



Ciena Corporation

Fiscal Q4 and 2023 Earnings Presentation

Period ended October 28, 2023

December 7, 2023

Forward-looking statements and non-GAAP measures

You are encouraged to review the Investors section of our website, where we routinely post press releases, Securities and Exchange Commission (SEC) filings, recent news, financial results, supplemental financial information, and other announcements. From time to time, we exclusively post material information to this website along with other disclosure channels that we use. Information in this presentation and related comments of presenters contain a number of forward-looking statements that involve risks and uncertainties. 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, their spending, and their businesses and markets; our ability to execute our business and growth strategies; the impact of macroeconomic conditions and global supply chain constraints or disruptions, including increased supply costs and lead times; the impact of the introduction of new technologies by us or our competitors; seasonality and the timing and size of customer orders, their delivery dates, and 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 tensions or events, including but not limited to the ongoing conflicts between Ukraine and Russia and Israel and Hamas, and public health emergencies or epidemics, including the COVID-19 pandemic; changes in tax or trade regulations, including the imposition of tariffs, duties or efforts to withdraw from or materially modify international trade agreements; cyberattacks, data breaches or other security incidents involving our enterprise network environment or our products; regulatory changes, litigation involving our intellectual property or government investigations; and the other risk factors disclosed in Ciena's periodic reports filed with the Securities and Exchange Commission (SEC) including Ciena's Quarterly Report on Form 10-Q filed with the SEC on September 6, 2023 and Ciena's Annual Report on Form 10-K 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 margin, EBITDA, 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 report on 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 and 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**

FY 2023 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 and performance pluggables
- Launched WaveRouter, a purpose-built Coherent Router and industry-first platform architecture optimally designed for the converged metro
- Offering a fully integrated per port architecture for Broadband Access Solution encompassing products across our Routing and Switching portfolio

We have a resilient business and financial model

- Delivered revenue growth of 21% over fiscal 2022
- We repurchased approximately 5.7 million shares for \$250 million as part of our \$1 billion stock repurchase program
 - Under this program, we have repurchased a total of 14.1 million shares for \$750 million and we are committed to completing the program by FYE 2024
- Our balance sheet remains a significant differentiator
 - Ended the fiscal quarter with approximately \$1.25B in cash and investments

We are committed to our people, communities, and the environment

- Released our updated Sustainability Report, detailing our progress and performance across environmental, social, and governance programs
- Obtained approval from the Science Based Target Initiative (SBTi) of new greenhouse gas reduction goals to address our direct operations, as well as our innovative technology solutions, which can reduce the environmental impact of networks across the globe
- Awarded 20 schools with a Ciena Solutions Challenge Sustainability Award, helping them bring to life their innovative solutions to sustainability challenges affecting their local communities

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Market context and Ciena's portfolio



