Allot Communications
Investors' Presentation

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Forward-Looking Statements

Allot Communications Ltd. has filed a registration statement (including a base prospectus and a preliminary prospectus supplement) with the SEC for the offering to which this communication relates. Before you invest, you should read the base prospectus and the preliminary prospectus supplement in that registration statement and other documents Allot Communications Ltd. has filed with the SEC for more complete information about Allot Communications Ltd. and this offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, a copy of the prospectus supplement and base prospectus relating to the offering may be obtained by contacting: BofA Merrill Lynch, 4 World Financial Center, New York, NY 10080, Attn: Prospectus Department or e-mail dg.prospectus_requests@baml.com.

This presentation may include forward looking statements based on current expectations and assumptions about the business. These expectations and assumptions are subject to risks and uncertainties. Our actual results could differ materially because of factors we may discuss today, and those described under "Risk Factors" in the preliminary Prospectus Supplement and in other reports and filings with the Securities and Exchange Commission. We do not undertake any duty to update any forward looking statements. All figures contained in this presentation are non-GAAP, unaudited figures.

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Neither the Company, nor any of its respective agents, employees or advisors intend or have any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this presentation.

AGENDA

1. Company overview
2. The role of the service provider is changing
3. The demand side
4. Market trends and growth potential
5. Solutions and products
6. Financials

Public Company

- NASDAQ 2006
- TASE 2010

Value Proposition

To help service providers drive the digital experience for people and things in order to elevate their business and monetize their assets.

Allot DNA

- Network Intelligence Technology Leader
- Trusted Partner of Tier 1 Operators
- Employees are top professionals

Markets

- Mobile Operators
- Cloud Operators
- Fixed Line Operators
- Enterprise/Education Networks

Global Presence

- HQ: Hod Hasharon, Israel
- Sales & Support Offices in NA, LATAM, EMEA & APAC
- 500+ Employees

Customers

- >150 Mobile Operators
- >1000 Fixed Broadband Operators
- >4000 Large Enterprises
- >1B End Users

Allot Communications at a Glance

Sound Financial Performance (2014)

- **Revenues - $117.2M**
- **Net Income - $10.5M (Non GAAP basis)**
- **21% growth YoY**
- **Profitable - (75% GM)**
- **Cash – $122.8M (as of Sep 30, 2015)**

Worldwide Presence

Global Presence and Support Offices

- Tier-1 Experience
- 24x7 Follow-The-Sun Support

Diverse Customer Base

Tier 1 Telcos, Fixed and Mobile

TELKOM INDONESIA · tigo · América Móvil · Telefónica · TELMEX · PCCW Mobile & Fixed · TOT · Virgin media · Tier 1 Mobile US SP · EMEA Tier 1 Mobile SP 22 Countries · EMEA Tier 1 Mobile SP 2 Countries

Tier 2 Telcos and ISPs

true move · OPTUS · bezeq INTERNATIONAL · PT · 3 · TELKOMSEL · Telefónica del Sur · Telecom · seednet · HFCL Himachal Futuristic Communications Ltd.

Satellite & Cable

MEGACABLE CONECTAMOS TU VIDA · ViaSat · Cablemás Es tu idea · SHIN SATELLITE · eutelsat · Intelsat · CableCom · unwired · MetroCast · SPACENET

Large Enterprises & Education

perotsystems · SAMSUNG · Over 350 Universities · Schneider Electric · Aena · DELL · invensys · BANCO AZTECA · ZIVIT · e-inps

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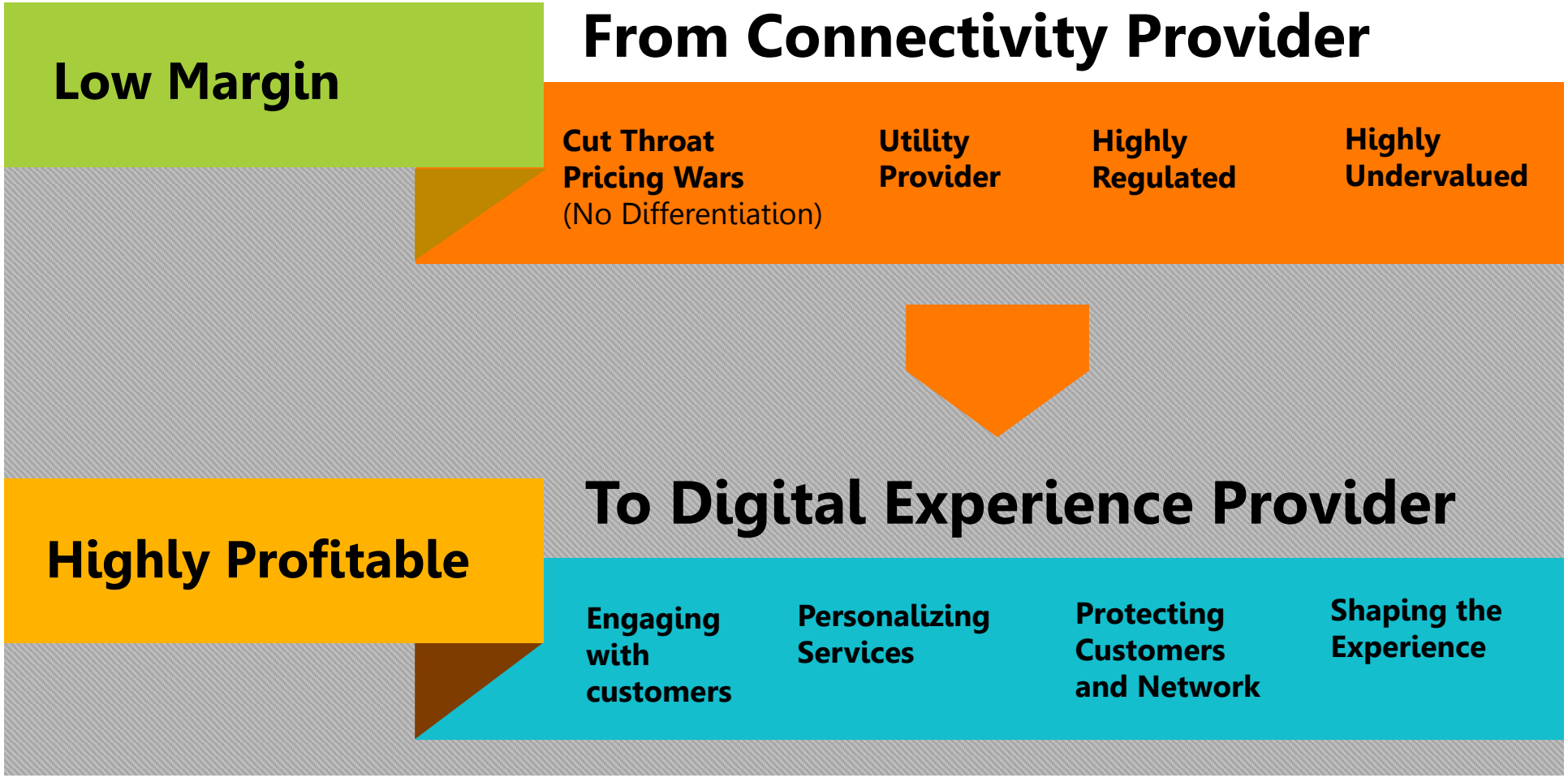
The Digital World is Evolving



