BERNSTEIN
SOCIETE GENERALE GROUP

7 October 2026

## US Networking & Communications Equipment

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



Daniel Zhu
+1 917 344 8309
daniel.zhu@bernsteinsg.com

**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.**

## 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.**

## 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 | 379.14 | 389.69 | 55.26 | 214.12 | 147.61 | 335.57 | 283.05 | 147.96 | 84.04 | 28% | 135% | 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 | 319.19 | 333.64 | 65.34 | 199.78 | 94.52 | 699.36 | 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 | 72.91 | 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% |
| | UBIQUITI INC | UI US Equity | 609.29 | 609.29 | 36.88 | 103.80 | 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 | 26.15 | 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 | 51.11 | 44.63 | 55.13 | 47.17 | 41.86 | 73.84 | 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% | -453% |
| | Median | | | | 73.12 | 194.26 | 74.99 | 113.59 | 50.92 | (23.70) | 82.06 | 67% | 91% | 106% | -101% |
| AI Interconnect | ASTERA LABS INC | ALAB US Equity | 362.34 | 362.34 | 62.86 | 431.36 | 196.92 | (462.25) | 309.37 | 523.79 | 190.42 | 99% | -318% | 98% | 149% |
| | BROADCOM INC | AVGO US Equity | 362.51 | 362.51 | 1,730.49 | 74.44 | 53.15 | 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) | 1,055.72 | 2,293.97 | 1,350.44 | 135% | -424% | 312% | 272% |
| | MARVELL TECHNOLOGY INC | MRVL US Equity | 271.25 | 271.25 | 237.86 | 179.64 | 172.77 | (421.37) | (332.10) | 231.30 | 171.28 | 30% | -299% | 41% | 38% |
| | 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

## 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

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

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.

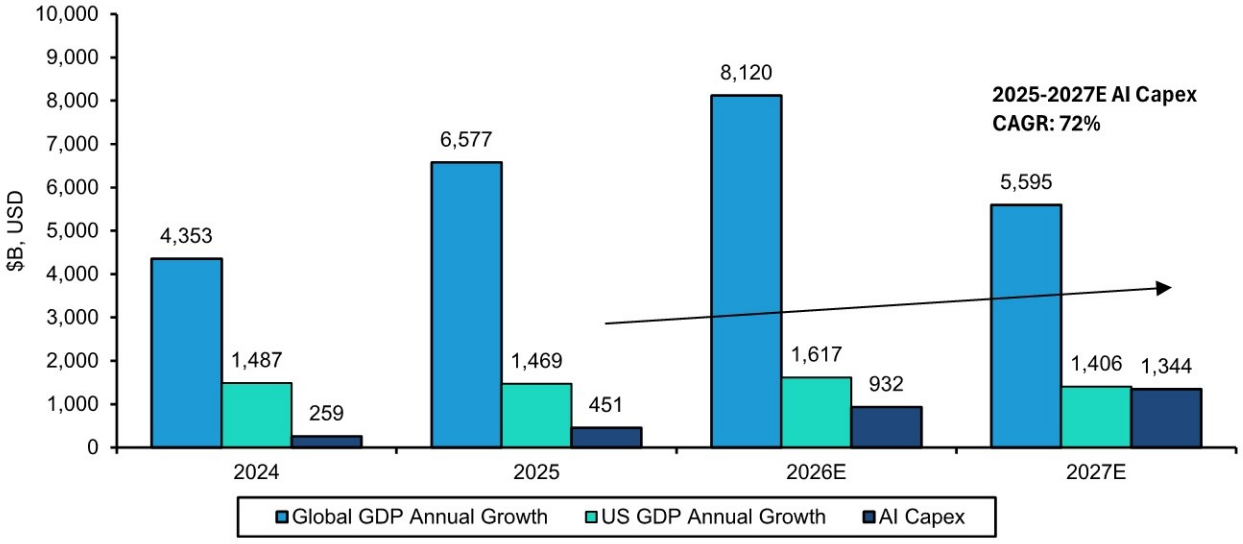
- **Valuations have now come in, and many multiples are starting to look inexpensive on our numbers.** However, while stock prices have come in, fundamental revisions continued to trend upwards. Given that we see upside to numbers for many of our stocks, we believe that these revisions are justified - 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.

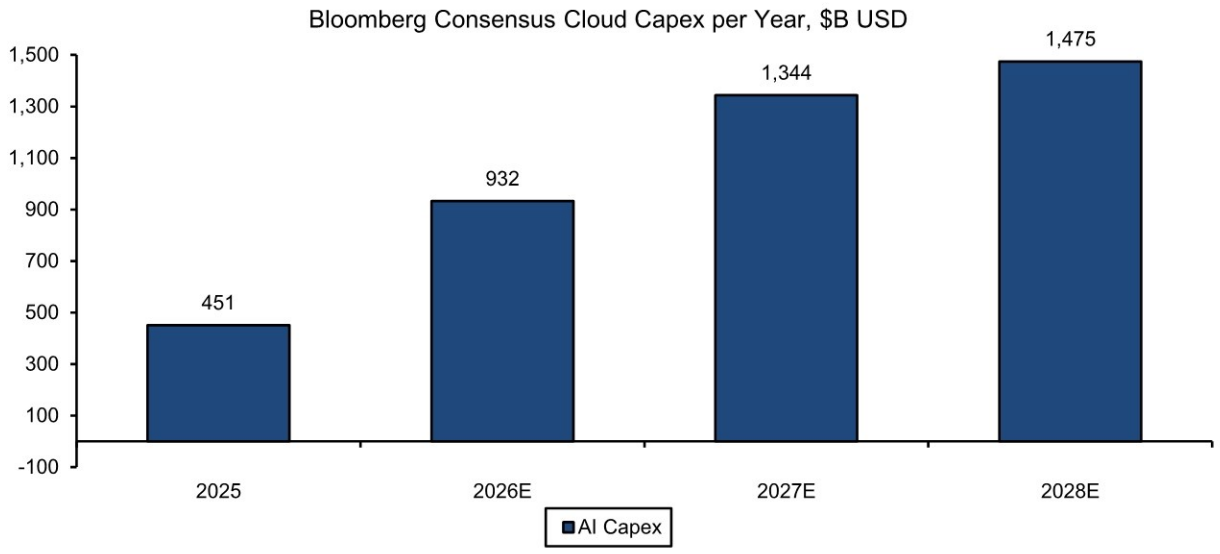
- **March will be another catalyst-rich period.** Beyond potential capex revisions in the October earnings cycle, we also expect March 2027 to be a catalyst rich period, between OFC from March 7-11 and Nvidia GTC on March 14-18 (in which Nvidia is expected to disclose further details about Feynman),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



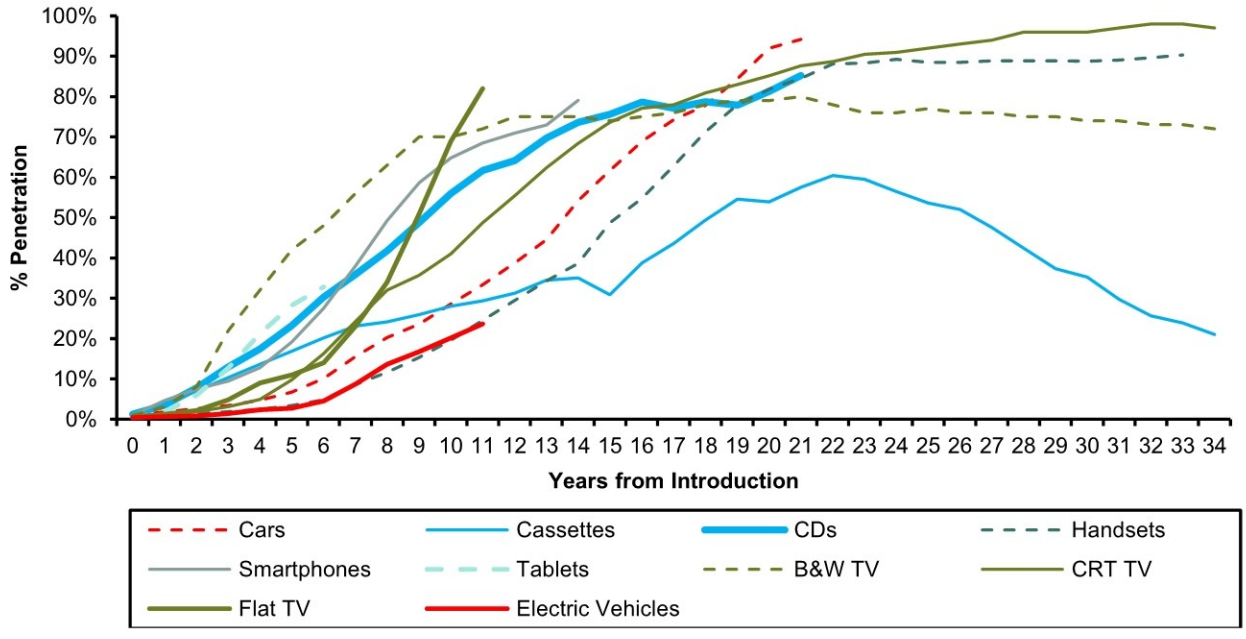

Source: IMF 2026, Bloomberg (updated as of 10/05/26), Bernstein Asia Tech Hardware Team (Wang)

