



Q4 FY23 Conference Call

August 17, 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 beliefs and expectations with respect to our markets, customers and industry, any anticipation or guidance as to demand for our products and technology from our customers and their end customers, including drivers of that demand, statements regarding acquisition synergies and our guidance with respect to future net revenue, non-GAAP diluted earnings per share, and non-GAAP operating margins. 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 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 April 1, 2023 filed with the Securities and Exchange Commission, and in the Company's other filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the fiscal year ended July 1, 2023, which will be filed with the Securities and Exchange Commission. 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 fourth quarter 2023 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, 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.

FY23 Key Points

■ Total Company Results

- FY23 revenue up 3% from FY22
- On track to \$80M annualized synergy savings to be fully realized over the next 18 months; over half achieved during FY23
- Executed upon coherent module vertical integration strategy with NeoPhotonics and IPG product line acquisitions

■ Telecom & Datacom

- Telecom & Datacom up 31% Y/Y through organic & inorganic growth
- Record revenue for tunable access modules, up 57% Y/Y with cable and networking customers
- Doubled capacity in tunable access modules to address future growth
- ROADM revenue up 22% Y/Y, driven by the adoption of advanced ROADM architectures

■ Industrial & Consumer

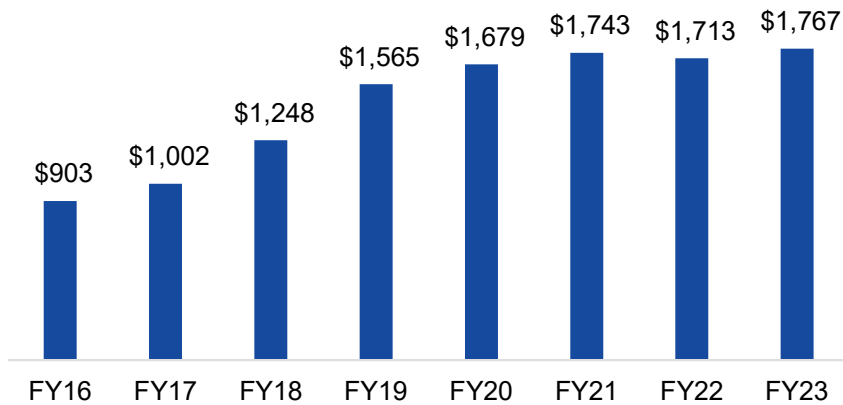
- Revenue down 54% Y/Y due to 3DS share normalization, as expected

■ Lasers

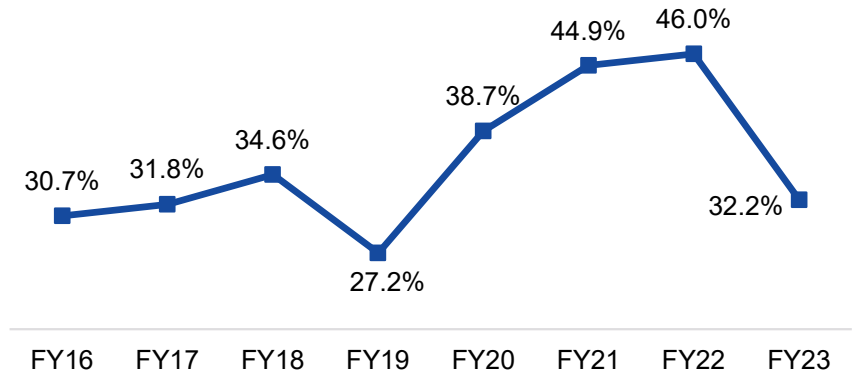
- Revenue up 8% Y/Y from fiber and ultrafast lasers
- Continued expansion into new applications and larger customer base

Financial Trends FY16 to FY23 (GAAP)

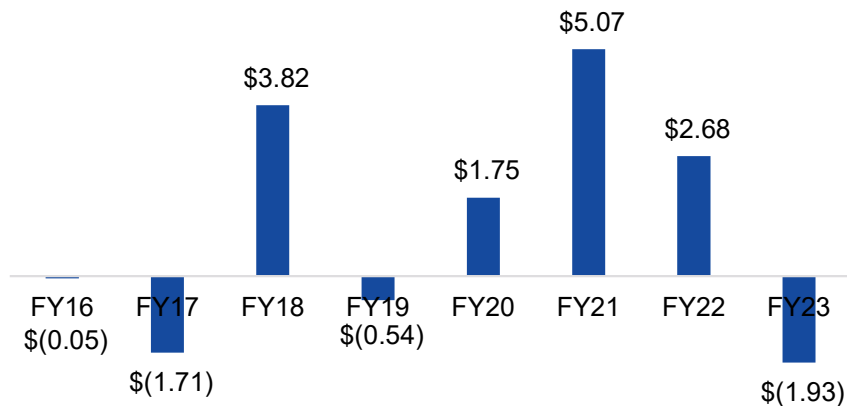
Net Revenue (M)



