

ARISTA

Arista in Q3 2017

Safe Harbor

This presentation and the accompanying oral presentation contain forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to management. Forward-looking statements include all statements other than statements of historical fact contained in this presentation, including information concerning our business plans and objectives, total addressable market, potential growth opportunities, market potential by speed, trends relating to increase in storage, the router market, competitive position, benefits of Arista's platforms, industry environment and potential market opportunities.

Forward-looking statements are subject to known and unknown risks, uncertainties, assumptions and other factors that could cause actual results, performance or achievements to differ materially from those anticipated in or implied by the forward-looking statements including risks associated with: Arista Networks' dispute with Cisco Systems, Inc. including the ITC remedial orders which prohibit the importation of Arista products (or components thereof) into the U.S., or the sale of previously imported products, Arista Networks' ability to redesign its products in a manner not covered by such remedial orders and obtain appropriate governmental approvals for those redesigned products, any penalties assessed by the ITC if Arista does not obtain such governmental approvals and Arista Networks' ability to manage our manufacturing and supply chain including the sourcing of components on commercially reasonable terms, if at all; Arista Networks' limited operating history; Arista Networks' rapid growth; Arista Networks' customer concentration; our customer's adoption of our redesigned products and services; requests for more favorable terms and conditions from our large end customers; declines in the sales prices of our products and services; changes in customer order patterns or customer mix; increased competition in our products and service markets, including the data center market; dependence on the introduction and market acceptance of new product offerings and standards; rapid technological and market change; the evolution of the cloud networking market and the adoption by end customers of Arista Networks' cloud networking solutions; Arista Networks' dispute with OptumSoft; and general market, political, economic and business conditions. Additional risks and uncertainties that could affect Arista Networks can be found in Arista's Quarterly Report on Form 10-Q filed with the SEC on November 3, 2017, and other filings that the company makes to the SEC from time to time. You can locate these reports through our website at <http://investors.arista.com> and on the SEC's website at www.sec.gov.

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In addition to GAAP financial information, this presentation includes certain non-GAAP financial measures. The non-GAAP measures have limitations, and you should not consider them in isolation or as a substitute for our GAAP financial information. There are limitations to the use of non-GAAP measures. Non-GAAP gross margins and non-GAAP operating income exclude the impact of stock-based compensation expenses, expenses associated with the OptumSoft and Cisco litigation, and other non-recurring charges or benefits. See the Appendix for a reconciliation of all non-GAAP financial measures to their nearest GAAP equivalent.

Arista Software Driven Cloud Networking

Legacy Networking

Doesn't Scale
Expensive
Minimal API Usage
Manual Management
1 Admin per 100 servers
Proprietary Lock-in



Cloud Networking

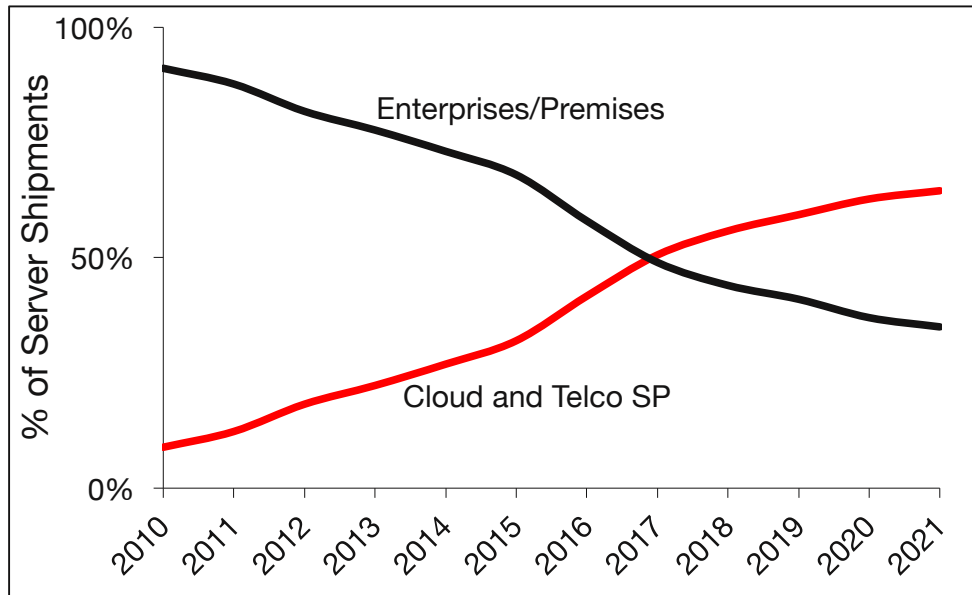
Scales to Millions of Users
10x-40x more cost effective
Programmatic API Usage
Automated Management
1 Admin per 10K servers
Open

Mission:

Deliver the best cloud networking solutions for private, public and hybrid cloud deployments

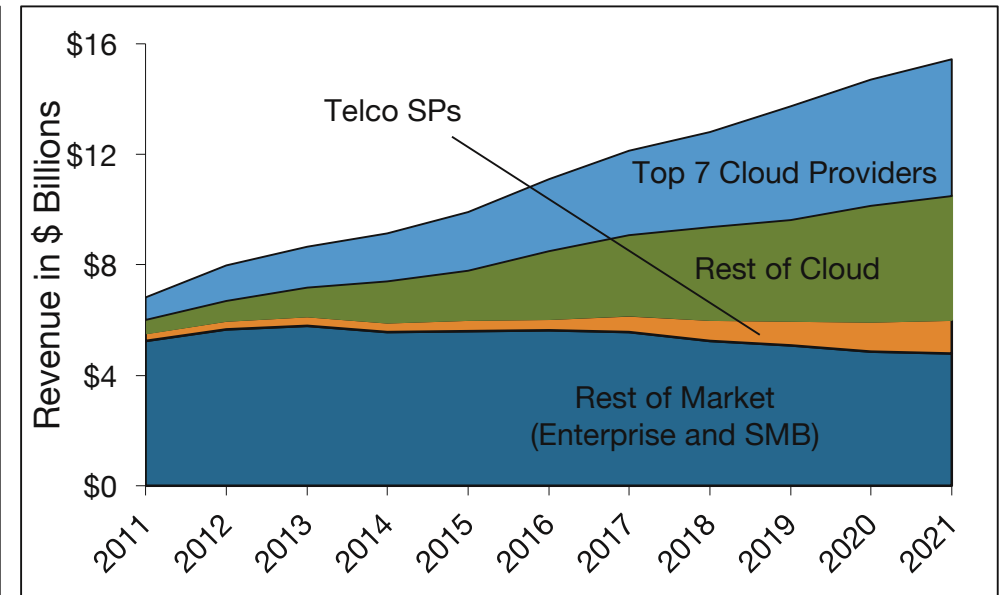
Arista's Cloud Networking Opportunity

Server Shipments



Source: Dell'Oro Group Server Research

Data Center Ethernet Switch Revenue



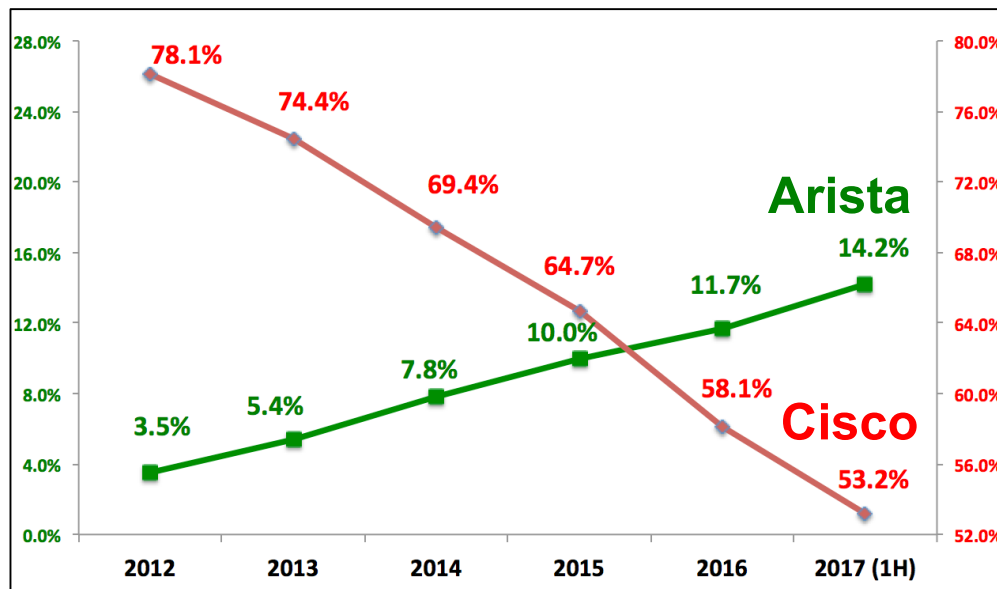
Source: Dell'Oro Ethernet Switch Market Update Q2'17

