

Viavi Announces First Quarter Fiscal 2017 Results

November 1, 2016 4:09 PM ET

First Quarter

- GAAP and Non-GAAP net revenue of \$210.8 million, down \$18.9 million or (8.2)% year-over-year
 - GAAP operating margin of 4.8%, up 610 bps year-over-year
 - Non-GAAP operating margin of 13.0%, up 50 bps year-over-year
- GAAP EPS from continuing operations of \$0.33, up 0.40 or 571.4% year-over-year
- Non-GAAP EPS from continuing operations of \$0.09, up \$0.01 or 12.5% year-over-year

MILPITAS, Calif., Nov. 1, 2016 /PRNewswire/ -- Viavi (NASDAQ: VIAV) today reported results for its first fiscal quarter ended October 1, 2016. Amounts presented below are on a continuing operations basis unless otherwise noted.



GAAP net revenue was \$210.8 million, with net income of 78.0 million, or \$0.33 per share. Prior quarter GAAP net revenue was \$224.1 million, with net loss of (64.5) million or \$(0.28) per share which included a non-cash goodwill impairment charge of \$91.4 million related to our Service Enablement segment. GAAP net revenue for the first quarter of fiscal 2016 was \$229.7 million, with net loss of \$(15.7) million, or \$(0.07) per share.

Non-GAAP net revenue was \$210.8 million, with net income of \$21.7 million, or \$0.09 per share. Prior quarter non-GAAP net revenue was \$224.1 million, with net income of \$23.8 million, or \$0.10 per share. Non-GAAP net revenue for the first quarter of fiscal 2016 was \$229.7 million, with net income of \$19.6 million, or \$0.08 per share.

"We executed well in fiscal Q1 2017 as our results were driven by solid profitability execution from NSE and OSP as both segments exceeded their operating margin guidance range," said Oleg Khaykin, Viavi's President and Chief Executive Officer. "This led to an overall non-GAAP operating margin at 13.0% and non-GAAP EPS at \$0.09, both above a year ago levels despite a revenue decline of (8.2)% versus last year."

Khaykin added, "During our recent September Analyst Day event, we outlined our corporate strategy which included three-year profitability targets. We plan to continue to strengthen our market leadership in NE along with a more focused, scaled down SE. In OSP, we plan to leverage our optical coatings technologies into new markets while maintaining our leadership position in the core anti-counterfeiting business."

Financial Overview:

The tables below (in millions, except percentage data) provide comparisons of quarterly result to prior periods, including sequential quarterly and year-over-year changes. A reconciliation between GAAP and non-GAAP measures is contained in this release under the section titled "Use of Non-GAAP (Adjusted) Financial Measures."

First Quarter Ended October 1, 2016

	GAAP Results							
	Q1		Q4		Q1		Change	
	FY 2017		FY 2016		FY 2016		Q/Q	Y/Y
Net revenue	\$	210.8	\$	224.1	\$	229.7	(5.9) %	(8.2) %
Gross margin		59.3 %		60.7 %		61.2 %	(140) bps	(190) bps
Operating margin		4.8 %		(43.6) %		(1.3) %	4,840 bps	610 bps

	Non-GAAP Results							
	Q1		Q4		Q1		Change	
	FY 2017		FY 2016		FY 2016		Q/Q	Y/Y
Net revenue	\$	210.8	\$	224.1	\$	229.7	(5.9) %	(8.2) %
Adj. Gross margin		61.8 %		63.3 %		63.6 %	(150) bps	(180) bps
Adj. Operating margin		13.0 %		13.5 %		12.5 %	(50) bps	50 bps

	GAAP and Non-GAAP Net Revenue by Segment								
	Q1		% of Net	Q4		Q1		Change	
	FY 2017		revenue	FY 2016		FY 2016		Q/Q	Y/Y
Network Enablement	\$	118.6	56.3 %	\$	127.5	\$	117.6	(7.0) %	0.9 %
Service Enablement		36.4	17.3 %		33.6		47.9	8.3 %	(24.0) %
Optical Security and Performance Products		55.8	26.5 %		63.0		64.2	(11.4) %	(13.1) %
Total	\$	210.8	100.0 %	\$	224.1	\$	229.7	(5.9) %	(8.2) %

