

# JENOPTIK AG

## Results of the first nine months 2015 and outlook



November 11, 2015

Dr. Michael Mertin, President & CEO  
Hans-Dieter Schumacher, CFO

- **Jenoptik – First nine months 2015**
- Segment reporting
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## External impacts on the business development

- Economic environment remained challenging
  - Stagnating to weak demand from the semiconductor equipment industry
  - Export business still subject to government regulations
  - VW emission scandal affected the supplier industry
- Economic sentiment in the euro zone hardly improved; weak growth figures in China
- Political developments in the Ukraine and Russia as well as in the Middle East remained uncertain

## Major events in the Jenoptik Group

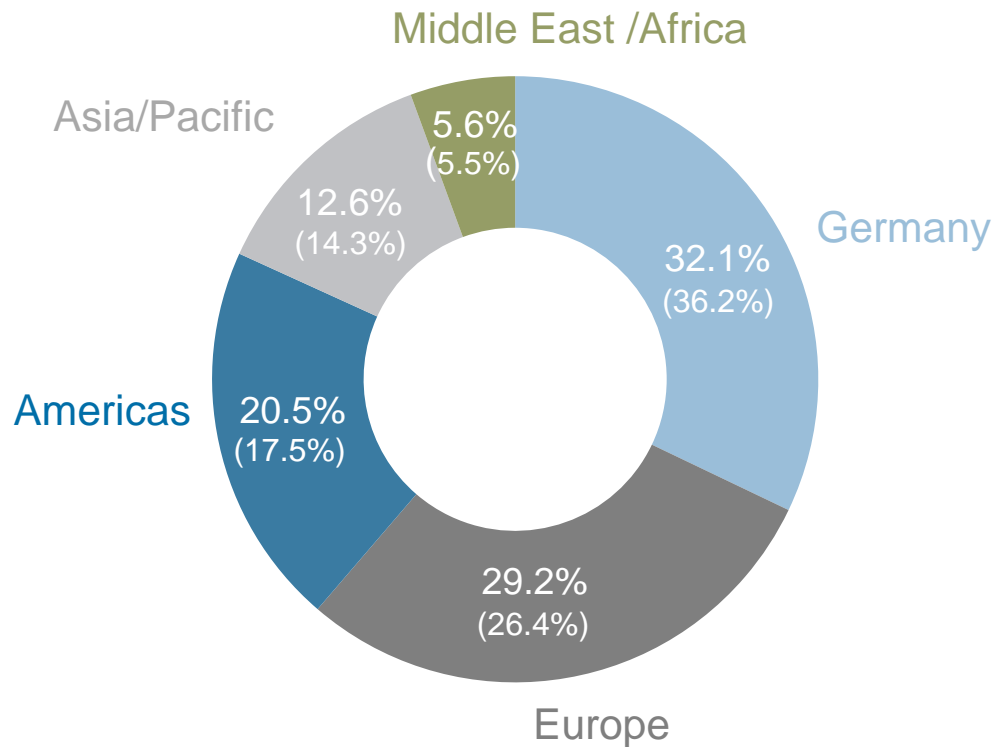
- Successful integration of the companies acquired in 2014
- Jenoptik performed well in the current environment in the semiconductor equipment industry
- Major order to supply energy systems for the Patriot missile defense system – substantial portion invoiced
- Long-term group financing was restructured at more favorable conditions
- Divisional structure will be realigned more closely to markets and megatrends

# About 68 percent of revenue generated abroad; Substantial revenue growth in Americas



## Revenue by region

(as at 30.09.2015 / prior year figures in brackets)

