



Ciena Corporation

Fiscal Q4 2024 Earnings Presentation
Period ended November 2, 2024

December 12, 2024

Forward-looking statements and non-GAAP measures

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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; 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 groups based in the surrounding region, and public health emergencies, epidemics, or pandemics, such as 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 4, 2024 and its 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 reports on Form 10-Q and Form 10K filed with the Securities and Exchange Commission.

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

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Overview and Ciena's portfolio

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

Leading technology and innovation



Diversification and scale of business



Leader in Optical market and disruptor in emerging opportunities



Demonstrated track record of strong financial performance

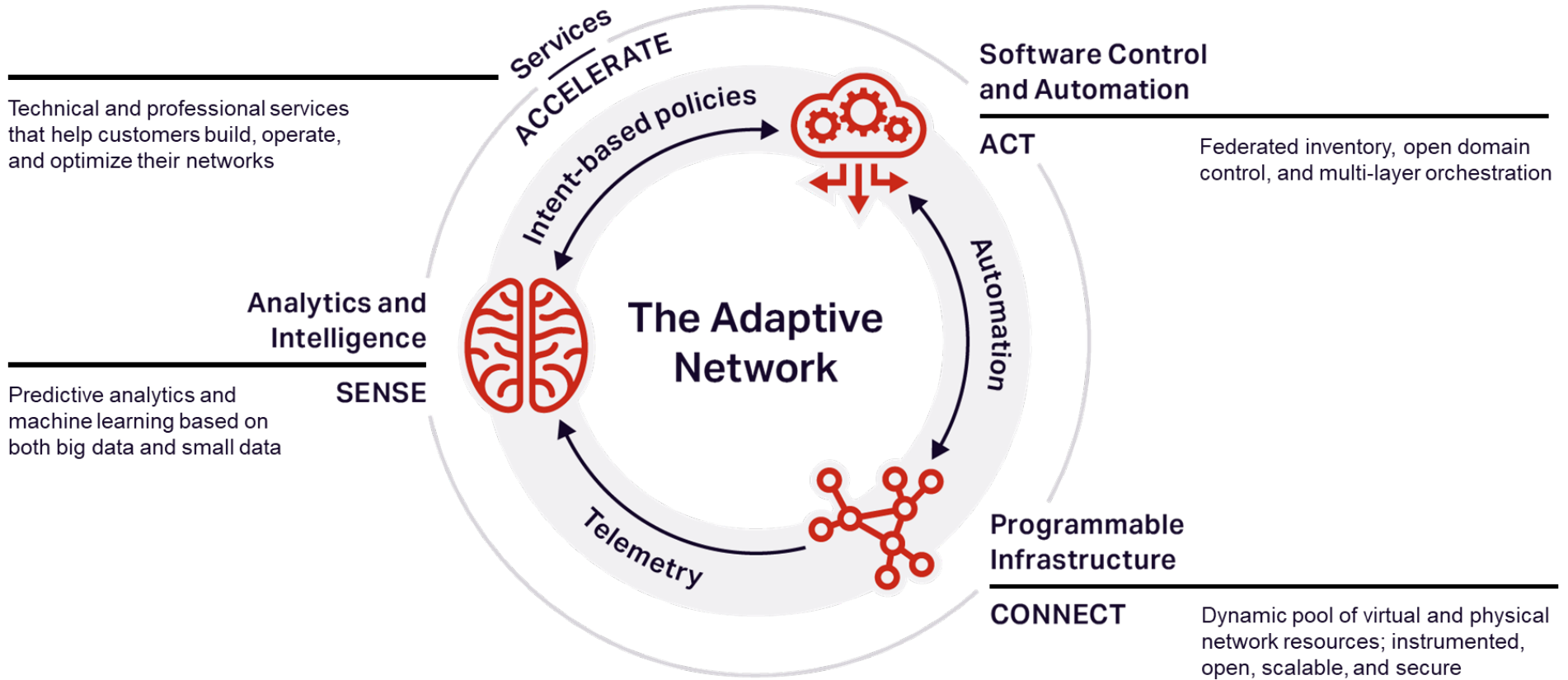


Flexibility with strong balance sheet

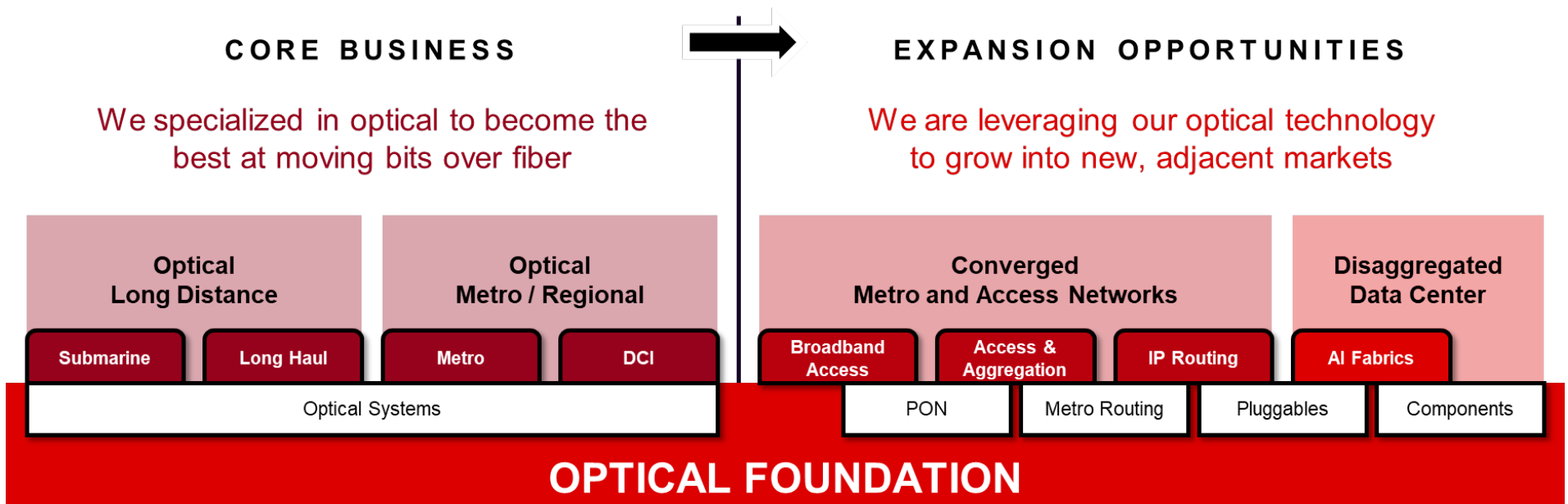


... with a strong track record of creating shareholder value

Our vision for networking: How it works



Our strategy leverages our Optical technology to create expanded addressable market opportunities



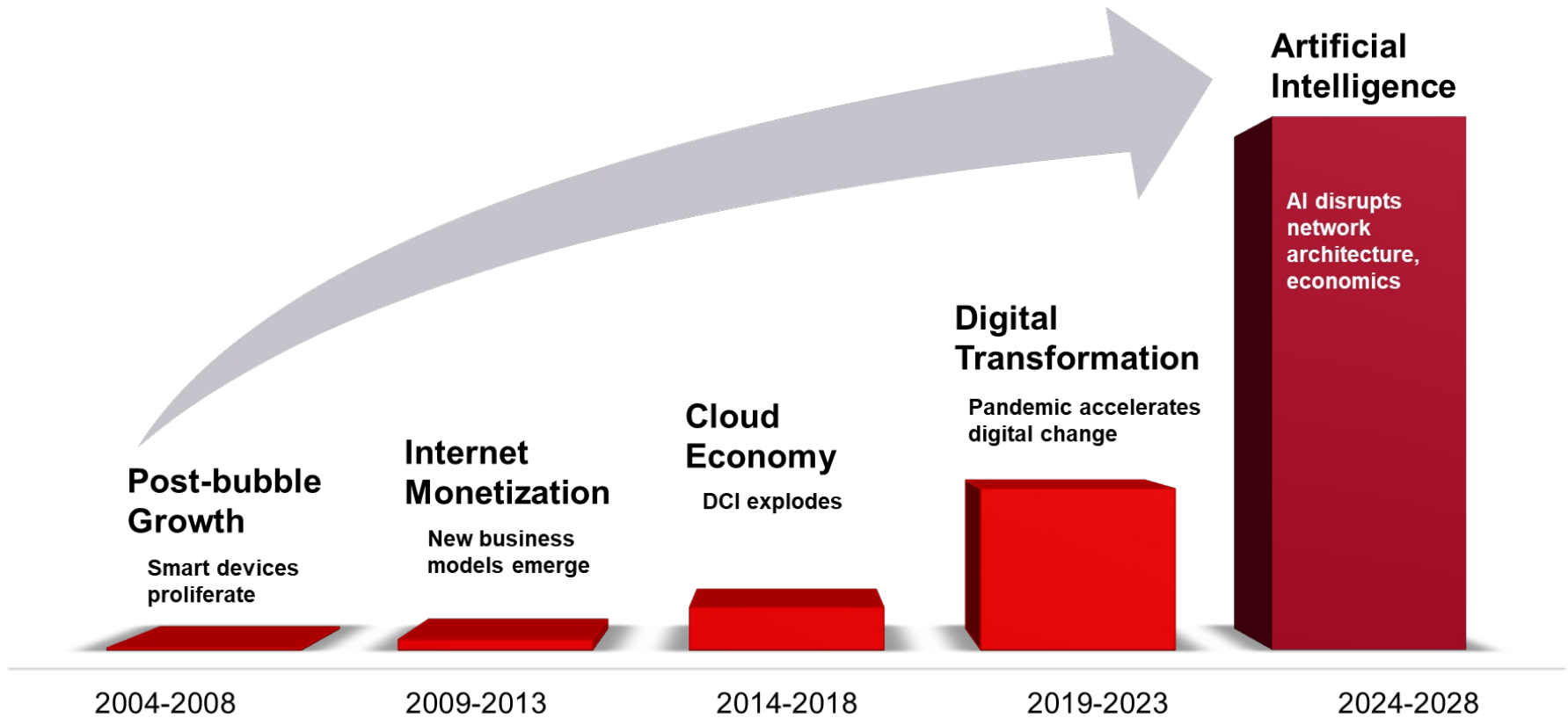
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Industry context and addressable market expansion