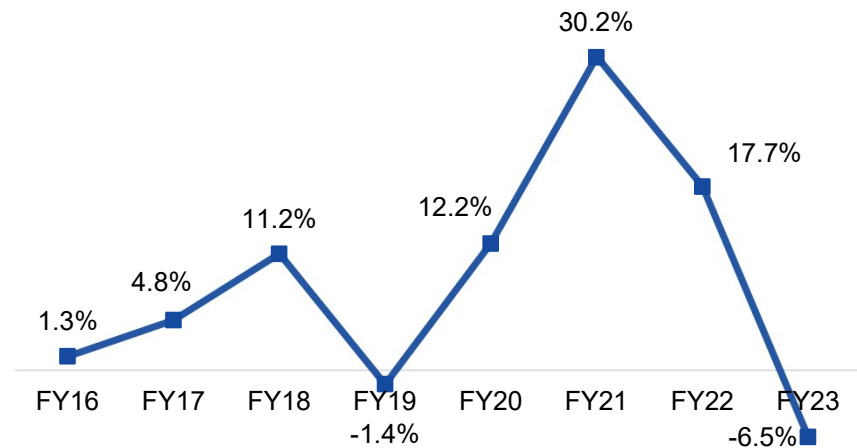
GAAP Gross Margin (% of revenue)



GAAP Earnings Per Share

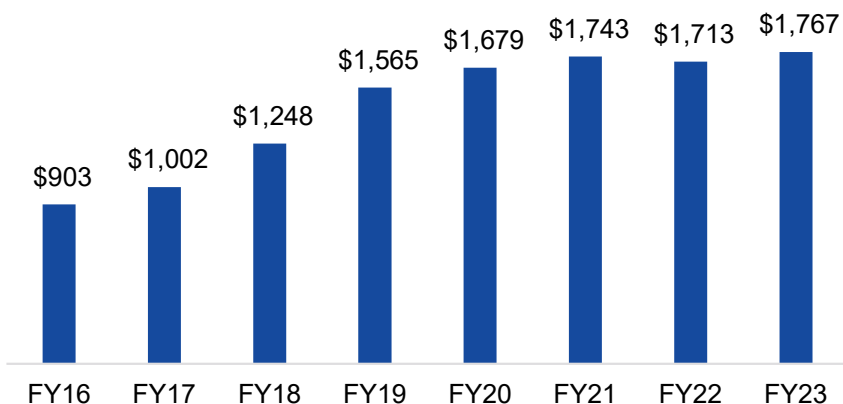


GAAP Operating Margin (% of revenue)

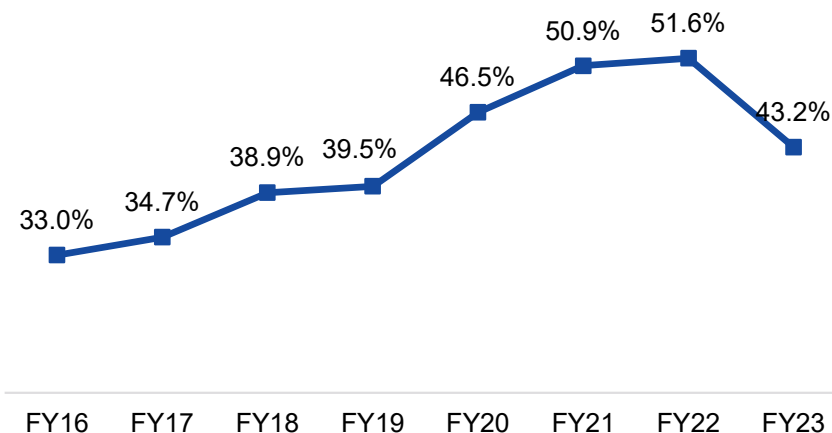


Financial Trends FY16 to FY23 (Non-GAAP)

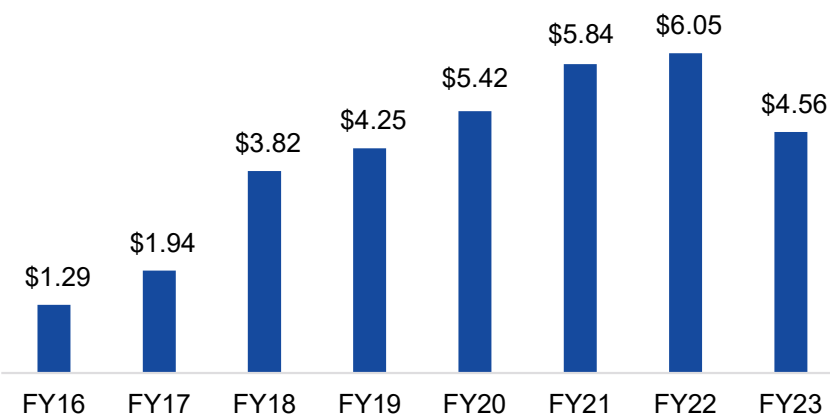
Net Revenue (M)



