



# Analyst Day Highlights

## The Foundation for Data-Driven Networking



# Safe Harbor

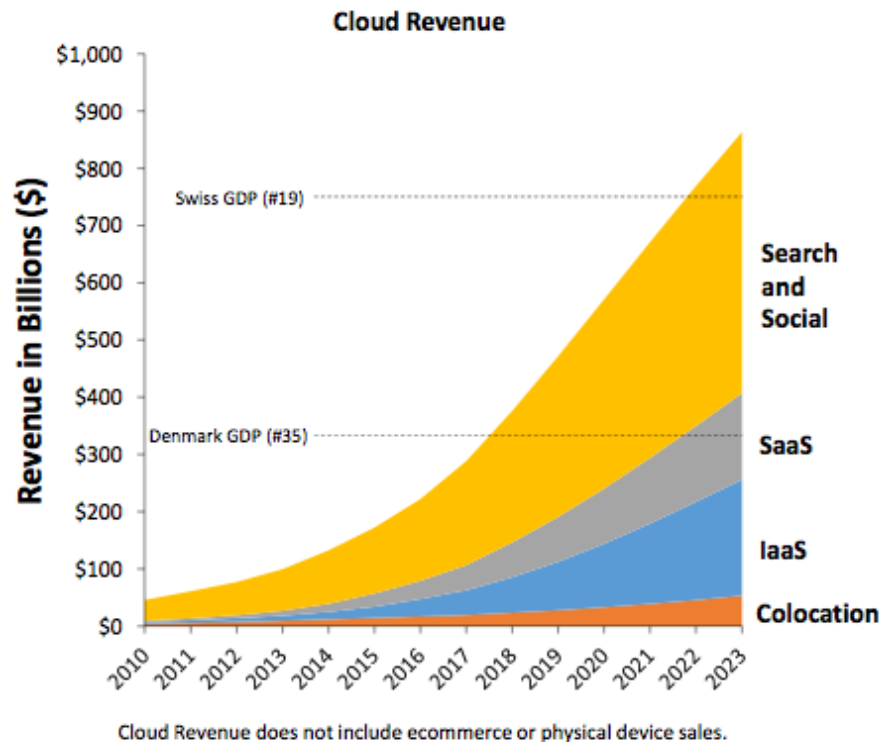
**Forward-Looking Statements** - This presentation and accompanying oral presentation contain “forward-looking statements” regarding our business plans and objectives, our growth drivers, potential growth opportunities, market potential by speed, the data center switching market, the campus ethernet switching market, the NDR market, the expansion of the Cognitive Campus workspaces security and segmentation, the shift by service providers to the cloud, our business initiatives, our cloud networking strategy and technology, the transition from 100GbE products to 400GbE products, competitive position, Forth Quarter 2021 – Guidance, the benefits of our platforms, industry environment and potential market opportunities and the introduction of new or acquired products, the benefits of acquisitions such as Awake Security and our leadership in cloud networking. 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 impact of the COVID-19 pandemic on our business; the impact of supply shortages and manufacturing constraints on our business including lead time and inventory purchases, increased costs of components, interruptions or delays in shipments; interruptions or delays in shipments; the rapid evolution of the networking market; any failure to successfully pursue new products and service offerings and expand into adjacent markets; a decline in our revenue growth rate; unpredictability of our results of operations; adverse economic conditions or reduced information technology and network infrastructure spending; intense competition; expansion of our international sales and operations; investment or acquisition in other businesses; seasonality; our ability to attract new large end customers or sell products and services to existing end customers; our ability to increase market awareness of our company and new products and services; product quality problems; our ability to anticipate technological shifts and develop products to meet those technological shifts; our ability to protect, defend and maintain our intellectual property rights; vulnerabilities in our products and failure of our products to detect security breaches our intellectual property rights; and tax, tariff, import/export restrictions; and other future events. Additional risks and uncertainties that could affect us can be found in our most recent filings with the Securities and Exchange Commission including, but not limited to, our annual report on Form 10-K and quarterly reports on Form 10-Q. You can locate these reports through our website at <https://investors.arista.com/> and on the SEC’s website at <https://www.sec.gov/>. All forward-looking statements are based on information available to the company as of the date hereof and we disclaim any obligation to publicly update or revise any forward-looking statement to reflect events that occur or circumstances that exist after the date of this presentation.

**Non-GAAP Financial Measures** - This presentation and accompanying oral presentation contain certain non-GAAP financial measures including non-GAAP gross profit, non-GAAP gross margin, non-GAAP income from operations, non-GAAP operating margins, non-GAAP net income and non-GAAP diluted net income per share. These non-GAAP financial measures exclude stock-based compensation expense, amortization of acquisition-related intangible assets, certain non-recurring charges or benefits, and the income tax effect of these non-GAAP exclusions. In addition, non-GAAP financial measures exclude net tax benefits associated with stock-based awards, which include excess tax benefits, and other discrete indirect effects of such awards. The company uses these non-GAAP financial measures internally in analyzing its financial results and believes that these non-GAAP financial measures are useful to investors as an additional tool to evaluate ongoing operating results and trends. In addition, these measures are the primary indicators management uses as a basis for its planning and forecasting for future periods. Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for the comparable GAAP financial measures. Non-GAAP financial measures are subject to limitations, and should be read only in conjunction with the company’s consolidated financial statements prepared in accordance with GAAP. Non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similarly titled measures presented by other companies. A description of these non-GAAP financial measures and a reconciliation of the company’s non-GAAP financial measures to their most directly comparable GAAP measures have been provided in the financial statement table included in Appendix I, and investors are encouraged to review the reconciliation.

