

NEWS RELEASE

Johnson Electric reports results for Half-Year ended

30th September 2012

Highlights of Half-Year Results

- Group sales US\$1,043 million – down 7% compared to the first half of prior financial year. Excluding foreign currency effects and non-recurring items, sales increased by approximately 1%
- Gross profit margin improved to 28.4% from 27.2%
- EBITDA excluding nonrecurring items US\$153 million – down 9%
- Net profit attributable to shareholders down 16% to US\$85 million or 2.37 US cents per share on a fully diluted basis
- Debt to total capital ratio of 10% and cash reserves of US\$347 million as at 30th September 2012
- Interim dividend of 3 HK cents per share (0.38 US cents per share)

HONG KONG, 8th November 2012 – Johnson Electric Holdings Limited (“Johnson Electric”), a global leader in motion subsystems and motors, today announced its results for the six months ended 30th September 2012.

Group sales for the first half of the 2012/13 financial year totaled US\$1,043 million, a decrease of 7% over the first half of the prior financial year. Net profit attributable to shareholders decreased by 16% to US\$85 million or 2.37 US cents per share.

The main factors behind the decline in total sales were the weakening of the Euro compared to the US Dollar (accounting for more than half of the sales decline), the one-time impact of in-sourcing a distribution channel in Europe, and the absence of sales of a non-core subsidiary which was divested in July 2011. Excluding these factors, Johnson Electric's sales increased by approximately 1% compared to the prior year period.

The backdrop to this essentially flat underlying sales performance was a world economy where most advanced economies struggled to grow and many emerging economies saw their previous rates of high growth momentum slowing rapidly. Indeed, perhaps the most striking and challenging aspect of today's operating environment is that virtually every major economy is simultaneously experiencing weak or weakening levels of industrial output.

The Automotive Products Group ("APG"), which contributed over 60% of total sales, performed well in the context of these tough market conditions. Excluding non-recurring items and foreign exchange rate effects, APG grew sales by 7% compared to the first half of the prior year – with increases recorded in Europe, Asia and the Americas. This was despite the fact that automotive industry sales volumes in Europe are at a 17-year low as the region's debt crisis has led to sharply reduced demand. Partially offsetting the severe market contraction in Europe has been the comparatively resilient sales output from luxury car manufacturers who are benefiting from growth in emerging markets, including China. The North American market has also performed surprisingly well as consumers replace older vehicles and overall sales volumes are now approaching the levels seen prior to the Global Financial Crisis. APG's positive sales result in the period was due to new product introductions and its favourable market positioning which continues to be strengthened by customers gravitating to suppliers who offer innovative technology, consistent quality and a genuinely global operating footprint.

The Industry Products Group (“IPG”), on the other hand, fared less well during the period with sales declining by 8% excluding non-recurring items and currency effects. This was primarily due to lower demand from games and toy product application segments in Asia, as well as the strategic decision to exit from selected lower margin applications that do not meet Johnson Electric’s profitability criteria. Subdued consumer sentiment and overall weaker demand depressed sales in Europe, while sales in the Americas grew slightly. IPG, which serves an extremely broad and diverse range of motion applications, is increasingly focused on developing products for specialised market segments that demand unique and customised solutions.

Operating costs during the period benefited from lower average commodity prices and ongoing expense reduction and productivity improvement initiatives. Offsetting this, however, was the combination of reduced fixed cost leverage as a consequence of lower sales volumes and labour cost inflation especially in China. In addition, foreign exchange rate movements (affecting both the sales and operating cost components) had a significant negative impact on the bottom line. As a result, although the Group managed to improve gross margins by 1.2% to 28.4% during the period, in absolute dollar terms operating profit and profit attributable to shareholders both declined by 16%.

Johnson Electric’s financial condition remains strong and was supported by consistent cash generation and further reductions in borrowings and financing costs. As of 30th September 2012, the Group’s total debt to capital ratio stood at 10% with cash reserves of US\$347 million.

The Directors have today declared an interim dividend of 3 HK cents, equivalent to 0.38 US cents per share (2011 interim: 3 HK cents per share) payable on 3rd January 2013 to shareholders registered on 27th December 2012.

