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JENOPTIK AG – Fiscal year 2020

Dr. Stefan Traeger | Hans-Dieter Schumacher | March 25, 2021

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Highlights



New star of the Jenoptik Family

- Gold standard for measuring and testing optics of mobile devices
- Positive contribution to group earnings already in 2020
- Long-term revenue synergies of up to 50 million euros

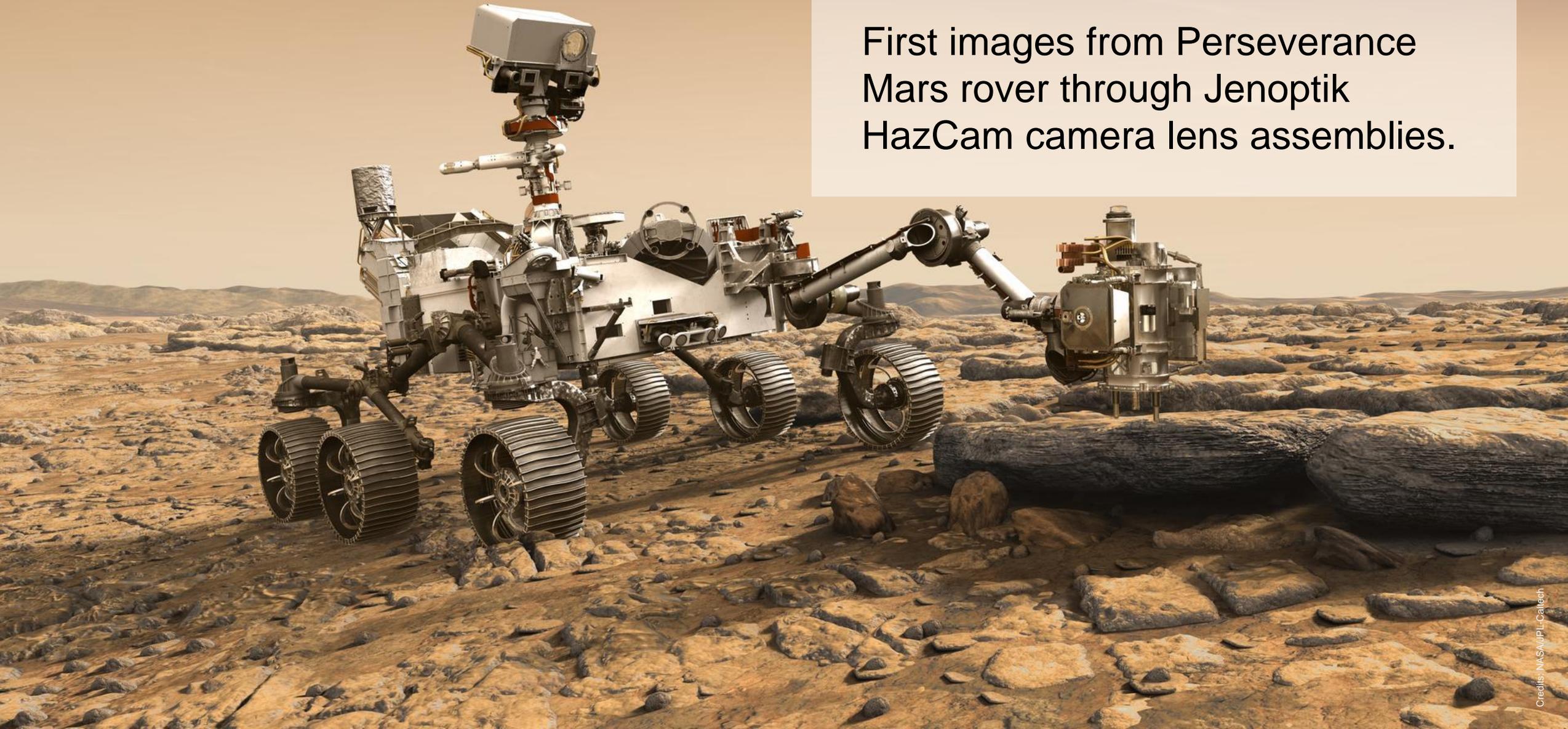


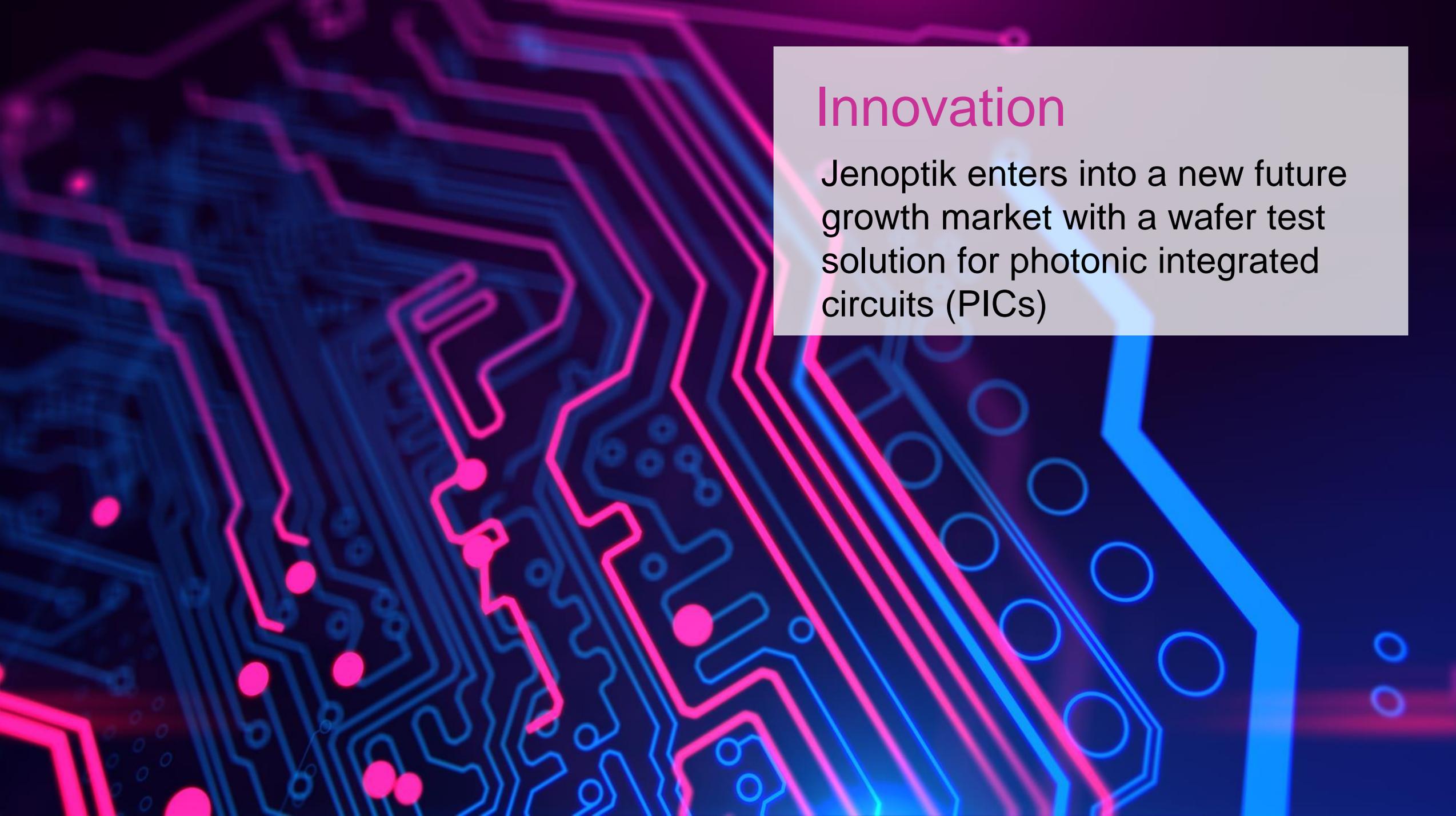
New strategic sales approach in Light & Production

First large order for production equipment
for electric vehicles due to integrated sales
approach

We explore new worlds

First images from Perseverance
Mars rover through Jenoptik