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



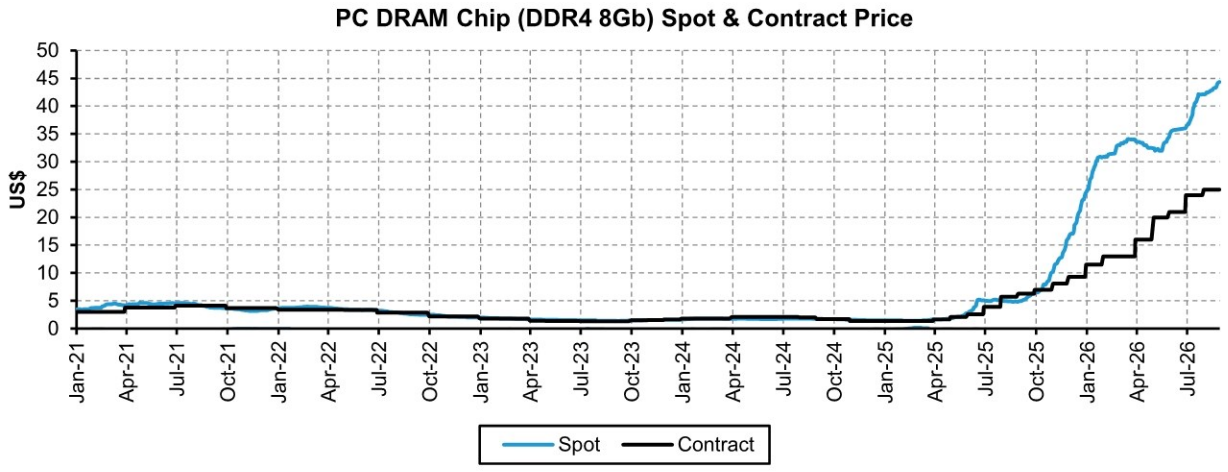

Source: Bloomberg (updated as of 10/05/26), Reuters, CNBC, Bernstein estimates and analysis

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




Source: Bernstein estimates and analysis

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



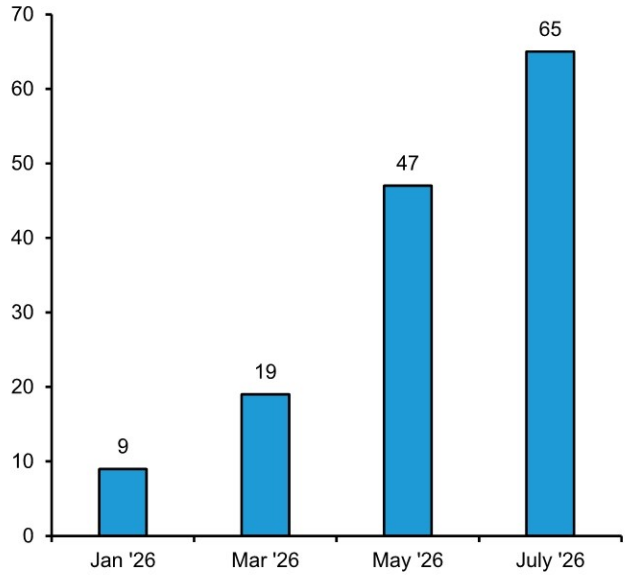

Source: DRAMeXchange, Bernstein Global Memory Team (Mark Li)

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%** |

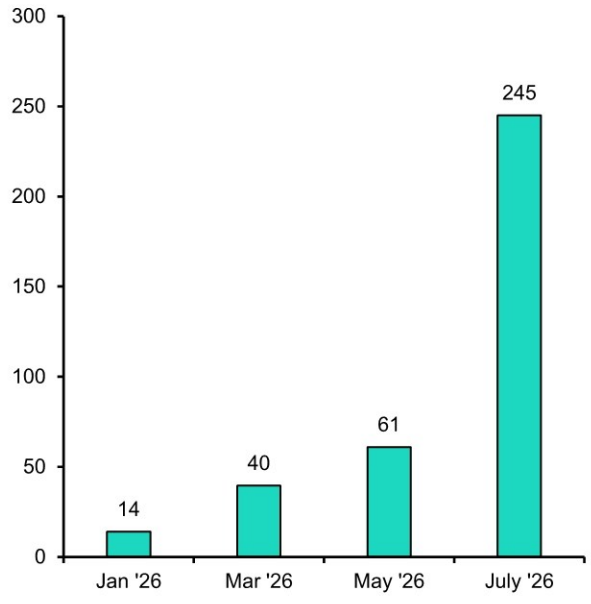
Source: IMF, Bloomberg (updated as of 10/05/26), Bernstein estimates and analysis

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**



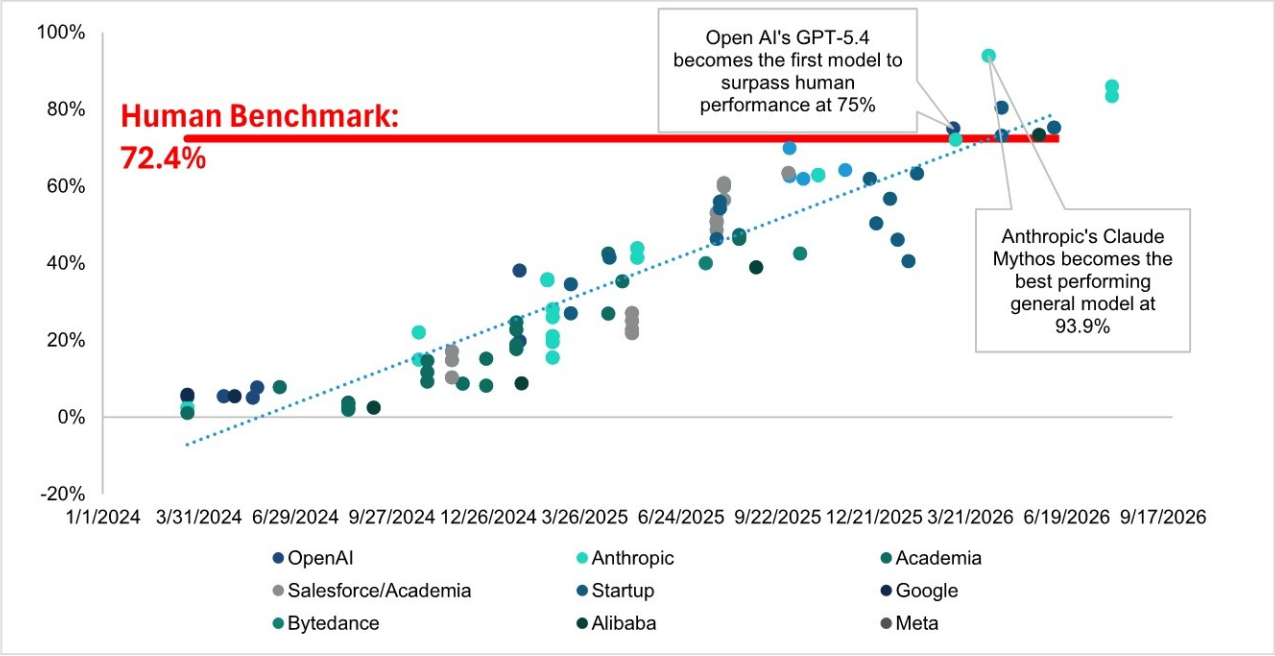

Source: Anthropic, Bloomberg, Sensor Tower, Yahoo Finance, VentureBeat, SaaStr, Bernstein analysis

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** |

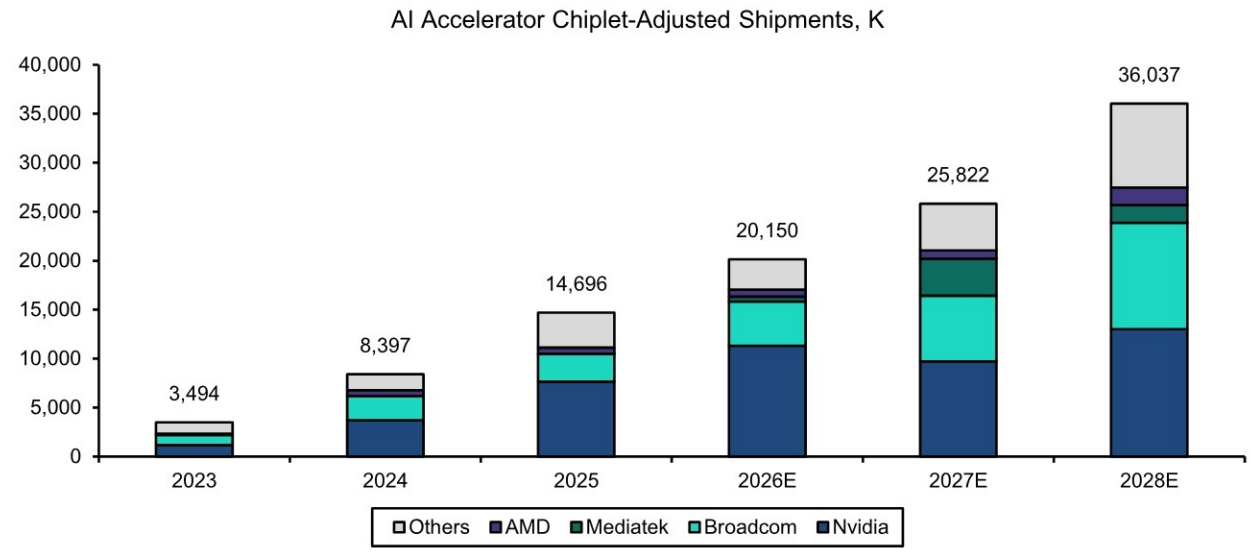
Source: Anthropic Economic Index, IMF, Bernstein estimates and analysis

