

Investor Briefing

May 2022

FY21/22

Annual Results

For the year ended 31 March 2022

**FY21/22
Annual Results**

**Group
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**Why Invest
in Johnson
Electric?**

**Supplemental
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**Key
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**Operating
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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



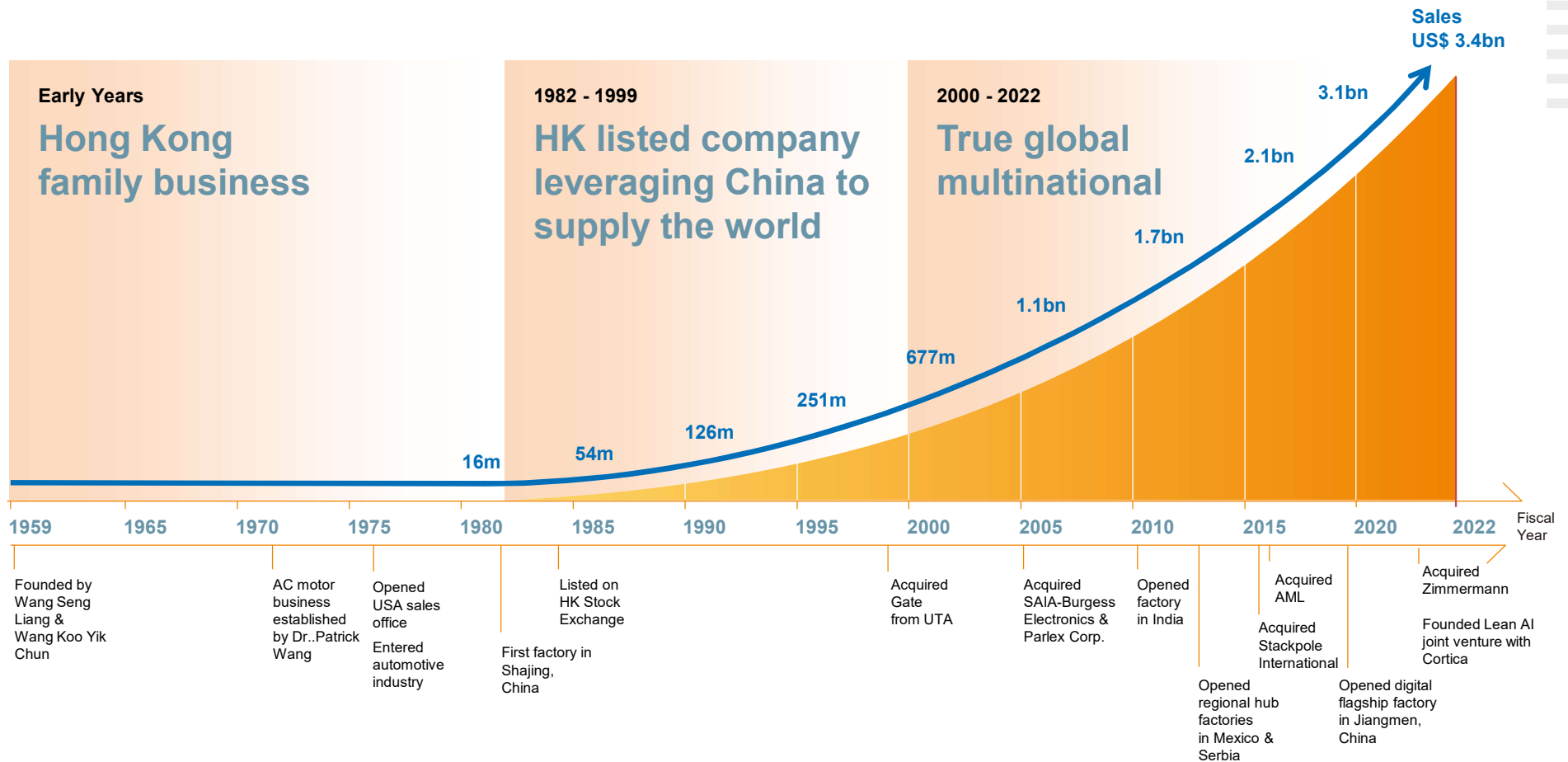
Business equipment, home automation, lawn & garden, medical devices, power tools, robotics, smart metering, ventilation and white goods, amongst others

Components and Services



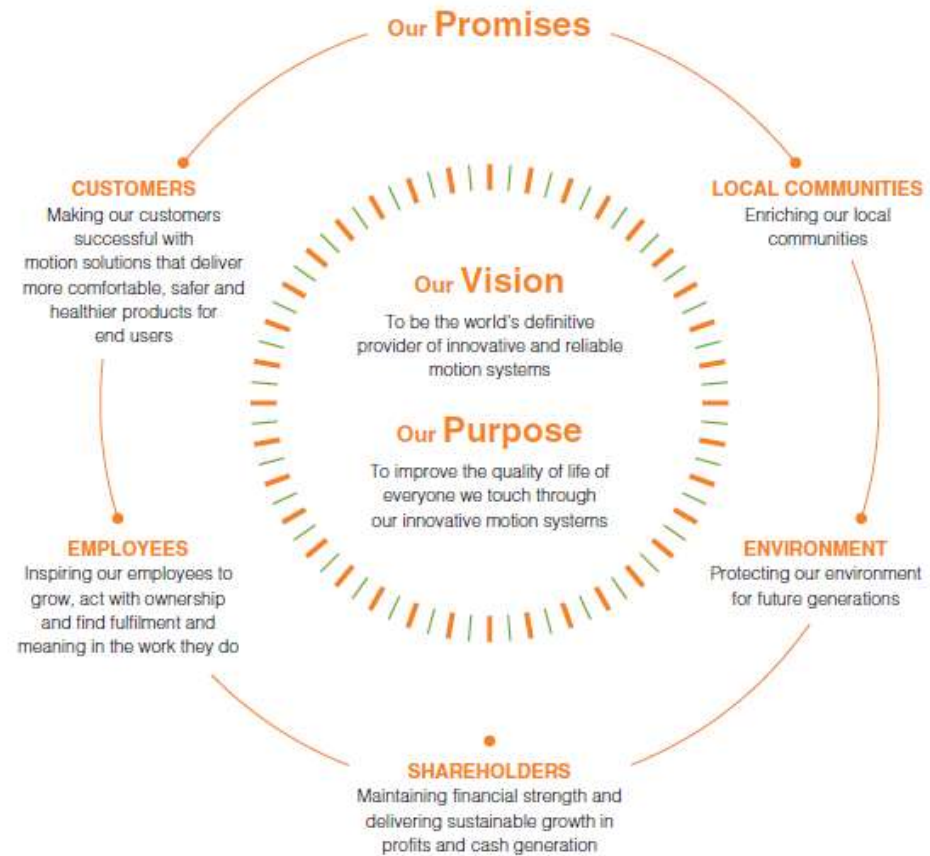
Vertical integration of die casting, injection molding, magnets, metal stamping, sintering and PCBs, amongst others

History & Development



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



Strategy Overview

1

Focusing on serving 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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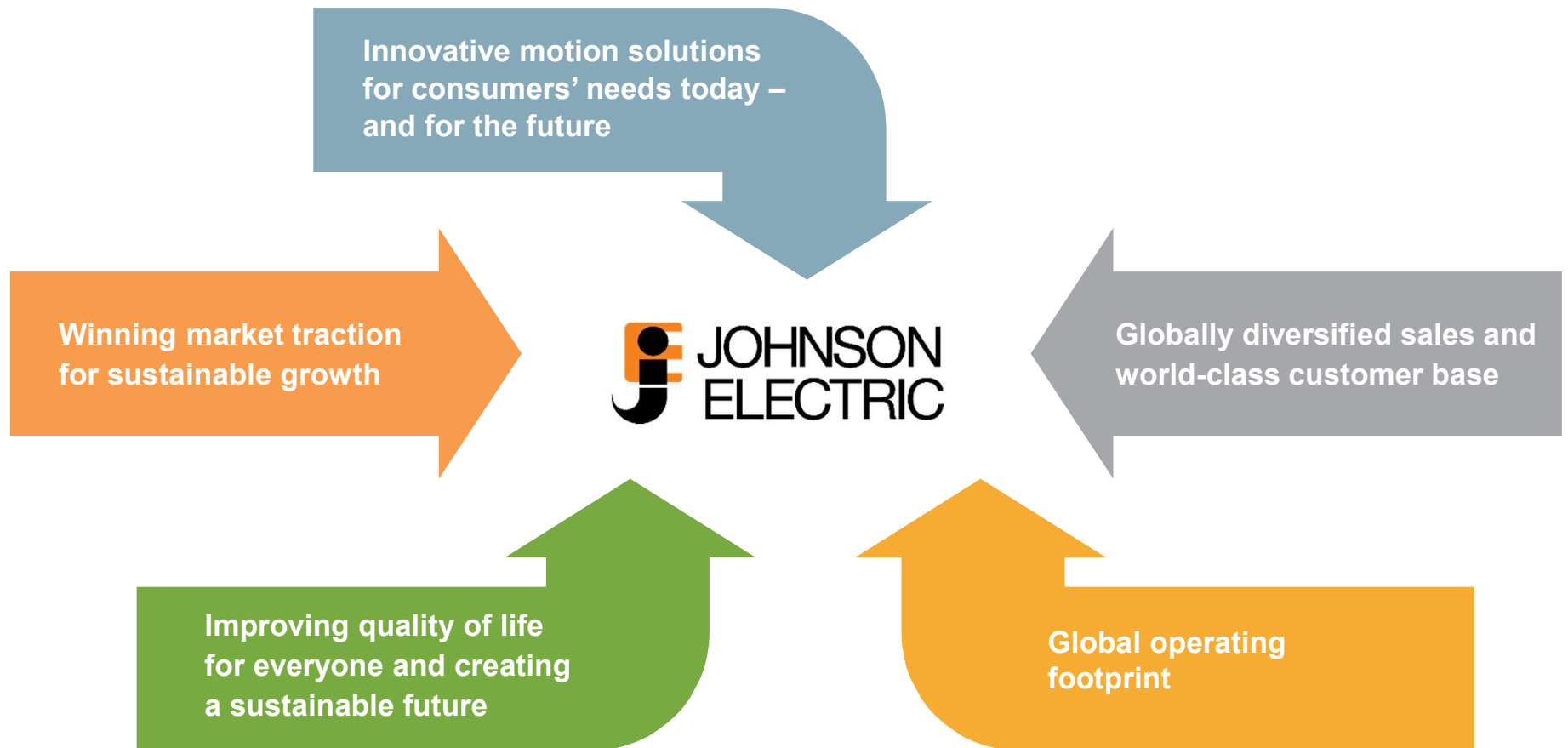
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Why Invest in Johnson Electric



