



*Challenge us  
to take you further*

# Q2 2019 Financial Review

Aug 2019

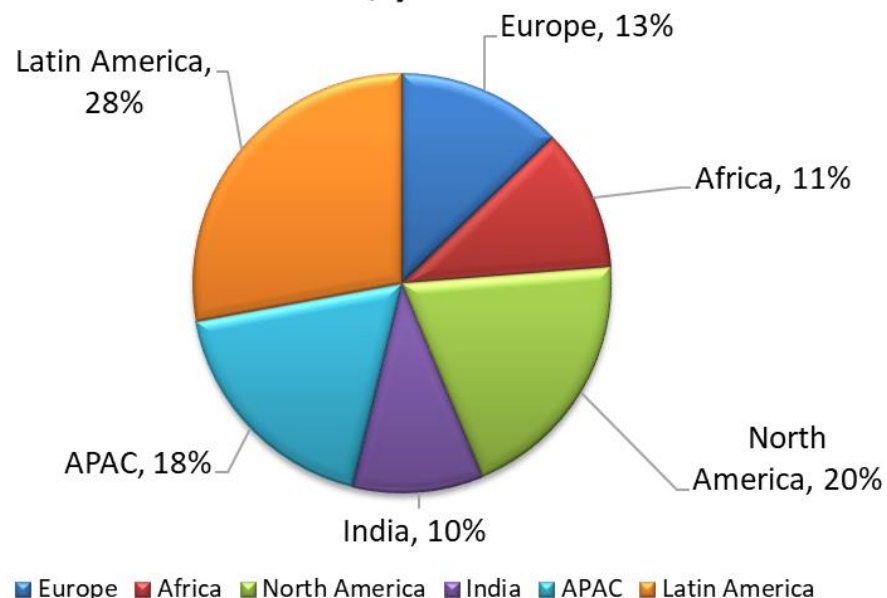
# Safe Harbor Statement

*This presentation contains statements concerning Ceragon's future prospects that are "forward-looking statements" as defined in 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. 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 risks relating to the concentration of a significant portion of Ceragon's expected business in certain geographic regions 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 that the current slowdown in revenue from India could extend for a longer period than anticipated; risks associated with any failure to effectively compete with other wireless equipment providers; the risk that the rollout of 5G services could take longer than anticipated; and other risks and uncertainties detailed from time to time in Ceragon's Annual Report on Form 20-F 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. We do not assume any obligation to update any forward-looking statements.*

