



FINISAR[®]

**Q3 FY17 FINANCIAL RESULTS
CONFERENCE CALL**

March 9, 2017



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.

- ◆ Financial guidance for fiscal Q4FY17 is per earnings call on March 9, 2017 and is not being updated or confirmed as of any other date.

Q3 FY17 Highlights

Q3 FY17 revenues of \$380.6 million, an increase of 2.9% over Q2Y17

- Telecom revenues increased \$3.5 million, or 3.2%, over Q2FY17
- Datacom revenues increased \$7.3 million, or 2.8%, over Q2FY17
 - 100G datacom revenues increased approximately 9% over Q2FY17 and over 110% over Q3Y16

Q3 FY17 non-GAAP financial measures

- Gross margin of 37.0% compared to 37.2% in Q2FY17
- Operating margin of 18.5% compared to 18.5% in Q2 FY17
- Operating expenses of \$70.5 million or 18.5% of revenue compared to \$69.4 million or 18.8% of revenue in Q2FY17
- Earnings per diluted share \$0.59 compared to \$0.58 in Q2FY17

Strong balance sheet

- Cash and short term investments increased \$588.0 million during the quarter, to \$1.2143 billion as of January 29, 2017
 - During the quarter, the company issued \$575 million of 0.50% convertible note due in December 2036, resulting in net proceeds of \$569.3 million

Quarterly Financial Results (GAAP)

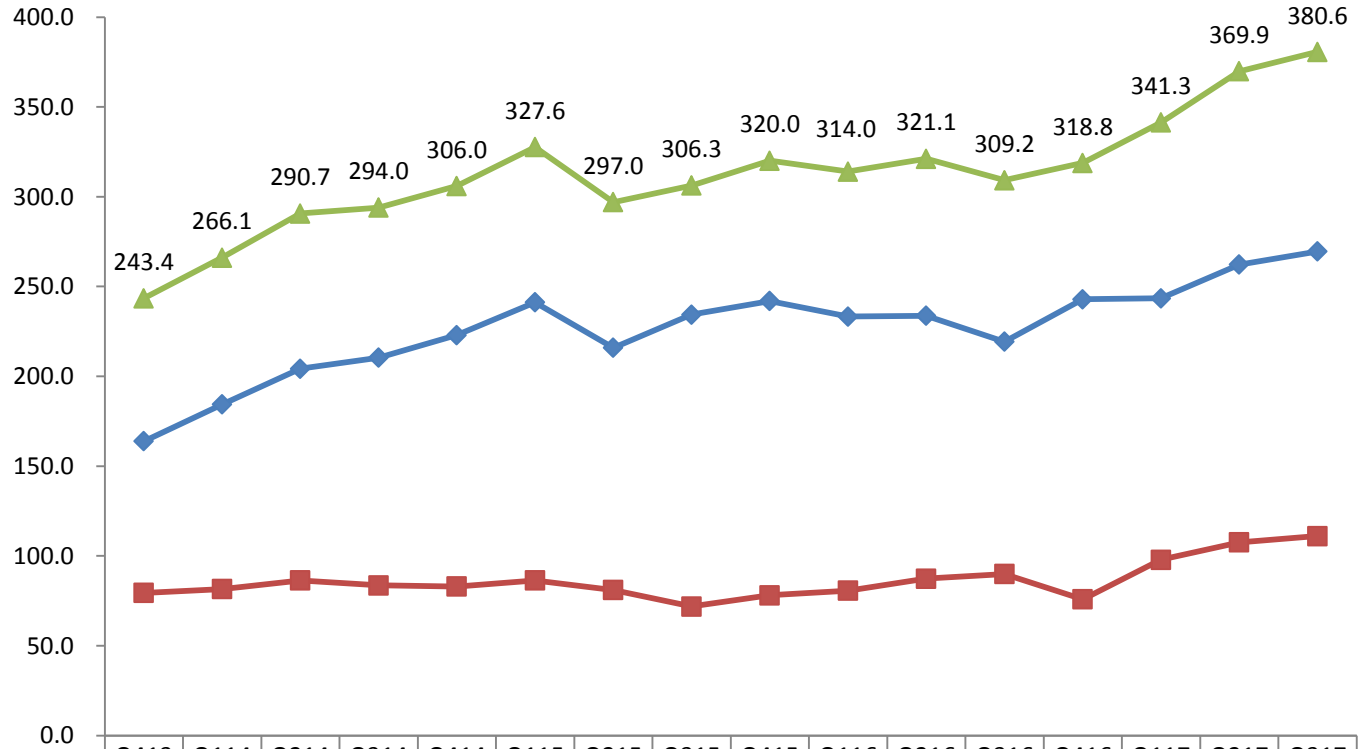
	Q3FY16	Q2FY17	Q3FY17	Q3FY17/Q2FY17 Change
Revenue	\$309.2M	\$369.9M	\$380.6M	2.9%
Gross Margin (%)	28.4%	36.1%	35.9%	-0.2%
Total Operating Expense	\$77.3M	\$80.9M	\$81.7M	1.1%
Operating Income	\$10.5M	\$52.8M	\$54.9M	3.9%
Net Income	\$12.1M	\$48.8M	\$46.4M	-4.9%
EPS (Diluted)	\$0.11	\$0.43	\$0.40	-\$0.03

Quarterly Financial Results (non-GAAP)

	Q3FY16	Q2FY17	Q3FY17	Q3FY17/Q2FY17 Change
Revenue	\$309.2M	\$369.9M	\$380.6M	2.9%
Gross Margin (%)	30.3%	37.2%	37.0%	-0.2%
Total Operating Expense	\$67.3M	\$69.4M	\$70.5M	1.6%
Operating Income	\$26.3M	\$68.3M	\$70.4M	3.1%
Net Income	\$26.6M	\$65.2M	\$67.2M	3.1%
EPS (Diluted)	\$0.25	\$0.58	\$0.59	\$0.01

Quarterly Revenue Trends

(\$MM)



	Q413	Q114	Q214	Q314	Q414	Q115	Q215	Q315	Q415	Q116	Q216	Q316	Q416	Q117	Q217	Q317
◆ Datacom	163.9	184.4	204.3	210.4	223.0	241.2	215.9	234.4	242.0	233.3	233.8	219.3	242.9	243.4	262.3	269.5
■ Telecom	79.5	81.6	86.4	83.6	83.0	86.4	81.1	71.9	78.1	80.7	87.4	89.9	75.9	97.9	107.6	111.1
▲ Total Optics Revenue	243.4	266.1	290.7	294.0	306.0	327.6	297.0	306.3	320.0	314.0	321.1	309.2	318.8	341.3	369.9	380.6

Q4 FY17 Quarterly Non-GAAP Guidance (1)

\$ Millions (except EPS)	Q1-17 Actual	Q2-17 Actual	Q3-17 Actual	Q4-17 Est.
Revenue	\$341.3	\$369.9	\$380.6	\$360-\$380
Gross margin	33.1%	37.2%	37.0%	~36%
Operating profit	\$43.5	\$68.3	\$70.4	
Operating margin	12.8%	18.5%	18.5%	~17%
EPS	\$0.38	\$0.58	\$0.59	\$0.50-\$0.56

- Financial guidance for fiscal Q4FY17 is per earnings call on March 9, 2017 and is not being updated or confirmed as of any other date.

(1) Finisar has not provided a reconciliation of its fourth 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.