

Successful 2019 Financial Year for LPKF: Record Revenue of EUR 140 million

- LPKF intends to propose a dividend of 10 Eurocent per share to AGM
- Ability to forecast for 2020 limited due to the COVID-19 pandemic
- Company continues to expect strong medium-term revenue and earnings growth

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Management Board:
Dr. Goetz M. Bendele (CEO)
Christian Witt (CFO)

Shares:
SDAX
ISIN 0006450000

Garbsen, 24.03.2020 - In the Annual Report of LPKF Laser & Electronics AG published today, the Managing Board reports a remarkably positive development of its business in 2019. The company's ability to forecast the current year is severely limited by the COVID-19 pandemic. In the medium term, however, LPKF continues to expect strong growth in revenue and earnings.

With revenue growth of 17% to EUR 140 million, LPKF has reached the upper end of its own forecast which was raised once during the course of the year. Earnings before interest and taxes (EBIT) has increased by 182 % to EUR 19.2 million; the EBIT margin of 13.7% was considerably higher than the prior year figure (2018: 5.7%). The profitable growth and a strong improvement in working capital has enabled LPKF to generate a free cash flow of EUR 41.5 million in 2019. While LPKF has shown net debt of more than EUR 40 million as recently as the middle of 2018, it has shown net cash reserves of EUR 24.5 million at the end of 2019. The return on capital employed (ROCE) has more than tripled to 25.5% (prior year: 7.0%). At EUR 114 million in 2019, order intake was 18 % lower than the prior year figure, while order backlog as of December 31, 2019 was at EUR 32 million, also lower than the prior year figure of EUR 58 million; this development is driven in part by the different timing of major orders, especially in the Solar segment.

CEO Goetz M. Bendele and CFO Christian Witt have taken on the leadership of LPKF approx. two years ago, and they have accomplished one key objective in the 2019 financial year – namely, to return technology company LPKF to sustainable profitability, and to generate growth that corresponds to the company's potential. "The key figures illustrate a very positive overall development of our business. LPKF has created substantial value for its shareholders in 2019", says Bendele, and adds: "We are now clearly and systematically moving in the right direction, even if we are still not anywhere near our ultimate goals. There is still much to be done for 2020, regardless of current developments beyond our control".

LPKF generated profit in all four segments, became debt-free by the middle of 2019, and built up a substantial net cash reserve in the second half of the year. For Christian Witt, decisive factors behind this turnaround were the strong revenue growth in all segments, and consistent, targeted efficiency improvements throughout company operations, as well as a significant reduction in working capital. The outcome is a profitable LPKF which has sufficient financial resources to invest in research & development and the commercialisation of future technologies. "The new LPKF is faster, leaner, and a stable partner for customers and suppliers – even and especially in difficult times", says Witt.

In spite of the anticipated effects of the COVID-19 pandemic, Management Board and Supervisory Board currently intend to propose a dividend of 10 Eurocents per share for the

2019 financial year at the annual general meeting, the first dividend in 4 years. "At the 2019 annual general meeting, we announced that we would position LPKF such that we are able to invest in technology *and* pay a dividend. We are pleased that we have succeeded in doing so", says Bendele.

LPKF has responded early to the corona virus outbreak. and has taken comprehensive measures to protect its employees and their families; initially in China, and at all global locations since mid-February. Teams are working from home wherever possible, locations are divided into sections without physical interaction, and protective measures have been systematically implemented. So far, business – including production at each of our locations – is going ahead without restrictions. The company will continue to do everything in its power to minimize the economic impact and continue to serve its customers as effectively as possible during the pandemic.

Only five weeks ago, the Management Board was expecting revenue and earnings growth for the current financial year, assuming a stable development of the global economy; since then, coronavirus disease has developed into a pandemic. Economists now expect a sharp downturn towards recession, followed by recovery. With that, the ability to forecast for the current financial year 2020 is severely limited. In the event of a more pronounced recession, LPKF will have to anticipate a decline in revenue and earnings in 2020. For subsequent years, the company still expects sustainable, profitable growth in all segments. In addition, the innovative LIDE technology, whose revenue and profit potential were recently reviewed and assessed following progress made in several LIDE customer projects, will add to this growth.

The annual report is available in German and English at <https://www.lpkf.com/en/investor-relations/publications>.

About LPKF

LPKF Laser & Electronics AG is a leading supplier of laser-based solutions for the technology industry. LPKF laser systems are vital in the manufacture of printed circuit boards, microchips, automotive parts, solar modules and many other components. Founded in 1976, the company is headquartered in Garbsen near Hanover, Germany, and operates worldwide through subsidiaries and distributors. LPKF shares are traded in the Prime Standard segment of the German Stock Exchange (ISIN 0006450000).