



Press Release

Date

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Jenoptik closes 2017 fiscal year with record figures

- Revenue rises to 747.9 million euros (+9.2 percent); EBIT grows even more strongly, to 77.8 million euros (+17.6 percent)
- Solid order intake of 802.9 million euros in 2017
- Dividend increased to 0.30 euros per share
- Further strong growth and margin expansion expected in 2018
- New Group "Strategy 2022" based on more focus, innovation, and internationalization

Jenoptik closed the 2017 fiscal year with new record figures, particularly in revenue and earnings. **Group revenue** rose by 9.2 percent to 747.9 million euros (prior year 684.8 million euros), with growth seen in the Optics & Life Science and Mobility segments. Overall very good business performance was facilitated by greater demand for optical systems in the semiconductor equipment industry and for traffic safety technology. The Group also successfully completed its acquisitions of the British company ESSA Technology, in January 2017, and the US firm Five Lakes Automation, in August 2017. Both companies have already been integrated in the Mobility segment.

"After the good performance seen in the first nine months of 2017, our business gained further momentum toward the end of the year. With revenue of 192.2 million euros and EBIT of 21.3 million euros, the fourth quarter was the strongest both in the past fiscal year and in comparison with prior years. We are looking into the future with a lot of optimism. Going forward, we will focus even more on our core areas of expertise in the fields of optics and photonics," says Stefan Traeger, President & CEO of the Executive Board of JENOPTIK AG since May 1, 2017.

On a regional level, growth came from the strategic target regions of the Americas and Asia/Pacific. These two regions combined saw very positive development, with revenue rising to 38.1 percent of group revenue (prior year 34.4 percent). At 525.3 million euros, Jenoptik generated 70.2 percent of revenue abroad (prior year 458.2 million euros / 66.9 percent).

Sharp improvement in operating results

Jenoptik also achieved new record EBIT and EBITDA figures. Due to mix effects, **EBIT** outperformed revenue, growing by 17.6 percent to 77.8 million euros (prior year 66.2 million euros), equivalent to an EBIT margin of 10.4 percent (prior year 9.7 percent). Thus the Group exceeded its target corridor of 9.5 to 10.0 percent



in 2017 – despite one-off expenses for a traffic safety project and the impacts of the two acquisitions in the Mobility segment. In particular the Optics & Life Science segment made a considerably increased contribution to the improvement in earnings.

Earnings before interest, taxes, depreciation and amortization (**EBITDA**) increased steadily over the course of the year and also outperformed revenue, growing 12.5 percent to 106.7 million euros (prior year 94.7 million euros). The EBIT margin thus improved to 14.2 percent (prior year 13.8 percent).

Solid order book and project pipeline create good conditions for further growth

Jenoptik also saw a strong fourth quarter in terms of **order intake**; over the full year, the Group received new orders with a value of 802.9 million euros (prior year 733.8 million euros). The **book-to-bill ratio** remained stable at 1.07 (prior year: 1.07). The **order backlog** saw a sharp increase, and with a value of 453.5 million euros (prior year 405.2 million euros) forms a good basis for 2018. There were also frame contracts with customers that fell to 87.6 million euros (prior year 160.9 million euros) due to reclassification to order intake and backlog.

Despite a significant increase in capital expenditure, the **free cash flow**, at 72.2 million euros, remained at a high level (prior year 80.4 million euros). As of December 31, 2017, **net debt** came to minus 69 million euros (prior year minus 17.9 million euros), a net asset – despite acquisitions, investment, and the payment of a higher dividend.

“We have the best prerequisites for future organic growth and acquisitions now that we’ve eliminated debt, and with the earnings we achieved, healthy cash flows, and the available financing framework,” says Hans-Dieter Schumacher, Chief Financial Officer of JENOPTIK AG.

Higher dividend proposed

On the basis of the Group’s solid earnings and good financial resources, the Executive and Supervisory Boards of JENOPTIK AG will propose an increased **dividend** payment of 0.30 euros per share (prior year 0.25 euros) for the 2017 fiscal year to the Annual General Meeting on June 5, 2018. Subject to shareholder approval, the payout ratio based on earnings attributable to shareholders will be 23.7 percent for a dividend payment of 17.2 million euros (prior year 24.9 percent).

