

# JENOPTIK AG

## Results of the 1<sup>st</sup> half-year and outlook



August 12, 2014

Dr. Michael Mertin, CEO  
Rüdiger Andreas Günther, CFO

- **Jenoptik – 1<sup>st</sup> half of 2014**
- Segment reporting
- Outlook
- Appendix

A graphic consisting of a large blue number "2" on the left, a vertical blue line in the center, and a large blue letter "Q" on the right, all set against a white background within a grey-bordered square.

## Impacts on future business development

- Increasing export regulation on national and European level
- Challenging economic framework conditions
  - Positive trend in the medical technology market continues; semiconductor equipment market stable
  - Demand from automotive and machine construction industry remains subdued
  - Decline in orders for investment goods in Germany and Europe
- Political developments in the Ukraine and Russia as well as in the Middle East with adverse effects

## Further strategic steps successfully implemented

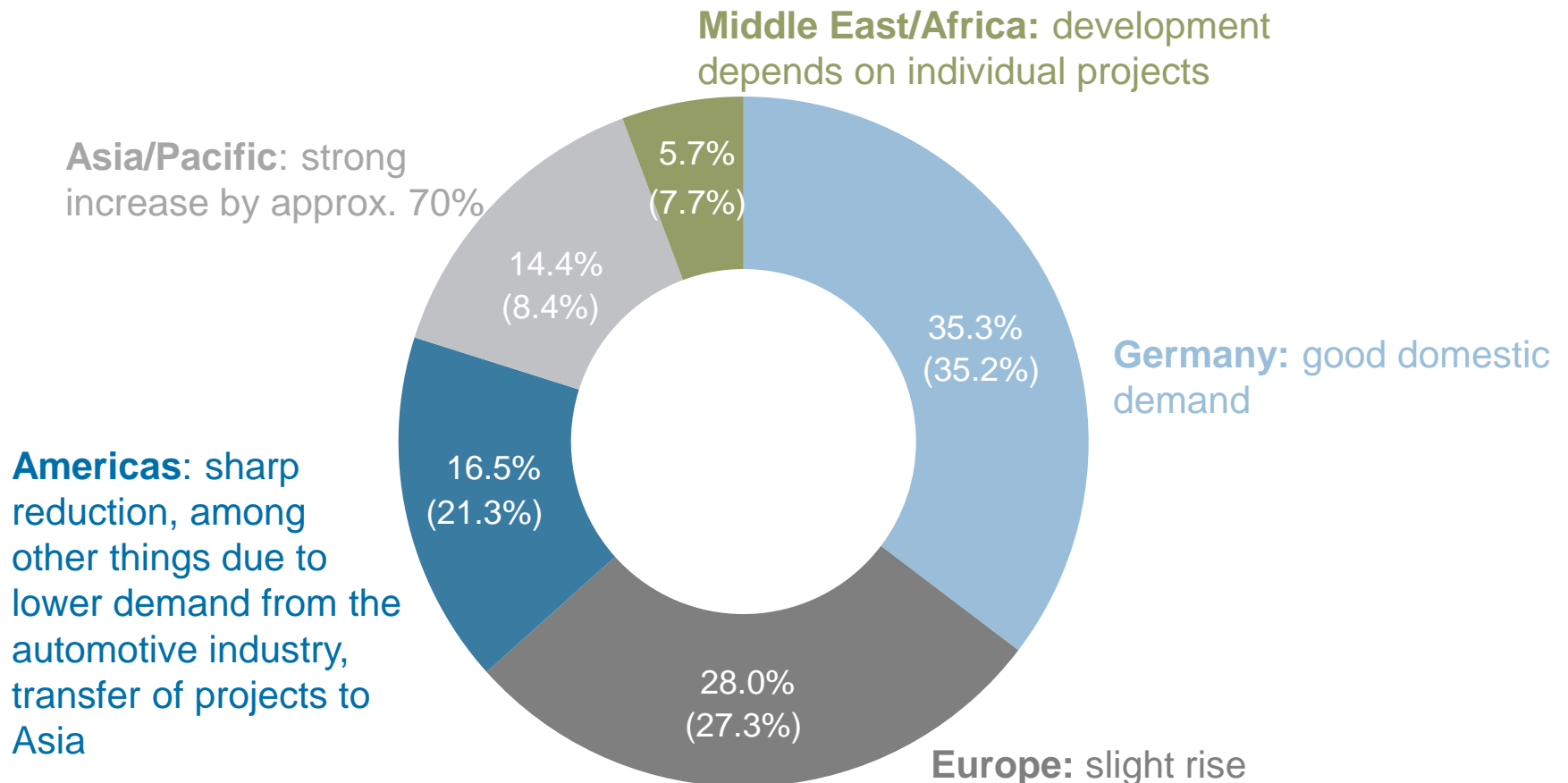
- Internationalization / customers
  - Revenue growth in Asia; transfer of projects from America to Asia
  - Winning of new key accounts, successful progress of projects in the area of medical technology / life sciences
- Operational excellence
  - Launched projects for the development of the Group continued according to plan, go-live of JOE in three divisions in Germany until now

