



## Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

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This presentation includes information that constitutes “forward-looking statements” made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. These statements include the company's expectations regarding the company's future financial performance and the potential demand for the company's products. Management cautions the reader that these forward-looking statements are only predictions and are subject to a number of both known and unknown risks and uncertainties, and actual results, performance, and/or achievements of the company may differ materially from the future results, performance, and/or achievements expressed or implied by these forward-looking statements as a result of a number of factors. These factors include, without limitation, failure of demand for the company's products and services to meet expectations, technological challenges and those risks and uncertainties set forth in the company's periodic reports and other filings with the Securities and Exchange Commission ("SEC"). Such filings are available on the SEC's website at [www.sec.gov](http://www.sec.gov) and on the company's website at [www.lunainc.com](http://www.lunainc.com). The statements made in this presentation are based on information available to Luna as of the date of this presentation and Luna undertakes no obligation to update any of the forward-looking statements after the date of this presentation, except as required by law.

## Non-GAAP Financial Measures

In addition to U.S. GAAP financial information, this presentation includes Adjusted EBITDA, a non-GAAP financial measure. This non-GAAP financial measure is in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. A reconciliation of Adjusted EBITDA to Loss from Continuing Operations is included in the appendix to this presentation.

## **LEADER IN OPTICAL TECHNOLOGY**

We accelerate the process of bringing unique capabilities and revolutionary products to market to solve today's business challenges

### **Optical Communications and Test & Measurement**

We design and manufacture high speed optoelectronic components and high performance fiber optic test products

### **Fiber Optic Sensing for Aerospace and Automotive**

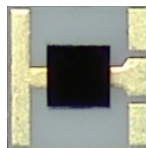
We deliver high-definition distributed strain & temperature sensing data not available using conventional measurement technologies

**LUNA** | Optical Communications and Test & Measurement

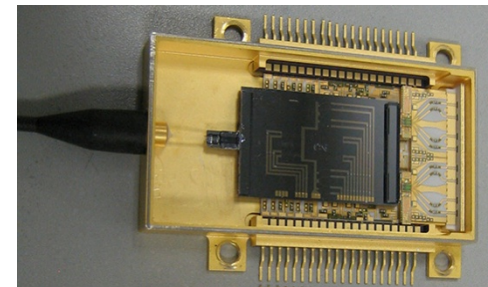


## High-speed optical receivers with high sensitivity and temperature-stability

- 100G integrated coherent receivers for the Long-Haul and Metro telecom networks
- Avalanche photodiodes (APDs) for Fiber-to-the-X



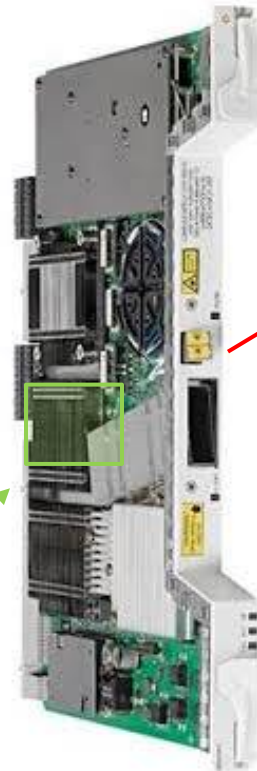
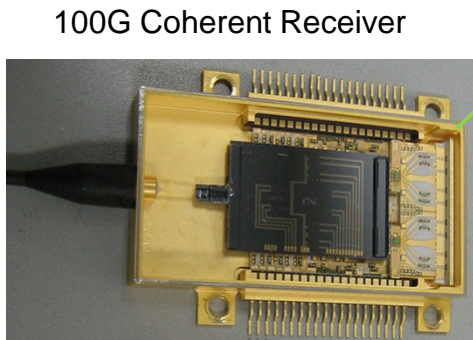
10G APD



