

# JOHNSON ELECTRIC HOLDINGS LIMITED

**FY2016/17**

Annual Results

July 2017



innovating motion

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**Group Overview**

**Key Financial Highlights**

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**FY2017/18 June Quarter**

# JOHNSON ELECTRIC GROUP OVERVIEW

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*Johnson Electric is the global leader in custom designed motion subsystems, including motors, solenoids, switches and flexible interconnects. We serve a broad range of industry segments including automotive, building automation and security, business machines, security and aerospace, food and beverage equipment, home technologies, HVAC, industrial equipment, medical devices, personal care, power equipments and power tools.*

*Established in 1959, Johnson Electric designs and produces custom motion solutions throughout the world for use in a broad range of product applications. Innovation centers are located in Hong Kong and China (3); USA (3); Germany (2); Switzerland, Italy, Israel, France, Canada, Japan and the UK. Total global headcount including contract staff stands at over 39,000 people.*

*The annual production capacity is over one billion motor and actuators, with products manufactured in more than a dozen countries on four continents.*

*Johnson Electric has been listed on The Stock Exchange of Hong Kong Limited since 1984.*

# COMPANY VISION AND BRAND PROMISE

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## Company Vision

To be the world's definitive provider of innovative and reliable motion systems

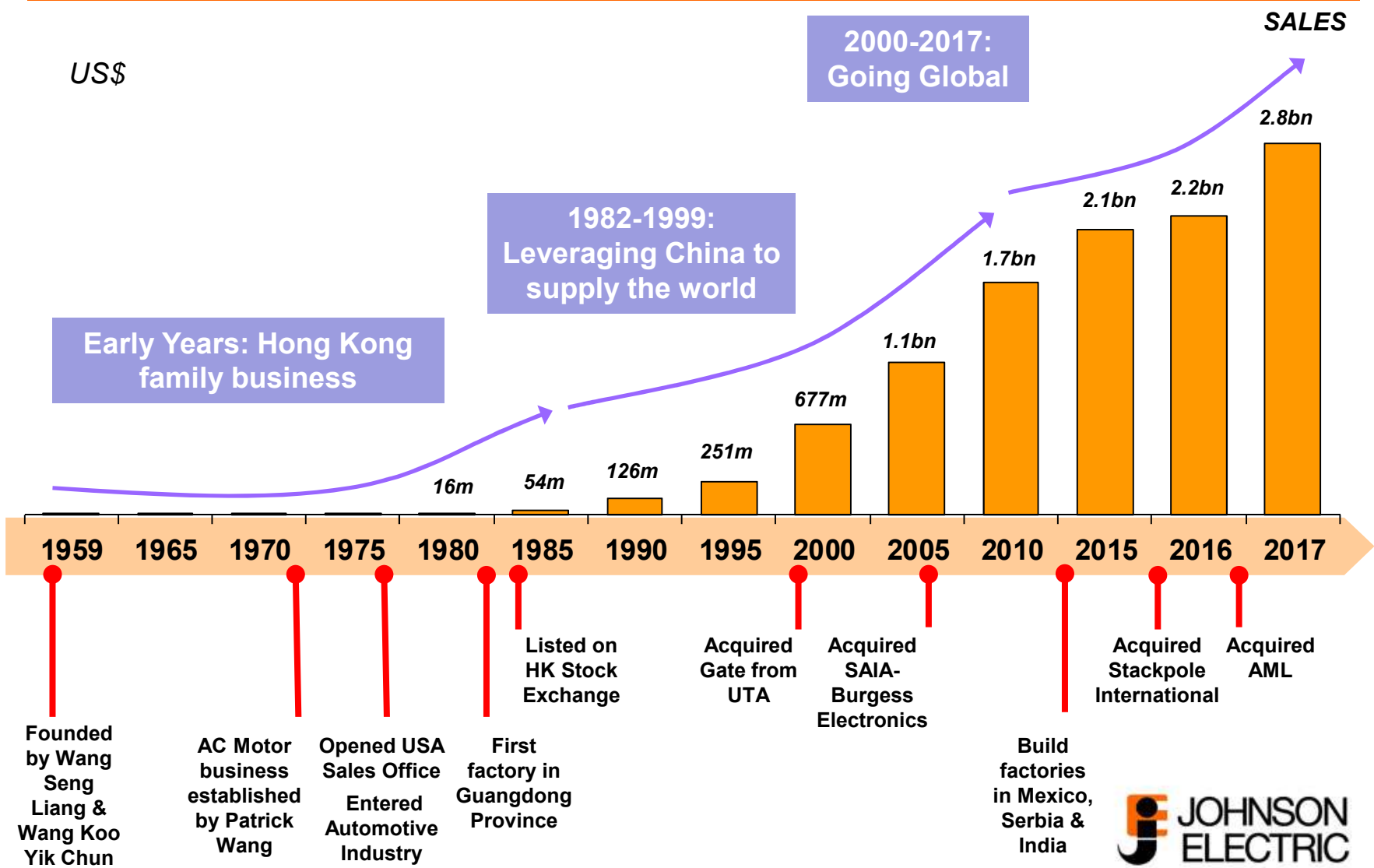
## Brand Promise

“Technology Leadership”

“The Safe Choice”



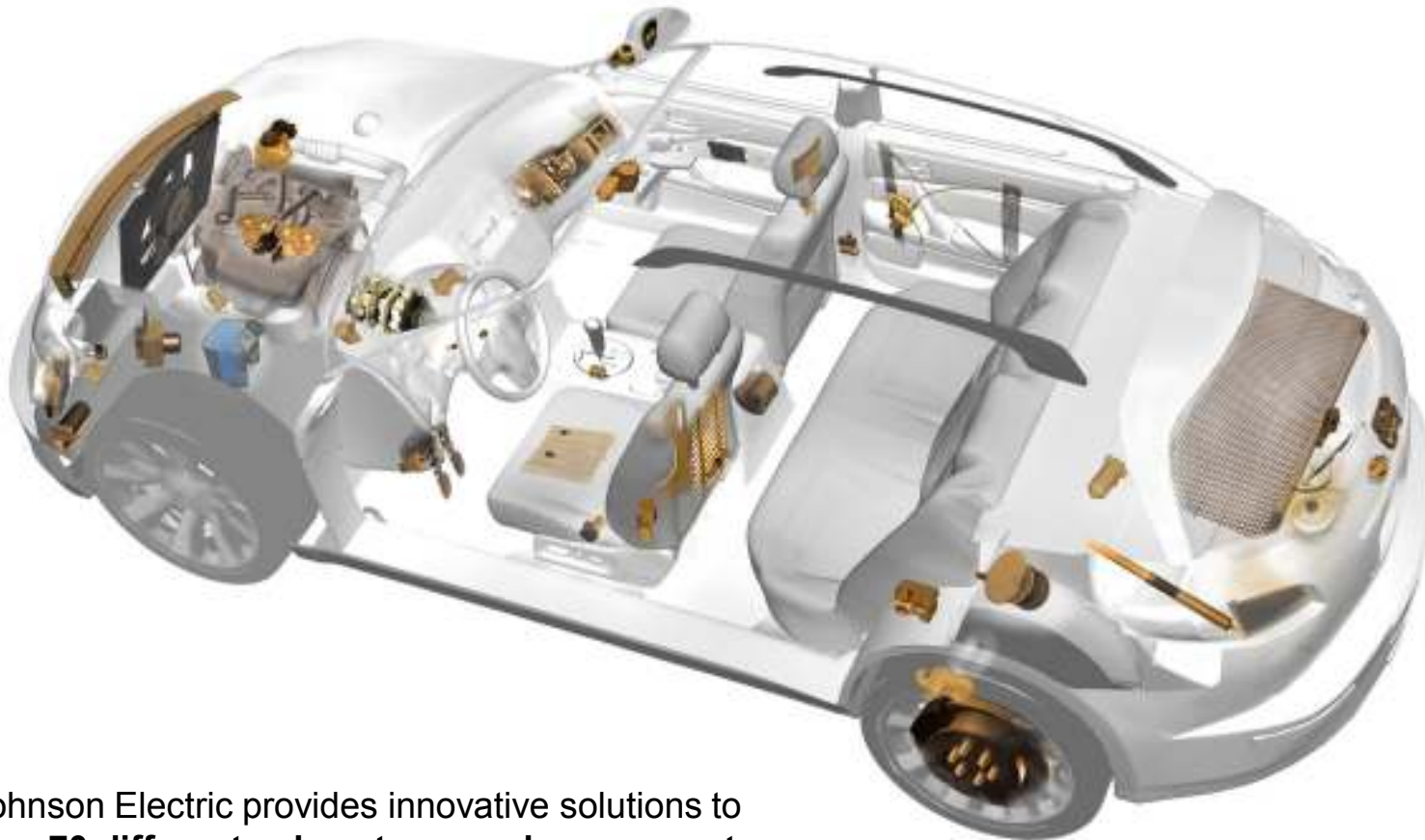
# KEY MILESTONES 1959 – 2017



innovating motion

# APG APPLICATIONS

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Johnson Electric provides innovative solutions to over **70 different subsystems and component applications** inside the latest passenger vehicles

