

JOHNSON ELECTRIC HOLDINGS LIMITED

FY2014/15

Annual Results

May 2015



innovating motion

Group Overview

Key Financial Highlights

Operational Results

Outlook

Appendix

JOHNSON ELECTRIC GROUP OVERVIEW

Johnson Electric is the global leader in custom designed motion subsystems, including motors, solenoids, switches and flexible interconnects. We serve a broad range of industry segments including automotive, building automation and security, business machines, security and aerospace, food and beverage equipment, home technologies, HVAC, industrial equipment, medical devices, personal care, power equipments and power tools.

Established in 1959, Johnson Electric designs and produces custom motion solutions throughout the world for use in a broad range of product applications. Innovation centers are located in Hong Kong, China, Switzerland, Germany, Italy, Israel, Japan and the UK and the USA. Total global headcount including contract staff stands at approximately 36,000 people.

The annual production capacity are over one billion motor and actuators and manufactures products in more than a dozen countries on four continents.

Johnson Electric has been listed on The Stock Exchange of Hong Kong Limited since 1984.

COMPANY VISION AND BRAND PROMISE



Company Vision

To be the world's definitive provider of innovative and reliable motion systems

Brand Promise

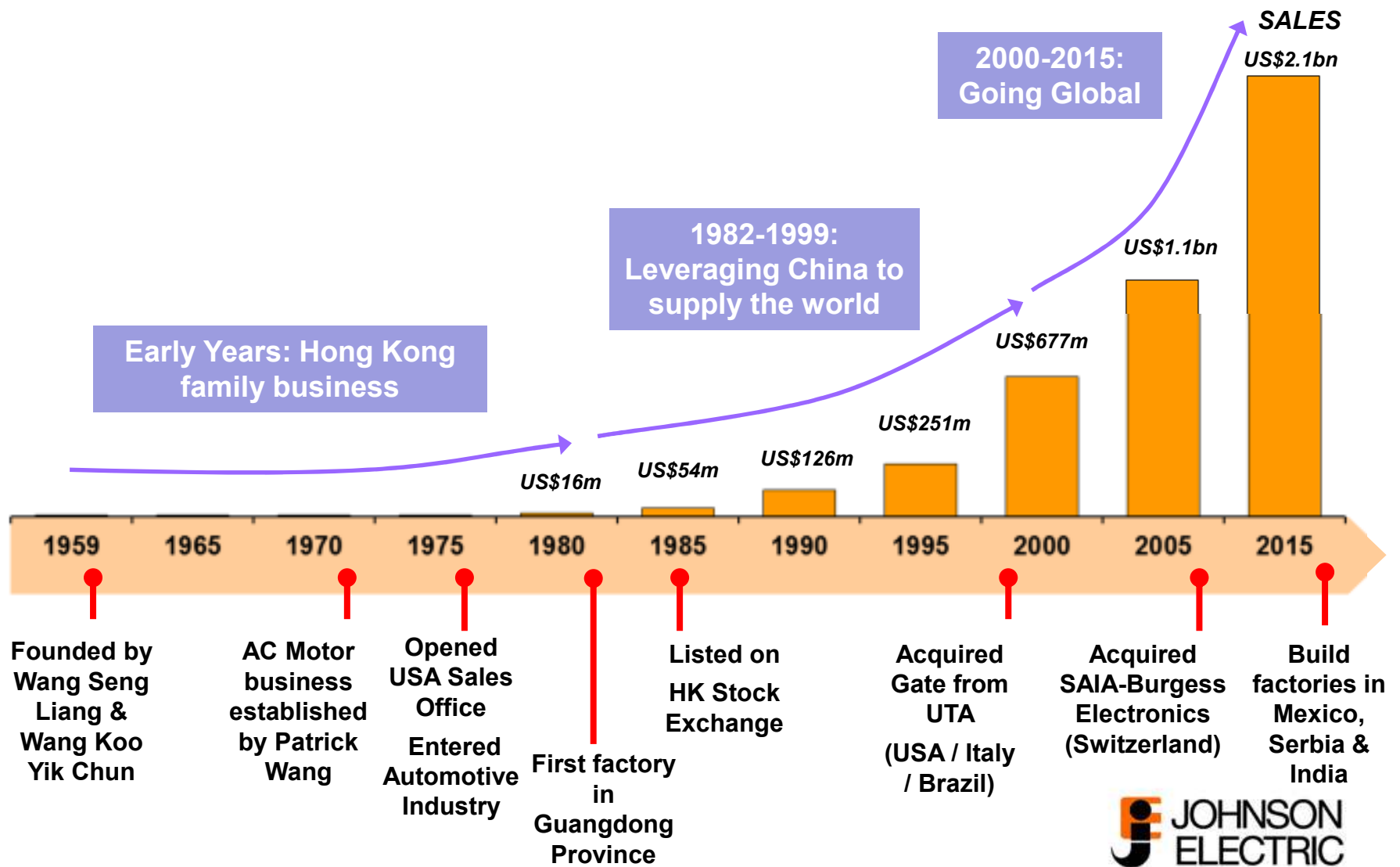
“Technology Leadership”

“The Safe Choice”



... innovating motion ...

KEY MILESTONES 1959 – 2015



innovating motion

APG APPLICATIONS

Powertrain Cooling  Cooling Fan Module	Haptic  Command Feedback	HVAC  Mix  Air Distribution	Door Locks  Door Lock	Window Lift & Sunroof Drives  Window Lift Drive  Sunroof Drive	Seating  Seat Adjuster  Seatbelt Pretensioner	
 Battery Cooling	Lighting  Headlamp Adjuster  Headlamp Adjuster  LED Lighting	Washer Pumps  Washer Pump  Windshield Washer  Headlamp Washer	Mirrors  Mirror Adjuster  Power Folder	 Rearview Adjuster  Lumbar Support		
 Grill Shutter  Coolant Valve					Chassis & Braking  Electronic Stability Control  Motorcycle ABS  Electric Parking Brake	Power Closure  Power Lift Gate Drive  Latching / Chocking  Door Closure Assist
Steering  Electric Power Steering  Electric Steering Column Lock						
Engine  Electronic Throttle Control  Exhaust Gas Recirculation  Fuel Pump  Variable Geometry Turbocharger  Diesel Exhaust Fluid	Transmission  Automated Manual Transmission  Dual Clutch Transmission				Driveline  Rear Drive Unit  Power Transfer Unit	

