

Investor Briefing

November
2022

FY22/23

Interim Results

For the period ended 30 September 2022

**FY22/23
Interim Results**

**Group
Overview**

**New
Development**

Investor Briefing

**Why Invest
in Johnson
Electric?**

Outlook

**Key
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**Supplemental
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**Operating
Results**

Overview



•••• A global leader in electric motors, actuators, motion subsystems and related electro-mechanical components

•••• Listed on the Hong Kong Stock Exchange since 1984

•••• Workforce of over 35,000 across 22 countries

Automotive Products Group



Braking, closure, interior, steering, thermal management, transmission and driveline, and vision, amongst others

Industry Products Group



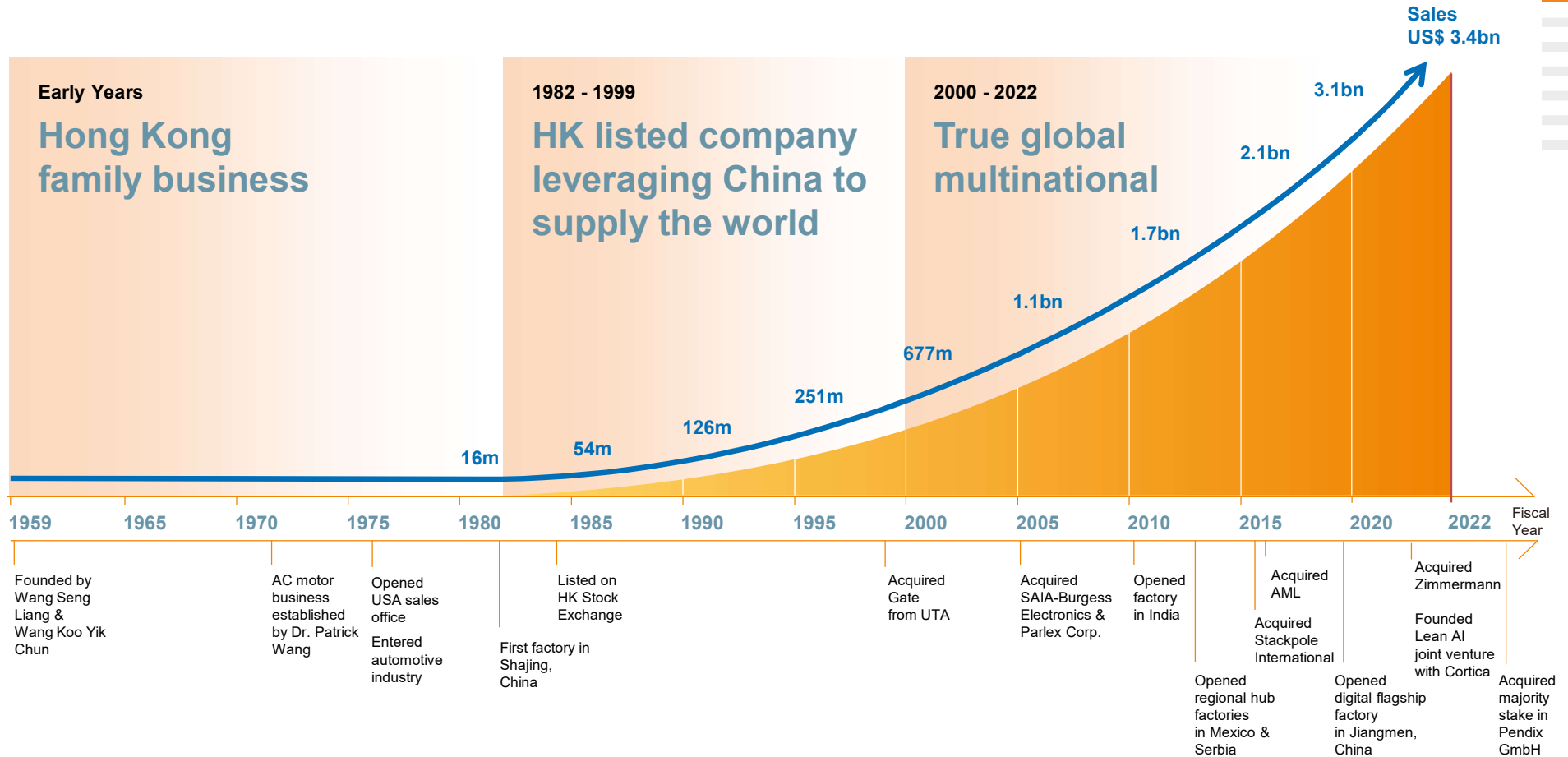
Business equipment, e-bikes, home automation, lawn and garden, medical devices, power tools, robotics, smart metering, ventilation and white goods, amongst others

Components and Services



Vertical integration of die casting, injection molding, magnets, metal stamping, sintering and PCBs, amongst others

History & Development

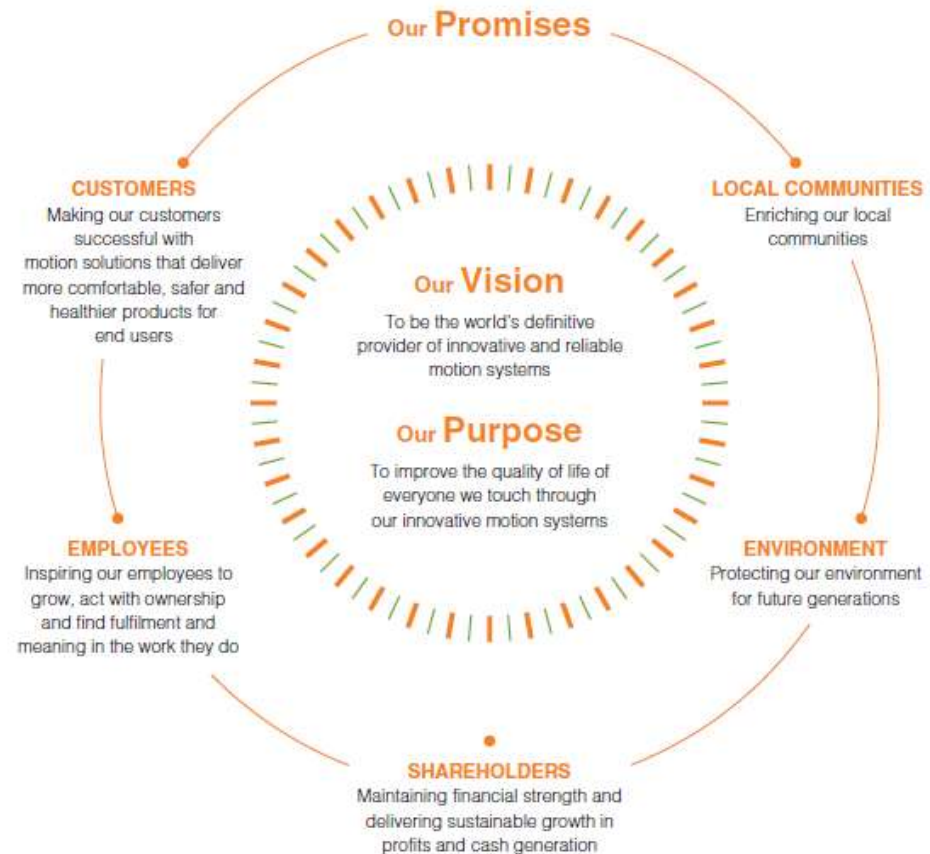


Fiscal Year

Acquired majority stake in Pendix GmbH

Stepping Up to Drive a Sustainable Future

Leveraging our expertise in motion systems and our experience in serving local communities, to do good as well as to deliver sustainable value to our stakeholders



Strategies

1

Focusing on **servicing customers** whose products are **aligned to key underlying trends** that drive long-term consumer demand – including the imperatives to **reduce greenhouse gas** and other emissions, **improve health and safety**, and **increase mobility and controllability**

2

Investing in **technology innovation** to provide unique motion solutions to customer problems and redefine industry standards

3

Building a **resilient global manufacturing footprint** supported by a strong “in region” supply chain network to provide greater **customer responsiveness**, improved **cost competitiveness**, and **reduced exposure** to tariffs, foreign currency volatility and single country risk

4

Aligning design and production processes with the industrial logic of **advanced automation** to continuously reduce cycle times and improve product quality

5

Making **selective acquisitions** that bring complementary technologies to the Group and strengthen our position in key markets

6

Developing and retaining a diverse and **talented** team of **people**, committed to making our customers successful and growing a world-class company that can share in that success



