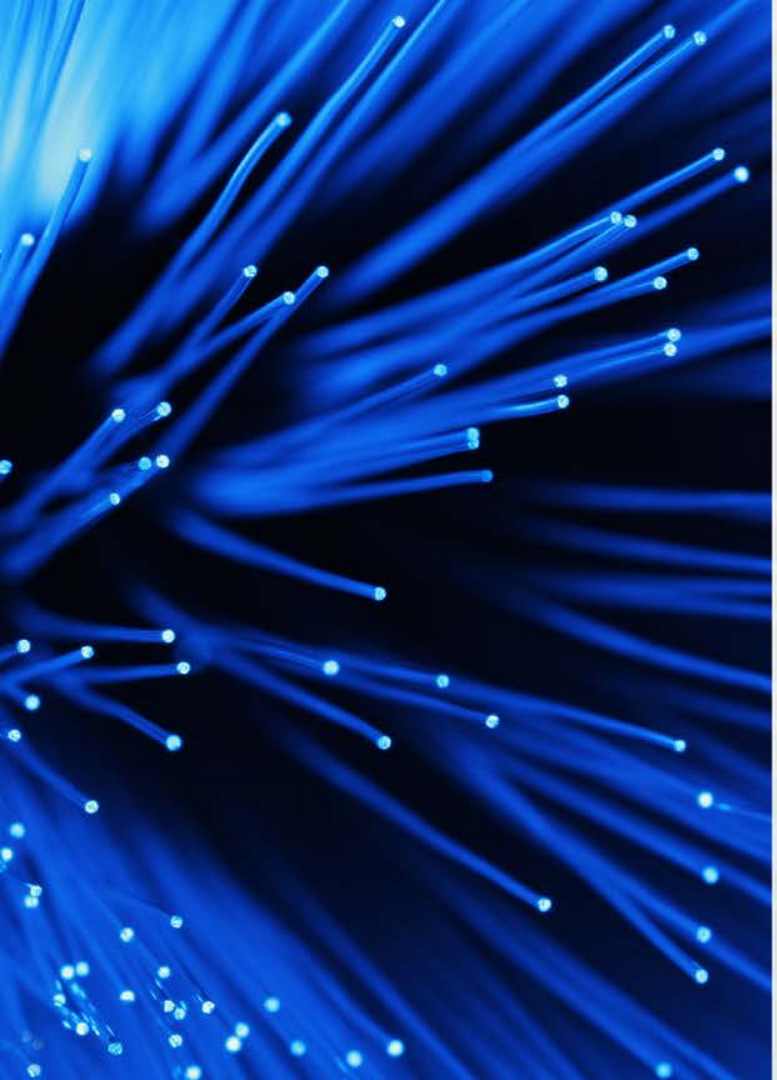

INVESTOR PRESENTATION

January 2018

Safe Harbor Statement

The statements in this presentation that relate to future plans, market forecasts, events or performance are forward-looking statements. These statements involve 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; intellectual property infringement claims and litigation; interruption in supply of key components; manufacturing risks; government regulations and trade sanctions; and other risks identified in the Company's SEC filings. Readers are encouraged to refer to the risk factors described in the Company's Annual Report on Form 10-K 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. The Company undertakes no obligation to release publicly the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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Our Mission

Making our **fiber laser** technology the tool of choice in mass production

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Key Takeaways

1. Global market leader in fiber laser technology across multiple end markets and applications
2. Vertical integration, manufacturing scale, and technology driving industry-leading margins
3. Expanding multi-billion dollar addressable market opportunity
4. Rapidly growing earnings and cash flow

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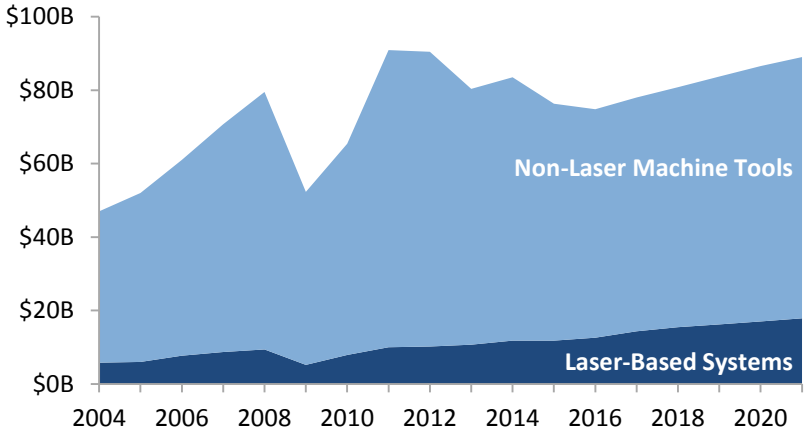
Dual Secular Growth Strategies

(1) Conversion from Non-Laser to Laser Technologies

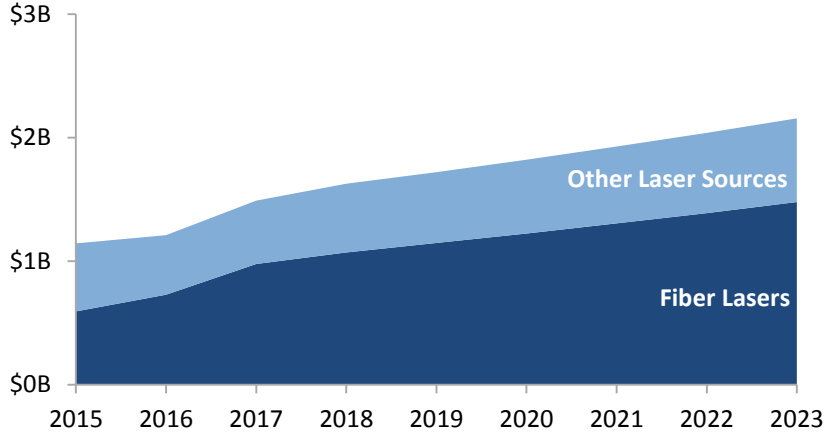
Global Machine Tool Consumption in 2017: ~$78B
Global Laser Systems for Materials Processing in 2017: ~$14B
Laser Systems 18% of Worldwide Machine Tools and Growing



