November 5, 2026 09:37 AM GMT

Coherent Corp | North America

Shining the Light a Little Further Out

AlphaSignals Earnings Reaction

Strengthens our thesis	Modest upside	Meaningful revision higher
Impact to our thesis	Financial results versus consensus	Direction of next 12-month consensus EPS

Source: Company data, Morgan Stanley Research

COHR's FQ1 and FQ2 outlooks were about in line with bogeys entering into the quarter as datacomm business continues to ramp. However, details around new PhotonLink LTA and longer-term gross margin guidance were meaningful positives, particularly given recent selloff.

Key Takeaways

- LT growth trajectory got a boost with incremental detail around new NPO LTA co previously talked to, noting potential to be $20bn over 5 yrs (starting in 28).
- Near-term margin trajectory still disappointing to investors, but as CPO / NPO opportunity ramps, company sees opportunity to post 45%+ gross margins.
- While subject to AI capex trade volatility, strategic activity in the space validates opportunity and valuation increasingly looks attractive.

Not a 'perfect 10' quarter, but should be good enough to impress the judges. COHR has been weak over the last quarter as investors have been frustrated with the degree of visibility being given into the business and pace of gross margin accretion, along with just general weakness in the AI trade. While the pace of pickup in gross margins continues to be slower than investors would like, the company continues to outperform on the top line, is seeing traction with its high-powered lasers and has nearly doubled our FY28 estimates YTD. While we don't expect the name to be trading at the elevated multiples it was trading at earlier in the year, the name, now basically flat YTD, is valuing COHR, a name with a 50%+ EPS CAGR, at ~13x FY28e EPS. We would like to get a greater sense of how the CPO / NPO business is going to build in the coming years, but new $20bn 5-year LTA starting in CY28 and recent strategic activity increase confidence in the scale of business in the coming years. In a normal setup, the slight misses would likely have driven a modestly negative reaction, but with shares already down sharply over the past week, we expect the stock to be largely flat.

Notable highlights from the quarter:

- **1) CPO / NPO engagements continue to grow.** As we noted coming out of ECOC and COHR's PhotonLink event, confidence is growing around industry demand for CPO / NPO in 2028. Coherent noted 10+ CPO engagements, 10+

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Coherent Corp (COHR.N, COHR US)

Telecom & Networking Equipment | United States of America

Stock Rating	**Equal-weight**
Industry View	**In-Line**
Price target	**$325.00**
Shr price, close (Nov 4, 2026)	$195.09
Mkt cap, curr (mm)	$39,408
52-Week Range	$440.00-123.80

Fiscal Year Ending	06/26	06/27e	06/28e	06/29e
EPS ($)**	5.61	10.07	15.19	18.98
Prior EPS ($)**	-	9.24	13.29	16.74
EPS ($)§	5.46	9.41	14.03	19.72
P/E	85.4	21.8	13.8	10.9
ModelWare EPS ($)	4.62	8.96	14.11	17.93
Div yld (%)	-	-	-	-

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

QUARTERLY EPS ($)

Quarter	2026	2027e Prior	2027e Current	2028e Prior	2028e Current
Q1	1.16	-	2.09a	2.94	3.39
Q2	1.29	2.18	2.36	3.22	3.70
Q3	1.41	2.42	2.61	3.52	3.99
Q4	1.74	2.67	2.98	3.58	4.09

e = Morgan Stanley Research estimates, a = Actual Company reported data

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NPO engagements, 5+ chip-to-chip engagements. While the company had noted a new NPO deal at ECOC, it gave greater context for it on the earnings call, noting it has the potential for be $20bn over a 5-year period starting in CY28. The company also sized the CPO / PhotonLink business in the near term, noting it expects the scale-out CPO opportunity to be over $100mm in the March quarter (FQ3), and to exceed $250mm by the end of CY27. There has been much debate as to whether COHR's ultra-high power 400mw CW lasers are certified for shipment in NVDA boxes, but COHR continues to insist that it will start seeing this revenue in 2027.

- **2) Committing to a higher gross margin target as those businesses layer in.** Along with earnings, COHR made some longer-term target updates on revenue and gross margins. Expecting to achieve a $4bn quarter revenue run rate in FY28, the company now has the faith that it can achieve 45%+ gross margins before CY28. The biggest knock from investors has been around COHR's gross margins, which have accreted at a slower pace than peers. While much of this gross margin accretion likely comes in CY2028 as CPO ramps, we did see the disclosures as a positive, particularly given how fast the transceiver business is growing.
- **3) InP ramp ahead of plan, have not yet increased vertically integrated percentage.** The company noted that InP output capacity doubled Y/Y in Q1, a quarter ahead of plan. While investors have been concerned around availability of 6" substrate, the company felt comfortable with overall availability, noting multiple sources. To questions on eventual gross margin leverage, the company noted that the mix of external / internal lasers has largely stayed the same as they have ramped, but that it envisions this mix eventually moving back more towards internal, another gross margin lever.

Revising estimates to reflect ramps. COHR's FQ1 revenue / non-GAAP gross margin / EPS were $2,370mm / 40.6% / $2.09 versus our estimates of $2,302mm / 40.5% / $1.96, driven by continued strength in AI datacenter and communications. Datacenter and Communications revenue grew 79% Y/Y and represented 82% of total sales, with datacenter and communications revenue up 85% and 84%, respectively. Upside reflected strong demand across 800G / 1.6T connectivity and scale-across / DCI, while Industrial segment largely stayed flat. Growth in transceiver business, without mix of internal / external sourcing likely weighed on gross margin pickup. Scale-across / DCI revenue exceeded $200mm in FQ1. For FQ2, management guided to revenue / non-GAAP gross margin / EPS of $2.55bn-$2.75bn / 40.0%-42.0% / $2.28-$2.48 and now expects FY27 pro forma revenue growth to exceed 60%, with the first $3bn revenue quarter by FY27-end and the first $4bn quarter in FY28. We revised our FQ2 / FY27 non-GAAP revenue / EPS estimates $2,649.4 / $2.36 and $11,139.1 / $10.07 from $2,522.9 / $2.18 and $10,554.2 / $9.24, respectively.

