



## Conference Call – Results of fiscal year 2014

Experts in

# PHOTONICS

March 26, 2015

Dr. Michael Mertin, CEO  
Rüdiger Andreas Günther, CFO

- **Jenoptik – Results 2014**
- Segment reporting
- Outlook
- Appendix

# 2014: Challenging environment; strategic projects were successfully continued



## Impacts on the business development

- More stringent export restrictions on national and European level
- Political developments in the Ukraine and Russia as well as in the Middle East with adverse effects
- Challenging economic framework conditions
  - Decline in investment good orders in Germany and Europe
  - Subdued demand from the automotive/ machine construction and semiconductor equipment industries
- Positive trend in the medical technology market

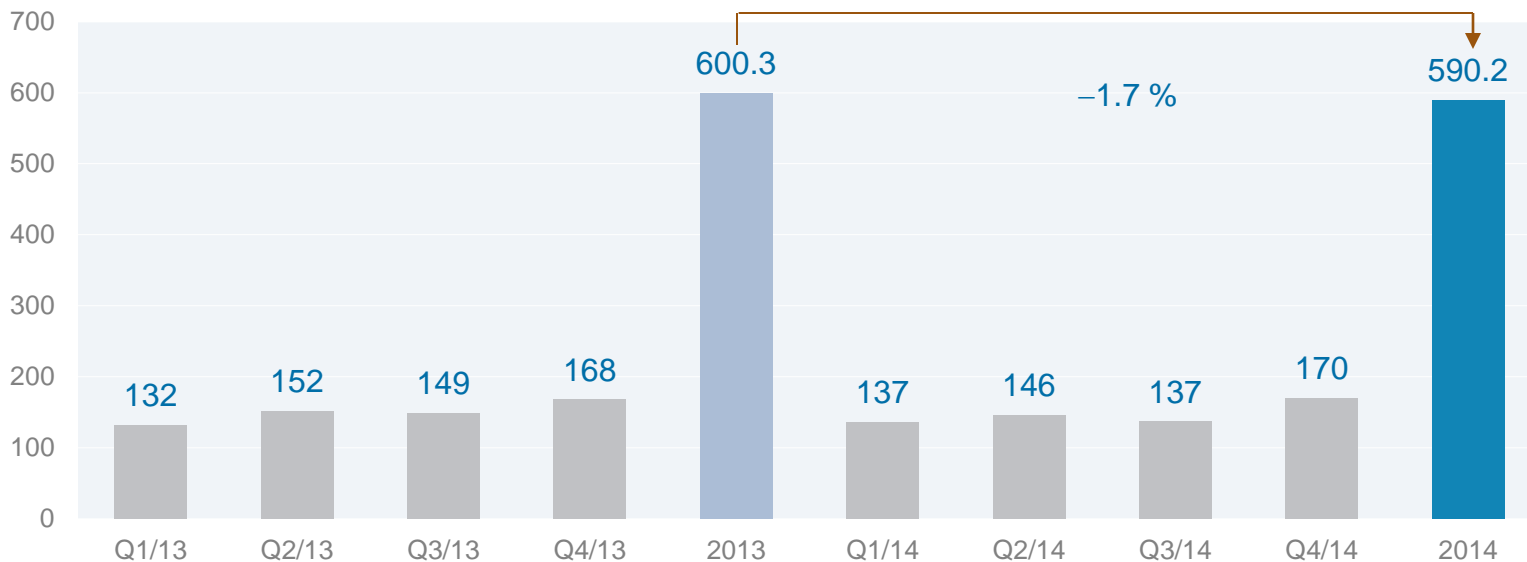
## Further strategic steps successfully implemented

- Internationalization/customers
  - Strong revenue growth in Asia
  - Winning of new key accounts, successful progress of projects in the area of medical technology/life sciences
  - New orders in the areas of lasers and energy systems
  - Successful acquisitions of Vysionics, Robot Nederland and HOMMEL-ETAMIC Metrology India
- Operational excellence
  - Projects for the development of the Group were successfully continued, go-live of JOE in three divisions in Germany

