

Coherent, Inc.
Consolidated Statement of Operations - GAAP

(In thousands except percentages and per share data, unaudited)

	Three Months Ended											Fiscal Year Ended	
	June 30, 2018	March 31, 2018	December 30, 2017	September 30, 2017	July 1, 2017	April 1, 2017	December 31, 2016	October 1, 2016	July 2, 2016	April 2, 2016	January 2, 2016	September 30, 2017	October 1, 2016
Net sales	\$ 482,342	\$ 481,118	\$ 477,565	\$ 490,298	\$ 464,107	\$ 422,833	\$ 346,073	\$ 248,461	\$ 218,767	\$ 199,882	\$ 190,275	\$ 1,723,311	\$ 857,385
Cost of sales	274,006	265,688	260,542	268,244	256,921	243,318	204,559	134,125	124,208	111,283	106,377	973,042	475,993
Gross profit	208,336	215,430	217,023	222,054	207,186	179,515	141,514	114,336	94,559	88,599	83,898	750,269	381,392
Operating expenses:													
Research and development	34,303	34,783	31,392	31,063	30,483	30,536	27,084	20,265	21,441	20,955	19,140	119,166	81,801
Selling, general & administrative	70,291	77,146	73,437	73,482	72,383	72,451	73,768	45,168	46,256	40,940	36,774	292,084	169,138
Other impairment charges (recoveries)	611	(110)	265	2,916	-	-	-	-	-	-	-	2,916	-
Gain on business combination	-	-	-	-	-	-	(5,416)	-	-	-	-	(5,416)	-
Intangibles amortization	2,607	2,950	2,606	2,964	3,743	5,439	3,878	864	574	700	701	16,024	2,839
Total operating expenses	107,812	114,769	107,700	110,425	106,609	108,426	99,314	66,297	68,271	62,595	56,615	424,774	253,778
Income from operations	100,524	100,661	109,323	111,629	100,577	71,089	42,200	48,039	26,288	26,004	27,283	325,495	127,614
Other income (expense) net	(7,625)	(9,510)	(8,500)	(10,415)	(7,942)	(10,255)	5,172	(3,568)	852	(1,780)	(222)	(23,440)	(4,718)
Income from continuing operations before income taxes	92,899	91,151	100,823	101,214	92,635	60,834	47,372	44,471	27,140	24,224	27,061	302,055	122,896
Provision for income taxes	25,929	25,849	58,920	28,327	29,764	18,646	16,674	13,686	8,490	6,443	6,775	93,411	35,394
Net income from continuing operations	\$ 66,970	\$ 65,302	\$ 41,903	\$ 72,887	\$ 62,871	\$ 42,188	\$ 30,698	\$ 30,785	\$ 18,650	\$ 17,781	\$ 20,286	\$ 208,644	\$ 87,502
Gain (loss) before income taxes - discontinued operations	-	-	(2)	808	(1,454)	(571)	(362)	-	-	-	-	(1,579)	-
Benefit (expense) for income taxes - discontinued operations	-	-	-	57	(300)	228	72	-	-	-	-	57	-
Net loss from discontinued operations	-	-	(2)	865	(1,754)	(343)	(290)	-	-	-	-	(1,522)	-
Net income	\$ 66,970	\$ 65,302	\$ 41,901	\$ 73,752	\$ 61,117	\$ 41,845	\$ 30,408	\$ 30,785	\$ 18,650	\$ 17,781	\$ 20,286	\$ 207,122	\$ 87,502
Net income per share - continuing operations:													
Basic	\$ 2.72	\$ 2.64	\$ 1.70	\$ 2.97	\$ 2.56	\$ 1.72	\$ 1.26	\$ 1.27	\$ 0.77	\$ 0.74	\$ 0.85	\$ 8.52	\$ 3.62
Diluted	\$ 2.69	\$ 2.61	\$ 1.67	\$ 2.93	\$ 2.53	\$ 1.70	\$ 1.25	\$ 1.25	\$ 0.76	\$ 0.73	\$ 0.84	\$ 8.42	\$ 3.58
Shares used in computation:													
Basic	24,658	24,761	24,635	24,568	24,537	24,496	24,347	24,244	24,192	24,137	23,996	24,487	24,142
Diluted	24,877	25,010	25,025	24,883	24,823	24,757	24,644	24,582	24,467	24,362	24,236	24,777	24,415
As percentages of net sales:													
Gross profit	43.2%	44.8%	45.4%	45.3%	44.6%	42.5%	40.9%	46.0%	43.2%	44.3%	44.1%	43.5%	44.5%
Research and development	7.1%	7.2%	6.6%	6.3%	6.6%	7.2%	7.8%	8.2%	9.8%	10.5%	10.1%	6.9%	9.5%
Selling, general and administrative	14.6%	16.0%	15.4%	15.0%	15.6%	17.1%	21.3%	18.2%	21.1%	20.5%	19.3%	16.9%	19.7%
Operating income	20.8%	20.9%	22.9%	22.8%	21.7%	16.8%	12.2%	19.3%	12.0%	13.0%	14.3%	18.9%	14.9%
Income from continuing operations before income taxes	19.3%	18.9%	21.1%	20.6%	20.0%	14.4%	13.7%	17.9%	12.4%	12.1%	14.2%	17.5%	14.3%

