on 07-Oct-2026

BERNSTEIN
SOCIETE GENERALE GROUP

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## US Networking & Communications Equipment

# AI Value Chain: What do we need to believe to believe the AI build is healthy?



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**In terms of calling the cycle, while there are different approaches to measuring and estimate supply, it's generally possible to underwrite well-informed forecasts for AI infrastructure supply. No matter how you slice it, AI infrastructure capacity is growing considerably.** We anchor to hyperscalar capex dollars as a reasonable first order approximation, but GW supply or even compute capacity are arguably more meaningful approaches which all reach the same directional conclusion: the supply of AI infrastructure is increasing a lot.

**However, perhaps due to a lack of imagination on our front, we are unable to come with a way to forecast long-term AI end user demand with any real conviction.** As a result, we don't have high conviction forecasts for long term AI demand, and are skeptical of anyone who says that they do. This in turn makes it hard to have real conviction on when the AI supply demand balance might turn.

**That said, we believe the assumptions needed to underwrite growth are plausible.** We crudely estimate that hyperscalars will have brought ~$1.2T worth of AI infrastructure online by 2027. Assuming a 15% ROI hurdle, that implies AI data center operators would need ~$175B in net profits to justify the investment; at 24% net margins that implies ~$729B in spend. This is about 3x Exponential View's estimate of $229B in AI ARR in August. While this implies a pace of adoption which is faster than past adoption cycles, we believe that the AI adoption cycle has already outpaced past technology cycles, and that this doesn't appear out of line with the current pace of growth in the ecosystem. Accordingly, we believe that the assumptions needed to underwrite continued investment are plausible.

**We observe that technology leaders continue to hold deeper conviction. We note that the conviction in AI leaders is underpinned by a belief in the scaling laws.** Technology leaders continue to believe that 1) AI models' capabilities will continue to scale with greater compute and data; 2) expanding AI model capability will in turn unlock new addressable markets for AI based solutions and 3) there is enough end user willingness to adopt AI that delaying the availability of AI means forgoing revenues and growth.

**Accordingly, we see model scaling and AI adoption as the key leading indicators.**

**Both signals appear positive, and accordingly we net out positive on the AI infrastructrue trade as well.**

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## BERNSTEIN TICKER TABLE

| | | | 5 Oct 2026 | | TTM | Reported EPS | | | | Reported P/E (x) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Closing | Price | Rel. | | | | | | |
| Ticker | Rating | Cur | Price | Target | Perf. | Cur | 2025A | 2026E | 2027E | 2025A | 2026E | 2027E |
| CLS (Celestica) | O | USD | 382.69 | 520.00 | 48.4% | USD | 6.06 | 11.35 | 23.79 | 63.2 | 33.7 | 16.1 |
| ANET (Arista) | O | USD | 206.90 | 250.00 | 26.8% | USD | 2.96 | 4.11 | 5.61 | 69.8 | 50.3 | 36.9 |
| CSCO (Cisco) | M | USD | 112.82 | 110.00 | 53.7% | USD | 3.73 | 4.33 | 5.11 | 30.2 | 26.1 | 22.1 |
| LITE (Lumentum) | O | USD | 1,091.67 | 1,220.00 | 591.3% | USD | 2.05 | 8.37 | 22.40 | 533.7 | 130.4 | 48.7 |
| COHR (Coherent) | O | USD | 333.64 | 350.00 | 176.9% | USD | 3.53 | 5.58 | 9.51 | 94.4 | 59.8 | 35.1 |
| CIEN (Ciena) | O | USD | 389.69 | 440.00 | 168.8% | USD | 2.64 | 7.15 | 12.46 | 147.5 | 54.5 | 31.3 |
| GLW (Corning) | M | USD | 159.37 | 140.00 | 83.9% | USD | 2.54 | 3.22 | 4.16 | 62.8 | 49.5 | 38.3 |
| SPX | | | 7,818.93 | | | | | | | | | |

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

Source: Bloomberg, Bernstein estimates and analysis.

## INVESTMENT IMPLICATIONS

**We rate CLS, ANET, LITE, COHR, and CIEN Outperform. We rate CSCO and GLW Market-Perform.**

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## VALUATION COMPS TABLE

TABLE 1: **Networking and Communications Comps – Consensus Estimates**

| | | | | | | Price / Earnings | | EV/ EBIT | | EV/ Free Cash Flow | | 2026A 2028E CAGR | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Name | Ticker | Price | Currency adj. | Market Cap ($B) | P/ 2026E EPS | P/ 2027E EPS | EV/ 2026E EBIT | EV/ 2027E EBIT | EV/ 2026E FCF | EV/ 2027E FCF | Revenue | EBIT | EPS | FCF |
| Bernstein Networking and Optical Coverage | ARISTA NETWORKS INC | ANET US Equity | 204.49 | 206.90 | 260.95 | 91.15 | 69.43 | 84.09 | 64.21 | 67.35 | 58.23 | 33% | 39% | 32% | 23% |
| | CIENA CORP | CIEN US Equity | 179.14 | 189.69 | 55.26 | 214.12 | 147.61 | 135.57 | 289.05 | 147.96 | 84.04 | 28% | 195% | 87% | 38% |
| | CELESTICA INC | CLS CN Equity | 545.98 | 383.06 | 48.30 | 98.73 | 63.32 | 81.07 | 46.68 | 160.34 | 106.01 | 55% | 73% | 72% | 20% |
| | COHERENT CORP | COHR US Equity | 329.29 | 333.64 | 65.34 | 199.78 | 94.52 | 899.36 | 231.90 | 337.95 | 348.74 | 31% | 198% | 78% | 201% |
| | CISCO SYSTEMS INC | CSCO US Equity | 108.76 | 112.82 | 444.80 | 30.25 | 29.61 | 37.77 | 39.12 | 45.06 | 34.62 | 11% | 28% | 11% | 22% |
| | CORNING INC | GLW US Equity | 160.42 | 159.37 | 137.28 | 81.31 | 63.24 | 127.51 | 63.50 | 148.58 | 102.42 | 17% | 68% | 30% | 38% |
| | LUMENTUM HOLDINGS INC | LITE US Equity | 1,045.78 | 1,091.67 | 97.92 | 1,080.86 | 529.94 | (223.17) | (537.79) | (894.33) | (925.08) | 67% | -281% | 178% | -308% |
| | **Median** | | | | **97.92** | **98.73** | **69.43** | **84.09** | **63.50** | **147.96** | **84.04** | **31%** | **68%** | **72%** | **22%** |
| Enterprise Networking | EXTREME NETWORKS INC | EXTR US Equity | 23.33 | 23.33 | 3.08 | 72.93 | 27.77 | (47.03) | 180.92 | 82.06 | 24.08 | 8% | 254% | 60% | 65% |
| | HEWLETT PACKARD ENTERPRISE | HPE US Equity | 64.58 | 68.36 | 90.75 | 34.35 | 35.24 | 47.87 | (239.90) | 53.11 | 167.20 | 22% | 56% | 33% | 39% |
| | JUNIPER INC | JNPR US Equity | 609.29 | 609.29 | 36.68 | 104.80 | 55.59 | 72.84 | 43.46 | 68.64 | 57.93 | 25% | 41% | 44% | 22% |
| | **Median** | | | | **69.52** | **82.03** | **45.41** | **60.36** | **45.07** | **68.00** | **58.08** | **24%** | **40%** | **39%** | **23%** |
| Optical Transport | NEC CORP | 6701 JT EQUITY | 4,927.00 | 31.20 | 42.52 | 40.13 | 36.14 | 33.83 | 26.16 | 32.44 | 30.78 | 0% | 29% | 24% | -48% |
| | FUJITSU | 6702 JP EQUITY | 4,063.00 | 25.73 | 44.71 | 27.40 | 32.41 | 40.63 | 24.15 | 53.51 | 44.77 | 5% | 36% | 7% | 31% |
| | NOKIA | NOKIA FH EQUITY | 9.17 | 10.29 | 58.98 | 24.39 | 31.38 | 26.74 | 62.90 | 26.19 | 34.52 | 7% | 14% | 3% | -1% |
| | **Median** | | | | **44.71** | **30.25** | **31.38** | **37.77** | **26.16** | **32.44** | **34.52** | **7%** | **29%** | **11%** | **-1%** |
| Optical Components | APPLIED OPTOELECTRONICS INC | AAOI US Equity | 121.57 | 121.57 | 10.28 | (153.89) | (467.58) | (142.15) | (184.61) | (89.26) | (28.51) | 126% | -294% | -280% | 85% |
| | FABRINET | FN US Equity | 453.84 | 453.84 | 16.26 | 31.13 | 44.11 | 55.13 | 47.17 | 41.86 | 71.84 | 28% | 34% | 26% | 1% |
| | INNOLIGHT | 300308 CH Equity | 808.44 | 120.55 | 143.31 | 188.74 | 89.28 | 172.04 | 75.77 | 3,697.59 | 123.68 | | 147% | 133% | 460% |
| | EOPTOLINK TECH A | 300502 CH EQUITY | 389.00 | 58.00 | 80.90 | 204.63 | 60.71 | 189.25 | 54.67 | (692.05) | 90.27 | 126% | 148% | 139% | 454% |
| | **Median** | | | | **73.12** | **196.68** | **74.99** | **113.59** | **50.92** | **(23.70)** | **82.06** | **67%** | **91%** | **106%** | **-101%** |
| All Interconnect | ASTERA LABS INC | ALAB US Equity | 362.34 | 362.34 | 62.86 | 431.36 | 196.92 | (462.75) | 309.37 | 523.79 | 190.42 | 99% | -318% | 98% | 149% |
| | BROADCOM INC | AVGO US Equity | 362.51 | 362.51 | 1,710.49 | 74.44 | 51.35 | 131.17 | 69.30 | 90.96 | 65.61 | 50% | 104% | 58% | 65% |
| | CREDO TECHNOLOGY GROUP HOLDI | CRDO US Equity | 212.48 | 212.48 | 39.94 | 2,360.89 | 303.54 | (1,057.60) | 1,055.73 | 2,293.97 | 1,350.44 | 135% | -424% | 312% | 272% |
| | MARVELL TECHNOLOGY INC | MRVL US Equity | 272.25 | 272.25 | 237.86 | 1,044.64 | 172.11 | (421.37) | 2,142.20 | 231.40 | 171.28 | 40% | 299% | 41% | 68% |
| | **Median** | | | | **237.86** | **98.73** | **69.43** | **37.77** | **64.21** | **90.96** | **65.61** | **33%** | **-169%** | **41%** | **23%** |

Source: Bloomberg (as of 10/05/26), Bernstein analysis

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## DETAILS

*We initiated on Networking and Communications Equipment last week; you can find our initiation here:* US Networking: Scaling the bandwidth wall. Initiating with a positive view. *Our positive view on the sector is underpinned by our generally positive view on the AI trade at a thematic level. In this note, we summarize our top down view of the theme.*

### THE AI BONANZA GOES ON

**We continue to be positive on AI in both the short-, medium- and long-term, and see upside to AI infrastructure exposed names.** While it is still possible we will have an overbuild at some point, demand continues to exceed supply and the assumptions needed to underwrite continued investments do not appear aggressive compared to the pace of adoption thus far. Both point to a higher-for-longer cycle. We also see model capability as a key leading indicator, and scaling remains positive. For more details on the AI build more broadly, see our Blackbook: Artificial Intelligence: The AI Infrastructure Value Chain.

**In the short-term, the AI infrastructure trade is about the willingness of AI data center operators to keep spending.** We have clear visibility to continued near-term capex. The investment is underpinned by the continued conviction of technology leaders to invest in AI - and with demand signals as positive as they are, if anything that conviction is likely to strengthen rather than weaken.

- **The visibility to near-term growth for AI infrastructure is clear.** AI infrastructure names are largely selling to AI data center operators, and guided data center capex is growing a lot: Consensus is now expecting data center capex to reach $1.3T in 2027E, up from ~$259B in 2024 (Exhibit 1 & Exhibit 2).

- **This investment is underpinned by the continued conviction of technology leaders to invest in AI, and there are real data points supporting this conviction.** While it is not uncommon for Wall Street to scoff at Silicon Valley's positivity, there are real data points that support this conviction. Four years into the AI data center build, Exponential View's State of the AI Economy report (link) sized AI ARR at $229B as of August 2026, up 3x YTD. Anthropic has seen revenues grow 7x YTD and has seen user growth outpace that. AI adoption is outpacing every past technology adoption cycle we have data on (Exhibit 3). Similarly, concurrent indicators suggest that demand exceeds supply across the AI infrastructure stack, with Nebius[1] reportedly hiking GPU rental prices (link) and memory/storage prices continuing to run hot (Exhibit 4- for more details see: MEMORY TRACKER (Aug): Conventional DRAM & NAND price to rise nearly 20% in 3Q26). Accordingly, it appears rational for data center investors to continue to building out capacity, at least in the near term.

**In the medium-term, trading AI infrastructure depends on whether AI demand is sufficient to drive a healthy data center ROI. We believe that the assumptions needed to underwrite this are not aggressive.** Looking past near-term capex plans and committed orders, believing in continued growth in AI infrastructure means believing that AI data center operators can underwrite a healthy ROI on continued infrastructure investments. We attempt to estimate "what you need to believe" in order to believe in a sustainable build-out - starting with hyperscaler capex assumptions, assuming an ROI hurdle of ~15%, and backing into the sizes of the IaaS market and end-user spend in order to achieve that hurdle. We find that end-user spend would need to be ~$730B in 2027E, about 3x current estimates for ARR (Exhibit 5). While this implies a pace of adoption which is faster than past technology cycles, we observe that the AI adoption cycle has already been extremely fast (Exhibit 6 and Exhibit 7), outpacing past technology cycles (Exhibit 3, again), and this adoption pace does not appear aggressive compared to the current pace; Exponential View estimates that AI ARR is up 3.5x YoY (link, again) depends on whether AI adoption (and thus demand) can continue to outpace infrastructure capacity, translating to a healthy ROI.

**Longer-term, it's hard to have deep conviction, but we see model scaling as the key leading indicator, and the scaling laws look intact. Accordingly, we skew positive.** It's easy to wave off long-term concerns with the observation that the TAM is clearly huge, but cost deflation has historically been one of the defining characteristics of the industry. As a result, it's not enough for demand to grow, but it must also outgrow the natural supply growth from decreasing costs. However, we see the scaling of model performance as a key long-term leading indicator, in part because as long as the scaling laws are intact, excess capacity will likely be reinvested into training new and more capable models that can unlock new use cases. We believe that this leading indicator looks intact, and are willing to extrapolate demand growing at least in line with supply as long as that remains the case.

- **Long-term, cost deflation has historically been one of the defining characteristics of the industry…** Historically, the technology infrastructure industry has been defined by massive cost deflation: Moore's Law implies that semis and hardware computing costs should decline by a staggering 30% CAGR over time. AI is clearly not an exception. The GPUs

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that underpin the AI computing build-out have actually seen NVIDIA deliver a 1,000x performance increase from the K20X in 2012 to the H100 in 2022 (roughly 100% CAGR over 10 years). Progress is also continuing, with Rubin boasting a 5x performance increase in inference and 3.5x in training over Blackwell. That creates a strong incentive to match the pace of capacity build-outs to that of end-user adoption (why buy anything you don't need today if it will be 30% cheaper next year?). As a result, is not hard to imagine a scenario where the build-out outpaces end-user adoption, causing operators to pull back on investment until demand grows into their capacity. Accordingly, bubble fears have been around since the beginning (for our July 2023 take, see: AI Infrastructure: The build-out is huge. Bonanza or bubble?).

- **…it's hard to have real conviction about the long term, but the demand outlook certainly looks good, and elasticity has been sufficient to translate cost deflation into greater usage…** It's easy to wave off questions about the long-term outlook by saying that the TAM is clearly huge. And to be clear, we think it IS huge (Exhibit 8 - for more details, see our note: The Intelligence Revolution: How big is it? And what signposts are we looking for along the way?). But the history of hardware and networking shows that, in an industry dominated by cost deflation, it's not good enough for demand to grow - in order for the industry to grow, demand also needs to outgrow the natural supply growth that comes from decreasing costs. But we also observe that there are very few examples of investors successfully calling a cycle by building 10-year supply and demand forecasts and pointing to where the supply and demand curves cross. We don't claim that we can predict where AI adoption will be in 2030, and are skeptical of anyone who says they can. So far though, demand has clearly outgrown supply, in part because elasticity has been sufficient to translate cost declines into greater usage.

- **…We see model performance as a key long-term leading indicator, and so far it looks pretty good.** We also observe that as long as technology leaders believe that model capability continues to scale with greater compute, and that higher capability models will unlock new use cases and expand the TAM, there is potential to smooth over near-term air pockets by redeploying compute capacity to training. This has arguably already happened, when end user demand seemed to decelerate in the back half of 2024, before re-accelerating with greater adoption of chain-of-thought and the launch of Claude Code in early 2025 (for more details, see: AI Infrastructure: Revisiting the Gen AI scaling math - is inferencing really as big as we think?). We also observe that this belief in the scaling laws appears well supported by the historical track record: looking at the OSWorld agentic task benchmark, models show steady improvement, and the launch of models that surpass the human-level benchmark with GPT 5.4 in March 2026 lines up well with the inflection in agentic adoption (Exhibit 9). With that in mind, as long as model capability continues to improve and new use cases continue to open up, we are comfortable extrapolating demand as outgrowing supply.

**On net, the range of outcomes is wide, but we see more upside than downside to AI capex expectations, and view risk/reward on AI infrastructure stocks as positive.** The leading and concurrent indicators that we track appear healthy, the supply-demand balance looks favorable and key decision-makers appear to have conviction in continued spend. Moreover, we suspect that hyperscalers may still be sandbagging capex expectations, given the track record of repeated capex guidance increases and the fact that the semiconductor ecosystem seems to imply higher numbers than hyperscaler guidance. On net, we see more upside than downside to AI capex, and view risk/reward on AI infrastructure stocks as positive. While it's probably true that the foreseeable future in this space is not a very long time, and the degree of visibility in the space appears to drop off beyond 2028, we note that this does not necessarily imply that 2028 will mark the peak; after all, it was not such a long time ago that bears were arguing that the degree of visibility drops off beyond 2026. It is easy to envision a scenario where AI spend sees a sharp digestion and eventually settles into a steady state below current levels. But it is also hard to rule out the scenario where AI models simply keep getting bigger and better until they achieve artificial superintelligence and supplant humanity - in which case the AI industry will scale as fast as supply permits until reaching that point, and mere humans like ourselves could scarcely hope to predict what happens afterwards.

**Within AI infrastructure, we believe networking and optical companies to be structural winners, and initiate on the sector with a positive skew.** Networking is the 3rd biggest area behind compute and memory/storage. As performance improvement in bandwidth has lagged compute, networking is increasingly the bottleneck in AI use cases, supporting higher specs and pricing. Adjusting for the shift from 2 chiplets to 4, we expect accelerator volumes to double through 2028, and for AI back-end switching to outpace that growth (Exhibit 10 & Exhibit 11). We also expect Arista and Celestica to continue to gain share.

**The Muse moment: Time to size-up AI longs?** The AI trade has corrected after overheating in the first half of 2026, and many AI stocks are trading below May-June peaks. However, revisions to fundamentals have continued to be positive, leading to multiples that appear increasingly undemanding - and given our belief in upside to numbers for outperforms, we believe the true multiples are even cheaper. We observe that the 1H rally was driven by upward revisions in hyperscaler capex. With inflecting demand for consumer AI following Meta's launch of Muse, we believe that this could open the door for further guidance

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revisions, potentially driving a rally in AI stocks.

- **The AI trade has corrected after overheating in the first half, and many AI stocks are trading below May-June peaks.** While fundamental data points were clearly positive, the AI trade appeared to overheat, driving investors into crowded longs and exhausting incremental buyers. This created an environment where non-fundamental catalysts could spark a correction, as we saw with the de-leveraging of Korean retail traders and the blow-up of Situational Awareness' highly levered public book. As a result, many stocks are now trading below May-June peaks.

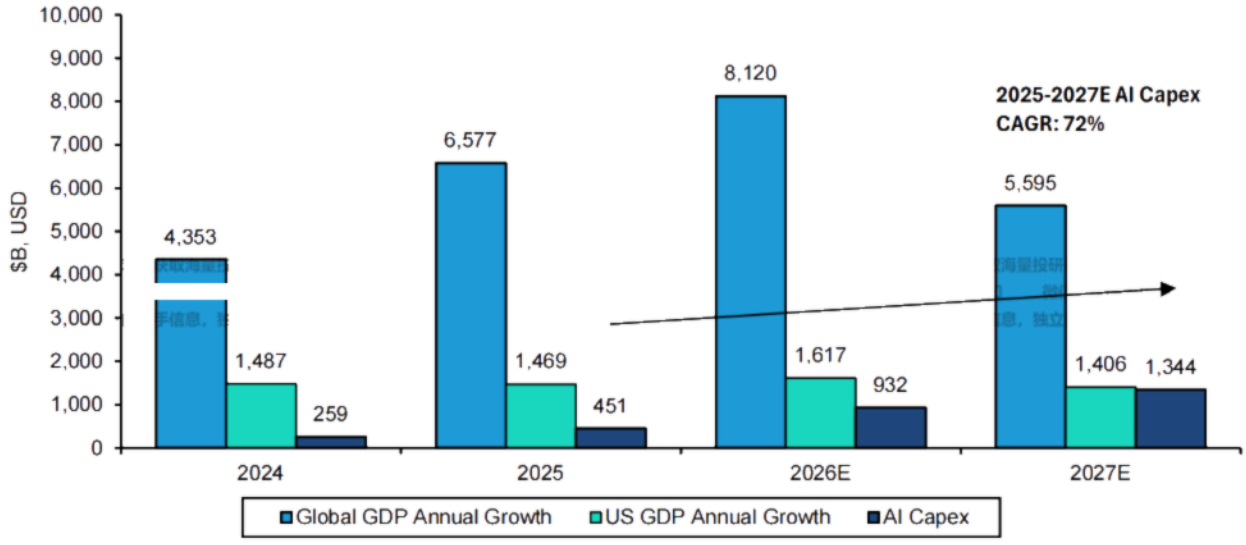
- **Valuations have now come in, and many multiples are starting to look inexpensive on our numbers.** However, while stock prices have come in, fundamental revisions continued to trend upwards. Given that we see upside to numbers for many of our stocks, we believe that these revisions are justified - or even understated. Accordingly, the valuation multiples on many AI stocks have begun to look more attractive, improving risk-reward (Exhibit 12).

