



Interview with the Executive Board

The year 2021 has pointed the way for Jenoptik in many respects. For example, the company has taken significant steps in its transformation into a pure, globally leading photonics group through the acquisition of BG Medical and the SwissOptic Group, the signing of a contract for the sale of VINCORION and of further non-core activities. In future, the focus will be even more on the growth markets of semiconductor & electronics, life science & medical technology, and smart mobility. As part of the “More Value” strategic agenda communicated at the end of November 2021, new medium-term goals were defined for the period up to 2025, which envisage a revenue target of around 1.2 billion euros based on growth of around 8 percent per year including divestments and acquisitions. At the same time, profitability is to be raised to an EBITDA margin of around 20 percent. This development is accompanied by a clear commitment to sustainability. This is documented, among other things, by the target to reduce CO₂ emissions by 30 percent by 2025. The members of the Jenoptik Executive Board, Dr. Stefan Traeger and Hans-Dieter Schumacher, explain the details of these topics in this interview.

2021 was a year of groundbreaking steps for Jenoptik, but it also continued to be influenced by the Covid-19 pandemic. Looking back, how do you sum it up?

Stefan Traeger: 2021 was both an eventful and very successful year for Jenoptik. In terms of revenue and profitability, it was another record year for Jenoptik. We have made decisive progress towards our goal of becoming a pure, globally leading photonics group. We have further strengthened our portfolio through acquisitions, disposed of non-core activities and concluded an agreement to sell our mechatronics business. More strongly than ever before, we have documented our social responsibility with respect to the defining issue of the coming decades – sustainability – through specific targets against which we can measure ourselves. And despite the continuing global burdens resulting from the Covid-19 pandemic, we have achieved a very

good result. As can be seen from our “More Value” growth agenda communicated at the end of November 2021, this will by no means be the end of the road. For this outstanding result, I would first like to thank all our employees for their great dedication!

Before we go into the details of the future strategy, which key figures do you use as a basis for the success you mentioned?

Hans-Dieter Schumacher: We had already announced significant improvements in revenue and earnings in the last Annual Report. Our key figures then developed better than we had expected at the beginning of the year, and we were therefore able to raise our outlook during the year. At the end of the year, we reported an increase in group revenue, i.e. including VINCORION, from 767.2 million euros to 895.7 million euros and EBITDA growth from 111.6 million euros to 177.2 million

The EBITDA
margin
is to be
improved to
~20%
by 2025

euros, as well as an EBITDA margin, including one-off effects, of 19.8 percent. Jenoptik is also very well positioned financially thanks to a free cash flow of 62.8 million euros and an equity ratio of 44.4 percent. We have sufficient financial firepower available for the future growth planned.

For the future, you have defined a new growth agenda up to 2025 with “More Value”. What is this based on?

Stefan Traeger: “More Value” stands for value enhancement for all stakeholders in our company. The key aspect of the agenda is the company’s focus on the three high-growth markets of semiconductor & electronics, life science & medical technology, and smart mobility. From this, the Group expects substantial revenue growth averaging around 8 percent per year to around 1.2 billion euros by 2025. This revenue increase is based on significant organic growth, which is complemented by targeted acquisitions. But possible divestments, such as VINCORION, also have to be taken into account. Focusing on a few highly attractive markets and an improved product mix should raise Jenoptik’s profitability to an EBITDA margin of around 20 percent.

Step by step, what will Jenoptik look like in the future and will your reporting structure also change?

Hans-Dieter Schumacher: Our structure will simplify. Jenoptik is developing from a diversified group into a pure photonics player that will generate approximately three quarters of its revenue in the Advanced Photonic Solutions division in 2025. To do this, we are merging the two former Light & Optics and Light & Production divisions and separating the non-photonics activities – particularly in the automotive sector. In the Advanced Photonic Solutions division, we are bundling our activities in the areas of semiconductor & electronics, life science & medical technology as well as optical metrology. By then, we want to generate around one quarter of our revenue in the Smart Mobility Solutions division, which is responsible for the B2G business and corresponds to the former Light & Safety division. We see significant growth potential for revenue and earnings in both divisions. At the same time, this set-up will allow us to achieve a better balance between cyclical and less cyclical operations. We are combining our non-photonics activities, especially in the automotive sector, and managing them as independent brands under the Non-Photonics Portfolio Companies.