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

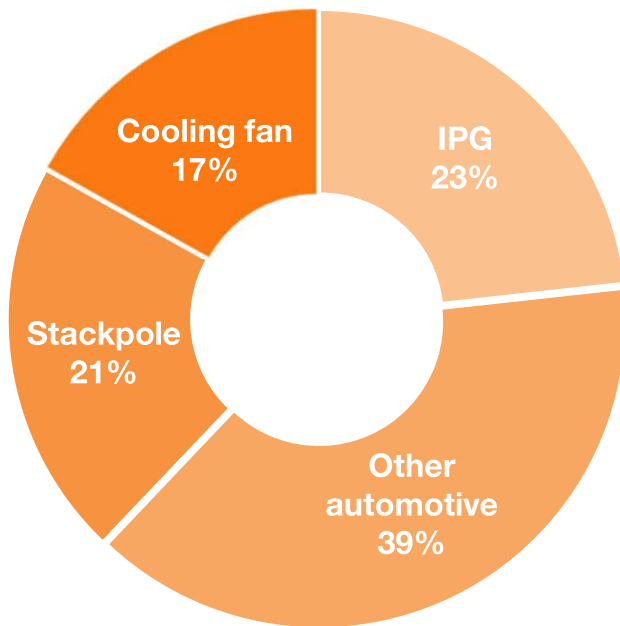


Healthcare

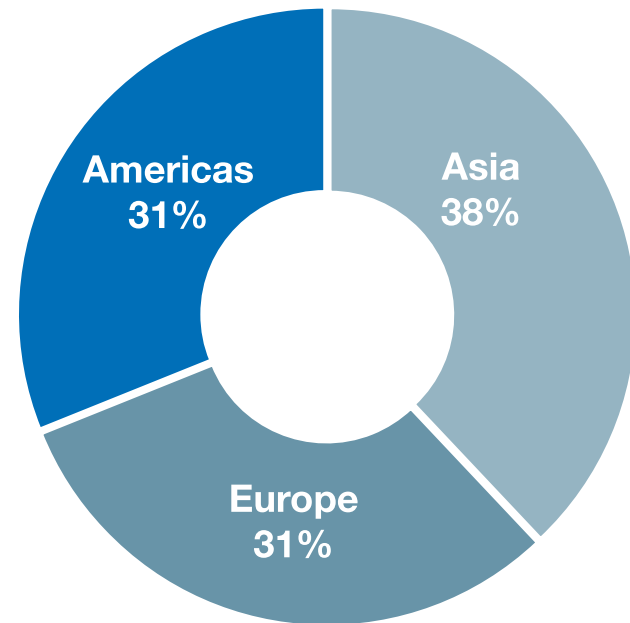
Medical device subsystems for improved patient outcomes. Surgical and diagnostic devices and medical wearables

Diversified Sales

By Major Lines of Business



By Destination



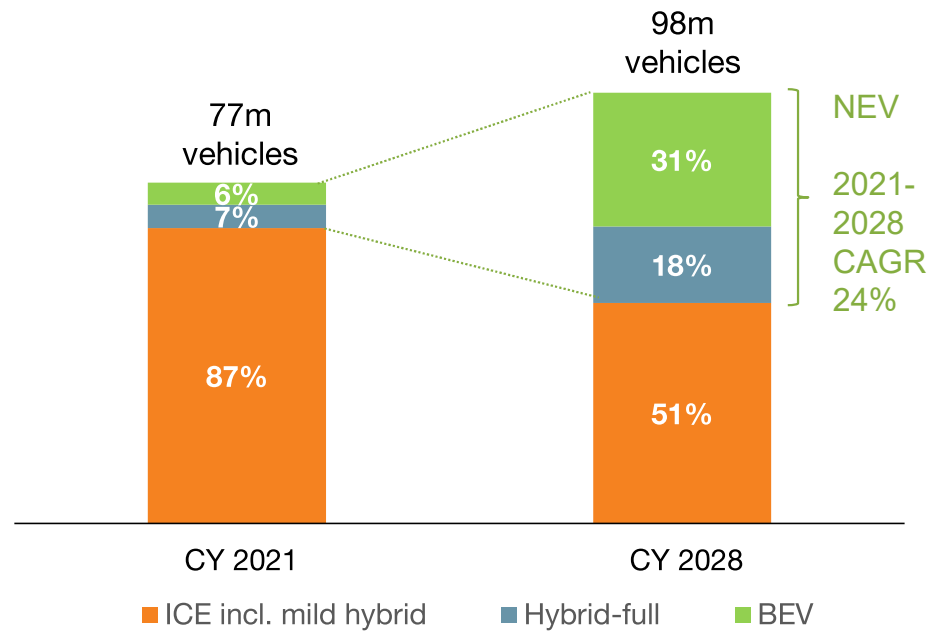
Carbon Reduction APG's Growth Opportunity

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)

