



Investor & Analyst Briefing OFC 2022

March 8, 2022



Today's Speakers



Alan Lowe

President & Chief
Executive Officer



Chris Coldren

Senior Vice President, Chief
Strategy and Corporate
Development Officer



Kathy Ta

Vice President,
Investor Relations

Forward Looking Statements and Financial Presentation

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements include any anticipation or guidance as to future financial or operating performance, trends in our business, including our market position and trends in demand for our products and technology, supply and manufacturing trends and longer term trends and dynamics in our markets and industry, our strategies and ability to compete, performance, including our guidance and expectations regarding future net revenue, earnings per share, gross margin, operating expense, operating margin, profitability, cash flow and other financial metrics, including our assumptions and trends that are informing such guidance, and the impact of the COVID-19 pandemic and related responses of businesses and governments to the pandemic on our markets, operations, and future financial performance. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected. In particular, the Company's ability to predict future financial performance continues to be difficult due to, among other things: (a) the COVID-19 pandemic and related impacts, which may continue to adversely impact our business, financial performance and results of operations; (b) quarter-over-quarter product mix fluctuations, which can materially impact profitability measures due to the broad gross margin ranges across our portfolio; (c) continued decline of average selling prices across our businesses; (d) effects of seasonality; (e) the ability of our suppliers and contract manufacturers to meet production, quality and delivery requirements for our forecasted demand and the effect of ongoing supply chain constraints, particularly in semiconductors; (f) inherent uncertainty related to global markets, including the impact of the COVID-19 pandemic, changes in the political or economic environment, including trade and export restrictions and the imposition of tariffs or other duties, and the effect of such markets on demand for our products; (g) changes in customer demand; (h) our ability to attract and retain new customers, particularly in the 3D sensing market; (i) the risk that Lumentum's financing or operating strategies will not be successful; and (j) risks associated with Lumentum's pending acquisition of NeoPhotonics, including Lumentum's ability to achieve the benefits of the transaction, risks related to the pendency of the transaction, litigation regarding the transaction and the risk that the transaction may not close in a timely manner or at all. For more information on these risks, please refer to the "Risk Factors" section included in the Company's Annual Report on Form 10-K for the year ended July 3, 2021 as filed with the Securities and Exchange Commission ("SEC"), and the Quarterly Report on Form 10-Q for the quarter ended January 1, 2022 as filed with the SEC. In addition, the results contained in this presentation are valid only as of today's date except where otherwise noted. The forward-looking statements contained in this presentation are made as of the date hereof and the Company assumes no obligation to update such statements, except as required by applicable law.

Unless otherwise stated, all financial results and projections are on a non-GAAP basis. Our GAAP results, details about our non-GAAP financial measures, and a reconciliation between GAAP and non-GAAP results can be found in our fiscal second quarter 2022 earnings press release which is available on our web site, www.lumentum.com, under the investors section. We have not provided reconciliations from GAAP to non-GAAP measures for our outlook. A large portion of non-GAAP adjustments, such as restructuring charges, stock-based compensation, acquisition-related costs, non-cash income tax expense and credits, transferring product lines to new production facilities, amortization of fair value adjustments, impairment charges, inventory write down due to plans to exit certain product lines, and other costs and contingencies unrelated to current and future cash flows, are by their nature highly volatile and we have low visibility as to the range that may be incurred in the future.

