

ARISTA

Arista in Q4 2019

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 concerning our business plans and objectives, our growth drivers, total addressable market, potential growth opportunities, market potential by speed, the router market, the campus switching market, the data center switching market, the transition from 100GbE products to 400GbE products, 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: the evolution and growth of the cloud networking market and the adoption by end customers of Arista's cloud networking solutions; rapid technological and market change; Arista's customer concentration; our ability to attract new large end customers or sell additional products and services to existing customers; competition in our products and services markets; changes in Arista's customers' demand for our products and services; changes in customer order patterns or customer mix; requests by large end customers for more favorable terms and conditions; general market, political, economic and business conditions such as the recent U.S. trade wars with China and the impact of public health epidemics like the coronavirus currently affecting China; dependence on the introduction and market acceptance of new product offerings and standards including our 400G products as well as our campus and WiFi products; declines in the sales prices of our products and services; the timing of orders and manufacturing and customer lead times; and the benefits and impact of acquisitions; and other future events. Additional risks and uncertainties that could affect Arista can be found in our most recent Quarterly Report on Form 10-Q filed with the SEC on November 1, 2019, and other filings that the company makes to the SEC from time to time. You can locate these reports through our website at <https://investors.arista.com/> and on the SEC's website at <https://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 February 24, 2020 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. These non-GAAP financial measures exclude stock-based compensation expenses, litigation-related expenses, amortization of acquisition-related intangible assets, other non-recurring charges or benefits, and the income tax effect of these non-GAAP exclusions. See the Appendix for a reconciliation of all non-GAAP financial measures to their nearest GAAP equivalent.

Source: Gartner, Magic Quadrant for Data Center Networking, Andrew Lerner, Mike Toussaint, Jonathan Forest, 15 July 2019. Gartner Disclaimer - Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

Arista Networks Overview

Q4 2019

\$552.5M

Q4'19 Revenue

CY 2019

\$2.41B

CY'19 Revenue

\$2.29

Q4'19 diluted EPS ⁽¹⁾

\$9.73

CY'19 diluted EPS ⁽¹⁾

37.3%

Q4'19 Operating Margin ⁽¹⁾

38.3%

CY'19 Operating Margin ⁽¹⁾

IPO 2014

June 6th

S&P 500

Added in 2018

5 Year TAM

\$30B in 2024

⁽¹⁾ Non-GAAP



Company

Headquarters: Santa Clara, California

Website: www.arista.com

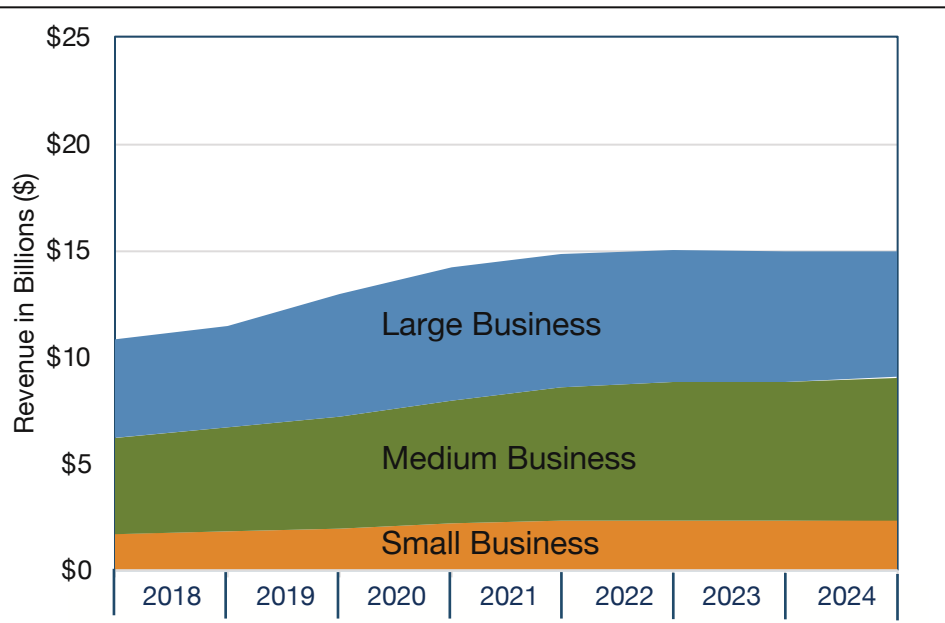
Email: info@arista.com



Ticker: ANET

Arista's Places In the Cloud (PICs) Networking Opportunity

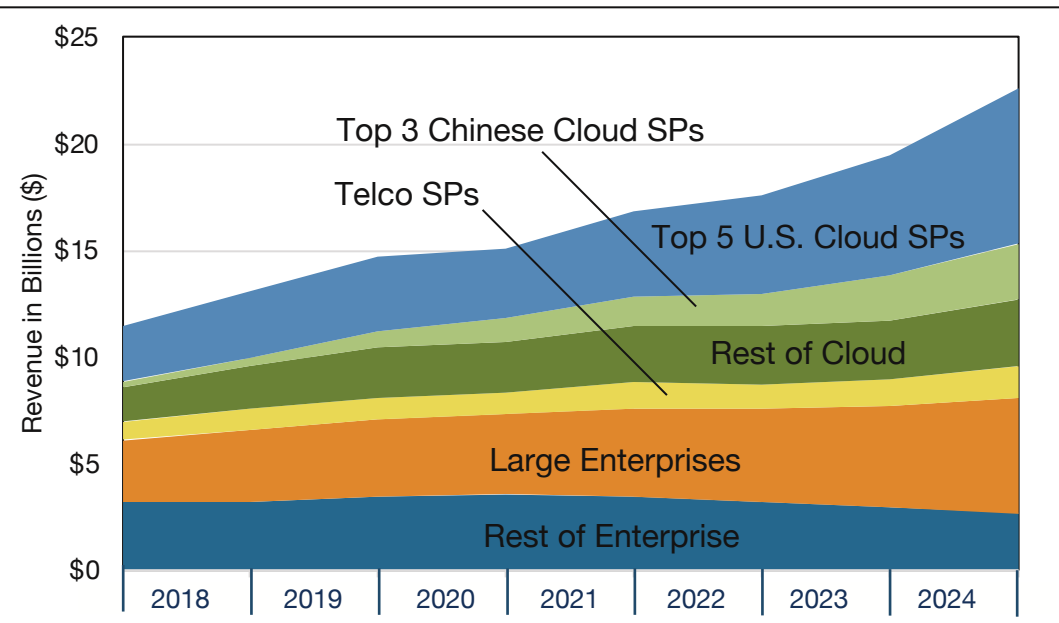
Campus Ethernet Switch Revenue



Source: 650 Group Campus Ethernet Market Forecast Jan 2020

Large Business - Fortune 2000
 Medium Business - Rest of Enterprise Market
 Small Business - Less than 50 Employees

Data Center Ethernet Switch Revenue

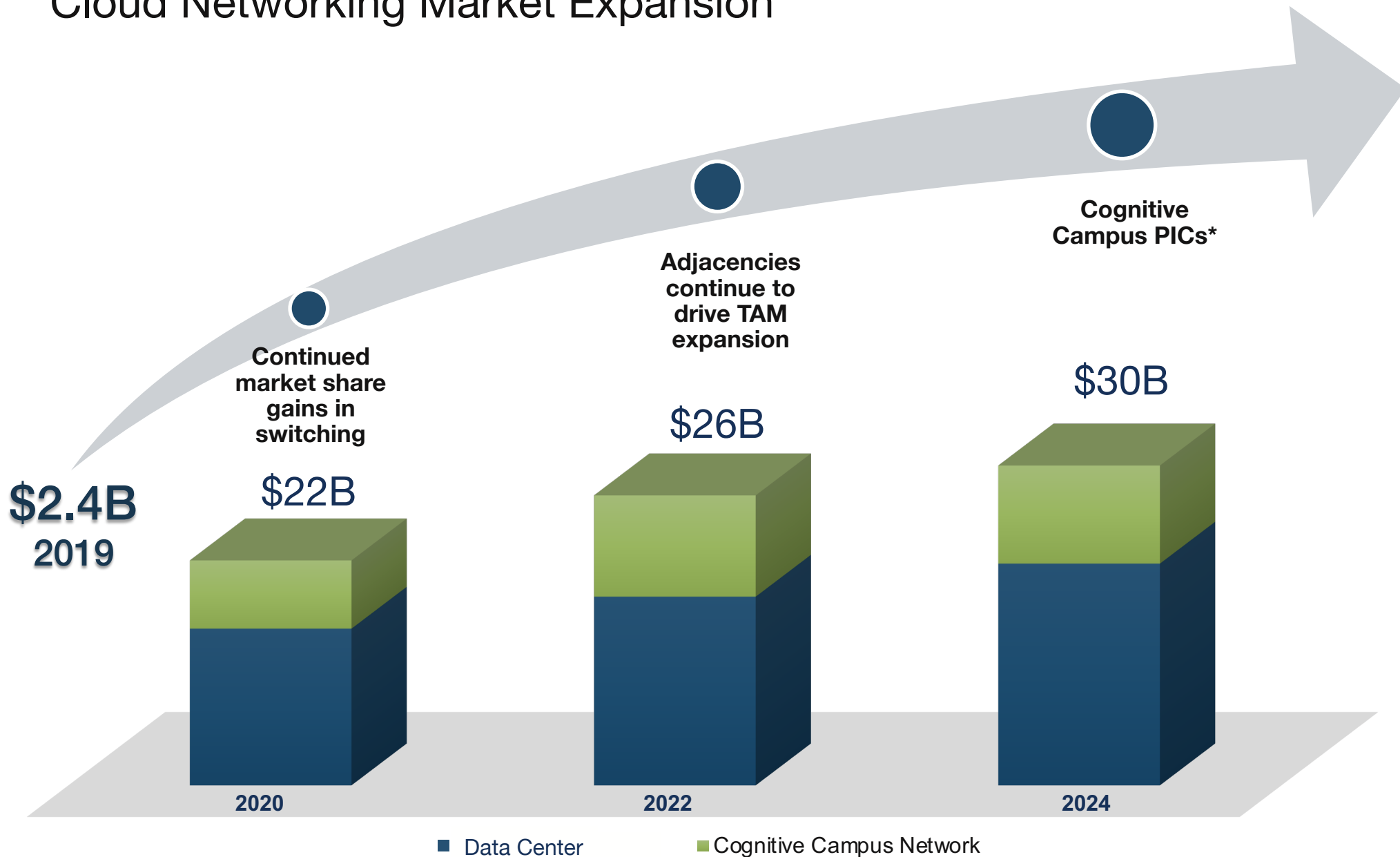


Source: 650 Group Ethernet Switch Data Center Forecast Jan 2020

US Top 5 Cloud Providers: Amazon, Apple, Facebook, Google, Microsoft
 Chinese Tier 1 Cloud Providers: Alibaba, Baidu, Tencent