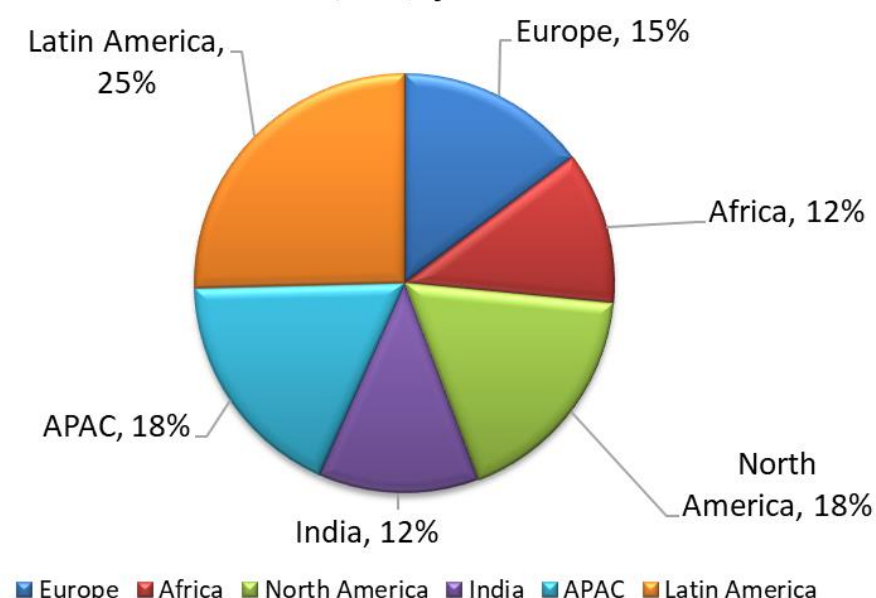
# Revenues- Geographic Split

	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19
Europe	15%	13%	14%	10%	12%	17%	17%	12%	11%	9%	13%	17%	13%
Africa	6%	8%	4%	6%	3%	3%	3%	2%	4%	10%	12%	13%	11%
North America	16%	10%	14%	15%	7%	12%	14%	11%	10%	13%	15%	15%	20%
India	26%	31%	32%	36%	53%	31%	34%	46%	47%	34%	25%	15%	10%
APAC	10%	8%	9%	19%	11%	12%	12%	16%	11%	13%	15%	18%	18%
Latin America	27%	30%	27%	14%	14%	25%	20%	13%	17%	21%	20%	22%	28%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Q2/19



Q1-Q2/19



# NON-GAAP Profit & Loss

Actual (Unaudited)													
	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19
Revenues	70,010	79,132	84,665	76,021	93,334	75,999	86,679	83,275	88,328	86,529	85,742	69,163	73,001
Cost of Revenues	45,141	52,377	56,808	53,232	63,648	49,215	57,382	55,639	59,566	56,219	55,961	44,495	46,615
<b>Gross profit</b>	<b>24,869</b>	<b>26,755</b>	<b>27,857</b>	<b>22,789</b>	<b>29,686</b>	<b>26,784</b>	<b>29,297</b>	<b>27,636</b>	<b>28,762</b>	<b>30,310</b>	<b>29,781</b>	<b>24,668</b>	<b>26,386</b>
Gross margin	35.5%	33.8%	32.9%	30.0%	31.8%	35.2%	33.8%	33.2%	32.6%	35.0%	34.7%	35.7%	36.1%
Research & Development	5,357	5,331	5,701	6,029	6,083	6,943	6,420	7,154	6,754	7,353	6,606	6,061	6,156
% R&D	7.7%	6.7%	6.7%	7.9%	6.5%	9.1%	7.4%	8.6%	7.6%	8.5%	7.7%	8.8%	8.4%
Sales & Marketing	9,522	9,407	10,174	9,586	9,892	9,375	12,252	10,418	10,227	10,349	11,327	9,287	9,914
%S&M	13.6%	11.9%	12.0%	12.6%	10.6%	12.3%	14.1%	12.5%	11.6%	12.0%	13.2%	13.4%	13.6%
General & Administration	5,100	5,154	4,820	4,323	4,936	4,249	4,440	4,327	4,721	4,247	5,074	5,600	5,478
%G&A	7.3%	6.5%	5.7%	5.7%	5.3%	5.6%	5.1%	5.2%	5.3%	4.9%	5.9%	8.1%	7.5%
<b>Total operating expenses</b>	<b>19,979</b>	<b>19,892</b>	<b>20,695</b>	<b>19,938</b>	<b>20,911</b>	<b>20,567</b>	<b>23,112</b>	<b>21,899</b>	<b>21,702</b>	<b>21,949</b>	<b>23,007</b>	<b>20,948</b>	<b>21,548</b>
Operating profit	4,890	6,863	7,162	2,851	8,775	6,217	6,185	5,737	7,060	8,361	6,774	3,720	4,838
<b>Operating margin</b>	<b>7.0%</b>	<b>8.7%</b>	<b>8.5%</b>	<b>3.8%</b>	<b>9.4%</b>	<b>8.2%</b>	<b>7.1%</b>	<b>6.9%</b>	<b>8.0%</b>	<b>9.7%</b>	<b>7.9%</b>	<b>5.4%</b>	<b>6.6%</b>
<b>Non-GAAP EBITDA</b>	<b>7,146</b>	<b>8,975</b>	<b>9,280</b>	<b>4,821</b>	<b>10,625</b>	<b>8,024</b>	<b>8,218</b>	<b>7,248</b>	<b>9,050</b>	<b>10,455</b>	<b>8,937</b>	<b>5,840</b>	<b>7,156</b>
Finance expenses	(2,372)	(1,519)	(1,494)	(1,598)	(1,481)	(1,655)	(1,155)	(2,034)	(2,646)	(1,766)	(872)	(1,135)	(1,612)
Income Tax	(911)	(572)	(429)	(389)	(1,319)	(202)	(964)	(701)	(593)	(894)	(904)	(516)	(744)
Non GAAP Net income	1,608	4,772	5,239	864	5,975	4,360	4,066	3,002	3,821	5,701	4,998	2,069	2,482
Non GAAP EPS	0.02	0.06	0.07	0.01	0.07	0.05	0.05	0.04	0.05	0.07	0.06	0.03	0.03
# of Shares for diluted EPS ('000)	78,526	79,780	79,889	80,752	80,405	79,880	79,785	80,378	81,157	81,546	82,369	82,702	82,250

