

# JOHNSON ELECTRIC HOLDINGS LIMITED

FY2019/20

Interim Results

January 2020



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Group Overview

Strategy & Outlook

FY2019/20 December Quarter

Key Financial Highlights

Operational Results

Appendix



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# Johnson Electric: Overview

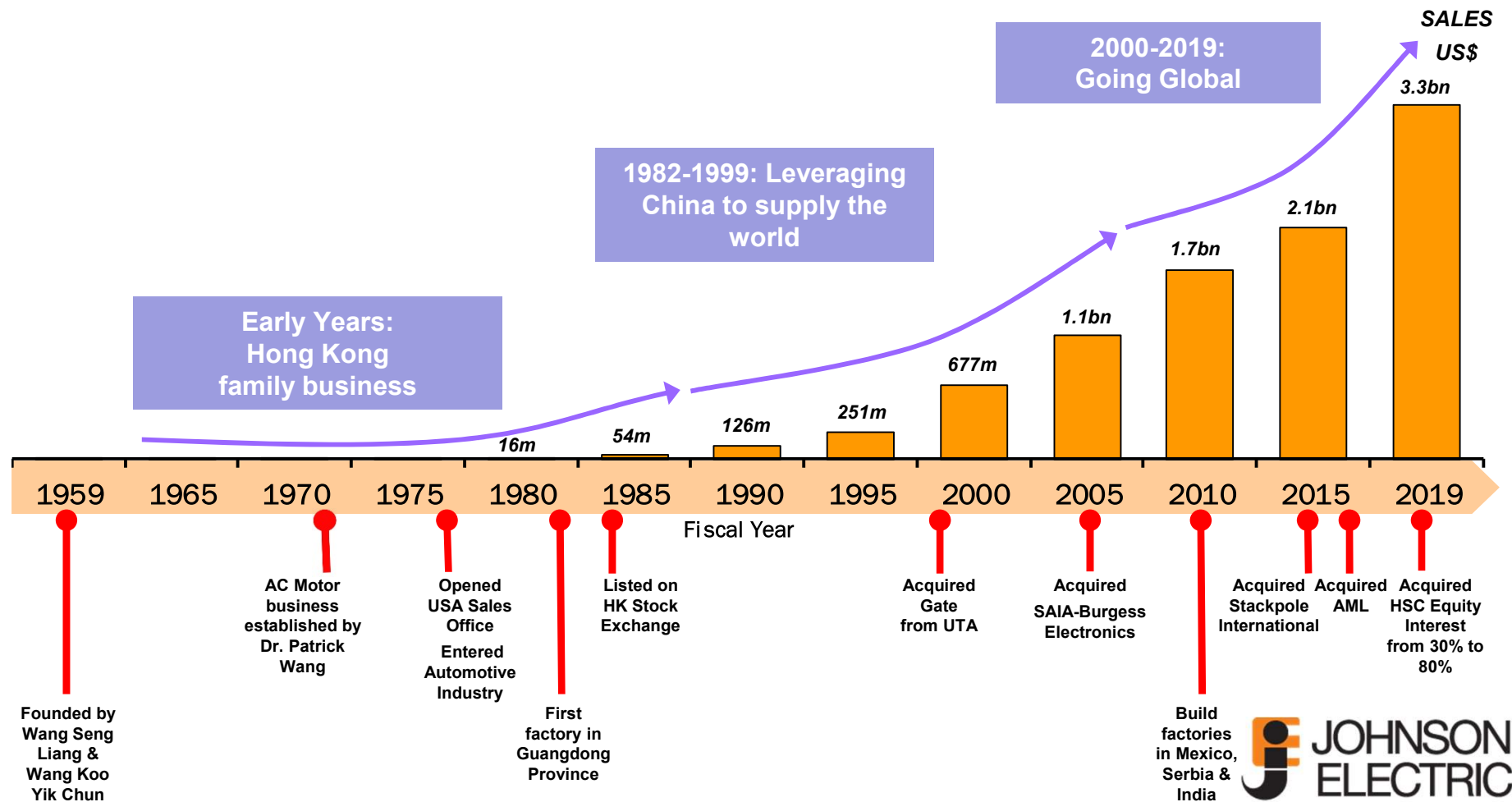
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- A global leader in electric motors, actuators, motion subsystems and related electro-mechanical components
- Serving a broad range of industries including Automotive, Smart Metering, Home Automation, Ventilation, White Goods, Medical Devices, Business Equipment, Power Tools, and Lawn & Garden Equipment
- Over 36,000 employees in more than 23 countries
- Listed on The Stock Exchange of Hong Kong since 1984



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# History & Development



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# Why Invest in Johnson Electric

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- 1. Innovative motion solutions to consumers' needs today – and for the future**
- 2. Globally diversified sales and world-class customer base**
- 3. Global operating footprint**
- 4. Strongly positioned in China**
- 5. Winning market traction for sustainable growth**

# Innovative Solutions for Today and the Future

*Applications for our motion technologies continue to grow*



## Automobile

- Subsystems and components that enable electrification, optimise thermal management, and provide comfort and safety



## Lifestyle

- Motion solutions for automated windows, robotic equipment, cordless power tools, and single-serve coffee machines



## Medical

- Medical device subsystems for improved patient outcomes
- Surgical devices; vital signs monitoring



## Energy

- Disconnect solutions for smart electricity and gas meters



## Security

- Subsystems for airborne imaging
- Digital security solutions for Bank Cards and Point of Sale equipment

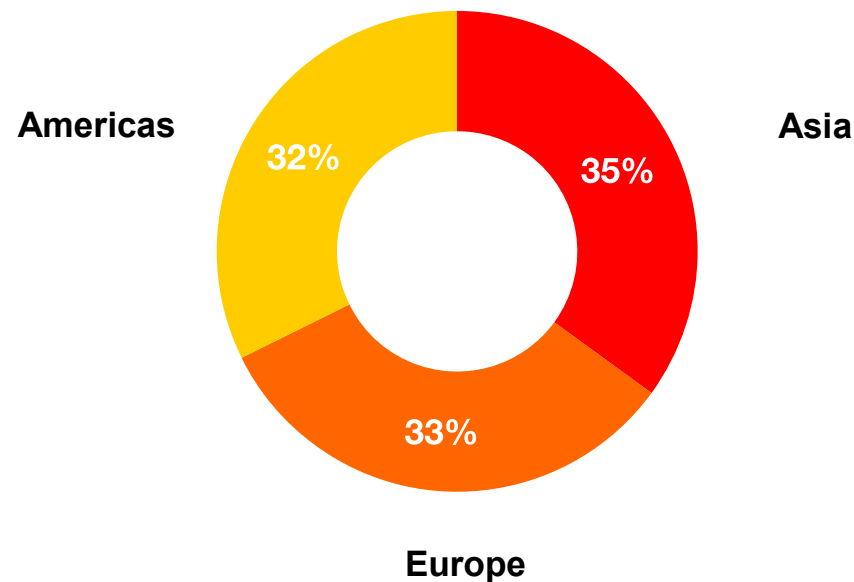


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# Diversified Global Sales and Customer Base

*Evenly balanced across the world's three major economic regions*

**Group Sales by Destination**



- 500 Automotive Customers
- 2000 Non-Automotive Customers



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# Diversified Global Sales and Customer Base

World-Class Customers *including:*



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# Innovative Solutions for Automobile

*Performing critical functions across all vehicle propulsion types*

## Enabling Electrification & Reducing Emissions

### ➤ Engine

- Electric Turbo ● ▲
- Valvetrain ● ▲
- DEF Pump ● ▲
- Fuel Pump ● ▲
- Electric Oil Pump ● ▲
- ETC ● ▲
- EGR ● ▲

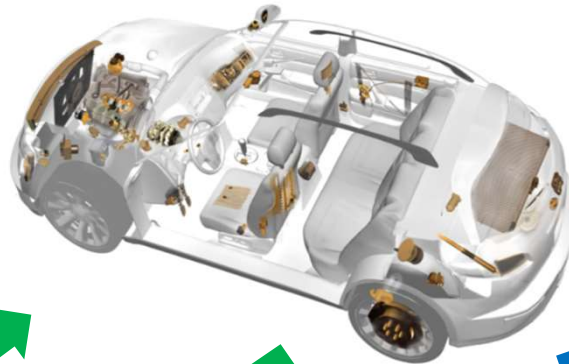
### ➤ Drivetrain

- DCT/AMT ● ▲
- AWD Disconnect ● ▲
- Electric Parklock ● ▲ ⚡
- Electric Oil Pump ● ▲ ⚡
- Gear shifter ▲ ⚡

Product Application by Propulsion Type

- ICE
- ▲ Hybrid
- ⚡ Electric

## Johnson Electric's Automotive Product Applications



### ➤ Chassis

- Braking (EPB / ESC) ● ▲ ⚡
- Electric Vacuum Pump ● ▲ ⚡
- Electric Power Steering ● ▲ ⚡
- E-leveling ● ▲ ⚡
- iBooster / Brake-by-wire ● ▲ ⚡
- PM Suspension Parts ● ▲ ⚡

## Ensuring Comfort & Safety

- Lighting Actuators ● ▲ ⚡
- HVAC Actuators ● ▲ ⚡
- Window Lifts ● ▲ ⚡
- Lumbar Support ● ▲ ⚡
- Seat Motors ● ▲ ⚡
- Door Lock Motors ● ▲ ⚡
- Sun-Roof Motors ● ▲ ⚡
- Powerlift Gate Motors ● ▲ ⚡

