion of this call. The call will also be archived on our Investor Relations app, which is available for free in the iTunes App Store and the Google Play market.

With that said, I would like -- I would now like to turn the call over to Shabtai Adlersberg. Shabtai, please go ahead.

Shabtai Adlersberg - *AudioCodes Ltd. - Co-Founder, President, CEO & Director*

Thank you, operator. Good morning, and good afternoon, everybody. I'd like to welcome all to our third quarter conference call. With me this morning is Niran Baruch, Chief Financial Officer and Vice President of Finance of AudioCodes. Niran will start off by presenting a financial overview of the quarter. I will then review the business highlights and summary for the third quarter 2018, discuss trends and developments in our business and industry and the outlook for the fourth quarter of 2018. We will then turn it into the Q&A session. Niran?

Niran Baruch - *AudioCodes Ltd. - CFO*

Thank you, Shabtai, and hello, everyone. As usual, we will be referring to both GAAP and non-GAAP numbers on the call. The non-GAAP P&L metrics exclude recurring noncash items. Today, the earnings press release contains a reconciliation of supplemental non-GAAP financial information. Revenues for the third quarter were \$44.5 million, up 2.3% from the prior quarter and up 13.5% compared to the third quarter in 2017.

Services revenues for the third quarter were \$14.1 million, accounting for 32% of total revenues. Deferred revenues balance as of September 30, 2018, was \$44.2 million compared to \$42.6 million as of June 30, 2018.

Revenues by geographical region for the quarter were split as follows: North America, 45%; Central and Latin America, 5%; EMEA, 34%; and Asia Pacific, 16%. Our top 15 customers in aggregate represented 59% of revenues in the quarter, of which 47% are attributed to our 10 largest distributors.

Gross margin for the quarter was 62.2% compared to 62.8% in Q3 2017. Non-GAAP gross margin for the quarter was 62.7% compared to 63.2% in Q3 2017.

Operating income for the quarter was \$5 million compared to an operating income of \$2.6 million in Q3 2017. On a non-GAAP basis, quarterly operating income was \$6 million, or 13.5% of revenues, compared to an operating income of \$3.4 million in Q3 2017.

Net income for the quarter was \$4.1 million, or \$0.14 per share, compared to net income of \$1 million, or \$0.03 per share, in Q3 2017. On a non-GAAP basis, quarterly net income was \$5.8 million, or \$0.19 per share, compared to net income of \$3.4 million, or \$0.10 per share, in Q3 2017.

Our balance sheet remained strong. At the end of September 2018, cash, cash equivalents and marketable securities totaled \$56.7 million.

Day sales outstanding as of September 30, 2018, were 54 days compared to 52 days in the prior quarter.

Operating cash flow generated during the quarter was \$3.5 million.

During the quarter, we acquired approximately 132,000 shares for a total consideration of \$1.1 million. As of September 30, 2018, and since we began to repurchase our shares in August 2014, we had acquired an aggregate of 17.3 million shares for an aggregate consideration of approximately \$91.3 million.

In June 2018, we received court approval in Israel to purchase up to an aggregate of 20 million of additional ordinary shares pursuant to our share repurchase program. The current court approval will expire on December 14, 2018.

On July 24, 2018, we declared an annual cash dividend of \$0.20 per share. The dividend in the aggregate amount of \$5.8 million was paid on August 20, 2018. We expect to continue declaring annual dividends in the coming years.

Now to provide an update on our guidance. We now expect revenues for 2018 to be in the range of \$174 million to \$176 million compared to the original range of \$171 million to \$175 million. We anticipate non-GAAP diluted earnings per share to be in the range of \$0.60 to \$0.65 compared to the original range of \$0.51 to \$0.55.

I will now turn the call back over to Shabtai.

Shabtai Adlersberg - *AudioCodes Ltd. - Co-Founder, President, CEO & Director*

Thank you, Niran. We're very pleased to report record financial results for the third quarter of 2018. This is now the fifth quarter in a row where we exhibit accelerated growth and substantially better financial performance as compared to previous years.

