

## CORPORATE NEWS

### JOST generates profit in challenging second quarter of 2020

- Sales in Q2 2020 amount to EUR 174.1 million (Q2 2019: EUR 201.8 million)
- Adjusted EBIT in Q2 2020 positive at EUR 11.1 million (Q2 2019: EUR 22.7 million)
- Adjusted EBIT margin reaches 6.3% despite severe impact of coronavirus pandemic (Q2 2019: 11.2%)
- Strong operating free cash flow of EUR +12.1 million generated (Q2 2019: EUR +16.1 million)
- Adjusted EPS of EUR 0.66 achieved (Q2 2019: EUR 0.93)
- Acquisition of Ålö stabilizes JOST's business development in Q2 2020 contributing EUR 46.5 million in sales and an adjusted EBIT of EUR 5.9 million

*Neu-Isenburg, August 13, 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 second quarter of 2020.

Joachim Dürr, CEO of JOST Werke AG, said: "In the second quarter we had to prove the flexibility of our business model. The rapid spread of the coronavirus pandemic strained our market environment and our business worldwide. Especially North America and Europe were severely impacted by the pandemic, but we also had to cope with restrictive lockdowns and plant closures in Asia-Pacific-Afrika. Nevertheless, we were able to achieve an operating break even in all regions. Despite travel restrictions and social distancing, our employees continued to provide customers with the best possible service and adapted flexibly to the rapidly changing market environment. The positive development of JOST in China and the recently acquired Ålö business could partially offset the sharp market slump. We are proud of the performance of the entire team in these difficult circumstances".

### Coronavirus pandemic impacts consolidated sales and earnings in Q2 2020

The global spread of the coronavirus pandemic has significantly impacted JOST's business development in the second quarter of 2020. A large majority of OEMs in Europe and North America temporarily shut down their production plants in April and May respectively. OEMs in India, South Africa and Brazil also had to close their plants due to governmental imposed lockdowns. By contrast, the development of the Chinese market was encouraging. After pandemic-related shutdowns in the first quarter, demand for JOST's products rose sharply

from April onwards. Despite the pandemic's negative impact, the global agricultural market remained relatively robust in the second quarter of 2020, enabling Ålö to make a positive contribution to JOST's business.

Overall, JOST's consolidated sales decreased by -13.3% to EUR 174.9 million in the second quarter of 2020 (Q2 2019: EUR 201.8 million). This includes a positive effect of EUR 46.5 million from the acquisition of Ålö and negative FX effects of EUR -1.7 million. Organic group sales excluding acquisition and FX effects fell by -35.5% to EUR 128.4 million in the second quarter of 2020.

Despite the sharp market decline, JOST was able to generate an adjusted EBIT of EUR 11.1 million (Q2 2019: EUR 22.7 million) and an adjusted EBIT margin of 6.3% (Q2 2019: 11.2%) in the second quarter of 2020. This development was primarily driven by strong results in the agricultural market, as Ålö generated in the traditionally strong second quarter an adjusted EBIT of EUR 5.9 million and an adjusted EBIT margin of 12.8%. In the much more adversely affected truck and trailer market, JOST (excluding Ålö) achieved an adjusted EBIT of EUR 5.2 million and an adjusted EBIT margin of 4.0%.

## Europe

Production plant shutdowns by truck OEMs in April 2020 and weak demand for trucks and trailers caused by the pandemic led to a significant decline in European sales. Demand for spare parts and for agricultural front loaders was less affected, partially stabilizing sales in the region. In total, JOST's European sales fell by -11.0% to EUR 104.1 million in the second quarter of 2020 (Q2 2019: EUR 117.0 million). Ålö contributed EUR 32.3 million in sales. Excluding Ålö, JOST's organic sales in Europe decreased by -38.1% to EUR 71.8 million.

Although JOST was able to reduce cost of sales in Europe relatively quickly in line with sales, its selling, development and administrative expenses could not be fully adjusted. Europe bears the group's headquarter cost and has thus a higher share of fixed costs, compared to the other regions. Nevertheless, the use of short-time work, voluntary wage reductions by employees and management, and other cost-cutting measures enabled JOST to successfully master the abrupt market slump. During the second quarter of 2020 adjusted EBIT in Europe amounted to EUR 2.9 million (Q2 2019: EUR 11.6m) and the adjusted EBIT margin was 2.8% (Q2 2019: 9.9%).

## North America

In North America, the market for trucks and trailers almost completely collapsed in the second quarter of 2020. The spare parts business declined, too, albeit not as dramatically as the OE market. JOST's organic sales, adjusted for acquisition and FX effects, fell by -50.7% to EUR 22.9 million in the second quarter of 2020. Ålö generated additional sales of EUR 13.7 million in the region. In total, JOST's reported sales in North America

were only down by -19.8% reaching EUR 36.6 million (Q2 2019: EUR 45.6m). JOST used strict cost reduction measures to quickly lower its cost of sales and administrative expenses in North America, achieving an adjusted EBIT of EUR 2.0 million in the second quarter of 2020 (Q2 2019: EUR 4.6 million). The adjusted EBIT margin amounted to 5.4% (Q2 2019: 10.0%).

