JENOPTIK AG – Fiscal year 2021

Dr. Stefan Traeger I Hans-Dieter Schumacher | March 29, 2022

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Highlights 2021

Major milestones in becoming a globally leading photonics group

Expanding global photonic business

Jenoptik acquires BG Medical (since January 2022 Jenoptik Medical) and the SwissOptic Group

- Accelerating growth in the photonic core business
- Expansion of global presence in attractive growth markets (semiconductor, medical technology)
- Broadening customer and product portfolio (e.g. dental, robotic surgery)

Focusing further on core business

Jenoptik signs agreement to sell VINCORION (mechatronics business / defense) in November. Closing is expected in 2022.

Sale of crystal growth business and of non-optical process metrology business for grinding machines in summer 2021.

Strengthening financial power

Debenture bonds of 400 million euros with sustainability components successfully placed on capital market,
ESG syndicated loan of 400 million euros signed.

Funds give Jenoptik leeway for acquisitions and investments in its photonics core business.

Investing in further growth

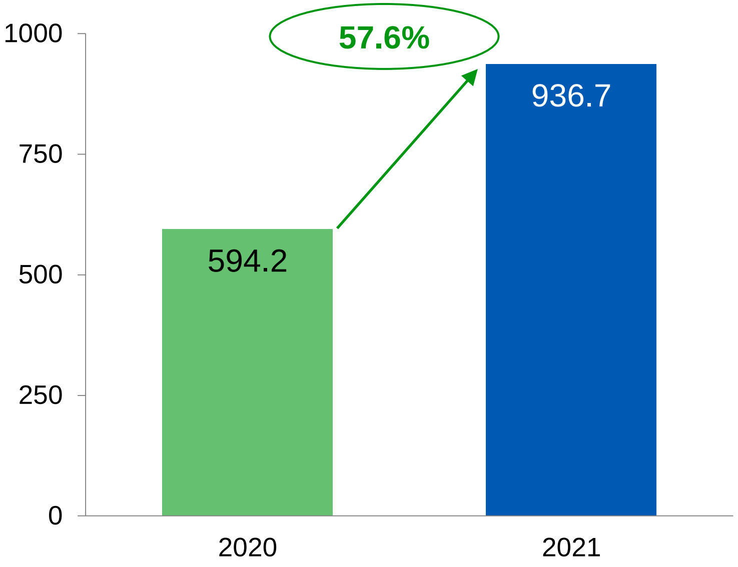
Jenoptik acquires a property in Dresden, Germany, and will invest approx. 70 million euros in a new cleanroom fab, thus expanding its optics manufacturing capacities.

Construction planned to begin in 2022, production will start in early 2025.

Fiscal year 2021
Continuing operations
(Group, incl. VINCORION – if explicitly stated)

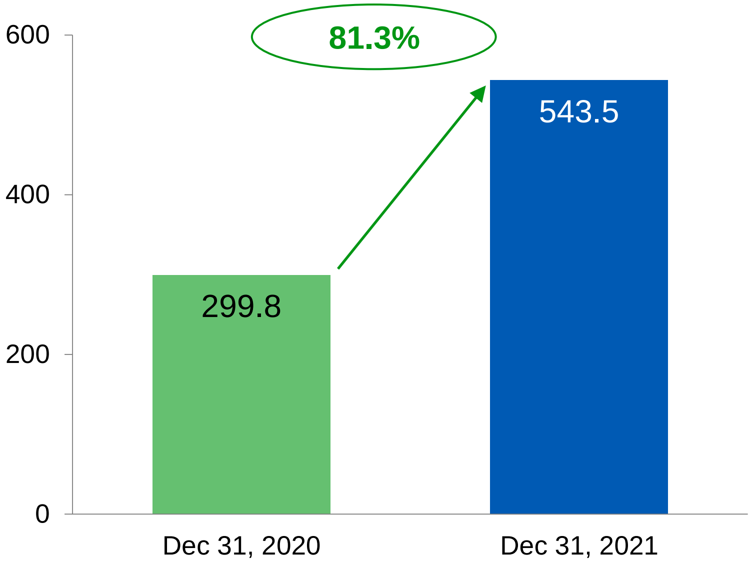
Strong development of order intake and backlog continued in fourth quarter – setting very good stage for further growth

