

# JENOPTIK AG

## Results of the first quarter 2015 and outlook



May 12, 2015

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## External impacts on the business development

- Challenging economic environment
  - Subdued demand from the semiconductor equipment industry
  - More stringent export restrictions on national and European level continue to apply
- Political developments in the Ukraine and Russia as well as in the Middle East remain uncertain
- Uncertainty in the euro zone regarding Greece

## Major events in the Jenoptik Group

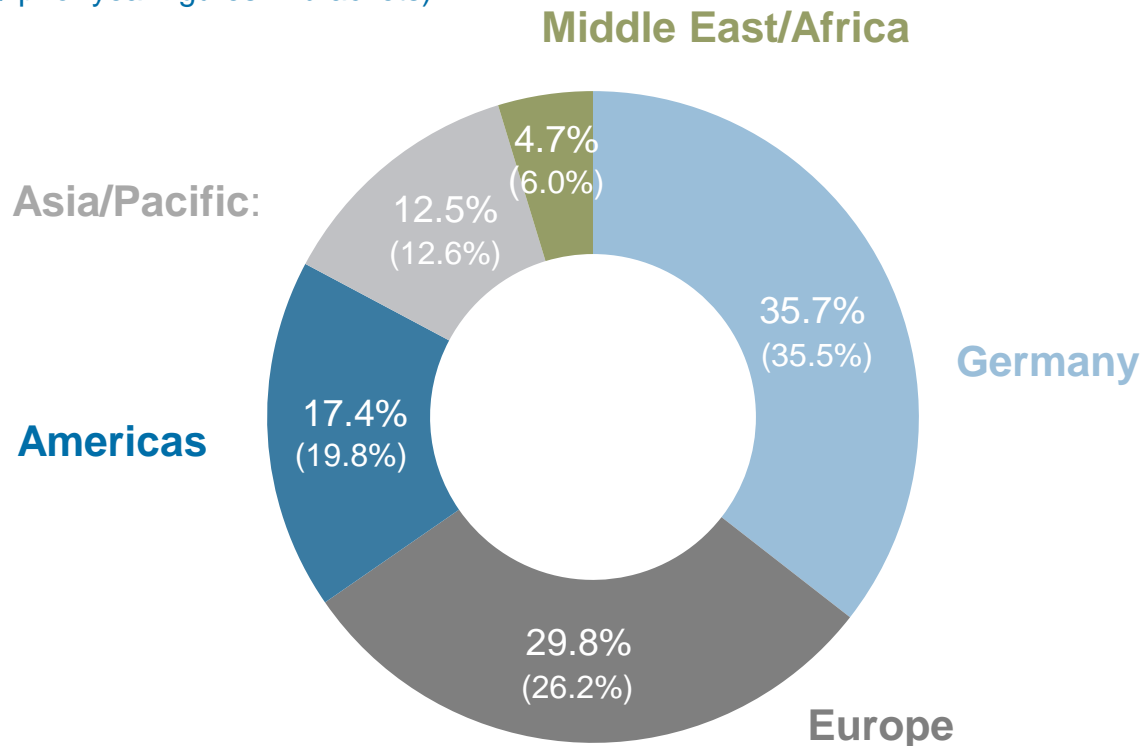
- Long-term Group financing was restructured at more favorable conditions
- Division structure will be realigned more closely to markets
- New Chief Financial Officer
- Integration of the companies acquired in 2014
- Major order to supply energy systems for the Patriot missile defense system
- ECE Industriebeteiligungen sold all of its remaining shares

