

Lumentum Holdings Inc. (LITE)

NASDAQ: LITE | Optical components and modules | Fiscal year ends late June | Equity research update | 12 October 2026

Last close (9 October 2026)	\$1,103.36	Recommendation	WATCHLIST (unchanged), from fundamentals
Previous report (25 Sep)	\$929.04, Watchlist	Investment score	69.6 / 100 (prior 69.2, restated)
Move since then	+18.8%	Weighted fair value	\$986.04; -10.6%
P/E, FY27E / FY28E	50.7x / 27.8x	Price of interest	\$860-\$895 (watch \$895)
Market value	\$99.9bn	Technical read (chart only)	Conflicts: uptrend
Average analyst target	\$1,177	Next results	Fiscal Q1 2027: 5 Nov after the close

Sold Out to 2029, Priced Beyond It

Lumentum closed at \$1,103.36 on 9 October 2026, a record close and 18.8% above the \$929.04 the previous report was written against. It has run through every level that report set: the \$755 to \$825 upgrade zone was never revisited, and the \$1,026.76 and \$1,085.68 highs that sat overhead were both cleared, with an intraday high of \$1,143.00 on 9 October. The shares are up 199% on the 2025 year-end close.

The development that matters is a statement from chief executive Michael Hurlston in a television interview in Tokyo on 9 October: Lumentum's optoelectronic components are effectively sold out through early 2029. As reported, the company cannot meet about 70% of demand for some products through 2027 and about 30% for others through 2028, customers are already placing orders for 2030, and new laser capacity takes about three years to reach customers. It is new in degree rather than in kind. In April the same executive said 2028 would sell out within two quarters and that sold out meant non-cancellable agreements; the previous report described supply short of demand through 2027 and into 2028. What moved is the horizon, by roughly a year, and the size of the shortfall.

It is a High item because it concerns the laser franchise at the core of the business, and the report rebuilds the scenarios around it. It does not raise fiscal 2028 earnings, because output, not demand, caps revenue. It lengthens the period over which pricing holds and lowers the odds of a demand break before new capacity arrives. On this report's inputs that lifts the weighted fair value from \$920.03 to \$986.04. The price rose about two and a half times as far in dollar terms, so the stock now trades 10.6% above the raised value, at 50.7 times fiscal 2027 and 27.8 times fiscal 2028 consensus.

Verdict: Watchlist, unchanged, from fundamentals. Technical read (chart only): Conflicts. The stock is in an uptrend well above a rising 50-day average, so the chart is firmer than the rating; watch closely without changing it. A pullback that holds the 50-day near \$920.34 would bring the price toward the zone where the name becomes interesting, **\$860 to \$895**, raised from \$755 to \$825 because of the sold-out item. The fiscal first-quarter results on 5 November are the next hard test.

1. Do the published levels still hold?

Level from the 25 September report	Then	Now	Status
Reference price	\$929.04	\$1,103.36	+18.8%; record close on 9 Oct
Upgrade zone \$755-\$825	34.8-38.1x FY27E; below the 50-day (\$854.36) and 100-day (\$867.18)	50-day \$920.34; 100-day \$875.00	Not reached; the price ran away from it. Both averages have risen past the old zone. Reset to \$860-\$895 on the item-inclusive base case.
Overhead references	\$1,026.76 / \$1,085.68	Both cleared	New reference is the \$1,143.00 intraday high of 9 Oct
Weighted fair value	\$920.03	\$986.04	Raised on the sold-out item; price now above it

Level from the 25 September report	Then	Now	Status
Deep-value reference	\$600-\$660	\$596-\$675	15-17x FY28E; late-July low of \$594.84 unchanged
Thesis-break reference	Weekly close below ~\$590	Weekly close below ~\$590	Unchanged; the 200-day has risen to \$764.19
Results date	Early November (expected)	5 November, after the close	Announced by the company on 5 Oct

Averages recomputed in code on the same daily series as the technical read. Multiples against consensus as of 7-12 Oct 2026.

2. Company developments

The company has filed no results or guidance change since 11 August. Its own news in the period was the results-date announcement, a joint demonstration at the OCP Global Summit and the annual proxy statement. The material item came from management in an interview.