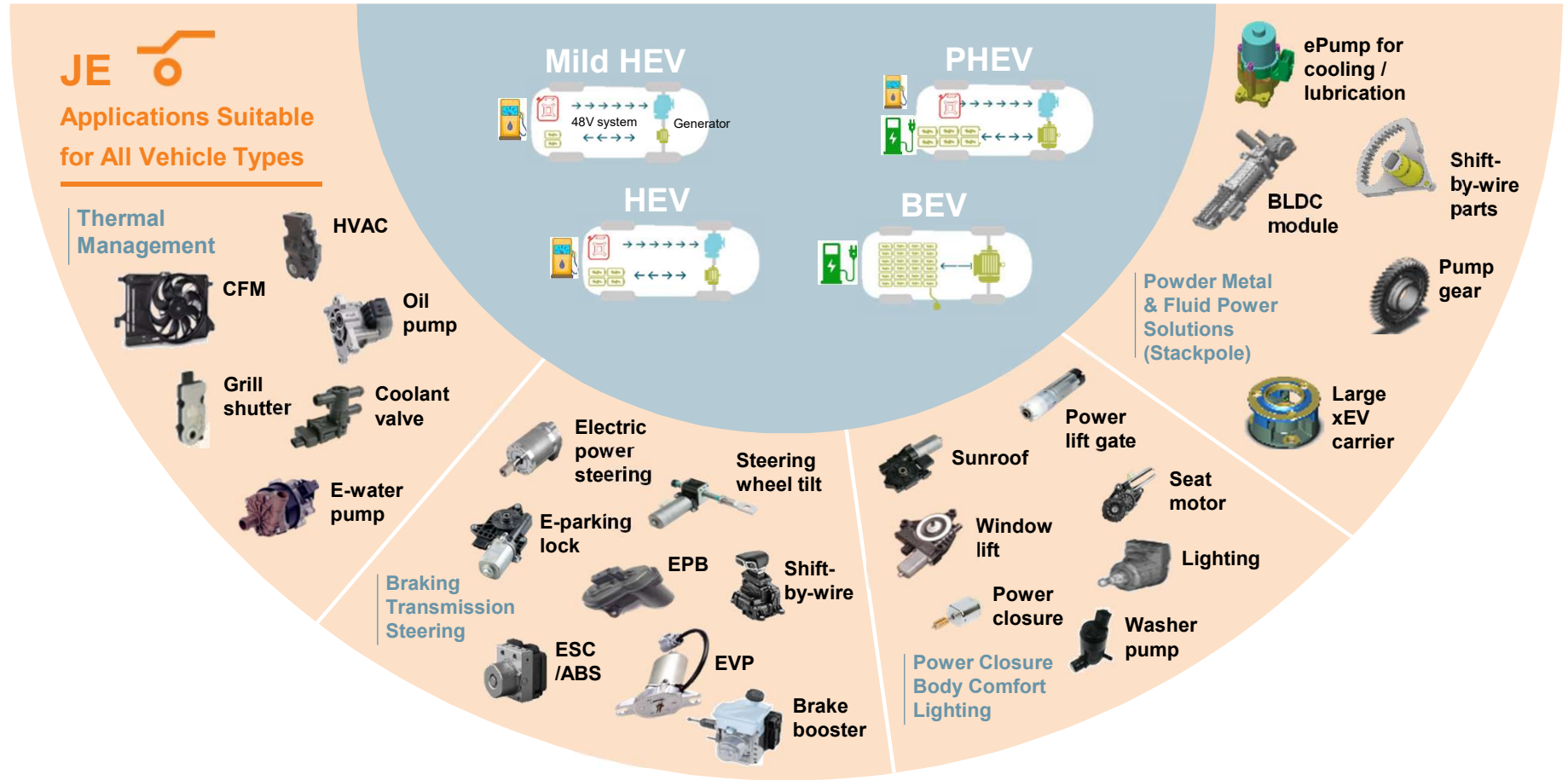
Global Light Vehicle Production Outlook



Source: IHS Apr 2022

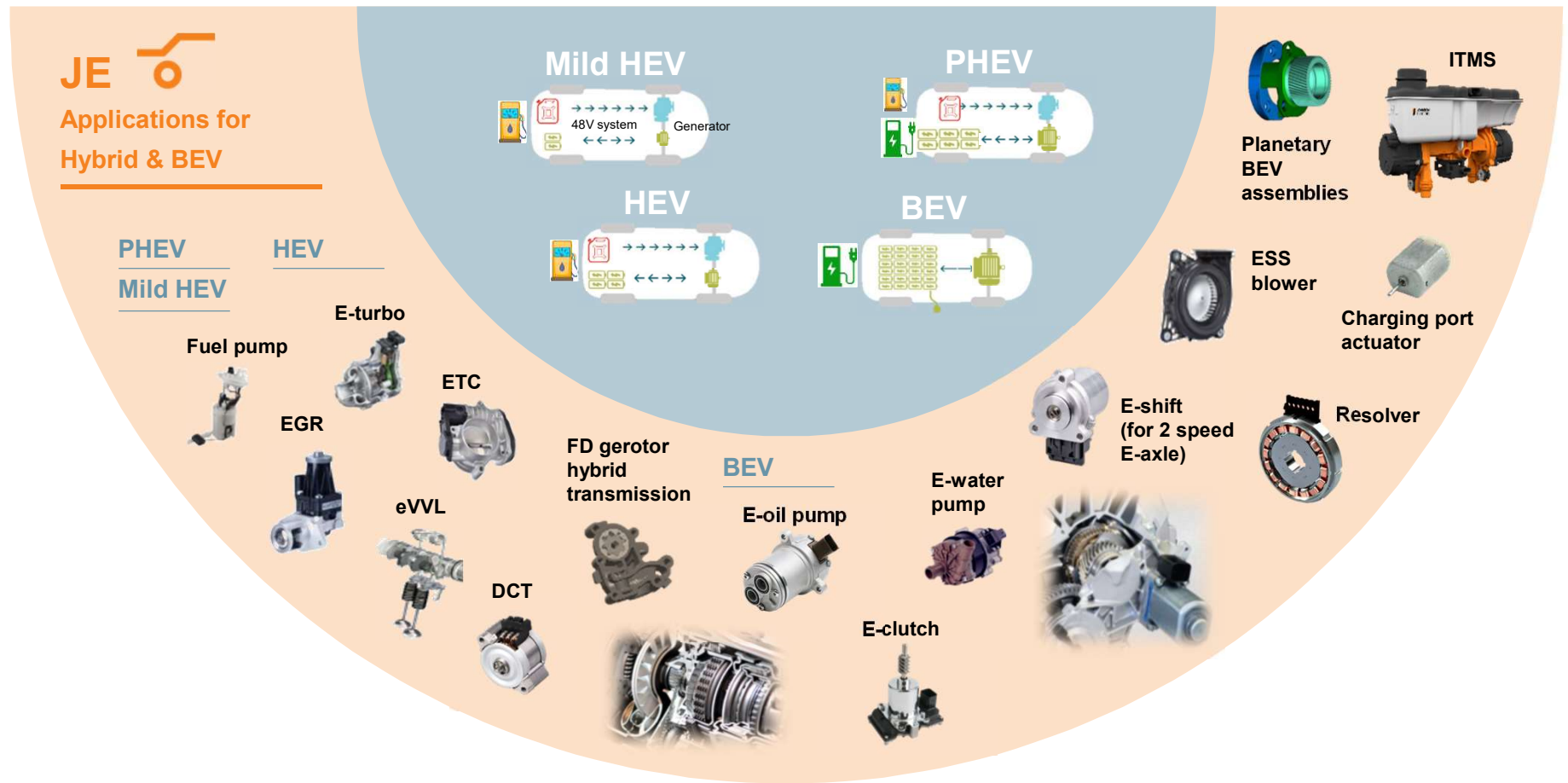
JE Automotive Products

Well Positioned for Growth in New Energy Vehicles (NEV)



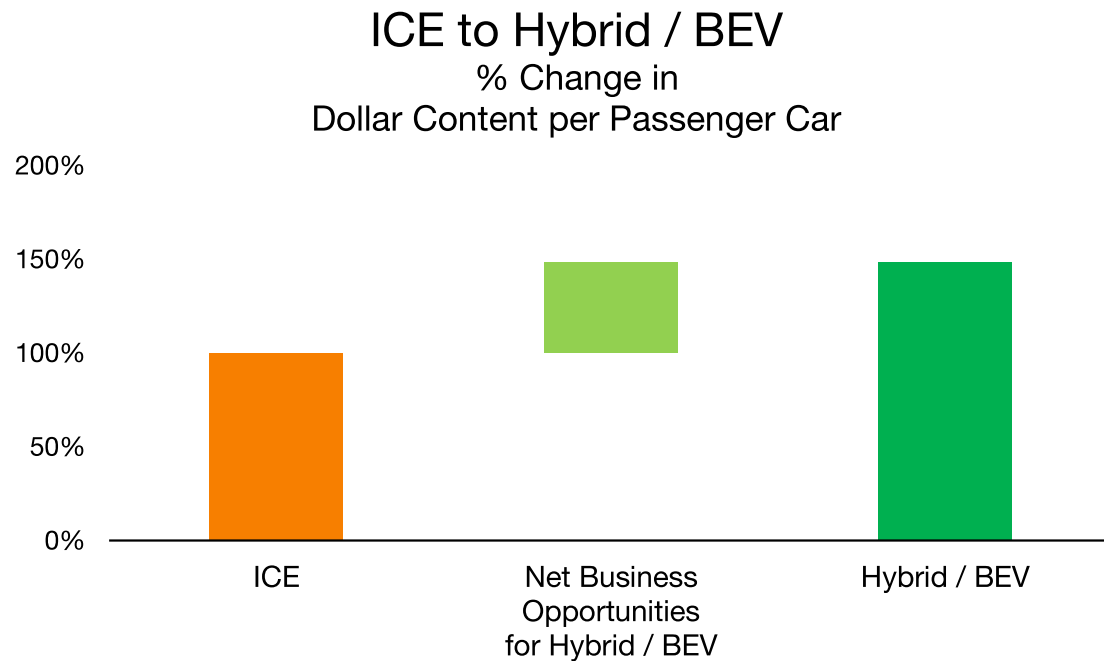
JE Automotive Products

Engineered for Tomorrow...Compatible with Today




Well Positioned to Capitalize on the Automotive Market Move

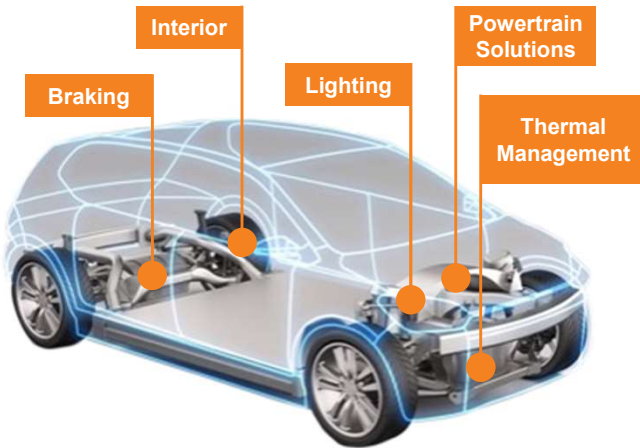
Johnson Electric's Net Business Opportunities on NEV



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 Lighting Applications

Window-door-seat motor, LiDAR motor 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.



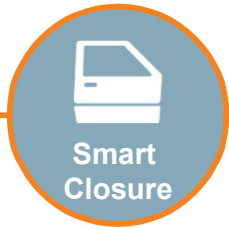
Thermal Management Applications

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



JE Automotive Products for Autonomous Driving & Connectivity

JE Technologies



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

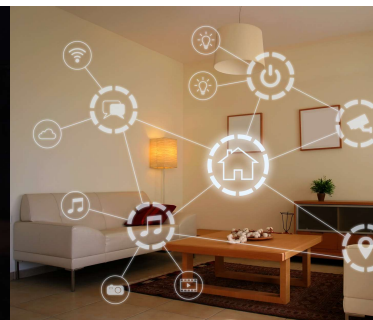
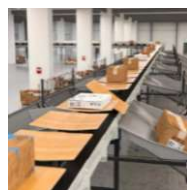
 E-commerce & Industrial

