



THE #1 WIRELESS BACKHAUL SPECIALIST

Investor Presentation // January 2019 - Needham

Safe Harbor

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Ceragon Snapshot

- Ceragon is the leading provider of wireless backhaul solutions to mobile operators and private networks globally
- 20+ years of technology R&D driving significant barriers to entry; founded in 1996 and headquartered in Tel Aviv, Israel
- Leading market position is driven by its strong technology advantage:
 - Vertically integrated solution from chipset to system drives unmatched performance
 - Ceragon's solutions have been adopted by Tier 1 mobile operators and leading private networks globally



- Strong execution has driven strong net income growth and significant margin expansion:
 - 2017 was 3rd consecutive year of increasing net income
 - Gross margins have increased from 25.2% to 32.7% (b)

(a) Source: Nasdaq as of 11/2

(b) Represents non-GAAP gross margin in FY2014 and FY2017

GLOBAL SCALE

+2,000 total customers

+1,000,000 systems deployed

+140 countries with systems deployed

~900 employees globally

\$1.64-\$4.15 52 week low/high^(a)



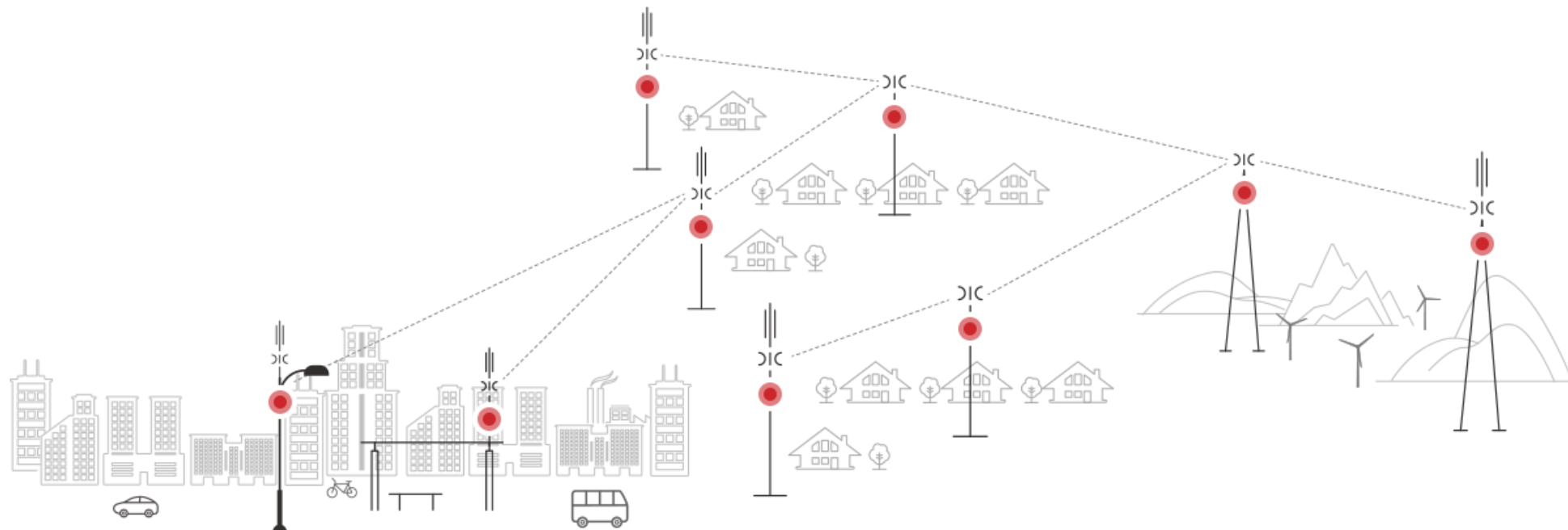
An aerial, high-angle photograph of a dense urban skyline, likely New York City, featuring numerous skyscrapers and a river in the background. A semi-transparent dark blue banner is overlaid across the center of the image, containing white text. The overall image has a blue-tinted, monochromatic aesthetic.

