JENOPTIK AG
Results of the first nine months 2016 and outlook

November 10, 2016

Dr. Michael Mertin, CEO
Hans-Dieter Schumacher, CFO

- Jenoptik – first nine months 2016
- Development of the segments
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After nine months Jenoptik reports significantly higher earnings, very good order situation and strong cash flow

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External framework conditions

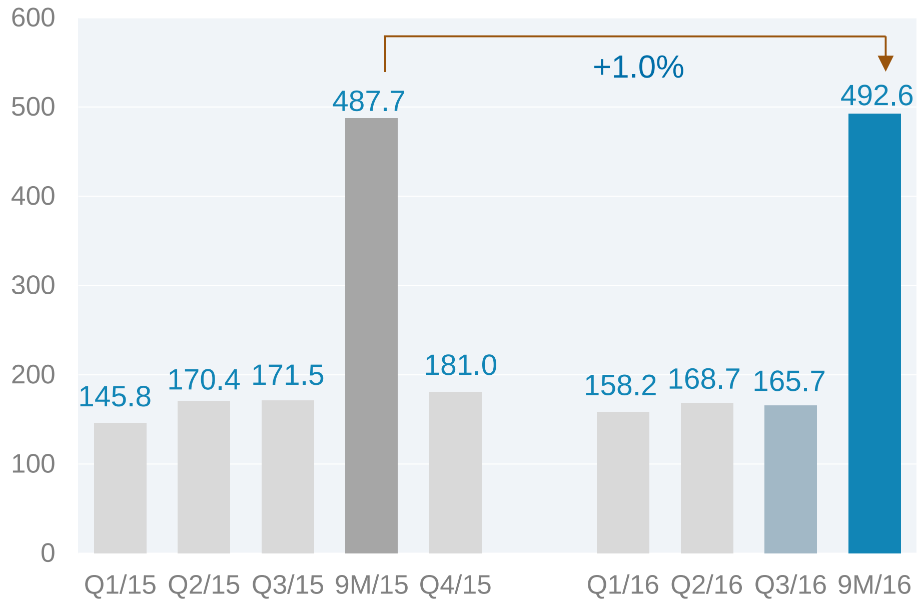
- Challenging economic environment, e.g.
  - Emission scandal affected whole automotive sector
  - Reluctance to invest / development of oil price / development of currencies
- Globally, situation remained uncertain: Brexit, development in Turkey, Middle East, Ukraine, Russia
- Further slowing of growth in China, subdued development in the US, US elections

Major events in the Jenoptik Group

- To date business performance in 2016 as expected
- Numerous major orders received will support future growth
- Largest single investment of approx. 14 million euros at the US location in Rochester Hills is running well
- President & CEO Dr. Michael Mertin announced that he will leave the company in 2017
- Changeover to new divisional structure completed; consistent alignment to markets and megatrends

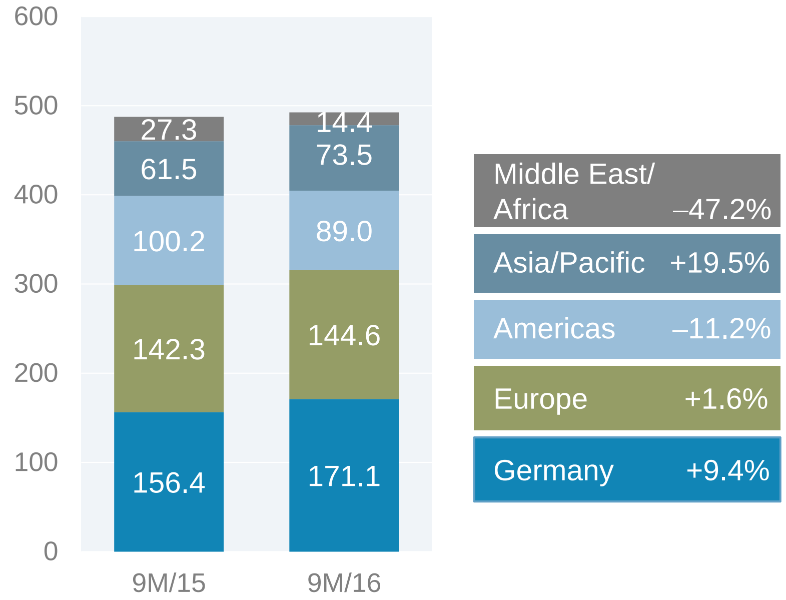
Revenue increased slightly compared to the prior year; marked rise in Germany and Asia/Pacific

