

NEWS RELEASE

Johnson Electric reports results for the half year ended 30 September 2023

Highlights of FY23/24 Half-Year Results

- Group sales US\$1,937 million – up 9% compared to first half of the prior financial year. Excluding the effects of foreign currency movements and acquisitions, sales increased by 10%
- Gross profit US\$430 million or 22.2% of sales (compared to US\$355 million or 20.0% of sales in the first half of the prior financial year)
- Adjusted EBITA US\$180 million or 9.3% of sales (compared to US\$111 million or 6.3% of sales in the first half of the prior financial year)
- Net profit attributable to shareholders up 115% to US\$120 million or 12.99 US cents per share on a fully diluted basis
- Underlying net profit, excluding the net impact of unrealized gains or losses relating to exchange rate movements and restructuring costs, up 66% to US\$130 million
- Free cash flow from operations US\$208 million (compared to US\$80 million in the first half of the prior financial year)
- Total debt to capital ratio of 13% and cash reserves of US\$440 million as of 30 September 2023
- Interim dividend unchanged at 17 HK cents per share (2.18 US cents per share) with a scrip dividend alternative

HONG KONG, 8 November 2023 – Johnson Electric Holdings Limited (“Johnson Electric”), a global leader in electric motors and motion subsystems, today announced its results for the six months ended 30 September 2023.

Total Group sales for the first half of FY23/24 totalled US\$1,937 million, an increase of 9% over the first half of the prior financial year. Excluding the effects of foreign currency movements and acquisitions, sales increased by 10%. Net profit attributable to shareholders increased by 115% to US\$120 million or 12.99 US cents per share on a fully diluted basis. Underlying net profit, after adjusting for the effects of non-cash foreign exchange rate movements and restructuring costs, increased by 66% to US\$130 million.

Automotive Products Group

The Automotive Products Group (“APG”), which accounted for 84% of total Group sales in the period under review, reported a 17% increase in sales on a constant currency basis. This compares to global auto industry production volume growth over the same period of approximately 10%.

APG performed strongly in each of the three major geographic regions, with sales on a constant currency basis up by 12% in Asia, 25% in Europe, and 16% in the Americas. While many applications for APG’s products are agnostic to vehicle propulsion type, a significant part of the division’s growing dollar content per vehicle stems from sales of new motion-related products that are key technology and performance enablers of electrification. Among the most important of these are electric water pumps, coolant valve subsystems, and integrated thermal management subsystems.

The structural transformation of the automotive sector away from internal combustion engine propulsion to electric vehicles is reaching a tipping point. Sales of battery electric and plug-in hybrid passenger cars are on track to exceed 14 million in 2023 – representing roughly one in every six new cars sold worldwide (compared to 1 in 40 new cars sold in 2019). By far the most important market driving this growth is China, where electric vehicles currently amount to close to 40% of all new vehicle sales. In Europe and the USA, the equivalent figures are around 20% and 8%, respectively. Although the mix of regulatory, economic, technology, infrastructure, and customer preference factors that impact the uptake of electric vehicles will continue to vary by country, it has become increasingly clear that all major automotive OEM customers are focusing their growth and investment strategies on electrifying their range of new models. For component and subsystems

suppliers, the imperative is to develop solutions that support vehicle electrification at a competitive cost and on a global scale. In each of these respects, APG is making encouraging progress.

Industry Products Group

The Industry Products Group (“IPG”), which accounted for 16% of total Group sales, reported a 17% decrease in sales on a constant currency basis and excluding acquisitions.

IPG is experiencing a tougher year primarily due to two main macro-economic factors. Firstly, end-market sales of many “home centric” consumer products that boomed during the pandemic (home printers and coffee machines being two prime examples) are currently experiencing weaker demand as economies have reopened and consumers have rebalanced their expenditures towards services, entertainment and travel. Consequently, a number of IPG’s OEM and contract manufacturing customers – many of whom had also built-up large inventories to cope with the pandemic-induced disruptions to supply chains – have reduced or delayed orders of micromotors and motion-related components. Secondly, sharply higher inflation and rising interest rates are inevitably having a negative impact on consumer sentiment, spending on discretionary goods, and activity in the housing sector, which together underpin demand in several end-market segments served by IPG.

On the positive side, IPG has continued to grow sales in segments less sensitive to consumer sentiment, including medical device subsystems, semiconductor manufacturing equipment, and microscopy. In the medium to longer term, IPG is also exceptionally well positioned to benefit from the proliferation of motion and electrification-enabling technologies in an increasing range of applications spanning electric bikes, lawn and garden equipment, ventilation and heating, smart home products, and other industrial applications.

