

ARISTA

Arista in Q1 2018

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, the campus 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, Arista's ability to develop new redesigned products in a timely manner that are acceptable to customers if Arista's current redesigns are not approved by the ITC 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-K filed with the SEC on February 20, 2018, Form 10-Q filed with the SEC on May 4th, 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.

You should not rely upon forward-looking statements as predictions of future events. Although our management believes that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances described in the forward-looking statements will be achieved or occur. Moreover, neither we, nor any other person, assume responsibility for the accuracy and completeness of the forward-looking statements.

This presentation is being provided as of May 7, 2018 and the forward looking statements and any other statements contained herein speak only as of the date of this presentation, and we undertake no obligation to publicly update any forward-looking statements or any other statements in this presentation for any reason after the date of this presentation to conform these statements to actual results or to changes in our expectations, except as required by law.

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
Susceptible to Outage
Expensive
Minimal API Usage
Manual Management
Proprietary Lock-in



Cloud Networking

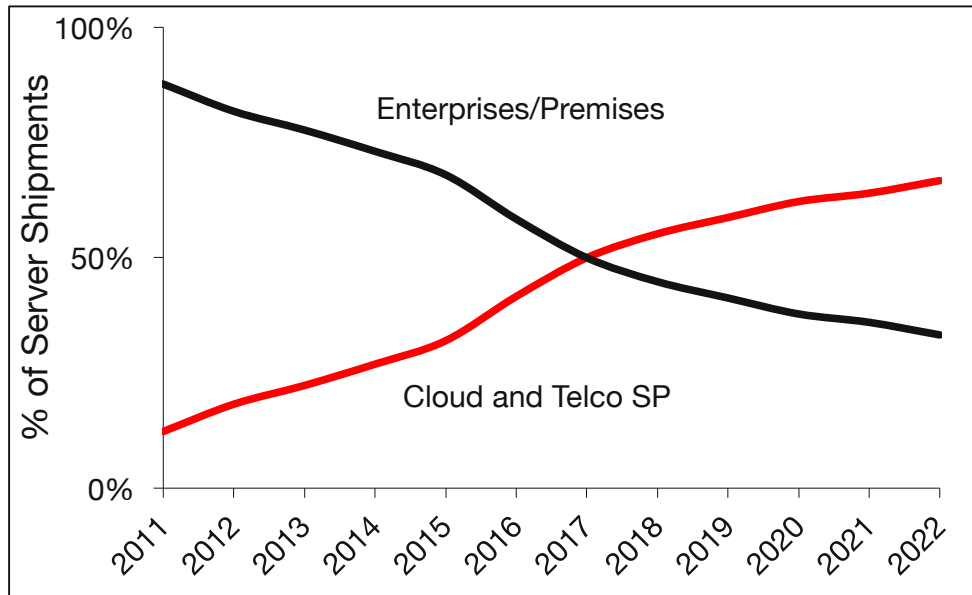
Scales to Millions of Users
Resilient
10x-40x more cost effective
Programmatic API Usage
Automated Management
Open

Mission:

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

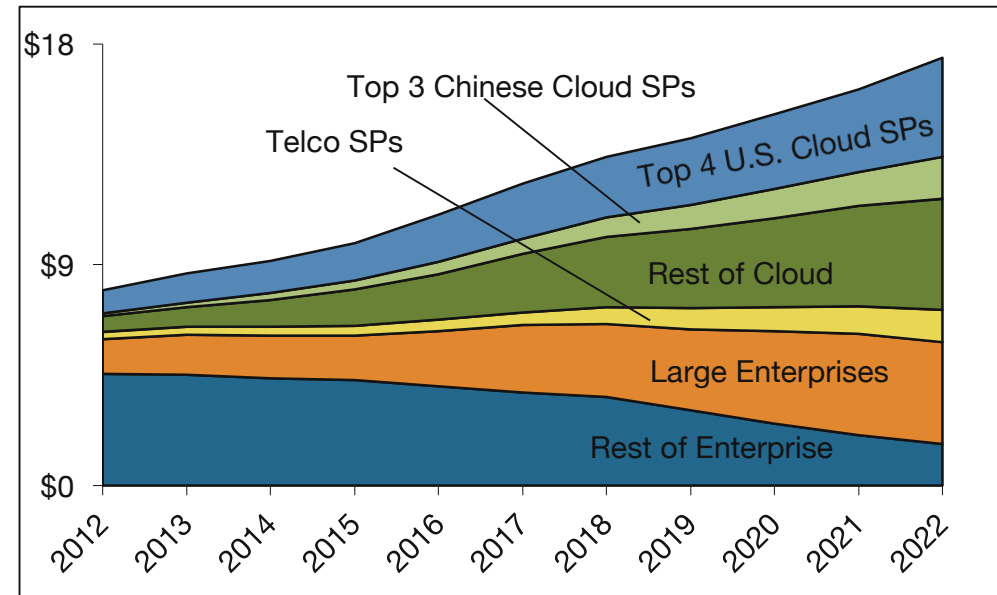
Arista's Cloud Networking Opportunity

Server Shipments



Source: Dell'Oro Group Server Research

Data Center Ethernet Switch Revenue



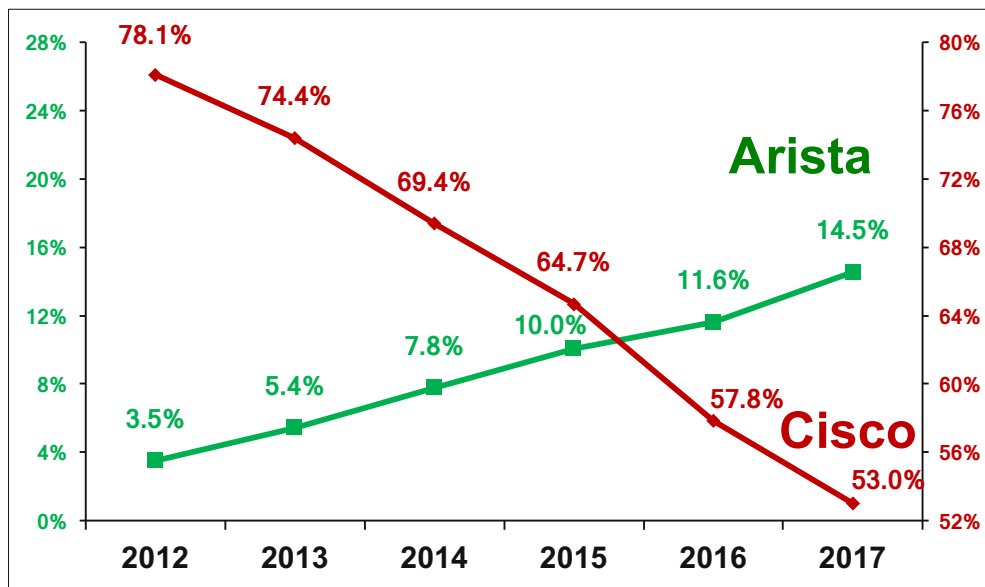
Source: Dell'Oro Ethernet Switch Data Center 5 Year Forecast Jan'18

