



# Results 9M 2019

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JOST Werke AG – November 21, 2019

**1. Highlights – 9M 2019**

**2. Market outlook**

**3. Detailed results review**

**4. Company outlook**

**5. Q&A**

**Appendix**



## Business highlights – 9M 2019



Sales	Markets slowed down in Q3; <b>group</b> sales in 9M up <b>+1.9%</b> to <b>€579m</b>
	JOST's sales in <b>Europe</b> were down by <b>-2.3%</b> to <b>€343m</b> in 9M, despite strong decline of trailer markets
	<b>North America</b> continued with strong momentum <b>+20.9%</b> to <b>€129m</b> in 9M
	Sales in <b>APA</b> down <b>-3.1%</b> to <b>€107m</b> affected by very weak Indian market. JOST could increase prior year's sales in the other countries of the region despite overall declining markets
Earnings	Adjusted <b>EBIT</b> <b>+0.4%</b> to <b>€66m</b> in 9M
	Adjusted EBIT <b>margin</b> in 9M nearly stable at <b>11.3%</b>
Finance	Operating <b>cash flow</b> doubled to <b>€56m</b> due to significant improvements in working capital
	Net <b>Working Capital</b> as % of LTM sales down by <b>2.5pp</b> to <b>19.5%</b>
Outlook	JOST expects sales and earnings in 2019 to decline in a low-single-digit percentage range compared to 2018

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# Truck and trailer market outlook for 2019



	Europe	North America	APA
Truck	<p>(1)-0%</p> <p>Slight decline expected due to increasing weakness in Q4</p>	<p>5-10%</p> <p>Another strong year on top of already very high levels</p>	<p>(10)-(5)%</p> <p>Market slow down continues</p>
Trailer	<p>(15)-(10)%</p> <p>Declining market expected following a strong 2018</p>	<p>0-3%</p> <p>Growth rates coming down on the back of slowing orders</p>	<p>(10)-(5)%</p> <p>Market slow down continues</p>

Note: Market estimates for heavy truck based on LMC, Clear Consulting and FTR (as of October 2019)

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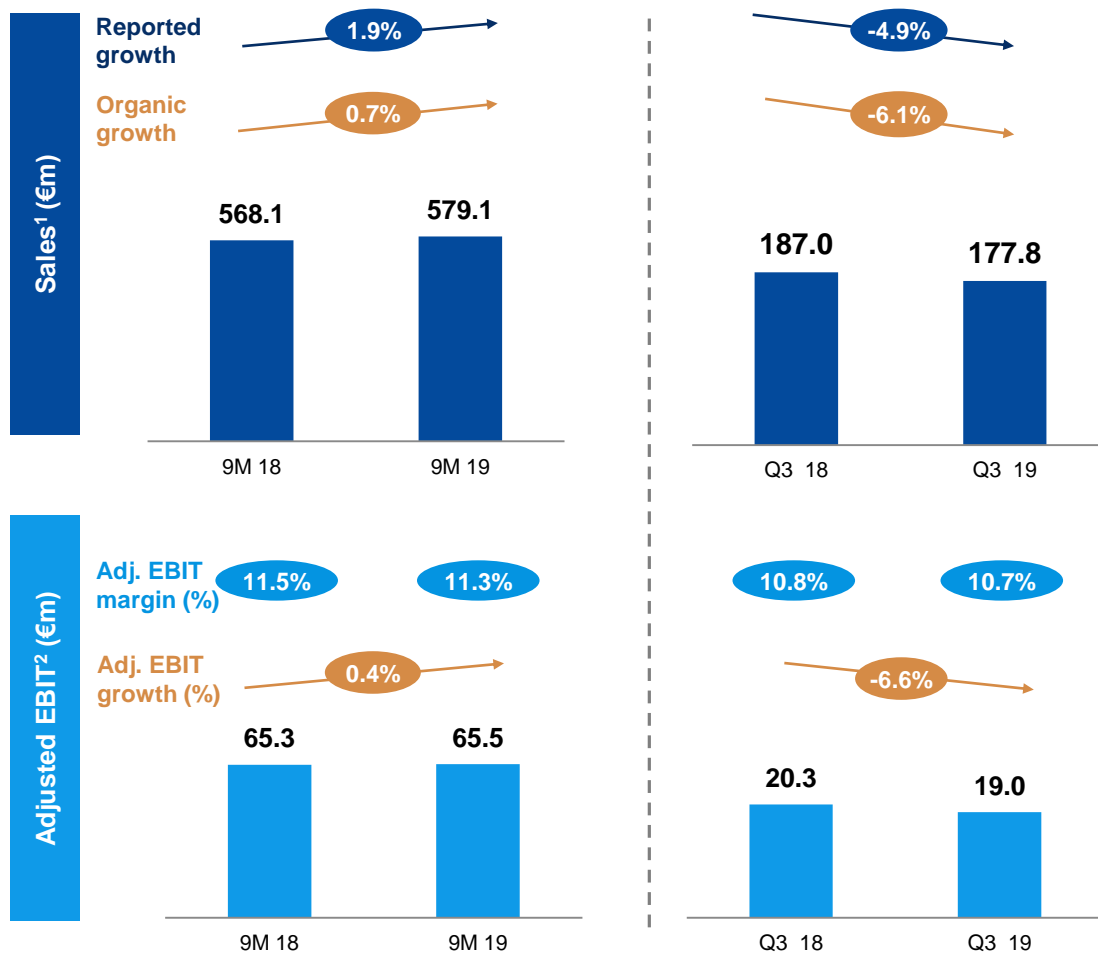
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Appendix

