



Corporate Update

Mellanox Interconnects Boost Business Performance

July 2013

 **Mellanox**
TECHNOLOGIES
Connect. Accelerate. Outperform.™

These slides and the accompanying oral presentation contain forward-looking statements and information.

The use of words such as “may”, “might”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “project”, “intend”, “future”, “potential” or “continued”, and other similar expressions are intended to identify forward-looking statements.

All of these forward-looking statements are based on estimates and assumptions by our management that, although we believe to be reasonable, are inherently uncertain. Forward-looking statements involve risks and uncertainties, including, but not limited to, economic, competitive, governmental and technological factors outside of our control, that may cause our business, industry, strategy or actual results to differ materially from the forward-looking statement.

These risks and uncertainties may include those discussed under the heading “Risk Factors” in the Company’s most recent 10K and 10Qs on file with the Securities and Exchange Commission, and other factors which may not be known to us. Any forward-looking statement speaks only as of its date. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

Leading Supplier of End-to-End Interconnect Solutions



Comprehensive End-to-End InfiniBand and Ethernet Portfolio

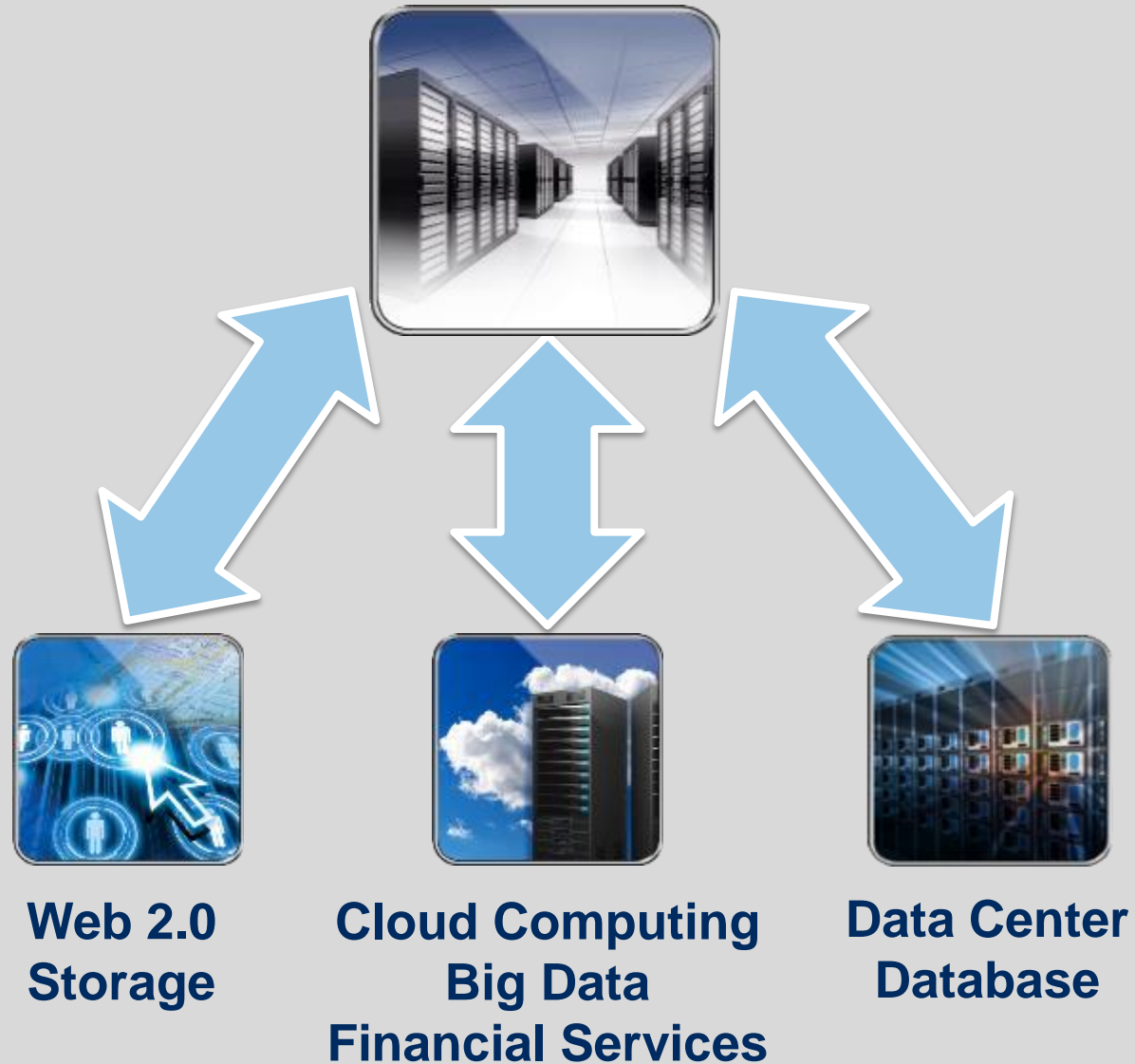
ICs	Adapter Cards	Switches/Gateways	Host/Fabric Software	Cables

- **Leading provider of high-throughput, low-latency server and storage interconnect**
 - FDR 56Gb/s InfiniBand and 10/40/56GbE
 - Reduces application wait-time for data
 - Dramatically increases ROI on data center infrastructure
- **Company headquarters:**
 - Yokneam, Israel; Sunnyvale, California
 - ~1,200 employees* worldwide
- **Solid financial position**
 - Record revenue in FY12; \$500.8M, up 93% year-over-year
 - Q2'13 revenue of \$98.2M
 - Q3'13 guidance ~\$104M to \$109M
 - Cash + investments @ 6/30/13 = \$411.3M

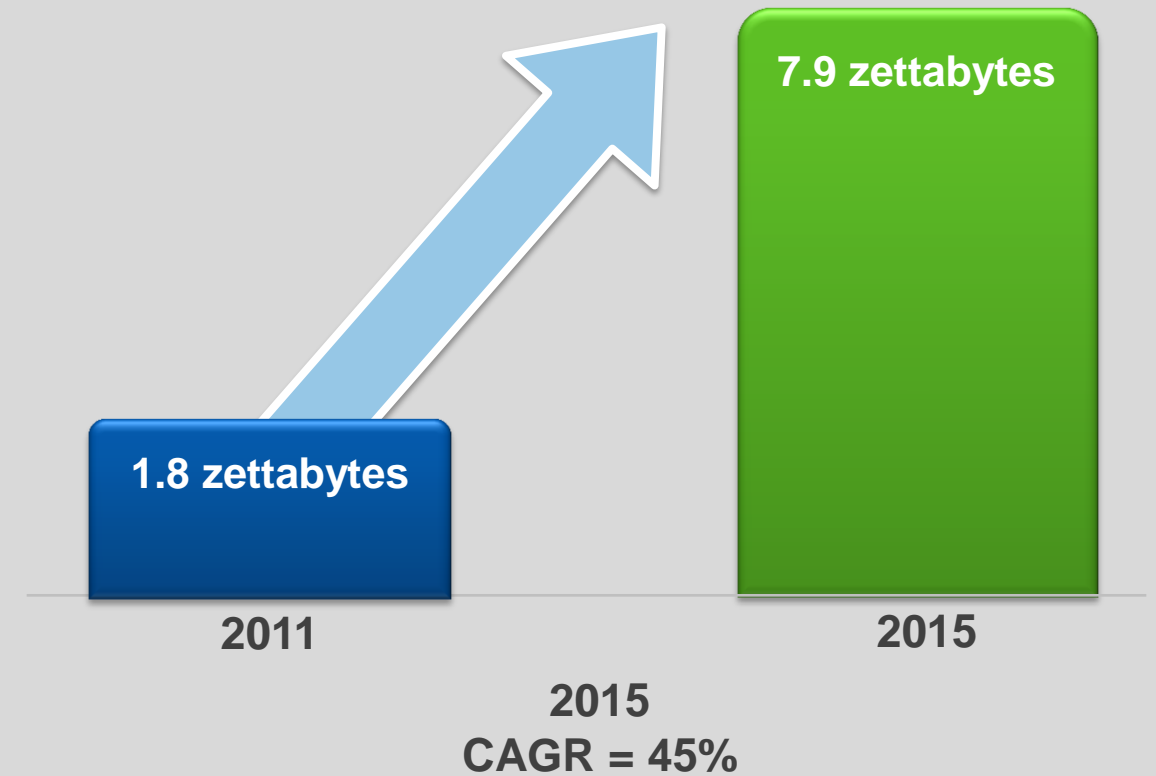


* As of June 2013

High-Performance Computing



The Digital Universe¹ Exponential Growth of Data



Proliferation of Data will be a Catalyst for Growth

¹ Source: IDC Digital Universe study, June 2011

Multi-Billion Dollar Total Available Market (TAM)

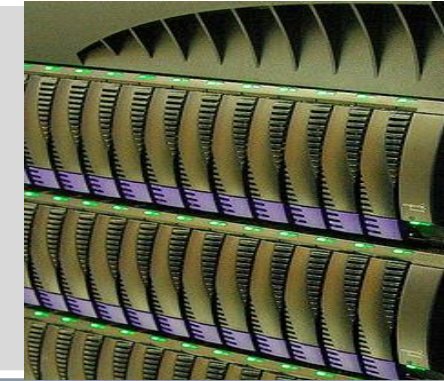


Servers 10.6M¹

1.9M HPC
2.2M in 2015, 8% CAGR

2.8M Web 2.0 & Cloud
3.5M in 2015, 11% CAGR

5.9M Enterprise Data Center
6.0M in 2015, 1% CAGR



Storage 3.4M¹

3.2M Front End
4.2M in 2015, 15% CAGR

0.2M Back End
0.4M in 2015, 24% CAGR



Embedded 0.6M²

0.7M in 2015, 6% CAGR



14.6M End Points = \$5.8B TAM³ in 2013
16.8M End Points = \$6.0B TAM⁴ in 2015

Source: ¹ IDC, Gartner; ² VDC Research;
³ Assumes \$400 ASP per end point;
⁴ Assumes \$360 ASP per end point

