



This photo was taken in 2019, before COVID-19 began.

17.6%

adjusted

EBITDA margin

including TRIOPTICS and before PPA impacts is impressive in 2020, the year of the coronavirus

In 2020, Jenoptik consistently continued its development into a leading photonics group with the acquisition of TRIOPTICS, the ongoing internationalization and a large number of cutting-edge innovations being key milestones. The subject of sustainability too has become considerably more important. The very robust financial situation will allow further investment in organic growth, innovations and suitable acquisitions in the future. Jenoptik successfully completed the 2020 reporting year despite the difficult conditions caused by the COVID-19 pandemic. With an adjusted EBITDA margin including TRIOPTICS and before PPA impacts of 17.6 percent, profitability was significantly above even the company's own targets. In this light, the two members of Jenoptik's Executive Board, Dr. Stefan Traeger and Hans-Dieter Schumacher, have given an interview in which they express their confidence that the Group is on the right track for further sustainable and profitable growth with its strategy.

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The COVID-19 pandemic had a major impact on all aspects of life around the world.

What is the conclusion for Jenoptik for the 2020 reporting year?

Stefan Traeger: First and foremost, I would like to thank all of our employees. Without their great commitment, the successes achieved in 2020 would not have been possible. For us, the focus is on the well-being of the entire team, our entire workforce. We implemented all the necessary hygiene and safety standards at a very early stage, and we also pushed forward digitization so that business operations could continue as best as possible. We had to secure liquidity, the operating business including the supply chains and profitability. Our comparatively good operating performance shows that we succeeded in doing this. Thanks also to a strong final quarter, we even exceeded expectations with respect to profitability in 2020. Jenoptik has performed well in this challenging environment. Although, as expected, our revenue of 767.2 million euros was down on the prior year, the quality of our earnings is really impressive, with an adjusted EBITDA margin including TRIOPTICS and before PPA impacts of 17.6 percent. The Light & Optics and Light & Safety divisions particularly contributed to this. However, we saw a different business performance in the units.

What does this mean specifically? Where did things go well and where did you see the biggest challenges?

Stefan Traeger: Business with public-sector customers and with the semiconductor equipment industry was good. Development in the automotive industry with the trend away from combustion engines towards electrified drives, exacerbated by the coronavirus pandemic, significantly impacted on our business. However, even here, we recorded exciting new orders thanks to our innovative power and new sales approaches. In addition, the COVID-19 pandemic had a clear impact on our biophotonics and aviation business. It is important to add that we have done our homework with regard to our cost efficiency and in terms of structural adjustments, and have been able to further expand our technology leadership with the acquisition of TRIOPTICS. At the beginning of 2021, Jenoptik stands for growth, innovation and profitability even more than it did a year ago.

What were and are the greatest drivers of growth for Jenoptik?

Stefan Traeger: In 2020, Light & Optics, our largest division, benefited from very good demand for semiconductor equipment. The reason for this was the continuing increase in digitization in many areas of application. It is no longer just computers and smart phones that require chips, but also increasingly other sectors such as the automotive industry. It is our view that this trend will continue and even strengthen. There are also good prospects in Light & Production with orders in the areas of automation and electric mobility due to increasing demand. Consequently, we also see future growth potential here. With respect to the conventional metrology field, we do not see demand from the automotive sector in this part of our business returning to precrisis levels in the foreseeable future. Therefore, we have started to adapt both the structures and our sales approach. This is already paying off. The Light & Safety division also benefited from very

“Thanks to a very healthy balance sheet and a sustainably good free cash flow, we have sufficient reserves for further investments and acquisitions, even after the purchase of TRIOPTICS.”

Hans-Dieter Schumacher

robust demand from the public sector in 2020. With our systems and the associated software, we are following the trend toward increased safety on the roads and in public places. VINCORION has a broad range of services. While there was a significant decline in orders from the aviation sector, we were able to achieve further growth in energy systems.

TRIOPTICS has been the largest acquisition in recent years. What is special about this company and why is this acquisition so important for Jenoptik?

