

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): December 10, 2020

**Ciena Corporation**

(Exact name of registrant as specified in its charter)

Commission File Number: 001-36250

**Delaware**  
(State or other jurisdiction of incorporation)  
**7035 Ridge Road, Hanover, MD**  
(Address of principal executive offices)

**23-2725311**  
(IRS Employer Identification No.)  
**21076**  
(Zip Code)

Registrant's telephone number, including area code: **(410) 694-5700**

**Not Applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)  
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)  
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))  
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class            | Trading Symbol(s) | Name of each exchange on which registered |
|--------------------------------|-------------------|---|
| Common stock, \$0.01 par value | CIEN              | New York Stock Exchange                   |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## ITEM 2.02 – RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On December 10, 2020, Ciena Corporation ("Ciena") issued a press release announcing its financial results for its fourth fiscal quarter ended October 31, 2020. The text of the press release is furnished as Exhibit 99.1 to this Report. As discussed in this press release, Ciena will be hosting an investor call to discuss its results of operations for its fourth fiscal quarter ended October 31, 2020.

In conjunction with the issuance of this press release, Ciena posted to the quarterly results page of the Investors section of [www.ciena.com](http://www.ciena.com) an accompanying investor presentation. The investor presentation is furnished as Exhibit 99.2 to this Report.

The information in Exhibits 99.1 and 99.2, as well as Item 2.02 of this Report, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any registration statement pursuant to the Securities Act of 1933, as amended. Investors are encouraged to review the "Investors" page of our website at [www.ciena.com](http://www.ciena.com) because, as with the other disclosure channels that we use, from time to time we may post material information exclusively on that site.

## ITEM 9.01 – FINANCIAL STATEMENTS AND EXHIBITS

| <u>Exhibit Number</u> | <u>Description of Document</u>  |
|-----------------------|---|
| Exhibit 99.1          | <a href="#">Text of Press Release dated December 10, 2020, issued by Ciena Corporation, reporting its results of operations for its fourth fiscal quarter and fiscal year ended October 31, 2020.</a> |
| Exhibit 99.2          | <a href="#">Investor Presentation for Ciena Corporation's fourth fiscal quarter and fiscal year ended October 31, 2020.</a>   |
| Exhibit 104           | Cover Page Interactive Data File (embedded within the Inline XBRL document).  |

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**Ciena Corporation**

Date: December 10, 2020

By: /s/ David M. Rothenstein  
David M. Rothenstein  
Senior Vice President, General Counsel and Secretary

**FOR IMMEDIATE RELEASE**

**Ciena Reports Fiscal Fourth Quarter 2020 and Year-End Financial Results**

**HANOVER, Md. - December 10, 2020** - [Ciena](#)<sup>®</sup> Corporation (NYSE: CIEN), a networking systems, services and software company, today announced unaudited financial results for its fiscal fourth quarter and year ended October 31, 2020.

- **Q4 Revenue:** \$828.5 million
- **Q4 Net Income per Share:** \$0.42 GAAP; \$0.60 adjusted (non-GAAP), increasing 3.4% year over year
- **Share Repurchases:** Reinstating share repurchase program with the intent to resume purchases in the first quarter of 2021

"Our fiscal fourth quarter and full-year 2020 performance reported today demonstrates that we have the innovation, diversification and global scale to perform well in a challenging environment," said Gary Smith, President and CEO, Ciena. "While we expect current market conditions to persist in the near-term, we are confident in strong secular demand dynamics and our ability to continue to outperform the market."

For the fiscal fourth quarter 2020, Ciena reported revenue of \$828.5 million as compared to \$968.0 million for the fiscal fourth quarter 2019. For fiscal year 2020, Ciena reported revenue of \$3.53 billion, as compared to \$3.57 billion for fiscal year 2019.

Ciena's GAAP net income for the fiscal fourth quarter 2020 was \$65.0 million or \$0.42 per diluted common share, which compares to a GAAP net income of \$80.3 million, or \$0.51 per diluted common share, for the fiscal fourth quarter 2019. For fiscal year 2020, Ciena's GAAP net income was \$361.3 million, or \$2.32 per diluted common share, as compared to a GAAP net income of \$253.4 million, or \$1.61 per diluted common share for fiscal year 2019.

Ciena's adjusted (non-GAAP) net income for the fiscal fourth quarter 2020 was \$94.5 million, or \$0.60 per diluted common share, which compares to an adjusted (non-GAAP) net income of \$90.4 million, or \$0.58 per diluted common share, for the fiscal fourth quarter 2019. For fiscal year 2020, Ciena's adjusted (non-GAAP) net income was \$460.1 million, or \$2.95 per diluted common share, as compared to an adjusted (non-GAAP) net income of \$331.8 million, or \$2.11 per diluted common share for fiscal year 2019.

**Performance Summary for the Fiscal Fourth Quarter and the Year Ended October 31, 2020**

The tables below (in millions, except percentage data) provide comparisons of certain quarterly and annual results to the prior year. Appendices A and B set forth reconciliations between the GAAP and adjusted (non-GAAP) measures contained in this release.

|                   | GAAP Results (unaudited) |                     |               |                     |                     |               |  |
|-------------------|--------------------------|---------------------|---------------|---------------------|---------------------|---------------|--|
|                   | Quarter Ended            |                     | Period Change | Year Ended          |                     | Period Change |  |
|                   | October 31,<br>2020      | November 2,<br>2019 |               | October 31,<br>2020 | November 2,<br>2019 |               |  |
|                   |                          |                     | Y-T-Y*        |                     |                     | Y-T-Y*        |  |
| Revenue           | \$ 828.5                 | \$ 968.0            | (14.4)%       | \$ 3,532.2          | \$ 3,572.1          | (1.1)%        |  |
| Gross margin      | 48.8 %                   | 43.4 %              | 5.4 %         | 46.8 %              | 43.2 %              | 3.6 %         |  |
| Operating expense | \$ 310.9                 | \$ 326.5            | (4.8)%        | \$ 1,165.9          | \$ 1,195.3          | (2.5)%        |  |
| Operating margin  | 11.3 %                   | 9.6 %               | 1.7 %         | 13.8 %              | 9.7 %               | 4.1 %         |  |

|                        | Non-GAAP Results (unaudited) |                     |               |                     |                     |               |  |
|------------------------|------------------------------|---------------------|---------------|---------------------|---------------------|---------------|--|
|                        | Quarter Ended                |                     | Period Change | Year Ended          |                     | Period Change |  |
|                        | October 31,<br>2020          | November 2,<br>2019 |               | October 31,<br>2020 | November 2,<br>2019 |               |  |
|                        |                              |                     | Y-T-Y*        |                     |                     | Y-T-Y*        |  |
| Revenue                | \$ 828.5                     | \$ 968.0            | (14.4)%       | \$ 3,532.2          | \$ 3,572.1          | (1.1)%        |  |
| Adj. gross margin      | 49.5 %                       | 43.8 %              | 5.7 %         | 47.4 %              | 43.7 %              | 3.7 %         |  |
| Adj. operating expense | \$ 278.9                     | \$ 295.3            | (5.6)%        | \$ 1,055.3          | \$ 1,091.8          | (3.3)%        |  |
| Adj. operating margin  | 15.8 %                       | 13.3 %              | 2.5 %         | 17.6 %              | 13.1 %              | 4.5 %         |  |
| Adj. EBITDA            | \$ 154.5                     | \$ 151.6            | 1.9 %         | \$ 713.9            | \$ 557.3            | 28.1 %        |  |

\* Denotes % change, or in the case of margin, absolute change

|  | Revenue by Segment (unaudited) |                  |                  |                  |
|--|--------------------------------|------------------|------------------|------------------|
|  | Quarter Ended                  |                  | Quarter Ended    |                  |
|  | October 31, 2020               | November 2, 2019 | October 31, 2020 | November 2, 2019 |
|  | Revenue                        | %**              | Revenue          | %**              |
| Networking Platforms                         |                                |                  |                  |                  |
| Converged Packet Optical                     | \$ 579.3                       | 69.9             | \$ 665.8         | 68.8             |
| Packet Networking                            | 56.0                           | 6.8              | 131.9            | 13.6             |
| Total Networking Platforms                   | 635.3                          | 76.7             | 797.7            | 82.4             |
| Platform Software and Services               | 54.5                           | 6.6              | 41.2             | 4.3              |
| Blue Planet Automation Software and Services | 20.9                           | 2.5              | 16.6             | 1.7              |
| Global Services                              |                                |                  |                  |                  |
| Maintenance Support and Training             | 67.0                           | 8.1              | 65.3             | 6.7              |
| Installation and Deployment                  | 43.0                           | 5.2              | 36.5             | 3.8              |
| Consulting and Network Design                | 7.8                            | 0.9              | 10.7             | 1.1              |
| Total Global Services                        | 117.8                          | 14.2             | 112.5            | 11.6             |
| Total  | \$ 828.5                       | 100.0            | \$ 968.0         | 100.0            |

|  | Revenue by Segment (unaudited) |              |                   |              |
|--|--------------------------------|--------------|-------------------|--------------|
|  | Year Ended                     |              |                   |              |
|  | October 31, 2020               |              | November 2, 2019  |              |
|  | Revenue                        | %**          | Revenue           | %**          |
| <b>Networking Platforms</b>                  |                                |              |                   |              |
| Converged Packet Optical                     | \$ 2,547.6                     | 72.1         | \$ 2,562.8        | 71.8         |
| Packet Networking                            | 267.5                          | 7.6          | 348.5             | 9.8          |
| <b>Total Networking Platforms</b>            | <b>2,815.1</b>                 | <b>79.7</b>  | <b>2,911.3</b>    | <b>81.6</b>  |
| Platform Software and Services               | 197.8                          | 5.6          | 155.3             | 4.3          |
| Blue Planet Automation Software and Services | 62.6                           | 1.8          | 54.6              | 1.5          |
| <b>Global Services</b>                       |                                |              |                   |              |
| Maintenance Support and Training             | 269.4                          | 7.6          | 261.3             | 7.3          |
| Installation and Deployment                  | 152.0                          | 4.3          | 148.2             | 4.1          |
| Consulting and Network Design                | 35.3                           | 1.0          | 41.4              | 1.2          |
| <b>Total Global Services</b>                 | <b>456.7</b>                   | <b>12.9</b>  | <b>450.9</b>      | <b>12.6</b>  |
| <b>Total</b>                                 | <b>\$ 3,532.2</b>              | <b>100.0</b> | <b>\$ 3,572.1</b> | <b>100.0</b> |

