

INFINERA CORP  
Form 425  
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2015 Infinera  
Infinera Transmode Combination  
Establishes an End-to-End Optical Leader  
Transmode Investor Briefing  
May 2015  
Filed by Infinera Corporation Pursuant to Rule 425  
Under the Securities Act of 1933  
Subject Company: Transmode AB  
(Commission File No. 001-33486)

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Safe Harbor

This presentation contains "forward-looking" statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, our results may differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact could be deemed forward-looking, including, but not limited to, any projections of financial information, including statements about revenue growth, the potentially accretive nature of the transaction and similar statements; any statements about market liquidity following the transaction; any statements about historical results that may suggest trends for our business; any statements of the plans, strategies, and objectives of management for future operations; any statements of expectation or belief regarding future events, potential markets or market size, technology developments, or enforceability of our intellectual property rights; and any statements of assumptions underlying any of the items mentioned.

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Overview of Infinera

Transaction Rationale

Advantages for All Stakeholders

Deal Logic

Industry Evolution

A Fair Deal for Transmode

Agenda



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Infinera is an Optical Leader

Innovator & Long Haul DWDM Leader

Founded 2000, IPO as INFN

2007

Unique Photonic Integrated Circuits (PICs)

DWDM platforms, Intelligent Transport  
Networks

400+ Patents Filed/Granted

#1 Optical company rated by Infonetics 2014  
Global

~1,500 employees

Headquarters Sunnyvale, CA, USA

Global presence

Infinera's Journey

2005: Shipped 10G PIC-based DTN, rapidly reaches \$100M

2008: #1 market share in NA LH\*

2007: 10G wave market leader (47%)\*, completed IPO

2010: Leapfrogs 40G, invests in 100G

2000: Infinera founded, promised to do the impossible: PICs

2014: #1 in 100G WDM, ex China\*

2012: Shipped 500G PIC-based DTN-X

2004: Introduced industry's first large scale PIC

2014: Introduced Cloud Xpress for Metro Cloud



\* Source: Dell Oro DWDM Long Haul Vendor Table 2015

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## Infinera Today

A leader in Intelligent Transport Network solutions

144 customers in 73 countries; 62 DTN-X customers

Diversified customer base across multiple verticals

-

17 Tier 1s globally

-

3 of top 4 Internet Content Providers

-

4 of top 5 NA Cable/MSOs

-

Multiple top Wholesale and Enterprise Carriers

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-20%  
-10%  
0%  
10%  
20%  
30%  
40%  
50%  
60%  
70%  
80%  
Jun '12  
Sep '12  
Dec '12  
Mar '13  
Jun '13  
Sep '13

Dec '13

Mar '14

Jun '14

Sep '14

Dec '14

Mar '15

INFN

TRMO

CIEN

JNPR

CSCO

ADV

ERIC

ALU

INFN Outpacing Other SP Networking Players

Source: Company public financial records

3X Rev

Growth

over CIEN

72%

24%

Infinera enters

100G Long Haul

Revenue Growth: Quarterly Trailing 12 Month Revenue

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Infinera

Financial Performance

Source: Infinera Financial Reporting

\*Wall Street consensus as of May 19, 2015

\*\*Dell Oro Group 2014 Optical Transport Report

\*\*\* Figures are Non-GAAP (reconciliation to GAAP numbers may be found at [www.Infinera.com](http://www.Infinera.com))

Recent 20+% growth

2013: 24%; 2014: 23%; 2015e:21%\*

Increasingly Profitable\*\*\*

2014 Gross Margin = 44.0%

Q4 14 = 46.1%

Q1 15 = 47.8%

2014 Operating Margin = 8.3%

Q4 14 = 11.0%

Q1 15 = 12.2%

Strong Balance Sheet

Nearly \$260 million net cash  
end of Q1 2015

Cash Flow from Operations

(last  
four  
quarters)

=

\$71  
million

2014 vs 2013

23% YoY Growth

~2x Market growth \*\*

Revenue

\$811e\*

\$668

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Differentiated Financial Performance

Source: Public financial statements; ALU = Entire business

YoY Revenue Growth, %

2014

20

10

0

-10

50

40

30

Gross Margin, %

2014

Transmode

Ciena

ALU

Cyan

MRV  
Adva  
Infinera



Transaction Rationale:  
Advantages for all stakeholders  
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Infinera + Transmode

End-to-End  
portfolio, \$15.3B market\*

Accelerate  
100G market momentum

Technology  
leadership  
in  
Photonics,  
Packet-Optical,  
ASICs and Network Management

