



# Investor presentation

JOST Werke AG – FY 2018



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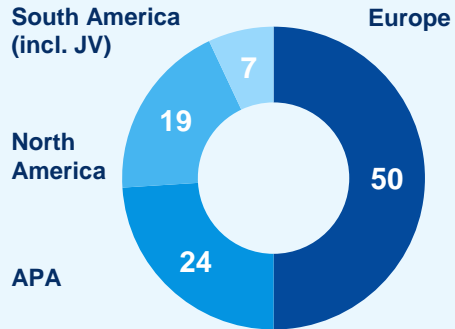
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# JOST at a Glance: A Leading Global Supplier of Safety Critical Solutions for Commercial Vehicles

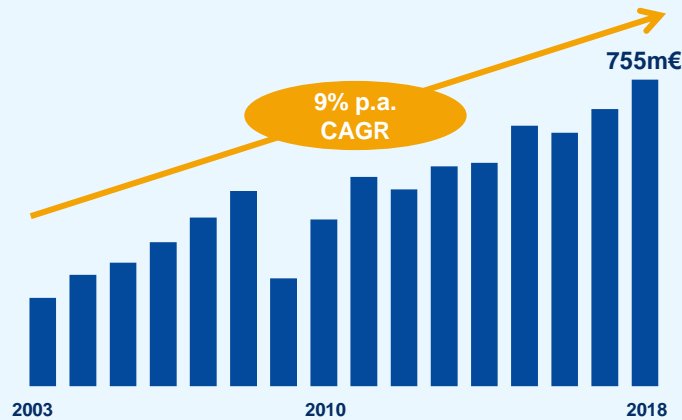


## Regional mix

in % of sales (incl. JV)



## Strong growth fundamentals

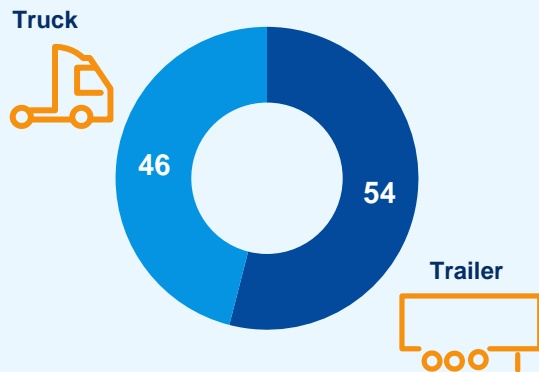


## Strong brands with high customer loyalty



## Application mix

in % of sales



#1 producer and supplier of fifth wheels and landing legs worldwide

Approx. 60% global market share in products representing 61% of total sales

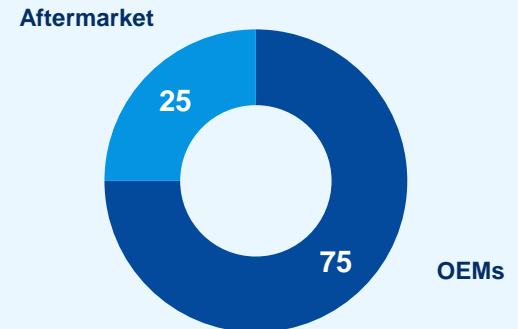
Road transportation growing worldwide

Environmental and safety regulations forcing renewal of truck and trailer fleets in developing countries

Trend towards autonomous driving

## Customer type mix

in % of sales



# Strong Products Driving Brand Desirability and Pulling Demand



## Vehicle Interface

74% of sales in 2018



## Maneuvering Systems

16% of sales in 2018



## Handling Solutions

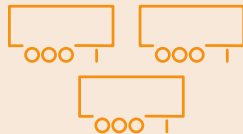
10% of sales in 2018



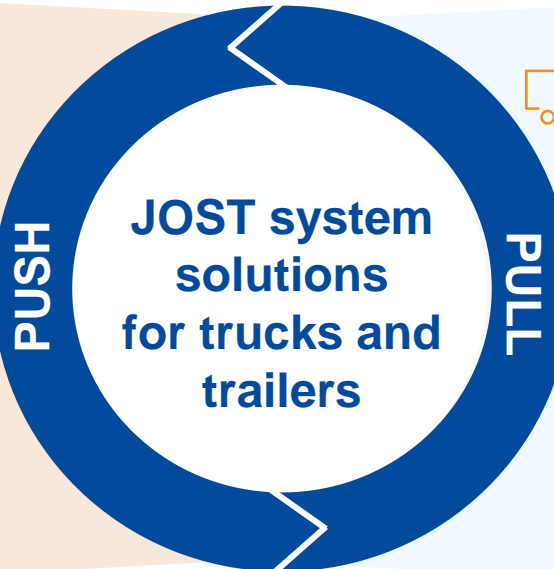
### Truck OEMs



### Trailer OEMs



- High demand from fleet operators (pull)
- High delivery performance
- High quality
- Logistic integration
- Power to innovate and generate value-add
- Competitive prices
- Geographical proximity

