



COHERENT - THE LEADER IN PHOTONICS

5/1/2018

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 September 30, 2017. 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 September 30, 2017, 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.

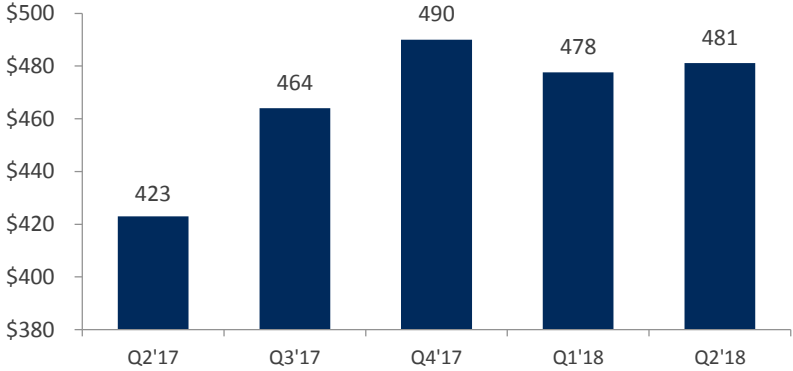
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COHERENT - THE PHOTONICS COMPANY

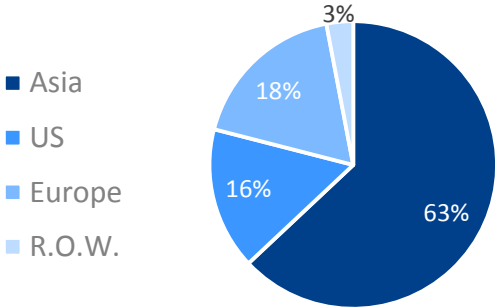
Key Company Facts

- Industry leading provider of photonic solutions
- Founded in 1966
- LTM Sales \$1,913M
 - Sales 16% U.S. and 84% International
- Strong cash flow, balance sheet
- ~5,500 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

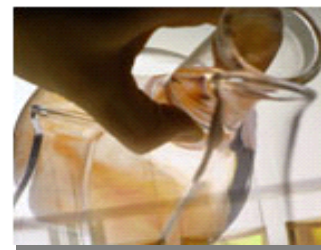
End Markets



Microelectronics



Materials Processing



OEM Components & Instrumentation



Scientific Research & Government Programs

	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

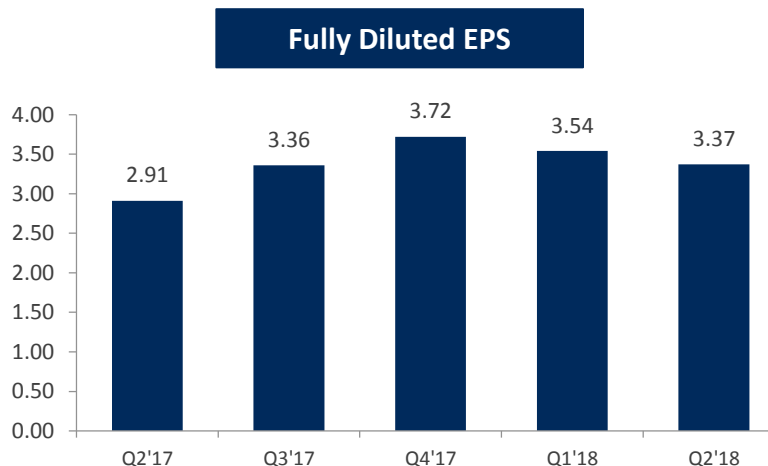
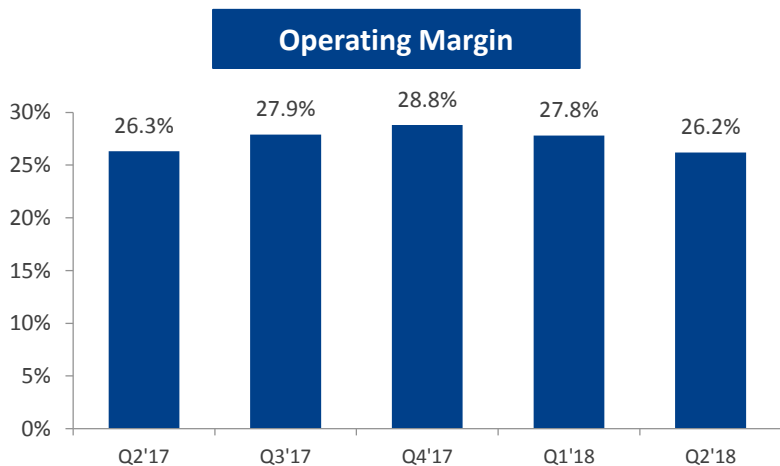
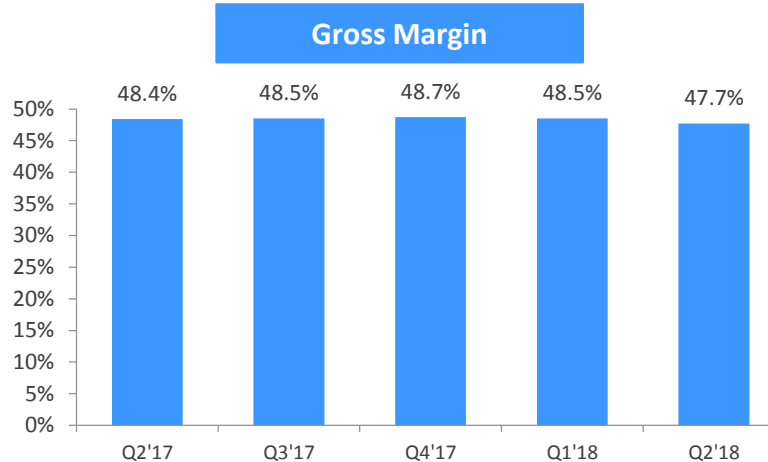
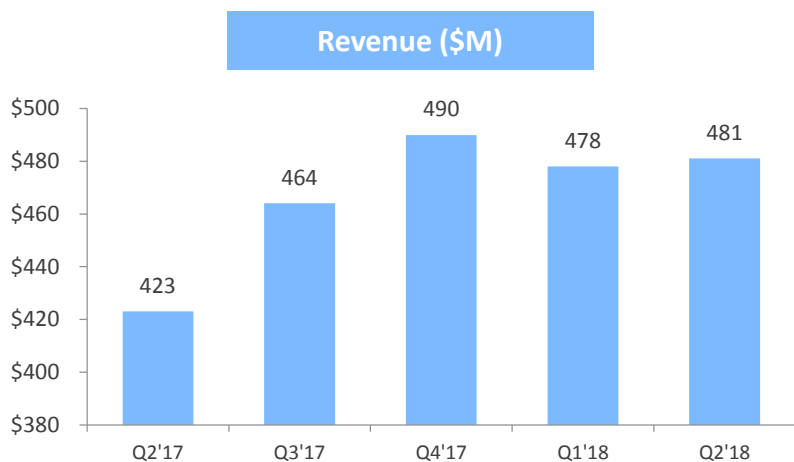
REVENUE BY MARKET SEGMENT

