JENOPTIK AG
Results of the first nine months 2014 and outlook

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Jenoptik – Nine months 2014

Segment reporting

Outlook

Appendix
Challenging environment: framework conditions have become more difficult

**Impacts on the business development**

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

**Further strategic steps successfully implemented**

- Internationalization / customers
  - Revenue growth in Asia; transfer of projects from US to 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
- Operational Excellence
  - Launched projects for the development of the Group continued according to plan, go-live of JOE in three divisions in Germany until now
Almost 64 percent of revenue was generated abroad; Strongest growth in the Asia/Pacific region

Revenue by region
(as at 30.09.2014 / prior year figures in brackets)

- **Germany:** slight reduction in domestic demand
- **Americas:** sharp reduction, among other things due to transfer of projects to Asia and lower demand from the automotive industry
- **Asia/Pacific:** strong rise by approx. 46%
- **Europe:** stable development
- **Middle East/Africa:** development depends on individual projects

**Trend order intake versus revenue**

<table>
<thead>
<tr>
<th>Region</th>
<th>2014</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>36.2%</td>
<td>(36.4%)</td>
</tr>
<tr>
<td>Americas</td>
<td>17.5%</td>
<td>(20.1%)</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>14.3%</td>
<td>(9.6%)</td>
</tr>
<tr>
<td>Europe</td>
<td>26.4%</td>
<td>(26.1%)</td>
</tr>
<tr>
<td>Middle East/Africa</td>
<td>5.5%</td>
<td>(7.8%)</td>
</tr>
</tbody>
</table>
Revenue slightly below prior year; profitability improved

- Slight reduction of revenue due to a difficult economic and political environment as well as postponements of orders and more stringent export regulations.

- Group EBIT at prior year level.

- EBIT affected by:
  - Changed revenue mix and more efficient operative processes.
  - 1.7 million euros from discontinued business division; prior year one-off effect in Defense & Civil Systems.
Income statement 9M/2014:
EBIT margin improved to 9.0 percent

<table>
<thead>
<tr>
<th>In million euros</th>
<th>9M/2014</th>
<th>9M/2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>420.1</td>
<td>432.5</td>
</tr>
<tr>
<td>Gross margin</td>
<td>35.2%</td>
<td>34.6%</td>
</tr>
<tr>
<td>Functional costs</td>
<td>116.0</td>
<td>113.4</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td><strong>37.8</strong></td>
<td><strong>37.5</strong></td>
</tr>
<tr>
<td>EBIT margin</td>
<td>9.0%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Financial result</td>
<td>- 4.7</td>
<td>- 3.9</td>
</tr>
<tr>
<td><strong>Earnings before tax</strong></td>
<td><strong>33.1</strong></td>
<td><strong>33.6</strong></td>
</tr>
<tr>
<td>Earnings after tax</td>
<td>28.2</td>
<td>29.1</td>
</tr>
<tr>
<td><strong>Earnings per share</strong></td>
<td>0.49</td>
<td>0.51</td>
</tr>
</tbody>
</table>

- Gross margin rose to 35.2% due to a changed revenue mix and improved operational excellence (Jenoptik Excellence Program)
- Functional costs almost stable
  - Administrative costs increased (expansion of key group functions, implementation of JOE, new international structures)
- EBIT margin improved to 9.0% (prior year 8.7%)
  - EBIT margin Q3/2014 solo: 10.1% (prior year 9.4%)
- Cash-effective tax rate of 12.8% (prior year 12.8%)
Substantial rise in order intake

- Order intake after nine months significantly higher than in previous year
  - Increase in all three segments
- Order intake exceeds revenue, book-to-bill ratio substantially improved to 1.06 (prior year 0.96)

- Order backlog rose by 25.5 million euros compared with the end of 2013
- Orders received as well as well-filled project pipeline create good conditions for growth in the coming fiscal year
## Cash flow statement: Increase in working capital and higher investments affect free cash flow

<table>
<thead>
<tr>
<th>In million euros</th>
<th>9M/14</th>
<th>9M/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit before working capital changes</td>
<td>52.5</td>
<td>53.8</td>
</tr>
<tr>
<td>Changes in working capital and other items</td>
<td>-37.5</td>
<td>-33.2</td>
</tr>
<tr>
<td>Cash flow from operating activities before taxes</td>
<td>15.0</td>
<td>20.5</td>
</tr>
<tr>
<td>Cash flow from operative investing activities (tang. + intang. assets)</td>
<td>-17.7</td>
<td>-15.3</td>
</tr>
<tr>
<td>Free cash flow (before interests and taxes)</td>
<td>-2.7</td>
<td>5.2</td>
</tr>
</tbody>
</table>

- Cash flow from operating activities in Q3 solo: 24.3 million euros (prior year 5.0m euros)
- Working capital rose to 228.7 million euros (31.12.2013: 195.6m euros)
  - Inventories increased by approx. 24.3 million euros as a result of upfront expenses for revenue in subsequent periods
  - Reduction in trade payables
  - Working capital ratio came to 37.6% and was below the figure in the previous year (prior year 38.4%)
- Free cash flow was affected in particular by changes in working capital and higher investments
Target remains to further reduce net debt in the mid to long term

Net debt substantially lower than the comparable prior-year figure

Affected during the year by:
- Use of resources to increase working capital
- Payment of dividend
- Payment of variable salary components
- Planned exit of the last silent real estate investor at the beginning of 2015

Claims of silent real estate investors
Net debt
Continuous improvement in equity base

- Equity ratio has continuously risen as a result of the positive earnings development.
- Good equity base enables flexible and independent financing of major investments and thus future growth.

