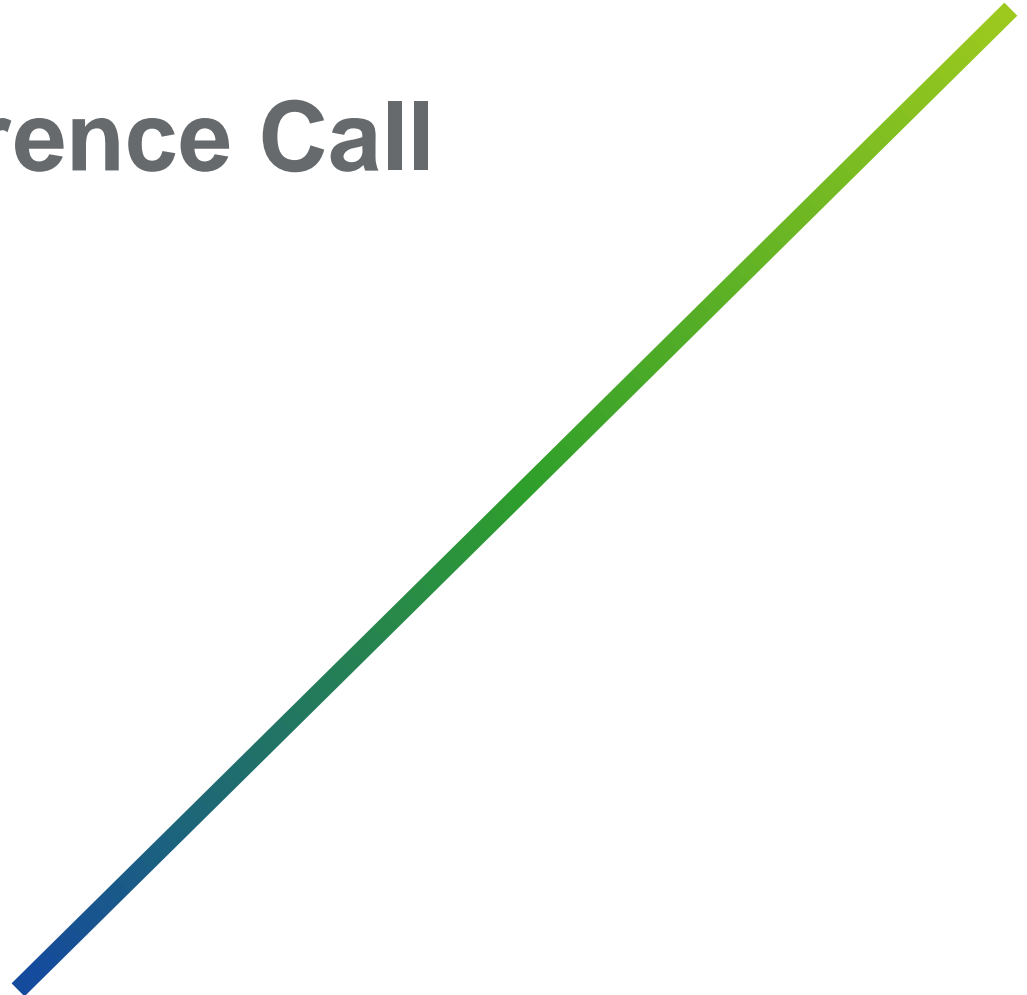


# Q4 FY21 Conference Call

*August 18, 2021*



# 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 April 3, 2021 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 July 3, 2021, which will be filed within sixty days of our fiscal year end. 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 fourth quarter and full year 2021 earnings press release which is available on our web site, [www.lumentum.com](http://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.*

*In order to give a more meaningful perspective of our tax burden over a longer-term period, and in accordance with the SEC Non-GAAP Financial Measures Compliance and Disclosure Interpretations, beginning in our fiscal fourth quarter, Lumentum is changing its method of calculating its non-GAAP income tax provision. For this quarter only, Lumentum will provide its non-GAAP tax provisions using both the prior method, focused on current year taxes, and a new method. This change in methodology will not affect the Company's non-GAAP operating profit, annual cash tax payments, or cash flows, but should result in higher reported non-GAAP tax provisions*

