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BERNSTEIN
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US Networking & Communications Equipment

Lumentum (LITE) & Coherent (COHR) Q1 27 Preview: What can management say to assuage investor fear?



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Coherent (November 4th) and Lumentum (November 5th) report earnings next week after the close. This note provides our perspective on what we expect.

Over the last month, Lumentum stock is down 13% and Coherent is down 28%, amid a broader AI drawdown. We don't believe the drawdown catalysts change the fundamental picture for our stocks, and continue to be constructive on both companies.

The longer-term debate remains fierce. We believe that the essence of the debate is that on one hand, the bandwidth math points to massive upside to numbers for 2028 and beyond. However, bears argue that this math extrapolates elevated economics which in turn depend on InP supply contraints. While we don't expect the debate to be settled this quarter, we observe that recent newsflow skews positive, and expect management to strike a positive tone.

Overall, we continue to like both Coherent and Lumentum. However, we are now more even in terms of the preference, given that the valuation gap has widened and we believe our previous reasons for preferring Lumentum are well understood by the buy side.

Coherent, Outperform. We are above consensus on Coherent's Q1 revenues ($2.4B vs. $2.3B) and EPS ($2.05 vs. $1.99), largely due to higher revenues flowing through to the bottom line. We are also above for Q2, and believe that Coherent could guide up. We have observed some frustration from investors, with margins seen as disappointing relative to Lumentum despite the tailwind from the 6-inch wafer ramp. We believe management could help investors better dimension the impact to margins.

Lumentum, Outperform. We are generally in line with consensus for both revenues and EPS for the quarter. We see more upside to numbers for Q2, and believe management could guide up. However, given that management has already guided to $40 in EPS for 2028, we believe the focus may be more on longer-term debates than on near-term numbers, especially with the OCS debate more in focus.

See the Disclosure Appendix of this report for required disclosures, analyst certifications and other important information. Alternatively, visit our Global Research Disclosure Website.
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BERNSTEIN TICKER TABLE

			19 Oct 2026		TTM	Reported EPS				Reported P/E (x)	
Ticker	Rating	Cur	Closing Price	Price Target	Rel. Perf.	Cur	2025A	2026E	2027E	2025A	2026E	2027E
LITE (Lumentum)	O	USD	834.51	1,220.00	391.1%	USD	2.05	8.37	22.40	407.9	99.6	37.3
COHR (Coherent)	O	USD	232.02	350.00	84.0%	USD	3.53	5.58	9.51	65.7	41.6	24.4
SPX			7,690.73									

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

Source: Bloomberg, Bernstein estimates and analysis.

INVESTMENT IMPLICATIONS

On net, we see risk-reward into the quarter as positive, for both stocks and see the valuations as justifiable relative to other hardware/semis longs. However, we move to the sidelines in terms of the preference between the two, as the valuation gap has widened and we believe our previous reasons for preferring Lumentum are well understood by the buy side. While we are unclear on what management can say to assuage investor fears, we believe that solid fundamental numbers should help. We reiterate our Outperform ratings on both Lumentum and Coherent, as well as our $1,220 price target for Lumentum and our $350 price target for Coherent.

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DETAILS

Coherent (November 4th) and Lumentum (November 5th) report earnings next week after the close. This note provides our perspective on what we expect.

Over the last month, Lumentum stock is down 13% and Coherent is down 28%, amid a broader AI drawdown. We don't believe the drawdown catalysts change the fundamental picture for our stocks, and continue to be constructive on the theme.

- **Lumentum and Coherent have drawn down significantly.** Lumentum stock is down 13% (Exhibit 1) and Coherent is down 28% over the last month (Exhibit 2), making them relatively hard hit stocks amid a broader AI drawdown (Coherent's move is similar to that of CoreWeave, for example).

- **We don't believe that any of the major catalysts we've heard materially change the fundamental picture for opticals.** The catalysts we've heard include 1) softer AI lab revenues, 2) CoreWeave's financing woes, 3) sell the news on OCP 4) previews not showing upside to numbers and 5) negative macro environment. In general, we believe that #1, #2, and #5 are more meaningful drivers of the drawdown, but other than possibly softer AI lab revenues, none of these catalysts materially change the fundamental picture for opticals. Even in the case of softer AI lab revenues, this appears to at least partly be due to competitive share shifts and increasing adoption for open-weight models, both of which are negative to AI lab revenues but which do not necessarily impact industry-wide supply and demand at the AI infrastructure level or the growth trajectory for the optical names.

- **We remain positive on the theme longer term.** We acknowledge that the timing of initiating with a positive view on a sector with high torque to the AI theme right before a significant AI draw down is not ideal. However, we continue to believe that the key leading indicators are AI model scaling and adoption; as long as AI models continue to improve and adoption continues to look healthy, tech leaders will likely continue to believe that training new models will unlock new use cases and the expanding TAM will see enough adoption to drive revenue, in turn leading them to underwrite continue investments, and in turn supporting the AI infrastructure ecosystem. We believe that the latest token usage data points to very strong adoption (for more details, see the Bernstein software team's note: Datadog (DDOG): Upgrading on AI-driven tailwind strength), while model scaling continues to look healthy with the Gemini 4 release. On net, we continue to be positive on the theme. For more details on our framework, see: AI Value Chain: What do we need to believe to believe the AI build is healthy?

The longer-term debate remains fierce. We believe that the essence of the debate is that on one hand, the bandwidth math points to massive upside to numbers for 2028 and beyond. However, bears argue that this math extrapolates elevated economics which in turn depend on InP supply contraints. While we don't expect the debate to be settled this quarter, we observe that recent newsflow skews positive, and expect management to strike a positive tone.

- **The bandwidth math implies a 6x opportunity from optical scale-up; even limited adoption in 2028 points to a lot of upside to consensus numbers.** We observe that Asia supply chain checks point to the price per unit bandwidth remaining roughly constant between 1.6T pluggables and 3.2T CPO (~$0.48/Gbps for the former and ~$0.44/Gbps for the latter). Nvidia's spec for the Vera Rubin NVL72 architecture points to 216 TB/s in NVLink scale-up bandwidth, compared to 32.4 TB/s in scale-out network bandwidth - a ~7x difference in bandwidth. Assuming that ratio and pricing generally holds in future rack architectures, that implies that the opportunity for scale-up CPO is 6x the existing opportunity for scale-out on pluggables. Accordingly, even relatively limited CPO scale-up adoption can be a pretty meaningful uplift to numbers.

- **The pushback is that this assumes constant pricing, which in turn depends on InP supply/demand remaining bottlenecked.** The immediate pushback is that this assumes that price in $/Gbps remains constant, when in fact it has historically tended to decline over time. The more favorable pricing environment compared to history in turn stems from InP supply bottlenecks. Accordingly, bears point to significant InP supply ramp coupled with more modest demand due to demand being captured by VCSELs and/or micro-LEDs (which don't depend on InP) or by CW lasers (which have lower InP content), and argue that if the supply and demand balance turns, this could drive significantly more muted economics, in turn leading Lumentum and Coherent to disappoint versus elevated expectations.

