



Ciena Corporation

Fall 2021

Forward-looking statements and non-GAAP measures

Information in this presentation and related comments of presenters contain a number of forward-looking statements that involve risks and uncertainties. These statements are based on current expectations, forecasts, assumptions and other information available to the Company as of the date hereof. Forward-looking statements include Ciena's prospective financial results, return of capital plans, business strategies, expectations about its addressable markets and market share, and business outlook for future periods, as well as statements regarding Ciena's expectations, beliefs, intentions or strategies regarding the future. Often, these can be identified by forward-looking words such as "target" "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "should," "will," "plan," "predict," "potential," "project," "continue," and "would" or similar words.

Ciena's actual results, performance or events may differ materially from these forward-looking statements made or implied due to a number of risks and uncertainties relating to Ciena's business, including: economic, political and market conditions globally or regionally and their impact on us or our customers; the duration and severity of the COVID-19 pandemic and its impact on market conditions, economic activity, demand for our technology solutions, short- and long-term changes in customer or end user needs, continuity of supply chain, our business operations, liquidity and financial results; business conditions in the networking industry and customer changes in network spending or strategy; our ability to execute successfully our business and growth strategies; seasonality and the timing and size of customer orders, and our ability to recognize revenue relating to such sales; the level of competitive pressure we encounter; the product, customer and geographic mix of sales within the period; availability of key components and other supply chain disruptions and their impact on our business and financial results; changes in foreign currency exchange rates affecting revenue and operating expense; factors beyond our control such as natural disasters, acts of war or terrorism, and public health emergencies; adoption of or changes to laws or regulations impacting our business or industry; the impact of the Tax Cuts and Jobs Act and other changes in tax or trade regulations, including the imposition of tariffs, duties or changes in corporate tax rates; changes in estimates of prospective income tax rates and any adjustments to Ciena's provisional estimates whether related to new legislation, further guidance, analysis or otherwise; the impact of and the other risk factors disclosed in Ciena's periodic reports filed with the Securities and Exchange Commission (SEC) including Ciena's Annual Report on Form 10-K filed with the SEC on December 18, 2020 and Ciena's Quarterly Report on Form 10-Q for the third quarter of fiscal 2021 to be filed with the SEC.

All information, statements, and projections in this presentation and the related earnings call speak only as of the date of this presentation and related earnings call. Ciena assumes no obligation to update any forward-looking or other information included in this presentation or related earnings calls, whether as a result of new information, future events or otherwise.

In addition, this presentation includes historical, and may include prospective, non-GAAP measures of Ciena's gross margin, operating expense, operating profit, EBITDA, net income, and net income per share. These measures are not intended to be a substitute for financial information presented in accordance with GAAP. A reconciliation of non-GAAP measures used in this presentation to Ciena's GAAP results for the relevant period can be found in the Appendix to this presentation. Additional information can also be found in our press release filed this morning and in our reports on Forms 10-K and 10-Q filed with the Securities and Exchange Commission.

With respect to Ciena's expectations under "Business Outlook", Ciena is not able to provide a quantitative reconciliation of the adjusted (non-GAAP) gross margin, operating expense, operating margin and earnings per share guidance measures to the corresponding gross profit and gross profit percentage, and operating expense GAAP measures without unreasonable efforts. Ciena cannot provide meaningful estimates of the non-recurring charges and credits excluded from these non-GAAP measures due to the forward-looking nature of these estimates and their inherent variability and uncertainty. For the same reasons, Ciena is unable to address the probable significance of the unavailable information.

COVID-19 response

Safety and community

- Prioritizing health of employees and following CDC guidance for employers
- The vast majority of our employees are working remotely
- Instituted pandemic employee benefits
- Enhanced our corporate charitable matching program for employee donations and volunteering

Result: Our employees have excelled through their continued focus, strength and kindness

Business continuity

- Supply chain design and business continuity planning has enabled us to continue to support customers
- Significant IT investment in digital platforms and virtual collaboration tools has enabled a seamless transition to remote working

Result: We are well positioned to manage through the current set of challenges presented by COVID-19

Financial strength

- We have a strong balance sheet and have demonstrated solid cash flow generation over time
- In light of our confidence around cash generation, we reinstated our share repurchase plan starting in the first quarter of 2021

Result: Our financial strength provides long-term resiliency and differentiated flexibility to support our business

As COVID-19 challenges vary around the world, we remain vigilant and committed to our customers and employees

Our Pedigree

Our portfolio

Enabling the Adaptive Network™



SOFTWARE CONTROL AND AUTOMATION

Blue Planet® multi-domain orchestration, federated inventory, and service order management solutions support the broadest range of closed-loop automation use cases across multi-layer, multi-vendor networks.

Ciena's Manage, Control and Plan (MCP) domain controller provides intelligent, data-driven software-defined programmability to lifecycle operations of Ciena networks.



ANALYTICS AND INTELLIGENCE

Ciena and Blue Planet® Unified Assurance and Analytics: Open suite of software products that unifies multi-layer, multi-domain assurance, with AI-powered analytics to provide strategic insights to transform and simplify business, IT, and network operations.

MCP Advanced Apps: Applications designed to enhance operations and simplify user experience for optimization of multi-layer network performance, featuring Liquid Spectrum™ for increased optical network capacity and service availability, and Adaptive IP™ Apps for advanced real-time visualization and analysis of IP networks.



PROGRAMMABLE INFRASTRUCTURE

Converged Packet-Optical Networking: Software-programmable platforms, featuring Ciena's award-winning WaveLogic™ Photonics with optional agnostic packet/OTN switching, designed to maximize scale, flexibility, and open networking. Optimizes network performance across applications from metro to submarine, and is the dominant portfolio used globally for Data Center Interconnect.

Routing and Switching: Purpose-built routing, switching, and x86 VNF hosting platforms—using a common Service-Aware Operating System (SAOS)—provide the building blocks for low-touch, high-velocity IP, Segment Routing, Ethernet, MPLS, and 10G PON in access to metro networks.

CIENA SERVICES

A consultative approach to build, operate, and continually improve customers' networks to accelerate their unique journey to the Adaptive Network.

We bring experienced technical personnel, best practices, and processes—along with the most effective tools for handling network complexities to work alongside customers every step of the way.