# About 64 percent of revenue generated abroad; Growth in Europe is attributable to acquisitions



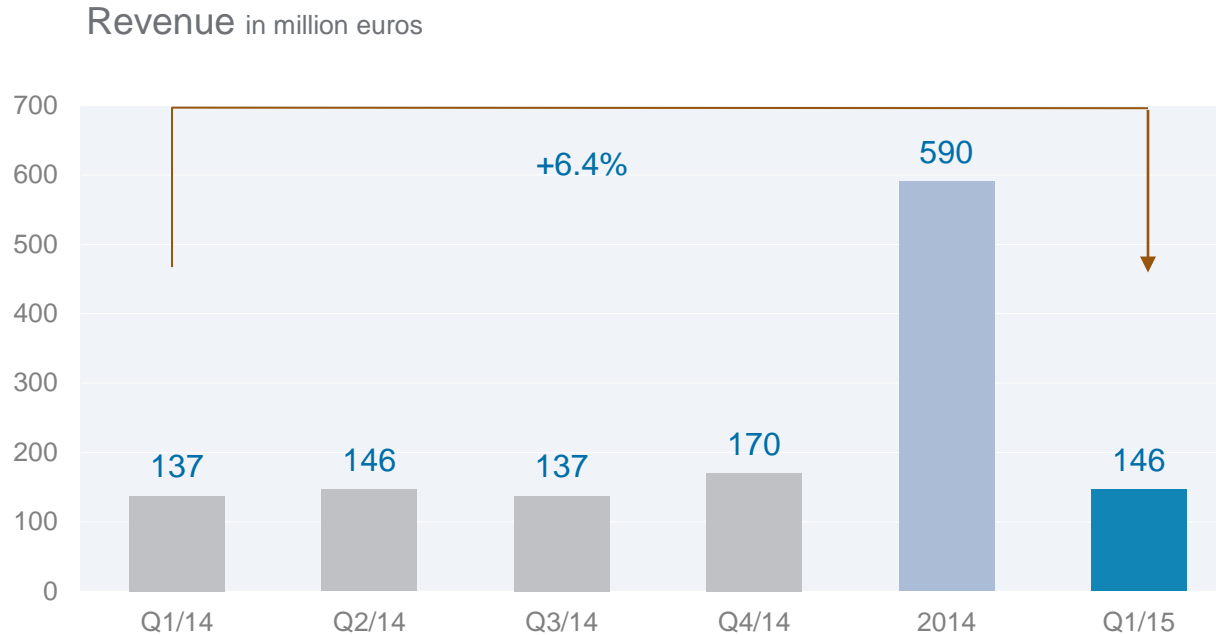
## Revenue by region

(as at 31.03.2015 / prior year figures in brackets)



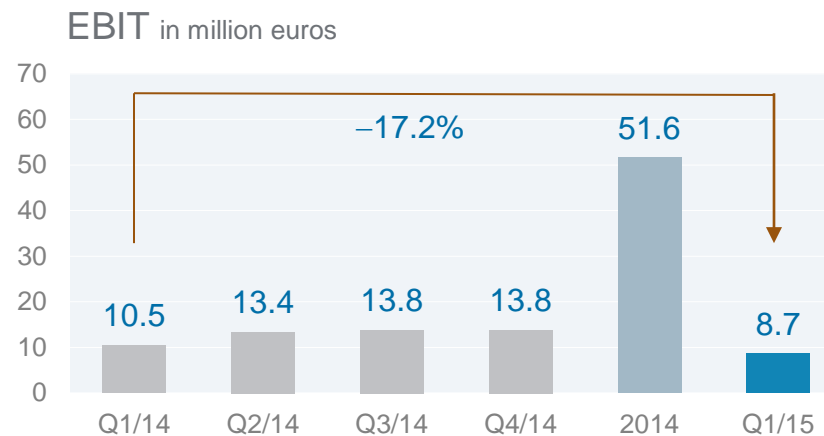
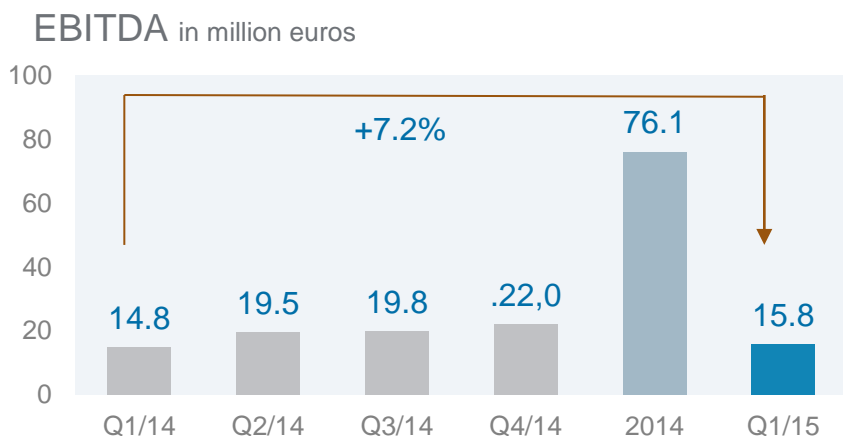
- Revenue in Europe (without Germany) rose substantially by approx. 21% to 43.5 million euros (prior year 35.8 million euros), primarily due to the acquisitions in the traffic safety area (UK, NL)