Coherent, Inc.
Consolidated Statement of Operations - Non-GAAP

(In thousands except percentages and per share data, unaudited)

	Three Months Ended											Fiscal Year Ended	
	June 30, 2018	March 31, 2018	December 30, 2017	September 30, 2017	July 1, 2017	April 1, 2017	December 31, 2016	October 1, 2016	July 2, 2016	April 2, 2016	January 2, 2016	September 30, 2017	October 1, 2016
Net sales	\$ 482,342	\$ 481,118	\$ 477,565	\$ 490,298	\$ 464,107	\$ 422,833	\$ 346,073	\$ 248,461	\$ 218,767	\$ 199,882	\$ 190,275	\$ 1,723,311	\$ 857,385
Cost of sales	258,324	251,630	246,112	251,541	239,208	218,056	182,723	132,058	122,073	109,312	104,381	891,528	467,824
Gross profit	224,018	229,488	231,453	238,757	224,899	204,777	163,350	116,403	96,694	90,570	85,894	831,783	389,561
Operating expenses:													
Research and development	33,465	33,854	30,620	29,990	29,681	30,101	24,313	19,643	20,831	20,345	18,714	114,085	79,533
Selling, general & administrative	63,913	69,807	67,909	67,573	65,926	63,632	49,916	37,959	38,804	33,173	34,060	247,047	143,996
Other impairment charges (recoveries)	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangibles amortization	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating expenses	97,378	103,661	98,529	97,563	95,607	93,733	74,229	57,602	59,635	53,518	52,774	361,132	223,529
Income from operations	126,640	125,827	132,924	141,194	129,292	111,044	89,121	58,801	37,059	37,052	33,120	470,651	166,032
Other income (expense) net	(7,625)	(9,510)	(8,500)	(10,415)	(7,942)	(10,255)	(3,461)	(245)	852	(1,780)	(222)	(32,073)	(1,395)
Income before income taxes	119,015	116,317	124,424	130,779	121,350	100,789	85,660	58,556	37,911	35,272	32,898	438,578	164,637
Provision for income taxes	31,750	32,010	35,872	38,269	37,996	28,717	22,238	18,083	11,748	9,929	8,991	127,220	48,751
Non-GAAP net income	\$ 87,265	\$ 84,307	\$ 88,552	\$ 92,510	\$ 83,354	\$ 72,072	\$ 63,422	\$ 40,473	\$ 26,163	\$ 25,343	\$ 23,907	\$ 311,358	\$ 115,886
Non-GAAP net income per share:													
Diluted	\$ 3.51	\$ 3.37	\$ 3.54	\$ 3.72	\$ 3.36	\$ 2.91	\$ 2.57	\$ 1.65	\$ 1.07	\$ 1.04	\$ 0.99	\$ 12.57	\$ 4.75
Shares used in computation:													
Diluted	24,877	25,010	25,025	24,883	24,823	24,757	24,644	24,582	24,467	24,362	24,236	24,777	24,415
As percentages of net sales:													
Gross profit	46.4%	47.7%	48.5%	48.7%	48.5%	48.4%	47.2%	46.8%	44.2%	45.3%	45.1%	48.3%	45.4%
Research and development	6.9%	7.0%	6.4%	6.1%	6.4%	7.1%	7.0%	7.9%	9.5%	10.2%	9.8%	6.6%	9.3%
Selling, general and administrative	13.3%	14.5%	14.2%	13.8%	14.2%	15.0%	14.4%	15.3%	17.7%	16.6%	17.9%	14.3%	16.8%
Operating income	26.3%	26.2%	27.8%	28.8%	27.9%	26.3%	25.8%	23.7%	16.9%	18.5%	17.4%	27.3%	19.4%
Income before income taxes	24.7%	24.2%	26.1%	26.7%	26.1%	23.8%	24.8%	23.6%	17.3%	17.6%	17.3%	25.4%	19.2%

