Q1 FY21 Conference Call

November 2, 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, 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) 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 COVID-19 pandemic, 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 Lumentum's financing or operating strategies will not be successful; (i) changes in the political or economic environment, including trade and export restrictions; and (j) 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 September 26, 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 27, 2020. 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 first quarter 2021 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.

Overview

Long-term market trends are very strong

- The world is accelerating its shift toward digital and virtual approaches to work, education, healthcare, entertainment, social interaction, and commerce
- Lumentum is focused on enabling these durable long-term global trends
  - Enabling cloud datacenters to scale capacity with power and cost efficiency
  - Efficiently expanding the capacity and flexibility of communications networks
  - Enabling wireless fronthaul and backhaul networks to scale bandwidth needed for 5G
  - Enabling computer vision - biometric security, AR/VR, LiDAR and computational photography
  - Higher precision, more energy efficient and lower total cost of ownership materials processing for manufacturing and semiconductor device and consumer electronics production
- 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 intend to invest strongly in innovation and new customer programs

Q1FY21 Key Points

- Achieved record non-GAAP gross margin, operating margin, and EPS
  - Non-GAAP gross margin at 52.0% expanded 480 bps Q/Q and 620 bps Y/Y
  - Non-GAAP operating margin at 33.7% expanded 890 bps Q/Q and 640 bps Y/Y
  - Non-GAAP EPS at $1.78 expanded 51% Q/Q and 24% Y/Y
  - Driven by improving product mix and operational efficiency, and the impact of acquisition synergies
- Telecom and Datacom:
  - Revenue up 2% Q/Q and 5% Y/Y as reported; production above pre-pandemic levels
  - Excluding discontinued and divested products revenue was up 4% Q/Q and 14% Y/Y*
  - Ramping InP 600G/800G coherent modulators, sampling 400G DCO modules
  - Contentionless MxN ROADMs up 30% Q/Q; increasing market shift to this technology
  - Datacom chip sales grew 6% Q/Q; demonstrated 200G PAM4 EML
- Industrial & Consumer:
  - Revenue exceeded guidance assumptions due to stronger demand
  - Strong shipments of new chips for biometric authentication, computational photography, and LiDAR
- Lasers:
  - Revenue declined more than expected due to steeper decline in fiber laser sales
  - Bookings grew modestly Q/Q

**adjusting for $19M, $7M, and $1M of discontinued or divested products in Q1FY20, Q4FY20, and Q1FY21 respectively*

Q1 FY21 Results (GAAP)

$ in millions *except for EPS, % of revenue*	Q1 FY21		Q4 FY20		Q1 FY20	
Revenue	**$452.4**		**$368.1**		**$449.9**	
Gross Margin	**205.7**	*45.5%*	**135.7**	*36.9%*	**167.7**	*37.3%*
Operating Expenses	**106.7**	*23.6%*	**108.7**	*29.5%*	**107.9**	*24.0%*
Operating Income	**99.0**	*21.9%*	**27.0**	*7.3%*	**59.8**	*13.3%*
Diluted EPS	**$0.86**		**$(0.06)**		**$0.61**	
Diluted Shares-M	**78.2**		**75.0**		**77.6**	

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Q1 FY21 Results (Non-GAAP)

$ in millions *except for EPS, % of revenue*	Q1 FY21		Q4 FY20		Q1 FY20	
Revenue	**$452.4**		**$368.1**		**$449.9**	
Gross Margin	**235.2**	*52.0%*	**173.9**	*47.2%*	**206.1**	*45.8%*
Operating Expenses	**82.7**	*18.3%*	**82.5**	*22.4%*	**83.4**	*18.5%*
Operating Income	**152.5**	*33.7%*	**91.4**	*24.8%*	**122.7**	*27.3%*
Diluted EPS	**$1.78**		**$1.18**		**$1.44**	
Diluted Shares-M	**78.2**		**77.5**		**77.6**	

Q1 FY21 Segment Results

$ in millions	Q1 FY21	Q4 FY20	Q1 FY20
Revenue	**$452.4**	**$368.1**	**$449.9**
Optical Communications	428.5	330.3	416.1
Telecom & Datacom	261.3	256.4	248.1
Industrial & Consumer(1)	167.2	73.9	168.0
Commercial Lasers	23.9	37.8	33.8
Gross Margin (Non-GAAP)	**52.0 %**	**47.2%**	**45.8%**
Optical Communications	52.5 %	46.6%	46.1%
Commercial Lasers	43.5 %	52.9%	42.0%

(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*	Q1 FY21	Q4 FY20
Cash and Short-term Investments	$1,610.7	$1,553.8
Working Capital[(1)]	262.6	213.2
Property, Plant & Equipment, net	393.4	393.0
Total Assets	3,387.4	3,292.6
Total Liabilities	1,571.3	1,543.4
Shareholder's Equity	1,816.1	1,749.2

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

Q2 FY21 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*	**Q1 FY21** *Actual*	**Q2 FY21** Guidance
Revenue	$452.4	$465 - $485
Operating Margin	33.7%	32.0% – 34.0%
Diluted EPS	$1.78	$1.70 - $1.90

- Revenue projection at mid-point assumes:
  - Telecom & Datacom up Q/Q
  - Industrial & Consumer flat to up modestly Q/Q
  - Commercial lasers flat to up modestly Q/Q
- Other assumptions at the mid-point:
  - Increased investment in R&D
  - Other Income of $0.5 million
  - Non-GAAP tax expense of $15 million
  - Diluted share count of 79 million

Revised Mid-Term Target Financial Model (Non-GAAP)

Exceeded prior targets for LTM; expect continued improvements in product mix, efficiency, and operating leverage, while making strong investments in new products and technology

	FY19	FY20	LTM*	Prior Targets**	New Targets (Annual)
Revenue	$1,565	$1,679	$1,681		
Gross Margin %	39.5%	46.5%	48.1%	40-45%	50%
Opex % of revenue	19.0%	19.9%	19.8%	<18%	20%
Operating Margin %	20.5%	26.6%	28.4%	22-28%	30%

Don't expect to exceed new targets for FY21 due to 3D sensing seasonality and regulatory restrictions on sales to Huawei impacting the second half of FY21

**LTM is 12 months from Q2FY20 through Q1FY21*
*** Announced on March 12, 2018 in connection with the Oclaro acquisition*

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