## Optimizing Thermal Management

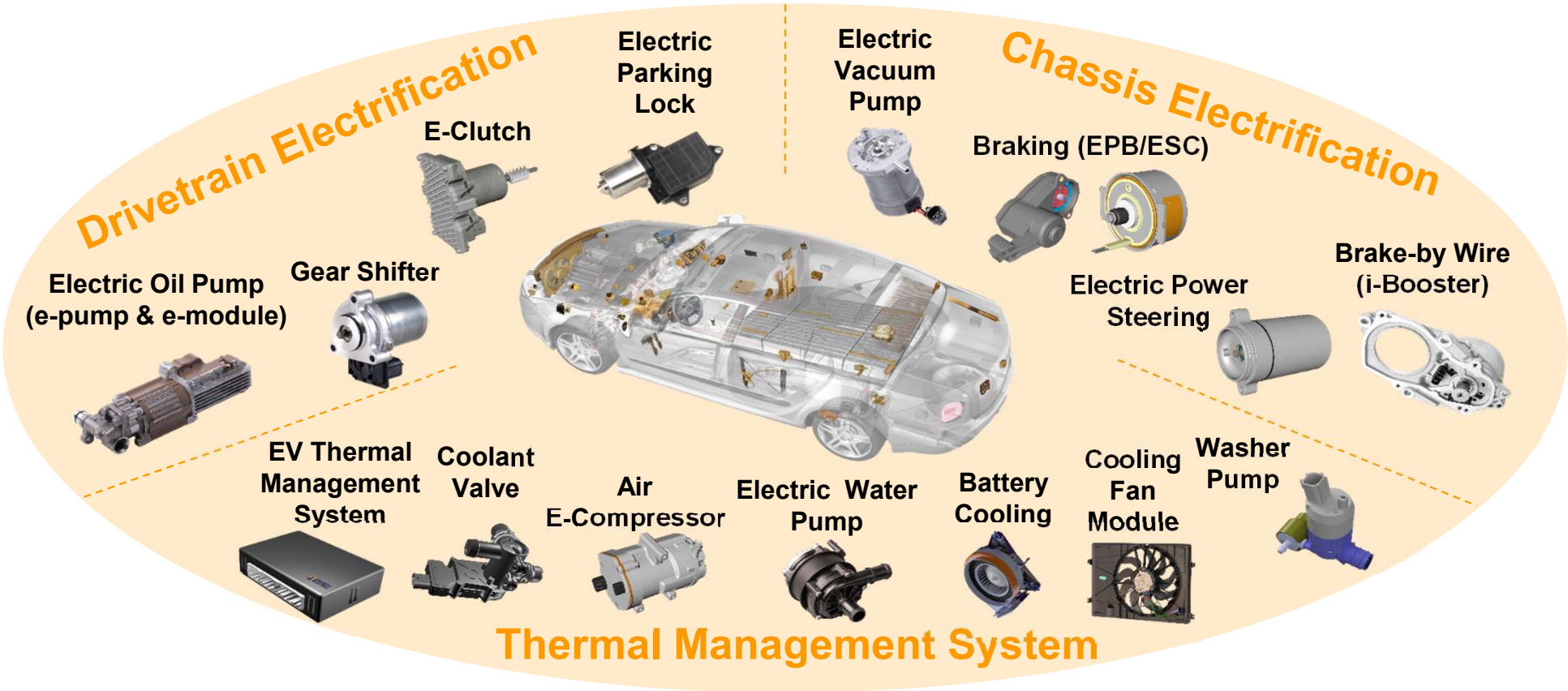
- Cooling Fan Module ● ▲ ⚡
- Coolant Valve ● ▲ ⚡
- Electric Water Pump ● ▲ ⚡
- Electric Air Pump ● ▲ ⚡
- Electric Oil Pump ● ▲ ⚡



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# JE Product Applications for Hybrid and EV

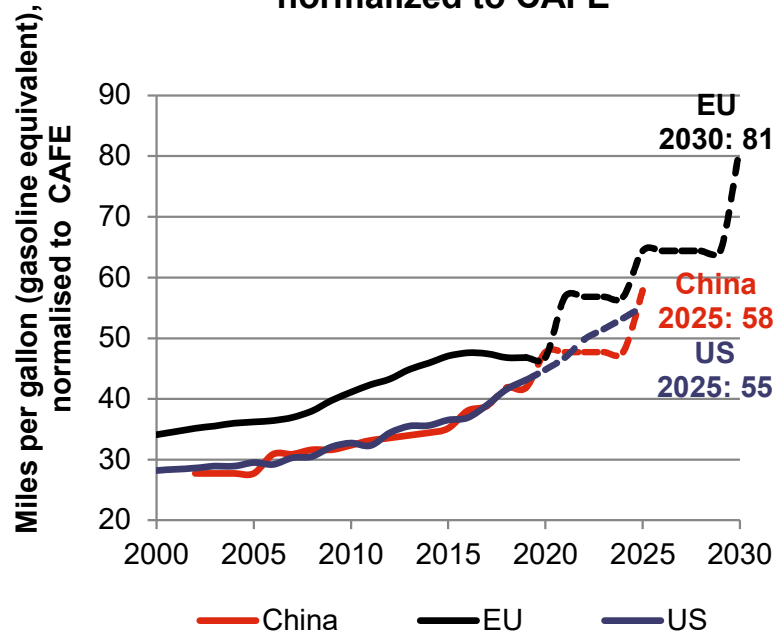
JE 's innovative and cost competitive solutions to support Hybrid and EV vehicles will be the growth drivers for APG over the next decade.



# Trends in Automotive

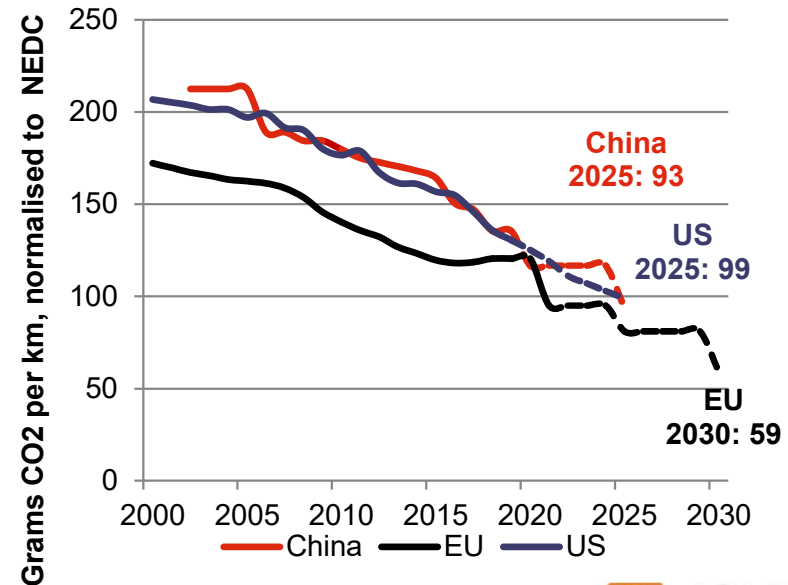
## FUEL ECONOMY

Passenger car miles per gallon, normalized to CAFE



## EMISSIONS

Passenger car CO<sub>2</sub> emissions and fuel consumption, normalized to NEDC

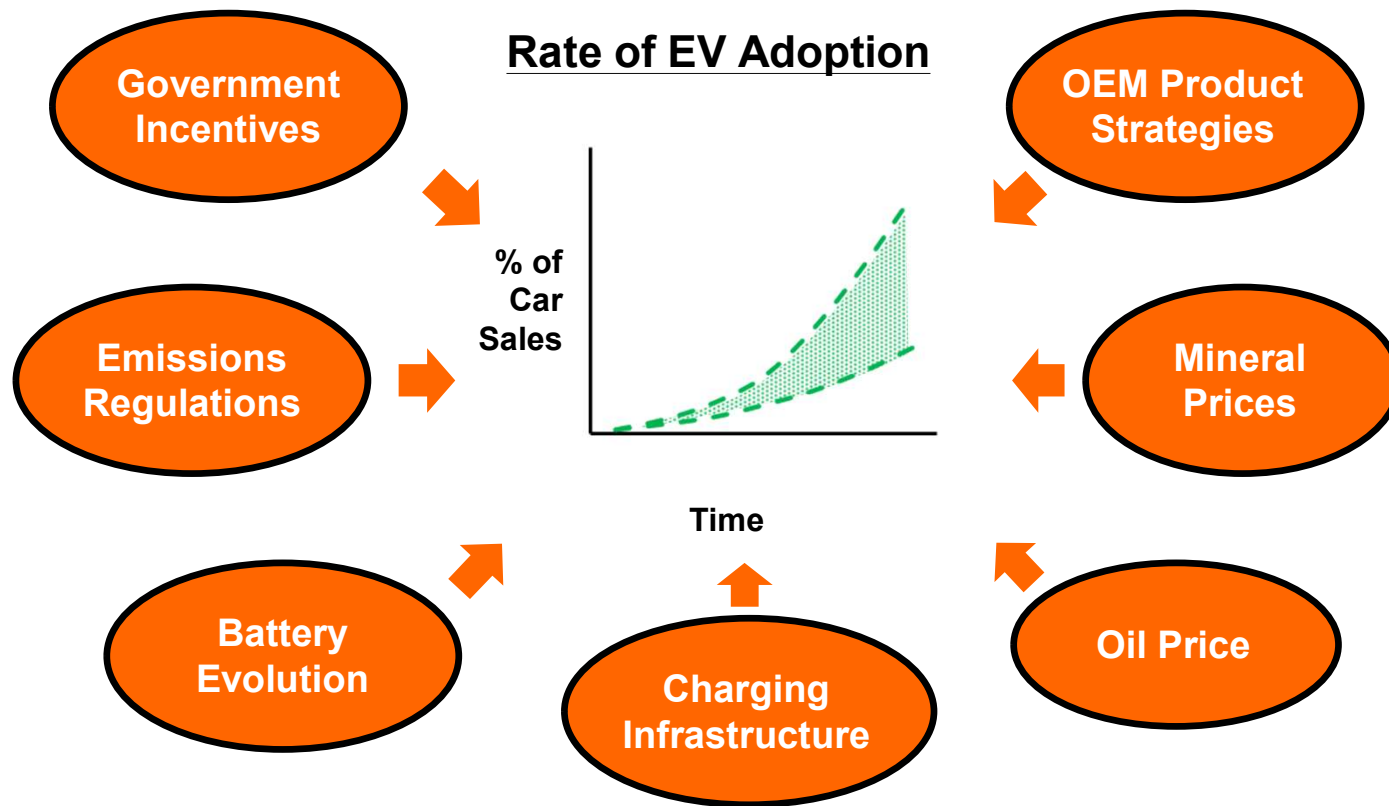


Source: International Council on Clean Transportation – June 2019  
<http://www.theicct.org/global-pv-standards-chart-library>



