JENOPTIK AG – Nine months 2021

Dr. Stefan Traeger I Hans-Dieter Schumacher | November 10, 2021

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Highlights

Highlights: Acquisition of Berliner Glas Medical and SwissOptic; record EBITDA as well as high order intake and revenue in the first nine months of 2021

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Nine months 2021

- Strengthening of the global and fast-growing photonics business through acquisition of Berliner Glas Medical and SwissOptic
- Strong order intake of 761.0 million euros due to continued high demand (plus 49.0% compared with prior year)
- At 609.2 million euros revenue clearly exceeded prior-year level
- Profitability remained at very high level (EBITDA margin 19.9%) due to very good operating performance and one-off effects

Fiscal year 2021

- Guidance for fiscal year 2021 confirmed

➢ On track to meet our increased guidance for 2021

➢ Acquisition accelerates growth and stronger focus on photonics

Strengthening global photonics business

Jenoptik to acquire Berliner Glas Medical and SwissOptic:

- Accelerated growth and stronger focus on photonics
- Expansion of global presence in attractive markets (semicon, medical)
- Broadening of customer and product portfolio

Berliner Glas Medical / SwissOptic at a glance

BERLINER GLAS MEDICAL APPLICATIONS | SWISSOPTIC[1] BERLINER GLAS GROUP

~70
years of high precision optics experience

Key markets:
Medical technology
Semiconductor
Metrology

Substantial expansion
of combined global production facilities

Highly reputable
premium product provider

~500
employees

~130m euros
2022E Revenue

>10%
Mid-term revenue CAGR

Attractive
margin profile

Closing expected in Q4/2021

1 Comprises SwissOptic AG (Switzerland) and SwissOptic (Wuhan) Co. Ltd (China).

TRIOPTICS – strong growth and high profitability expected in fiscal year 2021

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- Gold standard for measuring and testing optics (for lenses, lens systems, and camera modules) in mobile devices
- Measurement solutions for augmented and virtual reality optics to enable the production of ever higher quality VR and AR products

- **Strong growth in first nine months 2021**
  - Order intake: 87.6 million euros
  - Revenue: 67.1 million euros
- **Forecast for full year 2021:**
  - Revenue growth of at least 20%
  - EBITDA margin clearly above group average

Further major steps in transformation process to become a global photonics group

Financial power boosted

Debenture bonds of 400 million euros with sustainability components successfully placed on capital market.

The funds give Jenoptik leeway for acquisitions and investments in its photonics core business (TRIOPTICS / Berliner Glas Medical and SwissOptic)

Further focusing

Sale of crystal growth business (revenue 2020 ~6m euros) to Hellma Materials. Further focusing of business on photonics applications.

Sale of non-optical process metrology business for grinding machines (revenue 2020 ~7m euros) to Marposs to focus the metrology business.

Investment in further growth

Jenoptik acquires a property in Dresden, Germany, and will invest in a new cleanroom fab, thus expanding its optics manufacturing capacities.

Construction planned to begin in 2022, production will start in early 2025.

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Strong development of order intake and backlog continued in the 3rd quarter – setting the stage for further growth

