JENOPTIK AG – The first nine months 2020

Dr. Stefan Traeger I Hans-Dieter Schumacher | November 10, 2020

Disclaimer

This presentation can contain forward-looking statements that are based on current expectations and certain assumptions of the management of the Jenoptik Group. A variety of known and unknown risks, uncertainties and other factors can cause the actual results, the financial situation, the development or the performance of the company to be materially different from the announced forward-looking statements. Such factors can be, among others, pandemic diseases, changes in currency exchange rates and interest rates, the introduction of competing products or the change of the business strategy. The company does not assume any obligation to update such forward-looking statements in this document in the light of future developments.

Agenda

01
Development of the Jenoptik Group

02
Development of the divisions

03
Outlook

First nine months 2020: successful acquisition of TRIOPTICS; business development in Q3 improved versus prior quarters

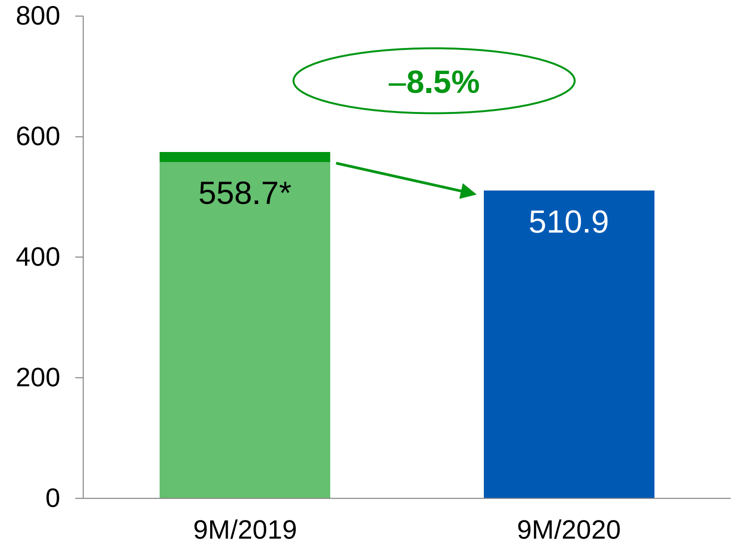
JENOPTIK
MORE LIGHT

Revenue	– 505.0 million euros (prior year 581.4m euros*)
EBITDA	– Adjusted 73.9 million euros (prior year 92.4m euros)
Order intake	– 510.9 million euros (prior year 558.7m euros*)
Free cash flow	– Adjusted 18.5 million euros (prior year 7.9m euros)
Business development	– Acquisition of 75% of shares in TRIOPTICS completed with closing on September 24; acquisition of INTEROB in February – Corona pandemic had varying impact on Jenoptik's businesses – Measures for site optimization/restructuring and cost reduction implemented

*adjusted = here without Hillos

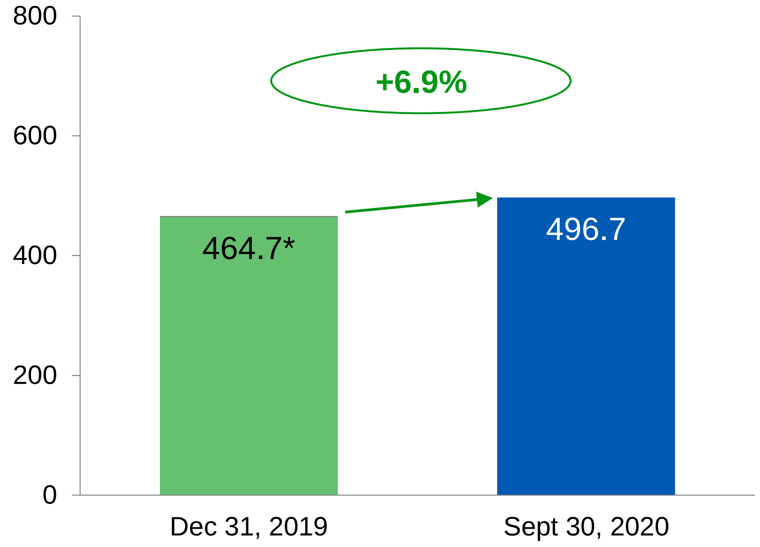
Significant growth in order intake in Q3 compared to Q2; book-to-bill higher than in prior year