- 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

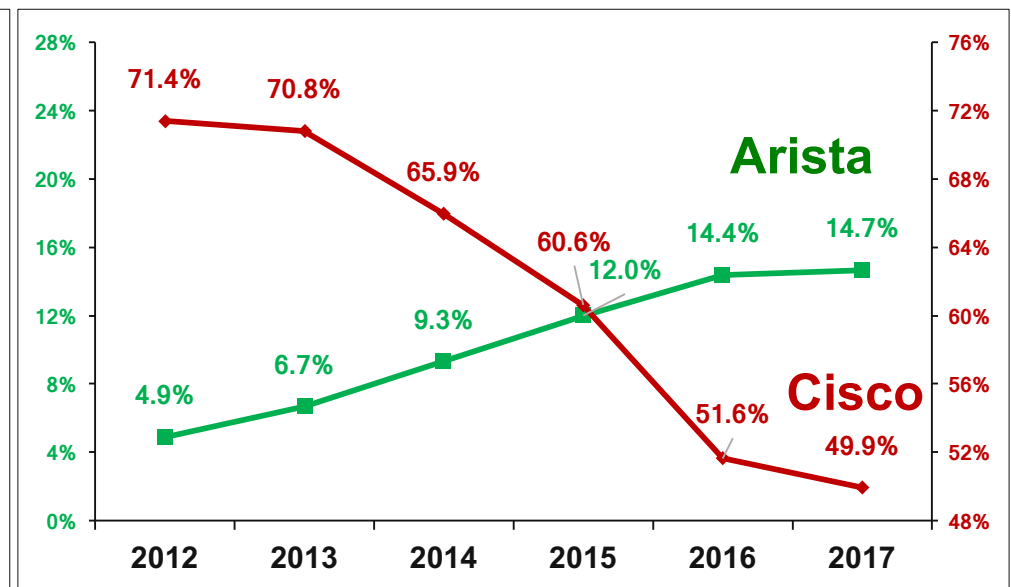
Arista Market Share vs Cisco

High Speed Data Center Switching Market

Share in Dollars



Share in Ports

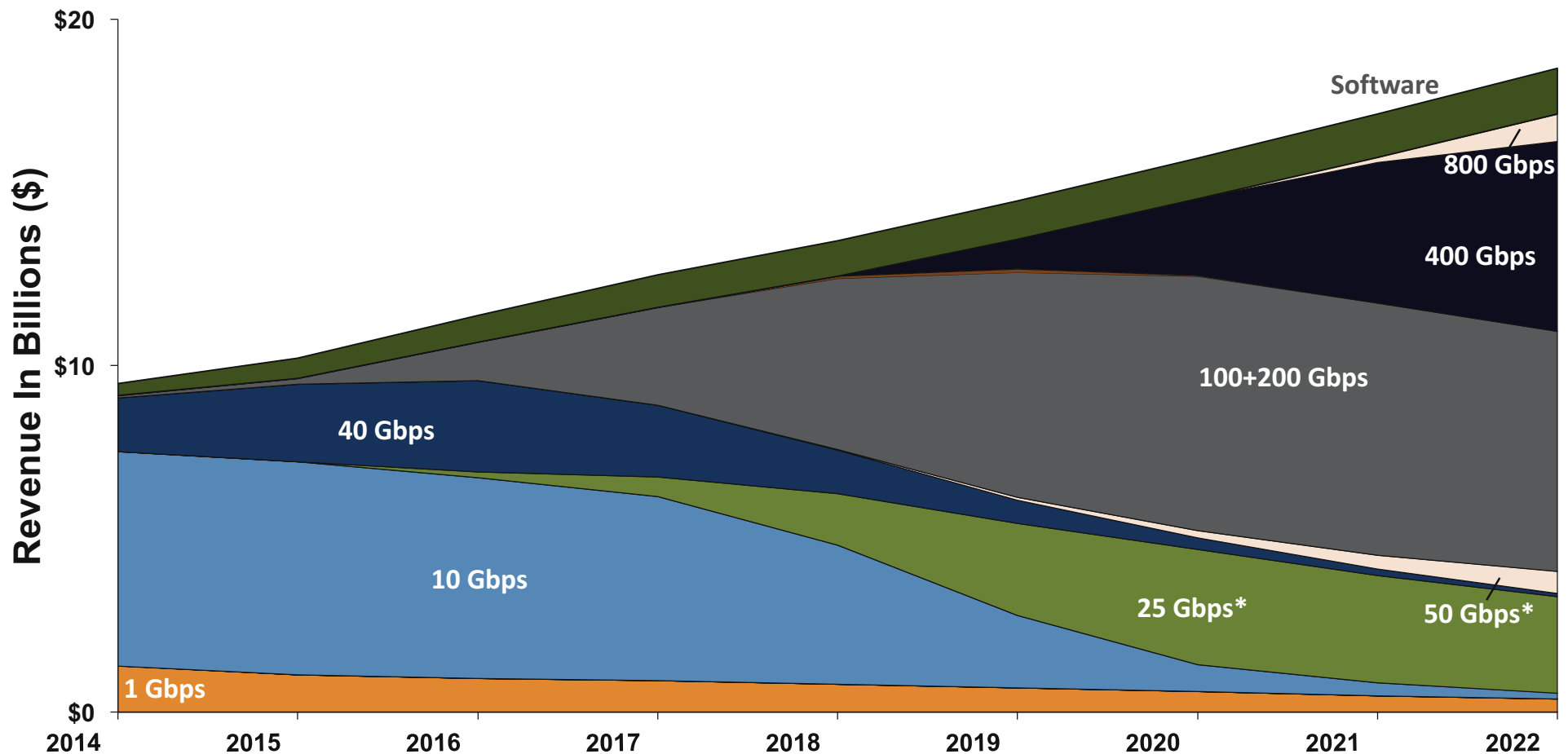


Source: Crehan Research Datacenter Switch Market Share Report Q4'2017

Note: 10GbE and Higher - Excludes blade switches

Market Potential by Speed

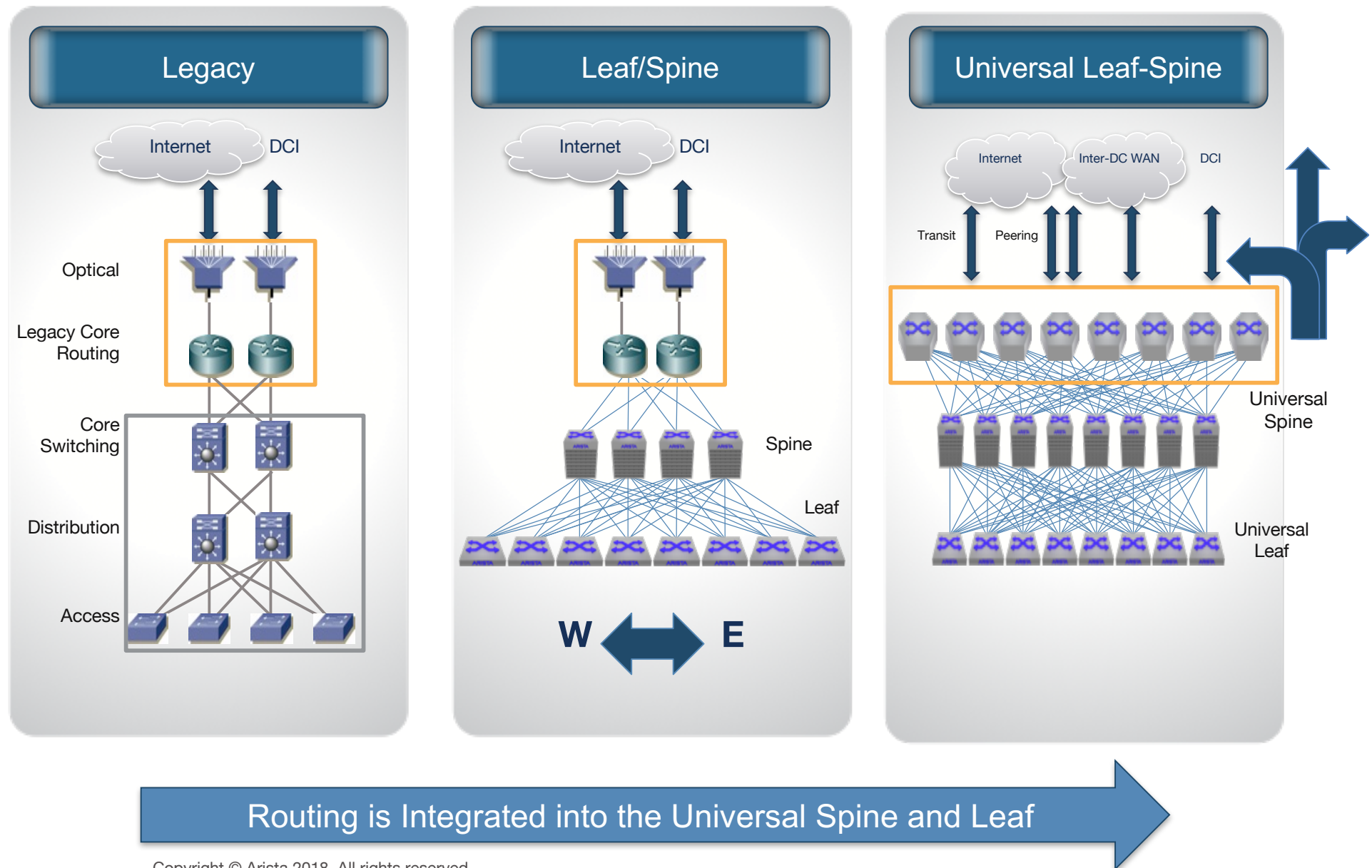
Data Center Ethernet Switch Revenue (\$Bn)



Source: 650 Group December 2017 Long Term Ethernet Switch forecast

*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

15 Silicon Families

Jericho+	Trident-3	Tomahawk-2
Jericho	Trident-II+	Tomahawk+
Alta	Arad	Trident-II
Bali	Petra	Trident+
	Helix	XP80

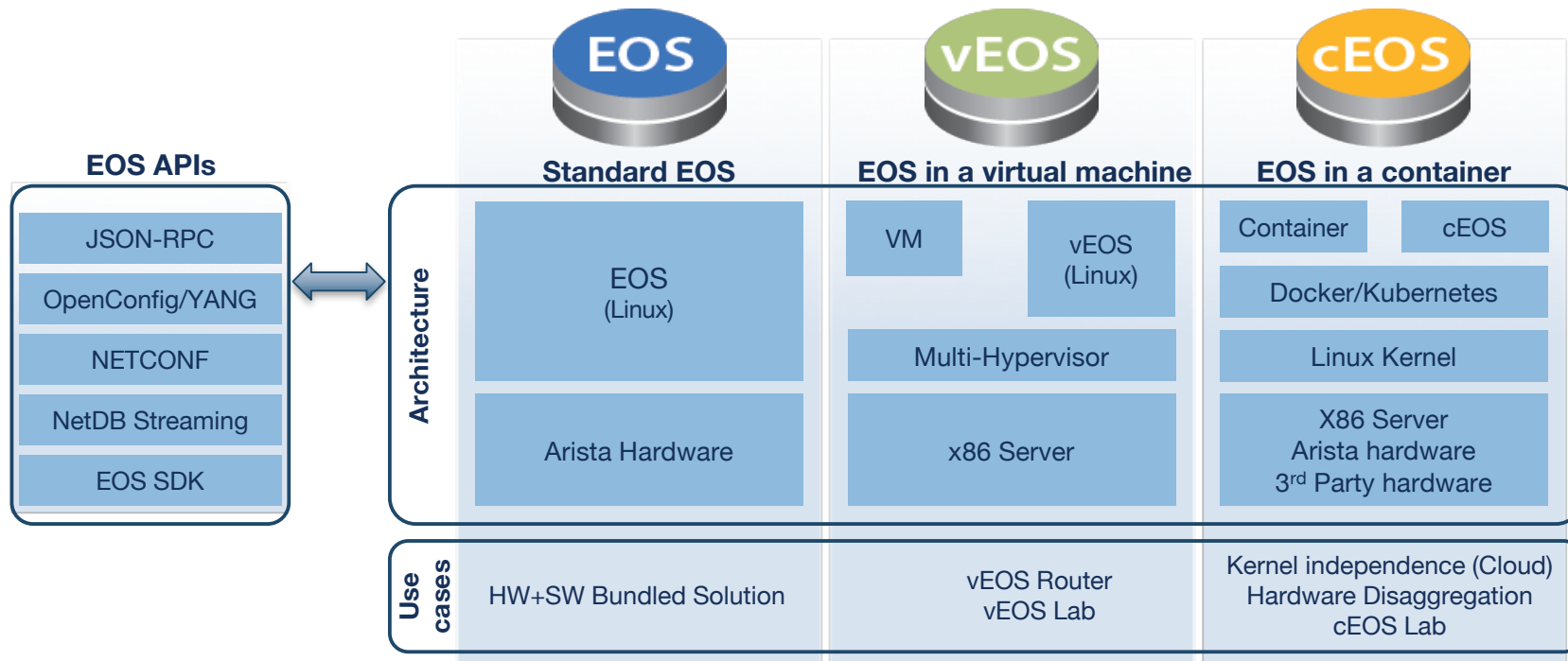


Leading Performance in
Cooling, Energy Efficiency,
Serviceability, Scale and
Breadth of Optics

10G, 25G, 40G, 50G, 100G → 400G

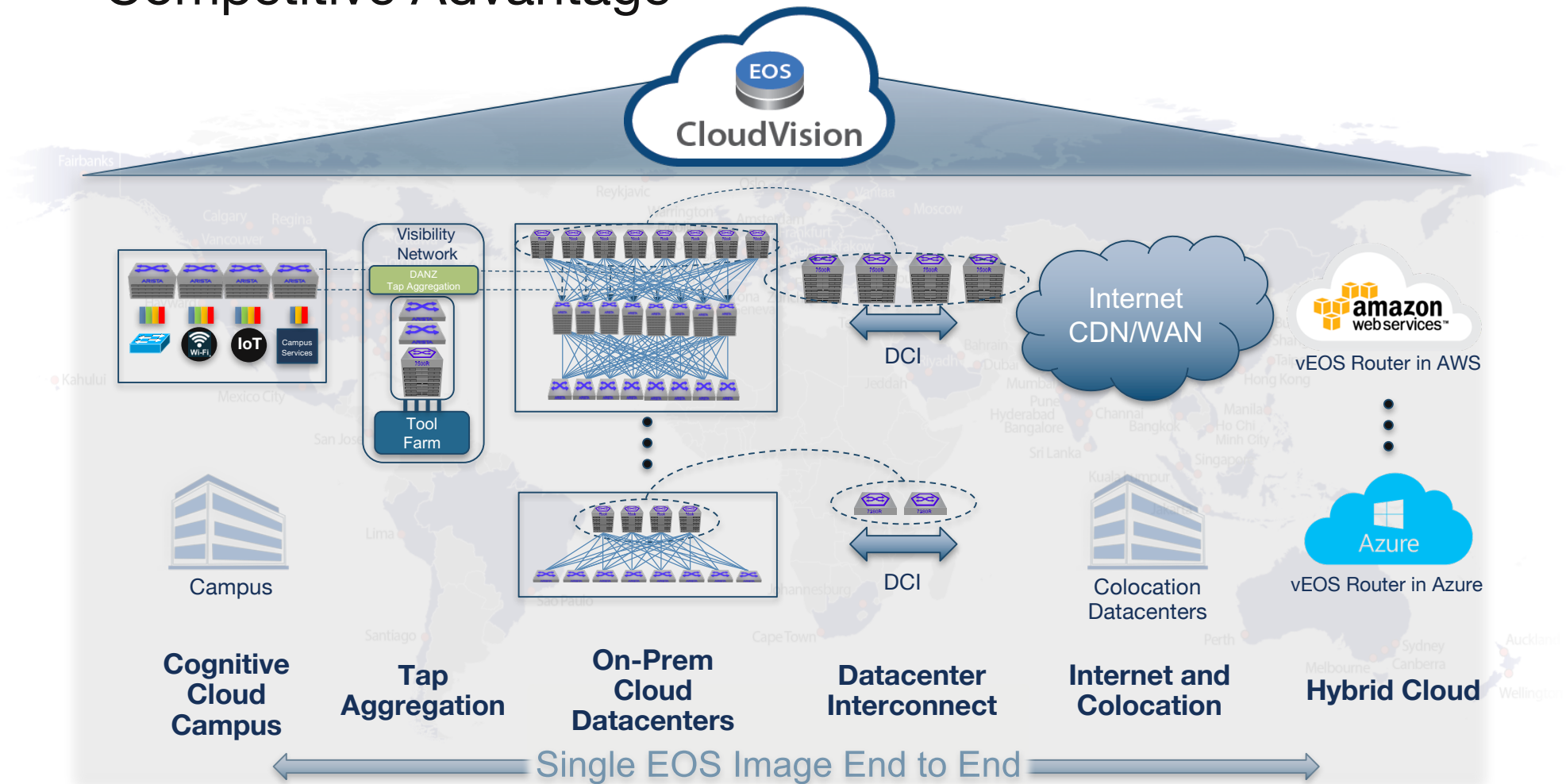
Leading Performance
Best of Breed
Merchant Silicon

Arista's EOS offers an Open Programmable Environment with Flexible Packaging Options



EOS was engineered from the beginning to support open Linux with rich APIs. Adhering to this principle enabled a scalable architecture that offers flexible packaging options in an open programmable environment.