# IPG APPLICATIONS



Medical Devices



Smart Meters



Circuit Breakers



Lawn & Garden



Power Tools

Personal Care



Power Sports



HVAC



Building Automation



Business Machines



Digital Security



Home Technologies



Food & Beverages



Industrial Equipment



Special Vehicles



Optronics

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# HIGHLIGHTS

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- ✓ **Group sales** were US\$2,776 million – **up 24%** compared to the prior financial year. **Excluding the effects of acquisitions and foreign currency movements**, underlying sales **increased by 7%**
- ✓ **EBITDA** were **up 34%** to US\$448 million or **16.2% of sales** (15.0% excluding a nonrecurring item in the prior year)
- ✓ **Operating profits** were **up by 35%** to US\$296 million or **10.6% of sales** (9.8% of sales excluding a nonrecurring item in the prior year)
- ✓ **Net profit attributable to shareholders up 38%** to US\$238 million or **26.91 US cents per share** on a fully diluted basis
- ✓ **Total debt to capital ratio** was **16%** and cash reserves of US\$128 million as of 31 March 2017

# FINANCIAL HIGHLIGHTS

<i>US\$ million</i>	FY2016/17 <sup>1</sup>	FY2015/16
Sales	2,776.1	2,235.9
Gross profit	747.8	589.5
<i>Gross margin</i>	26.9%	26.4%
Profit attributable to shareholders	237.9	172.7
Diluted earnings per share (US cents)	26.91	19.75
EBITDA (excluding nonrecurring items <sup>2</sup> )	448.4	334.3
<i>EBITDA margin</i>	16.2%	15.0%
Free cash flow from operations <sup>3</sup>	160.1	70.8
<i>US\$ million</i>	31 Mar 2017	31 Mar 2016
Cash	127.7	193.3
Total debt <sup>4</sup>	384.0	422.5
Net debt (total debt less cash)	256.3	229.2
Enterprise value <sup>5</sup>	2,854.7	2,914.7
EBITDA adjusted on a proforma basis <sup>6</sup>	450.5	369.6
<b>Key Financial Ratios</b>	31 Mar 2017	31 Mar 2016
Enterprise value to EBITDA <sup>6</sup>	6.3	7.9
Free cash flow to total debt <sup>4</sup>	42%	17%
Total debt to EBITDA <sup>6</sup>	0.9	1.1
Total debt and leases <sup>7</sup> to EBITDA <sup>6</sup>	1.0	1.3
Total debt to capital (total equity + total debt)	16%	18%

1. FY2016/17 includes 12 months' results of Stackpole International and 10½ months' results of AML Systems. FY2015/16 includes 5 months' results of Stackpole International
2. Earnings before interest, tax, depreciation and amortisation, excluding acquisition transaction costs of US\$12.4 million in FY2015/16
3. Net cash generated from operating activities plus net interest received, less capital expenditure (net of proceeds from disposal of fixed assets) and capitalisation of engineering development costs
4. Total debt calculated as borrowings plus convertible bonds (debt elements)
5. Enterprise value calculated as market capitalisation plus non-controlling interests plus total debt less cash
6. EBITDA excluding nonrecurring items and adjusted to include the last 12 month's results of AML Systems (FY2016/17) and Stackpole International (FY2015/16) on a pro forma basis
7. Lease payments were discounted at 7% for this analysis with a corresponding adjustment of annual lease expense to EBITDA

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# PROFITABILITY REVIEW

## FY2016/17 vs. FY2015/16

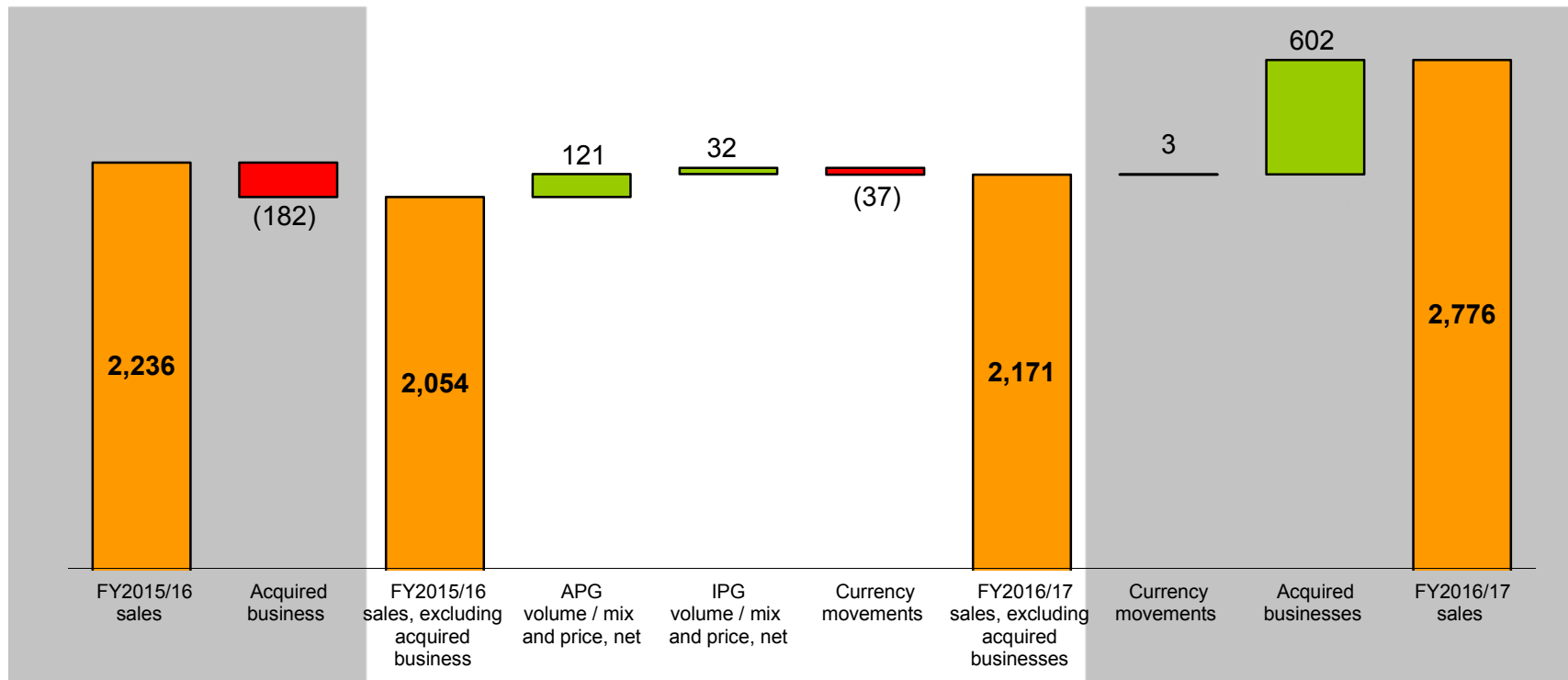
<i>US\$ million</i>	FY2016/17 <sup>1</sup>	FY2015/16	Increase / (decrease) in profit
Sales	2,776.1	2,235.9	540.2
Gross profit	747.8	589.5	158.3
<i>Gross margin %</i>	26.9%	26.4%	
Other income and gains, net	19.1	28.5	(9.4)
Intangible assets amortisation expense	(37.1)	(27.7)	(9.4)
<i>Intangible assets amortisation expense %</i>	1.3%	1.2%	
Other selling and administrative expenses ("S&A"), excluding nonrecurring items	(434.3)	(370.7)	(63.6)
<i>Other S&amp;A %, excluding nonrecurring items</i>	15.6%	16.6%	
Operating profit, excluding nonrecurring items	295.5	219.6	75.9
<i>Operating margin %, excluding nonrecurring items</i>	10.6%	9.8%	
Nonrecurring items:			
Acquisition transaction costs	-	(12.4)	12.4
Operating profit	295.5	207.2	88.3
<i>Operating profit margin %</i>	10.6%	9.3%	
Share of profit of associates	4.8	2.6	2.2
Net interest expense	(10.0)	(3.2)	(6.8)
Profit before income tax	290.3	206.6	83.7
Income tax expense	(43.8)	(23.9)	(19.9)
<i>Effective tax rate</i>	15.1%	11.6%	
Profit for the period	246.5	182.7	63.8
Non-controlling interests	(8.6)	(10.0)	1.4
Profit attributable to shareholders	237.9	172.7	65.2

1. FY2016/17 includes 12 months' results of Stackpole International and 10½ months' results of AML Systems. FY2015/16 includes 5 months' results of Stackpole International.