Development	Status and date	What is known	What is forecast (and by whom)	Impact
Capacity sold out through early 2029	CEO interview, Tokyo, 9 Oct	CEO: optoelectronic parts effectively sold out through early 2029. Reported: about 70% of demand unmet for some products through 2027, about 30% for others through 2028; customers placing 2030 orders. In April the CEO said sold out meant non-cancellable agreements.	Management: relief from new capacity not before 2029-2030; new laser capacity takes about three years to reach customers.	High
Japan capacity investment	Reported 9 Oct	Reported: at least \$350m planned for Sagamihara and a neighbouring site, \$75m deployed; a Japanese facility under consideration; Caswell (UK) expanded. In April the figure was at least \$100m, possibly \$250m.	Management: no new capacity dates given beyond the three-wave plan (San Jose, UK, Greensboro mid-2028).	Medium
Fiscal 2028 earnings power of ~\$40	Stated 27 Aug; not withdrawn	CEO figure tied to optical circuit switch orders at the largest customer; consensus FY28 EPS \$39.70.	Management: OCS revenue above \$100m in the September quarter; tested on 5 Nov.	High
US action on Chinese transceivers	Still not proposed	A drafting report from August remains the only basis; no formal proposal. The CEO said the US must balance security against supply disruption.	None.	Medium
Fiscal Q1 2027 results date	Announced 5 Oct	Results on 5 Nov after the close; call at 5pm ET.	Company guide: revenue \$1.225-\$1.275bn, non-GAAP EPS \$4.05-\$4.35.	Low
PCIe-over-optics demonstration	Announced 12 Oct; OCP Summit 12-15 Oct	With Astera Labs and Corning: 1060nm VCSEL links at 32 Gb/s NRZ per channel, error-free PCIe-5.	Proof of concept; no availability or customer named.	Low

Company releases of 5 and 12 Oct 2026; CEO remarks from the Bloomberg Television interview of 9 Oct 2026 and its press coverage; April remarks as reported on 10 Apr 2026. Earlier rows carried from the previous report and checked for status.

2a. Sold out through early 2029

What is known. On 9 October Mr Hurlston said Lumentum's optoelectronic components are effectively sold out through early 2029, and called the company completely sold out. Reported details from the same interview: roughly 70% of demand for some products cannot be met through next year, roughly 30% for certain others through 2028, customers are already securing 2030 volumes, and the company is far behind on high-power lasers. There was no release, filing or disclosed contract. No prices, prepayments or long-term agreement terms were given. The one formal multi-year commitment on record is NVIDIA's purchase commitment of March 2026, which accompanied its \$2 billion investment and anchors the Greensboro site.

Why it matters here. Laser chips and the modules built on them are most of Lumentum's revenue, and they carry the margin story: 200G EMLs at about twice the 100G price and CW lasers priced like EMLs. Fiscal 2026 revenue was \$3.01 billion; consensus expects about \$6.3 billion in fiscal 2027. A business whose output is spoken for into calendar 2029 has less volume risk in fiscal 2028, the year the \$40 figure refers to, and more room to allocate supply on price.

What success and failure look like. Success is sequential revenue growth that tracks capacity additions, gross margin holding at or above 50% as mix moves up, and a December-quarter guide on 5 November that extends growth. Failure is orders that prove less firm than sold out implies: pushouts at the largest customer, a margin dip as new capacity comes on, or a slowdown in AI data-centre spending. The first hard data arrive on 5 November.

Economics and precedent. Revenue is capped by wafer output, so the item works through price and duration rather than volume. Capacity spending rises with it: the Japan plan is reported at \$350 million or more, against \$100 million to \$250 million in April. The precedent cuts the other way: every earlier optical capacity cycle ended in price erosion once supply caught up, and sold-out statements tend to be loudest near peaks. The difference this time is a three-year lead time on new laser capacity, which management cites as the reason relief is not expected before 2029-2030. Coherent, which tripled its indium phosphide capacity in the year to August 2025, remains the competitor most likely to ease the shortage.

