



Fourth Quarter 2020 Financial Results

February 23, 2021



Safe Harbor

Forward-Looking Statements

This presentation contains forward-looking statements, including those related to Infinera's expectations regarding its business model, market opportunities, competition and customers; its expectations regarding the timing of its new products being available in the market; its ability to win new customers; its visibility into the performance of its business in future quarters based on the unpredictability of the macro-economic environment and the COVID-19 pandemic; and its financial outlook for the first quarter of 2021. All statements other than statements of historical fact could be deemed forward-looking, including, but not limited to, statements made about future market, financial and operating performance; statements regarding future products or technology, as well as the timing to market of any such products or technology; any statements about historical results that may suggest trends for Infinera's business; and any statements of assumptions underlying any of the items mentioned.

These statements are based on estimates and information available to Infinera at the time of this presentation and are not guarantees of future performance; actual results could differ materially from those stated or implied due to risks and uncertainties. The risks and uncertainties that could cause Infinera's results to differ materially from those expressed or implied by such forward-looking statements include the effect of the COVID-19 pandemic on Infinera's business, results of operations, financial condition, stock price and personnel; the effect of global and regional economic conditions on Infinera's business, including effects on purchasing decisions by customers; Infinera's future capital needs and its ability to generate the cash flow or otherwise secure the capital necessary to make anticipated capital expenditures; Infinera's ability to service its debt obligations and pursue its strategic plan; delays in the development and introduction of new products or updates to existing products; market acceptance of Infinera's end-to-end portfolio; Infinera's reliance on single and limited source suppliers; fluctuations in demand, sales cycles and prices for products and services, including discounts given in response to competitive pricing pressures, as well as the timing of purchases by Infinera's key customers; the effect that changes in product pricing or mix, and/or increases in component costs, could have on Infinera's gross margin; Infinera's ability to respond to rapid technological changes; aggressive business tactics by Infinera's competitors; the effects of customer consolidation; the impacts of foreign currency fluctuations; Infinera's ability to protect its intellectual property; claims by others that Infinera infringes their intellectual property; Infinera's ability to successfully integrate its enterprise resource planning system and other management systems; impacts of the recent change in presidential administration in the United States; war, terrorism, public health issues, natural disasters and other circumstances that could disrupt the supply, delivery or demand of Infinera's products; and other risks and uncertainties detailed in Infinera's SEC filings from time to time. More information on potential factors that may impact Infinera's business are set forth in its Annual Report on Form 10-K for the year ended on December 28, 2019 as filed with the SEC on March 4, 2020, and its Quarterly Report on Form 10-Q for the quarter ended September 26, 2020 as filed with the SEC on November 5, 2020, as well as subsequent reports filed with or furnished to the SEC from time to time. These reports are available on Infinera's website at www.infinera.com and the SEC's website at www.sec.gov. Infinera assumes no obligation to, and does not currently intend to, update any such forward-looking statements set forth in this presentation.

Non-GAAP Q4'20 Key Highlights



GROWTH & PROFITABILITY

REVENUE

\$354.4M



GM

37.6%



OM

6.6%



ADVANCING KEY SOLUTIONS

GX
XTM

DOUBLE DIGIT
GROWTH YoY

600G

9 NEW CUSTOMERS
32 TOTAL FOR 2020

ICE6
(800G)

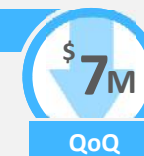
SHIPPED INITIAL UNITS
STRONG PIPELINE
ADDING DESIGN WINS



OPERATIONAL EFFICIENCY

INVENTORY REDUCTION

4 Sequential Quarters
of Reduction



Q4'20 CASH

& Restricted Cash



Q4'20 FREE CASH FLOW



Revenue, Gross Margin and Operating Margin references are non-GAAP. See reconciliation of GAAP to non-GAAP on last page of slide deck