Mega-trends driving strong network traffic growth

AI & Cloud



Data Center



IoT and Connected Objects



Digital Transformation & Automation



Mobility & 5G



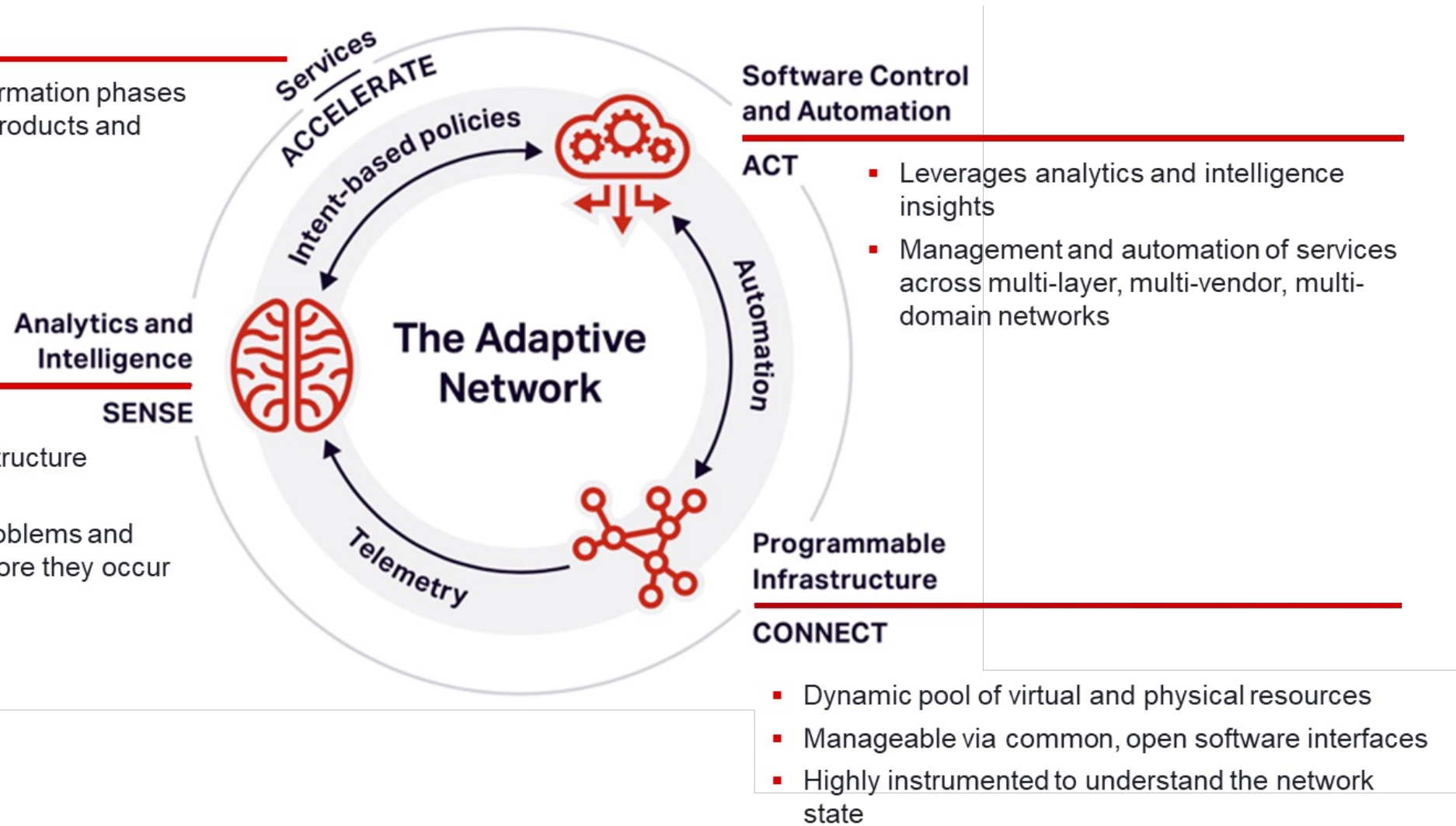
Virtual & Hybrid Lifestyles



The Adaptive Network enables customers to create flexible, open, and sustainable networks

- Services to support all transformation phases and fill in skills gaps for new products and technologies

- Leverages instrumented infrastructure telemetry
- Proactively predict potential problems and anticipate network trends—before they occur



Our market leadership



#1 Globally

- Purpose-built/compact modular DCI
- SLTE WDM
- Access switching

#1 N. America

- Total optical networking
- Purpose-built/compact modular DCI
- Access switching

#2 Globally

- Total optical networking

Optical Networking Report, 3Q23
Service Provider Switching & Routing Report, 3Q23



#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

Transport Hardware and Markets Report, 3Q23
Transport Applications Report, 2Q23



#1 Globally

- Data center interconnect
- Optical for internet content provider customers
- Optical for cable MSO customers

#1 N. America

- Data center interconnect
- Total optical networking
- Optical packet

#2 Globally

- Total optical networking
- Optical packet
- Purpose-built/compact modular DCI
- Communication service provider customers

Optical Transport Report, 3Q23

Next-Gen Metro and Edge is a strategic growth segment

Fiber Broadband Access is a key driver in this space

Core Transport

\$6B → \$7B
2020 Future

- High Capacity Converged Packet-Optical Transport
 - Data Center Interconnect
 - Long Haul
 - Subsea