# Fiscal year 2014: Group revenue only slightly below level of prior year



Revenue in million euros



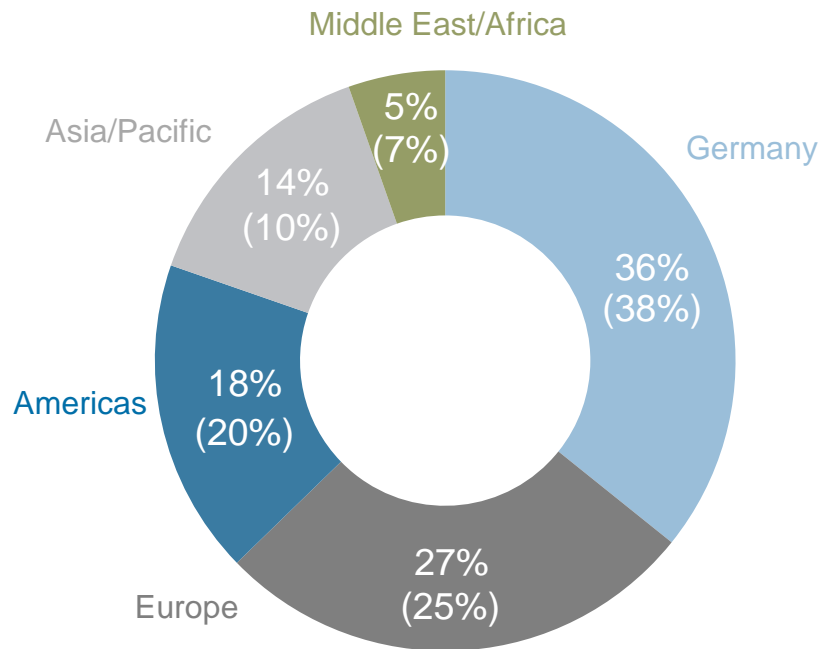
- Revenue came to 590.2 million euros and is thus at the upper end of the forecast range
- Slight decline in revenue due to a difficult economic and political environment as well as order postponements and more stringent export restrictions
- At 170.1 million euros Q4 was the strongest in terms of revenue in the last years

# Share of revenue generated abroad rose to 64%; Strongest growth in the Asia/Pacific region



## Revenue by region

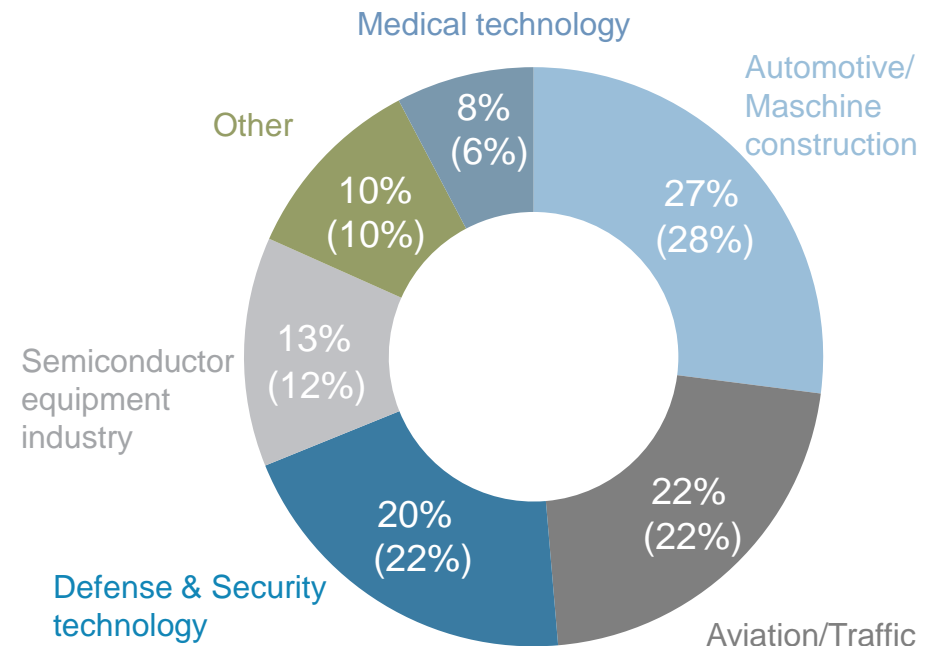
(prior year figures in brackets)



- Strong growth in Asia by 40.9%, decline in Americas due to transfer of projects to Asia and weaker demand from the automotive industry
- Share of revenue generated in major target regions Asia and Americas rose to 31.9% (prior year: 29.4%)

