

Coherent Corp.

NYSE: COHR | Optical communications and photonic materials | Coverage update | 15 September 2026

Last close (14 Sep 2026)	\$266.50 (-12.73%)	Recommendation	BUY, reaffirmed
Previous report (3 Sep)	\$268.64, Buy	Investment score	62.7 / 100 (prior 64)
Market capitalisation	\$52.19bn	Weighted fair value	\$327
Enterprise value	\$53.75bn	Accumulation band	\$262 - \$282, held under review
Forward P/E (FY27E \$9.70)	27.5x (27.7x on 3 Sep)	Cut-loss	\$238, unchanged
200-day average, recomputed	\$280.25 and rising	Targets	\$390 then \$440, unchanged

Twelve Days, No Net Movement, and One Correction to Make

Coherent closes this period within \$2.14 of where the last report found it, which conceals rather more than it reveals. Between 3 and 11 September the shares rose 15.5% to \$305.37 on an optical-sector rally, then gave all of it back and more on 14 September, falling 12.73% in the single worst session of any name in this coverage that day. The rating stays at Buy. The trade levels stay where they were. What does change is a technical figure that has been carried across two reports on an inconsistent basis, and correcting it is the most useful thing this update does.

The 200-day average, recomputed properly

The 18 August report anchored the lower end of its buy range on a 40-week average of \$276.09 and cited it as evidence the primary uptrend was undamaged. The 3 September report quoted a 200-day average of \$275.10, taken from a third-party data provider rather than computed, and concluded that "the anchor has not moved. The price has moved through it." That conclusion was wrong, and it was wrong in a way worth being precise about, because the same mistake is easy to make again.

Recomputing both windows from a single 300-session daily series settles it. The daily 200-day average stood at \$267.48 on 18 August, \$275.10 on 2 September and \$280.25 on 14 September. The 3 September figure was exactly right; the apparent stability against 18 August was an artefact of comparing two different measures. On a 40-week weekly-close basis the series reads \$274.97, \$280.65 and \$286.28 for the same three dates, which reproduces the 18 August figure to within a dollar. Both conventions agree on the thing that matters and both contradict the stated conclusion: the average did not stand still. It has risen every fortnight, by 4.8% since 18 August, while the price fell.

Date	Close	200-day (daily, computed)	40-week (weekly closes)	Price vs the daily average
18 Aug 2026	\$306.43	\$267.48	\$274.97	17.8% above, on the 18 August report's \$315.00 reference
2 Sep 2026	\$268.64	\$275.10	\$280.65	2.35% below
14 Sep 2026	\$266.50	\$280.25	\$286.28	4.9% below

All figures computed in this report from one 300-session Twelve Data daily series. The \$276.09 quoted on 18 August is reproduced by the weekly-close convention and not by the daily one, which is the source of the inconsistency. Every average in this report uses the daily convention.

Two consequences follow. The first is that the technical deterioration is steeper than either previous report described, because the price is falling toward a rising line rather than a flat one, and the discount has widened from nothing to 4.9% in under a month. The second is practical: the top of the published accumulation band, \$282, was set to bracket an average of \$275.10. That average is now \$280.25 and has risen about \$0.64 a session over the past fortnight. At that rate the band stops containing the average within roughly three weeks. The band is held unchanged in this report because it still brackets both the price and the average today, and it will be reset at the next review rather than quietly carried.

What Changed Since 3 September

Development	Date	Effect on the case
Optical communications complex rallies; Coherent gains 6.7% in a session and leads the group	8 Sep	Neutral in hindsight. The move was sector beta and it fully reversed six sessions later
Coherent confirms its ECOC 2026 presence in Malaga and will unveil the PhotonLink platform on 21 September	8 Sep	Mildly positive and imminent. A product unveiling is not revenue, but it is the only company-specific catalyst before the November results
Chief financial officer sells 3,000 shares; chief strategy and legal officer and at least two directors file or execute sales; roughly \$4.2m disclosed across the period with no offsetting purchases	2-12 Sep	Negative. Small in absolute terms against a \$52bn company, and the pattern rather than the size is what counts against a stock this coverage argues is 23% below fair value
Semiconductor and optical complex falls together; Coherent loses 12.73%, the largest single-session decline among the names covered here that day	14 Sep	Negative on the chart, neutral on the business. No company disclosure accompanied it
The 10-year Treasury yield rises from 4.79% to 4.999%, its highest since October 2023, with rate-hike odds for the 15-16 September meeting moving to roughly 85% from 57.5%	3-14 Sep	Negative. This is the security in the coverage most exposed to the discount rate, because free cash flow is negative and the value sits several years out
No new analyst action since 19 August; consensus target across 23 analysts remains \$415.36	-	Neutral. The sell side has neither defended nor abandoned the name through a 13% round trip

