ADTRAN Investor Overview

Needham Virtual Security, Networking and Communications Conference

November 17, 2020

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Safe Harbor Statement

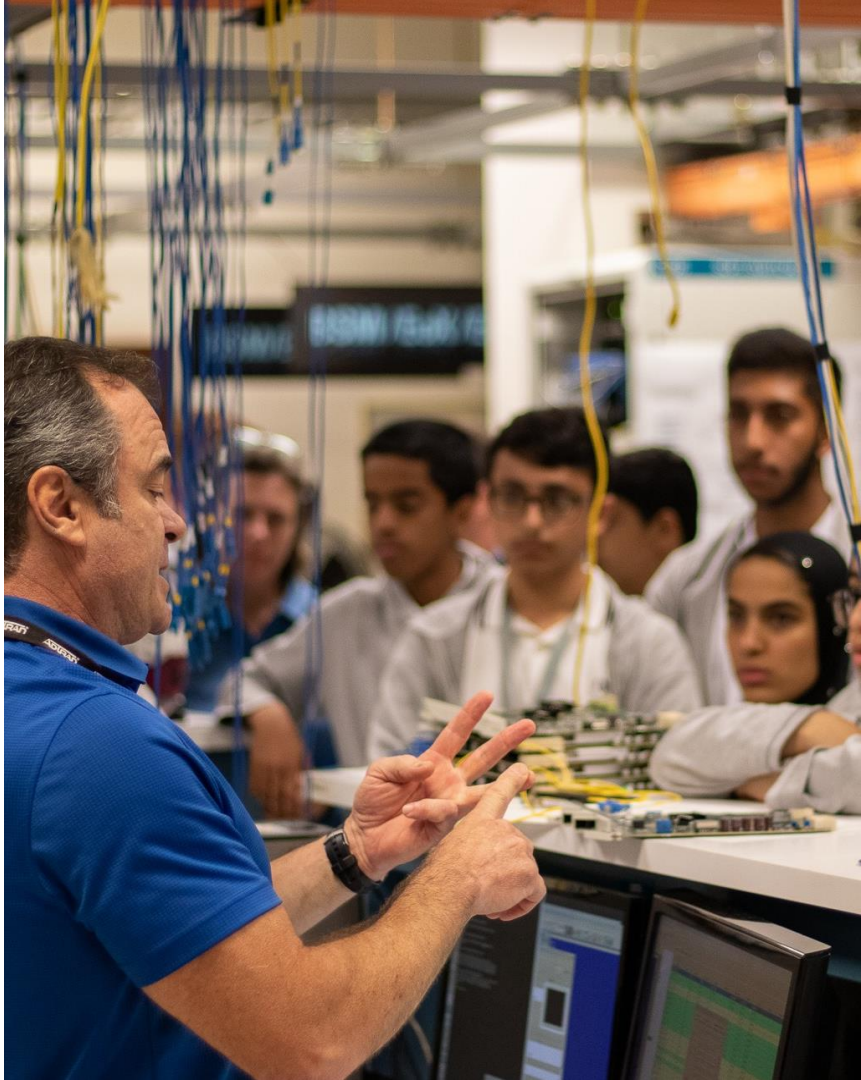
During the course of this meeting, ADTRAN representatives expect to make forward-looking statements, which reflect management's best judgment, based on factors currently known. However, these statements involve risks and uncertainties, as detailed in our Annual Report on Form 10-K for the year ending on December 31, 2019, and on Form 10-Q for the quarter ending September 30, 2020. These risks and uncertainties could cause actual results to differ materially from those in the forward-looking statements, which may be made during this meeting.

ADTRAN at a Glance

We are a leading global provider of networking equipment, software and services.

- Founded in 1985
- Publicly traded since 1994 (NASDAQ: ADTN)
- Headquartered in Huntsville, Alabama
- U.S. and European engineering, manufacturing, and support
- $530M Revenue (2019)
- More than a million units shipped annually
- Thousands of customers in over 60 countries

ADTRAN



OUR VISION

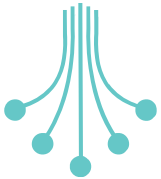
To enable a fully connected world where the power
to communicate is available to everyone, everywhere.

OUR UNIQUE APPROACH,
UNMATCHED DOMAIN EXPERTISE
AND INNOVATIVE PLATFORMS,
MAKE YOUR NETWORK THE WAY IT SHOULD BE.