 Healthcare

More energy efficient
Smaller and lighter
Safer
More controllable
More connected

Touching Human Needs

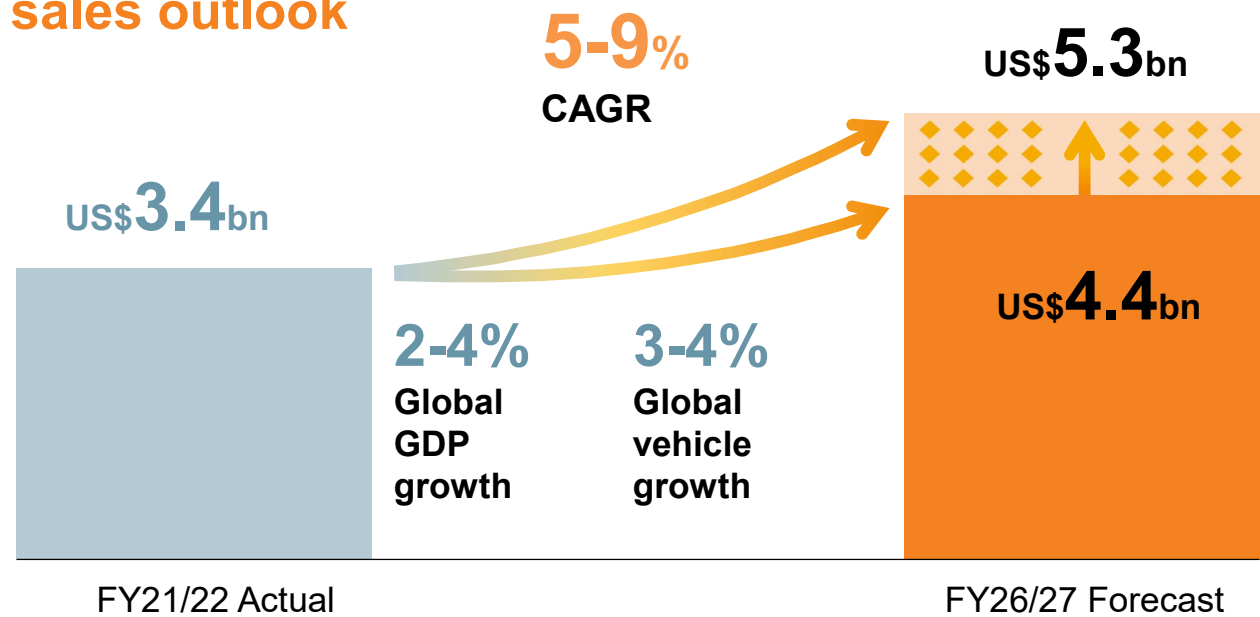
Proliferating



Winning Market Traction

Medium-term sales outlook

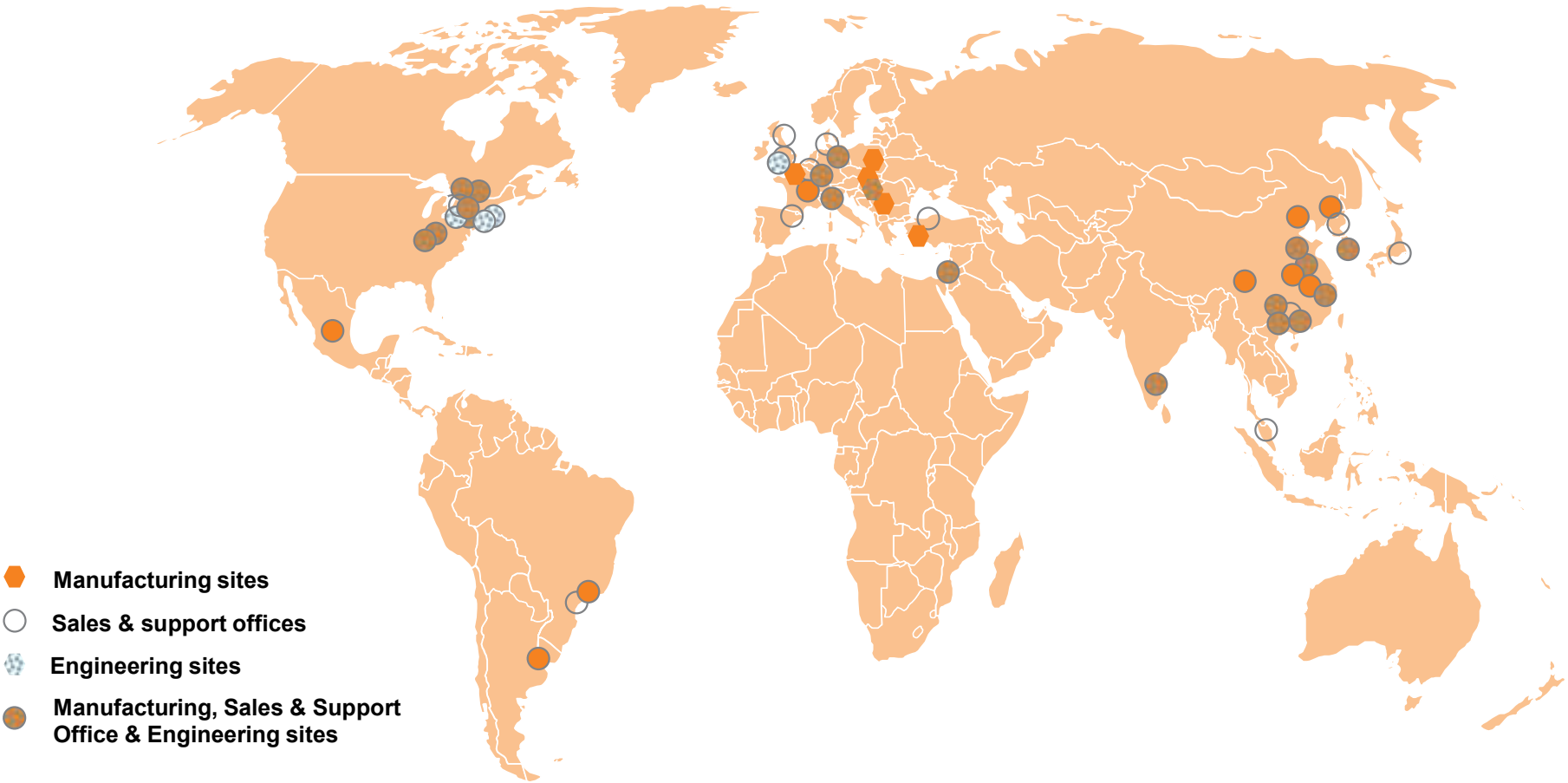
New business wins and opportunities are set to sustain growth



Note: estimated total Group sales outlook based on customer order book and other estimates assuming no acquisitions and no 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

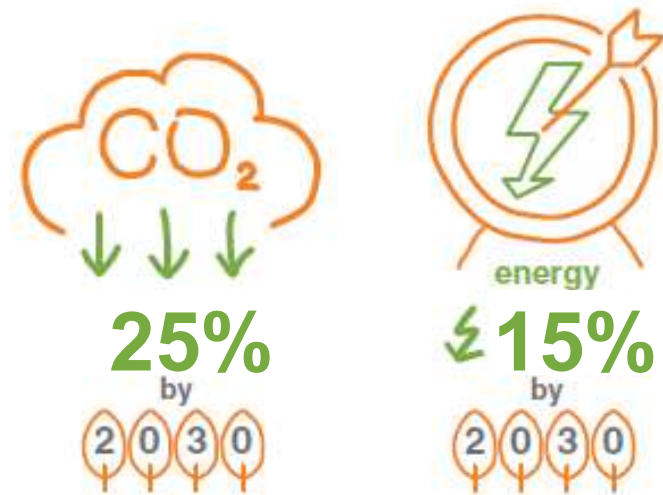
Bees in Johnson Electric Brazil factory grounds



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



25% absolute CO₂ emissions target aligned with the goal of curbing global temperature rises to well below 2°C

15% energy intensity target

ESG is Integral to Johnson Electric's Evolution

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

We aim to offer our people a career development path that rewards results, enterprise, mentorship and teamwork

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



Our global team is bound together by our shared values. The talent and diversity of our people drives business results



We thrive on innovation and excel in execution to make our customers successful and our world a better place



We hire the right people and put them in the right jobs to maximize the success of our people and our business

ESG is Integral to Johnson Electric's Evolution

We seek to identify social needs and fulfil these in a way that benefits both Johnson Electric and the local community

For example, the Johnson Electric Technical College founded in 2004, operating from campuses in China and Mexico has lifted over a thousand 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

3,446 US\$ million

up **9%** compared to FY20/21

Gross profit

702 US\$ million

or **20.4%** of sales (compared to US\$ **723** million or 22.9% of sales in FY20/21)

Adjusted EBITA

244 US\$ million

compared to US\$ **336** million in FY20/21

Net profit attributable to shareholders

146 US\$ million

decreased by **31%** to **16.23** US cents per share, fully diluted

Underlying net profit

165 US\$ million

excluding the net impact of restructuring costs and non-cash items, decreased by **34%**

Financial Highlights

US\$ million	FY21/22	FY20/21	
Sales	3,446.1	3,156.2	1. Earnings before interest, tax and amortization
Gross profit	701.9	723.3	
<i>Gross margin</i>	<i>20.4%</i>	<i>22.9%</i>	2. Adjusted to exclude significant non-cash items as well as restructuring and other related costs
EBITA ¹	222.4	290.1	
EBITA adjusted ²	243.8	335.5	
<i>EBITA adjusted margin</i>	<i>7.1%</i>	<i>10.6%</i>	
Profit attributable to shareholders	146.4	212.0	
Underlying net profit ²	164.9	250.9	
Diluted earnings per share (US cents)	16.23	23.60	
Capital expenditure	316.4	263.6	
<i>Capital expenditure as % of sales</i>	<i>9.2%</i>	<i>8.4%</i>	
Free cash (out) / inflow from operations	(132.4)	171.1	