- Americas, Asia-Pacific and EMEA customers represented 48.5%, 22.0% and 29.5%, respectively, of total net revenue for the quarter ended October 1, 2016.
- As of October 1, 2016, the Company held \$1,044.2 million in total cash and investments, which also includes marketable equity investments. During the fiscal quarter ended October 1, 2016 the Company sold 3.9 million shares of the 11.7 million shares of Lumentum common stock retained as part of the spin-off of Lumentum. The Company generated net proceeds from these sales of \$114.6 million and had 3.4 million shares remaining valued at \$141.1 million at October 1, 2016.
- During the fiscal quarter ended October 1, 2016, the Company generated \$10.3 million of cash from operations.
- The Company adjusted its current and historical Condensed Consolidated Statements of Operations, Condensed Consolidated Balance Sheets and reportable segment information to reflect the spin-off of the Lumentum business (formerly the Company's communications and commercial optical products business segment and WaveReady product line) on August 1, 2015. The Lumentum business' adjusted results are reflected as discontinued operations for the periods reported in the Company's GAAP Condensed Consolidated Statement of Operations and reportable segment information.

Business Outlook for the Second Quarter of Fiscal 2017

For the second quarter of fiscal 2017 ending December 31, 2016, the Company expects non-GAAP net revenue to be \$187 million to \$207 million and non-GAAP earnings per share to be \$0.05 to \$0.08. With respect to our expectations above, the Company has not reconciled non-GAAP net income per share to GAAP net income (loss) per share in this press release because it is unable to provide a meaningful or accurate estimate of certain reconciling items described in the "Use of Non-GAAP (Adjusted) Financial Measures" section below and the information is not available without unreasonable effort as a result of the inherent difficulty of forecasting the timing and/or amounts of certain items, including restructuring and related charges and gain on sale of investments. In addition, the Company believes such reconciliations would imply a degree of precision that would be confusing or misleading to investors.

Conference Call

The Company will discuss these results and other related matters at 1:30 p.m. Pacific Time on November 1, 2016 in a live webcast, which will also be archived for replay on the Company's website at www.viavisolutions.com/investors. The

Company will post supplementary slides outlining the Company's latest financial results on www.viavisolutions.com/investors under the "Quarterly Results" section concurrently with this earnings press release. This press release is being furnished as a Current Report on Form 8-K with the Securities and Exchange Commission, and will be available at www.sec.gov.

About Viavi Solutions

Viavi (NASDAQ: VIAV) is a global provider of network test, monitoring and assurance solutions to communications service providers, enterprises and their ecosystems, supported by a worldwide channel community including Viavi Velocity Solution Partners. We deliver end-to-end visibility across physical, virtual and hybrid networks, enabling customers to optimize connectivity, quality of experience and profitability. Viavi is also a leader in high performance thin film optical coatings, providing light management solutions to anti-counterfeiting, consumer electronics, automotive, defense and instrumentation markets. Learn more about Viavi at www.viavisolutions.com. Follow us on Viavi Perspectives, LinkedIn, Twitter, YouTube and Facebook.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements include any anticipation or guidance as to future financial performance, including future revenue, gross margin, operating expense, operating margin, profitability targets, cash flow and other financial metrics, as well as the impact and duration of certain trends and market position and conditions. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected. In particular, the Company's ability to predict future financial performance continues to be difficult due to, among other things: (a) continuing general limited visibility across many of our product lines; (b) quarter-over-quarter product mix fluctuations, which can materially impact profitability measures due to the broad gross margin ranges across our portfolio; (c) consolidations in our customer base; (d) customer purchasing delays as they assess or transition to new technologies and/or new architectures, which limit near-term demand visibility, and could negatively impact potential revenue; (e) continued decline of average selling prices across our businesses; (f) notable seasonality and a significant level of in-quarter book-and-ship business; (g) various product and manufacturing transfers, site consolidations and product discontinuances that have caused and may cause short-term disruptions; (h) the ability of our suppliers and contract manufacturers to meet production and delivery requirements to our forecasted demand; and (i) inherent uncertainty related to global markets and the effect of such markets on demand for our products. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected. For more information on these risks, please refer to the "Risk Factors" section included in the Company's Annual Report on Form 10-K for the fiscal year ended July 2, 2016 filed with the Securities and Exchange Commission. The forward-looking statements contained in this press release are made as of the date thereof and the Company assumes no obligation to update such statements.

