

FY23/24

Interim Results

For the period ended 30 September 2023

Investor Briefing

November 2023



FY23/24
Interim Results
Investor Briefing

Overview

Why Invest in Johnson Electric?

Key Financial Highlights

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Supplemental Information

A World of Motion. Powered by Sustainable Innovation...



Overview

Automotive Products Group



APG provides motion-related components for all vehicle types. We are well-placed to capitalize on expanding NEV markets

Industry Products Group



IPG serves a wide range of industrial, professional and consumer segments. We are actively pursuing opportunities in smart home and IoT, carbon reduction, medical innovation and warehouse automation

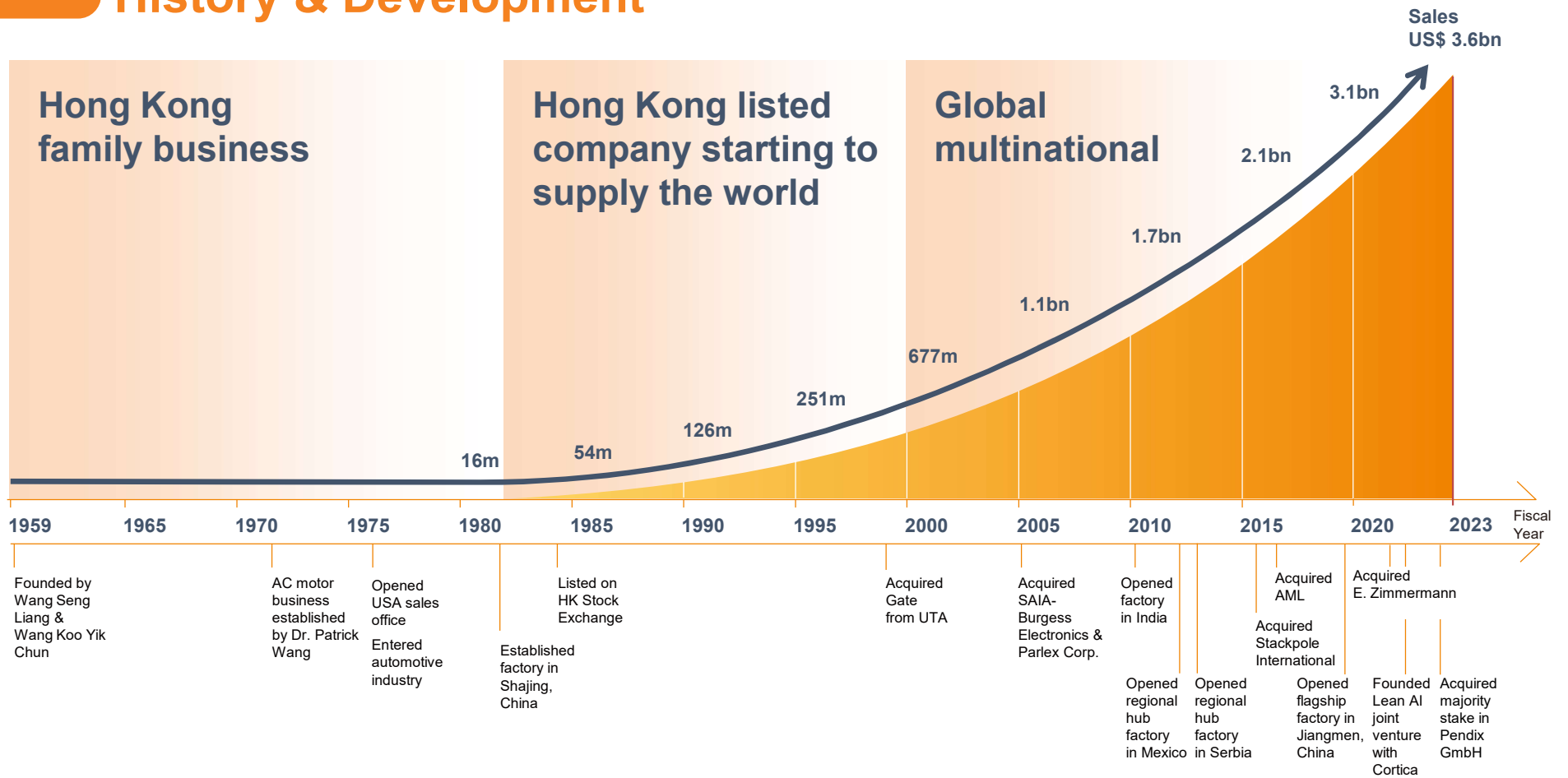
Components & Services



Our technical expertise, in-house tool rooms and vertical integration of component supplies are the backbone of our manufacturing, enabling consistent quality, cost excellence and assurance of supply

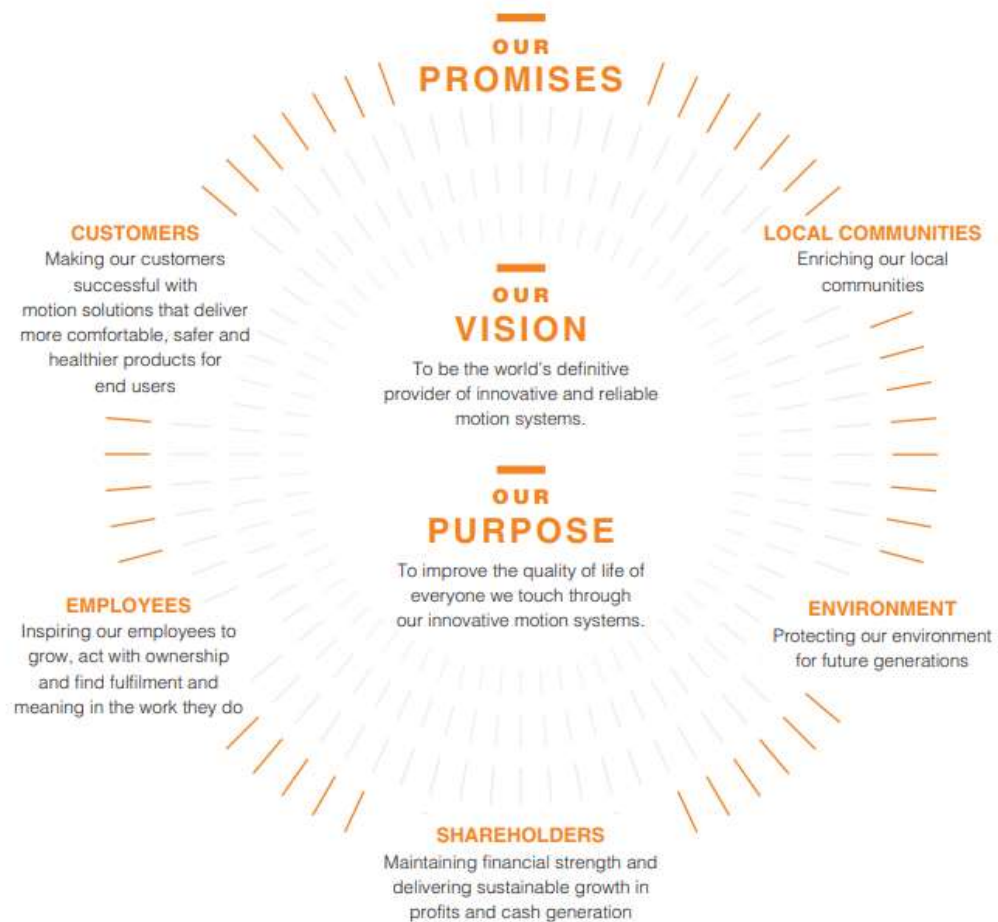
Improving the Quality of Life of Everyone We Touch Through Our Innovative Motion Systems

History & Development



Driving a Sustainable Future

Our business framework articulates our vision and purpose and connects these to our promises to customers, employees, local communities, the environment and shareholders



A World of Motion. Powered by Sustainable Innovation...

Strategies

Focus

on serving customers whose products are aligned to key underlying trends:

- reducing greenhouse gas and other emissions
- improving health and safety
- increasing mobility and controllability

Invest

in technological innovation to provide unique motion solutions to customer problems and redefine industry standards

Build

a resilient global manufacturing footprint to provide:

- greater customer responsiveness
- improved cost competitiveness
- reduced exposure to tariffs, foreign currency volatility and single country risk

Align

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

Acquire

selective businesses that bring complementary technologies to the Group and strengthen our position in key markets

Develop and Retain

a diverse, talented, and inclusive team of people

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Why Invest in Johnson Electric?