## Revenue by target market

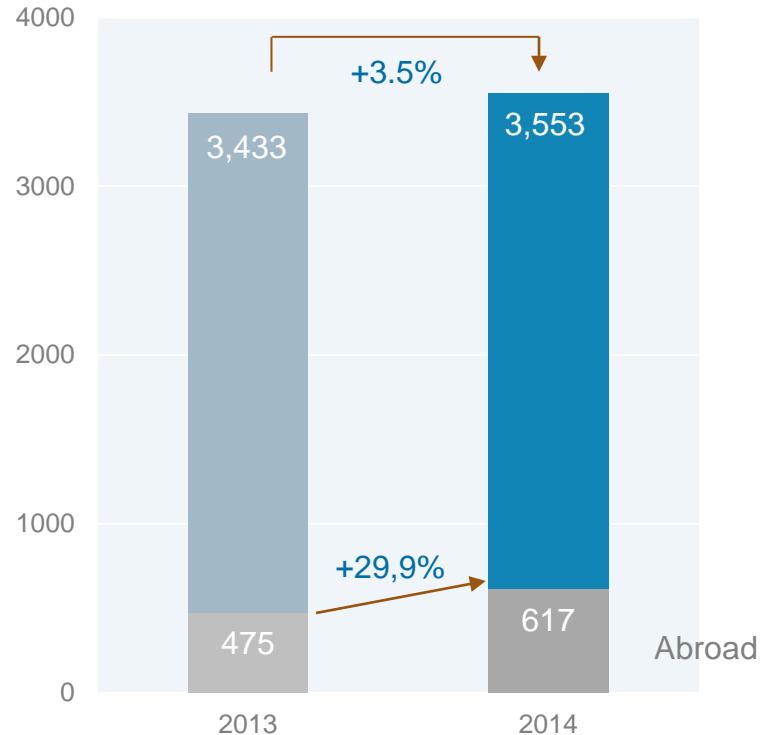
(prior year figures in brackets)



- Substantial increase in medical technology
- Automotive/machine construction remains most important market

# Increase in number of employees abroad

Employees as at 31.12.  
(incl. trainees)