CERAGON'S BUSINESS AND LEADERSHIP POSITION

Wireless Backhaul

Critical Technology to Gigabit-LTE and 5G Networks

- Wireless backhaul serves as an alternative to fiber-optic networks and a primary solution for network densification
- Critical since it is a faster and more cost effective deployment vs. fiber based deployment
- Connects approximately 50% of all backhaul networks
- Proportion of fiber vs. wireless backhaul is expected to remain fairly constant through the evolution to 5G networks



Best-of-Breed Strategy: Sell Customer Value

Seek Best-of-Breed Focused Deals

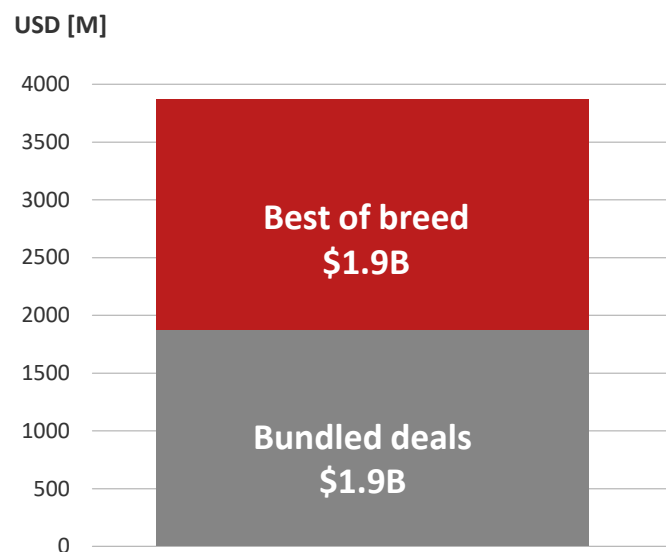
- Focus on service providers seeking the best wireless backhaul solution as main factor for vendor selection
- Focus on those customers that invest resources to assess vendors' ability to address their network-specific challenges
- Most private network customers are part of this category

Avoid Bundled/Price Focused Deals

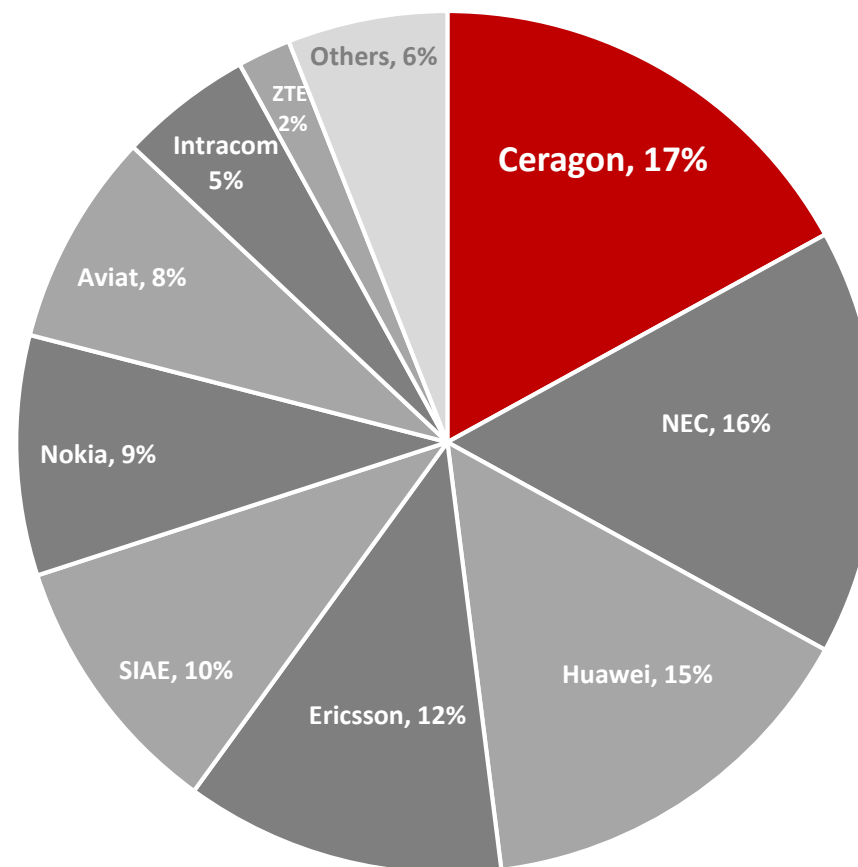
- Avoid end-to-end network bundling, with no specific vendor selection process for wireless backhaul
- De-emphasize customers that lack the skills/ resources for thorough evaluation of wireless backhaul vendors
- Avoid situations where price is the primary or only factor to determine vendor selection