Source: Oxford Economics, Optech Consulting and IPG Photonics Corporation

(2) Conversion from Traditional Lasers to Fiber Lasers

Fiber Lasers a Growing Percentage of Annual Demand for High-Power Industrial Laser Sources



Source: Optech Consulting and IPG Photonics Corporation

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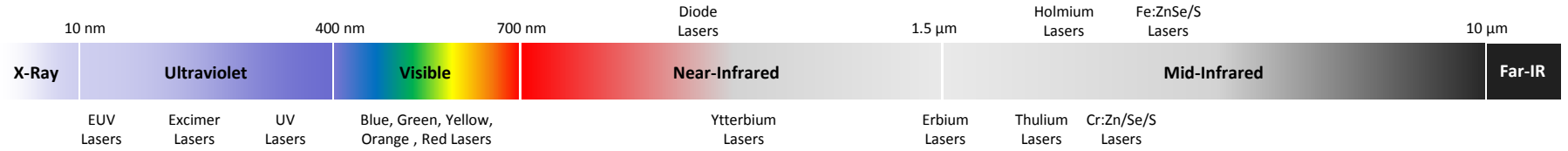
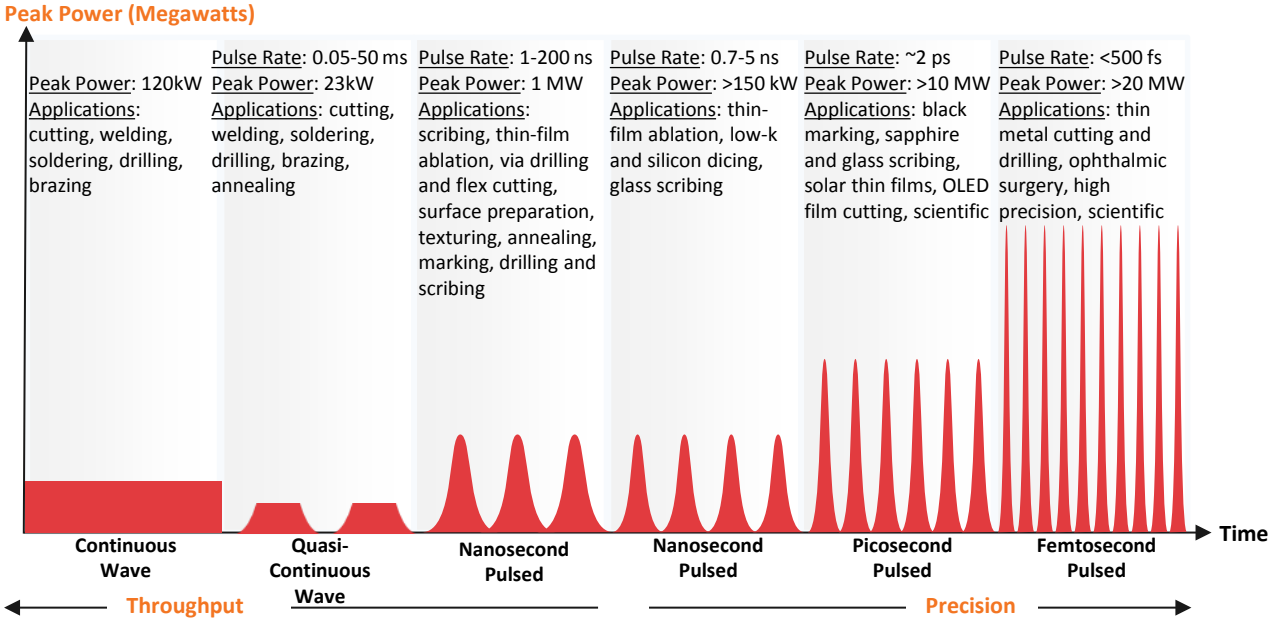
Broadest Portfolio of Fiber Lasers

Any wavelength, mode of operation, power, beam quality or application

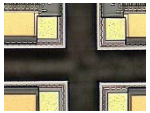




Thick steel cut with a continuous wave laser

Drilling using a quasi-continuous wave laser

Surface Cleaning using a pulsed laser



Micromachining using an ultrafast laser

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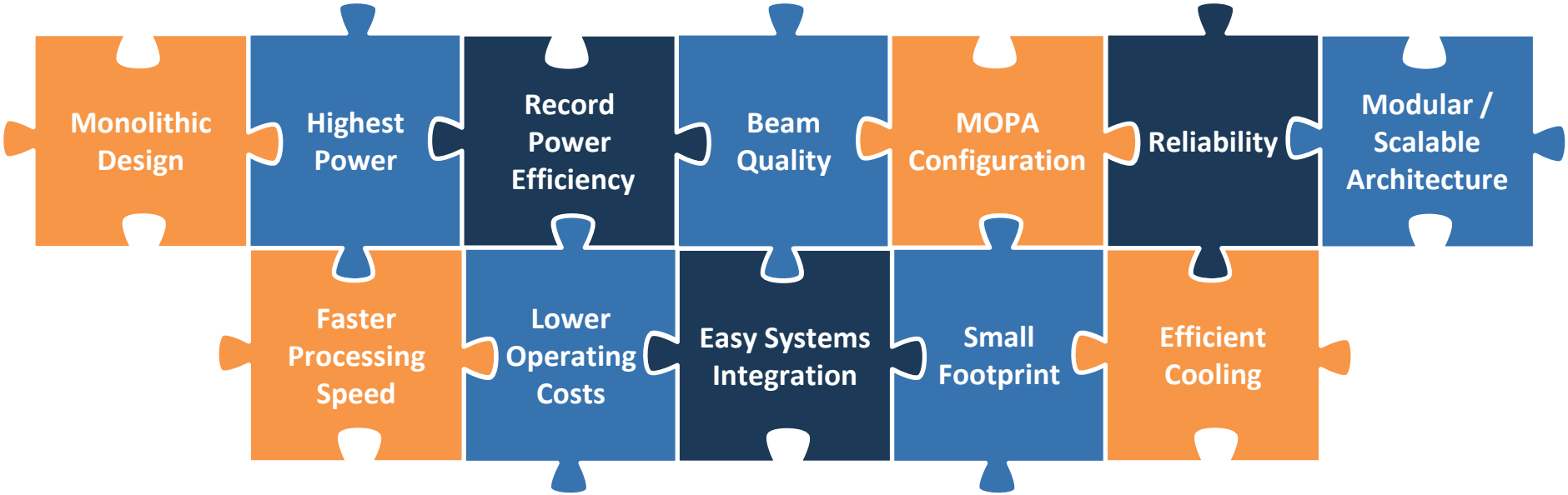
Advantages of Our Fiber Lasers