# Group – Seasonal weakness in Q3 stronger than in prior year



## Key financials



## Key highlights

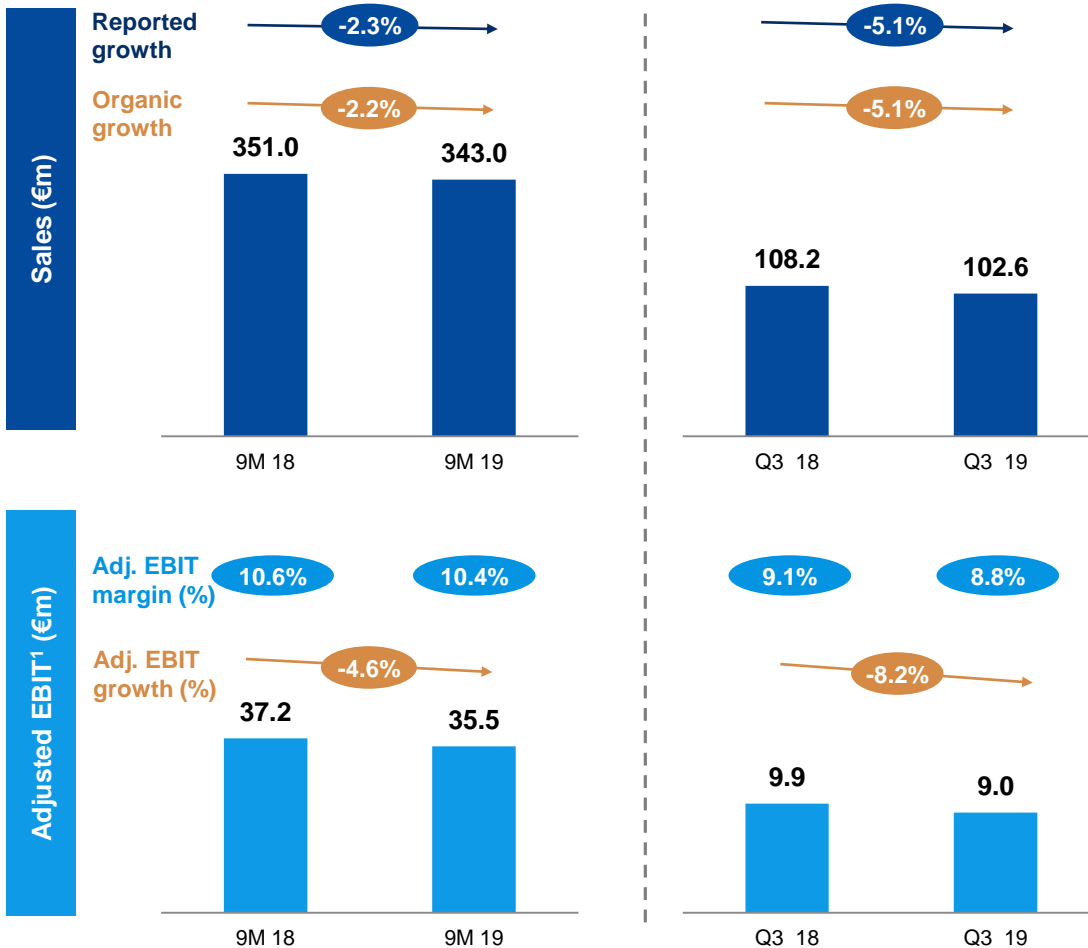
- ❖ Continued high activity level in North America partially offset weakness of markets in Europe and India during Q3
- ❖ In 9M 2019 group sales up by +1.9%
- ❖ Adj. EBIT developed mostly in line with sales, with Q3 adj. EBIT down by 6.6% and margin stable at 10.7%
- ❖ In 9M adj. EBIT grew by 0.4% with margin reaching 11.3%
- ❖ Good operating performance in North America partially offset cost pressure from increasing wages in other regions

<sup>1</sup> Reported sales figures do not include sales of Brazil JV  
<sup>2</sup> Operating profit adjusted for PPA effects and exceptionals

# Europe – Decline of standard trailer markets burdens Europe



## Key financials



## Key highlights

- ❖ Typical Q3 seasonality in Europe was stronger than in prior years, but sales remained on a high level with Q3 19 being the second strongest JOST's Q3 in the region.
- ❖ Market impact: Trailer production in Europe declined further and truck production was weaker compared to strong prior year. Sales to specialty trailers remained stable
- ❖ Adj. EBIT and adj. EBIT margin below prior year mostly due to:
  - lower sales volume
  - rising personnel costs
- ❖ Focus for the remainder of 2019 and the following year are:
  - further increase of efficiency across all processes
  - increasing automation in the production area