# Revenue increased in comparison with prior year



- Revenue rose by 6.4%
  - Metrology as well as Defense & Civil Systems segments reported growth
- 146 million euros is the highest revenue generated in a first quarter for a number of years

# EBITDA was 7.2% higher than in prior year



EBITDA margin of 10.9% (prior year 10.8%)

- EBITDA increased at a higher rate than revenue in the 1<sup>st</sup> quarter 2015
- EBITDA margin constant compared with same quarter in the prior year

EBIT margin of 6.0% (prior year 7.7%)

- As expected, EBIT at 8.7 million euros did not reach prior year figure and was affected by:
  - Changed revenue mix and depreciation effects
  - In prior year: positive one-off effects from sale of systems technology and in connection with sale of real estate

# Income Statement Q1/2015: Earnings before and after tax higher than in prior year



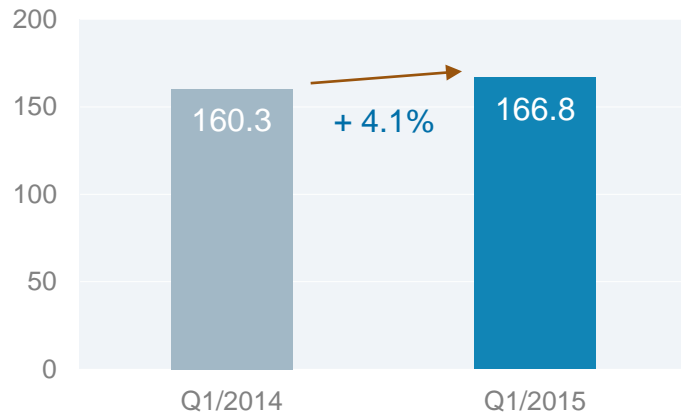
In million euros	Q1/2015	Q1/2014
<b>Revenue</b>	<b>145.8</b>	<b>136.9</b>
Gross margin	34.4%	35.0%
Functional costs	43.8	37.4
<b>EBITDA</b>	<b>15.8</b>	<b>14.8</b>
<b>EBIT</b>	<b>8.7</b>	<b>10.5</b>
Financial result	1.1	-1.5
<b>Earnings before tax</b>	<b>9.8</b>	<b>9.0</b>
Earnings after tax	8.3	7.7
<b>Earnings per share</b>	<b>0.14</b>	<b>0.13</b>

- Gross margin reduced in part due to changed revenue mix
- Functional costs rose due to continuing expansion of international activities and key group functions as well as first-time consolidations
- Exchange rate gains bolstered financial result; this also resulted in higher earnings before tax
- Cash-effective tax rate of 16.0% (prior year 11.9%)