One of the World's **Largest Providers** of **Motion Solutions** in electric motors, actuators, motion subsystems and related electromechanical components



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



Innovative motion solutions for today and the future



Geographically diverse, blue-chip customer base



Global operating footprint with vertical integration



Winning market traction for long-term growth



Improving quality of life for everyone and creating a sustainable future

Innovative Solutions

For Today & the Future



Automotive

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



Smart Home & IOT

Home automation for windows and robotic floor care. Automated food and beverage preparation equipment



Electrification & Environment

Zero-carbon solutions for mobility, lawn care and outdoor tools. Low-carbon solutions for a wide range of industrial, professional and consumer products



Healthcare

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



E-Commerce & Industrial

Industrial equipment, delivery robots, smart metering and warehouse automation solutions

Our Divisions



Automotive Products Group



- Braking
- Closure
- Interior
- Pumps
- Steering
- Suspension
- Thermal management
- Transmission & driveline
- Vision

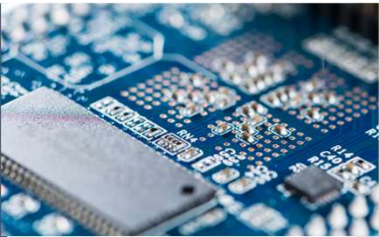
Industry Products Group



- Business equipment
- E-bikes
- Home automation
- Industrial equipment
- Lawn & garden
- Medical devices
- Power tools
- Robotics
- Smart metering
- Ventilation
- White goods



Components and Services

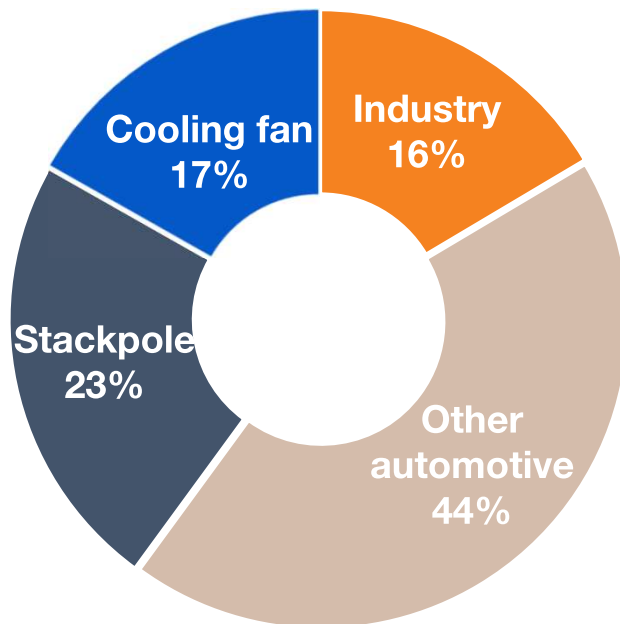


- Bearings
- Housings
- Powder metal components
- Commutators
- Laminations
- Printed circuit board assemblies
- Die cast components
- Magnets
- Shafts
- Plastic parts

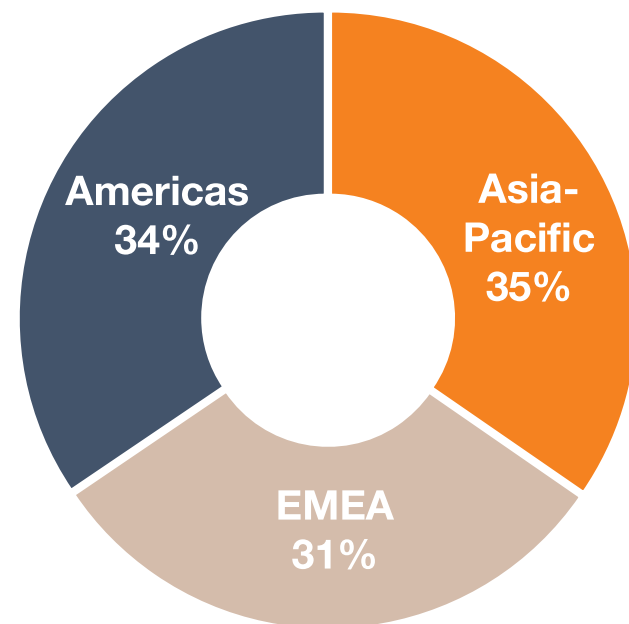
Diversified Sales

First Half of FY23/24

By Major Lines of Business



By Destination



Diversified Customer Base

World-class Customers Across Diversified Industries



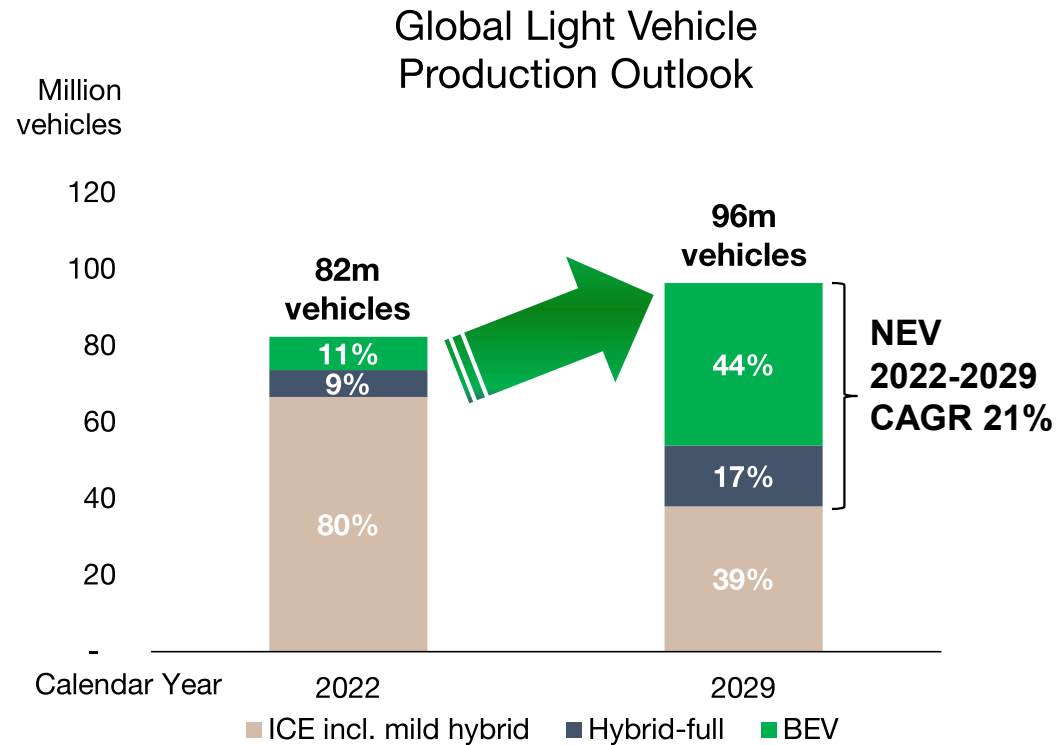
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Market shift to net zero APG's Growth Opportunity