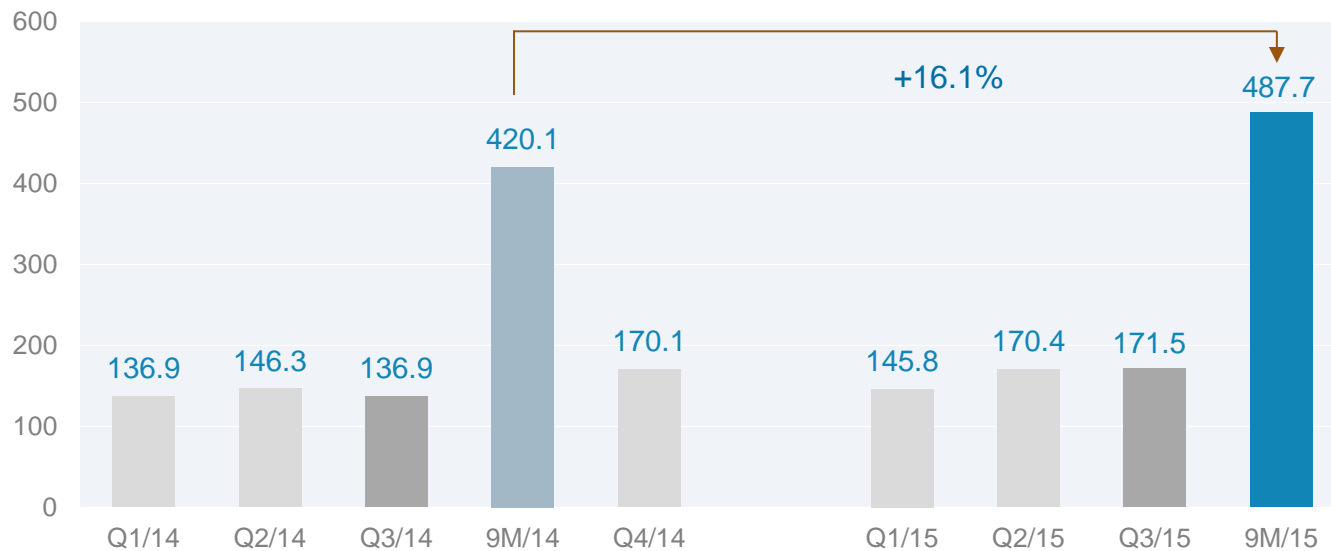


- Revenue in Americas grew by about 37% to 100.2 million euros as a result of project-related settlements in the Lasers & Optical Systems and Defense & Civil Systems segments as well as currency effects
- Revenue share in the strategic focus areas of Americas and Asia/Pacific rose organically to 33.1% (prior year 31.8%)
- Revenue in Europe (without Germany) rose primarily due to the acquisitions in the traffic safety area (UK, NL)

