



ANALYST DAY PRESENTATION

Patrick Harshman | Shahar Bar |
Nimrod Ben-Natan | Sanjay Kalra

Sep 15, 2022



AGENDA – SPEAKERS



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INTRODUCTION



Patrick Harshman
President & CEO

2

VIDEO



Shahar Bar
SVP Video Products and
Corporate Development

3

BROADBAND



Nimrod Ben-Natan
SVP & General Manager
Broadband Business

4

FINANCIALS



Sanjay Kalra
SVP & Chief
Financial Officer

During the course of this presentation, we will provide projections and other forward-looking statements regarding future events and our financial performance, including expectations concerning our markets and industry trends, and our business strategy for 2022 and beyond. Such statements are only current expectations and actual events or results may differ materially. We refer you to Harmonic's filings with the SEC, particularly our most recent Reports on Form 10-K, Form 10-Q and Form 8-K. These documents identify important risk factors that could cause actual results to differ materially from our projections or other forward-looking statements.



BROADBAND & VIDEO

Two market-leading
business units



REVENUE 2022*

\$617M | 22% yoy growth



MARKET CAPITALIZATION**

\$1.16B



SILICON VALLEY

Headquarters



CLOUD NATIVE INNOVATION LEADER



MARKET-LEADING CUSTOMERS

Worldwide

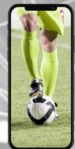


Revolutionizing Broadband Networks and Cloud Streaming

* Midpoint of FY2022 Guidance | ** Market Capitalization as of September 12, 2022



Accelerating broadband and streaming video consumption





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VIDEO BUSINESS



Leading in Cloud SaaS for Premium Streaming

Targeting new **Cloud SaaS** market,
growing to >\$1.3B in 2025

>**\$110M SaaS revenue** in 2025,
>45% CAGR

>**14% EBITDA Margin** by 2025,
>24% CAGR

Industry leading video streaming technology,
esp. for **Live Sports**

Confidence bolstered by several **Tier 1
streaming media wins** over past year

EVOLUTION OF VIDEO

BROADCAST

BROADCAST



PAY TV



STREAMING

SVOD



TV EVERYWHERE



SPORTS STREAMING



VIDEO INFRASTRUCTURE HAS ALSO EVOLVED

BROADCAST

BROADCAST



PAY TV



BROADCAST TECH'

- Unified signal for all viewers
- 24/7 linear channels

STREAMING

SVOD



TV EVERYWHERE



SPORTS STREAMING



STREAMING TECH'

- Dedicated stream per viewer
- On-demand viewing

VIDEO INFRASTRUCTURE HAS ALSO EVOLVED

BROADCAST

BROADCAST



PAY TV



BROADCAST TECH'

- Unified signal for all viewers
- 24/7 linear channels



BROADCAST INFRASTRUCTURE

- HW/SW appliances in private facilities

STREAMING

SVOD



TV EVERYWHERE



SPORTS STREAMING



STREAMING TECH'

