



# Investor Presentation

November 2017

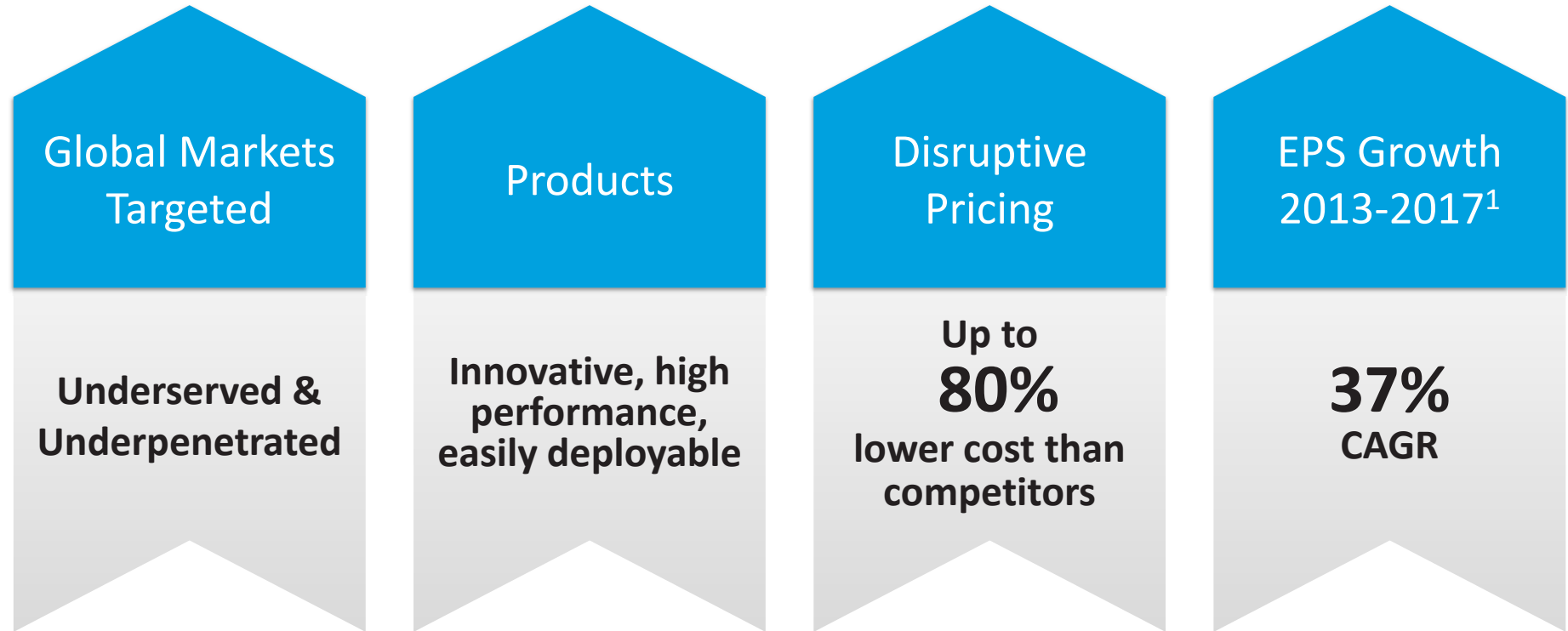


# Forward Looking Statements

Certain statements in this presentation are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Statements other than statements of historical fact including words such as “look”, “will”, “anticipate”, “believe”, “estimate”, “expect”, “forecast”, “consider” and “plan” and statements in the future tense are forward looking statements. The statements in this presentation that could be deemed forward-looking statements include statements regarding our expectations for our financial results for the second fiscal quarter of 2018 and full fiscal year 2018 and statements regarding expectations related to our cash position, expenses, days sales outstanding in accounts receivable, number of distributors and resellers, shipments, the roll-out of our consumer retail channel, introduction of new consumer products, gross margin, research and development, sales, general and administrative expenses, tax rates, inventory turns, growth opportunities and rates, demand and long term global environment for our products, our markets and market share for our products, new products, and financial performance estimates including revenues, GAAP diluted EPS and non-GAAP diluted EPS for the Company’s second fiscal quarter of 2018 and full fiscal year 2018, and any statements or assumptions underlying any of the foregoing. Forward-looking statements are subject to certain risks and uncertainties that could cause our actual future results to differ materially, or cause a material adverse impact on our results. Potential risks and uncertainties include, but are not limited to, fluctuations in our operating results; varying demand for our products due to the financial and operating condition of our distributors and their customers, and distributors' inventory management practices; political and economic conditions and volatility affecting the stability of business environments, economic growth, currency values, commodity prices and other factors that may influence the ultimate demand for our products in particular geographies or globally; impact of counterfeiting and our ability to contain such impact; our reliance on a limited number of distributors; inability of our contract manufacturers and suppliers to meet our demand; our dependence on Qualcomm Atheros for chipsets without a short-term alternative; as we move into new markets competition from certain of our current or potential competitors who may be more established in such markets; our ability to keep pace with technological and market developments; success and timing of new product introductions by us and the performance of our products generally; our ability to effectively manage the significant increase in our transactional sales volumes; we may become subject to warranty claims, product liability and product recalls; that a substantial majority of our sales are into countries outside the United States and we are subject to numerous U.S. export control and economic sanctions laws; costs related to responding to government inquiries related to regulatory compliance; our reliance on the Ubiquiti Community; our reliance on certain key members of our management team, including our founder and chief executive officer, Robert J. Pera; adverse tax-related matters such as tax audits, changes in our effective tax rate or new tax legislative proposals; whether the final determination of our income tax liability may be materially different from our income tax provisions; the impact of any intellectual property litigation and claims for indemnification; litigation related to U.S. Securities laws; and economic and political conditions in the United States and abroad. We discuss these risks in greater detail under the heading “Risk Factors” and elsewhere in our Annual Report on Form 10-K for the year ended June 30, 2017, and subsequent filings filed with the U.S. Securities and Exchange Commission (the “SEC”), which are available at the SEC's website at [www.sec.gov](http://www.sec.gov). Copies may also be obtained by contacting the Ubiquiti Networks Investor Relations Department, by email at [IR@ubnt.com](mailto:IR@ubnt.com) or by visiting the Investor Relations section of the Ubiquiti Networks website, <http://ir.ubnt.com>. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our management's beliefs and assumptions only as of the date made. Except as required by law, Ubiquiti Networks undertakes no obligation to update information contained herein. You should review our SEC filings carefully and with the understanding that our actual future results may be materially different from what we expect.



# A Different Kind of Networking Technology Company With a Successful, Disruptive Business Model



1. Diluted EPS for the fiscal year ending June 30, 2013 of \$0.89 through the fiscal year ending June 30, 2017 of \$3.09

# Disruptive Business Model. Delivering High Performance

A high performance company

Disruptive business model

Two growth segments

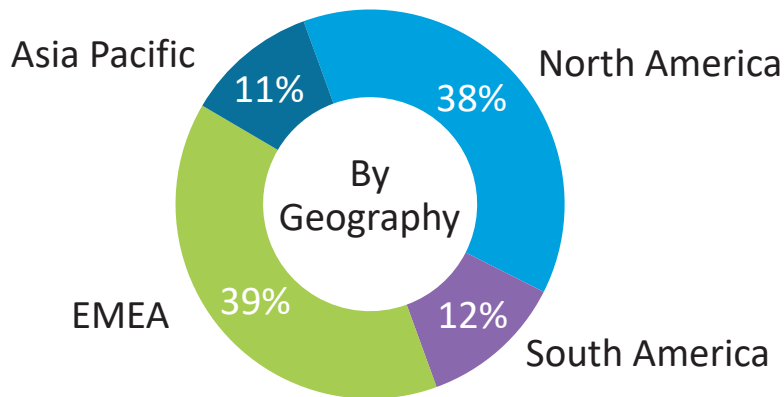
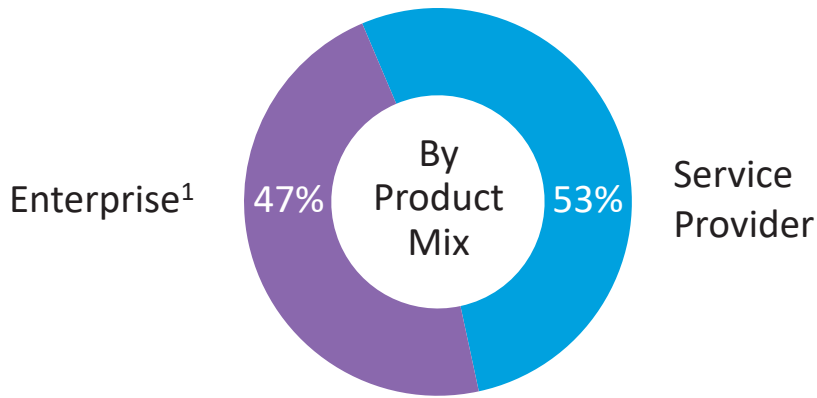
Long growth runway