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# Many Factors will Impact Actual EV Uptake

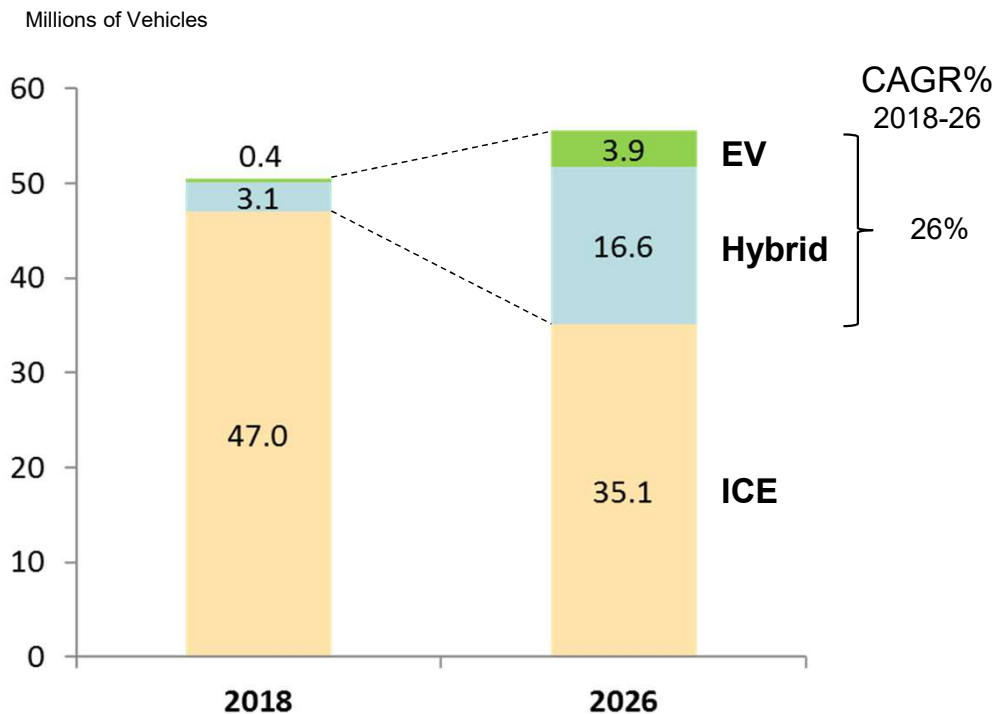


Source: Media and Analyst Reports; JE Analysis

# Electrification: APG's growth opportunity

While ICE powertrain volumes will progressively decline, there is huge demand for innovative technology that cost-effectively enables the shift to Hybrids and EV.

**Top 10 Auto OEMs Volume by Propulsion Type**



Source: IHS

## **THE OPPORTUNITY FOR JE**

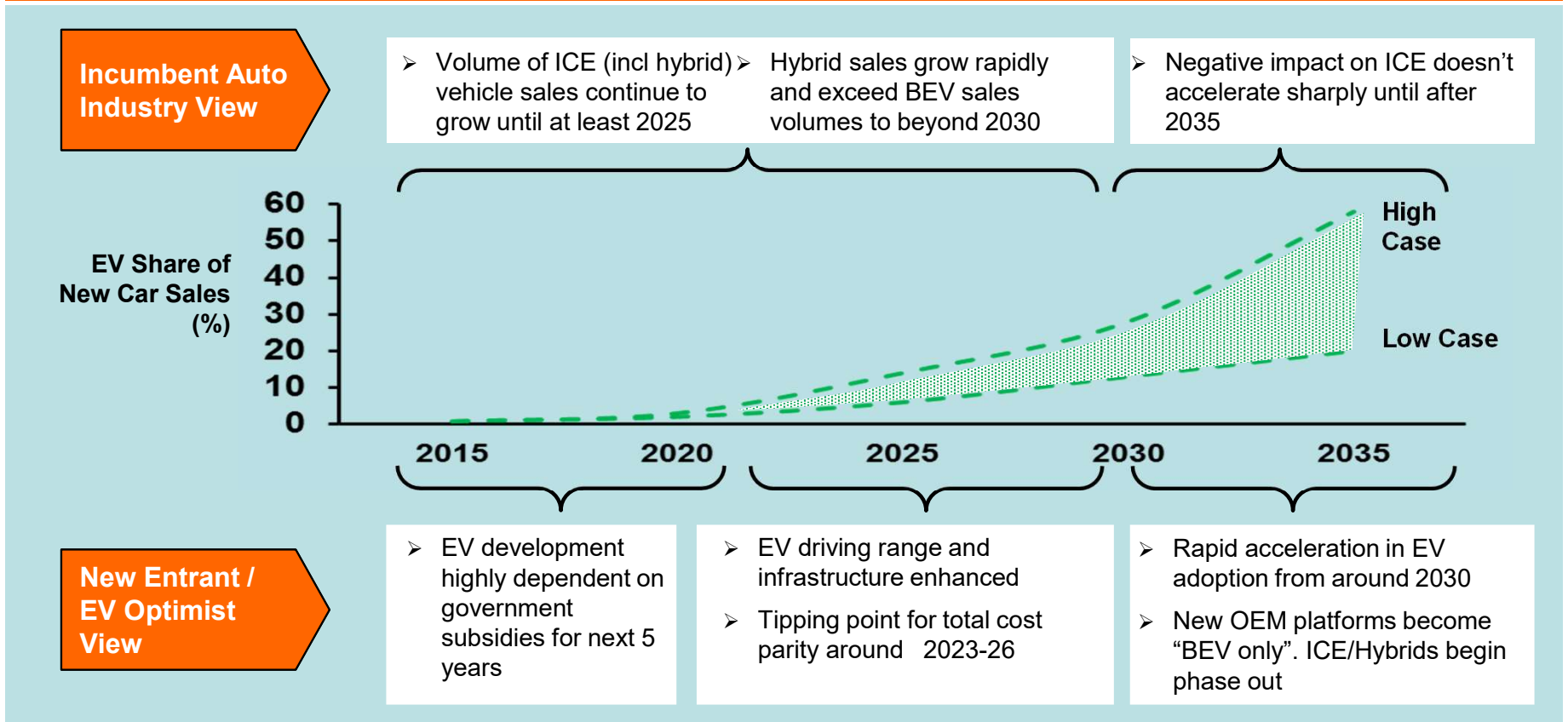
For APG, the growth opportunity stems from the market's need for innovative, cost-competitive solutions that:

1. Reduce emissions (including improving ICE efficiency)
2. Enable electrification
3. Optimise thermal management

**These customer imperatives align directly with JE's core capabilities and range of electric motors, actuators and pump technologies.**

# Longer Term Auto Industry Evolution

## Wide divergence of opinion on the eventual phasing out of ICE



Source: Media and Analyst Reports; JE Analysis

# Hybrids & EVs – Growing Demand of Cooling Fan Modules (CFMs)

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- ▶ All powertrains need to be cooled down. Heat is moved to front cooling pack by several cooling systems with growing complexity
- ▶ CFMs are required on all Hybrids & EVs to cope with the increasing power density of powertrains
- ▶ As 48 volt and autonomous features become more standard, cooling requirements will increase
- ▶ Heavy-duty vehicles, traditionally equipped with mechanical driven fans, will introduce more electric driven CFMs on their hybrid powertrains
- ▶ JE offers:
  - ▶ cost-effective solutions for entry level applications technologies
  - ▶ Extra-performance solutions for higher end segments, which promote hybridisation as premium feature



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# Hybrids & EVs – Programs Adopting JE's CFMs

- ▶ 2011 Renault Kangoo electric
- ▶ 2012 Volvo V60 plug-in hybrid
- ▶ 2012 Renault Zoe
- ▶ 2013 BMW i8
- ▶ 2013 BMW i3
- ▶ 2013 RangeRover hybrid
- ▶ 2015 Volvo S60L plug-in hybrid
- ▶ 2015 Honda Clarity fuel cell
- ▶ 2016 Roewe (SAIC) e950
- ▶ 2016 MG Erx5 hybrid
- ▶ 2016 Chevrolet Malibu hybrid
- ▶ 2016 Chrysler Town&Country hybrid
- ▶ 2016 BMW 7-series hybrid
- ▶ 2017 The London Taxi hybrid
- ▶ 2017 Renault Twingo and Smart electric



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# Hybrids & EVs – Need for Cooling Fan Modules

