

## LPKF SE business performance after nine months of 2024

- **Megatrend AI and transformation in the semiconductor market drive strong demand for LIDE products**
- **Ongoing reluctance to invest in the automotive market leads to slight adjustment of guidance for the full year**
- **Concrete measures to reduce fixed costs and optimize overall efficiency have been identified and are being implemented**

*Garbsen, 24 October 2024* – The technology company LPKF Laser & Electronics SE published its financial report for the third quarter of 2024 today. The global economic conditions for plant and machinery manufacturers remain tense during the course of the year. LPKF is also noticing a reluctance to invest, particularly in the automotive sector. Despite these challenges, the company performed solidly. Particularly noteworthy is the further increase in demand for LIDE (Laser Induced Deep Etching) technology, which is driven by the megatrend of artificial intelligence and the transformation to glass substrates in the semiconductor market.

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### Financial key figures

Sales reached EUR 82.5 million after nine months (9M 23: EUR 80.9 million). Adjusted earnings before interest and taxes (EBIT) amounted to EUR -5.6 million, EBIT to EUR -6.7 million (9M 23: EUR -4.6 million). In the third quarter, revenue amounted to EUR 27.3 million (Q3 23: EUR 33 million) and EBIT to EUR -1.2 million (Q3 23: EUR 2.6 million). Adjusted EBIT for the third quarter was EUR -0.6 million. LPKF is thus in line with its own guidance for the third quarter of 2024 (revenue between EUR 26 and 31 million, adjusted EBIT in the range of EUR -3 to 2 million).

Incoming orders after nine months amounted to EUR 84.1 million, down 10.5% compared to the previous year (9M 23: EUR 94.0 million). The order backlog fell from EUR 76.2 million in the previous year to EUR 61.2 million. LPKF anticipates order entry in the Electronics and Solar segment to improve in the coming months, while the company does not expect any short-term improvements in the Welding segment because of the weakness of the automotive sector.

A look at business development in the segments reveals a mixed picture. The Welding segment continues to be strongly affected by the weakening automotive industry. Revenue, earnings and incoming orders remain below expectations. Despite the introduction of a new product line to expand the addressable market, LPKF does not expect to see any noticeable improvement in this segment in the near future and has initiated measures to reduce operating costs.

Since its market launch, the new biotechnology division ARRALYZE has attracted a great deal of interest in various fields of application related to single-cell analysis. In both Europe and the United States, LPKF is working with cooperation partners who are field testing the use of ARRALYZE in their own operations.

The momentum in the LIDE systems business continues to be strong, with LPKF expecting to double its sales relative to the previous year. With its patented LIDE glass processing method, LPKF delivers the key technology for boosting the performance of microchips. Major semiconductor manufacturers have publicly announced that they will use glass for advanced packaging, initially for applications for AI-driven high-performance computing. This paradigm shift has led to a strong increase in demand for LPKF's unique and highly advanced LIDE systems. In the display sector, the company continues to see good opportunities for a volume application of LIDE technology after completing a development partnership with a leading display manufacturer.

#### **Measures to reduce fixed costs and optimize company efficiency**

In collaboration with an external consultant, LPKF has identified specific areas in which the company can improve efficiency and materially reduce costs. Concrete measures have been developed for these areas and are now being implemented with high priority. The aim is to reduce operating costs and increase efficiency throughout the Group. It is expected that this will result in total annualized savings of around EUR 5 - 7 million, which will significantly improve the EBIT margin in 2025.

#### **Outlook**

In the medium term, LPKF continues to aim to increase the Group's profitability to an attractive double-digit EBIT margin. LIDE technology will play a key role in this. LPKF is currently very pleased with the momentum in this area. In the short term, however, the company faces a number of challenges, including the weak economy, the reluctance of key customers to invest, particularly in the automotive market, and the impact on the welding business. For this reason, expectations for the current year have been adjusted slightly downwards.

For the financial year 2024, LPKF now expects consolidated revenue of EUR 125 - 130 million (previously: EUR 130 - 135 million) and an adjusted EBIT margin between 3.5 - 6.5% (previously: 4% and 7%).

In the medium term, as already communicated, LPKF aims to achieve an attractive single-digit growth rate for its core business. In addition to the core business, the new business initiatives in the semiconductor, display and biotechnology markets are expected to contribute a total sales in the low three-digit million euro range in the medium term. Based on the growth in sales and the resulting economies of scale, the Management Board aims to achieve an attractive double-digit EBIT margin for the LPKF Group in the coming years.

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

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\*Adjusted EBIT is EBIT adjusted for restructuring and severance costs and changes in the long-term incentive (LTI) due to fluctuations in the performance factor or the share price. LPKF expects these costs to amount to 0.5 - 1.5% of revenue in the 2024 financial year. Adjusted EBIT is reported in order to be able to compare operating profitability between periods.

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**About LPKF**

LPKF Laser & Electronics SE is a leading provider of laser-based solutions for the technology industry. LPKF laser systems are of crucial importance to the production of printed circuit boards, microchips, automotive parts, solar modules and a large number of other components. Founded in 1976, the company is headquartered in Garbsen near Hanover and operates worldwide via subsidiaries and representative offices. The shares of LPKF Laser & Electronics SE are traded in the Prime Standard segment of Deutsche Börse (ISIN 0006450000).



Headquarters of LPKF Laser & Electronics SE in Garbsen near Hanover