



H1 2018 Results

Lars Brorsen (CEO)

Christoph Hobo (CFO)

August 28, 2018

JOST

Agenda



1. Highlights H1 2018

2. Market outlook

3. Detailed results review

4. Company outlook

5. Q&A

Appendix

Business summary – H1 2018 highlights



Organic group sales growth of 9% in H1 2018

Reported group sales grew by 5% to €381m (H1 17: €362m)

- ✓ Sales in Europe up by 6% to €243m – growth supported by strong demand in trucks and trailers
- ✓ North America sales significantly up by 21% in US\$ terms – driven by underlying market growth and further market share gains. Reported US sales on euro basis up by 8% to €66m
- ✓ Organic sales growth in APA up by 7% – demand for quality products increasing; strong growth in Australia, India and Far East Asia. Reported sales in APA on euro basis up by 1% to €72m

Adjusted EBIT up by 2% to €45m (H1 17: €44m)

- ✓ Group margin amounted to 11.8% despite significant raw material price increases and additional cost pressure due to capacity constraints in the supply chain (H1 17: 12.2%)

Net earnings improved significantly in H1 2018 reaching €35m (H1 17: € -82m)

- ✓ Liquid assets amounted to €38m after dividend payments of €7.5m and €30m debt repayment (H1 2017: €55m)
- ✓ Reported earnings per share (EPS) grew to €2.33 (H1 17: € -5.50); adjusted EPS grew to €1.94 (H1 17: €1.71)

2018 forecast raised: Mid- to high-single digit organic sales growth; mid-single digit adj. EBIT growth

Agenda



1. Highlights H1 2018

2. Market outlook

3. Detailed results review

4. Company outlook

5. Q&A

Appendix

Market outlook 2018



	Europe	North America	APA
Truck	 0-3%	 25-30%	 (15)-(10)%
	Stable on high level	Accelerated strong growth continues	Correction expected following massive growth in 2017
Trailer	 0-2%	 7-10%	 (5)-(0)%
	Forecast increased to flat market, cyclical correction postponed	Forecast raised as trailer demand remains strong	Slowing demand following strong increase in recent years