We are an industry-leading, global networking systems, services, and software company



\$3.5B

Annual Revenue



8.0%

3YR CAGR



\$1.3B

Cash Position



#1 or #2¹

Market Position



80+

Countries



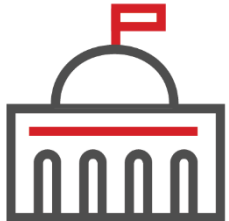
7,000+

Employees



1,700+

Customers



Strong²

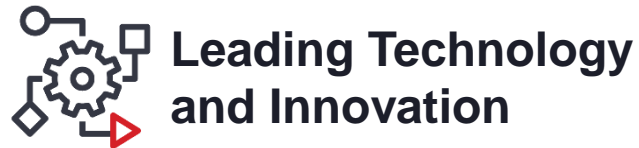
Governance Practices

Note: As of FYE or for FY 2020.

¹ As cited by Omdia, Dell'Oro Group and Signal AI for different markets. See Market leadership slide.

² ISS QualityScore of 1 (out of 10) - Bloomberg

Our foundational strengths and execution set us apart from the competition



We own the key enabling technologies for our solutions and use an unmatched investment capacity to force the pace of invention in our industry

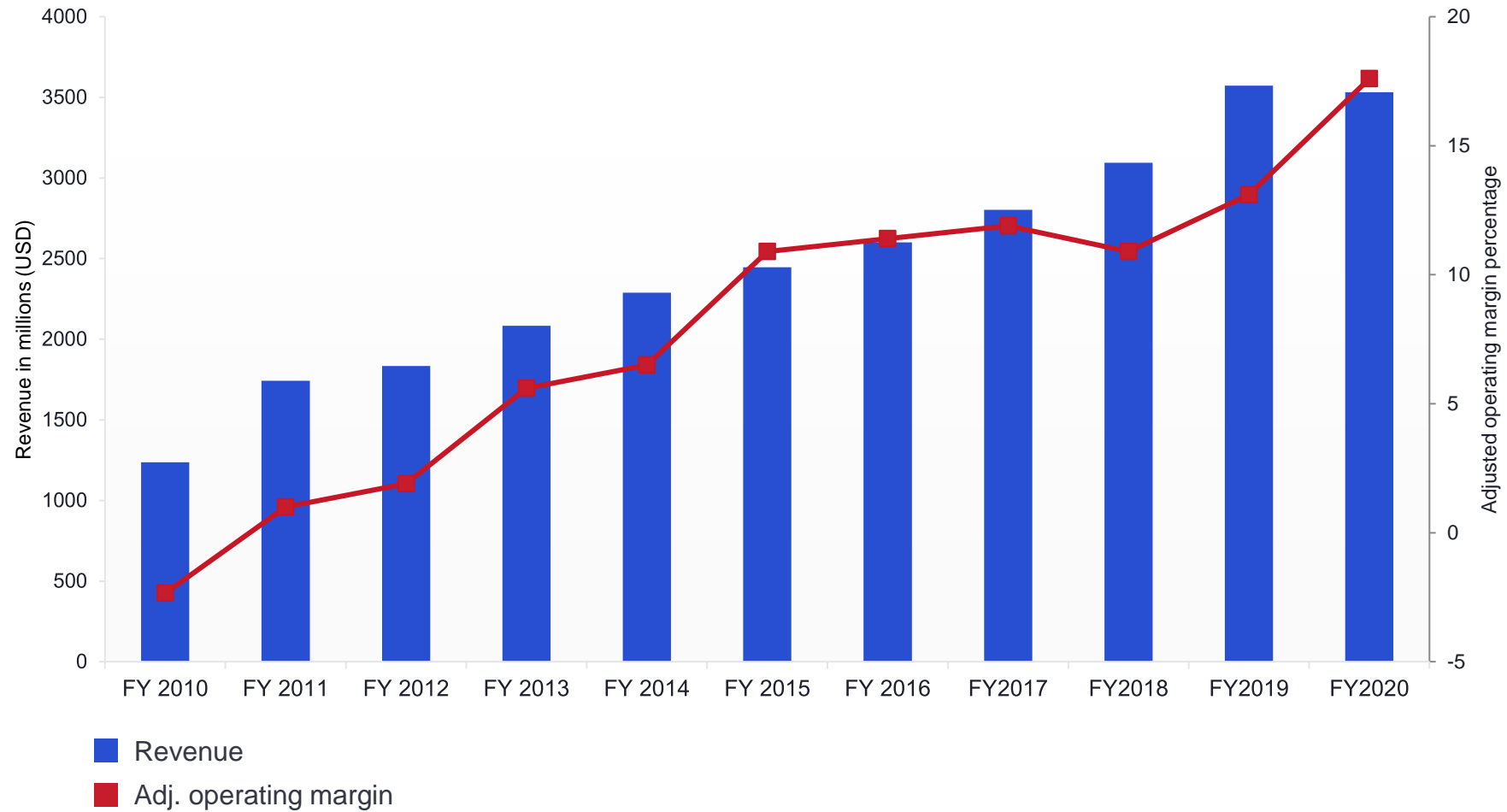


We have a broad-based business that spans key customer segments, a wide range of solutions and applications, and multiple geographies