- ▶ 2017 Roewe (SAIC) ei6
- ▶ 2017 Land Rover Range Rover sport PHEV
- ▶ 2017 Land Rover Discovery Sport PHEV
- ▶ 2017 Maxus eG10
- ▶ 2017 Jaguar i-Pace
- ▶ 2017 Renault Kangoo electric
- ▶ 2017 Nio ES8
- ▶ 2017 BMW 5-series hybrid
- ▶ 2017 BMW X3 hybrid
- ▶ 2018 Eado HEV
- ▶ 2018 Jaguar E-Pace PHEV
- ▶ 2018 Roewe (SAIC) Marvel-X
- ▶ 2018 Buick Velite 6
- ▶ 2018 BMW i8 roadster
- ▶ 2018 BMW X5 hybrid



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# Hybrids & EVs – Need for Cooling Fan Modules

- ▶ 2018 Mazda Axela hybrid
- ▶ 2018 Mercedes GLE/GLS hybrid
- ▶ 2018 Volvo XC40 hybrid
- ▶ 2019 Ford Explorer hybrid
- ▶ 2019 Geely BinYue P-HEV
- ▶ 2019 Hyundai Kona hybrid
- ▶ 2019 Lynk&Co 05
- ▶ 2019 Nio ES6

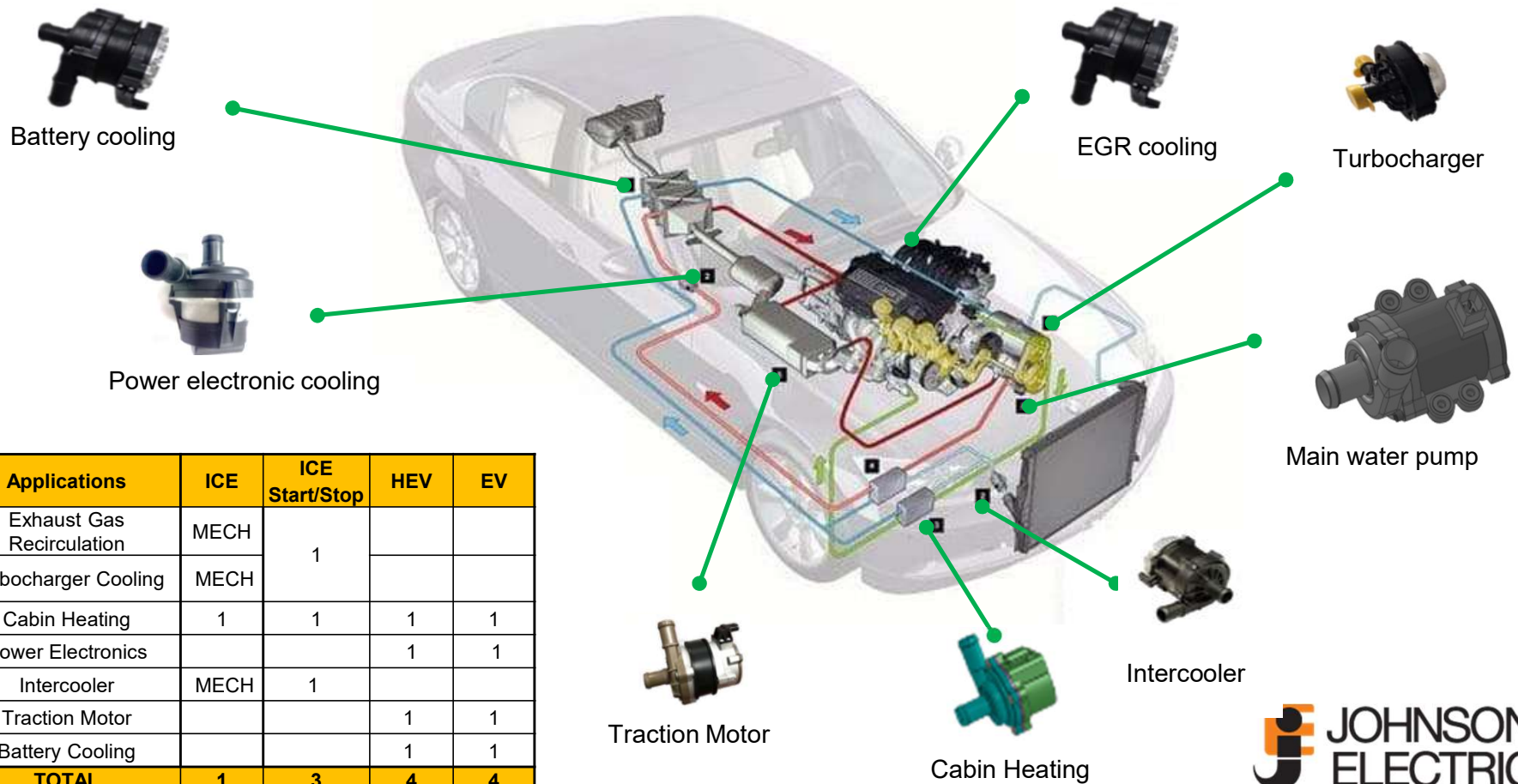


Dedicated sourcing for HEV/EV vehicle is increasing.  
Still, majority of hybrid vehicles will be a derivative of  
a vehicle line-up.



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# Hybrids & EVs – Growing Demand of Water Pumps



Applications	ICE	ICE Start/Stop	HEV	EV
Exhaust Gas Recirculation	MECH	1		
Turbocharger Cooling	MECH			
Cabin Heating	1	1	1	1
Power Electronics			1	1
Intercooler	MECH	1		
Traction Motor			1	1
Battery Cooling			1	1
<b>TOTAL</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>4</b>

# Hybrids & EVs

## – Programs Adopting JE's Water Pumps

- ▶ Aston Martin
- ▶ FAW
- ▶ FCA
- ▶ Ford
- ▶ GAC
- ▶ Geely
- ▶ Great Wall
- ▶ Jaguar Land Rover
- ▶ JMC
- ▶ SAIC – GM
- ▶ Volvo



ASTON MARTIN



Great Wall



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# Trends of Mechatronic System – Electric Oil Pumps

## (On-Demand)

### Cooling / Lubrication

On demand lubrication and cooling within oil systems are increasing to improve overall system efficiency and thermal management

## (On-Demand)

### Actuation

On demand pressure actuation within oil systems are increasing to support Start Stop, Sailing, Hybrids and EVs

Segment	Application		
	ICE	HEV	EV
Cooling & Lubrication	Start/Stop	Transaxle / Traction motor	Transaxle / Traction motor
Transmission / Reduction - Actuation (Low / Med Pressure)	Start/Stop AT	AT / DCT / CVT	Disconnect clutch
Transmission / Reduction - Actuation (High Pressure)	DCT / AWD disconnect	DCT clutch	Disconnect clutch



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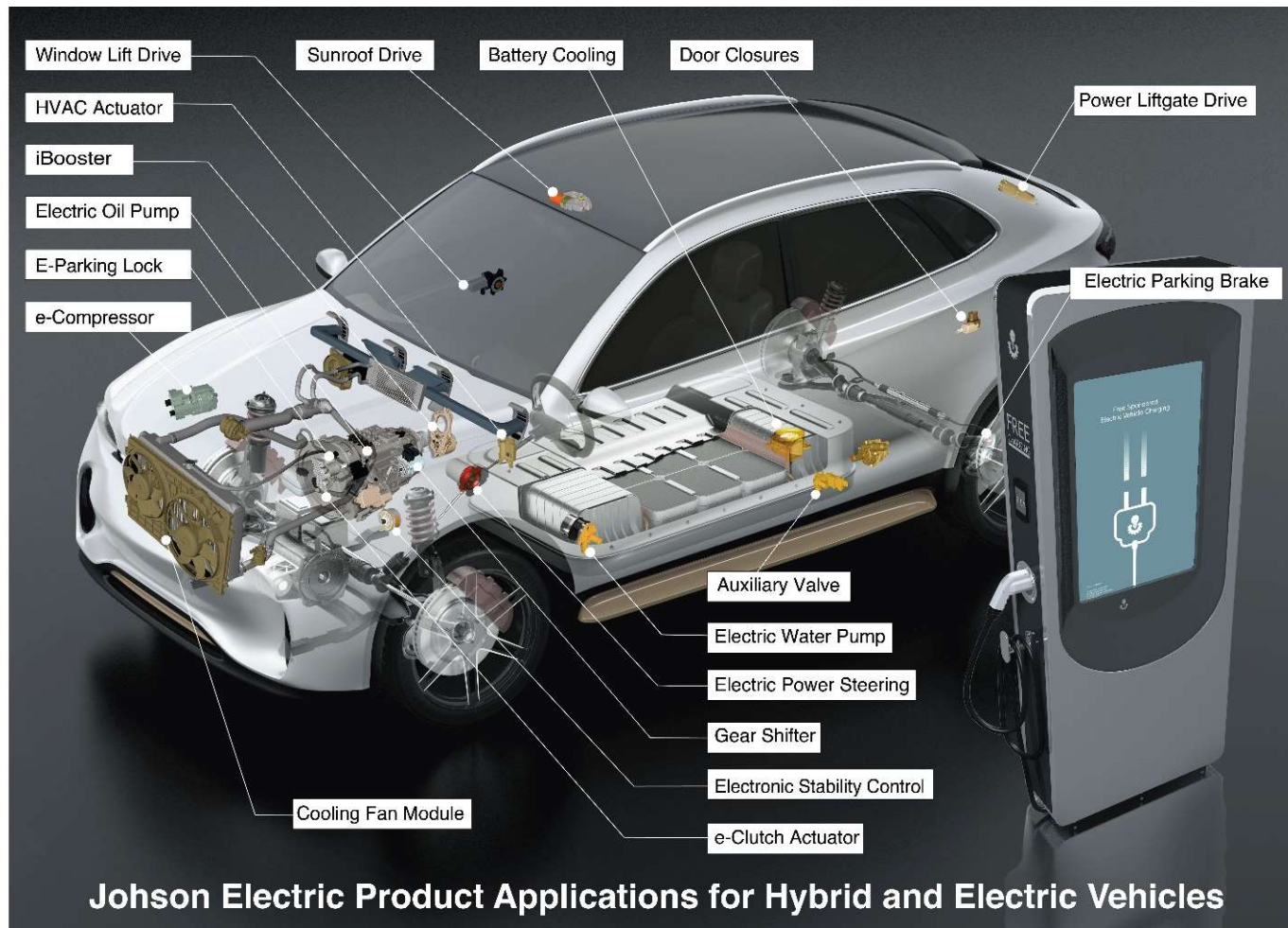
# Hybrids & EVs – Programs Adopting JE's Mechatronic Systems