**Additional Performance Metrics for Fiscal Fourth Quarter and Year Ended October 31, 2020**

|                                | Revenue by Geographic Region (unaudited) |              |                  |              |
|--------------------------------|--|--------------|------------------|--------------|
|                                | Quarter Ended                            |              |                  |              |
|                                | October 31, 2020                         |              | November 2, 2019 |              |
|                                | Revenue                                  | %**          | Revenue          | %**          |
| Americas                       | \$ 531.6                                 | 64.2         | \$ 715.7         | 73.9         |
| Europe, Middle East and Africa | 157.6                                    | 19.0         | 153.0            | 15.8         |
| Asia Pacific                   | 139.3                                    | 16.8         | 99.3             | 10.3         |
| <b>Total</b>                   | <b>\$ 828.5</b>                          | <b>100.0</b> | <b>\$ 968.0</b>  | <b>100.0</b> |

|                                | Revenue by Geographic Region (unaudited) |              |                   |              |
|--------------------------------|--|--------------|-------------------|--------------|
|                                | Year Ended                               |              |                   |              |
|                                | October 31, 2020                         |              | November 2, 2019  |              |
|                                | Revenue                                  | %**          | Revenue           | %**          |
| Americas                       | \$ 2,469.3                               | 69.9         | \$ 2,503.9        | 70.1         |
| Europe, Middle East and Africa | 591.5                                    | 16.8         | 566.7             | 15.9         |
| Asia Pacific                   | 471.4                                    | 13.3         | 501.5             | 14.0         |
| <b>Total</b>                   | <b>\$ 3,532.2</b>                        | <b>100.0</b> | <b>\$ 3,572.1</b> | <b>100.0</b> |

\*\* Denotes % of total revenue

- No customer represented more than 10% of revenue for the fiscal quarter
- One 10%-plus customer represented a total of 10.6% of revenue for the fiscal year
- Cash and investments totaled \$1.3 billion
- Cash flow from operations totaled \$187.3 million and \$493.7 million for the fiscal quarter and year, respectively
- Average days' sales outstanding (DSOs) were 88 and 82 for the fiscal quarter and year, respectively
- Accounts receivable, net balance was \$719.4 million

- Unbilled contract asset balance was \$85.8 million
- Inventories totaled \$344.4 million, including:
  - Raw materials: \$119.5 million
  - Work in process: \$13.7 million
  - Finished goods: \$210.1 million
  - Deferred cost of sales: \$40.7 million
  - Reserve for excess and obsolescence: \$(39.6) million
- Product inventory turns were 4.0 and 4.6 for the fiscal quarter and year, respectively
- Headcount totaled 7,032

#### **Share Repurchase Program**

After temporarily suspending repurchases of our common stock during fiscal 2020, we will be reinstating this program in the first quarter of 2021 and are currently targeting repurchases in the range of \$150 million during fiscal 2021. Ciena may purchase shares at management's discretion in the open market, in privately negotiated transactions, in transactions structured through investment banking institutions, or a combination of the foregoing. Ciena may also, from time to time, enter into Rule 10b5-1 plans to facilitate repurchases of its shares under this authorization. The amount and timing of repurchases are subject to a variety of factors including liquidity, cash flow, stock price, and general business and market conditions. The program may be modified, suspended or discontinued at any time. During fiscal year 2020, Ciena repurchased approximately 1.9 million shares of its common stock at an average price of \$39.81 per share for an aggregate purchase price of \$74.5 million.

#### **Supplemental Materials and Live Web Broadcast of Unaudited Fiscal Fourth Quarter 2020 Results**

Today, Thursday, December 10, 2020, in conjunction with this announcement, Ciena has posted to the Quarterly Results page of the Investor Relations section of its website certain related supporting materials for its unaudited fiscal fourth quarter and fiscal 2020 results.

Ciena's management will also host a discussion today with investors and financial analysts that will include the Company's outlook. The live audio web broadcast beginning at 8:30 a.m. Eastern will be accessible via [www.ciena.com](http://www.ciena.com). An archived replay of the live broadcast will be available shortly following its conclusion on the Investor Relations page of Ciena's website.

#### **Notes to Investors**

**Forward-Looking Statements.** You are encouraged to review the Investors section of our website, where we routinely post press releases, 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. This press release contains certain 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 statements regarding Ciena's expectations, beliefs, intentions or strategies regarding the future and can be identified by forward-looking words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "should," "will," and "would" or similar words. Forward-looking statements in this release include: "Our fiscal fourth quarter and full-year 2020 performance reported today demonstrates that we have the innovation, diversification and global scale to perform

well in a challenging environment." "While we expect current market conditions to persist in the near-term, we are confident in strong secular demand dynamics and our ability to continue to outperform the market."

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 duration and severity of the COVID-19 pandemic and the impact of countermeasures taken to mitigate its spread; the impact of COVID-19 on macroeconomic conditions, the level of economic activity, demand for our technology solutions, short- and long-term customer or end user needs and changes thereto, continuity of supply chain, logistics and business operations, liquidity and financial results; changes in network spending or network strategy by 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; supply chain disruptions and the level of success relating to efforts to optimize Ciena's operations; changes in foreign currency exchange rates affecting revenue and operating expense; factors beyond our control such as natural disasters, acts of war or terrorism, and public health emergencies, including the COVID-19 pandemic; the impact of the Tax Cuts and Jobs Act; changes in tax or trade regulations, including the imposition of tariffs, duties or efforts to withdraw from or materially modify international trade agreements; changes in estimates of prospective income tax rates and any adjustments to Ciena's provisional estimates whether related to further guidance, analysis or otherwise, and the other risk factors disclosed in Ciena's periodic reports filed with the Securities and Exchange Commission, including its Quarterly Report on Form 10-Q filed with the SEC on September 9, 2020 and its Annual Report on Form 10-K to be filed with the SEC. Ciena assumes no obligation to update any forward-looking information included in this press release.

**Non-GAAP Presentation of Quarterly and Annual Results.** This release includes non-GAAP measures of Ciena's gross profit, operating expense, income from operations, earnings before interest, tax, depreciation and amortization (EBITDA), Adjusted EBITDA, and measures of net income and net income per share. In evaluating the operating performance of Ciena's business, management excludes certain charges and credits that are required by GAAP. These items share one or more of the following characteristics: they are unusual and Ciena does not expect them to recur in the ordinary course of its business; they do not involve the expenditure of cash; they are unrelated to the ongoing operation of the business in the ordinary course; or their magnitude and timing is largely outside of Ciena's control. Management believes that the non-GAAP measures below provide management and investors useful information and meaningful insight to the operating performance of the business. The presentation of these non-GAAP financial measures should be considered in addition to Ciena's GAAP results and these measures are not intended to be a substitute for the financial information prepared and presented in accordance with GAAP. Ciena's non-GAAP measures and the related adjustments may differ from non-GAAP measures used by other companies and should only be used to evaluate Ciena's results of operations in conjunction with our corresponding GAAP results. To the extent not previously disclosed in a prior Ciena financial results press release for the relevant period, Appendix A and B to this press release set forth a complete GAAP to non-GAAP reconciliation of the non-GAAP measures contained in this release.

**About Ciena.** Ciena (NYSE: CIEN) is a networking systems, services and software company. We provide solutions that help our clients create the Adaptive Network™ in response to the constantly changing demands of their users. By delivering best-in-class networking technology through high-touch consultative relationships, we build the world's most agile networks with automation, openness and scale. For updates on Ciena, follow us on Twitter @Ciena, LinkedIn, the Ciena Insights blog, or visit [www.ciena.com](http://www.ciena.com).