Complementary  
customers

and  
geographies

Common philosophy of  
profitable growth

Shared  
culture  
and  
talent  
driving  
product  
excellence

Expected non-GAAP **EPS accretive** in 2016

Culture

Technology

Customers

Financials

\*Source: Infonetics Q4 2014 Market Forecast for 2019

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Compatible Philosophies

Customer First

Top-rated for Services and Support

Product Excellence

#1 100G WDM Worldwide, ex-China

#1 Packet-Optical EMEA

Unique differentiated technologies

Profitability Focus

Market leading Operating & Gross Margins

Source: Infonetics 2014, Dell Oro 2014  
Culture + Talent + Business + Technology

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A Transaction Good for All Stakeholders

Investors

Allows combined company to address \$15.3B DWDM TAM (2019)

Combines two of the most profitable companies in the industry

Expected accretive to non-GAAP EPS in 2016; neutral to slightly dilutive 2H 15

Customers

Combined company would be able to deliver an End-to-End product portfolio

Shared culture of customer first, strong technology and product excellence

Scale of combined company allows for further investment in technologies to accelerate & broaden differentiation

Employees

&  
Community

Ability to develop compelling solutions with strong combined knowledge base

Deal synergies are revenue-based, not on cost cutting

Intent to invest in Transmode and Swedish engineering talent pool

Source of TAM: Infonetics Q4 2014 Market Forecast





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Delivering a Leading End-to-End Portfolio  
Metro  
Edge  
Metro  
Access  
Metro Aggregation  
Metro  
Core  
Cloud  
LH Core  
Cloud Xpress  
Sliceable Photonics  
ePIC-500  
oPIC-100  
DTN-X  
XTC4/10  
XTC4

Source: Infonetics Q4 2014 Market Forecast  
Addresses \$15.3B (2019) Transport Market

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Complementary Customers

#1 100G WDM WW ex-China\*

Leader in ICP, NA Cable, Wholesale & Ent.

First mover in Metro Cloud for ICPs

#1 Packet-Optical EMEA\*

Strength in cable, wireless back/front haul,  
Ethernet services

Leverage Strengths, Cross-Sell, New Mkts

\*Source: Infonetics 2014, Dell Oro 2014

Revenue Growth

Opportunity

Common

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Infinera + Transmode enter Top 5 in WDM

Source: Dell Oro Optical Report Jan 2015

Cross-selling and revenue synergies

create opportunity to go higher

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Product

Mix\*

Geographic

Mix\*\*

Complementary Market Offerings

Metro 8%

Long-Haul

92%

Metro 100%

Americas

76%

APAC 4%

EMEA

20%

Americas

14%

APAC 4%

EMEA

82%

Combined Entity

Metro

~20%

Americas

68%

EMEA

28%

APAC 4%

\* Percentages based on 2015 analyst revenue estimates. Infinera Metro includes analyst estimates for Cloud Xpress and other Infinera metro offerings

\*\*Geographic mix as of FY14

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Industry Evolution

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WDM Supplier Evolution  
End-to-End  
Suppliers  
Long-Haul  
Specialists  
Metro  
Specialists  
Circa 2000-2002  
Today  
Consolidation towards end-to-end WDM suppliers underway



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Moving from 10G to 100G = Greater Complexity  
Alternative  
Solution  
Coherent IC  
(Electronics)  
Photonics  
(Optical)  
500G Capacity  
Example  
5 modules = more power, space & cost  
10G  
100G: Increasing advantage for vertically integrated suppliers  
3  
rd  
party  
optics  
=

components

3

rd

Gen PIC:

500G WDM-on-a-chip

FlexCoherent

Processor (FCP)

Coherent

ASIC

1 module = less space/power

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Key to Long-Term Differentiation  
Cost Structure  
10G  
100G  
Infinera Optics/ASICs + Transmode Metro = Competitive advantage  
Infinera Internal Estimates

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A Fair Deal for Transmode

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Quarterly Sales Growth Comparison  
USDm  
SEKm  
(3)  
Infinera  
SEKm  
Transmode  
In SEK (As Reported)<sup>1</sup>  
-4%  
-15%  
-29%  
15%  
25%  
Constant Currency<sup>1</sup>  
-7%  
-20%  
-35%

7%

11%

Growth (Y/Y)

Growth (Y/Y)

In USD (As Reported)<sup>2</sup>

15%

20%

22%

34%

31%

Constant Currency<sup>2</sup>

14%

19%

22%

36%

35%

1.

Source: Transmode Quarterly Reports

2.

Source: Infinera Quarterly Reports; constant currency growth uses the same foreign exchange rates that were in effect during the corresponding period in the prior year

3.

