



FINISAR[®]

**Q1 FY18 FINANCIAL RESULTS
CONFERENCE CALL**

September 7, 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 Q2 FY18 is per earnings call on September 7, 2017 and is not being updated or confirmed as of any other date.

Q1 FY18 Summary

Q1 FY18 revenues of \$341.8 million, a decrease of 4.4% over Q4Y17

- Datacom revenues decreased \$8.4 million, or -3.1%, over Q4FY17
 - Lower demand for our datacom products, primarily our 10G and below transceivers was partially offset by an increase in sales of 100G QSFP28 transceivers.
- Telecom revenues decreased \$7.4 million, or -8.1%, over Q4FY17

Q1 FY18 non-GAAP financial measures

- Gross margin of 34.9% compared to 36.2% in Q4FY17
- Operating margin of 13.5% compared to 16.3% in Q4 FY17
- Operating expenses of \$73.2 million compared to \$71.0 million in Q4FY17
- Earnings per diluted share \$0.40 compared to \$0.50 in Q4FY17

Strong balance sheet

- Cash and short term investments of \$1.23 billion as of July 30, 2017

Quarterly Financial Results (GAAP)

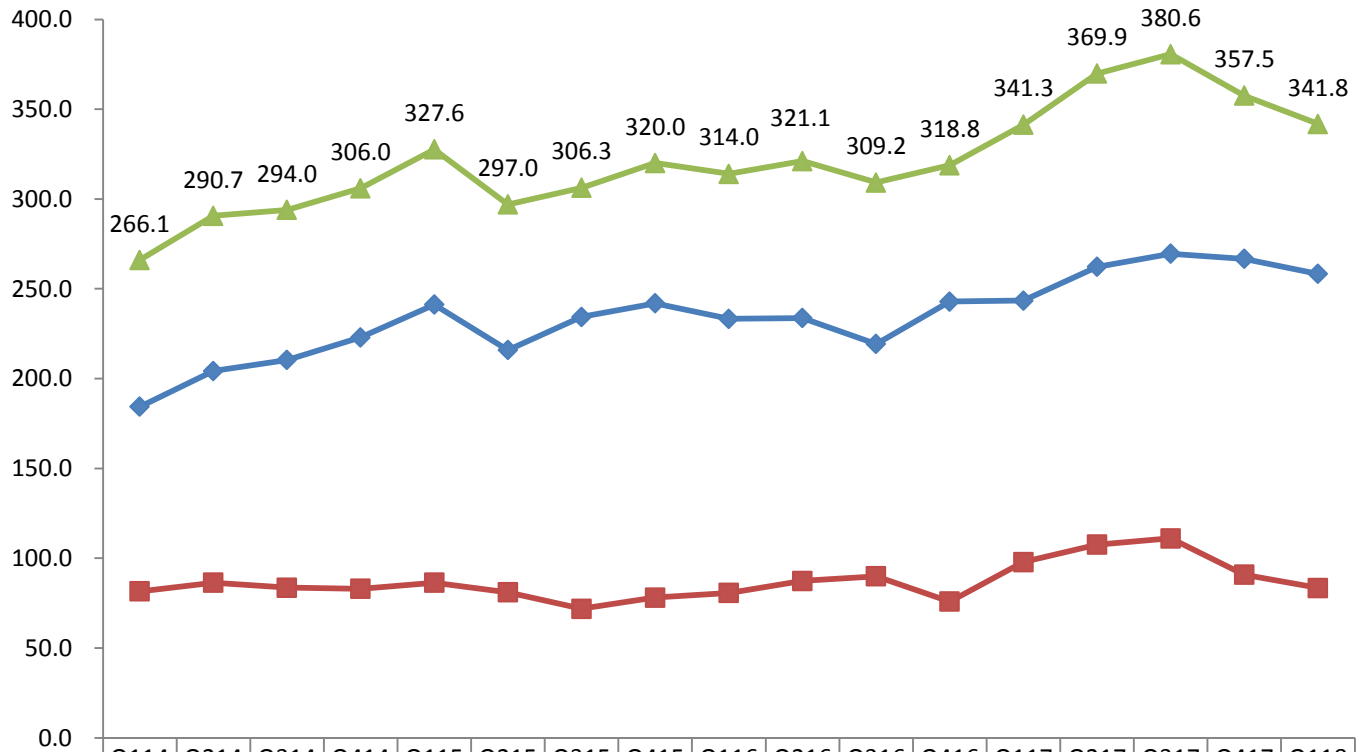
	Q1FY17	Q4FY17	Q1FY18	Q1FY18/Q4FY17 Change
Revenue	\$341.3M	\$357.5M	\$341.8M	-4.4%
Gross Margin (%)	31.7%	35.0%	33.7%	-1.3%
Total Operating Expense	\$79.9M	\$84.3M	\$85.4M	1.3%
Operating Income	\$28.3M	\$40.8M	\$29.9M	-26.8%
Net Income	\$23.9M	\$130.2M	\$19.9M	-84.8%
EPS (Diluted)	\$0.22	\$1.13	\$0.17	\$-0.96

Quarterly Financial Results (non-GAAP)

	Q1FY17	Q4FY17	Q1FY18	Q1FY18/Q4FY17 Change
Revenue	\$341.3M	\$357.5M	\$341.8M	-4.4%
Gross Margin (%)	33.1%	36.2%	34.9%	-1.3%
Total Operating Expense	\$69.3M	\$71.0M	\$73.2M	3.1%
Operating Income	\$43.5M	\$58.4M	\$46.0M	-21.2%
Net Income	\$41.8M	\$57.5M	\$45.8M	-20.5%
EPS (Diluted)	\$0.38	\$0.50	\$0.40	-\$0.10

Quarterly Revenue Trends

(\$MM)



	Q114	Q214	Q314	Q414	Q115	Q215	Q315	Q415	Q116	Q216	Q316	Q416	Q117	Q217	Q317	Q417	Q118
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	258.3
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	83.5
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	341.8

Q2 FY18 Quarterly Non-GAAP Guidance (1)

\$ Millions (except EPS)	Q1-18 Actual	Q2-18 Est.
Revenue	\$341.8	\$322-\$342
Gross margin	34.9%	~33-34%
Operating profit	\$45.8	
Operating margin	13.5%	~10-11%
EPS	\$0.40	\$0.27-\$0.33

- Financial guidance for fiscal Q2FY18 is per earnings call on September 7, 2017 and is not being updated or confirmed as of any other date.

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