

*Dear Shareholders,
dear clients, partners, and friends of our company,*

2018 was an extremely successful year for Jenoptik. We have achieved all our targets, and actually exceeded our original financial targets for revenue, profit, order intake and free cash flow. With revenue of 834.6 million euros, we have grown by 11.6 percent in the past year. On the bottom line, EBITDA was significantly improved to around 127.8 million euros with a margin of 15.3 percent. All in all, an outstanding team performance by our more than 4,000 employees, who have made 2018 a new record year with record figures, thereby continuing the Jenoptik success story.

At the beginning of 2018 we launched our new "Strategy 2022" and began to implement it. The goal of our strategic development for the next five years is clear. We will concentrate on what we do best: In line with the motto "More Light", we want to transform Jenoptik into a modern high-tech group focused on photonics. Our aim is to provide the right technological responses to the rapidly changing markets and to the major issues of the future – digitization, mobility and security. To do this, Jenoptik must become faster and more efficient, flexible and courageous. But this is not the only reason why we have renewed our structures as well as changed our mindset and the way we approach things.

We have set very specific targets for 2022: Jenoptik is to grow at an accelerated rate of, on average, a mid- to high-single-digit percentage range per year. Profitability is also to increase further. Today, we are in an ideal position to lead Jenoptik into a new stage of development. In addition to the increased focus on photonic technologies, internationalization and innovation are the core of our planned business expansion. This means: Jenoptik's overall R + D output is to rise to around 10 percent of revenue by 2022. International diversity should shape Jenoptik more strongly than before, i. e. international teams and more decisions are taken abroad. There will be production and local R + D teams in all major regions and markets. And at least one division is to be headquartered abroad by 2022.

Based on our Strategy 2022, we identified and successfully implemented three priorities for the 2018 fiscal year: the reorganization of the corporate structure, the realignment of our Asian business, and the launch of a new brand for our mechatronics business.

With a new group structure in place since the beginning of January 2019, we have positioned our business so that it can better meet market needs. The reorganization of the corporate structure has resulted not only in new divisions, but existing companies will be merged too. More than that: We are able to reduce bureaucracy and significantly increase our attractiveness for all stakeholders.

The second priority for 2018 was Asia. Here we have established a new organizational structure where responsibilities are clearly defined. This helps to make the customer approach more effective and facilitates cooperation.

Thirdly, we achieved a strategic milestone in 2018 with our new VINCORION brand for the mechatronics business. We are firmly convinced that with the new flag and a simpler structure we can better serve the specific market requirements, and that we can prioritize future growth initiatives more clearly, leading them to success.

However: a strategy is only successful when the corporate culture supports the achievement of the set targets. Therefore, we also started an extensive cultural change at Jenoptik last year. Because we need more speed and agility, more emotions and not least a common understanding of ourselves and our company. By focusing on "More Light",

we aim not only to imbue Jenoptik with more color and hopefully both pleasure and motivation, but are also pooling the activities and initiatives that will serve to create a common spirit. We are striving for long-term, sustainable growth and are also applying our new corporate values as a yardstick for our work.

The basis for our new corporate values, the positioning of our brand and further measures in the sense of modern personnel work was an intensive exchange with our employees and customers. In particular, we sought the answers to the questions "Who is Jenoptik?", "What does Jenoptik stand for?" and "What must we change?". To this end, we have conducted a large number of surveys, interviews and workshops worldwide in recent months. Just one result of our employee survey to begin with: more than two thirds of our employees would recommend Jenoptik as a good employer. This is a figure slightly above the global benchmark, but naturally we want to improve even further.

In 2018, we did not rely solely on the economic momentum in our markets. With Prodomax in Canada and the OTTO Group in Jena, we successfully acquired extremely interesting companies. The product ranges as well as the market and customer access are an ideal complement for Jenoptik. These acquisitions have enabled us to significantly strengthen our position as a turnkey supplier of automated production solutions, sophisticated measuring tasks and efficient production processes, especially for the automotive industry.

Another highlight of 2018 was the 20th anniversary of our share. On June 13, 2018, almost exactly 20 years to the day after its stock market launch, Jenoptik closed the day at a high of 39.48 euros. With a market capitalization of 2.26 billion euros, our company had never been worth more. Irrespective of this, we have further intensified communication with our shareholders over the course of the year, held more roadshows and participated in more capital market conferences than ever before. In 2018, Jenoptik's share certificates were converted from bearer shares to registered shares in order to keep a firm focus on our shareholders and to communicate with them even more effectively in the future. It is very important to us that Jenoptik's shareholders continue to benefit from the positive development of their company. Overall, we will distribute 20 million euros to our shareholders if approved by the Annual General Meeting.

At the beginning of 2019 there is general agreement that the global economic climate is becoming harsher. Nevertheless, we are in a positive mood due to the strength achieved by the Group and the excellent order situation. Therefore, we expect the Jenoptik success story to continue in the present fiscal year. In concrete figures, we are expecting revenue growth in the mid single-digit percentage range. We also anticipate a further improvement in the EBITDA margin. With a range of 15.5 to 16.0 percent, we are already focusing on the degree of profitability that we originally set ourselves as a target for 2022 as part of our medium-term planning. This also indicates our strength and proves that we remain on course.

Dear shareholders, customers, partners and friends of Jenoptik. We thank you for the trust you have placed in our company. We strongly believe that we still have many more successes ahead of us, both large and small. We cordially invite you to stay committed to Jenoptik and to accompany us on our journey. We look forward to sharing a successful future with you.



Dr. Stefan Traeger
President & CEO



Hans-Dieter Schumacher
Chief Financial Officer