Software and Related Services

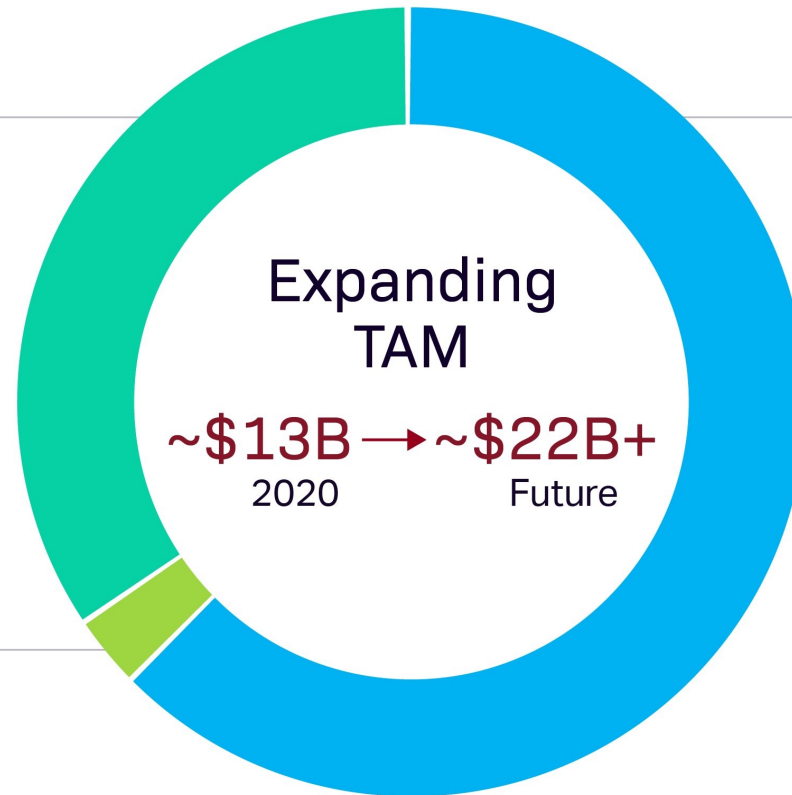
\$1B+

- Intelligent Automation
 - Orchestration: MDSO and NFV
 - Order management
 - Inventory
 - Assurance and Analytics

Next-Generation Metro and Edge

~\$6B → ~\$14B
2020 Future

- Fiber Broadband Access
 - Residential
 - Enterprise services
 - Fixed-mobile access
- Cloud Connectivity
- xHaul Solutions
- Converged IP/Optical Infrastructures
- Software Defined Edge
- Ethernet Data Services



* Market data excludes China, and is based on Omdia, Dell'Oro, Signal AI, and Ciena analysis

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Fiscal full year 2023 results



Fiscal FY 2023 comparative financial highlights

	FY 2023	FY 2022
Revenue	\$4,386.5M	\$3,632.7M
Adjusted Gross Margin*	43.5%	43.6%
Adjusted Operating Expense*	\$1,332.8M	\$1,177.0M
Adjusted Operating Margin*	13.1%	11.2%
Adjusted EBITDA*	\$665.8M	\$502.4M
Adjusted EPS*	\$2.72	\$1.90

* Reconciliations of these non-GAAP measures to our GAAP results are included in the Appendix and in the press release for the relative period.

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Q4 FY 2023 results



Q4 FY 2023 key highlights

Achieving balanced growth

- Non-telco represented a record high 52% of total revenue
 - Direct Cloud Provider revenue more than doubled YoY
- Routing and Switching revenue increased 25% YoY
- APAC revenue increased 46% YoY
- EMEA revenue increased 21% YoY

Driving the pace of innovation

- Record quarter for both WL5e and 6500 RLS shipments driven by Cloud provider network expansion
- Customer traction continues with WL5e 800G technology, surpassing 100,000 WL5e shipments in the quarter
- Received first submarine order for WaveLogic 6
- Reached a milestone of over 300 Routing and Switching customers and surpassed 50 broadband access customers
- Received initial orders for WaveRouter, an industry-first platform architecture optimally designed for the converged metro

Prioritizing long term shareholder value

- Total shareholder return five-year CAGR of 8%¹
- Under our authorized \$1 billion stock repurchase program, repurchased ~4.2 million shares for \$189 million - fulfilling our \$250 million goal for FY 2023

¹ Based on closing share price between 11/27//2018 to 11/27/2023

Q4 FY 2023 comparative financial highlights

	Q4 FY 2023	Q4 FY 2022
Revenue	\$1,129.5M	\$971.0M
Adjusted Gross Margin*	43.7%	45.2%
Adjusted Operating Expense*	\$337.6M	\$312.8M
Adjusted Operating Margin*	13.8%	13.0%
Adjusted EBITDA*	\$178.8M	\$153.5M
Adjusted EPS*	\$0.75	\$0.61