- Enterprise workloads are migrating to public & hybrid clouds
- Traditional enterprise served <100,000 employees vs. Clouds @ hundreds of millions of users
- The emergence of cloud native apps & containers necessitates a new architecture

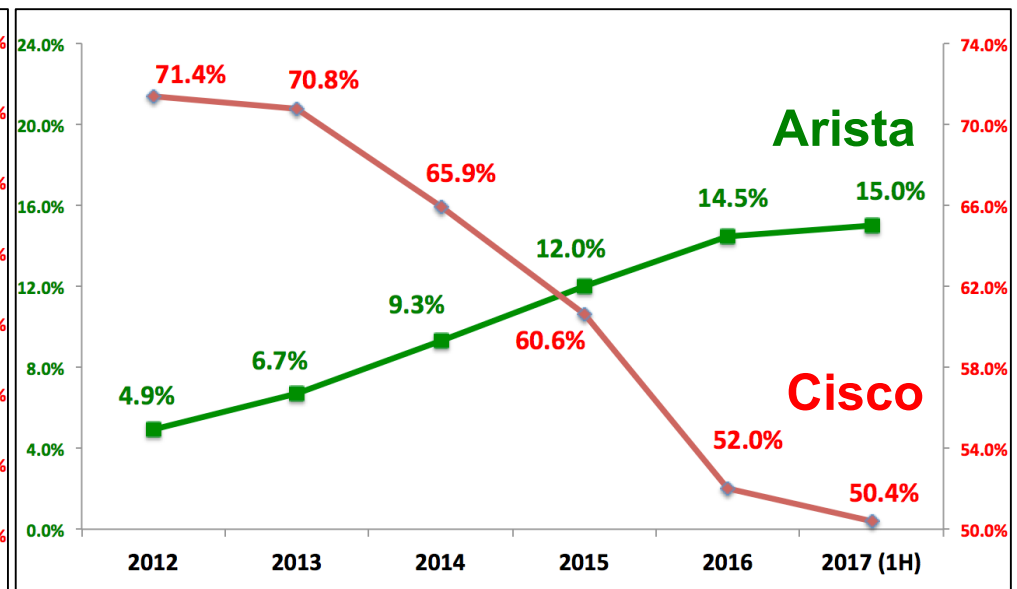
Arista Market Share vs Cisco

High Speed Data Center Switching Market

Share in Dollars



Share in Ports

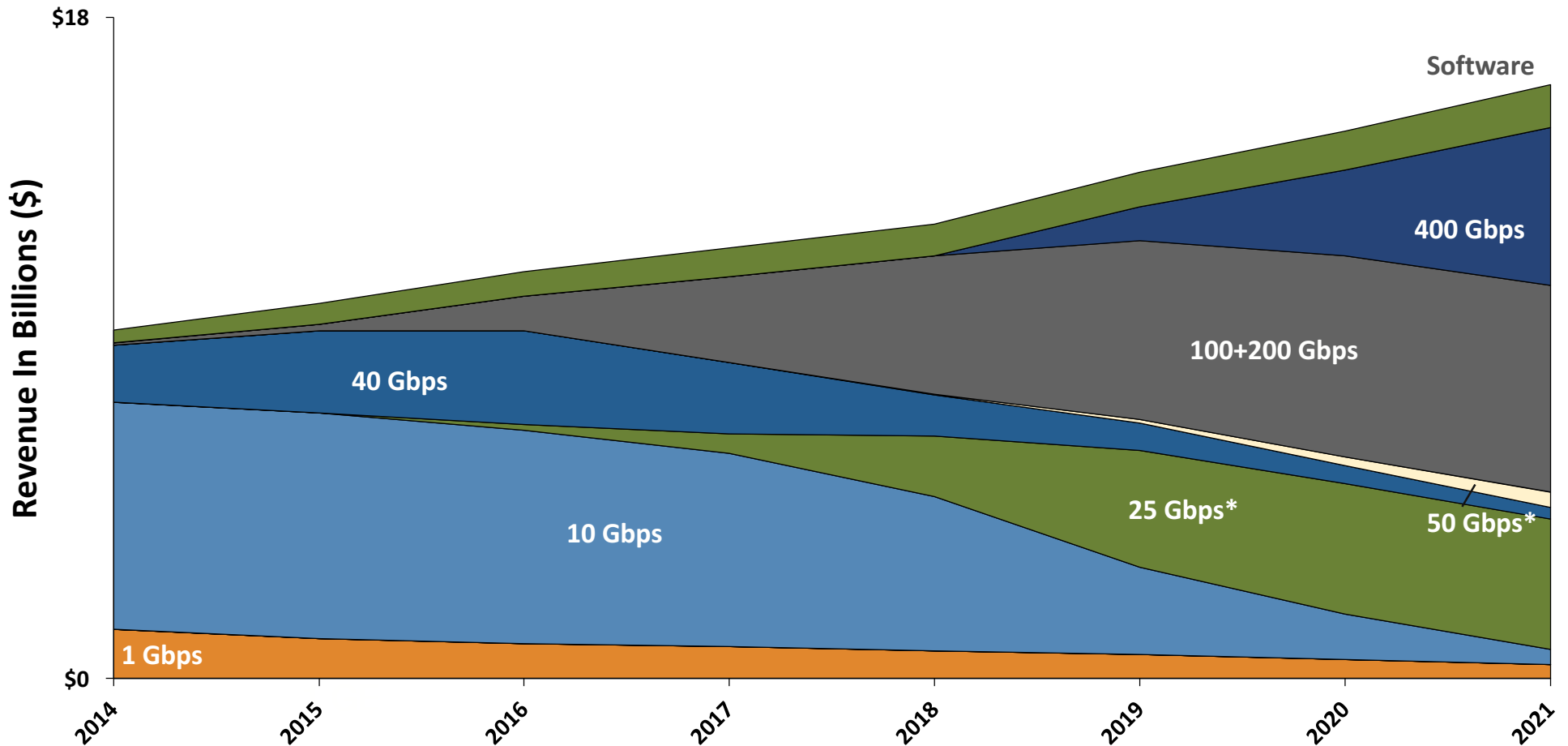


Source: Crehan Research Datacenter Switch Market Share Report Q2'2017

Note: Excludes blade switches

Market Potential by Speed

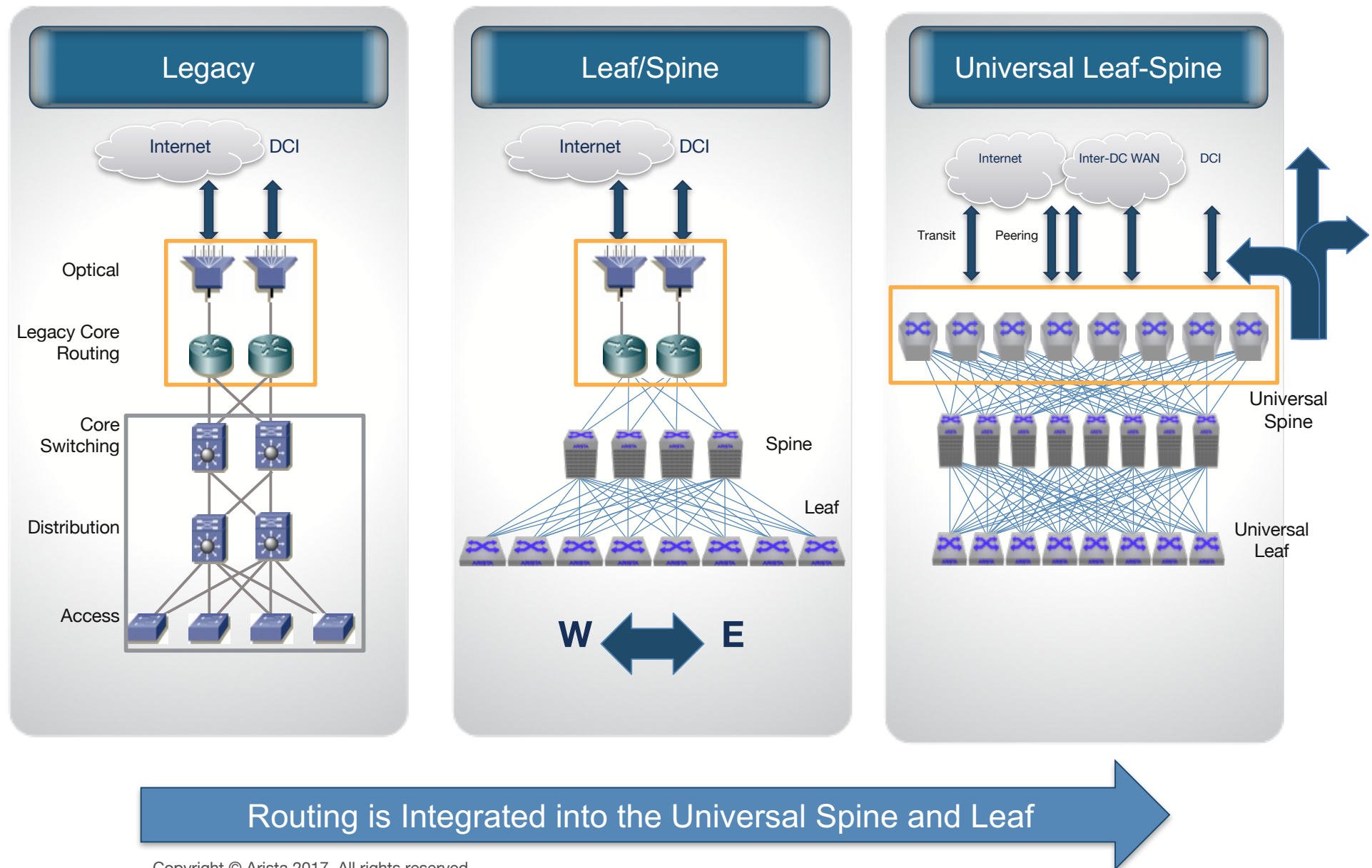
Data Center Ethernet Switch Revenue (\$Bn)



