

Viavi Solutions

William Blair Growth Stock Conference

June 14, 2017

Safe Harbor Statement

This presentation contains forward-looking statements under Section 27A of the Securities Act of 1934. Forward-looking statements are all statements we make other than those dealing specifically with historical matters. Please refer to the Company's filings with the Securities and Exchange Commission, including our annual report on Form 10-K filed August 30, 2016 for additional factors that could cause actual results to materially differ from current expectations. The forward-looking statements included in this presentation are valid only as of today's date except where otherwise noted. Viavi Solutions Inc. undertakes no obligation to update these statements.

This presentation and the Q&A that follows include non-GAAP financial measures which complement the Company's consolidated GAAP financial statements. These non-GAAP financial measures are not intended to supersede or replace the Company's GAAP financials. We provide a detailed reconciliation of GAAP results to the non-GAAP results at the end of this presentation. This presentation is located in the Investor Relations section of our web site at www.viavisolutions.com.

Note: Amounts presented in all slides are on a continuing operations basis unless otherwise noted.

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Viavi – Company Overview

- **Leader in Network Test & Measurement Solutions and Optical Security and Performance Products**
- **Formerly known as JDSU prior to the spin-off of Lumentum on 8/1/15 (Optical components business)**
- **LTM* Revenue of $837M**

NSE

Our Network and Service Enablement (NSE) products and solutions help service providers and IT organizations optimize and maintain their networks

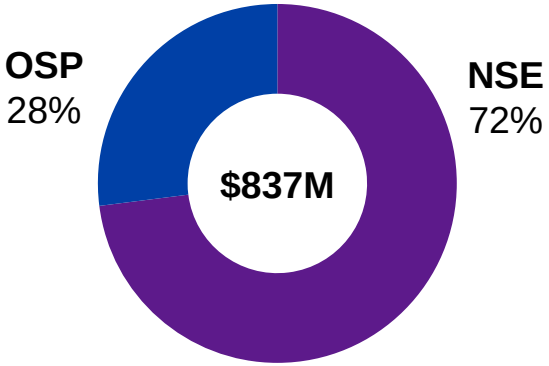
- Test and Measurement
- Service Activation & Assurance
- Performance Management

OSP

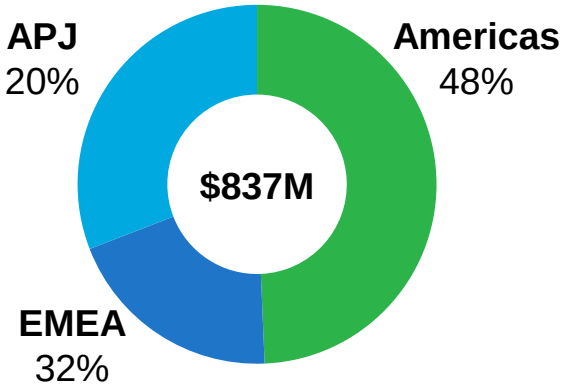
Our Optical Security and Performance (OSP) Products expertly manipulate light and provide coatings and pigments for specialty applications

- Anti-counterfeiting and optical security
- Thin film optical coating
- 3D Sensing

Segment mix



Geographic mix



** LTM as of 4/1/17*

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Segment Overview

Network and Service Enablement (NSE)

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Network and Service Enablement Overview

Product Overview

Network Planning, Test & Certification




- Cell site test; copper, WiFi, broadband test
- Virtualized network test functions

Lab & Production Test




- Optical manufacturing test platform
- Storage, network equipment test, fiber inspection

Enterprise & Data Center, Assurance



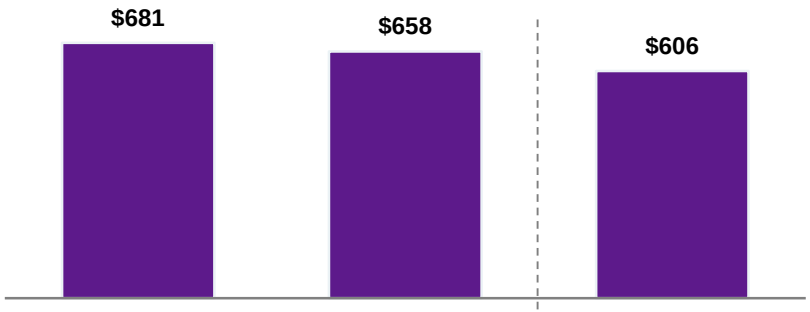

- Performance management, observer probes
- Location intelligence

Strong Global Market Position in Instruments†

- #1 in Metro
- #1 in Access
- #2 in Fiber
- #1 in Cable

Financials

Revenue ($M)



