



*Challenge us
to take you further*

Q1 2020 Financial Review

May 2020

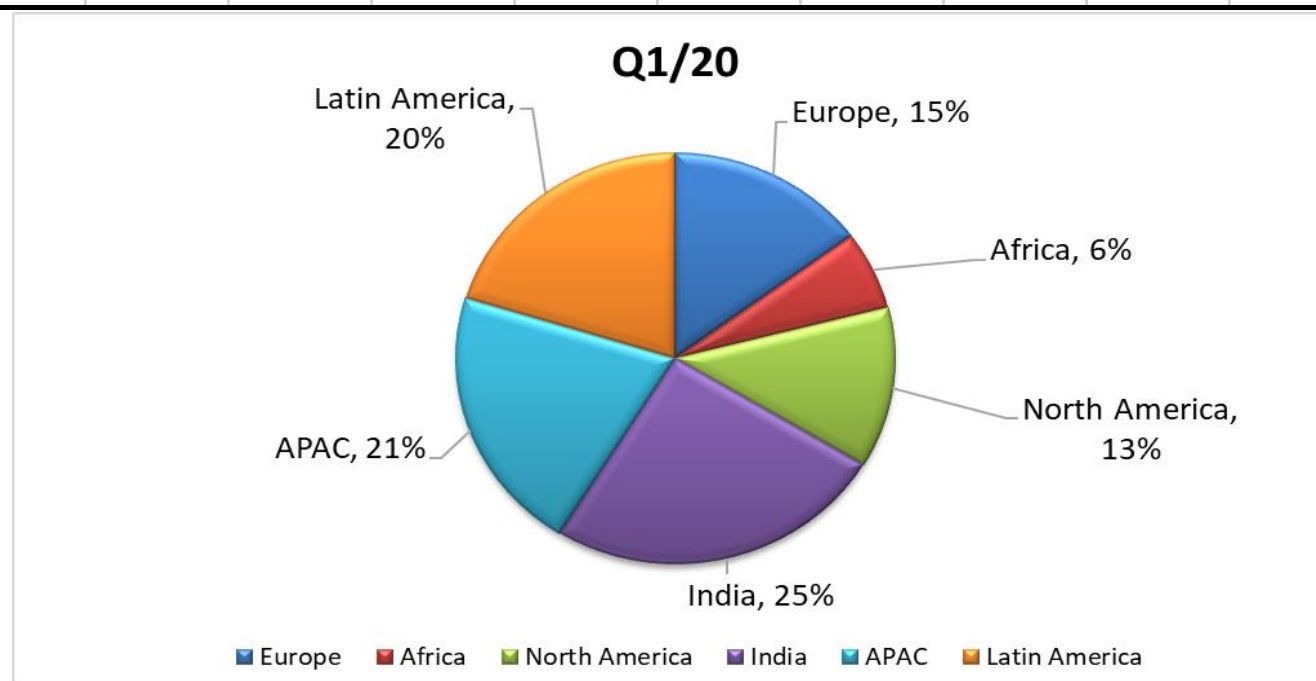


Safe Harbor Statement

This presentation contains statements concerning Ceragon's future prospects that are "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, as amended, and the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on the current beliefs, expectations and assumptions of Ceragon's management about Ceragon's business, financial condition, results of operations, micro and macro market trends and other issues addressed or reflected therein. Examples of forward-looking statements include: projections of demand, revenues, net income, gross margin, capital expenditures and liquidity, competitive pressures, order timing, growth prospects, product development, financial resources, cost savings and other financial matters. You may identify these and other forward-looking statements by the use of words such as "may", "plans", "anticipates", "believes", "estimates", "targets", "expects", "intends", "potential" or the negative of such terms, or other comparable terminology. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including the risk of a disruption to our and our customers' business related to the outbreak of the novel coronavirus (COVID-19) pandemic ("Coronavirus"); the risk of macro-economic downturn and slowdown of development and significant decline of business that can harm our and our customers' ability to conduct or further develop our/their business, including, cancellation, suspension or reduction in the investment in new equipment purchases, postponement or cancellation of rollout of wireless networks, postponement in the transition to 5G technologies and in the introduction of new products and capabilities, inability to deliver and perform under our contracts, disruption to our supply chain and production capacity, adverse effect on our and our customers' financial performance, cash flow, revenue and financial results, available cash and financing, and our ability to bill and collect amounts due from our customers; the risks relating to the concentration of a significant portion of Ceragon's expected business in certain countries and particularly in India, where a small number of customers are expected to represent a significant portion of our revenues, including the risks of deviations from our expectations of timing and size of orders from these customers; the risk of delays in converting design wins into revenue as well as the expected revenue growth; risks associated with any failure to meet our product development timetable and specifications and to maintain our technological advantage over our competitors; risks associated with any failure to effectively compete with other wireless equipment providers; the risk that the rollout of 5G services could take longer or differently than anticipated; and other risks and uncertainties detailed from time to time in Ceragon's Annual Report on Form 20-F, Item 3, under the caption "Risk Factors", and Ceragon's other filings with the Securities and Exchange Commission, that represent our views only as of the date they are made and should not be relied upon as representing our views as of any subsequent date. Such forward-looking statements do not purport to be predictions of future events or circumstances, and therefore, there can be no assurance that any forward-looking statement contained in our announcements, presentations, or commentary will prove to be accurate. We do not assume any obligation to update any forward-looking statements.