- **We don't believe that this debate will be resolved on this quarters call.** In general, we feel like we need to do more work in order to feel conviction on this debate. However, we also believe thtat this debate will not be resolved on this quarter's call. For more details on how we're thinking, see: LITE & COHR: Illuminating the Optical Debate - Top investor questions and feedback from our initiation

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- **However, we see recent newsflow as possible, which in turn could portend more positive commentary from management.** While acknowledging the debate is likely not going to be resolved, we observe that OCP newsflow has been positive, including 1) Nvidia accelerating the CPO timeline into 2027, with the inter-rack scale-up layer using CPO; 2) Microsoft Maia using optical second-tier switches to connect 128 racks into 12,288 accelerator superpods 3) Lumentum and Coherent demonstrating PCIe over VCSEL optics. Together with Coherent's PhotonLink launch, we believe that the more positive newsflow could also encourage management to strike a more positive tone.

Coherent

We are above consensus on Coherent's Q1 revenues ($2.4B vs. $2.3B) and EPS ($2.05 vs. $1.99), largely due to higher revenues flowing through to the bottom line - Exhibit 3**.**

- **Revenue.** Coherent guided to revenues from $2.2-$2.4B. We model revenue growth accelerating to ~50% in Q1 (our industry model projects ~60% for the year), and land at $2.37B, close to the high end of guidance and above consensus numbers, which are closer to the midpoint.

- **Gross margin.** We model gross margins at 41%, somewhat above the midpoint of guidance from 39.5%-41.5%. This implies margins up 80 bps sequentially, somewhat higher than 60 bps ramp seen in Q3 and Q4.

- **Opex.** We model opex at $415M, also above the midpoint of guidance of $400-420M, largely stemming from our expectation that Coherent will see limited opex leverage on the R&D side as the company invests to support continued growth. However we do see opex leverage inthe sales & marketing side, with spend as % of revenue stepping down from 8.2% to 7.5%.

- **EPS.** We model $45M in other expense, in line with the historical average, as well as19% tax rate at the midpoint of the 18-20% guided range, and landed at $2.05 in EPS, at the high end of guidance.

We are also above for Q2, and believe that Coherent could guide up. For Q2, we model $2.61B in revenues and $2.28 in EPS, against consensus at $2.55B and $2.23. Accordingly, we see upside to estimates for the quarter (and for the year), and believe management could guide up compared to consensus numbers.

We have observed some frustration from investors, with margins seen as disappointing relative to Lumentum despite the tailwind from the 6-inch wafer ramp. We believe management could help investors better dimension the impact to margins. In many of our conversations, investors have highlighted frustration with Coherent's lack of margin upside, with the lack of upside from the 6-inch wafer ramp being seen as particularly disappointing. We note that this is partly due to Coherent's business model: Coherent is primarily selling full transceivers, compared to Lumentum which has a much higher share of mix from module sales to Chinese transceiver OEMs. While this decision is strategically justifiable, especially given the potential ban on transceiver imports from China, the revenue contribution from lower-margin assembly (where Coherent likely has a cost disadvantage vs. the Chinese OEMs) likely dilutes margins, leading to lower per-unit margins. The lower incremental margin then implies Coherent sees less operating leverage from growing the business compared to Lumentum. Coupled with more muted impact from the 6-inch wafer ramp, this likely drives margin disappointment, and management could do more to help investors to dimension the impact.

On net, we see risk-reward into the quarter as positive, and see the valuation as justifiable relative to other hardware/ semis longs and increasingly inexpensive relative to Lumentum. We reiterate our Outperform on Coherent, and maintain our $350 price target.

Lumentum

We are generally in line with consensus for both revenues and EPS for the quarter - Exhibit 4**.**

- **Revenues.** Lumentum guided to $1.225-$1.275B in revenue for Q1. We model $1.25B in revenue, right in the middle of the guided range, implying 135% growth YoY, and land right in line with consensus ($1.254B vs. $1.252B).

- **Operating margin.** We model 40% operating margin, also at the midpoint of guidance at 39.5%-40.5%. Within that, we model gross margins ramping to 52%, up 160 bps from 50.4% in Q4, but with the rate of improvement decelerating (Q3 to Q4 was up 250 bps). We also model opex growing roughly linearly with the Q2-Q4 trajectory, implying significant operating leverage given the rate of revenue and gross profit growth.

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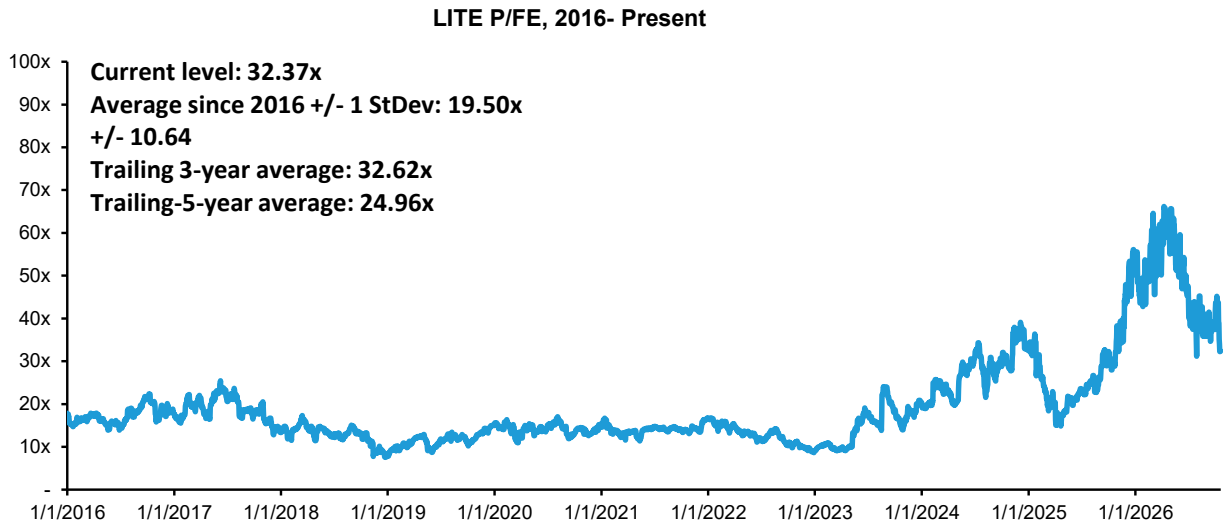
- **EPS.** We model $10M in other income at a 16.5% tax (in line with historical), and net out at $4.18 in EPS, at the midpoint of the $4.05-$4.35 guidance.

We see more upside to numbers for Q2, and believe management could guide up. For Q2, we model $1.50B in revenues and $5.15 in EPS, against consensus at $1.48B and $5.04. Accordingly, we see upside to estimates for the quarter (and for the year), and believe management could guide up compared to consensus numbers.

However, given that management has already guided to $40 in EPS for 2028, we believe the focus may be more on longer-term debates than on near-term numbers, especially with the OCS debate more in focus. We observe that management has already guided to guided to $40 in earnings power for 2028, which perhaps shifts the emphasis away from near-term numbers. Lumentum was explicit in stating that a significant part of the upside is coming from OCS. Based on channel reports that Lumentum's OCS solution costs $600 per port, we size OCS content for a TPU v7 Ironwood rack at ~$150k (Exhibit 5). Given 2.6M TPU v7 units in 2026 and 64 TPUs per rack, that would imply a ~$6B OCS opportunity for TPU alone, and given that Lumentum's OCS solution is significantly more expensive than the in-house solution that Celestica was manufacturing for Google, the margins should be quite healthy. However, we are less clear on why Google has shifted volumes from Celestica to Lumentum, given the cost difference, and accordingly lack confidence on how much share Lumentum can capture.