	FY15	FY16	LTM*
Non-GAAP Operating margin	*0%*	*2%*	*1%*

** LTM as of 4/1/17*

Blue-chip Customer Base

Alcatel·Lucent, América Móvil, AT&T, BT, CenturyLink, Cisco, Comcast, Lumentum, TimeWarner, verizon

† Viavi company analysis

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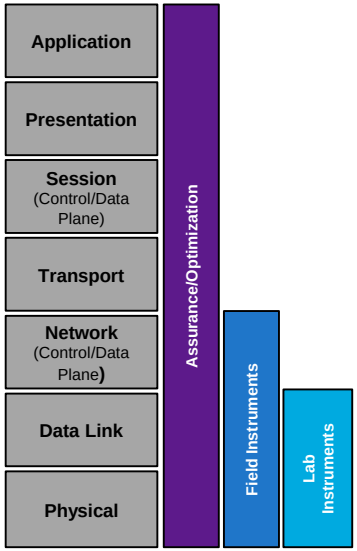
NSE Market Opportunity

Proven Market Strategy

- Support customers from lab development to in-the-field deployment
- Network visibility that provides broad capabilities and deep analytics
- Enhanced customer experience with integrated and cloud-enabled instruments, software and services



	Market	Market size* ($M, CY16)	Market position*	Key competitors
NE	Field	~$1,200	#1	EXFO, Anritsu, VeEX
NE	Lab	~$525	Top 3	Cisco, EXFO, Juniper, Keysight Technologies, Teledyne
SE	Assurance	~$2,000	Top 5	ADVA Optical Networking, amdocs, ascom, Cisco, NETSCOUT, Spirent Communications
SE	Data Center	~$1,700	Top 10	ca technologies, Hewlett Packard Enterprise, NETSCOUT, riverbed

** Viavi company analysis*

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“Big NE, Focused SE” Strategy Targets Optimization of Physical & Virtual SP and Enterprise Networks

Focused SE – SP/Enterprise/Cloud Virtual Networking & Broadband User Experience

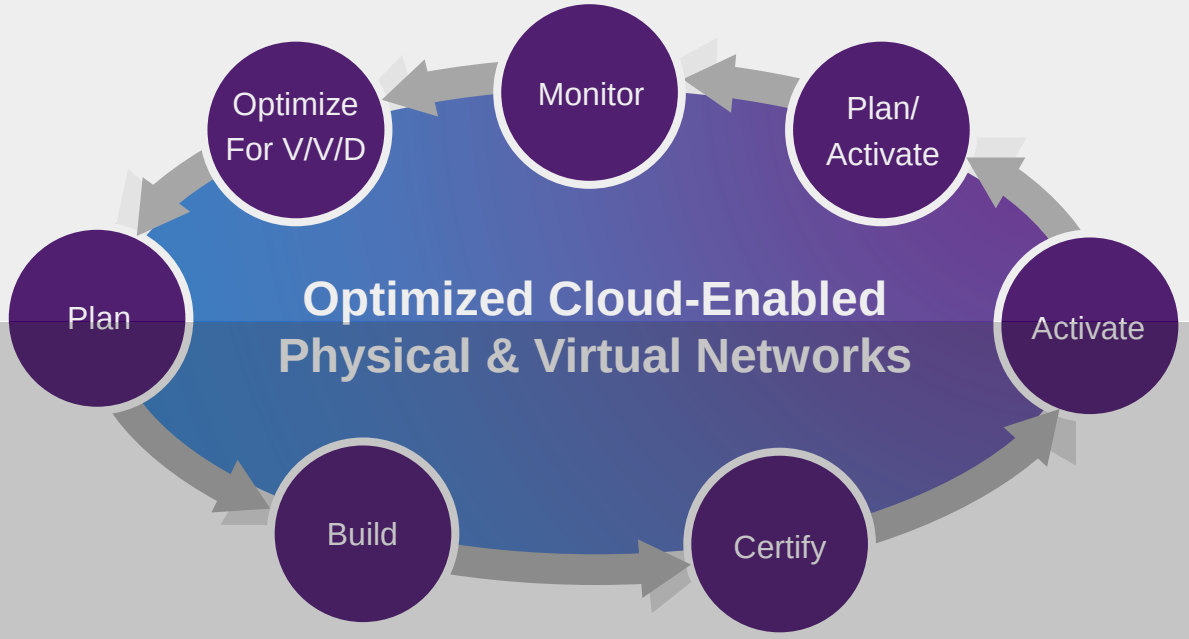
- Virtualized Instruments-based NW Test/Assurance
- High Market growth
- Leverage #1 Physical Instrument Installed Base