Largest Specialist Serving the Best of Breed

Global Wireless Backhaul Market (2017)



Best-of-Breed Market Segment (2017)



Sources: SkyLight Research, March-2018.
Ceragon estimates, March-2018.

Technological Industry Leadership

Ceragon's Multicore technology resolves
the key challenges associated with wireless backhaul as networks transition to 5G
Capacity | Spectrum | Energy | Real-estate

4G evolution to 5G

Industry's only



Dual-core solutions

X4 Capacity, x2 Spectrum reuse gain, ½ Energy

CERAGON

2013

2014

2015

2016

2017

2018

2019

2020

NEC

SMC

siae microelettronica

ERICSSON

HUAWEI

NOKIA

Aviat*

NETWORKS

Industry's only



Octa-core solutions

X16 Capacity, x4 Spectrum reuse gain, ⅛ Energy

CERAGON

Two separate Cores solutions

X2 Capacity, NO Spectrum reuse gain, NO Energy savings

* Based on company publications

Key to Innovation is Vertical Integration

Enables us to introduce features that keep pace with the evolution to 5G

- Chip design
- Software design
- Hardware design
- Systems

Full
Vertical
Integration



FIBEAIR IP-20 PLATFORM

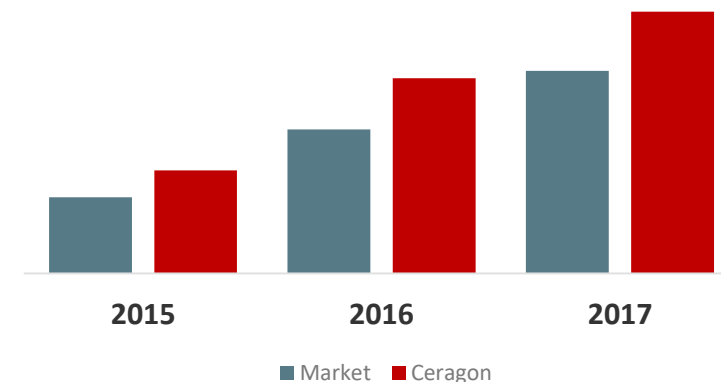
MULTICORE EVERYWHERE - IN ALL DEPLOYMENT SCENARIOS



IP-20 All-outdoor solutions lead the market since 2013

Increasing demand for all-outdoor wireless backhaul

- Simplified site acquisition
- Fast installation and commissioning
- Efficient use of limited spectrum
- Super-fast capacity upgrade path

