



JENOPTIK AG

Conference Call

Results of fiscal year 2016 and outlook

Dr. Michael Mertin, President & CEO | March 22, 2017
Hans-Dieter Schumacher, CFO

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Jenoptik remains on course of growth; regarding key aspects 2016 was the best year in the company history



External framework conditions

- Challenging economic environment, e.g.
 - Emission scandal affected whole automotive sector
 - Reluctance to invest/ development of oil price and currencies
- Globally, situation remained uncertain: Brexit, Turkey, Middle East, Ukraine, Russia
- Further slowing of growth in China, development in the US
- Stronger dynamics/demand over the year
- Consolidation trend in our markets

Major events in the Jenoptik Group

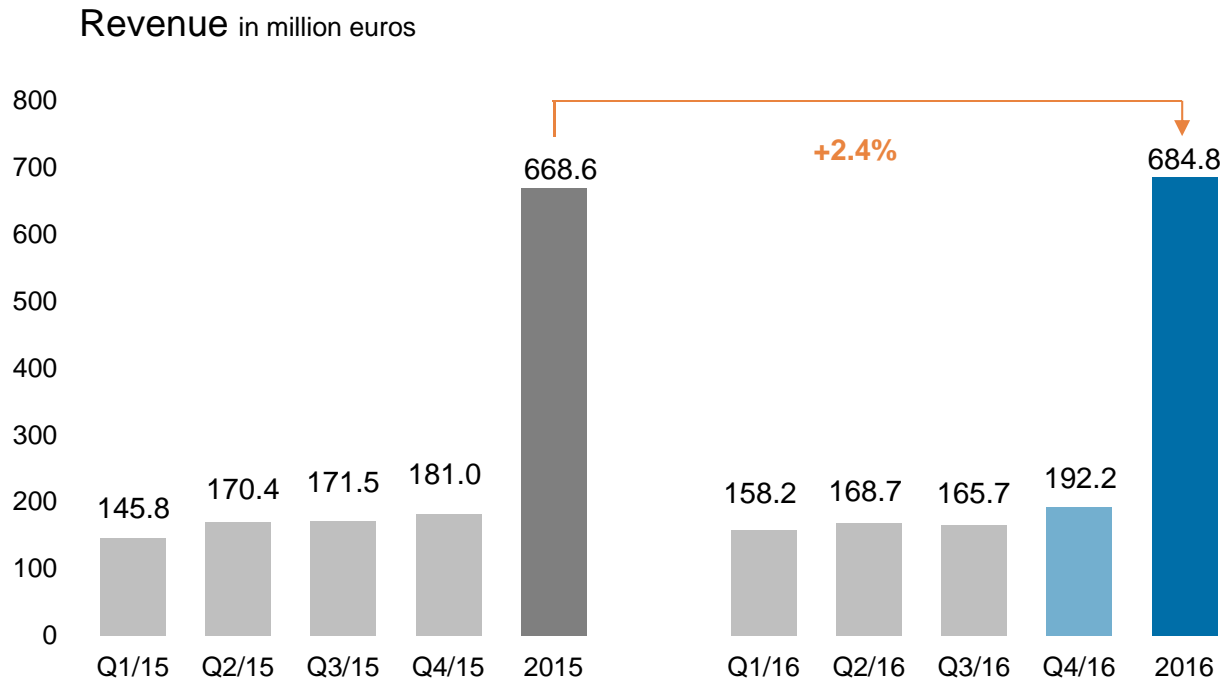
- Numerous major orders received will support future growth
- Largest single investment in technology campus for metrology and laser machines at the US location in Rochester Hills
- Acquisition of ESSA Technology, UK, in January 2017
- President & CEO Dr. Michael Mertin will leave the company in 2017, Dr. Stefan Traeger was appointed as new CEO
- Successful changeover to new divisional structure which is more consistently aligned to markets and megatrends



New Technology Campus in Rochester Hills, Michigan, USA

- Construction in Rochester Hills has almost been completed
- Investment of 14 million euros for expanding business in North America
- State-of-the-art technology campus for engineering, production, sales and service for metrology systems and laser machines

