JOHNSON ELECTRIC HOLDINGS LIMITED FY2011/12 Annual Results



Group Overview

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Key Financial Highlights

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JOHNSON ELECTRIC GROUP OVERVIEW

JOHNSON ELECTRIC GROUP



Johnson Electric is a global leader in motion products, control systems and flexible interconnects. We serve a broad range of industries including automotive, home technologies, domestic appliances, power tools, office products, industrial equipment, consumer goods, medical devices and infrastructure automation.

Established in 1959, Johnson Electric ships its products to more than 30 countries for use in hundreds of different product applications. Innovation and product design centers are located in Hong Kong, China, Switzerland, Germany, Italy, Israel, Japan, the UK and the USA. We employ more than 36,000 including contract employees in over 23 countries.

The annual production capacity are over one billion units and manufactures products in more than a dozen countries on four continents.



COMPANY VISION AND BRAND PROMISE

Company Vision

To be the world's <u>definitive</u> provider of innovative and reliable motion systems.

Brand Promise

"Technology Leadership" "The Safe Choice"



APG APPLICATIONS





IPG APPLICATIONS











Power Tools

Camera and Optical

Home Entertainment & Gaming

Home Technologies

Personal Care









Food & Beverages

Lawn & Garden

HVAC

Building Automation & Security







Business Machines

Industrial Automation

Medical Device

ATM



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HIGHLIGHTS

- All time record results for profit attributable to shareholders and earnings per share
- ✓ Full year recommended dividend of HK\$0.10 per share, an 11% increase over prior year (HK\$0.09 per share)
- ✓ Sales were up 2% as reported. Sales growth excluding currency gains, divestiture and the impact of insourcing a distribution channel was 3%
- Gross margin of 27.3% was similar to prior year.
- ✓ 60.8 million shares were repurchased at a total cost of US\$31.9 million (including brokerage and cancellation fees) and cancelled in FY2011/12. Also, the Company purchased 5.5 million shares for US\$2.6 million, to be utilised for granting shares
- ✓ The Group divested a controlling stake in a noncore subsidiary for a cash consideration of US\$32.2 million, net of US\$3.3 million cash divested. The effect to operating profit was insignificant

FINANCIAL HIGHLIGHTS

US\$ million	FY2011/12	FY2010/11
Sales	2,140.8	2,104.0
Gross profit	584.4	579.7
Gross margin	27.3%	27.6%
Profit attributable to shareholders	186.7	181.7
Diluted earnings per share (US Cents)	5.15	4.97
Free cash flow from operations ¹	166.0	169.6
EBITDA excluding nonrecurring items ²	330.0	322.9
EBITDA margin	15.4%	15.3%
	04 4 84 0040	04 114 0044
US\$ million	31st Mar 2012	31st Mar 2011
Cash	385.1	354.7
Total debt (borrowings)	(205.4)	`
Net cash	179.7	41.0
Enterprise value ^{3&4}	2,075.6	2,153.4
Enterprise value ^{3&4} to EBITDA	6.3	6.7
Credit Quality - Financial Ratios ⁵	31st Mar 2012	31st Mar 2011
Free cash flow from operations to debt	81%	54%
Total debt to EBITDA	0.6	1.0

¹ Net cash generated from operating activities plus interest received, less CAPEX net of proceeds from disposal of fixed assets

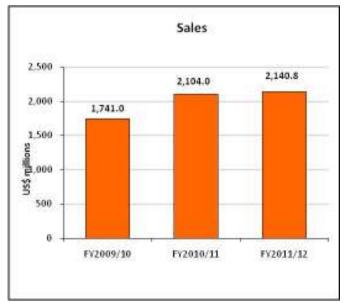
² Earnings before interest, taxes, depreciation and amortisation ("EBITDA") excluding the impact of insourcing a distribution channel, restructuring and assets impairment

