UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): **November 6, 2018**

COHERENT, INC.
(Exact name of registrant as specified in its charter)

Delaware	**001-33962**	**94-1622541**
(State or other jurisdiction of incorporation)	(Commission File No.)	(IRS Employer Identification Number)

5100 Patrick Henry Drive
Santa Clara, CA 95054
(Address of principal executive offices, including zip code)

(408) 764-4000
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[_] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[_] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[_] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[_] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

ITEM 2.02. Results of Operations and Financial Condition

On November 6, 2018, Coherent, Inc. (“Coherent”) issued a press release regarding its financial results for the fiscal quarter and year ended September 29, 2018. A copy of the press release is furnished as Exhibit 99.1 to this report.

NON-GAAP FINANCIAL MEASURES: Coherent utilizes a number of different financial measures, both GAAP and non-GAAP, in analyzing and assessing the overall business performance, for making operating decisions and for forecasting and planning future periods. Coherent considers the use of non-GAAP financial measures helpful in assessing its current financial performance, ongoing operations and prospects for the future. Ongoing operations are the ongoing revenue and expenses of the business, excluding certain costs and expenses that Coherent does not anticipate to recur on a quarterly basis or which do not reflect ongoing operations. While Coherent uses non-GAAP financial measures as a tool to enhance its understanding of certain aspects of its financial performance, Coherent does not consider these measures to be a substitute for, or superior to, the information provided by GAAP financial measures. Consistent with this approach, Coherent believes that disclosing non-GAAP financial measures to the readers of its financial statements provides such readers with useful supplemental data that, while not a substitute for GAAP financial measures, allows for greater transparency in the review of its financial and operational performance. In assessing the overall health of its business, Coherent excluded items in the following general categories described below:

Net income and net income per diluted share. Coherent has excluded certain recurring and non-recurring items in order to enhance investors’ understanding of its ongoing operations and to compare these results across multiple fiscal periods, particularly where a one-time event may have an impact in one fiscal quarter and not another.

Each of the non-GAAP financial measures described above, and used herein, should not be considered in isolation from, or as a substitute for, a measure of financial performance prepared in accordance with GAAP. Further, investors are cautioned that there are inherent limitations associated with the use of each of these non-GAAP financial measures as an analytical tool. In particular, these non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles and many of the adjustments to the GAAP financial measures reflect the exclusion of items that are recurring and will be reflected in Coherent’s financial results for the foreseeable future. In addition, other companies, including other companies in Coherent’s industry, may calculate non-GAAP financial measures differently than Coherent does, limiting their usefulness as a comparative tool.

ITEM 9.01. Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	**Description**
99.1	Press release dated November 6, 2018

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

COHERENT, INC.

Date: November 6, 2018

By: /s/ Kevin Palatnik

Kevin Palatnik
Executive Vice President and
Chief Financial Officer

COHERENT

PRESS RELEASE

Contact: Kevin Palatnik
EVP & Chief Financial Officer
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November 6, 2018

Press Release No. 1434

For Immediate Release:

Coherent, Inc. Reports Fourth Fiscal Quarter and Year-End Results

SANTA CLARA, CA, November 6, 2018 -- Coherent, Inc. (NASDAQ, COHR), one of the world's leading providers of lasers, laser-based technologies and laser-based system solutions in a broad range of scientific, commercial and industrial applications, today announced financial results for its fourth fiscal quarter and fiscal year ended September 29, 2018.

FINANCIAL HIGHLIGHTS

	Three Months Ended			Year Ended	
	Sep. 29, 2018	June 30, 2018	Sep. 30, 2017	**Sep. 29, 2018**	Sep. 30, 2017
GAAP Results					
(in millions except per share data)					
Net sales	**$ 461.5**	$ 482.3	$ 490.3	**$ 1,902.6**	$ 1,723.3
Net income	**$ 73.2**	$ 67.0	$ 73.8	**$ 247.4**	$ 207.1
Diluted EPS	**$ 2.99**	$ 2.69	$ 2.96	**$ 9.95**	$ 8.36
Non-GAAP Results					
(in millions except per share data)					
Net income	**$ 78.8**	$ 87.3	$ 92.5	**$ 338.9**	$ 311.4
Diluted EPS	**$ 3.22**	$ 3.51	$ 3.72	**$ 13.64**	$ 12.57

FOURTH FISCAL QUARTER AND FISCAL YEAR DETAILS

For the fourth fiscal quarter ended September 29, 2018, Coherent announced net sales of $461.5 million and net income, on a U.S. generally accepted accounting principles (GAAP) basis, of $73.2 million, or $2.99 per diluted share. These results include $16.2 million, or $0.66 per diluted share, of primarily a one-time additional income tax net benefit due to adjustments calculated under the provisions of the U.S. Tax Cuts and Jobs Act (the "Tax Act") as well as a $3.4 million, or $0.14 per diluted share, tax charge due to an increase in valuation allowances against deferred tax assets. The Securities and Exchange Commission has issued rules that allow for a measurement period of up to one year after the enactment date of the Tax Act to finalize the recording of the related tax impacts. Accordingly, Coherent has recorded additional adjustments in our fourth fiscal quarter ended September 29, 2018.

