

# JENOPTIK AG

## Results of the first half-year 2015 and outlook



August 11, 2015

Dr. Michael Mertin, CEO  
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## External impacts on the business development

- Continued challenging economic environment
  - Subdued demand from the semiconductor equipment industry, slight improvement at end of Q2
  - Export restrictions on national and European level continue to apply
- Higher degree of scepticism regarding economic development in Europe due to crisis in Greece
- Political developments in the Ukraine and Russia as well as in the Middle East remain uncertain

## Major events in the Jenoptik Group

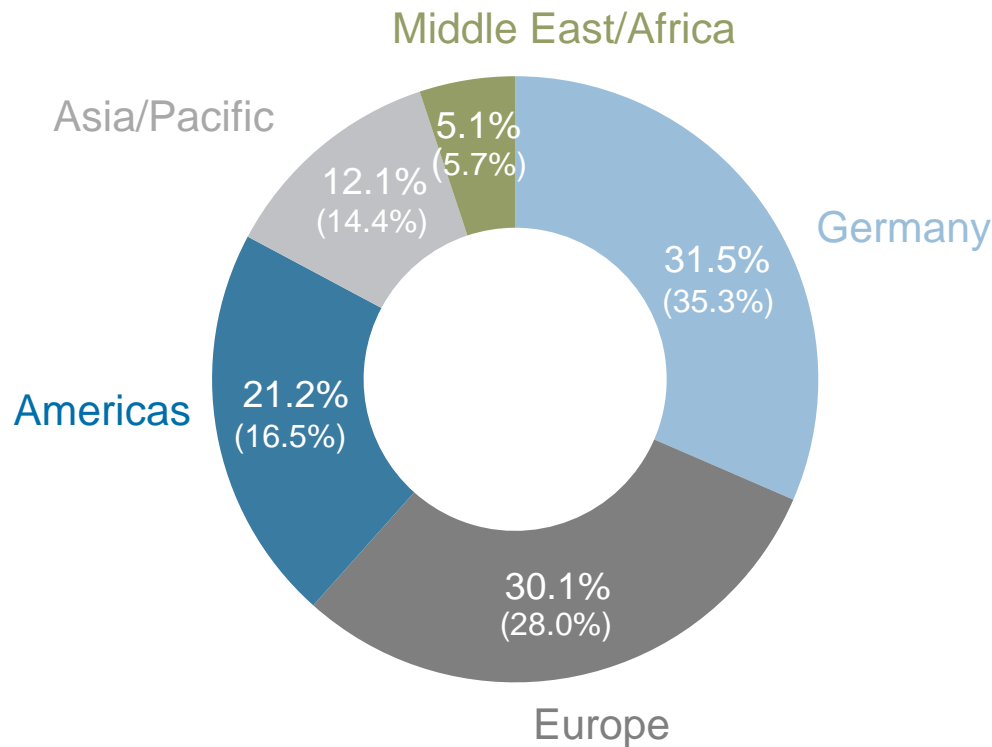
- Successful integration of the companies acquired in 2014
- Major order to supply energy systems for the Patriot missile defense system partially invoiced
- Long-term group financing was restructured at more favorable conditions
- Divisional structure will be realigned more closely to markets
- New Chief Financial Officer and new Chairman of the Supervisory Board
- ECE Industriebeteiligungen sold all of its shares

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



## Revenue by region

(as at 30.6.2015 / prior year figures in brackets)