# Two Segments. Strong Global Footprint

## Year Ending June 30, 2017

### Revenue Breakdown \$865M



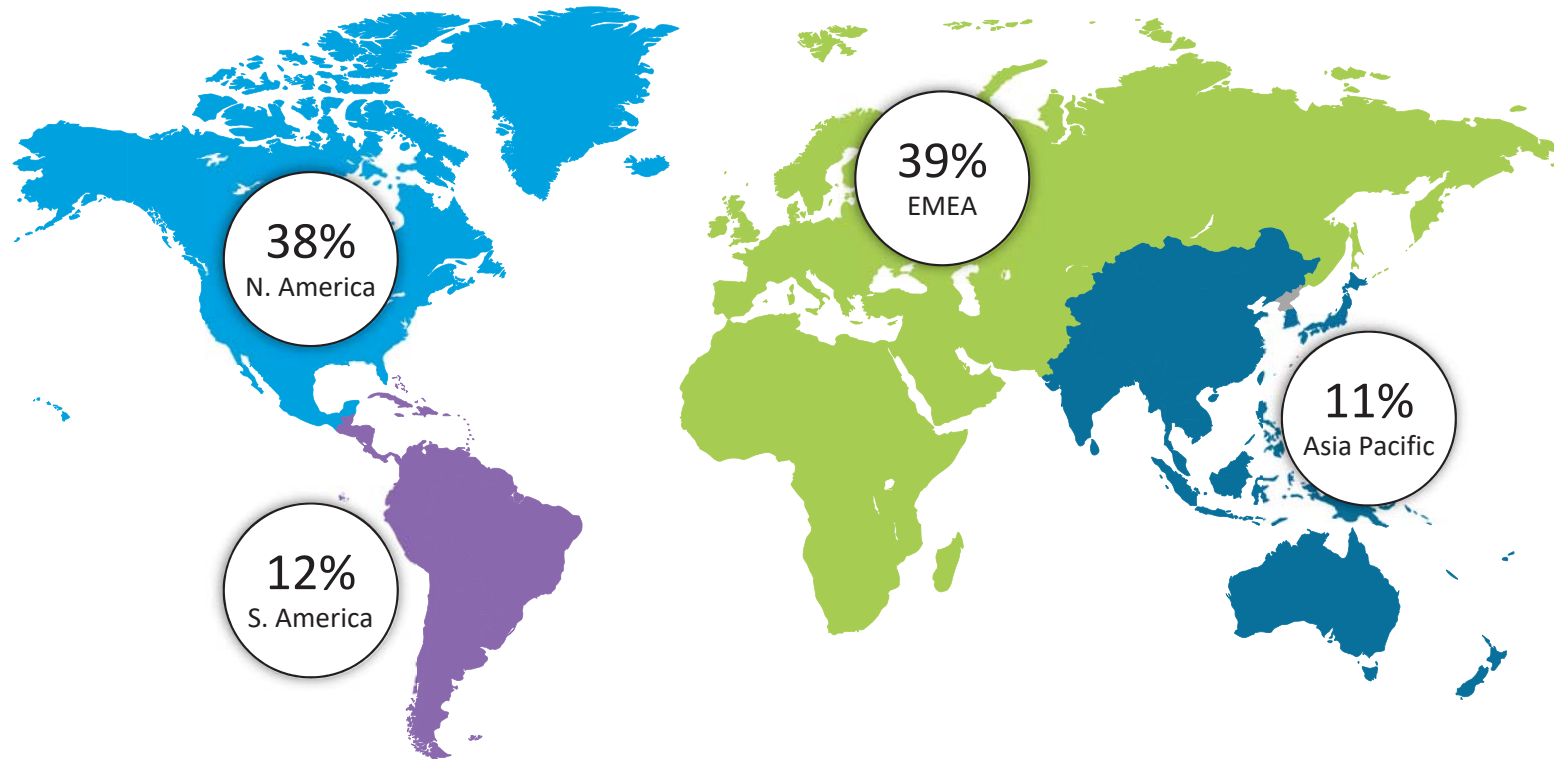
### Key Metrics (Consolidated)

Countries & territories	>200
Distributors	>100
Sales outside N. America	62%
Employees in R&D	~60%
Stock repurchases	\$485M <sup>2</sup>
Market cap	~\$5B

1. Enterprise segment includes Consumer Technology.  
2. For the period July 1, 2014 through October 6, 2017.

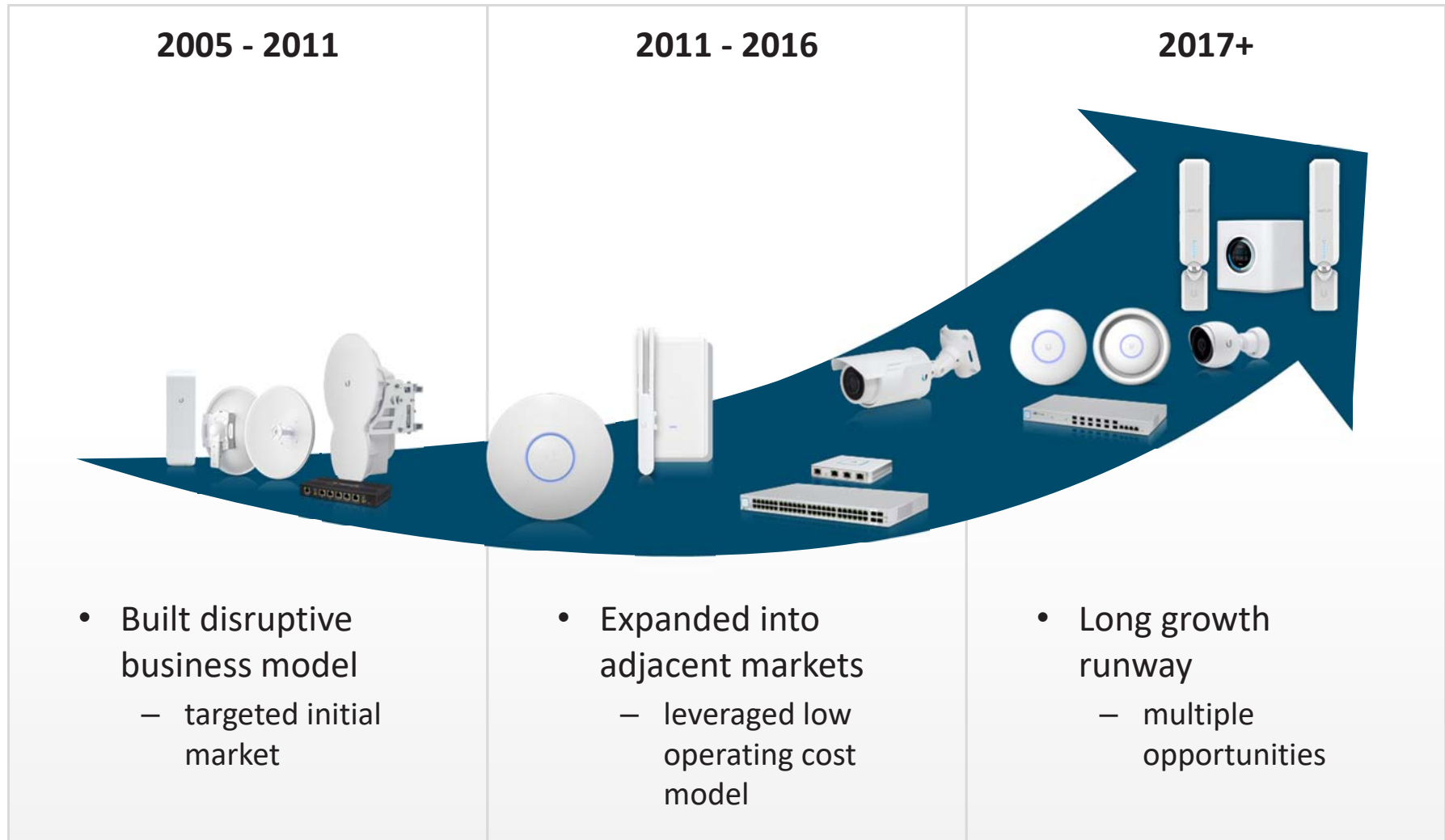
# Global Exposure to Rapidly Growing Markets

Revenue Breakdown by Region - Fiscal 2017



- 62% of Ubiquiti's revenue from outside N. America.
- Serving fast growing and underserved & underpenetrated markets

# A Company on the Move



# Success in Initial Target Market Demonstrated Power of Our Business Model

- Targeted and transformed wireless broadband in underserved markets
- Superior product at disruptive price
- Shipped 45+ million airMAX® units to ~60 countries (life-to-date)

Built \$2B airMAX®  
business





# Expanded into Adjacent Markets that Leveraged Core Expertise

Ubiquiti Platform	Target Market	Total Addressable Market <sup>1</sup>
UniFi	<ul style="list-style-type: none"><li>Enterprise Wi-Fi (AP, Switches, Routers)</li></ul>	\$30B
UniFi Video	<ul style="list-style-type: none"><li>Video Surveillance</li></ul>	\$ 5B
AmpliFi	<ul style="list-style-type: none"><li>Consumer Home Wi-Fi</li></ul>	\$4B
EdgeMax	<ul style="list-style-type: none"><li>Carrier Routing and Switching</li></ul>	\$ 4B
airFiber	<ul style="list-style-type: none"><li>Wireless Backhaul</li></ul>	\$ 4B
<b>Total</b>		<b>\$47B</b>

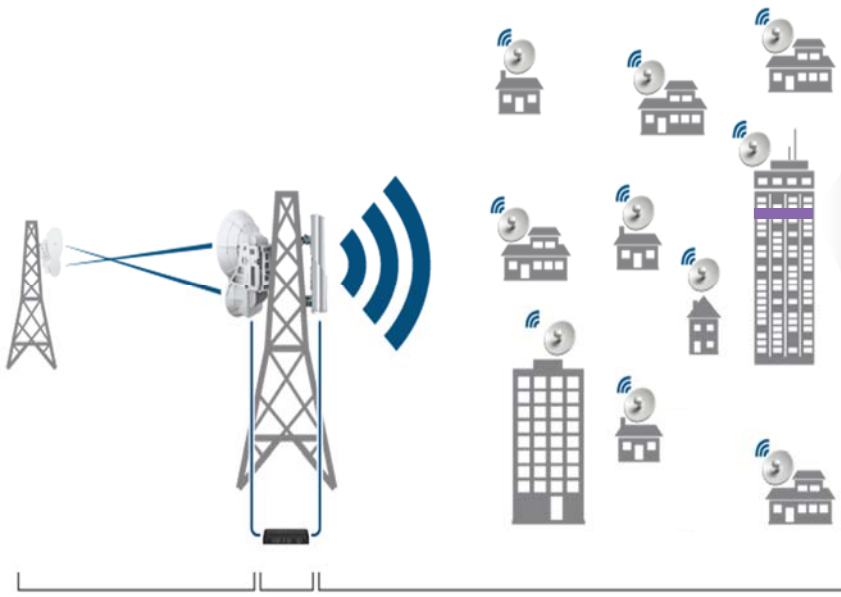


1. Sources include Gartner Enterprise WLAN Network Revenue estimated global sales calendar 2016 and IDC estimates for Enterprise Wi-Fi and Consumer Wi-Fi (Worldwide Enterprise Networking Infrastructure 2017 Report)

