

# OEM Capital – PHOTONICS MARKET FOCUS

February 2011

## MONTHLY MARKET PERFORMANCE:

Closing Prices as of January 31, 2011

Company Name	Market Cap	Revenue	% Price Change [30 day]	% Price Change [YTD]	P/E
Advanced Photonix Inc.	52.5	23.0	11.1	15.4	NM
#NAME?	14,571.4	5,444.0	1.0	(0.1)	32.6
Andor Technology plc	£137.9	£42.7	12.4	12.4	37.5
AXT Inc.	341.6	86.5	3.7	5.0	27.4
Cognex Corp.	1,254.7	257.1	6.5	3.5	37.0
Coherent Inc.	1,341.2	665.4	18.6	15.5	27.8
CyberOptics Corp.	65.7	52.0	11.8	11.0	87.9
Dynasil Corp.	61.9	43.0	(1.6)	1.3	26.7
EXFO Inc	593.0	228.1	40.3	40.3	77.5
Finisar Corp.	2,690.1	804.3	12.2	8.8	58.3
Gooch & Housego plc	£112.1	£44.7	11.3	11.3	31.5
Halma plc	£1,272.8	£486.1	(5.9)	(5.9)	21.9
II-VI Inc.	1,529.2	451.8	6.5	2.7	29.0
Infinera Corp.	751.8	454.4	(29.0)	(30.7)	NM
IPG Photonics	1,620.1	252.6	9.6	8.2	58.2
JDS Uniphase	3,778.7	1,471.3	17.2	13.5	NM
KLA Tencor	7,371.1	2,486.4	14.1	13.8	17.1
LightPath Technologies	16.7	9.9	(8.8)	(15.4)	NM
New port Corp.	645.0	448.5	0.7	(3.0)	42.2
Oclaro, Inc.	691.5	455.5	5.6	3.7	65.0
Ophir Optonics Ltd.	nis 391.2	nis 104.8	(4.9)	(8.8)	17.8
PPGI - Photonic Products	11.0	10.4	0.0	0.0	NM
Rofin Sinar	1,115.2	423.6	10.3	6.6	39.8
Rudolph Tech.	315.9	195.3	22.2	20.3	23.9
Zygo Corp.	191.2	111.1	(11.2)	(14.4)	36.9

figures in \$ millions unless otherwise noted

## MARKET COMMENTARY:

We're getting more 2010 data in on **Photonics Market Focus** index companies and it is clear that 2010 was a spectacular growth year for most companies (the **Photonics Market Index** was up 75% last year). The photonics industry is once again entering a growth phase driven by demand for high speed wireless, more bandwidth and new consumer devices such as 3-D television and smart-phones. Bandwidth demands are doubling every 18 months and companies that manufacture the optical transmit and receive sub-components are enabling this growth.

### COMMENTARY

By: Mike Simon  
ms@oemcapital.com

Photonics West was busy again, with attendance at record levels. Stephen Anderson's keynote presentation at the **Lasers and Photonics Marketplace** highlighted: the global laser market was up 27% compared to 2009 with strong recoveries in materials processing and communications. He also reported 185 M&A transactions in photonics with the most active sectors being bio photonics, electronics and optics.

## NOTABLE RECENT TRANSACTIONS:

**A2 Technologies** (Danbury CT), probably the independent hand-held spectrometer company was acquired by **Agilent** in a transaction announced on January 19th. A2 manufactures ruggedized hand-held FTIR spectrometers. **OEM Capital** advised A2 in this transaction.

**IDEX** (NYSE: IEX) acquired IBS coater **Advanced Thin Films** (ATFilms, Boulder, CO) for \$32 million plus earn-out January 20.

**Opto Diode Corp** (part of **ITW Photonics Group**) acquired **International Radiation Detectors (IRD)** in an all-cash transaction announced January 11th. **IRD** manufactures semiconductor based photodetectors as well as infrared and visible LEDs.

## Private Equity:

Israeli VC Group **JVP** led a \$50 million investment in **CyOptics**, a leader in indium phosphide optical chip and component technologies needed to build high performance optical devices for telecommunications. **CyOptics** generated over \$100 million in revenues in 2010 and ended the year with a strong sales backlog.

Private Equity investment rebounded sharply in 2010, of the \$132 billion invested during the year, 38% of this or \$50 billion was invested in Q4. Dealflow was up 11% from 2009 with a total of 1,498 PE deals during 2010. Poor economic conditions and turbulent financial markets did hurt fundraising, only 95 funds reached a final close in 2010 on a total of \$84 billion in commitments, the lowest amount since 2003 (Pitchbook). See graph at left.

## IPO / Financing News:

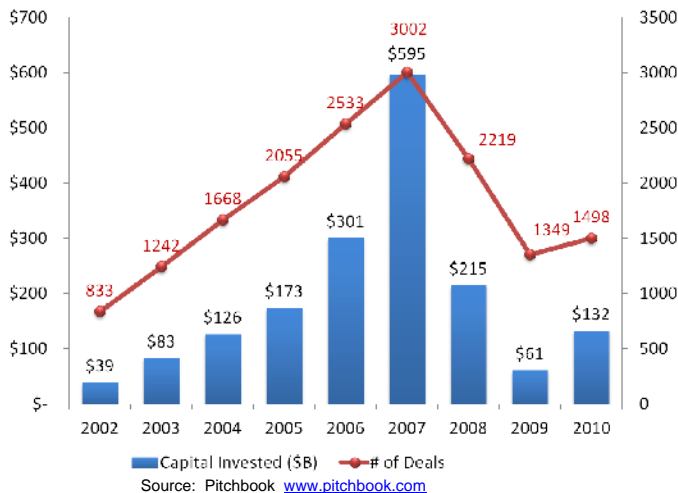
**National Venture Capital Association (NVCA)** released statistics for 2010: there were 72 venture-backed IPOs in 2010, the highest level since 2007 with over \$7 billion raised. 431 VC backed M&A transactions were recorded at with a total disclosed M&A value of \$18.6 billion.

## Photonics Market Focus Index vs. S&P 500:



OEM Capital Photonics Index      S&P 500 Index

## PEG Investment 2002 – 2010 Deals and Dollars:



Source: Pitchbook [www.pitchbook.com](http://www.pitchbook.com)

## OEM Capital

### Technology Investment Banking

Software · Communications · Computers · Electronics

2507 Post Road · Southport CT 06890-1259 · Tel (203) 254-0200 · Fax (203) 259-4041

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