Input (our sizing)	Value	Basis
FY27 / FY28 EPS	\$21.78 / \$39.70	Consensus; management FY28 ~\$40
Shares outstanding	90.58m	October 2026
Base FY28 multiple	24x (was 22.5x)	Our assumption: one more year of booked output behind the FY28 figure
Bull multiple / EPS	28x (was 27x) / \$46.00	Our assumption: pricing holds into FY29
Bear probability	15% (was 20%)	Our assumption: a demand break before early 2029 is less likely
Weighted fair value, without / with item	\$920.03 / \$986.04	Item worth about \$66 a share

All multiples, probabilities and the with/without values are this report's calculations, computed in code.

Sized outcomes (our calculation). The base fiscal 2028 EPS does not change, because the constraint is output. The item changes the multiple and the probabilities: with it, the weighted fair value is \$986.04; without it, on the previous report's inputs, \$920.03. Because the multiple and probability changes rest on management's word in an interview rather than on disclosed contracts, the item is presented as a range of \$920 to \$986, not a point. If the item failed, the earnings effect alone at today's 27.8 times fiscal 2028 would take about \$325 off the price; repricing to 18 times on top gives the \$504 bear value, 54% below the price.

What the price already assumes. The shares rose \$174.32 since 24 September. The interview session added 5.2%, on a day other optical names also rose, after a 5.6% fall on 8 October when chip shares sold off. The largest single gain, 7.7% on 1 October, came before the interview with no company announcement. The item can explain part of the move, not all of it. At 27.8 times fiscal 2028 consensus the price assumes the \$40 figure is met and that a premium multiple survives the arrival of new capacity in 2028.

Still unknown. Whether the bookings carry price escalators, prepayments or take-or-pay terms; how much of the 2028 volume sits with one customer; and what the reported Japan spending does to free cash flow. The 5 November call is the first place management can be asked.

3. Growth drivers

Driver	Status and date	Fact / forecast	Likelihood	Impact
High-power and 200G lasers	Shipping; sold out through early 2029 (CEO, 9 Oct)	Fact: 200G over 25% of EML output at ~2x 100G price. Forecast (management): shortfall persists through 2028.	High	High
Optical circuit switches	Shipping; tested 5 Nov	Forecast (management): above \$100m revenue in the September quarter.	High	High

Driver	Status and date	Fact / forecast	Likelihood	Impact
1.6T modules	Shipping	Fact: over \$200m quarterly revenue (management, 27 Aug).	Medium	Medium
External lasers for CPO/NPO	Availability 1H CY2027	Forecast (company): ELSFP initial availability first half 2027; no customer named.	Medium	Medium
New capacity: Japan, UK, Greensboro	Building; Greensboro mid-2028	Reported: at least \$350m for Japan. Forecast (company): Greensboro ramp mid-2028.	Medium	High

Company releases and management remarks, 27 Aug to 12 Oct 2026. Likelihood and impact are this report's assessments.

4. Financial position

The last reported quarter, to 27 June 2026, brought revenue of \$1.006 billion, more than double a year earlier, a non-GAAP gross margin of 50.4%, a non-GAAP operating margin of 36.6% and non-GAAP EPS of \$3.23. Fiscal 2026 revenue was \$3.01 billion and non-GAAP EPS \$8.67. GAAP results show a large net loss even though the GAAP operating margin was 27.8% in the quarter, so the loss sits below the operating line; this report values the business on non-GAAP earnings. Guidance for the September quarter is \$1.225 to \$1.275 billion of revenue, a non-GAAP operating margin of 39.5% to 40.5% and EPS of \$4.05 to \$4.35. Cash and short-term investments were \$2.74 billion against \$1.67 billion of debt. Trailing operating cash flow was \$751 million and capital spending \$451 million, leaving free cash flow of \$300 million, a 0.30% yield at today's price. Sold-out capacity does not help that number until the spending peaks.

5. Valuation

Measure	Value	Comment
Market capitalisation	\$99.9bn	90.58m shares at \$1,103.36
Enterprise value	\$98.9bn	Net cash \$1.07bn
P/E, FY27E consensus \$21.78	50.7x	Was 42.9x; range 43.7x (high est.) to 57.9x (low est.)
P/E, FY28E consensus \$39.70	27.8x	Was 23.4x; management's ~\$40 gives 27.6x
EV / FY27E revenue \$6.3bn	15.7x	Was 13.0x
Trailing FCF yield	0.30%	FCF \$300m after \$451m capex
Average / median target	\$1,177 / \$1,200	+6.7% / +8.8% to price; range \$820-\$1,500, 26 analysts

Consensus, targets and balance-sheet statistics from StockAnalysis.com and Yahoo Finance, 7-12 Oct 2026; ratios recomputed against the price of record.