# Ubiquiti Networks Provides an Integrated End-to-End Solution

## Service Provider Technology

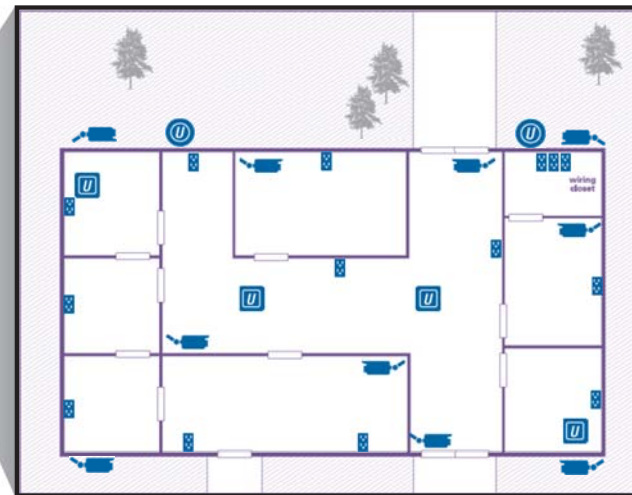
### "Last Mile" Solutions



**airFiber™** Wireless Backhaul  
**EdgeMAX™** Edge Routing  
**airMAX** Point-to-Multipoint

## Enterprise Technology

### Broadband Utilization



**Unifi** WLAN  
**Unifi VIDEO** IP Video Surveillance  
**Unifi** Controller  
**Unifi SECURITY GATEWAY** Routing and Security  
**Unifi SWITCH** Advanced Switching

## Consumer Technology

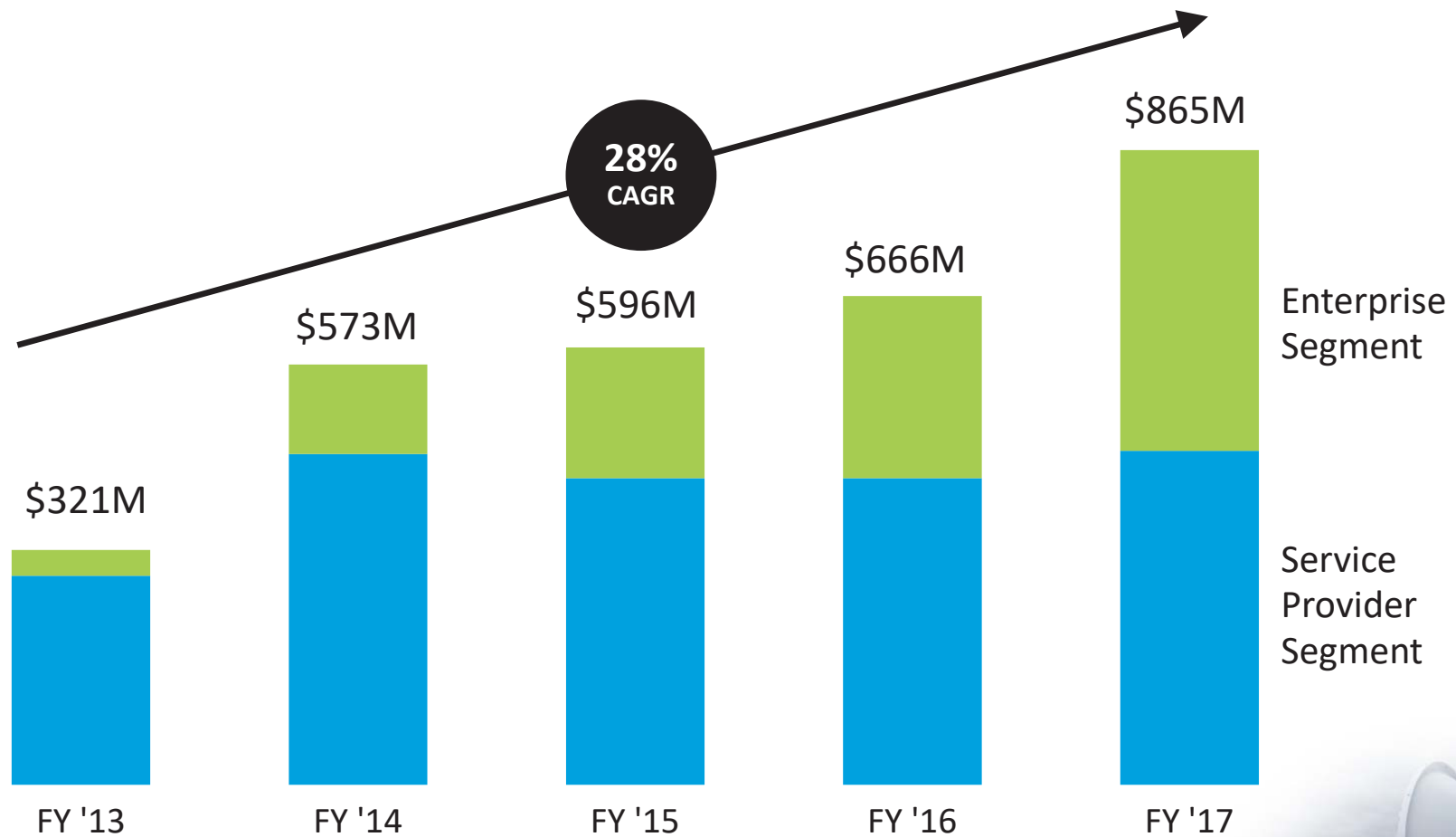
### Wi-Fi Mesh



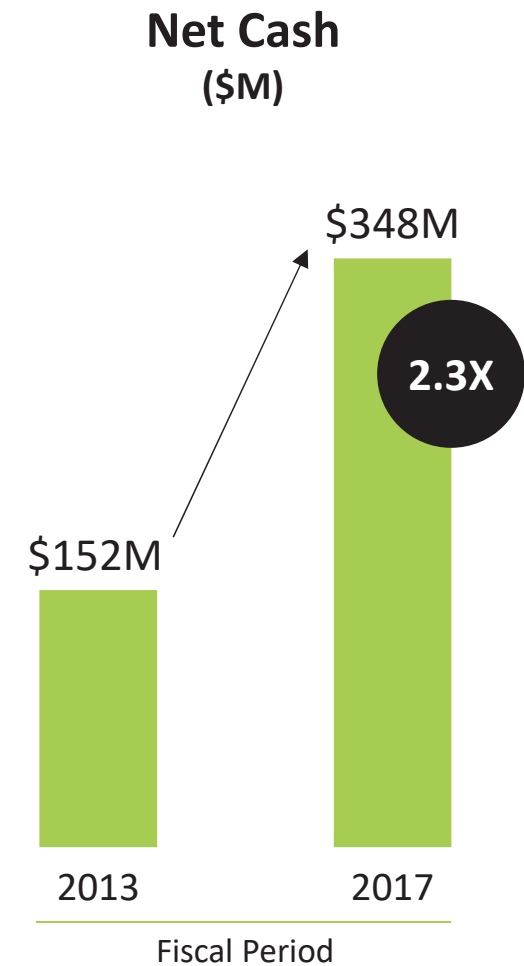
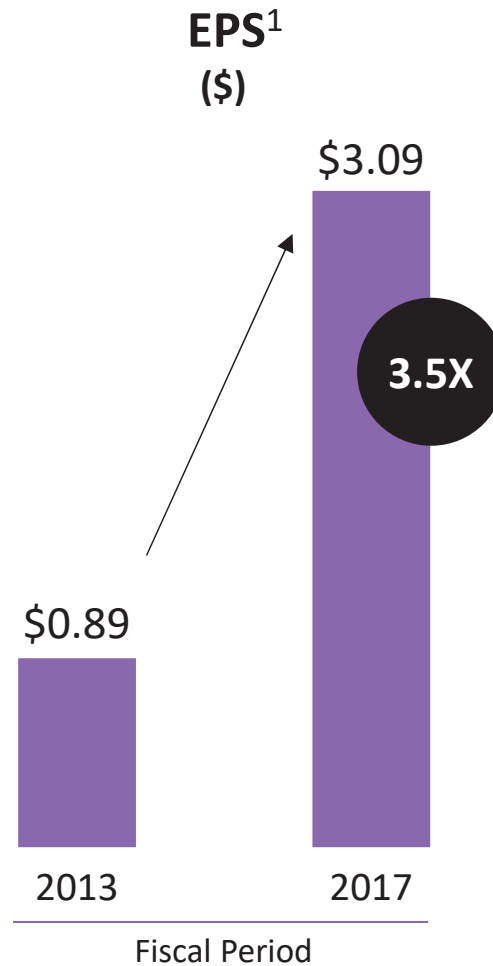
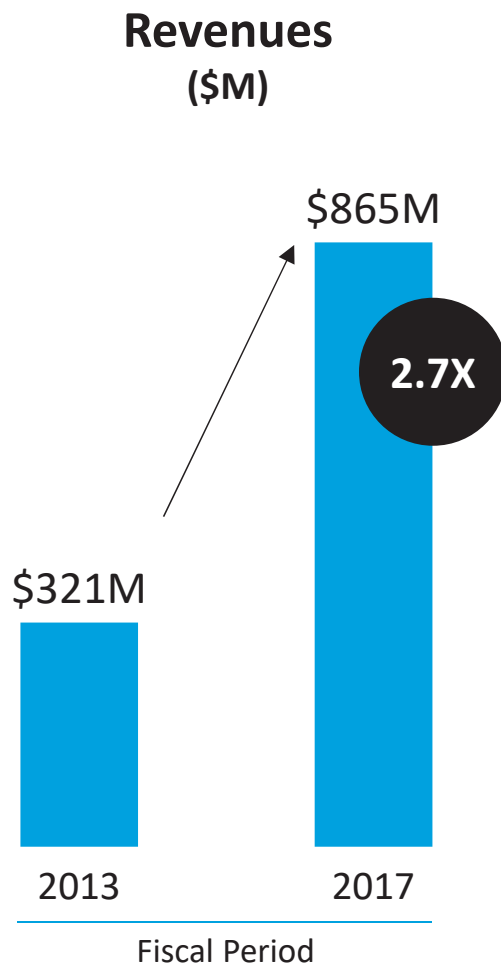
**AMPLIFI**  
Home Wi-Fi Mesh Systems



