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Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 179)

Business and Unaudited Financial Information for the First Quarter of Financial Year 2023/24

This announcement is made by Johnson Electric Holdings Limited (“Johnson Electric” or the “Company” and together with its subsidiaries, the “Group”) for the business operations and selected unaudited financial information of the Group for the three months to 30 June 2023.

The Board of Directors of the Company (the “Board”) considers the publication of quarterly sales performance updates to be consistent with international corporate disclosure best practice. The objective of this announcement is to provide transparency and to ensure that investors and potential investors receive equal access to the same information at the same time.

Group Sales

The Group’s sales for the quarter ended 30 June 2023 were US\$954 million compared to US\$840 million for the same quarter in 2022, an increase of 14%. Exchange rate movements had a US\$12 million unfavourable impact on the Group’s sales for the quarter. This was mainly due to the impact of weaker average exchange rates especially for the Renminbi and the Canadian Dollar against the US Dollar, partially offset by favourable movements in the Euro, compared to the same quarter in 2022. Without the effect of currency movements and excluding the effect of the acquisition of an 80% interest in Pendix GmbH in October 2022, sales growth would have been approximately 15%.

Sales of Automotive Products Group (“APG”)

APG’s sales for the quarter ended 30 June 2023 increased by US\$139 million or 21% compared to the same quarter in 2022. Excluding currency effects, APG’s sales increased by US\$151 million or 23% in the quarter. This compared to a 14% increase in global light vehicle industry production volumes in the quarter.

APG’s sales outperformed automotive industry production volumes, in all regions, during the quarter. The sales changes by region, excluding currency effects, were as follows:

- Asia increased 27%
- Europe increased 27%
- Americas increased 16%

In Asia, sales growth was led by the thermal management, closure and braking segments. Europe benefited from growth in sales in the thermal management, engine and fuel management and steering

segments. In the Americas, the most significant growth areas were powder metal parts, engine and transmission oil pumps and braking.

Sales of Industry Products Group (“IPG”)

IPG’s sales for the quarter ended 30 June 2023 decreased by US\$26 million or 14% compared to the same quarter in 2022. Currency effects had only a negligible impact as Euro gains against the US Dollar were offset by the depreciation of the Renminbi against the US Dollar. Excluding currency effects and the acquisition of Pendix, IPG’s sales decreased by US\$29 million or 15% in the quarter, with the following changes by regions:

- Asia decreased 16%
- Europe decreased 19%
- Americas decreased 10%

Sales decreased in all three regions due to weak end-market demand for home-centric products as inflation and rising interest rates subdued consumer sentiment. The pace of customer orders decreased because of reduced consumer spending and an excess of inventory in retail and manufacturing channels.

This was partially offset by growth in sales of flexible printed products, which had been adversely impacted by the COVID-related lockdown in Shanghai, China, in the same period last year. IPG also experienced strong demand for piezo-electric motors for use in the semiconductor equipment industry, and growth in the circuit-breaker and heating segments.

Chairman’s Comments on First Quarter’s Sales Performance and Outlook

Commenting on the first quarter’s sales performance and outlook for the current financial year, Dr. Patrick Shui-Chung Wang, Chairman and Chief Executive, said, “Johnson Electric has made an encouraging start to the first quarter of FY23/24. The Automotive Products Group is performing soundly, with very strong end market demand in all major regions. This partly reflects the delayed response to pent up consumer demand for new replacement vehicles as the supplies of semiconductors, which had been severely constrained during the pandemic, have gradually recovered. It also reflects the rapid growth in the new energy vehicle sector, where the Group is well positioned to benefit from increased demand for our extensive range of innovative subsystems and components that support the auto industry’s electrification transition.”

“On the other hand, the Industry Products Group, which contributes approximately 20% of total sales, continued to experience a weakening in sales as heightened consumer concerns over inflation and rising interest rates have depressed demand for discretionary products and reduced activity in the housing sector. This has caused a number of IPG’s customers and contract manufacturers to delay orders and reduce existing inventory levels. As a result, the division is exercising stringent cost control measures and focusing on optimising cash flow. Additionally, IPG is broadening its market reach by venturing into other business segments such as motion systems for e-bikes, robotics and warehouse automation, which present the division with exciting long-term growth prospects.”

“Notwithstanding the Group’s strong overall start to the financial year, the sales outlook for the full year remains difficult to predict given the considerable uncertainty on the prospects for the global economy and, more specifically, whether the major economies in Europe and North America can avoid a recession. In addition, as automotive industry production volumes gradually return to their longer-term low single-digit percentage rates of growth, it is reasonable to expect that the rate of sales growth experienced by Johnson Electric in the first quarter will moderate as the year progresses. Accordingly, the Group plans to update its guidance on sales growth for the full year when it reports its half-year results in November 2023.”

Cautionary Statement

Shareholders and potential investors in the Company are reminded that the information provided in this announcement, including information related to the expected outlook for the full year, is based on the Group's unaudited internal records and management accounts and estimates. This information has not been reviewed or audited by the Company's auditors. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

Shareholders and potential investors should exercise caution when dealing or investing in the shares of the Company.

Board of Directors

As of the date of this announcement, the Board comprises Patrick Shui-Chung WANG, Austin Jesse WANG, being the Executive Directors, and WANG KOO Yik-Chun, MAK WANG Wing-Yee Winnie, Peter Kin-Chung WANG, being the Non-Executive Directors, and Patrick Blackwell PAUL, Michael John ENRIGHT, Joseph Chi-Kwong YAM, Christopher Dale PRATT, Catherine Annick Caroline BRADLEY and Michelle Mei-Shuen LOW being the Independent Non-Executive Directors.

By Order of the Board
Johnson Electric Holdings Limited
Lai-Chu CHENG
Company Secretary

Hong Kong, 12 July 2023

Johnson Electric is one of the constituent stocks on the Hang Seng Composite MidCap Index under the Hang Seng Composite Index, the Hang Seng Corporate Sustainability Benchmark Index and the S&P Europe Pacific Asia Composite (EPAC) SmallCap Index. For further information, please visit: www.johnsonelectric.com.