Note: JOST estimates based on Berger, LMC, Clear, FTR

Agenda



1. Highlights H1 2018

2. Market outlook

3. Detailed results review

4. Company outlook

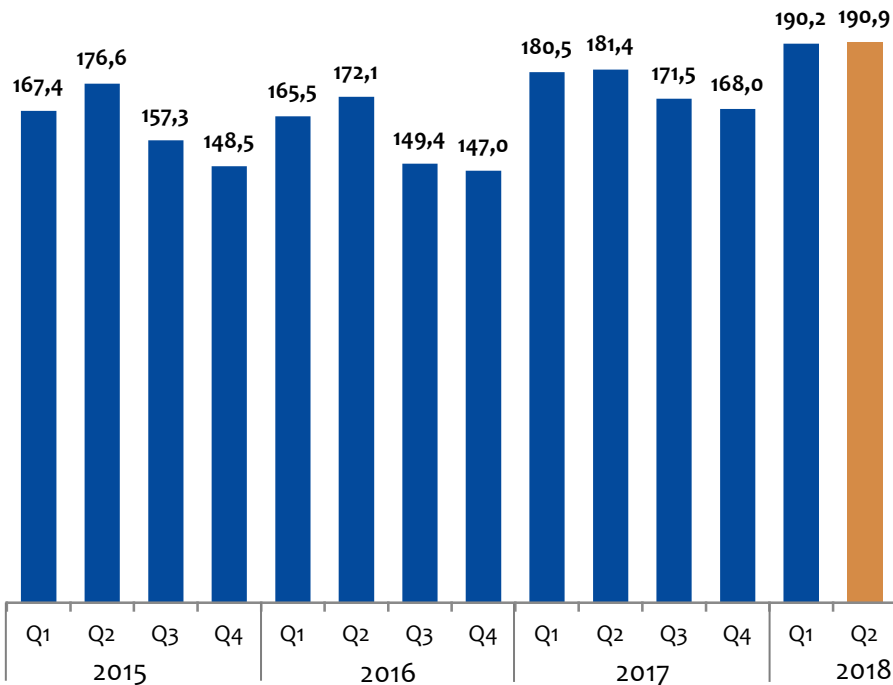
5. Q&A

Appendix

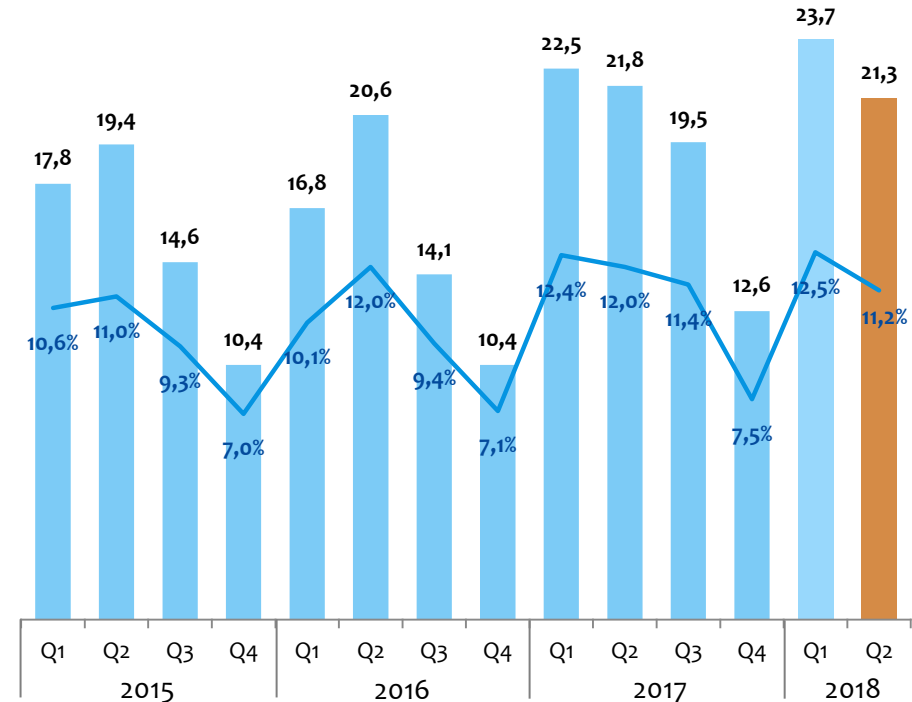
Group's sales and adjusted EBIT by quarter



Sales (€m)

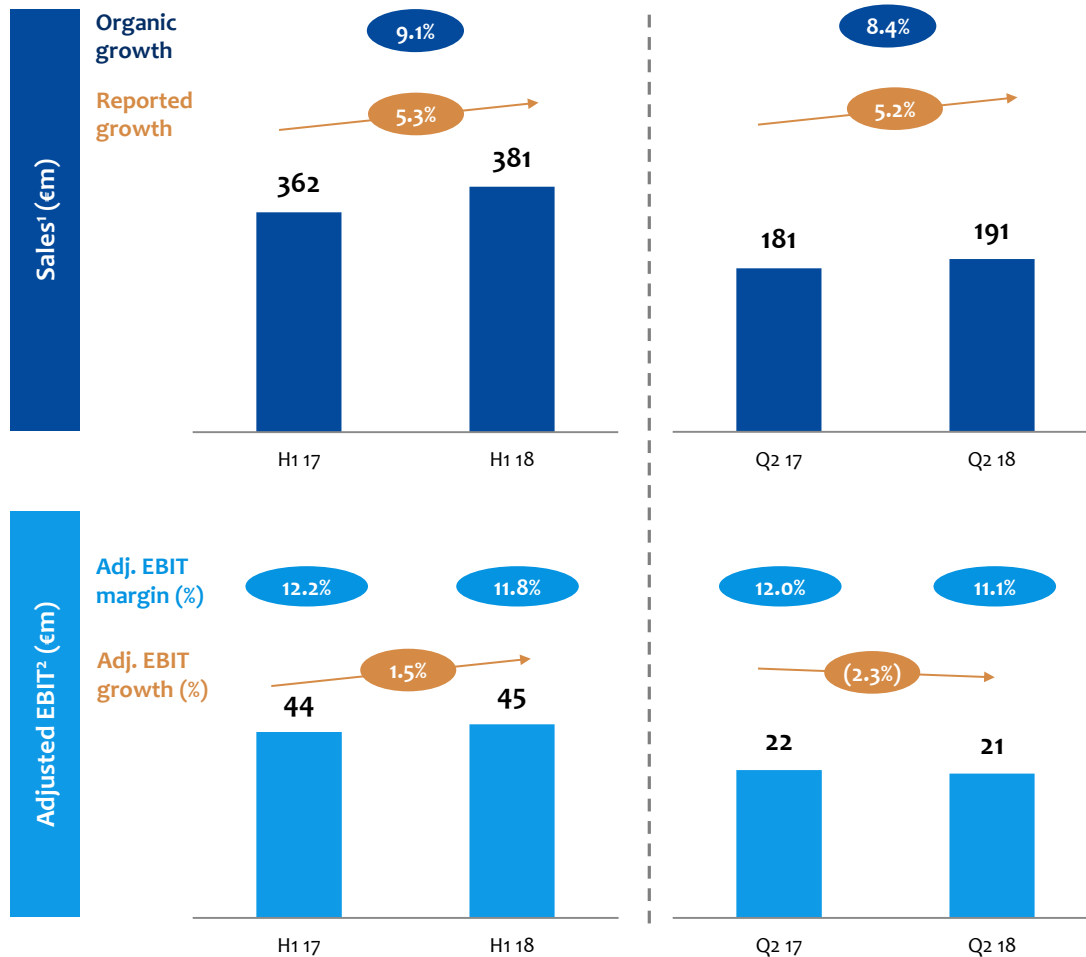


Adj. EBIT (€m)



Sales continued on record level in Q2 2018; operating leverage and efficiency improvements partially offset impact of raw material price increases and extra costs due to tightness in the supply chain

