Morgan Stanley | RESEARCH

UPDATE

August 12, 2026 04:02 AM GMT

## Lumentum Holdings Inc | North America

# Easily Clearing a Challenging Bar


MORGAN STANLEY & CO. LLC

Meta A Marshall
Equity Analyst
Meta.Marshall@morganstanley.com +1 212 761-0430

Antonio Jaramillo
Research Associate
Antonio.Jaramillo@morganstanley.com +1 212 761-4438


**WHAT'S CHANGED**

| Lumentum Holdings Inc (LITE.O) | From | To |
|---|---|---|
| Price Target | $900.00 | **$1,000.00** |

**AlphaSignals Earnings Reaction**

| Unchanged | Modest upside | Modest revision higher |
|---|---|---|
| Impact to our thesis | Financial results versus consensus | Direction of next 12-month consensus EPS |

Source: Company data, Morgan Stanley Research

LITE's FQ2 posted upside, coming near the top of investor expectations. Outlook continues to come up as pricing/mix improve and new businesses ramp. Q largely played out as previewed, with reaction more muted until more clarity on NPO timing/size, something not likely until later this year.

## Key Takeaways

- LITE's FQ4 largely played out as expected, with gross margins at the top end of investor expectations.
- Commentary was positive about NPO traction / opportunity, though as expected, no formal deal announcement.
- Numbers come up meaningfully, though don't expect buyside to materially change.
- Remain positively biased in near term, though catalyst to achieve PT a more formal NPO announcement.

**Gross margins continue to impress, getting benefit of pricing / mix / yields; continue to need more clarity on NPO for next leg of appreciation.** We have been far too conservative on LITE given perceptions that margin would eventually face pressure from capacity coming on in the space. Combination of better than expected demand, yield improvements and diversifying product base have continued to keep margins far higher than expectations, which potential FCC rules only serve to elongate (explaining in part the 40% run off bottom). So the question would be, why stay where you are, if it has been the wrong place? Similar to our preview, it is a perception of what the next catalyst is. The next catalyst for LITE is more formal contract / insight into how NPO opportunity plays out, and what type of margin profile that business would carry. We did not expect that level of detail on the quarter, did not get it, hence the more muted reaction post-market, with the company saying more formal announcements may not be made for a couple of quarters. ***We are biased more positively in the near term given we see little downside, particularly with potential FCC rules looming. However, we don't see a***

**Lumentum Holdings Inc (LITE.O, LITE US)**

**Telecom & Networking Equipment | United States of America**

| | |
|---|---|
| **Stock Rating** | **Equal-weight** |
| **Industry View** | **In-Line** |
| **Price target** | **$1,000.00** |
| Shr price, close (Aug 11, 2026) | $820.59 |
| Mkt cap, curr (mm) | $71,166 |
| 52-Week Range | $1,085.68-111.20 |

| Fiscal Year Ending | 06/26 | 06/27e | 06/28e | 06/29e |
|---|---|---|---|---|
| ModelWare EPS ($) | 6.55 | 19.17 | 32.78 | 44.25 |
| EPS ($)** | 8.68 | 21.10 | 34.64 | 46.05 |
| Div yld (%) | - | - | - | - |

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
e = Morgan Stanley Research estimates

**QUARTERLY EPS ($)**

| Quarter | 2026 | 2027e Prior | 2027e Current | 2028e Prior | 2028e Current |
|---|---|---|---|---|---|
| Q1 | 1.10 | 3.58 | 4.22 | 6.14 | 7.49 |
| Q2 | 1.67 | 4.45 | 4.96 | 6.82 | 8.62 |
| Q3 | 2.37 | 4.93 | 5.55 | 7.34 | 8.98 |
| Q4 | 3.23 | 5.36 | 6.33 | 7.43 | 9.53 |

e = Morgan Stanley Research estimates

***clear catalyst in the name until the fall and into OFC next year when we could get more clarity on additional NPO engagements (given the stock already hanging out high-teens CY28e buyside expectations).***

**What was meaningful on the quarter:**

- **Pump lasers continue to be a source of pricing.** Pump lasers carry some of the highest gross margins in LITE's business. Leveraging position with 70-80% off the market, the company continues to take price (noting LTA's will continue to mix in higher priced product). Business grew 80% Y/Y, with company expecting a 4x increase in the coming quarters. Positive for CIEN / NOK demand trends in NT.
- **EML mix increasingly towards 200G; CW becoming greater portion of mix, but finding ways to improve margins.** LITE noted that they were on track to deliver 50% increase in EML units Y/Y by end of calendar year. However, with mix of 200G moving to 25% of units (and probably more like 40% of revenue, from 5%/10% unit / revenue 2 quarters ago, the company is getting a significant Y/Y bump from mix as they expand capacity. While CW mix is increasing, the company noted that margin gap between the two is closing (as they shrink the die size). Given company gets to use some of that internal capacity, there should be an additional margin benefit.
- **Reaching mid-term targets almost 2 quarters early.** When LITE threw out a $1.25bn mid-term target in March, they noted it would take 9-12 months to reach that target (meaning Dec 2026 to March 2027 quarter). However, they guided to accomplish this target in the September quarter, slightly ahead of investor expectations. They are doing this given seeing OCS ramp slightly ahead of expectations, as well as stronger 200G EML mix. In terms of the longer term $2bn target, which was supposed to be accomplished 9-12 months after the mid-term target, the company noted they do not need the Greensboro facility to be operational, with potential to reach those targets in the September to December 2027 quarter time frame.
- **NPO opportunity looking encouraging, but nothing formal just yet.** As we noted during the quarter and in our preview, much has been made of NPO vs. CPO, with questions about how attractive the opportunity is vs. CPO (where current engagement would use high powered lasers). The company noted that they view NPO as additive, and that they are seeing a wide variety of engagements on NPO, even from their lead CPO customer. The company noted a wide array of laser types are being evaluated, from mid-power to high-power, but that one shouldn't naturally assume that competitive differentiation / margin opportunity is less with the mid-power lasers. The company expects there could potentially be an NPO announcement in the coming couple of quarters (what we would see as the catalyst for the name).

**Margin upside and mix changes cause us to raise estimates.** LITE's FQ4 revenue / non-GAAP gross margins / EPS were $1,006mm / 50.4% / $3.23 vs. expectations of $987mm / 48.9% / $2.99. Upside largely came from OCS expects, with margin upside coming from EML mix, pricing on pump lasers, OCS ramping faster than expected. As a result of upside we are seeing, we are raising our estimates, most meaningfully on gross margins, particularly on OCS/telco. Our FQ1 / FY27 revised revenue / non-GAAP gross margins / EPS are now $1,251mm / 51.5% / $4.22 and $6,224mm / 52.2% / $21.10 vs. $1,122mm / 50.4% / $3.89 and $5,668mm / 51.2% / $18.37 previously.

**PT to $1,000 from $900; remain EW, see catalyst towards PT in next couple of quarters as NPO / CPO ecosystem comes together.** We are raising our PT to incorporate higher overall estimates and margins of the business continuing to outperform (with increased confidence in margins given potential FCC rules). Our multiples come in slightly, as our estimates get closer to buyside estimates. We widen our bull / bear cases to incorporate more multiple volatility given moves over the last couple of months. Our $1,000 PT represents 25x on our CY28e earnings power of ~$40 (from 30x $30). Our bear case valuation represents $450 (from $500), reflecting 15x on our CY28e bear case earnings power of $30 (from 20x $25). Our bear case accounts for weakening in pricing conditions and a much slower CPO / OCS ramp. Our bull case valuation is $1,500 (from $1,125) and reflects 30x our CY28e bull case earnings power of $50 (from 25x $45), which continues to expect OCS and CPO ramps without any hiccups (and that pricing can continue to be raised). Biggest risk to our PT is a turn in AI ecosystem valuations, InP constraints, delays in next-gen GPU architectures and delays to adoption of NPO.

# Analysis

**Exhibit 1:** Estimate Changes

| | 2025A | Y/Y (%) | Q1-26A | Q2-26A | Q3-26A | Q4-26A | 2026A | Y/Y (%) | 2027E | Y/Y (%) |
|---|---|---|---|---|---|---|---|---|---|---|
| **New Revenue** | $1,645.0 | 21% | $533.8 | $665.5 | $808.4 | $1,006.3 | $3,014.0 | 83% | $6,223.8 | 106% |
| Old Revenue | $1,645.0 | 21% | $533.8 | $665.5 | $808.4 | $986.7 | $2,994.4 | 82% | $5,667.7 | 89% |
| *% Change* | 0% | | 0% | 0% | 0% | 2% | 1% | | 10% | |
| | | | | | | | | | | |
| **New Gross Profit** | $571.5 | 39% | $210.3 | $282.6 | $386.9 | $506.9 | $1,386.7 | 143% | $3,251.7 | 134% |
| ***New Gross Margin*** | 35% | | 39.4% | 42.5% | 47.9% | 50.4% | 46.0% | | 52.2% | |
| Old Gross Profit | $571.5 | 39% | $210.3 | $282.6 | $386.9 | $482.8 | $1,362.6 | 138% | $2,899.2 | 113% |
| *Old Gross Margin* | 35% | | 39.4% | 42.5% | 47.9% | 48.9% | 45.5% | | 51.2% | |
| *% Change* | 0% | | 0% | 0% | 0% | 5% | 2% | | 12% | |
| | | | | | | | | | | |
| **New Operating Income** | $160.1 | (2207%) | $99.8 | $167.7 | $260.7 | $368.8 | $897.0 | 460% | $2,567.0 | 186% |
| ***New Operating Margin*** | 10% | | 18.7% | 25.2% | 32.2% | 36.6% | 30% | | 41% | |
| Old Operating Income | $160.1 | (2207%) | $99.8 | $167.7 | $260.7 | $349.6 | $877.8 | 448% | $2,250.0 | 156% |
| *Old Operating Margin* | 10% | | 18.7% | 25.2% | 32.2% | 35.4% | 29% | | 40% | |
| *% Change* | 0% | | 0% | 0% | 0% | 5% | 2% | | 14% | |
| | | | | | | | | | | |
| **New Adjusted EPS** | $2.06 | 366% | $1.10 | $1.67 | $2.37 | $3.23 | $8.68 | 322% | $21.10 | 143% |
| Old Adjusted EPS | $2.06 | 366% | $1.10 | $1.67 | $2.37 | $2.99 | $8.42 | 310% | $18.37 | 118% |
| *% Change* | 0% | | 0% | 0% | 0% | 8% | 3% | | 15% | |

Source: Company data, Morgan Stanley Research

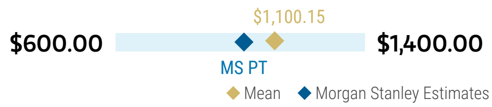
# Risk Reward – Lumentum Holdings Inc (LITE.O)

