



NeoPhotonics

COMPANY OVERVIEW

3Q 2017

Forward Looking Statements and Other Important Cautions

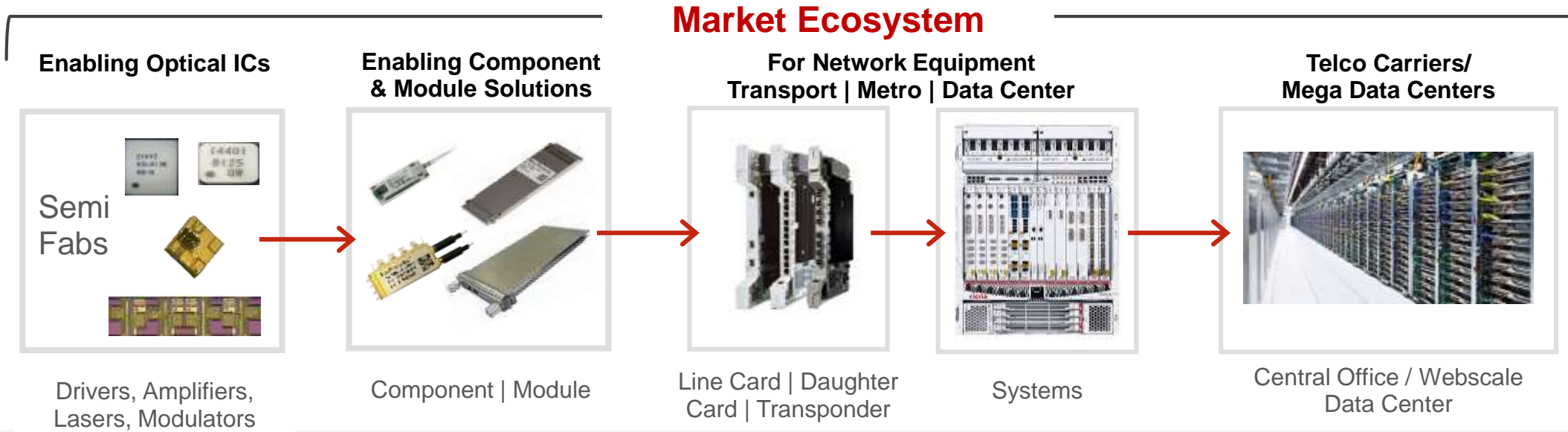
This presentation includes statements that qualify as forward-looking statements under the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements about the following topics: future financial results, the Company's market position and industry trends.

Forward-looking statements are subject to certain risks and uncertainties that could cause the actual results to differ materially. Those risks and uncertainties include, but are not limited to, such factors as: the Company's reliance on a small number of customers for a substantial portion of its revenues; market growth in China and other key countries; possible reduction in or volatility of customer orders or delays in shipments of products to customers; timing of customer drawdowns of vendor-managed inventory; possible disruptions in the supply chain or in demand for the Company's products due to industry developments; the ability of the Company's vendors and subcontractors to supply or manufacture the Company's products in a timely manner; ability of the Company to meet customer demand; economic conditions or natural disasters; volatility in utilization of manufacturing operations, supporting utility services and other manufacturing costs; the savings anticipated from cost reduction actions and the impact of severance costs; reductions in the Company's rate of new design wins, and/or the rate at which design wins go into production, and the rate of customer acceptance of new product introductions; potential pricing pressure that may arise from changing supply or demand conditions in the industry; the impact of any previous or future acquisitions or divestitures; challenges involving integration of acquired businesses and utilization of acquired technology or divestitures of assets and related product lines; the impact of the sale of the low speed transceiver product lines and the discontinuance or end of life of certain other products; capital availability; market adoption, revenue growth and margins of acquired products; changes in demand for the Company's products; the impact of competitive products and pricing and alternative technological advances; the accuracy of estimates used to prepare the Company's financial statements and forecasts; the timely and successful development and market acceptance of new products and upgrades to existing products; the difficulty of predicting future cash needs; the nature of other investment opportunities available to the Company from time to time; the Company's operating cash flow; changes in economic and industry projections; a decline in general conditions in the telecommunications equipment industry or the world economy generally; and the effects of seasonality.

