

ModernGraham Valuation

Company Name:

Coherent, Inc.

Company Ticker COHR

Date of Analysis

8/4/2018



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

| | | | |
|--|--|-----------------|------|
| 1. Adequate Size of the Enterprise | Market Cap > \$2Bil | \$3,994,005,261 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 3.10 | Pass |
| 3. Earnings Stability | Positive EPS for 10 years prior | | Fail |
| 4. Dividend Record | Dividend Payments for 10 years prior | | Fail |
| | Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end | 515.49% | Pass |
| 5. Earnings Growth | PEmg < 20 | 25.72 | Fail |
| 6. Moderate PEmg Ratio | PB Ratio < 2.5 OR PB*PEmg < 50 | 3.53 | Fail |
| 7. Moderate Price to Assets | | | |

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

| | | | |
|--|--------------------------------------|------|------|
| 1. Sufficiently Strong Financial Condition | Current Ratio > 1.5 | 3.10 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1 | 0.53 | Pass |
| 3. Earnings Stability | Positive EPS for 5 years prior | | Pass |
| 4. Dividend Record | Currently Pays Dividend | | Fail |
| 5. Earnings Growth | EPSmg greater than 5 years ago Score | | Pass |

Suitability

| | |
|---------------------|------------|
| Defensive | No |
| Enterprising | Yes |

Stage 2: Determination of Intrinsic Value

| | |
|-----------------------------|-----------------|
| EPSmg | \$7.08 |
| MG Growth Estimate | 15.00% |
| MG Value | \$272.61 |
| MG Value based on 3% Growth | \$102.67 |
| MG Value based on 0% Growth | \$60.19 |
| Market Implied Growth Rate | 8.61% |

MG Opinion

| | |
|----------------------|--------------------|
| Current Price | \$182.10 |
| % of Intrinsic Value | 66.80% |
| Opinion | Undervalued |
| MG Grade | B- |

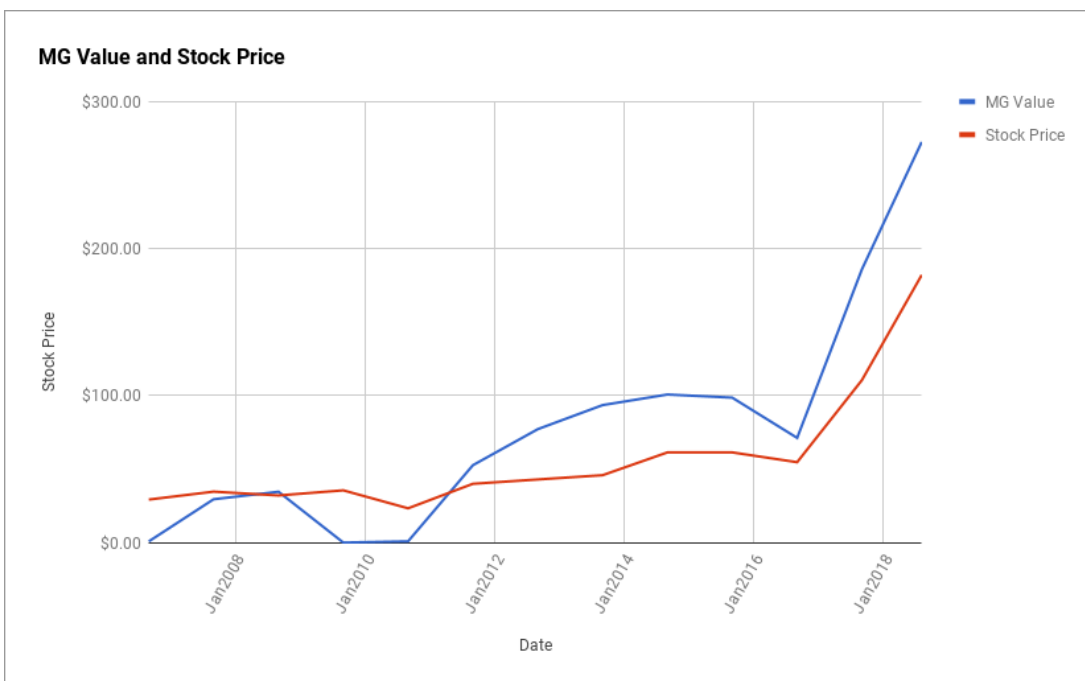
Stage 3: Information for Further Research