Top Tier OEMs, ISVs and Distribution Channels



Hardware OEMs

Server



Storage



Embedded

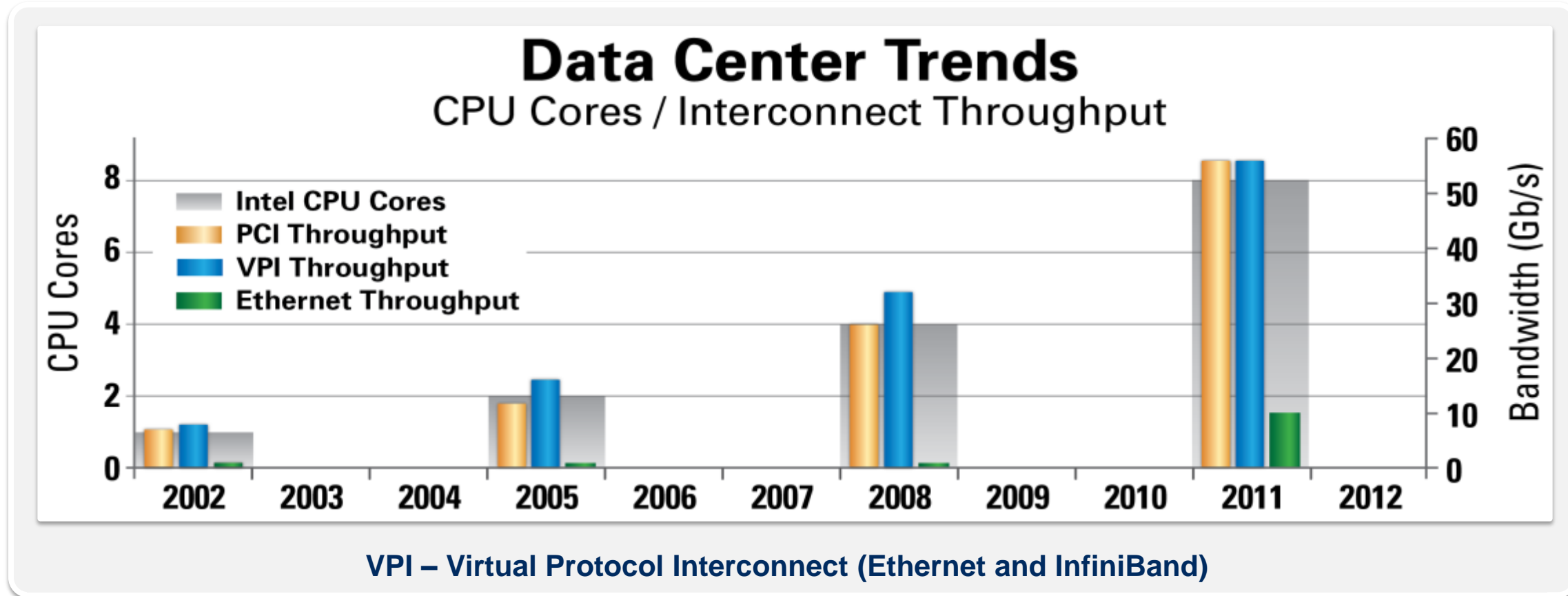


Software Partners



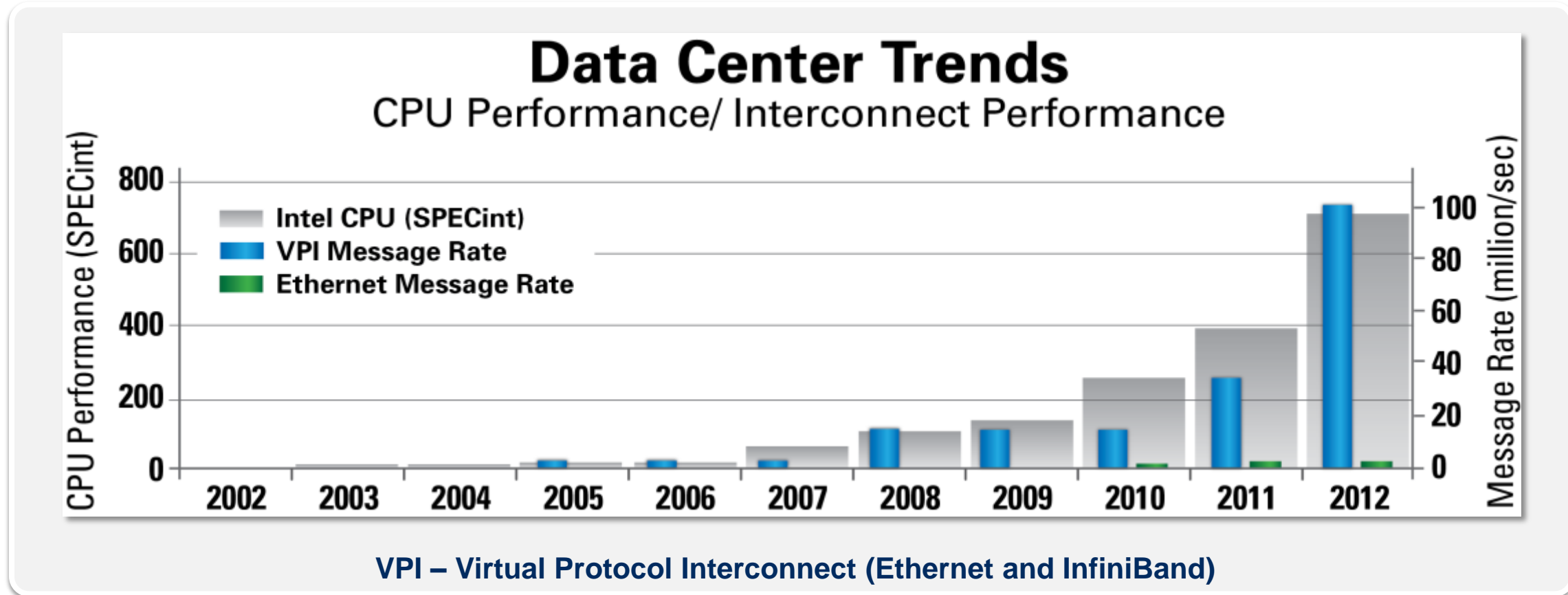
Selected Channel Partners





- CPU technology development demands high-performance interconnect
- Low-performance interconnects limit your competitive advantage