# 64.7 percent of revenue generated abroad Strongest growth in the Asia/Pacific region



## Revenue by region

(as at 30.06.2014 / prior year figures in brackets)

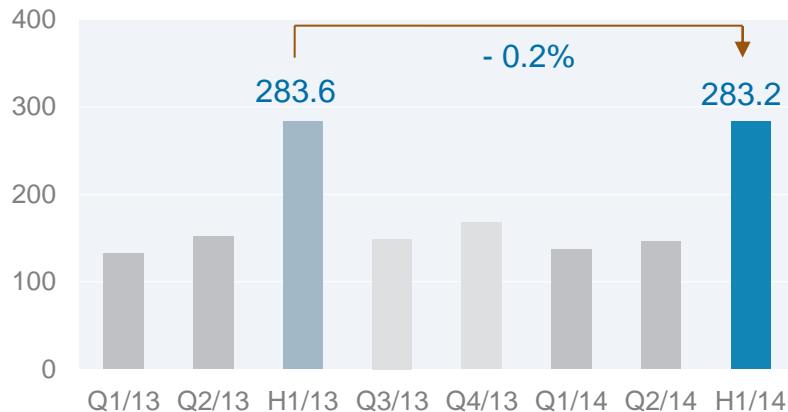


# Operationally on track: profitability slightly improved

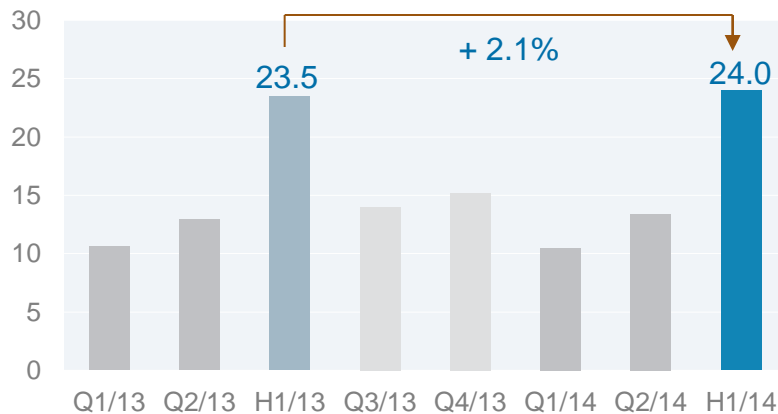
## Development of revenue and earnings as in prior year



Revenue in million euros



EBIT in million euros



- Revenue in 2<sup>nd</sup> quarter exceeds 1<sup>st</sup> quarter figure
- Rise in revenue of the Lasers & Optical Systems segment compensated for the reduction in the other two segments
- Group EBIT exceeds prior year level and is substantially higher than in prior quarter
- EBIT affected by:
  - Changed revenue mix and improved gross margin
  - Costs for projects (e.g. JOE) and upfront expenses within the significantly increased order intake