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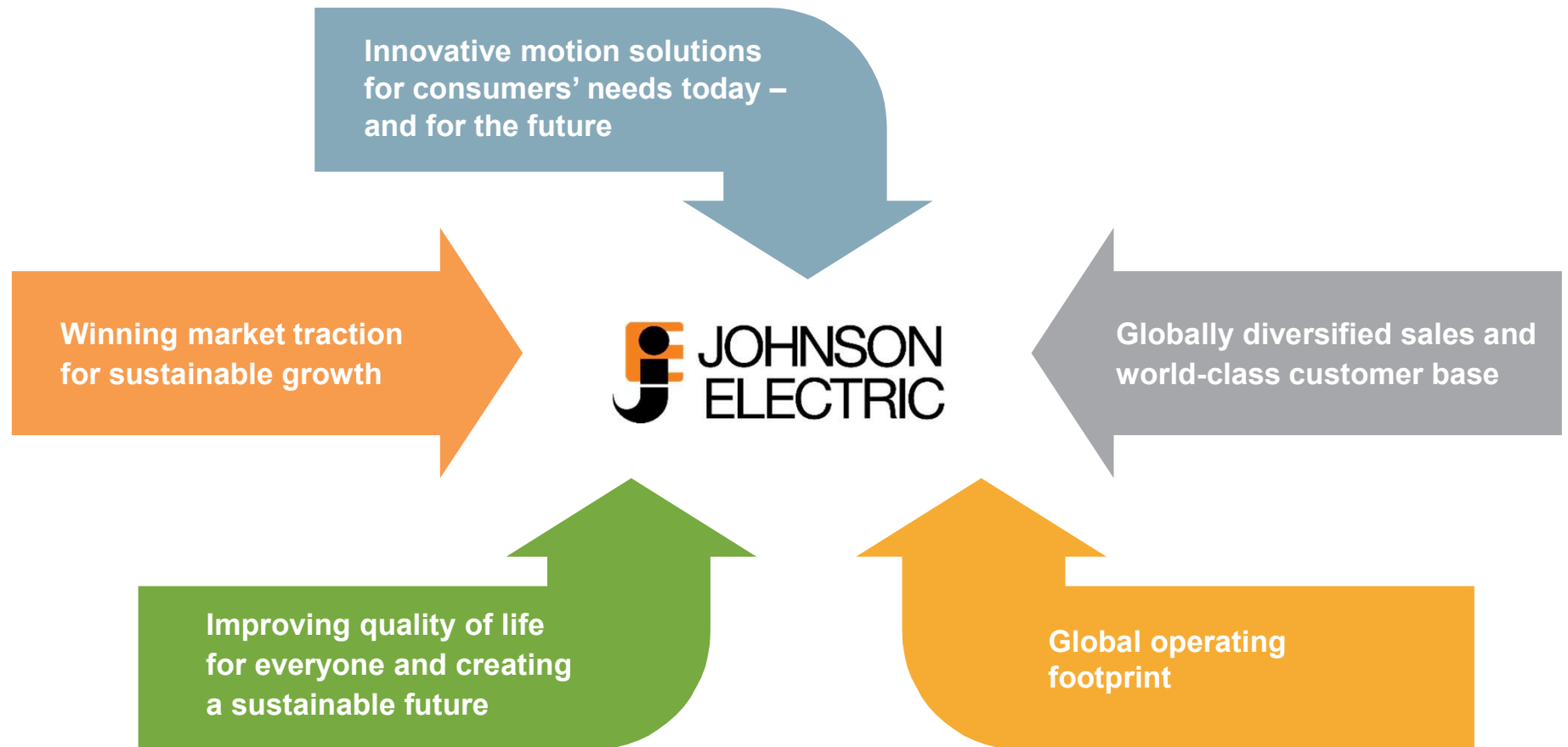
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Why Invest in Johnson Electric



Innovative Solutions for Proliferating Applications

For **Today** & the
Future



Automotive

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



Electrification & Environment

Zero- and low-carbon solutions to combat climate change



Smart Home & IOT

Home automation for windows and robotic floor care, smart meter solutions, and automated food and beverage preparation equipment



E-Commerce & Industrial

Delivery robots and warehouse automation solutions

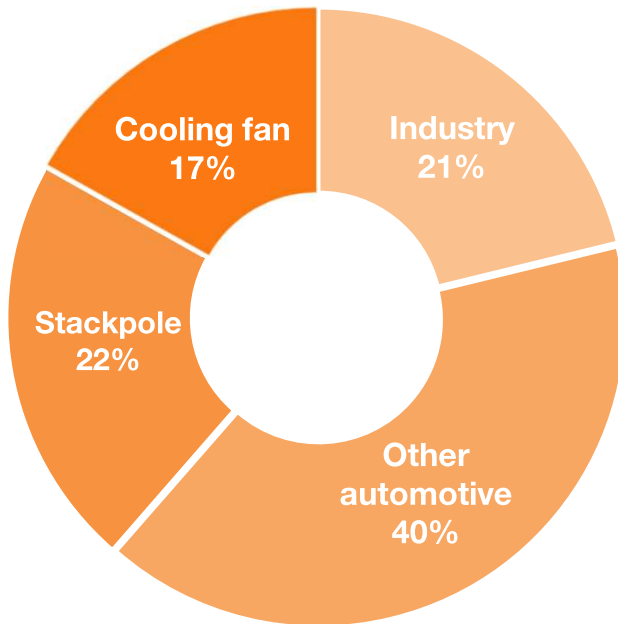


Healthcare

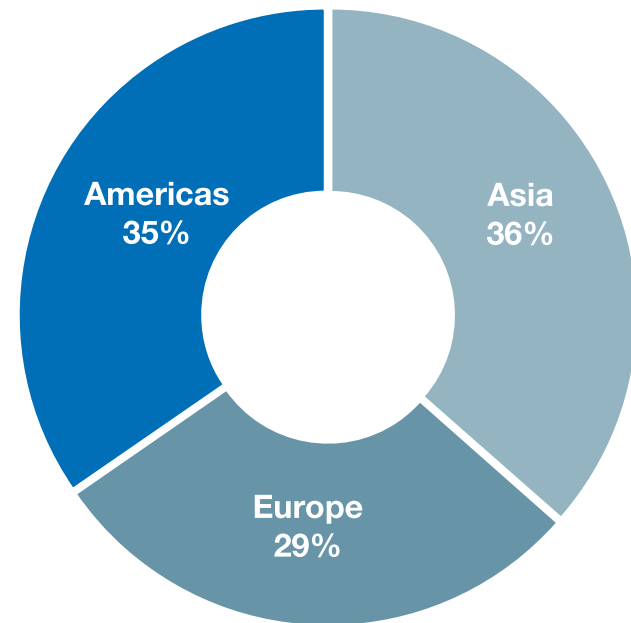
Medical device subsystems for improved patient outcomes. Surgical and diagnostic devices and medical wearables

Diversified Sales

By Major Lines of Business



By Destination



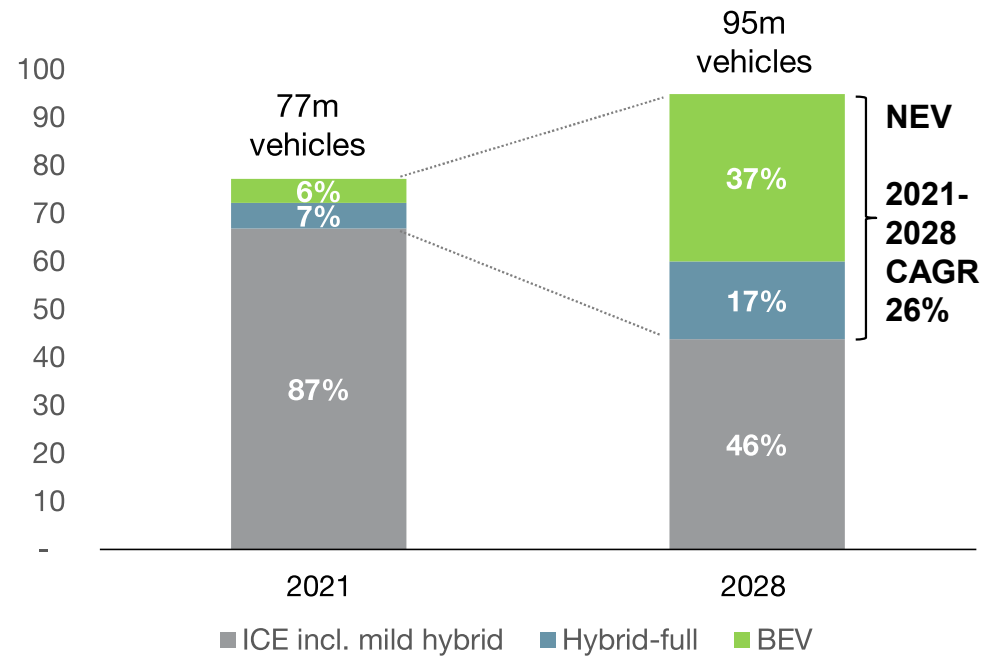
Carbon Reduction APG's Growth Opportunity

Surging demand for innovative, cost-competitive solutions that:

- Electrify critical automotive functions
- Optimize thermal management
- Prevent or reduce emissions

APG is enabling the transition to hybrid and Battery-Electric Vehicles (BEV)