Balanced System = Uncompromised Performance

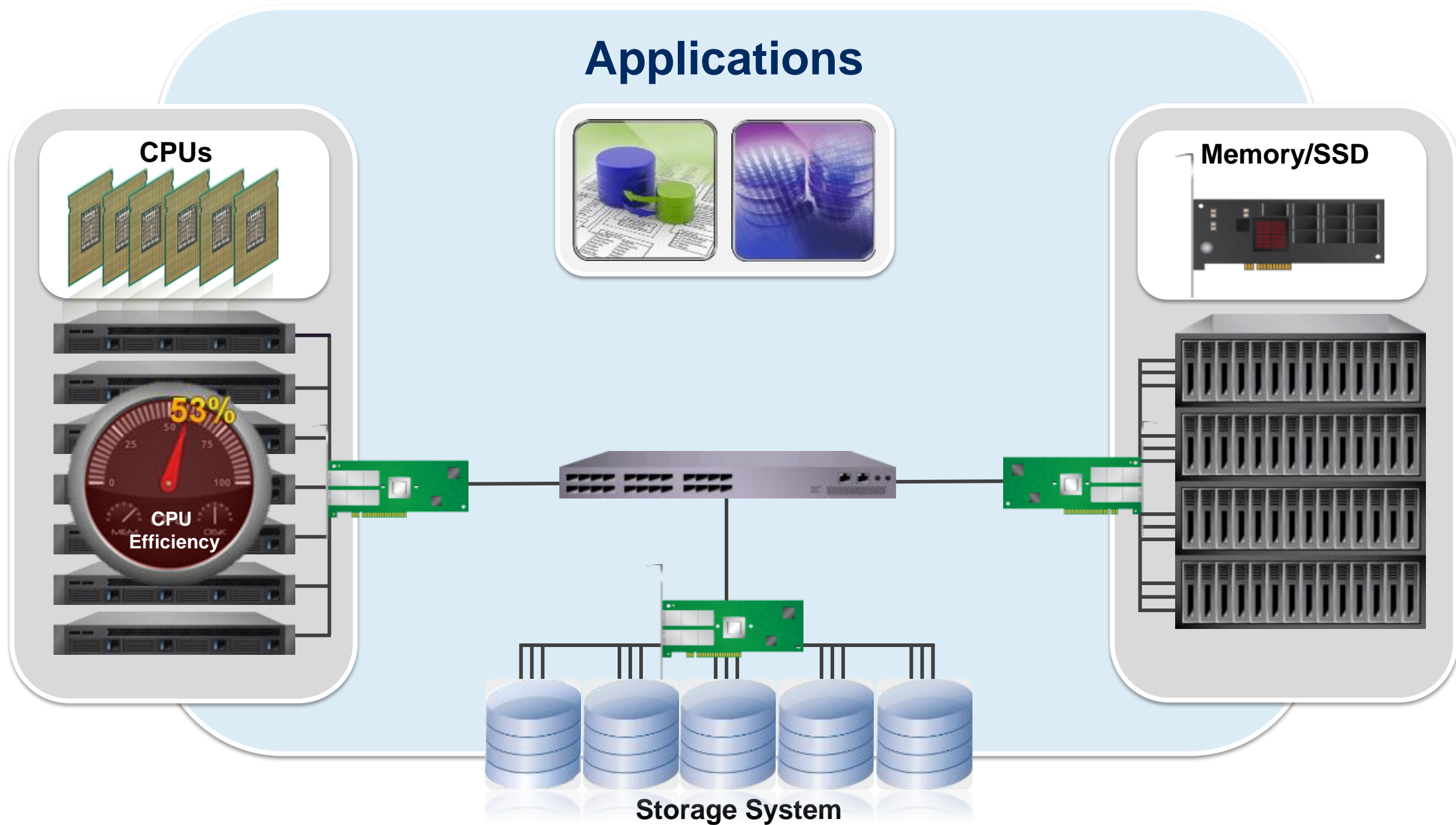


10 Years Performance Improvement

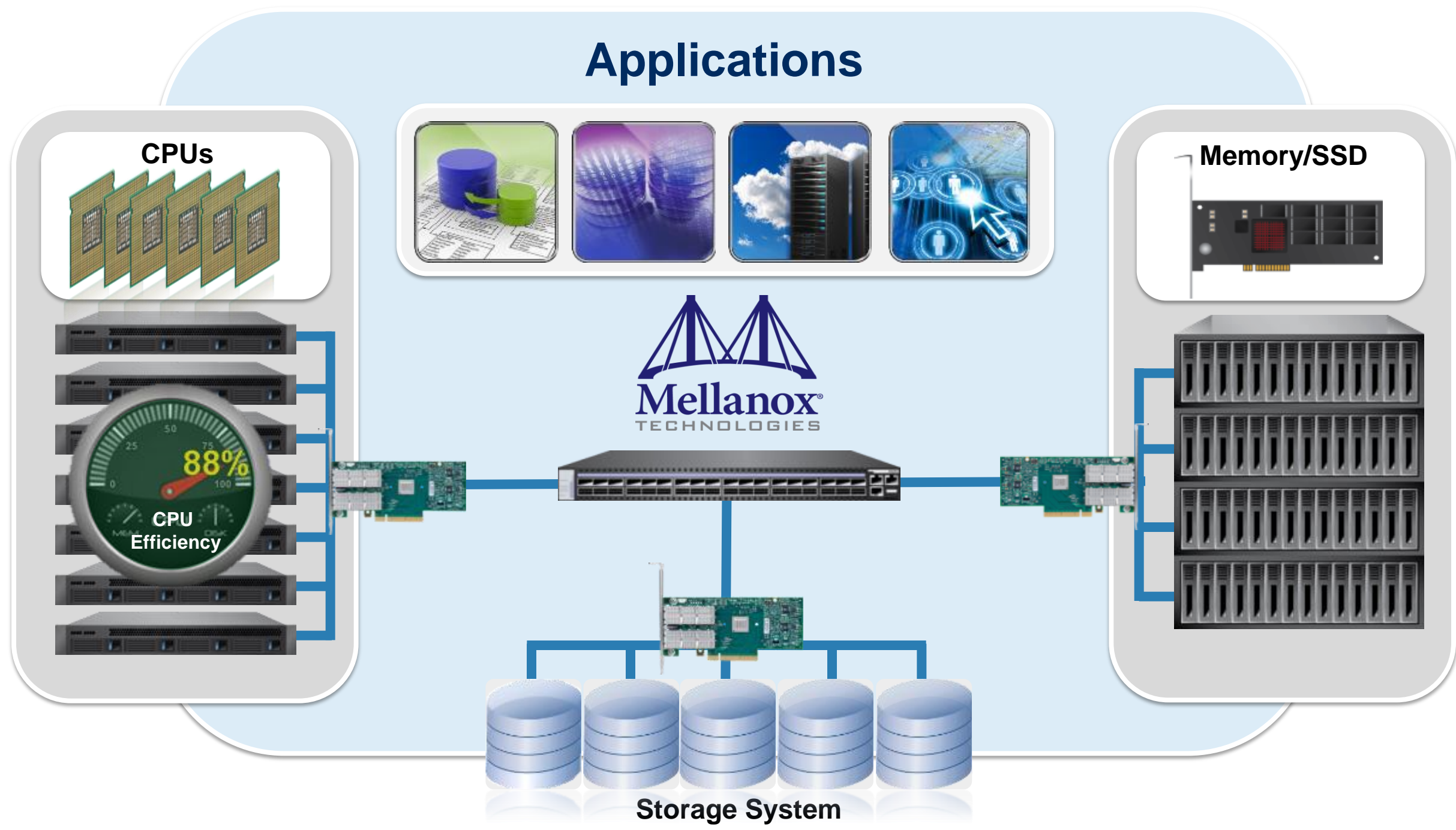
CPU	Virtual Protocol Interconnect	Ethernet
100X	100X	10X

Maximum Application Performance, Highest ROI

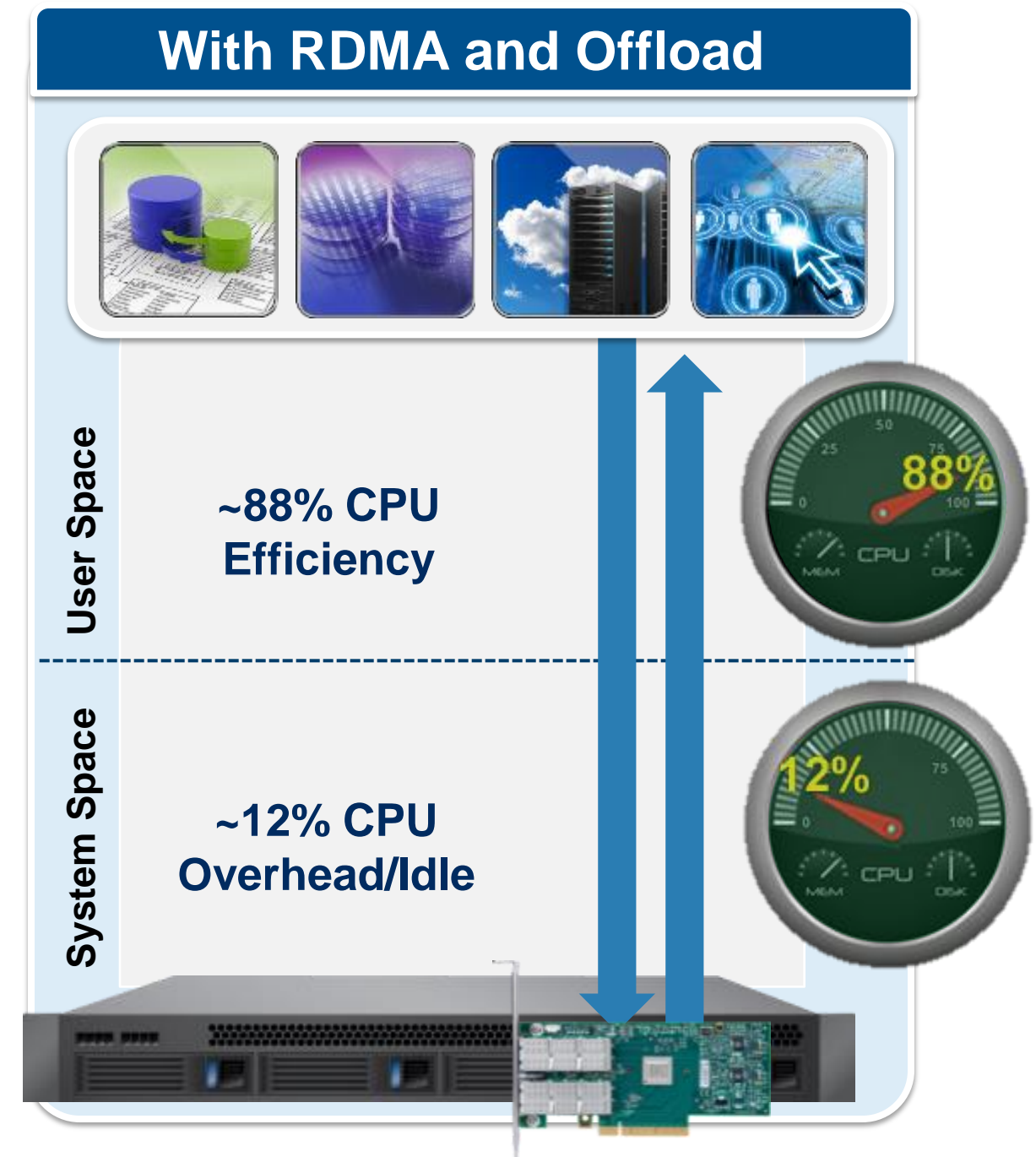
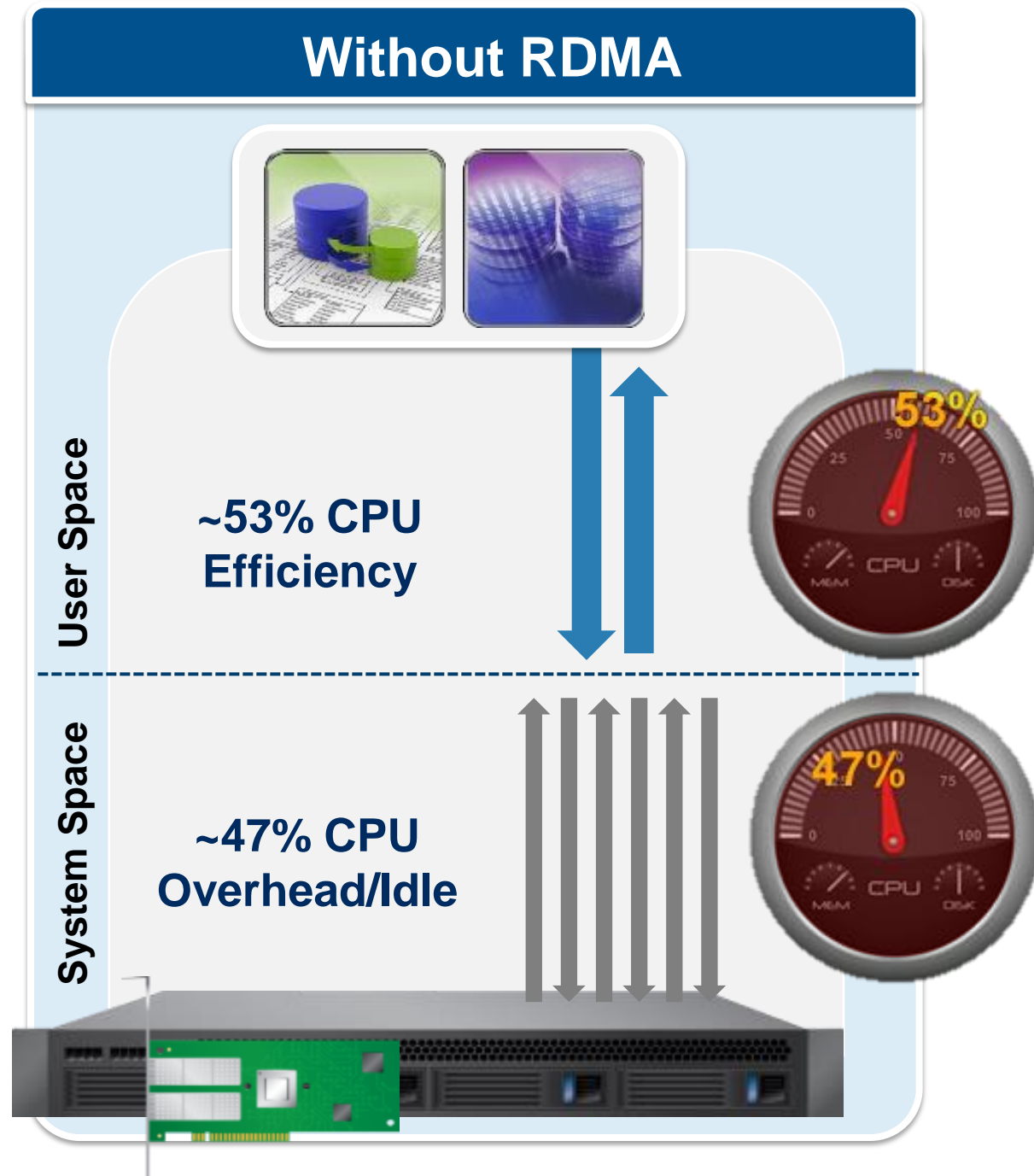
Interconnect is Critical in Delivering Applications' Data



Mellanox Boosts Application and Business Performance



I/O Offload Frees Up CPU for Application Processing



Faster Data Delivery Enables Scalable Data Centers and Applications



Applications



Cloud



Physical Infrastructure

1Gb/s



10Gb/s



Mellanox



ConnectX[®] 3 VPI Adapter



Applications

Networking

Storage

Clustering

Management

Acceleration Engines

PCI EXPRESS[™] 3.0



Ethernet: 10/40/56 Gb/s

InfiniBand: 10/20/40/56 Gb/s



LOM



Adapter Card



Mezzanine Card



SwitchX[®] 2 VPI Switch

Unified Fabric Manager

Switch OS Layer



64 ports 10GbE
 36 ports 40/56GbE
 48 10GbE + 12 40/56GbE
 36 ports IB up to 56Gb/s
 8 VPI subnets



