# Forecast Report

## Framework Conditions: Future Development of the Economy as a Whole and the Jenoptik Sectors

For the current year, the International Monetary Fund (IMF) forecasts global economic growth of 3.3 percent in its World Economic Outlook as of January 2020, 0.1 percentage points down on its forecast in fall 2019 but better than in the prior year. Hopes that growth may pick up a little faster are based on the initial agreement in the trade conflict between China and the US, a loose monetary policy around the world, and diminishing concerns about Great Britain's withdrawal from the EU. Despite this, however, trade uncertainties and international tensions remain. Due to problems in emerging countries such as India, the IMF adjusted its 2021 forecast from 3.6 to 3.4 percent. Economic growth in the US is expected to weaken in 2020, but will pick up somewhat in the euro zone, according to the IMF.

Tariff sanctions could also interrupt global supply chains in the technology sector. Other risks identified by the IMF include tensions between the US and Iran, which could adversely affect global oil supplies, and growing social unrest in many countries.

Economists believe that the economic impacts of the outbreak of coronavirus and the extent to which it will spread cannot yet be fully quantified. Measures such as isolation of entire regions, production stops and international supply disruptions could effect in particular export-oriented countries, especially in the automotive industry and the chemical, textile and electronics sectors. At the beginning of March 2020, the IMF lowered its economic forecast for the global economy and China due to the spread of the virus. Global economic growth in 2020 is expected to be 0.1 percentage points lower than forecast still in January. Global economic growth in 2020 is expected to be lower than in the previous year (2.9 percent). An exact forecast is currently difficult to make. In January, the IMF had still predicted growth of 3.3 percent.

### T52 Gross domestic product forecast (in percent)

| | 2020* | 2021* |
|---|---|---|
| World | 3.3 | 3.4 |
| US | 2.0 | 1.7 |
| Eurozone | 1.3 | 1.4 |
| Germany | 1.1 | 1.4 |
| China | 6.0 | 5.8 |
| India | 5.8 | 6.5 |
| Emerging countries | 4.4 | 4.6 |

Source: International Monetary Fund, World Economic Outlook, January 2020
* Forecast

The downside risk is also clearly reflected in China: in February, the IMF reduced its forecast for Chinese economic growth to just 5.6 percent for the current year instead of the 6.0 percent predicted in January. The prerequisite is that the virus weakens and the Chinese economy returns to normality in the second quarter of 2020.

In recent months, the export trade in the US did not make enough contributions to growth. According to the US Treasury Department, the crisis at Boeing, in particular, is likely to have a negative impact on gross domestic product (GDP) this year due to the worldwide grounding of the 737 Max aircraft, and growth could slow down by 0.5 percentage points. It is therefore expecting growth to come in at 2.5 percent for 2020 (prior year: 2.3 percent); the IMF forecasts 2.0 percent. According to the US Federal Reserve (Fed), business worries are likely to last until a second trade agreement has been signed by the US and China. The tariffs that have been imposed will then be reduced or removed. Experts, however, are not expecting a further agreement to be signed prior to the US presidential election in November 2020.

In the first partial trade deal with the US, China committed to importing at least 200 billion dollars more of US goods for two years. In view of the restrictions imposed by the coronavirus, the timing and extent of this commitment is questionable.

For Germany, the IMF forecasts year-on-year GDP growth of 1.1 percent in 2020 – 0.1 percentage points more than in its prior forecast – and 1.4 percent in 2021. This would be more than double the 0.6 percent achieved in 2019, the weakest growth in six years. German industry, which is export-oriented, is likely to benefit from the stabilization of the global economy. In January, the German government raised its GDP forecast for 2020 to 1.1 percent. Institutes and a number of economic experts, however, are expecting less than 1 percent growth in the stabilizing German economy. In the current fiscal year, a "calendar effect" caused by a high number of work days, could provide an artificial boost of 0.4 percentage points. In view of Germany's dependence on exports and global trade, economic experts expect the coronavirus to delay the economic upswing in Germany; some observers, such as Deutsche