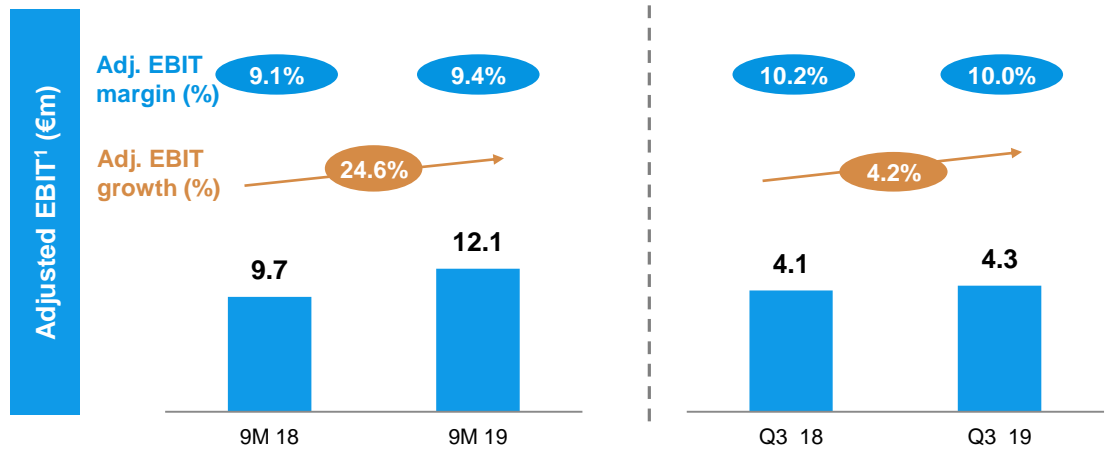
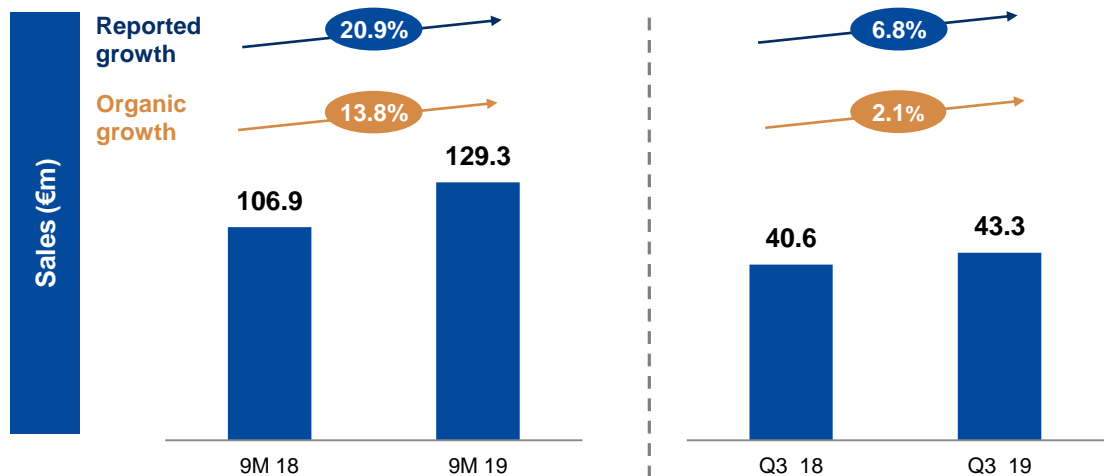
<sup>1</sup> Operating profit adjusted for PPA effects and exceptionals



# North America – Ongoing strong topline and earnings growth



## Key financials



## Key highlights

- ❖ JOST continued its growth in North America, with sales up by +20.9% in 9M and +6.8% in Q3
- ❖ Reported sales grew stronger than organic sales due to FX-tailwinds of 4.7% in Q3 and 7.1% in 9M
- ❖ Market impact: JOST continued to profit from strong demand, strengthening its market position

