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Press Release

Jenoptik expects significant and profitable growth in 2021

- Group revenue of 767.2 million euros in 2020, down due to Covid-19; return to near prior-year level in Q4
- Adjusted EBITDA margin of 17.6 percent excl. PPA sharply up on expectations
- Appreciable growth in demand in Q4; order backlog only slightly below prior-year level; good basis for 2021
- Free cash flow remains at high level with 62.3 million euros
- Proposed dividend of 0.25 euros per share for 2020
- 2021: Revenue growth in low double-digit percentage range; EBITDA margin of 16.0-17.0 percent (prior year 14.6 percent)

Jenoptik ended the 2020 reporting year with a strong fourth quarter and was able to significantly increase profitability in 2020. This positive development was supported by sustained high demand from the semiconductor equipment industry, the acquisition of TRIOPTICS and a largely stable capital spending by public sector customers. The company used the year that was challenging due to the pandemic to drive forward important strategic decisions for its development into a leading international photonics group, the streamlining of structures and greater cost efficiency.

“At the beginning of 2021, Jenoptik stands for growth, innovation, and profitability even more than it did a year ago. By focusing on growth areas in photonics, we managed the Covid-19 year 2020 well. We are confident for 2021 thanks to an upturn in demand, improved cost efficiency and external growth. We expect revenue growth in the low double-digit percentage range and want to increase profitability to an EBITDA margin of 16.0 to 17.0 percent. Thanks to leading positions in promising future markets, Jenoptik is well positioned to grow profitably also in the medium term,” Dr. Stefan Traeger, President & CEO of JENOPTIK AG comments on the development.

Revenue development marked by Covid-19 pandemic – profitability significantly improved

In the 2020 fiscal year, Jenoptik generated revenue of 767.2 million euros, which, as expected, was clearly down on the prior-year figure of adjusted 837.0 million euros, mainly due to the Covid-19 pandemic and structural issues in the automotive industry. As in the prior year, the fourth quarter was strongest, with 262.2 million euros (prior year: adjusted 255.7 million euros). The two companies acquired during the reporting year, TRIOPTICS and INTEROB, contributed 47.2 million euros to annual revenue in 2020. On a regional level, revenue in Asia rose by 9 percent to 105.8 million euros in spite of Covid-19, mainly due to the acquisition of TRIOPTICS. Europe (excl. Germany) remained relatively stable at 226.1 million euros. By contrast, the Americas (195.5 million euros), Germany (214.7 million euros), and the Middle East/Africa (25.2 million euros) were appreciably affected by the impacts of the pandemic. As in the prior year, foreign revenue amounted to around 72 percent.

Thanks to a lower cost of sales, first positive effects from the structural and portfolio measures implemented and tangible cost savings, the gross margin reached 34.2 percent in 2020 and was thus on a par with the prior-year figure of 34.1 percent.

Taking into account expenses for the planned structural and portfolio measures amounting to minus 19.1 million euros (prior year: minus 4.0 million euros), which mainly incurred in the Light & Production division and VINCORION, adjusted EBITDA amounted to 130.7 million euros (prior year: adjusted 138.0 million euros). This resulted in an adjusted EBITDA margin of 17.0 percent (prior year: adjusted 16.5 percent), or 17.6 percent excl. PPA. On a non-adjusted basis, the margin was 14.6 percent (prior year: 15.7 percent). In 2020, TRIOPTICS and INTEROB contributed a total of 6.0 million euros to EBITDA, including PPA of minus 4.6 million euros. Taking into account the lower financial result, due among other things to the acquisitions, and lower taxes, Jenoptik once again achieved markedly positive earnings after tax of 42.7 million euros (prior year: 67.6 million euros) or earnings per share of 0.73 euros (prior year: 1.18 euros), despite the challenging environment.