- **Muse could open the door for further guidance revisions, potentially driving a further rally in AI stocks.** We note that the 1H rally was driven by upward revisions in hyperscaler capex. With inflecting demand for consumer AI following Meta's launch of Muse (we also believe competitors are likely to launch copycats, especially given the widely anticipated Google Gemini 4 launch), we believe the door is open for Meta and other hyperscalers to take up capex expectations further. This could drive a rally in AI stocks, especially for Ciena and Arista, since Meta is a key customer for both.

- **We're a little more unsure on what to make of the Anthropic IPO.** While IPO prospectus numbers viewed by Reuters (link) are somewhat underwhelming, we also observe that they are largely for full year 2025. Anthropic has reportedly increased ARR over 7x YTD (Exhibit 6, again) and reached FCF breakeven. We suspect that the muted reaction to the Reuters report in Asia trading is because full year 2025 numbers are not necessarily reflective of Anthropic's business today, limiting the value of the incremental data point. Anthropic's IPO (currently expected for November or December) may be a meaningful catalyst. However we lack conviction in the direction: the IPO is likely negative for our stocks from a flows perspective, but anything Anthropic could disclose which would increase confidence in the sustainability of spend may outweigh the outflows into the IPO.

- **March will be another catalyst-rich period.** Beyond potential capex revisions in the October earnings cycle, we also expect March 2027 to be a catalyst rich period, between OFC from March 7-11 and Nvidia GTC on March 14-18 (in which Nvidia is expected to disclose further details about Feynman), with potential for companies to give positive upside ahead of April earnings.

EXHIBIT 1: **AI total capex is predicted to equal nearly 20% of GDP growth by 2027**

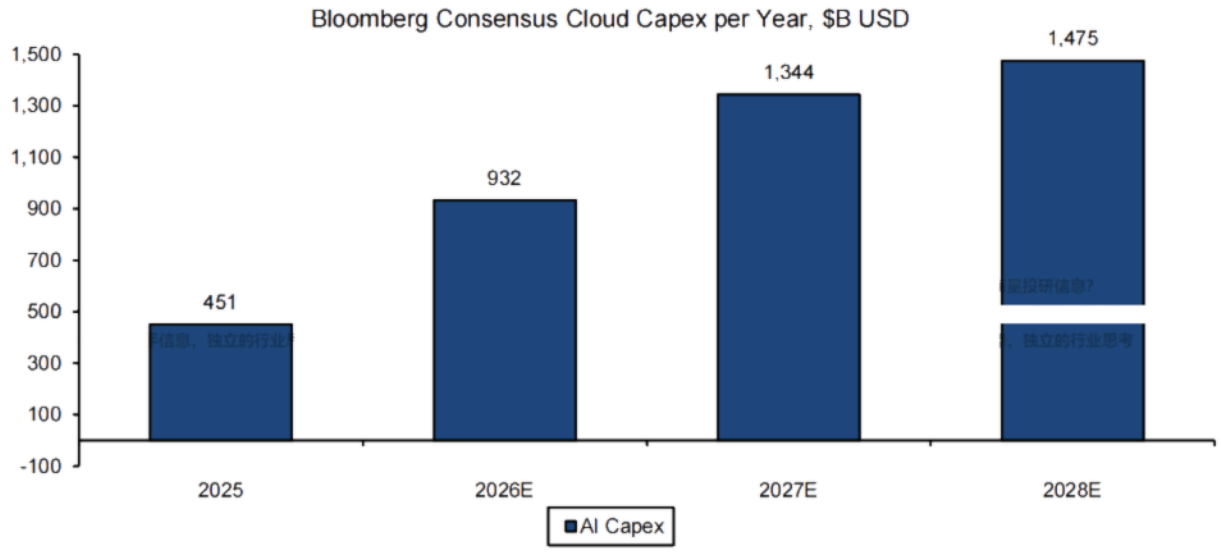



Source: IMF 2026, Bloomberg (updated as of 10/05/26), Bernstein Asia Tech Hardware Team (Wang)

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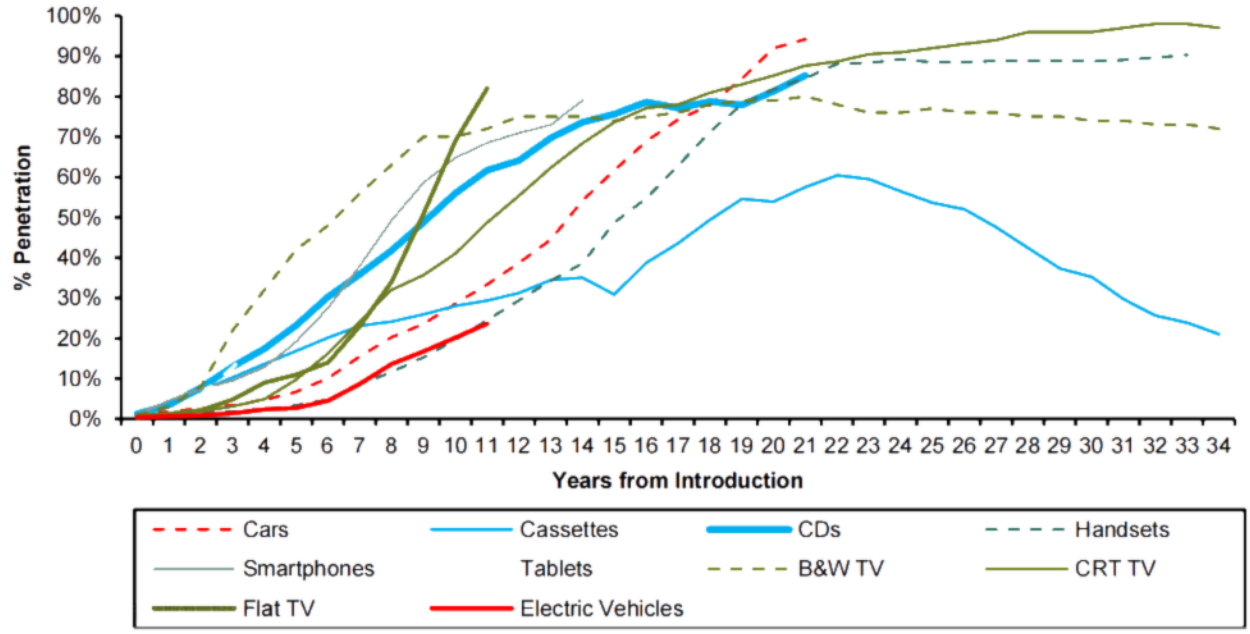


EXHIBIT 2: **AI Capex, already at a multibillion dollar value, continues to grow**




Source: Bloomberg (updated as of 10/05/26), Reuters, CNBC, Bernstein estimates and analysis

EXHIBIT 3: **Historical Adoption Curves for Disruptive Consumer Technologies**

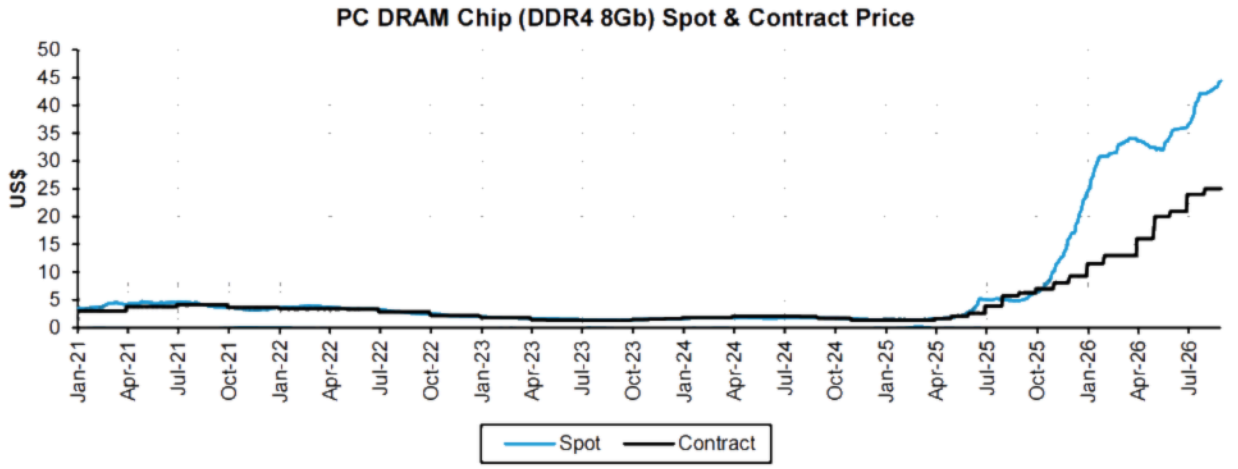



Source: Bernstein estimates and analysis

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EXHIBIT 4: **PC DRAM Prices continue to rally in August**




Source: DRAMeXchange, Bernstein Global Memory Team (Mark Li)

EXHIBIT 5: **Hyperscalers earn healthy ROI on existing AI capex; the assumptions needed to underwrite continued investments are plausible**

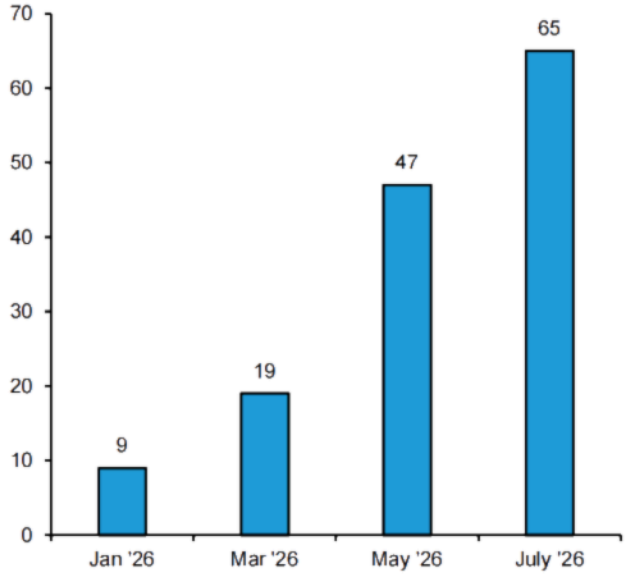
| *In US$ B* | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|
| **Total capex** | **259** | **451** | **932** | **1,344** | **1,475** |
| Incremental capex | 99 | 292 | 773 | 1,184 | 1,315 |
| Cumulative incremental capex | 101 | 393 | 1,166 | 2,350 | 3,666 |
| **1-year lagged cumulative capex** | **2** | **101** | **393** | **1,166** | **2,350** |
| Assume ROI needed | 15% | 15% | 15% | 15% | 15% |
| **Incremental profit needed** | **0.3** | **15.2** | **59.0** | **174.9** | **352.6** |
| IaaS Net Margin | 24% | 24% | 24% | 24% | 24% |
| **IaaS Revenue** | **1** | **63** | **246** | **729** | **1,469** |
| IaaS Cost as % of End User Spend | 100% | 100% | 100% | 100% | 100% |
| Labor Contribution to GDP | 63,579 | 67,987 | 70,645 | 75,437 | 82,742 |
| % White Collar | 67% | 67% | 67% | 67% | 67% |
| Productivity Increase | 30% | 30% | 30% | 30% | 30% |
| Addressable opportunity | 12,695 | 13,575 | 14,106 | 15,063 | 16,522 |
| **Spend as % of opportunity** | **0.0%** | **0.5%** | **1.7%** | **4.8%** | **8.9%** |

Source: IMF, Bloomberg (updated as of 10/05/26), Bernstein estimates and analysis

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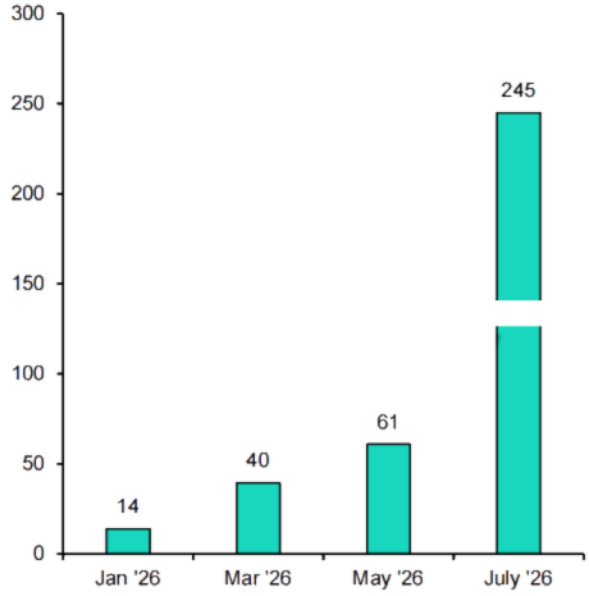


EXHIBIT 6: **Anthropic 2026 Revenue Run Rate, $B USD**




Source: Anthropic, Bloomberg, Sensor Tower, Yahoo Finance, VentureBeat, SaaStr, Bernstein analysis

EXHIBIT 7: **Anthropic 2026 MAU, B**




Source: Anthropic, Bloomberg, Sensor Tower, Yahoo Finance, VentureBeat, SaaStr, Bernstein analysis

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EXHIBIT 8: **Bernstein AI infrastructure model – bull case**

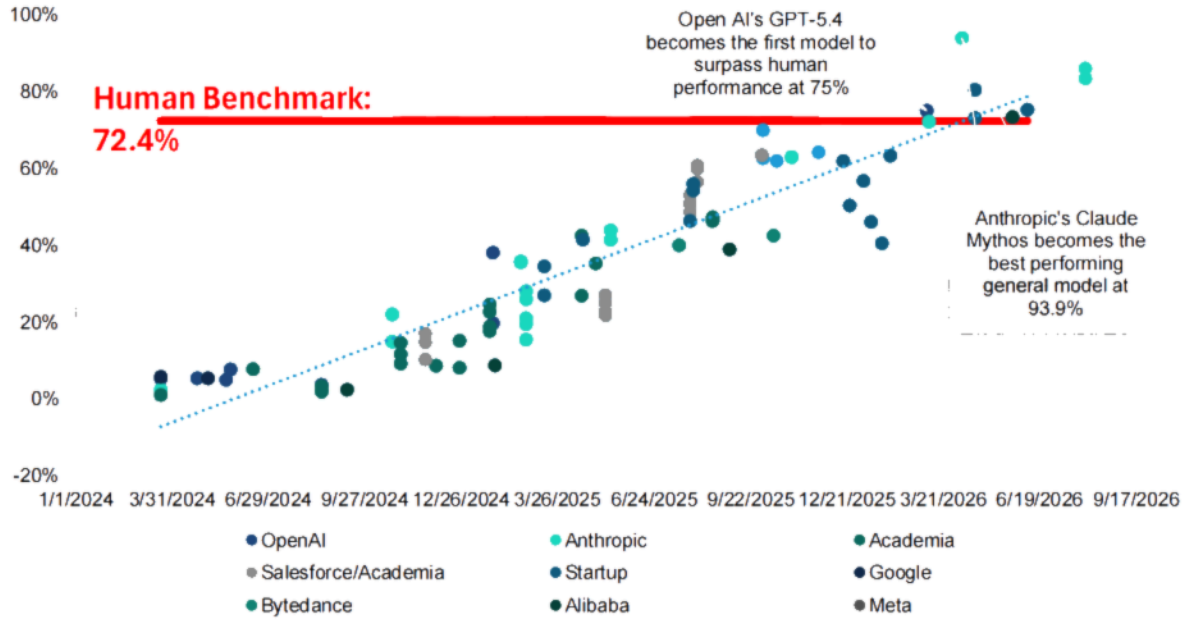
| **AI TAM** | **2024** | **2030** |
|---|---|---|
| IMF GDP Forecast | 109,569 | 132,106 |
| *IMF GDP growth* | 3.2% | 3.1% |
| **Total GDP** | **109,569** | **166,279** |
| *Imputed GDP growth* | 3.2% | 10.5% |
| Labor % of GDP | 53.8% | 53.8% |
| Labor contribution to GDP | 58,948 | 89,458 |
| Global Labor Force | 3.651 | 3.651 |
| **Average productivity per worker** | **16,146** | **24,503** |
| *% of workers addressable* | 62.7% | 62.7% |
| **Addressable users** | **2.29** | **2.29** |
| Daily average users (M) | 60 | 2,289 |
| *User growth (%)* | *361.5%* | *0.2%* |
| *User penetration (%)* | 2.6% | 100.0% |
| Average productivity increase per user (%) | 15.0% | 100.0% |
| Productivity increase per user | 2,417 | 24,503 |
| Aggregate productivity increase | 145 | 56,088 |
| Enterprise IT ROI requirement | 5x | 5x |
| **Enterprise AI Willingness to Pay** | **29** | **11,218** |
| Potential productivity increase | 5,535 | 56,109 |
| **Enterprise AI TAM** | **1,107** | **11,222** |

Source: Anthropic Economic Index, IMF, Bernstein estimates and analysis

on 07-Oct-2026

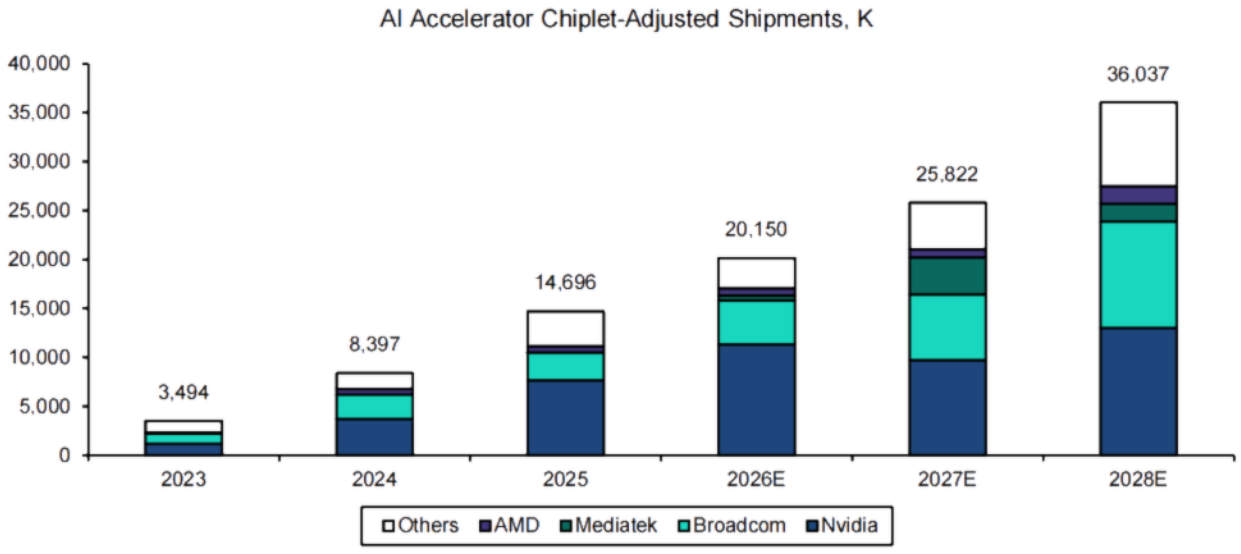


EXHIBIT 9: **Performance of Models on OSWorld's Agentic Coding Test vs. Human Performance**




Source: OSWorld benchmark as of 09/29/2026, Anthropic Reports as of 06/17/2026, Bernstein estimates and analysis

EXHIBIT 10: **We expect accelerator chiplet volumes to double 2025-28E and switch ports to grow proportionally**

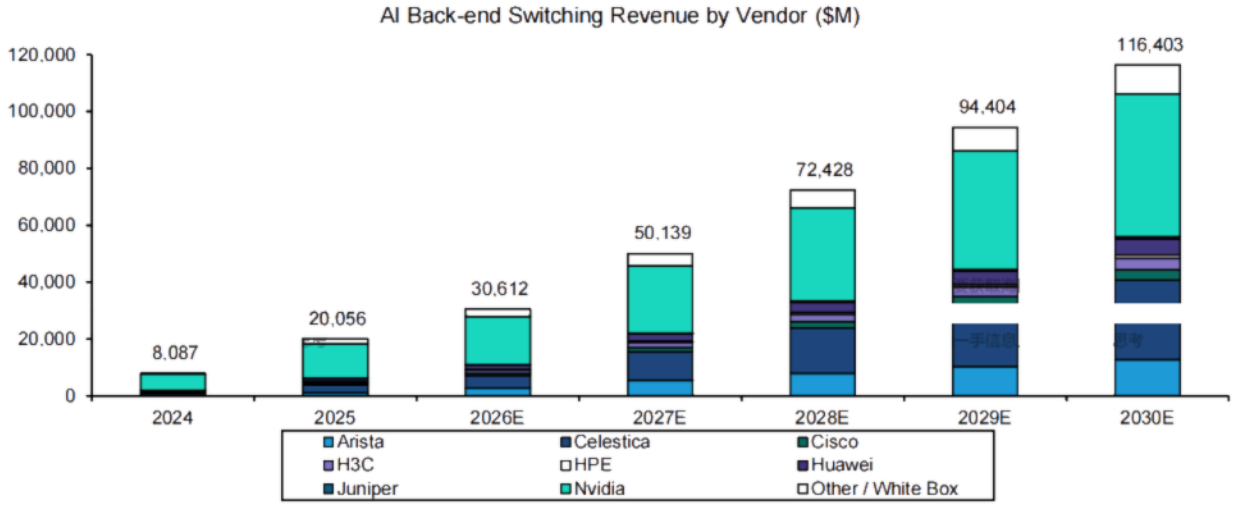



Source: Bernstein Asia Semiconductors and Equipment & Global Memory team (Mark Li)