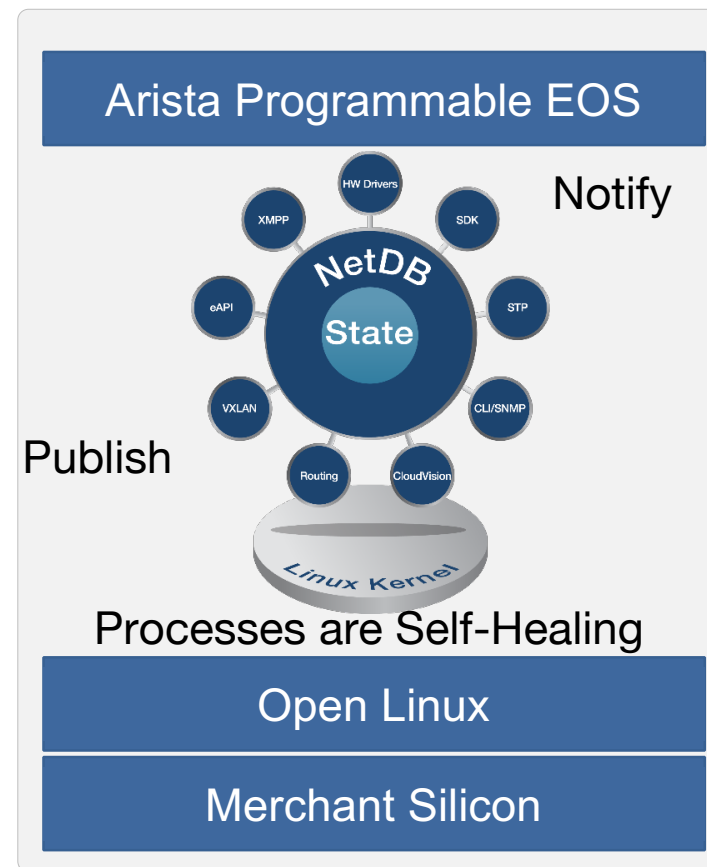
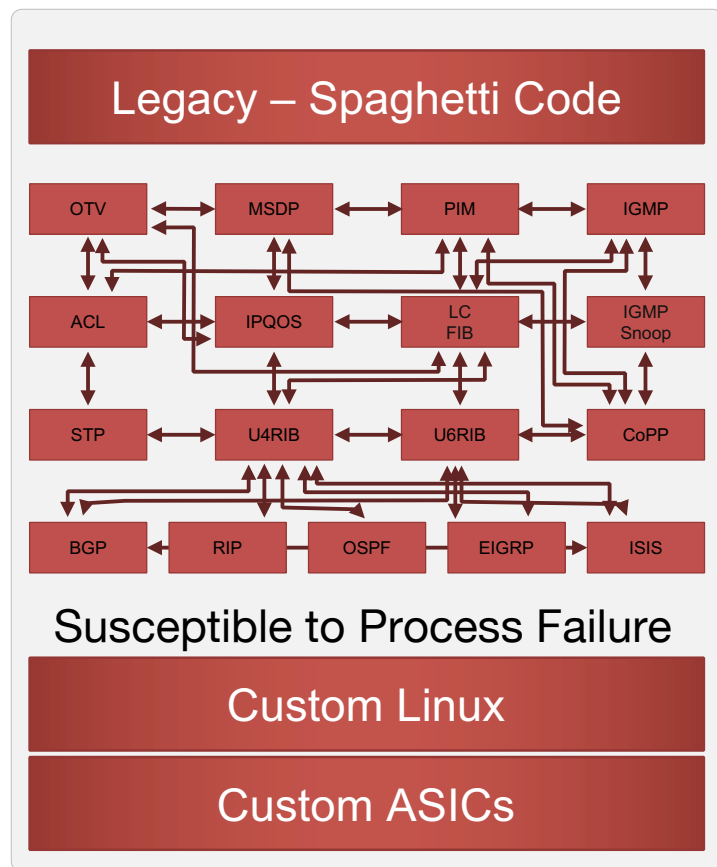
A Single EOS Image Underpins a Sustainable Competitive Advantage



A single image improves network availability while lowering TCO. Legacy vendors can have more than 5 images with multiple management tools, adding complexity, multiplying cost and reducing stability.

Arista's Cloud Scale Software Architecture

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



Resilient

Programmable

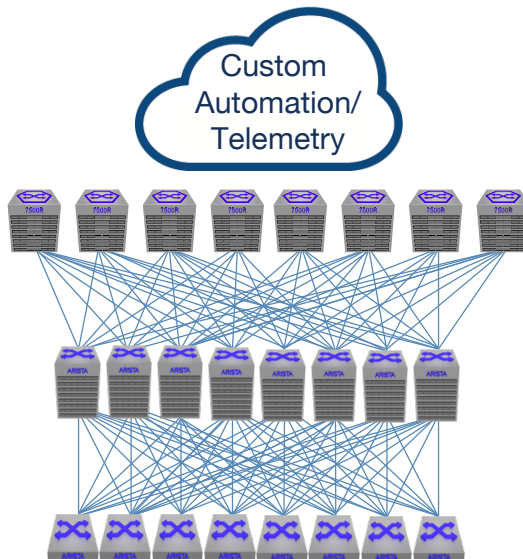
Scalable

Cloud Networking is Everywhere:

Three Key Markets – One Architecture – One EOS

Arista
Cloud Scale

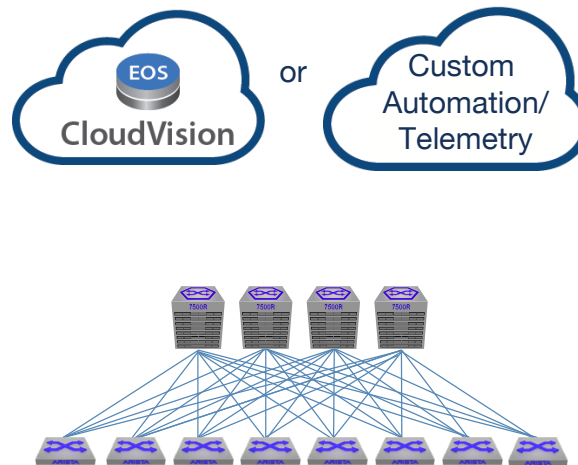
Cloud Titans



Scale and
Control Driven

Arista
Cloud Class

Key Verticals



Best of Breed
Driven

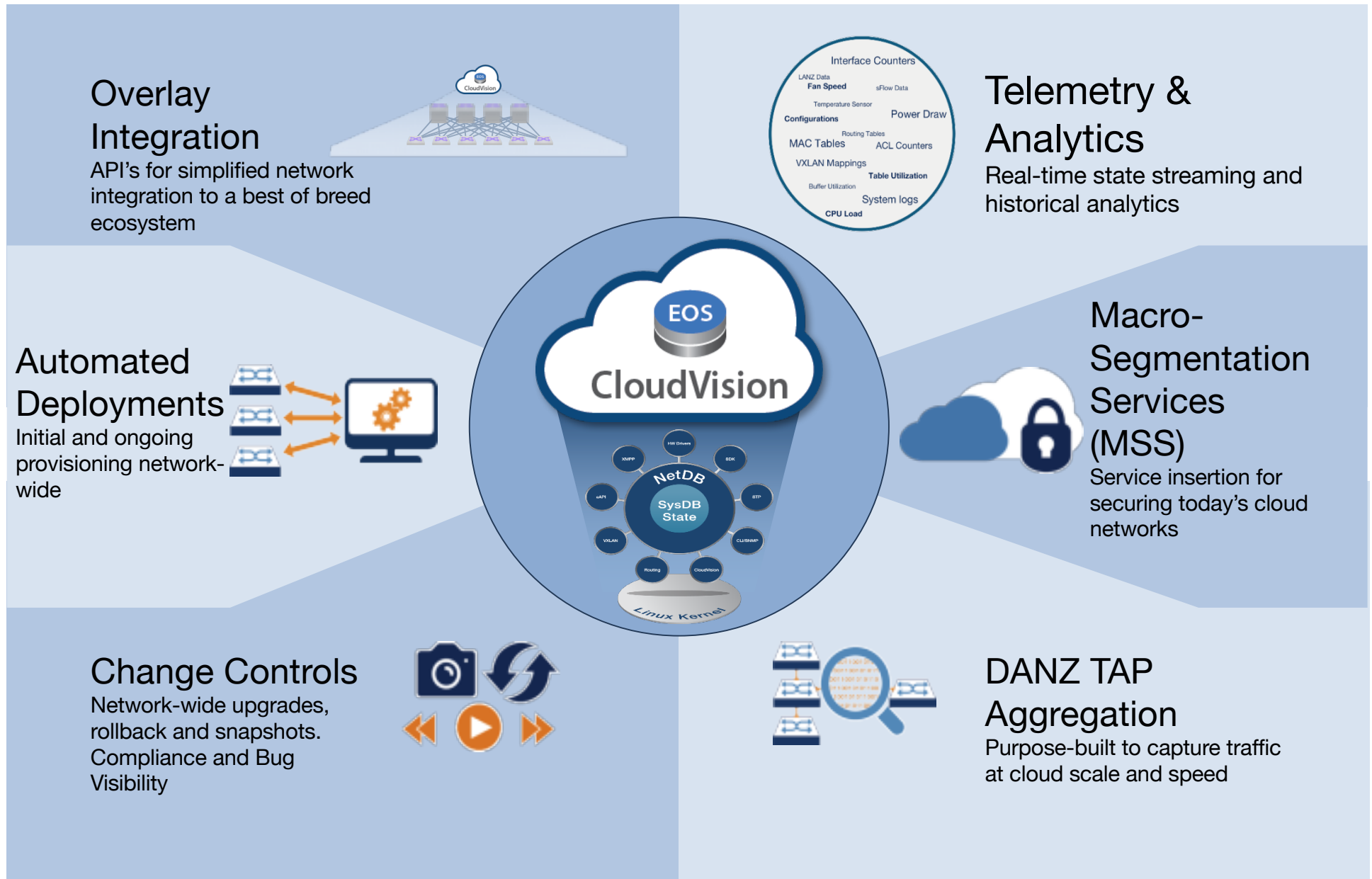
Arista
Cloud Converged

Enterprise



Turnkey
Driven

CloudVision: Multi-Function Hybrid Cloud Platform



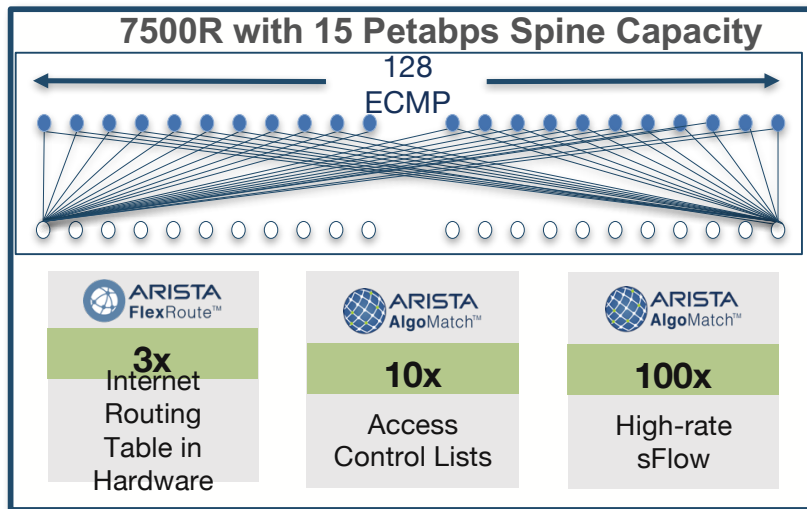
Disruptive Cloud Economics for Routers

	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

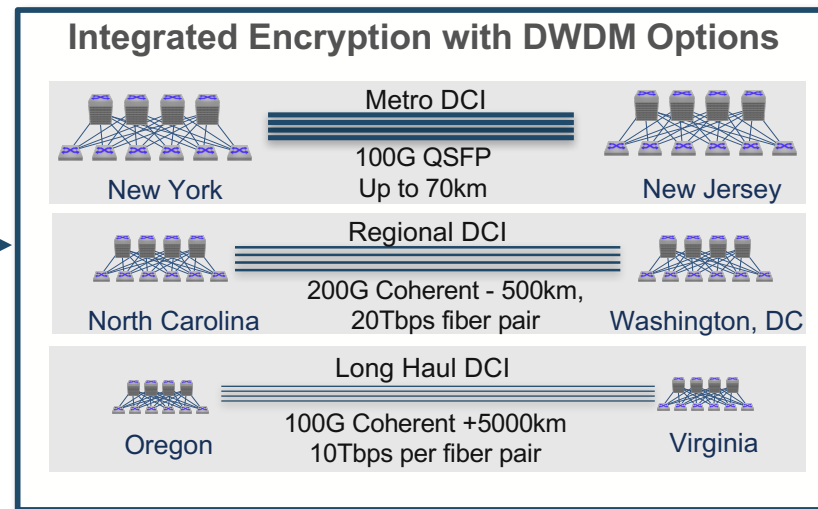
Arista's Disruptive Economics

7500R disrupting router market w/100GbE routing transition

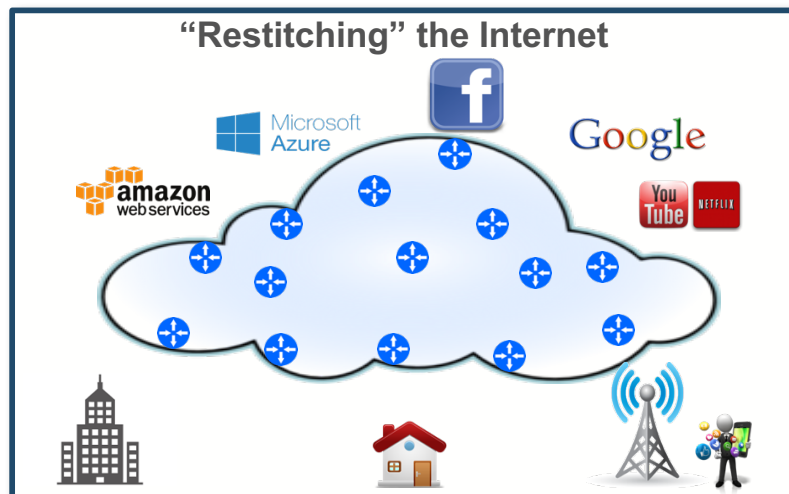
“Restitching” the Internet



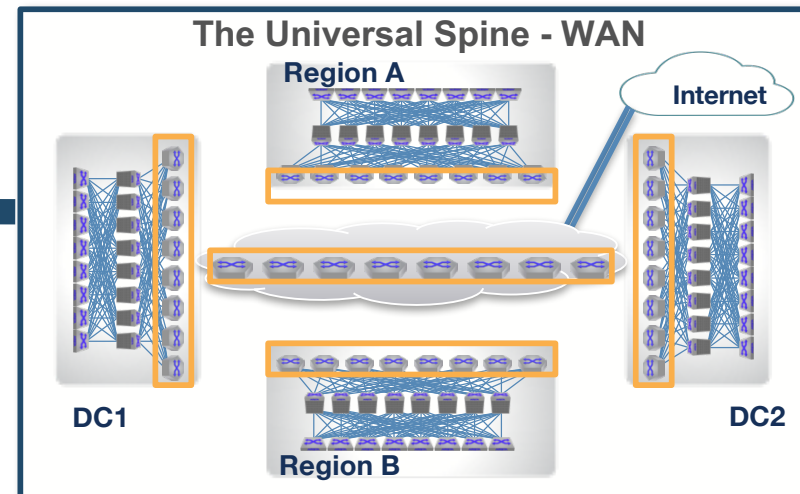
1. Scale out the Datacenters



2. Interconnect Metro, Regional,... Datacenters



4. Establish New Peering Relationships



3. Interconnect Private Backbones

Cloud-Class Market Leadership Platform Portfolio

Single-Image Arista EOS Across All Platforms

Spine/Spine™

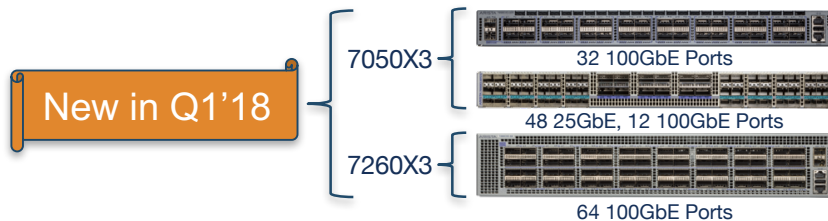
7300X3
Series