OUR BUSINESS FOCUS.

Your Network. The Way It Should Be.

Access solutions with highest capacity and lowest latency



Fiber Access & Fiber Extension

Control and insight into service delivery experience



Connected Home & Business

Cost-effectively and in a timely manner meet broadband deployment guidelines

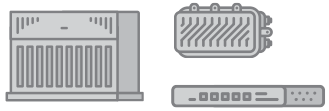


Global Services & Support

ADTRAN PORTFOLIO

SOLUTIONS FOCUS

Broadband Access

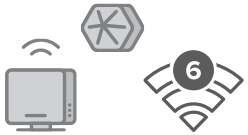


Fiber Access Systems



Fiber Extension Solutions

Connected Home and Business



Connected Home



Connected Business

Service Automation & Optimization



Service Automation



Cloud-based E2E Service Insight and Optimization

FINANCIAL REPORTING



ADTRAN operates in two business segments:

(1) **Network Solutions** includes hardware and software products.

(2) **Services & Support** includes a portfolio of services that complement our products.

Three revenue categories span across these two segments:

(1) **Access & Aggregation** is focused on solutions that are used by service providers to connect their network infrastructure to subscribers.

(2) **Subscriber Solutions & Experience** is concentrated on subscriber solutions in the home and/or business.

(3) **Traditional & Other Products** encompasses prior-generation technologies, products and services.

DEMAND DRIVERS

Cloud solution providers are driving the demand for bandwidth intensive applications with simple and easy, user-driven interfaces.



Streaming Video



Cloud Gaming



Connected Devices

COVID-19

DEMAND CATALYST

COVID-19 has created unprecedented demand to close the digital divide.

Telemedicine

Work From Home

On-line Learning



Entertainment

Connect with Friends/Family

20 - 40% increase broadband traffic

INVESTMENT DRIVERS

Evolution of government funding programs, regulatory broadband policies investment community guide operators' network investment strategies.

.



5G & Cable Buildout



Govt Subsidies, VC Investment



Govt Regulations and Policies

INVESTMENT CATALYST

Providing a technically advanced alternative to incumbent suppliers as national operators look to limit capital expenditure and supply chain risk.



Supply Chain Integrity



Trade Barriers



Network Security Concerns



Funding TTM Obligations

OPERATOR IMPERATIVES

Communications solution providers are investing in their networks to promote increased subscriber ARPU, retention and acquisition while streamlining their operations.



Increase ARPU



Retain / Expand Market Share



Reduce OpEx

MARKET DYNAMICS

DEMAND



Streaming Video



Cloud Gaming



Connected Devices

INVESTMENT



5G & Cable Buildout



Govt Subsidies, VC Investment



Regulation, Policies

IMPERATIVES



Increase ARPU



Retain / Expand Market Share



Reduce OpEx

ADTRAN OPPORTUNITY

Monetizing the connected home and business while expanding network capabilities and modernizing access architectures.



Connected Home & Business



Broadband Capacity & Coverage



Network Evolution & Service Velocity

THE OPPORTUNITY

Monetizing the connected home and business while expanding network capabilities and modernizing access architectures.