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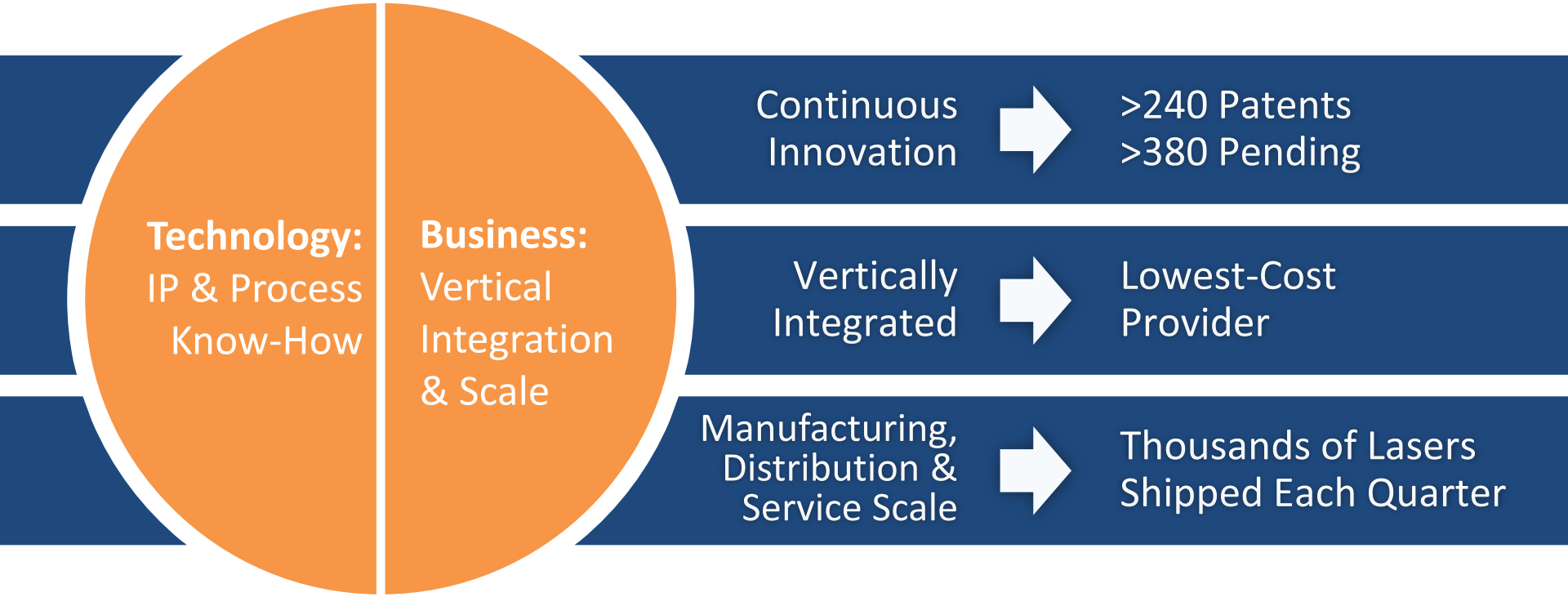
Significant Barriers to Entry



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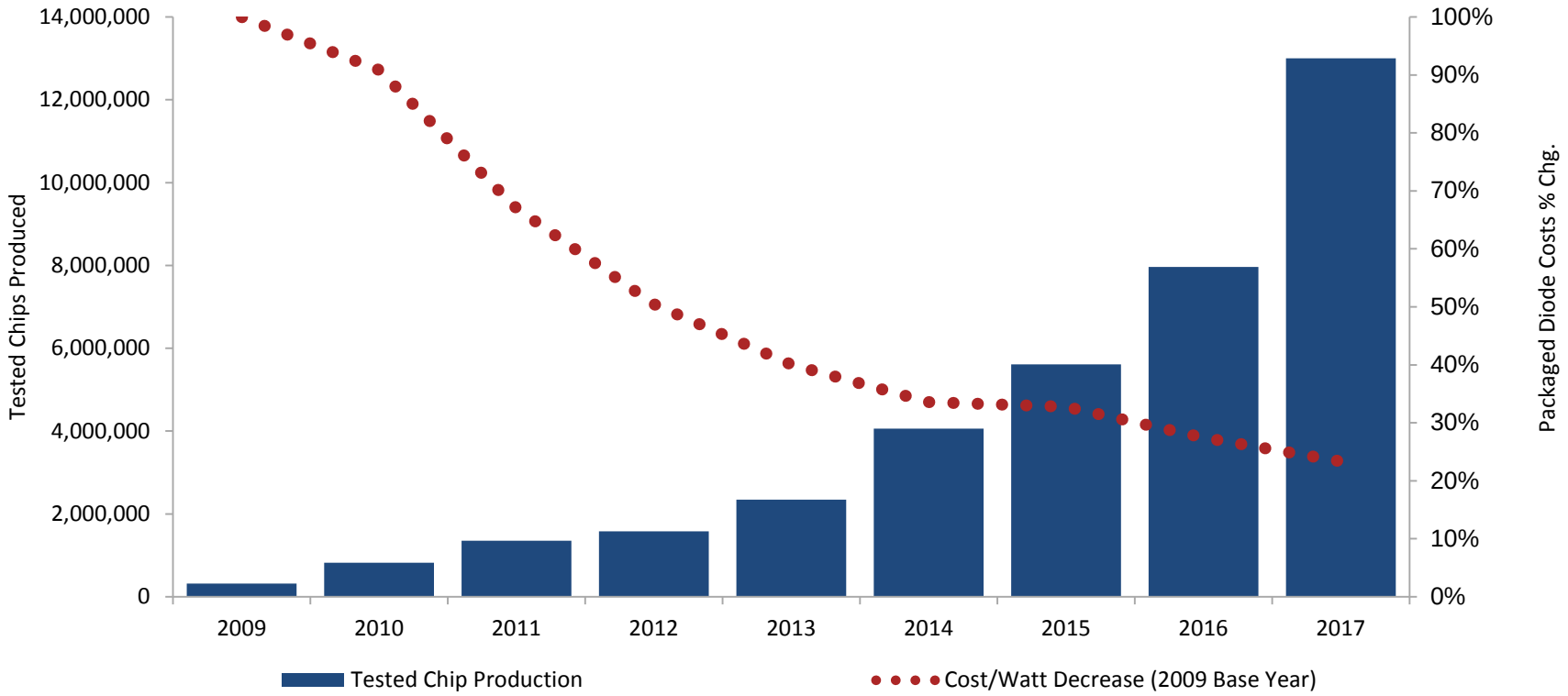
Highest Volume, Lowest Cost Diode Producer