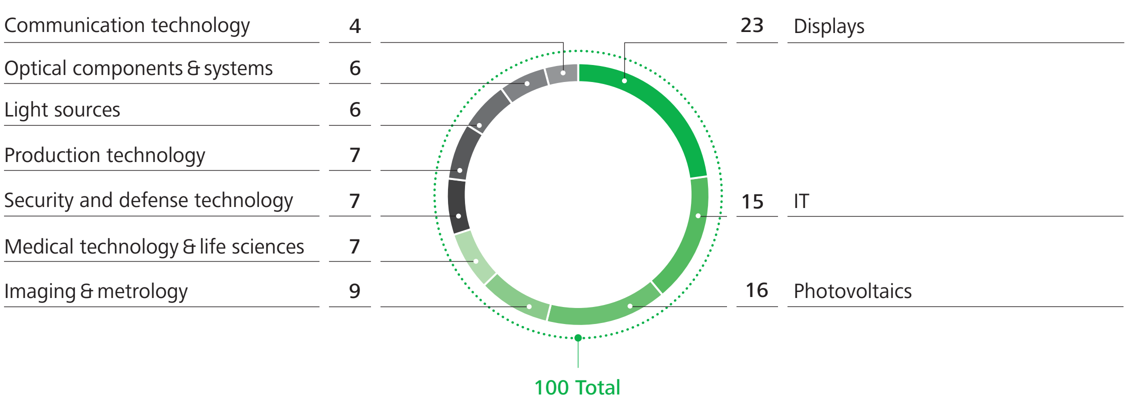
Bank, forecast a decline of 0.2 percent in the first quarter compared to the previous quarter making a technical recession, i. e. two quarterly declines in a row, probable – others see a renewed stagnation as last seen at the end of 2019. T52

Thanks to digitization, the photonics industry remains part of a growing environment, according to the Spectaris industry association. On the 60th anniversary of the laser, the use of lighting technologies is making an essential contribution to global market growth and has become indispensable for many innovations, e. g. as a basic technology for autonomous driving, for industry 4.0 and big data applications, and for the smart laboratory in analytical and biotechnology. Quantum technology may provide photonics with its next source of growth momentum. Further growth is expected in the photonics industry, according to Spectaris, in the pursuit of climate protection and sustainability. Light-based technologies deployed in the service of "green photonics" are key here. The use of photonic solutions will save 3 billion tons of $CO_2$ emissions by 2030, according to Spectaris. The market research company MarketsandMarkets expects the global photonics market to grow from 556.4 billion US dollars in 2018 to 780.4 billion US dollars by 2023, with an average annual growth rate of 7.0 percent.

The Photonics21 technology platform published a position paper on the promotion of optical technologies in June 2019. The paper details commitments by the European photonics industry to invest up to 100 billion euros in research and development throughout the next phase of the "Horizon Europe" research initiative (2021 to 2027) when the European Commission launches a new photonics PPP (public-private partnership). This PPP will double the Commission's annual commitment to 200 million euros, equating to 1.4 billion euros in seven years. This investment is required to ensure competitiveness in comparison with China, South Korea, and the US. Europe is in a good position to accelerate initiatives such as artificial intelligence, high-performance computing, smart cities, quantum communication, and quantum computing, all of which depend on photonics as the key enabling technology.

The potential opened up by digitization is set to boost the medical technology industry, according to Spectaris: the use of digital components alone is expected to generate revenue of 15 billion euros by 2028; the figure for 2018 was 3.3 billion euros. This would equate to an annual increase of 16 percent in this segment.