$32B

3% CAGR

Connected Home & Business 2021 – 2025 5yr SAM

Source: Dell'Oro/GlobalData



$18B

5% CAGR

Broadband Access 2021 – 2025 5yr SAM

Source: IHS/Dell'Oro



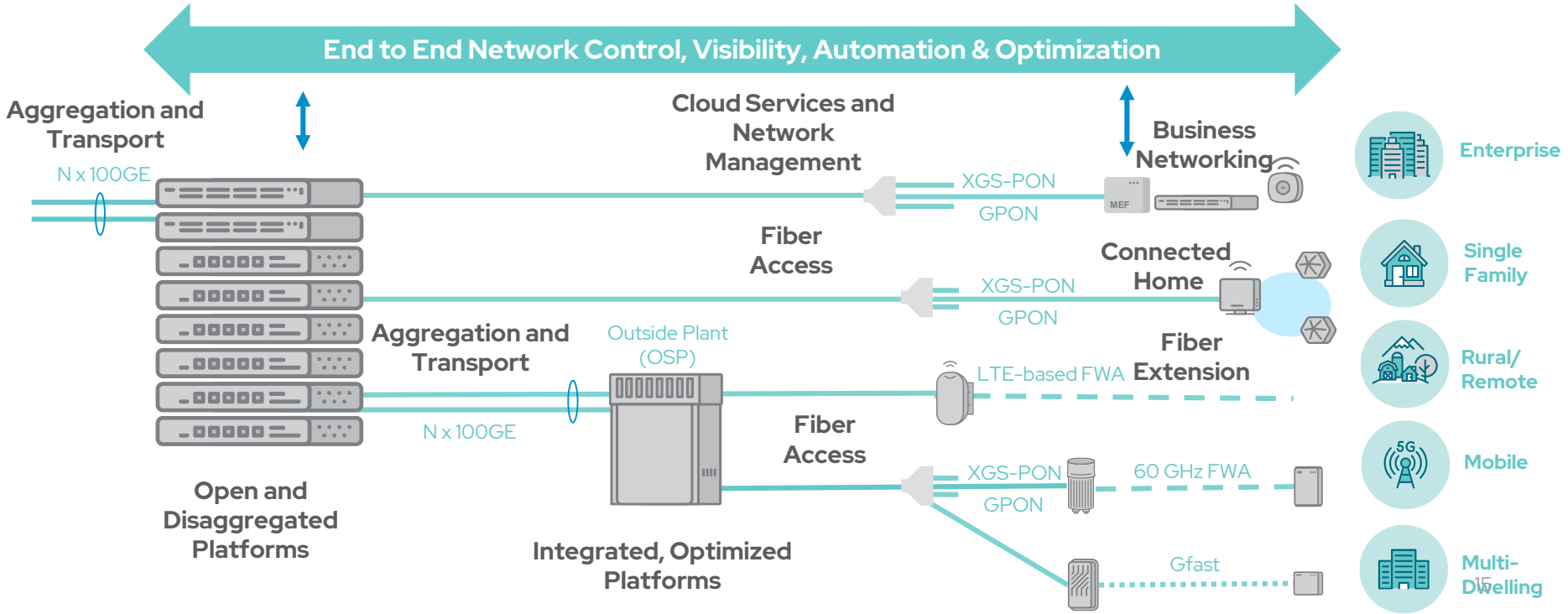
$14B

1% CAGR

Network Evolution & Service Velocity 2021 – 2025 5yr SAM

Source: TBR

THE NETWORK

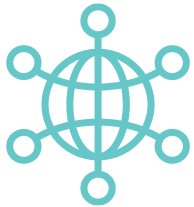

End to End Network Control, Visibility, Automation & Optimization
Aggregation and Transport
N x 100GE
Cloud Services and Network Management
Business Networking
XGS-PON
GPON
MEF
Fiber Access
Connected Home
XGS-PON
GPON
Aggregation and Transport
Outside Plant (OSP)
Fiber Extension
LTE-based FWA
N x 100GE
Fiber Access
XGS-PON
GPON
60 GHz FWA
Gfast
Open and Disaggregated Platforms
Integrated, Optimized Platforms
Enterprise
Single Family
Rural/ Remote
5G
Mobile
Multi-Dwelling

FIBER ACCESS & FIBER EXTENSION

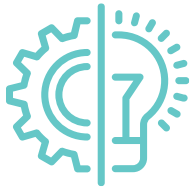
Your Network. The Way It Should Be.



Retain / Expand Market Share



Broadband Capacity & Coverage



Broadband Access Innovation

MAXIMIZING THE MARKET

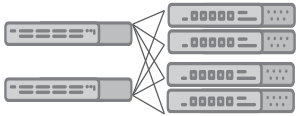
Providing distinct and differentiated value for each fiber access customer segment.

Regional, Municipal



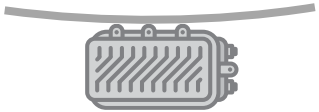
Integrated, Optimized

High Scale, Urban



Open, Disaggregated

Rural, Cable MSO



Remote, Distributed

CONNECTED HOME & SUBSCRIBER CLOUD

Your Network. The Way It Should Be.



Increase ARPU



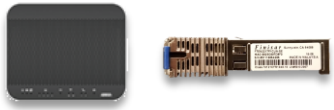
Connected Home & Business



Subscriber Experience

RESIDENTIAL & ENTERPRISE CONNECTIVITY

GPON & XGS-PON ONTs
Indoor, outdoor, pluggable



Wi-Fi Gateways
Multiple WAN options, Mesh Wi-Fi 6



Enterprise WAN Connectivity
CE NIDs, Routers, IPBGs, SD-WAN



Enterprise LAN Connectivity
Cloud-managed switches & access points



GLOBAL SERVICES & SUPPORT

Your Network. The Way It Should Be.