On net, we see risk-reward into the quarter as positive, and see the valuation as justifiable relative to other hardware/ semis longs, albeit now fuller relative to Coherent. We reiterate our Outperform on Lumentum, and maintain our $1,220 price target.

EXHIBIT 1: **Lumentum P/FE, 2016-now**

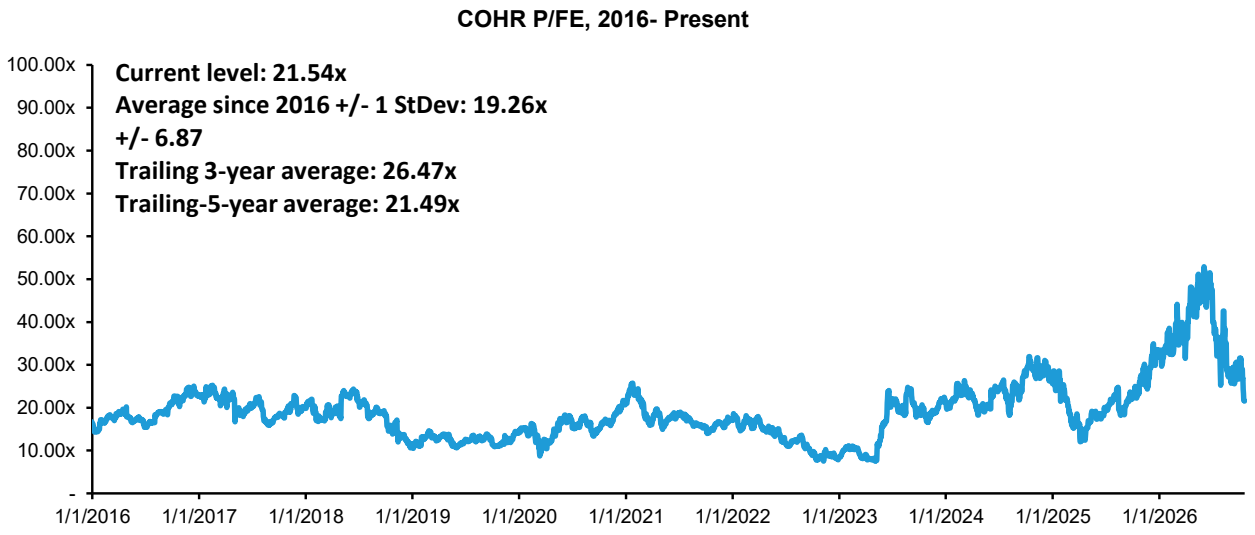


Source: Bloomberg, Bernstein analysis

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EXHIBIT 2: **Coherent P/FE, 2016-now**



Source: Bloomberg, Bernstein analysis

EXHIBIT 3: **Coherent, Bernstein vs. Consensus**

COHR	2026Q3	2026Q4	2027Q1E	2027Q2E	FY27E	FY28E
Total Revenues ($M)						
Consensus	$1,806	$2,046	$2,309	$2,547	$10,699	$14,743
Actual / Bernstein Est.	**$1,806**	**$2,046**	**$2,372**	**$2,613**	**$10,847**	**$16,270**
Bernstein vs. Cons.			*2.7%*	*2.6%*	*1.4%*	*10.4%*
EPS ($)						
Consensus	$1.41	$1.74	$1.99	$2.23	$9.23	$14.31
Actual / Bernstein Est.	**$1.41**	**$1.74**	**$2.05**	**$2.28**	**$9.51**	**$15.77**
Bernstein vs. Cons.			*3.2%*	*2.2%*	*3.0%*	*10.2%*
Operating Profit ($M)						
Consensus	$366	$446	$530	$597	$2,538	$3,831
Actual / Bernstein Est.	**$366**	**$446**	**$557**	**$614**	**$2,549**	**$4,149**
Bernstein vs. Cons.			*5.2%*	*2.8%*	*0.4%*	*8.3%*
Datacenter and Communications Consensus Revenue ($M)	$1,362	$1,615	$1,874	$2,094	$8,849	$12,599
vs. Bernstein	**$1,362**	**$1,615**	**$1,875**	**$2,114**	**$8,956**	**$14,329**
Industrial Consensus Revenue ($M)	$444	$431	$453	$464	$1,842	$1,988
vs. Bernstein	**$444**	**$431**	**$497**	**$499**	**$1,891**	**$1,942**

Source: Bloomberg, Bernstein estimates and analysis

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EXHIBIT 4: **Lumentum, Bernstein vs. Consensus**

LITE	2026Q3	2026Q4	2027Q1E	2027Q2E	FY27E	FY28E
Total Revenue ($M)						
Consensus	$808	$1,006	$1,252	$1,477	$6,298	$9,855
Actual / Bernstein Est.	**$808**	**$1,006**	**$1,254**	**$1,497**	**$6,502**	**$11,704**
Bernstein vs. Cons.			*0.2%*	*1.4%*	*3.3%*	*18.8%*
EPS ($)						
Consensus	$2.37	$3.23	$4.20	$5.04	$21.82	$34.90
Actual / Bernstein Est.	**$2.37**	**$3.23**	**$4.18**	**$5.15**	**$22.40**	**$40.26**
Bernstein vs. Cons.			*-0.6%*	*2.3%*	*2.6%*	*15.4%*
Operating Profit ($M)						
Consensus	$261	$369	$499.85	$605.04	$2,590	$4,303
Actual / Bernstein Est.	**$261**	**$369**	**$502**	**$629**	**$2,764**	**$5,677**
Bernstein vs. Cons.			*0.4%*	*3.9%*	*6.7%*	*31.9%*
Consensus Components Revenue ($M)	$533	$649	$772	$868	$3,697	$5,745
vs. Bernstein	**$533**	**$649**	**$777**	**$910**	**$1,116**	**$1,116**
Consensus Systems Revenue ($M)	$275	$357	$482	$615	$2,627	$4,386
vs. Bernstein	**$275**	**$357**	**$477**	**$588**	**$2,574**	**$5,223**

Source: Bloomberg, Bernstein estimates and analysis

EXHIBIT 5: **Datacenter XPU Pod Capex Breakdown by Architecture**

		Nvidia		AMD	Google	OpenAI
	H100 DGX x8	GB200 NVL 72	VR NVL 72	MI455X Helios	TPU v7 Ironwood	Jalapeno
		4	225			
$K / Rack						
CPU ex. DRAM	34	92	180	268	32	320
DRAM	263	280	888	1,212	126	395
CPU	**297**	**372**	**1,068**	**1,481**	**158**	**715**
XPU ex. HBM	182	2,112	3,960	2,520	1,408	2,034
HBM	59	300	697	952	275	846
XPU	**240**	**2,412**	**4,657**	**3,472**	**1,683**	**2,880**
Computing sub-total	**537**	**2,784**	**5,725**	**4,952**	**1,841**	**3,595**
Front-end		144	80	70		32
Scale-up Switches		180	277	200		300
OCS					154	77
Cabling		123	158	140	43	194
Backplanes & Other		102	154	250	102	102
Scale-up		**405**	**589**	**590**	**299**	**673**
SuperNICS	112	144	198	324		0
Scale-out Switching		108	108	237	113	0
Transceivers		127	194	245	128	109
Scale-out	**22**	**380**	**500**	**806**	**241**	**0**
Networking sub-total	**134**	**929**	**1,170**	**1,466**	**539**	**814**
Direct-attached Storage	106	222	222	532	92	214
Cooling	16	51	102	102	40	70
Chassis	31	100	100	100	48	96
Power Delivery	14	44	102	80	30	144
Others			100	100	100	100
Pod Total	**838**	**4,130**	**7,520**	**7,333**	**2,691**	**5,032**

