

## LUMENTUM HOLDINGS INC [US] LITE

Lumentum Holdings Inc.(Lumentum) is a provider of optical and photonic products. The Company's products are used in a range of end markets, including data communications (Datacom) and telecommunications (Telecom) networking, industrial and commercial lasers for manufacturing inspection and life science applications.

**Company Facts**   [Web Site](#)

Ticker	Market Cap	Sector	Exchange	Currency	Indices
LITE	\$4.18 bn	Comms Equip	NASDAQ	US \$	NASDAQ

### Key Features

- Lumentum Holdings, formerly part of JDS Uniphase, is a California-based technology firm and was incorporated in 2015 and is headquartered in Milpitas, California.
- Its predecessor spun off its fibre-optic solutions as Lumentum Holdings in August 2015 and renamed itself as Viavi Solutions.
- Pan worldwide office locations based in countries including Developed and Emerging markets including in countries of US, Canada France, Switzerland, Italy, Slovenia, Thailand, Taiwan, Japan
- Lumentum provides two types of optical and photonic products: optical components that are used in telecommunications networking equipment, and commercial lasers for manufacturing, inspection and life-science lab uses.
- The firm is also expanding into new optical applications, such as 3-D sensing laser diode for consumer electronics.
- Lumentum competitive advantage includes specialists in product design for cloud networking, 3D Sensing, Advanced manufacturing. Optical communications, Commercial Lasers. It also provides [High-Performance Diode Lasers for 3D Sensing Applications](#)
- The Optical Communications segment offers components, modules, and subsystems that enable the transmission and transport of video, audio, and text data over high-capacity fibre optic cables
- The Commercial Lasers segment offers diode-pumped solid-state, diode, direct-diode, fibre, and gas lasers. This segment serves customers in markets and applications, such as sheet metal processing, general manufacturing, biotechnology, graphics and imaging, and remote sensing. Its lasers products are used in various original equipment manufacturer applications.
- Year on year share performance increase 27.2%. (28 August 2017 \$56.60 28 August 2018 \$68.2)

### Recent News

- [Presentations Q4-2018-Lumentum-Holdings-Inc-Earnings-Conference-Call.pdf](#)
- Lumentum's annual revenue grows 25% to record \$1.25bn, yielding record profit: [click here for article](#)
- Lumentum TrueFlex Nano 1x9 WSS wins 2018 Lightwave Innovation Reviews **award**

## Financial Performance

- [Fourth-Quarter-And-Full-Year-2018-Results](#)
- Achieved record Net revenue of \$1.25 billion, up 25% relative to the prior year, and record profitability for fiscal year 2018
- Fiscal Fourth Quarter Highlights:
  - – Net revenue of \$301.1 million
  - – GAAP Operating margin of 6.9%; Non-GAAP Operating margin of 17.8%
  - – GAAP diluted Net income per common share of \$0.40; Non-GAAP diluted Net income per share of \$0.95

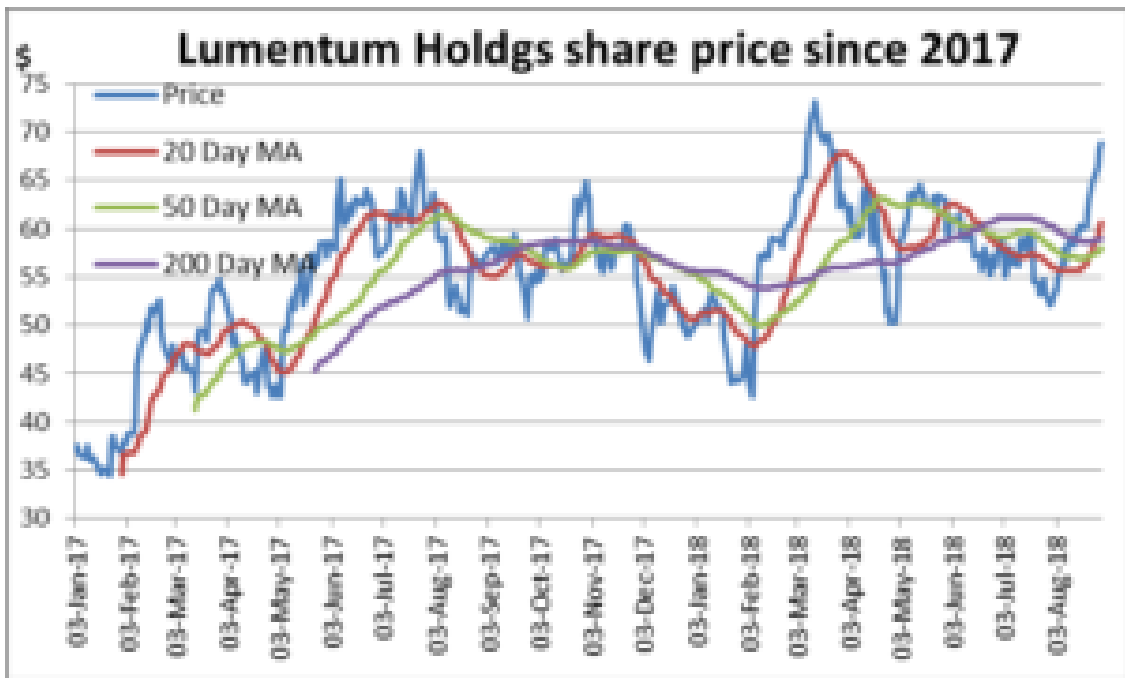
## Key Statistics

- [Analyst Estimates](#)
- [Consensus Recommendations](#)