Group – Sales on record level and solid earnings despite headwinds



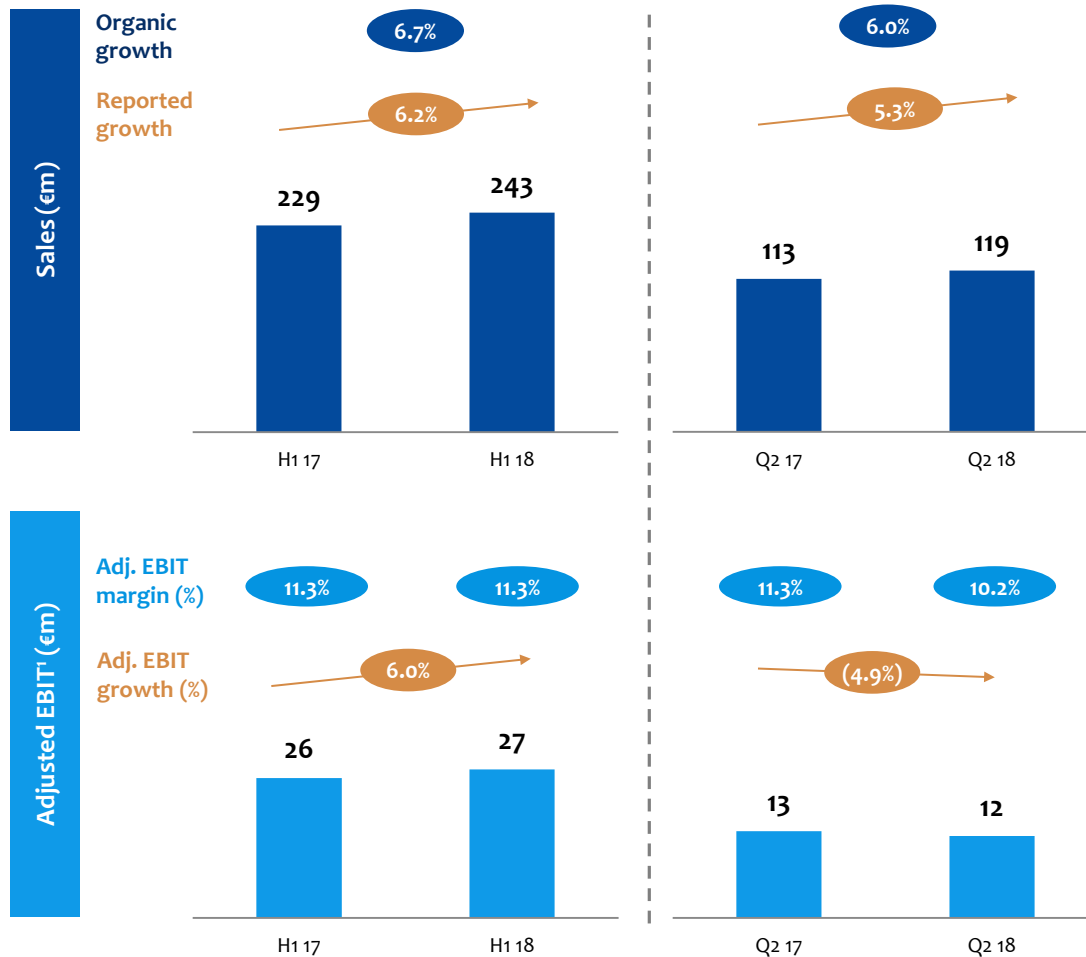
Key highlights

- ❖ Prior year sales exceeded in all regions.
- ❖ Growth driven by strong demand and market share gains in North America, sales increases in Europe and stable performance in APA on an elevated level
- ❖ Adj. EBIT grew by 1.5% in H1, despite significant raw material price increases
- ❖ Operating leverage could not completely offset burden from soaring raw material prices and additional costs due to bottlenecks in the supply chain, resulting in margin contraction by 90bp in Q2