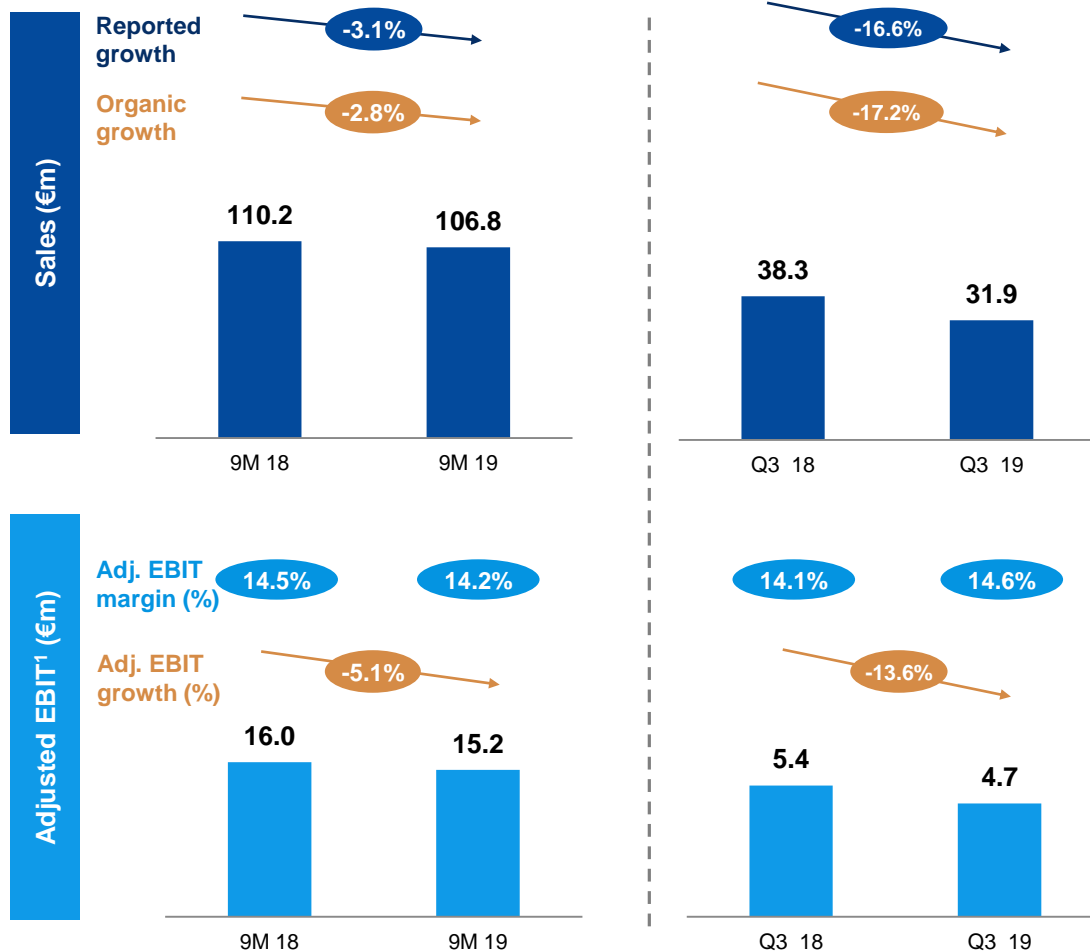
- ❖ Adj. EBIT up by +24.6% in 9M with adj. EBIT margin increasing to 9.4%
- ❖ Adj. EBIT margin in Q3 reached the double-digit range at 10.0% for the 2nd consecutive quarter.
- ❖ Margin improvement supported by strong sales growth and good operating performance

<sup>1</sup> Operating profit adjusted for PPA effects and exceptionals

# APA – Ongoing weakness in India affects APA results



## Key financials



## Key highlights

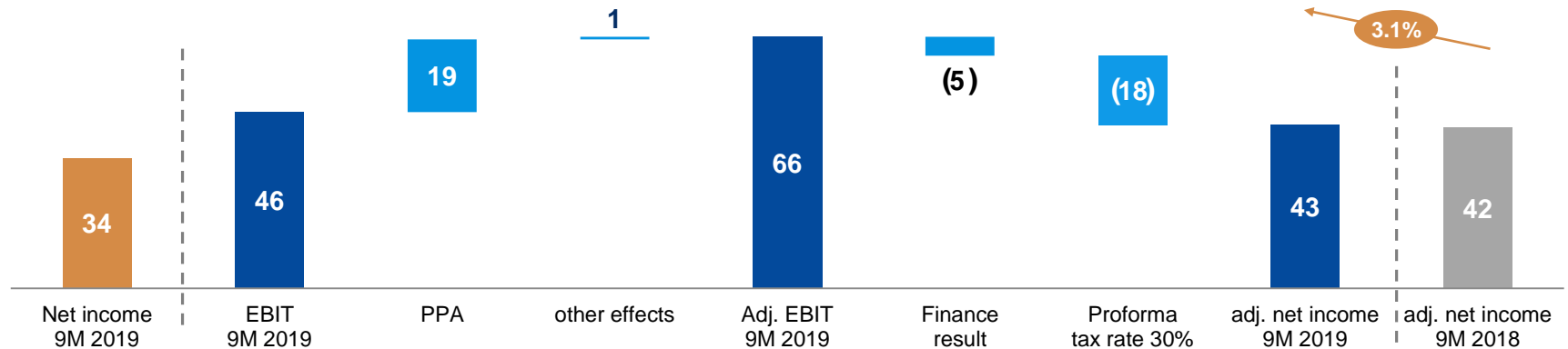
- ❖ Sales in APA were down by 17% in Q3, mostly due to strong decline of truck and trailer demand in India
- ❖ In 9M sales only down by 3.1% due to good performance of JOST in China and other APA countries
- ❖ Market impact: In Q3 JOST was able to keep sales on prior year's level in most APA countries, but this was not enough to compensate the strong decline in India.
- ❖ Adj. EBIT down mostly in line with sales development with margins reaching 14.2% in 9M.
- ❖ Margins in Q3 improved to 14.6% despite declining sales. JOST was able to use its flexibility to scale down production levels in India and cut costs quickly, reducing negative impact for the region

