II-VI to Acquire Finisar
Creates a Global Leader in Photonics and Compound Semiconductors

November 9, 2018
This communication contains “forward-looking statements” within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements often address expected future business and financial performance and financial condition, and often contain words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “see,” “will,” “would,” “target,” similar expressions, and variations or negatives of these words. Forward-looking statements are not guarantees of future results and are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed in any forward-looking statements. Important factors that may cause such a difference include: (i) the ability of II-VI Incorporated (“II-VI”) and Finisar Corporation (“Finisar”) to complete the proposed transaction on the anticipated terms and timing or at all, (ii) potential litigation relating to the proposed transaction, (iii) inherent risks and costs associated with the integration of the businesses and achievement of the anticipated synergies, (iv) potential disruptions from the proposed transaction that may harm the parties’ respective businesses, (v) the ability of the parties to retain and hire key personnel, (vi) adverse legal and regulatory developments or determinations that could delay or prevent completion of the proposed transaction, and (vii) the ability of II-VI to consummate financing related to the transaction. Additional risks are described under the heading “Risk Factors” in II-VI’s Annual Report on Form 10-K for the year ended June 30, 2018, filed with the U.S. Securities and Exchange Commission (the “SEC”) on August 28, 2018, and in Finisar’s Annual Report on Form 10-K for the year ended April 29, 2018, filed with the SEC on June 15, 2018. These risks, as well as other risks associated with the proposed transaction, will be more fully discussed in a joint proxy statement/prospectus that will be included in a registration statement on Form S-4 to be filed by II-VI with the SEC in connection with the proposed transaction. Neither II-VI nor Finisar assumes any obligation to publicly provide revisions or updates to any forward looking statements, whether as a result of new information, future developments or otherwise, should circumstances change, except as otherwise required by securities and other applicable laws.
A Transformative Combination

Pro Forma Revenue: $2.5B
Pro Forma EBITDA: $570M
Locations Worldwide: 70
End Markets:
- Communications, Automotive
- Consumer Electronics
- Materials Processing
- Semiconductor Equipment
- Military, Life Sciences

Addressable Market: $22B
Employees Worldwide: 24K+

Note: Pro forma Revenue and EBITDA represents LTM 09/30/2018 for II-VI and LTM 07/29/2018 for Finisar.
1. Represents LTM 09/30/2018 for II-VI plus LTM 07/29/2018 for Finisar and includes $150mm run-rate synergies for EBITDA. EBITDA excludes amortization of intangibles, the impact of SFAS 123(R) stock-based compensation expense and one-time charges.
2. 2022 estimated market size. Includes 3D Sensing, Power Devices for Automotive and Wireless RF size from Yole, Optical Communications from Lightcounting and Ovum, Industrial Processing, Military, Life Sciences from Strategies Unlimited.
Finisar at a Glance

#1 Optical Components Market Leader

Leading GaAs Platform for 3D Sensing and LiDAR

Broatest portfolio of optical modules

Differentiation via Vertical Integration

Engineering Innovation with ~2,000 Patents

DATACOM
- Enables data center and enterprise network connectivity
- Key products include transceivers for 25G, 100G and 400G

TELECOM
- Enables optimal transmission in access, metro and long-haul
- Key products include WSS, OCMs, and tunable/coherent modules

3D SENSING
- Enables 3D Sensing for consumer and automotive applications
- Key product: VCSEL arrays
Strategic Window of Opportunity **Now**

Right Technology + Right Team + Right Time

**Disruptive Megatrends**

- **3D Sensing**
- **Electric & Autonomous Vehicles**
- **Proliferation of Cloud Services**
- **Increased Data and Video Consumption**
- **Growth in Mobile & 5G Communications**

Combined broad base of talent, technology and manufacturing enhances our ability to hit market windows **today**

Note: Market size forecast from Lightcounting, Ovum and Yole.
II-VI and Finisar: History of Shared Culture and Values

Quality Culture is Foundational

Shared Value and Vision

- 30+ Years of Innovation with over 2,700 patents
- Commitment to Address Customer Needs from a Broad Product Portfolio
- Leaders in Engineered Materials & Optoelectronic Devices

Shared Model

- Selective & Strategic Acquisitions
- Successful Differentiation via Vertical Integration
- Sustained Market Leadership

The Perfect Match: History, Culture, Technology and Assets
Transaction Strategic Rationale

Creates One of the Largest Photonics and Compound Semiconductor Companies with $2.5B of Revenue

Combination Addresses Multiple Strong and Growing Markets

Complementary Expertise in Datacom & Telecom Strengthens Position in Optical Communications

Creates the Most Compelling 3D-Sensing and LiDAR platform with Faster Time to Market

A Leader in Engineered Materials and Compound Semiconductors

Expected to Achieve $150mm Run-Rate Cost Synergies within 36 months

One of the Largest Photonics & Compound Semiconductor Companies

Note: Dollars in millions. Lumentum pro forma for Oclaro. MKS pro forma for ESIO.
1. Represents LTM Revenue.
Irreversible Megatrends | Addressing Multiple Strong and Growing Markets

3D Sensing & LiDAR
- For 3D sensing in consumer electronics & LiDAR in automotive
- GaAs | InP

Optical Communications
- For terrestrial, submarine & wireless optical infrastructure and datacenters
- GaAs | InP | Si Photonics

RF Electronics in Wireless & Military
- For 4G remote radio heads, 5G beam forming antennas & RF military electronics
- GaAs | GaN/SiC | Diamond