Order backlog creates strong basis for 2021

Jenoptik recorded good growth in order intake in the fourth quarter of 2020, and although a figure of 228.5 million euros was not quite enough to reach the prior-year value of an adjusted 234.0 million euros, it was the highest level of demand in the year covered by the report, assisted by the contribution made by TRIOPTICS. At 739.4 million euros, the order intake for the full year was considerably down on the adjusted prior-year figure of 792.7 million euros. The order backlog, at 460.1 million euros in 2020, was almost at the same good level as in the prior year (adjusted 464.7 million euros). This gives cause for optimism in 2021, especially as 78.5 percent of these orders are expected to be recognized as revenue in the new fiscal year. At the end of 2019, this adjusted figure was just 68.0 percent.

Good balance sheet quality and strong free cash flow

Despite the significant increase in expenditure for external growth, Jenoptik continues to have a high balance sheet quality. At the end of 2020, the equity ratio was 51.5 percent (31/12/2019: 60.5 percent). Net debt rose to 201.0 million euros as of December 31, 2020 due to the acquisitions (31/12/2019: minus 9.1 million euros). Despite a challenging environment, the company again generated a markedly positive free cash flow of 62.3 million euros in 2020 (prior year: 77.2 million euros). Without the cash-effective impacts of structural and portfolio measures, the free cash flow came to 67.2 million euros (prior year: 79.3 million euros).

Payment of a substantially higher dividend of 0.25 euros per share proposed

In view of solid balance sheet ratios and a comfortable liquidity situation, the Executive Board and Supervisory Board of JENOPTIK AG will propose to pay a substantially higher dividend of 0.25 euros (prior year: 0.13 euros) to the shareholders to the Annual General Meeting on June 9, 2021 (to be held virtually as last year). The Jenoptik boards are maintaining their consistent dividend policy with this recommendation.

Shareholders of JENOPTIK AG should participate appropriately in the success of the company, irrespective of the impacts of the Covid-19 pandemic, two acquisitions, and capital expenditure.

"Thanks to our good balance sheet quality and the ability to generate sustainably high free cash flows, we are able to finance our future planned growth very well. Thanks to a strong reputation and the strengthened commitment to more sustainability, we also recently managed to successfully place our first debenture bond with a 'green component'. We raised 400 million euros on the financial markets at favorable interest rates. This gives us the latitude to consider acquisitions and investments in our core business of photonics and confirms the correctness of our solid financing strategy," adds CFO Hans-Dieter Schumacher.

Development of the divisions

Despite continuing good demand from the semiconductor equipment industry, revenue in the Light & Optics division decreased from adjusted 331.8 million euros to 318.0 million euros. The main reason for this was the reluctance to invest seen in the biophotonics and industrial solutions sectors due to the pandemic. TRIOPTICS contributed revenue of 27.8 million euros. In terms of earnings, Light & Optics benefited from a good product mix and stronger growth in higher-margin products. Adjusted EBITDA therefore increased from 71.7 million euros in the prior year to 72.7 million euros in the 2020 fiscal year, despite negative PPA of 4.6 million euros. TRIOPTICS contributed 4.3 million euros to earnings. Accordingly, the adjusted EBITDA margin improved from the already high level of 21.5 percent in the prior year to a new figure of 22.8 percent. The significant improvement in the order intake, by 34.8 million euros to 339.5 million euros (prior year: adjusted 304.7 million euros), which was attributable in particular to strong demand in the semiconductor equipment industry and TRIOPTICS, gives hope for a sustained good development in 2021. The order backlog also rose significantly, from an adjusted 143.5 million euros to 178.0 million euros.