Reduce OpEx

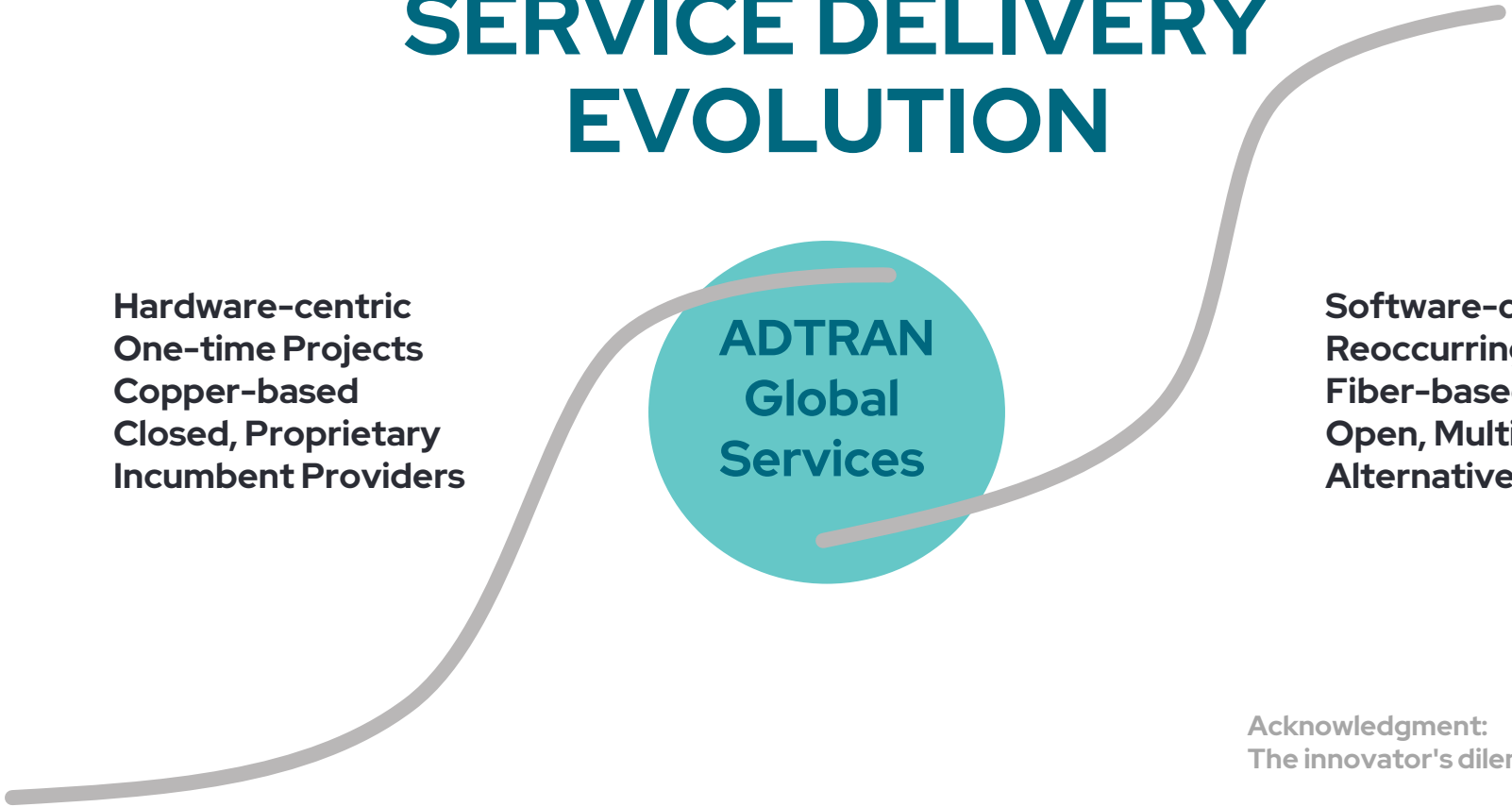


Network Migration & Service Velocity



Service Delivery Evolution

SERVICE DELIVERY EVOLUTION



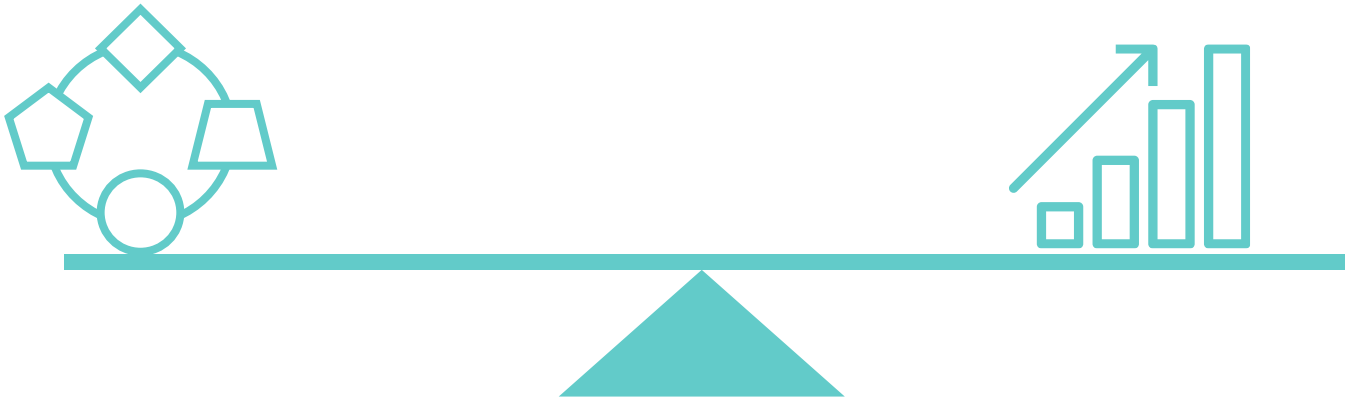
Acknowledgment:
The innovator's dilemma 1997

ADTRAN GLOBAL SERVICES

Implementation	Maintenance	Professional	Managed	Cloud
Design, deployment & integration services Copper to Fiber, Fixed Wireless	Hardware and software support, spares and repair services. Priority support and training	Network audit and consultation, solution