- Dedicated stream per viewer
- On-demand viewing

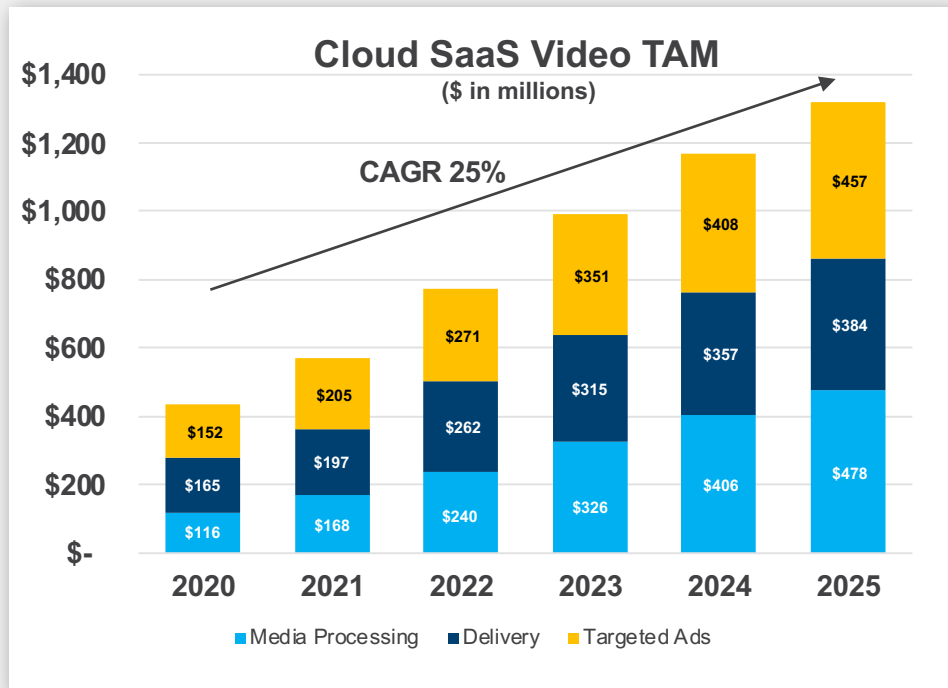


STREAMING INFRASTRUCTURE

- Public cloud for scalability and dynamism



TWO DISTINCT ADDRESSABLE MARKETS



BUSINESS MODEL

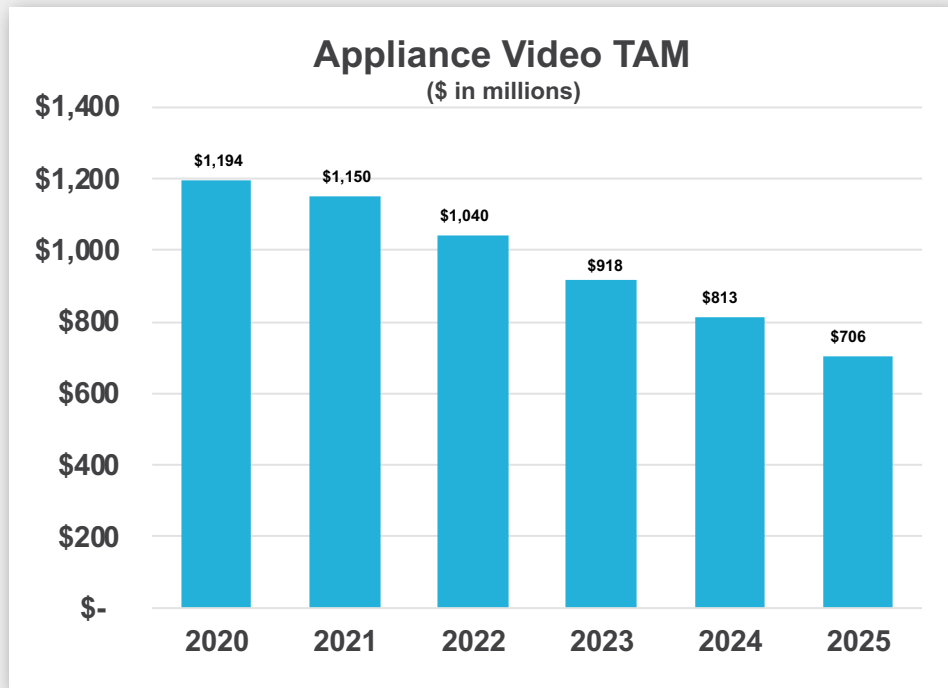
- OPEX | Usage based (variable)

INFRASTRUCTURE

- Public Cloud, SaaS

TRENDS

- Predominantly for Streaming market
- Growing # of platforms & content
 - Expanding with premium sports
- Growing engagement leads to higher traffic and targeted ads



