



# Full year results 2017

Lars Brorsen (CEO)

Christoph Hobo (CFO)

**JUST**

# Disclaimer



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

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

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

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

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

**1. Highlights FY 2017**

**2. Detailed results review**

**3. Market outlook**

**4. Company outlook**

**5. Q&A**

**Appendix**

### **Group sales up 11% to €701.3m**

- ✓ Europe up by 5% to €441.2m – Solid sales growth on an elevated level
- ✓ North America up by 8% to €118.5m – Rapidly recovering truck market boosted demand
- ✓ APA up by 37% to €141.6m – Growth driven by regulatory changes in China; other markets in the region also contributed to strong sales growth

### **Adjusted EBIT increased by 23% to €76.4m**

- ✓ Group margin improved by 110bp to 10.9%

### **Net debt more than halved to €113.3m**

- ✓ Leverage improved to 1.2x down from 3.5x
- ✓ Liquid assets grew from €47.2m to €66.3m

### **Further mid-single digit sales and earnings growth expected in 2018**

### **Management Board proposes dividend of €0.50 per share**

## Key figures – FY 2017



(€ m)	FY 2017	FY 2016	yoy
Sales Europe	441.2	420.9	5%
Sales North America	118.5	109.8	8%
Sales Asia, Pacific and Africa (APA)	141.6	103.2	37%
<b>Sales Group</b>	<b>701.3</b>	<b>633.9</b>	<b>11%</b>
Adjusted EBIT <sup>1</sup>	76.4	61.9	23%
<i>Adjusted EBIT margin</i>	10.9%	9.8%	1.1 pp
Adjusted net income <sup>2</sup>	44.6	29.6	51%
Adjusted EPS (€) <sup>3</sup>	2.99	1.99	51%
Proposed DPS (€)	0.50	n.a.	n.a.
Capex	19.3	18.3	5%
<i>Capex (% of sales)</i>	2.7%	2.9%	(0.2 pp)
ROCE <sup>4</sup>	19.8%	18.7%	1.1 pp
Cash conversion rate <sup>5</sup>	80.1%	78.3%	1.8 pp
Leverage ratio <sup>6</sup>	1.2X	3.5X	

<sup>1</sup> Operating profit adjusted for PPA effects and exceptionals

<sup>2</sup> Adjusted for exceptionals, PPA, shareholder loan effects and deferred taxes

<sup>3</sup> Pro forma for 2016 assuming same number of shares (14,900,000)

<sup>4</sup> LTM adj. EBIT/ interest-bearing capital employed; interest-bearing capital: shareholders' equity + financial liabilities – liquid assets + provisions for pensions