Order intake in million euros



- Photonics divisions showed strong increase in order intake
- Book-to-bill ratio grew to 1.25 (prior year 0.97)
- Group order intake at 1,073.6 million euros (prior year 739.4m euros)

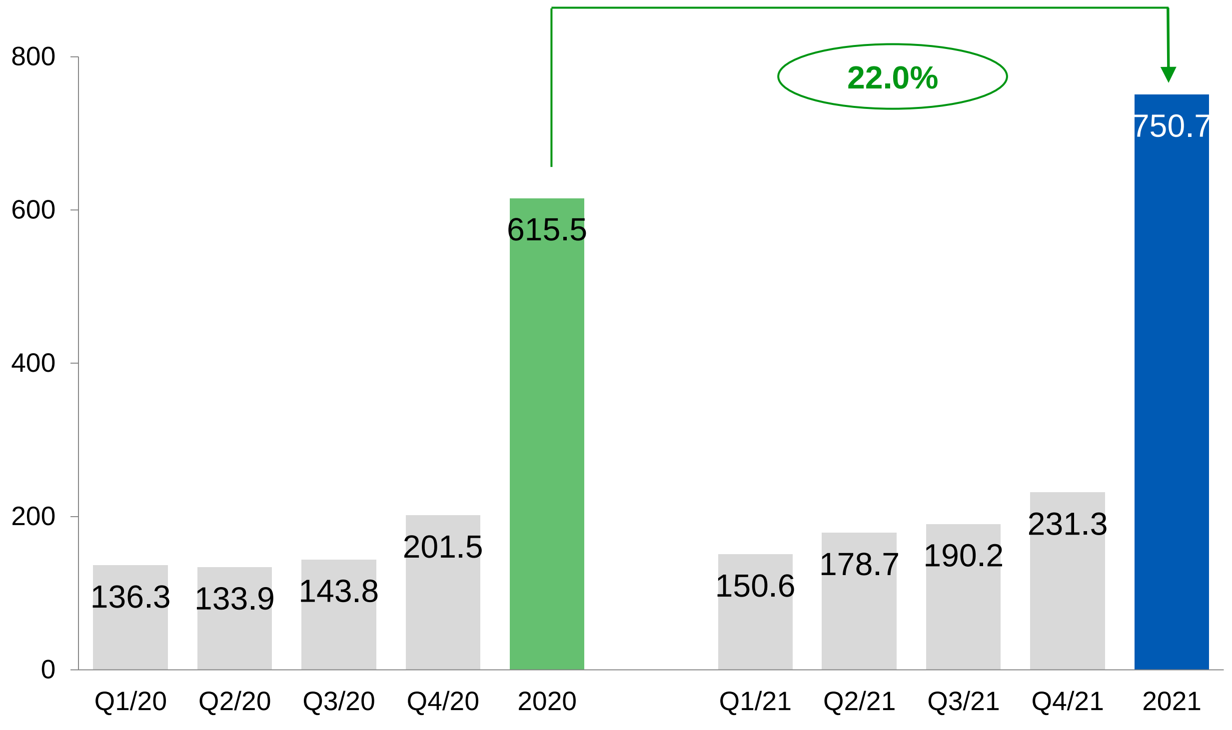
Order backlog in million euros



- Order backlog substantially higher than at year end 2020
- 85.9% to be converted to revenue in 2022 (prior year 89.2%)

Significant increase in revenue year-over-year and quarter-over-quarter

Revenue in million euros



- Revenue in Q4/2021 higher than in prior quarters and in the prior year
- Contribution of Light & Optics division grew significantly due to good organic growth and revenue contribution from TRIOPTICS
- Light & Production reported slight revenue growth
- Decline in revenue of Light & Safety was attributable to delayed placement of orders and pandemic-related delays in delivery of electronic components

- Group revenue: 895.7 million euros (prior year 767.2m euros)