**CIENA CORPORATION**  
**CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share data)

|   | Quarter Ended       |                     | Year Ended          |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | October 31,<br>2020 | November 2,<br>2019 | October 31,<br>2020 | November 2,<br>2019 |
| <b>Revenue:</b>   |                     |                     |                     |                     |
| Products  | \$ 668,661          | \$ 820,007          | \$ 2,914,790        | \$ 2,983,815        |
| Services  | 159,819             | 147,980             | 617,367             | 588,316             |
| Total revenue   | <u>828,480</u>      | <u>967,987</u>      | <u>3,532,157</u>    | <u>3,572,131</u>    |
| <b>Cost of goods sold:</b>  |                     |                     |                     |                     |
| Products  | 343,413             | 469,945             | 1,573,791           | 1,716,358           |
| Services  | 80,718              | 78,346              | 305,475             | 313,707             |
| Total cost of goods sold  | <u>424,131</u>      | <u>548,291</u>      | <u>1,879,266</u>    | <u>2,030,065</u>    |
| Gross profit  | <u>404,349</u>      | <u>419,696</u>      | <u>1,652,891</u>    | <u>1,542,066</u>    |
| <b>Operating expenses:</b>  |                     |                     |                     |                     |
| Research and development  | 137,237             | 141,657             | 529,888             | 548,139             |
| Selling and marketing   | 113,382             | 117,201             | 416,425             | 423,046             |
| General and administrative  | 43,415              | 50,307              | 169,548             | 174,399             |
| Amortization of intangible assets   | 5,851               | 5,222               | 23,383              | 21,808              |
| Acquisition and integration costs (recoveries)                              | 3,127               | (735)               | 4,031               | 3,370               |
| Significant asset impairments and restructuring costs                       | 7,854               | 12,842              | 22,652              | 24,538              |
| Total operating expenses  | <u>310,866</u>      | <u>326,494</u>      | <u>1,165,927</u>    | <u>1,195,300</u>    |
| Income from operations  | 93,483              | 93,202              | 486,964             | 346,766             |
| Interest and other income (loss), net                                       | (249)               | (1,183)             | 964                 | 3,876               |
| Interest expense  | (7,395)             | (9,136)             | (31,321)            | (37,452)            |
| Loss on extinguishment and modification of debt                             | —                   | —                   | (646)               | —                   |
| Income before income taxes  | 85,839              | 82,883              | 455,961             | 313,190             |
| Provision for income taxes  | 20,798              | 2,552               | 94,670              | 59,756              |
| <b>Net income</b>   | <u>\$ 65,041</u>    | <u>\$ 80,331</u>    | <u>\$ 361,291</u>   | <u>\$ 253,434</u>   |
| <b>Net Income per Common Share</b>  |                     |                     |                     |                     |
| Basic net income per common share   | \$ 0.42             | \$ 0.52             | \$ 2.34             | \$ 1.63             |
| Diluted net income per potential common share                               | <u>\$ 0.42</u>      | <u>\$ 0.51</u>      | <u>\$ 2.32</u>      | <u>\$ 1.61</u>      |
| Weighted average basic common shares outstanding                            | 154,706             | 154,852             | 154,287             | 155,720             |
| Weighted average diluted potential common shares outstanding <sup>(1)</sup> | <u>156,563</u>      | <u>156,612</u>      | <u>155,955</u>      | <u>157,612</u>      |

<sup>(1)</sup> Weighted average diluted potential common shares outstanding used in calculating GAAP diluted net income per potential common share for the fourth quarter of fiscal 2020 includes 1.9 million shares underlying certain stock option and stock unit awards.

Weighted average diluted potential common shares outstanding used in calculating GAAP diluted net income per potential common share for fiscal 2020 includes 1.7 million shares underlying certain stock option and stock unit awards.

Weighted average diluted potential common shares outstanding used in calculating GAAP diluted net income per potential common share for the fourth quarter of fiscal 2019 includes 1.8 million shares underlying certain stock option and stock unit awards.

Weighted average diluted potential common shares outstanding used in calculating GAAP diluted net income per potential common share for fiscal 2019 includes 1.9 million shares underlying certain stock option and stock unit awards.

**CIENA CORPORATION**  
**CONDENSED UNAUDITED CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share data)

|   | October 31,<br>2020 | November 2,<br>2019 |
|---|---------------------|---------------------|
| <b>ASSETS</b>   |                     |                     |
| Current assets:   |                     |                     |
| Cash and cash equivalents   | \$ 1,088,624        | \$ 904,045          |
| Short-term investments  | 150,667             | 109,940             |
| Accounts receivable, net  | 719,405             | 724,854             |
| Inventories   | 344,379             | 345,049             |
| Prepaid expenses and other  | 308,084             | 297,914             |
| Total current assets  | 2,611,159           | 2,381,802           |
| Long-term investments   | 82,226              | 10,014              |
| Equipment, building, furniture and fixtures, net  | 272,377             | 286,884             |
| Operating lease right-of-use assets   | 57,026              | —                   |
| Goodwill  | 310,847             | 297,937             |
| Other intangible assets, net  | 96,647              | 112,781             |
| Deferred tax asset, net   | 647,805             | 714,942             |
| Other long-term assets  | 102,830             | 88,986              |
| Total assets  | \$ 4,180,917        | \$ 3,893,346        |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                     |                     |
| Current liabilities:  |                     |                     |
| Accounts payable  | \$ 291,904          | \$ 344,819          |
| Accrued liabilities and other short-term obligations  | 334,132             | 382,740             |
| Deferred revenue  | 108,700             | 111,381             |
| Operating lease liabilities   | 19,035              | —                   |
| Current portion of long-term debt   | 6,930               | 7,000               |
| Total current liabilities   | 760,701             | 845,940             |
| Long-term deferred revenue  | 49,663              | 45,492              |
| Other long-term obligations   | 123,185             | 148,747             |
| Long-term operating lease liabilities   | 61,415              | —                   |
| Long-term debt, net   | 676,356             | 680,406             |
| Total liabilities   | \$ 1,671,320        | \$ 1,720,585        |
| Stockholders' equity:   |                     |                     |
| Preferred stock — par value \$0.01; 20,000,000 shares authorized; zero shares issued and outstanding                      | —                   | —                   |
| Common stock — par value \$0.01; 290,000,000 shares authorized; 154,563,005 and 154,403,850 shares issued and outstanding | 1,546               | 1,544               |
| Additional paid-in capital  | 6,826,531           | 6,837,714           |
| Accumulated other comprehensive loss  | (35,358)            | (22,084)            |
| Accumulated deficit   | (4,283,122)         | (4,644,413)         |
| Total stockholders' equity  | 2,509,597           | 2,172,761           |
| Total liabilities and stockholders' equity  | \$ 4,180,917        | \$ 3,893,346        |

**CIENA CORPORATION**  
**CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

|   | Year Ended          |                   |
|---|---------------------|-------------------|
|   | October 31, 2020    | November 2, 2019  |
| <b>Cash flows from operating activities:</b>  |                     |                   |
| Net income  | \$ 361,291          | \$ 253,434        |
| <b>Adjustments to reconcile net income to net cash provided by operating activities:</b>      |                     |                   |
| Depreciation of equipment, furniture and fixtures, and amortization of leasehold improvements | 93,908              | 87,576            |
| Share-based compensation costs  | 67,758              | 59,736            |
| Amortization of intangible assets   | 38,619              | 35,136            |
| Deferred taxes  | 64,339              | 19,865            |
| Provision for doubtful accounts   | 8,855               | 6,740             |
| Provision for inventory excess and obsolescence   | 24,701              | 28,085            |
| Provision for warranty  | 22,417              | 23,105            |
| Other   | 11,628              | (910)             |
| <b>Changes in assets and liabilities:</b>   |                     |                   |
| Accounts receivable   | (17,299)            | 65,712            |
| Inventories   | (25,044)            | (112,941)         |
| Prepaid expenses and other  | (38,998)            | (96,618)          |
| Operating lease right-of-use assets   | 16,787              | —                 |
| Accounts payable, accruals and other obligations  | (117,931)           | 27,740            |
| Deferred revenue  | 2,519               | 16,480            |
| Short and long-term operating lease liabilities   | (19,896)            | —                 |
| Net cash provided by operating activities   | <u>493,654</u>      | <u>413,140</u>    |
| <b>Cash flows provided by (used in) investing activities:</b>                                 |                     |                   |
| Payments for equipment, furniture, fixtures and intellectual property                         | (82,667)            | (62,579)          |
| Purchase of available for sale securities   | (223,196)           | (158,074)         |
| Proceeds from maturities of available for sale securities                                     | 110,390             | 248,748           |
| Settlement of foreign currency forward contracts, net   | 3,531               | (1,351)           |
| Purchase of equity investment   | —                   | (2,667)           |
| Acquisition of businesses, net of cash acquired   | (28,300)            | —                 |
| Net cash provided by (used in) investing activities   | <u>(220,242)</u>    | <u>24,077</u>     |
| <b>Cash flows from financing activities:</b>  |                     |                   |
| Payment of long-term debt   | (5,198)             | (7,000)           |
| Payment for debt conversion liability   | —                   | (111,268)         |
| Payment of debt issuance costs  | (382)               | (1,191)           |
| Payment of finance lease obligations  | (2,703)             | (3,319)           |
| Shares repurchased for tax withholdings on vesting of restricted stock units                  | (32,472)            | (29,059)          |
| Repurchases of common stock - repurchase program  | (74,535)            | (150,076)         |
| Proceeds from issuance of common stock  | 28,068              | 22,947            |
| Net cash used in financing activities   | <u>(87,222)</u>     | <u>(278,966)</u>  |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash                 | (1,643)             | 476               |
| Net increase in cash, cash equivalents and restricted cash                                    | <u>184,547</u>      | <u>158,727</u>    |
| Cash, cash equivalents and restricted cash at beginning of fiscal year                        | 904,161             | 745,434           |
| Cash, cash equivalents and restricted cash at end of fiscal year                              | <u>\$ 1,088,708</u> | <u>\$ 904,161</u> |
| <b>Supplemental disclosure of cash flow information</b>                                       |                     |                   |
| Cash paid during the fiscal year for interest   | \$ 32,837           | \$ 39,579         |
| Cash paid during the fiscal year for income taxes, net  | \$ 53,076           | \$ 33,570         |
| Operating lease payments  | \$ 22,089           | \$ —              |
| <b>Non-cash investing and financing activities</b>  |                     |                   |
| Purchase of equipment in accounts payable   | \$ 7,854            | \$ 16,549         |
| Conversion of debt conversion liability into 1,585,140 shares of common stock                 | \$ —                | \$ 52,944         |
| Operating lease right-of-use assets subject to lease liability                                | \$ 24,160           | \$ —              |
| Unrealized gain on equity investment  | \$ 2,681            | \$ —              |