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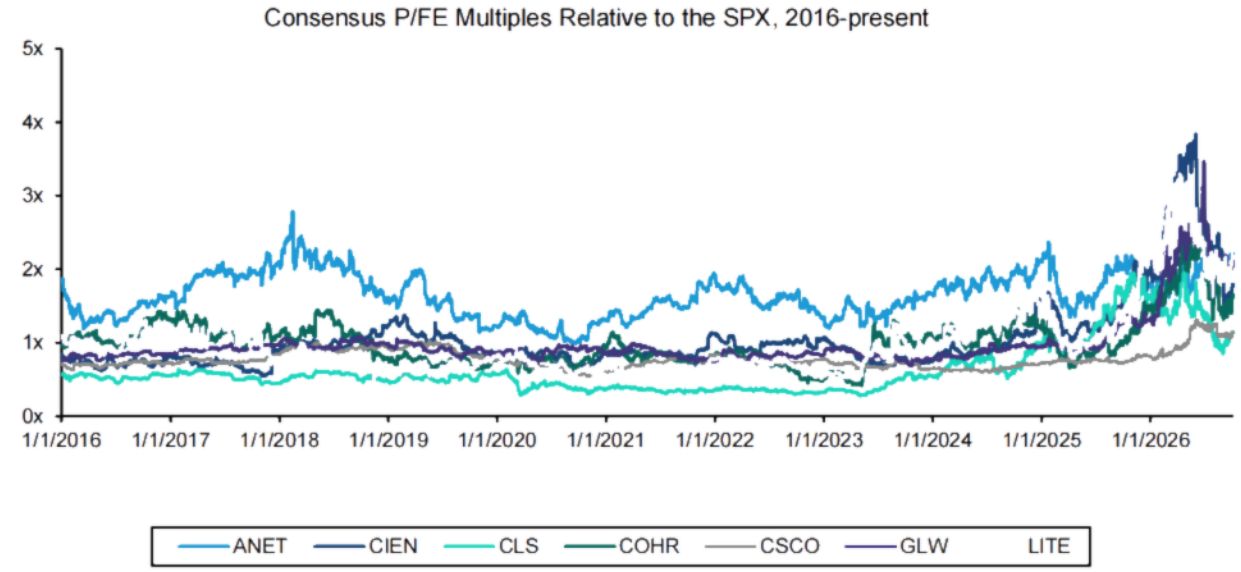


EXHIBIT 11: **We expect AI back-end switching to outpace chiplet shipment growth**




Source: Dell'Oro, Bernstein estimates and analysis

EXHIBIT 12: **Stocks have cooled down since the summer run up**




Source: Bloomberg as of as of 10/05/2026, Bernstein analysis

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## APPENDIX - FINANCIAL FORECASTS

### EXHIBIT 13: Celestica: Operating Model

| Celestica Inc - Operating Profit Model<br>*In US$ M unless otherwise specified* | 12/31/2025<br>2025A | 12/31/2026<br>2026E | 12/31/2027<br>2027E | 12/31/2028<br>2028E | 3/31/2025<br>1Q25A | 6/30/2025<br>2Q25A | 9/30/2025<br>3Q25A | 12/31/2025<br>4Q25A | 3/31/2026<br>1Q26A | 6/30/2026<br>2Q26A | 9/30/2026<br>3Q26E | 12/31/2026<br>4Q26E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue Drivers** | | | | | | | | | | | | |
| **Non-GAAP Revenue** | | | | | | | | | | | | |
| **Advanced Technology Solutions (ATS)** | 3,202.4 | 3,514.6 | 3,901.2 | 4,096.3 | 807.2 | 819.1 | 781.0 | 795.1 | 806.0 | 888.3 | 906.0 | 914.4 |
| Communications | 7,126.4 | 11,594.7 | 23,769.0 | 38,030.5 | 1,427.7 | 1,641.2 | 1,942.9 | 2,114.6 | 2,410.6 | 2,653.2 | 3,147.5 | 3,383.4 |
| Enterprise | 2,062.1 | 5,372.2 | 12,356.1 | 16,063.0 | 413.7 | 433.1 | 470.1 | 745.2 | 830.4 | 1,157.1 | 1,372.7 | 2,012.0 |
| **Connectivity & Cloud Solutions (CCS)** | 9,188.5 | 16,966.9 | 36,125.2 | 54,093.5 | 1,841.4 | 2,074.3 | 2,413.0 | 2,859.8 | 3,241.0 | 3,810.3 | 4,520.2 | 5,395.4 |
| **Total Revenue** | 12,390.9 | 20,481.5 | 40,026.4 | 58,189.7 | 2,648.6 | 2,893.4 | 3,194.0 | 3,654.9 | 4,047.0 | 4,698.6 | 5,426.2 | 6,309.8 |
| **Non-GAAP Revenue Growth** | | | | | | | | | | | | |
| **Revenue growth % (YoY)** | | | | | | | | | | | | |
| **Advanced Technology Solutions (ATS)** | 1.5% | 9.7% | 11.0% | 5.0% | 5.1% | 6.7% | -4.1% | -1.3% | -0.1% | 8.4% | 16.0% | 15.0% |
| Communications | 82.5% | 62.7% | 105.0% | 60.0% | 90.1% | 75.9% | 85.1% | 80.6% | 68.8% | 61.7% | 62.0% | 60.0% |
| Enterprise | -20.3% | 160.5% | 130.0% | 30.0% | -40.0% | -37.4% | -26.0% | 31.0% | 100.7% | 167.2% | 192.0% | 170.0% |
| **Connectivity & Cloud Solutions (CCS)** | 41.6% | 84.7% | 112.9% | 49.7% | 27.8% | 27.7% | 43.2% | 64.4% | 76.0% | 83.7% | 87.3% | 88.7% |
| Intersegment / Other | | | | | | | | | | | | |
| **Total Revenue Growth (YoY)** | 28.5% | 65.3% | 95.4% | 45.4% | 19.9% | 21.0% | 27.8% | 43.6% | 52.8% | 62.4% | 69.9% | 72.6% |
| Reference: Industry model estimate for communications | | | 127.0% | 58.9% | | | | | | | | |

Source: Company reports, Bernstein estimates and analysis

on 07-Oct-2026



## EXHIBIT 14: **Celestica: Financial Model**

| **Celestica Inc - Financial Model**<br>*In US$ M unless otherwise specified* | 12/31/2025<br>2025A | 12/31/2026<br>2026E | 12/31/2027<br>2027E | 12/31/2028<br>2028E | 3/31/2025<br>1Q25A | 6/30/2025<br>2Q25A | 9/30/2025<br>3Q25A | 12/31/2025<br>4Q25A | 3/31/2026<br>1Q26A | 6/30/2026<br>2Q26A | 9/30/2026<br>3Q26E | 12/31/2026<br>4Q26E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income Statement** | | | | | | | | | | | | |
| **Non-GAAP Income Statement** | | | | | | | | | | | | |
| **Revenue** | 12,390.9 | 20,481.5 | 40,026.4 | 58,189.7 | 2,648.6 | 2,893.4 | 3,194.0 | 3,654.9 | 4,047.0 | 4,698.6 | 5,426.2 | 6,309.8 |
| COGS | 10,975.9 | 18,143.1 | 35,456.5 | 51,546.1 | 2,357.1 | 2,556.7 | 2,819.6 | 3,243.5 | 3,588.7 | 4,159.9 | 4,804.0 | 5,590.5 |
| **Gross Profit** | 1,415.0 | 2,338.4 | 4,569.9 | 6,643.7 | 291.5 | 337.7 | 374.4 | 411.4 | 458.3 | 538.7 | 622.1 | 719.3 |
| SG&A | 364.0 | 416.9 | 732.8 | 791.8 | 85.0 | 87.8 | 94.4 | 96.8 | 91.0 | 104.1 | 108.8 | 113.0 |
| R&D | 118.2 | 203.1 | 309.2 | 698.3 | 17.6 | 34.0 | 36.4 | 30.2 | 41.2 | 46.3 | 53.5 | 62.2 |
| Other | 5.8 | 7.9 | 15.4 | 22.4 | 1.1 | 1.2 | 1.4 | 2.1 | 0.9 | 2.0 | 2.3 | 2.7 |
| **Opex** | 488.0 | 627.9 | 1,068.4 | 1,512.5 | 103.7 | 123.0 | 132.2 | 129.1 | 133.1 | 152.4 | 164.5 | 177.9 |
| **Operating Income** | 927.0 | 1,710.5 | 3,501.5 | 5,131.2 | 187.8 | 214.7 | 242.2 | 282.3 | 325.2 | 386.3 | 457.6 | 541.5 |
| Other income (expense), net | 52.6 | 62.9 | 62.9 | 62.9 | 13.7 | 13.5 | 12.8 | 12.6 | 16.0 | 17.4 | 14.9 | 14.6 |
| **Pre-tax Income** | 874.4 | 1,647.6 | 3,438.6 | 5,068.3 | 174.1 | 201.2 | 229.4 | 269.7 | 309.2 | 368.9 | 442.7 | 526.9 |
| **Income Tax** | 171.2 | 331.1 | 691.0 | 1,018.5 | 34.0 | 40.0 | 46.3 | 50.9 | 59.7 | 73.5 | 90.8 | 107.1 |
| *Effective Tax Rate %* | 19.6% | 20.1% | 20.1% | 20.1% | 19.5% | 19.9% | 20.2% | 18.9% | 19.3% | 19.9% | 20.5% | 20.3% |
| **Net Income** | 703.2 | 1,316.5 | 2,747.6 | 4,049.8 | 140.1 | 161.2 | 183.1 | 218.8 | 249.5 | 295.4 | 351.8 | 419.8 |
| Diluted Share Count | 116.1 | 116.0 | 115.5 | 115.0 | 116.9 | 115.9 | 115.9 | 115.9 | 115.7 | 116.2 | 116.1 | 116.0 |
| **Earnings per Share** | 6.06 | 11.35 | 23.79 | 35.21 | 1.20 | 1.39 | 1.58 | 1.89 | 2.16 | 2.54 | 3.03 | 3.62 |
| **Growth** | | | | | | | | | | | | |
| **Drivers** | | | | | | | | | | | | |
| **GAAP Net Income Reconciliation** | | | | | | | | | | | | |
| **Adjusted Non-GAAP PF Net Income (Loss)** | 703 | 1,317 | 2,748 | 4,050 | 140.1 | 161.2 | 183.1 | 218.8 | 249.5 | 295.4 | 351.8 | 419.8 |
| Share-based compensation | 70 | 108 | 191 | 277 | 26 | 15.2 | 15.6 | 13 | 30.5 | 19.3 | 28.4 | 30.1 |
| Amortization of intangible assets | 40 | 67 | - | 72 | 10 | 9.9 | 10 | 9.9 | 10 | 19.3 | 19.1 | 18.5 |
| Non-GAAP adjustments to tax | (21) | (16) | - | - | (6.5) | 6.3 | (3.2) | (17.1) | (15.7) | (0.7) | - | - |
| Others | (89) | (143) | - | - | (29.5) | (31.4) | (22.4) | (5.8) | (24.8) | (37.9) | (41.2) | (39.5) |
| **GAAP PF Net Income (Loss)** | 833 | 1,337 | 2,557 | 3,701 | 86.2 | 211 | 267.8 | 267.5 | 212.3 | 368.8 | 345.5 | 410.8 |
| | (129) | (21) | 191 | 349 | | | | | | | | |
| *Non-GAAP as % of GAAP* | 84% | 98% | 107% | 109% | 163% | 76% | 68% | 82% | 118% | 80% | 102% | 102% |
| *Drivers.* | | | | | | | | | | | | |
| SBC as % of revenue | | | 0.5% | 0.5% | 1.0% | 0.5% | 0.5% | 0.4% | 0.8% | 0.4% | 0.5% | 0.5% |
| **Balance Sheet** | | | | | | | | | | | | |
| **Assets** | | | | | | | | | | | | |
| Cash and Cash Equivalents | 596 | 870 | 1,353 | 2,878 | 303.0 | 313.8 | 305.9 | 595.6 | 378.0 | 535.7 | 386.4 | 869.9 |
| Accounts Receivable, Net | 2,638 | 4,483 | 8,761 | 12,736 | 2,135.9 | 2,287.8 | 2,439.3 | 2,638.1 | 3,167.4 | 3,338.2 | 3,855.1 | 4,482.9 |
| Inventories | 2,188 | 4,572 | 8,934 | 12,988 | 1,788.3 | 1,918.1 | 2,046.7 | 2,188.0 | 2,672.9 | 3,401.7 | 3,928.4 | 4,571.5 |
| Other current assets | 252 | 479 | 936 | 1,361 | 149.3 | 251.8 | 350.9 | 251.5 | 178.6 | 298.7 | 424.9 | 478.9 |
| **Total Current Assets** | 5,673 | 10,403 | 19,983 | 29,963 | 4,376.5 | 4,771.0 | 5,142.8 | 5,673.2 | 6,396.9 | 7,574.3 | 8,594.9 | 10,403.1 |
| *Sum - Total* | - | - | - | - | - | - | - | - | - | - | - | - |
| Property, plant & equipment, net | 586 | 1,453 | 2,349 | 3,601 | 536.5 | 549.4 | 551.9 | 586.0 | 711.3 | 1,026.3 | 1,242.8 | 1,452.5 |
| Operating lease right-of-use assets | 124 | 153 | 153 | 153 | 124.6 | 123.5 | 124.5 | 124.1 | 149.8 | 152.7 | 152.7 | 152.7 |
| Goodwill | 333 | 333 | 333 | 333 | 340.5 | 340.8 | 340.7 | 333.1 | 333.0 | 337.9 | 337.9 | 337.9 |
| Other intangible assets, net | 266 | 207 | 207 | 136 | 297.5 | 286.8 | 275.4 | 266.2 | 256.6 | 244.9 | 225.8 | 207.3 |
| Deferred income taxes | 156 | 277 | 541 | 787 | 86.9 | 95.2 | 99.5 | 156.4 | 157.3 | 206.2 | 238.1 | 276.9 |
| Other Non-Current Assets | 74 | 336 | 657 | 956 | 72.4 | 74.4 | 71.9 | 74.1 | 231.1 | 250.3 | 289.1 | 336.1 |
| **Total Non-Current Assets** | 1,540 | 2,758 | 4,240 | 5,965 | 1,458.4 | 1,470.1 | 1,463.9 | 1,539.9 | 1,863.1 | 2,213.3 | 2,481.4 | 2,758.5 |
| *Sum - Total* | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total Assets** | 7,213 | 13,162 | 24,223 | 35,928 | 5,834.9 | 6,241.1 | 6,606.7 | 7,213.1 | 8,260.0 | 9,787.6 | 11,076.2 | 13,161.6 |
| *Sum - Total* | - | - | - | - | - | - | - | - | - | - | - | - |
| **Liabilities** | | | | | | | | | | | | |
| Accounts payable | 1,866 | 5,575 | 10,895 | 15,839 | 1,377.8 | 1,595.2 | 1,679.8 | 1,866.1 | 3,087.9 | 3,819.7 | 4,632.9 | 5,575.1 |
| Accruals and other current liabilities and provisions | 1,897 | 3,137 | 6,131 | 8,913 | 1,649.7 | 1,699.0 | 1,795.1 | 2,047.5 | 1,966.8 | 2,333.5 | 2,435.0 | 3,137.3 |
| **Operating Liabilities** | 3,914 | 8,712 | 17,026 | 24,753 | 3,027.5 | 3,294.2 | 3,474.9 | 3,913.6 | 5,054.7 | 6,153.2 | 7,067.9 | 8,712.4 |
| *Sum - Total* | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Debt | 777 | 810 | 810 | 810 | 941.7 | 875.2 | 784.1 | 776.5 | 772.4 | 810.4 | 810.4 | 810.4 |
| Other non-operating liabilities | 131 | 344 | 344 | 344 | 308.9 | 313.8 | 319.1 | 306.7 | 334.7 | 344.4 | 344.4 | 344.4 |
| **Total Non-Operating Liabilities** | 1,083 | 1,155 | 1,155 | 1,155 | 1,250.6 | 1,189.0 | 1,103.2 | 1,083.2 | 1,107.1 | 1,154.8 | 1,154.8 | 1,154.8 |
| *Sum - Total* | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total Liabilities** | 4,997 | 9,867 | 18,181 | 25,908 | 4,278.1 | 4,483.2 | 4,578.1 | 4,996.8 | 6,161.8 | 7,308.0 | 8,222.7 | 9,867.2 |
| *Sum - Total* | - | - | - | - | - | - | - | - | - | - | - | - |
| **Equity** | | | | | | | | | | | | |
| **Total Equity** | 2,216 | 3,294 | 6,042 | 10,020 | 1,556.8 | 1,757.9 | 2,028.6 | 2,216.3 | 2,098.2 | 2,479.6 | 2,853.5 | 3,294.4 |
| *Assets - Liabilities & Equity* | - | - | - | - | - | - | - | - | - | - | - | - |
| **Book value per share** | $19.09 | 28.40 | 52.30 | 87.12 | *$13.32* | *$15.17* | *$17.50* | *$19.12* | *$18.13* | *$21.34* | *24.578146* | *28.399624* |
| **Working Capital** | | | | | | | | | | | | |
| Revenue | 12,391 | 20,482 | 40,026 | 58,190 | 2,648.6 | 2,893.4 | 3,194.0 | 3,654.9 | 4,047.0 | 4,698.6 | 5,426.2 | 6,309.8 |
| COGS | 10,976 | 18,143 | 35,456 | 51,546 | 2,357.1 | 2,556.7 | 2,819.6 | 3,243.5 | 3,588.7 | 4,159.9 | 4,804.0 | 5,590.5 |
| Opex | 488 | 628 | 1,068 | 1,512 | 103.7 | 123.0 | 132.2 | 129.1 | 133.1 | 152.4 | 164.5 | 177.9 |
| **Working Capital** | | | | | | | | | | | | |
| Accounts Receivable Days | 77.7 | 79.9 | 79.9 | 79.9 | 73.6 | 72.2 | 69.7 | 66.9 | 71.4 | 64.8 | 64.8 | 64.8 |
| Inventory Days | 72.8 | 92.0 | 92.0 | 92.0 | 69.2 | 68.5 | 66.2 | 61.6 | 68.0 | 74.6 | 74.6 | 74.6 |
| Accounts Payable Days | 62.1 | 112.2 | 112.2 | 112.2 | 53.3 | 57.0 | 54.4 | 52.5 | 78.5 | 83.8 | 88.0 | 91.0 |
| **Cash Conversion Cycle** | 88.4 | 59.7 | 59.7 | 59.7 | 89.5 | 83.7 | 81.6 | 74.9 | 60.9 | 55.7 | 51.4 | 48.4 |
| **As % of revenue** | | | | | | | | | | | | |
| Other current assets | 2.0% | 2.3% | 2.3% | 2.3% | 5.6% | 8.7% | 11.0% | 6.9% | 4.4% | 6.4% | 7.8% | 7.6% |
| Other non-current assets | 0.6% | 1.6% | 1.6% | 1.6% | 2.7% | 2.8% | 2.3% | 2.0% | 5.7% | 5.3% | 5.3% | 5.3% |