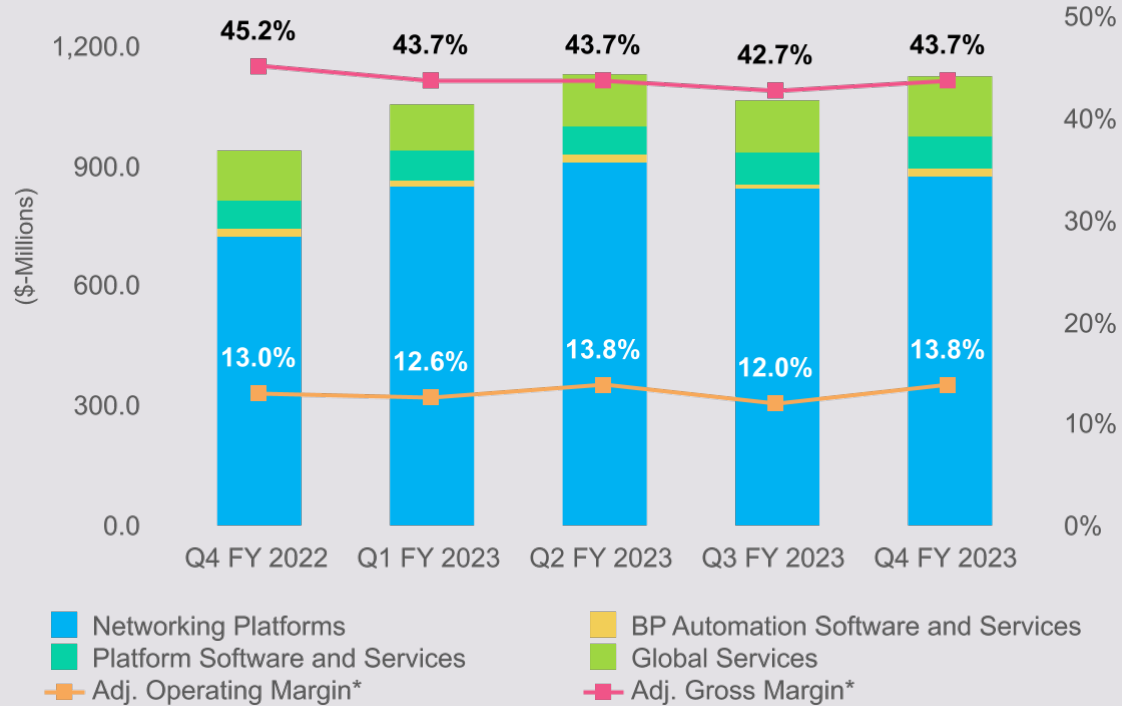
* Reconciliations of these non-GAAP measures to our GAAP results are included in the Appendix and in the press release for the relative period.

Q4 FY 2023 comparative operating metrics

	Q4 FY 2023	Q4 FY 2022
Cash and investments	\$1.25B	\$1.18B
Cash from (used in) operations	\$196M	\$(15)M
DSO	92.0	100.0
Inventory Turns	2.0	1.9
Gross Leverage	2.44x	2.25x
Net Cash (Debt)	\$(373)M	\$51M

Revenue by segment

(Amounts in millions)