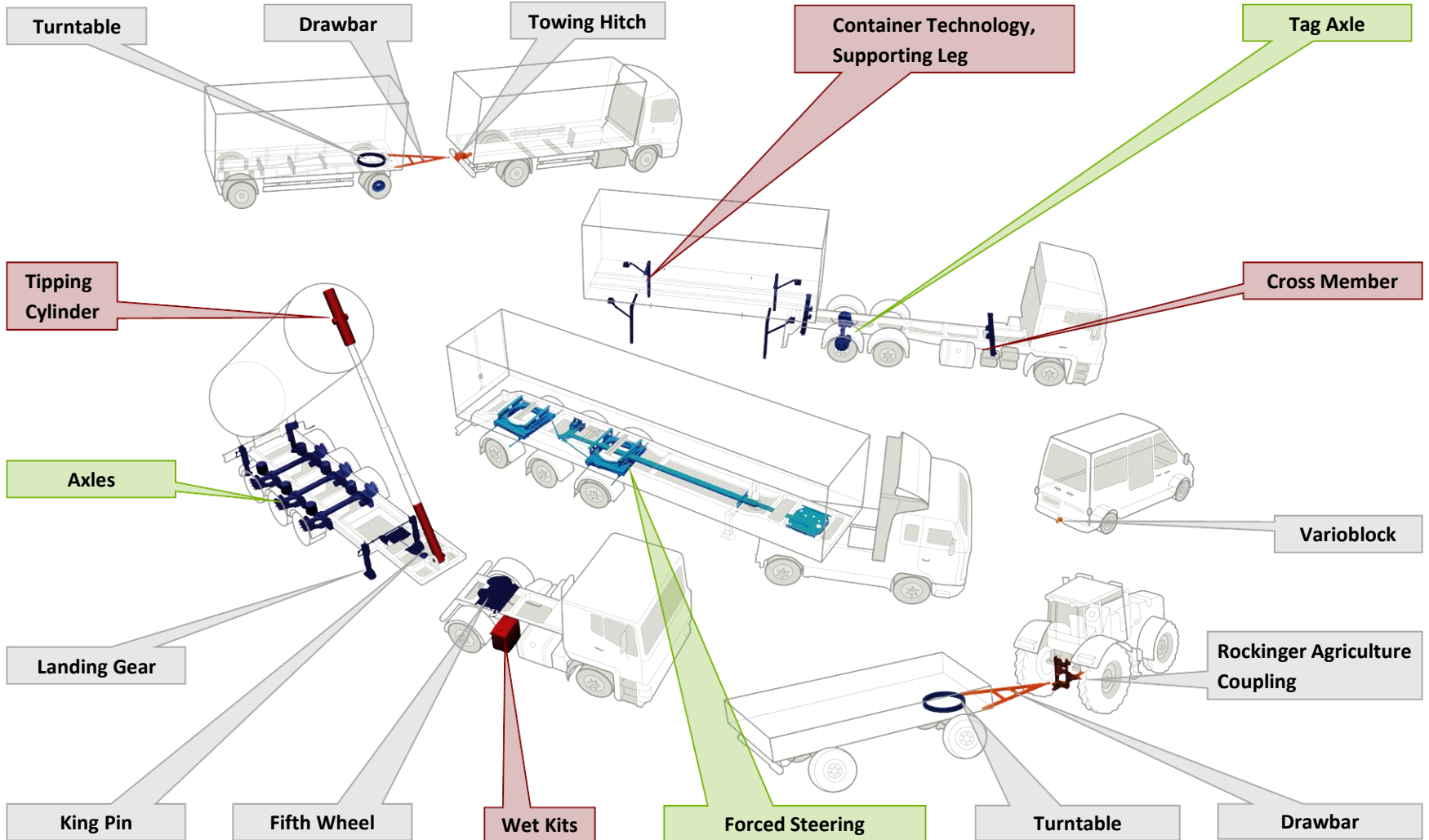


### Fleet operators



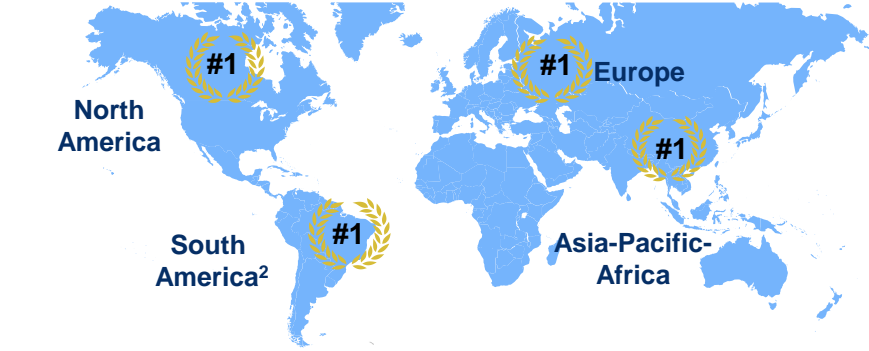
- Strong brand and reputation
- Strong customer relationship
- High quality
- Low costs of ownership
- Easy to repair
- International spare part availability
- Power to innovate and increase fleet efficiency