Source: Company reports, Bernstein estimates and analysis

on 07-Oct-2026



## EXHIBIT 15: **Arista: Financial Model**

| Arista Networks - Financial Model<br>*In US$ M unless otherwise specified* | Source | 12/31/2025<br>2025A | 12/31/2026<br>2026E | 12/31/2027<br>2027E | 12/31/2028<br>2028E | 3/31/2025<br>1Q25A | 6/30/2025<br>2Q25A | 9/30/2025<br>3Q25A | 12/31/2025<br>4Q25A | 3/31/2026<br>1Q26A | 6/30/2026<br>2Q26A | 9/30/2026<br>3Q26E | 12/31/2026<br>4Q26E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income Statement** | | | | | | | | | | | | | |
| **Non-GAAP Income Statement** | | | | | | | | | | | | | |
| **Revenue** | | **9,006** | **12,676** | **17,873** | **22,878** | **2,004.8** | **2,204.8** | **2,308.3** | **2,487.8** | **2,709.0** | **3,035.7** | **3,324.0** | **3,607.3** |
| COGS | | 3,190 | 4,721 | 6,702 | 8,693 | 720.0 | 757.8 | 803.1 | 909.4 | 1,018.2 | 1,111.0 | 1,246.5 | 1,345.5 |
| **Gross Profit** | | **5,815** | **7,955** | **11,171** | **14,184** | **1,284.8** | **1,447.0** | **1,505.2** | **1,578.4** | **1,690.8** | **1,924.7** | **2,077.5** | **2,261.8** |
| Research and development | | 977 | 1,187 | 1,674 | 2,143 | 209.4 | 243.3 | 251.4 | 272.5 | 271.5 | 278.1 | 305.8 | 331.9 |
| Sales and marketing | | 429 | 500 | 705 | 903 | 96.7 | 107.7 | 118.3 | 106.6 | 111.8 | 118.1 | 129.6 | 140.7 |
| General and administrative | | 94 | 93 | 132 | 169 | 23.7 | 22.6 | 22.4 | 26.3 | 21.8 | 23.1 | 23.3 | 25.3 |
| Others | | (22) | (41) | (9) | (11) | (2.4) | (2.4) | (8.8) | (8.3) | (8.3) | (8.3) | (10.0) | (14.4) |
| **Opex** | | **1,478** | **1,740** | **2,502** | **3,203** | **327.4** | **370.6** | **383.3** | **397.1** | **396.8** | **411.0** | **448.7** | **483.4** |
| **Operating Income** | | **4,337** | **6,215** | **8,668** | **10,981** | **957.4** | **1,076.4** | **1,121.9** | **1,181.3** | **1,294.0** | **1,513.7** | **1,628.7** | **1,778.4** |
| Other income (expense), net | | 403 | 456 | (155) | (156) | 90.7 | 88.6 | 133.5 | 90.0 | 110.8 | 120.3 | (33.5) | 90.0 |
| **Pre-tax Income** | | **4,740** | **6,669** | **9,123** | **11,436** | **1,048.1** | **1,165.0** | **1,255.4** | **1,271.3** | **1,404.8** | **1,634.0** | **1,762.2** | **1,868.4** |
| Income Tax | | 969 | 1,428 | 1,953 | 2,448 | 221.9 | 241.5 | 258.5 | 230.7 | 296.6 | 332.3 | 387.7 | 411.0 |
| *Effective Tax Rate %* | | *20.2%* | *21.4%* | *21.4%* | *21.4%* | *21.2%* | *20.7%* | *20.6%* | *18.6%* | *21.1%* | *20.3%* | *22.0%* | *22.0%* |
| **Net Income** | | **3,781** | **5,242** | **7,170** | **8,988** | **826.2** | **923.5** | **996.9** | **1,034.6** | **1,108.2** | **1,301.7** | **1,374.5** | **1,457.4** |
| Diluted Share Count | | 1,276 | 1,276 | 1,277 | 1,279 | 1,279.2 | 1,271.2 | 1,276.6 | 1,275.8 | 1,273.8 | 1,276.0 | 1,276.0 | 1,276.0 |
| **Earnings per Share** | | **2.96** | **4.11** | **5.61** | **7.03** | **0.65** | **0.73** | **0.78** | **0.81** | **0.87** | **1.02** | **1.08** | **1.14** |
| **Balance Sheet** | | | | | | | | | | | | | |
| **Assets** | | | | | | | | | | | | | |
| Cash and Cash Equivalents | | 1,964 | 5,177.2 | 12,935.4 | 22,662.3 | 1,845 | 2,226 | 2,327 | 1,964 | 2,790 | 2,290 | 3,411.4 | 5,177.2 |
| Accounts Receivable, Net | | 1,887 | 2,796.0 | 3,942.4 | 5,046.3 | 1,436 | 1,624 | 1,489 | 1,887 | 1,924 | 2,266 | 2,733.1 | 2,796.0 |
| Marketable securities | | 8,779 | 12,689.2 | 17,891.7 | 22,901.4 | 6,305 | 6,819 | 7,780 | 8,779 | 9,564 | 11,053 | 11,882.4 | 12,689.2 |
| Inventories | | 2,247 | 2,796.0 | 3,999.3 | 5,148.5 | 1,957 | 2,056 | 2,156 | 2,247 | 2,380 | 2,535 | 2,733.1 | 2,796.0 |
| Other current assets | | 1,510 | 2,339.5 | 3,298.7 | 4,227.4 | 734 | 976 | 1,434 | 1,510 | 1,900 | 2,019 | 2,155.7 | 2,339.5 |
| **Total Current Assets** | | **16,387** | **25,797.9** | **42,837.6** | **59,980.8** | **12,276** | **13,504** | **15,185** | **16,387** | **18,557** | **20,163** | **22,725.7** | **25,797.9** |
| Property, plant and equipment, net | | 203 | 365.9 | 219.0 | 383.0 | 124 | 152 | 173 | 203 | 250 | 313 | 337.1 | 365.9 |
| Operating lease right-of-use | | 416 | 416.1 | 416.1 | 416.1 | - | 417 | 416 | 416 | 416 | 416 | 416.1 | 416.1 |
| Deferred tax assets | | 1,774 | 2,516.5 | 3,548.2 | 4,541.7 | 1,544 | 1,803 | 1,665 | 1,774 | 1,887 | 2,002 | 2,318.8 | 2,516.5 |
| Other Non-Current Assets | | 669 | 908.0 | 1,280.3 | 1,638.8 | 570 | 659 | 610 | 669 | 546 | 826 | 836.7 | 908.0 |
| **Total Non-Current Assets** | | **3,062** | **4,206.5** | **5,463.7** | **6,979.7** | **2,238** | **3,031** | **2,864** | **3,062** | **3,100** | **3,557** | **3,908.7** | **4,206.5** |
| **Total Assets** | | **19,449** | **30,004.4** | **47,501.2** | **66,960.5** | **14,515** | **16,534** | **18,049** | **19,449** | **21,657** | **23,720** | **26,634.5** | **30,004.4** |
| **Liabilities** | | | | | | | | | | | | | |
| Short-term debt | | - | - | - | - | - | - | - | - | - | - | - | - |
| Accounts payable | | 651.7 | 830.0 | 1,178.3 | 1,528.3 | 389 | 544 | 481 | 652 | 608 | 693 | 900.7 | 830.0 |
| Short-term Deferred Revenue | | 4,002.6 | 5,976.1 | 8,426.3 | 10,785.7 | 2,073 | 2,788 | 3,521 | 4,003 | 4,910 | 5,101 | 5,506.7 | 5,976.1 |
| Accrued & Other | | 722.2 | 1,173.0 | 1,654.0 | 2,117.1 | 660 | 720 | 665 | 722 | 1,042 | 1,025 | 1,080.9 | 1,173.0 |
| **Total Current Liabilities** | | **5,376.5** | **7,979.1** | **11,258.5** | **14,431.1** | **3,122** | **4,051** | **4,667** | **5,377** | **6,560** | **6,818** | **7,488.2** | **7,979.1** |
| Operating lease liabilities | | - | - | - | - | - | - | - | - | - | - | - | - |
| Long-Term Debt | | - | - | - | - | | | | | | | | |
| Long-Term Deferred Revenue | | 1,369.8 | 1,905.5 | 2,686.7 | 3,439.0 | 1,016 | 1,274 | 1,366 | 1,370 | 1,289 | 1,765 | 1,755.8 | 1,905.5 |
| Other Non-Current Liabilities | | 331.8 | 448.4 | 632.3 | 809.4 | 258 | 307 | 310 | 332 | 320 | 339 | 413 | 448 |
| **Total Non-Current Liabilities** | | **1,701.6** | **2,353.9** | **3,319.0** | **4,248.3** | **1,273.9** | **1,581.2** | **1,675.1** | **1,701.6** | **1,609.3** | **2,104.0** | **2,169.0** | **2,353.9** |
| **Total Liabilities** | | **7,078.1** | **10,333.0** | **14,577.5** | **18,679.4** | **4,396** | **5,633** | **6,342** | **7,078** | **8,169** | **8,922** | **9,657.2** | **10,333.0** |
| **Equity** | | | | | | | | | | | | | |
| **Total stockholders equity** | | **12,371** | **19,671.3** | **32,923.7** | **48,281.1** | **10,119** | **10,902** | **11,907** | **12,371** | **13,487** | **14,798** | **16,977.2** | **19,671.3** |
| **Book value per share** | | 9.7 | 15.4 | 25.8 | 37.7 | 7.9 | 8.6 | 9.3 | 9.7 | 10.6 | 11.6 | 13.3 | 15.4 |
| **Cash Flow** | | | | | | | | | | | | | |
| **Cash flows from operating activities** | | | | | | | | | | | | | |
| **Net income** | | **3,511.4** | **5,067.7** | **7,170.2** | **8,987.9** | **813.8** | **888.8** | **853.0** | **955.8** | **1,022.9** | **1,212.9** | **1,374.5** | **1,457.4** |
| Depreciation and Amortization | | 726 | 935 | 1,318 | 1,687 | 183 | 188 | 232 | 228 | 233 | 234 | 234 | 234 |
| Stock-based compensation | | 439.2 | 576.1 | 812.3 | 1,039.7 | 90.0 | 85.2 | 127.9 | 133.1 | 120.9 | 120.4 | 160.5 | 174.2 |
| Deferred income tax | | (312.0) | (728.0) | (1,031.7) | (998.5) | (107.1) | (230.8) | (36.4) | (109.5) | (104.9) | (108.7) | (317.2) | (197.7) |
| Other, Net | | (27.1) | (21.3) | (30.0) | (38.4) | (12.1) | 1,132.5 | (1,143.9) | (3.6) | (3.4) | (7.2) | (5.1) | (5.6) |
| Change in Working Capital | | 687.8 | 775.6 | 965.7 | 895.2 | (156.7) | (688.4) | 1,272.6 | 258.3 | 634.7 | (158.3) | (66.9) | 366.1 |
| **Net cash provided by operating activities** | | **4,371.9** | **5,763.6** | **8,018.2** | **10,059.7** | **641.7** | **1,200.1** | **1,268.2** | **1,261.9** | **1,693.5** | **1,083.0** | **1,169.3** | **1,817.9** |
| *Sum - Total* | | - | - | - | - | - | - | - | - | - | - | - | - |
| **Cash flows from investing activities** | | | | | | | | | | | | | |
| Capex | | (120) | (184) | (260.0) | (332.8) | (28) | (24) | (68) | (37) | (55) | (20) | (48.0) | (52.1) |
| Investments | | (4,210) | (2,326) | - | - | (734) | (701) | (1,864) | (1,248) | (816) | (1,510) | - | - |
| Acquisitions & Other | | 753 | (35) | - | - | - | (300) | 728 | 326 | 5 | (40) | - | - |
| **Net cash provided by/(used in) investing activities** | | **(3,576)** | **(2,545)** | **(260.0)** | **(332.8)** | **(766)** | **(625)** | **(1,186)** | **(959)** | **(865)** | **(1,580)** | **(48.0)** | **(52.1)** |
| *Sum - Total* | | - | - | - | - | - | - | - | - | - | - | - | - |
| **Cash flows from financing activities** | | | | | | | | | | | | | |
| Debt-related | | | | | | | | | | | | | |
| Buybacks | | (1,603) | | | | (757) | (196) | | (620) | | | | - |
| Dividends | | - | - | - | - | | | | | | | | |
| Financing - other | | 7 | (2) | - | - | (7) | (1) | 21 | (5) | - | (7) | - | - |
| **Net cash provided by/(used in) financing activities** | | **(1,596)** | **(2)** | - | - | **(764)** | **(197)** | **21** | **(626)** | - | **(2)** | - | - |
| *Sum - Total* | | - | - | - | - | - | - | - | - | - | - | - | - |
| **Cash reconciliation** | | | | | | | | | | | | | |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | | | (36) | - | - | | | | | -26 | -1 | - | - |
| **Net change in cash, cash equivalents and restricted cash** | | | **3,213.3** | **7,758.3** | **9,726.9** | | | | | **825.6** | **-499.3** | **1,121.2** | **1,765.7** |

Source: Company Filings, Bernstein estimates and analysis

on 07-Oct-2026



EXHIBIT 16: **Cisco: Operating Model**

| Cisco Systems - Operating Model<br>*In US$ M unless otherwise specified* | 12/31/2025<br>2025A | 12/31/2026<br>2026A | 12/31/2027<br>2027E | 10/31/2025<br>1Q26A | 1/31/2026<br>2Q26A | 4/30/2026<br>3Q26A |
|---|---|---|---|---|---|---|
| **Revenue Drivers** | | | | | | |
| **Non-GAAP Revenue** | | | | | | |
| Networking | 28,304 | 34,668 | 43,340 | 7,768 | 8,294 | 8,815 |
| Security | 8,093 | 8,232 | 8,943 | 1,980 | 2,018 | 2,008 |
| Collaboration | 4,154 | 4,300 | 4,592 | 1,055 | 1,054 | 1,024 |
| Observability | 1,055 | 1,095 | 1,130 | 274 | 277 | 269 |
| **Product** | **41,608** | **48,295** | **58,005** | **11,077** | **11,642** | **12,117** |
| **Services** | **15,046** | **15,030** | **15,366** | **3,806** | **3,707** | **3,724** |
| **Total Revenue** | **56,654** | **63,325** | **73,371** | **14,883** | **15,349** | **15,841** |
| Inventory Days | | | | | | |
| **Non-GAAP Revenue Growth** | | | | | | |
| **Revenue growth % (YoY)** | | | | | | |
| Networking | -3.2% | 22.5% | 25.0% | 15.0% | 21.1% | 24.7% |
| Security | 59.5% | 1.7% | 8.6% | -1.8% | -4.4% | -0.2% |
| Collaboration | 1.0% | 3.5% | 6.8% | -2.8% | 5.8% | -0.7% |
| Observability | 26.0% | 3.8% | 3.2% | 6.2% | 0.0% | 3.1% |
| **Product** | **6.0%** | **16.1%** | **20.1%** | **9.5%** | **13.8%** | **16.8%** |
| **Services** | **3.4%** | **-0.1%** | **2.2%** | **2.1%** | **-1.3%** | **-1.4%** |
| **Total Revenue Growth (YoY)** | **5.3%** | **11.8%** | **15.9%** | **7.5%** | **9.7%** | **12.0%** |

Source: Company reports, Bernstein estimates and analysis

on 07-Oct-2026



## EXHIBIT 17: **Cisco: Financial Model**

| **Cisco Systems - Financial Model**<br>*In US$ M unless otherwise specified* | 12/31/2024<br>2024A | 12/31/2025<br>2025A | 12/31/2026<br>2026A | 12/31/2027<br>2027E | 12/31/2028<br>2028E | 10/31/2025<br>1Q26A | 1/31/2026<br>2Q26A | 4/30/2026<br>3Q26A | 7/31/2026<br>4Q26A | 10/31/2026<br>1Q27E | 1/31/2027<br>2Q27E | 4/30/2027<br>3Q27E | 7/31/2027<br>4Q27E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income Statement** | | | | | | | | | | | | | |
| **Non-GAAP Income Statement** | | | | | | | | | | | | | |
| **Revenue** | **53,803** | **56,654** | **63,325** | **73,371** | **79,987** | **14,883** | **15,349** | **15,841** | **17,252** | **18,141** | **17,714** | **18,575** | **19,140** |
| COGS | 17,491 | 18,071 | 20,933 | 26,260 | 28,932 | 4,747 | 4,992 | 5,383 | 5,811 | 6,209 | 6,336 | 6,646 | 7,067 |
| **Gross Profit** | **36,312** | **38,583** | **42,392** | **47,111** | **51,055** | **10,136** | **10,357** | **10,458** | **11,441** | **11,931** | **11,378** | **11,729** | **12,073** |
| Research and development | 6,667 | 7,675 | 7,826 | 8,438 | 9,196 | 1,916 | 1,935 | 1,957 | 2,018 | 2,086 | 2,037 | 2,113 | 2,201 |
| Sales and marketing | 9,518 | 10,048 | 10,572 | 11,095 | 12,096 | 2,602 | 2,637 | 2,616 | 2,717 | 2,776 | 2,693 | 2,756 | 2,871 |
| General and administrative | 2,438 | 2,516 | 2,304 | 2,218 | 2,418 | 602 | 570 | 556 | 576 | 561 | 531 | 551 | 574 |
| Others | (688) | (792) | (350) | (289) | (315) | (103) | (96) | (82) | (68) | (72) | (70) | (72) | (75) |
| **Opex** | **17,935** | **19,447** | **20,352** | **21,462** | **23,397** | **5,017** | **5,046** | **5,046** | **5,243** | **5,352** | **5,191** | **5,348** | **5,571** |
| **Operating Income** | **18,377** | **19,136** | **22,040** | **25,649** | **27,657** | **5,119** | **5,311** | **5,412** | **6,198** | **6,580** | **6,186** | **6,381** | **6,502** |
| Other income (expense), net: | 202 | (847) | (757) | (750) | (500) | (107) | (196) | (194) | (200) | (150) | (200) | (200) | (200) |
| **Pre-tax Income** | **18,579** | **18,289** | **21,283** | **24,899** | **27,157** | **4,952** | **5,115** | **5,218** | **5,998** | **6,430** | **5,986** | **6,181** | **6,302** |
| **Income Tax** | **3,429** | **3,349** | **4,034** | **4,606** | **5,024** | **941** | **972** | **991** | **1,130** | **1,190** | **1,107** | **1,143** | **1,166** |
| **Net Income** | **15,150** | **14,940** | **17,249** | **20,293** | **22,133** | **4,011** | **4,143** | **4,227** | **4,868** | **5,240** | **4,879** | **5,037** | **5,136** |
| Diluted Share Count | 4,065 | 4,003 | 3,986 | 3,973 | 3,964 | 3,993 | 3,984 | 3,982 | 3,984 | 3,979 | 3,975 | 3,971 | 3,966 |
| **Earnings per Share** | **3.73** | **3.73** | **4.33** | **5.11** | **5.58** | **1.00** | **1.04** | **1.06** | **1.22** | **1.32** | **1.23** | **1.27** | **1.30** |
| **Balance Sheet** | | | | | | | | | | | | | |
| **Assets** | | | | | | | | | | | | | |
| Cash and Cash Equivalents | 7,508 | 8,346 | 7,218 | 6,878 | 14,868 | 8,400 | 7,458 | 7,083 | 7,218 | 7,826 | 7,425 | 7,329 | 6,878 |
| Investments | 10,346 | 7,764 | 8,700 | 8,700 | 8,700 | 7,336 | 8,319 | 9,547 | 8,700 | 8,700 | 8,700 | 8,700 | 8,700 |
| ST & LT Financing Receivables | 6,714 | 6,527 | 8,332 | 8,332 | 8,332 | 6,804 | 6,642 | 6,578 | 8,332 | 8,332 | 8,332 | 8,332 | 8,332 |
| **Non-Operating Assets** | **24,568** | **22,637** | **24,250** | **23,910** | **31,900** | **22,540** | **22,419** | **23,218** | **24,250** | **24,858** | **24,457** | **24,361** | **23,910** |
| Accounts Receivable, Net | 6,685 | 6,701 | 7,470 | 9,439 | 10,290 | 4,827 | 6,606 | 6,480 | 7,470 | 8,151 | 8,347 | 8,860 | 9,439 |
| Inventories | 3,373 | 3,164 | 5,694 | 7,745 | 8,533 | 3,395 | 3,920 | 4,708 | 5,694 | 6,261 | 6,597 | 7,138 | 7,745 |
| Other current assets | 5,612 | 5,950 | 6,191 | 8,613 | 9,390 | 5,833 | 5,884 | 5,796 | 6,191 | 6,894 | 7,086 | 7,718 | 8,613 |
| **Current Operating Assets** | **15,670** | **15,815** | **19,355** | **25,797** | **28,214** | **14,055** | **16,410** | **16,983** | **19,355** | **21,305** | **22,030** | **23,716** | **25,797** |
| Property, plant and equipment, net | 2,090 | 2,113 | 2,700 | 3,523 | 4,329 | 2,248 | 2,351 | 2,577 | 2,700 | 2,872 | 3,159 | 3,352 | 3,523 |
| Acquired intangibles | 11,219 | 9,175 | 7,567 | 5,929 | 4,497 | 8,713 | 8,307 | 7,850 | 7,567 | 7,112 | 6,894 | 6,300 | 5,929 |
| Goodwill | 58,860 | 59,136 | 59,477 | 59,477 | 59,477 | 59,119 | 59,234 | 59,292 | 59,477 | 59,477 | 59,477 | 59,477 | 59,477 |
| Deferred taxes | 6,262 | 7,356 | 7,109 | 8,613 | 9,390 | 7,314 | 7,399 | 7,558 | 7,109 | 7,619 | 7,617 | 8,085 | 8,613 |
| Other Non-Current Assets | 5,944 | 6,059 | 9,129 | 10,128 | 11,042 | 7,113 | 7,251 | 8,068 | 9,129 | 9,599 | 9,373 | 9,723 | 10,128 |
| **Non-Current Operating Assets** | **84,175** | **83,839** | **86,032** | **87,671** | **88,735** | **84,507** | **84,542** | **85,345** | **86,032** | **86,779** | **86,330** | **86,938** | **87,671** |
| **Total Assets** | **124,413** | **122,291** | **129,637** | **137,378** | **148,849** | **121,102** | **123,371** | **125,546** | **129,637** | **132,942** | **132,817** | **135,015** | **137,378** |
| *Check* | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Liabilities** | | | | | | | | | | | | | |
| Accounts Payable | 2,304 | 2,528 | 3,300 | 3,098 | 3,413 | 2,418 | 2,762 | 2,970 | 3,300 | 3,402 | 3,254 | 3,205 | 3,098 |
| Accrued compensation | 3,808 | 3,611 | 4,057 | 4,311 | 4,700 | 3,004 | 3,494 | 3,290 | 4,057 | 4,141 | 4,017 | 4,138 | 4,311 |
| Deferred revenue | 28,475 | 28,779 | 29,781 | 33,041 | 36,020 | 27,969 | 28,403 | 28,599 | 29,781 | 31,315 | 30,579 | 31,720 | 33,041 |
| Current operating lease liabilities | 304 | 375 | - | - | - | 403 | 405 | - | - | - | - | - | - |
| Other current liabilities | 5,279 | 5,045 | 6,703 | 6,361 | 7,008 | 4,509 | 5,012 | 4,730 | 6,703 | 6,830 | 6,853 | 6,646 | 6,361 |
| **Current Operating Liabilities** | **40,030** | **40,338** | **43,967** | **46,810** | **51,141** | **38,423** | **40,076** | **39,589** | **43,967** | **45,689** | **44,512** | **45,710** | **46,810** |
| Total Debt | 38,962 | 28,093 | 29,533 | 29,533 | 29,533 | 28,099 | 30,086 | 31,303 | 29,533 | 29,533 | 29,533 | 29,533 | 29,533 |
| Income taxes payable | 5,424 | 4,022 | 2,529 | 2,529 | 2,529 | 4,643 | 2,319 | 2,477 | 2,529 | 2,529 | 2,529 | 2,529 | 2,529 |
| Other long-term liabilities | 2,540 | 2,995 | 3,323 | 2,785 | 3,037 | 3,074 | 3,167 | 3,316 | 3,323 | 3,211 | 2,959 | 2,888 | 2,785 |
| **Non-Operating Liabilities** | **38,926** | **35,110** | **35,385** | **34,847** | **35,099** | **35,806** | **35,572** | **37,096** | **35,385** | **35,273** | **35,021** | **34,950** | **34,847** |
| **Total Liabilities** | **78,956** | **75,448** | **79,352** | **81,658** | **86,240** | **74,229** | **75,648** | **76,685** | **79,352** | **80,962** | **79,533** | **80,660** | **81,658** |
| *Check* | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Equity** | | | | | | | | | | | | | |
| **Total Equity** | **45,457** | **46,843** | **50,285** | **55,720** | **62,609** | **46,873** | **47,723** | **48,861** | **50,285** | **51,980** | **53,283** | **54,355** | **55,720** |
| *Assets - Liabilities & Equity* | | | | - | - | - | - | - | - | - | - | - | - |
| **Book value per share** | | | | **14.03** | **15.80** | **11.74** | **11.98** | **12.27** | **12.62** | **13.06** | **13.41** | **13.69** | **14.05** |
| **Cash Flow** | | | | | | | | | | | | | |
| **Cash flows from operating activities** | | | | | | | | | | | | | |
| Net income | **2,152** | **2,550** | **3,859** | **14,202** | **15,490** | **2,860** | **3,175** | **3,373** | **3,858** | **3,929** | **3,488** | **3,232** | **3,553** |
| *Adjustments to reconcile net income to cash provided by operating activities* | | | | | | | | | | | | | |
| Depreciation and Amortization | 823 | 635 | 638 | 2,465 | 2,370 | 606 | 659 | 637 | 638 | 633 | 622 | 610 | 600 |
| Stock-based compensation | 800 | 948 | 927 | 3,869 | 4,218 | 1,055 | 934 | 914 | 927 | 925 | 975 | 998 | 972 |
| Deferred income tax | (727) | (341) | 443 | (1,504) | (777) | 25 | (89) | (153) | 443 | (510) | 2 | (468) | (526) |
| Other, Net | 6 | (83) | (846) | (538) | 251 | (181) | (47) | (261) | (846) | (112) | (252) | (71) | (103) |
| Change in operating assets | (2,135) | (2,034) | (4,242) | (7,442) | (3,330) | 719 | (2,188) | (529) | (4,242) | (2,420) | (499) | (2,036) | (2,486) |
| Change in operating liabilities | 2,801 | 2,559 | 4,607 | 2,843 | 4,331 | (1,872) | (622) | (224) | 4,607 | 1,722 | (1,177) | 1,197 | 1,100 |
| **Net cash provided by operating activities** | **3,730** | **4,234** | **5,386** | **13,896** | **22,554** | **3,212** | **1,822** | **3,757** | **5,386** | **4,167** | **3,158** | **3,463** | **3,108** |
| *Sum - Total* | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Cash flows from investing activities** | | | | | | | | | | | | | |
| Capital Expenditure and Capitalized Software Development | (198) | (217) | (360) | (1,600) | (1,744) | (323) | (283) | (414) | (390) | (400) | (400) | (400) | (400) |
| Other | (3) | 14 | (20) | - | - | (22) | 14 | 2 | (20) | - | - | - | - |
| Acquisitions of Businesses and Assets, Net of divestitures and returns | (266) | 80 | (670) | - | - | (6) | (50) | (406) | (670) | - | - | - | - |
| Purchases (net of maturities and sales) of investments | (361) | (150) | 816 | - | - | 907 | (687) | (1,192) | 816 | - | - | - | - |
| **Net cash provided by/(used in) investing activities** | **(828)** | **(273)** | **(254)** | **(1,600)** | **(1,744)** | **156** | **(1,306)** | **(2,070)** | **(254)** | **(400)** | **(400)** | **(400)** | **(400)** |
| *Sum - Total* | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Cash flows from financing activities** | | | | | | | | | | | | | |
| Equity issuances and repurchases | (1,875) | (1,148) | (1,561) | (6,000) | (6,000) | (2,276) | (1,793) | (1,544) | (1,561) | (1,500) | (1,500) | (1,500) | (1,500) |
| Debt issuances and repayments | (1,041) | (1,176) | (1,785) | - | - | 31 | 1,968 | 1,196 | (1,785) | - | - | - | - |
| Dividends | (1,606) | (1,625) | (1,650) | (6,636) | (6,820) | (1,617) | (1,617) | (1,660) | (1,656) | (1,659) | (1,659) | (1,659) | (1,659) |
| Other | 15 | - | (1) | - | - | (1) | 3 | (34) | (1) | - | - | - | - |
| **Net cash provided by/(used in) financing activities** | **(4,507)** | **(3,949)** | **(5,006)** | **(12,636)** | **(12,820)** | **(3,863)** | **(1,439)** | **(2,039)** | **(5,006)** | **(3,159)** | **(3,159)** | **(3,159)** | **(3,159)** |
| *Sum - Total* | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Cash reconciliation** | | | | | | | | | | | | | |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (31) | (43) | (29) | - | - | (14) | (19) | (24) | 28 | - | - | - | - |
| **Net change in cash, cash equivalents and restricted cash** | **(2,785)** | **68** | **(1,553)** | **(340)** | **7,990** | **(509)** | **(942)** | **(376)** | **144** | **608** | **(401)** | **(96)** | **(451)** |