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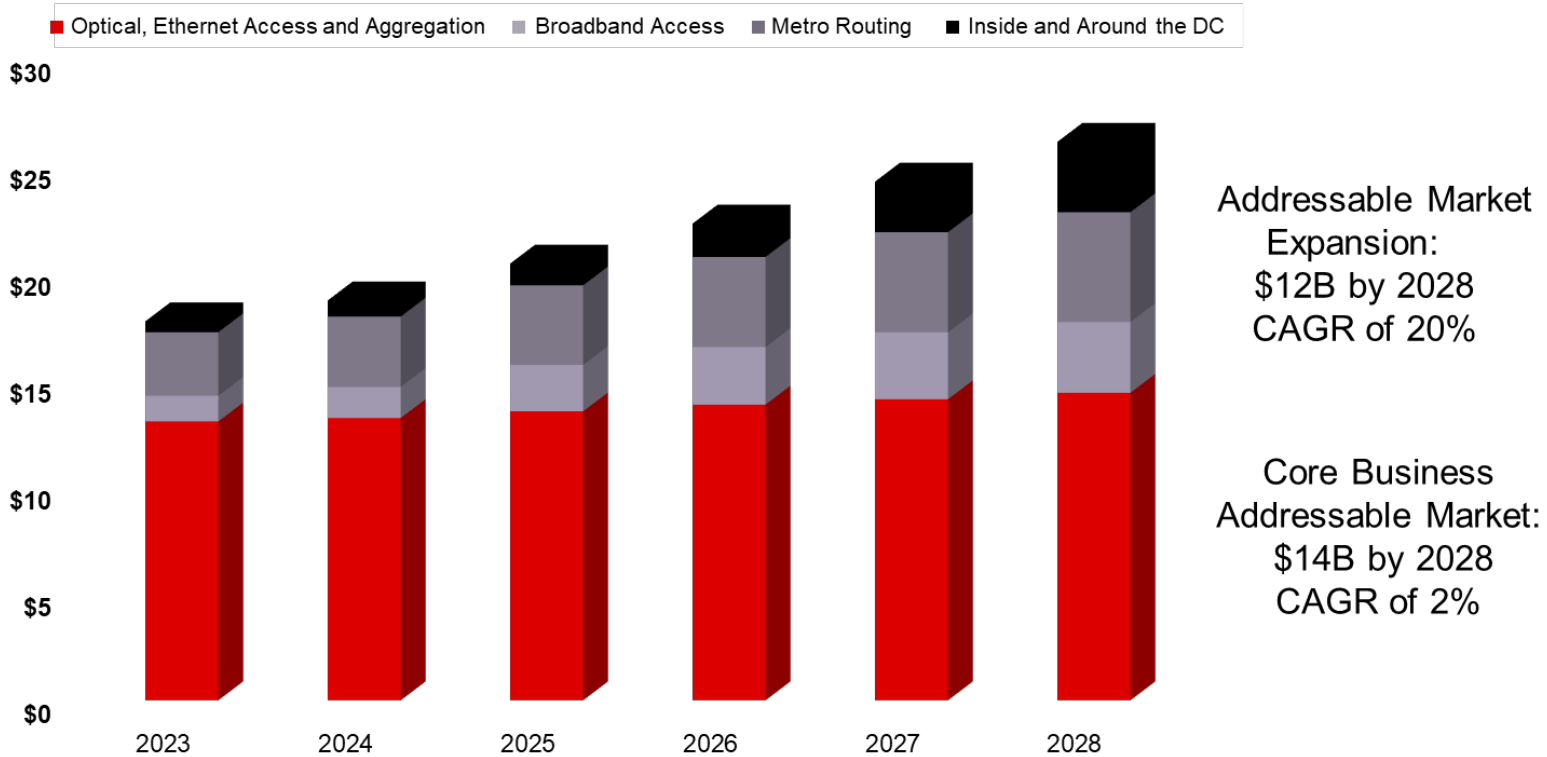


Increasing bandwidth consumption as a driver of network expansion



Our addressable market expansion strategy allows us to access higher growth markets

Broadband Access, Metro Routing, and Inside and Around Data Center are Key TAM Expansion Opportunities



¹Sources: Dell'Oro, SignalAI, LightCounting, and Ciena internal analysis.

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, 3Q24
Service Provider Switching & Routing Report, 3Q24



#1 Globally

- Purpose-built/compact modular DCI
- Optical for cloud and colo
- SLTE WDM

#1 N. America

- Total optical networking
- Purpose-built/compact modular DCI
- Optical for cloud and colo
- Routing/Access

#2 Globally

- Total optical networking
- Optical for service provider
- Optical for enterprise and government
- Routing/Access

Transport Hardware Report, 3Q24



#1 Globally

- Data center interconnect
- Purpose-built/compact modular DCI
- 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