# Order intake exceeded prior year figure

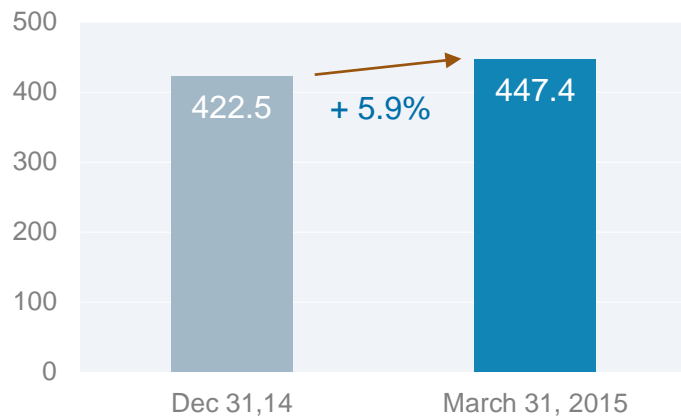


Order intake in million euros



- Order intake in 1<sup>st</sup> quarter 2015 higher than in prior year
  - Rise in particular in Metrology segment
  - Major order to equip Patriot missile defense system
- Order intake higher than revenue in the quarter; Book-to-bill ratio at 1.14 slightly lower than in prior year (prior year 1.17)

Order backlog in million euros



- Order backlog increased by about 25 million euros over the figure at year end 2014
- Approx. 64 percent of the order backlog will be converted into revenue in the present fiscal year
- Orders received as well as well-filled project pipeline create good conditions for growth in the coming quarters



# Cash flow statement: Free cash flow improved compared to prior year



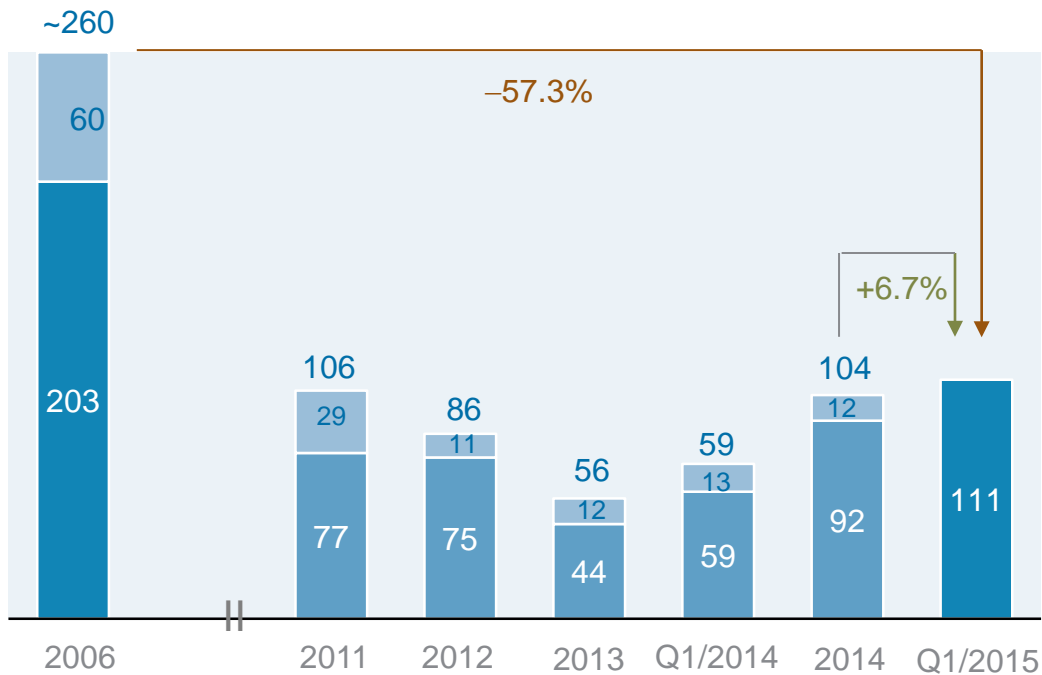
In million euros	Q1/2015	Q1/2014
Operating profit before adjusting working capital	14.1	14.8
Changes in working capital and other items	-11.6	-20.5
Cash flows from operating activities before income tax	2.5	-5.7
Cash flows from operative investing activities	-5.9	-5.1
Free cash flow (before interest and taxes)	-3.3	-10.7