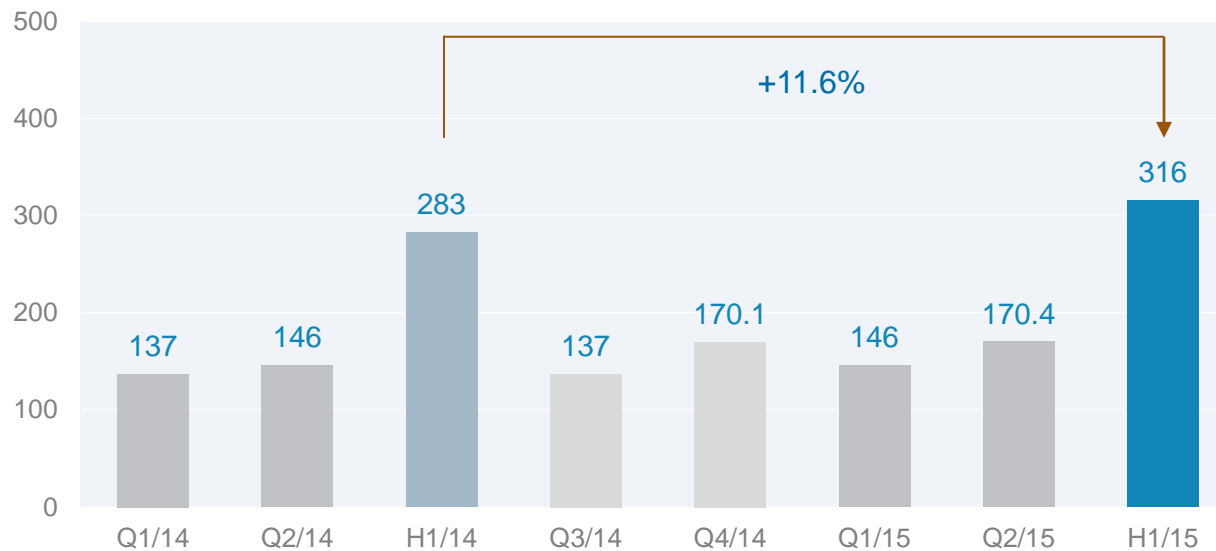


- Revenue in Americas grew by more than 43% to 67.1 million euros as a result of higher demand in the automotive area, project-related settlements in the Lasers & Optical Systems and Defense & Civil Systems segments as well as currency effects
- Revenue share in Americas and Asia/Pacific rose to 33.3% (prior year 30.3%)
- Revenue in Europe (without Germany) rose primarily due to the acquisitions in the traffic safety area

# Jenoptik continued positive revenue development also in 2nd quarter and created sound basis for annual targets



Revenue in million euros

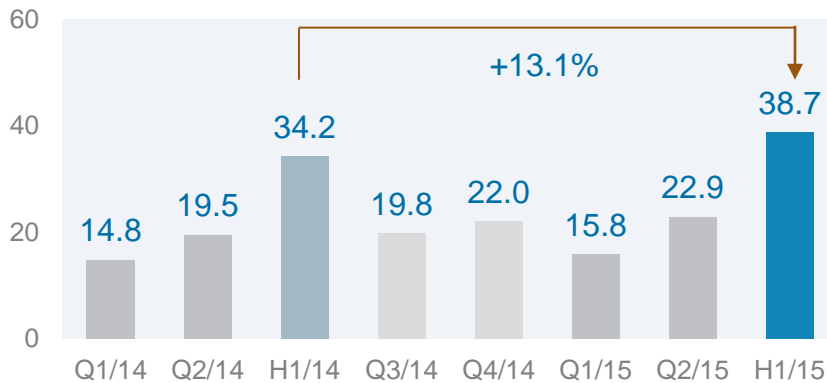


- Highest revenue in a quarter and half year over the last years
- In particular Metrology and Defense & Civil Systems segments reported growth
- Revenue increase in Q2/2015 compared to same quarter in prior year : +16.5%

# EBITDA increased at a higher rate than revenue in the 1st half-year 2015



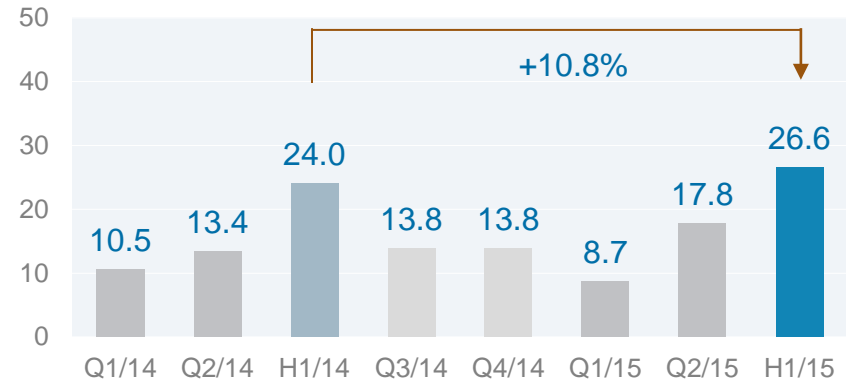
EBITDA in million euros



EBITDA margin 12.2% (prior year 12.1%)

