JENOPTIK

MORE LIGHT

Quarterly Statement of the Jenoptik Group

January to September 2020

At a glance – Jenoptik Group

in million euros	Jan. – Sept. 2020	Jan. – Sept. 2019	Change in %	July – Sept. 2020	July – Sept. 2019	Change in %
Revenue (adjusted)[1]	**505.0**	**581.4**	**– 13.1**	**176.1**	**207.9**	**– 15.3**
Revenue	505.0	595.7	– 15.2	176.1	212.7	– 17.2
EBITDA (adjusted)[2]	**73.9**	**92.4**	**– 20.0**	**31.7**	**38.1**	**– 16.7**
EBITDA	66.6	91.4	– 27.1	28.8	37.4	– 23.0
EBITDA margin (adjusted)[2]	**14.6%**	**15.9%**		**18.0%**	**18.3%**	
EBITDA margin	13.2%	15.3%		16.4%	17.6%	
EBIT (adjusted)[2]	**39.6**	**59.1**	**– 32.9**	**20.0**	**26.5**	**– 24.6**
EBIT	32.7	58.1	– 43.8	17.1	25.9	– 34.0
EBIT margin (adjusted)[2]	**7.8%**	**10.2%**		**11.4%**	**12.8%**	
EBIT margin	6.5%	9.7%		9.7%	12.2%	
Earnings after tax	24.4	44.3	– 44.9	13.9	20.1	– 31.1
Earnings per share in euros	0.43	0.77	– 45.0	0.24	0.35	– 31.0
Free cash flow (adjusted)[2]	**18.5**	**7.9**	**136.0**	**0.8**	**22.5**	**– 96.5**
Free cash flow	13.4	7.3	84.2	– 2.6	21.9	n/a
Cash conversion rate (adjusted)[2]	**25.1%**	**8.5%**		**2.5%**	**59.1%**	
Cash conversion rate	20.1%	8.0%		– 8.9%	58.6%	
Order intake (adjusted)[1]	**510.9**	**558.7**	**– 8.5**	**177.0**	**177.1**	**0.0**
Order intake	510.9	574.9	– 11.1	177.0	182.4	– 2.9

	Sept. 30, 2020	Dec. 31, 2019	Sept. 30, 2019
Order backlog (in million euros, adjusted)[1]	**496.7**	**464.7**	**489.5**
Order backlog (in million euros)	496.7	466.1	491.2
Frame contracts (in million euros)	49.9	49.9	52.2
Employees (incl. trainees, adjusted)[1, 3]	**4,433**	**4,089**	**4,092**
Employees (incl. trainees)	4,433	4,122	4,126

[1] Prior-year figures without HILLOS GmbH

[2] Figures without structural and portfolio adjustments (see explanation on page 6)

[3] Figures of the current fiscal year including TRIOPTICS employees

Please note that there may be rounding differences in this report compared to the mathematically exact amounts (currency units, percentages).

Summary of Business Performance, January to September 2020

- On the closing date of September 24, 2020, Jenoptik completed the acquisition of an initial 75-percent stake in TRIOPTICS GmbH. The Group will acquire the remaining 25 percent from the owners on December 31, 2021. Earn-out component was agreed.

  Siehe Group Structure and Business Activity – page 4

- In the third quarter, the Jenoptik Group's order intake stabilized at the prior-year level and was worth 177.0 million euros. Over the first nine months, Jenoptik received new orders worth a total of 510.9 million euros (prior year: adjusted 558.7 million euros). Driven by the acquisitions, the order backlog grew to 496.7 million euros.
  See Earnings Position – page 6

- Business with the semiconductor equipment industry and with public-sector contractors continued to develop positively in the third quarter. At 505.0 million euros, revenue in the first nine months was down on the prior-year period, mainly due to restrictions caused by the corona pandemic and developments in the automotive sector.
  See Earnings Position – page 6

- Adjusted EBITDA improved from 17.3 and 24.9 million euros in the first two quarters to 31.7 million euros in the third quarter. For the period from January through September 2020, lower revenue resulted in an adjusted EBITDA of 73.9 million euros (prior year: 92.4 million euros). The adjusted EBITDA margin came to 14.6 percent (prior year: 15.9 percent).
  See Earnings Position – page 6

- Thanks to measures to secure liquidity and optimized working capital management, the free cash flow improved to 13.4 million euros (prior year: 7.3 million euros). On an adjusted basis, it came to an even higher 18.5 million euros. The balance sheet and financing structure remained robust, despite the continuing pandemic and financing of two acquisitions. Due to much higher total assets as a result of the acquisitions, the equity ratio of 49.4 percent was below the figure of 60.5 percent at the end of 2019.
  See Financial and Asset Position – Page 10

- Highlights of the divisions
  Light & Optics: Continuing robust business performance with the semiconductor equipment industry, decline in other areas; improved EBITDA margin of 22.8 percent (adjusted; prior year: 20.8 percent); sharp rise in free cash flow; order intake worth 214.6 million euros almost at adjusted prior-year level; TRIOPTICS will be integrated in the division as a business field.
  Light & Production: Appreciable improvement in business performance in third quarter; cumulative revenue and earnings clearly below prior-year level; restructuring measures are examined closely; postponed projects and a major cancellation in the second quarter resulted in lower order intake in the course of the year.
  Light & Safety: Good business performance thanks to stable capital spending patterns by public-sector contractors; growth in revenue and improved profitability; order intake down on prior year in line with lower project volumes.
  VINCORION: Decline in revenue, in part due to developments in the aviation industry; earnings significantly down on prior year; order intake slightly down on prior year; order backlog exceeded prior-year figure at 182.2 million euro.
  See Segment Report – from Page 13 on

- The Executive Board expects revenue to come in at between 755 and 775 million euros for the 2020 fiscal year (including approx. 25 million euros from TRIOPTICS). The adjusted EBITDA margin for the full year is anticipated to be between 15.0 to 15.5 percent before PPA effects arising from the acquisition of TRIOPTICS.
  See Forecast Report – Page 19

Business and Framework Conditions

Group Structure and Business Activity

Jenoptik is a global photonics group and a supplier of high-quality and innovative capital goods. The Group is thus primarily a technology partner to industrial companies. In the Light & Safety and VINCORION divisions, we are also a supplier to the public sector, in part indirectly through system integrators.

Jenoptik provides the majority of its products and services to the photonics market. Our key markets primarily include the semiconductor equipment industry, the medical technology, automotive, mechanical engineering, traffic, aviation, and security and defense technology industries.

The Jenoptik Group operates in the following three photonics divisions:
- Light & Optics
- Light & Production
- Light & Safety

and with its mechatronical activities under the VINCORION brand.

All three photonic divisions build on extensive expertise in optics, sensors, imaging, robotics, data analysis, and human-machine interfaces.

This organizational structure enables a good market and customer-driven approach to doing business. Business operations have been combinded according to a common understanding of markets and customers based on the same business models. This helps us to increase the reach of our products and solutions and opens up improved growth opportunities.

Purchases and sales of companies

In February 2020, Jenoptik acquired the Spanish INTEROB Group, consisting of INTEROB, S.L. and INTEROB RESEARCH AND SUPPLY, S.L. The group of companies specializes in projects relating to the plant planning, design, manufacture, and integration of automation solutions, as well as robotics applications with a focus on the automotive industry. The acquisition allows the Jenoptik Group to boost its position as a turnkey provider of automated production solutions. In 2019, INTEROB posted some 22 million euros of revenue; its profitability was above the average in the Jenoptik Group. Jenoptik will consolidate 2020 revenue and earnings, including the impacts arising from the purchase price allocation, on a pro rata basis.

In March 2020, Jenoptik acquired 33.42 percent of shares in JENOPTIK Japan Co. Ltd. from its partner Kantum Ushikata Co., Ltd. and converted the company into a wholly-owned group subsidiary. Jenoptik Japan's business covers sales of Jenoptik photonic components, systems, and equipment – in addition to diode lasers, primarily laser machines, optics, and industrial metrology. Jenoptik will chiefly focus its investment on sales structures and thus its local presence.