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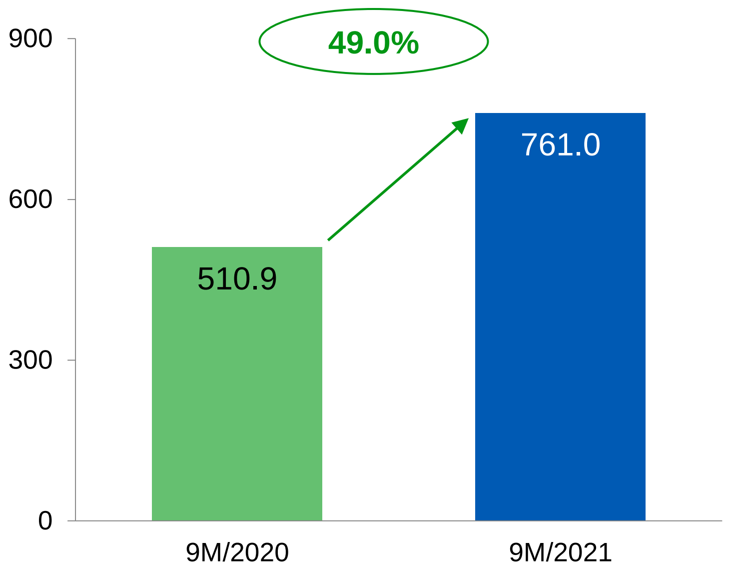
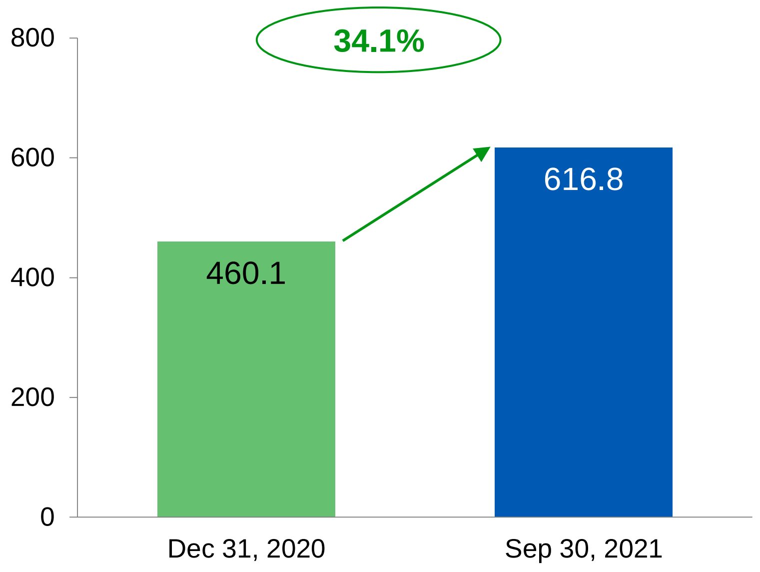
Order intake in million euros



- Photonics divisions showed strong increase in order intake
- Book-to-bill ratio grew to 1.25 (prior year 1.01)
- Q3/2021: Order intake at 252.7 million euros, thus plus 42.8% compared with Q3/2020

Order backlog in million euros



- Order backlog substantially higher than at year end, and compared with prior year
- 44.1% to be converted to revenue in 2021 (prior year 44.6%)

Significant increase in revenue in the nine-months period as well as quarter-over-quarter

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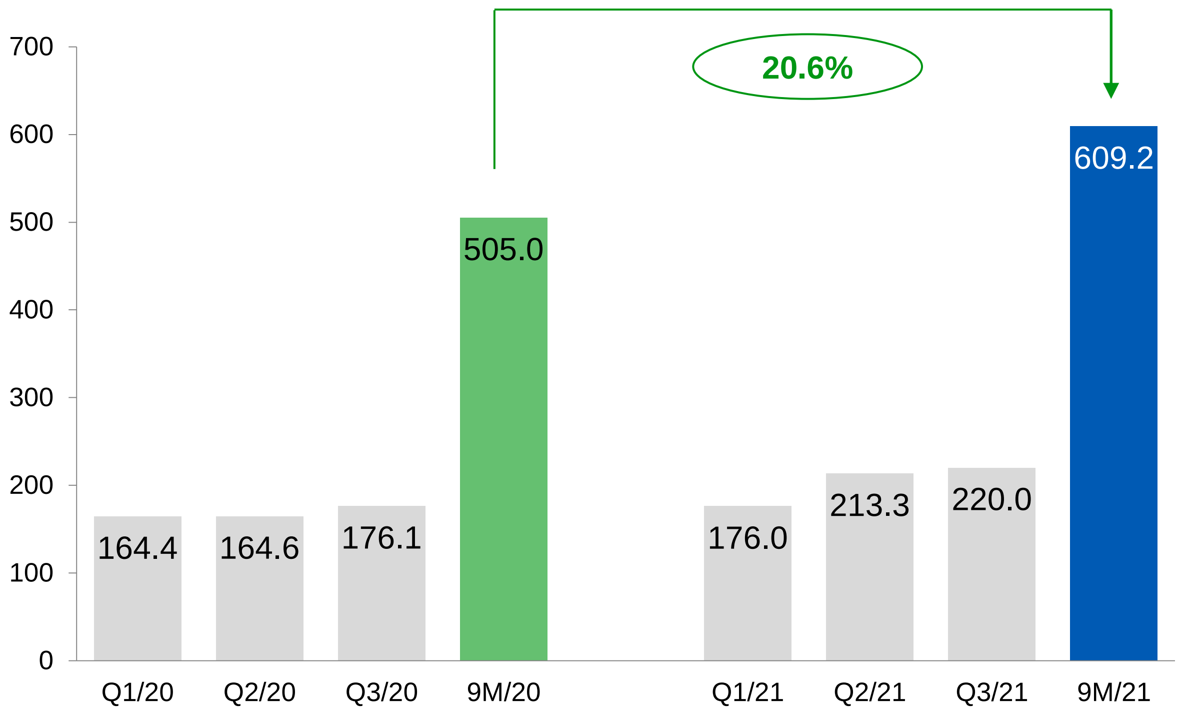
Revenue in million euros