Optical Transport Report, 3Q24

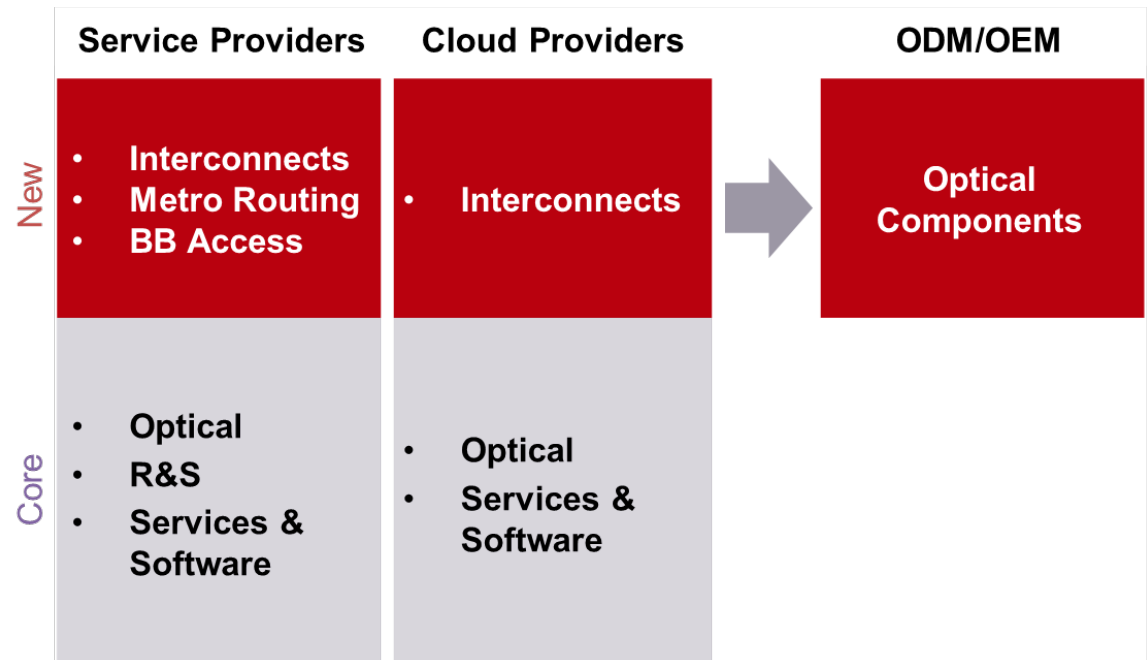
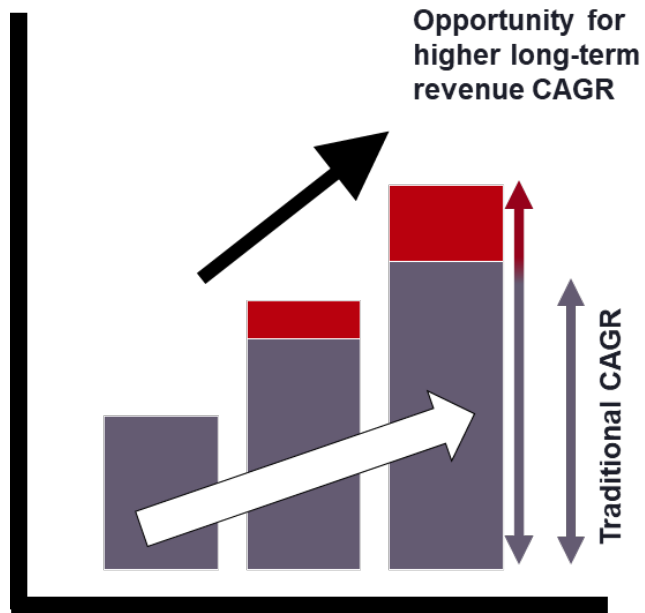
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Ciena is positioned
for accelerated
growth

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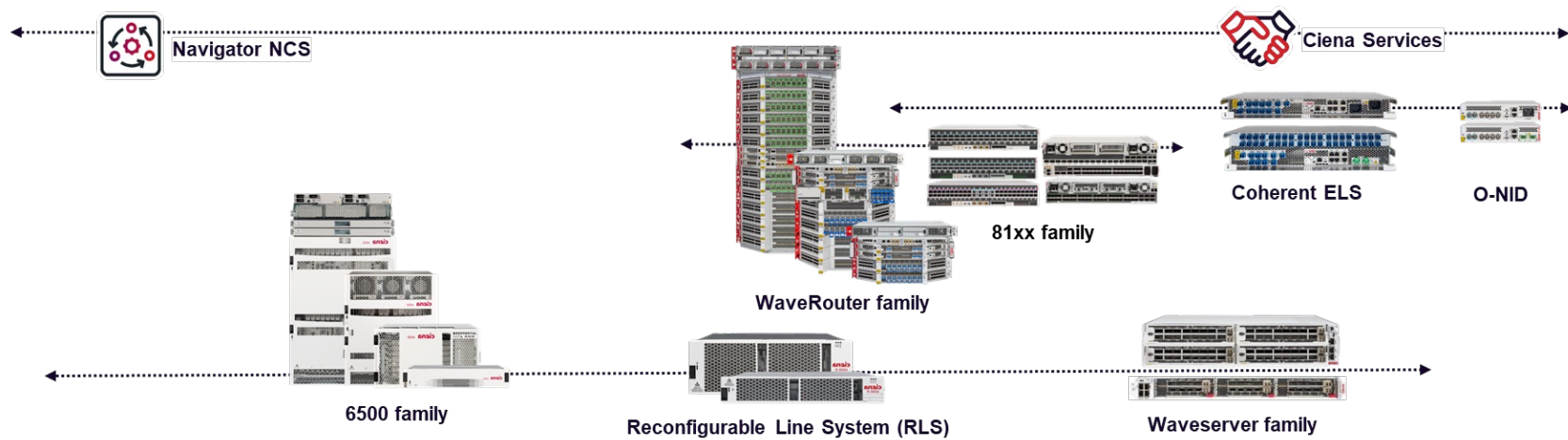
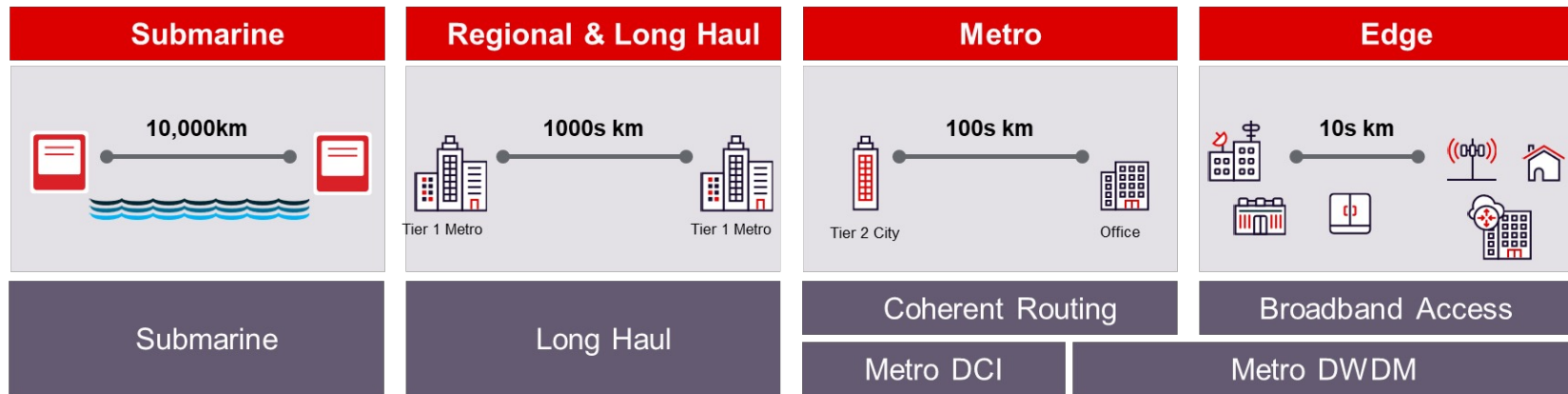