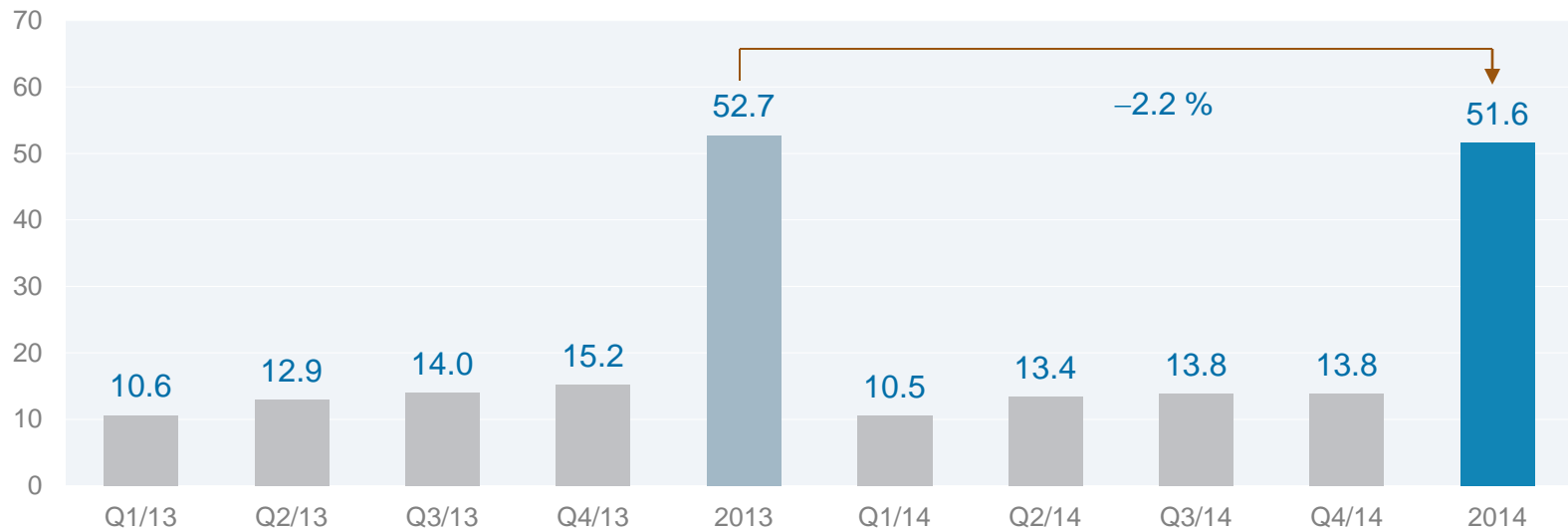


- Number of employees rose in fiscal year 2014
  - Metrology segment with strongest growth resulting from the acquisition of the British traffic safety specialist Vysionics
- In view of the continuing internationalization the number of employees abroad rose to 617 (prior year 475), i.e. 17.4 percent of total workforce (31.12.2013: 13.8 percent); slight decrease in Germany

# Fiscal year 2014: good earnings quality of prior year maintained in spite of substantial investment



EBIT in million euros



- Group EBIT positively affected by changed revenue mix and more efficient operative processes; negative impact from order revaluations in the defense business
- EBIT margin remains almost constant at 8.7% (prior year 8.8%)

# Income Statement 2014:

## Gross margin improved compared to prior year



In million euros	2014	2013
<b>Revenue</b>	<b>590.2</b>	<b>600.3</b>
Gross margin	34.8%	34.3%
Functional costs	158.0	152.8
<b>EBITDA</b>	<b>76.1</b>	<b>74.8</b>
<b>EBIT</b>	<b>51.6</b>	<b>52.7</b>
EBIT margin	8.7%	8.8%
Financial result	-5.5	-5.5
<b>Earnings before tax</b>	<b>46.1</b>	<b>47.2</b>
Earnings after tax	41.6	47.2
<b>Earnings per share</b>	<b>0.73</b>	<b>0.82</b>

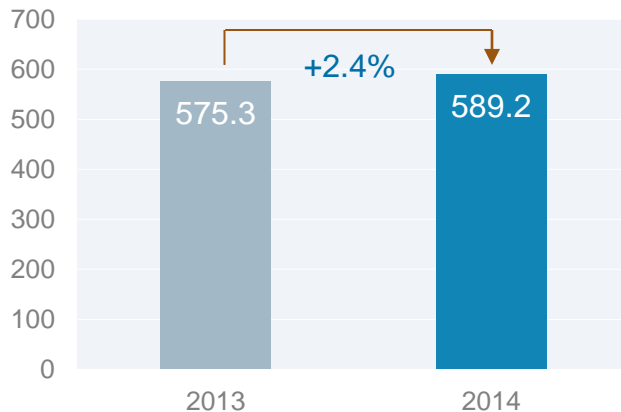
- Improvements in efficiency and a changed revenue mix are reflected in the gross profit – gross margin slightly higher than in prior year
- EBITDA slightly increases by 1.7%; EBITDA margin 12.9% (prior year: 12.5%)
- Stable financial result
  - despite higher interest expenses attributable to the increased financial liabilities as a result of the acquisition of Vysionics
- EBT also only slightly lower than in the prior year
- Rise in cash-effective tax rate to 16.6% (prior year 9.7%) is attributable to one-off effects, first time consolidations and higher tax payments abroad



# Order intake higher than in prior year; increased order backlog creates good conditions for growth in 2015

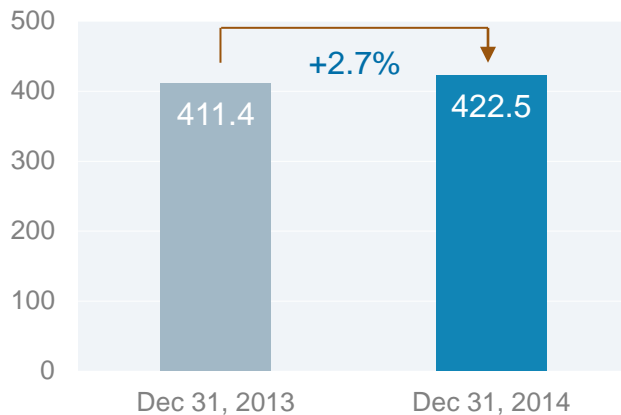


Order intake in million euros



- Order intake higher than in prior year and at level of revenue
- Book-to-bill-ratio rises to 1.00 (prior year 0.96)
- Postponement of a major international project for defense technology into 2015
- Order intake of Vysionics included only for November and December