# Selected Cash Flow Data

(U.S. dollars in thousands)													
	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19
Total cash & cash equivalents	34,377	32,374	36,338	36,460	34,087	36,470	25,877	25,956	29,398	41,322	35,581	29,754	29,041
Cash flow from operations	2,297	764	10,002	7,781	2,268	(9,516)	16,617	4,373	4,179	15,521	(3,207)	(620)	(6,487)
Capital expenditures	(1,407)	(1,825)	(2,757)	(2,309)	(1,196)	(3,980)	(3,451)	(4,385)	(908)	(3,764)	(4,610)	(5,240)	(3,339)
Option Exercise	7	60	8	74	115	40	65	100	274	189	2,048	66	190
Loans received (repaid), net	(8,400)	(1,150)	(3,300)	(5,500)	(3,500)	15,800	(23,800)	-	-	-	-	-	8,900
Other	35	148	11	76	(60)	39	(24)	(9)	(103)	(22)	28	(33)	23
<b>Net Change in Cash</b>	<b>(7,468)</b>	<b>(2,003)</b>	<b>3,964</b>	<b>122</b>	<b>(2,373)</b>	<b>2,383</b>	<b>(10,593)</b>	<b>79</b>	<b>3,442</b>	<b>11,924</b>	<b>(5,741)</b>	<b>(5,827)</b>	<b>(713)</b>

