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# THE #1 WIRELESS HAULING SPECIALIST POSITIONED TO LEAD IN A GROWING MARKET

Oppenheimer 5G Summit: The Revolution Begins Virtual Conference // December 15, 2020 0-1282.95

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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.

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# POSITIONED TO CAPITALIZE ON ACCELERATED, MULTI-YEAR EVOLUTION TO 5G

- + Recognized 5G technology leader with key enabling technologies and products, uniquely suited to the "OpenRAN OpenCORE" approach
- The only vendor to develop in-house chipsets, and is therefore not dependent on external innovation to optimally fit technology to product
- + Products give operators critical time-to-market, flexibility, capacity and cost advantages
- + Positioned to obtain major share of highest-value opportunities and to gain overall market share
- + Now participating in growing number of new selection processes: moving from Design Wins to low-volume POCs towards volume shipments and deployments beginning in late 2021
- + Financial stability enables continuous innovation and design-to-cost investment



# **Q3 REVENUES: BACK TO PRE-COVID LEVELS**

#### Strong Q3 performance

- Strong quarter with \$70.6M revenues, 33.4% gross margin and \$0.02 GAAP EPS reflecting focused execution despite
  COVID environment
- Current growth driven by ISP & 4G activities; ongoing progress with major 5G opportunities paves potential for strong mid-to-long-term growth
- Recognition of the critical advantages of our solutions
- Q3 high gross-margin reflects revenues in the normal range and \$1 million in tax relief

#### Quarterly Operating Model



Note: Financial metrics are presented on a non-GAAP basis.



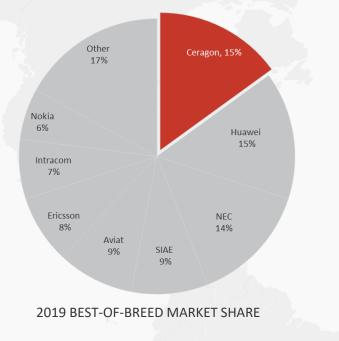
# **CERAGON AT A GLANCE**

**GLOBAL** 

**COMPANY** 

#### INNOVATIVE MARKET LEADER 4G & 5G NETWORK ENABLER

Customers who choose based on value of technology select Ceragon



Source: Ceragon estimates based on SkyLight Research. March 2020 \*Others include vendors with less than 2% share

Significant ac	ctivity i	n eac	h regi	on
Ŧ	9	Cla	ro'-	
oRocom elisa	S	9	airte	l 🦯
oil oil	nartfro	en.	ОРТ	US
% of revenue Last 12 months BALA 25	NCED REV	ENUE N	1IX	
20				
15 —	-			
10				
5				
0 Europe Africa	North America	India	APAC	Latin America

#### COMPANY SNAPSHOT

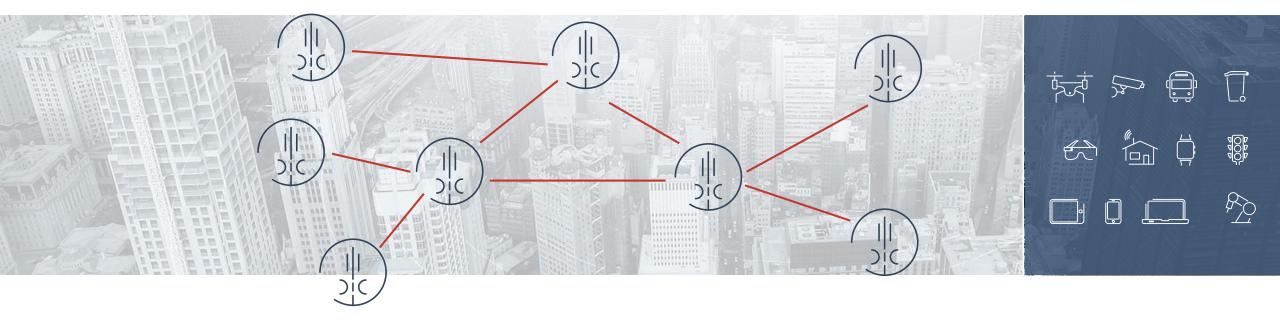
+2,000	TOTAL CUSTOMERS
+1M	SYSTEMS DEPLOYED
+140	COUNTRIES WITH SYSTEMS DEPLOYED
1,000+	EMPLOYEES GLOBALLY
\$0.99-\$3.24	52 WEEK LOW/HIGH <sup>(A)</sup>