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



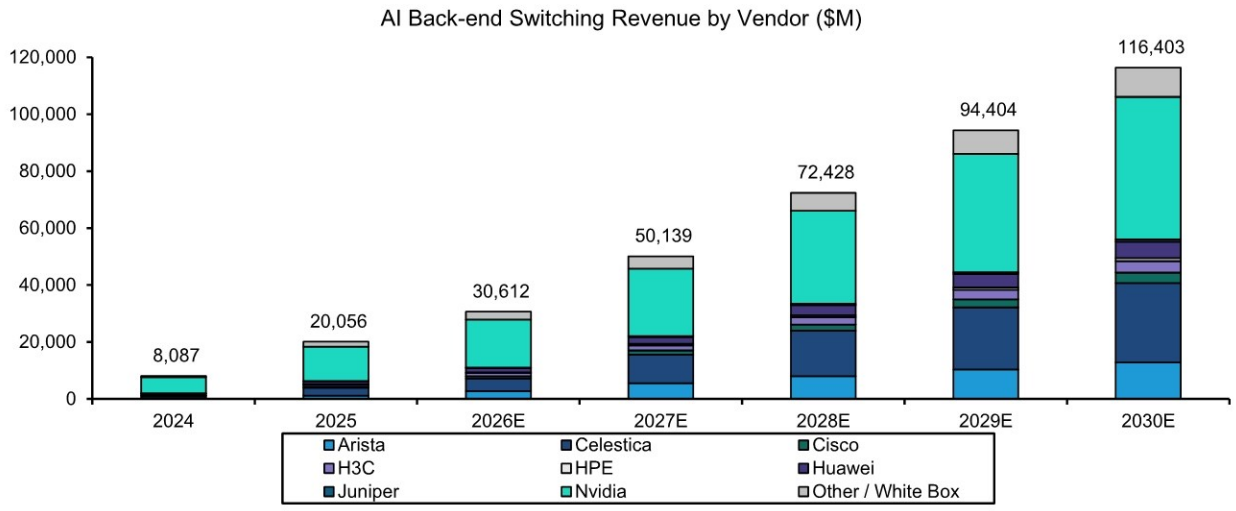

Source: OSWorld benchmark as of 09/29/2026, Anthropic Reports as of 06/17/2026, Bernstein estimates and analysis

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



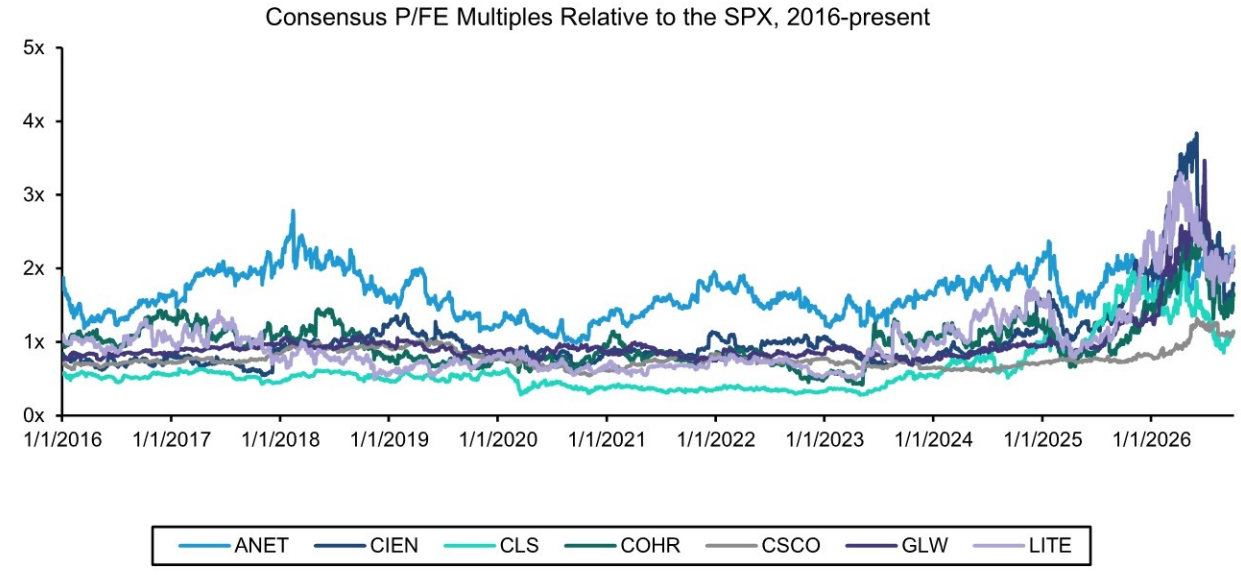

Source: Bernstein Asia Semiconductors and Equipment & Global Memory team (Mark Li)

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

# 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

# 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 | 2,555.7 | 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 | 320.2 | 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 | 251.3 | 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 | 332.9 | 332.9 | 332.9 |
| Other intangible assets, net | 266 | 207 | 207 | 136 | 297.5 | 286.8 | 275.4 | 266.2 | 255.6 | 244.9 | 225.8 | 207.3 |
| Deferred income taxes | 156 | 277 | 541 | 787 | 86.9 | 95.2 | 99.5 | 156.4 | 182.3 | 206.2 | 238.1 | 276.9 |
| Other Non-Current Assets | 74 | 336 | 657 | 955 | 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 | 2,555.7 | 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 | 65.9 | 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% | 2.6% | 2.3% | 2.0% | 5.7% | 5.3% | 5.3% | 5.3% |

Source: Company reports, Bernstein estimates and analysis

# 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 | 22.0 | 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 | 455 | 455 | 455 | 90.7 | 88.6 | 133.5 | 90.0 | 110.8 | 120.3 | 133.5 | 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** | | 959 | 1,428 | 1,953 | 2,448 | 221.9 | 241.5 | 258.5 | 236.7 | 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 | 6,619 | 7,780 | 8,779 | 9,564 | 11,053 | 11,692.4 | 12,689.2 |
| Inventories | | 2,247 | 2,796.0 | 3,969.3 | 5,148.5 | 1,957 | 2,059 | 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 | 4,222.4 | 734 | 976 | 1,434 | 1,510 | 1,900 | 2,019 | 2,155.7 | 2,339.5 |
| **Total Current Assets** | | **16,387** | **25,797.9** | **42,037.6** | **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 | 1,166 | 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** | **1,475.1** | **1,701.6** | **1,609.3** | **2,104.0** | **2,169.0** | **2,353.9** |
| **Total Liabilities** | | **7,078.1** | **10,333.0** | **14,577.6** | **18,679.4** | **4,396** | **5,633** | **6,142** | **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 | | 72.6 | 93.5 | 131.8 | 168.7 | 13.8 | 12.8 | 23.2 | 22.8 | 23.3 | 23.4 | 23.4 | 23.4 |
| Stock-based compensation | | 439.2 | 576.1 | 812.3 | 1,039.7 | 93.0 | 85.2 | 127.9 | 133.1 | 120.9 | 120.4 | 160.5 | 174.2 |
| Deferred income tax | | (312.0) | (728.0) | (1,031.7) | (993.5) | (107.1) | (230.8) | 135.4 | (109.5) | (104.9) | (108.2) | (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 | (159.7) | (688.4) | 1,272.6 | 263.3 | 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) | (30) | (37) | (55) | (30) | (48.0) | (52.1) |
| Investments | | (4,210) | (2,326) | - | - | (738) | (301) | (1,884) | (1,288) | (816) | (1,510) | - | - |
| Acquistions & 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)** | **(999)** | **(865)** | **(1,580)** | (48.0) | (52.1) |
| *Sum - Total* | | - | - | - | - | | | | | - | - | - | - |
| **Cash flows from financing activities** | | | | | | | | | | | | | |
| Debt-related | | | | | | | | | | | | | |
| Buybacks | | (1,603) | - | - | - | (787) | (196) | - | (620) | - | - | - | - |
| Dividends | | - | - | - | - | | | | | | | | |
| Financing - other | | 7 | (2) | - | - | (7) | (1) | 21 | (5) | - | (2) | - | - |
| **Net cash provided by/(used in) financing activities** | | **(1,596)** | **(2)** | - | - | **(794)** | **(197)** | **21** | **(626)** | - | **(2)** | - | - |
| *Sum - Total* | | | - | - | - | - | - | - | - | - | - | - | - |
| **Cash reconciliation** | | | | | | | | | | | | | |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | | | (3.6) | - | - | | | | | -2.6 | -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

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

# 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** | **18,375** | **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 | 9,199 | 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) | (83) | (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) | (167) | (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 | 9,557 | 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 | 5,795 | 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 | 2,760 | 3,523 | 4,329 | 2,248 | 2,351 | 2,577 | 2,760 | 2,972 | 3,169 | 3,352 | 3,523 |
| Acquired intangibles | 11,219 | 9,175 | 7,557 | 5,929 | 4,497 | 8,713 | 8,307 | 7,850 | 7,557 | 7,112 | 6,694 | 6,300 | 5,929 |
| Goodwill | 58,660 | 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 | 3,366 | 3,098 | 3,413 | 2,418 | 2,762 | 2,970 | 3,366 | 3,402 | 3,264 | 3,205 | 3,098 |
| Accrued compensation | 3,608 | 3,611 | 4,057 | 4,311 | 4,700 | 3,064 | 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 | 364 | 375 | - | - | - | 403 | 405 | - | - | - | - | - | - |
| Other current liabilities | 5,279 | 5,045 | 6,763 | 6,361 | 7,008 | 4,569 | 5,012 | 4,730 | 6,763 | 6,830 | 6,653 | 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 | 30,962 | 28,093 | 29,533 | 29,533 | 29,533 | 28,089 | 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 | **2,162** | **2,550** | **3,859** | **14,202** | **15,490** | **2,860** | **3,175** | **3,373** | **3,859** | **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) | (528) |
| 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) | (390) | (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) | (466) | (670) | - | - | - | - |
| Purchases (net of maturities and sales) of investments | (361) | (150) | 816 | - | - | 507 | (987) | (1,192) | 816 | - | - | - | - |
| **Net cash provided by/(used in) investing activities** | **(828)** | **(273)** | **(264)** | **(1,600)** | **(1,744)** | **156** | **(1,306)** | **(2,070)** | **(264)** | **(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 | 1,199 | (1,785) | - | - | - | - |
| Dividends | (1,606) | (1,625) | (1,659) | (6,636) | (6,820) | (1,617) | (1,617) | (1,660) | (1,659) | (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** | **(1,683)** | **(340)** | **7,990** | **(509)** | **(942)** | **(376)** | **144** | **608** | **(401)** | **(96)** | **(451)** |