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- ▶ Audi
- ▶ BMW
- ▶ Changan
- ▶ FCA - Jeep Cherokee
- ▶ FCA - Ram
- ▶ GAC Trumpchi
- ▶ Geely Emgrand
- ▶ SAIC MG
- ▶ SAIC Roewe



# Hybrids & EVs





# Innovative Solutions for Industry & Consumers

*Delivering the actuation function for an increasingly connected world*

## Touching Human Needs



## Improving Performance

- More energy efficient
- Smaller and lighter
- Safer
- More controllable
- More connected

## Proliferating



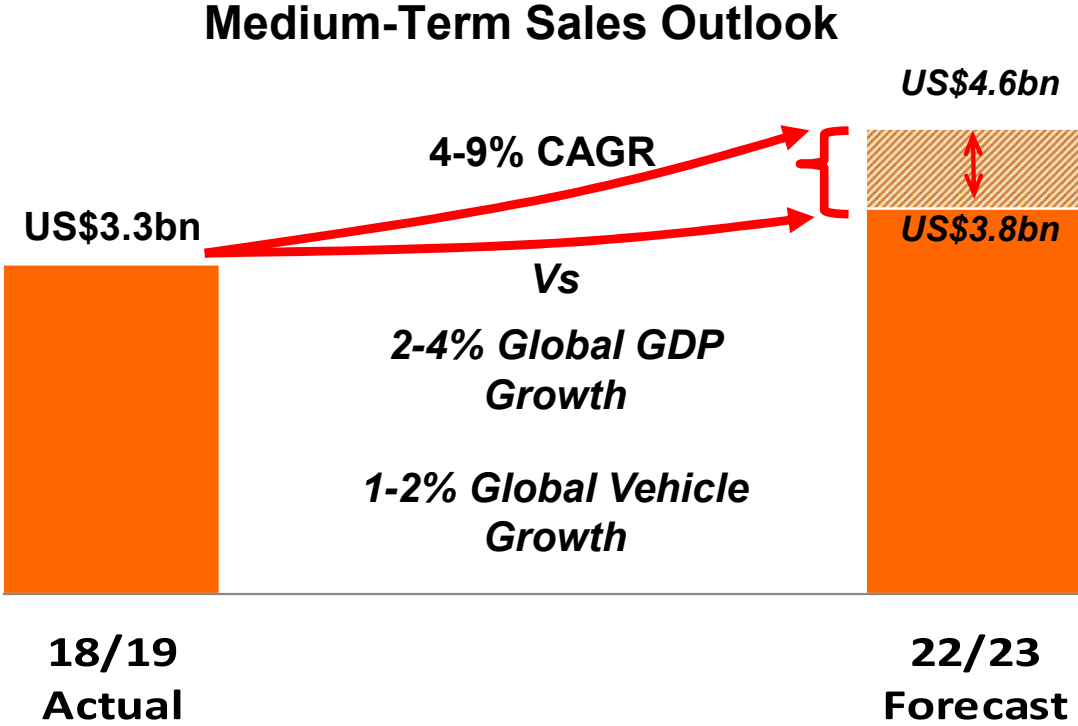
= Internet + Physical Objects  
+ Sensors, Controllers  
**+ Actuators**



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# Winning Market Traction

*New business wins and sales trajectory set to sustain growth*



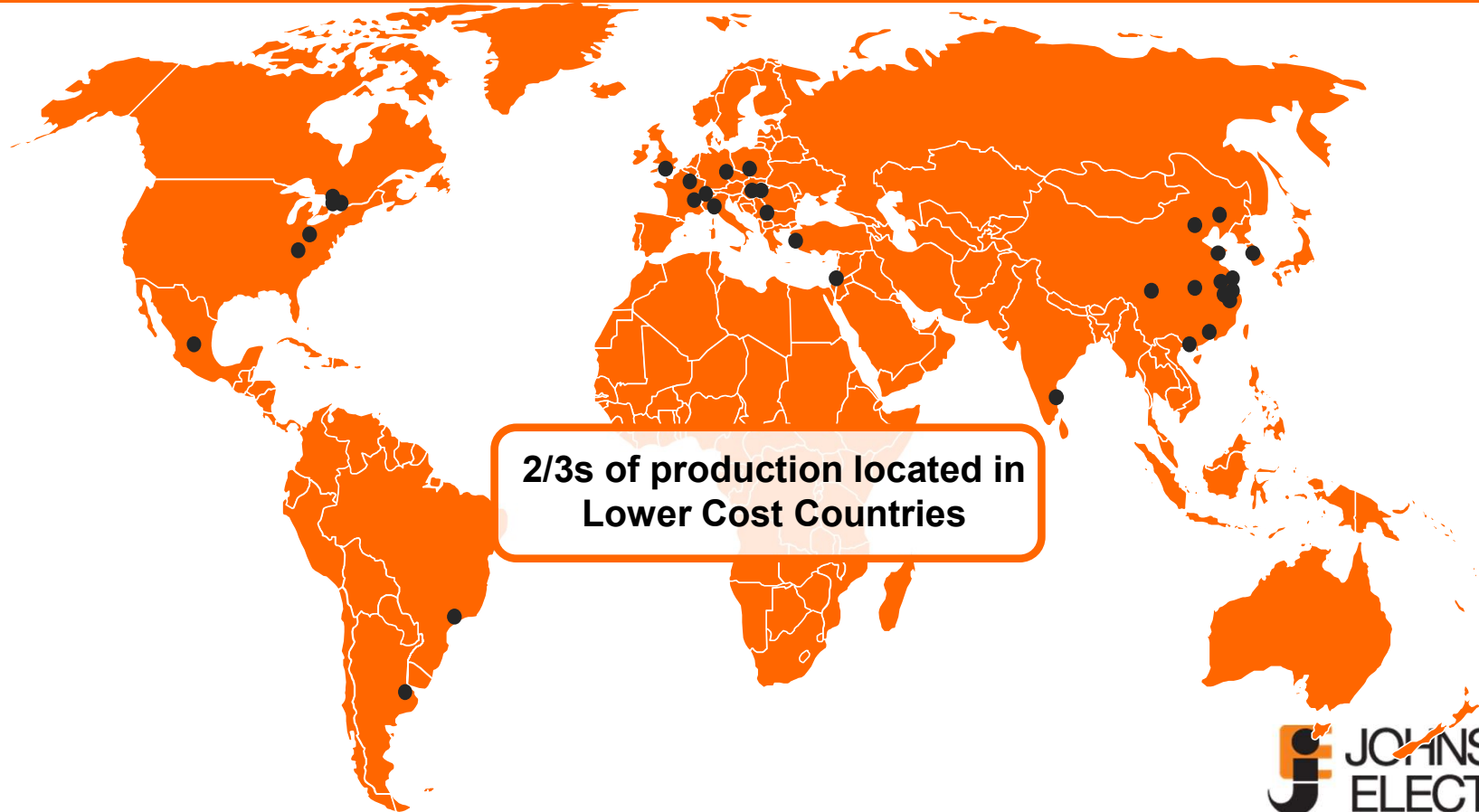
\* Estimated total Group sales outlook based on current customer order book at constant currencies and assuming no acquisitions and no macro economic cyclical downturn



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# Global Operating Footprint

*Manufacturing in 18 countries across 4 continents*



**2/3s of production located in  
Lower Cost Countries**



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# Strongly Positioned in China

*Unrivalled strength and depth in the China market*



- Experience of operating in the mainland since 1982
- 25,000 employees across 16 locations
- Source of over 20% of Johnson Electric's end-market demand



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# Sales Movements

## APR-DEC FY2019/20 vs. FY2018/19



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# FX Rate

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<b>USD</b> Average Exchange Rate	<b>FY2019/20</b> <b>APR-DEC</b>	FY2018/19 APR-DEC	<i>Change</i>
CAD	<b>1.326</b>	1.305	<i>(1.6%)</i>
CNY	<b>6.945</b>	6.698	<i>(3.7%)</i>
EUR	<b>1.114</b>	1.165	<i>(4.4%)</i>

Source: Bloomberg daily rates



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# Sales Growth by Region - APG

## Sales Growth/(Decline) % Excluding Acquired Businesses and Currency Movements

APG	Asia	Europe	Americas	TOTAL
APR 19 - DEC 19	(3.3%)	(0.3%)	8.4%	1.1%
FY2018/19	2.3%	(3.1%)	7.8%	1.9%
FY2017/18	15.2%	2.2%	9.3%	8.5%
FY2016/17	19.8%	2.2%	3.5%	8.5%



