



Ciena Corporation

Earnings Presentation

Period ended January 28, 2023

March 6, 2023

Forward-looking statements and non-GAAP measures

Information in this presentation and related comments of presenters contain a number of forward-looking statements. These statements are based on current expectations, forecasts, assumptions and other information available to the Company as of the date hereof. Forward-looking statements include Ciena's prospective financial results, return of capital plans, business strategies, expectations about its addressable markets and market share, and business outlook for future periods, as well as statements regarding Ciena's expectations, beliefs, intentions or strategies regarding the future. Often, these can be identified by forward-looking words such as "target" "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "should," "will," "plan," "predict," "potential," "project", "continue," and "would" or similar words.

Ciena's actual results, performance or events may differ materially from these forward-looking statements made or implied due to a number of risks and uncertainties relating to Ciena's business, including: the effect of broader economic and market conditions on our customers and their business; our ability to execute our business and growth strategies; the impact of supply chain constraints or disruptions; the duration and severity of the COVID-19 pandemic and the impact of countermeasures taken to mitigate its spread on macroeconomic conditions, economic activity, demand for our technology solutions, short- and long-term changes in customer or end user needs, continuity of supply chain, our business operations, liquidity and financial results; changes in network spending or network strategy by our customers; seasonality and the timing and size of customer orders, including our ability to recognize revenue relating to such sales; the level of competitive pressure we encounter; the product, customer and geographic mix of sales within the period; changes in foreign currency exchange rates; factors beyond our control such as natural disasters, climate change, acts of war or terrorism, geopolitical events, including but not limited to the ongoing conflict between Ukraine and Russia, and public health emergencies; changes in tax or trade regulations, including the imposition of tariffs, duties or efforts to withdraw from or materially modify international trade agreements; and the other risk factors disclosed in Ciena's periodic reports filed with the Securities and Exchange Commission (SEC) including Ciena's Annual Report on Form 10-K filed with the SEC on December 16, 2022 and Ciena's Quarterly Report on Form 10-Q to be filed with the SEC.

All information, statements, and projections in this presentation and the related earnings call speak only as of the date of this presentation and related earnings call. Ciena assumes no obligation to update any forward-looking or other information included in this presentation or related earnings calls, whether as a result of new information, future events or otherwise.

In addition, this presentation includes historical, and may include prospective, non-GAAP measures of Ciena's gross margin, operating expense, operating profit, EBITDA, net income, and net income per share. These measures are not intended to be a substitute for financial information presented in accordance with GAAP. A reconciliation of non-GAAP measures used in this presentation to Ciena's GAAP results for the relevant period can be found in the Appendix to this presentation. Additional information can also be found in our press release filed this morning and in our reports on Form 10-Q and Form 10K filed with the Securities and Exchange Commission.

With respect to Ciena's expectations under "Business Outlook", Ciena is not able to provide a quantitative reconciliation of the adjusted (non-GAAP) gross margin, operating expense, operating margin and earnings per share guidance measures to the corresponding gross profit and gross profit percentage, and operating expense GAAP measures without unreasonable efforts. Ciena cannot provide meaningful estimates of the non-recurring charges and credits excluded from these non-GAAP measures due to the forward-looking nature of these estimates and their inherent variability and uncertainty. For the same reasons, Ciena is unable to address the probable significance of the unavailable information.

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Overview & recent achievements



Ciena is an industry-leading global networking systems, services, and software company



**Leading technology
and innovation**



**Diversification and
scale of business**



**Leader in Optical
markets and disruptor
in emerging
opportunities**

... with a strong track record of creating shareholder value



**Demonstrated track
record of financial
performance**



**Flexibility with strong
balance sheet**

Recent key achievements

We are driving the pace of innovation

- Announced WaveLogic™ 6, our next generation of coherent optics and the industry's first to support up to 1.6Tbps single-carrier wavelengths
- Delivering industry-leading coherent technology with WaveLogic 5 Extreme (WL5e), the most widely deployed 800G solution, and WaveLogic 5 Nano interoperable performance pluggables
- Coherent Routing is now available on eight routing and switching platforms supporting 100-400Gig coherent DWDM over ELS, RLS, 6500 and 3rd party line systems
- Offering a fully integrated per port architecture for Broadband Access Solution encompassing Ciena, Benu, and Tibit products