Order backlog in million euros



- Order backlog increases compared with year end 2013
- Orders received as well as well-filled project pipeline create good conditions for growth in the fiscal year 2015

## Increase in working capital and higher capital expenditure affect free cash flow



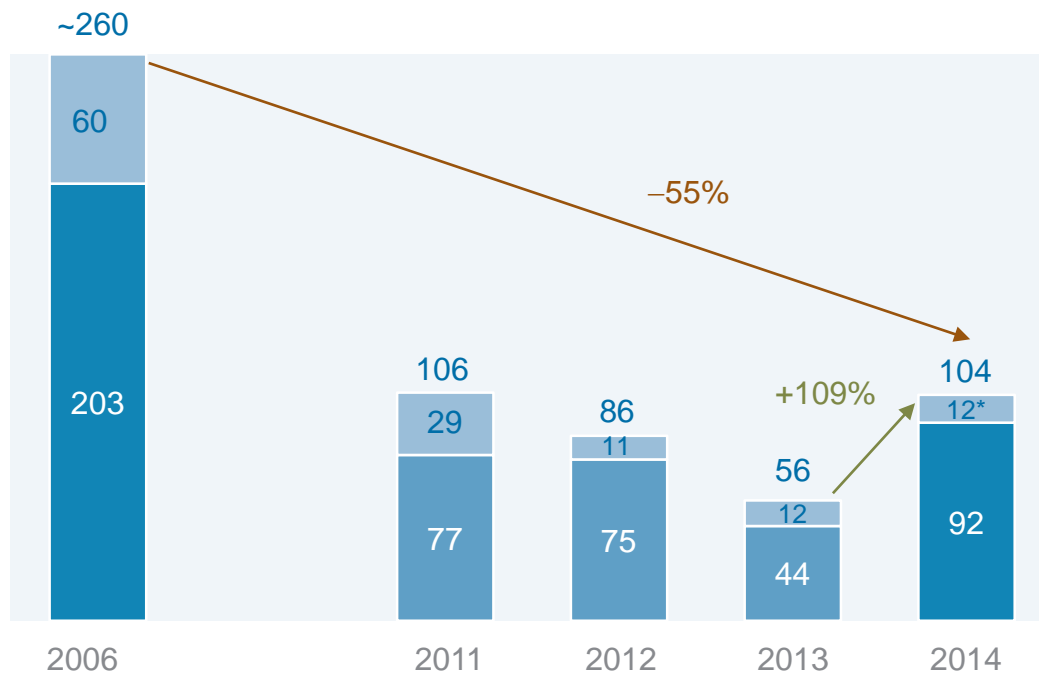
In million euros	2014	2013
Operating profit before working capital changes	72.7	75.7
Changes in working capital and other items	-21.2	-8.5
Cash flows from operating activities before taxes	51.5	67.2
Cash flows from operative investing activities	-29.0	-21.0
<b>Free cash flow (before interest and taxes)</b>	<b>22.5</b>	<b>47.0</b>

- Cash flows from operating activities in Q4 amounted to 36.5 million euros; therefore Q4 was the strongest single quarter
- Working capital rose to 217.5 million euros (31.12.2013: 195.6 million euros)
  - Increase among other things due to prefabrications for new customer projects and order postponements
  - At 36.9% the working capital ratio was higher than in the prior year with 32.6%

# Financing of growth in 2015 and continuing implementation of the strategy of internationalization results in higher net debt