In 2020, revenue in the Light & Production division was strongly impacted by Covid-19 and the reluctance to invest in the automotive industry. At 178.9 million euros it was therefore sharply down on the prior year's figure of 228.9 million euros. Despite a strong drop in the cost of sales, the division's adjusted EBITDA fell from 25.8 million euros to 15.8 million euros. The adjusted EBITDA margin for 2020 came to 8.8 percent, compared with 11.3 percent in the prior year. The management has implemented extensive structural and portfolio measures amounting to 7.9 million euros, which were already showing a positive impact and will take full effect by 2022. Due to postponements and a major cancellation the order intake, at 157.8 million euros, was also significantly down on the prior year (prior year: 199.3 million euros). Nevertheless, the division received a major order with great potential from the Spanish supplier Gestamp in the field of automation. The order intake includes orders from INTEROB worth around 20.4 million euros.

The Light & Safety division showed that it could continue to grow profitably, even in a challenging environment. Stable capital spending by public-sector customers led to an increase in revenue by 4.9 million euros to 114.0 million euros (prior year: 108.7 million euros). Thanks to a strong final quarter, EBITDA improved significantly, by more than a fifth to an adjusted 22.7 million euros. The EBITDA margin accordingly increased to an adjusted 19.9 percent (prior year: 17.3 percent). Another positive highlight in 2020 was the significant improvement in the free cash flow from 11.3 million euros to adjusted 21.8 million euros, thanks in part to the aforementioned improvement in earnings and an efficient receivables management system.

VINCORION's performance was affected by unchanged strong demand in the Power Systems unit but considerable problems in the Aviation and Energy & Drive units. Accordingly, revenue of VINCORION fell by 7.9 percent to 151.7 million euros (prior year: 164.8 million euros). The decrease in revenue and a lower-margin product mix led to a decline in adjusted EBITDA from 24.2 million euros to 20.6 million euros, or in terms of the adjusted EBITDA margin, from 14.7 percent to 13.6 percent. Here, again, free cash flow increased substantially from 1.0 million euros to 9.8 million euros. Thanks to the long-term nature of many orders, the order backlog remained at a high level of 160.3 million euros (31/12/2019: 169.7 million euros).

Outlook for 2021: significant and profitable growth expected

Based on good order intake growth in the fourth quarter of 2020, a well-filled project pipeline, and the continued promising development in the semiconductor equipment business, the Executive Board expects further growth in the current fiscal year. In addition to the organic growth in the divisions, TRIOPTICS, which will be consolidated for the full year for the first time, will also contribute to the positive development.

For 2021, Jenoptik is expecting revenue growth in the low double-digit percentage range, including TRIOPTICS (prior year: 767.2 million euros). The Group currently forecasts EBITDA (earnings before interest, taxes, depreciation, and amortization, including impairment losses and reversals) to increase significantly in the current fiscal year (prior year: 111.6 million euros). The EBITDA margin is due to reach between 16.0 and 17.0 percent (prior year: not adjusted 14.6 percent).

Due to the uncertainty generated by the Covid-19 lockdown at the beginning of the year and the risk of a third wave of the pandemic, a more precise forecast is not currently possible. However, we plan to specify the forecast during the course of the year.

The presentation on the 2020 Annual Financial Statements and the 2020 Annual Report are available on the Jenoptik website in the Investors / Reports and Presentations section. Images are available for download from our media center at media.jenoptik.com.

Jena, March 25, 2021

About Jenoptik

Optical technologies are the very basis of our business: Jenoptik is a globally active technology group and is active in the three photonics-based divisions: Light & Optics, Light & Production and Light & Safety. Under the TRIOPTICS brand, Jenoptik also offers optical test and manufacturing systems for the quality control of lenses, objectives and camera modules. VINCORION is the brand for our mechatronic business. Our key target markets primarily include the semiconductor industry, medical technology, automotive and mechanical engineering, traffic, aviation as well as security and defense technology industries. Approximately 4,500 employees work for Jenoptik worldwide. The Group’s headquarters are in Jena (Germany). JENOPTIK AG is listed on the German Stock Exchange in Frankfurt and is included in the SDax and TecDax. In the 2020 fiscal year, Jenoptik generated revenue of approx. 767 million euros.

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