We have a resilient business and financial model

- Our large backlog provides visibility as supply chain gradually improves
- In FY 2022, we repurchased approximately 8.4 million shares for \$500 million as part of our \$1 billion stock repurchase program and we committed to completing the program by FYE 2024
- Our balance sheet remains a competitive advantage
 - Ended the fiscal quarter with approximately \$1.2B in cash and investments

We are committed to our people and communities

- Submitted new greenhouse gas reduction goals to the Science Based Target Initiative for approval to address the environmental impact of our operations and ensure that our technology innovation becomes an even greater enabler of our customers' environmental ambitions
- Announced a partnership with three Atlanta area public schools to provide digital tools and resources to engage students in the Ciena Solutions Challenge, one of our digital inclusion initiatives

Market context and our portfolio

Six mega trends and the innovations that will enable them

Cloud



Data Center



IoT and Connected Objects



AI, Digital Transformation & Automation



Mobility & 5G

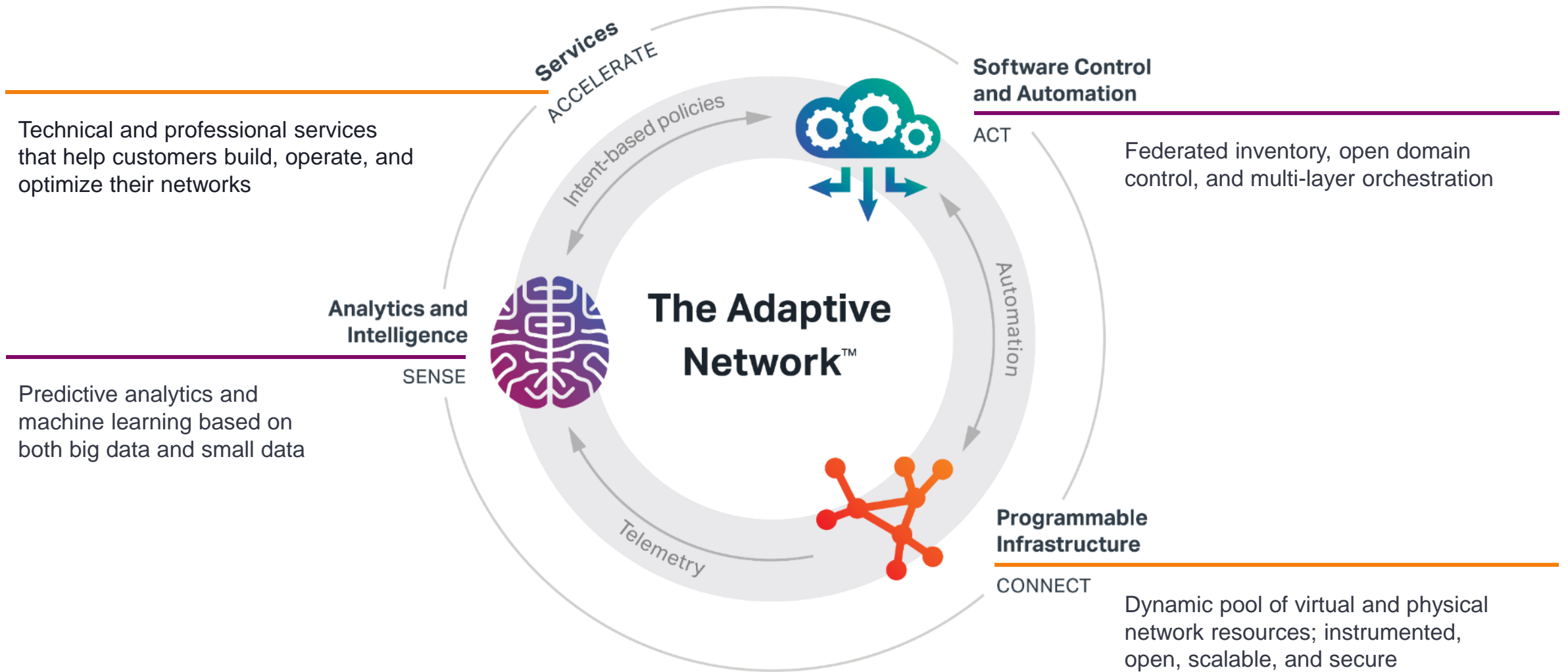


Virtual & Hybrid Lifestyles



Our vision for a new network end-state

How it works



Our market leadership



#1 GLOBALLY

- DATA CENTER INTERCONNECT
- DATA CENTER INTERCONNECT FOR ICP/CNPs
- SLTE WDM
- ACCESS SWITCHING

#1 N. AMERICA

- TOTAL OPTICAL NETWORKING
- DATA CENTER INTERCONNECT
- ACCESS SWITCHING

#2 GLOBALLY

- TOTAL OPTICAL NETWORKING
- PURPOSE-BUILT/COMPACT MODULAR DCI

#1 GLOBALLY

- PURPOSE-BUILT/COMPACT MODULAR DCI
- OPTICAL FOR CLOUD & COLO
- SLTE WDM

#1 N. AMERICA

- TOTAL OPTICAL NETWORKING
- PURPOSE-BUILT/COMPACT MODULAR DCI
- OPTICAL FOR CLOUD & COLO
- PACKET ACCESS

#2 GLOBALLY

- TOTAL OPTICAL NETWORKING
- OPTICAL FOR SERVICE PROVIDER
- OPTICAL FOR ENTERPRISE & GOVERNMENT
- PACKET ACCESS

#1 GLOBALLY

- DATA CENTER INTERCONNECT
- OPTICAL FOR INTERNET CONTENT PROVIDER CUSTOMERS

#1 N. AMERICA

- DATA CENTER INTERCONNECT
- TOTAL OPTICAL NETWORKING