VNF



VNF tethered to #1 Installed Base

Virtual (Focused SE)



Physical (Big NE)



SP Network Enablement Segment

- Cost-Effective Workflow value proposition
- Field/Lab Instruments HW/SW Platform Consolidation
- Mature, slow growth market

Enterprise/Cloud DC Structured Cabling

- Cloud-based Workflow
- Mobile App-Enabled Testing/Certification of structured Physical cabling
- Mature, moderate growth market

VNF = Virtual Network Function (Software Agent)

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Segment Overview

Optical Security and Performance Products (OSP)

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Optical Security and Performance Products Overview

Product and Applications Overview

Anti-counterfeiting

- Security pigments / thread substrates
- Supplier for bank note printing




Custom Optical Filters

- Light / optic sensor filters
- Primary applications for consumer tech and aerospace / defense




Custom Color Solutions

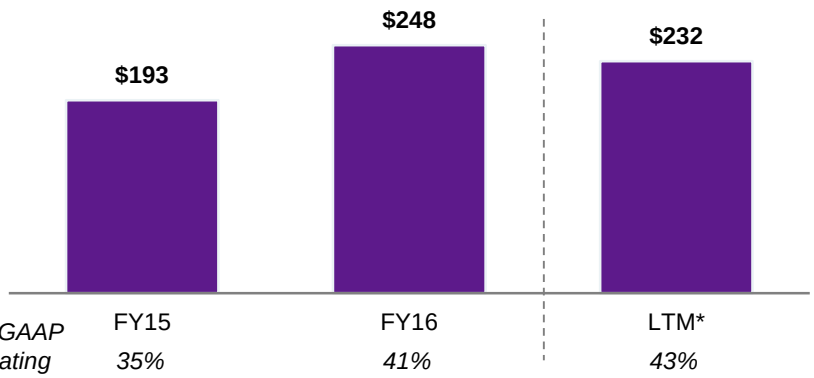
- Cosmetic additives to paint
- Applications for OEM auto manufacturers





Financials

Revenue ($M)



** LTM as of 4/1/17*

Serviceable Available Market†

End Market Applications ($M)	CY 2016	CAGR
Anti-Counterfeiting	$500	3–5%
High-Performance Interference Pigments	$200	6%
Thin Film Optical Coatings	$450	>9%
Total SAM	**$1,150**	**5–7%**

† Viavi company analysis

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OSP: Anti-counterfeiting- Defend and Expand Core

- Proprietary technology enabling banknote features that are difficult to counterfeit
- Proprietary high volume manufacturing process and high security supply chain
- Long term strategic customer partnerships
- Trusted partner for currency in more than 100 countries





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OSP: Optical Coatings- Diversify in High-Value AMI* Segments

Effect Pigments



- Unique special effect pigments
- Color design services
- Color trend forecasting

Sensors and Display



- Sensor technology for natural user interface, blind spot monitoring
- Display technology for anti-reflective coatings, ambient light sensors, heads-up display, IR vision systems

Satellite



Laser Eye Protection



- Very high optical density (OD) and high-layer count dielectric coatings

**Automotive, Military & Industrial*

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OSP: 3D Sensing-Emerging Technology for High-Volume Consumer Applications Opportunities

- Unique, protected IP and know-how in 3D sensing filters
- Strategic partnerships with major consumer electronics OEMs
  - Current and future generation product programs
- Proven track record of delivering into optical sensing ecosystem
- High volume manufacturing capacity in US and in Asia