Our future growth



Long-term growth in core business plus new addressable markets result in opportunity to outpace our traditional revenue CAGR over time

Our portfolio addresses all key applications



We expect coherent technology will have growing applications in the AI era

		400G	800G	1.6T	3.2T
Around DC	Metro DCI <100km	Coherent	Coherent	Coherent	Coherent
	Campus <20km	IMDD	IMDD / Coherent	IMDD / Coherent	Coherent
Inside DC	Fabric <2km	IMDD	IMDD	IMDD / Coherent	IMDD / Coherent
	AI Cluster Optics <500m	IMDD	IMDD	IMDD	IMDD / Coherent

Legacy IMDD will begin to reach its limitations

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Fiscal full-year 2024 results

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Fiscal FY 2024 key highlights

We are driving the pace of innovation

Introduced WaveLogic 6 Extreme the industry's first 1.6T coherent solution

Added 60 new customers for WaveLogic 5 Extreme 800G and surpassed 150,000 WL5e modems shipped

Continued momentum with coherent pluggable portfolio, shipping WL5n 400G plugs to three Cloud providers and securing a large design win for WL6n 800G plugs with one Cloud provider

Expanded our WaveRouter coherent routing family with WaveRouter 2 and WaveRouter 7, expanding Ciena's comprehensive portfolio of coherent routers to 16 total

We have a strong business and financial model

- Ended the fiscal quarter with approximately \$1.33 billion in cash and investments
- Generated \$378 million in free cash flow
- Repurchased approximately ~4.5 million shares for \$250 million, completing our \$1 billion three-year stock repurchase program (FY22-24)
- Announced a new \$1 billion three -year stock repurchase program (FY25-27)

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

- Released our annual Sustainability Report, detailing our progress and performance across environmental, social, and governance programs
- Continued to work towards our science-based greenhouse gas emissions targets and used 100% renewable energy in our facilities
- Volunteered 37,000 hours and raised \$3.9 million for community organizations from employee donations, matched giving, and volunteer rewards through our Ciena Cares program

Fiscal full-year 2024 comparative financial highlights

	FY 2024	FY 2023
Revenue	\$4,014.9M	\$4,386.5M
Adjusted Gross Margin*	43.6%	43.5%
Adjusted Operating Expense*	\$1,361.7M	\$1,332.8M
Adjusted Operating Margin*	9.7%	13.1%
Adjusted EBITDA*	\$481.0M	\$665.8M
Adjusted EPS*	\$1.82	\$2.72

* 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 2024 results

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Q4 FY 2024 key highlights

Achieving balanced growth

Non-telco represented 48% of total revenue

Direct Cloud Provider revenue grew 53% sequentially

India revenue grew 49% sequentially

Blue Planet revenue grew 17% YoY

Driving the pace of innovation

- Achieved commercial availability of WaveLogic 6 Extreme, industry's first 1.6T coherent solution, with shipments for revenue to five customers
- Surpassed 150 customers for WaveLogic 5 Nano 400G coherent pluggables with 29 new customers
- Continued strong momentum in WaveLogic 5 Extreme with 18 new customers
- Announced WaveLogic 6 Nano 1.6T Coherent-Lite pluggable, designed to optimize performance and efficiency of data center and campus networks

Achieved a total of 137 Coherent Routing solutions customers using our WL5n pluggable technology

Enhanced our Broadband solution functionality, with Navigator Network Control Suite, support for both PON and broadband network gateway BNG

Prioritizing long term shareholder value

- Total shareholder return five-year CAGR of 14%¹
- Repurchased ~2.1 million shares for \$132 million, achieving our \$250 million target for FY 2024 and completing our three-year program (FY22-24)
- Authorized a new \$1 billion, three-year stock repurchase program (FY25-27)

Q4 FY 2024 comparative financial highlights

	Q4 FY 2024	Q4 FY 2023
Revenue	\$1,124.1M	\$1,129.5M
Adjusted Gross Margin*	41.6%	43.7%
Adjusted Operating Expense*	\$354.9M	\$337.6M
Adjusted Operating Margin*	10.0%	13.8%
Adjusted EBITDA*	\$136.7M	\$178.8M
Adjusted EPS*	\$0.54	\$0.75