Source: 650 Group Long Term Ethernet Switch forecast June 2017

*Shows discrete 25G or 50G ports only. A significant portion of 25/50GE server ports are expected to connect via QSFP-100G break out to 100 GE switch ports at the large Cloud Service Providers.

Evolution of the Universal Cloud Network Architecture



Proven Architecture Flexibility

Open, Programmable, Modular, Scalable

Automation,
Telemetry,
Diagnostics



One Tool for Automation,
Control, Telemetry and
Diagnostics



One Image, Flexible
Packaging Option

Arista EOS

Abstraction Layer

Hardware
System Design

Merchant Silicon

12 Silicon Families

Jericho	Trident-II+	Tomahawk+
Alta	Arad	Trident-II
Bali	Petra	Trident+
Helix	XP80	



Leading Performance in
Cooling, Energy Efficiency,
Serviceability, Scale and
Breadth of Optics

10G, 25G, 40G, 50G, 100G → 400G

Leading Performance
Best of Breed
Merchant Silicon

A Single Image Architecture Underpins a Sustainable Competitive Advantage

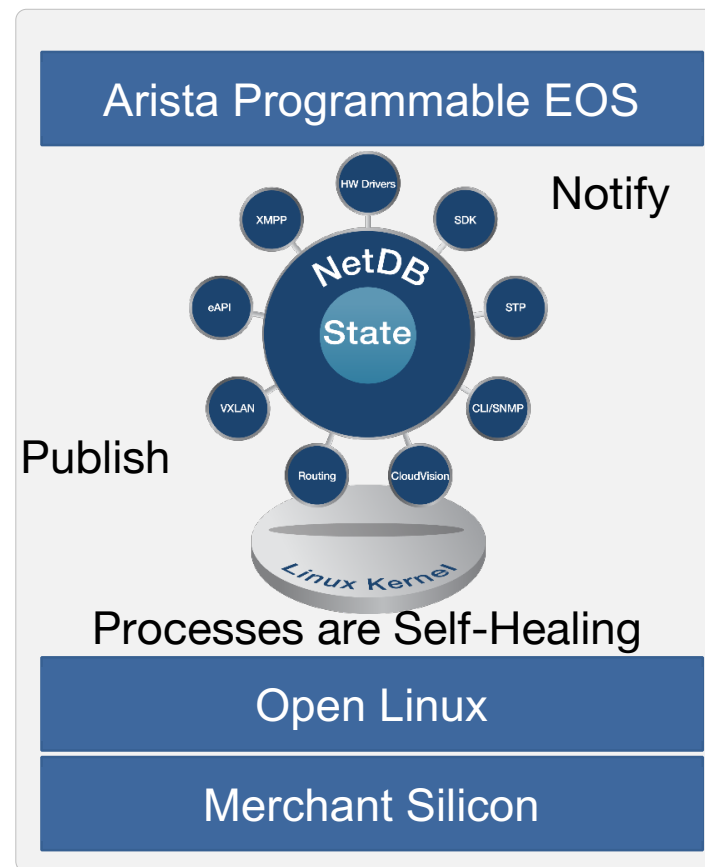
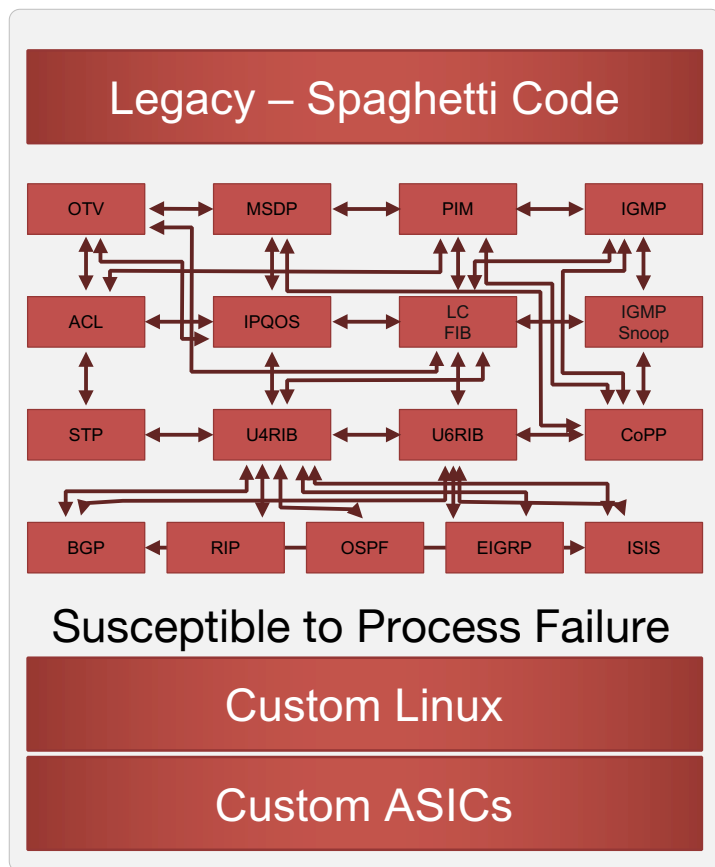


Q: Why a single image?

A: It improves network availability, saves time and money. How? Dramatically reduces new release qualification time. Simplifies PIC interoperability. Simplifies and scales automation.

Arista's Cloud Scale Software Architecture

- Differentiated Advantages
 - Modern, open, and scalable architecture
 - Software Quality