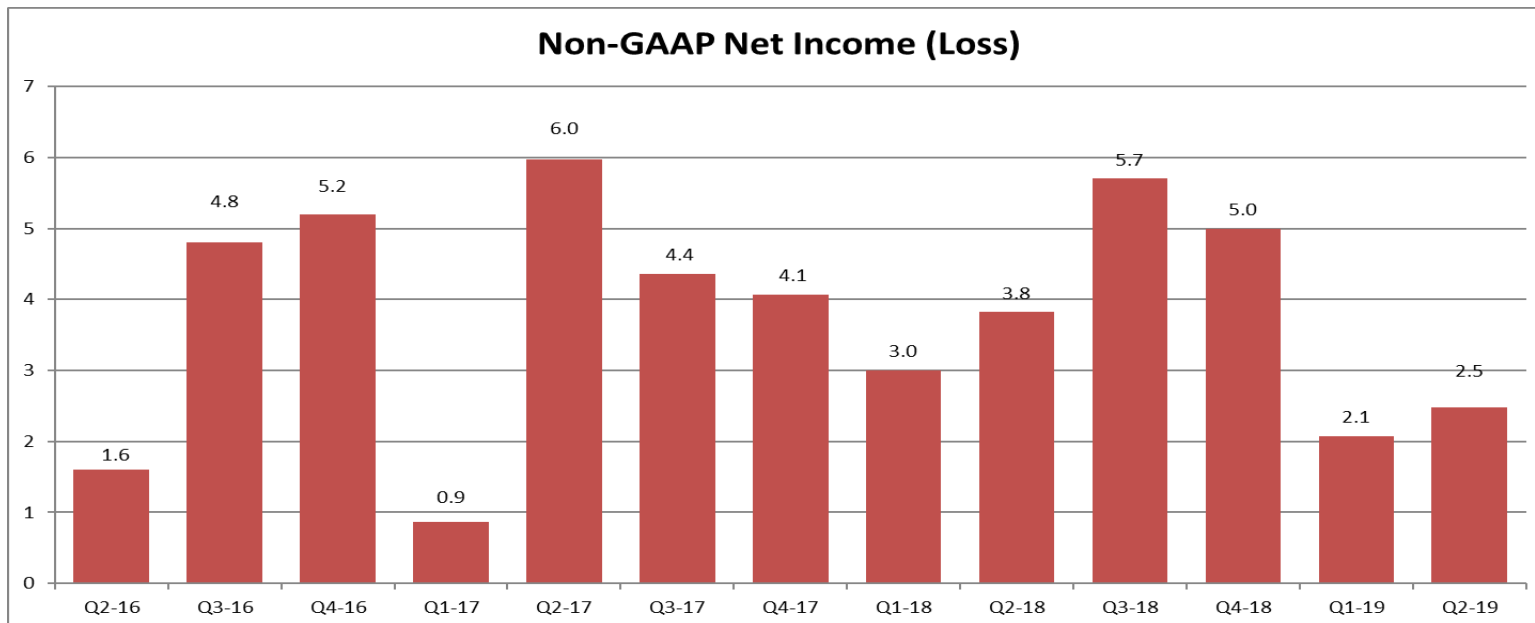
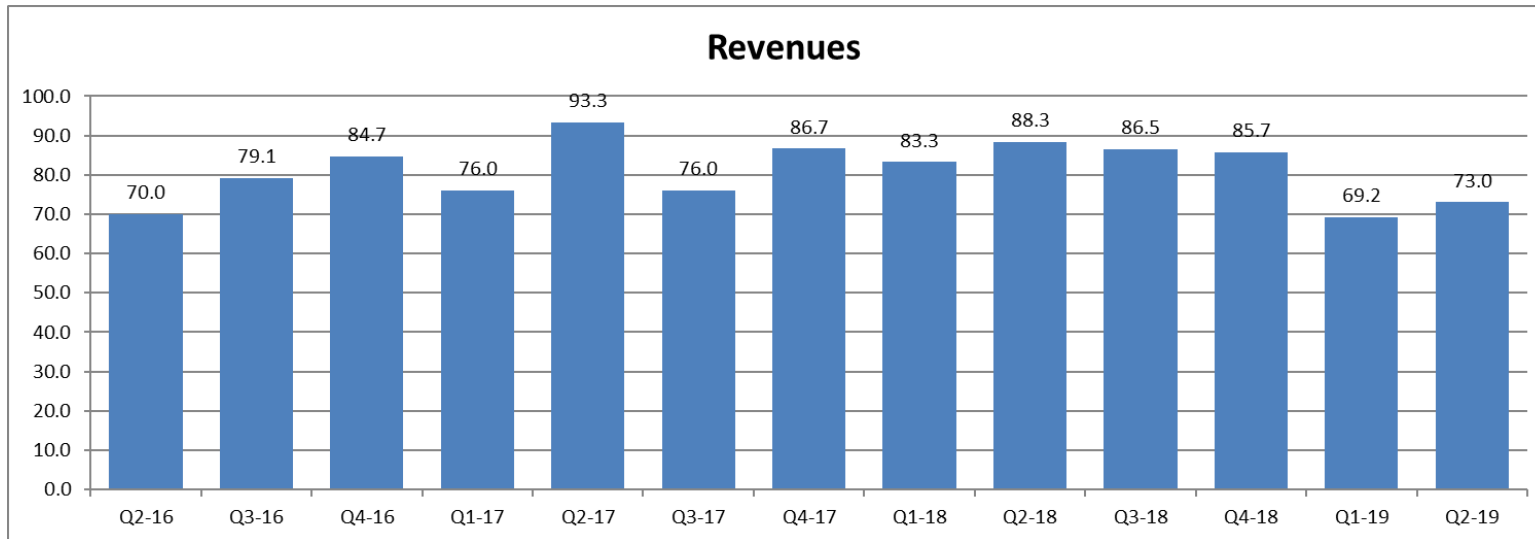
# Selected Balance Sheet Data