integration, and resident engineering	Security, capacity monitoring, inventory and NOC services	Subscriber, network & business cloud services

CUSTOMER DIVERSITY & OPERATOR SCALE

Increasing customer diversity inclusive of large operator scale to achieve more linear financial results and sustainable growth.



REGIONAL, MUNICIPAL PROVIDERS

Must launch new services, markets rapidly

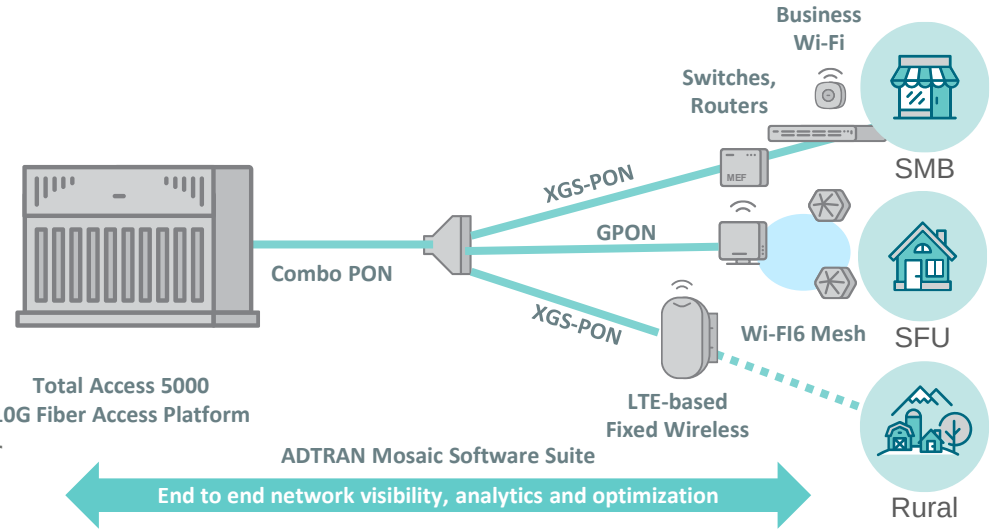
- Turnkey design, integration, activation
- Pre-tested, pre-integrated solution

