

Q2 FY25 Conference Call

February 6, 2025



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 belief and expectations with respect to our markets, including the cloud end market and the broader networking market, customers and industry, any anticipation or guidance as to demand for our products and technology from our customers, statements regarding our quarterly revenue goal, and our guidance with respect to future net revenue, non-GAAP diluted earnings per share, and non-GAAP 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, technology spending by our customers 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; (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 cloud photonics and imaging and sensing markets; (h) the risk that our markets will not grow or develop as expected or that our strategies and ability to compete in those markets are not successful, (i) the risk that Lumentum's financing or operating strategies will not be successful; and (j) failure to successfully integrate Cloud Light into our business or that we will not achieve the expected benefits. For more information on these and other risks, please refer to the "Risk Factors" section included in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 28, 2024, filed with the Securities and Exchange Commission (the "SEC") and the Company's other filings with the SEC, including the Quarterly Report on Form 10-Q for the fiscal quarter ended December 28, 2024 to be 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 of 2025 earnings press release which is available on our web site, www.lumentum.com, under the investors section. During the first fiscal quarter of 2025, the Company refined its methodology to report non-GAAP measures. Prior period non-GAAP financial measures presented herein have been recast to conform to the current presentation. The change does not impact the Company's financial position, cash flows, or GAAP consolidated results of operations.

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.

Q2 FY25 Key Points

■ Revenue & Performance

- Delivered Q2 revenue and non-GAAP EPS above guidance ranges
- Growing cloud opportunities, both inside and outside data centers
- Scaling to address cloud and AI data center demand with increasing manufacturing capacity
- Collaborating with customers on differentiated roadmap, driving AI innovation

■ Cloud & Networking

- Began transceiver shipments to new hyperscale cloud customer previously highlighted
- Set a new revenue record in EML shipments and launched 200G EML deployments across multiple customers
- Strong EML demand projected to outpace supply at least into CY26
- Improving demand for coherent transmission and transport solutions

■ Industrial Tech

- Record ultrafast laser shipments in Q2
- Ultrafast laser applications broadening into semiconductor, advanced packaging and solar cells

Q2 FY25 Results (GAAP)

*\$ in millions
except for EPS, % of revenue*

	Q2 FY25		Q1 FY25		Q2 FY24	
Revenue	\$402.2		\$336.9		\$366.8	
Gross Margin	99.6	24.8%	77.9	23.1%	64.0	17.4%
Operating Expenses	151.2	37.6%	160.3	47.6%	169.2	46.1%
Operating Loss	(51.6)	(12.8%)	(82.4)	(24.5)%	(105.2)	(28.7)%
Diluted EPS	\$(0.88)		\$(1.21)		\$(1.47)	
Diluted Shares-M	68.9		68.3		67.2	

Q2 FY25 Results (Non-GAAP)

<i>\$ in millions except for EPS, % of revenue</i>	Q2 FY25		Q1 FY25		Q2 FY24 ⁽¹⁾
Revenue	\$402.2		\$336.9		\$366.8
Gross Margin	130.0	32.3%	110.4	32.8%	115.1 31.4%
Operating Expenses	98.3	24.4%	100.4	29.8%	108.2 29.5%
Operating Income	31.7	7.9%	10.0	3.0%	6.9 1.9%
Diluted EPS	\$0.42		\$0.18		\$0.24
Diluted Shares-M	71.6		69.1		67.4

⁽¹⁾ Historical non-GAAP measures recast to conform to current period presentation

Q2 FY25 Segment Results

	Q2 FY25	Q1 FY25	Q2 FY24
<i>\$ in millions</i>			
Revenue	\$402.2	\$336.9	\$366.8
Cloud & Networking	339.2	282.3	286.7
Industrial Tech	63.0	54.6	80.1
Segment Profit			
Cloud & Networking	16.2 %	12.9 %	10.1 %
Industrial Tech	6.2 %	4.0 %	15.9 %

Balance Sheet

Selected Items	Q2 FY25	Q1 FY25
<i>\$ in millions</i>		
Cash and Short-term Investments	\$896.7	\$916.1
Working Capital ⁽¹⁾	407.8	415.0
Property, Plant & Equipment, net	663.4	638.4
Total Assets	3,966.1	3,969.6
Total Liabilities	3,093.8	3,073.7
Shareholder's Equity	872.3	895.9

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

Q3 FY25 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>	Q2 FY25 Actual	Q3 FY25 Guidance
Revenue	\$402.2	\$410 - \$425
Operating Margin	7.9%	9.5% - 10.5%
Diluted EPS	\$0.42	\$0.47 - \$0.53
Diluted Shares – M	71.6	73.0

- **Mid-point of revenue guidance assumes:**
 - Cloud & Networking segment up Q/Q
 - Industrial Tech segment down Q/Q, by approximately \$10 million
- **FY25 non-GAAP effective tax rate of 16.5%**
- **Expected Q3 FY25 net interest and other income to be approximately \$2.5 million**

Thank You