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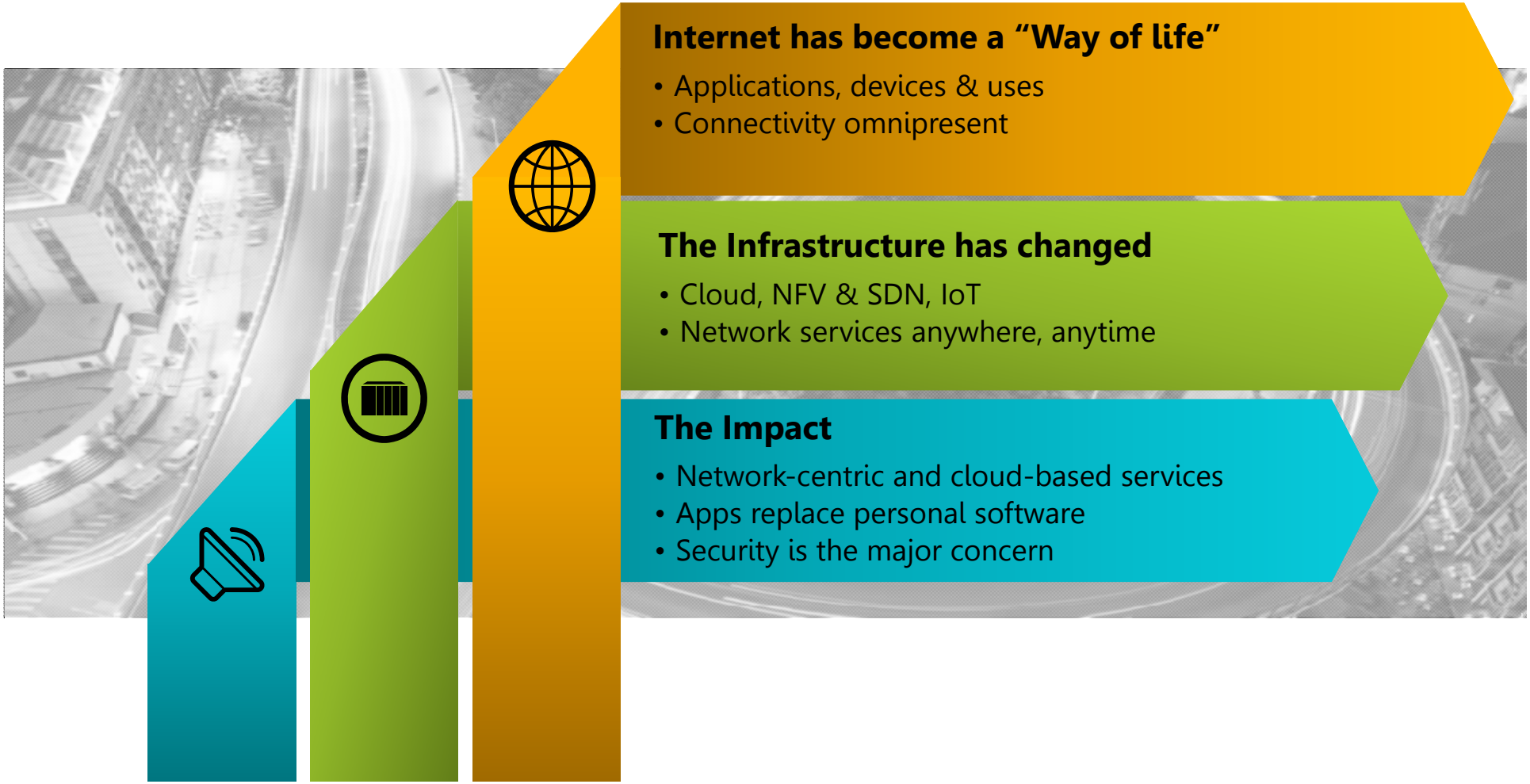

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Delivering the Digital Experience

Massive Data Collection	DDoS Anti-Malware Parental Control	Traffic Management, Video Optimization	Interaction with the Subscribers	Application based Charging

Powerful Intelligence Layer:

Application → Subscriber → Device → Location

Trends and Growth Potential

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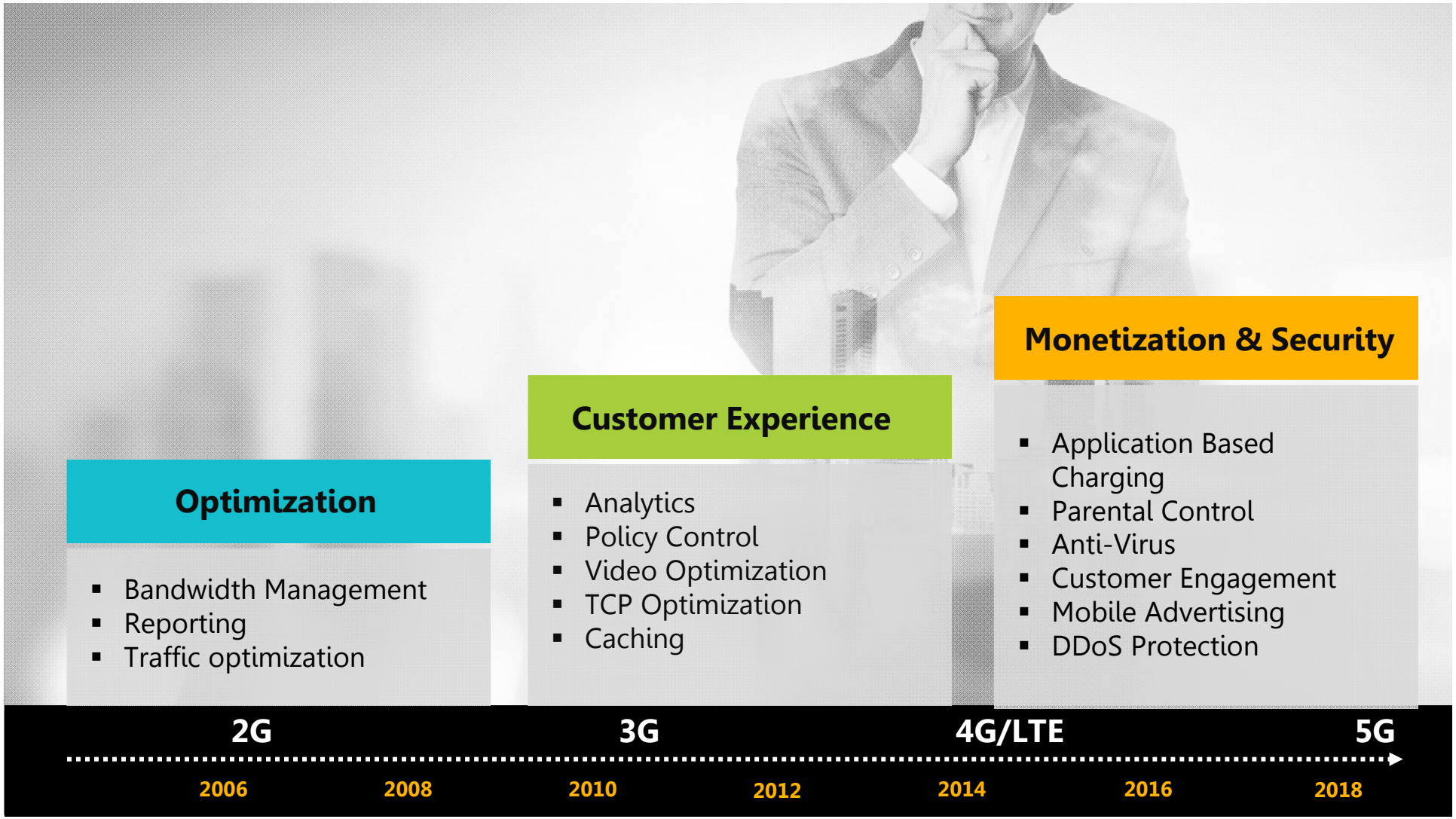
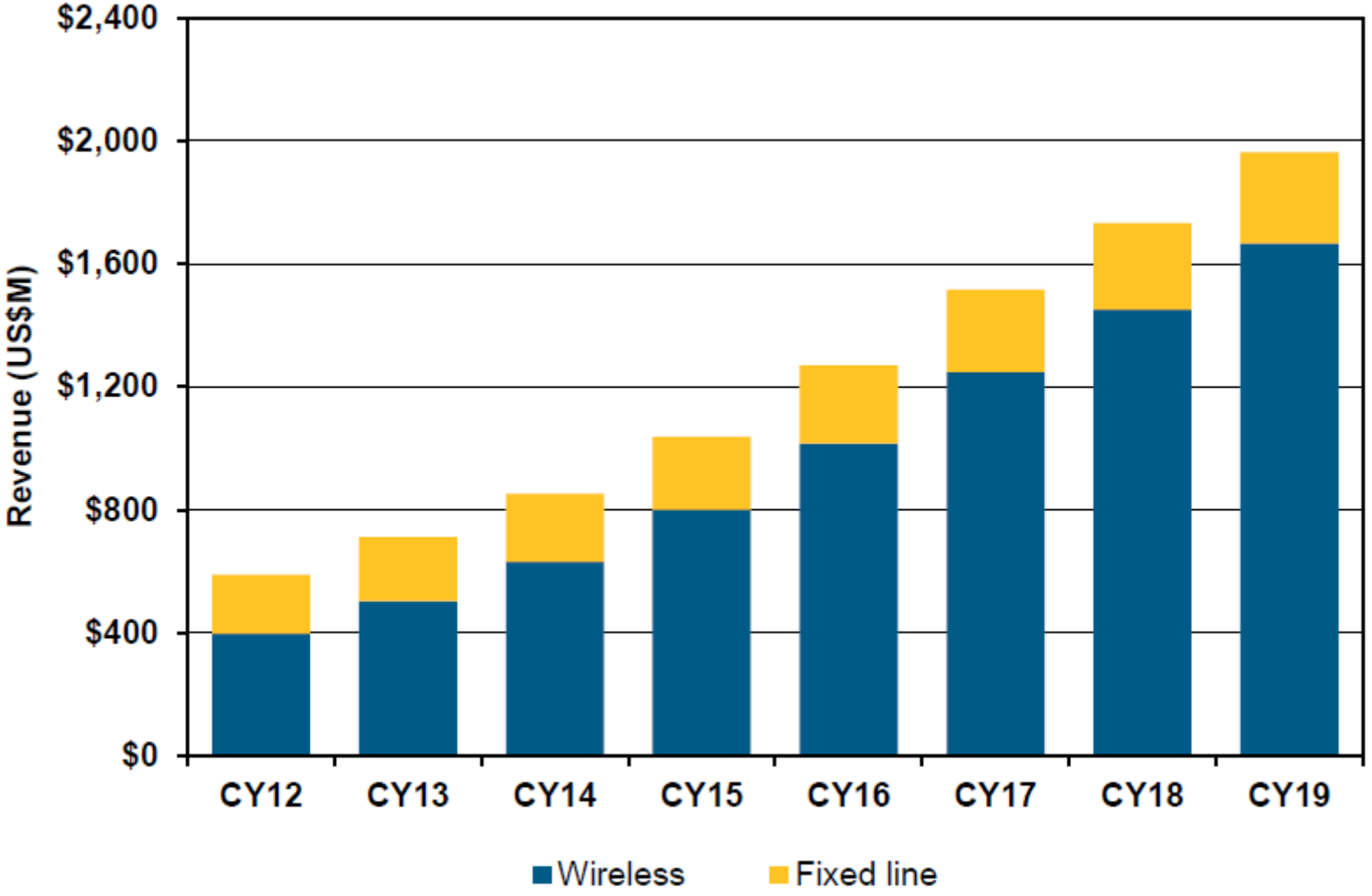
Market Evolution



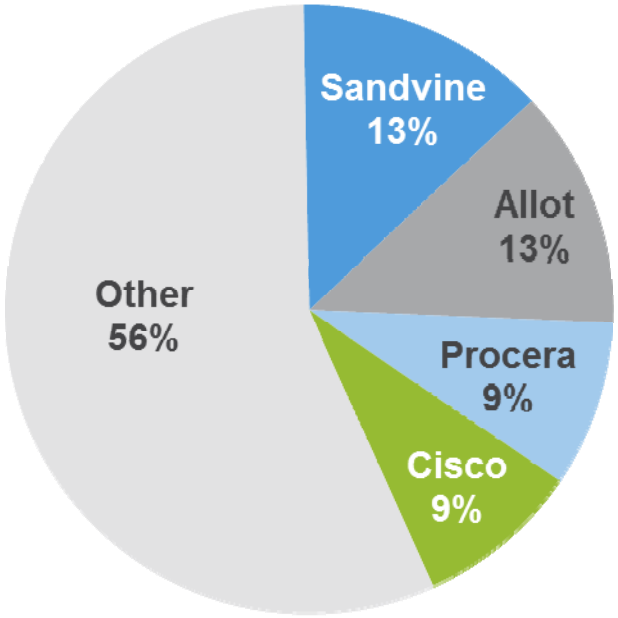
DPI Market Projection by Infonetics



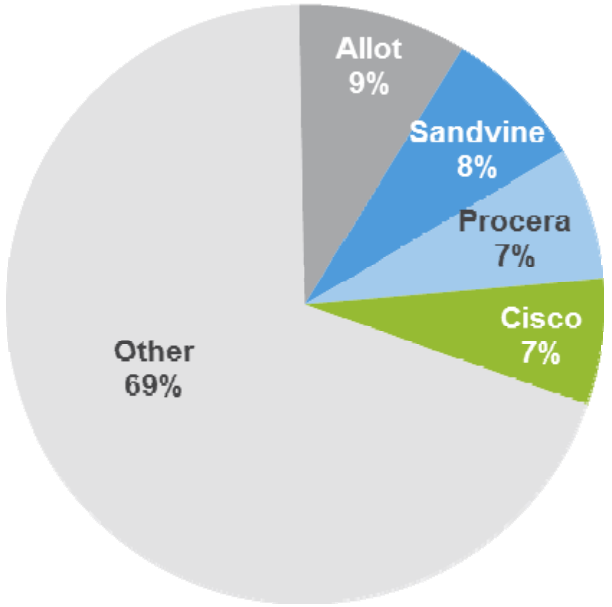
Source: Infonetics H2/2014 Service Provider DPI Report