	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19
Cash and Cash Equivalents	34,377	32,374	36,338	36,460	34,087	36,470	25,877	25,956	29,398	41,322	35,581	29,754	29,041
Trade Receivables	89,451	109,615	107,395	99,539	114,077	127,124	113,719	116,002	118,545	113,193	123,451	119,548	121,449
DSOs	112	141	133	117	125	141	125	125	129	120	131	132	141
Inventory	48,786	44,182	45,647	50,815	56,158	55,866	54,164	49,676	46,040	47,435	53,509	67,370	73,900
Inventory Days	93	87	87	89	90	91	88	80	76	76	86	114	132
Working capital	88,322	95,252	95,950	98,197	102,818	105,673	105,362	108,030	109,134	113,817	115,170	112,855	119,687
Loans	21,450	20,300	17,000	11,500	8,000	23,800	-	-	-	-	-	-	8,900
Shareholders' Equity	104,048	108,363	116,164	118,026	123,656	126,854	133,898	136,061	138,474	145,543	159,568	161,833	163,759
%- Shareholders' Equity/ Total assets	45%	45%	48%	48%	47%	46%	53%	55%	56%	56%	56%	54%	53%
Total BS	230,269	242,563	244,225	243,848	263,682	278,658	253,593	248,190	247,212	258,948	283,000	297,517	308,513

# Reported results – Reconciliation to GAAP

(U.S. dollars in thousands)													
	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19
Non GAAP Net income	1,608	4,772	5,239	864	5,975	4,360	4,066	3,002	3,821	5,701	4,998	2,069	2,482
Stock based compensation expenses	180	283	197	358	261	349	235	353	679	450	498	475	697
Amortization of intangible assets	414	414	416	374	380	384	406	-	-	-	-	-	-
Changes in indirect tax positions	723	403	(1,921)	162	165	(209)	(1,983)	15	12	11	(230)	21	9
Leases - financial expenses (income)	-	-	-	-	-	-	-	-	-	-	-	(26)	218
Recovery of devaluation related expenses in Venezuela	-	-	-	-	-	-	-	-	-	(969)	-	-	-
Non-cash tax adjustments	242	189	(1,786)	98	187	340	(1,802)	564	(96)	58	(6,869)	618	654
Equity loss in affiliates	-	-	-	-	-	-	-	-	-	-	-	173	141
GAAP Net Income (Loss)	49	3,483	8,333	(128)	4,982	3,496	7,210	2,070	3,226	6,151	11,599	808	763
GAAP EPS	0.00	0.04	0.10	(0.00)	0.06	0.04	0.09	0.03	0.04	0.08	0.14	0.01	0.01
# of Shares for basic EPS ('000)	77,675	77,712	77,759	77,796	77,891	77,964	78,010	78,080	78,232	78,455	79,539	80,114	80,192
# of Shares for diluted EPS ('000)	77,920	79,285	79,584	77,796	80,202	79,597	79,452	80,065	80,850	81,172	81,988	82,334	82,051

# Quarterly Revenues and Non-GAAP Net Income (Loss)







**Thank You**

