



Ceragon Networks, Ltd. Nasdaq: CRNT

# Needham 25<sup>th</sup> Annual Growth Conference

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The Global Innovator & Leader In 5G Wireless Transport Solutions

JAN 2024



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## Industry Data.

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# Timely Topics

## Strong Q4

Expect to be at the high-end of the revenue guidance range

## Siklu Acquisition

Successful integration will support achieving \$500M revenue target one year earlier - 2026

## Ceragon Provides 2024 Outlook

Expects revenue of \$385M to \$405M and positive free cash flow for the full year

## Business Model Improving

2024 plan should drive increased operating leverage

Targeting at least 10% Non-GAAP operating margin at revenue mid point



# Investment Highlights

## Profitable, growing, & undervalued

- Consistent track record for growth & margin expansion
  - Q3'23 revenue up 11%
  - YTD'23 (9 months through 9/30/23) revenue up 17%
- Guiding for double-digit growth in 2024 (including Siklu)
- Targets fastest-growing segments of the market
- Diversified growth strategy  
(New markets, & customers, new offering)
- Siklu Acquisition broadens Ceragon's presence with key growth segments
- Industry innovator, developing 'system-on-a-chip' platform to lead next phase of growth
- Trading at discount to peer group

## Truly global solutions provider

### NORTH AMERICA

- Rapid Growth
- Significant 5G Demand
- #1 in mmW
- Emergence of Private Networks
- Rural Broadband Initiatives

### EUROPE

New Sales & Operational Leadership

### INDIA

- Rapid Growth
- #1 position
- Large Market, with both 4G and 5G opportunities

### Top-tier global customer base

~2,000 customers in 130+ countries



# Wireless Transport

An increasingly important technology for an optimized network

## Wireless Transport



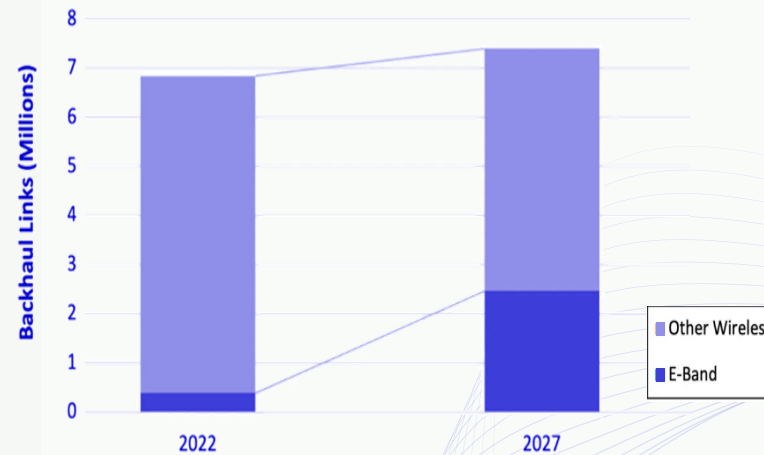
- Low deployment cost
- Rapid deployment
- Wireless Transport delivers high bandwidth, carrier-grade network services
- 4G and 5G applications
- Excellent for rural and suburban applications that would be expensive for fiber

## Fiber



- High initial deployment cost
- Long time to deploy
- Environmental and regulatory considerations

