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.

Allot Communications:
Drive the Digital Experience

Allot Communications is a leading provider of security and monetization solutions that enable service providers to protect and personalize the digital experience

Allot Solutions: Purpose-Built for Mobile CSPs

DIFFERENTIATED

- Blend customer intelligence, personalization with security to differentiate and reduce churn

SCALABLE

- Protect millions of users and make it easy for them to manage their own security service

FAST DELIVERY

- Pre-integrated service delivery framework assures easy integration and accelerates time-to-revenue

**Allot enables CSPs to make the most of their assets;
to effectively deliver revenue-generating services**

Allot Communications at a Glance

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

Sound Financial Performance (2015)

- **Revenues - $100.3M**
- **Net Income - $(0.0)M (Non GAAP basis)**
- **Profitable - (75% GM)**
- **Cash – $123.3M (as of Dec 31, 2015)**

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Worldwide Presence
Global Presence and Support Offices

Sales & Support Offices

Regional Headquarters

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

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Allot's Leadership

Infonetics' H2/2014 Service Provider DPI Report:

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

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

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

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

- "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"

Diverse Customer Base

Tier 1 Telcos, Fixed and Mobile

TELKOM INDONESIA tigo américa móvil PCCW **Mobile & Fixed** Virgin media

Telefónica TELMEX TOT

Tier 1 Mobile US SP

EMEA Tier 1 Mobile SP 26 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 GROUP 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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Allot and the Mobile CSP Evolution

OPTIMIZATION

- Bandwidth Management
- Reporting
- Traffic Optimization

CUSTOMER EXPERIENCE

- Analytics
- Policy Control
- Video Optimization
- TCP Optimization
- Caching

MONETIZATION & SECURITY

- Customer Engagement
- Anti-Malware
- DDoS Protection
- Parental Control
- Personalized service per tenant
- Mobile Advertising
- Cloud Services

2G	3G	4G/LTE	5G
2006 2008	2010 2012	2014 2016	2018

The Digital World is Evolving

Internet has become a "Way of life"

- Applications, devices & uses
- Connectivity omnipresent

The Infrastructure has changed

- Cloud, NFV & SDN, IoT
- Network services anywhere, anytime

The Impact

- Network-centric and cloud-based services
- Apps replace personal software
- Security is the major concern
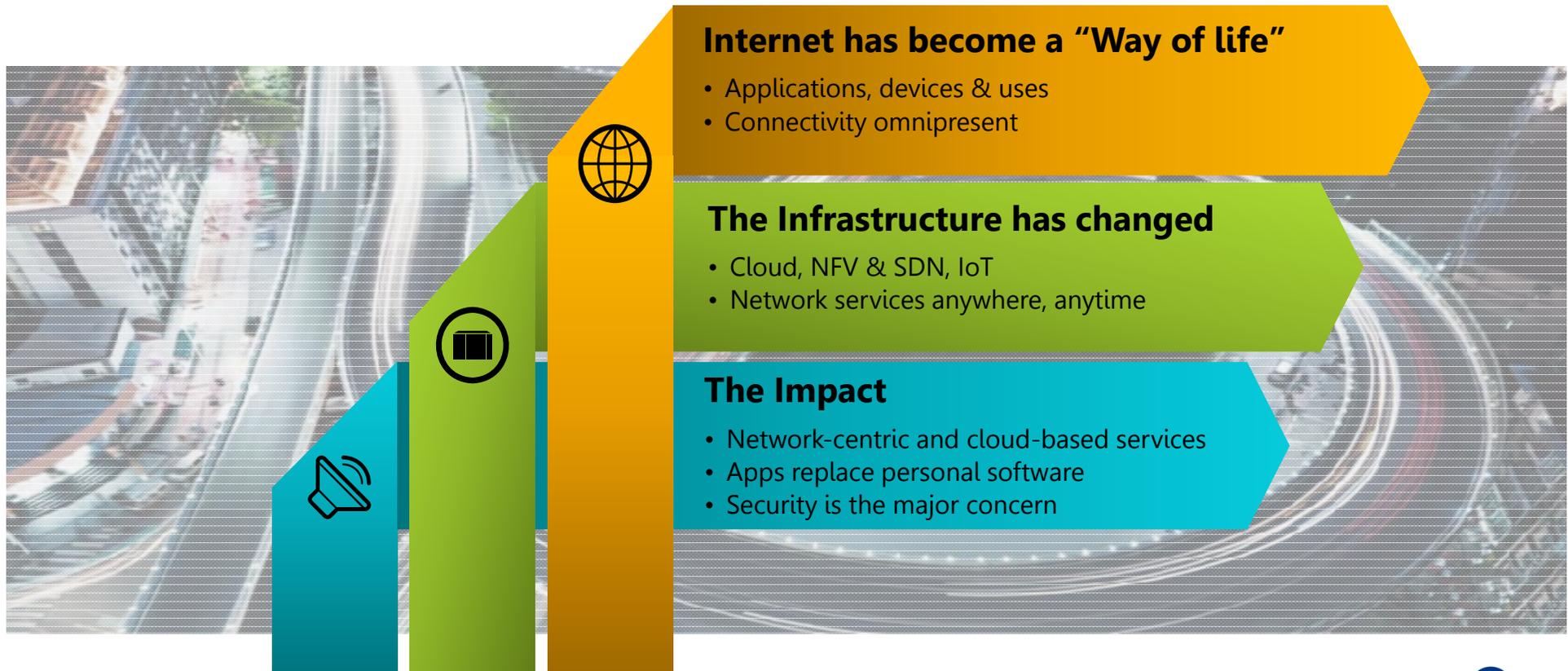
Customer Challenges