Revenues- Geographic Split

	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20
Europe	10%	12%	17%	17%	12%	11%	9%	13%	17%	13%	15%	15%	15%
Africa	6%	3%	3%	3%	2%	4%	10%	12%	13%	11%	6%	7%	6%
North America	15%	7%	12%	14%	11%	10%	13%	15%	15%	20%	11%	13%	13%
India	36%	53%	31%	34%	46%	47%	34%	25%	15%	10%	29%	16%	25%
APAC	19%	11%	12%	12%	16%	11%	13%	15%	18%	18%	22%	18%	21%
Latin America	14%	14%	25%	20%	13%	17%	21%	20%	22%	28%	17%	31%	20%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



NON-GAAP Profit & Loss

Actual (Unaudited)													
	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20
Revenues	76,021	93,334	75,999	86,679	83,275	88,328	86,529	85,742	69,163	73,001	72,163	71,256	55,871
Cost of Revenues	53,232	63,648	49,215	57,382	55,639	59,566	56,219	55,961	44,495	46,615	48,907	48,980	41,833
Gross profit	22,789	29,686	26,784	29,297	27,636	28,762	30,310	29,781	24,668	26,386	23,256	22,276	14,038
Gross margin	30.0%	31.8%	35.2%	33.8%	33.2%	32.6%	35.0%	34.7%	35.7%	36.1%	32.2%	31.3%	25.1%
Research & Development	6,029	6,083	6,943	6,420	7,154	6,754	7,353	6,606	6,061	6,156	6,652	7,558	7,201
% R&D	7.9%	6.5%	9.1%	7.4%	8.6%	7.6%	8.5%	7.7%	8.8%	8.4%	9.2%	10.6%	12.9%
Sales & Marketing	9,586	9,892	9,375	12,252	10,418	10,227	10,349	11,327	9,287	9,914	9,585	9,975	8,173
%S&M	12.6%	10.6%	12.3%	14.1%	12.5%	11.6%	12.0%	13.2%	13.4%	13.6%	13.3%	14.0%	14.6%
General & Administration	4,323	4,936	4,249	4,440	4,327	4,721	4,247	5,074	5,600	5,478	4,456	6,836	4,246
%G&A	5.7%	5.3%	5.6%	5.1%	5.2%	5.3%	4.9%	5.9%	8.1%	7.5%	6.2%	9.6%	7.6%
Total operating expenses	19,938	20,911	20,567	23,112	21,899	21,702	21,949	23,007	20,948	21,548	20,693	24,369	19,620
Operating profit (loss)	2,851	8,775	6,217	6,185	5,737	7,060	8,361	6,774	3,720	4,838	2,563	(2,093)	(5,582)
Operating margin	3.8%	9.4%	8.2%	7.1%	6.9%	8.0%	9.7%	7.9%	5.4%	6.6%	3.6%	-2.9%	-10.0%
Non-GAAP EBITDA	4,821	10,625	8,024	8,218	7,248	9,050	10,455	8,937	5,840	7,156	5,105	587	(2,878)
Finance expenses	(1,598)	(1,481)	(1,655)	(1,155)	(2,034)	(2,646)	(1,766)	(872)	(1,135)	(1,612)	(1,469)	(2,071)	(758)
Income Tax	(389)	(1,319)	(202)	(964)	(701)	(593)	(894)	(904)	(516)	(744)	(597)	(801)	(365)
Non GAAP Net income (loss)	864	5,975	4,360	4,066	3,002	3,821	5,701	4,998	2,069	2,482	497	(4,965)	(6,705)
Non GAAP EPS	0.01	0.07	0.05	0.05	0.04	0.05	0.07	0.06	0.03	0.03	0.01	(0.06)	(0.08)
# of Shares for diluted EPS ('000)	80,752	80,405	79,880	79,785	80,378	81,157	81,546	82,369	82,702	82,250	81,814	80,575	80,765