Resilient

Programmable

Scalable

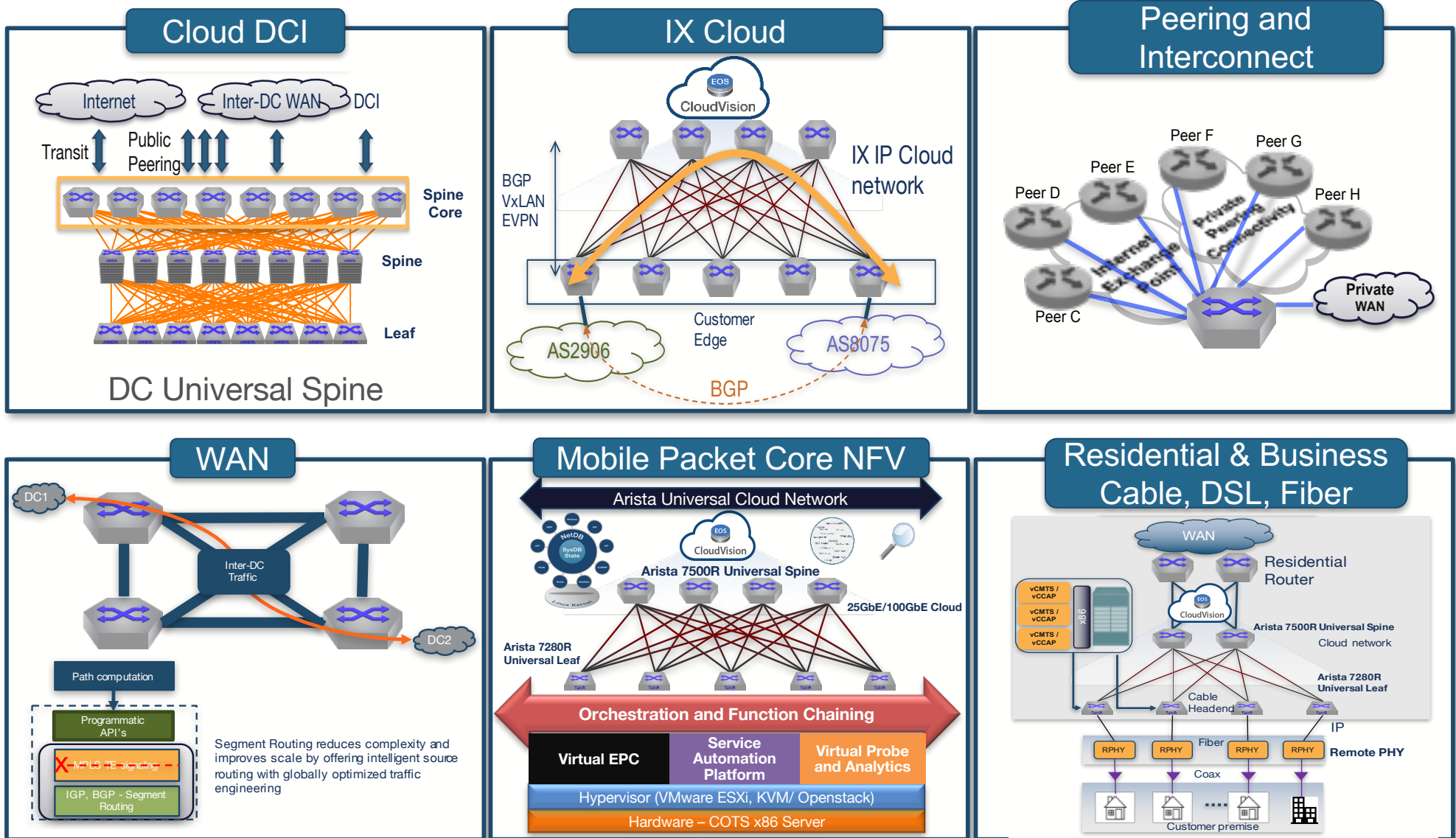
Disruptive Cloud Economics for Routers

	Traditional Router	Arista 7500R Spine
Interface Types	Legacy & Ethernet	Ethernet
100G Density	~80 Ports	576 Ports
Power (per 100G port)	~200+ watts	23 watts
List Pricing (per 100G port)	\$100,000+	\$3,000
Software Features	Legacy feature sets	Cloud-optimized Routing, FlexRoute Scale, Programmable Traffic Engineering

Arista's Disruptive Economics

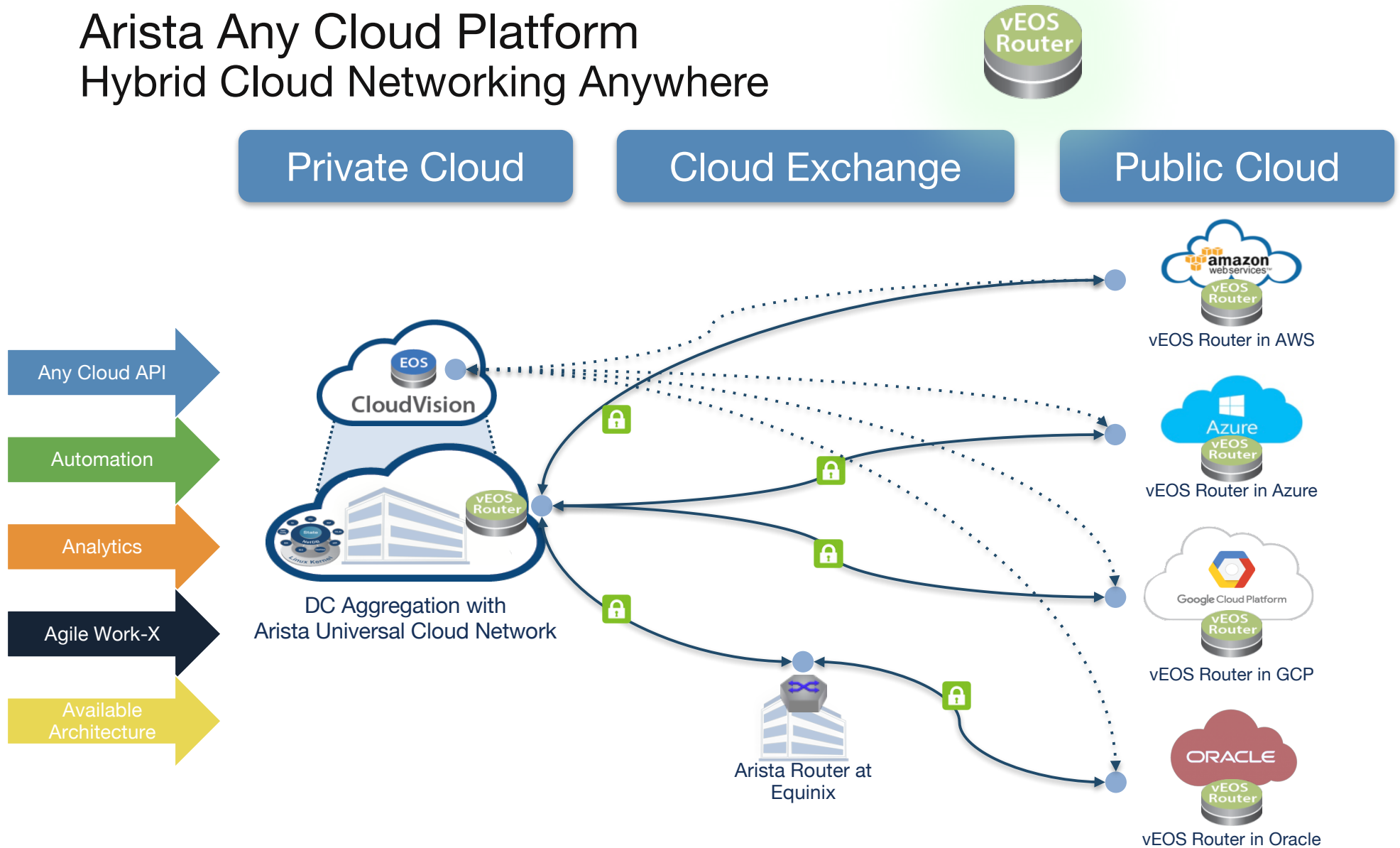
7500R disrupting router market w/100GbE routing transition