Coherent, Inc.
Supplemental Non-GAAP Financial Measures Reconciliation

(In thousands except per share data, unaudited)	Three Months Ended											Fiscal Year Ended	
	June 30, 2018	March 31, 2018	December 30, 2017	September 30, 2017	July 1, 2017	April 1, 2017	December 31, 2016	October 1, 2016	July 2, 2016	April 2, 2016	January 2, 2016	September 30, 2017	October 1, 2016
GAAP net income from continuing operations	\$ 66,970	\$ 65,302	\$ 41,903	\$ 72,887	\$ 62,871	\$ 42,188	\$ 30,698	\$ 30,785	\$ 18,650	\$ 17,781	\$ 20,286	\$ 208,644	\$ 87,502
Intangibles amortization	10,859	10,931	10,773	11,546	10,870	12,573	7,726	1,554	1,400	1,422	1,448	42,715	5,824
Purchase accounting step up	281	293	-	-	3,172	9,401	6,469	-	-	-	-	19,042	-
Stock-based compensation	7,549	7,235	5,467	5,277	5,041	4,868	8,166	3,890	4,101	3,876	3,394	23,352	15,261
Non-recurring tax expense (release) items	(4)	(299)	29,294	(1,358)	-	-	-	-	-	-	(1,221)	(1,358)	(1,221)
Other impairment charges (recoveries)	611	(110)	265	1,885	-	-	-	-	-	-	-	1,885	-
Gain on business combination	-	-	-	-	-	-	(3,426)	-	-	-	-	(3,426)	-
Acquisition costs	129	400	-	-	269	2,664	14,492	2,077	2,012	2,264	-	17,425	6,353
Credit Agreement - Interest ticking fee and FX	-	-	-	-	-	-	(5,303)	2,167	-	-	-	(5,303)	2,167
Restructuring expense	870	555	850	2,273	1,131	378	4,600	-	-	-	-	8,382	-
Non-GAAP net income	\$ 87,265	\$ 84,307	\$ 88,552	\$ 92,510	\$ 83,354	\$ 72,072	\$ 63,422	\$ 40,473	\$ 26,163	\$ 25,343	\$ 23,907	\$ 311,358	\$ 115,886
Net income per diluted share:													
GAAP Net income from continuing operations per diluted share	\$ 2.69	\$ 2.61	\$ 1.67	\$ 2.93	\$ 2.53	\$ 1.70	\$ 1.25	\$ 1.25	\$ 0.76	\$ 0.73	\$ 0.84	\$ 8.42	\$ 3.58
Total non-GAAP adjustments	0.82	0.76	1.86	0.79	0.83	1.21	1.33	0.39	0.31	0.31	0.15	4.15	1.16
Non-GAAP net income per diluted share	\$ 3.51	\$ 3.37	\$ 3.54	\$ 3.72	\$ 3.36	\$ 2.91	\$ 2.57	\$ 1.65	\$ 1.07	\$ 1.04	\$ 0.99	\$ 12.57	\$ 4.75
Sum of non-GAAP adjustments	20,295	19,005	46,649	19,623	20,483	29,884	32,724	9,688	7,513	7,562	3,621	102,714	28,384
Diluted shares	24,877	25,010	25,025	24,883	24,823	24,757	24,644	24,582	24,467	24,362	24,236	24,777	24,415

Coherent, Inc.
Summary Consolidated Balance Sheets

(In thousands, unaudited)

