Conference Call – Results of fiscal year 2014

Experts in

PHOTONICS

March 26, 2015

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Rüdiger Andreas Günther, CFO

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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 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)

- Middle East/Africa: 5% (7%)
- Asia/Pacific: 14% (10%)
- Americas: 18% (20%)
- Europe: 27% (25%)
- Germany: 36% (38%)

Revenue by target market
(prior year figures in brackets)

- Medical technology: 8% (6%)
- Automotive/Machine construction: 27% (28%)
- Other: 10% (10%)
- Semiconductor equipment industry: 13% (12%)
- Defense & Security technology: 20% (22%)
- Aviation/Traffic: 22% (22%)

- 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%)
- Substantial increase in medical technology
- Automotive/machine construction remains most important market
Increase in number of employees abroad

- 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

- 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

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

- 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 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 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

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

- 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

- 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

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<table>
<thead>
<tr>
<th>Year</th>
<th>Claims of silent real estate investors</th>
<th>Net debt</th>
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</thead>
<tbody>
<tr>
<td>2006</td>
<td>~260</td>
<td>203</td>
</tr>
<tr>
<td>2011</td>
<td>106</td>
<td>104</td>
</tr>
<tr>
<td>2012</td>
<td>29</td>
<td>92</td>
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<td>2013</td>
<td>86</td>
<td>104</td>
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<tr>
<td>2014</td>
<td>77</td>
<td>104</td>
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<tr>
<td>2015</td>
<td>44</td>
<td>104</td>
</tr>
</tbody>
</table>
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Strategic group development prioritizes growth markets of the future

- 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 4th quarter

- **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 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
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Substantial growth in revenue and earnings forecast for 2015

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 2nd 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

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

External factors may affect development:

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

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
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Events and contact

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

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<tr>
<th>Date</th>
<th>Event</th>
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<tr>
<td>March 26, 2015</td>
<td>Publication of the Financial Statements 2014</td>
</tr>
<tr>
<td>March 27, 2015</td>
<td>Analysts‘ Conference, Frankfurt/Main</td>
</tr>
<tr>
<td>May 12, 2015</td>
<td>Publication of the Results of 1st quarter 2015</td>
</tr>
<tr>
<td>May 20/21, 2015</td>
<td>Commerzbank German Mid Cap Conference, Boston/New York</td>
</tr>
<tr>
<td>June 3, 2015</td>
<td>Annual General Meeting, Weimar</td>
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</tbody>
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