Arista's Growth Drivers and Path to \$30B TAM

Cloud Networking Market Expansion



Source: Arista's internal estimates and various industry analysts

* PICs – Places In the Cloud

Arista 2020 Business Initiatives

- 1

Grow Market Share in Data Center

 - Extend 100G leadership into 400G
- 2

Deliver on Campus Target

 - Meet or exceed \$100M revenue for first year target
- 3

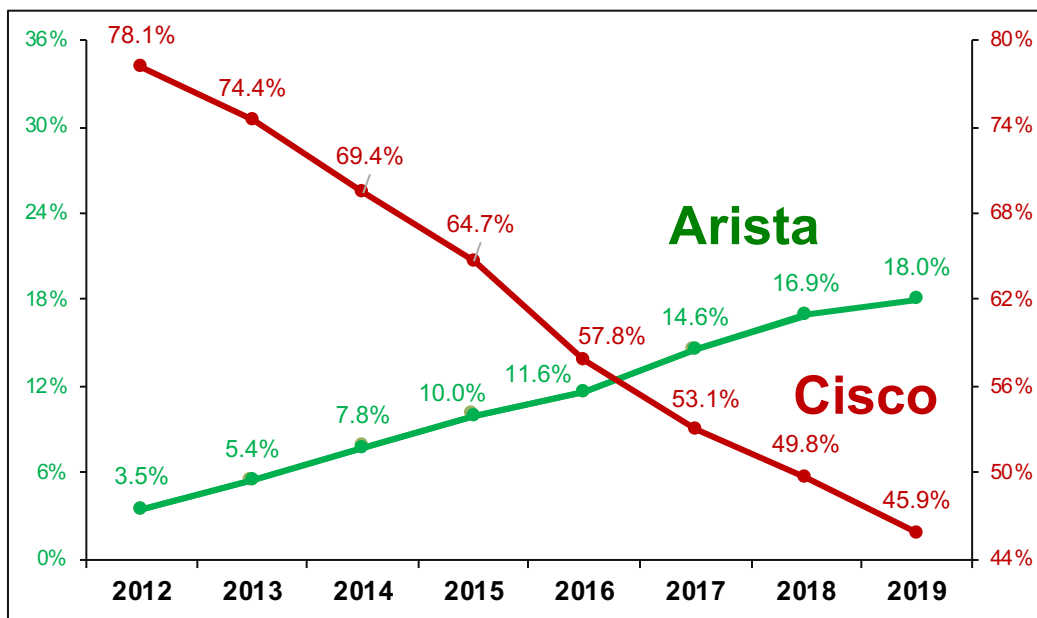
Continue Operational Excellence

 - Industry leading operational efficiency

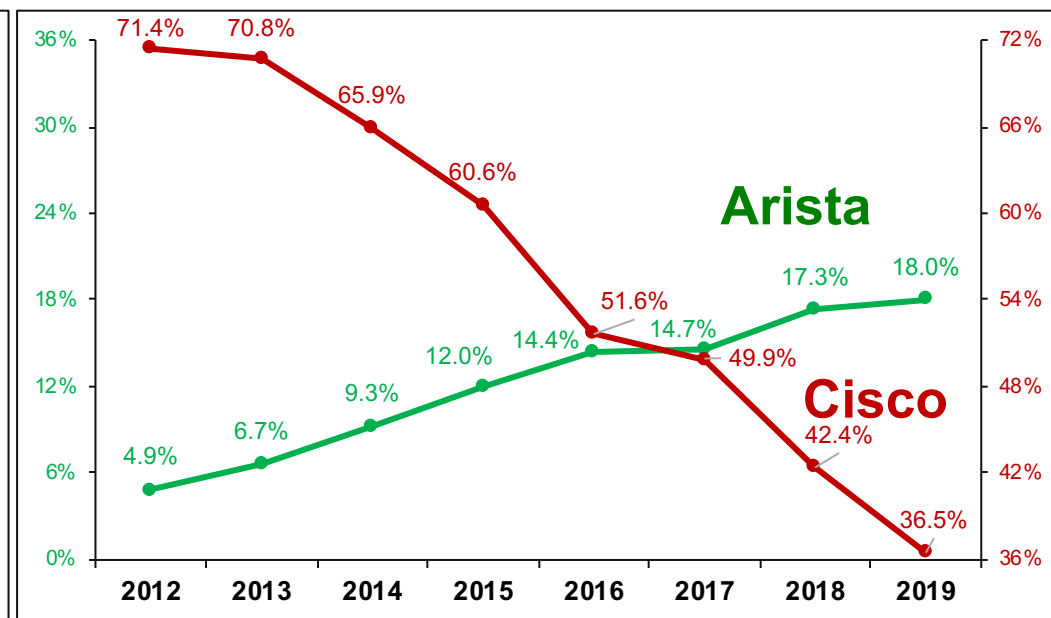
Arista Market Share vs Cisco

High Speed Data Center Switching Market

Share in Dollars



Share in Ports



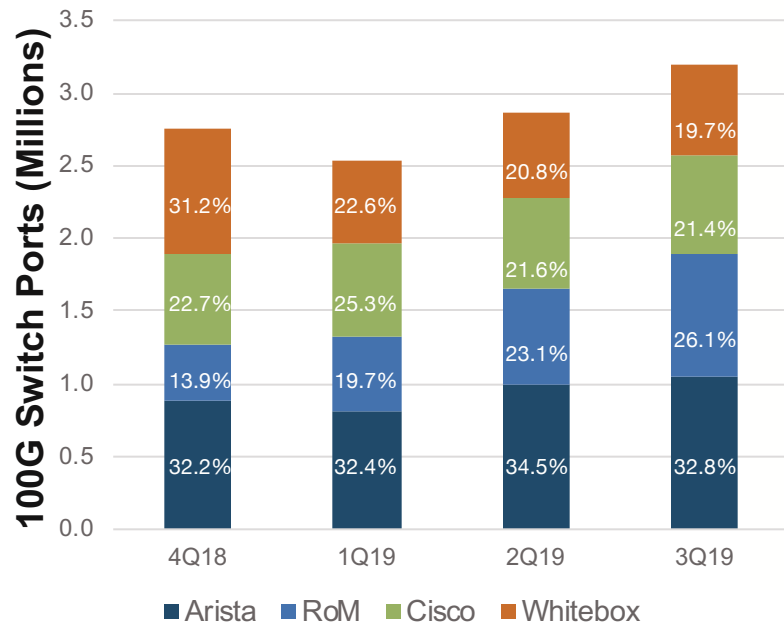
Source: Crehan Research Datacenter Switch Market Share Report Q4'2019

Note: 10GbE and Higher - Excludes blade switches

Market Leadership in 100G, Now Focused on 400G

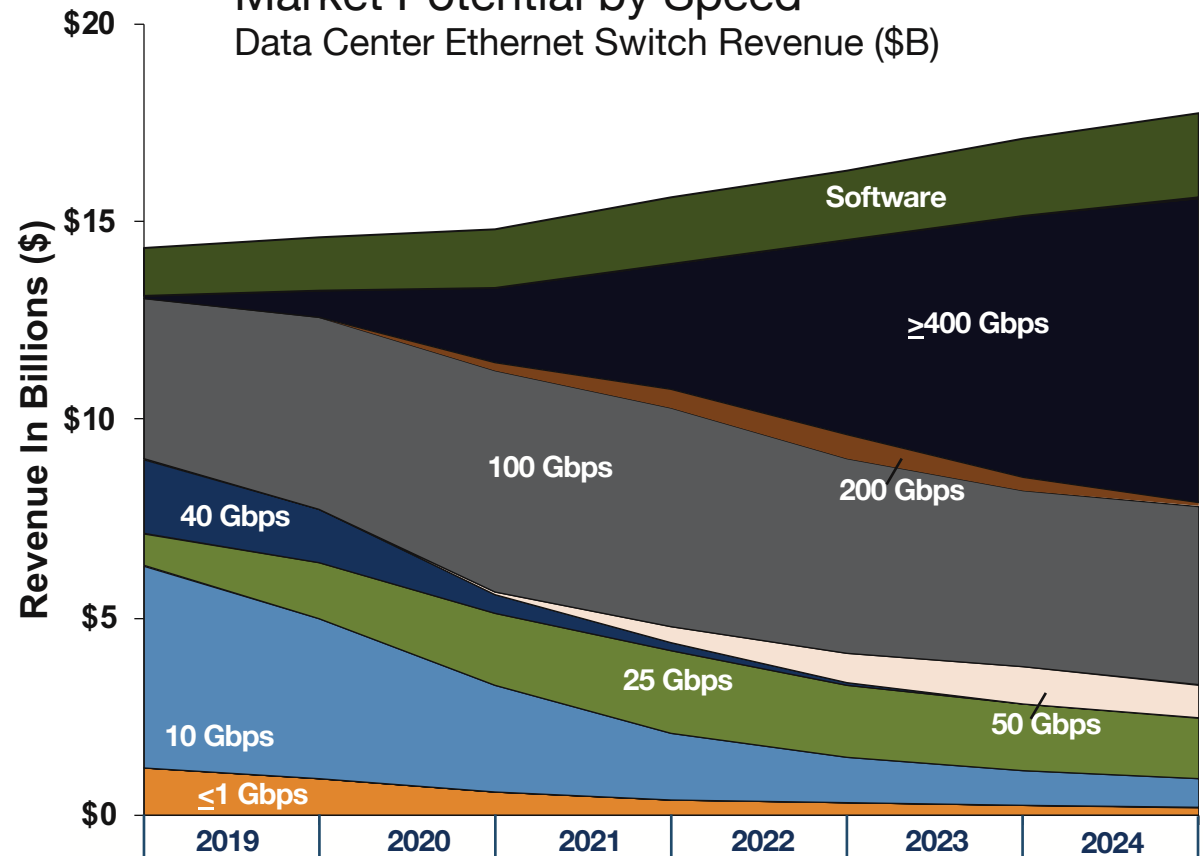
Data Center Ethernet Switch Analysis and Forecast

