



Third Quarter 2020 Financial Results

November 5, 2020



Safe Harbor

Forward-Looking Statements

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Non-GAAP Q3'20 Key Highlights



CONTINUED COMPANY GROWTH

Revenue Growth
+4% YoY, +8% YTD

Operating Margin
2% OM
+790bps YoY, +690bps YTD



ADVANCING KEY SOLUTIONS

Substantial YTD Groove (GX)
growth, including with non-ICP
customers

7 new 600G Groove (GX)
customers (23 total); port growth
doubled QoQ

ICE6 (800G) – on track for first
shipments in Q4; strong pipeline,
few competitors



IMPROVING OPERATIONAL EFFICIENCY

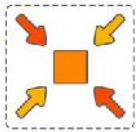
Expanded Gross Margin
+140bps QoQ and +210bps YoY

\$12M inventory reduction in
Q3'20 and \$65M YTD

One-time cash integration
costs substantially
completed, a quarter early

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

Market Trends, Transitions & Opportunities

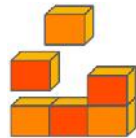


IMPORTANCE OF DEEP VERTICAL INTEGRATION

Drives performance and lowest cost per bit as networks scale to 400G and beyond

Drive share gains and margin expansion in a market with fewer competitors

REVENUE GROWTH & MARGIN EXPANSION



SHIFT TO OPEN OPTICAL NETWORKS

Accelerates adoption and insertion of technology innovation

Creates new insertion opportunities in fastest growing market segment (18% CAGR*)

REVENUE GROWTH & SHARE GAINS



EVOLUTION OF ACCESS & METRO NETWORKS

Creates new service categories and revenue streams, e.g., 5G, DAA and cloud

Attack high-growth markets with operators looking for disruptive innovation
e.g. point-to-multipoint

REVENUE GROWTH & MARGIN EXPANSION



CHANGE IN GLOBAL COMPETITION

Provides alternative to Chinese optical suppliers

Capture market share in international markets

REVENUE GROWTH & SHARE GAINS

CUSTOMER
BENEFIT

INFINERA
BENEFIT

Q3'20 Comparison to Prior Periods

NON-GAAP (in \$ Millions except EPS)	Q3'19	Q2'20	Q3'20	Q3'20 vs. Q3'19	Q3'20 vs. Q2'20
REVENUE Growth %	\$327.6	\$332.6	\$341.2	\$13.6 4.2%	\$8.6 2.6%
GROSS MARGIN %	33.1%	33.8%	35.2%	210 bps	140 bps
OPEX Reduction %	\$126.9	\$118.3	\$112.6*	(\$14.3) 11.3%	(\$5.7) 4.8%
OPERATING MARGIN %	(5.7%)	(1.8%)	2.2%	790 bps	400 bps
EPS	(\$0.17)	(\$0.09)	\$0.02	\$0.19	\$0.11

KEY DRIVERS

REVENUE GROWTH

year-over-year and sequentially

GROSS MARGIN IMPROVEMENT

driven by product mix and lower cost structure

LOWER OPERATING EXPENSES

continued focus on process improvements

INVENTORY REDUCTION

\$65M year to date with annual target of \$80M

* \$2-3M of expenses expected to shift from Q3'20 to Q4'20
See reconciliation of GAAP to non-GAAP on last page of slide deck

Revenue by Region & by Vertical

BY REGION	Q1'19	Q2'19	Q3'19	Q4'19	FY'19	Q1'20	Q2'20	Q3'20
United States	45%	45%	49%	52%	48%	52%	50%	49%
Asia Pacific	16%	15%	9%	10%	12%	16%	13%	13%
EMEA	34%	31%	35%	30%	32%	27%	29%	30%
Other Americas	5%	10%	6%	7%	7%	6%	8%	8%
Grand Total	100%	100%	100%	100%	100%	100%	100%	100%

BY CHANNEL	Q1'19	Q2'19	Q3'19	Q4'19	FY'19	Q1'20	Q2'20	Q3'20
Direct	85%	81%	78%	75%	80%	74%	81%	79%
Reseller	15%	19%	22%	25%	20%	26%	19%	21%
Grand Total	100%	100%	100%	100%	100%	100%	100%	100%

VERTICAL	Q1'19	Q2'19	Q3'19	Q4'19	FY'19	Q1'20	Q2'20	Q3'20
Tier 1	40%	42%	44%	39%	41%	47%	40%	48%
Other Service Provider	44%	44%	37%	41%	41%	33%	44%	37%
ICP	6%	9%	13%	13%	10%	16%	9%	11%
Cable	10%	6%	6%	8%	8%	4%	7%	4%
Grand Total	100%	100%	100%	100%	100%	100%	100%	100%

Based on GAAP revenue; Some may not add to 100% due to rounding

Q4'20 Non-GAAP Outlook

REVENUE	\$355 Million +/- \$15M	-8% vs Q4'19 +4% vs Q3'20
GROSS MARGIN %	35.5% +/- 150 bps	+30bps vs Q4'19 +30bps vs Q3'20
OPEX	\$116 Million +/- \$1M	-9% vs Q4'19 +3% vs Q3'20
OPERATING MARGIN %	3% +/- 200 bps	+70bps vs Q4'19 +80bps vs Q3'20

