

IPG PHOTONICS CORP  
Form 10-Q  
August 08, 2016  
Table of Contents

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the quarterly period ended June 30, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

Commission File Number 001-33155

IPG PHOTONICS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	04-3444218
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

50 Old Webster Road, Oxford, Massachusetts	01540
(Address of principal executive offices)	(Zip code)
(508) 373-1100	
(Registrant's telephone number, including area code)	

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Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer  Accelerated Filer   
Non-Accelerated Filer  Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

As of August 4, 2016, there were 53,152,883 shares of the registrant's common stock issued and outstanding.

TABLE OF CONTENTS

	Page
<u>Part I. Financial Information</u>	<u>1</u>
<u>Item 1. Financial Statements</u>	<u>1</u>
<u>Consolidated Balance Sheets: June 30, 2016 and December 31, 2015</u>	<u>1</u>
<u>Consolidated Statements of Income: Three and Six Months Ended June 30, 2016 and 2015</u>	<u>2</u>
<u>Consolidated Statements of Comprehensive Income: Three and Six Months Ended June 30, 2016 and 2015</u>	<u>3</u>
<u>Consolidated Statements of Cash Flows: Six Months Ended June 30, 2016 and 2015</u>	<u>4</u>
<u>Consolidated Statements of Equity: Six Months Ended June 30, 2016 and 2015</u>	<u>5</u>
<u>Notes to Consolidated Financial Statements</u>	<u>6</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>13</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>22</u>
<u>Item 4. Controls and Procedures</u>	<u>24</u>
<u>Part II. Other Information</u>	<u>25</u>
<u>Item 1. Legal Proceedings</u>	<u>25</u>
<u>Item 1A. Risk Factors</u>	<u>25</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>25</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>25</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>25</u>
<u>Item 5. Other Information</u>	<u>25</u>
<u>Item 6. Exhibits</u>	<u>26</u>
<u>Signatures</u>	<u>27</u>
EX-31.1 CERTIFICATION OF CEO PURSUANT TO RULE 13a-14(a)	
EX-31.2 CERTIFICATION OF CFO PURSUANT TO RULE 13a-14(a)	
EX-32 CERTIFICATION OF CEO AND CFO PURSUANT TO SECTION 1350	
EX-101.INS XBRL INSTANCE DOCUMENT	
EX-101.SCH XBRL TAXONOMY EXTENSION SCHEMA	
EX-101.CAL XBRL TAXONOMY EXTENSION CALCULATION LINKBASE	
EX-101.LAB XBRL TAXONOMY EXTENSION LABEL LINKBASE	
EX-101.PRE XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE	
EX-101.DEF XBRL TAXONOMY EXTENSION DEFINITION LINKBASE	

Table of Contents

PART I-FINANCIAL INFORMATION  
ITEM 1. UNAUDITED INTERIM FINANCIAL STATEMENTS  
IPG PHOTONICS CORPORATION  
CONSOLIDATED BALANCE SHEETS

	June 30, 2016	December 31, 2015
	(In thousands, except share and per share data)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$587,286	\$582,532
Short-term investments	126,794	106,584
Accounts receivable, net	151,476	150,479
Inventories	241,282	203,738
Prepaid income taxes	32,890	33,692
Prepaid expenses and other current assets	33,042	25,564
Deferred income taxes, net	24,477	20,346
Total current assets	1,197,247	1,122,935
DEFERRED INCOME TAXES, NET	13,438	9,386
GOODWILL	20,461	505
INTANGIBLE ASSETS, NET	29,396	11,904
PROPERTY, PLANT AND EQUIPMENT, NET	350,432	288,604
OTHER ASSETS	18,333	20,095
TOTAL	\$1,629,307	\$1,453,429
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$3,188	\$2,000
Accounts payable	20,414	26,314
Accrued expenses and other liabilities	80,534	75,667
Deferred income taxes, net	4,152	3,190
Income taxes payable	26,688	37,809
Total current liabilities	134,976	144,980
DEFERRED INCOME TAXES AND OTHER LONG-TERM LIABILITIES	31,939	30,117
LONG-TERM DEBT, NET OF CURRENT PORTION	39,229	17,667
Total liabilities	206,144	192,764
COMMITMENTS AND CONTINGENCIES (NOTE 12)		
IPG PHOTONICS CORPORATION EQUITY:		
Common stock, \$0.0001 par value, 175,000,000 shares authorized; 53,147,812 shares issued and outstanding at June 30, 2016; 52,883,902 shares issued and outstanding at December 31, 2015	5	5
Additional paid-in capital	629,694	607,649
Retained earnings	949,741	833,356
Accumulated other comprehensive loss	(156,451 )	(181,482 )
Total IPG Photonics Corporation equity	1,422,989	1,259,528
NONCONTROLLING INTERESTS	174	1,137
Total equity	1,423,163	1,260,665
TOTAL	\$1,629,307	\$1,453,429

See notes to consolidated financial statements.

1

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Table of ContentsIPG PHOTONICS CORPORATION  
CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
	(in thousands, except per share data)			
NET SALES	\$252,787	\$235,138	\$460,035	\$434,098
COST OF SALES	115,084	106,435	207,921	197,568
GROSS PROFIT	137,703	128,703	252,114	236,530
OPERATING EXPENSES:				
Sales and marketing	9,689	7,962	17,723	15,511
Research and development	18,412	15,114	35,901	29,344
General and administrative	16,151	15,017	30,052	27,795
(Gain) loss on foreign exchange	(1,556 )	3,167	3,411	(5,585 )
Total operating expenses	42,696	41,260	87,087	67,065
OPERATING INCOME	95,007	87,443	165,027	169,465
OTHER INCOME (EXPENSE), Net:				
Interest income (expense), net	270	(112 )	462	(296 )
Other income, net	141	161	148	246
Total other income (expense)	411	49	610	(50)