Gross Margins and Operating Profitability

Gross profit increased by 21% to US\$430 million – which as a percentage of sales represented an increase to 22.2% from 20.0%. The improvement in gross margins was largely the result of improved operating efficiencies on higher sales volumes, pricing adjustments to recover inflationary effects that had significantly hampered performance in the prior year period, reductions in direct labour intensity and lower inbound freight costs. These positive factors more than offset increases in utilities and subcontracting costs, as well as losses on hedging contracts.

Reported earnings before interest, tax and amortization (“EBITA”) was US\$168 million (compared to US\$86 million in the first half of the prior financial year). Adjusted to exclude non-cash foreign exchange rate movements and restructuring charges, EBITA was US\$180 million or 9.3% of sales (compared to 6.3% in the first half of the prior financial year). In addition to the improvement in gross profit, the primary factor driving the improvement EBITA margins was reduced outbound freight costs, which outweighed an increase in specific claim provisions and warranty expenses.

Net Profit and Financial Condition

Net profit attributable to shareholders was US\$120 million or 12.99 US cents per share on a fully diluted basis. Underlying net profit, adjusted to exclude the non-cash impact of foreign exchange rate movements and restructuring charges, was US\$130 million compared to US\$78 million in the first half of the prior financial year.

Cash generation improved sharply with free cash flow from operations amounting to US\$208 million – due to the combination of higher profit and lower working capital and capital expenditure. Johnson Electric’s overall financial condition remains sound with a total debt to capital ratio of 13% and cash balances of US\$440 million as of 30 September 2023.

Interim Dividend

The Board has today declared an interim dividend of 17 HK cents per share, equivalent to 2.18 US cents per share (FY22/23 interim: 17 HK cents per share). The interim dividend will be payable in cash with a scrip alternative where a 4% discount on the subscription price will be offered to shareholders who elect to subscribe for shares. Full details of the scrip dividend alternative will be set out in a circular to shareholders.

The interim dividend will be payable on 17 January 2024 to shareholders registered on 5 December 2023.

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

Commenting on the results, Dr. Patrick Wang, Chairman and Chief Executive, said, “Johnson Electric achieved commendable financial results in the six-month period ended 30 September 2023.”

“The strong top-line performance was driven by demand for automotive components that partly reflected pent-up demand for new car models following a lengthy period of global supply chain constraints, and partly an ongoing increase in the Group’s product content per vehicle as OEM customers accelerate their adoption of technology solutions that are enabling the industry’s shift to electrification, reduced emissions, and improved safety and comfort. Robust growth in auto component sales was somewhat offset by lower sales to consumer and industrial product applications due to post-pandemic demand adjustments and the negative effects of inflation and rising interest rates on consumer sentiment. Higher overall sales volumes drove improved operating efficiencies that, combined with the low base effect of the prior year period and other one-off factors, resulted in significantly higher profitability and free cash flow generation.”

Regarding the outlook for the second half of the financial year, Dr. Patrick Wang commented, “The Group has entered the second half of the financial year in much improved financial condition. Notwithstanding the highly encouraging set of results for the first half, there are nonetheless reasons to be cautious. In the automotive sector, the rate of sales growth has begun to slow as post-pandemic supply constraints subside and are gradually replaced by concerns over higher interest rates, tighter credit, and the price of new vehicle models. Meanwhile, IPG’s consumer and industrial segments continue to remain weak as several major economies struggle to avoid recession. Based on current trading conditions, it is expected that the Group will remain on track to achieve sales growth for the full year within the range of 5% to 7% that was budgeted for at the outset of the financial year.”

Dr. Patrick Wang further commented, “Beyond specific industry demand trends, the geopolitical environment remains unpredictable. In the face of such uncertainty, we remain focused on adapting our business model to seek to capture the substantial growth opportunities inherent in our target markets and, at the same time, ensure that we are building sufficient resiliency to withstand the risks of potential short-term demand shocks or supply disruptions.”

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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 35,000 individuals in 22 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.

Forward Looking Statements

This news release contains certain forward looking statements with respect to the financial condition, results of operations and business of Johnson Electric and certain plans and objectives of the management of Johnson Electric.

Words such as “outlook”, “expects”, “anticipates”, “intends”, “plans”, “believe”, “estimates”, “projects”, variations of such words and similar expressions are intended to identify such forward looking statements. Such forward looking statements involve known and unknown risk, uncertainties and other factors which may cause the actual results or performance of Johnson Electric to be materially different from any future results or performance expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding Johnson Electric’s present and future business strategies and the political and economic environment in which Johnson Electric will operate in the future.

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