Now let me touch on some of the highlights of this quarter. Continued strong revenue growth in the quarter; jump in the net income, quite a jump. Quarterly, as Niran indicated, we grew 13.5% compared to the third quarter of 2017. On an annual level, we now forecast growth of about 11% to 12% for the full year 2018. This forecast represents acceleration in annual revenue growth over previous years. In 2017, growth was 7.7%, 4.2% in 2016 and, as mentioned, between 11% to 12% this year.

Not less impressive is our anticipated last 3 years earnings growth. We now forecast earnings to grow above 50% in 2018. This forecast comes on the heels of earnings growth of close to 60% in 2016, 30% in 2017. Two key factors support our continued business momentum, which should continue well in coming years.

As to the market, we see steady evolution in growth in the underlying market segments that we participate in. Both are known in the digital workspace, in the enterprise space and the transition to all-IP networks in the service provider world.

And then our strong position and foremost execution leadership in the market in the segments that we serve. One key development in the quarter was substantial improvement in our operating margin. We have been many years below the 10% range. In the third quarter of 2018, we reached 13.5%. That's compared to 8.8% over the year-ago quarter and 10.2% in the second quarter of 2018. We note that this result reflects the combination of both our networking business and the new investment in Voice. AI. On a stand-alone basis, in the third quarter of 2018, our networking business run rate operating margin reached over 15% quarterly, and we now forecast operating margin of above 13% for the full year for that business.

Third highlight is the acceleration in our UC-SIP business, and as a result, in the next year business. Just like in the first half of 2018, our third quarter 2018 UC-SIP business grew above 30% year-over-year against a beginning of the year plan or forecast to grow annually between 15% to 20%. So we see in 2018 accelerated growth in reaching UC-SIP revenue of close to \$90 million.

As we target further growth of about -- above 20% in 2019, we now predict business will grow above the \$100 million target already in 2019. That would be 1 year earlier than what we have anticipated about 2 or 3 years ago.

Almost all key business lines, including the SBC, our One Voice Operations Center management suite, the MSBR and the Global Services business demonstrated very solid growth and strength.

We note lower growth in the IP phone business line in the third quarter of '18 as we encountered delays in customer purchases in connection with the still slower introduction of Teams telephony in May 2018. We do believe that this line will pick up again in a period of 6 months from today as it will become much more mature.

Operator

(technical difficulty)

Shabtai Adlersberg - *AudioCodes Ltd. - Co-Founder, President, CEO & Director*

So let me go back to where we believe we've been cut off from the call. I was talking about our strong cash flow, \$3.5 million this quarter, a \$14 million year-to-date. We continued to generate in excess of \$17 million a year, and we believe that we will see similar such performance in the fourth quarter of 2018. What's behind that growth is the close collaboration with market leaders in the enterprise space and also with unified communication context of the market leaders and the fact that we continue to invest in maintaining strong relationship with large global system integrator, which proves to be essential to our business.



Side-by-side with our success in the enterprise space, we have a growing momentum in the service provider space. We do see growth in many areas, including SIP trunking, UC-SIP services, deployment of CPE devices and continuation of the transition to an all-IP world. Getting to our 2 key businesses, I discussed already the UC-SIP business. We've already discussed growth there. Strong underlying growth trends in the enterprise in both voice network connectivity infrastructure, basically, was the main driver behind that very strong growth in UC-SIP. Just to remind you that we have sold between \$66 million and \$68 million last year. This year, we will end up close to \$90 million, so very substantial growth.

Our Gateway business continued to exhibit strength substantially due to the ongoing evolution in the global migration of the PSTN and private networks from TDM to all-IP. On the Gateway business side, we saw good revenue stream in the third quarter quite similar to what we saw in the second quarter. Backing this strength is, I mentioned many times, the migration to all-IP networks in leading economies such as the U.S., Germany, Australia and other countries.