- Free cash flow and cash flows from operating activities exceeded prior-year figures
  - Mainly influenced by change in working capital
- Working capital rose to 237.3 million euros (31/12/2014: 217.5 million euros):
  - Increase in inventories by 15.8 million euros due to prefabrications for revenue in the subsequent periods
  - Trade payables reduced
  - Working capital ratio (LTM) came to 39.6% and was thus higher than at year-end 2014 (31/12/14: 36.9%)

# Target remains to further reduce net debt in the mid to long term



in million euros



- Rise in net debt was expected due to:
  - Payment to the last remaining real estate investor; there are no further silent investments or claims
  - Use of resources for working capital
- Equity ratio rose to 51.5% (31/12/2014: 50.1%)

- Claims of silent real estate investors
- Net debt

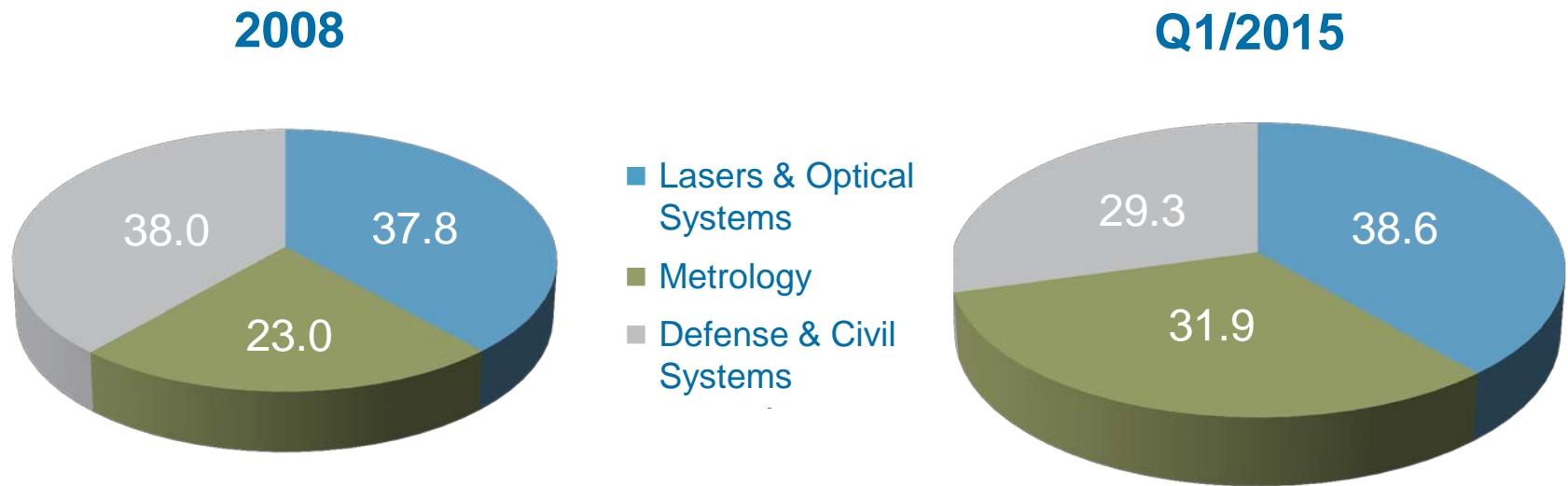
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# Strategic group development prioritizes growth markets of the future



Share of the segments in Group revenue in percent



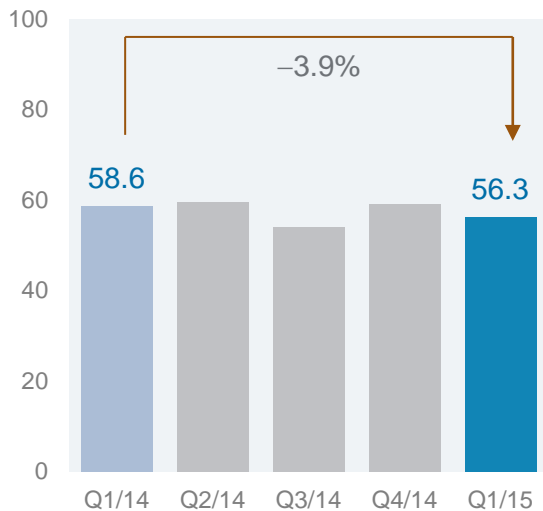
- Revenue shares of Lasers & Optical Systems as well as Metrology segments have constantly grown