# FY21 Key Points

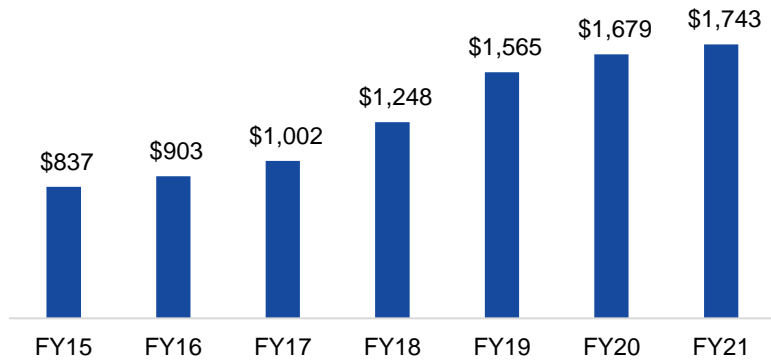
*Another year with record revenue, margins, and earnings per share*

- **Record revenue of \$1.74 billion despite difficult macro environment**
  - Product leadership drove record Telecom and Datacom and Industrial and Consumer revenues
  - Commercial lasers down 25% versus prior year due to the impact of COVID-19 to end-markets
  - Excluding low margin product lines exited, revenue grew 8% in fiscal 21 vs. fiscal 20<sup>(1)</sup>
- **Attained target financial model a year ahead of expectations**
  - Non-GAAP gross margin up 440 bps to 50.9%,
  - Non-GAAP operating margin up 420 bps to 30.8%
  - Non-GAAP EPS up 18% to \$5.84 with the new non-GAAP tax methodology
  - Non-GAAP EPS up 16% to \$6.31 with the prior non-GAAP tax methodology
  - Cash flow from operations of \$738.7 million including \$207.5 million related to a merger agreement termination
- **Key new products position us well for market transitions underway and over the long-term**
  - Contentionless MxN and high-port count ROADMs to enable network capacity scaling
  - PIC based components and DCO modules to enable scaling to even higher network bandwidths
  - PAM4 and high-speed EMLs and DMLs to enable next generation datacenters and 5G networks
  - Highly-efficient VCSEL arrays for next generation contact-less biometric authentication, computation photography, LiDAR, and other computer vision applications
  - Ultra-fast solid-state lasers for demanding semiconductor and display manufacturing applications
- **Healthy Balance Sheet and Capital Structure**
  - FY21 ending cash and short-term investments of \$1.95 billion
  - Flexible, low interest convertible debt with principal amount of \$1.50 billion
  - Repurchased 3.1 million shares, or 4% of shares outstanding, during Q4FY21 for \$241 million

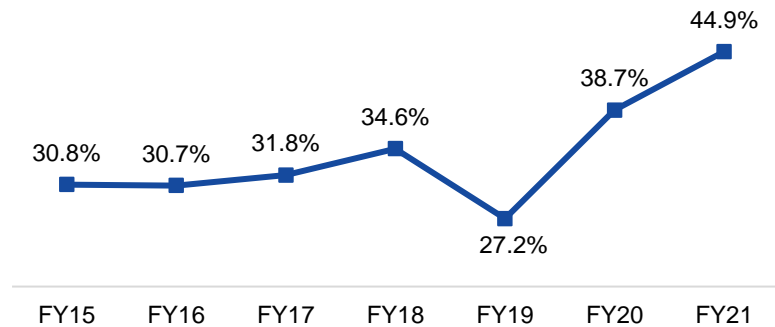
<sup>(1)</sup> Revenue from exited low margin products was \$5.0M in FY21 and \$62.2M in FY20