Organic increase in revenue

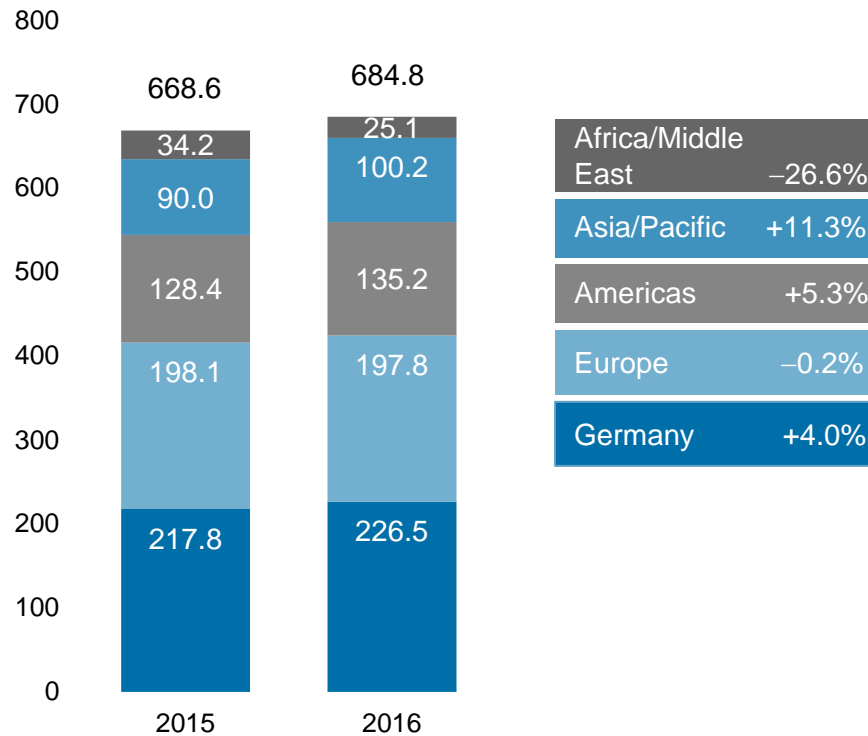


- Q4 2016: highest revenue in a quarter
- Stronger demand, among others, from the areas of energy and aviation systems, improved investment in the automotive industry, in particular in the area of laser machines, as well as for optical systems for the semiconductor equipment industry as well as information and communication technology

Strong growth in strategic target regions



Revenue by region (in million euros)

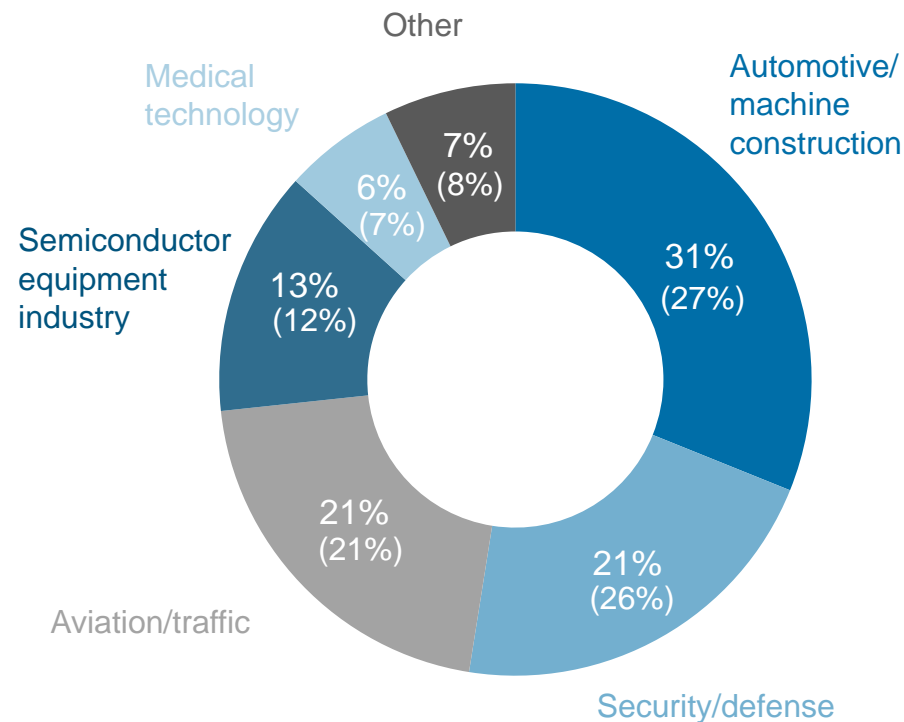


- Asia/Pacific: higher demand for traffic safety technology (Australia) and railway technology (Korea)
- Americas: stronger demand for optical systems and laser processing machines
- Share of revenue generated in the Americas and Asia/Pacific rose to 34.4% (prior year 32.7%)

Higher share of revenue in the target market of automotive/machine construction



Revenue by target market
(prior year figures in brackets)

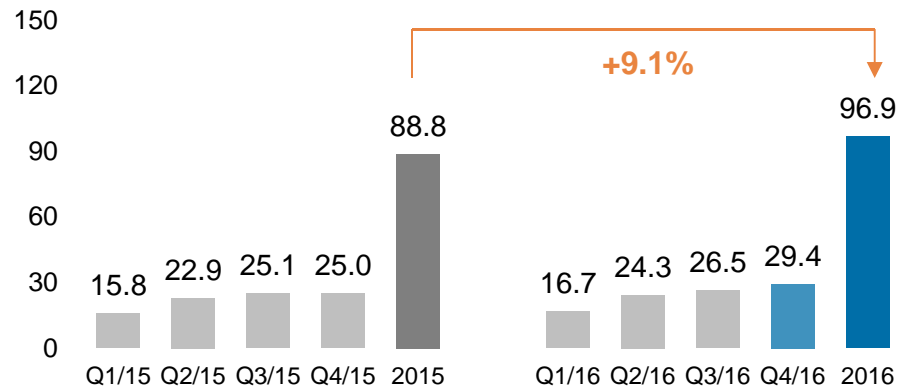


- Automotive/machine construction: higher revenue with laser machines and sensor systems
- Security and defense technology: settlement of major orders in fiscal year 2015
- 16.3% of revenue was attributable to TOP 3 customers (prior year 13.8%)