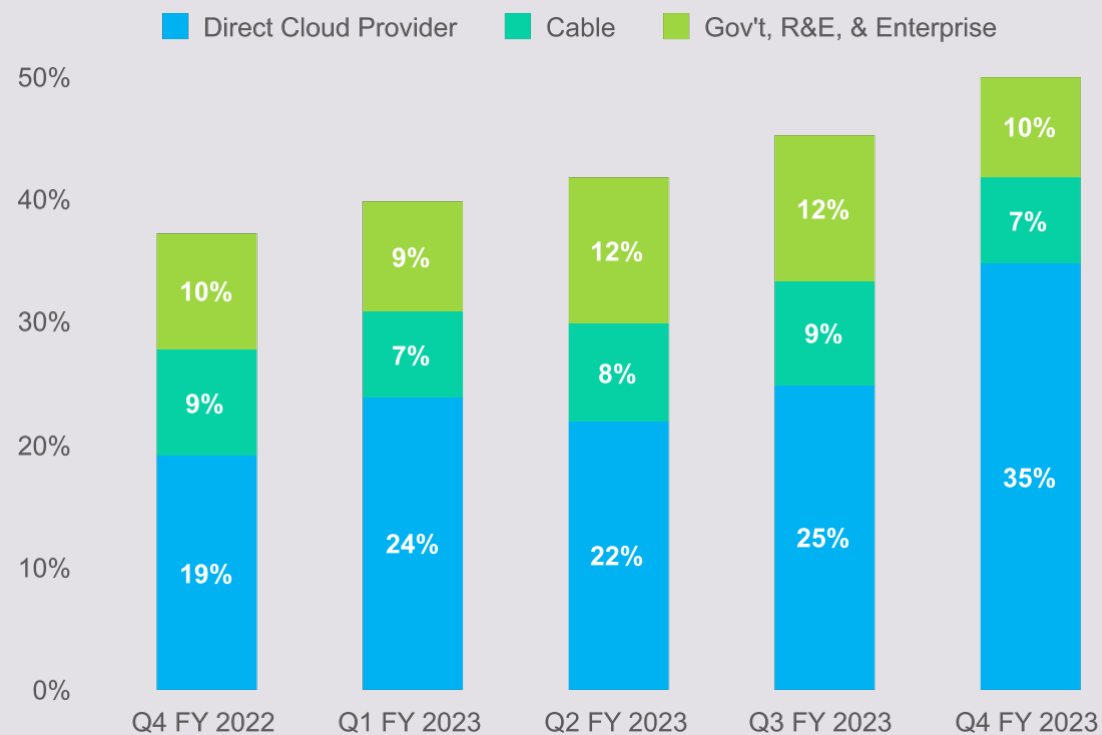
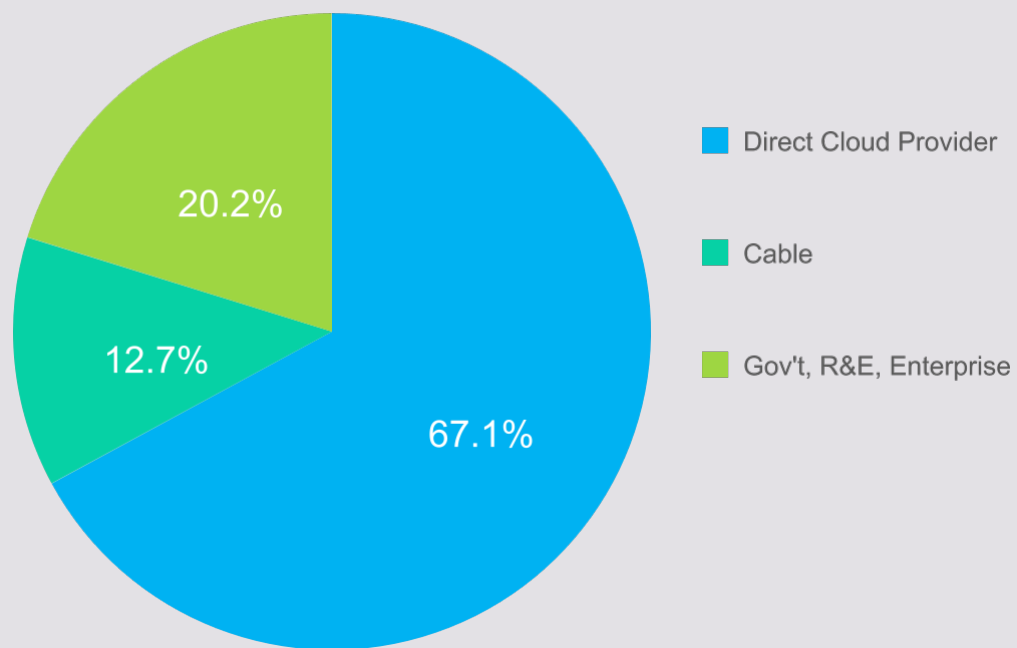
	Q4 FY 2023		Q4 FY 2022	
	Revenue	%**	Revenue	%**
Networking Platforms				
Optical Networking	\$748.0	66.2	\$649.9	66.9
Routing and Switching	128.9	11.4	102.8	10.6
Total Networking Platforms	876.9	77.6	752.7	77.5
Platform Software and Services	82.1	7.3	71.6	7.4
Blue Planet Automation Software and Services	20.0	1.8	21.2	2.2
Global Services				
Maintenance Support and Training	74.4	6.6	73.1	7.5
Installation and Deployment	60.1	5.3	36.9	3.8
Consulting and Network Design	16.0	1.4	15.5	1.6
Total Global Services	150.5	13.3	125.5	12.9
Total	\$1,129.5	100.0	\$971.0	100.0