¹ Reported sales figures do not include sales of Brazil JV

² Operating profit adjusted for PPA effects and exceptionals

Europe – Strong sales growth continues at stable YTD margins

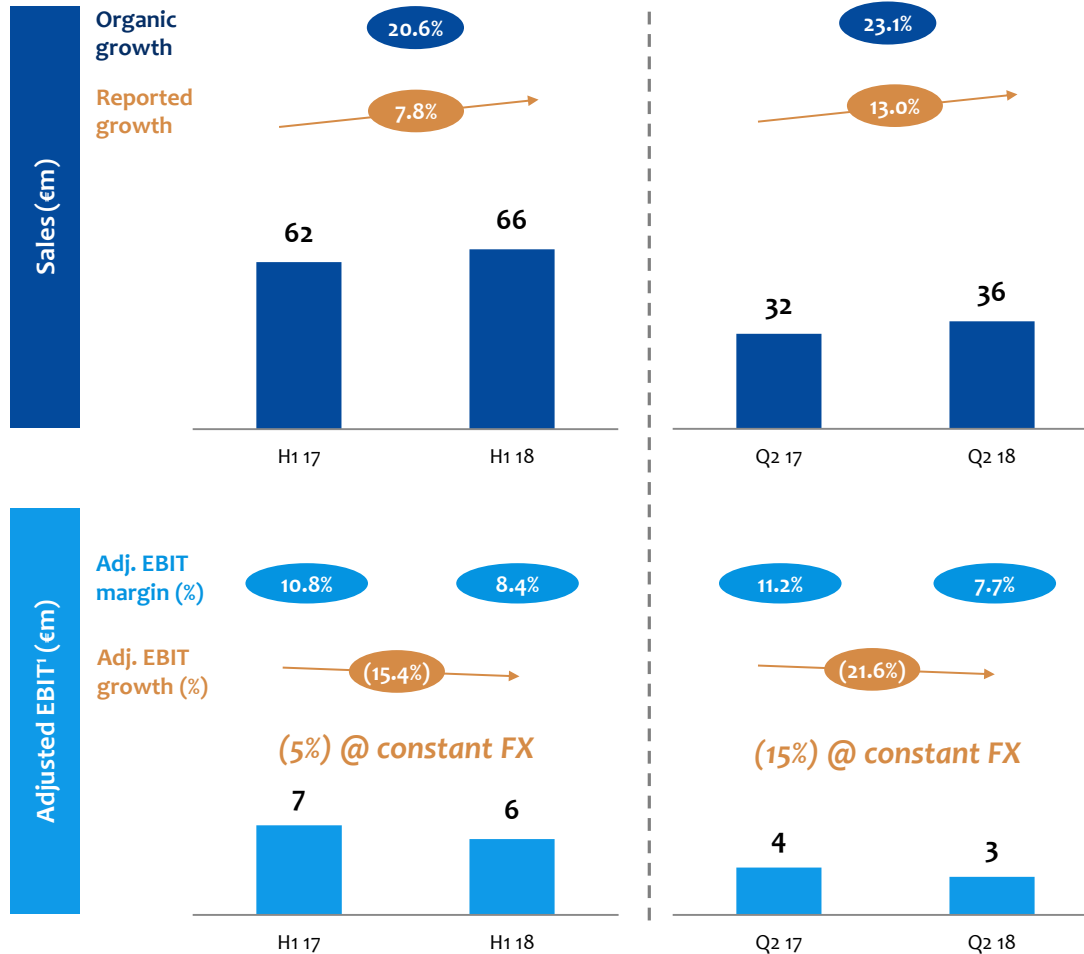


Key highlights

- ❖ Strong sales growth in trucks and trailers on the back of strong activity levels and high market shares
- ❖ Adj. EBIT grew by 6.0% in H1 with margin stable at 11.3%
- ❖ Q2 margins affected by raw material prices and temporary bottlenecks in the supply chain leading to extra costs in procurement and logistics
- ❖ Wage increases led to higher personnel costs, which need to be countered by additional efficiencies