Expanding Routing Use Cases- Arista's Universal Leaf & Spine



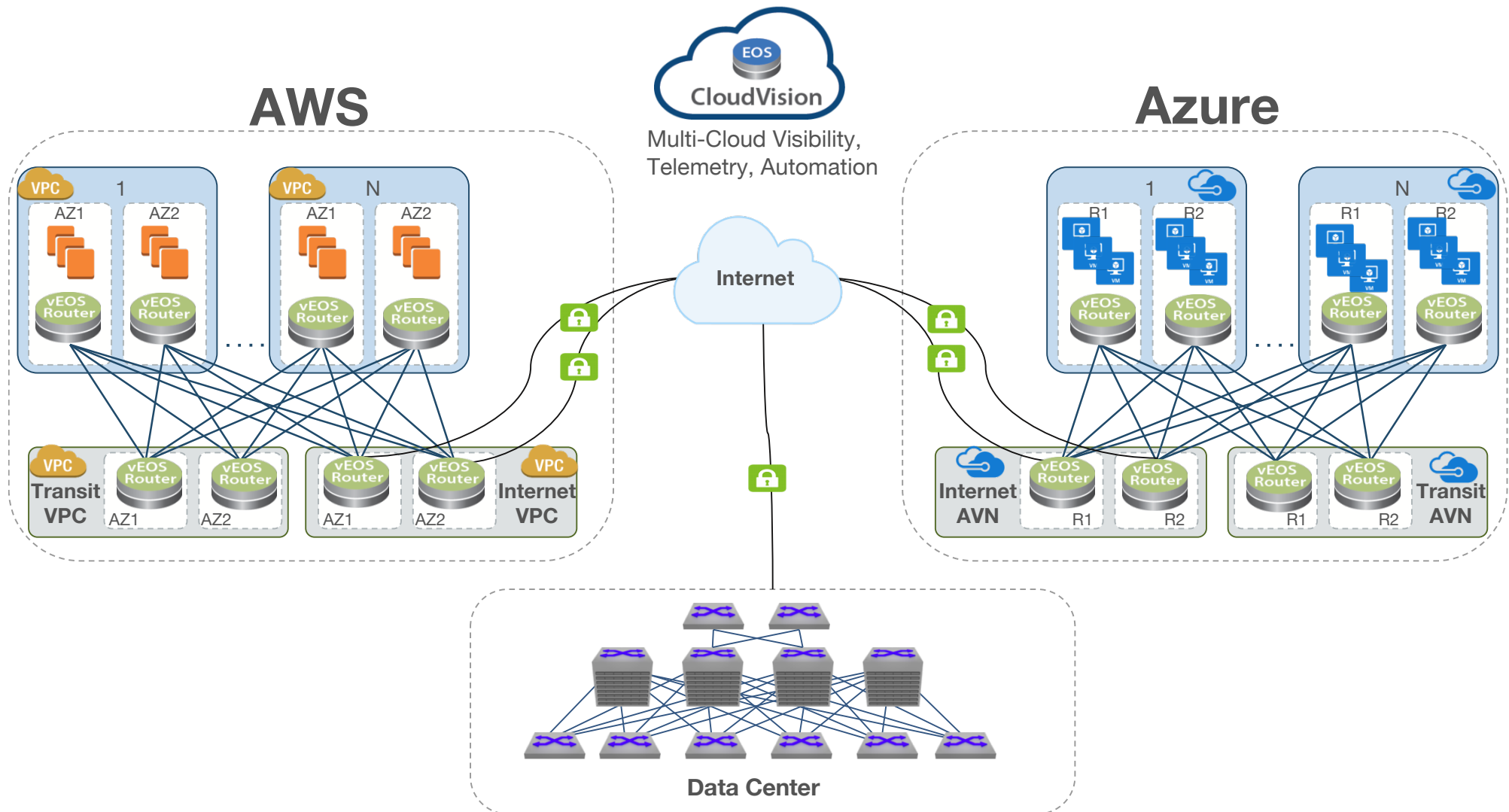
Arista Any Cloud Platform

Hybrid Cloud Networking Anywhere



Operational Consistency Across Multiple Clouds

Segmenting the Cloud with Multiple Cloud Providers



Cloud Networks are Segmented into Multiple Virtual Private Clouds
Offered by Multiple Cloud Providers

Expanding Ecosystem

- Drive **Automation** with best of breed partners: security, overlays, orchestration, and storage
- Advanced **Analytics** and network wide services
- **Any Work-X** with CloudVision for workloads, workflows and work-streams



Cloud-Class Market Leadership Platform Portfolio

Single-Image Arista EOS Across All Platforms

Spine/Spine™

7300X Series



7500E/R Series



7050X/7060X Series



Volume

7150, 7160 & 7280R Series



Value

Diverse Merchant Silicon Architectures



Leaf



Scaling up the Cloud

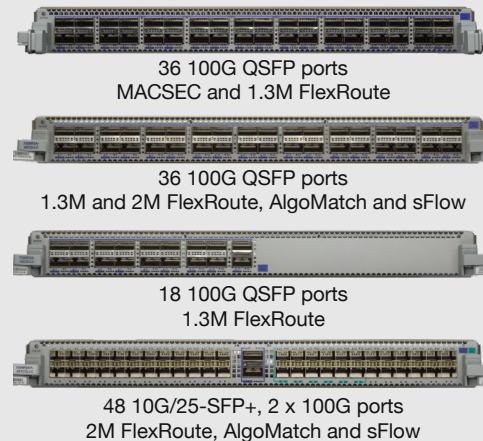
Next Generation (R2) Universal Spine and Leaf



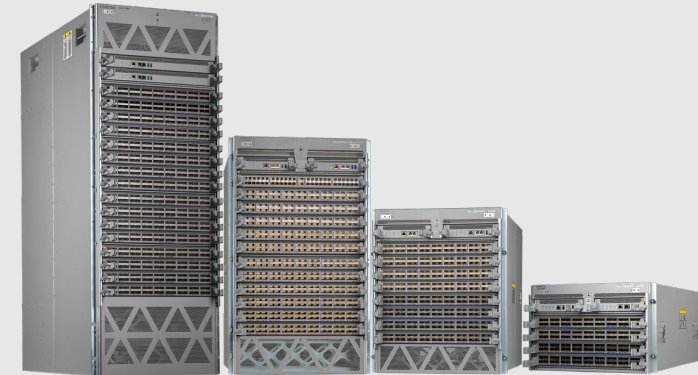
Common single EOS
image, Deep Buffer,
Lossless Architecture,
Large Tables

