Lumentum

Lumentum Holdings Inc. · LITE · NASDAQ

Marvell's deal is a fixed 4.5-share exchange, so the Nov 9 close of $596.16 sits 14.3% below the $695.70 implied value; September-quarter revenue grew 136.5%, but the merger timeline is the biggest swing factor

Overall Verdict
HOLD
Bull 4 · Bear 3 · Deferred 0

Price at Issue	External Average Target Price	52-Week Low · High	Next Earnings
$596.16	**$1,066.59**	**$215.35 ~ $1,143.00**	**TBD**
Nov 9, 2026 close · +10.7%	+78.9% · 25 analysts	vs. high −47.8%	Q4 2026 earnings

01 4 Key Data Points

Marvell 4.5-share fixed ratio: close is 14.3% below implied value
Nov 9 implied value of $695.70 (Marvell $154.60 × 4.5) is 38.5% below the ~$1,132 at announcement, and Lumentum's $596.16 close is below that

September-quarter revenue $1.26B, up 136.5% year over year
Up from $0.53B a year earlier and 25.5% above the prior quarter's $1.01B, with a 28.0% operating margin

December-quarter revenue guidance of $1.58B–$1.63B
25–29% above the prior quarter's $1.26B, with an adjusted operating margin of 45–46% guided

Six price target cuts in eight days
Four firms on Nov 3, Bernstein on Nov 9 and UBS on Nov 10 cut; the only raise was Bernstein's $635 to $700 on Nov 10

02 Research Team Debate — 6 Issues

Marvell deal ×2	Bear	The issue is whether the terms favor shareholders: the implied value is 38.5% below announcement with nearly two years to closing, leaving price risk with holders, so the ruling goes to Bear.
September-quarter results	Bull	The issue is whether results support value: revenue, margin and next-quarter guidance are all strong, and the decline came from deal terms, so the results themselves rule Bull.
Six price target cuts	Bear	Target changes are judged by recent direction: six cuts against one raise in eight days, with one firm also cutting its rating, so the ruling goes to Bear.
Valuation	Bull	Valuation is judged against growth: profit growth of 60.9% gives a PEG of 0.39 and Forward P/E sits 1.4 turns from the peer median, so the ruling goes to Bull. The P/S burden is tolerable while growth continues.
Capex and cash	Bull	The cash decline is large but net cash remains and debt has more than halved, so financial risk is limited and the ruling goes to Bull.
Optical demand	Bull	Demand shows up in results and guidance, while the price drop mixes an AI-expectation reset with the Marvell deal, so the demand-side evidence is firmer and the ruling goes to Bull.

The overall call is HOLD. Earnings and valuation favor the Bull side, but the 14.3% discount to the Marvell implied value and the target cuts favor the Bear side, so the call reopens when deal terms change or Marvell's stock stabilizes.

03 Conditions That Change the Verdict

▲ Upgrade Conditions

Marvell stock recovery
If Marvell rises enough that the 4.5-share value reaches the pre-deal price of $913.95 or more

December-quarter results
If revenue nears the top of guidance at $1.63B and adjusted EPS is $6.20 or more

Reclaim the 20-day line
If the close moves above the 20-day average of $779.43

▼ Downgrade Conditions

Marvell falls further
If the implied value drops below the $600s

Deal delay
If regulators request additional review

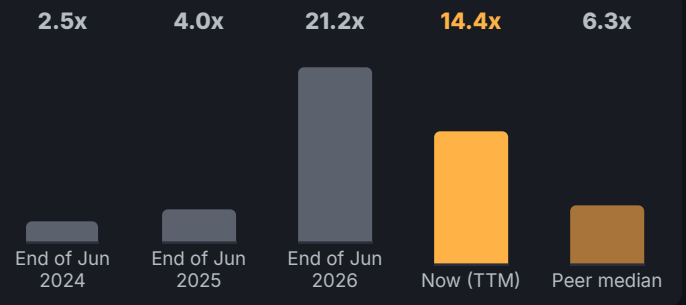
Support breaks
If the close falls below the Bollinger lower band of $520.37

04 Quarterly Results Unit: $B

	Q3 2025	Q4	Q1 2026	Q2	Q3
Revenue	0.5	0.7	0.8	1	**1.3**
Operating Income	0	0.1	0.2	0.3	**0.4**
Net Income	0	0.1	0.1	-7.2	**0.4**
Operating Margin	2.8%	9.6%	21.7%	28.0%	**28.0%**

Operating margin	Net margin	Operating cash flow margin	Free cash flow margin
28.0%	**28.5%**	**21.2%**	**3.0%**
Year ago 2.8%	Year ago 0.8%	Year ago 108.5%	Year ago −34.3%

05 P/S trend



06 Street Opinions

Buy 19 Hold 6 Sell 0

Avg $1,066.59 · High $1,425.00 · Low $635.00

Bernstein	700	Target raised
B. Riley Securities	770	Downgrade, target cut
TD Cowen	685	Target cut
Susquehanna	950	Target cut

07 Financial Strength

Cash and short-term investments (9/30)	Total debt (9/30)	Equity (9/30)	Shares outstanding (9/30)
$1.98B	**$1.43B**	**$4.57B**	**90.58M**
$2.74B → −27.7%	$1.67B → −14.4%	$4.64B → −1.5%	88.60M → +2.2%

08 Recent News

11/2 Marvell agrees to acquire Lumentum at 4.5 Marvell shares per Lumentum share
8-K and Marvell release Nov 2 · closing needs shareholder votes and regulatory review (targeted first half of 2028)

11/5 AI infrastructure selloff hits Marvell and Lumentum together
IBD Nov 10: only 3 of the 20 biggest S&P 500 losers on Nov 5 have recovered · TIKR tallies Marvell −36% and Lumentum −31% since the deal announcement

11/9 Optical stocks rebound — AAOI up 7% after earnings
Zacks Nov 9 · Lumentum added 10.7% after a 5.7% gain on Nov 6

09 Upcoming Events

November 13 (Fri) · Weekly options expiry
Max pain $585 · put/call open interest 0.33

November 20 (Fri) · Monthly options expiry
Max pain $720 · put/call open interest 0.67

Date TBD · Marvell and Lumentum shareholder meetings · regulatory review
Closing targeted for first half of 2028; schedule not yet disclosed

10 Key Risks

Lower deal value if Marvell's stock falls
Impact High · Likelihood High · Watch Shareholder votes and regulatory review

Regulatory delay or block
Impact Medium · Likelihood High · Watch Regulator announcements

Slowing AI data center customer capex
Impact Medium · Likelihood High · Watch February Q4 earnings

11 Checkpoints

★★★ **Marvell stock and the 4.5-share value**
Watch whether the $695.70 implied value recovers toward the pre-deal $913.95.

★★★ **Shareholder votes and regulatory review**
When dates are set, see whether the closing target (first half of 2028) moves.

★★☆ **December-quarter results (early Feb)**
Check whether revenue reaches the $1.58B–$1.63B guide.

Sources: Headlines from TIKR, 24/7 Wall St., MT Newswires, Zacks, IBD · Joint Marvell–Lumentum announcement · Lumentum fiscal Q1 2027 earnings release · SEC EDGAR · Yahoo Finance · Yahoo Finance quarterly and annual statements