From data center to campus and metro connectivity

Industry's Only End-to-End FDR 56Gb/s InfiniBand Provider



- **Highest performing interconnect**
 - Highest available bandwidth – 56Gb/s per port
 - Lowest end-to-end latency – <1us
 - End-to-end congestion control
 - Highest InfiniBand message rate: 137 million per second
 - Supports >256 cores per server
- **Superior application performance**
 - Big Data, Web 2.0, cloud, database, financial service, storage, etc.
 - Automotive, oil & gas, database mining, financial analysis, etc.
- **Best-in-class ROI**
 - High server utilization and productivity
 - Ultra-low power

Comprehensive End-to-End FDR 56Gb/s InfiniBand Portfolio


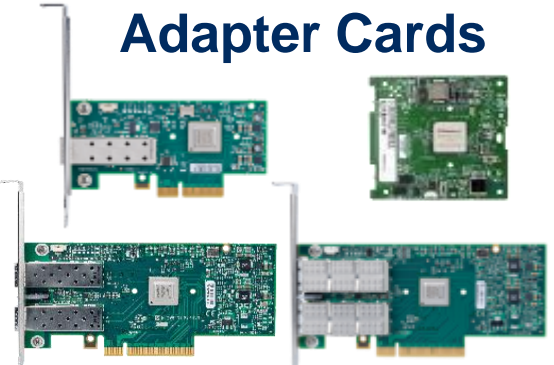



ICs 	Adapter Cards
Switches/Gateways 	
Software 	Cables

Industry's Only End-to-End 10/40/56GbE Provider

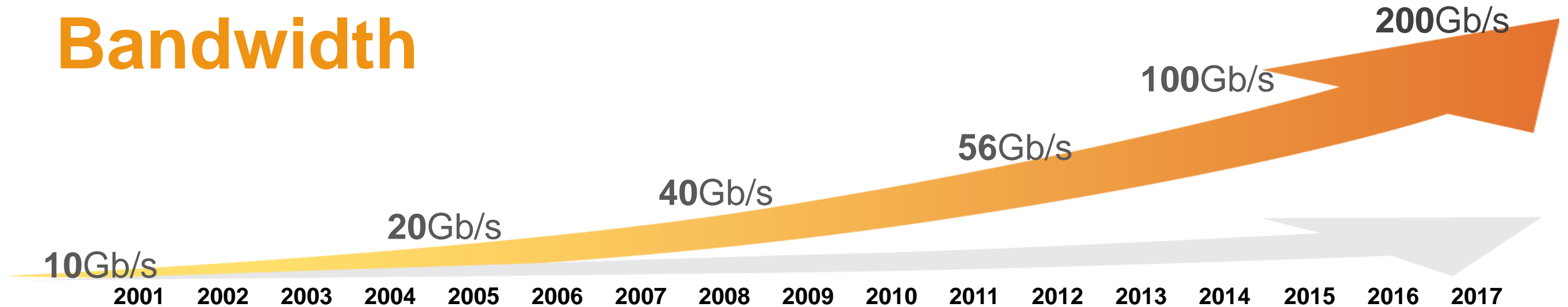


- **Superior Ethernet performance**
 - Fastest end-to-end Ethernet available
 - Lowest end-to-end latency
 - Backwards compatibility with 10GbE for infrastructure flexibility
- **Required by multi-core CPUs, virtualization**
 - Removes I/O bottlenecks that idles CPUs
 - Enables more full-performance VMs per server
 - Hardware offload engines for overlay networks
- **Best-in-class ROI**
 - High server utilization and productivity
 - Leading low-power and density

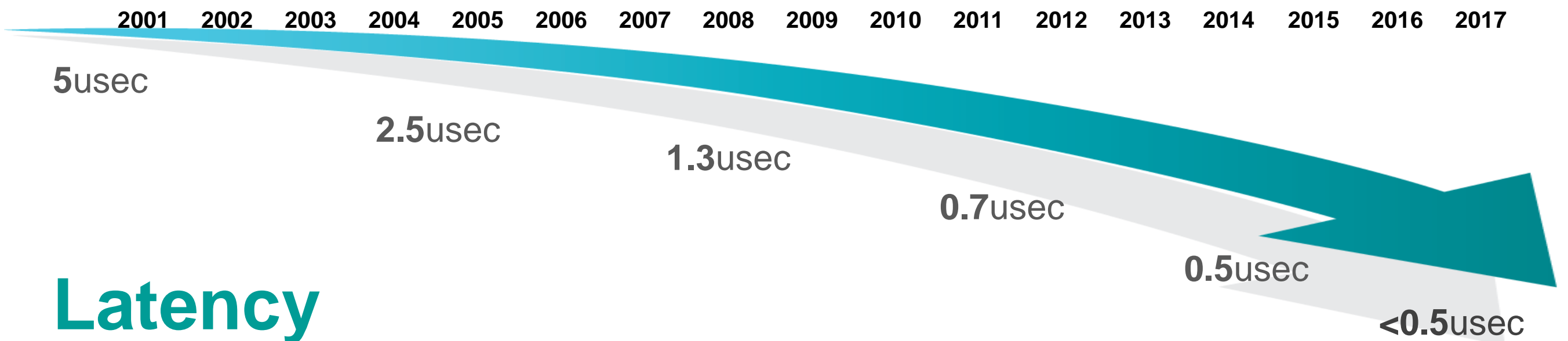
Comprehensive End-to-End 10/40/56GbE Portfolio

<h3>ICs</h3> 	<h3>Adapter Cards</h3> 
<h3>Switches/Gateways</h3> 	
<h3>Software</h3> 	<h3>Cables</h3> 

Bandwidth



Same Software Interface



Latency

HPC



Up to 10X
Performance and
Simulation Runtime

33% Higher GPU
Performance

Unlimited Scalability

Web 2.0



2X Hadoop
Performance

13X Memcached
Performance

4X Price/
Performance

DB/Enterprise



10X Database Query
Performance

4X Faster VM Migration

More VMs per
Server and More
Bandwidth per VM

Cloud



12X More
Throughput

Support More Users
at Higher Bandwidth

Improve and
Guarantee SLAs

Financial Services



Lowest Latency

62% Better
Execution Time

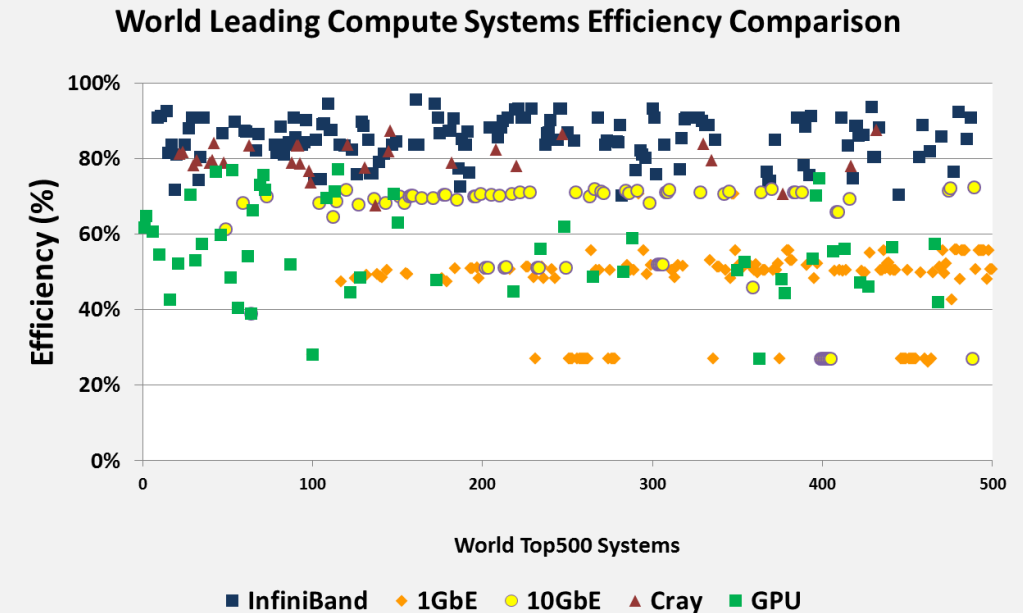
42% Faster Messages
Per Second

Storage



Mellanox storage acceleration
software provides >80% more
IOPS (I/O operations per second)

- InfiniBand is the de-facto interconnect solution on the June 2013 TOP500 list
 - 205 systems, 41% of the TOP500 list
 - Positioned to expand in cloud and Web 2.0
- InfiniBand is the most used interconnect for Petascale systems
 - Mellanox InfiniBand is the only Petascale-proven solution



- FDR InfiniBand connected systems increased 3.3X on the June 2013 TOP500 list compared to June 2012
 - From 21 systems to 67 systems
 - FDR InfiniBand connects the fastest InfiniBand systems on the list: TACC (#6), LRZ (#9), TOTAL (#11) and AFRL (#14)



FDR InfiniBand Provides Extreme Performance
187 Teraflops with **ONLY** 648 Servers
Half the server count, double the performance
from prior cluster

FDR InfiniBand Maximizes Server and Storage System Potential



Big Data Analytics (e.g. Hadoop)

- Run more jobs in parallel
- Faster rebalancing after node/link failure
- Faster data load into HDFS
- Ready for major increase in disks per node

2X



In-Memory Caching (e.g. Memcached)

- More transactions per second
- Faster response/retrieval time
- More users/clients per server

13X



Price-Performance

- More bandwidth at the same price
- Lower price per Gb/s
- Lower power per Gb/s

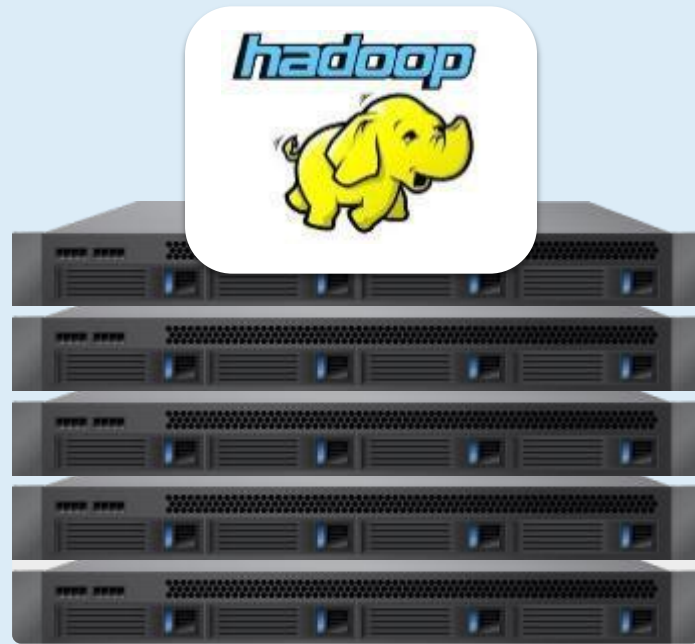
4X

Big Data: Double Hadoop Workloads on Same Cluster

- Hadoop (Terasort) benchmarks show 40%-50% runtime reduction
 - Mellanox 40GbE vs. competing 10GbE
 - Mellanox 10GbE + RDMA vs. competing 10GbE