<sup>5</sup> Adj. EBITDA – Capex / adj. EBITDA

<sup>6</sup> Net debt / adj. EBITDA

# Agenda



**1. Highlights FY 2017**

**2. Detailed results review**

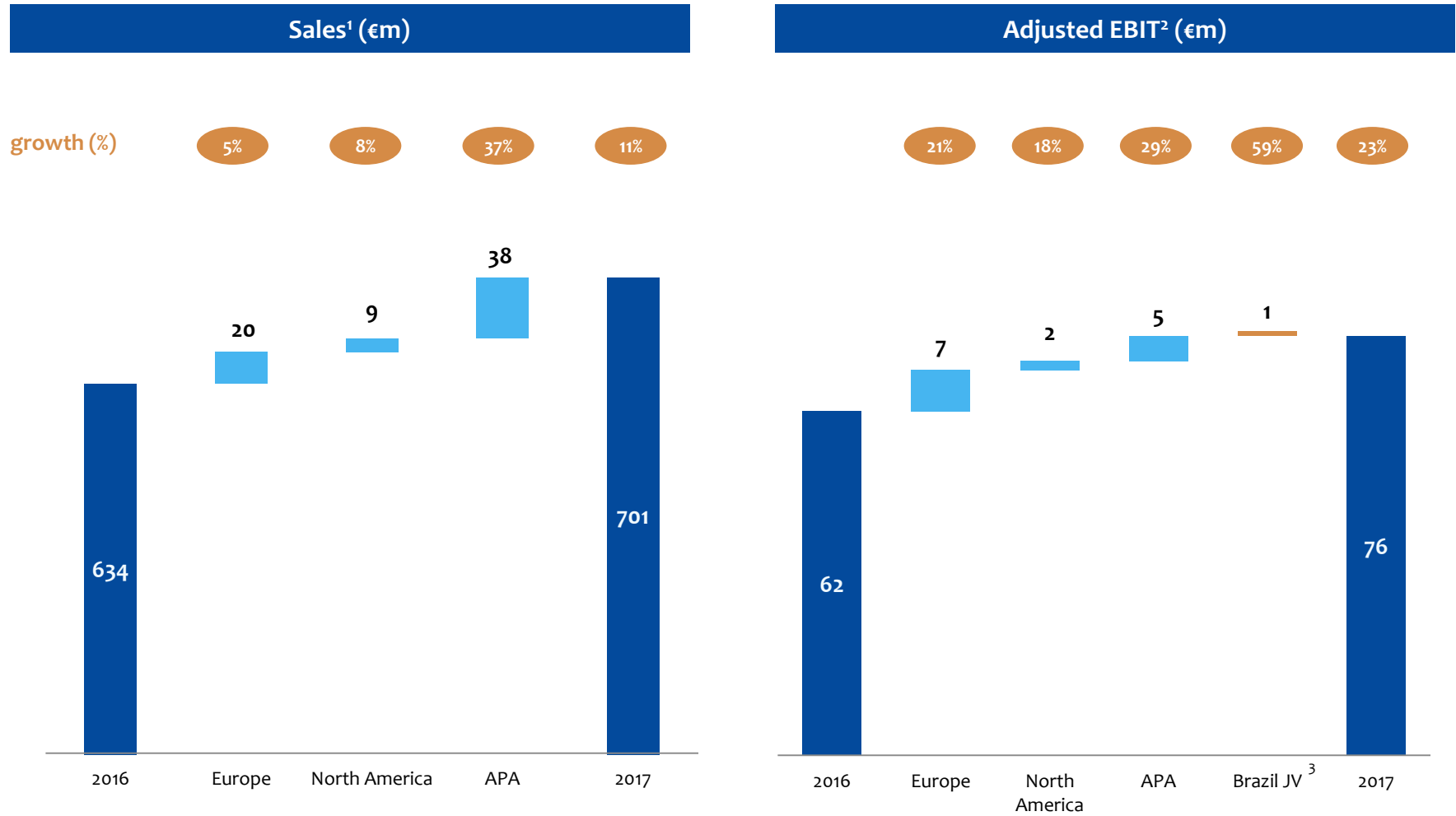
**3. Market outlook**

**4. Company outlook**

**5. Q&A**

**Appendix**

# Development by region – Sales & adjusted EBIT FY2017



<sup>1</sup> Reported sales figures do not include sales of Brazil JV

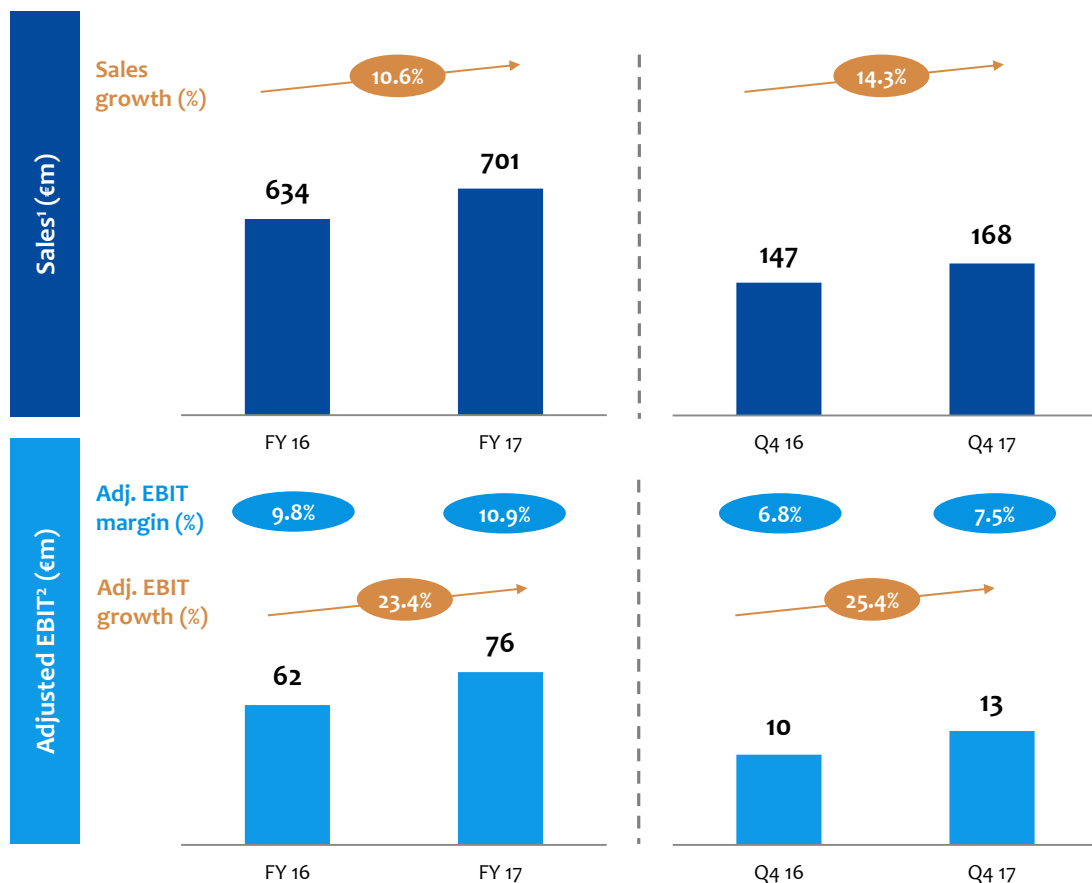
<sup>2</sup> Operating profit adjusted for PPA effects and exceptionals