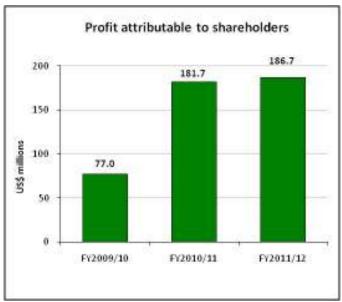
³ Market capitalisation is calculated by multiplying the outstanding number of shares with the closing share price (HK\$4.83 as of 31st March 2012 and HK\$4.56 as of 31st March 2011) converted at the closing exchange rate

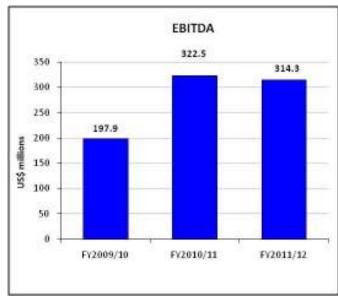
⁴ Enterprise value is calculated by adding market capitalisation plus non-controlling interests plus total debt less cash

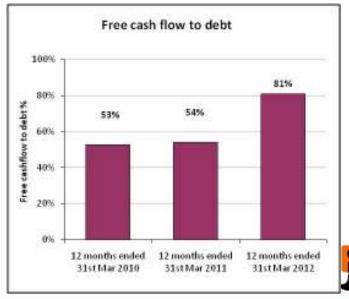
⁵ Financial ratios utilising EBITDA and free cash flow from operations using the last twelve months' results

FINANCIAL PERFORMANCE









JOHNSON ELECTRIC **Group Overview**

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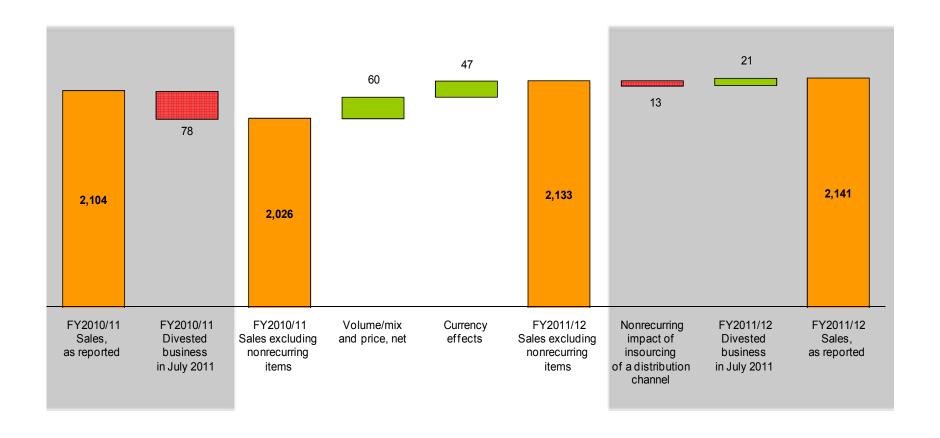
PROFIT & LOSS – FY2011/12 vs FY2010/11

US\$ million	FY2011/12	FY2010/11	Increase/ (decrease) in profit
Sales	2,140.8	2,104.0	36.8
Gross profit Gross margin % Other income and gains Selling and administrative expenses ("S&A") S&A %	584.4	579.7	4.7
	27.3%	27.6%	(0.3)%
	18.3	14.8	3.5
	(368.6)	(358.4)	(10.3)
	17.2%	17.0%	(0.2)%
Operating profit Operating margin %	221.1	235.7	(14.7)
	10.3%	11.2%	(0.9)%
Finance costs, net	(1.1)	(9.4)	8.3
Share of profits of associate	0.5	0.1	0.4
Profit before income tax Income tax expenses Effective tax rate	220.5	226.4	(5.9)
	(31.6)	(36.1)	4.5
	14.3%	15.9%	1.6%
Profit for the year Non-controlling interests	188.9	190.3	(1.4)
	(2.2)	(8.6)	6.4
Profit attributable to shareholders, as reported	186.7	181.7	5.0