Employee numbers abroad continued to grow

The number of Jenoptik **employees** (incl. trainees) rose 4.0 percent (141 employees) to 3,680 as of December 31, 2017 (31/12/2016: 3,539 employees). As a consequence of the ongoing internationalization strategy and related acquisitions, the number of people employed abroad saw an increase of 16.9 percent to 802 employees (31/12/2016: 686 employees), bringing the total workforce abroad up to 22.6 percent (prior year 19.4 percent).

Performance in the segments

The **Optics & Life Science segment** ended the 2017 fiscal year with a new revenue and earnings record, primarily due to a very positive growth in the semiconductor equipment industry. Revenue rose by 17.1 percent to 259.4 million euros, while EBIT improved significantly, by 51.1 percent to 50.5 million euros



(prior year 221.5 / 33.4 million euros). Both Optical Systems and Healthcare & Industry contributed to growth in the segment. The EBIT margin reached a new record high of 19.5 percent (prior year 15.1 percent). At 295.5 million euros, the segment order intake also exceeded the figure in the prior year by 29.4 percent (prior year 236.6 million euros). Providing optical components, modules, and systems for applications, the segment will remain a strong OEM partner in areas such as the semiconductor equipment, the information and communication technology, and the biophotonics industries.

The **Mobility segment** reported growth of 9.0 percent, to 270.1 million euros (prior year 247.7 million euros). EBIT came to 18.5 million euros, around 6 million euros down on the prior year (prior year 24.4 million euros) – chiefly due to one-off expenses for a traffic safety project and impacts relating to the acquisitions. The EBIT margin was 6.9 percent, compared with 9.9 percent in the prior year. The order intake rose 13.6 percent to a value of 303.7 million euros (prior year 267.4 million euros), driven by increased demand from the automotive industry and the reclassification of frame contracts. As part of the new strategy, the Mobility business with the Automotive and Traffic Solutions divisions will focus on attractive end-customer markets in the fields of industrial manufacturing, known as “smart manufacturing”, as well as public safety and infrastructure. Here the key driver of growth will be the combination of our expertise with modern sensor systems, imaging, and data competency.

In the **Defense & Civil Systems segment**, revenue and EBIT remained stable, at 219.3 and 19.2 million euros respectively (prior year 218.3 / 19.1 million euros). The segment thus managed to match the high level of the prior year. The EBIT margin was 8.8 percent (prior year 8.7 percent). At 206.2 million euros, the order intake was down on the very high prior-year figure of 231.6 million euros, which included several major projects. In the future, business based on photonic technologies will be carved-out from the Defense & Civil Systems segment and integrated into today’s Optics & Life Science segment. To boost its market position, business based on mechatronic technologies will operate under a new, independent brand.

Growth is to accelerate further in coming years

For 2018, the Executive Board is confirming its original growth target and aiming for revenue to be between 790 and 810 million euros. The EBIT margin is projected to be in a range between 10.5 and 11.0 percent – higher than the former forecast of around 10.0 percent.

By 2022, revenue is expected to increase in the mid- to high-single-digit percentage range per year on average. The EBITDA margin will also improve to around 16 percent by 2022. “We want to outgrow the market and gain shares in our market segments,” says Stefan Traeger. The mid-term growth targets defined in the new strategy include active portfolio management with potential divestments and acquisitions.

Strategy 2022: focus on photonic technologies

The new strategy has a stronger focus on photonic technologies in all of the company’s initiatives and developments: “In a nutshell, this is Jenoptik’s strength and its core area of expertise. In this new stage of our development, internationalization and innovation are becoming ever more important. We want to increase our R+D output to around 10 percent of revenue by 2022. International diversity will also characterize Jenoptik more than ever before. That means international teams and also more local decision-making. Ultimately, at least one division will have its headquarters outside of Germany by the year 2022,” summarizes Stefan Traeger.



As one of the first steps in implementing the new strategy under the headline of “More Light,” we will develop the divisions’ strategic roadmaps and implement an active portfolio management in 2018. Business in Asia will be reorganized in 2018, and the mechatronics business managed under an independent brand. A new corporate culture will form the basis for future success. Chief Financial Officer Hans-Dieter Schumacher: “Our business and reporting structures will accordingly change on January 1, 2019. Up until the end of 2018, Jenoptik will continue to report on the basis of its current segment structure.”

The Annual Report is available in the [“Investors/Reports and Presentations”](#) section of the website. The “Jenoptik app” can be used to view the Annual Report on mobile devices running iOS or Android. Images for download can be found in the Jenoptik image database in the [“Current Events/Financial Reports” gallery](#).

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