Source: IPG Photonics Corporation

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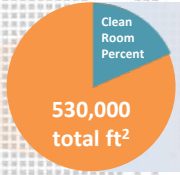
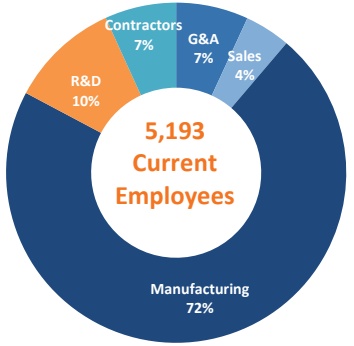
Global Presence

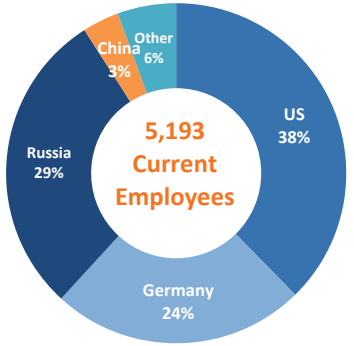
Oxford & Marlborough, MA, USA
- Wafer fab operation, chip-on-submount assembly, wafer packaging, components and final assembly
- ~2,000 employees

Burbach, Germany
- Components and final assembly
- ~1,300 employees

Fryazino, Russia
- Components and final assembly
- ~1,500 employees







Sales & Service
Development, Sales & Service
Manufacturing, Development, Sales & Service

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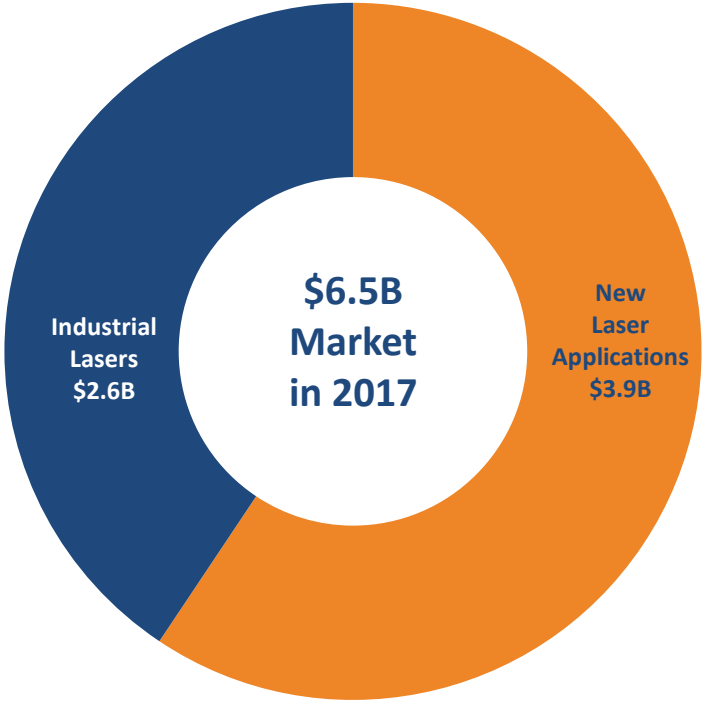
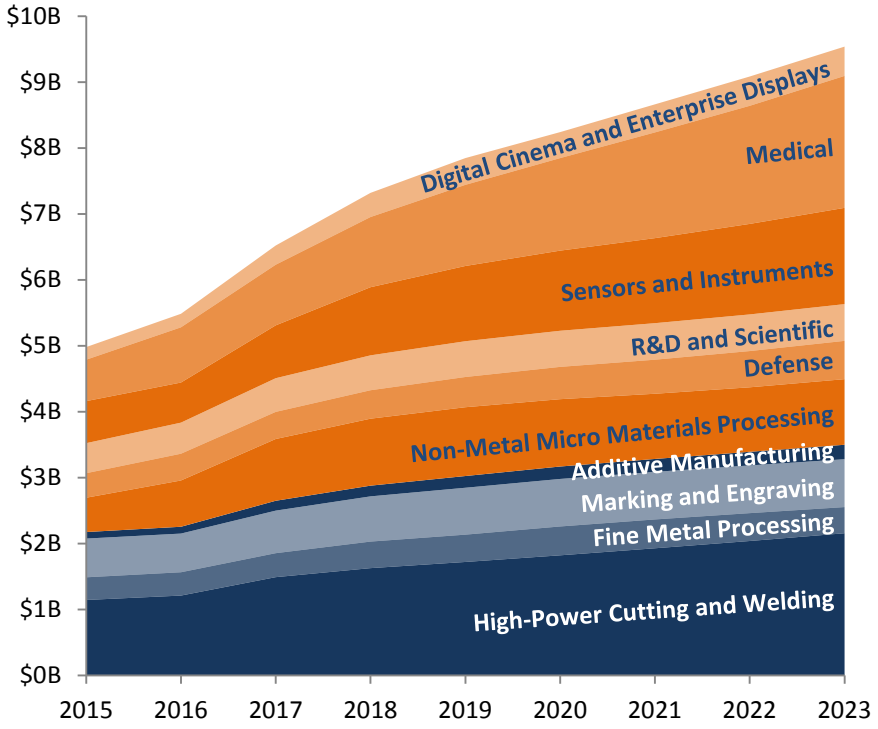
Total Addressable Market





