



Release Date: October 20, 2009

Contact: Craig A. Creaturo
Chief Financial Officer and Treasurer
(724) 352-4455
ccreaturo@ii-vi.com
Homepage: www.ii-vi.com

**II-VI INCORPORATED
REPORTS FIRST QUARTER EARNINGS,
INITIATES FISCAL YEAR 2010 GUIDANCE**

PITTSBURGH, Oct. 20, 2009 (GLOBE NEWSWIRE) -- II-VI Incorporated (Nasdaq:IIVI) today reported results for its first quarter ended September 30, 2009.

Revenues from continuing operations for the quarter decreased 25% to \$65,538,000 from \$87,766,000 in the first quarter of last fiscal year.

Bookings from continuing operations for the quarter decreased 1% to \$73,336,000 compared to \$74,295,000 in the first quarter of last fiscal year. Bookings are defined as customer orders received that are expected to be converted into revenues during the next 12 months.

For the quarter ended September 30, 2009, net earnings attributable to II-VI Incorporated were \$6,306,000 or \$0.21 per share-diluted compared with net earnings of \$17,495,000 or \$0.57 per share-diluted in the first quarter of last fiscal year.

Francis J. Kramer, president and chief executive officer said, "Bookings for this quarter increased 28% from the June 30, 2009 quarter. Every business segment outpaced its fourth quarter order rate, and we are encouraged that product demand is strengthening. The cost reductions we initiated during the second quarter of fiscal year 2009 contributed to the earnings we are announcing today."

Kramer continued, "During the quarter we repaid \$0.6 million on our outstanding debt, made capital expenditures of \$2.5 million, and invested \$2.9 million in our joint venture in China, Langfang Haobo Diamond Co. Ltd. Finally, cash from operations of over \$15 million helped increase our total cash to over \$105 million."

Effective July 1, 2009, the Company adopted *Noncontrolling Interest in Consolidated Financial Statements – an amendment of ARB No.51* which was retroactively applied to all periods presented. As announced on June 12, 2009, the Company sold its x-ray and gamma-ray radiation sensor business, eV PRODUCTS, Inc., which operated as a business within the Compound Semiconductor Group. Results for the period ended September 30, 2008 reflect the presentation of eV PRODUCTS as a discontinued operation.

Segment Information from Continuing Operations (\$000's)

The following segment information includes segment earnings from continuing operations (defined as earnings from continuing operations before income taxes, interest expense and other expense or income, net). Management believes segment earnings are a useful performance measure because they reflect the results of segment performance over which management has direct control.

	Three Months Ended		
	September 30,		
	<u>2009</u>	<u>2008</u>	<u>% Increase (Decrease)</u>
Bookings:			
Infrared Optics	\$ 28,170	\$ 40,178	(30)%
Near-Infrared Optics	12,728	9,765	30%
Military and Materials	19,003	11,632	63%
Compound Semiconductor Group	<u>13,435</u>	<u>12,720</u>	6%
Total Bookings	\$ <u>73,336</u>	\$ <u>74,295</u>	(1)%
Revenues:			
Infrared Optics	\$ 29,167	\$ 43,230	(33)%
Near-Infrared Optics	8,901	13,680	(35)%
Military and Materials	15,642	15,459	1%
Compound Semiconductor Group	<u>11,828</u>	<u>15,397</u>	(23)%
Total Revenues	\$ <u>65,538</u>	\$ <u>87,766</u>	(25)%
Segment Earnings:			
Infrared Optics	\$ 4,876	\$ 10,373	(53)%
Near-Infrared Optics	1,022	2,677	(62)%
Military and Materials	2,255	2,881	(22)%
Compound Semiconductor Group	<u>343</u>	<u>1,691</u>	(80)%
Total Segment Earnings	\$ <u>8,496</u>	\$ <u>17,622</u>	(52)%

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Outlook

For the second fiscal quarter ending December 31, 2009, the Company currently forecasts revenues to range from \$64.0 million to \$67.0 million and earnings per share attributable to II-VI Incorporated to range from \$0.18 to \$0.22. Comparable results for the quarter ended December 31, 2008 were revenues from continuing operations of \$74.3 million and earnings per share from continuing operations of \$0.28. For the fiscal year ending June 30, 2010, the Company expects revenues to range from \$264 million to \$274 million and earnings per share to range from \$0.85 to \$0.95. Results for the year ended June 30, 2009 were revenues from continuing operations of \$292 million and earnings per share attributable to II-VI Incorporated from continuing operations of \$1.29.

As discussed in more detail below, actual results may differ from these forecasts due to various factors including, but not limited to, changes in product demand, competition and general economic conditions.

