



## **Johnson Electric Holdings Limited**

(Incorporated in Bermuda with limited liability)

(Stock code: 179)

### **TRADING UPDATE**

**This announcement is made pursuant to Rule 13.09 of the Listing Rules. Johnson Electric Holdings Limited announces details of information to be covered in discussions with investors and securities analysts ahead of its results announcement for the six months ended 30th September 2008.**

On 5th December 2008, Johnson Electric Holdings Limited (“Johnson Electric” or “the company”) is scheduled to report its results for the six month period ending 30th September 2008. Ahead of its announcement and in light of the significant changes occurring globally (and prior to the finalisation of the accounts for the six month period) the company is providing this update on its performance.

#### **Sales Performance (US\$)**

For the six months to 30th September 2008, Johnson Electric expects to report total sales of US\$1.130 billion, an increase of 3.3% over the comparable period last year. This total includes sales by its manufacturing and distribution operations of US\$1.083 billion, which increased by approximately 4% over the comparable period last year, and sales by its continuing Trading operations of US\$47.5 million, which decreased by 10%. However, without the beneficial effects of favorable currency movements of approximately US\$66 million, Johnson Electric’s sales would have decreased by almost 3% from the comparable period last year.

Sales in the period in the Automotive Products Group (APG) represented 52% of the company’s total and increased over the prior year by approximately US\$23 million, or 4.1%, from US\$559 million to US\$582 million. Of this increase, the appreciation of the Euro, Renminbi and other currencies against the US dollar contributed approximately US\$49 million. Excluding this beneficial effect the underlying sales declined by 4.6%. The division continued to capture market share in the growth markets of Asia and South America while deteriorating conditions in the North

American automotive market have adversely impacted sales there. In Europe, the company maintained its strong market presence in its key products.

Sales in the period in the Industry Products Group (IPG) represented 34% of the company's total and increased over the prior year by approximately US\$9 million, or 2.4%, from US\$372 million to US\$381 million. Sales in Europe and Asia increased 13.1% and 4.6% respectively but sales in North America declined 12.6%. The appreciation of the Euro, Renminbi and other currencies against the US dollar contributed US\$9.0 million to the sales increase and, excluding this effect, sales were virtually flat.

Among the company's other businesses Parlex, a flexible printed circuit board and interconnect solutions provider, delivered sales of US\$56 million, a decline of 7.6% compared to the prior year. However, following the restructuring initiatives in North America and in China, strategic price increases in unprofitable segments, and significant improvements in manufacturing processes this business is generating positive operating cash flow.

The company's Trading business has been buffeted by the severe volatility in metals markets. In particular, the viability of the Green Vision Group, a separate operation within the Trading business which sources and supplies scrap metals, has suffered in the wake of recent significant shifts in the supply, demand and pricing of these materials. As the company expects these turbulent conditions to continue and the risk profile of this operation to increase as a result, the company is now in the process of discontinuing the Green Vision Group operations. The sales of this operation for the six months period have been excluded from the company's total sales reported in this announcement.

As a result of rapidly deteriorating global economic conditions, the weakness in the automotive sector, declining consumer confidence in many of our markets, and the reduction in the value of the Euro against the US\$, the company anticipates that sales in the second half of the year are likely to be lower than in the first half.

### **Profit Performance (US\$)**

The company expects to report first half-year profit attributable to shareholders from its manufacturing and distribution operations of approximately US\$75 million less losses in its Trading business of approximately US\$29 million, which include asset

impairment and business discontinuation costs related to the Green Vision Group. Consequently, the profit attributable to shareholders for the first half-year is expected to be approximately US\$46 million.

### **Chairman's Comments**

Commenting on this update for shareholders, Mr. Patrick Wang, Chairman and Chief Executive of Johnson Electric, said: "During these unprecedented and fast-changing times we are focused on the basics: supporting our customers, carefully managing our cash, slimming down our operations, and mitigating risk wherever possible. We are working with our customers, suppliers and staff to navigate through these difficult times while preserving our ability to rebound when the global economic climate returns to more normal conditions."

"We expect difficult market conditions will prevail throughout the coming year. However, profitability during that period should benefit from the current downward trends in copper and steel costs and from the actions we are taking to reduce our overall cost structure. A weaker Euro will cause sales and profits to be lower when denominated in US\$, but the easing in the rate of Renminbi appreciation will provide some relief to what had been a growing pressure on our cost base in China."

"We continue to develop new products which combine the best of our motors, actuators, motion systems and other technologies to support and enhance our customers' businesses. Despite this current upheaval in the global economy and our markets, I remain confident that Johnson Electric will continue to strengthen its market and competitive position."

"We are disappointed that the Green Vision operation of the Trading business have encountered such turbulent operating conditions so soon after its launch. However, given the current volatile and unpredictable supply and demand, and pricing dynamics in the metals markets which we expect will endure for some time we have decided to discontinue those operations."

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

*As at the date of this announcement, the board of directors of the company comprises Patrick Shui-Chung Wang, Winnie Wing-Yee Wang, Richard Li-Chung Wang, being the*

*Executive Directors, and Yik-Chun Koo Wang, Peter Kin-Chung Wang, being the Non-executive Directors, and Peter Stuart Allenby Edwards, Patrick Blackwell Paul, Michael John Enright, Laura May-Lung Cha, Oscar de Paula Bernardes Neto, being the Independent Non-executive Directors.*

By Order of the Board  
**Johnson Electric Holdings Limited**  
**Patrick Shui-Chung Wang**  
*Chairman and Chief Executive*

3rd November 2008

*Website: [www.johnsonelectric.com](http://www.johnsonelectric.com)*