# Analyst Day Highlights

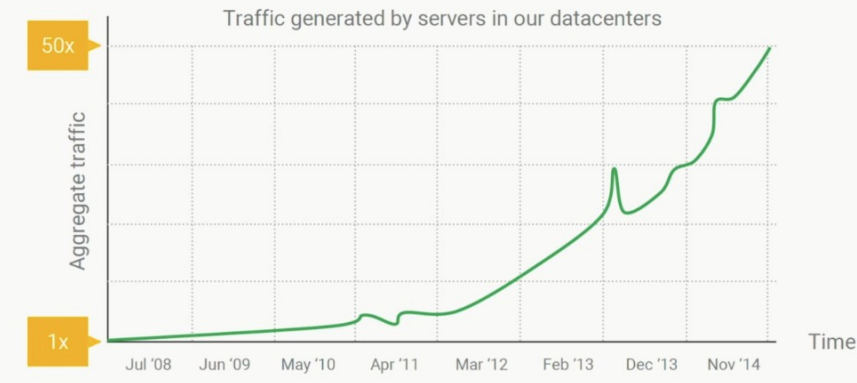
1. Key Trends in Data Driven Networking
2. Arista EOS NetDL Strategy
3. Arista Product Portfolio
4. EAI & ML in Networking
5. Arista Business Model
6. Business Outlook Summary

# Growth in Cloud Networking Bandwidth



Source: The 650 Group

## Intra-datacenter Bandwidth Growth



Source: Google Cloud

Cloud Intra-DC Traffic growing at an average rate of 50% per year

**2020s**

## AI-Enabled Network Operations

Centralize all Network State Data and  
Enrich w/ 3rd Party Integrations to  
build foundation for AI NetOps

**2010s**

## SDN and Intent Systems

While marketing intensive at their  
genesis the hype has evolved to  
models for network automation and

-----data

**1990s - 2000s**

## Federated Routing Protocols

Development of BGP/OSPF and multiple  
distributed topology construction methods -  
achieved unprecedented scale



# Arista EOS Stack

NetDL — add enriched data  
sources & packet, flow, and  
network data. Drive powerful AI/ML  
app dev

NetDB — centralized the network state of  
multiple devices — enabled telemetry and  
automated provisioning and compliance

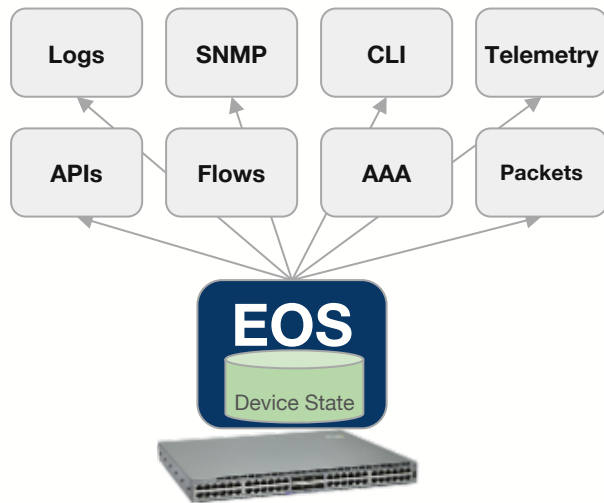
SysDB — device-level network state  
aggregation — improved reliability and  
development efficiency — enabled  
Cloud Networking



