

## CORPORATE NEWS

### JOST publishes financial results for the first quarter of 2020

- Q1 2020 sales amount to EUR 191.8 million (Q1 2019: EUR 199.5 million)
- Adjusted EBIT Q1 2020 at EUR 14.3 million (Q1 2019: EUR 23.9 million)
- Adjusted EBIT margin declines to 7.4 % due to the negative impact of the Covid-19 pandemic, particularly in Asia (Q1 2019: 12.0 %)
- Operating free cash flow improves significantly to EUR 18.1 million (Q1 2019: EUR -0.7 million)
- Acquisition of Ålö successfully closed as of January 31, 2020. Ålö contributed positively to JOST's business development in February and March of 2020.

*Neu-Isenburg, May 14, 2020.* JOST Werke AG ("JOST"), a leading global producer and supplier of safety-critical systems for the commercial vehicle industry, announced today its interim financial results for the first quarter of 2020.

Joachim Dürr, Chief Executive Officer (CEO) of JOST Werke AG, said: "The first quarter of 2020 has presented us with some challenges. The outbreak of the coronavirus pandemic in Wuhan, China, where our largest Asian production plant is located, impacted our business from the very beginning. The operational development of the Ålö Group, which was consolidated into JOST as of February 1, 2020, was able to partially offset the weakness of the truck and trailer markets, but also suffered under the negative effects of the pandemic. Despite the severity of the current crisis, JOST's solid financial position, its excellent relationship with customers and the experience of our employees and management team in dealing with cyclical downturns allow me to look into the future with great confidence."

#### **Coronavirus pandemic weighs on operating profit**

The outbreak of the coronavirus pandemic severely impacted JOST's business development in the first quarter of 2020. The Asia, Pacific and Africa (APA) region was particularly affected, as the first cases of infection with this new type of virus were reported in Wuhan, China. The Ålö group made a positive contribution to JOST's business development, generating additional sales of EUR 30.8 million in February and March. Thus, consolidated group sales declined only by 3.8 % to EUR 191.8 million in the first quarter of 2020 (Q1 2019: EUR 199.5 million). Sales excluding Ålö fell by 19.3 % to EUR 161.0

million and include exchange rate gains of 0.3%, most of which resulted from the appreciation of the USD against the EUR.

In the first quarter of 2020, adjusted EBIT amounted to EUR 14.3 million (Q1 2019: EUR 23.9 million). The adjusted EBIT margin declined to 7.4 % (Q1 2019: 12.0 %). The unexpected shutdown of JOST's production plant in China, where JOST had to continue to pay its employees in full, had a particularly negative impact on the group. Moreover, additional logistic costs were necessary in order to maintain the supply chain outside of China. JOST was forced to find alternative suppliers at short notice, who could only deliver at higher costs. The growth in aftermarket business, especially in Europe and North America, as well as the acquisition of Ålö could only partially offset these negative effects.

In Europe, consolidated sales decreased by 0.5 % to EUR 122.8 million (Q1 2019: EUR 123.4 million). Ålö generated a positive sales contribution of 18.9 % or EUR 23.3 million. Excluding the effects of the acquisition, organic sales in Europe fell by 19.4 % to EUR 99.5 million. The anticipated decline in demand in the European truck market was further aggravated by pandemic-driven production shutdowns by all major truck manufacturers at the end of March. Despite these negative effects, JOST achieved an adjusted EBIT of EUR 10.1 million (Q1 2019: EUR 14.9 million) and an adjusted EBIT margin of 8.2 % (Q1 2019: 12.0 %).

Through the acquisition of Ålö, JOST could once again record growth in North America. Consolidated sales increased by 11.3 % to EUR 44.9 million in Q1 2020 (Q1 2019: EUR 40.4 million). Ålö contributed sales of 17.6 % or EUR 7.1 million. Sales excluding acquisitions declined by only 6.3 % to EUR 37.8 million and developed significantly better than the market for trucks and trailers. JOST was able to benefit from previously gained market shares, which led to a strong increase in aftermarket business. Overall, JOST's adjusted EBIT in North America was stable year-on-year at EUR 3.3 million (Q1 2019: EUR 3.3 million) and the adjusted EBIT margin amounted to 7.3% (Q1 2019: 8.1%). The pandemic-related shutdowns in China caused additional costs, which impacted operating earnings. Ålö North America was particularly affected by this, as its North American business is supplied by a production plant in Ningbo, China.

Adjusted EBIT in APA was heavily burdened by the production plant shutdown in Wuhan, China. Personnel expenses remained unchanged, as the salaries of all employees had to be paid in full for the duration of the lockdown. JOST also had additional logistic costs to maintain the functioning supply chain in the APA region. In India and South Africa, JOST had to close its production plants at the end of March due to governmental measures put in place to contain the pandemic spread. Despite these difficulties, JOST was still able to reach a positive operating result in the region. JOST's adjusted EBIT

in APA decreased to EUR 0.3m in Q1 2020 (Q1 2019: EUR 4.9m) and the adjusted EBIT margin dropped to 1.1 % (Q1 2019: 13.8 %).