Have limited technical resources

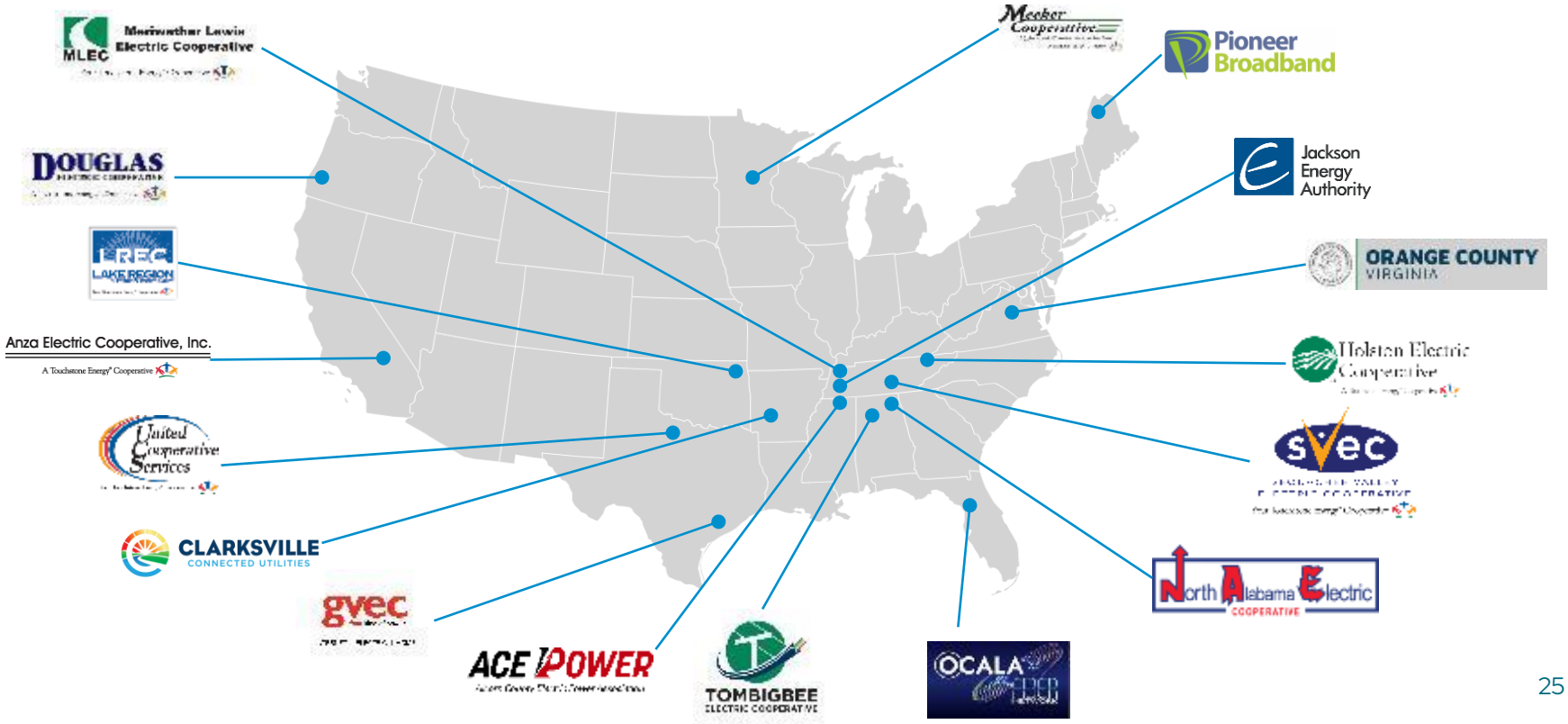
- Best in Class mesh Wi-Fi 6
- In-home visibility and network ops SW tools

Desire long term suppler relationship

- Right-sized, regionally market focused supplier
- Complete gigabit broadband portfolio spanning access, home and business