AI More Embedded Into Base Case, Greater CPO Adoption is Bull Case

## PRICE TARGET $1,000.00

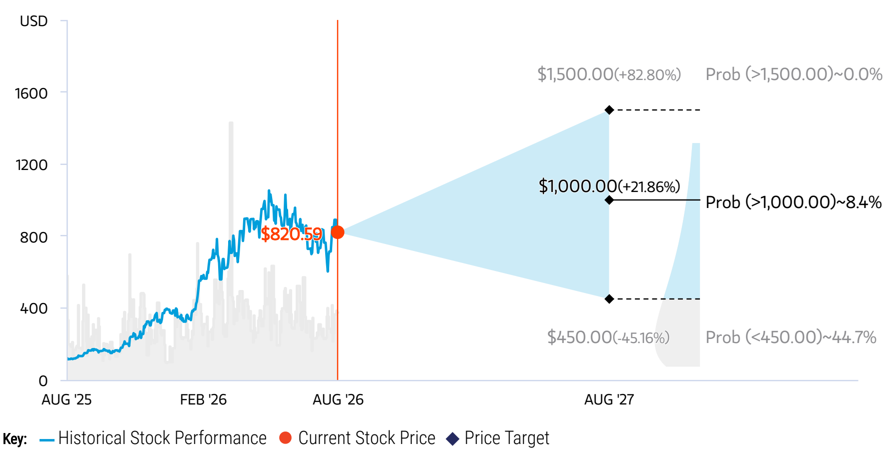
25x CY28 P/E of ~$40. ~25x is a premium to historical trading range given AI growth outlook

**Consensus Price Target Distribution**




Source: Refinitiv, Morgan Stanley Research

### RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)

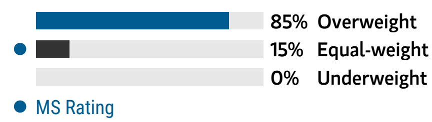



Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 11 Aug 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

## EQUAL-WEIGHT THESIS

- Datacom positioning attractive, particularly with ramping customer sets, but questions remain on margin contribution and impacts to earnings power
- Key questions remain on magnitude and timeline of OCS ramp and length of EML shortage.
- Upside to multiple likely limited by optical componentry being some of names most at risk from tariffs given intricate manufacturing that should be slower to move out of Asia, with LITE concentrated in Thailand

**Consensus Rating Distribution**




Source: Refinitiv, Morgan Stanley Research

**Risk Reward Themes**

**Secular Growth:** *Positive*

View descriptions of Risk Rewards Themes here

### BULL CASE $1,500.00

**~30x CY28 Bull Case Earnings Power (~$50)**

**CPO penetration greater than expected.** LITE able to achieve ~$50 in CY28 EPS in our bull case as multiple business lines ramp -- including CPO seeing far greater adoption in scale-up / out than expected in early days. Exert meaningful pricing pressure, which maintains through CY28. Multiple remains at premium given growth outlook, particularly on scale-up.

### BASE CASE $1,000.00

**~25x CY28 P/E (~$40)**

**Broad-based AI growth.** Ramps to EMLs, Telco (DCI), transceiver, OCS and CPO business concurrently. Margin benefit from EML constraints and higher blend of EML / OCS/ CPO. Our multiple is a premium to historical trading range given AI capex spend.

### BEAR CASE $450.00

**15x CY28 Bear Case Earnings Power (~$30)**

**Product lines have trouble ramping.** OCS and CPO do not ramp to expectations on expected timeline. EMLs demand/supply reach equilibrium sooner than expected, pressuring margins. More signs that EMLs will lose share to CW (Silicon Photonics). Multiple trades closer to traditional ranges.

# Risk Reward – Lumentum Holdings Inc (LITE.O)

## KEY EARNINGS INPUTS

| Drivers | Jun 2026 | Jun 2027e | Jun 2028e | Jun 2029e |
|---|---|---|---|---|
| Total Revenue ($, mm) | 3,014 | 6,224 | 10,027 | 13,318 |
| Gross Margin (%) | 46.0 | 52.2 | 53.6 | 53.8 |
| Operating Margin (%) | 29.8 | 41.2 | 43.8 | 45.2 |
| EPS Growth Y/Y (%) | 322.1 | 143.2 | 64.2 | 32.9 |

## INVESTMENT DRIVERS

- Opportunities like 3D sensing still in early days
- ROADMs in early days of deployment in China
- Position as a consolidator as leverage levers more reasonable

## GLOBAL REVENUE EXPOSURE

- 0-10% Europe ex UK
- 0-10% India
- 0-10% Japan
- 0-10% MEA
- 0-10% Mainland China
- 0-10% UK
- 10-20% Latin America
- 10-20% North America
- 40-50% APAC, ex Japan, Mainland China and India

Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

## MS ALPHA MODELS

| 5/5 BEST | 24 Month Horizon | 5/5 MOST | 3 Month Horizon |
|---|---|---|---|

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

## RISKS TO PT/RATING

**RISKS TO UPSIDE**

- Datacom ramps and revenue mix more attractive vs. expectations
- OCS ramps quickly, bringing additional revenue / profitability source
- AI demand remains strong, causing EML business to outperform and drive profitability
- CPO / NPO ramp faster than expected

**RISKS TO DOWNSIDE**

- EML pricing falls given oversupply on reduced AI demand
- CW takes share from EML
- Cloud Light hurts ability to improve margins
- Pushout in CPO timing

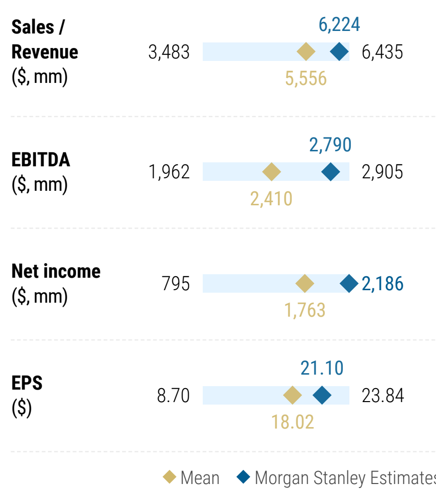
## OWNERSHIP POSITIONING

| | | |
|---|---|---|
| **Inst. Owners, % Active** | 55.8% | |
| **HF Sector Long/Short Ratio** | 2.1x | |
| **HF Sector Net Exposure** | 33.6% | |