Remain at $325 PT, which represents a large opportunity when AI capex drawdown ends. We think COHR has an opportunity for growing content in the data center, which strategic activity in the space attests too. While caught up in the more general capex trade drawdown, we do think investors have become too pessimistic on COHR. We don't expect a quarter in the next couple where we are

really positively surprised by gross margins, but likely within the next year we can start seeing more meaningful accretion. Our targets now reflect broadly aligned valuation multiples, at ~21x our FY28e EPS of ~$15 (vs. 25x previously). We believe premium multiple remain warranted by AI exposure, capacity-driven earnings growth, and longer-term opportunities across transceivers, OCS, and CPO, although a broader AI valuation correction, slower capacity execution, and continued EML constraints remain the key risks.

Analysis

Exhibit 1: Estimate Changes

($ millions, except per share data)	2026A	Y/Y (%)	Q1-27A	Q2-27E	Q3-27E	Q4-27E	2027E	Y/Y (%)	2028E	Y/Y (%)	2029E	Y/Y (%)
New Revenue	$7,118.1	23%	$2,370.3	$2,649.4	$2,878.5	$3,240.9	$11,139.1	56%	$15,791.1	42%	$19,843.6	26%
Old Revenue	$7,118.1	23%	$2,301.9	$2,522.9	$2,745.8	$2,983.6	$10,554.2	48%	$14,267.4	35%	$18,090.8	27%
% Change	*0%*		*3%*	*5%*	*5%*	*9%*	*6%*		*11%*		*10%*	
New Gross Profit	$2,806.5	27%	$961.9	$1,082.5	$1,185.6	$1,346.9	$4,576.9	63%	$6,673.7	46%	$8,508.4	27%
New Gross Margin	*39%*		*41%*	*41%*	*41%*	*42%*	*41%*		*42%*		*43%*	
Old Gross Profit	$2,806.5	27%	$931.7	$1,025.6	$1,121.9	$1,224.9	$4,304.0	53%	$5,921.1	38%	$7,621.9	29%
Old Gross Margin	*39%*		*40%*	*41%*	*41%*	*41%*	*41%*		*42%*		*42%*	
% Change	*0%*		*3%*	*6%*	*6%*	*10%*	*6%*		*13%*		*12%*	
New Operating Income	$1,456.8	40%	$550.3	$632.6	$707.0	$818.4	$2,708.3	86%	$4,287.0	58%	$5,629.8	31%
New Operating Margin	*20%*		*23%*	*24%*	*25%*	*25%*	*24%*		*27%*		*28%*	
Old Operating Income	$1,456.8	40%	$522.6	$586.0	$656.2	$733.7	$2,498.4	71%	$3,768.2	51%	$4,995.2	33%
Old Operating Margin	*20%*		*23%*	*23%*	*24%*	*25%*	*24%*		*26%*		*28%*	
% Change	*0%*		*5%*	*8%*	*8%*	*12%*	*8%*		*14%*		*13%*	
New Adjusted EPS	$5.61	59%	$2.09	$2.36	$2.61	$2.98	$10.07	80%	$15.19	51%	$18.98	25%
Old Adjusted EPS	$5.61	59%	$1.96	$2.18	$2.42	$2.67	$9.24	65%	$13.29	44%	$16.74	26%
% Change	*0%*		*7%*	*8%*	*8%*	*12%*	*9%*		*14%*		*13%*	

Source: Company data, Morgan Stanley Research estimates

Risk Reward – Coherent Corp (COHR.N)

Street Building In Material Margin Improvement as Capacity Comes Online

PRICE TARGET $325.00

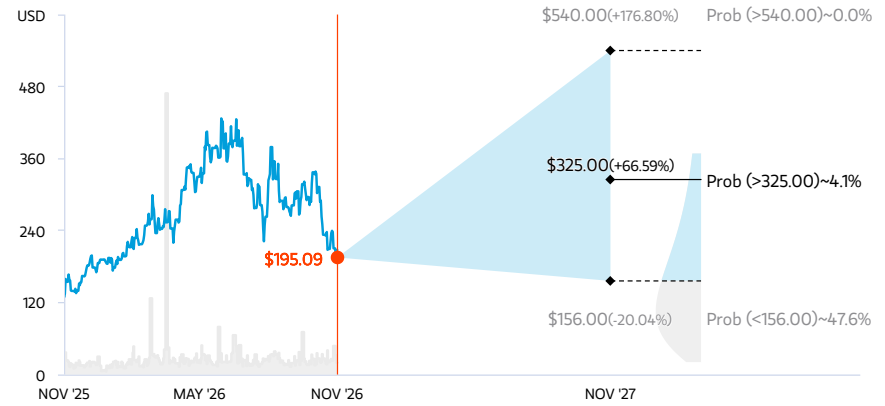
~21x Base FY28e EPS (~$15). Multiple trades at premium to historical trading range given AI exposure, trading more in-line with AI comps.

Consensus Price Target Distribution $262.00 — $394.35 (MS PT) — $500.00

Source: Refinitiv, Morgan Stanley Research

◆ Mean ◆ Morgan Stanley Estimates

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



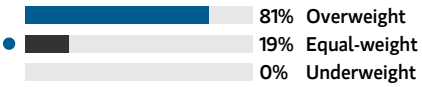
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 4 Nov 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

EQUAL-WEIGHT THESIS

- Near-term AI/ML opportunity and potential earnings optionality as net interest expense is worked down
- Valuation reflects volatility in end demand, particularly against more challenging Analyst Day targets
- Several levers to improve earnings power, including gross margin improvements and debt reduction
- Believe in longer term growth opportunity given attractive focus on differentiated processes and diversified customer base, with meaningful exposure to AI opportunity

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Electric Vehicles:	*Positive*
Secular Growth:	*Positive*
Special Situation:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE $540.00

~30x Bull Case CY28 Earnings Power of (~$18)

Multiple sees expansion if company able to gain share in datacomm; expand margins north of 42%. EPS power accounts for COHR executing on self-help story, and able to raise operating margins on the business. Able to participate more meaningfully in CPO / OCS.

BASE CASE $325.00

~21x Base Case FY28 Earnings Power of ~$15

Spending trajectory healthy, multiple remains elevated given more confidence in margins. Getting credit for growth trajectory as InP capacity ramps. Partial credit for CPO / OCS business ramps. Earnings power closer to ~$15 and multiple trades at a premium to historical trading levels given AI exposure.

