ModernGraham Valuation

Company Name:

IPG Photonics Corporation



Company Ticker Date of Analysis

3/13/2019

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.

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$8,167,270,375 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	7.35 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	
5. Earnings Growth	beginning and end	192.91% Pass
Moderate PEmg Ratio	PEmg < 20	26.55 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.77 Fail

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

Sufficiently Strong Financial Condition	Current Ratio > 1.5	7.35 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
	Score	

Suitability

Defensive No Yes Enterprising

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.81
MG Growth Estimate	8.87%
MG Value	\$152.43
MG Value based on 3% Growth	\$84.23
MG Value based on 0% Growth	\$49.37
Market Implied Growth Rate	9.02%

MG Opinion

Current Price \$154.21 % of Intrinsic Value 101.17%

Opinion **Fairly Valued**

MG Grade C+

Stage 3: Information for Further Research

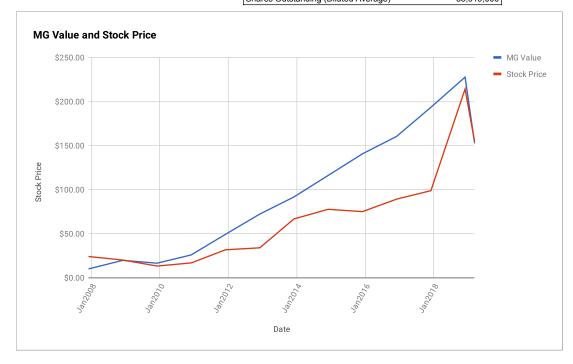
Net Current Asset Value (NCAV)	\$26.65
Graham Number	\$67.50
PEmg	26.55
Current Ratio	7.35
PB Ratio	3.77
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Morningstar

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> Google Finance MSN Money Yahoo Finance Seeking Alpha **GuruFocus SEC Filings**

EPS History		EPSmg History	
Next Fiscal Year			
Estimate		Next Fiscal Year Estimate	\$5.81
Dec2018	\$7.38	Dec2018	\$5.98
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	Balance Sheet Information	12/1/2018
Dec2001	-\$2.17	Total Current Assets	\$1,805,424,000
Dec2000	\$0.00	Total Current Liabilities	\$245,774,000
Dec1999	\$0.00	Long-Term Debt	\$41,707,000
	•	Total Assets	\$2,574,450,000
		Intangible Assets	\$187,861,000
		Total Liabilities	\$368,215,000
		Shares Outstanding (Diluted Average)	53,919,000





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 <u>IPG Photonics Corp Valuation – June 2018 \$IPGP</u>

ModernGraham posts about the 5 Undervalued Stocks for Value Investors with a High Beta – January 2017

company IPG Photonics Corp Valuation – Initial Coverage \$IPGP

Other ModernGraham posts about related companies

<u>Amphenol Corp Valuation – March 2019 #APH</u>

Xilinx Inc Valuation – March 2019 #XLNX

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Ametek Inc Valuation - March 2019 #AME

Advanced Micro Devices Inc Valuation – February 2019 \$AMD

Qorvo Inc Valuation - February 2019 \$QRVO

FLIR Systems Inc Valuation - February 2019 \$FLIR

NetApp Inc Valuation - February 2019 \$NTAP