Revenue share in Asia substantially expanded

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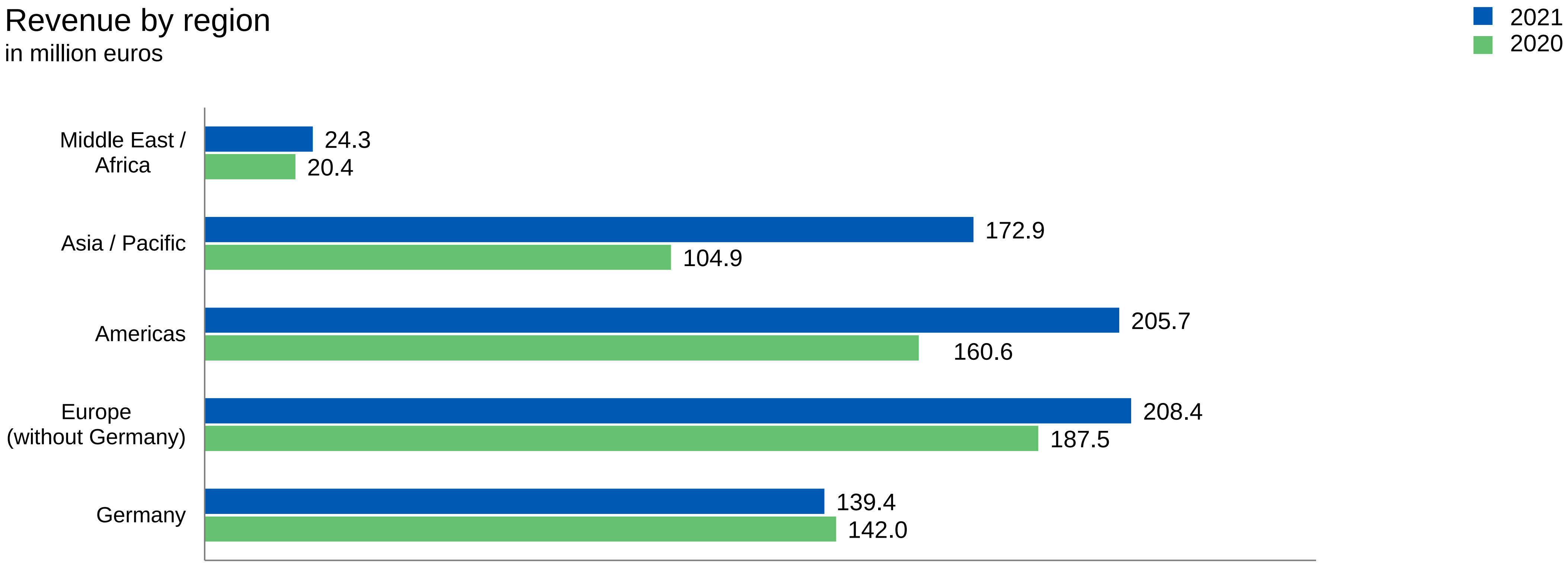
Revenue by region
in million euros



- Foreign revenue grew to ~81% (prior year ~77%)
- Strongest rise in Asia/Pacific attributable to TRIOPTICS
- Top 3 customers accounted for 21.4% of revenue (prior year 22.6%)

