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2018 a new record year for Jenoptik

- Revenue rose by 11.6 percent to 834.6 million euros, order intake by 8.8 percent to 873.7 million euros
- EBITDA up 19.3 percent to 127.5 million euros; EBIT grew a significant 21.6 percent to 94.9 million euros
- Order backlog up 15.0 percent to 521.5 million euros
- Dividend is to increase to 0.35 euros
- Jenoptik is expecting further growth in revenue and earnings in 2019

2018 was a year of new record figures for Jenoptik. **Group revenue** rose by 11.6 percent to 834.6 million euros (prior year: 747.9 million euros). The fourth quarter was the strongest in 2018, with 241.2 million euros (prior year: 221.1 million euros). This highly encouraging performance was mainly driven by strong demand from the semiconductor equipment industry and the delivery of toll monitoring systems in the traffic safety business. The Group also successfully completed its acquisitions of the Canadian company Prodomax in July and the Jena-based OTTO Group in August of 2018. Both companies were integrated in the Light & Production division. These acquisitions already made a substantial contribution to revenue of 37.0 million euros in the past fiscal year.

On a regional level, revenue generated both in Germany and abroad contributed to growth. Outside Germany, Europe remained the region with the highest revenue, followed by the Americas.

EBITDA increased at a faster rate than revenue, to 127.5 million euros (prior year: 106.9 million euros), equating to an **EBITDA margin** of 15.3 percent (prior year: 14.3 percent). Included in the EBITDA are impacts of minus 7.0 million euros arising from the purchase price allocation (PPA) and acquisition costs of 1.9 million euros. **EBIT** saw an even sharper rise, of 21.6 percent to 94.9 million euros (prior year: 78.0 million euros). The earnings contribution of the acquired companies came to minus 0.5 million euros. EBIT included PPA effects of minus 10.5 million euros. Nevertheless, the **margin** improved to 11.4 percent (prior year: 10.4 percent).

"2018 was a very successful year for Jenoptik. We started to implement our new strategy and considerably exceeded our financial targets for revenue, profit, order intake, and free cash flow. We saw good momentum on our major markets in the past year and, with Prodomax in Canada and the OTTO Group in Jena, successfully acquired two interesting companies. Their product ranges, markets and customers ideally complement Jenoptik's activities," says Jenoptik President & CEO Stefan Traeger.

Record order figures and strong cash flow are a solid basis for further growth

Jenoptik also saw a strong fourth quarter in terms of order intake. In 2018 as a whole, the Group **received orders** worth 873.7 million euros, an increase of 8.8 percent (prior year: 802.9 million euros). The order intake also includes the orders received by Prodomax and the OTTO Group since the acquisition date, in total worth around 24 million euros. Thus, the order intake was above revenue, resulting in a **book-to-bill ratio** of 1.05 (prior year: 1.07). At 15.0 percent, the **order backlog** also grew sharply, its value of 521.5 million euros (prior year: 453.5 million euros) forming a stable basis for 2019. There were also **frame contracts** (framework agreements with customers) worth 62.5 million euros (prior year: 87.6 million euros).

Although capital expenditure increased significantly, the **free cash flow** markedly improved to 108.3 million euros (prior year: 72.2 million euros). Despite the internally financed acquisitions, a higher dividend payment of 17.2 million euros (prior year: 14.3 million euros), and increased capital expenditure, Jenoptik was again free of net debt at the end of the fiscal year due to the good cash flow. As of December 31, 2018, **net debt** came to minus 27.2 million euros (31/12/2017: minus 69.0 million euros).

Higher dividend proposed

On the basis of the Group's solid earnings and good financial position, the Executive and Supervisory Boards of JENOPTIK AG will propose, as in the prior years, an increased **dividend** of 0.35 euros per share for the 2018 fiscal year (prior year: 0.30 euros) to the Annual General Meeting on June 12, 2019. Subject to shareholder approval, the total amount to be paid out will be 20.0 million euros (prior year: 17.2 million euros).

The Jenoptik Executive and Supervisory Boards attach great importance to a steady and long-term development of the dividend that is comprehensible for shareholders. This year Jenoptik managed to improve the earnings per share from 1.27 euros to 1.53 euros. Alongside the effects of good business performance, these also include deferred tax income, which is not cash-effective. With this year's proposed dividend of 0.35 euros, the company aims to pay out around 17 percent more to its shareholders than in the prior year.

"With this proposal we can, on the one hand, let our shareholders participate in Jenoptik's good development. On the other hand, we are financially well equipped also in 2019 to look for opportunities to strengthen Jenoptik through further acquisitions and thus support our growth strategy in the best possible way," says Hans-Dieter Schumacher, CFO of JENOPTIK AG.

Employee numbers continue to grow particularly abroad

The number of Jenoptik **employees** (incl. trainees) rose by 9.9 percent (363 employees) to 4,043 as of December 31, 2018 (31/12/2017: 3,680 employees). As a consequence of the internationalization strategy, the number of people employed abroad increased, by 22.3 percent to 981 employees (31/12/2017: 802), bringing the total workforce abroad up to 24.3 percent (prior year: 21.8 percent).

