

Coherent, Inc.
Consolidated Statement of Operations - GAAP

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

	Three Months Ended												Fiscal Year Ended		
	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	June 28, 2014	March 29, 2014	December 28, 2013	October 1, 2016	October 3, 2015	September 27, 2014
Net sales	\$ 248,461	\$ 218,767	\$ 199,882	\$ 190,275	\$ 209,622	\$ 188,502	\$ 203,721	\$ 200,615	\$ 205,344	\$ 196,517	\$ 199,222	\$ 193,556	\$ 857,385	\$ 802,460	\$ 794,639
Cost of sales	134,125	124,208	111,283	106,377	118,628	109,720	120,417	118,296	124,426	122,256	118,557	116,010	475,993	467,061	481,249
Gross profit	114,336	94,559	88,599	83,898	90,994	78,782	83,304	82,319	80,918	74,261	80,665	77,546	381,392	335,399	313,390
Operating expenses:															
Research and development	20,265	21,441	20,955	19,140	19,988	21,270	21,024	19,173	18,674	19,046	20,413	20,937	81,801	81,455	79,070
Selling, general & administrative	45,168	46,256	40,940	36,774	36,052	36,154	39,482	38,141	37,617	37,226	39,296	39,891	169,138	149,829	154,030
Impairment of investment	-	-	-	-	-	2,017	-	-	-	-	-	-	-	2,017	-
Gain on business combination	-	-	-	-	(1,316)	-	-	-	-	-	-	-	-	(1,316)	-
Intangibles amortization	864	574	700	701	658	647	666	696	733	841	916	934	2,839	2,667	3,424
Total operating expenses	66,297	68,271	62,595	56,615	55,382	60,088	61,172	58,010	57,024	57,113	60,625	61,762	253,778	234,652	236,524
Income from operations	48,039	26,288	26,004	27,283	35,612	18,694	22,132	24,309	23,894	17,148	20,040	15,784	127,614	100,747	76,866
Other income (expense) net	(3,568)	852	(1,780)	(222)	(1,876)	(608)	1,990	(685)	1,756	(223)	1,040	(220)	(4,718)	(1,179)	2,353
Income before income taxes	44,471	27,140	24,224	27,061	33,736	18,086	24,122	23,624	25,650	16,925	21,080	15,564	122,896	99,568	79,219
Provision for income taxes	13,686	8,490	6,443	6,775	6,434	4,822	5,709	6,194	6,553	3,926	5,773	3,861	35,394	23,159	20,113
Net income	\$ 30,785	\$ 18,650	\$ 17,781	\$ 20,286	\$ 27,302	\$ 13,264	\$ 18,413	\$ 17,430	\$ 19,097	\$ 12,999	\$ 15,307	\$ 11,703	\$ 87,502	\$ 76,409	\$ 59,106
Net income per share:															
Basic	\$ 1.27	\$ 0.77	\$ 0.74	\$ 0.85	\$ 1.11	\$ 0.54	\$ 0.75	\$ 0.70	\$ 0.77	\$ 0.52	\$ 0.62	\$ 0.48	\$ 3.62	\$ 3.09	\$ 2.39
Diluted	\$ 1.25	\$ 0.76	\$ 0.73	\$ 0.84	\$ 1.10	\$ 0.53	\$ 0.74	\$ 0.69	\$ 0.76	\$ 0.52	\$ 0.61	\$ 0.47	\$ 3.58	\$ 3.06	\$ 2.36
Shares used in computation:															
Basic	24,244	24,192	24,137	23,996	24,632	24,737	24,709	24,936	24,880	24,837	24,782	24,542	24,142	24,754	24,760
Diluted	24,582	24,467	24,362	24,236	24,914	24,972	24,891	25,197	25,230	25,115	25,044	24,915	24,415	24,992	25,076
As percentages of net sales:															
Gross profit	46.0%	43.2%	44.3%	44.1%	43.4%	41.8%	40.9%	41.0%	39.4%	37.8%	40.5%	40.1%	44.5%	41.8%	39.4%
Research and development	8.2%	9.8%	10.5%	10.1%	9.5%	11.3%	10.3%	9.6%	9.1%	9.7%	10.2%	10.8%	9.5%	10.2%	10.0%
Selling, general and administrative	18.2%	21.1%	20.5%	19.3%	17.2%	19.2%	19.4%	19.0%	18.3%	18.9%	19.7%	20.6%	19.7%	18.7%	19.4%
Operating income	19.3%	12.0%	13.0%	14.3%	17.0%	9.9%	10.9%	12.1%	11.6%	8.7%	10.1%	8.2%	14.9%	12.6%	9.7%
Income before income taxes	17.9%	12.4%	12.1%	14.2%	16.1%	9.6%	11.8%	11.8%	12.5%	8.6%	10.6%	8.0%	14.3%	12.4%	10.0%