Operating result with new record figure

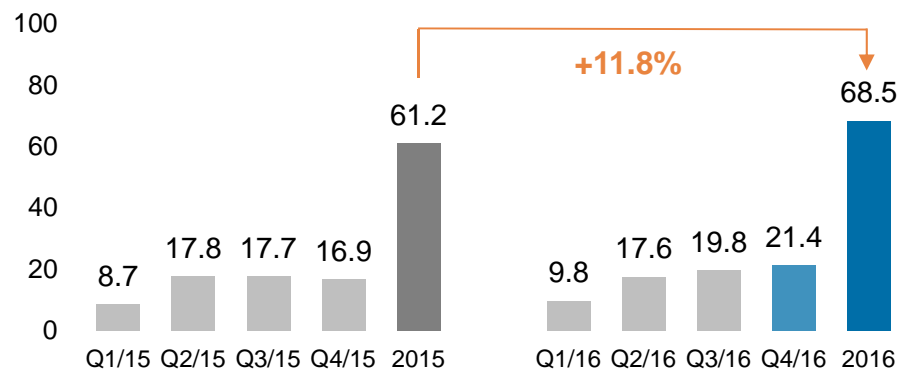


EBITDA (including discontinued operations) in million euros



- Stronger rise than revenue
- EBITDA margin at 14.2% (prior year 13.3%)
- EBITDA of continuing operations at 94.7 million euros, EBITDA margin 13.8%

EBIT (including discontinued operations) in million euros



- Also showed stronger growth than revenue
- EBIT margin at 10.0% (incl. EBIT of discontinued operations of 2.3 million euros) (prior year 9.2%)
- EBIT of continuing operations at 66.2 million euros, EBIT margin 9.7%

Better margin in the revenue mix and consistent efficiency measures contributed to earnings improvement



In million euros	2016	2015
Revenue	684.8	668.6
Gross margin	34.7%	33.8%
Functional costs	173.5	168.4
EBITDA*	96.9	88.8
EBIT*	68.5	61.2
Financial result*	-3.7	-3.8
Earnings before tax*	64.7	57.4
Earnings after tax	57.5	49.9
Earnings per share (euro)	1.00	0.87

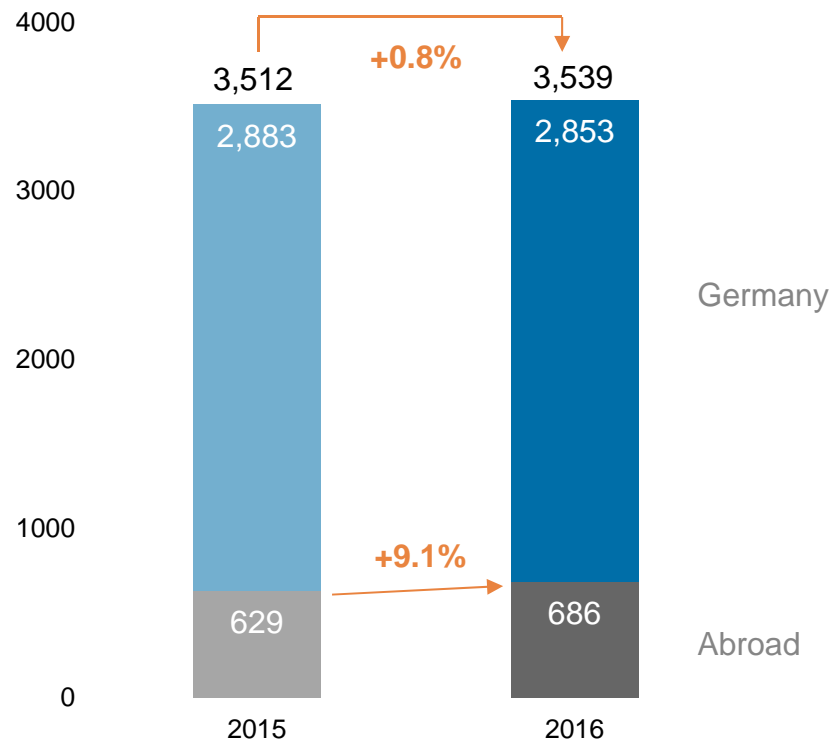
* incl. discontinued operations

- Cost of sales rose at a slightly lower rate than revenue, gross margin improved
- **R+D expenses** increased to 42.3 million euros (prior year 41.8 million euros)
- Rise in selling and administrative expenses attributable to internationalization and expansion of Shared Service Center as well as change in Executive Board
- Financial result improved slightly due to higher investment result and positive effects from discontinued operations
- Cash-effective **tax rate** was 14.1% (prior year 10.1%)
- Earnings per share grew disproportionately by 15.8%

Number of employees abroad continued to rise



Employees as at 31.12.
(incl. trainees)