innovating motion

SALES CHANGES – FY2011/12 vs FY2010/11

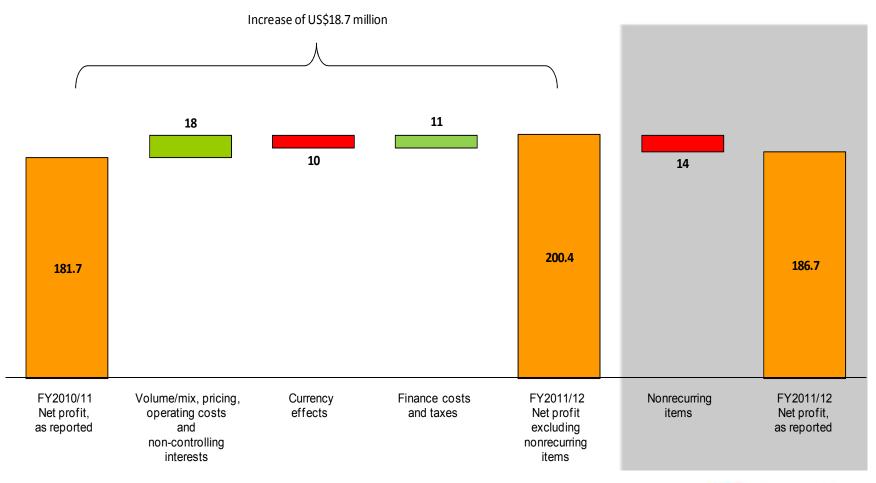
US\$ million





CHANGES IN PROFIT ATTRIBUTABLE TO SHAREHOLDERS

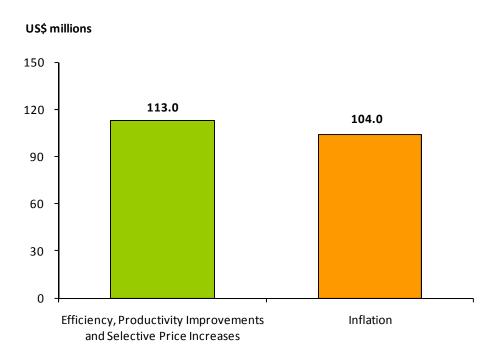
US\$ million



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



EFFICIENCY VS INFLATION

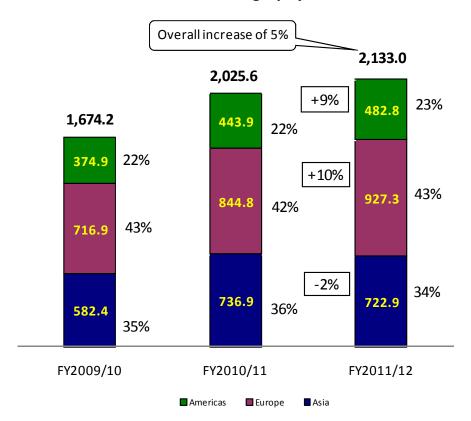


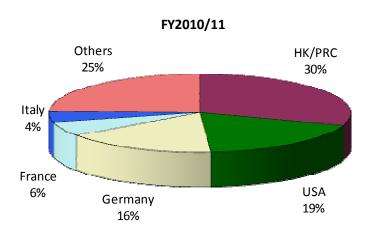
Increases in raw material commodity prices and wage costs in China had a significant adverse impact on profitability. This was offset by various initiatives taken by management to mitigate the inflation effect. These actions included efficiency and productivity improvements, quality improvements and selective price increases.

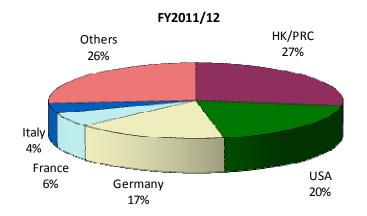


GROUP SALES BY GEOGRAPHY

US\$ million Group Sales Excluding Nonrecurring Items by Geography







Excluding currency effects, sales growth for FY2011/12 vs prior year:

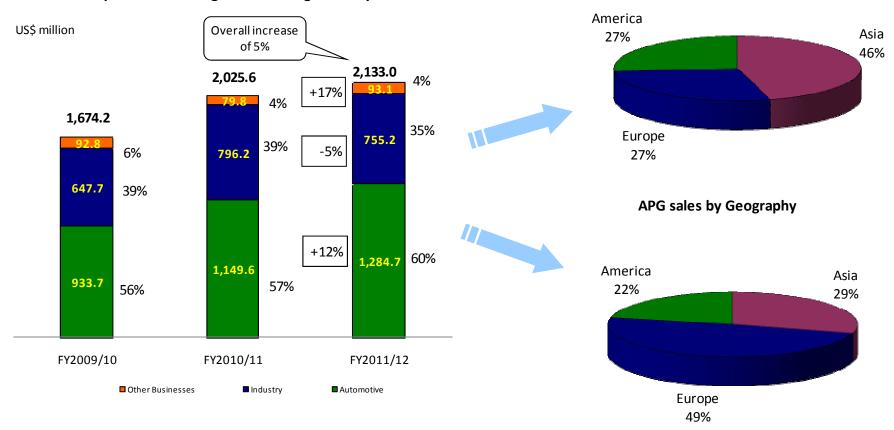
Overall 3%, Asia -4%, Europe 6%, Americas 8%



GROUP SALES BY BUSINESS

IPG sales by Geography

Group Sales Excluding Nonrecurring Items by Business



Excluding currency effects, sales growth/declined for FY2011/12 vs prior year:

APG - Overall 9%, Asia 10%, Europe 5%, Americas 16%

IPG - Overall -6%, Asia -15%, Europe 8%, Americas 0%



SALES OVERVIEW



- The business experienced strong sales of existing products across Asia and the Americas and benefitted from global demand for European luxury vehicles.
- ♦ Cooling fan & related modules business comprised 19% of total sales.
- Sales grew by 9% YOY. This was the result of being awarded cooling fan and related modules business for new customer platforms, as well as the successful launch of new engine air management products and geared motor drive products for window lifts and sunroofs.



- Continued exit from certain low margin markets.
- ◆ Sales in the gaming and entertainment markets benefited from our customers' launch of new gaming systems, which returned to normal volumes in this year.
- ♦ The strongest segments in Europe being food and beverages, and power tools.
- Growth in products for remote metering, lawn and garden, and infrastructure, equipment and security market segments was partialy offset by sales declined in the office automation, food and beverage, floor-care, power tools and medical biosensor segments in Americas.



- Sales in other businesses mainly from SB Control unit.
- Sales were strong in the infrastructure automation, machine industry and brand label segments.
- Other growth areas included products for human machine interfaces and new energy meters.

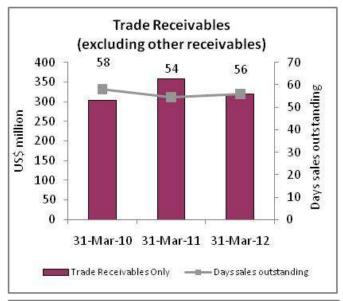


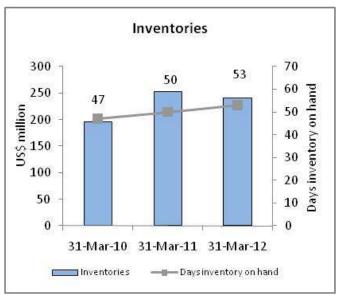
FREE CASH FLOW FROM OPERATIONS

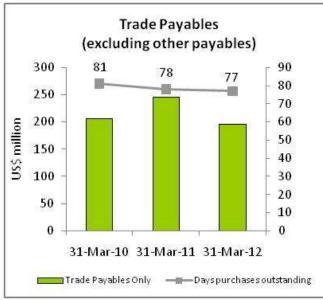
US\$ million	FY2011/12	FY2010/11	Change
Operating profit	221.4	235.7	(14.3)
Depreciation and amortisation	92.9	86.8	6.1
EBITDA	314.3	322.5	(8.2)
Other non-cash items in profit before taxes	(5.2)	(5.4)	0.2
Working capital change	(42.4)	(39.0)	(3.4)
Interest paid	(6.0)	(9.4)	3.4
Income taxes paid	(27.6)	(27.6)	-
Net cash generated from operating activities	233.1	241.1	(8.0)
Capital expenditure	(91.3)	(85.6)	(5.7)
Proceeds from disposal of fixed assets	18.4	10.6	7.8
Interest received	5.8	3.5	2.3
Free cash flow from operations	166.0	169.6	(3.6)

