



FINISAR[®]

**Q4 FY17 FINANCIAL RESULTS
CONFERENCE CALL**

June 15, 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 Q1FY18 is per earnings call on June 15, 2017 and is not being updated or confirmed as of any other date.

Q4 FY17 Summary

Q4 FY17 revenues of \$357.5 million, a decrease of 6.1% over Q3Y17

- Datacom revenues decreased \$2.8 million, or -1.1%, over Q3FY17
 - 100G QSFP 28 transceiver revenues for datacom applications increased over 30% compared to Q3FY17 offset by lower demand for other datacom products, primarily our 10G and below shortwave transceivers
 - Telecom revenues decreased \$20.2 million, or -18.2%, over Q3FY17, primarily due to reduced revenues from our Chinese OEM customers and the impact of the full three months of the annual telecom price erosion

Q4 FY17 non-GAAP financial measures

- Gross margin of 36.2% compared to 37.0% in Q3FY17
- Operating margin of 16.3% compared to 18.5% in Q3 FY17
- Operating expenses of \$71.0 million compared to \$70.5 million in Q3FY17
- Earnings per diluted share \$0.50 compared to \$0.59 in Q3FY17

Strong balance sheet

- Cash and short term investments increased \$22.6 million during the quarter, to \$1.237 billion as of April 30, 2017

Quarterly Financial Results (GAAP)

| | Q4FY16 | Q3FY17 | Q4FY17 | Q4FY17/Q3FY17 Change |
|--------------------------------|----------|----------|----------|-------------------------|
| Revenue | \$318.8M | \$380.6M | \$357.5M | -6.1% |
| Gross Margin (%) | 28.4% | 35.9% | 35.0% | -0.9% |
| Total Operating Expense | \$76.3M | \$81.7M | \$84.3M | 3.2% |
| Operating Income | \$14.1M | \$54.9M | \$40.8M | -25.6% |
| Net Income | \$13.1M | \$46.4M | \$130.2M | 180.8% |
| EPS (Diluted) | \$0.12 | \$0.40 | \$1.13 | \$0.73 |

Quarterly Financial Results (non-GAAP)

| | Q4FY16 | Q3FY17 | Q4FY17 | Q4FY17/Q3FY17 Change |
|--------------------------------|----------|----------|----------|-------------------------|
| Revenue | \$318.8M | \$380.6M | \$357.5M | -6.1% |
| Gross Margin (%) | 30.6% | 37.0% | 36.2% | -0.8% |
| Total Operating Expense | \$66.2M | \$70.5M | \$71.0M | 0.6% |
| Operating Income | \$31.2M | \$70.4M | \$58.4M | -17.0% |
| Net Income | \$31.8M | \$67.2M | \$57.5M | -14.4% |
| EPS (Diluted) | \$0.29 | \$0.59 | \$0.50 | -\$0.09 |

FY17 Summary

FY17 revenues of \$1.449 billion, an increase of 14.7% over FY16

- Telecom revenues increased \$73.5 million, or 22.0%, over FY16
 - Primarily due to growth in the demand for 100G transceivers
- Datacom revenues increased \$112.6 million, or 12.1%, over FY16
 - Primarily due to growth in demand for 100G transceivers, which grew over 80% compared to FY16

Q4 FY17 non-GAAP financial measures

- Gross margin of 35.9% compared to 30.3% in FY16
- Operating margin of 16.6% compared to 8.9% in FY16
- Operating expenses of \$280.3 million or 19.3% of revenue compared to \$269.9 million or 21.4% of revenue in FY16
- Earnings per diluted share \$2.03 compared to \$1.01 in FY16

Strong balance sheet

- Cash and short term investments increased \$674.3 million during the year, to \$1.237 billion as of April 30, 2017.
 - During Q3FY17, the company issued \$575 million of 0.50% convertible notes, resulting in net proceeds of \$569.3 million

Annual Financial Results (GAAP)