BEAR CASE $156.00

13x Bear Case FY28 EPS of ~$12

See deterioration in pricing as too much capacity comes along. COHR is unable to execute on vision laid out at Analyst Day, limiting changes to interest expense or margin profile. Peak growth in FY27 causes multiple to trade slightly above 5-year minimums on the name.

Risk Reward – Coherent Corp (COHR.N)

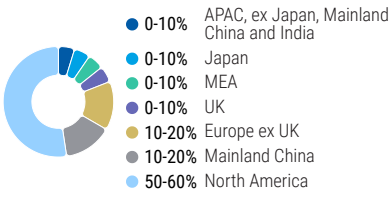
KEY EARNINGS INPUTS

Drivers	Jun 2026	Jun 2027e	Jun 2028e	Jun 2029e
Revenue Growth Y/Y (%)	22.5	56.5	41.8	25.7
Gross Margin (%)	39.4	41.1	42.3	42.9
Operating Margin (%)	20.5	24.3	27.1	28.4
Net Debt / EBITDA	2.89	2.28	1.54	1.29

INVESTMENT DRIVERS

- What is the risk of China insourcing?
- Can 3D sensing still be an attractive market for COHR?
- Can COHR get larger than expected synergies out of Coherent?
- Can datacomm components capture outsized opportunity with AI?

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

5/5 **BEST**	24 Month Horizon	5/5 **MOST**	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Pricing increases help gross margins
- 1.6T AI opportunity ramps faster than expected, benefitting margins
- Recovery in non-datacomm portions of business
- CPO / NPO ramps quicker than expected

RISKS TO DOWNSIDE

- CPO / NPO delayed
- AI build out pause
- Competitive pressures in datacomm

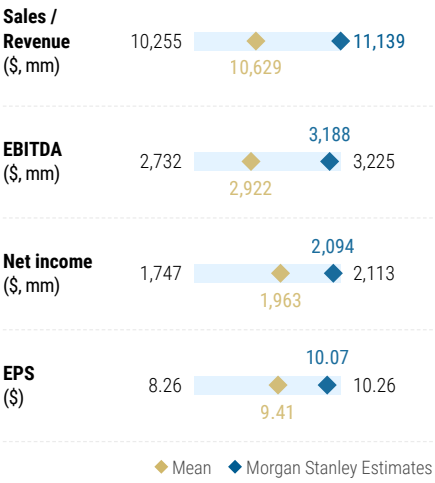
OWNERSHIP POSITIONING

Inst. Owners, % Active	54.8%
HF Sector Long/Short Ratio	2.2x
HF Sector Net Exposure	30.6%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Jun 2027e



Source: Refinitiv, Morgan Stanley Research

Financials

Exhibit 2: COHR: Income Statement

	Sep-25 Q1-26A	Dec-25 Q2-26A	Mar-26 Q3-26A	Jun-26 Q4-26A	Sep-26 Q1-27A	Dec-26 Q2-27E	Mar-27 Q3-27E	Jun-27 Q4-27E	Sep-27 Q1-28E	Dec-27 Q2-28E	Mar-28 Q3-28E	Jun-28 Q4-28E	FY 2023A	FY 2024A	FY 2025A	FY 2026A	FY 2027E	FY 2028E	FY 2029E
Net Sales	1,581.4	1,686.8	1,805.0	2,046.5	2,370.3	2,649.4	2,878.5	3,240.9	3,597.0	3,864.7	4,100.5	4,228.9	5,160.2	4,707.7	5,810.1	7,118.1	11,139.1	15,791.1	19,843.6
% chg q/q	3.4%	6.6%	7.1%	13.3%	15.9%	11.8%	8.6%	12.6%	11.0%	7.4%	6.1%	3.1%							
% chg y/y	17.3%	17.5%	20.5%	33.7%	49.9%	57.2%	59.4%	58.4%	51.8%	45.9%	42.5%	30.5%	55.6%	-8.8%	23.4%	22.5%	56.5%	41.8%	25.7%
Cost of Sales	968.8	1,026.5	1,091.4	1,222.0	1,408.4	1,566.9	1,692.9	1,894.0	2,091.4	2,236.7	2,360.3	2,429.0	3,176.1	3,092.7	3,607.9	4,311.6	6,562.2	9,117.4	11,395.2
Total Gross Profit	**612.6**	**657.1**	**714.2**	**822.6**	**961.9**	**1,082.5**	**1,185.6**	**1,346.9**	**1,505.6**	**1,628.1**	**1,740.1**	**1,799.9**	**1,984.1**	**1,615.0**	**2,202.2**	**2,806.5**	**4,576.9**	**6,673.7**	**8,508.4**
Total Gross Margin	38.7%	39.0%	39.6%	40.2%	40.6%	40.9%	41.2%	41.6%	41.9%	42.1%	42.4%	42.6%	38.4%	34.3%	37.9%	39.4%	41.1%	42.3%	42.9%
Internal R&D Expense	147.9	158.8	178.4	208.3	226.7	238.4	259.1	291.7	309.3	336.2	356.7	367.9	473.4	451.8	554.3	693.4	1,015.9	1,370.2	1,662.4