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

** Denotes % of total revenue

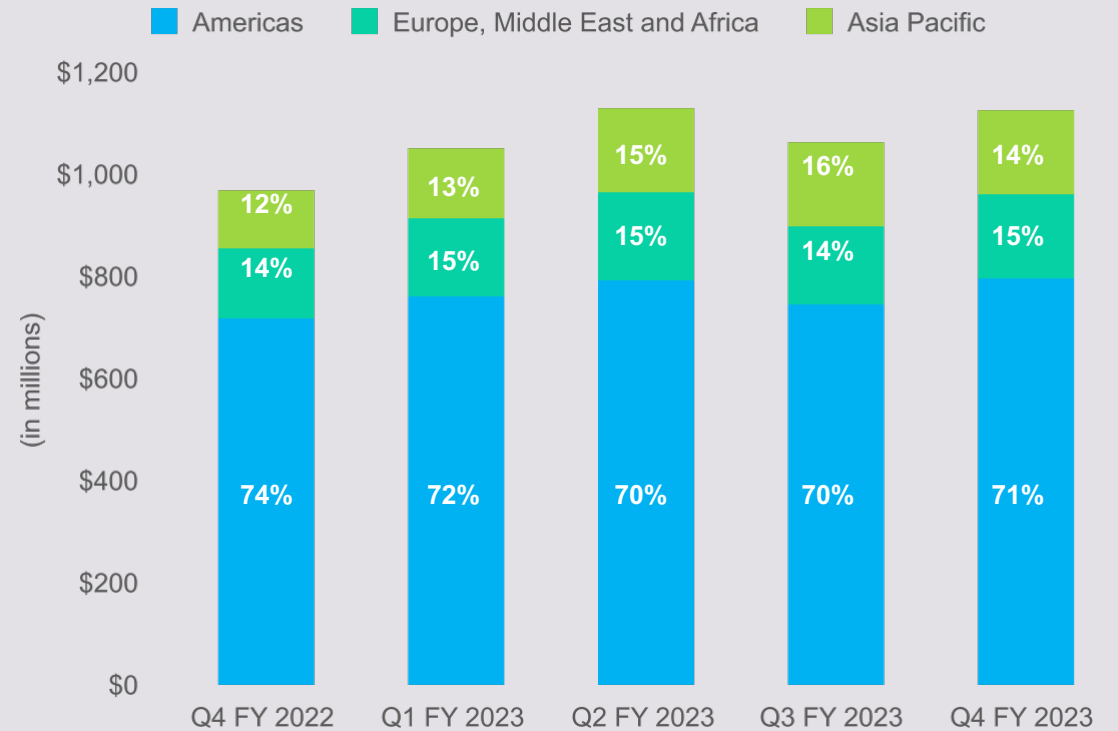
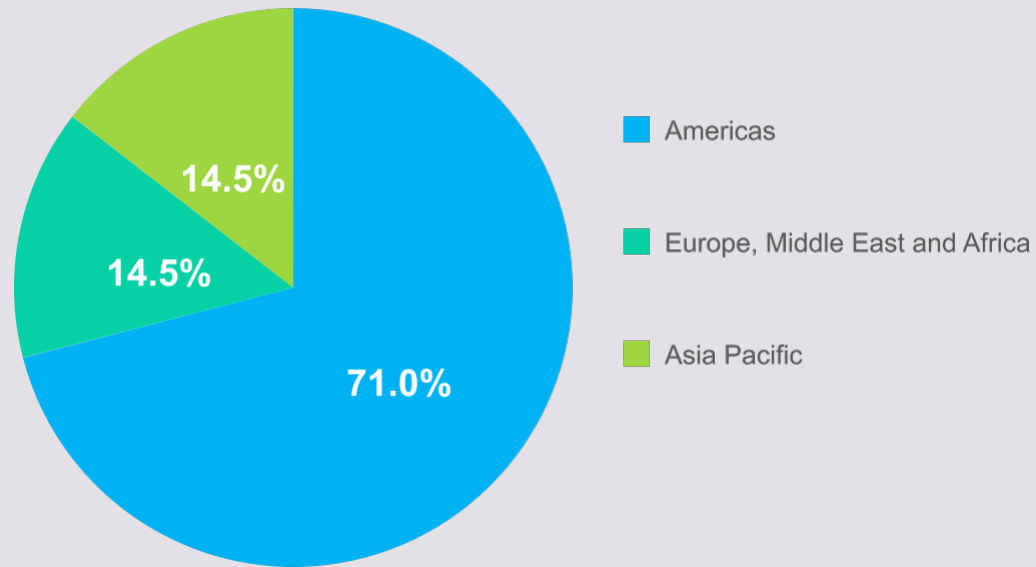
Record revenue derived from non-telco customers