Financial Highlights

US\$ million	31 Mar 2022	31 Mar 2021	
Cash	345.4	539.5	1. Cash less total debt (including bonds)
Total debt	490.8	426.2	2. Enterprise value calculated as market capitalization plus non-controlling interests plus total debt less cash
Net (debt) / cash ¹	(145.4)	113.3	
Enterprise value ²	1,470.2	2,368.6	3. Earnings before interest, tax, depreciation and amortization adjusted to exclude significant non-cash items as well as restructuring and other related costs, resulting in adjusted EBITDA of US\$492.2 million (31 March 2021: US\$555.0 million)
Key Financial Ratios	31 Mar 2022	31 Mar 2021	
Enterprise value to EBITDA adjusted ³	3.0	4.3	
Gross debt to EBITDA adjusted ³	1.3	0.9	

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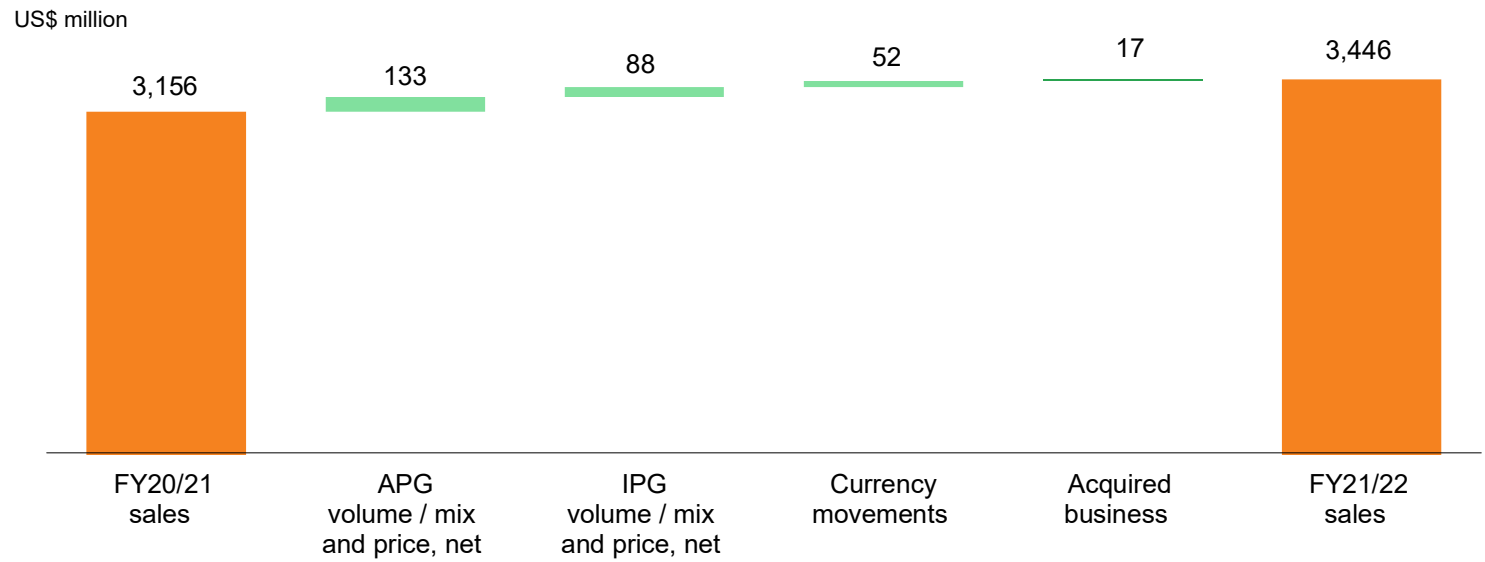
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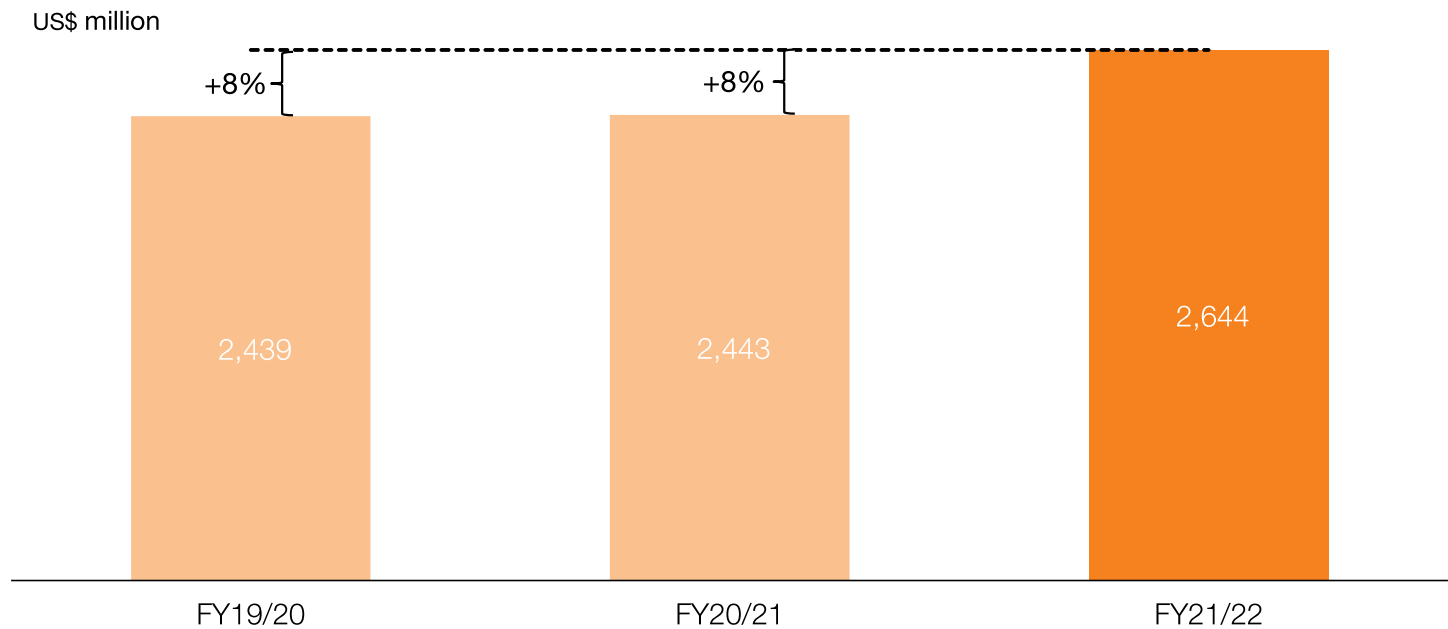
Group Sales Changes FY21/22 vs. FY20/21

Solid sales despite supply chain bottlenecks hampering markets



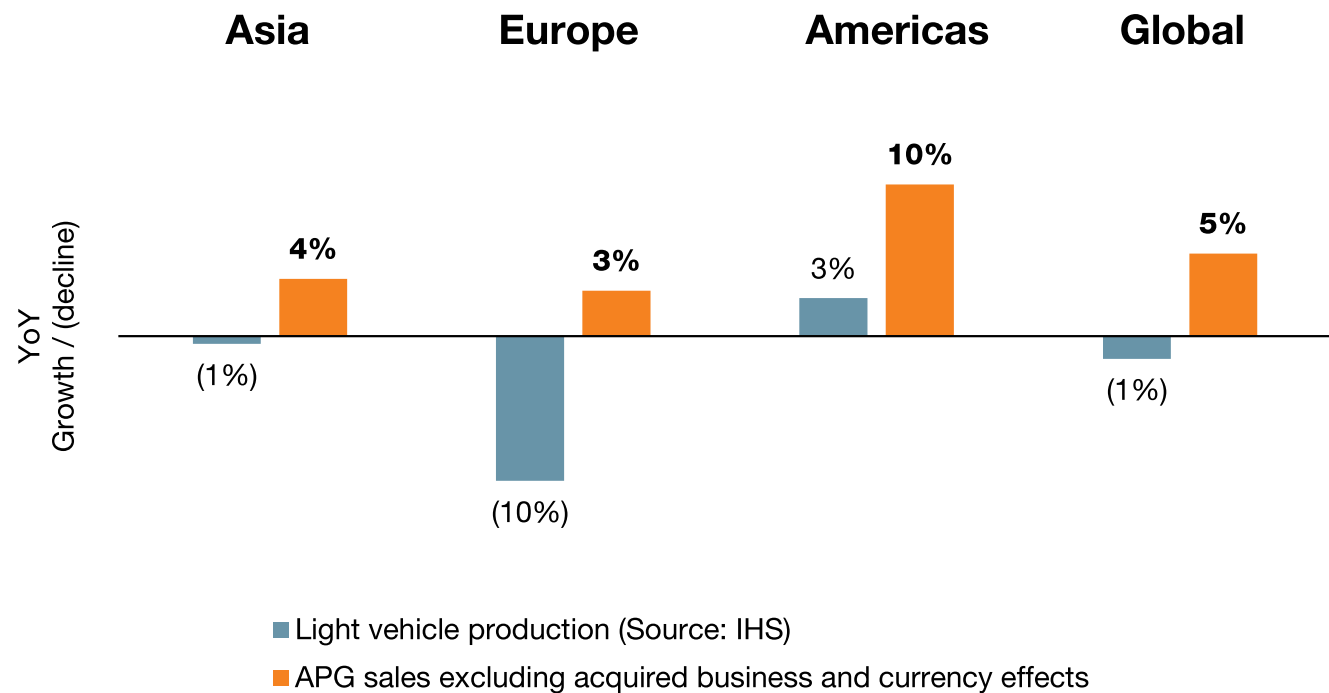
APG Sales as Reported Fiscal Year Comparison

Sales grew above pre-COVID levels driven by the electrification of critical automotive functions, especially those required by hybrid and battery-electric vehicles