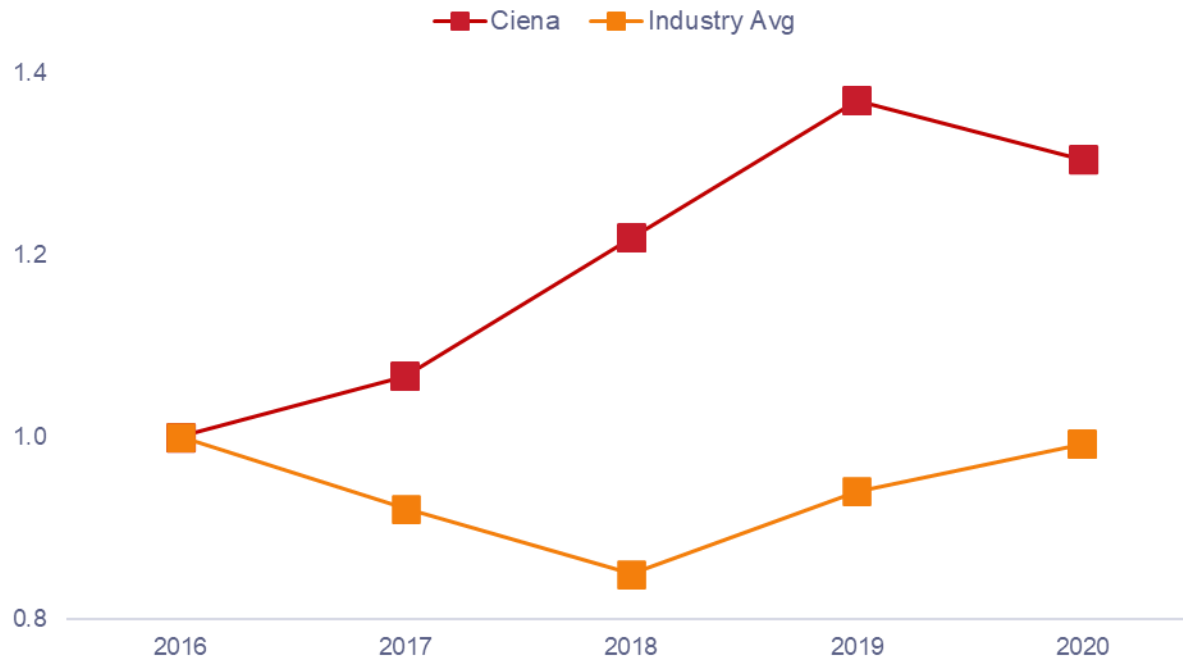
We have a critical mass of engineering, sales and customer support experts and our reach extends to every region around the world

Strong momentum in performance & growth

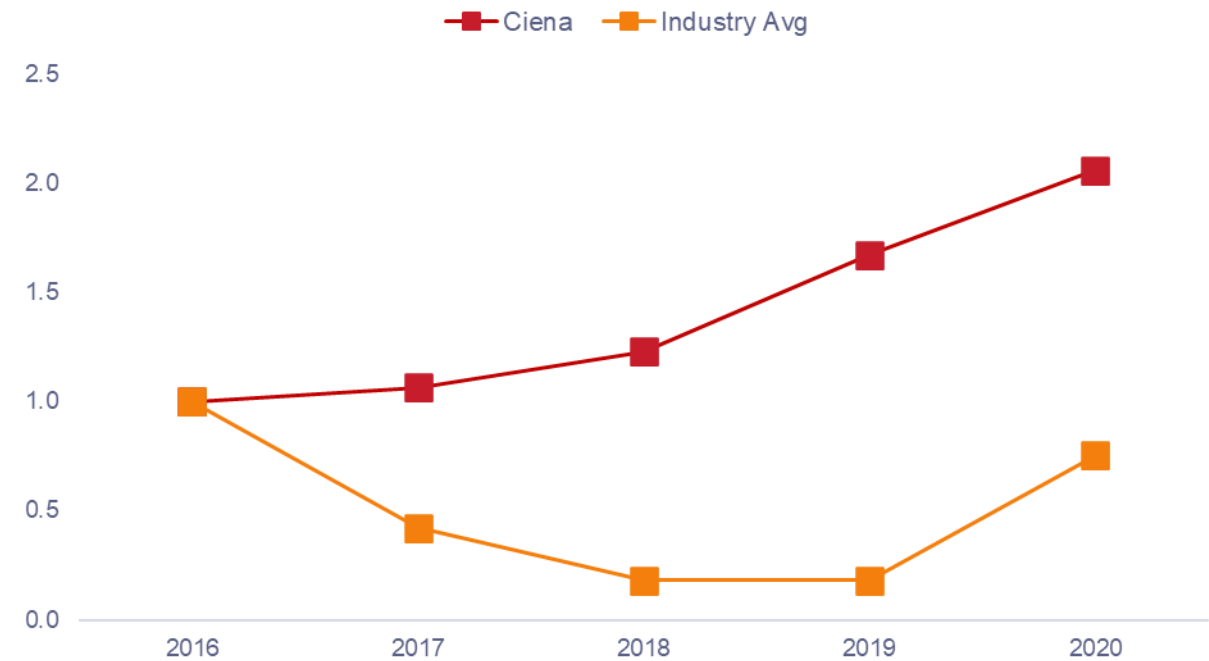


Delivering consistent financial performance

Normalized Revenue



Normalized Adjusted OM



Source: Company filings

Industry Average: ACIA, ADTN, ADVA, CSCO, INFN^a, JNPR and NOKIA Networks segment

a. INFN represents INFN+Coriant from the time the acquisition closed

Market Context



Six mega trends driving our industry

Cloud



Data Center



IoT & Connected Objects



Fiber Deep
(Cable/MSO)