Source: Expert Conversations, Company Disclosures, LIterature Search, Channel Checks, Bernstein estimates and analysis

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APPENDIX - FINANCIAL FORECASTS

EXHIBIT 6: **Lumentum Operating Model**

Lumentum Holdings Inc - Operating Model	6/30/2025	6/30/2026	6/30/2027	6/30/2028	9/30/2024	12/31/2024	3/31/2025	6/30/2025	9/30/2025	12/31/2025	3/31/2026	6/30/2026	9/30/2026	12/31/2026	3/31/2027	6/30/2027
In US$ M unless otherwise specified	2025A	2026A	2027E	2028E	1Q25A	2Q25A	3Q25A	4Q25A	1Q26A	2Q26A	3Q26A	4Q26A	1Q27E	2Q27E	3Q27E	4Q27E
Revenue Drivers																
Revenue																
Components	1,116.3	2,005.6	3,928.3	6,481.6	231.4	263.7	300.8	320.4	379.2	443.7	533.3	649.4	777.4	909.6	1,039.9	1,201.4
Systems	528.7	1,008.4	2,574.2	5,222.8	105.5	138.5	124.4	160.3	154.6	221.8	275.1	356.9	477.1	587.8	698.1	811.2
Total Revenue	**1,645.0**	**3,014.0**	**6,502.5**	**11,704.4**	**336.9**	**402.2**	**425.2**	**480.7**	**533.8**	**665.5**	**808.4**	**1,006.3**	**1,254.4**	**1,497.4**	**1,738.1**	**2,012.6**
Revenue Growth																
Revenue growth % (YoY)																
Components		79.7%	95.9%	65.0%					63.9%	68.3%	77.3%	102.7%	105.0%	105.0%	95.0%	85.0%
Systems		90.7%	155.3%	102.9%					46.5%	60.1%	121.1%	122.6%	208.6%	165.0%	153.8%	127.3%
Total Revenue Growth (YoY)	**21.0%**	**83.2%**	**115.7%**	**80.0%**	**6.1%**	**9.7%**	**16.0%**	**55.9%**	**58.4%**	**65.5%**	**90.1%**	**109.3%**	**135.0%**	**125.0%**	**115.0%**	**100.0%**
Industry Model growth				66.3%												
Revenue growth % (QoQ)																
Components						14.0%	14.1%	6.5%	18.4%	17.0%	20.2%	21.8%	19.7%	17.0%	14.3%	15.5%
Systems						31.3%	-10.2%	28.9%	-3.6%	43.5%	24.0%	29.7%	33.7%	23.2%	18.8%	16.2%
Total Revenue Growth (QoQ)					**9.3%**	**19.4%**	**5.7%**	**13.1%**	**11.0%**	**24.7%**	**21.5%**	**24.5%**	**24.7%**	**19.4%**	**16.1%**	**15.8%**
Revenue Mix																
Revenue mix % (YoY)																
Components	67.9%	66.5%	60.4%	55.4%	68.7%	65.6%	70.7%	66.7%	71.0%	66.7%	66.0%	64.5%	62.0%	60.7%	59.8%	59.7%
Systems	32.1%	33.5%	39.6%	44.6%	31.3%	34.4%	29.3%	33.3%	29.0%	33.3%	34.0%	35.5%	38.0%	39.3%	40.2%	40.3%

Source: Company filings, Bernstein estimates and analysis

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EXHIBIT 7: **Lumentum Financial Model**