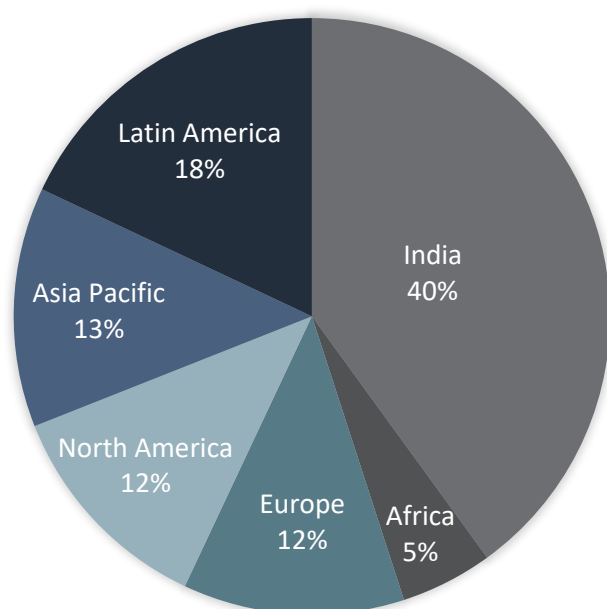


Proportion of Ceragon's equipment shipments represented by all-outdoor units has increased significantly to >60%, compared to <50% all-outdoor units in the overall best of breed market



Global Reach and Strong Customer Base

- Over 1 million radios installed in over 140 countries
- Supplier for major global Tier 1 operators



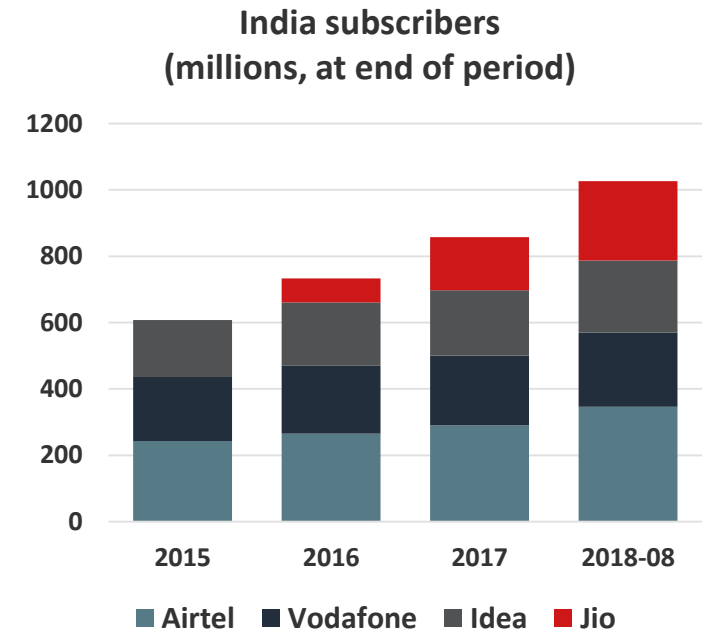
Revenue by Geography — Last 12 months

- Presence in all regions
- Purchasing decisions made both centrally and regionally



50% share of best of breed in India

- BIG-4 operators' net subscriber growth in 1-8/2018: 169M
- Aggressive network expansion & densification initiatives due to hyper-competitive market
- All-outdoor addresses key challenges at scale: network complexity, site acquisition, spectrum availability, energy, speed of installation and upgrades
- Similar pattern of all-outdoor adoption in other hyper-competitive markets
- Key relationships, IP-20 technology enabled



* Source: Telecom Regulatory Authority of India (TRAI)