The multiple has expanded faster than the estimates. Fiscal 2027 consensus moved from \$21.67 to \$21.78 in a fortnight while the price rose 18.8%, taking the forward multiple from 42.9 to 50.7 times. On fiscal 2028 the stock is 27.8 times, above the 24 times this report now uses for its base case even after lifting it for the sold-out item. The price is reasonable only if the \$40 figure is met and the market keeps paying a premium for it once new capacity arrives. The average analyst target is now only 6.7% above the price.

Macro drivers. Two variables matter. The first is the long-term discount rate, which sets what the market pays for earnings dated 2028. The Federal Reserve raised its range to 3.75%-4.00% on 16 September, and its minutes say most participants see another increase as likely by year end. The 30-year yield reached its highest since 2002 on 7 October; strong 10- and 30-year auctions then pulled the ten-year back to 5.22% on 8 October, from 5.28%. September payrolls rose only 29,000, unemployment reached 4.2% and core PCE ran at 3.0% in August, so the path is contested in both directions. The second is the AI data-centre build, which funds Lumentum's orders from hyperscaler cash flow rather than borrowing and is capped by wafer output rather than customer budgets. That demand is not rate-sensitive in the near term, but sentiment about it is: chip shares sold off on 8 October on a report questioning a leading AI developer's revenue run rate. Macro works on the multiple here, not on the earnings.

6. Competitors and industry

Company	Position against Lumentum	Recent programme
Coherent	Closest US peer in InP lasers, transceivers and OCS	Showed an ultra-high-power CW laser at ECOC (20 Sep); management expects a competitive high-power laser in 2H 2027. No new capacity announcement in the period.
Broadcom	The other scaled EML supplier	No change identified in the period
Chinese module makers	Volume leaders in transceivers; buy lasers from merchants	CEO reports no impact yet from Chinese InP fabs; US action still not proposed
Applied Optoelectronics	Smaller US module and laser maker	Rose with the group on 9 Oct

Company releases and conference remarks, Aug-Oct 2026.

7. Risks

Risk	Probability	Severity	Assessment
Valuation de-rating	Moderate	High	27.8x an earnings figure two fiscal years away; a stumble compresses earnings and multiple together.
Discount-rate shock	Moderate	High	Ten-year at 5.22% with another Fed increase seen as likely by year end.
Sold out proves soft	Low near term	High	No contract terms disclosed; pushouts would show first in the December-quarter guide.
Execution on the \$40 figure	Moderate	High	A public multi-year benchmark; first tested on 5 November.
Customer concentration	Moderate	High	OCS orders and the NVIDIA commitment concentrate exposure.
Capacity catching up	Low near term	High	New supply from 2028 and Coherent's high-power laser in 2H 2027 could end the pricing behind the mix gains.
Free cash conversion	High	Moderate	0.30% FCF yield; Japan spending reported at \$350m or more.
Sector swings	High	Moderate	-5.6% on 8 Oct and +5.2% on 9 Oct; ATR 6.1% of price.
Dilution	Moderate	Moderate	Shares outstanding 90.58m, up from 89.70m in September.

Probability and severity are this report's assessments.

8. Sentiment and positioning

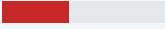
Measure	Reading	Interpretation
Consensus rating	Buy, 26 analysts	Broad support
Average / median target	\$1,177 / \$1,200; range \$820-\$1,500	Average up from \$1,149; now 6.7% above the price
Recent actions	Citi Buy, \$1,400 (29 Sep); Bernstein initiated Outperform, \$1,220 (30 Sep); Stifel Buy, \$1,100 to \$1,232 (5 Oct); Rosenblatt Buy, \$1,300 (5 Oct)	Targets rising, but the price has caught most of them
Insider activity	Forms 4 from the chief financial officer (2 Oct) and another officer (26 and 30 Sep); Rule 144 notices on 25, 28 and 29 Sep and 1 Oct	Continued routine selling; no purchases
Short interest	7.45m shares, 8.3% of float	Up from 6.51m the prior month
Reported holdings (active managers)	Cautionary, moderate confidence	See below

Ratings, targets and short interest as of 7-12 Oct 2026; insider data from SEC Form 4 and Rule 144 filings.