100G Ethernet Switch Ports
Market Share Q3'2019



Source: Dell'Oro Ethernet Switch Data Center
Total Vendor Tables – 3Q 2019

Market Potential by Speed
Data Center Ethernet Switch Revenue (\$B)



Source: Dell'Oro January 2020 - Long Term Ethernet Switch Forecast

Our Comprehensive 400G Platforms Offering

Leaf & Spine
High Network Radix



Runs on
EOS or
FBOSS

7368X4
Up to 128 x 100G
32 x 400G OSFP, QSFP-DD



7060 X4
32 x 400G

Optics Form
Factor Choices

- OSFP
- QSFP-DD



Universal
Leaf & Spine



7280 R3
Up to 48 x 400G
Wirespeed, 2.5M Routes



7500 R3
Up to 230Tbps
288 x 400G ports
24 x 400G, 36 x 100G LC
Wirespeed, 2.5M Routes



7800 R3
Up to 460Tbps
576 x 400G ports
36 x 400G, 48 x 100G LC
Wirespeed, 2.5M Routes

Arista: The Software Driven Cloud Networking Company



Arista CloudVision®

Network Automation Simplicity

Complete Network Telemetry

Technology Partner Centric

One Network Management System



Arista Extensible Operating System (EOS®)

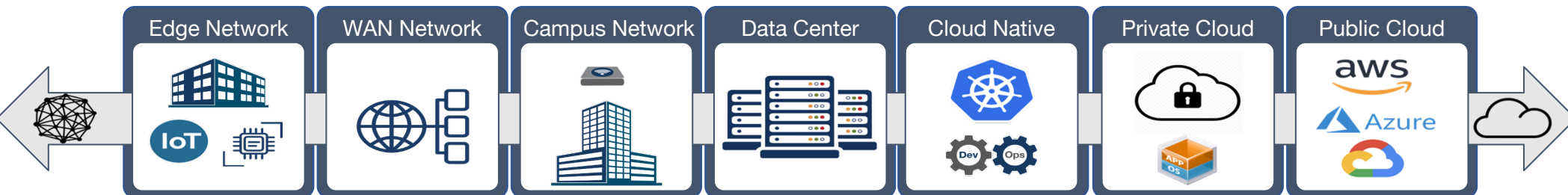
Trusted by 6000+ Customers

Highest Quality Network Operating System

Complete Switch & Router Capabilities

Full Programmability

One Network Operating System



For All Places In the Cloud (PICs)

Our Mission

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

Why 6000+ Customers Choose Arista

➤ Modern Architecture

- Open, Programmable, Standards Based
- One Operating System - EOS
- State Based & Scalable

➤ One Management Tool – CloudVision

- Visibility & Automation

➤ Superior Software Quality

- Low Total Cost Of Ownership
- Simplicity of Code and Topology

➤ World Class Support

“The reason we chose Arista is that it just works.”

- Frequent Customer Feedback

“CloudVision is a lifesaver. The visibility we get is not available through any other tool”

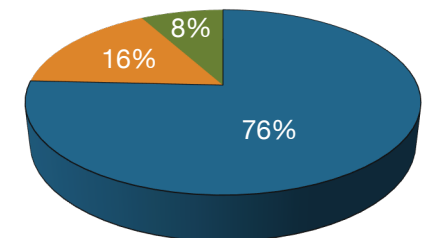
- VP Infrastructure, Fortune 500 company

“EOS APIs are the best to work with for the cloud. I wish other companies learnt from this”

- Network Architect, Cloud

Major Verticals	Emerging Verticals	
• Cloud Titans • Enterprise • Financial Services • Tier 2 Specialty Cloud • Service Providers	• Media and Entertainment • Government • Health Care • Education • Oil and Gas	• Retail • Transportation • Manufacturing • Business Services • Research Labs ...