- At 22.9 million euros EBITDA in Q2 markedly higher than in previous year (prior year 19.5 million euros) and prior quarter (Q1/2015: 15.8 million euros)

EBIT in million euros



EBIT margin 8.4% (prior year 8.5%)

- Strongest quarter and half-year in terms of earnings in the last years
- EBIT affected by:
  - Rise in revenue, changed revenue mix and settlement of a major project in the Defense & Civil Systems segment
- EBIT margin in Q2 at 10.5% (prior year 9.2%)

# Income Statement:

## Earnings before and after tax higher than in prior year



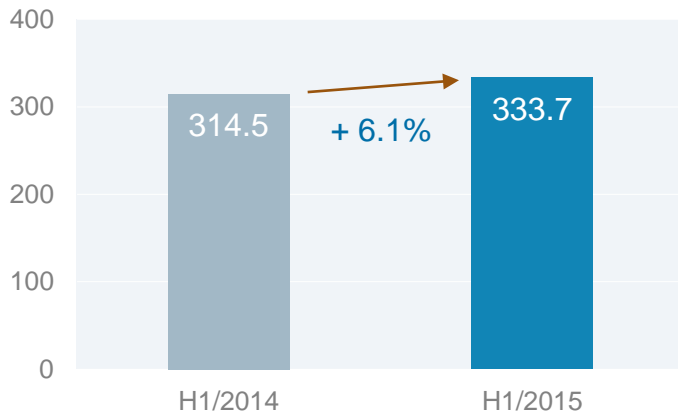
In million euros	H1/2015	H1/2014
<b>Revenue</b>	<b>316.1</b>	<b>283.2</b>
Gross margin	34.6%	35.2%
Functional costs	87.4	78.0
<b>EBITDA</b>	<b>38.7</b>	<b>34.2</b>
<b>EBIT</b>	<b>26.6</b>	<b>24.0</b>
Financial result	-1.9	-3.2
<b>Earnings before tax</b>	<b>24.7</b>	<b>20.7</b>
Earnings after tax	20.1	17.9
<b>Earnings per share (euro)</b>	<b>0.35</b>	<b>0.31</b>

- Gross margin 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
- Exchange rate gains bolstered financial result; combined with the higher EBIT this also resulted in higher earnings before tax
- Cash-effective tax rate of 16.0% (prior year 11.9%)

# Continuing high order backlog provides good conditions for achieving targets

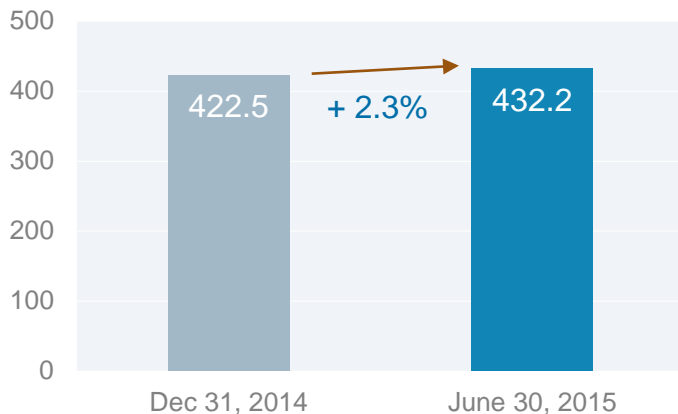


Order intake in million euros



- Order intake in 1<sup>st</sup> half-year 2015 higher than in prior year
  - Significant rise in Metrology segment
  - Major order to equip Patriot missile defense system
- Order intake higher than half-year revenue; in spite of strong increase in revenue the book-to-bill ratio was at 1.06 (prior year 1.11)

Order backlog in million euros



- Order backlog increased by about 10 million euros over the figure at year end 2014
- Approx. 54 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 significantly compared to prior year