# Main Products Overview



# Investment Highlights

**JOST has approx. 60% global market shares in articulated truck-trailer connection market**

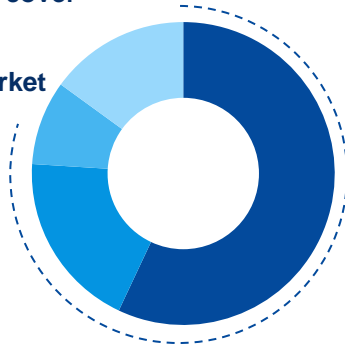


**Fifth wheel market**

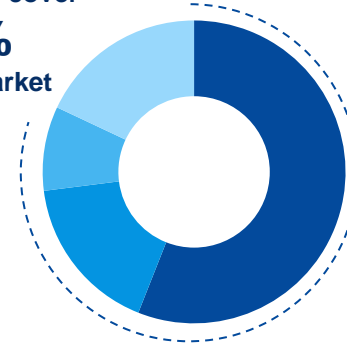
**Landing gear market**

TOP 3 supplier cover  
**~85%**  
of global market

TOP 3 supplier cover  
**~82%**  
of global market



**JOST global market share ~57%**

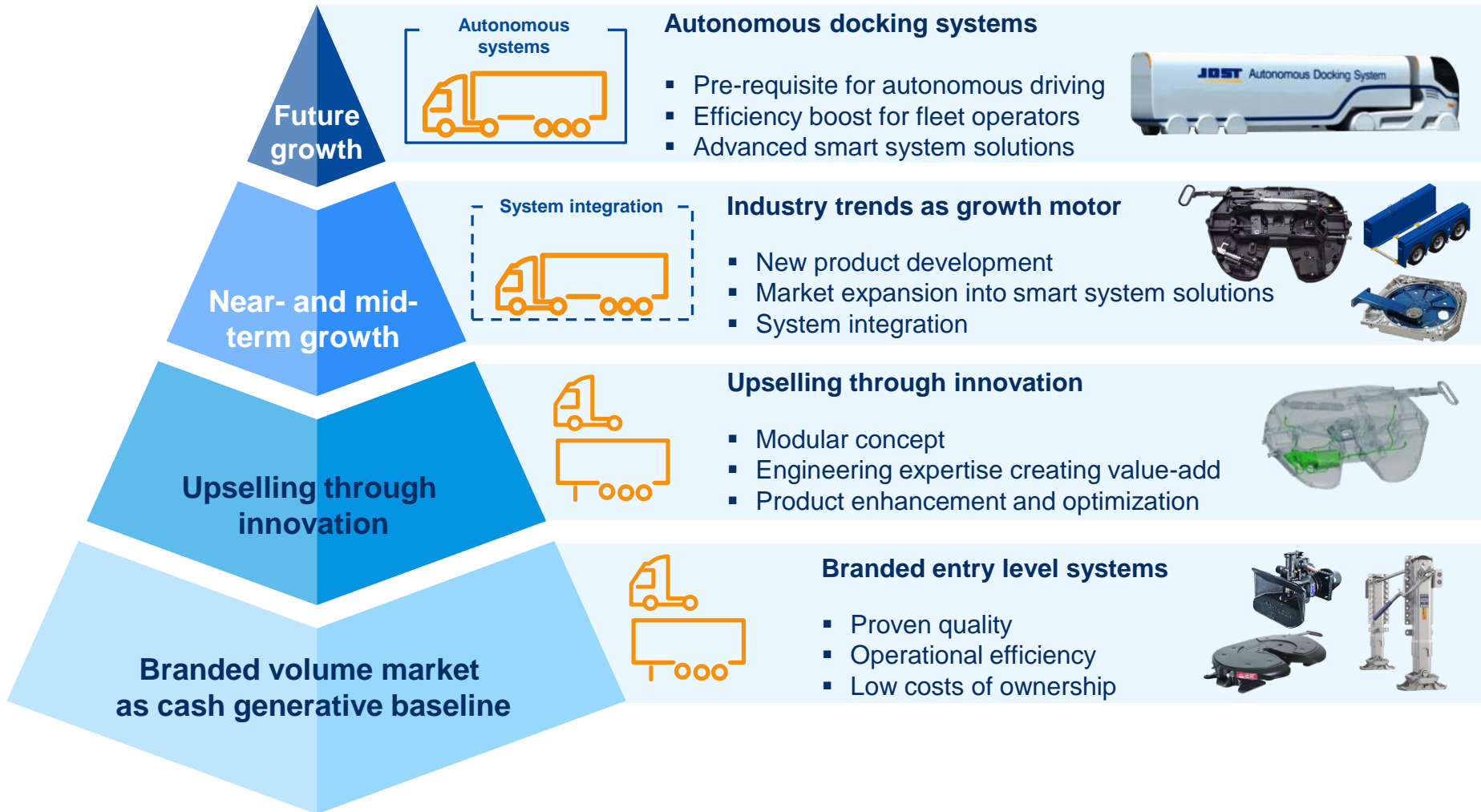


**JOST global market share ~56%**

**#1 player in core products fifth wheels and landing gear accounting for 61% of total sales**

<sup>2</sup> Includes Brazil JV  
Source: Roland Berger 2017, JOST

## Increasing value-add for customers and generation growth through clear innovation road-map





## Increasing value-add for customers through innovation

### REGIONAL GROWTH

- Further market share gains with OEMs in North America
- Growth opportunities in emerging markets driven by structural and legislative changes
- Localizing of existing products in new regions



### PRODUCT GROWTH

- Expansion of aftermarket sales in the axle business
- Expansion of production capacity for hydraulics
- Expansion of market penetration for *Handling Solutions* and *Maneuvering Systems* products

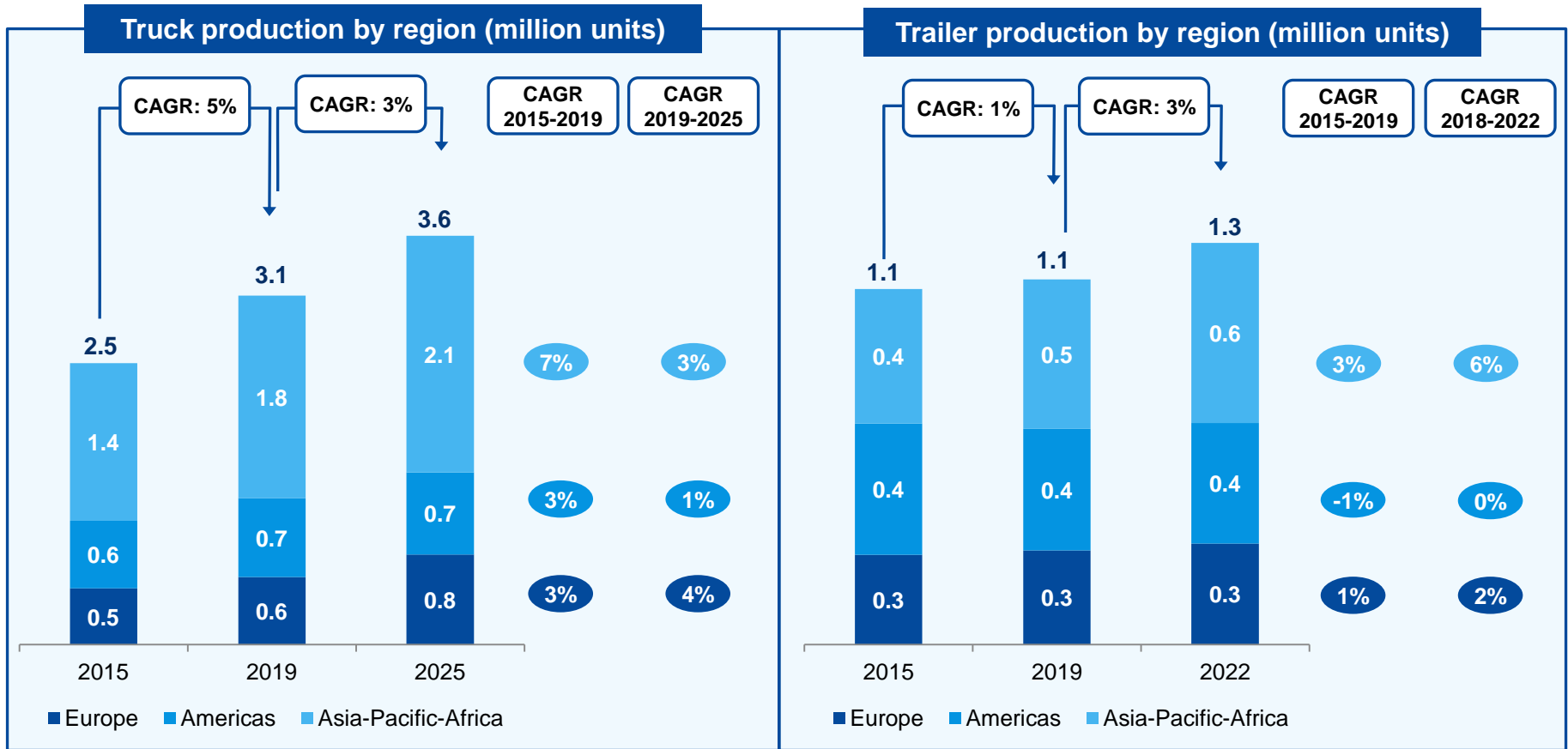


### ACCRETIVE M&A

- Widening product portfolio within commercial vehicles
- Strengthening regional presence in adjacent products
- Increasing R&D synergies for future product development



# Growth Engine: Strong Market Fundamentals Driving Future Growth



**Growing GDP with rising private and industrial spending**

**Growing share of road transportation and increasing freight volumes**

**Environmental regulatory pressure accelerating renewal of truck and trailer fleets**

**Stronger road safety policies driving need for additional safety features**

**Disruptive trends like autonomous trucks and electrification driving innovation**

Source: LMC 2019 (global truck production for medium and heavy duty trucks)

Source: Clear Consulting 2019 (global commercial vehicle trailer production)

## Truck overload restrictions

### Restrictions on truck and trailer dimensions

- Length of maximum 22.0 meters of truck and trailer combination
- Overloading prohibited

## Changes of fleets operators' needs

### Higher number of swivel points necessary in new trucks

- Trend towards articulated trucks, away from long rigid trucks, increasing addressable market for JOST
- Business opportunities for new products like towing hitches

### Fleet operators need to find ways to increase efficiency without overloading

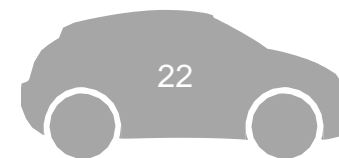
- Replacement demand for existing fleet
- Higher focus on quality and safety of couplings
- Ratio of trailer per truck will increase