APPENDIX A - Reconciliation of Adjusted (Non-GAAP) Measurements (unaudited)

|  | Quarter Ended    |                  | Year Ended       |                  |
|--|------------------|------------------|------------------|------------------|
|  | October 31, 2020 | November 2, 2019 | October 31, 2020 | November 2, 2019 |
| <b>Gross Profit Reconciliation (GAAP/non-GAAP)</b>           |                  |                  |                  |                  |
| GAAP gross profit  | \$ 404,349       | \$ 419,696       | \$ 1,652,891     | \$ 1,542,066     |
| Share-based compensation-products                            | 724              | 748              | 3,182            | 2,868            |
| Share-based compensation-services                            | 968              | 715              | 3,853            | 3,175            |
| Amortization of intangible assets                            | 3,732            | 3,303            | 15,235           | 13,327           |
| Total adjustments related to gross profit                    | 5,424            | 4,766            | 22,270           | 19,370           |
| Adjusted (non-GAAP) gross profit                             | \$ 409,773       | \$ 424,462       | \$ 1,675,161     | \$ 1,561,436     |
| Adjusted (non-GAAP) gross profit percentage                  | 49.5 %           | 43.8 %           | 47.4 %           | 43.7 %           |
| <b>Operating Expense Reconciliation (GAAP/non-GAAP)</b>      |                  |                  |                  |                  |
| GAAP operating expense                                       | \$ 310,866       | \$ 326,494       | \$ 1,165,927     | \$ 1,195,300     |
| Share-based compensation-research and development            | 4,030            | 3,287            | 16,987           | 14,321           |
| Share-based compensation-sales and marketing                 | 5,137            | 4,151            | 20,194           | 16,474           |
| Share-based compensation-general and administrative          | 5,982            | 6,425            | 23,424           | 22,841           |
| Amortization of intangible assets                            | 5,851            | 5,222            | 23,383           | 21,808           |
| Acquisition and integration costs (recoveries)               | 3,127            | (735)            | 4,031            | 3,370            |
| Significant asset impairments and restructuring costs        | 7,854            | 12,842           | 22,652           | 24,538           |
| Legal settlements  | —                | —                | —                | 137              |
| Total adjustments related to operating expense               | \$ 31,981        | \$ 31,192        | \$ 110,671       | \$ 103,489       |
| Adjusted (non-GAAP) operating expense                        | \$ 278,885       | \$ 295,302       | \$ 1,055,256     | \$ 1,091,811     |
| <b>Income from Operations Reconciliation (GAAP/non-GAAP)</b> |                  |                  |                  |                  |
| GAAP income from operations                                  | \$ 93,483        | \$ 93,202        | \$ 486,964       | \$ 346,766       |
| Total adjustments related to gross profit                    | 5,424            | 4,766            | 22,270           | 19,370           |
| Total adjustments related to operating expense               | 31,981           | 31,192           | 110,671          | 103,489          |
| Total adjustments related to income from operations          | 37,405           | 35,958           | 132,941          | 122,859          |
| Adjusted (non-GAAP) income from operations                   | \$ 130,888       | \$ 129,160       | \$ 619,905       | \$ 469,625       |
| Adjusted (non-GAAP) operating margin percentage              | 15.8 %           | 13.3 %           | 17.6 %           | 13.1 %           |

**APPENDIX A - Reconciliation of Adjusted (Non-GAAP) Measurements (unaudited)**

|   | Quarter Ended    |                  | Year Ended       |                  |
|---|------------------|------------------|------------------|------------------|
|   | October 31, 2020 | November 2, 2019 | October 31, 2020 | November 2, 2019 |
| <b>Net Income Reconciliation (GAAP/non-GAAP)</b>                            |                  |                  |                  |                  |
| GAAP net income   | \$ 65,041        | \$ 80,331        | \$ 361,291       | \$ 253,434       |
| Exclude GAAP provision for income taxes                                     | 20,798           | 2,552            | 94,670           | 59,756           |
| Income before income taxes  | 85,839           | 82,883           | 455,961          | 313,190          |
| Total adjustments related to income from operations                         | 37,405           | 35,958           | 132,941          | 122,859          |
| Loss on extinguishment and modification of debt                             | —                | —                | 646              | —                |
| Unrealized gain on equity investment  | (2,681)          | —                | (2,681)          | —                |
| Adjusted income before income taxes   | 120,563          | 118,841          | 586,867          | 436,049          |
| Non-GAAP tax provision on adjusted income before income taxes               | 26,042           | 28,403           | 126,763          | 104,216          |
| Adjusted (non-GAAP) net income  | \$ 94,521        | \$ 90,438        | \$ 460,104       | \$ 331,833       |
| Weighted average basic common shares outstanding                            | 154,706          | 154,852          | 154,287          | 155,720          |
| Weighted average diluted potential common shares outstanding <sup>(1)</sup> | 156,563          | 156,612          | 155,955          | 157,612          |
| <b>Net Income per Common Share</b>  |                  |                  |                  |                  |
| GAAP diluted net income per potential common share                          | \$ 0.42          | \$ 0.51          | \$ 2.32          | \$ 1.61          |
| Adjusted (non-GAAP) diluted net income per potential common share           | \$ 0.60          | \$ 0.58          | \$ 2.95          | \$ 2.11          |

<sup>(1)</sup> Weighted average diluted potential common shares outstanding used in calculating Adjusted (non-GAAP) diluted net income per potential common share for the fourth quarter of fiscal 2020 includes 1.9 million shares underlying certain stock option and stock unit awards.

Weighted average diluted potential common shares outstanding used in calculating adjusted (non-GAAP) diluted net income per potential common share for fiscal 2020 includes 1.7 million shares underlying certain stock option and stock unit awards.

Weighted average diluted potential common shares outstanding used in calculating Adjusted (non-GAAP) diluted net income per potential common share for the fourth quarter of fiscal 2019 includes 1.8 million shares underlying certain stock option and stock unit awards.

Weighted average diluted potential common shares outstanding used in calculating adjusted (non-GAAP) diluted net income per potential common share for fiscal 2019 includes 1.9 million shares underlying certain stock option and stock unit awards.

**APPENDIX B - Calculation of EBITDA and Adjusted EBITDA (unaudited)**

|  | Quarter Ended     |                   | Year Ended        |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | October 31, 2020  | November 2, 2019  | October 31, 2020  | November 2, 2019  |
| <b>Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)</b>                                 |                   |                   |                   |                   |
| Net income (GAAP)  | \$ 65,041         | \$ 80,331         | \$ 361,291        | \$ 253,434        |
| Add: Interest expense  | 7,395             | 9,136             | 31,321            | 37,452            |
| Less: Interest and other income (loss), net  | (249)             | (1,183)           | 964               | 3,876             |
| Add: Loss on extinguishment and modification of debt   | —                 | —                 | (646)             | —                 |
| Add: Provision for income taxes  | 20,798            | 2,552             | 94,670            | 59,756            |
| Add: Depreciation of equipment, building, furniture and fixtures, and amortization of leasehold improvements | 23,538            | 22,505            | 93,908            | 87,576            |
| Add: Amortization of intangible assets   | 9,584             | 8,525             | 38,619            | 35,136            |
| <b>EBITDA</b>  | <b>\$ 126,605</b> | <b>\$ 124,232</b> | <b>\$ 619,491</b> | <b>\$ 469,478</b> |
| Add: Share-based compensation cost   | 16,920            | 15,290            | 67,758            | 59,736            |
| Add: Significant asset impairments and restructuring costs   | 7,854             | 12,842            | 22,652            | 24,538            |
| Add: Acquisition and integration costs (recoveries)  | 3,127             | (735)             | 4,031             | 3,370             |
| Add: Legal settlement  | —                 | —                 | —                 | 137               |
| <b>Adjusted EBITDA</b>   | <b>\$ 154,506</b> | <b>\$ 151,629</b> | <b>\$ 713,932</b> | <b>\$ 557,259</b> |

\* \* \*

The adjusted (non-GAAP) measures above and their reconciliation to Ciena's GAAP results for the periods presented reflect adjustments relating to the following items:

- *Share-based compensation* - a non-cash expense incurred in accordance with share-based compensation accounting guidance.
- *Amortization of intangible assets* - a non-cash expense arising from the acquisition of intangible assets, principally developed technologies and customer-related intangibles, that Ciena is required to amortize over its expected useful life.
- *Acquisition and integration costs (recoveries)* - consist of expenses for financial, legal and accounting advisors, severance and other employee-related costs associated with our acquisitions of DonRiver and Centina, including costs and recoveries of acquisition consideration associated with a three-year earn-out arrangement related to the DonRiver acquisition in fiscal 2018. Ciena does not believe that these costs are reflective of its ongoing operating expense following its completion of these integration activities.
- *Significant asset impairments and restructuring costs* - costs incurred as a result of restructuring activities taken to align resources with perceived market opportunities and the redesign of business processes.
- *Legal settlements* - costs incurred as a result of settlements, during the first quarter of fiscal 2019.
- *Unrealized gain on equity investment* - reflects a change in the carrying value of a certain cost method equity investment.
- *Non-GAAP tax provision* - consists of current and deferred income tax expense commensurate with the level of adjusted income before income taxes and utilizes a current, blended U.S. and foreign statutory annual tax rate of 21.6% for fiscal 2020, and 23.9% for fiscal 2019. This rate may be subject to change in the future, including as a result of changes in tax policy or tax strategy.



# Ciena Corporation

## Earnings Presentation

Period ended October 31, 2020

December 10, 2020

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## 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, 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 in 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 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; supply chain disruptions and the level of success relating to efforts to optimize Ciena's operations; changes in foreign currency exchange rates affecting revenue and operating expense; factors outside our control such as natural disasters, acts of war or terrorism, and public health emergencies, including the COVID-19 pandemic; the impact of the Tax Cuts and Jobs Act; 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 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 9, 2020 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 does not assume any obligation to update any forward-looking or other information included in this presentation or related earnings calls, whether as a result of new information, 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, 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 be found in our press release filed this morning and in our reports on Form 10-Q filed with the Securities and Exchange Commission.



