JENOPTIK AG
Conference Call
Results of the 1st half-year 2018
and outlook

Dr. Stefan Traeger, President & CEO
Hans-Dieter Schumacher, CFO I August 9, 2018

1st half-year 2018

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Major events in the 1st half-year 2018

- Acquisition of Prodomax Automation Ltd., Canada
- Revenue and earnings guidance raised
- Substantial investments in expansion of our locations

H1

- Revenue of 384.7 million euros
  → +10.4%
- EBITDA of 56.3 million euros
  → +31.4%

Acquisition of Prodomax Automation Ltd. in July 2018

– Largest acquisition in recent years
– Prodomax Automation Ltd.
    - Company focuses on machine integration and process automation in the automotive industry
    - Approx. 180 employees, headquartered in Barrie, Ontario, Canada
    - Revenue in fiscal year 2017 (Nov 1, 2016 – Oct 31, 2017) approx. 65 million Canadian dollars (around 42m euros); profitability clearly above Group average
    - Purchase price: approx. 2x revenue 2018 or approx. 7x EBITDA 2018

Combination of automation solutions and laser processing machines enables Jenoptik to tap into additional growth potential in advanced manufacturing.

Strong tailwind from the markets led to substantial rise in revenue

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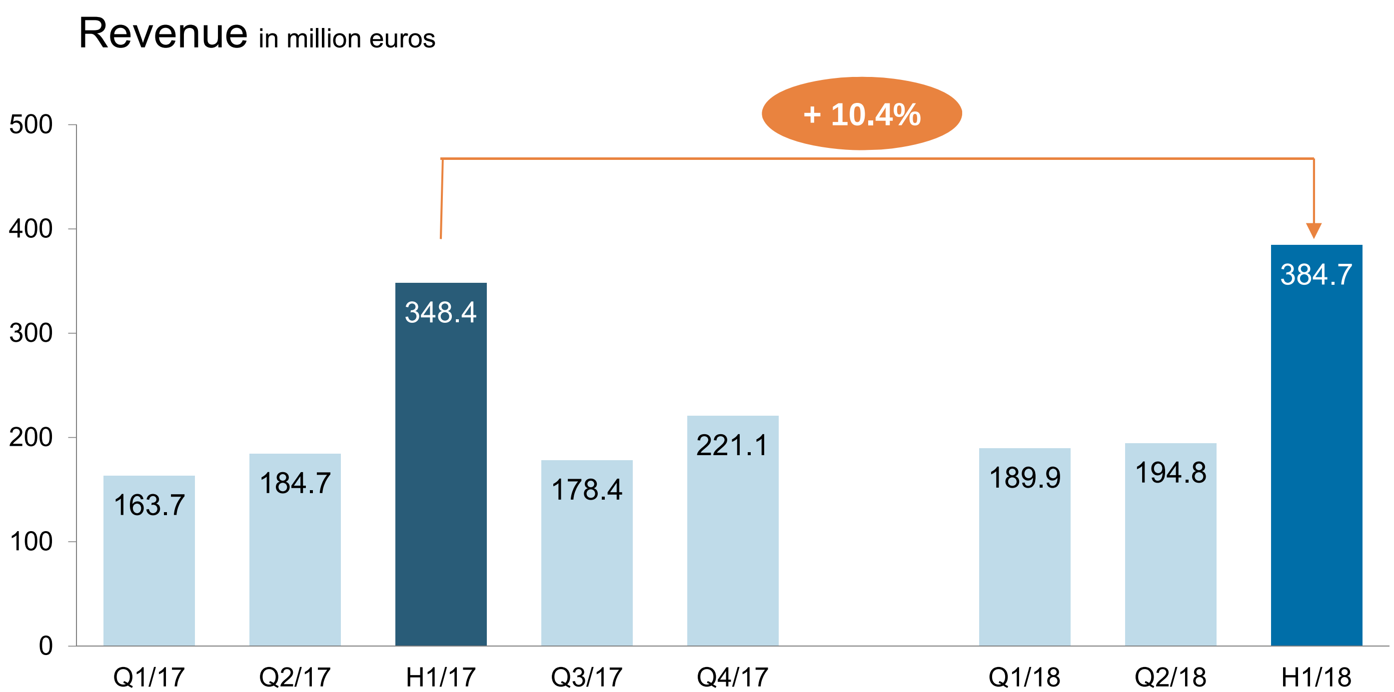
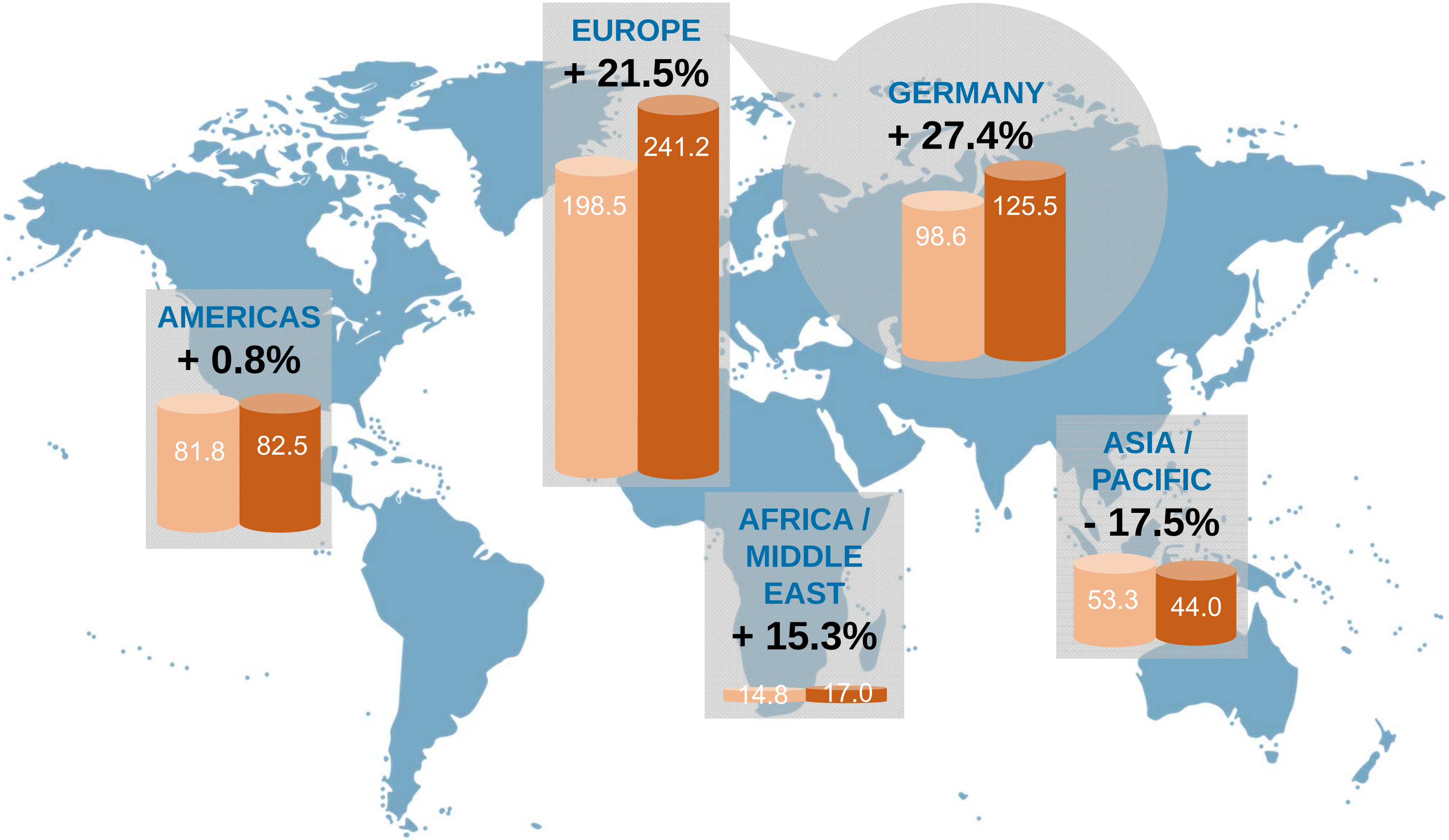