## Traditional car carrier in China

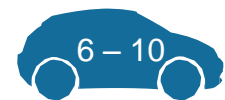


## Example of car carriage capacity

### Number of vehicles



Historical

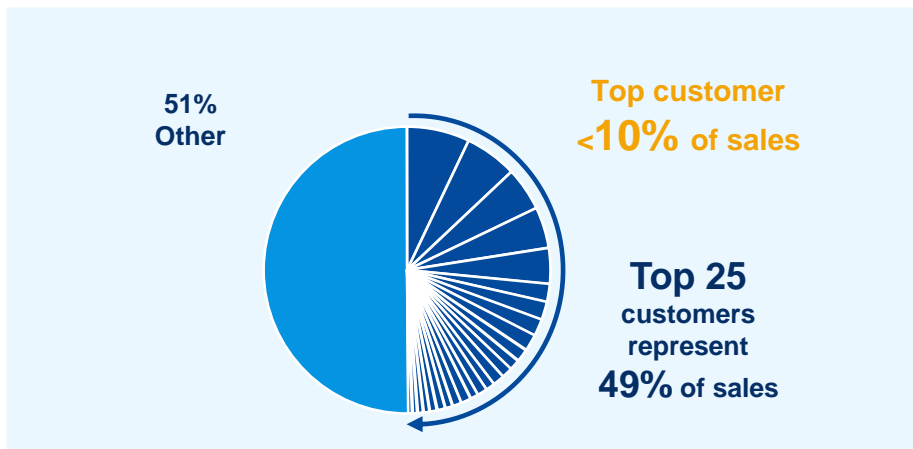


Current<sup>1</sup>

# High Aftermarket Content and High Customer Fragmentation Support Business Resilience



## High customer fragmentation



## Fifth wheels

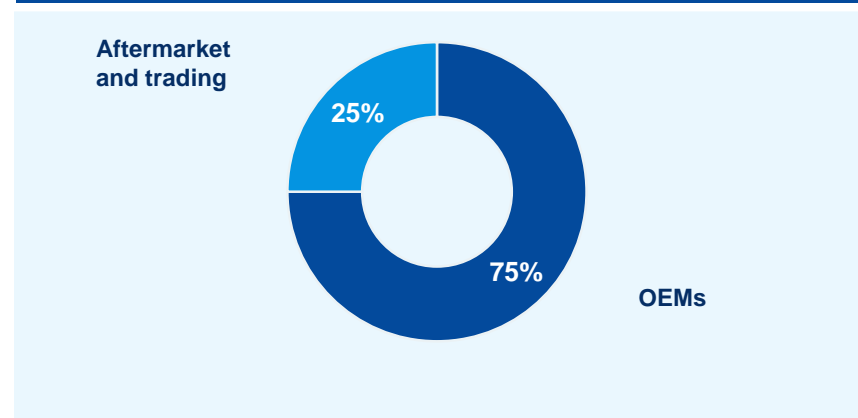


## Landing gear



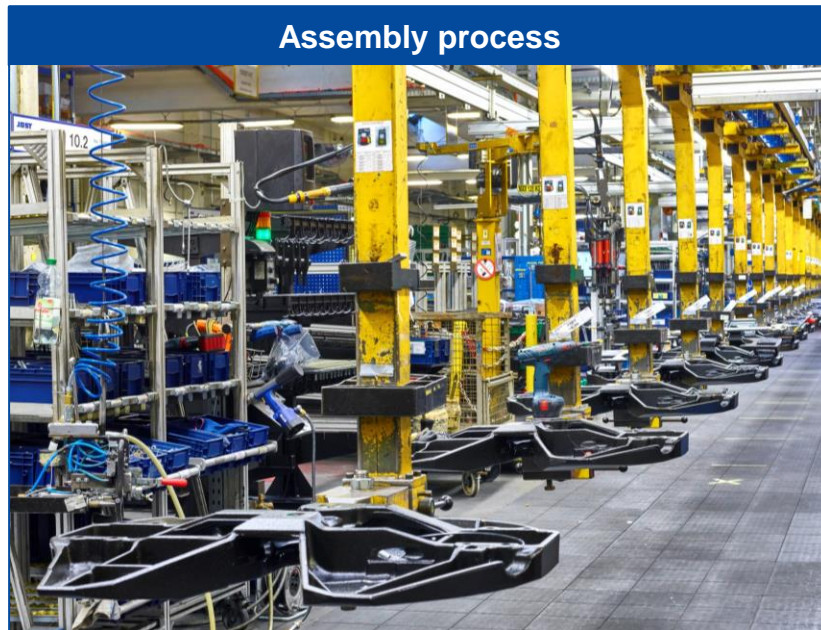
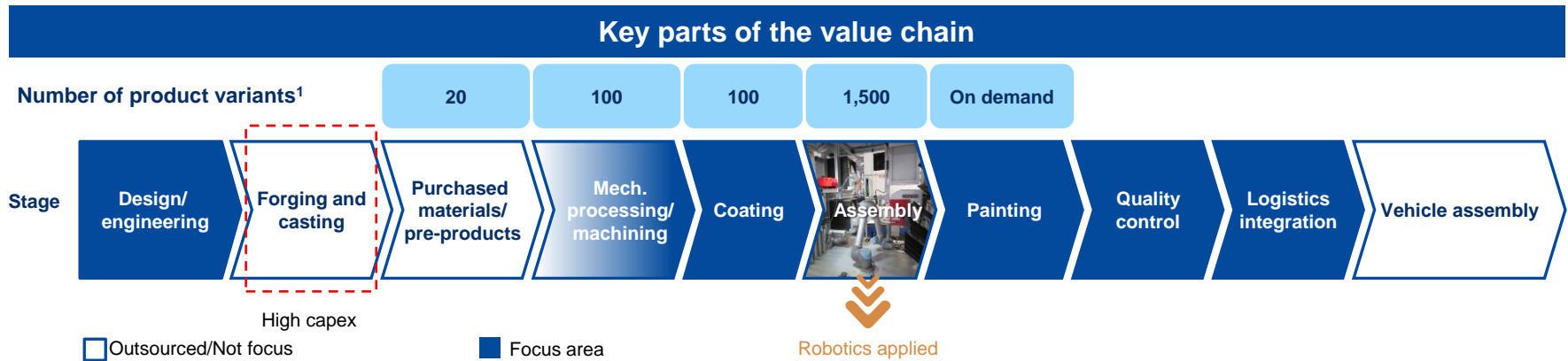
- Safety critical products with high quality and safety requirements
- Large numbers of product variants with high degree of customization
- High customer loyalty with customer relationships averaging 34 years
- Products are independent from truck and trailer builder or model
- Worldwide product and spare part availability through wholesaler distribution channels