Webcast Information

The Company will host a conference call at 9:00 a.m. Eastern Time on Tuesday, October 20, 2009 to discuss these results. The conference call will be broadcast live over the internet and can be accessed by all interested parties from the Company's web site at www.ii-vi.com as well as at <http://tinyurl.com/ydqfb8e>. Please allow extra time prior to the call to visit the site and, if needed, to download the media software required to listen to the internet broadcast. A replay of the webcast will be available for 2 weeks following the call.

About II-VI Incorporated

II-VI Incorporated, the worldwide leader in crystal growth technology, is a vertically-integrated manufacturing company that creates and markets products for a diversified customer base including industrial manufacturing, military and aerospace, high-power electronics and telecommunications, and thermoelectronics applications. Headquartered in Saxonburg, Pennsylvania, with manufacturing, sales, and distribution facilities worldwide, the Company produces numerous crystalline compounds including zinc selenide for infrared laser optics, silicon carbide for high-power electronic and microwave applications, and bismuth telluride for thermoelectric coolers.

In the Company's infrared optics business, II-VI Infrared manufactures optical and opto-electronic components for industrial laser and thermal imaging systems, and HIGHYAG Lasertechnologie GmbH (HIGHYAG) manufactures fiber-delivered beam delivery systems and processing tools for industrial lasers. In the Company's near-infrared optics business, VLOC manufactures near-infrared and visible light products for industrial, scientific, military and medical instruments and laser gain materials and products for solid-state YAG and YLF lasers. In the Company's military & materials business, Exotic Electro-Optics (EEO) manufactures infrared products for military applications, and Pacific Rare Specialty Metals & Chemicals (PRM) produces and refines selenium and tellurium materials. In the Company's Compound Semiconductor Group, the Wide Bandgap Materials (WBG) group manufactures and markets single crystal silicon carbide substrates for use in the solid-state lighting, wireless infrastructure, RF electronics and power switching industries; Marlow Industries, Inc. (Marlow) designs and manufactures thermoelectric cooling and power generation solutions for use in defense, space, photonics, telecommunications, medical, consumer and industrial markets; and the Worldwide Materials Group (WMG) provides expertise in materials development, process development and manufacturing scale up.

This press release contains forward-looking statements based on certain assumptions and contingencies that involve risks and uncertainties. The forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and relate to the Company's performance on a going-forward basis. The forward-looking statements in this press release involve risks and uncertainties, which could cause actual results, performance or trends to differ materially from those expressed in the forward-looking statements herein or in previous disclosures. The Company believes that all forward-looking statements made by it have a reasonable basis, but there can be no assurance that management's expectations, beliefs or projections as expressed in the forward-looking statements will actually occur or prove to be correct. In addition to general industry and economic conditions, including any worsening of the global economic downturn, factors that could cause actual results to differ materially from those discussed in the forward-looking statements in this press release include, but are not limited to: (i) the failure of any one or more of the assumptions stated above to prove to be correct; (ii) the risks relating to forward-looking statements and other "Risk Factors" discussed in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2009; (iii) the purchasing patterns from customers and end-users; (iv) the timely release of new products, and acceptance of such new products by the market; (v) the introduction of new products by competitors and other competitive responses; and/or (vi) the Company's ability to devise and execute strategies to respond to market conditions.

CONTACT: Craig A. Creaturo, Chief Financial Officer and Treasurer of II-VI Incorporated, 724-352-4455, or e-mail, ccreaturo@ii-vi.com.

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II-VI Incorporated and Subsidiaries
Condensed Consolidated Statements of Earnings (Unaudited)
(000 except per share data)

	Three Months Ended September 30,	
	2009	2008
Revenues		
Net sales:		
Domestic	\$ 33,871	\$ 42,161
International	29,740	42,794
	<u>63,611</u>	<u>84,955</u>
Contract research and development	1,927	2,811
Total Revenues	<u>65,538</u>	<u>87,766</u>
Costs, Expenses, Other Expense (Income)		
Cost of goods sold	\$ 38,389	\$ 48,173
Contract research and development	1,279	2,232
Internal research and development	2,435	3,191
Selling, general and administrative	14,939	16,548
Interest expense	24	25
Other expense (income), net	73	(235)
Total Costs, Expenses, Other Expense Income	<u>57,139</u>	<u>69,934</u>
Earnings from Continuing Operations Before Income Taxes	8,399	17,832
Income Taxes	<u>2,100</u>	<u>281</u>
Earnings from Continuing Operations	6,299	17,551
Loss from Discontinued Operation, Net of Income Tax Benefit	<u>-</u>	<u>(23)</u>
Net Earnings	6,299	17,528
Less: Net (Loss) Earnings Attributable to Noncontrolling Interests	<u>(7)</u>	<u>33</u>
Net Earnings Attributable to II-VI Incorporated	<u>\$ 6,306</u>	<u>\$ 17,495</u>
Net Earnings Attributable to II-VI Incorporated: Diluted Earnings Per Share:		
Continuing operations	\$ 0.21	\$ 0.57
Discontinued operation	\$ -	\$ (0.00)
Total	\$ 0.21	\$ 0.57
Net Earnings Attributable to II-VI Incorporated: Basic Earnings Per Share:		
Continuing operations	\$ 0.21	\$ 0.59
Discontinued operation	\$ -	\$ (0.00)
Total	\$ 0.21	\$ 0.58
Average Shares Outstanding – Diluted	<u>29,881</u>	<u>30,647</u>
Average Shares Outstanding – Basic	<u>29,547</u>	<u>29,941</u>