## G24 Global photonics market in 2020 (in percent)




Source: VDMA, ZVEI, Spectaris: Photonics Industry Report 2013

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Following a weak 2019 for the semiconductor industry, with global revenues amounting to 412.1 billion US dollars, the SIA industry association is again expecting moderate growth in the next two years. The market is set to recover in 2020 and grow 5.9 percent, followed by 6.3 percent in 2021. In the future, the automotive industry will be one of the industry's key sales markets. The semiconductor equipment market will also recover in 2020, according to the SEMI industry association. Fueled by new projects in China, by the demand for advanced logic and foundry, and, to a lesser extent, memory chips, revenue is expected to grow by 5.5 percent to 60.8 billion US dollars, followed by a record year with 68.8 billion US dollars. SEMI expects all industry sectors to recover. T53

The German Mechanical Engineering Industry Association (VDMA) is forecasting a drop of 2 percent in production in the machinery and plant engineering industry for 2020. Reasons for this include continuing global economic weakness, trade conflicts and protectionism, and structural changes in key customer groups. According to the VDMA's assumptions, machines with a total value of 218 billion euros will be produced in the current year. The industry still needs to be prepared to deal with ongoing pressure, as no upswing is presently in sight.

The trend toward increasing automation shows no sign of abating: Within the robotics industry, the International Federation of Robotics (IFR) is optimistic about the years through 2022. Thanks to continuing trend towards automation, the IFR forecasts average annual global growth of 12 percent from 2020 on.

The automotive industry is still facing problems. The German VDA industry association is expecting the loss of 79,000 to 88,000 jobs in Germany. A weak economy and a drop in demand at car manufacturers also affects the outlook for suppliers:

## T53 Semiconductor equipment: Global revenue forecast

| Year | in billion USD | Change on prior year in % |
|---|---|---|
| 2021** | 66.8 | 9.8 |
| 2020** | 60.8 | 5.5 |
| 2019* | 57.6 | – 10.5 |
| 2018 | 64.4 | 14 |

Source: Semiconductor Equipment and Materials International (SEMI)
* provisional calculation
** forecast

major German automotive suppliers do not expect global production of passenger cars and light commercial vehicles to pick up significantly in the next five years. From 2020, industry experts are expecting several mergers in the car industry and further consolidation, especially in the low-margin volume segment. Over the long term, mobility in general, the optimization of combustion engines, the switch to electromobility, and driver assistance systems will remain global drivers of growth. For the time being, the EU Trade Commission has stated that the announced 25 percent punitive tariffs on car imports to the US are currently on hold. The European Union's regulation on exhaust emissions will come into force in 2020, with 95 percent of all new registrations having to comply with a limit value for carbon dioxide. According to industry experts, a short-term slump in production and sales due to coronavirus can be offset in China's car market in the current year. However, if demand and supply chains are affected for a longer period of time, car sales in China could reach a low point in 2020 and global production could continue to drop to 76.9 million passenger cars (prior year 80.1 million passenger cars), according to VDA.

In the field of traffic safety, a motion aiming to introduce a speed limit of 130 kilometers per hour on German autobahns was rejected by the Bundestag and the Bundesrat. Nevertheless, a number of parties and the Federation of German Consumer Associations expect that in future, as in other European countries, there will be a speed limit on autobahns (motorways) in Germany, not only to better protect the climate and reduce accidents and fatalities, but also to enable automated driving on the autobahn. According to the German Federal Government, however, there are no plans for a general speed limit on German autobahns. In its "Road Safety Market by Solution, Service, Region" report, US market research company MarketsandMarkets believes that the global traffic safety market will grow from 3.0 billion US dollars in 2019 to 4.7 billion dollars in 2024, an average annual increase of 9.3 percent. Key drivers include the increase in numbers of people living in cities, growing mobility and motorization, a rising number of traffic accidents and deaths, and more government initiatives to promote road safety. On a regional level, the market is growing most strongly in Asia / Pacific as demand for traffic safety solutions in countries such as China, Japan, and Australia increases. Automatic number plate recognition (ANPR) is becoming more important as a means of traffic monitoring and prevention: The technology could also be used to monitor rights to enter or restricted zones, such as those in which diesel vehicles are prohibited in Germany. Before this can be done, the necessary (regulatory) political conditions first need to be created.