1) Revenue & market position erosion

2) Securing the digital lifestyle anytime, anywhere

3) Differentiation through service innovation

4) Accelerates Time to Launch & Revenue

Allot Monetization and Security Framework

PERSONALIZATION

Create, bundle and charge for personal value-added services

SECURITY

Safeguard your customers and your network against cyber threats

INTELLIGENCE

Know your customers and get close to them

Allot Service Delivery Framework

PERSONALIZATION

Get Closer to Customers through Personalization

Smart Engagement

- Personalized on-boarding
- In-App engagement
- In-Service engagement

Smart Service Plans

- Accurate Application-Based Charging
- Differentiated data plans
- Multi-tenant personal service

SECURITY

Protecting Network Customers and Assets

Web Security-as-a-Service

- Anti-malware
- Anti-phishing
- Anti-spam
- Ads blocking
- Parental Controls, Quiet Time
- Illegal Content Filtering
- Application Control

Operator Network

Network Security

- DDoS mitigation
- Anti-spam out
- Outgoing cyber threat protection
- On-premise and in the cloud network protection

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Web Security as a Service Scales to Support Millions

For Consumers

- Works with any device
- Easy to acquire
- Simple to use and personalize
- Hassle-free maintenance
- WiFi (off-network) continuity
- Peace of mind

For Businesses

- All the consumer benefits PLUS:
- Simple self management of user profiles and user groups
- Per-tenant Acceptable Use Policy
- Per-tenant visibility and reporting
- Per-tenant application control
- On-premise and cloud deployment options

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Delivering Value with Security-as-a-Service

TIER-1 MOBILE OPERATOR	SECURITY SERVICE	ADDITION TO ARPU	INCREMENTAL REVENUE
26M Total subscribers	**Over 6M** Subscribers	Average of **1€** per month	**€6M** per month Over **€70M** per Year

The Conclusion – Allot Brings Value

The Value to the End User
Easy to acquire, easy to operate, brings value

The Value to the Operator
- Incremental revenue
- Improved loyalty
- Better positioning