Revenue in million euros



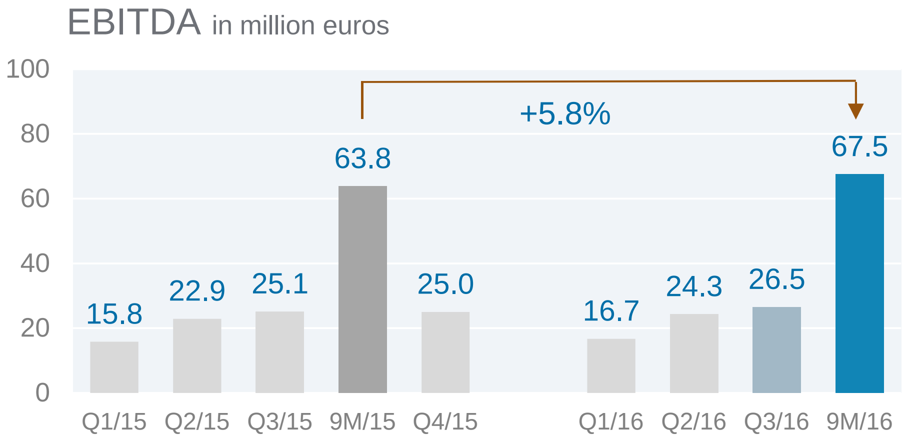
- Optics & Life Science as well as Defense & Civil Systems segments reported growth
- Higher demand from the areas of energy and sensor systems, optical systems as well as laser machines

Revenue by region in million euros

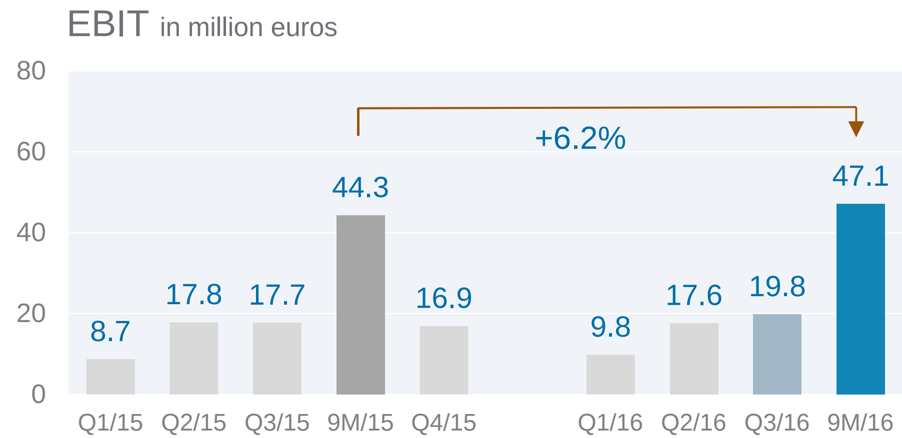


- Share of revenue generated abroad came to 65.3% (prior year 67.9%)
- Americas: in prior year major Patriot order
- Revenue share in the Americas and Asia/Pacific at 33.0% (prior year 33.2%)

Disproportionate increase in EBITDA, highest EBIT in a nine-months period



- Stronger rise than revenue
- Depreciation slightly below prior-year
- EBITDA margin at 13.7% (prior year 13.1%)



- Highest nine-months EBIT in the last years
- EBIT affected by, among other things:
  - Higher gross margin
  - Lower other operating income (prior year: in particular positive currency effects; income from reversal of impairment loss of real estate of approx. 2 million euros)
  - Income from discontinued operations of 2.2 million euros
- EBIT margin rose to 9.6% (prior year 9.1%) Q3/2016: 11.9% (prior year 10.3%)

