

Coherent, Inc.
Consolidated Statement of Operations - GAAP

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

	Three Months Ended												Fiscal Year Ended		
	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	July 4, 2015	April 4, 2015	December 27, 2014	September 30, 2017	October 1, 2016	October 3, 2015
Net sales	\$ 490,298	\$ 464,107	\$ 422,833	\$ 346,073	\$ 248,461	\$ 218,767	\$ 199,882	\$ 190,275	\$ 209,622	\$ 188,502	\$ 203,721	\$ 200,615	\$ 1,723,311	\$ 857,385	\$ 802,460
Cost of sales	268,244	256,921	243,318	204,559	134,125	124,208	111,283	106,377	118,628	109,720	120,417	118,296	973,042	475,993	467,061
Gross profit	222,054	207,186	179,515	141,514	114,336	94,559	88,599	83,898	90,994	78,782	83,304	82,319	750,269	381,392	335,399
Operating expenses:															
Research and development	31,063	30,483	30,536	27,084	20,265	21,441	20,955	19,140	19,988	21,270	21,024	19,173	119,166	81,801	81,455
Selling, general & administrative	73,482	72,383	72,451	73,768	45,168	46,256	40,940	36,774	36,052	36,154	39,482	38,141	292,084	169,138	149,829
Impairment of assets held for sale	2,916	-	-	-	-	-	-	-	-	-	-	-	2,916	-	-
Impairment of investment	-	-	-	-	-	-	-	-	-	2,017	-	-	-	-	2,017
Gain on business combination	-	-	-	(5,416)	-	-	-	-	-	(1,316)	-	-	(5,416)	-	(1,316)
Intangibles amortization	2,964	3,743	5,439	3,878	864	574	700	701	658	647	666	696	16,024	2,839	2,667
Total operating expenses	110,425	106,609	108,426	99,314	66,297	68,271	62,595	56,615	55,382	60,088	61,172	58,010	424,774	253,778	234,652
Income from operations	111,629	100,577	71,089	42,200	48,039	26,288	26,004	27,283	35,612	18,694	22,132	24,309	325,495	127,614	100,747
Other income (expense) net	(10,415)	(7,942)	(10,255)	5,172	(3,568)	852	(1,780)	(222)	(1,876)	(608)	1,990	(685)	(23,440)	(4,718)	(1,179)
Income from continuing operations before income taxes	101,214	92,635	60,834	47,372	44,471	27,140	24,224	27,061	33,736	18,086	24,122	23,624	302,055	122,896	99,568
Provision for income taxes	28,327	29,764	18,646	16,674	13,686	8,490	6,443	6,775	6,434	4,822	5,709	6,194	93,411	35,394	23,159
Net income from continuing operations	\$ 72,887	\$ 62,871	\$ 42,188	\$ 30,698	\$ 30,785	\$ 18,650	\$ 17,781	\$ 20,286	\$ 27,302	\$ 13,264	\$ 18,413	\$ 17,430	\$ 208,644	\$ 87,502	\$ 76,409
Gain (loss) before income taxes - discontinued operations	808	(1,454)	(571)	(362)	-	-	-	-	-	-	-	-	(1,579)	-	-
Benefit (expense) for income taxes - discontinued operations	57	(300)	228	72	-	-	-	-	-	-	-	-	57	-	-
Net loss from discontinued operations	865	(1,754)	(343)	(290)	-	-	-	-	-	-	-	-	(1,522)	-	-
Net income	\$ 73,752	\$ 61,117	\$ 41,845	\$ 30,408	\$ 30,785	\$ 18,650	\$ 17,781	\$ 20,286	\$ 27,302	\$ 13,264	\$ 18,413	\$ 17,430	\$ 207,122	\$ 87,502	\$ 76,409
Net income per share - continuing operations:															
Basic	\$ 2.97	\$ 2.56	\$ 1.72	\$ 1.26	\$ 1.27	\$ 0.77	\$ 0.74	\$ 0.85	\$ 1.11	\$ 0.54	\$ 0.75	\$ 0.70	\$ 8.52	\$ 3.62	\$ 3.09
Diluted	\$ 2.93	\$ 2.53	\$ 1.70	\$ 1.25	\$ 1.25	\$ 0.76	\$ 0.73	\$ 0.84	\$ 1.10	\$ 0.53	\$ 0.74	\$ 0.69	\$ 8.42	\$ 3.58	\$ 3.06
Shares used in computation:															
Basic	24,568	24,537	24,496	24,347	24,244	24,192	24,137	23,996	24,632	24,737	24,709	24,936	24,487	24,142	24,754
Diluted	24,883	24,823	24,757	24,644	24,582	24,467	24,362	24,236	24,914	24,972	24,891	25,197	24,777	24,415	24,992
As percentages of net sales:															
Gross profit	45.3%	44.6%	42.5%	40.9%	46.0%	43.2%	44.3%	44.1%	43.4%	41.8%	40.9%	41.0%	43.5%	44.5%	41.8%
Research and development	6.3%	6.6%	7.2%	7.8%	8.2%	9.8%	10.5%	10.1%	9.5%	11.3%	10.3%	9.6%	6.9%	9.5%	10.2%
Selling, general and administrative	15.0%	15.6%	17.1%	21.3%	18.2%	21.1%	20.5%	19.3%	17.2%	19.2%	19.4%	19.0%	16.9%	19.7%	18.7%
Operating income	22.8%	21.7%	16.8%	12.2%	19.3%	12.0%	13.0%	14.3%	17.0%	9.9%	10.9%	12.1%	18.9%	14.9%	12.6%
Income from continuing operations before income taxes	20.6%	20.0%	14.4%	13.7%	17.9%	12.4%	12.1%	14.2%	16.1%	9.6%	11.8%	11.8%	17.5%	14.3%	12.4%