Order intake in million euros



- Order intake in Q3 with 177.0 million euros at adjusted* prior-year level
- 9M/2020: order cancellation in June and postponements led to decline in order intake, especially in the Light & Production division
- 9M/2019: total order intake came to 574.9 million euros, incl. orders of Hillos of 16.2 million euros
- Book-to-bill ratio 1.01 (prior year 0.96*)

Order backlog in million euros



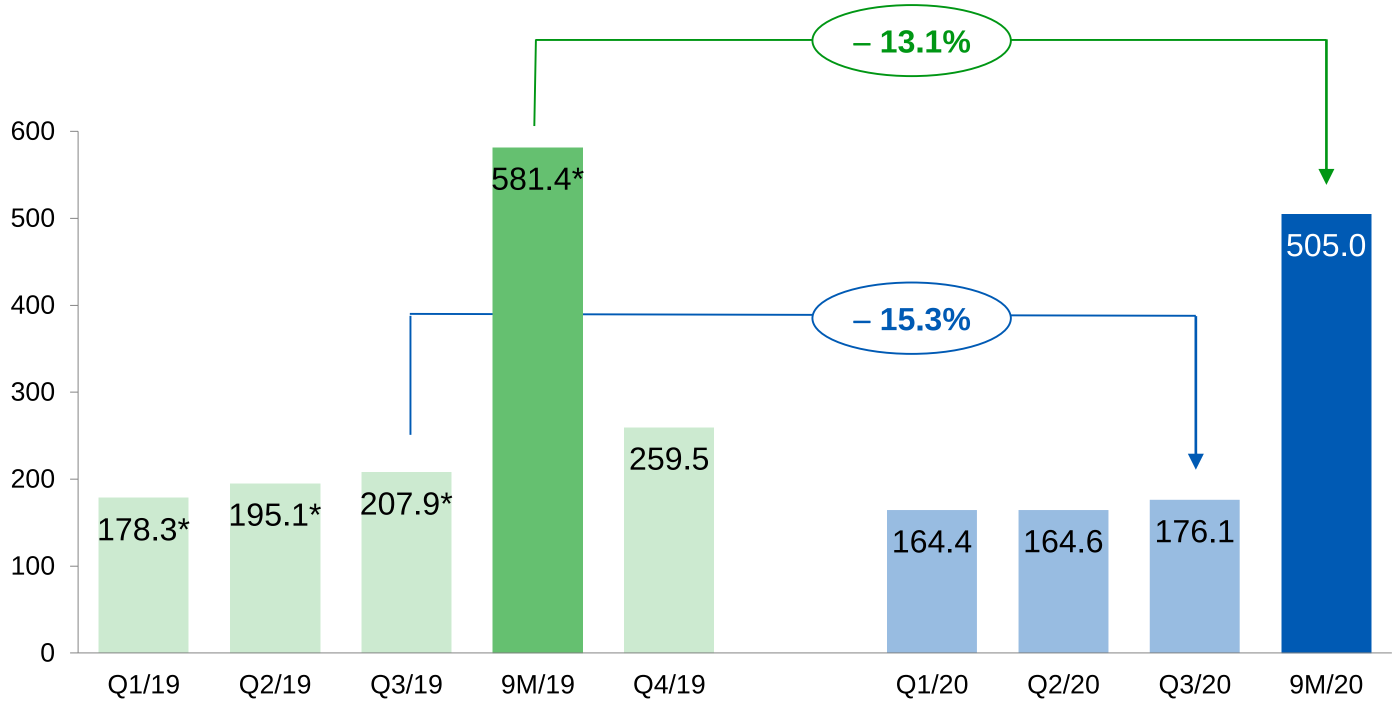
- Approx. 45% to be converted to revenue in 2020 (prior year: approx. 46%)
- Order backlog of INTEROB and TRIOPTICS: 51.4 million euros
- Order backlog 2019 incl. Hillos: 466.1 million euros
- **Frame contracts:** 49.9 million euros (31/12/19: 49.9m euros)

*adjusted = here without Hillos

Revenue improved in Q3 compared with prior quarters; in the entire period decline due to pandemic and development in the automotive sector