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Does the Advanced Photonic Solutions division also include the 2021 acquisition of BG Medical and the SwissOptic Group?

Stefan Traeger: Correct. Following the very successful acquisition of TRIOPTICS in 2020, we announced further acquisitions in growth areas. Since December 1, 2021, BG Medical, now called Jenoptik Medical, and the Swiss-Optic Group have strengthened our activities in the areas of medical technology and metrology as well as in semiconductor equipment. For 2022, we expect additional revenue of around 130 million euros from the acquisition, and this with attractive margins. The companies are expanding our global production network, for example in China. For future revenue growth, we expect an annual increase in the low double-digit percentage range.

However, you did not just expand your portfolio in 2021, you also completed or announced divestments. Why?

Stefan Traeger: We are not concerned solely with revenue growth. In the future, we want Jenoptik to be known worldwide for its technological excellence in the photonics world, its strong growth and high profit levels. And we want to become a pure photonics group. Consequently, some divisions are simply no longer a fit for us and will be better off with other companies. Accordingly, in 2021 we divested smaller non-core activities such as non-optical metrology for grinding machines or the crystal growth business and also found a new owner for VINCORION, our mechatronics and defense technology business. In total, these three divestments generated revenue of around 150 million euros.



“Jenoptik is very well equipped financially to be able to finance its ambitious growth targets from its own resources.”

Hans-Dieter Schumacher

“In 2021, Jenoptik took a big step closer to its goal of becoming a globally leading and high-growth pure player in the photonics sector.”

Dr. Stefan Traeger



Much has also happened at Jenoptik in 2021 when it comes to sustainability...

Stefan Traeger: Definitely. Our previous ambitions are acknowledged, on the one hand by positive ESG ratings, and on the other hand by awards from customers. For example, at the end of 2021 we received a Sustainability Excellence Award from ASML, our customer in the semiconductor equipment sector. We were delighted by this and it encourages us to do more. Also in 2021, on the subject of what

contribution Jenoptik can make to the goals of the Paris Climate Accord, we defined clear goals against which we can be measured. By 2025, we intend to cut our CO₂ emissions by 30 percent compared to the base year of 2019. The savings will come from direct emissions released by Jenoptik itself and indirect emissions from purchased energy. This will involve a large number of actions and investments, but they will be worth every euro. And we joined the UN Global Compact.

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Are sustainability components also playing an increasingly important role when it comes to financing?

Hans-Dieter Schumacher: Yes. In March 2021, we successfully placed debenture bonds with sustainability components. At the end of the year, we also expanded our scope for further investment by refinancing and increasing our syndicated loan to 400 million euros at favorable market conditions, with an option to increase it by additional 200 million euros. We aligned the structure of the loan to verifiable goals with regard to sustainability in the supply chain, the group-wide share of green electricity and the diversity of management. At Jenoptik, economic success goes hand in hand with responsible environmental action.

Where is the road heading in the new 2022 fiscal year?

Stefan Traeger: 2021 has proven how successfully and robustly Jenoptik is positioned, even in times of an unprecedented global pandemic. As we have further optimized our portfolio, we also see good opportunities in 2022 for further growth in revenue and the EBITDA margin of the continuing operations, i.e. excluding VINCORION. We want to increase revenue by at least 20 percent and improve the EBITDA margin to around 18 percent. We have, of course, to keep an eye on the development of the pandemic and the effects of the war in Ukraine.

Why is Jenoptik still an attractive investment after the significant share price increase in 2021?

Hans-Dieter Schumacher: Naturally, we were pleased with the share price increase of almost 50 percent in 2021, as the capital market positively acknowledges our strategic development. We know that we have to deliver and we will do so. Then our shares also promise further potential. What our analysts like about us is that we are one of the market and technology leaders in growth sectors such as the semiconductor equipment industry, medical technology and smart mobility.

Dr. Traeger, Mr. Schumacher, thank you for talking to us!