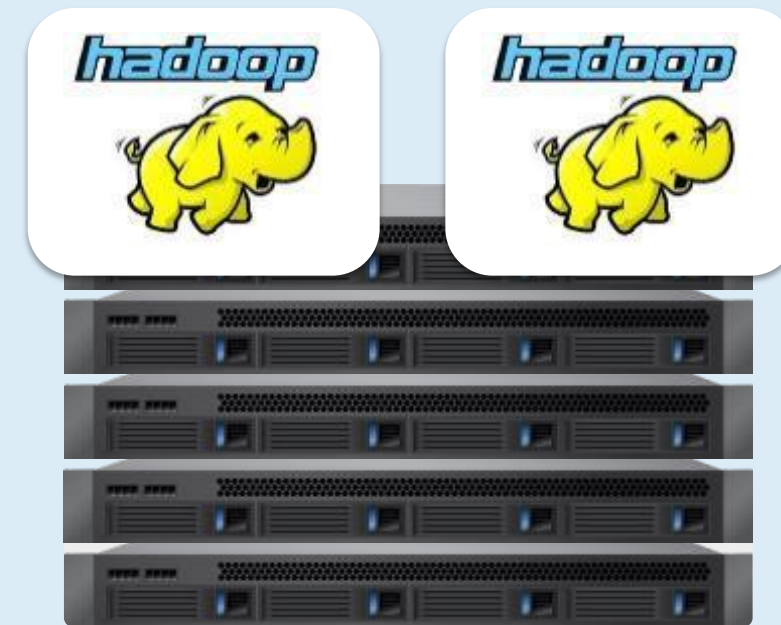
Without Mellanox

1 Workload



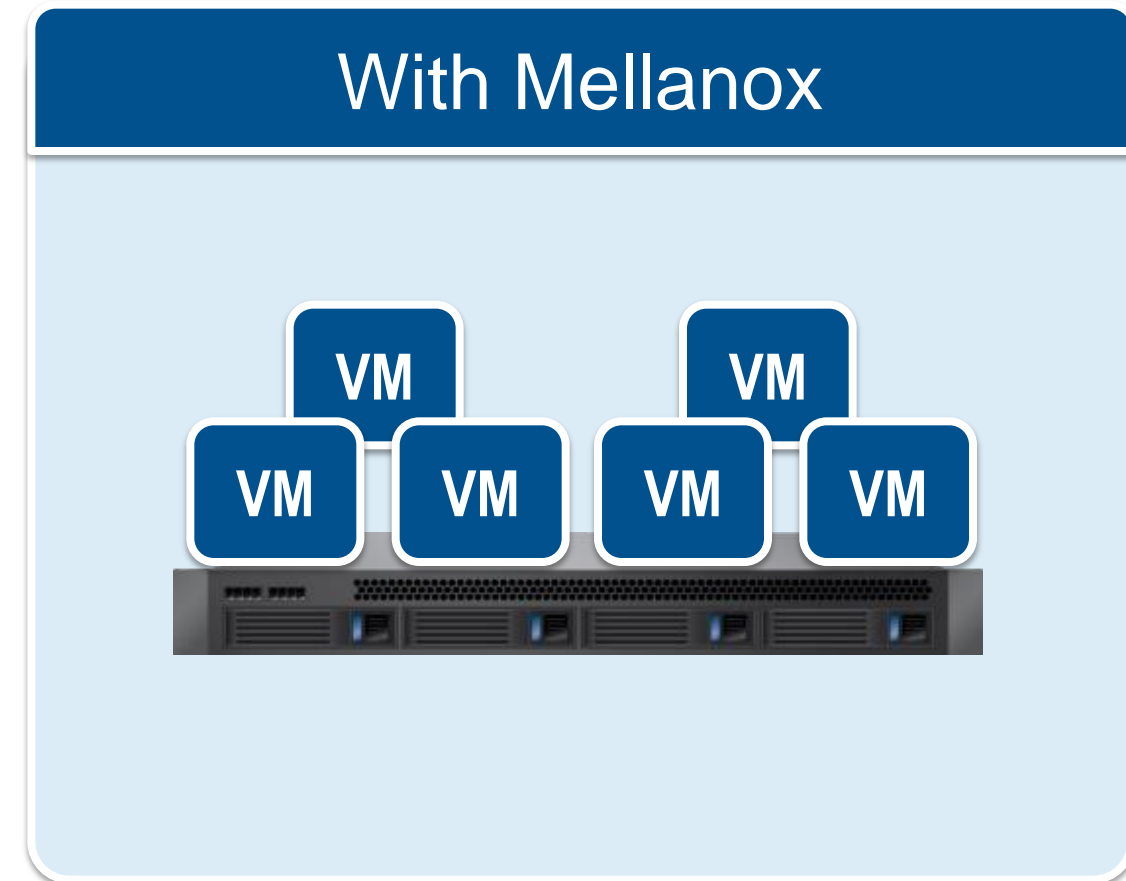
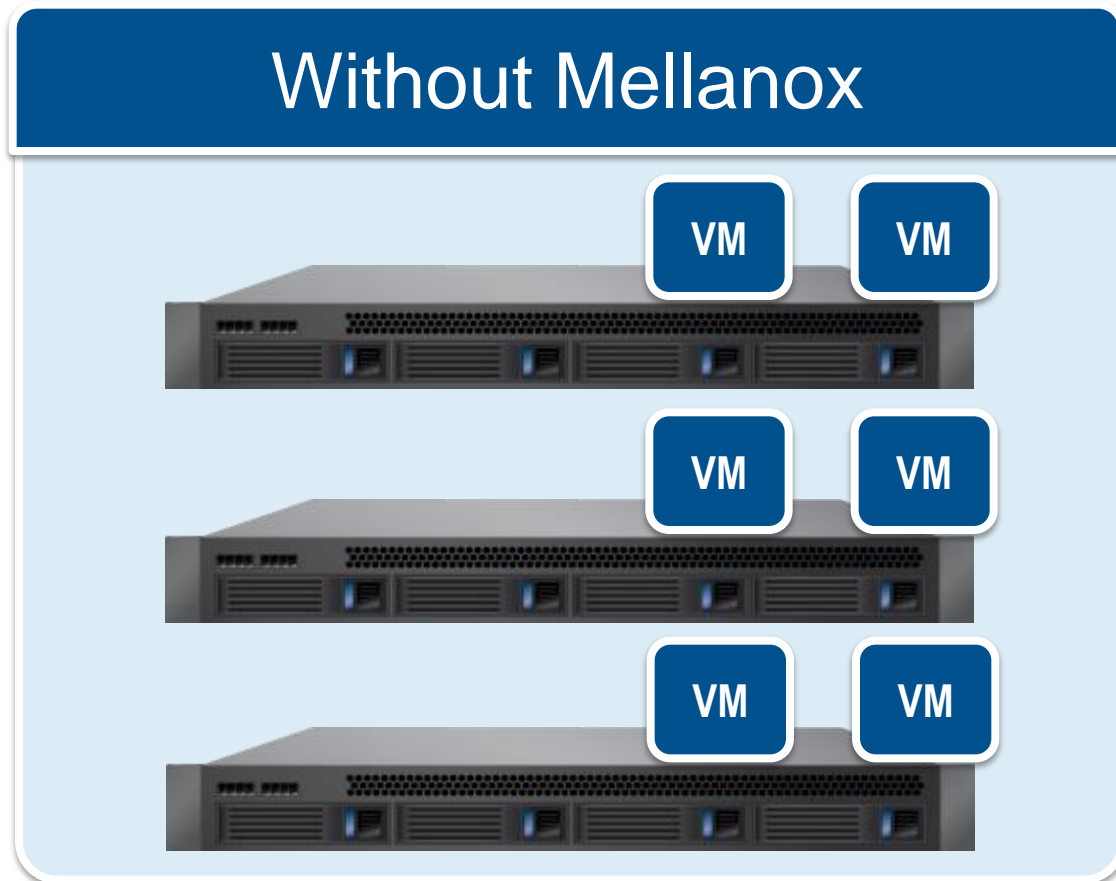
With Mellanox

