Q3 FY20 Conference Call

May 5, 2020

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, including trends in our business, including trends in demand for our product, supply and manufacturing trends and longer term trends in our markets, our strategies and ability to compete, performance, including our guidance and expectations regarding future 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) quarter-over-quarter product mix fluctuations, which can materially impact profitability measures due to the broad gross margin ranges across our portfolio; (b) continued decline of average selling prices across our businesses; (c) effects of seasonality; (d) the ability of our suppliers and contract manufacturers to meet production, quality and delivery requirements for our forecasted demand; (e) inherent uncertainty related to global markets, including the impact of the coronavirus outbreak, and the effect of such markets on demand for our products; (f) changes in customer demand; (g) our ability to attract and retain new customers, particularly in the 3D sensing market; (h) the risk that synergies and non-GAAP earnings accretion related to the acquisition of Oclaro will not be realized or realized to the extent anticipated or that Lumentum will incur significant costs to achieve such synergies; (i) the risk that Lumentum's financing or operating strategies will not be successful; (j) disruption related to the integration of Oclaro making it more difficult to maintain customer, supplier, key personnel and other strategic relationships; and (k) the COVID-19 pandemic and related impacts, which may continue to adversely impact our business, financial performance and results of operations. All forward-looking statements involve risks and uncertainties that could cause actual events and terms to differ materially from those set forth herein, including those related to our business and growth opportunities. 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 March 28, 2020 as filed with the Securities and Exchange Commission, and in our other filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the fiscal year ended June 29, 2019 and Quarterly Report on Form 10-Q for the fiscal quarter ended December 28, 2019. 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 2020 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.

Q3 Key Points

- COVID-19 revenue impact was more than $10 million higher than in prior guidance
- Supply constraints accelerated late in Q3 as COVID-19 spread beyond China
- Strong Telecom and Datacom demand but revenue limited by supply constraints
  - Telecom and Datacom bookings increased more than 10% sequentially, achieving book to bill of 1.3
  - Telecom Transmission impacted significantly late in Q3 due to Malaysia's Movement Control Order
  - Telecom Transport growth limited by third party component supply
  - Datacom chip revenue up over 20% Q/Q driven by very strong Cloud and 5G demand
- Industrial & Consumer revenue up 40% Y/Y due to 3D Sensing market expansion
  - Strong ramp of lasers for 3D sensing, or LiDAR, consumer device applications
- Lasers revenue down on lower fiber laser sales partially offset by strong solid-state laser sales into semiconductor fabrication end-market
- Non-GAAP gross margin expanded 650 bps and non-GAAP operating margin expanded 720 bps Y/Y highlighting improving financial model
- EPS of $1.26 was above the guidance range despite revenue on the low-end of range
- Strong Q3 cash flow from operations of $151.8 million

Q4 Demand Expectations and Supply Trends

- COVID-19 expected to significantly impact revenue due to supply and demand challenges

- Telecom and Datacom demand strong but supply constraints limit growth
  - Strong bookings continue
  - Datacom chip demand is very strong - expect continued revenue growth
  - Telecom Transport component supply is improving and is expected to enable revenue growth
  - Telecom Transmission flat to slightly down due to impact of Malaysia's Movement Control Order
  - Malaysian production limited in the first half of Q4 but expected to return to near 100% level in the coming weeks

- 3D Sensing demand down Q/Q and Y/Y due to:
  - Expectations around consumer demand
  - The potential for smartphone supply chain challenges impacting demand for our products
  - The potential risk around the timing of new customer programs

- Lasers demand significantly down due to global industrial production slow down
  - Declines in fiber lasers more than offset strong solid-state laser sales