# SALES MOVEMENTS

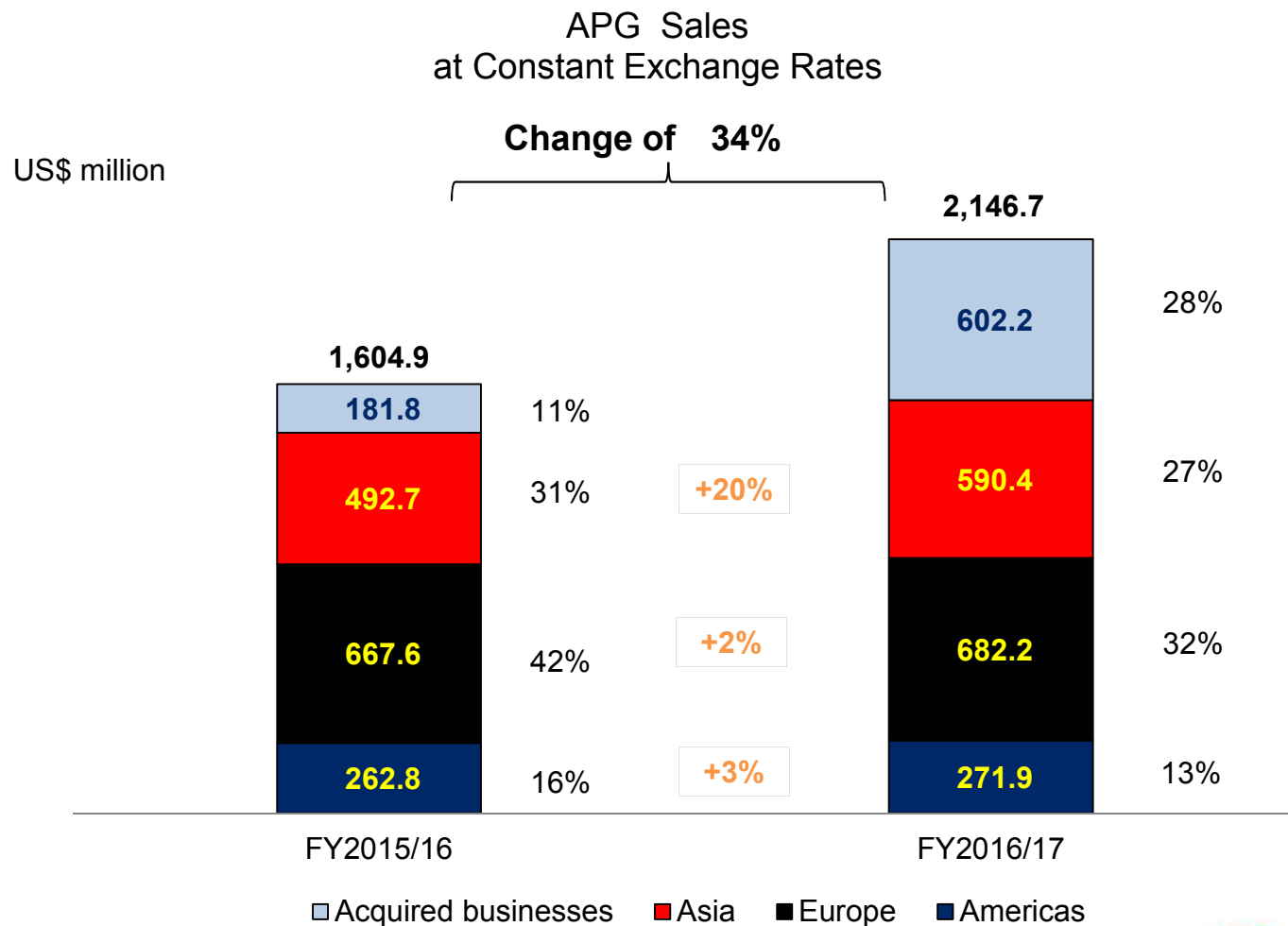
## FY2016/17 vs. FY2015/16

US\$ million



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

# GROUP SALES BY BUSINESS - APG

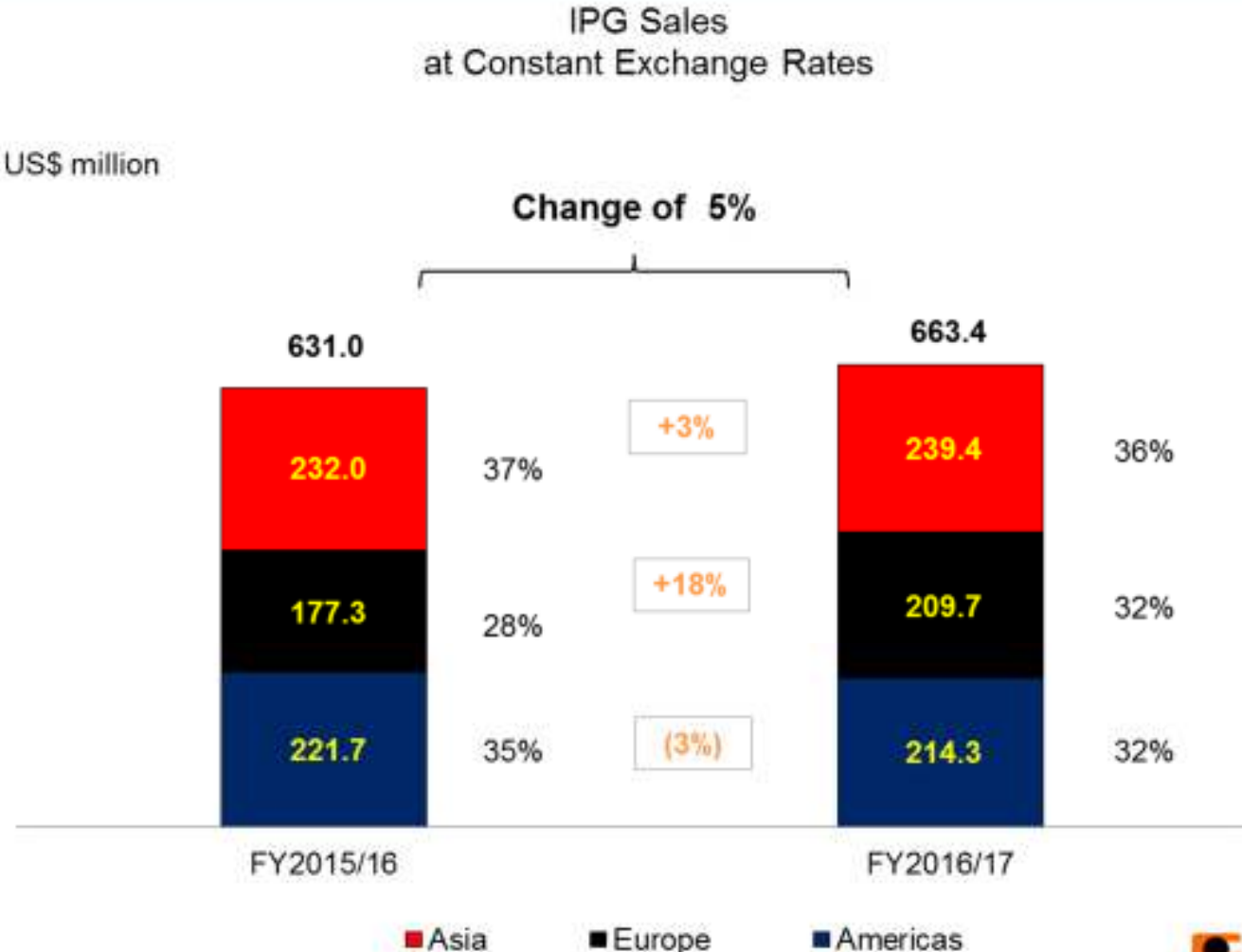


# SALES GROWTH BY REGION - APG

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

APG		Asia	Europe	Americas	TOTAL
FY2016/17	2H	22%	2%	4%	10%
	1H	17%	2%	3%	7%
FY2015/16	2H	5%	4%	6%	5%
	1H	3%	6%	3%	5%
FY2014/15	2H	12%	4%	(6%)	4%
	1H	13%	6%	(9%)	5%
FY2013/14	2H	10%	13%	(2%)	9%
	1H	(1%)	7%	3%	4%