HazCam camera lens assemblies.





Innovation

Jenoptik enters into a new future growth market with a wafer test solution for photonic integrated circuits (PICs)



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Fiscal year 2020 Group

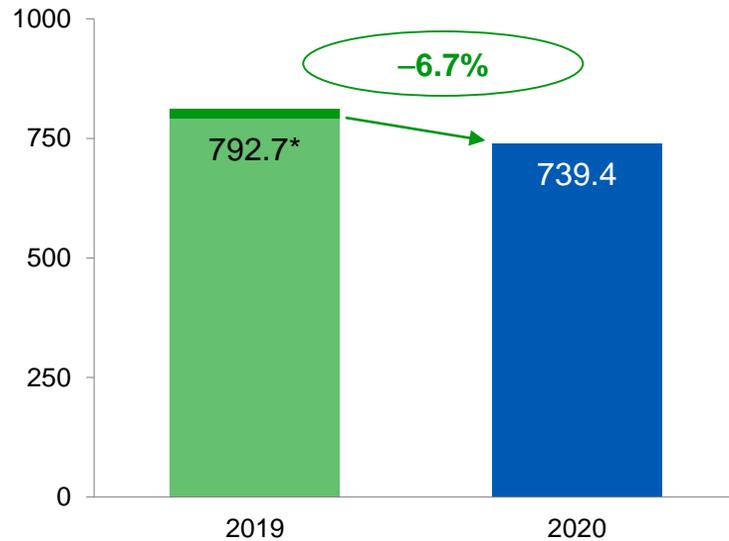
- Mixed impact of COVID-19 to the portfolio
- Revenue of 767.2 million euros
- Adjusted EBITDA margin of 17.6% clearly exceeded forecast and prior year
- Implemented structural and portfolio measures take effect (–19.1 million euros); further positive effects in 2021 and 2022
- Solid financial and balance sheet structure
- Dividend proposal of 0.25 euros per share (prior year 0.13 euros)
- Outlook 2021: significant and profitable growth expected