Three Key Drivers of Double-Digit Annual Growth

- 1** Relentless bandwidth growth driving record network and cloud capex

- 2** New technology upgrades touch every part of the network and data center

- 3** New opportunities in the automotive, industrial and consumer markets

1 Relentless Bandwidth Growth Driving Record Networking Capex

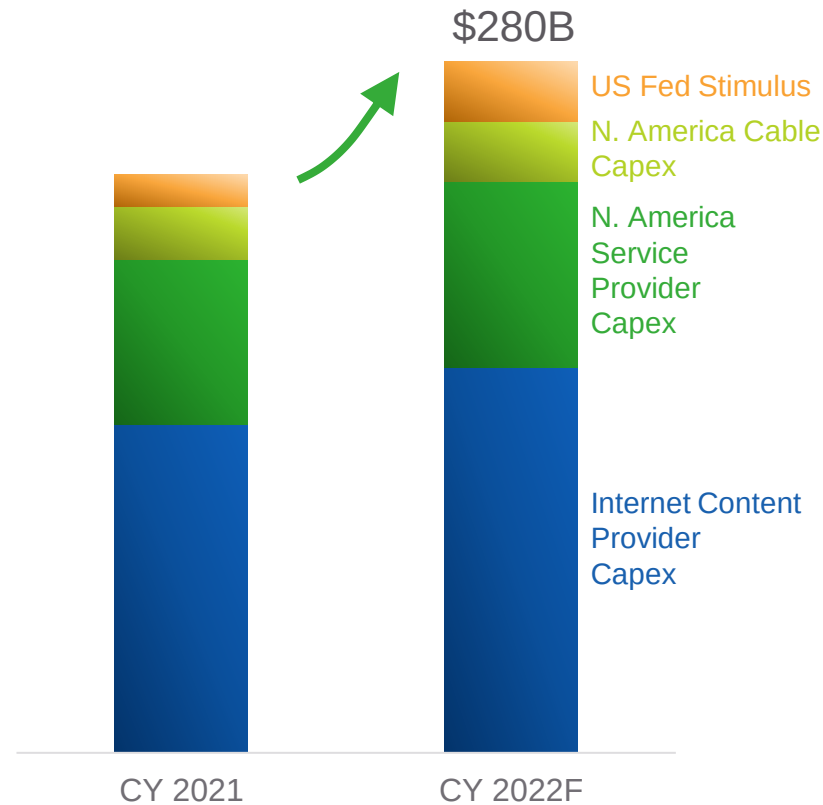
~20% YoY Growth

US-Based Telecom &
Datacom Capex

Internet Traffic
30% CAGR

Top Telecom customers
citing backlog over
2X
the typical run rate

+

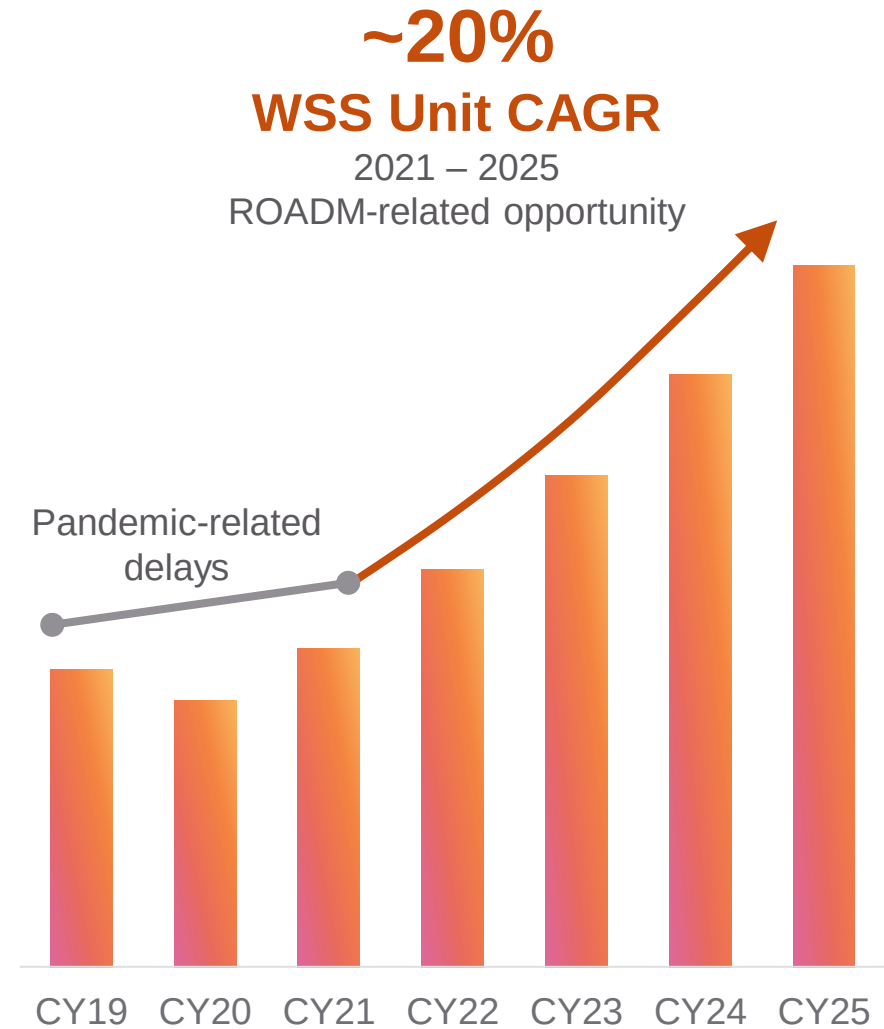
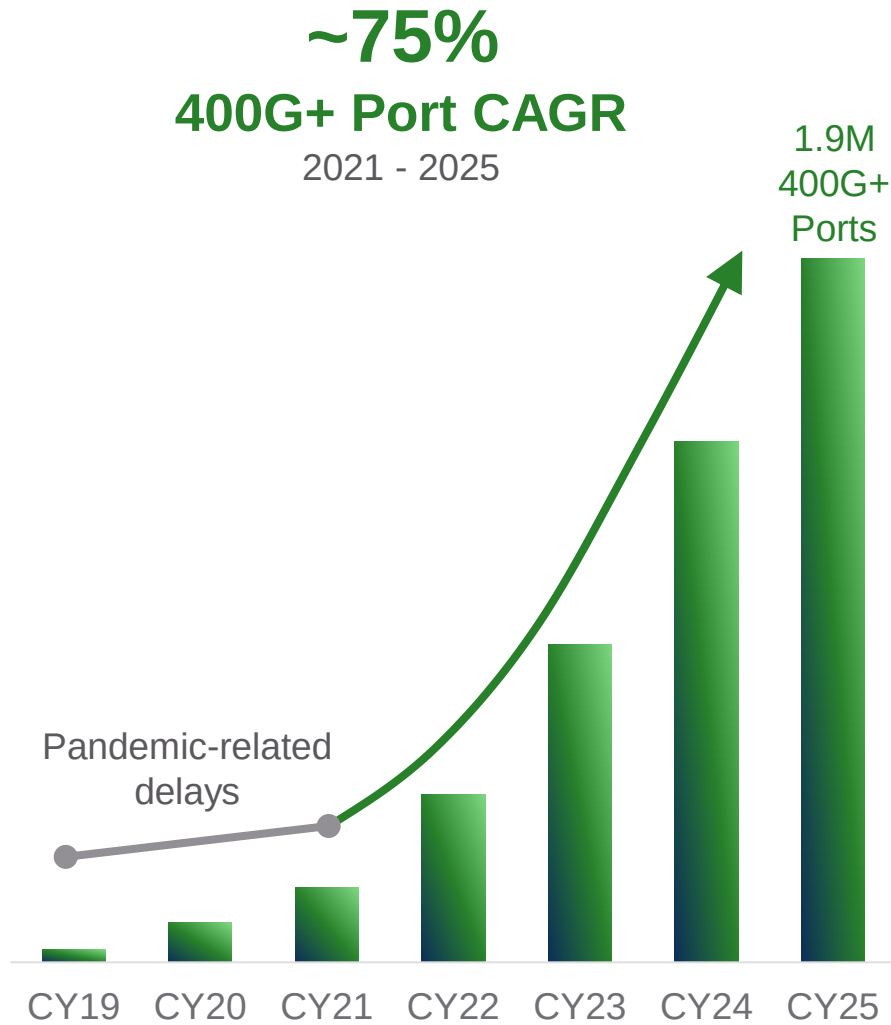


