



# »» ANALYST CONFERENCE

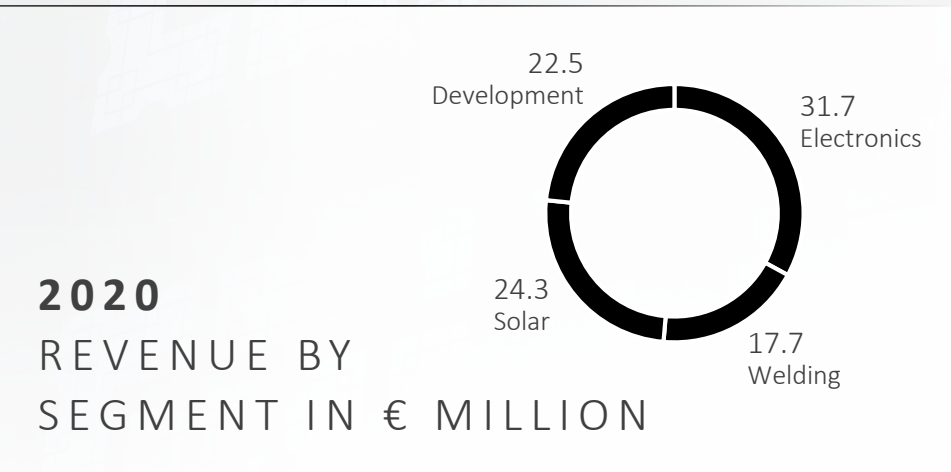
LPKF LASER & ELECTRONICS AG | 24 MARCH 2021  
GOETZ M. BENDELE, CHRISTIAN WITT

### »» DYNAMIC MARKETS

Highly specialized segments for clients in Research & Development, Consumer Electronics, Semiconductor, Automotive and Solar

Focus on fundamental manufacturing innovations with distinct USPs

Capturing growth opportunities by creating new markets



### »» SUSTAINED PROFITABILITY

**2020**

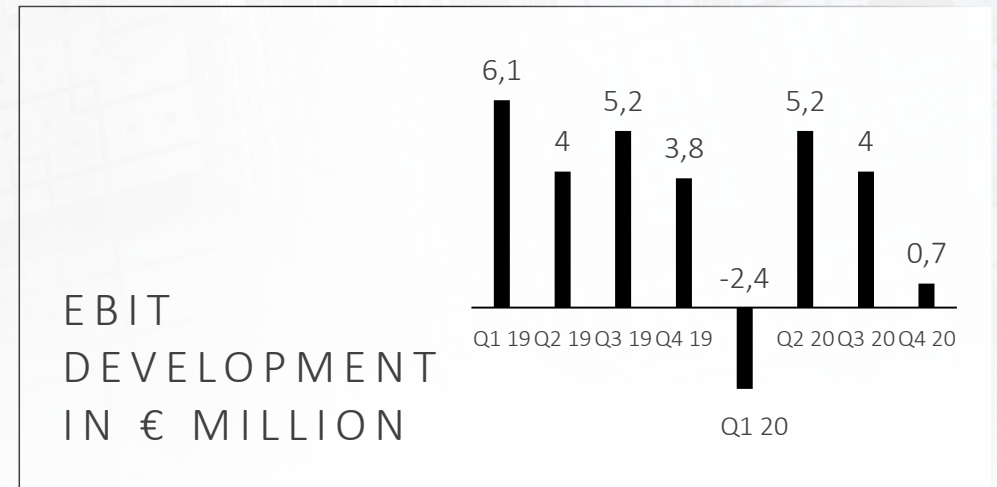
Revenue: 96 million EUR  
EBIT margin: 7,8%