Lumentum Holdings Inc - Financial Model *In US$ M unless otherwise specified*	6/30/2025 2025A	6/30/2026 2026A	6/30/2027 2027E	6/30/2028 2028E	9/30/2025 1Q26A	12/31/2025 2Q26A	3/31/2026 3Q26A	6/30/2026 4Q26A	9/30/2026 1Q27E	12/31/2026 2Q27E	3/31/2027 3Q27E	6/30/2027 4Q27E
Income Statement												
Non-GAAP Income Statement												
Revenue	**1,645.0**	**3,014.0**	**6,502.5**	**11,704.4**	**533.8**	**665.5**	**808.4**	**1,006.3**	**1,254.4**	**1,497.4**	**1,738.1**	**2,012.6**
COGS	1,073.5	1,627.3	3,021.1	4,915.9	323.5	382.9	421.5	499.4	602.1	703.8	799.5	915.7
Gross Profit	**571.5**	**1,386.7**	**3,481.3**	**6,788.6**	**210.3**	**282.6**	**386.9**	**506.9**	**652.3**	**793.6**	**938.6**	**1,096.9**
Research and development	256.0	304.8	488.9	819.3	69.0	69.9	78.4	87.5	100.4	112.3	130.4	145.9
Sales and marketing	155.4	184.9	228.8	292.6	41.5	45.0	47.8	50.6	50.2	52.4	60.8	65.4
Others	52.9	(0.0)	-	-	(0.0)	-	-	-	-	-	-	-
Opex	**464.3**	**489.7**	**717.8**	**1,111.9**	**110.5**	**114.9**	**126.2**	**138.1**	**150.5**	**164.7**	**191.2**	**211.3**
Operating Income	**160.1**	**897.0**	**2,763.6**	**5,676.7**	**99.8**	**167.7**	**260.7**	**368.8**	**501.8**	**628.9**	**747.4**	**885.5**
Other income (expense), net:	15.2	39.9	40.0	40.0	3.7	4.6	9.6	22.0	10.0	10.0	10.0	10.0
Pre-tax Income	**175.3**	**936.9**	**2,803.6**	**5,636.7**	**103.5**	**172.3**	**270.3**	**390.8**	**511.8**	**638.9**	**757.4**	**895.5**
Income Tax	**28.9**	**154.6**	**462.7**	**930.3**	17.1	28.4	44.6	64.5	84.5	105.4	125.0	147.8
Effective Tax Rate %	*16.5%*	*16.5%*	*16.5%*	*16.5%*	*16.5%*	*16.5%*	*16.5%*	*16.5%*	*16.5%*	*16.5%*	*16.5%*	*16.5%*
Net Income	**146.4**	**782.3**	**2,340.9**	**4,706.4**	**86.4**	**143.9**	**225.7**	**326.3**	**427.3**	**533.4**	**632.4**	**747.7**
Diluted Share Count	71.6	93.4	104.5	116.9	78.3	86.1	95.2	101.1	102.3	103.5	104.9	106.3
Earnings per Share	**2.05**	**8.37**	**22.40**	**40.26**	**1.10**	**1.67**	**2.37**	**3.23**	**$4.18**	**$5.15**	**$6.03**	**$7.04**
Balance Sheet												
Assets												
Accounts Receivable, Net	250	520	1,040.6	1,512.9	307	377	442	520	648.6	774.2	898.7	1,040.6
Inventories	470	692	1,003.5	1,346.8	532	570	633	692	791.8	886.9	963.8	1,003.5
Prepayments and Other Current Assets	120	212	423.2	615.3	125	181	149	212	263.8	314.9	365.5	423.2
Total Current Operating Assets	**840**	**1,424**	**2,467.3**	**3,475.0**	**964**	**1,128**	**1,223**	**1,424**	**1,704.2**	**1,976.0**	**2,227.9**	**2,467.3**
PP&E, Net			*1,886.3*	3,264.6	795	814	964	1,159	*1,297.1*	*1,464.2*	*1,659.3*	*1,886.3*
Goodwill			1,069.3	1,069.3	31	30	27	1,069	1,069.3	1,069.3	1,069.3	1,069.3
Other Intangible Assets, Net			209.1	120.7	1,061	1,061	1,066	327	292.4	261.5	233.8	209.1
Operating Lease Right-of-Use Assets			58.4	84.9	-	-	-	29	36.4	43.4	50.4	58.4
Deferred Tax Assets			1,061.8	1,543.7	431	397	363	531	661.8	790.0	917.0	1,061.8
Other Non-Current Operating Assets			60.4	87.8	6	15	14	30	37.6	44.9	52.2	60.4
Total Non-Current Operating Assets			**4,345.3**	**6,171.0**	**2,323**	**2,316**	**2,434**	**3,146**	**3,394.6**	**3,673.3**	**3,982.0**	**4,345.3**
Cash and Cash Equivalents			2,201.1	4,748.7	772.9	657.7	2617.8	2043.5	2,041.1	2,043.0	2,090.2	2,201.1
Short-Term Investments			694.9	694.9	349	498	555	695	694.9	694.9	694.9	694.9
Restricted cash			-	-	205	206	198	-	-	-	-	-
Total Non-Operating Assets			**2,896.0**	**5,443.6**	**1,326**	**1,361**	**3,370**	**2,738**	**2,736.0**	**2,737.9**	**2,785.1**	**2,896.0**
Liabilities												
Accounts Payable			1,103.9	1,481.5	279	347	393	567	725.9	848.4	963.8	1,103.9
Accrued Payroll and Related Expenses			292.6	425.4	69	85	110	146	182.4	217.7	252.7	292.6
Accrued Expenses			*129.8*	188.7	46	39	49	65	80.9	96.6	112.1	129.8
Operating Lease Liabilities			*67.6*	98.3	37	35	32	34	42.1	50.3	58.4	67.6
Other Current Liabilities			183.0	266.1	42	43	63	92	114.1	136.2	158.0	183.0
Total Operating Liabilities			**1,776.9**	**2,460.0**	**472**	**550**	**646**	**904**	**1,145.3**	**1,349.1**	**1,545.0**	**1,776.9**
Other Non-Current Liabilities			**115.2**	115.2	111	116	121	115	115.2	115.2	115.2	115.2
Debt			*1,637.4*	1,637.4	3,244	3,287	3,282	1,637	**1,637.4**	**1,637.4**	**1,637.4**	**1,637.4**
Deferred Tax Liabilities			7.0	7.0	6	6	5	7	7.0	7.0	7.0	7.0
Total Non-Operating Liabilities			**1,759.6**	1,759.6	**3361**	**3409**	**3408**	**1760**	1,759.6	1,759.6	1,759.6	1,759.6
Stockholders' Equity												
Common Stock			0.1	0.1	0	0	0	0	0.1	0.1	0.1	0.1
Additional Paid-In Capital			12,686.1	13,082.7	1,629	1,616	3,601	12,430	12,483.8	12,542.5	12,610.7	12,686.1
Retained Earnings			(6,524.2)	(2,222.8)	(857)	(779)	(635)	(7,796)	(7,564.1)	(7,274.2)	(6,930.5)	(6,524.2)
Accumulated Other Comprehensive Income			10.1	10.1	9	9	7	10	10.1	10.1	10.1	10.1
Total Stockholders' Equity			**6,172.1**	**10,870.1**	**781**	**847**	**2,973**	**4,644**	**4,929.9**	**5,278.5**	**5,690.4**	**6,172.1**
Check			-	-	-	-	-	-	-	-	-	-
Total Liabilities and Stockholders' Equity			*9,708.6*	15,089.7	4613.1	4805.3	7027.9	7307.4	**7,834.8**	**8,387.2**	**8,995.0**	**9,708.6**
Cash Flow												
Cash flows from operating activities												
Net income	**26**	**(6,935)**	**1,272.1**	**4,301.4**	**4**	**78**	**144**	**(7,162)**	232.2	289.9	343.6	406.3
Depreciation	**104**	**129**	**155.0**	**209.6**	28	31	33	38	**32.2**	**36.0**	**40.7**	**46.1**
Amortization	152	138	117.8	88.4	34	34	34	36	34.6	30.9	27.6	24.7
Stock-based compensation	177	170	256.0	396.6	42	45	42	41	53.7	58.7	68.2	75.4
Other	(19)	7,541	-	-	4	11	(2)	7,528	-	-	-	-
Change in Working Capital	(315)	(292)	(761)	(860)	(55)	(73)	(47)	(118)	(185)	(211)	(197)	(169)
Net cash provided by operating activities	126	751	1,039.8	**4,135.6**	**58**	**127**	**204**	**363**	**167.8**	**205.0**	**283.0**	**384.0**
Cash flows from investing activities												
Capex, net	(231)	(409)	(882)	(1,588)	(76)	(84)	(85)	(164)	(170.2)	(203.1)	(235.8)	(273.0)
Acquisitions	-	(38)	-	-	-	-	(38)	-	-	-	-	-
Investing	99	(339)	-	-	8	(148)	(59)	(140)	-	-	-	-
Other	48	0	-	-	-	-	-	0	-	-	-	-
Net cash provided by/(used in) investing activiti	**(84)**	**(786)**	**(882)**	**(1,588)**	**(68)**	**(231)**	**(182)**	**(304)**	(170.2)	(203.1)	(235.8)	(273.0)
Cash flows from financing activities												
Debt and preferreds	83.5	1556.9	-	-	1,153	50	988	(633)	-	-	-	-
Common Dividends	-41.7	0	-	-	(47)	(60)	107	-	-	-	-	-
Equity Issuances and buybacks	0	0	-	-	(843)	-	843	-	-	-	-	-
Net cash provided by/(used in) financing activiti	**42**	**1,557**	**-**	**-**	**262**	**(11)**	**1,938**	**(633)**	-	-	-	-
Cash reconciliation												
Effect of exchange rate changes on cash, cash equiv	0	-	-	-	-	-	-	-	-	-		
Net change in cash, cash equivalents and restri	**84**	**1,523**	**158**	**2,547.6**	**252**	**(115)**	**1,960**	**(574)**	(2.4)	1.9	47.2	110.9

