JENOPTIK AG – 1st Half 2021 Results

Dr. Stefan Traeger I Hans-Dieter Schumacher | August 11, 2021

Disclaimer

This presentation can contain forward-looking statements that are based on current expectations and certain assumptions of the management of the Jenoptik Group. A variety of known and unknown risks, uncertainties and other factors can cause the actual results, the financial situation, the development or the performance of the company to be materially different from the announced forward-looking statements. Such factors can be, among others, pandemic diseases, changes in currency exchange rates and interest rates, the introduction of competing products or the change of the business strategy. The company does not assume any obligation to update such forward-looking statements in this document in the light of future developments.

Highlights

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Highlights: Record figures for order intake, revenue, EBITDA in 2nd quarter 2021

2nd quarter 2021

- Rising demand led to strong order intake of 240.0 million euros (plus 96.4% compared with prior year)
- At 213.3 million euros revenue clearly exceeded prior-year level
- Significantly improved profitability (EBITDA margin 25.2%) due to very good operating performance and one-off effect

1st half of 2021

- New orders in Light & Production (>40m US dollars) and Light & Safety (approx. 20m euros) received in North America

Fiscal year 2021

- Guidance for fiscal year 2021 significantly raised in July

We are well on track to meet our increased guidance for 2021

Highlights: Major steps for future growth

Financial power boosted

Debenture bonds of 400 million euros with sustainability components successfully placed on capital market.

The funds give Jenoptik leeway for acquisitions and investments in its photonics core business.

Further focusing

July: Sale of crystal growth business (revenue 2020 ~6m euros) to Hellma Materials. Further focusing of business on photonics applications.

July: Sale of non-optical process metrology business for grinding machines (revenue 2020 ~7m euros) to Marposs to focus the metrology business.

Investment in further growth

In May 2021, Jenoptik acquired a property in Dresden, Germany, and will invest in a new cleanroom fab, thus expanding its optics manufacturing capacities.

TRIOPTICS – strong growth and high profitability expected in fiscal year 2021

- Gold standard for measuring and testing optics (for lenses, lens systems, and camera modules) in mobile devices
- Measurement solutions for augmented and virtual reality optics to enable the production of ever higher quality VR and AR products

- **Strong growth in 1st half of 2021**
  - Order intake: 49.1 million euros
  - Revenue: 41.0 million euros
- **Forecast for full year 2021:**
  - Revenue growth of at least 20 percent
  - EBITDA margin clearly above group average

1st half of 2021
Group

In 1st half of 2021 order intake and backlog markedly exceeded prior-year – setting the stage for further growth

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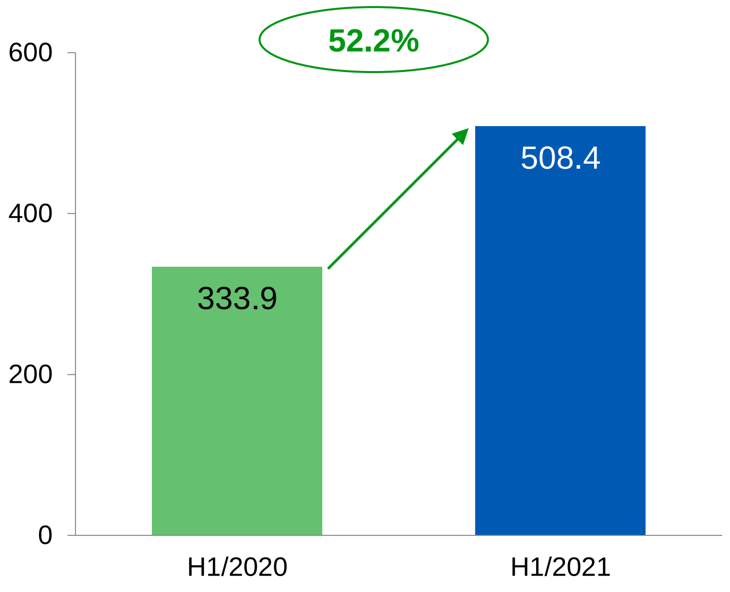
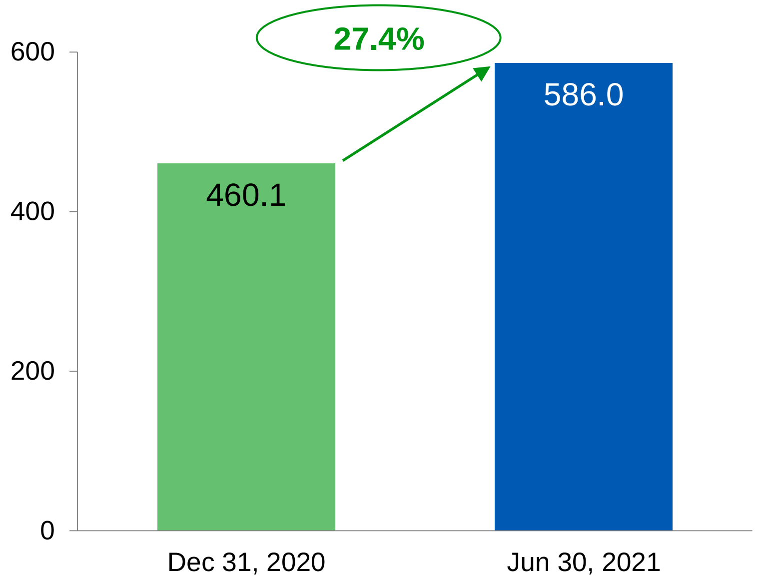
Order intake in million euros