# Income statement H1/2014: EBIT margin rose to 8.5 percent



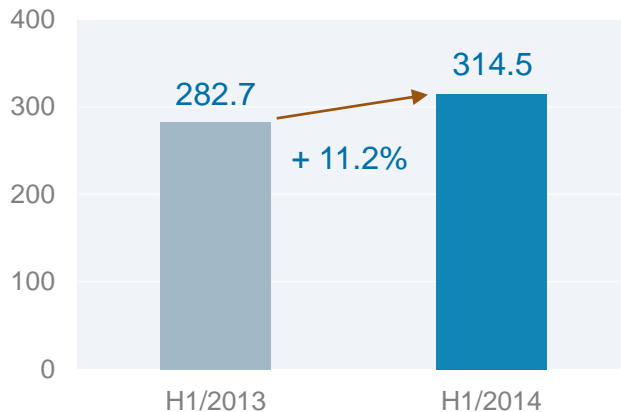
In million euros	H1/2014	H1/2013
<b>Revenue</b>	<b>283.2</b>	<b>283.6</b>
Gross margin	35.2%	34.3%
Functional costs	78.0	76.5
<b>EBIT</b>	<b>24.0</b>	<b>23.5</b>
EBIT margin	8.5%	8.3%
Financial result	- 3.2	- 3.2
<b>Earnings before tax</b>	<b>20.7</b>	<b>20.3</b>
Earnings after tax	17.9	17.5
<b>Earnings per share</b>	<b>0.31</b>	<b>0.31</b>

- Gross margin rose to 35.2% due to changed revenue mix and improved operational excellence (JEP program)
- Functional costs almost stable
  - Small rise in selling expenses attributable to expansion of international activities
  - Administrative costs increased slightly (expansion of key group functions, implementation of JOE, new international structures)
- EBIT margin in 2<sup>nd</sup> quarter rose to 9.2% (Q1/2014: 7.7%)
- Financial result stable at last year's level
- Cash-effective tax rate of 11.9 percent (prior year: 13.7 percent)

# Substantial rise in order intake

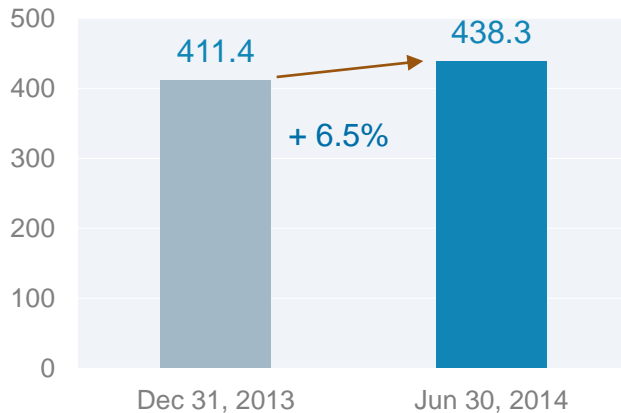


Order intake in million euros



- First six months with good order intake
  - Increase in the Lasers & Optical Systems as well as Defense & Civil Systems segments
- Order intake exceeds revenue, Book-to-bill ratio: 1.11 (prior year 1.00)

Order backlog in million euros



- Order backlog rises by almost 27 million euros compared with the end of 2013
  - Approx. 80 percent of revenue planned for 2014 is secured by orders on hand

# Cash flow statement: Increase in working capital and higher investments affect free cash flow



In million euros	H1/14	H1/13
Operating profit before working capital changes	33.3	34.0
Changes in working capital and other items	- 44.4	- 22.5
Cash flow from operating activities before taxes	- 11.1	11.5
Cash flow from operative investing activities (tang. + intang. assets)	- 13.6	- 10.2
Free cash flow (before interests and taxes)	- 24.7	1.2