BUSINESS MODEL

- CAPEX | Per channel with recurring SLA

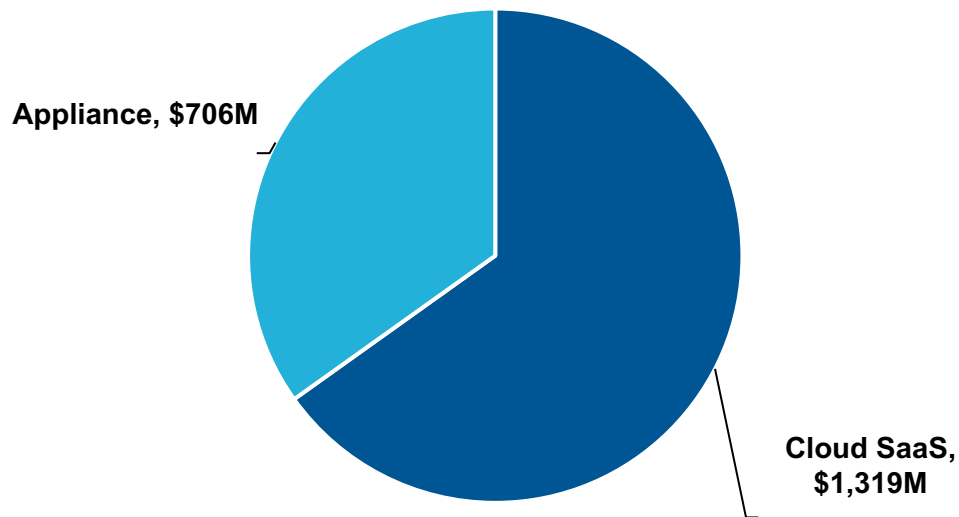
INFRASTRUCTURE

- On-premises deployments

TRENDS

- Predominantly for Broadcast workflows
- Linear channel is the foundation
- Highly profitable market for media com'
- Multi-Billion \$ install base
- Focus on efficiency and cost reduction

**Harmonic Overall TAM
in 2025**



TOTAL

- ~2B addressable market and growing

CLOUD SAAS

- >\$1.3B in total
- Streaming is dominant workflow
- Broadcast workflows growing

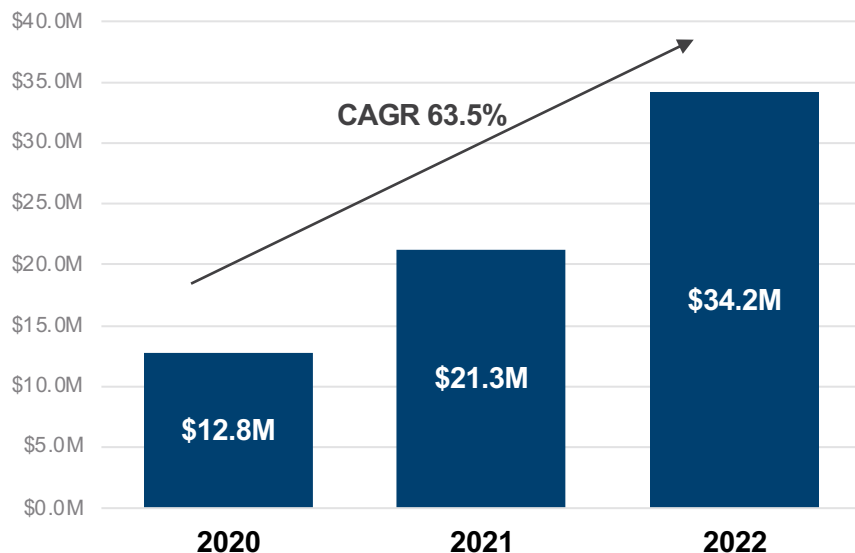
APPLIANCE

- >\$0.7B in total
- Overwhelming majority for broadcast



CLOUD SAAS BUSINESS TRENDS

SAAS SUBSCRIPTION REVENUE



RAPID GROWTH

- 63.5% CAGR (2020-22)

MARGIN EXPANSION

- Long term GM% target of 75%
- GM% >50% in 2022

GROWTH DRIVERS

- Rapid adoption of cloud for streaming workflows fueled by sports streaming

LIVE SPORTS

FORTUNE 100
COMPANY (2)



AVG MRR \$100K
(42% OF SAAS REV)

TV EVERYWHERE (LINEAR/VOD)



AVG MRR \$25K
(48% OF SAAS REV)

BROADCAST CLOUD MIGRATION

(Overlap with Appliance business)



AVG MRR \$30K
(10% OF SAAS REV)

STREAMING (LIVE SPORTS, TV EVERYWHERE)

