JENOPTIK AG
Results of the first nine months 2016 and outlook

November 10, 2016

Dr. Michael Mertin, CEO
Hans-Dieter Schumacher, CFO
Jenoptik – first nine months 2016
Development of the segments
Outlook
Appendix
After nine months Jenoptik reports significantly higher earnings, very good order situation and strong cash flow

External framework conditions

- Challenging economic environment, e.g.
  - Emission scandal affected whole automotive sector
  - Reluctance to invest / development of oil price / development of currencies
- Globally, situation remained uncertain: Brexit, development in Turkey, Middle East, Ukraine, Russia
- Further slowing of growth in China, subdued development in the US, US elections

Major events in the Jenoptik Group

- To date business performance in 2016 as expected
- Numerous major orders received will support future growth
- Largest single investment of approx. 14 million euros at the US location in Rochester Hills is running well
- President & CEO Dr. Michael Mertin announced that he will leave the company in 2017
- Changeover to new divisional structure completed; consistent alignment to markets and megatrends
Revenue increased slightly compared to the prior year; marked rise in Germany and Asia/Pacific

- Optics & Life Science as well as Defense & Civil Systems segments reported growth
- Higher demand from the areas of energy and sensor systems, optical systems as well as laser machines

Share of revenue generated abroad came to 65.3% (prior year 67.9%)
- Americas: in prior year major Patriot order
- Revenue share in the Americas and Asia/Pacific at 33.0% (prior year 33.2%)
Disproportionate increase in EBITDA, highest EBIT in a nine-months period

- Stronger rise than revenue
- Depreciation slightly below prior-year
- EBITDA margin at 13.7% (prior year 13.1%)

- Highest nine-months EBIT in the last years
- EBIT affected by, among other things:
  - Higher gross margin
  - Lower other operating income (prior year: in particular positive currency effects; income from reversal of impairment loss of real estate of approx. 2 million euros)
  - Income from discontinued operations of 2.2 million euros
- EBIT margin rose to 9.6% (prior year 9.1%)
  Q3/2016: 11.9% (prior year 10.3%)
Good business development and cost discipline contributed to increase in earnings

<table>
<thead>
<tr>
<th></th>
<th>In million euros</th>
<th>9M/2016</th>
<th>9M/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td>492.6</td>
<td>487.7</td>
</tr>
<tr>
<td>Gross margin</td>
<td></td>
<td>35.1%</td>
<td>34.8%</td>
</tr>
<tr>
<td>Functional costs</td>
<td></td>
<td>129.0</td>
<td>128.1</td>
</tr>
<tr>
<td>EBITDA</td>
<td></td>
<td>67.5</td>
<td>63.8</td>
</tr>
<tr>
<td>EBIT</td>
<td></td>
<td>47.1</td>
<td>44.3</td>
</tr>
<tr>
<td>Financial result</td>
<td></td>
<td>–1.4</td>
<td>–3.0</td>
</tr>
<tr>
<td>Earnings before tax</td>
<td></td>
<td>45.6</td>
<td>41.3</td>
</tr>
<tr>
<td>Earnings after tax</td>
<td></td>
<td>39.2</td>
<td>34.1</td>
</tr>
<tr>
<td>Earnings per share (euro)</td>
<td></td>
<td>0.69</td>
<td>0.59</td>
</tr>
</tbody>
</table>

- Cost of sales rose at a lower rate than revenue, gross margin improved
- R+D output increased to 42.3 million euros (prior year 37.8m euros)
- Functional costs remained at almost the same level as in prior year
- Financial result improved due to higher result from other investments and positive effects from discontinued operations
- Cash-effective tax rate was 13.6% (prior year 11.5%)
- Earnings per share rose disproportionately by 15.7 percent
Strong order values and frame contracts create good prerequisites for further growth

- Rise in particular in Optics & Life Science as well as Defense & Civil Systems segments
- Several major international orders won
- Book-to-bill ratio at 1.11 (prior year 0.98)

- Increase in order backlog attributable to good order intake
- 40.3% of order backlog shall be converted to revenue still in 2016

- Major orders in part recorded as frame contracts
- Significant rise in frame contracts
Free cash flow rose by more than 50 percent

<table>
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<tr>
<th>In million euros</th>
<th>9M/2016</th>
<th>9M/2015</th>
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</thead>
<tbody>
<tr>
<td>Operating profit before adjusting working capital</td>
<td>65.2</td>
<td>63.9</td>
</tr>
<tr>
<td>Changes in working capital and other items</td>
<td>−3.4</td>
<td>−22.3</td>
</tr>
<tr>
<td>Cash flows from operating activities before income tax</td>
<td>61.8</td>
<td>41.6</td>
</tr>
<tr>
<td>Cash flows from operative investing activities</td>
<td>−18.7</td>
<td>−13.0</td>
</tr>
<tr>
<td>Free cash flow (before interest and taxes)</td>
<td>43.1</td>
<td>28.6</td>
</tr>
</tbody>
</table>

- Cash flows from operating activities and free cash flow improved significantly
- Lower payments for working capital, in part attributable to better inventory and receivables management
- Marked rise in free cash flow in particular in the Defense & Civil Systems segment
- Slight increase in working capital to 222.3 million euros (31.12.15: 215.5m euros / 30.9.15: 239.9m euros)
- Working capital ratio at 33.0% (31.12.15: 32.2% / 30.9.15: 36.4%)
Net debt markedly reduced; equity base further improved