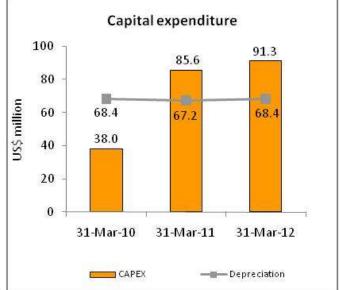


WORKING CAPITAL & CAPEX











Group Overview

Key Financial Highlights

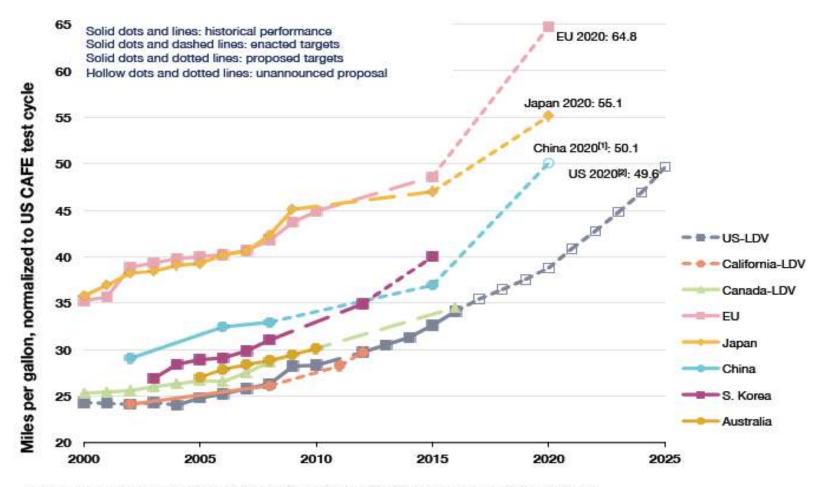
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TRENDS IN AUTOMOTIVE



- [1] China's target reflects gasoline fleet scenario. If including other fuel types, the target will be higher.
- [2] US and Canada light-duty vehicles include light-commercial vehicles.

Source: International Council on Clean Transportation, August 2011.



TRENDS IN INDUSTRIAL AND DOMESTIC APPLIANCES

Global Trends

- Promote energy-efficient products and subsystems that reduce noise and weight,
 and increase power and efficiency characteristics
- Smart Meters –improve power efficiency, reduce energy consumption and cost savings to satisfy global emerging regulations by two ways:
 - Direct energy savings by consumers
 - Indirect energy savings through efficient management of smart meter, remote reading and reduced peak consumption.
- Growth in products by region
 - Americas remote metering, lawn and garden, infrastructure, equipment & security market segments
 - Europe heating, ventilation, air conditioning (HVAC) actuators, diverter valve for domestic boilers and switches & vending segments
 - Asia gaming systems



OUTLOOK FOR JOHNSON ELECTRIC

- Satisfactory overall performance in FY2011-12
- Near-term operating environment difficult to predict
 - European markets subdued with high political uncertainty
 - Positive recent developments in US economy
 - Slower China growth but still comparatively high
- Business strategy on track to drive long-term value
 - Technology innovation and new product pipeline strong
 - Global manufacturing footprint further strengthened with new plant in Mexico to open in late 2012
 - Strong balance sheet with over US\$385mn in cash



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GLOBAL SALES & SUPPORT OFFICES & ENGINEERING CENTERS

- Argentina
- Austria
- Belgium
- Brazil
- China
- France
- Germany
- Hong Kong
- India
- Italy
- Israel
- Japan
- Korea
- Netherlands
- Singapore
- Switzerland
- UK
- USA