7500E/R Series



7050X/7060X Series



Leaf



Volume

7150, 7160 & 7280R Series



Value

Diverse Merchant Silicon Architectures

Scaling up the Cloud

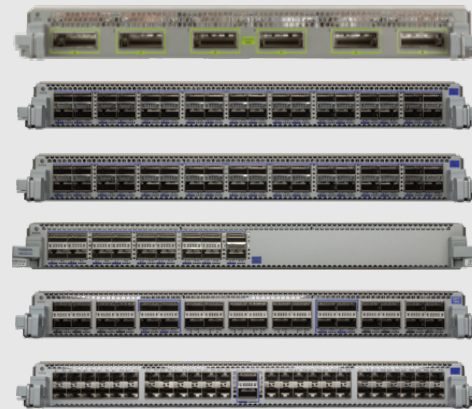
Universal Spine and Leaf



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



10G, 25G, 40G
and 100G Line cards



7500R Universal Spine



48 10G-T and 6 100G



48 10G-SFP and 6 100G



48 25G SFP and 6 100G



24 40G and 12 100G QSFP



56 40G and 16 100G QSFP



30 100G QSFP



48 100G and 8 40G QSFP



60 100G QSFP

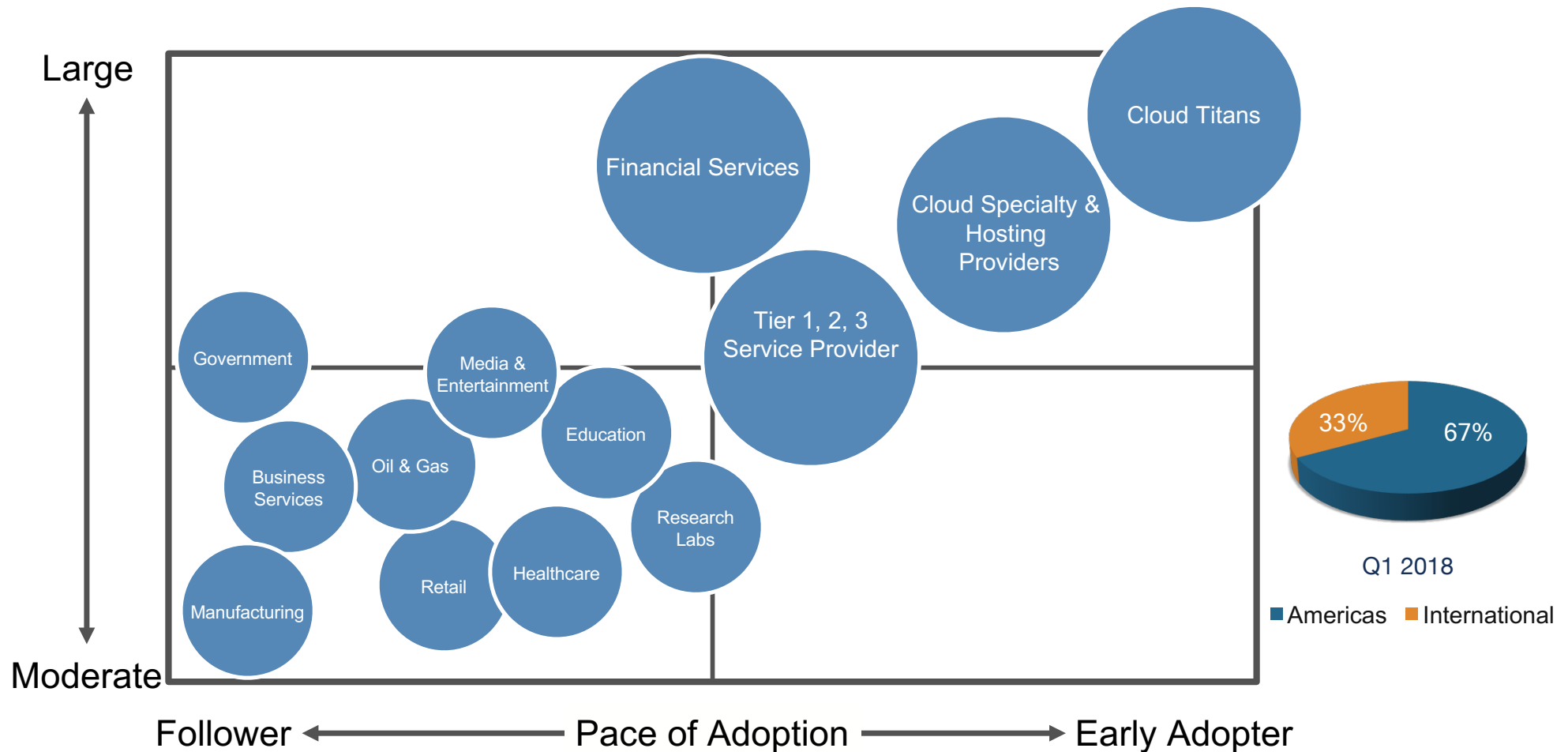
7280R Universal Leaf

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

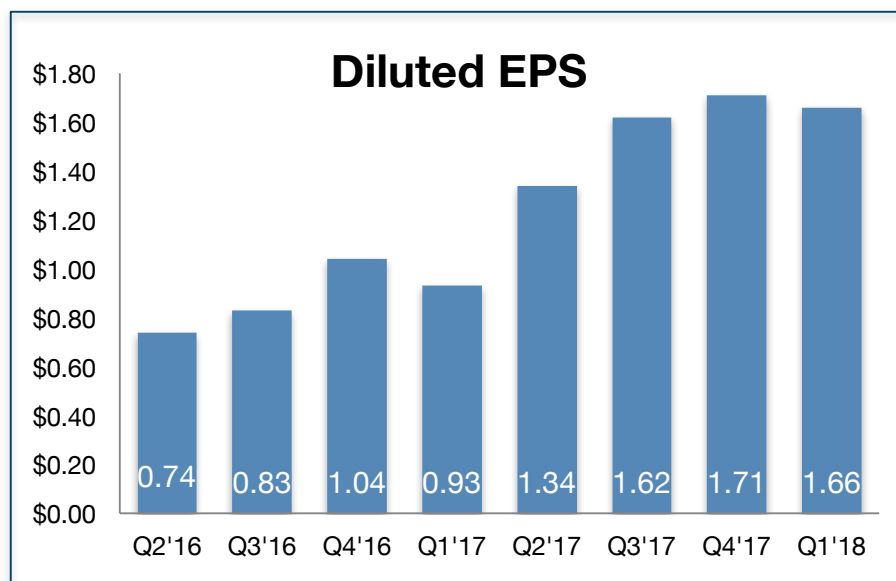
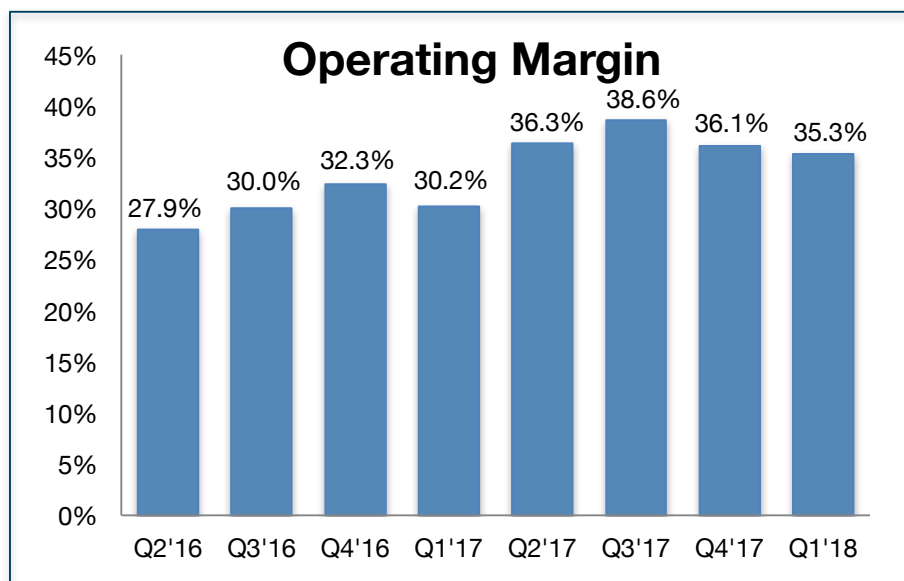
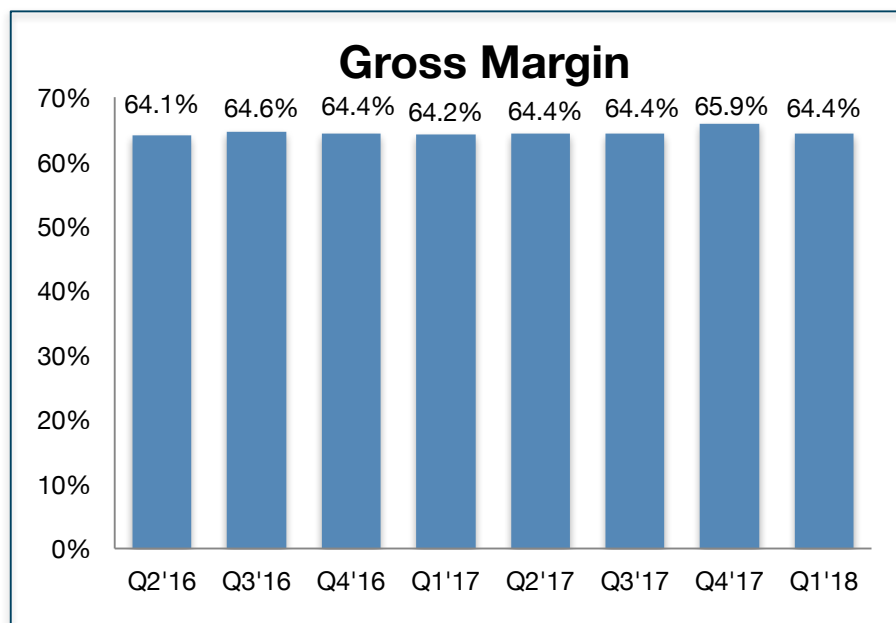
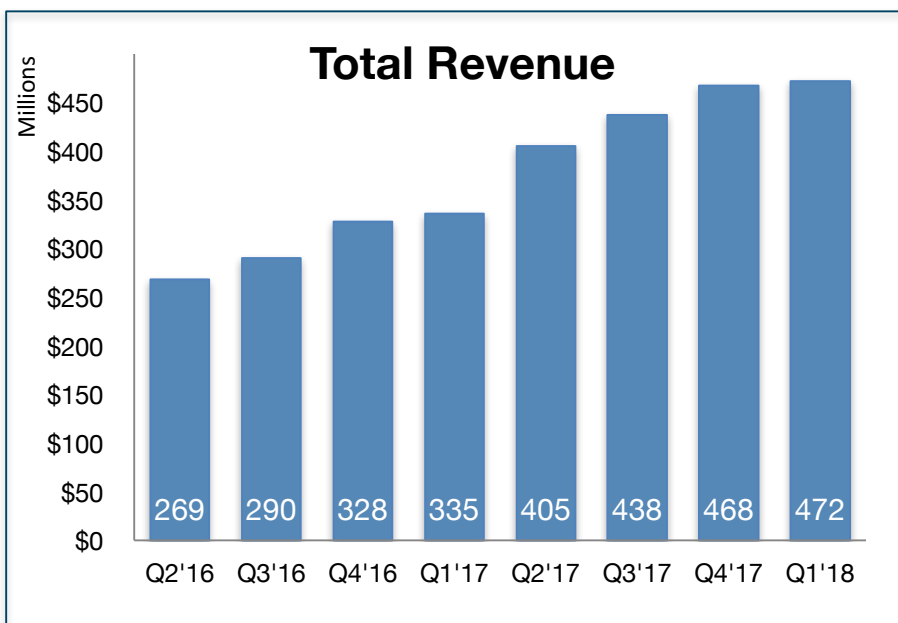


Major Verticals



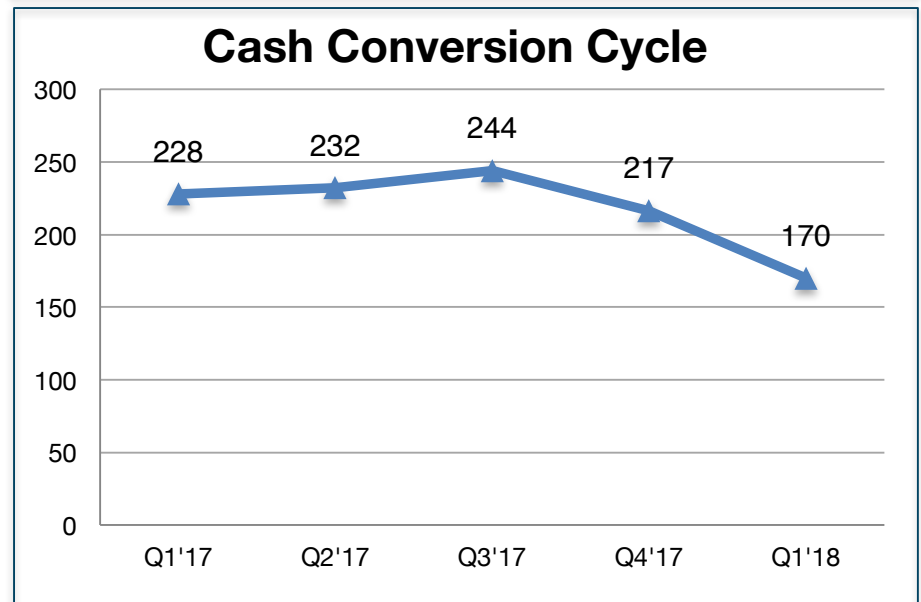
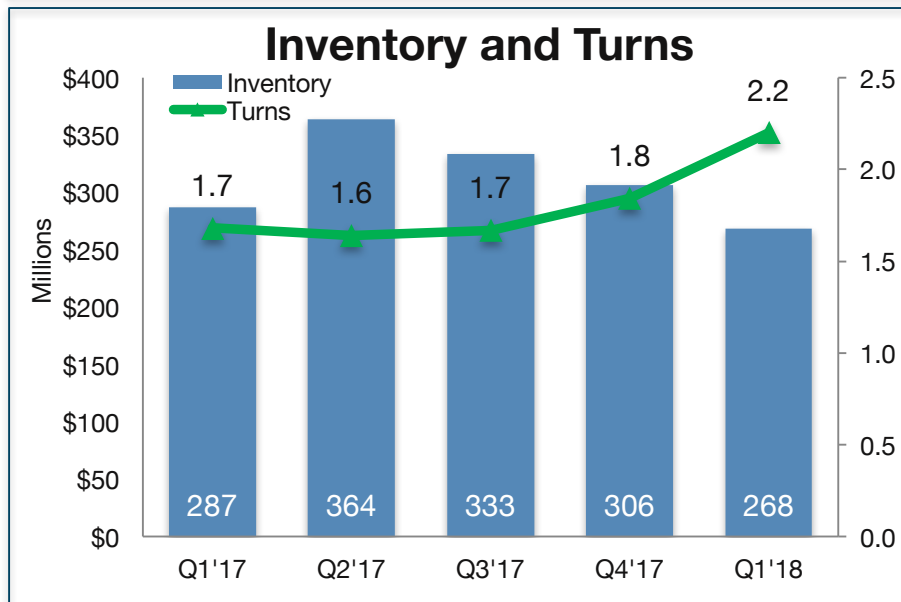
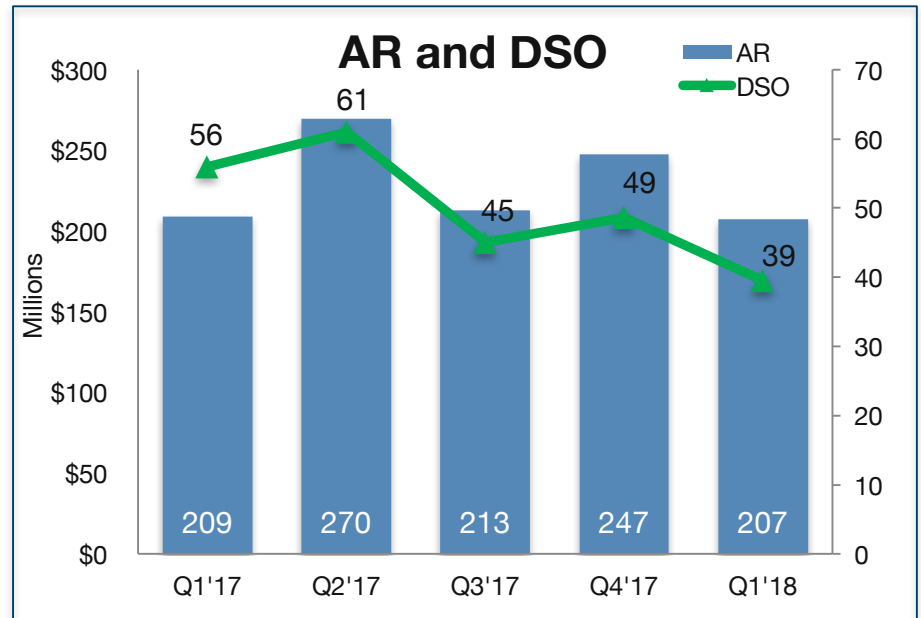
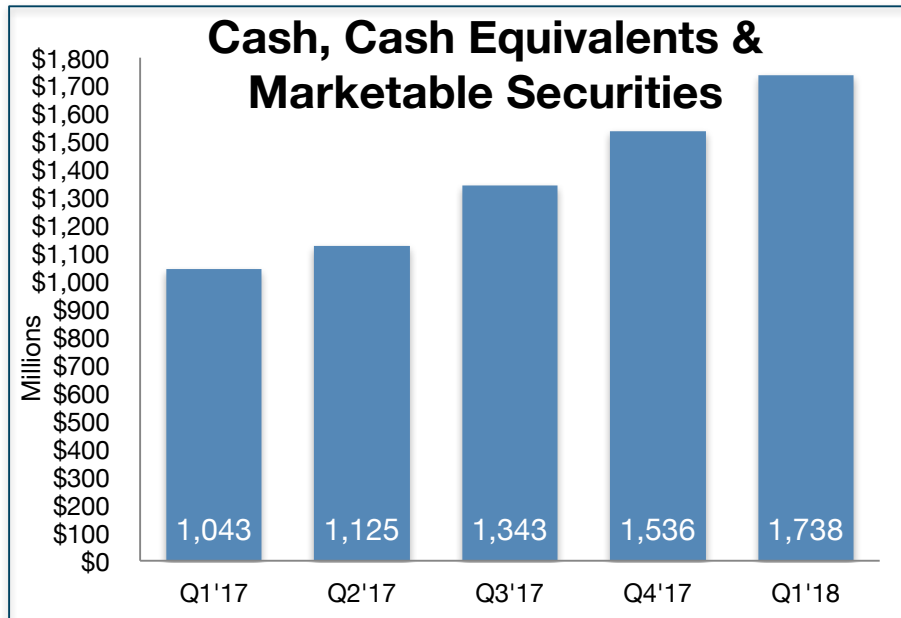
Note: By Billings. Only selected verticals shown. Diagram not to scale.