Source: Company filings, Bernstein estimates and analysis

on 20-Oct-2026

EXHIBIT 8: **Coherent Operating Model**

Coherent Corp - Balance Sheet *In US$ M unless otherwise specified*	12/31/2025 2025A	12/31/2026 2026A	12/31/2027 2027E	9/30/2024 1Q25A	12/31/2024 2Q25A	3/31/2025 3Q25A	6/30/2025 4Q25A	9/30/2025 1Q26A	12/31/2025 2Q26A	3/31/2026 3Q26A	6/30/2026 4Q26A	9/30/2026 1Q27E	12/31/2026 2Q27E	3/31/2027 3Q27E	6/30/2027 4Q27E
Revenue Drivers															
Revenue															
Datacenter & Communications	**3,755.2**	**5,274.6**	**8,955.5**	**863.6**	**904.5**	**969.0**	**1,018.0**	**1,090.0**	**1,208.0**	**1,361.6**	**1,615.0**	**1,874.8**	**2,113.9**	**2,382.8**	**2,584.0**
Industrial	2,054.6	1,843.6	1,891.4	484.5	530.1	529.0	511.0	491.4	477.7	444.0	430.5	497.3	498.8	452.0	443.3
Total Revenue	**5,810**	**7,118.1**	**10,846.9**	**1,348.1**	**1,434.7**	**1,498.0**	**1,529.5**	**1,581.4**	**1,685.6**	**1,805.6**	**2,045.5**	**2,372.1**	**2,612.7**	**2,834.8**	**3,027.3**
Revenue Growth															
Revenue growth % (YoY)															
Datacenter		41.4%						23.0%	36.0%	37.0%	66.0%				
Communications		39.1%						30.7%	30.2%	45.8%	48.3%				
Datacenter & Communications		40.5%	69.8%					26.2%	33.5%	40.5%	58.6%	72.0%	75.0%	75.0%	60.0%
Industrial		-10.3%	2.6%					1.4%	-9.9%	-16.1%	-15.8%	1.2%	4.4%	1.8%	3.0%
Total Revenue Growth (YoY)	**23.4%**	**22.5%**	**52.4%**	**28.0%**	**26.8%**	**23.9%**	**16.4%**	**17.3%**	**17.5%**	**20.5%**	**33.7%**	**50.0%**	**55.0%**	**57.0%**	**48.0%**
Industry Model Growth															
Revenue growth % (QoQ)															
Datacenter					3.1%	12.2%	2.3%	4.0%	14.0%	13.0%	23.9%				
Communications					7.0%	0.4%	9.2%	11.4%	6.7%	12.3%	11.2%				
Datacenter & Communications					4.7%	7.1%	5.1%	7.1%	10.8%	12.7%	18.6%	16.1%	12.8%	12.7%	8.4%
Industrial					9.4%	-0.2%	-3.4%	-3.8%	-2.8%	-7.1%	-3.0%	15.5%	0.3%	-9.4%	-1.9%
Total Revenue Growth (QoQ)				**2.6%**	**6.4%**	**4.4%**	**2.1%**	**3.4%**	**6.6%**	**7.1%**	**13.3%**	**16.0%**	**10.1%**	**8.5%**	**6.8%**
Operating Profit Decomposition															
Statement of Operations															
Total revenue	**5,810.3**	**7,118.1**	**10,846.9**	**1,348.1**	**1,434.7**	**1,498.0**	**1,529.5**	**1,581.4**	**1,685.6**	**1,805.6**	**2,045.5**	**2,372.1**	**2,612.7**	**2,834.8**	**3,027.3**
Cost of revenue	3,595	4,311.6	6,399.7	839.5	886.7	921.2	947.4	968.8	1,028.5	1,091.4	1,222.9	1,399.5	1,541.5	1,672.5	1,786.1
Gross profit	**2,215**	**2,806.5**	**4,447.2**	**508.6**	**548.0**	**576.8**	**582.1**	**612.6**	**657.1**	**714.2**	**822.6**	**972.6**	**1,071.2**	**1,162.3**	**1,241.2**
Operating expenses:															
Research and development	553	693.4	1,084.7	124.3	137.4	141.2	149.7	147.9	158.8	178.4	208.3	237.2	261.3	283.5	302.7
Sales and marketing	611	656.3	813.5	151.8	145.7	156.3	157.3	155.8	162.3	169.7	168.5	177.9	196.0	212.6	227.1
Others	0	(0.1)	-	0.1	0.0	0.2	(0.0)	0.1	(0.1)	-	-	-	-	-	-
Total operating expenses	**1,163**	**1,349.7**	**1,898.2**	**276.0**	**283.1**	**297.4**	**307.0**	**303.6**	**321.2**	**348.1**	**376.8**	**415.1**	**457.2**	**496.1**	**529.8**
Income from operations	**1,052**	**1,456.8**	**2,549.0**	**232.6**	**264.9**	**279.4**	**275.1**	**309.0**	**335.9**	**366.1**	**445.8**	**557.4**	**614.0**	**666.2**	**711.4**