Key takeaways
fiscal year
2020

Encouraging development of order intake in Q4 – order backlog is solid basis for 2021

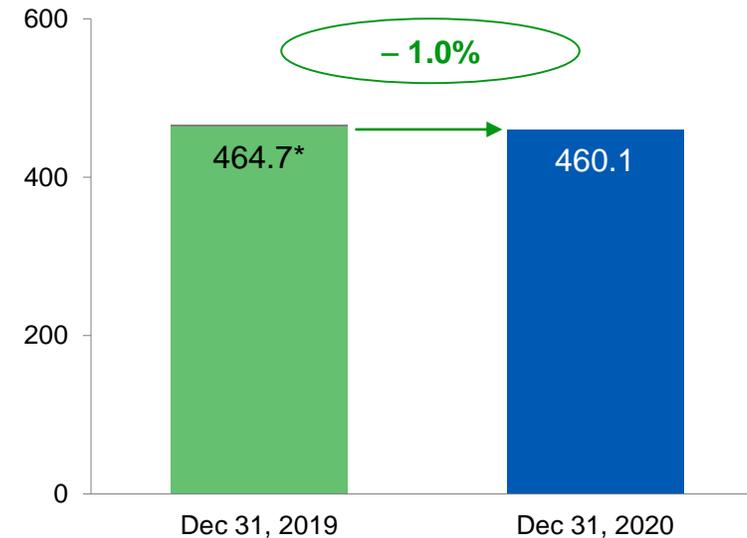
Order intake in million euros



- Order intake in Q4 at 228.5 million euros exceeds prior quarters
- 2020: decline attributable to project postponements and order cancellation due to the COVID-19 pandemic
- Book-to-bill ratio 0.96 (prior year adjusted 0.95)

*excluding HILLOS

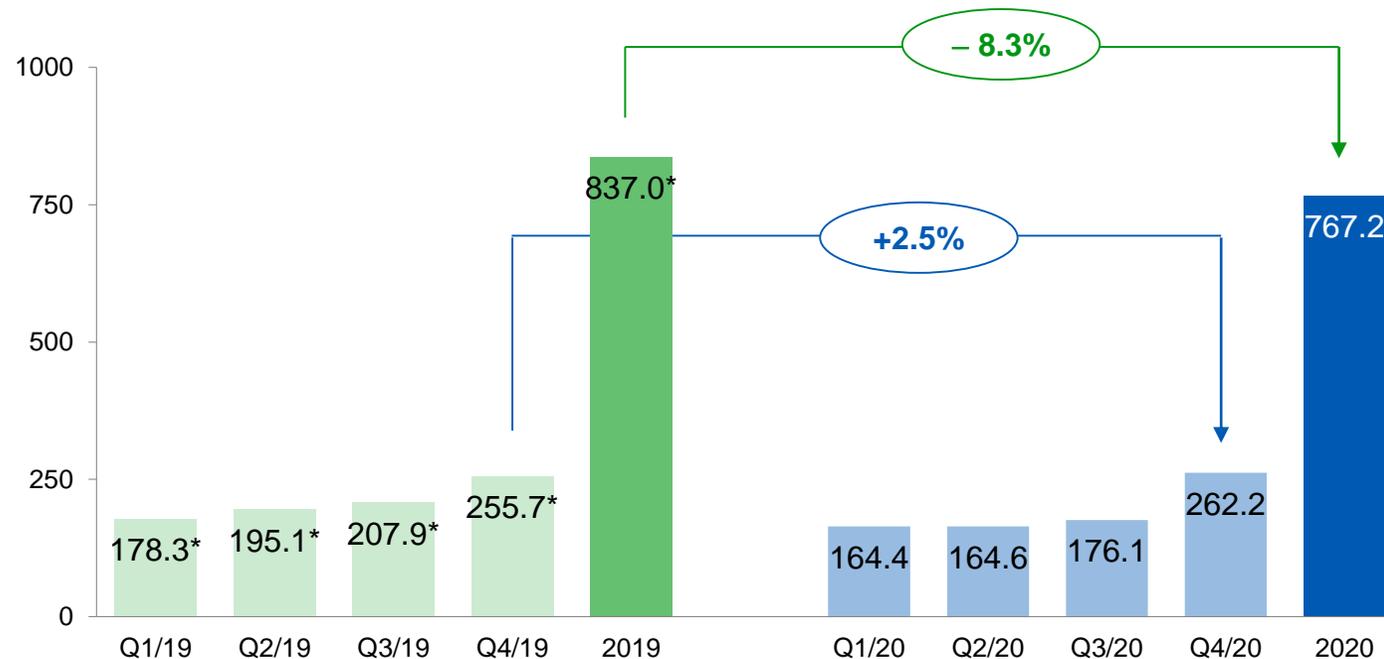
Order backlog in million euros



- Order backlog at adjusted prior-year level
- 78.5% to be converted to revenue in 2021 (pr. year adjusted 68.0%)
- Order backlog of INTEROB and TRIOPTICS: 47.5 million euros
- **Frame contract:** 42.3 million euros (31.12.19: 49.9m euros)