Proximity, ambient light, and UV sensors



Front Camera
3D Sensing, RGB NIR (low light imaging), Autofocus lens



Back Camera
3D Sensing, Autofocus lens



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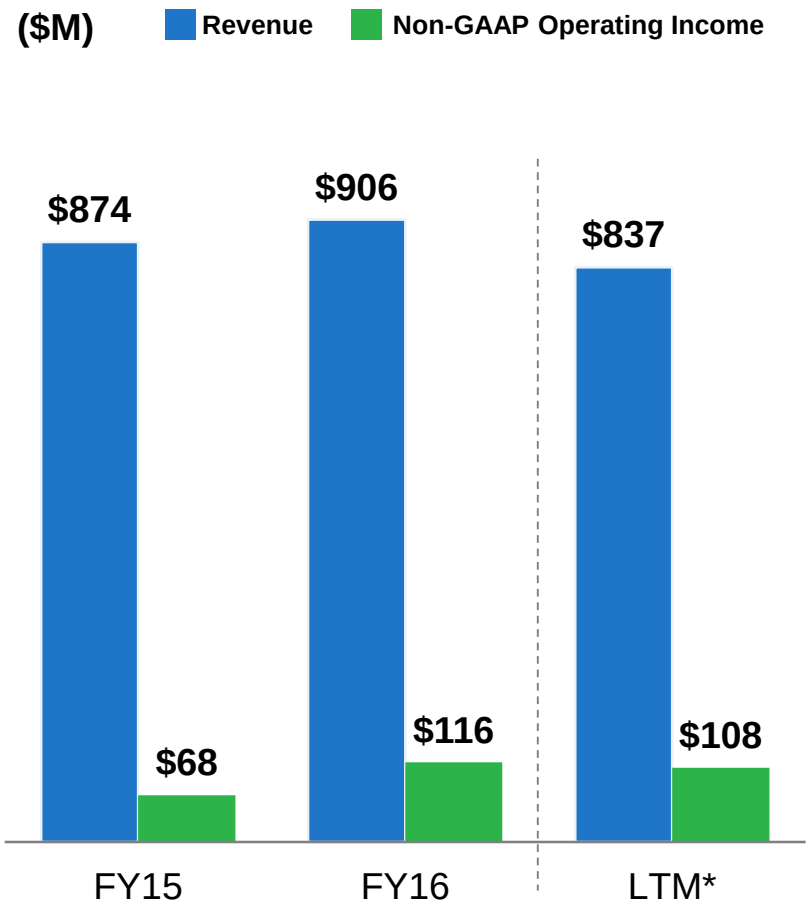
Financials