### **Asia-Pacific-Africa**

Asia-Pacific-Africa (APA) showed a mixed picture. In China, catch-up effects from the first quarter of 2020 and a strong economic growth significantly boosted demand for JOST's products in the second quarter. In contrast, the pandemic put the subsidiaries in India and South Africa under strong pressure. The lockdown measures imposed by the governments forced JOST to shut down its production plants in these countries in April and part of May. JOST's customers there also had to temporarily shut down their production facilities. Nevertheless, the strong growth in China enabled JOST to partially offset the decline in the other countries in the region. As a result, organic sales in APA were only -10.2% below previous year. FX effects had a negative impact on sales of -3.7%, while Ålö was able to increase sales slightly by 1.3% or EUR 0.5 million. Reported sales in APA decreased by -12.6% to EUR 34.2 million in the second quarter of 2020 (Q2 2019: EUR 39.2 million).

The recovery in China, the good development in the Pacific region and a more favorable product mix had a positive impact on earnings. Accordingly, JOST was able to slightly increase the adjusted EBIT in APA to EUR 5.7 million (Q2 2019: EUR 5.6m), despite the decline in sales. The adjusted EBIT margin improved to 16.6% (Q2 2019: 14.3%).

### **Positive earnings after taxes generated**

In the second quarter of 2020, the net financial result improved by EUR 5.9 million to EUR 2.9 million (Q2 2019: EUR -3.0 million). The main reason for the improvement were positive non-cash effects from the valuation of foreign currency loans. These unrealized currency gains arose mainly from the appreciation of the Swedish krona during the second quarter and partially offset the unrealized currency losses from the first quarter of 2020.

Accordingly, JOST generated profit after taxes of EUR 4.8 million during the second quarter of 2020 (Q2 2019: EUR 9.1 million). Earnings per share amounted to EUR 0.32 (Q2 2019: EUR 0.61). Adjusted for exceptionals, earnings after taxes reached EUR 9.8 million in the second quarter (Q2 2019: EUR 13.8 million) and adjusted earnings per share amounted to EUR 0.66 (Q2 2019: EUR 0.93).

### **The acquisition of Ålö changes JOST's asset and financial structure**

Despite the generated profits, equity declined by -3.4% to EUR 254.2 million as at June 30, 2020 (December 31, 2019: EUR 263.1 million). This development is mainly due to currency translation differences for foreign operations. The significant increase in noncurrent and current liabilities resulting from the acquisition of the Ålö Group reduced the equity ratio to 27.2% (December 31, 2019: 41.2%). Also due to the acquisition, net debt rose to EUR 268.0 million as of June 30, 2020 (December 31, 2019: EUR 46.3 million). Accordingly, leverage increased to 2.84x as of the end of the second quarter (December 31, 2019: 0.46x).

Despite the challenging market situation, JOST was able to increase its liquid assets to EUR 112.9 million during the second quarter of 2020 (December 31, 2019: EUR 104.8 million). The strong operating free cash flow (operating cash flow minus capex) played a major role in this positive development. Operating free cash flow reached EUR +12.1 million and was only slightly below previous year's level (Q2 2019: EUR +16.1 million). During the second quarter, capex amounted to EUR 3.5 million (Q2 2019: EUR 3.7 million). The ratio of net working capital to last twelve months' sales rose to 22.3% (H1 2019: 20.3%), mainly due to the pandemic-related decline in sales.

"The measures introduced to secure liquidity and cut costs have already shown their effect in the second quarter," said Christian Terlinde, CFO of JOST Werke AG. "Despite the steep market decline, we were able to break even in all regions, effectively adapting production volumes and cost to the new market conditions. The integration of Ålö is in full swing and our optimization and efficiency improvement measures are on track. Despite the coronavirus pandemic, we look with confidence to the second half of 2020."

### **Outlook**

The pandemic's impact on the markets and our customers' purchasing behavior is still difficult to predict. Thus, it remains challenging to provide a reliable forecast for the expected course of business during the 2020 fiscal year. Market signs point to a recovery in most regions from the third quarter of 2020 onwards.

The Management Board will issue its forecast for the entire fiscal year 2020 on September 1, 2020. By then, most OEMs customers in Europe and North America will be back from their summer breaks and JOST will have better visibility on the expected business development in the second half of 2020.

The interim report for the second quarter of 2020 is available at <http://ir.jost-world.com/interim-reports>. A conference call will be held on August 13, 2020, at 11:00 a.m. CEST. The webcast will be available on the JOST Investor Relations' website (<http://ir.jost-world.com>).

**About JOST:**

*JOST is a leading global manufacturer and supplier of safety-relevant systems for the commercial vehicle industry with the core brands JOST, ROCKINGER, TRIDEC, Edbro and Quicke. JOST's international market-leading position is underpinned by its strong brands, long-term customer relationships served by its global sales network, and its efficient, low-investment business model. With sales and manufacturing facilities in more than 20 countries on five continents, JOST has direct access to all major manufacturers of trucks, trailers and agricultural tractors worldwide as well as to all relevant end customers in the commercial vehicle industry. JOST currently employs over 3,500 people worldwide and has been listed on the Frankfurt Stock Exchange since 20 July 2017. Further information about JOST can be found here: [www.jost-world.com](http://www.jost-world.com)*

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