	<u>Q2 17</u>	<u>Q1 18</u>	<u>Q2 18</u>		<u>Q2 18 vs Q1 18</u>		<u>Q2 18 vs Q2 17</u>	
Microelectronics	210,882	268,176	261,308	54.3%	(6,868)	-2.6%	50,426	23.9%
Material Processing	127,531	127,461	135,822	28.2%	8,361	6.6%	8,291	6.5%
OEM Comp & Inst	55,017	48,856	53,323	11.1%	4,467	9.1%	(1,694)	-3.1%
Scientific & Government	29,403	33,072	30,665	6.4%	(2,407)	-7.3%	1,262	4.3%
TOTAL	422,833	477,565	481,118	100.0%	3,553	0.7%	58,285	13.8%

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
 - Metal cutting, Welding/Joining 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, the related tax effects and tax adjustments for the Tax Cuts and Jobs Act.

FINANCIAL STRENGTH

In Millions (\$)	Mar 31, '18	Sept 30, '17
<i>Domestic</i>	161.4	175.6
<i>Offshore</i>	184.7	300.0
Total cash, cash equivalents & mkt securities	346.1	475.6
Total assets	2,336.6	2,337.8
Stockholders Equity	1,289.7	1,163.3
Debt*	457.1	594.1
EBITDA**	139.4	154.4
Free cash flow***	46.6	81.4

* 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 FROM GAAP TO NON-GAAP FINANCIALS

	Year to Date	
	Q2'18	Q2'17
GAAP net income (loss) from continuing operations	\$107,205	\$72,886
GAAP net income (loss) from continuing operations per diluted share	\$4.29	\$2.95
Stock compensation	12,702	13,034
Intangibles amortization	21,704	20,299
Restructuring charges	1,405	4,978
Tax Adjustments - U.S. Tax Cuts and Jobs Act	41,745	-
Tax Adjustments - stock compensation	(12,750)	-
Pro forma acquisition costs	400	17,156
Ticking fee for debt commitment	-	1,844
(Gain)loss on hedge of credit agreement commitment and debt issuance	-	(7,147)
Impairment (recovery) of assets	155	-
Gain on business combination	-	(3,426)
Purchase accounting step-up amortization	293	15,870
Non-GAAP net income (loss) from continuing operations	\$172,859	\$135,494
Non-GAAP net income (loss) from continuing operations per diluted share	\$6.91	\$5.49

	Year to Date	
	Q2'18	Q2'17
Net Income from continuing operations as % of revenue	11.2%	9.5%
Income tax expense (benefit)	8.8%	4.6%
Interest and other income (expense) net	2.2%	0.9%
Depreciation and amortization	5.8%	6.4%
Restructuring charges	0.2%	1.0%
Purchase accounting step-up	0.1%	2.9%
Gain on business combination	0.0%	-0.7%
Costs related to acquisitions	0.0%	2.2%
Stock based compensation	1.6%	2.1%
Pro Forma EBITDA % of revenue	29.9%	28.9%