# COVID-19 response

## Safety and community

- Prioritizing health of employees and following CDC guidance for employers
- The vast majority of our employees working remotely
- Instituted pandemic employee benefits
- Tripled our corporate charitable matching program for employee donations and volunteering

**Result:** Our employees have excelled through their continued focus, strength and kindness

## Business continuity

- Supply chain design and business continuity planning has allowed us to continue to support customers and minimize disruption
- Significant IT investment in digital platforms and virtual collaboration tools has enabled a seamless transition to remote working

**Result:** We are well positioned to manage through the current set of challenges presented by COVID-19

## Financial strength

- We have a strong balance sheet and solid cash flow generation
- In light of our confidence around our cash generation, we will be reinstating our share repurchase plan starting in the first quarter of 2021

**Result:** Our financial strength provides long-term resiliency and differentiated flexibility to support our business

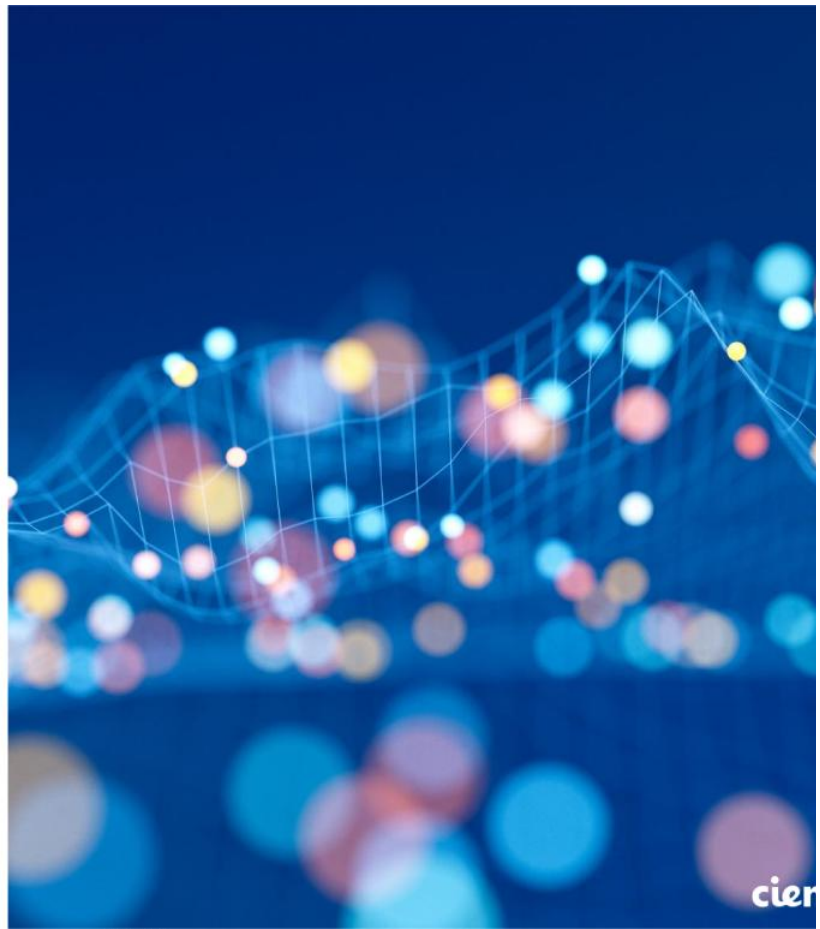
\* A reconciliation of these non-GAAP measures to our GAAP results is included in the appendix to this presentation.

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# Fiscal 2020 results

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# FY 2020 key achievements

## We are forcing the pace of innovation with the Adaptive Network

- WL5 Extreme became the first GA 800g product, and we have 65 customers
- Blue Planet added new customers and expanded relationships with existing customers
- Significant architectural win with a major webscale player
- Secured a series of awards including 7 deployments for our Adaptive IP solution

## Our balance sheet is strong

- Despite headwinds from COVID-19 our profitability and cash metrics remained strong
  - Adj. operating margin was 17.6%
  - Free cash flow resulted in \$411M or 66.3% of adjusted operating income
  - Ended the year with over \$1.3B in cash and investments
  - Leverage remains below our target level

## Our people promise and ecosystem engagements

- Instituted a range of volunteering & charitable actions
- Supported our employees through empowering programs and dedication to inclusion & diversity
- Introduced a digital inclusion initiative aimed at increasing opportunities for underserved students
- Implemented virtual capabilities across our ecosystem to engage & train including VR and AR technologies

*Despite this challenging period we have continued to force the pace of innovation and demonstrate the resiliency in our financials and our people*

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

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## FY 2020 comparative financial highlights

|                             | FY 2020                         | FY 2019                         |
|-----------------------------|---------------------------------|---------------------------------|
| Revenue                     | \$3.53B                         | \$3.57B                         |
| Adjusted Gross Margin*      | 47.4%                           | 43.7%                           |
| Adjusted Operating Expense* | \$1.1B<br>29.9% / total revenue | \$1.1B<br>30.6% / total revenue |
| Adjusted Operating Margin*  | 17.6%                           | 13.1%                           |
| Adjusted EBITDA*            | \$714M                          | \$557M                          |
| Adjusted EPS*               | \$2.95                          | \$2.11                          |

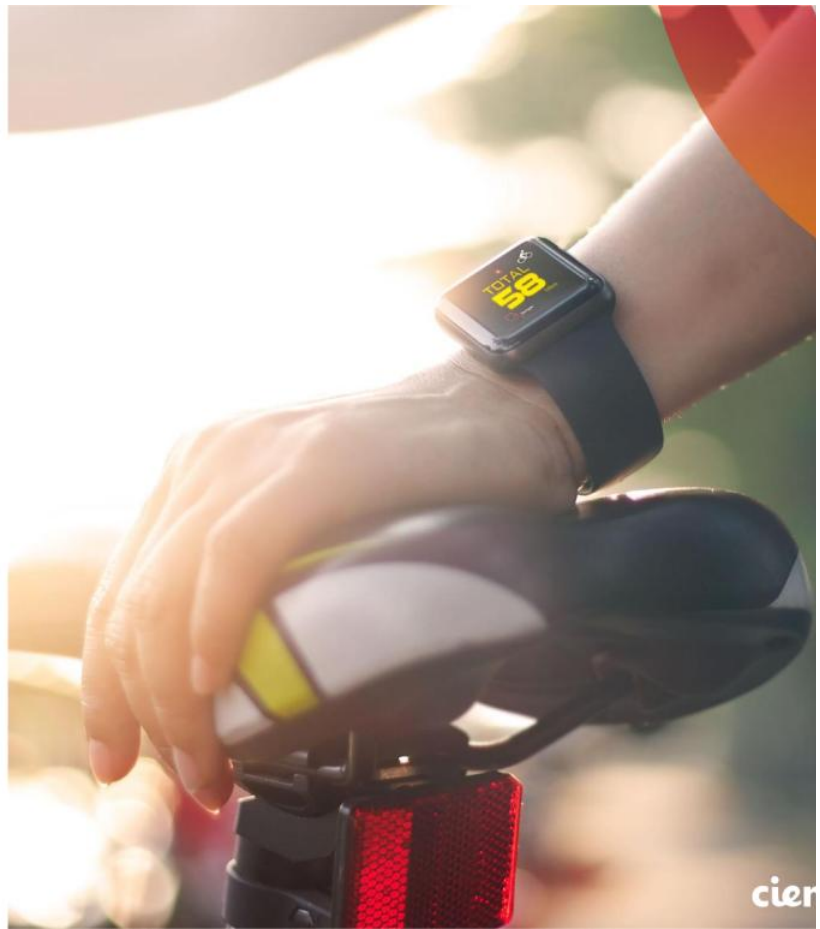
\* A reconciliation of these non-GAAP measures to our GAAP results is included in the press release for the relative period.

## FY 2020 comparative operating metrics

|                           | FY 2020 | FY 2019 |
|---------------------------|---------|---------|
| Cash and Investments      | \$1.3B  | \$1.0B  |
| Cash Flow from Operations | \$494M  | \$413M  |
| DSO                       | 82      | 82      |
| Inventory Turns           | 4.6     | 5.0     |

## Market context

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# Market leadership



## #1 GLOBALLY

- DATA CENTER INTERCONNECT
- DATA CENTER INTERCONNECT FOR ICP/CNPs
- PURPOSE-BUILT/COMPACT MODULAR DCI
- OPTICAL NETWORKING FOR ICP/CNPs
- OPTICAL NETWORK HARDWARE VENDOR SCORECARD
- OPTICAL EQUIPMENT VENDOR LEADERSHIP SP SURVEY
- SLTE WDM
- SLTE NEW BUILD
- ACCESS SWITCHING & ETHERNET DEMARCATION

## #1 N. AMERICA

- TOTAL OPTICAL NETWORKING
- DATA CENTER INTERCONNECT
- LH WDM
- METRO WDM
- ACCESS SWITCHING & ETHERNET DEMARCATION

## #2 GLOBALLY

- TOTAL OPTICAL NETWORKING
- LH WDM
- METRO WDM

## #1 GLOBALLY

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

## #1 N. AMERICA

- TOTAL OPTICAL NETWORKING
- PURPOSE-BUILT/COMPACT MODULAR DCI
- LH WDM
- METRO WDM

## #2 GLOBALLY

- TOTAL OPTICAL NETWORKING
- METRO WDM

## #1 GLOBALLY

- DATA CENTER INTERCONNECT
- DATA CENTER INTERCONNECT FOR IC
- PURPOSE-BUILT/COMPACT MODULAR

## #1 N. AMERICA

- TOTAL OPTICAL NETWORKING
- DATA CENTER INTERCONNECT
- PACKET OPTICAL
- LH WDM
- METRO WDM

## #2 GLOBALLY

- TOTAL OPTICAL NETWORKING
- NEXT-GEN OPTICAL
- PACKET OPTICAL
- LH WDM

Optical Networks Report, 2Q20  
Data Center Interconnect Market Share Report, 2Q20  
Optical Network HW Vendor Scorecard, Jun 2020  
Optical Equipment Vendor Leadership Global Service Provider Survey, Dec 2019  
Access Switching & Ethernet Demarcation Report, 2Q20