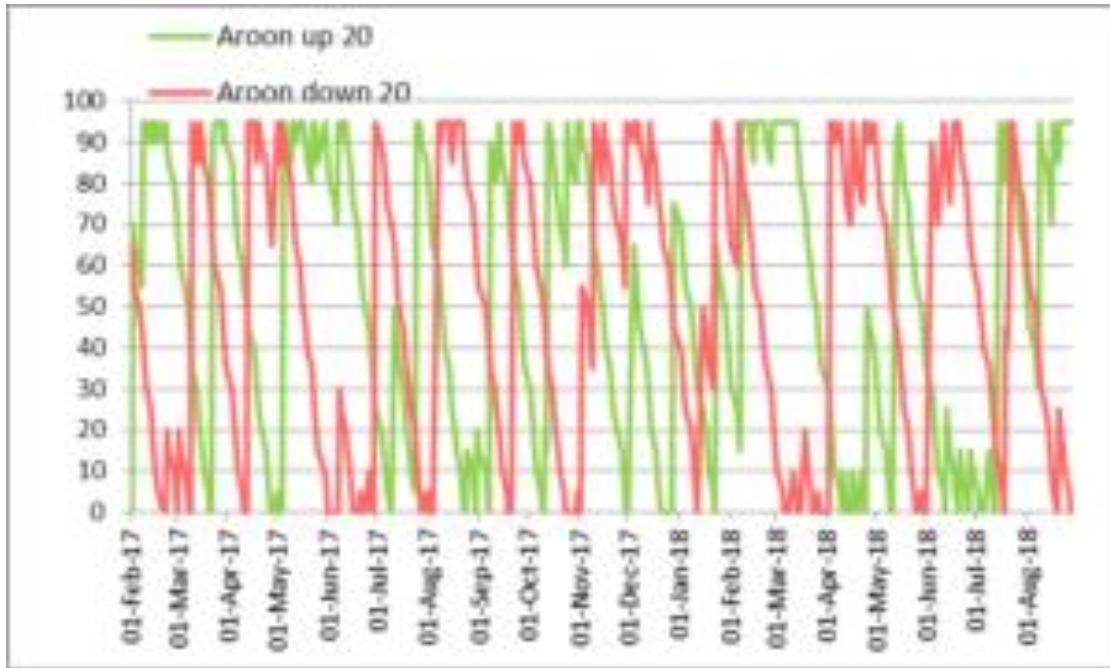
<a href="#">LITE financials</a>	30/06/2017 \$000	30/06/2018 \$000	Change %
Total Revenue	1,001,600	1,247,700	24.57
Gross Profit	324,600	472,500	45.56
Net Tangible Assets	597,300	907,800	51.98
Total Assets	1,232,900	1,581,500	28.27
Long Term Debt	317,500	334,200	5.26
Current Ratio (Times)	5.05	5.27	4.29
Piotroski F Score – indicating very healthy situation	7	7	–

## TECHNICAL ANALYSIS – Technical Diagnosis –

**Share Performance** since 2017 Lumentum Holdings has seen its share prices gyrate between highs and lows in upward and downward slopping channels. Moving Averages do not favour range bound performance shares as price oscillations around moving averages is not normally considered a good panacea for choice in share predictor performance. That being said, Lumentum has shown that despite moving averages as a lagging indicator, price action above and below moving averages still perform a useful means for analysis. The first six months of 2017 saw price action above the averages. The last six months of 2017 saw price action below their moving averages. The first quarter of 2018 saw price action ascend to \$70+ a share and then follow a downward direction until august where share price has once again seen momentum in evidence, with price above their moving averages. Since March to early August a bull flag seemed to be in evidence. With the 20, 50, and 200 Day moving averages on the turn, price momentum seem to be in evidence. In Mid-August the share price has just passed a previous high of July 2017. If further momentum can be sustained then the probability to an upside break up is a possibility with an extension to the latest high target of \$75 a share, exceeding the last previous high. Alternatively, the share price has been a gyrator, so price trend could again revert to its previous norm and retrace as it has done in the past. The recent spike in price action in August suggests that resistance levels are being tested and if surpassed could see the long trend continue in its upward slopping as evidenced through the long term upward channel