Allot's Leadership in Mobile

2H14 Worldwide Total Standalone DPI Revenue Market Share



2H14 Worldwide Standalone DPI Wireless Revenue Market Share



Infonetics H2/2014 Service Provider DPI Report:

IHS has acquired Infonetics RESEARCH

- Operator spending on DPI reached $825M in 2014, expected to reach close to $2B by 2019
  (YoY increase of 19.7%)
- Sandvine and Allot are neck-and-neck in the DPI market share lead, followed by Cisco and Procera

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Allot's Leadership

Infonetics' H2/2014 Service Provider DPI Report:

- "The focus of the DPI market is shifting toward video optimization, granular charging, network security and content connectivity"

Gartner's "2015 Cool Vendors in CSP Infrastructure" report referenced Allot as a DPI market leader who acquired Optenet

Gartner

- "We identified Optenet as cool because it has deployments at major Tier-1 CSPs offering security as a service (SECaaS), leveraging deep packet inspection (DPI) technologies with cloud-based algorithms for things such as parental control of content"

Frost & Sullivan's "DDoS Mitigation Global Market Analysis" Report (11/2015):

FROST & SULLIVAN

- "Allot Communications provides highly scalable, inline, automated DDoS mitigation appliances. The ServiceProtector offering runs on the company's Allot Service Gateway platform or Allot NetEnforcer and uses deep packet inspection to identify attack patterns and create mitigation signatures in real time"

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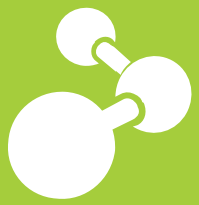

Solutions – focusing on security solutions for mobile service providers

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Comprehensive Platform Offering

Target Markets

Enterprise

Tier 2-3 Service Provider

Tier 1 Service Provider

Platform	AC-500	AC-1400	AC-3000	AC-6000	SG-Sigma E6	SG-Sigma E14	SG Tera
Interfaces	4x100BaseT	8x1GE	8x1GE	8x1GE 8x10GE/1GE (dual mode)	8x10GE 32x1GE	16x10GE 32x1GE	8x100GE 96x10GE
Speed	400 Mbps	2 Gbps	8 Gbps	16 Gbps (8 Gbps, full duplex)	64 Gbps	160 Gbps	500 Gbps
Subscribers	32,000	160,000	160,000	400,000	3.2M	8M	15M
Apps	AOS Software						

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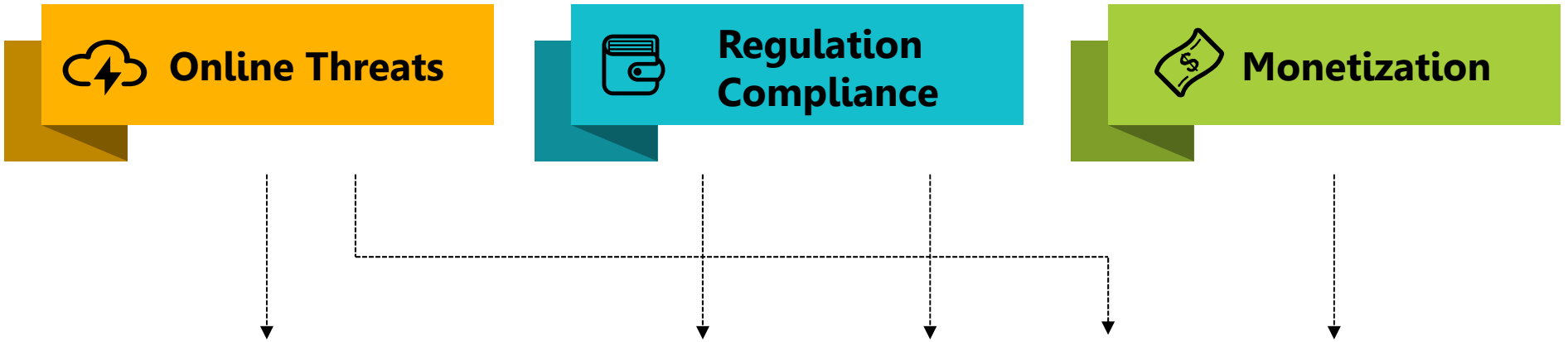
Products & Solutions Deliver Value

- 100GE/10GE Connectivity
- 500 Gbps/Platform
- 2 Tbps/Cluster
- Managing 15M Subscribers/Platform

Value-Added Services:

- Analytics
- Application Based Charging
- Cloud Multi-Tenancy
- Traffic Management
- Large Scale DDoS Protection
- Regulations Compliance
- Video Services
- Anti-Malware
- Parental Control
- Customer Engagement

Security Portfolio



Network Security

- **Service Protector:** incoming DDOS and outgoing cyber threat protection
- **Content Protector:** high-scale illegal content filter for regulation compliance
- **SpamOut Protector:** outgoing email spam protection

Web Security

- **WebSafe Personal:** SECaaS to Residential / Consumers
- **WebSafe Business:** SECaaS to SMBs/SMEs
- **WebSafe Enterprise:** SECaaS to Enterprises

The Case for Web Security as a Service

Tier-1 mobile operator	Security Service Registrants	Addition to ARPU	Incremental Revenue
25M Total subscribers	**5M** Subscribers	Average of **1€** per month	**€5M** per month, Over **€60M** per Year

The Conclusion – The value is there

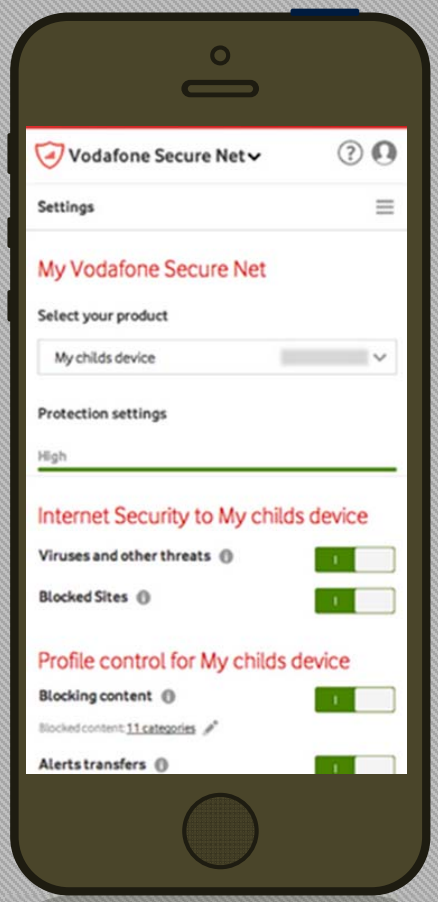
The value to the end user

Easy to set-up, easy to operate, brings value

The value to the operator

- Incremental revenue
- Improved loyalty
- Better positioning for the operator

Case Study: Vodafone Germany



The Challenge:

- Provide a simple, accessible and effective value added service to protect all users regardless of device from internet threats and harmful content

The Allot Solution:

- Allot WebSafe Family as a fully integrated service in the Allot Service Gateway to deliver SECaaS to consumers and businesses

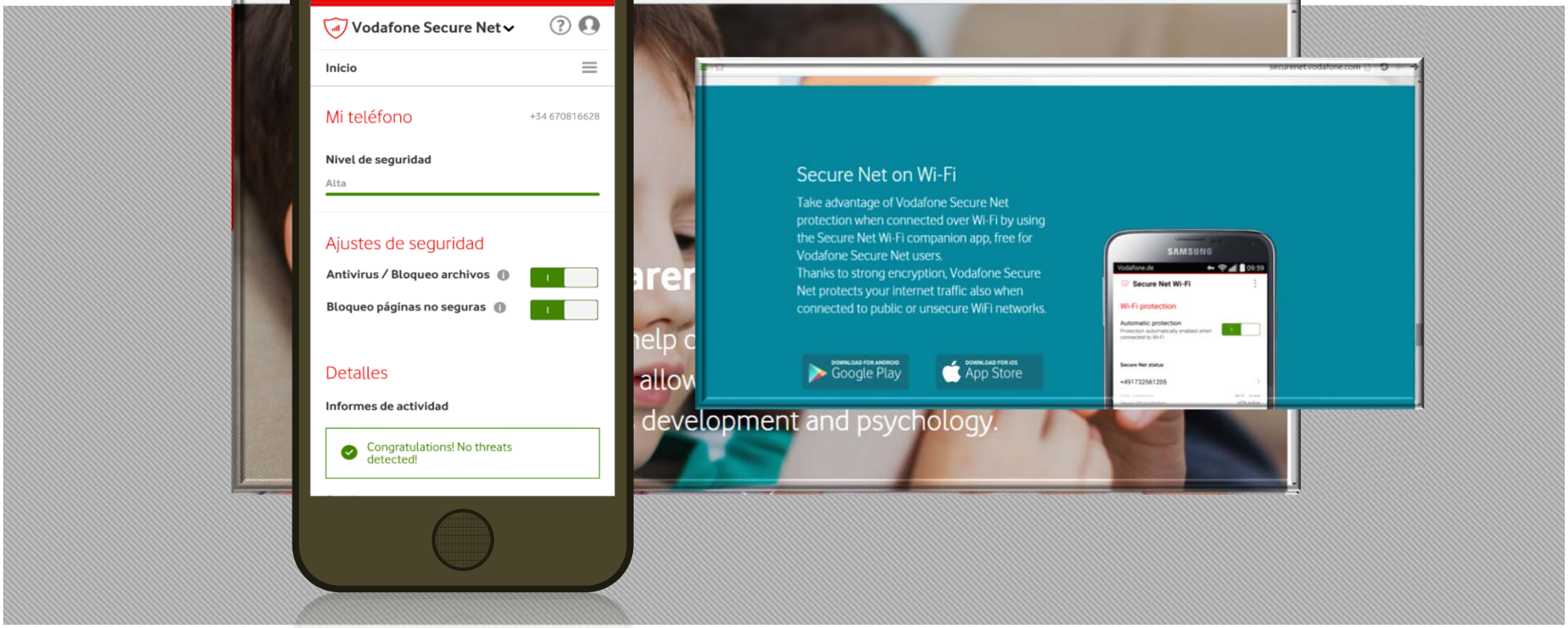
The Benefits:

- Differentiate Vodafone with security services that are accessible to all
- Generate new revenue streams from SECaas
- Enhance brand image and customer loyalty with useful and desirable services

Vodafone Secure Net https://securenet.vodafone.com/

"Privacy and security can pose risks to our customers and our business, but we also see potential to differentiate our brand not just by managing these risks but by offering products and services designed to support customers in improving their privacy and security."

Vodafone Sustainability Report (2014)



Advantages

Performance
Powerful, low footprint

Scalability
Unlimited

Multi-Tenancy
For consumer, SMB and enterprise

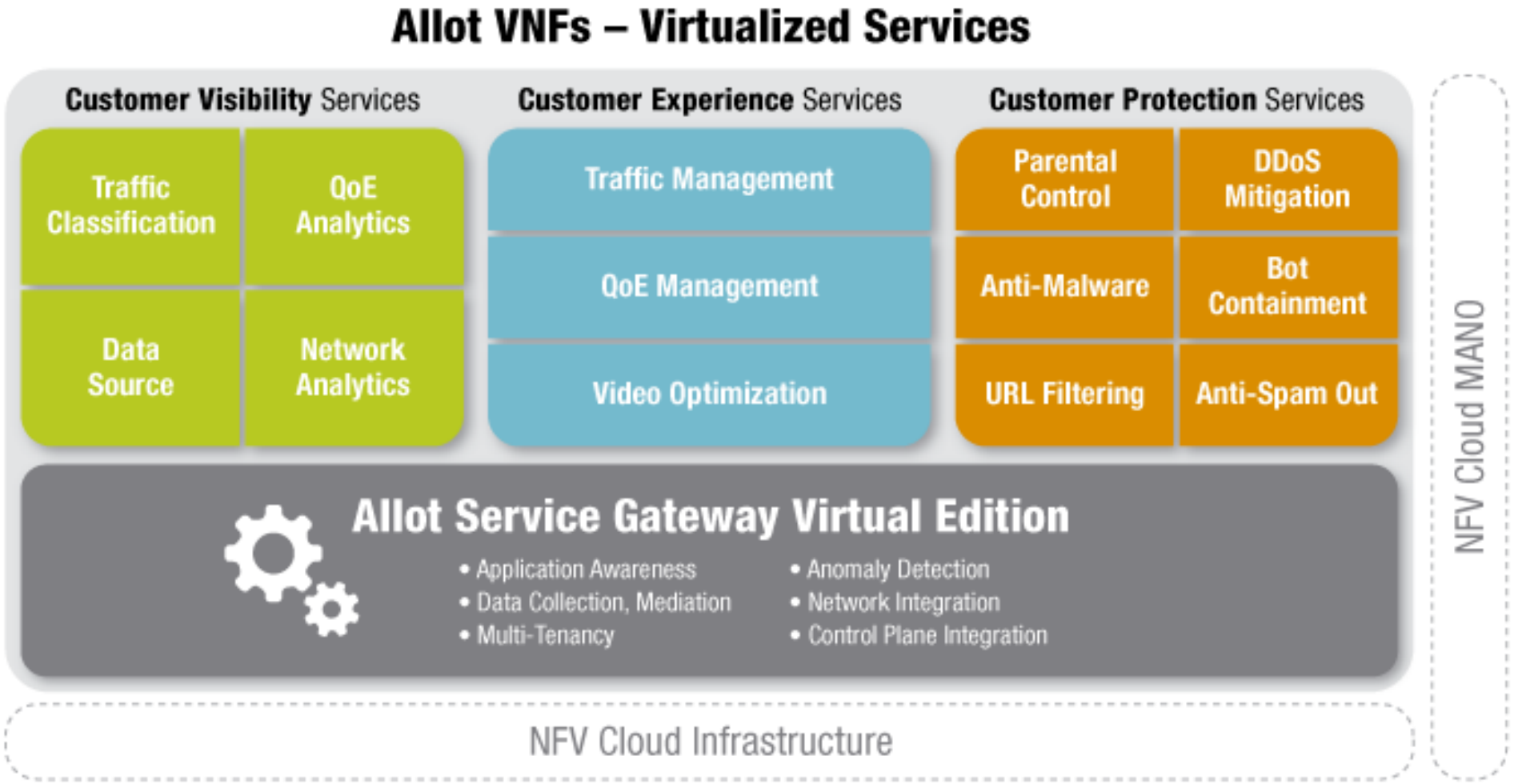
Provisioning & Reporting
Customized per vertical

