

NEWS RELEASE

Johnson Electric reports 16% increase in net profit for the half year ended 30th September 2017

Highlights of 2017/18 Half-Year Results

- Group sales US\$1,532 million – up 12% compared to first half of the prior financial year. Excluding the impact of acquisitions and foreign exchange rate changes, sales increased by 6%
- EBITDA increased 15% to US\$260 million or 17.0% of sales (16.5% in prior year)
- Operating profit increased 15% to US\$170 million or 11.1% of sales (10.8% in prior year)
- Net profit attributable to shareholders up 16% to US\$140 million or 15.8 US cents per share on a fully diluted basis
- Total debt to capital ratio of 18% and cash reserves of US\$160 million as of 30th September 2017
- Interim dividend increased by 6% to 17 HK cents per share (2.18 US cents per share)
- Acquisition of an additional 50% interest in Halla Stackpole Corporation completed on 16th May 2017

HONG KONG, 8th November 2017 – Johnson Electric Holdings Limited (“Johnson Electric”), a global leader in electric motors and motion subsystems, today announced its results for the six months ended 30th September 2017.

Group sales for the first half of the 2017/18 financial year totalled US\$1,532 million, an increase of 12% over the first half of the prior financial year. Excluding the impact of acquisitions and foreign exchange rate changes, underlying sales increased by 6%. Net profit attributable to shareholders increased 16% to US\$140 million or 15.8 US cents per share on a fully diluted basis.

Johnson Electric's positive financial performance reflected solid organic growth from both its Automotive Products and Industry Products divisions, as well as the effect of additional contributions from the acquisition of AML Systems in May 2016 and the increased shareholding in Halla Stackpole Corporation in May 2017. The Group has continued to gain share in a number of key product application segments where customers are seeking innovative motion solutions in markets undergoing major regulatory and technology change. At same time, ongoing investments are being made to support new business wins and to establish a global production model that offers best-in-class cost and responsiveness.

Overview of Financial Results

The Automotive Products Group ("APG"), excluding acquisitions, increased sales by 6% on a constant currency basis compared to the first half of the prior year. The strongest business unit performances came from Powertrain Cooling, Actuator Systems and Body Comfort. Partly offsetting this strength was the somewhat weaker sales performances of Stackpole International and Body Instruments.

APG's overall business trajectory continues to compare favourably with recent global automotive industry volume growth. North American light vehicle production during the period under review declined by 6%; European passenger car production increased by 1%; and Asia's production was up by just over 2%. The sustained success of APG's business in the current operating environment is primarily due to its ability to offer cost-competitive technology solutions to several of the most critical imperatives for OEM end-customers: reduced emissions; improved fuel economy; higher safety; and greater comfort.

The Industry Products Group ("IPG"), which contributed 24% of total Group sales, recorded 8% sales growth in constant currency terms in the first half. This was an excellent performance given the relatively lacklustre consumer demand and deflationary pressures in many of our customers' end markets. And it is indicative of a more streamlined and more focused management effort to drive sales in segments where Johnson Electric's technology offering is most advantaged. Among IPG's most rapidly growing product applications are medical devices, lawn and garden equipment and remote disconnect metering.

Gross profit increased by 4% to US\$382 million – which as a percentage of sales represented a decline from 26.8% to 24.9%. This was partly due to the negative impact of pricing pressure and higher labour and depreciation expenses; and also partly due to product mix changes as the result of acquisitions. The recently acquired Halla Stackpole Corporation and AML Systems are automotive components businesses that, consistent with the market segments they serve, have lower average gross margins than the Group as a whole – but also feature cost structures with much lower overheads.

Group operating profits increased by 15% to US\$170 million or 11.1% of sales (up from 10.8% in the prior year). The increase in operating profits, whilst higher than anticipated, was held back slightly by the combined net impact of two non-cash items: a valuation gain related to the acquisition of an additional 50% equity interest in Halla Stackpole; and a mark-to-market liability related to structured foreign exchange contracts that form part of the Group's long-term operational hedging activities. Excluding these two items and the contributions of acquisitions during the period under review, net profits increased by 13% to US\$137 million.

Increased Interim Dividend

The Directors have today declared a 6% increase in the interim dividend to 17 HK cents per share, equivalent to 2.18 US cents per share (2016 interim: 16 HK cents per share). This is consistent with the previously announced intention to increase the ratio of interim dividends such that it represents approximately one-third of the prior financial year's total dividends paid. The interim dividend will be payable on 5th January 2018 to shareholders registered on 22nd December 2017.

Chairman's Comments on the Half-Year Results and Outlook

Commenting on the results and outlook for the remainder of the current financial year, Dr. Patrick Wang, Chairman and Chief Executive, said, "Johnson Electric is continuing to perform well heading into the second half of the current financial year".

“Although the automotive components industry has felt the negative effects of the cyclical slowdown in vehicle production volumes in some regions, many of the key trends shaping the sector are having a positive impact on demand for the Group’s products. The turnaround of our Industry Products Group has also been a positive development and management is working hard to ensure that the disciplined go-to-market strategies and careful cost control that have underpinned its return to growth are maintained”.

“Based on the current level of new business bookings - and assuming that the global economy continues its gradual recovery - we anticipate Johnson Electric’s overall sales growing at a mid-single digit percentage rate in constant currency terms for at least the next three to five years. This rate of topline growth may be periodically supplemented by acquisitions where we see an opportunity to add complementary capabilities and technology to the Group. However, with median acquisition multiples now exceeding the levels seen immediately prior to the 2008 Global Financial Crisis, we intend to remain highly selective and patient in pursuing the right transactions at the right prices”.

* * * *

About Johnson Electric Group

The Johnson Electric Group is a global leader in electric motors, actuators, motion subsystems and related electro-mechanical components. It serves a broad range of industries including Automotive, Smart Metering, Medical Devices, Business Equipment, Home Automation, Ventilation, White Goods, Power Tools, and Lawn & Garden Equipment. The Group is headquartered in Hong Kong and employs over 40,000 individuals in more than 20 countries worldwide. Johnson Electric Holdings Limited is listed on The Stock Exchange of Hong Kong Limited (Stock Code: 179). For further information, please visit: www.johnsonelectric.com.

For more information, please contact:

CT Hew, Hew & Associates
Tel : (852) 3958 2952
Mobile: (852) 9132 8828
Email : ct.hew@hewassociates.com

Note to Editors and Securities Analysts: The full text of the Half-Year Results announcement, including additional financial information, is available through the Investor Relations section of company’s website at www.johnsonelectric.com