

IPG PHOTONICS CORP
Form 10-Q
November 08, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2013
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 (State or other jurisdiction of incorporation or organization)	04-3444218 (I.R.S. Employer Identification Number)
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50 Old Webster Road, Oxford, Massachusetts (Address of principal executive offices) (508) 373-1100 (Registrant's telephone number, including area code)	01540 (Zip 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 <input checked="" type="checkbox"/>	Accelerated Filer <input type="checkbox"/>
Non-Accelerated Filer <input type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>

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 November 5, 2013, there were 51,680,453 shares of the registrant's common stock issued and outstanding.

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PART I-FINANCIAL INFORMATION

ITEM 1. UNAUDITED INTERIM FINANCIAL STATEMENTS

IPG PHOTONICS CORPORATION
CONSOLIDATED BALANCE SHEETS

	September 30, 2013	December 31, 2012
	(In thousands, except share and per share data)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$398,355	\$384,053
Accounts receivable, net	120,640	96,630
Inventories	171,268	139,618
Prepaid income taxes and income taxes receivable	17,326	13,071
Prepaid expenses and other current assets	30,072	18,639
Deferred income taxes, net	11,547	12,948
Total current assets	749,208	664,959
DEFERRED INCOME TAXES, NET	6,100	2,107
GOODWILL	455	2,898
INTANGIBLE ASSETS, NET	10,131	7,510
PROPERTY, PLANT AND EQUIPMENT, NET	236,507	210,563
OTHER ASSETS	7,395	7,461
TOTAL	\$1,009,796	\$895,498
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Revolving line-of-credit facilities	\$1,547	\$2,442
Current portion of long-term debt	1,333	1,505
Accounts payable	14,293	17,783
Accrued expenses and other liabilities	59,553	51,451
Deferred income taxes, net	2,050	9,831
Income taxes payable	27,031	42,443
Total current liabilities	105,807	125,455
DEFERRED INCOME TAXES AND OTHER LONG-TERM LIABILITIES	16,635	13,102
LONG-TERM DEBT, NET OF CURRENT PORTION	11,667	14,014
Total liabilities	134,109	152,571
COMMITMENTS AND CONTINGENCIES (NOTE 12)		
IPG PHOTONICS CORPORATION STOCKHOLDERS' EQUITY:		
Common stock, \$0.0001 par value, 175,000,000 shares authorized; 51,604,568 shares issued and outstanding at September 30, 2013; 51,359,247 shares issued and outstanding at December 31, 2012	5	5
Additional paid-in capital	526,481	511,039
Retained earnings	354,162	234,977
Accumulated other comprehensive loss	(4,961) (3,094
Total IPG Photonics Corporation stockholders' equity	875,687	742,927
TOTAL	\$1,009,796	\$895,498

See notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(in thousands, except per share data)			
NET SALES	\$ 172,152	\$ 156,379	\$ 482,175	\$ 417,498
COST OF SALES	79,339	70,420	223,799	187,945
GROSS PROFIT	92,813	85,959	258,376	229,553
OPERATING EXPENSES:				
Sales and marketing	6,801	5,785	19,514	16,771
Research and development	11,501	7,762	30,782	22,131
General and administrative	13,175	10,609	37,814	29,294
Loss (gain) on foreign exchange	1,563	1,796	972	(272)
Total operating expenses	33,040	25,952	89,082	67,924
OPERATING INCOME	59,773	60,007	169,294	161,629
OTHER INCOME (EXPENSE), Net:				
Interest income (expense), net	63	55	(25)	541
Other income (expense), net	218	205	49	(981)
Total other income (expense)	281	260	24	(440)
INCOME BEFORE PROVISION FOR INCOME TAXES	60,054	60,267		