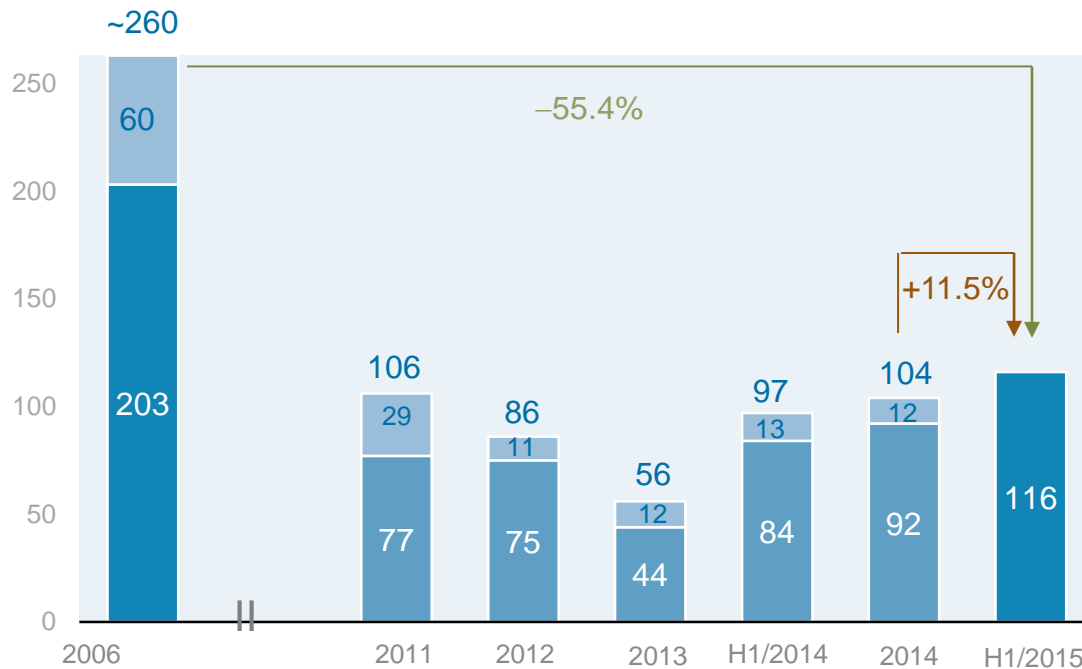
In million euros	H1/2015	H1/2014
Operating profit before adjusting working capital	38.2	33.3
Changes in working capital and other items	-19.9	-44.4
Cash flows from operating activities before income tax	18.2	-11.1
Cash flows from operative investing activities	-9.8	-13.6
Free cash flow (before interest and taxes)	8.4	-24.7

- Cash flows from operating activities and free cash flow substantially improved in spite of higher working capital
  - Mainly influenced by high earnings in the 2nd quarter and lower capital expenditure
- Working capital rose to 239.0 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
  - Trade payables reduced
  - Working capital ratio (LTM) at 38.4% higher than at year end 2014 (31.12.14: 36.9% / 30.6.14: 38.4%)

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



in million euros



- Claims of silent real estate investors
- Net debt

- Rise in net debt was expected due to:
  - Payment to the last remaining real estate investor (12.4 million euros); there are no further silent investments or claims
  - Use of resources for working capital
  - Payment of the dividend (11.4 million euros)
- Equity ratio rose to 52.8% (31.12.2014: 50.1%)

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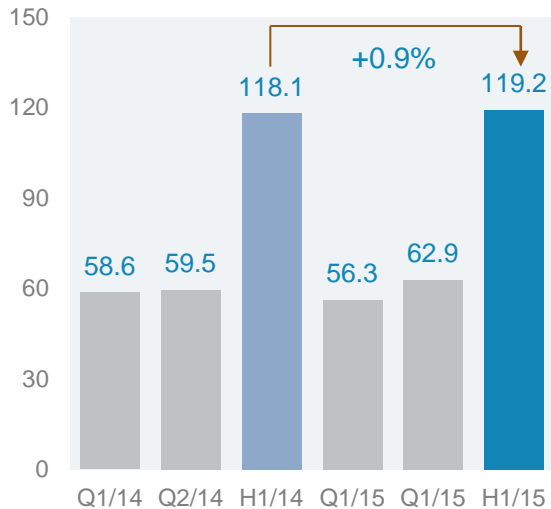