1.5x-2x Workloads



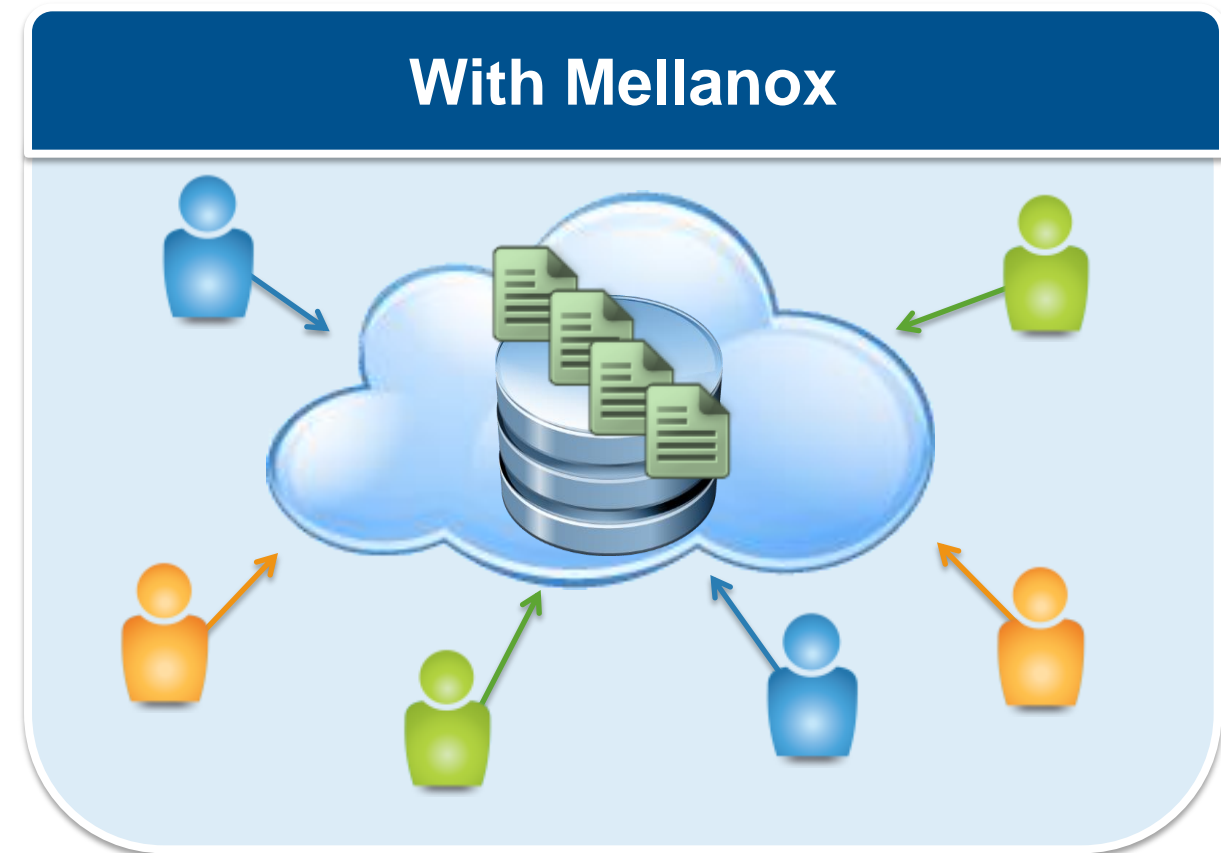
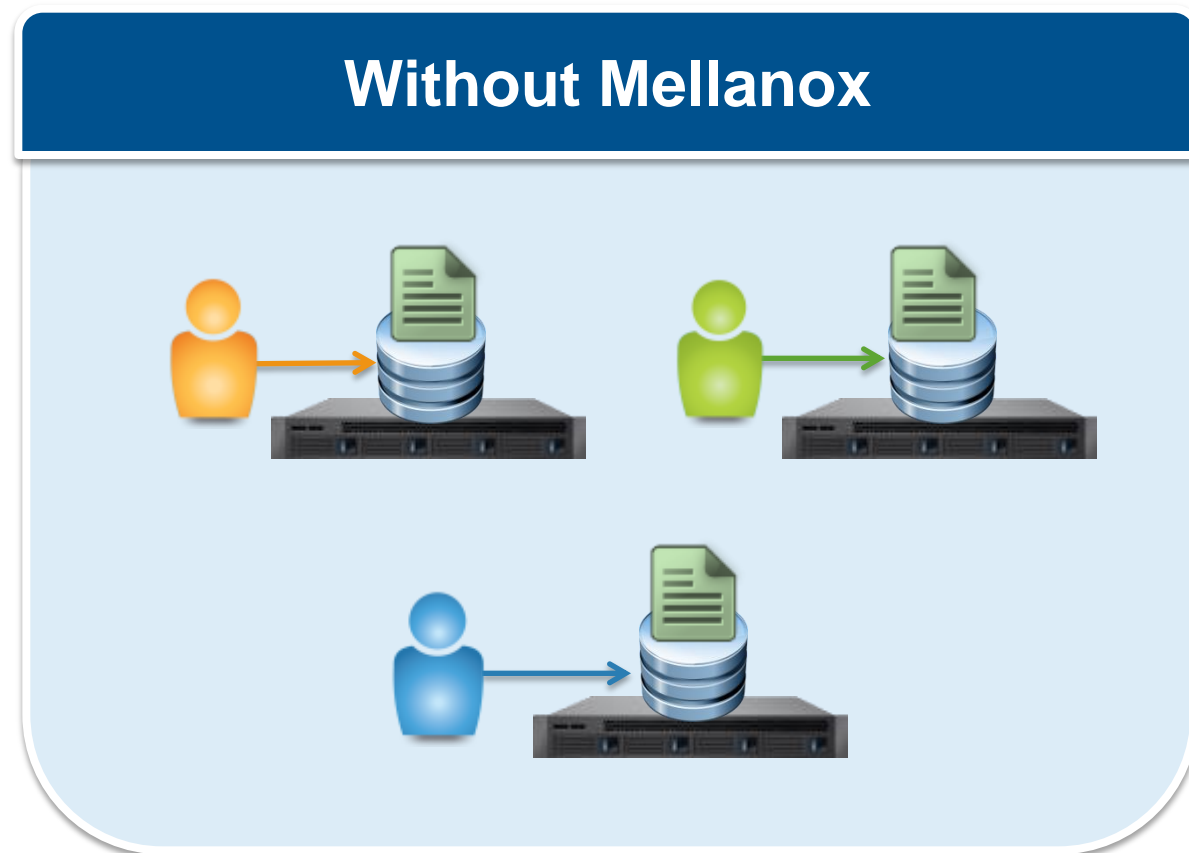
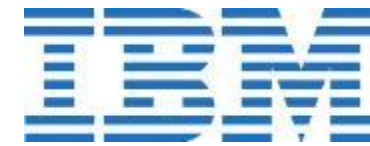
Drive Higher Dollars Per Square Foot for Public Cloud

- Triple the number of Virtual Machines per server: from 20 to 60 VMs
- Higher storage density: 2X throughput and I/O Operations per Second (IOPS)
 - Atlantic.net achieves 2X cloud I/O performance vs. Amazon with less cost using InfiniBand



Enables Database Virtualization

- Customer cost saving and ease of management
 - Consolidate departmental database servers without performance penalties



50% CAPEX Reduction for Bing Maps

- High-performance system to support map image processing
- 10X performance improvement compared to previous systems
- Half the cost compared to 10GbE
- Mellanox end-to-end InfiniBand 40Gb/s interconnect solutions



Cost-Effective Accelerated Web 2.0 Services

From 7 Days to 4 Hours!



- Mellanox FDR InfiniBand delivers 97% reduction in database recover time
 - From 7 days to 4 hours!
- Case: Tier-1 Fortune100 Web 2.0 company serving millions of mobile users
 - Enabling near real time response for mobile Web 2.0 users

InfiniBand Enables Lowest Application Cost in the Cloud



Microsoft Windows Azure

90.2% Cloud Efficiency

33% Lower Cost per Application

ORACLE® CLOUD

Application Performance

Improved up to 10X



3x Increase in VMs per Physical Server

Consolidation of Network and Storage I/O



32% Lower Cost per Application
694% Higher Network Performance



What Cloud Providers Say About Mellanox InfiniBand



“InfiniBand provides our customers with more features that they couldn’t get with other clouds.” - Robert Rizika, CEO, ProfitBricks



[CLICK TO WATCH FULL VIDEO](#)



“InfiniBand allows us to provide better services to our customers at an attractive price point.” - Marty Puranik, CEO, Atlantic.net



[CLICK TO WATCH FULL VIDEO](#)

10X Performance with Mellanox for Oracle



ORACLE[®]
The Enterprise Cloud for
Business-Critical Applications



Accelerated and Connected by Mellanox End-to-End InfiniBand Solutions

Exadata (database in-memory appliance)

Exalytics (Big Data)

Exalogic (cloud computing appliance)

ZFS (InfiniBand storage)

SuperCluster (Data Center in a box)

**Reduced hardware costs
by a factor of 5X**



Improved performance by a factor of 10X



Superior Database and Cloud Interconnect Performance

Increases Storage Return on Investment

- Faster access to storage and highest throughput
- Full utilization of flash and other fast storage investments
- Triple number of hard drives – same number of servers

ORACLE®

IBM

EMC²



TERADATA



sgi

DataDirect[™]
NETWORKS

xyratex.



LSI

■ Kotura

- Worldwide leading technology in silicon photonics using standard CMOS processes
 - Founded in 2004; first revenues in 2006
 - Provider of application-specific silicon optical components
 - 800k channels shipped and 1.2B device hours in live networks
 - 122 patents granted or pending
 - 81 employees, 25 PhDs
 - World-class team of photonics designers, packaging engineers, fabrication experts and manufacturing engineers
 - Headquartered in Monterey Park, California, with office in Shenzhen, China
- Currently shipping Variable Optical Attenuators and optical multiplexers for telecommunications networks

■ IPtronics

- Leading fabless supplier of low-power, high-speed analog semiconductors for parallel optical interconnect solutions that enable 10G, 40G and 100G data rates in the enterprise markets
 - Company sites: Copenhagen, Denmark and Menlo Park, CA
 - Employees: 20
 - Fabrication performed by ST Microelectronics
- Key Products include Vertical Cavity Surface-Emitting Laser (VCSEL) Driver, Modulator Drivers (MD), and Transimpedance Amplifiers (TIA) Arrays
- 4M units shipped

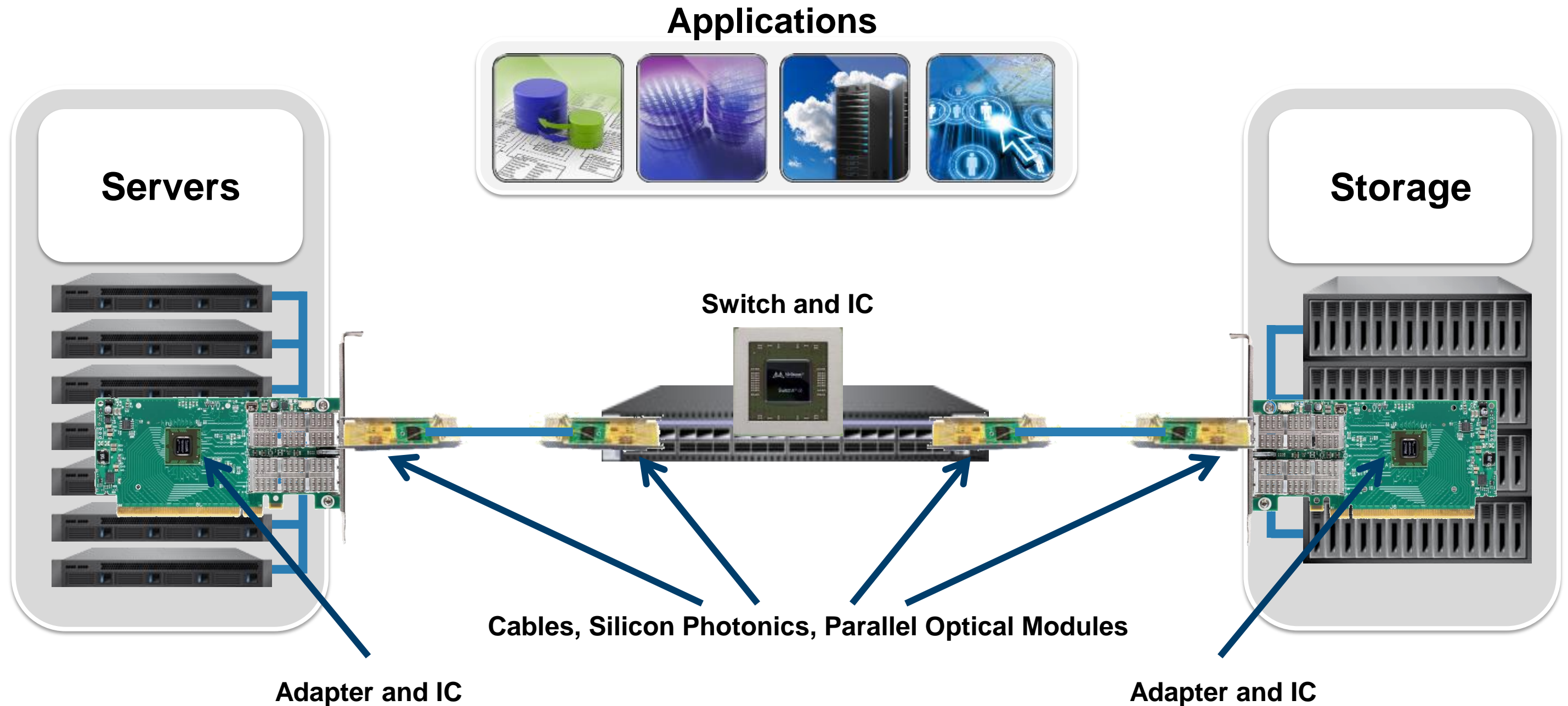
Acquisitions Continue Mellanox's Interconnect Leadership



