

A large, stylized red swoosh graphic is positioned in the upper right quadrant of the slide. It consists of two curved, overlapping lines that create a sense of motion and forward direction.

*Challenge us
to take you further*

Q3 2020 Financial Review

November 2020



Safe Harbor Statement

This presentation contains statements that constitute “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.

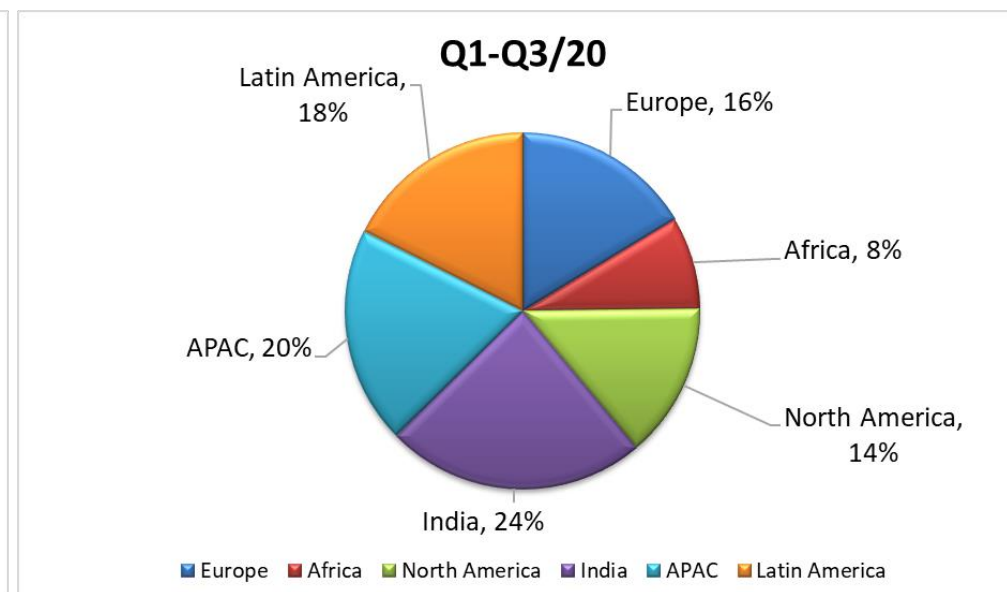
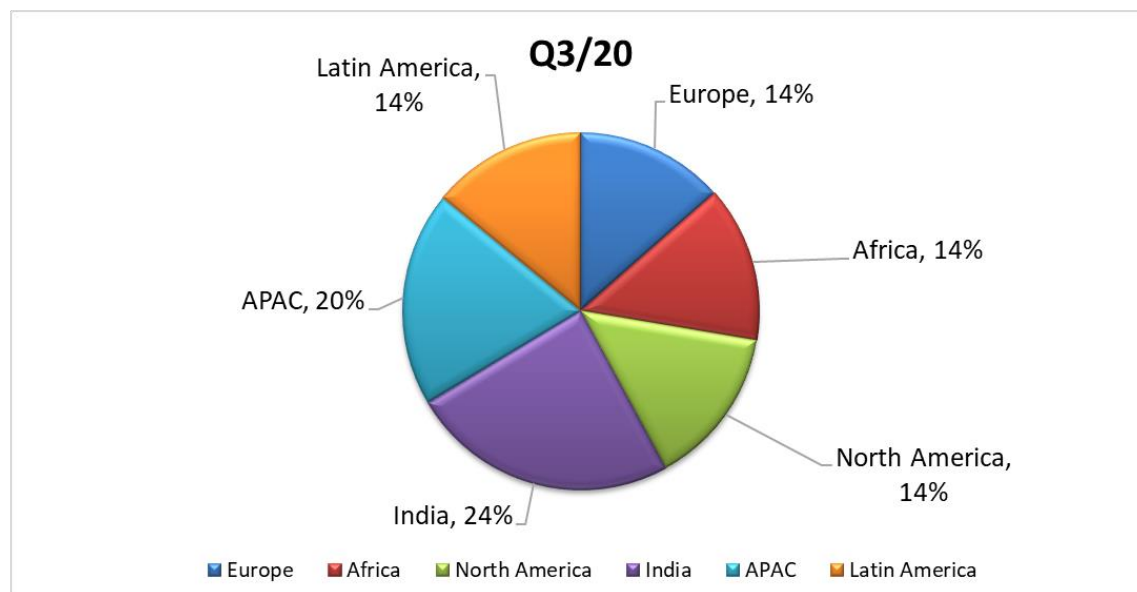
Although we believe that the projections reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that our expectations will be obtained or that any deviations therefrom will not be material. Such statements involve risks and uncertainties that may cause future results to differ materially from those anticipated. These risks and uncertainties include, but are not limited to, the effects of general economic conditions, the effect of the COVID-19 crisis on the global markets and on the markets in which we operate, including the risk of a continued disruption to our and our customers’, providers’, business partners and contractors’ business and operations as a result of the COVID-19 pandemic effects and the restrictions on operations created thereby, and of an 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 as a result therefrom; 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; risks associated with any failure to meet our product development timetable; the risk that the rollout of 5G services could take longer or differently than anticipated and such other risks, uncertainties and other factors that could affect our results, as detailed in our press release that was published earlier today and as further detailed in Ceragon’s most recent Annual Report on Form 20-F and in Ceragon’s other filings with the Securities and Exchange Commission.