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INTELLIGENCE

Turning Your Big Data into Usable Data

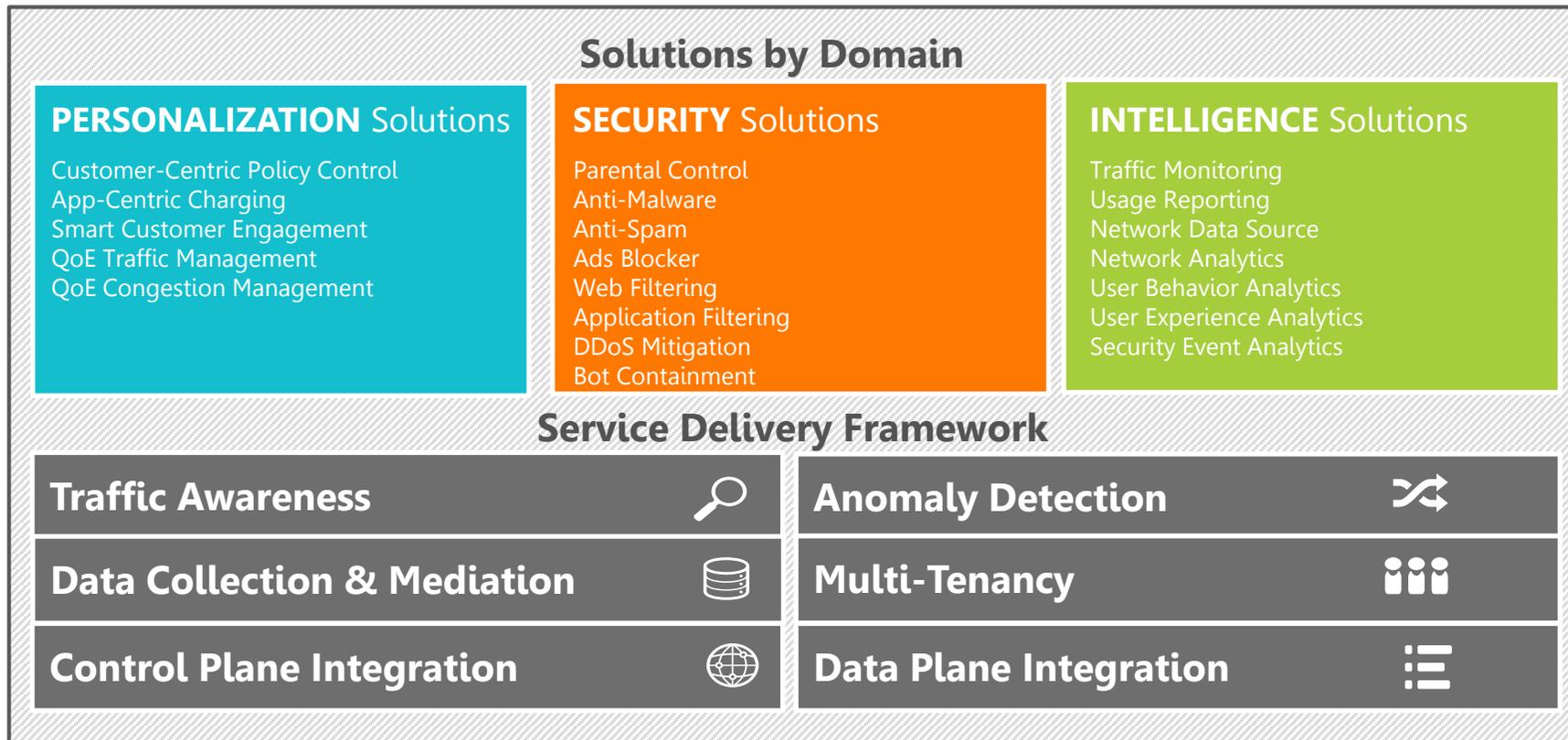| Network Data Source	Reporting & Analytics	Data Science Services
• Streaming Data Records • Smart Data Source	• ClearSee Network Metrics • ClearSee Network Analytics • ClearSee Real-Time View	• Custom data exports • Data curation • Custom analytical reports

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ALLOT SERVICE DELIVERY FRAMEWORK
A NEW WAY OF THINKING

Service Delivery Framework Powers Integrated Solutions

Solutions by Domain

PERSONALIZATION Solutions

Customer-Centric Policy Control
App-Centric Charging
Smart Customer Engagement
QoE Traffic Management
QoE Congestion Management

SECURITY Solutions

Parental Control
Anti-Malware
Anti-Spam
Ads Blocker
Web Filtering
Application Filtering
DDoS Mitigation
Bot Containment

INTELLIGENCE Solutions

Traffic Monitoring
Usage Reporting
Network Data Source
Network Analytics
User Behavior Analytics
User Experience Analytics
Security Event Analytics

Service Delivery Framework

Traffic Awareness 🔍	**Anomaly Detection** 🔀
Data Collection & Mediation 🗄	**Multi-Tenancy** 👥
Control Plane Integration 🌐	**Data Plane Integration** ☰

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The Allot Service Gateway 9500/Tera