Power Electronics For Green Energy
- For electric vehicles (EV/HEV), smart grid power switching, solar and wind energy
- SiC

2022 Market
- $2.9B for 3D sensing
- $12.1B for optical communications
- $1.1B for RF electronics
- $1.2B for power electronics

2018-22 CAGR
- 60%
- 13%
- 26%
- 27%

Source: 3D Sensing & LiDAR, Wireless RF and Power Electronics for Green Energy from Yole, Optical Communications from Lightcounting and Ovum.
Complementary Expertise in Telecom and Datacom

- Industry leader in Datacom transceivers for Hyperscale datacenters
- Fixed & tunable transceivers for access & wireless optical infrastructure
- Next-generation coherent transmission & submarine amplification
- ROADM for optical transport: WSS, optical amplifiers, optical monitoring
- Highly vertically integrated from engineered materials to subsystems

Product Portfolio Across Market Segments

- Submarine Passives
- Optical Amplifiers
- Submarine Amplifiers
- Optical Monitoring
- High Port Count WSS
- Low Port Count WSS
- Coherent Transmission
- Micro Pumps Micro Optics
- Tunable Transceivers
- Transceivers For Wireless
- Client Transceivers
- Datacom Transceivers
II-VI’s and Finisar's GaAs and InP Platforms

- Enhanced competency in 3D Sensing and LiDAR
- Optimization of R&D, Capital and Asset Utilization
  - Faster Time to Market
- Vertically integrated 6 inch GaAs compound semiconductor platform, one of the largest in the world
  - RF Devices and advanced optoelectronic integration

VCSEL Arrays 940nm DFB Lasers 3D Sensing Filters Wide Angle Mirror

VCSEL Arrays For 3D Sensing & LiDAR CAGR (’18-22): +60%
Source: Yole
RF Electronics for Wireless Infrastructure & Military

- II-VI’s GaAs & SiC on 6” platform + Finisar’s microelectronics design expertise = Access to larger & growing markets
- Collaboration with SEDI for GaN/SiC RF electronics
- For wireless & military: efficient, high power RF amplification with GaN/SiC HEMT
- Thin-film diamond on silicon for next generation high speed wireless electronics

A world leading supplier of SiC substrates

GaN/SiC for RF Electronics
Market CAGR (‘18-’22): 26%
Source: Yole
Power Electronics for Green Energy

- II-VI’s SiC on 6” platform + Finisar’s microelectronics design expertise = Access to larger & growing markets
- High efficiency voltage and power conversion = SiC MOSFETs for Green Energy

Applications
- Electric cars (EV/HEV)
- Solar & Wind Energy
- Smart Grid Power Switching

A world leading supplier of SiC substrates

SiC for High Power Electronics
Market CAGR (‘18-‘22): 27%
Source: Yole
A broad compound semiconductor technology platform encompassing GaAs, InP, SiC & GaN

One of the world’s largest 6-inch vertically integrated epitaxial growth and device fabrication manufacturing platforms

A global world-class team of experts and innovators in engineered materials, laser device design & fabrication infrastructure

Combined, the companies will offer highly differentiated products & manufacturing scale to serve fast growing markets
Significant Value Creation Potential from Synergies

### Cost of Goods Sold
- Supply chain management - Procurement
- Infeed - Internal supply of enabling materials and components

~$85 million

### Research & Development
- More efficient R&D with scale
- Complementary engineering and design teams

~$65 million

### General & Administration
- Consolidation of overlapping corporate costs
- Optimization of operating model

### Sales & Marketing
- Savings from scale

Total ~$150 million
### Transaction Overview

#### Transaction Consideration
- Approximately $3.2 billion of total equity value
  - Finisar shareholders to own approximately 31% of the combined company

#### Per Share Consideration
- $26.00 per share
  - $15.60 in cash and 0.2218 shares of II-VI common stock, valued at $10.40 per share based on the closing price of II-VI’s common stock of $46.88 on November 8, 2018

#### Sources of Financing
- $2.0 billion of new funded debt in the form of fully committed financing (in addition to unfunded revolver)
- $1.0 billion of combined balance sheet cash
- $1.4 billion of equity issued to Finisar shareholders

#### Approval Process
- Approval by II-VI and Finisar shareholders
- Regulatory approvals

#### Expected Timeline
- Middle of calendar year 2019, subject to customary closing conditions

#### Financial Highlights
- $150mm of expected annual cost synergies realized within 36 months of close
- Expected to drive accretion in Non-GAAP earnings-per-share for the first full year post close of approximately 10% and more than double that thereafter
## Transaction Financing

### $2.0 billion new funded debt, fully underwritten by BofA Merrill Lynch
- $450 million revolver unfunded at close

### Pro-forma Capitalization Statistics

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<th></th>
<th>($ in billion)</th>
<th>x LTM EBITDA (w/ synergies)¹</th>
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<tbody>
<tr>
<td>Gross Debt</td>
<td>$2.4</td>
<td>4.1x</td>
</tr>
<tr>
<td>Cash</td>
<td>$0.3</td>
<td>0.6x</td>
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<tr>
<td>Net Debt</td>
<td>$2.0</td>
<td>3.5x</td>
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### Deleveraging and Capital Allocation
- Taken together, company has EBITDA generation of $570mm¹
- Combined company has a strong deleveraging profile
- Ongoing ability to maximize strategic opportunities

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