Company developments from the moomoo news, research and notice feeds as at 15 September 2026. Macroeconomic figures from this publication's own coverage of the August producer price, consumer price and payroll releases.

The Business and What Still Decides It

Coherent makes the physical components of optical networking and owns the scarce materials underneath them, principally indium phosphide, and increasingly silicon carbide substrates. It is vertically integrated in a way that is expensive in capital and valuable in supply, which is the whole shape of the investment case: it sits on a physical input that an industry cannot get enough of, and it has contracted that scarcity out to the end of the decade. The last operating disclosure remains the fiscal fourth quarter released on 12 August, with revenue of \$2.05bn up 33.8%, non-GAAP earnings of \$1.74 against a \$1.62 consensus, and September-quarter guidance of \$2.2bn to \$2.4bn of revenue and \$1.85 to \$2.05 of earnings, both above the street. The fiscal year ends 30 June and the next results land on 4 November.

The objection is equally unchanged and it is the reason this is a Buy rather than a Strong Buy. Free cash flow was negative \$1.02bn in fiscal 2026, or \$5.23 a share, against operating cash flow of \$79.51m. There is no cash yield beneath the multiple, capital expenditure is still rising, and on a weighted average cost of capital that S&P; Global puts at 15.14%, driven by a 2.10 beta, the company is currently earning well below its cost of capital. The bull answer is that

this is what a company looks like while it is building capacity it has already sold. The bear answer is that the spread closes from the revenue side or not at all, and the September-quarter operating cash flow line reported on 4 November is the test.

Variable	Why it decides the outcome	Where it stands today
Cash conversion inflecting	Negative free cash flow is the single load-bearing objection. Until operating cash flow moves, the multiple has nothing underneath it but growth	Untested. The last data point is \$79.51m of operating cash flow for fiscal 2026. The next arrives on 4 November and it is the stated thesis test
The contracted order book	Fiscal 2027 is booked and purchase orders extend into 2028 at contracted pricing. That book is the floor under the entire case	Unchanged. No evidence of renegotiation on volume or price has emerged, which was the condition named as thesis-breaking
Gross margin expansion	Nine consecutive quarters of expansion is what turns strong revenue growth into much stronger earnings growth. The guided range is 39.5% to 41.5%	Unchanged and untested until November. Nothing in the period has touched it
The 1.6T and silicon carbide ramps	These are the new revenue lines that justify the forward multiple rather than the trailing one	Progressing on announcements rather than on reported revenue. PhotonLink is unveiled on 21 September; 300mm silicon carbide substrate sampling began on 17 August
The discount rate	A company with negative free cash flow and value several years out is exactly the security a rising risk-free rate marks down hardest	Worse. The 10-year reached 4.999% on 14 September and a rate increase is widely expected on 16 September

Framework carried forward from the 3 September report on this company. Fiscal fourth-quarter figures from Coherent's release of 12 August 2026.

Valuation

The estimates are unchanged and so, almost exactly, is the price, which makes this the least eventful valuation section in this coverage for some time. Fiscal 2027 non-GAAP earnings of \$9.70 remain this report's calculation built from company guidance rather than a company figure, and at \$266.50 the shares trade at 27.5 times it against 27.7 times a fortnight ago. What has moved is the weighted fair value, and it has moved for one reason only.

