

Coherent, Inc.
Consolidated Statement of Operations - GAAP

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

	Three Months Ended										Fiscal Year Ended	
	March 30, 2019	December 29, 2018	September 29, 2018	June 30, 2018	March 31, 2018	December 30, 2017	September 30, 2017	July 1, 2017	April 1, 2017	December 31, 2016	September 29, 2018	September 30, 2017
Net sales	\$ 372,860	\$ 383,146	\$ 461,548	\$ 482,342	\$ 481,118	\$ 477,565	\$ 490,298	\$ 464,107	\$ 422,833	\$ 346,073	\$ 1,902,573	\$ 1,723,311
Cost of sales	242,143	233,796	271,646	274,006	265,688	260,542	268,244	256,921	243,318	204,559	1,071,882	973,042
Gross profit	<u>130,717</u>	<u>149,350</u>	<u>189,902</u>	<u>208,336</u>	<u>215,430</u>	<u>217,023</u>	<u>222,054</u>	<u>207,186</u>	<u>179,515</u>	<u>141,514</u>	<u>830,691</u>	<u>750,269</u>
Operating expenses:												
Research and development	30,461	28,942	32,108	34,303	34,783	31,392	31,063	30,483	30,536	27,084	132,586	119,166
Selling, general & administrative	69,463	64,557	72,758	70,291	77,146	73,437	73,482	72,383	72,451	73,768	293,632	292,084
Other impairment charges (recoveries)	-	-	-	611	(110)	265	2,916	-	-	-	766	2,916
Gain on business combination	-	-	-	-	-	-	-	-	-	(5,416)	-	(5,416)
Intangibles amortization	1,926	3,040	2,527	2,607	2,950	2,606	2,964	3,743	5,439	3,878	10,690	16,024
Total operating expenses	<u>101,850</u>	<u>96,539</u>	<u>107,393</u>	<u>107,812</u>	<u>114,769</u>	<u>107,700</u>	<u>110,425</u>	<u>106,609</u>	<u>108,426</u>	<u>99,314</u>	<u>437,674</u>	<u>424,774</u>
Income from operations	<u>28,867</u>	<u>52,811</u>	<u>82,509</u>	<u>100,524</u>	<u>100,661</u>	<u>109,323</u>	<u>111,629</u>	<u>100,577</u>	<u>71,089</u>	<u>42,200</u>	<u>393,017</u>	<u>325,495</u>
Other income (expense) net	(4,252)	(9,151)	(5,827)	(7,625)	(9,510)	(8,500)	(10,415)	(7,942)	(10,255)	5,172	(31,462)	(23,440)
Income from continuing operations before income taxes	24,615	43,660	76,682	92,899	91,151	100,823	101,214	92,635	60,834	47,372	361,555	302,055
Provision for income taxes	3,865	8,110	3,497	25,929	25,849	58,920	28,327	29,764	18,646	16,674	114,195	93,411
Net income from continuing operations	<u>\$ 20,750</u>	<u>\$ 35,550</u>	<u>\$ 73,185</u>	<u>\$ 66,970</u>	<u>\$ 65,302</u>	<u>\$ 41,903</u>	<u>\$ 72,887</u>	<u>\$ 62,871</u>	<u>\$ 42,188</u>	<u>\$ 30,698</u>	<u>\$ 247,360</u>	<u>\$ 208,644</u>
Gain (loss) before income taxes - discontinued operations	-	-	-	-	-	(2)	808	(1,454)	(571)	(362)	(2)	(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)	(2)	(1,522)
Net income	<u>\$ 20,750</u>	<u>\$ 35,550</u>	<u>\$ 73,185</u>	<u>\$ 66,970</u>	<u>\$ 65,302</u>	<u>\$ 41,901</u>	<u>\$ 73,752</u>	<u>\$ 61,117</u>	<u>\$ 41,845</u>	<u>\$ 30,408</u>	<u>\$ 247,358</u>	<u>\$ 207,122</u>
Net income per share - continuing operations:												
Basic	\$ 0.86	\$ 1.46	\$ 3.02	\$ 2.72	\$ 2.64	\$ 1.70	\$ 2.97	\$ 2.56	\$ 1.72	\$ 1.26	\$ 10.07	\$ 8.52
Diluted	\$ 0.85	\$ 1.45	\$ 2.99	\$ 2.69	\$ 2.61	\$ 1.67	\$ 2.93	\$ 2.53	\$ 1.70	\$ 1.25	\$ 9.95	\$ 8.42
Shares used in computation:												
Basic	24,232	24,268	24,236	24,658	24,761	24,635	24,568	24,537	24,496	24,347	24,572	24,487
Diluted	24,332	24,472	24,490	24,877	25,010	25,025	24,883	24,823	24,757	24,644	24,851	24,777
As percentages of net sales:												
Gross profit	35.1%	39.0%	41.1%	43.2%	44.8%	45.4%	45.3%	44.6%	42.5%	40.9%	43.7%	43.5%
Research and development	8.2%	7.6%	7.0%	7.1%	7.2%	6.6%	6.3%	6.6%	7.2%	7.8%	7.0%	6.9%
Selling, general and administrative	18.6%	16.8%	15.8%	14.6%	16.0%	15.4%	15.0%	15.6%	17.1%	21.3%	15.4%	16.9%
Operating income	7.7%	13.8%	17.9%	20.8%	20.9%	22.9%	22.8%	21.7%	16.8%	12.2%	20.7%	18.9%
Income from continuing operations before income taxes	6.6%	11.4%	16.6%	19.3%	18.9%	21.1%	20.6%	20.0%	14.4%	13.7%	19.0%	17.5%