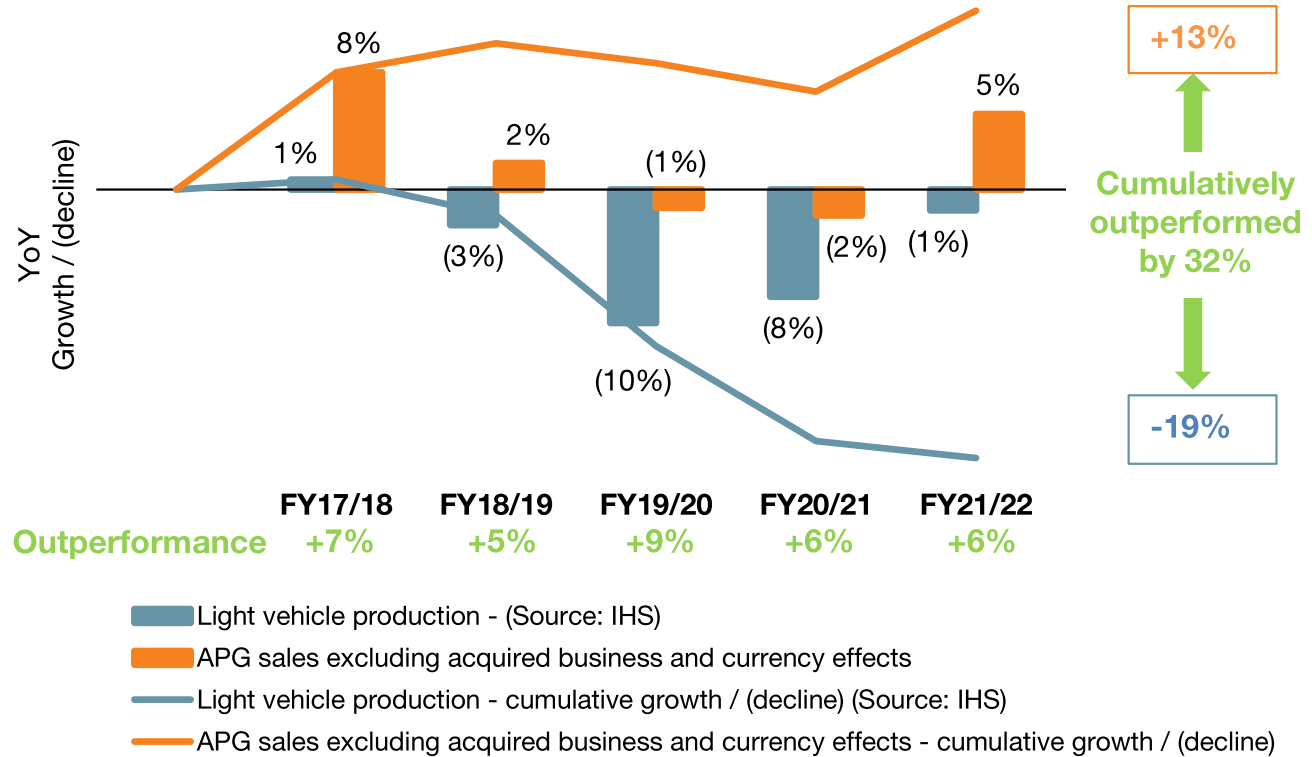
APG Sales Growth vs. Light Vehicle Production FY21/22 vs. FY20/21

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



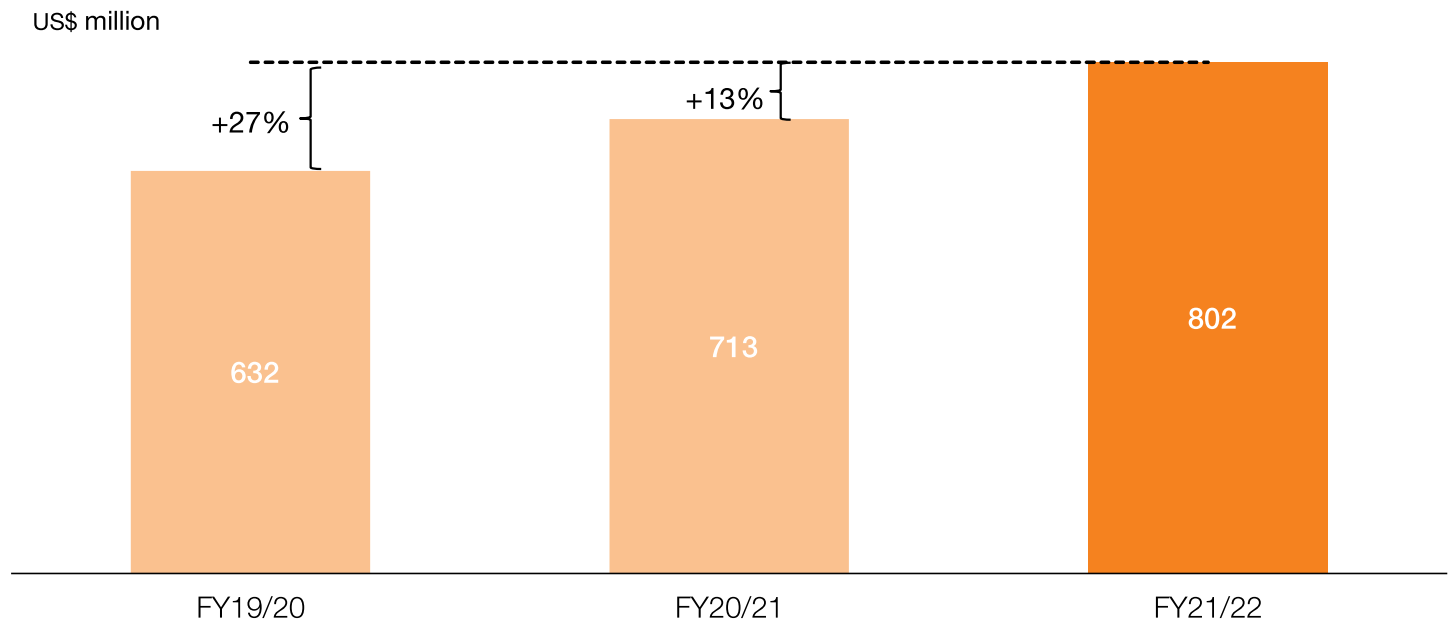
APG 5-Year Sales Changes vs. Light Vehicle Production

APG has consistently outperformed light vehicle production over several successive years



IPG Sales as Reported Fiscal Year Comparison

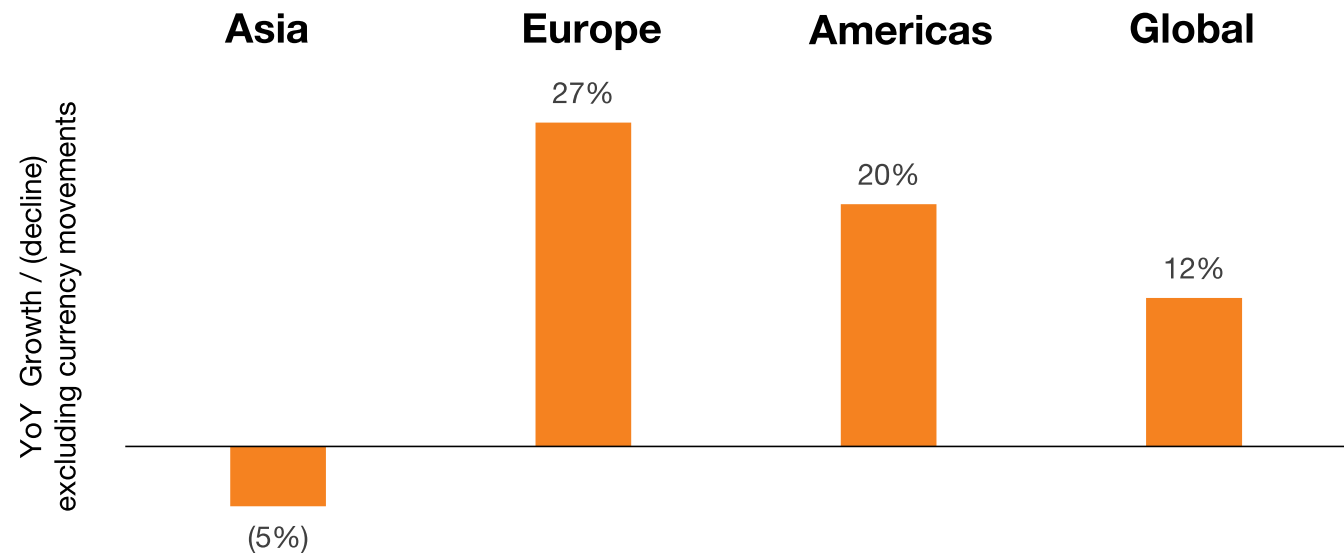
IPG benefited from the changes in consumer behavior that emerged during the pandemic and also gained from new business wins, product launches, enlarged market share and increased market demand