Optical Transport Hardware Report, 2Q20  
Transport Customer Markets Tracker, 2Q20  
Transport Applications Tracker, 2Q20

Optical Transport Report, 2Q20

# Several mega trends and the innovations that will enable them

Cloud



Data Center



IoT & Connected Objects



Fiber Deep  
(Cable/MSO)



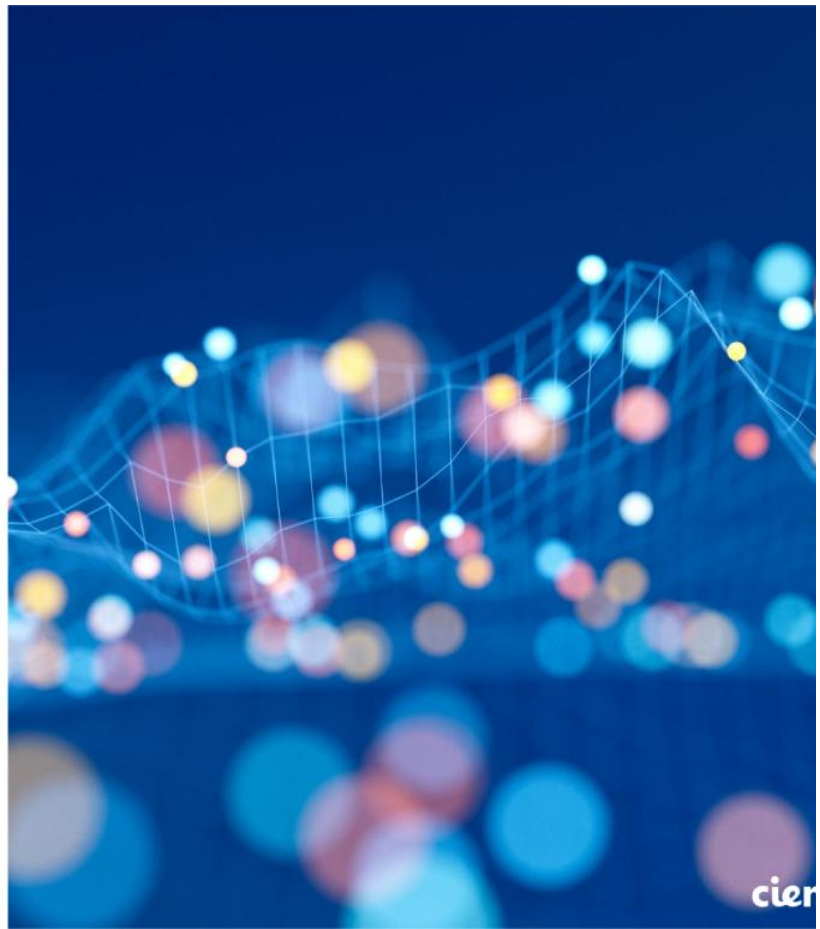
Mobility & 5G





# Q4 Fiscal 2020 results

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## Q4 FY 2020 key highlights

### Achieving balanced growth

- Non-telco represented 39% of total revenue
- Direct web-scale contributed 22% of total revenue
- APAC contributed 17% of total revenue
- Blue Planet was up 26% YoY

### Driving the pace of innovation

- TTM Adjusted R&D\* investment was \$513M
- 579 100G+ total customers, which includes 28 new wins on WaveLogic Ai and 34 new wins on WaveLogic 5e in Q4
- Shipped WL 5 Extreme to almost 57 customers, and the technology is live and carrying traffic in several networks

### Delivering shareholder value

- YTD<sup>1</sup> total stockholder return of 5%
- Adjusted EPS\* growth of 3% YoY
- Adjusted operating margin\* improved by 250bps YoY
- Balance sheet strength:
  - FCF was \$166M
  - Cashflow from operations was \$187M

*Despite this challenging period we have continued to force the pace of innovation and demonstrate the resiliency in our financials and our people*

<sup>1</sup> Source: Capital IQ 12/31/19-11/30/20

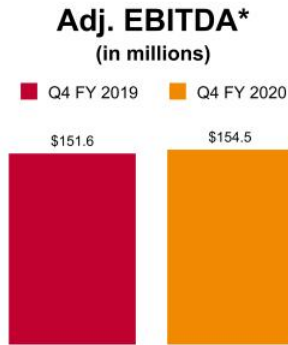
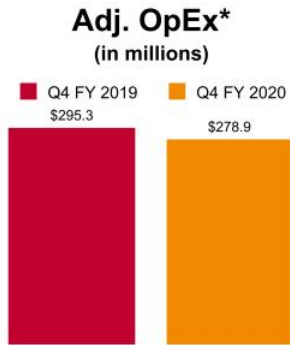
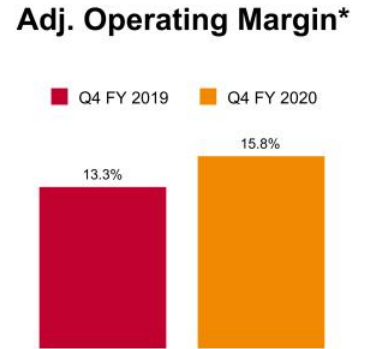
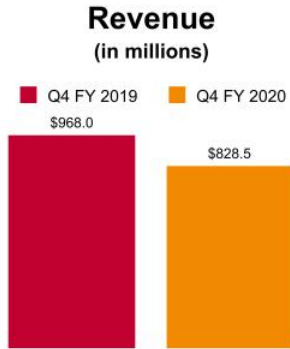
\* A reconciliation of these non-GAAP measures to our GAAP results is included in the appendix to this presentation.

## Q4 FY 2020 financial highlights\*

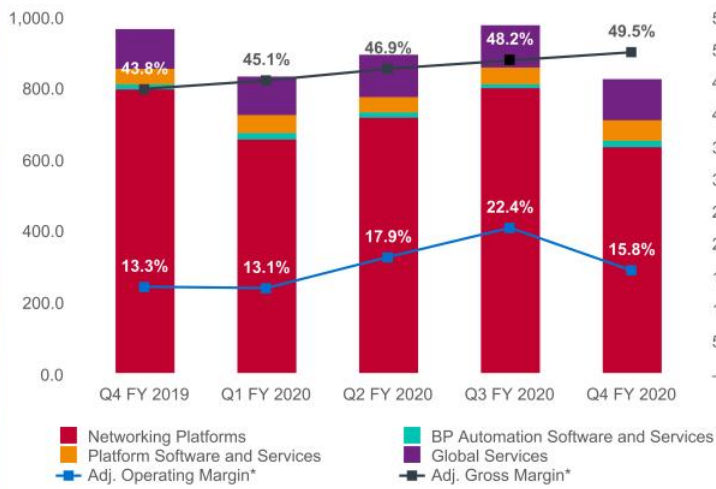
|                             |        |
|-----------------------------|--------|
| Revenue                     | \$828M |
| Adjusted Gross Margin*      | 49.5%  |
| Adjusted Operating Margin*  | 15.8%  |
| Adjusted Operating Expense* | \$279M |
| Adjusted EBITDA*            | \$155M |
| Adjusted EPS*               | \$0.60 |

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

## Q4 FY 2020 comparisons (year-over-year)



## Revenue by segment (Amounts in millions)

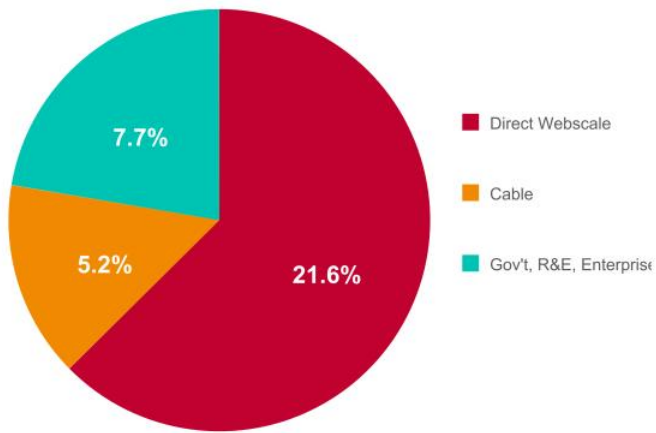


|   | Q4 FY 2020     |                | Q4 FY 2019     |
|---|----------------|----------------|----------------|
|   | Revenue        | %**            | Revenue        |
| <b>Networking Platforms</b>                         |                |                |                |
| Converged Packet Optical                            | 579.3          | 69.9           | 665.8          |
| Packet Networking                                   | 56.0           | 6.8            | 131.9          |
| <b>Total Networking Platforms</b>                   | <b>635.3</b>   | <b>76.7</b>    | <b>797.7</b>   |
| <b>Platform Software and Services</b>               | <b>54.5</b>    | <b>6.6</b>     | <b>41.2</b>    |
| <b>Blue Planet Automation Software and Services</b> | <b>20.9</b>    | <b>2.5</b>     | <b>16.6</b>    |
| <b>Global Services</b>                              |                |                |                |
| Maintenance Support and Training                    | 67.0           | 8.1            | 65.3           |
| Installation and Deployment                         | 43.0           | 5.2            | 36.5           |
| Consulting and Network Design                       | 7.8            | 0.9            | 10.7           |
| <b>Total Global Services</b>                        | <b>117.8</b>   | <b>14.2</b>    | <b>112.5</b>   |
| <b>Total</b>  | <b>\$828.5</b> | <b>100.0 %</b> | <b>\$968.0</b> |