Mobility & 5G

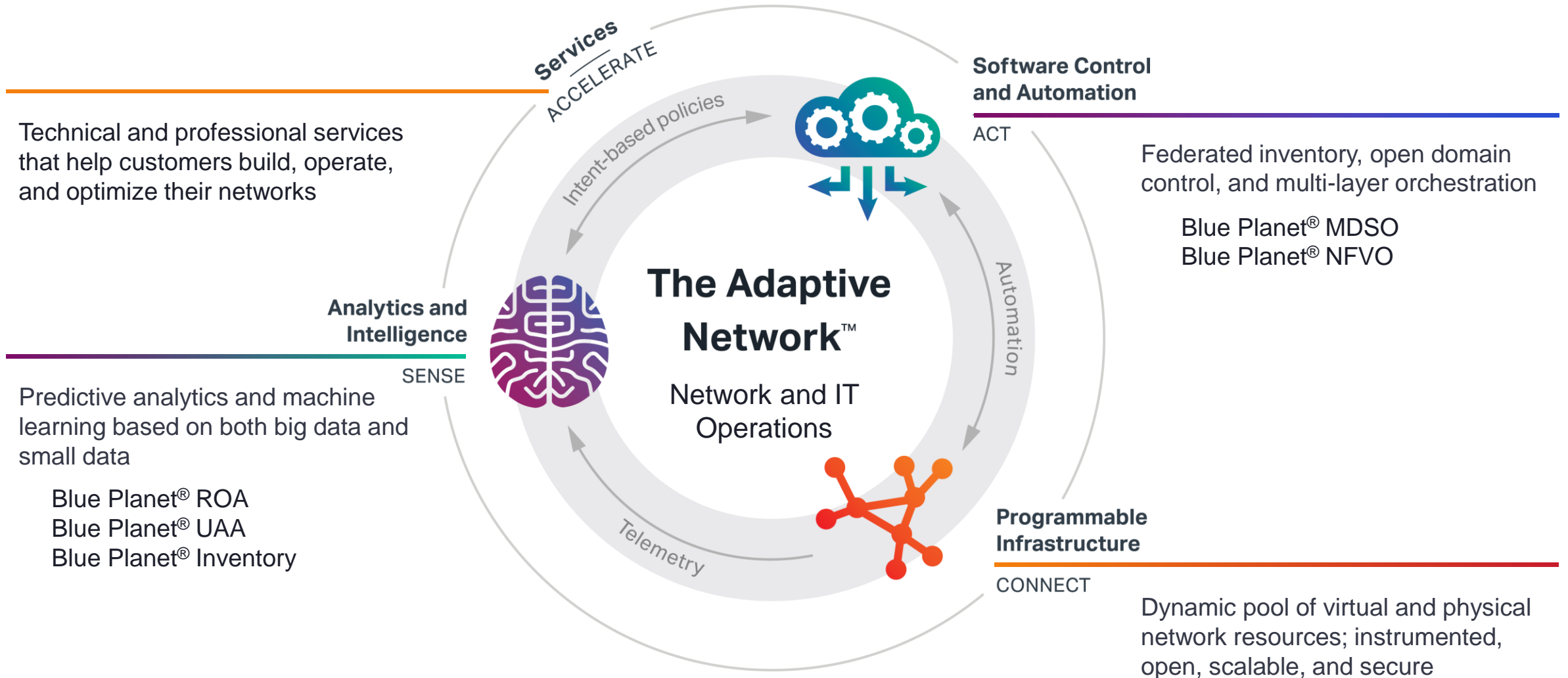


Living a Hybrid Life



Our vision for a new network end-state

Closing the Loop – to deliver the Adaptive Network



Broad market leadership



#1 GLOBALLY

- DATA CENTER INTERCONNECT
- DATA CENTER INTERCONNECT FOR ICP/CNPs
- PURPOSE-BUILT/COMPACT MODULAR DCI
- OPTICAL NETWORKING FOR ICP/CNPs
- OPTICAL NETWORK HARDWARE VENDOR SCORECARD
- OPTICAL EQUIPMENT VENDOR LEADERSHIP SP SURVEY
- SLTE WDM
- ACCESS SWITCHING

#1 N. AMERICA

- TOTAL OPTICAL NETWORKING
- DATA CENTER INTERCONNECT
- PURPOSE-BUILT/COMPACT MODULAR DCI
- TOTAL WDM
- LH WDM
- METRO WDM
- SLTE WDM
- ACCESS SWITCHING

#2 GLOBALLY

- TOTAL OPTICAL NETWORKING
- TOTAL WDM
- LH WDM

Optical Networking Report, 2Q21
Data Center Interconnect Market Share Report, 2Q21
Optical Network HW Vendor Scorecard, Jun 2020
Optical Equipment Vendor Leadership Global Service Provider Survey, Dec 2019
Service Provider Routers & Switches Report, 2Q21

#1 GLOBALLY

- PURPOSE-BUILT/COMPACT MODULAR DCI
- OPTICAL FOR CLOUD & COLO
- SLTE WDM

#1 N. AMERICA

- TOTAL OPTICAL NETWORKING
- PURPOSE-BUILT/COMPACT MODULAR DCI
- TOTAL WDM
- LH WDM
- METRO WDM
- SLTE WDM

#2 GLOBALLY

- TOTAL OPTICAL NETWORKING
- TOTAL WDM
- LH WDM

Optical Transport Hardware Report, 2Q21
Transport Customer Markets Report, 1Q21
Transport Applications Report, 1Q21

#1 GLOBALLY

- DATA CENTER INTERCONNECT
- INTERNET CONTENT PROVIDER CUSTOMERS
- PURPOSE-BUILT/COMPACT MODULAR DCI

#1 N. AMERICA

- DATA CENTER INTERCONNECT
- TOTAL OPTICAL NETWORKING
- OPTICAL PACKET
- TOTAL WDM
- LH WDM
- METRO WDM

#2 GLOBALLY

- TOTAL OPTICAL NETWORKING
- OPTICAL PACKET
- TOTAL WDM
- LH WDM
- METRO WDM
- CABLE MSO CUSTOMERS
- CABLE MSO CUSTOMERS

Optical Transport Report, 2Q21

Recent Financials



Q3 FY 2021 key highlights

Achieving balanced growth

- Non-telco represented 42% of total revenue
 - Direct web-scale increased 24% sequentially, representing 25% of total revenue
- EMEA revenue increased 16% YoY, representing 19% of total revenue
- Blue Planet revenue increased 47% YoY

Driving the pace of innovation

- GAAP R&D investment was approximately 15% of total revenue
- 675 100G+ total customers, which includes 28 new wins on WaveLogic Ai and 11 new wins on WaveLogic 5 Extreme
- WL5e has now shipped to 106 customers

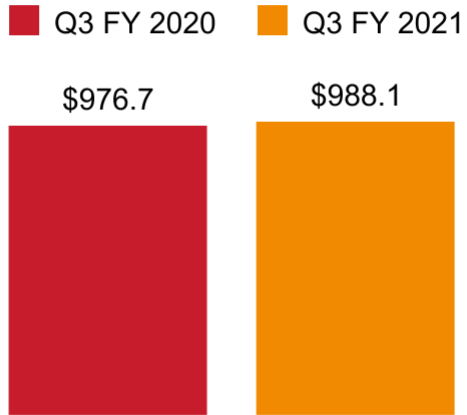
Prioritizing long term shareholder value

- Total shareholder return three year CAGR of 27%*
- Repurchased approximately 468,400 shares as part of our equity repurchase program

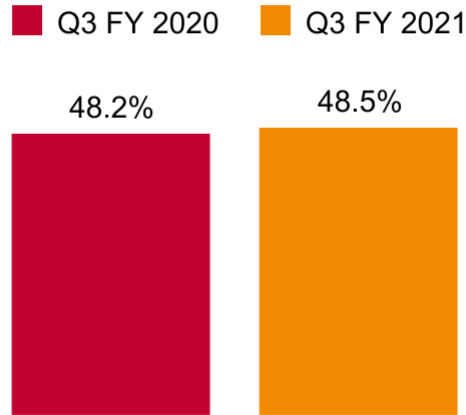
* 8/27/2018 to 8/27/2021, S&P Capital IQ