=

**Accelerating
Demand**

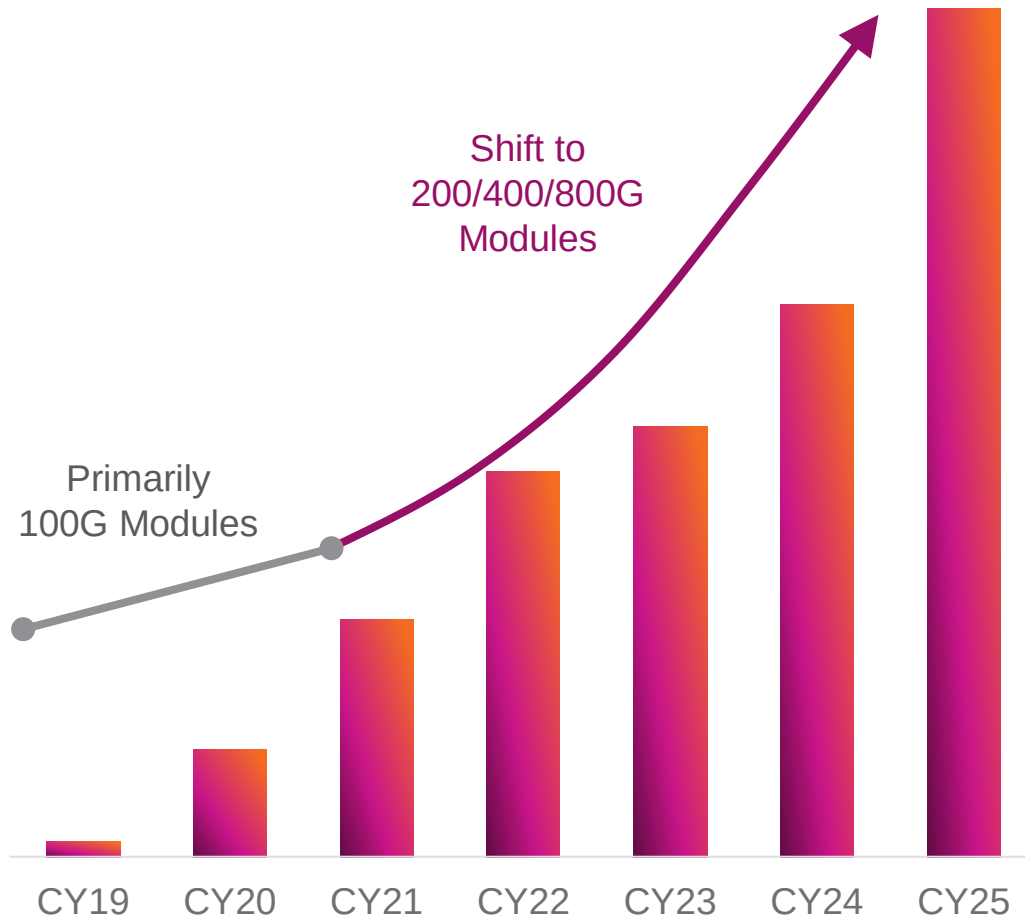
Sources: Public company filings, Federal stimulus plans, Cisco VNI

2 New Technology Upgrades Touch Every Part of the Network



Note: 400G+ include all coherent Telecom ports shipped with speeds greater than or equal to 400 Gb/s; WSS: wavelength selective switches
Sources: SignalAI 400G+ Port Count and LightCounting WSS unit forecast

2 Hyperscale Data Center Shift to 200/400/800G



~40%
Unit CAGR
2021 - 2025
High-speed datacom lasers
used by Top 5 hyperscale data
center customers

Source: LightCounting high-speed datacom unit opportunities, excluding short reach

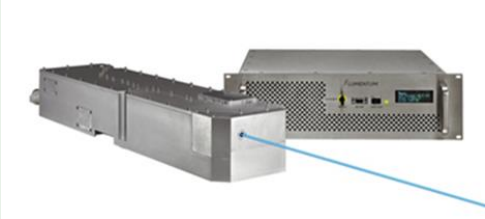
3 New 3DS Applications in Automotive, Industrial & Consumer

	Smartphones & Tablets	Automobiles	Security & Access Control	AR/VR	Wearables	Machine Vision
Photonics Sockets	• Biometric security • Proximity sensing • World-facing (3 to 4 lasers)	• Number of lasers is architecture-dependent (Multiple per car)	• Payment kiosks • Access control • Door locks (1 to 2 lasers)	• Eye tracking • Gesture tracking • World-facing (5+ lasers)	• Proximity sensing (~4 lasers) • Health monitoring (1 laser)	• 3D metrology tools • Industrial robots (1-5 lasers)
Illustrative \$-Content Opportunity per Unit	High End \$2 to \$4 Others \$1 to \$3	LiDAR \$40 to \$60 Driver and Occupant Monitoring \$1 to \$5	\$1 to \$5	\$3 to \$15	\$0.50 to \$1	Metrology ~\$1K (module solutions) Industrial Robots \$1 to \$10
Latest Progress	• Increased \$-content in next-gen devices • Android ecosystem development	• New LiDAR and driver monitoring wins	• New biometric security applications	• Funded and strategic tech collaborations in next-gen AR/VR	• Wireless Bluetooth headset opportunities	• Concept & feasibility engagements with lead customers