Source: Company reports, Bernstein estimates and analysis

## 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% | 208.6% | 165.0% | 153.8% | 127.3% |
| **Total Revenue Growth (YoY)** | **21.0%** | **83.2%** | **115.7%** | **65.0%** | **6.1%** | **9.7%** | **16.0%** | **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

# 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 | 300.4 | 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 | 9.6 | 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 | 250 | 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** | **840** | **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 | 4,493.3 | 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) | (2,830.1) | (857) | (779) | (635) | (7,796) | (7,564.1) | (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 | 343.6 | 406.3 |
| 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 | (19) | 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) | (85) | (164) | (170.2) | (203.1) | (235.8) | (273.0) |
| Acquisitions | - | (38) | - | - | - | - | (38) | - | - | - | - | - |
| Investing | 99 | (339) | - | - | 8 | (148) | (59) | (140) | - | - | - | - |
| Other | 48 | 0 | - | - | - | - | - | 0 | - | - | - | - |
| **Net cash provided by/(used in) investing activiti** | **(84)** | **(786)** | **(882)** | **(1,456)** | **(68)** | **(231)** | **(182)** | **(304)** | (170.2) | (203.1) | (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 activiti** | **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)** | (2.4) | 1.9 | 47.2 | 110.9 |

Source: Company filings, Bernstein estimates and analysis

## 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% | 66.0% | | | | |
| 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

# 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>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** | **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 | 1,091.4 | 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 | 155.8 | 162.3 | 169.7 | 168.5 | 177.9 | 196.0 | 212.6 | 227.1 |
| Others | (0.1) | 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 | 2.9 | 3.9 | 4.4 | (0.2) | 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 | 507 | 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 | 662.2 | 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 | 909.2 | 1,162.0 | 725.2 | 135.3 | 852.8 | 863.7 | 1,592.7 | 1,162.0 | 544.9 | 534.7 | 592.6 | 725.2 |
| Restricted cash, total current and non-current | 863.7 | 723.7 | 606.4 | 606.4 | 606.4 | 700.1 | 665.1 | 633.0 | 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 | 2,093.4 | 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 | 4,032.9 | 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 | 198.2 | 293.3 | 440.0 | 229.9 | 208.1 | 188.2 | 198.2 | 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 | 3,307.8 | 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 | 8,539 | 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 | 353.7 |
| Amortization | 288.2 | 302.8 | 280.3 | 275.0 | 268.7 | 69.4 | 70.5 | 70.5 | 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 | (85.7) | 97.8 | (313.6) | (701.7) | (459.6) | (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) | (756.9) | (1,130.4) | (158.6) | (259.4) | (392.3) | (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 | 21.9 | (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** | **(138.5)** | **(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) | (383.3) | (487.3) | - | - | (317.2) | 215.5 | (411.9) | 26.3 | - | - | - | - |
| 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 rest** | **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

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

| **Ciena Corporation - Operating Model**<br>*In US$ M unless 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 | 1/31/2026<br>1Q26A | 4/30/2026<br>2Q26A | 7/31/2026<br>3Q26A | 10/31/2026<br>4Q26E | 1/31/2027<br>1Q27E | 4/30/2027<br>2Q27E | 7/31/2027<br>3Q27E | 10/31/2027<br>4Q27E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue Drivers** | | | | | | | | | | | | | | | | | | | | | | |
| **Segment Revenue** | | | | | | | | | | | | | | | | | | | | | | |
| Optical Networking | | | 1,734.7 | 1,815.9 | 1,939.6 | 2,194.5 | 2,562.8 | 2,547.6 | 2,553.5 | 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 | 313.1 | 283.5 | 348.5 | 267.5 | 271.8 | 430.1 | 636.3 | 890.7 | 1,202.5 | 126.0 | 174.2 | 164.4 | 171.7 | 171.4 | 236.9 | 231.8 | 250.6 |
| **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** | **2,019.3** |
| Software Product | | | 38.5 | 48.7 | 65.9 | 87.4 | 72.5 | 99.7 | 107.3 | 146.2 | 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** | **2,318.6** | **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** | **2,062.9** |
| 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 | 99.0 | 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 | 46.8 | 42.9 | 41.6 | 41.3 | 35.3 | 33.7 | 50.5 | 59.5 | 71.4 | 85.7 | 8.6 | 10.4 | 15.9 | 24.6 | 10.3 | 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 | | | 61.8 | 76.4 | 95.2 | 113.3 | 137.4 | 160.7 | 199.5 | 333.1 | 342.7 | 373.5 | 407.3 | 83.1 | 79.9 | 87.3 | 92.5 | 87.5 | 90.3 | 93.8 | 101.8 |
| **Total Services** | **402.4** | **422.5** | **443.3** | **483.1** | **483.1** | **528.8** | **588.3** | **617.4** | **688.1** | **946.9** | **1,092.6** | **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** | **2,445.7** | **2,600.6** | **2,801.7** | **3,094.3** | **3,572.1** | **3,532.2** | **3,620.7** | **4,769.5** | **6,439.9** | **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** | **2,420.1** |
| 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 | 54.6 | 62.6 | 77.2 | 115.5 | 93.4 | 106.7 | 117.4 | 20.4 | 23.4 | 23.2 | 26.4 | 25.0 | 25.8 | 26.8 | 29.1 |
| **Total Software** | | | | | | **200.7** | **209.9** | **260.4** | **306.8** | **479.4** | **485.0** | **533.5** | **586.9** | **113.7** | **117.3** | **121.8** | **132.2** | **125.1** | **129.0** | **134.0** | **145.4** |
| | | | | | | | | | | | | | | 17% | 17% | 17% | 17% | 16% | 15% | 15% | 15% |
| **Revenue Growth** | | | | | | | | | | | | | | | | | | | | | |
| **Revenue growth % (YoY)** | | | | | | | | | | | | | | | | | | | | | |
| Optical Networking | | | | 4.7% | 6.8% | 13.1% | 16.8% | -0.6% | 0.2% | 22.8% | 40.7% | 35.0% | 34.5% | 40.6% | 42.2% | 46.1% | 35.0% | 31.0% | 31.0% | 36.0% | 41.0% |
| Routing and Switching | | | | 10.3% | 23.8% | -9.5% | 22.9% | -23.2% | 1.6% | 7.7% | 47.9% | 40.0% | 35.0% | 35.2% | 87.9% | 30.6% | 45.0% | 36.0% | 36.0% | 41.0% | 46.0% |
| **Networking Platforms** | | | | **5.3%** | **8.9%** | **10.0%** | **17.5%** | **-3.3%** | **0.4%** | **20.9%** | **41.6%** | **35.7%** | **34.5%** | **40.0%** | **47.1%** | **44.0%** | **36.1%** | **31.5%** | **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% | 22.3% | 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%** | **38.0%** | **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% | 17.5% | 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% | 1.4% | 17.9% | 20.0% | 20.0% | 10.8% | 21.6% | 16.5% | 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%** | **20.0%** | **20.0%** | **20.0%** | **20.0%** | **20.0%** |
| Software Services | | | | 23.6% | 24.7% | 18.9% | 21.3% | 16.9% | 24.2% | 4.5% | 2.9% | 9.0% | 9.1% | -5.0% | -1.6% | 6.0% | 12.5% | 5.4% | 13.1% | 7.5% | 10.0% |
| **Total Services** | | **5.0%** | **4.9%** | **9.0%** | **0.0%** | **9.5%** | **11.2%** | **4.9%** | **11.5%** | **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%** | **6.3%** | **7.7%** | **10.4%** | **15.4%** | **-1.1%** | **2.5%** | **18.8%** | **35.0%** | **31.9%** | **31.5%** | **33.1%** | **39.5%** | **37.0%** | **31.0%** | **28.5%** | **28.7%** | **32.7%** | **36.6%** |
| Platform Software and Services | | | | | | | -10.7% | 27.3% | 16.1% | 1.6% | 7.6% | 9.0% | | -1.9% | 9.9% | 9.6% | 13.3% | 7.2% | 9.9% | 8.7% | 10.0% |
| Blue Planet Automation Software and Services | | | | | | | 103.8% | 14.7% | 23.4% | 48.9% | -19.1% | 14.2% | | -21.6% | -16.3% | -16.6% | -21.7% | 22.6% | 10.3% | 15.5% | 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