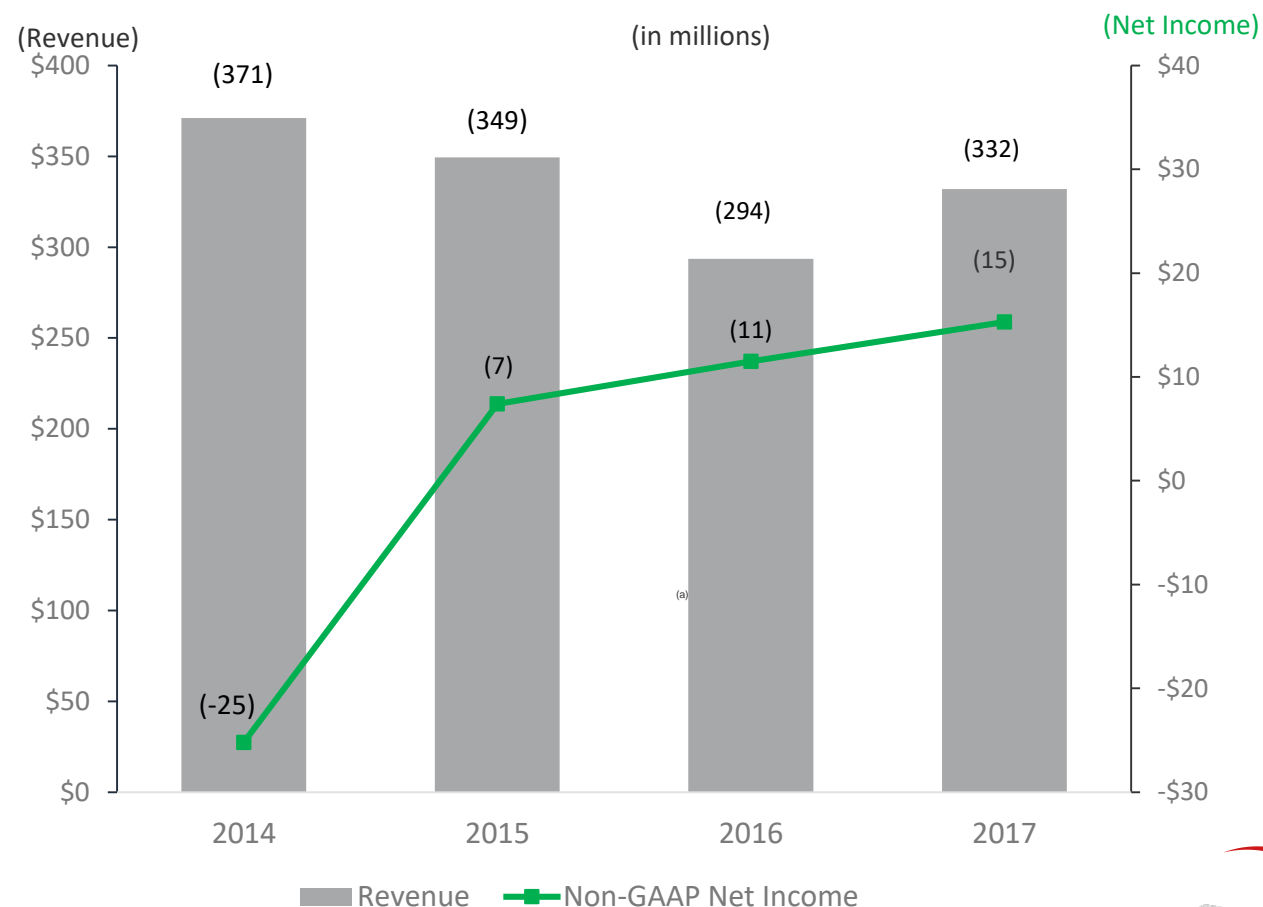


An aerial, high-angle photograph of a dense urban skyline, likely New York City, featuring numerous skyscrapers and a river in the background. A semi-transparent dark blue banner is overlaid across the center of the image, containing white text. The overall image has a blue-tinted, slightly desaturated appearance.

CERAGON'S OPERATING MODEL AND FINANCIAL POSITION

Track Record of Execution & Improving Net Income

- Focus on maximizing gross profit dollars
- Stable, profitable business model
- Goal is to increase net income again in 2018, for the fourth consecutive year, despite currency headwinds and higher COGS due to passive components shortage



Note: Financial metrics are presented on a non-GAAP basis.

Strong Balance Sheet

- Paid off remaining balance under revolving credit agreement in Q4:17
- \$40 million unused borrowing capacity
- Credit facility to be used as business tool to accommodate short-term increase in working capital needs

	(U.S. dollars in millions) (Unaudited)
	a/o Sept. 30, 2018
Cash & cash equivalents	41.3
Bank debt	-0-
Inventory	47.4
AR	113.2
DSOs	120