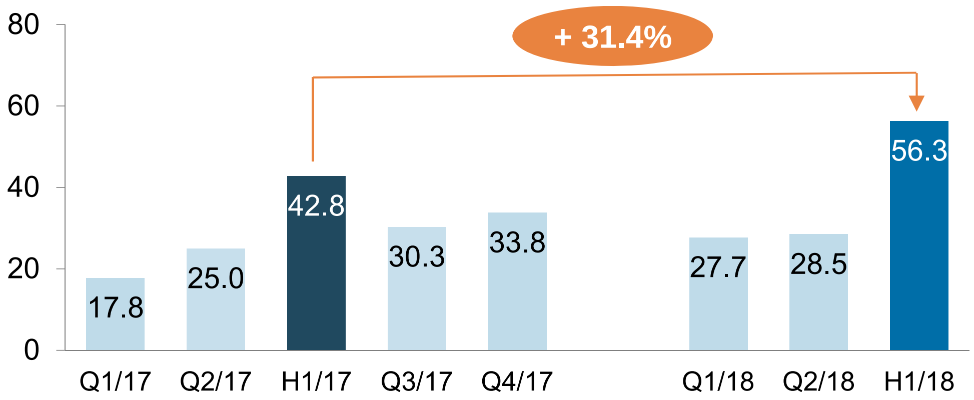
- Revenue grew as expected, highest revenue in a 1st half-year
- Growth in all three segments
- Stronger demand in particular from the areas of semiconductor equipment and Healthcare & Industry as well as scheduled deliveries of toll monitoring systems in the area of traffic safety solutions

Foreign revenue came to about 67 percent; Strong growth in particular in Germany



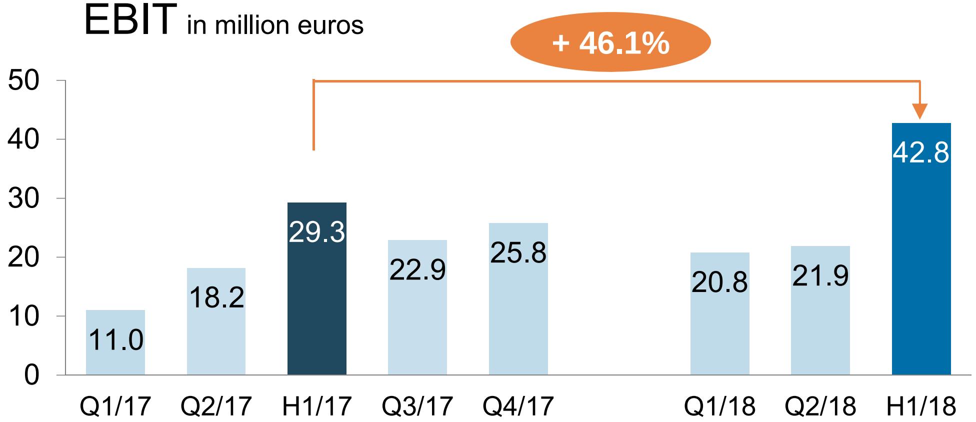
Earnings showed disproportionate improvement; significant increase in margins

EBITDA in million euros



- EBITDA showed stronger increase than revenue
- All three segments with higher earnings contribution
- EBITDA margin 14.6% (prior year 12.3%)