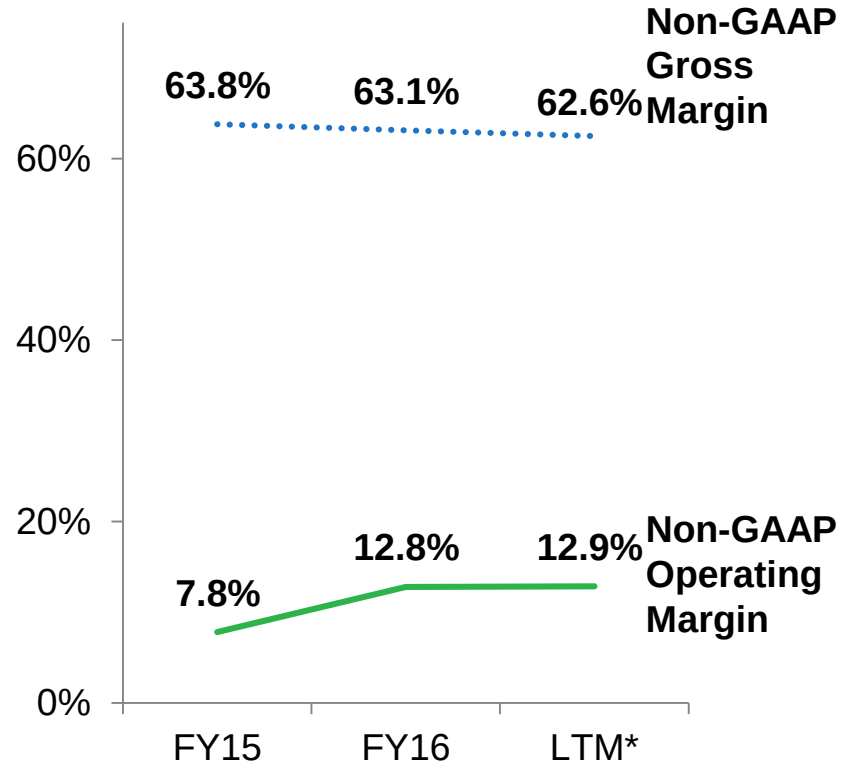


Disciplined Execution Drove Profit Growth & Operating Margin Expansion

Revenue and Profitability



Non-GAAP Margins



** LTM as of 4/1/17*

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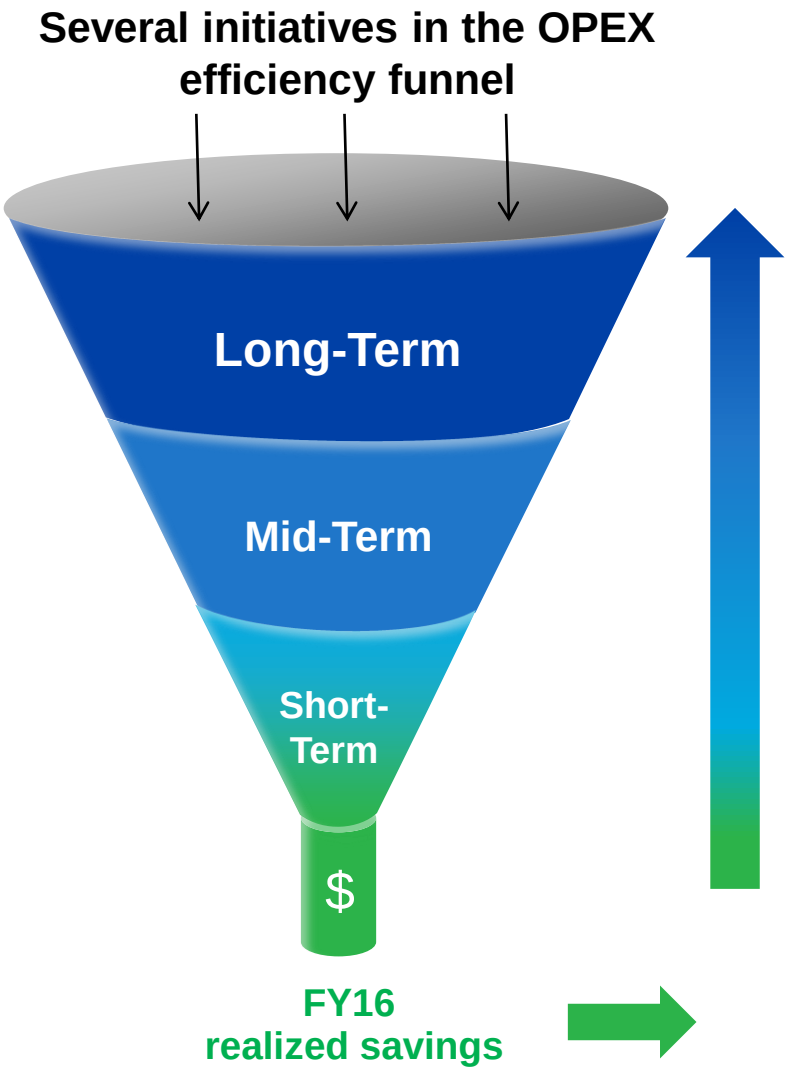
Operational Efficiency is Ongoing



- Automation of standardized processes
- Simplification and standardization of business processes (Quote-to-Cash, Procure-to-Pay)
- Real estate consolidation
- Legal entity rationalization
- Higher effectiveness and efficiency in direct sales
- R&D spend optimization in instruments through platform consolidation and selective outsourcing
- Rationalize SE portfolio and optimize OPEX across R&D and SG&A (Jan 2017 restructuring)
- Right-sized G&A post Lumentum spin-off
- Consolidated a few real-estate sites
- Partial offshoring of G&A