<sup>1</sup> Operating profit adjusted for PPA effects and exceptionals

# Adjusted net income and adjusted EPS increased in 9M 2019



## Reconciliation of adjusted earnings



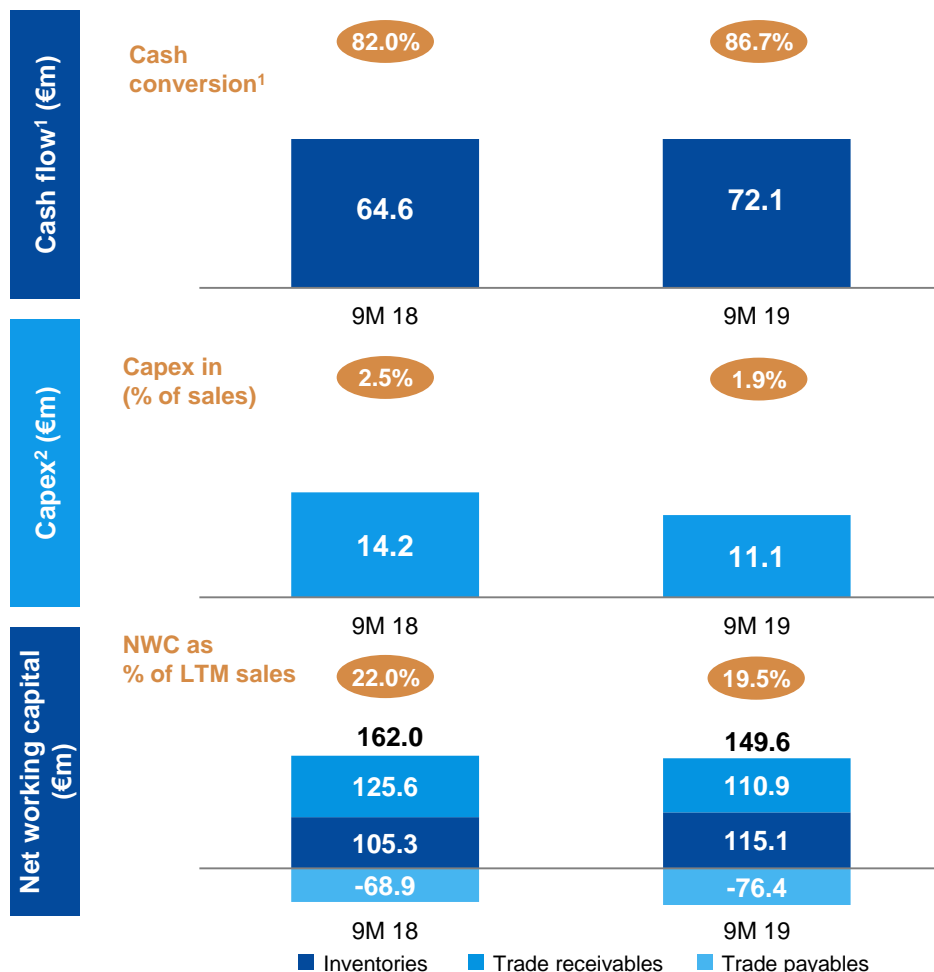
## Key highlights

- ❖ Adjustments to EBIT mainly from amortization of PPA (non-operating)
- ❖ Although EBT grew by 12.9% to €41.2 m (9M 2018: €36.5m), reported net earnings declined to €34.4m (9M 2018: €43.3m) due to a positive one-off tax effect in the previous year amounting to €14.8m. Accordingly EPS in 9M 2019 amounted to €2.31 (9M 2018: €2.91).
- ❖ Adjusted net income grew by 3.1% to €42.7m (9M 2018: €41.5m). Adjusted EPS grew to €2.87 (9M 2018: €2.78).

# Strong cash generation and good working capital management



## Key financials overview



## Key highlights

- ❖ Cash conversion rate rose as a result of higher operating earnings and better working capital management
- ❖ Capex in 9M 2019 lower than in prior year due to different phasing of investments
- ❖ Higher portion of investment should take place in Q4, with FY capex expected to be ~2.5% of sales
- ❖ Working capital improved primarily due to lower trade receivables and higher trade payables
- ❖ NWC as % of sales improved to 19.5%
- ❖ By year end NWC is expected to improve further and fall below prior year's level (2018: 18.5%) – previously JOST was expecting NWC to be at ~20%

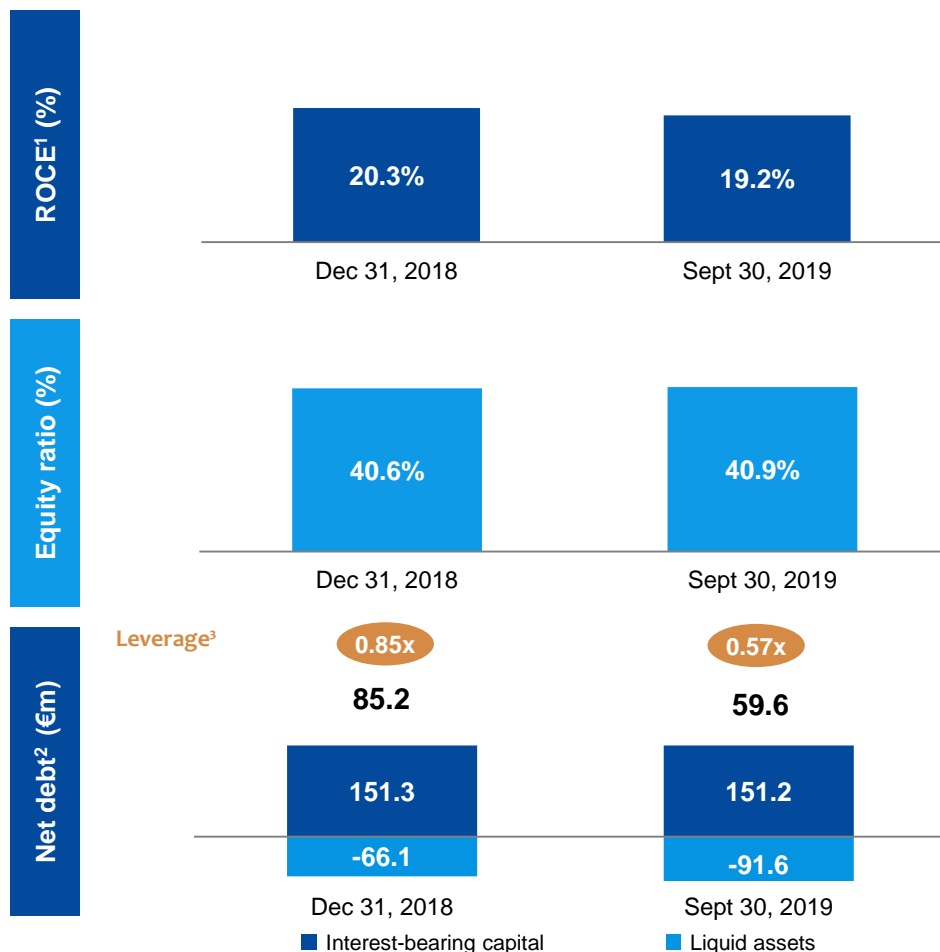
<sup>1</sup> Cash flow defined as adjusted EBITDA – capex; cash conversion defined as (adjusted EBITDA – capex)/adjusted EBITDA