Selected Cash Flow Data

(U.S. dollars in thousands)													
	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20
Total cash & cash equivalents	36,460	34,087	36,470	25,877	25,956	29,398	41,322	35,581	29,754	29,041	20,524	23,939	44,120
Cash flow from operations	7,781	2,268	(9,516)	16,617	4,373	4,179	15,521	(1,579)	(620)	(6,487)	(14,431)	8,607	3,127
Capital expenditures	(2,309)	(1,196)	(3,980)	(3,451)	(4,385)	(908)	(3,764)	(6,238)	(5,240)	(3,339)	(2,658)	(2,627)	(1,202)
Option Exercise	74	115	40	65	100	274	189	2,048	66	190	135	211	246
Proceeds (repayment) of short-term bank credits and loans, net	(5,500)	(3,500)	15,800	(23,800)	-	-	-	-	-	8,900	8,500	(2,800)	18,255
Other	76	(60)	39	(24)	(9)	(103)	(22)	28	(33)	23	(63)	24	(245)
Net Change in Cash	122	(2,373)	2,383	(10,593)	79	3,442	11,924	(5,741)	(5,827)	(713)	(8,517)	3,415	20,181

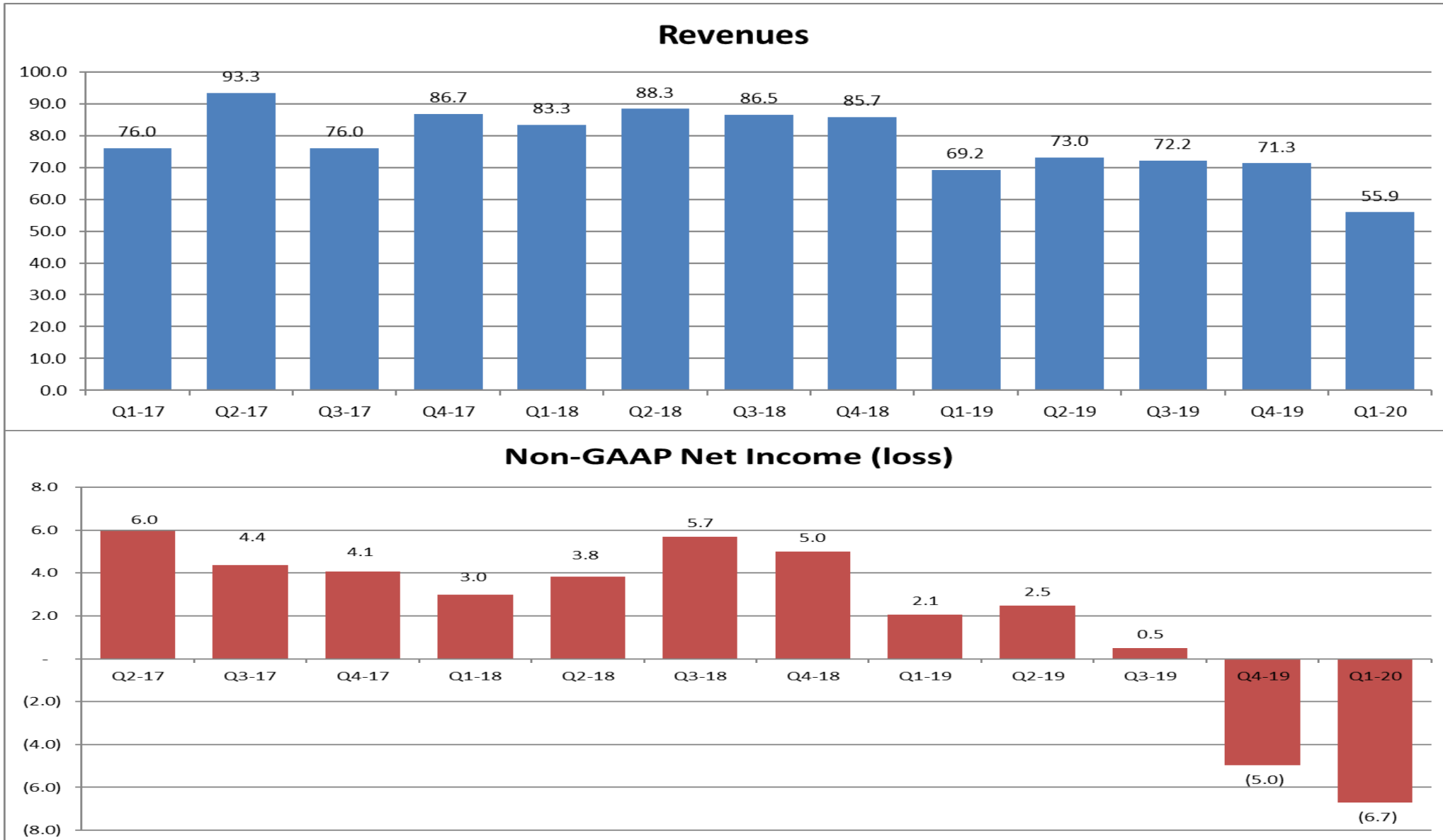
Selected Balance Sheet Data

	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20
Cash and Cash Equivalents	36,460	34,087	25,877	25,956	29,398	41,322	35,581	29,754	29,041	20,524	20,524	23,939	44,120
Trade Receivables	99,539	114,077	127,124	113,719	116,002	118,545	113,193	123,451	119,548	121,449	126,196	118,531	104,185
DSOs	117	125	141	125	125	129	120	131	132	141	154	151	140
Inventory	50,815	56,158	55,866	54,164	49,676	46,040	47,435	53,509	67,370	73,900	67,717	62,132	59,659
Inventory Days	89	90	91	88	80	76	76	86	114	132	126	120	117
Working capital	98,197	102,818	105,673	105,362	108,030	109,134	113,817	115,170	112,855	119,687	118,925	111,267	102,830
Loans	11,500	8,000	23,800	-	-	-	-	-	-	8,900	17,400	14,600	32,855