Source: Optech Consulting, Strategies Unlimited and IPG Photonics Corporation

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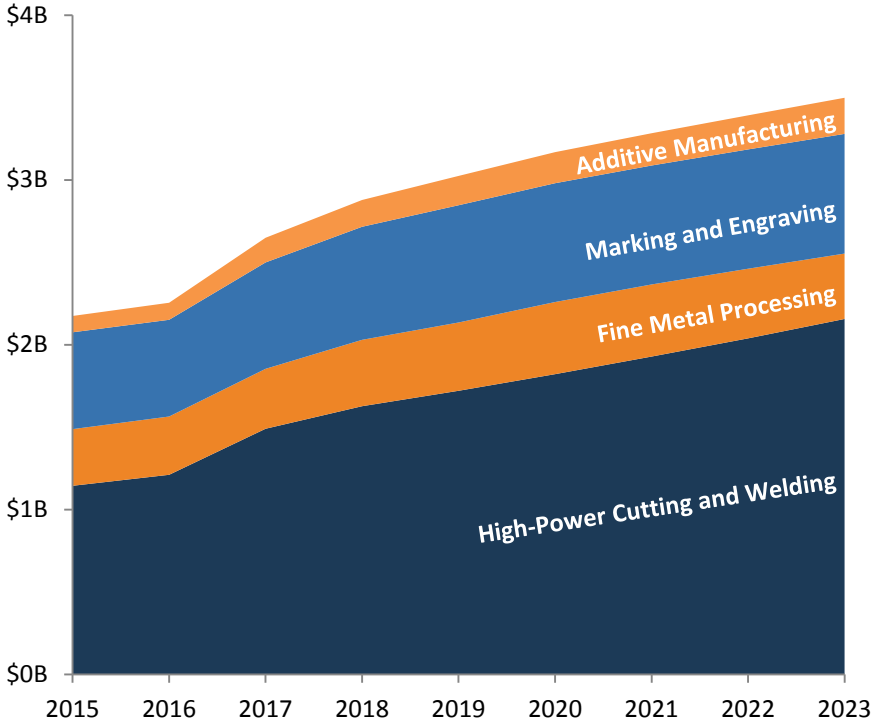
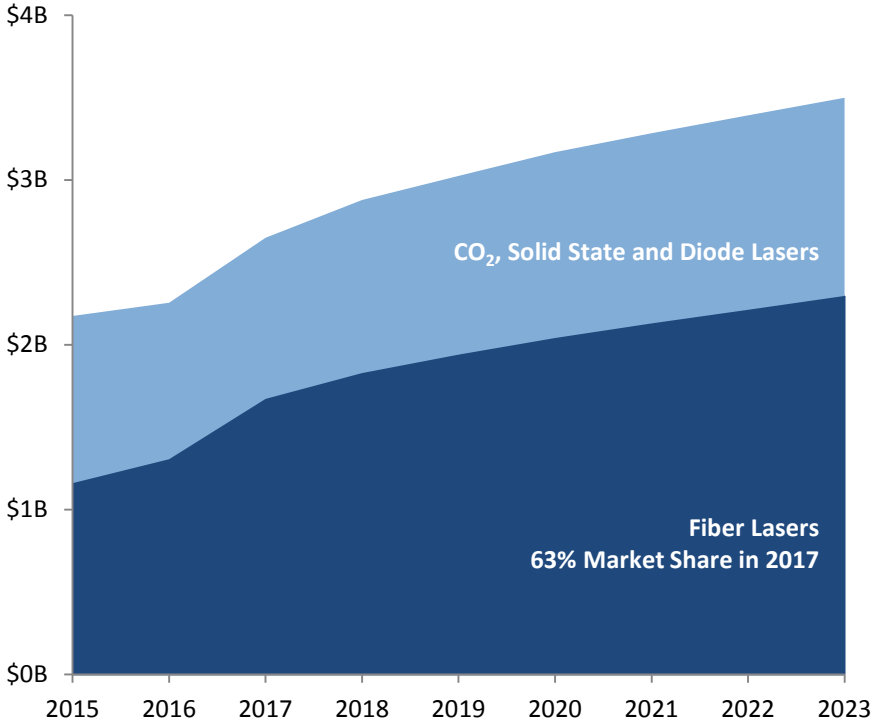
Industrial Laser Market





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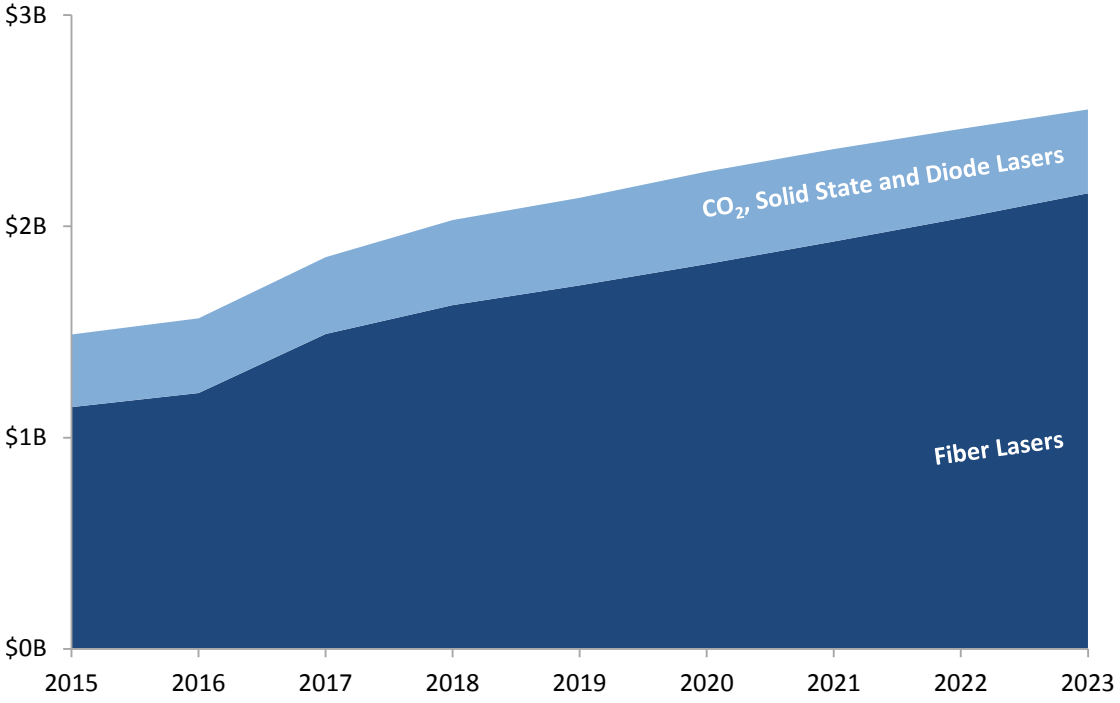
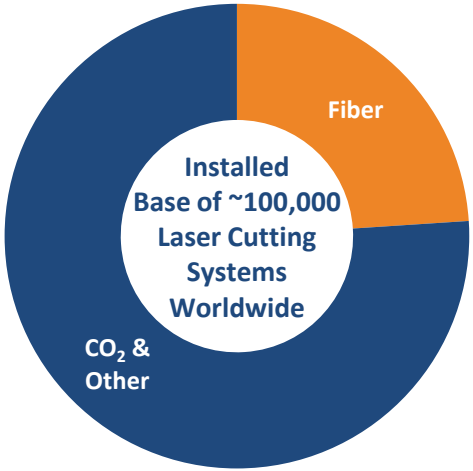
Metal Cutting