Net debt in million euros

- Net debt further reduced due to the very good free cash flow in spite of higher dividend payment
- Liquid funds rose to 120.2 million euros (31.12.15: 83.8m euros)
- Equity ratio increased to 58.0% (31.12.15: 56.6%)

Claims of silent real estate investors

Net debt
Jenoptik – first nine months 2016

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Optics & Life Science segment: Rise in revenue, earnings and order intake

- Good demand for solutions for information and communication technology as well as in part for semiconductor equipment
- Rise in all international core regions
- Share of group revenue 33.4%

- **EBIT margin** improved to 14.9% (prior year 9.1%)
- In Q3 EBIT rose by ca. 181% (incl. operative non-recurring income of about 2.8m euros)
- **EBITDA** at 30.6 million euros in 9M also markedly higher than in prior year (pr. year 20.6m euros)

- Good order intake in both divisions
- Book-to-bill: 1.05 (pr. year 0.92)
- **Order backlog** at 75.6 million euros (31.12.15: 73.7m euros)
- In addition, **frame contracts** of 14.6 million euros (31.12.15: 5.5m euros)
Mobility segment: Major orders received will help to gain stronger momentum in the coming quarters

- Positive development in the Automotive division, in particular in the field of laser machines
- Traffic safety: weak investment by oil-exporting countries
- 34.3% share of group revenue

Revenue (in million euros)

- EBIT declined due to lower revenue, changed product mix and upfront investment for new projects
- EBIT margin at 7.5% (prior year 9.0%)
- EBITDA at 18.5 million euros (prior year 22.2m euros)

Order intake (in million euros)

- Major orders for traffic safety received in Q3 were mainly recorded as frame contracts
- Book-to-bill: 1.16 (pr. year 1.11)
- Order backlog at 117.5 million euros (31.12.15: 92.7m euros)
- In addition, frame contracts of 78.3 million euros (31.12.15: 11.5m euros)
Defense & Civil Systems segment: Sustainable success in business development

- Higher revenue in particular attributable to the areas of energy and aviation systems as well as service business
- Rise in Germany, Europe and Asia/Pacific
- 32.9% share of group revenue

- EBIT increase due to good development of revenue and changed product mix
- EBIT margin improved to 8.2% (prior year 8.0%)
- EBITDA at 16.7 million euros (prior year 16.3 m euros)

- Several international major orders secured in Q3
- Book-to-bill: 1.12 (pr. year 0.90)
- Order backlog at 223.9 million euros (31.12.15: 209.7 m euros)
- In addition, frame contracts of 51.1 million euros (31.12.15: 42.1 m euros)
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Targets for 2016 confirmed, EBIT margin expected at upper end of forecast range

- **Externally**
  - Uncertain environment around the globe
  - Investment behavior is hard to predict

- **Internally**
  - Full order books and project pipeline
  - Intensified integrated approach

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<tr>
<th></th>
<th>2015</th>
<th>2016e</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>668.6 million euros</td>
<td>Between 680 and 700 million euros</td>
</tr>
<tr>
<td>EBIT</td>
<td>61.2 million euros; Margin 9.2%</td>
<td>EBIT margin at the upper end of the range between 9.0 and 9.5%</td>
</tr>
<tr>
<td>EBT</td>
<td>57.4 million euros</td>
<td>Development similar to EBIT</td>
</tr>
</tbody>
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The good financial position and a viable financing structure give Jenoptik sufficient leeway for both acquisitions and financing of further growth.
Strong market focus supports successful growth

- **Optics & Life Science**
  - Good position in the semiconductor equipment industry
  - Rising revenue with other industries, e.g. life science, information and communication technology, automotive
  - Further expansion of systems and volume business
  - Growth planned in particular in the Americas and Asia/Pacific

- **Mobility**
  - Globally growing demand for more efficient drives and the necessary measuring technology
  - Good demand for laser machines, especially for 3D laser material processing
  - Execution of the major international orders received in the area of traffic safety
  - Higher service share

- **Defense & Civil Systems**
  - Major orders ensure stable business development
  - Increasing internationalization
  - Stronger focus on civil applications, e.g. energy supply, railway technology
  - Higher investments in defense technology are expected
Our target: to continue path of profitable growth with a corporate structure that is closer realigned with markets

Our mid-term targets

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

This presupposes that political and economic conditions do not worsen. These include the presently uncertain effects of Brexit, the development in Turkey, regulations at European level, export restrictions, further developments in China, in the Middle East and the conflict between Russia and Ukraine.
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With its new organizational structure Jenoptik is more closely aligned with market requirements and positioned closer to customers.
Dates and contact

- November 10, 2016: Results of the first nine months 2016
- November 17, 2016: LBBW German Company Day, London
- November 22, 2016: Equity Forum, Frankfurt/Main
- November 25, 2016: Roadshow Stuttgart/Tübingen
- November 30, 2016: Roadshow Geneva
- December 6, 2016: Roadshow Cologne/Düsseldorf
- December 8, 2016: Roadshow Hamburg

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