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

## MS ESTIMATES VS. CONSENSUS

*FY Jun 2027e*




Source: Refinitiv, Morgan Stanley Research

# Financials

## Exhibit 2: LITE: Income Statement

| | Sep-24 Q1-25A | Dec-24 Q2-25A | Mar-25 Q3-25A | Jun-25 Q4-25A | Sep-25 Q1-26A | Dec-25 Q2-26A | Mar-26 Q3-26A | Jun-26 Q4-26A | Sep-26 Q1-27E | Dec-26 Q2-27E | Mar-27 Q3-27E | Jun-27 Q4-27E | Sep-27 Q1-28E | Dec-27 Q2-28E | Mar-28 Q3-28E | Jun-28 Q4-28E | Sep-28 Q1-29E | Dec-28 Q2-29E | Mar-29 Q3-29E | Jun-29 Q4-29E | FY 2023A | FY 2024A | FY 2025A | FY 2026A | FY 2027E | FY 2028E | FY 2029E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Sales** | 336.9 | 402.2 | 425.2 | 480.7 | 533.8 | 665.5 | 808.4 | 1,006.3 | 1,251.3 | 1,472.4 | 1,645.4 | 1,854.7 | 2,169.0 | 2,490.2 | 2,602.7 | 2,765.0 | 2,967.0 | 3,134.3 | 3,554.3 | 3,661.9 | 1,767.0 | 1,359.2 | 1,645.0 | 3,014.0 | 6,223.8 | 10,026.8 | 13,317.5 |
| *% chg q/q* | 9.3% | 19.4% | 5.7% | 13.1% | 11.0% | 24.7% | 21.5% | 24.5% | 24.3% | 17.7% | 11.7% | 12.7% | 16.9% | 14.8% | 4.5% | 6.2% | 7.3% | 5.6% | 13.4% | 3.0% | | | | | | | |
| *% chg y/y* | 6.1% | 9.7% | 16.0% | 55.9% | 58.4% | 65.5% | 90.1% | 109.3% | 134.4% | 121.3% | 103.5% | 84.3% | 73.3% | 69.1% | 58.2% | 49.1% | 36.8% | 25.9% | 36.6% | 32.4% | 3.2% | -23.1% | 21.0% | 83.2% | 106.5% | 61.1% | 32.8% |
| Cost of Sales | 226.5 | 272.2 | 275.7 | 299.1 | 323.5 | 382.9 | 421.5 | 499.4 | 606.3 | 706.2 | 785.1 | 874.5 | 1,010.5 | 1,153.7 | 1,203.8 | 1,280.0 | 1,377.5 | 1,454.7 | 1,621.9 | 1,694.1 | 1,003.5 | 949.1 | 1,073.5 | 1,627.3 | 2,972.1 | 4,648.1 | 6,148.1 |
| **Total Gross Profit** | 110.4 | 130.0 | 149.5 | 181.6 | 210.3 | 282.6 | 386.9 | 506.9 | 645.0 | 766.2 | 860.3 | 980.2 | 1,158.4 | 1,336.5 | 1,398.9 | 1,485.0 | 1,589.5 | 1,679.6 | 1,932.5 | 1,967.9 | 763.5 | 410.1 | 571.5 | 1,386.7 | 3,251.7 | 5,378.7 | 7,169.4 |
| *Total Gross Margin* | 32.8% | 32.3% | 35.2% | 37.8% | 39.4% | 42.5% | 47.9% | 50.4% | 51.5% | 52.0% | 52.3% | 52.8% | 53.4% | 53.7% | 53.7% | 53.7% | 53.6% | 53.6% | 54.4% | 53.7% | 43.2% | 30.2% | 34.7% | 46.0% | 52.2% | 53.6% | 53.8% |
| R&D Expense | 62.7 | 62.4 | 63.3 | 67.6 | 69.0 | 69.9 | 78.4 | 87.5 | 88.8 | 101.6 | 110.2 | 120.6 | 136.6 | 151.9 | 153.6 | 157.6 | 163.2 | 166.1 | 181.3 | 179.4 | 249.0 | 261.0 | 256.0 | 304.8 | 421.2 | 599.7 | 690.0 |
| SG&A Expense | 37.7 | 35.9 | 40.1 | 41.7 | 41.5 | 45.0 | 47.8 | 50.6 | 55.1 | 63.3 | 69.1 | 76.0 | 86.8 | 97.1 | 98.9 | 102.3 | 106.8 | 109.7 | 120.8 | 120.8 | 175.3 | 156.7 | 155.4 | 184.9 | 263.5 | 385.1 | 458.2 |
| **Total Op Expenses** | 100.4 | 98.3 | 103.4 | 109.3 | 110.5 | 114.9 | 126.2 | 138.1 | 143.9 | 164.9 | 179.3 | 196.6 | 223.4 | 249.0 | 252.5 | 259.9 | 270.0 | 275.8 | 302.1 | 300.3 | 424.3 | 417.7 | 411.4 | 489.7 | 684.8 | 984.8 | 1,148.2 |
| **Operating Income** | 10.0 | 31.7 | 46.1 | 72.3 | 99.8 | 167.7 | 260.7 | 368.8 | 501.1 | 601.3 | 681.0 | 783.6 | 935.0 | 1,087.4 | 1,146.4 | 1,225.1 | 1,319.5 | 1,403.8 | 1,630.3 | 1,667.6 | 339.2 | (7.6) | 160.1 | 897.0 | 2,567.0 | 4,393.9 | 6,021.2 |
| *Total Operating Margin* | 3.0% | 7.9% | 10.8% | 15.0% | 18.7% | 25.2% | 32.2% | 36.6% | 40.0% | 40.8% | 41.4% | 42.2% | 43.1% | 43.7% | 44.0% | 44.3% | 44.5% | 44.8% | 45.9% | 45.5% | 19.2% | -0.6% | 9.7% | 29.8% | 41.2% | 43.8% | 45.2% |
| Interest and other income (expense) | 4.6 | 4.2 | 2.9 | 3.5 | 3.7 | 4.6 | 9.6 | 22.0 | 14.5 | 11.5 | 11.6 | 13.6 | 16.4 | 17.6 | 16.1 | 20.5 | 29.0 | 33.0 | 32.9 | 38.3 | 29.6 | 42.5 | 15.2 | 39.9 | 51.2 | 70.6 | 133.2 |
| Interest expense | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Income Before Taxes** | 14.6 | 35.9 | 49.0 | 75.8 | 103.5 | 172.3 | 270.3 | 390.8 | 515.6 | 612.8 | 692.6 | 797.2 | 951.4 | 1,105.1 | 1,162.6 | 1,245.5 | 1,348.5 | 1,436.8 | 1,663.2 | 1,705.8 | 368.8 | 34.9 | 175.3 | 936.9 | 2,618.2 | 4,464.5 | 6,154.4 |
| *Effective Tax Rate* | 16.4% | 16.4% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 14.5% | 14.6% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% |
| Income Tax Provision | 2.4 | 5.9 | 8.1 | 12.5 | 17.1 | 28.4 | 44.6 | 64.5 | 85.1 | 101.1 | 114.3 | 131.6 | 157.0 | 182.4 | 191.9 | 205.6 | 222.6 | 237.1 | 274.5 | 281.5 | 53.5 | 5.1 | 28.9 | 154.6 | 432.1 | 736.9 | 1,015.8 |
| **Pro Forma Net Income to Common** | 12.2 | 30.0 | 40.9 | 63.3 | 86.4 | 143.9 | 225.7 | 326.3 | 430.5 | 511.6 | 578.3 | 665.6 | 794.4 | 922.7 | 970.7 | 1,039.9 | 1,126.0 | 1,199.7 | 1,388.7 | 1,424.3 | 315.3 | 29.8 | 146.4 | 782.3 | 2,186.1 | 3,727.7 | 5,138.7 |
| AT Stock Comp Expense | 35.6 | 38.8 | 62.8 | 40.0 | 46.5 | 47.9 | 46.8 | 50.1 | 50.1 | 50.1 | 50.1 | 50.1 | 50.1 | 50.1 | 50.1 | 50.1 | 50.1 | 50.1 | 50.1 | 50.1 | 136.5 | 128.8 | 177.2 | 191.3 | 200.4 | 200.4 | 200.4 |
| **PF Net Income w/Stock Comp** | (23.4) | (8.8) | (21.9) | 23.3 | 39.9 | 96.0 | 178.9 | 276.2 | 380.4 | 461.5 | 528.2 | 615.5 | 744.3 | 872.6 | 920.6 | 989.8 | 1,075.9 | 1,149.6 | 1,338.6 | 1,374.2 | 178.8 | (99.0) | (30.8) | 591.0 | 1,985.7 | 3,527.3 | 4,938.3 |
| Basic Shares Outstanding-GAAP | 68.3 | 68.9 | 69.3 | 69.6 | 70.3 | 71.1 | 71.5 | 84.6 | 84.6 | 84.6 | 84.6 | 84.6 | 84.6 | 84.6 | 84.6 | 84.6 | 84.6 | 84.6 | 84.6 | 84.6 | 68.3 | 67.3 | 69.0 | 74.4 | 84.6 | 84.6 | 84.6 |
| Fully Diluted Shares Outstanding-GAAP | 68.3 | 68.9 | 69.3 | 72.0 | 78.3 | 87.8 | 96.2 | 84.6 | 102.1 | 103.1 | 104.1 | 105.1 | 106.1 | 107.1 | 108.1 | 109.1 | 110.1 | 111.1 | 112.1 | 113.1 | 68.3 | 67.3 | 69.6 | 86.7 | 103.6 | 107.6 | 111.6 |
| Fully Diluted Shares Outstanding-Non-GAA | 69.1 | 71.6 | 72.2 | 72.0 | 78.3 | 86.1 | 95.2 | 101.1 | 102.1 | 103.1 | 104.1 | 105.1 | 106.1 | 107.1 | 108.1 | 109.1 | 110.1 | 111.1 | 112.1 | 113.1 | 69.1 | 67.6 | 71.2 | 90.2 | 103.6 | 107.6 | 111.6 |
| Change | 1.3 | 2.5 | 0.6 | 0.5 | 3.0 | 5.0 | 6.0 | 7.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | (5.1) | (1.6) | 3.6 | 19.0 | 13.4 | 4.0 | 4.0 |
| **Pro Forma EPS** | $0.18 | $0.42 | $0.57 | $0.88 | $1.10 | $1.67 | $2.37 | $3.23 | $4.22 | $4.96 | $5.55 | $6.33 | $7.49 | $8.62 | $8.98 | $9.53 | $10.23 | $10.80 | $12.39 | $12.59 | $4.56 | $0.44 | $2.06 | $8.68 | $21.10 | $34.64 | $46.05 |
| PF EPS Adj for Stock Comp | ($0.52) | ($0.54) | ($0.87) | ($0.56) | ($0.59) | ($0.56) | ($0.49) | ($0.50) | ($0.49) | ($0.49) | ($0.48) | ($0.48) | ($0.47) | ($0.47) | ($0.46) | ($0.46) | ($0.46) | ($0.45) | ($0.45) | ($0.44) | ($1.97) | ($1.91) | ($2.49) | ($2.12) | ($1.93) | ($1.86) | ($1.80) |
| **PF EPS w/ Stock Comp Exp** | ($0.34) | ($0.12) | ($0.30) | $0.32 | $0.51 | $1.11 | $1.88 | $2.73 | $3.73 | $4.48 | $5.07 | $5.86 | $7.01 | $8.15 | $8.52 | $9.07 | $9.77 | $10.35 | $11.94 | $12.15 | $2.59 | ($1.47) | ($0.43) | $6.55 | $19.17 | $32.78 | $44.25 |