IPG Sales Growth By Region FY21/22 vs. FY20/21

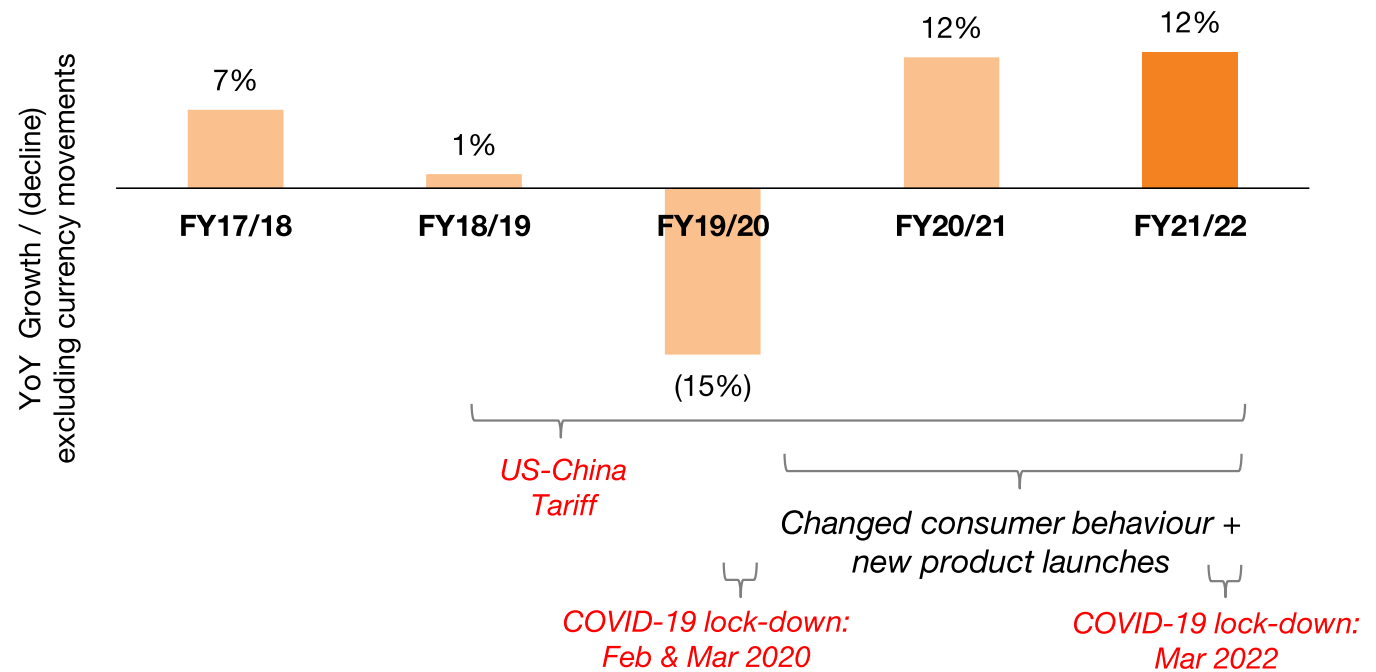
Supply chain bottlenecks and COVID disruption caused customers to delay orders in Asia

Europe and the Americas benefited from a rebound in sales to small and medium size enterprises and distributors, as well as growth in home-centric applications



IPG 5-Year Sales Trend

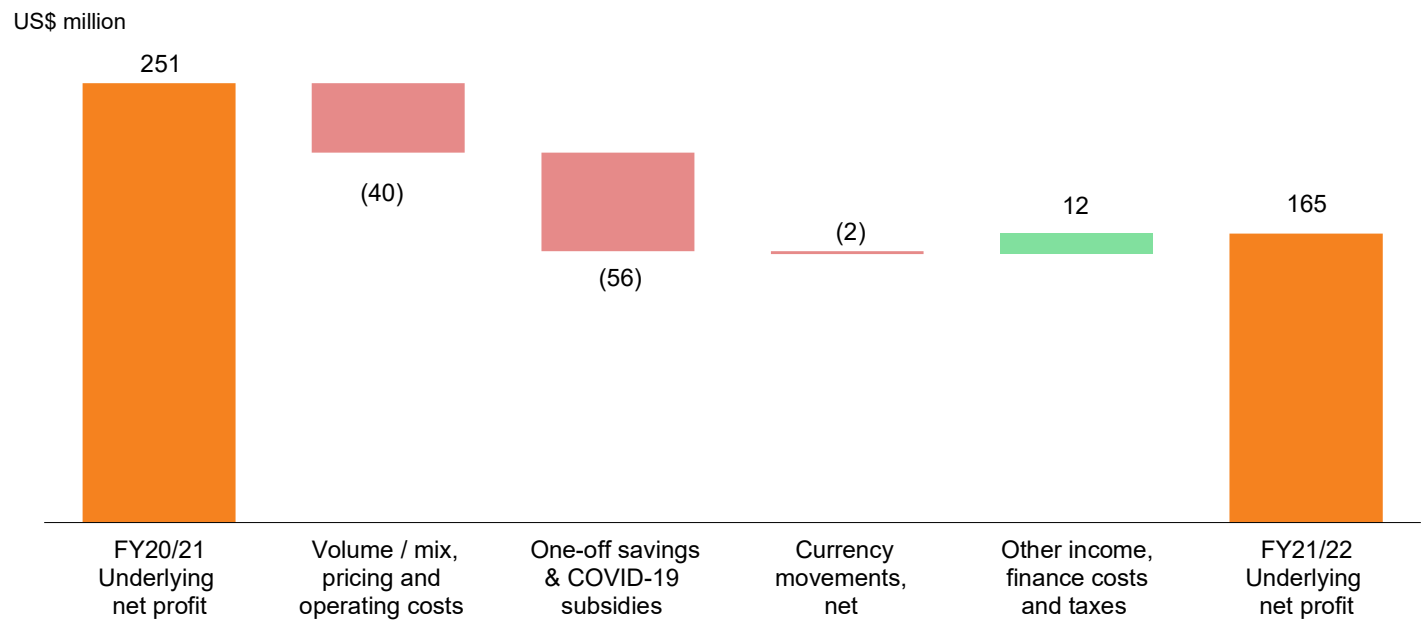
IPG has responded to overcome negative factors and gained additional impetus from changes in consumer behaviour as well as new product launches



Underlying Net Profit FY21/22 vs. FY20/21

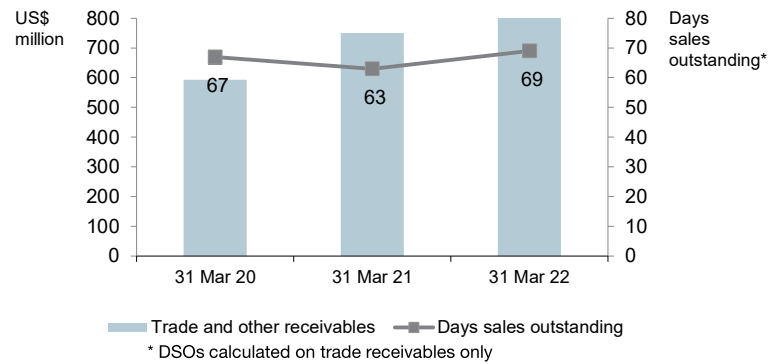
Higher volumes increased profit however this was offset by higher logistics expenses, raw materials price inflation and increased labour costs

The business was also impacted by the ending of COVID-19 related one-off cost savings and subsidies

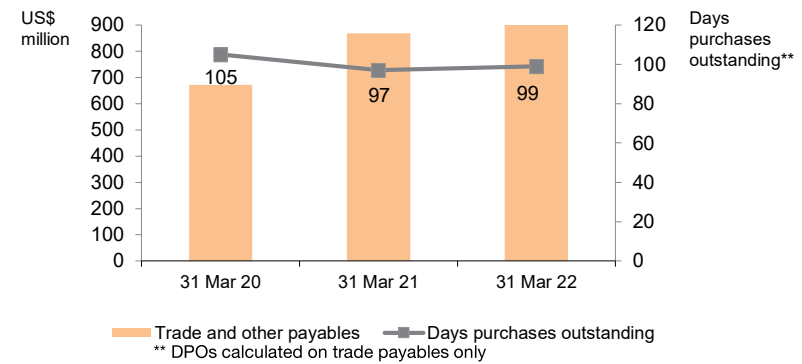


Working Capital and CAPEX

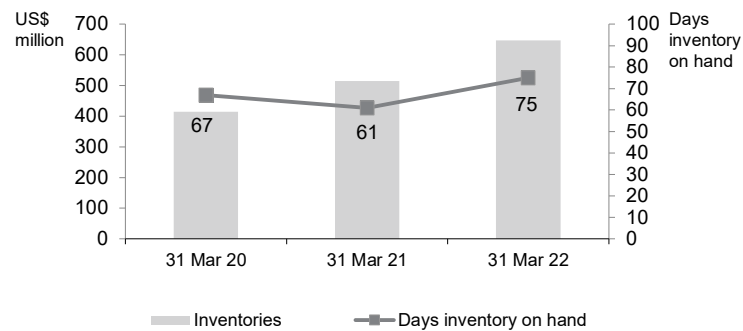
Trade and Other Receivables



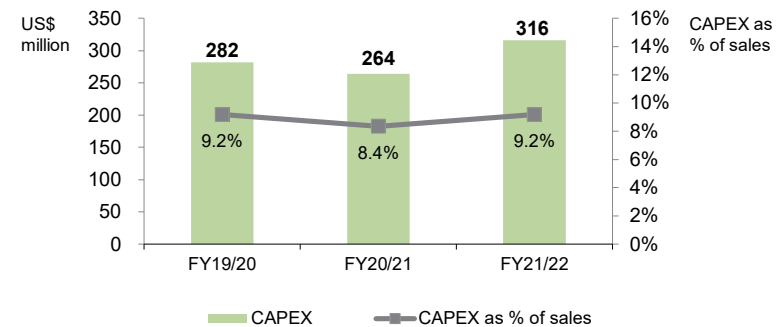
Trade and Other Payables



Inventories



Capital Expenditure



Free Cash Flow

US\$ million	FY21/22	FY20/21	Change
EBITDA	470.8	509.6	(38.8)
Other non-cash items	6.6	17.1	(10.5)
Working capital changes	(233.7)	(42.4)	(191.3)
Capital expenditure*	(315.5)	(260.7)	(54.8)
Net interest, taxes and others	(60.6)	(52.5)	(8.1)
Free cash (out) / inflow from operations	(132.4)	171.1	(303.5)