Q4 FY 2023
Approx. 52% of total revenue



Revenue by geographic region

Q4 FY 2023





Business outlook

Economic considerations and assumptions in our fiscal 2024 outlook

Business Assumptions

- Macro environment does not significantly worsen and any adverse effects on our business, including with respect to our customers' capex priorities
- Longer-term fundamental industry demand drivers – including increasing demand for bandwidth, adoption of cloud architectures, network automation requirements, and AI-related expansions – 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

- As lead times have shortened and customer advance orders have decreased, we secure increased book-to-revenue orders, particularly from our Service Provider customers, which represent a more typical composition of our quarterly revenue
- We do not experience significant deferrals of delivery of our existing backlog and our Service Provider customers are able to absorb existing equipment orders
- We are able to deliver new products according to our roadmap and customer adoption of these products continues to be consistent with our expectations

Profitability Assumptions

- Operating expense increases to fund strategic investments as we continue to innovate and expand our addressable market to capture opportunities that advance our position in key growth areas
- We expect quarterly variability in margins as supply and logistics costs continue to ease as we move through the fiscal year
- Our product mix shifts to include a more balanced proportion of higher margin line cards for capacity adds

Business outlook¹

Q1 FY 2024

Revenue \$980M to \$1.06B

Adjusted Gross Margin Mid 40s%

Adjusted Operating Expense Approximately \$350M

Fiscal full year 2024

Revenue growth 1% to 4%

Adjusted Gross Margin Mid 40s%

Adjusted Operating Expense Approximately \$355M average per quarter

¹ Projections or outlook with respect to future operating results are only as of December 7, 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.

Business outlook¹

Long-Term Targets

Revenue growth through 2026

Average annual three-year growth of 6% to 8%

Adjusted Operating Margin

15% to 17%

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Q4 FY 2023 appendix

Gross Profit Reconciliation (Amounts in thousands)

	Q4 FY 2023	Q3 FY 2023	Q2 FY 2023	Q1 FY 2023	Q4 FY 2022
GAAP gross profit	\$486,281	\$448,941	\$487,683	\$455,946	\$433,597
Share-based compensation-products	1,194	1,118	1,155	1,051	907
Share-based compensation-services	2,827	2,687	2,659	2,297	2,066
Amortization of intangible assets	2,763	3,187	3,431	2,883	2,005
Total adjustments related to gross profit	6,784	6,992	7,245	6,231	4,978
Adjusted (non-GAAP) gross profit	\$493,065	\$455,933	\$494,928	\$462,177	\$438,575
Adjusted (non-GAAP) gross profit percentage	43.7 %	42.7 %	43.7 %	43.7 %	45.2 %

Operating Expense Reconciliation (Amounts in thousands)

	Q4 FY 2023	Q3 FY 2023	Q2 FY 2023	Q1 FY 2023	Q4 FY 2022
GAAP operating expense	\$394,979	\$370,727	\$384,870	\$370,730	\$356,329
Share-based compensation-research and development	11,412	10,954	10,731	9,234	8,507
Share-based compensation-sales and marketing	9,187	8,770	8,755	8,424	8,084
Share-based compensation-general and administrative	10,274	9,377	8,468	9,468	7,610
Significant asset impairments and restructuring costs	7,209	4,174	8,153	4,298	13,621
Amortization of intangible assets	10,578	9,487	9,845	7,441	5,754
Acquisition and integration costs	—	59	857	2,558	—
Legal Settlement	8,750	—	—	—	—
Total adjustments related to operating expense	57,410	42,821	46,809	41,423	43,576
Adjusted (non-GAAP) operating expense	\$337,569	\$327,906	\$338,061	\$329,307	\$312,753