# GROUP SALES BY BUSINESS - IPG





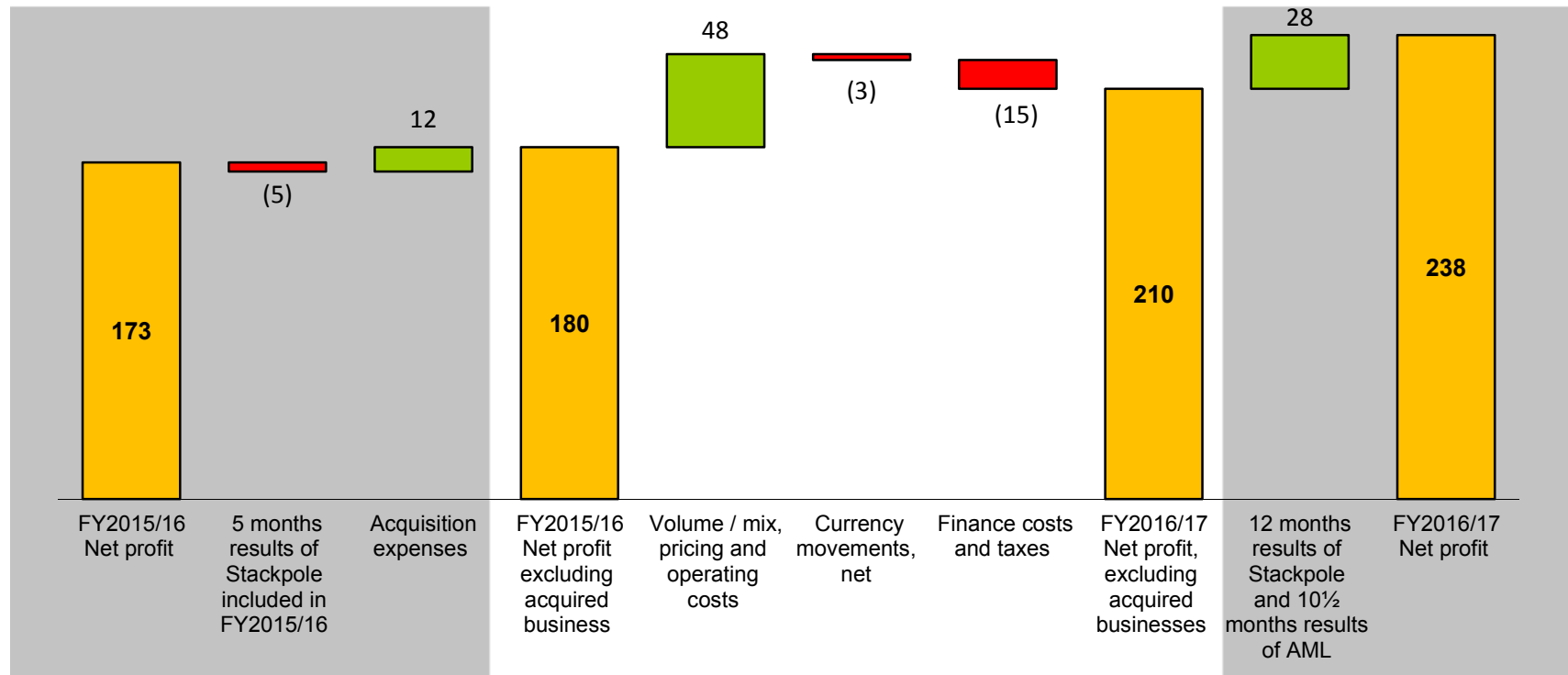
# SALES GROWTH BY REGION - IPG

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

IPG		Asia	Europe	Americas	TOTAL
FY2016/17	2H	5%	20%	(1%)	7%
	1H	1%	16%	(6%)	3%
FY2015/16	2H	(17%)	11%	(4%)	(5%)
	1H	(17%)	6%	4%	(4%)
FY2014/15	2H	(3%)	6%	16%	5%
	1H	(4%)	5%	8%	2%
FY2013/14	2H	2%	(6%)	- %	(1%)
	1H	(10%)	(11%)	1%	(7%)

# CHANGES IN PROFIT ATTRIBUTABLE TO SHAREHOLDERS

US\$ million



# ANALYSIS OF CASH FLOW

<i>US\$ million</i>	FY2016/17 <sup>1</sup>	FY2015/16	Change
Operating profit <sup>2</sup>	296.9	207.9	89.0
Depreciation and amortisation	151.5	114.0	37.5
<b>EBITDA</b>	<b>448.4</b>	<b>321.9</b>	<b>126.5</b>
Other adjustments	12.0	4.8	7.2
Working capital changes	(15.4)	(46.4)	31.0
Interest paid	(5.9)	(4.4)	(1.5)
Income taxes paid	(39.2)	(34.6)	(4.6)
Capital expenditure, net of subsidies	(240.2)	(186.2)	(54.0)
Proceeds from disposal of fixed assets	6.0	15.6	(9.6)
Capitalisation of engineering development costs	(6.7)	(6.1)	(0.6)
Interest received	1.1	6.2	(5.1)
<b>Free cash flow from operations</b>	<b>160.1</b>	<b>70.8</b>	<b>89.3</b>

1. FY2016/17 includes 12 months' results of Stackpole International and 10½ months' results of AML Systems. FY2015/16 includes 5 months' results of Stackpole International
2. Operating profit plus US\$1.3 million dividend received from associates in FY2016/17 (FY2015/16: US\$0.6 million)

# OTHER CASH FLOWS

<i>US\$ million</i>	FY2016/17 <sup>1</sup>	FY2015/16	Change
<b>Free cash flow from operations</b>	<b>160.1</b>	<b>70.8</b>	<b>89.3</b>
Acquisitions and related costs	(94.6)	(680.3)	585.7
Acquisition of non-controlling interests	(19.3)	-	(19.3)
Dividends paid	(55.4)	(54.4)	(1.0)
Purchase of shares held for incentive share schemes	-	(22.0)	22.0
Purchase of shares for cancellation of issued capital	-	(5.2)	5.2
Other investing activities	0.2	0.2	-
Other financing activities	(7.9)	(4.2)	(3.7)
Borrowing (repayments) / proceeds	(42.3)	40.3	(82.6)
Proceeds from long term debt issuance, net of transaction costs	-	74.2	(74.2)
Decrease in cash (excluding currency movements)	(59.2)	(580.6)	521.4
Currency translation (losses) / gains on cash and cash equivalents	(6.4)	0.7	(7.1)
<b>Net movement in cash</b>	<b>(65.6)</b>	<b>(579.9)</b>	<b>514.3</b>

1. FY2016/17 includes 12 months' results of Stackpole International and 10½ months' results of AML Systems. FY2015/16 includes 5 months' results of Stackpole International

# DIVIDENDS

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- ▶ **Final dividend of 34 HK cents per share** to be paid for FY2016/17.  
Total dividend of 50 HK cents for FY2016/17 compared to 49 HK cents paid for FY2015/16
- ▶ Dividend History

	FY2016/17	FY2015/16	FY2014/15	FY2013/14	FY2012/13	FY2011/12	FY2010/11	FY2009/10
<b>Dividend per share (HK cents)</b>								
Interim dividend	16.0	15.0	14.0	12.0	12.0	12.0	12.0	-
Final dividend	34.0	34.0	34.0	34.0	32.0	28.0	24.0	20.0
Total dividend per share	50.0	49.0	48.0	46.0	44.0	40.0	36.0	20.0

# WORKING CAPITAL & CAPEX

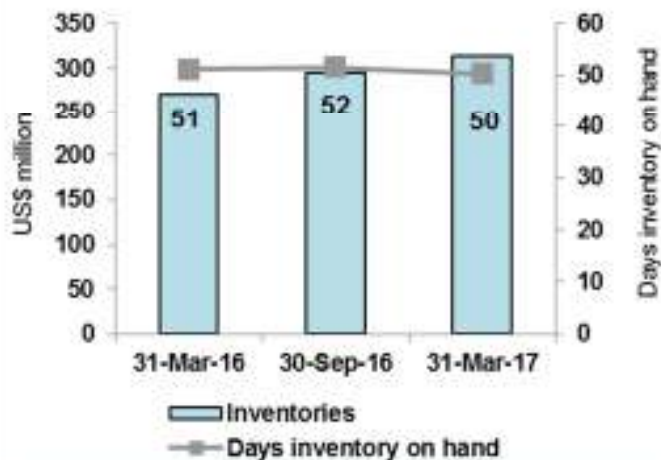
**Trade and other receivables**  
(DSOs calculated on trade receivables only)