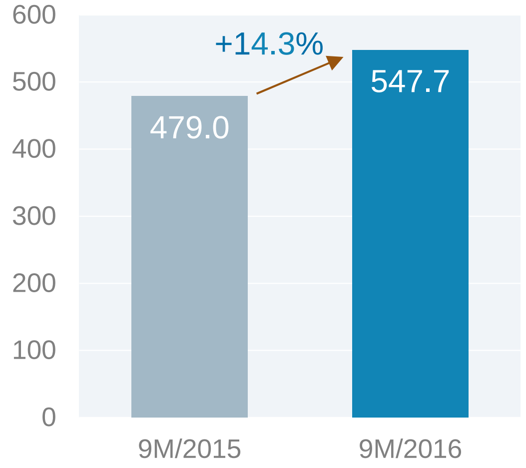
Good business development and cost discipline contributed to increase in earnings

In million euros	9M/2016	9M/2015
Revenue	**492.6**	**487.7**
Gross margin	35.1%	34.8%
Functional costs	129.0	128.1
EBITDA	**67.5**	**63.8**
EBIT	**47.1**	**44.3**
Financial result	–1.4	–3.0
Earnings before tax	**45.6**	**41.3**
Earnings after tax	39.2	34.1
Earnings per share (euro)	**0.69**	**0.59**

- Cost of sales rose at a lower rate than revenue, gross margin improved
- R+D output increased to 42.3 million euros (prior year 37.8m euros)
- Functional costs remained at almost the same level as in prior year
- Financial result improved due to higher result from other investments and positive effects from discontinued operations
- Cash-effective tax rate was 13.6% (prior year 11.5%)
- Earnings per share rose disproportionately by 15.7 percent

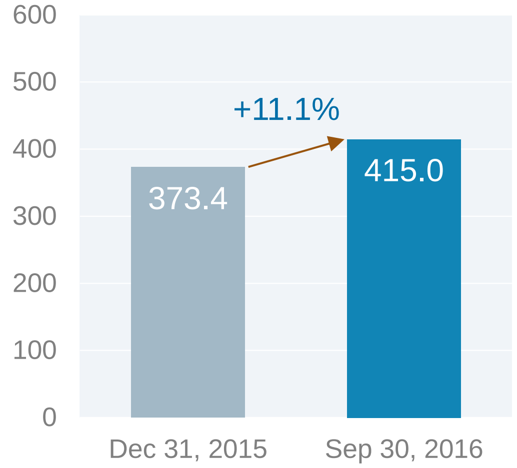
Strong order values and frame contracts create good prerequisites for further growth

Order intake in million euros



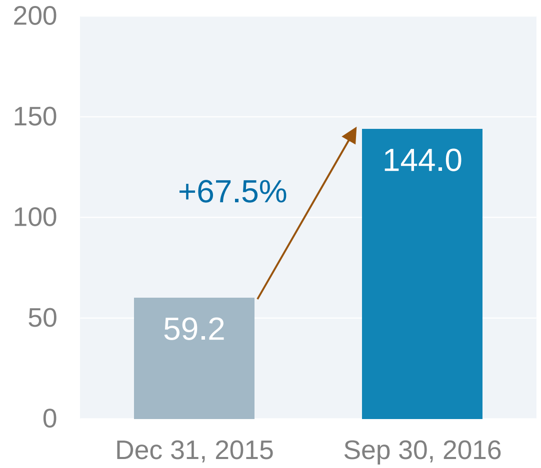
- Rise in particular in Optics & Life Science as well as Defense & Civil Systems segments
- Several major international orders won
- Book-to-bill ratio at 1.11 (prior year 0.98)

Order backlog in million euros



- Increase in order backlog attributable to good order intake
- 40.3% of order backlog shall be converted to revenue still in 2016