JENOPTIK
MORE LIGHT

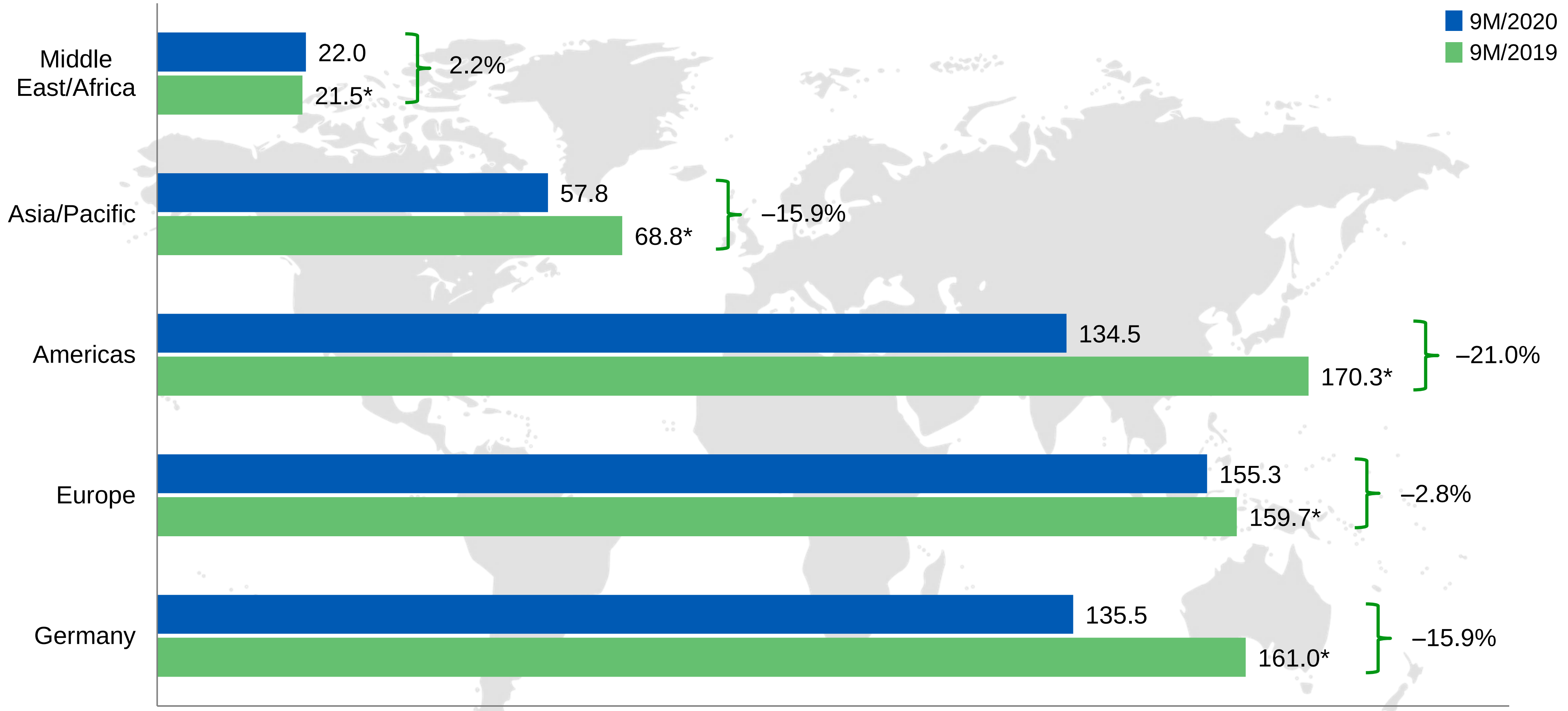
Revenue in million euros



* adjusted = here without Hillos

– Good business with the semiconductor equipment industry and public-sector customers continued
– Significant reduction in Light & Production division (business with automotive industry) as well as in the aviation and biophotonics areas
– Revenue contribution of INTEROB 9.5 million euros and TRIOPTICS 0.9 million euros
– 9M/2019: total revenue of 595.7 million euros, incl. contribution of Hillos of 14.4 million euros

Foreign revenue increased slightly to ~73 percent of total; Americas were hit hardest by the pandemic

