

# IPG Photonics Corporation (IPGP)



## Company Overview

IPG Photonics Corporation develops and manufactures fiber lasers, fiber amplifiers, and diode lasers. Its laser products include low, medium, and high output power lasers; fiber pigtailed packaged diodes and fiber coupled direct diode laser systems; high-energy pulsed lasers, multi-wavelength and tunable lasers, and single-polarization and single-frequency lasers; solid-state lasers; laser diode chips and packaged laser diodes; and high power optical fiber delivery cables, fiber couplers, beam switches, chillers, and accessories. The company also offers erbium-doped fiber and Raman amplifiers, and integrated communications systems; ytterbium and thulium specialty fiber amplifiers and broadband light sources; and single-frequency, linearly polarized, and polarization-maintaining amplifier products. In addition, it provides integrated laser systems, industrial grade UV excimers, diode pumped solid state and pico-second laser micromachining systems, and welding seam stepper and picker. Its lasers and amplifiers are used in materials processing applications; manufacturing of commercial systems; and research in advanced technologies and products by commercial firms.

## Valuation

Current Price	\$	65.27
NCAV	\$	9.96
Total Net Reprod. Cost	\$	10.21
Earnings Power Value (EPV)	\$	24.34
Discounted Cash Flow (DCF)	\$	70.77
Katsenelson Absolute PE	\$	70.37
Ben Graham Formula	\$	83.34

## Margin of Safety

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## Key Statistics

Mkt Cap (\$M)	\$	3,356.18
52 Wk High	\$	70.11
52 Wk Low	\$	37.58
% off 52Wk Low		73.7%

## Cash Flows

Owner Earnings FCF	17.8%
5 yr FCF Growth	17.8%
10 yr FCF Growth	0.0%

## Effectiveness

CROIC	31.7%
Avg	31.7%
FCF/S	26.3%
Avg	26.3%
ROA	11.7%
Avg	11.7%
ROE	15.4%
Avg	15.4%

## Efficiency

Receivables Turnover (TTM)	5.1
Inventory Turnover (TTM)	1.8
Days Sales Outstanding (TTM)	71.2

## Company Stats

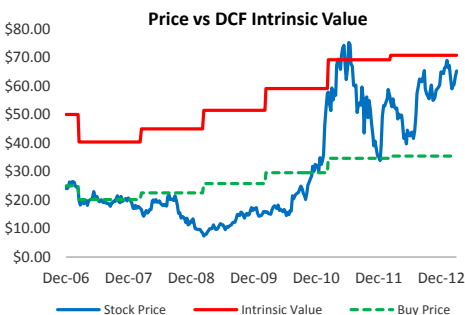
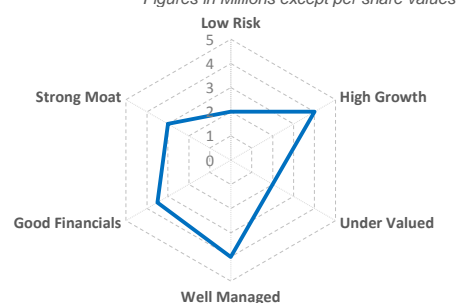
Shares Outstanding	51.4
Shares Float	32.8
Insider Ownership	2.53%
Insider Transactions	-46.9%
Institutional Ownersh	71.0%
Float Short	28.7%
Short Ratio	16.4
Piotroski (TTM)	3
Altman (MRQ)	14.6
Beneish (TTM)	-2.9

## Margins & Profitability

Gross	54.7%
Gross Margin	54.7%
Operating	38.4%
Operating Margin	38.4%
Net Profit	26.7%
Net Margin	26.7%

## Financial Strength (MRQ)

Current Ratio(MRQ)	5.5
Quick Ratio(MRQ)	4.3
LTD/Eq(MRQ)	0.0
Tot D/Eq(MRQ)	0.0



## Fundamental Ratios

	2010	2011	TTM
P/E	26.54	13.01	23.14
P/E (cash adjusted)	23.80	10.37	20.50
EV/EBITDA	12.96	6.61	12.89
EV/Free Cash Flow	14.43	8.98	17.14
P/S	4.79	3.35	5.98
P/BV	4.53	2.54	4.53
P/Tang BV	4.63	2.57	4.57
P/CF	16.10	8.77	15.57
P/OwnerEarnings	15.80	11.14	19.23
ROE	17.1%	19.5%	19.5%
ROA	12.2%	16.2%	16.2%
ROIC	25.8%	38.5%	38.6%
CROIC	43.0%	43.9%	45.4%
Current Ratio	3.63	5.30	5.28
Total Debt/Equity Ratio	0.08	0.02	0.02
Inventory Turnover	2.44	2.43	1.85

## Selected Financial Statements

(In Millions, Except per Share Amounts)

	2007	2008	2009	2010	2011	TTM/Latest
Revenue	\$ 189	\$ 229	\$ 186	\$ 299	\$ 563	\$ 563
Gross Profit	\$ 85	\$ 107	\$ 64	\$ 146	\$ 305	\$ 305
Margin %	45.04%	46.84%	34.57%	48.94%	54.17%	54.17%
R&D	\$ 10	\$ 16	\$ 19	\$ 19	\$ 31	\$ 31
Margin %	5.05%	6.90%	9.98%	6.40%	5.58%	5.58%
Operating Income	\$ 46	\$ 57	\$ 10	\$ 80	\$ 210	\$ 210
Margin %	24.55%	24.97%	5.42%	26.58%	37.38%	37.38%
Net Income	\$ 30	\$ 37	\$ 5	\$ 54	\$ 145	\$ 145
Margin %	15.84%	16.00%	2.92%	18.04%	25.78%	25.78%
Earnings Per Share						
Basic	\$ 0.69	\$ 0.82	\$ 0.12	\$ 1.16	\$ 3.06	\$ 2.88
Diluted	\$ 0.65	\$ 0.79	\$ 0.12	\$ 1.13	\$ 2.98	\$ 2.82
Weighted Average Diluted Shares Outstanding	45.75	46.22	46.60	47.59	48.69	51.54
Dividends Per Share	\$ -	\$ -	\$ -	\$ -	\$ 0.69	\$ 0.65
Dividend Yield	0.00%	0.00%	0.00%	0.00%	1.77%	0.99%
Net Cash From Operating Activities	\$ 11	\$ 35	\$ 54	\$ 63	\$ 175	\$ 175

(Dollars in Millions)

Net Property, Plants & Equipment	\$ 96	\$ 114	\$ 111	\$ 121	\$ 211	\$ 211
Total Assets	\$ 263	\$ 313	\$ 313	\$ 442	\$ 895	\$ 895
Long-term Debt	\$ 29	\$ 26	\$ 19	\$ 42	\$ 27	\$ 27
Stockholders' Equity	\$ 200	\$ 238	\$ 256	\$ 317	\$ 743	\$ 743