Revenue by Geography
CY 2019

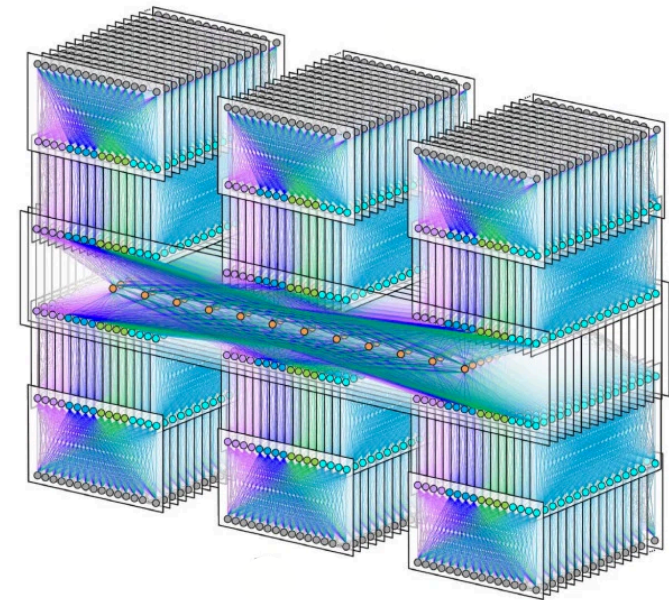


■ Americas ■ EMEA ■ Asia Pacific

Innovation and Co-development with Cloud Customers

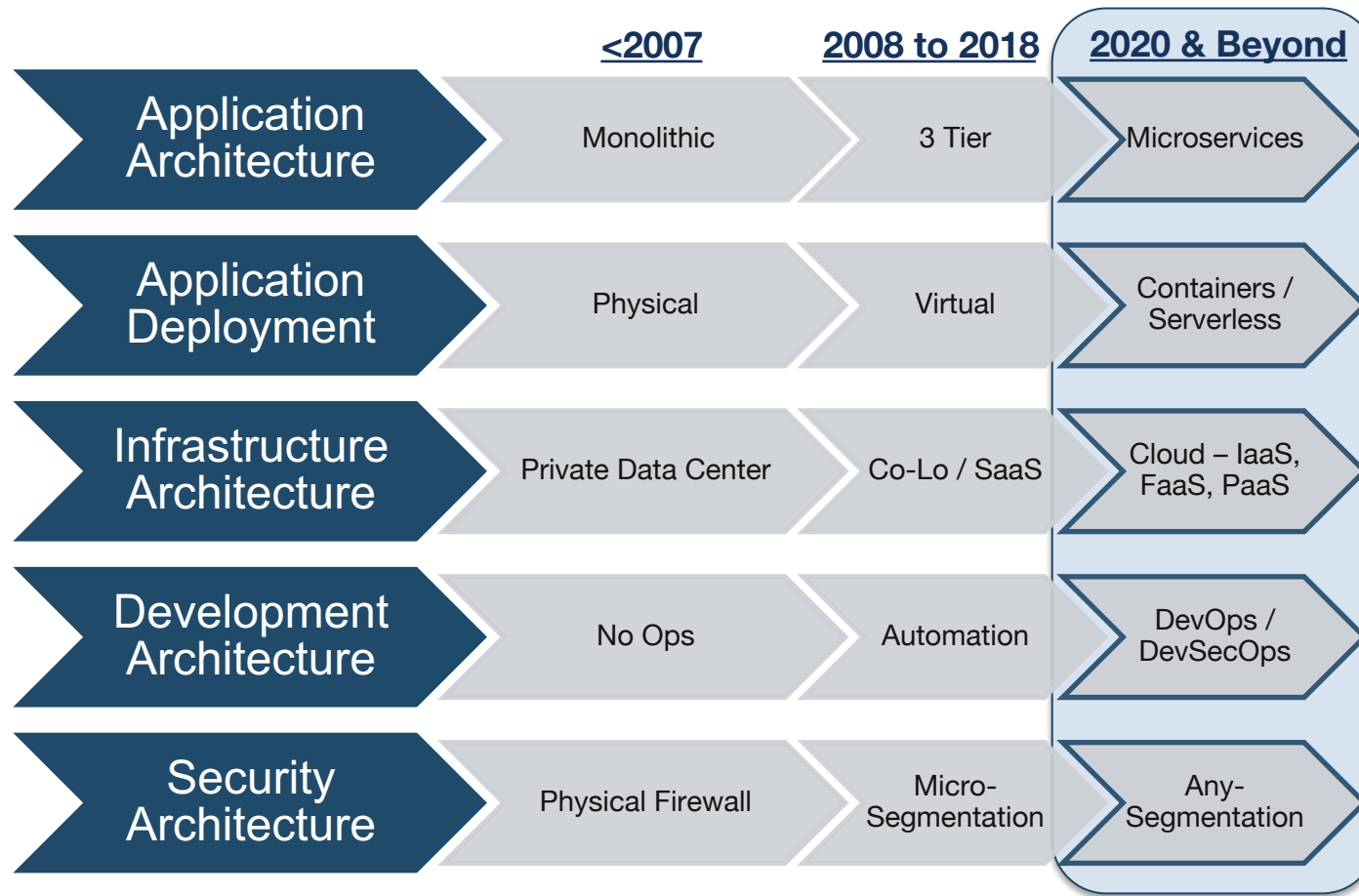


The Arista 7368
128x100G



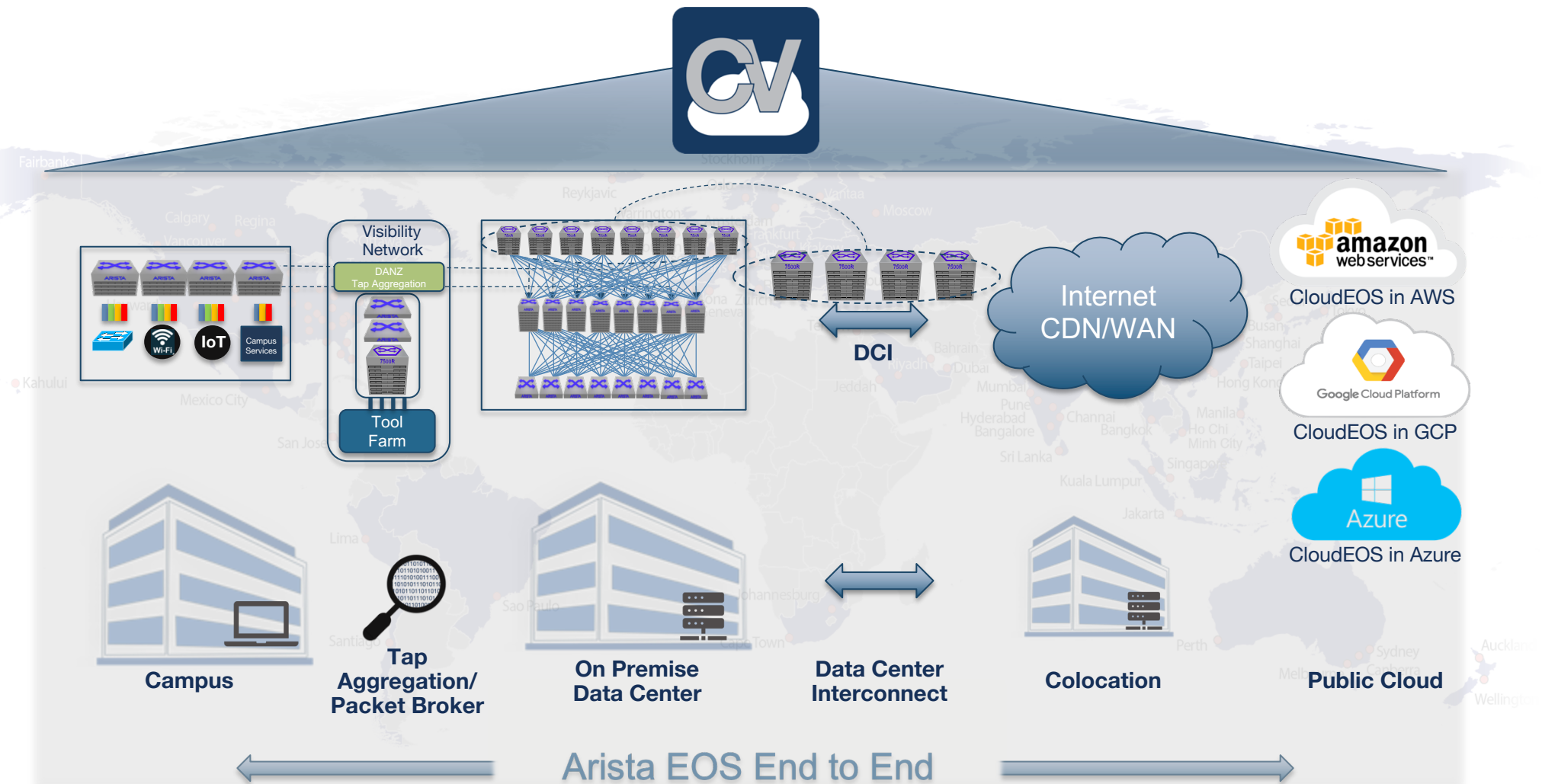
To deliver massively scalable
data center network topologies

Today's customers live in a Cloud Native world



Cloud Native networking requires the 5A's
Available, **A**gile, **A**utomated, **A**nalytics, and **A**PI driven infrastructure
One EOS and One CloudVision = 5A's

Arista Delivers Transformational Enterprise Cloud Networking



One EOS and One CloudVision
Drives Places in the Network Silos to Places in the Cloud

CloudEOS™: Journey to Multi-Cloud and Cloud Native

CloudEOS™

- Global Public Multi-Cloud Networking
- Highly Secure and Reliable Networking
- Simplifies Network Operations
- Integrates with Cloud Toolchains
- Deployable across all Clouds & Clusters
- Container Network Visibility



Edge Network



WAN Network



Campus Network



Data Center



Cloud Native



Private Cloud

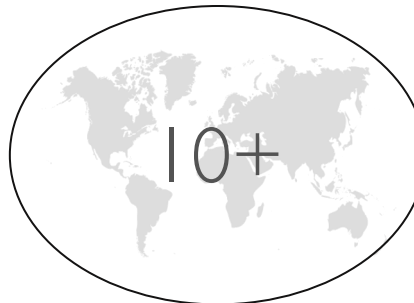


Public Cloud



Available direct from Arista and via public cloud marketplaces

Expanding Partners Across the PIC Enterprise



Announcing Arista's Acquisition of Big Switch Networks



Broadens Arista's Network Monitoring Portfolio



Strong Engineering Team



Software Driven Business Model



Enriches Arista's Analytics & Visibility Capabilities in Data Center and Campus

Arista Highlights - Fourth Quarter and Full Year 2019

Key Highlights

Q4-2019:

- [Arista Enhances Cloud Networking with CloudEOS](#) - Arista Networks introduced Arista [CloudEOS™](#), delivering two new offerings that solve critical networking challenges in multi cloud and cloud native environments.
- [Arista Networks Provides SK Telecom With High-Speed Platforms for 5G-Based Data Transmission Service](#) - Arista Networks announced that it is providing network platforms for SK Telecom's 5G network.

Full Year 2019:

- Recognized by Gartner as a Leader for 5th consecutive year in [2019 Magic Quadrant for Data Center Networking](#)
- [Arista Introduced Open Cloud-Scale Platform](#) – Arista Introduced the 7360X Series, a disruptive platform that doubles system density while reducing power consumption and cost; codeveloped with Facebook.
- [Arista Delivers Universal 400G Platforms for Cloud Network Transformation](#) – Arista introduced the new 7800R family for demanding 400G cloud networks and the next generation of the Arista 7500R, 7280R Series.
- Arista Networks announced [CloudVision 2019](#), building upon Arista's cognitive management plane. The CloudVision 2019 release brings new capabilities and integrations, helping customers with operational cost reduction, risk management, and agility in network operations.
- [Arista Cognitive Cloud Networking Redefines the Campus](#) - Arista Networks announced an expansion of the [cognitive campus](#) portfolio with unified wired and wireless campus edge products designed to address transitional changes as the enterprise moves to an IoT (Internet of Things)-ready campus.

Financial Results (non-GAAP)¹

Q4-2019:

Q4'19 Revenue: \$552.5M

Q4'19 EPS: \$2.29

Q4'18-Q4'19 Y/Y Revenue Growth: -7%

Q4'19 Gross Margin: 65.2%

Q4'19 Operating Margin: 37.3%

Full Year 2019:

FY'19 Revenue: \$2.41B

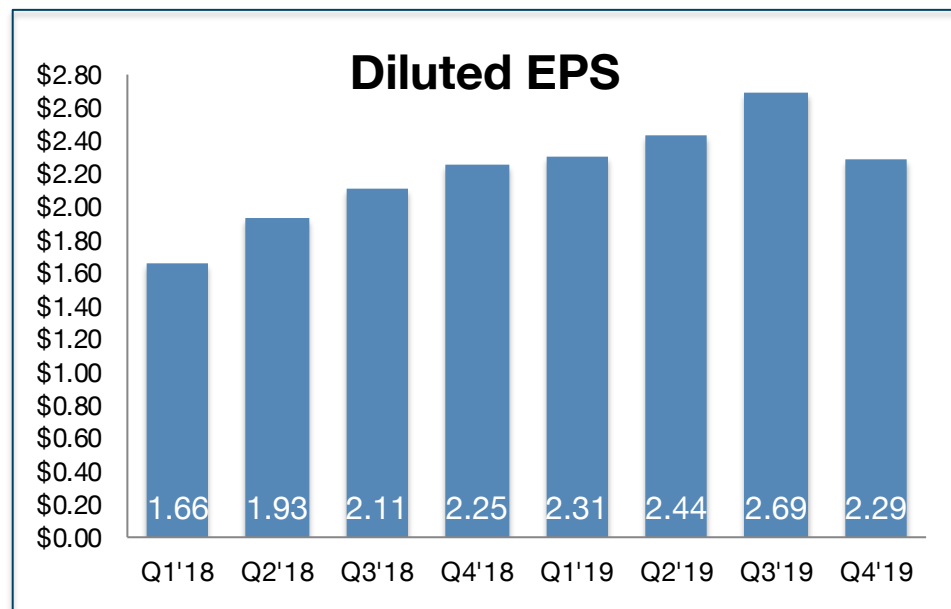
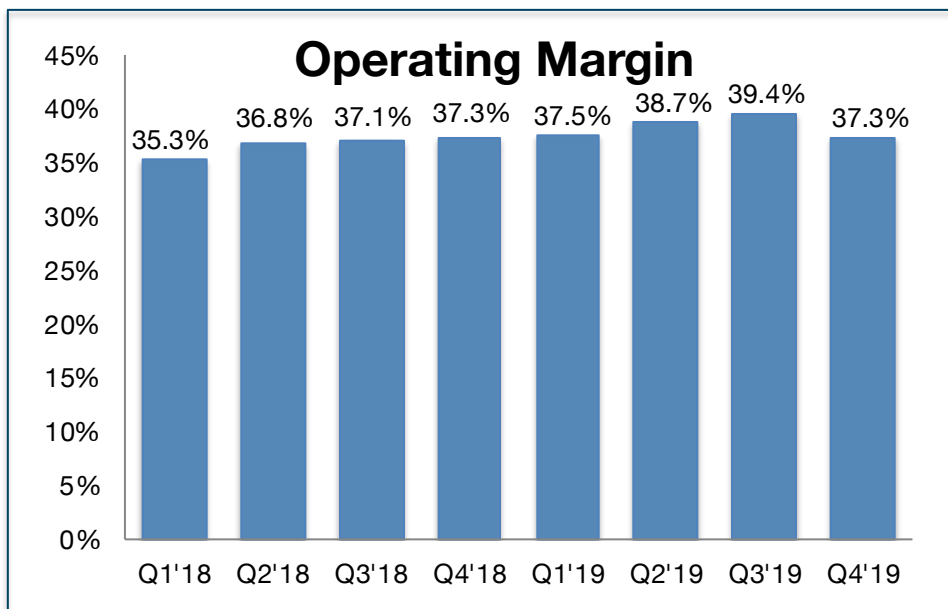
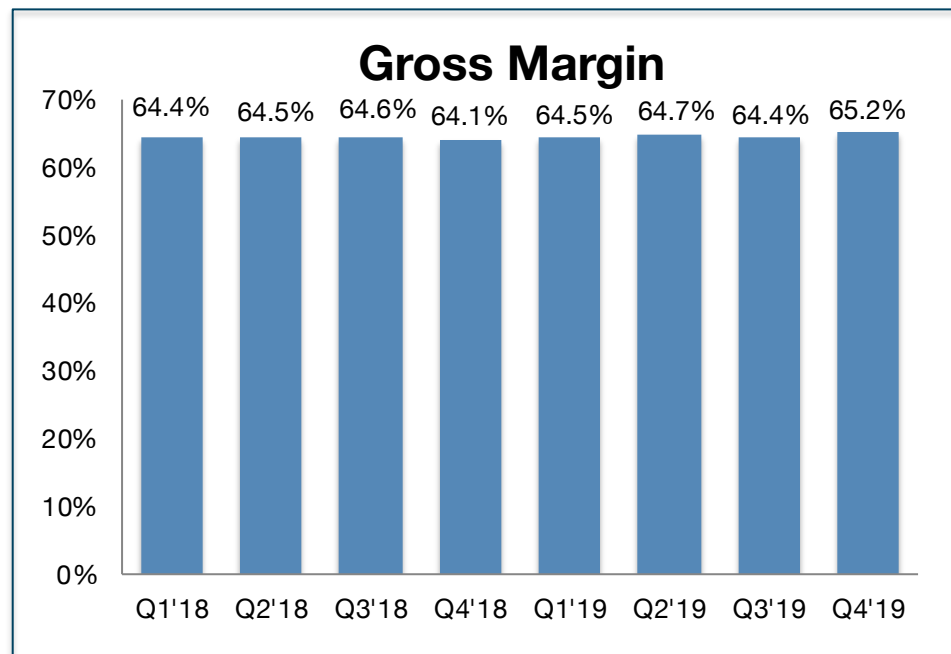
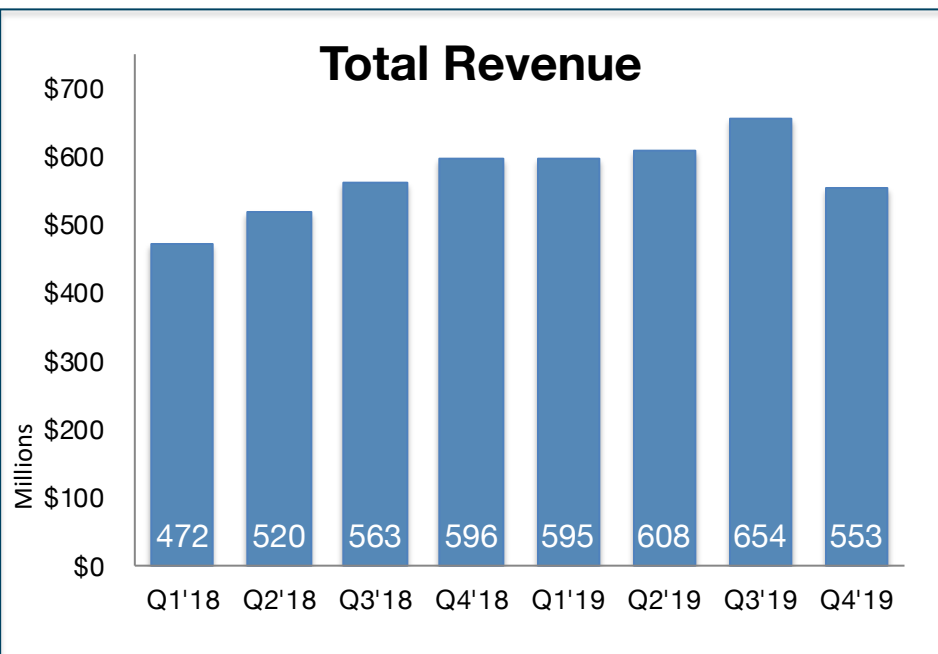
FY'19 EPS: \$9.73