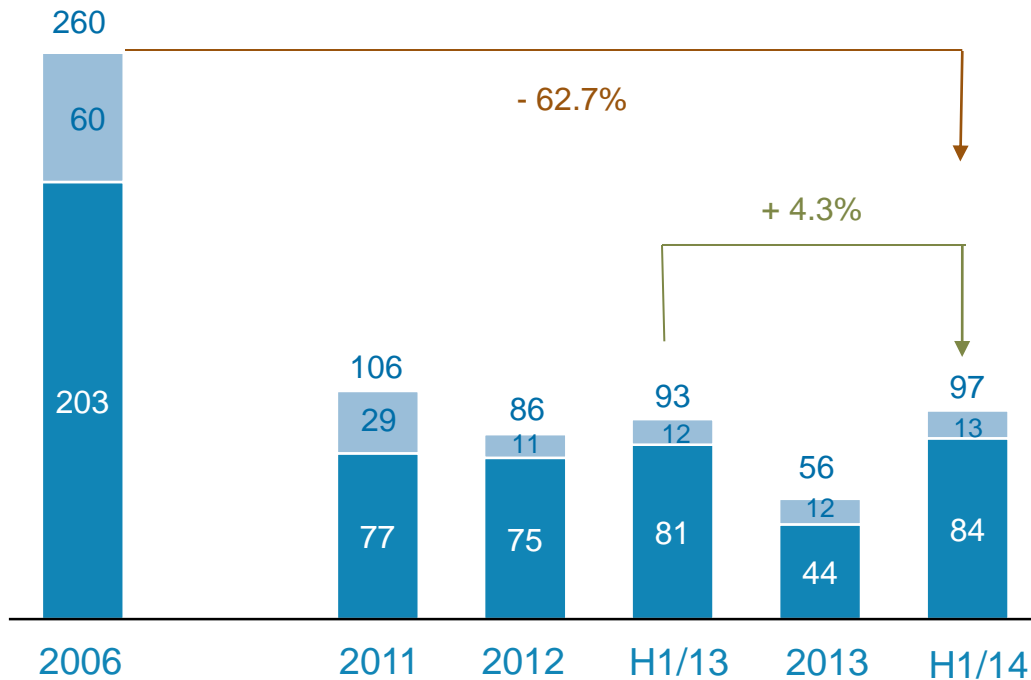
- Working capital rose to 230.5 million euros (31.12.2013: 195.6 million euros)
  - Inventories higher as a result of upfront expenses for revenue in subsequent periods; receivables increased
  - Reduction in trade payables
  - Working capital ratio came to 36.9% and was only slightly higher than in the past year (prior year: 36.4%)
- Free cash flow was affected in particular by changes in working capital and higher investments