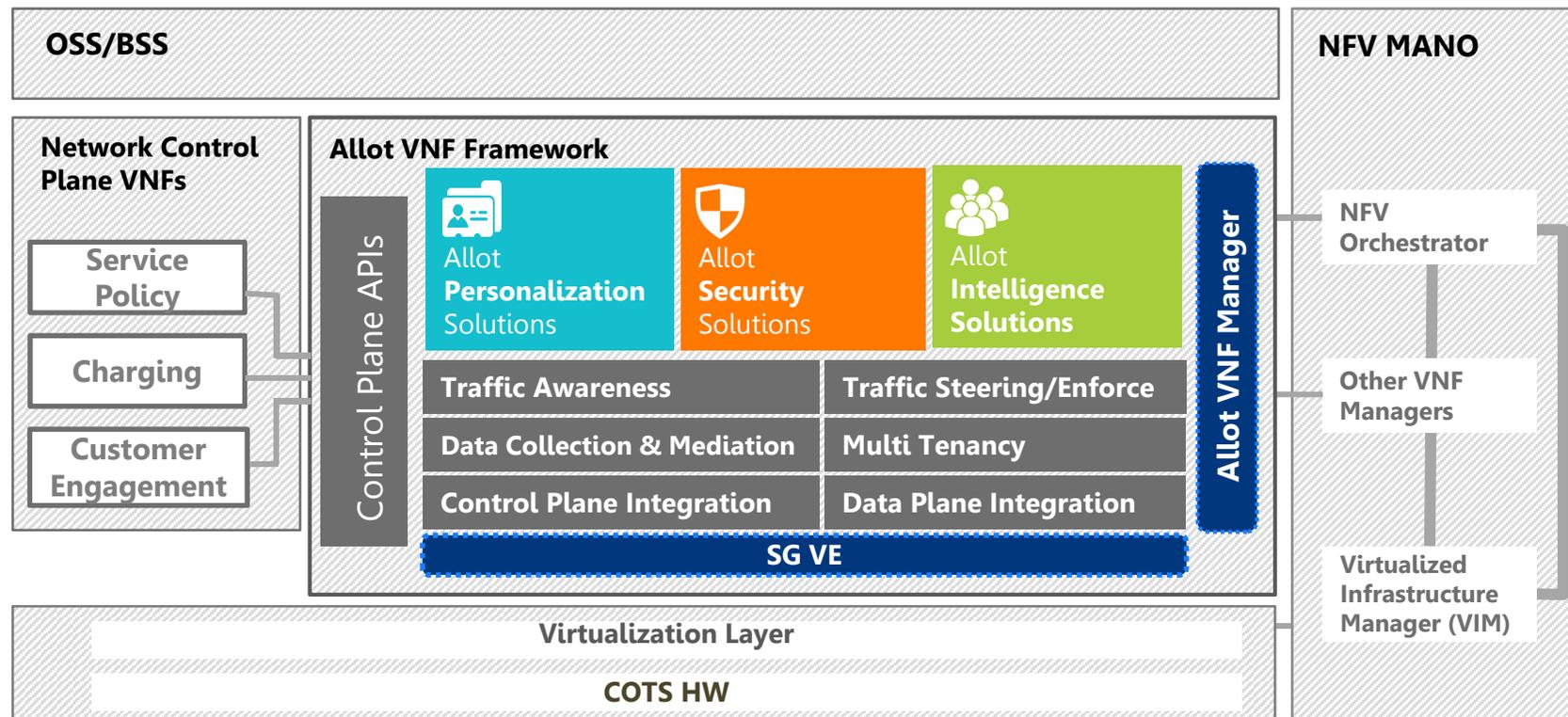| COMPREHENSIVE PLATFORM	VISIBILITY & CONTROL	SERVICE DELIVERY
• High performance • Pay-as-you-grow scalability • Interoperable with data-plane and control-plane network elements • NFV Ready • Intel-based hardware	• Real-time application visibility, policy enforcement, and charging overcoming encryption • Asymmetric traffic support • TDF and PCEF Functions (PCEF) in 3G/4G mobile data networks • Rich usage data for analytics	• Pre-integrated security services • Turnkey Security As A Service solutions • Deployment and management across any access

SG-9500 – Unique Value Proposition

- Out-of-the-box value-add security solutions

- Seamless and rapid deployment, on premise and in the Cloud

- Cost-effective; Powerful functionality in a small footprint

- Accurate traffic visibility and control

- Future proof scalability

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Allot NFV Strategy - Virtual Network Services

OSS/BSS

NFV MANO

Network Control Plane VNFs

Allot VNF Framework

- Service Policy
- Charging
- Customer Engagement

Control Plane APIs

Allot **Personalization** Solutions

Allot **Security** Solutions

Allot **Intelligence** Solutions

Allot VNF Manager

Traffic Awareness	Traffic Steering/Enforce
Data Collection & Mediation	Multi Tenancy
Control Plane Integration	Data Plane Integration