Global Mobile Base Wireless Backhaul Links  
2022 Vs. 2027



## Applications



Government Sector



Public Safety



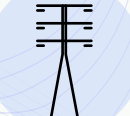
Maritime



Education



Broadcast



Utilities



Transportation



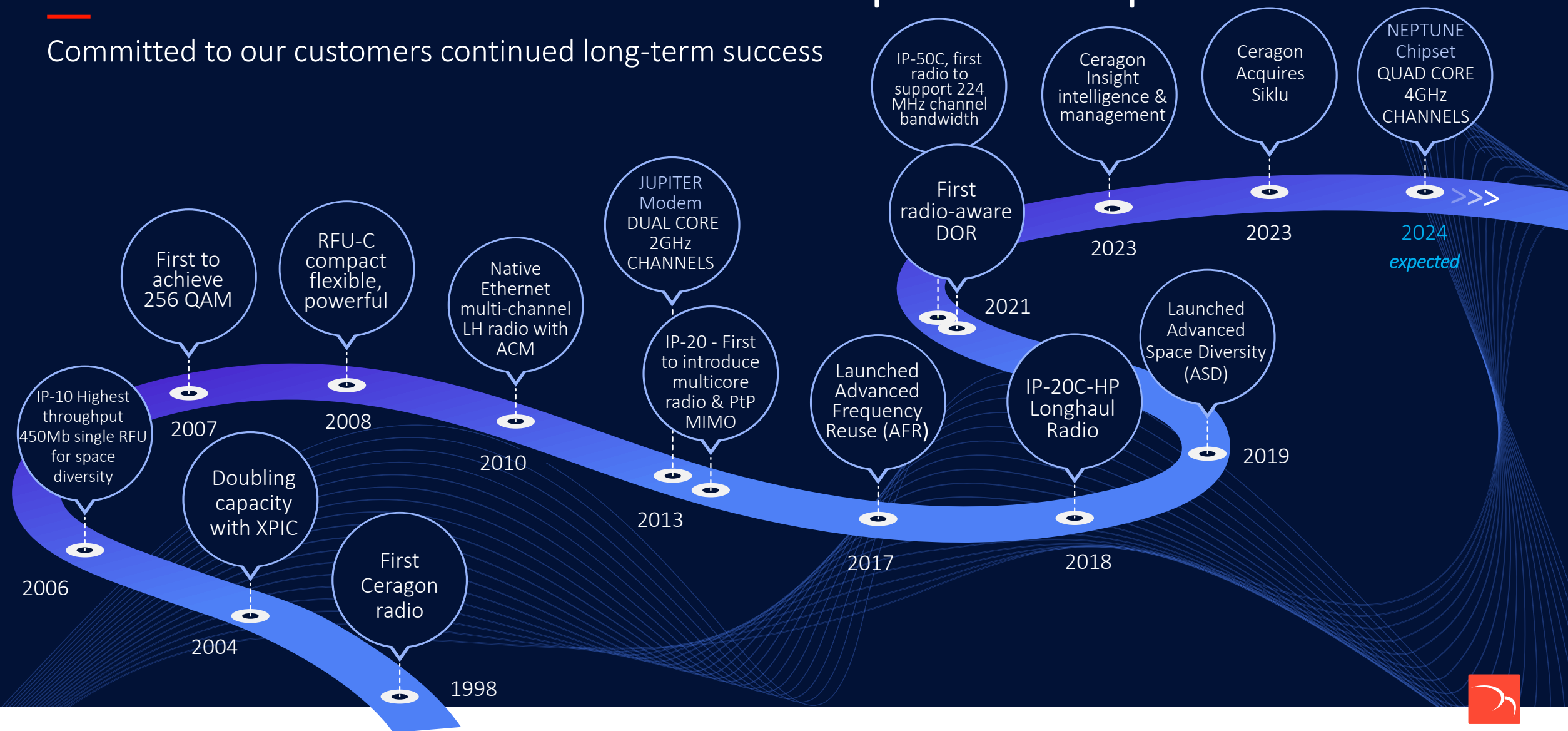
Wireless  
Expansion



Energy

# Continuous Innovation & In-house Chipset Development

Committed to our customers continued long-term success



# Comprehensive Solutions to Support All Use Cases



# Synergistic and Accretive Acquisition

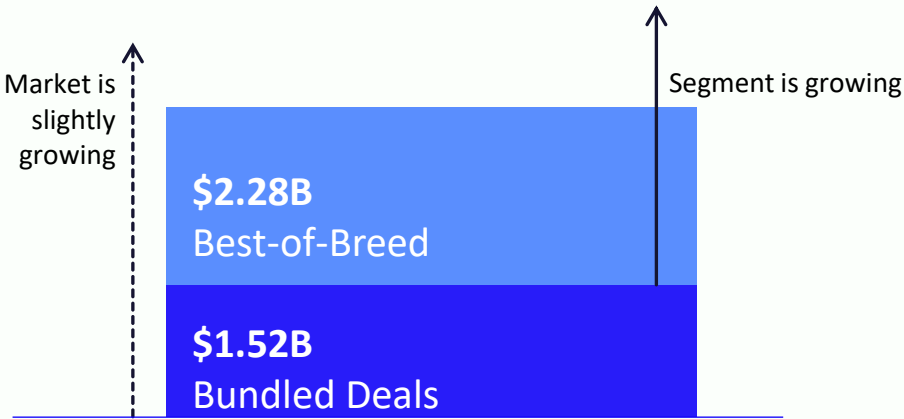


Complementary Portfolios	Wireless Transport (including Managed Services, Open Routing)	Wireless Transport and Fixed Wireless Access (mmW PTP, PTMP, Mesh 60GHz)
Complementary Customers % of revenue	70% Tier-1/2 Service Providers 30% Small Service Providers and Private Networks	100% Small Service Providers and Private Networks
Geographies	Global; Strength in North America and India	Primarily North America and Western Europe