Non-GAAP Q4'20 Comparison to Prior Periods

NON-GAAP (in \$ Millions except EPS)	Q4'19	Q3'20	Q4'20	Q4'20 vs. Q3'20	Q4'20 vs. Q4'19
REVENUE Growth %	\$386.5	\$341.2	\$354.4	\$13.2 3.9%	(\$32.1) -8.3%
GROSS MARGIN %	35.2%	35.2%	37.6%	240 bps	240 bps
OPEX Reduction %	\$127.3	\$112.6	\$110.0*	(\$2.6) 2.3%	(\$17.3) 13.6%
OPERATING MARGIN %	2.3%	2.2%	6.6%	440 bps	430 bps
EPS	\$0.03	\$0.02	\$0.13	\$0.11	\$0.10

KEY DRIVERS

REVENUE GROWTH

Met QoQ and YoY expectations in tough market environment

GROSS MARGIN IMPROVEMENT

Cost reductions, strength in services, increased 600G

LOWER OPERATING EXPENSES

Continued focus on costs and spend management, timing of expenses

IMPROVED CASH FLOW

Profitability and working capital efficiencies

* \$2M one-time benefit and \$2-3M of expenses expected to shift from Q4'20 to Q1'21
See reconciliation of GAAP to non-GAAP on last page of slide deck

Revenue by Region & by Vertical

By Region	FY'19		Q1'20		Q2'20		Q3'20		Q4'20		FY'20	
	Revenue	% Rev	Revenue	% Rev	Revenue	% Rev	Revenue	% Rev	Revenue	% Rev	Revenue	% Rev
United States	628.1	48%	170.5	52%	166.2	50%	167.0	51%	126.6	36%	630.4	47%
Asia Pacific	159.2	12%	51.5	16%	42.4	13%	44.3	13%	63.4	18%	201.6	15%
EMEA	418.3	32%	88.6	27%	97.2	29%	101.3	29%	137.3	39%	424.4	31%
Other Americas	93.3	7%	19.7	6%	25.8	8%	27.5	8%	26.1	7%	99.2	7%
Grand Total	1,298.9	100%	330.3	100%	331.6	100%	340.2	100%	353.5	100%	1,355.6	100%

By Channel	FY'19		Q1'20		Q2'20		Q3'20		Q4'20		FY'20	
	Revenue	% Rev	Revenue	% Rev	Revenue	% Rev	Revenue	% Rev	Revenue	% Rev	Revenue	% Rev
Direct	1,032.5	80%	244.4	74%	268.3	81%	269.7	79%	257.6	73%	1,040.0	77%
Reseller	266.3	20%	85.9	26%	63.3	19%	70.6	21%	95.9	27%	315.6	23%
Grand Total	1,298.9	100%	330.3	100%	331.6	100%	340.2	100%	353.5	100%	1,355.6	100%

Vertical	FY'19		Q1'20		Q2'20		Q3'20		Q4'20		FY'20	
	Revenue	% Rev	Revenue	% Rev	Revenue	% Rev	Revenue	% Rev	Revenue	% Rev	Revenue	% Rev
Tier 1	530.2	41%	155.0	47%	133.0	40%	162.6	48%	121.5	34%	572.1	42%
Other Service Provider	536.9	41%	109.4	33%	144.1	44%	126.3	37%	161.6	46%	541.5	40%
ICP	134.2	10%	53.7	16%	30.3	9%	37.6	11%	54.6	15%	176.2	13%
Cable	97.6	8%	12.2	4%	24.1	7%	13.8	4%	15.7	4%	65.8	5%
Grand Total	1,298.9	100%	330.3	100%	331.6	100%	340.2	100%	353.5	100%	1,355.6	100%

GAAP revenue in \$ millions

Some may not add to 100% due to rounding



2020: Financial Metrics Improvement

2019 → 2020

REVENUE

↑
3%

YoY GROWTH (+\$43M)
SLIGHTLY AHEAD OF MARKET

OPERATING MARGIN

↑
580 bps

YoY OM EXPANSION
DRIVEN BY GM EXPANSION,
COST REDUCTIONS

INVENTORY

↓
\$71 M

YoY REDUCTION IN
INVENTORY

CASH FLOW

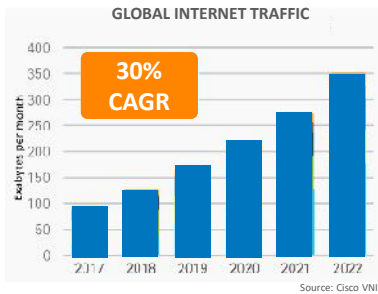
↑
\$55 M

YoY IMPROVEMENT IN
CASH FLOW FROM OPS
INCLUDES ~\$100M IN AP
REDUCTION

Revenue and Operating Margin are non-GAAP. See reconciliation of GAAP to non-GAAP on last page of slide deck