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The following financial tables are presented in accordance with GAAP, unless otherwise specified.

-SELECTED PRELIMINARY FINANCIAL DATA -

VIAMI SOLUTIONS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)
(unaudited)
PRELIMINARY

	Three Months Ended	
	October 1, 2016	October 3, 2015
Net revenue	\$ 210.8	\$ 229.7
Cost of revenues	81.9	84.9
Amortization of acquired technologies	3.8	4.3
Gross profit	125.1	140.5
Operating expenses:		
Research and development	36.1	44.3
Selling, general and administrative	75.4	94.9
Amortization of other intangibles	3.5	3.8
Restructuring and related charges	—	0.4
Total operating expenses	115.0	143.4
Income (loss) from operations	10.1	(2.9)
Interest and other income (expense), net	1.3	(1.1)
Gain (loss) on sale of investments	81.5	—
Interest expense	(9.2)	(8.8)
Income (loss) from continuing operations before taxes	83.7	(12.8)
Provision for income taxes	5.7	2.9
Income (loss) from continuing operations, net of taxes	\$ 78.0	\$ (15.7)
(Loss) income from discontinued operations, net of taxes	—	(53.4)
Net income (loss)	\$ 78.0	\$ (69.1)
 Net income (loss) per share from - basic:		
Continuing operations	\$ 0.34	\$ (0.07)
Discontinued operations	—	(0.22)
Net income (loss)	\$ 0.34	\$ (0.29)
 Net income (loss) per share from - diluted:		
Continuing operations	\$ 0.33	\$ (0.07)
Discontinued operations	—	(0.22)
Net income (loss)	\$ 0.33	\$ (0.29)
 Shares used in per share calculation - basic	232.4	236.0
Shares used in per-share calculation - diluted	236.8	236.0

The preliminary financial statements are estimated based on our current information.

VIAMI SOLUTIONS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, unaudited)
PRELIMINARY

	<u>October 1, 2016</u>	<u>July 2, 2016</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 474.3	\$ 482.9
Short-term investments	558.8	484.7
Restricted cash	11.1	12.2
Accounts receivable, net	165.8	148.4
Inventories, net	47.2	51.4
Prepayments and other current assets	<u>41.5</u>	<u>32.1</u>
Total current assets	1,298.7	1,211.7
Property, plant and equipment, net	137.0	133.0
Goodwill	151.7	152.1
Intangibles, net	52.2	59.9
Deferred income taxes	111.1	108.8
Other non-current assets	<u>12.5</u>	<u>12.6</u>
Total assets	<u>\$ 1,763.2</u>	<u>\$ 1,678.1</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 37.1	\$ 47.0
Accrued payroll and related expenses	43.3	44.9
Deferred revenue	69.9	78.6
Accrued expenses	33.7	24.9
Other current liabilities	<u>59.0</u>	<u>31.0</u>
Total current liabilities	243.0	226.4
Long-term debt	590.8	583.3
Other non-current liabilities	174.6	179.1
Total stockholders' equity	<u>754.8</u>	<u>689.3</u>
Total liabilities and stockholders' equity	<u>\$ 1,763.2</u>	<u>\$ 1,678.1</u>

The preliminary financial statements are estimated based on our current information.

**VIAVI SOLUTIONS INC.
REPORTABLE SEGMENT INFORMATION
(in millions, unaudited)
PRELIMINARY**

Three Months Ended October 1, 2016

	<u>Network and Service Enablement</u>		<u>Network and Service Enablement</u>	<u>Optical Security and Performance Products</u>	<u>Total Segment Measures</u>	<u>Reconciling Items</u>	<u>Consolidated GAAP Measures</u>
	<u>Network Enablement</u>	<u>Service Enablement</u>					
Net revenue	\$ 118.6	\$ 36.4	\$ 155.0	\$ 55.8	\$ 210.8	\$ —	\$ 210.8
Gross profit	77.4	21.3	98.7	31.6	130.3	(5.2)	125.1
Gross margin	65.3 %	58.5 %	63.7 %	56.6 %	61.8 %		59.3 %
Operating (loss) income			4.1	23.4	27.5	(17.4)	10.1

Operating margin	2.6 %	41.9 %	13.0 %	4.8 %
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Three Months Ended October 3, 2015