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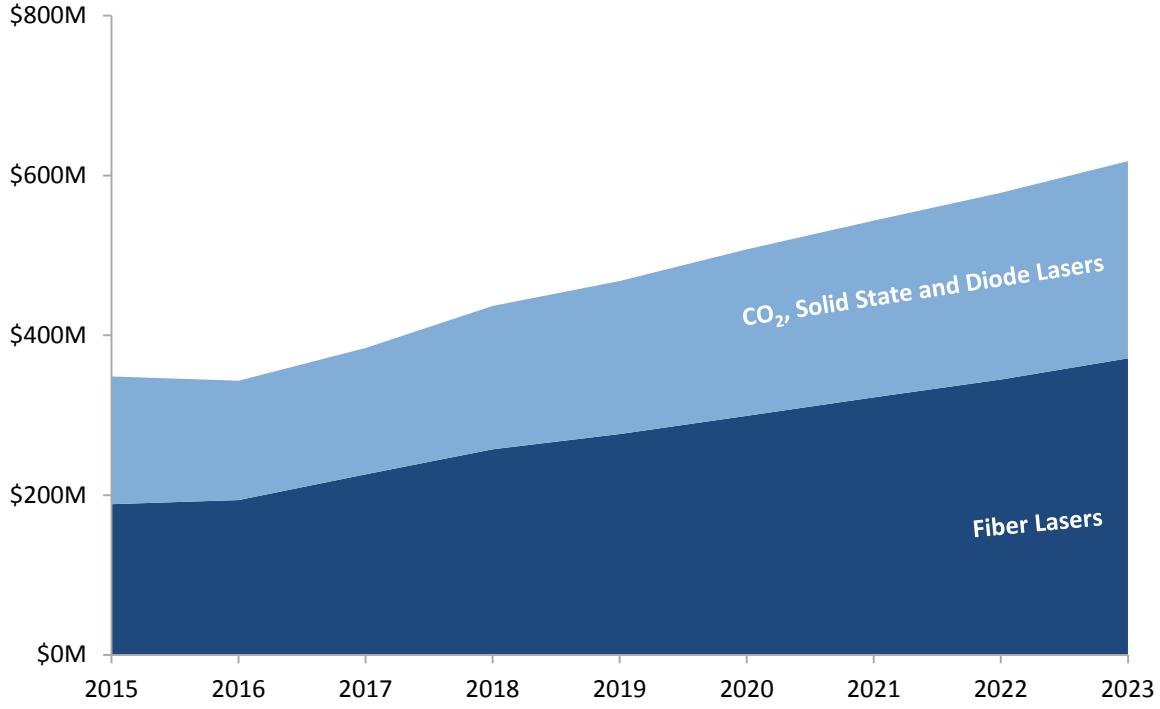
Metal Joining (Welding & Brazing)



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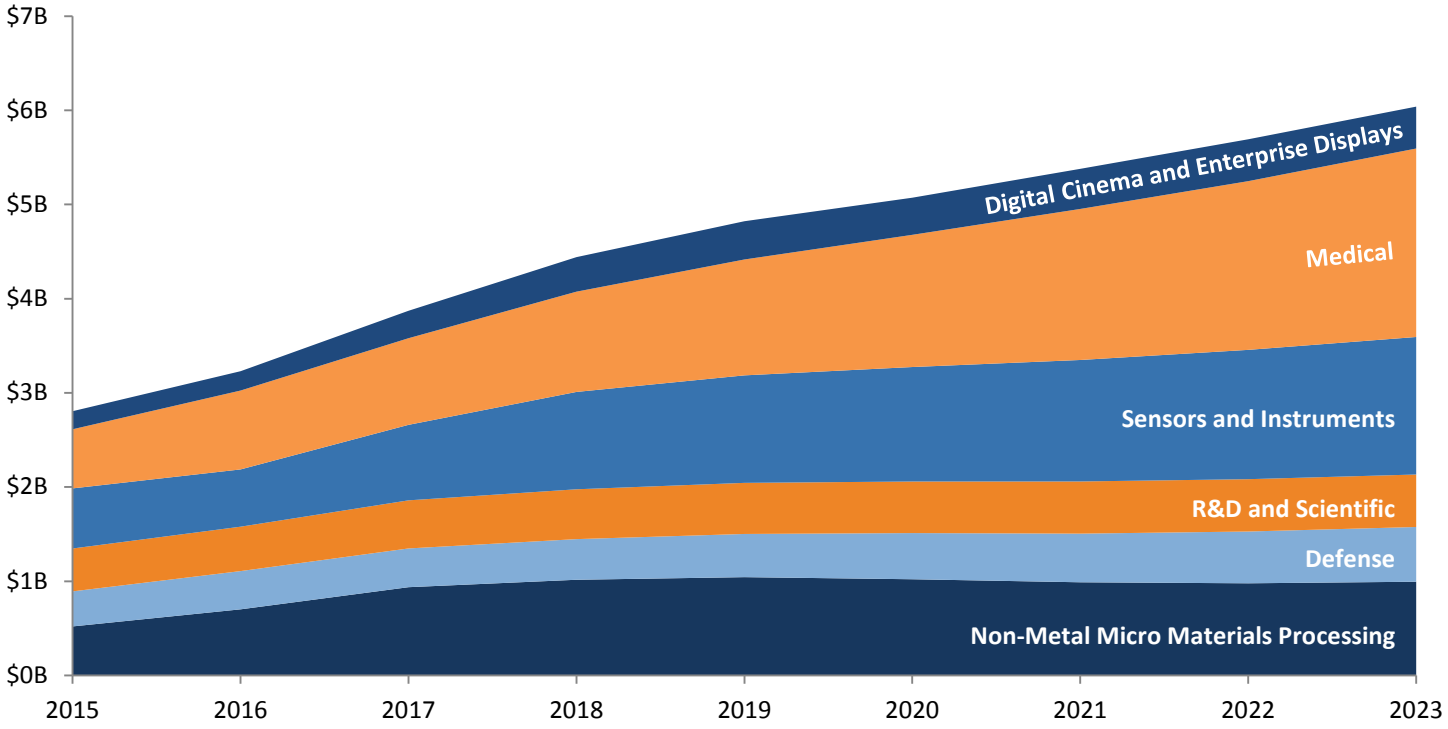
New Laser Applications