## Sales breakdown by customer type



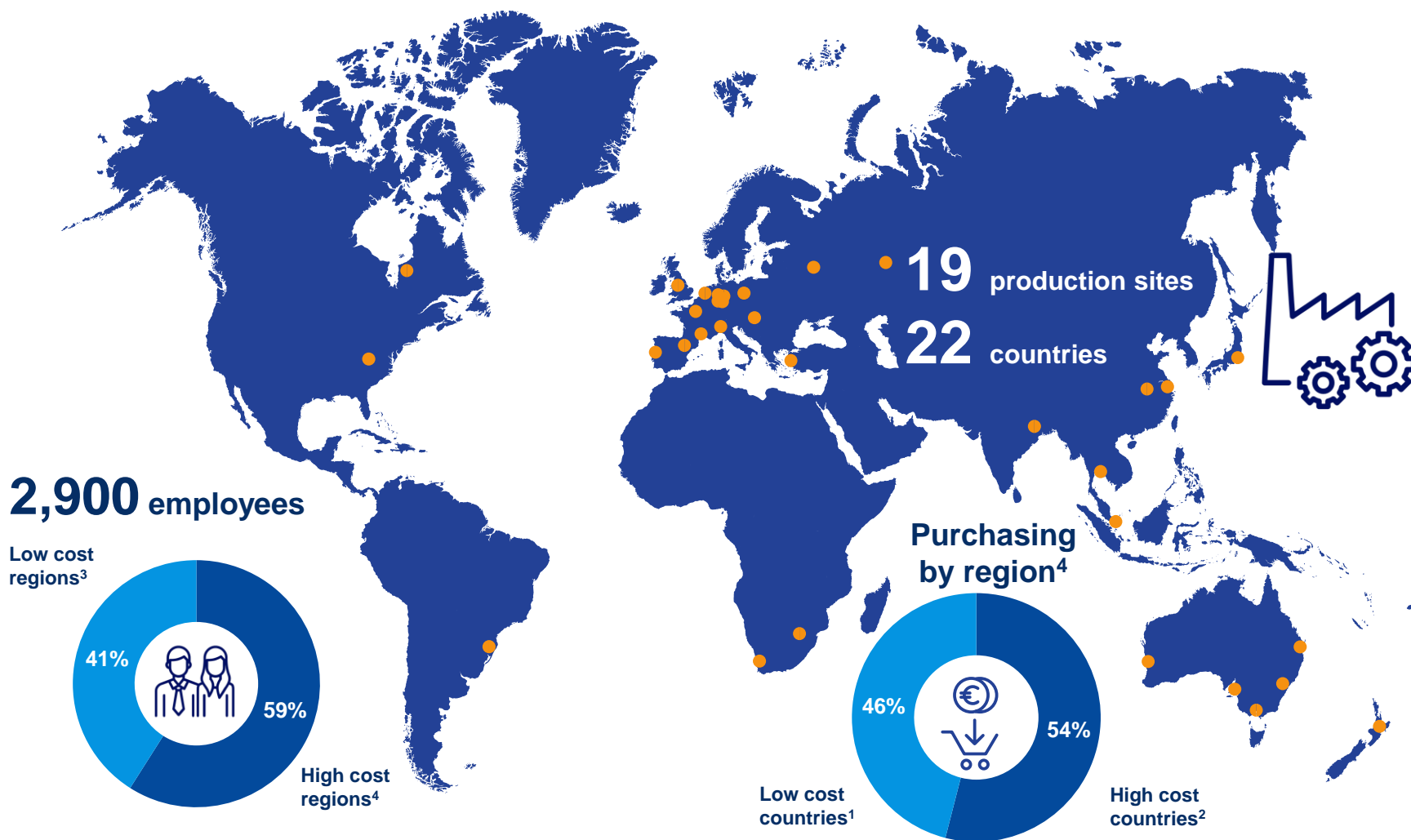


# Flexible and Asset Light Business Model Allows a Quick Adaptation to Changing Market Environment



<sup>1</sup> On the example of fifth wheel

# Efficient and Flexible Supply and Production Platforms with Wide Geographical Footprint



<sup>1</sup> Low-cost countries include Russia, Poland, Hungary, Portugal, South Africa, China, India, Thailand and Turkey

<sup>2</sup> High-cost countries include Germany, France, Spain, Italy, UK, The Netherlands, Australia, USA, Singapore and Japan

<sup>3</sup> Low-cost regions include Eastern Europe, Asia and Brazil

<sup>4</sup> High-cost regions include Western Europe and North America

<b>BUSINESS MODEL</b>	<b>EARNINGS</b>	<b>CASH FLOW</b>
<b>Strong brands with high customer loyalty worldwide</b>	<b>Sustainable market growth thanks to global footprint and strong fundamentals</b>	<b>Strong balance sheet and high cash generation</b>
<b>Wide diversification by product, customer and region</b>	<b>Market outperformance through service, product innovation and international expansion</b>	<b>Attractive margin profile</b>
<b>Flexible and asset-light business model</b>	<b>High aftermarket content with strong network effects</b>	<b>Conservative financial profile with ample scope for growth</b>

## **Key Financials – Solid Economic Performance**



## Business Highlights – FY 2018



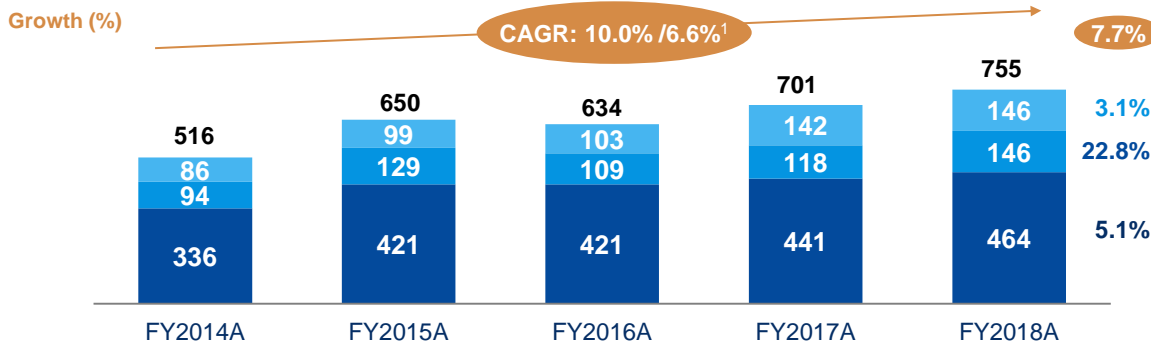
Financial highlights – targets reached		Goals 2018	
Sales	Organic group sales <b>+9.9%</b>	high-single-digit % growth	<input checked="" type="checkbox"/>
	Reported sales <b>+7.7%</b> to <b>€755.4m</b> All regions contributing to the positive outcome		
Earnings	Adjusted EBITDA <b>+5.3%</b> to <b>€99.7m</b>	mid-single-digit % growth	<input checked="" type="checkbox"/>
	Adjusted EBIT <b>+6.3%</b> to <b>€81.2m</b>	mid-single-digit % growth	<input checked="" type="checkbox"/>
	Adjusted EBIT margin at <b>10.7%</b> despite rising costs from raw material, personnel and freight (2017:10.9%)		
Finance	Net working capital in % of sales at <b>18.5%</b> (2017: 18.6%)	<20%	<input checked="" type="checkbox"/>
	Leverage improved to <b>0.85x</b> (2017: 1.20x)	<1.0x	<input checked="" type="checkbox"/>
	Investments +3% to <b>€19.9m</b> with capex stable at <b>2.6%</b> of sales	~2.5%	<input checked="" type="checkbox"/>
EPS	Net earnings grew significantly to <b>€53.5m</b> (2017: € -62.8m) and EPS to <b>€3.59</b> (2017 pro forma: € -4.22m)		