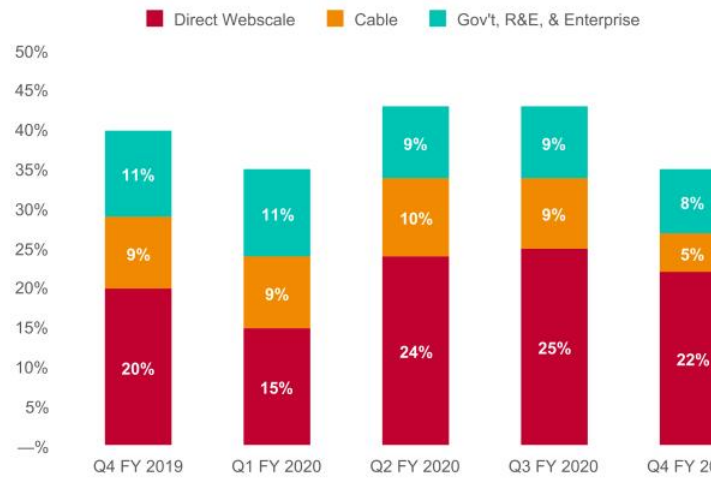
\* A reconciliation of these non-GAAP measures to our GAAP results is included in the appendix to this presentation.  
\*\* Denotes % of total revenue

# Continued strength derived from non-telco revenue\*

Q4 FY 2020

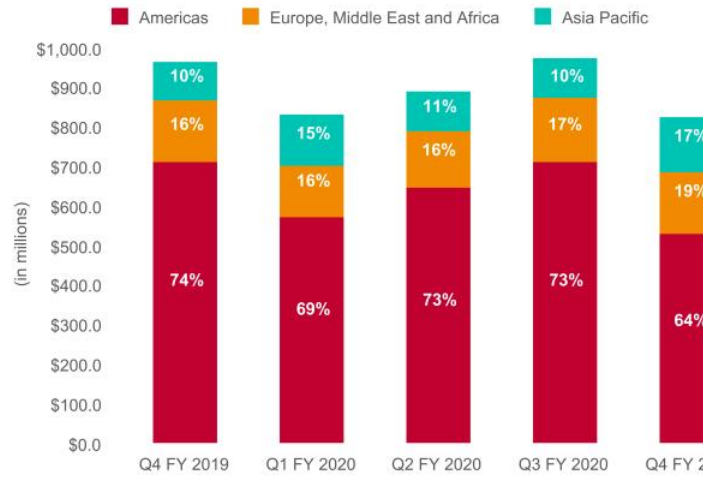
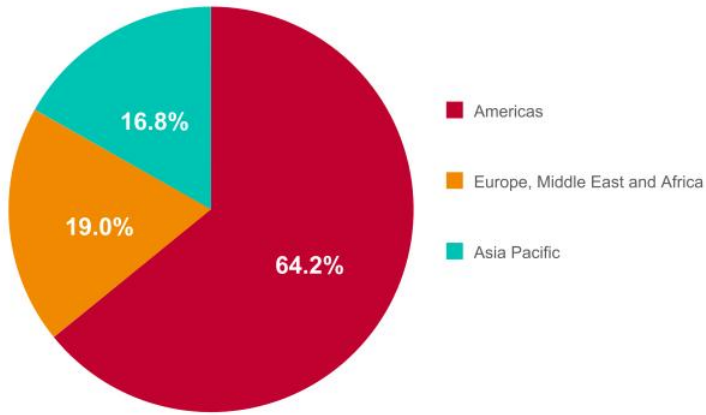


\*represents 39.1% of total revenue in Q4 FY 2020



# Revenue by geographic region

Q4 FY 2020

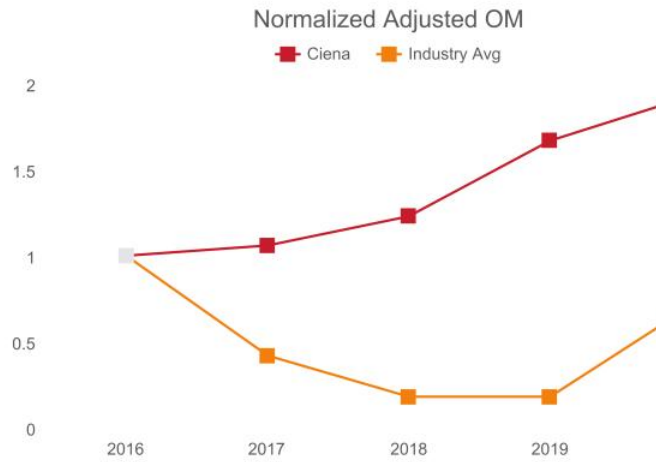
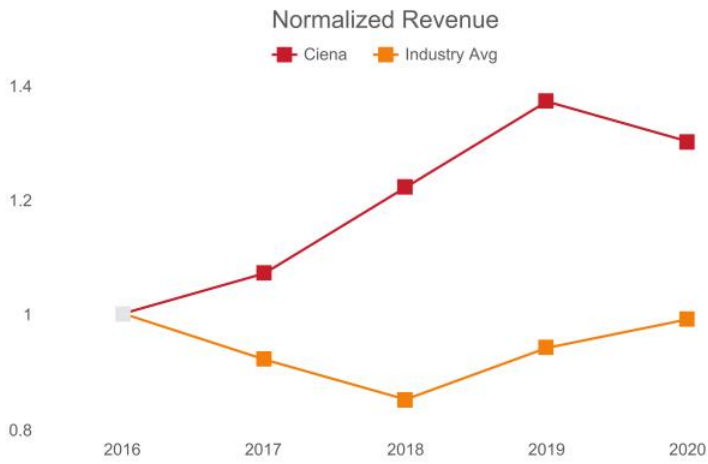


## Q4 FY 2020 balance sheet and operating metrics

|                           |        |
|---------------------------|--------|
| Cash and Investments      | \$1.3B |
| Cash Flow From Operations | \$187M |
| Free Cash Flow            | \$166M |
| Inventory Turns           | 4.0    |
| Leverage                  | 1.1x   |
| Net Debt                  | \$569M |



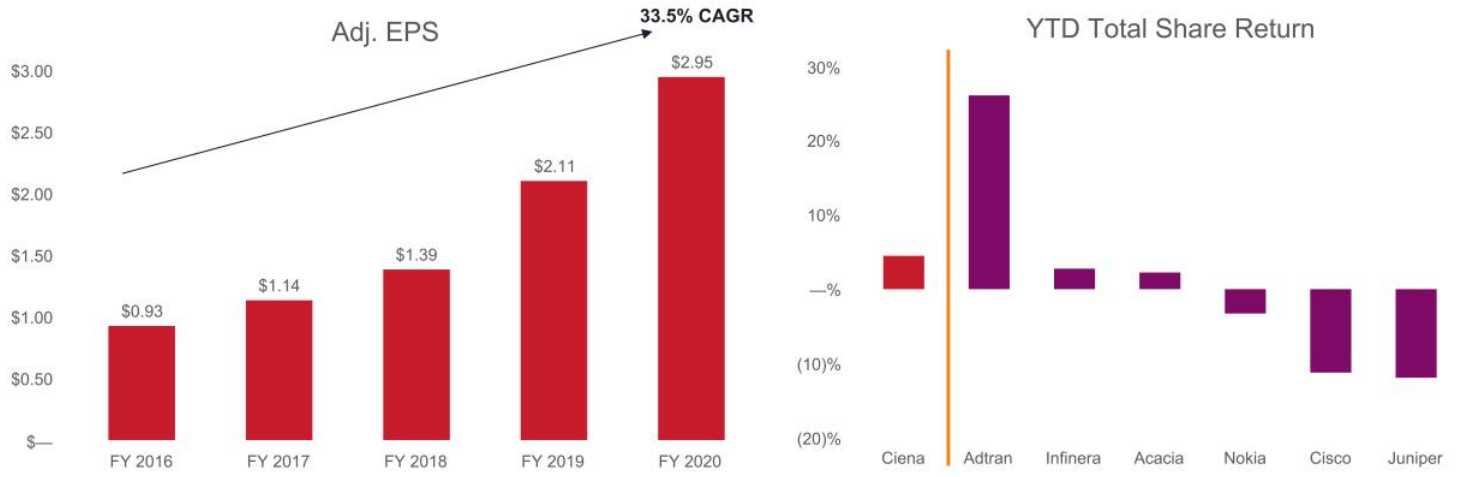
# Delivering consistent financial performance



Source: Company filings  
 Industry Average: ACIA, ADTN, ADVA, CSCO, INFN<sup>1</sup>, JNPR and NOKIA Networks segment