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

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

	Three Months Ended												Fiscal Year Ended		
	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	July 4, 2015	April 4, 2015	December 27, 2014	September 30, 2017	October 1, 2016	October 3, 2015
Net sales	\$ 490,298	\$ 464,107	\$ 422,833	\$ 346,073	\$ 248,461	\$ 218,767	\$ 199,882	\$ 190,275	\$ 209,622	\$ 188,502	\$ 203,721	\$ 200,615	\$ 1,723,311	\$ 857,385	\$ 802,460
Cost of sales	251,541	239,208	218,056	182,723	132,058	122,073	109,312	104,381	116,046	106,428	118,371	116,215	891,528	467,824	457,060
Gross profit	238,757	224,899	204,777	163,350	116,403	96,694	90,570	85,894	93,576	82,074	85,350	84,400	831,783	389,561	345,400
Operating expenses:															
Research and development	29,990	29,681	30,101	24,313	19,643	20,831	20,345	18,714	19,457	20,741	20,468	18,843	114,085	79,533	79,509
Selling, general & administrative	67,573	65,926	63,632	49,916	37,959	38,804	33,173	34,060	32,681	32,782	35,932	34,678	247,047	143,996	136,073
Impairment of assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on business combination	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangibles amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating expenses	97,563	95,607	93,733	74,229	57,602	59,635	53,518	52,774	52,138	53,523	56,400	53,521	361,132	223,529	215,582
Income from operations	141,194	129,292	111,044	89,121	58,801	37,059	37,052	33,120	41,438	28,551	28,950	30,879	470,651	166,032	129,818
Other income (expense) net	(10,415)	(7,942)	(10,255)	(3,461)	(245)	852	(1,780)	(222)	(1,876)	(608)	1,990	(685)	(32,073)	(1,395)	(1,179)
Income before income taxes	130,779	121,350	100,789	85,660	58,556	37,911	35,272	32,898	39,562	27,943	30,940	30,194	438,578	164,637	128,639
Provision for income taxes	38,269	37,996	28,717	22,238	18,083	11,748	9,929	8,991	8,314	7,391	7,508	8,315	127,220	48,751	31,528
Non-GAAP net income	\$ 92,510	\$ 83,354	\$ 72,072	\$ 63,422	\$ 40,473	\$ 26,163	\$ 25,343	\$ 23,907	\$ 31,248	\$ 20,552	\$ 23,432	\$ 21,879	\$ 311,358	\$ 115,886	\$ 97,111
Non-GAAP net income per share:															
Diluted	\$ 3.72	\$ 3.36	\$ 2.91	\$ 2.57	\$ 1.65	\$ 1.07	\$ 1.04	\$ 0.99	\$ 1.25	\$ 0.82	\$ 0.94	\$ 0.87	\$ 12.57	\$ 4.75	\$ 3.89
Shares used in computation:															
Diluted	24,883	24,823	24,757	24,644	24,582	24,467	24,362	24,236	24,914	24,972	24,891	25,197	24,777	24,415	24,992
As percentages of net sales:															
Gross profit	48.7%	48.5%	48.4%	47.2%	46.8%	44.2%	45.3%	45.1%	44.6%	43.5%	41.9%	42.1%	48.3%	45.4%	43.0%
Research and development	6.1%	6.4%	7.1%	7.0%	7.9%	9.5%	10.2%	9.8%	9.3%	11.0%	10.0%	9.4%	6.6%	9.3%	9.9%
Selling, general and administrative	13.8%	14.2%	15.0%	14.4%	15.3%	17.7%	16.6%	17.9%	15.6%	17.4%	17.6%	17.3%	14.3%	16.8%	17.0%
Operating income	28.8%	27.9%	26.3%	25.8%	23.7%	16.9%	18.5%	17.4%	19.8%	15.1%	14.2%	15.4%	27.3%	19.4%	16.2%
Income before income taxes	26.7%	26.1%	23.8%	24.8%	23.6%	17.3%	17.6%	17.3%	18.9%	14.8%	15.2%	15.1%	25.4%	19.2%	16.0%