Reported holdings by active managers read **Cautionary**, with moderate confidence, as of 30 June 2026, filings through 19 August 2026. Active managers made a net reduction equal to about 14.7% of reported shares over four quarters and 17.0% year on year, the largest in the covered set, with one large holder accounting for over half of it. Two strong quarters of buying gave way to three of selling and a flat latest quarter (+0.04%), with 28 managers adding and 33 cutting. Based on

reported holdings filed by the cutoff. Late filers are not included, and passive, strategic and mixed holders are left out of the flow measure. The positioning predates the August results and the September and October moves, and it is not a scored input.

9. Investment scorecard

Criterion	Score	Weight	Basis
Business Quality		8/10 16%	Unchanged. Scarce indium phosphide laser capacity, now described as booked through early 2029; non-GAAP gross margin 50.4% in the June quarter.
Financial Strength		7/10 16%	Unchanged. Net cash \$1.07bn, but trailing free cash flow of \$300m is a 0.30% yield while capacity spending rises, including at least \$350m reported for Japan.
Competitive Advantage		8/10 16%	Unchanged. Management reports no impact yet from Chinese indium phosphide fabs; the US transceiver action is still not a formal proposal.
Management		8/10 10%	Unchanged. The ~\$40 fiscal 2028 figure stands; the first test is the 5 November results.
Growth Potential		9/10 16%	Unchanged and already high. Booked capacity into fiscal 2029 supports it; output, not demand, sets the ceiling.
Valuation		4/10 16%	Lowered from 5. 50.7x fiscal 2027 and 27.8x fiscal 2028 consensus; the price sits above the raised weighted fair value.
Risk (10 = lowest risk)		4/10 10%	Unchanged. Demand risk eased with booked capacity, offset by a higher multiple to defend and a ten-year yield above 5.2%.

Overall Investment Score: 69.6 / 100 (previous 69.2, restated)

Scored 1-10, where 10 is always best, including Risk. Weighted sum computed in code with default weights summing to 100. The prior score is restated without the Technical Setup factor for comparability.

Only Valuation moved, from 5 to 4, because the price rose faster than both the estimates and the item-inclusive fair value. The composite still reads above the restated 69.2 because that figure carries the previous report's weights; at today's weights the previous scores would total 71.2, so the like-for-like change is a fall of 1.6 points. The sold-out item moved no factor score: Growth Potential was already 9, and the demand risk it removes is offset in the Risk score by a richer multiple. Risk at 4 out of 10 means elevated risk, and the Risks section describes a richly valued, concentrated and rate-sensitive stock; the two agree.

10. Recommendation

Watchlist, reaffirmed from 25 September, from fundamentals. The rating is the same, the grounds have shifted. A fortnight ago the case was that the \$40 figure was already in the price. Now the business case is stronger, with output booked into calendar 2029, and the price has moved further still: the weighted fair value rose by about \$66 and the share price by \$174.

Tested with and without the sold-out item: without it, the weighted value would be \$920.03 and the zone of interest would stay near \$758 to \$830; with it, \$986.04 and \$860 to \$895. The item moves the levels, not the verdict, because at \$1,103.36 the stock is above the fair value in either case.

Item	Level	Basis
Becomes interesting	\$860-\$895	21.7-22.5x FY28E (\$861-\$893) and 39.5-41x FY27E (\$860-\$893); 6-10% below the \$952.80 base case; around the 100-day (\$875.00), below the 50-day (\$920.34)
Deep-value reference	\$596-\$675	15-17x FY28E and the late-July low of \$594.84; would take a broad AI-hardware de-rating
Thesis-break reference	Weekly close below ~\$590	Loses the post-July base; the market would be pricing a cycle turn

Item	Level	Basis
Overhead reference	\$1,143.00	Intraday high, 9 Oct
Position size if entered	2-4% of portfolio	ATR 6.1% of price and a beta of 1.54; allow for a gap on results night
Holding horizon	1 to 2 years	Long enough to see the capacity waves arrive

No cut-loss or take-profit is published for a non-Buy rating. Levels are this report's calculations. The zone applies before or after 5 November, provided the results do not cut the fiscal 2028 figure; a cut would void it.