¹Operating profit adjusted for PPA effects and exceptionals

North America – Rapid sales growth and market share gains continue

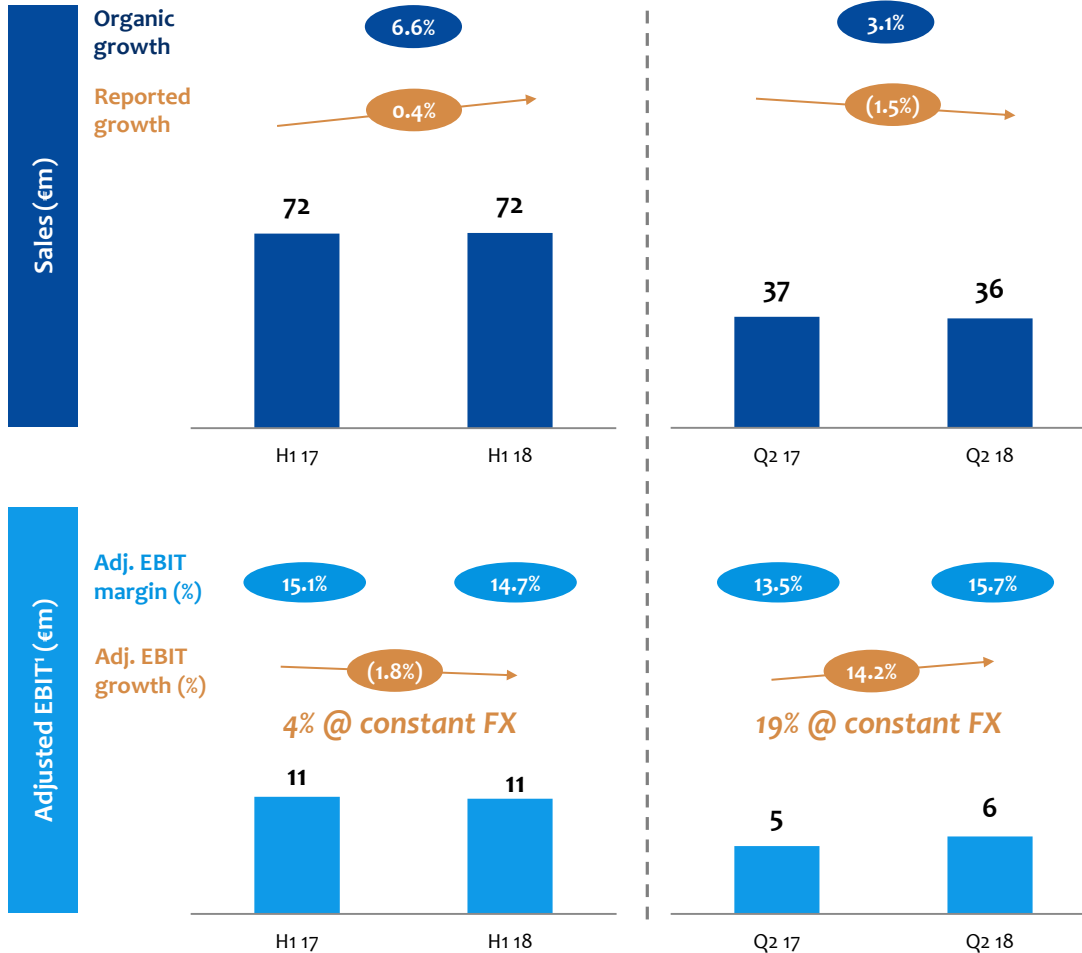


Key highlights

- ❖ 20.6% sales growth driven by soaring truck production and market share gains, also supported by still growing trailer market
- ❖ Headwinds from currency effects still strong (-12.8% translational FX)
- ❖ Adj. EBIT affected by
 - ❖ Further hike of steel prices in Q2
 - ❖ Higher share of OEM sales vs. prior year
 - ❖ Recruitment and training of new staff to cope with high activity
- ❖ Improving operating leverage expected in H2 as raw material prices are passed through and efficiency of new staff increases

¹Operating profit adjusted for PPA effects and exceptionals

APA – Stable sales at elevated levels and improving margins



Key highlights

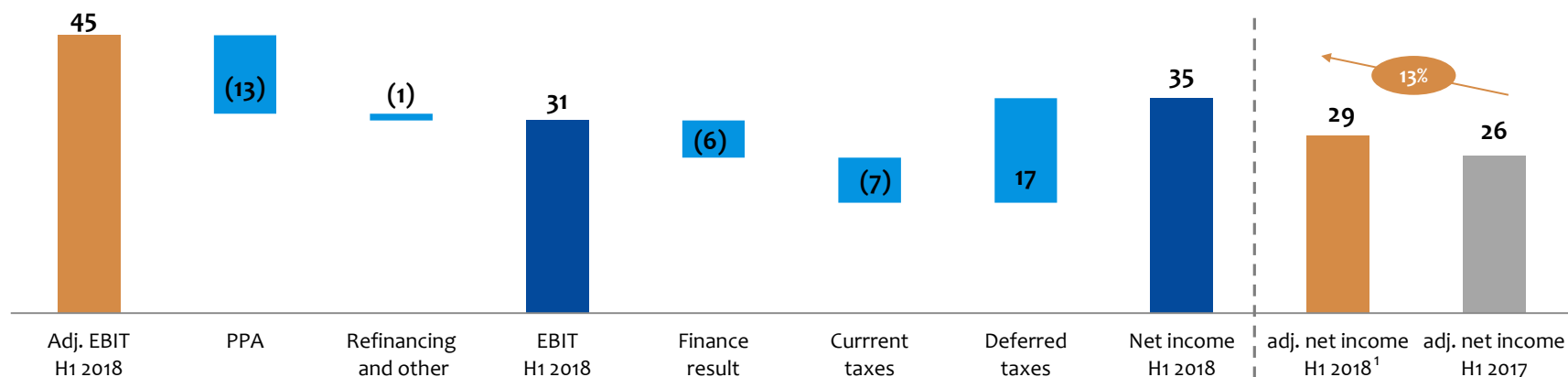
- ❖ 6.6% organic sales growth in H1 on top of prior year's record level (+41.6% sales growth in H1 17)
- ❖ Headwinds from currency effects remain strong (-6.2% translational FX)
- ❖ Adj. EBIT slightly down with H1 margins reaching 14.7%
- ❖ Start-up costs from plant relocation in China phased out during Q2, leading to a visible q-o-q margin improvement by 220bp, despite further raw material price increases

¹Operating profit adjusted for PPA effects and exceptionals

Significant improvements of net income and EPS



Reconciliation of adjusted earnings



Key highlights

- ❖ In the context of the new refinancing, deferred tax assets resulting from interest and loss carryforwards amounting €14.8m capitalized in Q2 2018
- ❖ Finance result includes one-off costs amounting to €2.2m from refinancing in Q2 2018
- ❖ Adjustments to EBIT mainly from amortization of PPA (non-operating); further exceptionals stemmed mainly from advisory fees in the context of the refinancing and from the relocation of production from Shanghai to Wuhan

Reported EPS rose to €2.33 (H1 2017: €-5.50)

Adjusted EPS grew by 13% to €1.94 (H1 2017: €1.71)