Shareholders' Equity	118,026	123,656	126,854	133,898	136,061	138,474	145,543	159,568	161,833	163,759	163,878	160,421	151,414
%- Shareholders' Equity/ Total assets	48%	47%	46%	53%	55%	56%	56%	56%	54%	53%	54%	55%	52%
Total BS	243,848	263,682	278,658	253,593	248,190	247,212	258,948	283,000	297,517	308,513	302,067	289,889	292,671

Reported results – Reconciliation to GAAP

(U.S. dollars in thousands)													
	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20
Non GAAP Net income (loss)	864	5,975	4,360	4,066	3,002	3,821	5,701	4,998	2,069	2,482	497	(4,965)	(6,705)
Stock based compensation expenses	358	261	349	235	353	679	450	498	475	697	422	459	426
Amortization of intangible assets	374	380	384	406	-	-	-	-	-	-	-	-	-
Changes in indirect tax positions	162	165	(209)	(1,983)	15	12	11	(230)	21	9	4	(361)	1
Leases - financial expenses (income)	-	-	-	-	-	-	-	-	(26)	218	(91)	133	(450)
Recovery of devaluation related expenses in Venezuela	-	-	-	-	-	-	(969)	-	-	-	-	-	-
Non-cash tax adjustments	98	187	340	(1,802)	564	(96)	58	(6,869)	618	654	(182)	(1,272)	15
Equity loss in affiliates	-	-	-	-	-	-	-	-	173	141	158	177	183
GAAP Net Income (Loss)	(128)	4,982	3,496	7,210	2,070	3,226	6,151	11,599	808	763	186	(4,101)	(6,880)
GAAP EPS	(0.00)	0.06	0.04	0.09	0.03	0.04	0.08	0.14	0.01	0.01	0.00	(0.05)	(0.09)
# of Shares for basic EPS ('000)	77,796	77,891	77,964	78,010	78,080	78,232	78,455	79,539	80,114	80,192	80,304	80,575	80,765
# of Shares for diluted EPS ('000)	77,796	80,202	79,597	79,452	80,065	80,850	81,172	81,988	82,334	82,051	81,652	80,575	80,765

Quarterly Revenues and Non-GAAP Net Income (Loss)





Thank You