The future development of the aviation industry will in part be adversely affected by the general downturn in the global economy and the political environment. The Boeing 737 Max aircraft is not expected to fly again before the summer of 2020 at the earliest. According to its own statements, European aircraft manufacturer Airbus will not benefit from the crisis at Boeing in the short term, as the company's A320neo jets are already sold out through 2025. Aircraft manufacturer Airbus is forecasting demand for 39,210 new planes over the next 20 years, a doubling of the world's present fleet to more than 48,000 jets. Its long-term forecast for average annual growth, updated annually, fell just minimally, from 4.4 to 4.3 percent. In its "Market Outlook" Boeing is expecting that global demand will rise to around 44,000 new commercial aircraft in the next 20 years, mainly due to the steadily increasing demand for air travel in industrialized and emerging countries and the necessary replacement of old aircraft with new, low-fuel jets. In addition, there may be new rules for the certification of aircraft, which would no longer involve only the country of production approving the aircraft, but would also require other national authorities to be involved in this process or issue separate approvals. This would significantly delay the market launch of new aircraft. Aircraft manufacturer Bombardier is withdrawing from the construction of commercial aircraft and selling its shares in the Airbus A220 program to the majority shareholder Airbus and the Canadian province of Quebec. Bombardier wants to retain the Learjet business aircraft.

Bombardier is also facing major changes in the rail industry: In February 2020, it was announced that a merger of Bombardier's train division with the French company Alstom was imminent. This would create a new railway technology group with revenue of around 15 billion euros. Following the failed merger of Alstom and Siemens Mobility in 2019, this would be a new attempt to consolidate the industry in its efforts to counter competition from Chinese companies.

The planning of longer-term projects in the security and defense industry in Germany will be affected by current export restrictions until at least the spring of 2020, as the government has again extended its export ban on Saudi Arabia and other nations involved in the Yemen war to March 2020. Following the military offensive in Syria, the German Federal Government does not intend to issue any new export licenses for armaments that could be used in Syria by Turkey. Together with France, the German Federal Government agreed in October 2019 on common guidelines for future arms exports based on the "de minimis" rule with a threshold of 20 percent. This means that Germany will not block the export of armaments arising from joint Franco-German projects if less than 20 percent of the components in these goods are made by German companies. Since 2017, armaments projects at European level have been managed within the framework of PESCO (Permanent Structured Cooperation): in late 2019, EU defense ministers agreed on 13 new projects, including one on European multi-purpose missile defense.

The US defense budget for 2020 was raised again: at 738 billion dollars, it is 20 billion dollars higher than in 2018. For 2021, 740.5 billion US dollars have currently been earmarked for defense.

Defense spending in Germany is expected to come to around 50.3 billion euros in the current year. Germany will decide on a successor to the Tornado fighter jet in 2020. The choice is between the American F-18 or the European Eurofighter, which Airbus says is needed as a technological bridge to the long-term European development project for the FCAS fighter jet. In their joint armaments cooperation arrangement to build a new battle tank, Krauss-Maffei Wegmann and Nexter, already affiliated in a holding company, agreed with Rheinmetall to work together – with no merger – in a consortium. The tank will replace the Leopard 2 and is due to go into service in 2038. Prior to this, the German government plans to acquire 80 new Leopard 2 tanks worth around 1 billion euros, as provided for in a resolution passed at the end of 2019.

# Expected Development of the Business Situation

## Planning assumptions for the Group and the divisions

The forecast for the future business development was based on the Group planning undertaken in the fall of 2019 and the forecast revised published in early 2020.

Jenoptik has been operating in the following reportable segments since January 1, 2019: the three photonics divisions Light & Optics, Light & Production, and Light & Safety, and VINCORION.

Separate plans from the divisions, VINCORION, and the operational business units are the starting point, these are reconciled and integrated in the group planning. Potential acquisitions, divestitures, and exchange rate fluctuations are not included in the planning. On the other hand, the fact was taken into account that a joint operation (HILLOS GmbH) is no longer proportionately consolidated as of the 2020 fiscal year due to its changed accounting as joint venture. As a result, its contributions to revenue and earnings are no longer included in the individual items of the income statement, but are instead reported in the result from other investment. The forecast also includes the impacts arising from the acquisition of INTEROB in early 2020. Revenue and earnings, including the impacts arising from the purchase price allocation, will be consolidated on a pro rata basis in 2020.

