



# Q3 FY23 Conference Call

*May 9, 2023*



# 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 include statements regarding our expectations for our markets, customers and industry, any anticipation or guidance as to demand for our products and technology from our customers and their end customers, statements regarding the medium to long-term fundamentals of our markets and trends in our markets, our strategies and priorities and expectations for our customers, and our guidance with respect to future net revenue, earnings per share, and operating margins, and related assumptions. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected. Among the factors that could cause actual results to differ from those contemplated are: (a) uncertainty and volatility in the global markets, including uncertainty and volatility in the macroeconomic environment, volatility and uncertainty in banking and financial services sectors, inflationary pressures, changes in the political or economic environment, such as geopolitical conflicts, war, trade and export restrictions and the imposition of tariffs or other duties, and the effect of such market disruptions on demand for our products and our ability to obtain components for our products; (b) quarter-over-quarter product mix fluctuations, which can materially impact profitability measures due to the broad gross margin ranges across our portfolio; (c) decline of average selling prices across our businesses or increase in costs, either of which will also decrease our margins; (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) changes in customer demand, including due to changes in inventory practices and end-customer demand; (g) our ability to attract and retain new customers, particularly in the imaging and sensing market; and (h) the risk that Lumentum's financing or operating strategies will not be successful. For more information on these risks, please refer to the "Risk Factors" section included in the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2023 to be filed with the Securities and Exchange Commission. 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 third quarter 2023 earnings press release which is available on our web site, [www.lumentum.com](http://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, integration related costs, non-GAAP income tax reconciling adjustments, foreign exchange gains and losses, net, 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.*

# Q3 FY23 Key Points

## ▪ Telecom & Datacom

- Revenue up 20% Y/Y, but down 24% Q/Q as customer inventory digestion slowed shipments
- Record quarter in tunable access modules for edge network applications
- ROADM revenue grew 10% Y/Y, led by high port count >20% Y/Y
- IC supply shortages did not significantly limit revenue

## ▪ Industrial & Consumer

- Revenue down Q/Q, as expected due to weaker 3D sensing demand
- Expanding opportunities for automotive LiDAR/ADAS and IoT
- Recognized ~\$3M revenue from automotive LiDAR applications

## ▪ Lasers

- Revenue down 6% Y/Y with lower fiber and solid-state laser shipments
- Ultrafast lasers revenue up over 70% Y/Y, driven by new applications

# Q3 FY23 Results (GAAP)

<i>\$ in millions except for EPS, % of revenue</i>	Q3 FY23		Q2 FY23		Q3 FY22	
<b>Revenue</b>	<b>\$383.4</b>		<b>\$506.0</b>		<b>\$395.4</b>	
<b>Gross Margin</b>	<b>112.0</b>	<b>29.2%</b>	<b>166.2</b>	<b>32.8%</b>	<b>167.2</b>	<b>42.3%</b>
<b>Operating Expenses</b>	<b>163.4</b>	<b>42.6%</b>	<b>188.1</b>	<b>37.2%</b>	<b>120.4</b>	<b>30.5%</b>
<b>Operating Income (Loss)</b>	<b>(51.4)</b>	<b>(13.4)%</b>	<b>(21.9)</b>	<b>(4.3)%</b>	<b>46.8</b>	<b>11.8%</b>
<b>Diluted EPS</b>	<b>\$(0.57)</b>		<b>\$(0.46)</b>		<b>\$0.35</b>	
<b>Diluted Shares-M</b>	<b>68.6</b>		<b>68.3</b>		<b>74.5</b>	

# Q3 FY23 Results (Non-GAAP)

<i>\$ in millions except for EPS, % of revenue</i>	<b>Q3 FY23</b>		<b>Q2 FY23</b>		<b>Q3 FY22</b>	
<b>Revenue</b>	<b>\$383.4</b>		<b>\$506.0</b>		<b>\$395.4</b>	
<b>Gross Margin</b>	<b>156.3</b>	<b>40.8%</b>	<b>227.0</b>	<b>44.9%</b>	<b>195.6</b>	<b>49.5%</b>
<b>Operating Expenses</b>	<b>104.9</b>	<b>27.4%</b>	<b>110.3</b>	<b>21.8%</b>	<b>90.7</b>	<b>22.9%</b>
<b>Operating Income</b>	<b>51.4</b>	<b>13.4%</b>	<b>116.7</b>	<b>23.1%</b>	<b>104.9</b>	<b>26.5%</b>
<b>Diluted EPS</b>	<b>\$0.75</b>		<b>\$1.52</b>		<b>\$1.19</b>	
<b>Diluted Shares-M</b>	<b>68.7</b>		<b>68.6</b>		<b>74.5</b>	

# Q3 FY23 Segment Results

	Q3 FY23	Q2 FY23	Q3 FY22
<i>\$ in millions</i>			
<b>Revenue</b>	<b>\$383.4</b>	<b>\$506.0</b>	<b>\$395.4</b>
Optical Communications	335.1	448.8	344.2
<i>Telecom &amp; Datacom</i>	293.3	384.2	243.5
<i>Industrial &amp; Consumer</i> <sup>(1)</sup>	41.8	64.6	100.7
Commercial Lasers	48.3	57.2	51.2
<b>Gross Margin (Non-GAAP)</b>	<b>40.8 %</b>	<b>44.9 %</b>	<b>49.5 %</b>
Optical Communications	40.8 %	43.9 %	49.0 %
Commercial Lasers	40.4 %	52.4 %	52.9 %

(1) Industrial & Consumer contains 3D sensing revenues as well as diode lasers sold into industrial applications.

# Balance Sheet

Selected Items	Q3 FY23	Q2 FY23
<i>\$ in millions</i>		
Cash and Short-term Investments	\$1,667.2	\$1,680.4
Working Capital <sup>(1)</sup>	453.7	418.6
Property, Plant & Equipment, net	482.9	487.7
<b>Total Assets</b>	<b>4,354.0</b>	<b>4,418.1</b>
<b>Total Liabilities</b>	<b>2,816.0</b>	<b>2,874.5</b>
<b>Shareholder's Equity</b>	<b>1,538.0</b>	<b>1,543.6</b>

(1) Working capital excluding cash, short-term investments and short-term debt

# Q4 FY23 Guidance (Non-GAAP)

*Guidance is based on our expectations as of today and will not be updated or confirmed as of any other date*

<i>\$ in millions except for EPS, % of revenue</i>	<b>Q3 FY23 Actual</b>	<b>Q4 FY23 Guidance</b>
<b>Revenue</b>	<b>\$383.4</b>	<b>\$350 - \$380</b>
<b>Operating Margin</b>	<b>13.4%</b>	<b>8.5% - 11.5%</b>
<b>Diluted EPS</b>	<b>\$0.75</b>	<b>\$0.45 - \$0.65</b>
<b>Diluted Shares – M</b>	<b>68.7</b>	<b>69.0</b>

- **Mid-point revenue projection assumes:**

- Telecom & Datacom slightly up Q/Q
- Industrial & Consumer down Q/Q
- Commercial Lasers approximately flat Q/Q

- **Other mid-point assumptions:**

- 14.5% non-GAAP effective tax rate

Thank you