**ARISTA**

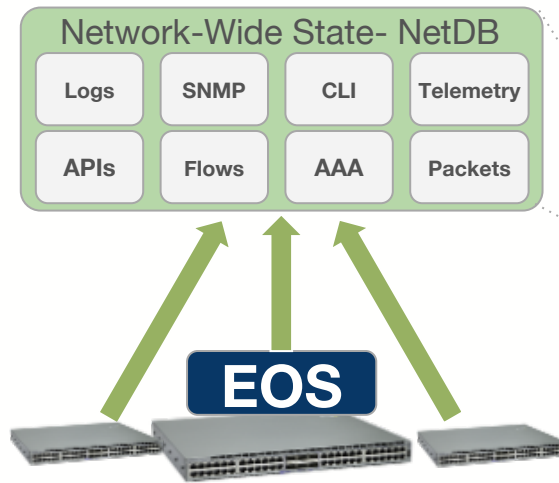
# Evolution to EOS NetDL

## Single Device State Database



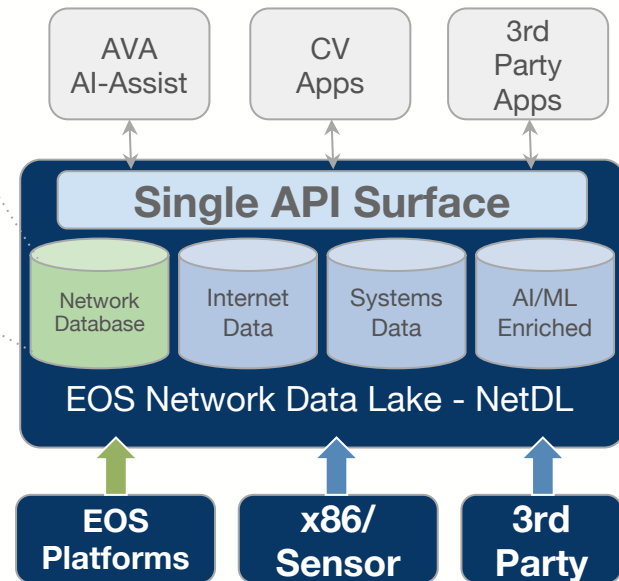
Centralized In-Memory State Database on each EOS device significantly improved network reliability and development

## Network-Wide Centralized State Database



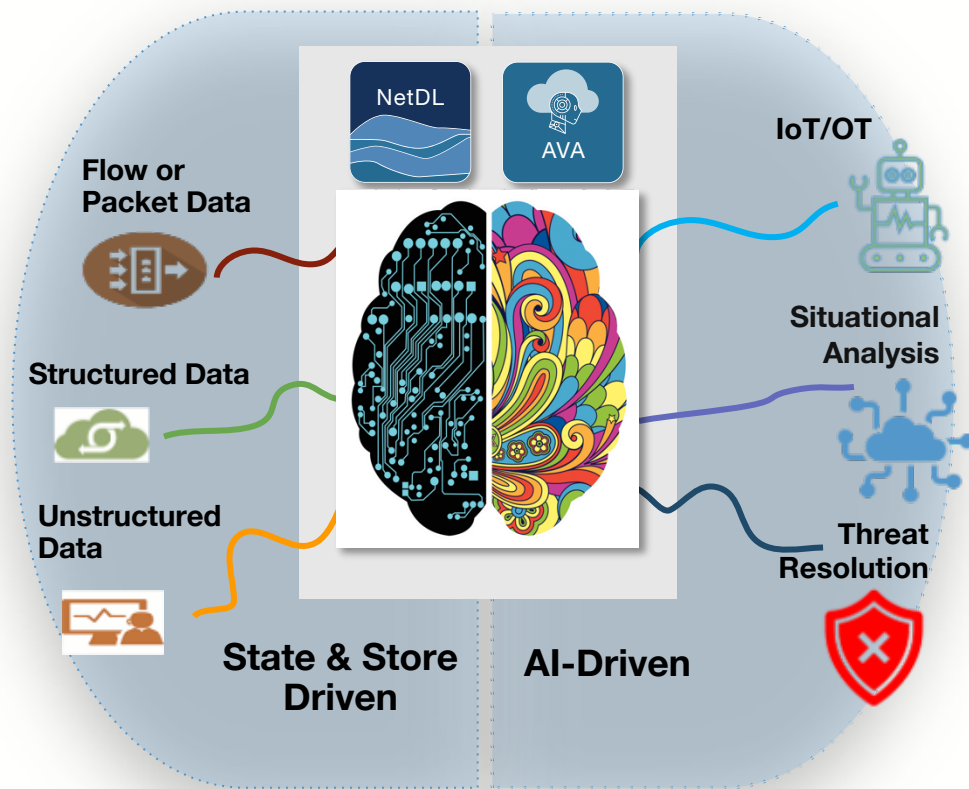
One Database for ALL Network State Data. Platform for Application and Ecosystem Development

## EOS Network Data Lake



One EOS, One Data Lake for all network state, packet, flow, and operational data. Enables broad ecosystem value

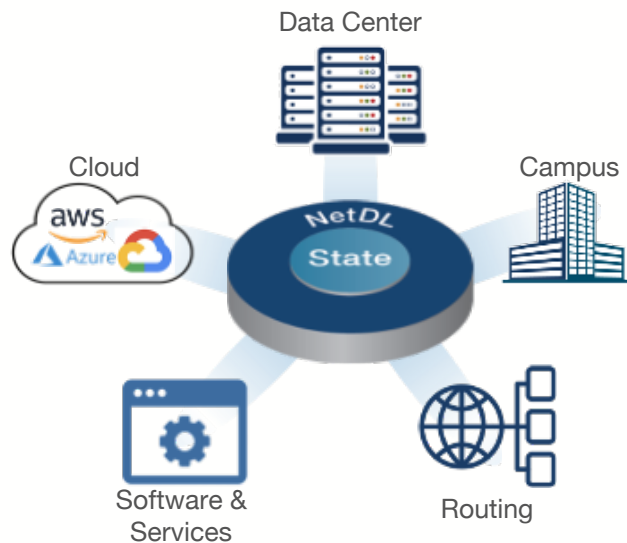
# Arista's Data-Driven Architecture



1. Core Time-Series State & Store
2. Ingest multiple sources of Data & Context
3. Prescriptive AI/ML for data Learning and Enrichment
4. Endorsed by Ecosystem of Leaders

Ideally positioned to bring all the data into a common network architecture

# Arista's Client to Cloud Portfolio



One Network Stack: EOS

Complete Data Center  
Portfolio

Complete Campus  
Portfolio

Expanding Routing  
Portfolio

Expanding Software  
Portfolio

Arista is the preferred networking company to offer a consistent operating model to from  
Cloud to Carrier to Enterprise