# Financial Trends FY15 to FY21 (GAAP)

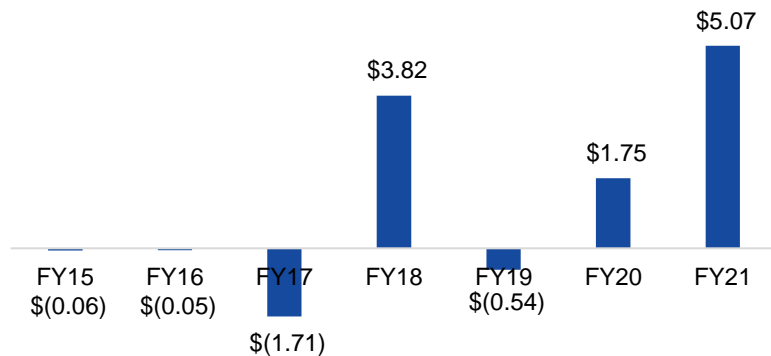
## Net Revenue (M)



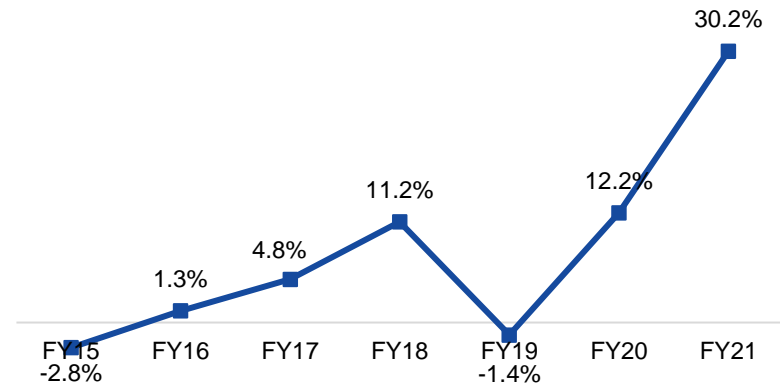
## GAAP Gross Margin (% of revenue)