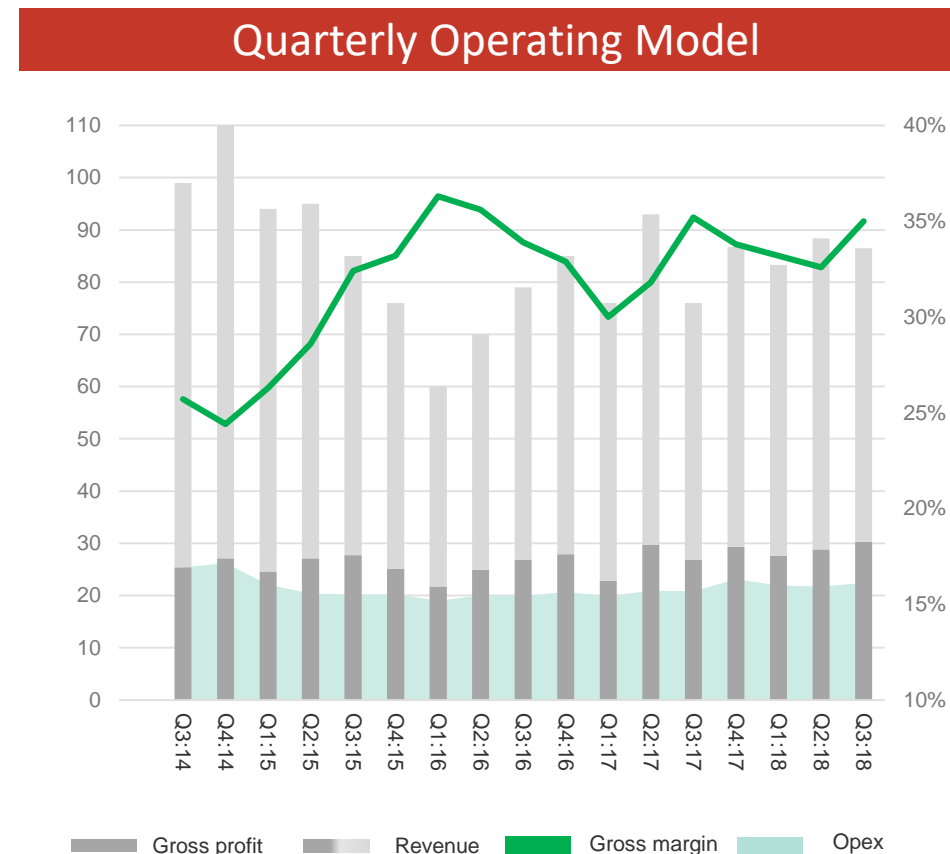
Characteristics of Operating Model

Controllable elements are well-controlled

- Deals accepted based on contribution to gross profit dollars
- Tendency toward trade-off between revenue and gross margin
- Stringent operating expense control sustained for 2+ years

Quarter-to-quarter fluctuations caused by factors difficult to control

- Changes in geographic mix of revenue – based on significant variations in GM by region
- Timing of recognizing revenue for various elements of project – based on large customers dictating delivery timing of each element
- Currency fluctuations, interest rates, seasonality, orders lumpiness, changes in raw materials and components market



Note: Financial metrics are presented on a non-GAAP basis.

An aerial, high-angle photograph of a dense urban skyline, likely New York City, featuring numerous skyscrapers and a river in the background. A semi-transparent dark banner is overlaid across the center of the image, containing white text. The entire image has a light blue tint and a subtle grid pattern.