- Revenue in Q3/2021 higher than in prior quarters and 24.9% higher than in Q3/2020
- Contribution of Light & Optics grew significantly due to organic growth and revenue contribution from TRIOPTICS
- Light & Production also reported revenue growth
- Decline in revenue of Light & Safety was attributable to delayed placement of orders and pandemic-related delays in delivery of electronic components
- Marked rise in revenue especially in the Asia/Pacific region attributable to TRIOPTICS
- Share of revenue generated abroad grew to 75.1% (prior year 73.2%)

Profitability significantly improved in the first nine months compared with prior year

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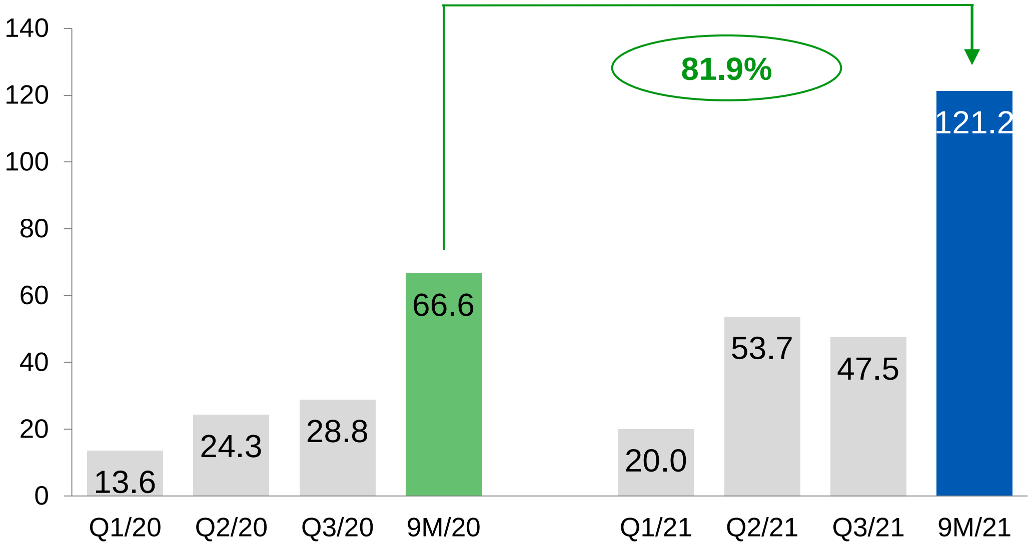
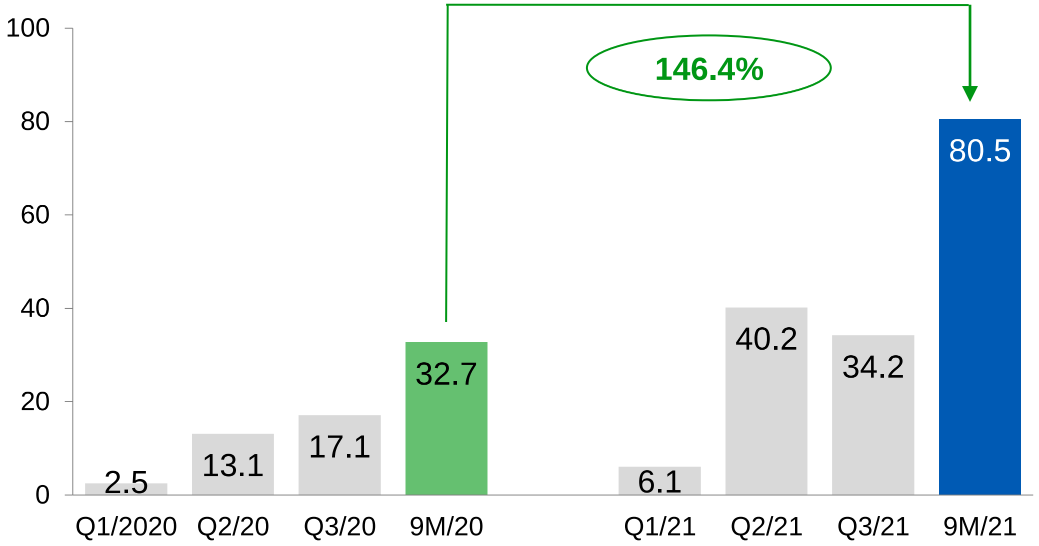
EBITDA in million euros