Measure	At \$266.50	At \$268.64 (3 Sep)	Comment
Forward P/E on FY2027E EPS of \$9.70	27.5x	27.7x	Essentially unchanged; the price round-tripped
Market capitalisation	\$52.19bn	\$52.61bn	On approximately 195.8m shares
Enterprise value	\$53.75bn	\$54.17bn	Net debt of about \$1.56bn
Free cash flow yield	Not computable	Not computable	Fiscal 2026 free cash flow was negative \$1.02bn, or \$5.23 a share
Consensus target (23 analysts)	\$415.36	\$415.36	55.9% above the market. No analyst action since 19 August
Probability-weighted fair value	\$327	\$337	Cut on exit multiples alone; the earnings cases are unchanged
Implied upside to weighted fair value	+22.5%	+25.4%	Narrowed because the fair value fell and the price did not

The fiscal 2027 earnings figure is this report's calculation from company guidance, not a company-reported number. Share count is derived from the market capitalisation and price published in the 3 September report and is approximate.

The macro variables that actually matter here

One dominates, and it is the discount rate, for a reason specific to this company rather than generic to technology. Coherent is not merely valued on distant earnings; it must raise the capital to build the capacity that produces them, while free cash flow is negative. So the long end of the curve prices both the valuation and the funding. The 10-year Treasury yield reached 4.999% on 14 September, its highest since October 2023, from 4.79% at the previous report. August producer prices lifted the annual rate to 5.4% from 4.8%, core consumer prices rose 0.3% against a 0.2% forecast, and payrolls came in at 162,000 against a 58,000 forecast with 55,000 of upward revisions across the prior two months. Futures price roughly 85% odds of a quarter-point increase at the meeting concluding on 16 September, against 57.5% at the last report.

The second variable is hyperscaler and frontier-lab capital expenditure, which is the demand function and which is insensitive to the policy rate on any horizon that matters here, because it is set against competitive position rather than the cost of money. Consumer demand, housing and mortgage rates have no bearing on this business and are not discussed for that reason. Worth noting that the two variables pull in opposite directions in the current tape: 14 September saw the market mark down the demand variable on an argument about the pace of artificial intelligence development while the rate variable worsened independently, and a holder of this stock took both.

Sentiment and Positioning

Input	Reading	Interpretation
Analyst consensus	\$415.36 mean across 23 analysts, 55.9% above the market. Dispersion runs from Northland at \$280 to Rosenblatt at \$500	The widest target dispersion of any name in this coverage, and no firm has moved since 19 August through a 13% round trip. Genuine disagreement rather than neglect
Insider activity	Chief financial officer sold 3,000 shares on 4 September; a further disposal of roughly \$3.58m was disclosed on 2 September; the chief strategy and legal officer and at least two directors filed or executed sales through 12 September. No purchases disclosed	The clearest negative in the period. Roughly \$4.2m is immaterial against a \$52bn company, but four insiders selling and none buying, into a stock this report calls 23% cheap, is a fact and not a comfort
moomoo news feed and digest	Both ran. The feed surfaced the insider filings and the ECOC announcements; the digest reads neutral, with no new stock-specific factors	The insider items appear only in the raw feed, which is the argument for running both rather than one
Sector tape	VanEck Semiconductor ETF down more than 4% on 14 September, with Coherent -12.7%, Teradyne -9.3%, Marvell -7.6% and Credo -7.9%	Coherent took the largest decline in its own complex, which is what a 2.10 beta and an 8.9% average true range produce on a bad day
Near-term catalyst	PhotonLink platform unveiling at ECOC in Malaga on 21 September	Six sessions away and the only company-specific event before the 4 November results. A product launch moves sentiment, not revenue

Analyst distribution carried from the 3 September report; insider filings and announcements from the moomoo news and research feeds as at 15 September 2026. Both moomoo research steps completed successfully for this ticker.

Technicals

Indicator	Value	Reading	Versus 3 Sep report
Price of record (14 Sep)	\$266.50	Down 12.73% on the session; down 0.8% over the period	\$268.64
SMA 20 / EMA 20	\$289.62 / \$291.41	Price 8.0% and 8.5% below	\$307.58; was 14.5% overhead
SMA 50 / EMA 50	\$299.16 / \$304.63	Price 10.9% and 12.5% below. First resistance on any recovery	\$312.19; was 13.9% overhead

