Intent to Acquire Coriant

INVESTOR PRESENTATION

July 23, 2018
Safe Harbor
Forward-Looking Statements

This presentation contains forward-looking statements related to the Infinera, Coriant and the acquisition of Coriant by the Infinera that involves substantial risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed or implied by such statements. All statements other than statements of historical fact could be deemed forward-looking, including, but not limited to, any statements about future market and financial performance and similar statements; statement regarding future products or technology as well as the timing to market of any such products or technology; any projections of financial information or related to synergies; any statements about historical results that may suggest trends for our business; any statements of the plans, strategies, and objectives of management for future operations; any statements of expectation or belief regarding future events, potential markets or market size, technology developments, or enforceability of our intellectual property rights; and any statements of assumptions underlying any of the items mentioned.

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Infinera + Coriant: Compelling Combination

Doubles Infinera’s Revenue – Creating Significant Operating Leverage

• Amplifies financial benefit of Infinera’s unique vertical integration capability
• Scale expansion creates significant operating leverage
• Drives faster than market growth and margin expansion

Significant Customer & Market Expansion

• Dramatically expands presence: 9 of top 10 global Tier 1s; Top 6 global ICPs
• Solidifies our #1 position in open, disaggregated transponders
• Expanded portfolio drives multi-billion opportunity - IP, Metro Core, 5G, and automation in Tier 1s

Financially Attractive Deal

• Compelling valuation (~0.5x deal / revenue)
• Immediate synergies ($100m in 2019), accretive in 2019 : $250m in synergies over 3 years
• Generates significant cash, deal payback in under 3 years
• Step function margin acceleration starts in 2020 from vertical integration into Coriant platforms

Target Business Model
Growing faster than market
50% non-GAAP Gross Margin
15% non-GAAP Operating Margin

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Deal at a Glance

**TRANSACTION**

$430M* Purchase Consideration
- 53% cash ($230M)
- 47% stock ($200M)

Valuation
- ~0.5x Deal price to Revenue

**Anticipated Close**
- Third quarter 2018 subject to regulatory requirements in US, Germany and Russia

**Financing**
- Commitment letter in place from lender
- Evaluating debt financing options to cover the transaction and working capital requirements;

**IMPACT**

**Financial Impact**
- ~Doubles Infinera revenue to $1.6B+
- EPS accretive in 2019
- $100M+ committed synergies in 2019
- $250M+ total synergy opportunity by 2021

**Coriant Revenue Overview**
- 2017 revenue ~$750M
  - ~$525M product
  - ~$225M services
  - ~60% international; ~40% U.S.

* Note as of announcement, we estimate ~$150M cash will be paid out at close; Number of shares based on 30-day VWAP at announce, equates to ~21M shares at $9.535 per share
Companies at a Glance

**Infinera**

- Customers worldwide: 600+
- Years of vertical integration and transport systems experience: 18+
- Annual revenues: ~$800M
- Employees worldwide: ~2100
- Patents and applications: 572

**Coriant**

- Customers worldwide: 500+
- Years of packet-optical transport and software experience: 35+
- Annual revenues (2017): ~$750M
- Employees worldwide: ~2100
- Patents and applications: 1598

Innovation
Quality
Customer Success
Integrity
Teamwork
Capabilities at a Glance

**Complementary competencies fuel innovation**

- **Infinera**
  - $800M+ R&D 2013-2017, refreshed portfolio
  - Vertical integration, terabit optical engine in transport systems
  - Industry’s only Instant Bandwidth model
  - First to market with disaggregated platform
  - Unique strengths in L0-L1/L2, advanced coherent
  - Renowned Infinera Experience

- **Coriant**
  - ~$1B R&D investment from 2013-2017, refreshed portfolio
  - 35+ years of Tier 1 experience, programmable packet platform
  - Industry innovation in automation: orchestration
  - 3/4/5G Mobile, IP solutions
  - Strong L2/L3, open & disaggregated systems
  - Passion for customer success

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We are paying $430M for:

**FINANCIAL STATEMENT**

~$525M Product Revenue
*New product revenue ~70% of total in 2017, growing 2x market, tracking to ~80% of total in second half 2018*

~$225M Services Revenue
~$100M positive cash flow on annual basis
Future network upgrade opportunities

~$150M Net Assets
~$350M A/R, inventory, fixed assets
~$150M of other assets
Liabilities ~$350M
No debt

* Products that have been released or refreshed in the last 3 years

**DEAL VALUE**

Incremental Customers/Revenue
Incumbency in Tier-1s creates significant opportunity for growth
Avoids significant upfront costs to break in at new customers

Fully Refreshed Portfolio
Strong, refreshed portfolio covering Metro, LH, DCI, Mobile, IP, SDN
Benefit of $1B of recent R&D spend (over last 5 years)