Such forward-looking statements, including the risks, uncertainties and other factors that could affect our results, 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 results and there can be no assurance that it will prove to be accurate. Ceragon may elect to update these forward-looking statements at some point in the future but the company specifically disclaims any obligation to do so except as may be required by law.

Ceragon’s public filings are available from the Securities and Exchange Commission’s website at www.sec.gov and may also be obtained from Ceragon’s website at www.ceragon.com.

Revenues- Geographic Split

	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20
Europe	17%	17%	12%	11%	9%	13%	17%	13%	15%	15%	15%	21%	14%
Africa	3%	3%	2%	4%	10%	12%	13%	11%	6%	7%	6%	4%	14%
North America	12%	14%	11%	10%	13%	15%	15%	20%	11%	13%	13%	15%	14%
India	31%	34%	46%	47%	34%	25%	15%	10%	29%	16%	25%	22%	24%
APAC	12%	12%	16%	11%	13%	15%	18%	18%	22%	18%	21%	19%	20%
Latin America	25%	20%	13%	17%	21%	20%	22%	28%	17%	31%	20%	19%	14%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



NON-GAAP Profit & Loss

	Actual (Unaudited)												
	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20
Revenues	75,999	86,679	83,275	88,328	86,529	85,742	69,163	73,001	72,163	71,256	55,871	62,427	70,581
Cost of Revenues	49,215	57,382	55,639	59,566	56,219	55,961	44,495	46,615	48,907	48,980	41,833	45,891	46,970
Gross profit	26,784	29,297	27,636	28,762	30,310	29,781	24,668	26,386	23,256	22,276	14,038	16,536	23,611
Gross margin	35.2%	33.8%	33.2%	32.6%	35.0%	34.7%	35.7%	36.1%	32.2%	31.3%	25.1%	26.5%	33.5%
Research & Development	6,943	6,420	7,154	6,754	7,353	6,606	6,061	6,156	6,652	7,558	7,201	6,760	7,299
% R&D	9.1%	7.4%	8.6%	7.6%	8.5%	7.7%	8.8%	8.4%	9.2%	10.6%	12.9%	10.8%	10.3%
Sales & Marketing	9,375	12,252	10,418	10,227	10,349	11,327	9,287	9,914	9,585	9,975	8,173	8,032	7,819
%S&M	12.3%	14.1%	12.5%	11.6%	12.0%	13.2%	13.4%	13.6%	13.3%	14.0%	14.6%	12.9%	11.1%
General & Administration	4,249	4,440	4,327	4,721	4,247	5,074	5,600	5,478	4,456	6,836	4,246	4,755	4,754
%G&A	5.6%	5.1%	5.2%	5.3%	4.9%	5.9%	8.1%	7.5%	6.2%	9.6%	7.6%	7.6%	6.7%
Total operating expenses	20,567	23,112	21,899	21,702	21,949	23,007	20,948	21,548	20,693	24,369	19,620	19,547	19,872
Operating profit (loss)	6,217	6,185	5,737	7,060	8,361	6,774	3,720	4,838	2,563	(2,093)	(5,582)	(3,011)	3,739
Operating margin	8.2%	7.1%	6.9%	8.0%	9.7%	7.9%	5.4%	6.6%	3.6%	-2.9%	-10.0%	-4.8%	5.3%
Non-GAAP EBITDA	8,024	8,218	7,248	9,050	10,455	8,937	5,840	7,156	5,105	587	(2,878)	(331)	6,467
Finance expenses and others, net	(1,655)	(1,155)	(2,034)	(2,646)	(1,766)	(872)	(1,135)	(1,612)	(1,469)	(2,071)	(758)	(1,354)	(1,238)
Income Tax	(202)	(964)	(701)	(593)	(894)	(904)	(516)	(744)	(597)	(801)	(365)	(487)	(201)
Non GAAP Net income (loss)	4,360	4,066	3,002	3,821	5,701	4,998	2,069	2,482	497	(4,965)	(6,705)	(4,852)	2,300
Non GAAP EPS	0.05	0.05	0.04	0.05	0.07	0.06	0.03	0.03	0.01	(0.06)	(0.08)	(0.06)	0.03
# of Shares for diluted EPS ('000)	79,880	79,785	80,378	81,157	81,546	82,369	82,702	82,250	81,814	80,575	80,765	81,013	82,244