Choice of form factors,
density and port speeds
for varying use cases

Standards based switching
for reliable deployments



7500R Line Cards



7500R Systems

7500R Universal Spine



30 QSFP100
1.3M and 2M FlexRoute, AlgoMatch and sFlow



60 QSFP100
1.3M and 2M FlexRoute, AlgoMatch and sFlow

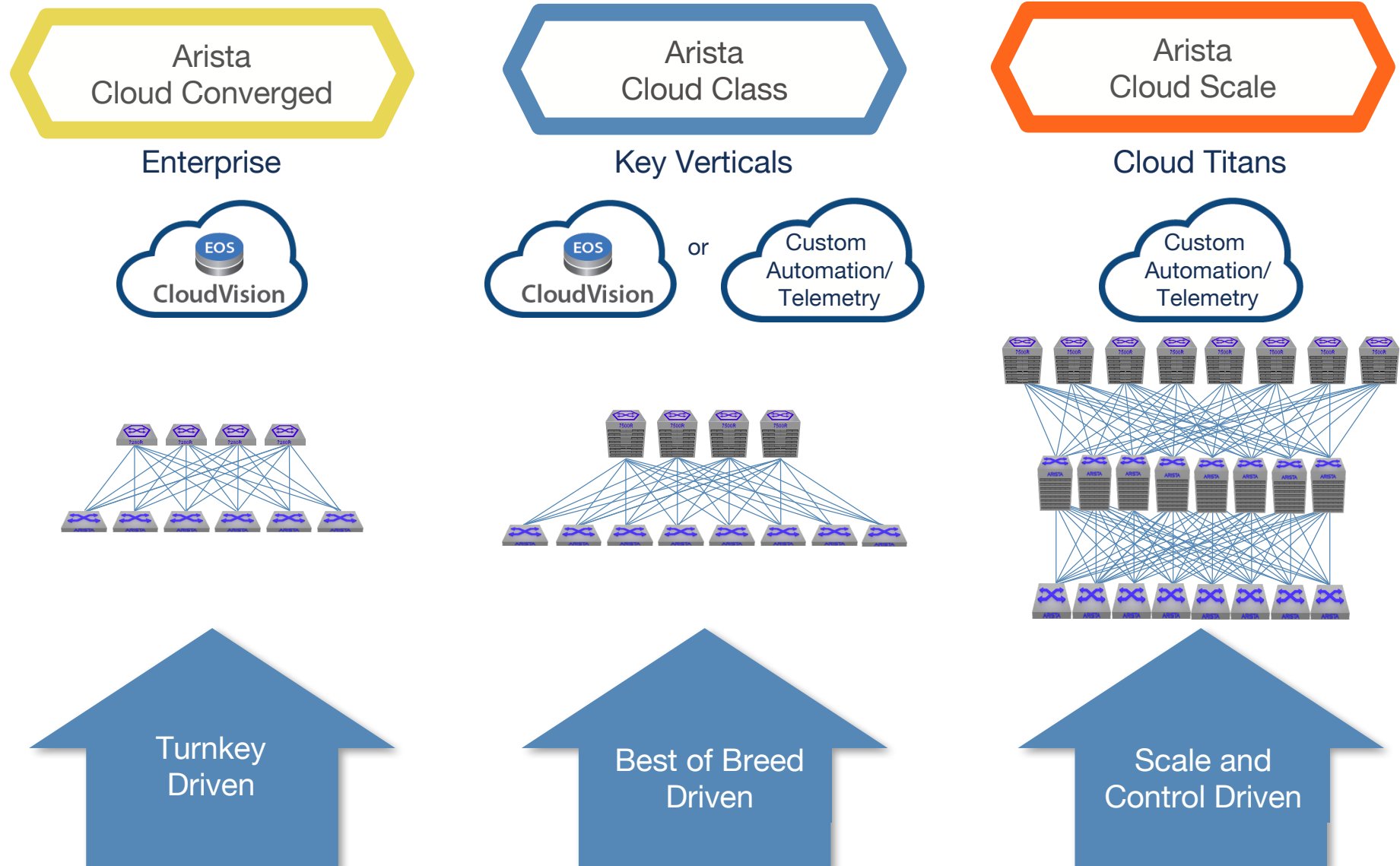


48 10/25G-SFP / 6 QSFP100
1.3M FlexRoute and AlgoMatch

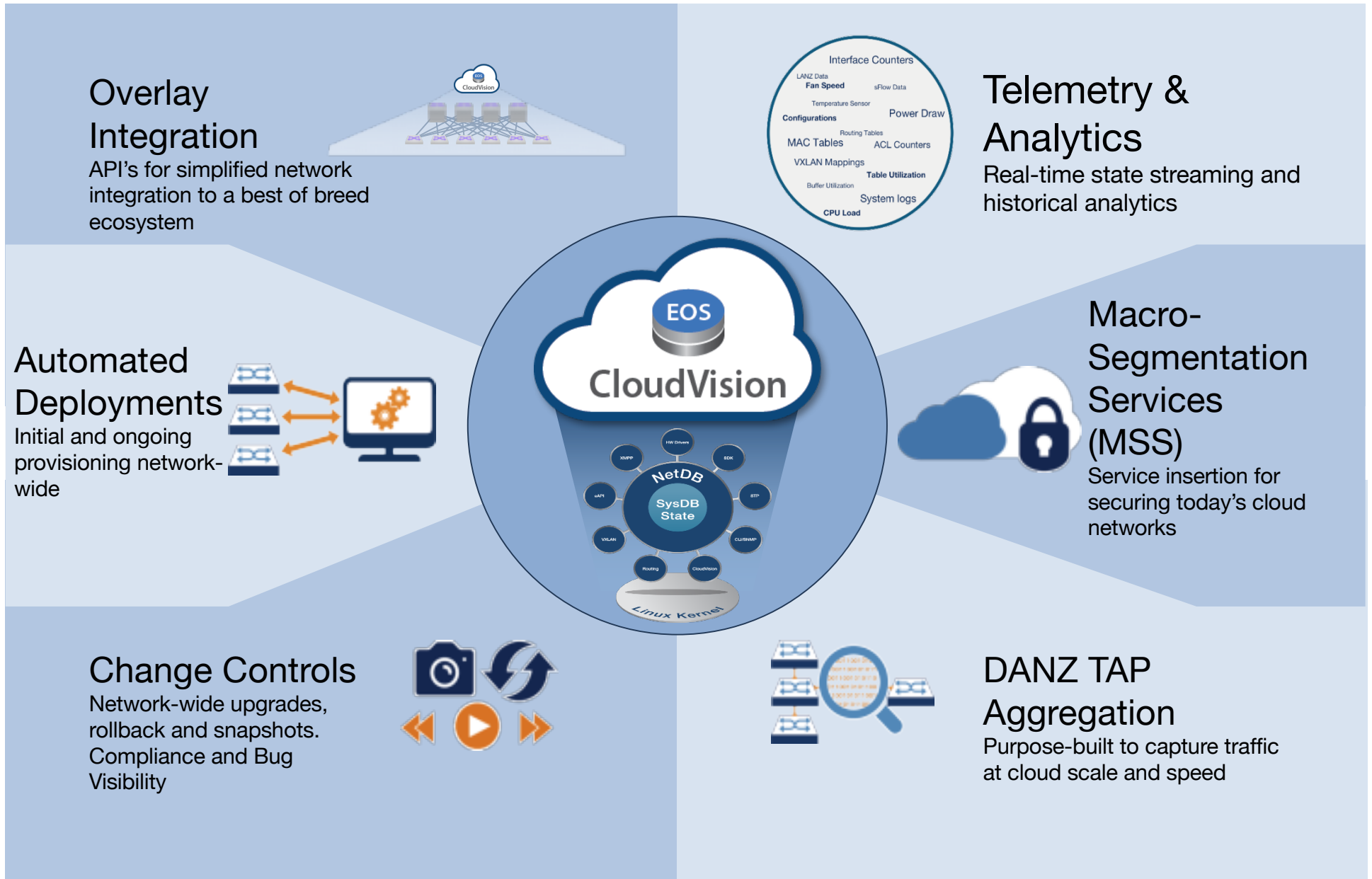
7280R Universal Leaf

Cloud Networking is Everywhere:

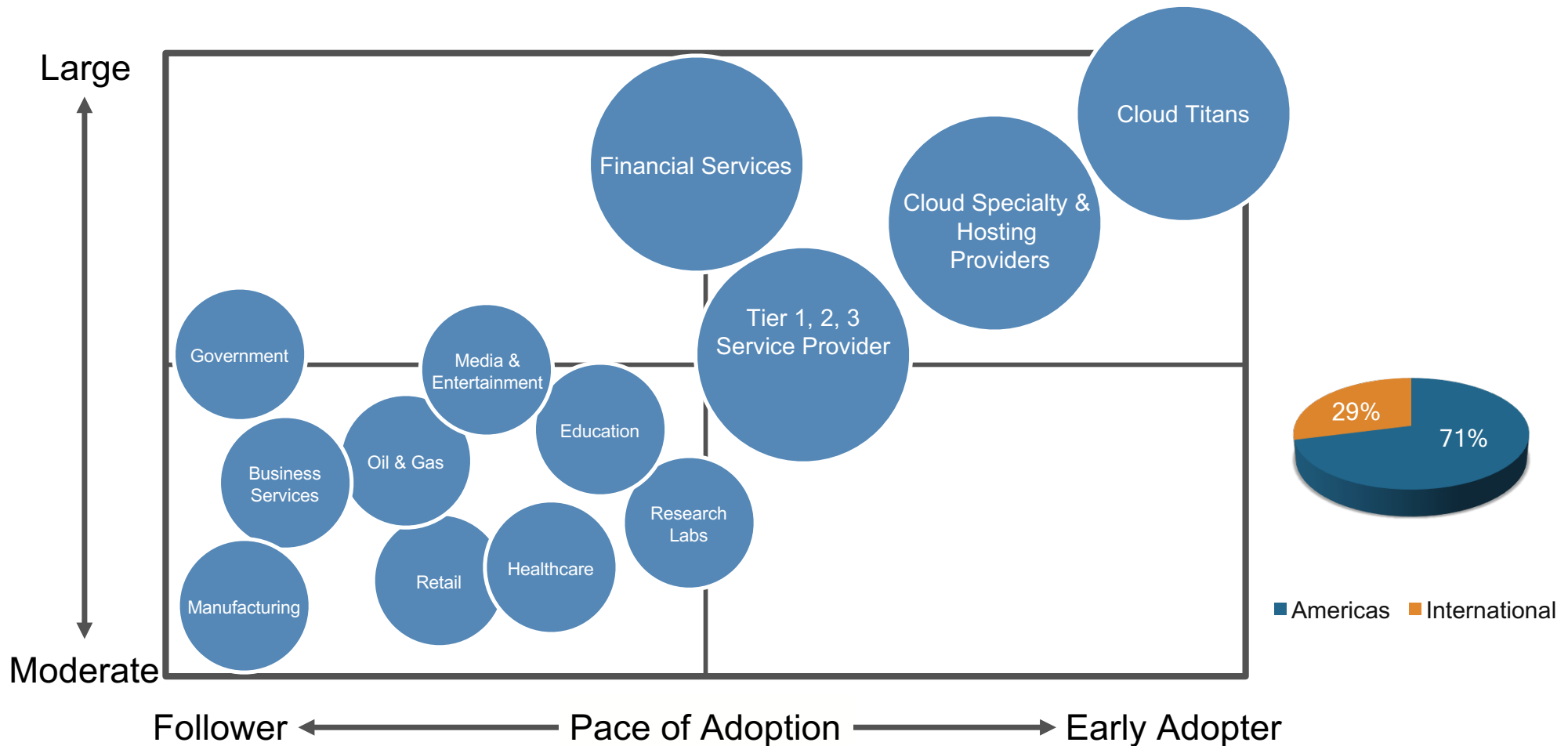
Three Key Markets – One Architecture – One EOS



CloudVision: Multi-Function Hybrid Cloud Platform



Major Verticals



Note: By Billings. Only selected verticals shown. Diagram not to scale.

Foundational Technology Underpins TAM Expansion

- We partner with customers and follow their journey
- EOS software drives repeat purchases, Arista cultivates customer advocacy
- EOS software organically enables additional use cases

Top 15 Customers	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Customer1												
Customer2												
Customer3												
Customer4												
Customer5												
Customer6												
Customer7												
Customer8												
Customer9												
Customer10												
Customer11												
Customer12												
Customer13												
Customer14												
Customer15												