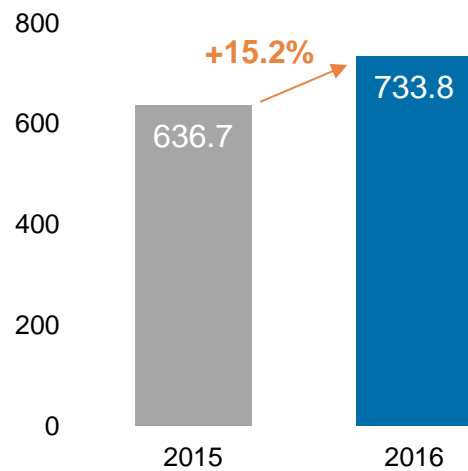


- Number of employees was almost unchanged as at December 31, 2016
- Slight decrease in the Optics & Life Science segment; increase in „Other“ due to expansion of Shared Services abroad
- In the process of continuing internationalization and due to the reduction in Germany mentioned above, the number of employees abroad rose to 19.4% (31.12.15: 17.9%)

Solid order position creates good prerequisites for continuing strong growth

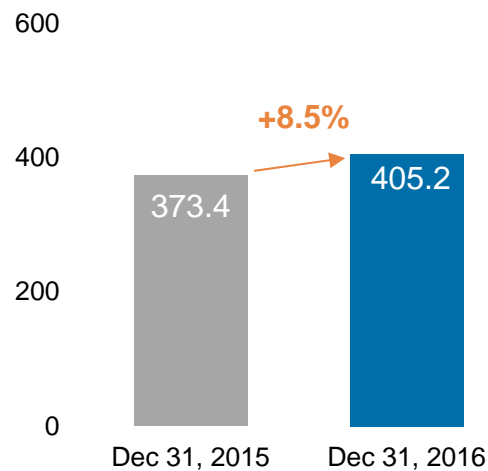


Order intake in million euros



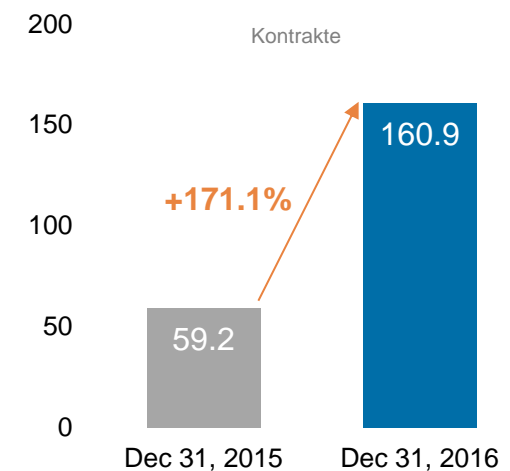
- Rise in all segments
- Several major international orders were won
- Book-to-bill ratio at 1.07 (prior year 0.95)

Order backlog in million euros



- Orders received and well-filled project pipeline create good prerequisites for growth
- 71% of order backlog shall be converted to revenue in 2017

Frame contracts in million euros



- Major orders in part recorded as frame contracts
- Significant increase, solid basis for coming quarters