# Jenoptik continued positive revenue development also in the third quarter and created a sound basis for annual targets

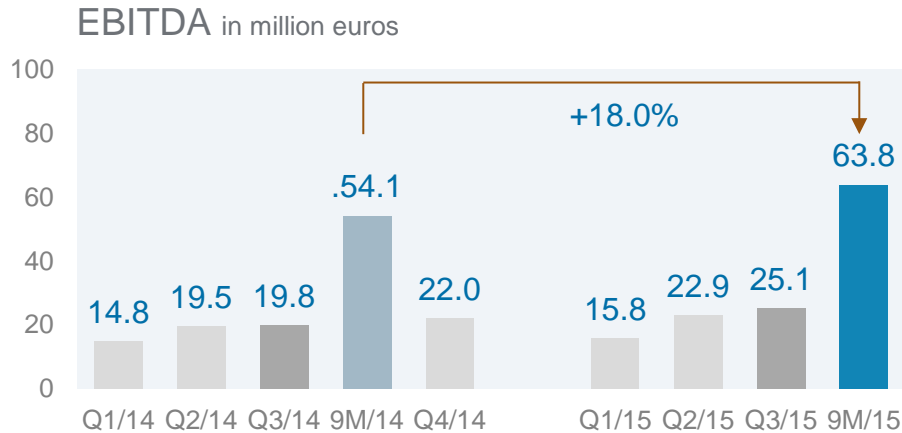


Revenue in million euros

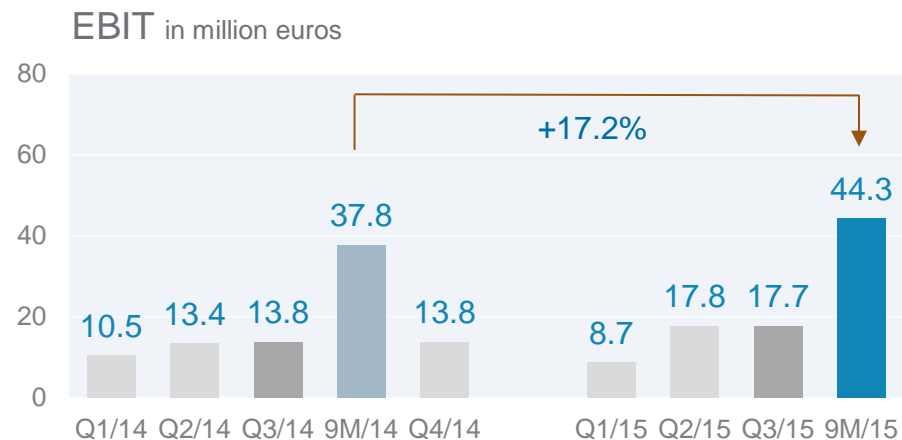


- Highest revenue in a quarter and over nine months in the last years
- All three segments reported growth
- Revenue increase in Q3/2015 compared with prior year quarter: +25.3%

# Earnings increased at a higher rate than revenue in first nine months



- EBITDA margin  
9M/15: 13.1% (prior year 12.9%)
- At 25.1 million euros EBITDA in the third quarter was substantially higher than in the prior year and the two previous quarters



- EBIT margin  
9M/15: 9.1% (9M/14: 9.0%)  
Q3/15: 10.3% (Q3/14: 10.1%)
- Strongest 9-months-earnings in the last years
- EBIT effected by, among other things:
  - Rise in revenue, changed revenue mix and settlement of a major project in the Defense & Civil Systems segment

# Income Statement:

## Earnings situation significantly improved



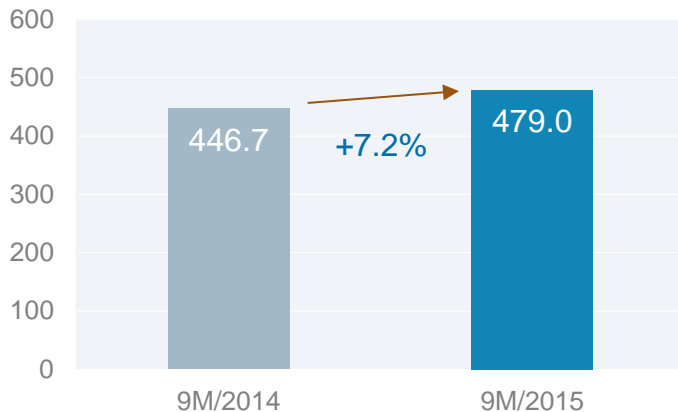
In million euros	9M/2015	9M/2014
<b>Revenue</b>	<b>487.7</b>	<b>420.1</b>
Gross margin	34.8%	35.2%
Functional costs	128.1	116.0
<b>EBITDA</b>	<b>63.8</b>	<b>54.1</b>
<b>EBIT</b>	<b>44.3</b>	<b>37.8</b>
Financial result	-3.8	-4.7
<b>Earnings before tax</b>	<b>41.3</b>	<b>33.1</b>
Earnings after tax	34.1	28.2
<b>Earnings per share (euro)</b>	<b>0.59</b>	<b>0.49</b>

