JENOPTIK AG
Consolidated Financial Statements of fiscal year 2017 and outlook

Dr. Stefan Traeger, President & CEO
Hans-Dieter Schumacher, CFO    I    March 22, 2018
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Highlights in 2017

- Acquisition of ESSA Technology, UK
- Grand opening of our new technology campus in Detroit, Michigan
- Acquisition of Five Lakes Automation, US
- Establishment of an application center in the Silicon Valley

- Revenue of 747.9 million euros ➔ +9.2% over prior year
- EBIT of 77.8 million euros ➔ margin 10.4%
2017 – revenue showed stronger growth than expected

Revenue in million euros

- Growth in particular in the Optics & Life Science as well as Mobility segments
- Stronger demand for optical systems in the area of semiconductor equipment as well as for traffic safety solutions and regionally from the US
- Q4 was the strongest quarter in terms of revenue in both 2017 and the prior years
Strong growth in strategic target regions – Foreign revenue > 70 percent

**AMERICAS**
+28.5%

**EUROPE**
+2.5%

**GERMANY**
−1.7%

**AFRICA / MIDDLE EAST**
+12.0%

**ASIA / PACIFIC**
+11.1%
Automotive remains biggest target market

Revenue by target market
(prior year figures in brackets)

- Automotive / mechanical engineering: strong demand for laser machines
- Higher revenue with semiconductor equipment sector due to industry boom
- 18.3% of revenue was attributable to TOP 3 customers (prior year 16.3%)
2017 – significant improvement of operating results

- EBITDA* showed stronger increase than revenue
- Continuous improvement in the course of the year
- Optics & Life Science with substantially higher earnings contribution
- EBITDA margin* 14.3% (prior year 13.8%)

- EBIT* also showed stronger growth than revenue due to mix effects
- EBIT margin* at 10.4% (prior year 9.7%)
- One-off expenses for customer-specific projects and ppa effects from acquisitions in the Mobility segment
Successful business development is also reflected in marked EPS improvement

<table>
<thead>
<tr>
<th>In million euros</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>747.9</td>
<td>684.8</td>
</tr>
<tr>
<td>Gross margin</td>
<td>35.3%</td>
<td>34.7%</td>
</tr>
<tr>
<td>Functional costs</td>
<td>179.2</td>
<td>173.5</td>
</tr>
<tr>
<td>EBITDA</td>
<td>106.7</td>
<td>94.7</td>
</tr>
<tr>
<td>EBIT</td>
<td>77.8</td>
<td>66.2</td>
</tr>
<tr>
<td>Financial result</td>
<td>2.0</td>
<td>-5.2</td>
</tr>
<tr>
<td>Earnings before tax</td>
<td>79.9</td>
<td>61.0</td>
</tr>
<tr>
<td>Earnings after tax</td>
<td>72.5</td>
<td>53.9</td>
</tr>
<tr>
<td>Earnings per share (euros)</td>
<td>1.27</td>
<td>0.94</td>
</tr>
</tbody>
</table>

- **Gross margin** improved, in particular due to positive development in the Optics & Life Science segment
- **R+D** as well as **selling expenses** exceeded prior year level; **administrative expenses** slightly reduced
- Higher **investment result** due to disposal of shares in a minority holding abroad
- Increase in cash-effective **tax rate** to 17.9% (prior year 14.1%) was attributable to higher earnings abroad and lower tax-exempt income

All earnings figures are for continuing operations
2017 – solid order position and project pipeline create good basis for further growth

- Tailwind from Optics & Life Science and reclassification of frame contracts in the Mobility segments (e.g. toll enforcement project)
- Book-to-bill ratio 1.07 (prior year 1.07)
- Order backlog showed substantial rise
- Strong basis for 2018; 79% will be converted to revenue in this year
- Major orders in part recorded as frame contracts
- Decline due to reclassification as order intake and backlog
Free cash flow remained at a good level in spite of higher investments and increase in inventories

<table>
<thead>
<tr>
<th>In million euros</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit before adjusting working capital</td>
<td>107.5</td>
<td>95.6</td>
</tr>
<tr>
<td>Changes in working capital and other items</td>
<td>−2.4</td>
<td>13.6</td>
</tr>
<tr>
<td>Cash flows from operating activities before income taxes</td>
<td>105.1</td>
<td>109.2</td>
</tr>
<tr>
<td>Cash flows from operative investing activities</td>
<td>−32.8</td>
<td>−28.8</td>
</tr>
<tr>
<td>Free cash flow (before interest and taxes)</td>
<td>72.2</td>
<td>80.4</td>
</tr>
</tbody>
</table>

- **Working capital** rose to 214.8 million euros (31.12.16: 209.9m euros), in particular due to order-related higher inventories and receivables
- **Working capital ratio** reduced to 28.7% through active working capital management (31.12.16: 30.7%)
- Increase in **capital expenditure**, especially in property, plant and equipment (amongst others for technology campus in Rochester Hills and new customer orders)
- Free cash flow, at 72.2 million euros remained at a good level (prior year 80.4m euros)
Over the past years, net debt was substantially reduced, Jenoptik has remained net debt free in 2017