EBIT in million euros



- Significant rise in EBIT due to higher revenue, a more favorable product mix and a smaller increase in functional costs
- EBIT margin 11.1% (prior year 8.4%)

Successful business development is also reflected in marked EPS improvement

In million euros	H1/2018	H1/2017
Revenue	**384.7**	**348.4**
Gross margin	35.2%	35.3%
Functional costs	92.7	90.8
EBITDA	**56.3**	**42.8**
EBIT	**42.8**	**29.3**
Financial result	–1.6	–2.1
Earnings before tax	**41.2**	**27.2**
Earnings after tax	33.4	22.7
Earnings per share (euros)	**0.59**	**0.40**

- **Gross margin** at good prior year level
- Increase in **R+D** and **selling expenses**; **administrative expenses** reduced
- **Financial result** improved, in part due to positive currency effects
- Decline in cash-effective **tax rate** to 14.2% (prior year 15.3%), was in particular attributable to US tax reform

Positive catch-up effects in order intake already in Q2; on a cumulated basis slightly below prior year

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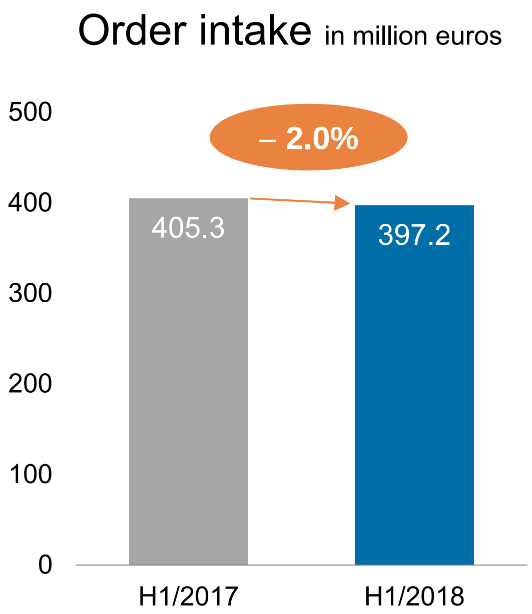
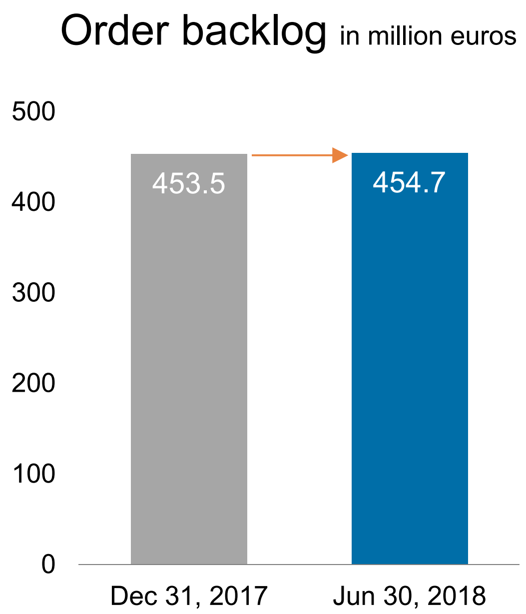


- Better development in Q2 with rise of 7.2%; decline in H1 as Jenoptik had received several major orders in the Defense & Civil Systems segment in Q1/2017
- **Book-to-bill ratio** 1.03 (prior year 1.16)



- Stable order backlog
- Good basis for coming months; 66% (prior year 57.8%) will be converted to revenue in this year

- **Frame contracts** fell from 87.6 million euros at the end of 2017 to 79.8 million euros