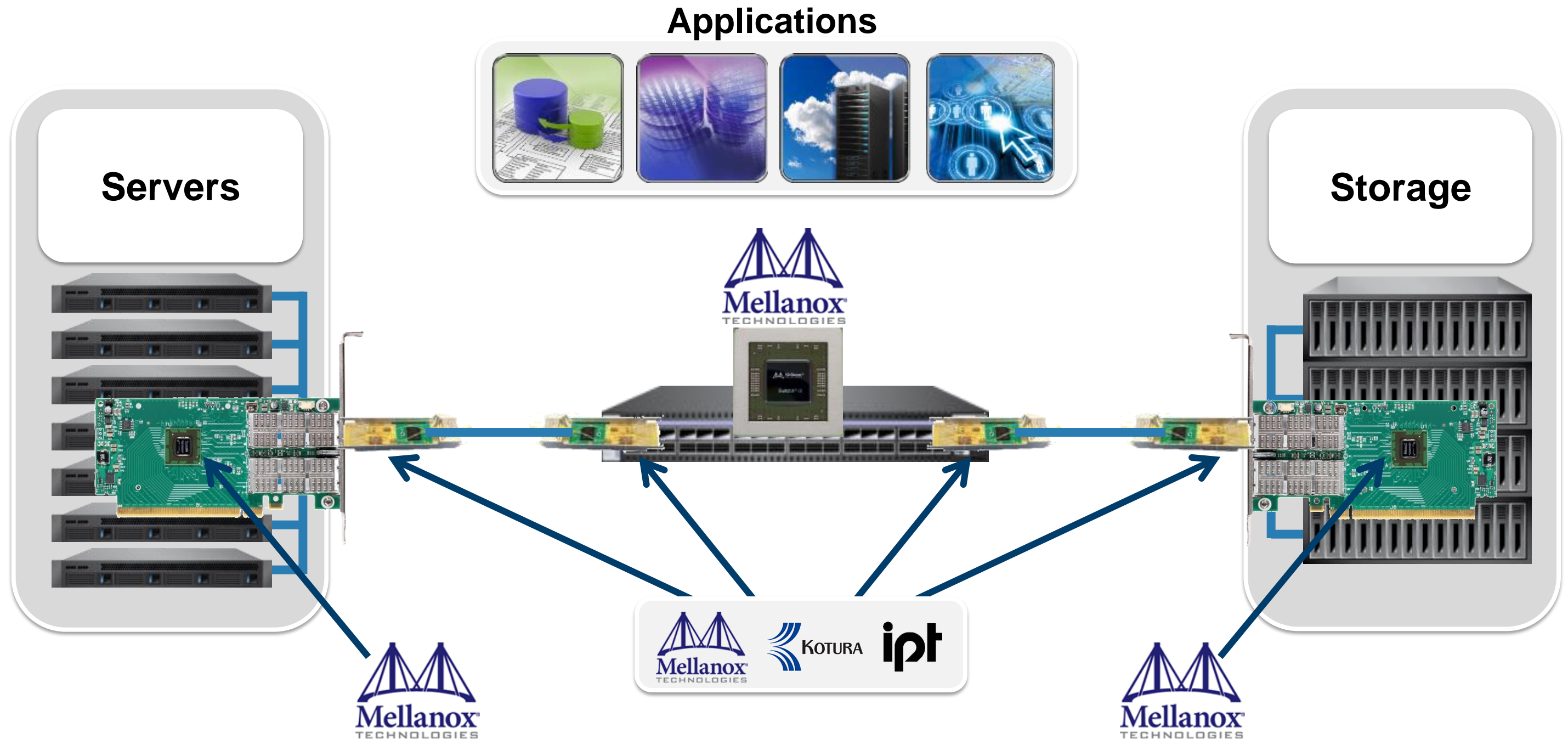
- Mellanox's optical interconnect portfolio is key to achieving reliable, longer reach 100Gb/s and above communication
- With Kotura and IPtronics, Mellanox uniquely positioned to continue leading the interconnect market with next-generation, end-to-end 100Gb/s interconnect solutions
- Expands Mellanox's ability to deliver cost-effective, high-speed networks with next generation optical connectivity
- Further solidifies Mellanox's performance leadership with reliable, cost-effective, scalable end-to-end interconnect solutions with lower power consumption
- Management and engineering teams have a track record of success



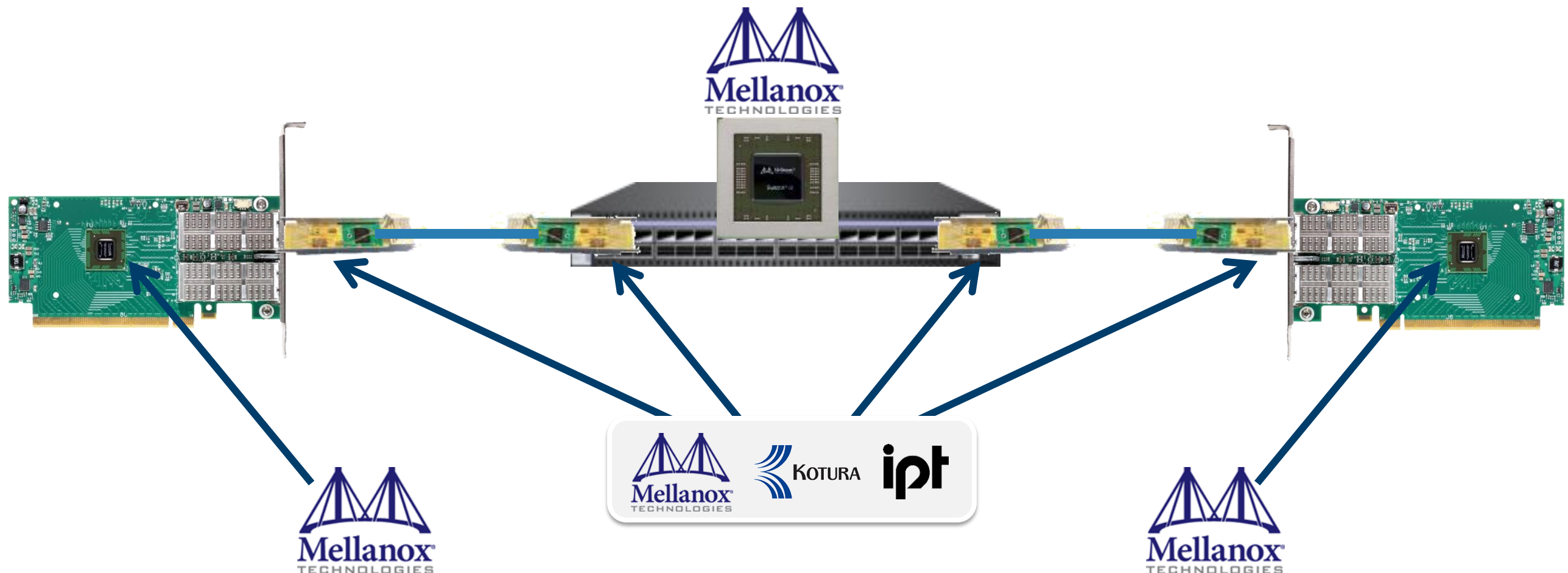
Key Elements in a Data Center Interconnect



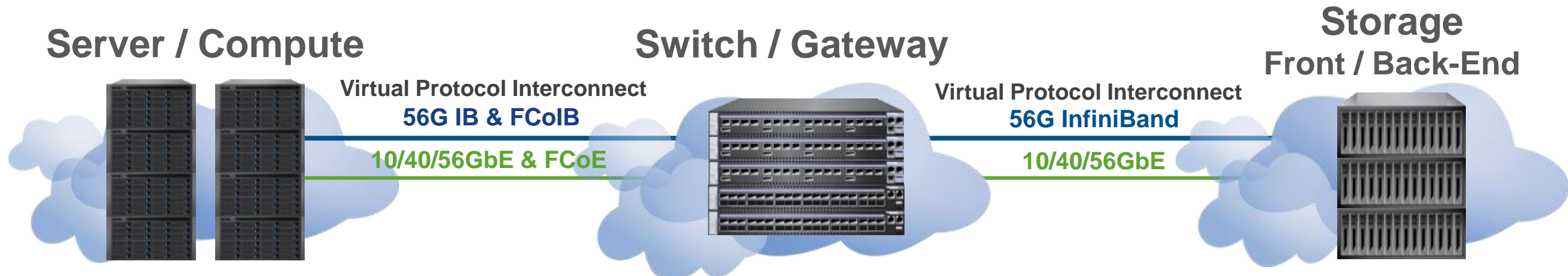
Mellanox's World-Leading End-to-End Interconnect Solutions



Recent Acquisitions of Kotura and IPtronics Enable Mellanox to Deliver Complete High-Speed Optical Interconnect Solutions for 100Gb/s and Beyond



Kotura Supports Mellanox's Interconnect Leadership



Kotura and IPtronics Products to be Integrated in Mellanox's End-to-End Solutions