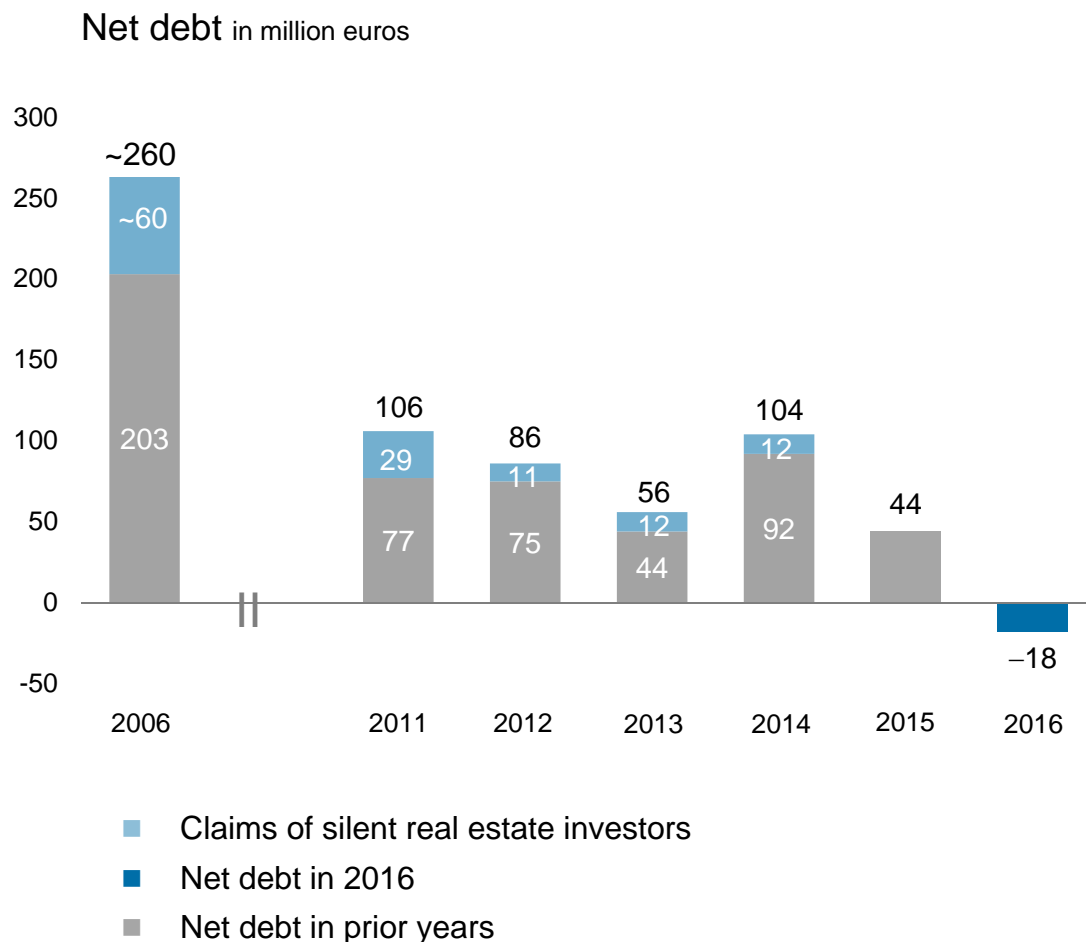
Free cash flow at record level



In million euros	2016	2015
Operating profit before adjusting working capital	95.6	87.1
Changes in working capital and other items	13.6	4.6
Cash flows from operating activities before income taxes	109.2	91.7
Cash flows from operative investing activities	-28.8	-19.9
Free cash flow (before interest and taxes)	80.4	71.8

- Cash flows from operating activities and free cash flow improved significantly
 - **Working capital** reduced to 209.9 million euros (31.12.15: 215.5m euros), among other things as a result of better inventory and receivables management
 - Working capital ratio improved to 30.7% (31.12.15: 32.2%)
 - Rise in capital expenditure, in particular in property, plant and equipment (technology campus in Rochester Hills)

Jenoptik had no net debt as at December 31, 2016



- Thanks to the very good cash flow net debt was completely eliminated; in spite of:
 - Payment of the dividend (12.6 million euros)
 - Financing of capital expenditure and growth
- Cash and current financial investments rose to 142.5 million euros (31.12.15: 84.2m euros)
- **Equity ratio** increased to 58.6% (31.12.15: 56.6%)
- **Dividend payment** of 14.3 million euros planned; dividend of 0.25 euros/share (prior year 0.22 euros)