These results compare to net sales of $490.3 million and net income of $73.8 million, or $2.96 per diluted share, for the fourth quarter of fiscal 2017, and net sales of $482.3 million and net income of $67.0 million, or $2.69 per diluted share, for the third quarter of fiscal 2018.

Non-GAAP net income for the fourth quarter of fiscal 2018 was $78.8 million, or $3.22 per diluted share. Non-GAAP net income for the fourth quarter of fiscal 2017 was $92.5 million, or $3.72 per diluted share. Non-GAAP net income for the third quarter of fiscal 2018 was $87.3 million, or $3.51 per diluted share. Reconciliations of GAAP to non-GAAP financial measures for the three months ended September 29, 2018, June 30, 2018 and September 30, 2017, and for the fiscal years ended September 29, 2018 and September 30, 2017 appear in the financial statements portion of this release under the heading "Reconciliation of GAAP to Non-GAAP net income".

For the fiscal year ended September 29, 2018, Coherent posted net sales of $1,902.6 million and net income of $247.4 million, or $9.95 per diluted share, on a GAAP basis compared to the prior year net sales of $1,723.3 million and net income on a GAAP basis of $207.1 million, or $8.36 per diluted share. For the fiscal year ended September 29, 2018, Coherent posted net income on a non-GAAP basis of $338.9 million, or $13.64 per diluted share, compared to the prior year net income on a non-GAAP basis of $311.4 million, or $12.57 per diluted share.

Results for the fiscal year ended September 29, 2018 include additional income tax expense of $25.5 million, or $1.03 per diluted share, due to the provisions under the Tax Act and a $3.4 million, or $0.14 per diluted share, tax charge due to an increase in valuation allowances against deferred tax assets as well as a benefit of $12.8 million, or $0.51 per diluted share, from the adoption of new rules for accounting for excess tax benefits and deficiencies for employee stock-based compensation.

As previously announced, on November 7, 2016, Coherent completed its acquisition of Rofin-Sinar Technologies, Inc. (“Rofin”), one of the world's leading developers and manufacturers of high-performance industrial laser sources and laser-based solutions and components. As a result, Rofin’s operating results were consolidated for the period from November 7, 2016 through September 30, 2017 in Coherent’s fiscal 2017 results. Subsequent to the first quarter of fiscal 2017, Rofin’s operating results are consolidated in Coherent’s results for the full quarter and fiscal year periods.

“Our fourth fiscal quarter was affected by two significant events that evolved in the second half of the quarter: execution issues at one of our German sites and a demand slowdown in China. The combined top line impact was approximately $11 million and resulted in us missing the low-end of our prior revenue guidance. We have taken a number of steps to rectify these execution problems and believe they will be behind us by the end of the current quarter. The demand challenges in China are largely due to U.S. tariffs on Chinese manufactured goods. Chinese tariffs on U.S. goods are also affecting demand but to a lesser degree. This is mostly confined to the materials processing market. Given the foregoing we are updating our fiscal 2019 outlook. We expect year-on-year sales to decline between 8-12% with the second half of fiscal 2019 being stronger than the first half. Expense reductions of $10-15 million will partially offset the gross profit impact of lower sales,” stated John Ambroseo, Coherent’s President and CEO. “Though this past quarter had its challenges, 2018 was a record year for sales, gross profit and EPS for the Company. I want to take this opportunity to thank and congratulate my colleagues for all their efforts on behalf of our global customer base,” he added.

The Company is also announcing that the Board of Directors has authorized a stock repurchase program in the amount of $250 million through December 31, 2019, with a limit of no more than $75 million deployed in a given quarter.

CONFERENCE CALL REMINDER

The Company will host a conference call today to discuss its financial results at 1:30 P.M. Pacific (4:30 P.M. Eastern). A listen-only broadcast of the conference call and a transcript of management's prepared remarks can be accessed on the Company's website at http://www.coherent.com/Investors/. For those who are not able to listen to the live broadcast, the call will be archived for approximately three months on the Company's website.