# Cognitive Campus Systems Portfolio

1RU

2RU

Modular

Spine



7050X3 Series  
10G – 25G



7050X3 Series  
100G



7300X3  
10G - 100G

Leaf



720XP  
1G/5G PoE+



7050X  
1G to 25G



722XP-48



720XP-96



750 Series

Wi-Fi



O-105



C-100



C-110



W-118



C-130

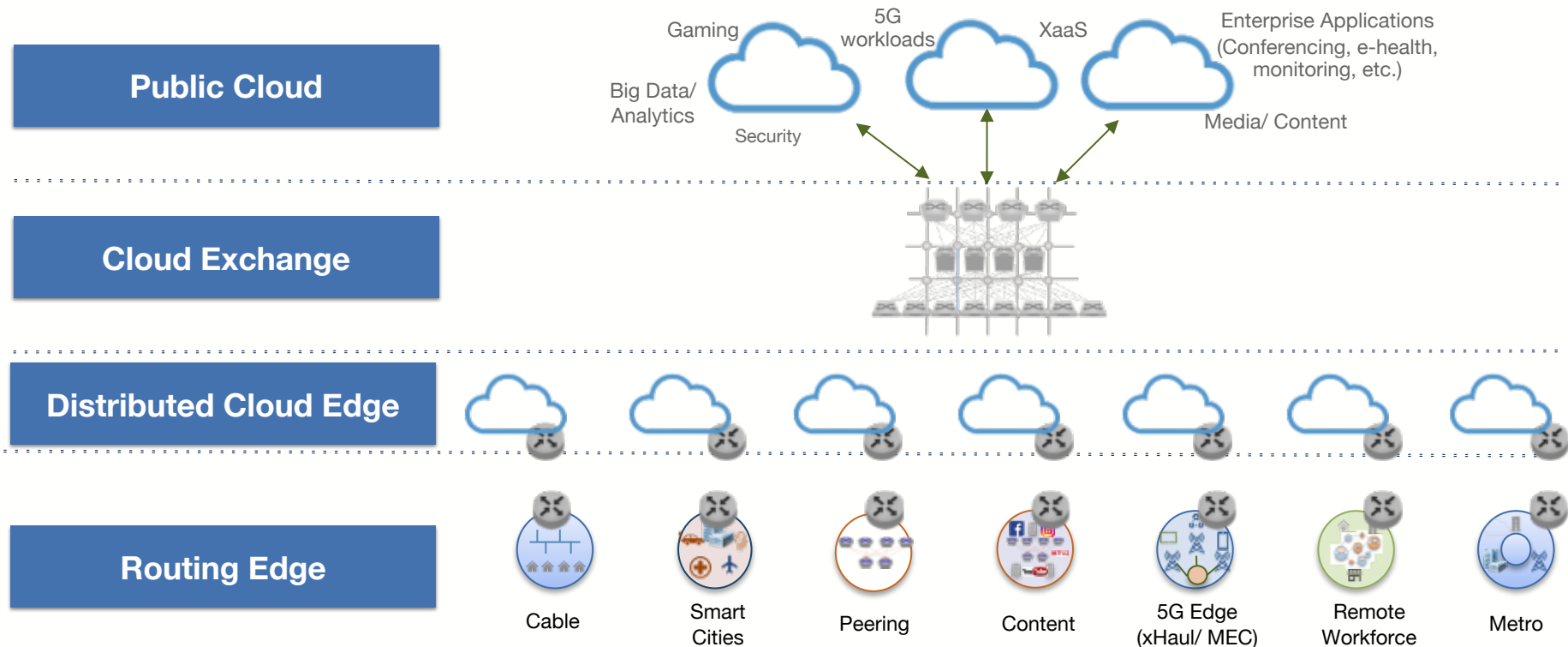


C-260



C-360

# Disaggregated Cloud is Transforming the Routing Edge



**Proximity Driven Cloud Service Delivery Driving Routing Edge Transformation**

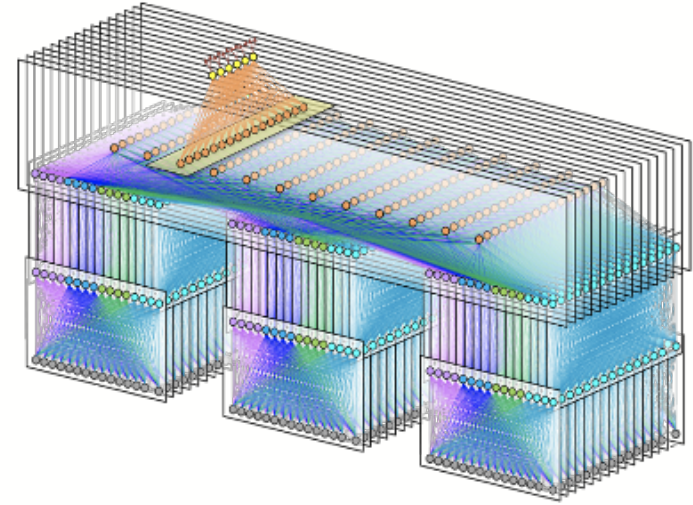
# ~~Build vs Buy~~ → Build and Buy by Cloud Titans