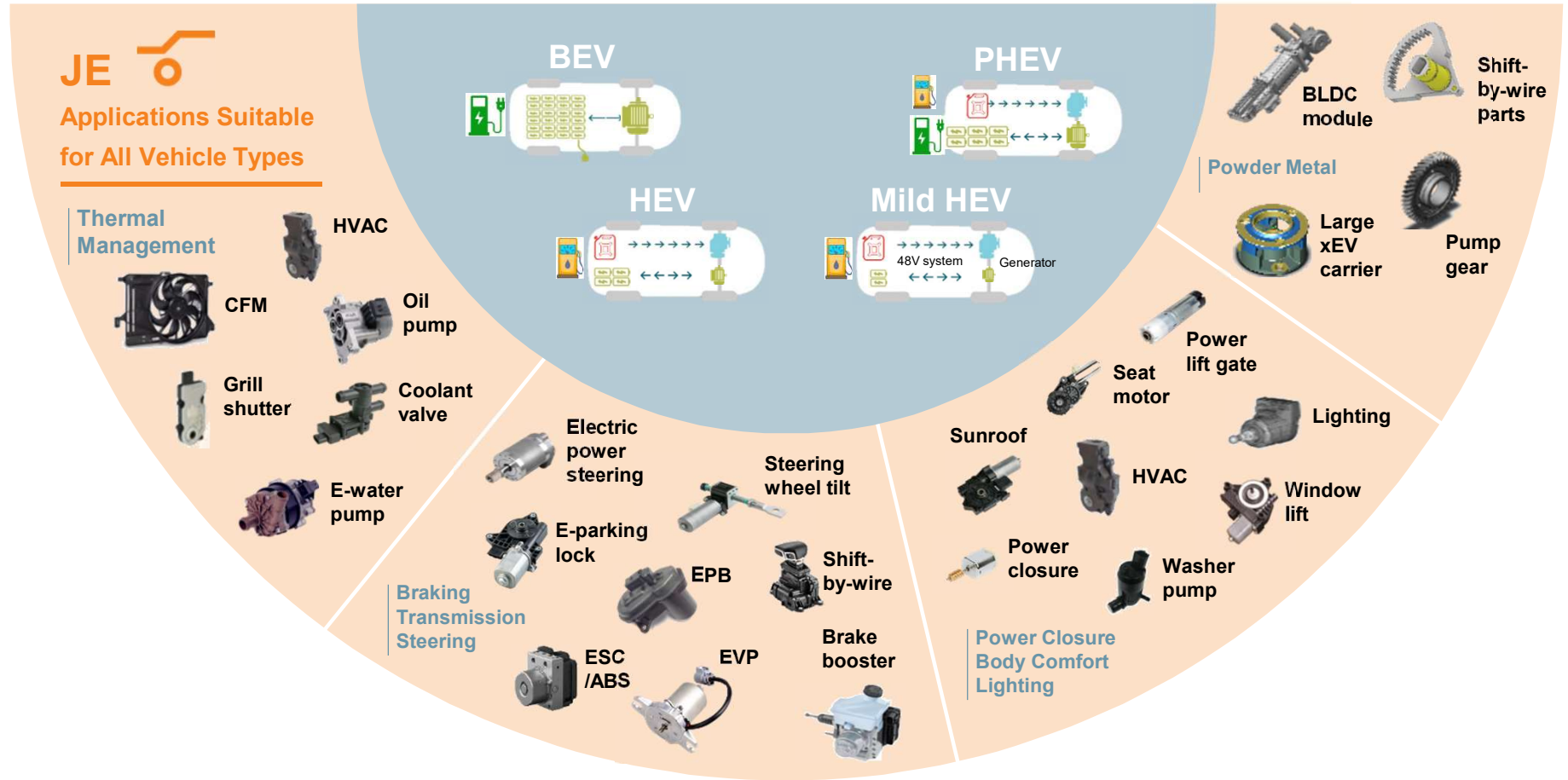
Global Light Vehicle Production Outlook



Source: IHS Oct 2022
Information presented by calendar year

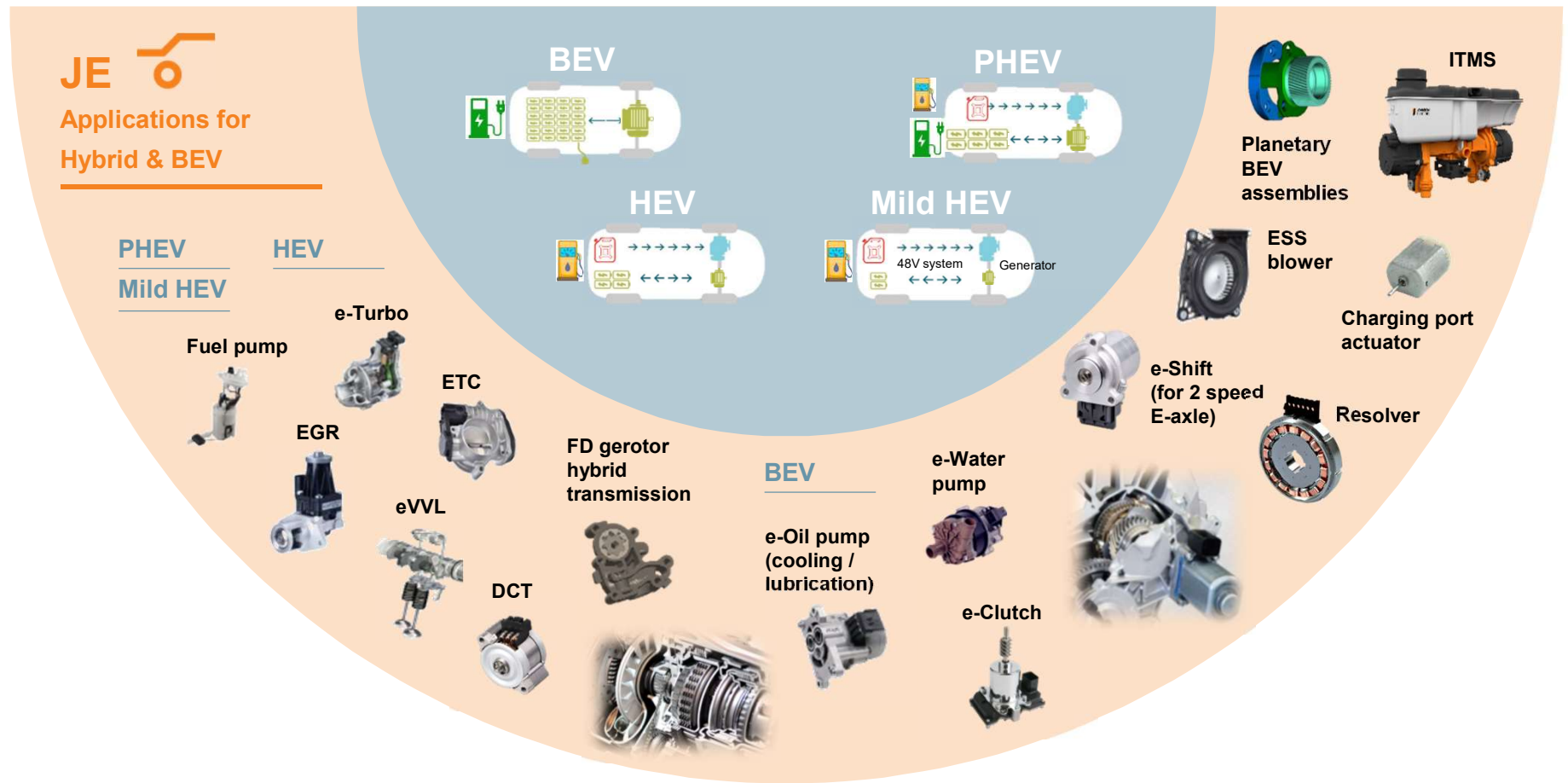
JE Automotive Products

Well Positioned for Growth in New Energy Vehicles (NEV)

