

LPKF: Seasonally weak Q1, no change to medium-term forecast

- Ability to forecast for 2020 remains limited due to the COVID-19 pandemic

- LPKF continues to expect strong medium-term revenue and earnings growth

Contact:
Bettina Schaefer
bettina.schaefer@lpkf.com
Tel. +49 5131 7095-1382
Fax +49 5131 7095-90

LPKF
Laser & Electronics AG
Osteriede 7
D-30827 Garbsen
www.lpkf.com

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

Shares:
SDAX
ISIN 0006450000

Garbsen, 05.05.2020 - The LPKF Group's first quarter revenue was EUR 19.5 million, around 46% below the previous year's figure of EUR 36.4 million and within the forecast range of the Management Board. The low revenue has led to negative earnings before interest and taxes (EBIT) of EUR 2.4 million. In the first quarter of the previous year, LPKF had generated a profit of EUR 6.1 million.

LPKF already forecast a weak first quarter back in February. The seasonal timing of large orders from the company's two biggest customers accounts for almost the entire difference to the first quarter of last year. There was only minor impact of the COVID-19 pandemic. LPKF is expecting a significant revenue increase in the current second quarter, including from large orders, some of which have already been delivered.

The CEO, Goetz M. Bendele, shares his optimistic outlook, even against the current macro-economic backdrop: "Apart from some project and order delays, we experience fundamentally strong demand for our solutions and services."

Net working capital has increased from EUR 17.1 million at the end of 2019 to EUR 22.8 million at the end of March. LPKF has temporarily increased inventory levels in order to limit the impact of any supply chain disruption during the COVID-19 pandemic. The company continues to be net debt free, and the Group's net cash reserve at the end of March was EUR 14 million, with total cash on hand of EUR 20.3 million. Incoming orders were EUR 21.2 million in the first quarter (Q1 2019: EUR 21.6 million), slightly below the prior year figure. At EUR 34.5 million, order backlog at the end of March was slightly above the year-end figure (EUR 32.3 million).

LPKF has been focusing on addressing the effects of the COVID-19 pandemic since the beginning of the year. At all of our locations, teams are working from home wherever possible, locations are divided into sections without physical interaction, and protective measures have been systematically implemented. Business – including production at each of our locations – is going ahead without restrictions, and no one has been infected at any of our locations. "We are changing, and we learn continuously – and faster than before – during this period," says Bendele. Even sales and service activities can take place online; digital collaboration with our customers is becoming stronger. While LPKF has seen sporadic postponements of orders and projects, there have not been any order cancellations to date.

At this time, the German government is expecting a severe recession for Germany, while assuming that the subsequent recovery will begin during the second half of 2020. Other governments have shared similar points of view. “The deciding factor for the current financial year is whether the expected recovery will already occur in the second half of this year, and whether built-up demand will be caught up then,” says Bendele. However, the ability to forecast the current financial year is still severely limited.

Overall, LPKF is now well positioned and financially stable. The Management Board believes that this is due to the enormous and rapid development of the company in the last two years. “Various operational measures, stronger customer orientation throughout the company, improvement of our competitive position including through cost reduction, foreseeable additional growth from our new technologies, particularly LIDE – with all this, we are confident that LPKF will successfully overcome the challenges posed by the current crisis,” says CFO Christian Witt.

For the second quarter, LPKF expects revenue of EUR 28 to 33 million and a profit of EUR 1 to 4 million. LPKF continues to expect sustainable, profitable growth in all segments in the coming years, and confirms the medium-term forecast made in February.

The quarterly 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 SDAX of the German Stock Exchange (ISIN 0006450000).