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



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	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Customer 1												
Customer 2												
Customer 3												
Customer 4												
Customer 5												
Customer 6												
Customer 7												
Customer 8												
Customer 9												
Customer 10												
Customer 11												
Customer 12												
Customer 13												
Customer 14												
Customer 15												



Additional Purchases



Did Not Purchase

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

Arista Highlights - First Quarter 2018

Key Highlights

Q1-2018:

- [Arista Networks announced an expanded family of platforms](#) delivering 10x performance for switching and routing. The new generation of 25G and 100G systems add new capabilities for visibility, load balancing, network segmentation, scale and allow both Cloud and Enterprise customers to easily migrate their networks, retaining operational consistency.
- Arista Networks recognized as a leader with the top score in the current offering and strategy categories in [The Forrester Wave\(TM\)](#): Hardware Platforms for Software-Defined Networking, Q1 2018.
- [The European Advanced Networking Test Center \(EANTC\)](#) has successfully verified the interoperability of key Arista EOS® (Extensible Operating System) routing capabilities at the MPLS + SDN + NFV World Congress 2018 interoperability showcase.

Financial Results (non-GAAP)¹

Q1-2018:

Q1'18 Revenue: \$472.5M

Q1'18 EPS: \$1.66

Q1'17-Q1'18 YOY Revenue Growth: 40.8%

Q1'18 Gross Margin: 64.4%

Q1'18 Operating Margin: 35.3%

Mission:

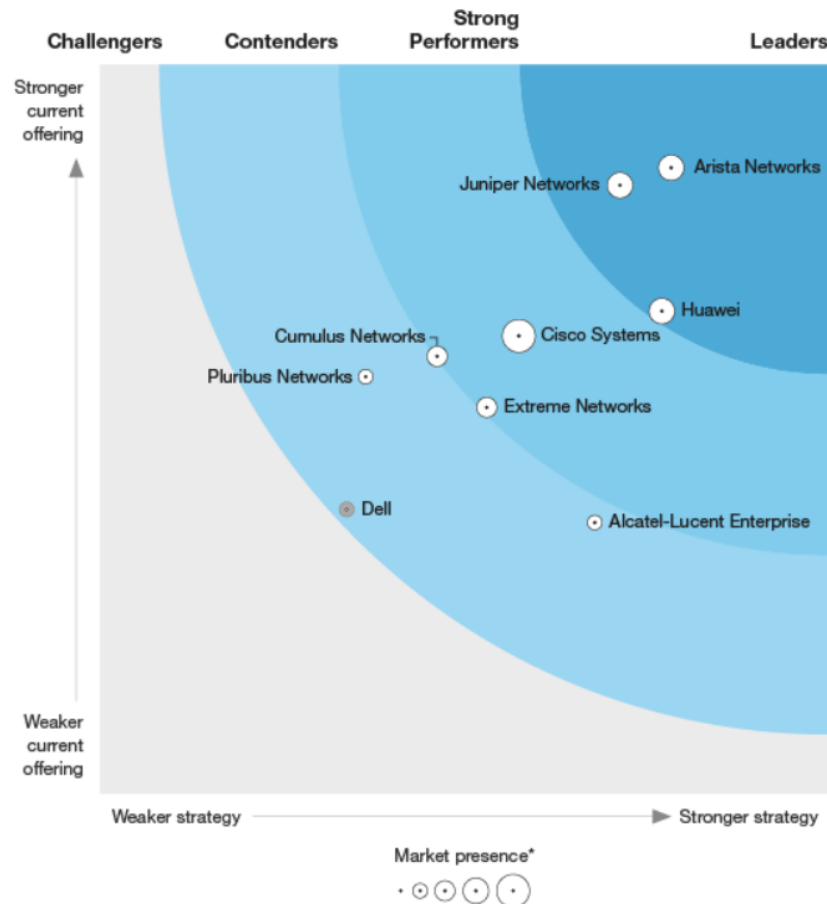
Deliver the best cloud networking solutions for private, public and hybrid cloud deployments

Arista Highlights - First Quarter 2018

THE FORRESTER WAVE™

Hardware Platforms For Software-Defined Networking

Q1 2018



*A gray marker indicates incomplete vendor participation.

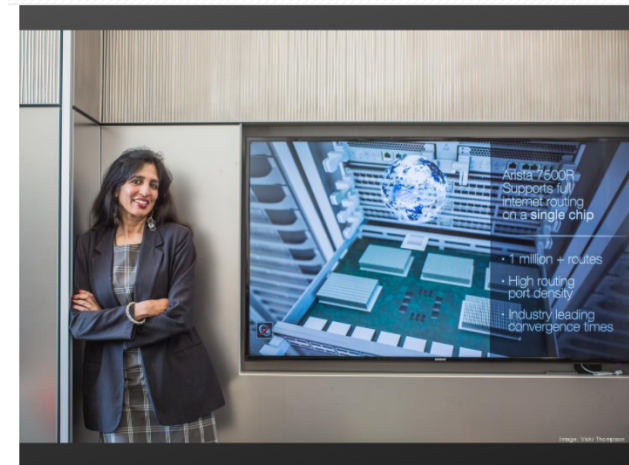
[Download Report](#)

SAN FRANCISCO
BUSINESS TIMES

SILICON VALLEY
BUSINESS JOURNAL

“[The Bay Area Best Places To Work](#)”. 130 companies have been selected for the Top Workplaces award and Arista Ranked in the Top 10 of the Large Companies Category.

Best Places to Work Event Hub



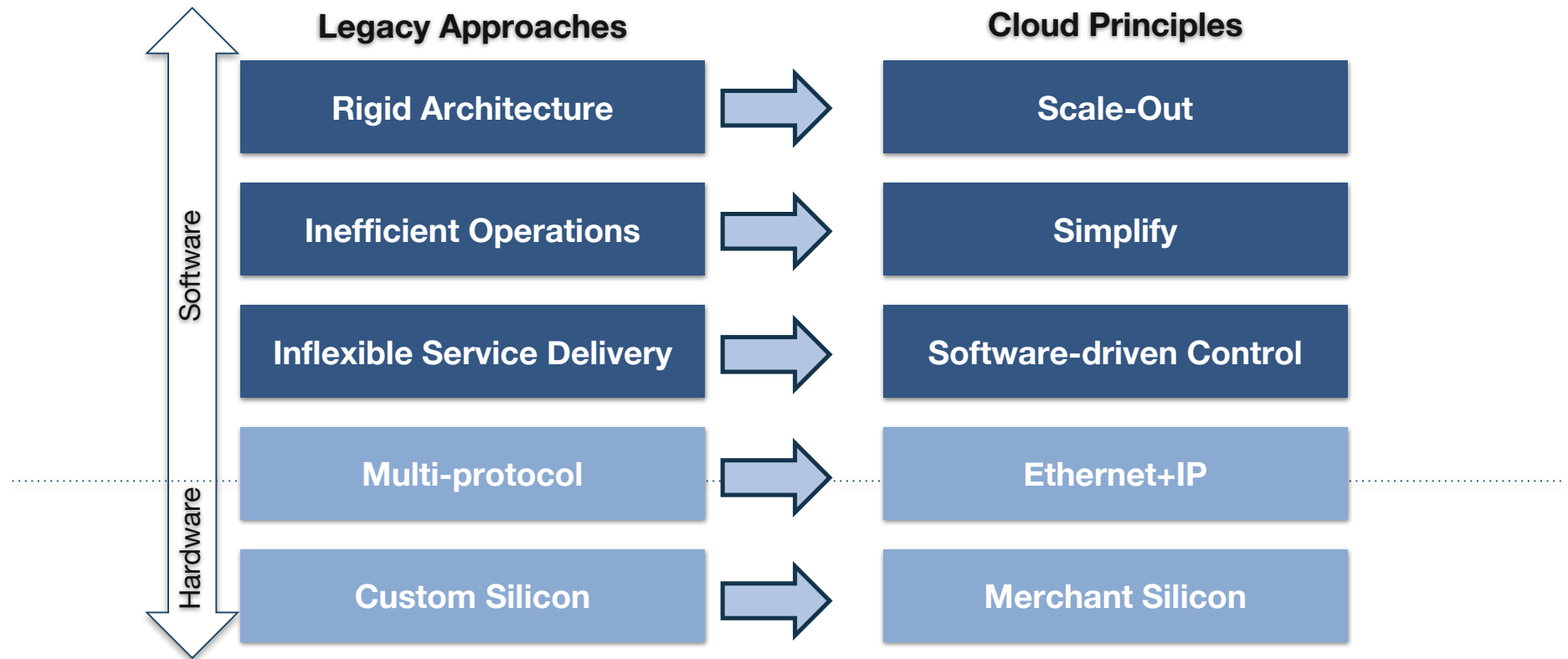
Jayshree Ullal, President and CEO, Arista Networks