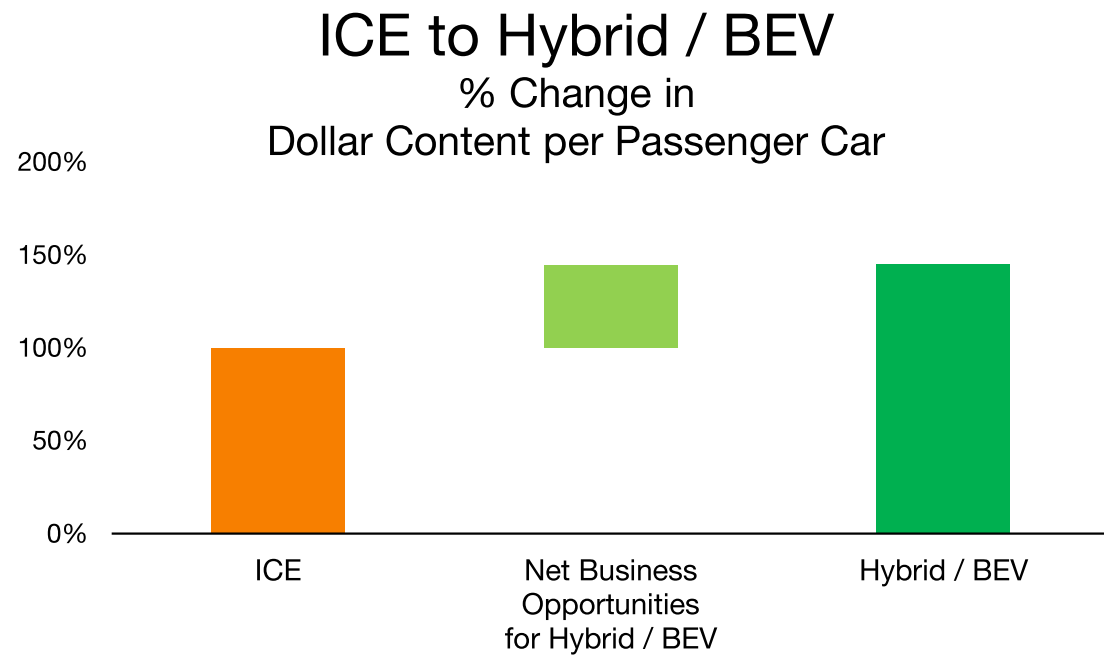


JE Automotive Products

Engineered for Tomorrow...Compatible with Today



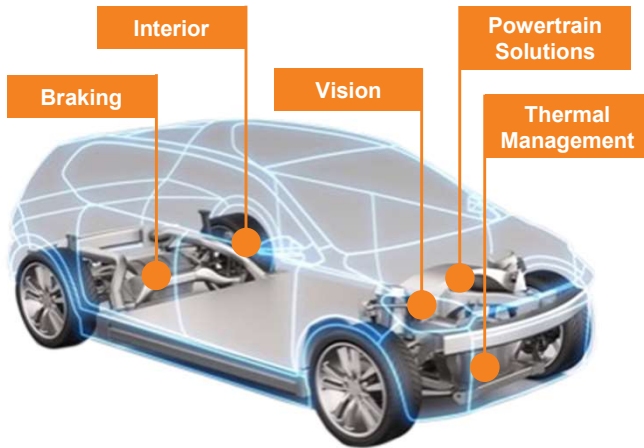
Well Positioned to Capitalize on the Automotive Market Move



Source: Johnson Electric analysis – indicative based on current available market intelligence and estimates

Examples of Recent Automotive Business Wins for New Energy Vehicles

Our innovative products are winning business on major NEV platforms



Disclaimer: The customer tradenames and trademarks demonstrated herein are the properties of the respective customers. Their usage herein is for illustration purposes only

Braking Applications

Brake booster, e-parking lock, e-parking brake and electric vacuum pump for safety and shorter braking distance, lower weight, and energy regeneration



Interior and Vision Applications

Window, door, seat and LiDAR motors and headlamp actuator for more comfortable, autonomous and automated features



Powertrain Solutions

Mechatronics e-pump for lubrication and cooling of e-axe | e-Clutch to support start-stop, sailing, etc.



Thermal Management Applications

Electric water pump, cooling fan module, integrated thermal management and other cooling components for thermal management of battery, traction motor, power electronics and other critical components



Autonomous Driving & Connectivity



Current and future JE products for automotive autonomous and connectivity

Window lift and sunroof motor



Power door opening motor



Power lift tailgate / frunk motor



Charging lid motor



Flush handle motor



Seat adjuster motor



Rotating seat motor



Haptic actuator



Steering-by-wire motor



EMB motor



Brake-by-wire



Steering wheel folding motor



Haptic actuator



LiDAR motor



Sensor washing system



CMD



Headlamp actuator



LUMEMS autonomous leveling sensor

IPG Growth Supported by Megatrends

 Smart Home and Internet of Things

 Electrification & Environment

 E-commerce & Industrial

 Healthcare

Improving Performance
Energy efficient,
smaller, lighter, safer,
controllable, connected

Touching Human Needs

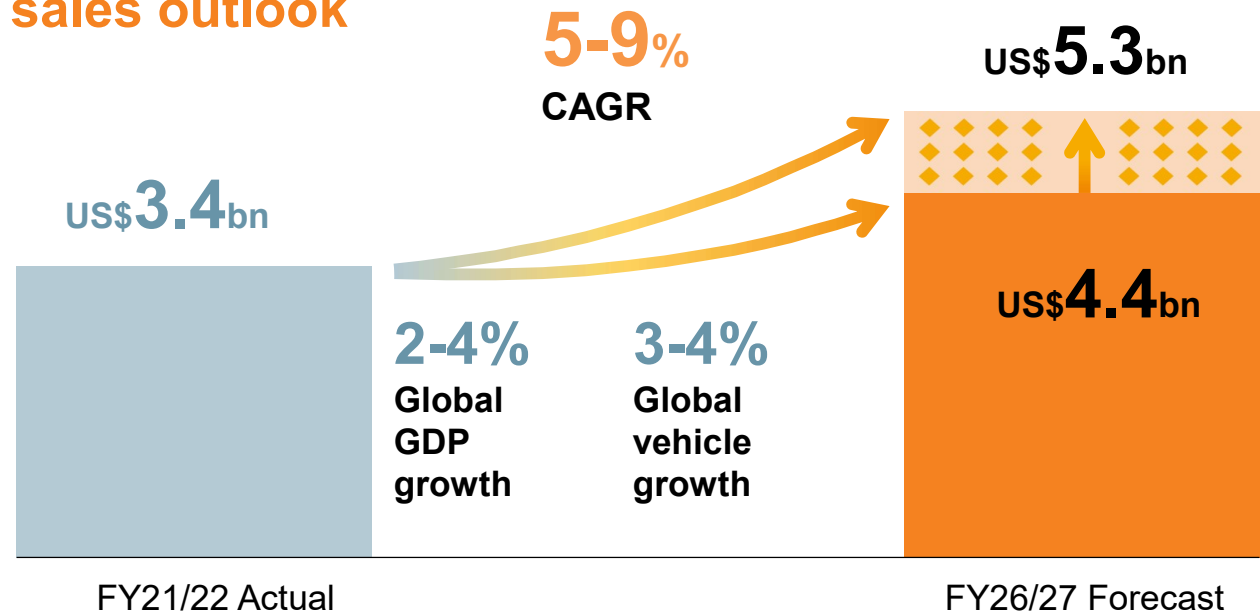
Proliferating



Winning Market Traction

Medium-term sales outlook

New business wins and opportunities are set to sustain growth



Note: Estimated total Group sales outlook based on customer order book and forecasts, and other forward-looking indicators, assuming no acquisitions, macro-economic cyclical downturns or other market disruptions

ESG is Integral to Johnson Electric's Evolution

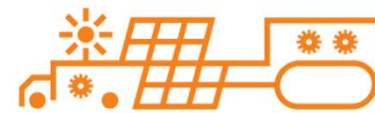


Our environmental strategy and policies address:

- Climate change
- Our use of natural resources including water and raw materials
- Pollution prevention
- Waste minimization

CO₂ and energy targets

By 2025



Operate with 100% renewable energy *

By 2030

CO₂

-25% absolute carbon emission

By 2030



-15% energy intensity

* As available and feasible for each site

ESG is Integral to Johnson Electric's Evolution

We inspire our employees to grow and find fulfilment and meaning in the work they do and offer career development that rewards results, enterprise, mentorship and teamwork.

We protect labour rights and provide a safe and secure working environment for our employees.

One Johnson around the world, a great company and a great place to work!



We are a truly global team bound together by our shared values. We recognize that the talent and diversity of our people drives business results



We thrive on innovation and excel in execution. We are committed to making our customers successful and our world a better place



We believe that hiring the right people and putting them in the right jobs to maximizes the success of our people and our business

ESG is Integral to Johnson Electric's Evolution

We seek to identify social needs where we can benefit both Johnson Electric and the local community

For example, the Johnson Electric Technical College, founded in 2004, helps lift families out of poverty while providing us with a stream of high-quality recruits

JETC students at study and play in China and Mexico



JETC
Bringing education to the underprivileged

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Highlights

Group sales

1,770 US\$ million

up 6% compared to first half of FY21/22. Up 11% excluding currency movements and acquired business

Gross profit

355 US\$ million

or 20.0% of sales (compared to US\$357 million or 21.3% of sales in first half of FY21/22)

Adjusted EBITA

111 US\$ million

compared to US\$138 million in first half of FY21/22

Net profit attributable to shareholders

56 US\$ million

6.21 US cents per share, fully diluted, a 40% decrease compared to first half of FY21/22

Net profit excluding non-cash foreign exchange rate movements and restructuring costs