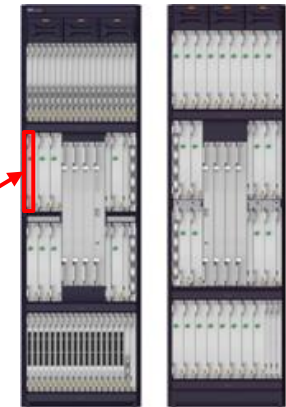
100G+ Coherent Receiver

## • Telecom 100G market

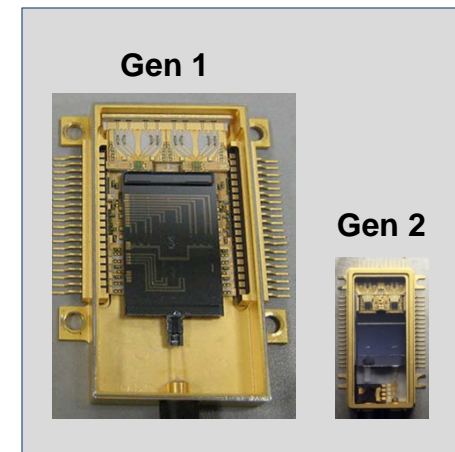
- In 2016, HSOR revenues in China grew more than 80%
- Long-Haul expansion to continue through 2017
- Metro Network being upgraded to 100G in 2017
  - Need a smaller receiver, so future growth opportunity is with  $\mu$ ICR