in million euros



- Claims of silent real estate investors
- Net debt

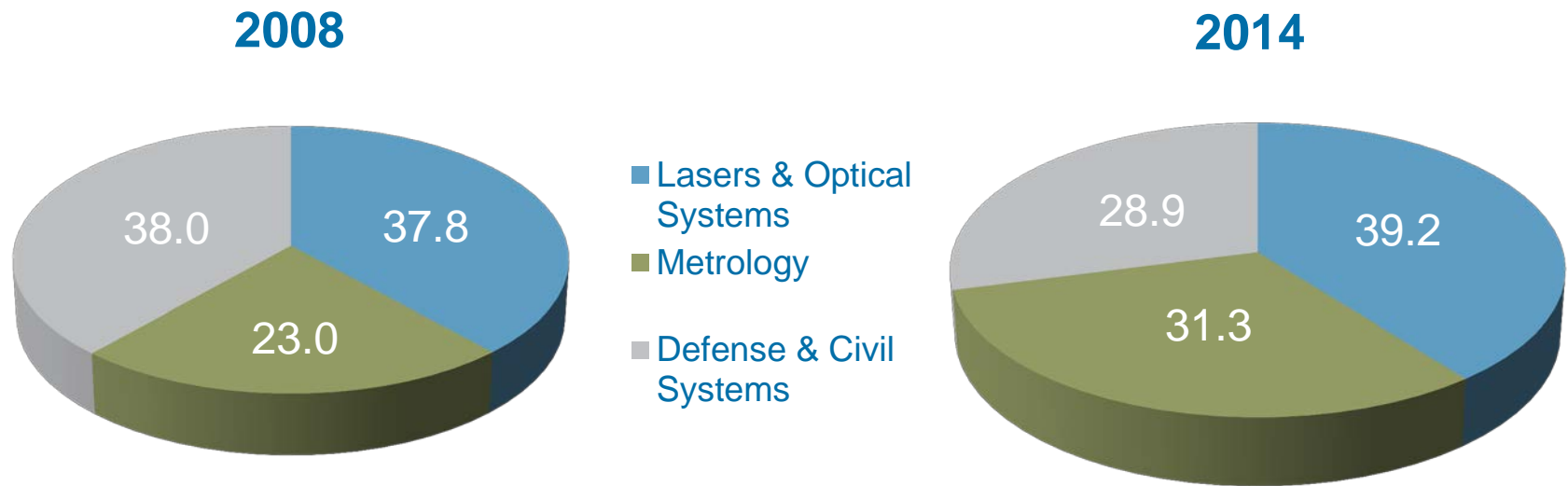
- Net debt higher than in prior year due to
  - financing of the acquisition of Vysionics as well as
  - increased working capital (postponements of orders)
- \*Payment to last silent real estate investor completed at the beginning of 2015; there are no other claims
- The equity ratio reduced from 53.0% to 50.1%, balance sheet total rose more than equity due to
  - Acquisitions
  - Higher working capital
  - Appreciation of pension obligations

- Jenoptik – Results 2014
- **Segment reporting**
- Outlook
- Appendix

# Strategic group development prioritizes growth markets of the future



Share of the segments in Group revenue in percent



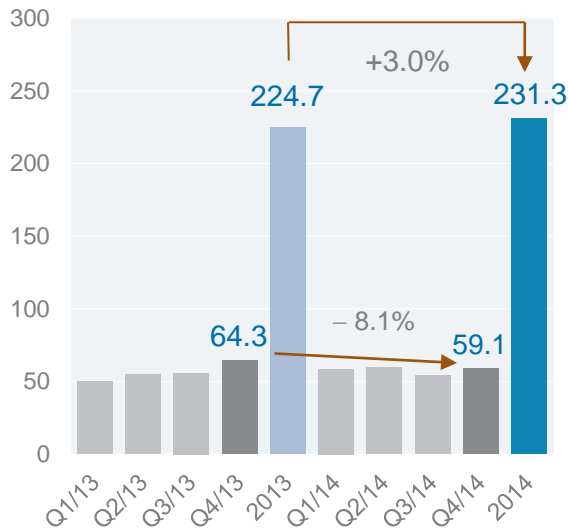
- Revenue shares of Lasers & Optical Systems as well as Metrology segments have constantly grown
- Strategic focus of growth on future markets of photonics