<sup>2</sup> Capex calculated as payments to acquire property, plant and equipment as well as intangible assets

# Equity ratio and leverage further improved, ROCE stable on high level



## Balance sheet overview



## Key highlights

- ❖ ROCE only slightly down to 19.2% despite increase of other financial liabilities following the first-time adoption of IFRS 16
- ❖ Equity ratio increased compared to year end, despite negative impact from the first-time adoption of IFRS 16, which resulted in an increase of short- and long-term financial liabilities, and dividend payments of €16.4m.
- ❖ Leverage improved to 0.57x
- ❖ Liquid assets grew by €25.5m reaching €91.6m
- ❖ Net debt was further reduced to €59.6m because of the strong increase in liquid assets

<sup>1</sup> ROCE=LTM adj. EBIT / interest-bearing capital employed (interest-bearing capital: equity + financial liabilities (excl. refinancing costs) – liquid assets + provisions for pensions)

<sup>2</sup> Net debt = Interest-bearing capital (excl. refinancing costs) – liquid assets

<sup>3</sup> Leverage = Net debt/LTM adj. EBITDA [LTM EBITDA 9M 2019= €104m; EBITDA FY 2018 = €100m]

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## Outlook for FY 2019



	FY 2018	Outlook 2019 (old) <sup>1</sup>	Outlook 2019 (new)
Sales	755	Low-single-digit % growth	Low-single-digit % decline
Adjusted EBITDA	100	Low-single-digit % growth	Low-single-digit % decline
Adjusted EBIT	81	Low-single-digit % growth	Low-single-digit % decline
Adjusted EBIT margin	10.7%	Stable	~ Stable
Capex <sup>2</sup> (in % of sales)	20 (2.6%)	~2.5% of sales	~2.5% of sales
Net working capital (in % of sales)	140 (18.5%)	<20%	<18.5%
Leverage <sup>3</sup>	0.85x	<0.85x	~0.5x

<sup>1</sup> The previous outlook was based on the assumption of a stable macroeconomic and political environment in 2019

<sup>2</sup> Capex calculated as payments to acquire property, plant and equipment as well as intangible assets, excluding potential acquisitions