- Photonics divisions showed strong increase in order intake; VINCORION with decline (project postponements)
- In Q2/2021, order intake almost doubled (plus 96.4%) compared with Q2/2020
- Book-to-bill ratio grew to 1.31 (prior year 1.02)

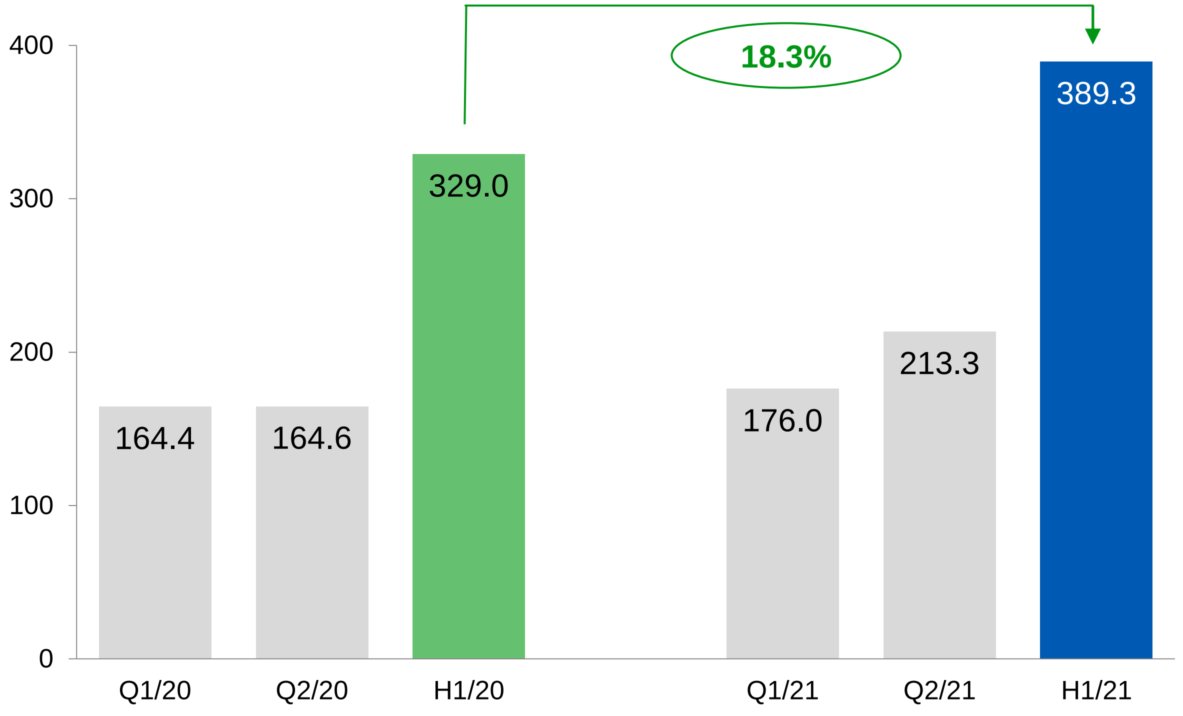
Order backlog in million euros



- Order backlog substantially higher than at year-end 2020
- 67.5% to be converted to revenue in 2021 (prior year 59.9%)

