INTERIM REPORT H1 2019
JOST Werke AG

# H1 2019

# JOST AT A GLANCE

**Key figures**

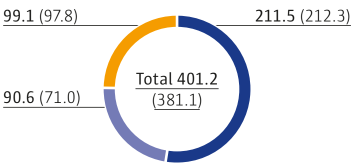
| in € million | H1 2019 | H1 2018 | Change | Q2 2019 | Q2 2018 | Change |
|---|---|---|---|---|---|---|
| **Consolidated sales** | **401.2** | **381.1** | **5.3%** | **201.8** | **190.9** | **5.7%** |
| thereof sales Europe | 240.3 | 242.8 | –1.0% | 117.0 | 118.9 | –1.6% |
| thereof sales North America | 86.0 | 66.3 | 29.6% | 45.6 | 35.6 | 27.9% |
| thereof sales Asia, Pacific and Africa (APA) | 74.9 | 72.0 | 4.1% | 39.2 | 36.4 | 7.7% |
| Adjusted EBITDA[1] | 58.3 | 53.9 | 8.1% | 28.7 | 25.8 | 10.9% |
| Adjusted EBITDA margin (%) | 14.5% | 14.1% | 0.4%-points | 14.2% | 13.5% | 0.7%-points |
| Adjusted EBIT[1] | 46.6 | 45.0 | 3.5% | 22.7 | 21.3 | 6.6% |
| Adjusted EBIT margin (%) | 11.6% | 11.8% | –0.2%-points | 11.2% | 11.2% | 0.0%-points |
| Equity ratio (%) | 39.7% | 39.0% | 0.7%-points | | | |
| Net debt[2] | 88.0 | 113.0 | –22.1% | | | |
| Leverage[3] | 0.85x | 1.19x | –28.7% | | | |
| Liquid assets | 63.2 | 38.3 | 65.1% | | | |
| Capex[4] | 7.0 | 9.2 | –24.1% | 3.7 | 6.5 | –42.6% |
| ROCE (%)[5] | 18.8% | 18.9% | –0.1%-points | | | |
| Cash conversion rate (%)[6] | 88.1% | 83.0% | 5.1%-points | 87.1% | 74.7% | 12.4%-points |
| Profit / loss after taxes | 23.3 | 34.7 | –32.9% | 9.1 | 22.7 | –60.0% |
| Earnings per share (in €) | 1.56 | 2.33 | –33.0% | 0.61 | 1.52 | –59.9% |
| Adjusted profit / loss after taxes[7] | 29.9 | 28.9 | 3.8% | 13.8 | 14.1 | –1.6% |
| Adjusted earnings per share (in €)[8] | 2.01 | 1.94 | 3.6% | 0.93 | 0.94 | –1.1% |

1 Adjustments for PPA effects and exceptionals
2 Interest bearing loans (excl. accrued financing costs) – liquid assets
3 Net debt / adj. EBITDA, last 12 months
4 Gross presentation (capex; without taking into account divestments)
5 LTM adj. EBIT / interest-bearing capital employed; interest-bearing capital: shareholders' equity + financial liabilities (except for refinancing costs) – liquid assets + provisions for pensions
6 (Adj. EBITDA – capex) / adj. EBITDA
7 Profit after taxes adjusted for exceptionals in accordance with note 10
8 Adjusted profit after taxes / 14,900,000 (number of shares as of June 30)

## THE GROUP'S GROWTH CONTINUES IN THE SECOND QUARTER

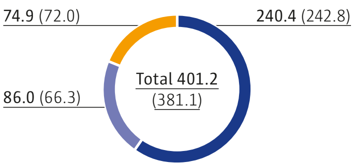
- JOST increases Group-wide sales by 5.7% to €201.8m in Q2 2019.
- JOST further strengthens its strong market position in North America, generating sales growth of 27.9% in Q2 2019.
- Adjusted EBIT up 6.6% to €22.7m in Q2 2019. The adjusted EBIT margin remains stable at 11.2%.

**Regional sales by destination**
Total H1 2019 (H1 2018), in € million



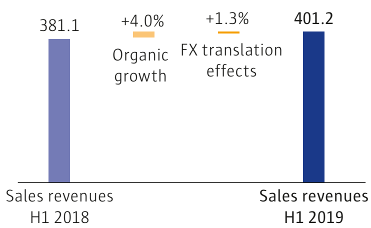

- Europe 53% (56%)
- Americas 22% (18%)
- APA 25% (26%)

**Regional sales by origin**
Total H1 2019 (H1 2018), in € million




- Europe 60% (64%)
- North America 21% (17%)
- APA 19% (19%)

**Organic sales development**
H1 2019, in € million



## THE JOST WERKE GROUP IS A LEADING GLOBAL PRODUCER AND SUPPLIER OF SAFETY-CRITICAL SYSTEMS TO THE TRUCK AND TRAILER INDUSTRY.

JOST's global leadership position is driven by the strength of its brands, by its long-standing client relationships serviced through its global distribution network as well as by its efficient and asset-light business model.

JOST's core brands "JOST," "ROCKINGER," "TRIDEC" and "Edbro" are well recognized in the industry and highly regarded for their quality and continuous innovation. With its global distribution network and production facilities in 22 countries across five continents, JOST has direct access to all major truck and trailer manufacturers and relevant end customers.

JOST currently employs about 2,900 staff worldwide.

# CONTENT

# INTERIM GROUP MANAGEMENT REPORT

for the first six months of 2019

## MACROECONOMIC ENVIRONMENT

**Economic outlook remains subdued in 2019:** Signs of a slowdown in global economic output intensified during the first six months of 2019. Demand for consumer goods and the investments required to produce them have slackened in both industrialized countries and emerging markets. Uncertainty over the progress of the trade disputes between the USA, China and Europe continues to place a strain on the global economy. According to economic observers, the trade conflict has already had an adverse impact on China's economic growth. In Europe, there is also uncertainty over the timing and format of the United Kingdom's withdrawal from the European Union. In addition to political uncertainties, business and consumer sentiment also deteriorated in some regions. As a result, the International Monetary Fund (IMF) corrected its economic expectations for 2019 downward by another 0.1% in July 2019, which underlined the uncertain economic environment. Overall, the IMF is now anticipating global growth of 3.2% in 2019 (2018: 3.7%), and the global economic cycle appears to be cooling down further.

For Europe, the IMF expects economic output to expand by 1.3% compared to 2018 (2018: 1.9%). In the USA, the positive economic trend is expected to continue. After recording growth of 2.9% in 2018, the US economy is expected to expand by a further 2.6% in 2019. The IMF is forecasting a slight slowdown in China's economic output, with the Chinese economy expected to grow by 6.2% year-over-year in 2019 (2018: 6.6%). The country's slightly slower rate of growth is likely to determine the economic momentum in Asia's emerging and developing countries, where the IMF is forecasting growth of 6.2% (2018: 6.4%). The economic outlook has also deteriorated in Latin America, where the IMF is forecasting economic growth of just 0.6% for 2019 (2018: 1.0%).

## SECTOR-SPECIFIC ENVIRONMENT

**Declining production figures for heavy trucks in 2019:** LMC Automotive expects a decline in global heavy truck production of 2% in 2019 compared to 2018 and is therefore less pessimistic about the current year than it previously was. At the start of 2019, the market research firm anticipated a 7% slump in global heavy truck production.

According to LMC's new figures, heavy truck production in Europe is expected to rise by 1% in 2019 compared to 2018. In Asia, LMC corrected its 2019 forecasts upwards and now expects a much lower decline in heavy truck production of 5% instead of 14% compared to 2018. In light of developments in the Asian and European truck production in the first six months of the year, the new forecast implies that truck production in both regions will be flat or decrease in the second half of 2019. Market research firm FTR, which specializes in North America, has lifted its 2019 truck production growth estimate from 6% to 9%. In South America, LMC expects truck production to grow by 15% year-over-year in 2019.