EXCEPTIONAL VIDEO QUALITY & LATENCY



SPORTS SPECIFIC FEATURES



ECO-SYSTEM PARTNERS

deltatre

DIAGNAL

SeaChange

firstlight
MEDIA

VO
viaccess-orca

COMCAST
TECHNOLOGY SOLUTIONS

NAGRA

ALPHANETWORKS

UNPARLLELED RESLIENCY WITH 24/7 DEVOPS



BROADCAST CLOUD MIGRATION



RICH BROADCAST FEATURE SET



CLOUD MATURITY



>3,000 BROADCAST CUSTOMERS



BAMTECH MEDIA



MediaKind

VU^{ALTO}
by W^{MP}PLAYER



kaltura

INITIAL LEADERS

- Acquired by Media companies and only serving in-house services (WM, Disney, Endeavor)

CLOUD PROVIDERS

- Infrastructure partners offers a subset of video micro services (not SaaS). Target DIY market

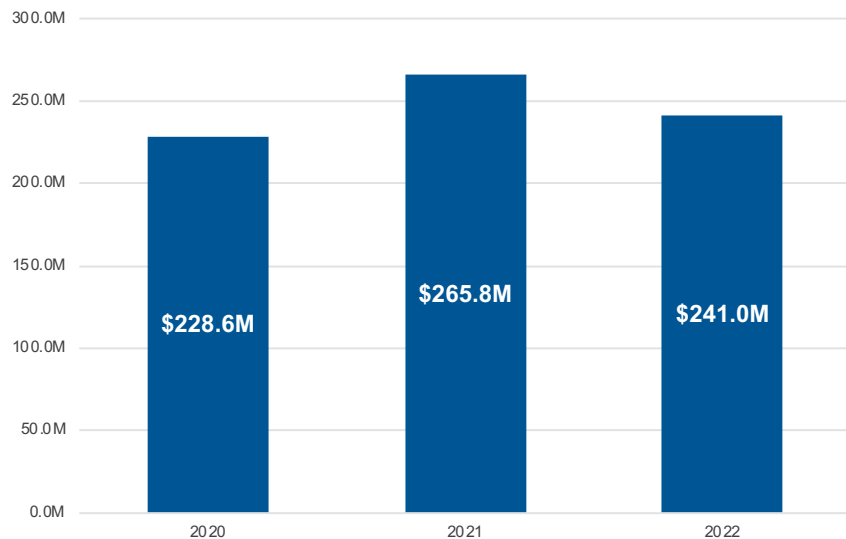
APP & SUBSCRIBER MANAGEMENT PROVIDERS

- Specialists of client Apps and subscriber services who bundle a 'good enough' pipeline
- Sufficient for early-stage launches, not for sports or growing platforms



APPLIANCE BUSINESS TRENDS

APPLIANCE REVENUE



TOP LINE

- Stable and consistent

GROSS MARGINS

- Resilient at 60% despite supply chain headwinds

RECURRING REVENUE

- Support contracts for >\$1B of install base

CHANNEL ORIGATION

WarnerMedia



SINCLAIR
BROADCAST GROUP

TV5



Televisa

PAY TV



Charter
COMMUNICATIONS



CONTENT DISTRIBUTION

(Example: C-BAND)

WarnerMedia





PRIVATE EQUITY OWNERSHIP

- Spin-offs from larger corporations and limited investment in Appliance business

DECLINING TAM SHOULD BENEFIT HARMONIC

- Smaller market share will hurt weaker suppliers

APPLIANCE SW BASED ON CLOUD SOFTWARE

- Provides confidence and investment in future



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FINANCIALS

2025 TARGET OPERATING MODEL*



(In millions, except percentages)

Financial Metric	2020	2022**	2025 Target	3-year CAGR
Revenue	\$243	\$277	\$290+	1.5%+
Appliance	\$229	\$241	\$180+	< (10)%
SaaS***	\$14	\$36	\$110+	45%+
Gross Margin	54.5%	58.9%	62%+	-
Operating Expenses	\$131	\$147	\$147+	-
Adj EBITDA	\$8	\$22	\$42+	24%+
Adj EBITDA Margin	3.4%	8.1%	14%+	-