On the closing date of September 24, 2020, Jenoptik completed the acquisition of an initial 75-percent stake in TRIOPTICS GmbH. The Group will acquire the remaining 25 percent from the owners on December 31, 2021. An earn-out component was agreed for the sellers. TRIOPTICS is a leading international supplier of measurement and production systems for optical components and sensors in the digital world. In 2019, the company generated revenue of around 80 million euros, with an EBITDA margin of some 27 percent. The acquisition of TRIOPTICS allows Jenoptik to further sharpen its focus on high-growth cutting-edge industries. The TRIOPTICS business is being integrated in the Light & Optics division. The company, based in Wedel near Hamburg, has over 400 employees around the world. More than half of its revenue is generated in Asia.

There were no further company acquisitions or disposals in the first nine months of 2020.

Targets and Strategies

At the heart of "Strategy 2022" and our future development is a concentration on photonic technologies for high-growth markets. The aim is to transform Jenoptik into a global, streamlined photonics company over the next few years. The strategy under the motto of "More Light", comprises three main elements: "More Focus", "More Innovation", and "More International". Despite the corona pandemic, the Executive Board will stick to this strategy. The greater concentration on the core competencies will contribute to the optimum use of existing capacities and thus a more efficient allocation of resources. By 2022, we want to increase our R+D output, including developments on behalf of customers, to around 10 percent of revenue. In addition, international diversity is to characterize Jenoptik more strongly than before. That means international teams bringing together diverse cultural backgrounds, and more local decision-making, with at least one division due to be based abroad by 2022.

The acquisition of TRIOPTICS allows Jenoptik to shore up its position as a focused photonics group.

To achieve the goals of "Strategy 2022", we

- are focusing on our core areas of expertise in the field of photonics,
- have reorganized and simplified our corporate structure,
- are actively managing our portfolio with a view to additional purchases as well as transformational acquisitions and selective divestments,
- are continuing to work on further internationalization in conjunction with greater vertical integration and customer proximity in our growth regions,
- are investing more heavily in research and development, expanding our system and application expertise, and becoming a full solutions provider,
- are promoting an active cultural change within the company,
- are continuing to steadily strengthen our financial resources.

The Jenoptik Executive Board has defined the following priorities for the 2020 fiscal year:

- growth in Asia,
- global business excellence and
- cultural change.

For more information on the strategic trajectory of the Jenoptik Group, we refer to the 2019 Annual Report and the details given in the "Targets and Strategies" chapter from page 77 on, as well as on the Jenoptik website.

Earnings, Financial and Asset Position

The tables in the Nine-Month Report, which show a breakdown of the key indicators by segment, include the Corporate Center (holding company, shared services, real estate) and consolidation effects under “Other”. Jenoptik operates in the following reportable segments: the Light & Optics, Light & Production, Light & Safety, and VINCORION divisions.

Impacts of Structural and Portfolio Measures

As part of Jenoptik’s planned strategic development, the Executive Board has initiated a set of structural and portfolio measures. The aim of these measures is to drive growth and increase profitability over the medium to long term. For reasons of transparency regarding these measures, adjusted EBITDA, EBIT, and free cash flow figures are additionally reported for both the Group and the segments. The adjustments for the structural and portfolio measures result from expenses and income arising from site optimizations/restructuring and cost reduction programs, as well as from the costs related to M&A activities. To enable comparisons, the figures for the prior-year period have also been adjusted. The impacts of the COVID-19 pandemic on the operating business performance, including the impacts arising from the measures initiated to contain it, are not included in the EBITDA, EBIT, or free cash flow adjustments.

Change to Method of Consolidation for HILLOS GmbH since 1/1/2020

HILLOS GmbH was qualified as a joint venture (formerly joint operation) from the 2020 fiscal year on, and is therefore no longer proportionately consolidated. As a result, indicators such as order intake and contributions to revenue and earnings are no longer included pro rata in various items of the Consolidated Financial Statements. Instead, the economic success of the joint venture is now reported in other operating income. Nevertheless, in order to ensure comparability of the information, the prior-year figures have been adjusted for the contributions of HILLOS GmbH with regard to revenue, order intake and backlog, and employees.

Earnings Position

Even in these challenging times, Jenoptik has, in part, a crisis-resistant business model and is in a good financial and balance sheet position. At the time this report was prepared, all production sites were open and operating.

The company’s operating business performed as expected from January through early March. Since the end of March, however, significant impacts arising from the corona pandemic and increasing uncertainty in the automotive industry became apparent and made business performance in this sector more difficult in the second quarter. Ongoing weak overall economic development continued into the third quarter, particularly in the traditional automotive business, but also in parts of the aviation and biophotonics industries.

Revenue

in million euros	1/1 to 30/9/2020	1/1 to 30/9/2019	Change in %
Group (adjusted)[1]	**505.0**	**581.4**	**– 13.1**
Group	505.0	595.7	– 15.2
Light & Optics (adjusted)[1]	209.8	236.4	– 11.2
Light & Optics	209.8	250.8	– 16.3
Light & Production	119.0	170.9	– 30.4
Light & Safety	82.1	75.1	9.3
VINCORION	91.0	96.8	– 6.0
Other	3.1	2.2	

[1] Prior-year figures without HILLOS GmbH

R+D output

in million euros	1/1 to 30/9/2020	1/1 to 30/9/2019	Change in %
R+D output	**52.9**	**51.6**	**2.5**
R+D expenses	31.8	34.4	– 7.4
Capitalized development costs	6.8	1.9	257.9
Developments on behalf of customers	14.3	15.4	– 6.8

Over the first nine months of 2020, the Group generated revenue of 505.0 million euros (prior year: adjusted 581.4 million euros). The contribution to revenue made by the INTEROB group, acquired in February 2020, came to 9.5 million euros. TRIOPTICS GmbH was not included in the Jenoptik Consolidated Financial Statements until the closing date of September 24, 2020 and therefore made only a minor contribution of 0.9 million euros in the period covered by the report. In the prior year, a 14.4 million-euro revenue contribution from HILLOS GmbH was adjusted in the Light & Optics division's revenue figures.

In the Light & Optics division, demand in the semiconductor equipment area remained at a high level, even during the corona pandemic, but developments in the other two areas, biophotonics and industrial solutions, resulted in lower revenue overall. The Light & Production division saw a sharp decline in revenue due to the impacts of the corona pandemic as well as structural issues in the automotive industry. As expected, business with public-sector contractors developed positively. In the first nine months of 2020, the Light & Safety division saw an appreciable rise in revenue. Due to weaker business with the aviation industry, VINCORION was slightly down on the prior-year level.

With the exception of the Middle East/Africa region, Jenoptik posted revenue falls in all regions in the period covered by the report. The Americas were hit hardest, there revenue fell 21.0 percent to 134.5 million euros (prior year: adjusted 170.3 million euros), but in Asia/Pacific, too, revenue was down 15.9 percent on the prior year, at a current 57.8 million euros (prior year: adjusted 68.8 million euros). Revenue also fell in Germany, by 15.9 percent to 135.5 million euros (prior year: adjusted 161.0 million euros). Combined revenue in the strategic priority regions of the Americas and Asia/Pacific, at 192.3 million euros or 38.1 percent of total revenue, was down on the adjusted prior-year figure of 239.1 million euros or 41.1 percent. Revenue in Europe (excl. Germany) of 155.3 million euros was almost unchanged thanks to the acquisition of INTEROB (prior year: adjusted 159.7 million euros). The share of revenue generated abroad increased slightly to 73.2 percent (prior year: adjusted 72.3 percent).

The cost of sales reduced to 336.2 million euros (prior year: 386.2 million euros). Owing to lower volumes, gross profit of 168.9 million euros was also down on the prior-year figure of 209.5 million euros; the gross margin was 33.4 percent (prior year: 35.2 percent).