*Growth % uses midpoint of Q4'20 guidance compared to actuals of prior periods
See reconciliation of GAAP to non-GAAP on last page of slide deck*



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TAKEAWAYS

**FOCUSED ON PROFITABILITY
AND SHAREHOLDER VALUE**

**POSITIONED TO EXPAND
SHARE**

**CONTINUE TO DRIVE
OPERATIONAL EFFICIENCIES**

**KEY DIFFERENTIATING
TECHNOLOGIES ON TRACK**

GAAP to Non-GAAP Reconciliation

	Q3'19 Actual	Q4'19 Actual	Q1'20 Actual	Q2'20 Actual	Q3'20 Actual	Q4'20 Outlook
Reconciliation of Revenue:						
U.S. GAAP as reported	\$ 325.3	\$ 384.6	\$ 330.3	\$ 331.6	\$ 340.2	\$ 354.0
Acquisition-related deferred revenue adjustment	\$ 2.3	\$ 1.9	\$ 1.1	\$ 1.0	\$ 1.0	\$ 1.0
Non-GAAP as adjusted	\$ 327.6	\$ 386.5	\$ 331.4	\$ 332.6	\$ 341.2	\$ 355.0
Reconciliation of Gross Margin:						
U.S. GAAP	26.7%	29.0%	23.3%	29.4%	31.8%	33.0%
Acquisition-related deferred revenue adjustment	0.7%	0.5%	0.3%	0.3%	0.3%	0.5%
Stock-based compensation	0.5%	0.5%	0.5%	0.6%	0.5%	0.5%
Amortization of acquired intangible assets	2.3%	2.2%	2.6%	2.6%	2.1%	1.0%
Acquisition and integration costs	2.5%	1.9%	0.3%	0.2%	0.0%	0.0%
Restructuring and related	0.4%	1.2%	1.2%	0.7%	0.4%	0.5%
Non-GAAP	33.1%	35.2%	28.3%	33.8%	35.2%	35.5%
Reconciliation of Operating Expenses:						
U.S. GAAP	\$ 156.1	\$ 172.3	\$ 153.8	\$ 142.0	\$ 135.2	\$ 135.0
Stock-based compensation	\$ (8.2)	\$ (9.3)	\$ (9.6)	\$ (10.7)	\$ (10.2)	\$ (11.0)
Amortization of acquired intangible assets	\$ (6.9)	\$ (6.6)	\$ (4.6)	\$ (4.6)	\$ (4.7)	\$ (4.5)
Acquisition and integration costs	\$ (12.0)	\$ (11.0)	\$ (9.2)	\$ (3.3)	\$ (1.0)	\$ (1.0)
Restructuring and related	\$ (2.2)	\$ (18.0)	\$ (5.6)	\$ (5.1)	\$ (6.7)	\$ (2.5)
Litigation Charges	\$ (0.1)	\$ -	\$ -	\$ -	\$ -	\$ -
Non-GAAP	\$ 126.9	\$ 127.4	\$ 124.9	\$ 118.3	\$ 112.6	\$ 116.0
Reconciliation of Operating Margin:						
U.S. GAAP	-21.3%	-15.8%	-23.3%	-13.5%	-7.9%	-5.0%
Acquisition-related deferred revenue adjustment	0.7%	0.5%	0.3%	0.3%	0.3%	0.5%
Stock-based compensation	3.1%	2.9%	3.5%	3.9%	3.5%	3.5%
Amortization of acquired intangible assets	4.5%	3.9%	4.0%	4.0%	3.5%	2.5%
Acquisition and integration costs	6.3%	4.7%	3.1%	1.2%	0.3%	0.5%
Restructuring and related	1.0%	6.1%	2.9%	2.2%	2.4%	1.0%
Non-GAAP	-5.7%	2.3%	-9.4%	-1.8%	2.2%	3.0%
Net Income/(Loss) per Common Share:						
U.S. GAAP	\$ (0.47)	\$ (0.37)	\$ (0.55)	\$ (0.33)	\$ (0.19)	
Acquisition-related deferred revenue adjustment	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	
Stock-based compensation	\$ 0.06	\$ 0.09	\$ 0.06	\$ 0.07	\$ 0.06	
Amortization of acquired intangible assets	\$ 0.08	\$ 0.08	\$ 0.07	\$ 0.07	\$ 0.06	
Acquisition and integration costs	\$ 0.11	\$ 0.10	\$ 0.06	\$ 0.02	\$ 0.01	
Restructuring and related	\$ 0.02	\$ 0.13	\$ 0.06	\$ 0.04	\$ 0.04	
Amortization of debt discount	\$ 0.02	\$ 0.03	\$ 0.03	\$ 0.04	\$ 0.04	
Tax effects	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	
Non-GAAP	\$ (0.17)	\$ 0.03	\$ (0.27)	\$ (0.09)	\$ 0.02	

NOTES:

- Totals may not add up due to rounding
- COVID included in 'Restructuring and related' (Q1'20 and Q2'20)
- Q4'20 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