**Decline in trailer production in 2019:** After a sustained period of growth and high overall production figures in the 2018 fiscal year, Clear Consulting anticipates a 9% decline in global commercial trailer production for 2019. The new forecast is two percentage points lower than the Clear Consulting's original projections for 2019. In Europe, the forecasting institute expects an above-average decline of around 10% compared to the previous year. In Asia, Clear Consulting has revised its expectations for 2019 downwards and now anticipates trailer production to contract by 9%. FTR is predicting a moderate rise of 3% for North America, thus slightly lifting its forecast compared to the start of the year. According to FTR, however, preliminary incoming orders in North America recorded a 70% decline year-over-year in June 2019. According to Clear Consulting, only Latin America will record strong growth at around 33% in the 2019 fiscal year, thus continuing its recovery trend of the past few years.

# COURSE OF BUSINESS IN THE FIRST SIX MONTHS OF 2019

## Sales

**Sales revenues by origin H1**

| in € thousands | H1 2019 | H1 2018 | % yoy |
|---|---|---|---|
| Europe | 240,375 | 242,772 | –1.0% |
| North America | 85,970 | 66,344 | 29.6% |
| APA | 74,891 | 71,965 | 4.1% |
| **Total** | **401,236** | **381,081** | **5.3%** |

**Sales revenues by origin Q2**

| in € thousands | Q2 2019 | Q2 2018 | % yoy |
|---|---|---|---|
| Europe | 116,996 | 118,891 | –1.6% |
| North America | 45,598 | 35,650 | 27.9% |
| APA | 39,168 | 36,355 | 7.7% |
| **Total** | **201,762** | **190,896** | **5.7%** |

JOST further increased sales in the second quarter of 2019, continuing its good start to the year. Sustained robust growth in North America made a particularly strong contribution to JOST's successful performance. Consolidated sales rose by 5.3% in the first half of 2019 to €401.2m (H1 2018: €381.1m). Positive currency translation effects of 1.3% primarily resulted from the US dollar's appreciation against the euro. When adjusted for these effects, organic consolidated sales rose by 4.0% in the first six months of the year. In the second quarter of 2019, JOST increased its sales by 5.7% to €201.8m (Q2 2018: €190.9m); this corresponded to organic growth of 4.6%.

The drop in commercial trailer production in Europe in the first half of 2019, estimated at around –10% by Clear Consulting, caused sales in the European segment to fall slightly. As a result, JOST's sales in Europe declined by 1.0% to €240.4m in the first six months of the year (H1 2018: €242.8m). The effects of currency translation were negligible at –0.2% in the first half of 2019. European sales amounted to €117.0m in the second quarter of 2019 (Q2 2018: €118.9m).

JOST's good performance was supported by the continued strong growth in North America, where JOST profited from both robust truck production growth and market share gains. In the first half of 2019, our North America sales rose by 29.6% to €86.0m (H1 2018: €66.3m), with organic growth of 20.9%. In the second quarter of 2019, JOST increased its sales in this region by 27.9% to €45.6m (Q2 2018: €35.7m). Organic sales growth in North America amounted to 20.3% in the second quarter of 2019.

JOST also continued its growth in Asia, Pacific and Africa (APA) in the second quarter of 2019. JOST performed particularly well with its products in China, significantly increasing its sales compared to the previous year despite the negative trend in the Chinese truck market. This good performance compensated for the weakness of the Indian market. Overall, we lifted our sales in this region by 4.1% in the first half of 2019 to €74.9m (H1 2018: €72.0m). Organic sales growth in APA reached 4.9% in the first six months of the year. In the second quarter of 2019, our APA sales rose by 7.7% to €39.2m (Q2 2018: €36.4m). When adjusted for the negative effects of currency translation, growth came to 9.2% in the second quarter.

## Results of operations

**Results of operations in H1**

| in € thousands | H1 2019 | H1 2018 | % yoy |
|---|---|---|---|
| **Sales revenues** | **401,236** | **381,081** | **5.3%** |
| Cost of sales | –296,731 | –277,750 | |
| **Gross profit** | **104,505** | **103,331** | **1.1%** |
| Operating expenses / income | –71,231 | –72,197 | |
| **Operating profit (EBIT)** | **33,274** | **31,134** | **6.9%** |
| **Net finance result** | **–3,792** | **–5,991** | |
| Income taxes | –6,178 | 9,564 | |
| **Profit / loss after taxes** | **23,304** | **34,707** | |

**Results of operations in Q2**

| in € thousands | Q2 2019 | Q2 2018 | % yoy |
|---|---|---|---|
| **Sales revenues** | **201,762** | **190,896** | **5.7%** |
| Cost of sales | –148,598 | –140,083 | |
| **Gross profit** | **53,164** | **50,813** | **4.6%** |
| Operating expenses / income | –37,085 | –36,857 | |
| **Operating profit (EBIT)** | **16,079** | **13,956** | **15.2%** |
| **Net finance result** | **–2,984** | **–3,495** | |
| Income taxes | –4,018 | 12,242 | |
| **Profit / loss after taxes** | **9,077** | **22,703** | |

The aforementioned sales growth caused the cost of sales to rise. As in the first quarter of 2019, JOST was particularly affected by increased personnel expenses in Europe as well as persistently high material costs. The Group has taken steps to further improve productivity and therefore to compensate as much as possible for the rise in personnel expenses and material costs in the course of 2019.

Overall, adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) grew by 8.1% to €58.3m in the first half of 2019 (H1 2018: €53.9m). In the second quarter of 2019, adjusted EBITDA grew by 10.9% to €28.7m (Q2 2018: €25.8m). In addition to operating performance, the initial application of IFRS 16 in fiscal 2019 gave a further boost to the year-over-year increase in adjusted EBITDA.

Adjusted earnings before interest and taxes (EBIT) grew by 3.5% in the first half of 2019 to €46.6m (H1 2018: €45.0m). The adjusted EBIT margin was 11.6% (H1 2018: 11.8%). In the second quarter of 2019, adjusted EBIT rose by 6.6% to €22.7m (Q2 2018: €21.3m), with the adjusted EBIT margin remaining unchanged year-over-year at 11.2% (Q2 2018: 11.2%).

The following table explains the adjustments made, which primarily relate to non-operating exceptionals arising from purchase price allocation effects (PPA) totaling €12.6m.

**Reconciliation of adjusted earnings H1**

| in € thousands | H1 2019 | H1 2018 |
|---|---|---|
| **EBIT** | **33,274** | **31,134** |
| Refinancing | 0 | –595 |
| Other effects | –748 | –532 |
| D&A from PPA | –12,550 | –12,720 |
| **Adjusted EBIT** | **46,572** | **44,981** |
| Depreciation of property, plant and equipment | –10,737 | –6,094 |
| Amortization of intangible assets | –953 | –2,843 |
| **Adjusted EBITDA** | **58,262** | **53,918** |

**Reconciliation of adjusted earnings Q2**

| in € thousands | Q2 2019 | Q2 2018 |
|---|---|---|
| **EBIT** | **16,079** | **13,956** |
| Refinancing | 0 | –595 |
| Other effects | –344 | –374 |
| D&A from PPA | –6,273 | –6,361 |
| **Adjusted EBIT** | **22,696** | **21,286** |
| Depreciation of property, plant and equipment | –5,426 | –3,071 |
| Amortization of intangible assets | –493 | –1,448 |
| **Adjusted EBITDA** | **28,615** | **25,805** |

In the first half of 2019, the finance result improved to €–3.8m compared with the previous year (H1 2018: €–6.0m). The improvement is mainly attributable to refinancing carried out in June 2018, which impacted the financial result on a one-off basis in the second quarter of the previous year. However, this was offset by non-cash effects from the valuation of foreign currency loans and derivatives, particularly in the second quarter of 2019. Thus, the finance result amounted to €–3.0m in the second quarter of 2019 (Q2 2018: €–3.5m).

In the first half of 2019, earnings before taxes grew by 17.3% to €29.5m (H1 2018: €25.1m). In contrast, earnings after taxes in the first half of 2019 fell to €23.3m (H1 2018: €34.7m). This decline is attributable to a non-recurring positive tax exceptional in the second quarter of the previous year, which resulted from the activation of deferred taxes from interest and loss carryforwards amounting to €14.8m. Income tax thus amounted to €–4.0m in the second quarter of 2019, while it was positive in the second quarter of 2018 at €12.2m. Accordingly, earnings after taxes in the second quarter of 2019 fell to €9.1m (Q2 2018: €22.7m) and earnings per share to €0.61 (Q2 2018: €1.52).