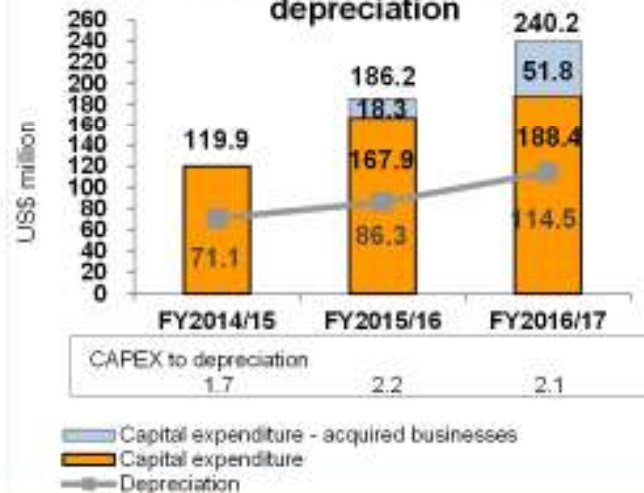
**Trade payables, other payables and deferred income**  
(DPOs calculated on trade payables only)



**Inventories**



**Capital expenditure and depreciation**



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# ACQUIRED ADDITIONAL 50% EQUITY INTEREST IN HSC

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- ▶ Acquisition of a substantial shareholding in Halla Stackpole Corporation (HSC), a major supplier of powder metal components, primarily for automotive industry in Asia
- ▶ Purchase Price: KRW 93.9 billion for 50% equity interest in HSC
  - Upon completion, JE's attributable interest in HSC will increase from 30% to 80%
  - EV/Reported EBITDA in 2016: approximately 6.6x
  - Purchase Price is subject to downward adjustments including leakage after Locked Box Date
- ▶ Financing: 100% funded by JE's cash reserves and credit facilities
- ▶ Transaction was completed on 16th May 2017



# HSC – TRANSACTION RATIONALE

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- ▶ JE has identified significant opportunities in powder metal
  - Demand for improved fuel efficiency, reduced emissions and increased passenger comfort have been driving the rapid uptake of powder metal components in passenger vehicles due to the advantageous production and performance characteristics compared to alternative materials and processes
  - Growth prospects in China and Korea are attractive due to the presently low powder metal content per vehicle in Asia
  
- ▶ The transaction will enable JE, through its Stackpole International business unit, to manage its powder metal operations on a more integrated global basis
  - Stackpole International is already a recognised market leader in the powder metal industry in North America
  - The complementary investment provides a platform for accelerating sales growth and technology development, particularly in Asia



# HSC – OVERVIEW OF HALLA STACKPOLE

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- Headquarters: Ochang, Korea
- Founded: In 2008 as a joint venture between Stackpole and Halla Holdings
- Key Products: Powder metal components
- Locations: Ochang, Korea  
Beijing, China
- Sales: KRW158 billion in 2016  
(approx. US\$141 million)
- Employees: 500+



# HSC – PRODUCT OFFERING

HSC's products are used in powertrain, suspension and steering applications that contribute to fuel economy, reduced emissions and increased passenger comfort

## Suspension

- Piston
- Body
- Reb, Ret
- Rod Guide



## Steering

- EPS Pulley
- Cam & Rotor
- Rack & Pinion
- Support Yoke



## Powertrain

- GF-6
- MTM Hub
- E/G Cam-Shaft Gear
- E/G Rotor



## Compressor

- Hub
- Limiter
- Con-Rod
- Bearing



# HSC – TRANSACTION RATIONALE

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The transaction forms a key element to JE's global strategy for powder metal

- 1 Increases JE's exposure to the rapidly growing powder metal industry, driven by fuel efficiency and reduced emissions requirements
- 2 Allows JE to capture the out-performance of the Korea and China markets due to increasing powder metal content and supply localisation
- 3 Enables JE to manage its powder metal operations on a more integrated global basis

# HSC – ATTRACTIVE GROWTH PROSPECTS FOR POWDER METAL SECTOR

Powder metal is aligned with the ‘mega trend’ of fuel efficiency in automotive and is expected to achieve above-average growth over a medium-term time horizon

## Industry Trends

Emissions Regulations

Vehicle “Light-weighting”

Higher Speeds Transmissions

Engine Downsizing

## Advantages of Powder Metal Parts

Tight dimensional tolerances and design freedom

Identical or superior properties but lower production costs

A higher material yield due to near net-shape parts production

Low energy requirement per kg of finished part

## PM Applications in Key Automotive Systems



Engine & Transmission



Suspension



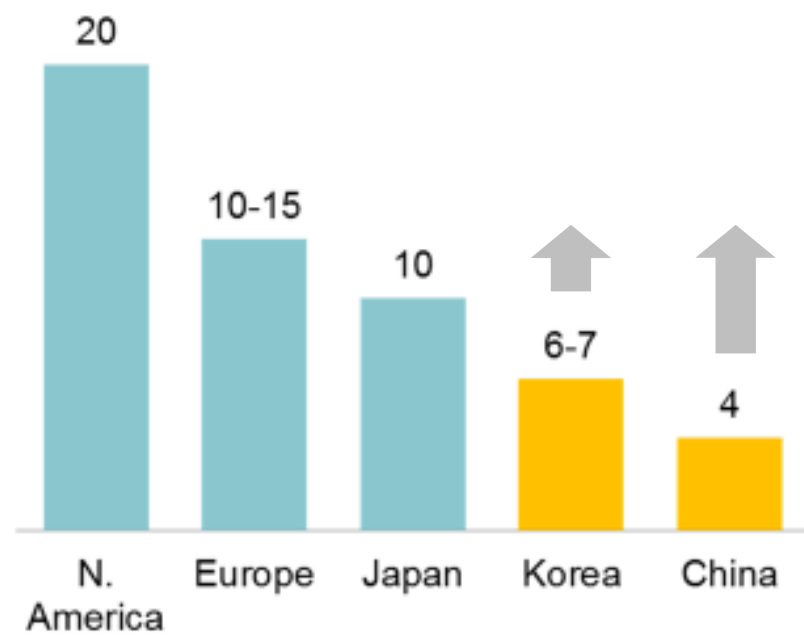
Steering

# HSC – OUTPERFORMANCE OF CHINA & KOREA PM MARKETS

**Powder metal markets in China and Korea are expected to outperform due to the currently low powder metal content per car and supply localisation**

## Powder Metal Content

Estimated weight of PM parts (kg per car)



- China and Korea have relatively lower powder metal content in the cars produced. Catching up to the levels in North America and Europe creates significant demand for PM parts
- All major automotive and tier-1 suppliers have a strategy to localise parts production and sourcing. However, there are presently limitations in production capacity and competence to produce high quality powder metal components, especially in China
- Halla Stackpole is well positioned to capture the growth opportunity with its installed capacities in China and Korea and technology leadership

Source: Powder Metallurgy Review, JE analysis



# A GLOBAL POWDER METAL OPERATION

The transaction enables JE, through its Stackpole International business unit, to manage its powder metal operations on a more integrated global basis

## JE's Powder Metal Footprint






# HSC – HISTORICAL FINANCIAL SUMMARY

<i>KRW billion</i>	FYE 31 Dec 2016	FYE 31 Dec 2015
Sales	158.1	147.9
Reported EBITDA	29.6	25.8
<i>EBITDA margin</i>	18.7%	17.4%
Reported profit before taxation and extraordinary items	21.8	18.7
Net profit after taxation and extraordinary items	16.9	14.8
<i>Net profit margin</i>	10.7%	10.0%
Net assets	119.6	106.6



# AML - PRODUCTS & TECHNOLOGIES

Product Types	Diagrams	Drivers
<p>Headlamp Levelers</p>	 <p>(Static &amp; Auto Static)</p> <p>(Dynamic)</p>	<p>Manual levelers for halogen &amp; automatic levelers for Xenon / LED lamps are <b>mandatory in EU / Japan / China / India</b></p>
<p>Smart Actuators</p>	 <p>(ADB Actuator)</p> <p>(Bi-function / Tri-function)</p>	<p>Adaptive lighting technology, an important means of differentiation in marketing cars (for both <b>safety</b> and <b>styling</b> reasons)</p>
<p>Headlamp Cleaning Systems</p>		<p><b>Mandatory in EU / China / India</b> for light sources &gt; 2K Lumen Also for harsh weather conditions</p>