## GAAP Earnings Per Share

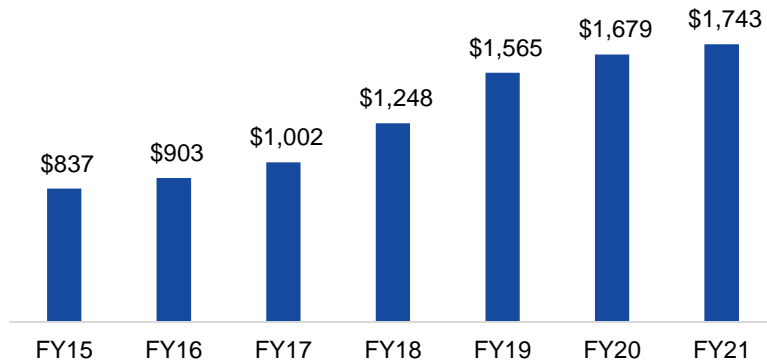


## GAAP Operating Margin (% of revenue)

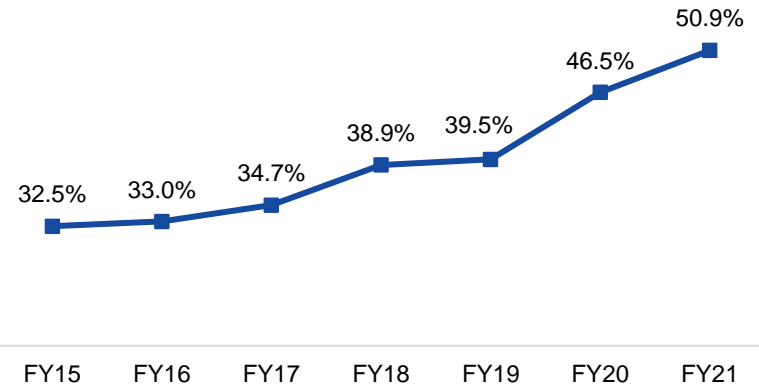


# Financial Trends FY15 to FY21 (Non-GAAP)

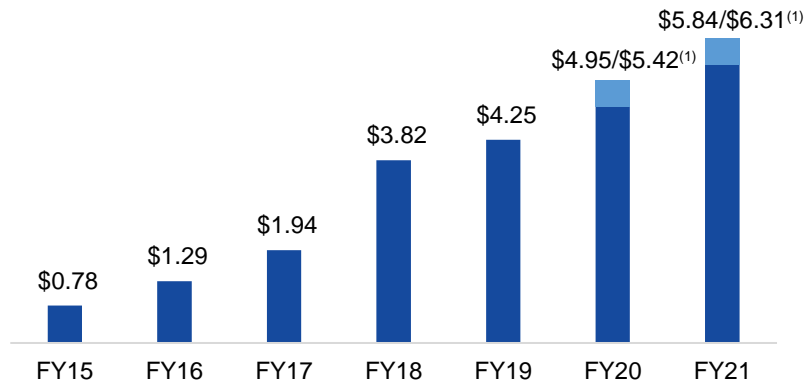
**Net Revenue (M)**



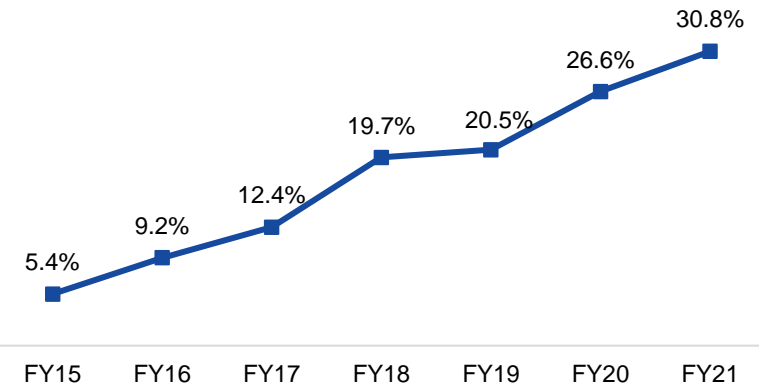
**Non-GAAP Gross Margin (% of revenue)**



**Non-GAAP Earnings Per Share**



**Non-GAAP Operating Margin (% of revenue)**



*(1) Prior two years using new and prior non-GAAP tax methodologies are included for comparison purposes only. FY15-FY19 shown with prior methodology.*

# Q4FY21 Key Points

- **Strong market demand across major product lines – book to bill of 1.2**
  - Demand mix continuing to shift to products aligned with next generation customer solutions, many are just ramping
  - Demand strengthening into Q1FY22, but revenue constrained by supply shortages
- **Telecom and Datacom:**
  - Strong Telecom transport component revenue which is typically a leading indicator for future Telecom deployments
  - Record Datacom chip backlog during the quarter, record EML chip revenue which was up more than 50% Y/Y
  - Strong demand trends expected to continue through FY22
- **Industrial & Consumer:**
  - Record high revenue levels for a fiscal fourth quarter, up 34% Y/Y
  - Ramping shipments of next generation chips for new customer products
  - Continued design-in activities and ramps in automotive LiDAR, driver monitoring, and other new applications
- **Lasers:**
  - Continued recovery in this segment, which is ahead of original expectations
  - Revenue up 17% Q/Q driven by broad demand strength across most product lines
  - Fiber laser revenue growth was the highest followed by service, with increased field utilization of our lasers

# Q4 FY21 Results (GAAP)

<i>\$ in millions except for EPS, % of revenue</i>	Q4 FY21		Q3 FY21		Q4 FY20	
<b>Revenue</b>	<b>\$392.1</b>		<b>\$419.5</b>		<b>\$368.1</b>	
<b>Gross Margin</b>	<b>162.8</b>	<b>41.5%</b>	<b>185.0</b>	<b>44.1%</b>	<b>135.7</b>	<b>36.9%</b>
<b>Operating Expenses<sup>(1)</sup></b>	<b>117.0</b>	<b>29.8%</b>	<b>(81.9)</b>	<b>(19.5%)</b>	<b>108.7</b>	<b>29.5%</b>
<b>Operating Income</b>	<b>45.8</b>	<b>11.7%</b>	<b>266.9</b>	<b>63.6%</b>	<b>27.0</b>	<b>7.3%</b>
<b>Diluted EPS</b>	<b>\$0.28</b>		<b>\$2.85</b>		<b>\$(0.06)</b>	
<b>Diluted Shares-M</b>	<b>77.5</b>		<b>79.2</b>		<b>75.0</b>	

(1) Includes \$207.5 million credit, net of fees, for a merger termination fee in Q3FY21