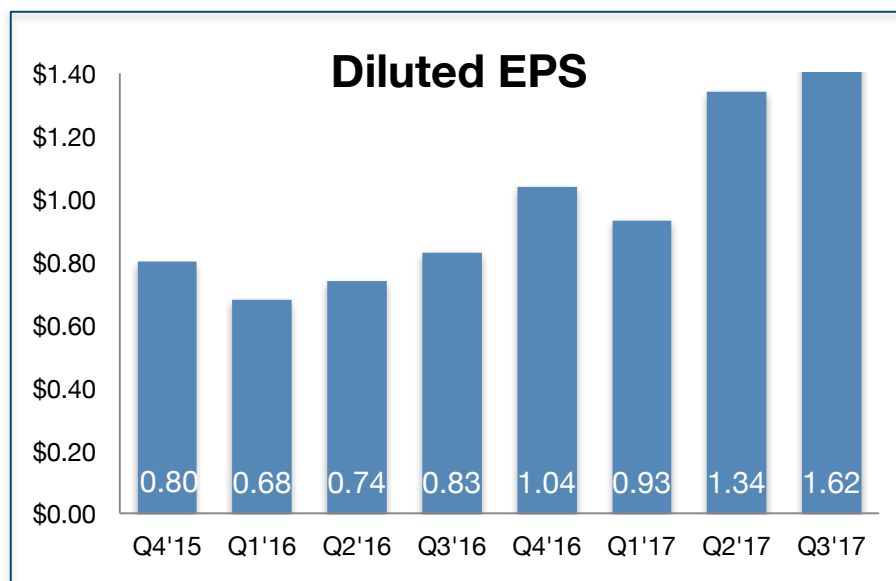
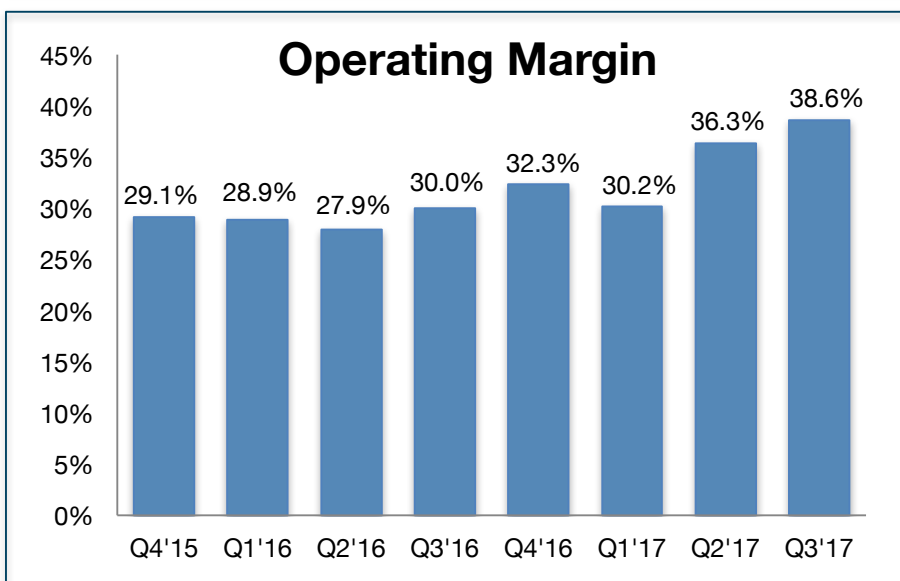
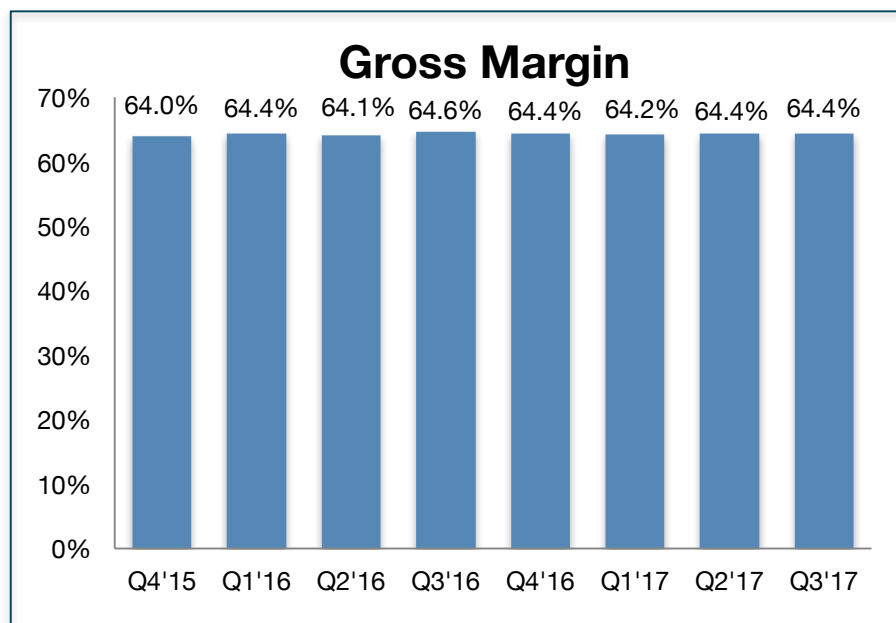
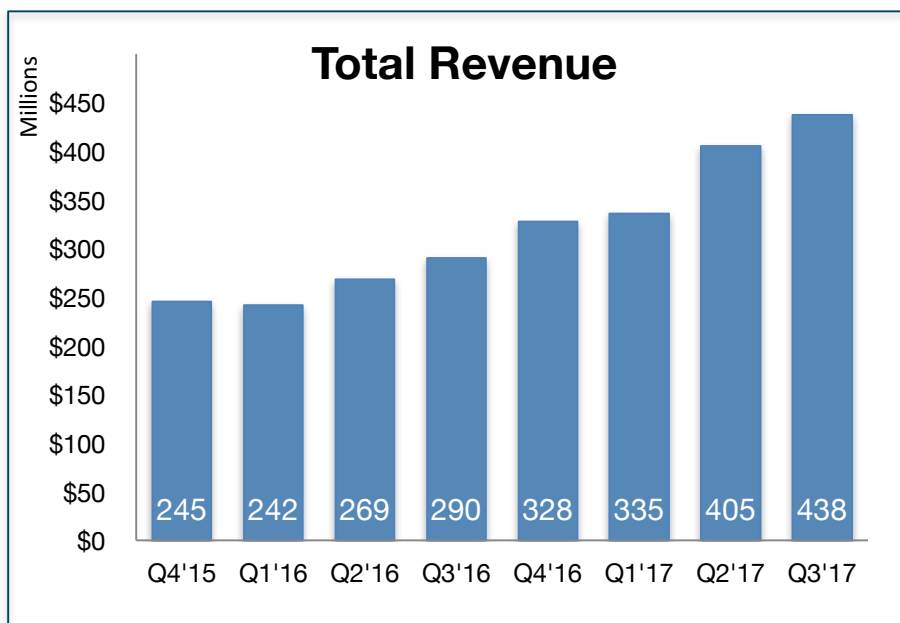
Additional Purchases