Profitability significantly improved in 2021 compared with prior year

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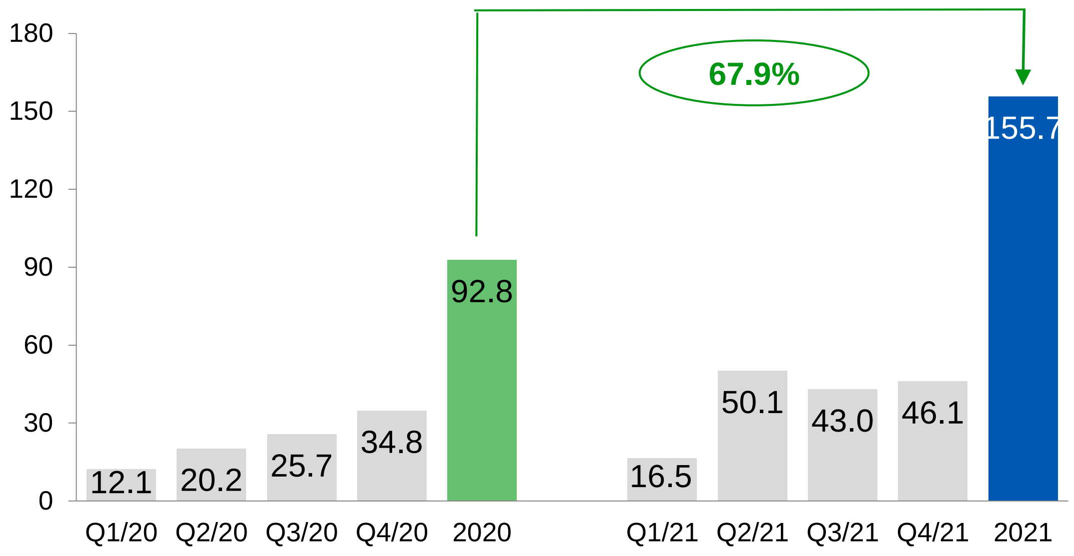
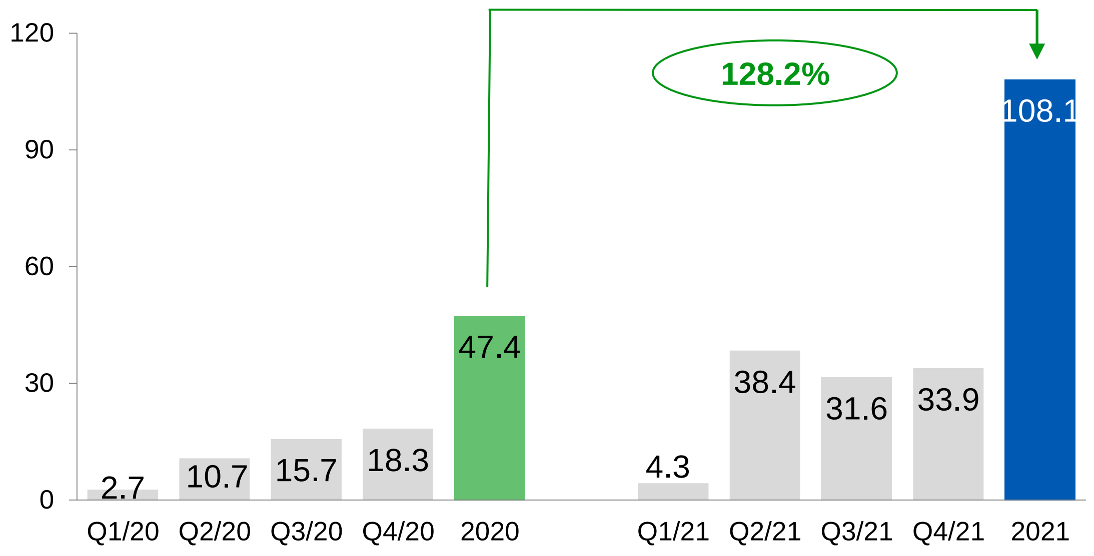
EBITDA in million euros



- PPA: minus 2.1 million euros (prior year PPA of minus 4.6m euros; costs for structural and portfolio measures of 19.1m euros)
- EBITDA margin: 20.7% incl. one-off effects; excl. 16.7% (pr. year 15.1%)

EBIT in million euros



- PPA effects: minus 16.4 million euros (prior year minus 14.9m euros)
- EBIT margin increased to 14.4% (prior year 7.7%)

- Significant improvement in EBITDA and EBIT attributable to
  - Strong operating performance, positive effects from restructuring measures; in spite of e.g. transaction costs of 7.4 million euros
  - One-off effects of approx 30.5 million euros in connection with the conditional purchase price components from acquisitions made in 2020

Very good operating performance and one-off effects were also reflected in substantially improved earnings per share

In million euros	2021	2020
Revenue	**750.7**	**615.5**
Gross margin	34.2%	36.5%
Functional costs	182.0	170.4
Other operating result (incl. impairment gains and losses)	33.3	–7.0
EBITDA	**155.7**	**92.8**
EBIT	**108.1**	**47.4**
Financial result	–5.6	–5.1
Earnings before tax	**102.5**	**42.3**
Earnings after tax (Group); of which discontinued operation	**84.3** –8.5	**42.7** 8.7
Earnings per share (euros; Group)	**1.43**	**0.73**