Coherent, Inc.
Supplemental Non-GAAP Financial Measures Reconciliation

(In thousands except per share data, unaudited)

	Three Months Ended												Fiscal Year Ended		
	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	July 4, 2015	April 4, 2015	December 27, 2014	September 30, 2017	October 1, 2016	October 3, 2015
GAAP net income from continuing operations	\$ 72,887	\$ 62,871	\$ 42,188	\$ 30,698	\$ 30,785	\$ 18,650	\$ 17,781	\$ 20,286	\$ 27,302	\$ 13,264	\$ 18,413	\$ 17,430	\$ 208,644	\$ 87,502	\$ 76,409
Intangibles amortization	11,546	10,870	12,573	7,726	1,554	1,400	1,422	1,448	1,643	1,432	1,540	1,607	42,715	5,824	6,222
Purchase accounting step up	-	3,172	9,401	6,469	-	-	-	-	366	-	-	-	19,042	-	366
Stock-based compensation	5,277	5,041	4,868	8,166	3,890	4,101	3,876	3,394	3,253	3,293	3,479	3,960	23,352	15,261	13,985
Non-recurring tax expense (release) items	(1,358)	-	-	-	-	-	-	(1,221)	-	-	-	(1,118)	(1,358)	(1,221)	(1,118)
Impairment of assets held for sale	1,885	-	-	-	-	-	-	-	-	-	-	-	1,885	-	-
Impairment of investment	-	-	-	-	-	-	-	-	-	1,274	-	-	-	-	1,274
Customs tax audit	-	-	-	-	-	-	-	-	-	1,289	-	-	-	-	1,289
Gain on business combination	-	-	-	(3,426)	-	-	-	-	(1,316)	-	-	-	(3,426)	-	(1,316)
Acquisition costs related to Rofin-Sinar	-	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	2,273	1,131	378	4,600	-	-	-	-	-	-	-	-	8,382	-	-
Non-GAAP net income	\$ 92,510	\$ 83,354	\$ 72,072	\$ 63,422	\$ 40,473	\$ 26,163	\$ 25,343	\$ 23,907	\$ 31,248	\$ 20,552	\$ 23,432	\$ 21,879	\$ 311,358	\$ 115,886	\$ 97,111
Net income per diluted share:															
GAAP Net income from continuing operations per diluted share	\$ 2.93	\$ 2.53	\$ 1.70	\$ 1.25	\$ 1.25	\$ 0.76	\$ 0.73	\$ 0.84	\$ 1.10	\$ 0.53	\$ 0.74	\$ 0.69	\$ 8.42	\$ 3.58	\$ 3.06
Total non-GAAP adjustments	0.79	0.83	1.21	1.33	0.39	0.31	0.31	0.15	0.16	0.29	0.20	0.18	4.15	1.16	0.83
Non-GAAP net income per diluted share	\$ 3.72	\$ 3.36	\$ 2.91	\$ 2.57	\$ 1.65	\$ 1.07	\$ 1.04	\$ 0.99	\$ 1.25	\$ 0.82	\$ 0.94	\$ 0.87	\$ 12.57	\$ 4.75	\$ 3.89
Sum of non-GAAP adjustments	19,623	20,483	29,884	32,724	9,688	7,513	7,562	3,621	3,946	7,288	5,019	4,449	102,714	28,384	20,702
Diluted shares	24,883	24,823	24,757	24,644	24,582	24,467	24,362	24,236	24,914	24,972	24,891	25,197	24,777	24,415	24,992