For further discussion of these risks and uncertainties, please refer to the documents the Company files with the SEC from time to time, including the Company's Annual Report on Form 10-K for the year ended December 31, 2016 and its Form 10-Q for the three months ended September 30, 2017. All forward-looking statements are made as of the date of this presentation, and the Company disclaims any duty to update such statements.

You may obtain these documents for free by visiting EDGAR on the SEC website at www.sec.gov.

NeoPhotonics: High Speed Optoelectronic Solutions



1 A Leader of Optoelectronic Solutions for the Highest Speed Communications Networks – Key Growth Drivers in Coherent Telecom and Data Center Applications

- Optical IC and integration technology platform provide core capability for the highest data rate transmission and switching.

2 Deep Technology for High Speed Modules – Enabling the Highest Performance

- Unique laser, receiver, switch products, plus
- Modulation methods enable highest data rates and flex coherent switching – solutions of choice for new networks

3 Financial and Operational Scale

- TTM Revenues as of 3Q17 of \$326 million*; approximately 1,850 people (major sites in USA, China, Japan)
- Approximately 650 Issued Patents as of December 31, 2016 with Global Coverage

* FY2016 Revenues of \$348 million excluding low speed products

Optical Market Drivers



Worldwide **Metro** and **Data Center** interconnect markets growing at a rapid pace



2017 completed transition to a **purely High Speed company** focused on 100G and above as networks move to 400G and 600G



100G and above networks will continue to explode with dependence of **big data, 5G wireless and IoT** as additive to current metro and DCI deployments



Emerging applications in **Cloud and Converged Edge** demanding NPTN core technologies



China poised for growth in move to provincial from national backbone / metro 100G, plus initial 5G wireless

33% CAGR Total Deployed Telecom Bandwidth (2014 -19)*

38% CAGR Total Deployed Datacenter Bandwidth (2014 - 19)*

China Broadband 2020 is bringing internet to 1.4 bil people

“Big 4” Cloud Capex Grew 37% YoY, Facebook to Double in ‘18

Investment Highlights with High Data Rate Transition

Rapid Growth Markets & New Applications

- Secular growth cycle to accelerate at 100G Coherent and beyond
- **High Projected Growth for 100G, 200G, 400G Coherent**
- Levered to Coherent Metro, Data Center markets and China; multi-year deployment plans serving Cloud and Converged Edge

Leadership Underpinned by Key Technologies

- NeoPhotonics is the market leader in highest performance Optical ICs and Coherent
- **Only player with ultra-narrow line-width lasers and high performance advanced modulation – key as data rates move to 400G and 600G**
- Key Multicast Switch product for SDN and contentionless networks

Aligned with Leading Customers & Trends

- Top 5 customers gaining share – Huawei, Ciena, Cisco, FiberHome, Nokia – new strength in components to Cloud supply chain
- **Complete platform supplier with vertical structure for cost and volume benefit**
- Key capabilities for Open Source, Software Defined Networks, Cloud and Converged Edge

Positioned to Achieve Double Digit Top-Line and Bottom Line Growth and Expanding Operating Margins with Cloud Growth and new China Tenders