- Gross margin slightly reduced in part due to changed revenue mix
- Functional costs rose, among other things due to continuing expansion of international activities and key group functions as well as first-time consolidations
- Lower interest expenses and exchange rate effects had a positive impact on the financial result; combined with the higher EBIT this also resulted in higher earnings before tax
- Cash-effective tax rate of 11.5% (prior year 12.8%)
  - Deferred tax expense rose in connection with the sale of real estate

# Solid order situation creates good conditions for achieving targets

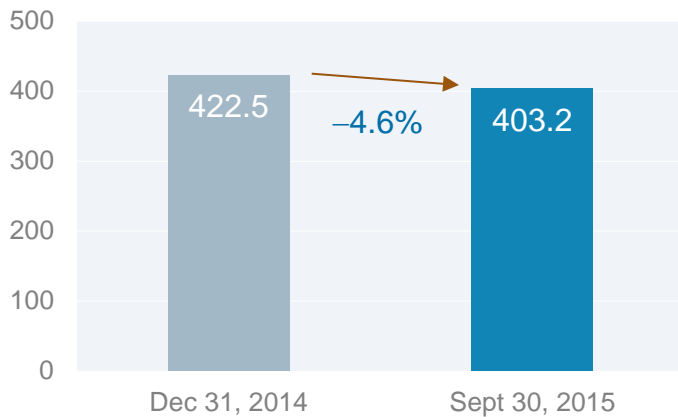


Order intake in million euros



- Order intake after nine months 2015 higher than in prior year
  - Significant rise in Metrology segment
  - Major order to equip Patriot missile defense systems
- Revenue in the period rose stronger than order intake; therefore the book-to-bill ratio was 0.98 (prior year 1.06)

Order backlog in million euros



- Approx. 37% of the order backlog will be recognized as 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 flows statement: Cash flows from operating activities as well as free cash flow improved significantly



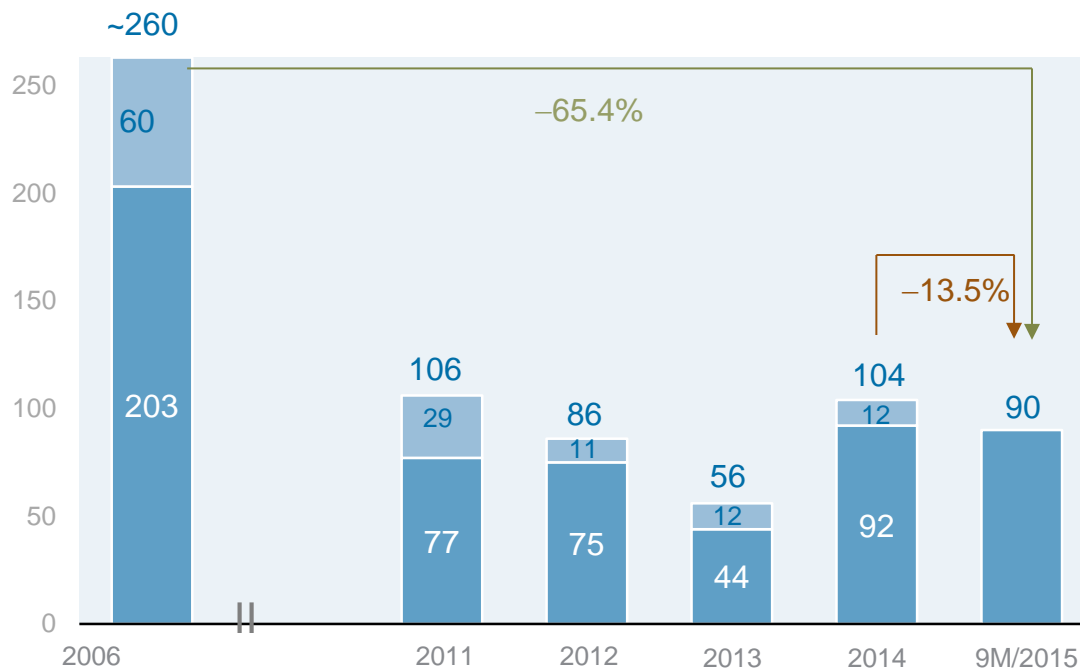
In million euros	9M/2015	9M/2014
Operating profit before adjusting working capital	63.9	52.5
Changes in working capital and other items	-22.2	-37.5
Cash flows from operating activities before income tax	41.6	15.0
Cash flows from operating investing activities	-13.0	-17.7
Free cash flow (before interest and taxes)	<b>28.6</b>	<b>-2.7</b>