Also, and very important, key to our solid performance in these segments for several years is the fact that we have now become the partner of choice for CPE products in many leading countries and applications. In parallel, we are building similar such positions with leading service providers worldwide. We are confident that this leading position in Gateway business will prevail in coming years in levels that is -- are not very different from what we see today.

We continue to invest and see quite a nice success in our Voice. AI operation. I will save the details of it for the beginning of the year next year.

Just to provide a quick outlook in the fourth quarter, I am glad to know that, at this stage, the trend in both businesses, enterprise, UC-SIP and Gateway continues in October. This is the first month of the fourth quarter of 2018.

Now to touch on some of the financial highlights that have not been discussed yet. We see continued growth in deferred revenues. Deferred revenues grew 44% year-over-year. They've reached a level of 44.2% in the third quarter of 2018 versus 42.6% in the previous quarter, so very nice increase.

Very encouraging also is the fact that we have -- grew substantially on the product revenues, \$44.5 million that we did in revenue split into product about 2/3 and services 1/3. This is the first meaningful quarter in which we saw substantial increase in product sales. Growth was \$14.5 million compared to the year-ago quarter. Service revenues grew also above 10%. And we are definitely on our track to end up the year with a 12% to 13% growth.

One key new development is our growth in the professional services category. I've not discussed that yet in many of our calls, but now we see very strong growth, and I'll provide more detail afterwards. The growth is bringing this business to be more than \$10 million of revenue in 2018. We see growth of at least 25%, 30% year-over-year. And I'll just say that here, we take advantage of our very comprehensive solution, product and services, and we can deploy products and provide managed services to very large companies who need to have that capability, but really lack the ability and the resources to support it. And as the technology developed fast and I think all of us on the call appreciate the pace of development of technology, it's sometimes very hard for large companies to deploy the most advanced solution if they do not have a very strong trend and expert company to help and deploy that solution. This is exactly where we step in. We see huge potential in that and that is only just in the beginning phase.

Gross margin has been fairly stable. It settles at around 62.8%, 62.7%. OpEx declined very nicely, about \$1 million less. That should be attributed to vacation in the third quarter, improved U.S. dollar-Israeli shekel rate and lower headcount. All in all, we believe our run rate for our operating expenses should be around \$22.5 million a quarter. Headcount was stable in the quarter, with about 700 employees.

Records. So records in the quarter. Operating margin 13.5% versus 8.8% a year ago. EBITDA \$6.4 million versus \$4.4 million a year ago. And net income, net income jumped to \$5.8 million compared to \$3.4 million a year ago, so strong quarter on the financials side.

On the sales side, generally, sales performed well over the planned actual target. So we definitely were ahead of what we planned to do in the third quarter. Remarkably performed areas were North America enterprise business, several countries in Europe and India.

To mention some of the successful opportunities we've been able to close in the quarter, in the Skype for Business market, we won a very large 1 million size PO for managed services for a very large global logistic company. We then won a very important project with a global leading system integrator for -- and it's working Skype for Business on a global basis, but that time the deployment was for its internal use. Another project is with a large U.S.-based medical center. All of these projects are very large in size. Unified communication, which is non-Skype for Business base, we had 2 very nice deals, 1 in Russia with a leading bank, one of the world's top 10 banks; and also, we won a very important project in Europe with a very large vehicle manufacturer.

Contact center. We won a big deployment using WebRTC gateway with a leading mid-market vendor. We then won a very large enterprise space in the health care segment and then a large retailer in Europe.

Last, I'll go to business services. So here I can mention that we have continued to develop very strong relationship with the U.S.-based very large communications company.