More dynamic revenue development in Q4 compared with prior quarters

Revenue in million euros



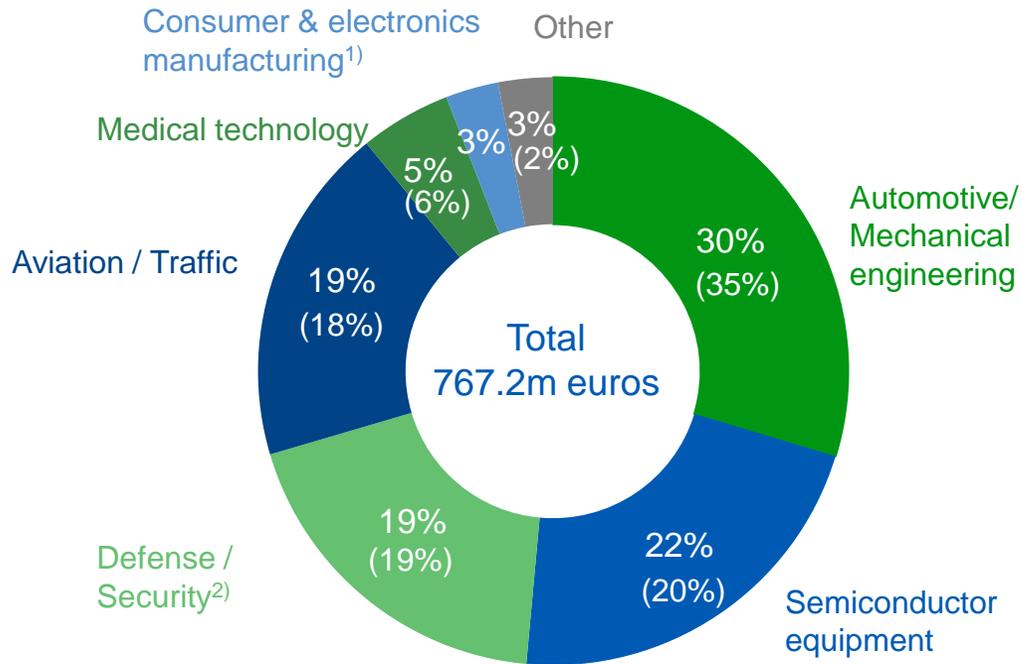
- Good business with the semiconductor equipment industry and public-sector customers continued
- Positive revenue contribution of TRIOPTICS and INTEROB: 47.2 million euros
- Revenue decrease in Light & Production division (reluctance to invest in the automotive industry) as well as in the aviation and biophotonics areas

*excluding HILLOS

COVID-19 is reflected in revenue by market and by region – increase in semiconductor equipment market

Revenue by market

(adjusted prior-year figures in brackets)



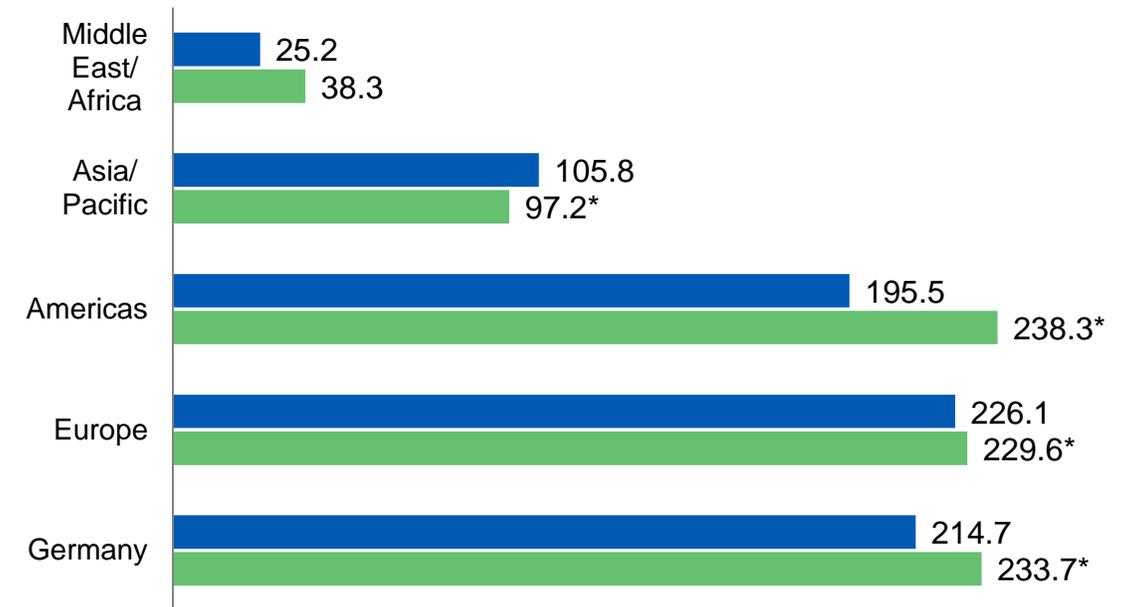
1) Consumer & electronics manufacturing added as new market due to TRIOPTICS