- Cash flows from operating activities and free cash flow substantially improved in spite of higher working capital
  - Mainly influenced by high earnings in Q2 and Q3/2015 and lower capex
- Working capital rose to 239.9 million euros (31.12.2014: 217.5 million euros):
  - Increase in inventories attributable to expansion of business and prefabrications for revenue in subsequent periods
  - Revenue-related rise in trade receivables and concurrently reduction in trade payables
  - Working capital ratio (LTM) at 36.5% lower than at year end 2014 (31.12.2014: 36.9% / 30.09.2014: 38.9%)

# Net debt after nine months reduced compared to year-end 2014; equity ratio rose to 55.7%



in million euros



- Claims of silent real estate investors
- Net debt

- Net debt lower than at year-end 2014 in spite of:
  - Payment to the last remaining real estate investor (12.4 million euros); there are no other silent investments or claims
  - Use of funds for working capital
  - Payment of the dividend (11.4 million euros)
  - Reduction in financial liabilities by using cash and cash equivalents
- Equity ratio rose to 55.7% (31.12.2014: 50.1%)

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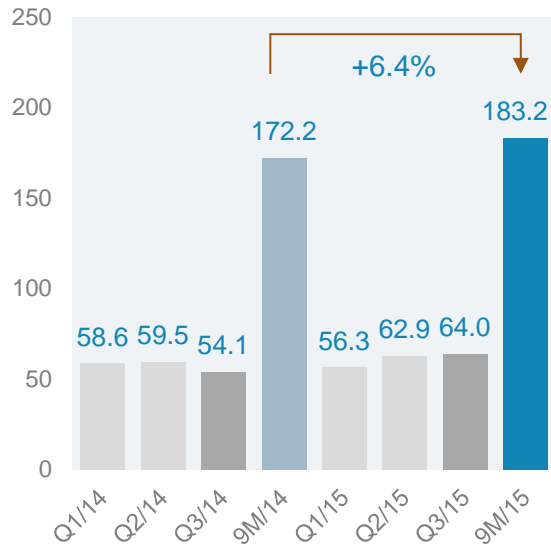


# All three segments reported revenue growth in the first nine months 2015



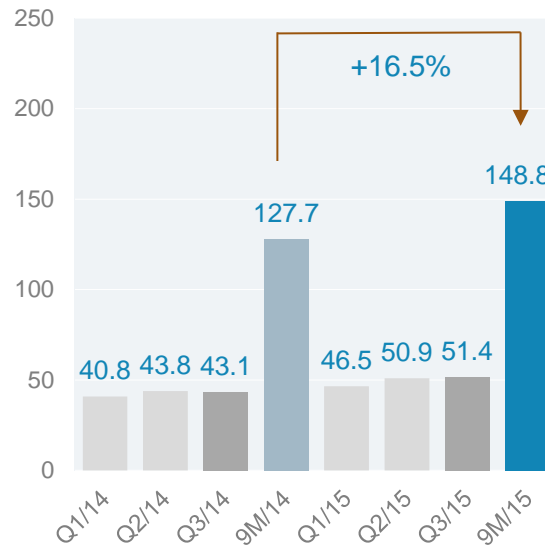
## Revenue (in million euros)