Source: Company data, Morgan Stanley Research

## Exhibit 3: LITE: Revenue Breakdown

| | Sep-24 Q1-25A | Dec-24 Q2-25A | Mar-25 Q3-25A | Jun-25 Q4-25A | Sep-25 Q1-26A | Dec-25 Q2-26A | Mar-26 Q3-26A | Jun-26 Q4-26A | Sep-26 Q1-27E | Dec-26 Q2-27E | Mar-27 Q3-27E | Jun-27 Q4-27E | Sep-27 Q1-28E | Dec-27 Q2-28E | Mar-28 Q3-28E | Jun-28 Q4-28E | Sep-28 Q1-29E | Dec-28 Q2-29E | Mar-29 Q3-29E | Jun-29 Q4-29E | FY 2023A | FY 2024A | FY 2025A | FY 2026A | FY 2027E | FY 2028E | FY 2029E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Segment Revenue (New)** | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Cloud & Networking** | 282.3 | 339.2 | 365.2 | 424.1 | 477.4 | 600.4 | 745.4 | 949.7 | 1,192.9 | 1,405.1 | 1,578.2 | 1,794.4 | 2,108.6 | 2,420.5 | 2,530.9 | 2,700.5 | 2,904.4 | 3,062.1 | 3,479.9 | 3,595.2 | 1,322.5 | 1,084.9 | 1,410.8 | 2,773.0 | 5,970.6 | 9,760.4 | 13,041.6 |
| **Industrial Tech** | 54.6 | 63.0 | 60.0 | 56.6 | 56.4 | 65.1 | 63.0 | 56.6 | 58.4 | 67.4 | 67.2 | 60.3 | 60.4 | 69.7 | 71.8 | 64.5 | 62.5 | 72.2 | 74.4 | 66.8 | 444.5 | 274.3 | 234.2 | 241.1 | 253.3 | 266.4 | 275.9 |
| **Total Revenue** | 336.9 | 402.2 | 425.2 | 480.7 | 533.8 | 665.5 | 808.4 | 1,006.3 | 1,251.3 | 1,472.4 | 1,645.4 | 1,854.7 | 2,169.0 | 2,490.2 | 2,602.7 | 2,765.0 | 2,967.0 | 3,134.3 | 3,554.3 | 3,661.9 | 1,767.0 | 1,359.2 | 1,645.0 | 3,014.1 | 6,223.8 | 10,026.8 | 13,317.5 |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | - |
| **NEW SEGMENTATION** | | | | | | | | | | | | | | | | | | | | | | | | | | | - |
| *Components* | 231.4 | 263.7 | 300.8 | 320.4 | 379.2 | 443.7 | 533.3 | 649.4 | 775.1 | 926.5 | 1,033.3 | 1,138.2 | 1,345.1 | 1,515.5 | 1,634.5 | 1,742.3 | 1,845.8 | 1,977.8 | 2,375.3 | 2,387.2 | | | 1,116.3 | 2,005.6 | 3,873.1 | 6,237.4 | 8,586.2 |
| *Systems* | 105.5 | 138.5 | 124.4 | 160.3 | 154.6 | 221.8 | 275.1 | 356.9 | 476.2 | 545.9 | 612.1 | 716.5 | 823.8 | 974.7 | 968.2 | 1,022.7 | 1,121.2 | 1,156.5 | 1,179.0 | 1,274.7 | | | 528.7 | 1,008.4 | 2,350.7 | 3,789.5 | 4,731.4 |
| **Total** | 336.9 | 402.2 | 425.2 | 480.7 | 533.8 | 665.5 | 808.4 | 1,006.3 | 1,251.3 | 1,472.4 | 1,645.4 | 1,854.7 | 2,169.0 | 2,490.2 | 2,602.7 | 2,765.0 | 2,967.0 | 3,134.3 | 3,554.3 | 3,661.9 | | | 1,645.0 | 3,014.0 | 6,223.8 | 10,026.8 | 13,317.5 |
| **Revenue Mix** | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Cloud & Networking** | 84% | 84% | 86% | 88% | 89% | 90% | 92% | 94% | 95% | 95% | 96% | 97% | 97% | 97% | 97% | 98% | 98% | 98% | 98% | 98% | | | | | | | |
| *Datacom* | 16% | 14% | 16% | 20% | 21% | 21% | 21% | 21% | 21% | 21% | 22% | 23% | 22% | 21% | 21% | 20% | 19% | 18% | 19% | 16% | | | | | | | |
| *Cloud Light* | 11% | 19% | 18% | 25% | 23% | 25% | 25% | 23% | 25% | 24% | 25% | 25% | 24% | 23% | 22% | 22% | 23% | 22% | 19% | 20% | | | | | | | |
| *OCS* | | | | | | 2% | 6% | 9% | 11% | 10% | 10% | 12% | 13% | 14% | 14% | 13% | 14% | 14% | 13% | 13% | | | | | | | |
| *CPO* | | | | | | 1% | 1% | 3% | 6% | 11% | 11% | 11% | 17% | 18% | 21% | 22% | 24% | 26% | 30% | 30% | | | | | | | |
| *Telecom* | 56% | 51% | 49% | 44% | 45% | 42% | 39% | 38% | 32% | 29% | 27% | 26% | 22% | 20% | 20% | 20% | 19% | 18% | 17% | 18% | | | | | | | |
| *NPTN* | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | | | | | | | |
| **Industrial Tech** | 16% | 16% | 14% | 12% | 11% | 10% | 8% | 6% | 5% | 5% | 4% | 3% | 3% | 3% | 3% | 2% | 2% | 2% | 2% | 2% | | | | | | | |
| *Industrial & Consumer* | 7% | 5% | 5% | 4% | 3% | 3% | 3% | 2% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | | | | | | | |
| *3D Sensing (w/in C&I)* | 4% | 5% | 2% | 2% | 2% | 3% | 1% | 1% | 1% | 1% | 1% | 0% | 1% | 1% | 0% | 0% | 0% | 1% | 0% | 0% | | | | | | | |
| *Lasers* | 9% | 11% | 9% | 8% | 7% | 7% | 5% | 4% | 3% | 3% | 3% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 1% | | | | | | | |
| **Total Revenue** | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | | | | | | | |
| **Q/Q Change** | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Cloud & Networking** | 11% | 20% | 8% | 16% | 13% | 26% | 24% | 27% | 26% | 18% | 12% | 14% | 18% | 15% | 5% | 7% | 8% | 5% | 14% | 3% | | | | | | | |
| *Datacom* | 3% | 4% | 21% | 39% | 21% | 24% | 22% | 23% | 26% | 16% | 18% | 13% | 12% | 12% | 2% | 4% | 0% | 0% | 23% | -13% | | | | | | | |
| *Cloud Light* | -31% | 100% | 0% | 56% | 3% | 35% | 22% | 16% | 31% | 16% | 14% | 16% | 9% | 13% | -1% | 7% | 11% | 1% | -3% | 12% | | | | | | | |
| *OCS* | | | | | | | 375% | 92% | 51% | 11% | 11% | 26% | 30% | 29% | -1% | 5% | 9% | 6% | 9% | 5% | | | | | | | |
| *CPO* | | | | | | | 108% | 210% | 148% | 97% | 18% | 13% | 72% | 24% | 20% | 10% | 18% | 15% | 31% | 6% | | | | | | | |
| *Telecom* | 29% | 9% | 1% | 1% | 15% | 16% | 12% | 21% | 5% | 6% | 5% | 7% | 1% | 5% | 3% | 7% | -1% | 5% | 3% | 7% | | | | | | | |
| *NPTN* | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | | | | | | | |
| **Industrial Tech** | 2% | 15% | -5% | -6% | 0% | 15% | -3% | -10% | 3% | 15% | 0% | -10% | 0% | 15% | 3% | -10% | -3% | 15% | 3% | -10% | | | | | | | |
| *Industrial & Consumer* | 17% | -15% | -2% | -8% | -2% | 14% | 3% | -9% | -6% | 14% | 3% | -9% | -6% | 14% | 3% | -9% | -6% | 14% | 3% | -9% | | | | | | | |
| *3D Sensing (w/in C&I)* | 88% | 33% | -50% | -20% | 63% | 54% | -50% | -20% | 63% | 54% | -50% | -20% | 63% | 54% | -50% | -20% | 63% | 54% | -50% | -20% | | | | | | | |
| *Lasers* | -7% | 38% | -6% | -4% | 1% | 16% | -6% | -11% | 8% | 16% | -2% | -11% | 3% | 16% | 3% | -11% | -2% | 16% | 3% | -11% | | | | | | | |
| **Total Revenue** | 9% | 19% | 6% | 13% | 11% | 25% | 21% | 24% | 24% | 18% | 12% | 13% | 17% | 15% | 5% | 6% | 7% | 6% | 13% | 3% | | | | | | | |
| **Y/Y Change** | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Cloud & Networking** | 23% | 18% | 16% | 67% | 69% | 77% | 104% | 124% | 150% | 134% | 112% | 89% | 77% | 72% | 60% | 50% | 38% | 27% | 37% | 33% | | -18% | 30% | 97% | 115% | 63% | 34% |
| *Datacom* | 135.0% | 45.0% | 33.0% | 80.0% | 110.5% | 152.0% | 155.0% | 125.0% | 130.0% | 120.7% | 113.9% | 97.4% | 75.2% | 68.0% | 45.6% | 32.9% | 18.8% | 6.5% | 27.7% | 7.1% | | 9% | 67% | 135% | 114% | 53% | 15% |
| *Cloud Light* | -12.0% | 28.6% | -10.0% | 115.0% | 220.0% | 115.5% | 165.0% | 97.1% | 152.0% | 117.1% | 102.1% | 101.0% | 67.0% | 61.9% | 40.9% | 30.4% | 32.3% | 18.7% | 16.6% | 21.6% | | | 55% | 133% | 114% | 48% | 22% |
| *OCS* | | | | | | | | | | 1425.5% | 257.0% | 134.0% | 101.5% | 134.7% | 109.5% | 74.7% | 46.7% | 20.0% | 32.0% | 31.4% | | | | | | | |
| *CPO* | | | | | | | | | | 3060.3% | 1696.5% | 556.7% | 353.9% | 186.7% | 190.4% | 181.1% | 93.2% | 77.7% | 94.5% | 87.4% | | | | | | | |
| *Telecom* | -22.1% | 9.6% | 17.0% | 43.3% | 27.0% | 35.0% | 50.0% | 80.0% | 65.0% | 52.0% | 42.0% | 26.0% | 21.0% | 19.0% | 17.0% | 17.0% | 15.0% | 15.0% | 15.0% | 15.0% | | -13% | 13% | 49% | 44% | 18% | 15% |
| *NPTN* | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Industrial Tech** | -38% | -21% | 14% | 6% | 3% | 3% | 5% | 0% | 3% | 3% | 7% | 7% | 3% | 4% | 7% | 7% | 4% | 4% | 4% | 4% | | -38% | -15% | 3% | 5% | 5% | 4% |
| *Industrial & Consumer* | -39.0% | -37.5% | -5.0% | -10.0% | -25.0% | 0.0% | 5.0% | 4.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | | -52% | -27% | -5% | 0% | 0% | 0% |
| *3D Sensing (w/in C&I)* | -46% | 0% | 25% | 0% | -13% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | | | | | | | |
| *Lasers* | -37.0% | -10.4% | 26.1% | 15.0% | 25.0% | 5.0% | 5.0% | -2.0% | 5.0% | 5.0% | 10.0% | 10.0% | 5.0% | 5.0% | 10.0% | 10.0% | 5.0% | 5.0% | 5.0% | 5.0% | | -22% | -6% | 7% | 7% | 8% | 5% |
| **Total Revenue** | 6% | 10% | 16% | 56% | 58% | 65% | 90% | 109% | 134% | 121% | 104% | 84% | 73% | 69% | 58% | 49% | 37% | 26% | 37% | 32% | | -23% | 21% | 83% | 106% | 61% | 33% |