EBITDA (adjusted)[1]

in million euros	1/1 to 30/9/2020	1/1 to 30/9/2019	Change in %
Group	73.9	92.4	– 20.0
Light & Optics	48.1	49.5	– 2.8
Light & Production	5.9	19.2	– 69.3
Light & Safety	14.0	11.9	17.3
VINCORION	6.9	10.6	– 35.1
Other	– 0.9	1.3	

[1] Figures without structural and portfolio adjustments (see explanation on page 6)

EBIT (adjusted)[1]

in million euros	1/1 to 30/9/2020	1/1 to 30/9/2019	Change in %
Group	39.6	59.1	– 32.9
Light & Optics	39.5	41.0	– 3.8
Light & Production	– 3.4	10.4	n/a
Light & Safety	8.8	6.6	32.7
VINCORION	1.7	5.6	– 70.2
Other	– 6.8	– 4.6	

[1] Figures without structural and portfolio adjustments (see explanation on page 6)

EBITDA

in million euros	1/1 to 30/9/2020	1/1 to 30/9/2019	Change in %
Group	66.6	91.4	– 27.1
Light & Optics	46.4	49.5	– 6.2
Light & Production	4.4	19.2	– 77.1
Light & Safety	13.5	11.9	13.3
VINCORION	6.9	10.6	– 35.1
Other	– 4.5	0.3	

EBIT

in million euros	1/1 to 30/9/2020	1/1 to 30/9/2019	Change in %
Group	32.7	58.1	– 43.8
Light & Optics	38.1	41.0	– 7.1
Light & Production	– 4.9	10.4	n/a
Light & Safety	8.3	6.6	25.6
VINCORION	1.7	5.6	– 70.2
Other	– 10.5	– 5.6	

Over the first nine months, research and development expenses came to 31.8 million euros (prior year: 34.4 million euros). Development expenses on behalf of customers posted in cost of sales came to 14.3 million euros (prior year: 15.4 million euros). The increase in development costs which have to be capitalized, particularly in connection with development projects in VINCORION, resulted in the Group's R+D total output growing slightly to 52.9 million euros (prior year: 51.6 million euros). This equates to a share of group revenue of 10.5 percent (prior year: 8.7 percent).

As a result of travel restrictions imposed due to the corona crisis, canceled trade shows, and lower personnel expenses, the selling expenses fell to 61.4 million euros at the end of September 2020 (prior year: 68.2 million euros). Due to fixed costs and lower revenue, the selling expenses ratio of 12.2 percent was slightly up on the prior year figure of 11.4 percent.

Administrative expenses totaled 42.9 million euros (prior year: 44.5 million euros). Increased personnel expenses following adjustments to pay rates were partly offset by impacts arising from the measurement of share-based remuneration for members of the top management and short-time working allowances. The administrative expenses ratio rose to 8.5 percent (prior year: 7.5 percent) also due to the lower revenue.

Other operating income and expenses came to minus 0.1 million euros (prior year: minus 4.4 million euros). These two items were in part affected by the aforementioned impacts of structural and portfolio measures, amounting to minus 4.6 million euros (prior year: minus 1.0 million euros), but also by gains from the disposal of fixed assets, currency effects and reversals of impairment losses.

Action taken to limit the impacts of the COVID-19 pandemic, such as the introduction of short-time working and the utilization of government grants especially abroad worth in total of 8.1 million euros, particularly resulted in lower personnel expenses and thus had a positive effect on profitability over the year.

Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization, incl. impairment losses and reversals) improved from 17.3 and 24.9 million euros in the first two quarters to 31.7 million euros in the third quarter. In the reporting period from January through September 2020, however, adjusted EBITDA declined to 73.9 million euros (of which 0.1 million euros of TRIOPTICS including PPA effects of minus 0.2 million euros) as a result of the drop in revenue. It was thus 20.0 percent down on the comparable prior-year figure of 92.4 million euros. The adjusted EBITDA margin consequently fell to 14.6 percent (prior year: 15.9 percent). The impacts of structural and portfolio measures included in the other operating expenses and functional costs items, worth a total of minus 7.3 million euros (prior year: minus 1.0 million euros), produced a sharp reduction in non-adjusted EBITDA compared to the prior year. Of this figure, minus 0.9 million euros is attributable to restructuring/site optimization, minus 3.0 million euros to reduction programs, and minus 3.4 million euros to costs for M&A activities.

Order situation

in million euros	1/1 to 30/9/2020	1/1 to 30/9/2019	Change in %
Order intake (adjusted)[1]	510.9	558.7	– 8.5
Order intake	510.9	574.9	– 11.1

	30/9/2020	31/12/2019	Change in %
Order backlog (adjusted)[1]	496.7	464.7	6.9
Order backlog	496.7	466.1	6.6
Frame contracts	49.9	49.9	0.0

[1] Prior-year figures without HILLOS GmbH

Employees (incl. trainees)

	30/9/2020	31/12/2019	Change in %
Group (adjusted)[1, 2]	4,433	4,089	8.4
Group	4,433	4,122	7.6
Light & Optics (adjusted)[1, 2]	1,765	1,383	27.6
Light & Optics	1,765	1,416	24.7
Light & Production	1,081	1,093	– 1.1
Light & Safety	486	496	– 2.0
VINCORION	788	795	– 0.9
Other	313	322	– 2.8

[1] Figures including TRIOPTICS employees

[2] Prior-year figures without HILLOS GmbH

Adjusted for the impacts of structural and portfolio measures, amounting to minus 7.0 million euros, income from operations (EBIT) in the first nine months of 2020 came to 39.6 million euros, and was also significantly down on the prior-year figure of 59.1 million euros (contribution of TRIOPTICS minus 0.2 million euros including PPA effects of minus 0.5 million euros). The Group's adjusted EBIT margin fell to 7.8 percent (prior year: 10.2 percent). The EBIT also includes impacts arising from the purchase price allocations for acquisitions in prior years and the first nine months of 2020, amounting to minus 5.9 million euros (prior year: minus 4.9 million euros), thereof minus 0.5 million euros for TRIOPTICS.

Currency losses arising from the measurement of a loan for group financing and the accrued interest on purchase price liabilities from acquisitions, in particular, resulted in a reduction on the balance of financial income and financial expenses. Earnings were boosted by the dividend payment from a real estate firm, which is included in result from other investments. Over the reporting period, the financial result thus fell to minus 3.0 million euros (prior year: minus 1.6 million euros).

At 29.6 million euros (prior year: 56.5 million euros), the Group achieved significantly lower earnings before tax. Income taxes amounted to 5.2 million euros (prior year: 12.1 million euros). The overall tax rate fell to 17.5 percent (prior year: 21.5 percent); following regional profit distribution, the cash effective tax rate as of the reporting date was 17.9 percent (prior year: 14.9 percent). Group earnings after tax fell to 24.4 million euros (prior year: 44.3 million euros). Group earnings per share (EPS) accordingly came to 0.43 euros (prior year: 0.77 euros).

Despite persistently weak overall economic development, demand picked up encouragingly in the third quarter of 2020, and at 177.0 million euros was significantly above the second-quarter order intake of 122.2 million euros. In the reporting period from January through September 2020, however, the order intake reduced to 510.9 million euros (prior year: adjusted 558.7 million euros) following the postponement of projects and one major cancellation, which were in part due to the corona pandemic. TRIOPTICS contributed 1.6 million euros to order intake. The first nine months of 2019 included new HILLOS GmbH orders of16.2 million euros. The Light & Optics division reported sustained good demand from the semiconductor equipment industry. The Light & Production division, which posted a major order from the automotive industry in September 2020, saw growth increase sharply from the second to the third quarter, but was still down on the prior-year level due to continuing market uncertainty and the corona pandemic over the cumulative reporting period. The Light & Safety division, in which the order intake is strongly dependent on project business and thus subject to fluctuations, likewise posted slightly fewer orders in the first nine months of 2020. VINCORION also posted an order intake slightly down on the prior-year level. Due to the lower revenue, the Group's book-to-bill ratio came to 1.01 (prior year: 0.96 (adjusted) / 0.96 (non-adjusted)).