IPG APPLICATIONS



Medical Devices



Smart Meters



Circuit Breakers



Lawn & Garden



Power Tools



Personal Care



Power Sports



HVAC



Building Automation



Business Machines



Digital Security



Home Technologies



Food & Beverages



Industrial Equipment



Special Vehicles



Optronics

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HIGHLIGHTS

- ✓ **Group sales US\$2,136 million – up 4%** compared to the prior financial year excluding currency effects
- ✓ **Gross profit margin slightly increased to 29.6%**
- ✓ **Record EBITDA US\$336 million – up 4%** compared to the prior financial year
- ✓ **Operating profits increased by 4% to US\$243 million or 11.4%** of sales
- ✓ **Net profit attributable to shareholders increased 1% to a record US\$211 million**
- ✓ **Basic earnings per share increased by 3% to 24.11 US cents**
- ✓ The Group's gearing level remained low with **a total debt to capital ratio of 13%**

FINANCIAL HIGHLIGHTS

<i>US\$ million</i>	FY2014/15	FY2013/14
Sales	2,136.1	2,097.6
Gross profit	632.4	618.9
<i>Gross margin</i>	29.6%	29.5%
Profit attributable to shareholders	210.9	207.9
Diluted earnings per share ¹ (US Cents)	23.60	23.25
EBITDA ²	335.5	321.8
<i>EBITDA margin</i>	15.7%	15.3%
Free cash flow from operations ³	155.8	231.1
<i>US\$ million</i>	31 Mar 2015	31 Mar 2014
Cash	773.2	644.0
Total debt ⁴	291.3	116.9
Net cash (cash - total debt)	481.9	527.1
Enterprise value ⁵	2,589.3	2,789.1
Enterprise value to EBITDA	7.7	8.7
Credit Quality - Financial Ratios	31 Mar 2015	31 Mar 2014
Free cash flow from operations ³ to total debt	53%	198%
Total debt to EBITDA	0.9	0.4

1. For FY2013/14, diluted earnings per share adjusted to reflect the 1 for 4 share consolidation on 15 July 2014 (“Consolidated Share”)
2. Earnings before interest, tax, depreciation and amortisation
3. Net cash generated from operating activities plus net interest received, less capital expenditure (net of proceeds from disposal of fixed assets) and capitalisation of engineering development costs
4. Total debt calculated as borrowings plus convertible bonds
5. Enterprise value calculated as market capitalisation plus non-controlling interests plus total debt less cash

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PROFITABILITY REVIEW

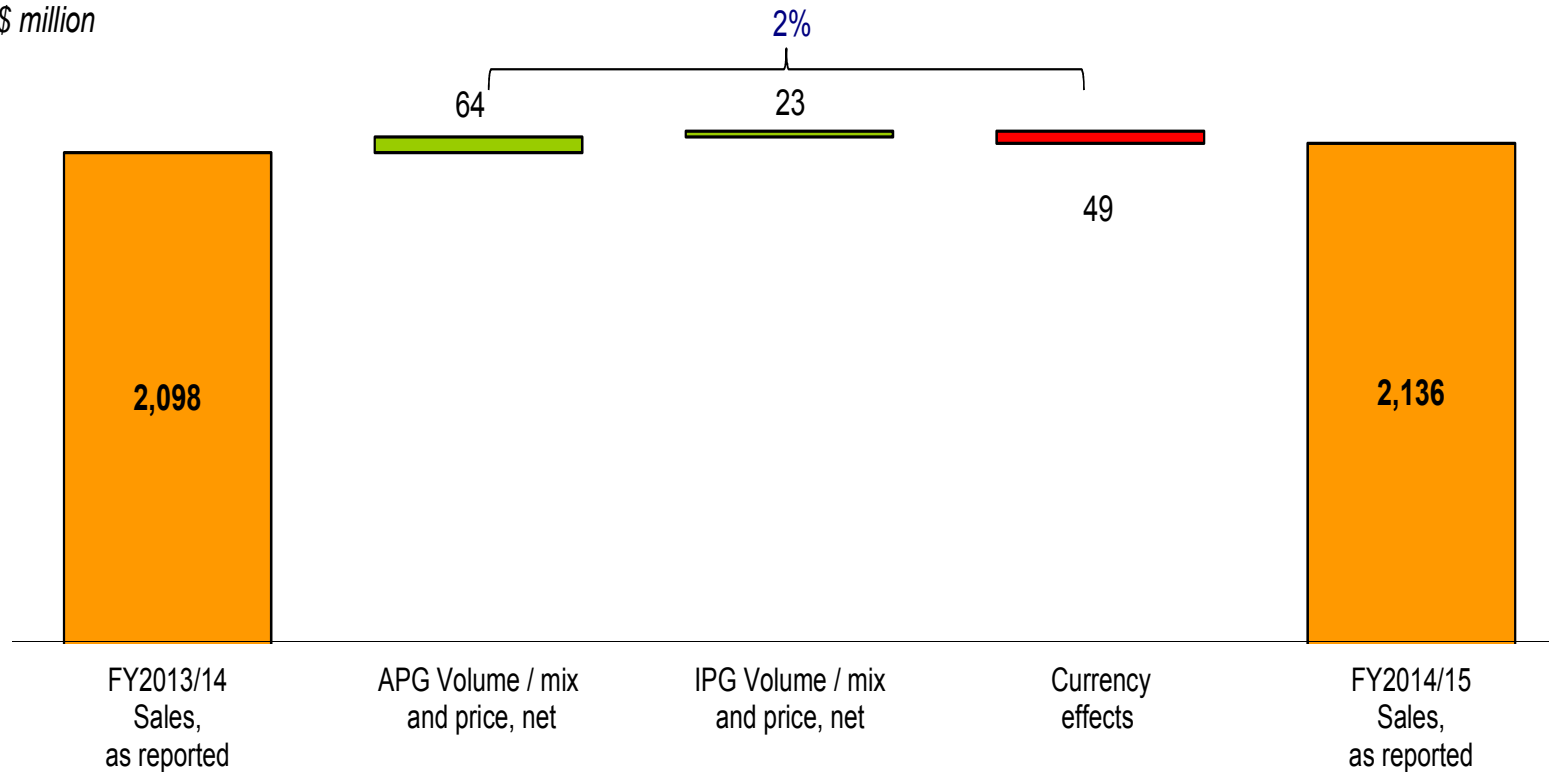
FY2014/15 vs. FY2013/14

<i>US\$ million</i>	FY2014/15	FY2013/14	Increase/ (decrease) in profit
Sales	2,136.1	2,097.6	38.5
Gross profit	632.4	618.9	13.5
<i>Gross margin %</i>	29.6%	29.5%	
Other income and gains, net	17.9	19.8	(1.9)
Selling and administrative expenses ("S&A")	(407.5)	(405.2)	(2.3)
<i>S&A %</i>	19.1%	19.3%	
Operating profit	242.8	233.5	9.3
<i>Operating profit margin %</i>	11.4%	11.1%	
Net interest income	5.5	9.1	(3.6)
Share of profit of associate	0.7	0.4	0.3
Profit before income tax	249.0	243.0	6.0
Income tax expense	(29.2)	(28.1)	(1.1)
<i>Effective tax rate</i>	11.7%	11.6%	
Profit for the year	219.8	214.9	4.9
Non-controlling interests	(8.9)	(7.0)	(1.9)
Profit attributable to shareholders	210.9	207.9	3.0