FY'18-FY'19 Y/Y Revenue Growth: 12%

FY'19 Gross Margin: 64.7%

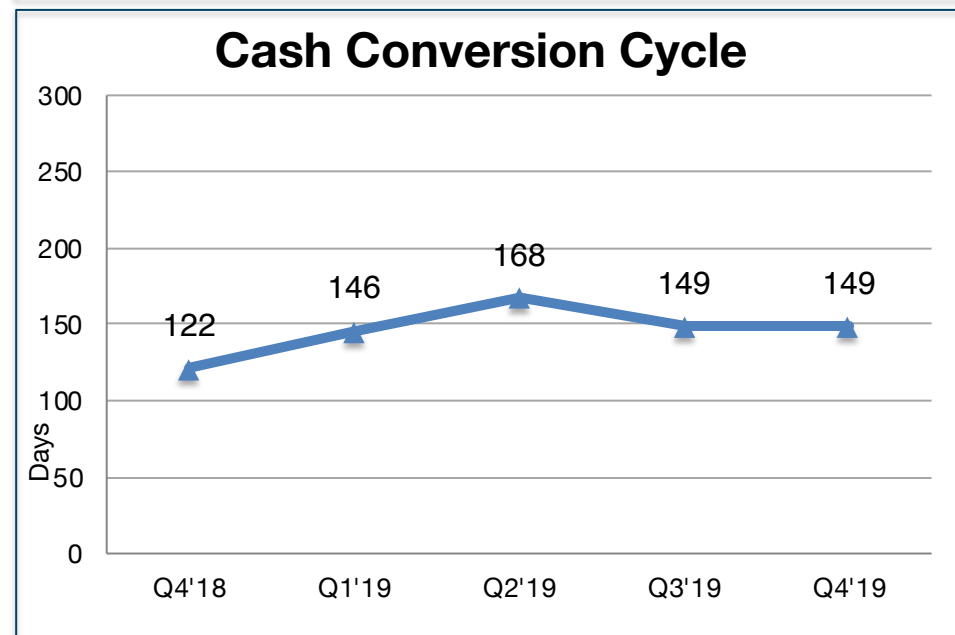
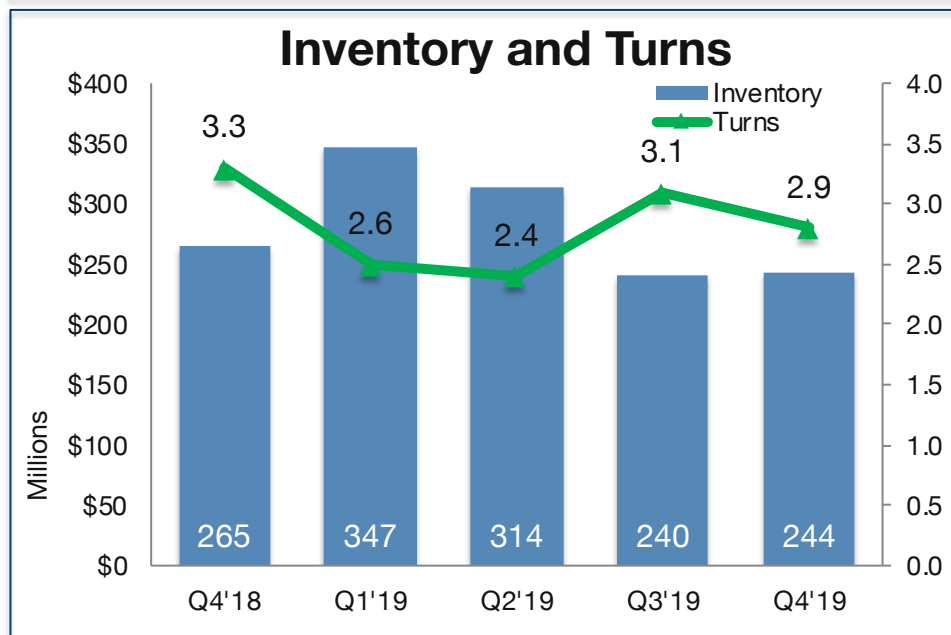
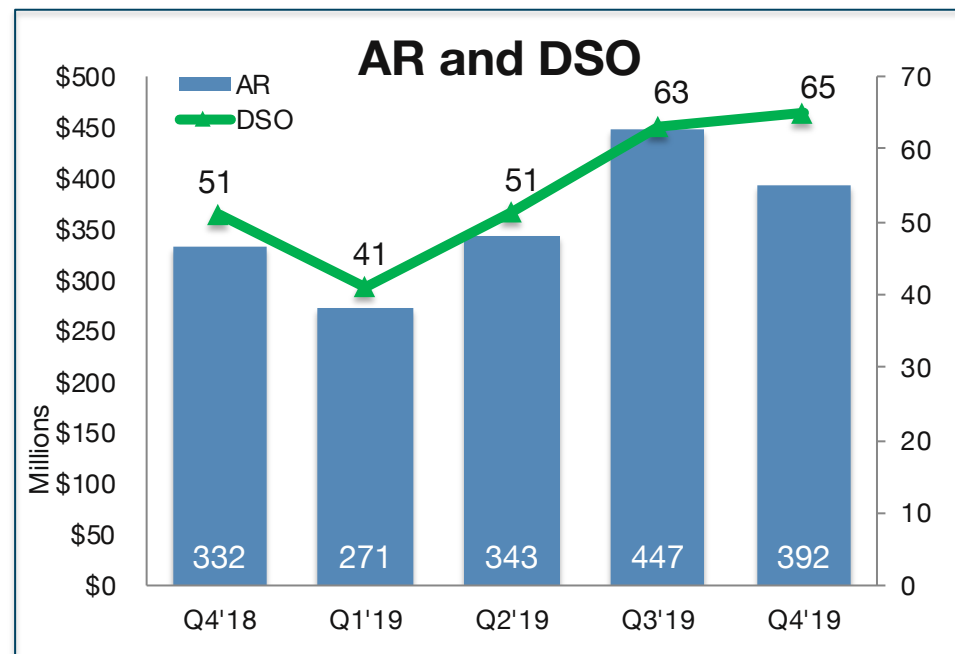
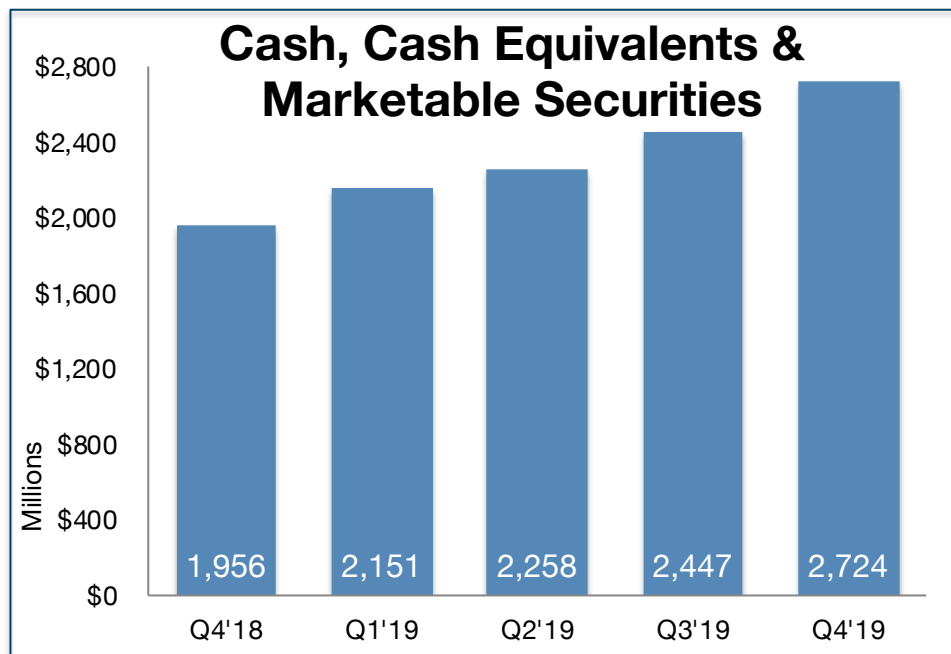
FY'19 Operating Margin: 38.3%

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



Investment Highlights

Leader in Networking

CY2019 Revenue \$2.4B

6000+ Customers

Highest Operating Margin Amongst Peers

Generating ~\$1B in FCF per year

Recognized Proven Leadership

\$30B TAM in CY2024

Magic Quadrant



Leader for the 5th consecutive year in 2019 Gartner Magic Quadrant for Data Center Networking

FORTUNE

2019 Businessperson of the Year #18

Jayshree Ullal, CEO



Website: www.arista.com

Email: info@arista.com



Ticker: ANET

Upcoming Investor Event Participation

- Arista will participate in the following events in February and March with the financial community:

Goldman Sachs Technology and Internet Conference 2020

John McCool, Chief Platform Officer

San Francisco, CA

Tuesday, February 11th, 2020

Time: 2:00pm ET / 11:00am PT

JMP Securities Technology Conference

Ita Brennan, CFO

San Francisco, CA

Tuesday, February 25th, 2020

Time: 11:30am ET / 8:30am PT

Morgan Stanley Technology, Media & Telecom Conference

Jayshree Ullal, President and CEO

San Francisco, CA

Wednesday, March 4th, 2020

Time: 11:00am ET / 8:00am PT

- A live audio webcast of these events will be accessible from the “Investors” section of Arista’s website at <https://investors.arista.com>.

Appendix I

- GAAP to Non-GAAP Reconciliation

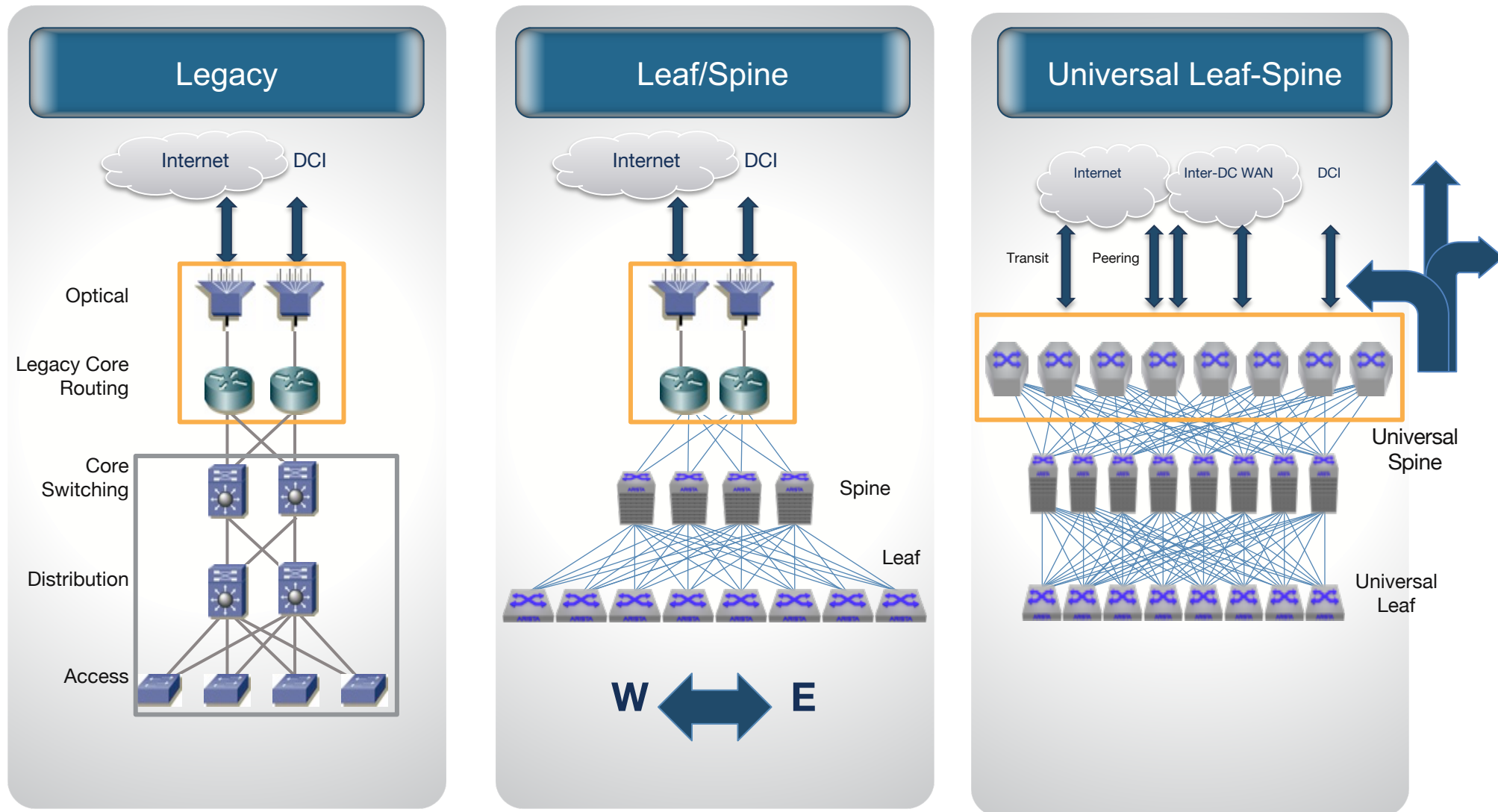
Appendix: GAAP to Non-GAAP Reconciliation