Source: Company data, Morgan Stanley Research

## Exhibit 4: LITE: Balance Sheet

| | Sep-24 Q1-25A | Dec-24 Q2-25A | Mar-25 Q3-25A | Jun-25 Q4-25A | Sep-25 Q1-26A | Dec-25 Q2-26A | Mar-26 Q3-26A | Jun-26 Q4-26A | Sep-26 Q1-27E | Dec-26 Q2-27E | Mar-27 Q3-27E | Jun-27 Q4-27E | Sep-27 Q1-28E | Dec-27 Q2-28E | Mar-28 Q3-28E | Jun-28 Q4-28E | Sep-28 Q1-29E | Dec-28 Q2-29E | Mar-29 Q3-29E | Jun-29 Q4-29E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | | | | | | | | | | | |
| Cash and cash equivalents | 489.2 | 479.7 | 516.4 | 520.7 | 772.9 | 657.7 | 2,617.8 | 2,043.5 | 1,804.6 | 2,070.2 | 2,337.5 | 2,814.2 | 2,670.7 | 2,412.8 | 3,826.5 | 4,695.4 | 4,896.6 | 4,661.5 | 6,322.9 | 7,481.1 |
| Short-term investments | 426.9 | 417.0 | 350.3 | 356.4 | 348.9 | 497.6 | 554.5 | 694.9 | 694.9 | 694.9 | 694.9 | 694.9 | 694.9 | 694.9 | 694.9 | 694.9 | 694.9 | 694.9 | 694.9 | 694.9 |
| Accounts receivable, net | 198.5 | 226.9 | 255.7 | 250.0 | 307.0 | 376.8 | 441.6 | 520.3 | 752.5 | 833.7 | 898.8 | 959.0 | 1,304.3 | 1,409.9 | 1,421.8 | 1,429.6 | 1,582.4 | 1,741.3 | 1,974.6 | 2,034.4 |
| Inventories, net | 403.3 | 402.3 | 422.9 | 470.1 | 531.6 | 570.4 | 632.8 | 691.6 | 808.4 | 941.6 | 1,046.8 | 1,166.0 | 1,347.4 | 1,538.3 | 1,605.1 | 1,706.7 | 1,836.6 | 1,939.6 | 2,162.5 | 2,258.7 |
| Prepayments and other current assets | 118.3 | 125.5 | 122.0 | 120.1 | 125.2 | 180.7 | 149.0 | 211.6 | 250.3 | 294.5 | 329.1 | 370.9 | 433.8 | 498.0 | 520.5 | 553.0 | 593.4 | 626.9 | 710.9 | 732.4 |
| Total current assets | 1,636.2 | 1,651.4 | 1,667.3 | 1,717.3 | 2,085.6 | 2,283.2 | 4,395.7 | 4,161.9 | 4,310.6 | 4,834.9 | 5,307.1 | 6,005.1 | 6,451.2 | 6,554.0 | 8,068.8 | 9,079.7 | 9,603.9 | 9,664.2 | 11,865.8 | 13,201.6 |
| Property, plant and equipment, net | 638.4 | 663.4 | 693.3 | 726.4 | 794.8 | 813.5 | 964.3 | 1,159.1 | 1,321.6 | 1,514.4 | 1,728.4 | 1,968.8 | 2,252.0 | 2,577.4 | 2,908.9 | 3,254.3 | 3,619.8 | 3,998.8 | 4,432.7 | 4,867.6 |
| Goodwill | 1,060.9 | 1,060.9 | 1,060.9 | 1,060.9 | 1,060.9 | 1,060.9 | 1,066.3 | 1,069.3 | 1,069.3 | 1,069.3 | 1,069.3 | 1,069.3 | 1,069.3 | 1,069.3 | 1,069.3 | 1,069.3 | 1,069.3 | 1,069.3 | 1,069.3 | 1,069.3 |
| Intangible, net | 573.9 | 534.9 | 499.8 | 465.1 | 430.7 | 396.7 | 362.9 | 326.9 | 296.9 | 266.9 | 236.9 | 206.9 | 176.9 | 146.9 | 116.9 | 86.9 | 56.9 | 26.9 | 16.9 | 6.9 |
| Deferred income taxes | 12.5 | 11.0 | 12.7 | 210.3 | 204.6 | 206.1 | 197.9 | 530.9 | 530.9 | 530.9 | 530.9 | 530.9 | 530.9 | 530.9 | 530.9 | 530.9 | 530.9 | 530.9 | 530.9 | 530.9 |
| Other non-current assets | 47.7 | 44.5 | 41.0 | 38.7 | 36.5 | 44.9 | 40.8 | 59.4 | 59.4 | 59.4 | 59.4 | 59.4 | 59.4 | 59.4 | 59.4 | 59.4 | 59.4 | 59.4 | 59.4 | 59.4 |
| **Total Assets** | **3,969.6** | **3,966.1** | **3,975.0** | **4,218.7** | **4,613.1** | **4,805.3** | **7,027.9** | **7,307.5** | **7,588.7** | **8,275.8** | **8,932.0** | **9,840.4** | **10,539.6** | **10,937.9** | **12,754.1** | **14,080.5** | **14,940.2** | **15,349.5** | **17,975.1** | **19,735.7** |
| **Liabilities & Shareholders' Equity** | | | | | | | | | | | | | | | | | | | | |
| Accounts payable | 163.1 | 184.7 | 195.2 | 225.2 | 278.6 | 347.4 | 392.7 | 567.4 | 404.2 | 549.3 | 610.6 | 825.9 | 673.7 | 89.7 | 936.3 | 1,208.9 | 918.3 | 113.1 | 1,261.5 | 1,599.9 |
| Accrued payroll and related expenses | 42.0 | 40.1 | 42.8 | 57.9 | 69.3 | 85.3 | 109.7 | 146.3 | 88.2 | 103.7 | 115.9 | 130.7 | 152.8 | 175.5 | 183.4 | 194.8 | 209.0 | 220.8 | 250.4 | 258.0 |
| Income taxes payable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Accrued expenses | 39.7 | 46.2 | 43.5 | 34.6 | 45.5 | 39.2 | 48.9 | 64.9 | 150.2 | 176.7 | 197.4 | 222.6 | 260.3 | 298.8 | 312.3 | 331.8 | 356.0 | 376.1 | 426.5 | 439.4 |
| Short term debt | 10.8 | 9.8 | 10.3 | 10.6 | 1,079.0 | 3,240.2 | 3,238.6 | 1,596.9 | 1,596.9 | 1,596.9 | 1,596.9 | 1,596.9 | 1,596.9 | 1,596.9 | 1,596.9 | 1,596.9 | 1,596.9 | 1,596.9 | 1,596.9 | 1,596.9 |
| Other current liabilities | 49.5 | 66.1 | 61.2 | 64.5 | 53.8 | 55.5 | 75.4 | 105.0 | 126.1 | 148.4 | 165.8 | 186.9 | 218.6 | 251.0 | 262.3 | 278.7 | 299.0 | 315.9 | 358.2 | 369.1 |
| Total current liabilities | 305.1 | 346.9 | 353.0 | 392.8 | 1,526.2 | 3,767.6 | 3,865.3 | 2,480.5 | 2,365.5 | 2,575.0 | 2,686.7 | 2,963.0 | 2,902.3 | 2,411.9 | 3,291.2 | 3,611.1 | 3,379.3 | 2,622.9 | 3,893.5 | 4,263.4 |
| Convertible Debt | 2,569.2 | 2,561.2 | 2,562.4 | 2,562.6 | 2,164.5 | 47.1 | 43.2 | 40.5 | 40.5 | 40.5 | 40.5 | 40.5 | 40.5 | 40.5 | 40.5 | 40.5 | 40.5 | 40.5 | 40.5 | 40.5 |
| Term Loan | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other non-current liabilities | 199.4 | 185.7 | 180.1 | 128.6 | 141.6 | 144.0 | 146.0 | 142.6 | 142.6 | 142.6 | 142.6 | 142.6 | 142.6 | 142.6 | 142.6 | 142.6 | 142.6 | 142.6 | 142.6 | 142.6 |
| **Total Liabilities** | **3,073.7** | **3,093.8** | **3,095.5** | **3,084.0** | **3,832.3** | **3,958.7** | **4,054.5** | **2,663.6** | **2,548.6** | **2,758.1** | **2,869.8** | **3,146.1** | **3,085.4** | **2,595.0** | **3,474.3** | **3,794.2** | **3,562.4** | **2,806.0** | **4,076.6** | **4,446.5** |
| Redeemable Series A preferred stock | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Common stock; par value | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Additional paid-in capital | 884.2 | 862.0 | 868.3 | 1,125.6 | 771.6 | 837.1 | 2,966.3 | 4,633.8 | 5,029.9 | 5,507.6 | 6,052.0 | 6,684.2 | 7,444.2 | 8,332.8 | 9,269.7 | 10,276.2 | 11,367.7 | 12,533.4 | 13,888.3 | 15,279.1 |
| JDSU net investment | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Accumulated other comprehensive (loss) income | 11.6 | 10.2 | 11.1 | 9.0 | 9.1 | 9.4 | 7.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Total Shareholders' Equity | 895.9 | 872.3 | 879.5 | 1,134.7 | 780.8 | 846.6 | 2,973.4 | 4,643.9 | 5,040.0 | 5,517.7 | 6,062.1 | 6,694.3 | 7,454.3 | 8,342.9 | 9,279.8 | 10,286.3 | 11,377.8 | 12,543.5 | 13,898.4 | 15,289.2 |
| **Total Liabilities and Shareholders' Equity** | **3,969.6** | **3,966.1** | **3,975.0** | **4,218.7** | **4,613.1** | **4,805.3** | **7,027.9** | **7,307.5** | **7,588.7** | **8,275.8** | **8,932.0** | **9,840.4** | **10,539.6** | **10,937.9** | **12,754.1** | **14,080.5** | **14,940.2** | **15,349.5** | **17,975.1** | **19,735.7** |

| | FY 2023A | FY 2024A | FY 2025A | FY 2026A | FY 2027E | FY 2028E | FY 2029E |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and cash equivalents | 859.0 | 436.7 | 520.7 | 2,043.5 | 2,814.2 | 4,695.4 | 7,481.1 |
| Short-term investments | 1,154.6 | 450.3 | 356.4 | 694.9 | 694.9 | 694.9 | 694.9 |
| Accounts receivable, net | 246.1 | 194.7 | 250.0 | 520.3 | 959.0 | 1,429.6 | 2,034.4 |
| Inventories, net | 408.6 | 398.4 | 470.1 | 691.6 | 1,166.0 | 1,706.7 | 2,258.7 |
| Prepayments and other current assets | 109.6 | 110.0 | 120.1 | 211.6 | 370.9 | 553.0 | 732.4 |
| Total current assets | 2,777.9 | 1,590.1 | 1,717.3 | 4,161.9 | 6,005.1 | 9,079.7 | 13,201.6 |
| Property, plant and equipment, net | 489.5 | 572.5 | 726.4 | 1,159.1 | 1,968.8 | 3,254.3 | 4,867.6 |
| Goodwill | 695.1 | 1,055.8 | 1,060.9 | 1,069.3 | 1,069.3 | 1,069.3 | 1,069.3 |
| Intangible, net | 459.2 | 617.5 | 465.1 | 326.9 | 206.9 | 86.9 | 6.9 |
| Deferred income taxes | 116.3 | 10.7 | 210.3 | 530.9 | 530.9 | 530.9 | 530.9 |
| Other non-current assets | 94.1 | 85.3 | 38.7 | 59.4 | 59.4 | 59.4 | 59.4 |
| **Total Assets** | **4,632.1** | **3,931.9** | **4,218.7** | **7,307.5** | **9,840.4** | **14,080.5** | **19,735.7** |
| | | | | | | | - |
| **Liabilities & Shareholders' Equity** | | | | | | | - |
| Accounts payable | 169.4 | 126.3 | 225.2 | 567.4 | 825.9 | 1,208.9 | 1,599.9 |
| Accrued payroll and related expenses | 39.4 | 36.1 | 57.9 | 146.3 | 130.7 | 194.8 | 258.0 |
| Income taxes payable | - | - | - | - | - | - | - |
| Accrued expenses | 51.2 | 52.4 | 34.6 | 64.9 | 222.6 | 331.8 | 439.4 |
| Short term debt | 311.6 | - | 10.6 | 1,596.9 | 1,596.9 | 1,596.9 | 1,596.9 |
| Other current liabilities | 62.2 | 54.5 | 64.5 | 105.0 | 186.9 | 278.7 | 369.1 |
| Total current liabilities | 633.8 | 269.3 | 392.8 | 2,480.5 | 2,963.0 | 3,611.1 | 4,263.4 |
| Convertible Debt | 2,500.0 | 2,503.2 | 2,562.6 | 40.5 | 40.5 | 40.5 | 40.5 |
| Term Loan | - | - | - | - | - | - | - |
| Other non-current liabilities | 142.5 | 202.1 | 128.6 | 142.6 | 142.6 | 142.6 | 142.6 |
| **Total Liabilities** | **3,276.3** | **2,974.6** | **3,084.0** | **2,663.6** | **3,146.1** | **3,794.2** | **4,446.5** |
| Redeemable Series A preferred stock | - | - | - | - | - | - | - |
| Common stock; par value | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Additional paid-in capital | 1,351.6 | 947.9 | 1,125.6 | 4,633.8 | 6,684.2 | 10,276.2 | 15,279.1 |
| JDSU net investment | - | - | - | - | - | - | - |
| Accumulated other comprehensive (loss) income | 4.1 | 9.3 | 9.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Total Shareholders' Equity | 1,355.8 | 957.3 | 1,134.7 | 4,643.9 | 6,694.3 | 10,286.3 | 15,289.2 |
| **Total Liabilities and Shareholders' Equity** | **4,632.1** | **3,931.9** | **4,218.7** | **7,307.5** | **9,840.4** | **14,080.5** | **19,735.7** |