Represents Infinera revenue converted to SEKm based on average exchange rate during the corresponding quarter

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Quarterly Sales Growth Comparison (Cont'd)

Source: Company Quarterly Reports; TRMO and ADVA converted to USD at average SEK / USD and EUR / USD exchange rates, respectively, in effect during the corresponding quarter

Y-o-Y Growth (in USD), %

Sales Growth of Key Comparables in USD

89%

Morgan Stanley Analysis

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2015 Infinera  
Valuation Comparison  
2014  
IFRS (as reported)  
Adjusted  
(1)  
EBITDA  
119.5  
EBITDA (IFRS)  
119.5  
Less: Amortized R&D  
(33.0)  
Less: Cap R&D Adjustment  
(70.3)  
Less: Depreciation / Other  
(15.9)  
EBITDA (Adjusted)  
49.2



EBIT  
70.6  
Less: Depreciation  
(15.9)  
Margin (%)  
7.6%  
EBIT (Adjusted)  
33.3  
Margin (%)  
3.6%  
IFRS  
to  
US  
GAAP  
Adjustments

2014  
(SEKm)  
EV/EBITDA -  
2014  
TRMO  
@ 107.05 SEK  
IFRS  
Adjusted  
(1)

Transmode reports based on IFRS,  
which allows for capitalization of  
development expenses (i.e.  
expenses not deducted for  
calculating EBITDA)

When adjusting for capitalized  
R&D, which is not allowed under US  
GAAP, Transmode's EBITDA and  
EBIT margins are lower

Source:

Data  
derived  
from  
company  
annual  
reports;  
ADVA  
adjusted  
for  
R&D  
capitalization,  
which  
is

not  
allowed  
under US GAAP

1.

After adjusting for the capitalization of R&D, which is not allowed under US GAAP

TRMO

@ 107.05 SEK

IFRS

Adjusted

(1)

Morgan Stanley Analysis

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Valuation Comparison

2014 (cont'd)

Source: Data derived from company publicly available reports; ADVA adjusted for R&D capitalization, which is not allowed GAAP

1.

After adjusting for the capitalization of R&D, which is not allowed under US GAAP

TRMO

@ 107.05 SEK

IFRS

Adjusted

(1)

TRMO

@ 107.05 SEK

IFRS

Adjusted

(1)

IFRS (as reported)

Adjusted  
(1)  
EBITDA  
119.5  
EBITDA (IFRS)  
119.5  
Less: Amortized R&D  
(33.0)  
Less: Cap R&D Adjustment  
(70.3)  
Less: Depreciation / Other  
(15.9)  
EBITDA (Adjusted)  
49.2  
EBIT  
70.6  
Less: Depreciation  
(15.9)  
Margin (%)  
7.6%  
EBIT (Adjusted)  
33.3  
Margin (%)  
3.6%  
IFRS  
to  
US  
GAAP  
Adjustments  
  
2014  
(SEKm)  
Morgan Stanley Analysis

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2015 Infinera  
Valuation Comparison  
2015  
EV/Revenue -  
2015

Transmode reports based on IFRS,  
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When adjusting for capitalized R&D,  
which is not allowed under US  
GAAP, Transmode's EBITDA and  
EBIT margins are lower  
EV/EBITDA -  
2015

IFRS

Adjusted

(3)

EBITDA

185.3

EBITDA (IFRS)

185.3

Less: Amortized R&D

(1)

(33.7)

Less: Cap R&D Adjustment

(71.0)

(2)

Less: Depreciation

(16.3)

EBITDA (Adjusted)

114.3

EBIT

135.3

Less: Depreciation

(16.3)

Margin (%)

12.4%

EBIT (Adjusted)

98.0

Margin (%)

9.0%

IFRS

to

US

GAAP

Adjustments

-

2015

(SEKm)

Source: Based on analyst estimates as of May 22, 2015

1.

Assumes capitalized R&D adjustment of 71.0 SEKm based on the sum

of (a) estimated amortization of capitalized R&D of 33.7 SEKm

(assumes same proportion of depreciation and amortization as in 2014) and (b) the increase in capitalized development costs of

37.3 SEKm (assumed equal to 2014 amount)

2.

ADVA adjusted for R&D capitalization, which is not allowed under

US GAAP

3.

After adjusting for the capitalization of R&D, which is not allowed under US GAAP

P/E -

2015

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2015 Infinera  
Valuation Comparison  
2015 (cont'd)  
IFRS  
Adjusted  
(3)  
EBITDA  
185.3  
EBITDA (IFRS)  
185.3  
Less: Amortized R&D  
(1)  
(33.7)  
Less: Cap R&D Adjustment  
(71.0)  
(3)  
Less: Depreciation  
(16.3)

EBITDA (Adjusted)

114.3

EBIT

135.3

Less: Depreciation

(16.3)

Margin (%)

12.4%

EBIT (Adjusted)

98.0

Margin (%)

9.0%

IFRS

to

US

GAAP

Adjustments

-

2015

(SEKm)

Source: Based on analyst estimates as of May 22, 2015

1.