Application Control
DPI, Policy, QoS

HTTPS and Anonymizer Support
For Web and Network Security

Superior Classification Technology
URL Categorization, Application Awareness

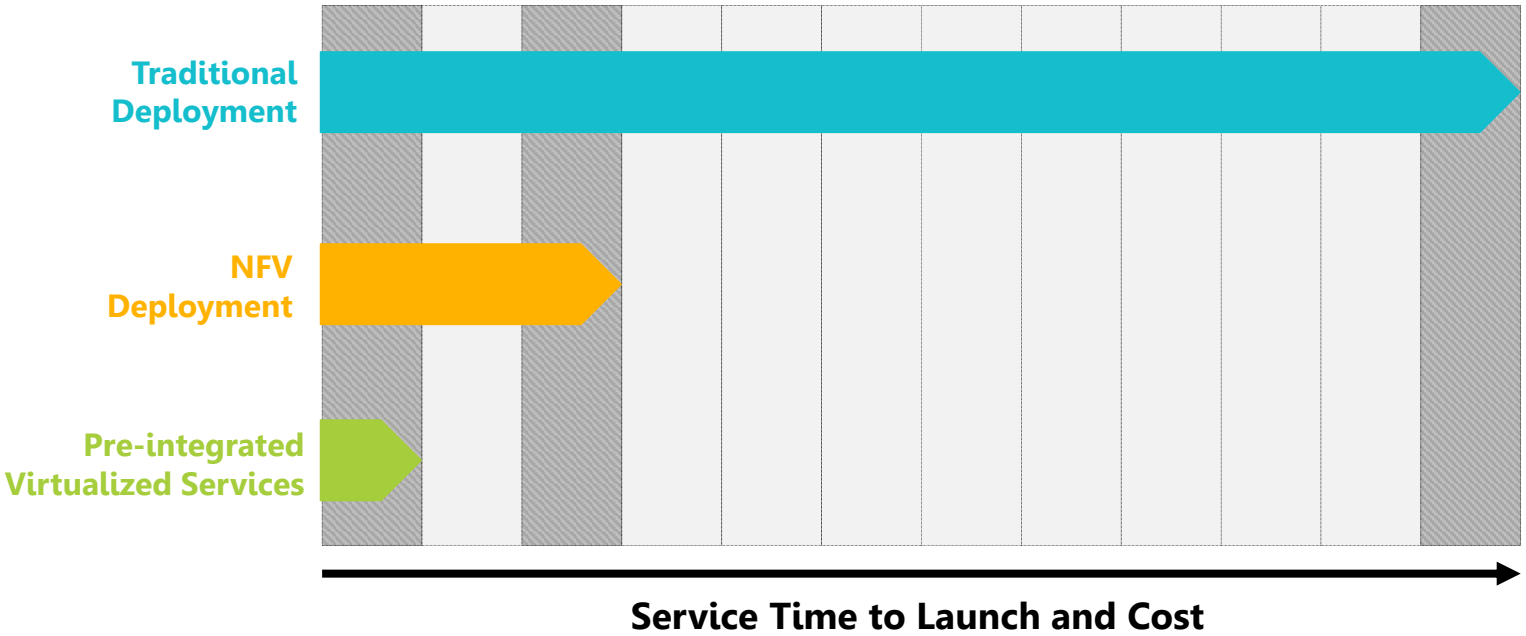
Allot NFV Strategy: Pre-Integrated Services



NFV Goal: Accelerate Time to Launch & Revenue

Allot's **pre-integrated virtualized service** in a comprehensive Virtual Network Function accelerates time-to-revenue

Service Deployment
Level of pre-integration



Financials

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Financial Highlights Q3 2015

Revenues
$23.5M

Positive Cash Flow
$2.9M

B2B>1

-22% Revenue Decline

Q3 2015 compared to Q3 2014

18 Large Orders>$250K

- **7 Mobile**
- **7 Fixed**
- **4 Enterprise / Cloud**

- **4 New**

Gross Margin
77%

Net Income
$-0.7M

Operating Margin
1%

Operating Expenses
$17.9M

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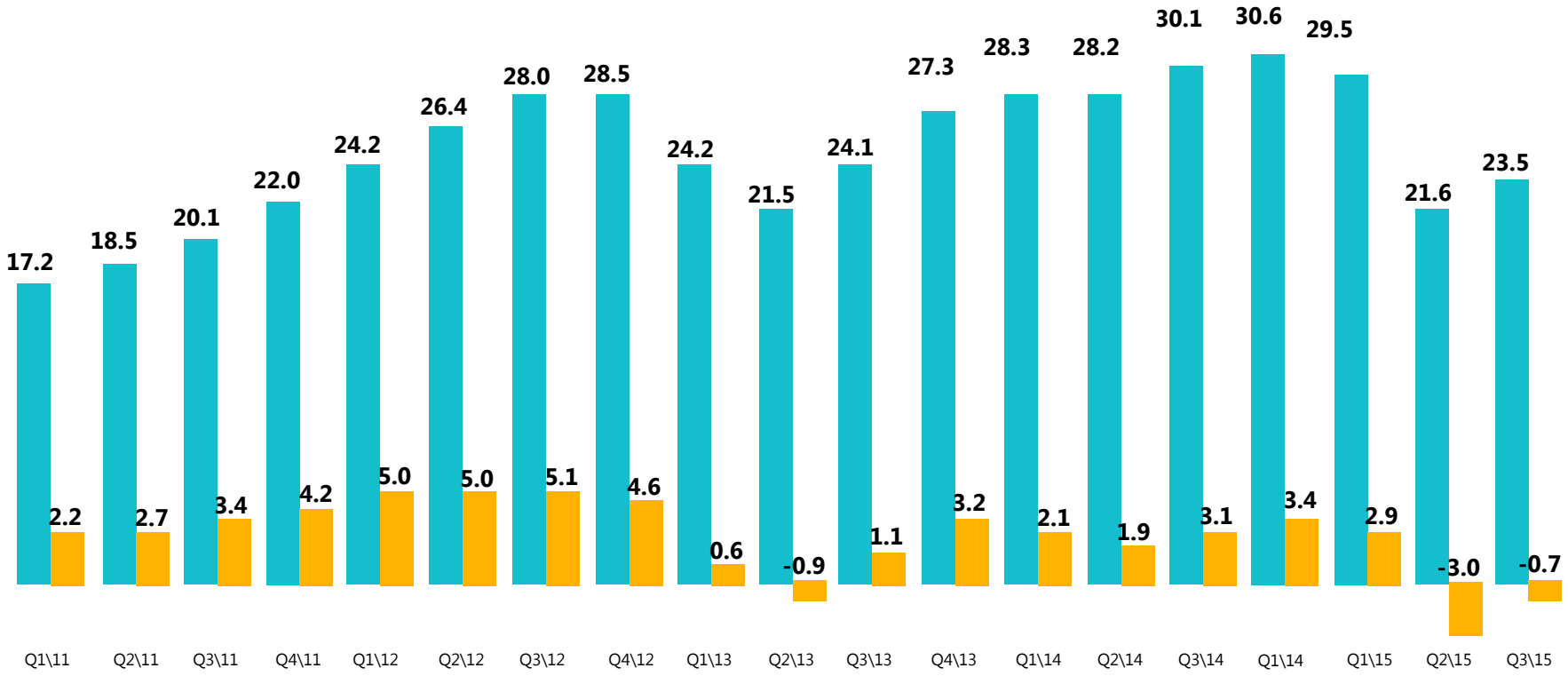
Yearly P&L (Non-GAAP).