Coherent, Inc.
Summary Consolidated Balance Sheets

(In thousands, unaudited)

	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*	July 4, 2015	April 4, 2015	December 27, 2014	September 27, 2014
Current assets:													
Cash, cash equivalents and short-term investments	\$ 475,576	\$ 472,427	\$ 433,105	\$ 360,342	\$ 399,953	\$ 373,612	\$ 361,058	\$ 336,174	\$ 325,515	\$ 336,766	\$ 344,434	\$ 322,951	\$ 318,275
Accounts receivable, net	305,668	277,853	252,542	241,112	165,715	150,184	150,409	144,595	142,260	144,688	124,227	130,461	137,324
Inventories	414,807	402,849	388,242	386,013	212,898	200,171	179,067	158,006	156,614	157,778	153,659	161,993	170,483
Prepaid expenses and other assets	115,613	108,443	141,049	134,697	37,073	36,349	34,602	32,733	28,294	71,707	62,370	57,786	54,973
Total current assets	1,311,664	1,261,572	1,214,938	1,122,164	815,639	760,316	725,136	671,508	652,683	710,939	684,690	673,191	681,055
Property, plant and equipment, net	278,850	268,622	256,024	251,090	127,443	111,738	108,575	99,732	102,445	98,996	100,903	103,978	107,424
Other assets	747,286	748,235	704,378	716,317	218,066	210,256	214,832	214,116	213,819	187,157	189,400	200,838	210,896
Total assets	\$ 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	\$ 997,092	\$ 974,993	\$ 978,007	\$ 999,375
Current liabilities:													
Short term borrowings	\$ 5,078	\$ 5,485	\$ 5,161	\$ 7,183	\$ 20,000	\$ 20,000	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	75,860	72,755	73,512	66,439	45,182	44,182	43,458	28,858	33,379	32,196	31,949	27,040	32,784
Other current liabilities	338,207	301,069	291,613	239,472	136,312	102,197	101,353	89,776	89,211	97,587	100,195	89,118	84,535
Total current liabilities	419,145	379,309	370,286	313,094	201,494	166,379	149,811	123,634	122,590	129,783	132,144	116,158	117,319
Long-term obligations	589,001	652,700	660,105	677,323	-	-	-	-	-	-	-	-	-
Other long-term liabilities	166,390	178,378	168,686	172,173	48,826	44,985	49,183	51,483	49,939	53,345	52,364	54,223	62,407
Total stockholders' equity	1,163,264	1,068,042	976,263	926,981	910,828	870,946	849,549	810,239	796,418	813,964	790,485	807,626	819,649
Total liabilities and stockholders' equity	\$ 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	\$ 997,092	\$ 974,993	\$ 978,007	\$ 999,375