# Successful Revenue Growth in Targeted Markets



# Results: An Unusual Combination – Disruptive Model + Highly Profitable



# Disruptive Business Model. Delivering High Performance

A high performance company

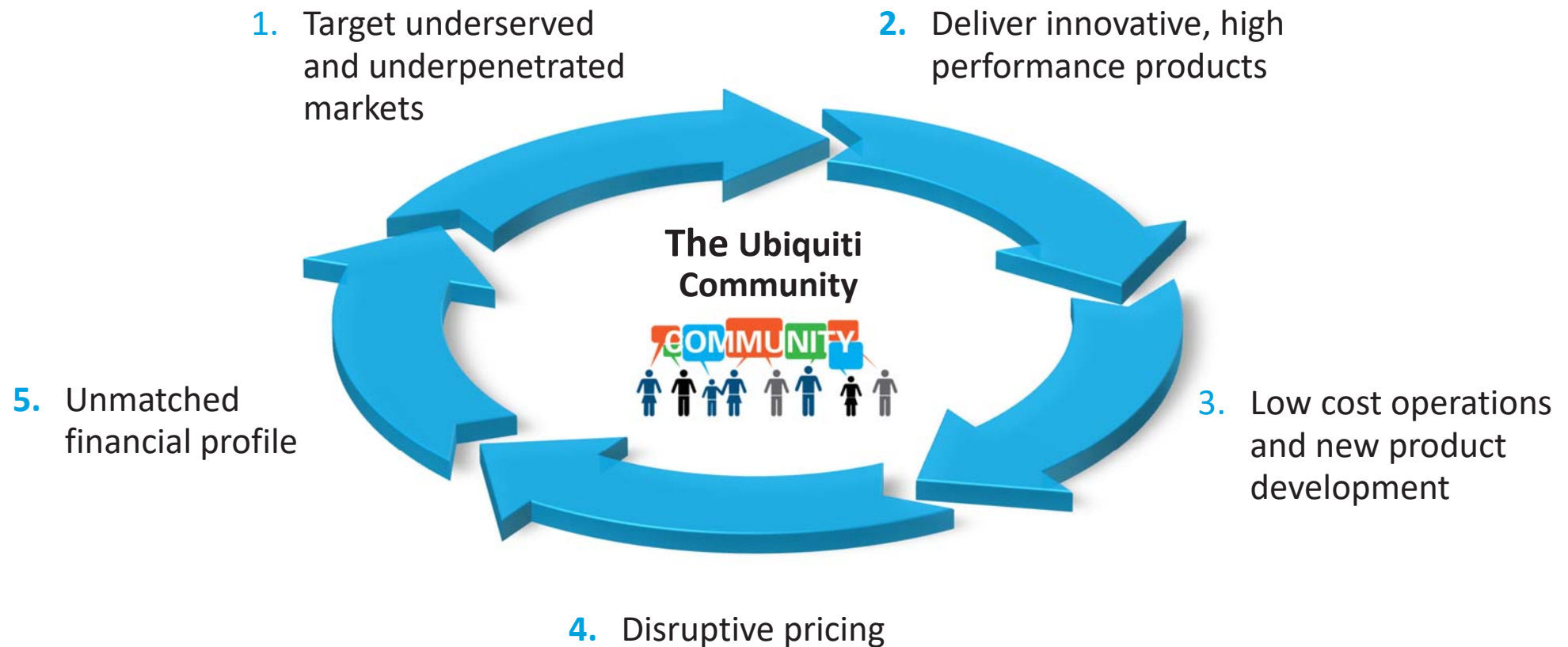
Disruptive business model

Two growth segments

Long growth runway



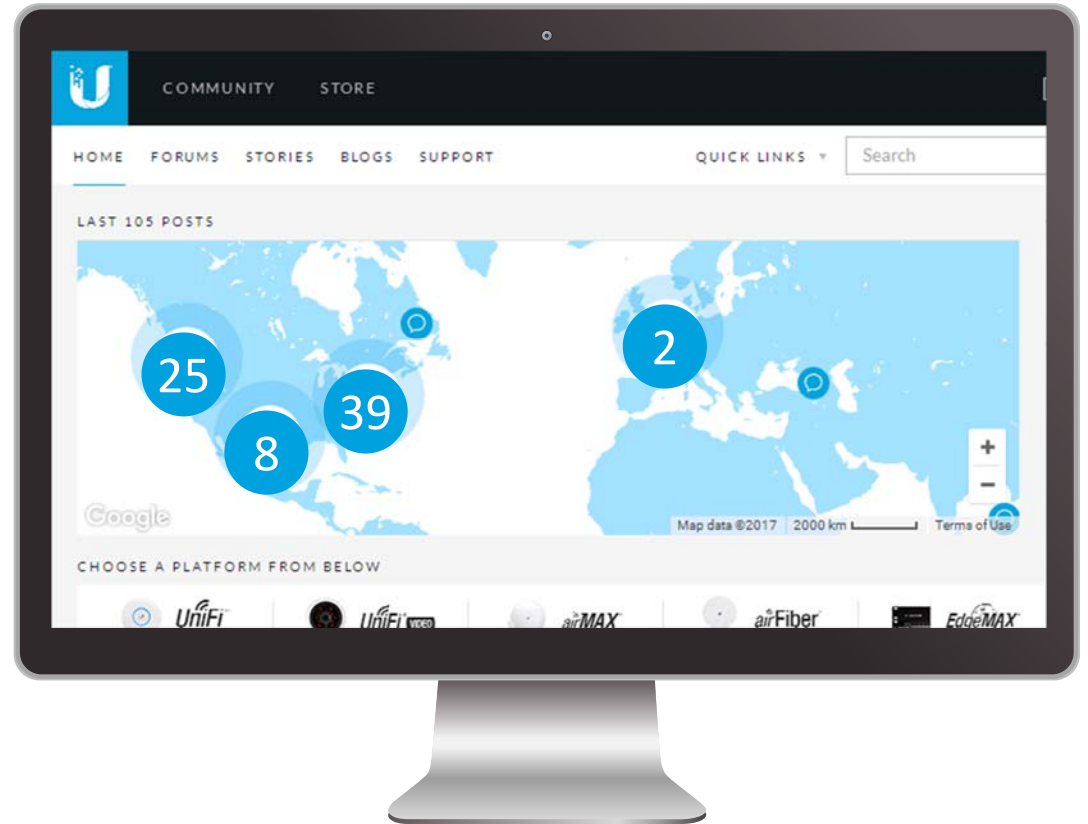
# A Disruptive Business Model



# The Ubiquiti Community – A Core Competitive Advantage

## Calendar Year 2016 Key Metrics

All user visits <sup>1</sup>	11M
Registered user visits	3M
Private message views	230K
New registered users	173K



# Advantages of Ubiquiti Community

Highly engaged and loyal evangelists



Drives market awareness, avoids the cost of a direct sales force



Real-time feedback to R&D teams → faster, lower cost product development



Scalable and self-sustaining





# 1. Target Underserved Markets

Characteristics of Targeted Markets	Market Examples		
	Fixed Wireless airMAX	Enterprise – UniFi AP, Switches, Cameras...	Consumer AmpliFi
Underserved by traditional players	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Need for high performance, easy to install and maintain products	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Price sensitive	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Good growth potential	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

# 1. Target Underserved Markets

## Service Provider – Examples

- Emerging markets “unconnected” and developed markets “under-connected” or price sensitive
- New products (UFiber) to allow WISP's to compete with traditional ISP's



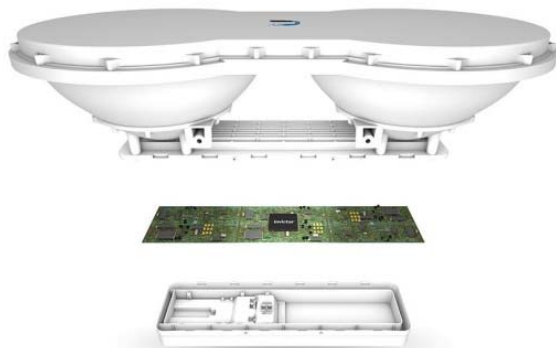
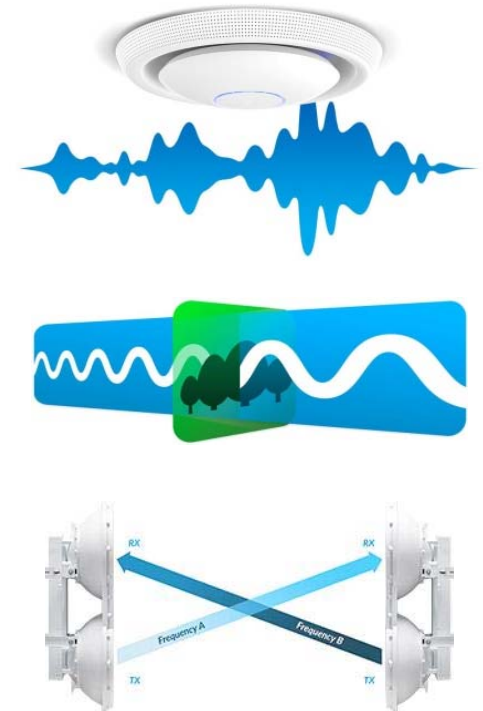
## Enterprise Solutions – Examples

- Small, medium & large businesses in need of high performance, price sensitive solutions
- Hospitality, manufacturing, retail, education & many other verticals
- The connected home



## 2. Develop Innovative, High Performance Products

- High performance
  - include proprietary components, protocols and processes
  - latest technologies
- Intellectual property<sup>1</sup>
  - 53 patents in U.S., 34 in foreign countries, over 100 pending
- “Last entrant” advantage
  - designed from blank sheet of paper
  - focus on most valuable features, avoid fringe features



# 3. Low Cost Operations

## Avoids Cost of a Direct Sales Force

- Distributors, resellers and connection with Ubiquiti Community drive sales



## Highly Productive R&D

- Hire elite engineers, lower cost countries (Eastern Europe & China)