Line card



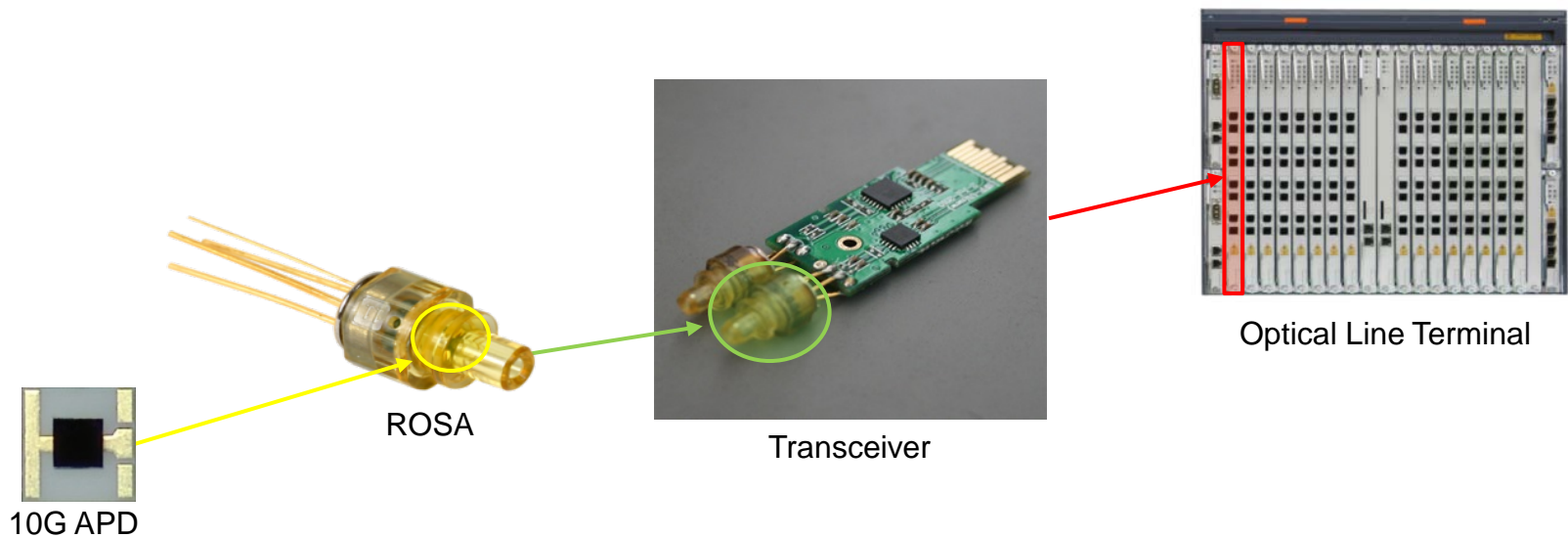
Optical transmission network system



Gen 1 vs. Gen 2 ( $\mu$ ICR) for Metro

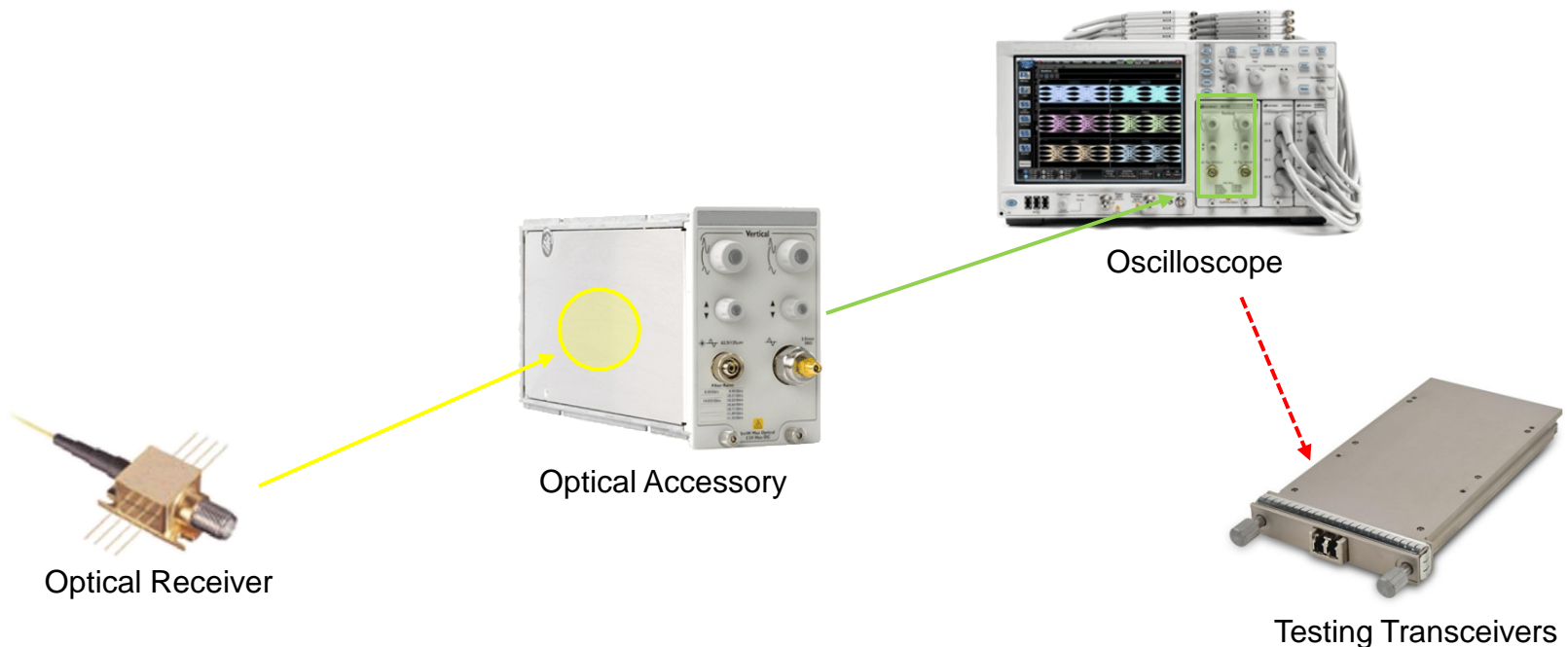
- **Fiber-to-the-Home/Premise market**

- High volume market has moved from 2.5G to 10G APDs
- Our APDs provide higher bandwidth and better sensitivity