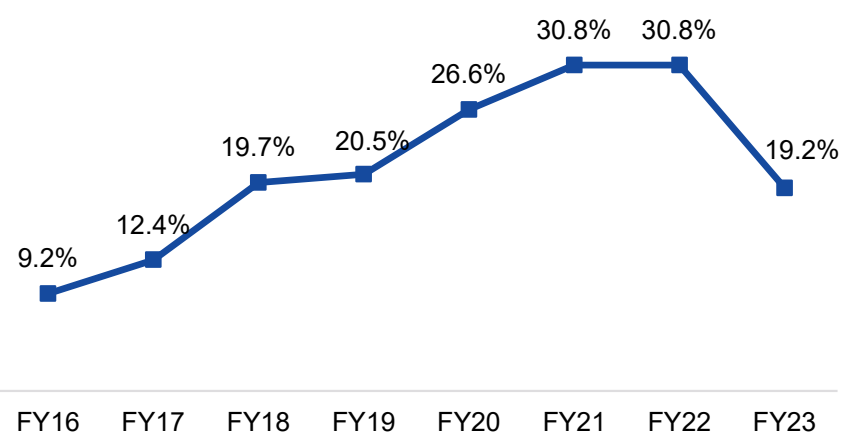
Non-GAAP Gross Margin (% of revenue)



Non-GAAP Earnings Per Share



Non-GAAP Operating Margin (% of revenue)



Q4 FY23 Key Points

▪ Telecom & Datacom

- Revenue up 2% Y/Y
- Demonstrated the industry's first 800G ZR module technology
- AI applications driving increased demand for EML and CW lasers for 800G transceivers
- 200G-per-lane EML internal qualification completed
- ROADM revenue grew 30% Q/Q and 21% Y/Y, driven by new ROADM architectures

▪ Industrial & Consumer

- Consistent with expectations, revenue down Q/Q due to 3D Sensing seasonality

▪ Lasers

- Revenue up 4% Q/Q, down 2% Y/Y
- Rapid Y/Y growth in ultrafast lasers, driven by new solar cell applications

Q4 FY23 Results (GAAP)

<i>\$ in millions except for EPS, % of revenue</i>	Q4 FY23	Q3 FY23	Q4 FY22
Revenue	\$370.8	\$383.4	\$422.1
Gross Margin	89.6 24.2%	112.0 29.2%	181.7 43.0%
Operating Expenses	145.5 39.2%	163.4 42.6%	126.3 29.9%
Operating Income (Loss)	(55.9) (15.1)%	(51.4) (13.4)%	55.4 13.1%
Diluted EPS	\$(0.88)	\$(0.57)	\$0.49
Diluted Shares-M	68.3	68.6	71.5

Q4 FY23 Results (Non-GAAP)

<i>\$ in millions except for EPS, % of revenue</i>	Q4 FY23		Q3 FY23	Q4 FY22
Revenue	\$370.8		\$383.4	\$422.1
Gross Margin	136.1	36.7%	156.3	212.7
			40.8%	50.4%
Operating Expenses	102.4	27.6%	104.9	91.1
			27.4%	21.6%
Operating Income	33.7	9.1%	51.4	121.6
			13.4%	28.8%
Diluted EPS	\$0.59		\$0.75	\$1.47
Diluted Shares-M	68.6		68.7	71.5

Q4 FY23 Segment Results

	Q4 FY23	Q3 FY23	Q4 FY22
<i>\$ in millions</i>			
Revenue	\$370.8	\$383.4	\$422.1
Optical Communications	320.5	335.1	370.9
<i>Telecom & Datacom</i>	286.9	293.3	282.1
<i>Industrial & Consumer</i> ⁽¹⁾	33.6	41.8	88.8
Commercial Lasers	50.3	48.3	51.2
Gross Margin (Non-GAAP)	36.7 %	40.8 %	50.4 %
Optical Communications	36.1 %	40.8 %	49.8 %
Commercial Lasers	40.6 %	40.4 %	54.5 %

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

Balance Sheet

Selected Items	Q4 FY23	Q3 FY23
<i>\$ in millions</i>		
Cash and Short-term Investments	\$2,013.6	\$1,667.2
Working Capital ⁽¹⁾	442.1	453.7
Property, Plant & Equipment, net	489.5	482.9
Total Assets	4,632.1	4,354.0
Total Liabilities	3,276.3	2,816.0
Shareholder's Equity	1,355.8	1,538.0

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

Q1 FY24 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>	Q4 FY23 Actual	Q1 FY24 Guidance
Revenue	\$370.8	\$300 - \$325
Operating Margin	9.1%	1.0% - 4.0%
Diluted EPS	\$0.59	\$0.20 - \$0.35
Diluted Shares – M	68.6	67.0

- **Mid-point revenue projection assumes:**
 - Telecom & Datacom down Q/Q primarily due to customer inventory correction
 - Industrial & Consumer approximately flat Q/Q
 - Commercial Lasers down Q/Q

- **Other mid-point assumptions:**
 - 14.5% non-GAAP effective tax rate

Thank you