- PPA of minus 1.8 million euros (prior year costs for structural and portfolio measures of 7.3 million euros)
- EBITDA margin improved to 19.9% (prior year 13.2%)

EBIT in million euros



- PPA of minus 12.1 million euros (prior year minus 5.9m euros)
- EBIT margin grew to 13.2% (prior year 6.5%)

- Significant improvement in EBITDA and EBIT attributable to
  - Strong operating performance as well as positive effects from restructuring measures implemented in 2020
  - One-off effects of approx. 25.6 million euros in connection with the conditional purchase price components from acquisitions made in 2020

Very good operating performance is also reflected in substantially improved earnings per share

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In million euros	9M/2021	9M/2020
Revenue	**609.2**	**505.0**
Gross margin	31.9%	33.4%
Functional costs	147.3	136.1
Other operating result (incl. impairment gains and losses)	33.4	–0.1
EBITDA	**121.2**	**66.6**
EBIT	**80.5**	**32.7**
Financial result	–5.5	–3.0
Earnings before tax	**74.9**	**29.6**
Earnings after tax	66.2	24.4
Earnings per share (euros)	**1.12**	**0.43**

- **Gross margin** impacted by higher material costs as well as negative PPA
- Functional costs increased much less than revenue
  - **R+D expenses:** 30.5 million euros (prior year 31.8m euros), R+D output: 55.6 million euros (prior year 52.9m euros)
  - **Selling expenses:** 71.2 million euros (prior year 61.4m euros) attributable to inclusion of TRIOPTICS and higher depreciation/amortization due to PPA (esp. TRIOPTICS)
  - **Administrative expenses:** 45.6 million euros (prior year 42.9m euros): lower personnel expenses compensate for TRIOPTICS consolidation
- **Other operating result** grew in particular due to one-off effects of approx. 25.6 million euros (conditional purchase price component from acquisitions made in 2020)
- **Tax rate** of 11.6% (prior year 17.5%) due to regional profit distribution and tax-neutral income;
  cash-effective tax rate of 14.2% (prior year 17.9%)

Jenoptik is well positioned for future growth with sound financial base and balance sheet structure

In million euros	9M/2021	9M/2020
Earnings before tax	74.9	29.6
In particular depreciation/amortization, non-cash income/expenses, changes in working capital	–25.6	11.7
Cash flows from operating activities before income taxes	49.4	41.3
Cash flows from operative investing activities	–31.6	–27.9
Free cash flow (before interest and taxes)	**17.7**	**13.4**