The order backlog grew to 496.7 million euros (31/12/2019: adjusted 464.7 million euros), and includes INTEROB (27.1 million euros) and TRIOPTICS (24.3 million euros) orders worth in total 51.4 million euros. Of this order backlog, 221.7 million euros or 44.6 percent (prior year: adjusted 224.3 million euros or 45.8 percent / non-adjusted 226.1 million euros or 46.0 percent) are due to be converted to revenue in the present fiscal year.

As of September 30, 2020, there were also frame contracts worth 49.9 million euros (31/12/2019: 49.9 million euros). Frame contracts are contracts or framework agreements where the exact sum and time of occurrence cannot yet be specified precisely.

The number of Jenoptik employees increased by 8.4 percent (adjusted) or 344 persons in the first nine months of 2020, to 4,433 (31/12/2019: 4,089 employees, excl. HILLOS GmbH). The increase is attributable in particular to the acquisition of TRIOPTICS, at the same time the number of employees in other areas decreased. At the end of September 2020, 1,070 people were employed at the foreign locations (31/12/2019: 988 employees), and the company had a total of 165 trainees (31/12/2019: 156 trainees).

Detailed information on the development of the divisions can be found in the Segment Report from page 13 on.

Financial and Asset Position

Over the first nine months of 2020, COVID-19 impacted on the operating activities of the Jenoptik businesses and thus on the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows. First-time consolidation of TRIOPTICS on September 24, 2020 also resulted in significant changes to the Consolidated Statement of Financial Position.

Despite the corona-related challenges and a higher level of debt arising from the acquisitions, the Group continues to ensure healthy balance sheet ratios and an ample supply of liquidity. Despite the lack of contributions to earnings, Jenoptik thus succeeded in improving its free cash flow in the first nine months compared to the prior year.

At the end of the first nine months of 2020, the debt-to-equity ratio, that of borrowings to equity, was 1.03 (31/12/2019: 0.65). This was due to a significant increase in borrowings in connection with the acquisition of the initial 75-percent stake in TRIOPTICS GmbH.

Cash, cash equivalents, and current financial investments fell as of September 30, 2020, in particular due to the acquisitions of TRIOPTICS and INTEROB and the repayment of a debenture loan. The sharp rise in financial debt following the acquisitions resulted in net debt increasing to 242.3 million euros (31/12/2019: minus 9.1 million euros). Despite this increase, the Group still has sufficient financial latitude to secure its planned strategic growth. As of September 30, 2020, the Group also had unused lines of credit worth over 50 million euros and an additional 300 million euros of bridge financing.

Jenoptik invested 30.3 million euros in property, plant, and equipment and intangible assets over the reporting period, impacting on liquidity (prior year: 31.6 million euros). At 19.2 million euros, the largest share of capital expenditure was used for property, plant, and equipment (prior year: 24.9 million euros), in part for new technical equipment, an expansion in production capacities, and the new build at the Villingen-Schwenningen site. Capital expenditure for intangible assets rose to 11.1 million euros (prior year: 6.7 million euros), due to the costs involved in setting up and launching an SAP S/4 HANA system and development costs to be capitalized arising from internal projects. Scheduled depreciation increased marginally to 34.3 million euros (prior year: 32.5 million euros).

Despite lower earnings before tax, cash flows from operating activities grew to 31.1 million euros as of September 30, 2020 (prior year: 27.4 million euros). This increase was chiefly attributable to measures initiated to secure liquidity, the cash flow, and optimization of the working capital.

At the end of September 2020, cash flows from investing activities came to minus 176.5 million euros (prior year: 3.6 million euros). Over the reporting period, they were largely influenced by capital expenditure amounting to 220.4 million euros for the acquisition of TRIOPTICS in September and INTEROB in February. Other key items included cash inflows and outflows from short-term investments, where the net inflow was higher than in the prior year, and capital expenditure for intangible assets and property, plant, and equipment.

Due to higher cash flows from operating activities and lower cash inflows and outflows from operative investing activities, the free cash flow in the reporting period increased to 13.4 million euros (prior year: 7.3 million euros). Adjusted for the cash impacts of structural and portfolio measures, the free cash flow rose to as much as 18.5 million euros. The free cash flow is calculated on the basis of the cash flow from operating activities (before interest and taxes) less proceeds from and capital expenditure for intangible assets and property, plant, and equipment. In the first nine months of 2020, the adjusted cash conversion rate came to 25.1 percent (prior year: 8.5 percent). On a non-adjusted basis, the figure was 20.1 percent (prior year: 8.0 percent).

Cash flows from financing activities amounted to minus 125.6 million euros in the first nine months (prior year: minus 46.4 million euros), and were particularly influenced by the use of the syndicated loan in connection with the acquisition of TRIOPTICS and the taking out of a KfW loan for the new build in Villingen-Schwenningen. This was offset by repayments of bonds and loans, as a debenture loan was repaid. Payments to acquire the 33.42 percent of shares in JENOPTIK Japan Co. Ltd. from the former minority shareholder are included in the "capital expenditure for purchase of non-controlling interests" item. As the Annual General Meeting was postponed to early August due to the pandemic, the dividend of 7.4 million euros was not paid out until the third quarter (prior year: 20.0 million euros).

At 1,368.6 million euros as of September 30, 2020, the total assets of the Jenoptik Group were sharply up on the 2019 year-end figure (31/12/2019: 1,083.3 million euros). There were significant changes to individual items, in particular due to first-time consolidation of TRIOPTICS and INTEROB.

On the assets side, these acquisitions primarily had the effect of boosting non-current assets to a value of 864.4 million euros (31/12/2019: 555.2 million euros). Intangible assets saw particularly strong growth compared to year-end 2019, from 284.3 million euros to 497.0 million euros, largely due to the goodwill recognized during first-time consolidation of the acquired companies. The acquisitions also resulted in an increase in property, plant, and equipment. Shares in associated companies increased mainly due to the amended inclusion of HILLOS GmbH as a joint venture (formerly joint operation).

By contrast, current assets decreased to 504.1 million euros (31/12/2019: 528.1 million euros), primarily due to the financing of the two acquisitions in this fiscal year. Cash and cash equivalents, together with current financial investments, were significantly down on the figures at year-end 2019. As of September 30, these two items amounted to 83.1 million euros (31/12/2019: 168.7 million euros). Trade receivables reduced by 21.5 million euros, despite the TRIOPTICS and INTEROB receivables being included in this item for the first time. Reasons included active receivables management, lower revenue due to the pandemic, and increased revenue recognition at year-end 2019, for example in the area of mechatronic activities. Following the acquisition of INTEROB (project business), contract assets also increased to 69.5 million euros (31/12/2019: 54.9 million euros). Inventories grew to 217.8 million euros (31/12/2019: 153.7 million euros), chiefly due to the acquisition of TRIOPTICS, as well as higher inventories, particularly at VINCORION, in part due to advance performance for the fourth quarter.

The working capital rose as of September 30, 2020, also essentially due to the acquisitions, to 271.1 million euros (31/12/2019: 217.8 million euros / 30/09/2019: 257.3 million euros). The increase in inventories and contract assets could not be offset by the reduction in trade receivables. On the liabilities side, trade accounts payable reduced but were more than offset by the rise in contract liabilities. The working capital ratio, that of working capital to revenue based on the last twelve months, increased to 35.5 percent compared to both year-end 2019 and the prior-year period (31/12/2019: 25.5 percent / 31/9/2019: 30.7 percent) due to the lower revenue and the increase in working capital following first-time consolidations, in particular of INTEROB.

As of September 30, 2020, equity of 675.4 million euros was above the level as at year-end 2019 (31/12/2019: 655.4 million euros). This was mainly due to the net profit for the period, as well as recognition of the minority interests of the TRIOPTICS foreign subsidiaries in the "non-controlling interests" item. Currency differences, the acquisition of shares in JENOPTIK Japan Co. Ltd, and the dividend payment reduced equity. In the light of significantly higher total assets, the equity ratio fell to 49.4 percent (31/12/2019: 60.5 percent).