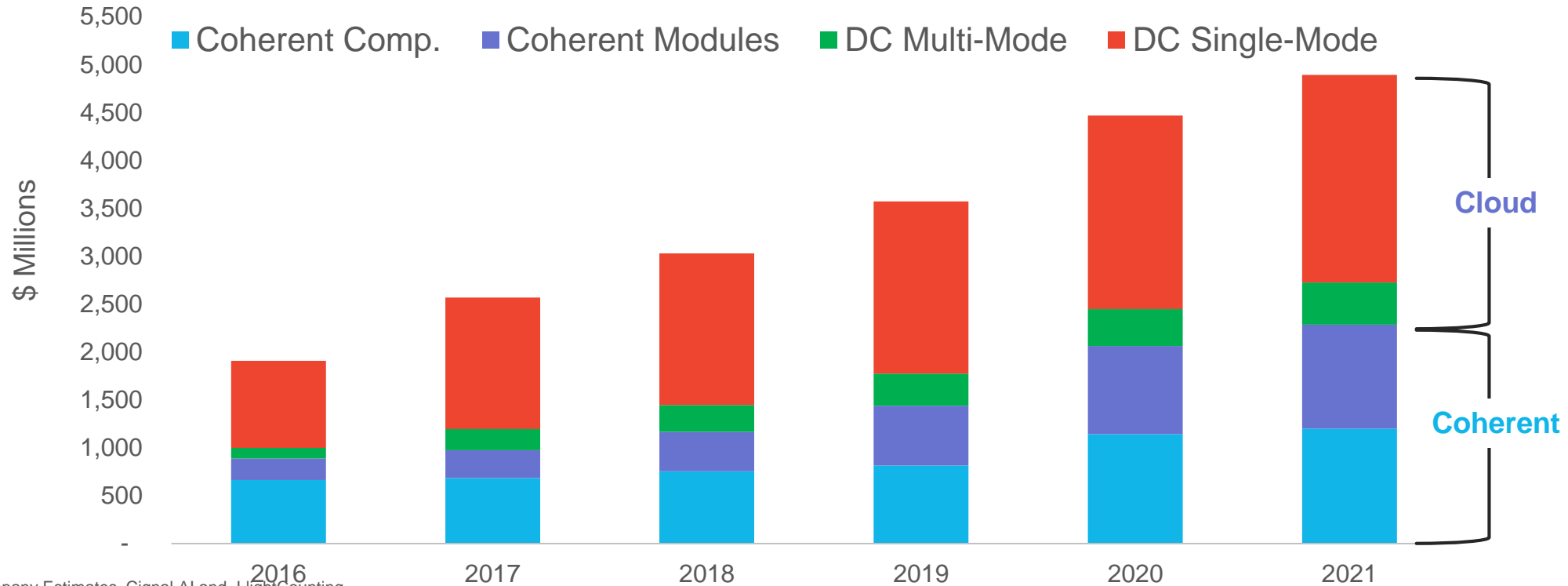
China Market

Transition from National Backbone to Provincial continues in spite of inventory.

- 2017 is overshadowed by inventory overhang; this is diminishing through current quarter. China remains a major market for high speed 100G components.
- Customer forecasts are +20% growth in 2018 in terms of high speed ports; volume growth will be offset to some extent by pricing. Inventory depletion is a gradual 'upper'.
- Recent China carrier orders have been modest; move to provincial network deployments has been challenging.
- Results of new government longer term plans for infrastructure not yet known.
- For NPTN, new products are additive to China incremental revenue growth.

Expanding TAM: 100G and Above Market Expansion Driven By Cloud

High Speed Optical Components And Optical ICs Required For Cloud And Telecom Expansion



Source: Company Estimates, Signal AI and LightCounting

Market Multipliers

Coherent Components and Modules Required for DCI, Metro and Long Haul
TAM of ~\$2 Billion in 2021

Cloud Inside The Datacenter Is Dominated By Single-Mode Transceivers
TAM of ~\$2 Billion in 2019