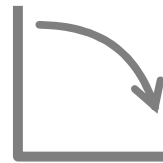
Market Dynamics

BANDWIDTH GROWTH



FUELS DEMAND FOR OPTICAL SOLUTIONS

VALUE OF VERTICAL INTEGRATION

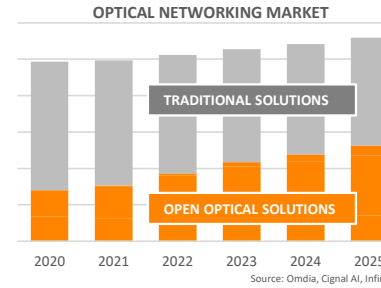


\$ / Bit
W / Bit
Bit / Hz

IMPROVED DIFFERENTIATION

NEW MARKET OPPORTUNITIES

MOVE TO OPEN



INSERTION OPPORTUNITIES

PLAYS TO OUR STRENGTHS

COMPETITIVE DISRUPTION



GEOPOLITICAL EVENTS CREATING OPPORTUNITIES

Q1'21 Non-GAAP Outlook

REVENUE	\$330 Million +/- \$10M	Flat YoY
GROSS MARGIN %	35.5% +/- 150 bps	+700bps YoY
OPEX	\$123 Million +/- \$2M	-2% YoY
OPERATING MARGIN %	(-2.0%) +/- 200 bps	+700bps YoY

*YoY comparisons reference the midpoint of Q1'21 guidance compared to Q1'20 actuals
See reconciliation of GAAP to non-GAAP on last page of slide deck*

