



Interview with the Executive Board

Despite major external challenges, 2022 was another very successful year for Jenoptik. With revenue growth of more than 30 percent to 980.7 million euros and an EBITDA margin of 18.8 percent, the very positive development from the prior year was continued. The strategic focus on the growth markets semiconductor & electronics, life science & medical technology as well as smart mobility is paying off. Accordingly, Jenoptik has set itself the goal of further improving its key financial figures in 2023. The company is on the right path to achieving its medium-term goals defined in the “More Value” strategic agenda by 2025, which envisage revenue of around 1.2 billion euros and an improvement in profitability to an EBITDA margin of around 20 percent. Jenoptik is also financially well prepared for future growth. Jenoptik Executive Board members Dr. Stefan Traeger and Hans-Dieter Schumacher explain in this interview how the goals will be achieved, what growth potential still exists organically and possibly also externally, and how Jenoptik is positioned in terms of sustainability.

Despite difficult underlying conditions, 2022 was a very successful year for Jenoptik. How did you achieve this?

Stefan Traeger: The very positive development in revenue and EBITDA margin is an indication that our focus on specific growth areas in the photonics market is not only strategically but also economically correct. Thanks to well-established relationships with our customers and suppliers, but also due to our focus on demanding photonic applications, we have developed a certain resilience. Yet 2022 was challenging, with high inflation rates, rising interest rates, intermittent supply bottlenecks, and uncertainties associated with the war in Ukraine and the Covid-19 pandemic. Our investment in innovation forms the basis for the company’s success. In addition, we will continue to implement our goal of becoming a world leading, pure photonics group using

appropriate portfolio measures. We remain focused on the goals of our “More Value” growth agenda and expect continued profitable growth in 2023. We can be satisfied with what has been achieved over the past fiscal year and I would like to take this opportunity to thank our more than 4,400 employees for their outstanding commitment!

Mr. Schumacher, you will be leaving Jenoptik on April 1, 2023 after very successful years; how do you classify 2022?

Hans-Dieter Schumacher: In many respects, 2022 was a highlight of my eight-year term as Chief Financial Officer. We exceeded our own targets, in some cases significantly, and achieved new records in terms of both order intake and revenue. A revenue increase of more than 30 percent – around 11 percent of which was organic – is definitely something

The organic
growth
in fiscal year
2022
was approximately
11
percent

“We see good opportunities to further improve our profitability.”

Hans-Dieter Schumacher



to be proud of. And we significantly improved our EBITDA margin on a comparable basis. This is particularly remarkable when considering the challenges we had to face. As Chief Financial Officer, my focus has always been on Jenoptik's financial and balance sheet health. And here we are in an excellent position with an equity ratio of 50.4 percent, a significant reduction in net debt in 2022 and a debt-to-equity ratio of 2.6, which is clearly below our target of 3.0. Consequently, Jenoptik is very well positioned for the future.

You have focused your portfolio on three strategic growth areas. Do you think Jenoptik is already perfectly positioned here?

Stefan Traeger: Our “More Value” growth agenda focuses on the semiconductor & electronics, life science & medical technology, and smart mobility markets. These markets offer above-average growth potential, require sophisticated photonic solutions, and are only partially affected by economic fluctuations. In recent years, we have strengthened ourselves very well in these markets through the

acquisition of TRIOPTICS, BG Medical, and SwissOptic. This has brought us a good deal closer to our goal of generating around 50 percent of the 1.2 billion euros in revenue targeted for 2025 from semiconductor & electronics and around 25 percent respectively from life science & medical technology and smart mobility. In 2022, we already generated around 85 percent of our revenue in these markets. We also always look for suitable additions to our portfolio, but this is done with prudence.

What potential do you see for the next few years in your core markets? How long will the current boom in the semiconductor business last?

Stefan Traeger: Our Advanced Photonics Solutions division, where we bundle our activities in the areas of semiconductor & electronics and life science & medical technology, among others, continued to show fantastic development in 2022 with revenue growth of around 47 percent, 17 percent of which was organic. Growth was driven by almost all application areas, but above all by the semiconductor equipment segment. Against the backdrop of strong long-term drivers of growth such as ever-increasing digitization, we see significant potential here. We are also benefiting from the trend towards becoming less dependent on Southeast Asia for semiconductor production and establishing production in the US and Europe. As a result, we are investing heavily, for example more than 70 million euros in a new high-tech factory in Dresden, which is scheduled to start operation in 2025.

And how does the situation look for the other activities?

Hans-Dieter Schumacher: We also see very good growth opportunities in life science and medical technology. Here we are well positioned as a supplier in the areas of ophthalmology, dermatology, dentistry and laboratory diagnostics. Smart mobility is benefiting from increased safety awareness in the mobility segment and among the general public, resulting in steadily rising demand. As an integrated service provider for speed monitoring, for example, we offer everything from speed measurement to fine notices from a single source. So, all in all, we are very confident about the future.

Currently an 18.8 percent margin and you still see room for improvement, where do you see this coming from?

Hans-Dieter Schumacher: Actually, we had very good development in our operating profitability. On the one hand, we expect to grow particularly strongly in products with above-average margins and to benefit accordingly from an improved product mix. On the other hand, we are constantly working on our efficiency, so we see this as having a further positive effect on profit. We expect these two aspects to provide further positive effects in the future. However, key, above all, is our ability to further expand our business with our customers through new applications, among other things, and to win new customers. Last year, we spent around 87 million euros on research and development, some of which we develop jointly with our customers; this represents 8.9 percent of our revenue.

You see yourself as an enabler, helping to make the world more sustainable with your products. What do you base this on?

Stefan Traeger: According to the industry association SPECTARIS, photonics applications will facilitate at least 11 percent of global CO₂ savings in 2030. As one of the leading technology companies, Jenoptik intends to contribute here in the areas of infrastructure, communication, mobility and health. In

addition, we have made a clear commitment as to how we will also make Jenoptik ever more sustainable. This includes, for example, the goal of reducing CO₂ emissions by 30 percent by 2025 compared to the base year 2019 and increasing the share of green energy in the Group to 75 percent. Our ambitions are recognized, both by awards from customers, and by positive ESG ratings. For example, MSCI, a global leader in sustainability analysis

“In 2023, we aim to achieve further growth in revenue and earnings.”

Dr. Stefan Traeger



and ratings, has certified us with an AA rating, indicating that we are among the top 15 percent of the world's best-rated companies in the electronic components sector and thus, according to MSCI, part of the group of leaders in sustainability.

Let's look ahead, what are your plans for 2023?

Stefan Traeger: Assuming that the geopolitical risks do not worsen and the imminent easing of inflation and materials procurement continues, we aim to achieve further growth in revenue and earnings in 2023 on the basis of the excellent order situation. Accordingly, revenue should be between 1,050 million euros and 1,100 million euros. In terms of profitability, we forecast a further step towards our goal for 2025, aiming to achieve an EBITDA margin of 19.0 to 19.5 percent. Accordingly, we believe there will once again be good opportunities for us to once again achieve strong free cash flow and a further significant reduction in net debt, despite continued high investment in our organic growth. Possible changes to our portfolio are not taken into account here.

And what do your shareholders gain from this positive development?

Hans-Dieter Schumacher: We continue to pursue the goal of allowing our shareholders to participate appropriately in the success of the company, taking into account necessary investment in growth. Accordingly, we want

our shareholders to participate in the company's success through a 20-percent higher dividend of 0.30 euros per share. On the other hand, our investment in growth should lead to a sustainable increase in the value of our company.

Dr. Traeger, Mr. Schumacher, thank you for talking to us!