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

Free Cash Flow

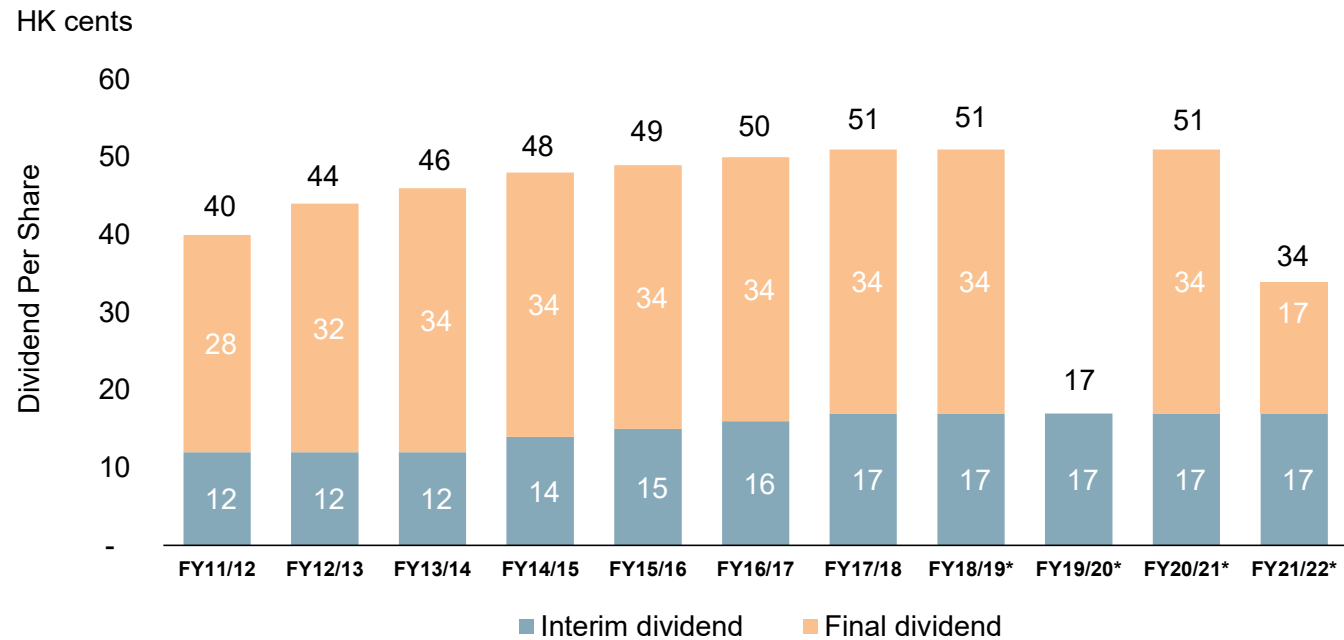
US\$ million	FY21/22	FY20/21	Change
Free cash (out) / inflow from operations	(132.4)	171.1	(303.5)
Acquisition and related costs	(28.2)	-	(28.2)
Dividends paid	(54.2)	(17.0)	(37.2)
Borrowings, net	62.7	8.2	54.5
Others	(39.5)	(29.6)	(9.9)
Currency translation (losses) / gains on cash and cash equivalents	(2.5)	22.4	(24.9)
Net movement in cash and cash equivalents	(194.1)	155.1	(349.2)

Dividends

Significant pressures from inflation, COVID-19 and supply chain disruptions including the shortage of semiconductors

The Board considers it prudent to conserve cash until operating conditions and the financial performance of the business improve

It has therefore recommended a final dividend payment of 17 HK cents per share for FY21/22



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

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- **Sound underlying demand** for Johnson Electric's products and technology solutions
 - **Positive sales performance** despite significant disruptions to global manufacturing supply chains
 - **Accelerating uptake** of new energy vehicles (NEVs) – both hybrid and fully-electric
 - Exciting **growth opportunities** for new IPG products
 - Our **new venture in AI-driven quality assurance software** takes IPG beyond hardware components

- Externally-driven **headwinds** and **disruptions** look set to continue in the near term
 - Industry-wide **shortages** of semiconductors and other components have yet to be resolved
 - Emerging risk of sharp rise in **global inflation** has the potential to crimp consumer demand in some end markets
 - Risks from the Russia-Ukraine war and the resurgence of COVID-19

- We remain **focused** on those aspects of our business that we can directly influence and **taking actions**, wherever possible, to mitigate the risk of things outside of our control

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Profitability Review

FY21/22 vs. FY20/21

US\$ million	FY21/22	FY20/21	Increase / (decrease) in profit
Sales	3,446.1	3,156.2	289.9
Gross profit	701.9	723.3	(21.4)
<i>Gross margin %</i>	20.4%	22.9%	
Other income, net	33.3	30.0	3.3
<i>As a % of sales</i>	1.0%	1.0%	
Intangible assets amortization expense	(35.2)	(31.3)	(3.9)
<i>As a % of sales</i>	1.0%	1.0%	
Other selling and administrative expenses ("S&A")	(508.2)	(436.0)	(72.2)
<i>As a % of sales</i>	14.7%	13.8%	
Restructuring and other related costs	(4.3)	(27.5)	23.2
Operating profit	187.5	258.5	(71.0)
<i>Operating profit margin %</i>	5.4%	8.2%	

Profitability Review

FY21/22 vs. FY20/21

US\$ million	FY21/22	FY20/21	Increase / (decrease) in profit
Operating profit	187.5	258.5	(71.0)
<i>Operating profit margin %</i>	5.4%	8.2%	
Share of (losses)/profits of associate and joint venture	(0.3)	0.3	(0.6)
Net finance costs	(17.1)	(10.4)	(6.7)
Profit before income tax	170.1	248.4	(78.3)
Income tax expense	(17.9)	(29.2)	11.3
<i>Effective tax rate</i>	10.5%	11.8%	
Profit for the year	152.2	219.2	(67.0)
Non-controlling interests	(5.8)	(7.2)	1.4
Profit attributable to shareholders	146.4	212.0	(65.6)
Basic earnings per share (US cents)	16.37	23.77	(7.40)
Diluted earnings per share (US cents)	16.23	23.60	(7.37)

From Reported to Underlying Net Profit

US\$ million	FY20/21			FY21/22		
	Before tax	Tax effect	Net of tax effect	Before tax	Tax effect	Net of tax effect
Net profit, as reported			212.0			146.4
Unrealized net losses / (gains) on other financial assets and liabilities	23.1	(0.1)	23.0	(5.6)	(1.0)	(6.6)
Unrealized net (gains) / losses from revaluation of monetary assets and liabilities	(18.7)	(1.0)	(19.7)	29.4	(2.0)	27.4
Unrealized net losses / (gains) on structured foreign currency contracts	13.5	(1.8)	11.7	(6.7)	0.6	(6.1)
Restructuring and other related costs	27.5	(3.6)	23.9	4.3	(0.5)	3.8
Net losses of significant non-cash items, restructuring and other related costs	45.4	(6.5)	38.9	21.4	(2.9)	18.5
Underlying net profit ¹			250.9			164.9
<i>As a % of sales</i>			7.9%			4.8%

¹ Underlying net profit excludes unrealized gains or losses relating to exchange rate movements, and restructuring and other related costs to provide an additional measure to understand the long-term performance of the business

Average Exchange Rates FY21/22 vs. FY20/21

USD Average Exchange Rate	FY21/22 APR-MAR	FY20/21 APR-MAR		Change
CAD per USD	1.253	1.320	CAD strengthened	5.1%
CNY per USD	6.420	6.781	CNY strengthened	5.3%
USD per EUR	1.163	1.167	EUR weakened	0.4%

Acquisition of Zimmermann



- Purchased on 31 May 2021 for consideration of EUR 24.1 million (US\$29.3 million)

- Leading machining specialist in the area of automotive differential housings

- Complimentary to Stackpole's powder metal business

- Machining know-how to meet the innovative powertrain requirements of NEV

Lean AI

AI Driven Quality Assurance Software



Vast knowledge and
experience in
manufacturing
processes



Joint venture
formed on
18 October 2021

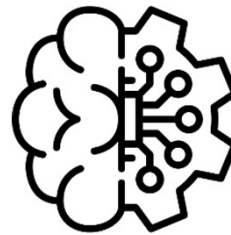


Unique autonomous AI
technology

Joint Venture

Why invest in Lean AI?

Lean AI intends to revolutionize quality inspection and reduce manufacturing costs



Two main ways of identifying manufacturing defects today:

- Machine vision inspection defect detection rates increase to over 90%
- Manual inspection – higher cost but lower consistency and reliability

Supervised-AI inspection can replace manual inspection, but:

- Today, deployment takes weeks or even months
- Requires thousands of images of defects, which tend to be rare
- High false-positive rates
- Need to retrain the model whenever new product variants are introduced

Lean AI will apply unsupervised self-learning which will:

- Significantly reduce deployment time
- Require far fewer images and much less computational power
- Deliver accurate and reliable detection over time
- Allow rapid scalability of the trained AI model to new product variants

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.