# STACKPOLE APPLICATIONS

## Pumps



**Engine Oil Pumps**



**Transmission Oil Pumps**



**Vacuum Pumps**

## Powder Metals



**Carriers**



**Clutch Components**



**Gears & Sprockets**

*Key Products*

*Market Position*

*Stackpole's Differentiation*

One of the leading oil pump manufacturer in North America and Europe

One of the leading powder metals manufacturer focusing in automotive industry of North America

- The pioneer of the fuel-efficient variable vane pump more than 20 years ago
- Over 25 million units installed globally, far in excess of any other supplier
- In-depth product know-how in noise, vibration and harshness, hydraulic and durability performance

- Proprietary technologies and processes that underpin a portfolio of highly complex, non-commoditised products
- Relied upon by customers for material process design and production capability
- Offers leading, value-added finishing capabilities



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# STRATEGY AND OUTLOOK

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- ▶ Very satisfactory results for FY2016/17 position JE for further progress and long term growth
  - Asia, Europe and the Americas – If improving economic conditions are sustained, potential to drive increased demand for manufactured goods
  - Barring major unexpected change, optimistic that JE can grow underlying sales over 3-5 years at a mid-single digit percentage rate on a constant currency basis
- ▶ Short term major macro-economic challenges to the business
  - Recent increase in raw material prices + ongoing wage inflation + strength of the USD
  - Necessitates further actions in FY2017/18 to drive down costs and improve productivity

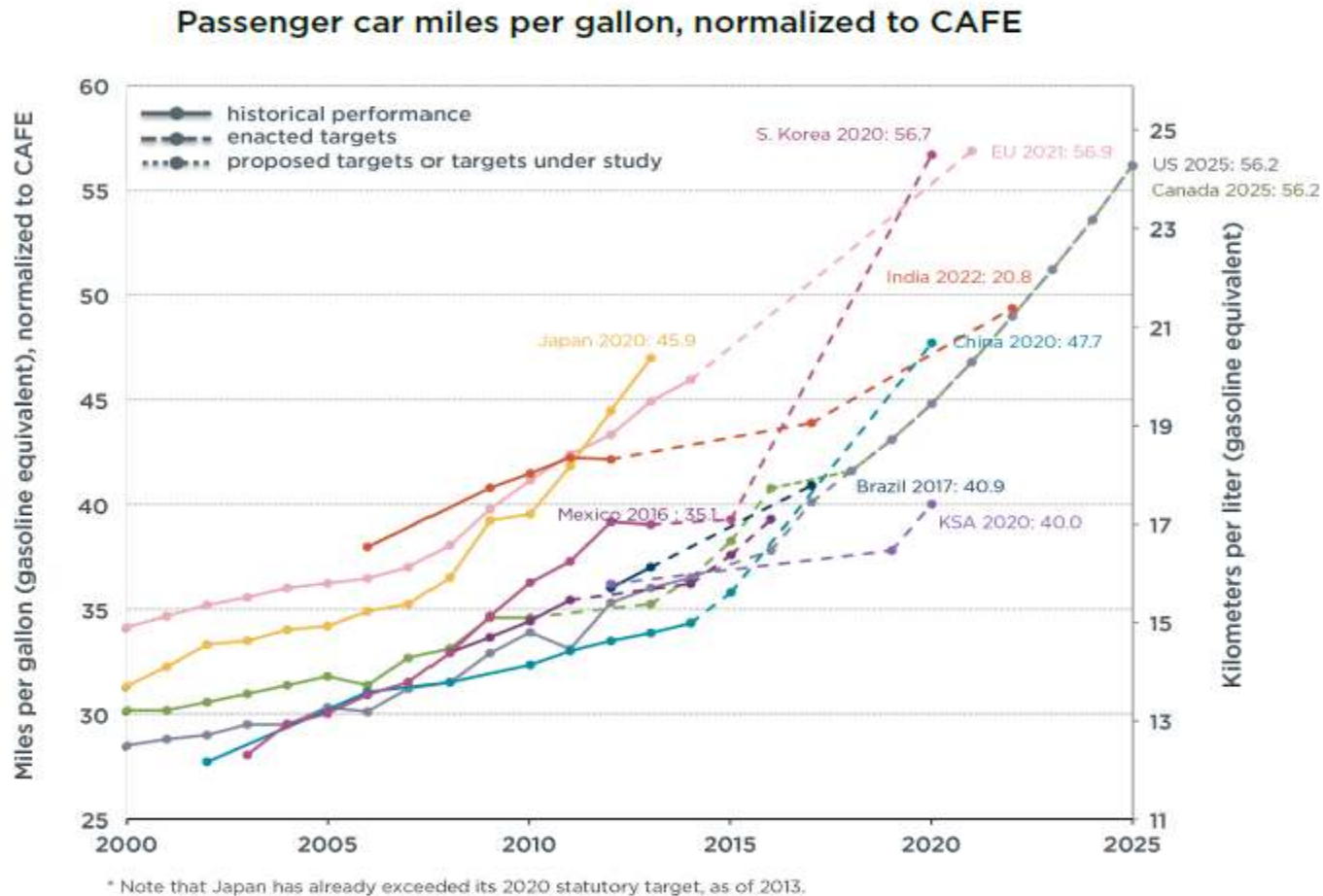
# STRATEGY AND OUTLOOK

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## ▶ Looking further ahead

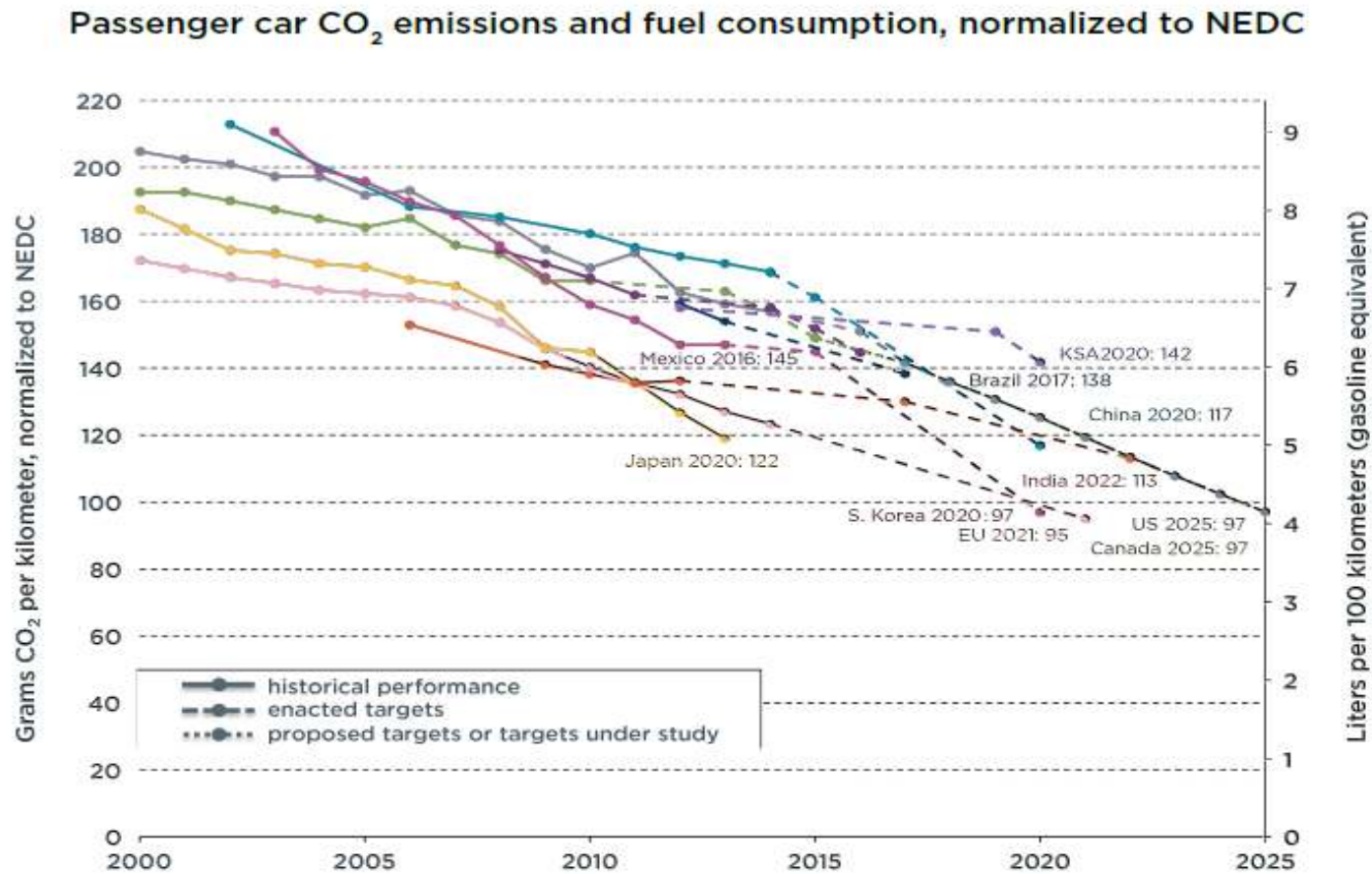
- Number / application of precision motors, actuators, pumps and related electromechanical devices continues to proliferate
  - Especially the next generation of Hybrid and All-Electric vehicles needing new motion sub-systems for changed internal functional dynamics from thermal management to braking
- Key competitive advantages
  - Market leading technology + global operating footprint + diversified customer base
- But expected disruption will transform manufacturing from the design stage through to production and on to inventory management and distribution
  - Advances in factory automation, connectivity, data exchange and machine learning
- Therefore JE will continue to transform its business model and make capital investments:
  - Maintain traditional strengths in technology innovation, global reach and customer responsiveness
  - Align design and production processes for highly automated manufacturing model focused on reduced cycle times and flawless execution