Source: Company reports, Bernstein estimates and analysis

on 07-Oct-2026



## EXHIBIT 18: **Lumentum Operating Model**

| Lumentum Holdings Inc - Operating Model<br>*In US$ M unless otherwise specified* | 6/30/2025<br>2025A | 6/30/2026<br>2026A | 6/30/2027<br>2027E | 6/30/2028<br>2028E | 9/30/2024<br>1Q25A | 12/31/2024<br>2Q25A | 3/31/2025<br>3Q25A | 6/30/2025<br>4Q25A | 9/30/2025<br>1Q26A | 12/31/2025<br>2Q26A | 3/31/2026<br>3Q26A | 6/30/2026<br>4Q26A | 9/30/2026<br>1Q27E | 12/31/2026<br>2Q27E | 3/31/2027<br>3Q27E | 6/30/2027<br>4Q27E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue Drivers** | | | | | | | | | | | | | | | | |
| **Revenue** | | | | | | | | | | | | | | | | |
| Components | 1,116.3 | 2,005.6 | 3,928.3 | 5,892.4 | 231.4 | 263.7 | 300.8 | 320.4 | 379.2 | 443.7 | 533.3 | 649.4 | 777.4 | 909.6 | 1,039.9 | 1,201.4 |
| Systems | 528.7 | 1,008.4 | 2,574.2 | 4,836.7 | 105.5 | 138.5 | 124.4 | 160.3 | 154.6 | 221.8 | 275.1 | 356.9 | 477.1 | 587.8 | 698.1 | 811.2 |
| **Total Revenue** | **1,645.0** | **3,014.0** | **6,502.5** | **10,729.1** | **336.9** | **402.2** | **425.2** | **480.7** | **533.8** | **665.5** | **808.4** | **1,006.3** | **1,254.4** | **1,497.4** | **1,738.1** | **2,012.6** |
| **Revenue Growth** | | | | | | | | | | | | | | | | |
| **Revenue growth % (YoY)** | | | | | | | | | | | | | | | | |
| Components | | 79.7% | 95.9% | 50.0% | | | | | 63.9% | 68.3% | 77.3% | 102.7% | 105.0% | 105.0% | 95.0% | 85.0% |
| Systems | | 90.7% | 155.3% | 87.9% | | | | | 46.5% | 60.1% | 121.1% | 122.6% | 208.8% | 165.0% | 153.8% | 127.3% |
| **Total Revenue Growth (YoY)** | **21.0%** | **83.2%** | **115.7%** | **65.0%** | **6.1%** | **9.7%** | **15.0%** | **55.9%** | **58.4%** | **65.5%** | **90.1%** | **109.3%** | **135.0%** | **125.0%** | **115.0%** | **100.0%** |
| *Industry Model growth* | | | | 66.3% | | | | | | | | | | | | |
| **Revenue growth % (QoQ)** | | | | | | | | | | | | | | | | |
| Components | | | | | | 14.0% | 14.1% | 6.5% | 18.4% | 17.0% | 20.2% | 21.8% | 19.7% | 17.0% | 14.3% | 15.5% |
| Systems | | | | | | 31.3% | -10.2% | 28.9% | -3.6% | 43.5% | 24.0% | 29.7% | 33.7% | 23.2% | 18.8% | 16.2% |
| **Total Revenue Growth (QoQ)** | | | | | **9.3%** | **19.4%** | **5.7%** | **13.1%** | **11.0%** | **24.7%** | **21.5%** | **24.5%** | **24.7%** | **19.4%** | **16.1%** | **15.8%** |
| **Revenue Mix** | | | | | | | | | | | | | | | | |
| **Revenue mix % (YoY)** | | | | | | | | | | | | | | | | |
| Components | 67.9% | 66.5% | 60.4% | 54.9% | 68.7% | 65.6% | 70.7% | 66.7% | 71.0% | 66.7% | 66.0% | 64.5% | 62.0% | 60.7% | 59.8% | 59.7% |
| Systems | 32.1% | 33.5% | 39.6% | 45.1% | 31.3% | 34.4% | 29.3% | 33.3% | 29.0% | 33.3% | 34.0% | 35.5% | 38.0% | 39.3% | 40.2% | 40.3% |

Source: Company filings, Bernstein estimates and analysis

on 07-Oct-2026



# EXHIBIT 19: **Lumentum Financial Model**

| Lumentum Holdings Inc - Financial Model<br>*In US$ M unless otherwise specified* | 6/30/2025<br>2025A | 6/30/2026<br>2026A | 6/30/2027<br>2027E | 6/30/2028<br>2028E | 9/30/2025<br>1Q26A | 12/31/2025<br>2Q26A | 3/31/2026<br>3Q26A | 6/30/2026<br>4Q26A | 9/30/2026<br>1Q27E | 12/31/2026<br>2Q27E | 3/31/2027<br>3Q27E | 6/30/2027<br>4Q27E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income Statement** | | | | | | | | | | | | |
| **Non-GAAP Income Statement** | | | | | | | | | | | | |
| **Revenue** | 1,645.0 | 3,014.0 | 6,502.5 | 10,729.1 | 533.8 | 665.5 | 808.4 | 1,006.3 | 1,254.4 | 1,497.4 | 1,738.1 | 2,012.6 |
| COGS | 1,073.5 | 1,627.3 | 3,021.1 | 4,720.8 | 323.5 | 382.9 | 421.5 | 499.4 | 602.1 | 703.8 | 799.5 | 915.7 |
| **Gross Profit** | 571.5 | 1,386.7 | 3,481.3 | 6,008.3 | 210.3 | 282.6 | 386.9 | 506.9 | 652.3 | 793.6 | 938.6 | 1,096.9 |
| Research and development | 256.0 | 304.8 | 488.9 | 772.5 | 69.0 | 69.9 | 78.4 | 87.5 | 100.4 | 112.3 | 130.4 | 145.9 |
| Sales and marketing | 155.4 | 184.9 | 228.8 | 360.4 | 41.5 | 45.0 | 47.8 | 50.6 | 50.2 | 52.4 | 60.8 | 65.4 |
| Others | 52.9 | (0.0) | - | - | (0.0) | - | - | - | - | - | - | - |
| **Opex** | 464.3 | 489.7 | 717.8 | 1,072.9 | 110.5 | 114.9 | 126.2 | 138.1 | 150.5 | 164.7 | 191.2 | 211.3 |
| **Operating Income** | 160.1 | 897.0 | 2,763.6 | 4,935.4 | 99.8 | 167.7 | 260.7 | 368.8 | 501.8 | 628.9 | 747.4 | 885.5 |
| Other income (expense), net | 15.2 | 39.9 | 40.0 | 40.0 | 3.7 | 4.6 | 9.8 | 22.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| **Pre-tax Income** | 175.3 | 936.9 | 2,803.6 | 4,895.4 | 103.5 | 172.3 | 270.3 | 390.8 | 511.8 | 638.9 | 757.4 | 895.5 |
| **Income Tax** | 28.9 | 154.6 | 462.7 | 808.0 | 17.1 | 28.4 | 44.6 | 64.5 | 84.5 | 105.4 | 125.0 | 147.8 |
| *Effective Tax Rate %* | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% |
| **Net Income** | 146.4 | 782.3 | 2,340.9 | 4,087.5 | 86.4 | 143.9 | 225.7 | 326.3 | 427.3 | 533.4 | 632.4 | 747.7 |
| Diluted Share Count | 71.6 | 93.4 | 104.5 | 116.9 | 78.3 | 86.1 | 95.2 | 101.1 | 102.3 | 103.5 | 104.9 | 106.3 |
| **Earnings per Share** | 2.05 | 8.37 | 22.40 | 34.96 | 1.10 | 1.67 | 2.37 | 3.23 | $4.18 | $5.15 | $6.03 | $7.04 |
| **Growth** | | | | | | | | | | | | |
| **Balance Sheet** | | | | | | | | | | | | |
| **Assets** | | | | | | | | | | | | |
| Accounts Receivable, Net | 258 | 520 | 1,040.6 | 1,386.8 | 307 | 377 | 442 | 520 | 648.6 | 774.2 | 898.7 | 1,040.6 |
| Inventories | 470 | 692 | 1,003.5 | 1,293.4 | 532 | 570 | 633 | 692 | 791.8 | 886.9 | 963.8 | 1,003.5 |
| Prepayments and Other Current Assets | 120 | 212 | 423.2 | 564.0 | 125 | 181 | 149 | 212 | 263.8 | 314.9 | 365.5 | 423.2 |
| **Total Current Operating Assets** | 848 | 1,424 | 2,467.3 | 3,244.2 | 964 | 1,128 | 1,223 | 1,424 | 1,704.2 | 1,976.0 | 2,227.9 | 2,467.3 |
| PP&E, Net | | | 1,886.3 | 3,132.2 | 795 | 814 | 964 | 1,159 | 1,297.1 | 1,464.2 | 1,659.3 | 1,886.3 |
| Goodwill | | | 1,069.3 | 1,069.3 | 31 | 30 | 27 | 1,069 | 1,069.3 | 1,069.3 | 1,069.3 | 1,069.3 |
| Other Intangible Assets, Net | | | 209.1 | 120.7 | 1,061 | 1,061 | 1,066 | 327 | 292.4 | 261.5 | 233.8 | 209.1 |
| Operating Lease Right-of-Use Assets | | | 58.4 | 77.8 | - | - | - | 29 | 36.4 | 43.4 | 50.4 | 58.4 |
| Deferred Tax Assets | | | 1,061.8 | 1,415.1 | 431 | 397 | 363 | 531 | 661.8 | 790.0 | 917.0 | 1,061.8 |
| Other Non-Current Operating Assets | | | 60.4 | 80.5 | 6 | 15 | 14 | 30 | 37.6 | 44.9 | 52.2 | 60.4 |
| **Total Non-Current Operating Assets** | | | 4,345.3 | 5,895.7 | 2,323 | 2,316 | 2,434 | 3,146 | 3,394.6 | 3,673.3 | 3,982.0 | 4,345.3 |
| Cash and Cash Equivalents | | | 2,201.1 | 4,459.3 | 772.9 | 657.7 | 2617.8 | 2043.5 | 2,041.1 | 2,043.0 | 2,090.2 | 2,201.1 |
| Short-Term Investments | | | 694.9 | 694.9 | 349 | 498 | 555 | 695 | 694.9 | 694.9 | 694.9 | 694.9 |
| Restricted cash | | | - | - | 205 | 206 | 198 | - | - | - | - | - |
| **Total Non-Operating Assets** | | | 2,896.0 | 5,188.2 | 1,326 | 1,361 | 3,370 | 2,738 | 2,736.0 | 2,737.9 | 2,785.1 | 2,896.0 |
| **Total Assets** | | | 9,708.6 | 14,328.1 | 4613.1 | 4805.3 | 7027.9 | 7307.5 | 7,834.8 | 8,387.2 | 8,995.0 | 9,708.6 |
| Check | | | - | - | | | | | - | - | - | - |
| **Liabilities** | | | | | | | | | | | | |
| Accounts Payable | | | 1,103.9 | 1,422.7 | 279 | 347 | 393 | 567 | 725.9 | 848.4 | 963.8 | 1,103.9 |
| Accrued Payroll and Related Expenses | | | 292.6 | 390.0 | 69 | 85 | 110 | 146 | 182.4 | 217.7 | 252.7 | 292.6 |
| Accrued Expenses | | | 129.8 | 173.0 | 46 | 39 | 49 | 65 | 80.9 | 96.6 | 112.1 | 129.8 |
| Operating Lease Liabilities | | | 67.6 | 90.1 | 37 | 35 | 32 | 34 | 42.1 | 50.3 | 58.4 | 67.6 |
| Other Current Liabilities | | | 183.0 | 243.9 | 42 | 43 | 63 | 92 | 114.1 | 136.2 | 158.0 | 183.0 |
| **Total Operating Liabilities** | | | 1,776.9 | 2,319.6 | 472 | 550 | 646 | 904 | 1,145.3 | 1,349.1 | 1,545.0 | 1,776.9 |
| Other Non-Current Liabilities | | | 115.2 | 115.2 | 111 | 116 | 121 | 115 | 115.2 | 115.2 | 115.2 | 115.2 |
| Debt | | | 1,637.4 | 1,637.4 | 3,244 | 3,287 | 3,282 | 1,637 | 1,637.4 | 1,637.4 | 1,637.4 | 1,637.4 |
| Deferred Tax Liabilities | | | 7.0 | 7.0 | 6 | 6 | 5 | 7 | 7.0 | 7.0 | 7.0 | 7.0 |
| **Total Non-Operating Liabilities** | | | 1,759.6 | 1,759.6 | 3361 | 3409 | 3408 | 1760 | 1,759.6 | 1,759.6 | 1,759.6 | 1,759.6 |
| *Total Liabilities* | | | 3,536.5 | 4,079.2 | 3,832 | 3,959 | 4,055 | 2,664 | 2,904.9 | 3,108.7 | 3,304.6 | 3,536.5 |
| Check | | | - | - | - | - | - | - | - | - | - | - |
| **Stockholders' Equity** | | | | | | | | | | | | |
| **Common Stock** | | | 0.1 | 0.1 | 0 | 0 | 0 | 0 | 0.1 | 0.1 | 0.1 | 0.1 |
| Additional Paid-In Capital | | | 12,686.1 | 13,068.8 | 1,629 | 1,616 | 3,601 | 12,430 | 12,483.8 | 12,542.5 | 12,610.7 | 12,686.1 |
| Retained Earnings | | | (6,524.2) | (7,830.1) | (857) | (779) | (635) | (7,796) | (7,561.3) | (7,274.2) | (6,930.5) | (6,524.2) |
| Accumulated Other Comprehensive Income | | | 10.1 | 10.1 | 9 | 9 | 7 | 10 | 10.1 | 10.1 | 10.1 | 10.1 |
| Total Stockholders' Equity | | | 6,172.1 | 10,248.9 | 781 | 847 | 2,973 | 4,644 | 4,929.9 | 5,278.5 | 5,690.4 | 6,172.1 |
| Check | | | - | - | - | - | - | - | - | - | - | - |
| *Total Liabilities and Stockholders' Equity* | | | 9,708.6 | 14,328.1 | 4613.1 | 4805.3 | 7027.9 | 7307.4 | 7,834.8 | 8,387.2 | 8,995.0 | 9,708.6 |
| **Cash Flow** | | | | | | | | | | | | |
| **Cash flows from operating activities** | | | | | | | | | | | | |
| Net income | 26 | (6,935) | 1,272.1 | 3,694.1 | 4 | 78 | 144 | (7,162) | 232.2 | 289.9 | 313.6 | 408.3 |
| Depreciation | 104 | 129 | 155.0 | 209.6 | 28 | 31 | 33 | 38 | 32.2 | 36.0 | 40.7 | 46.1 |
| Amortization | 152 | 138 | 117.8 | 88.4 | 34 | 34 | 34 | 36 | 34.6 | 30.9 | 27.6 | 24.7 |
| Stock-based compensation | 177 | 170 | 256.0 | 382.7 | 42 | 45 | 42 | 41 | 53.7 | 58.7 | 68.2 | 75.4 |
| Other | (191) | 7,541 | - | - | 4 | 11 | (2) | 7,528 | - | - | - | - |
| Change in Working Capital | (315) | (292) | (761) | (627) | (55) | (73) | (47) | (118) | (185) | (211) | (197) | (169) |
| **Net cash provided by operating activities** | 126 | 751 | 1,039.8 | 3,747.8 | 58 | 127 | 204 | 363 | 167.8 | 205.0 | 283.0 | 384.0 |
| *Sum - Total* | - | - | - | - | - | - | - | 0 | - | - | - | - |
| **Cash flows from investing activities** | | | | | | | | | | | | |
| Capex, net | (231) | (409) | (882) | (1,456) | (76) | (84) | (89) | (164) | (170.2) | (200.1) | (235.8) | (273.0) |
| Acquisitions | - | (38) | - | - | - | - | (38) | - | - | - | - | - |
| Investing | 98 | (339) | - | - | 8 | (148) | (59) | (140) | - | - | - | - |
| Other | 48 | 0 | - | - | - | - | - | 0 | - | - | - | - |
| **Net cash provided by/(used in) investing activitie** | (84) | (786) | (882) | (1,456) | (68) | (231) | (182) | (304) | (170.2) | (200.1) | (235.8) | (273.0) |
| *Sum - Total* | - | - | - | - | - | - | - | - | - | - | - | - |
| **Cash flows from financing activities** | | | | | | | | | | | | |
| Debt and preferreds | 83.5 | 1556.9 | - | - | 1,153 | 50 | 988 | (633) | - | - | - | - |
| Common Dividends | -41.7 | 0 | - | - | (47) | (60) | 107 | - | - | - | - | - |
| Equity issuances and buybacks | 0 | 0 | - | - | (843) | | 843 | - | - | - | - | - |
| **Net cash provided by/(used in) financing activitie** | 42 | 1,557 | - | - | 262 | (11) | 1,938 | (633) | - | - | - | - |
| *Sum - Total* | - | - | - | - | - | - | - | - | - | - | - | - |
| **Cash reconciliation** | | | | | | | | | | | | |
| Effect of exchange rate changes on cash, cash equiv | 0 | - | - | - | - | - | - | - | - | - | - | - |
| **Net change in cash, cash equivalents and restric** | 84 | 1,523 | 158 | 2,292.2 | 252 | (115) | 1,960 | (574) | 127 | 19 | 47.2 | 110.9 |