Income from Operations Reconciliation (Amounts in thousands)

	Q4 FY 2023	Q3 FY 2023	Q2 FY 2023	Q1 FY 2023	Q4 FY 2022
GAAP income from operations	\$91,302	\$78,214	\$102,813	\$85,216	\$77,268
Total adjustments related to gross profit	6,784	6,992	7,245	6,231	4,978
Total adjustments related to operating expense	57,410	42,821	46,809	41,423	43,576
Total adjustments related to income from operations	64,194	49,813	54,054	47,654	48,554
Adjusted (non-GAAP) income from operations	\$155,496	\$128,027	\$156,867	\$132,870	\$125,822
Adjusted (non-GAAP) operating margin percentage	13.8 %	12.0 %	13.8 %	12.6 %	13.0 %

Net Income Reconciliation (Amounts in thousands)

	Q4 FY 2023	Q3 FY 2023	Q2 FY 2023	Q1 FY 2023	Q4 FY 2022
GAAP net income	\$91,199	\$29,733	\$57,654	\$76,241	\$57,645
Exclude GAAP provision (benefit) for income taxes	(20,681)	34,608	29,821	25,078	7,735
Income before income taxes	70,518	64,341	87,475	101,319	65,380
Total adjustments related to income from operations	64,194	49,813	54,054	47,654	48,554
Loss on extinguishment and modification of debt	7,874	—	—	—	—
(Gain) loss on cost method equity investment	—	87	—	(26,455)	—
Adjusted income before income taxes	142,586	114,241	141,529	122,518	113,934
Non-GAAP tax provision on adjusted income before income taxes	31,369	25,133	31,136	26,954	23,015
Adjusted (non-GAAP) net income	\$111,217	\$89,108	\$110,393	\$95,564	\$90,919
Weighted average basic common shares outstanding	147,437	149,690	149,616	149,081	148,548
Weighted average diluted potential common shares outstanding ⁽¹⁾	147,891	149,977	150,147	149,551	149,111

Net Income per Common Share

	Q4 FY 2023	Q3 FY 2023	Q2 FY 2023	Q1 FY 2023	Q4 FY 2022
GAAP diluted net income per potential common share	\$ 0.62	\$ 0.20	\$ 0.38	\$ 0.51	\$ 0.39
Adjusted (non-GAAP) diluted net income per potential common share	\$ 0.75	\$ 0.59	\$ 0.74	\$ 0.64	\$ 0.61

1. Weighted average dilutive potential common shares outstanding used in calculating Adjusted (non-GAAP) diluted net income per potential common share for the fourth 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)	Q4 FY 2023	Q3 FY 2023	Q2 FY 2023	Q1 FY 2023	Q4 FY 2022
Net income (GAAP)	\$91,199	\$29,733	\$57,654	\$76,241	\$57,645
Add: Interest expense	24,207	24,060	23,889	15,870	13,775
Less: Interest and other income, net	11,297	10,187	8,551	31,973	1,887
Add: Loss on extinguishment and modification of debt	7,874	—	—	—	—
Add: Provision (benefit) for income taxes	(20,681)	34,608	29,821	25,078	7,735
Add: Depreciation of equipment, building, furniture and fixtures, and amortization of leasehold improvements	23,351	23,310	23,695	22,208	27,642
Add: Amortization of intangible assets	13,342	12,674	13,275	10,325	7,759
EBITDA	\$127,995	\$114,198	\$139,783	\$117,749	\$112,669
Add: Share-based compensation cost	34,894	32,906	31,768	30,474	27,174
Add: Significant asset impairments and restructuring costs	7,209	4,174	8,153	4,298	13,621
Add: Acquisition and integration costs	—	59	857	2,558	—
Add: Legal settlement	8,750	—	—	—	—
Adjusted EBITDA	\$178,848	\$151,337	\$180,561	\$155,079	\$153,464

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Thank You