2) No components for controversial or internationally banned weapons

Revenue by region

in million euros

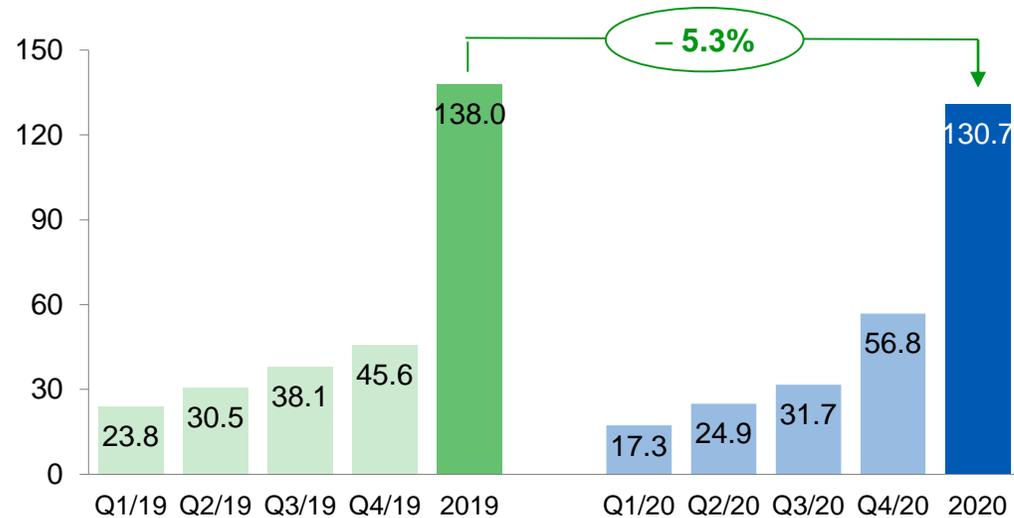
■ 2020
■ 2019
*adjusted



- Foreign revenue stable at ~72%; Americas were hit hardest by the pandemic
- Top 3 customers accounted for 19.2 of revenue (pr. year 17.7%)

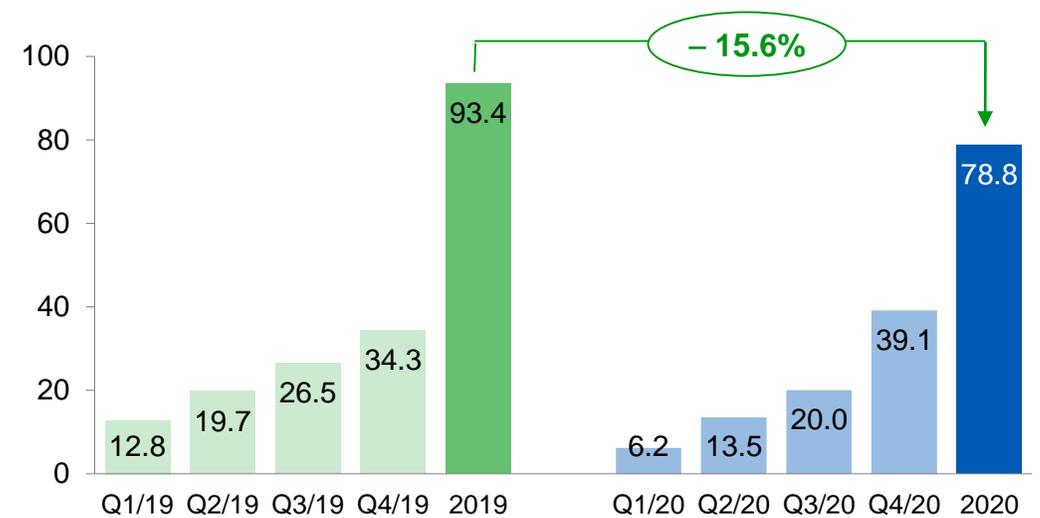
Adjusted EBITDA margin clearly exceeded forecast and prior-year figure

EBITDA (adjusted*) in million euros



- Adjusted EBITDA with lower decline compared to revenue
- Effects from structural and portfolio measures of –19.1 million euros (prior year – 4.0m euros)
- Adjusted EBITDA margin at 17.0%, before PPA at 17.6% (prior year 16.5%)
- Non-adjusted: EBITDA 111.6 million euros / margin 14.6%

EBIT (adjusted*) in million euros



- Adjusted EBIT margin of 10.3% (prior year 11.2%)
- Effects from structural and portfolio measures –19.4 million euros (prior year 4.4m euros)
- Contribution of TRIOPTICS and INTEROB of –0.7 million euros incl. PPA of –10.2 million euros
- Non-adjusted: EBIT 59.3 million euros / margin 7.7%

* adjusted for effects arising from site optimization, restructuring, cost reduction programs as well as costs related to M&A activities

Lower revenue as well as effects arising from structural and portfolio measures affected earnings figures – EPS remain clearly positive