Source: Company data, Morgan Stanley Research

## Exhibit 5: LITE: Cash Flow Statement

| | Sep-24 Q1-25A | Dec-24 Q2-25A | Mar-25 Q3-25A | Jun-25 Q4-25A | Sep-25 Q1-26A | Dec-25 Q2-26A | Mar-26 Q3-26A | Jun-26 Q4-26A | Sep-26 Q1-27E | Dec-26 Q2-27E | Mar-27 Q3-27E | Jun-27 Q4-27E | Sep-27 Q1-28E | Dec-27 Q2-28E | Mar-28 Q3-28E | Jun-28 Q4-28E | Sep-28 Q1-29E | Dec-28 Q2-29E | Mar-29 Q3-29E | Jun-29 Q4-29E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **GAAP Cash Flow Statement** | | | | | | | | | | | | | | | | | | | | |
| **OPERATING ACTIVITIES:** | | | | | | | | | | | | | | | | | | | | |
| Net Income (loss) | (82.4) | (60.9) | (44.1) | 213.3 | 4.2 | 78.2 | 144.2 | (7,161.7) | 346.0 | 427.5 | 494.4 | 582.0 | 709.9 | 838.6 | 886.8 | 956.3 | 1,041.5 | 1,115.6 | 1,304.8 | 1,340.7 |
| Depreciation | 27.0 | 25.9 | 26.9 | 28.1 | 29.5 | 28.9 | 32.8 | 37.6 | 45.2 | 51.5 | 59.0 | 67.4 | 76.8 | 87.8 | 100.5 | 113.4 | 126.9 | 141.1 | 155.9 | 172.8 |
| Amortization of acquired technologies and other intangi | 43.6 | 39.0 | 30.0 | 34.7 | 34.4 | 34.0 | 33.8 | 36.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 10.0 | 10.0 |
| Stock-based compensation | 35.6 | 38.8 | 62.8 | 40.0 | 46.5 | 41.3 | 41.6 | 40.8 | 50.1 | 50.1 | 50.1 | 50.1 | 50.1 | 50.1 | 50.1 | 50.1 | 50.1 | 50.1 | 50.1 | 50.1 |
| Other non-cash (income) expenses | 5.9 | (6.7) | 47.7 | - | (266.9) | 281.8 | (1.8) | 7,757.4 | - | - | - | - | - | - | - | - | - | - | - | - |
| **Changes in operating assets and liabilities:** | | | | | | | | | | | | | | | | | | | | |
| Accounts receivable | (3.8) | (28.4) | (28.8) | 5.7 | (57.0) | (69.7) | (64.8) | (78.7) | (232.2) | (81.2) | (65.1) | (60.2) | (345.4) | (105.6) | (11.8) | (7.9) | (152.8) | (158.9) | (233.3) | (59.8) |
| Inventories | (6.5) | 1.5 | (20.6) | (47.2) | (61.5) | (41.0) | (62.7) | (58.8) | (116.8) | (133.3) | (105.1) | (119.3) | (181.4) | (190.9) | (66.8) | (101.6) | (129.9) | (103.0) | (222.9) | (96.3) |
| Other current and non-current assets | (16.8) | 4.2 | 7.0 | 4.2 | (2.9) | (26.2) | 7.5 | (81.2) | (38.7) | (44.2) | (34.6) | (41.9) | (62.8) | (64.2) | (22.5) | (32.5) | (40.4) | (33.5) | (84.0) | (21.5) |
| Accounts payable | 32.6 | 6.1 | 10.5 | 30.0 | 53.4 | 26.5 | 29.5 | 174.7 | (163.2) | 145.1 | 61.3 | 215.3 | (152.2) | (584.0) | 846.6 | 272.6 | (290.6) | (805.2) | 1,148.3 | 338.5 |
| Income taxes payable | 7.2 | 21.3 | - | - | - | 1.5 | 16.4 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Deferred taxes, net | - | - | (1.7) | (197.6) | 5.7 | (5.7) | - | (333.0) | - | - | - | - | - | - | - | - | - | - | - | - |
| Accrued payroll and related expenses | 5.9 | (1.9) | 2.7 | 15.1 | 11.4 | 16.0 | 24.4 | 36.6 | (58.1) | 15.6 | 12.2 | 14.7 | 22.1 | 22.6 | 7.9 | 11.4 | 14.2 | 11.8 | 29.6 | 7.6 |
| Accrued expenses and other current and non-current lia | (8.7) | (14.6) | (13.2) | (57.1) | 13.2 | 9.0 | 2.9 | 42.2 | 106.4 | 48.8 | 38.2 | 46.2 | 69.4 | 70.9 | 24.8 | 35.8 | 44.6 | 36.9 | 92.7 | 23.8 |
| **Net cash from Operations** | **39.6** | **24.3** | **79.2** | **69.2** | **(190.0)** | **374.6** | **203.8** | **411.9** | **(31.3)** | **510.0** | **540.4** | **784.5** | **216.5** | **155.3** | **1,845.6** | **1,327.8** | **693.6** | **285.0** | **2,251.3** | **1,765.9** |
| **INVESTING ACTIVITIES:** | | | | | | | | | | | | | | | | | | | | |
| Acquisitions of businesses, net of cash acquired | - | - | - | - | - | - | (38.0) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital expenditures | (74.1) | (40.2) | (42.5) | (47.1) | (57.8) | (102.0) | (124.7) | (167.0) | (207.7) | (244.4) | (273.1) | (307.8) | (359.9) | (413.3) | (431.9) | (458.9) | (492.4) | (520.2) | (589.9) | (607.7) |
| Purchase / sale of securities | 26.8 | 9.5 | - | - | - | (139.4) | (58.8) | (140.4) | - | - | - | - | - | - | - | - | - | - | - | - |
| Proceeds from the sales of a business and assets, net c | 0.2 | - | - | - | - | - | 39.6 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Net cash from Investing Activities** | **(47.1)** | **(30.7)** | **(42.5)** | **(47.1)** | **(57.8)** | **(241.4)** | **(181.9)** | **(307.4)** | **(207.7)** | **(244.4)** | **(273.1)** | **(307.8)** | **(359.9)** | **(413.3)** | **(431.9)** | **(458.9)** | **(492.4)** | **(520.2)** | **(589.9)** | **(607.7)** |
| **FINANCING ACTIVITIES:** | | | | | | | | | | | | | | | | | | | | |
| Convertible Proceeds | | | | | 500.0 | 754.7 | - | - | | | | | | | | | | | | |
| Other Cash Flow from Financing | 60.0 | (3.1) | - | - | - | (1,003.1) | 1,938.2 | (678.8) | - | - | - | - | - | - | - | - | - | - | - | - |
| **Net cash provided by financing activities** | **60.0** | **(3.1)** | **-** | **-** | **500.0** | **(248.4)** | **1,938.2** | **(678.8)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| FX Impact | - | - | - | (17.8) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cash and cash equivalents at beg. of period | 436.7 | 489.2 | 479.7 | 516.4 | 520.7 | 772.9 | 657.7 | 2,617.8 | 2,043.5 | 1,804.6 | 2,070.2 | 2,337.5 | 2,814.2 | 2,670.7 | 2,412.8 | 3,826.5 | 4,695.4 | 4,896.6 | 4,661.5 | 6,322.9 |
| Net increase (decrease) in cash and cash equivalents | 52.5 | (9.5) | 36.7 | 4.3 | 252.2 | (115.2) | 1,960.1 | (574.3) | (238.9) | 265.6 | 267.3 | 476.7 | (143.5) | (257.9) | 1,413.7 | 869.0 | 201.2 | (235.1) | 1,661.4 | 1,158.2 |
| Cash and cash equivalents at end of period | 489.2 | 479.7 | 516.4 | 520.7 | 772.9 | 657.7 | 2,617.8 | 2,043.5 | 1,804.6 | 2,070.2 | 2,337.5 | 2,814.2 | 2,670.7 | 2,412.8 | 3,826.5 | 4,695.4 | 4,896.6 | 4,661.5 | 6,322.9 | 7,481.1 |

| | FY 2023A | FY 2024A | FY 2025A | FY 2026A | FY 2027E | FY 2028E | FY 2029E |
|---|---|---|---|---|---|---|---|
| **GAAP Cash Flow Statement** | | | | | | | |
| **OPERATING ACTIVITIES:** | | | | | | | |
| Net Income (loss) | (131.6) | (546.5) | 25.9 | (6,935.1) | 1,850.0 | 3,391.6 | 4,802.6 |
| Depreciation | 106.6 | 110.6 | 107.9 | 128.8 | 223.2 | 378.5 | 596.8 |
| Amortization of acquired technologies and other intangi | 149.0 | 179.7 | 147.3 | 138.2 | 120.0 | 120.0 | 80.0 |
| Stock-based compensation | 148.4 | 128.8 | 177.2 | 170.2 | 200.4 | 200.4 | 200.4 |
| Other non-cash (income) expenses | 44.0 | 13.3 | 46.9 | 7,770.5 | - | - | - |
| **Changes in operating assets and liabilities:** | | | | | | - | - |
| Accounts receivable | 83.2 | 72.3 | (55.3) | (270.2) | (438.7) | (470.6) | (604.8) |
| Inventories | (81.5) | 73.8 | (72.8) | (224.0) | (474.4) | (540.7) | (552.0) |
| Other current and non-current assets | (4.9) | 29.7 | (1.4) | (102.8) | (159.3) | (182.1) | (179.4) |
| Accounts payable | (74.0) | (89.7) | 79.2 | 284.1 | 258.5 | 383.0 | 391.0 |
| Income taxes payable | (37.9) | 77.7 | 28.5 | 17.9 | - | - | - |
| Deferred taxes, net | - | - | (199.3) | (333.0) | - | - | - |
| Accrued payroll and related expenses | (36.3) | (8.9) | 21.8 | 88.4 | (15.6) | 64.1 | 63.2 |
| Accrued expenses and other current and non-current lia | 14.8 | (16.1) | (93.6) | 67.3 | 239.6 | 201.0 | 198.0 |
| **Net cash from Operations** | **179.8** | **24.7** | **212.3** | **800.3** | **1,803.6** | **3,545.2** | **4,995.8** |
| | | | | | | | - |
| **INVESTING ACTIVITIES:** | | | | | | | - |
| Acquisitions of businesses, net of cash acquired | (861.6) | (700.9) | - | (38.0) | - | - | - |
| Capital expenditures | (128.5) | (133.0) | (203.9) | (451.5) | (1,032.9) | (1,664.0) | (2,210.1) |
| Purchase / sale of securities | 115.8 | 718.8 | 36.3 | (338.6) | - | - | - |
| Proceeds from the sales of a business and assets, net c | 0.3 | 0.8 | 0.2 | 39.6 | - | - | - |
| **Net cash from Investing Activities** | **(874.0)** | **(114.3)** | **(167.4)** | **(788.5)** | **(1,032.9)** | **(1,664.0)** | **(2,210.1)** |
| | | | | | | | - |
| **FINANCING ACTIVITIES:** | | | | | | | - |
| Convertible Proceeds | - | - | - | 1,254.7 | - | - | - |
| Other Cash Flow from Financing | 263.0 | (332.7) | 56.9 | 256.3 | - | - | - |
| **Net cash provided by financing activities** | **263.0** | **(332.7)** | **56.9** | **1,511.0** | **-** | **-** | **-** |
| | | | | | | | - |
| FX Impact | - | - | (17.8) | - | - | - | - |
| Cash and cash equivalents at beg. of period | 1,290.2 | 859.0 | 436.7 | 520.7 | 2,043.5 | 2,814.2 | 4,695.4 |
| Net increase (decrease) in cash and cash equivalents | (431.2) | (422.3) | 84.0 | 1,522.8 | 770.7 | 1,881.2 | 2,785.7 |
| Cash and cash equivalents at end of period | 859.0 | 436.7 | 520.7 | 2,043.5 | 2,814.2 | 4,695.4 | 7,481.1 |

Source: Company data, Morgan Stanley Research

# Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

# Disclosure Section

The information and opinions in Morgan Stanley Research were prepared by Morgan Stanley & Co. LLC, and/or Morgan Stanley C.T.V.M. S.A., and/or Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V., and/or Morgan Stanley Canada Limited. As used in this disclosure section, "Morgan Stanley" includes Morgan Stanley & Co. LLC, Morgan Stanley C.T.V.M. S.A., Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V., Morgan Stanley Canada Limited and their affiliates as necessary.