U.S. RSP MARKET MOMENTUM



GLOBAL NETWORK OPERATORS

Plan broadband network modernization

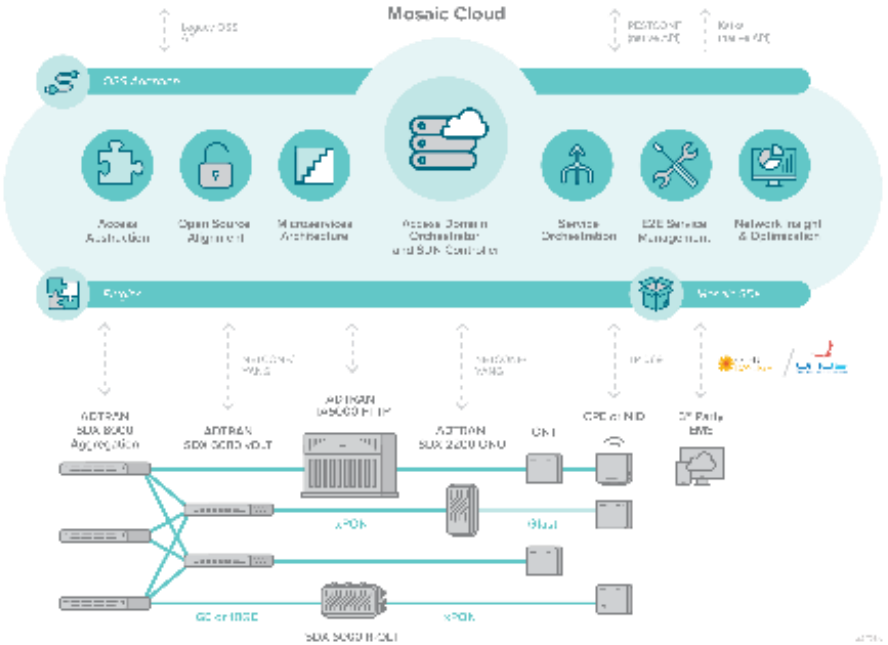
- Only deployable SD-Access reference architectures
- Complete gigabit broadband portfolio (Urban, Rural, MDU)

Require supply chain diversity

- Tier I access experience; next gen category leader
- World-class supply chain capacity, continuity

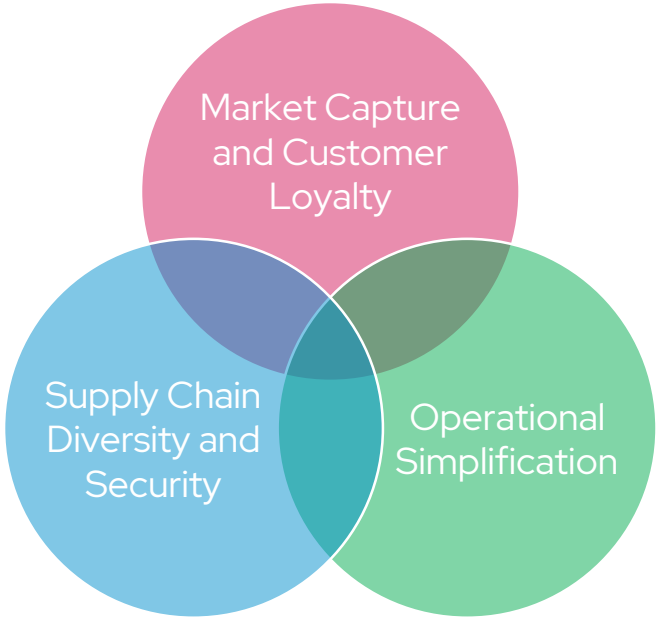
Top 20 garner 60% of global wallet share

- Provide sustainable long term revenue streams



GLOBAL TIER 1 MARKET MOMENTUM



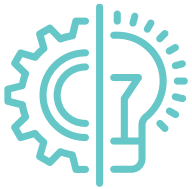


OUR STRATEGY

Our unique approach, unmatched domain expertise
and innovative platforms, make your network they way they should be.



Subscriber Experience



Broadband Access Innovation



Network Evolution

INDUSTRY LANDSCAPE

2020 – A Pivotal Year for Broadband

Technology Transition	Architectural Changes	Broadband Policies	New Market Entrants	Vendor Disruption	Pandemic
Ramp of 10G PON, Gfast, fixed wireless, and mesh Wi-Fi 6	Influence of SDN, NFV, disaggregation and open source on target architectures	European Gigabit society, EECC regulations favoring disruptors, RDOF/CAF, …	Low capital cost and regulation favoring munis, co-ops and alternative operators	Vendor concerns, vendor consolidation and supply chain diversification	Leap forward in bandwidth utilization, especially in the upstream; work from home is the new norm

Even without the pandemic, 2020 was set up to be a generationally significant year in broadband access, setting the stage for the future.

ADTRAN

Your Network.
The Way It Should Be.



BRINGING THE WORLD TOGETHER