### **Earnings after taxes**

In addition to the lower operating earnings because of the pandemic, increased mostly non-cash financial expenses also had a negative impact on earnings after taxes. The financial result decreased by EUR 6.0 million year-on-year to EUR -6.8 million (Q1 2019: EUR -0.8 million). The main reason for this negative development were unrealized exchange losses from the valuation of foreign currency loans in the amount of EUR 5.5 million. This non-cash effect was mainly due to the depreciation of the Swedish krona and pound sterling against the euro as of March 31, 2020. The increase in interest expenses due to the acquisition of Ålö only amounted to EUR 0.3 million and hardly affected the financial result. Total interest expenses amounted to EUR -1.4 million in the first quarter of 2020 (Q1 2019: EUR -0.9 million).

Accordingly, adjusted earnings after taxes decreased to EUR 5.4 million in Q1 2020 (Q1 2019: EUR 16.1 million) and adjusted earnings per share to EUR 0.36 (Q1 2019: EUR 1.08).

### **Ålö's consolidations changes asset and financial structure of the group**

To finance its acquisition of Ålö, JOST entered into a financing agreement of EUR 120.0 million with a term of five years. JOST also drew down EUR 90 million from an available revolving credit facility to finance the remaining part of the acquisition in addition to the use of cash. The resulting increase in current and noncurrent liabilities led to a reduction in the equity ratio to 26.9% as at March 31, 2020 (31 December 2019: 41.2%).

Cash and cash equivalents amounted to EUR 102.8 million as of March 31, 2020 (December 31, 2019: EUR 104.8 million) and remained almost unchanged compared to December 31, 2019, despite the use of roughly EUR 50 million in cash for the acquisition of Ålö. Additional EUR 20 million drawn down from the revolving credit facility contributed positively to this development.

Net debt increased to EUR 278.2 million due to the acquisition (December 31, 2019: EUR 46.3 million). Accordingly, the ratio of net debt to last-twelve-months adjusted EBITDA rose to 2.45x as of March 31, 2020 (December 31, 2019: 0.46x).

Operating free cash flow (operating cash flow minus capital expenditures) improved significantly by EUR 18.8 million to EUR 18.1 million (Q1 2019: EUR -0.7 million). This development is mainly due to improvements in working capital.

Although absolute working capital increased by 6.7 % to EUR 176.9 million (Q1 2019: EUR 165.8 million) compared to Q1 2019 due to the first-time consolidation of Ålö, JOST was able to further improve the ratio of working capital to sales through a strict working capital management. The ratio fell to 20.0 % in the first quarter of 2020 (Q1 2019: 21.7%).

"Active liquidity management is one of our current top priorities. We will continue to pay particularly close attention to our working capital in order to continuously improve the group's liquidity position," said Christian Terlinde, CFO of JOST Werke AG. "We have already introduced numerous measures worldwide to secure liquidity and further reduce costs, which will support us through the current crisis. At the same time, we continue to work in a focused manner to integrate Ålö into JOST as swiftly as possible in order to leverage the identified cost synergies and to better benefit from the still robust agricultural market."

## **Outlook**

Given the rapid spread of the pandemic, the associated countermeasures and their drastic effects on the economy, it is currently not possible to reliably estimate the course of business development for the 2020 financial year.

Currently, JOST expects the second quarter of 2020 to be most strongly affected by the economic impact of the pandemic and believes that its second quarter results could be below both, the previous year quarter and the first quarter of 2020. At present, a recovery can only be anticipated from the third quarter of 2020 onwards.

Given the rapid deterioration in the economic situation, the Management Board has decided to propose to the Annual General Meeting that no dividend be paid in 2020. The Supervisory Board agrees with the new proposal of the Management Board regarding the appropriation of profits. The Annual General Meeting will vote on this proposal on July 1, 2020.

Due to the highly dynamic nature of the current situation and the low visibility regarding the duration and severity of the countermeasures in the different countries, it is not yet possible to reliably quantify the economic impact of the pandemic on JOST. The Management Board will provide a more precise forecast for the entire 2020 fiscal year as soon as there is sufficiently reliable information on the expected course of business.

The Interim Group Report for the first quarter of 2020 is available for download at <http://ir.jost-world.com/interim-reports>. JOST will hold a conference call on May 14, 2020 at 10:00 a.m. CEST. It can be followed over the Internet. After the conference call, the recording will be available on our website.

**About JOST:**

*JOST is a leading global producer and supplier of safety-critical systems for the commercial vehicle industry operating under the JOST, ROCKINGER, TRIDEC, Edbro and Quicke brands. JOST's global leadership position is driven by the strength of its brands, its long-standing client relationships serviced through its global distribution network as well as by its efficient and asset-light business model. With sales and production facilities in more than 20 countries across five continents, JOST has direct access to all major truck, trailer and agricultural tractor manufacturers worldwide as well as relevant end customers in the commercial vehicle industry. JOST currently employs more 3,500 staff across the world and has been listed on the Frankfurt Stock Exchange since 20 July 2017. For more information about JOST, please visit [www.jost-world.com](http://www.jost-world.com)*

**Contact:**

**JOST Werke AG**

Romy Acosta

Head of Investor Relations

T: +49 (0)6102 295-379

[romy.acosta@jost-world.com](mailto:romy.acosta@jost-world.com)