SALES CHANGES

FY2014/15 vs. FY2013/14

US\$ million



Note: Numbers do not add across due to the effect of rounding

SALES GROWTH BY BUSINESS

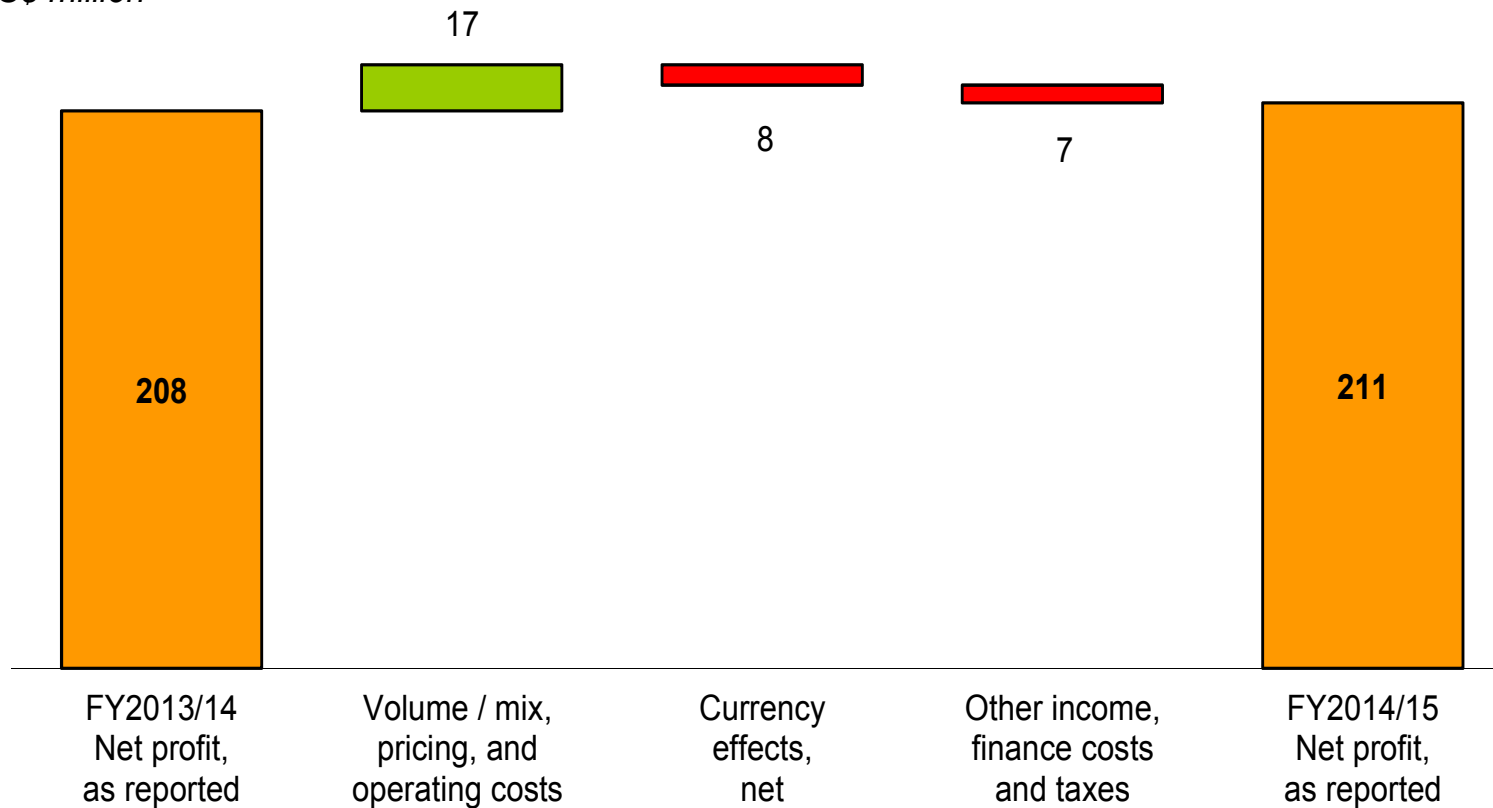
Sales Growth / (Decline) %

Excluding Nonrecurring Items and Currency Effect

		APG	IPG	Total
FY2014/15	2H	4%	5%	5%
	1H	5%	2%	4%
FY2013/14	2H	9%	(1%)	6%
	1H	4%	(7%)	- %
FY2012/13	2H	4%	(8%)	0%
	1H	7%	(8%)	1%

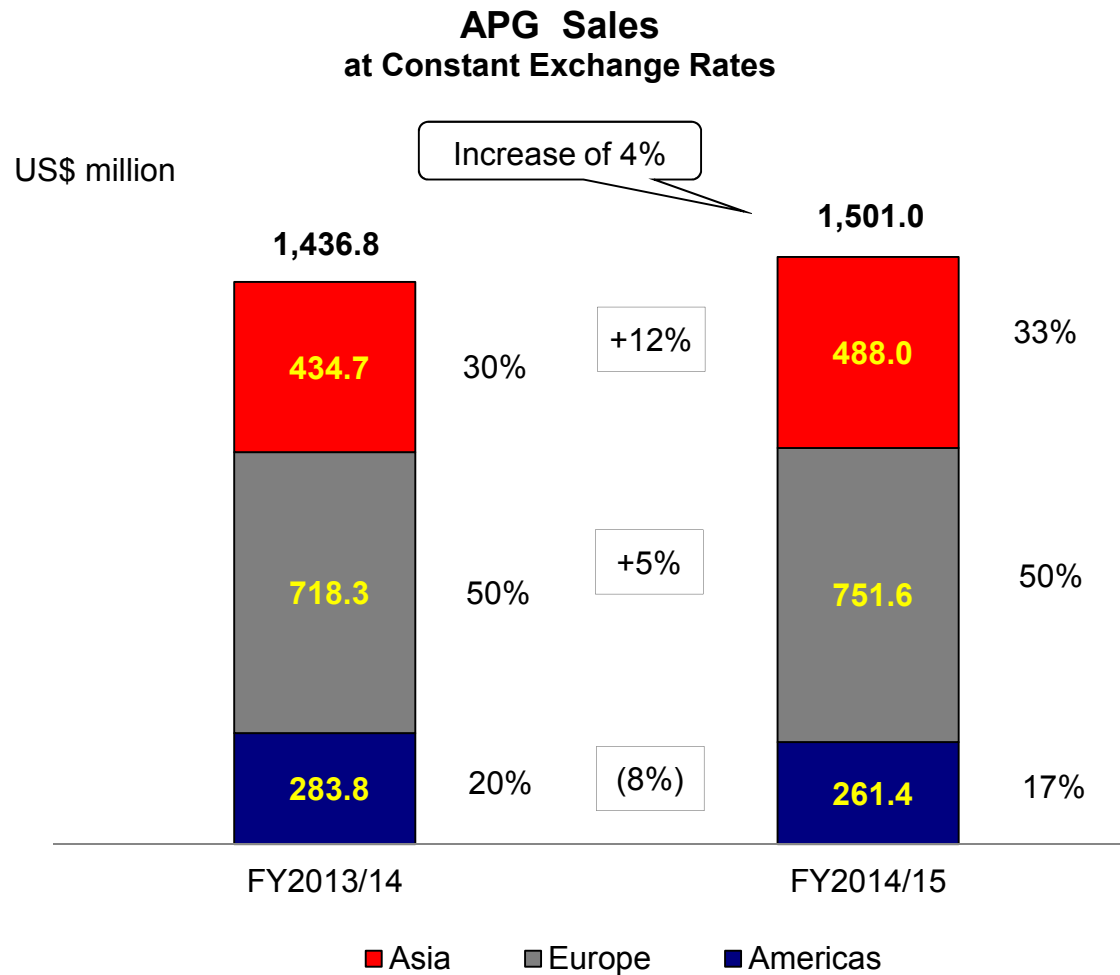
CHANGES IN PROFIT ATTRIBUTABLE TO SHAREHOLDERS