Q3 FY 2021 comparisons (year-over-year)

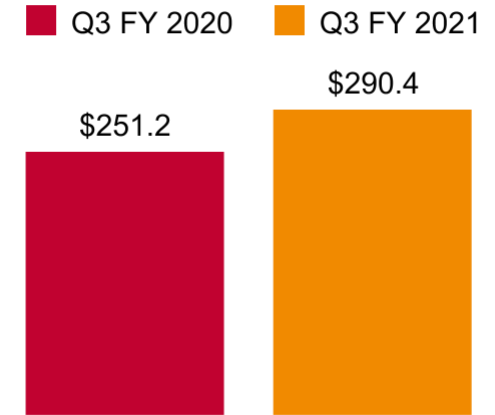
Revenue (in millions)



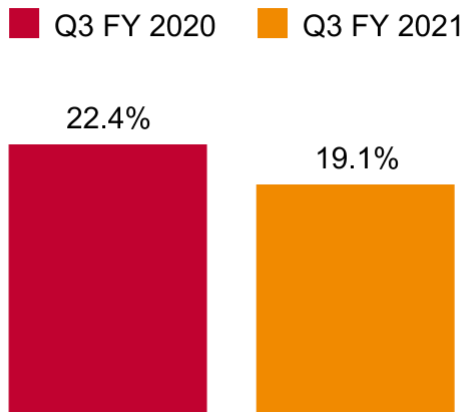
Adj. Gross Margin*



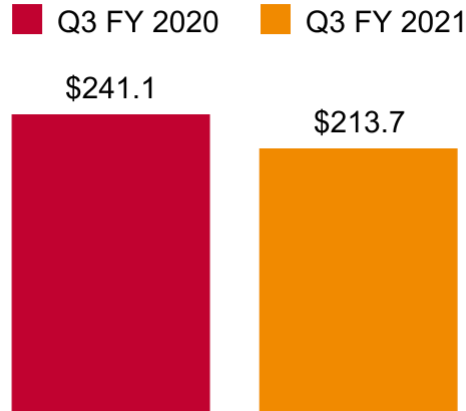
Adj. OpEx* (in millions)



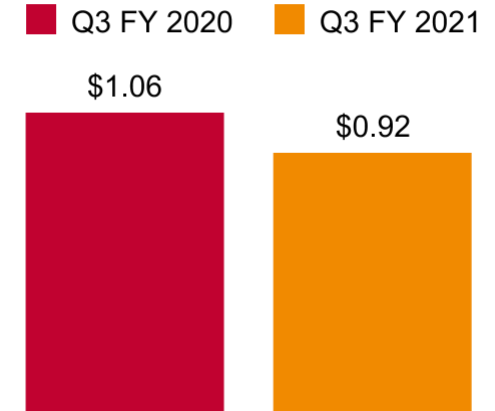
Adj. Operating Margin*



Adj. EBITDA* (in millions)



Adj. EPS*

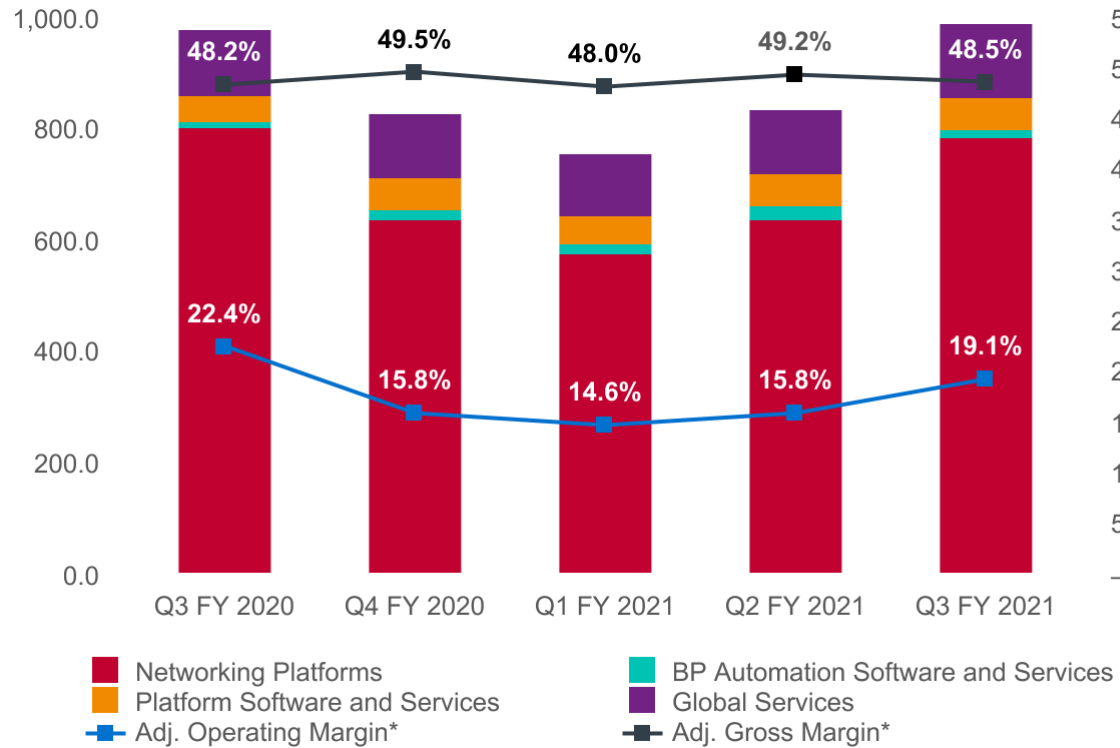


Q3 FY 2021 comparative operating metrics

	Q3 FY 2021	Q3 FY 2020
Cash and Investments	\$1.5B	\$1.2B
Cash Flow from Operations	\$69M	\$175M
DSO	89	75
Inventory Turns	4.5	4.8
Gross Leverage	1.1x	1.1x
Net Cash	\$724.2M	\$410.0M

Revenue by segment

(Amounts in millions)