The system of key performance indicators includes the revenue, EBITDA margin, order intake, cash conversion rate, and capital expenditure. Other indicators will also be regularly compiled in the future and are used by top management for informational purposes.

In 2020, we will continue to pursue our "Strategy 2022" – which focuses on photonic technologies – and implement measures to realize its objectives. In the process, we are concentrating on three building blocks – focusing, innovation, and internationalization.

Overall, the Jenoptik Group anticipates consistently good business performance in the Light & Optics division in 2020. We will enable this by stepping up our activities as a global OEM supplier of solutions and products based on photonic technologies, by focusing on key sales markets, by growing our global reach, and with innovative products and a larger range of integrated system solutions. Market observers and key customers expect demand in the semiconductor equipment market to increase in the current year. In this regard, the division will benefit from its range of optical and micro-optical system solutions for semiconductor production. In the field of biophotonics (medical technology and life science), existing cooperation arrangements with key international customers will be expanded in the current fiscal year. Following a decline in 2019, the division will make various efforts to optimize business in its Industrial Solutions area in the current year. In order to support good overall development in the Light & Optics division and broaden our presence in our core markets, the range of optical solutions for information and communication technologies is also growing in significance. In the current fiscal year, the division will also continue to invest in its operational performance and sales to support future growth and continue the process of internationalization.

Business performance in the Light & Production division, especially in the second half-year, showed a mixed picture. The Automation & Integration area saw very positive growth, which is due to continue in the current year. The Metrology and Laser Material Processing areas were affected by a challenging market environment with an order intake that was weaker than expected. Despite signs of a slight improvement in the area of laser material processing at the end of the year, business is expected to be rather subdued in the first half of 2020 due to the longer lead times for these projects. Growth may then be achieved in the second half-year 2020.

In the metrology sector, we assume that the trend toward integrated production-related metrology will continue. This plays a particularly important role when precision parts are manufactured, such as those required by the automotive industry for efficient and environmentally-friendly drive systems. We also continue to develop from selling stand-alone machines to supplying modular systems and solutions for customer manufacturing in the B2B segment, thereby contributing to boast our customers' productivity. In the laser machines business, the division primarily focuses on 3D material processing of a wide variety of metal and plastic components, including natural materials, in addition to the established systems for plastics processing in the automotive industry. In January 2020, Light & Production acquired the Spanish company INTEROB, like Prodomax and FLA a specialist in the design, construction, and integration of custom automation solutions and robotics applications, thereby taking a further step on the road to becoming an integrated supplier of high-tech production environments. The acquisition also gives the division both regional and technological potential for growth. It will also help it to expand its international reach.

See the "Control System" chapter for more information on the key performance indicators

See the "Business Model and Markets" and the "Targets and Strategy" chapters for more information on the strategy and the new division structure

See the Framework Conditions chapter for more information on the future development of the Jenoptik sectors

The Light & Safety division is expecting good growth in the 2020 fiscal year. Orders secured in the US will help to bolster this growth, and further projects are in the pipeline. New products, investment in customer relationships, e. g. by expanding the sales team, and improvements in the partner network will support the business performance. In addition, local project management and service structures will be strengthened to further improve direct customer support.

The traffic service provision business model will be expanded. The civil security business is another area that is growing in significance. We will expand our product range in 2020, particularly in the area of traffic monitoring, and broaden our range of software solutions. Additional new functions are also being integrated in existing systems to reflect the required interdependence of applications such as law enforcement, facial recognition, or automatic number plate recognition (ANPR). There are plans, for example, to push on with development of a modern, modular system platform. Solutions were delivered to the first key customers back in 2019, with full roll-out scheduled to start in 2020. Deep learning technology is due to be used to a greater extent in safety and civil security applications. On a regional level, Jenoptik is primarily expecting growth momentum benefiting the Light & Safety division to come from the Americas, Europe, and the Arabian region.

