

NEWS RELEASE

Johnson Electric reports 23% increase in net profit for the half year ended 30th September 2016

Highlights of 2016/17 Half-Year Results

- Group sales increased to US\$1,367 million – up 34% compared to the first half of the prior financial year. Excluding the impact of acquisitions and foreign exchange rate changes, sales increased by 6%
- EBITDA as reported increased 38% to US\$225 million or 16.5% of sales (16.0% in prior year)
- Operating profit increased 29% to US\$148 million or 10.8% of sales (11.2% in prior year)
- Net profit attributable to shareholders up 23% to US\$121 million or 13.69 US cents per share on a fully diluted basis
- Debt to total capital ratio of 20% and cash reserves of US\$131 million as of 30 September 2016
- Interim dividend increased by 7% to 16 HK cents per share (2.05 US cents per share)
- Acquisition of AML Systems completed on 18 May 2016

HONG KONG, 9 November 2016 – Johnson Electric Holdings Limited (“Johnson Electric”), a global leader in electric motors, actuators and motion subsystems, today announced its results for the six months ended 30 September 2016.

Group sales for the first half of the 2016/17 financial year totaled US\$1,367 million, an increase of 34% 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 23% to US\$121 million or 13.69 US cents per share.

Johnson Electric's improved financial performance reflected solid organic growth from its Automotive Products and Industry Products divisions, as well as the first time contributions from the recently acquired Stackpole International and AML Systems businesses. The Group is continuing to invest heavily in building its global manufacturing footprint to support new business growth. At the same time, management has also initiated a major review of its cost base to ensure that Johnson Electric is positioned to compete effectively in market segments where pricing pressure has become increasingly intense.

Overview of Financial Results

The Automotive Products Group ("APG"), excluding acquisitions, increased sales by 7% on a constant currency basis compared to the first half of the prior year. The division recorded healthy growth rates across all of its business units, with particularly strong performances from Body Climate, Powertrain Cooling and Body Instruments. APG also grew in each of the three major geographic markets, with the strongest growth coming from Asia. Leading the way in Asia has been sales in China, which has experienced unexpectedly high new car sales volumes in 2016 partly as result of a government initiative to temporarily reduce the tax on purchases of new vehicles with 1.6-liter engines or smaller.

The Industry Products Group ("IPG"), which contributed 24% of total Group sales, recorded 3% sales growth in constant currency terms in the first half. This was a satisfactory performance given relatively lacklustre consumer demand in many of our customers' end markets, as well as ongoing competitive pricing pressure for several lower-end product applications. The strongest sales growth in IPG occurred in market segments where Johnson Electric's motion solutions have clearly differentiated technology, including remote disconnect metering, lawn and garden equipment and medical devices.

Gross margins, excluding the acquired businesses, increased from 27.6% to 29.7%. This was primarily the result of increased operating leverage from higher sales volumes and the relatively benign cost of raw materials during the period. The newly acquired Stackpole International 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. Consequently, the Group's total gross margin for the period was 26.8% and total gross profits amounted to US\$366 million - an increase of US\$84 million or 30% compared to the first half of the prior year.

Operating profit increased by 29% to US\$148 million or 10.8% of sales. The increase in operating profits, whilst significantly ahead of budget, was held back by lower non-operating income compared to the prior year along with higher severance costs associated with the Group's cost reduction and business streamlining initiatives.

Increased Interim Dividend

The Directors have today declared a 7% increase in the interim dividend to 16 HK cents per share, equivalent to 2.05 US cents per share (2015 interim: 15 HK cents per share). This is consistent with the previously announced intention to increase gradually 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 6 January 2017 to shareholders registered on 23 December 2016.

Positive Impact of Recent Acquisitions

As previously noted, the past year has seen Johnson Electric complete two major acquisitions that have strengthened the Group's competitive position and growth prospects in the automotive industry. Stackpole International, a leading manufacturer of highly-engineered pumps and powder metal components, contributed sales of US\$244 million to the first half results. AML Systems, a leading supplier of active modules for vehicle headlamp systems, became part of the Group in May 2016 and contributed just over four months of sales amounting to US\$52 million. Both businesses are presently performing ahead of budget and pleasing progress has been made in integrating their people and operations into the enlarged Johnson Electric Group.

Chairman’s Comments on Results and Outlook

Commenting on the first half results, Dr. Patrick Wang, Chairman and Chief Executive, said, “Johnson Electric delivered a strong set of financial results for the six months period ended 30 September 2016, despite a generally weak global economic environment.”

Concerning the outlook for the remainder of the current financial year, Dr. Wang commented, “We expect the positive trajectory of the first half to continue during the remainder of the current financial year. However, it should be noted that there is an element of seasonality in our business that tends to see comparatively lower sales levels in the second half and which this year may also be negatively impacted by the weakness in the RMB compared to the US Dollar. Other factors that we expect to modestly depress sales growth rates and operating margins heading into 2017 include the projected slowdown in automotive industry sales volumes in both China and North America, plus some additional costs associated with our efforts to reposition the Group’s fixed cost base for the future. Overall, we are optimistic that results for the 2016/17 financial year will be a positive improvement over the prior year – but with the financial performance in the second half likely to be somewhat below the levels achieved in the first half.”

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About Johnson Electric Group

The Johnson Electric Group is the global leader in electric motors, actuators and motion subsystems. It serves a broad range of industries including automotive, building automation and security, business machines, food and beverage equipment, 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 stands at over 37,000 individuals located in Asia, the Americas and Europe. Innovation and product design centres are located in Hong Kong, China, Canada, Switzerland, Germany, Italy, Israel, Japan, the UK and the USA. 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.

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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 Johnson Electric's website at www.johnsonelectric.com.