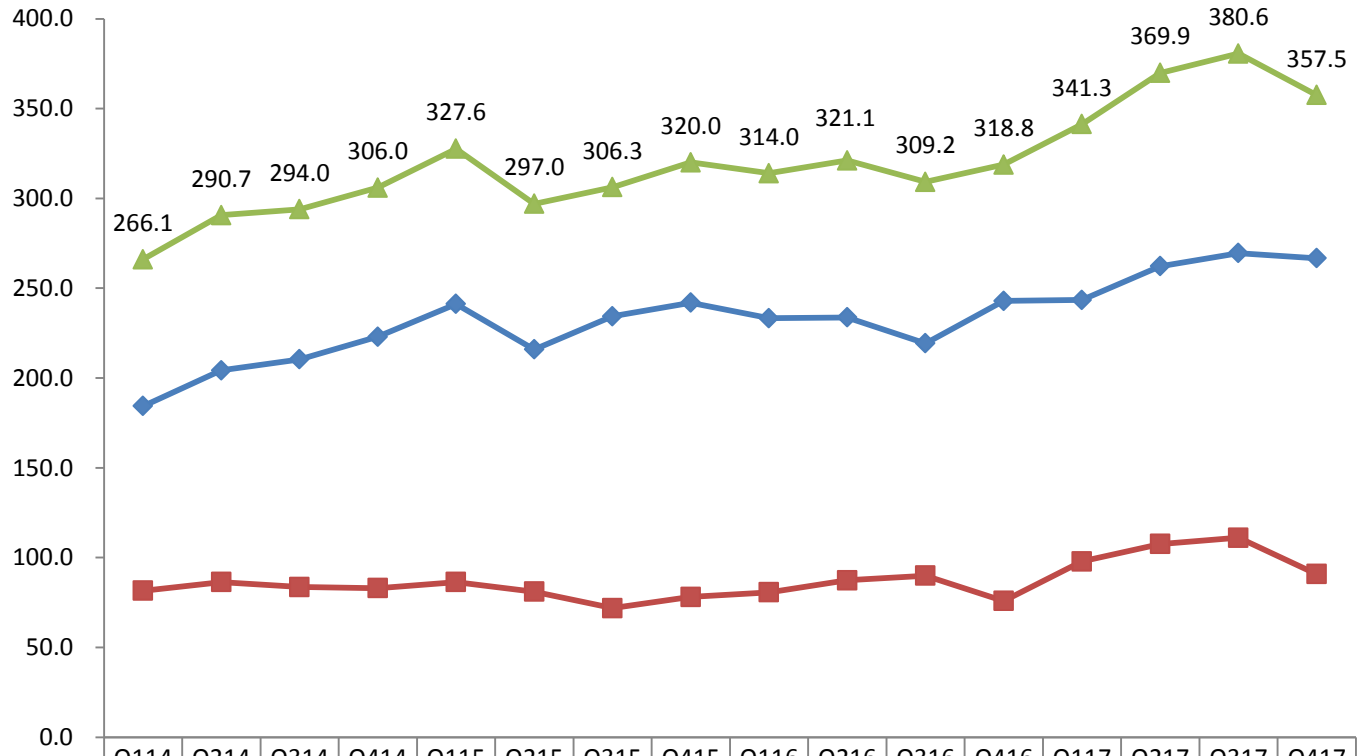
| | FY16 | FY17 | FY17/FY16 Change |
|--------------------------------|-------------|-------------|-----------------------------|
| Revenue | \$1,263M | \$1,449.3M | 14.7% |
| Gross Margin (%) | 28.1% | 34.8% | 6.7% |
| Total Operating Expense | \$313.6M | \$326.8M | 4.2% |
| Operating Income | \$41.0M | \$176.9M | 331.2% |
| Net Income | \$35.2M | \$249.3M | 608.5% |
| EPS (Diluted) | \$0.32 | \$2.19 | \$1.87 |

Annual Financial Results (non-GAAP)

| | FY16 | FY17 | FY17/FY16 Change |
|--------------------------------|-------------|-------------|-----------------------------|
| Revenue | \$1,263M | \$1,449.3M | 14.7% |
| Gross Margin (%) | 30.3% | 35.9% | 5.6% |
| Total Operating Expense | \$269.9M | \$280.3M | 3.8% |
| Operating Income | \$112.3M | \$240.6M | 114.1% |
| Net Income | \$109.8M | \$231.7M | 111.0% |
| EPS (Diluted) | \$1.01 | \$2.03 | \$1.02 |

Quarterly Revenue Trends

(\$MM)



| | Q114 | Q214 | Q314 | Q414 | Q115 | Q215 | Q315 | Q415 | Q116 | Q216 | Q316 | Q416 | Q117 | Q217 | Q317 | Q417 |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| ◆ Datacom | 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 | 266.7 |
| ■ Telecom | 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 | 90.9 |
| ▲ Total Optics Revenue | 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 | 357.5 |

Q4 FY17 Quarterly Non-GAAP Guidance (1)

| \$ Millions (except EPS) | Q1-17 Actual | Q2-17 Actual | Q3-17 Actual | Q4-17 Actual | Q1-18 Est. |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| Revenue | \$341.3 | \$369.9 | \$380.6 | \$357.5 | \$330-\$350 |
| Gross margin | 33.1% | 37.2% | 37.0% | 36.2% | ~35% |
| Operating profit | \$43.5 | \$68.3 | \$70.4 | \$58.4 | |
| Operating margin | 12.8% | 18.5% | 18.5% | 16.3% | ~14% |
| EPS | \$0.38 | \$0.58 | \$0.59 | \$0.50 | \$0.37-\$0.43 |

- Financial guidance for fiscal Q1FY18 is per earnings call on June 15, 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.