Frame contracts in million euros



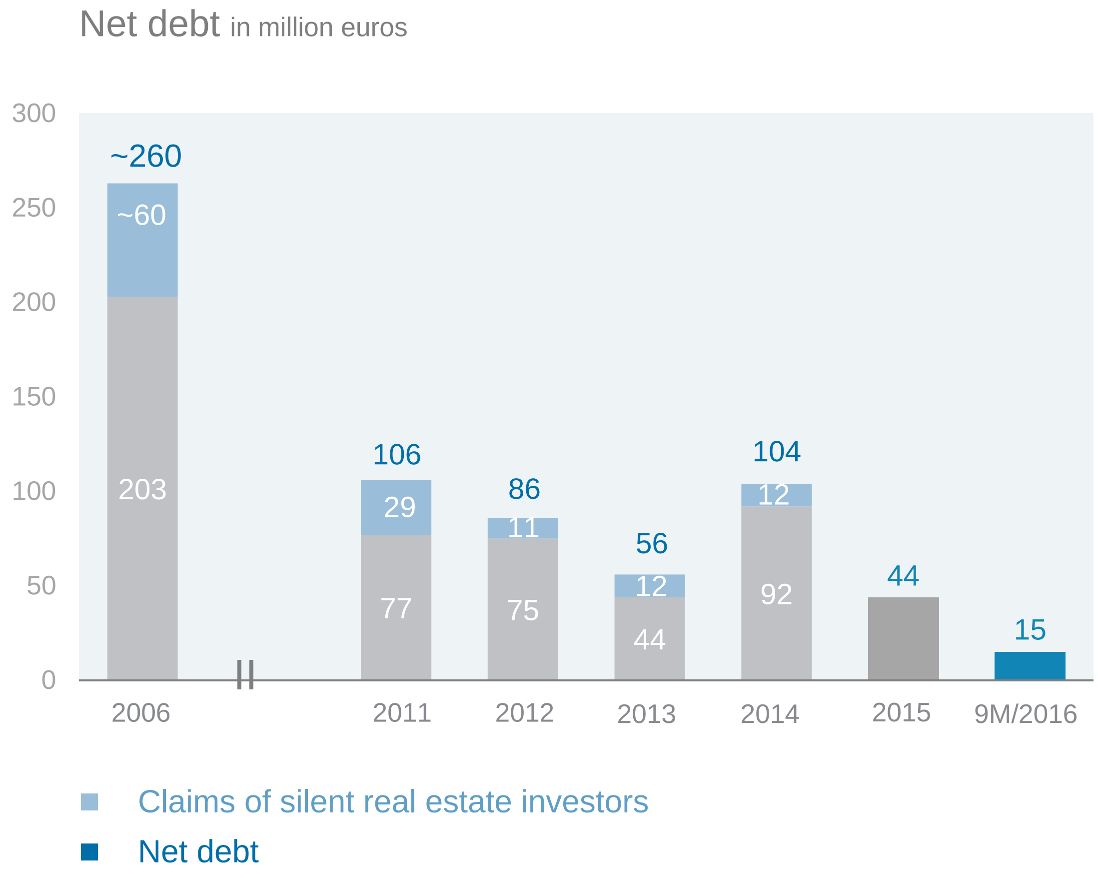
- Major orders in part recorded as frame contracts
- Significant rise in frame contracts

Free cash flow rose by more than 50 percent

In million euros	9M/2016	9M/2015
Operating profit before adjusting working capital	65.2	63.9
Changes in working capital and other items	–3.4	–22.3
Cash flows from operating activities before income tax	61.8	41.6
Cash flows from operative investing activities	–18.7	–13.0
Free cash flow (before interest and taxes)	**43.1**	**28.6**

- Cash flows from operating activities and free cash flow improved significantly
  - Lower payments for working capital, in part attributable to better inventory and receivables management
  - Marked rise in free cash flow in particular in the Defense & Civil Systems segment
- Slight increase in working capital to 222.3 million euros (31.12.15: 215.5m euros / 30.9.15: 239.9m euros)
- Working capital ratio at 33.0% (31.12.15: 32.2% / 30.9.15: 36.4%)