* Non-GAAP

** At midpoint of 2022 guidance

*** Including SaaS services

SAAS

Growth driven by live streaming and broadcast migration to cloud

APPLIANCE

Remains healthy and profitable

GROSS MARGIN

Continued improvement driven by SaaS scale

EBITDA

Improvement driven by SaaS growth



BROADBAND BUSINESS



Leading in Multi-Gigabit Broadband

~\$2B addressable market in 2025
>30% CAGR

>\$800M revenue in 2025
>30% CAGR

Transformative cloud-native technology
far ahead of competition

Embraced by growing number of **leading
Broadband operators**

Fiber, analytics & cloud services
expanding opportunity

KEY TRENDS DRIVING BROADBAND MARKET



HIGH SPEED BROADBAND AS A NECESSITY

Ever higher speeds and reliability being demanded



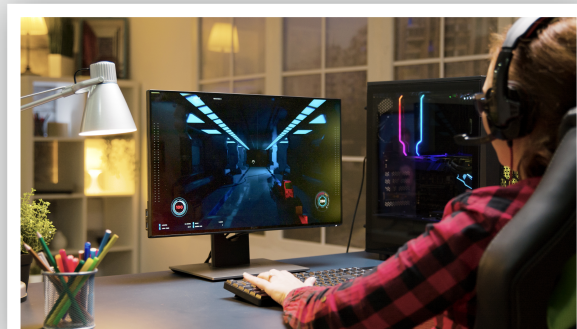
SERVICE PROVIDER COMPETITION

Fiber & 5G/Fixed Wireless heating up

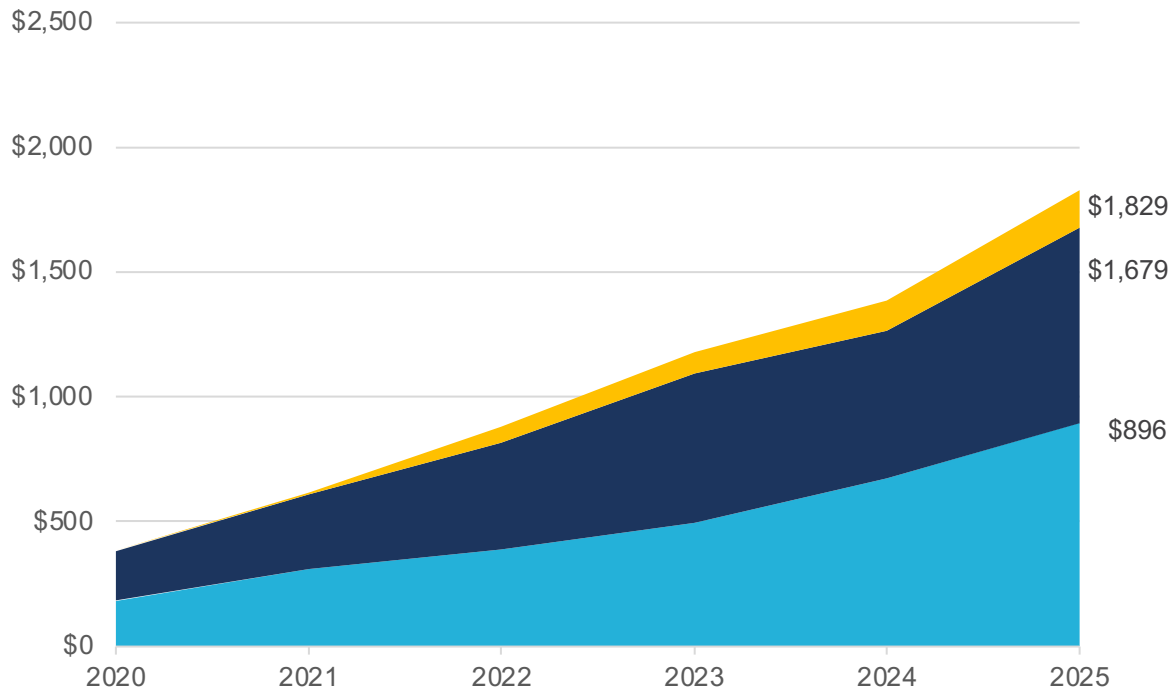


GOVERNMENT INVESTMENT IN BROADBAND

RDOF, RBB, municipal fiber, & city carriers ramping

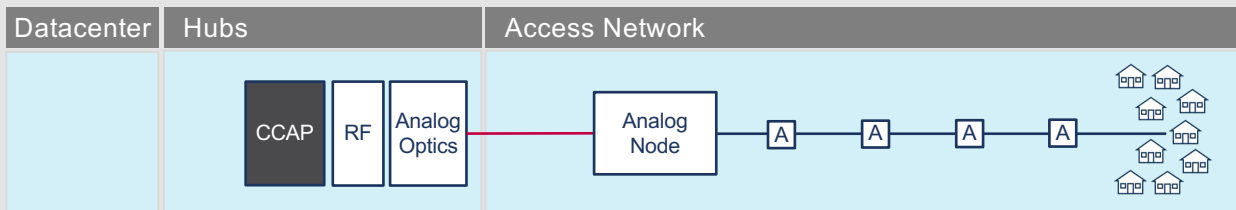


A GROWING ADDRESSABLE MARKET (\$ in millions)