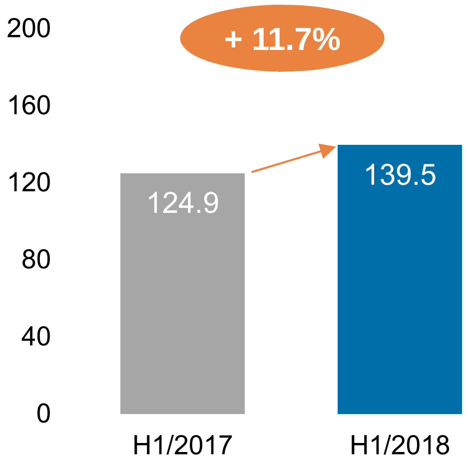
Free cash flow increased – good basis for future investments

In million euros	H1/2018	H1/2017
Operating profit before adjusting working capital	55.1	43.5
Changes in working capital and other items	–12.3	–4.0
Cash flows from operating activities before income taxes	42.7	39.6
Cash flows from operative investing activities	–14.0	–17.4
Free cash flow (before interest and taxes)	**28.8**	**22.1**

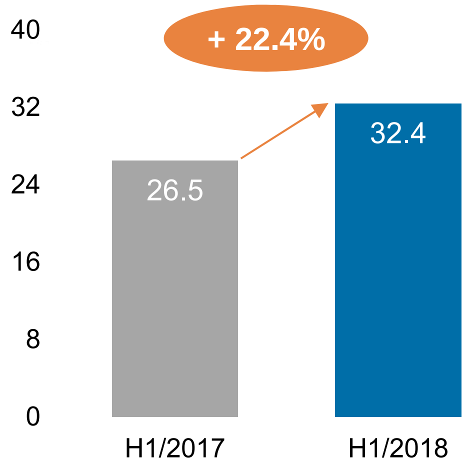
- **Working capital** grew to 227.1 million euros (31.12.17: 214.8m euros / 30.6.17: 212.8m euros), in particular due to higher operating receivables
- **Working-capital ratio,** at 29.0%, improved compared with the prior year (31.12.17: 28.7% / 30.6.17: 30.1%)
- **Investments** lower than in 2017 (prior year investments for the technology campus in Rochester Hills, among others)
- Free cash flow rose by 30.1%

Optics & Life Science segment: continuing high demand was driving growth and profitability

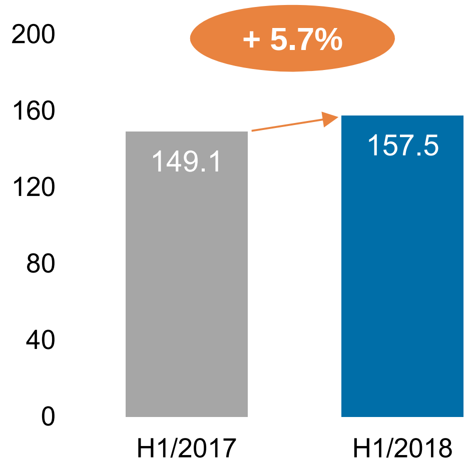
Revenue in million euros



EBITDA in million euros



Order intake in million euros



- Semiconductor equipment industry and positive development in the Healthcare & Industry area were again driving increase in revenue
- Strong growth of approx. 20% in Europe (without Germany)

- **EBITDA margin** improved to 23.2% due to product mix effects and good capacity utilization (prior year 21.2%)
- **EBIT** grew to 28.7 million euros (prior year 22.4m euros); **EBIT margin** came to 20.6% (prior year 17.9%)

- Higher demand in both areas
- **Book-to-bill**: 1.13 (pr. year 1.19)
- **Order backlog** at 124.9 million euros (31.12.17: 109.1m euros)
- **Frame contracts** of 12.5 million euros (31.12.17: 11.1m euros)

Mobility segment: as expected, delivery of toll monitoring systems resulted in significant improvement

