

LPKF increases profitability in the third quarter

- Third quarter earnings above expectation

- Strong medium-term revenue and earnings growth expected

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LPKF

Laser & Electronics AG
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Management Board:

Dr. Goetz M. Bendele (CEO)
Christian Witt (CFO)

Shares:

SDAX, TecDAX
ISIN 0006450000

Garbsen, 29 October 2020 – In the third quarter, LPKF Group revenue was EUR 25.2 million, in line with the company's forecast. Although this was still lower than the prior year figure, LPKF was able to generate earnings before interest and taxes (EBIT) of EUR 4.0 million. This corresponds to an EBIT margin of 15.9 %, higher than the EBIT margin of 14.9 % recorded for the third quarter of 2019 which had much higher revenue. In the first nine months of the financial year, LPKF Group revenue was 75.2 million, and EBIT was EUR 6.8 million or 9.1 % of revenue.

"We have shown that even at a lower revenue level, LPKF not only generates profit but also shareholder value for our investors," says Goetz M. Bendele, CEO of LPKF. The high profitability relative to revenue is due to the fact that the company is able to generate good gross margin levels with its solutions and services, and at the same time systematically reduce the company's (fixed) cost base further. "Regardless of any near-term economic developments, we will maintain our focus on cost and performance improvements, along with targeted investments in technologies and applications," adds Bendele.

LPKF continues to be net debt free, with total cash on hand of EUR 13.3 million. At EUR 25.7 million, incoming orders in the third quarter were slightly above revenue. Order backlog at the end of September was EUR 22.4 million, slightly above the mid-year figure. Both incoming orders for the first nine months and orders on hand at the end of September are slightly higher this year than in 2019 if large orders from a customer in the Solar segment are excluded from the comparison.

CFO Christian Witt believes that LPKF is well positioned and financially stable: "By cutting costs quickly and flexibly, we can maintain an appropriate profitability even when operating at a lower revenue level – and at the same time, we invest in new technologies and applications, and can quickly ramp up our capacities when demand increases. We are confident that LPKF will successfully overcome the challenges posed by the current crisis, and that we will ultimately emerge stronger from this crisis," says Witt.

The COVID 19 pandemic has triggered a severe recession in most economies and is currently once again gaining strength in most of the company's markets. An end to the pandemic is not yet in sight. Against this backdrop, the Management Board's ability to forecast remains limited.

For 2020, the company expects to generate revenue between EUR 96 and 102 million and an EBIT margin of 8 to 12 %. For 2021 and the following years, the Management Board continues to expect sustainable, profitable growth in all segments and confirms the medium-term forecast given in February.

The quarterly financial 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 and TecDAX of the German Stock Exchange (ISIN 0006450000).