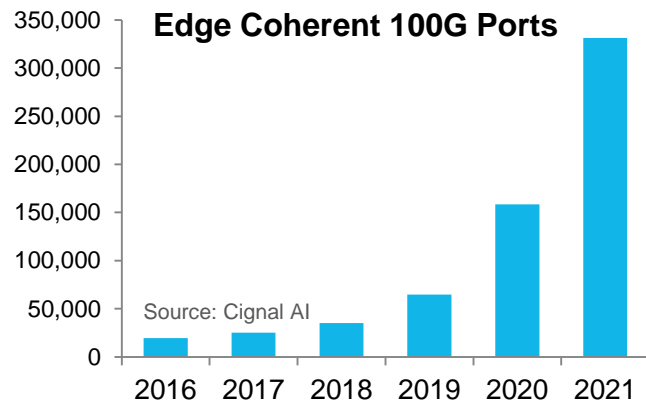
“Contentionless” Switching And Passives
Increases TAM by \$400M per year

NeoPhotonics Serves The Cloud and Converged Edge Market With High Performance Optical Components And Optical ICs

NTPN Serves All Major Segments Of The Cloud Interconnect Market

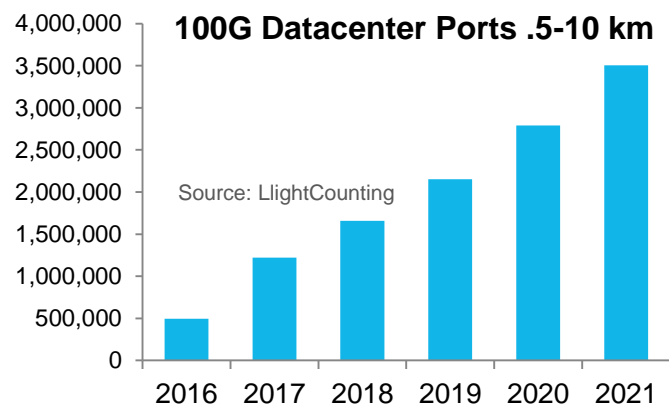
Edge Coherent Ports

- DCI and Converged Edge
- NPTN Supplies Both High Speed Coherent Components and Modules



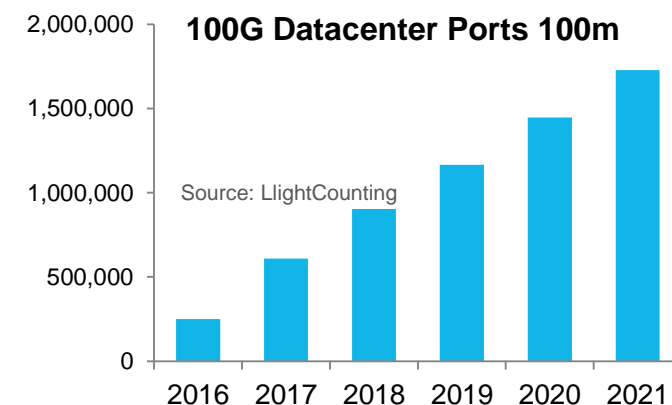
Single Mode In The Cloud

- Single Mode Increasing In The Cloud
- NPTN Supplies EMLs, Drivers & Amps



SiPho In The Cloud

- SiPho 100G Pluggable Modules for Short Reaches Inside Data Centers
- NPTN Supplies Lasers for SiPho



NeoPhotonics TAM for Coherent Products Exceeds \$2B In 2021

Cloud Transceiver Market For ≥ 500 meters Exceeds \$2B in 2021

Cloud Transceiver Market For 100 meters Is ~\$500M in 2021

Disaggregation Is Driving Networks To A Component-Centric Model

Disaggregation is an architecture change and a business model change

Telecom Centric Infrastructure

- Vertical Hierarchy – Network Equipment Manufacturers Sell Complete Systems
 - Components Sold Through OEMs
 - ↳ Telecom Ntwk Equip Mfgs
 - OEMs Sell Through To:
 - ↳ Telcos & Data Centers
 - ↳ China Telcos
 - “Turnkey” solutions for Telcos and Data Centers de-emphasize component differentiation to achieve “end to end” control of the system at the expense of higher costs. e.g. “Magic Codes”.
- What They Buy
- Modules
 - Optical ICs
 - Components
-

