

Calix Q3 2017 Financial Results

November 7, 2017



Safe Harbor

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements relate to future events and expectations and involve known and unknown risks and uncertainties. Examples of forward-looking statements include, but are not limited to, statements about our anticipated growth and growth drivers; our future financial condition and results of operations; our future business, financial and operating performance; our growth strategy and market outlook; our development of new products and product features; our estimates and planned cost savings related to our restructuring plan; and the success and/or market adoption of our products and solutions. We have based these forward-looking statements on our current expectations, assumptions and projections. Our actual results or actions may differ materially from those projected in forward-looking statements. These forward-looking statements are subject to a number of risks, uncertainties and factors that could cause results to differ materially as described in our filings with the Securities and Exchange Commission, including our annual report on Form 10-K and quarterly reports on Form 10-Q. Except as may be required by law, we undertake no obligation to, and expressly disclaim any obligation to, update or alter any forward-looking statements, whether as a result of new information, future events, changes in assumptions or otherwise.

Please refer to the reconciliations of GAAP to non-GAAP financial measures in the supplemental information and on the Investor Relations section of calix.com.



Participants

- **Carl Russo, President & CEO**
- **Cory Sindelar, CFO**
- **Tom Dinges, CFA, Director of Investor Relations**

Q3 2017 Financial Results vs. Guidance

(\$ in millions, except percentages and per share amounts)

| | Actual Non-GAAP | Guidance Non-GAAP | Actual GAAP | Reconciliation of Guidance to GAAP |
|----------------------------|-------------------------|--------------------------|--------------------|---|
| Revenue | \$128.8M | \$126 - \$130M | \$128.8M | \$126 - \$130M |
| Gross margin | 34.8% | 36.0 – 39.0% | 34.6% | 35.9 – 38.9% |
| Operating expenses | \$58.5M ⁽¹⁾ | \$59 - \$61M | \$61.9M | \$63.2 - \$65.2M |
| Net loss per share | (\$0.28) ⁽¹⁾ | (\$0.27) – (\$0.21) | (\$0.35) | (\$0.35) – (\$0.29) |
| Operating cash flow | | | (\$7.2M) | Negative |

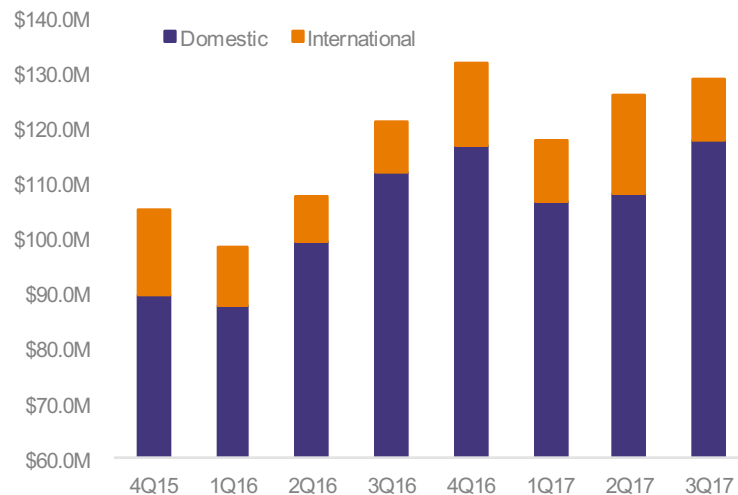
(1) Excludes the impact from non-GAAP items including stock-based compensation and restructuring charges.

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Q3 2017 Statement of Operations Highlights