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

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

	Three Months Ended												Fiscal Year Ended		
	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	June 28, 2014	March 29, 2014	December 28, 2013	October 1, 2016	October 3, 2015	September 27, 2014
Net sales	\$ 248,461	\$ 218,767	\$ 199,882	\$ 190,275	\$ 209,622	\$ 188,502	\$ 203,721	\$ 200,615	\$ 205,344	\$ 196,517	\$ 199,222	\$ 193,556	\$ 857,385	\$ 802,460	\$ 794,639
Cost of sales	132,058	122,073	109,312	104,381	116,046	106,428	118,371	116,215	122,251	120,084	116,391	113,961	467,824	457,060	472,687
Gross profit	116,403	96,694	90,570	85,894	93,576	82,074	85,350	84,400	83,093	76,433	82,831	79,595	389,561	345,400	321,952
Operating expenses:															
Research and development	19,643	20,831	20,345	18,714	19,457	20,741	20,468	18,843	18,167	18,542	19,913	20,415	79,533	79,509	77,037
Selling, general & administrative	37,959	38,804	33,173	34,060	32,681	32,782	35,932	34,678	34,030	33,674	35,772	36,083	143,996	136,073	139,559
Impairment of investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on business combination	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangibles amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating expenses	57,602	59,635	53,518	52,774	52,138	53,523	56,400	53,521	52,197	52,216	55,685	56,498	223,529	215,582	216,596
Income from operations	58,801	37,059	37,052	33,120	41,438	28,551	28,950	30,879	30,896	24,217	27,146	23,097	166,032	129,818	105,356
Other income (expense) net	(245)	852	(1,780)	(222)	(1,876)	(608)	1,990	(685)	1,756	(223)	1,040	(220)	(1,395)	(1,179)	2,353
Income before income taxes	58,556	37,911	35,272	32,898	39,562	27,943	30,940	30,194	32,652	23,994	28,186	22,877	164,637	128,639	107,709
Provision for income taxes	18,083	11,748	9,929	8,991	8,314	7,391	7,508	8,315	8,460	5,766	7,770	5,822	48,751	31,528	27,818
Non-GAAP net income	\$ 40,473	\$ 26,163	\$ 25,343	\$ 23,907	\$ 31,248	\$ 20,552	\$ 23,432	\$ 21,879	\$ 24,192	\$ 18,228	\$ 20,416	\$ 17,055	\$ 115,886	\$ 97,111	\$ 79,891
Non-GAAP net income per share:															
Diluted	\$ 1.65	\$ 1.07	\$ 1.04	\$ 0.99	\$ 1.25	\$ 0.82	\$ 0.94	\$ 0.87	\$ 0.96	\$ 0.73	\$ 0.82	\$ 0.68	\$ 4.75	\$ 3.89	\$ 3.18
Shares used in computation:															
Diluted	24,582	24,467	24,362	24,236	24,914	24,972	24,891	25,197	25,230	25,115	25,044	24,915	24,415	24,992	25,076
As percentages of net sales:															
Gross profit	46.8%	44.2%	45.3%	45.1%	44.6%	43.5%	41.9%	42.1%	40.5%	38.9%	41.6%	41.1%	45.4%	43.0%	40.5%
Research and development	7.9%	9.5%	10.2%	9.8%	9.3%	11.0%	10.0%	9.4%	8.8%	9.4%	10.0%	10.5%	9.3%	9.9%	9.7%
Selling, general and administrative	15.3%	17.7%	16.6%	17.9%	15.6%	17.4%	17.6%	17.3%	16.6%	17.1%	18.0%	18.6%	16.8%	17.0%	17.6%
Operating income	23.7%	16.9%	18.5%	17.4%	19.8%	15.1%	14.2%	15.4%	15.0%	12.3%	13.6%	11.9%	19.4%	16.2%	13.3%
Income before income taxes	23.6%	17.3%	17.6%	17.3%	18.9%	14.8%	15.2%	15.1%	15.9%	12.2%	14.1%	11.8%	19.2%	16.0%	13.6%