Source: Company filings, Bernstein estimates and analysis

on 07-Oct-2026



## EXHIBIT 20: **Coherent Operating Model**

| Coherent Corp - Balance Sheet<br>*In US$ M unless otherwise specified* | 12/31/2025<br>2025A | 12/31/2026<br>2026A | 12/31/2027<br>2027E | 9/30/2024<br>1Q25A | 12/31/2024<br>2Q25A | 3/31/2025<br>3Q25A | 6/30/2025<br>4Q25A | 9/30/2025<br>1Q26A | 12/31/2025<br>2Q26A | 3/31/2026<br>3Q26A | 6/30/2026<br>4Q26A | 9/30/2026<br>1Q27E | 12/31/2026<br>2Q27E | 3/31/2027<br>3Q27E | 6/30/2027<br>4Q27E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue Drivers** | | | | | | | | | | | | | | | |
| **Revenue** | | | | | | | | | | | | | | | |
| **Datacenter & Communications** | 3,755.2 | 5,274.6 | 8,955.5 | 863.6 | 904.5 | 969.0 | 1,018.0 | 1,090.0 | 1,208.0 | 1,361.6 | 1,615.0 | 1,874.8 | 2,113.9 | 2,382.8 | 2,584.0 |
| Industrial | 2,054.6 | 1,843.6 | 1,891.4 | 484.5 | 530.1 | 529.0 | 511.0 | 491.4 | 477.7 | 444.0 | 430.5 | 497.3 | 498.8 | 452.0 | 443.3 |
| **Total Revenue** | 5,810 | 7,118.1 | 10,846.9 | 1,348.1 | 1,434.7 | 1,498.0 | 1,529.5 | 1,581.4 | 1,685.6 | 1,805.6 | 2,045.5 | 2,372.1 | 2,612.7 | 2,834.8 | 3,027.3 |
| **Revenue Growth** | | | | | | | | | | | | | | | |
| **Revenue growth % (YoY)** | | | | | | | | | | | | | | | |
| Datacenter | | 41.4% | | | | | | 23.0% | 36.0% | 37.0% | 58.0% | | | | |
| Communications | | 39.1% | | | | | | 30.7% | 30.2% | 45.8% | 48.3% | | | | |
| Datacenter & Communications | | 40.5% | 69.8% | | | | | 26.2% | 33.5% | 40.5% | 58.6% | 72.0% | 75.0% | 75.0% | 60.0% |
| Industrial | | -10.3% | 2.6% | | | | | 1.4% | -9.9% | -16.1% | -15.8% | 1.2% | 4.4% | 1.8% | 3.0% |
| **Total Revenue Growth (YoY)** | 23.4% | 22.5% | 52.4% | 28.0% | 26.8% | 23.9% | 16.4% | 17.3% | 17.5% | 20.5% | 33.7% | 50.0% | 55.0% | 57.0% | 48.0% |
| *Industry Model Growth* | | | | | | | | | | | | | | | |
| **Revenue growth % (QoQ)** | | | | | | | | | | | | | | | |
| Datacenter | | | | | 3.1% | 12.2% | 2.3% | 4.0% | 14.0% | 13.0% | 23.9% | | | | |
| Communications | | | | | 7.0% | 0.4% | 9.2% | 11.4% | 6.7% | 12.3% | 11.2% | | | | |
| Datacenter & Communications | | | | | 4.7% | 7.1% | 5.1% | 7.1% | 10.8% | 12.7% | 18.6% | 16.1% | 12.8% | 12.7% | 8.4% |
| Industrial | | | | | 9.4% | -0.2% | -3.4% | -3.8% | -2.8% | -7.1% | -3.0% | 15.5% | 0.3% | -9.4% | -1.9% |
| **Total Revenue Growth (QoQ)** | | | | 2.6% | 6.4% | 4.4% | 2.1% | 3.4% | 6.6% | 7.1% | 13.3% | 16.0% | 10.1% | 8.5% | 6.8% |
| **Operating Profit Decomposition** | | | | | | | | | | | | | | | |
| **Statement of Operations** | | | | | | | | | | | | | | | |
| **Total revenue** | 5,810.3 | 7,118.1 | 10,846.9 | 1,348.1 | 1,434.7 | 1,498.0 | 1,529.5 | 1,581.4 | 1,685.6 | 1,805.6 | 2,045.5 | 2,372.1 | 2,612.7 | 2,834.8 | 3,027.3 |
| Cost of revenue | 3,595 | 4,311.6 | 6,399.7 | 839.5 | 886.7 | 921.2 | 947.4 | 968.8 | 1,028.5 | 1,091.4 | 1,222.9 | 1,399.5 | 1,541.5 | 1,672.5 | 1,786.1 |
| **Gross profit** | 2,215 | 2,806.5 | 4,447.2 | 508.6 | 548.0 | 576.8 | 582.1 | 612.6 | 657.1 | 714.2 | 822.6 | 972.6 | 1,071.2 | 1,162.3 | 1,241.2 |
| Operating expenses: | | | | | | | | | | | | | | | |
| Research and development | 553 | 693.4 | 1,084.7 | 124.3 | 137.4 | 141.2 | 149.7 | 147.9 | 158.8 | 178.4 | 208.3 | 237.2 | 261.3 | 283.5 | 302.7 |
| Sales and marketing | 611 | 656.3 | 813.5 | 151.8 | 145.7 | 156.3 | 157.3 | 155.8 | 162.3 | 169.7 | 168.5 | 177.9 | 196.0 | 212.6 | 227.1 |
| Others | 0 | (0.1) | - | 0.1 | 0.0 | 0.2 | (0.0) | 0.1 | (0.1) | - | - | - | - | - | - |
| **Total operating expenses** | 1,163 | 1,349.7 | 1,898.2 | 276.0 | 283.1 | 297.4 | 307.0 | 303.6 | 321.2 | 348.1 | 376.8 | 415.1 | 457.2 | 496.1 | 529.8 |
| **Income from operations** | 1,052 | 1,456.8 | 2,549.0 | 232.6 | 264.9 | 279.4 | 275.1 | 309.0 | 335.9 | 366.1 | 445.8 | 557.4 | 614.0 | 666.2 | 711.4 |

Source: Company filings, Bernstein estimates and analysis



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## EXHIBIT 21: **Coherent Financial Model**

| **Coherent Corp - Financial Model**<br>*In US$ M unless otherwise specified* | 12/31/2024<br>2024A | 12/31/2025<br>2025A | 12/31/2026<br>2026A | 12/31/2027<br>2027E | 12/31/2028<br>2028E | 9/30/2025<br>1Q25A | 12/31/2025<br>2Q25A | 3/31/2026<br>3Q25A | 6/30/2026<br>4Q25A | 9/30/2026<br>1Q27E | 12/31/2026<br>2Q27E | 3/31/2027<br>3Q27E | 6/30/2027<br>4Q27E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income Statement** | | | | | | | | | | | | | |
| **Non-GAAP Income Statement** | | | | | | | | | | | | | |
| **Revenue** | 4,707.7 | 5,810.3 | 7,118.1 | 10,846.9 | 16,270.4 | 1,581.4 | 1,685.6 | 1,805.6 | 2,045.5 | 2,372.1 | 2,612.7 | 2,834.8 | 3,027.3 |
| COGS | 3,011.6 | 3,594.8 | 4,311.6 | 6,399.7 | 9,274.1 | 968.8 | 1,028.5 | 1,061.4 | 1,222.9 | 1,399.5 | 1,541.5 | 1,672.5 | 1,786.1 |
| **Gross Profit** | **1,696.1** | **2,215.5** | **2,806.5** | **4,447.2** | **6,996.3** | **612.6** | **657.1** | **714.2** | **822.6** | **972.6** | **1,071.2** | **1,162.3** | **1,241.2** |
| Research and development | 441.2 | 552.6 | 693.4 | 1,084.7 | 1,627.0 | 147.9 | 158.8 | 178.4 | 208.3 | 237.2 | 261.3 | 283.5 | 302.7 |
| Sales and marketing | 545.4 | 611.2 | 656.3 | 813.5 | 1,220.3 | 156.8 | 162.3 | 169.7 | 168.5 | 177.9 | 196.0 | 212.6 | 227.1 |
| Others | (0.3) | 0.3 | (0.1) | - | - | 0.1 | (0.1) | - | - | - | - | - | - |
| **Opex** | **986.7** | **1,163.5** | **1,349.7** | **1,898.2** | **2,847.3** | **303.6** | **321.2** | **348.1** | **376.8** | **415.1** | **457.2** | **496.1** | **529.8** |
| **Operating Income** | **709.4** | **1,052.0** | **1,456.8** | **2,549.0** | **4,148.9** | **309.0** | **335.9** | **366.1** | **445.8** | **557.4** | **614.0** | **666.2** | **711.4** |
| Other income (expense), net | (232.3) | (167.4) | (118.1) | (167.1) | (167.1) | (37.6) | (33.2) | (29.7) | (17.6) | (44.5) | (45.2) | (41.3) | (36.1) |
| **Pre-tax Income** | **477.1** | **884.6** | **1,338.7** | **2,381.9** | **3,981.9** | **271.4** | **302.7** | **336.4** | **428.2** | **512.9** | **568.8** | **624.9** | **675.4** |
| **Income Tax** | (98.5) | (184.0) | (254.7) | (452.6) | (756.6) | (51.6) | (57.6) | (64.1) | (81.4) | (97.5) | (108.1) | (118.7) | (128.3) |
| *Effective Tax Rate %* | *-20.6%* | *-20.8%* | *-19.0%* | *-19.0%* | *-19.0%* | *-19.0%* | *-19.0%* | *-19.1%* | *-19.0%* | *-19.0%* | *-19.0%* | *-19.0%* | *-19.0%* |
| Non-controlling interest | 2.8 | 3.5 | 12.3 | 5.7 | 5.7 | 1.1 | 2.6 | 3.9 | 4.4 | (0.7) | 3.2 | 1.6 | 1.2 |
| **Net Income** | **381.3** | **704.1** | **1,096.4** | **1,935.1** | **3,231.0** | **220.9** | **248.0** | **276.2** | **351.2** | **415.2** | **463.9** | **507.8** | **548.2** |
| Diluted Share Count | 226.25 | 195.29 | 196.47 | 203.52 | 204.97 | 190.7 | 192.8 | 196.4 | 202.2 | 202.7 | 203.2 | 203.8 | 204.4 |
| **Earnings per Share** | **1.69** | **3.61** | **5.58** | **9.51** | **15.76** | **1.16** | **1.28** | **1.41** | **1.74** | **2.05** | **2.28** | **2.49** | **2.68** |
| **Balance Sheet** | | | | | | | | | | | | | |
| **Assets** | | | | | | | | | | | | | |
| Accounts receivable | 848.5 | 964.1 | 1,343.3 | 1,988.1 | 2,982.1 | 1,027 | 1,055 | 1,188 | 1,343.3 | 1,557.8 | 1,715.8 | 1,861.6 | 1,988.1 |
| Inventories | 1,286.4 | 1,437.6 | 2,581.0 | 3,769.7 | 5,462.9 | 1,633 | 1,848 | 2,127 | 2,581.0 | 2,953.8 | 3,253.4 | 3,530.0 | 3,769.7 |
| Prepaid and other current assets | 425.1 | 607.4 | 979.0 | 1,448.9 | 2,173.4 | 587 | 592 | 671 | 979.0 | 1,135.3 | 1,250.5 | 1,356.8 | 1,448.9 |
| **Current Operating Assets** | 2,560.1 | 3,009.1 | 4,903.3 | 7,206.7 | 10,618.4 | **3,167** | **3,494** | **3,986** | **4,903.3** | **5,646.9** | **6,219.6** | **6,748.4** | **7,206.7** |
| Property, plant and equipment, net | 1,817.3 | 1,877.5 | 2,999.3 | 3,689.4 | 5,423.5 | 1,944 | 2,117 | 2,420 | 2,999.3 | 3,199.9 | 3,380.5 | 3,543.1 | 3,689.4 |
| Goodwill | 4,464.3 | 4,471.1 | 4,375.6 | 4,495.7 | 4,331.5 | 4,475 | 4,463 | 4,402 | 4,375.6 | 4,619.5 | 4,577.8 | 4,536.6 | 4,495.7 |
| Intangible Assets, Net | 3,503.2 | 3,204.7 | 2,884.5 | 2,963.7 | 2,855.4 | 3,133 | 3,064 | 2,958 | 2,884.5 | 3,045.3 | 3,017.8 | 2,990.6 | 2,963.7 |
| Other Non-Current Assets | 313.1 | 602.2 | 474.3 | 702.0 | 1,052.9 | 373 | 352 | 398 | 474.3 | 550.0 | 605.8 | 657.3 | 702.0 |
| **Non-Current Operating Assets** | 10,097.9 | 10,215.6 | 10,733.7 | 11,850.8 | 13,663.3 | **9,925** | **9,996** | **10,178** | **10,733.7** | **11,414.7** | **11,582.0** | **11,727.6** | **11,850.8** |
| Cash and cash equivalents | 926.0 | 989.2 | 1,162.0 | 725.2 | 135.3 | 852.8 | 863.7 | 1,562.7 | 1,162.0 | 544.9 | 534.7 | 562.6 | 725.2 |
| Restricted cash, total current and non-current | 863.7 | 723.7 | 606.4 | 606.4 | 606.4 | 700.1 | 665.1 | 603.6 | 606.4 | 606.4 | 606.4 | 606.4 | 606.4 |
| Investments, short and long-term | - | - | 825.0 | 825.0 | 825.0 | - | - | 825.0 | 825.0 | 825.0 | 825.0 | 825.0 | 825.0 |
| Deferred Tax | 41.0 | 53.4 | 69.4 | 69.4 | 69.4 | 53.9 | 69.1 | 72.1 | 69.4 | 69.4 | 69.4 | 69.4 | 69.4 |
| **Non-Operating Assets** | **1,830.7** | **1,686.3** | **2,662.8** | **2,226.0** | **1,636.1** | **1,607** | **1,598** | **3,123** | **2,662.8** | **2,045.7** | **2,035.5** | **2,063.4** | **2,226.0** |
| **Total Assets** | 14,488.6 | 14,910.9 | **18,299.9** | **21,283.5** | **25,917.8** | **14,699** | **15,088** | **17,287** | **18,299.9** | **19,107.3** | **19,837.1** | **20,569.4** | **21,283.5** |
| **Liabilities** | | | | | | | | | | | | | |
| Accounts payable | 631.5 | 847.0 | 1,905.4 | 2,783.0 | 4,037.9 | 953.9 | 1,118.5 | 1,343.4 | 1,905.4 | 2,180.6 | 2,401.8 | 2,606.0 | 2,783.0 |
| Accruals and other current liabilities | 597.9 | 718.0 | 879.3 | 1,301.4 | 1,952.0 | 692.3 | 683.1 | 708.6 | 879.3 | 1,019.7 | 1,123.1 | 1,218.6 | 1,301.4 |
| Operating lease liabilities, current and non-curre | 202.9 | 206.7 | 316.2 | 468.0 | 702.0 | 198.1 | 194.7 | 231.3 | 316.2 | 366.7 | 403.9 | 438.2 | 468.0 |
| Other liabilities | 225.4 | 259.3 | 196.2 | 293.3 | 440.0 | 229.9 | 208.1 | 188.2 | 196.2 | 229.8 | 253.2 | 274.7 | 293.3 |
| **Operating Liabilities** | 1,657.8 | 2,031.0 | 3,299.1 | 4,845.6 | 7,127.0 | **2,074.1** | **2,204.3** | **2,471.5** | **3,299.1** | **3,796.8** | **4,181.9** | **4,537.4** | **4,845.6** |
| Debt, short and long term | 4,100.2 | 3,686.9 | 3,222.2 | 3,222.2 | 3,222.2 | 3,907.8 | 3,351.9 | 3,193.8 | 3,222.2 | 3,222.2 | 3,222.2 | 3,222.2 | 3,222.2 |
| Deferred Income Taxes | 784.4 | 711.7 | 540.6 | 540.6 | 540.6 | 629.5 | 643.3 | 605.8 | 540.6 | 540.6 | 540.6 | 540.6 | 540.6 |
| Capital Lease Obligations | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Non-Operating Liabilities** | **4,884.6** | **4,398.6** | **3,762.8** | **3,762.8** | **3,762.8** | **3,937.3** | **3,995.1** | **3,799.6** | **3,762.8** | 3,762.8 | 3,762.8 | 3,762.8 | 3,762.8 |
| **Total Liabilities** | **6,542.4** | **6,429.7** | **7,061.7** | **8,608.4** | **10,889.8** | 6,011.4 | 6,199.4 | 6,271.0 | 7,061.7 | 7,559.6 | 7,944.7 | 8,300.2 | 8,608.4 |
| **Equity** | | | | | | | | | | | | | |
| Total Mezzanine Equity | 2,364.8 | 2,483.3 | - | - | - | 2,505 | - | - | - | - | - | - | - |
| Total Coherent Corp. Shareholders' Equity | **5,210.1** | **5,644.5** | **10,903.5** | **12,340.3** | **14,693.3** | 5,830 | 8,536 | 10,677 | 10,904 | **11,212.9** | **11,557.7** | **11,934.4** | **12,340.3** |
| Noncontrolling interests | **371.4** | **353.5** | **334.7** | **334.7** | **334.7** | 352 | 349 | 339 | 335 | **334.7** | **334.7** | **334.7** | **334.7** |
| **Total Equity** | **7,946.3** | **8,481.3** | **11,238.2** | **12,675.0** | **15,028.0** | **8,687** | **8,888** | **11,016** | **11,238** | **11,547.6** | **11,892.4** | **12,269.1** | **12,675.0** |
| **Book value per share** | 52.07 | 54.54 | 55.58 | 62.02 | 73.32 | **45.56** | **46.11** | **56.09** | **55.58** | 56.97 | 58.52 | 60.20 | 62.02 |
| **Cash Flow** | | | | | | | | | | | | | |
| **Cash flows from operating activities** | | | | | | | | | | | | | |
| Net income | **(158.8)** | **30.1** | **786.9** | **1,165.3** | **1,945.7** | **225.2** | **143.8** | **181.7** | **236.2** | **250.0** | **279.4** | **305.8** | **330.1** |
| Depreciation | 271.6 | 250.8 | 241.6 | 1,309.9 | 1,517.9 | 53.0 | 55.5 | 62.4 | 70.7 | 299.4 | 319.4 | 337.4 | 352.7 |
| Amortization | 288.2 | 302.8 | 280.3 | 275.0 | 268.7 | 69.4 | 70.5 | 76.5 | 69.9 | 69.7 | 69.1 | 68.4 | 67.8 |
| Stock-based compensation | 126.0 | 160.2 | 186.5 | 271.5 | 407.3 | 44.1 | 42.8 | 49.1 | 50.4 | 59.4 | 65.4 | 71.0 | 75.8 |
| Other, Net | (86.7) | 97.8 | (313.8) | (701.7) | (455.6) | (187.2) | 4.7 | (65.2) | (65.8) | (549.7) | (55.8) | (51.5) | (44.6) |
| Change in Operating Assets and Liabilities | 104.3 | (208.1) | (1,102.2) | (758.9) | (1,130.4) | (158.6) | (259.4) | (362.3) | (291.9) | (245.9) | (187.6) | (173.2) | (150.2) |
| **Net cash provided by operating activities** | **545.7** | **633.6** | **79.5** | **1,563.2** | **2,549.7** | **46.0** | **57.9** | **(93.8)** | **69.4** | **(117.1)** | **489.8** | **557.9** | **632.6** |
| *Sum - Total* | - | | | | | | | | | | | | |
| *Check* | | | | | | | | | | | | | |
| **Cash flows from investing activities** | | | | | | | | | | | | | |
| Capital Expenditure and Capitalized Software Develc | (346.8) | (440.8) | (1,102.9) | (2,000.0) | (3,139.6) | (103.9) | (153.6) | (289.7) | (555.7) | (500.0) | (500.0) | (500.0) | (500.0) |
| Acquisitions, net of divestitures | - | 27.0 | 429.8 | - | - | 391.1 | (5.3) | 51.5 | (7.5) | - | - | - | - |
| Purchases of investments, net of sales | - | - | (735.6) | - | - | 9.6 | 21.8 | (807.7) | 40.6 | - | - | - | - |
| Other | (0.0) | (0.0) | (5.0) | - | - | (0.0) | (0.0) | (5.0) | 0.0 | - | - | - | - |
| **Net cash provided by/(used in) investing activi** | **(350.7)** | **(414.2)** | **(1,413.7)** | **(2,000.0)** | **(3,139.6)** | **296.8** | **(136.5)** | **(1,049.4)** | **(522.6)** | **(500.0)** | **(500.0)** | **(500.0)** | **(500.0)** |
| *Sum - Total* | 4.0 | - | (1.0) | - | - | - | 1.0 | (2.0) | - | - | - | - | - |
| **Cash flows from financing activities** | | | | | | | | | | | | | |
| Debt proceeds net of payments | (209.8) | (380.3) | (487.3) | - | | (317.2) | 215.5 | (411.9) | 293 | | | | |
| Equity issuance net of buybacks | 42.3 | 49.6 | 2,052.4 | - | - | 21.3 | 8.8 | 2,021.7 | 0.6 | - | - | - | - |
| Dividends | - | (11.4) | (11.4) | - | - | (11.4) | - | - | 0.0 | - | - | - | - |
| Other | 925.8 | (106.6) | (76.4) | - | - | (114.2) | (181.2) | 244.6 | (25.6) | - | - | - | - |
| **Net cash provided by/(used in) financing activi** | **758.3** | **(451.7)** | **1,477.1** | - | - | **(421.5)** | **43.1** | **1,854.3** | **1.2** | - | - | - | - |
| *Sum - Total* | - | - | - | - | - | - | - | - | - | - | - | - | - |
| *Check* | | | | | | | | | | | | | |
| **Cash reconciliation** | | | | | | | | | | | | | |
| Effect of exchange rate changes on cash, cash equiv | (1.2) | 75.6 | (7.4) | - | - | (1.3) | 13.5 | (14.2) | (5.4) | - | - | - | - |
| **Net change in cash, cash equivalents and restr** | **952.1** | **(156.8)** | **135.5** | **(436.8)** | **(589.9)** | **(80.0)** | **(24.1)** | **697.0** | **(457.4)** | **(617.1)** | **(10.2)** | **57.9** | **132.6** |