	Network and Service Enablement				Optical Security and Performance Products		Total Segment Measures	Reconciling Items	Consolidated GAAP Measures
	Network Enablement	Service Enablement	Network and Service Enablement						
Net revenue	\$ 117.6	\$ 47.9	\$ 165.5		\$ 64.2		\$ 229.7	\$ —	\$ 229.7
Gross profit	75.7	33.4	109.1		37.0		146.1	(5.6)	140.5
Gross margin	64.4 %	69.7 %	65.9 %		57.6 %		63.6 %		61.2 %
Operating income (loss)			2.4		26.3		28.7	(31.6)	(2.9)
Operating margin			1.5 %		41.0 %		12.5 %		(1.3) %

Three Months Ended

<u>October 1, 2016</u>	<u>October 3, 2015</u>
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Corporate reconciling items impacting gross profit:

Total segment gross profit	\$ 130.3	\$ 146.1
Stock-based compensation	(1.0)	(1.2)
Amortization of intangibles	(3.8)	(4.3)
Other charges unrelated to core operating performance (1)	(0.4)	(0.1)
GAAP gross profit	<u>\$ 125.1</u>	<u>140.5</u>

Corporate reconciling items impacting operating income (loss):

Total segment operating income	\$ 27.5	\$ 28.7
Stock-based compensation	(8.7)	(16.0)
Amortization of intangibles	(7.3)	(8.1)
Other charges unrelated to core operating performance (1)	(1.4)	(7.1)
Restructuring and related charges	—	(0.4)
GAAP operating income (loss) from continuing operations	<u>\$ 10.1</u>	<u>\$ (2.9)</u>

(1) During the three months ended October 1, 2016 and October 3, 2015, other charges unrelated to core operating performance primarily consisted of Viavi-specific incremental charges for professional fees and additional personnel costs to complete the separation as well as transformational initiatives such as the implementation of simplified automated processes, site consolidations, reorganizations, and the insourcing or outsourcing of activities.

The preliminary financial schedules are estimated based on our current information.

Use of Non-GAAP (Adjusted) Financial Measures

The Company provides non-GAAP net revenue, non-GAAP gross margin, non-GAAP operating income, non-GAAP net income (loss), non-GAAP net income (loss) per share, EBITDA and adjusted EBITDA financial measures as supplemental information regarding the Company's operational performance. The Company uses the measures disclosed in this release to evaluate the Company's historical and prospective financial performance, as well as its performance relative to its competitors. Specifically, management uses these items to further its own understanding of the Company's core operating performance, which the Company believes represent its performance in the ordinary, ongoing and

customary course of its operations. Accordingly, management excludes from core operating performance items such as those relating to amortization of acquisition-related intangibles, stock-based compensation, restructuring, separation costs, and certain investing expenses and non-cash activities that management believes are not reflective of such ordinary, ongoing and customary course activities. Additionally, the Company excludes the results of discontinued operations in calculating non-GAAP net income (loss), non-GAAP net income (loss) per share, EBITDA and adjusted EBITDA for all periods reported. The Company believes excluding these items enables investors to evaluate more clearly and consistently the Company's core operational performance as the Company is no longer active in its discontinued operations.

The Company believes providing this additional information allows investors to see Company results through the eyes of management. The Company further believes that providing this information allows investors to better understand the Company's financial performance and, importantly, to evaluate the efficacy of the methodology and information used by management to evaluate and measure such performance.

The non-GAAP adjustments described in this release have historically been excluded by the Company from its non-GAAP financial measures. The non-GAAP adjustments, and the basis for excluding them, are outlined below.

Cost of revenues, costs of research and development and costs of selling, general and administrative: The Company's GAAP presentation of gross margin and operating expenses may include (i) additional depreciation and amortization from changes in estimated useful life and the write-down of certain property, equipment and intangibles that have been identified for disposal but remained in use until the date of disposal, (ii) workforce related charges such as severance, retention bonuses and employee relocation costs related to formal restructuring plans (iii) costs for facilities not required for ongoing operations, and costs related to the relocation of certain equipment from these facilities and/or contract manufacturer facilities, (iv) stock-based compensation, and (v) other charges unrelated to our core operating performance comprising mainly of one-time acquisition, integration, litigation and other costs and contingencies unrelated to current and future operations, including Viavi-specific incremental charges for professional fees and additional personnel costs to complete the separation as well as transformational initiatives such as the implementation of simplified automated processes, site consolidations, reorganizations, and the insourcing or outsourcing of activities and severance related costs related to the exit of key executives. The Company excludes these items in calculating non-GAAP gross margin, non-GAAP operating income, non-GAAP net income (loss), non-GAAP net income (loss) per share, EBITDA and adjusted EBITDA. The Company believes excluding these items enables investors to evaluate more clearly and consistently the Company's core operational performance.