- OPTICAL PACKET

#2 GLOBALLY

- TOTAL OPTICAL NETWORKING
- OPTICAL PACKET
- PURPOSE-BUILT/COMPACT MODULAR DCI
- OPTICAL FOR CABLE MSO CUSTOMERS

Optical Networking Report, 3Q22
Data Center Interconnect Market Share Report, 3Q22
Service Provider Switching & Routing Report, 3Q22

Transport Hardware and Markets Report, 4Q22
Transport Applications Report, 3Q22

Optical Transport Report, 4Q22

Q1 FY 2023 results

Q1 FY 2023 key highlights

Achieving balanced growth

- Non-telco represented 40% of total revenue in fiscal Q1 2023
- Routing and Switching revenue increased 39% YoY in fiscal Q1 2023, reflecting strong contribution from portfolio enhancements, including solutions that address the network edge
- APAC revenue increased 41% YoY and 23% QoQ driven by strength in India

Driving the pace of innovation

- GAAP R&D investment was 17.2% of total revenue in fiscal Q1 2023
- Customer traction continues with 400G+ technologies, with 8 new wins on WL5n and 13 new wins on WaveLogic 5 Extreme
 - Record quarter for WL5e shipments with more than 60,000 modems shipped to date
- Brought additional products to market to serve Next-Gen Broadband Access, Enterprise, and Mobility use cases via the weatherized 3985 and the temperature hardened 3984, both with 25Gig support

Prioritizing long term shareholder value

- Total shareholder return five-year CAGR of 16%¹
- Made strategic investments to expand our addressable market
- Completed the acquisition of Tibit Communications, Inc., a provider of passive optical network solutions
- Completed the acquisition of Benu Networks, Inc., a provider of broadband network gateway software
- Raised \$500M in Incremental Term Loan for general corporate purposes that improves our cash liquidity position

¹ Based on closing share price between 2/14//2018 to 2/14/2023

Q1 FY 2023 comparative financial highlights

	Q1 FY 2023	Q1 FY 2022
Revenue	\$1,056.5M	\$844.4M
Adjusted Gross Margin*	43.7%	46.2%
Adjusted Operating Expense*	\$329.3M	\$290.0M
Adjusted Operating Margin*	12.6%	11.8%
Adjusted EBITDA*	\$155.1M	\$123.7M
Adjusted EPS*	\$0.64	\$0.47