**2019**

Revenue: 140 million EUR  
EBIT Margin: 13,7%

**FY 2024 Guidance**

Revenue: > 360 million EUR  
EBIT margin: > 25%





BASED ON ANNUAL REPORT 2020

# FINANCIALS AND OUTLOOK

# KEY GROUP FIGURES

## 12 MONTHS 2020



in Mio. EUR	2020	2019	Δ%
Revenue	96.2	140.0	-31.3
EBIT	7.5	19.2	-60.9
EBIT margin (%)	7.8	13.7	
Earnings per Share (EUR )	0.22	0.54	-59.3
Free cashflow	-5.5	42.2	-113.0
Incoming orders	102.2	114.0	-10.4
Orders on hand (31 Dec)	38.3	32.3	18.6
Employees (total number)	689	682	1.0

### » SALES, PROFIT, AND OUTLOOK

- Lower revenue due to projects paused or postponed with two key customers
- Improved Gross margins due to lower volume of traded goods and fewer large orders
- Cost reductions effective Q2-4
- No effect on investment into future products, R&D and LIDE
- Positive outlook on sales & profit 2021 and beyond

### » CASH FLOW

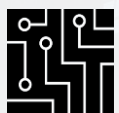
- Working Capital hit by delayed advance payments Solar, few other COVID effects
- Investment in LIDE glas foundry as planned – in operations

# REVENUE BY SEGMENT

## 12 MONTHS 2020



Revenue in Mio. EUR	2020	2019	Δ%
Electronics	31.7	43.7	-27.5
Development	22.5	24.5	-8.2
Welding	17.7	27.7	-36.1
Solar	24.3	44.1	-44.9
Total	96.2	140.0	-31.3



### ELECTRONICS

Delay in projects w large customer, continuing growth in other business areas with FY and Q4 stronger than 2019



### WELDING

Delay in projects w large customer, medical growing, automotive weaker. Backlog Q4 and OI Q1 better than last year



### DEVELOPMENT

Sales Q3 nearly back on 2019 level, Q4 higher than 2019 level



### SOLAR

Delay of projects >10 from 20 to 21 due to COVID; no significant deliveries in Q4 20 as expected; ca. 8m EUR less traded parts in 20 vs. 19

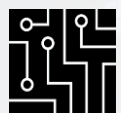
# EBIT BY SEGMENT

## 12 MONTHS 2020



EBIT in Mio. EUR	2020	2019	Δ%
Electronics	3.4	7.4	-54.1
Development	2.9	2.9	0.0
Welding	-2.8	1.1	-354.5
Solar	4.0	7.8	-48.7
Total	7.5	19.2	-60.9

» ALL BUs: Cost Saving effects have enhanced profitability since Q2



### ELECTRONICS

Lower revenue, fewer large orders, cost measures



### DEVELOPMENT

Slightly lower volume, stable earnings due to cost measures



### WELDING

Lower volume, cost measures



### SOLAR

Lower revenue but less traded components and cost reductions

# FREE CASHFLOW

## AS PER 31 DECEMBER 2020



in Mio. EUR	2020	2019
Net cash used in/generated by operating activities	4.0	48.0
Net cash used in investing activities	-9.5	-5.8
Free cashflow	-5.5	42.2
Net cash position as per Dec 31	15.2	24.5

### » NET WORKING CAPITAL EFFECTS 2020

Receivables and Inventory improvements but some negative effect due to Covid, compensation in payables

Delayed advance payments (solar), all received in Q1; total impact EUR 5m

Target remains at <10%

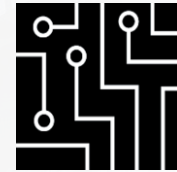
### » INVESTMENT

No changes in planned investment includes LIDE foundry



### DEVELOPMENT

- Higher Penetration/share of laser equipment



### ELECTRONICS

- LIDE: progress especially in display, semiconductor
- AMP: First machines ordered/delivered, more expected
- Cutting / Stencil: market success new offers



### SOLAR

- Customer expansion (frame order 2020)
- Technology expansion (CIGS, key order Dec20)



### WELDING

- Expansion of applications (positive reactions, funnel)
- Expansion in medical and other areas (traction visible)





### SUSTAINABLE VALUE CREATION

- Our technologies enable better products with less resources
- Our solar systems increase the efficiency of solar modules and improve the carbon footprint
- Strong customer focus
- 62 patent families with 250 individual patents & applications
- 10% of revenue invested in R&D
- >20% of workforce in R&D
- Strong focus on product quality
- ISO 9001 certificate