11. What would change the view

Condition	Direction	Consequence
A pullback into \$860-\$895 that holds, with the fiscal 2028 figure intact	Toward Buy	Restores a margin to the item-inclusive base case
5 Nov results beat the \$1.225-\$1.275bn guide, extend growth in the December-quarter guide and restate ~\$40 for fiscal 2028	Toward Buy	Turns the sold-out statement into reported numbers
Disclosure of price escalators, prepayments or take-or-pay terms behind the bookings	Toward Buy	Converts management's word into contracted visibility
Free cash flow conversion improving as capacity spending peaks	Toward Buy	The one change that would justify today's multiple on its own
The fiscal 2028 figure cut, an OCS pushout at the largest customer, or non-GAAP gross margin below 45%	Toward Avoid	The sold-out case would be undercut by the reported numbers
A major hyperscaler qualifies a second high-power laser source ahead of 2H 2027	Toward Avoid	Ends the pricing behind the mix gains early
A further sustained rise in long-term yields alongside firm core inflation	Toward Avoid	Compresses long-duration hardware multiples whatever Lumentum reports

Macro rows are directional. Price levels come from the report's own valuation.

12. Technical read

Chart as of the 9 October 2026 close.

Verdict: Watchlist, from fundamentals. **Technical read (chart only): Conflicts.** The stock is in an uptrend: it sits 19.9% above a rising 50-day average and has not closed below the 200-day in the last ten sessions. The chart is running ahead of the fundamental case, so watch closely without changing the rating. A pullback that holds the 50-day near \$920.34 would be the first step toward the zone of interest; a close below the 20-session low of \$832.11 would break the structure of the advance. RSI at 63 is not stretched and the MACD is above its signal. The Technical read looks only at the price chart. It does not change the verdict or the Investment Score and only guides timing.

Indicator	Value	Reading
Price of record (9 October 2026)	\$1,103.36	+18.8% since the previous report
SMA 20 / EMA 20	\$980.56 / \$1,007.69	Price +12.5% and +9.5%
SMA 50 / EMA 50	\$920.34 / \$938.07	Price +19.9% and +17.6%; 50-day rising
SMA 100 / EMA 100	\$875.00 / \$875.74	Price +26.1% and +26.0%
SMA 200 / EMA 200	\$764.19 / \$718.52	Price +44.4% and +53.6%
RSI (14)	62.6	Neutral; 53.2 at the previous report
MACD (12,26,9)	54.91, signal 43.48, hist. +11.44	Above its signal line
ATR (14)	\$67.00, 6.1% of price	Down from 6.7%; still a wide daily range
Volume, 20-day vs 50-day	4.8m vs 4.7m	Participation slightly higher
Support / resistance	\$920.34, \$832.11, \$764.19 / \$1,143.00	50-day, 20-session low, 200-day / 9 Oct intraday high
52-week range	\$147.81 - \$1,143.00	Close 3.5% below the high

Computed in code from a 300-session Twelve Data daily series ending 9 October 2026, all averages from that one series; distances against the price of record. Chart state classified by fixed rules.

The averages the last report used have all moved up. The 50-day rose from \$854.36 to \$920.34, the 100-day from \$867.18 to \$875.00 and the 200-day from \$726.23 to \$764.19.

13. Scenario analysis

Case	Prob.	Outlook and item outcome	FY28 EPS	Multiple	Fair value
Bull	30%	Fiscal 2028 figure exceeded: OCS pulls forward, 200G and CW mix and new capacity arrive on time, and scarcity pricing holds into fiscal 2029. FY28E revenue ~\$10.8bn. Sold-out item: success.	\$46.00	28x	\$1,288
Base	55%	Consensus fiscal 2028 met, in line with ~\$40; output booked into calendar 2029 supports a slightly higher multiple. FY28E revenue ~\$9.6bn. Sold-out item: base.	\$39.70	24x	\$952.80
Bear	15%	Bookings prove soft or AI spending slows; a largest-customer OCS pushout; fiscal 2028 lands about 30% short and the multiple resets. FY28E revenue ~\$7.5bn. Sold-out item: failure.	\$28.00	18x	\$504
Weighted	100%	Probability-weighted			\$986.04

Weighted fair value computed in code: $0.30 \times \$1,288 + 0.55 \times \$952.80 + 0.15 \times \$504 = \$986.04$, -10.6% against the price. Bull and bear earnings, all multiples and the revenue figures are this report's assumptions; base EPS is consensus.