- **Gross margin** impacted by higher material and personnel costs
- Functional costs increased much less than revenue
  - **R+D expenses:** 38.9 million euros (pr. year 39.4m euros), **R+D output:** 63.6m euros (pr. year 56.9m euros)
  - **Selling expenses:** 89.7 million euros (pr. y. 77.1m euros)
  - **Administrative expenses:** 53.5 million euros (pr. y. 53.9m euros): lower personnel expenses in existing areas compensate for TRIOPTICS consolidation
- **Other operating result** grew in particular due to one-off effects of approx. 30.5 million euros (in connection with conditional purchase price components from acquisitions made in 2020)
- **Tax rate** of 9.4% (prior year 19.5%) due to regional profit distribution and tax-neutral income; cash-effective tax rate of 13.6% (prior year 19.6%)
- **Group EBITDA / EBITDA margin**: 177.2 million euros (pr. year 111.6m euros)/19.8% incl. one-off effects (pr. year 14.6%)

Jenoptik is well positioned for future growth with sound financial base and balance sheet structure

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In million euros	2021	2020
Earnings before tax*	94.3	53.2
In particular depreciation/amortization, non-cash income/expenses, changes in working capital*	14.0	49.1
Cash flows from operating activities before income taxes*	108.3	102.3
Cash flows from operative investing activities*	–45.5	–40.0
Free cash flow (before interest and taxes)*	**62.8**	**62.3**

* Group

Group

- **Debenture bonds** (400 million euros) successfully placed; syndicated loan refinanced and increased to 400 million euros
- Higher **cash flows from operating activities** in spite of increase in working capital
- **Equity ratio** at 44.4%), in spite of higher financial debt (31/12/20: 51.5 %)

Continuing operations

- **Working capital** grew to 260.6 million euros, in particular due to increase in inventories, receivables and contract assets as well as due to acquisitions (31/12/20: 185.2 million euros**)
  Working capital ratio: 34.7% (31/12/20: 30.1%**) –
  BG Medical and SwissOptic Group included pro rata in revenue but fully in balance sheet items
- **Capital expenditure:** 49.9 million euros (prior year 38.1m euros)
- **Net debt** grew to 541.4 million euros as a result of acquisitions (31/12/20: 177.4 million euros**)
- **Free cash flow**: 43.2 million euros (prior year 52.5m euros)

**simulated without VINCORION

Fiscal year 2021
Divisions

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Light & Optics division: outstanding operational development

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- Strong revenue growth with semiconductor equipment industry; Biophotonics and Industrial Solutions also with increased revenue contribution; TRIOPTICS contributed 99.5 million euros (prior year pro rata 27.8m euros) / BG Medical and SwissOptic Group: 9.6m euros
- EBITDA doubled due to very good operating performance and positive contribution of TRIOPTICS; one-off effect of approx. 25.6 million euros from acquisition of TRIOPTICS
- Order intake: continuing strong demand from semiconductor equipment industry and biophotonics, contribution of 120.9 million euros from TRIOPTICS (prior year 26.9m euros); book-to-bill ratio: 1.37 (prior year 1.07)
- Significantly higher free cash flow (very good business development, TRIOPTICS contribution)

In million euros	2021	2020	Change in %
Revenue	460.7	321.4	43.4
EBITDA	136.6	68.3	100.1
EBITDA margin in %	29.6	21.2	n/a
EBIT	110.8	51.5	115.3
FCF	78.0	40.9	90.6
Order intake	631.1	343.4	83.8
Order backlog	408.5	179.1	128.1

