

Target Details						Source Data	
Transaction ID	30861-2	Name	Oclaro	Target Type	Public	Acquirer Name	Lumentum Holdings, Inc.
Business Description	Provider of Optical Components and Modules for Long Haul, Metro, and Data Center Markets					Filing Date 8-K	
Location	San Jose, CA, United States		Target Region	Pacific		Filing Date 8-K/A	
Age	15	Structure	C Corporation	Employee Count	81	Other Filing Type	10Q
SIC	3357 - Drawing and Insulating of Nonferrous Wire		NAICS	335921 - Fiber Optic Cable Manufacturing		Other Filing Date	02/07/2019
						Acquirer CIK	0001633978
Transaction Data							
Sale Initiation		Sale Date	12/10/2018		Days To Sell		
Percentage Acquired	100.0%	Asking Price			Transaction Type		
MVIC Price	\$1,424,900,000	Debt Assumed	\$0		Amount Down		
							\$1,424,900,000
Income		Balance Sheet			Purchase Price Allocation		
Income Statement Type	Latest Full Year Income						
Tax Return/P&L	Yes		Date	09/29/2018		Date	12/10/2019
Restated Income	Date						
No	06/30/2018						
Net Sales	\$543,170,000	Cash and Equivalents	\$337,920,000	Cash and Equivalents	\$345,000,000		
COGS	\$340,266,000	Accounts Receivable	\$108,720,000	Accounts Receivable	\$68,000,000		
Gross Profit	\$202,904,000	Inventory	\$89,779,000	Inventory	\$153,200,000		
Rent		Other Current Assets		Other Current Assets	\$33,700,000		
Owner's Compensation		Total Current Assets	\$576,594,000	Total Current Assets	\$599,900,000		
Other Operating Expenses		Fixed Assets	\$131,721,000	Fixed Assets	\$128,600,000		
Depreciation and Amortization	\$30,180,000	Real Estate		Real Estate	\$0		
Total Operating Expenses	\$135,579,000	Total Intangibles	\$19,000	Identifiable Intangibles			
Operating Profit	\$67,325,000	Other Noncurrent Assets		- Customer Related	\$145,000,000	8 Years	
Interest Expense	\$0	Total Assets	\$727,040,000	- Backlog	\$22,000,000	1 Year	
Interest Income	\$912,000	Current Liabilities	\$106,132,000	- Developed Technology	\$182,000,000	4.4 Years	
Other Expenses	\$0	Long-Term Liabilities	\$16,037,000	- In-Process R&D	\$95,000,000		
Other Income	\$6,606,000	Total Liabilities	\$122,169,000	- Trade Names/Marks	\$0		
Earnings Before Taxes	\$74,843,000	Stockholder's Equity	\$604,871,000	- Non-Compete	\$0		
Tax Expense	\$12,390,000			- Other Intangibles	\$0		
Tax Benefit	\$0			Total Ident Intangibles	\$444,000,000		
Net Income	\$62,453,000			Goodwill	\$333,400,000		
				Total Intangibles	\$777,400,000		
				Other Noncurrent Assets	\$70,700,000		
				Total Assets	\$1,576,600,000		
				Interest-Bearing Liabilities			
				Total Liabilities	\$151,700,000		
Future, Current and Historical Earnings							
Net Sales FY+1		SDE FY+1		EBITDA FY+1			
Net Sales	\$543,170,000	SDE		EBITDA	\$97,505,000		
Net Sales FY-1	\$600,968,000	SDE FY-1		EBITDA FY-1	\$140,512,000		
Net Sales FY-2	\$407,914,000	SDE FY-2		EBITDA FY-2	\$32,597,000		
Net Sales FY-3	\$341,276,000			EBITDA FY-3	(\$26,848,000)		
Net Sales FY-4	\$390,871,000			EBITDA FY-4	(\$75,948,000)		

### Additional Transaction Information

#### Deal Terms

Consideration: Cash payment of \$964,800,000, common shares of Lumentum issued to Oclaro stock holders with a value of \$457,400,000, replacement of equity awards with a value of \$2,700,000, for total consideration of \$1,424,900,000

Was there a Note in the consideration paid?	Was there a personal guarantee on the Note?	Amount Seller Financed
Was there a Noncompete Agreement? <span style="float: right;">No</span>	Non-Compete Length (months)	Renewal Option
Was there an Employment Agreement? <span style="float: right;">No</span>	Employment Agreement Value	Lease Length (month)

#### Lease Terms

Future minimum lease commitments through 2022 total \$38,845,000. Future minimum lease commitments extending beyond 2022 total \$79,301,000.