In 000's except per share data	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	2018	2019
GAAP gross profit	\$ 302,919	\$ 333,883	\$ 361,583	\$ 374,992	\$ 380,570	\$ 390,191	\$ 417,274	\$ 356,303	\$ 1,373,377	\$ 1,544,338
GAAP gross margin	64.1%	64.2%	64.2%	62.9%	63.9%	64.1%	63.8%	64.5%	63.8%	64.1%
Stock-based compensation expense	1,202	1,236	1,268	1,381	1,098	1,028	1,258	1,253	5,087	4,637
Intangible asset amortization	-	-	1,198	2,626	2,625	2,626	2,626	2,626	3,824	10,503
Acquisition-related costs	-	-	-	3,138	-	-	-	-	3,138	-
Non-GAAP gross profit	\$ 304,121	\$ 335,119	\$ 364,049	\$ 382,137	\$ 384,293	\$ 393,845	\$ 421,158	\$ 360,182	\$ 1,385,426	\$ 1,559,478
Non-GAAP gross margin	64.4%	64.5%	64.6%	64.1%	64.5%	64.7%	64.4%	65.2%	64.4%	64.7%
GAAP income (loss) from operations	\$ 138,738	\$ (239,803)	\$ 180,770	\$ 193,642	\$ 194,342	\$ 206,837	\$ 228,606	\$ 175,989	\$ 273,347	\$ 805,774
GAAP operating margin	29.4%	-46.1%	32.1%	32.5%	32.6%	34.0%	34.9%	31.9%	12.7%	33.4%
Stock-based compensation expense	20,851	22,478	23,254	24,619	24,291	24,297	26,257	26,435	91,202	101,280
Litigation expenses (benefit)	7,085	3,569	(100)	(3,988)	1,448	514	-	333	6,566	2,295
Legal settlement	-	405,000	-	-	-	-	-	-	405,000	-
Intangible asset amortization	-	-	1,610	3,500	3,499	3,499	3,293	3,084	5,110	13,375
Acquisition-related costs	-	-	3,432	4,313	-	-	-	-	7,745	-
Non-GAAP income from operations	\$ 166,674	\$ 191,244	\$ 208,966	\$ 222,086	\$ 223,580	\$ 235,147	\$ 258,156	\$ 205,841	\$ 788,970	\$ 922,724
Non-GAAP operating margin	35.3%	36.8%	37.1%	37.3%	37.5%	38.7%	39.4%	37.3%	36.7%	38.3%
GAAP diluted net income (loss) to common stockholders	\$ 144,456	\$ (155,187)	\$ 168,445	\$ 170,218	\$ 200,918	\$ 189,158	\$ 208,804	\$ 260,594	\$ 327,941	\$ 859,468
Net income attributable to participating securities	82	(82)	79	104	111	93	91	98	174	399
Stock-based compensation expense	20,851	22,478	23,254	24,619	24,291	24,297	26,257	26,435	91,202	101,280
Litigation expenses (benefit)	7,085	3,569	(100)	(3,988)	1,448	514	-	333	6,566	2,295
Loss (gain) on investments in privately held companies	-	9,100	-	4,700	(1,150)	-	(4,277)	-	13,800	(5,427)
Legal settlement	-	405,000	-	-	-	-	-	-	405,000	-
Intangible asset amortization	-	-	1,610	3,500	3,499	3,499	3,293	3,084	5,110	13,375
Acquisition-related costs	-	-	3,432	4,313	-	-	-	-	7,745	-
Acquisition-related tax expense	-	-	5,853	-	-	-	-	-	5,853	-
Altera stock-based compensation tax charge	-	-	-	-	-	9,781	-	-	-	9,781
Tax benefits on intra-entity IP transfer	-	-	-	-	-	-	-	(85,819)	-	(85,819)
Tax benefits on stock-based awards	(32,846)	(25,472)	(26,130)	(8,227)	(37,054)	(23,455)	(12,674)	(16,232)	(92,675)	(89,415)
Impact of the U.S. Tax Cuts and Jobs Act	-	-	-	(12,632)	-	-	-	-	(12,632)	-
Tax effect of non-GAAP exclusions	(5,505)	(103,686)	(5,149)	(429)	(4,333)	(5,324)	(4,391)	(5,045)	(114,769)	(19,093)
Non-GAAP net income	\$ 134,123	\$ 155,720	\$ 171,294	\$ 182,178	\$ 187,730	\$ 198,563	\$ 217,103	\$ 183,448	\$ 643,315	\$ 786,844
GAAP diluted income (loss) per share to common stockholders	\$ 1.79	\$ (2.08)	\$ 2.08	\$ 2.10	\$ 2.47	\$ 2.33	\$ 2.59	\$ 3.25	\$ 4.06	\$ 10.63
Non-GAAP adjustments to net income (loss) per share	(0.13)	4.01	0.03	0.15	(0.16)	0.11	0.10	(0.96)	3.90	(0.90)
Non-GAAP diluted income per share	\$ 1.66	\$ 1.93	\$ 2.11	\$ 2.25	\$ 2.31	\$ 2.44	\$ 2.69	\$ 2.29	\$ 7.96	\$ 9.73
GAAP weighted diluted shares	80,721	74,503	81,018	80,928	81,201	81,335	80,753	80,261	80,844	80,879
Non-GAAP weighted diluted shares	80,721	80,826	81,018	80,928	81,201	81,335	80,753	80,261	80,844	80,879

Appendix II

- Introduction to Arista's
 - Technology
 - Products
 - Competitive Differentiation