Adjusted for exceptionals, earnings after taxes increased to €29.9m in the first half of 2019 (H1 2018: €28.9m). In the second quarter of 2019, adjusted net earnings came to €13.8m (Q2 2018: €14.1m). Adjusted earnings per share rose to €2.01 in the first six months of 2019 (H1 2018: €1.94). In the second quarter of 2019, it amounted to €0.93 (Q2 2018: €0.94).

## Segments

### Segment reporting H1 2019

| in € thousands | Europe | North America | Asia, Pacific and Africa | Reconciliation | Consolidated financial statements |
|---|---|---|---|---|---|
| Sales revenues* | 390,965 | 86,792 | 94,136 | –170,657 | 401,236** |
| **thereof: external sales revenues*** | **240,375** | **85,970** | **74,891** | **0** | **401,236** |
| thereof: internal sales revenues* | 150,590 | 822 | 19,245 | –170,657 | 0 |
| | | | | | |
| **Adjusted EBIT*****  | **26,476** | **7,825** | **10,522** | **1,749** | **46,572** |
| thereof: depreciation and amortization | 7,921 | 1,974 | 1,795 | 0 | 11,690 |
| Adjusted EBIT margin | 11.0% | 9.1% | 14.0% | | 11.6% |
| | | | | | |
| **Adjusted EBITDA***** | **34,397** | **9,799** | **12,317** | **1,749** | **58,262** |
| Adjusted EBITDA margin | 14.3% | 11.4% | 16.4% | | 14.5% |

* Sales by destination in the reporting period:
- Europe: €211,500 thousand
- Americas: €90,620 thousand
- Asia, Pacific and Africa: €99,116 thousand

** Sales revenues in the segments show the sales revenues by origin.

*** Adjusted EBIT / EBITDA includes share of profit or loss of investment accounted for using the equity method that is not allocated to a segment and therefore included in the reconciliation column.

### Segment reporting H1 2018

| in € thousands | Europe | North America | Asia, Pacific and Africa | Reconciliation | Consolidated financial statements |
|---|---|---|---|---|---|
| Sales revenues* | 391,954 | 66,757 | 95,968 | –173,598 | 381,081** |
| **thereof: external sales revenues*** | **242,772** | **66,344** | **71,965** | **0** | **381,081** |
| thereof: internal sales revenues* | 149,182 | 413 | 24,003 | –173,598 | 0 |
| | | | | | |
| **Adjusted EBIT***** | **27,374** | **5,604** | **10,609** | **1,394** | **44,981** |
| thereof: depreciation and amortization | 7,198 | 1,192 | 547 | 0 | 8,937 |
| Adjusted EBIT margin | 11.3% | 8.4% | 14.7% | | 11.8% |
| | | | | | |
| **Adjusted EBITDA***** | **34,572** | **6,796** | **11,156** | **1,394** | **53,918** |
| Adjusted EBITDA margin | 14.2% | 10.2% | 15.5% | | 14.1% |

* Sales by destination in the reporting period:
- Europe: €212,275 thousand
- Americas: €71,028 thousand
- Asia, Pacific and Africa: €97,778 thousand

** Sales revenues in the segments show the sales revenues by origin.

*** Adjusted EBIT / EBITDA includes share of profit or loss of investment accounted for using the equity method that is not allocated to a segment and therefore included in the reconciliation column.

In Europe, the slight decline in sales as well as higher personnel expenses caused adjusted EBIT to decline by €0.9m to €26.5m in the first half of 2019 (H1 2018: €27.4m). This resulted in an adjusted EBIT margin of 11.0% (H1 2018: 11.3%).

In North America, we significantly increased profitability compared to the previous year. JOST was able to further improve its operating performance. We also succeeded in passing on some of the cost pressure caused by tariffs on imported steel products to our customers by adjusting prices. In the first half of 2019, adjusted EBIT in North America rose by €2.2m to €7.8m (H1 2018: €5.6m) and the adjusted EBIT margin improved to 9.1% (H1 2018: 8.4%).

In APA, adjusted EBIT fell marginally by €0.1m to €10.5m in the first half of 2019 (H1 2018: €10.6m). As a result of changes to the product mix and shifts in the regional distribution of sales, the adjusted EBIT margin decreased to 14.0% (H1 2018: 14.7%).

### Segment reporting Q2 2019

| in € thousands | Europe | North America | Asia, Pacific and Africa | Reconciliation | **Consolidated financial statements** |
|---|---|---|---|---|---|
| Sales revenues* | 187,395 | 46,114 | 48,619 | –80,366 | 201,762** |
| **thereof: external sales revenues*** | **116,996** | **45,598** | **39,168** | **0** | **201,762** |
| thereof: internal sales revenues* | 70,399 | 516 | 9,451 | –80,366 | 0 |
| | | | | | |
| **Adjusted EBIT***** | **11,614** | **4,572** | **5,604** | **906** | **22,696** |
| thereof: depreciation and amortization | 4,019 | 995 | 905 | 0 | 5,919 |
| Adjusted EBIT margin | 9.9% | 10.0% | 14.3% | | 11.2% |
| | | | | | |
| **Adjusted EBITDA***** | **15,633** | **5,567** | **6,509** | **906** | **28,615** |
| Adjusted EBITDA margin | 13.4% | 12.2% | 16.6% | | 14.2% |

* Sales by destination in the reporting period:
- Europe: €102,154 thousand
- Americas: €47,632 thousand
- Asia, Pacific and Africa: €51,976 thousand

** Sales revenues in the segments show the sales revenues by origin.

*** Adjusted EBIT / EBITDA includes share of profit or loss of investment accounted for using the equity method that is not allocated to a segment and therefore included in the reconciliation column.

### Segment reporting Q2 2018

| in € thousands | Europe | North America | Asia, Pacific and Africa | Reconciliation | **Consolidated financial statements** |
|---|---|---|---|---|---|
| Sales revenues* | 192,909 | 35,907 | 48,224 | –86,144 | 190,896** |
| **thereof: external sales revenues*** | **118,891** | **35,650** | **36,355** | **0** | **190,896** |
| thereof: internal sales revenues* | 74,018 | 257 | 11,869 | –86,144 | 0 |
| | | | | | |
| **Adjusted EBIT***** | **12,146** | **2,759** | **5,706** | **675** | **21,286** |
| thereof: depreciation and amortization | 3,604 | 639 | 276 | 0 | 4,519 |
| Adjusted EBIT margin | 10.2% | 7.7% | 15.7% | | 11.2% |
| | | | | | |
| **Adjusted EBITDA***** | **15,750** | **3,398** | **5,982** | **675** | **25,805** |
| Adjusted EBITDA margin | 13.2% | 9.5% | 16.5% | | 13.5% |

* Sales by destination in the reporting period:
- Europe: €103,146 thousand
- Americas: €37,869 thousand
- Asia, Pacific and Africa: €49,881 thousand

** Sales revenues in the segments show the sales revenues by origin.

*** Adjusted EBIT / EBITDA includes share of profit or loss of investment accounted for using the equity method that is not allocated to a segment and therefore included in the reconciliation column.

In Europe, the decline in the commercial trailer market in particular led to a slight reduction in sales for the second quarter of 2019 compared to the prior-year quarter. This, combined with increased personnel expenses and persistently high material costs, was the main reason for the moderate fall in adjusted EBIT by €0.5m to €11.6m (Q2 2018: €12.1m). The adjusted EBIT margin was 9.9% (Q2 2018: 10.2%).

The slight weakness in Europe was offset by our highly satisfactory results in North America. Adjusted EBIT in this market rose by €1.8m to €4.6m in the second quarter of 2019 (Q2 2018: €2.8m) and the adjusted EBIT margin improved to 10.0% (Q2 2018: 7.7%). In addition to the strong growth of 27.9%, the improved operating performance contributed to the positive development. Moreover, price adjustments enabled JOST to pass part of its additional costs for steel import duties on to customers.