# Light Vehicle Production – YTD Dec 2019

**APR 2019 - DEC 2019**  
**Excluding Currency Movements**

Region	APG	* Industry Light Vehicle Production
<b>AMERICAS</b>	<b>8.4%</b>	<b>(4.3%)</b>
North America		(4.4%)
<b>ASIA</b>	<b>(3.3%)</b>	<b>(6.3%)</b>
China		(7.6%)
<b>EUROPE</b>	<b>(0.3%)</b>	<b>(4.3%)</b>
<b>Rest of the World</b>	<b>N/A</b>	<b>(21.4%)</b>
<b>WORLD TOTAL</b>	<b>1.1%</b>	<b>(5.8%)</b>

\* Source: IHS



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# Light Vehicle Production – Dec 2019 Quarter

OCT 2019 - DEC 2019  
Excluding Currency Movements

Region		APG	* Industry Light Vehicle Production
AMERICAS		7.9%	(7.9%)
	North America		(8.3%)
ASIA		6.1%	(3.3%)
	China		1.9%
EUROPE		5.9%	(6.0%)
Rest of the World		N/A	(15.1%)
WORLD TOTAL		6.6%	(5.2%)

\* Source: IHS

# Sales Growth by Region - IPG

## Sales Growth/(Decline) % Excluding Currency Movements

IPG	Asia	Europe	Americas	TOTAL
APR 19 - DEC 19	(13.2%)	(13.2%)	(10.0%)	(12.2%)
FY2018/19	(1.6%)	(0.1%)	6.3%	1.3%
FY2017/18	12.6%	6.5%	1.5%	7.1%
FY2016/17	3.2%	18.3%	(3.3%)	5.1%

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# Highlights

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- ✓ **Group sales US\$1,565 million – down 7%** compared to first half of the prior financial year. **Excluding the impact of foreign exchange rate changes, sales decreased by 4%**
- ✓ **Gross profit \$357 million or 22.8% of sales** (compared to \$398 million or 23.8% of sales in prior half year)
- ✓ **Net profit attributable to shareholders increased by 16%** to US\$162 million or 18.44 US cents per share on a fully diluted basis
- ✓ **Underlying net profit, excluding the net impact of significant non-cash and divested items, decreased by 16%** to US\$106 million
- ✓ **Free cash inflow from operations US\$83 million** (compared to an outflow of US\$3 million in prior half year)
- ✓ **Total debt to capital ratio of 16%** and cash reserves of US\$232 million as of 30 December 2019
- ✓ **Interim dividend 17 HK cents per share** (2.18 US cents per share) with a scrip dividend alternative



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# Financial Highlights

<i>US\$ million</i>	First half of FY19/20	First half of FY18/19
Sales	1,565.0	1,677.7
Gross profit	356.9	398.5
Gross margin	22.8%	23.8%
EBITA <sup>1</sup>	212.1	192.6
EBITA adjusted <sup>2</sup>	154.7	179.5
EBITA adjusted margin	9.9%	10.7%
Profit attributable to shareholders	162.0	140.2
Diluted earnings per share (US cents)	18.44	15.76
Free cash in / (out) flow from operations <sup>3</sup>	82.8	(2.8)

<i>US\$ million</i>	30 Sep 2019	31 Mar 2019
Cash	232.1	340.0
Total debt	507.7	685.7
Net debt (total debt less cash)	275.6	345.7
Enterprise value <sup>4</sup>	1,940.4	2,436.2
EBITDA adjusted <sup>2,5,6</sup>	489.9	495.7

<b>Key Financial Ratios</b>	30 Sep 2019	31 Mar 2019
Enterprise value <sup>7</sup> to EBITDA adjusted <sup>2,5,6</sup>	3.7	4.9
Total debt and leases <sup>8</sup> to EBITDA adjusted <sup>2,5,6</sup>	1.2	1.5
Total debt to capital (total equity + total debt)	16%	21%

1. Earnings before interest, tax and amortization
2. Adjusted to exclude net gains of significant non-cash and divested items
3. Net cash generated from operating activities plus net interest received, less capital expenditure (net of proceeds from disposal of fixed assets), capitalization of engineering development costs and payment of the principal portion of leases
4. Enterprise value calculated as market capitalization plus non-controlling interests plus total debt less cash
5. Earnings before interest, tax, depreciation and amortization
6. EBITDA annualised using the last 12 months' results
7. Adjusted to reflect cash received from divestment of an investment property
8. Leases at 31 March 2019, adjusted to include lease liabilities recognized for the first time on 1 April 2019, on the adoption of HKFRS 16. EBITDA for FY18/19 included a corresponding adjustment to annual lease expense

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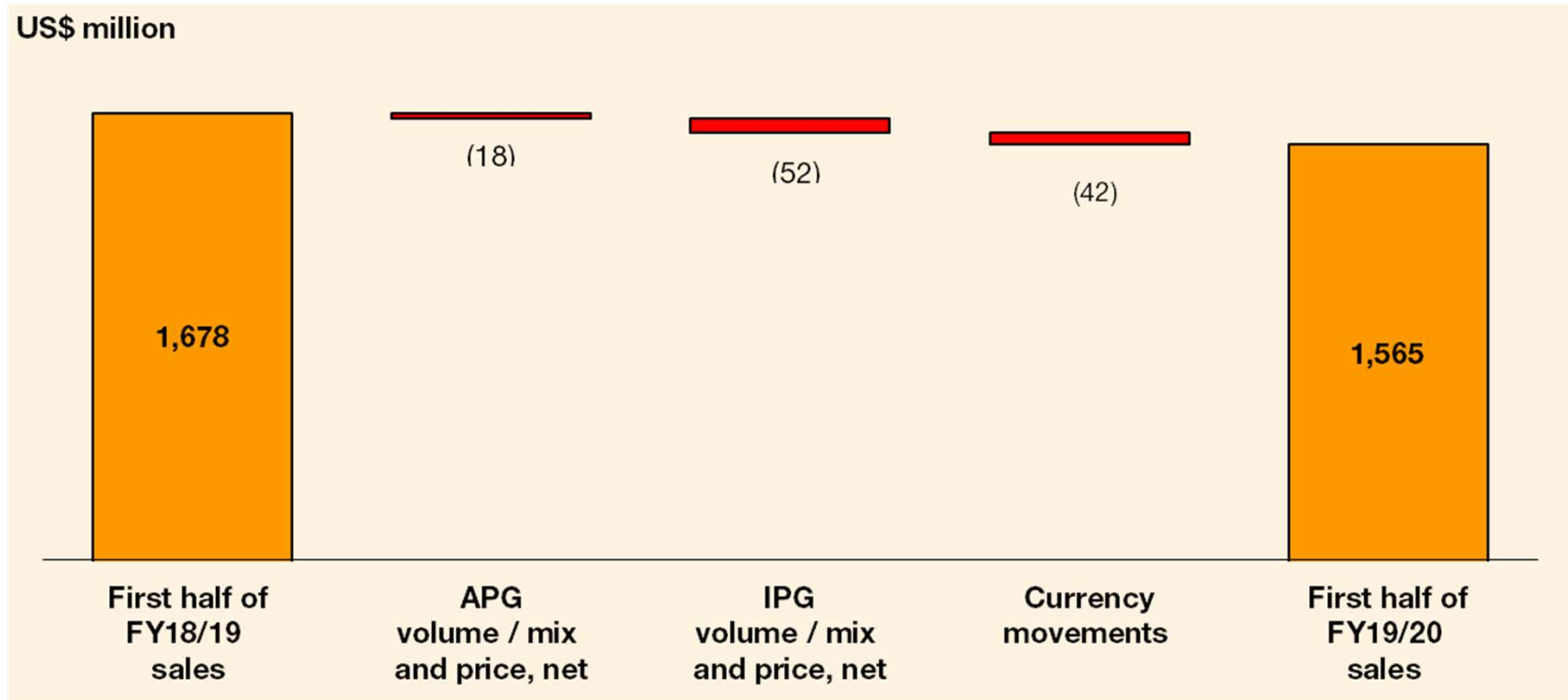
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# Sales Movements

## 1H FY2019/20 vs. 1H FY2018/19



Note: Numbers do not add across due to the effect of rounding



# Sales Growth by Region - APG

## Sales Growth/(Decline) % Excluding Acquired Businesses and Currency Movements

APG		Asia	Europe	Americas	TOTAL
<b>FY2019/20</b>	<b>1H</b>	(8%)	(3%)	9%	<b>(1%)</b>
<b>FY2018/19</b>	<b>2H</b>	(8%)	(5%)	4%	<b>(3%)</b>
	<b>1H</b>	14%	(1%)	12%	<b>8%</b>
<b>FY2017/18</b>	<b>2H</b>	17%	1%	17%	<b>11%</b>
	<b>1H</b>	13%	3%	3%	<b>6%</b>
<b>FY2016/17</b>	<b>2H</b>	22%	2%	4%	<b>10%</b>
	<b>1H</b>	17%	2%	3%	<b>7%</b>
<b>FY2015/16</b>	<b>2H</b>	5%	4%	6%	<b>5%</b>
	<b>1H</b>	3%	6%	3%	<b>5%</b>



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# Light Vehicle Production – 1H FY2019/20

**APG Sales Growth / (Decline) %  
Excluding Currency Movements  
APR 2019 - SEP 2019**

Region		APG	Industry Light Vehicle Production
<b>AMERICAS</b>		<b>8.6%</b>	<b>(2.2%)</b>
	North America		(2.1%)
<b>ASIA</b>		<b>(7.8%)</b>	<b>(7.8%)</b>
	China		(12.7%)
<b>EUROPE</b>		<b>(3.1%)</b>	<b>(3.6%)</b>
<b>Rest of the World</b>		<b>N/A</b>	<b>(27.7%)</b>
<b>WORLD TOTAL</b>		<b>(1.4%)</b>	<b>(6.2%)</b>