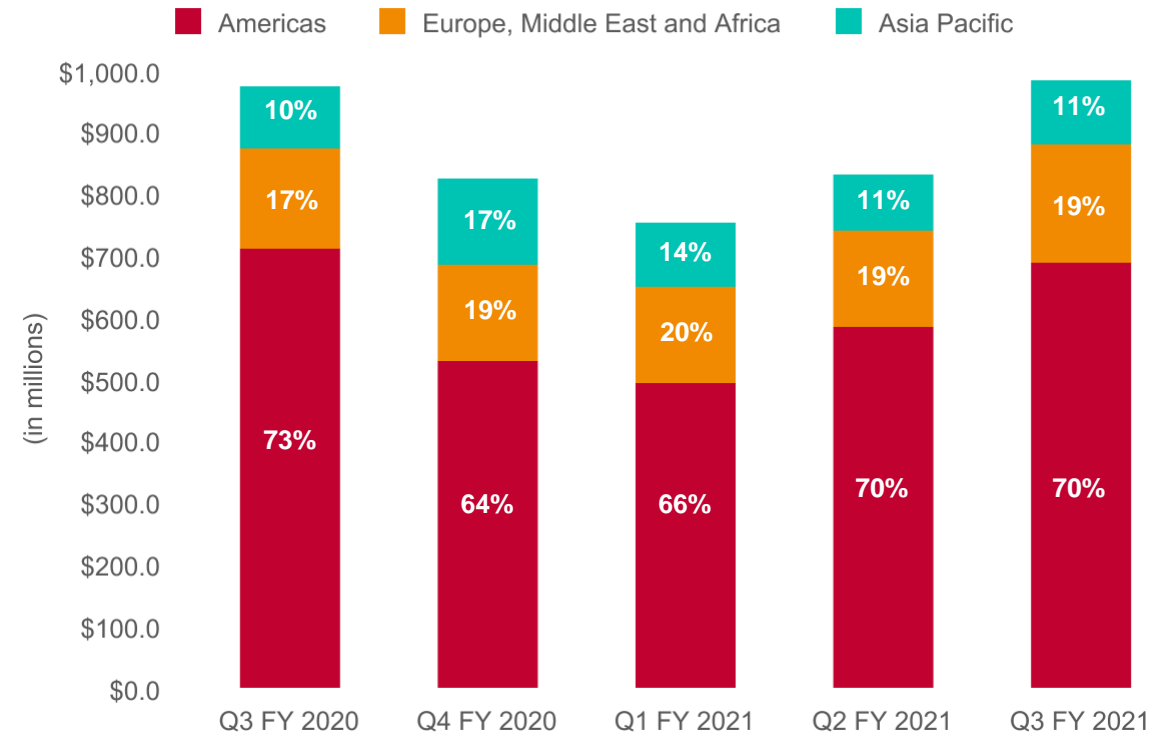
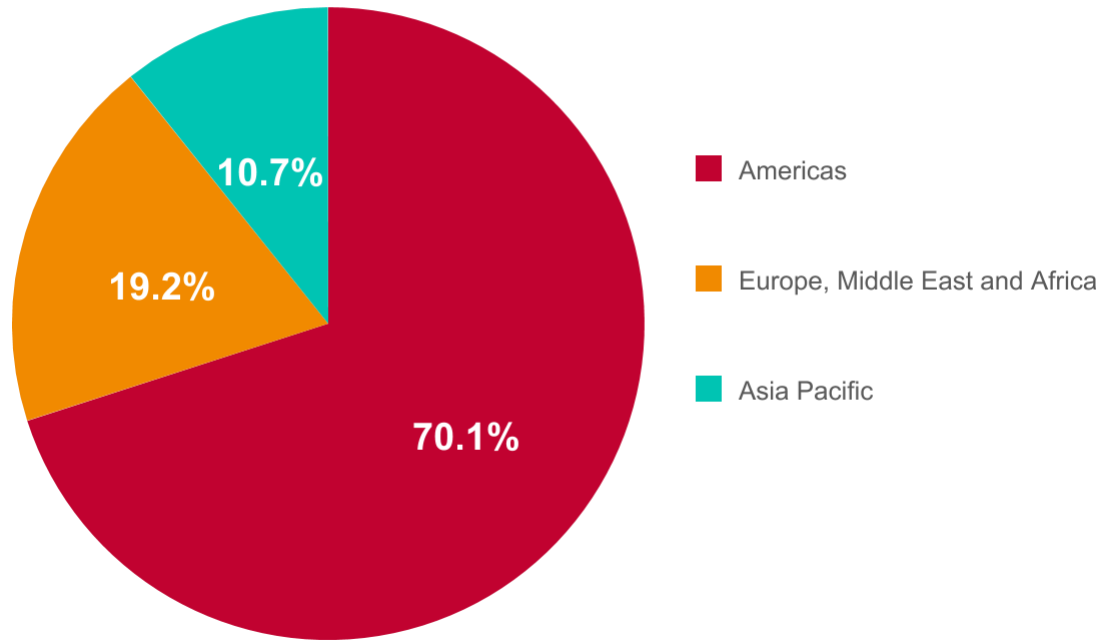
	Q3 FY 2021		Q3 FY 2020	
	Revenue	%**	Revenue	%**
Networking Platforms				
Converged Packet Optical	712.9	72.1	722.5	74.0
Routing and Switching	69.7	7.1	79.8	8.1
Total Networking Platforms	782.6	79.2	802.3	82.1
Platform Software and Services	56.9	5.8	46.4	4.8
Blue Planet Automation Software and Services	16.6	1.7	11.3	1.1
Global Services				
Maintenance Support and Training	74.0	7.5	69.1	7.1
Installation and Deployment	46.7	4.7	39.8	4.1
Consulting and Network Design	11.3	1.1	7.8	0.8
Total Global Services	132.0	13.3	116.7	12.0
Total	\$988.1	100.0 %	\$976.7	100.0 %

* A reconciliation of these non-GAAP measures to our GAAP results is included in the appendix to this presentation.