78 US\$ million

a 19% decrease compared to first half of FY21/22

Free cash inflow from operations

80 US\$ million

compared to a free cash outflow of US\$56 million in first half of FY21/22

Cash reserves

298 US\$ million

and total debt to capital of 17% as of 30 September 2022

Interim dividend

17 HK cents

per share (2.18 US cents per share) with a scrip dividend alternative

Financial Highlights

US\$ million	First half of FY22/23	First half of FY21/22
Sales	1,769.9	1,674.1
Gross profit	354.5	357.4
<i>Gross margin</i>	20.0%	21.3%
EBITA ¹	85.6	134.0
EBITA adjusted ²	111.2	138.4
<i>EBITA adjusted margin</i>	6.3%	8.3%
Profit attributable to shareholders	55.9	93.2
Net profit excluding non-cash foreign exchange rate movements and restructuring costs	78.4	96.5
Diluted earnings per share (US cents)	6.21	10.36
Capital expenditure	119.9	152.3
<i>Capital expenditure as % of sales</i>	6.8%	9.1%
Free cash in / (out) flow from operations	80.2	(55.9)

1. Earnings before interest, tax and amortization

2. Adjusted to exclude unrealized gains or losses relating to exchange rate movements as well as restructuring and other related costs

Financial Highlights

US\$ million	30 Sep 2022	31 Mar 2022
Cash	298.2	345.4
Total debt	471.7	490.8
Net debt ³	(173.5)	(145.4)
Enterprise value ⁴	1,127.2	1,470.2
Key Financial Ratios	30 Sep 2022	31 Mar 2022
Enterprise value to EBITDA adjusted ⁵	2.4	3.0
Gross debt ⁶ to EBITDA adjusted	1.3	1.3

3. Cash less total debt

4. Enterprise value calculated as market capitalization plus non-controlling interests plus total debt less cash

5. Adjusted ² earnings before interest, tax, depreciation and amortization, annualized using the last 12 months' results, giving adjusted EBITDA of US\$462.2 million (31 March 2022: US\$492.2 million)

6. Gross debt including pension liabilities and leases

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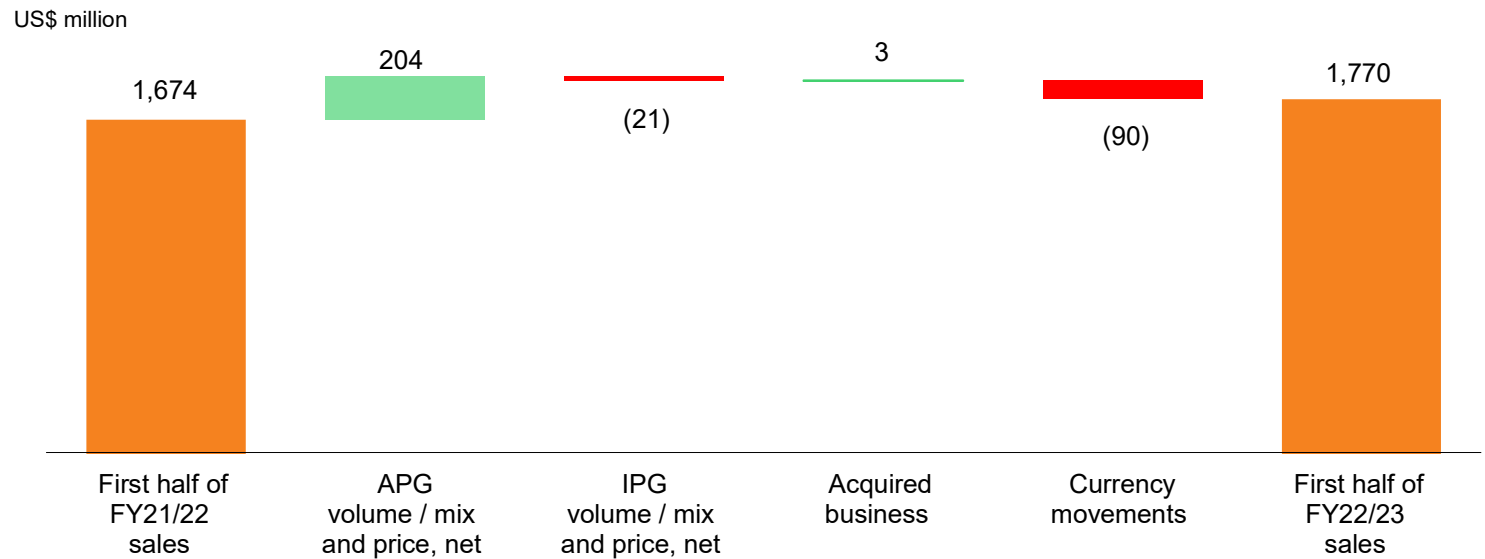
**Operating
Results**

Group Sales Changes

First Half of FY22/23 vs. First Half of FY21/22

Reported sales up 6%

Sales grew 11% on a constant currency basis



APG Sales Growth vs. Light Vehicle Production

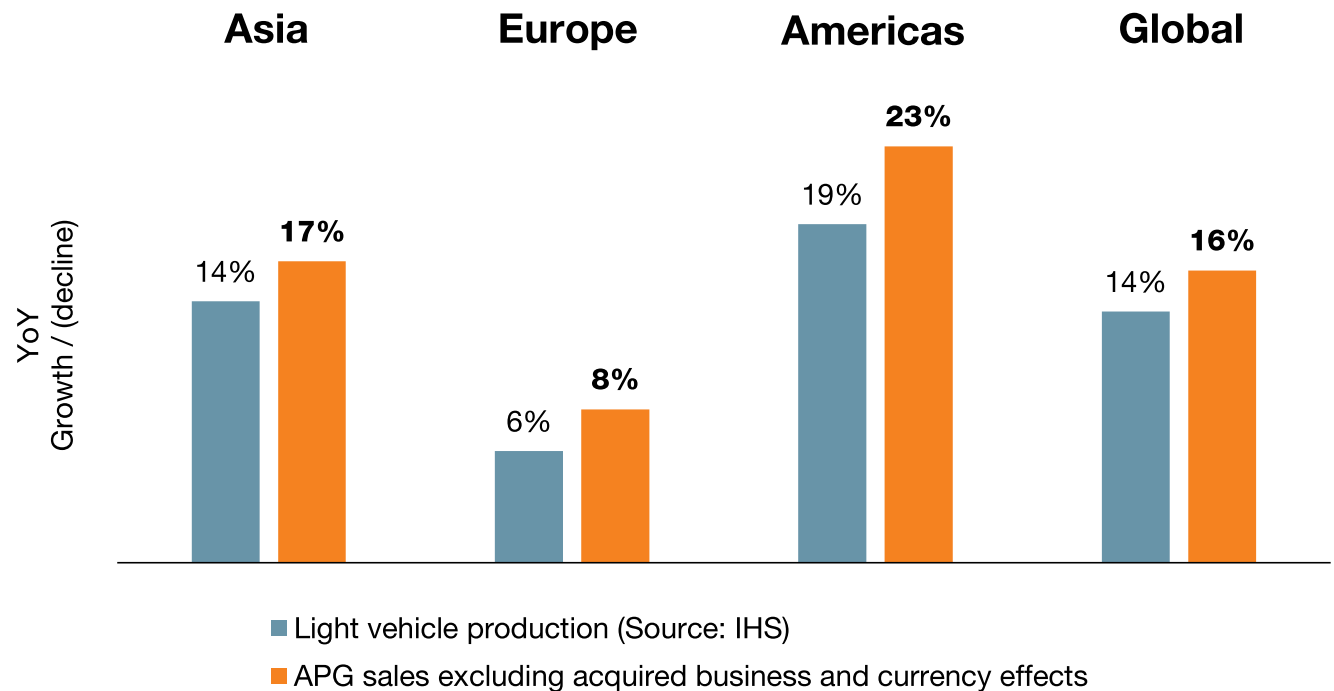
First Half of FY22/23 vs. First Half of FY21/22

Outperformance in all regions compared to the changes in light vehicle production