\* Source: IHS and Marklines

# APG Sales – 1H FY2019/20 by Quarter

## Sales Growth / (Decline)% Excluding Acquired Business and Currency Movements

APG		Asia	Europe	Americas	TOTAL
FY2019/20	Q2	0.2%	2.4%	12.2%	4.6%
	Q1	(14.9%)	(7.7%)	5.1%	(6.8%)
FY2018/19	Q4	(13.9%)	(2.3%)	4.2%	(4.7%)
	Q3	(5.5%)	(8.7%)	4.0%	(4.1%)
	Q2	5.8%	(3.5%)	13.8%	4.8%
	Q1	24.7%	1.6%	9.9%	11.6%
FY2017/18	Q4	17.0%	1.7%	16.7%	10.9%
	Q3	21.8%	5.8%	17.4%	14.5%
	Q2	15.3%	4.5%	2.1%	7.1%
	Q1	10.3%	1.6%	2.9%	4.5%
FY2016/17	Q4	18.4%	7.5%	6.5%	11.2%
	Q3	26.2%	(3.3%)	1.1%	7.9%
	Q2	31.2%	(1.1%)	3.0%	9.9%
	Q1	6.3%	5.0%	3.0%	5.1%



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# Light Vehicle Production – Sept 2019 Quarter

## JUL 2019 - SEP 2019 Excluding Currency Movements

Region	APG	* Industry Light Vehicle Production
<b>AMERICAS</b>	<b>12.2%</b>	<b>(1.6%)</b>
North America		<b>(0.9%)</b>
<b>ASIA</b>	<b>0.2%</b>	<b>(5.1%)</b>
China		<b>(6.5%)</b>
<b>EUROPE</b>	<b>2.4%</b>	<b>0.8%</b>
<b>Rest of the World</b>	<b>N/A</b>	<b>(23.6%)</b>
<b>WORLD TOTAL</b>	<b>4.6%</b>	<b>(3.6%)</b>

\* Source: IHS and Marklines



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# Sales Growth by Region - IPG

## Sales Growth/(Decline) % Excluding Currency Movements

IPG		Asia	Europe	Americas	TOTAL
<b>FY2019/20</b>	<b>1H</b>	(17%)	(11%)	(11%)	<b>(14%)</b>
<b>FY2018/19</b>	<b>2H</b>	(8%)	(1%)	6%	<b>(1%)</b>
	<b>1H</b>	4%	1%	7%	<b>4%</b>
<b>FY2017/18</b>	<b>2H</b>	10%	4%	4%	<b>6%</b>
	<b>1H</b>	15%	9%	(1%)	<b>8%</b>
<b>FY2016/17</b>	<b>2H</b>	5%	20%	(1%)	<b>7%</b>
	<b>1H</b>	1%	16%	(6%)	<b>3%</b>
<b>FY2015/16</b>	<b>2H</b>	(17%)	11%	(4%)	<b>(5%)</b>
	<b>1H</b>	(17%)	6%	4%	<b>(4%)</b>

# IPG Sales – 1H FY2019/20 by Quarter

## Sales Growth/(Decline) % Excluding Currency Movements

IPG		Asia	Europe	Americas	TOTAL
FY2019/20	Q2	(15.7%)	(11.4%)	(4.6%)	(11.1%)
	Q1	(18.9%)	(11.4%)	(18.3%)	(16.1%)
FY2018/19	Q4	(9.7%)	1.5%	11.2%	0.7%
	Q3	(7.3%)	(5.4%)	2.4%	(3.7%)
	Q2	1.5%	2.8%	8.7%	3.9%
	Q1	7.3%	(0.1%)	4.4%	3.9%
FY2017/18	Q4	12.1%	6.2%	3.7%	7.3%
	Q3	10.2%	1.9%	1.9%	4.9%
	Q2	7.4%	9.6%	1.0%	6.2%
	Q1	22.3%	7.9%	(0.8%)	9.8%
FY2016/17	Q4	1.7%	20.0%	(0.7%)	6.4%
	Q3	9.3%	20.9%	(1.2%)	8.6%
	Q2	7.4%	15.8%	(8.1%)	4.3%
	Q1	(5.6%)	16.3%	(3.4%)	1.5%



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# Profitability Review

## 1H FY2019/20 vs. 1H FY2018/19

<i>US\$ million</i>	First half of FY19/20	First half of FY18/19	Increase / (decrease)
Sales	1,565.0	1,677.7	(112.7)
Gross profit	356.9	398.5	(41.6)
<i>Gross margin %</i>	22.8%	23.8%	
Other income and (expenses)	71.1	23.3	47.8
<i>As a % of sales</i>	4.5%	1.4%	
Intangible assets amortization expense	(20.6)	(21.1)	0.5
<i>As a % of sales</i>	1.3%	1.3%	
Other selling and administrative expenses ("S&A")	(215.9)	(229.3)	13.4
<i>As a % of sales</i>	13.8%	13.7%	
Operating profit	191.5	171.4	20.1
<i>Operating profit margin %</i>	12.2%	10.2%	
Share of profit of associate	0.1	0.1	-
Net finance costs	(9.1)	(8.4)	(0.7)
Profit before income tax	182.5	163.1	19.4
Income tax expense	(16.3)	(19.1)	2.8
<i>Effective tax rate</i>	8.9%	11.7%	
Profit for the period	166.2	144.0	22.2
Non-controlling interests	(4.2)	(3.8)	(0.4)
Profit attributable to shareholders	162.0	140.2	21.8
Basic earnings per share (US cents)	18.48	16.22	2.26
Diluted earnings per share (US cents)	18.44	15.76	2.68

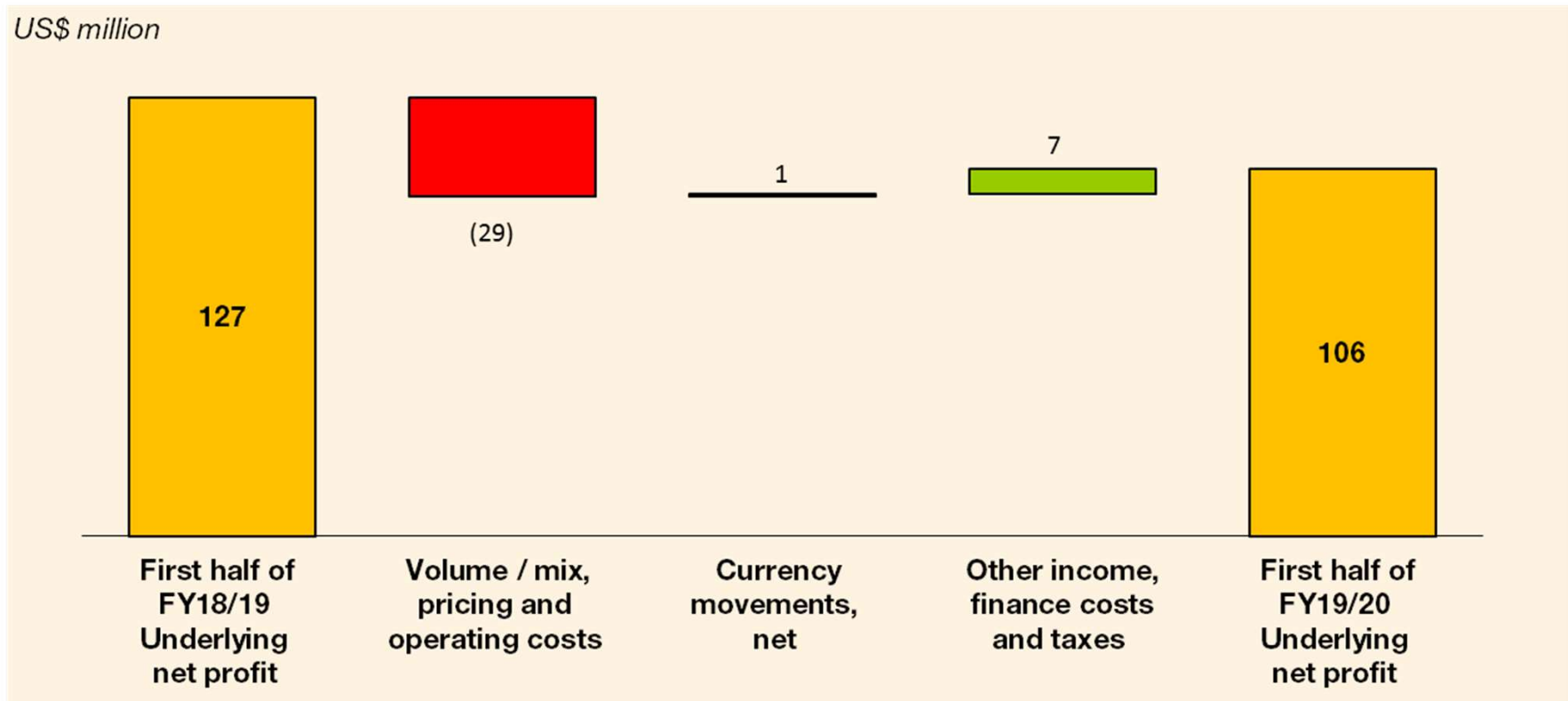
# Summary table of Net Profit Bridge

US\$ million	First half of FY19/20			First half of FY18/19		
	Before tax	Tax effect	Net of tax effect	Before tax	Tax effect	Net of tax effect
<b>Net profit, as reported</b>			<b>162.0</b>			<b>140.2</b>
Unrealized net losses / (gains) on other financial assets and liabilities	(15.5)	0.1	(15.4)	3.2	(0.2)	3.0
Unrealized net losses from revaluation of monetary assets and liabilities	12.8	(0.2)	12.6	12.8	(2.7)	10.1
Unrealized net (gains) on structured forward currency exchange contracts	(13.5)	1.6	(11.9)	(22.7)	2.8	(19.9)
Fair value (gains) from a divested item <sup>1</sup>	(41.2)	-	(41.2)	(6.4)	-	(6.4)
Net (gains) of significant non-cash and divested items	(57.4)	1.5	<b>(55.9)</b>	(13.1)	(0.1)	<b>(13.2)</b>
<b>Net profit excluding the impact of significant non-cash and divested items</b>			<b>106.1</b>			<b>127.0</b>

1 On 29 July 2019, the Group entered into a provisional agreement to divest an investment property, resulting in a non-cash net gain of US\$41.2 million for the first half of FY19/20. The divestment was completed on 23 October 2019.