** Denotes % of total revenue

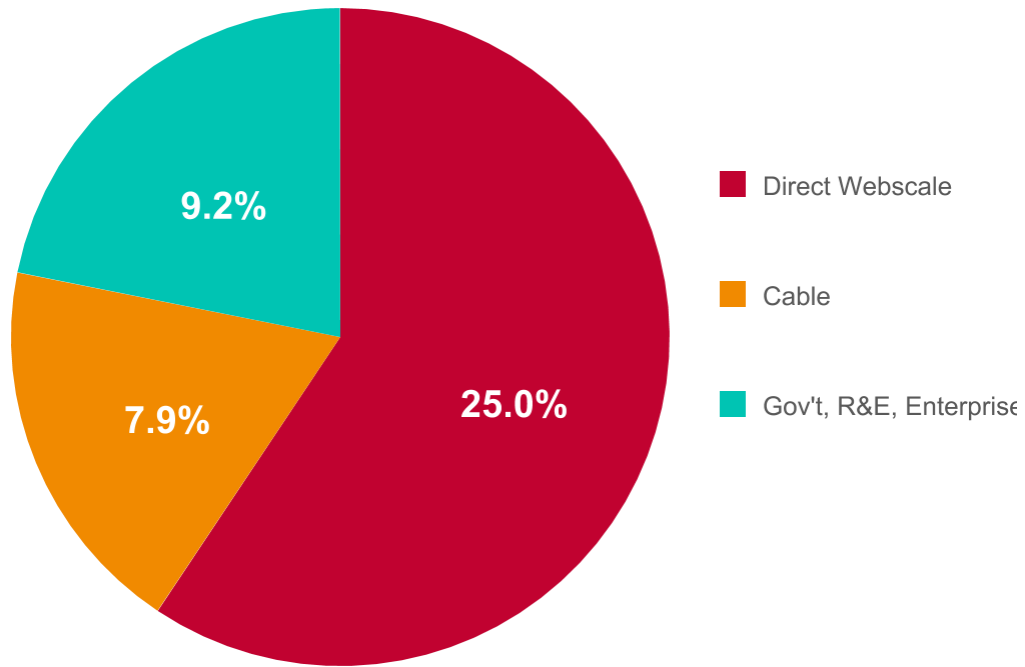
Revenue by geographic region

Q3 FY 2021

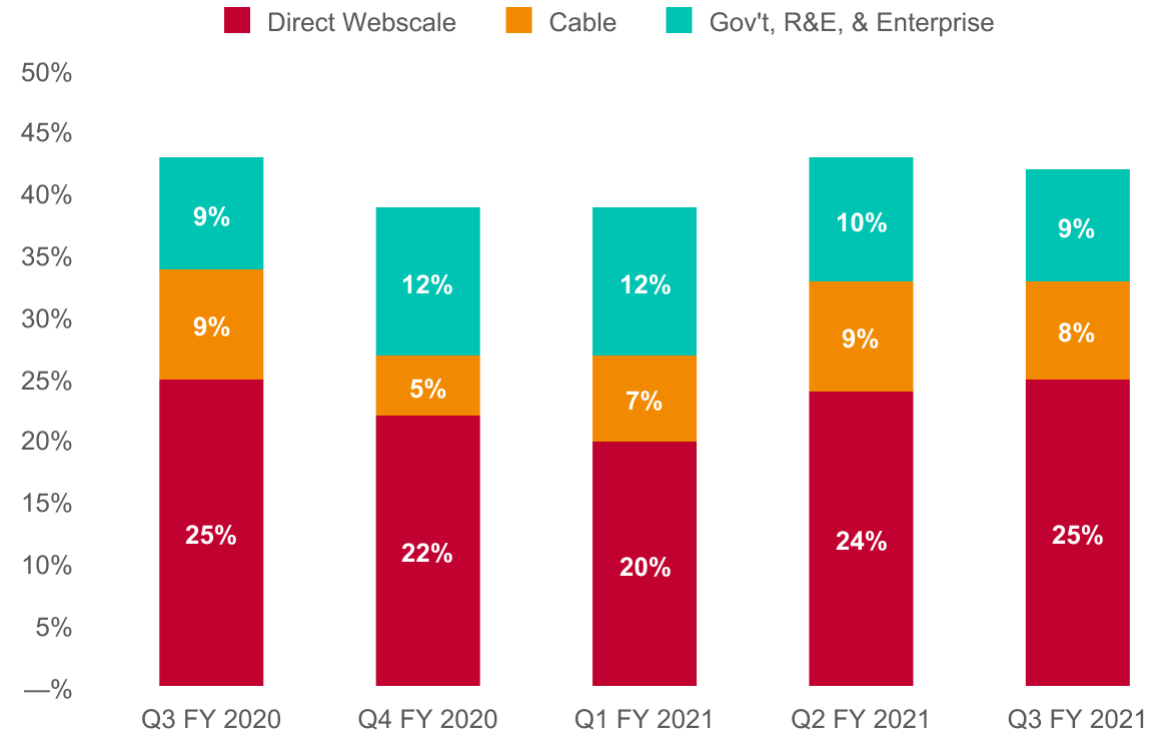


Diversified revenue strength derived from non-telco customers*

Q3 FY 2021



*represents 42.1% of total revenue in Q3 FY 2021



Business outlook



Economic considerations in our 2021 outlook

Revenue Assumptions

- Industry and economic conditions continue to improve, enabling an unseasonably strong second half performance
- Spend from service providers globally returns to pre-pandemic levels with a more balanced approach on edge and access
- Customers rebalance spend, prioritizing new architectures and deployments, which enables us to monetize our design wins
- Global supply chain constraints do not worsen and we are able to secure supply that meets customer demand in line with our expectations

Profitability Assumptions

- Mix will have a short-term positive effect on gross margin, extending into the fourth quarter
- As revenue begins to reflect a more typical mix of existing and new business, gross margin begins to moderate
- Cost increases related to global supply constraints are in-line with our expectations
- Strategic investments in our people and portfolio drive operating expense to pre-pandemic levels

Business Assumptions

- Despite the reemergence of COVID-19 in many geographies, we continue to be a resilient business with diversification and distinct competitive advantages
- We continue to drive profitability and have capacity for continued innovation investment
- Longer-term fundamental demand drivers—including increasing network traffic, demand for bandwidth and adoption of cloud architectures – remain strong

COVID-19 challenges remain as variants spread across the globe. Global supply chain constraints present challenges throughout the industry

Business Outlook¹

Q4 FY 2021

Revenue	\$1,000M to \$1,040M
Adjusted Gross Margin	45% to 47%
Adjusted Operating Expense	\$295M to \$305M

¹ Projections or outlook with respect to future operating results are only as of September 2, 2021, the date presented on the related earnings call. Actual results may differ materially from these forward-looking statements. Ciena assumes no obligation to update this information, whether as a result of new information, future events or otherwise.