7368X

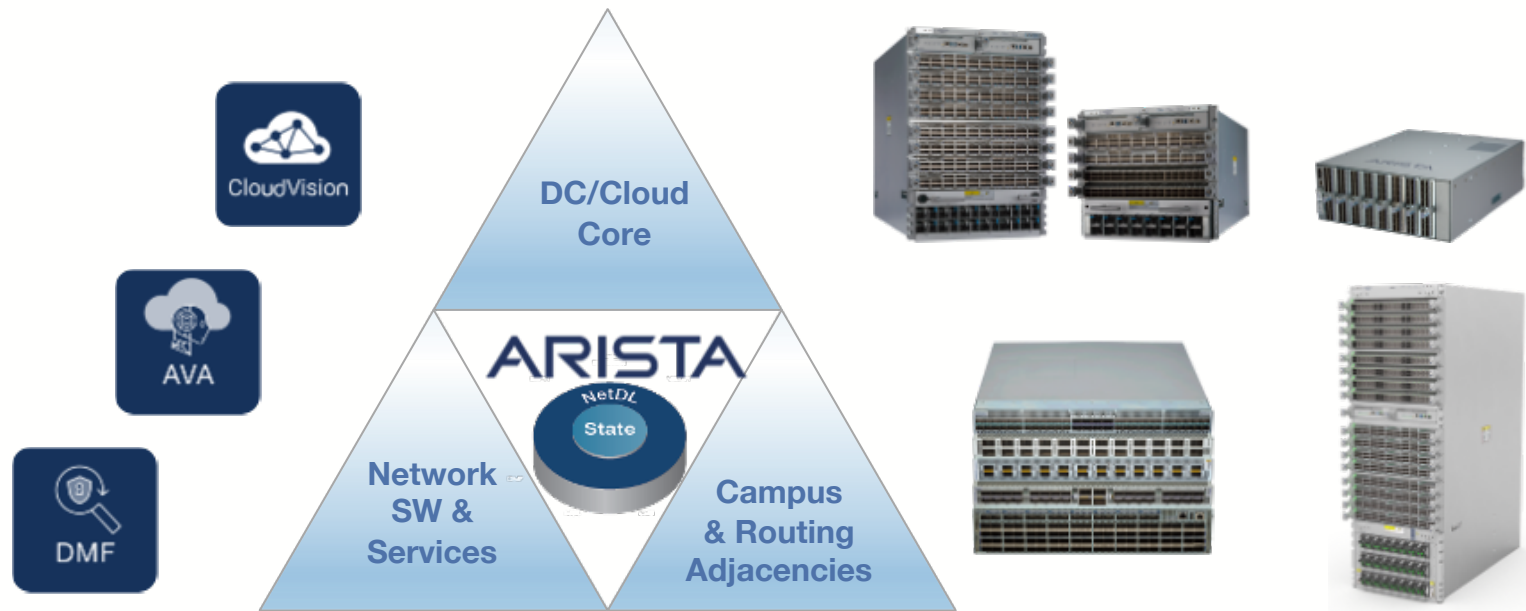


Minipack



Strong Partnership with Key Cloud Titans and Providers

# The Software Driven Client to Cloud Portfolio

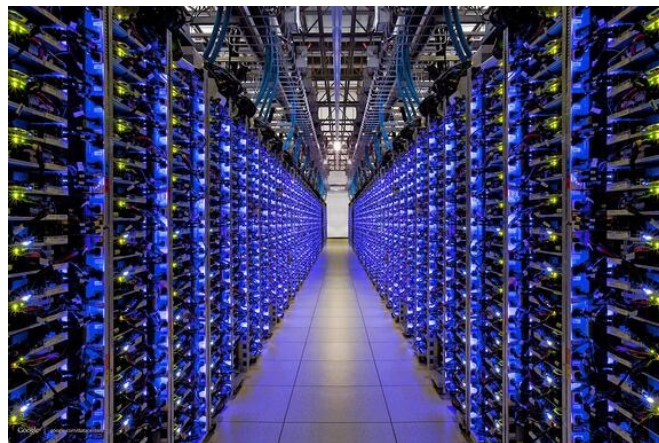


Arista's Platforms Portfolio is  
Market-Ready to Enable Growth in Every Segment

# A.I. Custom Fabric and All Ethernet Fabrics

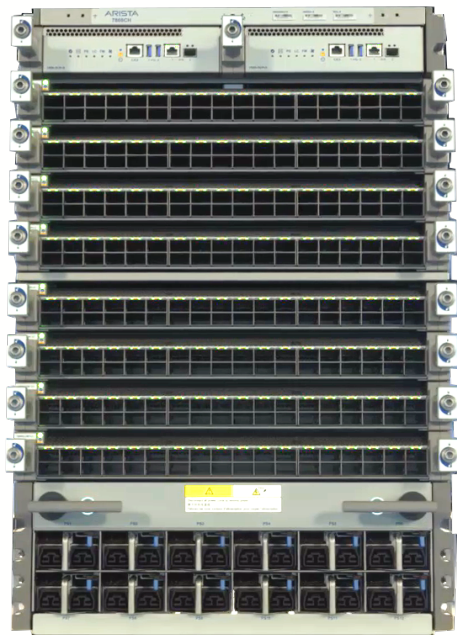


Custom Cluster Fabric  
Ethernet at Edge



A.I. Chips interconnected  
with Ethernet Fabric

# The Flagship Platform for AI Applications



Arista 7800

- **Industry Leading Density**
  - Up to 460 Terabit/sec throughput
- **No-congestion VOQ Fabric**
  - Predictable Low Latency
- **Large Buffer with No Packet Loss**
  - Ideal for RDMA Application Traffic
- **Flagship Platform for AI/ML**



