



COHERENT - THE LEADER IN PHOTONICS

11/7/2017

FORWARD-LOOKING STATEMENTS & NON-GAAP MEASUREMENT

Forward-Looking Statements

The statements in this presentation that relate to guidance, projections, future plans, business opportunities, estimates, events or performance are forward-looking statements that involve risks and uncertainties, including risks associated with business and economic conditions, customer and/or supplier contract cancellations, manufacturing risks, competitive factors, successful introductions of new products, uncertainties pertaining to customer orders, demand for products and services, growth and development of markets for the Company's products and services, and other risks identified in our filings made with the Securities and Exchange Commission, including, most recently, our Form 10-K for the year ended October 1, 2016. Actual results, events and performance may differ materially. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to release publicly the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Readers are encouraged to refer to the risk disclosures described in the Company's Form 10-K for the fiscal year ended October 1, 2016, our most recent Form 10-Q and subsequent reports and 8-K's, as applicable.

Non-GAAP Measurement

The Company's statements regarding its historical pro forma gross margin, operating margin and pro forma EPS results are non-GAAP financial measures. Historical pro forma gross margin, operating margin and pro forma EPS exclude those items set forth on the applicable slide and you should refer to those slides and the reconciliation for further information.

The Company neither updates nor confirms any guidance regarding the future operating results of the Company which may have been given prior to this presentation.

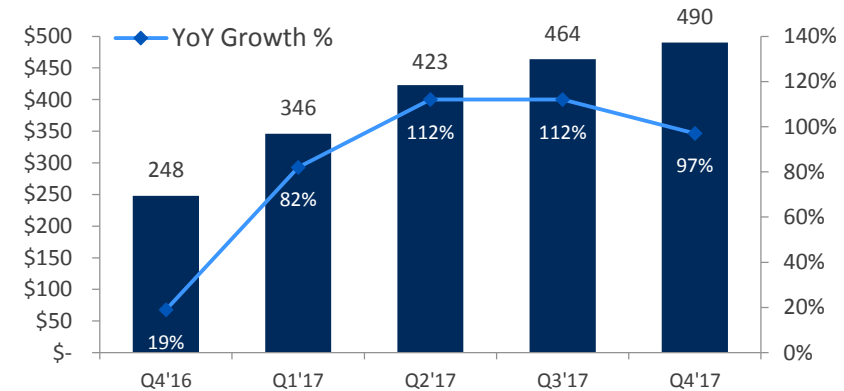
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COHERENT - THE PHOTONICS COMPANY

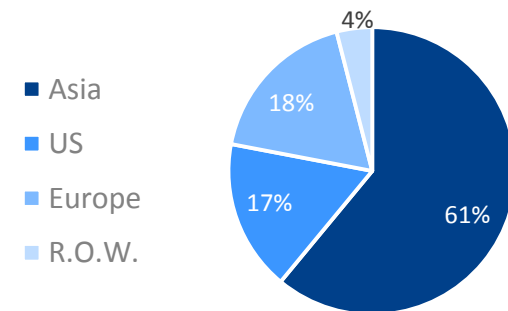
Key Company Facts

- Industry leading provider of photonic solutions
- Founded in 1966
- LTM Sales \$1,723M
 - Significant revenue growth momentum
 - Sales 17% U.S. and 83% International
- Strong cash flow, balance sheet
- ~5,200 Employees

Growth Momentum - Revenue (\$M)



Sales by Geo – LTM



Note: Photonics is the Merger of Lasers, Optics and Electronics
Source: Company management as of 08/01/2017

DIVERSIFIED MARKETS AND APPLICATIONS

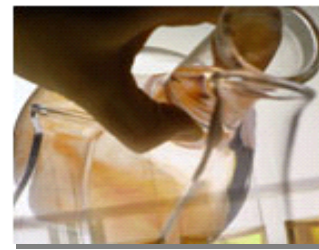
End Markets



Microelectronics



Materials Processing



OEM Components & Instrumentation



Scientific Research & Government Programs

Primary Application Focus	FPD, API, Semi	Marking, Engraving, Cutting and Welding	Diagnostic & Therapeutic Medical, Defense and Display	Ultrafast
Growth vs Market				
SAM Position	1	2-3	1	1
Competitors	Lumentum, MKSI, Trumpf	IPGP, Trumpf	Lumentum, MKSI, Private Companies	MKSI, Novanta, Private Companies
Growth Opportunities	OLED, Smartphones, Tablets, Strengthened Glass Cutting	High Power Materials Processing	Laser Eye Care Dental	Attosecond Physics