Significant increase in revenue in both half-year and quarterly comparison – organically and due to contribution by TRIOPTICS

Revenue in million euros



- Revenue in Q2/2021 reached record level for a 2nd quarter, exceeding the prior-year figure by 29.6%
- Contribution of Light & Optics grew significantly due to organic growth and revenue contribution from TRIOPTICS
- Light & Production and VINCORION also reported growth in revenue
- Decline in revenue of Light & Safety was attributable to delayed placement of orders and pandemic-related delays in delivery of electronic components
- Marked rise in revenue especially in the Asia/Pacific region attributable to TRIOPTICS
- Share of revenue generated abroad unchanged at 74.2%

Profitability significantly improved in 1st half of 2021 compared to prior year

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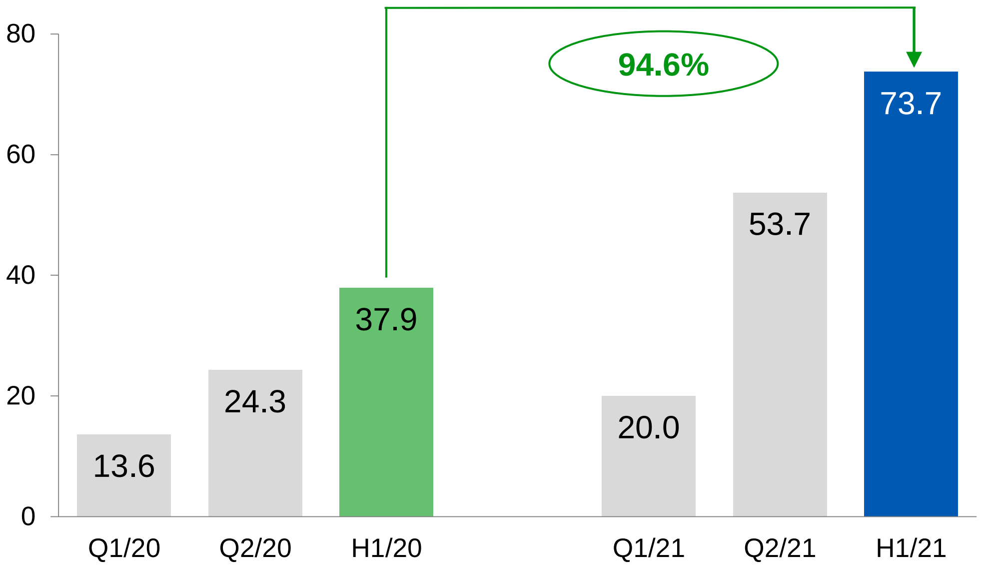
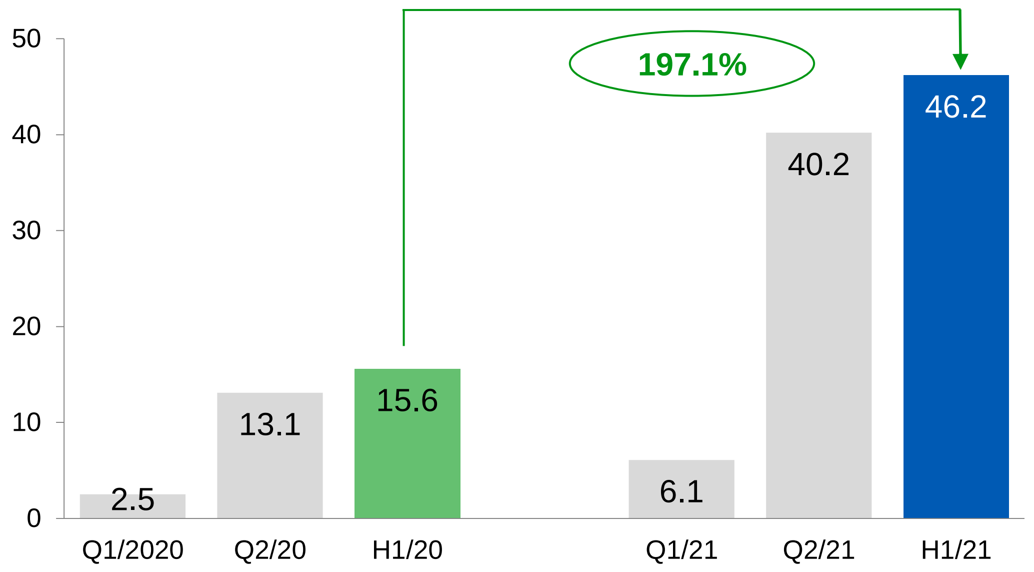
EBITDA in million euros