US\$ million

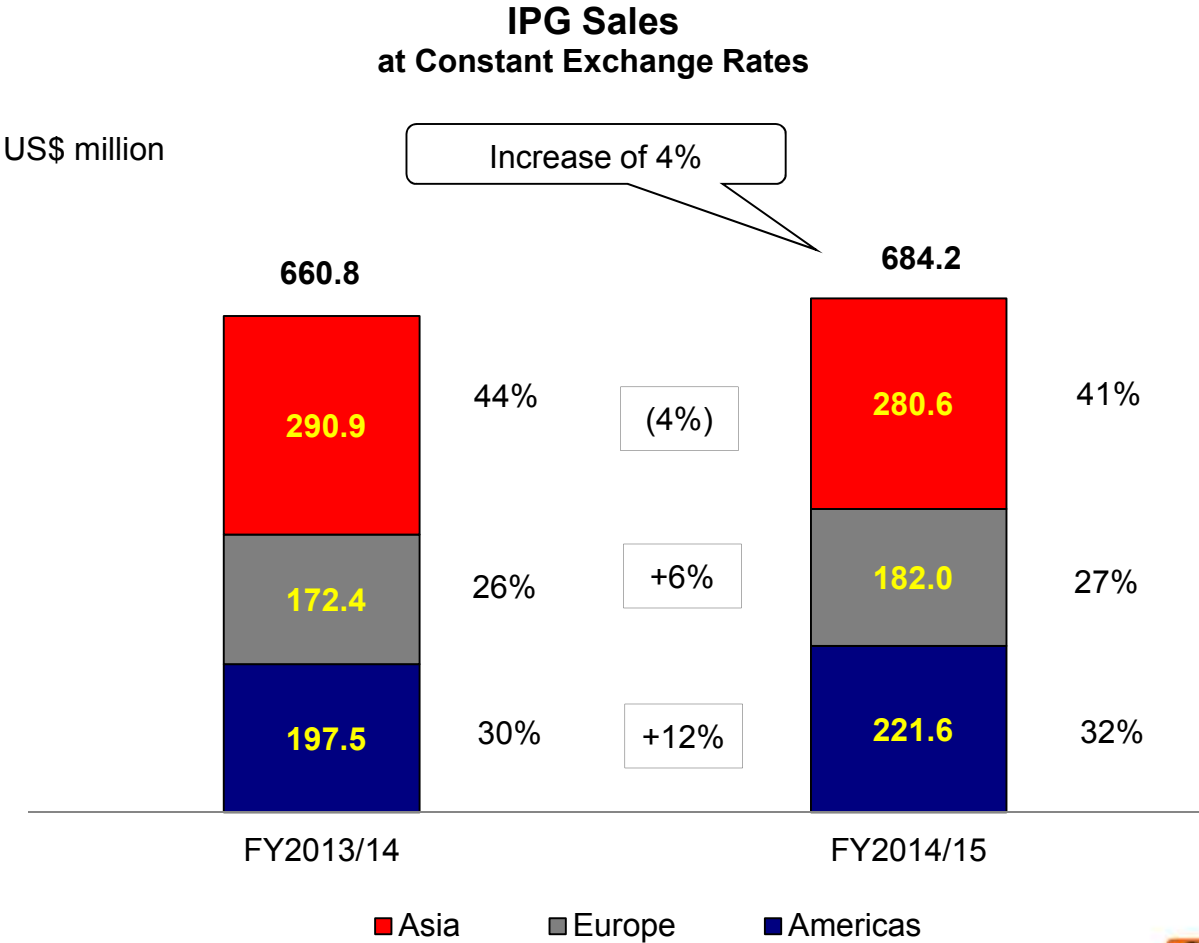


Note: Numbers do not add across due to the effect of rounding

GROUP SALES BY BUSINESS - APG



GROUP SALES BY BUSINESS - IPG



ANALYSIS OF CASH FLOW

<i>US\$ million</i>	FY2014/15	FY2013/14	Change
Operating profit	243.0	233.7	9.3
Depreciation and amortisation	92.5	88.1	4.4
EBITDA	335.5	321.8	13.7
Other non-cash items in profit before taxes	(1.5)	0.9	(2.4)
Working capital changes	(21.1)	17.8	(38.9)
Interest paid	(2.6)	(1.8)	(0.8)
Income taxes paid	(43.2)	(31.3)	(11.9)
Net cash generated from operating activities	267.1	307.4	(40.3)
Capital expenditure, net of subsidies	(119.9)	(92.2)	(27.7)
Capitalisation of engineering development costs	(6.2)	(5.8)	(0.4)
Proceeds from disposal of fixed assets	0.8	10.8	(10.0)
Interest received	14.0	10.9	3.1
Free cash flow from operations	155.8	231.1	(75.3)