(A) Source: Nasdaq as of 12/14/2020



## WE DO WIRELESS HAULING

### CRITICAL TECHNOLOGY FOR 4G AND 5G NETWORKS



WIRELESS HAULING - AN ALTERNATIVE TO FIBER DEPLOYMENT

AN ESSENTIAL PART OF ANY NETWORK EVOLUTION FOR FASTER AND MORE COST-EFFECTIVE DEPLOYMENTS

Connects approximately 50% of all cell sites globally (current & forecast)

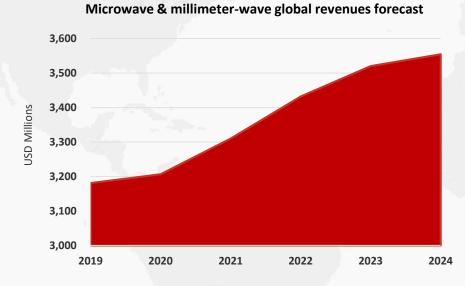


## **INVESTMENT HIGHLIGHTS**

#### POSITIONED TO LEAD IN THE GROWING 5G MARKET

5G A GROWING MARKET

Market growth driven by 5G opportunities for service providers



POSITIONED TO LEAD AND TAKE MARKET SHARE

**CERAGON** 

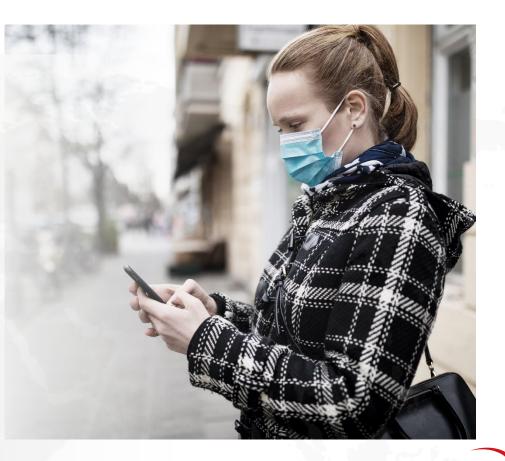
- Leading wireless hauling specialist
- Unique technology
- Anytime-anywhere extensive services
- Global presence
- Financial and business resilience

Source: Dell'Oro – 2020

## **COVID-19 IMPACT:**

### **ACCELERATED NETWORK BUILDING WITHIN UNCERTAIN ENVIRONMENT**

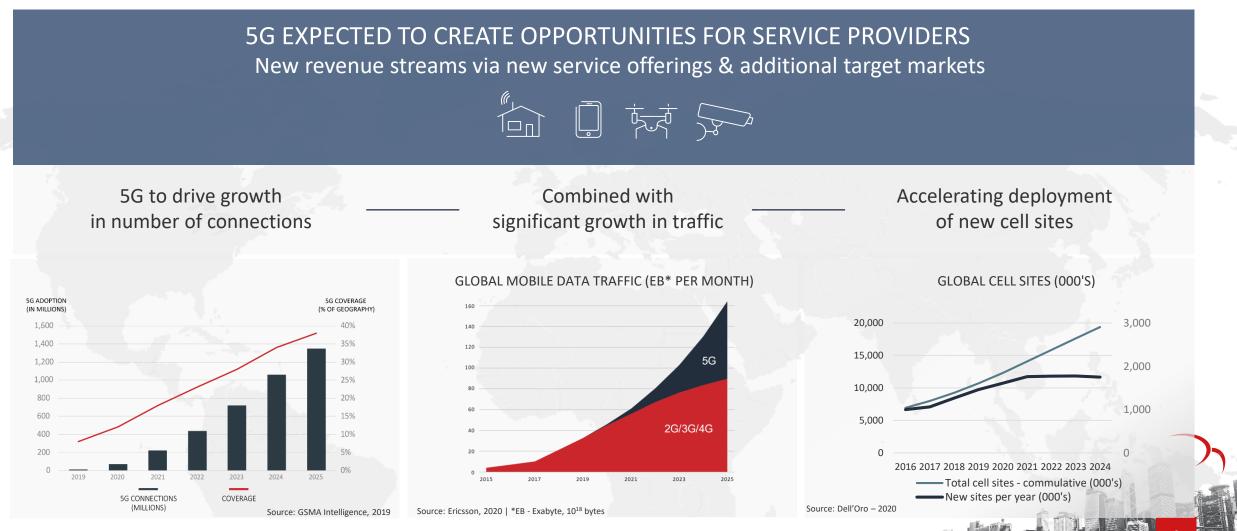
- Surge in 4G and 5G network activities to meet urgent COVID-driven demand for more broadband capacity, speed and coverage
- Increased ISP activities in the US and Europe to fill short-term coverage gaps
- Ceragon is participating in multiple 5G selection processes with disaggregated-architecture products recognized as key enablers of the 5G promise
- Continued uncertainty in many regions: lockdowns and budget freezes in LATAM, slowdowns still impacting supply chain, installations and decision-making processes



