

*Finisar*<sup>®</sup>

*Fiber Optic Solutions  
for High-Speed Networks*

**World's Largest Supplier of Optical Solutions  
for the Communications Industry**



**Q2 FY15 FINANCIAL RESULTS CONFERENCE CALL  
December 4, 2014**

# Financial Presentation and Forward Looking Statements

- ◆ Forward Looking Statements
  - This presentation contains forward-looking statements as defined under the Private Securities Litigation Act of 1995. Except for historical information, the matters discussed in this presentation contain forward-looking statements regarding future trends or events that involve risks and uncertainties. Please be aware that these statements are only predictions and that actual events or results may differ materially. Please refer to the Company's Form 10-K and other interim reports as filed with the Securities and Exchange Commission for a discussion of those risk factors. The Company assumes no obligation to update the information in this presentation.
  
- ◆ GAAP Reconciliation
  - References to financial measures in this presentation will include references to non-GAAP financial measures. In addition to reporting financial results in accordance with U.S. GAAP, Finisar provides supplemental information regarding its operating performance on a non-GAAP basis. Finisar believes this supplemental information provides investors and management with additional insight into its underlying core operating performance by excluding a number of non-cash and cash charges, as well as infrequently occurring gains or losses. Finisar provides a complete reconciliation between GAAP and non-GAAP financial information in its earnings release which is posted in the investors relations section of the company's web site [www.finisar.com](http://www.finisar.com).
  
- ◆ Financial guidance for fiscal Q3FY15 is per earnings call on December 4, 2014 and is not being updated or confirmed as of any other date.

## Q2 FY15 Highlights

- ◆ Q2 FY15 revenues of \$297.0 million, an increase of 2.2% over Q2 FY14, but a decrease of 9.4% over Q1FY15
  - Datacom revenues decreased by \$25.3 million, or 10.5%, over Q1
  - Telecom revenues decreased \$5.3 million, or 6.2%, over Q1
  
- ◆ Q2 FY15 non-GAAP financial measures
  - Gross margin of 31.1% compared to 32.0% in Q1
  - Operating expenses \$67.3 million decreased from \$69.4 million, or 3.1% in Q1
  - Operating income \$25.0 million compared to \$35.4 million in Q1
  - Operating margin 8.4% compared to 10.8% in Q1
  - Earnings per diluted share of \$0.23 compared to \$0.32 in Q1
  
- ◆ Strong balance sheet
  - Cash and short term investments - \$477.4 million as of October 26, 2014