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

in million euros

- Claims of silent real estate investors
- Net debt



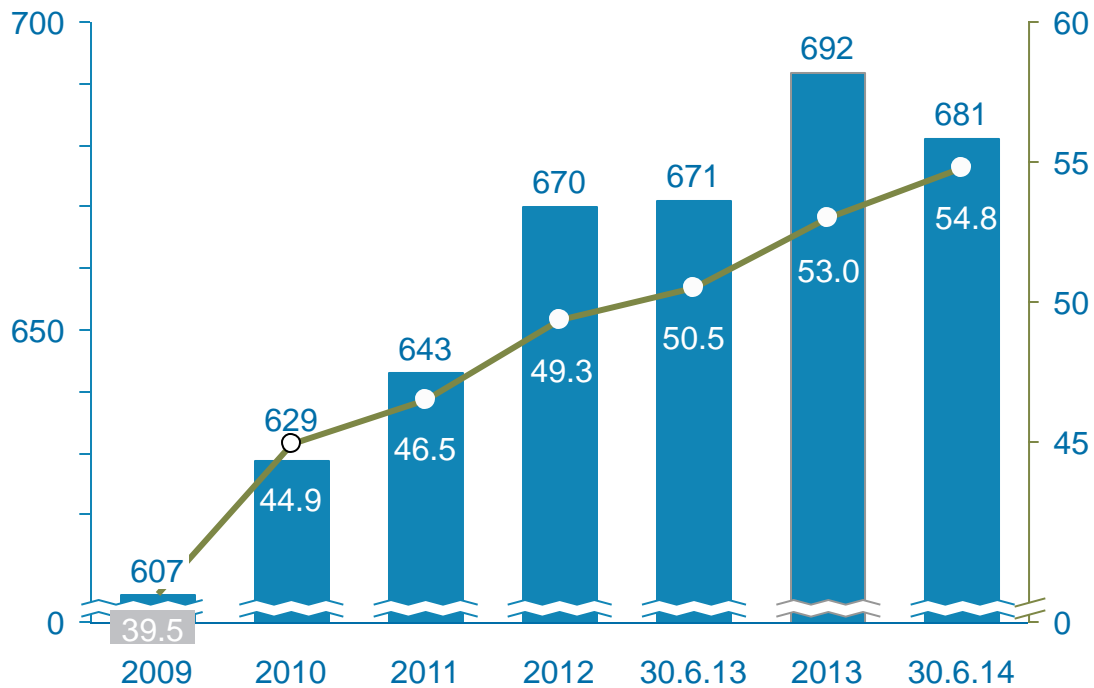
- Higher net debt as a result of reduction in liquid funds
  - Payment of dividend
  - Use of resources for working capital
  - Payment of variable salary components
- Planned exit of the last silent real estate investor at the beginning of 2015

# Continuous improvement in equity base



Balance sheet total  
in million euros

Equity ratio  
in percent



- Equity ratio has continuously risen as a result of the positive earnings development
- Very stable equity ratio underlines the development towards self-financing and opens up potential for higher investments

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# Lasers & Optical Systems with highest contributions to revenue and earnings also in the 2<sup>nd</sup> quarter



Revenue: 283.2m euros  
EBIT: 24.0m euros

## Jenoptik Group

### Lasers & Optical Systems

41.7% of revenue

### Metrology

29.9% of revenue

### Defense & Civil Systems

28.3% of revenue

#### Lasers & Material Processing



#### Optical Systems



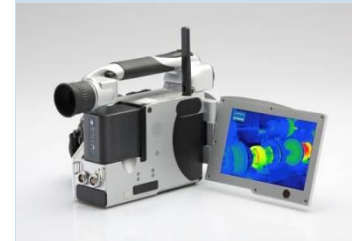
#### Industrial Metrology



#### Traffic Solutions



#### Defense & Civil Systems



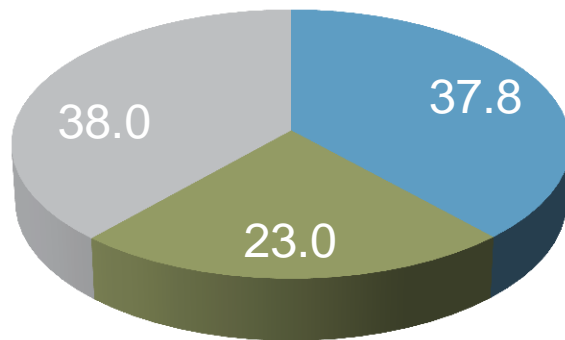
Technology competence in optoelectronics,  
joint use of distribution networks and shared services