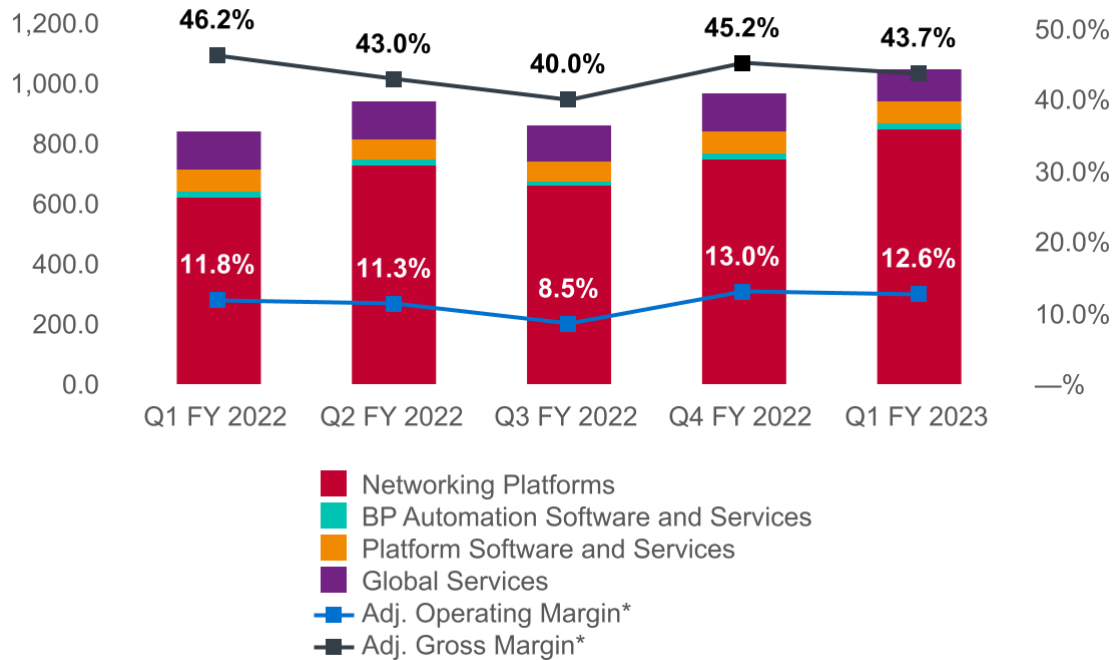
* A reconciliation of these non-GAAP measures to our GAAP results is included in the press release for the relative period.

Q1 FY 2023 comparative operating metrics

	Q1 FY 2023	Q1 FY 2022
Cash and investments	\$1.16B	\$1.67B
Cash used in operations	\$(266)M	\$(54)M
DSO	103	97
Inventory Turns	1.7	3.3
Gross Leverage	3.05x	1.65x
Net Cash	\$(471.3)M	\$523.3M

Revenue by segment

(Amounts in millions)