# TRENDS IN AUTOMOTIVE – FUEL ECONOMY



Source: International Council on Clean Transportation - Sep 2015  
<http://www.theicct.org/global-pv-standards-chart-library>

# TRENDS IN AUTOMOTIVE – EMISSIONS



\* Note that Japan has already exceeded its 2020 statutory target, as of 2013.



Source: International Council on Clean Transportation - Sep 2015  
<http://www.theicct.org/global-pv-standards-chart-library>

# CONTINUED ELECTRIFICATION - ICEs





**Engine Electrification**

Electronic Throttle Control      EGR Valve






Electric Valvetrain      Electric Turbo





**Drivetrain Electrification**

DCT/AMT      Electric Oil Pump






AWD Disconnect




**Advanced Cooling System (ACS)**

Coolant Valve      Cooling Fan Module






Electric Water Pump




**Chassis Electrification**

Electric Vacuum Pump      Electric Power Steering





Braking (EPB/ABS)




**Other**

Exhaust Treatment (DEF Pump)



Fuel Pump













# CONTINUED ELECTRIFICATION - HYBRIDS







### Engine Electrification

Electronic Throttle Control	EGR Valve
	
Electric Valvetrain	Electric Turbo
	





### Drivetrain Electrification

DCT/AMT	Electric Oil Pump
	
AWD Disconnect	Electric Parklock
	


### Advanced Cooling System (ACS)

Coolant Valve	Cooling Fan Module
	
Electric Water Pump	Electric Air Pump
	

### Chassis Electrification

Electric Vacuum Pump	Electric Power Steering
	
Braking (EPB/ABS)	E-Leveling
	

### Other

Exhaust Treatment (DEF Pump)

Fuel Pump


# CONTINUED ELECTRIFICATION – BATTERY EVs



**Electric Powertrain**

Traction Motor & Controller

**Drivetrain Electrification**

Gear Shifter      Electric Oil Pump

Electric Parklock

**Advanced Cooling System (ACS)**

Coolant Valve      Battery Cooling

Electric Water Pump      Electric Air Pump

**Chassis Electrification**

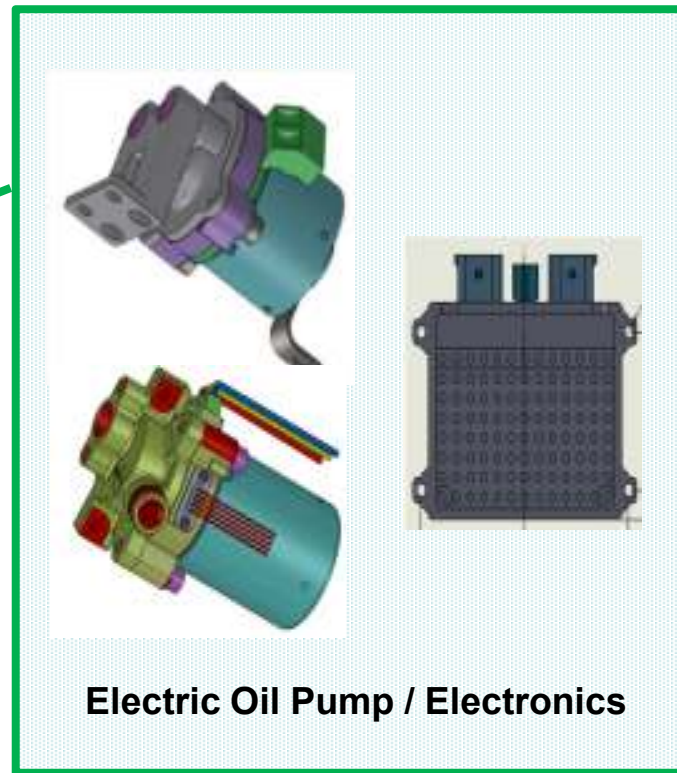
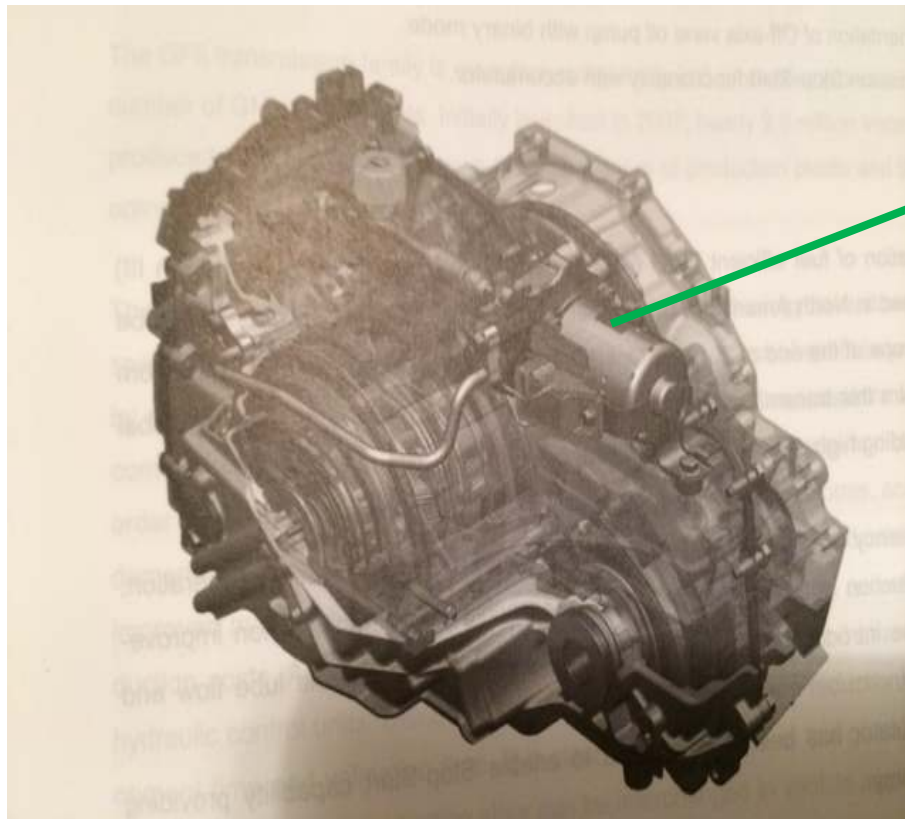
Electric Vacuum Pump      Electric Power Steering

Brake-by Wire      E-Leveling

# E-PUMPS (FOR ICEs & HYBRIDS)

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## *E-Pumps Platform*



# GROWING PRODUCTS - IPG

## Smart Meters

[ Gas ] Highest intrinsic safety; Best resistance to impurities in gas supply; Compact; Cost effective.

[ Electricity ] Highest resistance to shock and Longest service life; Fail safe; Assist electric utilities with increased efficiencies & reduced costs; Compact size.



## Building Automation

[ Window automation actuators ] Complete drive system combining motor, gear box and electronics technologies; Optimised efficiency & torque; Customised system performance.

[ Robotic Machines ] – Lowest Noise; Highest efficiency & torque; Longest operation life cycle

## Home Appliance & Ventilation

[ Brushless DC drain pumps & Range hood Motors ]  
Low noise, vibration & cost; High energy efficiency.



## Medical Equipment

[ Dosing system ] Precise and repeatable deliver of medication;  
High force; Low power consumption; Compact size.

[ Diaphragm pump ] Precise working points regarding pressure and flow; Long life operation

# KEY CUSTOMERS

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## APG



## STACKPOLE



## IPG



... innovating motion ...