# Sales Growth on Record Levels Supported by Strong Earnings



## Sales split by geography (€m)

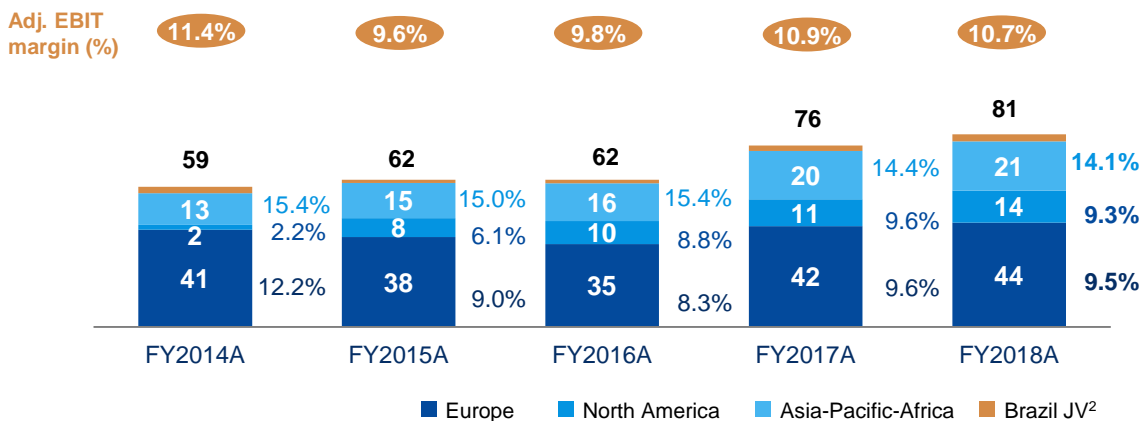
## FY 2018 commentary



- ❖ Sales continue on record level
- ❖ Growth driven by strong rising demand and market share gains in North America and supported by a healthy development in Europe and APA
- ❖ FX adjusted, sales grew by 9.9% in FY 2018 (FX headwinds -2.2%)

## Adjusted EBIT split by geography<sup>1</sup> (€m)

## FY 2018 commentary



- ❖ Adj. EBIT grew by 6.3% in 2018, despite significant raw material price increases and wage inflation
- ❖ Efficiency improvements and operating leverage partially offset burden from soaring raw material prices, wage inflation and additional costs due to bottlenecks in the supply chain

<sup>1</sup> CAGR adjusted for acquisitions

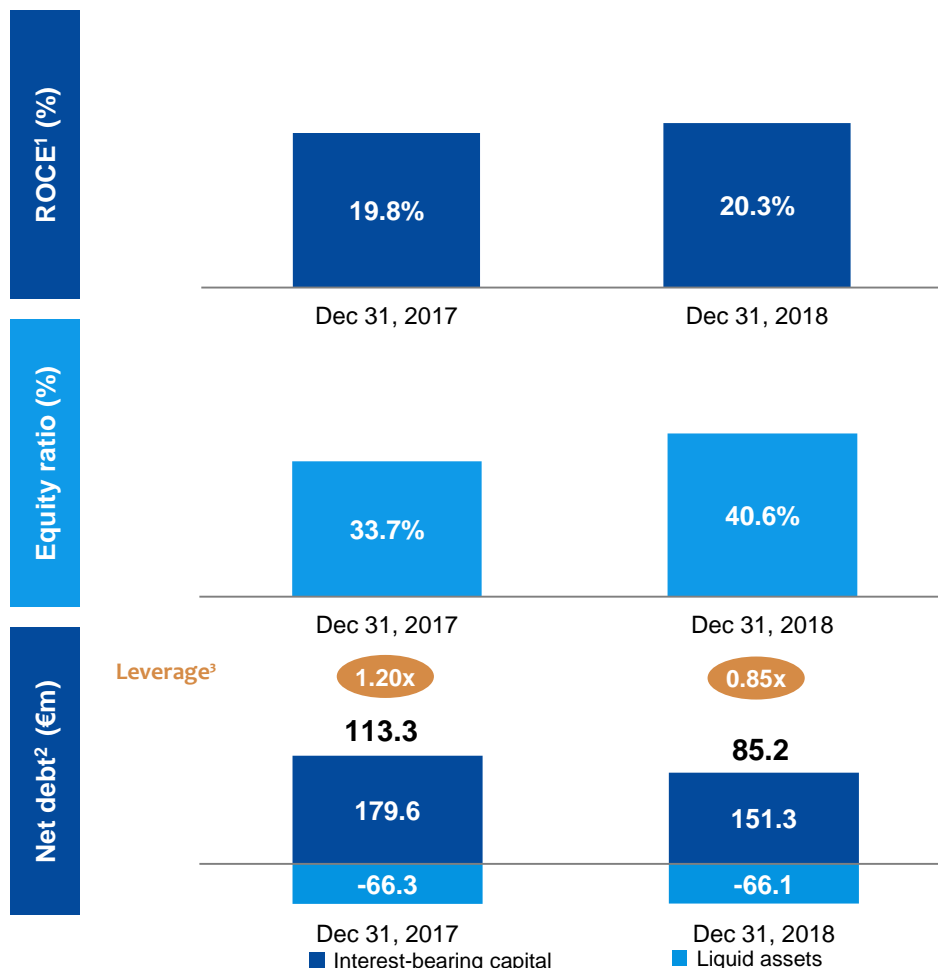
<sup>2</sup> Pro-rata net income from Brazil JV not allocated to segments and therefore shown separately



# Equity Ratio and Net Debt Significantly Improved



## Balance sheet overview



## FY 2018 commentary

- ❖ ROCE improved to 20.3%
- ❖ Equity ratio improved to 40.6% as a result of growing net income accompanied by a significant reduction of long-term debt
- ❖ Leverage improved to 0.85x
- ❖ Net debt significantly reduced to €85.2m
- ❖ Liquid assets stable at €66.1m after repaying long-term debt by €30m and dividend payment of €7.5m

<sup>1</sup> ROCE=LTM adj. EBIT / interest bearing capital employed (interest bearing capital: equity + financial liabilities (excl. refinancing costs) – cash + 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



# Market Development Outlook 2019



	Europe	North America	APA
Truck	<p>0%</p> <p>Flat on high level</p>	<p>5-10%</p> <p>Continued growth on top of a strong year 2018</p>	<p>(15)-(10)%</p> <p>Market slow down expected to continue</p>
Trailer	<p>(10)-(5)%</p> <p>Slowing market expected following a strong 2018</p>	<p>(5)-(0)%</p> <p>Slowing market following strong increase in 2018</p>	<p>(5)-(0)%</p> <p>Slowing demand</p>