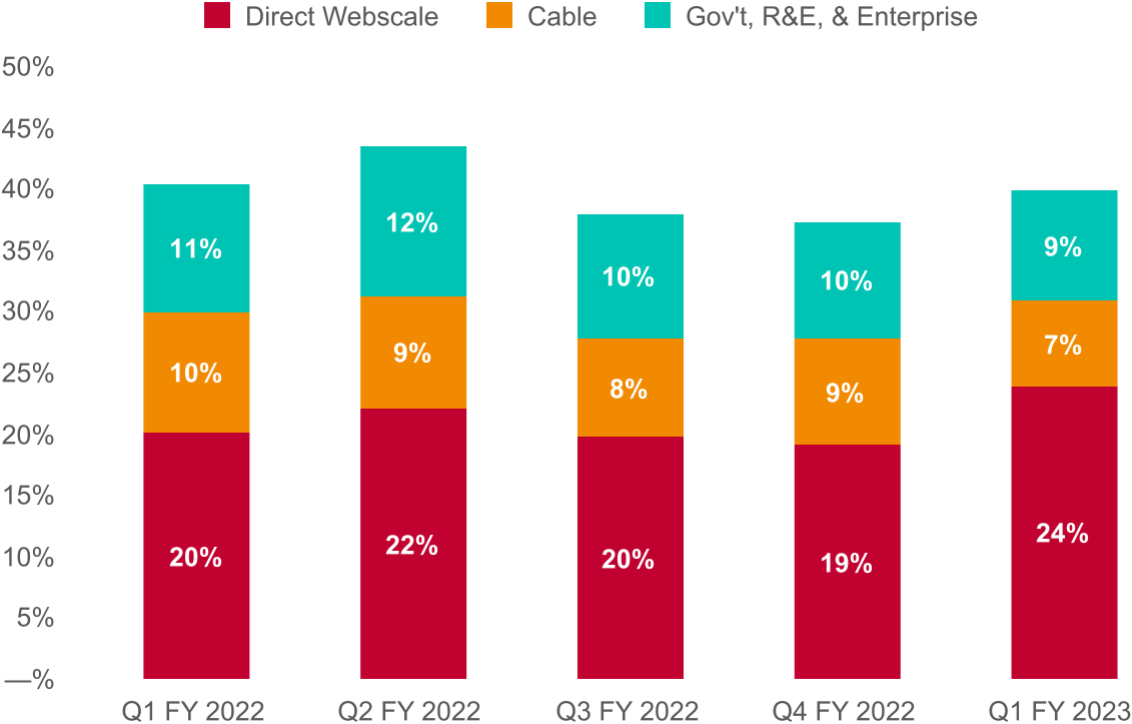
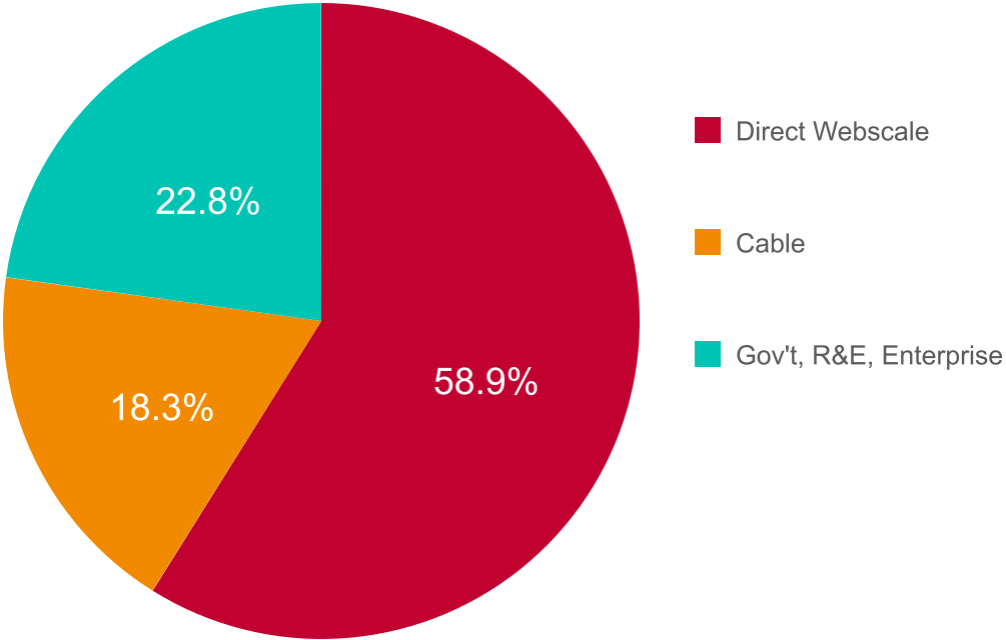


	Q1 FY 2023		Q1 FY 2022	
	Revenue	%**	Revenue	%**
Networking Platforms				
Converged Packet Optical	\$735.6	69.6	\$540.9	64.1
Routing and Switching	119.5	11.3	85.7	10.1
Total Networking Platforms	855.1	80.9	626.6	74.2
Platform Software and Services	73.4	6.9	72.9	8.6
Blue Planet Automation Software and Services	15.4	1.5	21.1	2.5
Global Services				
Maintenance Support and Training	67.9	6.4	72.5	8.6
Installation and Deployment	34.6	3.3	40.4	4.8
Consulting and Network Design	10.1	1.0	10.9	1.3
Total Global Services	112.6	10.7	123.8	14.7
Total	\$1,056.5	100.0	\$844.4	100.0

* A reconciliation of these non-GAAP measures to GAAP results is included in the appendix to this presentation.
 ** Denotes % of total revenue