- PPA of minus 1.8 million euros;
  (prior year: costs for structural and portfolio measures of 4.4 million euros)
- EBITDA margin improved to 18.9% (prior year 11.5%)

EBIT in million euros



- PPA of minus 8.9 million euros (prior year minus 3.6m euros)
- EBIT margin improved to 11.9% (prior year 4.7%)

- Significant improvement in EBITDA and EBIT attributable to:
  - Strong operating performance as well as positive effects from restructuring measures implemented in 2020
  - One-off effect of approx. 16 million euros in connection with the conditional purchase price components from acquisition of TRIOPTICS

Very good operating performance is also reflected in substantial improvement in earnings per share

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In million euros	H1/2021	H1/2020
Revenue	**389.3**	**329.0**
Gross margin	31.9%	33.3%
Functional costs	99.2	93.5
Other operating result (incl. impairment gains and losses)	21.2	–0.6
EBITDA	**73.7**	**37.9**
EBIT	**46.2**	**15.6**
Financial result	–3.4	–2.2
Earnings before tax	**42.8**	**13.4**
Earnings after tax	37.7	10.6
Earnings per share (euros)	**0.65**	**0.18**

- **Gross margin** impacted by higher personnel and material costs as well as negative PPA
- Functional costs increased less than revenue
  - **R+D expenses** at 20.5m euros (prior year 22.1m euros), R+D output at 37.6m euros (prior year 35.7m euros)
  - **Selling expenses** of 48.1 million euros (prior year 41.9m euros): attributable to inclusion of TRIOPTICS and higher depreciation/amortization due to PPA (esp. TRIOPTICS)
  - **Administrative expenses** of 30.6 million euros (prior year 29.6m euros): lower personnel expenses compensate for TRIOPTICS consolidation
- **Other operating result** grew in particular due to one-off effect of approx. 16m euros (conditional purchase price component from acquisition of TRIOPTICS)
- **Tax rate** of 11.8% (prior year 20.8%) due to regional profit distribution and tax-neutral income from measurement of conditional purchase price components (TRIOPTICS); cash-effective tax rate of 12.3% (prior year 22.7%)

Jenoptik is well positioned for future growth with sound financial base and balance sheet structure

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In million euros	H1/2021	H1/2020
Earnings adjusted for non-cash income / expenses	43.2	19.8
Changes in working capital, provisions and other items	–12.0	15.0
Cash flows from operating activities before income taxes	31.2	34.8
Cash flows from operative investing activities	–19.7	–18.8
Free cash flow (before interest and taxes)	**11.6**	**16.0**

- Debenture bonds totaling 400 million euros, payout of 130 million euros in March
- **Working capital** grew to 288.6 million euros (31.12.20: 268.1m euros / 30.06.20: 215.6m euros)
  Working capital ratio of 34.9% – TRIOPTICS included pro rata in revenue, but fully in balance sheet items (31.12.20: 34.9% / 30.06.20: 26.9%)
- **Cash flows from operating activities** reduced, among others, due to negative effects from changes in working capital
- Cash-effective **capital expenditure** of 20.0 million euros (prior year 21.2m euros)
- **Net debt** grew slightly to 214.5 million euros (31.12.20: 201.0m euros)
- **Equity ratio** increased to 53.5% due to higher net profit for the period (31.12.20: 51.5 %)

1st half of 2021
Divisions

Light & Optics division: very positive operating performance led to record figures

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- Revenue with semiconductor equipment industry remained at high level; Biophotonics and Industrial Solutions reported strong growth; TRIOPTICS contributed 41.0 million euros
- EBITDA more than doubled due to very good operating performance and positive contribution of TRIOPTICS (in spite of PPA of minus 1.8m euros), one-off effect of approx. 16 million euros arising from acquisition of TRIOPTICS
- Order intake: continuing strong demand from semiconductor equipment industry, more biophotonics orders, contribution from TRIOPTICS of 49.1m euros; book-to-bill ratio: 1.30 (prior year 1.01)
- Free cash flow more than doubled due to very good business development