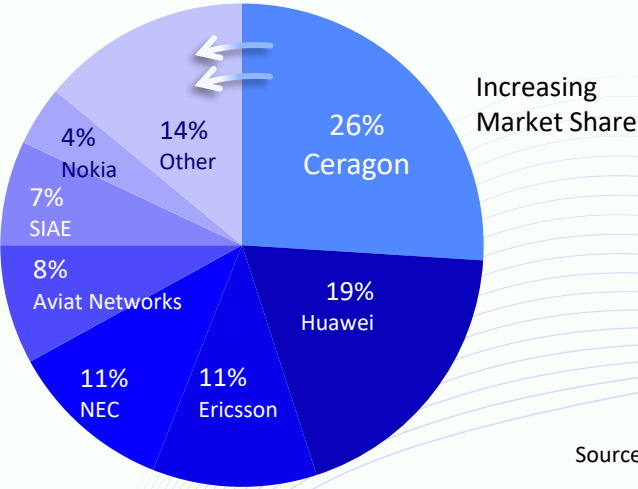




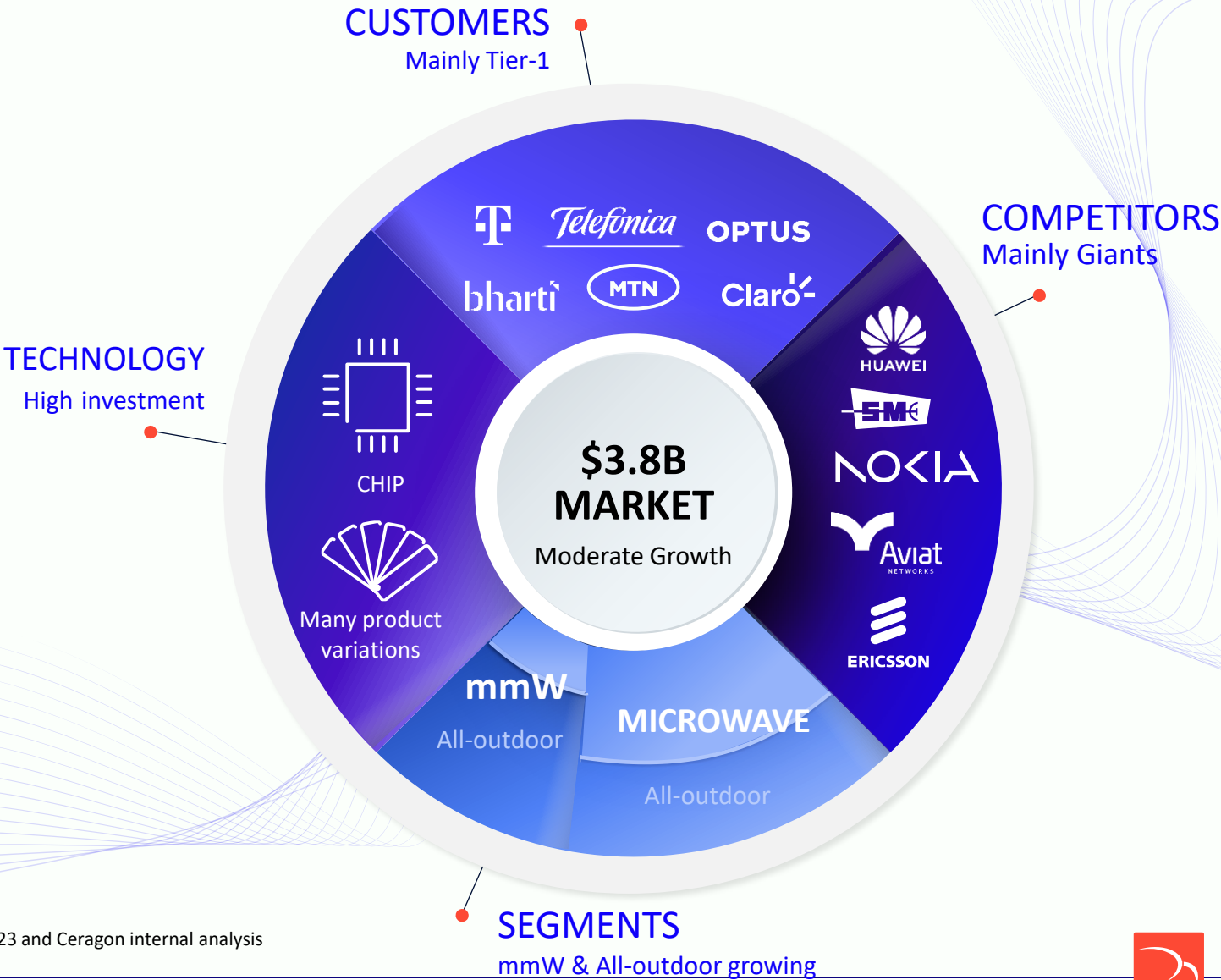
# Market Dynamics



Market is shifting from bundled to best-of-breed (units)  
And Ceragon is capturing share



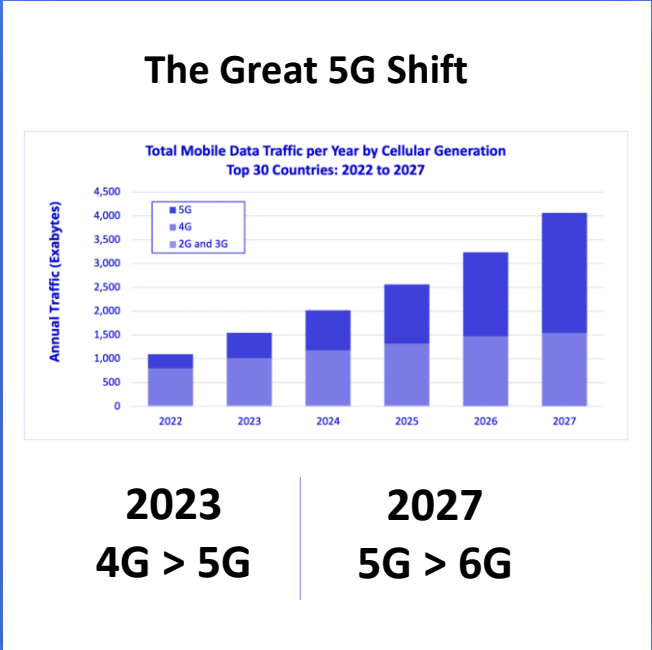
Sources: SLR 2023 and Ceragon internal analysis



# Growth Catalysts

Growing demand & increasing diversity, driving growth for wireless transport solutions

## 5G Buildout & 4G Expansion



## Rural Broadband (USA)



## Market shifts

- Growing need for incremental capacity
- Open networks
- Expertise shortage driving demand for managed services solutions
- Demand for improved performance (IoT)
- More devices and consumers creating network challenges
- Private 5G in private networks