Although we were able to increase our sales revenues in APA in the second quarter of 2019, regional shifts in distribution and changes to the product mix caused adjusted EBIT in this region to fall slightly by €0.1m to €5.6m (Q2 2018: €5.7m). The weakness of the Indian market had a particularly adverse impact on this result. Thus, the adjusted EBIT margin for the second quarter of 2019 was 14.3% (Q2 2018: 15.7%).

## Net assets

**Condensed balance sheet**

**Assets**

| in € thousands | **06/30/2019** | 12/31/2018 |
|---|---|---|
| Noncurrent assets | 318,601 | 309,602 |
| Current assets | 323,265 | 310,350 |
| | | |
| | **641,866** | **619,952** |

**Equity and Liabilities**

| in € thousands | **06/30/2019** | 12/31/2018 |
|---|---|---|
| Equity | 254,956 | 251,613 |
| Noncurrent liabilities | 260,452 | 240,396 |
| Current liabilities | 126,458 | 127,943 |
| | **641,866** | **619,952** |

Despite the dividend payment of €16.4m, the profit generated in the first half of 2019 resulted in an increase in equity of 1.3% to €255.0m (December 31, 2018: €251.6m). As of June 30, 2019, the equity ratio was 39.7% (December 31, 2018: 40.5%). In addition to the aforementioned dividend payment, the moderate decrease was primarily attributable to the first-time adoption of IFRS 16. The adoption of IFRS 16 was also the main reason for the rise in other noncurrent financial liabilities by €18.0m and other current financial liabilities by €5.7m, compared to December 31, 2018.

Similarly, applying IFRS 16 for the first time resulted in an increase in noncurrent assets. This was the primary reason for the increase in property, plant and equipment by €21.5m to €104.3m (December 31, 2018: €82.8m). In contrast, the amortization of intangible assets arising from historical purchase price allocations (PPA) and ongoing depreciation of property, plant, and equipment reduced noncurrent assets.

The rise in business volumes caused inventories to grow to €112.3m compared to December 31, 2018 (€110.9m). This was also the reason for the rise in trade receivables to €126.4m (December 31, 2018: €109.7m). The increase was bolstered by seasonal effects as inventories and receivables are generally lower at the end of the year. Trade payables also rose as of the June 30, 2019 reporting date to €81.3m (December 31, 2018: €80.8m). Overall, working capital increased to €157.4m in the first half of 2019 for seasonal reasons, compared to year-end (December 31, 2018: €139.8m).

Compared with the first half of the previous year however, working capital fell slightly (H1 2018: €157.6m) despite the increase in business volume. Thus, the ratio of working capital to sales in the last twelve months improved to 20.3% (H1 2018: 21.8%).

The dividend payment of €16.4m in May 2019 caused liquid assets to decrease slightly to €63.2m compared to December 31, 2018 (€66.1m). This could not be fully offset by the growth of operating cash flow. As a result, net debt rose slightly to €88.0m as of June 30, 2019 (December 31, 2018: €85.2m). However, the increase in EBITDA meant the ratio of net debt to adjusted EBITDA (last twelve months) remained unchanged at 0.85x (December 31, 2018: 0.85x).

## Financial Position

### Cash flows in H1

| in € thousands | H1 2019 | H1 2018 |
|---|---|---|
| **Cash flow from operating activities** | **22,357** | **18,282** |
| thereof change in net working capital | –16,888 | –28,409 |
| **Cash flow from investing activities** | **–5,236** | **–7,965** |
| **Cash flow from financing activities** | **–20,477** | **–38,198** |
| **Net change in cash and cash equivalents** | **–3,356** | **–27,881** |
| Change in cash and cash equivalents due to exchange rate movements | 505 | –131 |
| Cash and cash equivalents at January 1 | 66,087 | 66,313 |
| **Cash and cash equivalents at June 30** | **63,236** | **38,301** |

### Cash flows in Q2

| in € thousands | Q2 2019 | Q2 2018 |
|---|---|---|
| **Cash flow from operating activities** | **19,834** | **12,682** |
| thereof change in net working capital | 6,735 | –5,324 |
| **Cash flow from investing activities** | **–2,076** | **–5,350** |
| **Cash flow from financing activities** | **–18,486** | **–37,385** |
| **Net change in cash and cash equivalents** | **–728** | **–30,053** |
| Change in cash and cash equivalents due to exchange rate movements | –575 | –20 |
| Cash and cash equivalents at April 1 | 64,539 | 68,374 |
| **Cash and cash equivalents at June 30** | **63,236** | **38,301** |

Cash flow from operating activities grew to €22.4m in the first half of 2019 (H1 2018: €18.3m), primarily as a result of the improvement in working capital compared to the first half of the previous year.

Investments fell to €7.0m in the first half of 2019 due to a different phasing, compared to prior year (H1 2018: €9.2m). Current investments are focused on improving efficiency and automating processes at various production plants.

Cash flow from financing activities improved to €–20.5m in the first half of 2019 (H1 2018: €–38.2m) and was primarily impacted by the dividend payment made in May 2019. In the prior-year period, cash flow from financing activities was also reduced by the one-off repayment of long-term loans and borrowings of €30.2m as part of the refinancing.

Overall, liquid assets rose to €63.2m at the end of the first half of 2019 (H1 2018: €38.3m).

## Opportunities and risks

Opportunities and risks are a natural result of all business activity. Sufficient provisions have been recognized for all known company-specific risks. The risk and opportunity situation of the JOST Werke Group has not changed significantly since the publication of our 2018 Annual Report on March 26, 2019. For more details on our risks and opportunities, please refer to p. 48 et seq. of that report.

## Outlook

Given the satisfactory development of sales in the first half of 2019 and taking into account the Group's expected business performance, the Management Board confirms its outlook that consolidated sales will increase by a low single-digit percentage year-over-year in 2019. This forecast is based on the assumption that the macroeconomic and political environment will remain stable.

Adjusted EBIT should perform in line with sales in 2019. Although the Management Board expects further headwinds from rising personnel expenses, JOST will attempt to largely compensate for this over the course of 2019. As a result, the EBIT margin is expected to remain relatively stable in 2019 compared to the previous year. Adjusted EBITDA is expected to increase slightly faster than sales in fiscal year 2019 due to the first-time application of IFRS 16.

Capital expenditure is expected to continue to amount to around 2.5% of sales, excluding acquisition-related expenses. Investments will be focused on further increasing automation in production.

Net working capital as a percentage of sales is once again expected to remain stable slightly below the 20% mark during 2019.

Excluding any potential acquisitions, our leverage – the ratio of net debt to adjusted EBITDA – is likely to improve slightly in the 2019 fiscal year again.

From today's perspective and taking into account the positive business performance in the current fiscal year, the Management Board is confident that the Group's economic position is sound. JOST is ideally positioned to effectively seize opportunities and continue to successfully execute its corporate strategy.

The Management Board of JOST Werke AG

Neu-Isenburg, August 22, 2019

# CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended June 30, 2019

## CONDENSED CONSOLIDATED STATEMENT OF INCOME – BY FUNCTION OF EXPENSES

for the six months ended June 30, 2019
JOST Werke AG

| in € thousands | Notes | **H1 2019** | H1 2018 | **Q2 2019** | Q2 2018 |
|---|---|---|---|---|---|
| **Sales revenues** | (5) | **401,236** | **381,081** | **201,762** | **190,896** |
| **Cost of sales** | | **–296,731** | **–277,750** | **–148,598** | **–140,083** |
| **Gross profit** | | **104,505** | **103,331** | **53,164** | **50,813** |
| Selling expenses | | –45,193 | –43,541 | –23,202 | –22,002 |
| thereof: depreciation and amortization of assets | | –14,053 | –13,153 | –7,027 | –6,578 |
| Research and development expenses | | –6,889 | –6,312 | –3,701 | –3,247 |
| Administrative expenses | | –21,178 | –23,877 | –10,779 | –12,404 |
| Other income | (6) | 2,310 | 3,325 | 870 | 1,862 |
| Other expenses | (6) | –2,030 | –3,186 | –1,179 | –1,741 |
| Share of profit or loss of equity method investments | | 1,749 | 1,394 | 906 | 675 |
| **Operating profit (EBIT)** | | **33,274** | **31,134** | **16,079** | **13,956** |
| Financial income | (7) | 805 | 283 | –119 | –71 |
| Financial expense | (7) | –4,597 | –6,274 | –2,865 | –3,424 |
| **Net finance result** | | **–3,792** | **–5,991** | **–2,984** | **–3,495** |
| **Profit / loss before tax** | | **29,482** | **25,143** | **13,095** | **10,461** |
| Income taxes | (8) | –6,178 | 9,564 | –4,018 | 12,242 |
| **Profit / loss after taxes** | | **23,304** | **34,707** | **9,077** | **22,703** |
| | | | | | |
| **Weighted average number of shares** | | **14,900,000** | **14,900,000** | **14,900,000** | **14,900,000** |
| **Basic and diluted earnings per share (in €)** | (9) | **1.56** | **2.33** | **0.61** | **1.52** |

