

Q4 FY24 Conference Call

August 14, 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 strategies, our technology, 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 demand relative to supply, our product roadmaps and investments, our market opportunity and expectations for our markets our future revenue and 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 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; (j) risks related to restructurings and changes to our operations; (k) failure to successfully integrate Cloud Light or other acquisitions into our business or that we will not achieve the expected benefits, and (l) 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 March 30, 2024 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 June 29, 2024, 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 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

- Q4 revenue and non-GAAP EPS above guidance midpoints
- Expanding cloud customer base
- Scaling up component and module capacity for AI customers
- Executing on differentiated technology roadmap to support data center compute scaling

■ Cloud & Networking

- Secured major transceiver award with one new customer; working towards additional awards with multiple customers
- Booked record orders for EMLs with leading AI customers through their transceiver supply chains
- Record unit shipments of 100G EMLs in Q4
- 200G EML production expected to ramp this fiscal year
- Despite lingering industry inventory challenges, encouraged by recent improvements in leading-edge networking market

■ Industrial Tech

- Pursuing new applications in semiconductors and advanced chip packaging to support high-performance computing
- Delivered multiple femtosecond ultrafast laser demo units for new advanced display applications

Q4 FY24 Results (GAAP)

<i>\$ in millions except for EPS, % of revenue</i>	Q4 FY24		Q3 FY24		Q4 FY23	
Revenue	\$308.3		\$366.5		\$370.8	
Gross Margin	51.3	16.6%	59.5	16.2%	89.6	24.2%
Operating Expenses	184.7	59.9%	174.1	47.5%	145.5	39.2%
Operating Loss	(133.4)	(43.3%)	(114.6)	(31.3)%	(55.9)	(15.1)%
Diluted EPS	\$(3.72)		\$(1.88)		\$(0.88)	
Diluted Shares-M	67.8		67.5		68.3	

Q4 FY24 Results (Non-GAAP)

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

	Q4 FY24		Q3 FY24		Q4 FY23
Revenue	\$308.3		\$366.5		\$370.8
Gross Margin	99.2	32.2%	119.3	32.6%	136.1 36.7%
Operating Expenses	100.0	32.4%	104.3	28.5%	102.4 27.6%
Operating Income (Loss)	(0.8)	(0.3%)	15.0	4.1%	33.7 9.1%
Diluted EPS	\$0.06		\$0.29		\$0.59
Diluted Shares-M	68.3		68.1		68.6

Q4 FY24 Segment Results

	Q4 FY24	Q3 FY24	Q4 FY23
<i>\$ in millions</i>			
Revenue	\$308.3	\$366.5	\$370.8
Cloud & Networking	254.7	313.8	286.5
Industrial Tech	53.6	52.7	84.3
Segment Profit (Loss)			
Cloud & Networking	10.1 %	14.6 %	17.7 %
Industrial Tech	(0.4) %	(5.1) %	14.4 %

Balance Sheet

Selected Items	Q4 FY24	Q3 FY24
<i>\$ in millions</i>		
Cash and Short-term Investments	\$887.0	\$870.9
Working Capital ⁽¹⁾	433.8	461.5
Property, Plant & Equipment, net	572.5	578.7
Total Assets	3,931.9	4,204.5
Total Liabilities	2,974.6	3,027.8
Shareholder's Equity	957.3	1,176.7

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

Q1 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>	Q4 FY24 Actual	Q1 FY25 Guidance
Revenue	\$308.3	\$315 - \$335
Operating Margin (Loss)	(0.3%)	0% - 3.0%
Diluted EPS	\$0.06	\$0.07 - \$0.17
Diluted Shares – M	68.3	68.8

- **Mid-point of revenue guidance assumes:**
 - Cloud & Networking segment up Q/Q
 - Industrial Tech segment approximately flat Q/Q
- **FY25 non-GAAP effective tax rate of 16.5%, up from 14.5% in FY24**
- **Expected Q1 FY25 net interest and other income in the range of \$4.0 - \$5.5 million**

Thank You

