JENOPTIK AG – 1st half-year 2019

Dr. Stefan Traeger | Hans-Dieter Schumacher | August 8, 2019
Agenda

01 Development of the Jenoptik Group

02 Performance of the divisions

03 Outlook

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Major events in the 1st half-year 2019

- Dr. Traeger confirmed in office for another five-year term
- Sales process for VINCORION division started
- Substantial investments in expansion and modernization of our locations
- Several orders received by Prodomax in the automation area
- New corporate structure has been in place since January 1, 2019; structures within divisions and corporate center simplified
Order intake only slightly down on prior year; order backlog remained at high level

Order intake in million euros

<table>
<thead>
<tr>
<th></th>
<th>H1/2018</th>
<th>H1/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>397.2</td>
<td>392.5</td>
</tr>
</tbody>
</table>

Order backlog in million euros

<table>
<thead>
<tr>
<th></th>
<th>Dec 31, 2018</th>
<th>Jun 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>521.5</td>
<td>522.5</td>
</tr>
</tbody>
</table>

- Light & Production as well as Light & Safety divisions contributed to growth; Light & Optics division received major order earlier than expected in Q4/2018
- **Book-to-bill ratio** at 1.02 almost at prior year level of 1.03
- Solid basis for coming months
- 65% with planned conversion to revenue in 2019 (prior year 58%)
- **Frame contracts** at 56.8 million euros (31/12/18: 62.5m euros)
Momentum increased in 2nd quarter as expected, revenue in 1st half-year almost at prior-year level

Revenue in million euros

- Revenue grew on a quarterly basis, when compared both to the prior year and the prior quarter
- Good business with semiconductor equipment industry
- Contribution of the companies acquired in 2018: ~29 million euros
- Current export restrictions and high revenue contribution from the toll monitoring project in the prior year (approx. 25 million euros) affected development
In the 1st half of 2019 revenue grew exclusively in non-European countries.

Foreign revenue ~73 percent

- **AMERICAS**: +27.0%
  - Revenue: 82.5 → 104.8
- **EUROPE**: -11.6%
  - Revenue: 241.2 → 213.3
- **GERMANY**: -16.6%
  - Revenue: 125.5 → 104.7
- **AFRICA / MIDDLE EAST**: -4.9%
  - Revenue: 17.0 → 16.2
- **ASIA / PACIFIC**: +10.9%
  - Revenue: 104.8 → 48.8
Positive earnings development compared with prior quarter

**EBITDA** in million euros

- EBITDA impacted by
  - Higher functional costs
  - Positive effects from first-time application of IFRS 16
  - Contributions by acquisitions
  - EBITDA margin at 14.1% (prior year 14.6%)
  - Improvement both on prior quarter and prior-year quarter

**EBIT** in million euros

- EBIT margin at 8.4% (prior year 11.1%)
- EBIT contribution of companies acquired in 2018 came to 1.5 million euros (incl. PPA effects of –3.0 million euros)
Gross margin improved; higher investments in future growth caused rise in functional costs

<table>
<thead>
<tr>
<th>In million euros</th>
<th>H1/2019</th>
<th>H1/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>383.1</td>
<td>384.7</td>
</tr>
<tr>
<td>Gross margin</td>
<td>36.0%</td>
<td>35.2%</td>
</tr>
<tr>
<td>Functional costs</td>
<td>103.0</td>
<td>92.7</td>
</tr>
<tr>
<td>EBITDA</td>
<td>54.0</td>
<td>56.3</td>
</tr>
<tr>
<td>EBIT</td>
<td>32.2</td>
<td>42.8</td>
</tr>
<tr>
<td>Financial result</td>
<td>−1.5</td>
<td>−1.6</td>
</tr>
<tr>
<td>Earnings before tax</td>
<td>30.7</td>
<td>41.2</td>
</tr>
<tr>
<td>Earnings after tax</td>
<td>24.2</td>
<td>33.4</td>
</tr>
<tr>
<td>Earnings per share (euros)</td>
<td>0.42</td>
<td>0.59</td>
</tr>
</tbody>
</table>