	June 30, 2018	March 31, 2018	December 30, 2017	September 30, 2017	July 1, 2017	April 1, 2017	December 31, 2016	October 1, 2016	July 2, 2016	April 2, 2016	January 2, 2016	October 3, 2015*
Current assets:												
Cash, cash equivalents and short-term investments	\$ 232,458	\$ 346,114	\$ 423,446	\$ 475,576	\$ 472,427	\$ 433,105	\$ 360,342	\$ 399,953	\$ 373,612	\$ 361,058	\$ 336,174	\$ 325,515
Accounts receivable, net	337,560	312,938	309,132	305,668	277,853	252,542	241,112	165,715	150,184	150,409	144,595	142,260
Inventories	494,967	492,686	432,809	414,807	402,849	388,242	386,013	212,898	200,171	179,067	158,006	156,614
Prepaid expenses and other assets	89,572	95,669	86,680	115,613	108,443	141,049	134,697	37,073	36,349	34,602	32,733	28,294
Total current assets	1,154,557	1,247,407	1,252,067	1,311,664	1,261,572	1,214,938	1,122,164	815,639	760,316	725,136	671,508	652,683
Property, plant and equipment, net	303,214	307,330	291,308	278,850	268,622	256,024	251,090	127,443	111,738	108,575	99,732	102,445
Other assets	729,797	781,848	733,284	747,286	748,235	704,378	716,317	218,066	210,256	214,832	214,116	213,819
Total assets	\$ 2,187,568	\$ 2,336,585	\$ 2,276,659	\$ 2,337,800	\$ 2,278,429	\$ 2,175,340	\$ 2,089,571	\$ 1,161,148	\$ 1,082,310	\$ 1,048,543	\$ 985,356	\$ 968,947
Current liabilities:												
Short term borrowings	\$ 7,076	\$ 7,422	\$ 6,928	\$ 5,078	\$ 5,485	\$ 5,161	\$ 7,183	\$ 20,000	\$ 20,000	\$ 5,000	\$ 5,000	\$ -
Accounts payable	82,602	93,309	81,397	75,860	72,755	73,512	66,439	45,182	44,182	43,458	28,858	33,379
Other current liabilities	262,478	301,237	304,876	338,207	301,069	291,613	239,472	136,312	102,197	101,353	89,776	89,211
Total current liabilities	352,156	401,968	393,201	419,145	379,309	370,286	313,094	201,494	166,379	149,811	123,634	122,590
Long-term obligations	422,285	449,653	503,005	589,001	652,700	660,105	677,323	-	-	-	-	-
Other long-term liabilities	181,976	195,283	185,072	166,390	178,378	168,686	172,173	48,826	44,985	49,183	51,483	49,939
Total stockholders' equity	1,231,151	1,289,681	1,195,381	1,163,264	1,068,042	976,263	926,981	910,828	870,946	849,549	810,239	796,418
Total liabilities and stockholders' equity	\$ 2,187,568	\$ 2,336,585	\$ 2,276,659	\$ 2,337,800	\$ 2,278,429	\$ 2,175,340	\$ 2,089,571	\$ 1,161,148	\$ 1,082,310	\$ 1,048,543	\$ 985,356	\$ 968,947

* October 3, 2015 is restated to reflect adoption of ASU 2015-17 in Q1-16 - All deferred tax assets and liabilities classified as Long Term

Coherent, Inc.
Revenue by Market and Geography

(In thousands, unaudited)

