IPG Reports Strong Financial Results

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IPG Photonics Corporation, the recognized world leader in high power fiber lasers and amplifiers, announced today that it will report strong financial performance for 2004, including annual sales growth of over 90%, very strong operating cash flow, and a return to profitability. IPG Photonics Corporation, a privately held company, does not report sales or profit levels.

Tim Mammen, CFO of IPG, stated "sales growth in 2004 continues the trend from 2003 when sales growth exceeded 50%. This is a convincing validation of the company's business plan and operating model. Consequently, our U.S. and European banks have increased their credit lines by more than $7 million to leverage working capital and provide increased liquidity which will help drive further growth." Mr. Mammen added "with our backlog growing fast, we expect to see even better financial results in the future."

"The improving performance of IPG is driven by expanding market acceptance of IPG's low, middle and high power fiber lasers in all segments of the industrial (materials processing) market, including automotive, shipbuilding, microelectronics, aerospace, printing, marking, prototyping, and other applications" commented Dr. Valentin P. Gapontsev, CEO of IPG. "We achieved this through winning additional OEM customers as well as from increased sales to long-standing OEMs. The company also achieved strong sales growth in research and scientific markets. We saw a remarkable turn-around in telecom sales, which doubled in 2004, despite the tremendous downturn that hit the telecom industry three years ago. In addition, we started an exciting biomedical applications business this year." He added "to the extent that IPG will exceed its 2000 record revenues by a considerable amount, it now appears that IPG may be the only former telecom component company which has fully recovered from the dramatic telecom downturn through leading edge technology development and customer and application diversification."

IPG revolutionized the solid-state laser market with the introduction of reliable and affordable diode-pumped fiber lasers for industrial applications with output powers up to 20 kilowatts or more. Leading companies throughout the world, including Fortune 500TM companies, rely on IPG products.

About IPG Photonics Corporation

IPG Photonics Corporation is the global leader in high performance fiber lasers and fiber amplifiers for materials processing, telecommunications, biomedical, airborne, test, research, and other commercial applications. Its proprietary technology, materials science expertise and vertically integrated manufacturing operations enable IPG to produce the world's largest variety of cost-effective, high and low power fiber lasers and amplifiers with superior optical performance, power efficiency and reliability.

The company has its world headquarters in Oxford, Massachusetts and manufacturing facilities and sales operations in Massachusetts, Germany, Russia, Italy, Japan, India and the United Kingdom. For more information and specifications, visit http://www.ipgphotonics.com/.

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