Indicator	Value	Reading	Versus 3 Sep report
SMA 100 / EMA 100	\$334.09 / \$306.20	Price 20.2% and 13.0% below	\$336.86
SMA 200	\$280.25	Price 4.9% below. Computed here, and rising about \$0.64 a session	\$275.10, from a third-party source
EMA 200	\$268.31	Price 0.7% below. The closest level of any kind, in either direction	Not published
RSI (14)	42.5	Weak, not oversold, and marginally better than a fortnight ago	41.4
MACD (12,26,9)	-6.17, signal -7.21, histogram +1.04	The histogram has crossed above the signal line. Still negative, but no longer widening	-11.19, histogram -3.44 and widening
ATR (14)	\$23.84, 8.9% of price	A typical day moves 8.9%. Position sizing must respect it	\$24.11, 9.0%
Session lows	\$265.49 on 14 Sep against \$255.25 on 3 Sep	A higher low, made on a 12.73% down day. The most constructive single fact on the chart	Not applicable
100-session range	\$220.68 - \$440.00	The July low remains the next structural support below the stop	\$220.68 - \$440.00
Volume, 20-day vs 50-day	6.2m vs 6.1m, +2.0%	Turnover has normalised from the elevated readings of early September	7.33m / 5.99m

Computed in code from a 300-session Twelve Data daily series to 14 September 2026, with every average taken from that one series. Distances are measured against the \$266.50 price of record.

The chart is genuinely two-sided for the first time in three reports and it would be misleading to present it as uniformly bad. Against it: the price sits below every simple moving average, the discount to a rising 200-day has widened from 2.35% to 4.9%, and the whole moving-average stack from \$289 to \$334 is overhead. In its favour: the MACD histogram has crossed above its signal line for the first time in this sequence, the relative strength index has improved slightly, and 14 September produced a higher low than 3 September despite being a far worse session. The 200-day exponential average at \$268.31 sits within 0.7% of the price and is the nearest level of any description. Support runs from there to the 3 September low of \$255.25, and then to the \$238 stop. Technicals inform timing only.

Risk Register

Risk	Probability	Severity	Assessment
Cash conversion never inflects	Medium	Severe	Free cash flow of negative \$1.02bn with capital expenditure still rising. The September-quarter operating cash flow line, reported 4 November, is the stated test and the single most important number in the case
Discount rate rises further	High	Moderate	A September increase is roughly 85% priced against 57.5% at the last report. Every 25 basis points on the long end compresses a 27.5x forward multiple harder than it does the market's
Customer concentration and cycle exposure	Medium	Severe	Demand is concentrated in hyperscaler and frontier-lab build-out. There is no diversification left to lean on; the industrial segment fell 15.8% in the last reported year
Volatility itself	Certain	Moderate	A 2.10 beta and an 8.9% average true range. The 12.73% session on 14 September is the ordinary behaviour of this security, not an exception, and any stop within two average ranges is a coin flip
Gross margin guided below 39.5% to 41.5%	Low	Severe	Nine quarters of expansion is a load-bearing part of the earnings-leverage argument. Untested until November

Risk	Probability	Severity	Assessment
Long-term agreements renegotiated on volume	Low	Severe	The contracted order book is the floor under the whole case. No evidence of this, and it would be a downgrade regardless of price
Insider alignment	Observed	Low	Four insiders including the chief financial officer sold through the period and none bought. Immaterial in size; noted because the direction was uniform

Probability and severity are this report's assessments. The Risk score of 3/10 in the scorecard below denotes a high-risk business, consistent with this register.

Scorecard

Factor	Score	Rationale and change since the previous report
Business Quality weight 12%	 7/10	Unchanged. Vertically integrated around scarce indium phosphide capacity, and capital-intensive by nature, which cuts both ways
Financial Strength weight 13%	 5/10	Unchanged. No new financial statements since the fiscal fourth quarter. Negative free cash flow remains the binding constraint on this score
Competitive Advantage weight 15%	 7/10	Unchanged. The PhotonLink unveiling on 21 September and the silicon carbide sampling programme are positioning rather than delivered revenue
Management weight 10%	 7/10	Cut from 8. Four insiders including the chief financial officer sold through the period with no offsetting purchases. Small in size; the guidance record itself is untested until 4 November
Growth Potential weight 18%	 9/10	Unchanged. Fiscal 2027 booked, purchase orders extending into 2028, and silicon carbide and PhotonLink adding optionality
Valuation weight 15%	 6/10	Unchanged. The forward multiple moved only from 27.7x to 27.5x, and the narrowing of the gap to weighted fair value offsets that
Risk (10 = lowest risk) weight 12%	 3/10	Unchanged at high risk. Concentration, negative free cash flow and a 2.10 beta are as before, and the rate environment has worsened within an already low score
Technical Setup weight 5%	 3/10	Unchanged. A deeper discount to a rising 200-day average is offset by a bullish MACD crossover and a higher low on 14 September
Investment Score	62.7 / 100	Weighted sum of the eight factors above, computed in code. The previous report scored 64 / 100 on the same weights and the same direction convention.