### Lasers & Optical Systems



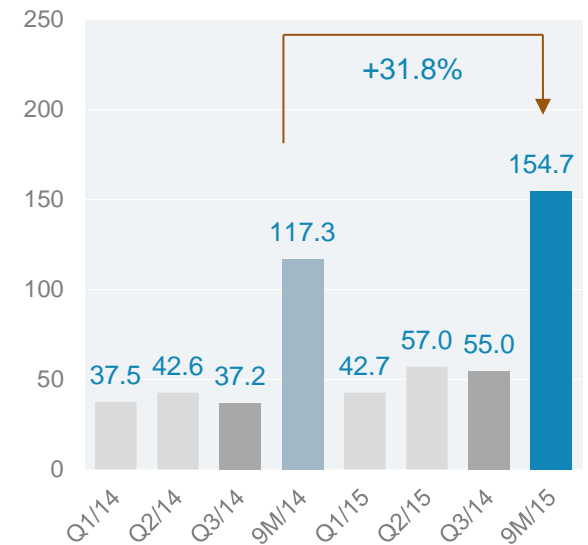
- Good development of business with laser machines and optoelectronic modules
- Well positioned in the semiconductor equipment industry: stronger systems approach

### Metrology



- Growth for Jenoptik products in particular in Europe (through acquisitions) and US (in spite of more difficult environment in traffic safety area)

### Defense & Civil Systems

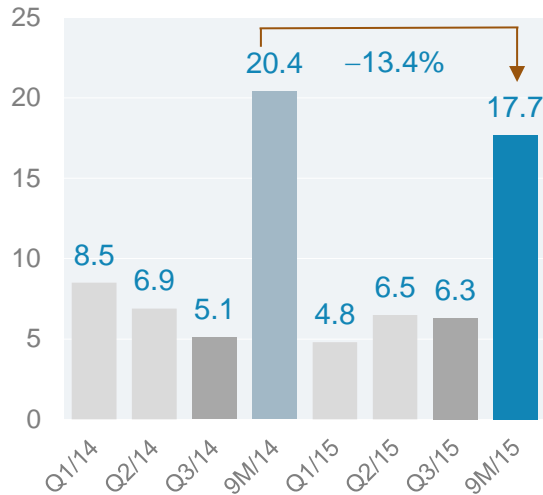


- Significant increase in revenue due to project settlements and good business in the areas of energy and sensor systems

# Defense & Civil Systems segment reported marked rise in earnings and margin improvement



## Lasers & Optical Systems

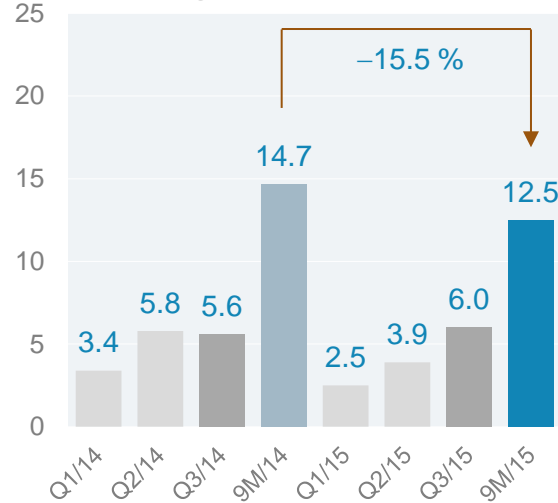


EBIT margin 9.7% (prior year 11.9%)

- Weaker business in H1/2015 not yet compensated; Q3 higher than prior year
- 2014: Positive contribution from sales of a system technology included