Net debt markedly reduced; equity base further improved



- Net debt further reduced due to the very good free cash flow in spite of higher dividend payment
- Liquid funds rose to 120.2 million euros (31.12.15: 83.8m euros)
- Equity ratio increased to 58.0% (31.12.15: 56.6%)

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Optics & Life Science segment:
Rise in revenue, earnings and order intake

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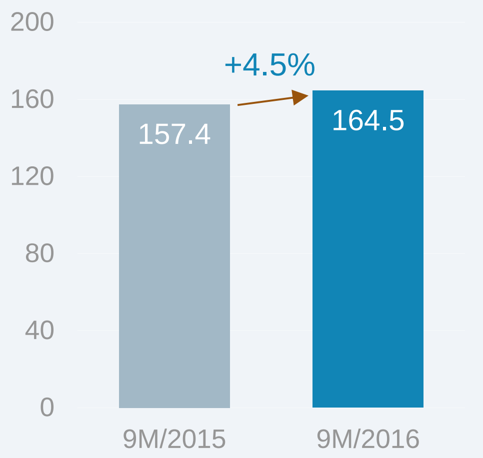
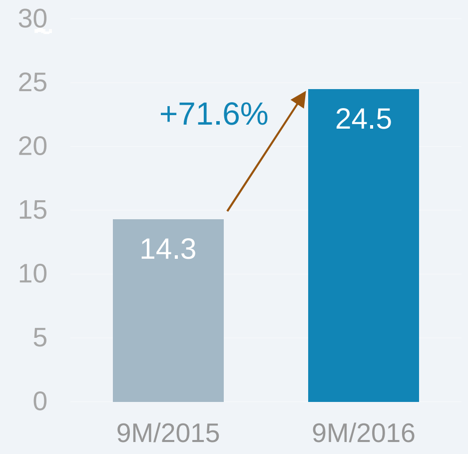
Revenue (in million euros)



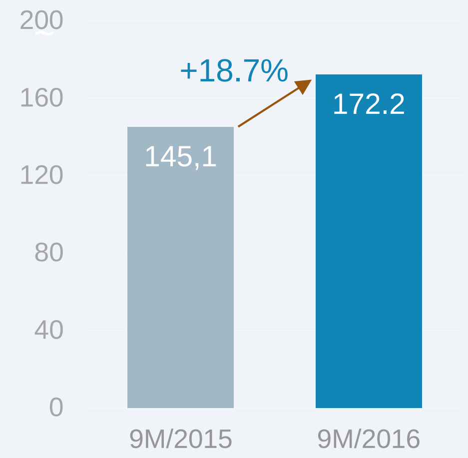
- Good demand for solutions for information and communication technology as well as in part for semiconductor equipment
- Rise in all international core regions
- Share of group revenue 33.4%

EBIT (in million euros)



- **EBIT margin** improved to 14.9% (prior year 9.1%)
- In Q3 EBIT rose by ca. 181% (incl. operative non-recurring income of about 2.8m euros)
- **EBITDA** at 30.6 million euros in 9M also markedly higher than in prior year (pr. year 20.6m euros)

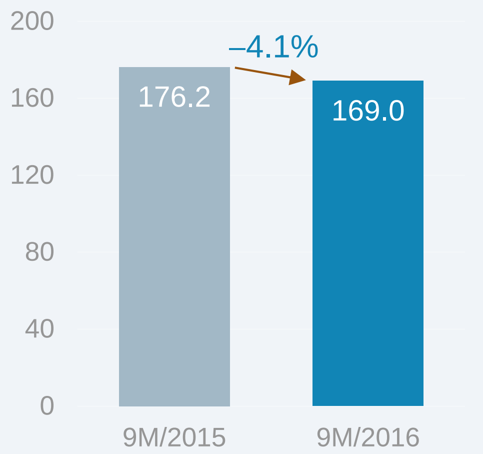
Order intake (in million euros)