<sup>3</sup> Pro-rata net income from Brazil JV not allocated to segments and therefore shown separately

# Group – Record FY sales performance resulting in strong earnings growth



## Key financials



## Key highlights

- ❖ Prior year sales exceeded in all regions
- ❖ Growth driven by high activity level in APA and recovering truck market in North America
- ❖ Seasonal effect in Q4 not as pronounced as in previous year
- ❖ Adj. EBIT grew by 23% resulting in margin expansion to 11% in 2017
- ❖ Main reasons: successful efficiency improvements, disciplined cost management and dynamic sales growth

<sup>1</sup> Reported sales figures do not include sales of Brazil JV

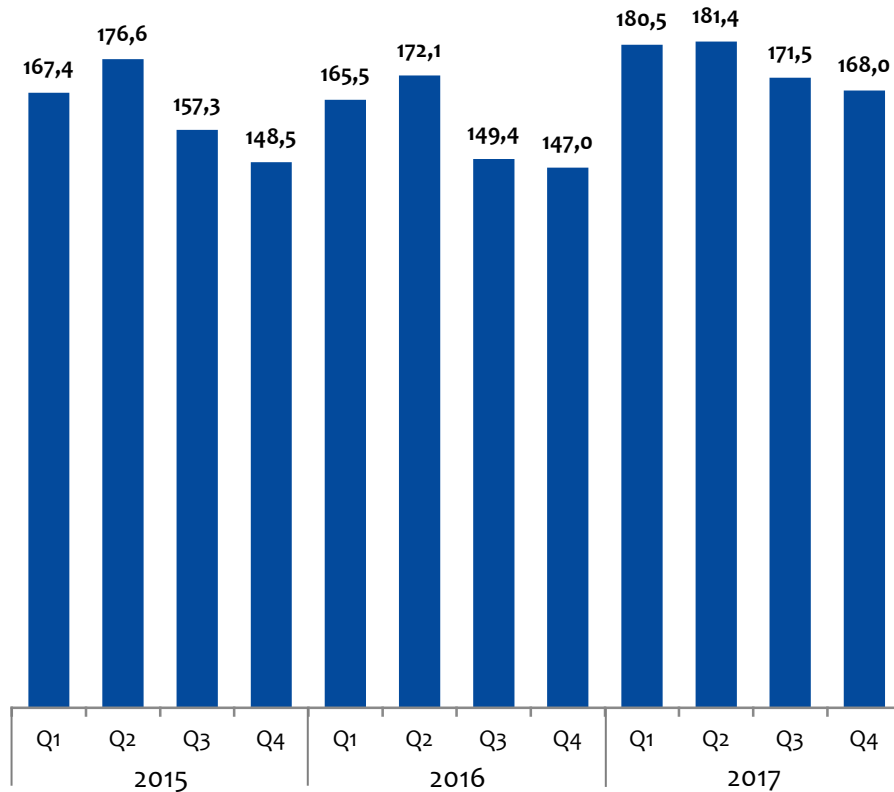
<sup>2</sup> Operating profit adjusted for PPA effects and exceptionals