### ENVIRONMENT

- Reduction of 56% CO<sub>2</sub> emissions within 2 years
- 100% renewable energies at German sites
- LPKF complies with RoHS and REACH requirements
- We require our suppliers to rule out the use of conflict minerals in a self-declaration



### EMPLOYEES

- Occupational safety and health protection system
- Works council to guarantee interests and rights of employees
- Group-wide staff development program
- Diversity: Equal opportunities regardless of gender, nationality, skin color, religion and sexual orientation
- Idea management with rewards



### SOCIETY

- Compliance Code requires employees to observe legislation on the protection of human rights
- Whistleblowing system since 2017
- Suppliers have to commit to complying with a social responsibility code

» Further improvement in all areas targeted

## »» FORECASTS IN TIMES OF COVID 19

The ability to make short-term forecasts is still limited as the economic environment continues to be characterized by considerable uncertainty surrounding the ongoing COVID-19 pandemic.

At this time, we can clearly see that in 2021 we will grow our business significantly.

The medium-term prospects for LPKF, and particularly the growth outlook for the LIDE segment, remain unchanged.

## »» FOR 2024, LPKF ANTICIPATES:

### GROUP SALES

➤ 360 MIO. EUR

### EBIT MARGIN

> 25%

This forecast is subject to stable growth in the global economy.



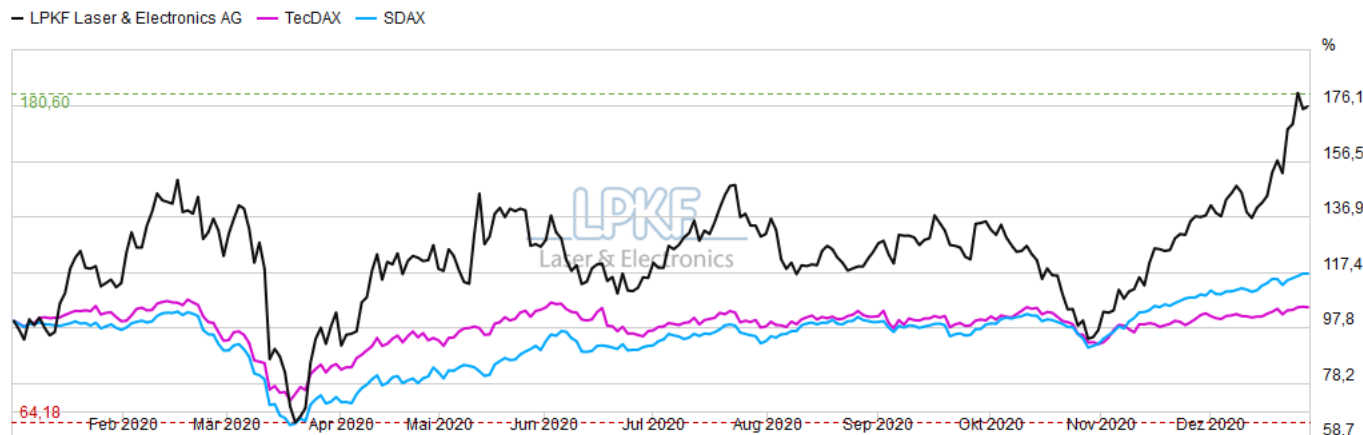
 THANK YOU!



 **BACKUP**



### SHARE PRICE DEVELOPMENT



Jan 2020 – Dec 2020

### INVESTOR RELATIONS

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### ANALYST COVERAGE

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 Warburg Research GmbH, Robert-Jan van der Horst  
 Stifel Europe Bank AG, Florian Pfeilschifter  
 HSBC, Richard Schramm  
 Quirin Privatbank AG, Klaus Soer  
 EQUI.TS GmbH, Thomas Schießle

### SHAREHOLDER STRUCTURE

100 % of the LPKF Laser & Electronics AG's shares are in **FREE FLOAT**.