# Ceragon Strategy





# Leapfrogging The Industry ... Again

Development of System-on-a-Chip platform creates multiyear advantage

## TODAY

- Market divided into Generalists & “Best of Breed”
- Ceragon is “Best of Breed”, winning on technology & TCO
- Moderate market growth
- **JUPITER MODEM :**  
4G→5G // Dual core // x4 capacity // ½ spectrum // ½ energy // 2GHz channels // 4K-QAM

## 2024

- System-on-a-chip platform creates durable competitive advantage
- Enables better performance at lower price-point
- Margin expansion
- **NEPTUNE CHIPSET :**  
5G→6G // Quad core // x16 capacity // ¼ spectrum // ⅓ energy // 4GHz channels // 16K-QAM

## FUTURE

- Chip manufacturers may catch up
- Advantage narrows, but market share gains remain
- Next Ceragon innovation ...

# System-on-a-Chip

\*First product launch expected in 2024 // Anticipate multiple offerings



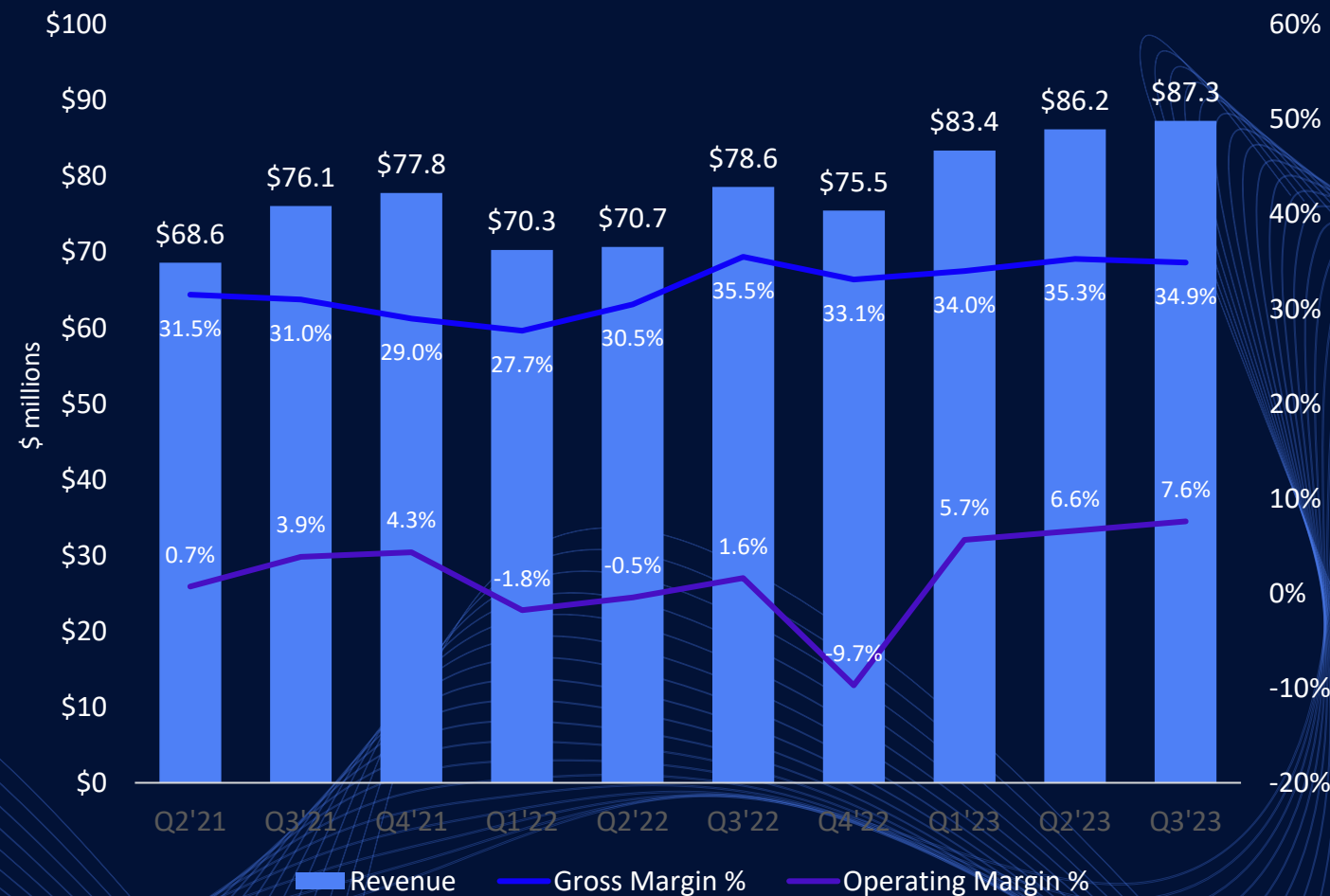
# Growth & Margin Expansion

Market demand continued to be strong

Q3 2023 \$87.3 Million in Revenue and Improved Non-GAAP Net Income as Market Demand Continues to be Strong

India – Strongest region in terms of Revenues in Q3 2023

North America – Strongest region in terms of Bookings, third consecutive quarter of \$20M+ revenues

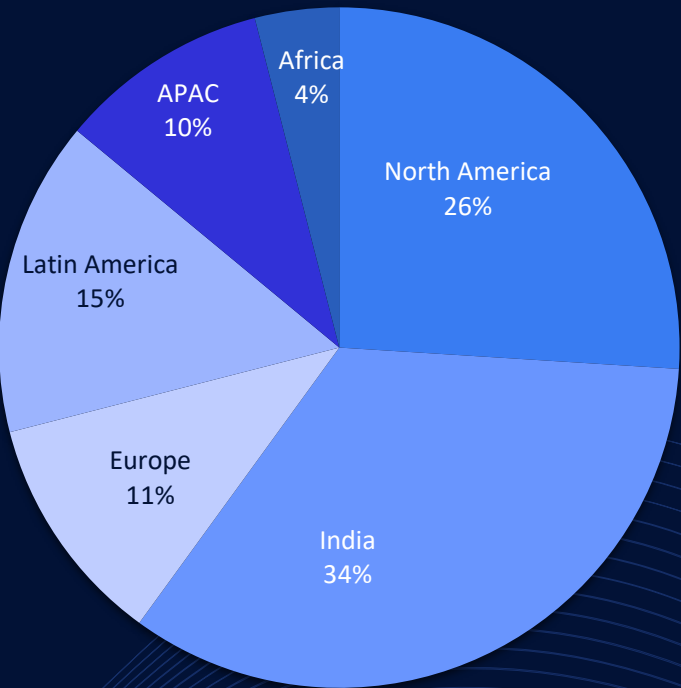


Gross Margin is presented on a Non-GAAP basis



# SELECTED FINANCIAL METRICS

Q3 2023  
Geographic Revenue Mix



(1) Cash includes cash equivalents. Source: Company filings.

Balance Sheet (\$ Millions)

Financial Metrics	Q4'22	Q1'23	Q2'23	Q3'23
Cash <sup>(1)</sup>	\$22.9	\$26.4	\$24.5	\$34.0
Loans	\$37.5	\$41.9	\$39.5	\$38.2
Working Capital	\$77.9	\$79.5	\$83.5	\$88.4
Shareholder Equity Ratio	41%	42%	43%	43%