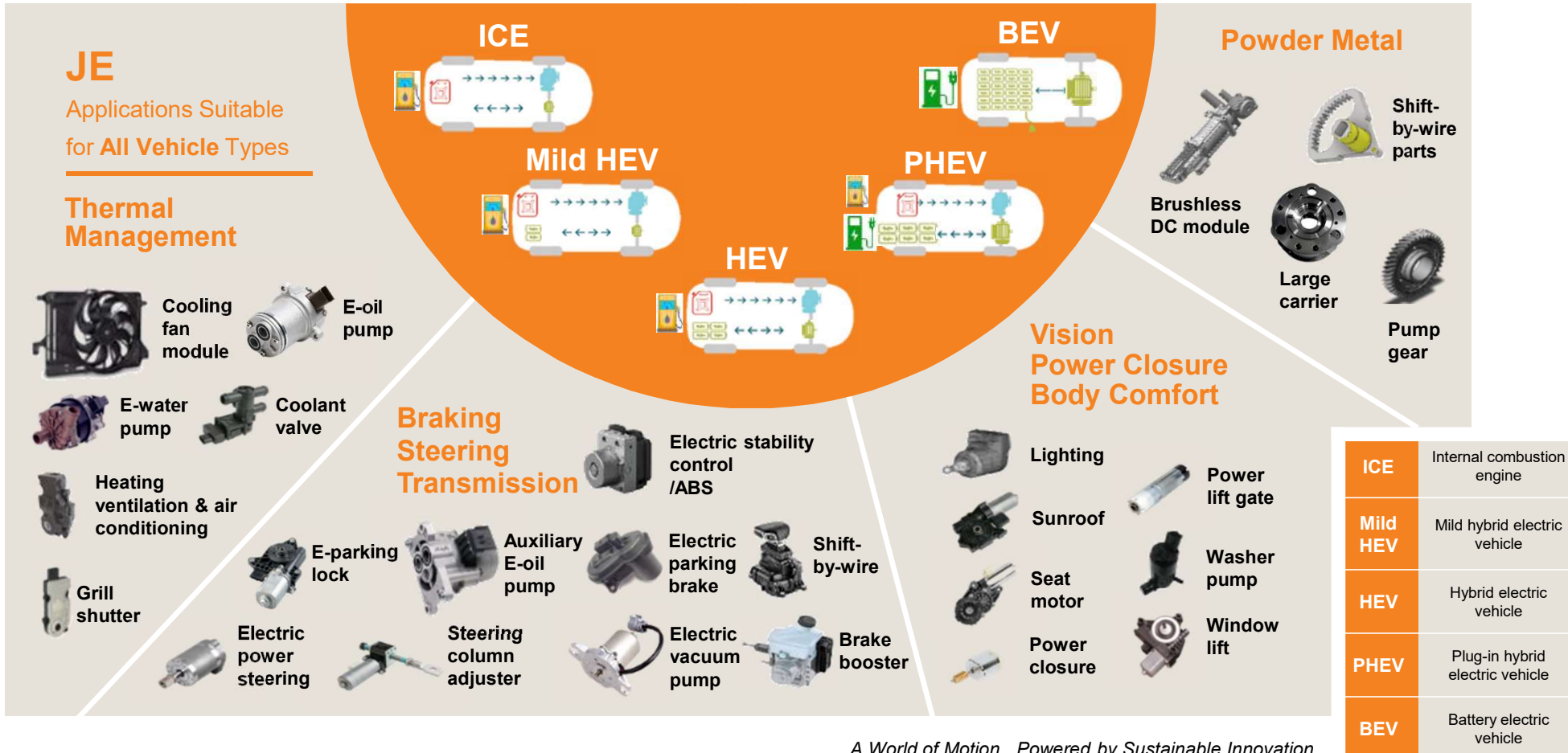
Surging demand for innovative, cost-competitive solutions for:

- Electrifying critical automotive functions
- Optimizing thermal management
- Preventing or reducing emissions



JE Automotive Products

Enabling Electrification and Reducing Emissions



JE Automotive Products

Well Positioned for Growth in New Energy Vehicles (NEV)

JE

Applications targeting
Hybrid & BEV

Mild HEV
HEV PHEV

Mild HEV



BEV



HEV



PHEV



Electric supercharger system blower



Integrated thermal management system



E-water pump



Planetary BEV assemblies



Fuel pump



E-turbo



Electric throttle control



Auxiliary E-oil pump



BEV

E-shift (for 2 speed E-axle)



Exhaust gas recirculation



Electric variable valve lift



Double clutch transmission



Hydraulic oil pump



E-oil pump (cooling / lubrication)



E-clutch



Resolver



Charging port actuator



Mild HEV

Mild hybrid electric vehicle

HEV

Hybrid electric vehicle

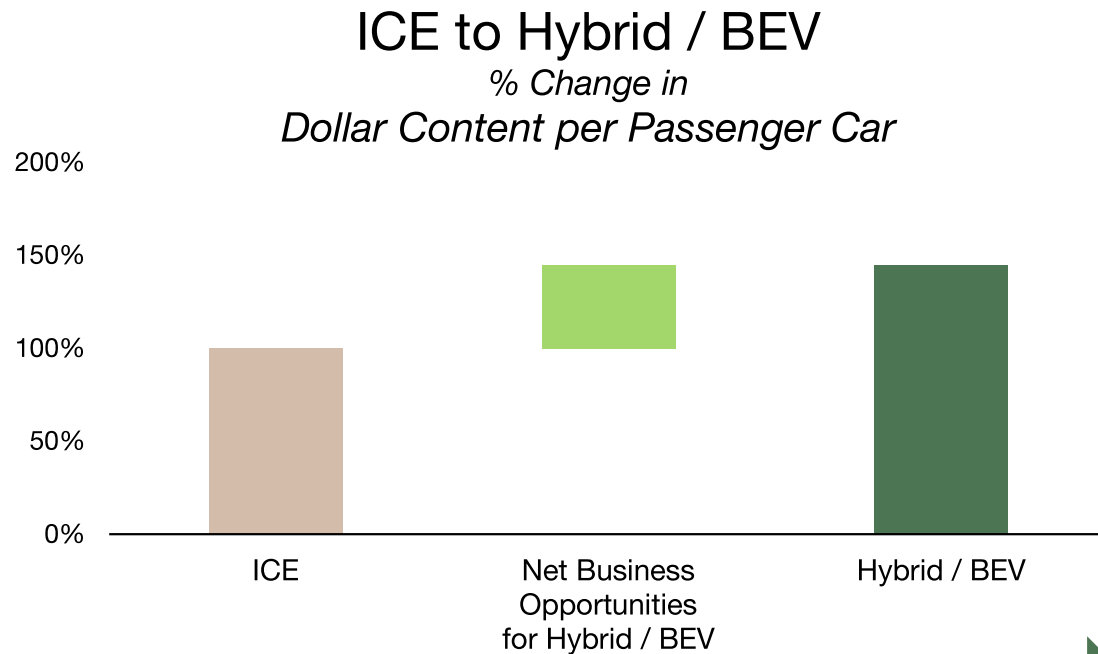
PHEV

Plug-in hybrid electric vehicle

BEV

Battery electric vehicle

Well Positioned to Capitalize on the Automotive Market Move



Our Net Business Opportunities for NEV

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

Electrifying critical EV functions

Thermal Management

Enabling critical EV thermal management systems for enhanced driving range, extended battery life & shortened charging times

- ITMS
- Electric water pump
- Valve actuator
- Electric oil pump
- Cooling fan

Braking System

Enabling safety & shorter braking distance, auto-hold/parking function of EV

- Brake booster
- Electric parking brake
- Lock actuator

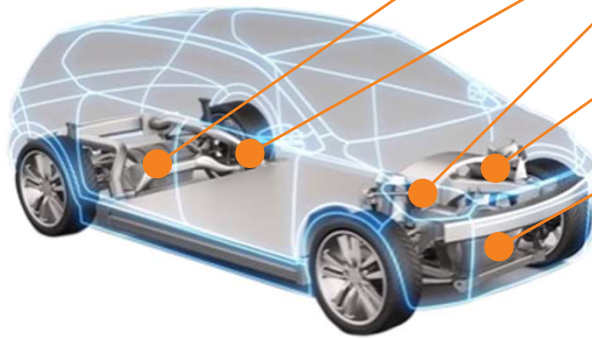
Steering System

Electrification of steering and associated smart cabin features for EV

- Electric power steering
- Steering column adjuster

Examples of Recent Automotive Business Wins for New Energy Vehicles

Our innovative products are winning business on major NEV platforms



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-axle | **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



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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

