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## **Johnson Electric Holdings Limited**

(Incorporated in Bermuda with limited liability)

(Stock Code: 179)

### **Profit Warning**

#### **Business and Unaudited Financial Information for the First Quarter of Financial Year 2019/20**

This announcement is made by Johnson Electric Holdings Limited (“Johnson Electric” or the “Company”, and together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong).

This announcement is made for the business operations and selected unaudited financial information of the Company for the quarter ended 30 June 2019.

The Board of Directors (the “Board”) of the Company 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.

The Group's sales for the quarter ended 30 June 2019 were US\$767 million compared to US\$872 million for the same quarter in 2018, a decrease of 12%. Excluding currency movements, sales decreased by 9% to US\$794 million.

Foreign exchange rate movements had a negative effect of US\$27 million on the Group's sales during the quarter. This was mainly due to the impact of the weaker Euro and Chinese Renminbi against the US Dollar, comparing average exchange rates for the quarter ended 30 June 2019 to the same quarter last year.

While it is not the Company's standard practice to comment on the outlook for profit in its quarterly sales and business updates, the Board wishes to inform the shareholders of the Company and potential investors that, based on the information currently available to the Company concerning prevailing sales trends and the assessment of the unaudited management financial statements of the Group for the first quarter of the financial year, the Board anticipates that the Group's unaudited profit attributable to shareholders for the six months ending 30 September 2019 will be substantially lower than the figures for the six months ended 30 September 2018.

### **Sales of Automotive Products Group ("APG")**

The global automotive industry is presently experiencing a significant decline in light vehicle production volumes in all major regions of the world, led by China. Sales of our Automotive Products Group in the first quarter of the financial year decreased by US\$71 million or 10% compared to the same quarter in 2018. Excluding currency effects, APG's sales decreased by US\$47 million or 7%, with the following sales changes by region:

- Asia decreased 15%
- Europe decreased 8%
- Americas increased 5%

In Asia and Europe, APG's sales decreased across most application segments due to reduced light vehicle production as well as the shift away from diesel vehicles which for some product applications the Company has an above average market share. This was partly offset by increased sales in the Americas due to rising demand for brushless powertrain cooling products, with other application segments in the region remaining flat, despite a decline in light vehicle production in the region.

### **Sales of Industry Products Group ("IPG")**

Sales of our Industry Products Group decreased by US\$34 million or 17% compared to the same quarter in 2018. Excluding currency effects, IPG's sales decreased by US\$31 million or 16%, with the following sales changes by region:

- Asia decreased 19%
- Europe decreased 11%
- Americas decreased 18%

IPG's sales decreased across all regions reflecting low business and consumer confidence in many end market segments that is resulting in deferred investment decisions and delayed consumer purchases. Although the proportion of Johnson Electric's sales that are directly subject to US tariffs remain comparatively small as a share of total Group sales, these sales have declined compared to the prior year.

### **Chairman's Comments on Year-to-Date Sales Performance and Outlook**

Concerning the first quarter's sales performance, the Chairman and Chief Executive, Dr. Patrick Shui-Chung Wang, said, "Global trade and manufacturing activity in 2019 continues

to be weak compared to the prior year. Production volumes in the global automotive sector in the first quarter of our 2019/20 financial year are significantly below those of a year ago – with the China market remaining especially depressed. Demand in several other consumer and industrial end markets are also being negatively impacted by rising tariff barriers and geopolitical uncertainties that are holding back investment and damaging consumer confidence”.

“The Group’s weak sales performance in the first three months of the financial year directly reflect these end market conditions and sales orders for July and August remain below the levels of the prior year”.

“Given the uncertain prospects for improved trade relations between the US and China as well as the exceptionally sharp contraction in the domestic automotive market in China, it remains difficult to predict how quickly demand will recover. Notwithstanding this tough operating environment, the business continues to make progress in executing its key strategic initiatives and I am confident that Johnson Electric is well positioned to resume a positive growth trajectory once markets stabilize”.

### **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 half-year and full year, is based on the Group’s unaudited internal records and management accounts. This information has not been reviewed or audited by the Company’s auditors.

**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 of Directors comprises Patrick Shui-Chung Wang, Winnie Wing-Yee Wang, Austin Jesse 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, Joseph Chi-Kwong Yam and Christopher Dale Pratt being the Independent Non-Executive Directors.

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

Hong Kong, 10 July 2019

*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, the China Exchanges Services (CES) Belt and Road Index, the Bloomberg World Index and the S&P Europe Pacific Asia Composite (EPAC) SmallCap Index. For further information, please visit: [www.johnsonelectric.com](http://www.johnsonelectric.com).*