



NeoPhotonics

COMPANY OVERVIEW

NYSE: NPTN

May 2019

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. These forward-looking statements include statements about the following topics: future financial results, demand for the Company's high-speed products, and the Company's market position. 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; potential governmental trade actions; 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; volatility in utilization of manufacturing operations and manufacturing 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 of assets and related product lines; challenges involving integration of acquired businesses and utilization of acquired technology; the discontinuance or end of life of certain other products; 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, 2018 and its Form 10-Q for the three months ended March 31, 2019. 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.

Non-GAAP and Adjusted EBITDA Measures vs. GAAP Financial Measures

The Company's non-GAAP measures exclude certain GAAP financial measures. Non-GAAP financial measures differ from GAAP measures with the same captions and may differ from non-GAAP financial measures with the same or similar captions that are used by other companies. As such, these non-GAAP measures should be considered as a supplement to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP.

The Company uses these non-GAAP financial measures to analyze its operating performance and future prospects, develop internal budgets and financial goals, and to facilitate period-to-period comparisons. NeoPhotonics believes that these non-GAAP financial measures reflect an additional way of viewing aspects of its operations that, when viewed with its GAAP results, provide a more complete understanding of factors and trends affecting its business.

Huawei on the “Entities List”

Facts & Clarifications

Facts

- Huawei is on the “Entities List” as of May 21, 2019.
- This bans shipments or goods subject to US Export Administration Requirements (EAR) to Huawei and affiliates.
- Companies may apply for a license to ship, but with “presumption of denial”.

Clarification

- “Temporary General License” applies to existing networks using Huawei equipment for operational and maintenance purposes
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Actions in Progress

Complete

- Shipments to Huawei and affiliates have been stopped

In Progress

- Assessments of production forecasts and supply chain communications
 - Evaluating products subject to EAR
 - Applying for relevant licenses to ship
 - Pursuing actions to be cash neutral at lower revenue level
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Updated Outlook for Q2'19

In 2018, Huawei was 46% of NeoPhotonics revenue

The updated outlook excludes any shipments to Huawei after May 20, 2019

Any orders we receive that meet the “Temporary General License” criteria will be upside to this estimate

	<i>GAAP</i>	<i>Non-GAAP</i>
<i>Revenue</i>	\$75 to \$80 million	
<i>Gross Margin</i>	10% to 14%	22% to 26%
<i>Operating Expenses</i>	\$25 +/- \$0.5 million	\$22 to \$23 million
<i>EPS</i>	\$0.40 to \$0.30 loss	\$0.15 to \$0.05 loss

- Q2'19 non-GAAP Gross Margin is down approximately 3 percentage points from the prior forecast on charges related to underutilization on lower volume.
- GAAP Gross Margin includes the write-down of \$8.6 million for Huawei specific inventory.

Q2'19 Non-GAAP Outlook excludes \$8.6 million of inventory write-down, \$3.5M of anticipated stock-based compensation expense, \$0.9M of accumulated depreciation, \$0.3M of amortization of acquisition related intangibles, offset by an \$0.8M gain on sale of assets.

EPS Outlook assumes approximately 47 million fully diluted shares outstanding

Cash & Cash Flow

(\$ Millions)	Q1'19
Cash, Restricted Cash & Investments	\$79
Net Accounts Receivable	\$65
Accounts Payable	(\$58)
Notes & Current Portion of Long Term Debt	(\$5)
Long Term Debt Outstanding	(\$50)

Status & Actions in Progress

- Q1 Net Working Capital of \$111M.
- Q2 is traditionally the lowest cash balance of the year, on lower receivables from Q1. Cash from Operations is expected to be negative for Q2.
- We are readjusting OpEx and CapEx to be cash neutral on a lower revenue base.
- Working with suppliers to readjust incoming materials to lower production level.
- Wells Fargo credit line secured on US A/R remains in place.
- Japan debt secured on Japan equipment.

Our Priorities Are Clear

**We are pursuing a path to ensure we have enough cash to run our operations, and
We are preserving the most profitable operations, assuming a long term Huawei ban**

Operating financial performance

- Focus on new, lower revenue as continuing business
 - Maximize for cash and cash flow
 - Reset supply chain for new, lower production
 - Reduce ongoing spend to ensure we achieve cash neutral at new, lower revenue
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Products

- NeoPhotonics maintains leadership in coherent lasers and related high speed optical components, leveraging integration – these are key company assets.
 - Our performance based product suite for high performance and speed (Indium Phosphide) and cost benefits (Silicon Photonics)
 - Full suite of solutions for fast growing 400G modules
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Investment Highlights

NeoPhotonics is a market leader in the highest speed Coherent Components as deployments increase

Rapid Growth Markets

- Coherent is the chosen technology for 80km to 10,000 km optical networks
- 400G/600G and coming 800G are growth drivers for both Datacenter Interconnect and Telecom optical networks
- 5G deployments beginning in 2020, the first step to even higher network requirements

Leadership in Key Technologies

- Only player with ultra-narrow line-width ECL lasers, key at data rates 400G/600G/800G.
- Currently shipping 64GBaud components for 400G/600G/1.2T; developments at 90-100Gbaud and above.
- NeoPhotonics' InP and SiPho platforms are both showing excellent 400G and 600G performance.