- Jenoptik Group remained free of net debt in spite of
  - higher investments,
  - payment of an increased dividend of 14.3 million euros (prior year 12.6m euros) and
  - acquisitions
- Cash position (cash and cash equivalents plus current financial investments) rose to 196.9 million euros (31.12.16: 142.5m euros)
- Equity ratio improved to 59.6% (31.12.16: 58.6%)
Number of employees abroad continued to rise

- Americas: +61, 346 (285)
- Germany: +25, 2,878 (2,853)
- Jena: +3, 1,228 (1,225)
- Europe: +49, 3,076 (3,027)
- Asia/Pacific: +31, 258 (227)
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Optics & Life Science segment: new record in revenue and earnings

- **Revenue** (in million euros)
  - 2016: 221.5
  - 2017: 259.4
  - +17.1%

- **EBIT** (in million euros)
  - 2016: 33.4
  - 2017: 50.0
  - 51.1%

- **Order intake** (in million euros)
  - 2016: 236.6
  - 2017: 295.5
  - +24.9%

- **EBIT margin** grew to 19.5% (prior year 15.1%) as a result of volume and mix effects
- **EBITDA** came to 58.7 million euros (prior year 41.7m euros); **EBITDA margin** rose to 22.6% (prior year 18.8%)
- Higher demand in the micro-optics and healthcare areas
- **Book-to-bill**: 1.14 (prior year 1.07)
- **Order backlog** at 109.1 million euros (31.12.16: 80.7m euros)
- **Frame contracts** of 11.1 million euros (31.12.16: 14.5m euros)

- New revenue record; sustained high demand from the semiconductor equipment industry
- Positive development in the healthcare & industry area
- 79% generated abroad (prior year 79%)
Mobility segment: project-related one-off expenses affected result; positive development in the second half-year

- Increase in both areas: Automotive and Traffic Solutions
- Revenue contribution of the acquisitions in the mid-single-digit million euro range
- 72% generated abroad (prior year 74%)
- EBIT declined as a result of one-off expenses for customer-specific projects and ppa effects
- **EBIT margin** at 6.9% (prior year 9.9%)
- **EBITDA** at 27.9 million euros (prior year 32.3m euros); **EBITDA margin** fell to 10.3% (pr. year 13.0%)
- **Book-to-bill**: 1.12 (prior year 1.08)
- **Order backlog**: 144.7 million euros (31.12.16: 108.3m euros)
- **Frame contracts** reduced to 30.1 million euros (31.12.16: 79.1m euros)
Defense & Civil Systems segment: development as expected, course of business affected by major projects

- Revenue remained at high level of prior year (2016 invoicing of several major projects)
- Revenue generated abroad grew to 57% (prior year 47%)

- EBIT stable despite increased R+D expenses
  - EBIT margin at 8.7% (prior year 8.8%)
  - EBITDA came to 23.8 million euros (prior year 23.8m euros); EBITDA margin stable at 10.9% (prior year 10.9%)

- Major international orders received, but very high order intake in prior year
  - Book-to-bill: 0.94 (pr. year 1.06)
  - Order backlog, at 202.6 million euros remained at high level (31.12.16: 217.8m euros)
  - Frame contracts of 46.3 million euros (31.12.16: 67.4m euros)
Preliminary results 2017

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Transforming Jenoptik into a focused technology group

Strategy 2022: three building blocks for growth and margin expansion

- We leverage our core competencies in Optics & Photonics
- We step-up our R+D work
- We build a truly global enterprise
Our priorities for 2018

- We reorganize our business in Asia
- We establish a new business structure
- We launch a new brand for our mechatronic business
Our 2018 guidance

Group financial guidance for 2018*

- We expect revenue to be in a range between 790 and 810 million euros.
- We anticipate an EBITDA margin between 14.5 and 15.0 percent.
- We expect an EBIT margin between 10.5 and 11.0 percent.

*This presupposes that political and economic conditions do not worsen.
Our mid-term guidance

Group 5-year targets: accelerated growth and margin expansion

**Revenue growth**
We expect mid- to high-single digit revenue growth (CAGR) for the Group.

**Margin increase**
By 2022, we expect to achieve an EBITDA margin for the Group of around 16 percent.
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Dates and contact

March 22, 2018
March 23, 2018
April 9-10, 2018
April 19, 2018
April 24, 2018
May 9, 2018
June 5, 2018

Financial Statements 2018, conference call
Analysts’ conference and Roadshow, Frankfurt/Main
Roadshow Scandinavia
Conference Bankhaus Lampe, Baden-Baden
Roadshow Paris
Results of the 1st quarter 2018, conference call
Annual General Meeting, Weimar

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