Door presenter motor

Seat adjuster motor

Rotating seat motor

Haptic actuator

Steering-by-wire motor

Electro-mechanical braking motor

Brake-by-wire

Steering column adjuster

Haptic actuator

LiDAR motor

Sensor washing system

Condensation management device

Headlamp actuator

LuMEMS autonomous leveling sensor

IPG Growth Supported by Megatrends



Smart Home and Internet of Things



Electrification & Environment



E-commerce & Industrial



Healthcare

Focusing on sustainable growth prospects

Touching Human Needs

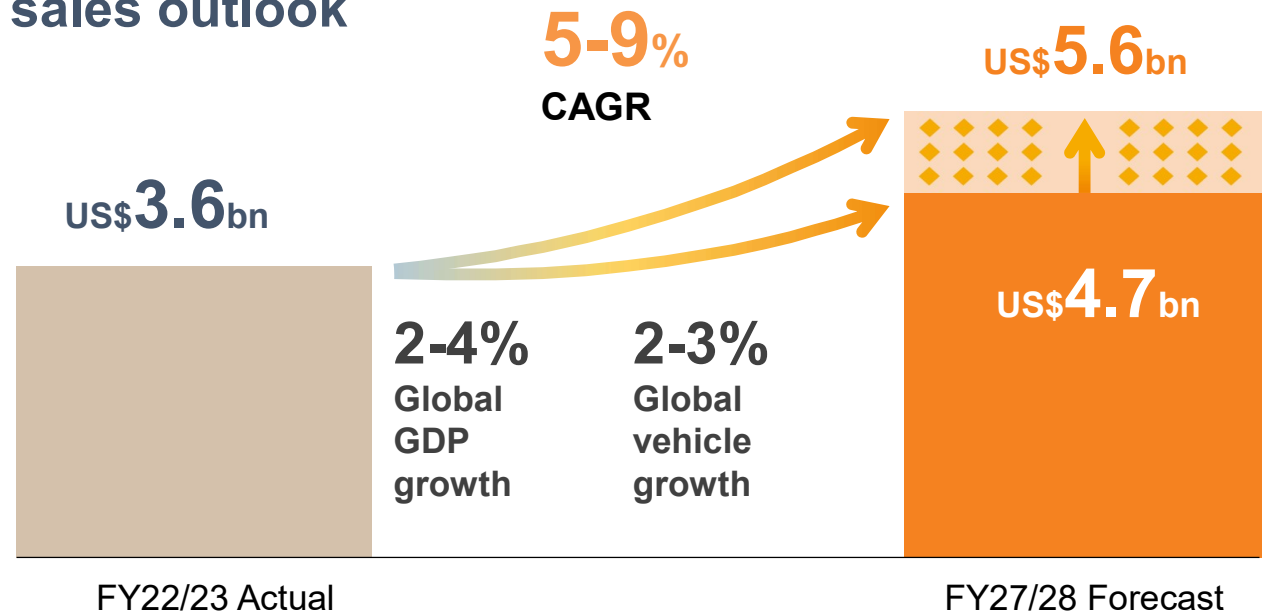
Improving Performance



Winning Market Traction

Medium-term sales outlook

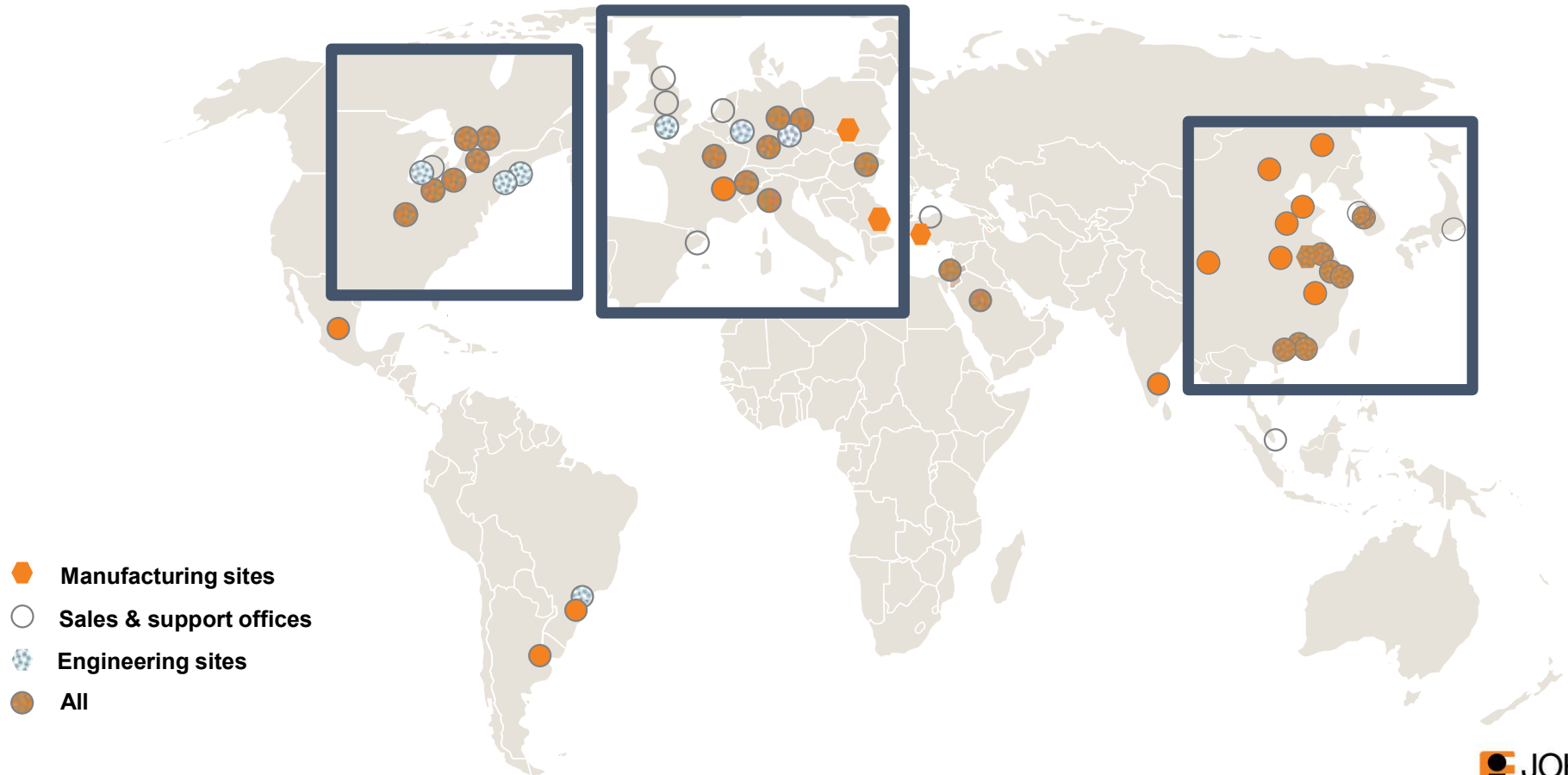
New business wins and opportunities are set to sustain growth



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.

Global Operating Footprint

Operating in 22 Countries across 4 Continents



ESG is Integral to Johnson Electric's Evolution



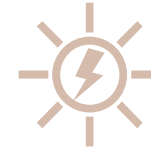
We promise to protect the environment for future generations

Our environmental strategy and policies address:

- Energy and climate
- Waste
- Water
- Emissions
- Climate risks



CO₂ and Energy Targets



100% renewable energy by 2025

as available and feasible



42% drop in carbon emissions from our factories by 2030

Committed to SBTi's Business Ambition for 1.5°C



ESG is Integral to Johnson Electric's Evolution



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

Respecting the labor and human rights of all our employees
Providing a safe workplace in which the dignity of every individual is respected

ESG is Integral to Johnson Electric's Evolution



Our flagship JETC and JGenerations programmes give testimony to our commitment to contributing to local communities, wherever we operate

JETC bringing education to the underprivileged in China & Mexico



Our JGenerations teams organize local community activities



ESG is Integral to Johnson Electric's Evolution



Sustainability aligns with our business values, goals, and passion for solving customer problems

Key sustainability achievements in FY22/23



Reduced absolute carbon emissions by **20%**



Zero waste to landfill



Established a Diversity, Equity and Inclusion Committee



15 operating sites now use **100% renewable energy**



Launched Sustainable Procurement Policy



Incorporated product carbon footprint methodologies into our product design process



15% reduction in lost-time accidents



Emergency aid and job opportunities for Ukrainian refugees and aid for Turkey earthquake victims



Hang Seng Corporate Sustainability Index Series Member 2023-2024

Johnson Electric has been in the Hang Seng Corporate Sustainability Benchmark index since 2018

Sustainability Ratings



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Financial Highlights

US\$ million	First half of FY23/24	First half of FY22/23	Increase / (Decrease)
Sales	1,937.1	1,769.9	167.2
Gross profit	429.6	354.5	75.1
<i>Gross margin</i>	22.2%	20.0%	2.2%
EBITA ¹	167.8	85.6	82.2
EBITA adjusted ²	180.0	111.2	68.8
<i>EBITA adjusted margin</i>	9.3%	6.3%	3.0%
Profit attributable to shareholders	120.1	55.9	64.2
Net profit adjusted ²	129.8	78.4	51.4
Diluted earnings per share (US cents)	12.99	6.21	6.78
Capital expenditure	87.7	119.9	(32.2)
<i>Capital expenditure as % of sales</i>	4.5%	6.8%	(2.3%)
Free cash flow from operations	208.0	80.2	127.8