Evolution of the Universal Cloud Network Architecture



Routing is Integrated into the Universal Spine and Leaf

Proven Architectural Flexibility

Open, Programmable, Modular, Scalable

Automation,
Telemetry,
Diagnostics



CloudVision - One Tool for
Automation, Control,
Telemetry and Diagnostics



One Image, Flexible
Packaging Option

Arista EOS

Abstraction Layer

Hardware
System Design

Merchant Silicon
7 Architectures

Trident	Tomahawk	
Tofino	Jericho/Qumran	
Fulcrum	Xpliant	Helix

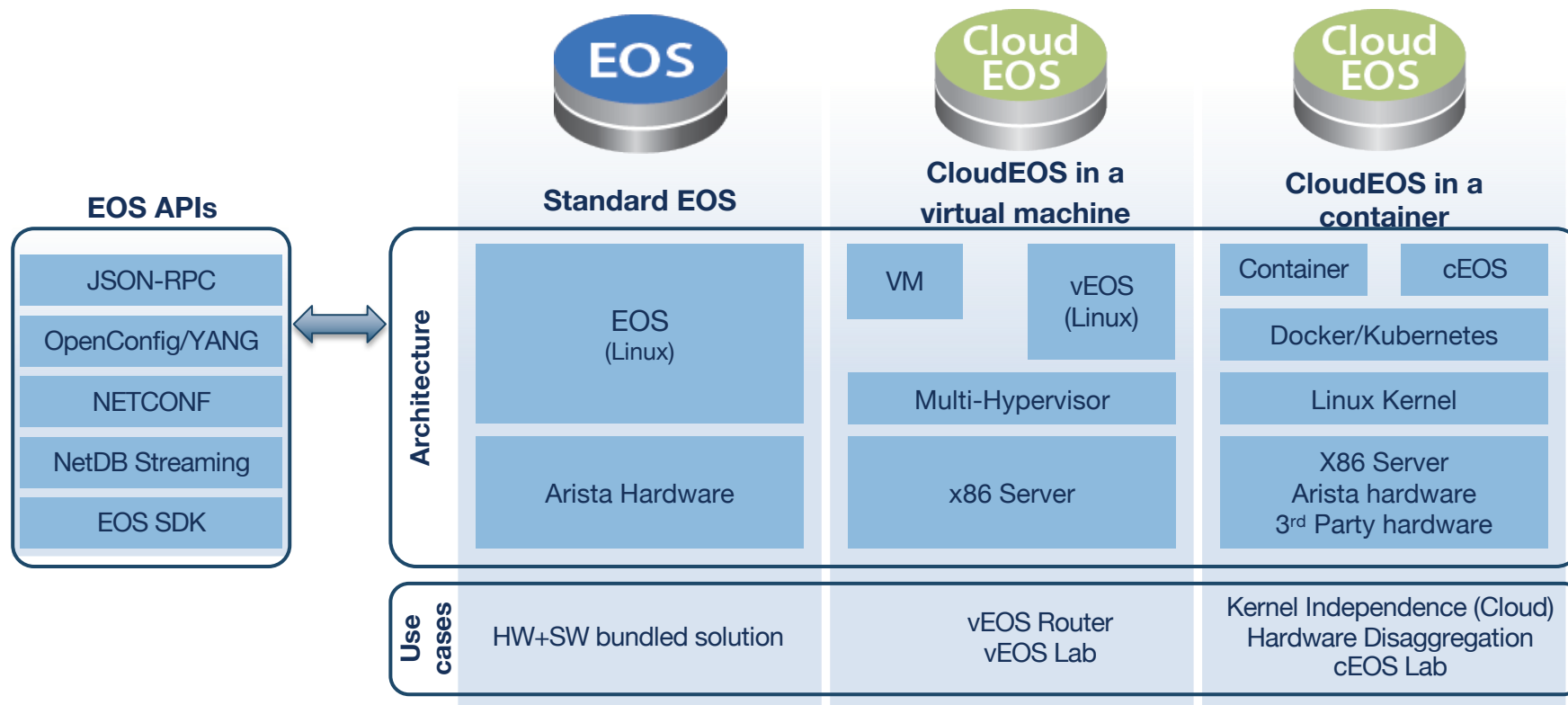


10G, 25G, 40G, 50G, 100G, 200G, 400G

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

Leading Performance
Best of Breed
Merchant Silicon

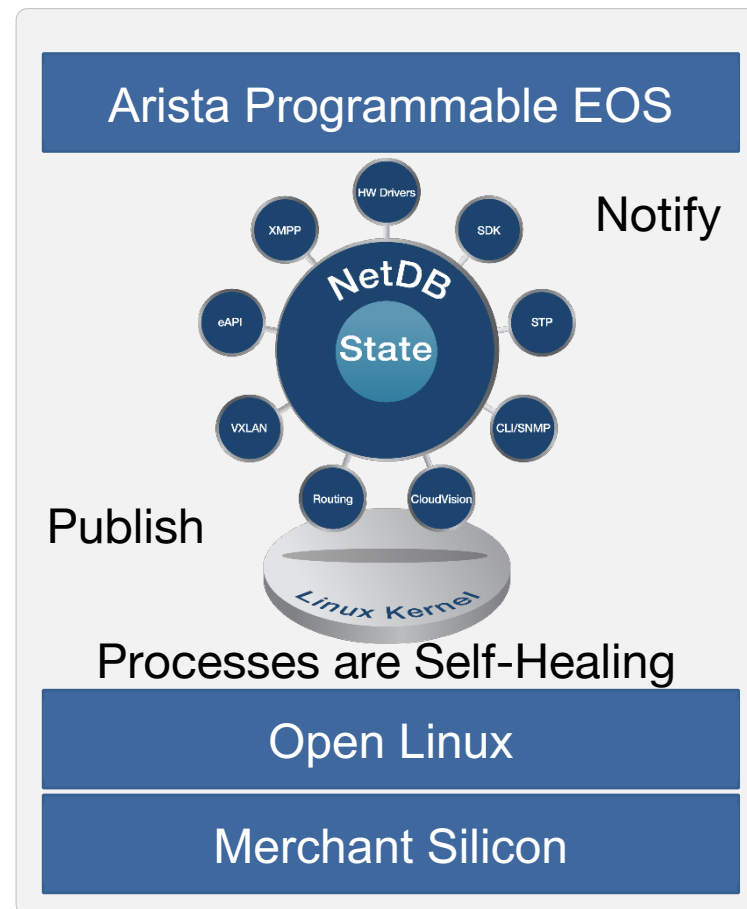
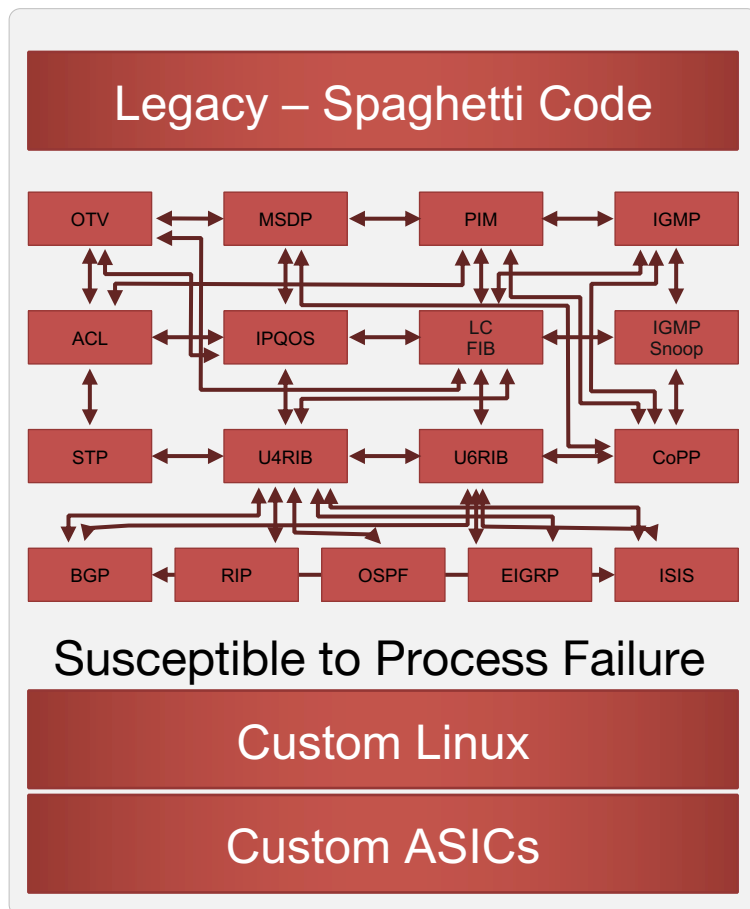
Arista's EOS offers an Open Programmable Environment with Flexible Packaging Options



EOS was built from the ground up using open Linux, a modern stateful architecture, and quality as the top priority.

Arista's Cloud Scale Software Architecture

- Differentiated Advantages
 - Stateful Orientation
 - Modern, Open, and Scalable Architecture
 - Software Quality



Resilient

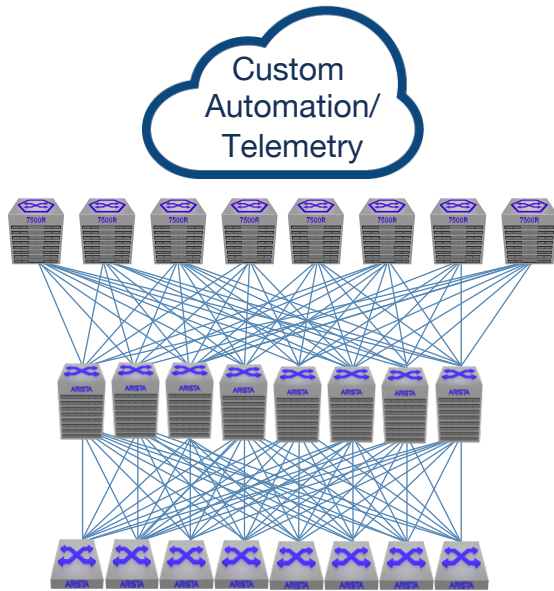
Programmable

Scalable

Cloud Networking is Everywhere: Three Key Markets – One Architecture – One EOS

Arista
Cloud Scale

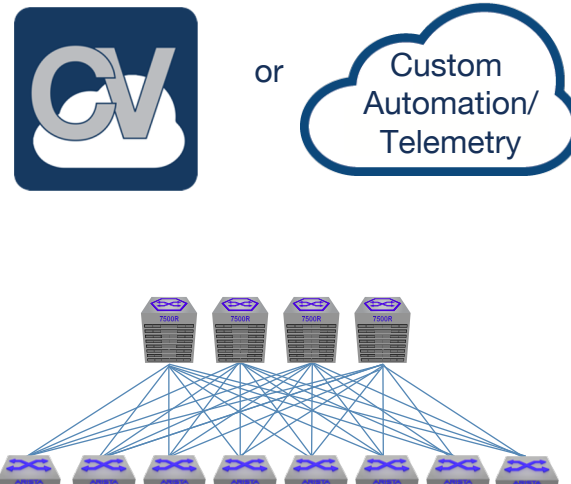
Cloud Titans



Scale and
Control Driven

Arista
Cloud Class

Key Verticals



Best of Breed
Driven

Arista
Cognitive Cloud

Enterprise



Turnkey
Driven

CloudVision: Multi-Function Platform for NetOps

Automated Deployments

Zero Touch Provisioning,
Hierarchical Config, Extensibility



Real-time Telemetry

Granular state streaming for time-series
metrics, flows, and events



Change Controls

Orchestrate network-wide
upgrades, rollback and
snapshots



Cognitive Analytics

Correlations, trend analysis,
predictive algorithms across wired
and wireless state, network-wide



Compliance / Risk

Continuously assess, report, and
remediate deviations, vulnerabilities,
bugs



Security Services

Security policy enforcement,
Policy server integration, Wireless
IPS



Data Center, Campus Wired/WiFi, Public Cloud, TapAgg

Powerful Analytics Start with Rich Data



*‘Arista has helped Ramsay Health Care to reduce operational costs through **faster mean-time-to-root cause**. The Arista CloudVision platform has become **the source of truth** for our network infrastructure and is **a critical part** of the network operations at Ramsay Health Care,’*

~ John Sutherland, CIO, Ramsay Health Care

New Capabilities in CloudVision 2019

- Data Plane visibility
- Native OpenConfig for wired and wireless
- More Analytics and Visualizations

Better Telemetry → Faster Time to Root Cause → Network Innocence

Cloud-Class Market Leadership Platform Portfolio



Single Image Arista EOS Across All Platforms

Cognitive Campus Platforms

Cognitive Splines™



7300X3
4 & 8 Slot
Modular System
Up to 256 100G ports



7050X3
Fixed System
Up to 32 100G ports

Cognitive Edge



720XP PoE switches
24 & 48 Port mGig,
24 & 48 Port 1G



Arista C-250 - WiFi-6
8x8 MIMO
3rd Radio functionality for dedicated
WIPS, client emulation testing

Cognitive Management And OS



CloudVision foundation, Wired and
Wireless, across Provisioning, Telemetry,
and Orchestration



Hitless Patching
High Availability with Stateful Switchover
Flow Telemetry, NetDB Streaming
Dynamic Path Selection

Simplify with Collapsed Spline
Architecture

Automation and Telemetry for
Operational Efficiency

Single Software Image Federated
across DC & Campus

Recognized by Gartner

As a Leader for the 5th consecutive year in 2019 Magic Quadrant for Data Center Networking

Magic Quadrant

Figure 1. Magic Quadrant for Data Center Networking



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Report published on 15 July 2019; Authored by Andrew Lerner, Mike Toussaint, et al. This graphic was published by Gartner, Inc. as part of a larger research document and should be evaluated in the context of the entire document. The Gartner document is available upon request from Arista Networks.

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