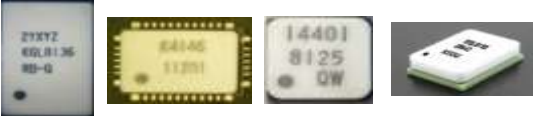












Cloud Infrastructure with Disaggregation

- Optical Components Sold Directly To Cloud Operators Or To Their CMs
 - OEMs Also
 - Cloud Platforms
 - ↳ Network
 - ↳ Disaggregation
 - Cloud Disaggregation providing lower costs per bit by distributing the networking functions; emphasizing full connections at single, high data speeds.
 - Proliferates use of high speed (coherent) optical connections.
- What They Buy
- High Perf Lasers
 - DSPs
 - Rcvrs / Modulators
-

Movement from Telecom to Data Center and then to Cloud Expands Component Opportunity

Vertically Integrated Product Platform for 100G and Beyond

Strong Product Additions Add New Revenue Streams for Growth at Highest Speeds

<p>Optical ICs Provide Superior Performance</p>  <p>High Speed Drivers and Amplifiers</p> <hr/>  <p>Lasers, Laser Arrays and Light Engines</p> <hr/>   <p>64 Gbaud InP Modulator 64 Gbaud Receiver</p>	<p>Multi-material hybrid integration with Optical ICs enables Coherent Solutions for 100G to 600G for Long Haul, Metro, Data Center</p>  <p>Integrated Coherent Receivers</p> <hr/>  <p>Ultra Narrow Linewidth Tunable Lasers</p> <hr/>  <p>64 Gbaud InP Modulators for Highest Speed</p>	<p>100G+ Modules from Components and ICs</p>  <p>CFP2-LR4</p> <hr/>  <p>CFP-DCO</p> <hr/>  <p>Multicast Switching for CDC Networks</p>	<p>Line Cards, Transponders and Shelves</p>   <p>Multicast Switch Blade 400G Module</p> <hr/>  <p>ROADM Drop Shelf</p>
<p>Made In NPTN's Owned Fabs</p>	<p>Photonic IC's For High Performance</p>	<p>High Performance Modules</p>	<p>Complex System Elements</p>

New Products – Driven by Substantial R&D | Strategic Acquisitions

Organic

March 2013

- 100G CFP2 Transceivers
- Narrow-Linewidth Micro Integrated Tunable Laser
- Intradyne Coherent Receiver

September 2013

- Reduced Size NLW Laser and ICR added to suite of PIC-Based Optical Components

September 2014

- Low Power Consumption EML Laser and Driver

September 2015

- Ultra narrow line width tunable laser
- Micro Coherent Receiver for 400G

September 2016

- 64 Gbaud Micro-Coherent Receiver for 400/600G

Q1' 2017

- 400G Pluggable Module
- Micro-Modulator for 400G / 600G
- Multicast Switch 8x16
- Non-Hermetic Laser Arrays for Cloud, DC
- 64 Gbaud 64 QAM 400/600G Transmission

March 2014

- Integrated Coherent Transmitter (ICT)
- Modular Multicast Switch (MCS) 4x4, 4x16

March 2015

- Micro Integrated Coherent Receiver
- 400G Optical Comms with 56GBaud Laser & Drivers

March 2016

- 100G Coherent Pluggable Module
- High Power DFB Lasers and Arrays

December 2016

- ClearLight™ CFP-DCO Coherent Transceiver

2011

2012

2013

2014

2015

2016

Current

Acquisitions

2002

- Lightwave Microsystems

2005

- Photon Tech. Co.

2006

- LightConnect, Inc.
- OpTun, Inc.
- BeamExpress, Inc.
- Paxera Corp.