Source: Company filings, Bernstein estimates and analysis

on 20-Oct-2026

EXHIBIT 9: **Coherent Financial Model**

Coherent Corp - Financial Model *In US$ M unless otherwise specified*	6/30/2024 2024A	6/30/2025 2025A	6/30/2026 2026A	6/30/2027 2027E	6/30/2028 2028E	9/30/2025 1Q26A	12/31/2025 2Q26A	3/31/2026 3Q26A	6/30/2026 4Q26A	9/30/2026 1Q27E	12/31/2026 2Q27E	3/31/2027 3Q27E	6/30/2027 4Q27E
Income Statement													
Non-GAAP Income Statement													
Revenue	**4,707.7**	**5,810.3**	**7,118.1**	**10,846.9**	**16,270.4**	**1,581.4**	**1,685.6**	**1,805.6**	**2,045.5**	**2,372.1**	**2,612.7**	**2,834.8**	**3,027.3**
COGS	3,028.2	3,608.1	4,311.6	6,399.7	9,274.1	968.8	1,028.5	1,091.4	1,222.9	1,399.5	1,541.5	1,672.5	1,786.1
Gross Profit	**1,679.5**	**2,202.2**	**2,806.5**	**4,447.2**	**6,996.3**	**612.6**	**657.1**	**714.2**	**822.6**	**972.6**	**1,071.2**	**1,162.3**	**1,241.2**
Research and development	443.8	554.2	693.4	1,084.7	1,627.0	147.9	158.8	178.4	208.3	237.2	261.3	283.5	302.7
Sales and marketing	545.7	611.2	656.3	813.5	1,220.3	155.8	162.3	169.7	168.5	177.9	196.0	212.6	227.1
Others	0.2	0.2	(0.1)	-	-	0.1	(0.1)	-	-	-	-	-	-
Opex	**989.3**	**1,165.2**	**1,349.7**	**1,898.2**	**2,847.3**	**303.6**	**321.2**	**348.1**	**376.8**	**415.1**	**457.2**	**496.1**	**529.8**
Operating Income	**690.2**	**1,037.0**	**1,456.8**	**2,549.0**	**4,148.9**	**309.0**	**335.9**	**366.1**	**445.8**	**557.4**	**614.0**	**666.2**	**711.4**
Other income (expense), net:	(232.3)	(167.3)	(118.1)	(167.1)	(167.1)	(37.6)	(33.2)	(29.7)	(17.6)	(44.5)	(45.2)	(41.3)	(36.1)
Pre-tax Income	**457.9**	**869.7**	**1,338.7**	**2,382.0**	**3,981.9**	**271.4**	**302.7**	**336.4**	**428.2**	**512.9**	**568.8**	**624.9**	**675.4**
Income Tax	(94.2)	(184.0)	(254.7)	(452.6)	(756.6)	(51.6)	(57.6)	(64.1)	(81.4)	(97.5)	(108.1)	(118.7)	(128.3)
Effective Tax Rate %	*-20.6%*	*-21.2%*	*-19.0%*	*-19.0%*	*-19.0%*	*-19.0%*	*-19.0%*	*-19.1%*	*-19.0%*	*-19.0%*	*-19.0%*	*-19.0%*	*-19.0%*
Non-controlling interest	2.6	7.0	12.3	6.4	6.4	1.1	2.9	3.9	4.4	0.5	3.2	1.6	1.1
Net Income	**366.3**	**692.7**	**1,096.4**	**1,935.8**	**3,231.7**	**220.9**	**248.0**	**276.2**	**351.2**	**416.0**	**463.9**	**507.8**	**548.2**
Diluted Share Count	232.84	196.04	196.47	203.52	204.97	190.7	192.8	196.4	202.2	202.7	203.2	203.8	204.4
Earnings per Share	**1.57**	**3.53**	**5.58**	**9.51**	**15.77**	**1.16**	**1.28**	**1.41**	**1.74**	**2.05**	**2.28**	**2.49**	**2.68**
Balance Sheet													
Assets													
Accounts receivable	848.5	964.1	1,343.3	1,988.1	2,982.1	1,027	1,055	1,188	1,343.3	1,557.8	1,715.8	1,861.6	1,988.1
Inventories	1,286.4	1,437.6	2,581.0	3,769.7	5,462.9	1,633	1,848	2,127	2,581.0	2,953.8	3,253.4	3,530.0	3,769.7
Prepaid and other current assets	425.1	607.4	979.0	1,448.9	2,173.4	507	592	671	979.0	1,135.3	1,250.5	1,356.8	1,448.9
Current Operating Assets	2,560.1	3,009.1	4,903.3	7,206.7	10,618.4	**3,167**	**3,494**	**3,986**	**4,903.3**	**5,646.9**	**6,219.6**	**6,748.4**	**7,206.7**
Property, plant and equipment, net	1,817.3	1,877.5	2,999.3	3,689.4	5,423.5	1,944	2,117	2,420	2,999.3	3,199.9	3,380.5	3,543.1	3,689.4
Goodwill	4,464.3	4,471.1	4,375.6	4,495.7	4,331.5	4,475	4,463	4,402	4,375.6	4,619.5	4,577.8	4,536.6	4,495.7
Intangible Assets, Net	3,503.2	3,204.7	2,884.5	2,963.7	2,855.4	3,133	3,064	2,958	2,884.5	3,045.3	3,017.8	2,990.6	2,963.7
Other Non-Current Assets	313.1	662.2	474.3	702.0	1,052.9	373	352	398	474.3	550.0	605.8	657.3	702.0
Non-Current Operating Assets	10,097.9	10,215.6	10,733.7	11,850.8	13,663.3	**9,925**	**9,996**	**10,178**	**10,733.7**	**11,414.7**	**11,582.0**	**11,727.6**	**11,850.8**
Cash and cash equivalents	926.0	909.2	1,162.0	725.6	136.1	852.8	863.7	1,592.7	1,162.0	545.3	535.2	593.0	725.6
Restricted cash, total current and non-current	863.7	723.7	606.4	606.4	606.4	700.1	665.1	633.0	606.4	606.4	606.4	606.4	606.4
Investments, short and long-term	-	-	825.0	825.0	825.0	-	-	825.0	825.0	825.0	825.0	825.0	825.0
Deferred Tax	41.0	53.4	69.4	69.4	69.4	53.9	69.1	72.1	69.4	69.4	69.4	69.4	69.4
Non-Operating Assets	**1,830.7**	**1,686.3**	**2,662.8**	**2,226.4**	**1,636.9**	**1,607**	**1,598**	**3,123**	**2,662.8**	**2,046.1**	2,036.0	2,093.8	2,226.4
Total Assets	14,488.6	14,910.9	**18,299.9**	**21,283.9**	**25,918.6**	**14,699**	**15,088**	**17,287**	**18,299.9**	19,107.7	19,837.6	20,569.8	21,283.9
Liabilities													
Accounts payable	631.5	847.0	1,905.4	2,783.0	4,032.9	953.9	1,118.5	1,343.4	1,905.4	2,180.6	2,401.8	2,606.0	2,783.0
Accruals and other current liabilities	597.9	718.0	879.3	1,301.4	1,952.0	692.3	683.1	708.6	879.3	1,019.7	1,123.1	1,218.6	1,301.4
Operating lease liabilities, current and non-curre	202.9	206.7	316.2	468.0	702.0	198.1	194.7	231.3	316.2	366.7	403.9	438.2	468.0
Other liabilities	225.4	259.3	198.2	293.3	440.0	229.9	208.1	188.2	198.2	229.8	253.2	274.7	293.3
Operating Liabilities	1,657.8	2,031.0	3,299.1	4,845.6	7,127.0	**2,074.1**	**2,204.3**	**2,471.5**	**3,299.1**	**3,796.8**	**4,181.9**	**4,537.4**	**4,845.6**
Debt, short and long term	4,100.2	3,686.9	3,222.2	3,222.2	3,222.2	3,307.8	3,351.9	3,193.8	3,222.2	3,222.2	3,222.2	3,222.2	3,222.2
Deferred Income Taxes	784.4	711.7	540.6	540.6	540.6	629.5	643.3	605.8	540.6	540.6	540.6	540.6	540.6
Capital Lease Obligations	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Operating Liabilities	**4,884.6**	**4,398.6**	**3,762.8**	**3,762.8**	**3,762.8**	**3,937.3**	**3,995.1**	**3,799.6**	**3,762.8**	3,762.8	3,762.8	3,762.8	3,762.8
Total Liabilities	**6,542.4**	**6,429.7**	**7,061.7**	**8,608.4**	**10,889.8**	6,011.4	6,199.4	6,271.0	7,061.7	7,559.6	7,944.7	8,300.2	8,608.4
Equity													
Total Mezzanine Equity	2,364.8	2,483.3	-	-	-	2,505	-	-	-	-	-	-	-
Total Coherent Corp. Shareholders' Equity	**5,210.1**	**5,644.5**	**10,903.5**	**12,340.7**	**14,694.1**	5,830	8,539	10,677	10,904	**11,213.4**	**11,558.1**	**11,934.9**	**12,340.7**
Noncontrolling interests	**371.4**	**353.5**	**334.7**	**334.7**	**334.7**	352	349	339	335	**334.7**	**334.7**	**334.7**	**334.7**
Total Equity	**7,946.3**	**8,481.3**	**11,238.2**	**12,675.4**	**15,028.8**	**8,687**	**8,888**	**11,016**	**11,238**	**11,548.1**	**11,892.8**	**12,269.6**	**12,675.4**
Book value per share	52.07	54.54	55.58	62.02	73.32	**45.56**	**46.11**	**56.09**	**55.58**	*56.97*	*58.52*	*60.21*	*62.02*
Cash Flow													
Cash flows from operating activities													
Net income	**(158.8)**	**30.1**	**786.9**	**1,165.7**	**1,946.1**	**225.2**	**143.8**	**181.7**	**236.2**	**250.5**	**279.4**	**305.8**	**330.1**
Depreciation	271.6	250.8	241.6	1,309.9	1,517.9	53.0	55.5	62.4	70.7	299.4	319.4	337.4	353.7
Amortization	288.2	302.8	280.3	275.0	268.7	69.4	70.5	70.5	69.9	69.7	69.1	68.4	67.8
Stock-based compensation	126.0	160.2	186.5	271.5	407.3	44.1	42.8	49.1	50.4	59.4	65.4	71.0	75.8
Other, Net	(85.7)	97.8	(313.6)	(701.7)	(459.6)	(187.2)	4.7	(65.2)	(65.8)	(549.7)	(55.8)	(51.5)	(44.6)
Change in Operating Assets and Liabilities	104.3	(208.1)	(1,102.2)	(756.9)	(1,130.4)	(158.6)	(259.4)	(392.3)	(291.9)	(245.9)	(187.6)	(173.2)	(150.2)
Net cash provided by operating activities	**545.7**	**633.6**	**79.5**	**1,563.6**	**2,550.1**	**46.0**	**57.9**	**(93.8)**	**69.4**	**(116.7)**	**489.8**	**557.9**	**632.5**
Sum - Total	-	-	-	-	-	-	-	-	-	-	-	-	-
Check													
Cash flows from investing activities													
Capital Expenditure and Capitalized Software Develc	(346.8)	(440.8)	(1,102.9)	(2,000.0)	(3,139.6)	(103.9)	(153.6)	(289.7)	(555.7)	(500.0)	(500.0)	(500.0)	(500.0)
Acquisitions, net of divestitures	-	27.0	429.8	-	-	391.1	(5.3)	51.5	(7.5)	-	-	-	-
Purchases of investments, net of sales	-	-	(735.6)	-	-	9.6	21.9	(807.7)	40.6	-	-	-	-
Other	(0.0)	(0.0)	(5.0)	-	-	(0.0)	(0.0)	(5.0)	0.0	-	-	-	-
Net cash provided by/(used in) investing activi	**(350.7)**	**(414.2)**	**(1,413.7)**	**(2,000.0)**	**(3,139.6)**	**296.8**	**(138.5)**	**(1,049.4)**	**(522.6)**	**(500.0)**	**(500.0)**	**(500.0)**	**(500.0)**
Sum - Total	4.0	-	(1.0)	-	-	-	1.0	(2.0)	-	-	-	-	-
Cash flows from financing activities													
Debt proceeds net of payments	(209.8)	(383.3)	(487.3)	-	-	(317.2)	215.5	(411.9)	26.3	-	-	-	-
Equity issuance net of buybacks	42.3	49.6	2,052.4	-	-	21.3	8.8	2,021.7	0.6	-	-	-	-
Dividends	-	(11.4)	(11.4)	-	-	(11.4)	-	-	0.0	-	-	-	-
Other	925.8	(106.6)	(76.4)	-	-	(114.2)	(181.2)	244.6	(25.6)	-	-	-	-
Net cash provided by/(used in) financing activi	**758.3**	**(451.7)**	**1,477.1**	**-**	**-**	**(421.5)**	**43.1**	**1,854.3**	**1.2**	-	-	-	-
Sum - Total	-	-	-	-	-	-	-	-	-	-	-	-	-
Check													
Effect of exchange rate changes on cash, cash equiva	(1.2)	75.6	(7.4)	-	-	(1.3)	13.5	(14.2)	(5.4)	-	-	-	-
Net change in cash, cash equivalents and rest	**952.1**	**(156.8)**	**135.5**	**(436.4)**	**(589.5)**	**(80.0)**	**(24.1)**	**697.0**	**(457.4)**	**(616.7)**	**(10.2)**	**57.9**	**132.5**