THE FUTURE IS 5G
THE FUTURE IS CLOSER THAN WE THINK

5G evolution, not a single event

Today: Gigabit LTE momentum

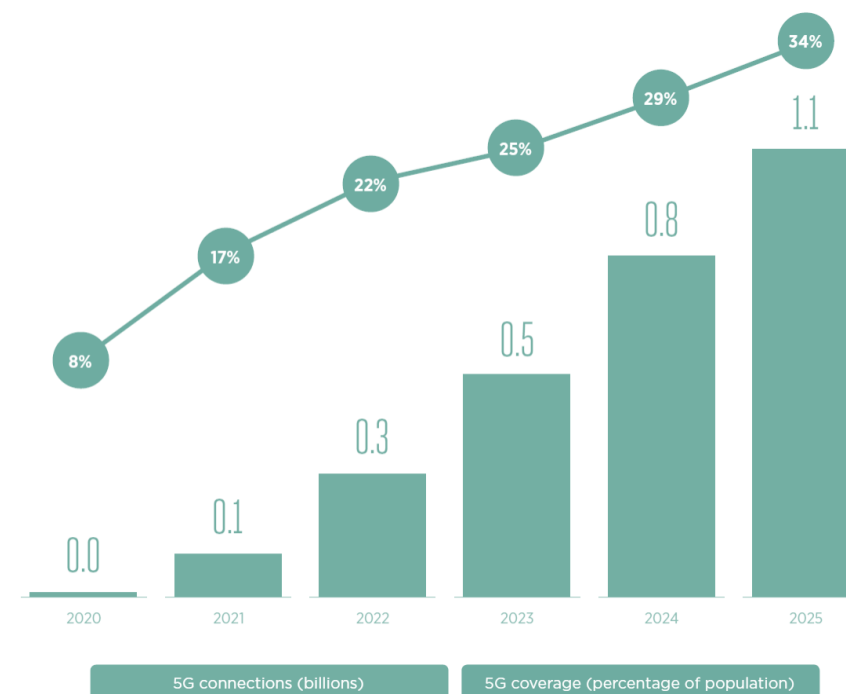
>40 countries, >20 operators



Gigabit LTE – enhanced mobile service, based on LTE-Advanced-pro standards, enabling “5G broadband” services