- **Gross margin** improved, as cost of sales decreased at a slightly stronger rate than revenue

- Rise in functional costs by 11.1%
  - **R+D**: increasing R+D activities
  - **Selling**: expansion of international distribution; acquisition of Prodomax
  - **Administration**: higher personnel costs and administrative expenses of the companies acquired in 2018 that were not contained in the prior-year period

- Cash-effective **tax rate** at 15.2% (prior year 14.2%) due to higher share of earnings generated abroad
Free cash flow impacted in particular by lower operating cash flows and higher investments

<table>
<thead>
<tr>
<th>In million euros</th>
<th>H1/2019</th>
<th>H1/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit before adjusting working capital</td>
<td>53.5</td>
<td>55.1</td>
</tr>
<tr>
<td>Changes in working capital and other items</td>
<td>−51.5</td>
<td>−12.3</td>
</tr>
<tr>
<td>Cash flows from operating activities before income taxes</td>
<td>1.9</td>
<td>42.7</td>
</tr>
<tr>
<td>Cash flows from operative investing activities</td>
<td>−16.6</td>
<td>−14.0</td>
</tr>
<tr>
<td>Free cash flow (before interest and taxes)</td>
<td>−14.6</td>
<td>28.8</td>
</tr>
</tbody>
</table>

- **Working Capital** grew to 256.4 million euros (31/12/18: 216.8m euros / 30/6/18: 227.1m euros), attributable in particular to higher inventories and operating receivables.
- **Working capital ratio** came to 30.8% (31/12/18: 26.0% / 30/6/18: 29.0%).
- **Investments** increased as planned to 16.6 million euros (prior year 14.0m euros).
- **Net debt** increased to 79.0 million euros (prior year −27.2m euros) which was attributable to higher financial debt (rose by 56.6m euros due to IFRS 16) and reduced cash and cash equivalents.
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Light & Optics division: Development in line with expectations

- Good business with semiconductor equipment industry; decline in the areas of biophotonics and industrial solutions
- Substantial growth of revenue in the Americas

- **Revenue** in million euros
  - H1/2018: 163.3
  - H1/2019: 162.7
  - Change: −0.4%

- **EBITDA** in million euros
  - H1/2018: 35.4
  - H1/2019: 32.0
  - Change: −9.4%

- **Order intake** in million euros
  - H1/2018: 179.3
  - H1/2019: 153.0
  - Change: −14.7%

- **EBITDA margin** remained at very good level at 19.5% (prior year 21.5%)
- **EBIT** came to 27.0 million euros (prior year 31.3m euros); **EBIT margin** 16.5% (prior year 19.0%)
- Major order in semiconductor equipment area already received in Q4/2018
- **Book-to-bill**: 0.94 (pr. y. 1.10)
- **Order backlog**: 162.6 million euros (31/12/18: 180.6m euros)
- **Frame contracts**: 13.9 million euros (31/12/18: 12.5m euros)
Light & Production division: Growth mainly attributable to contributions of acquired businesses

- Companies acquired in 2018 contributed approx. 29 million euros to revenue
- Strong rise in the Americas

- **EBITDA margin** considerably improved to 10.7% (prior year 6.7%)
- **EBIT** grew to 5.9 million euros (prior year 4.9m euros), dilutive contribution of 1.5 million euros incl. PPA effects of –3.0 million euros by companies acquired in 2018
- **EBIT margin** came to 5.3% (prior year 6.4%)

- Several orders worth in total more than 30 million euros received in H1/2019
- **Book-to-bill**: 1.01 (prior year 1.20)
- **Order backlog**: 114.8 million euros (31/12/18: 112.5m euros)
- **Frame contracts**: none
Light & Safety division: Increase in order intake; shortfall in revenue due to toll monitoring project in the last year