Non-current liabilities were primarily affected by the financing for the acquisition of TRIOPTICS, and rose to 454.1 million euros (31/12/2019: 176.0 million euros). The use of the syndicated loan for the aforementioned acquisition, the taking out of a KfW loan, and the acquired companies' liabilities assumed during first-time consolidation produced a sharp rise in the value of non-current financial debt to 305.0 million euros (31/12/2019: 122.6 million euros). Other non-current liabilities increased in connection with the acquisitions of TRIOPTICS and INTEROB, in part due to the recognition of the purchase price liability for the acquisition of the remaining 25 percent in TRIOPTICS and other contingent purchase price considerations. First-time consolidation of TRIOPTICS also caused deferred taxes to increase in the third quarter. Non-current liabilities also include the debenture loans issued in 2015, currently totaling 69.0 million euros (31/12/2019: 69.0 million euros).

Current liabilities fell to 239.0 million euros (31/12/2019: 251.9 million euros), mainly due to repayment of a debenture loan worth 21.5 million euros in the first half of 2020. Other current provisions fell over time, particularly due to lower personnel expense and warranty provisions. By contrast, first-time consolidation of TRIOPTICS and the increase in advances received resulted in higher contract liabilities. Other current financial liabilities increased due to the recognition of conditional purchase price components in connection with the acquisition of TRIOPTICS. The increase in the other current non-financial liabilities item is chiefly due to the accrual of vacation entitlements throughout the year and Christmas bonuses.

There were also no changes to assets and liabilities not included on the balance sheet; for more information on this, we refer to the details on page 104 of the 2019 Annual Report and the details on contingent liabilities on page 201.

Segment Report

The revenue, order intake, and order backlog numbers provided in the segment report are external figures.

Light & Optics

In interpreting the business performance of the Light & Optics division, it should be noted that HILLOS GmbH is qualified as a joint venture (formerly joint operation) from the 2020 fiscal year on, and is therefore no longer proportionately consolidated. As a result, indicators such as order intake and contributions to revenue and earnings are no longer included pro rata in the various items of the Consolidated Financial Statements. Instead, the economic success of this joint venture is now reported in other operating income. In order, nevertheless, to ensure comparability of the information, we have adjusted the prior-year contributions of HILLOS GmbH with regard to revenue, order intake and backlog, and employees.

On the closing date of September 24, 2020, Jenoptik successfully completed the acquisition of an initial 75-percent stake in Wedel-based optics specialist TRIOPTICS GmbH. The company specializes in measurement and production systems for optical components. The TRIOPTICS business is being integrated as a business field in the Light & Optics division. As a result of Jenoptik's controlling interest, TRIOPTICS GmbH has already been fully consolidated. The company was not included in the financial statements until the closing date, and thus made only a minor contribution to revenue, earnings, and order intake in the reporting period.

In the first nine months of 2020, the Light & Optics division generated revenue of 209.8 million euros (including the contribution of TRIOPTICS of 0.9 million euros), 11.2 percent below the adjusted and thus comparable prior-year figure of 236.4 million euros. Despite the spread of the coronavirus, business with the semiconductor equipment industry remained robust, but the division posted sharp declines due to the pandemic in its biophotonics and industrial solutions areas. On a regional level, revenue in Germany fell to 37.1 million euros (prior year: adjusted 50.4 million euros), in the Americas to 42.6 million euros (prior year: adjusted 56.3 million euros). In Asia/Pacific and in Europe, revenue remained virtually unchanged on the prior year, at 36.3 and 83.9 million euros respectively (prior year: adjusted 37.2 and 83.7 million euros). Overall, the division's share of group revenue was 41.5 percent (prior year: adjusted 40.7 percent).

Compared to the prior year, EBITDA adjusted for the impacts arising from structural and portfolio measures fell 2.8 percent, to 48.1 million euros, and thus far less than revenue (prior year: 49.5 million euros), including PPA effects resulting from

Light & Optics at a glance

in million euros	30/9/2020	30/9/2019	Change in %
Revenue	209.8	250.8	– 16.3
EBITDA	46.4	49.5	– 6.2
EBITDA margin in %[1]	22.0	19.6	
EBIT	38.1	41.0	– 7.1
EBIT margin in %[1]	18.1	16.2	
Capital expenditure	11.5	12.2	– 5.0
Free cash flow	22.9	11.8	94.7
Cash conversion rate in %	49.3	23.8	
Order intake	214.6	233.0	– 7.9
Order backlog[2]	162.2	144.9	11.9
Frame contracts[2]	13.4	12.4	8.1
Employees[2, 3]	1,765	1,416	24.7

[1] Based on total revenue
[2] Prior-year figures refer to December 31, 2019
[3] Figures of the current year including TRIOPTICS employees

Light & Optics at a glance (adjusted)

in million euros	30/9/2020	30/9/2019	Change in %
Revenue[1]	209.8	236.4	– 11.2
EBITDA[2]	48.1	49.5	– 2.8
EBITDA margin in %[2, 3]	22.8	20.8	
EBIT[2]	39.5	41.0	– 3.8
EBIT margin in %[2, 3]	18.7	17.2	
Free cash flow[2]	24.3	11.8	106.4
Cash conversion rate in %[2]	50.5	23.8	
Order intake[1]	214.6	216.8	– 1.0
Order backlog[1, 4]	162.2	143.5	13.0
Employees[1, 4, 5]	1,765	1,383	27.6

[1] Prior-year figures without HILLOS GmbH
[2] Figures without structural and portfolio adjustments (see explanation on page 6)
[3] Based on total revenue (prior year figure based on adjusted total revenue)
[4] Prior-year figures refer to December 31, 2019
[5] Figures of the current year including TRIOPTICS employees

the purchase of TRIOPTICS of minus 0.2 million euros. The adjusted EBITDA margin accordingly increased appreciably from 20.8 percent to 22.8 percent, the result of a more profitable product mix, lower selling and administrative costs, and the reversal of an impairment.

Adjusted EBIT came to 39.5 million euros (prior year: 41.0 million euros), including PPA effects of minus 0.5 million euros from the acquisition of TRIOPTICS.

In the first nine months of 2020, the division reported an order intake worth 214.6 million euros, almost at the same level as in the prior year (prior year: adjusted 216.8 million euros), particularly due to sustained good demand from the semiconductor equipment industry. TRIOPTICS contributed 1.6 million euros to the order intake. Set against revenue, this resulted in the adjusted book-to-bill ratio improving from 0.92 to 1.02 over the reporting period.

At the end of September 2020, the order backlog, buoyed by the acquisition, had a value of 162.2 million euros, considerably higher than the figure at year-end 2019 (31/12/2019: adjusted 143.5 million euros). TRIOPTICS' order backlog was worth 24.3 million euros.

In the light of generally robust business performance and a lower cash-effective increase in working capital compared to the prior year, the adjusted free cash flow (before interest and taxes) doubled to 24.3 million euros (prior year: 11.8 million euros).

In addition to acquiring TRIOPTICS, Jenoptik invested in Japan, acquiring the remaining 33.42 percent of shares in JENOPTIK Japan Co. Ltd. from its longstanding partner and minority shareholder Kantum Ushikata Co., Ltd in the first quarter.

Light & Production

The Light & Production division proved to be most susceptible to the ongoing reluctance to invest and considerable uncertainty within the automotive industry, which has been seen since 2019 and particularly increased as the corona pandemic spread. In the first nine months, the division's revenue fell considerably, by 30.4 percent on the prior-year period to a figure of 119.0 million euros (prior year: 170.9 million euros). Quarter-on-quarter revenue in Light & Production, however, increased to its highest figure of 44.6 million euros in the third quarter of this fiscal year. All three areas – Industrial Metrology, Laser Processing, and Automation & Integration – reported sharp declines in the first nine months of 2020, especially due to postponed projects, one major cancellation, and the temporary closure of two Jenoptik plants in the division due to the coronavirus in the first half of the year. INTEROB (first-time consolidation on February 4, 2020) contributed revenue of 9.5 million euros over the reporting period. In the Americas, revenue in the Light & Production division fell to 48.5 million euros (prior year: 80.4 million euros), while revenue in the Asia/Pacific region declined from 25.7 million euros to 13.3 million euros. The division's share of group revenue fell to 23.6 percent (prior year: adjusted 29.4 percent).