#### MAJOR SHAREHOLDERS

The Capital Group / Small Cap World Fund (> 5 %)  
 Société Générale S.A. (> 3 %)  
 Universal Investment Gesellschaft mbH (> 3 %)

# » STRATEGIC OUTLOOK

## PROFITABLE GROWTH AND CASH CONVERSION



### PROFITABLE GROWTH

through permanent innovation and stable gross margins – current and new business



### EBIT-MARGIN EXPANSION

Operating Leverage and further efficiency improvements



### ASSET-LIGHT BUSINESS

in equipment, sales and service  
medium-light in glass foundry



### IMPROVED WORKING CAPITAL

Working capital target:  
< 10 % of net sales

# KEY PERFORMANCE INDICATORS

## FOR FUTURE GROWTH



	2020	2024 (e)
Revenue (in million EUR)	96.2	360
Recurring Revenue	26%	30%
EBIT margin	7.8	>25%
Net Working Capital*	20.5	<10%

### » RECURRING REVENUE

From service, license fees and foundry business

### » EBIT

Operating Leverage

### » WORKING CAPITAL

Target < 10%

### » INVESTMENTS

Replacement, R&D, LIDE foundry/growth

### » FREE CASHFLOW

High cash conversion, order & investment based swings

\* incl. IFRS 15

# INCREASING EBIT-MARGINS

## OPERATING LEVERAGE INCREASES PROFITABILITY



### GROSS MARGINS

- Permanent product innovation in all Business Units, stable Gross Margins
- Margins LIDE and other new Business similar to today's business

### INCREASED EFFICIENCY

- In indirect areas by 5-15 % p.a. over the next years
- e.g. digitalization of sales administration, accounting, etc.
- R&D to grow more than general fixed cost

### OPERATING LEVERAGE

- Underproportional growth of fixed cost – increase in EBIT margin

**SALES GROWTH 2019 – 2024: +160 %**

**FIXED COST 2019 – 2024: +80 %**

### HISTORICAL MARGINS CONFIRM OPERATING LEVERAGE

- EBIT 2017/18: 4-6% (adjusted ca. 0-8%) -  
2019: 13,7% - 2024: >25%



# ASSET-LIGHT BUSINESS MODEL

## SUFFICIENT PRODUCTION CAPACITIES WITH ASSET LIGHT ASSEMBLY



### DEVELOPMENT

- Production Capacity 2 x 2019



### ELECTRONICS

- Production Capacity 2 x 2019  
+ LIDE equipment production



### WELDING

- Production Capacity 4 x 2019

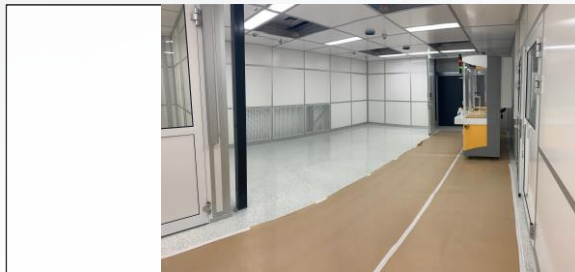


### SOLAR

- Production Capacity 2 x 2019



Core Business and LIDE Equipment: Assembly, no machining, low value add in production



### LIDE FOUNDRY

- EUR 20 – 30 million investment during 2020 – 2024
- Phase 1: 8m EUR, flexible ramp up

# WORKING CAPITAL AND FREE CASH FLOW

## ATTRACTIVE FREE CASH FLOW WITH HIGH CASH CONVERSION



### NET WORKING CAPITAL TARGET

- Target: < 10% of annual revenue 2019: 12.2%  
2020: 20.5%

### EQUIPMENT

- < 30 days incl. down payments

### SERVICE

- 30 days (< 30 days DSO, some inventory)

### FOUNDRY

- 30 days (only DSO, rest insignificant)

### FREE CASH FLOW

- Growing Working Capital and Investments financed by Profitable Business
- Will continue to see order and investment based swings
- Attractive Free Cash Flow, LPKF remains debt free
- Dividends paid based on Free Cash Flow

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