## Low Cost Manufacturing

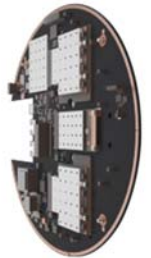
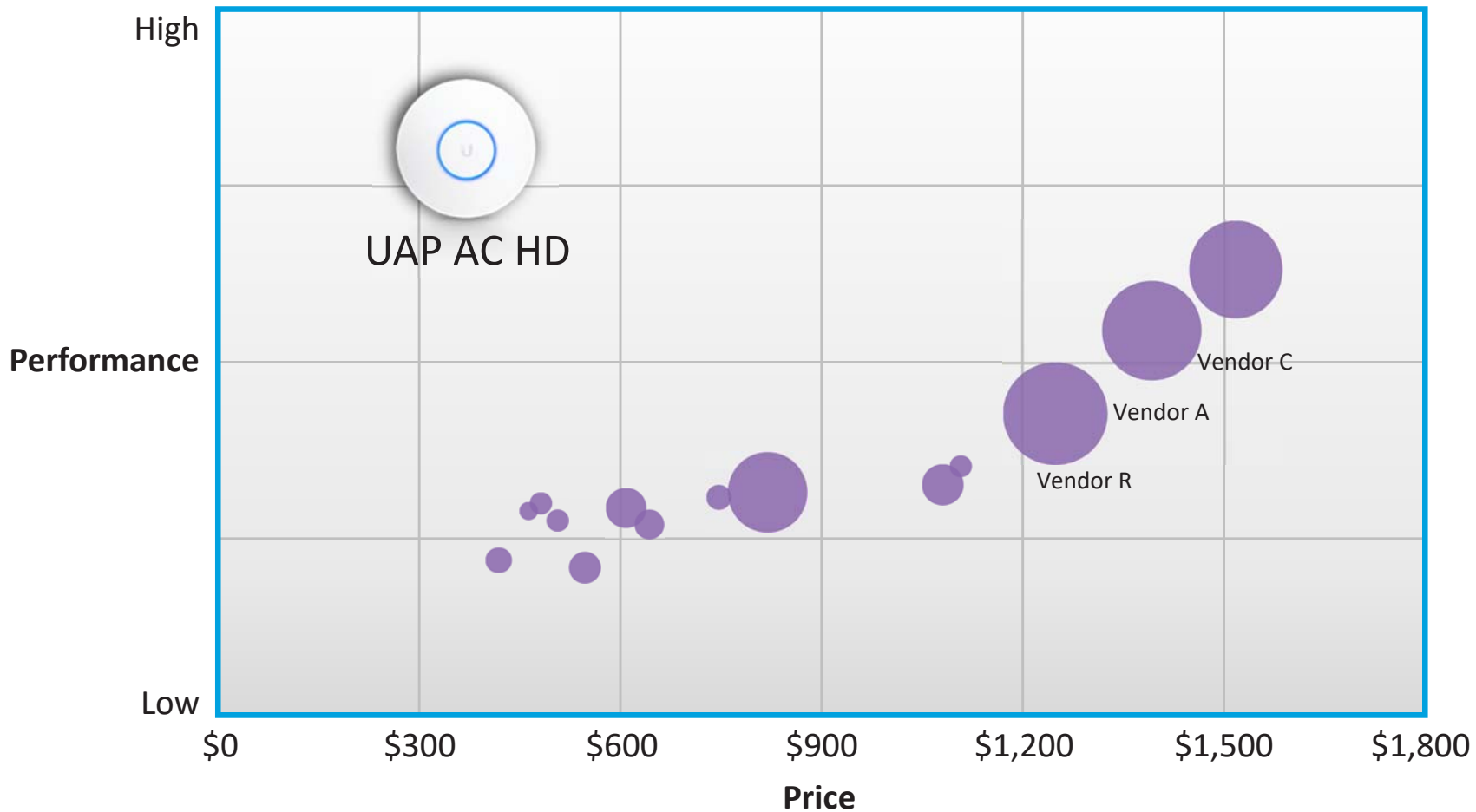
- Contract manufacturing in China
- Low cost bill of material



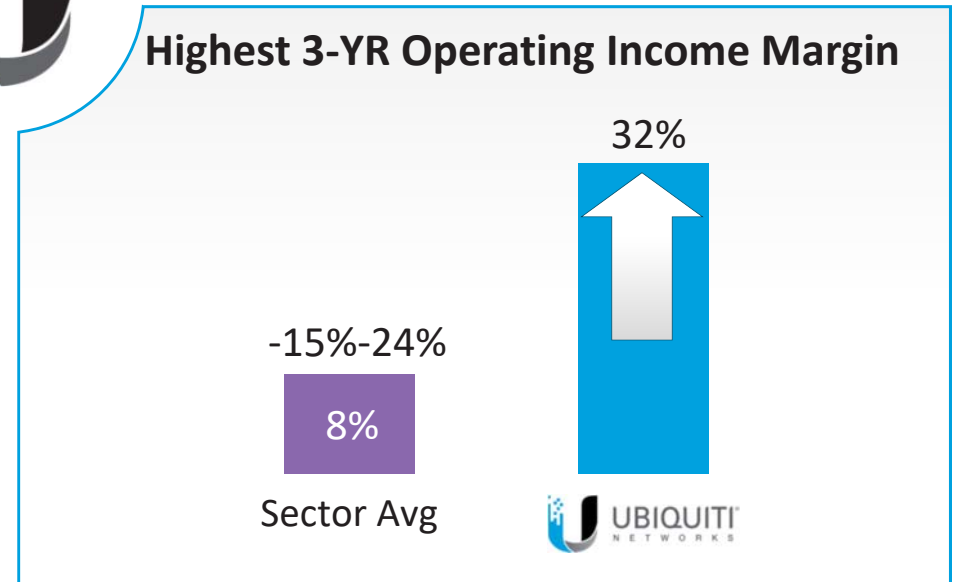
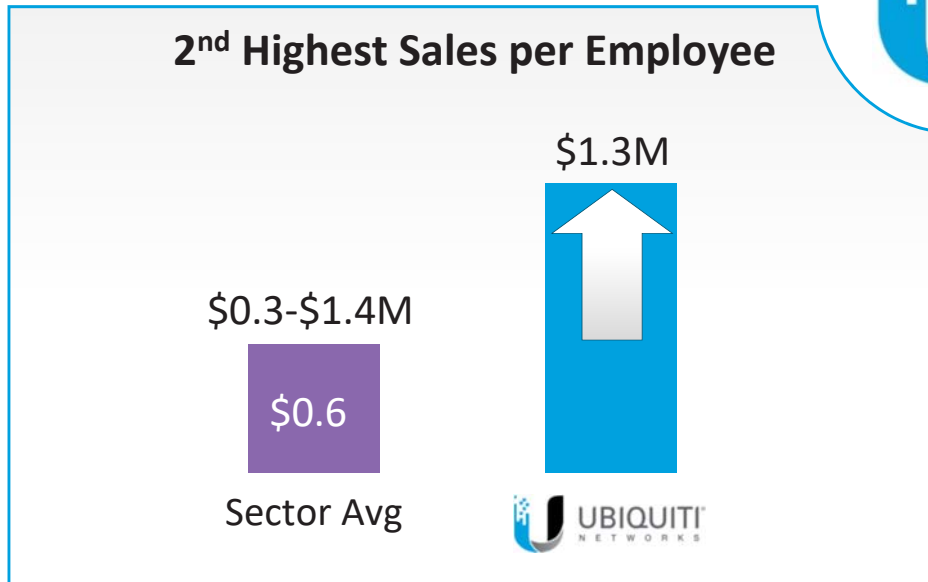
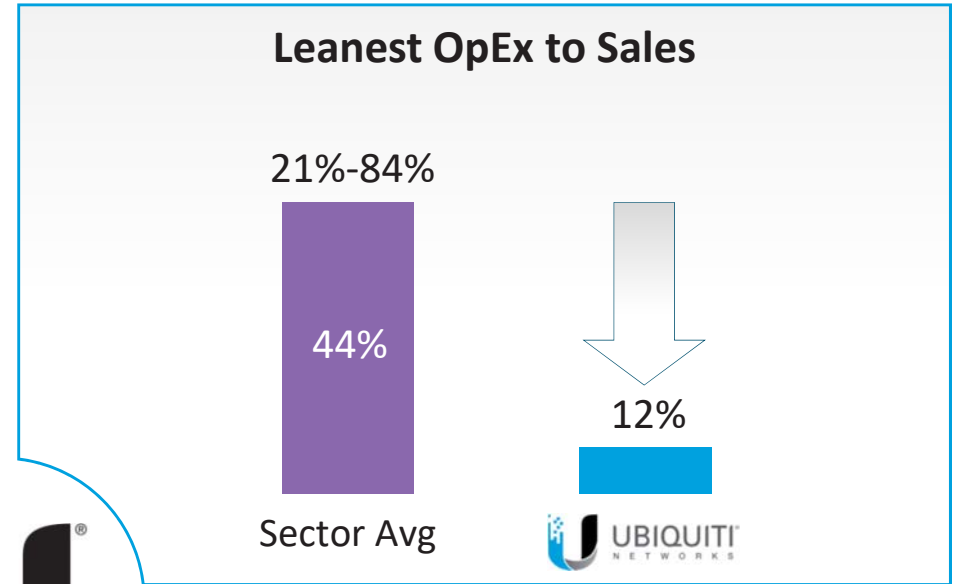
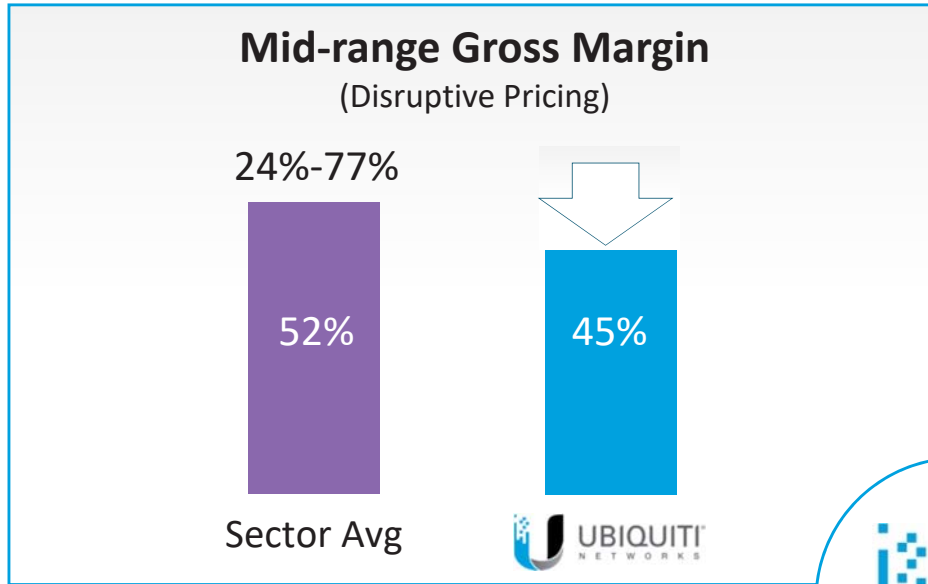
Operating Expenses  
**12%**  
of sales  
vs. ~21-84%  
for sector<sup>1</sup>

# 4. Deliver Products at Industry Leading / Disruptive Prices

In February 2017, the Company launched UniFi AC HD, the highest performance access point in the industry at the best value



# 5. Financial Profile of a Disruptive Player



# Disruptive Business Model. Delivering High Performance

A high performance company

Disruptive business model

Two growth segments

Long growth runway



# Two Growth Segments

## Long Term Sustainable Growth

### Service Provider Solutions



- \$455M 2017 revenues
- 53% of total

### Enterprise Solutions



- \$410M 2017 revenues
- 47% of total

## Disruptive Business Model



# Service Provider Solutions – Consistent and Steady Growth

## Profile

Key products<sup>1</sup>:

**airMAX<sup>®</sup> ac**



**airFiber<sup>®</sup>**



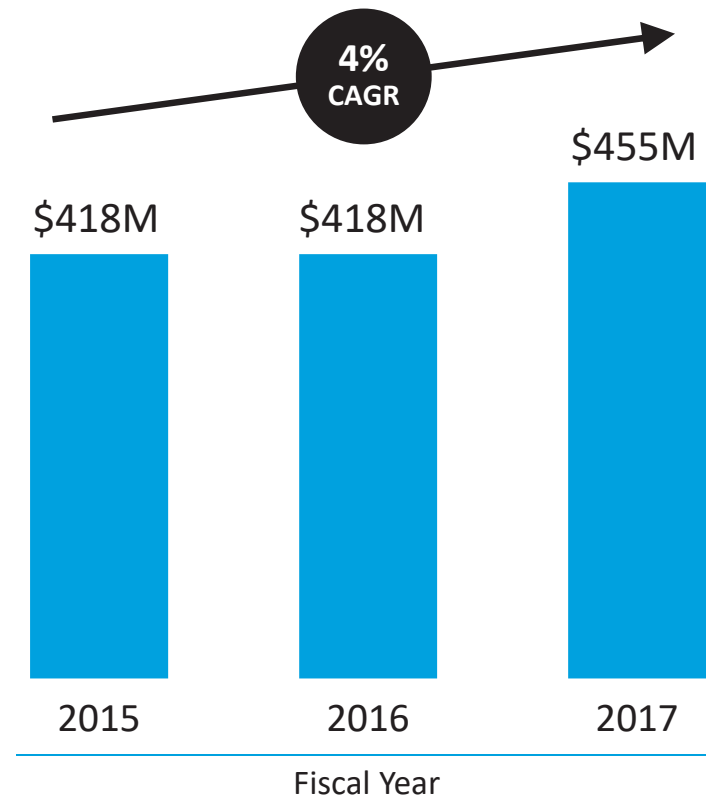
**U Fiber**



**airFiber<sup>®</sup> LTU**



## Revenues

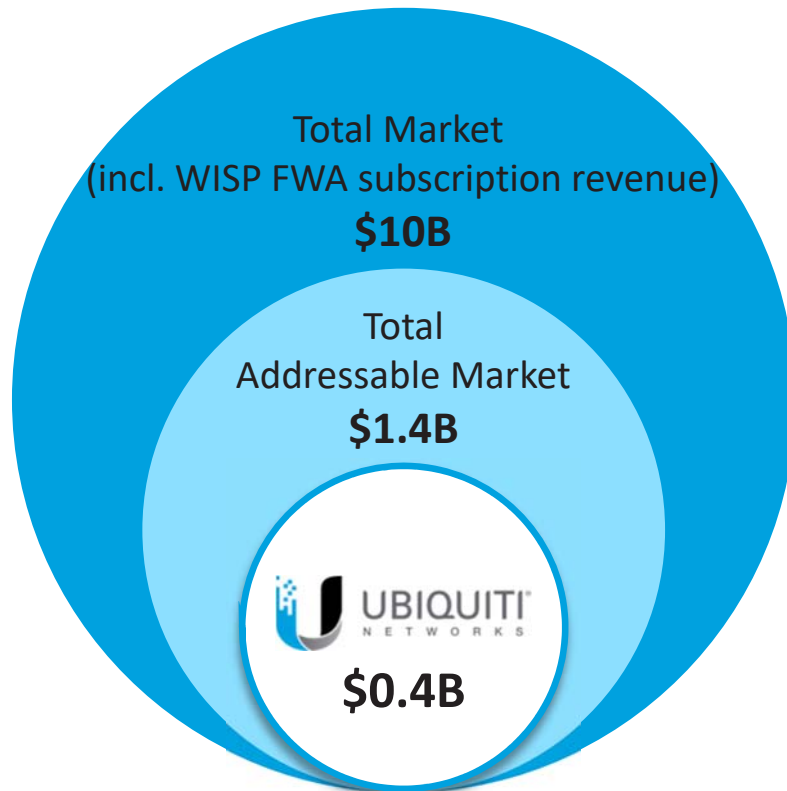


Q1F18 revenues of \$120 million  
consistent with Q1F17

# Positioned in Large, Growing Market<sup>1</sup>

Note: Market size and growth here does not include GPON (new in F2018)

## Market Size 2016

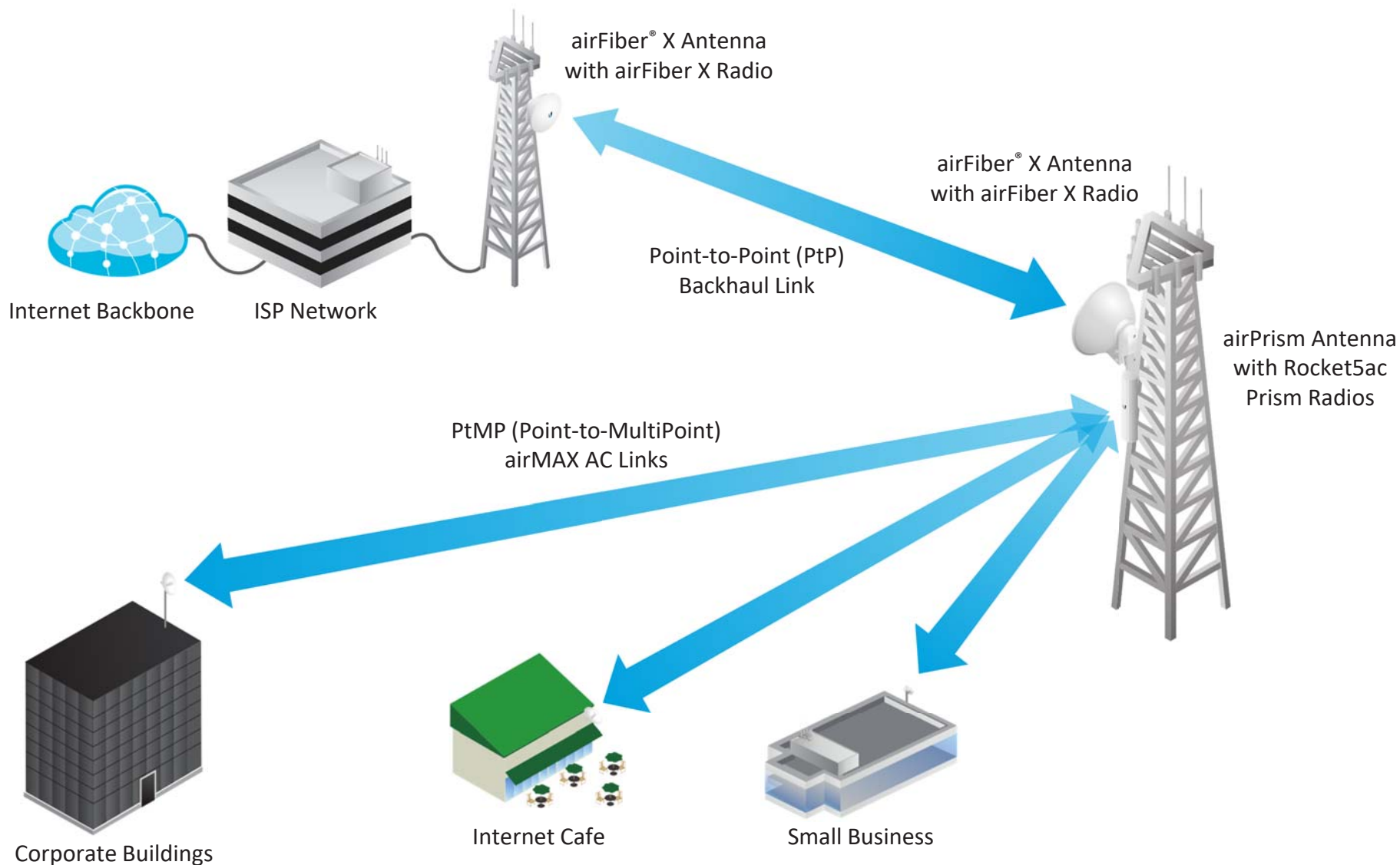


## Market Growth 2016-2020



1. Source: IDC custom Fixed Wireless Access (FWA): Global and Regional Market Opportunity Analysis dated October 2013, and Management estimates. Total market includes FWA recurring service revenues

# Typical airMAX® Network Setup



# Two Growth Segments

## Long Term Sustainable Growth

### Service Provider Solutions



- \$455M 2017 revenues
- 53% of total

### Enterprise Solutions



- \$410M 2017 revenues
- 47% of total

## Disruptive Business Model

# Enterprise Solutions Continuing to Grow Rapidly

## Profile

Key products<sup>1</sup>:

UniFi<sup>®</sup> AC



UniFi<sup>®</sup> VIDEO



UniFi<sup>®</sup> SWITCH



UniFi<sup>®</sup> AC HD



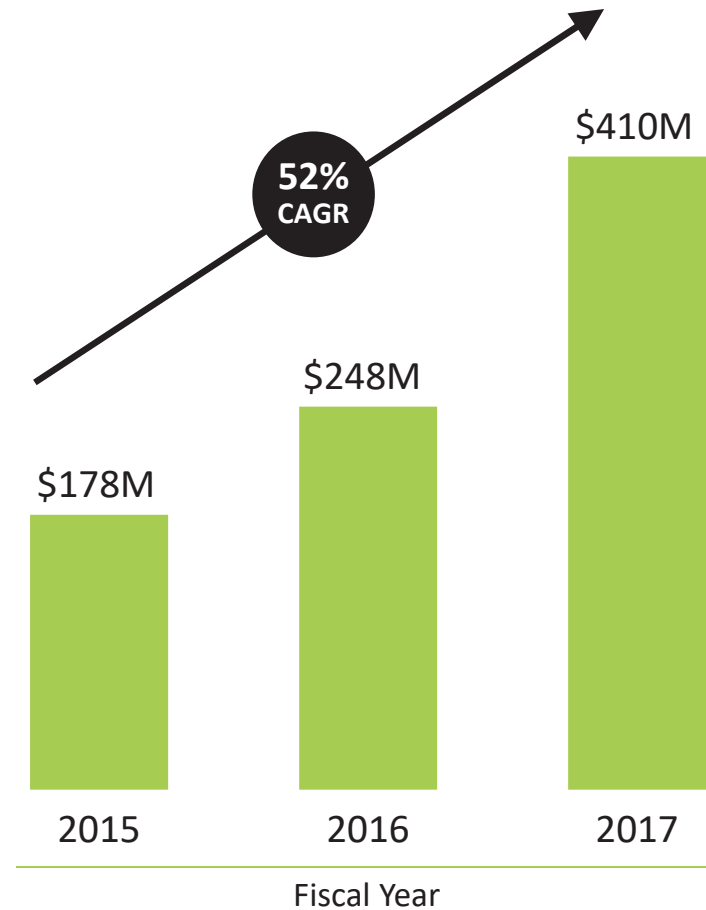
UniFi<sup>®</sup> SECURITY GATEWAY



AMPLIFI



## Revenues



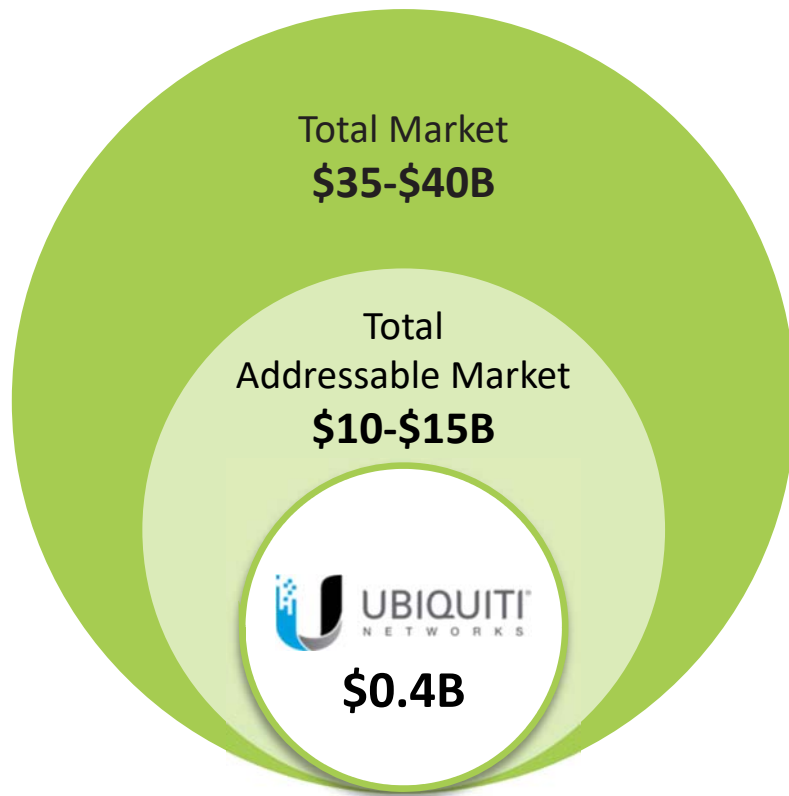
Q1F18 revenues of \$126 million  
Up 50% over Q1F17

1. UniFi AC HD AP launched 3QF17; AmpliFi launched 2QF17

# Positioned in Large, Growing Market<sup>1</sup>

Note: Market size and growth here does not include Consumer Home Wi-Fi (launched in F2017)

## Market Size 2016

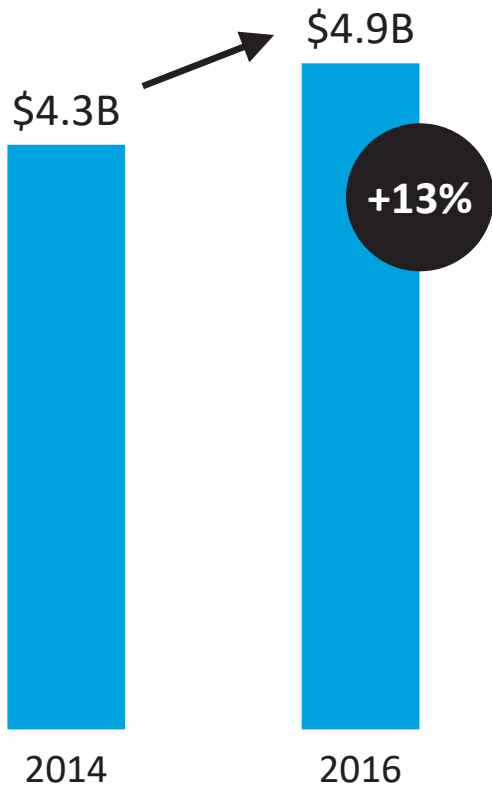


## Market Growth 2016-2020

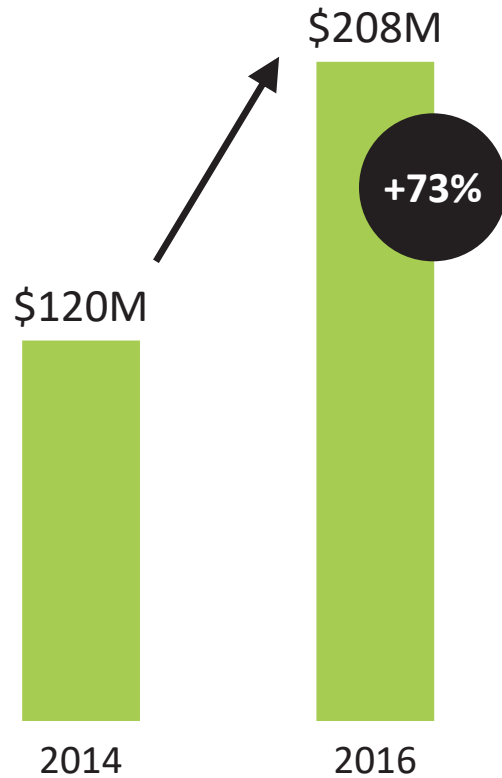


# Gaining Market Share in Wireless LAN Market<sup>1</sup>

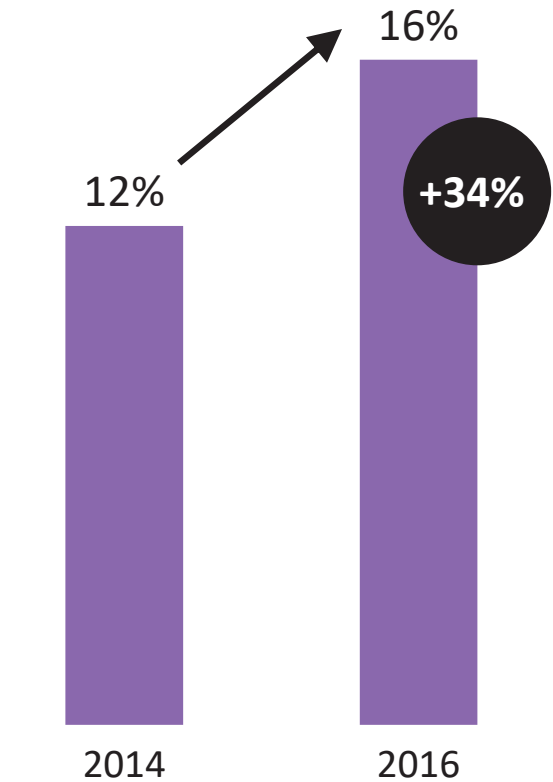
**Global Market**



**Ubiquiti Global Access Point Sales**  
(Per Dell'Oro)



**Global Unit Market Share UniFi Access Points**  
(Per Dell'Oro)

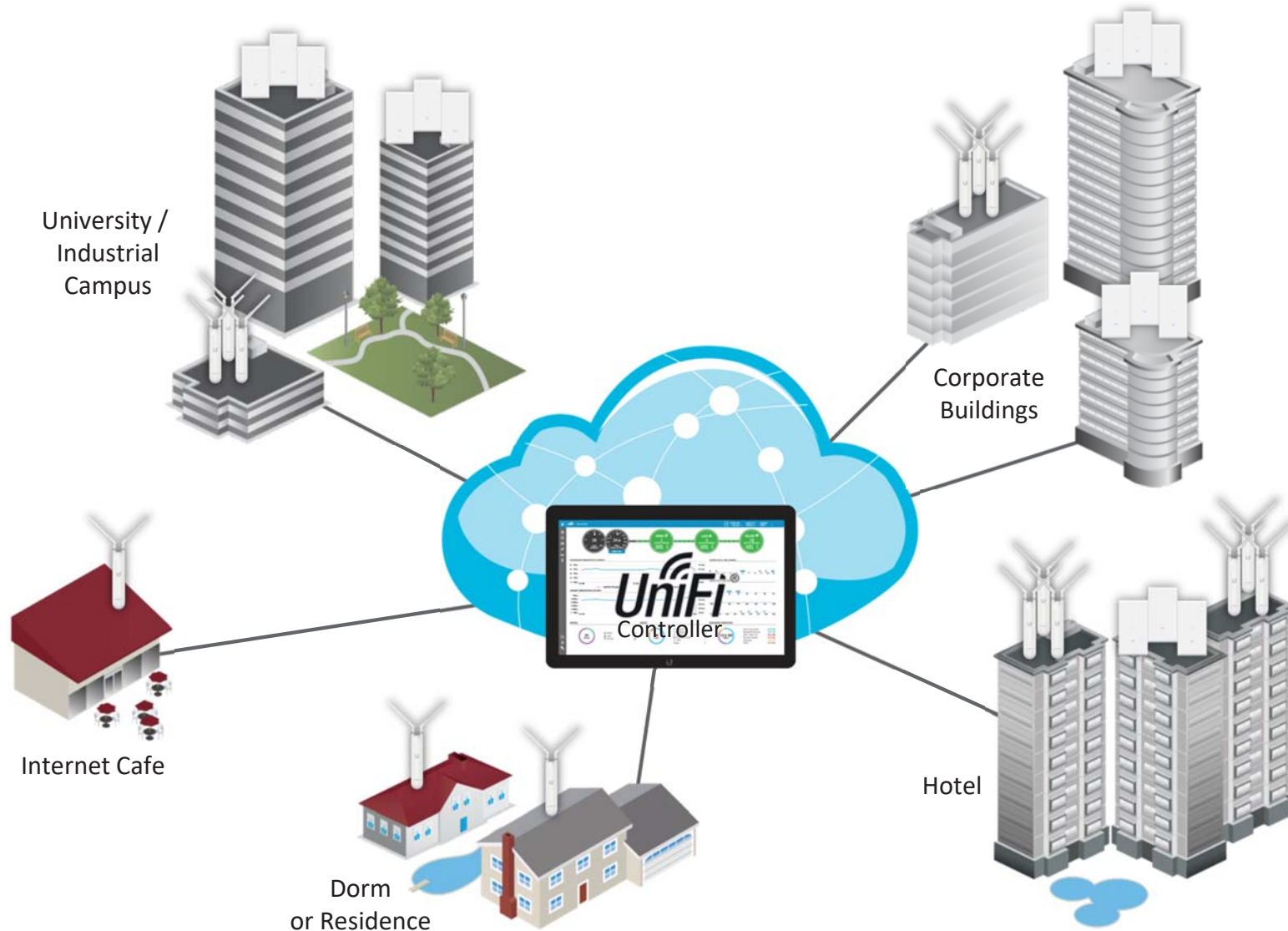


2017 Market Share @ >17%

1. Data for Enterprise Wireless LAN Data Network segment source Dell'Oro February 2017 (Access Points only), and Dell'Oro 2Q'17 vendor tables dated September 2017