Light & Production at a glance

in million euros	30/9/2020	30/9/2019	Change in %
Revenue	119.0	170.9	– 30.4
EBITDA	4.4	19.2	– 77.1
EBITDA margin in %[1]	3.7	11.2	
EBIT	– 4.9	10.4	n/a
EBIT margin in %[1]	– 4.1	6.1	
Capital expenditure	3.3	7.1	– 54.1
Free cash flow	– 2.3	8.8	n/a
Cash conversion rate in %	– 52.7	46.1	
Order intake	121.7	158.7	– 23.3
Order backlog[2]	100.6	81.6	23.2
Employees[2]	1,081	1,093	– 1.1

[1] Based on total revenue

[2] Prior-year figures refer to December 31, 2019

For the first time this year, the division reported a positive EBITDA of 9.1 million euros in the third quarter, mainly due to higher revenue and cost savings. This, together with improved profitability in the automation business, was not enough, however, to offset underutilization in the other areas throughout the period covered by the report. To counter these developments, structural and portfolio adjustment projects were initiated at the beginning of the year, together with measures to contain the impact of the COVID-19 pandemic.

The division's EBITDA, adjusted for the impacts of structural and portfolio measures worth minus 1.5 million euros, came to 5.9 million euros in the reporting period (prior year: 19.2 million euros). INTEROB is included in EBITDA with a contribution of 0.4 million euros.

Adjusted EBIT was down to minus 3.4 million euros (prior year: 10.4 million euros) and includes PPA effects of minus 5.1 million euros (prior year: minus 4.3 million euros).

Following a very weak second quarter, the order intake grew to 56.8 million euros in the period from July through September (prior year: 45.6 million euros). In the first nine months of 2020, the order intake in Light & Production was 121.7 million euros (prior year: 158.7 million euros), still reflecting the impacts of a larger order cancellation in June and project postponements. INTEROB posted new orders worth 18.0 million euros. In the first nine months of 2020, the book-to-bill ratio reached a figure of 1.02 (prior year: 0.93).

In the third quarter, the Light & Production division received a major order from the automotive industry. The division will design and manufacture three fully automated production cells for body components for an international manufacturer of metal components. The cells used to produce complex car body parts for electric vehicles at a plant in Germany will also be equipped with Jenoptik laser machines.

Including the acquired INTEROB orders, worth 27.1 million euros, the division's order backlog of 100.6 million euros at the end of the reporting period was sharply up on the figure at year-end 2019 (31/12/2019: 81.6 million euros).

In addition to the change in working capital, the division's negative earnings were the main reason for the reduction in the free cash flow (before interest and taxes) to an adjusted minus 1.0 million euros (prior year: 8.8 million euros).

In February 2020, the Jenoptik Group acquired INTEROB, based in Valladolid, Spain. The company specializes in the design, construction, and integration of customized automation solutions, as well as robotics applications.

Light & Production at a glance (adjusted)

in million euros	30/9/2020	30/9/2019	Change in %
EBITDA[1]	5.9	19.2	− 69.3
EBITDA margin in %[1, 2]	4.9	11.2	
EBIT[1]	− 3.4	10.4	n/a
EBIT margin in %[1, 2]	− 2.9	6.1	
Free cash flow[1]	− 1.0	8.8	n/a
Cash conversion rate in %[1]	− 17.6	46.1	

[1] Figures without structural and portfolio adjustments (see explanation on page 6)

[2] Based on total revenue

Light & Safety

Despite the spread of the coronavirus, stable capital spending patterns by public-sector contractors helped the Light & Safety division to achieve very good business performance overall in the first nine months of 2020. Revenue rose 9.3 percent to 82.1 million euros (prior year: 75.1 million euros). Over the reporting period, the Americas saw significant growth of 40.9 percent to 25.2 million euros (prior year: 17.9 million euros), with Asia/Pacific growing 49.8 percent to 7.7 million euros (prior year: 5.1 million euros). In Europe, too, revenue increased marginally to 22.1 million euros (prior year: 20.5 million euros), while it remained essentially unchanged in Germany, at 21.5 million euros (prior year: 21.1 million euros). The division's share of group revenue grew to 16.3 percent (prior year: adjusted 12.9 percent).

As a result of good business development, the Light & Safety division also managed to significantly improve its operating results. Adjusted EBITDA increased to 14.0 million euros in the period covered by the report (prior year: 11.9 million euros). The adjusted EBITDA margin accordingly increased appreciably to 17.0 percent (prior year: 15.9 percent).

The division's order intake is subject to typical fluctuations and, for project-related reasons declined to 66.1 million euros in the first nine months of 2020 (prior year: 72.2 million euros). Also due to positive revenue development, the book-to-bill ratio fell to 0.81 (prior year: 0.96)

Light & Safety posted several orders in the period covered by the report. As an example, the division received further orders for traffic safety technology from the US and Canada at the beginning of the year. These orders are intended to support "Vision Zero", a multinational traffic safety project that aims to drastically reduce the number of traffic accidents and deaths or serious injuries on motorways and highways. Jenoptik further secured an order for section control systems from TFL (Transport for London) in Great Britain. The system is now monitoring a section of road on which illegal street races frequently took place in the past.

For project-related reasons, the division's order backlog fell 26.1 percent in value to 51.6 million euros (31/12/2019: 69.9 million euros).

At 7.8 million euros, the adjusted free cash flow (before interest and taxes) was considerably higher than in the prior year (prior year: 2.5 million euros), primarily due to the improved operating result in the reporting period. The prior year, by contrast, had seen a considerable build-up of working capital.

Light & Safety at a glance

in million euros	30/9/2020	30/9/2019	Change in %
Revenue	82.1	75.1	9.3
EBITDA	13.5	11.9	13.3
EBITDA margin in %[1]	16.5	15.9	
EBIT	8.3	6.6	25.6
EBIT margin in %[1]	10.1	8.8	
Capital expenditure	3.1	2.6	18.3
Free cash flow	7.4	2.5	192.2
Cash conversion rate in %	54.8	21.3	
Order intake	66.1	72.2	− 8.5
Order backlog[2]	51.6	69.9	− 26.1
Frame contracts[2]	13.7	12.6	8.8
Employees[2]	486	496	− 2.0

[1] Based on total revenue

[2] Prior-year figures refer to December 31, 2019

Light & Safety at a glance (adjusted)

in million euros	30/9/2020	30/9/2019	Change in %
EBITDA[1]	14.0	11.9	17.3
EBITDA margin in %[1, 2]	17.0	15.9	
EBIT[1]	8.8	6.6	32.7
EBIT margin in %[1, 2]	10.7	8.8	
Free cash flow[1]	7.8	2.5	206.4
Cash conversion rate in %[1]	55.6	21.3	

[1] Figures without structural and portfolio adjustments (see explanation on page 6)

[2] Based on total revenue

VINCORION

In the first nine months of the year, VINCORION generated revenue of 91.0 million euros, thereby falling short of the prior-year figure of 96.8 million euros. Demand in the Power Systems area remained good, but the Aviation area reported a decline as a result of difficult circumstances in the aviation industry caused by the pandemic. The Energy & Drive area also posted lower revenue. On a regional basis, VINCORION generated its strongest growth in the Americas and the Middle East/Africa, where revenue increased to 18.2 and 4.7 million euros respectively (prior year: 15.7 and 1.4 million euros). By contrast, and in line with project volumes, revenue fell both in Germany and Europe. The division's adjusted share of group revenue grew from 16.7 percent to 18.0 percent.