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended June 30, 2019
JOST Werke AG

| in € thousands | H1 2019 | H1 2018 | Q2 2019 | Q2 2018 |
|---|---|---|---|---|
| **Profit / loss after taxes** | **23,304** | **34,707** | **9,077** | **22,703** |
| **Items that may be reclassified to profit or loss in subsequent periods** | | | | |
| Exchange differences on translating foreign operations | 2,851 | –3,551 | –1,166 | –1,113 |
| **Items that will not be reclassified to profit or loss** | | | | |
| Remeasurements of defined benefit pension plans | –9,174 | 1,110 | –2,945 | –18 |
| Deferred taxes relating to other comprehensive income | 2,752 | –333 | 883 | 5 |
| **Other comprehensive income** | **–3,571** | **–2,774** | **–3,228** | **–1,126** |
| **Total comprehensive income** | **19,733** | **31,933** | **5,849** | **21,577** |

# CONDENSED CONSOLIDATED BALANCE SHEET

as of June 30, 2019
JOST Werke AG

## Assets

| in € thousands | Notes | 06/30/2019 | 12/31/2018 |
|---|---|---|---|
| **Noncurrent assets** | | | |
| Intangible assets | | 192,129 | 203,736 |
| Property, plant and equipment | (2) | 104,340 | 82,824 |
| Investments accounted for using the equity method | | 11,858 | 11,329 |
| Deferred tax assets | | 8,791 | 10,270 |
| Other noncurrent financial assets | (11) | 9 | 91 |
| Other noncurrent assets | | 1,474 | 1,352 |
| | | **318,601** | **309,602** |
| **Current assets** | | | |
| Inventories | | 112,300 | 110,893 |
| Trade receivables | | 126,366 | 109,707 |
| Receivables from income taxes | | 2,202 | 5,705 |
| Other current financial assets | (11), (12) | 701 | 1,390 |
| Other current assets | | 18,460 | 16,568 |
| Cash and cash equivalents | | 63,236 | 66,087 |
| | | **323,265** | **310,350** |
| | | | |
| **Total assets** | | **641,866** | **619,952** |

**Equity and Liabilities**

| in € thousands | Notes | 06/30/2019 | 12/31/2018 |
|---|---|---|---|
| **Equity** | | | |
| Subscribed capital | | 14,900 | 14,900 |
| Capital reserves | | 499,399 | 499,399 |
| Other reserves | | –37,492 | –33,921 |
| Retained earnings | | –221,851 | –228,765 |
| | | **254,956** | **251,613** |
| **Noncurrent liabilities** | | | |
| Pension obligations | (13) | 67,426 | 58,673 |
| Other provisions | | 1,860 | 1,796 |
| Interest-bearing loans and borrowings | (14) | 150,554 | 150,664 |
| Deferred tax liabilities | | 17,999 | 24,466 |
| Other noncurrent financial liabilities | (2), (11) | 18,721 | 696 |
| Other noncurrent liabilities | | 3,892 | 4,101 |
| | | **260,452** | **240,396** |
| **Current liabilities** | | | |
| Pension obligations | (13) | 1,821 | 1,821 |
| Other provisions | | 7,720 | 13,572 |
| Interest-bearing loans and borrowings | (14) | 312 | 234 |
| Trade payables | | 81,281 | 80,799 |
| Liabilities from income taxes | | 6,120 | 7,094 |
| Contract liabilities | | 1,974 | 2,708 |
| Other current financial liabilities | (2), (11), (15) | 6,609 | 958 |
| Other current liabilities | | 20,621 | 20,757 |
| | | **126,458** | **127,943** |
| | | | |
| **Total equity and liabilities** | | **641,866** | **619,952** |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended June 30, 2019
JOST Werke AG

**Condensed Consolidated Statement of Changes in Equity for the six months ended June 30, 2019**

| in € thousands | Subscribed capital | Capital reserves | Retained earnings |
|---|---|---|---|
| **Balance at January 1, 2019** | **14,900** | **499,399** | **–228,765** |
| Profit / loss after taxes | 0 | 0 | 23,304 |
| Other comprehensive income | 0 | 0 | 0 |
| Deferred taxes relating to other comprehensive income | 0 | 0 | 0 |
| Total comprehensive income | 0 | 0 | 23,304 |
| Dividends paid | 0 | 0 | –16,390 |
| **Balance as of June 30, 2019** | **14,900** | **499,399** | **–221,851** |

**Condensed Consolidated Statement of Changes in Equity for the six months ended June 30, 2018**

| in € thousands | Subscribed capital | Capital reserves | Retained earnings |
|---|---|---|---|
| **Balance at January 1, 2018** | **14,900** | **522,423** | **–297,789** |
| Profit / loss after taxes | 0 | 0 | 34,707 |
| Other comprehensive income | 0 | 0 | 0 |
| Deferred taxes relating to other comprehensive income | 0 | 0 | 0 |
| Total comprehensive income | 0 | 0 | 34,707 |
| Dividends paid | 0 | 0 | –7,450 |
| **Balance as of June 30, 2018** | **14,900** | **522,423** | **–270,532** |

| | Other reserves | | | |
|---|---|---|---|---|
| | Exchange differences on translating foreign operations | Remeasurements of defined benefit pension plans | Other reserves | **Total consolidated equity** |
| | **−12,529** | **−21,289** | **−103** | **251,613** |
| | 0 | 0 | 0 | 23,304 |
| | 2,851 | −9,174 | 0 | −6,323 |
| | 0 | 2,752 | 0 | 2,752 |
| | 2,851 | −6,422 | 0 | 19,733 |
| | 0 | 0 | 0 | −16,390 |
| | **−9,678** | **−27,711** | **−103** | **254,956** |

| | Other reserves | | | |
|---|---|---|---|---|
| | Exchange differences on translating foreign operations | Remeasurements of defined benefit pension plans | Other reserves | **Total consolidated equity** |
| | **−8,584** | **−21,514** | **−103** | **209,333** |
| | 0 | 0 | 0 | 34,707 |
| | −3,551 | 1,110 | 0 | −2,441 |
| | 0 | −333 | 0 | −333 |
| | −3,551 | 777 | 0 | 31,933 |
| | 0 | 0 | 0 | −7,450 |
| | **−12,135** | **−20,737** | **−103** | **233,816** |

# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended June 30, 2019
JOST Werke AG

| in € thousands | **H1 2019** | H1 2018 | **Q2 2019** | Q2 2018 |
|---|---|---|---|---|
| **Profit / loss before tax** | **29,482** | **25,143** | **13,095** | **10,461** |
| Depreciation, amortization, impairment losses and reversal of impairment on noncurrent assets | 24,240 | 21,657 | 12,192 | 10,880 |
| Other noncash expenses | 881 | 118 | 1,426 | 544 |
| Change in inventories | –713 | –8,008 | –899 | –1,665 |
| Change in trade receivables | –16,253 | –18,734 | 2,503 | –692 |
| Change in trade payables | 78 | –1,667 | 5,131 | –2,967 |
| Change in other assets and liabilities | –9,688 | 4,648 | –9,387 | –150 |
| Income tax payments | –5,670 | –4,875 | –4,227 | –3,729 |
| **Cash flow from operating activities** | **22,357** | **18,282** | **19,834** | **12,682** |
| | | | | |
| Payments to acquire intangible assets | –514 | –474 | –246 | –258 |
| Proceeds from sales of property, plant, and equipment | 130 | 120 | 97 | 112 |
| Payments to acquire property, plant, and equipment | –6,441 | –8,684 | –3,446 | –6,169 |
| Dividends received | 1,083 | 925 | 1,083 | 925 |
| Interests received | 506 | 148 | 436 | 40 |
| **Cash flow from investing activities** | **–5,236** | **–7,965** | **–2,076** | **–5,350** |
| | | | | |
| Interest payments | –1,082 | –1,675 | –788 | –862 |
| Proceeds from long-term interest-bearing loans and borrowings | 0 | 1,300 | 0 | 1,300 |
| Refinancing costs | 0 | –219 | 0 | –219 |
| Repayment of short-term interest-bearing loans and borrowings | –75 | 0 | –75 | 0 |
| Repayment of long-term interest-bearing loans and borrowings | 0 | –30,154 | 0 | –30,154 |
| Dividends paid to the shareholders of the Company | –16,390 | –7,450 | –16,390 | –7,450 |
| Repayment of lease liabilities | –2,930 | 0 | –1,233 | 0 |
| **Cash flow from financing activities** | **–20,477** | **–38,198** | **–18,486** | **–37,385** |
| | | | | |
| **Net change in cash and cash equivalents** | **–3,356** | **–27,881** | **–728** | **–30,053** |
| Change in cash and cash equivalents due to exchange rate movements | 505 | –131 | –575 | –20 |
| Cash and cash equivalents at January 1 | 66,087 | 66,313 | 64,539 | 68,374 |
| **Cash and cash equivalents at June 30** | **63,236** | **38,301** | **63,236** | **38,301** |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the period from January 1 to June 30, 2019
JOST Werke AG

## 1. GENERAL INFORMATION

JOST Werke AG (hereinafter also the "JOST", "Group", "Company", or the "JOST Werke Group") was founded as Cintinori Holding GmbH on February 27, 2008. On June 23, 2017, Cintinori Holding GmbH was converted from a German private limited company (GmbH) into a German public limited company (AG) and renamed JOST Werke AG. The respective entry in the Commercial Register was made on July 7, 2017. As of July 20, 2017, the shares were traded for the first time on the Frankfurt Stock Exchange. As of June 30, 2019, all of JOST's shares were held in free float as defined by Deutsche Börse.

The registered office of JOST Werke AG is at 2, Siemensstraße in 63263 Neu-Isenburg, Germany. The Company is registered in the Commercial Register of Offenbach am Main under section B, number 50149.

JOST is a leading global producer and supplier of safety-critical systems to the truck and trailer industry.

The condensed consolidated interim financial statements of JOST Werke AG were prepared based on the going concern principle.

## 2. BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements (hereinafter also "interim financial statements") as of and for the six months ended June 30, 2019 (hereinafter also "2019 reporting period") comprise JOST Werke AG and its subsidiaries. These interim financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), London, that are effective as of the reporting date, and the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRS IC), as adopted by the European Union (EU).

The interim financial statements were prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's net assets, financial position and results of operations since the last annual consolidated financial statements as of and for the fiscal year ended December 31, 2018. The interim financial statements should be read in conjunction with the annual consolidated financial statements as of and for the fiscal year ended December 31, 2018, which can be downloaded at http://ir.jost-world.com/.

The application of IFRS 16 – Leases from January 1, 2019 had the following effects on the condensed consolidated interim financial statements as of June 30, 2019.

IFRS 16 requires lessees to recognize assets and liabilities for most leases as the distinction between operating and finance leases under IAS 17 was eliminated. Current and low-value leases that are covered by the practical expedient have not been recognized in the balance sheet. This is reflected, among other things, as an extension of the consolidated balance sheet, with the respective usage right being recognized as an asset and the corresponding lease obligation being recognized as a liability.

In compliance with IFRS 16, the Group applies the modified retrospective transition method. Reference figures for prior-year periods were not retroactively restated. In the course of first-time adoption of the standard, the Group applies the practical expedients and accounts for leases with a remaining term of less than twelve months as of January 1, 2019, as current leases.

The JOST Werke Group recognizes lease liabilities for leases previously classified as operating leases under IAS 17 pursuant to the initial application of IFRS 16. These liabilities are measured at the present value of the remaining lease payments, discounted by the lessee's incremental borrowing rate as of January 1, 2019.

The difference between the expected operating lease payments discounted using the incremental borrowing rate as of December 31, 2018, in the amount of €25.1m and the lease liabilities recognized in the opening balance sheet totaling €25.4m results mainly from the recognition of already existing finance leases.

In contrast to the approach to date, according to which operating lease expenses were reported fully in EBIT, according to IFRS 16, only the depreciation of right-of-use assets is reflected in EBIT. All told, EBIT improved by €0.1m in the first half of 2019. The interest expense resulting from the unwinding of the discount on lease liabilities is reported in the amount of €0.3m in the net finance result.

In the first six months of 2019, the change in the recognition of operating lease expenses in the cash flow statement improved cash flow from operating activities by €3.7m. Cash flow from financing activities declined accordingly. The increase in financial liabilities as a result of the change in accounting rules adversely affected the Group's net debt by €23.6m as of June 30, 2019.

The notes to the financial statements are more extensive as a result as well.

The Management Board approved the condensed consolidated interim financial statements of JOST Werke AG for the period ending on June 30, 2019 for issue on August 22, 2019.

# 3. SEGMENT REPORTING

**Segment reporting for the six months ended June 30, 2019**

| in € thousands | Europe | North America | Asia, Pacific and Africa | Reconciliation | Consolidated financial statements |
|---|---|---|---|---|---|
| Sales revenues* | 390,965 | 86,792 | 94,136 | –170,657 | 401,236** |
| **thereof: external sales revenues*** | **240,375** | **85,970** | **74,891** | **0** | **401,236** |
| thereof: internal sales revenues* | 150,590 | 822 | 19,245 | –170,657 | 0 |
| | | | | | |
| **Adjusted EBIT*** ** | **26,476** | **7,825** | **10,522** | **1,749** | **46,572** |
| thereof: depreciation and amortization | 7,921 | 1,974 | 1,795 | 0 | 11,690 |
| Adjusted EBIT margin | 11.0% | 9.1% | 14.0% | | 11.6% |
| | | | | | |
| **Adjusted EBITDA*** ** | **34,397** | **9,799** | **12,317** | **1,749** | **58,262** |
| Adjusted EBITDA margin | 14.3% | 11.4% | 16.4% | | 14.5% |

* Sales by destination in the reporting period:
- Europe: €211,500 thousand
- Americas: €90,620 thousand
- Asia, Pacific and Africa: €99,116 thousand

** Sales revenues in the segments show the sales revenues by origin.

*** Adjusted EBIT / EBITDA includes share of profit or loss of investment accounted for using the equity method that is not allocated to a segment and therefore included in the reconciliation column.

**Segment reporting for the six months ended June 30, 2018**

| in € thousands | Europe | North America | Asia, Pacific and Africa | Reconciliation | Consolidated financial statements |
|---|---|---|---|---|---|
| Sales revenues* | 391,954 | 66,757 | 95,968 | –173,598 | 381,081** |
| **thereof: external sales revenues*** | **242,772** | **66,344** | **71,965** | **0** | **381,081** |
| thereof: internal sales revenues* | 149,182 | 413 | 24,003 | –173,598 | 0 |
| | | | | | |
| **Adjusted EBIT*** ** | **27,374** | **5,604** | **10,609** | **1,394** | **44,981** |
| thereof: depreciation and amortization | 7,198 | 1,192 | 547 | 0 | 8,937 |
| Adjusted EBIT margin | 11.3% | 8.4% | 14.7% | | 11.8% |
| | | | | | |
| **Adjusted EBITDA*** ** | **34,572** | **6,796** | **11,156** | **1,394** | **53,918** |
| Adjusted EBITDA margin | 14.2% | 10.2% | 15.5% | | 14.1% |

* Sales by destination in the reporting period:
- Europe: €212,275 thousand
- Americas: €71,028 thousand
- Asia, Pacific and Africa: €97,778 thousand

** Sales revenues in the segments show the sales revenues by origin.

*** Adjusted EBIT / EBITDA includes share of profit or loss of investment accounted for using the equity method that is not allocated to a segment and therefore included in the reconciliation column.