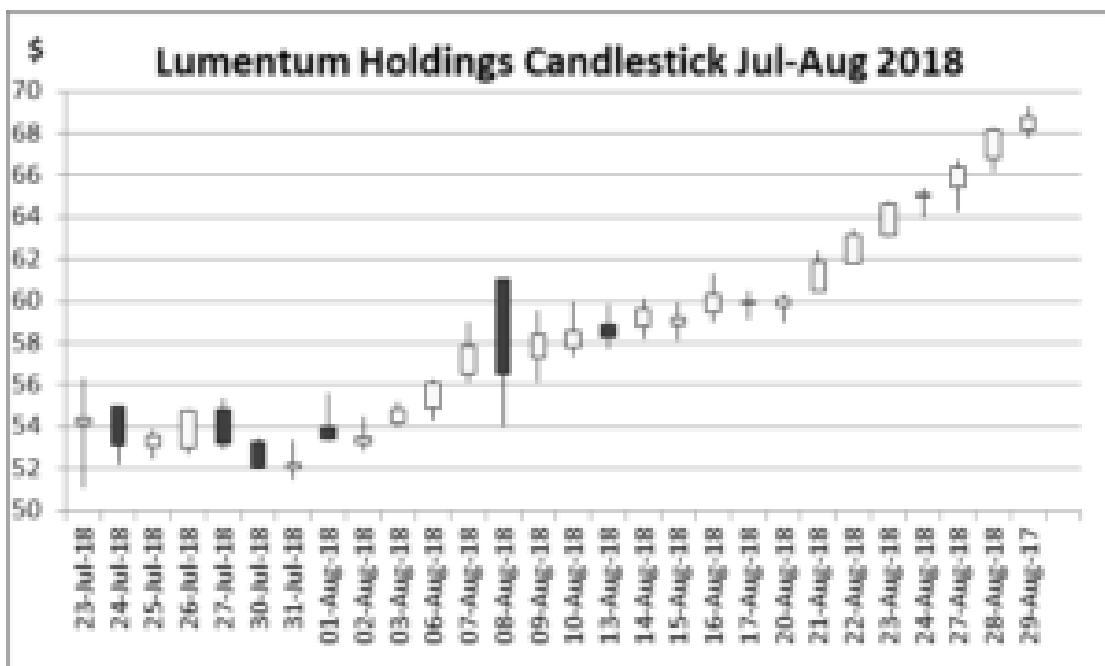


**Aroon Performance** – For purpose of clarification, a 20 period Aroon is calculated for Lumentum, the rationale, it being consistent with R. Donchian’s four week channel breakout methodology period. As an excellent confirmatory tool of price action, aroon performance provides guidance on early price direction based on previous periods highs and lows. Consistent with the volatility and price trend gyration of Lumentum holdings, the Aroon has pared and reflected well with price action. The first quarter of 2018 saw price action ascend to \$70+ a share and then follow a downward direction until august when share price has once again now seen momentum in evidence as price rises above their moving averages. This pattern is reflected in the aroon performance. When Aroon UP(Green) and Down(Red) are at the opposite extremes, price action normally follows per se. When Aroon UP is 100 and Aroon down is 0 (zero), price heads northwards. And vice versa. The recent spike in price action is reflected in the aroon up (green) hitting close to its maximum 100. Continued adherence for aroon up to be close to its maximum will indicate that the trend will continue. Any significant change where aroon up closes below 50 and aroon down closes above 50 would indicate a change of trend and therefore price action..



**Candlestick Performance**

A significant bearish candlestick appeared on the 8 August 2018. From the 9 August to 20 August bullish candlesticks traded within the previous bearish candlestick range in a consolidation. On the 21 August a further bullish candlestick saw a break out from a resistance level set by the previous bearish candlestick of the 8 August. In the last month there has been a majority of bullish sentiment. Candlestick performance since the 20 August has seen the price increase from \$60 to \$68.80 a share, a 13% increase. Although a rising trend cannot be guaranteed, recent candlesticks have shown that closing highs have been consistent with closing prices with slim upper shadows. This implies that bullish sentiment has been in evidence and continued momentum may continue in the short term unless sentiment takes another course of action.



**Trading Action**—Lumentum Holdings focus on specialist products is well suited for the growth in innovation for lasers and cloud computing. This has been reflected in encouraging fourth quarter earnings reports. Lumentum recent share price growth has seemed to caught the imagination of market participants and consensus trade fraternity. I have been able to benefit from recent price momentum acquiring shares in the low \$61. Market consensus suggests that there is more to come, but one must be conscious of the fact that in the past this share has shown patterns of gyration where share price direction may retrace at some point. I decided to buy 171 Shares @ \$61.85 on 21 August. First Share Reviewed on 29 August 2018 at \$68.80. Post script – 12 November 2018. One of Apple’s suppliers – a laser sensor maker Lumentum – has said a large unnamed customer had materially cut orders. Lumentum’s shares have dropped more than 30% on 12 November 2018. May 2018 Share price performance has been affected by the US revised policy on tariff and security issues for suppliers to chinese companies connected to US companies Current Price 20 May 2019 \$44.42.