# Power of Data-Driven Networks Eco System

## AVA- Autonomous Virtual Assist

Quality of Experience  
Proactive NetOps  
Network Detection and Response



## Other NetDL-Enabled Applications

Third Party  
Ecosystem Partners  
Customer Automation Frameworks

AI-Driven  
AVA

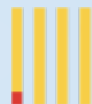
API Access

Data Ingestion  
Integrations

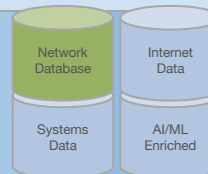
Analytic /  
Reporting  
Integrations



Single API Surface



ClickHouse



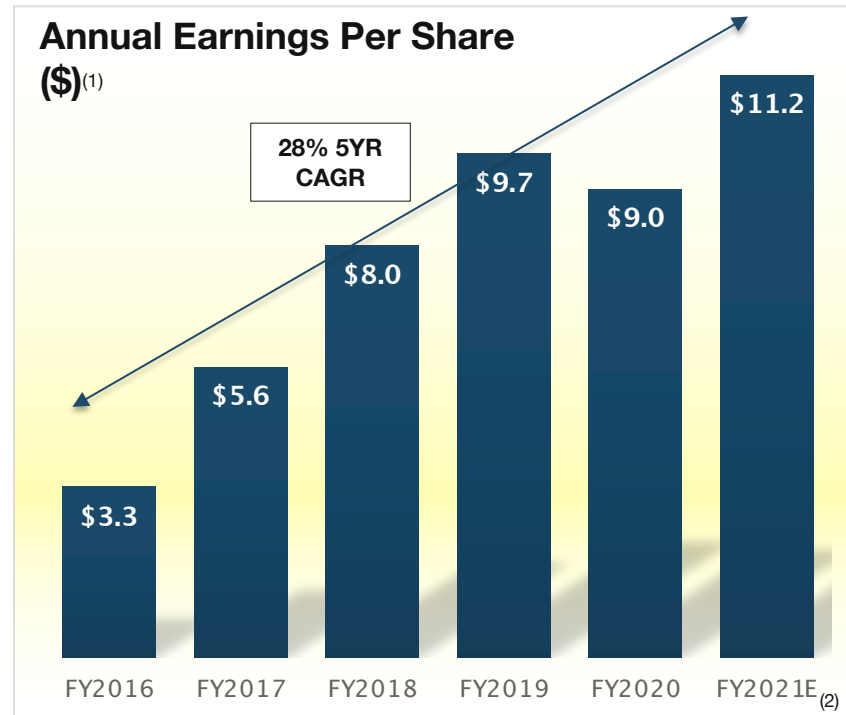
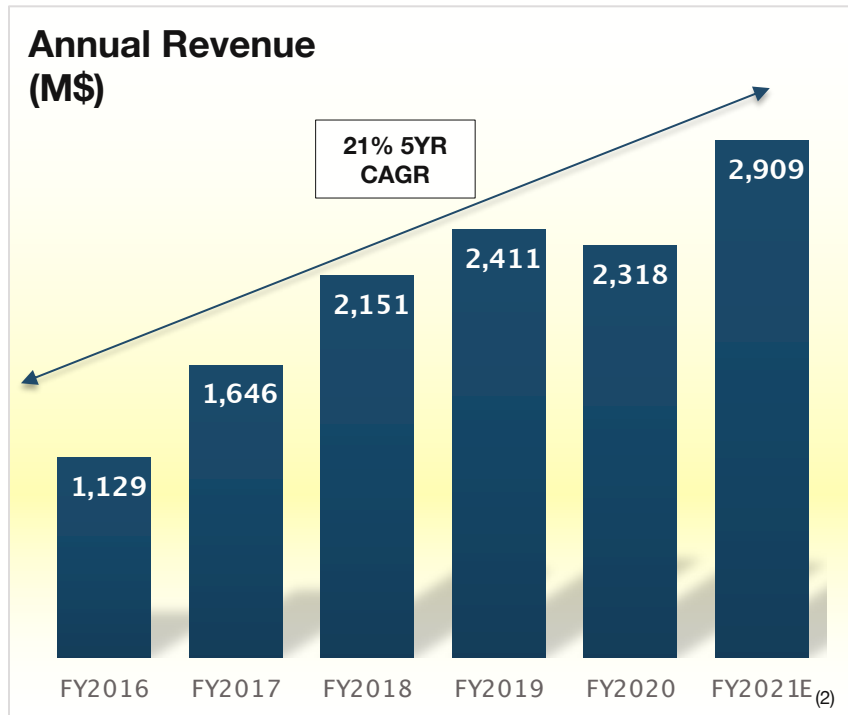
EOS Network Data Lake - NetDL