Following a stable development of revenue and a marked margin improvement in the fiscal year just past, VINCORION is expected to generate improvements in both figures on the basis of a good 2019 order intake and the current project pipeline.

Its business is predominantly project-based and geared toward the long term. European defense spending is picking up again. Various major new procurement projects are also planned in Germany, key criteria being networkability, automation, and energy efficiency. At the same time, a potentially more restrictive export policy under the present Federal Government in Germany could impact on or delay projects. In the medium term, a significant increase in investment for the German armed forces has political support, but we do not expect this to have any effect on our business in the short term, as political decision-making processes are generally highly protracted. In the years ahead, it may contribute to higher revenues. Beyond this, VINCORION is looking to further increase the share of its systems used in civilian fields. These include system solutions for civil aviation. We assume that new in-house developments, such as the heated floor panel for passenger aircraft and the electric rescue hoist for helicopters, will also contribute to growth. Internationalization also remains a key topic in 2020; foreign business is due to expand steadily, particularly in North America and Asia / Pacific.

## Earnings position forecast 2020

Based on good order intake growth in the fourth quarter of 2019 and the continued good performance of the semiconductor equipment business and the Automation & Integration area, the Executive Board expects further growth in 2020. Due to increasing uncertainties, however, it has become more difficult to make reliable statements regarding future developments. Our scheduled growth presupposes that political and economic conditions do not worsen. In particular, these include economic trends, the potential impacts of Brexit, regulations at European level, export restrictions, and further policy developments in our sales markets. At present, it is also not possible to assess to what extent the spread of coronavirus will negatively affect business of Jenoptik in the current year. The forecast below was made on the assumption that potential negative impacts on the economy, supply chains, and sales markets in connection with the coronavirus will not worsen.

Major portfolio changes were not included in the forecast, which does, however, account for the pro rata consolidation of INTEROB, acquired in early 2020. By contrast, the contributions to revenue and earnings from HILLOS GmbH (2019 revenue: almost 20 million euros) are no longer included.

For 2020, Jenoptik is expecting revenue growth to be in the low single-digit percentage range (prior year: 855.2 million euros).

At present, the Group is expecting EBITDA (earnings before interest, taxes and depreciation / amortization, incl. impairment losses and reversals) to grow in the current fiscal year (2019: 134.0 million euros). The integration costs associated with the acquisition of INTEROB and the impacts arising from the purchase price allocation have already been taken into account. The EBITDA margin is expected to be around 16 percent.

The order intake for a period is in part affected by major orders, particularly in VINCORION and in the Light & Safety division, and increasingly also in the Light & Production division. In the past fiscal year, Jenoptik received new orders worth 812.6 million euros and had thus built up a good order base at year-end 2019, particularly following a strong fourth quarter. For the current fiscal year, Jenoptik expects the order intake to be significantly higher than in the prior year.

Also worthy of note is that Jenoptik had frame contracts worth 49.9 million euros at the end of 2019, which are not included in the order intake or backlog. 68.1 percent of the order backlog as of December 31, 2019 is due to be converted to revenue in 2020 (31/12/2018: 79.2 percent).

In 2020, the Light & Optics division will compensate for the loss of HILLOS GmbH's revenue contribution of some 20 million euros, and is therefore expecting stable development. EBITDA is expected to rise significantly.

The Light & Production division expects revenue growth in the low double-digit percentage range, to which INTEROB, acquired in early 2020, will also contribute. EBITDA is due to grow more strongly than revenue, which will help to improve profitability. In this division, too, the accuracy of forecasts is influenced by the rising share of international projects, which are increasingly subject to revenue recognition over time as specified in IFRS 15.

