

Viavi Solutions Inc. (VIAV)

\$18.20 (Stock Price as of 12/26/2025)

Price Target (6-12 Months): **\$21.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 04/11/25)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: B

Value: C

Growth: B

Momentum: C

Summary

With a diverse portfolio, Viavi is well-positioned to gain solid traction in various markets such as wireless & fiber, optical transport, broadband access and storage network testing. The 5G transition is expected to be disruptive, creating new growth avenues for industries across the board. Its strong liquidity position will enable it to invest in growth initiatives and capitalize on the emerging opportunities of the communication component industry. Acquisition of Spirent's Ethernet and network security business will boost prospects in the fast-growing ethernet, data center, AI and digital infrastructure markets. However, the company expects near-term demand softness to persist as customers remain cautious owing to macroeconomic uncertainty. Sino-U.S. trade hostilities remain a major concern. Forex volatility remains a concern.

Data Overview

52 Week High-Low	\$19.76 - \$8.10
20 Day Average Volume (sh)	3,430,481
Market Cap	\$4.1 B
YTD Price Change	80.2%
Beta	0.96
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Communication - Components
Zacks Industry Rank	Top 14% (34 out of 243)

Last EPS Surprise	15.4%
Last Sales Surprise	1.6%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	01/29/2026
Earnings ESP	0.0%

P/E TTM	32.5
P/E F1	27.2
PEG F1	1.0
P/S TTM	3.6

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027	368 E	382 E	372 E	388 E	1,510 E
2026	299 A	365 E	358 E	374 E	1,396 E
2025	238 A	271 A	285 A	291 A	1,084 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027	0.17 E	0.20 E	0.18 E	0.21 E	0.76 E
2026	0.15 A	0.19 E	0.16 E	0.18 E	0.67 E
2025	0.06 A	0.13 A	0.15 A	0.13 A	0.47 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/26/2025.

(2) The report's text and the price target are as of 12/11/2025.

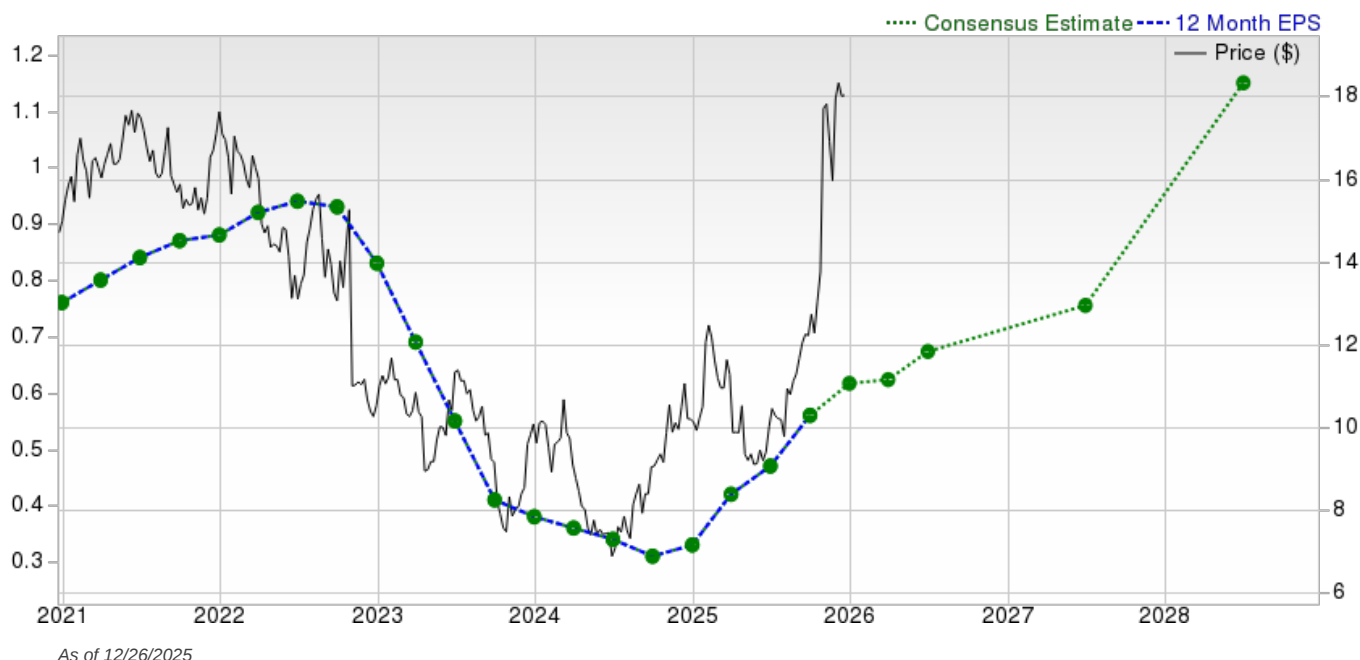
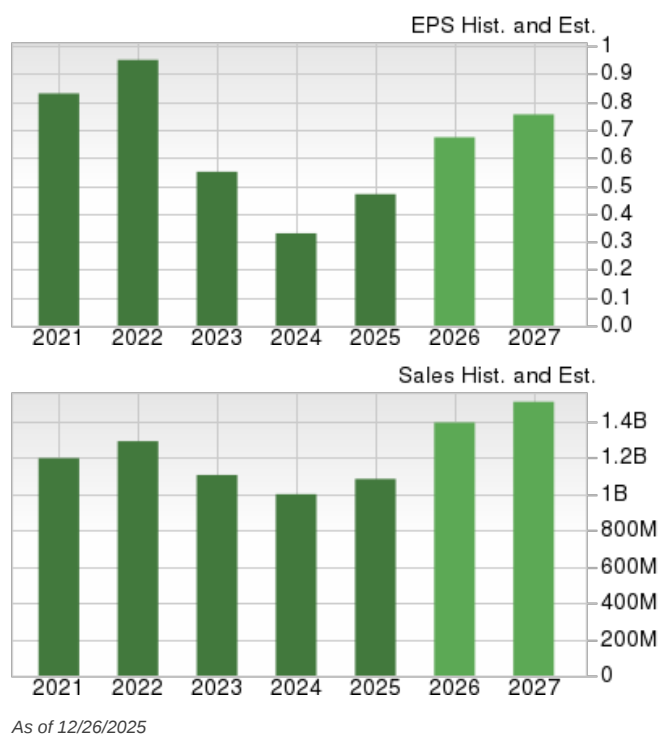
Overview