**Reconciliation of adjusted earnings**

| in € thousands | H1 2019 | H1 2018 |
|---|---|---|
| **Profit / loss after taxes** | **23,304** | **34,707** |
| Income taxes | –6,178 | 9,564 |
| Net finance result | –3,792 | –5,991 |
| **EBIT** | **33,274** | **31,134** |
| Refinancing | 0 | –595 |
| Other effects | –748 | –532 |
| D & A from PPA | –12,550 | –12,720 |
| **Adjusted EBIT** | **46,572** | **44,981** |
| | | |
| Depreciation of property, plant and equipment | –10,737 | –6,094 |
| Amortization of intangible assets | –953 | –2,843 |
| **Adjusted EBITDA** | **58,262** | **53,918** |

# 4. SEASONALITY OF OPERATIONS

Seasonal effects during the fiscal year can result in variations in sales and resulting profit. The JOST Werke Group usually has higher sales and earnings in the first half-year due to the fact that major customers close their manufacturing plants for summer break at the start of the second half-year.

# 5. SALES REVENUES

The increase in sales revenues is mainly driven by the growth seen in North America. This was due both to increased demand from existing customers and to gains in market share.

# 6. OTHER INCOME / OTHER EXPENSES

For the 2019 reporting period, other income amounted to €2.3m (2018 reporting period: €3.3m) and other expenses amounted to €2.0m (2018 reporting period: €3.2m).

In the 2019 reporting period as well in the 2018 reporting period, other income mainly comprises currency gains and government grants / subsidies. Other expenses mainly compromise currency losses.

# 7. FINANCE RESULT

Financial income is composed of the following items:

| in € thousands | H1 2019 | H1 2018 |
|---|---|---|
| Interest income | 125 | 156 |
| Realized and unrealized currency gains | 659 | 101 |
| Other financial income | 21 | 26 |
| **Total** | **805** | **283** |

Financial expense is composed of the following items:

| in € thousands | H1 2019 | H1 2018 |
|---|---|---|
| Interest expenses | –1,730 | –2,082 |
| thereof: interest expenses from leasing | –265 | 0 |
| Realized and unrealized currency losses | –1,782 | –504 |
| Result from measurement of derivatives | –846 | 0 |
| Other financial expenses | –239 | –3,688 |
| **Total** | **–4,597** | **–6,274** |

Other financial expenses in the previous year included interest on expected additional tax payments of €1.5m. Due to the new financing as of June 29, 2018, the previously accrued financing costs in connection with the financing agreement dated July 24, 2017 were completely reversed. This resulted in expenses of €1.8m recognized in other financial expense. This item also included €0.4m from the new financing.

# 8. INCOME TAXES

The following table shows a breakdown of income taxes:

| in € thousands | **H1 2019** | H1 2018 |
|---|---|---|
| Current tax | −8,442 | −7,334 |
| Deferred taxes | 2,264 | 16,898 |
| **Taxes on income** | **−6,178** | **9,564** |

Tax expenses are calculated based on management's best estimate of the weighted average annual income tax rate expected for the full fiscal year multiplied by the pre-tax income of the interim reporting period.

The prior-year figure mainly included effects from the utilization of future tax loss carryforwards in Germany.

# 9. EARNINGS PER SHARE

As of June 30, 2019, the number of no-par value shares (bearer shares) remained unchanged at 14,900,000.

The diluted earnings per share (in €) correspond to basic earnings per share; both are determined based on the weighted average number of shares.

**Earnings per share**

| | **H1 2019** | H1 2018 |
|---|---|---|
| Profit / loss after taxes (in € thousand) | 23,304 | 34,707 |
| Weighted average number of shares | 14,900,000 | 14,900,000 |
| **Basic and diluted earnings per share (in €)** | **1.56** | **2.33** |

# 10. EXCEPTIONALS

The following explanation of adjusted effects serves to clarify the information in the income statement.

In the 2019 reporting period, expenses amounting to €13,298 thousand (2018: €13,847 thousand) were adjusted within earnings before interest and taxes (EBIT).

The items adjusted within EBIT relate to selling expenses arising from the purchase price allocations (PPA depreciation and amortization) in the amount of €12,550 thousand (2018: €12,720 thousand). Furthermore, cost of sales as well as selling, administrative and other expenses were adjusted for expenses relating to other effects totaling €748 thousand (2018: €532 thousand).

Notional income taxes after adjustments were recognized in the amount of €12,834 thousand in the 2019 reporting period (2018: €12,367 thousand).

The tables below show the earnings adjusted for these effects:

| in € thousands | January 1 – June 30, 2019 Unadjusted | Other effects | PPA depreciation and amortization | Adjustments, total | January 1 – June 30, 2019 Adjusted |
|---|---|---|---|---|---|
| **Sales revenues** | **401,236** | | | **0** | **401,236** |
| **Cost of sales** | **–296,731** | **194** | | **194** | **–296,537** |
| **Gross profit** | **104,505** | **194** | **0** | **194** | **104,699** |
| Selling expenses | –45,193 | 130 | 12,550 | 12,680 | –32,513 |
| Research and development expenses | –6,889 | | | 0 | –6,889 |
| Administrative expenses | –21,178 | 424 | | 424 | –20,754 |
| Other income | 2,310 | | | 0 | 2,310 |
| Other expenses | –2,030 | | | 0 | –2,030 |
| Share of profit or loss of equity method investments | 1,749 | | | 0 | 1,749 |
| **Operating profit (EBIT)** | **33,274** | **748** | **12,550** | **13,298** | **46,572** |
| Financial income | 805 | | | | 805 |
| Financial expense | –4,597 | | | 0 | –4,597 |
| **Net finance result** | **–3,792** | **0** | **0** | **0** | **–3,792** |
| **Profit / loss before tax** | **29,482** | **748** | **12,550** | **13,298** | **42,780** |
| Income taxes | –6,178 | | | | –12,834 |
| **Profit / loss after taxes** | **23,304** | | | | **29,946** |
| | | | | | |
| **Weighted average number of shares** | **14,900,000** | | | | **14,900,000** |
| **Basic and diluted earnings per share (in €)** | **1.56** | | | | **2.01** |

| in € thousands | January 1 – June 30, 2018 Unadjusted | Refinancing | Other effects | PPA depreciation and amortization | Adjustments, total | January 1 – June 30, 2018 Adjusted |
|---|---|---|---|---|---|---|
| **Sales revenues** | **381,081** | | | | **0** | **381,081** |
| **Cost of sales** | **–277,750** | | | | **0** | **–277,750** |
| **Gross profit** | **103,331** | **0** | **0** | **0** | **0** | **103,331** |
| Selling expenses | –43,541 | | 7 | 12,720 | 12,727 | –30,814 |
| Research and development expenses | –6,312 | | | | 0 | –6,312 |
| Administrative expenses | –23,877 | 595 | 498 | | 1,093 | –22,784 |
| Other income | 3,325 | | | | 0 | 3,325 |
| Other expenses | –3,186 | | 27 | | 27 | –3,159 |
| Share of profit or loss of equity method investments | 1,394 | | | | 0 | 1,394 |
| **Operating profit (EBIT)** | **31,134** | **595** | **532** | **12,720** | **13,847** | **44,981** |
| Financial income | 283 | | | | 0 | 283 |
| Financial expense | –6,274 | 2,232 | | | 2,232 | –4,042 |
| **Net finance result** | **–5,991** | **2,232** | **0** | **0** | **2,232** | **–3,759** |
| **Profit / loss before tax** | **25,143** | **2,827** | **532** | **12,720** | **16,079** | **41,222** |
| Income taxes | 9,564 | | | | | –12,367 |
| **Profit / loss after taxes** | **34,707** | | | | | **28,855** |
| | | | | | | |
| **Weighted average number of shares** | **14,900,000** | | | | | **14,900,000** |
| **Basic and diluted earnings per share (in €)** | **2.33** | | | | | **1.94** |