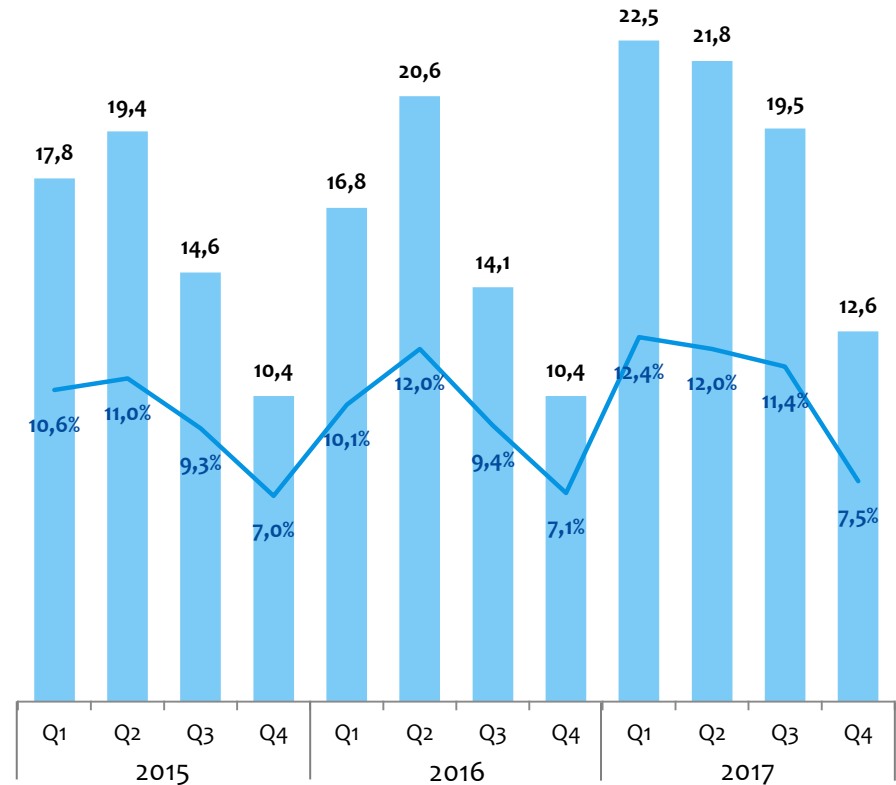
# Group's sales and adjusted EBIT by quarter



Sales (€m)



Adj. EBIT (€m)