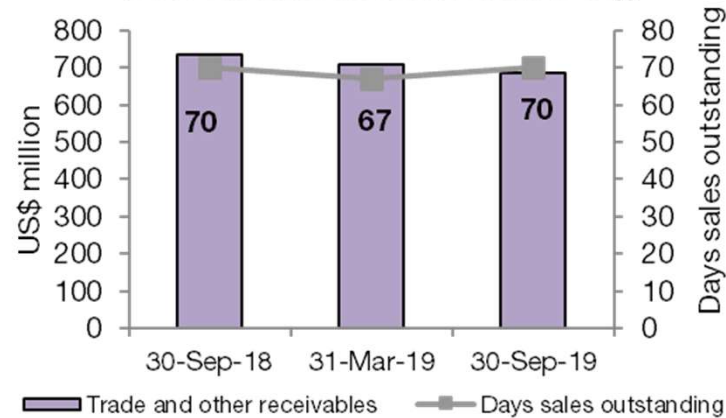
# Underlying Net Profit Changes vs. Prior Year



# Working Capital & CAPEX

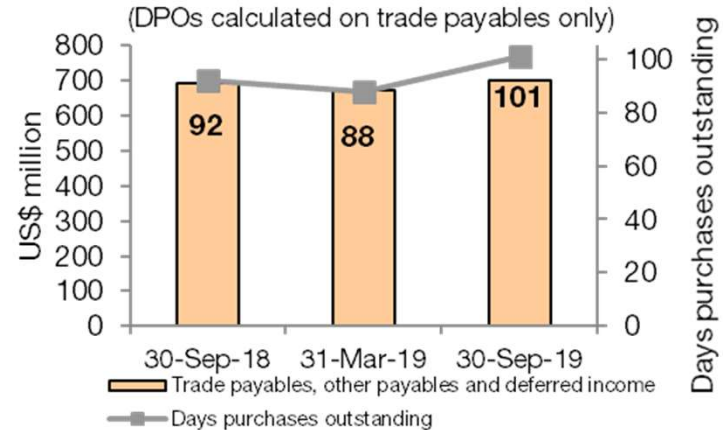
## Trade and other receivables

(DSOs calculated on trade receivables only)

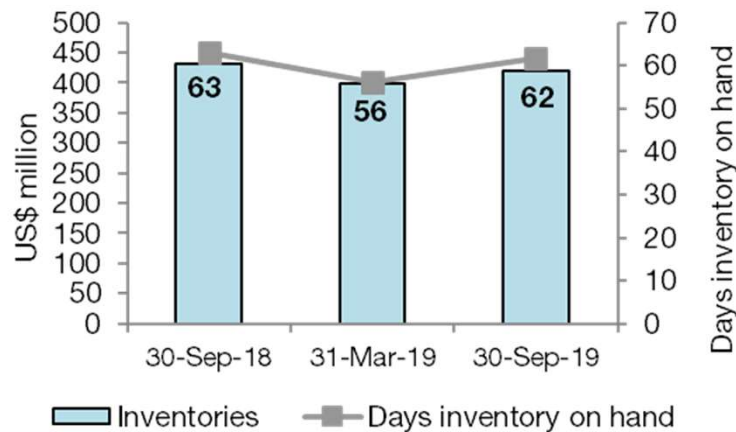


## Trade payables, other payables and deferred income

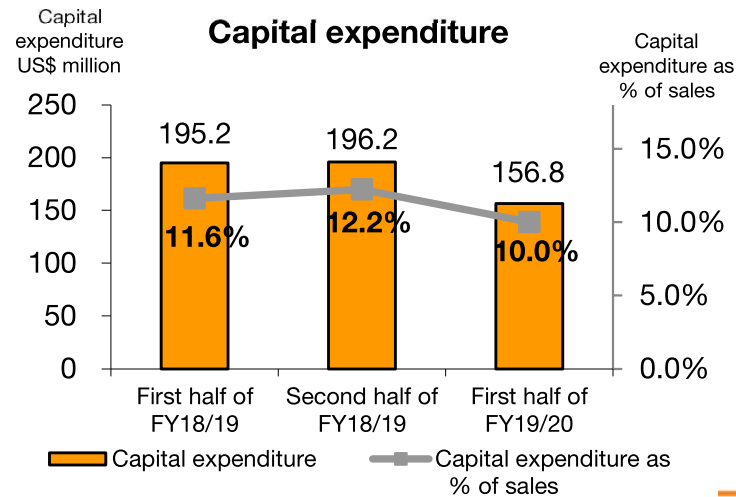
(DPOs calculated on trade payables only)



## Inventories



## Capital expenditure



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# Analysis of Cash Flow

<i>US\$ million</i>	First half of FY19/20	First half of FY18/19	Change
Operating profit <sup>1</sup>	191.5	172.1	19.4
Depreciation and amortization (including leases)	120.2	101.1	19.1
EBITDA <sup>2</sup>	311.7	273.2	38.5
Other non-cash items	(55.8)	(28.8)	(27.0)
Working capital changes	14.7	(25.0)	39.7
Interest paid (including leases) <sup>2</sup>	(10.9)	(5.7)	(5.2)
Payment of lease - principal portion <sup>2</sup>	(7.6)	-	(7.6)
Interest received	1.2	0.6	0.6
Income taxes paid	(14.2)	(22.5)	8.3
Capital expenditure, net of subsidies	(156.8)	(195.2)	38.4
Proceeds from disposal of fixed assets	0.5	0.6	(0.1)
<b>Free cash in / (out) flow from operations <sup>2</sup></b>	<b>82.8</b>	<b>(2.8)</b>	<b>85.6</b>

1. Operating profit did not include any dividend received from associate in the first half of FY19/20 (first half of FY18/19: US\$0.7 million)

2. The change in accounting for leases in FY19/20 has no impact on the free cash flow from operations of US\$82.8 million. The change in accounting does affect EBITDA (US\$9.0 million favourable), interest paid (US\$1.4 million unfavourable) and payment of the principal portion of leases (US\$7.6 million unfavourable) with a combined effect of US\$nil



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# Other Cash Flows

<i>US\$ million</i>	First half of FY19/20	First half of FY18/19	Change
<b>Free cash in / (out) flow from operations <sup>2</sup></b>	<b>82.8</b>	<b>(2.8)</b>	<b>85.6</b>
Deposit received for divestment of an investment property	12.1	-	12.1
Purchase of intangible assets	-	(1.1)	1.1
Dividends paid	(13.6)	(37.5)	23.9
Purchase of shares held for incentive share schemes	(0.6)	(1.5)	0.9
Other investing activities	(0.7)	(7.9)	7.2
Dividends paid to non-controlling interests	(0.5)	(5.5)	5.0
Proceeds from private long-term debt issuance, net of transaction costs	-	99.6	(99.6)
Borrowing (repayments), net	(26.7)	(11.3)	(15.4)
Redemption / repurchase of convertible bonds	(151.9)	(19.8)	(132.1)
(Decrease) / increase in cash and cash equivalents (excluding currency movements)	(99.1)	12.2	(111.3)
Currency translation (losses) on cash and cash equivalents	(8.8)	(11.2)	2.4
<b>Net movement in cash and cash equivalents</b>	<b>(107.9)</b>	<b>1.0</b>	<b>(108.9)</b>

2. The change in accounting for leases in FY19/20 has no impact on the free cash flow from operations of US\$82.8 million. The change in accounting does affect EBITDA (US\$9.0 million favourable), interest paid (US\$1.4 million unfavourable) and payment of the principal portion of leases (US\$7.6 million unfavourable) with a combined effect of US\$nil



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# Dividends

- ▶ The Board has declared an **interim dividend of 17 HK cents per share**, equivalent to 2.18 US cents per share (1H FY2018/19: 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.

- ▶ **Dividend History**

Financial Year	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
<b>Dividend per share (HK cents)</b>											
Interim dividend	17.0	17.0	17.0	16.0	15.0	14.0	12.0	12.0	12.0	12.0	-
Final dividend (Proposed)	TBD *	34.0	34.0	34.0	34.0	34.0	34.0	32.0	28.0	24.0	20.0
Total dividend per share	TBD *	51.0	51.0	50.0	49.0	48.0	46.0	44.0	40.0	36.0	20.0

\* To be determined



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Group Overview

Strategy & Outlook

FY2019/20 December Quarter

Key Financial Highlights

Operational Results

Appendix



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# FX Rate – 1H FY2019/20 vs. 1H FY2018/19

<b>USD</b> Average Exchange Rate	<b>1H FY2019/20 APR-SEP</b>	1H FY2018/19 APR-SEP	<i>Change</i>
CAD	<b>1.329</b>	1.299	(2.3%)
CNY	<b>6.903</b>	6.592	(4.7%)
EUR	<b>1.118</b>	1.177	(5.1%)

Source: Bloomberg daily rates



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# Disclaimer

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*This presentation 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”, “believes”, “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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