# Strong growth in the Metrology as well as Defense & Civil Systems segments



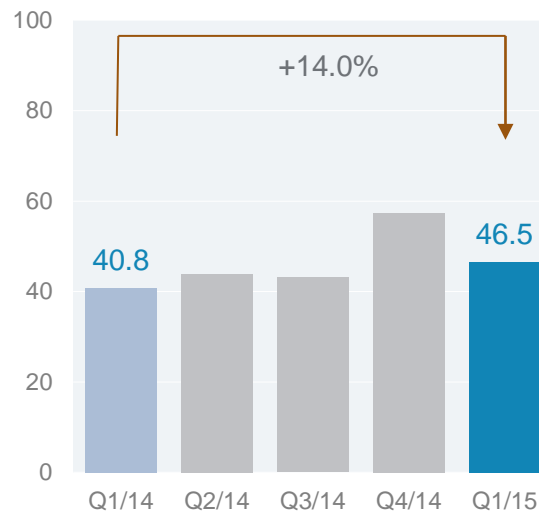
## Revenue (in million euros)

### Lasers & Optical Systems



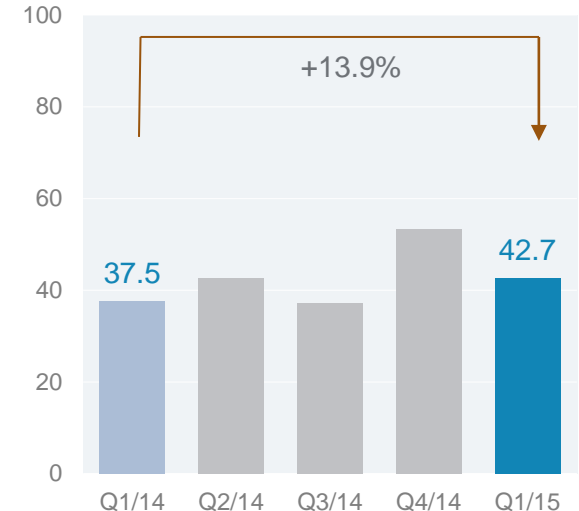
- Slight decline in revenue, in part due to weaker demand from the semiconductor equipment industry