Selected Cash Flow Data

(U.S. dollars in thousands)													
	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20
Total cash & cash equivalents	36,470	25,877	25,956	29,398	41,322	35,581	29,754	29,041	20,524	23,939	44,120	35,167	29,155
Cash flow from operations	(9,516)	16,617	4,373	4,179	15,521	(1,579)	(620)	(6,487)	(14,431)	8,607	3,127	6,666	(3,225)
Capital expenditures	(3,980)	(3,451)	(4,385)	(908)	(3,764)	(6,238)	(5,240)	(3,339)	(2,658)	(2,627)	(1,202)	(2,715)	(1,230)
Option Exercise	40	65	100	274	189	2,048	66	190	135	211	246	308	293
Proceeds (repayment) of short-term bank credits and loans, net	15,800	(23,800)	-	-	-	-	-	8,900	8,500	(2,800)	18,255	(13,176)	(1,800)
Other	39	(24)	(9)	(103)	(22)	28	(33)	23	(63)	24	(245)	(36)	(50)
Net Change in Cash	2,383	(10,593)	79	3,442	11,924	(5,741)	(5,827)	(713)	(8,517)	3,415	20,181	(8,953)	(6,012)

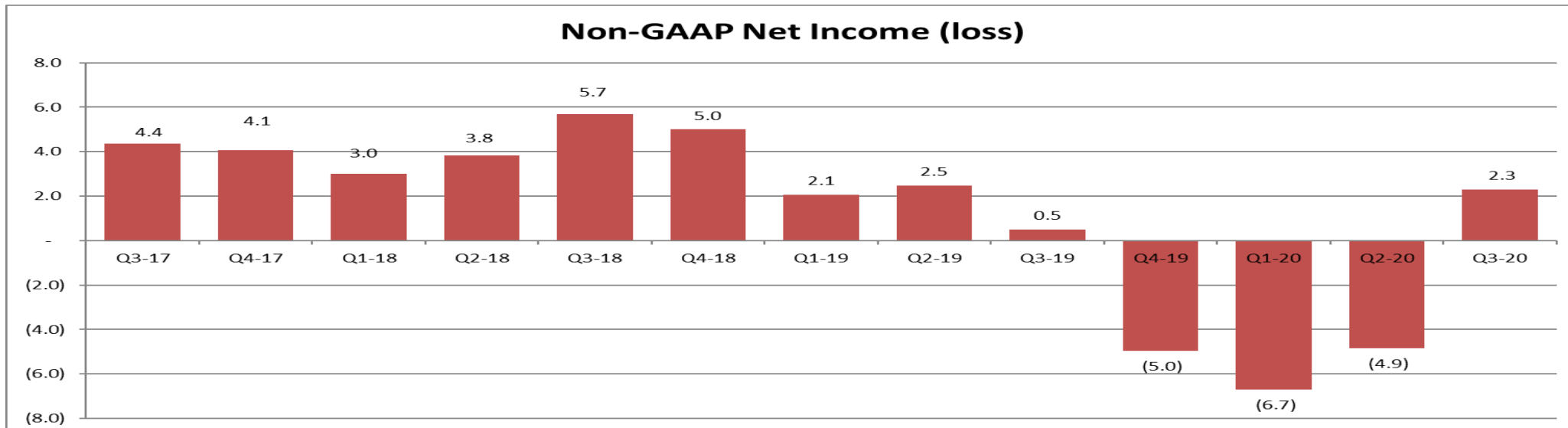
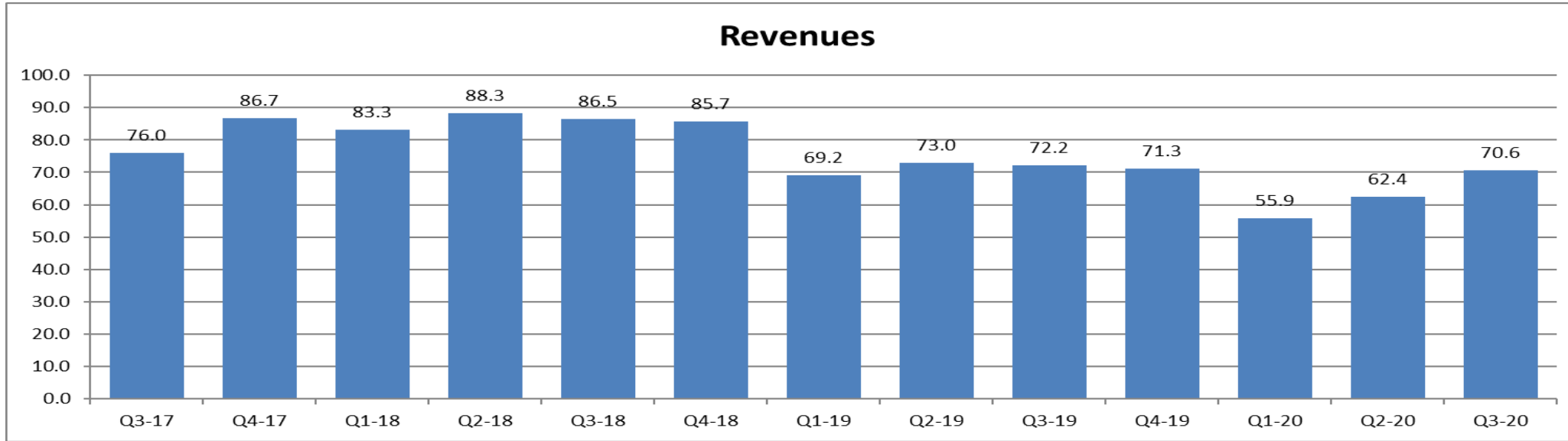
Selected Balance Sheet Data