Source: Company estimates

Diverse new market opportunities for 3DS and LiDAR laser chips

3 Expanding Industrial Lasers Applications

Key Products	Key Applications
	kW Fiber Lasers • Sheet metal cutting and welding • Surface treatment • Electric Vehicle production • Additive manufacturing
	Pulsed Solid-State Lasers • Semiconductor manufacturing • Microelectronics manufacturing • Additive manufacturing
	Ultrafast Lasers • Solar cell manufacturing • Display manufacturing • Semiconductor manufacturing • Electric Vehicle production

Multi-Year Secular Trends Create Tailwinds for Growth

Expanding Applications for Commercial Lasers

- New Materials and Precision in Microelectronics
- Bioinstrumentation and Life Sciences
- Energy Efficiency and Climate Change
- LCD→OLED - 4G→5G - Flex, Glass, PCB

Biometric Security

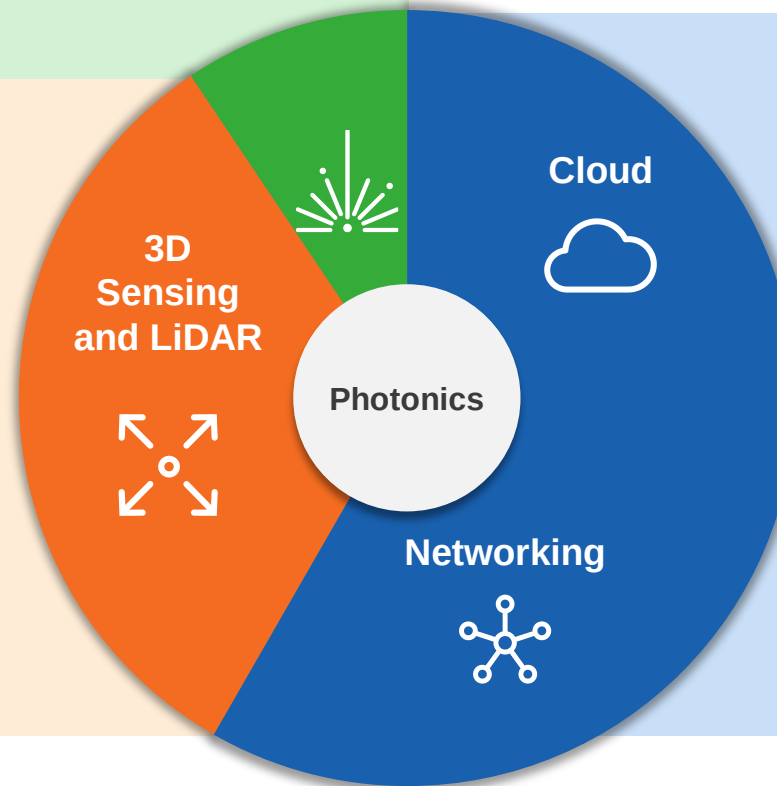
- Face ID - Cashless Transactions - Contactless Security and Access Control

AR / VR

- Entertainment - Education - Ease of Life

Computer Vision

- Computational Photography - Autonomous Vehicles - ADAS - Industry 4.0



Compute and Content Storage and Delivery

- Hyperscale Cloud Data Centers - Everything as a Service

Increasing Bandwidth Requirements

- HD→4K→8K - Remote Work - Telehealth - Remote Learning

Trends in Data Consumption and Mobility

- 5G Wireless - Streaming HD+ Video

Note: Revenue breakout reflects Q2 FY 2022 TTM period

We Expect Double-Digit Revenue Growth for Multiple Years

	Estimated 3-Yr Lumentum Revenue CAGR	Specific Lumentum Growth Drivers
Telecom & Datacom	15% – 25%	Bandwidth growth combined with technology inflections: • 400G+ Datacom and Transmission products • 10G+ Tunable edge network products • ROADM, Pumps & Other Transport products
Industrial & Consumer	-5% – +5%	New applications partially offset by share normalization: Auto, Industrial, AR/VR, Wearables
Lasers	10% – 15%	Expanding applications and customers: Semiconductor, Display, EV, Solar & Additive Manufacturing Life Sciences & Metrology Applications
Company	>10%	Double-digit growth with increased market and customer diversification