Headquartered in Scottsdale, AZ, Viavi Solutions Inc. is a leading provider of network test, monitoring and service enablement solutions to diverse sectors across the globe. The product portfolio of the company offers end-to-end network visibility and analytics that help build, test, certify, maintain, and optimize complex physical and virtual networks. Viavi also offers high-performance thin film optical coatings for light-management solutions used in anti-counterfeiting, 3D sensing, electronics, automotive, defense and instrumentation markets.

Effective March 30, 2025, the company realigned its operating segments and combined the erstwhile Network Enablement (NE) and Service Enablement (SE) segments into a single reportable segment, Network and Service Enablement (NSE). Currently, Viavi has two operating segments: NSE and Optical Security and Performance Products (OSP).

NSE (72.2% of total revenues in first-quarter fiscal 2026): It provides an integrated portfolio of testing solutions that access the network to perform installation and maintenance tasks. These include instruments, software and services to design, build, certify, troubleshoot and optimize networks. It also provides embedded systems and enterprise performance management solutions that offer visibility into network, service and application data. These solutions primarily comprise instruments, microprobes and software that monitor, collect and analyze network data to identify opportunities for new revenue streams and network optimization. The solutions let carriers remotely monitor performance that lowers operating expenses, while early detection helps increase uptime, preserve revenues and help operators better monetize their networks.

OSP (27.8%): This segment leverages core optical coating technologies and volume manufacturing capabilities to develop products targeting anti-counterfeiting markets. Viavi's OVP, OVMP and banknote thread substrates are widely used by banknote issuers and security printers worldwide for anti-counterfeiting applications on banknotes and other high-value documents. It also develops 3D sensing optical filters that utilize a proprietary printing platform for pharmaceutical and consumer-electronics markets.



Reasons To Buy:

▲ Viavi delivered a trailing four-quarter earnings surprise of 19.7%, on average. This was possible due to a **comprehensive product portfolio that offers end-to-end network visibility and analytics**, helping to build, test, certify, maintain and optimize complex physical and virtual networks. Viavi's wireless and fiber test solutions are in the early stages of a multi-year investment cycle fueled by the transition of OEMs and service providers to superfast 5G networks. The company's strategy of expansion into various markets such as wireless & fiber, 3D sensing products, optical transport, Ethernet, broadband access, video test and storage network testing is likely to bring long-term benefits. Management expects growth to be driven by the secular demand for 5G wireless, fiber and 3D sensing.