Development of the segments

The **Optics & Life Science segment** achieved a new revenue and earnings record in the 2018 fiscal year. Revenue rose 11.8 percent to 290.0 million euros (prior year: 259.4 million euros), with the segment particularly benefiting from good business with solutions for the semiconductor equipment industry and a positive development in the healthcare and industry business. With an EBIT of 62.3 million euros (prior year:

50.5 million euros), the segment achieved a 23.4 percent improvement in its operating results. The EBIT margin increased to 21.5 percent (prior year: 19.5 percent). EBITDA also saw a strong increase of 19.1 percent to 69.9 million euros (prior year: 58.7 million euros); the EBITDA margin grew to 24.1 percent (prior year: 22.6 percent). In the 2018 fiscal year, the order intake significantly exceeded the prior-year level by 18.7 percent, particularly following a strong fourth quarter, and was worth 350.8 million euros (prior year: 295.5 million euros). This increase was particularly facilitated by stronger demand for optical systems. The book-to-bill ratio grew to 1.21 (prior year: 1.14). The order backlog climbed accordingly by 55.9 percent to 165.0 million euros at the end of 2018 (31/12/2017: 109.1 million euros), thus providing a good basis for the current fiscal year.

Revenue in the **Mobility segment** grew 21.4 percent to 327.8 million euros in 2018 (prior year: 270.1 million euros), with the acquired companies contributing 37.0 million euros to this figure. Both solutions for the automotive industry and traffic safety technology systems saw increased demand, the latter primarily due to the delivery of truck toll monitoring systems for the German federal roads project. Based on this good overall revenue growth, the segment EBIT grew to a figure of 27.7 million euros (prior year: 18.5 million euros), as expected reflecting a significantly improved quality of earnings compared to the prior year. The EBIT margin improved to 8.4 percent (prior year: 6.9 percent). EBITDA rose 45.4 percent to 40.5 million euros (prior year: 27.9 million euros). The EBITDA margin grew to 12.4 percent, compared to 10.3 percent in the prior year. Both earnings figures increased in spite of substantial PPA effects and acquisition costs. In 2018, the segment order intake increased by 5.2 percent to 319.3 million euros (prior year: 303.7 million euros). This growth was generated in the automotive business, while in the traffic safety business the major order to supply toll monitoring systems included in the order intake for the prior year could not be fully compensated in 2018. The book-to-bill ratio in 2018 reached a figure of 0.97 (prior year: 1.12). The value of the order backlog increased by 25.8 percent, to 182.0 million euros at the end of 2018 (31/12/2017: 144.7 million euros).

As expected, revenue in the **Defense & Civil Systems segment** of 218.6 million euros was largely unchanged on the prior year (prior year: 219.3 million euros). At 20.1 million euros, the segment EBIT was slightly up on the prior-year figure (prior year: 19.2 million euros). A changed product mix, lower currency losses, and cost savings in sales resulted in the EBIT margin increasing to 9.2 percent (prior year: 8.7 percent). EBITDA also rose marginally, to 24.4 million euros (prior year: 23.8 million euros). The EBITDA margin improved to 11.2 percent (prior year: 10.9 percent). As expected, the segment increased its order intake in the fourth quarter, posting new orders worth some 60 million euros. For the full year, however, the order intake, worth 203.5 million euros, was still slightly down on the prior year, which had included several major projects (prior year: 206.2 million euros). Particularly in the first quarter of 2017, Jenoptik had received various major orders for energy and sensor systems. The book-to-bill ratio came to 0.93 in 2018 (prior year: 0.94), while the order backlog grew to 175.4 million euros as of December 31, 2018 (31/12/2017: 202.6 million euros).

Growth set to continue in 2019

"The past fiscal year was again the best in the company's history. As part of the gradual implementation of our 'Strategy 2022', we have achieved key milestones with the introduction of our new corporate structure in early January 2019, the launch of the new, independent VINCORION brand for our mechatronics business in September 2018, and the reorganization of our activities in Asia. We are convinced that we are on the right track with the realignment of our structures, a stronger focus on photonic markets and the initiatives launched to promote innovation within the Group," says Stefan Traeger, Jenoptik's President & CEO.

Based on a very good order backlog, the Executive Board looks to 2019 with confidence. In the current fiscal year, it anticipates further growth and higher earnings. Revenue is to grow in the mid single-digit percentage range (before major portfolio changes). EBITDA growth is also expected, resulting in an EBITDA margin of between 15.5 and 16.0 percent.

"We are expecting momentum to accelerate in the course of the new fiscal year, resulting in a stronger second half of the year. In addition, deliveries of the toll monitoring systems in the traffic safety business had made a significant contribution to our revenue in the first half-year of 2018. Therefore, we are presently expecting a somewhat weaker business development in the first half-year, but anticipate further growth in the full year 2019," says Stefan Traeger.

The Annual Report is available in the "Investors/Reports and Presentations" section of the website. The "Jenoptik app" can be used to view the Interim Report on mobile devices running iOS or Android. Images for downloading can be found in the Jenoptik image database in the "Current Events/Financial Reports" gallery.

Jena, March 21, 2019

About Jenoptik

Jenoptik is a globally operating technology group. Optical technologies are the very basis of our business with the majority of our products and services being provided to the photonics market. Our key target markets primarily include the semiconductor equipment industry, the medical technology, automotive and mechanical engineering, traffic, aviation as well as the security and defense technology industries. Jenoptik has more than 4,000 employees worldwide.

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