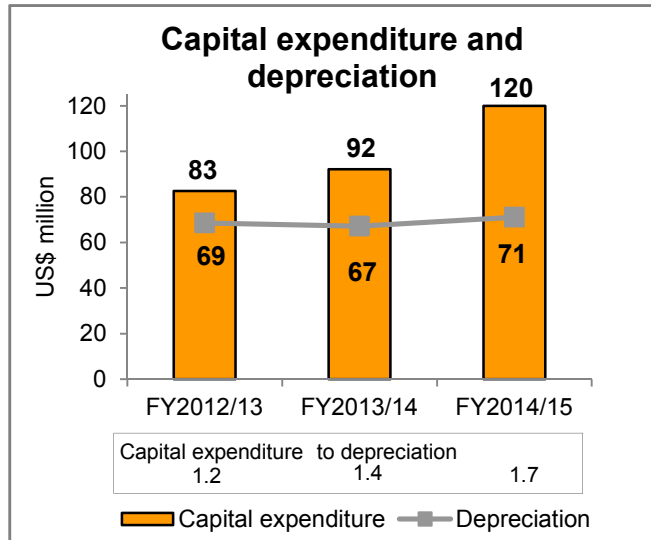
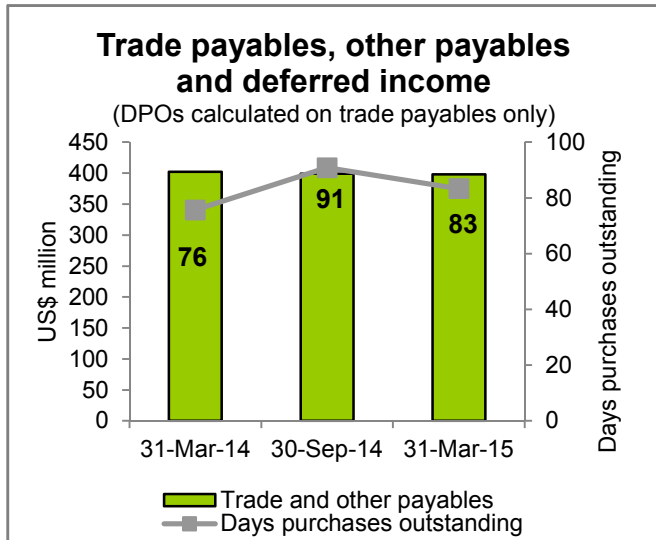
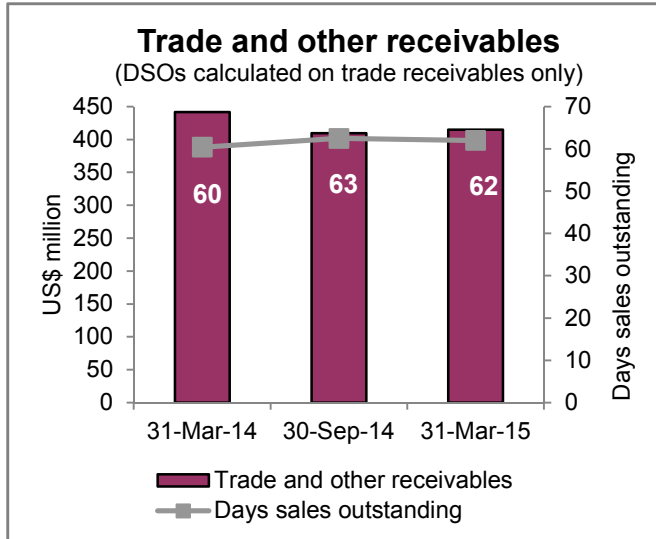
OTHER CASH FLOWS

<i>US\$ million</i>	FY2014/15	FY2013/14	Change
Free cash flow from operations	155.8	231.1	(75.3)
Acquisition	(9.2)	-	(9.2)
Subsequent payments due to divestiture of non-core business	-	(6.1)	6.1
Dividends paid	(54.3)	(50.4)	(3.9)
Purchase of shares held for Long-Term Incentive Share Scheme	(50.7)	(2.9)	(47.8)
Purchase of shares for cancellation of issued capital	(55.0)	(1.7)	(53.3)
Other investing activities	0.8	1.5	(0.7)
Other financing activities	(4.8)	(3.2)	(1.6)
Total cash flow (excluding changes in borrowings and currency effects)	(17.4)	168.3	(185.7)
Net repayment of borrowings	(10.8)	(12.7)	1.9
Proceeds from issuance of convertible bonds, net of transaction costs	197.3	-	197.3
Increase in cash (excluding currency effects)	169.1	155.6	13.5
Exchange (losses) / gains on cash	(39.9)	7.5	(47.4)
Net movement in cash	129.2	163.1	(33.9)

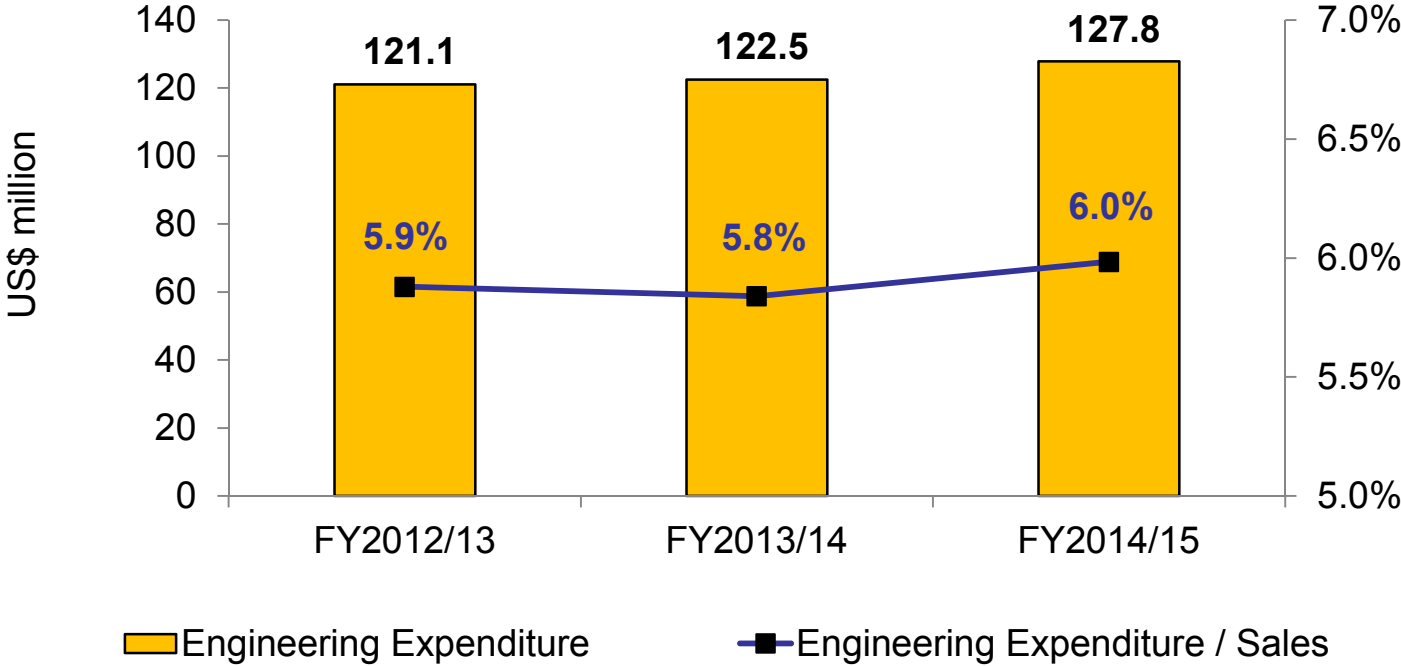
DIVIDENDS & SHARES

- ▶ **Final dividend of 34 HK Cents per share** to be paid for FY2014/15.
Total dividend of 48 HK Cents for FY2014/2015 compared to 46 HK Cents paid for FY2013/14
- ▶ **14.3 million shares were purchased for cancellation** in FY2014/15 at a total cost of US\$55.0 million including brokerage and cancellation fees