2009

- Transceiver products of Mitsubishi Electric



October 2011

- Acquired Santur, a provider of tunable lasers and 100G modules



March 2013

- Acquired Optical Component Unit of Lapis; formerly OKI Electric (Japan)
- Advanced Optical ICs for high speed networks



January 2015

- Acquired tunable laser product lines. Emcore external cavity-based tunable lasers offer ultra narrow line width for highest speeds.



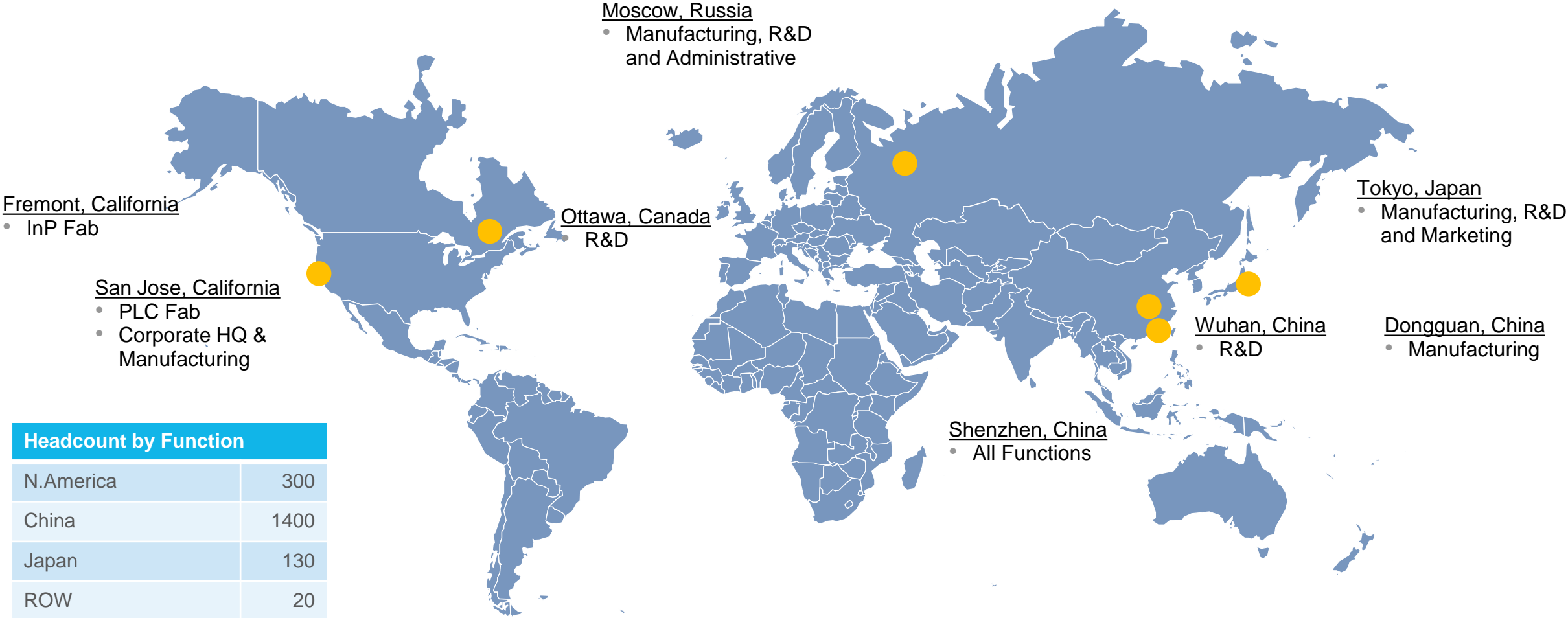
November 2015

- Acquired EigenLight, a US manufacturer of low loss optical power monitors for 100G+ systems, control and switching.