# 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** | **1,771.0** | **1,833.7** | **2,022.0** | **2,218.3** | **2,420.1** |
| COGS | 2,731.2 | 3,533.1 | 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 | 1,185.1 | 1,257.7 |
| **Gross Profit** | **2,038.3** | **2,906.8** | **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 | 529.3 | 546.7 | 579.1 | 669.9 | 124.9 | 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 | 47.3 | 48.6 | 53.9 | 52.9 | 63.9 | 46.0 | 49.2 |
| 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** | **1,300.8** | **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** |
| OI&E | (40.5) | 2.6 | 35.5 | 35.46 | (11.3) | (13.8) | (7.7) | (7.6) | (8.3) | (6.8) | 8.9 | 8.9 | 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 | 145.9 | 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 | 2,348 | 939 | 930 | 1,026 | 976 | 967 | 1,053 | 1,234 | 1,307 | 1,354 | 1,493 | 1,638 | 1,786 |
| Inventories | 826 | 957 | 1,225 | 1,566 | 845 | 874 | 860 | 826 | 846 | 808 | 872 | 957 | 980 | 1,064 | 1,154 | 1,225 |
| Prepaid Expenses and other | 455 | 559 | 763 | 1003 | 496 | 506 | 474 | 455 | 428 | 504 | 527 | 559 | 578 | 638 | 700 | 763 |
| **Current Operating Assets** | **2,257** | **2,823** | **3,774** | **4,917** | **2,280** | **2,310** | **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 | 936 | 320 | 349 | 368 | 387 | 438 | 445 | 492 | 521 | 539 | 595 | 653 | 712 |
| Operating right-of-use assets | 39 | 46 | 46 | 46 | 25 | 39 | 40 | 39 | 40 | 38 | 46 | 46 | 46 | 46 | 46 | 46 |
| Goodwill and Intangibles | 745 | 689 | 640 | 577 | 601 | 592 | 584 | 745 | 734 | 723 | 702 | 689 | 676 | 664 | 652 | 640 |
| Other Non-Current Assets | 186 | 200 | 274 | 360 | 162 | 159 | 154 | 186 | 191 | 191 | 189 | 200 | 207 | 229 | 251 | 274 |
| **Non-Current Operating Assets** | **1,357** | **1,456** | **1,671** | **1,918** | **1,108** | **1,139** | **1,146** | **1,357** | **1,404** | **1,397** | **1,428** | **1,456** | **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 | 396 | 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** | **5,659** | **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 | 419 | 465 | 543 | 547 | 607 | 654 | 693 | 718 | 791 | 868 | 947 |
| Accrued liabilities | 531 | 539 | 736 | 967 | 362 | 381 | 436 | 531 | 396 | 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 | 46 | 54 | 74 | 97 | 36 | 48 | 49 | 46 | 47 | 44 | 51 | 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 | 189 | 196 | 175 | 182 | 185 | 186 | 186 | 186 | 186 | 186 | 186 |
| Other | - | (15) | (138) | (138) | - | - | - | - | - | - | - | (15) | (19) | (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) | (286) | (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** | **308** | **437** |
| **Cash flows from investing activities** | | | | | | | | | | | | | | | | |
| Capex | (141) | (263) | (374) | (474) | (27) | (29) | (40) | (45) | (74) | (41) | (80) | (68) | (60) | (98) | (105) | (111) |
| Acquisition and divestitures | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net purchases of investments | 134 | (162) | (159) | (159) | (42) | 48 | 65 | 64 | 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)** | **(108)** | **(99)** | **(138)** | **(145)** | **(151)** |
| **Cash flows from financing activities** | | | | | | | | | | | | | | | | |
| Debt transactions | (12) | 1,570 | - | (230) | (3) | (3) | (3) | (3) | - | (6) | 1,575 | - | - | - | - | - |
| Repurchase (net of issuance) of stock | (390) | (739) | (955) | (1,901) | (90) | (104) | (81) | (116) | (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)** | **(2,131)** | **(93)** | **(108)** | **(85)** | **(120)** | **(155)** | **(181)** | **1,323** | **(160)** | **(270)** | **(155)** | **(219)** | **(312)** |
| **Cash reconciliation** | | | | | | | | | | | | | | | | |
| Effect of exchange rate changes on cash, cash eq | (2) | (3) | - | - | (3) | 6 | (3) | (2) | 2 | (3) | (1) | 0 | 0 | 0 | 0 | 0 |
| **Net change in cash, cash equivalents and restr** | **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

# EXHIBIT 24: **Corning Financial Model**

| **Corning Incorporated - 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 | 3/31/2026<br>1Q26A | 6/30/2026<br>2Q26A | 9/30/2026<br>3Q26E | 12/31/2026<br>4Q26E |
|---|---|---|---|---|---|---|---|---|
| **Income Statement** | | | | | | | | |
| **Non-GAAP Income Statement** | | | | | | | | |
| **Revenue** | **16,408** | **19,525** | **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 | 2,255 | 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) | -37 | -50 | **(65)** | **-73** |
| **Net income excluding NCI** | **2,345** | **3,040** | **3,884** | **5,222** | **649** | **730** | **782** | **879** |
| *Effective Tax Rate % (adjusted for NCI)* | 19.2% | 18.6% | 19.0% | 19.3% | 18.5% | 18.5% | 19% | 18.5% |
| Diluted Share Count | 867 | 875 | 879 | 885 | 871 | 875 | 876 | 877 |
| **Earnings per Share** | **2.54** | **3.22** | **4.16** | **5.65** | **0.70** | **0.78** | **0.82** | **0.92** |
| **Balance Sheet** | | | | | | | | |
| **Assets** | | | | | | | | |
| Trade Accounts Receivable, Net | 2,779 | 3,584 | 6,266 | 6,928 | 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 | 2,055 | 2,103 | 2,186 |
| **Total Current Operating Assets** | **7,410** | **9,801** | **12,695** | **14,394** | **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 | 3,146 | 3,041 | 2,952 | 2,866 | 3,111 | 3,086 | 3,063 | 3,041 |
| Deferred Taxes | 1,515 | 1,183 | 833 | 993 | 1,569 | 1,610 | 1,037 | 1,183 |
| Other Non-Current Assets and Prior Disclo | 2,554 | 2,782 | 3,259 | 4,004 | 2,262 | 2,416 | 2,542 | 2,782 |
| **Total Non-Current Operating Assets** | **22,040** | **22,582** | **23,380** | **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** | **46,695** | **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 | 311 | 325 | 342 | 374 |
| Accurals and Other Current Liabilities | 2,890 | 3,587 | 4,202 | 5,162 | 2,410 | 2,992 | 3,053 | 3,587 |
| Other Non-Current Liabilities | 5,097 | 6,419 | 7,519 | 9,238 | 4,959 | 5,727 | 6,003 | 6,419 |
| **Total Operating Liabilities** | **10,235** | **13,161** | **14,984** | **18,081** | **9,931** | **11,405** | **11,935** | **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** | **12,700** | **15,272** | **19,623** | **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 Liabilties 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 | 1,399 | 2,927 | 4,497 | 408 | 609 | 611 | -229 |
| **Adjustments to reconcile net income to cash provided by operating activities:** | | | | | | | | |
| Depreciation | 1,742 | 1,399 | 1,527 | 1,601 | 334 | 368 | 372 | 380 |
| Amortization | 110 | 91 | 88 | 86 | 23 | 23 | 23 | 23 |
| Stock-based compensation | 286 | 508 | 639 | 848 | 115 | 135 | 122 | 136 |
| Deferred income tax | (355) | 326 | 350 | (160) | -62 | -39 | 573 | (147) |
| Translated Earnings 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) | 12 | -267 | (305) | (346) |
| Changes in Inventories | (243) | (982) | (111) | (795) | -232 | -145 | (183) | (422) |
| Change in Prepaid & other | | | (101) | (242) | -56 | -88 | (48) | (83) |
| Change in other non-current | - | (366) | (477) | (745) | | | (126) | (240) |
| Changes in AP and Other Current Liab. | 571 | 1,210 | 658 | 1,278 | -80 | 275 | 237 | 777 |
| Customer Deposits and Govt Incentives | 268 | 709 | - | - | -171 | 880 | - | - |
| Deferred Income | (58) | (102) | - | - | -38 | -64 | - | - |
| Post Retirement Benefits Other Than Pens | - | 49 | 64 | 100 | | | 17 | 32.319 |
| Other + Prior Disclosures | 232 | 910 | 1,100 | 1,719 | 99 | 119 | 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* | *4,166* | *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 Disclosures | 39 | 184 | - | - | 121 | 63 | - | - |
| **Net cash provided by/(used in) investing** | **(1,243)** | **(1,962)** | **(2,287)** | **(3,997)** | **-203** | **-359** | **(700)** | **-700** |
| *Sum - Total* | *(1,243)* | *(1,962)* | *(2,287)* | *(3,997)* | *-203* | *-359* | *(700)* | *-700* |
| *Check* | - | - | - | - | *0* | *0* | - | *0* |
| **Cash flows from financing activities** | | | | | | | | |
| Repayments of Debt, net of issuances | (4) | (242) | - | - | 414 | -656 | - | - |
| Dividends Paid | (999) | (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** | **-659** |

Source: Company filings, Bernstein updates and analysis

## 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 |
| Automative | 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% |
| Automative | -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% |
| Automative | | | | | -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



## I. REQUIRED DISCLOSURES

References to "Bernstein" or the "Firm" in these disclosures relate to the following entities: Bernstein Institutional Services LLC (April 1, 2024 onwards), Sanford C. Bernstein & Co., LLC (pre April 1, 2024), Bernstein Autonomous LLP, BSG France S.A. (April 1, 2024 onwards), Sanford C. Bernstein (Hong Kong) Limited 盛博香港有限公司, Sanford C. Bernstein (Canada) Limited, Sanford C. Bernstein (India) Private Limited (SEBI registration no. INH000006378), Sanford C. Bernstein (Singapore) Private Limited, Sanford C. Bernstein Japan KK (サンフォード・C・バーンスタイン株式会社) and analysts employed by Société Générale Africa Technologies & Services to produce Bernstein research under a Global Services Agreement in place between Bernstein and Société Générale.