- **Debenture bonds** totaling 400 million euros, payout of 130 million euros in March and 270 million euros in September
- **Working capital** grew to 306.1 million euros in particular due to increase in inventories (31.12.20: 268.1m euros / 30.09.20: 271.1m euros)
  Working capital ratio: 35.1% (31.12.20: 34.9% / 30.09.20: 35.5%)
- **Higher cash flows from operating activities** in spite of increase in working capital
- Cash-effective **capital expenditure** of 32.0 million euros (prior year 30.3m euros)
- **Net debt** grew slightly to 209.2 million euros (31.12.20: 201.0m euros)
- **Equity ratio** reduced to 46.0% (31.12.20: 51.5 %), among other things, due to the higher financial debt

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Divisions

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Light & Optics division: outstanding operational development

- Revenue with semiconductor equipment industry increased substantially; Biophotonics and Industrial Solutions showed growth; TRIOPTICS contributed 67.1 million euros
- EBITDA more than doubled due to very good operating performance and positive contribution of TRIOPTICS (in spite of PPA of minus 1.8 million euros);
  one-off effect of approx. 20.7 million euros from acquisition of TRIOPTICS
- Order intake: continuing strong demand from semiconductor equipment industry and in biophotonics area, contribution from TRIOPTICS of 87.6 million euros;
  book-to-bill ratio: 1.34 (prior year 1.02)
- Free cash flow more than doubled (very good business development and TRIOPTICS contribution)

In million euros	9M/2021	9M/2020	Change in %
Revenue	324.3	212.5	52.6
EBITDA	97.9	46.2	111.8
EBITDA margin in %	30.1	21.6	n/a
EBIT	80.0	37.6	112.7
FCF	57.9	23.0	152.3
Order intake	436.1	217.3	100.7
Order backlog	288.0	179.1*	60.8

OTTO integrated into division as of Jan. 1, 2021, prior-year figures adjusted/ *31.12.20

Light & Production division: revenue growth and improved profitability

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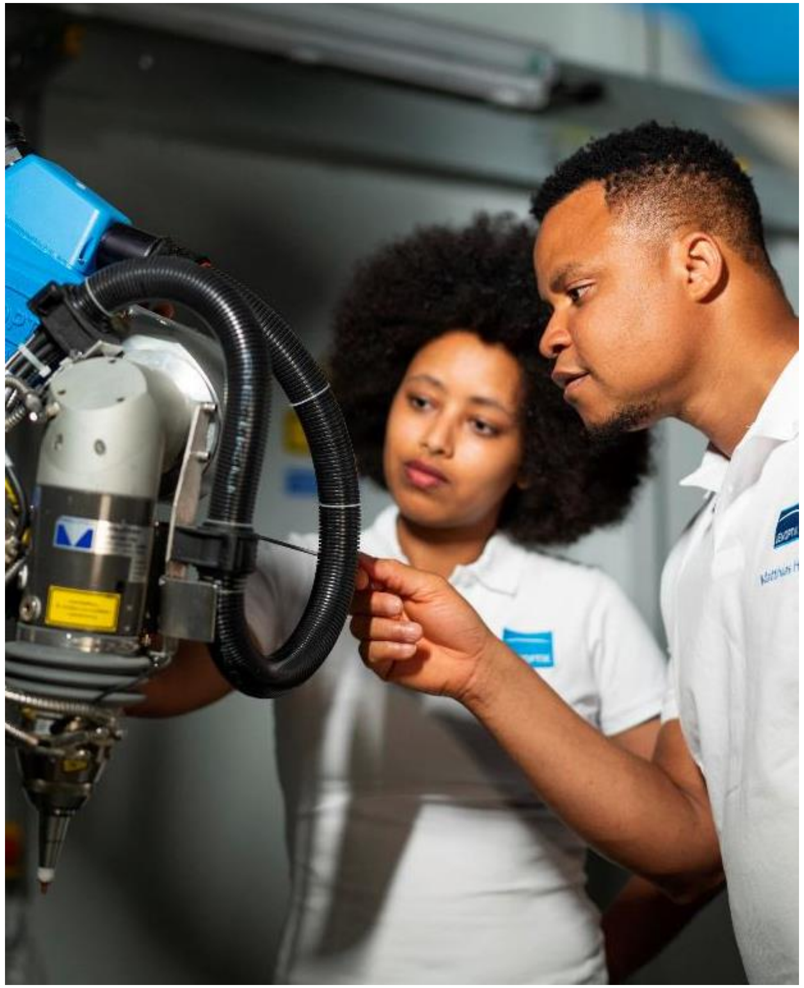
- Revenue: noticeable recovery in the automotive industry; marked rise at Laser Processing; Industrial Metrology and Automation & Integration showed slight rise
- Profitability improved, in part due to first positive effects in connection with the structural and cost reduction measures, a positive one-off effect from the acquisition of INTEROB (4.9m euros) and proceeds from sale of metrology business for grinding machines (3.6m euros)
- Order intake and backlog clearly exceeded figures at year end 2020;
  in Q1/2021 automation orders in North America received;
  book-to-bill ratio: 1.18 (prior year 1.02)