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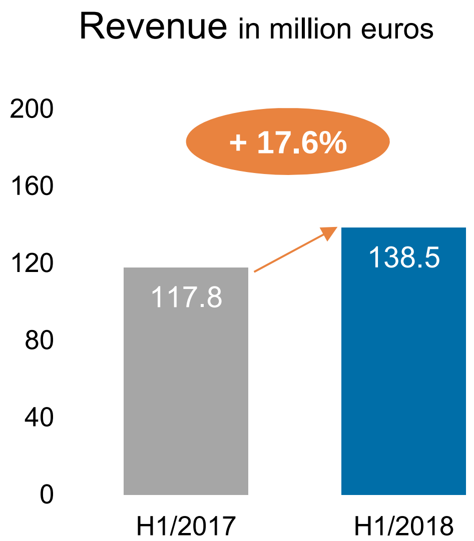
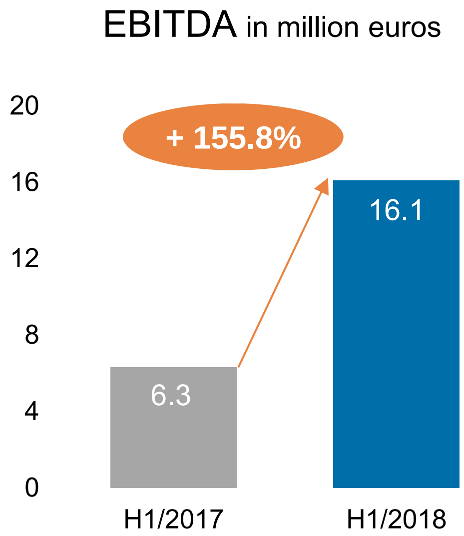
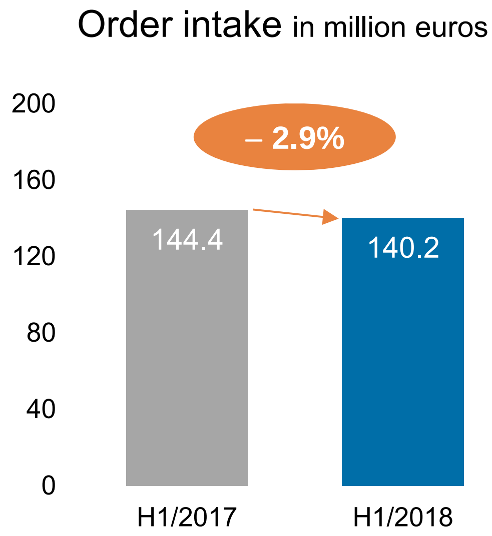


- Increase in both areas: Automotive and Traffic Solutions
- Revenue contribution in particular from delivery of toll monitoring systems; this also led to a strong rise in revenue in Germany

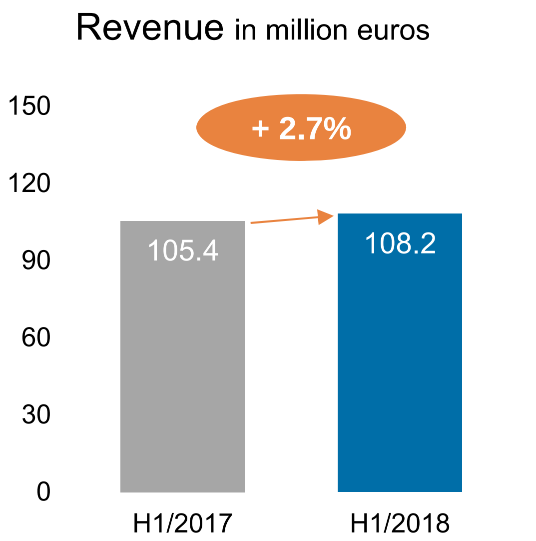


- Good development of revenue resulted in significant improvement (negative one-off effects included in prior year)
- **EBITDA margin** grew to 11.6% (prior year 5.4%)
- **EBIT** improved to 11.8 million euros (prior year 2.4m euros), **EBIT margin** at 8.6% (pr. year 2.0%)