# Strategic Group development prioritizes growth markets of the future

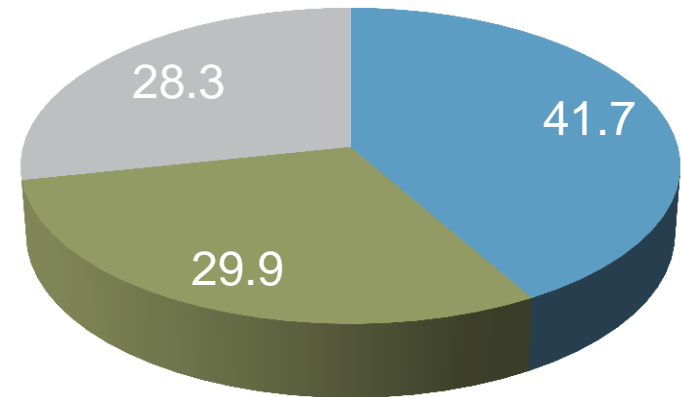


**2008**

**H1/2014**



- Lasers & Optical Systems
- Metrology
- Defense & Civil Systems

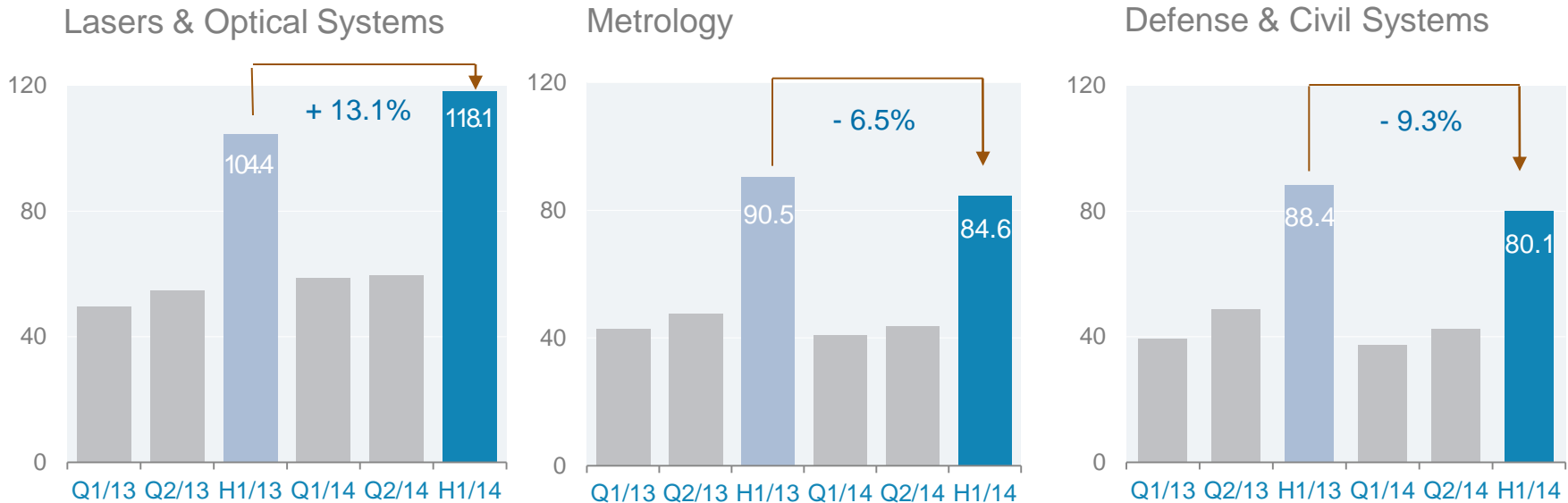


- Revenue share of Lasers & Optical Systems as well as Metrology has constantly grown
- Strategic focus of growth on future markets of optoelectronics