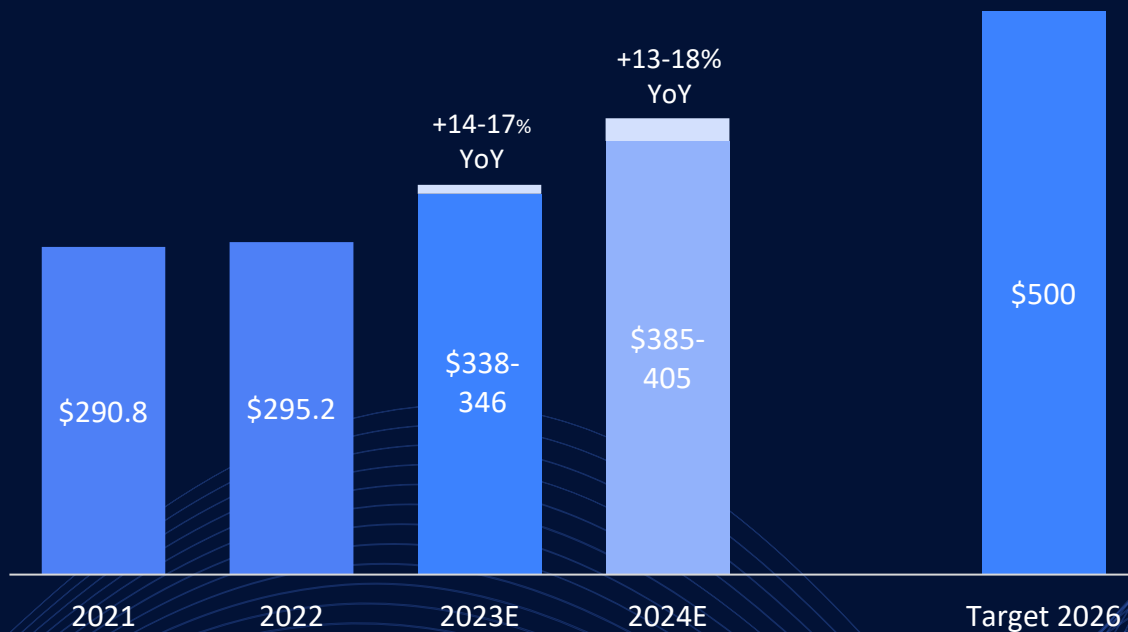
Capital Structure

Shares Outstanding	84.4M
Public Float	65.2M
Institutional Ownership	13.9%

Source: Nasdaq.com

# Growth Outlook

## Full-Year Revenue



## 2023 Outlook

- Revenue – \$338M-346M; Expects to be at the high-end of the range
- Expects full-year non-GAAP profitability

## 2024 Outlook

- Revenue – \$385-405M
- Targeting Operating margin (Non-GAAP) of at least 10% at mid point of revenue guidance

## Long-Term Outlook

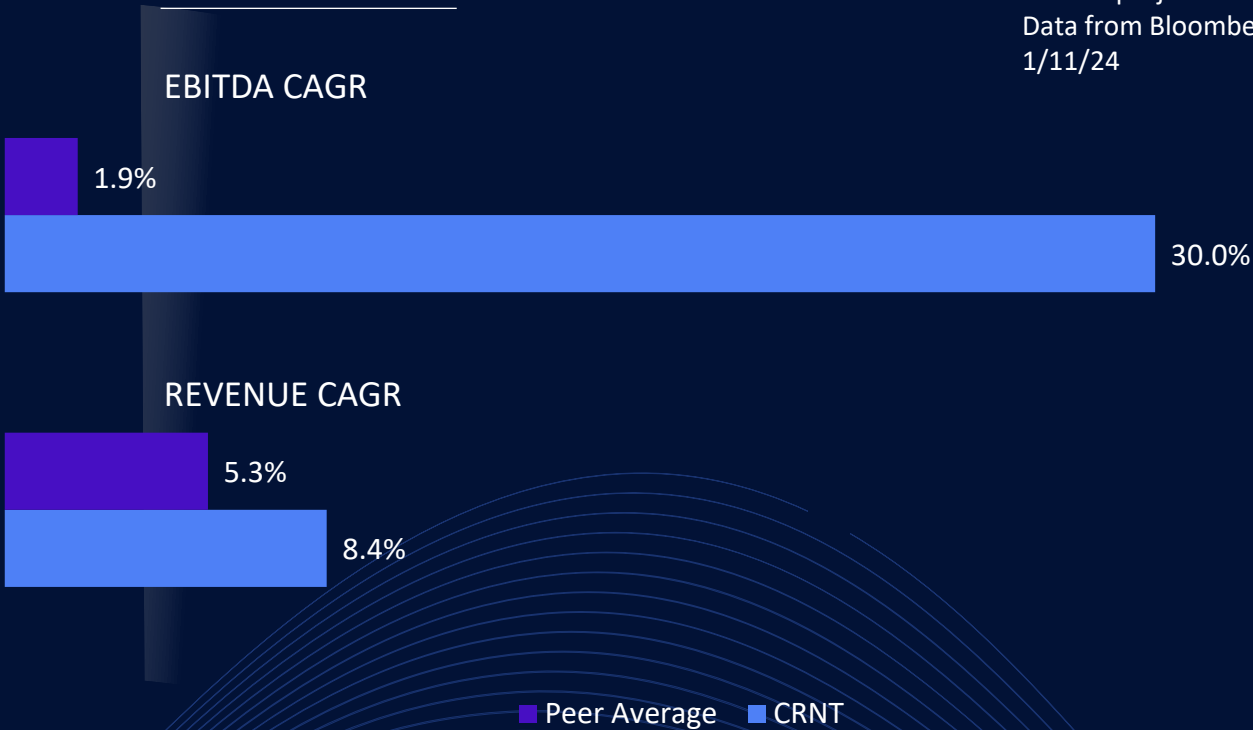
- Revenue – \$500M in 2026 (previously 2027) following successful integration of Siklu
- Targeting gross margins growing to at least 35-38% over the same period