Bernstein is part of a joint venture between Société Générale (SG) and AllianceBernstein, L.P. (AB). Unless specifically noted otherwise, for purposes of these disclosures, references to Bernstein's "affiliates" relate to both SG and AB and their respective affiliates.

### VALUATION METHODOLOGY

This research publication covers six or more companies. For valuation methodology and other company disclosures:
Please visit: https://bernstein-autonomous.bluematrix.com/sellside/Disclosures.action.
Or, you can also write to the Director of Compliance, Bernstein Institutional Services LLC, 245 Park Avenue, New York, NY 10167.

### RISKS

This research publication covers six or more companies. For risks and other company disclosures:
Please visit: https://bernstein-autonomous.bluematrix.com/sellside/Disclosures.action.
Or, you can also write to the Director of Compliance, Bernstein Institutional Services LLC, 245 Park Avenue, New York, NY 10167.

### RATINGS DEFINITIONS, BENCHMARKS AND DISTRIBUTION

### EQUITY RATINGS DEFINITIONS

#### Bernstein brand

The Bernstein brand rates stocks based on forecasts of relative performance for the next 12 months versus the S&P 500 for stocks listed on the U.S. and Canadian exchanges, versus the Bloomberg Europe Developed Markets Large and Mid Cap Price Return Index EUR (EDME) for stocks listed on the European exchanges and emerging markets exchanges outside of the Asia Pacific region, versus the Bloomberg Japan Large and Mid Cap Price Return Index USD (JPL) for stocks listed on the Japanese exchanges, and versus the Bloomberg Asia ex-Japan Large and Mid Cap Price Return Index (ASIAX) for stocks listed on the Asian (ex-Japan) exchanges -unless otherwise specified.

The Bernstein brand has three categories of ratings:

- Outperform: Stock will outpace the market index by more than 15 pp
- Market-Perform: Stock will perform in line with the market index to within +/-15 pp
- Underperform: Stock will trail the performance of the market index by more than 15 pp

Coverage Suspended: Coverage of a company under the Bernstein research brand has been suspended. Ratings and price targets are suspended temporarily, are no longer current, and should therefore not be relied upon.

Not Rated: A rating assigned when the stock cannot be accurately valued, or the performance of the company accurately predicted, at the present time. The covering analyst may continue to publish research reports on the company to update investors on events and developments.

Not Covered (NC) denotes companies that are not under coverage.

Bernstein brand stock ratings are based on a 12-month time horizon.

#### Autonomous brand – common stocks

The Autonomous brand rates common stocks as indicated below. As our benchmarks we use the Bloomberg Europe 600 Financials Price Return Index (E600BK) and Bloomberg Europe Dev Mkt Financials Large and Mid Cap Price Ret Index EUR (EDMFI) index for developed European banks and Payments, the Bloomberg Europe 600 Insurance Price Return Index (E600IN) for European insurers, the S&P 500 and S&P Financials for US banks and Payments coverage, S5LIFE for US Insurance, the S&P Insurance Select Industry (SPSIINS) for US Non-Life Insurers coverage, the Bloomberg Emerging Markets Financials Large, Mid and Small Cap Price Return Index (EMLSF) for emerging market banks and insurers and Payments, and the Bloomberg Japan Financials Large & Mid Cap Price Return Index (JPFILM) for Japanese Financials. Ratings are stated relative to the sector (not the market).

The Autonomous brand has three categories of common stock ratings:

- Outperform (OP): Stock will outpace the relevant index by more than 10 pp
- Neutral (N): Stock will perform in line with the market index to within +/-10 pp
- Underperform (UP): Stock will trail the performance of the relevant index by more than 10 pp

Coverage Suspended: Coverage of a company under the Autonomous research brand has been suspended. Ratings and price targets are suspended temporarily, are no longer current, and should therefore not be relied upon.

Not Rated: A rating assigned when the stock cannot be accurately valued, or the performance of the company accurately predicted, at the present time. The covering analyst may continue to publish research reports on the company to update investors on events and developments.

Those denoted as 'Feature' (e.g., Feature Outperform FOP, Feature Under Outperform FUP) are our core ideas.

Not Covered (NC) denotes companies that are not under coverage.

Autonomous brand common stock ratings are based on a 12-month time horizon.

**Autonomous brand – preferred stocks**

The Autonomous brand has three categories of preferred stock ratings:

- Outperform (OP): The total return of the preferred instrument is expected to outperform preferred securities of other issuers operating in similar sectors or rating categories over the next six months.
- Neutral (N): The total return of the preferred instrument is expected to perform in line with preferred securities of other issuers operating in similar sectors or rating categories over the next six months.
- Underperform (UP): The total return of the preferred instrument is expected to underperform preferred securities of other issuers operating in similar sectors or rating categories over the next six months.

Autonomous preferred stock ratings are based on a 6-month time horizon.

## AUTONOMOUS CREDIT RESEARCH

Where this report contains investment recommendations for credit instruments, as defined in article 3(1)(35) of the Market Abuse Regulation, the information below is presented to comply with its disclosure requirements.

The report may also include reference(s) to published opinions by other Autonomous or Bernstein analysts covering the equity securities of the issuer(s) referenced herein. Please note an investment recommendation for credit instruments published by the author(s) of this report may differ from the published view of the analyst covering equity securities for the issuer(s) contained in this report and vice versa.

## CREDIT RATINGS DEFINITIONS

The Autonomous brand has three categories of credit ratings:

- Credit Outperform (C-OP): The total return of the Reference Credit Instrument is expected to outperform the credit spread of bonds of other issuers operating in similar sectors or rating categories over the next six months.

- Credit Neutral (C-N): The total return of the Reference Credit Instrument is expected to perform in line with the credit spread of bonds of other issuers operating in similar sectors or rating categories over the next six months.

- Credit Underperform (C-UP): The total return of the Reference Credit Instrument is expected to underperform the credit spread of bonds of other issuers operating in similar sectors or rating categories over the next six months.

Autonomous credit ratings are based on a 6-month time horizon.

A list of all investment recommendations produced by the author(s) of this report alongside credit ratings history are available upon request.

It is at the sole discretion of the Firm as to when to initiate, update and cease research coverage. The Firm has established, maintains and relies on information barriers to control the flow of information contained in one or more areas (i.e. the private side) within the Firm, and into other areas, units, groups or affiliates (i.e. public side) of the Firm

## DISTRIBUTION OF EQUITY RATINGS/INVESTMENT BANKING SERVICES

| Equity Rating | Market Abuse Regulation (MAR) and FINRA Rating Category | Global Rating Distribution | Investment Banking Relationships* |
|---|---|---|---|
| Outperform | BUY | 52.3% | 14.2% |
| Market-Perform (Bernstein Brand)<br>Neutral (Autonomous Brand) | HOLD | 35.6% | 16.1% |
| Underperform | SELL | 12.1% | 13.6% |

* These figures represent the percentage of companies within each equity rating category for which affiliates of Bernstein have provided investment banking services within the previous 12 months.
As of September 30, 2026. All figures are updated quarterly.

Prior to April 1, 2024, Sanford C. Bernstein & Co., LLC. issued the ratings and price target information in the graph(s) below for the following companies: Broadcom Inc and Hewlett Packard Enterprise Co.

## PRICE CHARTS/ RATINGS AND PRICE TARGET HISTORY

This research publication covers six or more companies. For price chart and other company disclosures, please visit https://bernstein-autonomous.bluematrix.com/sellside/Disclosures.action or you can write to the Director of Compliance, Bernstein Institutional Services LLC, 245 Park Avenue, New York, NY 10167.

## CONFLICTS OF INTEREST

SG and/or its affiliates beneficially own 0.5% or more of [the total issued share capital/any class of common equity securities] with a net [long/short] position of: Lumentum Holdings Inc and Ciena Corp.

Bernstein Autonomous LLP or BSG France SA, beneficially, has either a net long or short position of 0.5% or more of the total issued share capital of a class of common equity securities of the following MiFID eligible securities: Broadcom Inc.

Bernstein and/or affiliates have received compensation for investment banking services in the past twelve months from Lumentum Holdings Inc, Hewlett Packard Enterprise Co and Nokia.

An affiliate of Bernstein has received compensation for non-investment banking securities-related products c
previous twelve months from the following clients: Cisco Systems Inc, Coherent Corp and Ciena Corp.

Bernstein and/or affiliates have received compensation for non-investment banking securities-related products
previous twelve months from the following clients: Cisco Systems Inc, Corning Inc, Hewlett Packard Enterprise



Bernstein and/or affiliates expect to receive or intend to seek compensation for investment banking services in the next three months from Corning Inc and Hewlett Packard Enterprise Co.

Certain affiliates of Bernstein act as market maker or liquidity provider in the equities securities of: Arista Networks Inc, Coherent Corp, Ciena Corp, Corning Inc, Broadcom Inc, Hewlett Packard Enterprise Co and Nokia.

Affiliates of Bernstein managed or co-managed in the past twelve months a public offering of securities of Lumentum Holdings Inc and Hewlett Packard Enterprise Co.

Bernstein and/or affiliates had an investment banking client relationship during the past twelve months with Lumentum Holdings Inc, Corning Inc, Hewlett Packard Enterprise Co and Nokia.