In million euros	H1/2021	H1/2020	Change in %
Revenue	207.3	139.5	48.6
EBITDA	65.5	30.0	118.5
EBITDA margin in %	31.5	21.4	n/a
EBIT	53.6	24.5	118.2
FCF	36.7	16.4	124.0
Order intake	269.6	141.2	90.9
Order backlog	239.3	179.1*	33.6

OTTO integrated into division as of Jan. 1, 2021, prior-year figures adjusted/ *31.12.20

Light & Production division: revenue growth and improved profitability

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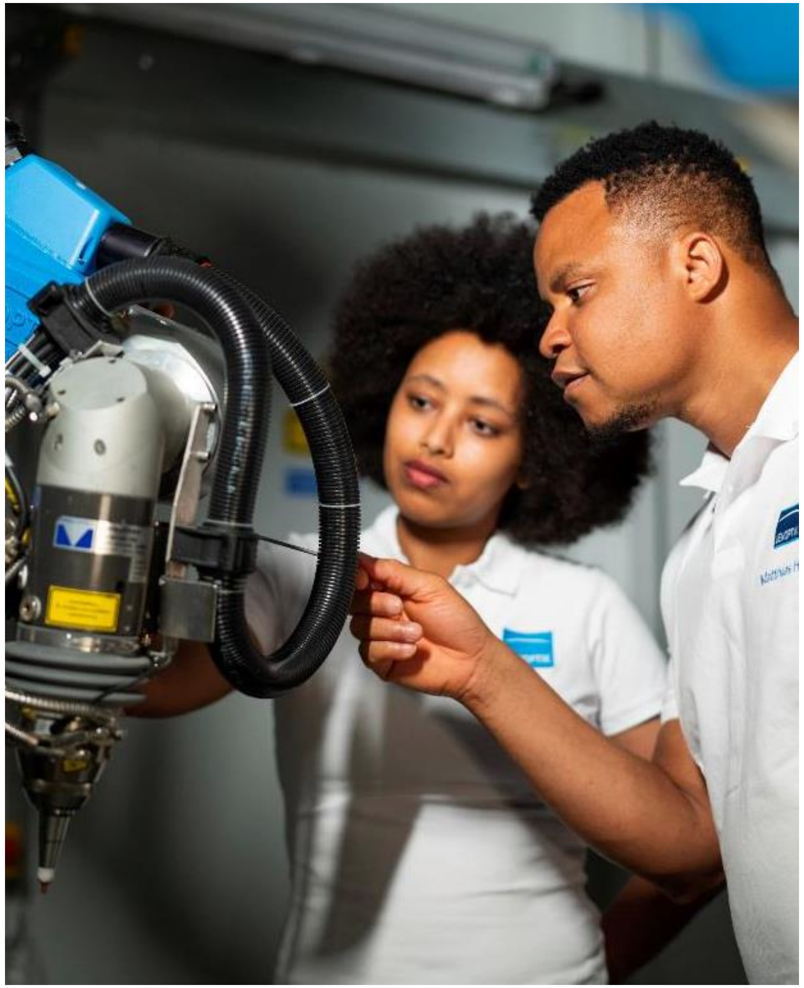
- Revenue: noticeable recovery in the automotive industry; rise at Laser Processing and Industrial Metrology; Automation & Integration at prior-year level (project postponements)
- Profitability improved, in part due to first positive effects in connection with the structural and cost reduction measures
- Order intake and backlog clearly exceeded prior-year figures; in Q1/2021 automation orders in North America received; book-to-bill ratio: 1.40 (prior year 0.87)

In million euros	H1/2021	H1/2020	Change in %
Revenue	78.0	72.6	7.5
EBITDA	3.7	–4.4	n/a
EBITDA margin in %	4.7	–6.1	n/a
EBIT	–1.9	–10.4	81.6
FCF	–3.1	1.0	n/a
Order intake	109.6	63.3	73.0
Order backlog	106.1	74.7*	42.1

OTTO no longer part of division, prior-year figures adjusted/ *31.12.20



Light & Safety division: major orders received in North America contribute to strong rise in order intake and backlog