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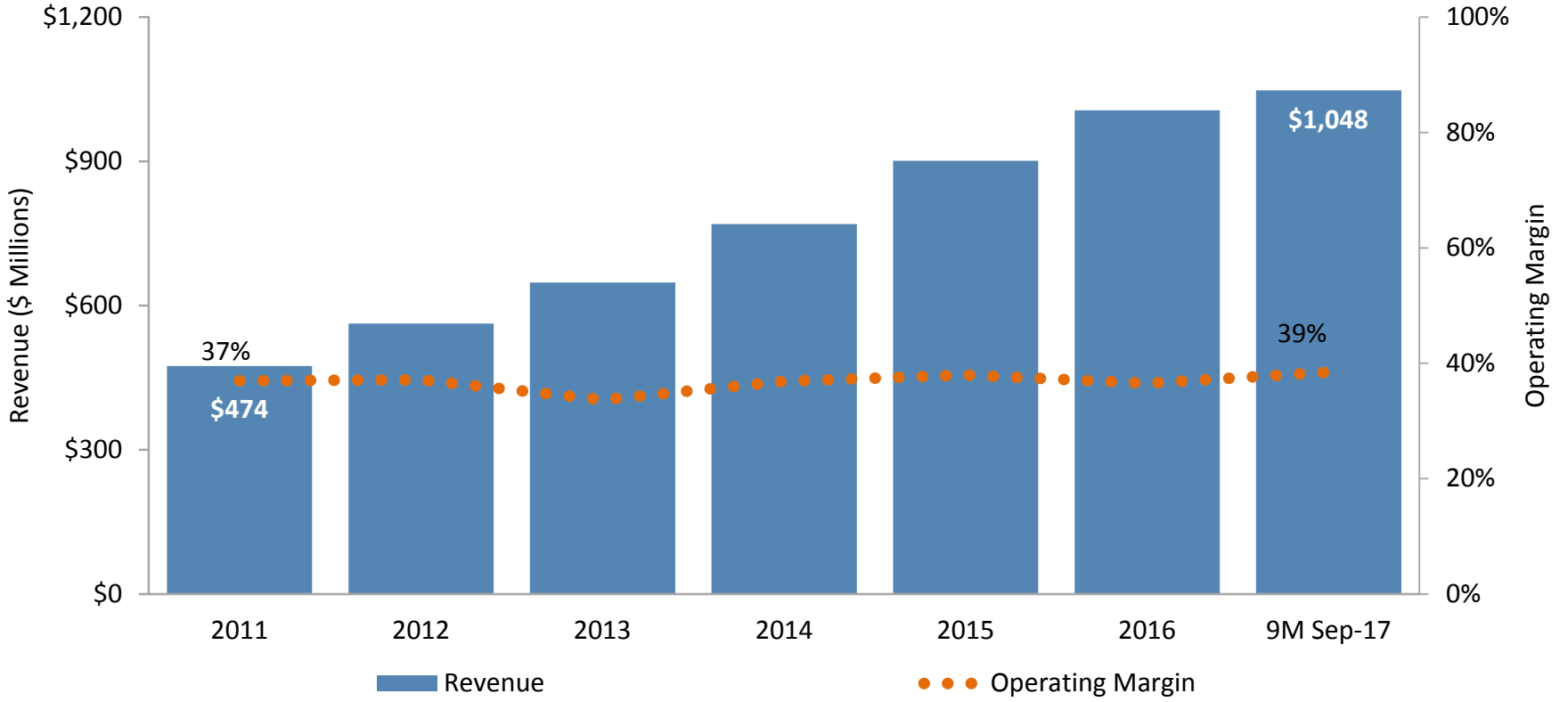
Strong Growth and Industry-Leading Margins