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 2023	31 Mar 2023	Increase / (Decrease)
Cash	440.2	408.7	31.5
Total debt	368.3	474.0	(105.7)
Net cash / (debt) ¹	71.9	(65.3)	137.2

Key Financial Ratios	30 Sep 2023	31 Mar 2023	Increase / (Decrease)
Total debt to capital ²	13%	16%	-3%
Gross debt ³ to EBITDA adjusted ⁴	0.9	1.3	(0.4)
Interest cover ⁵	13.8	9.8	4.0

1. Cash less total debt
2. Total equity plus total debt
3. Including pension liabilities and lease liabilities
4. Earnings before interest, tax, depreciation and amortization, adjusted, annualized using the last 12 months results, giving adjusted EBITDA of US\$532.9 million (31 March 2023: US\$461.5 million)
5. EBITA adjusted divided by gross interest expense, annualized using the last 12 months results. Gross interest expense was adjusted to include capitalized interest

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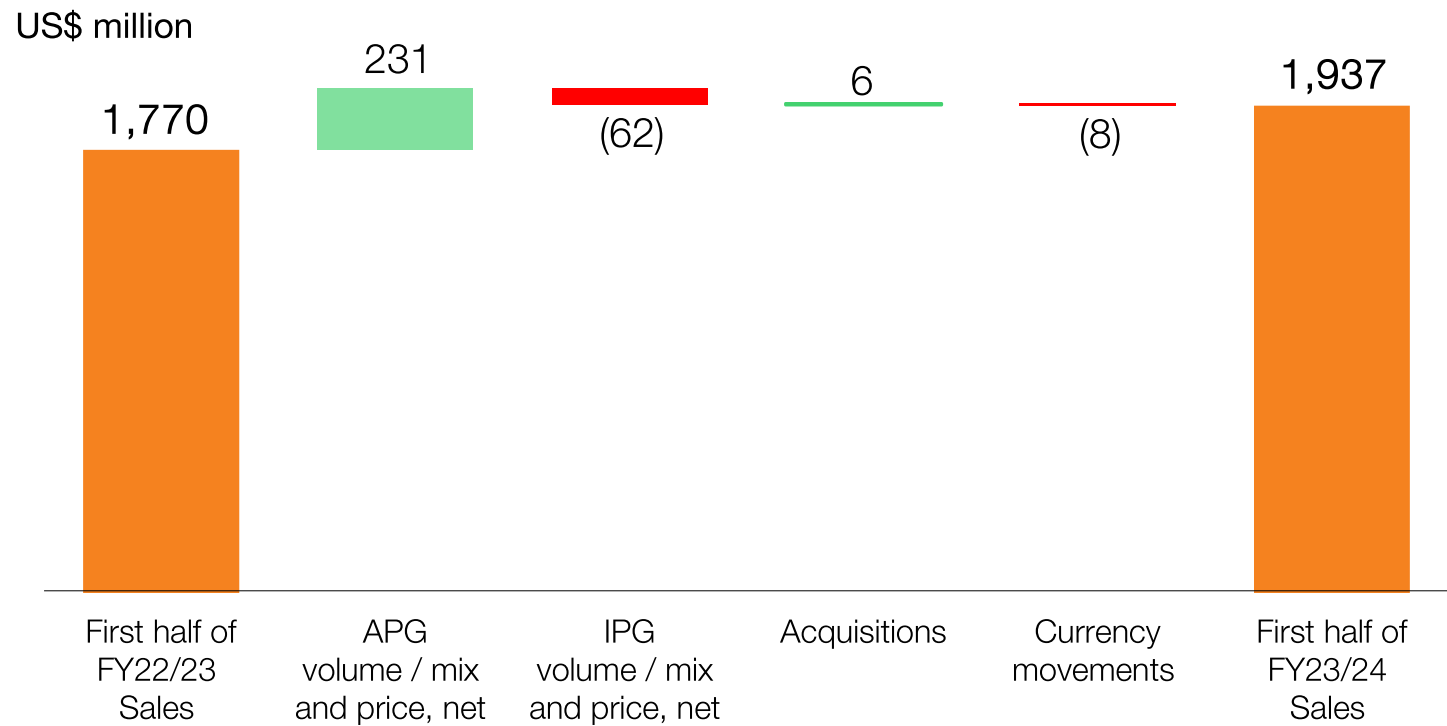
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Group Sales Changes

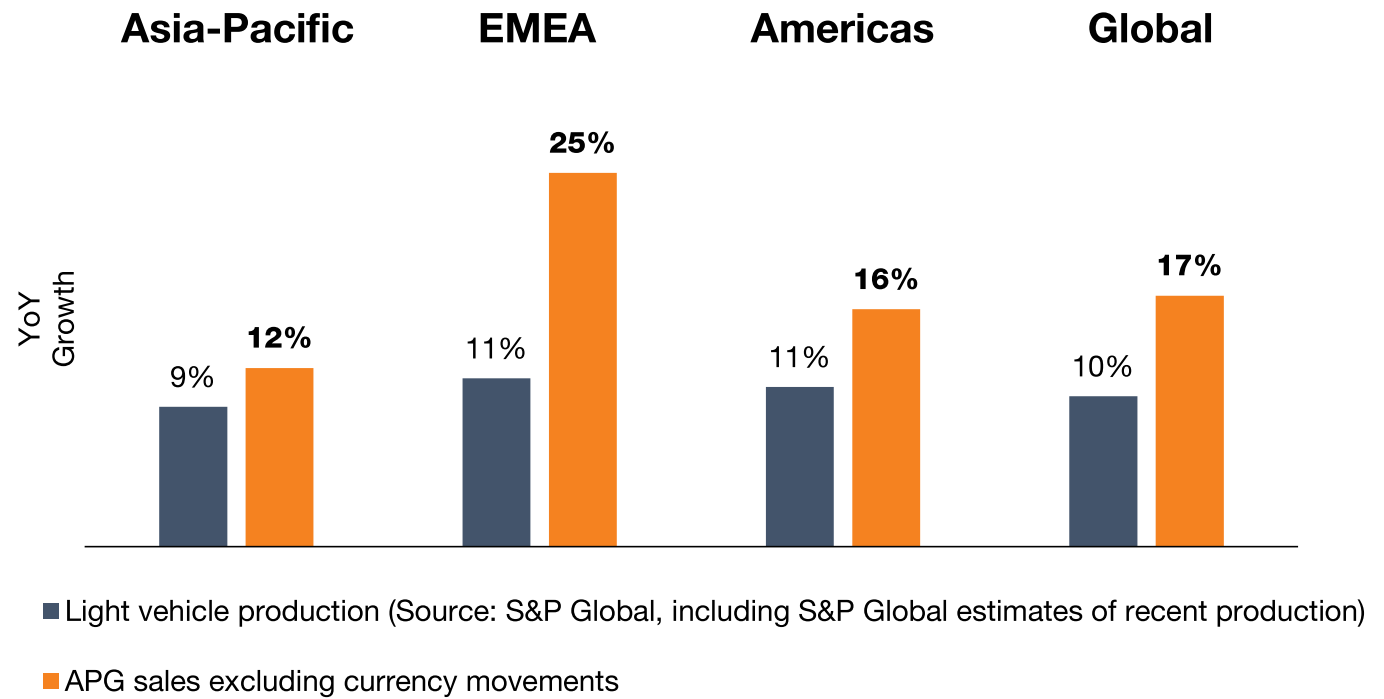
First Half of FY23/24 vs. First Half of FY22/23

Sales increased 9% driven by strong demand for APG's products partly offset by soft markets for IPG's products



APG Sales Growth vs. Light Vehicle Production First Half of FY23/24 vs. First Half of FY22/23

Strong growth momentum in all regions with increased sales for thermal management, powder metal, oil pump and braking applications

