

COHERENT INC
Form 10-Q
February 06, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended December 29, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-33962

COHERENT, INC.

Delaware 94-1622541

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

5100 Patrick Henry Drive, Santa Clara, California 95054

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (408) 764-4000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of registrant's common stock, par value \$.01 per share, on February 4, 2019 was 24,326,589.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements included in or incorporated by reference in this quarterly report, other than statements of historical fact, are forward-looking statements. These statements are generally accompanied by words such as "trend," "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "rely," "believe," "estimate," "predict," "intend," "potential," "continue," "outlook," "forecast" or the negative of such terms, or other comparable terminology, including without limitation statements made under "Our Strategy" and in "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements also include the assumptions underlying or relating to any of the foregoing statements. Actual results of Coherent, Inc. (referred to herein as the Company, we, our or Coherent) may differ significantly from those anticipated in these forward-looking statements as a result of various factors, including those discussed in the sections captioned "Our Strategy," "Risk Factors" and "Key Performance Indicators," as well as any other cautionary language in this quarterly report. All forward-looking statements included in the document are based on information available to us on the date hereof. We undertake no obligation to update these forward-looking statements as a result of events or circumstances or to reflect the occurrence of unanticipated events or non-occurrence of anticipated events, except to the extent required by law.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

COHERENT, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited; in thousands, except per share data)

	Three Months Ended	
	December 2018	December 30, 2017
Net sales	\$383,146	\$ 477,565
Cost of sales	233,796	260,542
Gross profit	149,350	217,023
Operating expenses:		
Research and development	28,942	31,392
Selling, general and administrative	64,557	73,437
Impairment and other charges	—	265
Amortization of intangible assets	3,040	2,606
Total operating expenses	96,539	107,700
Income from operations	52,811	109,323
Other income (expense):		
Interest income	228	471
Interest expense	(4,901)	(8,747)
Other—net	(4,478)	(224)
Total other income (expense), net	(9,151)	(8,500)
Income from continuing operations before income taxes	43,660	100,823
Provision for income taxes	8,110	58,920
Net income from continuing operations	35,550	41,903
Loss from discontinued operations, net of income taxes	—	(2)
Net income	\$35,550	\$ 41,901
Net income per share:		
Basic	\$1.46	\$ 1.70
Diluted	\$1.45	\$ 1.67
Shares used in computation:		
Basic	24,268	24,635
Diluted	24,472	25,025

See Accompanying Notes to Condensed Consolidated Financial Statements.

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COHERENT, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (Unaudited; in thousands)

	Three Months Ended	
	December 2018	December 30, 2017
Net income	\$35,550	\$ 41,901
Other comprehensive income (loss): ⁽¹⁾		
Translation adjustment, net of taxes ⁽²⁾	(5,690)	92
Changes in unrealized losses on available-for-sale securities, net of taxes ⁽³⁾	—	(7)
Defined benefit pension plans, net of taxes ⁽⁴⁾	8	147
Other comprehensive income (loss), net of tax	(5,682)	232
Comprehensive income	\$29,868	