II-VI Incorporated and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)
(\$000)

	<u>September 30,</u> <u>2009</u>	<u>June 30,</u> <u>2009</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 105,462	\$ 95,930
Accounts receivable	38,639	43,109
Inventories	75,216	76,620
Deferred income taxes	8,483	9,705
Prepaid and other current assets	4,259	4,943
Total Current Assets	<u>232,059</u>	<u>230,307</u>
Property, Plant & Equipment, net	85,267	86,413
Goodwill	26,266	26,141
Other Intangible Assets, net	11,963	12,271
Investments	15,651	9,548
Other Assets	4,993	3,602
Total Assets	<u>\$ 376,199</u>	<u>\$ 368,282</u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	\$ 9,554	\$ 9,242
Accruals and other current liabilities	18,368	22,821
Total Current Liabilities	<u>27,922</u>	<u>32,063</u>
Long-Term Debt	3,346	3,665
Deferred Income Taxes	3,483	1,910
Other Liabilities	8,288	7,773
Total Liabilities	<u>43,039</u>	<u>45,411</u>
Shareholders' Equity		
Total II-VI Incorporated Shareholders' Equity	332,727	322,376
Noncontrolling Interests	433	495
Total Shareholders' Equity	<u>333,160</u>	<u>322,871</u>
Total Liabilities and Shareholders' Equity	<u>\$ 376,199</u>	<u>\$ 368,282</u>

II-VI Incorporated and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)
(\$000)

	Three Months Ended	
	September 30,	
	2009	2008
Cash Flows from Operating Activities		
Net cash provided by (used in):		
Continuing operations	\$ 15,655	\$ 1,898
Discontinued operation	-	(1,289)
Net cash provided by operating activities	<u>15,655</u>	<u>609</u>
Cash Flows from Investing Activities		
Additions to property, plant and equipment	(2,547)	(4,707)
Investment in unconsolidated businesses	(2,933)	(4,834)
Payments on deferred purchase price of business	(997)	-
Proceeds from sale of property, plant and equipment	4	126
Redemption of marketable securities	-	2,000
Net cash used in investing activities:		
Continuing operations	(6,473)	(7,415)
Discontinued operation	-	(84)
Net cash used in investing activities	<u>(6,473)</u>	<u>(7,499)</u>
Cash Flows from Financing Activities		
Payments on long-term debt	(558)	-
Proceeds from exercise of stock options	363	1,483
Excess tax benefits from share-based compensation expense	161	1,241
Net cash (used in) provided by financing activities	<u>(34)</u>	<u>2,724</u>
Effect of exchange rate changes on cash and cash equivalents	<u>384</u>	<u>749</u>
Net increase (decrease) in cash and cash equivalents	9,532	(3,417)
Cash and Cash Equivalents at Beginning of Period	95,930	69,835
Cash and Cash Equivalents at End of Period	<u>\$ 105,462</u>	<u>\$ 66,418</u>

II-VI Incorporated and Subsidiaries
Other Selected Financial Information
(\$000 except per share data)

The following other selected financial information for continuing operations includes earnings from continuing operations before interest, income taxes, depreciation and amortization (EBITDA). Management believes EBITDA from continuing operations is a useful performance measure because it reflects operating profitability before certain non-operating expenses and non-cash charges.

Other Selected Financial Information for Continuing Operations

	Three Months Ended	
	September 30,	
	2009	2008
EBITDA	\$ 12,453	\$ 21,700
Cash paid for capital expenditures	\$ 2,547	\$ 4,707
Net payments on indebtedness	\$ 558	\$ -
Share-based compensation expense, pre-tax	\$ 2,433	\$ 1,542

<u>Reconciliation of Segment Earnings and EBITDA to Earnings Before Income Taxes</u>	Three Months Ended	
	September 30,	
	2009	2008
Total Segment Earnings	\$ 8,496	\$ 17,622
Interest expense	24	25
Other expense (income), net	73	(235)
Earnings before income taxes	<u>\$ 8,399</u>	<u>\$ 17,832</u>
EBITDA	\$ 12,453	\$ 21,700
Interest expense	24	25
Depreciation and amortization	4,030	3,843
Earnings before income taxes	<u>\$ 8,399</u>	<u>\$ 17,832</u>

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