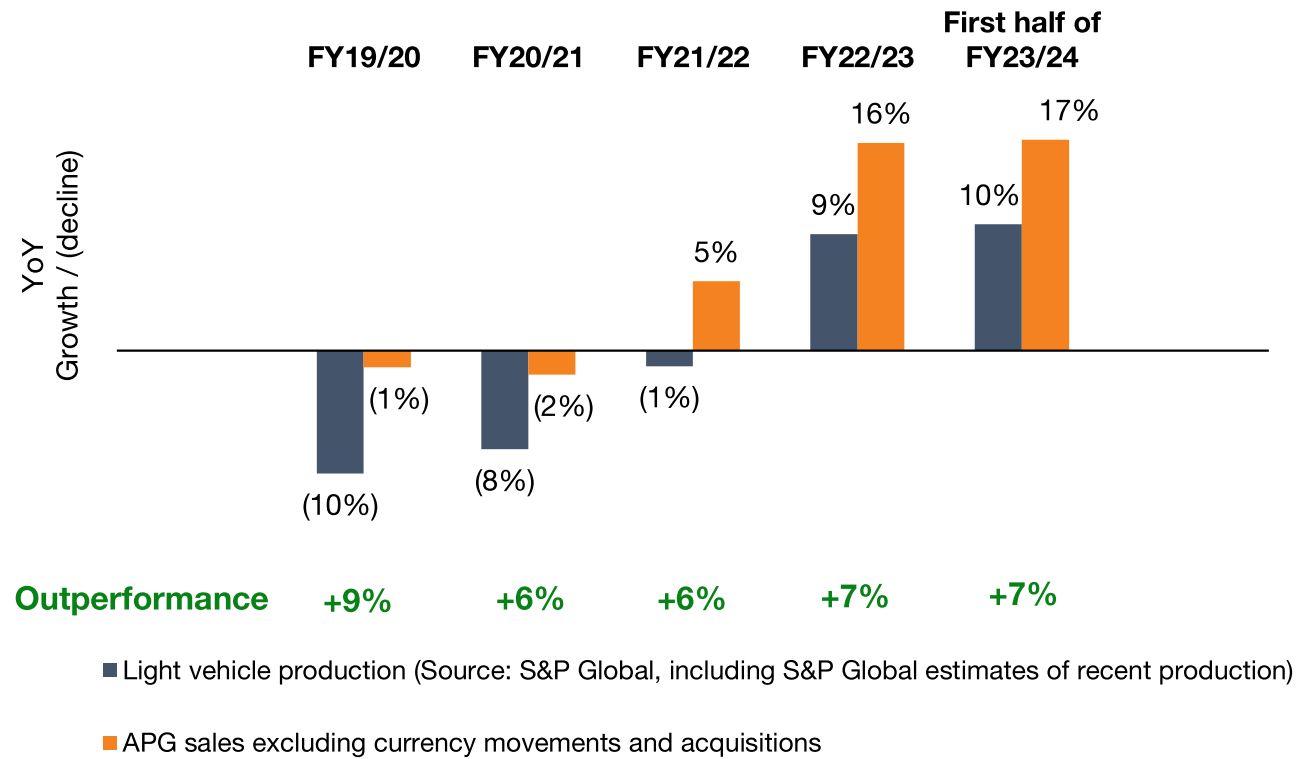


APG

Multi-Year Sales Changes vs. Light Vehicle Production

Consistently outperforming light vehicle production, due to APG's focus on :

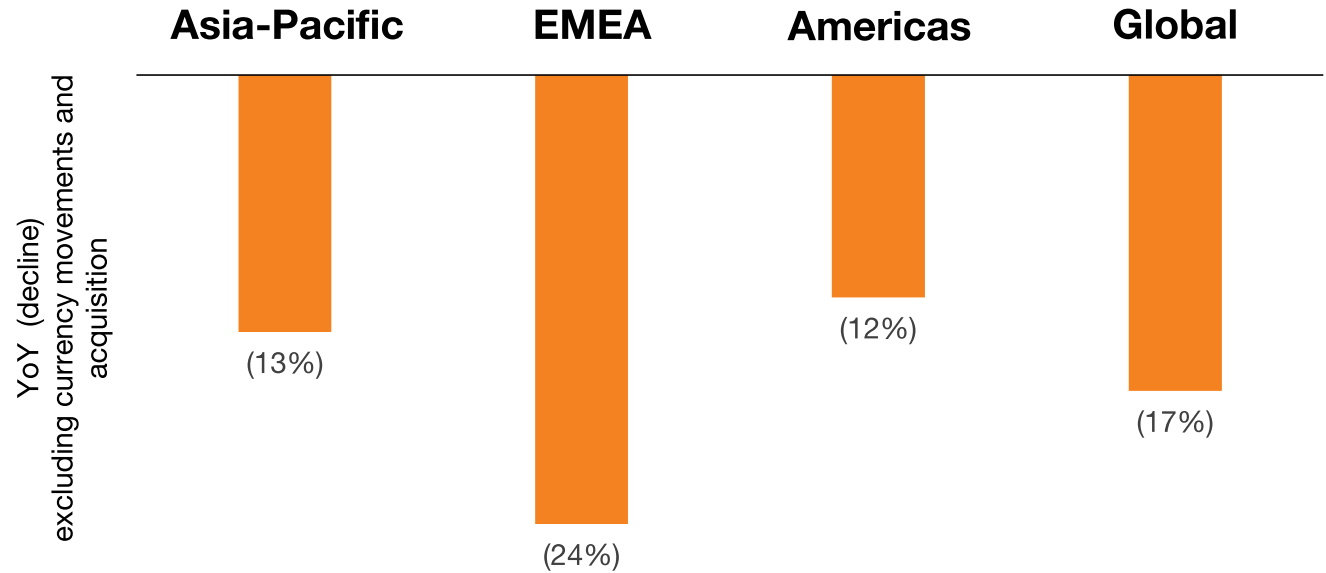
- Technologies for battery-electric & hybrid vehicles
- Weight reduction
- Safety & comfort



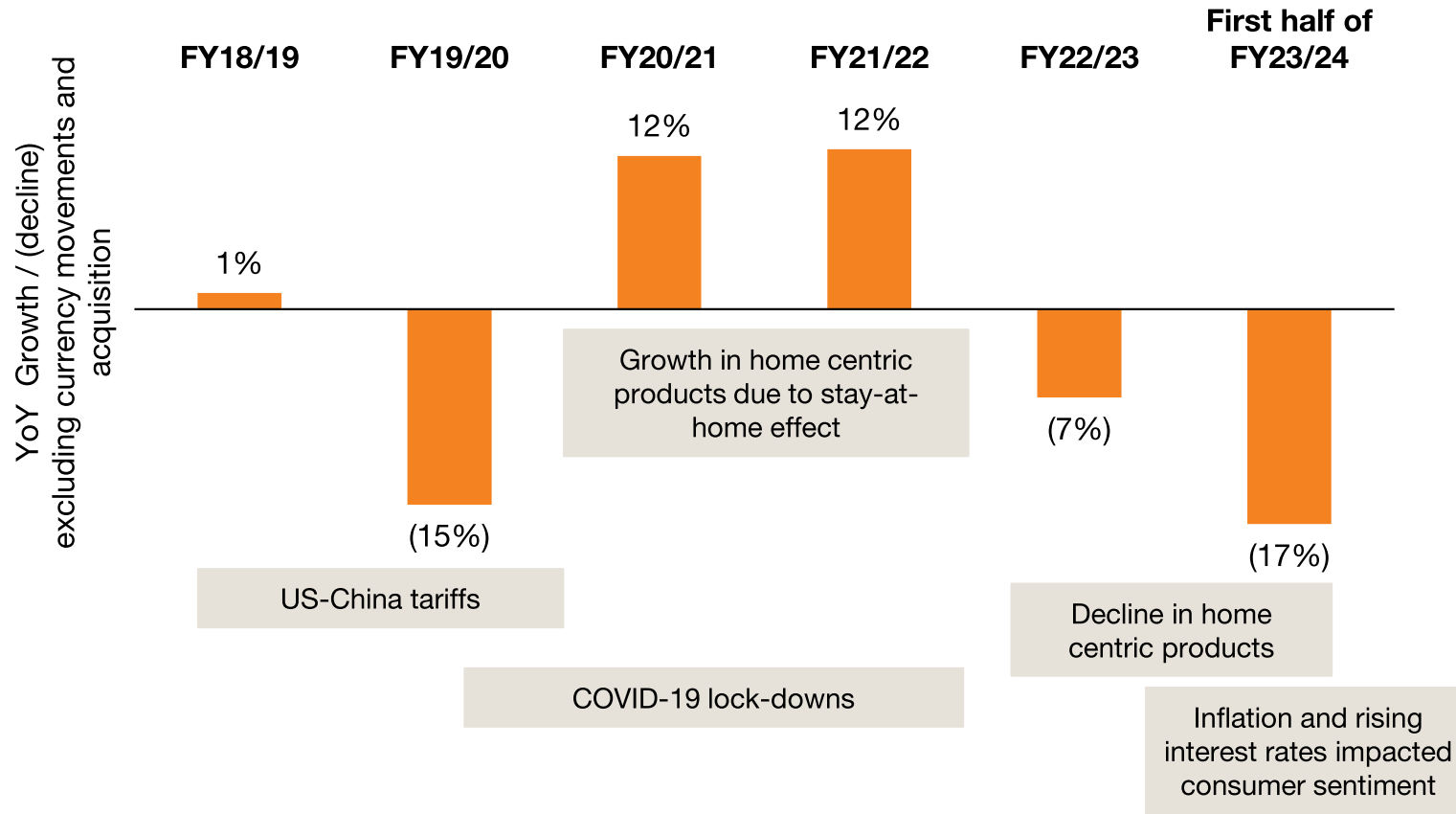
IPG Sales Growth by Region

First Half of FY23/24 vs. First Half of FY22/23

Weaker demand for home centric products and declining consumer sentiment in the face of higher inflation and rising interest rates impacted IPG's sales