Aligned with Industry Leaders & Trends

- Aligned with strongest system companies, who all depend on NPTN technologies
- Complete platform supplier with in-house vertical structure for cost and volume benefit
- Advanced Hybrid Photonic Integration uses the highest performance elements and materials.

25% CAGR: Global Data Center IP Traffic Growth (2016 -21)*

27% CAGR: Cloud Data Center Traffic Growth (2016 - 21)*

Cloud Operator Optical Network Spending Grew 50% YoY in '18

* Cisco Global Cloud Index (2016-2021)

Solutions for High Speed 400G, 600G and 800G Coherent

Shipping



Ultra-Narrow Linewidth Tunable Laser



64 GBaud Driver Modulator (CDM)



64 GBaud Micro ICR with TIA

Sampling

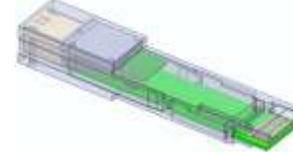


Nano-ITLA
(enables QSFP-DD, OSFP)



64 GBaud COSA
(Enables OSFP, DDQSFP)

Nextgen Modules



400ZR DD-QSFP
Extendable to 800ZR
(Pluggable Coherent)



400ZR & 800G OSFP
(Pluggable Coherent)



200G & 400ZR CFP2-DCO
Extendable to 800ZR
(Pluggable Coherent)

- Discrete 64 GBaud Components Currently Shipping for 400G, 600G & 1.2T
- Integrated 64 GBaud COSA Combines Modulator + Receiver
- Nano-Tunable Laser Enables 400G Pluggable Modules
- Ultra-Narrow Linewidth and Low Noise Laser Lead Industry At The Highest Speeds
- Class 50 Components for 90 to 100 GBaud and 800G in 2021
- >100 GBaud in 2022

*All NeoPhotonics High Speed Solutions are enabled by high performance Optical ICs

NeoPhotonics Product Solutions

High Performance Solutions Coherent Components, Modules, Data Center Components, Passives and Switches

Coherent Components

- Integrated Receiver / Modulator with co-packaged Optical ICs in COSA
- SiPho devices include 64 Gbaud Modulator, Receiver



CFP-DCO



Solutions for OSFP/DD-QSFP



64GBaud Driver Modulator (CDM)



64 GBaud Micro ICR with TIA



64 GBaud COSA with Driver/TIA

400G/600G/800G/1.2T

Narrow Linewidth Lasers

- Industry leading tunable laser and receiver solutions for 400G
- SiPho devices include SiPho ultra-narrow linewidth ECL laser



Ultra-Narrow Linewidth Tunable Laser



Nano-ITLA



GoldBox Laser



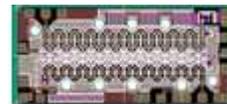
Dual Micro ITLA

400G/600G/800G/1.2T

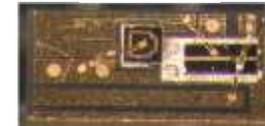
Client and Data Center

- 28G and 53G EML laser; GaAs Drivers
- PDs and TIA for receivers
- SiPho lasers solutions optimized for data center DR1 / DR4 / FR4

53G GaAs Driver



53G EML



53G InP PD



53G TIA



400G

Passives & Switches

- PLC and MEMS based passives
- Leading MCS solution for contentionless networks
- Expanding footprint for telcos and data center's densification



MEMS VOA



AWG Shelves



VMUX

MCS

CDC Enabler

Key Themes

- Department of Commerce **ban on Huawei** (46% customer) creates **major headwinds**
- **Run rate revenue** post ban could be in the range of **~\$65 million / Qtr**
- **NeoPhotonics' InP and SiPho high performance platforms** are key for **400G, 600G and 800G**
- **Coherent is the chosen technology for 80km and beyond** optical networks. In three years time, **coherent transceivers** are expected to be used inside data centers **at 800G on single wavelengths**



NeoPhotonics



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