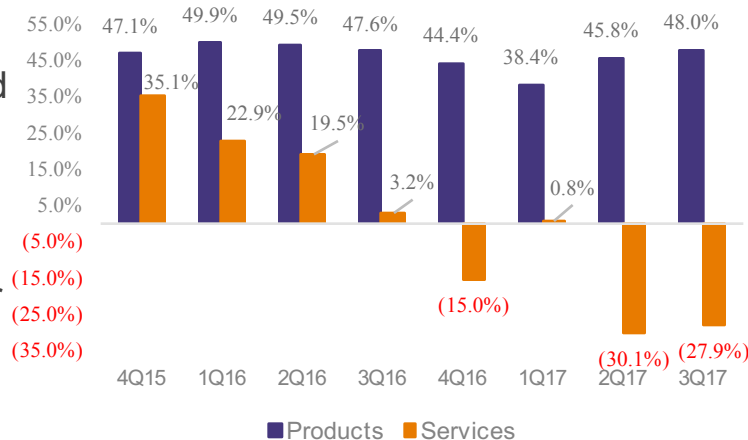
Revenues

- Total revenue +6% y/y
- Products -7% y/y
- Services +213% y/y



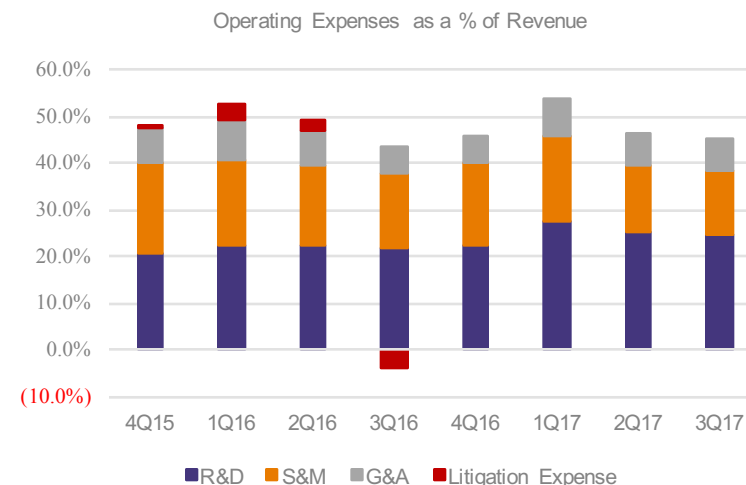
Non-GAAP gross margin

- Products margin up q/q on improved product mix
- Services margin improved q/q, but negatively impacted by higher costs to complete projects



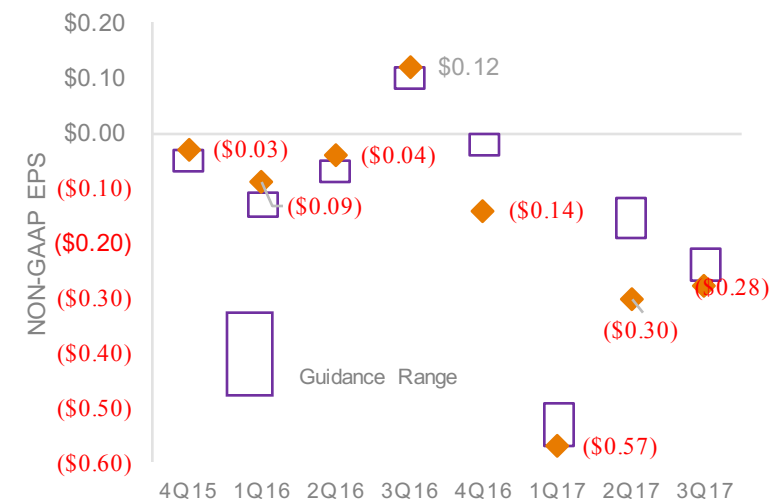
Non-GAAP operating expenses

- R&D higher on spend for prototypes and investments in new technologies
- Sales and marketing lower on improved cost control



Non-GAAP EPS

- Negatively impacted by lower gross margins
- Non-operating items in line with expectations



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Q3 2017 Balance Sheet & Cash Flow Highlights

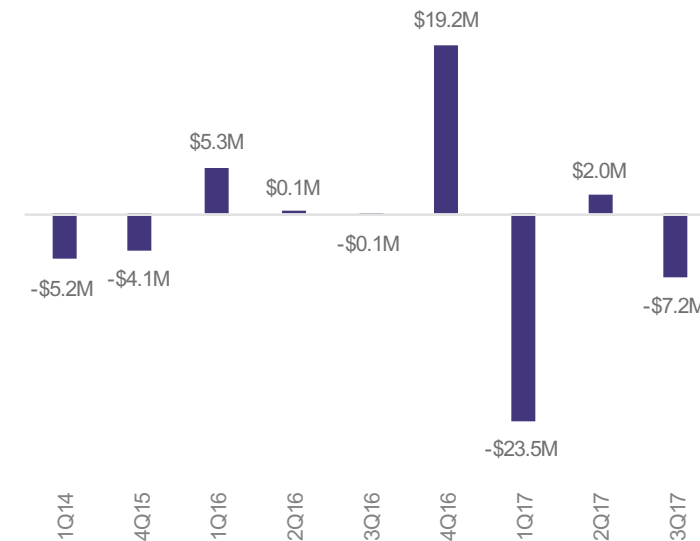
Cash of \$70.8M

- Cash conversion cycle improved 22 days q/q
- Includes \$2.1M in capital expenditures
- Reflects \$30M in borrowings