Coherent, Inc.
Supplemental Non-GAAP Financial Measures Reconciliation

(In thousands except per share data, unaudited)

	Three Months Ended												Fiscal Year Ended		
	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	June 28, 2014	March 29, 2014	December 28, 2013	October 1, 2016	October 3, 2015	September 27, 2014
GAAP net income	\$ 30,785	\$ 18,650	\$ 17,781	\$ 20,286	\$ 27,302	\$ 13,264	\$ 18,413	\$ 17,430	\$ 19,097	\$ 12,999	\$ 15,307	\$ 11,703	\$ 87,502	\$ 76,409	\$ 59,106
Intangibles amortization	1,554	1,400	1,422	1,448	1,643	1,432	1,540	1,607	1,713	1,832	1,763	1,823	5,824	6,222	7,131
Inventory step up	-	-	-	-	366	-	-	-	-	-	-	-	-	366	-
Stock-based compensation	3,890	4,101	3,876	3,394	3,253	3,293	3,479	3,960	3,382	3,397	3,346	3,529	15,261	13,985	13,654
Non-recurring tax expense (release) items	-	-	-	(1,221)	-	-	-	(1,118)	-	-	-	-	(1,221)	(1,118)	-
Impairment of investment	-	-	-	-	-	1,274	-	-	-	-	-	-	-	1,274	-
Customs tax audit	-	-	-	-	-	1,289	-	-	-	-	-	-	-	1,289	-
Gain on business combination	-	-	-	-	(1,316)	-	-	-	-	-	-	-	-	(1,316)	-
Acquisition costs related to Rofin-Sinar	2,077	2,012	2,264	-	-	-	-	-	-	-	-	-	6,353	-	-
Credit Agreement - Interest ticking fee and FX	2,167	-	-	-	-	-	-	-	-	-	-	-	2,167	-	-
Non-GAAP net income	\$ 40,473	\$ 26,163	\$ 25,343	\$ 23,907	\$ 31,248	\$ 20,552	\$ 23,432	\$ 21,879	\$ 24,192	\$ 18,228	\$ 20,416	\$ 17,055	\$ 115,886	\$ 97,111	\$ 79,891
Net income per diluted share:															
GAAP Net income per diluted share	\$ 1.25	\$ 0.76	\$ 0.73	\$ 0.84	\$ 1.10	\$ 0.53	\$ 0.74	\$ 0.69	\$ 0.76	\$ 0.52	\$ 0.61	\$ 0.47	\$ 3.58	\$ 3.06	\$ 2.36
Total non-GAAP adjustments	0.39	0.31	0.31	0.15	0.16	0.29	0.20	0.18	0.20	0.21	0.20	0.21	1.16	0.83	0.83
Non-GAAP net income per diluted share	\$ 1.65	\$ 1.07	\$ 1.04	\$ 0.99	\$ 1.25	\$ 0.82	\$ 0.94	\$ 0.87	\$ 0.96	\$ 0.73	\$ 0.82	\$ 0.68	\$ 4.75	\$ 3.89	\$ 3.19
Sum of non-GAAP adjustments	9,688	7,513	7,562	3,621	3,946	7,288	5,019	4,449	5,095	5,229	5,109	5,352	28,384	20,702	20,785
Diluted shares	24,582	24,467	24,362	24,236	24,914	24,972	24,891	25,197	25,230	25,115	25,044	24,915	24,415	24,992	25,076

Coherent, Inc.
Summary Consolidated Balance Sheets

(In thousands, unaudited)