Given its innovation prowess and product depth, Viavi is well-positioned to leverage major secular growth trends in 5G, fiber and 3D sensing. Its cash position is also stable.

▲ The **5G transition is expected to be disruptive**, creating new growth avenues for industries across the board. The company expects to leverage major secular growth trends in 5G wireless, fiber and 3D sensing to achieve higher revenues and profitability with greater flexibility in the capital structure. 5G is likely to augment the scalability, security and universal mobility of the telecommunications industry, which is expected to propel the proliferation of IoT. Telecom firms are helping their customers to move away from an economy-of-scale network operating model to demand-driven operations and to seamlessly migrate to 5G by offering easy programmability and flexible automation. The convergence of network technologies requires significant investments from both traditional carriers (telecom and cable) and cloud service providers. Viavi is well positioned to meet these rapidly changing industry trends, given its technology prowess, product depth and wide customer base.

▲ **Strong demand for sophisticated anti-counterfeiting features** that can be validated without the use of special tools but are difficult to create or simulate using conventional printing technology, is driving exponential growth in Viavi's OSP segment. The custom optics products of the company offer an array of advanced technologies and precision optics to meet specific requirements of customers. Its 3D sensing optical filters and Engineered Diffusers are deployed in smartphones for facial recognition biometric authentication. In addition, optical filters and sensors deployed in autonomous vehicles and IoT devices offer growth opportunities.

▲ Viavi has acquired the high-speed Ethernet and network security business of Spirent Communications from Keysight Technologies. Spirent boasts a comprehensive portfolio of Ethernet testing and network security solutions that facilitate effective validation of performance and security of advanced networks, data center connectivity fabrics and applications by replicating real-world conditions in the lab and on the network. With decades of industry expertise, Spirent has a strong customer base that includes network vendors, carriers, service providers and several other enterprise customers. Spirent's product offerings complement Viavi's portfolio of Network Enablement and Service Enablement segment. **The buyout has significantly boosted Viavi's commercial prospects in the fast-growing security, ethernet, data center, AI and digital infrastructure end markets.** This bodes well for long-term growth. Moreover, the transaction is expected to be accretive to Viavi's financial performance, likely adding \$180 million in revenues in the Network and Service Enablement segments following the first 12 months of the acquisition.

Reasons To Sell:

- ▼ Viavi uses various suppliers and contract manufacturers for the manufacture and support of multiple product lines. Although the company typically aims to establish at least two sources of raw material supply wherever possible, for certain components it has sole or limited source supply arrangements. This often leads to **supply-chain disruptions**, affecting its delivery schedule. Moreover, most of the contract manufacturing partners are located in China and Mexico. Sino-U.S. trade hostilities have hurt the supply-chain management of the company, denting its profitability.
- ▼ With considerable presence in international markets, Viavi is **exposed to fluctuations in currencies** other than the U.S. dollar. Though the company employs foreign currency hedging contracts to mitigate some exchange risk, these activities have limited scope to offer cushion.
- ▼ The company expects near-term demand softness to persist as customers remain cautious owing to macroeconomic uncertainty. Though the Asia-Pacific markets have stabilized in post-pandemic era, the company is still facing **macroeconomic challenges** like reduced end market demand and supply-chain disruptions. Latin America has also suffered due to significant currency devaluation and coronavirus-related adversities.

Seasonality patterns, exposure to foreign currency fluctuations, reduced end-market demand and supply-chain disruptions owing to raging wars and geopolitical conflicts are headwinds for Viavi.

Last Earnings Report

Viavi Beats Q1 Earnings Estimates on Solid Top-Line Improvement

Viavi reported solid first-quarter fiscal 2026 results, with both the top and bottom lines surpassing the Zacks Consensus Estimate. The company reported an increase in revenues backed by healthy growth in the Network and Service Enablement (NSE) and Optical Security and Performance Products (OSP) segments. Management's strong emphasis on various markets such as wireless & fiber, optical transport, Ethernet, broadband access, video test and storage network testing is a key growth driver. However, a constrained spending environment owing to macroeconomic challenges is worrisome.

FY Quarter Ending **6/30/2025**

Earnings Reporting Date	Oct 29, 2025
Sales Surprise	1.60%
EPS Surprise	15.38%
Quarterly EPS	0.15
Annual EPS (TTM)	0.56

Net Income

On a GAAP basis, Viavi recorded a net loss of \$21.4 million or a loss of 10 cents per share compared with a net loss of \$1.8 million or a loss of 1 cent per share in the year-ago quarter. The significant improvement in the bottom line on a GAAP basis, despite higher operating expenses and cost of revenues, was primarily due to top-line growth.