OTTO integrated into division as of Jan. 1, 2021, prior-year figures adjusted

Light & Production division: higher order intake and improved profitability

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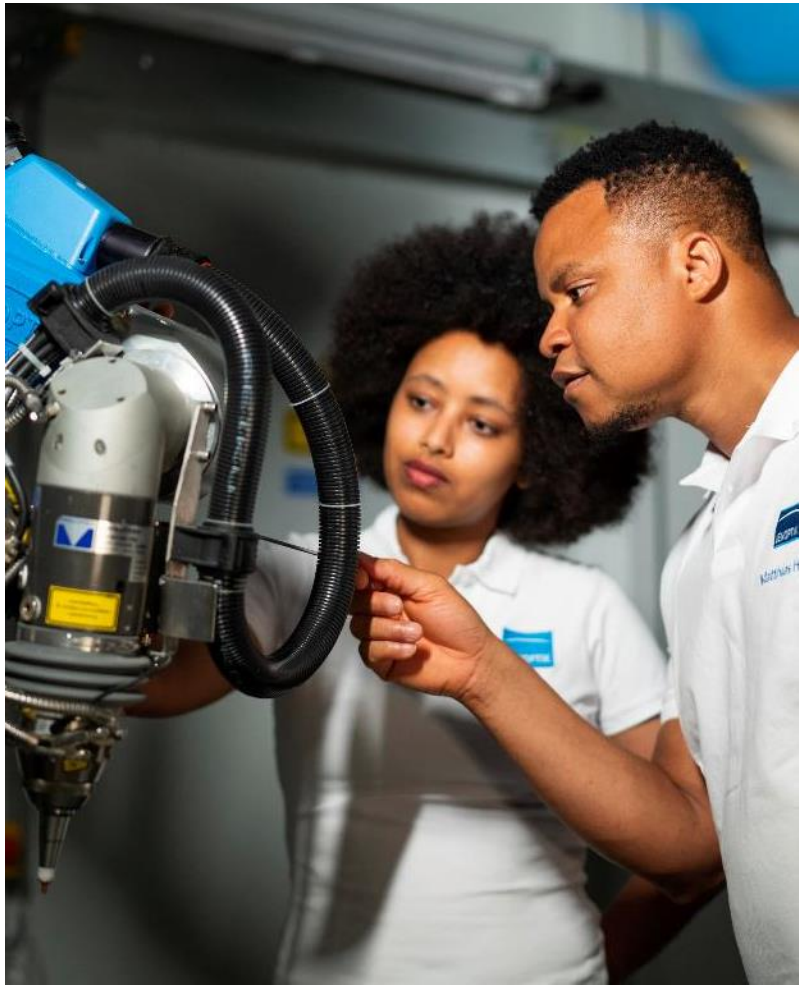
- Revenue: noticeable recovery in the automotive industry, growth in the Automation & Integration area; highest revenue generated in Q4
- Profitability improved, in part due to effects from reversal of provisions recognized in particular in connection with structural and cost reduction measures, positive one-off effects from INTEROB acquisition of 4.9m euros and proceeds from sale of metrology business for grinding machines of 3.5m euros (pr. year restructuring costs of 7.9m euros)
- Order intake and backlog clearly exceeded figures at year end 2020; in Q1/2021 Automation orders in North America received; book-to-bill ratio: 1.05 (prior year 0.88)

In million euros	2021	2020	Change in %
Revenue	176.2	175.5	0.4
EBITDA	13.2	8.2	60.9
EBITDA margin in %	7.5	4.7	n/a
EBIT	2.3	–4.1	n/a
FCF	–12.5	–0.1	n/a
Order intake	185.3	154.0	20.4
Order backlog	80.7	74.7	8.0