I'll move to some of the areas. I'll try to do that quick enough. Microsoft, strong quarter. We've been up more than 30% from the year ago, above 15% from the previous quarter. We are on track to grow this year, at least 15%; we'll do more than that. The key leading team in Microsoft is Teams. Teams gets all the attention of Microsoft marketing and field. Teams -- though our market data points have indicated that while Teams is successful in the market, we see lower adoption of the voice part of it in Teams, as the future priority with Skype for Business server in online has not been fully delivered. So we still will have -- as I mentioned in my previous call, I think we still are at least 6 months before -- 6 to 9 months before voice in Teams gets to full deployment as it was in Skype for Business. Much of the traction is around sales for direct route SBC and few more products. Many service providers are aligning with direct routing as a means of offering their SIP trunking. Our IP phone line is mature and now is pretty competitive with other offering in the market.

We keep -- sell still Skype for Business online solution, and we see, as I mentioned before, strong relationship with global system integrator and growth in professional services. As we see nice success, we're going to be above our target goal to grow 20% in 2019. We've seen nice increase in product sales, more than 30% quarter-over-quarter, as we continue to deploy more cloud-based and managed services solution. This quarter, there's a nice development in that market where, while in the past, we sold SBC mainly into the enterprise space, which was about 70%, 80% of revenues -- of SBC revenues and only 20% or 30% in the service provider space, in the third quarter of 2018, split was roughly equal, 50%-50%. So nice development with service providers. And also, on the geo split, there's a very fairly balanced geo split. North America was close to 40%; EMEA was 37%; and Asia Pacific 17%.

We have new developments. We're working on applying SBC to solutions such as Recording as a Service. Banks who expand their solution, we're responding to RFPs of global Tier 1 service providers and also with mid-market contact centers. So all in all, a very nice development for SBC, which is really our favorite business line going forward.

I'll mention also that on the service provider CPE side, we are working very closely with leading U.S. and European Tier 1 service providers. You know some of the names like Verizon and Deutsche Telekom and a few more names, AT&T, so great success there.

Again, I think I've covered most of the global services success. So just coming back to the guidance that Niran provided, we are fully optimistic about ending this year at a level that would be above our initial and then the update we gave in July. So revenue should end up in the range of \$174 million to \$176 million. And earnings should grow to be between \$0.60 to \$0.65 for the full year. With that, I've completed my presentation, and I'd like to turn over the call to the operator for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of Rich Valera with Needham and Company.



Richard Frank Valera - *Needham & Company, LLC, Research Division - Senior Analyst*

The question on the UC-SIP business, obviously, very strong results year-to-date, I guess, 30% plus growth there. I wanted to get your sense of what you thought the sustainable growth rate of that business might be. I know it's kind of hard to peg, but at one point, we thought it was 15% to 20%. We've been running 30%, which will, obviously, give you tougher comps next year. But wanted to get your sense of how you look at that business beyond '18, perhaps '19 or beyond. And then also, I was hoping you could get into the dynamics around Microsoft Teams. I know you said you expect it's a few quarters before Teams Voice is fully sort of up and running in the market, but I know you thought that Direct Routing, which they introduced, I think, about a quarter ago might help that as well. So just thoughts on -- around Teams as well.