Scored 1-10, where 10 is always best, including Risk. A Risk score of 3 therefore denotes a high-risk business, consistent with the risk register above. The 3 September report used the same direction convention, so the two totals are directly comparable and no restatement was required. Weights: Growth Potential 18, Competitive Advantage 15, Valuation 15, Financial Strength 13, Business Quality 12, Risk 12, Management 10, Technical Setup 5.

Recommendation: BUY

Reaffirmed, and reaffirmed for a duller reason than usual: almost nothing happened. The price is 0.8% lower, the forward multiple is 0.2 turns lower, the contracted order book is intact, no analyst has changed their mind, and the only operating disclosure that can settle the argument does not arrive until 4 November. A rating that moved on this evidence would be moving on noise.

What keeps this above Watchlist is the combination the previous two reports identified and which none of the intervening fortnight has touched: a booked fiscal 2027, contracted pricing to the end of the decade, a forward multiple

below 28 times against a three-year earnings growth forecast near 49%, and a consensus target 56% above the market. What keeps it below Strong Buy is equally unchanged and has hardened. There is still no free cash flow beneath the multiple, the discount rate applied to the earnings that justify it has risen again, and the score falls 1.3 points this period because four insiders sold and none bought.

The price sits inside the ideal accumulation zone of \$262 to \$272 as this is written, which is where the previous report said to buy, so the practical instruction is simply that the instruction stands. The stop does not move and should not be widened for comfort: at \$238 it sits 10.9% below the band midpoint, which is only 1.3 average true ranges on this security, and that closeness is a reason to take half a position rather than a reason to loosen the level. The targets do not move either, because the analysis behind them has not changed and the weighted fair value of \$327 still sits below the first of them.

Parameter	This report	3 Sep report	Basis
Recommended entry	\$262 - \$282	\$262 - \$282	Still brackets both the price and the recomputed 200-day average at \$280.25, but only just. To be reset at the next review
Ideal accumulation	\$262 - \$272	\$262 - \$272	The lower half. The 14 September close of \$266.50 sits inside it
Cut-loss	\$238	\$238	Unchanged for a third report. Below the late-July consolidation floor, and deliberately not widened despite sitting only 1.3 average true ranges away
Take-profit 1	\$390	\$390	About 40 times the fiscal 2027 estimate, below the \$415 consensus and above the \$320 base case
Take-profit 2	\$440	\$440	The June all-time high, about 45 times the fiscal 2027 estimate
Expected upside	+46.1% to first, +64.8% to second	+43.4% / +61.8%	From a \$267 band midpoint
Expected downside	-10.9%	-12.5%	Band midpoint to the \$238 cut-loss
Risk / reward	4.2 to 1 at first target	3.5 to 1	Improved only because the midpoint fell toward a fixed stop, which is worth less than the number suggests
Position size	Half a normal position	Half a normal position	A 2.10 beta and an 8.9% average true range demand it. The 14 September session is the argument

Levels are carried forward unchanged from the 3 September report. Percentages are recomputed against the 14 September close and the band midpoint.

What would change the view

Condition	Consequence	Why
September-quarter operating cash flow on 4 November shows no improvement on \$79.51m	Downgrade to Watchlist	This is the stated thesis test. Negative free cash flow is the objection the whole case has to answer, and it answers on that date or not at all
Evidence that long-term agreements are being renegotiated on volume	Downgrade regardless of price	The contracted order book is the floor under the valuation. Without it the multiple has no support at all
Gross margin guided below the 39.5% to 41.5% range	Downgrade	Nine quarters of expansion is a load-bearing part of the earnings-leverage argument
A close below \$238 on volume	Cut-loss; move to Watchlist	The thesis has not necessarily failed but the trade has. The next structural support beneath it is the July low at \$220.68