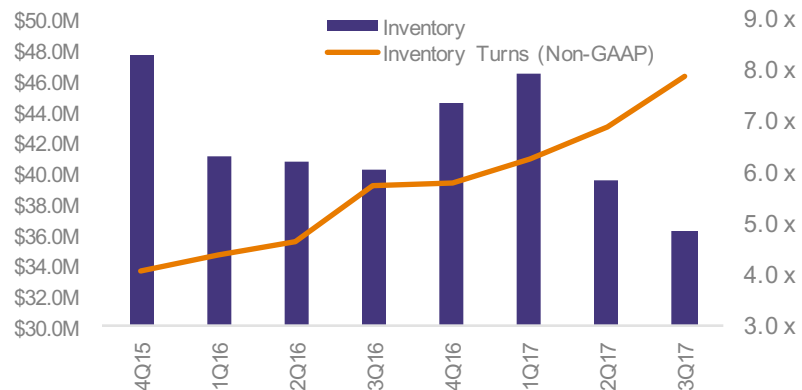
Operating cash flow

- Improved working capital velocity and cash conversion cycle
- Partial offset to reported operating loss



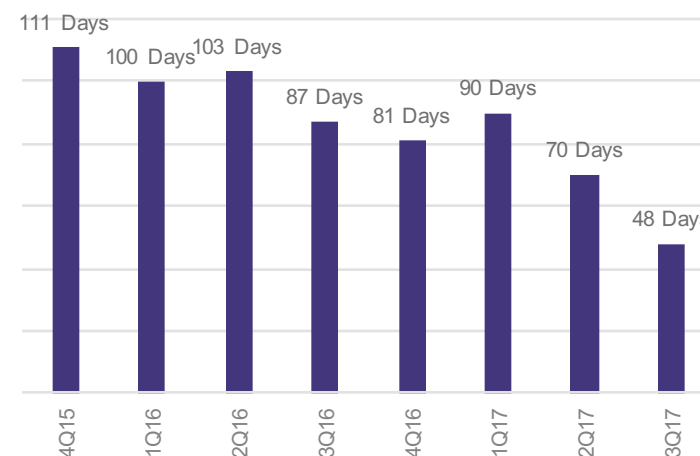
Inventory velocity

- Quarterly record inventory turns
- Benefits from process improvements to simplify product and component commonality



Non-GAAP cash conversion cycle

- Quarterly record cash conversion cycle
- Led by record low DSO and record high inventory turns



Please refer to the reconciliations of GAAP to non-GAAP financial measures in the supplemental information and on the Investor Relations section of calix.com.

Q4 2017 Operating Performance Guidance

(\$ in millions, except percentages and per share amounts)

| | Guidance Non-GAAP | Reconciliation of Guidance to GAAP |
|----------------------------|------------------------------------|---|
| Revenue | \$140 - \$145M | \$140 - \$145M |
| Gross margin | 36.5 – 38.5% | 36.4 – 38.4% |
| Operating expenses | \$59.0 - \$61.0M ⁽¹⁾ | \$63.4 - \$65.4M |
| Net loss per share | (\$0.15) – (\$0.10) ⁽¹⁾ | (\$0.24) – (\$0.19) |
| Operating cash flow | Negative | |

(1) Excludes the impact from non-GAAP items including stock based compensation and \$1.5 million in estimated restructuring charges for Q4 2017.

Please refer to the reconciliations of GAAP to non-GAAP financial measures in the supplemental information and on the Investor Relations section of calix.com.