- **Test & Measurement market**

- Major supplier of optical receivers for high speed oscilloscope manufacturers
- High speed, high performance
- Optical receiver performs better than the devices under test



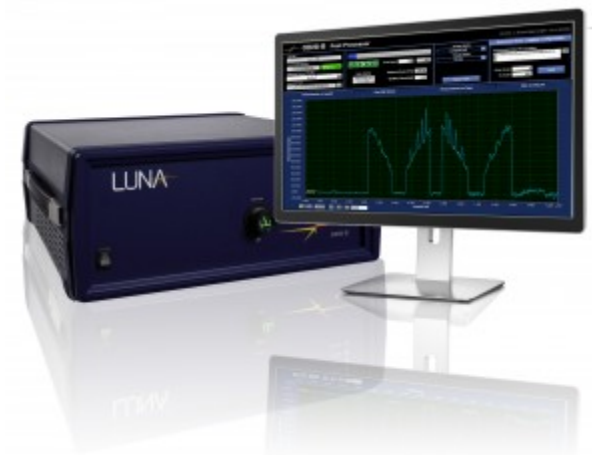


LUNA | Fiber Optic Sensing



**The ODiSI platform is the industry's first and only high-definition, distributed strain & temperature measurement system**

- Revolutionary technology to measure strain and fatigue in composite structures
- Targeted at the aerospace and automotive markets



- **Unique benefits of ODiSI's sensing technology**

- Distributed sensing vs. single point sensing
- Ultra high-definition measurements
- Sensors are “embeddable” in composites
- Perfect for measuring areas with high strain gradients
- Enables sensing in areas difficult to instrument with strain gages

- **10 times more cost-effective**

- Faster and easier to install than strain gages
- Drastically lowers the installation cost

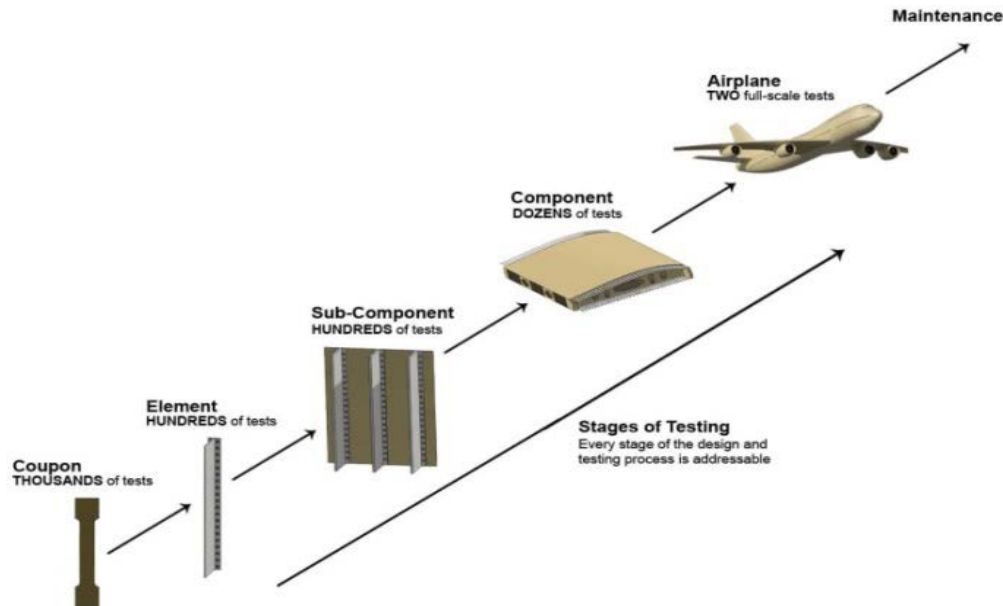


## Critical test data for aerospace and automotive designers and engineers

- Use of composites are growing
  - Aerospace
  - Automotive



Composites are non-homogenous



- **Significant progress in sensing initiative**
  - ODiSI becoming a “standard of test” in major accounts
    - Structural wing test of the newest model of commercial aircraft
    - Expanded into full-scale test on new military aircraft