¹ Detailed adjustments to net income can be found in Appendix on page 19

New financing – Notably improved terms with lower costs of capital

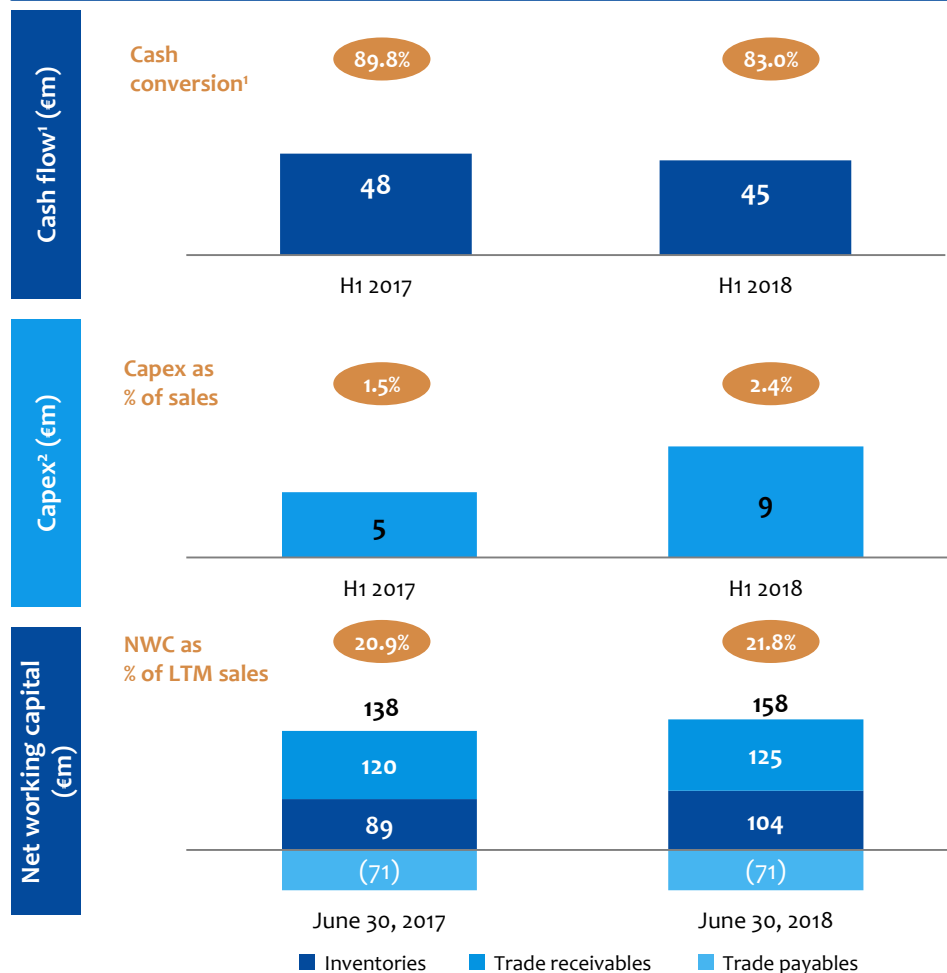


	Redeemed financing (old)	New financing
Type of financing	Senior loan	Promissory note loans (Schuldschein)
Nominal amount	€ 180m	€ 150m
Maturity	100% due on July 2022	77% due on June 2023 23% due on June 2025
Interest rate margin	Ø 1.5% 100% floating	Ø 1.1% 33% fixed; 67% floating
Financial covenants	Yes	No
Additional revolving facility	€ 80m	€ 150m

Cash conversion affected by higher capex



Key financials overview



Key highlights

- ❖ Cash conversion slightly down due to cumulated capex spending in H1 2018
- ❖ Capex ratio within plan (prior year's investments were more back-ended)
- ❖ Higher NWC due to increased sales volumes with inventory and trade receivables growing as a result of the higher activity levels
- ❖ NWC as % of sales expected to be below 20% over the course of the year. Due to seasonality, H1 levels tend to be higher

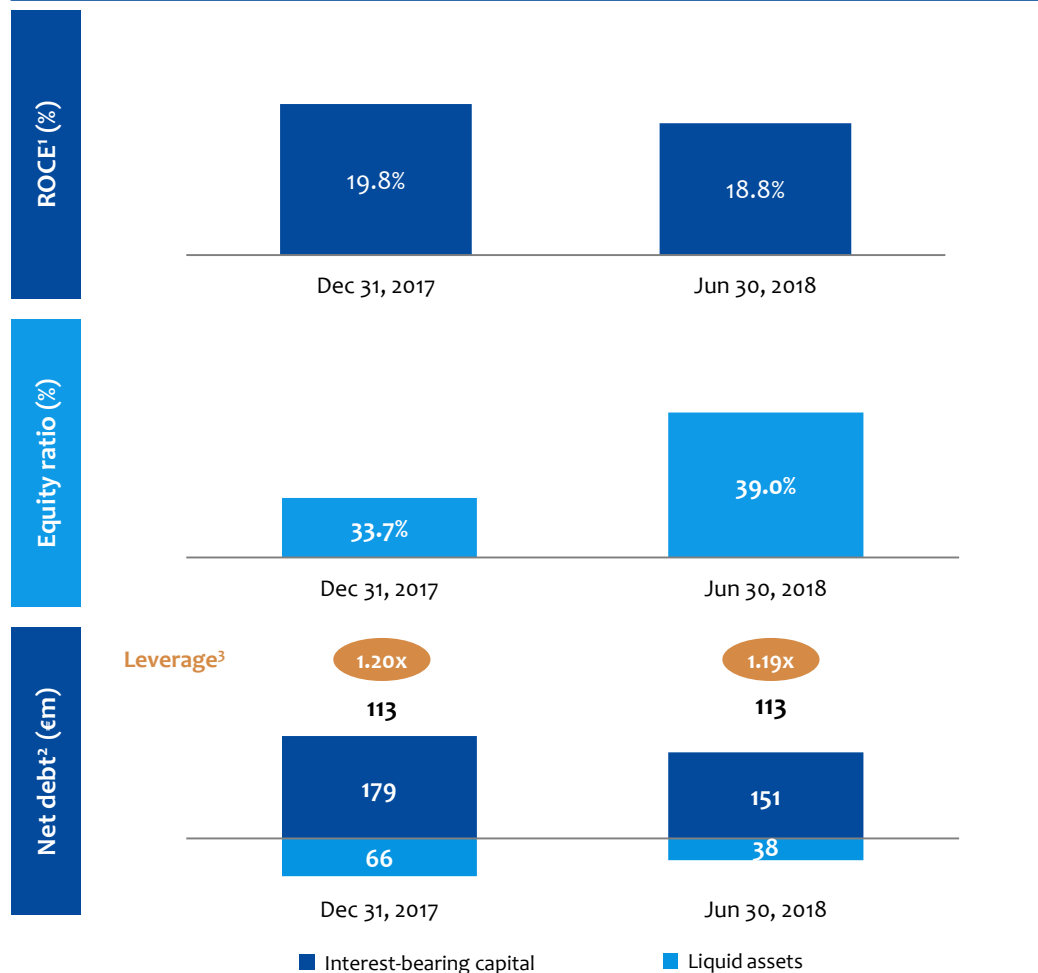
¹ Cash flow defined as adjusted EBITDA – capex; cash conversion defined as (adjusted EBITDA – capex)/adjusted EBITDA