	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	June 28, 2014	March 29, 2014	December 28, 2013	September 28, 2013
Current assets:													
Cash, cash equivalents and short-term investments	\$ 399,953	\$ 373,612	\$ 361,058	\$ 336,174	\$ 325,515	\$ 336,766	\$ 344,434	\$ 322,951	\$ 318,275	\$ 303,260	\$ 283,468	\$ 273,677	\$ 250,110
Accounts receivable, net	165,715	150,184	150,409	144,595	142,260	144,688	124,227	130,461	137,324	130,833	137,470	115,680	136,759
Inventories	212,898	200,171	179,067	158,006	156,614	157,778	153,659	161,993	170,483	179,767	176,462	170,958	168,057
Prepaid expenses and other assets	37,073	36,349	34,602	32,733	28,294	71,707	62,370	57,786	54,973	90,977	74,836	73,061	74,300
Total current assets	815,639	760,316	725,136	671,508	652,683	710,939	684,690	673,191	681,055	704,837	672,236	633,376	629,226
Property, plant and equipment, net	127,443	111,738	108,575	99,732	102,445	98,996	100,903	103,978	107,424	112,530	114,146	114,405	114,333
Other assets	218,066	210,256	214,832	214,116	213,819	187,157	189,400	200,838	210,896	219,806	222,332	224,239	222,919
Total assets	\$ 1,161,148	\$ 1,082,310	\$ 1,048,543	\$ 985,356	\$ 968,947	\$ 997,092	\$ 974,993	\$ 978,007	\$ 999,375	\$ 1,037,173	\$ 1,008,714	\$ 972,020	\$ 966,478
Current liabilities:													
Current portion of long-term obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2
Short term borrowings	20,000	20,000	5,000	5,000	-	-	-	-	-	-	-	-	-
Accounts payable	45,182	44,182	43,458	28,858	33,379	32,196	31,949	27,040	32,784	32,691	33,708	30,689	36,565
Other current liabilities	136,312	102,197	101,353	89,776	89,211	97,587	100,195	89,118	84,535	120,066	111,818	100,612	109,261
Total current liabilities	201,494	166,379	149,811	123,634	122,590	129,783	132,144	116,158	117,319	152,757	145,526	131,301	145,828
Other long-term liabilities	48,826	44,985	49,183	51,483	49,939	53,345	52,364	54,223	62,407	65,900	64,702	65,211	62,132
Total stockholders' equity	910,828	870,946	849,549	810,239	796,418	813,964	790,485	807,626	819,649	818,516	798,486	775,508	758,518
Total liabilities and stockholders' equity	\$ 1,161,148	\$ 1,082,310	\$ 1,048,543	\$ 985,356	\$ 968,947	\$ 997,092	\$ 974,993	\$ 978,007	\$ 999,375	\$ 1,037,173	\$ 1,008,714	\$ 972,020	\$ 966,478

* 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		
	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	June 28, 2014	March 29, 2014	December 28, 2013	October 1, 2016	October 3, 2015	September 27, 2014
Revenue by market															
Microelectronics	\$ 144,205	\$ 116,473	\$ 97,724	\$ 96,506	\$ 112,093	\$ 93,014	\$ 101,769	\$ 99,311	\$ 102,876	\$ 94,935	\$ 94,506	\$ 92,303	\$ 454,908	\$ 406,187	\$ 384,620
OEM Components & Instrumentation	42,548	37,892	41,800	39,333	43,271	40,189	43,992	41,289	41,358	42,581	46,036	40,003	161,573	168,741	169,978
Materials Processing	36,447	36,506	28,024	23,034	25,473	27,403	29,352	28,758	32,053	30,992	27,554	27,970	124,011	110,986	118,569
Scientific and Government	25,261	27,896	32,334	31,402	28,785	27,896	28,608	31,257	29,057	28,009	31,126	33,280	116,893	116,546	121,472
\$ 248,461	\$ 218,767	\$ 199,882	\$ 190,275	\$ 209,622	\$ 188,502	\$ 203,721	\$ 200,615	\$ 205,344	\$ 196,517	\$ 199,222	\$ 193,556	\$ 857,385	\$ 802,460	\$ 794,639	
Revenue by geography															
United States	\$ 50,753	\$ 49,944	\$ 53,280	\$ 50,986	\$ 53,551	\$ 52,379	\$ 53,406	\$ 54,147	\$ 50,712	\$ 51,595	\$ 47,701	\$ 52,197	\$ 204,963	\$ 213,483	\$ 202,205
Europe	29,967	32,439	32,648	31,724	31,765	30,093	32,703	33,940	37,210	37,369	40,385	35,707	126,778	128,501	150,671
Asia Pacific	157,636	124,091	101,784	97,238	113,594	95,003	106,732	101,518	104,766	95,866	99,550	90,816	480,749	416,847	390,998
Other	10,105	12,293	12,170	10,327	10,712	11,027	10,880	11,010	12,656	11,687	11,586	14,836	44,895	43,629	50,765
\$ 248,461	\$ 218,767	\$ 199,882	\$ 190,275	\$ 209,622	\$ 188,502	\$ 203,721	\$ 200,615	\$ 205,344	\$ 196,517	\$ 199,222	\$ 193,556	\$ 857,385	\$ 802,460	\$ 794,639	