SG VE

Virtualization Layer

COTS HW

NFV Orchestrator

Other VNF Managers

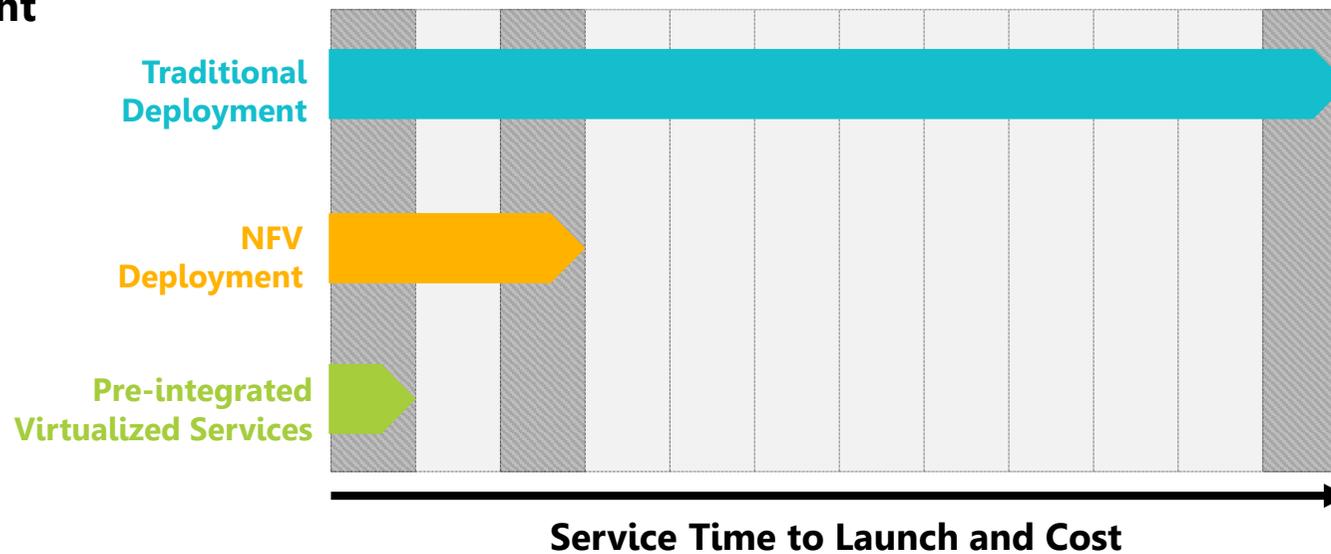Virtualized Infrastructure Manager (VIM)