Stefan Traeger: TRIOPTICS is a great example of how we are strategically developing the entire Group. We want the Jenoptik Group to focus even more strongly on photonics, to put the business on a more international footing, and to accelerate profitable growth. TRIOPTICS, an international leader in measurement and production systems for optical components and sensors in the digital world, represents dynamic growth in the photonics sector, has a strong presence in Asia and a very high profitability. Due to our complementary portfolios we can make additional offerings of measuring systems as well as production systems for sensor solutions and optical microcomponents, which will translate into significant revenue synergies of around 50 million euros in the long term. We also see great opportunities in megatrends such as artificial intelligence and augmented reality.

Was the financing of such an acquisition not an issue in such a special year as 2020?

Hans-Dieter Schumacher: The fact that we had a healthy balance sheet and financing structure at the start of the pandemic definitely paid off here. This has, of course, helped us to finance TRIOPTICS on the capital market at very favorable terms. At the end of 2021, we will acquire the remaining 25 percent as planned, yet we will still have financial reserves for further acquisitions.

Sustainability is becoming increasingly important, how do you see Jenoptik's position in this respect?

Stefan Traeger: At Jenoptik, sustainability is firmly embedded in the organization and is practiced by all of our approximately 4,500 employees. As a so-called "enabler", we make an important contribution to the conservation and efficient use of resources with our innovative products and solutions, enabling our customers to achieve greater sustainability and efficiency. Accordingly, sustainability has also gained a prominent position in our corporate strategy. And we want to get better every day. This is demonstrated by numerous actions we have taken to improve resource and energy efficiency, in the area of diversity, in our social commitment and, of course, also in corporate governance issues, and an increasing transparency within our supply chain. This is already acknowledged by various ESG ratings. We are also breaking new ground in the area of "green finance", placing a debenture bond with a "green component".

We have taken a major step forward in the area of diversity in particular: The diversity rate, which is calculated from the average percentage of managers with an international background as well as female managers, is to increase to 30 percent by 2022 and to 33 percent by 2025. We signed the Diversity Charter in August 2020 and will join the UN Global Compact by the end of 2021.

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Dr. Stefan Traeger

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Where is the road heading in 2021?

Stefan Traeger: We are optimistic. Based on the positive order intake development in Q4 2020, a well-filled project pipeline and the continuing promising development in the semiconductor equipment business, we expect to be able to grow in the low double-digit percentage range in revenue in the current fiscal year. In addition to organic growth in the divisions, TRIOPTICS, which is consolidated for the full year for the first time, will also contribute to the positive development. However, uncertainties arise from the COVID-19-related renewed lockdown currently in force and the risk of a third wave of the pandemic. We expect a significant increase in EBITDA, the EBITDA margin is forecast to reach between 16.0 and 17.0 percent. Due to the uncertainty caused by COVID-19, a more precise forecast is not possible at this time, but we intend to specify it as the year progresses.

Will this mean that shareholders may hope for a higher dividend again?

Hans-Dieter Schumacher: We want our shareholders to participate appropriately in our success, on the one hand through the targeted increase in the enterprise value, and on the other hand through a dividend. Accordingly, the Executive and Supervisory Boards will propose a dividend of 0.25 euros per share to the next Annual General Meeting.

Let's look a little further into the future. What are your medium to long-term goals?

Stefan Traeger: We will continue to pursue our strategy, and systematically develop Jenoptik into a focused, high-growth and very profitable high-tech group in the photonics sector. Innovation will remain the driving force behind our future success. Accordingly, we will continue to invest heavily in this area, and want to spend around 10 percent of revenue on research and development in 2022. Our high level of innovation enables us to identify good opportunities for further sustainable organic growth in revenue. We will also continue to examine opportunities for acquisitions to strengthen our photonics business. This and greater cost efficiency should also facilitate continuously increasing profitability. Although, in 2020 we have already exceeded on an adjusted basis our original EBITDA margin target of 16 percent for 2022 despite the COVID-19 pandemic, we still see room to grow in the medium to long term. Our incentive is to create added value for all stakeholders by means of sustainable profitable growth.

Stefan Traeger, Hans-Dieter Schumacher, thank you for the interview!

“We want our shareholders to participate appropriately in the success of the company.”

Hans-Dieter Schumacher