WORKING CAPITAL & CAPEX



ENGINEERING EXPENDITURE



Group Overview

Key Financial Highlights

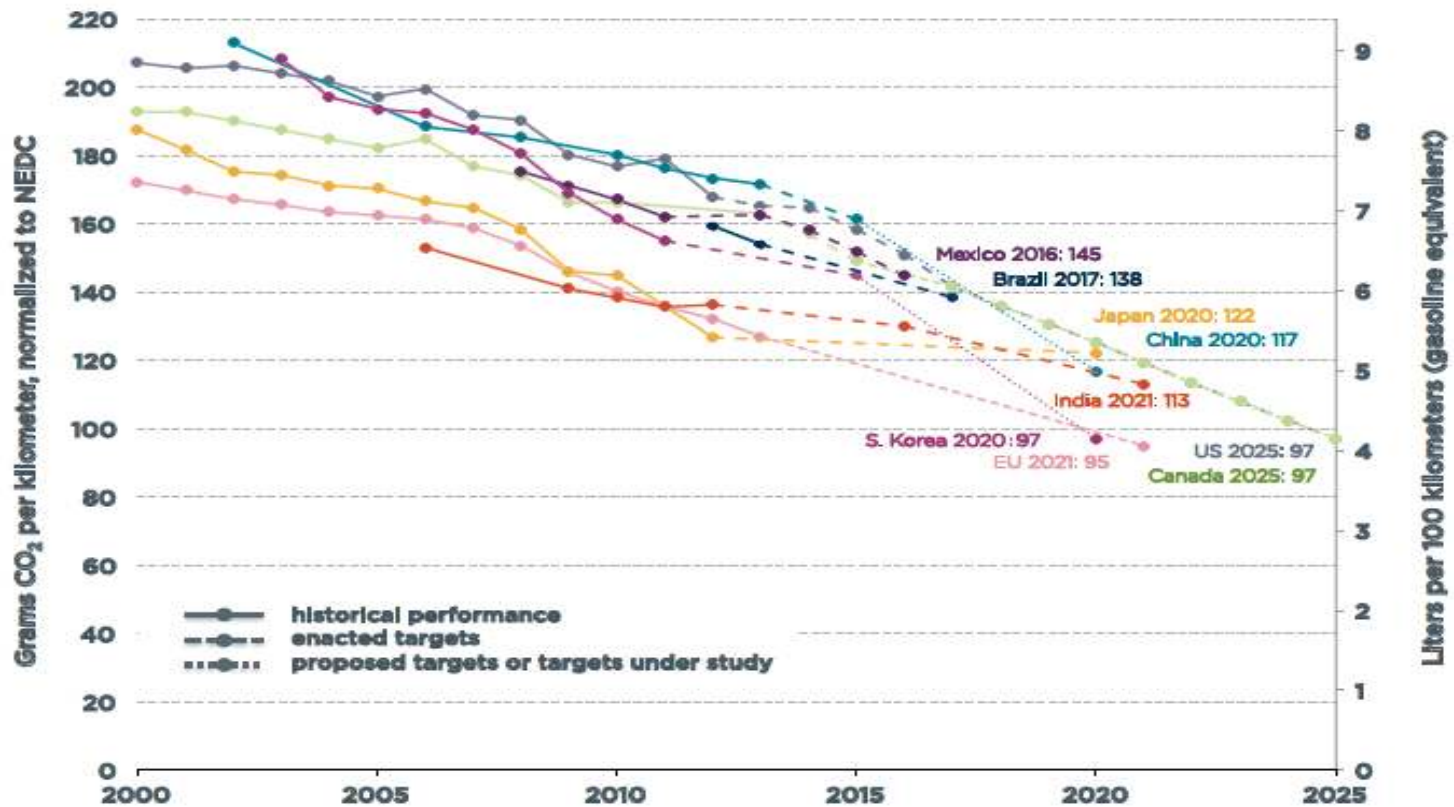
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TRENDS IN AUTOMOTIVE – EMISSIONS

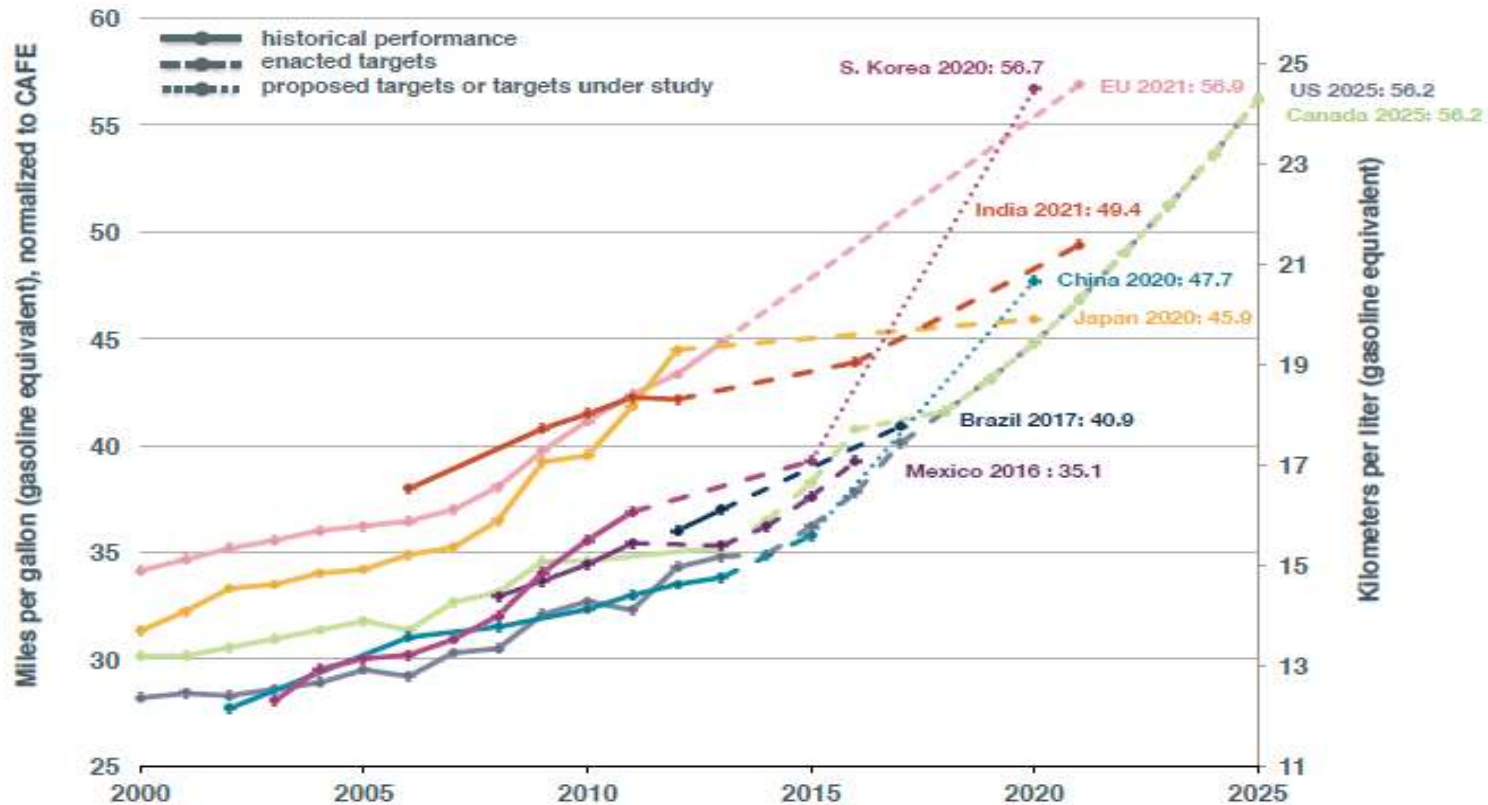
Passenger car CO₂ emissions and fuel consumption, normalized to NEDC