Source: Company filings, Bernstein estimates and analysis

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VALUATION METHODOLOGY

Lumentum Holdings Inc

We apply a ~35x multiple to our estimate of $35 in FY 28 EPS, and set our price target at $1,220.

Coherent Corp

We apply a ~22x multiple to our estimate of $16 in FY 28 EPS, and set our price target at $350.

RISKS

Lumentum Holdings Inc

Greater adoption of CW+SiPh lasers eases the InP bottleneck, reducing Lumentum and Coherent's pricing power

China retaliates against US sanctions/tariffs on transceivers with export restrictions on InP, choking off supply

Optical adoption lags amid continued CPO yield issues

AI adoption decelerates, in turn leading to reduced investment in AI infrastructure

Coherent Corp

Greater adoption of CW+SiPh lasers eases the InP bottleneck, reducing Lumentum and Coherent's pricing power

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Those denoted as 'Feature' (e.g., Feature Outperform FOP, Feature Under Outperform FUP) are our core ideas.

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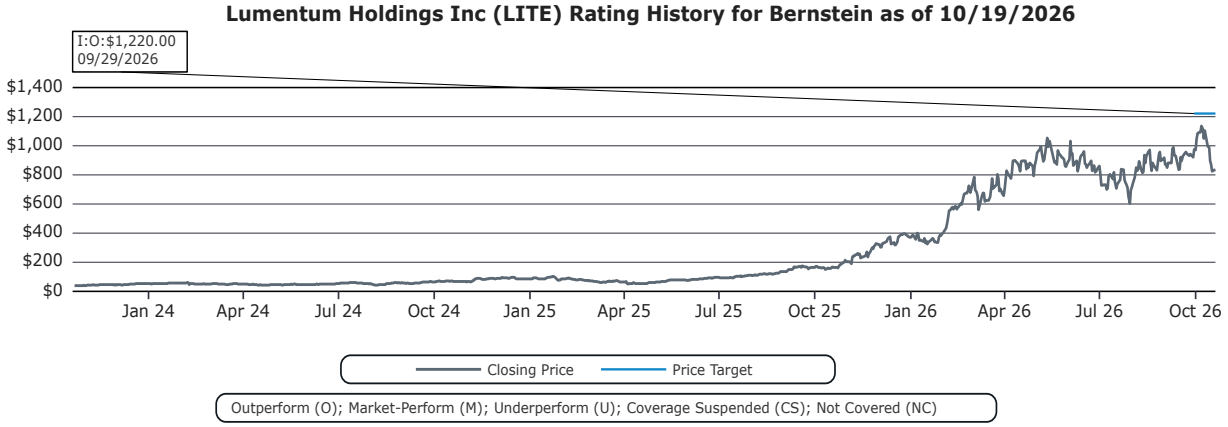
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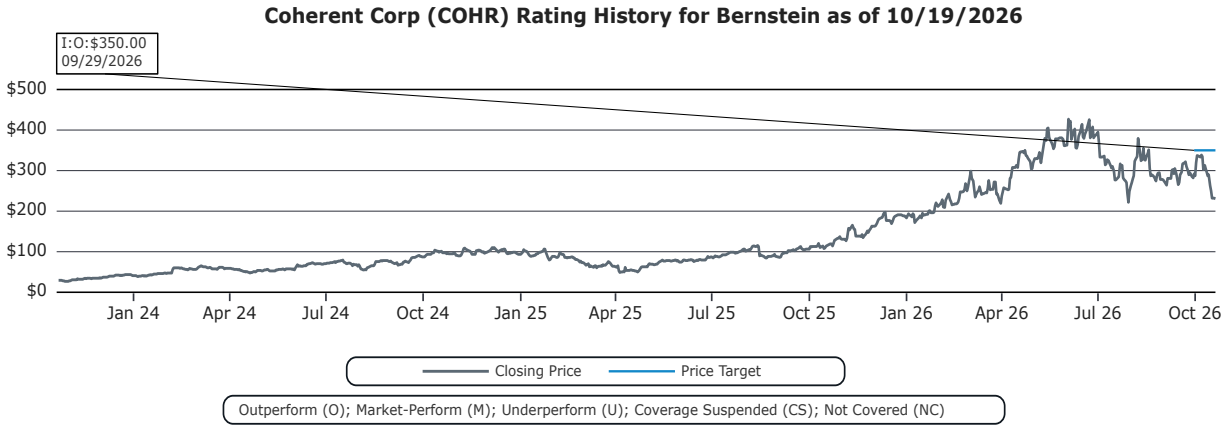
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Outperform	BUY	52.3%	14.2%
Market-Perform (Bernstein Brand) Neutral (Autonomous Brand)	HOLD	35.6%	16.1%
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