Core Business Focus and Active Portfolio Management

Johnson Electric's core business is the supply of electro-mechanical motion systems and solutions to customers who value innovation and reliability. Within this defined market space, management regularly reviews the Group's mix of businesses and product lines for strategic fit and value creation potential. As a result, over the past five years, a number of actions have been taken to exit selected business areas and to focus new investments only on those activities that align closely with the Group's long term strategy.

Consistent with this approach, the Group has recently agreed to sell Saia-Burgess Controls, a business unit manufacturing programmable logic controllers and related components, for approximately US\$130 million. This business originally formed a part of the Saia-Burgess Electronics acquisition in 2005, but has been maintained and managed as a relatively stand-alone operation due to its distinct product line and customer base. The proceeds of this divestment, which remains subject to customary regulatory approvals, will be reinvested in the Group's core business – either through the normal course of organic business expansion or through acquisitions should suitable opportunities arise.

Chairman's Comments on Results and Outlook

Commenting on the half-year results, Patrick Wang, Chairman and Chief Executive, said, "Johnson Electric delivered a solid performance in the first half, considering the relatively weak global macro-economic environment for industrial manufacturing businesses and the adverse impact of foreign exchange rate movements."

"Overall, I am very satisfied with the strategic development and progress of the Group in what remains a challenging operating environment. Johnson Electric's financial condition is strong and we are seeing a consistently positive response from customers to our focus on product innovation, quality and assurance of supply."

Discussing the Group's prospects, he said: "The near term outlook for business growth must inevitably be tempered by continued concerns about the health of the world economy. The International Monetary Fund recently cut its global growth forecasts as the Eurozone's debt crisis intensified and warned of even slower expansion unless politicians in both Europe and the USA take more concrete steps to address significant threats to their economies. In our own business, current trading patterns overall are broadly similar to those experienced in the first half of the financial year."

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About Johnson Electric Group

The Johnson Electric Group is the global leader in motion subsystems, including motors, solenoids, switches and flexible interconnects. It serves a broad range of industry segments including automotive, building automation and security, business machines, defense and aerospace, food and beverage, home technologies, HVAC, industrial equipment, medical devices, personal care, power equipment and power tools. The Group is headquartered in Hong Kong and the total global headcount including contract employees stands at approximately 38,000 individuals. Innovation and product design centres are located in Hong Kong, China, Switzerland, Germany, Italy, Israel, Japan, UK and USA. Johnson Electric Holdings Limited is listed on The Stock Exchange of Hong Kong Limited (code 179). For further information, please visit: www.johnsonelectric.com.

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Attached to this media release is a summary of Johnson Electric Holdings Limited's consolidated income statement for the six month period ended 30th September 2012. The full text of the half-year results announcement including the Letter to Shareholders is available through the Company's website at www.johnsonelectric.com.

JOHNSON ELECTRIC HOLDINGS LIMITED
CONSOLIDATED INCOME STATEMENT
For the 6 months ended 30th September

	2012	2011	
	US\$M	US\$M	<i>% change</i>
Sales	1,042.7	1,118.1	-7%
Cost of goods sold	(746.3)	(814.5)	-8%
Gross profit	296.4	303.6	-2%
Other income and gains, net	1.3	2.8	
Selling and administrative expenses	(197.8)	(187.7)	
Operating profit	99.9	118.7	-16%
Finance income/(costs), net	2.4	(1.3)	
Share of profits of associate	0.2	0.2	
Profit before income tax	102.5	117.6	-13%
Income tax expenses	(14.5)	(16.1)	
Profit for the period	88.0	101.5	-13%
Non-controlling interests (profit)/loss	(2.7)	0.1	
Profit attributable to shareholders	85.3	101.6	-16%
Basic earnings per share (in US cents)	2.38	2.79	-15%
Fully diluted earnings per share (in US cents)	2.37	2.78	-15%

Note: The full text of the half-year results announcement including the Letter to Shareholders is available through the Company's website at www.johnsonelectric.com