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Development of the segments

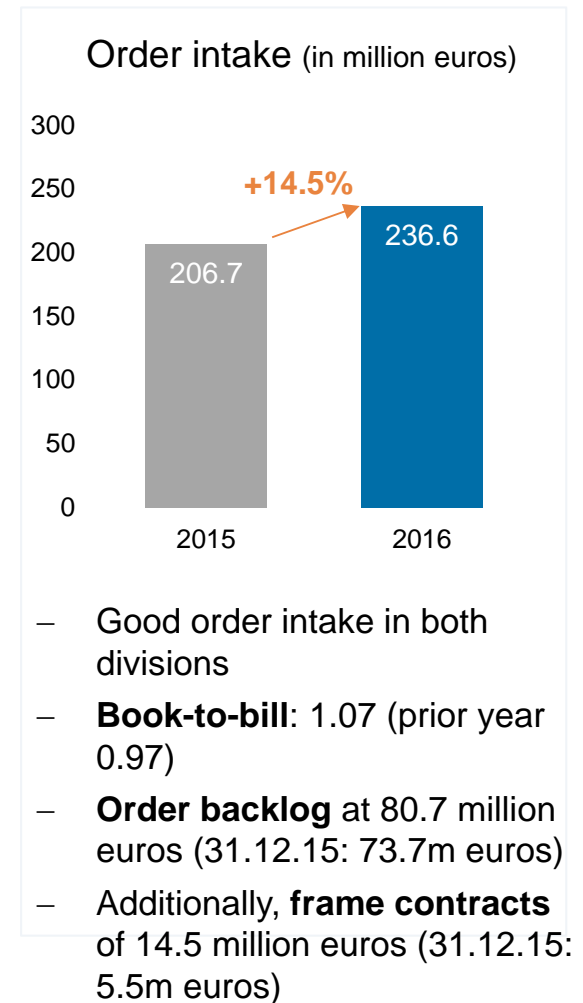
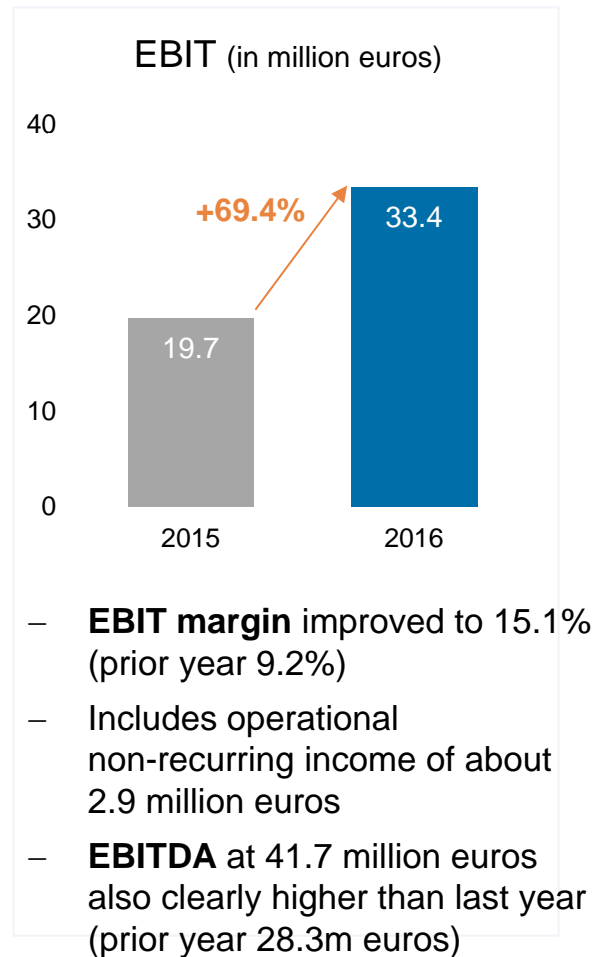
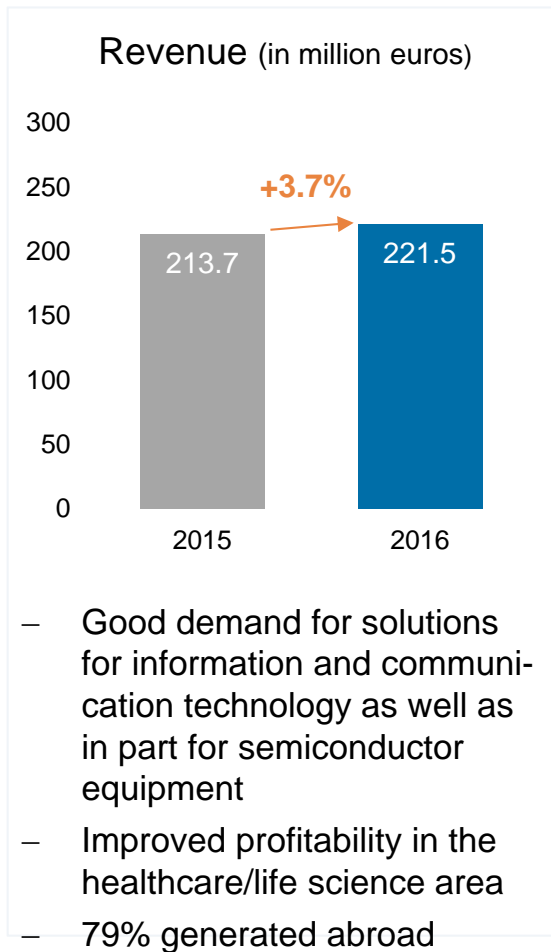
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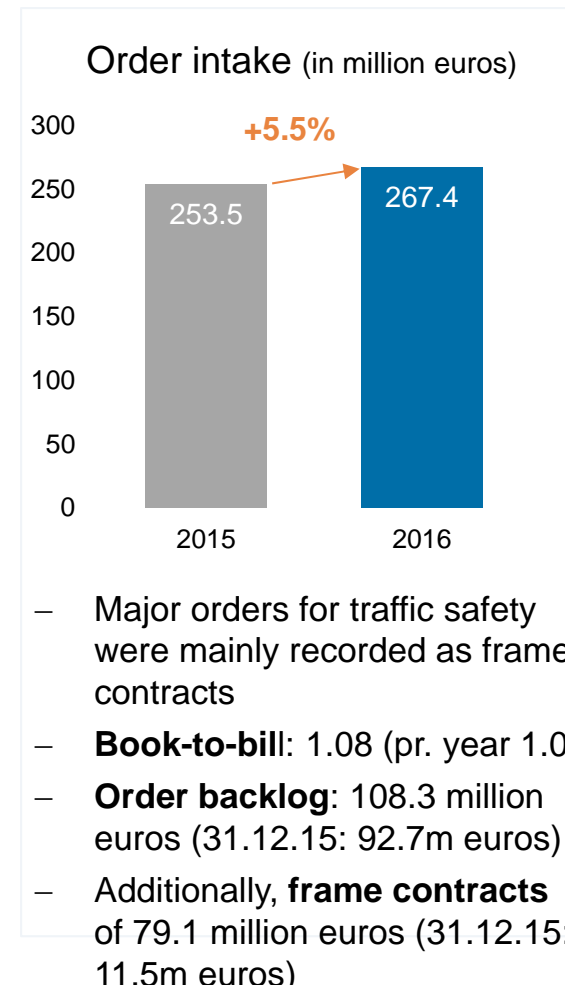
