Press Release

Jenoptik achieves 2019 targets; outlook is subject to review

- Group revenue up to 855.2 million euros in 2019 (+2.5 percent)
- Rise in EBITDA to 134.0 million euros (+5 percent)
- Strongest order intake in Q4; order intake for full year down to 812.6 million euros (-7.0 percent)
- Dividend payment under review
- Noticeable effects of SARS-CoV-2 in first half of the year

With revenue of 855.2 million euros, the Jenoptik Group achieved growth of 2.5 percent in the 2019 fiscal year and exceeded the high level of the prior year despite a difficult market environment (prior year: 834.6 million euros). Momentum picked up as the year progressed and, in line with expectations, the fourth quarter saw the strongest revenue of 259.5 million euros (prior year: 241.2 million euros), with growth coming from the Light & Optics and Light & Production divisions. The solid business performance was driven in particular by high demand from the semiconductor equipment industry and good business development in the Automation & Integration area. The companies acquired in 2018 – Prodomax and the OTTO Group – contributed 66.4 million euros of revenue in the past fiscal year (prior year: 37.0 million euros).

On a regional level, growth momentum came from abroad, in particular from North America. Europe remained the region with the highest revenue of 246.0 million euros (prior year: 244.7 million euros), closely followed by the Americas with 239.7 million euros (prior year: 207.7 million euros). Jenoptik thus generated around 73 percent of revenue abroad in the past fiscal year (prior year: 71 percent) – a proof of the successful implementation of the company’s internationalization strategy.

Despite higher functional costs and increased spending for future growth, EBITDA improved by 5.0 percent to 134.0 million euros in 2019 (prior year: 127.5 million euros). This was mainly the result of contributions made by the acquired companies and positive impacts from the first-time application of the international financial reporting standard IFRS 16. The EBITDA margin accordingly increased to 15.7 percent (prior year: 15.3 percent). At 88.9 million euros, EBIT was 6.3 percent down on the prior-year figure of 94.9 million euros. The group EBIT margin thus fell to 10.4 percent (prior year: 11.4 percent). The EBIT includes the operating result of the acquired companies of 5.8 million euros (prior year: minus 0.5 million euros), including impacts arising from the purchase price allocation of minus 5.3 million euros (prior year: minus 10.5 million euros).
“As we had expected, demand improved across key sections of our business in the second half-year 2019, allowing us to achieve our targets and boost profitability. We owe this, in no small part, to the commitment of our employees. But it also shows that we are well positioned in relevant markets with our range of products and services. This will allow us to continue our company’s success story,” said Dr. Stefan Traeger, President & CEO of JENOPTIK AG.

Order intake increased momentum in 2nd half, full year shows decline

The development of order intakes in the reporting year was impacted by a reluctance to invest within the automotive sector. Overall, the Group received orders of 812.6 million euros in 2019 (prior year: 873.7 million euros). The decline of 7.0 percent was also due to a major order in the semiconductor equipment business booked already at the end of 2018. With larger projects, particularly in its defense and traffic safety businesses, the Group’s order intake in the fourth quarter came to 237.7 million euros, a sharp rise on prior quarters and a solid basis for scheduled growth in 2020. Due to good revenue figures, particularly in the fourth quarter, the order backlog fell to 466.1 million euros at the end of the year (31/12/2018: 521.5 million euros).

In line with expectations and as a result of a lower operating cash flow and higher capital expenditure, the Group reported a free cash flow of 77.2 million euros (prior year: 108.3 million euros). Cash and cash equivalents, including short-term financial investments, grew to 168.7 million euros (31/12/2018: 148.7 million euros). Despite a higher dividend payout of 20.0 million euros (prior year: 17.2 million euros) and extensive investment, Jenoptik’s net debt came to minus 9.1 million euros at the end of the year, which means the Group was again free of net debt (31/12/2018: minus 27.2 million euros).

Company is investigating feasibility of Annual General Meeting on the planned date and puts dividend payment under review

The company is currently investigating potential impacts of the SARS-CoV-2 outbreak on the feasibility of the Annual General Meeting 2020 on the planned date, and puts the proposed dividend payment under review. “To keep our operational business processes running, and to continue to enable strategic investments in the future development of our company towards a focused technology group in optics and photonics is the Board’s highest priority at the moment” says Dr. Stefan Traeger, President and CEO of JENOPTIK AG. Originally, the Executive and Supervisory Boards had planned to propose a dividend of 0.35 euros (prior year: 0.35 euros) to shareholders at the Annual General Meeting.

“Based on the developments in the coming weeks, the Executive and Supervisory Boards will review the appropriation of profit and issue an updated proposal to the Annual General Meeting, if appropriate.” adds Hans-Dieter Schumacher, Chief Financial Officer of JENOPTIK AG.

Employee numbers up in line with operating business

The number of Jenoptik employees (incl. trainees) grew by 1.9 percent or 79 employees to 4,122 as of December 31, 2019 (31/12/2018: 4,043 employees). In Germany, Jenoptik recorded a rise in its workforce of 2.4 percent, to 3,134 employees. The number of people employed abroad, at 988, was virtually unchanged on the prior year (31/12/2018: 981).