Amortization of intangibles: The Company includes amortization expense related to intangibles in its GAAP presentation of cost of revenues and operating expense. The Company excludes these significant non-cash items in calculating non-GAAP gross margin, non-GAAP operating income, non-GAAP net income (loss), non-GAAP net income (loss) per share, EBITDA and adjusted EBITDA, because it believes doing so provides investors a clearer and more consistent view of the Company's core operating performance in terms of cost of revenues and operating expenses.

Impairment of goodwill: The Company incurred cost related to the impairment of goodwill in accordance with the authoritative guidance included in its GAAP presentation of operating expense. These adjustments typically occur when the financial performance of the business utilizing the affected assets falls below certain thresholds. Accordingly, the related asset's value impairments are infrequent and generally unpredictable. The Company believes that eliminating this item, for the purposes of calculating non-GAAP net income (loss), non-GAAP net income (loss) per share and adjusted EBITDA, is useful to investors. We believe this non-GAAP adjustment will assist investors to compare current versus past performance. The Company's historical adjustments to the carrying value of certain of its assets under authoritative guidance, as well as the methodology used by the Company in assessing the same, are more particularly described in its quarterly reports on Form 10-Q and annual reports on Form 10-K.

Non-cash interest expense and other income: The Company incurred non-cash interest expense accretion of the debt discount on its convertible debt instruments. The Company from time to time recognizes certain non-operating income in its GAAP presentation of other income (expense), net. The Company eliminates these items in calculating non-GAAP net

income (loss), non-GAAP net income (loss) per share, EBITDA and adjusted EBITDA, because it believes that in so doing, it can provide investors a clearer and more consistent view of the Company's core operating performance.

Gain or loss on sale of available for-sale investments: The Company has sold available-for-sale investments and includes the impact of these activities in its GAAP presentation of net income (loss) and net income (loss) per share. The Company's core business does not include making financial investments in third parties. Moreover, the amount and timing of gains and losses on the sale of available-for-sale investments are unpredictable. Consequently, the Company excludes these items in calculating non-GAAP net income (loss), non-GAAP net income (loss) per share, EBITDA and adjusted EBITDA because it believes gains or losses on these sales are not related to the Company's ongoing core business and operating performance.

Income tax expense or benefit: The Company excludes certain non-cash tax expense items, such as the utilization of net operating losses where valuation allowances were released, intra-period tax allocation benefit and other significant one-time events, such as the spin-off of Lumentum. The Company believes excluding these items enables investors to evaluate more clearly and consistently the Company's core operational performance.

Interest, taxes, depreciation, amortization and other adjustments: The Company's EBITDA calculation primarily excludes interest, taxes, depreciation and amortization, and other items that are not part of its core operating performance described above. The Company's adjusted EBITDA excludes items in addition to the items excluded from the EBITDA calculation such as stock-based compensation, impairment of goodwill, restructuring and related charges (benefits), and other charges related to activities that are not part of its core operating performance described above. Management believes adjusted EBITDA is a good indicator of the Company's core operational cash flow.

Non-GAAP financial measures are not in accordance with, or an alternative for, generally accepted accounting principles in the United States. The GAAP measure most directly comparable to non-GAAP net income (loss) is net income (loss). The GAAP measure most directly comparable to non-GAAP net income (loss) per share is net income (loss) per share. The Company believes these GAAP measures alone are not indicative of its core operating expenses and performance.

