



**FINISAR<sup>®</sup>**

---

**Q1 FY19 FINANCIAL RESULTS  
CONFERENCE CALL**

---

**September 6, 2018**



# 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 gains or losses that occur relatively infrequently and/or that management considers to be outside of our ongoing core operating results. Finisar provides a complete reconciliation between GAAP and non-GAAP financial results 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 Q2 FY19 is per earnings call on September 6, 2018 and is not being updated or confirmed as of any other date.

# Q1 FY19 Summary

## Q1 FY19 revenues of \$317.3 million compared to \$310.1 in Q4FY18

- Telecom revenues increased \$17.1 million
  - Primarily due to the increase in demand for wavelength selective switches driven by carrier deployments in India and China
- Datacom revenues decreased \$9.9 million
  - Primarily due to lower demand for 40G transceivers

## Q1 FY19 non-GAAP financial measures

- Gross margin of 27.5% compared to 24.7% in Q4FY18
- Operating margin of 5.9% compared to 1.5% in Q4FY18
- Earnings per diluted share \$0.18 compared to \$0.05 in Q4FY18

## Strong balance sheet

- Cash and short term investments of \$1.2 billion as of July 29, 2018

# Quarterly Financial Results (GAAP)

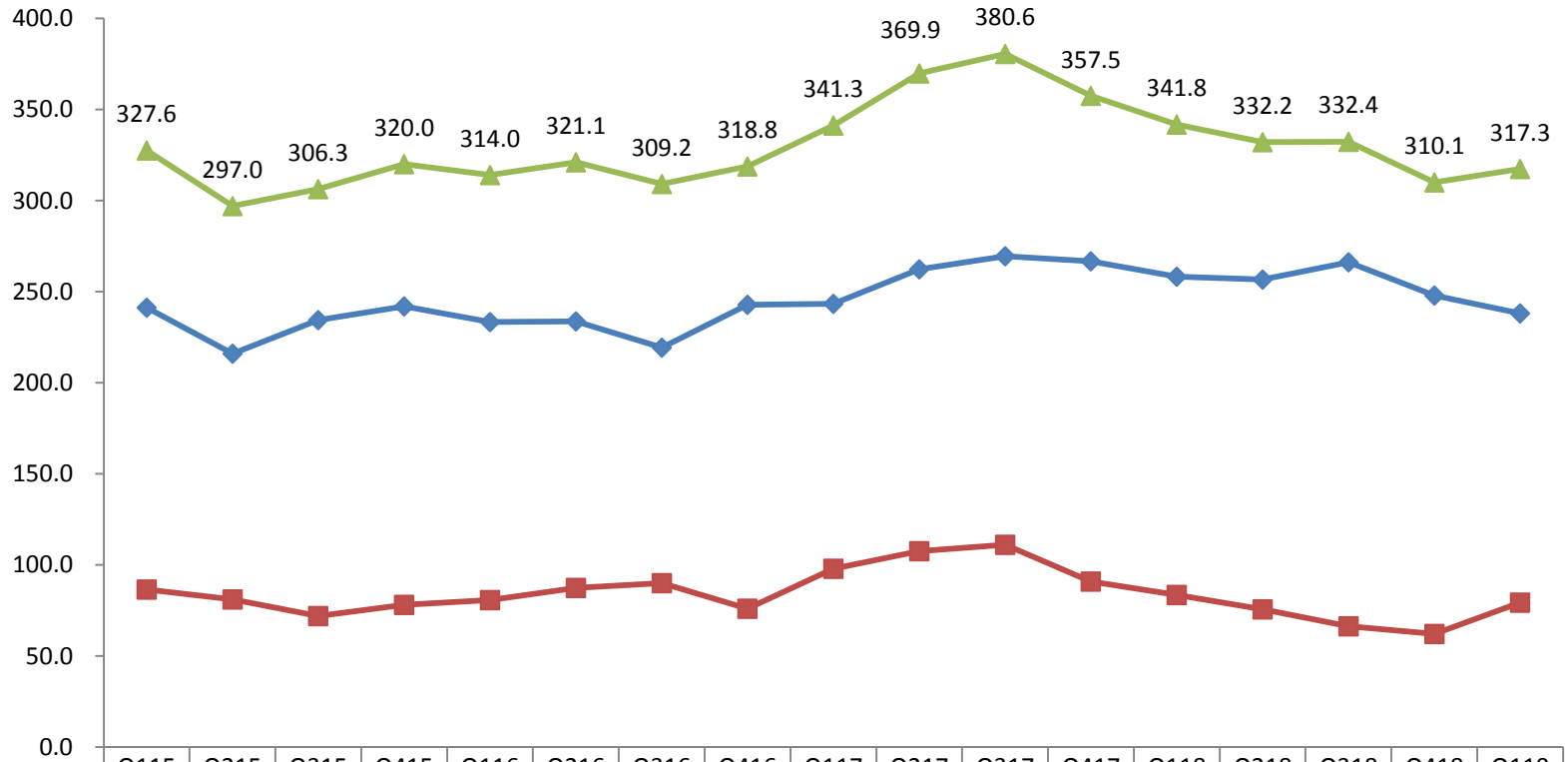
	Q1FY18	Q4FY18	Q1FY19	Q1FY19/Q4FY18 Change
<b>Revenue</b>	\$341.8M	\$310.1M	\$317.3M	2.3%
<b>Gross Margin (%)</b>	33.7%	20.2%	25.4%	5.2%
<b>Total Operating Expense</b>	\$85.4M	\$89.3M	\$96.4M	7.9%
<b>Operating Income (loss)</b>	\$29.9M	\$(26.7M)	\$(15.7M)	N/A
<b>Net Income (loss)</b>	\$19.9M	\$(18.3M)	\$(18.5M)	N/A
<b>EPS (Diluted)</b>	\$0.17	\$(0.16)	\$(0.16)	\$0.00