## EBIT (in million euros)

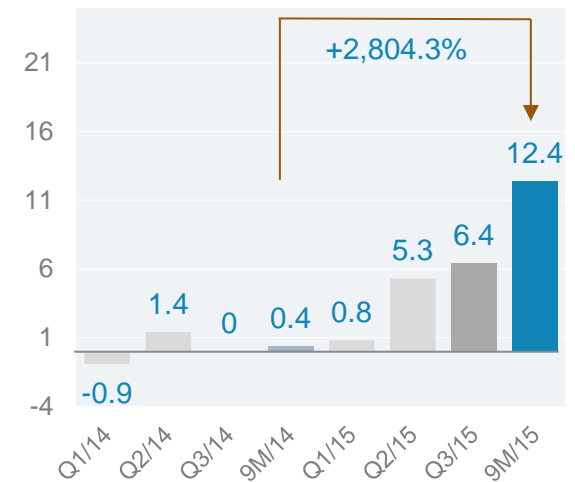
### Metrology



EBIT margin 8.4% (prior year 11.5%)

- Q3 higher than in prior year
- Market for traffic safety technology in the US still weaker
- Depreciation effects arising from purchase price allocation

### Defense & Civil Systems

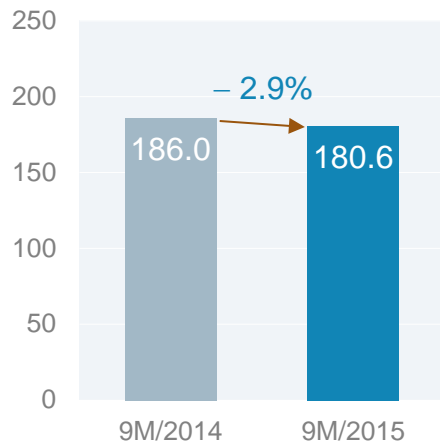


EBIT margin 8.0% (prior year 0.4%)

- EBIT improved due to substantially increased and higher-margin revenue

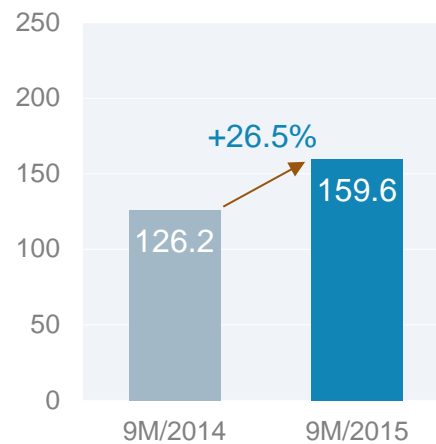
## Order intake (in million euros)

### Lasers & Optical Systems



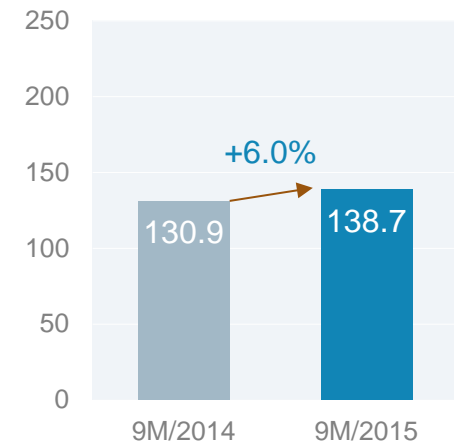
- Good demand for laser machines, lower demand from semiconductor equipment industry and cyclical call-offs for medical lasers
- Book-to-bill ratio at 0.99 (prior year 1.08)

### Metrology



- Increase is attributable to higher order intake in Industrial Metrology and newly consolidated companies
- Book-to-bill ratio rose to 1.07 (prior year 0.99)

### Defense & Civil Systems



- Major order received to equip Patriot systems, orders for railway technology and from US Navy
- Book-to-bill ratio at 0.90 (prior year 1.12)

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## Target: Jenoptik returns to successful growth

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

## Forecast 2015\*

- Revenue between 660 and 680 million euros
- EBIT margin of at least 9.0 percent
- 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 revenue development in all three segments



## Lasers & Optical Systems



- Well positioned in semiconductor equipment industry
- Rising revenue with other industries, e.g. life sciences and automotive industry
- Solid demand for laser machines, in particular for 3D laser material processing
- 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 in UK (traffic safety technology)