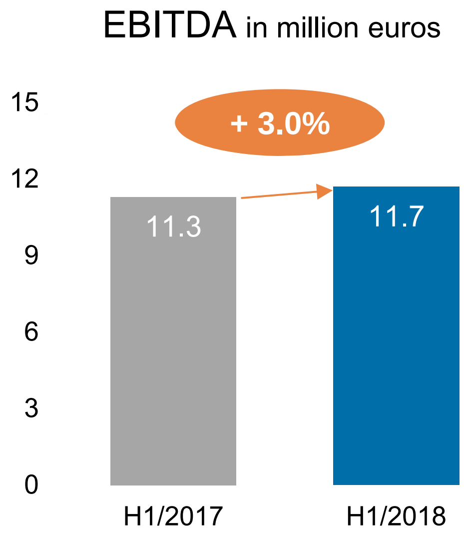


- Order intake at revenue level; **Book-to-bill**: 1.01 (pr. year 1.23)
- **Order backlog**: 143.7 million euros (31.12.17: 144.7m euros)
- **Frame contracts** fell to 22.8 million euros (31.12.17: 30.1m euros)

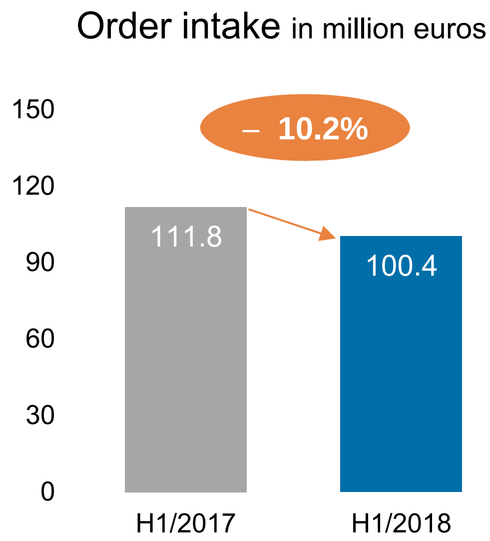
Defense & Civil Systems segment: slight rise in revenue and earnings; order intake improved in Q2



– As expected, revenue was only slightly higher than in prior year; revenue in Q2 at 58.6 million euros clearly above Q1 (49.7m euros)
– Increase in particular in Europe, project-related decline in Germany



– Slight growth in earnings is attributable to changed product mix
– **EBITDA margin** at 10.8% (prior year 10.7%)
– **EBIT** rose to 9.5 million euros (prior year 9.0m euros); **EBIT margin** improved to 8.8% (prior year 8.5%)



– Gap was reduced in Q2 (segment had received several major orders in Q1/2017)
– **Book-to-bill**: 0.93 (pr. year 1.06)
– **Order backlog** at 188.4 million euros (31.12.17: 202.6m euros)
– **Frame contracts** of 44.6 million euros (31.12.17: 46.3m euros)

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Higher earnings expected for 2018; increased revenue guidance confirmed

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New financial guidance for 2018* – following the acquisition of Prodomax and a better than originally anticipated profitability in the ongoing businesses

- We expect **revenue** to be in a range between 805 and 820 million euros (previously 790 to 810 million euros).
- We anticipate an **EBITDA margin** of around 15 percent (previously 14.5 to 15.0%).
- We expect an **EBIT margin** of around 11 percent (previously 10.5 to 11.0%).

* This presupposes that political and economic conditions do not worsen

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1st half-year 2018

Dates and contact

August 9, 2018	Results of 1st half-year 2018, conference call
August 10, 2018	Analysts‘ meeting and roadshow Frankfurt/Main
August 16, 2018	Roadshow Hamburg
August 20/21, 2018	Roadshow USA
August 30, 2018	Commerzbank Sector Conference, Frankfurt/Main
September 13/14, 2018	Roadshow Edinburgh / London
September 20/21, 2018	Roadshow Madrid
September 26, 2018	Baader Investment Conference, Munich
September 26, 2018	Berenberg and Goldman Sachs Seventh German Corporate Conference, Munich

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