

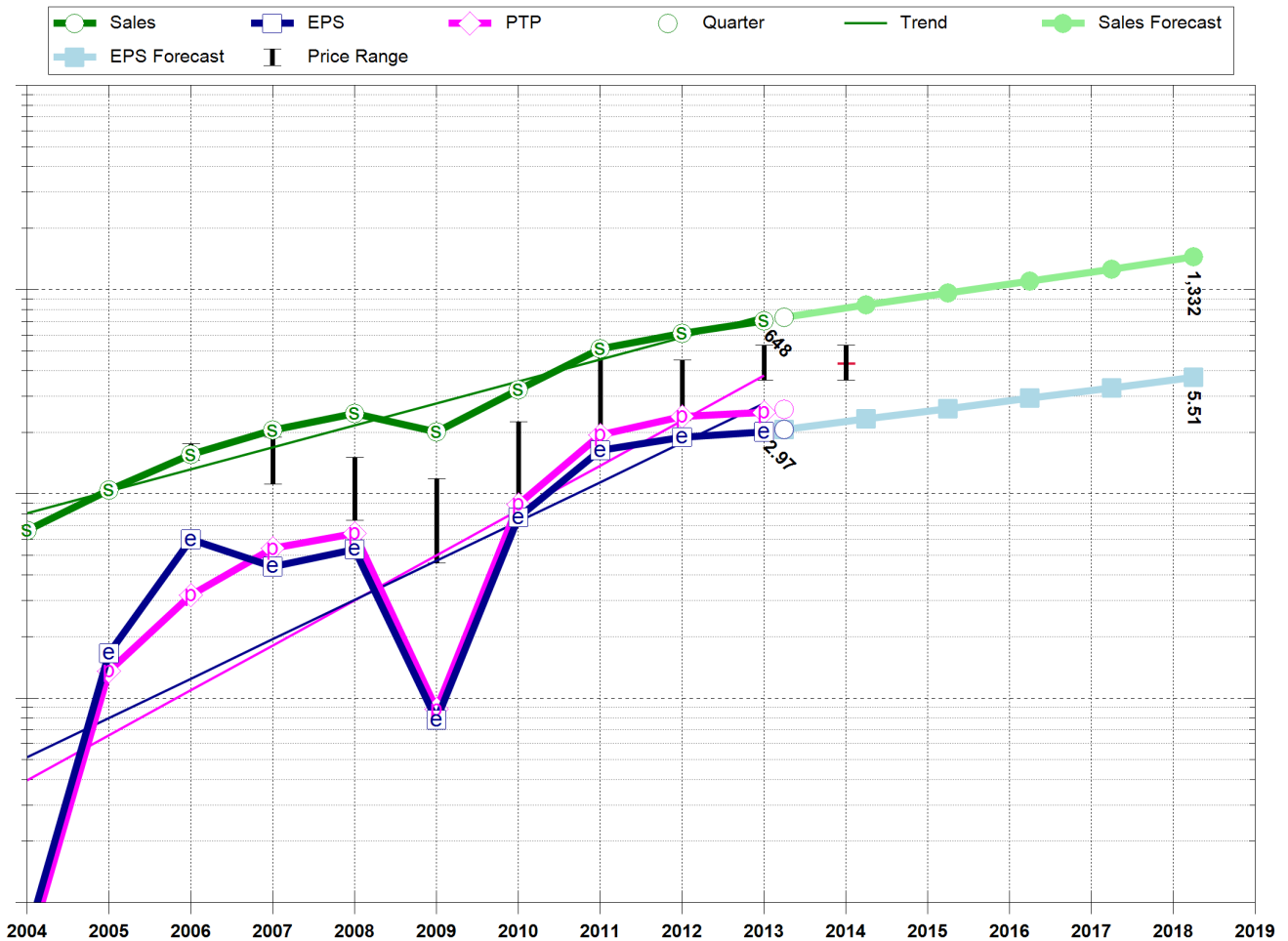
Company	IPG Photonics Corp		Date	7/11/2014	
Prepared by	Henrikson		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Semiconductor Equipment & Materi		
Capitalization ---	Outstanding Amounts	Reference			
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	52.0	4.5	41.0		
Debt (\$M)	14.6	% to Tot Cap	1.5	% Pot Dil	1.5