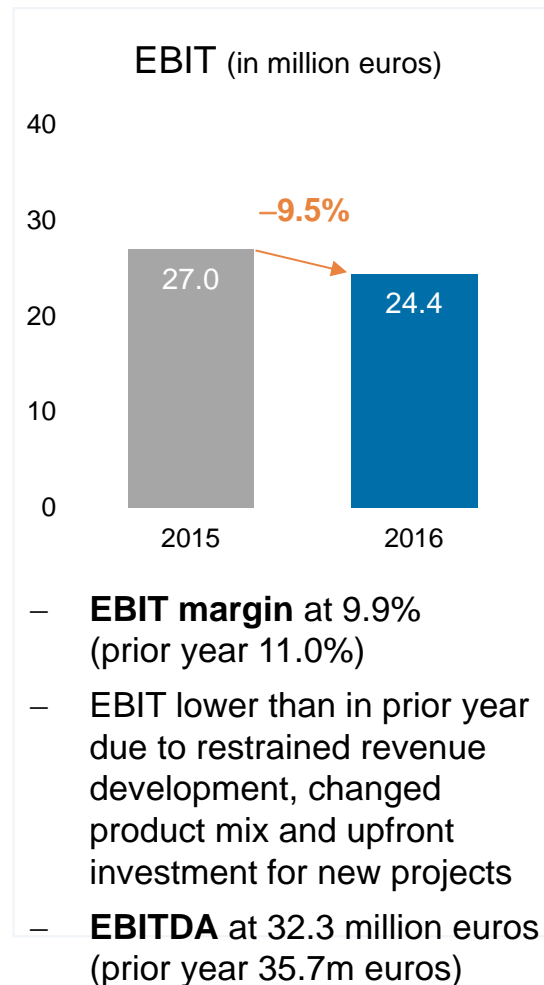
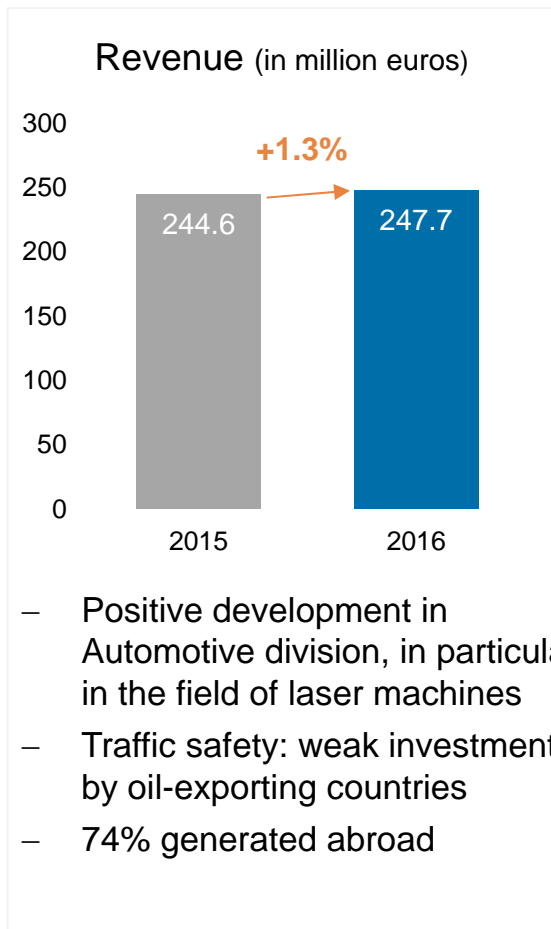
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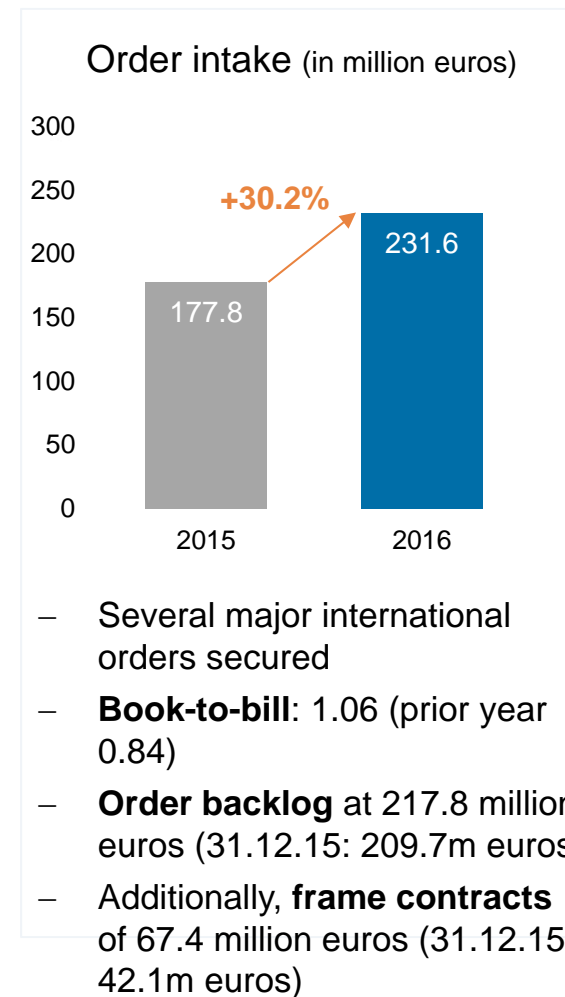
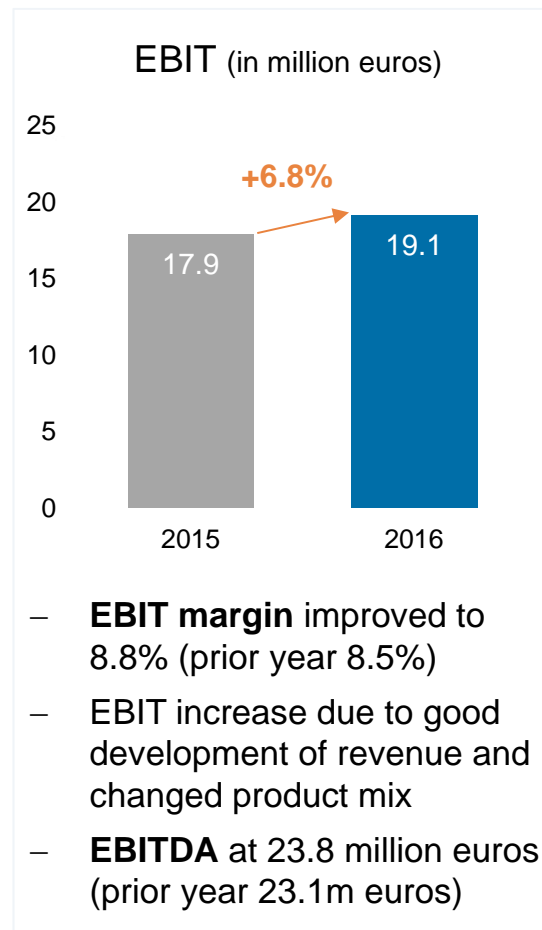
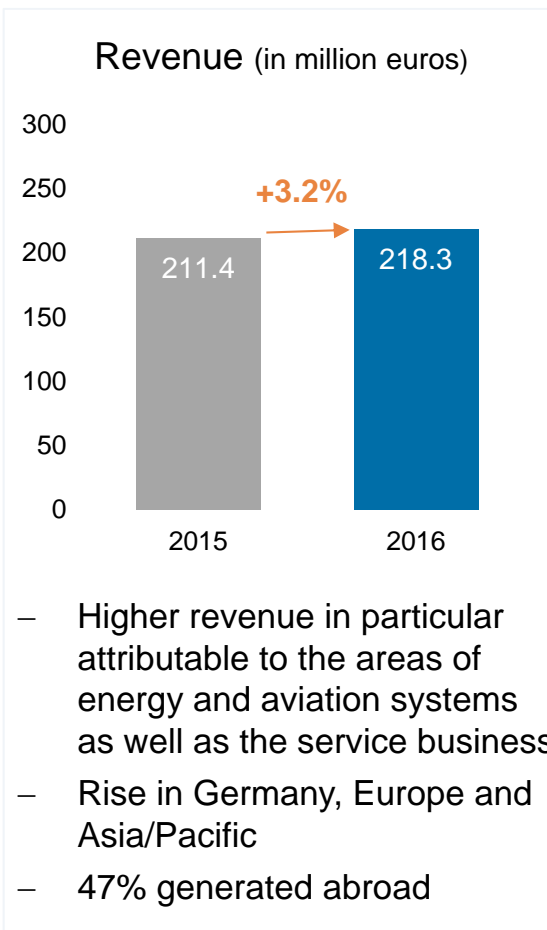
Optics & Life Science segment: Good revenue mix results in margin increase