# Typical UniFi® Network Setup

## Clients Want Convergence and Flexibility<sup>1</sup>



Total network control on ONE screen



1. Controller Advantage: 2016 wired and wireless access LAN infrastructure customer reference survey by Gartner found that over 70% of clients prefer a single vendor to deploy their access layer solution



# Disruptive Business Model. Delivering High Performance

A high performance company

Disruptive business model

Two growth segments

Long growth runway

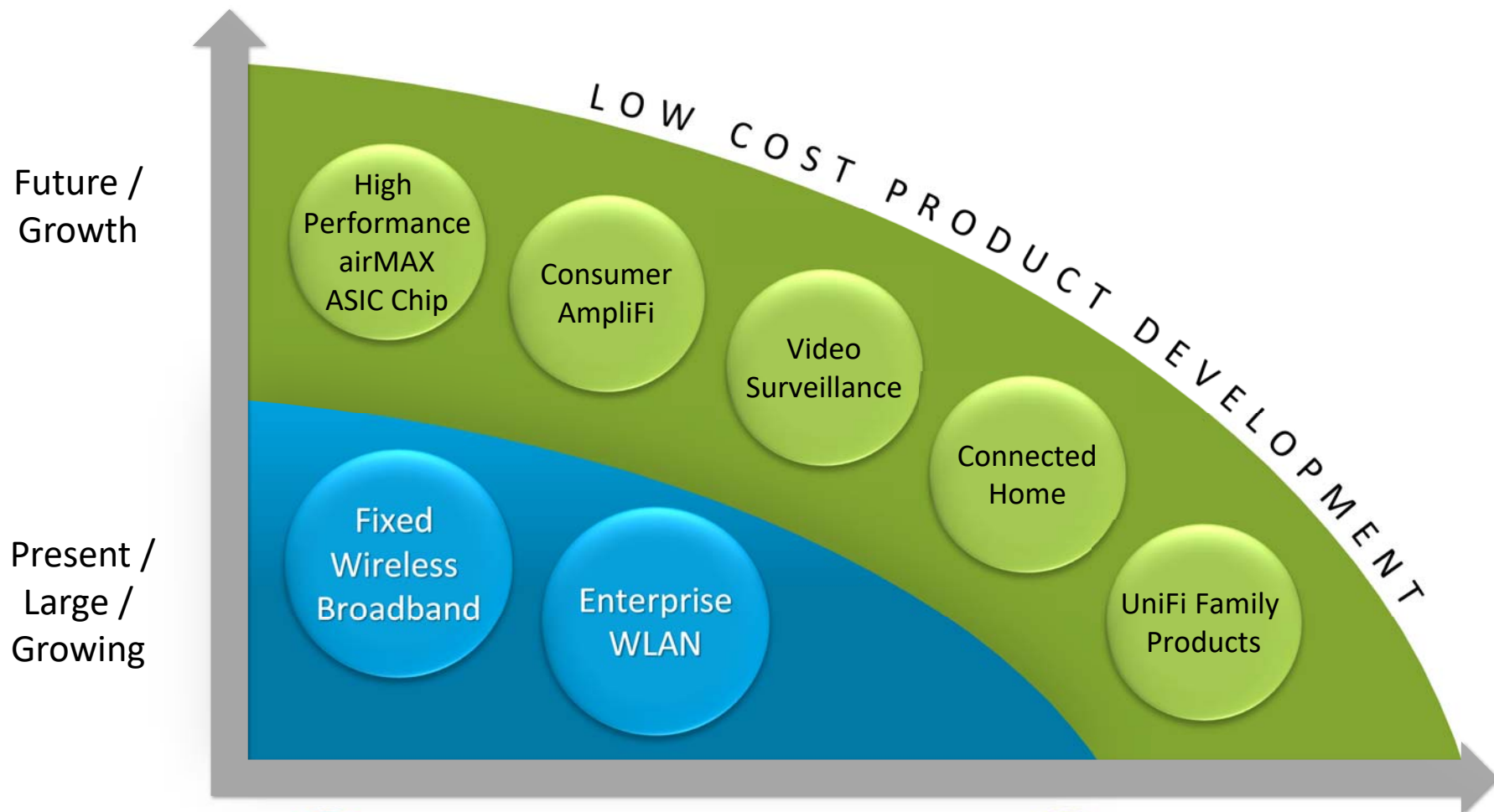


# Continuing to Execute Consistent and Proven Strategy

- 1.** Continue to deliver high performance products — at disruptive prices
- 2.** Leverage technologies / business model into adjacent markets
- 3.** Maintain / extend technology leadership
- 4.** Continue to grow powerful user community
- 5.** Continue to cross-sell existing customers



# Continue to Innovate, Grow in Adjacent Markets



1 Excel in core businesses

2 Build leadership in adjacent markets

# Growth Drivers Next 2-3 Years

\$1B-\$1.15B in Revenue and \$3.70-\$4.30 Diluted EPS Fiscal 2018

## Service Provider

- airMAX AC GEN2 upgrade cycle
- New UFiber GPON offering to enable WISP's to compete with traditional ISP's in developing markets
- Other new high ASP sophisticated products containing custom ASIC chips – game changing airFiber LTU – Launch TBD



**Sales CAGR Goal**  
5%-30%

## Enterprise Solutions

- AC technology upgrade cycle – enterprise and consumer
- Strong Y-o-Y growth in UniFi Family
- Continued share gains, attracting larger businesses globally
- New launches at higher ASP's
- Consumer play including online and retail distribution



**Sales CAGR Goal**  
30%-50%

**Company Sales CAGR Goal**  
15%-40%

# Longer Term will Continue to Deliver Industry-Leading Financial Profile

As % of Revenues	LTM Q1F18	Long Term Model
Revenues	100%	100%
Gross margin	45%	45% - 50%
R&D	8%	6% - 8%
SG&A	4%	3% - 5%
Operating margin	33%	30% - 38%
Net income margin	30%	25% - 35%



# Current Valuation – Set to Improve as Margin Sustainability and Growth Profile Understood

## Forward (Next 12 Months) P/E Ratio<sup>1</sup>

High Growth Sector  
Average



### High Growth Sector Companies

- Arista
- Avigilon
- Fortinet
- NetGear
- Palo Alto Networks

# Disruptive Business Model. Delivering High Performance

## The Performance

- Proven, consistent performance  
→ outgrowing the industry

## The Business Model

- Disruptive business model

## The Products

- Continually introducing disruptive price / performance products

## The Future

- Long growth runway, sustainable and defensible model



# About Ubiquiti Networks

[Ubiquiti Networks, Inc.](#) (NASDAQ: UBNT) currently focuses on 3 main technologies: high-capacity distributed Internet access, unified information technology, and next-gen consumer electronics for home and personal use. The majority of the company's resources consist of entrepreneurial and de-centralized R&D teams. Ubiquiti does not employ a direct sales force, but instead drives brand awareness largely through the company's user community where customers can interface directly with R&D, marketing, and support. With over 70 million devices shipped in over 200 countries and territories in the world, Ubiquiti aims to connect everyone to everything, everywhere. Ubiquiti was founded by former Apple engineer Robert Pera in 2005. More insight about the company management can be found at [www.rjpblog.com](http://www.rjpblog.com).

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Ph: 1-914-598-7733







# Appendix

# UBNT Key Metrics Versus Sector<sup>1</sup>

Ticker	LTM Sales/Employee (millions)	LTM Gross Margin %	Operating Expense to Sales Ratio (%)	LTM Op. Margin %	3 Year Avg. Operating Income Margin (%)	LTM Net Income Margin %	Next 12 Months PE Ratio	Next 12 Months PE/Growth Ratio
<b>UBNT</b>	<b>\$ 1.3</b>	<b>45%</b>	<b>12%</b>	<b>33%</b>	<b>32%</b>	<b>30%</b>	<b>18</b>	<b>0.8</b>
CSCO	\$ 0.7	63	38	25	24	22	14	2.1
ANET	\$ 0.8	64	42	27	20	18	37	1.5
JNPR	\$ 0.5	62	44	18	9	12	12	1.6
MSI	\$ 0.4	47	30	19	6	12	17	3.7
BRCD	\$ 0.4	63	52	3	17	11	14	N/A
NTGR	<b>\$ 1.4</b>	29	22	7	6	6	18	N/A
HPE	\$ 0.3	31	21	4	5	5	12	N/A
FTNT	\$ 0.3	74	70	8	4	3	35	1.9
AVO	\$ 0.3	51	46	7	10	3	17	0.4
ARRS	\$ 1.0	24	23	3	4	2	10	N/A
CAMP	\$ 0.4	42	41	0	7	1	17	1.0
INFN	\$ 0.4	39	48	(19)	3	(2)	N/A	N/A
ATEN	\$ 0.3	<b>77</b>	84	(6)	(15)	(9)	105	3.8
PANW	\$ 0.4	73	83	(10)	(12)	(11)	<b>45</b>	<b>1.2</b>
<b>Average</b>	<b>\$ 0.6</b>	<b>52%</b>	<b>44%</b>	<b>8%</b>	<b>8%</b>	<b>7%</b>	<b>26</b>	<b>1.8</b>

1. The LTM, 3 yr and next 12 month data was sourced from Bloomberg on November 7, 2017. Sector companies include: Arista, Arris, A10, Avigilon, Brocade, CalAmp, Cisco, Fortinet, HPE, Infinera, Juniper, Netgear, Motorola Solutions & Palo Alto Networks