Condition	Consequence	Why
A weekly close back above the 50-day average, now \$299.16	Restores the technical score and justifies completing the position	It would take the price back through the whole overhead stack including the 200-day
A sustained further rise in long-dated yields alongside a Federal Reserve that stays hawkish after September	Trim targets again rather than the rating	A discount-rate effect is not a business effect, and it has now moved this report's fair value twice without touching the earnings cases
The PhotonLink unveiling on 21 September accompanied by named customers or volume commitments	Supports the case; not by itself a rating change	A launch without commercial terms moves sentiment. This coverage upgrades on revenue and cash, not on product announcements

Macro rows are phrased directionally rather than against invented thresholds. The numeric levels stated are the published stop, computed averages and company-reported figures.

Scenario Analysis

Case	Prob.	Multiple	FY2027E EPS	Fair value	vs \$266.50	Outline
Bull	30%	43x	~\$10.50	\$452	+69.4%	Six-inch indium phosphide runs ahead of plan again, 1.6T broadens, co-packaged optics and optical circuit switching both contribute in the second half, gross margin clears 42% and free cash flow turns positive during fiscal 2027
Base	50%	33x	\$9.70	\$320	+20.1%	The ramp lands as guided, fiscal 2027 revenue near \$10.4bn, free cash flow improving but not decisively positive, and the multiple holding in the low thirties as the market looks through to fiscal 2028
Bear	20%	22x	~\$7.05	\$155	-41.8%	Hyperscaler spending enters digestion during calendar 2027. Orders are pushed rather than cancelled, the inventory build requires a write-down, and a capital-intensive supplier is re-rated as one
Weighted	100%			\$327	+22.5%	

Probabilities sum to 100%. The probability-weighted fair value of \$326.52 was computed in code from the inputs shown. The earnings cases are unchanged from 3 September; the bull and base exit multiples have each been cut by two and one turn respectively to reflect a 10-year Treasury yield at 4.999% against 4.79% at that report. The 41.8% bear drawdown is not hypothetical for this security, which fell 51% from \$440 to \$215 inside the last six months.

Final Verdict

Would this be worth an allocation of one's own money today? Yes, on the same terms as a fortnight ago and at almost exactly the same price, provided the position is built in the lower half of the band and kept to half weight. The 14 September session, in which the shares lost 12.73% without a word from the company, is the argument for the half weight rather than an argument against the position.

The reason to own Coherent has not changed. It sits on the scarce physical input to an industry that cannot get enough of it, has contracted that scarcity through the end of the decade, and is compounding gross margin fast enough to turn strong revenue growth into much stronger earnings growth. At 27.5 times forward earnings against a three-year growth forecast near 49%, that is not a fantasy multiple.

The single biggest concern is the same one it has been for three reports, and stating it plainly is more useful than restating the bull case: this company consumed \$1.02bn of cash in the year it grew 33.8%, and nothing in the valuation works if that does not reverse. Everything else here is a matter of timing and multiple. On 4 November the

September-quarter cash flow statement either shows the inflection or it does not, and that single line carries more weight than the next seven weeks of price action combined. Two smaller things also want watching: the 200-day average is rising about \$0.64 a session toward a price that is not, and four insiders sold into this fortnight while none bought.

Sources and basis

Price of record and session data: Alpha Vantage GLOBAL_QUOTE for 14 September 2026. Daily price series and all computed indicators, including every moving average quoted here and the recomputed historical averages for 18 August and 2 September: Twelve Data time series, 300 completed sessions to 14 September 2026, computed in code from that one series. Reported results, guidance, cash flow and the fiscal 2027 estimate: Coherent's fiscal fourth-quarter 2026 release of 12 August 2026 and management guidance, as carried in the 3 September report on this company. Insider transactions, product announcements and analyst actions: moomoo news, notice and research feeds as at 15 September 2026, both the raw feed and the interpreted digest, with insider filing details confirmed against public filing summaries. Analyst distribution and the weighted average cost of capital estimate: carried from the 3 September report. Macroeconomic figures: this publication's own economic coverage of the August producer price, consumer price, payroll and claims releases and the September rate-path pricing.

This report is informational only and is not financial advice. It reflects the author's assessment as at 15 September 2026 and may change without notice.