* 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		
	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	July 4, 2015	April 4, 2015	December 27, 2014	September 30, 2017	October 1, 2016	October 3, 2015
Revenue by market															
Microelectronics	\$ 265,745	\$ 241,842	\$ 210,882	\$ 175,774	\$ 144,205	\$ 116,473	\$ 97,724	\$ 96,506	\$ 112,093	\$ 93,014	\$ 101,769	\$ 99,311	\$ 894,243	\$ 454,908	\$ 406,187
OEM Components & Instrumentation	51,432	50,061	55,017	46,572	42,548	37,892	41,800	39,333	43,271	40,189	43,992	41,289	203,082	161,573	168,741
Materials Processing	147,121	142,614	127,531	94,643	36,447	36,506	28,024	23,034	25,473	27,403	29,352	28,758	511,909	124,011	110,986
Scientific and Government	26,000	29,590	29,403	29,084	25,261	27,896	32,334	31,402	28,785	27,896	28,608	31,257	114,077	116,893	116,546
	\$ 490,298	\$ 464,107	\$ 422,833	\$ 346,073	\$ 248,461	\$ 218,767	\$ 199,882	\$ 190,275	\$ 209,622	\$ 188,502	\$ 203,721	\$ 200,615	\$ 1,723,311	\$ 857,385	\$ 802,460
Revenue by geography															
United States	\$ 73,027	\$ 76,824	\$ 80,969	\$ 66,881	\$ 50,753	\$ 49,944	\$ 53,280	\$ 50,986	\$ 53,551	\$ 52,379	\$ 53,406	\$ 54,147	\$ 297,701	\$ 204,963	\$ 213,483
Europe	85,985	83,375	78,137	60,500	29,967	32,439	32,648	31,724	31,765	30,093	32,703	33,940	307,997	126,778	128,501
Asia Pacific	314,732	285,216	247,725	205,710	157,636	124,091	101,784	97,229	113,594	95,003	106,732	101,518	1,053,383	480,740	416,847
Other	16,554	18,692	16,002	12,982	10,105	12,293	12,170	10,336	10,712	11,027	10,880	11,010	64,230	44,904	43,629
	\$ 490,298	\$ 464,107	\$ 422,833	\$ 346,073	\$ 248,461	\$ 218,767	\$ 199,882	\$ 190,275	\$ 209,622	\$ 188,502	\$ 203,721	\$ 200,615	\$ 1,723,311	\$ 857,385	\$ 802,460

Coherent, Inc.
Adjusted EBITDA \$ and %

(In thousands except percentages, unaudited)

	Three Months Ended												Fiscal Year Ended		
	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	July 4, 2015	April 4, 2015	December 27, 2014	September 30, 2017	October 1, 2016	October 3, 2015
Income from operations	\$ 111,629	\$ 100,577	\$ 71,089	\$ 42,200	\$ 48,039	\$ 26,288	\$ 26,004	\$ 27,283	\$ 35,612	\$ 18,694	\$ 22,132	\$ 24,309	\$ 325,495	\$ 127,614	\$ 100,747
Intangibles amortization	16,253	15,452	16,763	12,088	2,249	2,032	2,077	2,092	2,068	1,960	2,036	2,180	60,556	8,450	8,244
Depreciation	12,319	11,618	10,963	8,995	6,495	6,527	6,498	6,385	6,362	6,017	6,226	6,210	43,895	25,905	24,815
Stock-based compensation	7,195	6,892	6,683	9,655	5,336	5,689	5,387	3,745	4,495	4,565	4,782	4,390	30,425	20,157	18,232
Gains (losses) on deferred compensation plan assets	883	1,204	1,812	10	1,007	1,867	(1,819)	932	(1,467)	200	724	449	3,909	1,987	(94)
Purchase accounting step up	-	4,445	13,019	9,304	-	-	-	-	579	-	-	-	26,768	-	579
Impairment of assets held for sale	2,916	-	-	-	-	-	-	-	-	-	-	-	2,916	-	-
Impairment of investment	-	-	-	-	-	-	-	-	-	2,017	-	-	-	-	2,017
Customs tax audit	-	-	-	-	-	-	-	-	-	1,315	-	-	-	-	1,315
Gain on business combination	-	-	-	(5,416)	-	-	-	-	(1,316)	-	-	-	(5,416)	-	(1,316)
Restructuring costs	3,201	1,500	557	7,062	-	-	-	-	-	-	-	-	12,320	-	-
Acquisition costs related to Rofin-Sinar	-	426	2,933	14,228	3,177	3,050	3,584	-	-	-	-	-	17,587	9,811	-
Adjusted EBITDA	\$ 154,396	\$ 142,114	\$ 123,819	\$ 98,126	\$ 66,303	\$ 45,453	\$ 41,731	\$ 40,437	\$ 46,333	\$ 34,768	\$ 35,900	\$ 37,538	\$ 518,455	\$ 193,924	\$ 154,539
Net sales	\$ 490,298	\$ 464,107	\$ 422,833	\$ 346,073	\$ 248,461	\$ 218,767	\$ 199,882	\$ 190,275	\$ 209,622	\$ 188,502	\$ 203,721	\$ 200,615	\$ 1,723,311	\$ 857,385	\$ 802,460
Adjusted EBITDA as a percentage of Net Sales	31.5%	30.6%	29.3%	28.4%	26.7%	20.8%	20.9%	21.3%	22.1%	18.4%	17.6%	18.7%	30.1%	22.6%	19.3%