# Q4 FY21 Results (Non-GAAP)

<i>\$ in millions except for EPS, % of revenue</i>	Q4 FY21		Q3 FY21		Q4 FY20	
<b>Revenue</b>	<b>\$392.1</b>		<b>\$419.5</b>		<b>\$368.1</b>	
<b>Gross Margin</b>	<b>187.2</b>	<b>47.7%</b>	<b>209.2</b>	<b>49.9%</b>	<b>173.9</b>	<b>47.2%</b>
<b>Operating Expenses</b>	<b>90.6</b>	<b>23.1%</b>	<b>92.1</b>	<b>22.0%</b>	<b>82.5</b>	<b>22.4%</b>
<b>Operating Income</b>	<b>96.6</b>	<b>24.6%</b>	<b>117.1</b>	<b>27.9%</b>	<b>91.4</b>	<b>24.8%</b>
<b>Diluted EPS<sup>(1)</sup> New Method</b>	<b>\$1.06</b>		<b>\$1.26</b>		<b>\$1.03</b>	
<b>Prior Method</b>	<b>\$1.15</b>		<b>\$1.40</b>		<b>\$1.18</b>	
<b>Diluted Shares-M</b>	<b>77.5</b>		<b>79.2</b>		<b>77.5</b>	

(1) See paragraph 3 of page 2 titled "Forward Looking Statements and Financial Presentation" for additional information on changes in the non-GAAP tax calculation



# Q4 FY21 Segment Results

	Q4 FY21	Q3 FY21	Q4 FY20
<i>\$ in millions</i>			
<b>Revenue</b>	<b>\$392.1</b>	<b>\$419.5</b>	<b>\$368.1</b>
Optical Communications	355.2	387.9	330.3
<i>Telecom &amp; Datacom</i>	256.4	255.8	256.4
<i>Industrial &amp; Consumer</i> <sup>(1)</sup>	98.8	132.1	73.9
Commercial Lasers	36.9	31.6	37.8
<b>Gross Margin (Non-GAAP)</b>	<b>47.7 %</b>	<b>49.9%</b>	<b>47.2%</b>
Optical Communications	47.7 %	50.1%	46.6%
Commercial Lasers	48.5 %	47.2%	52.9%

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

# Balance Sheet

<b>Selected Items</b>	<b>Q4 FY21</b>	<b>Q3 FY21</b>
<i>\$ in millions</i>		
<b>Cash and Short-term Investments</b>	<b>\$1,946.0<sup>(1)</sup></b>	<b>\$2,054.6</b>
<b>Working Capital<sup>(2)</sup></b>	<b>216.9</b>	<b>226.3</b>
<b>Property, Plant &amp; Equipment, net</b>	<b>361.1</b>	<b>378.0</b>
<b>Total Assets</b>	<b>3,551.6</b>	<b>3,745.9</b>
<b>Total Liabilities</b>	<b>1,578.8</b>	<b>1,580.9</b>
<b>Shareholder's Equity</b>	<b>1,972.8</b>	<b>2,165.0</b>

(1) Repurchased 3.1 million shares, or 4% of shares outstanding, during Q4FY21 for \$241 million

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

# Q1 FY22 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>	<b>Q4 FY21 Actual</b>	<b>Q1 FY22 Guidance</b>
<b>Revenue</b>	<b>\$392.1</b>	<b>\$430 - \$445</b>
<b>Operating Margin</b>	<b>24.6%</b>	<b>30.5% – 32.5%</b>
<b>Diluted EPS (New Method)</b>	<b>\$1.06</b>	<b>\$1.47 - \$1.61</b>
<b>Diluted Shares – M</b>	<b>77.5</b>	<b>76.0</b>

▪ **Mid-point revenue projection assumes:**

- Telecom & Datacom down Q/Q
- Industrial & Consumer up Q/Q
- Commercial Lasers up Q/Q
- More than \$30 million negative impact due to semiconductor component shortages

▪ **Other mid-point assumptions:**

- Other expense of ~\$1M
- Tax expense of ~\$20M (14.5% non-GAAP effective rate)
- Includes additional expenses related to procuring semiconductors and COVID-19