# Substantial revenue growth in the Metrology as well as Defense & Civil Systems segments



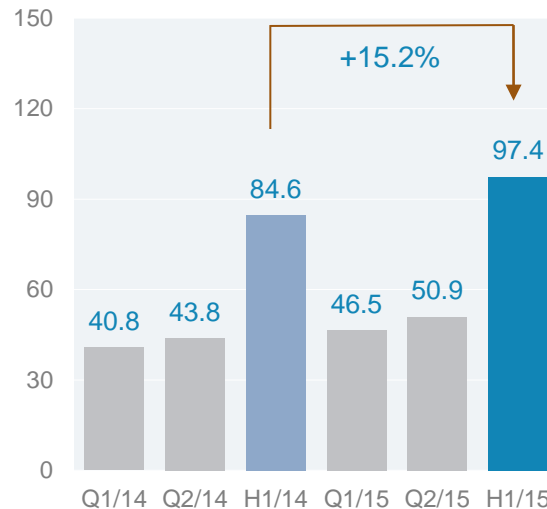
## Revenue (in million euros)

### Lasers & Optical Systems



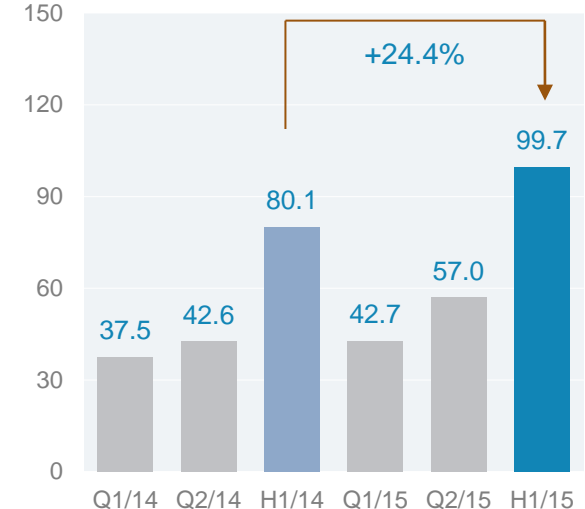
- Good development of business with laser machines and optoelectronic modules
- Restrained demand from semiconductor equipment industry; slight improvement at end Q2

### Metrology



- Pleasing rise in revenue due to pick-up in demand from the automotive industry and contributions by acquired companies

### Defense & Civil Systems



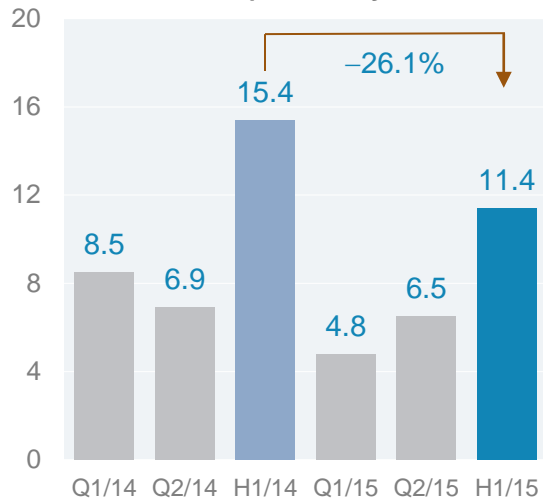
- Significant increase in revenue compared with prior year due to project settlements and good business in the areas of energy and sensor systems

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



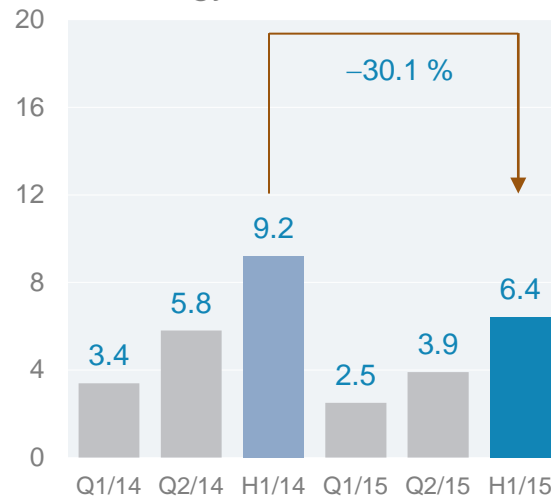
## EBIT (million euros)