OTTO no longer part of division, prior-year figures adjusted



Light & Safety division: significant increase in revenue and earnings in Q4

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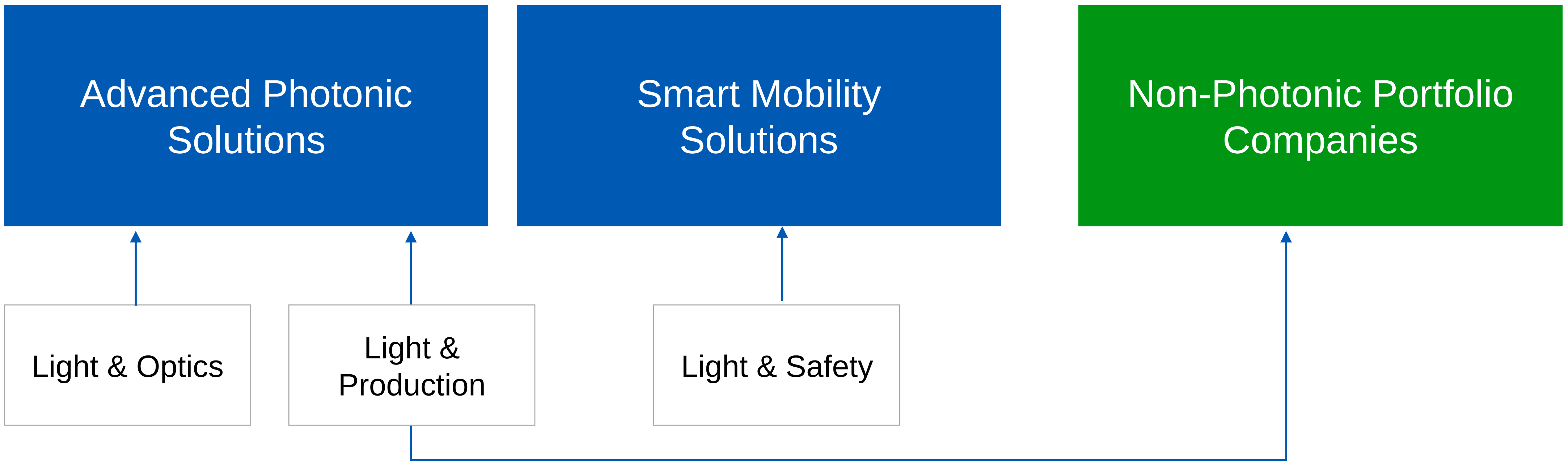
- Substantial rise in revenue in the course of 2021; highest revenue of 37.8 million euros generated in Q4 (prior year 31.9m euros); marked by volatile project business; orders were placed later than expected; in addition, Covid-19-related delays in delivery of electronic components
- Revenue decline is also reflected in lower result; increase in profitability during the year
- Several orders received in North America, sharp rise in order intake and backlog; book-to-bill ratio: 1.06 (prior year 0.81)
- Decrease in free cash flow attributable to lower earnings, higher capital expenditure and higher working capital

In million euros	2021	2020	Change in %
Revenue	110.1	114.0	–3.4
EBITDA	19.2	22.3	–14.1
EBITDA margin in %	17.4	19.6	n/a
EBIT	14.1	15.2	–7.4
FCF	–4.4	21.4	n/a
Order intake	116.5	92.3	26.2
Order backlog	54.3	46.0	18.0

New organizational structure starting in first quarter 2022

New organizational structure of the Jenoptik Group (excl. VINCORION) will be reflected in reporting structure starting in first quarter 2022



Outlook

Outlook for 2022

Fiscal year 2022:

Further profitable growth expected

Our scheduled growth, however, presupposes that the Ukraine conflict – with the sanctions that have been implemented and potential impacts on price developments and supply chains – does not escalate further. Uncertainties also exist with regard to the development of the Covid-19 pandemic and continuing supply bottlenecks, although Jenoptik is confident to be able to manage them.

Expected development of key performance indicators in 2022 (continuing operations)

– **Revenue growth of at least 20 percent**
  (incl. Jenoptik Medical and SwissOptic Group) / 2021: 750.7m euros)
– **Substantial growth in EBITDA; EBITDA margin of approx. 18%**
  (2021: 16.7% (excl. one-off effects))

Outlook is based in particular on: good order situation, well-filled project pipeline as well as ongoing promising development in the core photonics business, in particular in the semiconductor sector

Appendix

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Dates and contact

29.03.2022	Publication of Financial Statements 2021
30.03.2022	Virtual Roadshow Frankfurt/Main
05.04.2022	Virtual Roadshow UK
11.05.2022	Publication of Quarterly Statement January – March 2022

Leslie Iltgen
Vice President Investor
Relations & Communications
JENOPTIK AG

Phone: +49 3641 65-2291
leslie.iltgen@jenoptik.com

www.jenoptik.com
www.twitter.com/Jenoptik_Group
https://www.linkedin.com/company/jenoptik/
https://www.instagram.com/jenoptik_morelight/