Source: Dell'Oro, Omdia and Harmonic Internal Estimates, July 2022

CABLE BROADBAND LEGACY CONSTRAINTS



SPECTRUM / UPSTREAM BANDWIDTH

100Mbps

2Gbps

Upstream

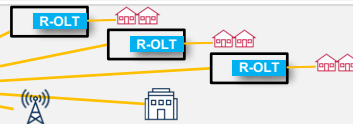
Downstream



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2Gbps



10G Symmetric

6.5Gbps

10G Symmetric

Reuse of DOCSIS for last mile

For expanded bandwidth. Starting in 2023

9Gbps

Network construction and new CPEs

10G Symmetric

VIRTUALIZATION AND DAA “CROSSING THE CHASM”



Early Market

85 operators, >60 million subscribers, <20% deployed



2017

Mainstream Market

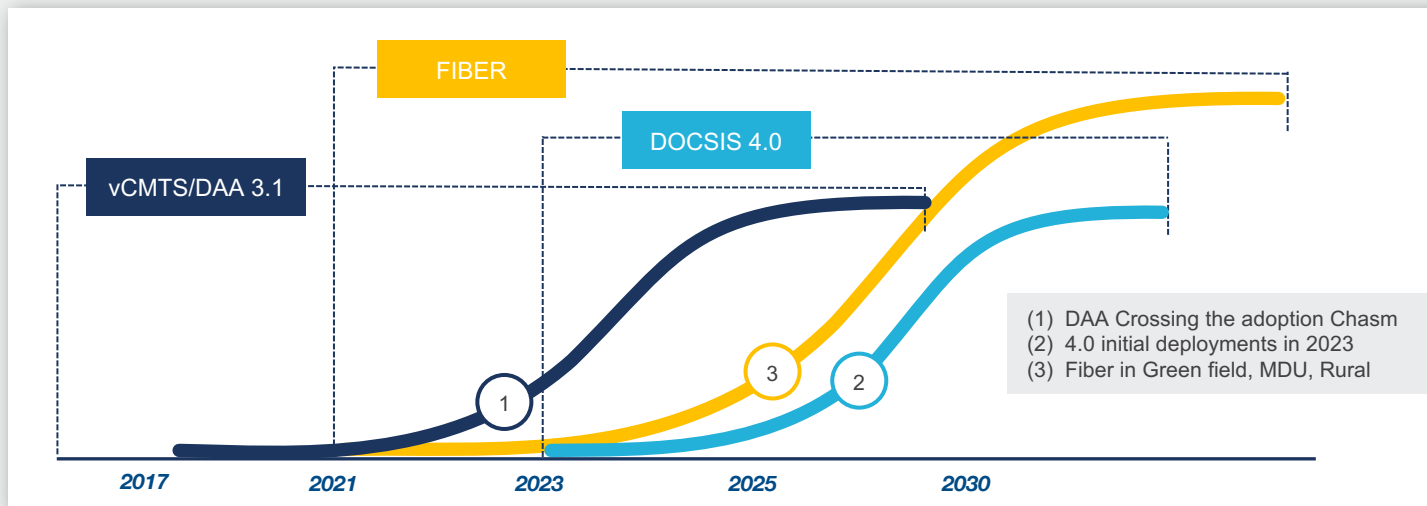
>120 million subscribers

Competition

Success by Early adopters
Leading towards DOCSIS 4.0/Fiber

2023

MULTIPLE WAVES OF UPGRADES



BROADBAND PLATFORM

Increased speed tiers (higher splits, node splits, 4.0 and Fiber)
Digital nodes with Digital Optics
vCMTS and vBNG Core
Advanced Telemetry and Analytics
Automation for faster deployments
Operational Excellence