Source: International Council on Clean Transportation, Nov 2014 - <http://www.theicct.org/global-pv-standards-chart-library>

TRENDS IN AUTOMOTIVE – FUEL ECONOMY

Passenger car miles per gallon, normalized to CAFE



Source: International Council on Clean Transportation, Nov 2014 - <http://www.theicct.org/global-pv-standards-chart-library>

Growing Products - APG

Fuel Economy

- Steering System
- Engine Management

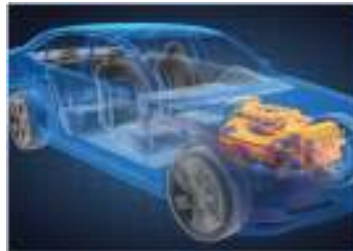


High Power Brush Motor for Electric Power Steering

Variable Geometry Turbocharger Motors

Emission Control

- Engine Management



Valve Actuators for Automotive Coolant & Refrigerant Circuits

Dosing Solutions for Diesel Exhaust Fluid (DEF)

Safety

- Chassis Braking
- Lighting Adjustments



Motion & Control Solutions for Lighting Applications

Highest Power Density ESC Motors

TRENDS IN IPG

- ▶ Key growth areas in IPG include
 - Solenoid products, including smart meters
 - Parlex
 - JE MedTech
- ▶ These business units exemplify our strategy of investing in differentiated technology and serving customers whose flagship products require customised motion solutions

Growing Products - IPG

Smart Meters – MARKETING LEADER – [Gas] Highest intrinsic safety & reliability against gas impurities; Extended battery life; Lowest pressure drop for grid Efficiency. [Electricity] Low power, resistance and self heating design; Fail safe



Professional Gardening & Power Tools – INDUSTRY LEADER – High power density & efficiency; Light weight; Low noise and vibration; Integrated motor controller; Highly reliable



Medical Equipment – Highest dosing force & precision; Light weight; Compact size; Low power consumption



OUTLOOK FOR JOHNSON ELECTRIC

- ▶ No noticeable softening in demand for our products at present time
- ▶ APG and IPG continue to win important new programmes
 - Success due to differentiated technology and global manufacturing capabilities
 - Impact will not be felt in near term
- ▶ Weak Euro vs. US Dollar likely to constrain reported sales growth
 - Low single digits in percentage terms
- ▶ Greater investment in automation as a result of wage inflation in China
 - Ever-present headwind; will need to be offset by further efficiency improvement measures
- ▶ New manufacturing facilities in Serbia and Mexico
 - Additional cost burden before operating at optimal volume
- ▶ We anticipate modest erosion in gross and operating margins in FY2015/16
- ▶ Will be difficult to repeat the record net income of past year
- ▶ We remain very satisfied with the performance of the business and confident that we remain on track to build and sustain value for shareholders over time

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GLOBAL SALES & SUPPORT OFFICES & ENGINEERING CENTERS

- ▶ Argentina
- ▶ Austria
- ▶ Belgium
- ▶ Brazil
- ▶ China
- ▶ France
- ▶ Germany
- ▶ Hong Kong
- ▶ India
- ▶ Italy
- ▶ Israel
- ▶ Japan
- ▶ Korea
- ▶ Netherlands
- ▶ Singapore
- ▶ Switzerland
- ▶ UK
- ▶ USA



WORLDWIDE MANUFACTURING

- ▶ Argentina
- ▶ Brazil
- ▶ China
- ▶ France
- ▶ Germany
- ▶ Hungary
- ▶ India
- ▶ Italy
- ▶ Israel
- ▶ Mexico
- ▶ Poland
- ▶ Serbia
- ▶ Switzerland
- ▶ UK
- ▶ USA



APPENDIX: NEW PRODUCTS

IPG – IMPACT DRIVER POWER MOTORS

IPG – ELECTRIC MOTOR FOR BATTERY OPERATED CHAINSAWS



"Technology Leadership"

- Highest power for tougher jobs
- Highest efficiency for more work from battery
- Light weight with high power for handheld tools
- Motor platform range for professional tools

"The Safe Choice"

- Industry leader in power tool motor technology
- Rugged design for tough environments
- Integrated motor controller
- Custom application engineering

Compact EC™ Motors for Impact Driver Power



"Technology Leadership"

- Power equal to gasoline engines
- Highest efficiency for more work done from battery
- Low noise and low vibration
- Integrated controller + trigger switch

"The Safe Choice"

- Industry leader in brushless motor technology
- Industry leader in switches
- Custom software development
- Solution for tough jobs at home & farm

Powerful Electric Motor for Battery Operated Chainsaws

JOHNSON MOTOR

Power Source	Power (kw)
2hp Gasoline	~1.5
E12	~1.5

IPG – GAS SHUT-OFF VALVES FOR SMART METERS

IPG – DISHWASHER HEATER CIRCULATION PUMPS





JOHNSON ELECTRIC

"Technology Leadership"