SG&A Expense	155.8	162.3	169.7	168.5	184.9	211.5	219.5	236.8	255.3	254.8	251.2	255.1	544.2	544.8	611.0	656.3	852.7	1,016.4	1,216.2
Total Op Expenses	**303.7**	**321.1**	**348.1**	**376.8**	**411.6**	**449.9**	**478.5**	**528.5**	**564.7**	**591.1**	**607.9**	**623.0**	**1,017.6**	**996.6**	**1,165.3**	**1,349.7**	**1,868.6**	**2,386.7**	**2,878.6**
Operating Income	**308.9**	**336.0**	**366.1**	**445.8**	**550.3**	**632.6**	**707.0**	**818.4**	**940.9**	**1,037.0**	**1,132.2**	**1,176.9**	**966.5**	**618.4**	**1,036.9**	**1,456.8**	**2,708.3**	**4,287.0**	**5,629.8**
Total Operating Margin	19.5%	19.9%	20.3%	21.8%	23.2%	23.9%	24.6%	25.3%	26.2%	26.8%	27.6%	27.8%	18.7%	13.1%	17.8%	20.5%	24.3%	27.1%	28.4%
Interest expense	(58.7)	(45.9)	(44.6)	(41.1)	(46.3)	(45.2)	(45.0)	(44.7)	(43.3)	(40.3)	(37.2)	(34.2)	(286.9)	(288.5)	(243.2)	(190.3)	(181.3)	(154.9)	(108.1)
Other income (expense)	22.2	15.6	18.7	27.9	16.3	22.0	22.0	22.0	22.8	24.6	25.7	27.2	13.9	58.7	82.8	84.4	82.3	100.3	131.0
Income Before Taxes	**272.4**	**305.7**	**340.2**	**432.6**	**520.3**	**609.3**	**684.0**	**795.7**	**920.4**	**1,021.3**	**1,120.7**	**1,170.0**	**693.5**	**388.6**	**876.5**	**1,350.9**	**2,609.4**	**4,232.4**	**5,654.7**
Effective Tax Rate	18.9%	18.8%	19.0%	18.8%	18.9%	18.9%	18.9%	18.9%	18.9%	18.9%	18.9%	18.9%	18.2%	20.0%	21.0%	18.8%	18.9%	18.9%	18.9%
Income Tax Provision	51.5	57.5	64.0	81.4	98.3	115.1	129.2	150.3	173.9	193.0	211.7	221.0	126.0	77.8	164.9	254.4	493.0	799.6	1,068.3
Pro Forma Net Income to Common	**220.9**	**248.2**	**276.2**	**351.2**	**422.0**	**494.2**	**554.8**	**645.4**	**746.5**	**828.3**	**909.0**	**948.9**	**567.6**	**310.8**	**692.5**	**1,096.5**	**2,116.4**	**3,432.8**	**4,586.4**
Basic Shares Outstanding	156.2	167.5	190.2	195.7	196.2	200.2	204.2	208.2	212.2	216.2	220.2	224.2	137.6	151.6	154.8	177.4	202.2	218.2	234.2
Fully Diluted Shares Outstanding	190.7	192.8	196.4	202.2	202.0	206.0	210.0	214.0	218.0	222.0	226.0	230.0	146.6	154.3	159.2	195.5	208.0	224.0	240.0
Fully Diluted Shares Outstanding GAAP	156.2	167.5	190.2	195.7	196.2	200.2	204.2	208.2	212.2	216.2	220.2	224.2	-	-	-	-	-	-	-
Fully Diluted Shares Outstanding Non-GAAP	190.7	192.8	196.4	202.2	202.0	206.0	210.0	214.0	218.0	222.0	226.0	230.0							
Change	0.5	0.5	3.0	5.6	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	21.1	7.7	5.0	36.3	12.5	16.0	16.0
	-	-	-	-	-	-	-	-	-	-	-	-							
Adjusted EPS	**$1.16**	**$1.29**	**$1.41**	**$1.74**	**$2.09**	**$2.40**	**$2.64**	**$3.02**	**$3.42**	**$3.73**	**$4.02**	**$4.13**	**$2.99**	**$1.21**	**$3.54**	**$5.61**	**$10.17**	**$15.32**	**$19.11**
GAAP EPS	**$1.19**	**$0.76**	**$0.97**	**$1.19**	**$1.90**	**$1.83**	**$2.06**	**$2.43**	**$2.75**	**$3.20**	**$3.47**	**$3.97**	**($1.80)**	**($1.81)**	**($0.53)**	**$4.11**	**$8.22**	**$12.98**	**$16.87**