For important disclosures, stock price charts and equity rating histories regarding companies that are the subject of this report, please see the Morgan Stanley Research Disclosure Website at www.morganstanley.com/eqr/disclosures/webapp/generalresearch, or contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY, 10036 USA.

For valuation methodology and risks associated with any recommendation, rating or price target referenced in this research report, please contact the Client Support Team as follows: US/Canada +1 800 303-2495; Hong Kong +852 2848-5999; Latin America +1 718 754-5444 (U.S.); London +44 (0)20-7425-8169; Singapore +65 6834-6860; Sydney +61 (0)2-9770-1505; Tokyo +81 (0)3-6836-9000. Alternatively you may contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY 10036 USA.

## Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Meta A Marshall.

.

## Global Research Conflict Management Policy

Morgan Stanley Research has been published in accordance with our conflict management policy, which is available at www.morganstanley.com/institutional/research/conflictpolicies. A Portuguese version of the policy can be found at www.morganstanley.com.br

## Important Regulatory Disclosures on Subject Companies

The analyst or strategist (or a household member) identified below owns the following securities (or related derivatives): Antonio Jaramillo - Arista Networks(common or preferred stock); Meta A Marshall - Corning Inc(common or preferred stock).

As of July 31, 2026, Morgan Stanley beneficially owned 1% or more of a class of common equity securities of the following companies covered in Morgan Stanley Research: Arista Networks, Axon Enterprise Inc, Ciena Corporation, Cisco Systems Inc, Coherent Corp, Corning Inc, F5 Inc, Keysight Technologies Inc, **Lumentum Holdings Inc**, Motorola Solutions Inc, Zebra Technologies Corporation.

Within the last 12 months, Morgan Stanley managed or co-managed a public offering (or 144A offering) of securities of **Lumentum Holdings Inc**.

Within the last 12 months, Morgan Stanley has received compensation for investment banking services from Coherent Corp, **Lumentum Holdings Inc**, Zebra Technologies Corporation.

In the next 3 months, Morgan Stanley expects to receive or intends to seek compensation for investment banking services from Arista Networks, Axon Enterprise Inc, Ciena Corporation, Cisco Systems Inc, Coherent Corp, Corning Inc, F5 Inc, Keysight Technologies Inc, **Lumentum Holdings Inc**, Motorola Solutions Inc, Zebra Technologies Corporation.

Within the last 12 months, Morgan Stanley has received compensation for products and services other than investment banking services from Axon Enterprise Inc, Ciena Corporation, Cisco Systems Inc, Coherent Corp, Corning Inc, **Lumentum Holdings Inc**, Motorola Solutions Inc, Zebra Technologies Corporation.

Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following company: Arista Networks, Axon Enterprise Inc, Ciena Corporation, Cisco Systems Inc, Coherent Corp, Corning Inc, F5 Inc, Keysight Technologies Inc, **Lumentum Holdings Inc**, Motorola Solutions Inc, Zebra Technologies Corporation.

Within the last 12 months, Morgan Stanley has either provided or is providing non-investment banking, securities-related services to and/or in the past has entered into an agreement to provide services or has a client relationship with the following company: Axon Enterprise Inc, Ciena Corporation, Cisco Systems Inc, Coherent Corp, Corning Inc, **Lumentum Holdings Inc**, Motorola Solutions Inc, Zebra Technologies Corporation.

Morgan Stanley & Co. LLC makes a market in the securities of Motorola Solutions Inc.

The equity research analysts or strategists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues. Equity Research analysts' or strategists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

Morgan Stanley and its affiliates do business that relates to companies/instruments covered in Morgan Stanley Research, including market making, providing liquidity, fund management, commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in Morgan Stanley Research on a principal basis. Morgan Stanley may have a position in the debt of the Company or instruments discussed in this report. Morgan Stanley trades or may trade as principal in the debt securities (or in related derivatives) that are the subject of the debt research report.

Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

## STOCK RATINGS

Morgan Stanley uses a relative rating system using terms such as Overweight, Equal-weight, Not-Rated or Underweight (see definitions below). Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all ratings used in Morgan Stanley Research. In addition, since Morgan Stanley Research contains more complete information concerning the analyst's views, investors should carefully read Morgan Stanley Research, in its entirety, and not infer the contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

## Global Stock Ratings Distribution

(as of July 31, 2026)

The Stock Ratings described below apply to Morgan Stanley's Fundamental Equity Research and do not apply to Debt Research produced by the Firm.

For disclosure purposes only (in accordance with FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

| Stock Rating Category | Coverage Universe Count | Coverage Universe % of Total | Investment Banking Clients (IBC) Count | IBC % of Total IBC | IBC % of Rating Category | Other Material Investment Services Clients (MISC) Count | MISC % of Total Other MISC |
|---|---|---|---|---|---|---|---|
| Overweight/Buy | 1529 | 42% | 442 | 47% | 29% | 750 | 43% |
| Equal-weight/Hold | 1582 | 43% | 396 | 42% | 25% | 773 | 44% |
| Not-Rated/Hold | 3 | 0% | 1 | 0% | 33% | 1 | 0% |
| Underweight/Sell | 560 | 15% | 97 | 10% | 17% | 217 | 12% |
| Total | 3,674 | | 936 | | | 1741 | |

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

## Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

## Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

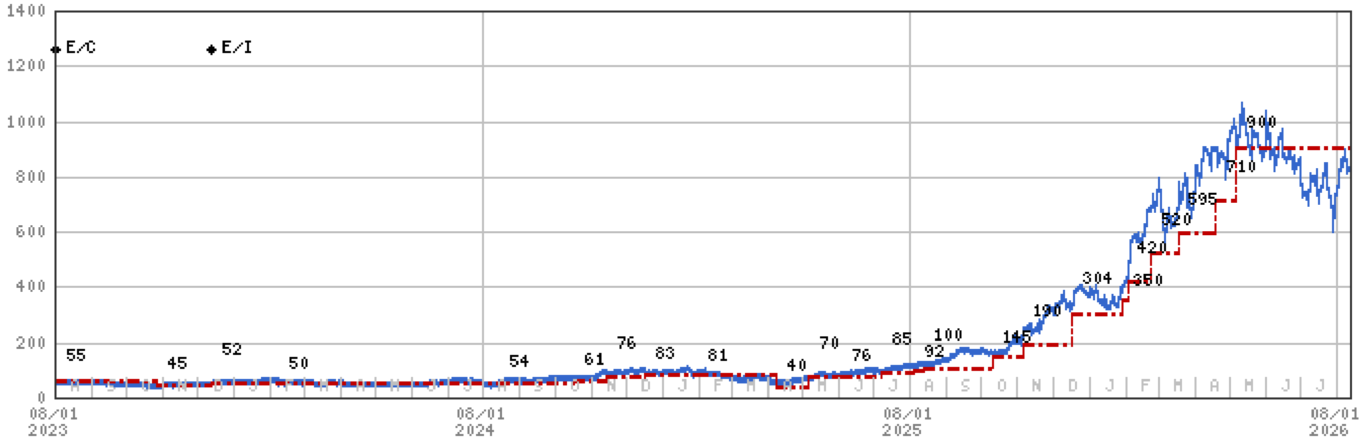
In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

## Stock Price, Price Target and Rating History (See Rating Definitions)

Lumentum Holdings Inc (LITE.O) - As of 08/12/26 GMT in USD
Industry : Telecom & Networking Equipment




Stock Rating History: 8/1/21 : E/I; 4/12/22 : E/C; 12/13/23 : E/I

Price Target History: 5/12/21 : 81; 11/4/21 : 91; 2/3/22 : 97; 5/2/22 : 94; 8/16/22 : 98; 10/11/22 : 84; 11/8/22 : 75; 12/13/22 : 66; 4/5/23 : 60; 5/9/23 : 55; 10/27/23 : 45; 12/13/23 : 52; 2/8/24 : 50; 8/14/24 : 54; 10/17/24 : 61; 11/14/24 : 76; 12/17/24 : 83; 1/31/25 : 81; 4/8/25 : 40; 5/6/25 : 70; 6/3/25 : 76; 7/8/25 : 85; 8/4/25 : 92; 8/12/25 : 100; 10/10/25 : 145; 11/5/25 : 190; 12/17/25 : 304; 1/30/26 : 350; 2/3/26 : 420; 2/23/26 : 520; 3/18/26 : 595; 4/19/26 : 710; 5/6/26 : 900

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

## Important Disclosures for Morgan Stanley Smith Barney LLC Customers

Important disclosures regarding any material conflict of interest that can reasonably be expected to have influenced Morgan Stanley Smith Barney LLC's choice of a third-party research provider or the subject company of a third-party research report, are available on the Morgan Stanley Wealth Management disclosure website at www.morganstanley.com/online/researchdisclosures. For Morgan Stanley specific disclosures, you may refer to https://www.morganstanley.com/eqr/disclosures/webapp/generalresearch.

Each Morgan Stanley research report is reviewed and approved on behalf of Morgan Stanley Smith Barney LLC. This review and approval is conducted by the same person who reviews the research report on behalf of Morgan Stanley. This could create a conflict of interest.

## Other Important Disclosures

A member of Research who had or could have had access to the research prior to completion owns securities (or related derivatives) in the Cisco Systems Inc. This person is not a research analyst or a member of research analyst's household.

Morgan Stanley Research policy is to update research reports as and when the Research Analyst and Research Management deem appropriate, based on developments with the issuer, the sector, or the market that may have a material impact on the research views or opinions stated therein. In addition, certain Research publications are intended to be updated on a regular periodic basis (weekly/monthly/quarterly/annual) and will ordinarily be updated with that frequency, unless the Research Analyst and Research Management determine that a different publication schedule is appropriate based on current conditions.