2017 Full Year Operating Performance Guidance

- ▶ Revenue growth between 11.7% - 12.8% y/y

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Strategy Update



Q&A



Additional Information

- ▶ Additional information available at: <http://investor-relations.calix.com/>
 - Stock Information
 - News & Financial Information
 - Events & Presentations
 - Leadership & Governance
 - Investor Resources

Supplemental Information



GAAP to Non-GAAP Reconciliation

(\$ in thousands, except percentages and per share amounts)

Q4 2015 – Q3 2017 Cost of Revenue and Gross Margin

| (Unaudited) | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | Q1 2017 | Q2 2017 | Q3 2017 |
|-----------------------------|-----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Revenue | \$104,999 | \$98,375 | \$107,425 | \$121,187 | \$131,800 | \$117,518 | \$126,123 | \$128,827 |
| GAAP cost of revenue | \$58,462 | \$52,893 | \$57,419 | \$67,643 | \$79,614 | \$83,141 | \$82,800 | \$84,194 |
| Stock-based compensation | (160) | (127) | (183) | (174) | (188) | (172) | (171) | (206) |
| Amortization of intangibles | (2,089) | (1,663) | (814) | (813) | (814) | (813) | 0 | 0 |
| Non-GAAP cost of revenue | \$56,213 | \$51,103 | \$56,422 | \$66,656 | \$78,612 | \$82,156 | \$82,629 | \$83,988 |
| GAAP gross profit | \$46,537 | \$45,482 | \$50,006 | \$53,544 | \$52,186 | \$34,377 | \$43,323 | \$44,633 |
| GAAP gross margin | 44.3% | 46.2% | 46.5% | 44.2% | 39.6% | 29.3% | 34.3% | 34.6% |
| Stock-based compensation | 160 | 127 | 183 | 174 | 188 | 172 | 171 | 206 |
| Amortization of intangibles | 2,089 | 1,663 | 814 | 813 | 814 | 813 | 0 | 0 |
| Non-GAAP gross profit | \$48,786 | \$47,272 | \$51,003 | \$54,531 | \$53,188 | \$35,362 | \$43,494 | \$44,839 |
| Non-GAAP gross margin | 46.5% | 48.1% | 47.5% | 45.0% | 40.4% | 30.1% | 34.5% | 34.8% |

GAAP to Non-GAAP Reconciliation

Q4 2015 – Q3 2017 Products and Services Gross Margin

| Unaudited | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | Q1 2017 | Q2 2017 | Q3 2017 |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| GAAP gross margin – products | 44.8% | 48.0% | 48.6% | 46.8% | 43.7% | 37.4% | 45.7% | 47.9% |
| Stock-based compensation | 0.1% | 0.1% | 0.7% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |
| Amortization of intangibles | 2.1% | 1.8% | 0.8% | 0.7% | 0.7% | 0.9% | 0.0% | 0.0% |
| Non-GAAP gross margin - products | 47.1% | 49.9% | 49.5% | 47.6% | 44.4% | 38.4% | 45.8% | 48.0% |
| GAAP gross margin – services | 34.5% | 22.3% | 18.7% | 2.5% | -15.7% | 0.6% | -30.5% | -28.2% |
| Stock-based compensation | 0.6% | 0.6% | 0.8% | 0.8% | 0.7% | 0.2% | 0.4% | 0.3% |
| Non-GAAP gross margin – services | 35.1% | 22.9% | 19.5% | 3.2% | -15.0% | 0.8% | -30.1% | -27.9% |

GAAP to Non-GAAP Reconciliation

(\$ in thousands, except percentages and per share amounts)

Q4 2017 Operating Performance Outlook

| Outlook | Q4 2017 |
|--|-----------------------|
| GAAP gross margin | 36.4% - 38.4% |
| Stock-based compensation | 0.14% |
| Non-GAAP gross margin | 36.5% – 38.5% |
| GAAP operating expenses | \$ 63,400 - \$ 65,400 |
| Stock-based compensation | (2,900) |
| Restructuring charges | (1,500) |
| Non-GAAP operating expenses | \$59,000 - \$61,000 |
| GAAP net loss per diluted share | (\$0.24) – (\$0.19) |
| Stock-based compensation | 0.06 |
| Restructuring charges | 0.03 |
| Non-GAAP net loss per basic & diluted share ⁽¹⁾ | (\$0.15) – (\$0.10) |

(1) Based on 50.3 million basic & diluted shares