Source: Company data, Morgan Stanley Research estimates

Exhibit 3: COHR: Revenue Breakdown

	Sep-25 Q1-26A	Dec-25 Q2-26A	Mar-26 Q3-26A	Jun-26 Q4-26A	Sep-26 Q1-27A	Dec-26 Q2-27E	Mar-27 Q3-27E	Jun-27 Q4-27E	Sep-27 Q1-28E	Dec-27 Q2-28E	Mar-28 Q3-28E	Jun-28 Q4-28E	FY 2023A	FY 2024A	FY 2025A	FY 2026A	FY 2027E	FY 2028E	FY 2029E
Revenue By Segment																			
Materials / Compound Semiconductor	**217.9**	**194.3**	**196.0**	**198.2**	**195.8**	**201.0**	**197.4**	**199.4**	**205.3**	**211.3**	**207.7**	**209.9**	**1349.8**	**1016.6**	**953.6**	**806.4**	**793.6**	**834.2**	**879.5**
SiC	35.2	34.0	24.1	23.4	26.4	25.5	24.1	23.4	26.4	25.5	24.1	23.4	203.2	239.9	192.9	116.7	99.4	99.4	99.4
EUV	46.5	50.0	48.6	50.7	46.5	50.0	48.6	50.7	51.2	55.0	53.4	55.8	204.4	183.9	180.0	195.8	195.8	215.4	236.9
3D sensing	25.2	24.5	22.0	22.8	20.2	19.6	17.6	18.2	19.2	18.6	16.8	17.3	413.6	117.0	91.3	94.6	75.7	71.9	68.3
Military	25.8	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	192.2	191.9	217.4	26.0	0.0	0.0	0.0
CO2 / Fiber Laser Components	51.4	56.6	57.7	57.7	59.1	62.3	63.5	63.4	65.0	68.5	69.8	69.8	240.0	199.7	196.3	223.4	248.3	273.2	300.5
Other	33.8	28.9	43.6	43.8	43.6	43.6	43.6	43.8	43.6	43.6	43.6	43.6	85.9	82.9	75.4	149.9	174.4	174.4	174.4
Networking / Photonic Solutions	**1004.9**	**1122.4**	**1260.3**	**1513.2**	**1949.1**	**2097.5**	**2349.2**	**2707.6**	**3098.7**	**3292.1**	**3550.9**	**3874.9**	**2,341.0**	**2,295.8**	**3,421.3**	**4,900.8**	**9,003.2**	**13,574.6**	**17,540.3**
CoAdna													148.5	-	-	-	-	-	-
ROADMS													436.8	-	-	-	-	-	-
DataCenter													126.7	-	-	-	-	-	-
Total Datacom													1,180.5	-	-	-	-	-	-
Total Telecom													477.4	-	-	-	-	-	-
Total Transceiver / Datacomm	810.2	922.3	1030.2	1222.7	1405.5	1581.0	1771.3	1981.4	2099.4	2229.5	2358.3	2354.0				3,985.3	6,739.2	9,041.2	10,489.9
Total Telecom	194.7	194.5	211.0	235.4	349.4	345.3	371.3	415.6	518.8	512.7	551.7	616.3				835.5	1,481.6	2,201.5	2,741.5
OCS	0.0	5.7	14.3	35.1	52.5	73.6	82.2	113.0	154.1	207.2	230.9	248.7				55.1	321.4	841.0	1,287.6
CPO	0.0	0.0	6.8	20.8	41.7	97.6	124.4	197.3	284.3	342.7	409.9	453.9				27.6	461.1	1,490.8	3,021.3
Adjustment	0.0	0.0	-2.0	-0.8												2.8	-	-	-
Lasers / Legacy Coherent	**358.2**	**369.3**	**349.3**	**334.1**	**325.5**	**350.8**	**331.9**	**334.1**	**335.0**	**361.4**	**341.8**	**344.1**	**1,469.4**	**1,395.4**	**1,435.0**	**1,411.0**	**1,342.3**	**1,382.3**	**1,423.8**
Total	**1581.0**	**1686.0**	**1805.7**	**2045.5**	**2370.3**	**2649.4**	**2878.5**	**3240.9**	**3597.0**	**3864.7**	**4100.5**	**4228.9**	**5,160.2**	**4,707.7**	**5,810.1**	**7,118.1**	**11,139.1**	**15,791.1**	**19,843.6**
Materials	14%	12%	11%	10%	8%	8%	7%	6%	6%	5%	5%	5%	26%	22%	16%	11%	7%	5%	4%
Networking	64%	67%	70%	74%	78%	79%	82%	84%	85%	85%	87%	87%	45%	49%	59%	69%	81%	86%	88%
Lasers	23%	22%	19%	16%	14%	13%	12%	10%	9%	9%	8%	8%	28%	30%	25%	20%	12%	9%	7%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
NEW SEGMENTATION																			
Datacenter & Communications	*1090.0*	*1208.0*	*1391.6*	*1615.0*	*1951.8*	*2203.4*	*2456.3*	*2814.4*	*3165.3*	*3404.3*	*3664.4*	*3788.3*			**3,796.0**	**5,274.6**	**9,426.0**	**14,022.2**	**18,015.2**
Industrial	*491.0*	*478.0*	*444.0*	*431.0*	*418.6*	*446.0*	*422.2*	*426.5*	*431.8*	*460.5*	*436.1*	*440.6*			**2,054.0**	**1,844.0**	**1,713.1**	**1,769.0**	**1,828.4**
Total	*1581.0*	*1686.0*	*1805.7*	*2046.0*	*2370.3*	*2649.4*	*2878.5*	*3240.9*	*3597.0*	*3864.7*	*4100.5*	*4228.9*			**5,810.0**	**7,118.7**	**11,139.1**	**15,791.1**	**19,843.6**