## Defense & Civil Systems

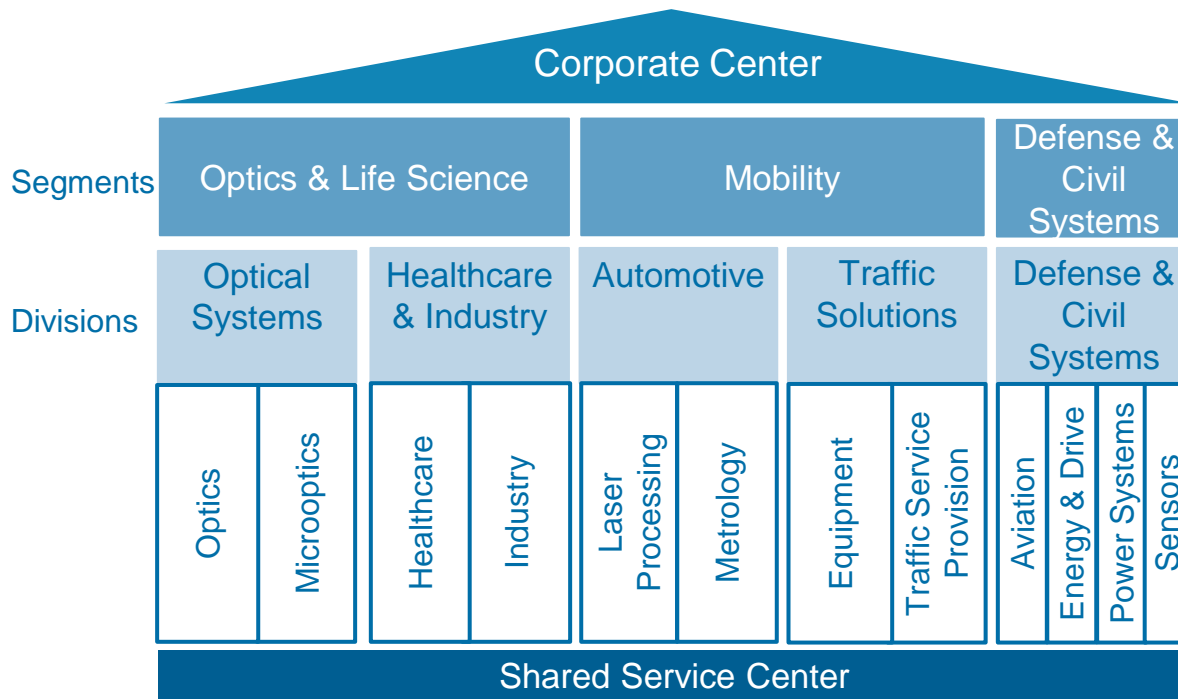


- Major orders ensure long-term stable business development
- Growth based on good order backlog
- Internationalization
- Stronger focus on civil applications, e.g. energy supply, railway technology

# “From Good to Great” – reorganization on schedule



New structure and reporting will enter into force on January 1, 2016



- With our new structure we will:
- Even stronger realign with markets and mega trends
  - Create better opportunities for future growth
  - Enable long-term success
  - Preserve and create economies of scale

Our target: to continue profitable growth with a corporate structure that is closer realigned to markets



„From Good to Great“

External factors may affect development:

- Economic trend
- 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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- November 11, 2015
- November 12, 2015
- November 18, 2015
- November 24, 2015
- January 7/8, 2016
- January 14, 2016
- January 19, 2016
- January 26, 2016

Publication of nine-months results, conference call  
LBBW Conference, London  
Roadshow Paris  
Eigenkapitalforum, Frankfurt/Main  
Oddo Forum, Lyon  
Dr. Kalliwoda Capital Markets Conference, Warsaw  
German Corporate Conference Kepler Cheuvreux, Frankfurt/Main  
Preliminary figures 2015



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