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

Traditional Deployment

NFV Deployment

Pre-integrated Virtualized Services

Service Time to Launch and Cost

Financials

Financial Highlights Q4 2015

Revenues
$25.7M

Positive Cash Flow $1.7M

B2B>1

16% Revenue Decline
Q4 2015 compared to Q4 2014

22 Large Orders>$250K

- **13 Mobile**
- **9 Fixed**
- **3 New**

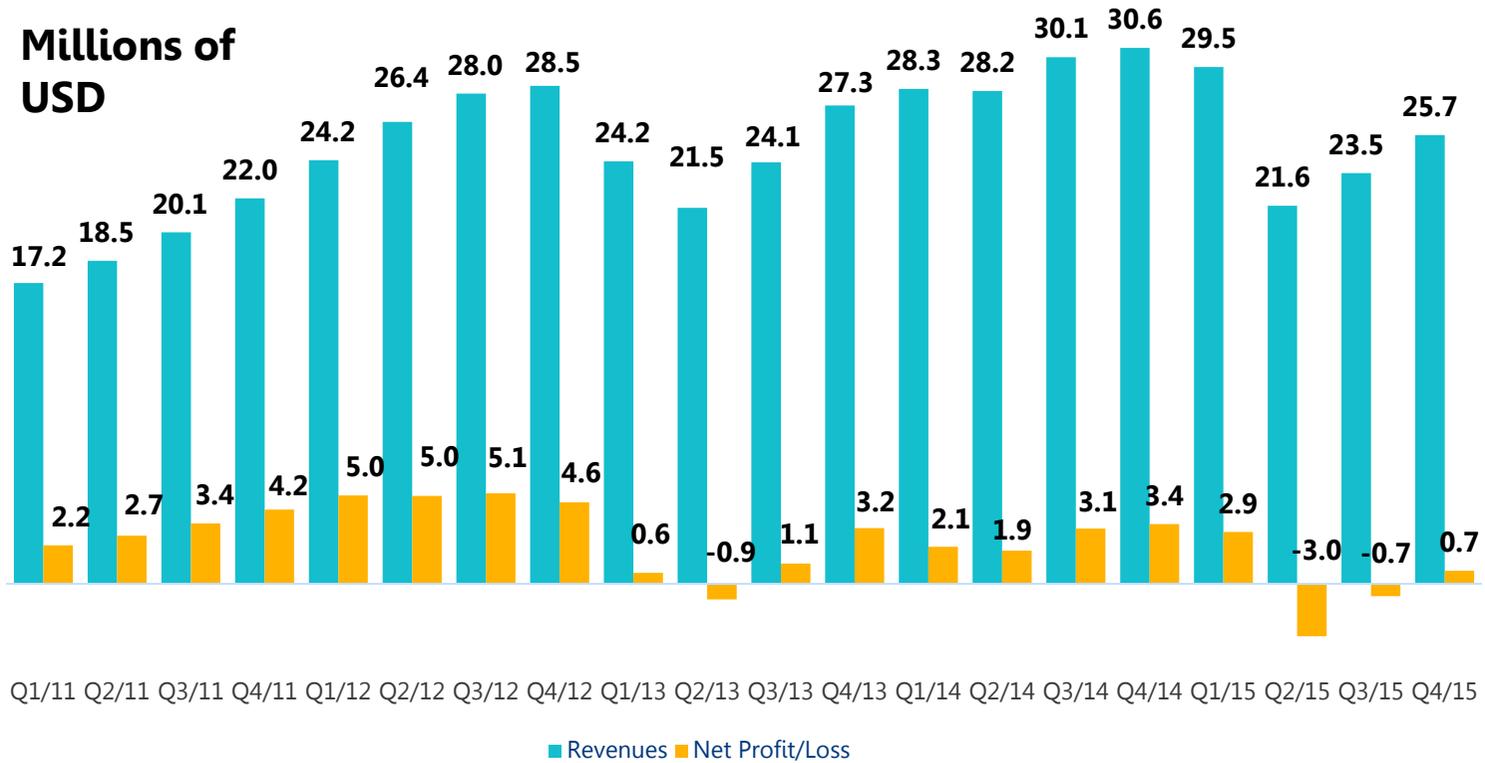**Gross Margin 74%**

Net Income $0.7M

Operating Margin 4%
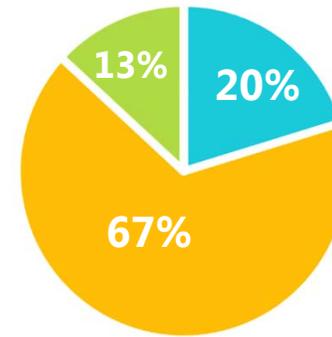
Operating Expenses $18.0M

Yearly P&L (Non-GAAP).

	2012	2013	2014	2015
Revenues	$107.1	$97.1	$117.2	$100.3
% Revenues Growth	38%	(9%)	21%	(14%)
Gross Profit	$78.2	$73.6	$87.3	$75.2
Gross Margin	73%	76%	74%	75%
Operating Profit	$18.4	$3.4	$9.9	$1.0
Operating Margin	17%	3%	8%	1%
Net Income	$19.8	$4.0	$10.5	($0.1)
Net Margin	18%	4%	9%	(0.0%)
EPS	$0.59	$0.12	$0.31	($0.00)
Operating cash flow	$8.7	($19.3)*	$15.8	$4.4

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Revenue and Net Income

Millions of USD

	Q1/11	Q2/11	Q3/11	Q4/11	Q1/12	Q2/12	Q3/12	Q4/12	Q1/13	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15
Revenues	17.2	18.5	20.1	22.0	24.2	26.4	28.0	28.5	24.2	21.5	24.1	27.3	28.3	28.2	30.1	30.6	29.5	21.6	23.5	25.7
Net Profit/Loss	2.2	2.7	3.4	4.2	5.0	5.0	5.1	4.6	0.6	-0.9	1.1	3.2	2.1	1.9	3.1	3.4	2.9	-3.0	-0.7	0.7

