

ModernGraham Valuation

Company Name:

Company Ticker IPGP

Date of Analysis

6/1/2018

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	\$13,261,465,405	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	9.54	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	432.79%	Pass
5. Earnings Growth	PEmg < 20	39.29	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	6.35	Fail
7. Moderate Price to Assets			

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	9.54	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 Score		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$6.29
MG Growth Estimate	15.00%
MG Value	\$242.01
MG Value based on 3% Growth	\$91.15
MG Value based on 0% Growth	\$53.43
Market Implied Growth Rate	15.40%

MG Opinion

Current Price	\$246.98
% of Intrinsic Value	102.05%
Opinion	Fairly Valued
MG Grade	C+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$27.40
Graham Number	\$83.87
PEmg	39.29
Current Ratio	9.54
PB Ratio	6.35
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$8.29	Next Fiscal Year Estimate	\$6.29
Dec2017	\$6.36	Dec2017	\$5.02
Dec2016	\$4.85	Dec2016	\$4.17
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	Balance Sheet Information 3/1/2018 Total Current Assets \$1,864,886,000 Total Current Liabilities \$195,560,000 Long-Term Debt \$44,466,000 Total Assets \$2,498,007,000 Intangible Assets \$104,989,000 Total Liabilities \$352,638,000 Shares Outstanding (Diluted Average) 55,182,000	
Dec2000	\$0.00		
Dec1999	\$0.00		
Dec1998	\$0.00		





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

- [5 Undervalued Stocks for Value Investors with a High Beta – January 2017](#)
- [IPG Photonics Corp Valuation – Initial Coverage \\$IPGP](#)

Other ModernGraham posts about related companies

- [Micron Technology Inc Valuation – May 2018 \\$MU](#)
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