Summarized statement of operations information is as follows (unaudited, in thousands, except per share data):

	Three Months Ended			Year Ended	
	Sep. 29, 2018	June 30, 2018	Sep. 30, 2017	**Sep. 29, 2018**	Sep. 30, 2017
Net sales	**$ 461,548**	$ 482,342	$ 490,298	**$ 1,902,573**	$ 1,723,311
Cost of sales[(A)(B)(E)(G)(H)]	**271,646**	274,006	268,244	**1,071,882**	973,042
Gross profit	**189,902**	208,336	222,054	**830,691**	750,269
Operating expenses:					
Research & development[(A)(B)(H)]	**32,108**	34,303	31,063	**132,586**	119,166
Selling, general & administrative[(A)(B)(F)(G)(H)]	**72,758**	70,291	73,482	**293,632**	292,084
Gain on business combination [(C)]	**—**	—	—	**—**	(5,416)
Other impairment charges[(D)]	**—**	611	2,916	**766**	2,916
Amortization of intangible assets[(E)]	**2,527**	2,607	2,964	**10,690**	16,024
Total operating expenses	**107,393**	107,812	110,425	**437,674**	424,774
Income from operations	**82,509**	100,524	111,629	**393,017**	325,495
Other income (expense), net[(B)(I)]	**(5,827)**	(7,625)	(10,415)	**(31,462)**	(23,440)
Income from continuing operations, before income taxes	**76,682**	92,899	101,214	**361,555**	302,055
Provision for income taxes [(J)]	**3,497**	25,929	28,327	**114,195**	93,411
Net income from continuing operations	**73,185**	66,970	72,887	**247,360**	208,644
Income (loss) from discontinued operations, net of income taxes	**—**	—	865	**(2)**	(1,522)
Net income	**$ 73,185**	$ 66,970	$ 73,752	**$ 247,358**	$ 207,122
Net income (loss) per share:					
Basic from continuing operations	**3.02**	2.72	2.97	**10.07**	8.52
Basic from discontinued operations	**—**	—	0.03	**—**	(0.06)
Basic earnings per share	**$ 3.02**	$ 2.72	$ 3.00	**$ 10.07**	$ 8.46
Diluted from continuing operations	**2.99**	2.69	2.93	**9.95**	8.42
Diluted from discontinued operations	**—**	—	0.03	**—**	(0.06)
Diluted earnings per share	**$ 2.99**	$ 2.69	$ 2.96	**$ 9.95**	$ 8.36
Shares used in computations:					
Basic	**24,236**	24,658	24,568	**24,572**	24,487
Diluted	**24,490**	24,877	24,883	**24,851**	24,777

(A) Stock-based compensation expense included in operating results is summarized below (all footnote amounts are unaudited, in thousands, except per share data):

Stock-based compensation expense	Three Months Ended			Year Ended	
	Sep. 29, 2018	June 30, 2018	Sep. 30, 2017	**Sep. 29, 2018**	Sep. 30, 2017
Cost of sales	**$ 1,229**	$ 1,168	$ 923	**$ 4,403**	$ 3,541
Research & development	**869**	838	684	**3,247**	2,973
Selling, general & administrative	**6,571**	6,577	5,588	**25,088**	23,911
Impact on income from operations	**$ 8,669**	$ 8,583	$ 7,195	**$ 32,738**	$ 30,425

For the quarters ended Sep. 29, 2018, June 30, 2018 and Sep. 30, 2017, the impact on net income, net of tax was $7,414 ($0.30 per diluted share), $7,549 ($0.30 per diluted share) and $5,277 ($0.21 per diluted share), respectively. For the years ended Sep. 29, 2018 and Sep. 30, 2017, the impact on net income, net of tax was $27,665 ($1.11 per diluted share) and $23,352 ($0.94 per diluted share), respectively.

(B) Changes in deferred compensation plan liabilities are included in cost of sales and operating expenses while gains and losses on deferred compensation plan assets are included in other income (expense), net. Deferred compensation expense (benefit) included in operating results is summarized below:

Deferred compensation expense (benefit)	Three Months Ended			Year Ended	
	Sep. 29, 2018	June 30, 2018	Sep. 30, 2017	**Sep. 29, 2018**	Sep. 30, 2017
Cost of sales	**$ 34**	$ 11	$ 43	**$ 151**	$ 166
Research & development	**303**	46	133	**836**	629
Selling, general & administrative	**1,579**	414	692	**4,222**	3,074
Impact on income from operations	**$ 1,916**	$ 471	$ 868	**$ 5,209**	$ 3,869

For the quarters ended Sep. 29, 2018, June 30, 2018 and Sep. 30, 2017, the impact on other income net from gains or losses on deferred compensation plan assets was income of $1,957, $416 and $883, respectively. For the years ended Sep. 29, 2018 and Sep. 30, 2017, the impact on other income net from gain or losses on deferred compensation plan assets was income of $5,047 and $3,909, respectively. The net gain on deferred compensation assets excludes a death benefit of $1,301 in the quarter and year ended Sep. 30, 2017.