VIAMI SOLUTIONS INC.
RECONCILIATION OF GAAP MEASURES FROM CONTINUING OPERATIONS TO NON-GAAP MEASURES
(in millions, except per share data)
(unaudited)
PRELIMINARY

The following tables reconcile GAAP measures from continuing operations to non-GAAP measures:

	Three Months Ended			
	October 1, 2016		October 3, 2015	
	Net income (loss)	Diluted EPS	Net income (loss)	Diluted EPS
GAAP measures from continuing operations	\$ 78.0	\$ 0.33	\$ (15.7)	\$ (0.07)
Items reconciling GAAP net loss and EPS from continuing operations to non-GAAP net income and EPS:				
Related to cost of revenues:				
Stock-based compensation	1.0	—	1.2	0.01
Other charges unrelated to core operating performance (1)	0.4	—	0.1	—
Amortization of acquired technologies	3.8	0.02	4.3	0.02
Total related to gross profit	5.2	0.02	5.6	0.02
Related to operating expenses:				
Research and development:				
Stock-based compensation	1.7	0.01	2.8	0.01

Other charges unrelated to core operating performance (1)	0.7	—	1.3	0.01
Selling, general and administrative:				
Stock-based compensation	6.0	0.03	12.0	0.05
Other charges unrelated to core operating performance (1)	0.3	—	5.7	0.02
Amortization of other intangibles	3.5	0.01	3.8	0.02
Restructuring and related charges	—	—	0.4	—
Total related to operating expenses	<u>12.2</u>	<u>0.05</u>	<u>26.0</u>	<u>0.11</u>
Gain on sale of investments (2)	(81.5)	(0.34)	—	—
Non-cash interest expense and other income	6.9	0.03	6.5	0.03
Income taxes	0.9	—	(2.8)	(0.01)
Total related to net income and EPS	<u>(56.3)</u>	<u>(0.24)</u>	<u>35.3</u>	<u>0.15</u>
Non-GAAP measures from continuing operations	<u>\$ 21.7</u>	<u>\$ 0.09</u>	<u>\$ 19.6</u>	<u>\$ 0.08</u>

Shares used in per share calculation for Non-GAAP EPS 236.8 238.7

Note: Certain totals may not add due to rounding

- (1) During the three months ended October 1, 2016 and October 3, 2015, other charges unrelated to core operating performance primarily consisted of Viavi-specific incremental charges for professional fees and additional personnel costs to complete the separation as well as transformational initiatives such as the implementation of simplified automated processes, site consolidations, reorganizations, and the insourcing or outsourcing of activities.
- (2) During the three months ended October 1, 2016, the Company sold 3.9 million shares of the 11.7 million shares of Lumentum common stock which was retained as part of the separation of Lumentum. The Company recognized a realized gain of \$81.5 million on the sale.

The preliminary financial schedules are estimated based on our current information.

VIAVI SOLUTIONS INC.
RECONCILIATION OF GAAP MEASURES FROM CONTINUING OPERATIONS TO ADJUSTED EBITDA
(in millions, unaudited)
PRELIMINARY

	<u>Three Months Ended</u>	
	<u>October 1, 2016</u>	<u>October 3, 2015</u>
GAAP measures from continuing operations	\$ 78.0	\$ (15.7)
Interest and other income (expense), net	(1.3)	1.1
Gain on sale of investments (1)	(81.5)	—
Interest expense	9.2	8.8
Income taxes	5.7	2.9
Depreciation	7.9	9.3
Amortization	<u>7.3</u>	<u>8.1</u>
EBITDA from continuing operations	25.3	14.5
Costs related to restructuring and related charges	—	0.4
Costs related to stock-based compensation	8.7	16.0
Other charges unrelated to core operating performance (2)	<u>1.4</u>	<u>7.1</u>
Adjusted EBITDA from continuing operations	<u>\$ 35.4</u>	<u>\$ 38.0</u>

- (1) During the three months ended October 1, 2016, the Company sold 3.9 million shares of the 11.7 million shares of Lumentum common stock which was retained as part of the separation of Lumentum. The Company recognized a realized gain of \$81.5 million on this sale.
- (2) During the three months ended October 1, 2016 and October 3, 2015, other charges unrelated to core operating performance primarily consisted of Viavi-specific incremental charges for professional fees and additional personnel costs to complete the separation as well as transformational initiatives such as the implementation of simplified automated processes, site consolidations, reorganizations, and the insourcing or outsourcing of activities.

The preliminary financial schedules are estimated based on our current information.

To view the original version on PR Newswire, visit:<http://www.prnewswire.com/news-releases/viavi-announces-first-quarter-fiscal-2017-results-300355333.html>

SOURCE Viavi