Industry Leading Target Financial Model (Non-GAAP)

	FY20	FY21	LTM	Targets (Annual)
Revenue (M)	\$1,679	\$1,743	\$1,707	>10% Growth
Gross Margin %	46.5%	50.9%	51.0%	50%
Opex % of Revenue	19.9%	20.2%	20.9%	20%
Operating Margin %	26.6%	30.8%	30.1%	30%

Note: LTM is 12 months from Q3FY21 through Q2FY22 and includes a revenue reduction of >\$90M due to industry wide supply chain shortages

NeoPhotonics Transaction Addresses Large and Growing Markets

Announced November 4, 2021



+

NeoPhotonics

Revenue mix:

60% Cloud and Networking

- ROADM and amplification components and modules
- InP photonic integrated circuit components and modules

40% 3D Sensing, LiDAR, and Advanced Manufacturing

- High-performance VCSEL array and edge emitter illuminators
- Commercial lasers for materials processing applications

Revenue mix:

100% Cloud and Networking

- Ultra-pure light external cavity tunable lasers
- Silicon photonic based components and transceivers
- High-speed coherent modules and components
- Passive and PLC components
- GaAs and SiGe RF ICs

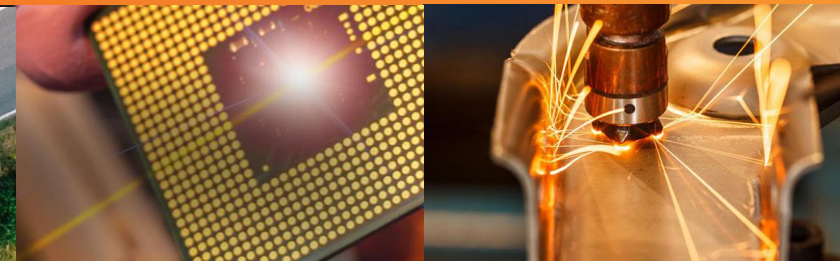
CLOUD AND NETWORKING



3D SENSING AND LIDAR



ADVANCED MANUFACTURING



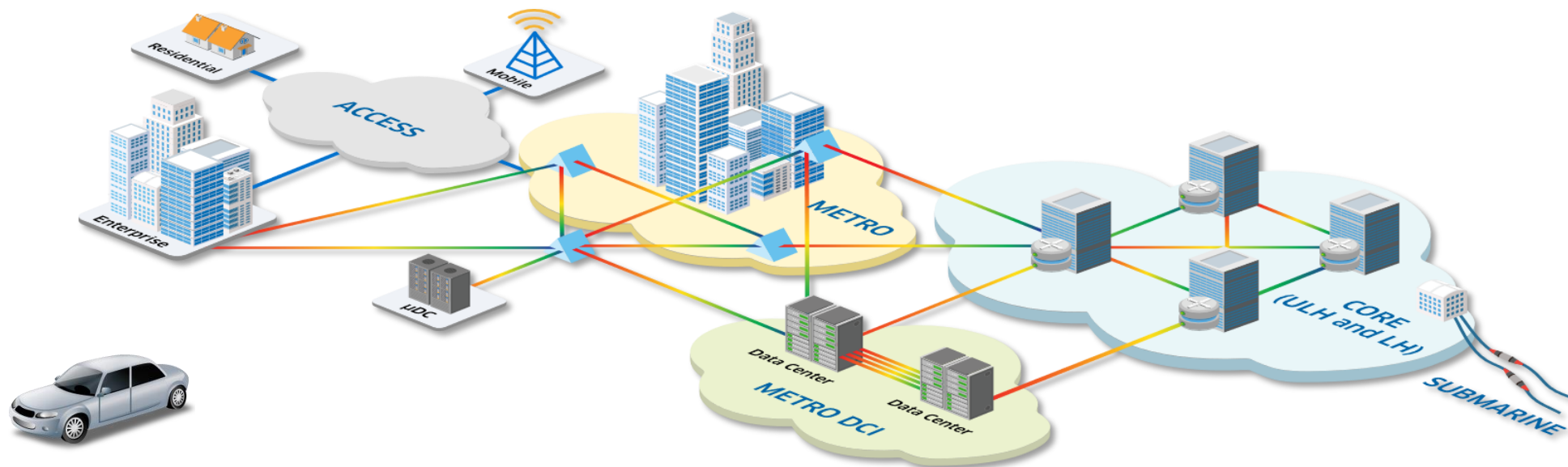
\$20B COMBINED AVAILABLE MARKET

Recent Capital Allocation Developments (March 3, 2022)

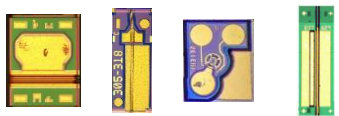
- Board increased share repurchase authorization to \$1B
 - Extended to May 2024
 - Through December 2021, repurchased a total of 4.5M shares for \$363M
- Announced \$750M convertible notes offering
 - Concurrently purchased ~\$200M stock
 - Balance for general corporate purposes

Reflects our confidence in our long-term outlook

New Products at OFC Highlight End-to-End Product Leadership



← Datacom Lasers DWDM Access Coherent Components Pluggable Coherent Transceivers Pump Lasers Optical Amplifiers ROADMs Networking Subsystems →