Comprehensive End-to-End InfiniBand and Ethernet Portfolio

ICs



Adapter Cards



Switches/Gateways



Host/Fabric Software



Cables

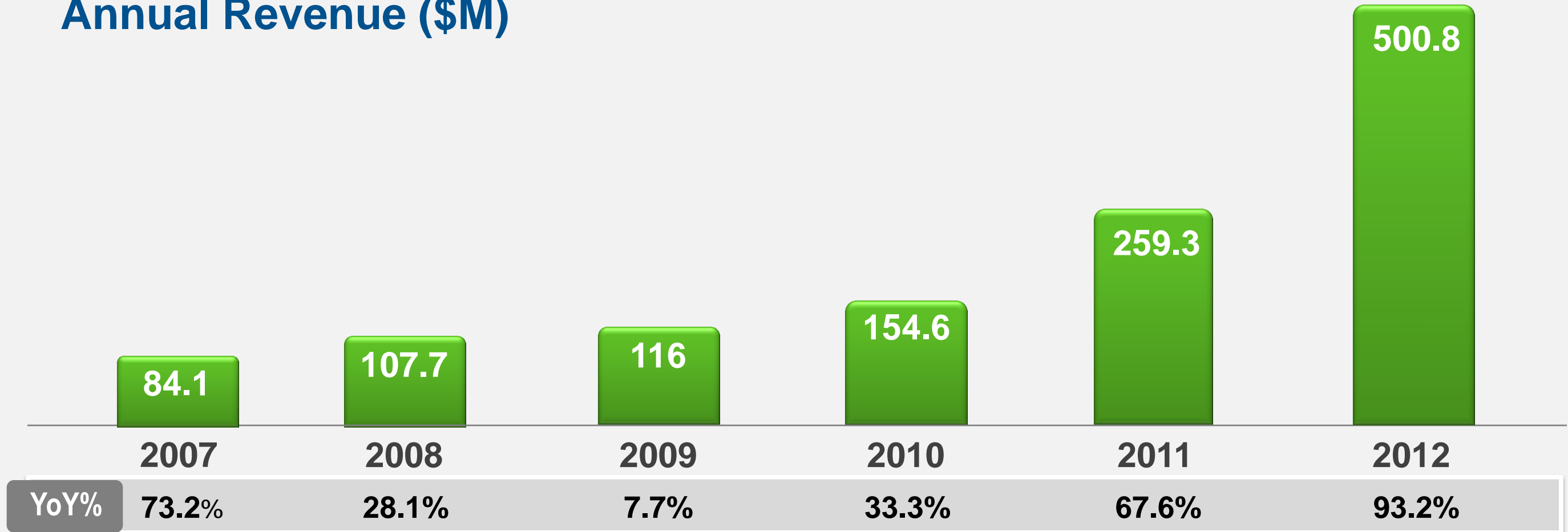


Financial Overview

Historical Annual Revenue Growth



Annual Revenue (\$M)



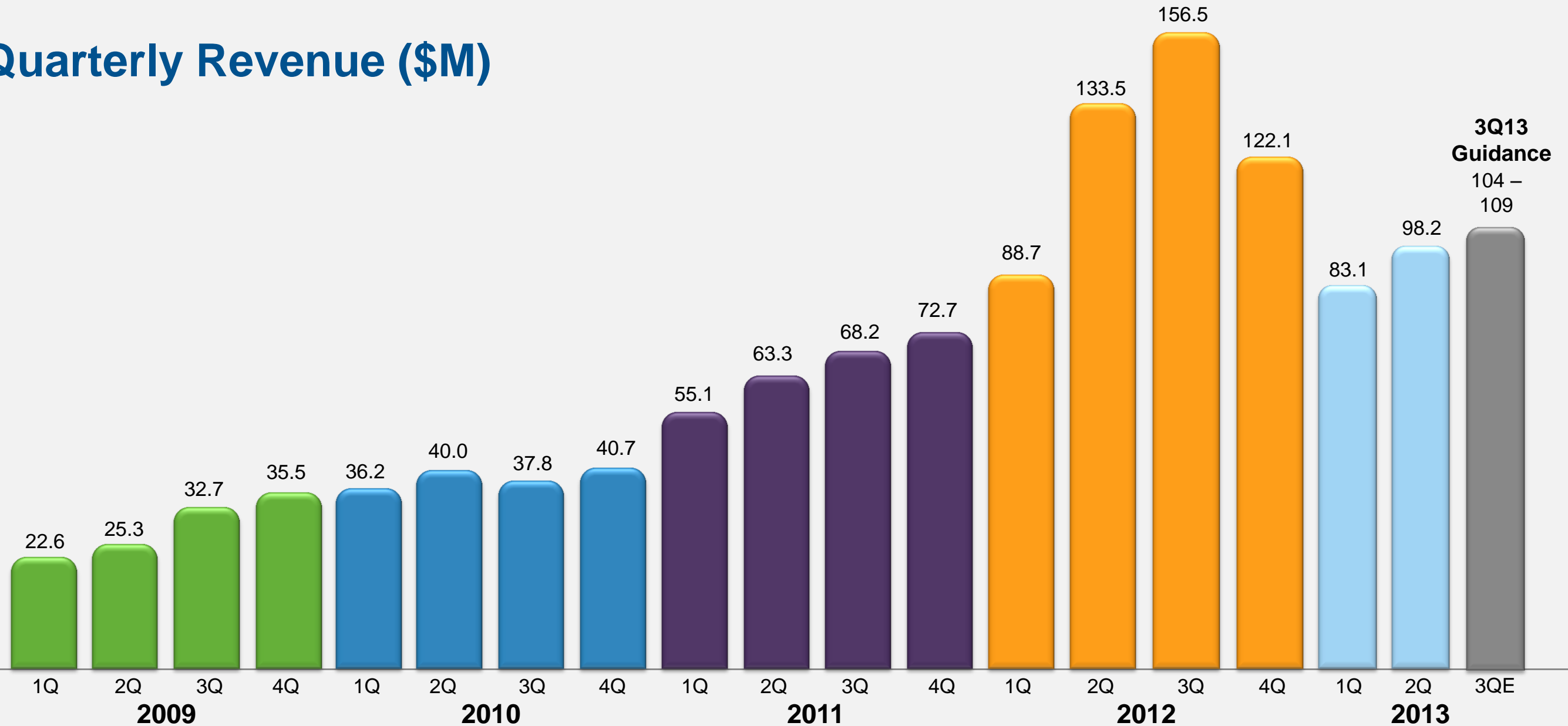
CAGR over the past 5 years ~ 43%

Source: Company financial statements

Historical Quarterly Revenue Growth

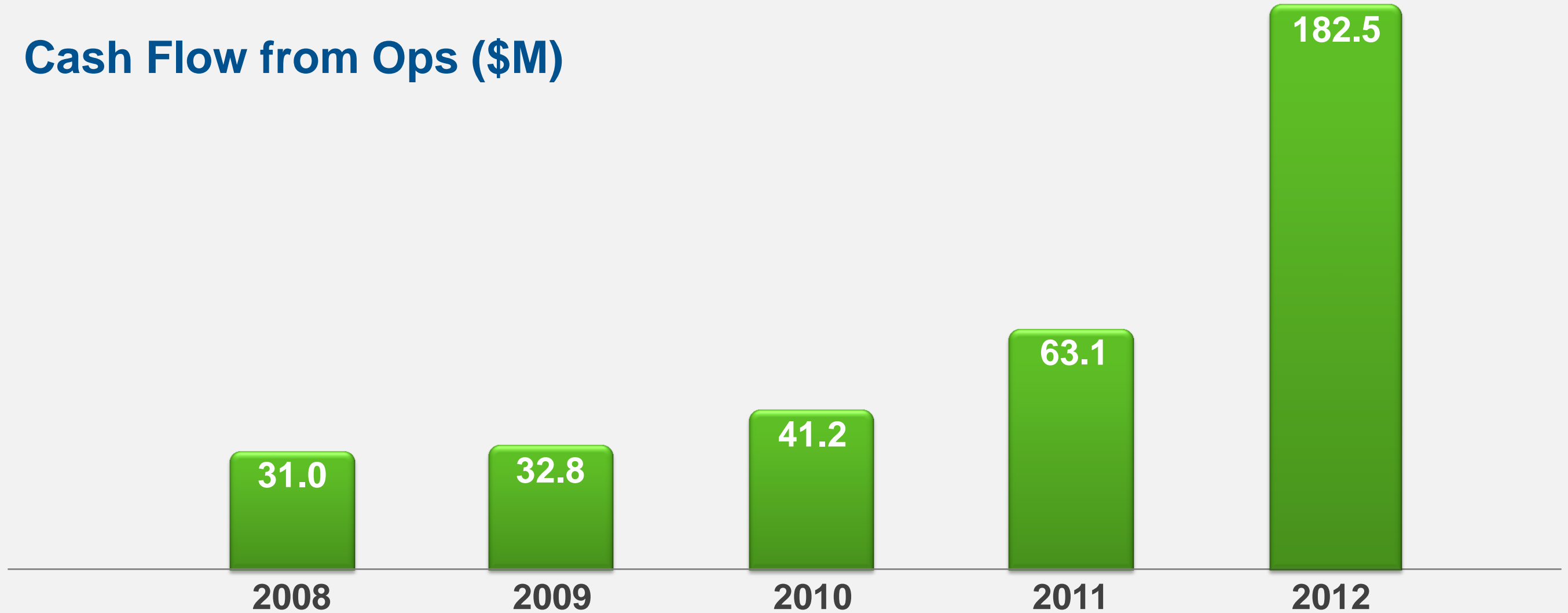


Quarterly Revenue (\$M)



Source: Company financial statements

Cash Flow from Ops (\$M)



Cash and Investments @ March 31, 2013 = \$402.9M¹

¹Cash and investments include \$6.6m in restricted cash

Percentage-Based Income Statement (Non-GAAP¹)

	Q2 2013	FY 2012	Long term model
Revenue	100%	100%	100%
Gross Margin	69%	70%	65% - 69%
R&D	33%	24%	26% - 30%
SG&A	21%	14%	15% - 18%
Operating Income	16%	33%	24% - 29%
Net Income	14%	31%	23% - 28%

Strategy is to drive revenue and earnings growth rates with end-to-end solutions, expand distribution channels and enhance product offerings

¹For a reconciliation of non-GAAP to GAAP financial measures, please reference the Company's 2Q13 financial results press release
Source: Company financial statements

Investment Highlights Summary



- **Interconnect technology is critical for business performance**
 - Increases application productivity and ROI
- **Interconnect market has shown consistent growth**
 - In HPC, Web 2.0, storage, database, cloud and Big Data markets
- **Silicon photonics is expected to play a significant role in the enablement of high-speed networks**
 - Key to achieving reliable, longer reach 100Gb/s and above communication
- **Mellanox uniquely positioned to continue leading the market**
 - Provider of fastest interconnect technology currently available
 - Strong partnerships, channel relationships
 - Providing compelling benefits to multiple, high growth markets
- **Demonstrated revenue growth, strong cash flow and increasing profitability with attractive gross margins**
 - Solid revenue growth (~43% CAGR) over the last 5 years
 - Products address large \$5.8 billion TAM



Thank You