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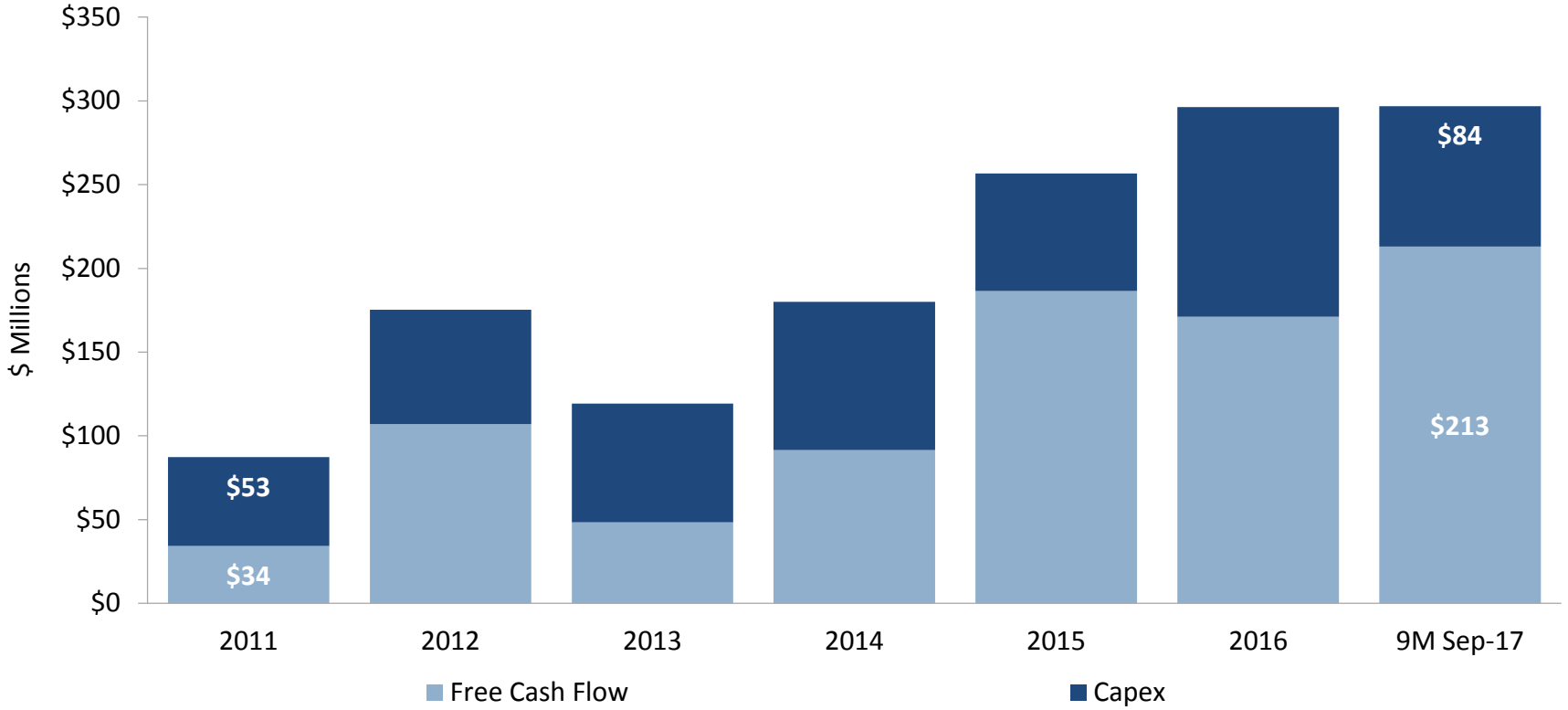
Rapidly Growing Cash Flow



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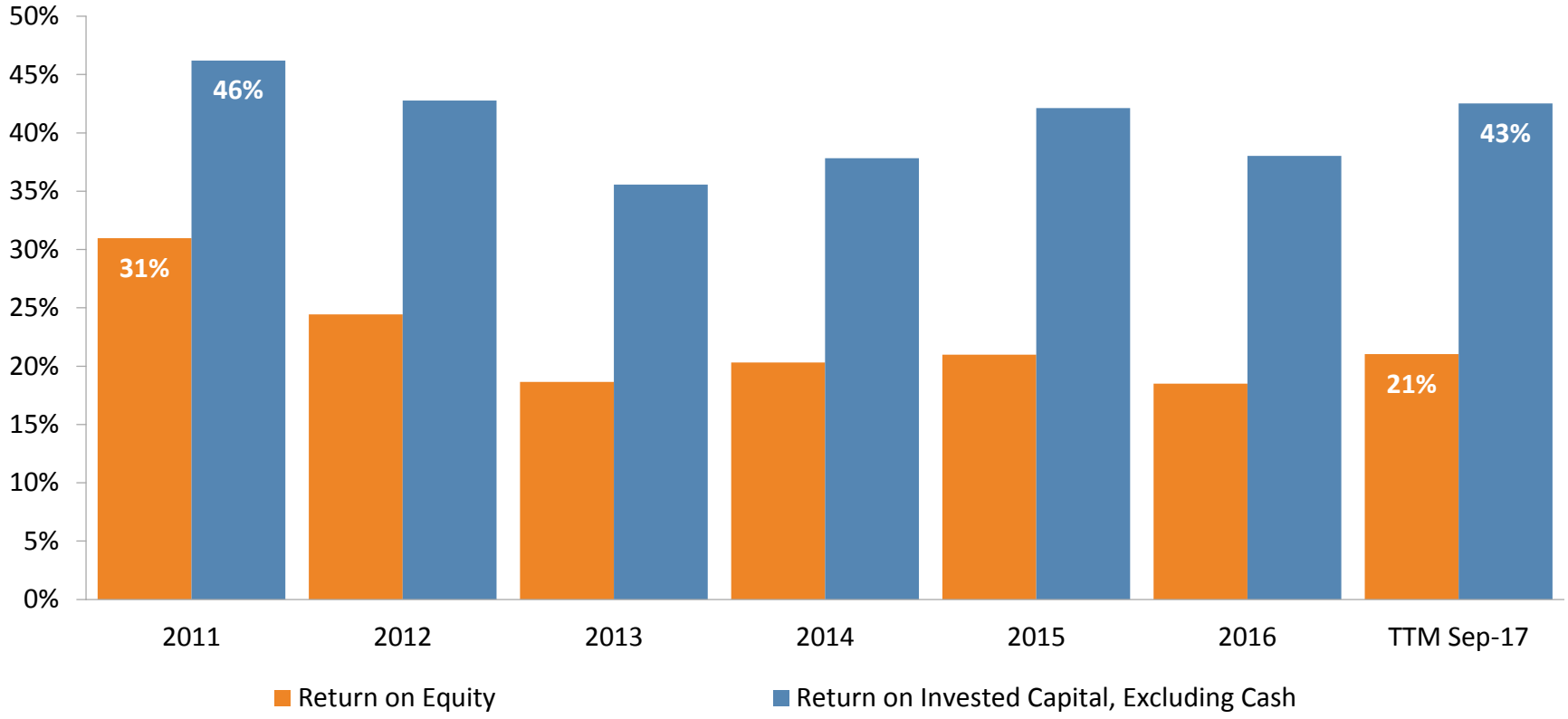
Return Profile



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Target Business Model

GAAP Metrics	2016	2017	Long-Term
Revenue Growth	12%	37%-39%	Market Growth
Gross Margin	55%	50%-55%	50%-55%
Operating Margin	37%	32%-37%	32%-37%

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Thank You

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