In million euros	2020	2019
Revenue	767.2	855.2 / 837.0*
Gross margin	34.2%	34.1%
Functional costs	191.8	193.9
EBITDA / adjusted	111.6 / 130.7	134.0 / 138.0
EBIT / adjusted	59.3 / 78.8	88.9 / 93.4
Financial result	-6.1	-3.7
Earnings before tax	53.2	85.2
Earnings after tax	42.7	67.6
Earnings per share (euros)	0.73	1.18

*adjusted = without HILLOS

- **Gross margin** slightly higher than in prior year due to lower cost of sales, better utilization of production capacities and cost savings
- Functional costs marginally below prior year
 - **R+D expenses** of 43.7 million euros at prior-year level (prior year 44.1m euros)
 - **Selling expenses** of 86.4 million euros (prior year 89.3m euros): Reduction due to COVID-19
 - **Administrative expenses** of 61.8 million euros (prior year 60.5m euros): grew due to first-time inclusion of TRIOPTICS and INTEROB, decreased organically as adjustments to pay rates were more than offset by short-time working allowances
- **Tax rate** at 19.7% (prior year 20.6%); cash-effective tax rate of 15.8% (prior year 13.3%)

Sound balance sheet ratios and comfortable liquidity position in spite of COVID-19 and acquisitions

In million euros	2020	2019
Operating profit before adjusting working capital	111.7	132.2
Changes in working capital, provisions and other items	-9.5	-10.6
Cash flows from operating activities before income taxes	102.3	121.6
Cash flows from operative investing activities	-40.0	-44.3
Free cash flow (before interest and taxes)	62.3	77.2
adjusted	(67.2)	(79.3)

- Increase in **working capital** to 268.1 million euros, (in particular as a result of acquisitions (31.12.19: 217.8m euros))
Working capital ratio at 34.9% - TRIOPTICS included pro rata in revenue but fully in balance sheet items (31.12.19: 25.5%)
- **Cash flows from operating activities** impacted by lower earnings before tax
- **Capital expenditure** of 47.3 million euros (prior year 55.6m euros, new building in Villingen-Schwenningen)
- **Net debt** grew to 201.0 million euros because of acquisitions (31.12.19: minus 9.1m euros)
- **Equity ratio** fell to 51.5%, this was attributable in particular to higher total assets as a result of the initial consolidation of TRIOPTICS and INTEROB (31.12.19: 60.5%)
- Debenture bond of 400 million euros with "green component" successfully placed



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Fiscal year 2020 Divisions

Light & Optics division: business with semiconductor equipment industry remains robust and ensures high margin level – positive contribution by TRIOPTICS

- Business with semiconductor equipment industry remained robust, decline in areas of biophotonics und industrial solutions; strong Q4
- Profitability improved, adjusted EBITDA higher than in prior year in spite of negative PPA of 4.6 million euros
- Order intake: continuing good demand from semiconductor equipment industry and contribution of TRIOPTICS; book-to-bill ratio grew to 1.07 (prior year adjusted 0.92)
- Contributions of TRIOPTICS: revenue 27.8m euros / adjusted EBITDA 4.3m euros / order intake 26.9m euros / order backlog 27.1m euros

In million euros	2020	2019	Change in %
Revenue	318.0	331.8*	-4.2
EBITDA	72.7*	71.7*	1.4
EBITDA margin in %	22.8*	21.5*	n/a
EBIT	56.6*	60.2*	-6.0
FCF	44.1*	57.1	-22.7
Order intake	339.5	304.7*	11.4
Order backlog	178.0	143.5*	24.0

* Adjusted (prior year also for HILLOS)