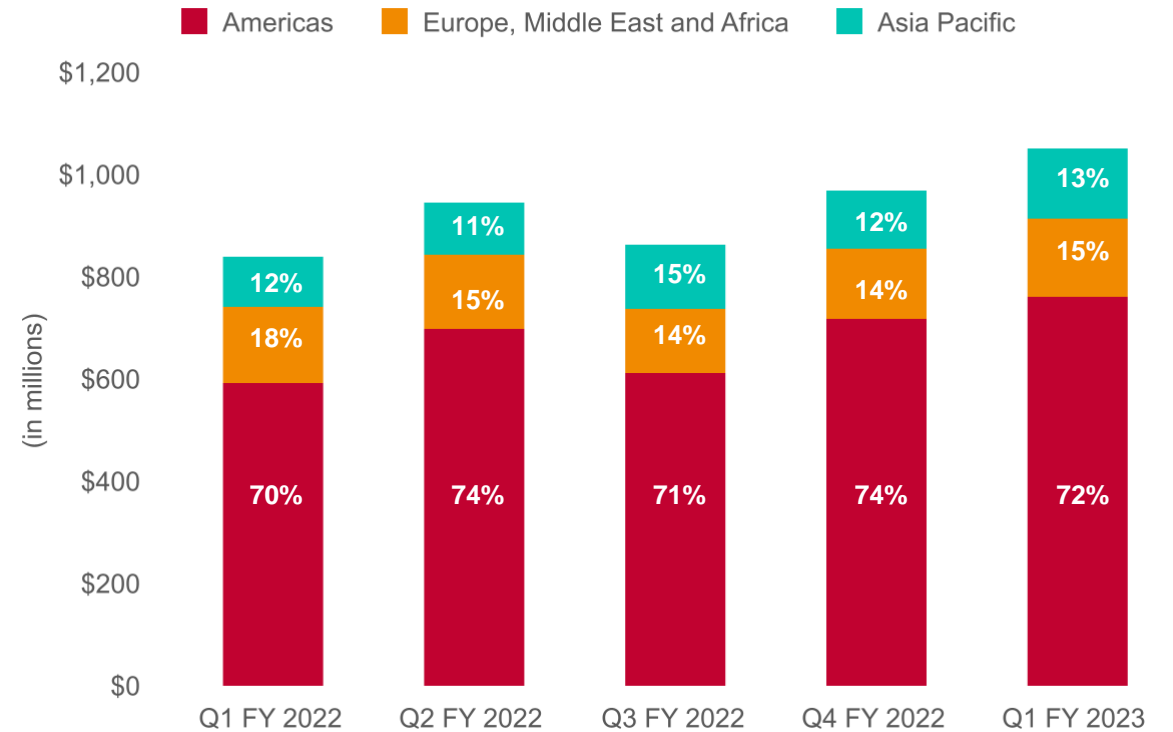
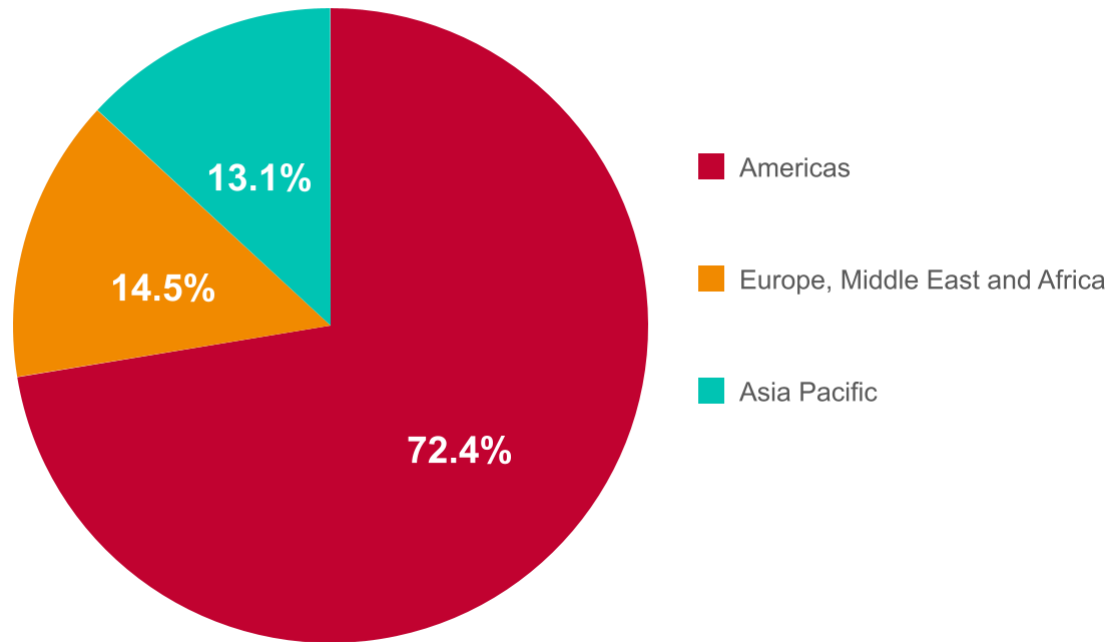
Continued revenue strength derived from non-telco customers