# Quarterly Financial Results (GAAP)

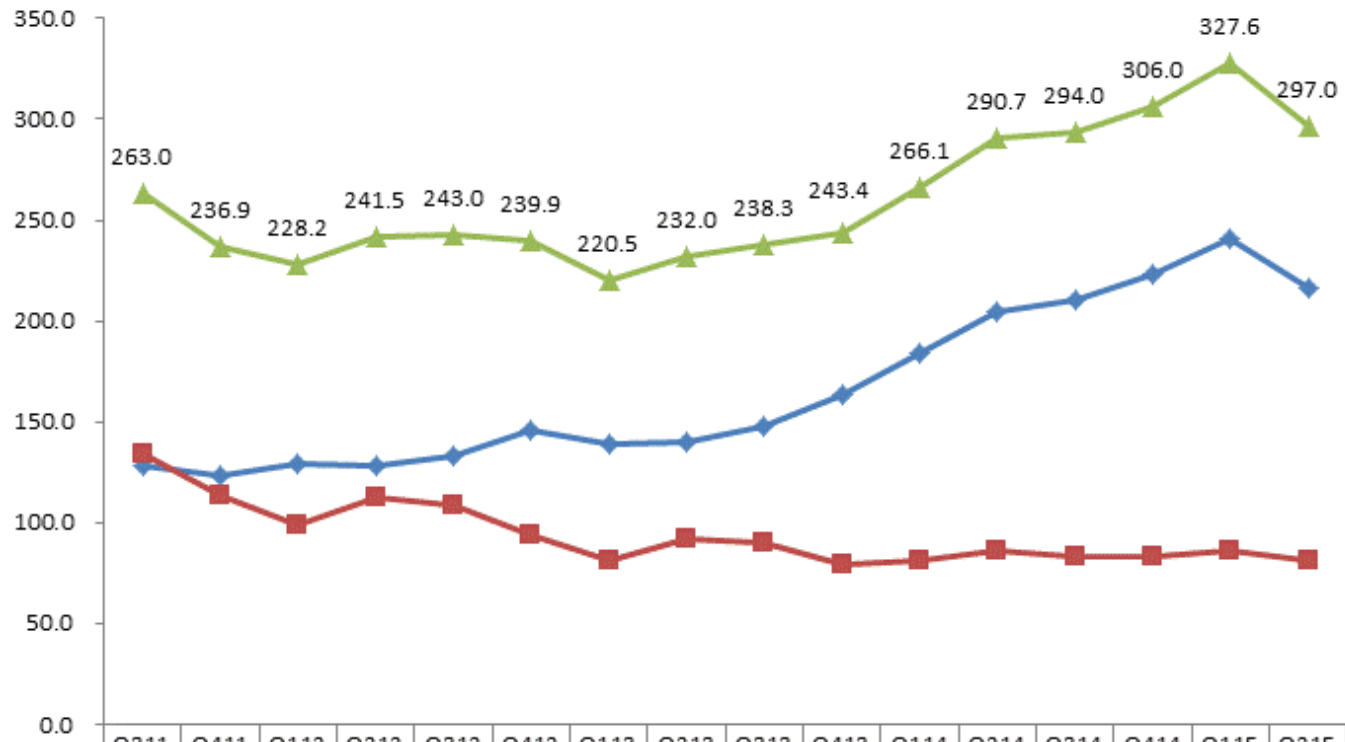
	Q2FY14	Q1FY15	Q2FY15	Q2FY15/Q1FY15 Change
<b>Revenue</b>	\$290.7M	\$327.6M	\$297.0M	(9.4)%
<b>Gross Margin (%)</b>	35.6%	30.2%	28.6%	(1.6)%
<b>Total Operating Expense</b>	\$73.3M	\$78.5M	\$92.2M	17.5%
<b>Operating Income (Loss)</b>	\$30.1M	\$20.4M	\$(7.3M)	N/A
<b>Net Income (Loss)</b>	\$30.0M	\$14.2M	\$(11.4M)	N/A
<b>EPS (diluted)</b>	\$0.29	\$0.14	\$(0.11)	\$(0.25)

# Quarterly Financial Results (non-GAAP)

	Q2FY14	Q1FY15	Q2FY15	Q2FY15/Q1FY15 Change
<b>Revenue</b>	\$290.7M	\$327.6M	\$297.0M	(9.4)%
<b>Gross Margin (%)</b>	37.1%	32.0%	31.1%	(0.9)%
<b>Total Operating Expense</b>	\$63.2M	\$69.4M	\$67.3M	(3.1)%
<b>Operating Income</b>	\$44.8M	\$35.4M	\$25.0M	(29.4)%
<b>Net Income</b>	\$43.8M	\$33.3M	\$23.5M	(29.6)%
<b>EPS (diluted)</b>	\$0.43	\$0.32	\$0.23	\$(0.09)

# Quarterly Revenue Trends

(\$MM)



◆ Datacom	128.5	123.1	129.1	128.5	133.7	146.1	139.5	139.8	147.6	163.9	184.4	204.3	210.4	223.0	241.2	215.9
■ Telecom	134.5	113.9	99.2	113.0	109.3	93.8	81.1	92.2	90.7	79.5	81.6	86.4	83.6	83.0	86.4	81.1
▲ Total Optics Revenue	263.0	236.9	228.2	241.5	243.0	239.9	220.5	232.0	238.3	243.4	266.1	290.7	294.0	306.0	327.6	297.0

# Q3 FY15 Quarterly Guidance (non-GAAP)

<b>\$ Millions</b> (except EPS)	<b>Q2-15</b> <b>Actual</b>	<b>Q3-15</b> <b>Est.</b>
<b>Revenue</b>	<b>\$297.0</b>	<b>\$297-\$312</b>
<b>Gross margin</b>	<b>31.1%</b>	<b>~31%</b>
<b>Operating profit</b>	<b>\$25.0</b>	
<b>Operating margin</b>	<b>8.4%</b>	<b>~8.4%-9.4%</b>
<b>EPS</b>	<b>\$0.23</b>	<b>\$0.23-\$0.27</b>

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