WHY WE WIN: TRUE VIRTUALIZED CLOUD-NATIVE SOFTWARE CORE



True Cloud Native

Containerized microservices with horizontal scaling

DOCSIS and Fiber

Multi-Tenancy for Control and Data plane applications

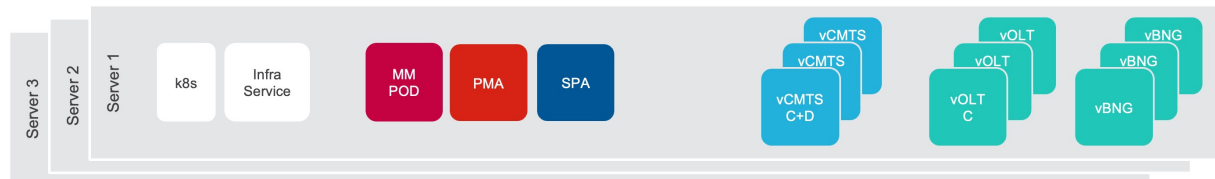
Real time Analytics and Insights

With Streaming Telemetry

Huge space, power saving

Rich Tool set

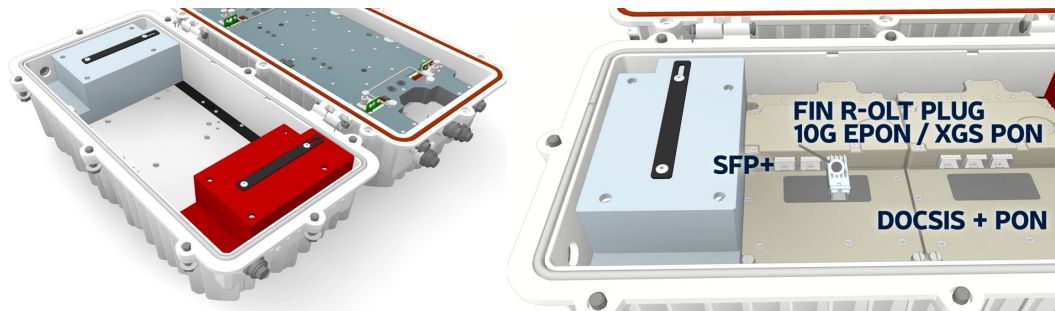
Automated deployments and operational excellence