Appendix: GAAP to Non-GAAP Reconciliation

In 000's except per share data	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18
GAAP gross profit	\$ 171,451	\$ 186,420	\$ 210,155	\$ 214,210	\$ 259,777	\$ 280,617	\$ 307,165	\$ 302,919
GAAP gross margin	63.8%	64.2%	64.1%	63.9%	64.1%	64.1%	65.7%	64.1%
Stock-based compensation expense	868	955	1,004	1,024	1,087	1,113	1,129	1,202
Non-GAAP gross profit	\$ 172,319	\$ 187,375	\$ 211,159	\$ 215,234	\$ 260,864	\$ 281,730	\$ 308,294	\$ 304,121
Non-GAAP gross margin	64.1%	64.6%	64.4%	64.2%	64.4%	64.4%	65.9%	64.4%
GAAP income from operations	\$ 53,158	\$ 63,021	\$ 77,495	\$ 73,418	\$ 116,634	\$ 140,832	\$ 139,388	\$ 138,738
GAAP operating margin	19.8%	21.7%	23.6%	21.9%	28.8%	32.2%	29.8%	29.4%
Stock-based compensation expense	14,232	15,116	16,324	16,439	18,400	20,152	20,436	20,851
Litigation expenses	7,594	9,025	12,209	11,466	11,957	7,857	9,072	7,085
Non-GAAP income from operations	\$ 74,984	\$ 87,162	\$ 106,028	\$ 101,323	\$ 146,991	\$ 168,841	\$ 168,896	\$ 166,674
Non-GAAP operating margin	27.9%	30.0%	32.3%	30.2%	36.3%	38.6%	36.1%	35.3%
GAAP diluted net income to common stockholders	\$ 38,635	\$ 50,980	\$ 58,542	\$ 82,716	\$ 102,474	\$ 133,555	\$ 103,758	\$ 144,456
Net income attributable to participating securities	269	277	241	245	211	167	75	82
Stock-based compensation expense	14,232	15,116	16,324	16,439	18,400	20,152	20,436	20,851
Litigation expenses	7,594	9,025	12,209	11,466	11,957	7,857	9,072	7,085
Excess tax benefits on stock-based awards	-	-	-	(28,790)	(19,079)	(23,826)	(38,312)	(25,321)
Impact of the U.S. Tax Cuts and Jobs Act	-	-	-	-	-	-	51,812	-
Release of income tax reserves	-	(6,293)	-	-	-	-	-	-
Tax effect of non-GAAP exclusions	(7,056)	(7,924)	(9,836)	(10,269)	(8,493)	(9,683)	(9,511)	(13,030)
Non-GAAP net income	\$ 53,674	\$ 61,181	\$ 77,480	\$ 71,807	\$ 105,470	\$ 128,222	\$ 137,330	\$ 134,123
GAAP diluted income per share to common stockholders	\$ 0.53	\$ 0.69	\$ 0.79	\$ 1.07	\$ 1.30	\$ 1.68	\$ 1.29	\$ 1.79
Non-GAAP adjustments to net income per share	0.21	0.14	0.25	(0.14)	0.04	(0.06)	0.42	(0.13)
Non-GAAP diluted income per share	\$ 0.74	\$ 0.83	\$ 1.04	\$ 0.93	\$ 1.34	\$ 1.62	\$ 1.71	\$ 1.66
GAAP and non-GAAP weighted diluted shares	72,817	73,453	74,384	77,516	78,756	79,322	80,243	80,721

Arista Cognitive Cloud Networking for the Campus

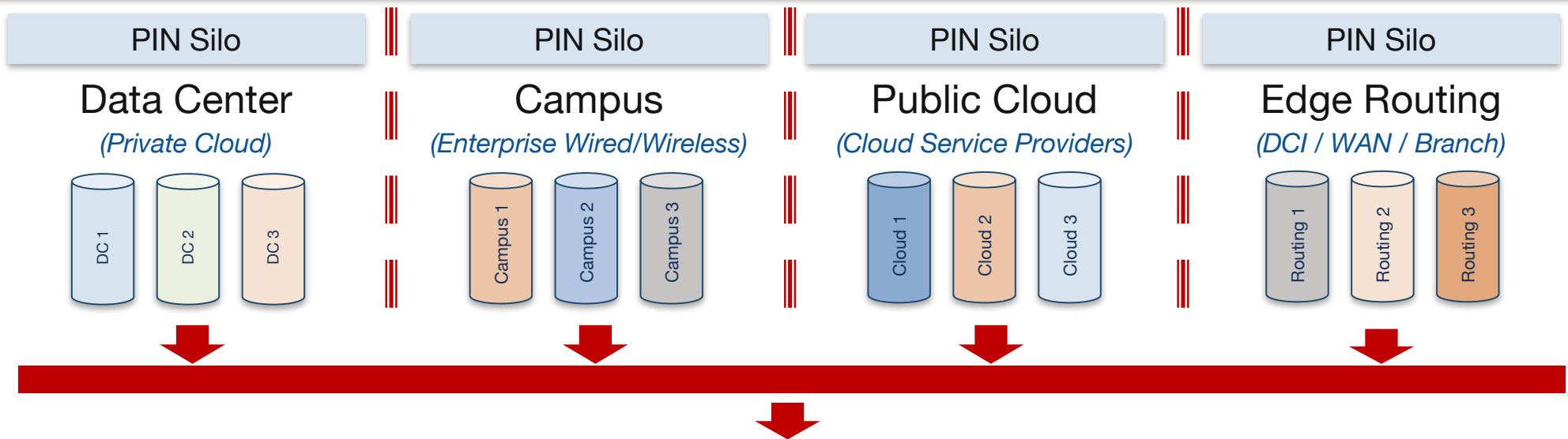
Cloud Principles Applied to Network Transformations



Can Cloud Principles apply to the Enterprise Campus?

Cloud Principles Break Down Enterprise Networking Silos

Platforms impose rigid operational models

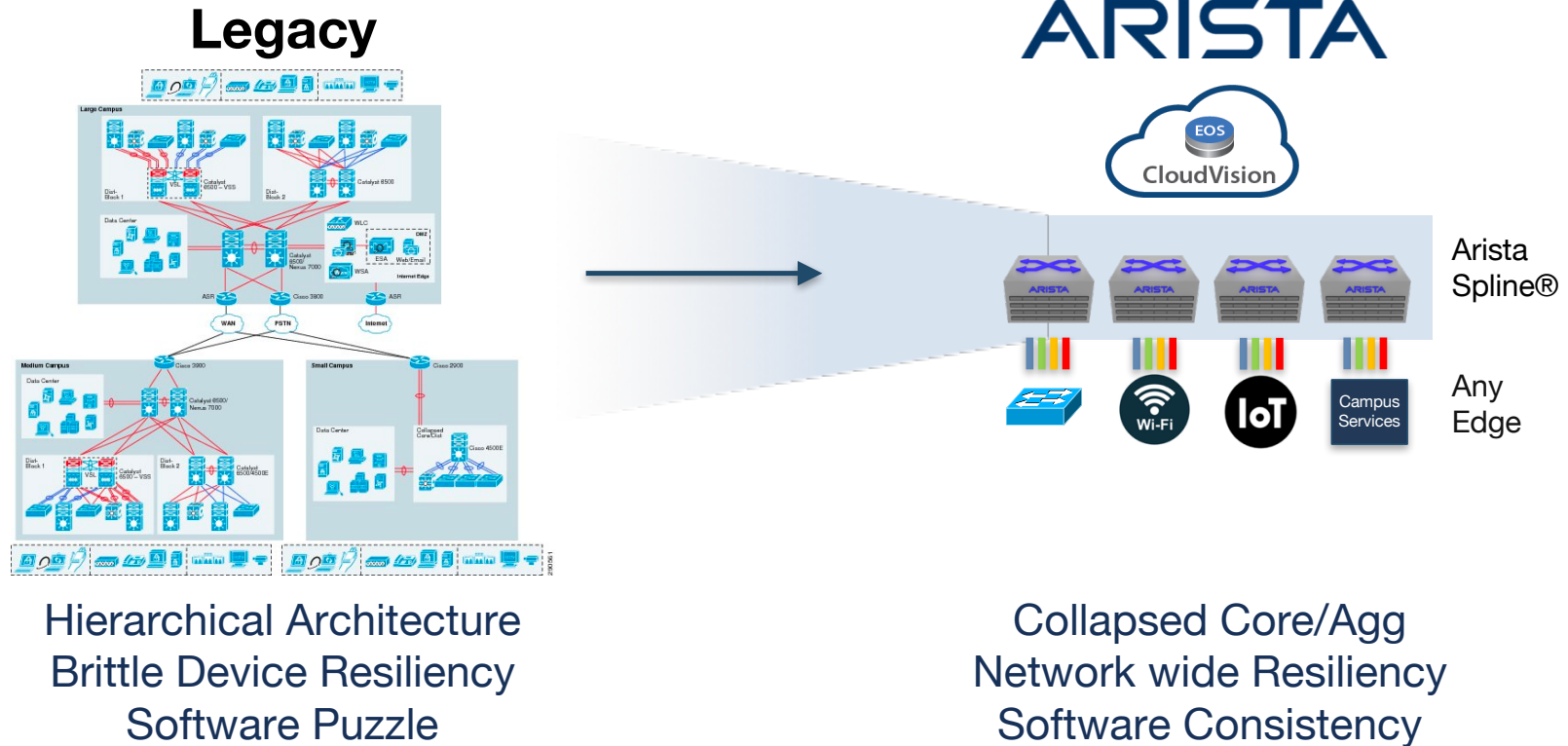


“PINs to PICs”

Places-in-the-Network to Places-in-the-Cloud

Simplify Operational Models based on Cloud Principles

Simplifying Architectures with Arista Campus Spline



Reduce Operational costs with a simplified architecture

Cognitive Campus Platforms

Spline™ Platforms



7300X3

Modular System

Up to 256 100G ports

7050X3

Fixed System

Up to 32 100G ports

Cognitive OS



Hitless Patching, HA with SSO
Flow Telemetry
NetDB streaming
Secure Macro Segmentation Service
Dynamic Path Selection