DML EML VCSEL DFB For SiPho



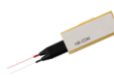
Tunable XFP/SFP+



HB-ICR



ITLAS



HB-CDM



HB-ICT



100G/200G ACO



400G DCO



980 nm Pump Lasers



EDFAs



WSS



Circuit Packs



Transport Solutions

Three Key Drivers of Double-Digit Annual Growth

- 1** Relentless bandwidth growth driving record network and cloud capex

- 2** New technology upgrades touch every part of the network and data center

- 3** New opportunities in the automotive, industrial and consumer markets

Thank you



Question & Answer Session



Alan Lowe

President & Chief
Executive Officer



Chris Coldren

Senior Vice President, Chief
Strategy and Corporate
Development Officer



Kathy Ta

Vice President,
Investor Relations

GAAP to non-GAAP Reconciliation

	FY18	FY19	FY20	FY21	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	LTM
Net revenue	1,247.7	1,565.3	1,678.6	1,742.8	452.4	478.8	419.5	392.1	448.4	446.7	1,706.7
Gross profit on GAAP basis	432.1	425.9	650.2	783.1	205.7	229.6	185.0	162.8	232.2	207.5	787.5
Stock-based compensation (2)	12.6	15.1	16.1	19.2	3.7	4.8	5.3	5.4	4.6	5.2	20.5
the effects of the outbreak of COVID-19			6.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other charges related to non-recurring activities (1)	37.2	48.9	35.8	23.1	10.5	6.4	3.1	3.1	-5.9	-0.7	-0.4
Inventory write down due to product line exit	0.0	20.8	7.0	0.4	0.3	0.1	0.0	0.0	0.0	0.1	0.1
Integration related expense	0.0	6.6	4.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization of acquired intangibles	3.2	46.6	53.8	61.7	15.0	15.0	15.8	15.9	15.8	15.9	63.4
Restructuring and related charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization of fair value adjustments (3)	0.0	54.6	5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross profit on non-GAAP basis	485.1	618.5	780.2	887.5	235.2	255.9	209.2	187.2	246.7	228.0	871.1
Gross margin on non-GAAP basis	38.9%	39.5%	46.5%	50.9%	52.0%	53.4%	49.9%	47.7%	55.0%	51.0%	51.0%
Income from operations on GAAP basis	139.9	-21.6	204.1	527.0	99.0	115.3	266.9	45.8	115.9	85.2	513.8
Stock-based compensation	46.8	70.7	73.2	92.9	19.5	24.1	25.1	24.2	24.8	27.3	101.4
the effects of the outbreak of COVID-19	0.0	0.0	7.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition related costs	4.8	15.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Integration related expense	0.0	9.6	17.1	0.7	0.3	0.2	0.2	0.0	0.0	0.0	0.2
Other charges related to non-recurring activities	44.3	53.7	41.6	29.2	12.7	9.1	7.5	-0.1	-2.1	7.4	12.7
Inventory write down due to product line exit	0.0	20.8	7.0	0.4	0.3	0.1	0.0	0.0	0.0	0.1	0.1
Amortization of acquired intangibles	3.2	54.6	78.6	85.7	20.7	20.9	22.0	22.1	21.4	21.5	87.0
Amortization of fair value adjustments	0.0	54.6	5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring and related charges	7.2	31.9	8.0	7.7	0.0	0.2	2.9	4.6	-1.1	0.1	6.5
Merger termination fee and related costs, net	0.0	0.0	0.0	-207.5			-207.5	0.0	0.0	0.0	-207.5