Longer-Term Trends and Comments

- Lumentum focused on long-term durable global market trends
  - Expanding the bandwidth and scale of cloud datacenters
  - Expanding the bandwidth and flexibility of communications networks
  - Increasing the bandwidth of 5G wireless fronthaul and backhaul networks
  - Enabling computer vision applications - biometric security, AR/VR, LiDAR and computational photography
  - Higher precision, more energy efficient and lower total cost of ownership materials processing for manufacturing, semiconductor device and consumer electronics production
- The world's reaction to COVID-19 likely to accelerate the shift toward digital and virtual approaches to work, education, healthcare, entertainment, social interaction, and commerce
- Our strategy of technology and product leadership closely aligned with customers is even more apt in the COVID-19 and post-COVID-19 times
- Our market and technology leadership positions and financial strength position us well for the future
- We have the ability and intent to invest strongly in innovation and new customer programs

Q3 FY20 Results (GAAP)

$ in millions *except for EPS, % of revenue*	Q3 FY20		Q2 FY20		Q3 FY19	
Revenue	**$402.8**		**$457.8**		**$432.9**	
Gross Margin	**157.7**	*39.2%*	**189.1**	*41.3%*	**88.3**	*20.4%*
Operating Expenses	**115.2**	*28.6%*	**114.3**	*25.0%*	**164.7**	*38.0%*
Operating Income (Loss)	**42.5**	*10.6%*	**74.8**	*16.3%*	**(76.4)**	*(17.6)%*
Diluted EPS	**$0.56**		**$0.63**		**$(0.98)**	
Diluted Shares-M	**77.5**		**78.0**		**76.2**	

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Q3 FY20 Results (Non-GAAP)

$ in millions except for EPS, % of revenue	**Q3 FY20**		**Q2 FY20**		**Q3 FY19**	
Revenue	**$402.8**		**$457.8**		**$432.9**	
Gross Margin	**183.4**	*45.5%*	**216.8**	*47.4%*	**168.8**	*39.0%*
Operating Expenses	**82.7**	*20.5%*	**84.8**	*18.5%*	**91.8**	*21.2%*
Operating Income	**100.7**	*25.0%*	**132.0**	*28.8%*	**77.0**	*17.8%*
Diluted EPS	**$1.26**		**$1.53**		**$0.92**	
Diluted Shares-M	**77.5**		**78.0**		**76.7**	

Q3 FY20 Segment Results

$ in millions	Q3 FY20	Q2 FY20	Q3 FY19
Revenue	**$402.8**	**$457.8**	**$432.9**
Optical Communications	359.3	409.4	377.9
Telecom & Datacom	251.0	266.3	300.7
Industrial & Consumer[(1)]	108.3	143.1	77.2
Commercial Lasers	43.5	48.4	55.0
Gross Margin (Non-GAAP)	**45.5 %**	**47.4%**	**39.0%**
Optical Communications	45.0 %	48.0%	38.0%
Commercial Lasers	49.7 %	42.1%	46.0%

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

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Balance Sheet

Selected Items *$ in millions*	Q3 FY20	Q2 FY20
Cash and Short-term Investments	$1,451.4	$1,315.6
Working Capital[(1)]	224.9	263.2
Property, Plant & Equipment, net	410.1	421.0
Total Assets	3,268.7	3,221.2
Total Liabilities	1,534.5	1,539.6
Shareholder's Equity	1,734.2	1,681.6

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

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Q4 FY20 Guidance (Non-GAAP)

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

$ in millions except for EPS, % of revenue	**Q3 FY20** *Actual*	**Q4 FY20** *Guidance*
Revenue	$402.8	$325 - $365
Operating Margin	25.0%	18% – 21%
Diluted EPS	$1.26	$0.70 - $0.90

- Estimated COVID-19 impact to mid-point of guidance
  - More than $90 million reduction in revenue between supply constraints and demand reductions
  - More than $0.50 reduction in diluted EPS
- Revenue projection assumes:
  - Telecom & Datacom approximately flat Q/Q as COVID-19 related supply constraints limits growth
  - Industrial & Consumer declines Q/Q driven by >40% decline in 3D sensing
  - Commercial lasers decreases Q/Q by approximately 20% due to global industrial production slow down
- Discontinued Telecom & Datacom product lines:
  - ~$15 million remaining; expect decline of ~$6-8 million in Q4FY20

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