- Motor design for intrinsic safety in gas flow
- Extended battery life in meter
- Highest reliability against gas impurities
- Lowest pressure drop for grid efficiency

"The Safe Choice"

- Highest intrinsic safety for gas meters
- ATEX zone 2, I, D compliance
- Market leader in gas shut-off valves
- Global engineering and manufacturing

**Gas Shut-off Valves for Small Meters
Highest Intrinsic Safety**



The graph shows three valve models plotted against Performance (y-axis) and System Integration (x-axis):

- GME C:** Compact linear valve, Intrinsic safety
- GME S:** Valve + Sensor, Position detection
- GME L:** Valve + Sensor + Integrated control



JOHNSON ELECTRIC

"Technology Leadership"

- High temperature water pump
- Concealed heater for enhanced safety
- Washing and drying time reduced
- Energy efficient 3D heater design

"The Safe Choice"

- Concealed heater prevents melting plastic items
- Tested under extreme conditions
- Global manufacturing
- Kills 99.999% of germs




Heater Circulation Pump for Dishwashers



The graph shows germ elimination percentage (y-axis) versus water temperature (x-axis):

- Standard Series:** Eliminates 90.9% at 167°F (75°C)
- Super Series:** Eliminates 99.999% at 185°F (85°C)

IPG – SECURITY SOLUTION FOR PAYMENT TERMINALS

IPG – TRACTION MOTORS FOR ROBOTIC MOWERS

JOHNSON ELECTRIC

"Technology Leadership"

- Highest protection against intrusion tampering
- Highest protection against peering tampering
- Highly secured connection points
- Custom interconnect methods
- Random circuit pattern design options

"The Safe Choice"

- Exceeds PCI PTS v4 security standard
- Member of PCI Security Standards Council
- Payment terminal security technology leader
- 43 years leadership in printed electronics
- Custom engineered security solutions



Custom Engineered Security Solution For Payment Terminals

ARLEX

Security Solution for Payment Terminals



PCI Version 3.2 Security Score

Category	Score	Competition
Application	~45	~35
File or Data	~45	~35
External	~45	~35
Hardware	~45	~35

Highest Security Level

Category	Score	Competition
Application	~45	~35
File or Data	~45	~35
External	~45	~35
Hardware	~45	~35


JOHNSON ELECTRIC

"Technology Leadership"

- Lowest noise operation
- Highest efficiency for greater lawn coverage
- Highest torque for uneven terrain
- Longest operation life cycle for extended warranty

"The Safe Choice"

- Industry leader for robotic mower motion solutions
- Rigorous application based testing
- Vertical integration of high precision components
- Custom engineering for unique applications



Low Noise Traction Motors for Robotic Mowers

Efficiency


Category	Efficiency (%)
Competition	~45
R200EC	~55 (20% Improvement)

Operation Time per Charge

Category	Operation Time per Charge
Competition	~50
R200EC	~55 (25% Larger Lawn Coverage)

IPG – CIRCULATOR PUMP FOR CONDENSING BOILERS

APG – ALL WHEEL DRIVE SOLUTIONS





"Technology Leadership"

- Exceeds 2015 EEl energy standard
- Highest pressure & flow rate for EEl standards
- Low noise operation
- Compact size

"The Safe Choice"

- EN60335-1 & 2 safety compliance
- Pigorous application based testing
- Johnson Electric Production System for reliability
- Awareness of supply globally

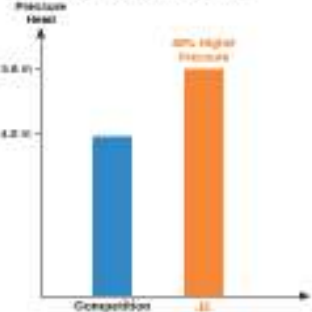
Circulator Pump for Condensing Boilers

Best Energy Saving



Brand	Power Consumption (W)	EEI
Competitor	40	0.29
JE	30	0.18

Wide Application Range



Brand	Maximum Heat (kW)
Competitor	4.8
JE	5.8




"Technology Leadership"

- High power density
- Long life
- High efficiency
- Compact & light weight

"The Safe Choice"

- Industry leader in all wheel drive motors
- Reliability designed-in
- Johnson Electric Production System
- Global manufacturing footprint




All Wheel Drive Solutions for CO₂ Reduction

Custom Engineering

- Disconnecting Systems
- Power Transfer Units
- Front/Rear Drive Units
- Transfer Cases
- Electronic Limited Slip Differentials

Engineering Design

- Electro-Mechanical Actuation
- Electro-Hydraulic Actuation with Dynamic Sealing
- Fast Response
- High Efficiency
- Excellent NVH




APG – VARIABLE GEOMETRY TURBOCHARGER MOTORS

APG – DOSING SOLUTIONS FOR DIESEL EXHAUST FLUID



JOHNSON ELECTRIC

"Technology Leadership"

- Highest torque for fast response
- High resistance to temperature & vibration
- High power density in compact package
- Advanced EMC suppression

"The Safe Choice"

- Industry leader in VGT motors
- Robust design for extreme operating conditions
- Global manufacturing footprint
- Johnson Electric Production System



Variable Geometry Turbocharger Motors

Activation Torque

Design Platforms + Custom Engineering



Dual stage Single stage Low Boost Single stage High Boost

VGT Type



JOHNSON ELECTRIC

"Technology Leadership"

- Precise motion control for exact dosing
- Wide speed range for variable dosing volumes
- Designed for 12 & 24 volt operation
- Long life brushless motor & control subsystem

"The Safe Choice"

- Industry leader in DEF dosing solutions
- Robust design for extreme operation conditions
- Self diagnosis subsystem design
- Global engineering & manufacturing footprint



Dosing Solutions for Diesel Exhaust Fluid (DEF)

Platforms

Design Platforms + Custom Engineering



12V 24V

Air Assisted Dosing Airless & Air Assisted Dosing

Dosing Systems

APG – PNEUMATIC LUMBAR SUPPORT PUMPS

APG – HVAC ACTUATORS



"Technology Leadership"

- First integrated pump (pump head / motor / EMC circuit)
- Compact size
- Low noise
- Advanced EMC suppression

"The Safe Choice"

- Industry leader for motor & EMC technology
- Rigorous pump testing
- Johnson Electric Production System
- Global manufacturing footprint




Pneumatic Pump

Advanced EMC Suppression for Pneumatic Lumbar Support








"Technology Leadership"

- Torque/speed options
- Low noise & low EMC
- Stepper or DC and BUS control
- Long life gearbox

"The Safe Choice"

- HVAC actuator industry leader
- Reliable in broad temperature range
- Global manufacturing
- Vertical integration for TGC




HVAC Actuator Platforms for Custom Torque and Speed





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.