<sup>3</sup> Excluding potential acquisitions

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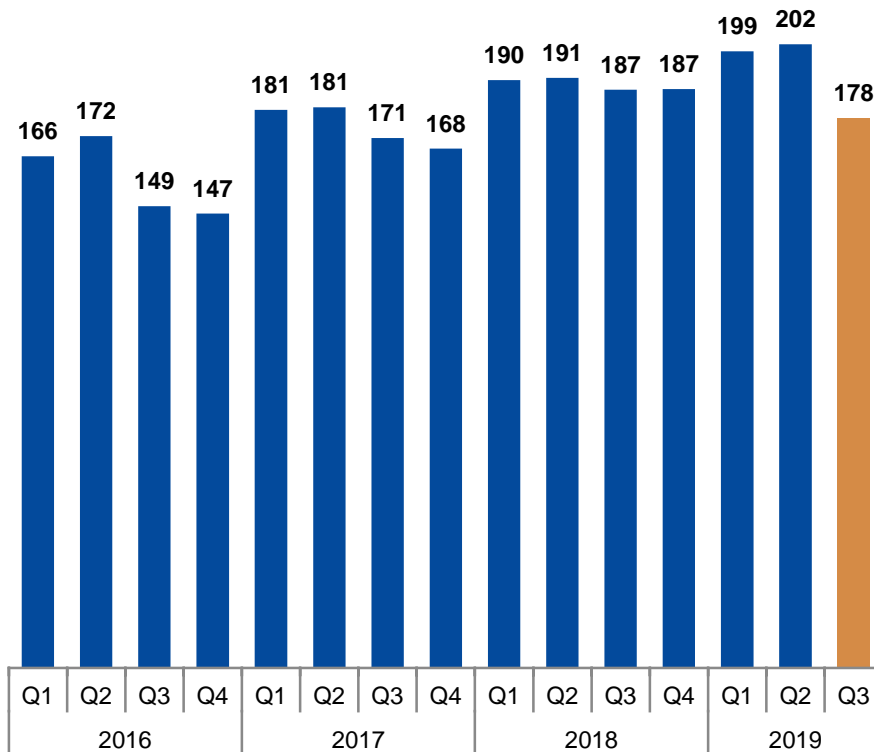
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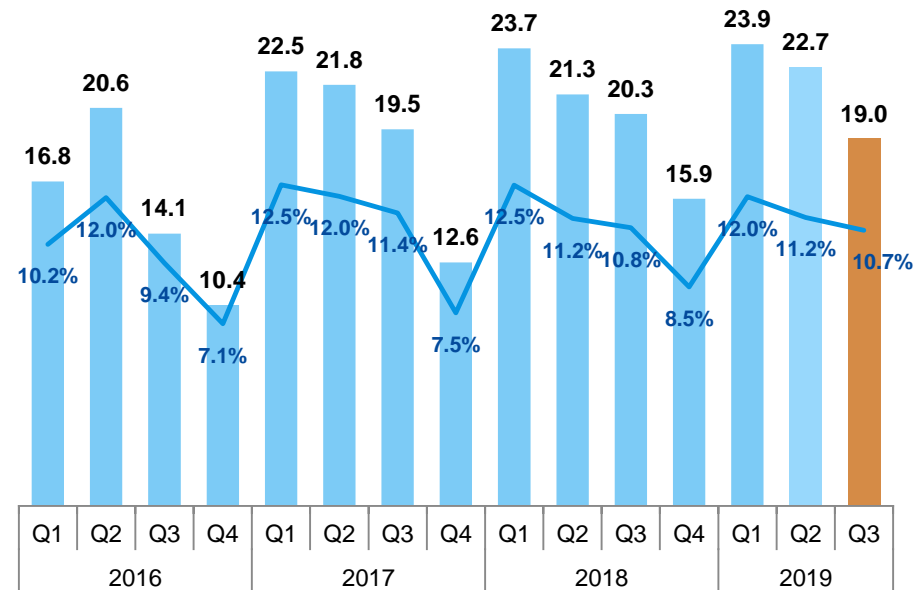
# Development of JOST's sales and adjusted EBIT by quarter



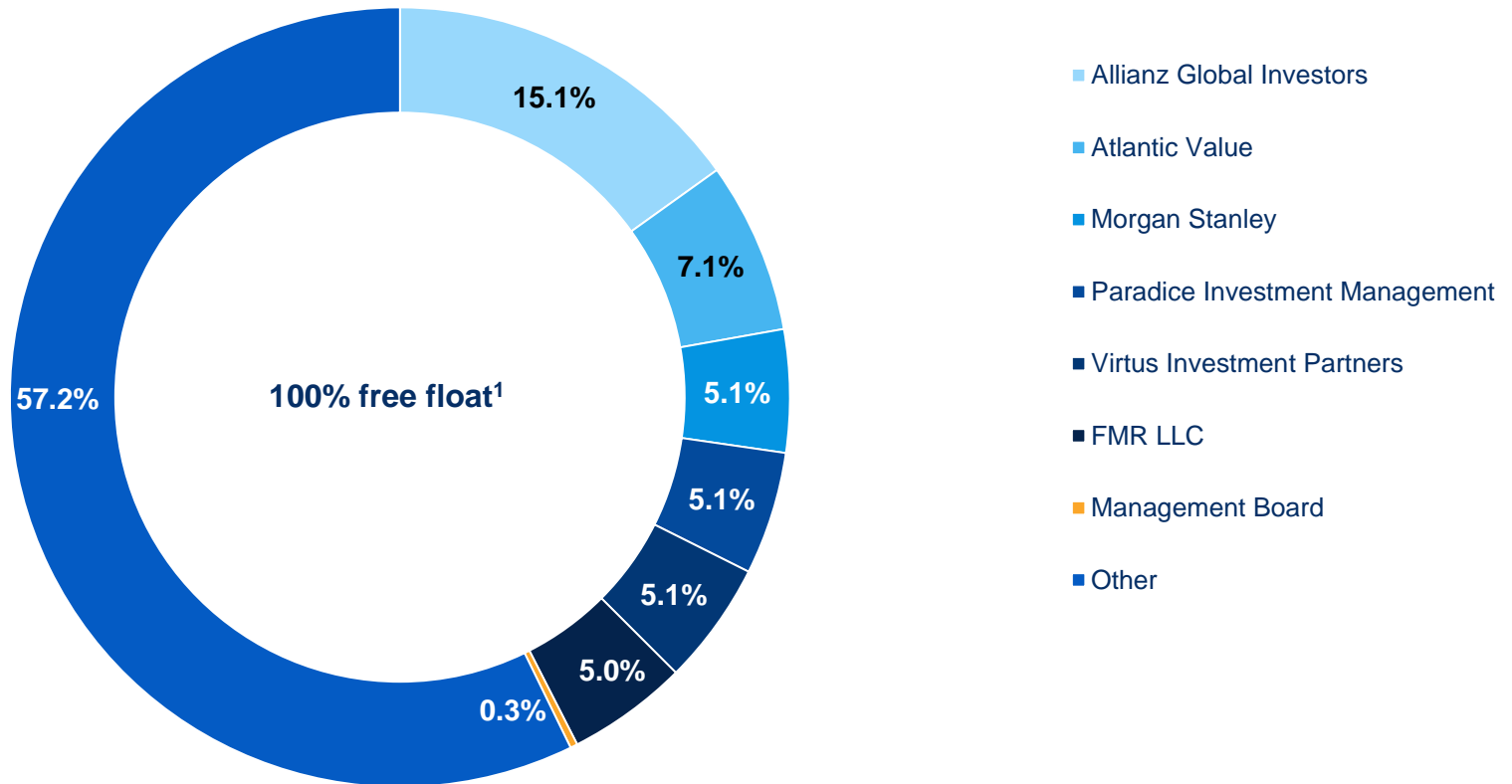
Sales (€m)