<table>
<thead>
<tr>
<th>Year</th>
<th>Balance sheet total in million euros</th>
<th>Equity ratio in percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>629</td>
<td>44.9</td>
</tr>
<tr>
<td>2011</td>
<td>643</td>
<td>49.3</td>
</tr>
<tr>
<td>2012</td>
<td>670</td>
<td>51.9</td>
</tr>
<tr>
<td>30.9.13</td>
<td>672</td>
<td>53.0</td>
</tr>
<tr>
<td>2013</td>
<td>692</td>
<td>55.2</td>
</tr>
<tr>
<td>30.9.14</td>
<td>700</td>
<td>55.2</td>
</tr>
</tbody>
</table>
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Lasers & Optical Systems achieved revenue and earnings growth also after nine months

Revenue: 420.1m euros  
EBIT: 37.8m euros  
(as at 30.9.2014)

<table>
<thead>
<tr>
<th>Jenoptik Group</th>
<th>Revenue: 420.1m euros</th>
<th>EBIT: 37.8m euros</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lasers &amp; Optical Systems</td>
<td>41.0% of revenue</td>
<td>Metrology</td>
</tr>
<tr>
<td>Defense &amp; Civil Systems</td>
<td>27.9% of revenue</td>
<td></td>
</tr>
</tbody>
</table>

Technology competence in optoelectronics, joint use of distribution networks and shared services

Lasers & Material Processing  
Optical Systems  
Industrial Metrology  
Traffic Solutions  
Defense & Civil Systems
Strategic Group development prioritizes growth markets of the future

- Revenue share of Lasers & Optical Systems as well as Metrology segments has constantly grown
- Strategic focus of growth on future markets of optoelectronics
Lasers & Optical Systems segment increased revenue; All three segments showed growth in the Asia/Pacific region

- **Lasers & Optical Systems**: marked rise in revenue, in part due to good project starts in the area of medical technology & life sciences and stronger demand for laser machines for plastics processing, reduction in revenue with semiconductor equipment industry in Q3

- **Metrology**: decline in revenue as a result of restrained investments in the field of industrial metrology as well as tighter export restrictions

- **Defense & Civil Systems**: postponement and expansion of time frames of projects in the area of energy systems as well as export restrictions
Lasers & Optical Systems showed substantial earnings growth after nine months

- **Lasers & Optical Systems**: as a result of the good development of revenue and the improved product mix EBIT increased significantly
- **Metrology**: restrained revenue development in industrial metrology resulted in EBIT decline
- **Defense & Civil Systems**: project-related product mix with weaker margins; H1/2013 positive one-off effect
Good order position creates stable basis for future development

Order intake (in million euros)

- **Lasers & Optical Systems**: marked rise in order intake; book-to-bill ratio rose to 1.08
- **Metrology**: several orders for stationary and mobile traffic monitoring received (among other things from Kuwait, Singapore, Netherlands); book-to-bill ratio at 0.99
- **Defense & Civil Systems**: orders for military stabilization systems received; book-to-bill ratio climbed to 1.12
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October 2014: Revenue and earnings forecast for the current fiscal year revised

- **Group revenue**
  - 2013: 600.3 million euros
  - 2014e: At level of prior year

- **Group EBIT**
  - 2013: 52.7 million euros
  - 2014e: Approx. 50 million euros

**Prerequisites for forecast:**
- A major international order in the Defense & Civil Systems segment can be completed by the end of the year
- Uncertainties in the defense business will not increase over the coming weeks

**Reasons for the adjustment:**
- Subdued demand from the machine construction, automotive, and semiconductor equipment industry as well as project postponements and more stringent export restrictions
2014: Subdued demand, project postponements and more stringent export restrictions have negative impact on business

Lasers & Optical Systems
- Subdued demand from semiconductor equipment industry
- Rising sales with other industries, e.g. life sciences/medical technology and automotive industry
- Further expansion of systems business

Metrology
- Globally growing demand for more efficient drives and the necessary measuring technology
- Execution of major international orders in the area of traffic safety
- After strong increase in last two years development in industrial metrology is restrained at the moment

Revenue growth of between 5 and 10 percent

Defense & Civil Systems
- Long-term major orders ensure stable business development
- Short-term project delays from 2014 into 2015 are possible
- Internationalization, costs for market entry in USA and Eastern Europe
- Stronger focus on civil applications, e.g. energy supply, train technology

Revenue at prior year level (depending on major internat. order)

Revenue slightly lower than last year
Our target: to continue profitable growth

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

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 political situation in Eastern Europe
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Dates 2014 and contact

- November 12: Results of first nine months 2014, conference call
- November 13: LBBW German Technology & Engineering Conference, London
- November 14: Roadshow Tübingen / Stuttgart
- November 19: Roadshow Paris
- November 26: Eigenkapitalforum Deutsche Börse, Frankfurt am Main
- November 27: Roadshow Luxembourg
- December 10: Close Brother Seydler Mid Cap Conference, Geneva

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