	2011	2012	2013	2014
Revenues	$77.8	$107.1	$97.1	$117.2
% Revenues Growth	36%	38%	(9%)	21%
Gross Profit	$55.8	$78.2	$73.6	$87.3
Gross Margin	72%	73%	76%	74%
Operating Profit	$12.1	$18.4	$3.4	$9.9
Operating Margin	16%	17%	3%	8%
Net Income	$12.5	$19.8	$4.0	$10.5
Net Margin	16%	18%	4%	9%
EPS	$0.46	$0.59	$0.12	$0.31
Operating cash flow	$15.2	$8.7	($19.3)*	$15.8

* - including $15.9 million of payment to the OCS

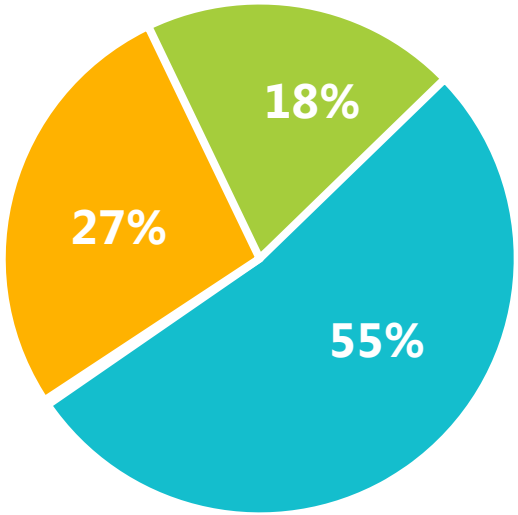
Revenue and Net Income

Millions of USD



Booking by Verticals

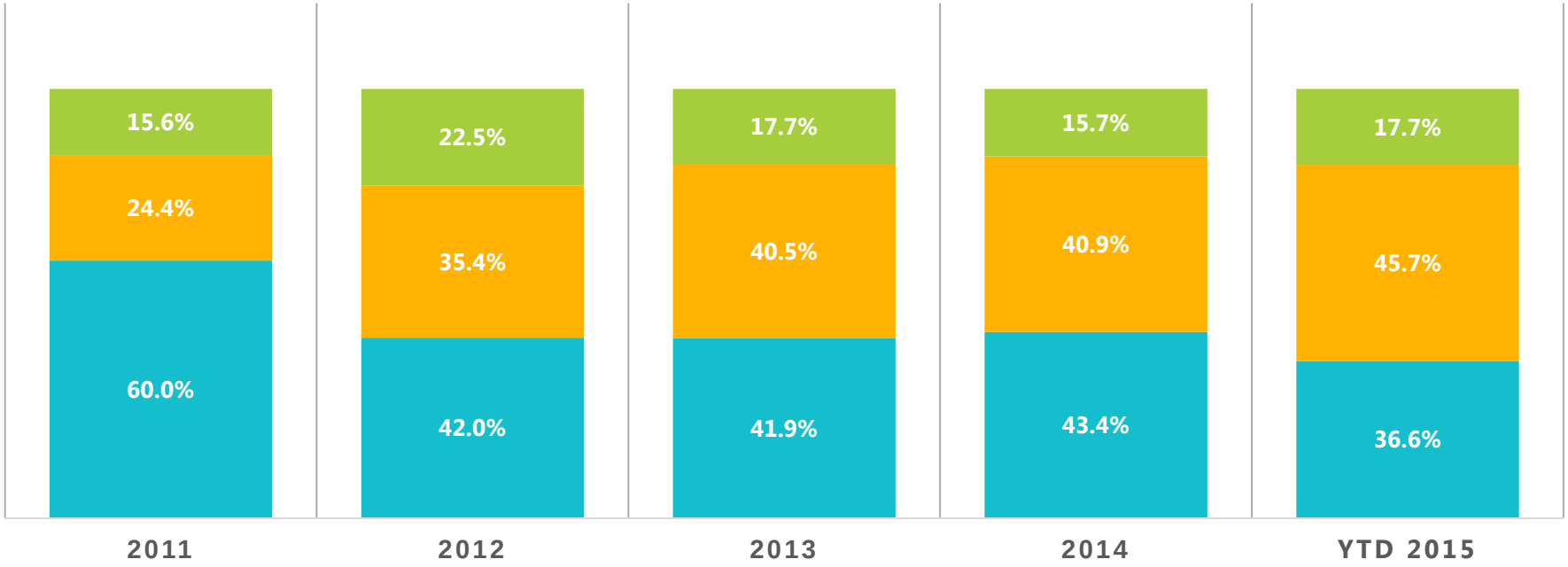
Q3 2015



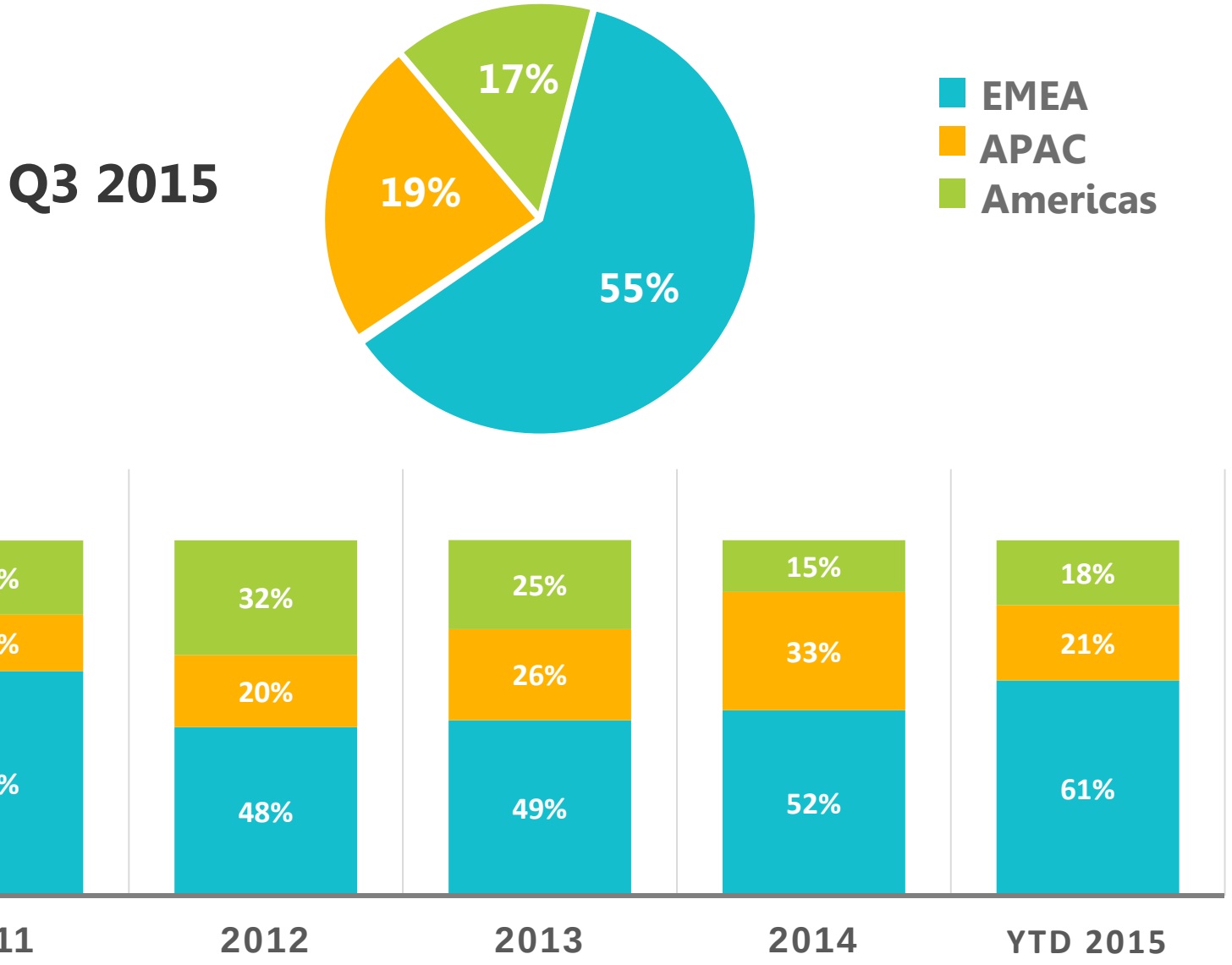
Fixed

Mobile

Cloud\ Enterprise



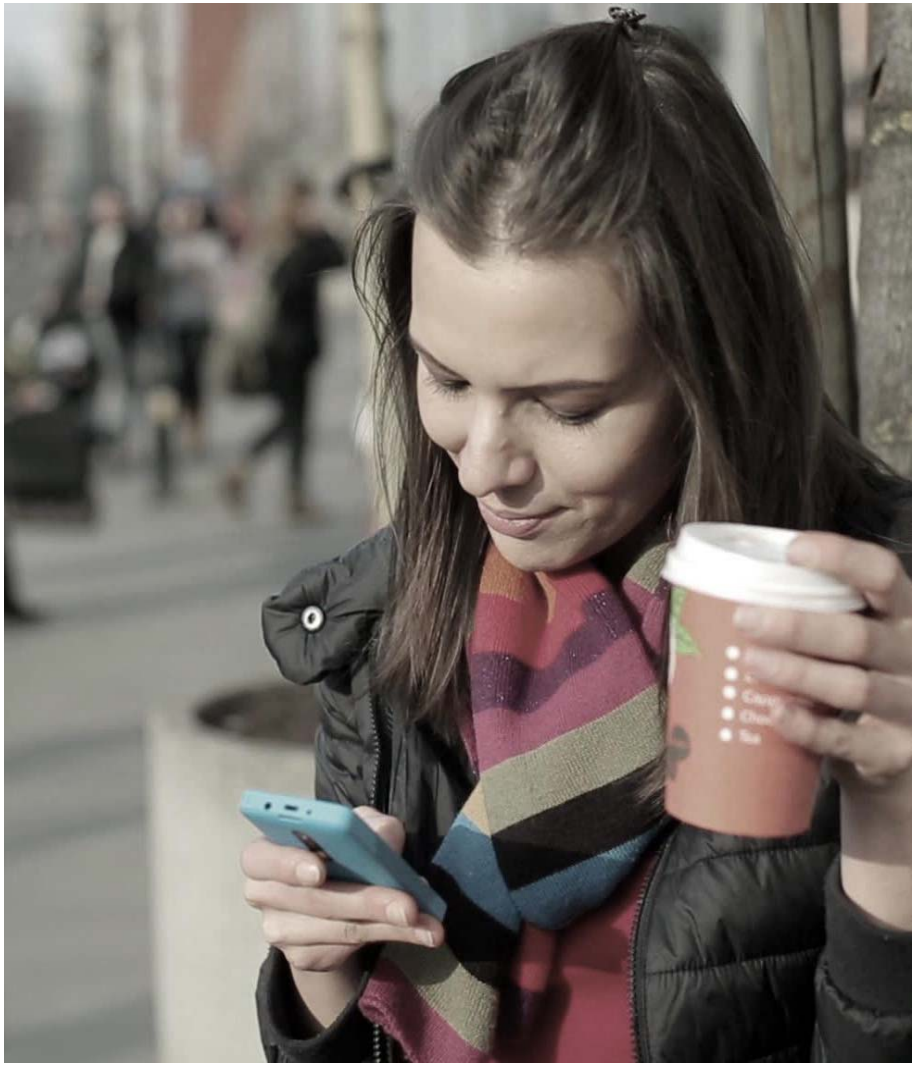
Booking % by Region



Strong Balance Sheet USD Millions

	Dec. 31, 2013	Dec. 31, 2014	Sep. 30, 2015
Cash and Investments	121.6	132.4	122.8
Total Assets	199.3	212.9	214.3
Deferred Revenues	12.5	12.7	13.7
Total Debt	0	0	0
Shareholders Equity	169.9	175.0	172.3

Investment Summary



- Allot's innovative security and monetization portfolio help mobile service providers to increase ARPU and reduce churn.
- The security segment includes anti-malware, anti-spam, anti-DDoS and PC solutions. This segment is the most dominant within Allot's VAS category.
- During Q3 2015, booking continued to recover sequentially.
- Market Opportunities include offering security and monetization solutions for mobile service providers.

THANKÜ

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