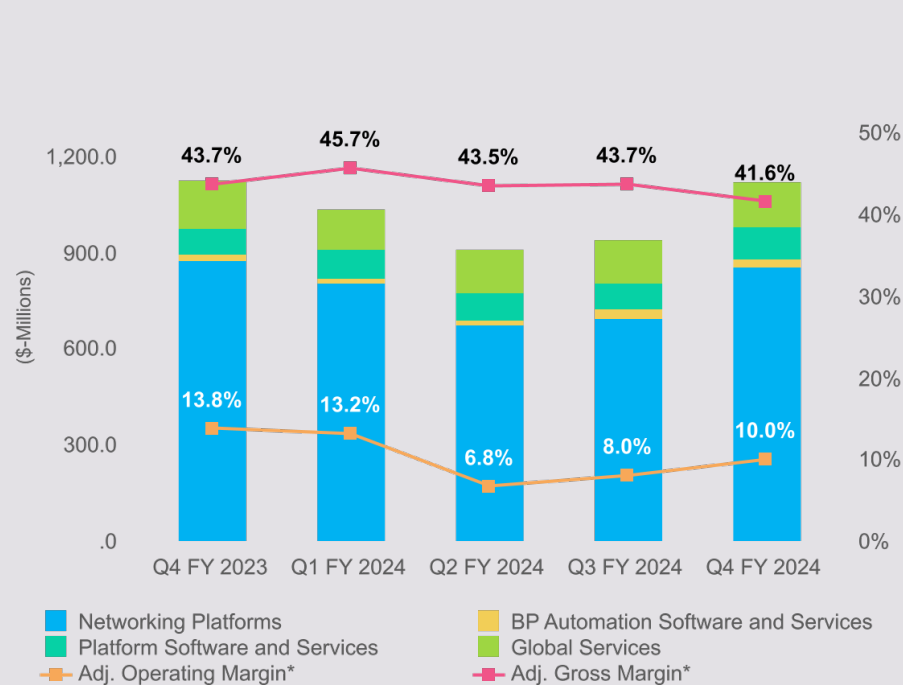
* Reconciliations of these non-GAAP measures to our GAAP results are included in the Appendix and in the press release for the relative period.

Q4 FY 2024 comparative operating metrics

	Q4 FY 2024	Q4 FY 2023
Cash and investments	\$1.33B	\$1.25B
Cash provided by operations	\$349M	\$196M
DSO	89.0	92.0
Inventory Turns	2.7	2.0
Gross Leverage	3.34x	2.44x
Net Debt	\$274M	\$373M

Revenue by segment

(Amounts in millions)



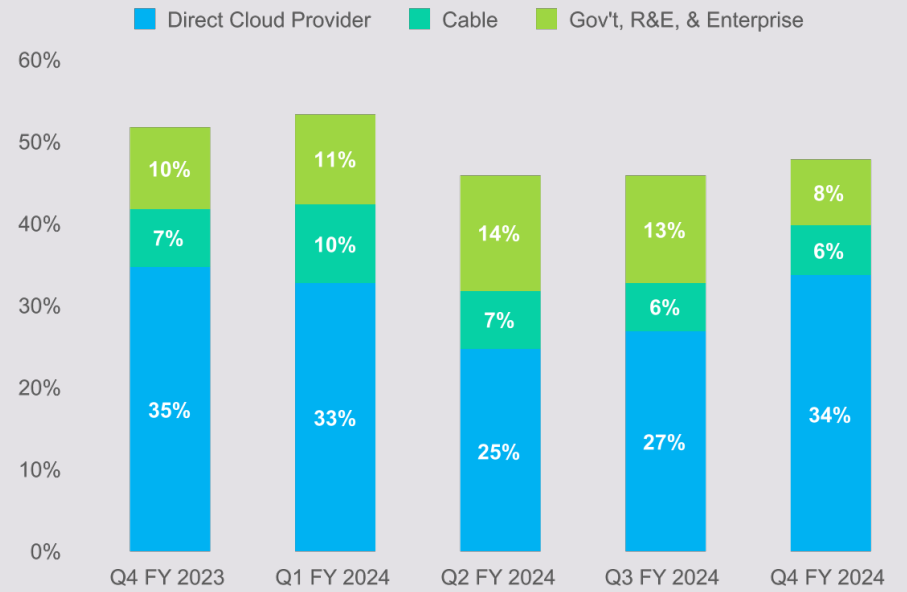
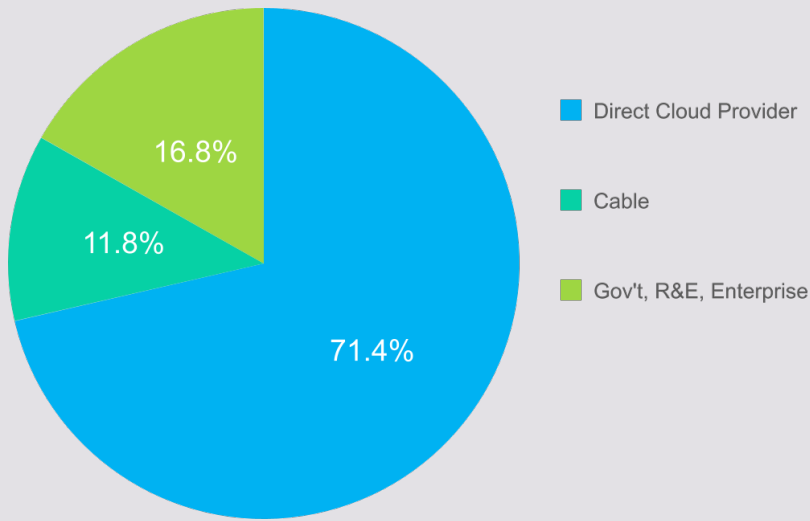
	Q4 FY 2024		Q4 FY 2023	
	Revenue	%**	Revenue	%**
Networking Platforms				
Optical Networking	\$779.6	69.4	\$748.0	66.2
Routing and Switching	79.4	7.0	128.9	11.4
Total Networking Platforms	859.0	76.4	876.9	77.6
Platform Software and Services	99.6	8.9	82.1	7.3
Blue Planet Automation Software and Services	23.5	2.1	20.0	1.8
Global Services				
Maintenance Support and Training	77.2	6.9	74.4	6.6
Installation and Deployment	51.4	4.5	60.1	5.3
Consulting and Network Design	13.4	1.2	16.0	1.4
Total Global Services	142.0	12.6	150.5	13.3
Total	\$1,124.1	100.0	\$1,129.5	100.0