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## **THE GROWING 5G MARKET**





## **5G OPERATOR OPPORTUNITIES DRIVE MARKET GROWTH...**

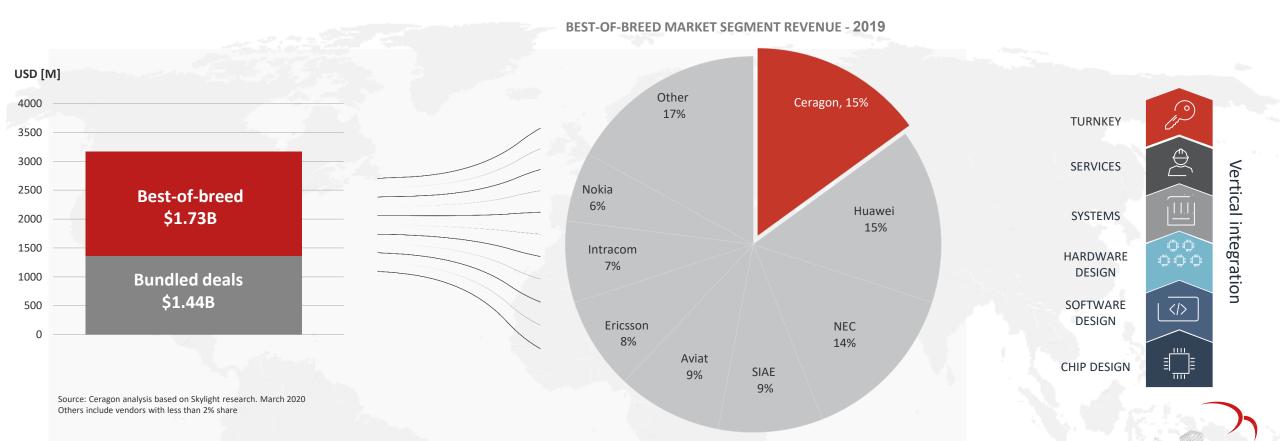
...WHILE CREATING NETWORK CHALLENGES OF A DIFFERENT SCALE THAN 4G



# GROWING 5G NETWORK COMPLEXITY DRIVES OPERATORS TO ADOPT BEST-OF-BREED<sup>\*</sup> VENDOR STRATEGIES

CERAGON

#### 'BEST-OF-BREED' LEADERSHIP THROUGH UNIQUE VERTICAL INTEGRATION

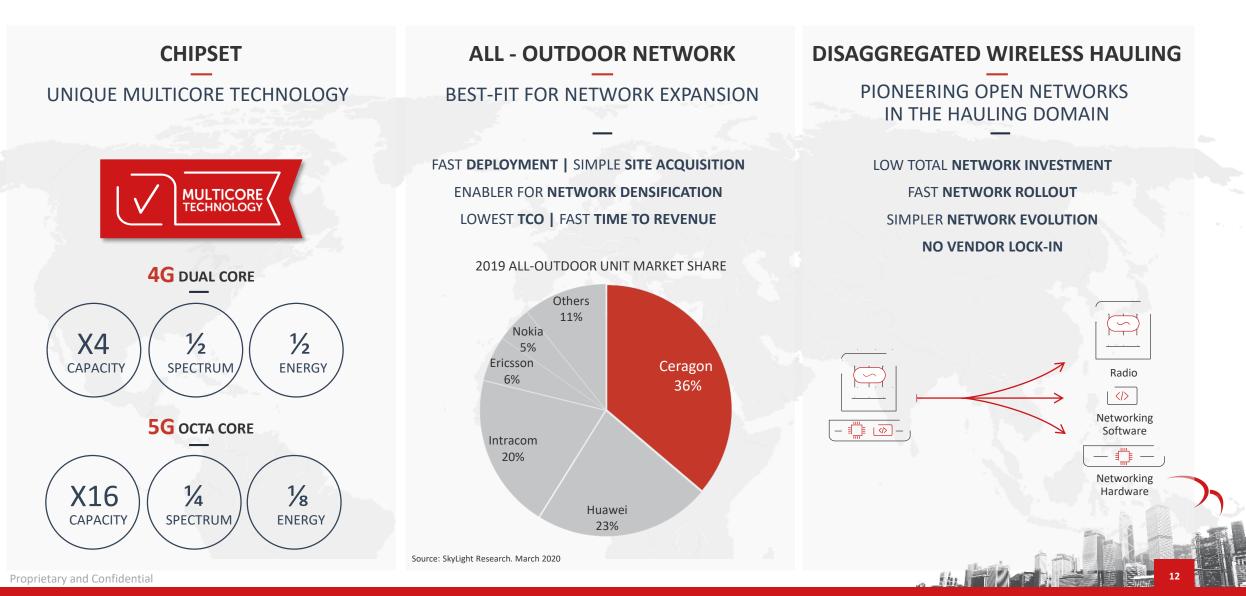


\* Service providers seeking the best wireless hauling solution as primary factor in their vendor selection. Open-RAN as a major driver