Multi-Year Sales Trend

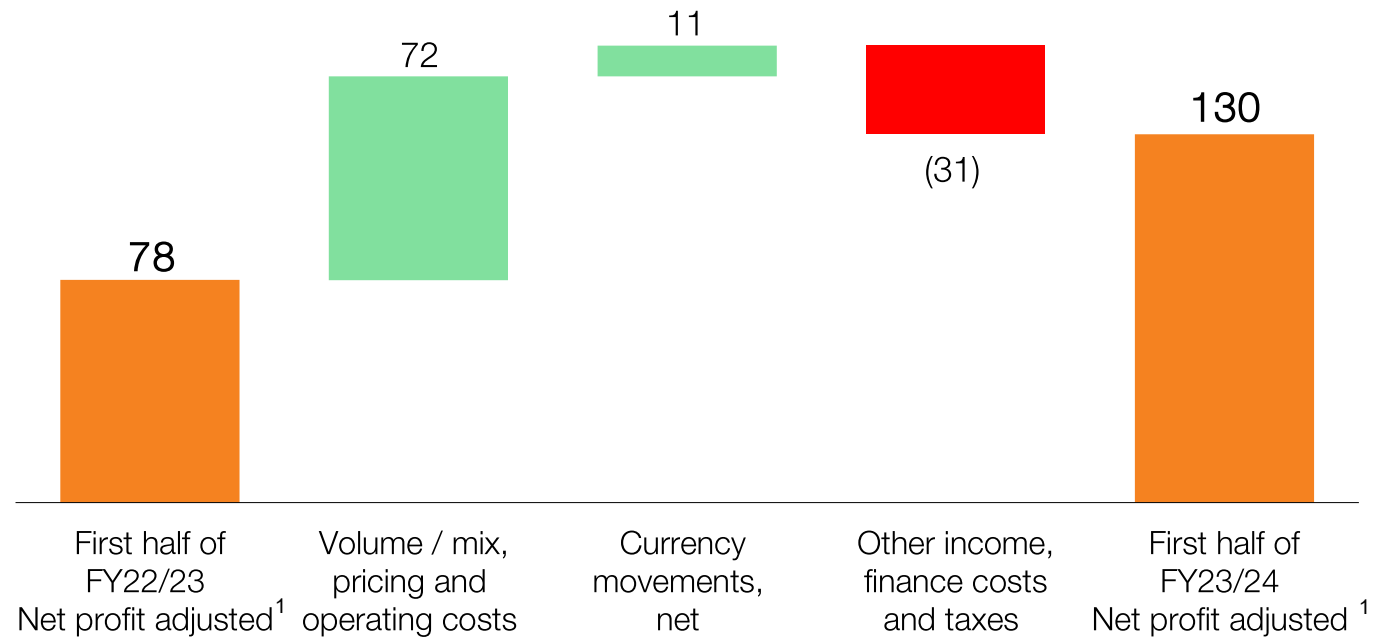


Adjusted Net Profit

First Half of FY23/24 vs. First Half of FY22/23

Volume / mix, cost saving activities, lower ocean freight rates and partial recovery of cost inflation improved profits

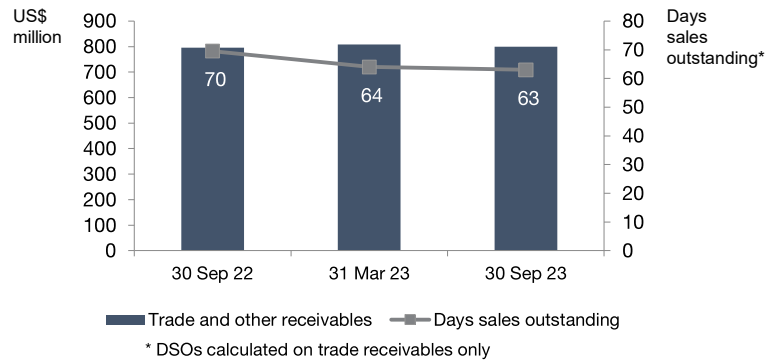
US\$ million



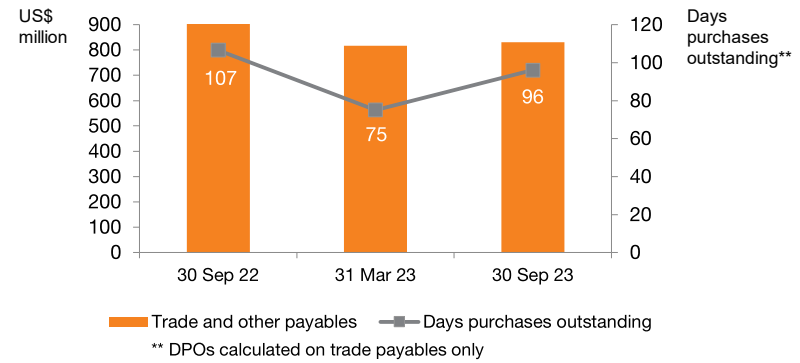
1. Adjusted to exclude unrealized gains or losses relating to exchange rate movements as well as restructuring and other related costs