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

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

	Three Months Ended										Fiscal Year Ended	
	March 30, 2019	December 29, 2018	September 29, 2018	June 30, 2018	March 31, 2018	December 30, 2017	September 30, 2017	July 1, 2017	April 1, 2017	December 31, 2016	September 29, 2018	September 30, 2017
Net sales	\$ 372,860	\$ 383,146	\$ 461,548	\$ 482,342	\$ 481,118	\$ 477,565	\$ 490,298	\$ 464,107	\$ 422,833	\$ 346,073	\$ 1,902,573	\$ 1,723,311
Cost of sales	228,637	219,825	258,013	258,324	251,630	246,112	251,541	239,208	218,056	182,723	1,014,079	891,528
Gross profit	144,223	163,321	203,535	224,018	229,488	231,453	238,757	224,899	204,777	163,350	888,494	831,783
Operating expenses:												
Research and development	29,619	28,272	31,162	33,465	33,854	30,620	29,990	29,681	30,101	24,313	129,101	114,085
Selling, general & administrative	61,821	58,363	65,717	63,913	69,807	67,909	67,573	65,926	63,632	49,916	267,346	247,047
Other impairment charges (recoveries)	-	-	-	-	-	-	-	-	-	-	-	-
Intangibles amortization	-	-	-	-	-	-	-	-	-	-	-	-
Total operating expenses	91,440	86,635	96,879	97,378	103,661	98,529	97,563	95,607	93,733	74,229	396,447	361,132
Income from operations	52,783	76,686	106,656	126,640	125,827	132,924	141,194	129,292	111,044	89,121	492,047	470,651
Other income (expense) net	(4,252)	(9,151)	(5,827)	(7,625)	(9,510)	(8,500)	(10,415)	(7,942)	(10,255)	(3,461)	(31,462)	(32,073)
Income before income taxes	48,531	67,535	100,829	119,015	116,317	124,424	130,779	121,350	100,789	85,660	460,585	438,578
Provision for income taxes	9,325	16,418	22,008	31,750	32,010	35,872	38,269	37,996	28,717	22,238	121,640	127,220
Non-GAAP net income	\$ 39,206	\$ 51,117	\$ 78,821	\$ 87,265	\$ 84,307	\$ 88,552	\$ 92,510	\$ 83,354	\$ 72,072	\$ 63,422	\$ 338,945	\$ 311,358
Non-GAAP net income per share:												
Diluted	\$ 1.61	\$ 2.09	\$ 3.22	\$ 3.51	\$ 3.37	\$ 3.54	\$ 3.72	\$ 3.36	\$ 2.91	\$ 2.57	\$ 13.64	\$ 12.57
Shares used in computation:												
Diluted	24,332	24,472	24,490	24,877	25,010	25,025	24,883	24,823	24,757	24,644	24,851	24,777
As percentages of net sales:												
Gross profit	38.7%	42.6%	44.1%	46.4%	47.7%	48.5%	48.7%	48.5%	48.4%	47.2%	46.7%	48.3%
Research and development	7.9%	7.4%	6.8%	6.9%	7.0%	6.4%	6.1%	6.4%	7.1%	7.0%	6.8%	6.6%
Selling, general and administrative	16.6%	15.2%	14.2%	13.3%	14.5%	14.2%	13.8%	14.2%	15.0%	14.4%	14.1%	14.3%
Operating income	14.2%	20.0%	23.1%	26.3%	26.2%	27.8%	28.8%	27.9%	26.3%	25.8%	25.9%	27.3%
Income before income taxes	13.0%	17.6%	21.8%	24.7%	24.2%	26.1%	26.7%	26.1%	23.8%	24.8%	24.2%	25.4%