Morgan Stanley is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Morgan Stanley produces an equity research product called a "Tactical Idea." Views contained in a "Tactical Idea" on a particular stock may be contrary to the recommendations or views expressed in research on the same stock. This may be the result of differing time horizons, methodologies, market events, or other factors. For all research available on a particular stock, please contact your sales representative or go to Matrix at http://www.morganstanley.com/matrix.

Morgan Stanley Research is provided to our clients through our proprietary research portal on Matrix and also distributed electronically by Morgan Stanley to clients. Certain, but not all, Morgan Stanley Research products are also made available to clients through third-party vendors or redistributed to clients through alternate electronic means as a convenience. For access to all available Morgan Stanley Research, please contact your sales representative or go to Matrix at http://www.morganstanley.com/matrix.

Any access and/or use of Morgan Stanley Research is subject to Morgan Stanley's Terms of Use (http://www.morganstanley.com/terms.html). By accessing and/or using Morgan Stanley Research, you are indicating that you have read and agree to be bound by our Terms of Use (http://www.morganstanley.com/terms.html). In addition you consent to Morgan Stanley processing your personal data and using cookies in accordance with our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html), including for the purposes of setting your preferences and to collect readership data so that we can deliver better and more personalized service and products to you. To find out more information about how Morgan Stanley processes personal data, how we use cookies and how to reject cookies see our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html). Please use the provided link to review the Terms and Conditions and Most Important Terms and Conditions for Morgan Stanley India Company Private Limited (https://www.morganstanley.com/assets/pdfs/about-us-global-offices/india/Terms_and_conditions.pdf) and the following link to review the audit report (https://ny.matrix.ms.com/eqr/research/webapp/researchdocs/

MSICPL_Morgan_Stanley_Research_Audit_Report.pdf).

If you do not agree to our Terms of Use and/or if you do not wish to provide your consent to Morgan Stanley processing your personal data or using cookies please do not access our research. Morgan Stanley Research does not provide individually tailored investment advice. Morgan Stanley Research has been prepared without regard to the circumstances and objectives of those who receive it. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of an investment or strategy will depend on an investor's circumstances and objectives. The securities, instruments, or strategies discussed in Morgan Stanley Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them. Morgan Stanley Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The value of and income from your investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. If provided, and unless otherwise stated, the closing price on the cover page is that of the primary exchange for the subject company's securities/instruments.

The fixed income research analysts, strategists or economists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues (which include fixed income trading and capital markets profitability or revenues), client feedback and competitive factors. Fixed Income Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

The "Important Regulatory Disclosures on Subject Companies" section in Morgan Stanley Research lists all companies mentioned where Morgan Stanley owns 1% or more of a class of common equity securities of the companies. For all other companies mentioned in Morgan Stanley Research, Morgan Stanley may have an investment of less than 1% in securities/instruments or derivatives of securities/instruments of companies and may trade them in ways different from those discussed in Morgan Stanley Research. Employees of Morgan Stanley not involved in the preparation of Morgan Stanley Research may have investments in securities/instruments or derivatives of securities/instruments of companies mentioned and may trade them in ways different from those discussed in Morgan Stanley Research. Derivatives may be issued by Morgan Stanley or associated persons.

With the exception of information regarding Morgan Stanley, Morgan Stanley Research is based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in Morgan Stanley Research change apart from when we intend to discontinue equity research coverage of a subject company. Facts and views presented in Morgan Stanley Research have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley Research personnel may participate in company events such as site visits and are generally prohibited from accepting payment by the company of associated expenses unless pre-approved by authorized members of Research management.

Morgan Stanley may make investment decisions that are inconsistent with the recommendations or views in this report.

To our readers based in Taiwan or trading in Taiwan securities/instruments: Information on securities/instruments that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. Morgan Stanley Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Any non-customer reader within the scope of Article 7-1 of the Taiwan Stock Exchange Recommendation Regulations accessing and/or receiving Morgan Stanley Research is not permitted to provide Morgan Stanley Research to any third party (including but not limited to related parties, affiliated companies and any other third parties) or engage in any activities regarding Morgan Stanley Research which may create or give the appearance of creating a conflict of interest. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities/instruments. MSTL may not execute transactions for clients in these securities/instruments.

Morgan Stanley is not incorporated under PRC law and the research in relation to this report is conducted outside the PRC. Morgan Stanley Research does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves. Neither this report nor any part of it is intended as, or shall constitute, provision of any consultancy or advisory service of securities investment as defined under PRC law. Such information is provided for your reference only.

Morgan Stanley Research is disseminated in Brazil by Morgan Stanley C.T.V.M. S.A. located at Av. Brigadeiro Faria Lima, 3600, 6th floor, São Paulo - SP, Brazil; and is regulated by the Comissão de Valores Mobiliários; in Mexico by Morgan Stanley México, Casa de Bolsa, S.A. de C.V which is regulated by Comision Nacional Bancaria y de Valores. Paseo de los Tamarindos 90, Torre 1, Col. Bosques de las Lomas Floor 29, 05120 Mexico City; in Japan by Morgan Stanley MUFG Securities Co., Ltd. and, for Commodities related research reports only, Morgan Stanley Capital Group Japan Co., Ltd; in Hong Kong by Morgan Stanley Asia Limited (which accepts responsibility for its contents) and by Morgan Stanley Bank Asia Limited; in Singapore by Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research) and by Morgan Stanley Bank Asia Limited, Singapore Branch (Registration number T14FC0118J); in Australia to "wholesale clients" within the meaning of the Australian Corporations Act by Morgan Stanley Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents; in Australia to "wholesale clients" and "retail clients" within the meaning of the Australian Corporations Act by Morgan Stanley Wealth Management Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International plc, Seoul Branch; in India by Morgan Stanley India Company Private Limited having Corporate Identification No (CIN) U22990MH1998PTC115305, regulated by the Securities and Exchange Board of India ("SEBI") and holder of licenses as a Research Analyst (SEBI Registration No. INH000001105); Stock Broker (SEBI Stock Broker Registration No. INZ000244438), Merchant Banker (SEBI Registration No. INM000011203), and depository participant with National Securities Depository Limited (SEBI Registration No. IN-DP-NSDL-567-2021) having registered office at Altimus, Level 39 & 40, Pandurang Budhkar Marg, Worli, Mumbai 400018, India; Telephone no. +91-22-61181000; Compliance Officer Details: Mr. Tejarshi Hardas, Tel. No.: +91-22-61181000 or Email: tejarshi.hardas@morganstanley.com; Grievance officer details: Mr. Tejarshi Hardas, Tel. No.: +91-22-61181000 or Email: msic-compliance@morganstanley.com. Morgan Stanley India Company Private Limited (MSICPL) may use AI tools in providing research services. All recommendations contained herein are made by the duly qualified research analysts; in Canada by Morgan Stanley Canada Limited; in Germany and the European Economic Area where required by Morgan Stanley Europe S.E., authorised and regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin) under the reference number 149169; in the US by Morgan Stanley & Co. LLC, which accepts responsibility for its contents. Morgan Stanley & Co. International plc, authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, disseminates in the UK research that it has prepared, and research which has been prepared by any of its affiliates, only to persons who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"); (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended) may otherwise lawfully be communicated or caused to be communicated. RMB Morgan Stanley Proprietary Limited is a member of the JSE Limited and A2X (Pty) Ltd. RMB Morgan Stanley Proprietary Limited is a joint venture owned equally by Morgan Stanley International Holdings Inc. and RMB Investment Advisory

(Proprietary) Limited, which is wholly owned by FirstRand Limited. The information in Morgan Stanley Research is being disseminated by Morgan Stanley Saudi Arabia, regulated by the Capital Market Authority in the Kingdom of Saudi Arabia, and is directed at Sophisticated investors only.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (DIFC Branch), regulated by the Dubai Financial Services Authority (the DFSA) or by Morgan Stanley & Co. International plc (ADGM Branch), regulated by the Financial Services Regulatory Authority Abu Dhabi (the FSRA), and is directed at Professional Clients only, as defined by the DFSA or the FSRA, respectively. The financial products or financial services to which this research relates will only be made available to a customer who we are satisfied meets the regulatory criteria of a Professional Client. A distribution of the different MS Research ratings or recommendations, in percentage terms for Investments in each sector covered, is available upon request from your sales representative.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (QFC Branch), regulated by the Qatar Financial Centre Regulatory Authority (the QFCRA), and is directed at business customers and market counterparties only and is not intended for Retail Customers as defined by the QFCRA.

As required by the Capital Markets Board of Turkey, investment information, comments and recommendations stated here, are not within the scope of investment advisory activity. Investment advisory service is provided exclusively to persons based on their risk and income preferences by the authorized firms. Comments and recommendations stated here are general in nature. These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations.

The trademarks and service marks contained in Morgan Stanley Research are the property of their respective owners. Third-party data providers make no warranties or representations relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages relating to such data. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and S&P.

Morgan Stanley Research, or any portion thereof may not be reprinted, sold or redistributed without the written consent of Morgan Stanley.

Indicators and trackers referenced in Morgan Stanley Research may not be used as, or treated as, a benchmark under Regulation EU 2016/1011, or any other similar framework.

The issuers and/or fixed income products recommended or discussed in certain fixed income research reports may not be continuously followed. Accordingly, investors should regard those fixed income research reports as providing stand-alone analysis and should not expect continuing analysis or additional reports relating to such issuers and/or individual fixed income products.

Morgan Stanley may hold, from time to time, material financial and commercial interests regarding the company subject to the Research report.

Registration granted by SEBI and certification from the National Institute of Securities Markets (NISM) in no way guarantee performance of the intermediary or provide any assurance of returns to investors. Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

## INDUSTRY COVERAGE: Telecom & Networking Equipment

| COMPANY (TICKER) | RATING (AS OF) | PRICE* (08/11/2026) |
|---|---|---|
| **Meta A Marshall** | | |
| Arista Networks (ANET.N) | O (10/31/2023) | $197.85 |
| Axon Enterprise Inc (AXON.O) | O (12/03/2024) | $636.31 |
| Ciena Corporation (CIEN.N) | E (10/10/2025) | $387.53 |
| Cisco Systems Inc (CSCO.O) | O (04/08/2024) | $120.43 |
| Coherent Corp (COHR.N) | E (12/13/2023) | $328.57 |
| Corning Inc (GLW.N) | E (06/13/2024) | $159.19 |
| F5 Inc (FFIV.O) | E (04/12/2022) | $414.00 |
| Keysight Technologies Inc (KEYS.N) | O (07/13/2026) | $343.70 |
| Lumentum Holdings Inc (LITE.O) | E (05/12/2021) | $820.59 |
| Motorola Solutions Inc (MSI.N) | O (12/17/2025) | $466.86 |
| Zebra Technologies Corporation (ZBRA.O) | E (12/02/2024) | $383.06 |

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.