IPG Photonics Announces Agreement to Acquire Innovative Laser Technologies

ILT a leading designer and manufacturer of high-precision laser-based systems

OXFORD, Mass. – June 19, 2017 - IPG Photonics Corporation (NASDAQ: IPGP) today announced that it has signed a definitive agreement to acquire Innovative Laser Technologies (ILT), for $40 million in cash. ILT's expertise in producing high-precision laser-based systems will accelerate IPG's ability to deliver best-in-class standardized and turnkey systems solutions to the medical device industry and other key end user markets. Subject to satisfaction of customary closing conditions, the transaction is expected to close in early July 2017.

ILT is a Minneapolis, Minnesota-based designer and manufacturer of laser-based systems used to produce high-value, critical components primarily for the medical device industry. ILT provides its medical device OEM customers with a full suite of turnkey solutions, including customized machine engineering, laser application design, and integration services as well as full post-integration support. The company's systems incorporate user-friendly control software (HMI-2200), which is qualified for medical device manufacturing. The HMI-2200 software enables seamless data collection and transfer between their customers' manufacturing execution systems (MES) and their laser solutions. IPG has been a significant supplier of laser sources to ILT over the last several years. ILT has a reputation for quality, flexibility and innovation, with leading medical device OEMs and Fortune 500 companies as customers.

"Over the last several years, IPG developed and offered custom and standard laser-based systems for high-precision welding, cutting, marking, drilling, cladding, and other processing of metal, ceramic, semiconductor and thin films for customers in automotive, aerospace, railway, energy, electronics, consumer and other industries," said Dr. Valentin Gapontsev, IPG Photonics' CEO. "ILT has a proven track record producing leading-edge systems for medical device manufacturers, one of the fastest growing markets for fine welding and cutting applications. The addition of ILT's automation and application expertise and best-in-class specialty software will allow IPG to deeply penetrate medical device applications and accelerate expansion into the many non-medical device applications requiring precision laser solutions. In addition, we believe IPG's leading-edge fiber lasers, vertical manufacturing, and international distribution and service capabilities can expand the addressable market for ILT's industry-leading systems."

ILT has approximately 60 employees and achieved $22 million in revenue for the fiscal year ended December 31, 2016. The acquisition is expected to be neutral to IPG's earnings per diluted share for the fiscal year ended December 31, 2017. ILT is being acquired from the Generation Growth Capital Fund II, L.P.

About IPG Photonics Corporation

IPG Photonics Corporation is the world leader in high-power fiber lasers and amplifiers. Founded in 1990, IPG pioneered the development and commercialization of optical fiber-based lasers for use in diverse applications, primarily materials processing. Fiber lasers have revolutionized the industry by delivering superior performance, reliability and usability at a lower total cost of ownership compared with conventional lasers, allowing end users to increase productivity and decrease operating costs. IPG has its headquarters in Oxford, Massachusetts, and has additional plants and offices throughout the world. For more information, please visit www.ipgphotonics.com.

Safe Harbor Statement

Information and statements provided by IPG and its employees, including statements in this press release, that relate to future plans, events or performance are forward-looking statements. These statements involve risks and uncertainties. Any statements in this press release that are not statements of historical fact are forward-looking statements, including, but not limited to, deeply penetrating medical device applications and accelerating expansion into non-medical device applications requiring precision laser solutions, expanding the addressable market for ILT's industry-leading systems. Factors that could cause actual results to differ materially include risks and uncertainties, including risks associated with the strength or weakness of the business conditions in industries and geographic markets that IPG serves, particularly the effect of downturns in the markets IPG serves; uncertainties and adverse changes in the general economic conditions of markets; IPG's ability to penetrate new applications for fiber lasers and increase market share; the rate of acceptance and penetration of IPG's products; inability to manage risks associated with international customers and operations; foreign currency fluctuations; high levels of fixed costs from IPG's vertical integration; the appropriateness of IPG's manufacturing capacity for the level of demand; competitive factors, including declining average selling prices; the effect of acquisitions and investments; inventory write-downs; asset impairment charges; intellectual property infringement claims and litigation; interruption in supply of key components; manufacturing risks; government regulations and trade sanctions; and other risks identified in IPG's SEC filings. Readers are encouraged to refer to the risk factors described in IPG's Annual Report on Form 10-K (filed with the SEC on February 27, 2017) and its periodic reports filed with the SEC, as applicable. Actual results, events and performance may differ materially. Readers are cautioned not to rely on the forward-looking statements, which speak only as of the date hereof. IPG undertakes no obligation to update the forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Contact

James Hillier
Vice President of Investor Relations
IPG Photonics Corporation
508-373-1467
jhillier@ipgphotonics.com