



Interview with the Executive Board

In 2023, Jenoptik continued the successful development of prior years, once again growing profitably with revenue up by 8.7 percent to 1,066.0 million euros and an EBITDA margin of 19.7 percent. With its photonic solutions, the Group serves the growth areas of semiconductor & electronics, life science & medical technology, and smart mobility. After years of increased external growth through acquisitions that have expanded the portfolio in its core markets, the Group's strategic focus is now primarily on organic growth. Jenoptik considers itself to be very well positioned here and has set itself a number of goals as part of the "More Value" strategic agenda with defined medium-term goals up to the year 2025. The aim is to further increase revenue to around 1.2 billion euros and the EBITDA margin to between 21 and 22 percent. These ambitious goals are based on a very solid financial foundation. Jenoptik Executive Board members Dr. Stefan Traeger, Dr. Prisca Havranek-Kosicek, and Dr. Ralf Kuschnerer explain in this interview how the goals are being achieved, what growth potential sits in which areas, where Jenoptik is using the funds generated, and how the company is committed to sustainability.

Dr. Traeger, 2023 was geopolitically and economically turbulent, but Jenoptik has remained on course for success, how have you achieved this?

Stefan Traeger: 2023 was characterized by significant uncertainty. Jenoptik has been able to navigate well through this challenging environment thanks to our product portfolio which is focused on growth areas in the photonics market, where we have a strong presence. In 2023, we achieved significant growth in our Advanced Photonic Solutions division. However, our Smart Mobility Solutions business and our Non-Photonic Portfolio Companies have also contributed to the growth of our Group. Overall, we have achieved what we set out to do and are continuing to make progress towards our goal of becoming a world leading photonics group. Above all, sustainable organic growth is now the decisive factor for the future, for which our high innovative strength remains key.

"Overall, we achieved what we set out to do in 2023 and remain well on the way to becoming a world leading photonics group."

Dr. Stefan Traeger

Dr. Havranek-Kosicek, we'll come to the outlook a little later. How do you specifically assess the key financial figures for the fiscal year 2023?

Prisca Havranek-Kosicek: As Stefan Traeger rightly says: We delivered what we promised and even went one better, as we raised our profitability targets in the course of the year. Specifically, with group revenue of 1,066.0 million euros, we are within the forecasted target corridor of 1,050 to 1,100 million euros. In terms of our EBITDA margin, we even managed to slightly exceed the increased forecast of around 19.5 percent. This means that 2023 was another record year for Jenoptik in terms of revenue and EBITDA despite the aforementioned adversities. And what I find particularly important as Chief Financial Officer is that we have been able to further improve our financing and balance sheet quality. For example, the ratio of net debt to EBITDA – i.e. leverage – was significantly reduced from 2.6 to 2.0, and our equity ratio is rock solid at 54.2 percent. In addition, our free cash flow has improved significantly to 127.3 million euros.

Dr. Kuschnereit, could you please give more details on the subject of growth focus?

Ralf Kuschnereit: With our "More Value" Agenda 2025, we are simultaneously serving several markets which promise above-average growth going forward: semiconductor & electronics, life science & medical technology, and smart mobility. With its innovative photonic solutions, Jenoptik has become an indispensable link and enabler in the value chain, for example in the semiconductor equipment industry. Experts predict that the semiconductor market will grow dynamically to around 1 trillion US dollars by 2030. We will also benefit from this and are significantly expanding our capacities in Dresden, for example. We are convinced of the strong growth of our business and key customers in the medium to long term. This also applies to the other target markets I mentioned.

Let me ask you a quick question: what are the specific investments planned at the Dresden site?

Ralf Kuschnereit: In Dresden, we are investing between 90 and 100 million euros in a new factory for the production of micro-optics and sensors for the semiconductor equipment industry. Everything is going according to schedule, with the groundbreaking ceremony taking place in September 2022 and the topping-out ceremony in the fall of 2023. The buildings are expected to be completed in the first half of 2024 and production is set to commence in the new factory at the beginning of 2025. We think on a global scale, but our commitment to Germany remains strong – one such example of this was the opening of the new medical technology site in Berlin in June 2023. This lays the foundation for further strong, global growth at Jenoptik.

"With our "More Value" Agenda 2025, we are simultaneously serving several markets which promise above-average growth in the future."

Dr. Ralf Kuschnereit

Within your portfolio, you still differentiate between photonic core businesses and non-photonic activities. What will happen with the latter?

Stefan Traeger: Correct, "More Value" essentially envisages profitable growth in our photonic divisions Advanced Photonics Solutions and Smart Mobility Solutions. The portfolio for this is in place, we see opportunities for good organic growth here and we do not exclude that there might be smaller additions to the portfolio through acquisitions. Our Non-Photonic Portfolio Companies, where the focus is on the automotive sector, still generated around 11 percent of our revenue in 2023. We have succeeded in recording a noticeable growth in earnings here, thus achieving a return to solid profitability. We are seeking potential suitable owners for our automation business, which we operate under the Prodomax brand. We are not under pressure in terms of time, the price must be right. The further development of our industrial metrology business may take place both within and outside the Group.

We are already well into 2024, what are Jenoptik's plans for this fiscal year?

Prisca Havranek-Kosicek: 2024 will be an important interim stage in achieving our medium-term targets for 2025. To this end, we announced in November that we would be sticking to our group revenue target for 2025 of around 1.2 billion euros. However, we have raised our profitability target from around 20 percent to between 21 and 22 percent in view of good organic development, especially in the semiconductor equipment sector. Of course, we will only meet this if we also make gains in 2024. Consequently, we have set ourselves the target of organic growth in revenue in the mid-single-digit percentage range. Our EBITDA margin is expected to be between 19.5 and 20.0 percent, including a charge of around 0.5 percentage points associated with the move to our new plant in Dresden. We anticipate more moderate progress during the first half of the year with an upturn in business beginning in summer 2024.

Sustainability is also one of your responsibilities. Have you also increased some of your targets for 2025 in this area?

Prisca Havranek-Kosicek: That is correct. We are clearly committed to our social responsibility and, as a leading technology company, will make our contribution to the Paris climate goals and the associated need to reduce CO₂ emissions worldwide. Accordingly, Jenoptik has set itself non-financial objectives, some of which are also reflected in the Executive Board remuneration. Group financing is also aligned with these objectives. Firstly, we have set ourselves the target of reducing our CO₂ emissions by more than 55 percent by 2025 in comparison to the base year 2019 and, secondly, we are aiming to achieve net zero by 2035 at the latest. Our CO₂ reduction target was previously 30 percent. In terms of our proportion of green electricity, we are now also pursuing a target value in excess of 90 percent for 2025 in comparison with the previous target of 75 percent.

"We are clearly committed to our social responsibility and are aiming to achieve net zero by 2035 at the latest."

Dr. Prisca Havranek-Kosicek

And my final question: what do your shareholders gain from this positive development?

Stefan Traeger: Everything we do at Jenoptik is aimed at creating value for our stakeholders. The approximate 11 percent increase in our share price in 2023 is a step in the right direction. However, if the majority of our analysts are to be believed, there is still plenty of room for improvement. And the investment in growth described above should naturally lead to a sustainable increase in the value of our company. And to ensure that our shareholders continue to participate appropriately in the company's success in the future, we want to increase our dividend for 2023 to 0.35 euros per share.

Mr. Traeger, Ms. Havranek-Kosicek, Mr. Kuschnerreit, good luck for 2024 and thank you very much for talking to us!