Note: Market estimates based on LMC, Clear Consulting and FTR

## JOST Werke Guidance for FY 2019



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

<sup>1</sup> The outlook is 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

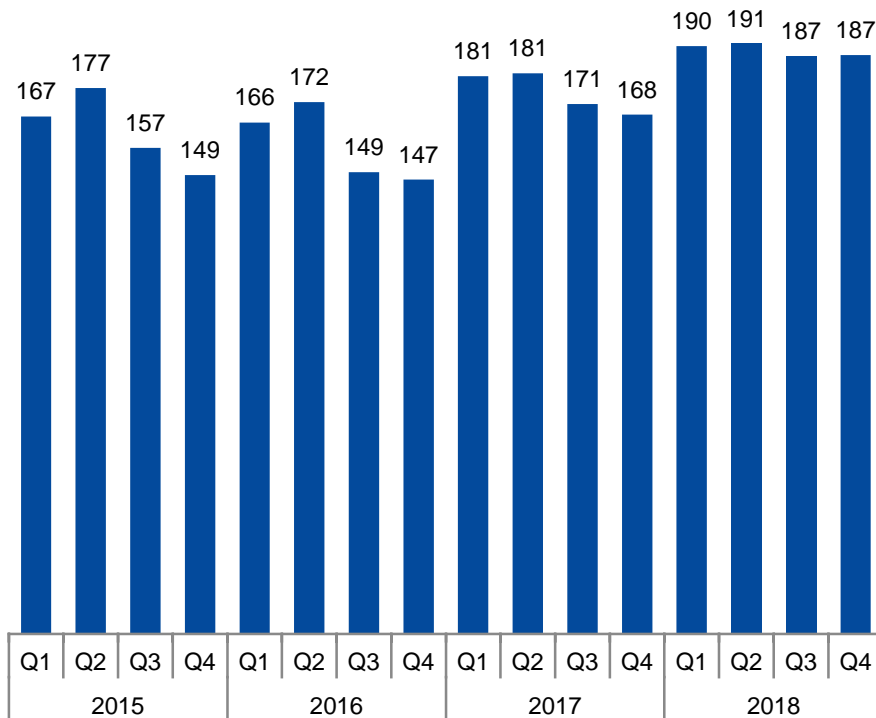
<sup>3</sup> Excluding potential acquisitions

# Appendix

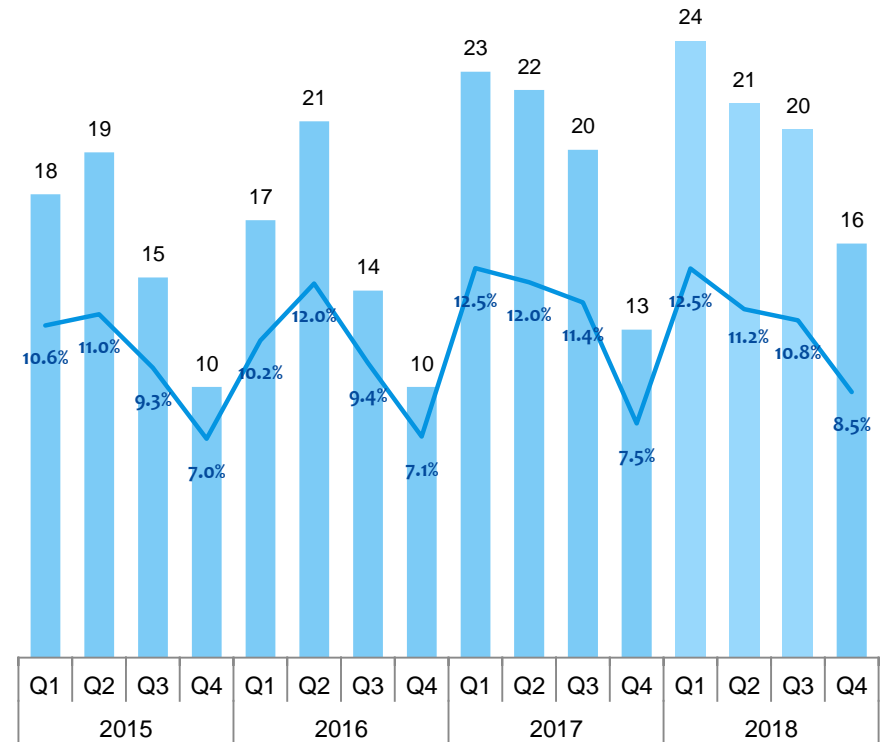
# Group's Sales and Adjusted EBIT by Quarter



Sales (€m)



Adj. EBIT (€m)

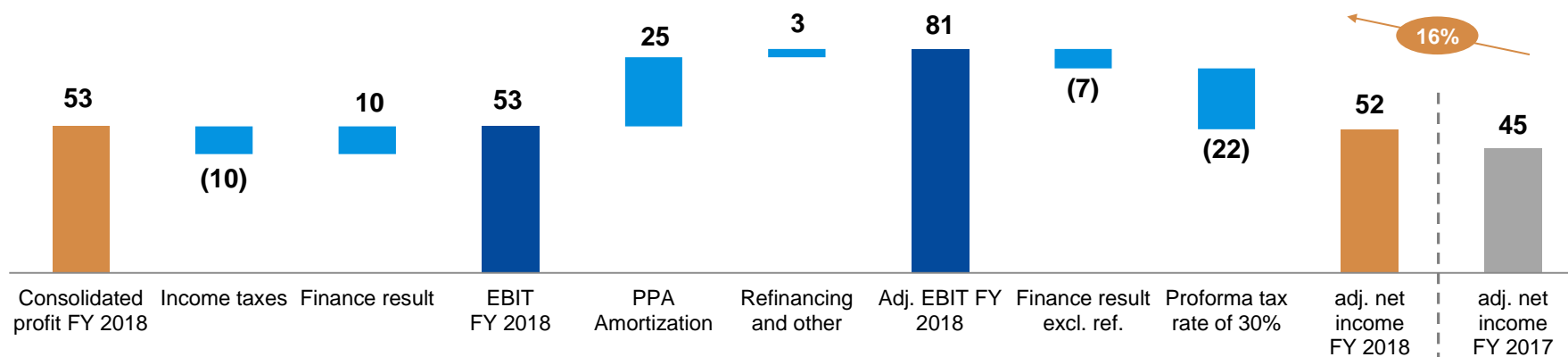


Typical seasonality for Q3 and Q4 influenced by reduced numbers of working days due to summer holidays in Q3 and the holiday season in Q4