Stock Selection Guide

Symbol: **IPGP**

1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY2013 Quarter Ending (03/14)	Sales (\$M)	Earnings Per Share
Latest Quarter	170.6	0.77
Year Ago Quarter	141.9	0.67
Percentage Change	20.2%	14.6%



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|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 28.1% | (3) Historical Earnings Per Share Growth | 55.7% |
| (2) Estimated Future Sales Growth | 14.5% | (4) Estimated Future Earnings Per Share Growth | 12.4% |

2 EVALUATING Management

IPG Photonics Corp

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Last 5 Year Avg.
Pre-tax Profit on Sales	0.8%	12.4%	19.6%	25.2%	24.7%	4.2%	26.2%	36.2%	37.4%	34.1%	27.6%
% Earned on Equity			23.9%	14.3%	14.9%	2.1%	16.8%	26.0%	19.5%	16.6%	16.2%
% Debt To Capital	1,172.1 %	1,667.4 %	20.5%	13.5%	14.1%	8.6%	7.0%	5.2%	2.4%	1.7%	5.0%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

PRESENT PRICE 64.3

HIGH THIS YEAR 79.00

LOW THIS YEAR 53.28

		A	B	C	D	E	F	G	H
	Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
		High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
1	2009	17.6	6.8	0.12	151.9	58.5	0.00	0.0	0.0
2	2010	33.4	13.3	1.13	29.5	11.7	0.00	0.0	0.0
3	2011	77.9	29.4	2.42	32.2	12.1	0.00	0.0	0.0
4	2012	67.0	33.9	2.81	23.8	12.0	0.00	0.0	0.0
5	2013	79.0	53.3	2.97	26.6	17.9	0.00	0.0	0.0
	AVERAGE		27.3		28.0	13.5		0.0	
	CURRENT/TTM			3.07			0.00	0.0	
AVERAGE PRICE EARNINGS RATIO 20.7					CURRENT PRICE EARNINGS RATIO 21.0				

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 19.50 X Estimate High Earnings/Share 5.50 = Forecasted High Price \$ 107.3

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 14.50 X Estimate Low Earnings/Share 3.50 = Forecasted Low Price \$ 50.8

(b) Avg. Low Price of Last 5 Years 27.3

(c) Recent Market Low Price 33.87

(d) Price Dividend Will Support $\frac{\text{Present Dividend}}{\text{High Yield}} = \frac{0.000}{0.00\%} = 0.0$

Selected Forecasted Low Price \$ 50.8

C ZONING using 25%-50%-25%

Forecasted High Price 107.3 Minus Forecasted Low Price 50.8 = 56.5 Range. 25% of Range 14.1

Buy Zone 50.8 to 64.9

Hold Zone 64.9 to 93.1

Sell Zone 93.1 to 107.3

Present Market Price of 64.34 is in the **Buy** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{107.3 - 64.34}{64.34 - 50.8} = \frac{42.91}{13.54} = 3.2$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Present Market Price}}{\text{Present Market Price}} = \frac{107.3 - 64.34}{64.34} = 1.67$ X 100 = 166.69 - 100 = 66.7 % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Present Full Year's Dividend \$ } 0.00}{\text{Present Price of Stock } 64.34} = 0.00 = 0.0\%$ Present Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout } 0.0\%}{\text{Forecast High PE } 19.50} = 0.0\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout } 0.0\%}{\text{Forecast Average PE } 17.00} = 0.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 10.8 %
Average Yield 0.0 %
Annualized Rate of Return 10.8 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 7.8 %
Average Yield 0.0 %
Annualized Rate of Return 7.8 %

Study Notes

Subject

IPG Photonics -as of 7 13 14

Description

IPG Photonics develops & manufactures fiber lasers, fiber amplifiers, and diode lasers used for materials processing communications and medicine. Estimates used for judgments rely upon ValueLine, as of July 4, 2014, S&P Capital Stock Report of July 12, 2014, and Morningstar and MarketWatch analyst reports found in BI's SSGPlus tool on July 13, 2014.