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# GLOBAL SALES & SUPPORT OFFICES & ENGINEERING CENTERS

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- ▶ **Argentina**
- ▶ **Austria**
- ▶ **Brazil**
- ▶ **Canada**
- ▶ **China**
- ▶ **France**
- ▶ **Germany**
- ▶ **India**
- ▶ **Israel**
- ▶ **Italy**
- ▶ **Japan**
- ▶ **Korea**
- ▶ **Netherlands**
- ▶ **Singapore**
- ▶ **Switzerland**
- ▶ **Turkey**
- ▶ **UK**
- ▶ **USA**



# WORLDWIDE MANUFACTURING

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- ▶ **Argentina**
- ▶ **Brazil**
- ▶ **Canada**
- ▶ **China**
- ▶ **France**
- ▶ **Germany**
- ▶ **Hungary**
- ▶ **India**
- ▶ **Israel**
- ▶ **Italy**
- ▶ **Korea**
- ▶ **Mexico**
- ▶ **Poland**
- ▶ **Serbia**
- ▶ **Switzerland**
- ▶ **Turkey**
- ▶ **UK**
- ▶ **USA**





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**Group Overview**

**Key Financial Highlights**

**Operational Results**

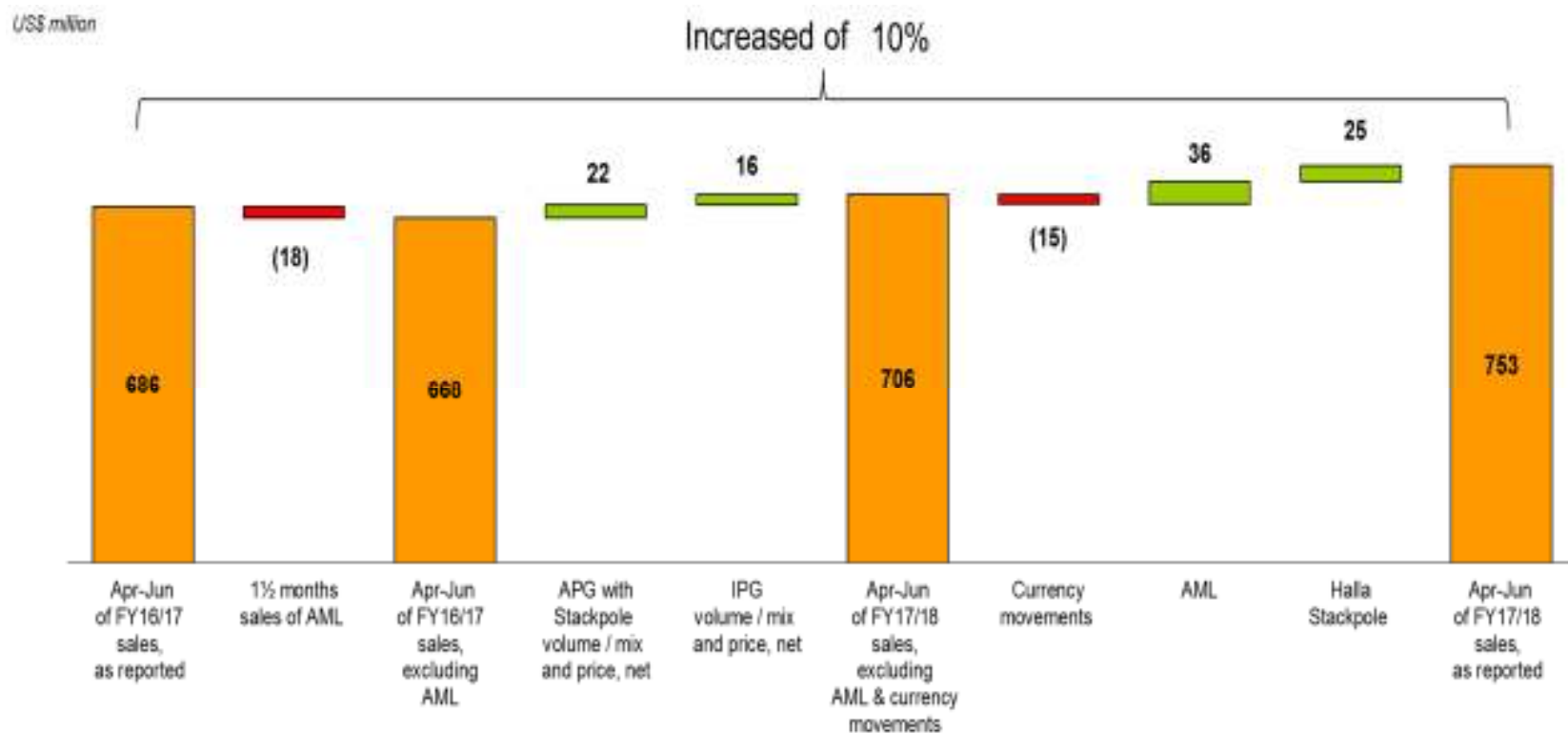
**Acquired Businesses**

**Strategy & Outlook**

**Appendix**

**FY2017/18 June Quarter**

# SALES CHANGES FOR APR-JUN FY2017/18 vs. FY2016/17



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

# SALES GROWTH BY REGION - APG

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

APG		Asia	Europe	Americas	TOTAL
<b>FY2017/18</b>	<b>Q1</b>	<b>9.9%</b>	<b>1.8%</b>	<b>2.9%</b>	<b>4.4%*</b>
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%
FY2015/16	Q4	5.3%	3.4%	8.1%	4.9%
	Q3	5.1%	4.5%	3.0%	4.4%
	Q2	(7.6%)	7.7%	5.2%	2.3%
	Q1	13.9%	4.5%	1.6%	6.8%

\* Included Stackpole

# SALES GROWTH BY REGION - IPG

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

IPG		Asia	Europe	Americas	TOTAL
<b>FY2017/18</b>	<b>Q1</b>	<b>23.3%</b>	<b>7.9%</b>	<b>(1.8%)</b>	<b>9.8%</b>
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%
FY2015/16	Q4	(16.8%)	15.1%	(2.5%)	(3.7%)
	Q3	(17.2%)	6.0%	(5.2%)	(7.3%)
	Q2	(12.2%)	0.5%	1.4%	(4.5%)
	Q1	(20.9%)	10.7%	7.2%	(3.8%)

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# APPENDIX I & II

# APPENDIX I - FX RATE

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<b>USD</b>	<b>FY2016/17</b>	<b>FY2017/18</b>	<i>Change</i>
Average Exchange Rate	APR-JUN	APR-JUN	
CAD	1.288	<b>1.345</b>	-4.4%
CNY	6.530	<b>6.855</b>	-5.0%
EUR	1.130	<b>1.101</b>	-2.6%

Source: Bloomberg daily rates

# APPENDIX II – LIGHT VEHICLE PRODUCTION

Region / Country	Apr 16 - Jun 16	Apr 16 - Jun 17	CHANGE
<b>AMERICAS</b>	<b>5,283,494</b>	<b>5,244,069</b>	<b>-0.7%</b>
Canada	611,585	604,264	-1.2%
Mexico	866,540	976,645	12.7%
United States	3,121,260	2,895,695	-7.2%
<b>NORTH AMERICA</b>	<b>4,599,385</b>	<b>4,476,604</b>	<b>-2.7%</b>
Argentina	130,229	129,802	-0.3%
Brazil	514,370	603,145	17.3%
Others	39,510	34,518	-12.6%
<b>SOUTH AMERICA</b>	<b>684,109</b>	<b>767,465</b>	<b>12.2%</b>
<b>ASIA</b>	<b>11,242,705</b>	<b>11,436,308</b>	<b>1.7%</b>
China	6,059,615	6,012,642	-0.8%
India	965,028	1,044,770	8.3%
Japan	1,990,488	2,190,683	10.1%
South Korea	1,108,457	1,112,372	0.4%
Others	1,119,117	1,075,841	-3.9%
<b>EUROPE</b>	<b>5,901,818</b>	<b>5,722,198</b>	<b>-3.0%</b>
<i>Central Europe</i>	<i>1,126,186</i>	<i>1,090,950</i>	<i>-3.1%</i>
<i>East Europe</i>	<i>708,792</i>	<i>823,538</i>	<i>16.2%</i>
<i>West Europe</i>	<i>4,066,840</i>	<i>3,807,710</i>	<i>-6.4%</i>
<b>REST OF THE WORLD</b>	<b>594,576</b>	<b>549,296</b>	<b>-7.6%</b>
<b>WORLD TOTAL</b>	<b>23,022,593</b>	<b>22,951,871</b>	<b>-0.3%</b>

Source: IHS

# 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.*