In Asia, growth was led by closure and thermal management

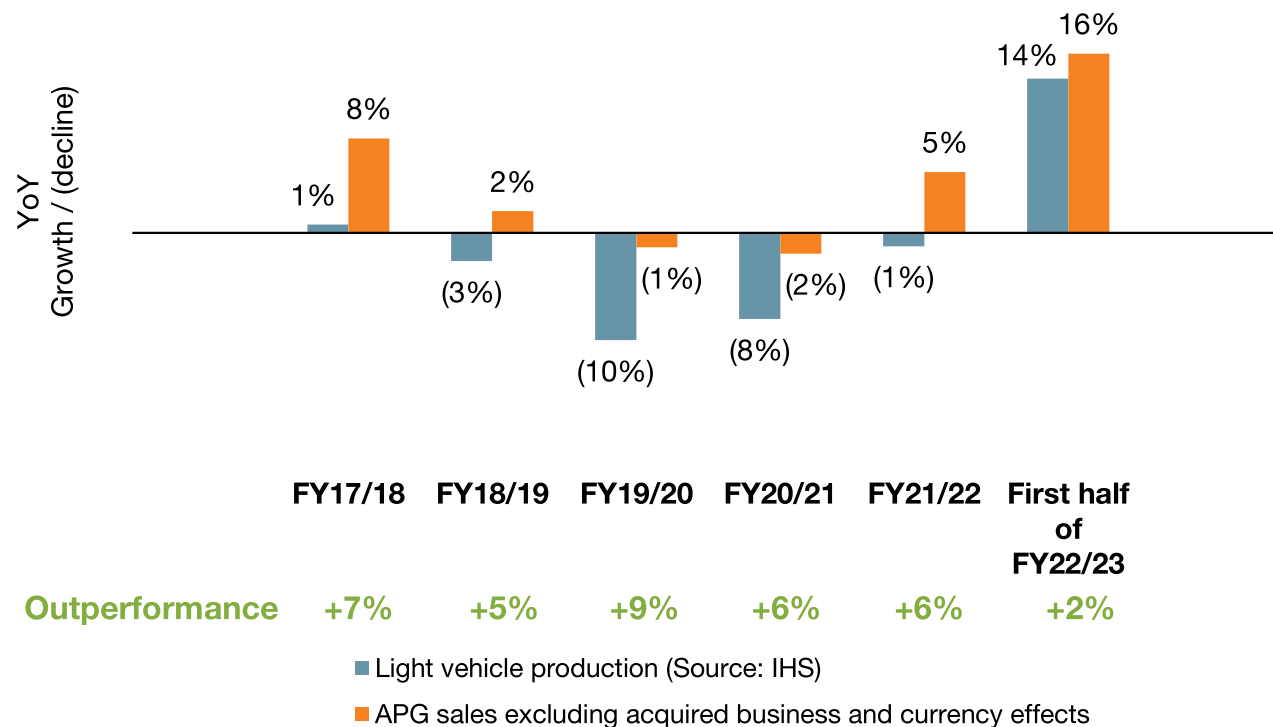
In Europe, thermal management and mechatronic oil pumps.

In the Americas, thermal management and powder metal components



Multi-Year Sales Changes vs. Light Vehicle Production

APG has consistently outperformed light vehicle production. This reflected APG's focus on enabling the shift to increased electrification, reduced emissions, and improved safety and comfort.

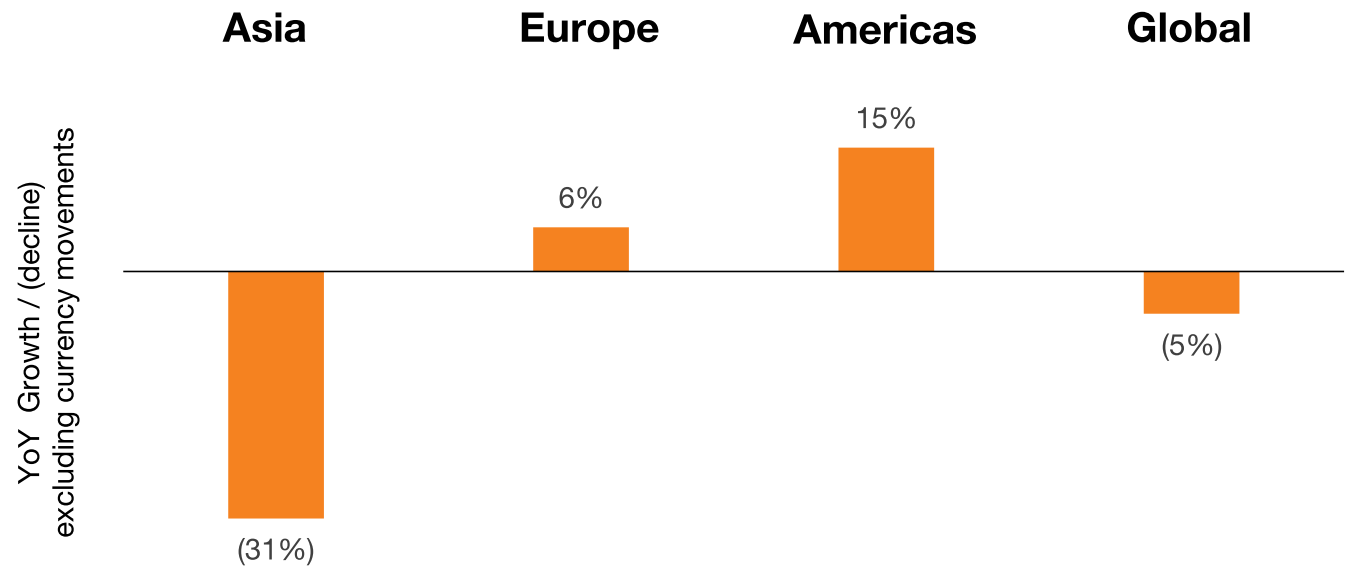


IPG Sales Growth by Region

First Half of FY22/23 vs. First Half of FY21/22

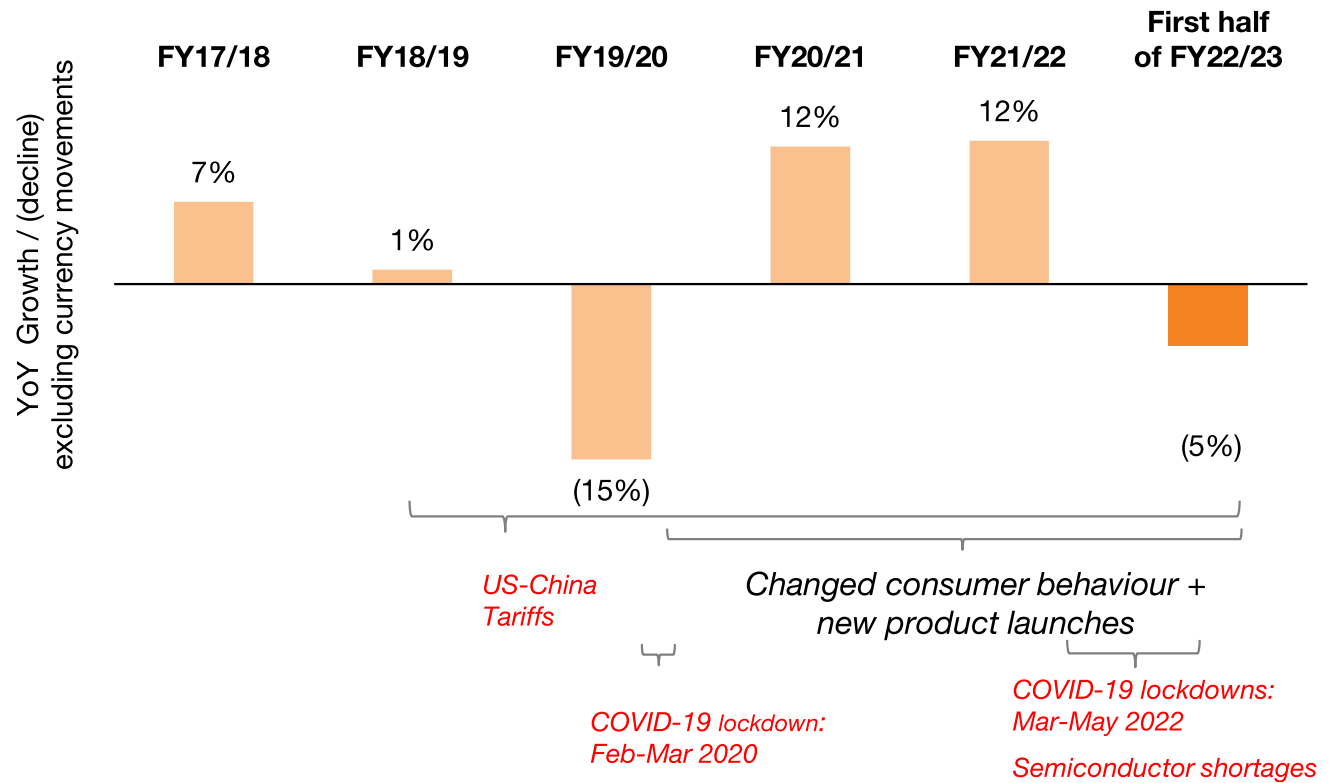
Decline in sales to customers engaged in China's export markets due to COVID lockdowns, chip shortages and reduced demand for some home-centric products

This was partly offset by growth across several segments in Europe and the Americas



Multi-Year Sales Trend

IPG responded decisively to rapidly changing circumstances over the past few years by launching products in new growth areas. These helped mitigate the decline in demand for home-centric products in the first half of fiscal year FY22/23