# Lasers & Optical Systems segment increased revenue; Metrology with good 4<sup>th</sup> quarter



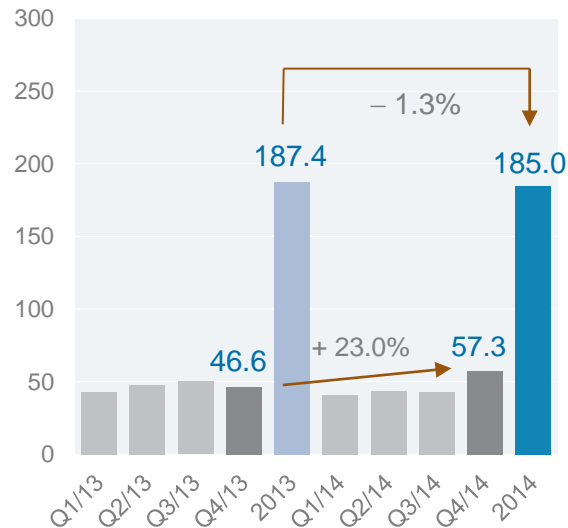
## Lasers & Optical Systems

Revenue in million euros



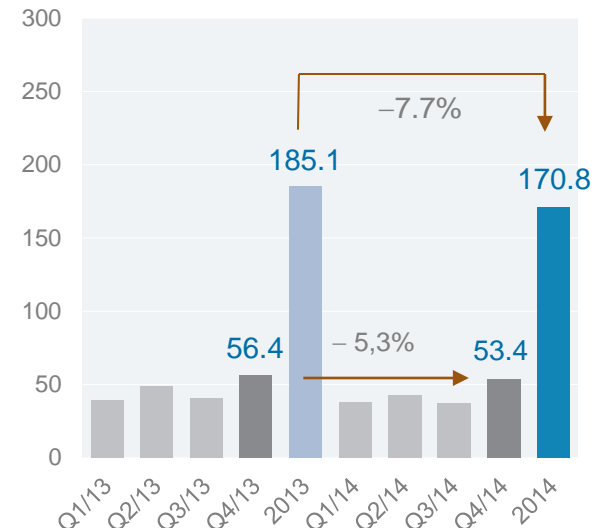
## Metrology

Revenue in million euros



## Defense & Civil Systems

Revenue in million euros



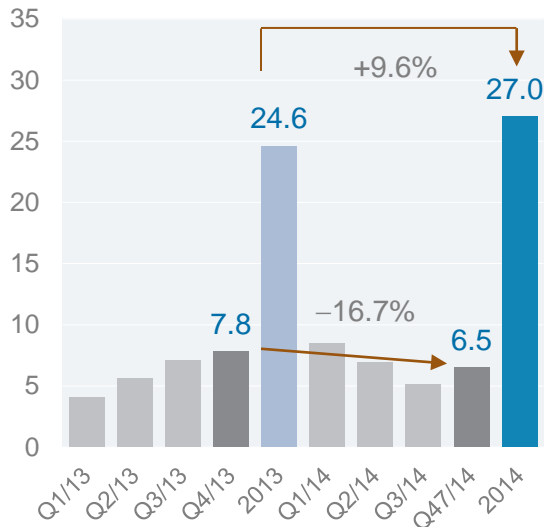
- **Lasers & Optical Systems:** Rise in revenue, in part due to good project starts in the area of medical technology and strong demand for laser machines for plastics processing  
But: reduction in revenue with semiconductor equipment industry in H2
- **Metrology:** Slight decline in revenue as a result of restrained investments in the field of industrial metrology as well as tighter export restrictions
- **Defense & Civil Systems:** Reduction in revenue as a result of export restrictions, postponement and extended time frames of projects in the area of energy systems

# Lasers & Optical Systems as well as Metrology segments increase EBIT margin



## Lasers & Optical Systems

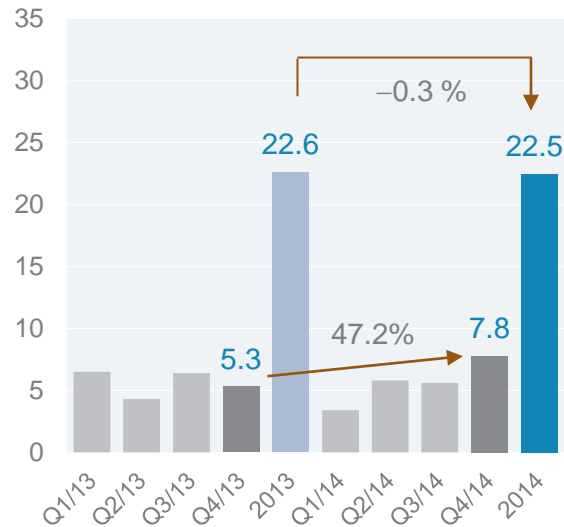
EBIT in million euros



EBIT margin 11.7% (2013: 10.9%)