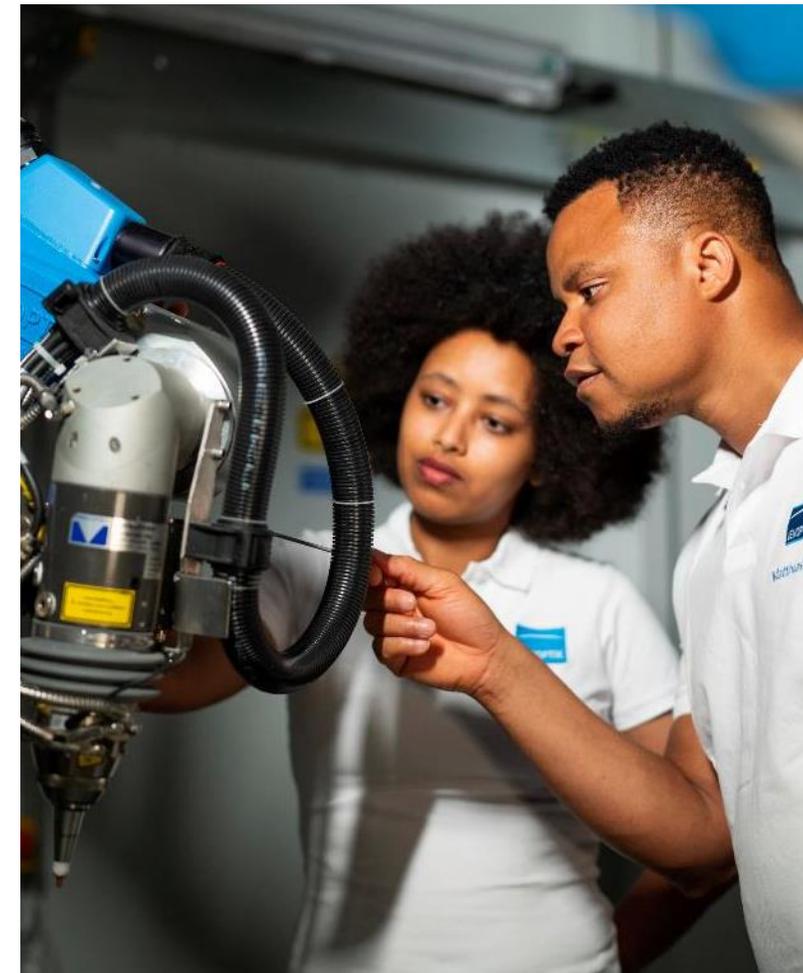


Light & Production division: COVID-19 and slowdown in capital expenditure in automotive industry impacted business

- Revenue in Q4 exceeded figures of prior quarters, but over full year marked decline in all areas; contribution of INTEROB 19.4 million euros
- Structural and portfolio measures are paying off – substantial improvement in Q3 and Q4; measures will result in further improvement in 2021 and 2022
- Declining order backlog due to postponements and order cancellation; major order received due to integrated sales approach; INTEROB contributed 20.4 million euros; solid order backlog; book-to-bill ratio at 0.88 (prior year 0.87)

In million euros	2020	2019	Change in %
Revenue	178.9	228.9	–21.8
EBITDA	15.8*	25.8	–38.9
EBITDA margin in %	8.8*	11.3	n/a
EBIT	3.1*	14.5	–78.8
FCF	0.2*	19.5	–99.2
Order intake	157.8	199.3	–20.8
Order backlog	75.8	81.6	–7.1

* Adjusted

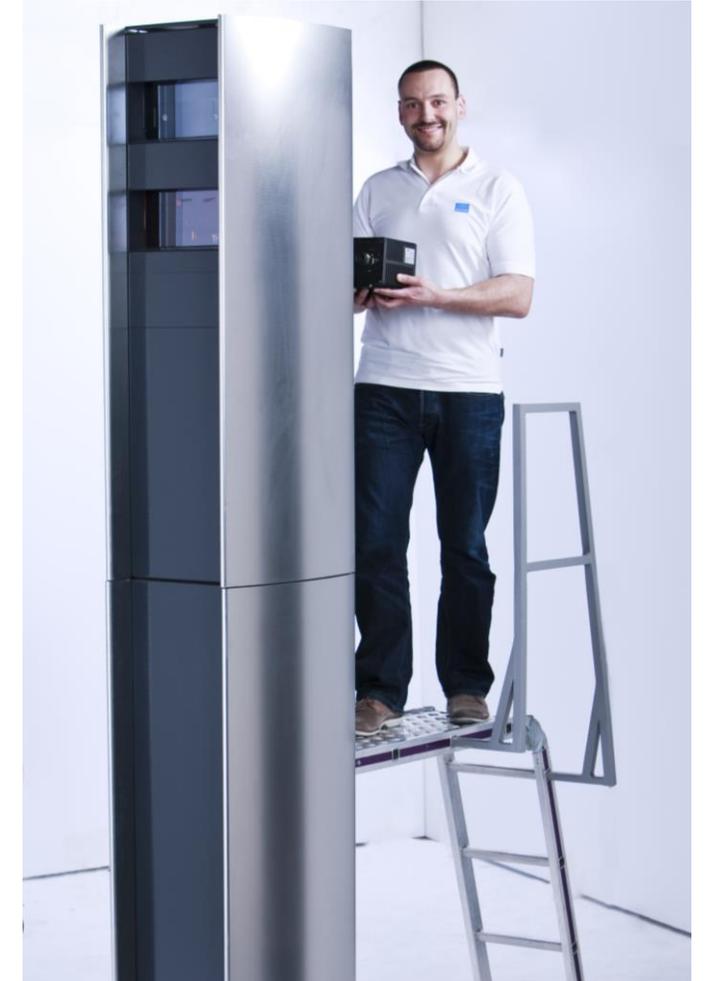


Light & Safety division: increase in revenue, earnings and free cash flow

- Stable capital spending by public-sector customers
- Operating results improved due to revenue growth; substantial earnings contribution in Q4
- Project business leads to fluctuations in order intake
- Significant increase in free cash flow is attributable e.g. to improved result, active receivables management and increase in liabilities

In million euros	2020	2019	Change in %
Revenue	114.0	108.7	4.9
EBITDA	22.7*	18.8	20.9
EBITDA margin in %	19.9*	17.3	n/a
EBIT	15.6*	11.7	33.8
FCF	21.8*	11.3	93.0
Order intake	92.3	107.9	-14.5
Order backlog	46.0	69.9	-34.2