Non-GAAP net income increased to \$33.1 million or 15 cents per share from \$12.4 million or 6 cents per share in the prior-year quarter. The bottom line surpassed the Zacks Consensus Estimate by 2 cents.

Revenues

Quarterly revenues were \$299.1 million, up 25.6% year over year. The healthy demand in the NSE and OSP segments cushioned the top line. Revenues beat the consensus estimate of \$294 million.

Net quarterly sales in the NSE segment were \$216 million, up from \$159.4 million in the year-ago quarter. The 35.5% growth was primarily driven by the strong demand for fiber lab and production products, along with aerospace and defense products. OSP revenues increased to \$83.1 million from \$78.8 million, primarily due to strength in anti-counterfeiting products.

Net sales from America contributed \$128.8 million to revenues, up from \$88.7 million reported a year ago. Revenues from Asia-Pacific were \$92.1 million, up 7.2% from the year-earlier quarter's tally of \$85.9 million. Revenues from EMEA increased to \$78.2 million from \$63.6 million a year ago.

Other Details

In the first quarter of fiscal 2026, the non-GAAP gross margin was 60%, up 90 basis points (bps) from the prior-year quarter. Non-GAAP gross margin in the NSE segment was 63%, up 210 bps, led by higher volume and product mix. OSP segment's non-GAAP gross margin was 52.3%, down 300 bps due to unfavorable product mix.

Total non-GAAP operating margin increased 570 bps year over year to 15.7%. Non-GAAP operating margin in NSE increased 1,210 bps to 7.5%, while the OSP segment's operating margin decreased 250 bps to 37.1% on higher manufacturing costs.

Cash Flow & Liquidity

In the first quarter of fiscal 2026, Viavi generated \$31 million of cash from operating activities, with a free cash flow of \$22.5 million. As of Sept. 27, 2025, the company had \$543.8 million in cash and cash equivalents with \$640.5 million of long-term debt.

Outlook

For the second quarter of fiscal 2026, management expects revenues in the range of \$360-\$370 million. Non-GAAP earnings per share are expected to be between 18 cents and 20 cents.

For the NSE segment, revenues are projected to be between \$283 and \$293 million, with a non-GAAP operating margin of 13.6% owing to incremental contribution from Spirent. Revenues for the OSP segment are anticipated to be approximately \$77 million, with a non-GAAP operating margin of 34%.

Recent News

On Nov 06, 2025, Viavi announced that it has collaborated with Calnex Solutions plc to develop a test solution for the comprehensive testing of Open RAN products.

On Sept. 10, 2025, Viavi announced that it has inked a partnership with CrowdStrike for superior AI-powered cyber threat detection and response. Per the deal, the VIAVI Observer network observability platform will be integrated with CrowdStrike Falcon Next-Gen SIEM. This will offer deeper visibility across the security and IT operations of business enterprises.

On July 2, 2025, Viavi announced that it has added colocation capability to its VIAVI Automated Lab-as-a-Service for Open RAN facility to address the increased demand for comprehensive testing from Open RAN customers. The colocation model offers more flexibility and capacity, enabling customers to access the lab for a longer period and conduct comprehensive testing throughout the product lifecycle with a semi-permanent setup.

Valuation

Viavi's shares are up 75% in the trailing 12-month period and up 107.1% in the past six months. Stocks in the Zacks sub-industry are up 107.3% in the past year and up 113.8% in the past six months. Stocks in the Zacks Computer and Technology sector are up 26.2% in the past year and up 26.7% in the past six months.

The S&P 500 Index is up 16% in the past year and up 16.7% in the past six months.

The stock is currently trading at 24.87X forward 12-month earnings, which compares to 32.72X for the Zacks sub-industry, 28.71X for the Zacks sector and 23.57X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 60.97X and as low as 12.33X, with a five-year median of 24.06X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$21 price target reflects 0.76X forward 12-month earnings.

The table below shows summary valuation data for VIAV.