PRIORITIES

FOCUSING ON PROFITABILITY
AND SHAREHOLDER VALUE

POSITIONING TO EXPAND
SHARE

CONTINUING TO DRIVE
OPERATIONAL EFFICIENCIES

INVESTING IN
DIFFERENTIATED
TECHNOLOGIES

GAAP to Non-GAAP Reconciliation

	Q4'19 Actual	FY'19 Actual	Q3'20 Actual	Q4'20 Actual	FY'20 Actual	Q1'21 Outlook
Reconciliation of Revenue:						
U.S. GAAP as reported	\$ 384.6	\$ 1,298.9	\$ 340.2	\$ 353.5	\$ 1,355.6	\$ 329.0
Acquisition-related deferred revenue adjustment	\$ 1.9	\$ 9.6	\$ 1.0	\$ 0.9	\$ 4.1	\$ 1.0
Other customer related charges	\$ -	\$ 8.1	\$ -	\$ -	\$ -	\$ -
Non-GAAP as adjusted	\$ 386.5	\$ 1,316.6	\$ 341.2	\$ 354.4	\$ 1,359.7	\$ 330.0
Reconciliation of Gross Margin:						
U.S. GAAP	29.0%	25.1%	31.8%	35.7%	30.2%	32.5%
Acquisition-related deferred revenue adjustment	0.5%	0.7%	0.3%	0.2%	0.3%	0.5%
Other customer related charges	-	0.6%	-	-	-	-
Stock-based compensation	0.4%	0.5%	0.5%	0.5%	0.6%	1.0%
Amortization of acquired intangible assets	2.1%	2.4%	2.1%	1.2%	2.1%	1.0%
Acquisition and integration costs	1.8%	2.1%	0.0%	0.0%	0.1%	-
Acquisition-related inventory adjustments	-	0.1%	-	-	-	-
Restructuring and related	1.4%	2.2%	0.4%	0.0%	0.3%	0.5%
COVID-19 related costs	-	-	-	-	0.3%	-
Non-GAAP	35.2%	33.6%	35.2%	37.6%	33.8%	35.5%
Reconciliation of Operating Expenses:						
U.S. GAAP	\$ 172.3	\$ 676.2	\$ 135.2	\$ 132.9	\$ 564.0	\$ 144.0
Stock-based compensation	\$ (9.3)	\$ (36.3)	\$ (10.7)	\$ (11.2)	\$ (41.7)	\$ (14.0)
Amortization of acquired intangible assets	\$ (0.6)	\$ (27.3)	\$ (4.7)	\$ (4.7)	\$ (18.6)	\$ (4.0)
Acquisition and integration costs	\$ (11.0)	\$ (42.3)	\$ (1.0)	\$ 0.3	\$ (13.3)	\$ (1.0)
Restructuring and related	\$ (18.0)	\$ (40.9)	\$ (6.7)	\$ (7.2)	\$ (24.6)	\$ (2.0)
Litigation charges	\$ -	\$ (4.1)	\$ -	\$ -	\$ -	\$ -
Non-GAAP	\$ 127.3	\$ 525.3	\$ 112.6	\$ 110.0	\$ 465.8	\$ 123.0
Reconciliation of Operating Margin:						
U.S. GAAP	-15.8%	-27.0%	-7.9%	-1.9%	-11.4%	-11.5%
Acquisition-related deferred revenue adjustment	0.5%	0.7%	0.3%	0.3%	0.3%	0.5%
Other customer related charges	-	0.6%	-	-	-	-
Stock-based compensation	2.9%	3.3%	3.5%	3.6%	3.6%	5.0%
Amortization of acquired intangible assets	3.9%	4.6%	3.5%	2.6%	3.5%	2.5%
Acquisition and integration costs	4.7%	5.5%	0.3%	-0.1%	1.1%	0.5%
Acquisition-related inventory adjustments	-	0.1%	-	-	-	-
Restructuring and related	6.1%	5.5%	2.4%	2.0%	2.1%	1.0%
COVID-19 related costs	0.0%	0.0%	0.0%	0.0%	0.3%	-
Litigation charges	-	0.3%	-	-	-	-
Non-GAAP	2.3%	-6.3%	2.2%	6.6%	-0.5%	-2.0%
Net Income/(Loss) per Common Share:						
U.S. GAAP	\$ (0.37)	\$ (2.16)	\$ (0.19)	\$ (0.05)	\$ (1.10)	\$ -
Acquisition-related deferred revenue adjustment	\$ 0.01	\$ 0.05	\$ 0.01	\$ 0.00	\$ 0.02	\$ -
Other customer related charges	\$ -	\$ 0.05	\$ -	\$ -	\$ -	\$ -
Stock-based compensation	\$ 0.06	\$ 0.24	\$ 0.06	\$ 0.06	\$ 0.26	\$ -
Amortization of acquired intangible assets	\$ 0.08	\$ 0.33	\$ 0.06	\$ 0.05	\$ 0.25	\$ -
Acquisition and integration costs	\$ 0.10	\$ 0.39	\$ 0.01	\$ (0.00)	\$ 0.08	\$ -
Acquisition-related inventory adjustments	\$ -	\$ 0.01	\$ -	\$ -	\$ -	\$ -
Restructuring and related	\$ 0.13	\$ 0.40	\$ 0.04	\$ 0.04	\$ 0.15	\$ -
COVID-19 related costs	\$ -	\$ -	\$ -	\$ -	\$ 0.02	\$ -
Litigation charges	\$ -	\$ 0.02	\$ -	\$ -	\$ -	\$ -
Amortization of debt discount	\$ 0.03	\$ 0.10	\$ 0.04	\$ 0.03	\$ 0.14	\$ -
Gain/Loss on non-marketable equity investment	\$ -	\$ (0.01)	\$ -	\$ -	\$ -	\$ -
Income tax effects	\$ (0.01)	\$ (0.03)	\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ -
Non-GAAP	\$ 0.03	\$ (0.60)	\$ 0.02	\$ 0.13	\$ (0.19)	\$ -

NOTES:

- Totals may not add up due to rounding
- Q1'21 Outlook represents the midpoint of the expected ranges
- Non-GAAP metrics are reconciled to the most directly comparable GAAP financial metric
- For a complete reconciliation of other period results, see prior quarterly earnings releases

Thank You