Certain affiliates of Bernstein act as market maker or liquidity provider in the debt securities of: NEC Corp, Broadcom Inc and Nokia.

**OTHER MATTERS**

The legal entity(ies) employing the analyst(s) listed in this report, and their location, can be determined by the country code of their phone number, as follows:

+1 Bernstein Institutional Services LLC; New York, New York, USA

+44 Bernstein Autonomous LLP; London UK

+212 Société Générale Global Solution Center Morocco, Casablanca, Morocco

+33 BSG France S.A.; Paris, France

+34 BSG France S.A.; Madrid, Spain

+41 Bernstein Autonomous LLP; Geneva, Switzerland

+49 BSG France S.A.; Frankfurt, Germany

+91 Sanford C. Bernstein (India) Private Limited; Mumbai, India

+852 Sanford C. Bernstein (Hong Kong) Limited 盛博香港有限公司; Hong Kong, China

+65 Sanford C. Bernstein (Singapore) Private Limited; Singapore

+81 Sanford C. Bernstein Japan KK; Tokyo, Japan

Where this report has been prepared by research analyst(s) employed by a non-US affiliate, such analyst(s), is/are (unless otherwise expressly noted below) not registered as associated persons of Bernstein Institutional Services LLC or any other SEC-registered broker-dealer and are not licensed or qualified as research analysts with FINRA. Accordingly, such analyst(s) may not be subject to FINRA's restrictions regarding (among other things) communications by research analysts with a subject company, interactions between research analysts and investment banking personnel, participation by research analysts in solicitation and marketing activities relating to investment banking transactions, public appearances by research analysts, and trading securities held by a research analyst account.

Where this report has been prepared by research analyst(s) employed by Société Générale Africa Technologies & Services (part of the Société Générale group of companies), it has been prepared on behalf of a Bernstein company under a Global Services Agreement in place between Bernstein and Société Générale.

**CERTIFICATION**

Each research analyst listed in this report, who is primarily responsible for the preparation of the content of this report, certifies that all of the views expressed in this publication accurately reflect that analyst's personal views about any and all of the subject securities or issuers and that no part of that analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views in this publication.

**II. ADDITIONAL GLOBAL CONFLICT DISCLOSURES**

It is at the sole discretion of the Firm as to when to initiate, update and cease research coverage. The Firm has established, maintains and relies on information barriers to control the flow of information contained in one or more areas (i.e., the private side) within the Firm, and into other areas, units, groups or affiliates (i.e., public side) of the Firm.

## III. OTHER IMPORTANT INFORMATION AND DISCLOSURES

Separate branding is maintained for "Bernstein" and "Autonomous" research products.

- Bernstein produces a number of different types of research products including, among others, fundamental analysis and quantitative analysis under both the "Autonomous" and "Bernstein" brands. Recommendations contained within one type of research product may differ from recommendations contained within other types of research products, whether as a result of differing time horizons, methodologies or otherwise. Furthermore, views or recommendations within a research product issued under one brand may differ from views or recommendations under the same type of research product issued under the other brand. The Research Ratings System for the two brands and other information related to those Rating Systems are included in the previous section.

- Autonomous operates as a separate business unit within the following entities: Bernstein Institutional Services LLC, Bernstein Autonomous LLP, Sanford C. Bernstein (Hong Kong) Limited 盛博香港有限公司 and Sanford C. Bernstein (India) Private Limited. For information relating to "Autonomous" branded products (including certain Sales materials) please visit: www.autonomous.com. For information relating to Bernstein branded products please visit: www.bernsteinresearch.com.

Analysts are compensated based on aggregate contributions to the research franchise as measured by account penetration, productivity and proactivity of investment ideas. No analysts are compensated based on performance in, or contributions to, generating investment banking revenues.

This report has been produced by an independent analyst as defined in Article 3 (1)(34)(i) of EU 596/2014 Market Abuse Regulation ("MAR") and the same article of MAR as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018.

**To our readers in the United States**: Bernstein Institutional Services LLC, a broker-dealer registered with the U.S. Securities and Exchange Commission ("SEC") and a member of the U.S. Financial Industry Regulatory Authority, Inc. ("FINRA") is distributing this publication in the United States and accepts responsibility for its contents. Where this material contains an analysis of debt product(s), such material is intended only for institutional investors and is not subject to the US independence and disclosure standards applicable to debt research prepared for retail investors.

Bernstein Institutional Services LLC may act as principal for its own account or as agent for another person (including an affiliate) in sales or purchases of any security which is a subject of this report. This report does not purport to meet the objectives or needs of any specific individuals, entities or accounts.

**To our readers in Canada:** If this publication pertains to a Canadian domiciled company, it is being distributed in Canada by Sanford C. Bernstein (Canada) Limited, which is licensed and regulated by the Canadian Investment Regulatory Organization. If the publication pertains to a non-Canadian domiciled company, it is being distributed by Bernstein Institutional Services LLC, which is licensed and regulated by both the SEC and FINRA, into Canada under the International Dealers Exemption.

This document may not be passed onto any person in Canada unless that person qualifies as "permitted client" as defined in Section 1.1 of NI 31-103.

**To our readers in Brazil:** This report has been prepared by Bernstein Institutional Services LLC, and Banco BTG Pactual S.A. ("BTG") is responsible for the distribution of this report in Brazil.

**To readers in the United Kingdom**: This publication has been issued or approved for issue in the United Kingdom by Bernstein Autonomous LLP, authorised and regulated by the Financial Conduct Authority and located at 60 London Wall, London EC2M 5SH, +44 (0)20-7170-5000. Registered in England & Wales No OC343985.

This document is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be

engaged in only with relevant persons.

**To our readers in the member states of the EEA**: This publication is being distributed by BSG France SA, which is authorised and regulated by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and Autorité des Marchés Financiers (AMF).

**To our readers in Hong Kong:** This publication is being distributed in Hong Kong by Sanford C. Bernstein (Hong Kong) Limited 盛博香港有限公司, which is licensed and regulated by the Hong Kong Securities and Futures Commission (Central Entity No. AXC846) to carry out Type 4 (Advising on Securities) regulated activities and subject to the licensing conditions mentioned in the SFC Public Register (https://www.sfc.hk/publicregWeb/corp/AXC846/details)). This publication is solely for professional investors, as defined in the Securities and Futures Ordinance (Cap. 571). The purpose of this report is solely to provide an analysis of the issuers referred to in this report and is not intended for any purpose contrary to the laws of Hong Kong.

**To our readers in Singapore:** This publication is being distributed in Singapore by Sanford C. Bernstein (Singapore) Private Limited, only to accredited investors or institutional investors, as defined in the Securities and Futures Act 2001 of Singapore ("SFA"). Recipients in Singapore should contact Sanford C. Bernstein (Singapore) Private Limited in respect of matters arising from, or in connection with, this publication. Sanford C. Bernstein (Singapore) Private Limited is regulated by the Monetary Authority of Singapore and licensed under the SFA as a capital markets services licence holder for dealing in capital markets products that are securities and collective investment schemes and an exempt financial adviser for advising on, issuing and promulgating analyses and reports on securities. Sanford C. Bernstein (Singapore) Private Limited is registered in Singapore with Company Registration No. 20213710W and located at 8 Marina Boulevard, #12-01, Marina Bay Financial Centre, Singapore 018981, +65-6326-7000.

**To our readers in the People's Republic of China:** The securities referred to in this document are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan, the "PRC") in contravention of any applicable laws of the PRC.

This document does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC.

We do not represent that this document may be lawfully distributed, or that any securities may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by us which would permit a public offering of any securities or distribution of this document in the PRC. Accordingly, the securities are not being offered or sold within the PRC by means of this document or any other document. Neither this document nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

**To our readers in Japan**: This publication is being distributed in Japan by Sanford C. Bernstein Japan KK (サンフォード・C・バーンスタイン株式会社), which is registered in Japan as a Financial Instruments Business Operator with the Kanto Local Finance Bureau (registration number: The Director-General of Kanto Local Finance Bureau (FIBO) No.3387) and regulated by the Financial Services Agency. It is also a member of Investment Management Association of Japan. This publication is solely for qualified institutional investors in Japan only, as defined in Article 2, paragraph (3), items (i) of the Financial Instruments and Exchange Act.

For the institutional client readers in Japan who have been granted access to the Bernstein website by Daiwa Securities Group Inc. ("Daiwa"), your access to this document should not be construed as meaning that Bernstein is providing you with investment advice for any purposes. Whilst Bernstein has prepared this document, your relationship is, and will remain with, Daiwa, and Bernstein has neither any contractual relationship with you nor any obligations towards you.

**To our readers in Australia:** Sanford C. Bernstein (Hong Kong) Limited 盛博香港有限公司 is responsible for distributing research in Australia. It is regulated by the Securities and Exchange Commission under U.S. laws, by the Financial Conduct Authority under U.K. laws, which differs from Australian laws. Sanford C. Bernstein (Hong Kong) Limited 盛博香港有限公司 is exempt from the requirement to hold an Australian financial services license under the Corporations Act 2001 in respect of the provision of the following financial services to wholesale clients:

- providing financial product advice;
- dealing in a financial product;
- making a market for a financial product; and
- providing a custodial or depository service.

**To our readers in India:** This publication is being distributed in India by Sanford C. Bernstein (India) Private Limited (SCB India) which is licensed and regulated by Securities and Exchange Board of India ("SEBI") as a research analyst entity under the SEBI (Research Analyst) Regulations, 2014, having registration no. INH000006378 and as a stock broker having registration no. INZ000213537. SCB India is currently engaged in the business of providing research and stock broking services. Please refer to www.bernsteinresearch.in for more information.