Valuation Multiples - VIAV					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	24.87	32.72	28.71	23.57
	5-Year High	60.97	32.84	30.04	23.82
	5-Year Low	12.33	13.82	18.7	15.73
	5-Year Median	24.06	19.16	26.45	21.19
P/B TTM	Current	5.43	5.87	10.66	8.52
	5-Year High	5.6	5.88	11.69	9.16
	5-Year Low	2.11	1.72	6.53	6.6
	5-Year Median	3.61	2.5	9.56	8.04
P/S F12M	Current	2.72	3.46	6.73	5.33
	5-Year High	3.37	3.46	7.4	5.5
	5-Year Low	1.4	1.34	4.24	3.83
	5-Year Median	2.17	1.87	6.29	5.04

As of 12/10/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 14% (34 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
CommScope Holding Co...(COMM)	Outperform	1
Lumentum Holdings In...(LITE)	Outperform	1
Airgain, Inc. (AIRG)	Neutral	3
Cogent Communication...(CCOI)	Neutral	3
Cambium Networks Cor...(CMBM)	Neutral	3
Harmonic Inc. (HLIT)	Neutral	3
Ooma, Inc. (OOMA)	Neutral	2
AudioCodes Ltd. (AUDC)	NA	

Industry Comparison⁽¹⁾ Industry: Communication - Components

	VIAV	X Industry	S&P 500	AUDC	HLIT	LITE
Zacks Recommendation (Long Term)	Neutral	-	-	NA	Neutral	Outperform
Zacks Rank (Short Term)	3	-	-		3	1
VGM Score	B	-	-		A	D
Market Cap	4.06 B	60.06 M	39.26 B	255.80 M	1.12 B	27.71 B
# of Analysts	3	2	22	0	2	7
Dividend Yield	0.00%	0.00%	1.4%	4.48%	0.00%	0.00%
Value Score	C	-	-		B	F
Cash/Price	0.14	0.14	0.04	0.29	0.11	0.04
EV/EBITDA	29.06	9.05	14.73	9.05	14.32	261.82
PEG Ratio	1.00	1.54	2.23	NA	NA	NA
Price/Book (P/B)	5.61	1.68	3.38	1.47	2.52	35.48
Price/Cash Flow (P/CF)	28.48	14.15	15.45	11.01	14.15	118.48
P/E (F1)	27.16	31.31	20.04	NA	23.16	68.95
Price/Sales (P/S)	3.55	1.50	3.15	1.05	1.76	15.04
Earnings Yield	3.68%	2.13%	4.94%	NA%	4.32%	1.45%
Debt/Equity	0.88	0.05	0.57	0.00	0.27	2.77
Cash Flow (\$/share)	0.64	0.48	8.98	0.81	0.70	3.30
Growth Score	B	-	-	NA	B	B
Hist. EPS Growth (3-5 yrs)	-32.29%	-11.35%	8.21%	-18.29%	36.24%	-46.24%
Proj. EPS Growth (F1/F0)	42.55%	73.63%	8.54%	NA	-44.87%	175.24%
Curr. Cash Flow Growth	57.94%	15.57%	7.00%	38.42%	193.97%	-9.56%
Hist. Cash Flow Growth (3-5 yrs)	-10.31%	-0.50%	7.48%	-0.50%	7.46%	-17.10%
Current Ratio	1.99	2.09	1.19	2.09	2.08	1.37
Debt/Capital	46.94%	12.54%	38.15%	0.00%	21.02%	73.49%
Net Margin	1.33%	0.85%	12.77%	5.65%	7.81%	6.11%
Return on Equity	10.70%	5.85%	17.03%	9.98%	13.70%	4.62%
Sales/Assets	0.59	0.73	0.53	0.73	0.82	0.44
Proj. Sales Growth (F1/F0)	28.80%	0.00%	5.85%	NA	-18.10%	56.00%
Momentum Score	C	-	-		C	F
Daily Price Chg	-0.36%	0.00%	-0.03%	-0.11%	-0.10%	-1.30%
1 Week Price Chg	0.11%	0.00%	1.40%	0.11%	-3.89%	14.52%
4 Week Price Chg	1.42%	0.00%	1.18%	-0.89%	4.18%	20.18%
12 Week Price Chg	43.04%	-6.74%	3.19%	-7.47%	-6.83%	138.55%
52 Week Price Chg	78.73%	-18.86%	16.06%	-5.41%	-25.95%	363.22%
20 Day Average Volume	3,430,481	166,010	2,767,182	90,031	1,105,480	3,765,631
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	NA	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	NA	0.00%	0.25%
(F1) EPS Est 12 week change	33.96%	14.37%	0.67%	NA	50.00%	22.71%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	NA	0.00%	0.41%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	B
Momentum Score	C
VGM Score	B

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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