# Quarterly Financial Results (non-GAAP)

	Q1FY18	Q4FY18	Q1FY19	Q1FY19/Q4FY18 Change
<b>Revenue</b>	\$341.8M	\$310.1M	\$317.3M	2.3%
<b>Gross Margin (%)</b>	34.9%	24.7%	27.5%	2.8%
<b>Total Operating Expense</b>	\$73.2M	\$72.0M	\$68.3M	(5.2)%
<b>Operating Income</b>	\$46.0M	\$4.6M	\$18.8M	312.0%
<b>Net Income</b>	\$45.8M	\$5.8M	\$21.3M	268.5%
<b>EPS (Diluted)</b>	\$0.40	\$0.05	\$0.18	\$0.13

# Quarterly Revenue Trends

(\$MM)



◆ Datacom	241.2	215.9	234.4	242.0	233.3	233.8	219.3	242.9	243.4	262.3	269.5	266.7	258.3	256.6	266.1	248.0	238.1
■ Telecom	86.4	81.1	71.9	78.1	80.7	87.4	89.9	75.9	97.9	107.6	111.1	90.9	83.5	75.6	66.3	62.1	79.2
▲ Total Optics Revenue	327.6	297.0	306.3	320.0	314.0	321.1	309.2	318.8	341.3	369.9	380.6	357.5	341.8	332.2	332.4	310.1	317.3

# Q2 FY19 Quarterly Non-GAAP Guidance (1)

<b>\$ Millions (except EPS)</b>	<b>Q1-19 Actual</b>	<b>Q2-19 Est.</b>
<b>Revenue</b>	<b>\$317.3</b>	<b>\$315-\$335</b>
<b>Gross margin</b>	<b>27.5%</b>	<b>~28%</b>
<b>Operating profit</b>	<b>\$18.8</b>	
<b>Operating margin</b>	<b>5.9%</b>	<b>~7%-8%</b>
<b>EPS</b>	<b>\$0.18</b>	<b>\$0.19-\$0.25</b>

- Financial guidance for fiscal Q2FY19 is per earnings call on September 6 14, 2018 and is not being updated or confirmed as of any other date.

(1) Finisar has not provided a reconciliation of its second quarter outlook for non-GAAP gross margin, non-GAAP operating margin and non-GAAP earnings per fully diluted share because estimates of all of the reconciling items cannot be provided without unreasonable efforts. It is difficult to reasonably provide a forward-looking estimate of certain reconciling items between such non-GAAP forward-looking measures and the comparable forward-looking GAAP measures. Certain factors that are materially significant to Finisar's ability to estimate these items are out of its control and/or cannot be reasonably predicted, including with respect to restructuring charges, litigation settlements and resolutions and related costs, and the timing of tax related adjustments. Accordingly, a reconciliation of such non-GAAP forward-looking measures to the comparable forward-looking GAAP measures are not available within a reasonable range of predictability.