# **BEST-OF-BREED LEADERSHIP DRIVERS**

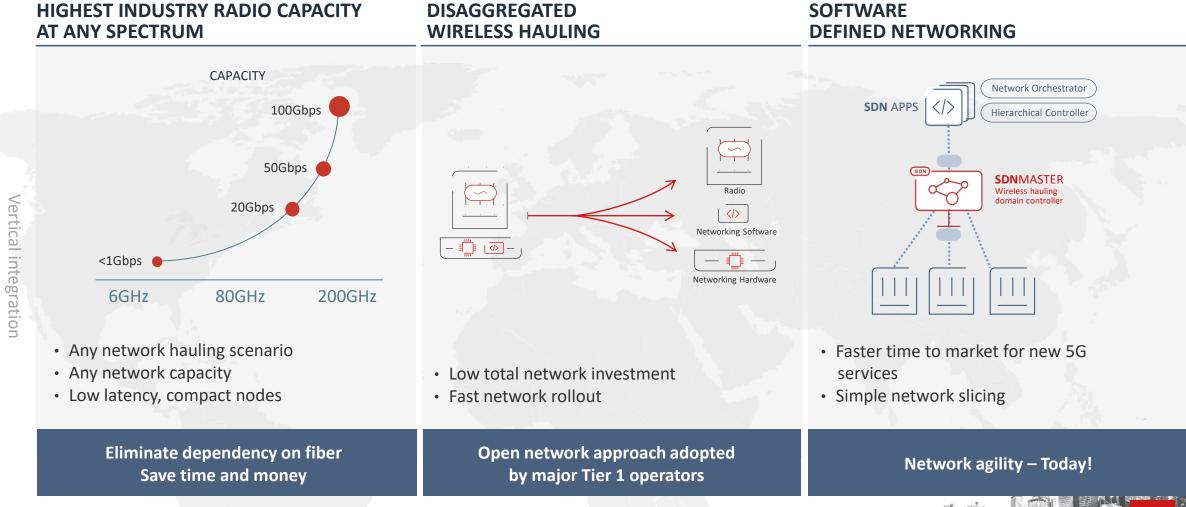
#### **BUILT ON VERTICAL INTEGRATION**





## **UNIQUE TECHNOLOGY**

#### **BUILT ON VERTICAL INTEGRATION**

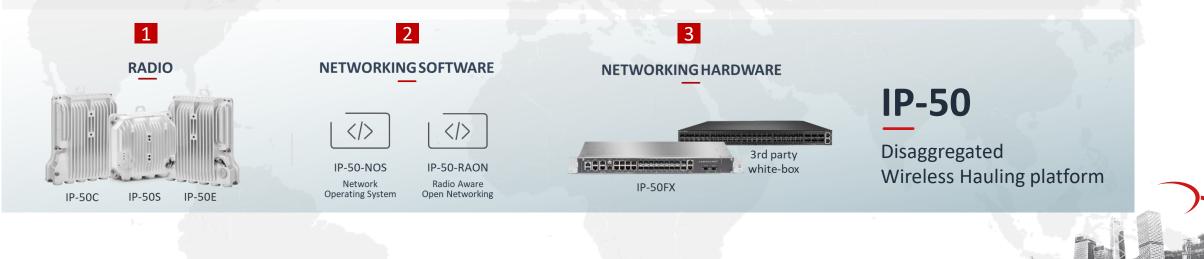






Ceragon Achieves Recognition by <u>Telecom Infra Project</u> tier 1 operators AS THE **ONLY LEADER** ACROSS ALL 3 TRANSPORT DOMAINS

TELECOM INFRA PROJECT





## **COMPLETE NETWORK LIFECYCLE SUPPORT**

### BUILT ON VERTICAL INTEGRATION

**OPERATE** 



#### **PLAN** CERTIFICATION Network planning & design Network topology optimization TRAINING RAINING DEPLOY LIFE CYCLE æ Network rollout planning T CERTIFICATION **SERVICE SUITE** Network rollout execution TRAINING & CERTIFICATION and support Customer support Preventive maintenance NOC operation Predictive Analysis Infrastructure management & opt

# **SERVING CUSTOMERS WORLDWIDE**

### PRESENT EVERYWHERE TO CAPITALIZE ON 5G

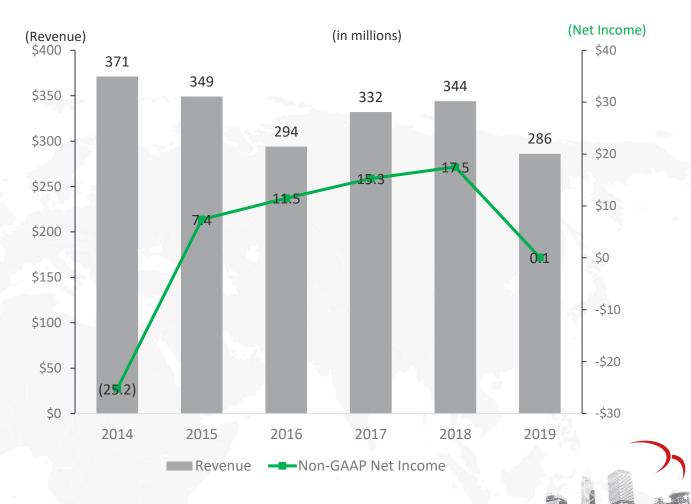






# TRACK RECORD OF EXECUTION

- Consistently profitable from 2015-2018
- 2019 results negatively impacted by lower revenue from India and one-time items
- Focus on maximizing gross profit dollars
- Q1-Q2 2020 revenues and net results were negatively impacted by COVID-19, but returned to more normal levels in Q3
- COVID-19-related uncertainty expected to continue impacting results going forward



Note: Financial metrics are presented on a non-GAAP basis



# **STRONG BALANCE SHEET**

- Positioned to weather challenges
- Continued reductions in inventory and successful collections
- Short-term bank debt: >\$32.1 million unused borrowing capacity
- On July 1, extended credit line from a consortium of banks for another year; raised from \$40 million to \$50 million
- Credit facility to be used as a business tool to accommodate short-term increase in working capital needs

	(U.S. dollars in millions) (Unaudited)
	a/o September 30, 2020
Cash & cash equivalents	29.2
Short-term loans	17.9
Inventory	51.9
AR	108.4
DSOs	152



# **CHARACTERISTICS OF OPERATING MODEL**

#### **Good management of controllable elements**

- Deals accepted based on contribution to gross profit dollars
- Tendency toward trade-off between revenue and gross margin
- Stringent control of operating expenses

#### Quarter-to-quarter fluctuations due to nature of business

- Geographic mix of revenues
- Shifts in local regulations and market environment
- Timing of revenue recognition for elements of each project depends on equipment delivery schedules
- Also: currency fluctuations, interest rates, seasonality, order lumpiness, changes in raw material and component costs
- Q3 high gross-margin reflects revenues in the normal range and \$1 million in tax relief

#### **Quarterly Operating Model**



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