Shabtai Adlersberg - *AudioCodes Ltd. - Co-Founder, President, CEO & Director*

Sure. So originally, we were growing 15% to 20% a year. I think roughly, let's take a perspective. So we started the business back in 2008, '09. We were at about \$12 million in 2012. We did \$66 million or \$68 million last year, so very nice growth. But as we go forward, there's much more maturity, and UC-SIP, basically, is a combination of a few business lines. So it's a combination of the SBC, the phones, the routers, the One Voice Operations Center, which is a very successful management solution, and services do develop quite nicely. So I would say that I expect maturity to translate into maybe higher growth. So while I was hesitant in the past to say that it's 15% to 20%, I do believe we will see at least 20% growth year-over-year. And again, just to remind everybody that in the past, we used to be mainly a Gateway company. And as we all know, the window for Gateway is kind of limited. On the other hand, the transition to all-IP is not really beginning, but it's only, I would say, the first thread of the growth in the market. So I will not be surprised if we will be able to do better than 20%. But it's a very solid growth that's diversified in terms of application, in terms of products, in terms of regional or geographical basis. So it's a very strong -- and it's really supported by very strong underneath trend. As for Teams, we work closely with Microsoft as, I would assume, some other competitors do as well. There's a huge effort of Microsoft to push Teams to the market. We've seen a very successful conference in September, the Ignite conference. So Teams usage is picking up. Voice still needs to develop, so there are certain capabilities that are still missing and, therefore, all of the different vendors in that environment that support mainly voice are kind of a slowdown mode. But again, we believe that towards the mid-2019, voice would come back to life and will be very important. And basically, just to touch on the Direct Route SBC, yes, that business is growing very fast. Actually, I didn't give you that point of data, but right now I think we have won -- well, direct route SBC started in June this year. We already have on our list more than 20 service providers using that, and the list continues to grow. As I believe that Teams in comparison to Skype for Business -- Skype for Business was really more targeting large enterprises. With Teams, the solution has the ability to go downward into the SME and the SMB market. So service providers will be much more active, and this is one of the areas we'll be active pursuing customers. So that's relating to the direct route SBC and Teams.

Richard Frank Valera - *Needham & Company, LLC, Research Division - Senior Analyst*

That's very helpful. And I think you mentioned the Voice AI product, but I just wanted to get maybe more color on that. I think a couple of quarters ago, you had started marketing that in Germany. I guess, that was your first kind of foray outside of the Israel market. I'm just wondering how that's going and if you plan to expand that into other markets beyond Germany and Israel in the near term.

Shabtai Adlersberg - *AudioCodes Ltd. - Co-Founder, President, CEO & Director*

Yes. So in Germany, indeed, we started earlier. We already have 2 wins. We have a pipeline of between 10 and 15 other opportunities in one specific market segment, take the enterprise space, divided into energy, financial, health care, transportation, et cetera. We are active in one such segment only. We've focused on one application, and it's going very well. We're going -- that application has been very successful in Israel. And so that's why we focus on that. We definitely believe that this quarter and in first quarter of 2019, as we get the application much more mature, in tune to the German market specifications and requirements, we will see accelerated growth. We intend to take the same application and knowledge we developed here and be substantially more active in the U.S. We do have, I think, already 1 win or 2, but we really haven't started to market it heavily. So I do expect that in 2019, we will more than double our activity. And I think as we mature -- again, even here, we started out only with speech recognition technology, we're adding to that a lot of text-to-speech, we're adding to that machine learning, we're adding to that full transcription. So I think we will be in full force in 2019. I think growth that we expect with the different languages; the different regions and countries; different



applications; our unique advantage in connection to telephony, which is very important; cloud implementation; bot frameworks, I think we're going to prosper very nicely in that space going forward.

Richard Frank Valera - *Needham & Company, LLC, Research Division - Senior Analyst*

Great. I appreciate that color. And then you did mention the Gateway business. I think last quarter, you'd talked about that business being down. I think it may have been down as much as high single digits in the quarter. And I think you're expecting it to be down, I guess, sort of at least mid-single digits for the whole year. So just wanted to kind of get an update on how you see the growth trajectory of gateways this year?

Shabtai Adlersberg - *AudioCodes Ltd. - Co-Founder, President, CEO & Director*

So Gateway this year, I would assume, again, as we predicted earlier in the year, would be between flat to down a few percent, up to 5%. But all in all, we're very surprised. It's seen very clearly that when you take countries, I mentioned U.S., I mentioned Germany, I mentioned Australia and I can name more, in each country, where the transition to IP really takes steam, in those countries, analog is being sold massively simply because the only way to connect -- take a phone, okay, if you want to take a phone that was using the TDM network and you want to get it on IP, you have got 2 choices basically: replace it with an IP phone and then you have to pay anywhere between \$50 to \$100 or even more for the phone; or you can use a Gateway port, which will cost you, let's say, \$10. So there's big incentive for any company or organization that has many lines once they consider the overall budget that's required. There's big incentive to use gateways in the transition. And so we believe that the demand will remain quite strong going forward.