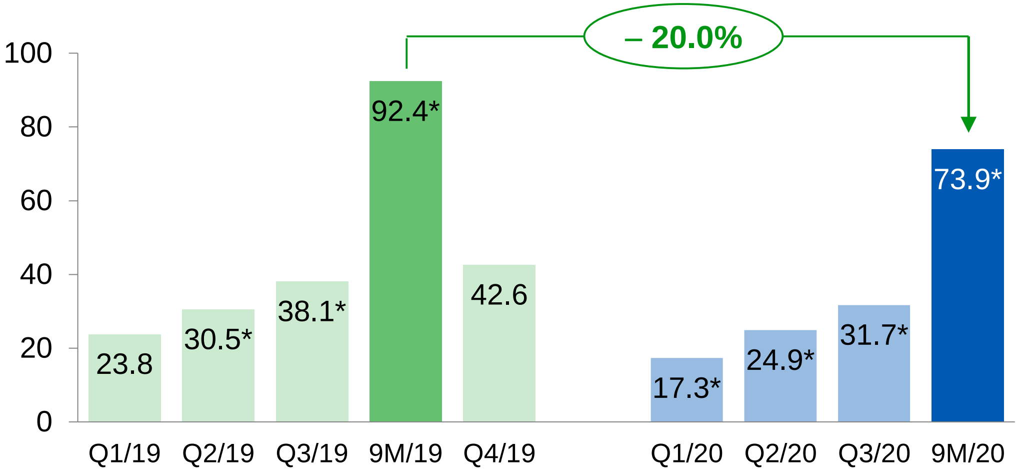


*adjusted = here without Hillos

Profitability improved in the course of the year

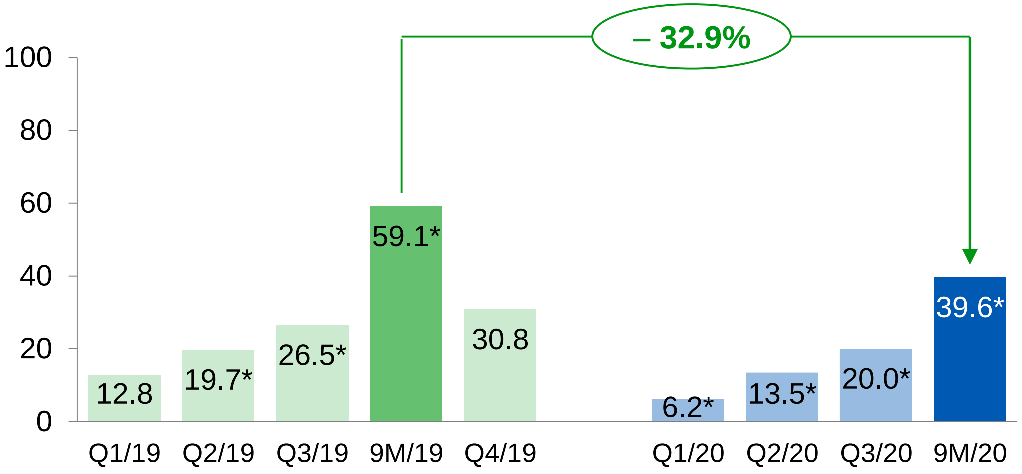
JENOPTIK
MORE LIGHT

EBITDA in million euros



- Adjusted EBITDA affected by lower revenue
- Effects from structural and portfolio measures of –7.3 million euros
- Adjusted EBITDA margin at 14.6% (prior year 15.9%); not adjusted: EBITDA 66.6 million euros / margin 13.2%

EBIT in million euros



- Adjusted EBIT margin of 7.8% (prior year 10.2%)
- PPA effects of –5.9 million euros (prior year –4,9m euros)
- Not adjusted: EBIT 32.7 million euros / margin 6.5%

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

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

JENOPTIK
MORE LIGHT

In million euros	9M/2020	9M/2019
Revenue	**505.0**	**581.4***
Gross margin	33.4%	35.2%
Functional costs	136.1	147.1
EBITDA / adjusted	**66.6 /** 73.9	**91.4 /** 92.4
EBIT / adjusted	**32.7 /** 39.6	**58.1 /** 59.1
Financial result	–3.0	–1.6
Earnings before tax	**29.6**	**56.5**
Earnings after tax	24.4	44.3
Earnings per share (euros)	**0.43**	**0.77**

*adjusted = here without Hillos

- **Gross margin** impacted by higher fixed costs components
- Functional costs decreased by 7.5%
  - **R+D:** below prior year (R+D output slightly higher than in prior year)
  - **Selling:** marked decline
  - **Administrative:** slightly reduced
- **Tax rate** at 17.5% (prior year 21.5%), cash-effective tax rate of 17.9% (prior year 14.9%)