(C) For the year ended Sep. 30, 2017, the gain on business combination was $5,416 ($3,426 net of tax ($0.14 per diluted share)).

(D) For the quarters ended June 30, 2018 and Sep. 30, 2017, other impairment charges were $611 ($611 net of tax ($0.02 per diluted share)) and $2,916 ($1,885 net of tax ($0.08 per diluted share)), respectively. For the years ended Sep. 29, 2018 and Sep. 30, 2017, other impairment charges were $766 ($766 net of tax ($0.03 per diluted share)) and $2,916 ($1,885 net of tax ($0.08 per diluted share)), respectively.

(E) For the quarters ended Sep. 29, 2018, June 30, 2018 and Sep. 30, 2017, the impact of amortization of intangible expense was $14,401 ($10,220 net of tax ($0.42 per diluted share)), $15,209 ($10,859 net of tax ($0.44 per diluted share)) and $16,253 ($11,546 net of tax ($0.46 per diluted share)), respectively. For the years ended Sep. 29, 2018 and Sep. 30, 2017, the impact of amortization of intangible expense was $60,039 ($42,783 net of tax ($1.72 per diluted share)) and $60,556 ($42,715 net of tax ($1.72 per diluted share)), respectively.

(F) For the quarter ended Sep. 29, 2018 and June 30, 2018, the impact of costs related to acquisitions included $206 ($206 net of tax ($0.01 per diluted share)) and $129 ($129 net of tax ($0.01 per diluted share)), respectively. The years ended Sep. 29, 2018 and Sep. 30, 2017 included $735 ($735 net of tax ($0.03 per diluted share)) and $17,587 ($17,425 net of tax ($0.70 per diluted share)), respectively, of costs related to acquisitions.

(G) For the quarter ended June 30, 2018, the impact of inventory and favorable lease step-up costs related to acquisitions was $392 ($281 net of tax ($0.01 per diluted share)). For the years ended Sep. 29, 2018 and Sep. 30, 2017, the impact of inventory and favorable lease step-up costs related to acquisitions was $803 ($574 net of tax ($0.02 per diluted share)) and $26,768 ($19,042 net of tax ($0.77 per diluted share)), respectively.

(H) For the quarters ended Sep. 29, 2018, June 30, 2018 and Sep. 30, 2017, the impact of restructuring charges was $871 ($632 net of tax ($0.02 per diluted share)), $1,192 ($870 net of tax ($0.04 per diluted share)) and $3,201 ($2,273 net of tax ($0.09 per diluted share)), respectively. For the years ended Sep. 29, 2018 and Sep. 30, 2017, the impact of restructuring charges was $3,949 ($2,907 net of tax ($0.12 per diluted share)) and $12,320 ($8,382 net of tax ($0.34 per diluted share)), respectively.

(I) For the year ended Sep. 30, 2017, the gain on our hedge of the debt commitment and issuance of debt was $11,298 ($7,147 net of tax ($0.29 per diluted share)) and interest expense on the debt commitment was $2,665 ($1,844 net of tax ($0.07 per diluted share)).

(J) The quarter ended Sep. 29, 2018 included a $16,203 ($0.66 per diluted share) non-recurring tax net benefit due to adjustments calculated under the Tax Act transition tax and deferred tax remeasurement and a $3,367 ($0.14 per diluted share) tax charge due to an increase in valuation allowances against deferred tax assets. The year ended Sep. 29, 2018 included a $25,542 ($1.03 per diluted share) non-recurring tax expense due to the Tax Act transition tax and deferred tax remeasurement, a $3,367 ($0.14 per diluted share) tax charge due to an increase in valuation allowances against deferred tax assets and a $12,754 ($0.51 per diluted share) tax benefit from the adoption of new rules for accounting for excess tax benefits and tax deficiencies for employee stock-based compensation. The quarter and year ended Sep. 30, 2017 included a $1,358 ($0.05 per diluted share) non-recurring tax benefit from the closure of audits.