Coherent, Inc.
Supplemental Non-GAAP Financial Measures Reconciliation

(In thousands except per share data, unaudited)	Three Months Ended										Fiscal Year Ended	
	March 30, 2019	December 29, 2018	September 29, 2018	June 30, 2018	March 31, 2018	December 30, 2017	September 30, 2017	July 1, 2017	April 1, 2017	December 31, 2016	September 29, 2018	September 30, 2017
GAAP net income from continuing operations	\$ 20,750	\$ 35,550	\$ 73,185	\$ 66,970	\$ 65,302	\$ 41,903	\$ 72,887	\$ 62,871	\$ 42,188	\$ 30,698	\$ 247,360	\$ 208,644
Intangibles amortization	10,022	10,818	10,220	10,859	10,931	10,773	11,546	10,870	12,573	7,726	42,783	42,715
Purchase accounting step up	-	353	-	281	293	-	-	3,172	9,401	6,469	574	19,042
Stock-based compensation	7,543	6,643	7,414	7,549	7,235	5,467	5,277	5,041	4,868	8,166	27,665	23,352
Non-recurring tax expense (release) items	123	(2,598)	(12,836)	(4)	(299)	29,294	(1,358)	-	-	-	16,155	(1,358)
Other impairment charges (recoveries)	-	-	-	611	(110)	265	1,885	-	-	-	766	1,885
Gain on business combination	-	-	-	-	-	-	-	-	-	(3,426)	-	(3,426)
Acquisition costs	-	-	206	129	400	-	-	269	2,664	14,492	735	17,425
Credit Agreement - Interest ticking fee and FX	-	-	-	-	-	-	-	-	-	(5,303)	-	(5,303)
Restructuring expense	768	351	632	870	555	850	2,273	1,131	378	4,600	2,907	8,382
Non-GAAP net income	\$ 39,206	\$ 51,117	\$ 78,821	\$ 87,265	\$ 84,307	\$ 88,552	\$ 92,510	\$ 83,354	\$ 72,072	\$ 63,422	\$ 338,945	\$ 311,358
Net income per diluted share:												
GAAP Net income from continuing operations per diluted share	\$ 0.85	\$ 1.45	\$ 2.99	\$ 2.69	\$ 2.61	\$ 1.67	\$ 2.93	\$ 2.53	\$ 1.70	\$ 1.25	\$ 9.95	\$ 8.42
Total non-GAAP adjustments	0.76	0.64	0.23	0.82	0.76	1.86	0.79	0.83	1.21	1.33	3.69	4.15
Non-GAAP net income per diluted share	\$ 1.61	\$ 2.09	\$ 3.22	\$ 3.51	\$ 3.37	\$ 3.54	\$ 3.72	\$ 3.36	\$ 2.91	\$ 2.57	\$ 13.64	\$ 12.57
Sum of non-GAAP adjustments	18,456	15,567	5,636	20,295	19,005	46,649	19,623	20,483	29,884	32,724	91,585	102,714
Diluted shares	24,332	24,472	24,490	24,877	25,010	25,025	24,883	24,823	24,757	24,644	24,851	24,777