WORLDWIDE MANUFACTURING



Switzerland

Mexico

Poland

- UK
- USA



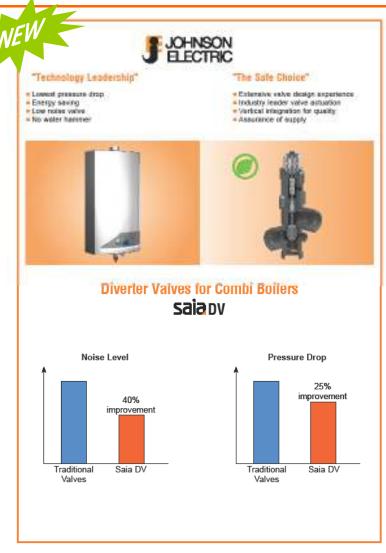
APPENDIX – NEW PRODUCTS



APG – SUNROOF DRIVES

JOHNSON ELECTRIC Technology Leadership "The Safe Choice" * Lowest weight sunroof drive · Rare earth free for cost volatility control . Low noise and improved sound quality . Rigorous teating process * High reliability . Stim design . Assurance of supply and on-time delivery . "Curve" technology system Compact Lite™ Low Noise Sunroof Drives JOHNSON MOTOR Sound Level Compact Life to Weight

IPG – DIVERTER VALVES





IPG – SHUT-OFF SWITCHES

"The Safe Choice" "Teshnology Leadership" Zero stand-by power Exceeds EuP requirements Automatic double disconnect power-off. industry leader in auto power off switches Resistant to shock & vibration Continuous product innovation Internationally approved Programmable control option: **Energy Saving Power Shut-Off Switches** for Washing Machines & Dishwashers TIPPMATIC® IF TIPPMATIC® IFD interface version interface + double disconnect.





IPG - SOLENOID

IPG – EXHAUST FAN MOTORS







IPG – MOWER STARTER

IPG – HAND BLENDER MOTORS

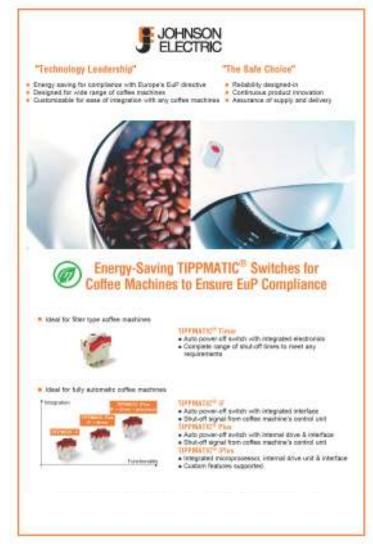






IPG – SMART GAS METER VALVE IPG – TIPPMATIC SWITCHES







IPG – MICROSWITCHES

IPG – ENGINE STARTER







IPG – RANGE HOODS MOTORS

IPG – HAND DRYER BLOWERS



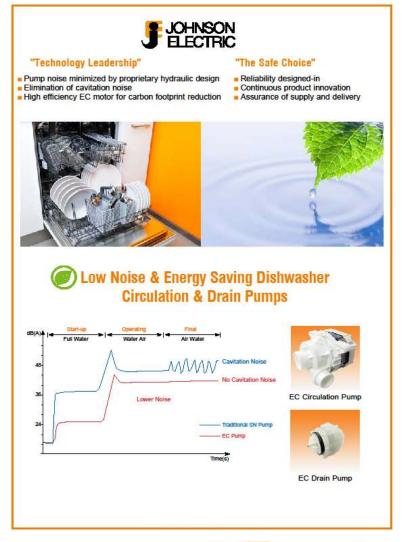




IPG – DRILL MOTOR

IPG – DISHWASHER DRAIN PUMP



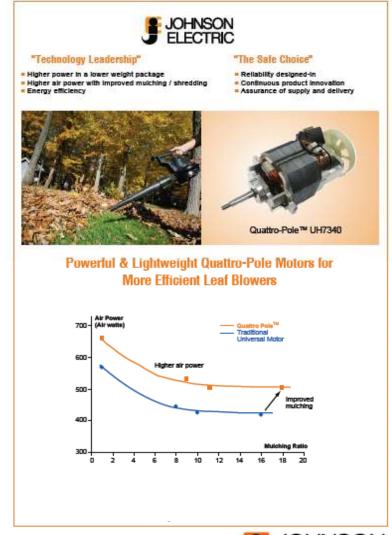




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IPG – WASHING MACHINE PUMP IPG - LEAF BLOWERS