Assumes capitalized R&D adjustment of 71.0 SEKm based on the sum

of (a) estimated amortization of capitalized R&D of 33.7 SEKm (assumes same

proportion of depreciation and amortization as in 2014) and (b) the increase in capitalized development costs of 37.3 SEKm (a amount)

2.

ADVA adjusted for R&D capitalization, which is not allowed under

US GAAP

3.

After adjusting for the capitalization of R&D, which is not allowed under US GAAP

Morgan Stanley Analysis



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Comparison of Transaction Premiums

1.

As disclosed

2.

As calculated based on market data from Bloomberg

1-Month VWAP

3-Month VWAP

6-Month VWAP

Spot

Alcatel /

Nokia

(2)

Cyan /

Ciena

(2)

Transmode /

Infinera

(2)  
Alcatel /  
Nokia  
(2)  
Cyan /  
Ciena  
(2)  
Transmode /  
Infinera  
(1)  
Alcatel /  
Nokia  
(2)  
Cyan /  
Ciena  
(2)  
Transmode /  
Infinera  
(1)  
Alcatel /  
Nokia  
(2)  
Cyan /  
Ciena  
(2)  
Transmode /  
Infinera  
(1)  
Morgan Stanley Analysis

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Analysts Views on Infinera

Broker

Target Price

Rating

Jefferies

\$27.00

Buy

Barrington

\$26.50

Buy

MKM Partners

\$26.00

Buy

JP Morgan

\$26.00

Buy

Deutsche Bank

\$25.00

Buy

Stifel Nicolaus

\$25.00

Buy

Juda Group

\$24.00

Buy

William Blair

No target

Buy

Goldman Sachs

\$23.00

Hold

Wedbush

\$18.00

Hold

Needham

No target

Hold

Consensus Target Price = \$24.50

Price (5/19/15) = \$20.20

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Significant Increase in Liquidity  
1.  
Assumes  
sell-down  
at  
20%  
of  
average  
daily  
volume  
traded  
(based  
on  
assumption  
that  
future  
trading

volume  
similar  
to  
YTD  
volume)

2.  
As of May 22, 2015; market data from Bloomberg

3.  
Liquidity based on average daily trading volume year-to-date  
Significant increase in Transmode's stock liquidity expected

28.05 SEK cash per share at closing

Full liquidity

No single investor (x-POD) expected to hold more than 1 day of trading volume

ALL  
investors (x-POD) expected to hold less than 5 days of trading volume

A 1% stake in Transmode currently takes ~8 weeks to liquidate based on average volume, whereas post-transaction the equivalent stake would take <1 day to liquidate

(1)

Exploring Stockholm listing

~75x

Greater

Liquidity

35K Shares / Day

~SEK3.0 MM / Day

(~US\$365 K / Day)

~0.1% TSO

1.9MM Shares / Day

~US\$26.5 MM / Day

~1.5% TSO

Average

Trading

Volume

YTD

vs.

Expected

Post

Deal

1

Morgan Stanley Analysis

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This communication is neither an offer to purchase nor a solicitation of an offer to sell any shares. This communication is for informational purpose only. The exchange offer for shares of Transmode AB will not be made to, nor will exchanges be accepted from, or on behalf of, holders of shares in any jurisdiction in which the making of the exchange offer or the acceptance thereof would not comply with the laws of that jurisdiction. The acceptance period for the exchange offer for shares of Transmode described in this communication has not commenced.

In connection with the proposed combination of Infinera and Transmode, Infinera will file an offer document with the Swedish Financial Supervisory Authority and a prospectus and a Registration Statement on Form S-4 with the SEC.

Shareholders of Transmode should read the above referenced documents and materials carefully when such documents and materials become available because they contain important information about the transaction.

Shareholders of Transmode may obtain free copies of these documents and materials, any amendments or supplements thereto and other documents containing important information about Infinera and the transaction, once such documents and materials are filed or furnished, as applicable, with the SEC, through the

website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Copies of the documents and materials filed with the SEC by Infinera will also

be available free of charge on Infinera's website at

[www.infinera.com](http://www.infinera.com)

under the heading SEC Filings

in the Company Investor Relations  
portion of Infinera's website. More  
information about the exchange offer, including the formal announcement of the offer and the offer document to be filed with  
and approved by the Swedish Financial Supervisory Authority, can  
be found on [www.infinera.se](http://www.infinera.se).

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