- SCB India is a Private limited company incorporated under the Companies Act, 2013, on April 12, 2017 bearing corporate identification number U65999MH2017FTC293762, and registered office at Level 3A, 4th Floor, First International Financial Centre, Plot Nos C-54 and C-55, G Block, Near CBI Office, Bandra Kurla Complex, Bandra (East), Mumbai 400098, Maharashtra, India (Phone No: +91-22-68421401).
- For details of Associates (i.e., affiliates/group companies) of SCB India, kindly email MUM-BERNSTEIN-InCompliance@bernsteinsg.com.
- SCB India does not have any disciplinary history as on the date of this report.
- Except as noted above, SCB India and/or its Associates (i.e., affiliates/group companies), the Research Analysts authoring this report, and their relatives
  - do not have any financial interest in the subject company
  - do not have actual/beneficial ownership of one percent or more in securities of the subject company;
  - is not engaged in any investment banking activities for Indian companies, as such;
  - have not managed or co-managed a public offering in the past twelve months for any Indian companies;
  - have not received any compensation for investment banking services or merchant banking services from the subject company in the past 12 months;
  - have not received compensation for brokerage services from the subject company in the past twelve months;
  - have not received any compensation or other benefits from the subject company or third party related to the specific recommendations or views in this report; and
  - do not currently, but may in the future, act as a market maker in the financial instruments of the companies covered in the report.
  - do not have any conflict of interest in the subject company as of the date of this report.
- Except as noted above, the subject company has not been a client of SCB India during twelve months preceding the date of distribution of this research report. Neither SCB India nor its Associates (i.e., affiliates/group companies) have received compensation for products or services other than investment banking, merchant banking or brokerage services from the subject company in the past twelve months.
- The principal research analyst(s) who prepared this report, members of the analysts' team, and members of their households are not an officer, director, employee or advisory board member of the companies covered in the report.
- Our Compliance officer / Grievance officer is Ms. Rupal Talati, who can be reached at +91-22-68421451, or MUM-BERNSTEIN-InCompliance@bernsteinsg.com / Scbin-investorgrievance@bernsteinsg.com
- The Research investor charter and Terms & Conditions of SCB India are available on its website and may be accessed at Sanford C. Bernstein (India) Private Limited (https://bernsteinresearch.in/) for your reference.
- Disclaimer: Registration granted by SEBI, and certification from NISM, is in no way a guarantee of performance of the intermediary or provide any assurance of returns to investors. Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

**To our readers in Switzerland:** This document is provided in Switzerland by or through Bernstein Autonomous LLP, and is provided only to qualified investors as defined in article 10 of the Swiss Collective Investment Scheme Act ("CISA") and related

provisions of the Collective Investment Scheme Ordinance and in strict compliance with applicable Swiss law and regulations. The products mentioned in this document may not be suitable for all types of investors. This document is based on the Directives on the Independence of Financial Research issued by the Swiss Bankers Association (SBA) in January 2008.

**To our readers in the Middle East:** Bernstein Autonomous LLP, DIFC branch has its principal office at Gate Village 06, DIFC, Dubai, UAE. Bernstein Autonomous LLP, DIFC branch is regulated by the Dubai Financial Services Authority (DFSA) with the registration number CL10040 and is provisioned for Arranging Deals in Investments and Advising on Financial Products. All communications and services are directed at Professional Clients and Market Counterparties only (as defined in the DFSA rulebook). Persons other than Professional Clients and Market Counterparties, such as Retail Clients, are not the intended recipients of our communications or services.

**LEGAL**

All research publications are disseminated to our clients through posting on the firm's password protected websites, bernsteinresearch.com and autonomous.com. Certain, but not all, research publications are also made available to clients through third-party vendors or redistributed to clients through alternate electronic means as a convenience.

This publication has been published and distributed in accordance with the Firm's policy for management of conflicts of interest in investment research, a copy of which is available from Bernstein Institutional Services LLC, Director of Compliance, 245 Park Avenue, New York, NY 10167. Additional disclosures and information regarding Bernstein's business are available on our website www.bernsteinresearch.com.

The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors where that permission profile is not consistent with the licenses held by the entities noted herein. This document is for distribution only as may be permitted by law. This publication is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of, or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject any of the entities referenced herein or any of their subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction. This publication is based upon public sources we believe to be reliable, but no representation is made by us that the publication is accurate or complete. We do not undertake to advise you of any change in the reported information or in the opinions herein. This publication was prepared and issued by entity referred to herein for distribution to eligible counterparties or professional clients. This publication is not an offer to buy or sell any security, and it does not constitute investment, legal or tax advice. The investments referred to herein may not be suitable for you. Investors must make their own investment decisions in consultation with their professional advisors in light of their specific circumstances. The value of investments may fluctuate, and investments that are denominated in foreign currencies may fluctuate in value as a result of exposure to exchange rate movements. Information about past performance of an investment is not necessarily a guide to, indicator of, or assurance of, future performance.

This report is directed to and intended only for our clients who are “eligible counterparties”, “professional clients”, “institutional investors” and/or “professional investors” as defined by the aforementioned regulators, and must not be redistributed to retail clients as defined by the aforementioned regulators. Retail clients who receive this report should note that the services of the entities noted herein are not available to them and should not rely on the material herein to make an investment decision. The result of such act will not hold the entities noted herein liable for any loss thus incurred as the entities noted herein are not registered/ authorised/ licensed to deal with retail clients and will not enter into any contractual agreement/arrangement with retail clients. This report is provided subject to the terms and conditions of any agreement that the clients may have entered into with the entities noted herein. All research reports are disseminated on a simultaneous basis to eligible clients through electronic publication to our client portal.

The information in this report was prepared by Bernstein solely for the internal business use of our clients. Clients may store, display, analyze, reformat and print the information in this report for this limited use only. Clients may not copy, alter, create derivative works, resell, reverse engineer, commercially exploit, share or distribute any part of the information contained herein for any purpose without Bernstein’s express written consent. These restrictions include extracting data or using the content to develop indices or other products. Further, you may not use this report, or any portion of this report, to train or finetune any third-party machine learning or artificial intelligence system, or as a prompt or input into any such system. You also may not, without Bernstein’s express written consent, do any of the foregoing in connection with your own internal machine learning or artificial intelligence system.

Bernstein may use artificial intelligence tools in the preparation of its materials. Any such materials are reviewed by Bernstein’s research analysts prior to publication.

This report has been prepared for information purposes only and is based on current public information that we consider reliable, but the entities noted herein do not warrant or represent (express or implied) as to the sources of information or data contained herein are accurate, complete, not misleading or as to its fitness for the purpose intended even though the entities noted herein rely on reputable or trustworthy data providers, it should not be relied upon as such. Opinions expressed are the author(s)’ current

opinions as of the date appearing on the material only and we do not undertake to advise you of any change in the reported information or in the opinions herein.

Any references to Societe Generale herein are purely factual, based upon publicly available information, and included for comparative purposes only. They do not constitute an opinion or recommendation with respect to the securities of Societe Generale.

This publication was prepared and issued by the entity referred to herein for distribution to eligible counterparties or professional clients. The information in this report is intended for general circulation and does not constitute an offer to buy or sell any security, investment, legal or tax advice nor a personal recommendation, as defined by any of the aforementioned regulators. It does not take into account the particular investment objectives, financial situations, or needs of individual investors. The report has not been reviewed by any of the aforementioned regulators and does not represent any official recommendation from the aforementioned regulators. The investments referred to herein may not be suitable for you. Investors must make their own investment decisions in consultation with advice sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any recipient of the recommendation, before the recipient makes a commitment to purchase the investment product.

The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. The information in this report does not constitute, or form part of, any offer to sell or issue, or any offer to purchase or subscribe for shares, or to induce engagement in any other investment activity. The value of any securities or financial instruments mentioned in this report may fluctuate subject to market conditions. Information about past performance of an investment is not necessarily a guide to, indicative of, or assurance of future performance. Estimates of future performance mentioned by the research analyst in this report are based on assumptions that may not be realized due to unforeseen factors like market volatility/fluctuation. In relation to securities or financial instruments denominated in a foreign currency other than the clients' home currency, movements in exchange rates will have an effect on the value, either favorable or unfavorable. Before acting on any recommendations in this report, recipients should consider the appropriateness of investing in the subject securities or financial instruments mentioned in this report and, if necessary, seek independent professional advice.

The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors where that permission profile is not consistent with the licenses held by the entities noted herein. This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject the entities noted herein to any regulation or licensing requirement within such jurisdiction.

Source: Bloomberg Index Services Limited. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg or Bloomberg's licensors own all proprietary rights in the Bloomberg Indices. Neither Bloomberg nor Bloomberg's licensors approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

No part of this material may be reproduced, distributed or transmitted or otherwise made available without prior consent of the entities noted herein. Copyright Bernstein Institutional Services LLC Bernstein Autonomous LLP, BSG France S.A., Sanford C. Bernstein (Hong Kong) Limited 盛博香港有限公司, Sanford C. Bernstein (Canada) Limited, Sanford C. Bernstein (India) Private Limited (SEBI registration no. INH000006378), Sanford C. Bernstein (Singapore) Private Limited and Sanford C. Bernstein Japan KK (サンフォード・C・バーンスタイン株式会社). All rights reserved. The trademarks and service marks contained herein are the property of their respective owners. Any unauthorized use or disclosure is strictly prohibited. The entities noted herein may pursue legal action if the unauthorized use results in any defamation and/or reputational risk to the entities noted herein and research published under the Bernstein and Autonomous brands.