January 2017

- Sold low speed transceiver assets

Serving Customers from a Global Footprint



Headcount by Function	
N.America	300
China	1400
Japan	130
ROW	20
Total (750 IDL)	1,850

Note: Headcount numbers exclude 17 consultants; figures as of December 31, 2016
(1) DL headcount does not show 327 agency DL in China



NeoPhotonics

Financial Summary

3Q17 Summary

Long term growth prospects are good in Metro, DCI and China Telecom

Laser businesses continue to grow, up 25% year to date versus 2016

- Lead Customer is 39% of revenue and the next four largest customers at 41%
- Current breakeven point down from previous \$100M in revenue to mid-eighties
- Q3 Restructuring reduced OpEx and balance sheet risk
- Further actions to improve cash & profitability in process

P&L Performance (Non-GAAP)

(% of Revenue)	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17	TARGET MODEL
Revenue \$M	\$103.3M	\$109.8M	\$71.7M	\$73.2M	\$71.1M	100%
Product Mgn%	31%	33%	37%	30%	32%	35%
Excess Capacity	(3)%	(3)%	(11)%	(3)%	(7)%	--
Period Costs	0%	0%	0%	(3)%	(6)%	--
Gross Margin	28%	30%	26%	24%	19%	35%
R&D	14%	13%	21%	19%	20%	13%
S&M	3%	4%	6%	5%	5%	4%
G&A	6%	7%	15%	9%	10%	8%
TOTAL OPEX	24%	24%	42%	33%	35%	25%
Operating Margin	4%	6%	(16)%	(9)%	(16)%	10%
EBITDA	8%	11%	(7)%	0%	(6)%	15%

Includes Low Speed Transceiver products through January 14, 2017

P&L Performance (GAAP)

(\$ Millions)	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17
Revenue \$M	\$103.3M	\$109.8M	\$71.7M	\$73.2M	\$71.1M
Product Mgn\$	31.7	36.2	26.5	21.9	22.9
Excess Capacity	(3.1)	(2.9)	(7.7)	(2.2)	(5.0)
Period Costs	0.0	(0.5)	0.1	(2.3)	(4.7)
Other Charges	(1.1)	(1.8)	(0.4)	(0.7)	(2.7)
Gross Margin	27.4	31.0	18.5	16.8	10.5
R&D	17.5	15.2	15.5	14.2	14.7
S&M	5.9	4.9	4.9	3.9	4.1
G&A	9.8	7.7	11.4	7.7	7.6
Other charges	0.6	1.4	(1.5)	0.7	3.0
TOTAL OPEX	33.8	29.2	30.4	26.5	29.4
Operating Margin	\$(6.4)	\$1.8	\$(11.9)	\$(9.7)	\$(18.9)
EBITDA	\$8.3	\$12.4	\$(5.2)	\$0.0	\$(4.5)

Includes Low Speed Transceiver products through January 14, 2017

Balance Sheet

\$M	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17
Cash & Equivalents	\$103	\$106	\$91	\$79	\$74
Working Capital	137	124	103	103	118
Revenue to Working Capital	0.76	0.88	0.70	0.71	0.60
Total Assets	385	391	393	391	398
Total Debt	45	41	41	40	66
Total Liabilities	158	165	174	176	196
Shareholders' Equity	227	225	219	216	202
Total Capitalization	271	267	260	256	268

Outlook for Q4'17

Short Term Impact on Margins with China Softness

	<i>GAAP</i>	<i>Non-GAAP</i>
<i>Revenue</i>	\$69 to \$74 million	
<i>Gross Margin</i>	19% to 22%	20% to 23%
<i>Operating Expenses</i>	\$25 to \$26 million	\$23 to \$24 million
<i>EPS</i>	\$0.19 to \$0.29 net loss	\$0.13 to \$0.23 net loss

- Q4'17 gross margin adversely impacted by:
 - Factory loadings to drive down inventory
 - Under-utilization on lower volumes in 3Q and 4Q
- China customer inventories are depleting
- Timing not yet known for 2018 China tenders

Q4'17 Non-GAAP Outlook excludes \$0.3M of Intangibles amortization, \$1.9M of Stock-based compensation expense and \$0.7M of restructuring charges