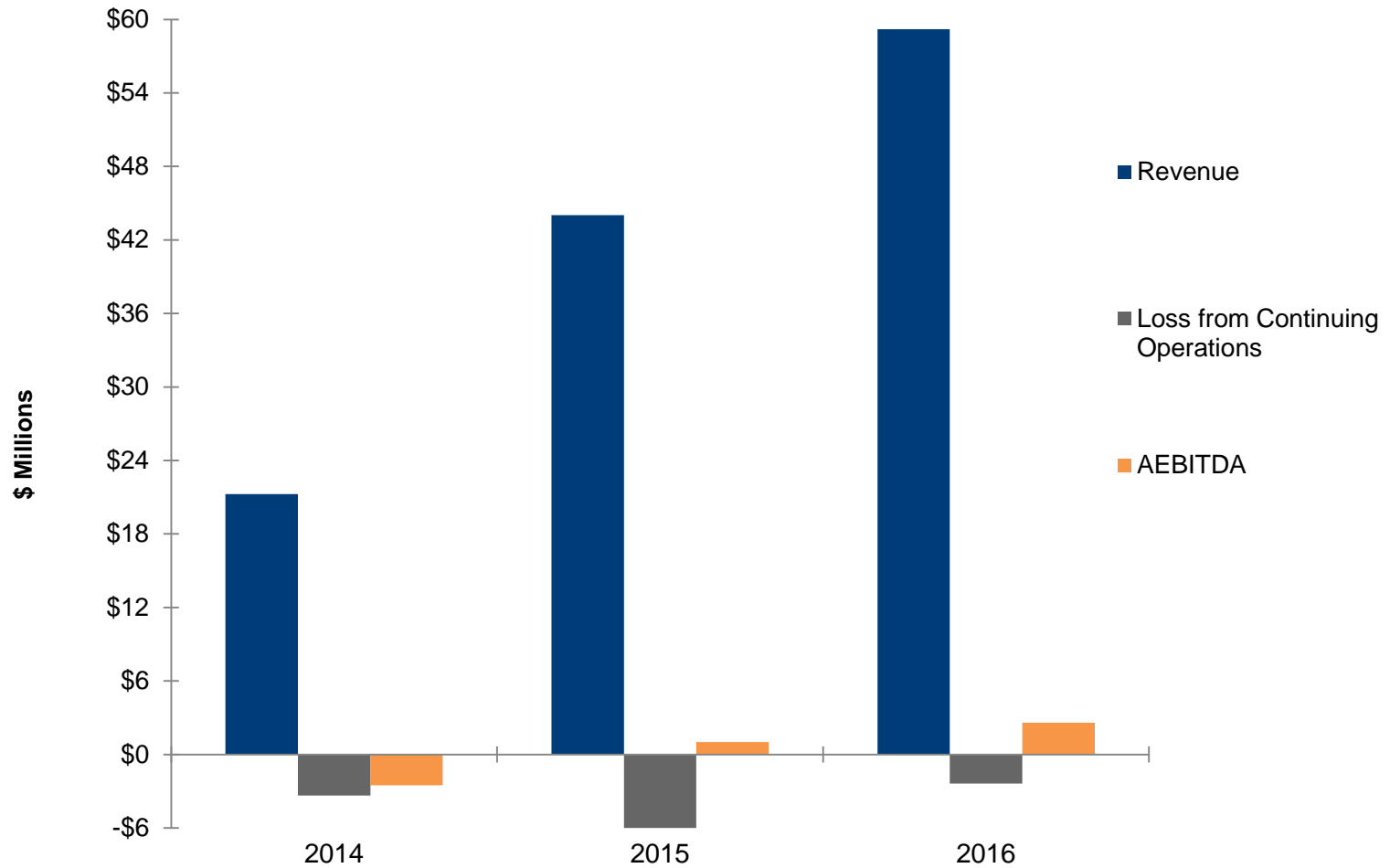




- Increasing use of composites in new car designs (lighter and stronger)
  - Reduces weight, yet attains highest crash safety levels
  - Allows more dynamic handling and greater range
- ODiSI provides comprehensive strain measurements
  - Enables design engineers to better understand performance and mitigate flaws



# LUNA | Operating Results





## NASDAQ: LUNA

- Share Price as of May 19, 2017 \$1.50
- Shares Outstanding 27.5 M
- Market Cap \$41.3 M
- 2016 Revenue \$59.2 M
- 2016 AEBITDA \$2.6 M
- Cash as of March 31, 2017 \$12.1 M
- Debt as of March 31, 2017 \$3.8 M



## **My Chung, President and Chief Executive Officer**

- Former Senior Vice President of Sunrise Telecom
- Former President and CEO of Circadiant Systems, Inc.
- Former President of Spirent Communications and Group Executive of Spirent PLC
- Bachelor's degree in Electrical Engineering, from the New Jersey Institute of Technology



## **Dale Messick, Chief Financial Officer**

- Joined Luna in 2006
- Has more than 20 years of experience in accounting and financial reporting, pre-initial public offering and IPO activities, and management
- Bachelor's degree in Business Administration from the College of William and Mary and is a certified public accountant



## **Scott Graeff, Chief Strategy Officer and Treasurer**

- Joined Luna in 2003
- Has a depth of experience in corporate development, strategic planning, commercialization, business development, capital market transactions, and financial management
- Previous roles in venture capital and investment banking
- Bachelor's degree in Commerce from University of Virginia



## **James Garrett, Ph.D., VP of Technology Development**

- Joined Luna in 2005, and was promoted to VP in July 2012