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- Revenue marked by volatile project business; orders placed later than expected, in addition COVID-19-related delays in delivery of electronic components
- Revenue decline is also reflected in lower profitability; positive development in H1/2021 – EBITDA grew from 0.2 million euros in Q1 to 3.2 million euros in Q2
- Major orders with a volume of approx. 20 million euros received in North America, sharp rise in order intake and backlog;
  book-to-bill ratio: 1.51 (prior year 0.75)
- Decrease in free cash flow was attributable to lower earnings and higher working capital

In million euros	H1/2021	H1/2020	Change in %
Revenue	42.8	55.7	–23.2
EBITDA	3.3	10.6	–68.5
EBITDA margin in %	7.8	19.0	n/a
EBIT	0.0	7.1	–99.6
FCF	–8.3	6.3	n/a
Order intake	64.6	41.9	54.3
Order backlog	68.8	46.0*	49.5

* 31.12.20

VINCORION: slight rise in revenue and improved profitability; order backlog remained at high level

- Revenue: increase in Energy & Drive business; decline in Power Systems and, due to Corona, in the business with the aviation industry;
  growth from 25.4 million euros in Q1 to 34.6 million euros in Q2
- Profitability improved due to cost reduction measures implemented
- Project delays led to lower order intake;
  book-to-bill ratio: 1.06 (prior year 1.43)

In million euros	H1/2021	H1/2020	Change in %
Revenue	60.0	58.8	2.1
EBITDA	6.3	4.1	53.3
EBITDA margin in %	10.6	7.0	n/a
EBIT	2.8	0.7	316.8
FCF	–0.1	0.1	n/a
Order intake	63.5	84.3	–24.7
Order backlog	171.7	160.3*	7.2

* 31.12.20

Outlook

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Group: Guidance for 2021 substantially raised

Fiscal year 2021:

Significant growth and increase in profitability expected

Significant guidance increase for full year 2021 in July was based on the very strong operative performance in Q2/2021, and in expectation of a strong 2nd half.

– **Revenue between 880 and 900 million euros**
  (before growth in the low double-digit percentage range (incl. TRIOPTICS) / prior year 767.2m euros)
  - TRIOPTICS is expected to increase revenue by at least 20%
– **EBITDA margin between 19.0 and 19.5%**
  incl. one-off effect in the EBITDA in connection with the acquisition of TRIOPTICS (before 16.0 – 17.0% / prior year 14.6%)
  - Effects of restructuring measures taken in 2020 are already bearing fruit, further improvements expected in 2021, and full effects in 2022

Uncertainties remain due to the still ongoing COVID-19 pandemic. Possible portfolio changes were not taken into account. However, the planned growth is also dependent on there being no deterioration in the political and economic environment.

Megatrends will drive demand for photonics solutions of the future – Jenoptik well positioned with its broad and innovative portfolio and expertise

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Photonics market estimated to reach **~920 bn USD growing at a CAGR of >8.0%** by 2028

Source: Triton Market Research

- **Digitization:** growing demand for chips for various applications; increasing usage of augmented and virtual reality>> Jenoptik supplies high-performance optics, microoptics as well as innovative test & measurement systems
- **Health:** increasing demand for therapies, diagnostics and bioimaging >> Jenoptik supplies optical systems e.g. for genome sequencing and digital image processing, microscope cameras and laser systems
- **Smart Manufacturing:** solutions for more efficiency and automation in production >> Jenoptik supplies integrated solutions for automation and laser processing
- **Mobility: :** increasing demand for intelligent safety solutions >> Jenoptik supplies innovative products for more safety on roads and in cities

Appendix

Dates and contact

11.08.2021	Interim report January – June 2021
02.09.2021	Commerzbank Corporate Conference (virtual)
03.09.2021	dbAccess European TMT Conference (virtual)
21.09.2021	Tenth German Corporate Conference (Berenberg – Goldman Sachs (virtual))
10.11.2021	Interim statement January – September 2021

Leslie Iltgen
Vice President Investor
Relations & Communications
JENOPTIK AG

Phone: +49 3641 65-2291
leslie.iltgen@jenoptik.com

www.jenoptik.com
www.twitter.com/Jenoptik_Group
https://www.linkedin.com/company/jenoptik/
https://www.instagram.com/jenoptik_morelight/