### Metrology



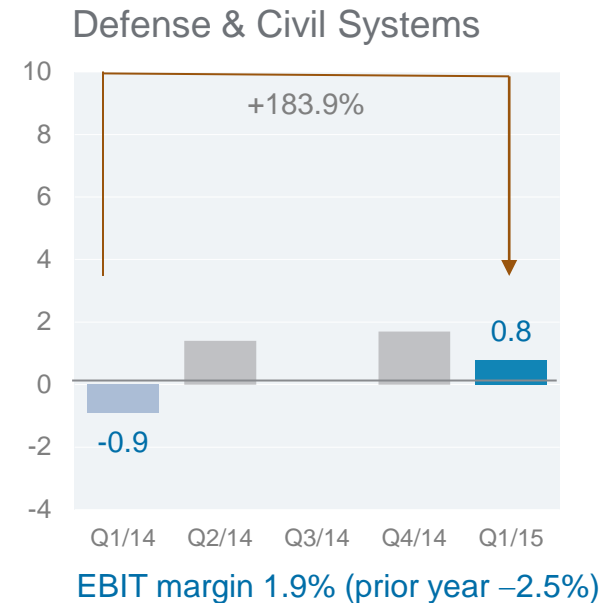
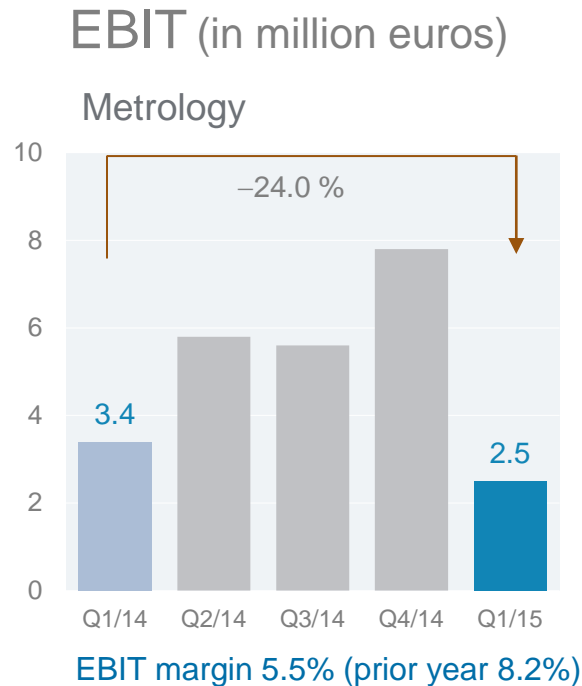
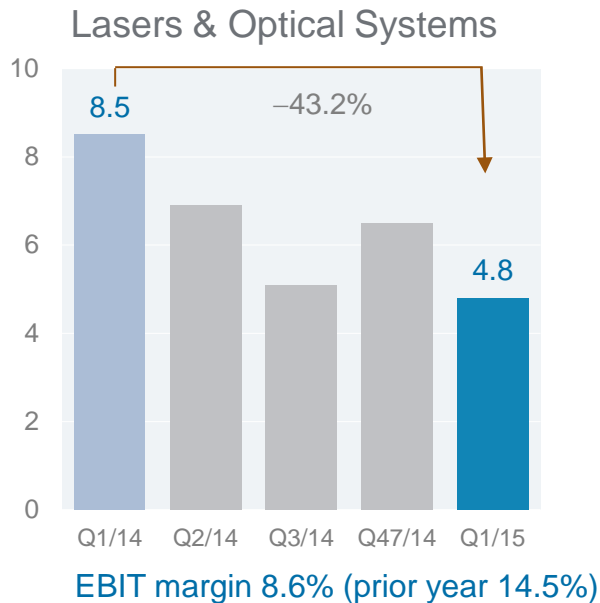
- Marked rise in revenue is attributable to the a recovery in demand from the automotive industry and the contribution to revenue from the acquired companies

### Defense & Civil Systems



- Significant rise in revenue compared to the prior year due to a good start in the area of energy and sensor systems

# Defense & Civil Systems segment with good start to 2015



- EBIT declined as a result of restrained development of revenue, a lower margin product mix and higher R+D expenses

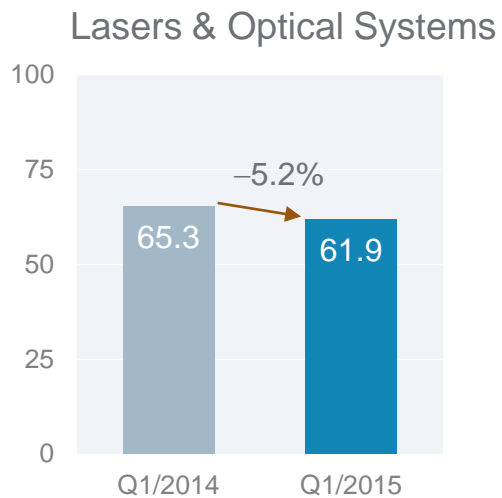
- Depreciation effects resulting from the acquisitions had negative impact
- Market for traffic safety technology in US increasingly difficult

- EBIT improved due to rise in revenue and higher margins in the product mix

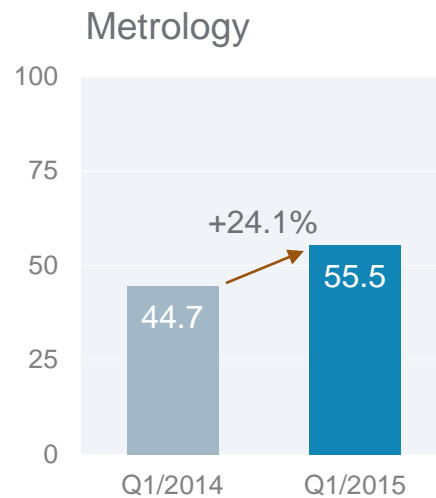
# Positive order situation establishes good conditions for further development