### Lasers & Optical Systems



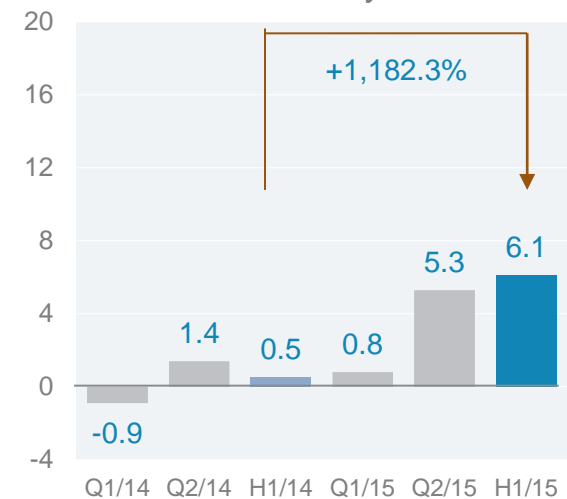
EBIT margin 9.5% (prior year 13.0%)

### Metrology



EBIT margin 6.6% (prior year 10.8%)

### Defense & Civil Systems



EBIT margin 6.1% prior year 0.6%

- EBIT declined as a result of restrained development of revenue and a lower margin product mix

- Weak market for traffic safety technology in the US
- Depreciation effects resulting from the acquisitions had negative impact

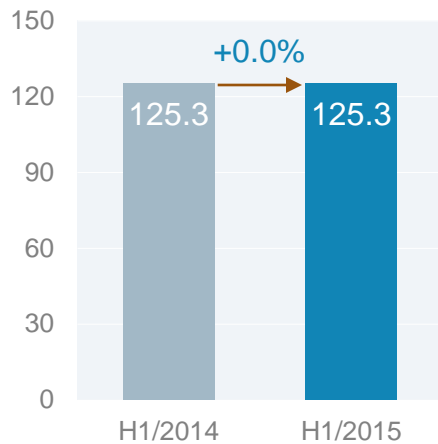
- EBIT substantially improved due to increased and higher-margin revenue

# Positive order situation establishes good conditions for further development

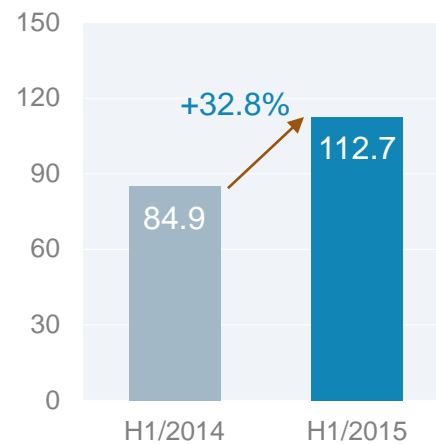


## Order intake (in million euros)

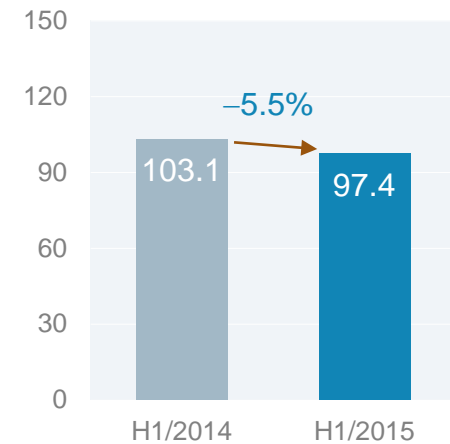
### Lasers & Optical Systems



### Metrology



### Defense & Civil Systems



- Good demand for laser machines; development in the semiconductor equipment sector below average
- Book-to-bill ratio at 1.05 almost unchanged (prior year 1.06)
- Increase is attributable to higher order intake in the automotive area and newly consolidated companies
- Book-to-bill ratio rose to 1.16 (prior year 1.00)
- Major order received to equip Patriot systems
- Book-to-bill ratio at 0.98 (prior year 1.29; includes orders for military stabilization systems)

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## Target: Jenoptik will see return to successful growth

- Good order and project pipeline in all three 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 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 revenue 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, first positive signs in June
- 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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- August 11, 2015
- August 12, 2015
- August 27, 2015
- August 27/28, 2015
- September 10, 2015
- September 22, 2015
- September 22, 2015
- October 20/21, 2015

Publication of the results of the first half-year 2015  
Analysts' conference and roadshow in Frankfurt/Main  
Bankhaus Lampe German Technology Seminar, Zurich  
Roadshow Edinburgh / London  
Commerzbank Sector Conference, Frankfurt/Main  
Baader Investment Conference, Munich  
Berenberg German Corporate Conference, Munich  
Jenoptik Capital Market Days, Jena



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