Development of the divisions
In the Light & Optics division, revenue grew by 3.9 percent to 350.0 million euros (prior year: 337.0 million euros). The division particularly benefited from good business with solutions for the semiconductor equipment industry, allowing it to more than offset the decline in the Industrial Solutions area. EBITDA showed a year-on-year reduction of 5.8 percent to 69.8 million euros (prior year: 74.1 million euros). This was due to the declining margin contribution in the Industrial Solutions area, mainly the result of a widespread reluctance to invest within the automotive industry. This could not be offset by the good business with the semiconductor equipment industry or the positive impacts arising from the first-time application of IFRS 16. At 19.8 percent, the EBITDA margin in 2019 was down on the prior-year figure of 21.8 percent, but still remained at a very good level. As expected, the year’s order intake, worth 324.7 million euros, was down on the prior-year figure of 396.1 million euros, in part due to the fact that a high-volume order for semiconductor equipment was already booked in late 2018. Due to the lower order intake, the division’s order backlog fell by 35.7 million euros to 144.9 million euros at the end of the year (31/12/2018: 180.6 million euros).

Revenue in the Light & Production division grew by 8.6 percent to 228.9 million euros in 2019 (prior year: 210.7 million euros), with the Automation & Integration area making a significant contribution to this increase. The companies acquired in 2018 contributed 66.4 million euros of revenue (prior year: 37.0 million euros). By contrast, the development of the Metrology and Laser Processing areas was affected by increasingly difficult conditions in the automotive industry, particularly in the second half of 2019. On the basis of good revenue growth and positive impacts arising from the first-time application of IFRS 16, EBITDA increased by 4.7 percent to 25.8 million euros (prior year: 24.6 million euros). The EBITDA margin came to 11.3 percent, compared with 11.7 percent in the prior year. The division’s order intake was worth 199.3 million euros, practically unchanged on the prior-year figure of 200.7 million euros, with growth seen in the Automation & Integration area. The order intake includes orders from Prodomax and the OTTO Group, worth around 46 million euros (prior year: approximately 24 million euros). As a result of the higher revenue, the order backlog decreased by 27.5 percent to 81.6 million euros at year-end 2019 (31/12/2018: 112.5 million euros).

In the 2019 fiscal year, the Light & Safety division generated revenue of 108.7 million euros (prior year: 116.9 million euros). In the prior year, the delivery of toll monitoring systems had returned a strong 26 million euros of revenue. In 2019, Light & Safety managed to largely offset the shortfall in revenue arising from this project, particularly assisted by a strong fourth quarter. Despite the fall in revenue, EBITDA climbed sharply to 18.8 million euros (prior year: 15.9 million euros), primarily due to impacts arising from the first-time application of IFRS 16 and a higher-margin product mix. The EBITDA margin improved significantly to 17.3 percent in 2019 (prior year: 13.6 percent). As expected, the division increased its order intake in the fourth quarter, posting new orders in particular from North America. At 107.9 million euros, the order intake for the full year was still down on the prior-year figure of 118.4 million euros. As of December 31, 2019, the order backlog of 69.9 million euros was at the same good level as the prior year (31/12/2018: 69.5 million euros).

As expected, VINCORION’s revenue remained practically unchanged on the prior year, at 164.8 million euros (prior year: 166.4 million euros). Buoyed by the issue of a license in early October to export power supply units for the “Patriot” missile defense system to the United Arab Emirates (UAE), VINCORION’s revenue in the final quarter was significantly higher than in the prior quarters of the year. EBITDA saw a sharp rise to 24.2 million euros (prior year: 20.1 million euros), mainly due to positive impacts arising from the first-time application of IFRS 16. The EBITDA margin accordingly grew to 14.7 percent (prior year: 12.1 percent). As expected, VINCORION significantly increased its order intake in the fourth quarter. At 177.9 million euros, the order intake for the full year was up on the prior-year figure of 154.9 million euros. VINCORION primarily received orders for systems for the Leopard 2 tank, the missile defense system, and in the aviation business. The higher order intake also led to growth in the order backlog to 169.7 million euros as of December 31, 2019 (31/12/2018: 158.9 million euros).
SARS-CoV-2 outbreak makes predictions difficult, forecast is subject to review

At present, it is not possible to reliably assess to what extent the spread of coronavirus will affect Jenoptik’s business in the current fiscal year. The forecast made by the Executive Board in the Annual Report was based on the knowledge at the time of preparing the report (March 10, 2020) resp. at the date of publishing the preliminary figures at the beginning of February, and is, therefore, subject to review. In view of the current situation, the Executive Board is expecting noticeable impacts at least in the first half of the year.

“Jenoptik provides its products and services primarily for the capital goods market, which in our opinion should be less affected than consumer goods segments. We also foresee only little impact on the project business with public customers of the Light & Safety division and of VINCORION. Our semiconductor equipment business is also not much affected at present. But we see significant impacts, especially in the automotive sector, due to longer lead times for projects, postponements and noticeable effects in the supply chains,” says Stefan Traeger.

The 2019 Annual Report is available on the Jenoptik website, Investors / Reports and Presentations. Images are available for download from the Jenoptik media library.

Jena, March 25, 2020

About Jenoptik

Jenoptik is a globally operating technology group, which is active in three photonics-based divisions, Light & Optics, Light & Production, and Light & Safety, together with its mechatronics business managed under the VINCORION brand name. Optical technologies, systems, and solutions form the basis of our business. Our key markets primarily include the semiconductor equipment industry, the medical technology, automotive, mechanical engineering, traffic, aviation, and security and defense technology industries. JENOPTIK AG (A2NB60) is listed on the Frankfurt Stock Exchange and employs more than 4,100 people around the world.

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