Free cash flow improved; sound balance sheet and comfortable liquidity position in spite of COVID-19 and higher debt due to acquisition of TRIOPTICS

JENOPTIK MORE LIGHT

In million euros	9M/2020	9M/2019
Operating profit before adjusting working capital	65.9	90.4
Changes in working capital, provisions and other items	–24.7	–51.8
Cash flows from operating activities before income taxes	41.3	38.6
Cash flows from operative investing activities	–27.9	–31.3
Free cash flow (before interest and taxes)	**13.4**	**–7.3**
adjusted	**18.5**	

- Increase in **working capital** to 271.1 million euros (in particular as a result of acquisitions (31/12/19: 217.8m euros / 30/9/19: 257.3m euros)
  Working capital ratio at 35.5% (31/12/19: 25.5% / 30/9/19: 30.7%)
- **Cash flows from operating activities** improved through measures for securing liquidity and working capital optimization
- **Financial resources available at short notice** of more than 83.1 million euros (31/12/19: almost 170m euros)
- **Capital expenditure** at 30.3 million euros (prior year: 31.6 million euros)
- **Net debt** grew to 242.3 million euros because of acquisitions (31/12/19: minus 9.1m euros)
- **Equity ratio** fell to 49.4%, this was attributable in particular to higher total assets as a result of the initial consolidation of TRIOPTICS (31/12/19: 60.5%)

Agenda

MORE LIGHT

01
Development of the Jenoptik Group

02
Development of the divisions

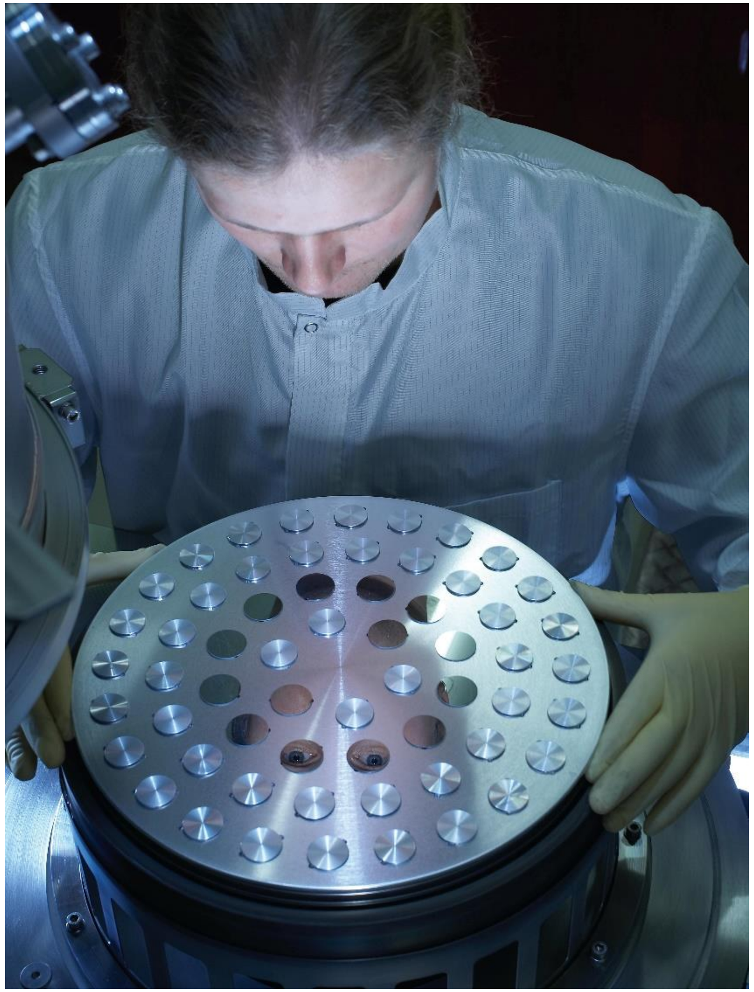
03
Outlook

Light & Optics division: business with semiconductor equipment industry remains robust and ensures high margin level