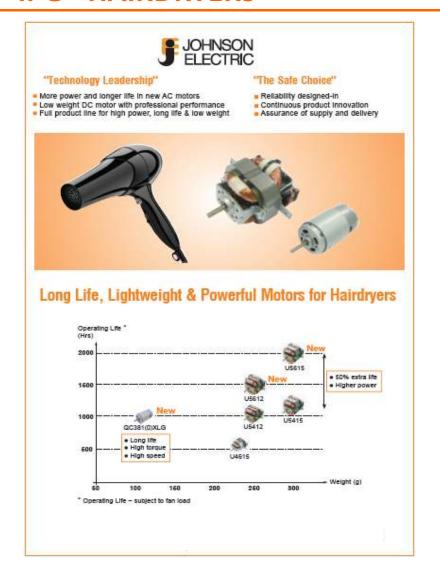






IPG - HAIRDRYERS

IPG – BLENDER MOTORS







IPG – MICROSWITCHES

APG – BATTERY COOLING FAN

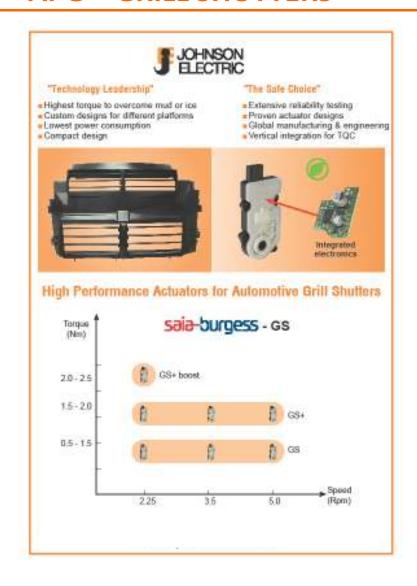






APG – GRILL SHUTTERS

APG – WINDOW LIFT







APG - WASHER PUMPS

APG - STEERING WHEEL LOCKS



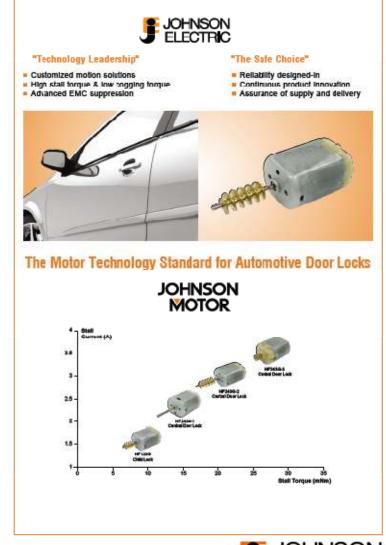




APG - LUMBAR SUPPORT

APG - DOOR LOCKS







APG - ACTUATORS

JOHNSON ELECTRIC "Technology Leadership" "The Safe Choice" Technology standards Reliability designed-in Compact performance Continuous product innovation Low noise Assurance of supply and delivery saia-burgess Actuators for Climate Control sala-burgess Actuators for Adaptive Lighting

APG - CFM + MOTORS

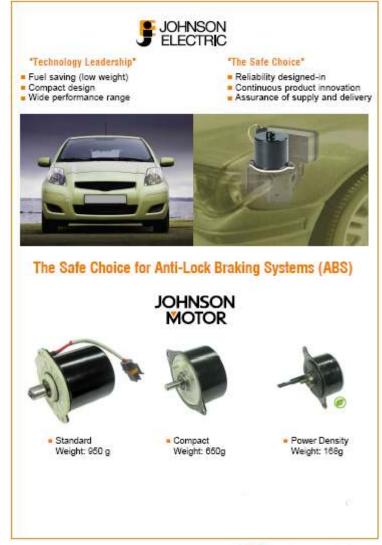




APG - SEAT MOTORS

APG - ABS MOTORS







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.