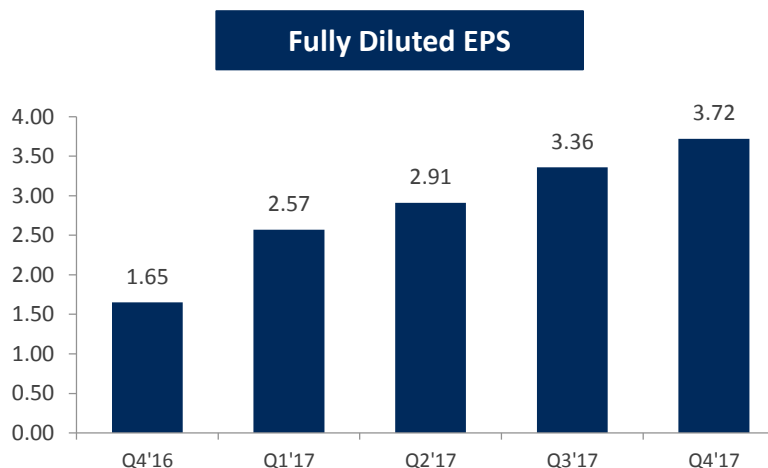
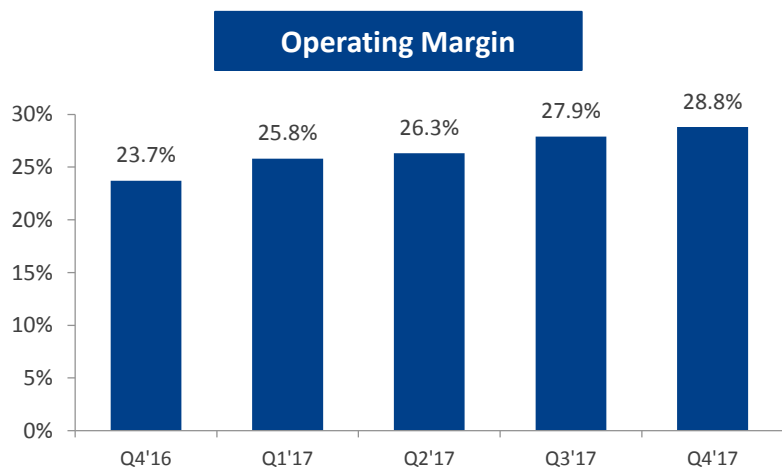
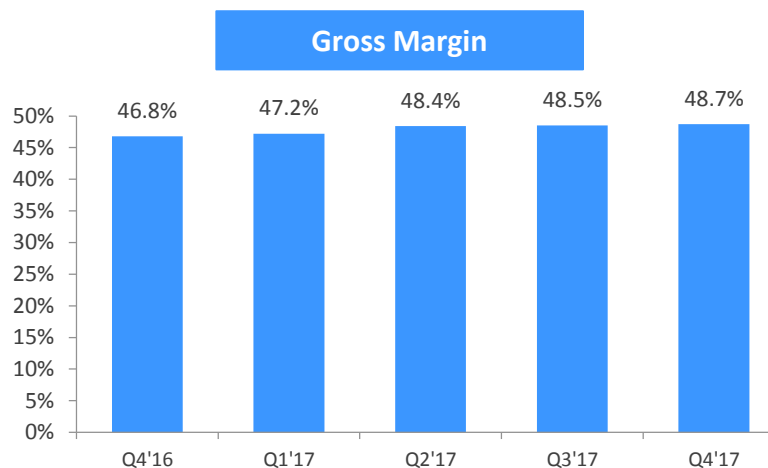
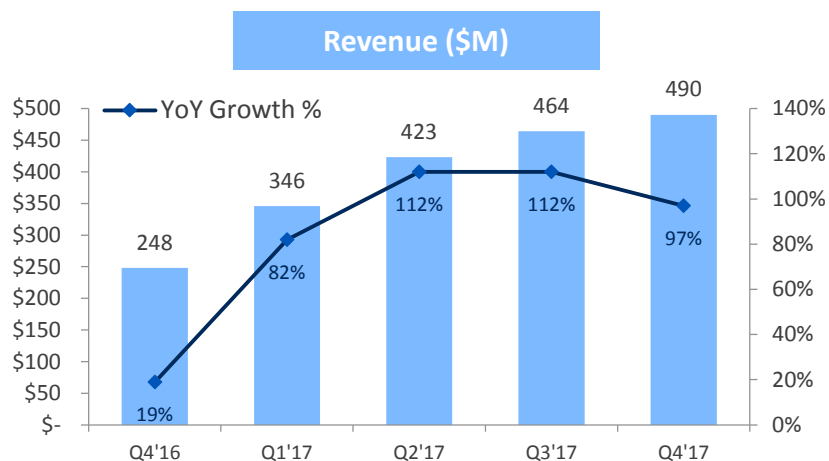
REVENUE BY MARKET SEGMENT