* Adjusted

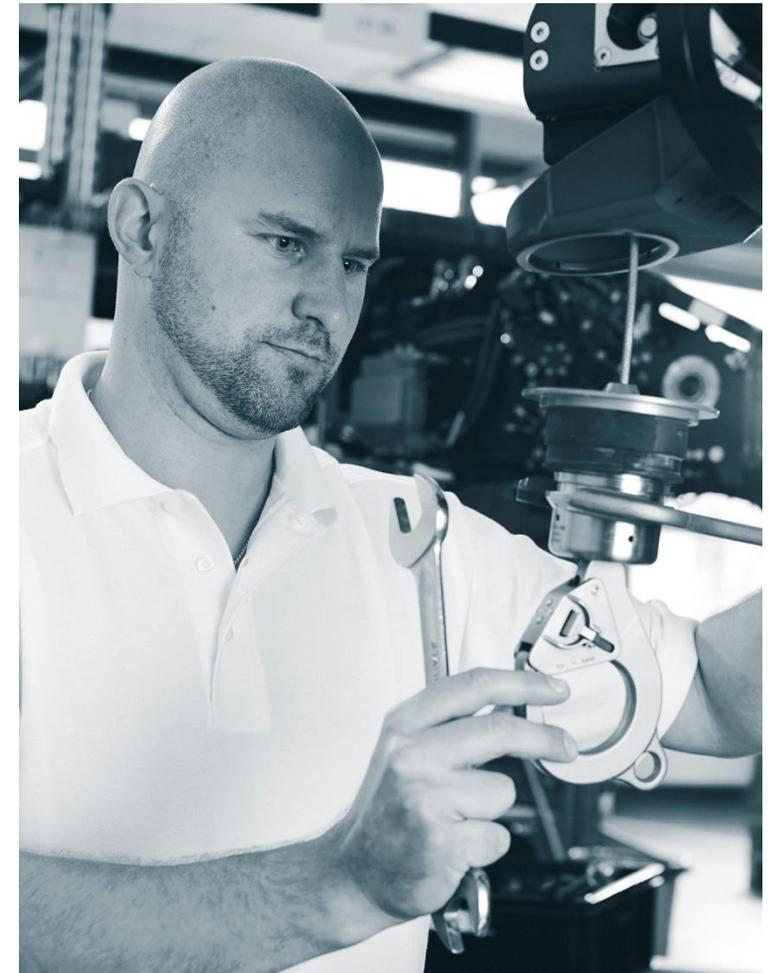


VINCORION: stable business with public sector customers

- Q4 strongest quarter in terms of revenue; in full year in particular decreases in aviation as well as energy & drive, demand in the power systems area remained good; revenue of 30.6 million euros generated in civil areas (prior year 41.3m euros)
- Lower revenue and a lower-margin product mix resulted in decline in operating result; restructuring measures implemented
- Book-to-bill ratio grew to 1.16 (prior year 1.12)
- Order backlog remained at high level

In million euros	2020	2019	Change in %
Revenue	151.7	164.8	-7.9
EBITDA	20.6*	24.2	-14.6
EBITDA margin in %	13.6*	14.7	n/a
EBIT	13.7*	17.4	-21.3
FCF	9.8	1.0	848.8
Order intake	145.2	177.9	-18.4
Order backlog	160.3	169.7	-5.6

* Adjusted





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Outlook

Fiscal year 2021:
Significant growth
and increase in
profitability expected

Development of key indicators in 2021

- **Revenue growth in the low double-digit percentage range** (incl. TRIOPTICS)
- **EBITDA margin between 16.0 and 17.0 percent** (prior year 14.6% / forecast to be specified in the course of the year)
- **Increase in order intake in the low double-digit percentage range**

Basis for this development in particular

- Good development of order intake in Q4/2020, well-filled project pipeline as well as continued promising development in semiconductor equipment business
- Effects of restructuring measures taken in 2020 are already bearing fruits, further improvements expected in 2021, and full effects in 2022

Uncertainties currently arise from the renewed COVID-19-related lockdown at the beginning of the year and the risk of a third wave of the pandemic. However, the planned growth is also dependent on there being no deterioration in the political and economic environment.

Megatrends will drive demand for photonics solutions of the future – Jenoptik well positioned with its broad and innovative portfolio and expertise

Photonics market
estimated to reach
~850 bn USD
growing at a **CAGR**
of **>7.0%**
by 2025

Source: MarketsandMarkets

- **Digitization:** growing demand for chips for various applications; increasing usage of augmented and virtual reality
>> Jenoptik supplies high-performance optics, microoptics as well as innovative test & measurement systems
- **Health:** increasing demand for therapies, diagnostics and bioimaging
>> Jenoptik supplies optical systems e.g. for genome sequencing and digital image processing, microscope cameras and laser systems
- **Smart Manufacturing:** requests solutions for more efficiency and automation in production
>> Jenoptik supplies integrated solutions for automation and laser processing
- **Mobility:** increasing demand for intelligent safety solutions
>> Jenoptik supplies innovative products for more safety on roads and in cities

Dates and contact



25.03.2021

26.03.2021

11.05.2021

12.05.2021

19.05.2021

Financial Statements 2020

Roadshow (virtual)

Interim Statement January - March 2021

UBS Pan European Small and Mid-Cap Conference (virtual)

Berenberg US Conference (virtual)



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