Q3 FY 2021 appendix

Gross Profit Reconciliation (Amounts in thousands)

	Q3 FY 2021	Q2 FY 2021	Q1 FY 2021	Q4 FY 2020	Q3 FY 2020
GAAP gross profit	\$474,550	\$412,419	\$357,891	\$404,349	\$464,681
Share-based compensation-products	1,037	498	953	724	960
Share-based compensation-services	1,315	1,421	1,205	968	1,007
Emergency Wage Subsidy - Product	(94)	(4,189)	—	—	—
Emergency Wage Subsidy - Services	(47)	(2,620)	—	—	—
Amortization of intangible assets	2,857	2,856	3,732	3,732	3,834
Total adjustments related to gross profit	5,068	(2,034)	5,890	5,424	5,801
Adjusted (non-GAAP) gross profit	\$479,618	\$410,385	\$363,781	\$409,773	\$470,482
Adjusted (non-GAAP) gross profit percentage	48.5 %	49.2 %	48.0 %	49.5 %	48.2 %

Operating Expense Reconciliation (Amounts in thousands)

	Q3 FY 2021	Q2 FY 2021	Q1 FY 2021	Q4 FY 2020	Q3 FY 2020
GAAP operating expense	\$326,027	\$278,790	\$282,096	\$310,866	\$276,645
Share-based compensation-research and development	5,541	5,844	4,794	4,030	4,286
Share-based compensation-sales and marketing	6,534	6,610	5,816	5,137	5,180
Share-based compensation-general and administrative	8,237	6,743	6,358	5,982	5,940
Emergency Wage Subsidy-research and development	(596)	(28,923)	—	—	—
Emergency Wage Subsidy-sales and marketing	(53)	(2,551)	—	—	—
Emergency Wage Subsidy-general and administrative	(46)	(2,161)	—	—	—
Amortization of intangible assets	9,789	8,209	5,867	7,854	6,515
Significant asset impairments and restructuring costs	5,967	6,019	5,910	5,851	5,840
Acquisition and integration costs (recoveries)	259	294	307	3,127	(2,329)
Total adjustments related to operating expense	35,632	84	29,052	31,981	25,432
Adjusted (non-GAAP) operating expense	\$290,395	\$278,706	\$253,044	\$278,885	\$251,213

Income from Operations Reconciliation (Amounts in thousands)

	Q3 FY 2021	Q2 FY 2021	Q1 FY 2021	Q4 FY 2020	Q3 FY 2020
GAAP income from operations	\$148,523	\$133,629	\$75,795	\$93,483	\$188,036
Total adjustments related to gross profit	5,068	(2,034)	5,890	5,424	5,801
Total adjustments related to operating expense	35,632	84	29,052	31,981	25,432
Total adjustments related to income from operations	40,700	(1,950)	34,942	37,405	31,233
Adjusted (non-GAAP) income from operations	\$189,223	\$131,679	\$110,737	\$130,888	\$219,269
Adjusted (non-GAAP) operating margin percentage	19.1 %	15.8 %	14.6 %	15.8 %	22.4 %

Net Income Reconciliation (Amounts in thousands)

	Q3 FY 2021	Q2 FY 2021	Q1 FY 2021	Q4 FY 2020	Q3 FY 2020
GAAP net income	\$238,232	\$103,117	\$55,348	\$65,041	\$142,267
Exclude GAAP provision for income taxes	(96,690)	21,453	11,966	20,798	38,750
Income before income taxes	141,542	124,570	67,314	85,839	181,017
Total adjustments related to income from operations	40,700	(1,950)	34,942	37,405	31,233
Unrealized (gain) loss on equity investment	—	165	—	(2,681)	—
Adjusted income before income taxes	182,242	122,785	102,256	120,563	212,250
Non-GAAP tax provision on adjusted income before income taxes	37,360	25,171	20,962	26,042	45,846
Adjusted (non-GAAP) net income	\$144,882	\$97,614	\$81,294	\$94,521	\$166,404
Weighted average basic common shares outstanding	155,271	155,331	155,174	154,706	154,184
Weighted average diluted potential common shares outstanding ⁽¹⁾	156,744	156,876	156,583	156,563	156,318

Net Income per Common Share

	Q3 FY 2021	Q2 FY 2021	Q1 FY 2021	Q4 FY 2020	Q3 FY 2020
GAAP diluted net income per potential common share	\$ 1.52	\$ 0.66	\$ 0.35	\$ 0.42	\$ 0.91
Adjusted (non-GAAP) diluted net income per potential common share	\$ 0.92	\$ 0.62	\$ 0.52	\$ 0.60	\$ 1.06

1. Weighted average diluted potential common shares outstanding used in calculating Adjusted (non-GAAP) diluted net income per potential common share for the third quarter of fiscal 2021 includes 1.5 million shares underlying certain stock option and stock unit awards.

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) (Amounts in thousands)

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	Q3 FY 2021	Q2 FY 2021	Q1 FY 2021	Q4 FY 2020	Q3 FY 2020
Net income (GAAP)	\$238,232	\$103,117	\$55,348	\$65,041	\$142,267
Add: Interest expense	7,776	7,785	7,360	7,395	7,251
Add: Interest and other (income) loss, net	795	(1,274)	(1,121)	(249)	232
Add: Provision for income taxes	(96,690)	21,453	11,966	20,798	38,750
Add: Depreciation of equipment, building, furniture and fixtures, and amortization of leasehold improvements	24,623	24,107	23,188	23,538	21,989
Add: Amortization of intangible assets	8,824	8,875	9,642	9,584	9,674
EBITDA	\$181,970	\$166,611	\$108,625	\$126,605	\$219,699
Less: Canadian Emergency Wage Subsidy	836	40,444	—	—	—
Add: Share-based compensation cost	22,471	21,535	18,964	16,920	17,259
Add: Significant asset impairments and restructuring costs	9,789	8,209	5,867	7,854	6,515
Add: Acquisition and integration costs (recoveries)	259	294	307	3,127	(2,329)
Adjusted EBITDA	\$213,653	\$156,205	\$133,763	\$154,506	\$241,144



Thank You