- Good order intake in both divisions
- Book-to-bill: 1.05 (pr. year 0.92)
- **Order backlog** at 75.6 million euros (31.12.15: 73.7m euros)
- In addition, **frame contracts** of 14.6 million euros (31.12.15: 5.5m euros)

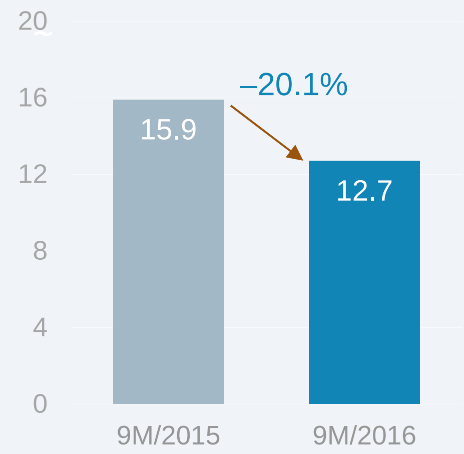
Mobility segment: Major orders received will help to gain stronger momentum in the coming quarters

Revenue (in million euros)



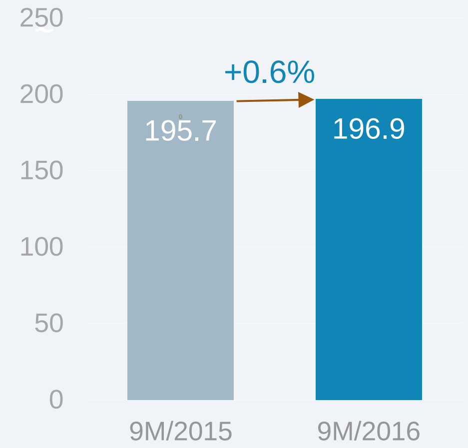
- Positive development in the Automotive division, in particular in the field of laser machines
- Traffic safety: weak investment by oil-exporting countries
- 34.3% share of group revenue

EBIT (in million euros)



- EBIT declined due to lower revenue, changed product mix and upfront investment for new projects
- **EBIT margin** at 7.5% (prior year 9.0%)
- **EBITDA** at 18.5 million euros (prior year 22.2m euros)

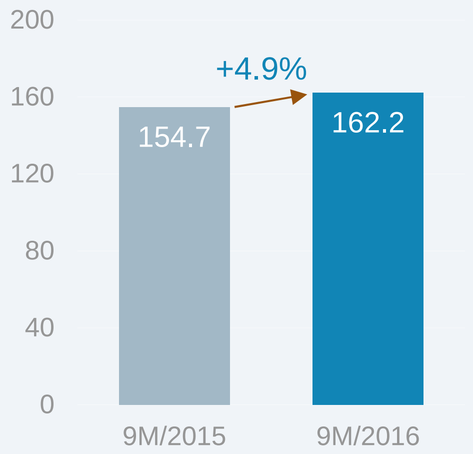
Order intake (in million euros)



- Major orders for traffic safety received in Q3 were mainly recorded as frame contracts
- Book-to-bill: 1.16 (pr. year 1.11)
- **Order backlog** at 117.5 million euros (31.12.15: 92.7m euros)
- In addition, **frame contracts** of 78.3 million euros (31.12.15: 11.5m euros)

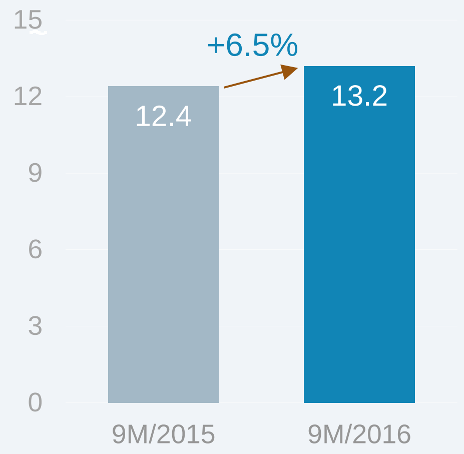
Defense & Civil Systems segment:
Sustainable success in business development

Revenue (in million euros)



