

Q2 FY24 Conference Call

February 8, 2024



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, 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 and the timing of the increased capex spending by the telecom industry and the inventory correction cycle, statements regarding our product roadmaps and investments, statements regarding revenue growth and trends in our markets, 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 imaging and sensing market; (h) the risk that Lumentum's financing or operating strategies will not be successful; (i) risks that the acquisition of Cloud Light disrupts our current plans and operations; (j) failure to successfully integrate Cloud Light into our business and (k) our failure to accurately identify liabilities and risks in Cloud Light's business. 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 30, 2023 filed with the Securities and Exchange Commission and the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 30, 2023 to be filed with the Securities and Exchange Commission. The forward-looking statements contained in this press release 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 2024 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.

Key Points

■ Total Company

- Q2 Revenue and non-GAAP EPS above guidance midpoints
- Completed Cloud Light acquisition, expanding our exposure to cloud and AI growth opportunities
- Tight cost controls; focused on acquisition synergies and lowering fixed costs
 - Closure of two NeoPhotonics factories in China in December

■ Cloud & Networking

- Investing in leading-edge transceiver manufacturing capacity in Thailand to serve growing 800G/1.6T demand from multiple customers
- Revenue up 25% Q/Q driven by strong cloud demand and down 25% Y/Y with customer inventory correction
- In the second half of CY24, expect shipment of power-efficient 4x200G and 1.6T transceivers, 200G-per-lane EMLs, and 130 & 200 Gigabaud coherent products

■ Industrial Tech

- Revenue down 9% Q/Q, down 35% Y/Y, as expected, due to 3D sensing seasonality, increased competition in consumer, and laser customer inventory correction
- Growing micromachining applications for industrial lasers across semiconductors, EV batteries, PCBs, and solar cells

Q2 FY24 Results (GAAP)

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

	Q2 FY24		Q1 FY24		Q2 FY23	
Revenue	\$366.8		\$317.6		\$506.0	
Gross Margin	64.0	17.4%	76.7	24.1%	166.2	32.8%
Operating Expenses	169.2	46.1%	157.5	49.6%	188.1	37.2%
Operating Loss	(105.2)	(28.7%)	(80.8)	(25.4)%	(21.9)	(4.3)%
Diluted EPS	\$(1.47)		\$(1.02)		\$(0.46)	
Diluted Shares-M	67.2		66.7		68.3	

Q2 FY24 Results (Non-GAAP)

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

	Q2 FY24		Q1 FY24		Q2 FY23
Revenue	\$366.8		\$317.6		\$506.0
Gross Margin	119.7	32.6%	110.7	34.9%	227.0 44.9%
Operating Expenses	106.7	29.1%	100.1	31.5%	110.3 21.8%
Operating Income	13.0	3.5%	10.6	3.3%	116.7 23.1%
Diluted EPS	\$0.32		\$0.35		\$1.52
Diluted Shares-M	67.4		67.0		68.6

Q2 FY24 Segment Results

	Q2 FY24	Q1 FY24	Q2 FY23 *
<i>\$ in millions</i>			
Revenue	\$366.8	\$317.6	\$506.0
Cloud & Networking	286.7	229.7	382.9
Industrial Tech	80.1	87.9	123.1
Segment Profit	11.4 %	12.3 %	29.6 %
Cloud & Networking	10.1 %	10.4 %	26.1 %
Industrial Tech	15.9 %	17.4 %	40.4 %

* Q2 FY23 has been recast to conform to the new segment structure and segment profit measure, effective Q1 FY24.

Balance Sheet

Selected Items	Q2 FY24	Q1 FY24
<i>\$ in millions</i>		
Cash and Short-term Investments	\$1,224.0	\$1,944.3
Working Capital ⁽¹⁾	499.4	469.4
Property, Plant & Equipment, net	582.3	511.6
Total Assets	4,656.0	4,545.0
Total Liabilities	3,378.2	3,234.2
Shareholder's Equity	1,277.8	1,310.8

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

Q3 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>	Q2 FY24 Actual	Q3 FY24 Guidance
Revenue	\$366.8	\$350 - \$380
Operating Margin	3.5%	2.0% - 5.0%
Diluted EPS	\$0.32	\$0.20 - \$0.35
Diluted Shares – M	67.4	67.8

- **Mid-point of revenue guidance assumes:**
 - Cloud & Networking segment up Q/Q
 - Includes a full quarter of Cloud Light revenue
 - Reflects ~\$10M negative impact of trade regulations for the quarter
 - Industrial Tech segment down ~\$40M Q/Q
- **14.5% non-GAAP effective tax rate**

Thank You