$250M+ Annual Synergies by 2021
$100M+ savings in 2019
Driven by operational integration
Additional $75M+ savings in 2020
Further operational integration and early vertical integration benefits
Additional $75M+ savings in 2021
Step function impact from vertical integration
Scale + Vertical Integration: A Powerful Combination

- Vertical integration –
  - Step function improvement in Coriant gross margins
  - Incremental benefit from driving additional volume into Infinera’s fab facility, which will improve cost of all products
- Improved purchasing power – Ability to order in larger volume and make commitments with strategic suppliers lowers prices with suppliers
- Operating leverage - Higher revenue enables ability to sufficiently invest in R&D and achieve 15% non-GAAP operating margin
- Technology leadership and financial stability give customers confidence to make long term commitments
- Incumbency at large customers provides significant growth opportunities

Scale Drives Bottom Line Results

Larger Revenue Base = Customer Opportunities
Significant Customer Expansion Opportunity

**Accelerates Timing, Avoids Break-in Costs**
- Skips multi-year process required to win new Tier-1 customers
- Avoids customer acquisition break-in costs which can be $10-20 million per customer

**Complementary Customer Bases**
- 9 of 10 largest carriers; 6 of 6 largest web-scale ICPs
- 9 of each company’s top 10 customers are unique
- Minimal overall customer overlap

**Diversifies Revenue Base**
- Combined company revenue split 50/50% US/International
- Significantly reduces top 10 customer concentration from ~60% to ~45%

Deeply embeds Infinera with the largest Tier 1s in the world
Combined Market Leadership

Disaggregated Transponder Share

1Q18 100G+ Port Shipments

- Huawei
- INFN + Coriant
- Ciena
- Nokia
- Other (Inphi)
- ZTE
- Fujitsu
- Cisco
- Fiberhome
- ADVA
- Other (Acacia)
- Other (NEL)
- NEC

Figures are 100G+ Physical Ports

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Complementary Portfolios
Approximate revenue by application

Complementary offerings drive end to end scale

- Little overlap in long-haul, offset by customer diversity
- Metro core achieves scale
- Subsea 100% unique to Infinera.
- Mobile 5G & IP Edge unique to Coriant - high growth potential
- Services businesses are additive & drive scale.
Great Timing for This Deal
Once in a decade wave of network investment underway

Networks Will Transform to Manage Bandwidth Demand and Control Costs

- Fiber Deep for Cable & 5G
- Long-haul & Subsea
- Network Automation
- Data Center Interconnect
- Open Architectures & IP Edge

Combined company exceptionally well positioned to capitalize on this opportunity

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Near-term synergies alone, given valuation, drive 2019 accretion and justify deal

**2019**
- Operational Integration
  - $100M
  - ~30% COGS, ~70% OpEx

**2020**
- Portfolio Optimization
  - $75M
  - ~30% COGS, ~70% OpEx

**2021**
- Vertical Integration
  - $75M
  - ~95%+ COGS

**Vertical integration benefits ramp 2020-21**
- In line with release of ICE optical engines
- Realize cost synergies by leveraging Infinera optical engines across broader Coriant platforms

*Detailed synergy plans developed*
2019-2021 – Gross Margin Ladder

We will move quickly to realize operational efficiencies and benefits from vertical integration.

**Starting Point**
- 36-38%*

**2019**
- 200-400 bps improvement
  - Lower cost of materials
  - Operational efficiencies

**2020**
- 200-400 bps improvement
  - Value engineering
  - Lower cost of materials
  - Initial vertical integration

**2021**
- 400-600 bps improvement
  - Incorporate Infinera optical engines across portfolio
  - PIC volume benefit

**Beyond**
- 50% GM Target**

**Step-function gross margin improvement**
- Combined overall company 1000+bp potential
- Coriant standalone products 2000+bp potential
- Higher margins on 2x revenue base drive operating income leverage.

* At Time of Acquisition
** Non-GAAP

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Infinera Uniquely Positioned to Create Value

Customers will invest to address massive bandwidth demand growth cost effectively

**Unique Differentiation**
- Vertical integration leveraged through broader end to end portfolio
- Leading performance to cost solutions leveraged into Tier 1 customers

**Scale Economies**
- 2x revenue base enables R&D and overall operating leverage
- Significant synergy potential from integrating Infinera optical engines in Coriant platforms

**Customer Expansion**
- 9 of the top 10 global Tier 1s (5 new to Infinera)
- Top 6 global ICPs (3 new to Infinera)

**Differentiated Financials**
- Grow faster than market
- 50% non-GAAP gross margin
- 15% non-GAAP operating margin