- Business with semiconductor equipment industry remained robust, decline in the areas of biophotonics und industrial solutions; TRIOPTICS contributed 0.9 million euros to revenue;
  prior-year revenue adjusted for contribution of Hillos of 14.4 million euros
- Earnings reduction due to underutilization in some areas, but profitability improved
- On a comparable basis, order intake was stable (prior-year figure adjusted for 16.2m euros contributed by Hillos), order backlog includes 24.3 million euros from TRIOPTICS; book-to-bill ratio grew to 1.02 (prior year adjusted 0.92)

In million euros	9M/2020	9M/2019	Change in %
Revenue	209.8	236.4*	–11.2
EBITDA	48.1*	49.5	–2.8
EBITDA margin in %	22.8*	20.8*	n/a
EBIT	39.5*	41.0	–3.8
FCF	24.3*	11.8	106.4
Order intake	214.6	216.8*	–1.0
Order backlog	162.2	143.5*/**	13.0

* Adjusted (prior year for Hillos) / ** 31/12/2019



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

JENOPTIK
MORE LIGHT

- Revenue in third quarter exceeded figures of prior quarters, but over nine-month period marked decline in all areas; contribution of INTEROB 9.5 million euros
- Positive EBITDA in Q3; but strong earnings decrease over the entire period due to underutilization in metrology and laser processing areas
- A major order cancellation in June and postponements resulted in much lower order intake; major order received from Gestamp in September; book-to-bill ratio at 1.02 (prior year 0.93)
- Increase in order backlog attributable to INTEROB (27.1 million euros)

In million euros	9M/2020	9M/2019	Change in %
Revenue	119.0	170.9	–30.4
EBITDA	5.9*	19.2	–69.3
EBITDA margin in %	4.9*	11.2	n/a
EBIT	–3.4*	10.4	n/a
FCF	–1.0*	8.8	n/a
Order intake	121.7	158.7	–23.3
Order backlog	100.6	81.6**	23.2

* Adjusted / ** 31/12/2019

Light & Safety division: positive business development; profitability noticeably improved

JENOPTIK
MORE LIGHT

- Stable capital spending by public-sector customers; increase in revenue of more than 40% in the Americas and Asia/Pacific
- Operating results grew due to higher revenue
- Project business leads to fluctuations in order intake
- Orders for traffic safety technology received from the US and Canada

In million euros	9M/2020	9M/2019	Change in %
Revenue	82.1	75.1	9.3
EBITDA	14.0*	11.9	17.3
EBITDA margin in %	17.0*	15.9	n/a
EBIT	8.8*	6.6	32.7
FCF	7.8*	2.5	206.4
Order intake	66.1	72.2	–8.5
Order backlog	51.6	69.9**	–26.1

* Adjusted / **31/12/2019

VINCORION: Plus in order intake; decrease in revenue and earnings

JENOPTIK
MORE LIGHT

- Revenue lower than in prior year, which was in particular attributable to the decreases in aviation as well as energy & drive, demand in the power systems area remained good
- Lower revenue and a lower-margin product mix resulted in decline in operating result
- Order intake at prior-year level; book-to-bill ratio grew to 1.16 (prior year 1.12)
- Order backlog remained at high level

In million euros	9M/2020	9M/2019	Change in %
Revenue	91.0	96.8	–6.0
EBITDA	6.9	10.6	–35.1
EBITDA margin in %	7.5	10.9	n/a
EBIT	1.7	5.6	–70.2
FCF	–3.4	–5.1	32.6
Order intake	105.2	108.0	–2.6
Order backlog	182.2	169.7*	7.3

* 31/12/2019

Agenda

MORE LIGHT

01
Development of the Jenoptik Group

02
Development of the divisions

03
Outlook

Forecast for fiscal year 2020

JENOPTIK

MORE LIGHT

The Executive Board anticipates:

including the revenue contribution by TRIOPTICS (approx. 25 million euros), revenue in a range of 755 to 775 million euros, and an adjusted* EBITDA margin between 15.0 and 15.5 percent before PPA effects arising from the acquisition of TRIOPTICS

- Excluding the effects from the acquisition of TRIOPTICS GmbH: revenue of 730 to 750 million euros; adjusted* EBITDA margin at the upper end of the range of 14.5 to 15.0 percent

- Projects initiated for structural and portfolio adjustments should contribute to accelerate growth and improve the Group's profitability starting in 2021.

*adjusted for effects from structural and portfolio measures