In million euros	9M/2021	9M/2020	Change in %
Revenue	121.3	116.3	4.3
EBITDA	12.6	4.6	174.2
EBITDA margin in %	10.4	4.0	n/a
EBIT	4.4	–4.4	n/a
FCF	–14.5	–2.4	–506.8
Order intake	143.6	119.0	20.7
Order backlog	96.0	74.7*	28.5

OTTO no longer part of division, prior-year figures adjusted/ *31.12.20



Light & Safety division: significant increase in revenue and earnings in the 3rd quarter

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- Substantial rise in revenue in the course of 2021; although marked by volatile project business; orders placed later than expected; in addition COVID-19-related delays in delivery of electronic components
- Revenue decline is also reflected in lower profitability; positive development during the year – EBITDA: Q1: 0.2m euros; Q2: 3.2m euros; Q3: 5.3m euros
- Several orders with a volume of approx. 20 million euros received in North America, sharp rise in order intake and backlog;
  book-to-bill ratio: 1.20 (prior year 0.81)
- Decrease in free cash flow attributable to lower earnings and higher working capital

In million euros	9M/2021	9M/2020	Change in %
Revenue	72.3	82.1	–11.9
EBITDA	8.6	13.5	–36.1
EBITDA margin in %	11.9	16.5	n/a
EBIT	3.5	8.3	–57.8
FCF	–11.9	7.4	n/a
Order intake	86.7	66.1	31.1
Order backlog	61.4	46.0*	33.5

* 31.12.20

VINCORION: profitability improved and order backlog remained at high level

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- Revenue: increase in the Aviation area, which had been hit particularly hard by COVID; decrease in the Ground Based Air Defense and Rail areas
- Profitability improved due to cost reduction measures implemented
- Project delays led to lower order intake; book-to-bill ratio: 1.02 (prior year 1.16)

In million euros	9M/2021	9M/2020	Change in %
Revenue	89.8	91.0	–1.4
EBITDA	10.5	6.9	52.4
EBITDA margin in %	11.6	7.5	n/a
EBIT	5.1	1.7	206.2
FCF	6.6	–3.4	n/a
Order intake	91.5	105.2	–13.1
Order backlog	169.7	160.3*	5.9

* 31.12.20

Outlook

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Group: guidance for 2021 confirmed

Fiscal year 2021:

Significant growth and increase in profitability expected

The Executive Board confirms the guidance for 2021 raised in July, thanks to the very strong operative performance in the first nine months.

– **Revenue between 880 and 900 million euros**
  (incl. TRIOPTICS) / prior year 767.2m euros)
  - TRIOPTICS is expected to increase revenue by at least 20%
– **EBITDA margin between 19.0 and 19.5%**
  incl. one-off effects in EBITDA in connection with the acquisitions made in 2020 (prior year 14.6%)
  - Effects of restructuring measures taken in 2020 are already bearing fruit, full effects are expected in 2022

Uncertainties remain due to the still ongoing COVID-19 pandemic. Possible portfolio changes were not taken into account. 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

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Photonics market estimated to reach **~920 bn USD growing at a CAGR of >8.0%** by 2028

Source: Triton Market Research

- **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:** 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

Appendix

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Dates and contact

10.11.2021	Interim Statement January – September 2021
30.11./01.12.2021	Jenoptik Capital Markets Day
07.12.2021	Berenberg European Conference
06./07.01.2021	ODDO BHF Conference (virtual)
18.01.2021	Kepler Cheuvreux Conference (virtual)

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