WHY WE WIN: MODULAR UNIFIED HARDWARE DESIGN

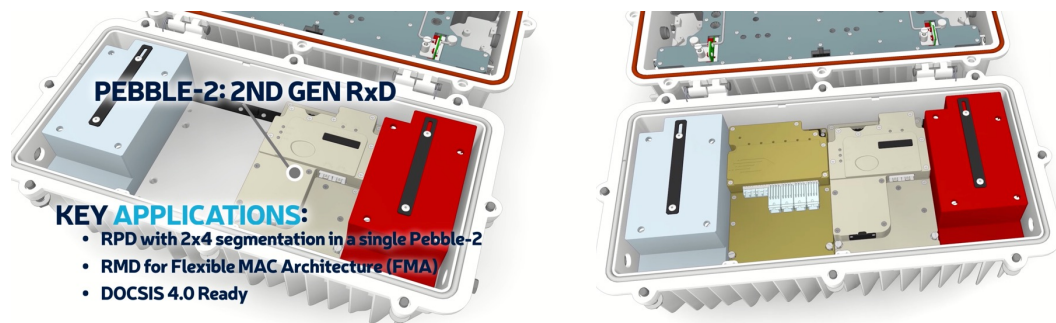


DOCSIS AND FIBER

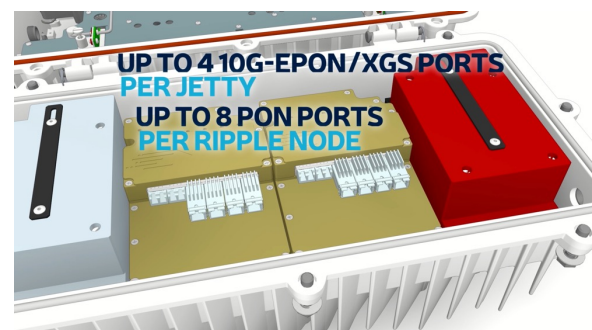


#1 DAA
Features, Density, Power
Any DOCSIS+FIBER

ALL DOCSIS FLAVORS AND FIBER



HIGH DENSITY LOW POWER FIBER

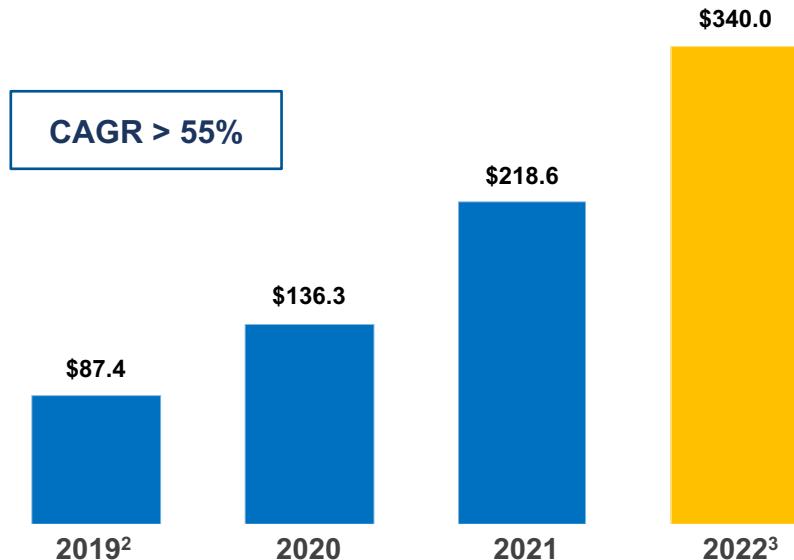




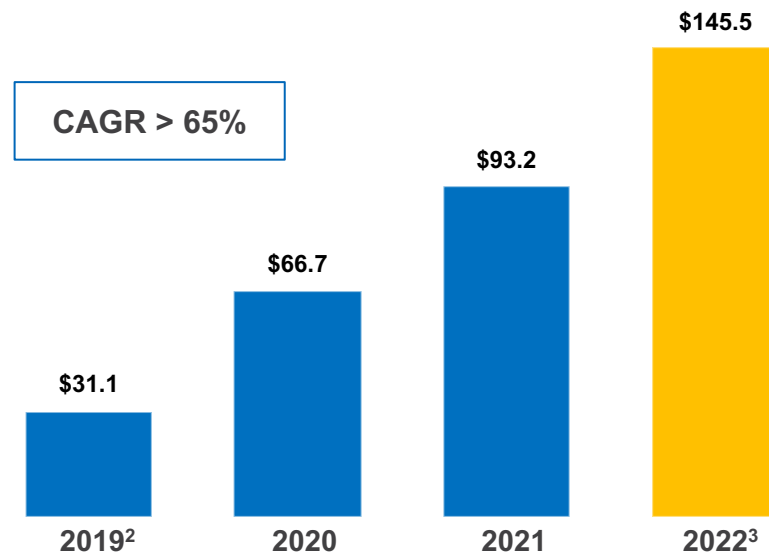
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FINANCIALS

Revenue¹ (\$ in millions)



Gross Profit¹



¹ Non-GAAP

² Excludes Impact of One-time \$37.5 Million Software License Revenue in 2019

³ Midpoint FY 2022 Guidance

2025 TARGET OPERATING MODEL*



(In millions, except percentages)

Financial Metric	2020	2022**	2025 Target	3-year CAGR
Revenue	\$136	\$340	\$825+	34%+
DOCSIS	\$136	\$330	\$645+	25%+
Fiber	-	\$10	\$160+	150%+
Cloud Services	-	-	\$20+	-
Gross Margin	48.9%	42.8%	50%+	-
Operating Expenses	\$55	\$97	\$190+	-
Adj EBITDA	\$16	\$55	\$232+	61%+
Adj EBITDA Margin	11.5%	16.0%	28.0%+	-

* Non-GAAP

** At midpoint of 2022 guidance

REVENUE

Growth driven by strong demand and technology leadership position

GROSS MARGIN

Improvement driven by Fiber mix and supply chain improvements

EBITDA

Growth driven by revenue growth and operating leverage



Q&A