1. INFN represents INFN+Coriant from the time the acquisition closed

# Delivering profitability and total shareholder return



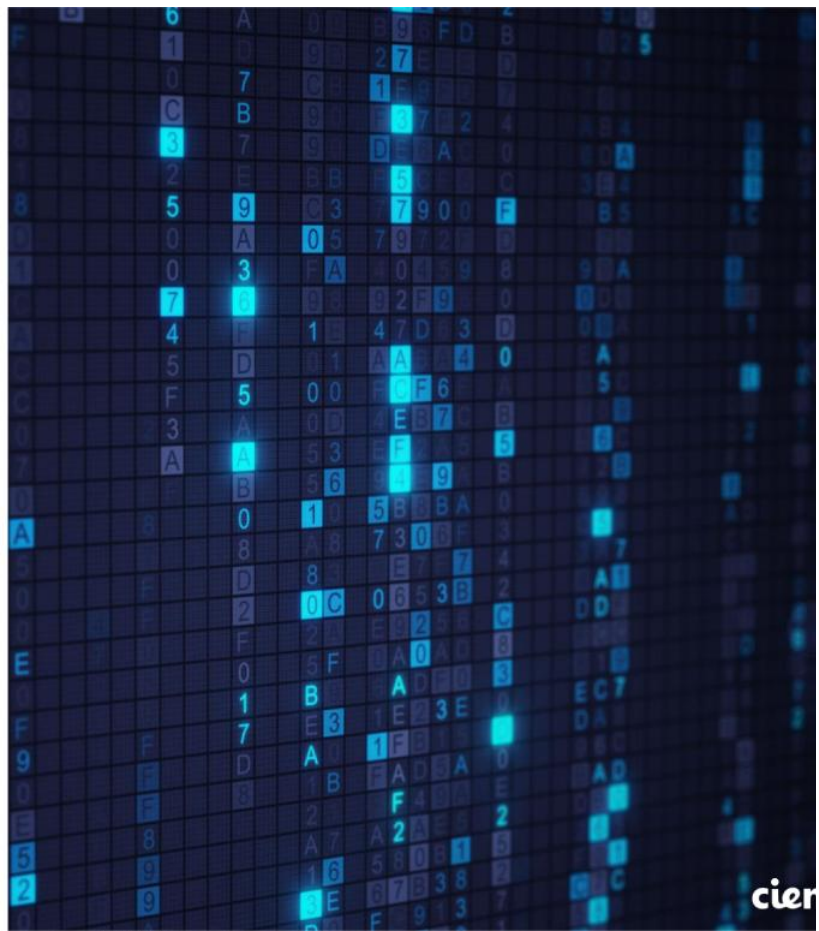
Source: company disclosures and S&P Capital IQ  
\*YTD represents 12/31/19-11/30/20

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# Q4 fiscal 2020 appendix

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## Gross Profit Reconciliation (Amounts in thousands)

|  | Q4 FY 2020       | Q3 FY 2020       | Q2 FY 2020       | Q1 FY 2020       | Q4 FY |
|--|------------------|------------------|------------------|------------------|-------|
| GAAP gross profit                                  | \$404,349        | \$464,681        | \$413,326        | \$370,535        |       |
| Share-based compensation-products                  | 724              | 960              | 827              | 671              |       |
| Share-based compensation-services                  | 968              | 1,007            | 1,036            | 842              |       |
| Amortization of intangible assets                  | 3,732            | 3,834            | 3,835            | 3,834            |       |
| Total adjustments related to gross profit          | 5,424            | 5,801            | 5,698            | 5,347            |       |
| <b>Adjusted (non-GAAP) gross profit</b>            | <b>\$409,773</b> | <b>\$470,482</b> | <b>\$419,024</b> | <b>\$375,882</b> |       |
| <b>Adjusted (non-GAAP) gross profit percentage</b> | <b>49.5 %</b>    | <b>48.2 %</b>    | <b>46.9 %</b>    | <b>45.1 %</b>    |       |

## Operating Expense Reconciliation (Amounts in thousands)

|   | Q4 FY 2020       | Q3 FY 2020       | Q2 FY 2020       | Q1 FY 2020       | Q4 FY 2019       |
|---|------------------|------------------|------------------|------------------|------------------|
| GAAP operating expense                                | \$310,866        | \$276,645        | \$285,838        | \$292,578        | \$292,578        |
| Share-based compensation-research and development     | 4,030            | 4,286            | 4,822            | 3,849            | 3,849            |
| Share-based compensation-sales and marketing          | 5,137            | 5,180            | 5,264            | 4,613            | 4,613            |
| Share-based compensation-general and administrative   | 5,982            | 5,940            | 5,975            | 5,527            | 5,527            |
| Amortization of intangible assets                     | 5,851            | 5,840            | 5,839            | 5,853            | 5,853            |
| Significant asset impairments and restructuring costs | 7,854            | 6,515            | 3,811            | 4,472            | 4,472            |
| Acquisition and integration costs (recoveries)        | 3,127            | (2,329)          | 1,414            | 1,819            | 1,819            |
| Total adjustments related to operating expense        | 31,981           | 25,432           | 27,125           | 26,133           | 26,133           |
| <b>Adjusted (non-GAAP) operating expense</b>          | <b>\$278,885</b> | <b>\$251,213</b> | <b>\$258,713</b> | <b>\$266,445</b> | <b>\$266,445</b> |

## Income from Operations Reconciliation (Amounts in thousands)

|  | Q4 FY 2020       | Q3 FY 2020       | Q2 FY 2020       | Q1 FY 2020       | Q4 FY 2019       |
|--|------------------|------------------|------------------|------------------|------------------|
| GAAP income from operations                            | \$93,483         | \$188,036        | \$127,488        | \$77,957         | \$77,957         |
| Total adjustments related to gross profit              | 5,424            | 5,801            | 5,698            | 5,347            | 5,347            |
| Total adjustments related to operating expense         | 31,981           | 25,432           | 27,125           | 26,133           | 26,133           |
| Total adjustments related to income from operations    | 37,405           | 31,233           | 32,823           | 31,480           | 31,480           |
| <b>Adjusted (non-GAAP) income from operations</b>      | <b>\$130,888</b> | <b>\$219,269</b> | <b>\$160,311</b> | <b>\$109,437</b> | <b>\$109,437</b> |
| <b>Adjusted (non-GAAP) operating margin percentage</b> | <b>15.8 %</b>    | <b>22.4 %</b>    | <b>17.9 %</b>    | <b>13.1 %</b>    | <b>13.1 %</b>    |

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## Net Income Reconciliation (Amounts in thousands)

|   | Q4 FY 2020      | Q3 FY 2020       | Q2 FY 2020       | Q1 FY 2020      | Q4 F |
|---|-----------------|------------------|------------------|-----------------|------|
| GAAP net income   | \$65,041        | \$142,267        | \$91,655         | \$62,328        |      |
| Exclude GAAP provision for income taxes                                     | 20,798          | 38,750           | 25,308           | 9,814           |      |
| Income before income taxes  | 85,839          | 181,017          | 116,963          | 72,142          |      |
| Total adjustments related to income from operations                         | 37,405          | 31,233           | 32,823           | 31,480          |      |
| Unrealized gain on equity investment  | (2,681)         | —                | —                | —               |      |
| Loss on extinguishment and modification of debt                             | —               | —                | —                | 646             |      |
| Adjusted income before income taxes   | 120,563         | 212,250          | 149,786          | 104,268         |      |
| Non-GAAP tax provision on adjusted income before income taxes               | 26,042          | 45,846           | 32,354           | 22,522          |      |
| <b>Adjusted (non-GAAP) net income</b>                                       | <b>\$94,521</b> | <b>\$166,404</b> | <b>\$117,432</b> | <b>\$81,746</b> |      |
| Weighted average basic common shares outstanding                            | 154,706         | 154,184          | 153,858          | 154,334         |      |
| Weighted average diluted potential common shares outstanding <sup>(1)</sup> | 156,563         | 156,318          | 155,141          | 155,738         |      |

## Net Income per Common Share

|  | Q4 FY 2020     | Q3 FY 2020     | Q2 FY 2020     | Q1 FY 2020     | Q4 F |
|--|----------------|----------------|----------------|----------------|------|
| GAAP diluted net income per potential common share                       | \$ 0.42        | \$ 0.91        | \$ 0.59        | \$ 0.40        |      |
| <b>Adjusted (non-GAAP) diluted net income per potential common share</b> | <b>\$ 0.60</b> | <b>\$ 1.06</b> | <b>\$ 0.76</b> | <b>\$ 0.52</b> |      |

1. Weighted average diluted potential common shares outstanding used in calculating Adjusted (non-GAAP) diluted net income per potential common share for the fourth quarter of fiscal 2020 includes 1.9 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 2020       | Q3 FY 2020       | Q2 FY 2020       | Q1 FY 2020       | Q4 F |
|--|------------------|------------------|------------------|------------------|------|
| Net income (GAAP)  | \$65,041         | \$142,267        | \$91,655         | \$62,328         |      |
| Add: Interest expense  | 7,395            | 7,251            | 7,860            | 8,815            |      |
| Less: Interest and other income (loss), net  | (249)            | 232              | (2,665)          | 3,646            |      |
| Add: Loss on extinguishment and modification of debt   | —                | —                | —                | 646              |      |
| Add: Provision for income taxes  | 20,798           | 38,750           | 25,308           | 9,814            |      |
| Add: Depreciation of equipment, building, furniture and fixtures, and amortization of leasehold improvements | 23,538           | 21,989           | 22,599           | 25,782           |      |
| Add: Amortization of intangible assets   | 9,584            | 9,674            | 9,674            | 9,687            |      |
| <b>EBITDA</b>  | <b>\$126,605</b> | <b>\$219,699</b> | <b>\$159,761</b> | <b>\$113,426</b> |      |
| Add: Share-based compensation cost   | 16,920           | 17,259           | 17,977           | 15,602           |      |
| Add: Significant asset impairments and restructuring costs   | 7,854            | 6,515            | 3,811            | 4,472            |      |
| Add: Acquisition and integration costs (recoveries)  | 3,127            | (2,329)          | 1,414            | 1,819            |      |
| <b>Adjusted EBITDA</b>   | <b>\$154,506</b> | <b>\$241,144</b> | <b>\$182,963</b> | <b>\$135,319</b> |      |



**Thank You**