- In the prior year, toll monitoring project contributed approx. 25 million euros to substantial growth
- Growth in the Americas and Middle East/Africa, strong decline in Germany
- Revenue reduction was also reflected in EBITDA; EBITDA margin fell to 13.5% (prior year 15.2%)
- EBIT dropped to 3.0 million euros (prior year 7.0 million euros), EBIT margin at 6.2% (prior year 11.3%)
- Book-to-bill improved to 1.04 (prior year 0.78)
- Order backlog: 71.6 million euros (31/12/18: 69.5m euros)
- Frame contracts: 16.0 million euros (31/12/18: 19.2m euros)
VINCORION: Good order backlog, export restrictions with negative effect on revenue and earnings

- Extended export restrictions for arms, in particular, resulted in decline in revenue
- Lower revenue in particular in Germany and the Americas
- Reduced revenue had an impact on earnings
  - EBITDA margin fell to 7.6% (prior year 10.6%)
  - EBIT 1.2 million euros (prior year 6.9 million euros); EBIT margin reduced to 2.0% (prior year 8.4%)
- Book-to-bill grew to 1.25 (prior year 0.94)
- Order backlog improved to 173.0 million euros (31/12/18: 158.9m euros)
- Frame contracts: 26.9 million euros (31/12/18: 30.7m euros)
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Growth expected for 2019; forecast slightly adjusted due to reluctance to invest particularly in the automotive industry

We now anticipate revenue, without major portfolio changes, in a range between 850 and 860 million euros (before: growth in the mid single-digit percentage range).

EBITDA margin is expected to come to around 15.5 percent (before: between 15.5 and 16.0 percent).

This presupposes that political and economic conditions do not worsen.
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# Key financials 2018 of the new divisions

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<thead>
<tr>
<th>in million euros</th>
<th>Light &amp; Optics</th>
<th>Light &amp; Production*</th>
<th>Light &amp; Safety</th>
<th>VINCORION</th>
<th>Group*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>339.6</td>
<td>210.9</td>
<td>116.9</td>
<td>166.4</td>
<td>834.6</td>
</tr>
<tr>
<td>EBITDA</td>
<td>74.1</td>
<td>24.6</td>
<td>15.9</td>
<td>20.1</td>
<td>127.5</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>21.8%</td>
<td>11.7%</td>
<td>13.6%</td>
<td>12.1%</td>
<td>15.3%</td>
</tr>
<tr>
<td>EBIT</td>
<td>65.9</td>
<td>16.8</td>
<td>10.9</td>
<td>16.5</td>
<td>94.9</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>19.4%</td>
<td>8.0%</td>
<td>9.3%</td>
<td>9.9%</td>
<td>11.4%</td>
</tr>
<tr>
<td>Order intake</td>
<td>398.6</td>
<td>200.9</td>
<td>118.5</td>
<td>154.9</td>
<td>873.7</td>
</tr>
<tr>
<td>Order backlog</td>
<td>181.5</td>
<td>112.5</td>
<td>69.5</td>
<td>158.9</td>
<td>521.5</td>
</tr>
</tbody>
</table>

*incl. PPA effects
## Dates and contact

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 8, 2019</td>
<td>Conference call on results of 1st half-year 2019</td>
</tr>
<tr>
<td>August 9, 2019</td>
<td>Analysts’ meeting / roadshow, Frankfurt am Main</td>
</tr>
<tr>
<td>August 29, 2019</td>
<td>Commerzbank Sector Conference, Frankfurt am Main</td>
</tr>
<tr>
<td>September 3/4, 2019</td>
<td>Roadshow London / Edinburgh</td>
</tr>
<tr>
<td>September 18/19, 2019</td>
<td>Roadshow Madrid / Barcelona</td>
</tr>
<tr>
<td>September 25, 2019</td>
<td>Berenberg &amp; Goldman Sachs 8th German Corp. Conf., Munich</td>
</tr>
<tr>
<td>September 25, 2019</td>
<td>Baader Investment Conference, Munich</td>
</tr>
<tr>
<td>November 12, 2019</td>
<td>Conference call on results of first nine months 2019</td>
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## Contact:

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