As a result of the drop in revenue, as well as a lower margin in the product mix, VINCORION's operating result was down on the prior year, with EBITDA coming to 6.9 million euros, down 10.6 million euros, and the EBITDA margin falling from 10.9 percent in the prior year to a present 7.5 percent.

The order intake in the reporting period was worth 105.2 million euros, practically unchanged on the prior-year figure of 108.0 million euros, While Aviation posted a lower order intake in line with expectations, the Energy & Drive area saw strong growth. The division's book-to-bill ratio improved to 1.16, compared with 1.12 in the prior year. VINCORION received a number of orders in the first half-year of 2020, such as for spare parts for the Patriot missile defense system's diesel engines or to supply over 700 generators for military ground vehicles to a further US customer.

Due to lower revenue, VINCORION's order backlog grew 12.5 million euros in value to 182.2 million euros (31/12/2019: 169.7 million euros).

The free cash flow (before interest and taxes) came to minus 3.4 million euros. Despite earnings performance, it was primarily down on the comparable prior-year period due to a smaller build-up of working capital (prior year: minus 5.1 million euros).

VINCORION at a glance

in million euros	30/9/2020	30/9/2019	Change in %
Revenue	91.0	96.8	– 6.0
EBITDA	6.9	10.6	– 35.1
EBITDA margin in %[1]	7.5	10.9	
EBIT	1.7	5.6	– 70.2
EBIT margin in %[1]	1.8	5.8	
Capital expenditure	6.1	3.6	68.3
Free cash flow	– 3.4	– 5.1	32.6
Cash conversion rate in %	– 50.2	– 48.4	
Order intake	105.2	108.0	– 2.6
Order backlog[2]	182.2	169.7	7.3
Frame contracts[2]	22.8	24.9	– 8.4
Employees[2]	788	795	– 0.9

[1] Based on total revenue

[2] Prior-year figures refer to December 31, 2019

Opportunity and Risk Report

Within the framework of the reporting on opportunity and risk management, we refer to the details on pages 117ff. of the 2019 Annual Report published in March 2020.

The COVID-19 pandemic and the actions taken by governments around the world to reduce its spread have also affected Jenoptik's business operations.

The company has therefore put in place emergency plans for its sites, covering all organizational levels, that aim to minimize the risks to the health and safety of its workforce. These plans are continuously being reviewed and adapted to match local conditions.

We have systematic monitoring systems in place to assess any possible impacts on the supply chain. The depth of the analyses is regularly adjusted to match infection figures in suppliers' regions.

At present, we expect only minor changes to our risk exposure in the project business with public-sector contractors of the Ligt & Safety division and VINCORION. Production cutbacks and reduced demand for spare parts in the aviation industry, however, may severely impact our business with this sector. There are market risks due to the uncertainties surrounding the development of demand in the aviation industry and resulting production rates, which remain difficult to assess.

In the Light & Production division, Jenoptik is particularly dependent on the development of the automotive industry and its capital spending patterns. In addition to current challenges facing the industry, based on technological shifts and sales trends, which may pose risks to our success as a supplier to this industry, the corona crisis presents additional business risks. These comprise extended project lead times, postponements, cancellations, and significant negative impacts on global supply chains. Restrictions on international travel and access to car manufacturers' plants are impacting on the ability to plan installations, technical acceptance procedures for systems, and our service business.

Corona is, however, also giving digitization an unprecedented boost all around the world, which is also driving demand for optical technologies. This, in turn, may impact positively on business performance in the Light & Optics division.

As the global situation is highly dynamic at present, the risks of the pandemic for Jenoptik still cannot be assessed in detail or conclusively.

There were no other major changes in the opportunities and risks described in the Annual Report during the course of the first nine months of 2020. All the same, we continue to analyze the potential effects of the trade policies enacted by the present US government. Based on an analysis, we have also defined specific measures for possible Brexit scenarios.

Forecast Report

Future Development of Business

Even in the current difficult situation, the Jenoptik Group is pursuing its goal of securing profitable growth in the medium and long term. This will be aided by an expansion of the international business, the resultant economies of scale, higher margins from an optimized product mix, increasing service business, and improved cost discipline. What is still a good asset position and a viable financing structure give Jenoptik sufficient room for maneuver to finance both organic and inorganic growth, even considering its present acquisitions. Other acquisitions to boost our photonics business will continue to be very closely examined.

Jenoptik is a diversified company with its three photonics divisions and its mechatronics business, and also has a well-balanced portfolio of products and services that ensures stability during crises and helps the company to offset fluctuations. There is still a mixed picture in the various sectors and divisions. The Executive Board expects the COVID-19 pandemic to have only a limited impact on project business with public-sector contractors in the Light & Safety division and in the defense business of VINCORION. The semiconductor equipment business has been little affected in recent months and remains strong. Significant impacts are, however, being seen in the automotive and biophotonics areas.

At the beginning of the year, the Executive Board took precautionary action to react quickly and thoroughly to the new situation while also boosting the company's financial strength. In addition to securing the cash flow, liquidity, and profitability, measures were put in place to safeguard the operating businesses and the supply chain, as well as to optimize the working capital. Short-time working was introduced at a number of Jenoptik businesses and at the Corporate Center in the second and third quarters. In addition, there will be no increases in 2020 for either collectively agreed or non-collectively agreed wages, and the Chairman of the Executive Board waives his salary increases previously agreed for the year.

In view of these measures and ongoing close consultation and constructive discussion with all stakeholders, Jenoptik considers itself well equipped to emerge stronger from the corona crisis. The Executive Board also reserves the right to take further action should circumstances in the market warrant. The associated costs in the fourth quarter are likely to be higher than those in the first nine months. The structural adjustment and portfolio management projects that we have initiated are due to help us achieve accelerated growth and improved profitability in the Group starting next year.

In its outlook from May 2020, the Executive Board stated that it expected to meet analysts' average market expectations of around 800 million euros of revenue and an EBITDA margin of some 14.3 percent at the time the Quarterly Statement as of March 31, 2020 was released. Encouraged by the action taken and in view of an anticipated stronger second half-year, the Executive Board in August forecast group revenue of 770 to 790 million euros for the full year 2020 (not including the impacts arising from the pending acquisition of TRIOPTICS). The EBITDA margin, adjusted for the impacts of structural and portfolio measures, was expected to be between 14.5 and 15.0 percent. To ensure a strong second half-year, the Executive Board expected to see at minimum signs of recovery in the economy and no further corona wave.

The Executive Board updated its assessment for the 2020 fiscal year in mid-October. Due to persistently weak overall economic development and further drastic measures worldwide to contain the corona pandemic, the Executive Board now anticipates revenue, excluding TRIOPTICS, to come in at between 730 and 750 million euros in the 2020 fiscal year. This would equate to a decline of 10 to 13 percent on the adjusted prior-year figure. Following a further improvement in the quality of earnings in the third quarter compared to the prior quarter, however, the adjusted EBITDA margin for the full year 2020 is now expected to be at the upper end of the previously forecast range of 14.5 to 15.0 percent. Including TRIOPTICS' revenue contribution of approx. 25 million euros, revenue is anticipated in a range between 755 to 775 million euros and the adjusted EBITDA margin between 15.0 and 15.5 percent before PPA effects from the acquisition of TROPTICS.

All statements on the future development of the business situation have been made on the basis of current information available at the time the statement was prepared. A variety of known and unknown risks, uncertainties, and other factors may cause the actual results, the financial situation, the development, or the performance of the company to diverge significantly from the information provided here.