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# Profitable Revenue Growth

Growth &  
Diversification



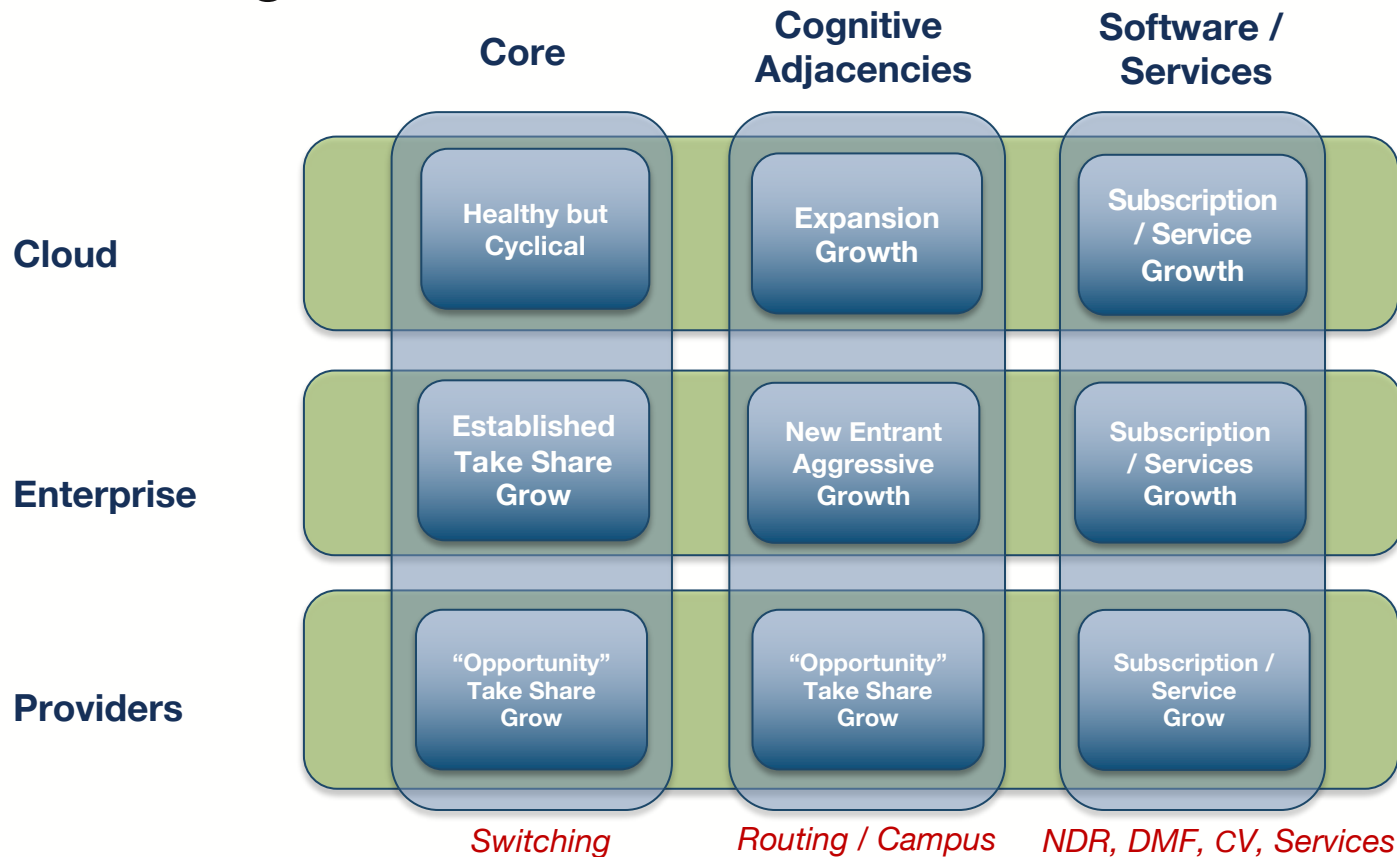
<sup>(1)</sup> Amounts are Non-GAAP and exclude stock compensation expenses and other non-recurring items, net of any income tax effects. See Appendix for GAAP to non-GAAP reconciliation.

<sup>(2)</sup> Includes Q4'21 at the mid point of guidance



# Building Blocks of Diversified Growth

Growth &  
Diversification



Good progress adding tools to the toolkit

- Product Diversification
  - ✓ Routing Features
  - ✓ Campus
  - ✓ Monitoring, Visibility
  - ✓ Network Detection & Response
- Customer Diversification
  - ✓ Enterprise
  - ✓ Cloud
  - ✓ Providers



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# Business Model Update

Business Model

	Prior Model	2021 Forecast <sup>(2)</sup> <sup>(3)</sup>	2022 Target <sup>(2)</sup>	Long-Term Target <sup>(2)</sup> (2020 – 2025)
Revenue Growth		~25%	~30%	Mid-teens CAGR
Gross Margin (Non-GAAP) <sup>(1)</sup>	63% to 65%	64%+	63% to 65%	64% to 65%
R&D as % of Revenue (Non-GAAP) <sup>(1)</sup>	~18%	~17%	~17%	~17%
S&M as % of Revenue (Non-GAAP) <sup>(1)</sup>	~10%	~8%	~8% to 9%	~9%
G&A as % of Revenue (Non-GAAP) <sup>(1)</sup>	<2%	<2.0%	<2%	<2%
Operating Margin (Non- GAAP) <sup>(1)</sup>	~35%	~38%	~37%	~37 %

<sup>(1)</sup> Amounts are Non-GAAP and exclude stock compensation expenses and other non-recurring items. See Appendix for GAAP to non-GAAP reconciliation.