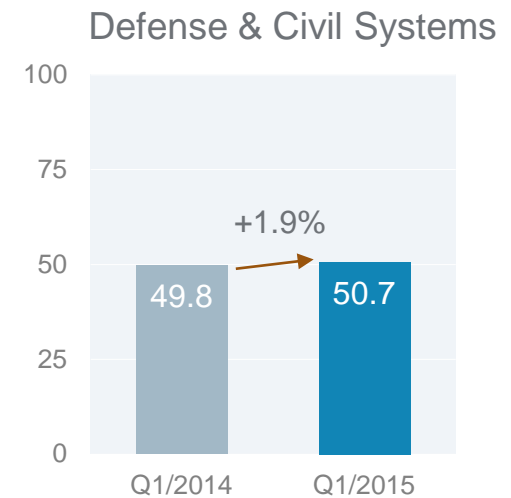
## Order intake (in million euros)



- Restrained demand coming from the semiconductor equipment industry; Book-to-bill ratio almost unchanged at 1.10 (prior year 1.11)



- Increase is attributable to higher order intake in the area of Industrial Metrology and newly consolidated companies; Book-to-bill ratio rose to 1.19 (prior year 1.10)



- Order received to equip Patriot systems; Book-to-bill ratio at 1.19 (prior year 1.33; includes order for military stabilization systems)

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## Jenoptik will see return to successful growth based on:

- Good order and project pipeline in all three segments
  - Postponed international project for defense technology was received
- Acquisitions in the traffic safety sector with positive effects
- Growth momentum in our markets, now also in Industrial Metrology
- Opportunities resulting from above-average growth in Asia/Pacific and Americas

## Forecast 2015\*

- Revenue between 650 and 690 million euros
- EBIT margin between 8.5 and 9.5 percent
  - Group development projects will positively impact on quality of earnings
- Above-average growth in EBITDA

\*This is based on the prerequisite that the political and economic framework conditions will not deteriorate; this includes in particular export restrictions, regulations at European level; the conflict between Russia and Ukraine as well as other disruptions in the euro zone.

# 2015: Positive development in all three segments expected



## Lasers & Optical Systems



- Slightly rising demand from semiconductor equipment industry is expected in the 2<sup>nd</sup> half of the year
- Rising sales with other industries, e.g. medical technology/life sciences and automotive industry
- Further expansion of systems business

## Metrology



- Globally growing demand for more efficient drives and the necessary measuring technology (also for new materials)
- Execution of major international orders in the area of traffic safety and a higher service share
- Positive effects from acquisition of Vysionics (traffic safety technology)

## Defense & Civil Systems



- Long-term major orders ensure stable business development
- Growth based on good order backlog and also due to project shifts from 2014 into 2015
- Internationalization
- Stronger focus on civil applications, e.g. energy supply, railway technology

# Our target: to continue profitable growth



„From Good to Great“

External factors may affect development:

- Economic trend
- More stringent export restrictions in Germany
- Uncertainty regarding the developments in Ukraine/Russia and Middle East continues



## Our mid-term targets

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

However, positive development in Asia and US expected; Europe (incl. Germany) remains under pressure due to economic development, possible turbulences in the euro zone as well as the political situation in Eastern Europe

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- May 12, 2015
- May 20/21, 2015
- June 3, 2015
- June 18, 2015
- June 24/25, 2015
- July 8, 2015
- July 14, 2015
- August 11, 2015

Publication of the results of the first quarter 2015  
Commerzbank German Mid Cap Conference, Boston/New York  
Annual General Meeting, Weimar  
dbAccess German, Swiss & Austrian Conference, Berlin  
Roadshows Lugano/Madrid  
Roadshow Hamburg  
Roadshow Zurich  
Publication of the results of the first half-year 2015



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