# Compelling Valuation

Undervalued Compared to Peers

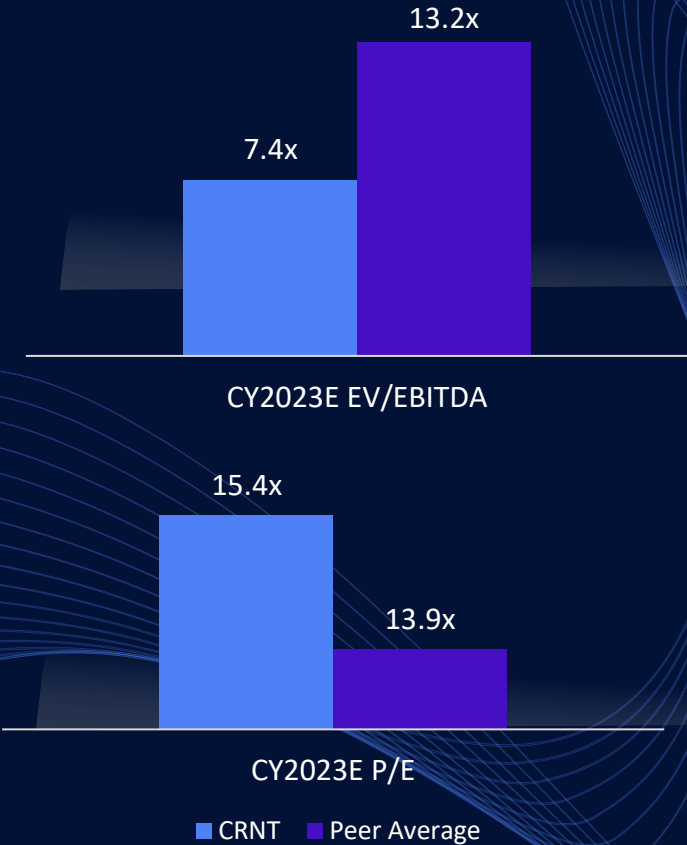
## Growth Rate (2-year CAGR, 2021-2023E)

Ceragon does not report EBITDA projections  
Data from Bloomberg as of 1/11/24



Peer Group: ADTRAN Holdings Inc, Aviat Networks, Inc., Cambium Networks Corp., Ciena Corp., Comtech Telecommunications Corp., DZS Inc., Ribbon Communications, Inc., Viavi Solutions Inc.

## Valuation (as of 01/11/24)





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THANK YOU

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DELIVERING CONNECTIVITY EVERYWHERE