Mobility segment: Major orders received will support stronger momentum in the coming quarters



Defense & Civil Systems segment: Sustainable success in business development



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Profitable growth to be continued in 2017



Externally
<ul style="list-style-type: none"> – Uncertain environment around the globe – Investment behavior hard to predict
Internally
<ul style="list-style-type: none"> – Full order books and project pipeline – Integrated approach intensified



	2016	2017e
Revenue	684.8 million euros	Between 720 and 740 million euros
EBIT/ EBIT margin	66.2 million euros/ 9.7%	EBIT margin between 9.5 and 10.0%
EBITDA	94.7 million euros	Slightly weaker rise than EBIT

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

Innovative system solutions and greater customer focus support successful growth



Optics & Life Science



- Rising revenue with other industries, e.g. life science, information and communication technology, automotive
- Good position in the semiconductor equipment industry
- 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
- Entrance into new business areas

Defense & Civil Systems



- Major orders secure 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 profitable growth with a corporate structure that is closer realigned with markets



Our targets for 2018

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

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 and the US, in the Middle East and the conflict between Russia and Ukraine.

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Dates and contact



March 22, 2017

March 23, 2017

March 27, 2017

April 6/7, 2017

April 27/28, 2017

May 11, 2017

Financial statements 2016

Analysts' conference and roadshow, Frankfurt/Main

Roadshow Luxemburg

Roadshow London/Edinburgh

Conference Dr. Kalliwoda Madrid/Barcelona

Results of the first quarter 2017

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Hans-Dieter Schumacher
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