² Capex calculated as payments to acquire property, plant and equipment as well as intangible assets

Equity ratio further improved with net debt remaining stable



Balance sheet overview



Key highlights

- ❖ ROCE slightly down to 18.8%, mostly due to an increase in equity by 11.7%
- ❖ Equity ratio improved to 39.0% as a result of high net income in H1 2018 as well as the reduction of long-term debt
- ❖ Leverage improved to 1.19x
- ❖ Net debt stable at €113m
- ❖ Liquid assets down to €38m, after reducing long-term debt by €30m and dividend payment of €7.5m

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

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

³ Leverage = Net debt/LTM adj. EBITDA

Agenda



1. Highlights H1 2018

2. Market outlook

3. Detailed results review

4. Company outlook

5. Q&A

Appendix

Outlook 2018 – raised



	FY 2017 (€m)	Outlook 2018 (old)	Outlook 2018 (new)
Sales	701	Mid single digit growth	Mid- to high single digit growth
Adjusted EBIT	76	Mid single digit growth	Mid single digit growth
Capex ¹ (% of sales)	19 (2.7%)	~2.5% of sales	~2.5% of sales
Net working capital (% of sales)	130 (18.6%)	<20%	<20%
Leverage ²	1.2X	~ 1.0X	< 1.0X

¹ Capex calculated as payments to acquire property, plant and equipment as well as intangible assets

² Excluding potential acquisitions

H2 2018

August 28 th	Publication of H1 2018 Results and Conference Call
August 29 th	Commerzbank Sector Conference 2018, Frankfurt
September 21 th	IAA Commercial Vehicles – JOST booth (Hall 26, stand D34)
September 25 th	Baader Investment Conference 2018, Munich
September 26 th	Berenberg & Goldman Sachs 7 th German Corp. Conf., Munich
November 22 nd	Publication of 9M 2018 Results and Conference Call
November 27 th	Exane BNP 1 st European MidCap CEO Forum, Paris

Agenda



1. Highlights H1 2018

2. Detailed results review

3. Market outlook

4. Company outlook

5. Q&A

Appendix

Reconciliation of earnings



(€m)	H1 2018 Unadjusted	Refinancing	Other exceptionals	PPA depreciation and amortization	Adjustments, total	H1 2018 Adjusted
Sales revenues	381.1					381.1
Cost of sale	(277.8)					(277.8)
Gross profit	103.3					103.3
Selling expenses	(43.5)			12.7	12.7	(30.8)
Research and development expenses	(6.3)					(6.3)
Administrative expenses	(23.9)	0.6	0.5		1.1	(22.8)
Other income / (expenses)	0.1		0.1		0.1	0.2
Share of JV profit	1.4					1.4
Operating profit (EBIT)	31.1	0.6	0.6	12.7	13.8	45.0
Net finance result	(6.0)	2.2			2.2	(3.8)
Profit / loss before tax	25.1	2.8	0.5	12.7	16.1	41.2
Income taxes	9.6					-12.3
Profit / loss after taxes	34.7					28.9
Number of shares as of June 30, 2018	14,900,000					14,900,000
Pro forma earnings per share (in €)	2.33					1.94

