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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 2018/19**

This announcement is made by Johnson Electric Holdings Limited (“Johnson Electric” or the “Company”) for the business operations and selected unaudited financial information of the Company and its subsidiaries (the “Group”) for the quarter ended 30 June 2018.

The Board of Directors of the Company considers the publication of quarterly 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 2018 were US\$872 million compared to US\$753 million for the same quarter in 2017; an increase of 16%. Excluding currency movements and the one month effect of the acquisition of Halla Stackpole, which became an 80% owned subsidiary in May 2017, sales increased by 10% to US\$826 million.

Foreign exchange rate movements had a positive effect of US\$34 million on the Group's sales during the quarter. This was due to the impact of the stronger Euro, Chinese Renminbi and Canadian Dollar against the US Dollar, comparing average exchange rates for the quarter ended 30 June 2018 to the same quarter last year. The acquisition of Halla Stackpole increased sales by US\$12 million. On a pro-forma basis, excluding currency movements, Halla Stackpole grew by approximately 12% compared to the same quarter last year.

#### **Automotive Products Group (“APG”)**

APG's sales, as reported grew by US\$109 million or 19%. APG's sales excluding currency effects and the one month acquisition effect of Halla Stackpole increased by US\$66 million or 12%, with the following sales changes by region:

- Asia increased 25%
- Europe increased 2%
- Americas increased 10%

APG's organic sales growth was largely driven by an increase in demand for products for thermal cooling, engine and transmission oil pumps, lighting and seat adjust applications and powder metal components.

## **Industry Products Group (“IPG”)**

IPG’s sales, excluding currency effects, increased by US\$7 million or 4% compared to the same quarter last year. Sales changes by region were:

- Asia increased 7%
- Europe flat
- Americas increased 4%

IPG’s sales growth was mainly driven by new business wins, increased share and the ramp-up of programs in Asia. In Europe, sales were flat. In the Americas, strong revenue growth was driven by volume growth in the white goods and ventilation segments.

## **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, "Johnson Electric is continuing to experience robust demand for its motion products and technology solutions which is driving very healthy sales growth. At present, the main operational challenges for the business are higher raw material and labour costs that are running at levels well ahead of the prior year."

Dr. Wang further commented: "Looking further ahead, we remain concerned about the risk that the trade dispute between the US, China and European Union will ultimately have a negative impact on global economic growth. Our current analysis of Section 301 tariffs on goods imported into the USA from China, covering those already implemented and those recently announced but not yet implemented, indicates that these tariffs will apply to Johnson Electric product lines that amount to less than 5 per cent of the Group’s total annual sales. While this estimated direct sales exposure to Section 301 tariffs is not large in the context of the Group’s highly diversified global sales base, it remains difficult to assess what impact a further ratchetting up in tit-for-tat tariffs could have on customer demand, buying behaviour and on Johnson Electric’s component input costs over the medium to longer term."

## **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. 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, 11 July 2018

*Johnson Electric is one of the constituent stocks on the Hang Seng Composite MidCap Index under the Hang Seng Composite 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).*