Working Capital and Capital Expenditure

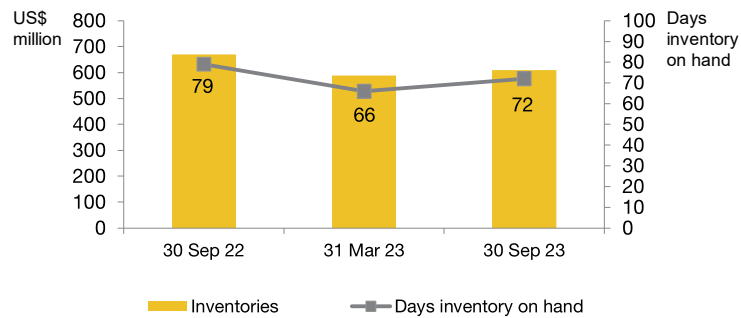
Trade and Other Receivables



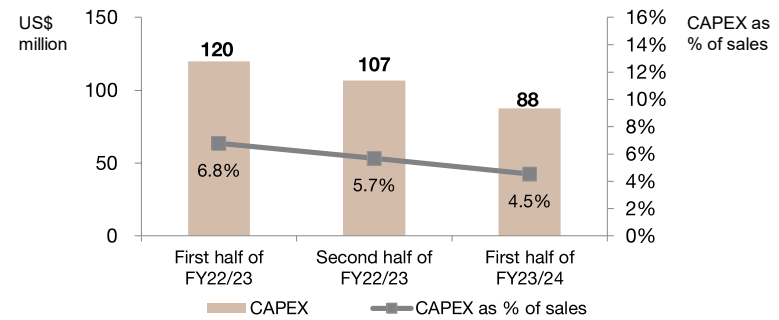
Trade and Other Payables



Inventories



Capital Expenditure



Free Cash Flow from Operations

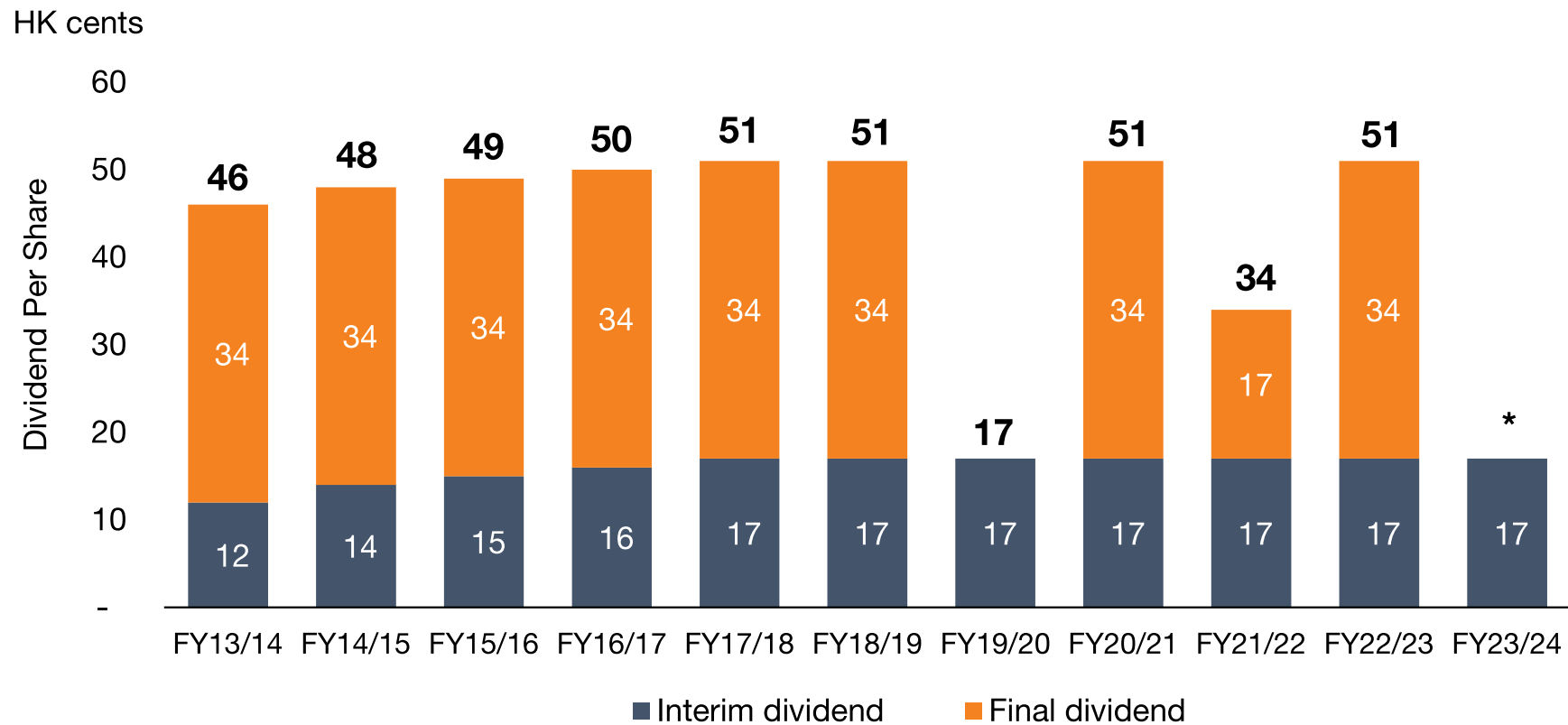
US\$ million	First half of FY23/24	First half of FY22/23	Change
EBITDA	291.1	206.1	85.0
Other non-cash items	17.4	19.8	(2.4)
Working capital changes	21.7	(13.3)	35.0
Capital expenditure *	(86.5)	(115.6)	29.1
Net interest, taxes and others	(35.7)	(16.8)	(18.9)
Free cash flow from operations	208.0	80.2	127.8

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

Utilization of Free Cash Flow

US\$ million	First half of FY23/24	First half of FY22/23	Change
Free cash flow from operations	208.0	80.2	127.8
Acquisitions and investment in joint venture	(3.0)	(50.8)	47.8
Dividends paid	(37.4)	(7.2)	(30.2)
Repayment of debt, net	(103.3)	(11.1)	(92.2)
Others	(19.6)	(21.0)	1.4
Currency translation (losses) on cash and cash equivalents	(13.2)	(37.3)	24.1
Net movement in cash and cash equivalents	31.5	(47.2)	78.7

Dividends



* Final dividend to be determined at the end of the fiscal year

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Outlook

- **Much improved financial condition**
 - **Solid sales growth** has underpinned a return to more **acceptable levels of profitability** and **cash flow generation**
 - Progress in enhancing **manufacturing efficiencies** and **rationalising product lines**
 - Well advanced in the development of **large-scale, low-cost production hubs** in **Asia, Europe** and the **Americas**
 - Strengthening Johnson Electric's **competitiveness** and **market leadership**
- Nonetheless, there are reasons to be **cautious**
 - In the **automotive** sector, the rate of sales growth has begun to slow as post-pandemic supply constraints subside, replaced by **concerns** over **higher interest rates**, **tighter credit**, and the **price of new vehicle models**
 - **IPG's** consumer and industrial segments continue to **remain weak** as several major **economies struggle to avoid recession**
- Expected to remain **on track** to achieve **sales growth** for the full year within the range of **5% to 7%**
- **Geopolitical environment** remains **unpredictable**
- **Focused** on adapting our business model to pursue **growth opportunities** while ensuring that we **build sufficient resiliency** to withstand the risks of potential short-term demand shocks or supply disruptions

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Profitability Review

First Half of FY23/24 vs. First Half of FY22/23

US\$ million	First half of FY23/24	First half of FY22/23	Increase / (decrease) in profit
Sales	1,937.1	1,769.9	167.2
Gross profit	429.6	354.5	75.1
<i>Gross margin %</i>	<i>22.2%</i>	<i>20.0%</i>	
Other expenses, net	(7.6)	(7.4)	(0.2)
<i>As a % of sales</i>	<i>0.4%</i>	<i>0.4%</i>	
Intangible assets amortization expense	(17.3)	(17.3)	-
<i>As a % of sales</i>	<i>0.9%</i>	<i>1.0%</i>	
Other selling and administrative expenses (“S&A”)	(253.2)	(260.1)	6.9
<i>As a % of sales</i>	<i>13.1%</i>	<i>14.7%</i>	
Restructuring and other related costs	-	(0.7)	0.7
Operating profit	151.5	69.0	82.5
<i>Operating profit margin %</i>	<i>7.8%</i>	<i>3.9%</i>	

Profitability Review

First Half of FY23/24 vs. First Half of FY22/23

US\$ million	First half of FY23/24	First half of FY22/23	Increase / (decrease) in profit
Operating profit	151.5	69.0	82.5
<i>Operating profit margin %</i>	7.8%	3.9%	
Share of losses of associate and joint venture	(0.9)	(0.6)	(0.3)
Net finance costs	(7.0)	(7.3)	0.3
Profit before income tax	143.6	61.1	82.5
Income tax expense	(21.8)	(2.6)	(19.2)
<i>Effective tax rate</i>	15.2%	4.3%	
Profit for the period	121.8	58.5	63.3
Non-controlling interests	(1.7)	(2.6)	0.9
Profit attributable to shareholders	120.1	55.9	64.2
Basic earnings per share (US cents)	13.03	6.22	6.81
Diluted earnings per share (US cents)	12.99	6.21	6.78

From Reported to Adjusted Net Profit

US\$ million	First half of FY22/23			First half of FY23/24		
	Before tax	Tax effect	Net of tax effect	Before tax	Tax effect	Net of tax effect
Net profit, as reported			55.9			120.1
Unrealized net gains on other financial assets and liabilities	(23.8)	(0.5)	(24.3)	(3.2)	-	(3.2)
Unrealized net losses from revaluation of monetary assets and liabilities	63.7	(3.7)	60.0	12.3	(1.7)	10.6
Unrealized net (gains) / losses on structured foreign currency contracts	(15.0)	1.3	(13.7)	3.1	(0.8)	2.3
Restructuring and other related costs	0.7	(0.2)	0.5	-	-	-
Net losses / (gains) of significant non-cash items, restructuring and other related costs	25.6	(3.1)	22.5	12.2	(2.5)	9.7
Net profit adjusted ¹			78.4			129.8
<i>As a % of sales</i>			4.4%			6.7%

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

Average Exchange Rates

First Half of FY23/24 vs. First Half of FY22/23

USD Average Exchange Rate	First half of FY23/24 APR-SEP	First half of FY22/23 APR-SEP		
			Change	
CAD per USD	1.342	1.291	CAD weakened	4.0%
CNY per USD	7.095	6.724	CNY weakened	5.5%
USD per EUR	1.089	1.036	EUR strengthened	5.1%

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.

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may deviate accordingly.