■ Revenues ■ Net Profit/Loss

Verticals

Q4 2015

Legend:
- Fixed (teal)
- Mobile (orange)
- Cloud\ Enterprise (green)

Pie chart (Q4 2015): 20%, 67%, 13%

Bar chart:

Year	Cloud\ Enterprise	Mobile	Fixed
2011	16%	24%	60%
2012	23%	35%	42%
2013	18%	40%	42%
2014	16%	41%	43%
2015	16%	53%	31%

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Booking % by Region

Q4 2015

Pie chart (Q4 2015):
- Americas: 28%
- APAC: 21%
- EMEA: 52%

Legend:
- **Americas**
- **APAC**
- **EMEA**

Stacked bar chart:

Region	2012	2013	2014	2015
Americas	31%	27%	13%	23%
APAC	21%	31%	36%	29%
EMEA	48%	42%	48%	49%

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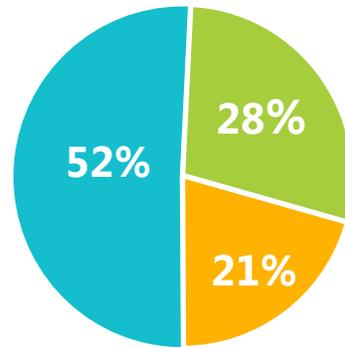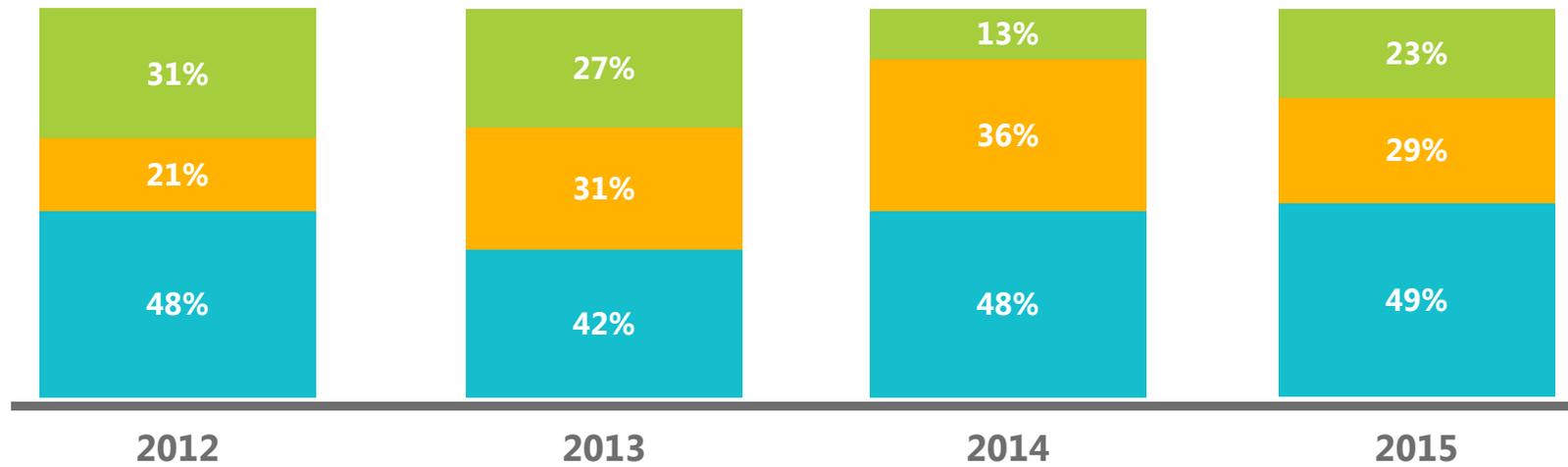
Strong Balance Sheet USD Millions

	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015
Cash and Investments	121.6	132.4	123.3
Total Assets	199.3	212.9	208.6
Deferred Revenues	12.5	12.7	14.1
Total Debt	0	0	0
Shareholders Equity	169.9	175.0	163.4

Investment Summary

- Allot's innovative and personalization solutions help mobile service providers (MSPs) to increase ARPU and reduce churn.

- Allot enables MSPs to make the most of their assets to effectively deliver revenue-generating services

- During Q4 2015, booking reached record level. Security amounted to 30% of total revenues.

- Market Opportunities include offering security and monetization solutions for mobile service providers.

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