Source: Company data, Morgan Stanley Research estimates

Exhibit 4: COHR: Balance Sheet

	Sep-25 Q1-26A	Dec-25 Q2-26A	Mar-26 Q3-26A	Jun-26 Q4-26A	Sep-26 Q1-27A	Dec-26 Q2-27E	Mar-27 Q3-27E	Jun-27 Q4-27E	Sep-27 Q1-28E	Dec-27 Q2-28E	Mar-28 Q3-28E	Jun-28 Q4-28E	FY 2023A	FY 2024A	FY 2025A	FY 2026A	FY 2027E	FY 2028E	FY 2029E
Assets																			
Cash and cash equivalents	875.3	899.2	2,459.7	2,022.2	1,797.5	1,202.1	670.6	(16.4)	(21.3)	132.4	385.2	787.5	833.3	1,100.0	918.1	2,022.2	(16.4)	787.5	1,932.6
Accounts receivable, net	1,027.2	1,054.6	1,187.9	1,343.3	1,604.2	1,793.1	1,948.1	2,193.4	2,434.4	2,615.6	2,775.2	2,862.1	901.5	848.5	964.1	1,343.3	2,193.4	2,862.1	3,702.8
Inventories, net	1,632.6	1,847.9	2,126.8	2,581.0	3,341.4	3,717.4	4,016.4	4,493.4	4,961.8	5,306.5	5,599.8	5,762.7	1,272.3	1,286.4	1,437.6	2,581.0	4,493.4	5,762.7	7,412.3
Prepaid and refundable income taxes	44.8	44.1	45.5	78.9	52.5	58.7	63.8	71.8	79.7	85.6	90.8	93.7	28.3	26.9	55.8	78.9	71.8	93.7	121.2
Prepayments and other current assets	462.0	547.6	625.3	900.1	1,128.7	1,261.6	1,370.7	1,543.3	1,712.8	1,840.3	1,952.6	2,013.7	216.5	398.2	551.6	900.1	1,543.3	2,013.7	2,605.2
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current assets	4,041.9	4,393.4	6,445.2	6,925.5	7,924.3	8,032.9	8,069.6	8,285.4	9,167.5	9,980.4	10,803.6	11,519.7	3,252.0	3,860.1	3,927.2	6,925.5	8,285.4	11,519.7	15,774.1
Property, plant and equipment, net	1,944.4	2,117.0	2,420.1	2,999.3	3,869.8	4,636.4	5,458.1	6,377.1	6,607.7	6,861.7	7,135.0	7,415.5	1,782.0	1,817.3	1,877.5	2,999.3	6,377.1	7,415.5	8,972.4
Goodwill	4,474.8	4,462.8	4,402.4	4,375.6	4,448.3	4,448.3	4,448.3	4,448.3	4,448.3	4,448.3	4,448.3	4,448.3	4,512.7	4,464.3	4,471.1	4,375.6	4,448.3	4,448.3	4,448.3
Other intangible assets, net	3,133.2	3,064.1	2,958.2	2,884.5	2,815.9	2,746.4	2,677.0	2,607.5	2,538.1	2,468.6	2,399.2	2,329.7	3,814.7	3,503.2	3,204.7	2,884.5	2,607.5	2,329.7	2,051.9
Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income taxes	53.9	69.1	72.1	69.4	90.4	90.4	90.4	90.4	90.4	90.4	90.4	90.4	37.7	41.0	53.4	69.4	90.4	90.4	90.4
Other assets	1,050.6	981.4	988.7	1,045.6	1,098.9	1,098.9	1,098.9	1,098.9	1,098.9	1,098.9	1,098.9	1,098.9	312.0	1,002.7	1,377.0	1,045.6	1,098.9	1,098.9	1,098.9
Total Assets	**14,698.8**	**15,087.8**	**17,286.7**	**18,299.9**	**20,247.6**	**21,053.4**	**21,842.3**	**22,907.7**	**23,950.9**	**24,948.4**	**25,975.5**	**26,902.5**	**13,711.1**	**14,488.6**	**14,910.9**	**18,299.9**	**22,907.7**	**26,902.5**	**32,436.0**
Liabilities & Shareholders' Equity																			
Current portion of long term debt	48.4	106.5	9.0	7.0	19.9	19.9	19.9	19.9	19.9	19.9	19.9	19.9	74.8	73.8	188.3	7.9	19.9	19.9	19.9
Accounts payable	953.9	1,118.5	1,343.4	1,905.4	2,506.4	2,788.5	3,012.7	3,370.5	3,721.9	3,980.4	4,200.5	4,322.6	405.3	631.5	847.0	1,905.4	3,370.5	4,322.6	5,560.0
Accrued compensation and benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued income taxes payable	41.4	43.0	52.4	61.4	68.3	76.3	82.9	93.4	103.6	111.4	118.2	121.9	38.3	40.6	41.6	61.4	93.4	121.9	157.6
Other accrued liabilities	692.3	683.1	708.6	879.3	862.0	963.5	1,046.8	1,178.6	1,308.1	1,405.5	1,491.2	1,537.9	560.3	597.9	718.0	879.3	1,178.6	1,537.9	1,989.7
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	1,736.0	1,951.1	2,113.4	2,854.0	3,456.6	3,848.2	4,162.4	4,662.4	5,153.6	5,517.2	5,829.7	6,002.3	1,078.7	1,343.8	1,794.9	2,854.0	4,662.4	6,002.3	7,727.2
Long term debt	3,259.4	3,245.4	3,184.8	3,214.3	3,980.7	3,187.8	3,177.2	3,166.6	3,041.6	2,916.6	2,791.6	2,666.6	4,235.0	4,026.4	3,498.6	3,214.3	3,166.6	2,666.6	2,166.6
Capital lease obligation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income tax	629.5	643.3	605.8	540.6	503.7	503.7	503.7	503.7	503.7	503.7	503.7	503.7	780.3	784.4	711.7	540.6	503.7	503.7	503.7
Other liabilities	286.6	269.2	367.1	452.8	644.9	644.9	644.9	644.9	644.9	644.9	644.9	644.9	388.2	367.8	424.5	452.8	644.9	644.9	644.9
Total Liabilities	**6,011.5**	**6,109.5**	**6,271.1**	**7,061.7**	**8,585.9**	**8,184.6**	**8,488.1**	**8,977.6**	**9,343.7**	**9,582.3**	**9,769.9**	**9,817.5**	**6,482.2**	**6,542.4**	**6,429.7**	**7,061.7**	**8,977.6**	**9,817.5**	**11,042.4**
Preferred stock	2,505.3	2,505.3	2,505.3	2,505.3	2,505.3	2,505.3	2,505.3	2,505.3	2,505.3	2,505.3	2,505.3	2,505.3	2,686.7	2,364.8	2,483.3	2,505.3	2,505.3	2,505.3	2,505.3
Common stock	5,118.7	5,118.7	5,118.7	5,118.7	5,118.7	5,165.6	5,218.7	5,275.3	5,352.1	5,401.3	5,457.1	5,516.5	3,781.2	4,857.7	5,644.5	5,118.7	5,275.3	5,516.5	5,769.8
Accumulated other comprehensive (loss) income	339.7	339.7	339.7	339.7	339.7	339.7	339.7	339.7	339.7	339.7	339.7	339.7	109.7	374.0	489.5	339.7	339.7	339.7	339.7
Retained earnings	777.2	978.2	3,165.5	3,328.3	3,751.6	4,129.6	4,561.8	5,081.1	5,681.3	6,391.0	7,174.8	7,994.8	944.4	864.9	650.2	3,328.1	5,081.1	7,994.8	12,050.1
Treasury Stock	(53.7)	(53.7)	(53.7)	(53.7)	(53.7)	(53.7)	(53.7)	(53.7)	(53.7)	(53.7)	(53.7)	(53.7)	(293.1)	(315.1)	(786.3)	(53.7)	(53.7)	(53.7)	(53.7)
Total Shareholders' Equity	8,687.3	8,888.3	11,015.6	11,238.2	11,661.7	12,086.4	12,571.8	13,147.7	13,824.8	14,583.7	15,423.2	16,302.7	7,229.0	7,946.3	8,481.2	11,238.2	13,147.7	16,302.7	20,611.2
Total Liabilities and Shareholders' Equity	**14,698.8**	**15,087.8**	**17,286.7**	**18,299.9**	**20,247.6**	**20,271.0**	**21,059.9**	**22,125.3**	**23,168.5**	**24,166.0**	**25,193.1**	**26,120.2**	**13,711.1**	**14,488.6**	**14,910.9**	**18,299.9**	**22,125.3**	**26,120.2**	**31,653.6**