Q1 FY 2023
Approx. 40% of total revenue



Revenue by geographic region

Q1 FY 2023



Business outlook



Economic considerations and assumptions in our fiscal 2023 outlook

Business Assumptions

- Macro environment does not significantly worsen and any adverse effects on our business, including with respect to our customers' capex priorities and their ability to take delivery of product during the year, remain immaterial
- Longer-term fundamental industry demand drivers – including increasing demand for bandwidth, adoption of cloud architectures and network automation requirements – will drive customers to prioritize network capex to address this demand
- Huawei displacement opportunities and government infrastructure spending provide growth tailwinds
- We continue to benefit from strong demand dynamics in our industry given our distinct competitive advantages

Revenue Assumptions

- Supply chain conditions remain volatile, but continue to improve gradually throughout the year
- Component suppliers largely deliver on their supply commitments and we do not encounter any substantial decommits that we cannot successfully mitigate

Profitability Assumptions

- Supply and logistics costs remain elevated but begin to ease throughout the year
- As new wins and early deployments accelerate with supply chain improvements, we expect our product mix to include a larger proportion of lower-margin common equipment
- Operating expense increases to fund strategic investments as we expand our addressable market and aim to capture opportunities that advance our position in key growth areas

Business outlook¹

Q2 FY 2023

Revenue \$1,035M to \$1,115M

Adjusted Gross Margin Low 40's%

Adjusted Operating Expense Approximately \$335M

FY 2023

Revenue Growth 20% to 22%

Adjusted Gross Margin 42% to 44%

Adjusted Operating Expense Average of \$330M for remainder of the year

¹ Projections or outlook with respect to future operating results are only as of March 6, 2023, the date presented on the related earnings call. Actual results may differ materially from these forward-looking statements. Ciena assumes no obligation to update this information, whether as a result of new information, future events or otherwise.

Q1 FY 2023 appendix

Gross Profit Reconciliation (Amounts in thousands)

	Q1 FY 2023	Q4 FY 2022	Q3 FY 2022	Q2 FY 2022	Q1 FY 2022
GAAP gross profit	\$455,946	\$433,597	\$340,779	\$401,781	\$384,187
Share-based compensation-products	1,051	907	1,002	1,058	900
Share-based compensation-services	2,297	2,066	1,940	1,943	1,584
Amortization of intangible assets	2,883	2,005	3,140	3,313	3,312
Total adjustments related to gross profit	6,231	4,978	6,082	6,314	5,796
Adjusted (non-GAAP) gross profit	\$462,177	\$438,575	\$346,861	\$408,095	\$389,983
Adjusted (non-GAAP) gross profit percentage	43.7 %	45.2 %	40.0 %	43.0 %	46.2 %

Operating Expense Reconciliation (Amounts in thousands)