Summarized balance sheet information is as follows (unaudited, in thousands):

		Sep. 29, 2018		Sep. 30, 2017
ASSETS				
Current assets:				
Cash, cash equivalents, restricted cash and short-term investments	$	**311,473**	$	476,673
Accounts receivable, net		**355,208**		305,668
Inventories		**486,741**		414,807
Assets held-for-sale		—		44,248
Prepaid expenses and other assets		**85,080**		70,268
Total current assets		**1,238,502**		1,311,664
Property and equipment, net		**311,793**		278,850
Other assets		**709,674**		747,286
Total assets	$	**2,259,969**	$	2,337,800
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Short-term borrowings	$	**5,072**	$	5,078
Accounts payable		**70,292**		75,860
Other current liabilities		**297,474**		338,207
Total current liabilities		**372,838**		419,145
Other long-term liabilities		**572,667**		755,391
Total stockholders' equity		**1,314,464**		1,163,264
Total liabilities and stockholders' equity	$	**2,259,969**	$	2,337,800

Reconciliation of GAAP to Non-GAAP net income (unaudited, in thousands, (other than per share data), net of tax):

	Three Months Ended			Year Ended	
	Sep. 29, 2018	June 30, 2018	Sep. 30, 2017	**Sep. 29, 2018**	Sep. 30, 2017
GAAP net income from continuing operations	**$ 73,185**	$ 66,970	$ 72,887	**$ 247,360**	$ 208,644
Stock-based compensation expense	**7,414**	7,549	5,277	**27,665**	23,352
Amortization of intangible assets	**10,220**	10,859	11,546	**42,783**	42,715
Restructuring charges	**632**	870	2,273	**2,907**	8,382
Non-recurring tax expense (benefit)	**(12,836)**	—	(1,358)	**28,909**	(1,358)
Tax benefit from stock-based compensation expense	**—**	(4)	—	**(12,754)**	—
Other impairment charges	**—**	611	1,885	**766**	1,885
Acquisition-related costs	**206**	129	—	**735**	17,425
Interest expense on debt commitment	**—**	—	—	**—**	1,844
Gain on hedge of debt and debt commitment	**—**	—	—	**—**	(7,147)
Gain on business combination	**—**		—	**—**	(3,426)
Purchase accounting step-up	**—**	281	—	**574**	19,042
Non-GAAP net income	**$ 78,821**	$ 87,265	$ 92,510	**$ 338,945**	$ 311,358
Non-GAAP net income per diluted share	**$ 3.22**	$ 3.51	$ 3.72	**$ 13.64**	$ 12.57

RISKS AND UNCERTAINTIES

This press release contains forward-looking statements, as defined under the Federal securities laws. These forward-looking statements include the statements in this press release that relate to the Company’s belief in its rectification of execution problems; the Company’s expectations of a weak environment in China during fiscal 2019, in particular in the materials processing market; and the Company’s fiscal 2019 outlook, including its expectations for a year-on-year sales decline between 8-12%, the second half of fiscal 2019 being stronger than the first half, and expense reductions of $10-15 million partially offsetting gross profit impacts on lower sales. These forward-looking statements are not guarantees of future results and are subject to risks, uncertainties and assumptions that could cause our actual results to differ materially and adversely from those expressed in any forward-looking statement. The Company and its business, including the aforementioned forward-looking statements, are subject to risks and uncertainties, including, but not limited to, risks associated with growth in demand for our products, customer acceptance and adoption of our products, the worldwide demand for flat panel displays and adoption of OLED for mobile displays, the pricing and availability of OLED displays, the demand for and use of our products in commercial applications, our ability to generate sufficient cash to fund capital spending or debt repayment, our successful implementation of our customer design wins, our ability to successfully rectify execution issues on a going forward basis, our and our customers’ exposure to risks associated with worldwide economic conditions, our customers’ ability to cancel long-term purchase orders, the ability of our customers to forecast their own end markets, our ability to accurately forecast future periods, continued timely availability of products and materials from our suppliers, our ability to timely ship our products and our customers’ ability to accept such shipments, our ability to have our customers qualify our product offerings, worldwide government economic policies, including U.S. tariffs on Chinese manufactured goods, our ability to integrate the business of Rofin and other acquisitions successfully, manage our expanded operations and achieve anticipated synergies, and other risks identified in the Company’s SEC filings. Readers are encouraged to refer to the risk disclosures and critical accounting policies described in the Company’s reports on Forms 10-K, 10-Q and 8-K, including the risks identified in today's financial press release, as applicable and as filed from time-to-time by the Company.

Founded in 1966, Coherent, Inc. is one of the world's leading providers of lasers, laser-based technologies and laser-based system solutions in a broad range of scientific, commercial and industrial customers. Our common stock is listed on the Nasdaq Global Select Market and is part of the Russell 1000 and Standard & Poor's MidCap 400 Index. For more information about Coherent, visit the company's website at www.coherent.com/ for product and financial updates.

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