Source: Company data, Morgan Stanley Research estimates

Exhibit 5: COHR: Cash Flow Statement

	Sep-25 Q1-26A	Dec-25 Q2-26A	Mar-26 Q3-26A	Jun-26 Q4-26A	Sep-26 Q1-27A	Dec-26 Q2-27E	Mar-27 Q3-27E	Jun-27 Q4-27E	Sep-27 Q1-28E	Dec-27 Q2-28E	Mar-28 Q3-28E	Jun-28 Q4-28E	FY 2023A	FY 2024A	FY 2025A	FY 2026A	FY 2027E	FY 2028E	FY 2029E
GAAP Cash Flow Statement																			
OPERATING ACTIVITIES:																			
Net Income (loss)	225.2	143.8	181.7	240.5	381.6	377.9	432.2	519.3	600.2	709.7	783.8	820.0	(259.5)	(158.8)	46.5	791.2	1,711.1	2,913.7	4,055.3
Depreciation	53.0	55.5	62.4	64.8	77.7	100.2	120.1	141.3	165.1	171.1	177.7	184.8	267.6	271.6	256.6	235.7	439.3	698.7	824.3
Amortization	69.4	70.5	70.5	71.7	69.5	69.5	69.5	69.5	69.5	69.5	69.5	69.5	414.1	288.2	287.0	282.1	277.8	277.8	277.8
Stock-based compensation	44.1	42.8	49.1	53.9	74.4	46.8	53.1	56.6	76.9	49.2	55.8	59.4	148.9	126.0	160.2	189.9	230.9	241.2	253.3
(Gain) loss on foreign currency remeasurements and trar	(4.2)	(4.3)	(1.7)	-	(1.0)	-	-	-	-	-	-	-	(3.5)	(10.6)	(9.5)	(10.2)	(1.0)	-	-
Earnings from equity investment	(0.2)	(0.1)	(0.0)	-	(0.2)	-	-	-	-	-	-	-	0.1	0.1	(0.5)	(0.3)	(0.2)	-	-
Deferred income taxes	(63.7)	10.6	(65.0)	(62.5)	(55.7)	-	-	-	-	-	-	-	(268.8)	(112.1)	(60.6)	(200.5)	(55.7)	-	-
Excess tax benefits from share-based compensation exp	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnings from discontinued operation, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	(99.1)	(1.8)	1.5	(64.1)	4.6	-	-	-	-	-	-	-	148.6	36.9	5.9	(163.3)	4.6	-	-
Changes in operating assets and liabilities:	-	-	-	-	-	-	-	-					-	-	-	-	-	-	-
Accounts receivable	(66.6)	(24.8)	(133.9)	(155.4)	(255.3)	(188.9)	(155.0)	(245.3)	(241.0)	(181.2)	(159.5)	(86.9)	68.3	60.6	(111.2)	(380.7)	(844.5)	(668.7)	(840.7)
Inventories	(219.1)	(202.3)	(278.0)	(454.2)	(737.1)	(376.0)	(299.0)	(477.0)	(468.5)	(344.6)	(293.4)	(162.9)	174.1	(23.2)	(159.6)	(1,153.6)	(1,889.1)	(1,269.3)	(1,649.8)
Accounts payable	105.4	100.2	144.1	562.0	429.8	282.1	224.3	357.8	351.4	258.5	220.1	122.2	(83.3)	205.0	205.1	911.7	1,293.9	952.1	1,237.3
Income taxes	37.2	(66.4)	8.1	(24.4)	(33.0)	1.9	1.5	2.4	2.4	1.8	1.6	0.9	28.7	12.3	(22.2)	(45.5)	(27.2)	6.6	8.3
Accrued compensation and benefits	(48.2)	32.6	33.5	170.7	(90.2)	101.5	83.3	131.8	129.5	97.4	85.7	46.7	(57.1)	36.9	167.9	188.6	226.4	359.3	451.7
Other operating net assets	32.8	(98.8)	(166.0)	(274.8)	42.2	(132.9)	(109.1)	(172.6)	(169.6)	(127.5)	(112.2)	(61.2)	(6.0)	(187.2)	(290.0)	(506.9)	(372.4)	(470.5)	(591.5)
Net cash provided by Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash from Operations	**46.0**	**57.9**	**(93.0)**	**128.2**	**(92.7)**	**282.0**	**420.9**	**383.9**	**515.8**	**703.8**	**828.9**	**992.4**	**634.0**	**545.7**	**475.7**	**138.2**	**994.1**	**3,041.0**	**4,026.3**
INVESTING ACTIVITIES:																			
Additions to property, plant & equipment	(103.9)	(153.6)	(289.7)	(555.7)	(775.5)	(866.8)	(941.8)	(1,060.3)	(395.7)	(425.1)	(451.1)	(465.2)	(436.1)	(346.8)	(440.8)	(1,102.9)	(3,644.4)	(1,737.0)	(2,381.2)
Purchases/Proceeds from sale of business, net of cash	391.1	(5.3)	51.5	(7.5)	-	-	-	-	-	-	-	-	(5,488.6)	-	27.0	429.8	-	-	-
Purchase of equity investment	9.6	21.9	17.3	-	-	-	-	-	-	-	-	-	-	-	-	48.8	-	-	-
Other investing activities	(0.0)	(1.5)	(3.5)	75.8	(18.0)	-	-	-	-	-	-	-	(4.0)	(3.9)	(0.4)	70.8	(18.0)	-	-
Net cash from Investing Activities	**296.8**	**(138.5)**	**(224.4)**	**(487.4)**	**(793.5)**	**(866.8)**	**(941.8)**	**(1,060.3)**	**(395.7)**	**(425.1)**	**(451.1)**	**(465.2)**	**(5,928.6)**	**(350.7)**	**(414.2)**	**(553.5)**	**(3,662.4)**	**(1,737.0)**	**(2,381.2)**
FINANCING ACTIVITIES:																			
Proceeds from issuance of convertible senior notes	-	-	-	-	-	-	-	-	-	-	-	-	5,050.0	-	-	-	-	-	-
Proceeds from borrowings under Credit Facility	1,342.2	224.6	315.3	39.3	785.1	-	-	-	-	-	-	-	65.0	-	-	1,521.4	785.1	-	-
Payments on borrowings	(1,727.8)	(183.0)	(475.8)	(13.0)	(10.6)	(10.6)	(10.6)	(10.6)	(125.0)	(125.0)	(125.0)	(125.0)	(1,333.7)	(247.8)	(488.7)	(2,399.6)	(42.4)	(500.0)	(500.0)
Purchase of treasury stock	-	-	2,000.0	-	-	-	-	-	-	-	-	-	-	-	-	2,000.0	-	-	-
Proceeds from exercises of stock options	21.3	8.8	21.7	2.0	19.4	-	-	-	-	-	-	-	24.2	42.3	49.6	53.8	19.4	-	-
Payments in satisfaction of employees' minimum tax obli	(37.4)	(7.2)	(7.0)	(25.8)	(128.6)	-	-	-	-	-	-	-	(54.2)	(22.3)	(54.0)	(77.4)	(128.6)	-	-
	(8.5)	(0.6)	0.0	-	-	-	-	-	-	-	-	-	(126.5)	-	-	(9.1)	-	-	-
Other financing activities	(11.1)	0.2	0.3	(1.1)	(0.7)	-	-	-	-	-	-	-	(70.7)	986.1	41.4	(11.2)	(0.7)	-	-
Net cash provided by financing activities	**(421.3)**	**42.9**	**1,854.4**	**1.4**	**664.6**	**(10.6)**	**(10.6)**	**(10.6)**	**(125.0)**	**(125.0)**	**(125.0)**	**(125.0)**	**3,554.0**	**758.3**	**(451.7)**	**1,477.4**	**632.8**	**(500.0)**	**(500.0)**
FX Impact	35.4	61.6	24.3	(79.7)	(3.1)	-	-	-	-	-	-	-	(8.5)	(686.6)	208.6	41.6	(3.1)	-	-
Net increase (decrease) in cash and cash equivalents	(43.2)	23.9	1,560.5	(437.5)	(224.7)	(595.4)	(531.5)	(687.1)	(4.8)	153.7	252.8	402.3	(1,749.0)	266.7	(181.6)	1,103.7	(2,038.7)	803.9	1,145.1
Cash and cash equivalents at beg. of period	918.5	875.3	899.2	2,459.7	2,022.2	1,797.5	1,202.1	670.6	(16.4)	(21.3)	132.4	385.2	2,582.4	833.3	1,100.0	918.5	2,022.2	(16.4)	787.5
Cash and cash equivalents at end of period	875.3	899.2	2,459.7	2,022.2	1,797.5	1,202.1	670.6	(16.4)	(21.3)	132.4	385.2	787.5	833.3	1,100.0	918.5	2,022.2	(16.4)	787.5	1,932.6