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Our Capital Structure and Allocation Priorities are Aligned to Our Operational and Financial Strategy

Capital Structure	As of 4/1/17
Cash, Restricted Cash and ST Investments	$1,455M
Debt	$1,110M
Net Cash	$345M

- Strong liquidity position
- Net Cash position provides capital deployment flexibility
- Recent 2024 convert offering addresses upcoming August 2018 Put/Call for the 2033 convert and other opportunities

Net Cash + Cash Flow from Operations

1. **Maintenance and Run-Rate Investments**
   - OPEX
   - CAPEX
2. **Organic Investments in Initiatives**
   - Revenue Growth
   - Productivity
3. **Return Capital to Shareholders through Buy-backs**
4. **Mergers and Acquisitions**
5. **Discretionary Pension Funding**

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Company Strategy/Summary

Vision

Aim to be #1 or a strong #2 in all market segments where we compete

NSE Strategy

Market leadership in Network Enablement **(NE)** reinforced by highly focused Service Enablement **(SE)**

- Scale NE through share gain, consolidation, and expansion into adjacent markets
- Scaled down, highly focused investment in SE that is synergistic with and leverages our NE position
- "Go deep" corporate development model to drive operating leverage

OSP Strategy

Leverage proprietary Pigments and Optical Coating technologies to build market leadership in large, high value applications

- Defend and expand core anti-counterfeiting business
- Expand into high value existing and emerging AMI* applications
- Selectively target high volume consumer 3D sensing applications

** Automotive, Military & Industrial*

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Appendix



Non-GAAP Reconciliations

Non-GAAP Gross Profit	FY15	FY16	LTM 4/1/17
Non-GAAP Gross Profit	557	572	524
Stock-Based Compensation	(4)	(5)	(4)
Amortization of Intangibles	(32)	(17)	(15)
Other Charges related to Non-recurring activities	(1)	(0)	(2)
GAAP Gross Profit as reported	520	550	503

Non-GAAP Operating Income	FY15	FY16	LTM 4/1/17
NSE Segment operating income	(0)	13	8
OSP Segment operating income	68	103	100
Total Segment operating income	68	116	108
Stock-Based Compensation	(48)	(42)	(34)
Amortization of Intangibles	(51)	(32)	(30)
Impairment of goodwill	0	(91)	(91)
Other Charges related to Non-recurring activities	(18)	(24)	(20)
Restructuring and related charges	(27)	(11)	(29)
GAAP operating income as reported	(76)	(84)	(96)

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Non-GAAP Reconciliations (continued)

Adjusted EBITDA	FY15	FY16	LTM 4/1/17
Adjusted EBITDA from continuing operations	105	150	138
Costs related to restructuring and related charges	(27)	(11)	(29)
Costs related to stock-based compensation	(47)	(42)	(34)
Impairment of goodwill	0	(91)	(91)
Other charges unrelated to core operations	(18)	(24)	(20)
EBITDA from continuing operations	13	(18)	(36)
Depreciation	(38)	(34)	(31)
Amortization	(51)	(32)	(29)
Income Taxes	(26)	(5)	(6)
Gain on sale of investments	0	72	218
Interest and other income (expense), net	4	3	11
Interest expense	(33)	(36)	(38)
GAAP net loss from continuing operations	(131)	(50)	89

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Non-GAAP Reconciliations (continued)

Adjusted cash flow from operations	FY15*	FY16	LTM 4/1/17
Adjusted cash flow from operations	117	105	92
Spin and Restructuring related cash outflows	(35)	(52)	(28)
Cash flow from operations as reported	82	53	64

Adjusted Free cash flow	FY15*	FY16	LTM 4/1/17
Adjusted free cash flow	15	69	53
Spin and Restructuring related cash outflows	(35)	(52)	(28)
CAPEX	102	36	39
Cash flow from operations as reported	82	53	64

** FY 2015 includes the CCOP business which was later carved out as Lumentum. CCOP CAPEX was approximately $56 million for FY 2015. While Viavi did not separately calculate CCOP cash flow from operations, Lumentum's Annual Report on Form 10-K filed on September 2, 2016, reflected $9.3 million cash flows from operations based on a carve-out basis.*

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