	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20
Cash and Cash Equivalents	25,877	25,956	29,398	41,322	35,581	29,754	29,041	20,524	20,524	23,939	44,120	35,167	29,155
Trade Receivables	127,124	113,719	116,002	118,545	113,193	123,451	119,548	121,449	126,196	118,531	104,185	97,547	108,394
DSOs	141	125	125	129	120	131	132	141	154	151	140	136	152
Inventory	55,866	54,164	49,676	46,040	47,435	53,509	67,370	73,900	67,717	62,132	59,659	53,593	51,869
Inventory Days	91	88	80	76	76	86	114	132	126	120	117	106	103
Working capital	105,673	105,362	108,030	109,134	113,817	115,170	112,855	119,687	118,925	111,267	102,830	98,206	102,067
Loans	23,800	-	-	-	-	-	-	8,900	17,400	14,600	32,855	19,679	17,879
Shareholders' Equity	126,854	133,898	136,061	138,474	145,543	159,568	161,833	163,759	163,878	160,421	151,414	147,329	149,662
%- Shareholders' Equity/ Total assets	46%	53%	55%	56%	56%	56%	54%	53%	54%	55%	52%	54%	55%
Total BS	278,658	253,593	248,190	247,212	258,948	283,000	297,517	308,513	302,067	289,889	292,671	272,097	273,759

Reported Results – Reconciliation to GAAP

(U.S. dollars in thousands)													
	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20
Non GAAP Net income (loss)	4,360	4,066	3,002	3,821	5,701	4,998	2,069	2,482	497	(4,965)	(6,705)	(4,852)	2,300
Stock based compensation expenses	349	235	353	679	450	498	475	697	422	459	426	441	384
Amortization of intangible assets	384	406	-	-	-	-	-	-	-	-	-	-	-
Changes in indirect tax positions	(209)	(1,983)	15	12	11	(230)	21	9	4	(361)	1	1	1
Leases - financial expenses (income)	-	-	-	-	-	-	(26)	218	(91)	133	(450)	110	157
Recovery of devaluation related expenses in Venezuela	-	-	-	-	(969)	-	-	-	-	-	-	-	-
Non-cash tax adjustments	340	(1,802)	564	(96)	58	(6,869)	618	654	(182)	(1,272)	15	(87)	76
Equity loss in affiliates	-	-	-	-	-	-	173	141	158	177	183	160	98
GAAP Net Income (Loss)	3,496	7,210	2,070	3,226	6,151	11,599	808	763	186	(4,101)	(6,880)	(5,477)	1,584
GAAP EPS	0.04	0.09	0.03	0.04	0.08	0.14	0.01	0.01	0.00	(0.05)	(0.09)	(0.07)	0.02
# of Shares for basic EPS ('000)	77,964	78,010	78,080	78,232	78,455	79,539	80,114	80,192	80,304	80,575	80,765	81,013	81,278
# of Shares for diluted EPS ('000)	79,597	79,452	80,065	80,850	81,172	81,988	82,334	82,051	81,652	80,575	80,765	81,013	82,000

Quarterly Revenues and Non-GAAP Net Income (Loss)





Thank You