# Segments showed revenue growth during the year



## Revenue (in million euros)

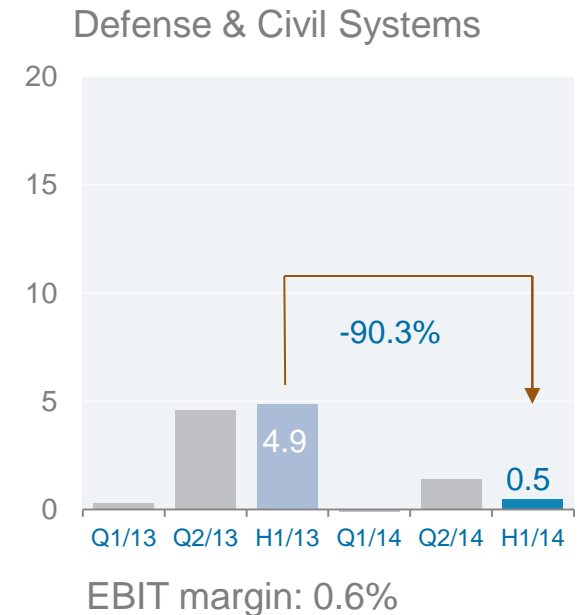
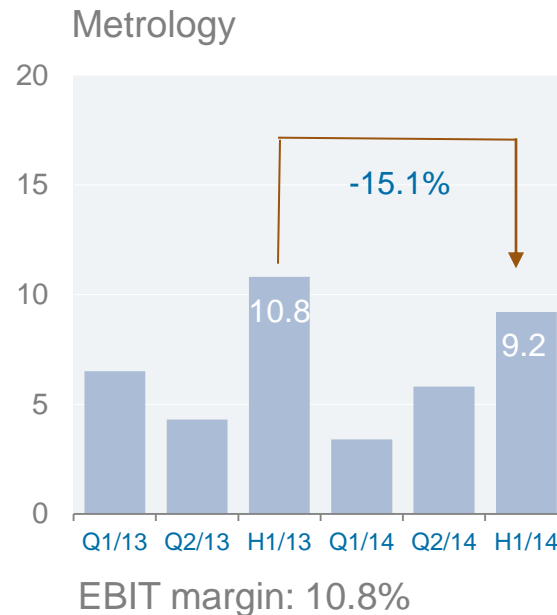
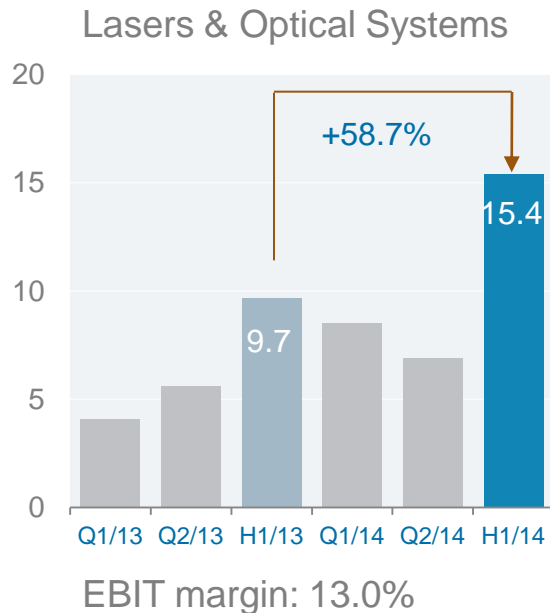


- **Lasers & Optical Systems:** marked rise in revenue, in part due to good project starts in the area of medical technology & life sciences and stronger demand for laser processing systems (plastics process.)
- **Metrology:** decline in revenue as a result of restrained investments in the area of industrial metrology; increase in revenue e.g. in the Asian region
- **Defense & Civil Systems:** postponement and expansion of time frames of projects in the area of energy systems

# Lasers & Optical Systems showed substantial earnings growth



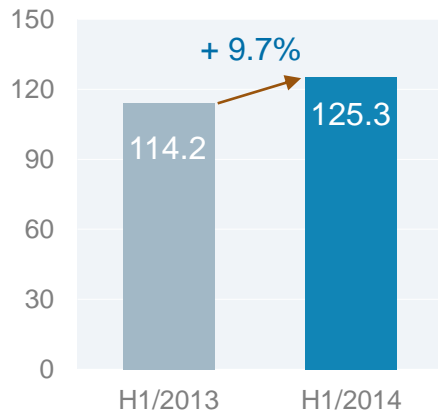
## EBIT (in million euros)