#### Non-Compete Description

#### Employment/Consulting Agreement Description

#### Additional Notes

Oclaro is a developer and provider of optical components, modules, and subsystems used in a wide range of diverse markets including but not limited to, telecommunications, data communications, aerospace, consumer optics, and semiconductors.

Purchase Price Allocation: Cash and cash equivalents \$345,000,000, Accounts receivable, net \$68,000,000, Inventories \$153,200,000, Prepayments and other current assets \$33,700,000, Property, plant and equipment, net \$128,600,000, Acquired developed technologies \$182,000,000 (useful life of 4.4 years), Customer relationships \$145,000,000 (useful life of 8 years), In-process research and development \$95,000,000, Order backlog \$22,000,000 (useful life of 1 year), Deferred income tax asset \$54,100,000, Other non-current assets \$16,600,000, Goodwill \$333,400,000, Accounts payable (\$57,800,000), Accrued payroll and related expenses (\$11,400,000), Accrued expenses (\$8,300,000), Other current liabilities (\$8,100,000), Deferred tax liability (\$55,800,000), Other non-current liabilities (\$10,300,000), for a total purchase price of \$1,424,900,000.

Buyers Motivation: I'm excited to close the acquisition and now move forward with realizing the strong potential of the combined company. The combined scale, resources, talent, and breadth of technologies will help us accelerate innovation and the development of the products our customers and network operators around the world need to handle the tremendous and unrelenting growth in network bandwidth," said Alan Lowe, president and CEO of Lumentum. "I am excited to welcome the talented Oclaro employees to Lumentum and want to thank Oclaro's management team for their leadership in getting us to this point today."

Valuation Multiples	Profitability Ratios	SDE and EBITDA Profitability Ratios
MVIC/Sales 2.62x	Net Profit Margin 11.5%	SDE Margin FY+1
MVIC/Gross Profit 7.02x	Operating Profit Margin 12.4%	SDE Margin
MVIC/EBITDA 14.6x	Gross Profit Margin 37.4%	SDE Margin FY-1
MVIC/EBIT 21.2x	Return on Assets 8.6%	SDE Margin FY-2
MVIC/Discretionary Earnings	Return on Equity 10.3%	EBITDA Margin FY+1
MVIC/Book Value Invested Capital 2.3x		EBITDA Margin 17.9%
		EBITDA Margin FY-1 23.4%
		EBITDA Margin FY-2 8.0%
		EBITDA Margin FY-3 (7.9%)
		EBITDA Margin FY-4 (19.4%)
Leverage Ratios	Liquidity Ratios	Activity Ratios
Fixed Charge Coverage	Current Ratio 5.43	Total Asset Turnover 0.75
Long-Term Liabilities to Assets 2.21%	Quick Ratio 4.59	Fixed Asset Turnover 4.12
Long-Term Liabilities to Equity 2.65%		Inventory Turnover 6.05
Future and Historical Annual Growth Rates	Compound Annual Growth Rates	Real Estate Performance
Sales Growth FY+1	Net Sales 2Y CAGR 15.4%	EBITDAR \$106,405,000
Sales Growth (9.6%)	Net Sales 3Y CAGR 16.8%	Rent/EBITDAR 8.4%
Sales Growth FY-1 47.3%	Net Sales 4Y CAGR 8.6%	Rent/Sales 1.6%
Sales Growth FY-2 19.5%		Sales Per Square Foot
Sales Growth FY-3 (12.7%)		