Jena, November 6, 2020

Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

in thousand euros	1/1 to 30/9/2020	1/1 to 30/9/2019	1/7 to 30/9/2020	1/7 to 30/9/2019
Revenue	505,041	595,750	176,066	212,651
Cost of sales	336,166	386,207	116,846	141,208
Gross profit	**168,875**	**209,543**	**59,220**	**71,443**
Research and development expenses	31,796	34,350	9,662	9,757
Selling expenses	61,389	68,195	19,532	20,811
General administrative expenses	42,892	44,514	13,338	13,471
Other operating income	18,280	13,048	7,240	4,742
Other operating expenses	18,426	17,457	6,836	6,263
EBIT	**32,651**	**58,075**	**17,092**	**25,883**
Result from other investments	1,554	79	169	76
Financial income	3,585	3,710	861	1,443
Financial expenses	8,156	5,387	1,840	1,617
Financial result	**– 3,017**	**– 1,598**	**– 809**	**– 98**
Earnings before tax	**29,634**	**56,476**	**16,283**	**25,785**
Income taxes	– 5,200	– 12,139	– 2,418	– 5,673
Earnings after tax	**24,434**	**44,337**	**13,865**	**20,112**
Results from non-controlling interests	42	5	– 7	10
Earnings attributable to shareholders	24,392	44,333	13,872	20,103
Earnings per share in euros (undiluted = diluted)	**0.43**	**0.77**	**0.24**	**0.35**

Consolidated Comprehensive Income

in thousand euros	1/1 to 30/9/2020	1/1 to 30/9/2019	1/7 to 30/9/2020	1/7 to 30/9/2019
Earnings after tax	**24,434**	**44,337**	**13,865**	**20,112**
Items that will never be reclassified to profit or loss	– 1,877	– 1,681	80	4,665
Actuarial gains / losses arising from the valuation of pensions and similar obligations	– 502	– 3,174	80	6,121
Equity instruments measured at fair value through other comprehensive income	– 1,375	337	0	337
Deferred taxes	0	1,156	0	– 1,793
Items that are or may be reclassified to profit or loss	– 6,344	6,871	– 1,824	3,358
Cash flow hedges	2,245	– 3,540	2,576	– 2,559
Foreign currency exchange differences	– 8,911	11,207	– 4,092	6,305
Deferred taxes	323	– 796	– 307	– 388
Total other comprehensive income	**– 8,220**	**5,190**	**– 1,743**	**8,023**
Total comprehensive income	**16,213**	**49,527**	**12,122**	**28,135**
Thereof attributable to:				
Non-controlling interests	134	– 5	109	11
Shareholders	16,080	49,532	12,013	28,124

Consolidated Statement of Financial Position

Assets in thousand euros	30/9/2020	31/12/2019	Change	30/9/2019
Non-current assets	**864,417**	**555,207**	**309,210**	**552,575**
Intangible assets	497,007	212,736	284,271	209,783
Property, plant and equipment	266,906	251,123	15,783	244,512
Investment property	4,197	4,263	– 66	4,286
Investments in associates	13,527	5,776	7,751	5,462
Financial investments	2,871	2,497	374	1,864
Other non-current assets	2,817	1,094	1,724	2,392
Deferred tax assets	77,093	77,718	– 625	84,277
Current assets	**504,143**	**528,126**	**– 23,983**	**491,294**
Inventories	217,804	153,678	64,126	196,903
Current trade receivables	115,344	136,881	– 21,537	137,213
Contract assets	69,483	54,875	14,607	41,637
Other current financial assets	2,740	5,449	– 2,709	613
Other current non-financial assets	15,710	8,557	7,153	14,185
Current financial investments	4,198	69,661	– 65,463	24,928
Cash and cash equivalents	78,864	99,025	– 20,161	75,814
Total assets	**1,368,560**	**1,083,333**	**285,227**	**1,043,869**

Equity and liabilities in thousand euros	30/9/2020	31/12/2019	Change	30/9/2019
Equity	**675,426**	**655,444**	**19,982**	**624,412**
Share capital	148,819	148,819	0	148,819
Capital reserve	194,286	194,286	0	194,286
Other reserves	318,733	311,682	7,051	280,641
Non-controlling interests	13,588	657	12,931	666
Non-current liabilities	**454,118**	**176,008**	**278,110**	**183,228**
Pension provisions	31,145	31,643	– 498	39,844
Other non-current provisions	18,661	17,864	796	15,788
Non-current financial debt	304,951	122,562	182,389	121,908
Other non-current liabilities	84,941	2,254	82,687	3,273
Deferred tax liabilities	14,421	1,685	12,736	2,413
Current liabilities	**239,017**	**251,881**	**– 12,865**	**236,230**
Tax provisions	3,470	6,443	– 2,973	5,209
Other current provisions	36,548	51,887	– 15,339	45,987
Current financial debt	20,374	36,996	– 16,622	36,239
Current trade payables	81,351	83,730	– 2,380	65,635
Contract liabilities	50,207	43,882	6,325	52,822
Other current financial liabilities	26,547	12,520	14,027	10,094
Other current non-financial liabilities	20,520	16,423	4,097	20,243
Total equity and liabilities	**1,368,560**	**1,083,333**	**285,227**	**1,043,869**

Consolidated Statement of Cash Flows

in thousand euros	1/1 to 30/9/2020	1/1 to 30/9/2019	1/7 to 30/9/2020	1/7 to 30/9/2019
Earnings before tax	29,634	56,476	16,283	25,785
Financial income and financial expenses	4,571	1,677	979	174
Non-operating income from investments	0	– 50	0	– 50
Depreciation and amortization	34,290	32,543	11,698	10,745
Impairment losses and reversals of impairment losses	– 292	754	0	754
Profit / loss from asset disposals	– 1,319	149	– 1,192	122
Other non-cash income / expenses	– 939	– 1,188	58	– 631
Operating profit before adjusting working capital and further items of the statement of financial position	65,945	90,361	27,826	36,900
Change in provisions	– 19,975	– 15,408	– 1,611	1,194
Change in working capital	– 1,904	– 36,516	– 14,401	2,398
Change in other assets and liabilities	– 2,772	150	– 5,311	– 3,848
Cash flows from operating activities before income tax payments	41,294	38,588	6,503	36,645
Income tax payments	– 10,180	– 11,184	– 2,081	– 1,648
Cash flows from operating activities	31,114	27,403	4,422	34,997
Proceeds from sale of intangible assets	5	0	5	0
Capital expenditure for intangible assets	– 11,102	– 6,732	– 4,274	– 4,607
Proceeds from sale of property, plant and equipment	2,405	318	2	137
Capital expenditure for property, plant and equipment	– 19,172	– 24,884	– 4,803	– 10,239
Proceeds from sale of financial investments	287	41	1	41
Capital expenditure for financial investments	– 164	0	– 134	0
Acquisition of consolidated entities	– 220,385	– 684	– 193,201	0
Proceeds from sale of financial assets within the framework of short-term disposition	89,900	60,159	64,900	25,000
Capital expenditure for financial assets within the framework of short-term disposition	– 20,000	– 25,000	0	0
Proceeds from non-operating income from investments	0	50	0	50
Interest received	1,722	286	1,632	61
Cash flows from investing activities	– 176,505	3,556	– 135,871	10,442
Dividends paid	– 7,441	– 20,033	– 7,441	0
Capital expenditure for purchase of non-controlling interests	– 1,711	0	0	0
Proceeds from issuing bonds and loans	178,168	2,638	164,999	2,624
Repayments of bonds and loans	– 30,304	– 20,164	– 2,683	– 1,894
Lease payments	– 8,829	– 7,495	– 2,836	– 2,606
Change in group financing	– 488	1,647	1,342	945
Interest paid	– 3,775	– 2,988	– 1,368	– 552
Cash flows from financing activities	125,619	– 46,396	152,014	– 1,483
Change in cash and cash equivalents	– 19,772	– 15,437	20,564	43,956
Effects of movements in exchange rates on cash held	– 429	1,576	– 289	997
Changes in cash and cash equivalents due to valuation adjustments and scope of consolidation	40	420	12	– 67
Cash and cash equivalents at the beginning of the period	99,025	89,255	58,577	30,928
Cash and cash equivalents at the end of the period	78,864	75,814	78,864	75,814

Dates

February 10, 2021
Publication of the preliminary results
for the fiscal year 2020

March 25, 2021
Publication of the consolidated financial statements
for the fiscal year 2020

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