Source: Company filings, Bernstein estimates and analysis

on 07-Oct-2026



## EXHIBIT 22: **Ciena: Operating Model**

| Ciena Corporation - Operating Model<br>In US$ Millions otherwise specified | 12/31/2013<br>2013A | 12/31/2014<br>2014A | 12/31/2015<br>2015A | 12/31/2016<br>2016A | 12/31/2017<br>2017A | 12/31/2018<br>2018A | 12/31/2019<br>2019A | 12/31/2020<br>2020A | 12/31/2021<br>2021A | 12/31/2025<br>2025A | 12/31/2026<br>2026E | 12/31/2027<br>2027E | 12/31/2028<br>2028E | 1Q26A | 2Q26A | 3Q26A | 4Q26E | 1Q27E | 2Q27E | 3Q27E | 4Q27E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue Drivers** | | | | | | | | | | | | | | | | | | | | | |
| **Segment Revenue** | | | | | | | | | | | | | | | | | | | | | |
| Optical Networking | | | 1,734.7 | 1,815.9 | 1,930.6 | 2,194.5 | 2,562.8 | 2,547.6 | 2,563.5 | 3,246.2 | 4,568.7 | 6,170.0 | 8,297.3 | 1,023.2 | 1,099.8 | 1,191.3 | 1,254.4 | 1,340.4 | 1,440.7 | 1,620.2 | 1,768.7 |
| Routing and Switching | | | 229.2 | 252.9 | 310.1 | 283.5 | 348.5 | 297.5 | 274.8 | 430.1 | 636.3 | 890.7 | 1,202.5 | 126.0 | 174.2 | 164.4 | 171.7 | 171.4 | 236.9 | 231.8 | 290.6 |
| Networking Platforms | | | 1,963.9 | 2,068.8 | 2,252.7 | 2,478.0 | 2,911.3 | 2,815.1 | 2,825.3 | 3,676.4 | 5,205.0 | 7,060.7 | 9,499.7 | 1,149.2 | 1,274.0 | 1,355.7 | 1,426.1 | 1,511.8 | 1,677.7 | 1,852.0 | 2,059.3 |
| Software Product | | | 36.5 | 48.7 | 66.9 | 87.4 | 72.5 | 99.7 | 107.3 | 149.2 | 142.4 | 160.1 | 176.1 | 30.7 | 37.5 | 34.6 | 39.7 | 37.5 | 38.7 | 40.2 | 43.6 |
| Total Product Revenue | 1,680.1 | 1,865.8 | 2,002.4 | 2,117.5 | 2,319.6 | 2,565.5 | 2,983.8 | 2,914.8 | 2,932.6 | 3,822.6 | 5,347.3 | 7,220.7 | 9,675.8 | 1,179.9 | 1,311.5 | 1,390.3 | 1,465.7 | 1,549.3 | 1,716.4 | 1,892.2 | 2,102.9 |
| Maintenance, Support, and Learning | | | 224.1 | 229.0 | 227.4 | 245.2 | 261.3 | 269.4 | 283.4 | 317.2 | 365.7 | 438.8 | 526.6 | 87.6 | 89.3 | 89.8 | 89.0 | 105.1 | 107.2 | 107.8 | 118.8 |
| Implementation | | | 115.5 | 130.9 | 117.5 | 128.8 | 148.2 | 152.0 | 171.5 | 246.0 | 324.7 | 389.6 | 467.5 | 67.9 | 79.7 | 87.9 | 89.2 | 81.5 | 95.6 | 105.5 | 107.0 |
| Advisory and Enablement | | | 41.8 | 41.8 | 42.9 | 41.6 | 41.3 | 35.3 | 33.7 | 50.5 | 59.5 | 71.4 | 85.7 | 8.6 | 10.4 | 15.9 | 26.6 | 10.1 | 12.5 | 19.1 | 29.5 |
| Global Services | | | 381.5 | 406.7 | 387.9 | 415.6 | 450.9 | 456.7 | 488.5 | 613.8 | 749.9 | 899.8 | 1,124.8 | 164.1 | 179.4 | 193.6 | 212.8 | 196.9 | 215.3 | 232.3 | 255.3 |
| Software Services | | | 81.8 | 76.4 | 96.2 | 113.3 | 137.4 | 150.7 | 199.5 | 333.1 | 447.7 | 573.5 | 687.3 | 83.1 | 79.9 | 87.3 | 92.5 | 87.5 | 90.3 | 93.8 | 101.8 |
| Total Services | 402.4 | 422.5 | 463.3 | 483.1 | 483.1 | 528.8 | 588.3 | 617.4 | 688.1 | 946.9 | 1,080.6 | 1,273.3 | 1,489.7 | 247.2 | 259.3 | 280.9 | 305.3 | 284.5 | 305.6 | 326.1 | 357.1 |
| **Total Revenue** | 2,082.5 | 2,288.3 | 2,465.7 | 2,600.6 | 2,801.7 | 3,094.3 | 3,572.1 | 3,532.2 | 3,620.7 | 4,769.5 | 6,429.9 | 8,494.0 | 11,165.5 | 1,427.0 | 1,570.7 | 1,671.1 | 1,771.0 | 1,833.7 | 2,022.0 | 2,218.3 | 2,460.1 |
| Platform Software and Services | | | | | | 173.9 | 155.4 | 197.8 | 229.6 | 363.8 | 391.6 | 426.8 | 469.5 | 93.3 | 93.9 | 98.6 | 105.8 | 100.1 | 103.2 | 107.2 | 116.3 |
| Blue Planet Automation Software and Services | | | | | | 26.8 | 54.5 | 52.6 | 77.2 | 115.5 | 93.4 | 109.7 | 117.4 | 20.4 | 21.4 | 21.7 | 25.4 | 21.9 | 25.8 | 26.8 | 29.1 |
| Total Software | | | | | | 200.7 | 209.9 | 250.4 | 306.8 | 479.4 | 485.0 | 533.5 | 586.9 | 113.7 | 115.3 | 121.8 | 132.2 | 122.1 | 129.0 | 134.0 | 146.4 |
| | | | | | | | | | | | | | | 11% | 11% | 11% | 11% | 10% | 15% | 15% | 15% |
| **Revenue Growth** | | | | | | | | | | | | | | | | | | | | | |
| Revenue growth % (YoY) | | | | | | | | | | | | | | | | | | | | | |
| Optical Networking | | | | | 4.7% | 6.8% | 13.1% | 15.8% | -0.6% | 0.7% | 22.8% | 40.7% | 35.0% | 34.5% | 40.0% | 42.2% | 46.1% | 35.0% | 31.0% | 31.0% | 38.0% | 47.0% |
| Routing and Switching | | | | | 10.3% | 23.8% | -9.5% | 22.9% | -23.2% | 1.6% | 7.7% | 47.9% | 40.0% | 35.0% | 26.2% | 87.9% | 30.6% | 46.0% | 36.0% | 36.0% | 41.0% | 46.0% |
| Networking Platforms | | | | | 5.3% | 6.3% | 10.8% | 17.5% | -3.2% | 0.4% | 20.8% | 41.9% | 34.5% | 34.5% | 40.0% | 47.1% | 44.0% | 36.1% | 31.8% | 31.7% | 36.6% | 41.6% |
| Software Product | | | | | 26.6% | 35.3% | 32.7% | -17.1% | 37.5% | 7.6% | 25.0% | -2.6% | 12.4% | 10.0% | -8.8% | 16.2% | -2.5% | -11.6% | 27.3% | 3.3% | 16.3% | 10.0% |
| Total Product Revenue | | 11.1% | 7.3% | 5.7% | 9.5% | 10.6% | 16.3% | -2.3% | 0.6% | 21.0% | 39.9% | 35.0% | 34.0% | 36.0% | 46.0% | 42.3% | 34.2% | 31.3% | 30.9% | 36.1% | 40.7% |
| Maintenance, Support, and Learning | | | | 2.2% | -0.7% | 7.8% | 6.6% | 3.1% | 5.2% | 4.7% | 15.3% | 20.0% | 20.0% | 17.9% | 12.4% | 11.2% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| Implementation | | | | 13.3% | -10.2% | 9.6% | 15.1% | 2.5% | 12.8% | 33.5% | 32.0% | 20.0% | 20.0% | 42.4% | 37.0% | 33.4% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| Advisory and Enablement | | | | 11.9% | -8.3% | -3.2% | -0.6% | -14.6% | -4.5% | 3.4% | 17.9% | 20.0% | 20.0% | 10.8% | 21.6% | 18.5% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| Global Services | | | | 6.6% | -4.6% | 7.1% | 8.5% | 1.3% | 7.0% | 14.2% | 22.2% | 20.0% | 25.0% | 26.2% | 22.7% | 20.8% | 28.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| Software Services | | | | 21.6% | 24.7% | 18.9% | 21.3% | 19.9% | 32.2% | 4.1% | 2.9% | 9.0% | 9.1% | -5.0% | -16.6% | 5.0% | 12.5% | 5.4% | 13.1% | 7.1% | 10.0% |
| Total Services | | 5.0% | 4.9% | 9.0% | 0.0% | 9.5% | 11.2% | 4.9% | 11.9% | 10.6% | 15.4% | 16.5% | 17.0% | 13.7% | 14.1% | 15.8% | 17.6% | 15.1% | 17.9% | 16.1% | 17.0% |
| Total YoY Revenue | | 9.9% | 6.9% | 5.3% | 7.7% | 10.4% | 15.4% | -1.1% | 2.5% | 18.8% | 35.0% | 31.9% | 31.5% | 30.1% | 39.5% | 37.0% | 31.0% | 28.9% | 28.7% | 32.7% | 36.6% |
| Platform Software and Services | | | | | | | -10.7% | 27.3% | 16.1% | 1.6% | 7.6% | 9.0% | | -1.0% | 9.9% | 9.6% | 13.3% | 7.2% | 9.9% | 8.7% | 10.0% |
| Blue Planet Automation Software and Services | | | | | | | 103.8% | 14.7% | 47.4% | 49.9% | -19.1% | 14.7% | | -21.1% | -19.2% | -19.6% | -21.1% | 27.0% | 19.2% | 15.1% | 10.0% |
| Total Software | | | | | | | 4.6% | 24.0% | 17.8% | 10.0% | 1.2% | 10.0% | 10% | -6.1% | 3.4% | 3.4% | 4.0% | 10.0% | 10.0% | 10.0% | 10.0% |

Source: Company filings, Bernstein estimates and analysis

on 07-Oct-2026



# EXHIBIT 23: **Ciena: Financial Model**

| Ciena Corporation - Financial Statement<br>*In US$ M unless otherwise specified* | ######## 2025A | ######## 2026E | ######## 2027E | ######## 2028E | 1/31/2025 1Q25A | 4/30/2025 2Q25A | 7/31/2025 3Q25A | 10/31/2025 4Q25A | 1/31/2026 1Q26A | 4/30/2026 2Q26A | 7/31/2026 3Q26A | 10/31/2026 4Q26E | 1/31/2027 1Q27E | 4/30/2027 2Q27E | 7/31/2027 3Q27E | 10/31/2027 4Q27E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income Statement** | | | | | | | | | | | | | | | | |
| **Non-GAAP Income Statement** | | | | | | | | | | | | | | | | |
| Revenue | 4,769.5 | 6,439.9 | 8,494.0 | 11,165.5 | 1,072.3 | 1,125.9 | 1,219.4 | 1,352.0 | 1,427.0 | 1,570.7 | 1,671.1 | 1,771.9 | 1,833.7 | 2,022.8 | 2,218.3 | 2,420.1 |
| COGS | 2,731.2 | 3,633.1 | 4,541.5 | 5,806.1 | 593.1 | 664.8 | 708.1 | 765.2 | 788.9 | 865.9 | 895.4 | 983.0 | 1,006.1 | 1,092.6 | 1,186.1 | 1,257.7 |
| Gross Profit | 2,038.3 | 2,806.8 | 3,952.5 | 5,359.5 | 479.2 | 461.1 | 511.3 | 586.8 | 638.2 | 704.9 | 775.8 | 788.1 | 827.6 | 929.3 | 1,033.1 | 1,162.4 |
| R&D | 784.0 | 870.1 | 947.8 | 1,016.1 | 178.4 | 197.8 | 195.1 | 212.6 | 204.9 | 219.3 | 216.5 | 229.4 | 229.2 | 232.5 | 244.0 | 242.0 |
| S&M | 520.3 | 546.7 | 579.1 | 669.5 | 124.0 | 126.0 | 135.4 | 142.9 | 134.1 | 133.6 | 137.3 | 141.7 | 142.1 | 147.6 | 144.2 | 145.2 |
| G&A | 193.3 | 196.4 | 212.0 | 323.8 | 44.1 | 45.6 | 49.6 | 54.0 | 46.6 | 47.5 | 48.6 | 53.9 | 52.9 | 53.9 | 46.0 | 44.7 |
| Other | (0.8) | (7.2) | - | - | - | - | - | (0.8) | (2.4) | (2.4) | (2.4) | - | - | - | - | - |
| Opex | 1,505.8 | 1,606.0 | 1,738.9 | 2,009.8 | 347.4 | 369.5 | 380.2 | 408.7 | 383.2 | 397.8 | 400.0 | 425.0 | 424.2 | 444.1 | 434.2 | 436.4 |
| Operating Income | 532.5 | 1,200.8 | 2,213.6 | 3349.66 | 131.8 | 91.6 | 131.1 | 178.0 | 255.0 | 307.1 | 375.7 | 363.1 | 403.4 | 485.3 | 598.9 | 726.0 |
| O&E | (40.5) | 2.6 | 35.5 | 35.46 | (11.4) | (13.8) | (7.7) | (7.6) | (8.4) | (8.8) | 8.9 | 8.8 | 8.9 | 8.9 | 8.9 | 8.9 |
| Pre-tax Income | 492.0 | 1,303.4 | 2,249.1 | 3,314.20 | 120.5 | 77.8 | 123.4 | 170.4 | 246.7 | 300.2 | 384.6 | 371.9 | 412.3 | 494.1 | 607.8 | 734.9 |
| Income Tax | 108.2 | 260.7 | 449.8 | 662.84 | 26.5 | 17.1 | 27.1 | 37.5 | 49.3 | 60.1 | 76.9 | 74.4 | 82.5 | 98.8 | 121.6 | 147.0 |
| Effective Tax Rate | 22.0% | 20.0% | 20.0% | 20.0% | 22.0% | 22.0% | 22.0% | 22.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| Net Income | 383.8 | 1,042.7 | 1,799.3 | 2,651.36 | 94.0 | 60.7 | 96.2 | 132.9 | 197.3 | 240.2 | 307.7 | 297.5 | 329.8 | 395.3 | 486.2 | 587.9 |
| Diluted Share Count | 145.3 | 145.9 | 144.4 | 142.5 | 145.4 | 145.0 | 144.5 | 145.5 | 145.8 | 146.3 | 146.0 | 145.4 | 145.1 | 144.5 | 144.3 | 143.9 |
| Earnings per Share | 2.64 | 7.15 | 12.46 | 18.61 | 0.64 | 0.42 | 0.67 | 0.91 | 1.35 | 1.64 | 2.11 | 2.05 | 2.27 | 2.73 | 3.37 | 4.09 |
| **Balance Sheet** | | | | | | | | | | | | | | | | |
| **Assets** | | | | | | | | | | | | | | | | |
| Accounts Receivable, Net | 976 | 1,307 | 1,786 | 2,338 | 938 | 930 | 1,076 | 976 | 967 | 1,054 | 1,234 | 1,307 | 1,354 | 1,493 | 1,638 | 1,786 |
| Inventories | 826 | 957 | 1,225 | 1,566 | 845 | 874 | 890 | 826 | 846 | 808 | 872 | 957 | 980 | 1,064 | 1,154 | 1,225 |
| Prepaid Expenses and other | 455 | 559 | 763 | 1003 | 496 | 526 | 474 | 455 | 471 | 504 | 527 | 559 | 578 | 638 | 700 | 763 |
| **Current Operating Assets** | 2,257 | 2,823 | 3,774 | 4,817 | 2,280 | 2,330 | 2,360 | 2,257 | 2,241 | 2,365 | 2,633 | 2,823 | 2,912 | 3,194 | 3,491 | 3,774 |
| Property, plant and equipment, net | 387 | 521 | 712 | 938 | 570 | 564 | 558 | 557 | 548 | 545 | 542 | 521 | 539 | 595 | 653 | 712 |
| Operating right-of-use assets | 39 | 40 | 40 | 40 | 25 | 29 | 40 | 39 | 40 | 38 | 40 | 40 | 40 | 40 | 40 | 40 |
| Goodwill and Intangibles | 745 | 689 | 640 | 577 | 801 | 592 | 584 | 745 | 734 | 723 | 702 | 689 | 676 | 664 | 652 | 640 |
| Other Non-Current Assets | 186 | 200 | 274 | 360 | 152 | 159 | 154 | 186 | 191 | 191 | 189 | 200 | 207 | 229 | 251 | 274 |
| **Non-Current Operating Assets** | 1,357 | 1,450 | 1,671 | 1,918 | 1,108 | 1,139 | 1,145 | 1,357 | 1,404 | 1,397 | 1,428 | 1,450 | 1,469 | 1,533 | 1,601 | 1,671 |
| Cash and cash equivalents | 1,092 | 2,387 | 2,218 | 2,092 | 875 | 950 | 1,056 | 1,092 | 1,123 | 1,045 | 2,446 | 2,387 | 2,373 | 2,299 | 2,244 | 2,218 |
| Deferred taxes | 885 | 1,140 | 1,461 | 1,921 | 868 | 864 | 852 | 885 | 878 | 874 | 1,093 | 1,140 | 1,162 | 1,261 | 1,362 | 1,461 |
| Short and long-term investments | 273 | 438 | 596 | 755 | 442 | 306 | 335 | 273 | 246 | 358 | 398 | 438 | 477 | 517 | 557 | 596 |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Non-Operating Assets** | 2,250 | 3,965 | 4,275 | 4,768 | 2,186 | 2,210 | 2,243 | 2,250 | 2,248 | 2,277 | 3,936 | 3,965 | 4,012 | 4,078 | 4,162 | 4,275 |
| **Total Assets** | 5,865 | 8,244 | 9,721 | 11,603 | 5,573 | 5,658 | 5,749 | 5,865 | 5,892 | 6,039 | 7,997 | 8,244 | 8,393 | 8,805 | 9,254 | 9,721 |
| *Sum - Total* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Liabilities & Equity** | | | | | | | | | | | | | | | | |
| Accounts payable | 543 | 693 | 947 | 1,245.10 | 396 | 414 | 465 | 543 | 547 | 607 | 654 | 693 | 718 | 791 | 868 | 947 |
| Accrued liabilities | 531 | 539 | 736 | 967 | 562 | 581 | 436 | 531 | 398 | 440 | 508 | 539 | 558 | 615 | 675 | 736 |
| ST & LT deferred revenues | 304 | 330 | 451 | 593 | 257 | 305 | 277 | 304 | 391 | 340 | 311 | 330 | 342 | 377 | 413 | 451 |
| ST & LT Operating lease liabilities | 45 | 54 | 74 | 97 | 36 | 40 | 49 | 45 | 47 | 44 | 53 | 54 | 56 | 62 | 68 | 74 |
| **Operating liabilities** | 1,424 | 1,616 | 2,208 | 2,902 | 1,051 | 1,154 | 1,227 | 1,424 | 1,381 | 1,431 | 1,524 | 1,616 | 1,673 | 1,844 | 2,023 | 2,208 |
| Total debt | 1,536 | 3,230 | 3,230 | 3,000 | 1,543 | 1,540 | 1,538 | 1,536 | 1,536 | 1,531 | 3,230 | 3,230 | 3,230 | 3,230 | 3,230 | 3,230 |
| Other LT obligations | 175 | 186 | 186 | 186 | 186 | 184 | 148 | 175 | 182 | 185 | 186 | 186 | 186 | 186 | 186 | 186 |
| Other | - | (15) | (138) | (138) | - | - | - | - | - | - | - | (15) | (15) | (58) | (98) | (138) |
| **Non-Operating Liabilities** | 1,711 | 3,401 | 3,278 | 3,048 | 1,729 | 1,729 | 1,734 | 1,711 | 1,719 | 1,716 | 3,416 | 3,401 | 3,397 | 3,358 | 3,318 | 3,278 |
| **Total Liabilities** | 3,135 | 5,017 | 5,486 | 5,950 | 2,780 | 2,883 | 2,961 | 3,135 | 3,100 | 3,147 | 4,941 | 5,017 | 5,070 | 5,203 | 5,342 | 5,486 |
| *Sum - Total* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total Equity** | 2,729 | 3,228 | 4,235 | 5,653 | 2,793 | 2,776 | 2,787 | 2,729 | 2,792 | 2,892 | 3,057 | 3,228 | 3,323 | 3,602 | 3,912 | 4,235 |
| *Assets - Liabilities & Equity* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Book value per share** | 18.79 | 22.12 | 29.33 | 39.67 | 19.14 | 19.15 | 19.29 | 18.76 | 19.15 | 19.77 | 20.94 | 22.20 | 22.90 | 24.92 | 27.11 | 29.43 |
| **Cash Flow** | | | | | | | | | | | | | | | | |
| **Cash flows from operating activities** | | | | | | | | | | | | | | | | |
| Net income | 123 | 905 | 1,668 | 2,157 | 45 | 9 | 50 | 19 | 150 | 218 | 266 | 270 | 301 | 364 | 452 | 551 |
| Adjustments to reconcile net income to cash provided by operating activities | | | | | | | | | | | | | | | | |
| Depreciation | 104 | 141 | 183 | 250 | 25 | 25 | 27 | 27 | 32 | 35 | 35 | 39 | 41 | 43 | 47 | 52 |
| Amortization | 36 | 50 | 68 | 63 | 9 | 9 | 9 | 10 | 12 | 10 | 13 | 14 | 15 | 16 | 18 | 19 |
| Stock-based compensation | 185 | 225 | 294 | 387 | 41 | 48 | 47 | 49 | 50 | 55 | 58 | 61 | 64 | 70 | 77 | 84 |
| Deferred income tax | (23) | 2 | (321) | (460) | (17) | 7 | (11) | (1) | (7) | (4) | 60 | (48) | (22) | (99) | (100) | (100) |
| Provisions | 73 | 102 | - | - | 17 | 18 | 16 | 22 | 30 | 29 | 43 | - | - | - | - | - |
| Other, Net | 88 | (1) | - | - | (7) | 0 | 5 | 90 | (2) | 2 | (1) | - | - | - | - | - |
| Change in operating assets and liabilities | 220 | (537) | (574) | 240 | (8) | 42 | 32 | 154 | (38) | (87) | (288) | (127) | (44) | (175) | (186) | (169) |
| **Net cash provided by operating activities** | 806 | 894 | 1,318 | 2,638 | 104 | 157 | 174 | 371 | 228 | 260 | 196 | 210 | 355 | 219 | 388 | 437 |
| **Cash flows from investing activities** | | | | | | | | | | | | | | | | |
| Capex | (141) | (253) | (374) | (474) | (27) | (29) | (40) | (45) | (74) | (41) | (80) | (58) | (60) | (95) | (105) | (111) |
| Acquisition and divestitures | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net purchases of investments | 134 | (162) | (159) | (159) | (42) | 40 | 95 | 54 | 29 | (112) | (40) | (40) | (40) | (40) | (40) | (40) |
| Other | (235) | 2 | - | - | 2 | 1 | (5) | (232) | 1 | (1) | 2 | - | - | - | - | - |
| **Net cash provided by(used in) investing activit** | (241) | (423) | (533) | (633) | (67) | 20 | 20 | (214) | (44) | (154) | (117) | (98) | (99) | (136) | (145) | (151) |
| **Cash flows from financing activities** | | | | | | | | | | | | | | | | |
| Debt transactions | (12) | 1,570 | - | (2,101) | (3) | (3) | (3) | (3) | - | (5) | 1,575 | - | - | - | - | - |
| Repurchase (net of issuance) of stock | (390) | (739) | (955) | (1,901) | (90) | (104) | (81) | (115) | (153) | (174) | (251) | (160) | (270) | (155) | (219) | (312) |
| Cash dividends paid | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Financing - other | (4) | (4) | - | - | (1) | (1) | (1) | (1) | (1) | (1) | (1) | - | - | - | - | - |
| **Net cash provided by(used in) financing activit** | (406) | 827 | (955) | (2,101) | (93) | (108) | (85) | (120) | (155) | (181) | 1,323 | (160) | (270) | (155) | (219) | (312) |
| **Cash reconciliation** | | | | | | | | | | | | | | | | |
| Effect of exchange rate changes on cash, cash equ | (2) | (3) | - | - | (3) | 6 | (3) | (2) | 2 | (3) | (1) | 0 | 0 | 0 | 0 | 0 |
| **Net change in cash, cash equivalents and restri** | 157 | 1,295 | (170) | (126) | (60) | 75 | 106 | 36 | 31 | (78) | 1,401 | (59) | (15) | (73) | (56) | (26) |
| *Net change in cash minus sum of cash flows* | | | | | - | - | - | - | 0 | - | - | | | | | |
| Cash, cash equivalents and restricted cash at start | 935 | 1,092 | 2,387 | 2,218 | 935 | 875 | 950 | 1,056 | 1,092 | 1,124 | 1,045 | 2,446 | 2,387 | 2,373 | 2,299 | 2,244 |
| **Cash, cash equivalents and restricted cash at e** | 1,092 | 2,387 | 2,218 | 2,092 | 875 | 950 | 1,056 | 1,092 | 1,124 | 1,045 | 2,446 | 2,387 | 2,373 | 2,299 | 2,244 | 2,218 |