Impairment charges	0.0	30.7	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income (loss) from operations on non-GAAP basis	246.2	320.6	446.8	536.1	152.5	169.9	117.1	96.6	158.9	141.6	514.2
Operating margin on non-GAAP basis	19.7%	20.5%	26.6%	30.8%	33.7%	35.5%	27.9%	24.6%	35.4%	31.7%	30.1%
Net income on GAAP basis	248.1	-36.4	135.5	397.3	67.1	83.2	225.5	21.5	81.5	56.7	385.2
Stock-based compensation	46.8	70.7	73.2	92.9	19.5	24.1	25.1	24.2	24.8	27.3	101.4
the effects of the outbreak of COVID-19			7.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gain on sale of product line			-14.5	-0.7	-0.4	-0.1	0.0	-0.2	0.0	0.0	-0.2
Acquisition related costs	4.8	15.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Integration related expense	0.0	9.6	17.1	0.7	0.3	0.2	0.2	0.0	0.2	0.0	0.4
Other charges related to non-recurring activities	44.3	53.7	41.6	29.2	12.7	9.1	7.5	-0.1	-2.3	7.4	12.5
Inventory write down due to product line exit	0.0	20.8	7.0	0.4	0.3	0.1	0.0	0.0	0.0	0.1	0.1
Amortization of acquired intangibles	3.2	54.6	78.6	85.7	20.7	20.9	22.0	22.1	21.4	21.5	87.0
Amortization of fair value adjustments	0.0	54.6	5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring and related charges	7.2	31.9	8.0	7.7	0.0	0.2	2.9	4.6	-1.1	0.1	6.5
Other interest and (income) expense adjustments	-0.1	-0.5	-2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign exchange (gains) losses, net			1.4	4.4	2.3	2.8	-1.3	0.6	0.1	-0.7	-1.3
Non-cash interest expense on convertible notes and term loan	16.7	18.5	47.6	60.1	14.4	14.7	14.8	16.2	15.3	15.8	62.1
Unrealized (gain) loss on derivative liability	0.8	-8.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Merger termination fee and related costs, net			0.0	-207.5			-207.5	0.0	0.0	0.0	-207.5
Impairment charges	0.0	30.7	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income tax adjustments	-124.0	-10.2	-26.4	-12.0	-5.7	-9.8	10.5	-7.0	-4.8	-7.9	-9.2
Net income on non-GAAP basis	247.8	304.8	384.3	458.2	131.2	145.4	99.7	81.9	135.1	120.3	437.0
Net income per share on non-GAAP basis (diluted)	3.82	4.25	4.95	5.84	1.68	1.85	1.26	1.06	1.79	1.60	5.71
Shares used in per share calculation - diluted on GAAP basis	63.3	70.7	77.6	78.4	78.2	78.4	79.2	77.5	75.4	75.3	
Non-GAAP adjustment	1.5	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Effect of diluted securities from Series A Preferred Stock											
Shares used in per share calculation - diluted on non-GAAP basis	64.8	71.8	77.6	78.4	78.2	78.4	79.2	77.5	75.4	75.3	

Note: In order to give a more meaningful perspective of our tax burden over a longer-term period, beginning in our fiscal fourth quarter, Lumentum changed its method of calculating its non-GAAP income tax provision. Results for FY20, FY21 and the LTM have been recast using the new methodology. This change in methodology did not affect the Company's non-GAAP operating profit, annual cash tax payments, or cash flows.