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

** Denotes % of total revenue

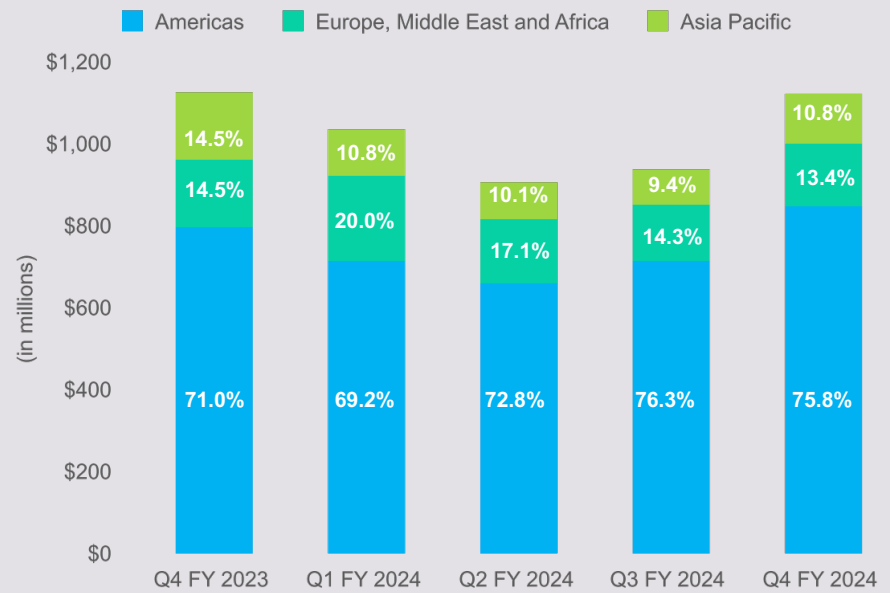
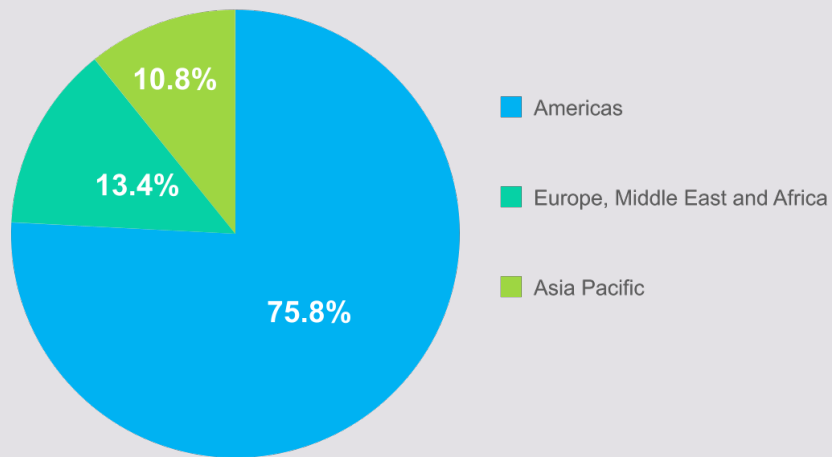
Revenue derived from non-telco customers

Q4 FY 2024 Non-Telco Revenue
Approx. 48% of total



Revenue by geographic region

Q4 FY 2024





Business outlook

Economic considerations and assumptions in our 2025 outlook

Business Assumptions

- Macro environment does not significantly worsen or result in any adverse effects on our business, including with respect to our customers' capex priorities or spending in our major geographies
- 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 over time
- Our business is not materially impacted by the imposition of tariffs or other significant regulatory changes

Revenue Assumptions

- We secure increased orders from Service Providers as they return to more typical order levels and from Cloud Providers as they continue to build their networks to meet the growing demand from Cloud and AI
- 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
- Given our distinct competitive and technology advantages, we continue to benefit disproportionately as order flow dynamics return to more typical levels

Profitability Assumptions

- Operating expense increases moderately 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 gross margins due to revenue mix
- We are able to achieve product cost reductions consistent with our past practices

Business outlook¹

Q1 FY 2025

Revenue	\$1.01B to \$1.09B
Adjusted Gross Margin	Low-40s%
Adjusted Operating Expense	Approximately \$350M

Full Fiscal Year 2025

Revenue Growth	8% to 11%
Adjusted Gross Margin	42% to 44%
Adjusted Operating Expense	An average of \$350M to \$360M per quarter

¹ Projections or outlook with respect to future operating results are only as of December 12, 2024, 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.

Long-term targets¹

Fiscal years 2025 through 2027

Revenue Growth	8% to 11% average FY2025 through FY2027
Adjusted Operating Margin	15% to 16% in FY2027
Free Cash Flow as % of Adj. Operating Income	55% to 60%

¹ Projections or outlook with respect to future operating results are only as of December 12, 2024, 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.