# 11. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts, fair values, categories and classes of financial assets and financial liabilities are as follows:

| in € thousands | Measurement categories in accordance with IFRS 9 | Carrying amount 06/30/2019 | Fair value 06/30/2019 | Carrying amount 12/31/2018 | Fair value 12/31/2018 | Level |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash and cash equivalents | FAAC | 63,236 | 63,236 | 66,087 | 66,087 | n/a |
| Trade receivables | FAAC | 126,366 | 126,366 | 109,707 | 109,707 | n/a |
| Other financial assets | FAAC | 710 | 710 | 1,481 | 1,481 | n/a |
| **Total** | | **190,312** | **190,312** | **177,275** | **177,275** | |

Cash and cash equivalents, trade receivables, and other financial assets are generally of a current nature. The fair value therefore roughly corresponds to the carrying amount. As of the reporting date, all other financial assets are measured at amortized cost (FAAC); the same applied to December 31, 2018.

| in € thousands | Measurement categories in accordance with IFRS 9 | Carrying amount 06/30/2019 | Fair value 06/30/2019 | Carrying amount 12/31/2018 | Fair value 12/31/2018 | Level |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| Trade payables | FLAC | 81,281 | 81,281 | 80,799 | 80,799 | n/a |
| Interest bearing loans and borrowings* | FLAC | 151,230 | 151,081 | 151,305 | 151,255 | 2 |
| Lease liabilities | FLAC | 23,607 | 23,607 | 0 | 0 | n/a |
| Other financial liabilities | FLAC | 181 | 181 | 958 | 958 | n/a |
| Derivative financial liabilities | FLtPL | 1,542 | 1,542 | 696 | 696 | 2 |
| **Total** | | **257,841** | **257,692** | **233,758** | **233,708** | |

* excluding accrued financing costs (see note 14)

Since trade payables and other liabilities have short maturities, their carrying amounts do not differ from their fair values. With the exception of derivative financial liabilities, all financial liabilities are measured at amortized cost (FLAC). Derivative financial liabilities are measured at fair value through profit or loss (FLtPL).

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

There were no transfers between the levels of the fair value hierarchy during 2019 and 2018.

The fair value of the interest-bearing loans and borrowings is determined in 2019 and 2018 considering actual interest curves and classified as level 2 of the fair value hierarchy.

The measurement of derivatives is described in note 15.

## 12. OTHER FINANCIAL ASSETS

Other financial assets primarily include overpayments to suppliers in the amount of €288 thousand (December 31, 2018: €208 thousand) and deposits in the amount of €412 thousand (December 31, 2018: €356 thousand). The gross carrying amount corresponds to the maximum default risk. No financial assets were at risk of default as of the balance sheet date.

## 13. PENSION OBLIGATIONS

Pension obligations as of June 30, 2019 were €69.2m (December 31, 2018: €60.5m). The following significant actuarial assumptions were made:

**Assumptions**

| | **06/30/2019** | 12/31/2018 |
|---|---|---|
| Discount rate | 0.9% | 1.7% |
| Inflation rate / future pension increases | 2.0% | 2.0% |
| Future salary increases | 2.0% | 2.0% |

## 14. INTEREST-BEARING LOANS AND BORROWINGS

The following table shows the Group's loan liabilities as of June 30, 2019:

| in € thousands | | **06/30/2019** | 12/31/2018 |
|---|---|---|---|
| Promissory note loans | 5 years, fixed | 29,000 | 29,000 |
| | 5 years, variable | 86,500 | 86,500 |
| | 7 years, fixed | 20,000 | 20,000 |
| | 7 years, variable | 14,500 | 14,500 |
| | | **150,000** | **150,000** |
| Other | | 1,230 | 1,305 |
| **Interest-bearing loans** | | **151,230** | **151,305** |
| Accrued financing costs | | –364 | –407 |
| **Total** | | **150,866** | **150,898** |

As of June 30, 2019 and as of December 31, 2018, the Group has not drawn the available revolving facility. Interest payments were made in the amount of €826 thousand (2018 reporting period: €1,675 thousand).

To the extent that they can be accrued, the costs incurred under the financing agreement are spread on a pro rata basis until mid-2025 in accordance with the effective interest method.

## 15. OTHER FINANCIAL LIABILITIES

Future interest rate volatility is hedged via four interest rate swaps. Overall, the interest rate swaps as of June 30, 2019 had a negative fair value of €1,542 thousand (December 31, 2018: €696 thousand) (mark-to-market valuation), which is shown in the balance sheet under other noncurrent financial liabilities. For details regarding the maturities of loans see note 14.

As in the previous year, the Group did not apply hedge accounting in accordance with IFRS 9 in the reporting period.

## 16. RELATED PARTY DISCLOSURES

IAS 24 defines related parties as those persons and companies that have control or a significant influence over the other party.

The structure of the JOST Group, including the subsidiaries and the joint venture, as of June 30, 2019, has not changed compared to December 31, 2018, with the exception of the disposal of JOST (Shanghai) Auto Component Co. Ltd., Shanghai, PR China.

The **Management Board** comprises the following members, who are all related parties within the meaning of IAS 24:

**Lars Brorsen**, cand.oecon., Heubach
Chairman of the Management Board
Chief Executive Officer

**Joachim Dürr**, Diplom-Ingenieur, Dachau
Chief Sales Officer

**Dr.-Ing. Ralf Eichler**, Diplom-Ingenieur, Dreieich
Chief Operating Officer

**Dr. Christian Terlinde**, Diplom-Kaufmann, Dinslaken
Chief Financial Officer

The **Supervisory Board** consists of the following persons:

**Manfred Wennemer** (Chair)

**Prof. Dr. Bernd Gottschalk** (Deputy Chair)

**Natalie Hayday**

**Rolf Lutz**

**Jürgen Schaubel**

**Klaus Sulzbach**

There were no other material changes to existing transactions or new transactions with related parties during the 2019 reporting period.

## 17. EVENTS AFTER THE REPORTING DATE

There were no significant, reportable events after the reporting date.

# REVIEW

This interim report was neither audited according to Section 317 HGB nor reviewed by auditors.

Neu-Isenburg, August 22, 2019

Lars Brorsen | Joachim Dürr

Dr. Ralf Eichler | Dr. Christian Terlinde

# RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the company.

Neu-Isenburg, August 22, 2019

Lars Brorsen

Joachim Dürr

Dr. Ralf Eichler

Dr. Christian Terlinde

# FINANCIAL CALENDAR

NOVEMBER 21, 2019
INTERIM REPORT
9M 2019

**Legal disclaimer**

This document contains forward-looking statements. These statements reflect the current views, expectations and assumptions of the management, and are based on information currently available to the management. Forward-looking statements do not guarantee the occurrence of future results and developments and are subject to known and unknown risks and uncertainties. Therefore, actual future results and developments may deviate materially from the expectations and assumptions expressed in this document due to various factors. These factors primarily include changes in the general economic and competitive environment. Furthermore, developments on financial markets and changes in currency exchange rates as well as changes in national and international laws, in particular in respect of fiscal regulation, and other factors influence the Company's future results and developments. Neither the Company nor any of its affiliates undertakes to update the statements contained in this notification.

This interim report has been translated into English. Both language versions are available for download on the Internet at https://www.jost-world.com/. In case of any conflicts, the German version of the interim report shall prevail over the English translation.

## Publishing Information


### Contact


JOST Werke AG
Siemensstraße 2
63263 Neu-Isenburg
Germany
Phone: 0049-6102-295-0
Fax: 0049-6102-295-661
www.jost-world.com

### Investor Relations
Romy Acosta
Investor Relations
Phone: 0049-6102-295-379
Fax: 0049-6102-295-661
romy.acosta@jost-world.com


### Consulting, Concept & Design
Silvester Group
www.silvestergroup.com

JOST Werke AG
SIEMENSSTRASSE 2
63263 NEU-ISENBURG
GERMANY

PHONE: 0049-6102-295-0
FAX: 0049-6102-295-661

WWW.JOST-WORLD.COM