Richard Frank Valera - *Needham & Company, LLC, Research Division - Senior Analyst*

Okay. That's helpful color. And I know you don't normally give out your guidance until the fourth quarter call, but I'm wondering if, at this point, you'd be willing to give any thoughts on the growth rate beyond '18. Looks like you're going to do something approaching 12% this year. Do we think we've got sort of sustainable high single-digit growth? At some point, do we think you might be kind of a sustainable double-digit growth company?

Shabtai Adlersberg - *AudioCodes Ltd. - Co-Founder, President, CEO & Director*

Yes. I think you touched a very important point, indeed. I think one of the key success factors this year is our ability to grow this year close to 12%, which is substantially deviation from several of the past years. We do believe that, that trend is definitely sustainable, so we will target to grow in 2019 and for the foreseeable 2, 3 years ahead, with similar type of growth. So we definitely move to double digits. Now it's the low side of it. And I'm confident we'll be able to at least sustain that type of growth.

Operator

(Operator Instructions) Our next question comes from the line of [Lewis Moser] with [Mafax Investors].

Unidentified Analyst

Just a quick question. Is company interested in exposing more to the Wall Street analysts because I believe you only have one analyst that follows you and gives projections. So I was thinking perhaps that more exposure would enhance the stock's price?

Shabtai Adlersberg - *AudioCodes Ltd. - Co-Founder, President, CEO & Director*

Right. Definitely agree with you. We had 2 analysts until lately. Rich Valera from Needham and Dmitry Netis of William Blair. I know that Dmitry has left, so we left with just one. We are trying to find interest with other banks and analysts. We will be coming to the Needham Investor Conference in January to New York, and we're talking to -- we've been visited by other banks. We definitely want to, indeed, improve our presence and exposure in that area in the first 6 months of next year, so yes, valid point.

Unidentified Analyst

The other possibility -- is there any thought about giving more interest in -- I was -- I'm sorry, I lost my train of thought -- in the company purchasing back some stock because it seems to be, with your growth, at a very low price compared to your potential and other Wall Street companies?

Shabtai Adlersberg - *AudioCodes Ltd. - Co-Founder, President, CEO & Director*

Right. Well, we do -- as we've mentioned earlier on the call, we do have an effective buyback program. And the question of buyback is on the table all the time. We just rather -- we weigh out our options for good use -- for reserve. So buyback is one, dividends is another. M&A could be another venue. So we do weigh all things out and when we find it attractive, we will be more active on the buyback front. At times when we see the share price appreciating substantially higher, we probably resort to other means. But yes, we will continue with buyback. But to think more -- for a new piece of information on the call, I'll say that we are much more interested these days with the larger market cap and our generation of cash every year. We'll be looking into ability to expand the operation by identifying strong-growing organization or opportunities. So yes, that's the direction for 2019.

Unidentified Analyst

I had missed the earlier part of the call, so I didn't know about the buyback. How much money is left in the buyback program?

Shabtai Adlersberg - *AudioCodes Ltd. - Co-Founder, President, CEO & Director*

Oh, quite a lot. I think we have used very small portion of it. Let me look into the numbers I have. So I think we've been authorized to buy \$20 million at a time, yes, \$20 million. We -- as of the end of the third quarter, we still have \$12.7 million remain available for us for buyback. So that's what we have.

Operator

Mr. Adlersberg, there are no further questions at this time. I'll turn the floor back to you for any final comments.

Shabtai Adlersberg - *AudioCodes Ltd. - Co-Founder, President, CEO & Director*

Okay. Thank you, operator. We would like to thank everyone who attended our conference call today. With continued good business momentum and execution on our plans year-to-date in 2018, we are on track to achieve another year of growth in our revenues and profit for the year and paving our continued momentum for 2019. We look forward to your participation in our next quarterly conference call. Thank you very much. Bye-bye.

Operator

Thank you, this concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.



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