Did Not Purchase

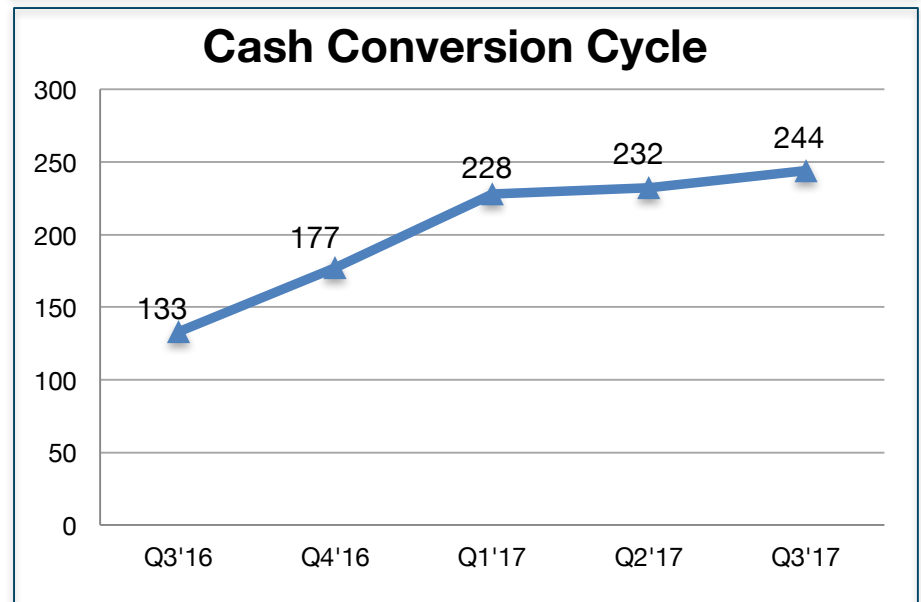
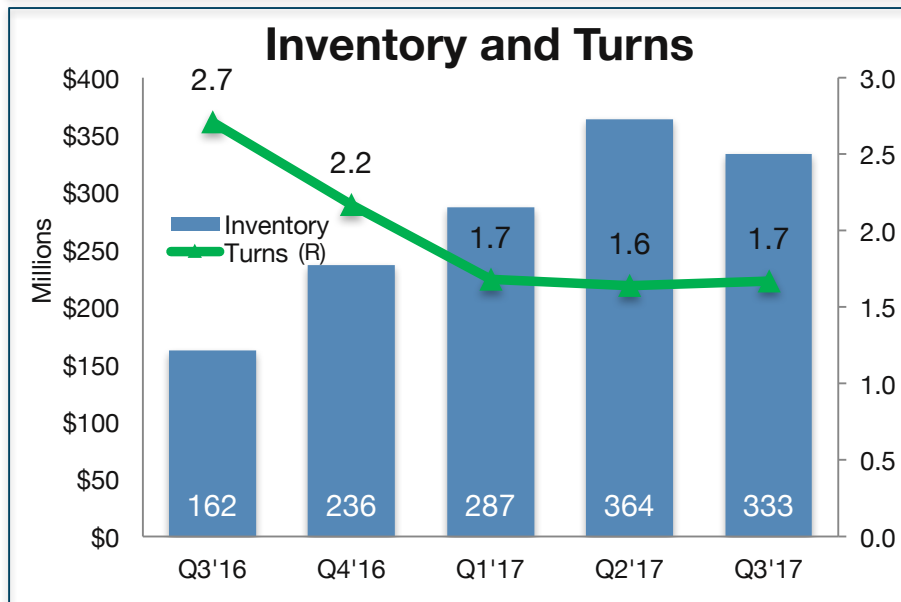
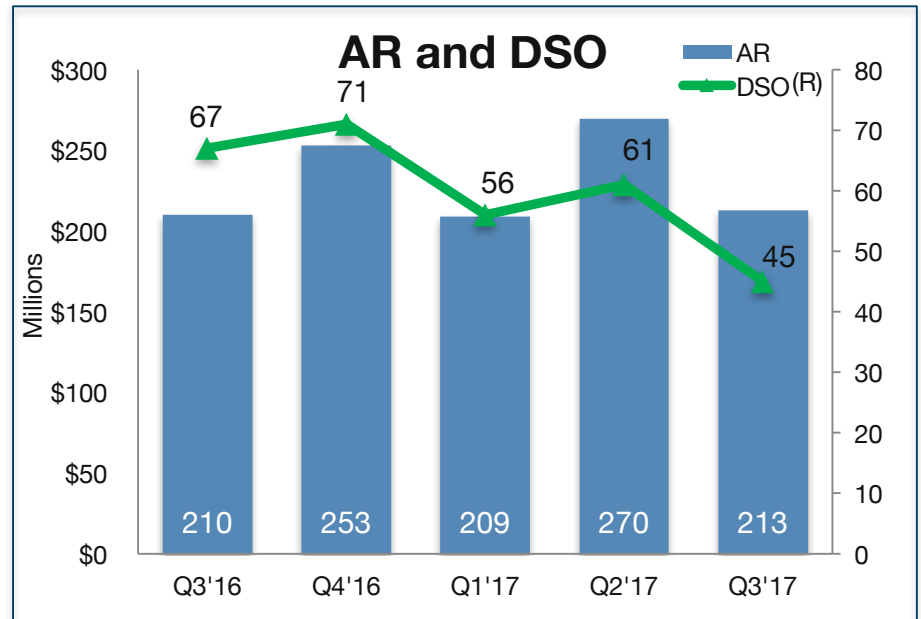
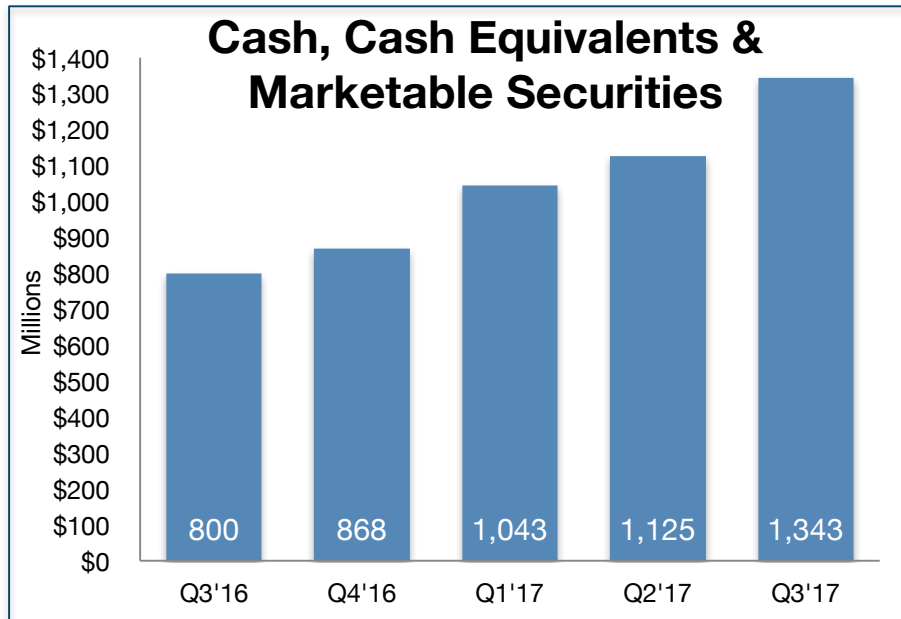
Chart illustrates the top 15 customers based on the last 12 quarters of total product and service billings.

Financial Highlights¹



¹ Amounts are non-GAAP except for Revenue; refer to reconciliation between non-GAAP and GAAP in the appendix.

Balance Sheet & Cash Conversion Cycle



Arista in Q3 2017

Key Highlights

Introduced [Arista Any Cloud software platform](#), reducing operational costs and complexity for enterprises by simplifying integration and management of hybrid clouds across private cloud datacenters and public cloud providers.

Arista Networks makes the top 10 in FORTUNE magazines [100 Fastest-Growing Companies](#) September 2017 issue.

Continued adoption of Cloud Networking across key verticals.

Financial Results (non-GAAP)¹

Q3'17 Revenue: \$437.6M
Q3'17 EPS: \$1.62

Q3'16-Q3'17 YOY Revenue Growth: 51%

Q3'17 Gross Margin: 64.4%

Q3'17 Operating Margin: 38.6%

Mission:

Deliver the best cloud networking solutions for private, public and hybrid cloud deployments

¹ Amounts are non-GAAP except for Revenue; refer to reconciliation between non-GAAP and GAAP in the appendix.

Appendix: GAAP to Non-GAAP Reconciliation

In 000's except per share data	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17
GAAP gross profit	\$ 156,168	\$ 155,090	\$ 171,451	\$ 186,420	\$ 210,155	\$ 214,210	\$ 259,777	\$ 280,617
GAAP gross margin	63.6%	64.0%	63.8%	64.2%	64.1%	63.9%	64.1%	64.1%
Stock-based compensation expense	842	793	868	955	1,004	1,024	1,087	1,113
Non-GAAP gross profit	\$ 157,010	\$ 155,883	\$ 172,319	\$ 187,375	\$ 211,159	\$ 215,234	\$ 260,864	\$ 281,730
Non-GAAP gross margin	64.0%	64.4%	64.1%	64.6%	64.4%	64.2%	64.4%	64.4%
GAAP income from operations	\$ 49,397	\$ 49,735	\$ 53,158	\$ 63,021	\$ 77,495	\$ 73,418	\$ 116,634	\$ 140,832
GAAP operating margin	20.1%	20.5%	19.8%	21.7%	23.6%	21.9%	28.8%	32.2%
Stock-based compensation expense	12,978	13,360	14,232	15,116	16,324	16,439	18,400	20,152
Litigation expenses	8,956	7,005	7,594	9,025	12,209	11,466	11,957	7,857
Non-GAAP income from operations	\$ 71,331	\$ 70,100	\$ 74,984	\$ 87,162	\$ 106,028	\$ 101,323	\$ 146,991	\$ 168,841
Non-GAAP operating margin	29.1%	28.9%	27.9%	30.0%	32.3%	30.2%	36.3%	38.6%
GAAP diluted net income to common stockholders	\$ 43,464	\$ 34,941	\$ 38,635	\$ 50,980	\$ 58,542	\$ 82,716	\$ 102,474	\$ 133,555
Net income attributable to participating securities	460	304	269	277	241	245	211	167
Stock-based compensation expense	12,978	13,360	14,232	15,116	16,324	16,439	18,400	20,152
Litigation expenses	8,956	7,005	7,594	9,025	12,209	11,466	11,957	7,857
Excess tax benefits on stock-based awards	-	-	-	-	-	(28,790)	(19,079)	(23,826)
Release of income tax reserves	(968)	-	-	(6,293)	-	-	-	-
Tax effect of non-GAAP exclusions	(7,424)	(6,524)	(7,056)	(7,924)	(9,836)	(10,269)	(8,493)	(9,683)
Non-GAAP net income	\$ 57,466	\$ 49,086	\$ 53,674	\$ 61,181	\$ 77,480	\$ 71,807	\$ 105,470	\$ 128,222
GAAP diluted income per share to common stockholders	\$ 0.60	\$ 0.48	\$ 0.53	\$ 0.69	\$ 0.79	\$ 1.07	\$ 1.30	\$ 1.68
Non-GAAP adjustments to net income per share	0.20	0.20	0.21	0.14	0.25	(0.14)	0.04	(0.06)
Non-GAAP diluted income per share	\$ 0.80	\$ 0.68	\$ 0.74	\$ 0.83	\$ 1.04	\$ 0.93	\$ 1.34	\$ 1.62
GAAP and non-GAAP weighted diluted shares	72,062	72,214	72,817	73,453	74,384	77,516	78,756	79,322



Thank You

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