## Metrology

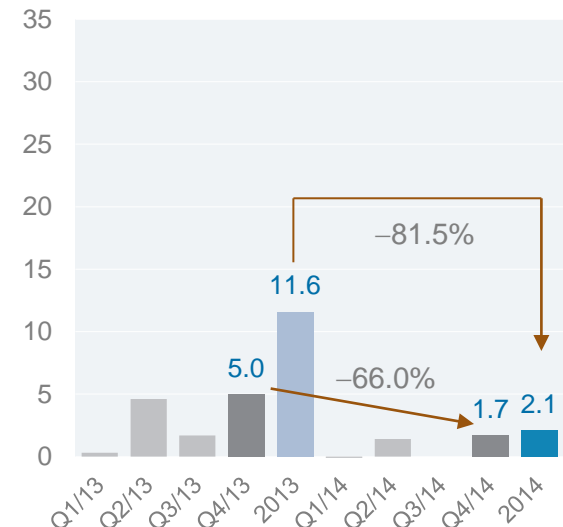
EBIT in million euros



EBIT margin 12.2% (2013:12.0%)

## Defense & Civil Systems

EBIT in million euros



EBIT margin 1.3% (2013: 6.2%)

- **Lasers & Optical Systems:** EBIT increased as a result of the good development of revenue and the improved product mix
- **Metrology:** In spite of restrained development of revenue stable earnings quality due to improved cost structures and expansion of service business
- **Defense & Civil Systems:** Reduced fixed cost coverage as a result of the lower revenue and order revaluations in Q4

- Jenoptik – Results 2014
- Segment reporting
- **Outlook**
- Appendix



## Jenoptik will see return to successful growth based on:

- Good order and project pipeline in all three segments
  - Postponed international project for defense technology
- Acquisition in the traffic safety sector with positive effects
- Growth momentum in our markets
- Opportunities resulting from disproportionate growth in Asia/Pacific and Americas

## Forecast 2015\*

- Revenue between 650 and 690 million euros
- EBIT margin between 8.5 and 9.5 percent
  - Group development projects will positively impact on quality of earnings
- Above-average growth in EBITDA

\*This is based on the prerequisite that the political and economic framework conditions will not deteriorate; this includes in particular export restrictions, regulations at European level; the conflict between Russia and Ukraine as well as other disruptions in the euro zone.

# 2015: Positive development in all three segments expected



## Lasers & Optical Systems



- Demand from semiconductor equipment industry is expected to increase again in the 2<sup>nd</sup> half of the year
- Rising sales with other industries, e.g. medical technology/life sciences and automotive industry
- Further expansion of systems business

## Metrology



- Globally growing demand for more efficient drives and the necessary measuring technology (also for new materials)
- Execution of major international orders in the area of traffic safety and a higher service share
- Positive effects from acquisition of Vysionics (traffic safety technology)

## Defense & Civil Systems



- Long-term major orders ensure stable business development
- Growth based on good order backlog and also due to project shifts from 2014 into 2015
- Internationalization
- Stronger focus on civil applications, e.g. energy supply, railway technology

# Our target: to continue profitable growth



„From Good to Great“

External factors may affect development:

- Economic trend
- More stringent export restrictions in Germany
- Uncertainty regarding the developments in Ukraine/Russia and Middle East continues



## Our mid-term targets

- Revenue of 800 million euros by 2018 (including smaller acquisitions), of which more than 40 percent in Asia and America
- EBIT margin of 9–10 percent over the cycle

However, positive development in Asia and US expected; Europe (incl. Germany) remains under pressure due to economic development, possible turbulences in the euro zone as well as the political situation in Eastern Europe

- Jenoptik – Results 2014
- Segment reporting
- Outlook
- **Appendix**

- March 26, 2015
- March 27, 2015
- May 12, 2015
- May 20/21, 2015
- June 3, 2015

Publication of the Financial Statements 2014

Analysts' Conference, Frankfurt/Main

Publication of the Results of 1st quarter 2015

Commerzbank German Mid Cap Conference, Boston/New York

Annual General Meeting, Weimar



**Dr. Michael Mertin**  
President & CEO  
JENOPTIK AG



**Rüdiger Andreas Günther**  
CFO  
JENOPTIK AG

## Contact:

**Thomas Fritsche**  
JENOPTIK AG

Head of Investor Relations  
Phone: +49 (0)3641-652291  
[thomas.fritsche@jenoptik.com](mailto:thomas.fritsche@jenoptik.com)

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, 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 the light of future developments.