	Three Months Ended											Fiscal Year Ended	
	June 30, 2018	March 31, 2018	December 30, 2017	September 30, 2017	July 1, 2017	April 1, 2017	December 31, 2016	October 1, 2016	July 2, 2016	April 2, 2016	January 2, 2016	September 30, 2017	October 1, 2016
Revenue by market													
Microelectronics	\$ 262,308	\$ 261,308	\$ 268,176	\$ 265,745	\$ 241,842	\$ 210,882	\$ 175,774	\$ 144,205	\$ 116,473	\$ 97,724	\$ 96,506	\$ 894,243	\$ 454,908
OEM Components & Instrumentation	55,690	53,323	48,856	51,432	50,061	55,017	46,572	42,548	37,892	41,800	39,333	203,082	161,573
Materials Processing	132,905	135,822	127,461	147,121	142,614	127,531	94,643	36,447	36,506	28,024	23,034	511,909	124,011
Scientific and Government	31,439	30,665	33,072	26,000	29,590	29,403	29,084	25,261	27,896	32,334	31,402	114,077	116,893
	\$ 482,342	\$ 481,118	\$ 477,565	\$ 490,298	\$ 464,107	\$ 422,833	\$ 346,073	\$ 248,461	\$ 218,767	\$ 199,882	\$ 190,275	\$ 1,723,311	\$ 857,385
Revenue by geography													
United States	\$ 78,557	\$ 76,908	\$ 71,944	\$ 73,027	\$ 76,824	\$ 80,969	\$ 66,881	\$ 50,753	\$ 49,944	\$ 53,280	\$ 50,986	\$ 297,701	\$ 204,963
Europe	87,642	92,171	76,500	85,985	83,375	78,137	60,500	29,967	32,439	32,648	31,724	307,997	126,778
Asia Pacific	301,208	296,068	315,474	314,732	285,216	247,725	205,710	157,636	124,091	101,784	97,229	1,053,383	480,740
Other	14,935	15,971	13,647	16,554	18,692	16,002	12,982	10,105	12,293	12,170	10,336	64,230	44,904
	\$ 482,342	\$ 481,118	\$ 477,565	\$ 490,298	\$ 464,107	\$ 422,833	\$ 346,073	\$ 248,461	\$ 218,767	\$ 199,882	\$ 190,275	\$ 1,723,311	\$ 857,385

Coherent, Inc.
Adjusted EBITDA \$ and %

(In thousands except percentages, unaudited)

	Three Months Ended											Fiscal Year Ended	
	June 30, 2018	March 31, 2018	December 30, 2017	September 30, 2017	July 1, 2017	April 1, 2017	December 31, 2016	October 1, 2016	July 2, 2016	April 2, 2016	January 2, 2016	September 30, 2017	October 1, 2016
Income from operations	\$ 100,524	\$ 100,661	\$ 109,323	\$ 111,629	\$ 100,577	\$ 71,089	\$ 42,200	\$ 48,039	\$ 26,288	\$ 26,004	\$ 27,283	\$ 325,495	\$ 127,614
Intangibles amortization	15,209	15,329	15,100	16,253	15,452	16,763	12,088	2,249	2,032	2,077	2,092	60,556	8,450
Depreciation	13,336	12,844	12,555	12,319	11,618	10,963	8,995	6,495	6,527	6,498	6,385	43,895	25,905
Stock-based compensation	8,583	8,410	7,076	7,195	6,892	6,683	9,655	5,336	5,689	5,387	3,745	30,425	20,157
Gains (losses) on deferred compensation plan assets	416	768	1,906	883	1,204	1,812	10	1,007	1,867	(1,819)	932	3,909	1,987
Purchase accounting step up	392	411	-	-	4,445	13,019	9,304	-	-	-	-	26,768	-
Other impairment charges (recoveries)	611	(110)	265	2,916	-	-	-	-	-	-	-	2,916	-
Gain on business combination	-	-	-	-	-	-	(5,416)	-	-	-	-	(5,416)	-
Restructuring costs	1,192	726	1,160	3,201	1,500	557	7,062	-	-	-	-	12,320	-
Acquisition costs	129	400	-	-	426	2,933	14,228	3,177	3,050	3,584	-	17,587	9,811
Adjusted EBITDA	\$ 140,392	\$ 139,439	\$ 147,385	\$ 154,396	\$ 142,114	\$ 123,819	\$ 98,126	\$ 66,303	\$ 45,453	\$ 41,731	\$ 40,437	\$ 518,455	\$ 193,924
Net sales	\$ 482,342	\$ 481,118	\$ 477,565	\$ 490,298	\$ 464,107	\$ 422,833	\$ 346,073	\$ 248,461	\$ 218,767	\$ 199,882	\$ 190,275	\$ 1,723,311	\$ 857,385
Adjusted EBITDA as a percentage of Net Sales	29.1%	29.0%	30.9%	31.5%	30.6%	29.3%	28.4%	26.7%	20.8%	20.9%	21.3%	30.1%	22.6%