

ModernGraham Valuation

Company Name:

Company Ticker IPGP

Date of Analysis

12/28/2016

IPG Photonics
Corporation



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$5,447,905,022	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	8.20	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	730.77%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	24.46	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.58	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	8.20	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.03	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.10
MG Growth Estimate	15.00%
MG Value	\$157.70
MG Value based on 3% Growth	\$59.39
MG Value based on 0% Growth	\$34.82
Market Implied Growth Rate	7.98%

MG Opinion

Current Price	\$100.19
% of Intrinsic Value	63.53%
Opinion	Undervalued
MG Grade	B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$19.57
Graham Number	\$54.34
PEmg	24.46
Current Ratio	8.20
PB Ratio	3.58
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.64	Next Fiscal Year Estimate	\$4.10
Dec2015	\$4.53	Dec2015	\$3.65
Dec2014	\$3.79	Dec2014	\$3.01
Dec2013	\$2.97	Dec2013	\$2.38
Dec2012	\$2.81	Dec2012	\$1.87
Dec2011	\$2.41	Dec2011	\$1.28
Dec2010	\$1.13	Dec2010	\$0.67
Dec2009	\$0.12	Dec2009	\$0.43
Dec2008	\$0.79	Dec2008	\$0.51
Dec2007	\$0.65	Dec2007	\$0.26
Dec2006	\$0.26	Dec2006	-\$0.13
Dec2005	\$0.16	Dec2005	-\$0.56
Dec2004	\$0.01	Dec2004	-\$0.96
Dec2003	-\$0.93	Dec2003	-\$1.31
Dec2002	-\$2.13	Dec2002	-\$1.29
Dec2001	-\$2.17	Dec2001	-\$0.72
Dec2000	\$0.00	Dec2000	\$0.00
Dec1999	\$0.00	Balance Sheet Information 9/1/2016	
Dec1998	\$0.00	Total Current Assets	\$1,276,498,000
Dec1997	\$0.00	Total Current Liabilities	\$155,627,000
Dec1996	\$0.00	Long-Term Debt	\$38,432,000
		Total Assets	\$1,727,298,000
		Intangible Assets	\$48,514,000
		Total Liabilities	\$224,452,000
		Shares Outstanding (Diluted Average)	53,761,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other
ModernGraham
posts about the
company

#N/A

Other
ModernGraham
posts about related
companies

[ScanSource Inc Valuation – Initial Coverage \\$SCSC](#)
[Cognex Corporation Valuation – Initial Coverage \\$CGNX](#)
[AMETEK Inc Valuation – December 2016 \\$AME](#)
[Ingram Micro Inc Valuation – Initial Coverage \\$IM](#)
[Sanmina Corp Valuation – Initial Coverage \\$SANM](#)
[Qorvo Inc Valuation – December 2016 Update \\$QRVO](#)
[IIVI Inc Valuation – Initial Coverage \\$IIVI](#)
[CEVA Inc Valuation – Initial Coverage \\$CEVA](#)
[NetApp Inc Valuation – August 2016 \\$NTAP](#)
[Applied Materials Inc Valuation – August 2016 \\$AMAT](#)