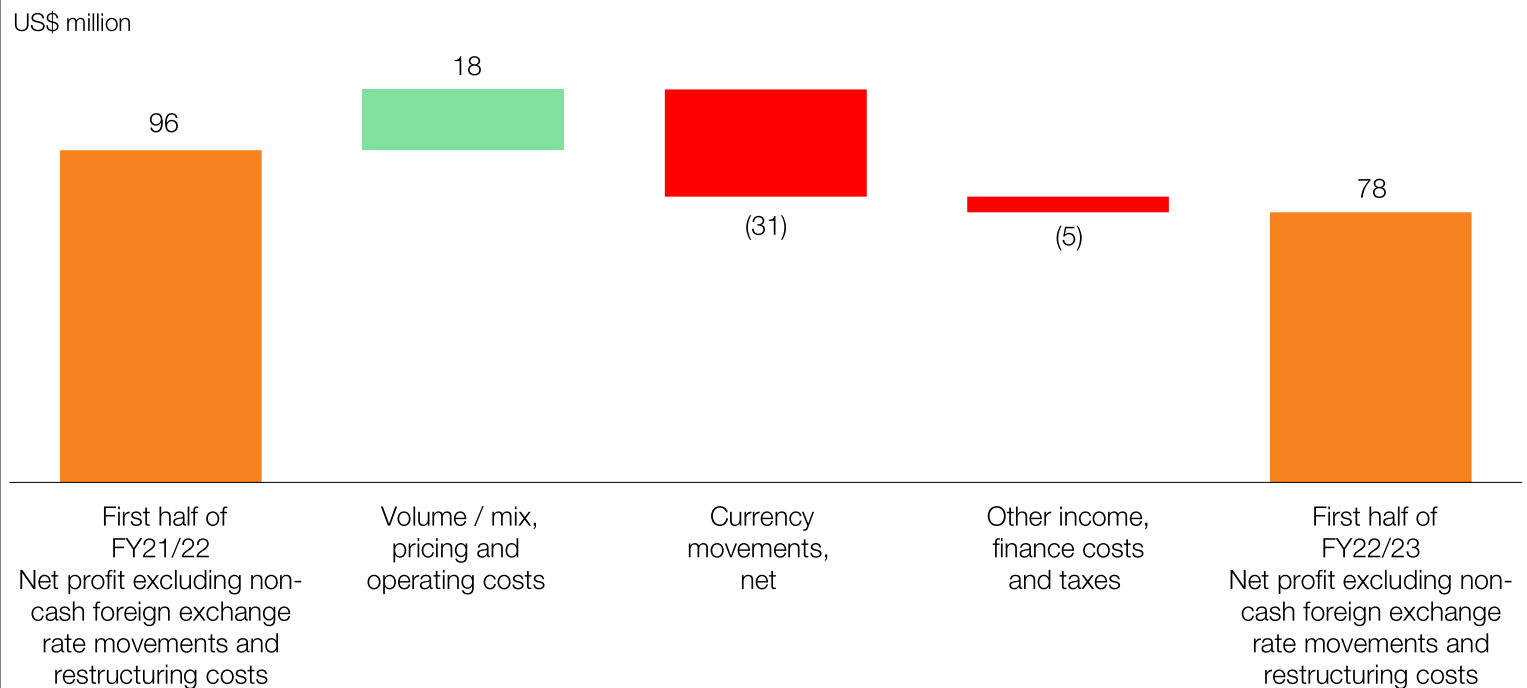


Adjusted Net Profit

First Half of FY22/23 vs. First Half of FY21/22

Higher volumes, inflation recovery and cost reductions benefited profit, partly offset by higher raw material and operating costs

Unfavourable currency movements impacted profit



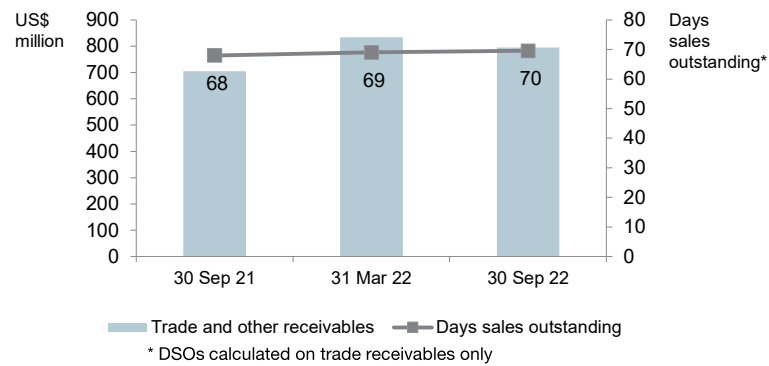
From Reported to Adjusted Net Profit

US\$ million	First half of FY21/22			First half of FY22/23		
	Before tax	Tax effect	Net of tax effect	Before tax	Tax effect	Net of tax effect
Net profit, as reported			93.2			55.9
Unrealized net gains on other financial assets and liabilities	(4.2)	(0.1)	(4.3)	(23.8)	(0.5)	(24.3)
Unrealized net losses from revaluation of monetary assets and liabilities	9.9	(1.0)	8.9	63.7	(3.7)	60.0
Unrealized net gains on structured foreign currency contracts	(4.8)	0.5	(4.3)	(15.0)	1.3	(13.7)
Restructuring and other related costs	3.5	(0.5)	3.0	0.7	(0.2)	0.5
Net losses of significant non-cash items, restructuring and other related costs	4.4	(1.1)	3.3	25.6	(3.1)	22.5
Net profit excluding non-cash foreign exchange rate movements and restructuring costs ¹			96.5			78.4
<i>As a % of sales</i>			5.8%			4.4%

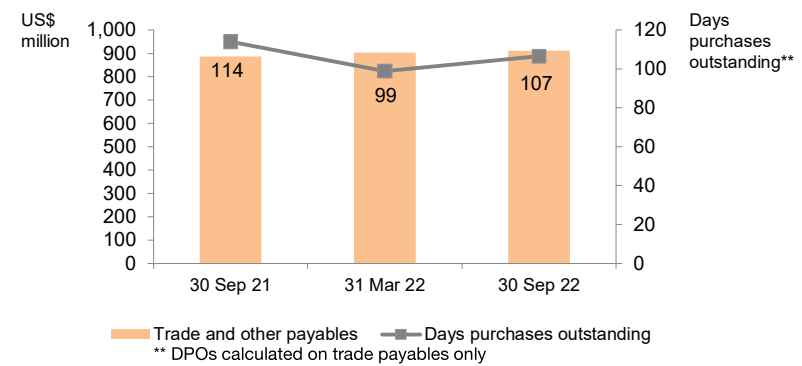
1. Unrealized gains or losses relating to exchange rate movements are significant non-cash items. Restructuring and other related costs are not part of the routine operations of the Group. This adjusted measure of net profit excluding non-cash foreign exchange rate movements and restructuring costs provides additional insight into the underlying performance of the business