Key figures – H1 2018



(€ m)	H1 2018	H1 2017	yoy
Sales Europe	242.8	228.6	6%
Sales North America	66.3	61.6	8%
Sales Asia. Pacific and Africa (APA)	72.0	71.7	0%
Sales Group	381.1	361.9	5%
Adjusted EBITDA ¹	53.9	53.3	1%
Adjusted EBIT ¹	45.0	44.3	2%
<i>Adjusted EBIT margin</i>	11.8%	12.2%	(0.4) %-points
Net income	34.7	-81.9	n/a
Adjusted Net income	28.9	25.5	13%
EPS (€)	2.33	-5.50	n/a
Adjusted EPS (€)	1.94	1.71	13%
ROCE ²	18.8%	17.9%	0.9 %-points
Equity ratio	39.0%	6.8%	32.2 %-points
Cash conversion rate ³	83.0%	89.8%	6.8 %-points
Leverage ratio ⁴	1.19x	3.00x	

¹ Operating profit adjusted for PPA effects and exceptionals

² LTM adj. EBIT/ interest-bearing capital employed; interest-bearing capital: equity + financial liabilities (excl. refinancing costs) – liquid assets + provisions for pensions

³ (Adj. EBITDA – Capex) / adj. EBITDA

⁴ Net debt / adj. EBITDA, LTM

Disclaimer



THIS FINANCIAL REPORT IS BEING PROVIDED TO YOU SOLELY FOR YOUR INFORMATION. THIS FINANCIAL REPORT, WHICH HAS BEEN PREPARED BY JOST WERKE AG (THE "COMPANY"), SHOULD NOT BE TREATED AS GIVING INVESTMENT ADVICE AND MAY NOT BE REPRODUCED IN ANY FORM, PASSED ON OR OTHERWISE MADE AVAILABLE, DIRECTLY OR INDIRECTLY, TO ANY OTHER PERSON, OR PUBLISHED, IN WHOLE OR IN PART, FOR ANY PURPOSE. IN PARTICULAR, THIS FINANCIAL REPORT MUST NOT BE RELEASED, PUBLISHED OR DISTRIBUTED IN THE UNITED STATES OF AMERICA (THE "UNITED STATES"), AUSTRALIA, CANADA, JAPAN OR ANY OTHER JURISDICTION WHERE SUCH DISTRIBUTION IS UNLAWFUL. ANY FAILURE TO COMPLY WITH THESE RESTRICTIONS MAY CONSTITUTE A VIOLATION OF APPLICABLE SECURITIES LAWS.

For the purposes of this notice, "report" means this document, its contents or any part of it. This report does not, and is not intended to, constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of an offer to purchase, subscribe for or otherwise acquire, any securities of the Company, nor shall it or any part of it form the basis of or be relied upon in connection with or act as any inducement to enter into any contract or commitment or investment decision whatsoever.

This report is neither an advertisement nor a prospectus and should not be relied upon in making any investment decision to purchase, subscribe for or otherwise acquire any securities. The information and opinions contained in this report are provided as at the date of this report and may be subject to updating, revision, amendment or change without notice. This report is selective in nature and does not purport to contain all information that may be required to evaluate the Company and/or its shares. Neither the Company nor any other person is under any obligation to update or keep current the information contained in this report or to correct any inaccuracies in any such information which may become apparent or to provide you with any additional information. No reliance may or should be placed for any purpose whatsoever on the information contained in this report, or any other information discussed verbally, or on its completeness, accuracy or fairness.

Certain information in this report is based on management estimates. Such estimates have been made in good faith and represent the current beliefs of applicable members of management. Those management members believe that such estimates are founded on reasonable grounds. However, by their nature, estimates may not be correct or complete. Accordingly, no representation or warranty (express or implied) is given that such estimates are correct or complete. Where this report quotes any information or statistics from any external source, it should not be interpreted that the Company has adopted or endorsed such information or statistics as being accurate. This report contains forward-looking statements. These statements reflect the Company's current knowledge and its expectations and projections about future events and may be identified by the context of such statements or words such as "anticipate," "believe", "estimate", "expect", "intend", "plan", "project", "target", "may", "will", "would", "could" or "should" or similar terminology. Forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this report and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Company's prospects, growth, strategies, the industry in which it operates and potential or ongoing acquisitions. By their nature, forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's control that could cause the Company's actual results and performance to differ materially from any expected future results or performance expressed or implied by any forward-looking statements. Forward-looking statements should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved. Similarly, past performance should not be taken as an indication of future results, and no representation or warranty, express or implied, is made regarding future performance. The development of the Company's prospects, growth, strategies, the industry in which it operates, and the effect of acquisitions on the Company may differ materially from those made in or suggested by the forward-looking statements contained in this report or past performance. In addition, even if the development of the Company's prospects, growth, strategies and the industry in which it operates are consistent with the forward-looking statements contained in this report or past performance, those developments may not be indicative of the Company's results, liquidity or financial position or of results or developments in subsequent periods not covered by this report. Any forward-looking statements only speak as at the date of this report is provided to the recipient and it is up to the recipient to make its own assessment of the validity of any forward-looking statements and assumptions. The Company undertakes no obligation publicly to release the results of any revisions to any forward-looking statements in this report that may occur due to any change in its expectations or to reflect events or circumstances after the date of this report.

To the extent available, the industry and market data contained in this report has come from third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. In addition, certain information in this report are selective and may not necessarily be representative for the Company. Further, certain of the industry and market data contained in this report come from the Company's own internal research and estimates based on the knowledge and experience of the Company's management in the market in which the Company operates. While the Company believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change without notice. Accordingly, undue reliance should not be placed on any of the industry or market data contained in this report.