Simplify with collapsed
Spline architecture

Single Software Image
consistency

Cognitive Management

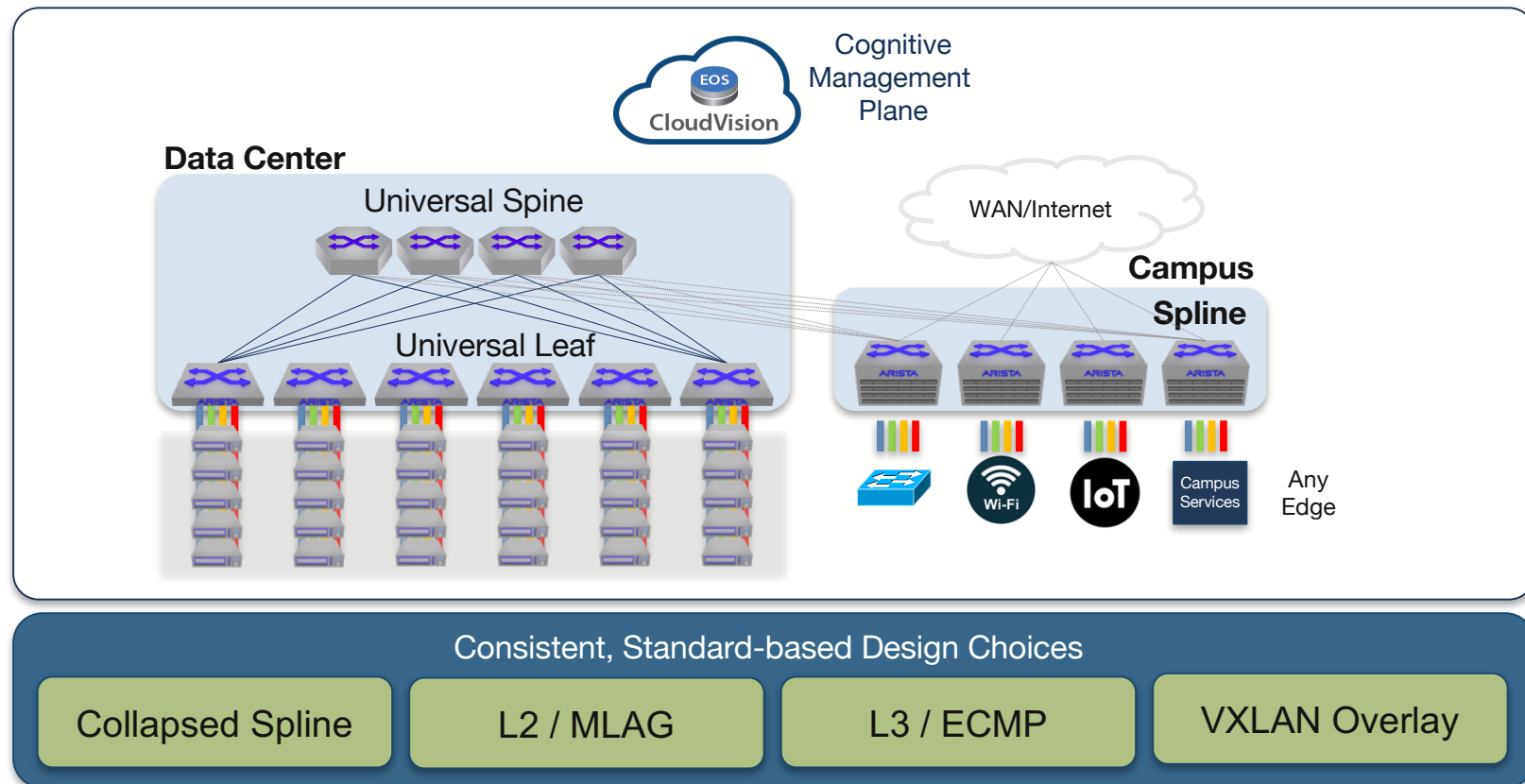


Zero Touch Provisioning / Repair
Automated Upgrades & Rollback (SSU)
Compliance & Audit
Network-wide Analytics, including machine
learning
Cloud Network Topology

Federated across
DC & Campus

Cognitive Campus Platforms...leveraging Cloud & Data Center principles

Universal Cloud Networking Designs for the Campus



Arista X3 Series: Spline Platforms



7300X3

High Density Modular 100G/25G for Campus Spline

Two Chassis:
4 and 8 slot
with 50Tbps Fabric

Linecards:
32x100G QSFP
48xSFP-25G & 4x100G



7050X3

Fixed 100G & 25G
for Campus Spline

32 x 100G and 48 x 25G with
100G uplinks

10G to 100G port flexibility
Industry-leading Power Efficiency
Large scale L2/L3 Tables



Flow Tracer

Dynamic Path Selection

Dynamic Shared Buffer

Smart Software Upgrade

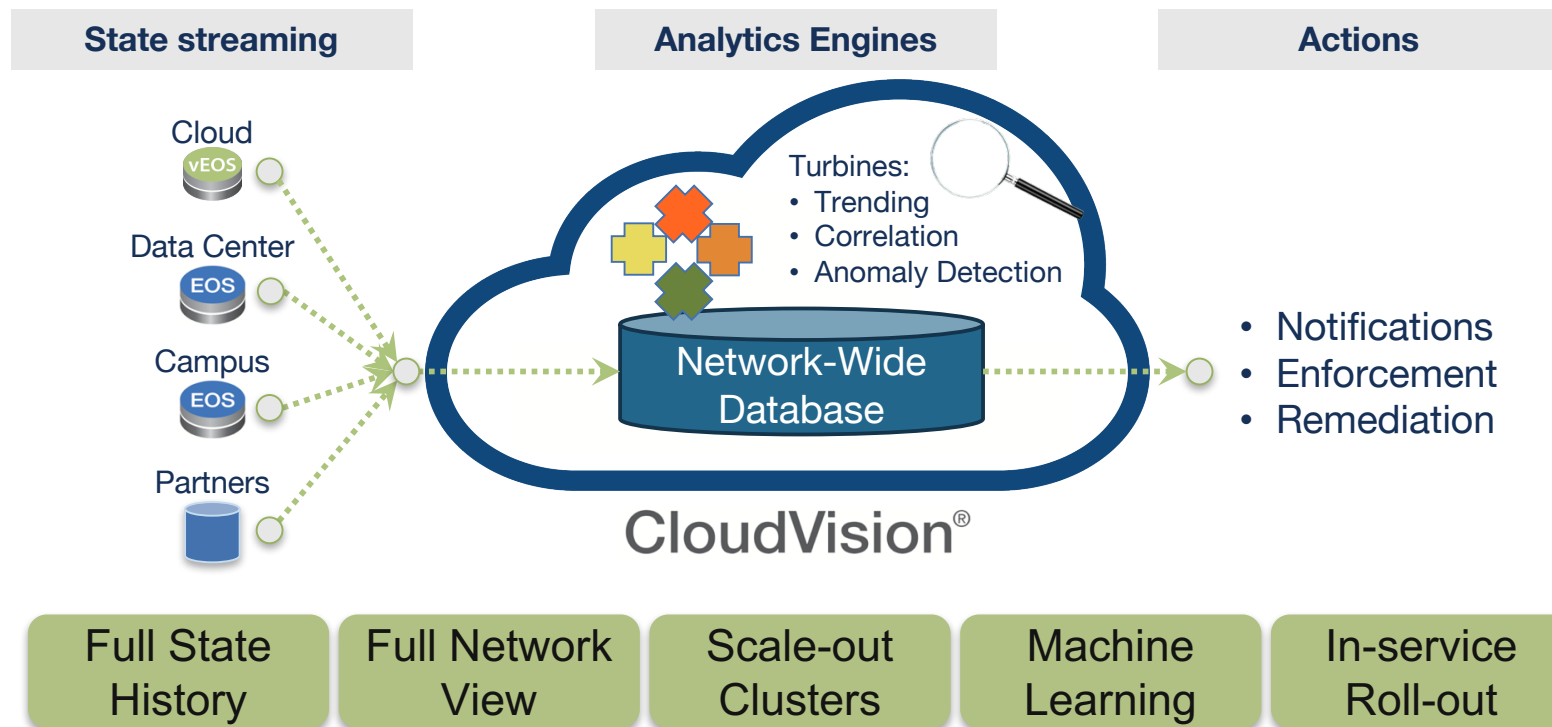
Unified Forwarding Table

Remote Monitoring

Macro Segmentation

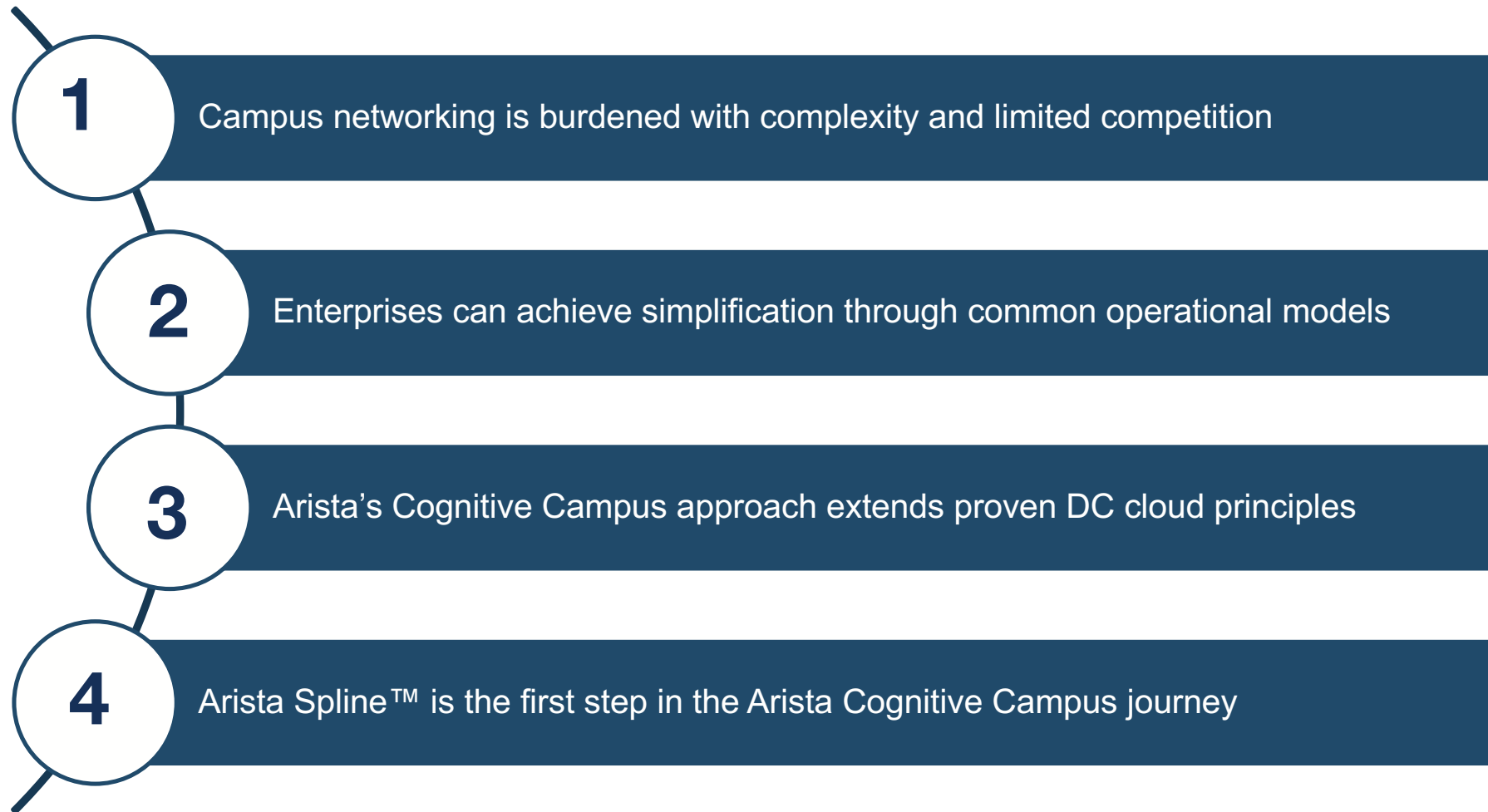
Single EOS image with CloudVision & Cognitive Features

Cognitive Management Plane



Leveraging Data-Driven Analytics for Intelligent Action

Cognitive Cloud Networking for Campus



Cognitive Campus Networking Collateral

- Jayshree's Blog - [Unveiling Cognitive Campus Networking](#)
- Ken's Blog – [CloudVision: A Cognitive Management Plane](#)
- Video: [Arista Networks Introducing the Cognitive Campus](#)
- Press Release - [Arista Introduces Cognitive Cloud Networking for the Campus](#)
- [Investor Relations Presentation with Cognitive Campus Slides](#)
- [Arista Cognitive Campus Network Whitepaper](#)
- [Cognitive Campus Webpage](#)



Thank You

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