	Q1 FY 2023	Q4 FY 2022	Q3 FY 2022	Q2 FY 2022	Q1 FY 2022
GAAP operating expense	\$370,730	\$356,329	\$313,672	\$343,352	\$324,183
Share-based compensation-research and development	9,234	8,507	8,233	8,309	6,830
Share-based compensation-sales and marketing	8,424	8,084	8,075	8,061	7,060
Share-based compensation-general and administrative	9,468	7,610	7,579	7,334	7,912
Significant asset impairments and restructuring costs	4,298	13,621	7,692	9,102	3,409
Amortization of intangible assets	7,441	5,754	8,919	8,920	8,918
Acquisition and integration costs	2,558	—	35	495	68
Total adjustments related to operating expense	41,423	43,576	40,533	42,221	34,197
Adjusted (non-GAAP) operating expense	\$329,307	\$312,753	\$273,139	\$301,131	\$289,986

Income from Operations Reconciliation (Amounts in thousands)

	Q1 FY 2023	Q4 FY 2022	Q3 FY 2022	Q2 FY 2022	Q1 FY 2022
GAAP income from operations	\$85,216	\$77,268	\$27,107	\$58,429	\$60,004
Total adjustments related to gross profit	6,231	4,978	6,082	6,314	5,796
Total adjustments related to operating expense	41,423	43,576	40,533	42,221	34,197
Total adjustments related to income from operations	47,654	48,554	46,615	48,535	39,993
Adjusted (non-GAAP) income from operations	\$132,870	\$125,822	\$73,722	\$106,964	\$99,997
Adjusted (non-GAAP) operating margin percentage	12.6 %	13.0 %	8.5 %	11.3 %	11.8 %

Net Income Reconciliation (Amounts in thousands)

	Q1 FY 2023	Q4 FY 2022	Q3 FY 2022	Q2 FY 2022	Q1 FY 2022
GAAP net income	\$76,241	\$57,645	\$10,512	\$38,922	\$45,823
Exclude GAAP provision for income taxes	25,078	7,735	4,319	8,330	9,219
Income before income taxes	101,319	65,380	14,831	47,252	55,042
Total adjustments related to income from operations	47,654	48,554	46,615	48,535	39,993
Gain on cost method equity investment	(26,455)	—	—	—	(4,120)
Adjusted income before income taxes	122,518	113,934	61,446	95,787	90,915
Non-GAAP tax provision on adjusted income before income taxes	26,954	23,015	12,412	19,349	18,365
Adjusted (non-GAAP) net income	\$95,564	\$90,919	\$49,034	\$76,438	\$72,550
Weighted average basic common shares outstanding	149,081	148,548	149,862	152,197	154,151
Weighted average diluted potential common shares outstanding ⁽¹⁾	149,551	149,111	150,463	153,344	155,807

Net Income per Common Share

	Q1 FY 2023	Q4 FY 2022	Q3 FY 2022	Q2 FY 2022	Q1 FY 2022
GAAP diluted net income per potential common share	\$ 0.51	\$ 0.39	\$ 0.07	\$ 0.25	\$ 0.29
Adjusted (non-GAAP) diluted net income per potential common share	\$ 0.64	\$ 0.61	\$ 0.33	\$ 0.50	\$ 0.47

1. Weighted average dilutive potential common shares outstanding used in calculating Adjusted (non-GAAP) diluted net income per potential common share for the first quarter of fiscal 2023 includes 0.5 million shares underlying certain stock option and stock unit awards.

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) (Amounts in thousands)

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	Q1 FY 2023	Q4 FY 2022	Q3 FY 2022	Q2 FY 2022	Q1 FY 2022
Net income (GAAP)	\$76,241	\$57,645	\$10,512	\$38,922	\$45,823
Add: Interest expense	15,870	13,775	12,642	11,985	8,648
Less: Interest and other income, net	31,973	1,887	366	808	3,686
Add: Provision for income taxes	25,078	7,735	4,319	8,330	9,219
Add: Depreciation of equipment, building, furniture and fixtures, and amortization of leasehold improvements	22,208	27,642	22,250	22,377	23,653
Add: Amortization of intangible assets	10,325	7,759	12,059	12,233	12,230
EBITDA	\$117,749	\$112,669	\$61,416	\$93,039	\$95,887
Add: Share-based compensation cost	30,474	27,174	26,857	26,673	24,297
Add: Significant asset impairments and restructuring costs	4,298	13,621	7,692	9,102	3,409
Add: Acquisition and integration costs	2,558	—	35	495	68
Adjusted EBITDA	\$155,079	\$153,464	\$96,000	\$129,309	\$123,661



Thank You