- Prior to joining Luna, worked for Bayer Material Science and conducted research at the Naval Research Laboratory
- Bachelor's degree in Chemistry from the College of William and Mary, and a doctoral degree in Material Science and Engineering from Penn State University



## **Brian Soller, Ph.D., VP & GM, Lightwave Division**

- Former VP of Marketing for Micron Optics & VP of global sales and business development for Lightpath Technologies
- Originally spent ten years in fiber optics with Luna as a Scientist; and then as General Manager of the Products Division
- Co-developed instrumentation for fiber optic devices
- Bachelor's and master's degree in mathematics and physics from University of Wisconsin - La Crosse, and a doctoral degree from the Institute of Optics, University of Rochester



## **Jean-Pierre Maufra, GM, Luna Optoelectronics**

- Joined Optoelectronics in January 2010
- Previously held General Management positions with ATK and Rexnord / PSI Bearing; spent 7 years with Danaher / Aerospace Group; spent 13 years with Zodiac Aerospace
- BS in Manufacturing Engineering from Pons University (France) 1984; Berkeley Advanced Management Program Certificate in 2001



**Dale Messick**, Chief Financial Officer

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# LUNA | Reconciliation of Adjusted EBITDA

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Loss from Continuing Operations Before Income Taxes	\$ (4,489,878)	\$ (6,479,965)	\$ (2,294,126)
Interest Expense	96,229	220,403	320,942
Depreciation and Amortization	<u>607,693</u>	<u>2,457,032</u>	<u>3,713,879</u>
EBITDA	(3,785,956)	(3,802,530)	1,740,695
Share -Based Compensation	1,019,445	1,124,379	860,215
Transaction Costs	<u>242,762</u>	<u>3,704,019</u>	<u>-</u>
Adjusted EBITDA	<u>\$ (2,523,749)</u>	<u>\$ 1,025,868</u>	<u>\$ 2,600,910</u>