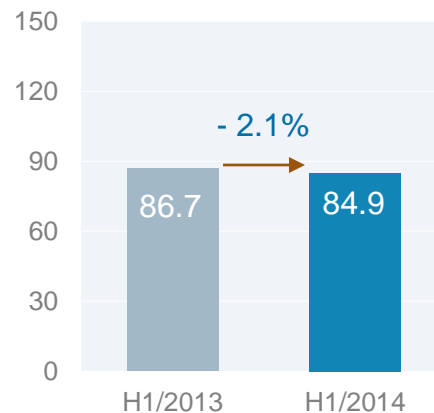
- **Lasers & Optical Systems:** as a result of the good development of revenue and the improved product mix EBIT could be increased significantly
- **Metrology:** restrained revenue development in industrial metrology resulted in EBIT decline; however, improvement compared to Q1
- **Defense & Civil Systems:** product mix with weaker margins; H1/2013 positive one-off effect

## Order intake (in million euros)

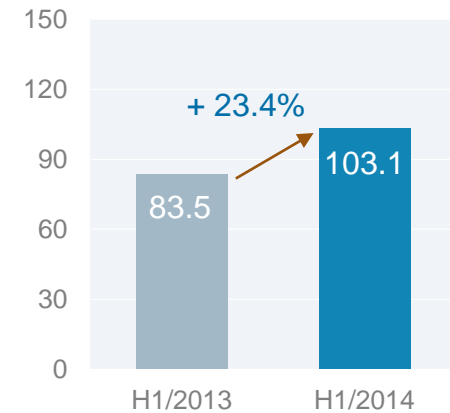
### Lasers & Optical Systems



### Metrology



### Defense & Civil Systems



- **Lasers & Optical Systems:** order intake rose by almost 10 percent, book-to-bill ratio at 1.06
- **Metrology:** several orders for stationary and mobile traffic monitoring received (among other things from Kuwait, Singapore, Netherlands); book-to-bill ratio increased to 1.00
- **Defense & Civil Systems:** orders for military stabilization systems received; book-to-bill ratio climbed to 1.29



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# 2014: Forecast firmed up at lower end of range



	2013		2014e
Group revenue	600.3 million euros	→	Revenue growth of approx. 5 percent
Group EBIT	52.7 million euros	→	Approx. 55 million euros

- Growth targets for 2014 are ambitious, due to
  - Increasing export restrictions on national and European level
  - Challenging economic environment, downturn in the real economy, possibly with tangible impact on willingness of companies to invest
- In the 2<sup>nd</sup> half-year development is expected to be more dynamic than in the first six months

# 2014: Positive development in all segments expected



## Lasers & Optical Systems



- Demand from semiconductor equipment industry remains stable
- Rising sales with other industries, e.g. life sciences / medical technology / automotive industry
- Further expansion of systems business

Revenue growth  
of approx. 10 percent

## Metrology



- Globally growing demand for more efficient drives and the necessary measuring technology
- Execution of major international orders in the area of traffic safety
- After strong increase in last two years development in industrial metrology is restrained at the moment

Revenue at prior year's level

## Defense & Civil Systems



- Long-term major orders ensure stable business development
- Short-term project delays from 2014 into 2015 are possible
- Internationalization, costs for market entry in USA and Eastern Europe
- Stronger focus on civil applications, e.g. energy supply, train technology

Slight revenue growth

# Our target: to continue profitable growth



„From Good to Great“

## Our mid-term targets

- Continuation of growth, from 2015 at approx. 10 percent per year over the cycle
- Revenue of 800 million euros by 2017 (without larger acquisitions), of which more than 40 percent in Asia and America
- EBIT margin of 9 -10 percent over the cycle

External factors may affect development:

- Uncertainty regarding the developments in Ukraine / Russia and Middle East continues
- Export discussions in Germany



However, positive development in Asia and US expected; Europe (incl. Germany) remains under pressure due to political situation in Eastern Europe

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- August 12, 2014
- August 13, 2014
- August 27/28, 2014
- September 8, 2014
- September 10, 2014
- September 11, 2014

Half-year results 2014, conference call

Analysts' Meeting and roadshow Frankfurt/Main

Roadshow London / Edinburgh

UBS Best of Germany Conference, New York

Commerzbank Sector Conference, Frankfurt/Main

Bankhaus Lampe German Technology Seminar

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