Coherent, Inc.
Bookings by Market

(In thousands, unaudited)

	Three Months Ended												Fiscal Year Ended		
	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	June 28, 2014	March 29, 2014	December 28, 2013	October 1, 2016	October 3, 2015	September 27, 2014
Bookings by market															
Microelectronics	\$ 146,289	\$ 283,596	\$ 367,760	\$ 188,882	\$ 97,381	\$ 90,788	\$ 105,422	\$ 72,188	\$ 77,874	\$ 123,559	\$ 171,823	\$ 80,531	\$ 986,527	\$ 365,779	\$ 453,787
OEM Components & Instrumentation	42,481	43,823	58,851	30,048	41,367	30,802	57,048	31,604	39,963	54,676	37,737	53,998	175,203	160,821	186,374
Materials Processing	28,180	37,869	43,227	20,351	33,156	25,973	31,635	23,966	30,918	37,498	27,413	28,793	129,627	114,730	124,622
Scientific and Government	34,886	25,526	26,604	33,723	33,529	29,102	26,447	34,766	33,950	28,794	24,864	38,140	120,739	123,844	125,748
\$ 251,836	\$ 390,814	\$ 496,442	\$ 273,004	\$ 205,433	\$ 176,665	\$ 220,552	\$ 162,524	\$ 182,705	\$ 244,527	\$ 261,837	\$ 201,462	\$ 1,412,096	\$ 765,174	\$ 890,531	

Coherent, Inc.
Adjusted EBITDA \$ and %

(In thousands except percentages, unaudited)

	Three Months Ended												Fiscal Year Ended		
	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	June 28, 2014	March 29, 2014	December 28, 2013	October 1, 2016	October 3, 2015	September 27, 2014
Income from operations	\$ 48,039	\$ 26,288	\$ 26,004	\$ 27,283	\$ 35,612	\$ 18,694	\$ 22,132	\$ 24,309	\$ 23,894	\$ 17,148	\$ 20,040	\$ 15,784	\$ 127,614	\$ 100,747	\$ 76,866
Intangibles amortization	2,249	2,032	2,077	2,092	2,068	1,960	2,036	2,180	2,312	2,402	2,434	2,445	8,450	8,244	9,593
Depreciation	6,495	6,527	6,498	6,385	6,362	6,017	6,226	6,210	6,602	6,482	6,825	6,699	25,905	24,815	26,608
Stock-based compensation	5,336	5,689	5,387	3,745	4,495	4,565	4,782	4,390	4,690	4,667	4,672	4,868	20,157	18,232	18,897
Gains (losses) on deferred compensation plan assets	1,007	1,867	(1,819)	932	(1,467)	200	724	449	780	406	1,200	1,931	1,987	(94)	4,317
Inventory step up	-	-	-	-	579	-	-	-	-	-	-	-	-	579	-
Impairment of investment	-	-	-	-	-	2,017	-	-	-	-	-	-	-	2,017	-
Customs tax audit	-	-	-	-	-	1,315	-	-	-	-	-	-	-	1,315	-
Gain on business combination	-	-	-	-	(1,316)	-	-	-	-	-	-	-	-	(1,316)	-
Acquisition costs related to Rofin-Sinar	3,177	3,050	3,584	-	-	-	-	-	-	-	-	-	9,811	-	-
Adjusted EBITDA	\$ 66,303	\$ 45,453	\$ 41,731	\$ 40,437	\$ 46,333	\$ 34,768	\$ 35,900	\$ 37,538	\$ 38,278	\$ 31,105	\$ 35,171	\$ 31,727	\$ 193,924	\$ 154,539	\$ 136,281
Net sales	\$ 248,461	\$ 218,767	\$ 199,882	\$ 190,275	\$ 209,622	\$ 188,502	\$ 203,721	\$ 200,615	\$ 205,344	\$ 196,517	\$ 199,222	\$ 193,556	\$ 857,385	\$ 802,460	\$ 794,639
Adjusted EBITDA as a percentage of Net Sales	26.7%	20.8%	20.9%	21.3%	22.1%	18.4%	17.6%	18.7%	18.6%	15.8%	17.7%	16.4%	22.6%	19.3%	17.2%