Source: Company data, Morgan Stanley Research estimates

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

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(as of October 31, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1575	43%	460	49%	29%	742	44%
Equal-weight/Hold	1537	42%	393	42%	26%	720	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	92	10%	16%	218	13%
Total	3,684		946			1681	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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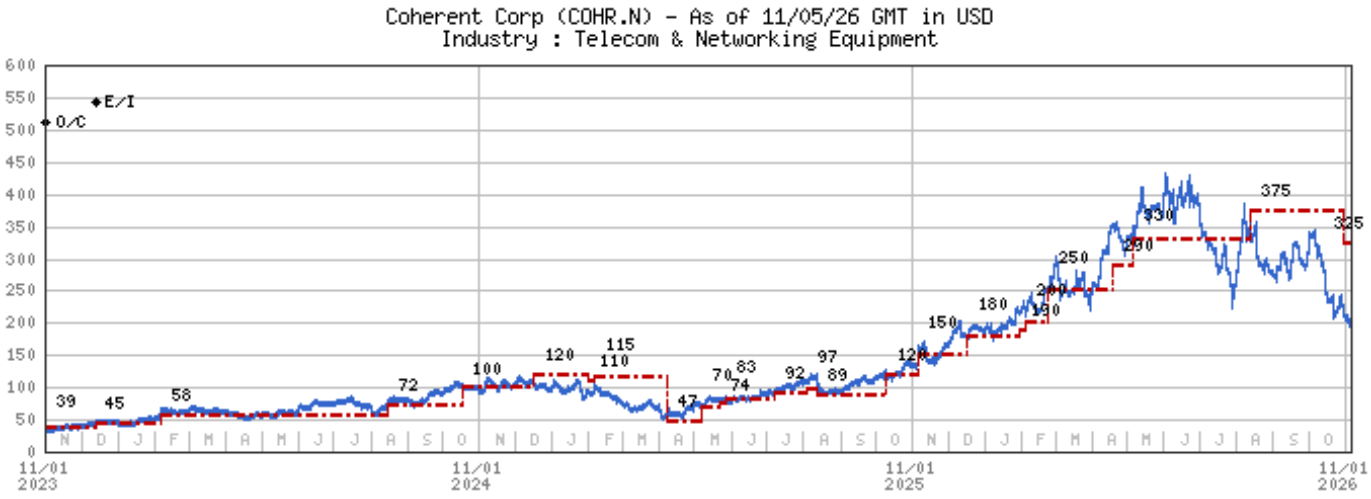
Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

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Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 11/1/21 : E/I; 12/15/21 : O/I; 4/12/22 : O/C; 8/12/22 : E/C; 12/13/22 : O/C; 12/13/23 : E/I

Price Target History: 5/6/21 : 80; 12/15/21 : 82; 6/13/22 : 75; 8/12/22 : 59; 10/11/22 : 43; 12/13/22 : 45; 2/8/23 : 48; 5/10/23 : 40; 8/3/23 : 55; 8/16/23 : 39; 12/13/23 : 45; 2/6/24 : 58; 8/15/24 : 72; 10/17/24 : 100; 12/17/24 : 120; 1/31/25 : 110; 2/5/25 : 115; 4/8/25 : 47; 5/7/25 : 70; 5/22/25 : 74; 5/28/25 : 83; 7/8/25 : 92; 8/4/25 : 97; 8/13/25 : 89; 10/10/25 : 120; 11/5/25 : 150; 12/17/25 : 180; 1/30/26 : 190; 2/4/26 : 200; 2/23/26 : 250; 4/19/26 : 290; 5/6/26 : 330; 8/13/26 : 375; 10/30/26 : 325

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
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Axon Enterprise Inc (AXON.O)	O (12/03/2024)	$424.18
Ciena Corporation (CIEN.N)	E (10/10/2025)	$272.24
Cisco Systems Inc (CSCO.O)	E (11/05/2026)	$103.61
Coherent Corp (COHR.N)	E (12/13/2023)	$195.09
Corning Inc (GLW.N)	E (06/13/2024)	$118.77
F5 Inc (FFIV.O)	E (04/12/2022)	$329.72
Keysight Technologies Inc (KEYS.N)	O (07/13/2026)	$285.86
Lumentum Holdings Inc (LITE.O)	E (05/12/2021)	$626.75
Motorola Solutions Inc (MSI.N)	O (12/17/2025)	$496.99
Zebra Technologies Corporation (ZBRA.O)	E (12/02/2024)	$332.44

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.

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