# Net Income and EPS Improved Significantly in 2018



## Reconciliation of adjusted earnings



## Key highlights

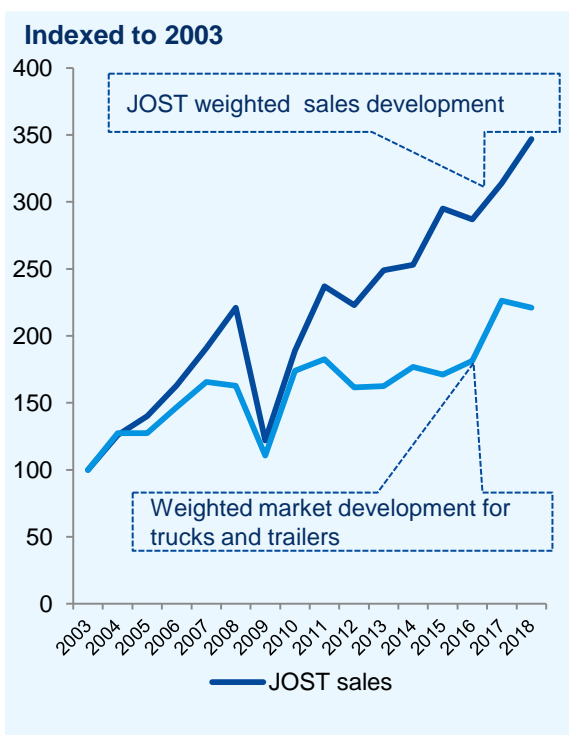
- ❖ Adjustments to EBIT mainly from amortization of PPA (non-operating); other exceptionals were advisory fees in the context of the refinancing
- ❖ Taxes in 2018 include a one-off positive income tax effect from the capitalization of further deferred tax loss carryforwards in the context of the refinancing amounting to €17.2m.
- ❖ Reported EPS rose to €3.59 (2017 pro-forma: € -4.22)
- ❖ Adjusted EPS grew by 15.7% to €3.46 (2017 pro-forma: €2.99)

# Industry-leading margins and cash generation profile

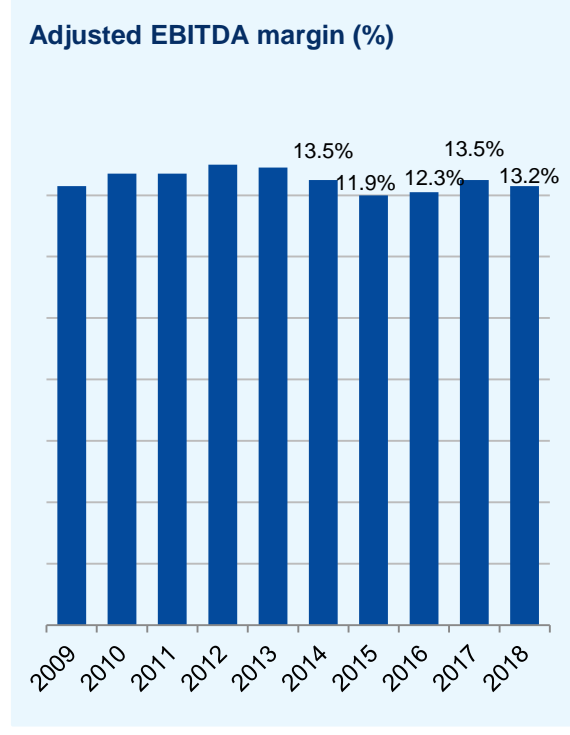
JOST has continuously outperformed the truck market since 2003 showing high profitability and strong cash generation



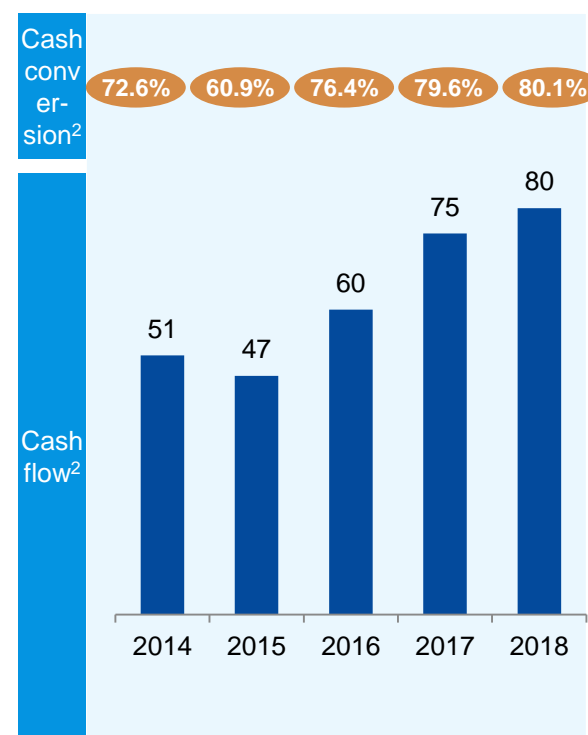
## JOST's performance over time



## Strong margin resilience



## High cash flow generation



JOST has continuously outperformed the truck market since 2003

<sup>1</sup> Weighted by approximate weight of truck and trailer revenues

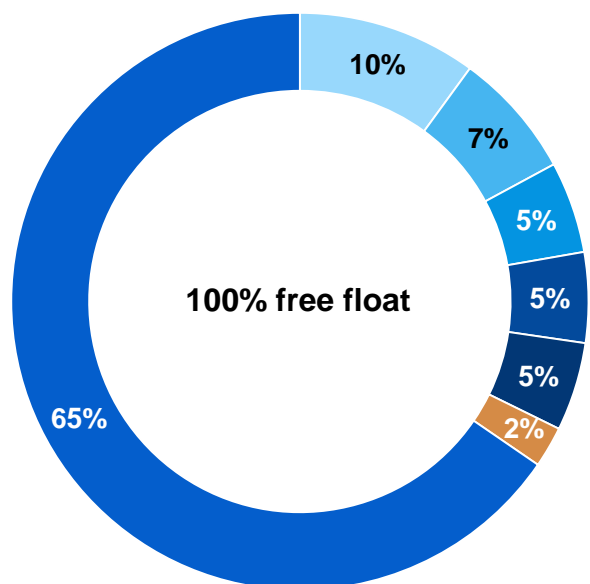
<sup>2</sup> Cash flow defined as Adjusted EBITDA-Capex and cash conversion defined as (Adjusted EBITDA-Capex) / Adjusted EBITDA



# Shareholder Structure and Growing EPS und DPS



## Shareholder structure as of March 20, 2019<sup>1</sup>



- Allianz Global Investors
- Atlantic Value
- Black Diamond
- Paradice Investment Management
- Virtus Investment Partners
- Management
- Other

## Earnings per share & dividend proposal

(€)	FY 2017	FY 2018
EPS	(4.22)	3.59
Adj. EPS	2.99	3.46
Proposed DPS	0.50	1.10

## Share information

ISIN	DE000JST4000
Trading symbol	JST
German Sec. Code (WKN)	JST400
Shares in issue	14,900,000
Index	SDAX
Listed since	July 20, 2017

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

<sup>2</sup> current members of management board hold 2.45% of shares

## Investor Relations - Contact



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