Coherent, Inc.
Summary Consolidated Balance Sheets

(In thousands, unaudited)

	March 30, 2019	December 29, 2018	September 29, 2018	June 30, 2018	March 31, 2018	December 30, 2017	September 30, 2017	July 1, 2017	April 1, 2017	December 31, 2016	October 1, 2016
Current assets:											
Cash, cash equivalents and short-term investments	\$ 348,801	\$ 320,016	\$ 310,615	\$ 232,458	\$ 346,114	\$ 423,446	\$ 475,576	\$ 472,427	\$ 433,105	\$ 360,342	\$ 399,953
Accounts receivable, net	313,351	330,892	355,208	337,560	312,938	309,132	305,668	277,853	252,542	241,112	165,715
Inventories	483,741	493,156	486,741	494,967	492,686	432,809	414,807	402,849	388,242	386,013	212,898
Prepaid expenses and other assets	80,279	84,968	85,938	89,572	95,669	86,680	115,613	108,443	141,049	134,697	37,073
Total current assets	1,226,172	1,229,032	1,238,502	1,154,557	1,247,407	1,252,067	1,311,664	1,261,572	1,214,938	1,122,164	815,639
Property, plant and equipment, net	318,989	320,933	311,793	303,214	307,330	291,308	278,850	268,622	256,024	251,090	127,443
Other assets	677,107	703,647	709,674	729,797	781,848	733,284	747,286	748,235	704,378	716,317	218,066
Total assets	\$ 2,222,268	\$ 2,253,612	\$ 2,259,969	\$ 2,187,568	\$ 2,336,585	\$ 2,276,659	\$ 2,337,800	\$ 2,278,429	\$ 2,175,340	\$ 2,089,571	\$ 1,161,148
Current liabilities:											
Short term borrowings	\$ 46,979	\$ 46,670	\$ 5,072	\$ 7,076	\$ 7,422	\$ 6,928	\$ 5,078	\$ 5,485	\$ 5,161	\$ 7,183	\$ 20,000
Accounts payable	68,155	74,738	70,292	82,602	93,309	81,397	75,860	72,755	73,512	66,439	45,182
Other current liabilities	249,764	255,703	297,474	262,478	301,237	304,876	338,207	301,069	291,613	239,472	136,312
Total current liabilities	364,898	377,111	372,838	352,156	401,968	393,201	419,145	379,309	370,286	313,094	201,494
Long-term obligations	405,837	413,505	420,711	422,285	449,653	503,005	589,001	652,700	660,105	677,323	-
Other long-term liabilities	138,751	145,513	151,956	181,976	195,283	185,072	166,390	178,378	168,686	172,173	48,826
Total stockholders' equity	1,312,782	1,317,483	1,314,464	1,231,151	1,289,681	1,195,381	1,163,264	1,068,042	976,263	926,981	910,828
Total liabilities and stockholders' equity	\$ 2,222,268	\$ 2,253,612	\$ 2,259,969	\$ 2,187,568	\$ 2,336,585	\$ 2,276,659	\$ 2,337,800	\$ 2,278,429	\$ 2,175,340	\$ 2,089,571	\$ 1,161,148

Coherent, Inc.
Revenue by Market and Geography

(In thousands, unaudited)