Adj. EBIT (€m)



## Shareholder structure as of November 15, 2019



<sup>1</sup> According to German stock exchange definition 100% of shares qualify as free float

## Key figures – 9M 2019 and Q3 2019



(€ m)	9M 2019	9M 2018	yoy	Q3 2019	Q3 2018	yoy
Sales Europe	343.0	351.0	-2.3 %	102.6	108.2	-5.1%
Sales North America	129.3	106.9	20.9 %	43.3	40.6	6.8%
Sales APA	106.8	110.2	-3.1 %	31.9	38.3	-16.6%
<b>Sales JOST Werke Group</b>	<b>579.1</b>	<b>568.1</b>	<b>1.9 %</b>	<b>177.8</b>	<b>187.0</b>	<b>-4.9%</b>
<b>Adjusted EBITDA<sup>1</sup></b>	<b>83.2</b>	<b>78.8</b>	<b>5.6 %</b>	<b>24.9</b>	<b>24.8</b>	<b>0.2%</b>
Adjusted EBITDA margin	14.4 %	13.9%	0.5 pp	14.0 %	13.3 %	0.7 pp
<b>Adjusted EBIT<sup>1</sup></b>	<b>65.5</b>	<b>65.3</b>	<b>0.4 %</b>	<b>19.0</b>	<b>20.3</b>	<b>-6.6 %</b>
Adjusted EBIT margin	11.3 %	11.5 %	-0.2 pp	10.7 %	10.8 %	-0.1 pp
<b>Adjusted net income<sup>1</sup></b>	<b>42.7</b>	<b>41.5</b>	<b>3.1 %</b>	<b>12.8</b>	<b>12.6</b>	<b>1.5 %</b>
Adjusted EPS (€)	2.87	2.78	3.2 %	0.86	0.85	1.2 %
Capex	11.1	14.2	-22.0 %	4.1	5.0	-18.1 %
Capex (% of sales)	1.9 %	2.5 %	-0.6 pp	2.3 %	2.7 %	-0.4 pp
ROCE <sup>2</sup>	19.2 %	18.9 %	0.3 pp			
Cash conversion rate <sup>3</sup>	86.7 %	82.0 %	4.7 pp	83.5%	79.8%	3.7 pp
Leverage ratio <sup>4</sup>	0.57x	1.16x	-50.4 %			

<sup>1</sup> Adjusted for PPA effects and exceptionals

<sup>2</sup> LTM adj. EBIT/ interest-bearing capital employed; interest-bearing capital: shareholders' equity + financial liabilities excl. refinancing costs – liquid assets + provisions for pensions

<sup>3</sup> (Adj. EBITDA – Capex) / adj. EBITDA

<sup>4</sup> Net debt / LTM adj. EBITDA

## Reconciliation of earnings



(€m)	9M 2019 reported	Other Effects	PPA	Total adjustments	9M 2019 adjusted
Sales revenues	579.1				579.0
Cost of sale	-428.4	0.2		0.2	-428.2
Gross profit	150.7	0.2		0.2	150.9
Selling expenses	-66.8	0.2	18.8	19.0	-47.8
R&D expenses	-10.3				-10.3
Administrative expenses	-31.3	0.6		0.6	-30.7
Other income / -expenses	0.6	0.1		0.1	0.7
Share of JV profit	2.7				2.7
<b>Operating profit (EBIT)</b>	<b>45.6</b>	<b>1.1</b>	<b>18.8</b>	<b>19.9</b>	<b>65.5</b>
Net finance result	-4.5				-4.5
Profit / loss before tax	41.1	0	18.8	19.9	61.0
Income taxes	-6.7				-18.3
<b>Profit / loss after taxes</b>	<b>34.4</b>				<b>42.7</b>
Number of shares	14,900,000				14,900,000
<b>EPS (in €)</b>	<b>2.31</b>				<b>2.87</b>



## Further information



### Financial Calendar 2019

Nov. 21	Publication of 9M 2019 Report
Nov. 22	Road show London, UK

### Financial Calendar 2020

Jan. 10	ODDO BHF Forum 2020, Lyon/France
Jan. 13-15	Commerzbank German Investment Seminar 2020, New York/U.S.
Jan. 21	UniCredit & Kepler Cheuvreux, 19. German Corporate Conference, Frankfurt/Germany
Feb. 18	Preliminary Results FY 2019
Mar. 25	Publication of Annual Group Report FY 2019
May 7	Annual General Meeting 2020
May 14	Publication of Q1 2020 Report
Aug. 13	Publication of H1 2020 Report
Nov. 12	Publication of 9M 2020 Report

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