Against the previous report, the bull multiple rises from 27 to 28 times, the base from 22.5 to 24 times and the bear probability falls from 20% to 15%, all because of the sold-out item. The earnings in each case are unchanged. The weighted value rises from \$920.03 to \$986.04. The probabilities move only modestly, because the evidence is a management statement rather than disclosed contracts.

14. Final verdict

Would new money go into Lumentum at \$1,103.36? No. The business is in a stronger position than a fortnight ago. Management says its laser output is effectively sold out into 2029 and that customers are already queuing for 2030, which takes much of the near-term demand question off the table. But the share price has done more than the news. It now trades at 27.8 times fiscal 2028 consensus, above the 24 times this report allows even after raising it for the sold-out item, and 10.6% above the weighted fair value. The single biggest concern is that a stock priced on 2028 earnings, with a free cash flow yield of 0.30%, has little to fall back on if the 5 November results or the December-quarter guide fall short of the sold-out story. What would change the answer: a price of \$860 to \$895, or disclosed contract terms that turn sold out into contracted revenue. The sold-out item raised the price of interest; it did not change the rating.

Sources

- Lumentum: Announces Fourth Quarter and Full Fiscal Year 2026 Results (8-K exhibit 99.1, 11 Aug 2026); Announces Reporting Date for Fiscal First Quarter 2027 Financial Results (5 Oct 2026); Lumentum, Astera Labs, and Corning to Demonstrate 1060 nm VCSEL-Based PCIe over Optics at the 2026 OCP Global Summit (12 Oct 2026); New U.S. Manufacturing Facility (Greensboro, 26 Mar 2026). investor.lumentum.com; sec.gov
- Bloomberg Television, Lumentum CEO: Opto-Parts Capacity Sold Out to 2029 (9 Oct 2026), bloomberg.com; coverage of the interview by Benzinga, Invezz and XTB (9 Oct 2026)
- April 2026 CEO remarks: Wallstreetcn (10 Apr 2026, citing a Bloomberg interview); Yahoo Finance (10 Apr 2026); 24/7 Wall St on the earlier sold-out-through-2027 remark
- Previous-period management remarks (Deutsche Bank Technology Conference, 27 Aug; Citi Global TMT Conference, 9 Sep 2026) as cited in the 25 September 2026 report
- Tom's Hardware (11 Aug 2026) on the status of the US transceiver proposal; ConvergeDigest (14 Aug 2025) on Coherent's indium phosphide capacity
- SEC Forms 4, Rule 144 notices and DEF 14A filed 25 Sep to 6 Oct 2026. sec.gov
- Consensus estimates, targets, ratings, short interest, share count and cash-flow statistics: StockAnalysis.com and Yahoo Finance (7-12 Oct 2026); MarketBeat (9 Oct 2026) for ownership statistics
- Rating actions and notices: moomoo news, notice and research channels and the moomoo stock digest, to 12 Oct 2026. Institutional positioning: Beating The Bull quarterly read of reported holdings, Q2 2026
- Price of record: Alpha Vantage global quote, 9 October 2026 close. Technicals: Twelve Data daily series of 300 completed sessions to 9 October 2026, computed in code
- Macro: Beating The Bull economic data posts of 17, 29 and 30 September and 2, 5, 7, 8 and 9 October 2026

This report is informational only and is not financial advice, nor a recommendation to buy or sell any security. It reflects the author's assessment as at 12 October 2026 and may change without notice. No earnings call has taken place since the fiscal fourth-quarter call of 11 August 2026; management's latest views come from the interview and conferences named above. Multiples, the with-and-without sizing, scenario values and price levels are this report's calculations and are not company measures.