Working Capital and CAPEX

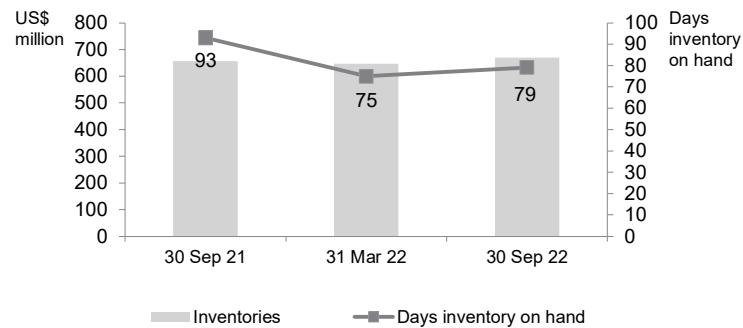
Trade and Other Receivables



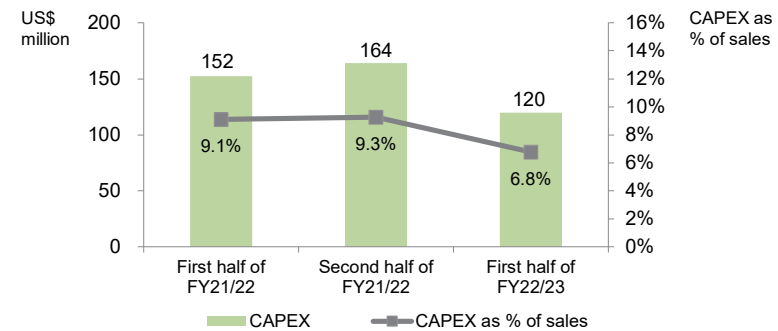
Trade and Other Payables



Inventories



Capital Expenditure



Free Cash Flow from Operations

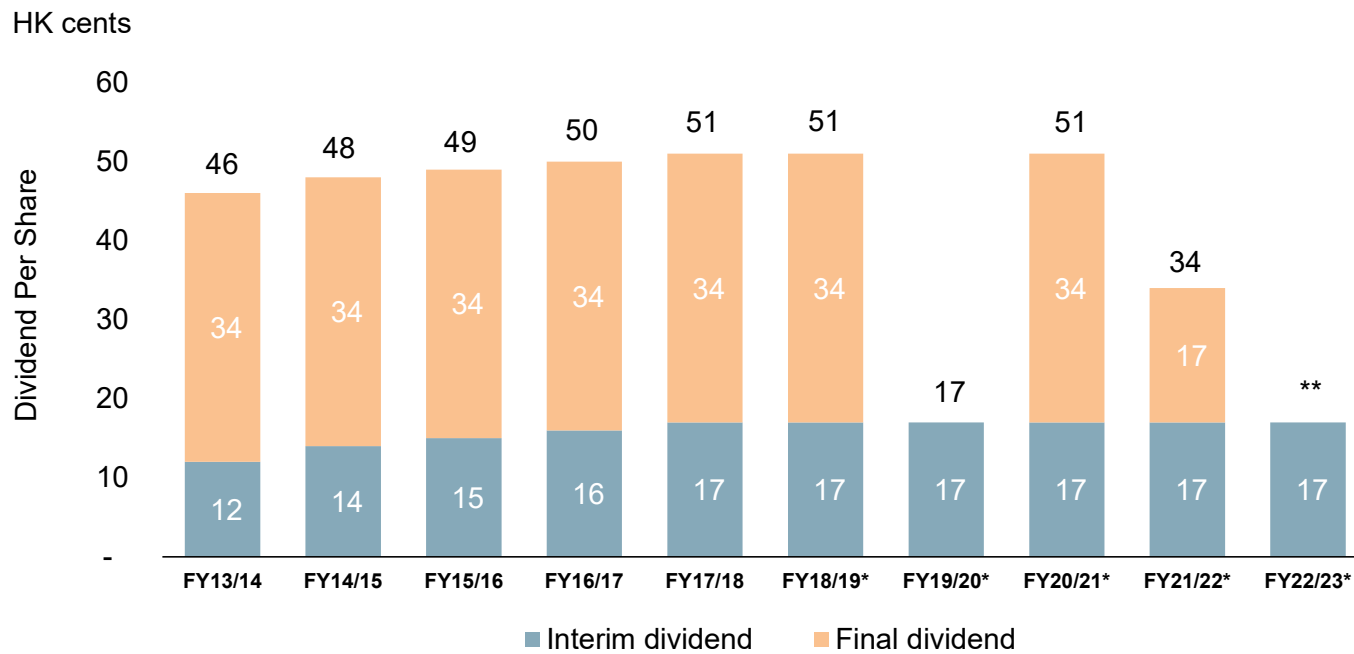
US\$ million	First half of FY22/23	First half of FY21/22
EBITDA	206.1	257.5
Other non-cash items	19.8	(21.5)
Working capital changes	(13.3)	(117.4)
Capital expenditure *	(115.6)	(151.8)
Net interest, taxes and others	(16.8)	(22.7)
Free cash in / (out) flow from operations	80.2	(55.9)

* Capital expenditure, net of subsidies & proceeds from disposal of fixed assets

Utilization of Free Cash Flow

US\$ million	First half of FY22/23	First half of FY21/22
Free cash in / (out) flow from operations	80.2	(55.9)
Acquisitions and related costs	(50.8)	(24.2)
Dividends paid	(7.2)	(35.5)
(Repayments) / borrowings, net	(11.1)	83.5
Others	(21.0)	(18.9)
Currency translation (losses) on cash and cash equivalents	(37.3)	(2.0)
Net movement in cash and cash equivalents	(47.2)	(53.0)

Dividends



* Scrip dividend offered as an alternative since the interim dividend of FY18/19

** Final dividend to be determined

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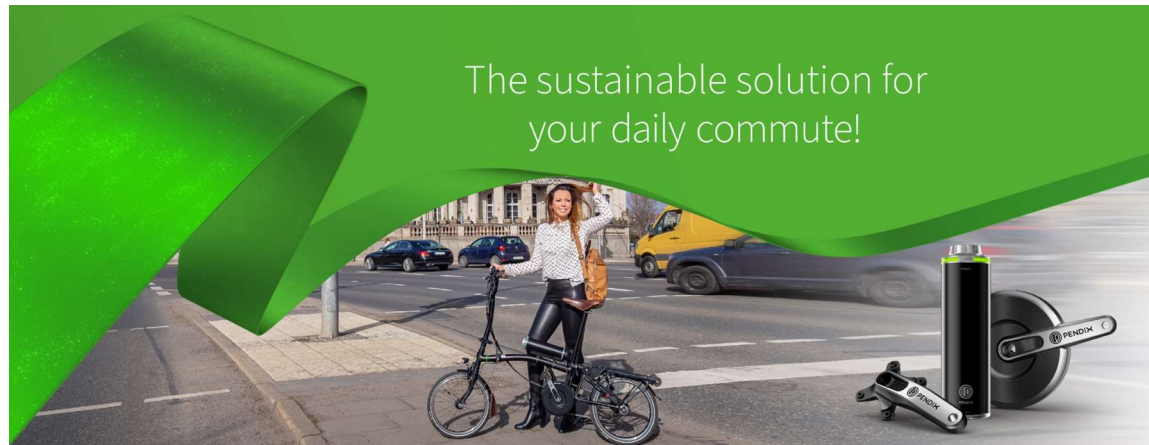
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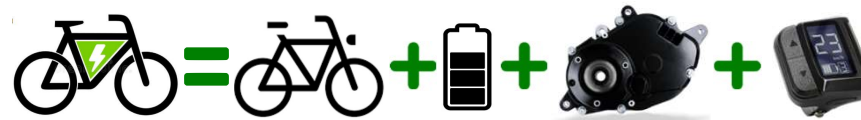
Acquisition of 80% stake in Pendix GmbH in October 2022



- Based in **Germany**, Pendix designs, manufactures, and brings to market complete **electric cargo bikes** and **electric drives for bicycles**
- Annual sales of **EUR 17.4 million** (US\$ 17.1 million) for the year ended 31 December 2021



- Well-established technology-driven** player in the e-bike industry
- Enables Johnson Electric to **expand our e-mobility offering and enter the e-bike market**
- With Johnson Electric's **industrial scale** and global reach and Pendix's **e-bike expertise**, we are positioning ourselves into a **fast-growing and innovative industry**



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Outlook (1/2)

- **Challenging near-term outlook** for global manufacturing businesses
 - **Inflation** in much of the world at a four-decade high
 - **Europe's** economies are being shaken by an **energy crisis** and a **war**
 - **Pandemic control measures in China**

- **IPG**
 - **Weaker consumer confidence** in several product applications
 - **Reviewing costs** and **reducing in capital investment in some segments**

- **APG**
 - **North America** and **Europe – supply chain constraints** can be expected to **gradually improve**, but **end-customer demand** might also begin to **soften**
 - **China** –near-term **outlook hinges** on the pandemic policies and stabilise the property market
 - **Prioritizing cash generation, cost containment**, and accelerating the **rationalization of some product lines** based on **strict return on capital criteria**

Outlook (2/2)

- Johnson Electric's **fundamental strengths** have enabled us to navigate our way through past recessions and market disruptions successfully
 - **Recognised market leadership** across a broad range of motion technologies that are critical enablers for increased electrification, lower emissions, improved safety, and greater controllability
 - **Large and diverse customer base** that is relatively **evenly distributed across the three major economic regions**
 - The Group's operating footprint has continued to expand and evolve to ensure that those **customers** can always **rely on Johnson Electric** for its **speed of response** and **security of supply**
 - Long track record of **disciplined financial management**
- Looking beyond the near-term uncertainties, the Company remains **soundly positioned to grow share and improve profitability** in a widening range of high-growth applications for innovative motion technologies

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Profitability Review

First Half of FY22/23 vs. First Half of FY21/22

US\$ million	First half of FY22/23	First half of FY21/22
Sales	1,769.9	1,674.1
Gross profit	354.5	357.4
<i>Gross margin %</i>	<i>20.0%</i>	<i>21.3%</i>
Other (expenses) / income, net	(7.4)	30.1
<i>As a % of sales</i>	<i>(0.4%)</i>	<i>1.8%</i>
Intangible assets amortization expense	(17.3)	(17.0)
<i>As a % of sales</i>	<i>1.0%</i>	<i>1.0%</i>
Other selling and administrative expenses ("S&A")	(260.1)	(250.1)
<i>As a % of sales</i>	<i>14.7%</i>	<i>14.9%</i>
Restructuring and other related costs	(0.7)	(3.5)
Operating profit	69.0	116.9
<i>Operating profit margin %</i>	<i>3.9%</i>	<i>7.0%</i>

Profitability Review

First Half of FY22/23 vs. First Half of FY21/22

US\$ million	First half of FY22/23	First half of FY21/22
Operating profit	69.0	116.9
<i>Operating profit margin %</i>	3.9%	7.0%
Share of (losses) of associate and joint venture	(0.6)	-
Net finance costs	(7.3)	(8.7)
Profit before income tax	61.1	108.2
Income tax expense	(2.6)	(11.9)
<i>Effective tax rate</i>	4.3%	11.0%
Profit for the period	58.5	96.3
Non-controlling interests	(2.6)	(3.1)
Profit attributable to shareholders	55.9	93.2
Basic earnings per share (US cents)	6.22	10.43
Diluted earnings per share (US cents)	6.21	10.36

Average Exchange Rates

First Half of FY22/23 vs. First Half of FY21/22

USD	First half of FY22/23	First half of FY21/22		Change
Average Exchange Rate	APR-SEP	APR-SEP		
CAD per USD	1.291	1.243	CAD weakened	3.8%
CNY per USD	6.724	6.465	CNY weakened	4.0%
USD per EUR	1.036	1.192	EUR weakened	13.1%

Disclaimer

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.