

LPKF Policy

Strategy

Vision

Light is THE tool of the future.

Mission

“As a specialist in laser technology we enable miniaturization and digitization.”

Corporate responsibility

For the LPKF Group, sustainability means acting with responsibility, achieving economic success as well as both ecological and social progress while working to secure the future of the Company.

Mission statement

All activities of the LPKF Group are geared toward the success of its customers. All activities and decisions are aimed at improving the competitiveness of the Group's customer base through technical advancement and efficiency gains. Strengthening LPKF in the long term serves the interest of all customers, business partners, employees and shareholders. Management therefore emphasizes strengthening the Group's innovation resources and ensuring profitability.

LPKF is a technology group. LPKF shapes technological progress and gains leading market positions through the strength of its superior technical solutions. LPKF concentrates its efforts on products with the potential to become market leader or at least number two in the market. A sense of professional partnership characterizes relationships with customers, suppliers and representatives as well as the working relationships among employees within the LPKF Group. As an internationally active group, LPKF

strives for understanding various cultures and philosophies and always places the Group's interests above those of its individual subsidiaries.

The high quality of its products is the key to customer satisfaction. All employees shoulder responsibility for the quality of the work the LPKF Group does for its customers. LPKF promotes the professional qualifications of its employees to sustain the high quality of LPKF products.

With laser-based technology, LPKF helps to reduce the environmental impact generated by chemical waste. LPKF designs its products and internal processes as eco-friendly as possible. Health and well-being are the foundation for success. LPKF pays special attention to both occupational safety and promoting the health of its employees. As a technology leader, LPKF always strives to optimize its products and the processes necessary for their development. It goes without saying that this requires a corporate culture that is open and encourages learning and constructive criticism. LPKF's responsibility extends to its customers, employees, business partners, shareholders and the public. Being a good corporate citizen includes obeying applicable laws at all times and everywhere, respecting ethical principles and pursuing sustainability. The LPKF Compliance Code supports the Company's employees in this endeavor.

Success factors

LPKF specializes in innovative mechanical engineering solutions, primarily laser-based systems.

The Group's success is based on its understanding of laser micro-processing of different materials. A key factor of success is the LPKF's focus on core competencies and the interplay between them:

Core competencies

- Laser technology and optics
- Precision drive systems
- Control technology and software
- Materials technology

Other success factors include close relationships with customers and a thorough understanding of the core markets of electronics, automotive, solar and medical technology.

Corporate goals, objectives and action areas

Corporate goals

The Group's fundamental, overarching corporate goal is to increase the value of the Company in the long term. The Group's technical edge is continually sharpened to achieve this goal. A strong emphasis on R&D work is of central importance. Furthermore, a solid financial basis with a high equity ratio contributes towards achieving this goal. LPKF aims at achieving a return on capital employed (ROCE) of 10% to 15% by 2020.

Strategic objectives

The Company's long-term activities for reaching the toplevel corporate goals are mainly grouped into four strategic objectives:

- Increasing customer benefit
- Driving innovation
- Boosting efficiency
- Optimizing the Group structure

Strategic action areas

The interplay of corporate goals and strategic objectives results in the following 12 action areas:

Basically:

1. Development of the Group and strengthening of its financial position

The Group's efforts are focused on the welfare of the Group as a whole. In order to ensure and advance the Group's welfare, LPKF supports the individual strategic objectives.

Increasing customer benefit:

2. Optimizing the existing product portfolio

The product portfolio is continually being reworked and overhauled. In this context, LPKF aligns its efforts with changing customer needs and updates its products and processes to ensure it always offers its customers the best price-performance ratio. Closely networking the Company's development departments with market research, sales and service, and providing a R&D budget averaging at least 10% of revenue make a significant contribution to reaching this goal.

3. Optimizing product structure

Growth and the increasing complexity of products as well as co-operation across the Group place high demands on the product structure. Using economies of scale and Groupwide best practices is intended to further increase profitability. All products are regularly reviewed with the aim of justifying their continued existence.

4. Increasing and guaranteeing quality

Quality is a central value of LPKF products along with cost-efficiency. Rapidly offering customers stable machines suitable for volume production in view of frequently short development cycles requires LPKF to continually improve its ability to avoid defects, detect them, rectify them and learn from them.

5. Enhancing customer proximity

Strengthening key account management will enable the entire Group to respond to the demands of major international customers. The industry-specific expertise of individual segments should also be utilized to an even greater extent across segments.

Driving innovation:

6. Attaining technological leadership

The Company will further strengthen its technology management to systematically manage and coordinate the collective use of its resources. In addition to its own R&D activities, the LPKF Group will develop new processes and products for future markets in cooperation with universities and institutes as well as in joint projects with industry partners.

7. Expanding the business base

LPKF will expand its business base in the interest of minimizing its financial dependence on individual product lines and sectors and therefore reducing the risk and effects of economic volatility. This comprises both further penetration of established markets as well as the development of new sectors and areas of application to

which the Company can transfer existing processes and products, e. g. through cross-selling activities within the Group.

8. Extending services and products to all development and manufacturing processes

The Group will try to extend its “product” beyond purely the machine to offer customers a complete process to solve their technical issues.

Boosting efficiency:

9. Improving the basis for making decisions

At LPKF, decision-making is analytical and structured, and uses standardized ratios as much as possible.

10. Breathing organization and establishment of lean concepts

To avoid activities that do not create value, LPKF institutes a culture of continual improvement and in accordance with lean principles throughout the Group.

11. Reinforcing cooperation across business units and sites

Within the Group, LPKF will network its capacity and potential and thus exploit these optimally. LPKF is focused on harmonizing processes and structures across the Group, thereby creating long-term added-value in all units of the Company.

12. Systematic personnel development

Personnel development is essential for the Company’s success in the long term. Continued systematization of key HR processes is a working priority within the LPKF Group.