Source: Company reports, Bernstein estimates and analysis

on 07-Oct-2026



# EXHIBIT 24: **Corning Financial Model**

| Corning Incorporated - Financial Model<br>In US$ M unless otherwise specified | 12m/25A<br>2025A | 12m/26E<br>2026E | 12m/27E<br>2027E | 12m/28E<br>2028E | 1Q26A | 2Q26A | 3Q26E | 4Q26E |
|---|---|---|---|---|---|---|---|---|
| **Income Statement** | | | | | | | | |
| **Non-GAAP Income Statement** | | | | | | | | |
| **Revenue** | 16,408 | 18,525 | 22,870 | 28,097 | 4,345 | 4,738 | 4,985 | 5,456 |
| COGS | 10,115 | 12,041 | 13,744 | 16,383 | 2,645 | 2,864 | 3,050 | 3,482 |
| **Gross Profit** | 6,293 | 7,483 | 9,127 | 11,715 | 1,700 | 1,874 | 1,935 | 1,975 |
| SG&A | 2,028 | 2,256 | 2,641 | 3,245 | 546 | 590 | 586 | 533 |
| R&D | 1,105 | 1,145 | 1,341 | 1,648 | 278 | 295 | 299 | 273 |
| Amortization of purchased intangibles | - | - | | | | | | |
| Other | - | - | | | | | | |
| **Opex** | 3,133 | 3,400 | 3,983 | 4,893 | 824 | 885 | 885 | 806 |
| **Operating Income** | 3,160 | 4,083 | 5,144 | 6,822 | 876 | 989 | 1,050 | 1,169 |
| Other income (expense), net | (257) | (350) | (350) | (350) | -79 | -91 | (90) | -90 |
| **Pre-tax Income** | 2,903 | 3,733 | 4,794 | 6,472 | 797 | 898 | 960 | 1,079 |
| Income Tax | (704) | (918) | (1,135) | (1,475) | -185 | -218 | (243) | -273 |
| **Net Income** | 2,199 | 2,815 | 3,659 | 4,997 | 612 | 680 | 717 | 806 |
| Net loss attributable to NCI | (146) | (225) | (225) | (225) | -32 | -50 | (65) | -73 |
| **Net income excluding NCI** | 2,345 | 3,040 | 3,884 | 5,222 | 644 | 730 | 782 | 879 |
| *Effective Tax Rate % (adjusted for NCI)* | 19.2% | 18.8% | 19.0% | 19.3% | 18.5% | 19.9% | 19% | 19.1% |
| Diluted Share Count | 867 | 875 | 879 | 885 | 871 | 875 | 876 | 877 |
| **Earnings per Share** | 2.54 | 3.22 | 4.16 | 5.65 | 0.78 | 0.78 | 0.82 | 0.92 |
| **Balance Sheet** | | | | | | | | |
| **Assets** | | | | | | | | |
| Trade Accounts Receivable, Net | 2,779 | 3,584 | 6,266 | 6,828 | 2,676 | 2,932 | 3,237 | 3,584 |
| Inventories | 3,077 | 4,031 | 4,142 | 4,937 | 3,279 | 3,426 | 3,609 | 4,031 |
| Prepaid Expenses and Other | 1,554 | 2,186 | 2,287 | 2,529 | 1,816 | 2,016 | 2,103 | 2,186 |
| **Total Current Operating Assets** | 7,410 | 9,801 | 12,695 | 14,294 | 7,771 | 8,413 | 8,950 | 9,801 |
| Property, Plant and Equipment, Net | 14,825 | 15,576 | 16,336 | 18,732 | 14,785 | 14,927 | 15,255 | 15,576 |
| Goodwill and Other Intangibles | 3,148 | 3,041 | 2,962 | 2,866 | 3,111 | 3,089 | 3,063 | 3,041 |
| Deferred Taxes | 1,515 | 1,183 | 833 | 993 | 1,569 | 1,470 | 1,037 | 1,183 |
| Other Non-Current Assets and Prior Drafts | 2,564 | 2,752 | 3,259 | 4,004 | 2,760 | 2,634 | 2,542 | 2,782 |
| **Total Non-Current Operating Assets** | 22,040 | 22,552 | 23,390 | 26,595 | 21,727 | 22,039 | 21,897 | 22,582 |
| **Cash and Cash Equivalents** | 1,526 | 2,470 | 3,172 | 5,706 | 1,755 | 2,504 | 3,130 | 2,470 |
| **Total Assets** | 30,976 | 34,853 | 39,247 | 46,595 | 31,253 | 32,956 | 33,976 | 34,853 |
| **Liabilities** | | | | | | | | |
| Accounts Payable | 1,934 | 2,780 | 2,824 | 3,142 | 2,251 | 2,361 | 2,538 | 2,780 |
| Post Retirement Benefits Other Than Pe | 314 | 374 | 438 | 539 | 321 | 325 | 342 | 374 |
| Accruals and Other Current Liabilities | 2,890 | 3,587 | 4,202 | 5,162 | 3,410 | 3,592 | 3,653 | 3,587 |
| Other Non-Current Liabilities | 5,097 | 6,419 | 7,519 | 9,238 | 4,959 | 5,727 | 6,803 | 6,419 |
| **Total Operating Liabilities** | 10,235 | 13,161 | 14,984 | 18,081 | 9,931 | 11,405 | 13,335 | 13,161 |
| Current Portion of Long-Term Debt | 804 | | | | 1,255 | 668 | | |
| Long-Term Debt | 7,630 | | | | 7,718 | 7,756 | | |
| **Total Debt** | 8,434 | 8,424 | 8,424 | 8,424 | 8,973 | 8,424 | 8,424 | 8,424 |
| **Total Liabilities** | 18,669 | 21,585 | 23,408 | 26,505 | 18,904 | 19,829 | 20,359 | 21,585 |
| **Equity** | | | | | | | | |
| **Total Corning Shareholders Equity** | 11,807 | 12,708 | 15,272 | 19,523 | 11,812 | 12,560 | 13,050 | 12,700 |
| Non-controlling interest | 500 | 567 | 567 | 567 | 537 | 567 | 567 | 567 |
| **Total Equity** | 12,307 | 13,267 | 15,839 | 20,190 | 12,349 | 13,127 | 13,617 | 13,267 |
| **Total Liabilities and Shareholders' Equity** | 30,976 | 34,853 | 39,247 | 46,695 | 31,253 | 32,956 | 33,976 | 34,853 |
| **Cash Flow** | | | | | | | | |
| **Cash flows from operating activities** | | | | | | | | |
| Net income | 1,742 | 2,309 | 2,927 | 4,497 | 498 | 609 | 611 | 229 |
| **Adjustments to reconcile net income to cash provided by operating activities:** | | | | | | | | |
| Depreciation | 1,742 | 1,309 | 1,527 | 1,601 | 334 | 366 | 372 | 380 |
| Amortization | 110 | 91 | 88 | 86 | 23 | 23 | 23 | 23 |
| Stock-based compensation | 286 | 508 | 579 | 648 | 114 | 134 | 122 | 136 |
| Deferred income tax | (459) | 345 | 310 | (160) | 462 | -38 | 573 | (167) |
| Translated Lenses Contract Gain + Transla | (150) | (74) | - | - | 16 | -90 | - | - |
| Translated (Gain) Loss on Foreign Debt | 52 | (5) | - | - | -6 | 1 | - | - |
| **Changes in Operating Assets and Liabilities:** | | | | | | | | |
| Changes in Trade Accounts Receivable | (749) | (907) | (2,682) | (662) | 52 | 267 | (305) | (346) |
| Changes in Inventories | (243) | (982) | (111) | (795) | 232 | 145 | (383) | (422) |
| Change in Prepaid & other | | | (101) | (242) | 56 | 86 | (48) | (83) |
| Change in other non-current | - | (386) | (477) | (745) | | | (126) | (260) |
| Changes in AP and Other Current Liab | 571 | 1,210 | 658 | 1,278 | -80 | 175 | 257 | 777 |
| Customer Deposits and Govt Incentives | 268 | 709 | - | - | -275 | 880 | - | - |
| Deferred Income | (59) | (100) | - | - | -38 | -46 | - | - |
| Post Retirement Benefits Other Than Pens | - | 49 | 64 | 100 | | | 17 | 32 319 |
| Other + Prior Disclosure | 232 | 910 | 1,100 | 1,719 | 99 | 159 | 276 | 417 |
| **Net cash provided by operating activities** | 2,695 | 3,945 | 3,983 | 7,525 | 362 | 1,717 | 1,568 | 298 |
| *Sum - Total* | 3,448 | 4,968 | 3,983 | 7,525 | 362 | 1,717 | 1,568 | |
| Check | | | | | 0 | 0 | | |
| **As % of operating income** | | | | | | | | |
| SBC | 9% | 12% | 12% | 12% | 13% | 14% | 12% | 12% |
| **Cash flows from investing activities** | | | | | | | | |
| Capital Expenditures | (1,282) | (2,154) | (2,287) | (3,997) | 332 | 422 | (700) | (700) |
| Proceeds from CHIPS Act Incentives | - | 8 | - | - | 8 | 0 | - | - |
| Other + Prior Disclosure | 39 | 184 | - | - | 121 | 63 | - | - |
| **Net cash provided by/(used in) investing** | (1,243) | (1,962) | (2,287) | (3,997) | -203 | -358 | (700) | -700 |
| *Sum - Total* | (1,243) | (1,962) | (2,287) | (3,997) | -703 | -359 | (700) | -700 |
| Check | - | - | - | - | 0 | 0 | - | 0 |
| **Cash flows from financing activities** | | | | | | | | |
| Repayments of Debt, net of issuances | (4) | (242) | - | | 414 | -656 | - | - |
| Dividends Paid | (990) | (994) | (994) | (994) | 244 | 251 | (243) | (257) |
| Purchases of stock, net of issuances | (122) | 23 | | | 14 | 9 | - | - |
| Others | (547) | 142 | | | -125 | 267 | - | - |
| **Net cash provided by/(used in) financing** | (1,672) | (1,071) | (994) | (994) | 59 | -631 | (243) | (257) |
| *Sum - Total* | (1,672) | (1,071) | (994) | (994) | - | - | | |
| **Cash reconciliation** | | | | | | | | |
| Effect of exchange rate changes on cash, cas | 18 | - | - | - | -5 | 5 | - | 0 |
| **Net change in cash, cash equivalents and** | (202) | 911 | 702 | 2,534 | 213 | 732 | 626 | -458 |

Source: Company filings, Bernstein updates and analysis

on 07-Oct-2026



## EXHIBIT 25: **Corning Segment Model**

| Corning Incorporated - Operating Model<br>*In US$ M unless otherwise specified* | 12/31/2025<br>2025A | 12/31/2026<br>2026E | 12/31/2027<br>2027E | 12/31/2028<br>2028E | 3/31/2026<br>1Q26A | 6/30/2026<br>2Q26A | 9/30/2026<br>3Q26E | 12/31/2026<br>4Q26E |
|---|---|---|---|---|---|---|---|---|
| **Revenue Drivers** | | | | | | | | |
| **Revenue** | | | | | | | | |
| Enterprise | 3,195.0 | 5,340.6 | 7,826.9 | 12,230.8 | 962.0 | 1,269.0 | 1,329.6 | 1,780.0 |
| Carrier | 3,079.0 | 3,400.5 | 3,536.5 | 3,678.0 | 884.0 | 803.0 | 853.8 | 859.7 |
| Optical Communications | 6,274.0 | 8,741.1 | 11,363.4 | 15,908.8 | 1,846.0 | 2,072.0 | 2,183.4 | 2,639.7 |
| Glass Innovations | 5,908.0 | 5,987.0 | 6,166.6 | 6,413.2 | 1,420.0 | 1,463.0 | 1,560.0 | 1,544.0 |
| Automotive | 1,794.0 | 1,828.8 | 1,920.3 | 2,016.3 | 437.0 | 471.0 | 467.6 | 453.2 |
| Solar | 1,231.0 | 1,809.0 | 2,261.3 | 2,600.4 | 370.0 | 438.0 | 478.5 | 522.5 |
| Life Sciences & Emerging Growth Businesses | 1,201.0 | 1,158.6 | 1,158.6 | 1,158.6 | 272.0 | 294.0 | 295.6 | 297.0 |
| Prior Segments | - | | | | | | | |
| **Total Revenue** | **16,408.0** | **19,524.5** | **22,870.1** | **28,097.4** | **4,345.0** | **4,738.0** | **4,985.2** | **5,456.3** |
| **Revenue Growth** | | | | | | | | |
| | | | | 1.0712 | | | | |
| **Revenue growth % (YoY)** | | | | | | | | |
| Enterprise | 65.8% | 67.2% | 46.6% | 56.3% | 36.5% | 65.0% | 60.0% | 100.0% |
| Carrier | 12.8% | 10.4% | 4.0% | 4.0% | 36.0% | 0.8% | 4.0% | 6.0% |
| Optical Communications | 34.7% | 39.3% | 30.0% | 40.0% | 36.2% | 32.3% | 32.2% | 55.2% |
| Glass Innovations | 0.3% | 1.3% | 3.0% | 4.0% | 1.0% | 1.4% | 0.0% | 3.0% |
| Automotive | -2.8% | 1.9% | 5.0% | 5.0% | -0.7% | 2.4% | 3.0% | 3.0% |
| Solar | | 47.0% | 25.0% | 15.0% | 79.6% | 89.6% | 50.0% | 10.0% |
| Life Sciences & Emerging Growth Businesses | | -3.5% | 0.0% | 0.0% | 0.0% | -14.8% | 3.0% | 0.0% |
| **Total Revenue Growth (YoY)** | **13.4%** | **19.0%** | **17.1%** | **22.9%** | **18.1%** | **17.1%** | **16.7%** | **23.7%** |
| **Reference:** | | | | | | | | |
| Industry model estimate: Optical Communications | | | 29.7% | 39.9% | | | | |
| **Revenue growth % (QoQ)** | | | | | | | | |
| Enterprise | | | | | | | | |
| Carrier | | | | | | | | |
| Optical Communications | | | | | 8.5% | 12.2% | 5.4% | 20.9% |
| Glass Innovations | | | | | -5.3% | 3.0% | 6.6% | -1.0% |
| Automotive | | | | | -0.7% | 7.8% | -0.7% | -3.1% |
| Solar | | | | | -22.1% | 18.4% | 9.2% | 9.2% |
| Life Sciences & Emerging Growth Businesses | | | | | -8.4% | 8.1% | 0.5% | 0.5% |
| **Total Revenue Growth (QoQ)** | | | | | **-1.5%** | **9.0%** | **5.2%** | **9.5%** |

Source: Company filings, Bernstein estimates and analysis