	Three Months Ended										Fiscal Year Ended	
	March 30, 2019	December 29, 2018	September 29, 2018	June 30, 2018	March 31, 2018	December 30, 2017	September 30, 2017	July 1, 2017	April 1, 2017	December 31, 2016	September 29, 2018	September 30, 2017
Revenue by market												
Microelectronics	\$ 169,265	\$ 178,409	\$ 244,562	\$ 262,308	\$ 261,308	\$ 268,176	\$ 265,745	\$ 241,842	\$ 210,882	\$ 175,774	\$ 1,036,354	\$ 894,243
OEM Components & Instrumentation	67,202	66,353	62,954	55,690	53,323	48,856	51,432	50,061	55,017	46,572	220,823	203,082
Materials Processing	104,922	104,643	124,716	132,905	135,822	127,461	147,121	142,614	127,531	94,643	520,904	511,909
Scientific and Government	31,471	33,741	29,316	31,439	30,665	33,072	26,000	29,590	29,403	29,084	124,492	114,077
	\$ 372,860	\$ 383,146	\$ 461,548	\$ 482,342	\$ 481,118	\$ 477,565	\$ 490,298	\$ 464,107	\$ 422,833	\$ 346,073	\$ 1,902,573	\$ 1,723,311
Revenue by geography												
United States	\$ 84,179	\$ 84,030	\$ 82,086	\$ 78,557	\$ 76,908	\$ 71,944	\$ 73,027	\$ 76,824	\$ 80,969	\$ 66,881	\$ 309,495	\$ 297,701
Europe	81,340	74,174	82,550	87,642	92,171	76,500	85,985	83,375	78,137	60,500	338,863	307,997
Asia Pacific	191,935	211,135	280,088	301,208	296,068	315,474	314,732	285,216	247,725	205,710	1,192,838	1,053,383
Other	15,406	13,807	16,824	14,935	15,971	13,647	16,554	18,692	16,002	12,982	61,377	64,230
	\$ 372,860	\$ 383,146	\$ 461,548	\$ 482,342	\$ 481,118	\$ 477,565	\$ 490,298	\$ 464,107	\$ 422,833	\$ 346,073	\$ 1,902,573	\$ 1,723,311

Coherent, Inc.
Adjusted EBITDA \$ and %

(In thousands except percentages, unaudited)

	Three Months Ended										Fiscal Year Ended	
	March 30, 2019	December 29, 2018	September 29, 2018	June 30, 2018	March 31, 2018	December 30, 2017	September 30, 2017	July 1, 2017	April 1, 2017	December 31, 2016	September 29, 2018	September 30, 2017
Income from operations	\$ 28,867	\$ 52,811	\$ 82,509	\$ 100,524	\$ 100,661	\$ 109,323	\$ 111,629	\$ 100,577	\$ 71,089	\$ 42,200	\$ 393,017	\$ 325,495
Intangibles amortization	14,032	15,067	14,401	15,209	15,329	15,100	16,253	15,452	16,763	12,088	60,039	60,556
Depreciation	13,774	13,916	14,607	13,336	12,844	12,555	12,319	11,618	10,963	8,995	53,342	43,895
Stock-based compensation	9,004	7,876	8,669	8,583	8,410	7,076	7,195	6,892	6,683	9,655	32,738	30,425
Gains (losses) on deferred compensation plan assets	1,250	(2,073)	1,957	416	768	1,906	883	1,204	1,812	10	5,047	3,909
Purchase accounting step up	-	456	-	392	411	-	-	4,445	13,019	9,304	803	26,768
Other impairment charges (recoveries)	-	-	-	611	(110)	265	2,916	-	-	-	766	2,916
Gain on business combination	-	-	-	-	-	-	-	-	-	(5,416)	-	(5,416)
Restructuring costs	880	476	871	1,192	726	1,160	3,201	1,500	557	7,062	3,949	12,320
Acquisition costs	-	-	206	129	400	-	-	426	2,933	14,228	735	17,587
Adjusted EBITDA	\$ 67,807	\$ 88,529	\$ 123,220	\$ 140,392	\$ 139,439	\$ 147,385	\$ 154,396	\$ 142,114	\$ 123,819	\$ 98,126	\$ 550,436	\$ 518,455
Net sales	\$ 372,860	\$ 383,146	\$ 461,548	\$ 482,342	\$ 481,118	\$ 477,565	\$ 490,298	\$ 464,107	\$ 422,833	\$ 346,073	\$ 1,902,573	\$ 1,723,311
Adjusted EBITDA as a percentage of Net Sales	18.2%	23.1%	26.7%	29.1%	29.0%	30.9%	31.5%	30.6%	29.3%	28.4%	28.9%	30.1%