| | |
|--|----------|
| Net Current Asset Value (NCAV) | \$8.02 |
| Graham Number | \$106.68 |
| PEmg | 25.72 |
| Current Ratio | 3.10 |
| PB Ratio | 3.53 |
| Current Dividend | \$0.00 |
| Dividend Yield | 0.00% |
| Number of Consecutive Years of Dividend Growth | 0 |

Useful Links:

| | |
|--|-------------------------------|
| ModernGraham tagged articles | Morningstar |
| Google Finance | MSN Money |
| Yahoo Finance | Seeking Alpha |
| GuruFocus | SEC Filings |

| EPS History | | EPSmg History | |
|---------------------------|---------|--------------------------------------|-----------------|
| Next Fiscal Year Estimate | | Next Fiscal Year Estimate | |
| Sep2017 | \$10.71 | Sep2017 | \$7.08 |
| Sep2016 | \$8.36 | Sep2016 | \$4.85 |
| Sep2015 | \$3.58 | Sep2015 | \$3.02 |
| Sep2014 | \$3.06 | Sep2014 | \$2.78 |
| Sep2013 | \$2.36 | Sep2013 | \$2.62 |
| Sep2012 | \$2.70 | Sep2012 | \$2.43 |
| Sep2011 | \$2.62 | Sep2011 | \$2.01 |
| Sep2010 | \$3.66 | Sep2010 | \$1.47 |
| Sep2009 | \$1.47 | Sep2009 | \$0.43 |
| Sep2008 | -\$1.45 | Sep2008 | \$0.11 |
| Sep2007 | \$0.83 | Sep2007 | \$0.90 |
| Sep2006 | \$0.50 | Sep2006 | \$0.77 |
| Sep2005 | \$1.44 | Sep2005 | \$0.55 |
| Sep2004 | \$1.23 | Sep2004 | \$0.16 |
| Sep2003 | \$0.55 | Sep2003 | -\$0.10 |
| Sep2002 | -\$1.56 | Sep2002 | -\$0.12 |
| Sep2001 | -\$2.40 | Sep2001 | \$0.72 |
| Sep2000 | \$3.50 | Balance Sheet Information | |
| Sep1999 | \$2.24 | 3/1/2018 | |
| Sep1998 | \$0.66 | Total Current Assets | \$1,247,407,000 |
| | \$0.73 | Total Current Liabilities | \$401,968,000 |
| | | Long-Term Debt | \$449,653,000 |
| | | Total Assets | \$2,336,585,000 |
| | | Intangible Assets | \$641,563,000 |
| | | Total Liabilities | \$1,046,904,000 |
| | | Shares Outstanding (Diluted Average) | 25,010,000 |





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other
ModernGraham
posts about the
company

[12 Best Stocks for Value Investors This Week – 2/4/17](#)
[Coherent Inc Valuation – Initial Coverage \\$COHR](#)

Other
ModernGraham
posts about related
companies

[Teradata Corp Valuation – August 2018 \\$TDC](#)
[Silicon Laboratories Inc Valuation – August 2018 \\$SLAB](#)
[Itron Inc Valuation – July 2018 \\$ITRI](#)
[Celestica Inc Valuation – July 2018 \\$TSE-CLS](#)
[Ciena Corp Valuation – July 2018 \\$CIEN](#)
[iRobot Corp Valuation – July 2018 \\$IRBT](#)
[ScanSource Inc Valuation – July 2018 \\$SCSC](#)
[Cognex Corp Valuation – July 2018 \\$CGNX](#)
[Sanmina Corp Valuation – July 2018 \\$SANM](#)
[II-VI Inc Valuation – July 2018 \\$IIVI](#)