Q4 FY 2024 appendix

Gross Profit Reconciliation (Amounts in thousands)

	Q4 FY 2024	Q3 FY 2024	Q2 FY 2024	Q1 FY 2024	Q4 FY 2023
GAAP gross profit	\$460,022	\$403,945	\$388,661	\$466,962	\$486,281
Share-based compensation-products	1,736	1,660	1,760	1,318	1,194
Share-based compensation-services	3,257	3,122	3,344	3,020	2,827
Amortization of intangible assets	2,764	2,764	2,763	2,764	2,763
Total adjustments related to gross profit	7,757	7,546	7,867	7,102	6,784
Adjusted (non-GAAP) gross profit	\$467,779	\$411,491	\$396,528	\$474,064	\$493,065
Adjusted (non-GAAP) gross profit percentage	41.6 %	43.7 %	43.5 %	45.7 %	43.7 %

Operating Expense Reconciliation (Amounts in thousands)

	Q4 FY 2024	Q3 FY 2024	Q2 FY 2024	Q1 FY 2024	Q4 FY 2023
GAAP operating expense	\$400,812	\$377,202	\$392,626	\$382,333	\$394,979
Share-based compensation-research and development	14,065	13,118	14,066	12,880	11,412
Share-based compensation-sales and marketing	11,168	10,315	11,166	10,305	9,187
Share-based compensation-general and administrative	10,842	9,257	9,875	10,079	10,274
Significant asset impairments and restructuring costs	2,605	1,361	15,655	4,971	7,209
Amortization of intangible assets	7,185	7,185	7,947	7,252	10,578
Legal Settlement	—	—	—	—	8,750
Total adjustments related to operating expense	45,865	41,236	58,709	45,487	57,410
Adjusted (non-GAAP) operating expense	\$354,947	\$335,966	\$333,917	\$336,846	\$337,569

Income (Loss) from Operations Reconciliation (Amounts in thousands)

	Q4 FY 2024	Q3 FY 2024	Q2 FY 2024	Q1 FY 2024	Q4 FY 2023
GAAP income (loss) from operations	\$59,210	\$26,743	\$(3,965)	\$84,629	\$91,302
Total adjustments related to gross profit	7,757	7,546	7,867	7,102	6,784
Total adjustments related to operating expense	45,865	41,236	58,709	45,487	57,410
Total adjustments related to income from operations	53,622	48,782	66,576	52,589	64,194
Adjusted (non-GAAP) income from operations	\$112,832	\$75,525	\$62,611	\$137,218	\$155,496
Adjusted (non-GAAP) operating margin percentage	10.0 %	8.0 %	6.8 %	13.2 %	13.8 %

Net Income (Loss) Reconciliation (Amounts in thousands)

	Q4 FY 2024	Q3 FY 2024	Q2 FY 2024	Q1 FY 2024	Q4 FY 2023
GAAP net income (loss)	\$37,028	\$14,230	\$(16,849)	\$49,547	\$91,199
Exclude GAAP provision (benefit) for income taxes	10,993	2,125	820	21,956	(20,681)
Income (loss) before income taxes	48,021	16,355	(16,029)	71,503	70,518
Total adjustments related to income from operations	53,622	48,782	66,576	52,589	64,194
Loss on extinguishment and modification of debt	—	—	—	—	7,874
Adjusted income before income taxes	101,643	65,137	50,547	124,092	142,586
Non-GAAP tax provision on adjusted income before income taxes	22,361	14,330	11,120	27,300	31,369
Adjusted (non-GAAP) net income	\$79,282	\$50,807	\$39,427	\$96,792	\$111,217
Weighted average basic common shares outstanding	144,240	144,394	144,914	145,291	147,437
Weighted average diluted potential common shares outstanding ⁽¹⁾	146,487	145,361	146,268	145,848	147,891

Net Income (Loss) per Common Share

	Q4 FY 2024	Q3 FY 2024	Q2 FY 2024	Q1 FY 2024	Q4 FY 2023
GAAP diluted net income (loss) per potential common share	\$ 0.25	\$ 0.10	\$(0.12)	\$ 0.34	\$ 0.62
Adjusted (non-GAAP) diluted net income per potential common share	\$ 0.54	\$ 0.35	\$ 0.27	\$ 0.66	\$ 0.75

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 2024 includes 2.2 million shares underlying certain stock option and stock unit awards.

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

<i>Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)</i>	Q4 FY 2024	Q3 FY 2024	Q2 FY 2024	Q1 FY 2024	Q4 FY 2023
Net income (loss) (GAAP)	\$37,028	\$14,230	\$(16,849)	\$49,547	\$91,199
Add: Interest expense	24,990	24,401	23,861	23,776	24,207
Less: Interest and other income, net	13,801	14,013	11,797	10,650	11,297
Add: Loss on extinguishment and modification of debt	—	—	—	—	7,874
Add: Provision (benefit) for income taxes	10,993	2,125	820	21,956	(20,681)
Add: Depreciation of equipment, building, furniture and fixtures, and amortization of leasehold improvements	23,849	22,981	23,208	22,808	23,351
Add: Amortization of intangible assets	9,949	9,949	10,710	10,016	13,342
EBITDA	\$93,008	\$59,673	\$29,953	\$117,453	\$127,995
Add: Share-based compensation expense	41,068	37,472	40,211	37,602	34,894
Add: Significant asset impairments and restructuring expense	2,605	1,361	15,655	4,971	7,209
Add: Legal settlement	—	—	—	—	8,750
Adjusted EBITDA	\$136,681	\$98,506	\$85,819	\$160,026	\$178,848

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Thank You