<sup>(2)</sup> Subject to risks and uncertainties set forth in the attached safe harbor paragraph as well as the Form 10-K.

<sup>(3)</sup> Includes Q4'21 at the mid point of guidance

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# Summary – Looking Ahead



# Appendix: GAAP to Non-GAAP Reconciliations

	2016	2017	2018	2019	2020	Q3 YTD 2021
GAAP net income to common shareholders	\$183,039	\$422,468	\$327,941	\$859,468	\$634,557	\$ 601,559
Stock based compensation	59,032	75,427	91,202	101,280	137,042	135,632
Litigation expenses	35,833	40,352	6,566	2,295	-	-
Legal settlement	-	-	405,000	-	-	-
Loss (gain) on investments in privately held companies	-	-	13,800	(5,427)	(4,164)	-
Acquisition-related expenses	-	-	13,598	-	13,933	-
Intangible asset amortization	-	-	5,110	13,375	24,086	22,076
Impact of the U.S. Tax Cuts and Jobs Act	-	51,812	(12,632)	-	-	-
Excess tax benefits on stock-based awards	-	(111,542)	(92,675)	(89,415)	(60,880)	(84,684)
Tax benefits on intra-entity IP Transfer	-	-	-	(85,819)	-	-
Other non-recurring income tax charges (benefits)	(6,293)	-	-	9,781	-	-
Tax effect of non-GAAP exclusions	(31,340)	(36,421)	(114,769)	(19,093)	(26,163)	(21,999)
Net income attributable to participating securities	1,150	733	174	399	-	-
Non-GAAP net income	\$241,421	\$442,829	\$643,315	\$786,844	\$718,411	\$ 652,584

GAAP diluted net income per share	\$ 2.50	\$ 5.35	\$ 4.06	\$ 10.63	\$ 7.99	\$ 7.54
Stock based compensation	0.81	0.96	1.13	1.25	1.72	1.70
Litigation expenses	0.49	0.51	0.08	0.03	-	-
Legal settlement	-	-	5.01	-	-	-
Loss (gain) on investments in privately held companies	-	-	0.17	(0.07)	(0.05)	-
Acquisition-related expenses	-	-	0.17	-	0.18	-
Intangible asset amortization	-	-	0.06	0.17	0.30	0.28
Impact of the U.S. Tax Cuts and Jobs Act	-	0.66	(0.16)	-	-	-
Excess tax benefits on stock-based awards	-	(1.41)	(1.15)	(1.11)	(0.77)	(1.06)
Tax benefits on intra-entity IP Transfer	-	-	-	(1.06)	-	-
Other non-recurring income tax charges (benefits)	(0.09)	-	-	0.12	-	-
Tax effect of non-GAAP exclusions	(0.43)	(0.46)	(1.42)	(0.24)	(0.33)	(0.28)
Net income attributable to participating securities	0.02	0.01	0.00	0.00	-	-
Non-GAAP diluted net income per share	\$ 3.30	\$ 5.61	\$ 7.96	\$ 9.73	\$ 9.04	\$ 8.18

GAAP and Non-GAAP Diluted shares	73,222	78,977	80,844	80,879	79,465	79,744
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**Note:** A reconciliation of non-GAAP guidance measures to the corresponding GAAP measures is not available on a forward-looking basis because these measures are difficult to predict and subject to change.

# Appendix: GAAP to Non-GAAP Reconciliations

	Q3 YTD	
	2021-\$	2021-%
Revenue	\$ 2,123,578	100.0%
GAAP gross profit / margin	1,358,065	64.0%
Stock-based compensation	5,198	0.2
Intangible asset amortization	16,393	0.8
Non-GAAP gross profit / margin	\$ 1,379,656	65.0%
Research and development - GAAP	\$ 428,873	20.2%
Stock-based compensation	(72,673)	(3.4)
Intangible asset amortization	(1,521)	(0.1)
Research and development - non-GAAP	\$ 354,679	16.7%
Sales and marketing - GAAP	\$ 211,385	10.0%
Stock-based compensation	(34,133)	(1.6)
Intangible asset amortization	(4,162)	(0.2)
Sales and marketing - non-GAAP	\$ 173,090	8.2%
General and administrative - GAAP	\$ 58,856	2.8%
Stock-based compensation	(23,628)	(1.1)
General and administrative - non-GAAP	\$ 35,228	1.7%
GAAP operating income	\$ 658,951	31.0%
Stock-based compensation	135,632	6.4
Intangible asset amortization	22,076	1.0
Non-GAAP operating income / margin	\$ 816,659	38.5%

**Note:** A reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available on a forward-looking basis because these measures are difficult to predict and subject to change.



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## Thank You



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