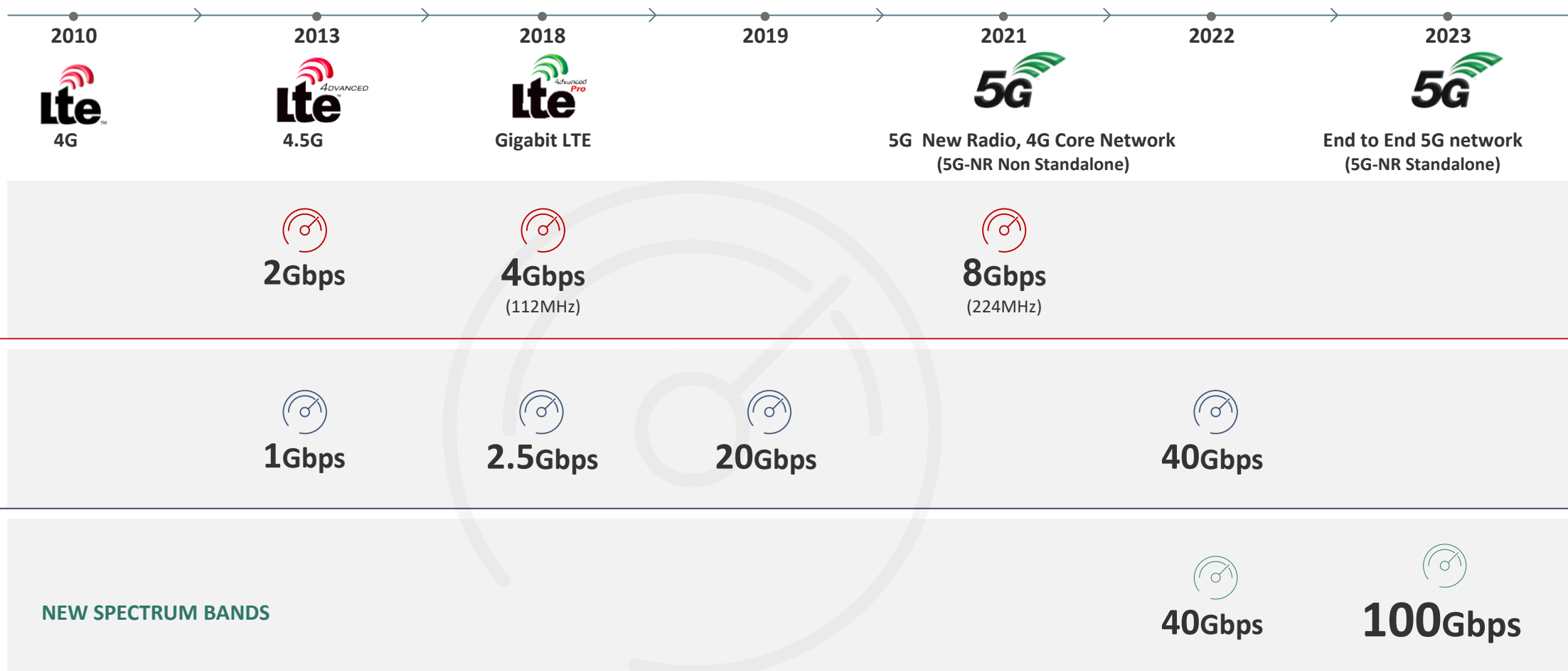
Source: Qualcomm, 2018

Tomorrow: 5G adoption subscribers



Source: GSMA, 2017

Ceragon strategic roadmap – single channel capacity



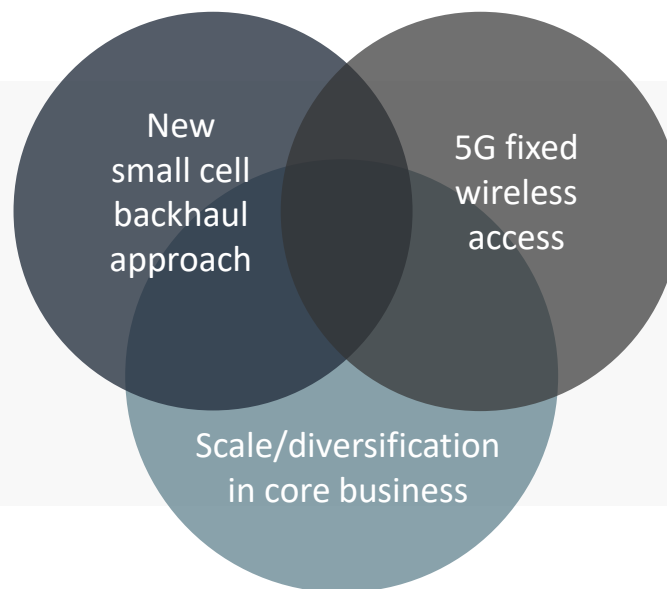
- Multiples of each capacity listed above are achievable using Carrier-Aggregation technology to combine several channels into a single link
- Multi-band technology also allows operator to combine MW and mmW to achieve higher capacity with greater reliability

Formulating a Broader 5G Strategy

Continuously refining both offensive and defensive strategies

Technology Fit/Business Risk Analysis

- Relevance to core competencies
- Potential competitive advantage
- Market size and maturity
- Market growth potential



Value Creation/Financial Risk Analysis

- Time to revenue
- Magnitude of investment required
- Inherent profitability (gross margin)
- Impact on cash flow

Seeking best risk-adjusted opportunity to generate profitable growth

An aerial, high-angle photograph of a dense urban skyline, likely New York City. The image shows a multitude of skyscrapers and buildings of varying heights and architectural styles. A prominent white, lattice-like structure, possibly a construction crane or part of a building's facade, is visible on the left side. The sky is hazy, and the overall tone is somewhat desaturated. A dark, semi-transparent horizontal band runs across the middle of the image, serving as a background for the text.

SUMMARY

- ✓ **Leader in premium segment of the market**
- ✓ **Time-to-market advantage with technologically-advanced IP-20 platform**
- ✓ **Competitive strengths provide ability to be selective, obtain major share of highest-value opportunities**
- ✓ **Financial stability enables continuous innovation and design-to-cost investment**
- ✓ **Reported 3rd consecutive year of profit improvement in 2017; on track for 4th in 2018**
- ✓ **Positioned to capitalize on network evolution from 4G to 5G to generate long-term profitable growth**



*Challenge us
to take you further*

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