

NEWS RELEASE

Johnson Electric reports 9% growth in sales for the half year ended 30th September 2018

Highlights of 2018/19 Half-Year Results

- Group sales US\$1,678 million – up 9% compared to first half of the prior financial year. Excluding the impact of acquisitions and foreign exchange rate changes, sales increased 7%
- EBITDA increased 5% to US\$273 million or 16.3% of sales (17.0% of sales in prior half year)
- Operating profit US\$171 million or 10.2% of sales (compared to US\$170 million or 11.1% of sales in prior half year)
- Net profit attributable to shareholders US\$140 million or 15.76 US cents per share on a fully diluted basis (compared to US\$140 million or 15.80 US cents per share in prior half year)
- Total debt to capital ratio of 19% and cash reserves of US\$170 million as of 30 September 2018
- Interim dividend 17 HK cents per share (2.18 US cents per share) with a scrip dividend alternative

HONG KONG, 7th November 2018 – Johnson Electric Holdings Limited (“Johnson Electric”), a global leader in electric motors and motion subsystems, today announced its results for the six months ended 30th September 2018.

Total group sales for the first half of the 2018/19 financial year totalled US\$1,678 million, an increase of 9% over the first half of the prior financial year. Excluding the impact of acquisitions and foreign exchange rate changes, underlying sales increased 7%. Net profit attributable to shareholders was essentially unchanged year on year at US\$140 million or 15.76 US cents per share on a fully diluted basis.

Johnson Electric continues to deliver healthy top line growth from both of its Automotive Products and Industry Products divisions. The long term shifts towards more electrified, more controllable and more connected end-products underpin demand for our motion technologies and solutions. Technology leadership combined with a global manufacturing footprint is a compelling value proposition to the more than 2,000 OEMs, system manufacturers and distributors across the world that comprise the Group's diverse and growing customer base.

Overview of Financial Results

The Automotive Products Group ("APG"), excluding acquisitions, increased sales by 8% on a constant currency basis compared to the first half of the prior year. The strongest business unit performances came from Stackpole International, Powertrain Cooling and Engine & Transmission Management which are benefiting from the ramp-up of major customer programmes for a new generation of products.

APG's strong overall sales performance comes against a subdued picture in terms of global automotive industry volume growth. North American light vehicle production grew by less than 1% during the period under review as rising interest rates and higher vehicle prices have begun to impact demand. In Europe, production volumes rose by just over 1% and there has recently been a reduction in output following the introduction of new emissions tests that has caused significant delays to the launch of new vehicle models. And in China, which has been the world's largest and stand-out growth market for automobiles for the past decade, production growth slowed in the first half to below 3%. This reflected both a slowdown in domestic economic activity and a degree of natural maturing of a sector that has been expanding at exceptionally rapid levels.

The Industry Products Group (“IPG”), which contributed 23% of total Group sales, recorded 4% sales growth in constant currency terms in the first half. Among IPG’s best performing segments were medical devices, power tools, ventilation and remote disconnect metering. All three major geographic regions achieved growth in sales despite the increasing global trade dispute and tighter financial conditions.

Gross profit increased 4% to US\$398 million – which as a percentage of sales represented a decline from 24.9% to 23.8%. This decline in margins was largely due to the combination of higher material and labour costs, increased depreciation and competitive pricing pressure. Management is continuing to direct a major programme of capital investments in automation and business infrastructure to support the growth in new business awarded, reduce costs and strengthen the long term competitiveness of Johnson Electric’s business model.

Group operating profits amounted to US\$171 million compared to US\$170 million in the first half of the prior financial year. In addition to the factors impacting gross margins noted above, the year on year comparison of reported operating income reflects the net effect of a number of positive and negative non-cash items. These include a valuation gain related to an acquisition in the prior half year period which was not repeated in the period under review, a mark-to-market liability related to structured foreign exchange contracts in the prior half year period that became a gain in the period under review and the revaluation of monetary assets and liabilities due to the effect of foreign currency movements.

Net profits attributable to shareholders totalled US\$140.2 million compared to the prior half year’s figure of US\$140.5 million.

Interim Dividend with Scrip Dividend Alternative

The Board has today declared an interim dividend to 17 HK cents per share, equivalent to 2.18 US cents per share (2017 interim: 17 HK cents per share). The interim dividend will be payable in cash with a scrip alternative where a 4% discount on the subscription price will be offered to shareholders who elect to subscribe for shares. Full details of the scrip dividend alternative will be set out in a circular to shareholders.

The interim dividend will be payable on 7 January 2019 to shareholders registered on 28 November 2018. The Board has further been informed that the controlling shareholder of the Company intends to subscribe for its entire eligible allocation of shares under the scrip dividend alternative.

US-China Tariffs

The most significant negative development impacting global manufacturing businesses over the past six months has been the escalating trade dispute between the USA and China.

Johnson Electric operates a global manufacturing footprint with over 30 facilities spanning 18 countries across four continents. Establishing and strengthening this global footprint has been a key element in our corporate strategy for the past several years and its intent is to ensure that the Group is effectively positioned to respond over time to changing customer demands, production and delivery costs, foreign exchange rate fluctuations, as well as taxes, tariffs and import duties.

Our current analysis of the three tranches of Section 301 tariffs recently imposed on goods imported into the USA from China indicates that these apply to Johnson Electric products that in aggregate contribute approximately 5% of the Group's total annual sales volume. This estimated direct sales exposure to Section 301 tariffs is not especially large in the context of the Group's highly diversified global sales base. Nonetheless, if a political resolution to this dispute cannot be found in the near future, we can foresee a period of increasing risk of disruption to global trade and manufacturing supply chains – with likely higher costs for businesses and consumers alike.

Chairman's Comments on the Half-Year Results and Outlook

Commenting on the results, Dr. Patrick Wang, Chairman and Chief Executive, said, "Johnson Electric achieved satisfactory financial results for the six month period ended 30 September 2018 in the context of an increasingly challenging global operating environment".

Dr. Wang further commented, “Johnson Electric’s portfolio of innovative products and technology solutions are well positioned to address the major trends shaping our end markets. And our gains in market share and growing book of new business wins gives us a high level of confidence about the underlying strength of our business”.

“In the near term, the indications are that many of the factors that shaped the performance of the business in the first half of the financial year are set to continue in the second half – but with an increasing downside risk with respect to the global economy. Order volumes in China and Europe remain somewhat below anticipated levels, though the outlook for second half sales for the Group as a whole currently looks broadly similar to the first half”.

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About Johnson Electric Group

The Johnson Electric Group is a global leader in electric motors, actuators, motion subsystems and related electro-mechanical components. It serves a broad range of industries including Automotive, Smart Metering, Medical Devices, Business Equipment, Home Automation, Ventilation, White Goods, Power Tools, and Lawn & Garden Equipment. The Group is headquartered in Hong Kong and employs over 40,000 individuals in more than 20 countries worldwide. Johnson Electric Holdings Limited is listed on The Stock Exchange of Hong Kong Limited (Stock Code: 179). For further information, please visit: www.johnsonelectric.com.

Forward Looking Statements

This news release 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”, “believe”, “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.

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Note to Editors and Securities Analysts: The full text of the Half-Year Results announcement, including additional financial information, is available through the Investor Relations section of company's website at www.johnsonelectric.com