The Light & Safety division also expects growth in 2020, with a revenue increase in the mid single-digit percentage range. EBITDA is expected to see slight growth. This lower growth rate compared to revenue is in part due to the development of a standardized product platform and the expenditure associated with this.

Based on significant order intake growth, especially in the fourth quarter of 2019, and the current project pipeline, VINCORION is expecting revenue to increase in the mid single-digit percentage range in the 2020 fiscal year. EBITDA is due to grow in line with revenue.



## T54 Targets for Group and divisions (in million euros)

| | Actual 2019 (incl. Hillos) | Forecast 2020 (without major portfolio changes; incl. INTEROB; excl. Hillos) |
|---|---|---|
| Revenue | 855.2 | Growth in the low single-digit percentage range |
| Light & Optics | 350.0 | Stable development |
| Light & Production | 228.9 | Growth in the low double-digit percentage range |
| Light & Safety | 108.7 | Growth in the mid single-digit percentage range |
| VINCORION | 164.8 | Growth in the mid single-digit percentage range |
| EBITDA / EBITDA margin | 134.0 / 15.7% | Growth / margin approx. 16% |
| Light & Optics | 69.8 | Significant rise |
| Light & Production | 25.8 | Growth stronger than revenue |
| Light & Safety | 18.8 | Slight rise |
| VINCORION | 24.2 | Growth in line with revenue |
| Order intake | 812.6 | Significantly above prior year |
| Cash conversion rate | 57.6% | Slightly over 50% |
| Capital expenditure [1] | 55.6 | At prior-year level |

[1] Without capital expenditure on financial investments

## Group asset and financial position forecast

Jenoptik expects that capital expenditure will be at the prior-year level (prior year: 55.6 million euros) in the 2020 fiscal year. Capital expenditure on property, plant, and equipment will focus on the growth areas within the divisions or take place within the scope of new customer projects. It aims to expand capacities, thereby ensuring future growth.

Based on our advance spending/services for future growth, we expect the cash conversion rate (ratio of free cash flow to EBITDA) to come in at slightly over 50 percent in 2020 (31/12/2019: 57.6 percent).

In addition to financing the continued growth of the company, the future aim of the Executive Board remains to ensure a dividend policy in line with corporate success. In the view of the Executive Board, a stable provision of equity for sustainable organic growth to increase the company value as well as the exploitation of opportunities for acquisitions are also of crucial importance to the interests of the shareholders.

See the Report on Post-Balance Sheet Events for more information on the dividend

Important note. The actual results may differ significantly from the forecasts of anticipated development made above and summarized below. This may be the case, in particular, if one of the uncertainties mentioned in this report were to materialize or worsen, or if the assumptions upon which the statements are based prove to be inaccurate in relation to the economic development.

# General statement by the Executive Board on future development

In the current 2020 fiscal year, the Jenoptik Group will continue implementing its "Strategy 2022", concentrating on photonic technologies. In terms of economic development, our key focus remains on profitable growth. We believe that revenue growth, resulting economies of scale, and more efficient and faster processes result in higher, sustainable earnings.

Jenoptik wants to see further growth in 2020. We intend to build on the good order intake growth seen in the fourth quarter of 2019 and continued good performance in the semiconductor equipment business and the Automation & Integration area. The solid asset position and a viable financing structure also give us sufficient room for maneuver to finance further growth and further acquisitions. For 2020, the Executive Board forecasts revenue growth, without major portfolio changes, in the low single-digit percentage range (excl. Hillos and incl. INTEROB) and an EBITDA margin of around 16 percent. Achieving these targets is dependent on the development of the economic and political environment. At the time this report was prepared, it was not possible to state to what extent the spread of coronavirus will impact on business development in the current year.

In 2020, we will again invest a significant portion of our funds in the expansion of the international sales network and the development of innovative products. As part of our active portfolio management, potential acquisitions are closely scrutinized; divestitures have not been ruled out.

Based on the information available at the time this report was prepared, the Executive Board expects the Jenoptik Group to show a solid business development in 2020.

Jena, March 10, 2020

JENOPTIK AG
the Executive Board