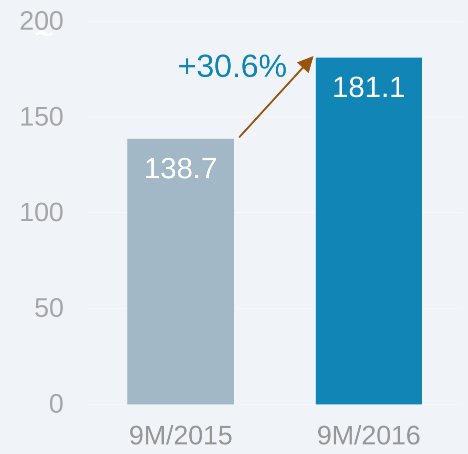
- Higher revenue in particular attributable to the areas of energy and aviation systems as well as service business
- Rise in Germany, Europe and Asia/Pacific
- 32.9% share of group revenue

EBIT (in million euros)



- EBIT increase due to good development of revenue and changed product mix
- **EBIT margin** improved to 8.2% (prior year 8.0%)
- **EBITDA** at 16.7 million euros (prior year 16.3m euros)

Order intake (in million euros)



- Several international major orders secured in Q3
- Book-to-bill: 1.12 (pr. year 0.90)
- **Order backlog** at 223.9 million euros (31.12.15: 209.7m euros)
- In addition, **frame contracts** of 51.1 million euros (31.12.15: 42.1m euros)

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Targets for 2016 confirmed, EBIT margin expected at upper end of forecast range

Externally

- Uncertain environment around the globe
- Investment behavior is hard to predict

Internally

- Full order books and project pipeline
- Intensified integrated approach

	2015	2016e
Revenue	668.6 million euros	Between 680 and 700 million euros
EBIT	61.2 million euros; Margin 9.2%	EBIT margin at the upper end of the range between 9.0 and 9.5%
EBT	57.4 million euros	Development similar to EBIT

The good financial position and a viable financing structure give Jenoptik sufficient leeway for both acquisitions and financing of further growth.

Strong market focus supports successful growth

Optics & Life Science

- Good position in the semi-conductor equipment industry
- Rising revenue with other industries, e.g. life science, information and communica-tion technology, automotive
- Further expansion of systems and volume business
- Growth planned in particular in the Americas and Asia/Pacific

Mobility

- Globally growing demand for more efficient drives and the necessary measuring technology
- Good demand for laser machines, especially for 3D laser material processing
- Execution of the major international orders received in the area of traffic safety
- Higher service share

Defense & Civil Systems

- Major orders ensure stable business development
- Increasing internationalization
- Stronger focus on civil applications, e.g. energy supply, railway technology
- Higher investments in defense technology are expected

Our target: to continue path of profitable growth with a corporate structure that is closer realigned with markets

„From Good to Great“

Our mid-term targets

- Revenue of 800 million euros by 2018 (including smaller acquisitions), of which more than 40 percent in Asia and the Americas
- EBIT margin of 9-10 percent over the cycle

This presupposes that political and economic conditions do not worsen. These include the presently uncertain effects of Brexit, the development in Turkey, regulations at European level, export restrictions, further developments in China, in the Middle East and the conflict between Russia and Ukraine.

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With its new organizational structure Jenoptik is more closely aligned with market requirements and positioned closer to customers

Divisions	Markets		Megatrends
Optical Systems		Semiconductor equipment / ICT	Digital World
Healthcare & Industry		Medical Technology	Health
Automotive		Automotive & Machine Construction	Mobility & Efficiency
Traffic Solutions		Traffic / Aviation	Infrastructure
Defense & Civil Systems		Defense & Security	Security

Dates and contact

November 10, 2016	Results of the first nine months 2016
November 17, 2016	LBBW German Company Day, London
November 22, 2016	Equity Forum, Frankfurt/Main
November 25, 2016	Roadshow Stuttgart/Tübingen
November 30, 2016	Roadshow Geneva
December 6, 2016	Roadshow Cologne/Düsseldorf
December 8, 2016	Roadshow Hamburg

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