	<u>Q4 16</u>	<u>Q3 17</u>	<u>Q4 17</u>		<u>Q4 17 vs Q3 17</u>		<u>Q4 17 vs Q4 16</u>	
Microelectronics	144,205	241,842	265,745	54.2%	23,903	9.9%	121,540	84.3%
Material Processing	36,447	142,614	147,121	30.0%	4,507	3.2%	110,674	303.7%
OEM Comp & Inst	42,548	50,061	51,432	10.5%	1,371	2.7%	8,884	20.9%
Scientific & Government	25,261	29,590	26,000	5.3%	(3,590)	-12.1%	739	2.9%
TOTAL	248,461	464,107	490,298	100.0%	26,191	5.6%	241,837	97.3%

GROWTH CATALYSTS

- Microelectronics
 - OLED adoption in handsets, mobile computing, automotive, TVs, general signage
 - Smaller geometries in silicon
- Materials Processing
 - Continued laser adoption for Industrial applications
- OEM Instrumentation
 - Eye care; vision correction, cataracts for aging population
 - Dental: laser advantages vs mechanical devices
 - Aesthetic and Dermatology, Cytometry, Gene Sequencing
- Scientific Research
 - GDP +/- type of growth

FINANCIAL PERFORMANCE (NON-GAAP)



Note: Gross Margin, Operating Margin and EPS exclude stock related compensation charges, intangibles amortization and exceptional items such as acquisition expenses, restructuring costs, impairments and the related tax effects.

FINANCIAL STRENGTH

In Millions (\$)	Sept 30, '17	Oct 1, '16
<i>Domestic</i>	175.6	69.0
<i>Offshore</i>	300.0	331.0
Total cash, cash equivalents & mkt securities	475.6	400.0

Total assets	2,337.8	1,161.1
Stockholders Equity	1,163.3	910.8
Debt*	594.1	20.0

EBITDA**	154.4	66.3
Free cash flow***	81.4	29.7

* Including short-term and long-term debt

** EBITDA is defined as net income before income tax expense, depreciation and amortization expense, interest income (expense) adjusted for stock compensation costs and acquisition and restructuring expenses. EBITDA is the noted quarter value.

***Free cash flow is defined as net cash provided (used) by operating activities less capital expenditures. FCF is the noted quarter value.

APPENDIX

RECONCILIATION TO GAAP AND NON-GAP FINANCIALS

	QTR to Date	
	Q4'17	Q4'16
GAAP net income from continuing operations	\$72,887	\$30,785
GAAP net income from continuing operations per diluted share	\$2.93	\$1.25
Stock compensation	5,277	3,890
Intangibles amortization	11,546	1,554
Restructuring charges	2,273	-
Impairment on net assets held for sale	1,885	-
Tax adjustments	(1,358)	-
Pro forma Rofin acquisition costs	-	2,077
Purchase accounting step-up amortization	-	-
Interest on debt commitment	-	754
Loss on hedge of debt commitment	-	1,413
Non-GAAP net income from continuing operations	\$92,510	\$40,473
Non-GAAP net income from continuing operations per diluted share	\$3.72	\$1.65

	QTR to Date	
	Q4'17	Q4'16
Net Income from continuing operations as % of revenue	14.9%	12.4%
Income tax expense (benefit)	5.8%	5.5%
Interest and other income (expense) net	2.3%	1.8%
Depreciation and amortization	5.8%	3.5%
Restructuring charges	0.6%	0.0%
Purchase accounting step-up	0.0%	0.0%
Impairment of investment	0.6%	0.0%
Acquisition related costs	0.0%	1.3%
Stock based compensation	1.5%	2.2%
Pro Forma EBITDA % of revenue	31.5%	26.7%