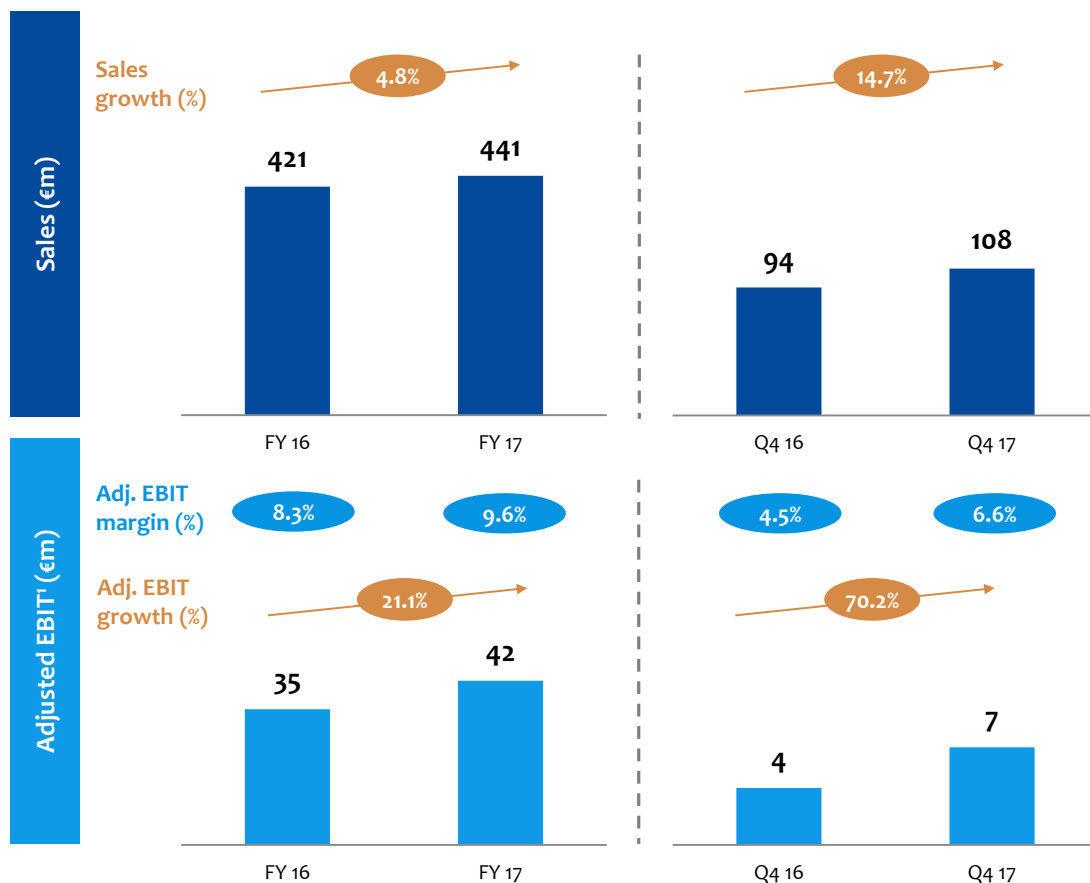


Typical seasonality has not been as pronounced in H2 2017 as in previous years

# Europe – Solid sales development and improved margins



## Key financials



## Key highlights

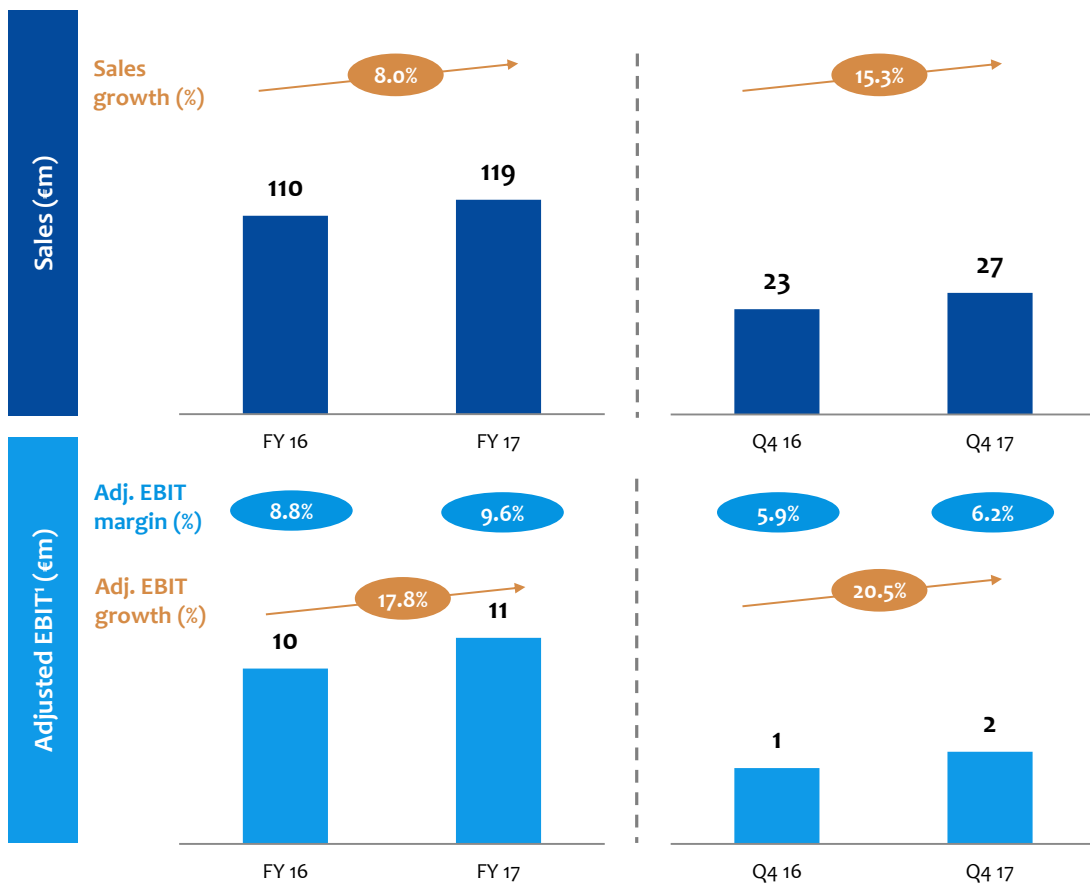
- ❖ Solid sales growth on an elevated level
- ❖ Strong market momentum in Q4 contributed to growth
- ❖ Improvement in adj. EBIT by 21%
- ❖ Margin improvement by 1.3 pp to 9.6%
- ❖ Reasons: completed integration of axle business, positive operating leverage from higher business volume and continuous efficiency enhancements

<sup>1</sup>Operating profit adjusted for PPA effects and exceptionals

# North America – Accelerated topline growth



## Key financials



## Key highlights

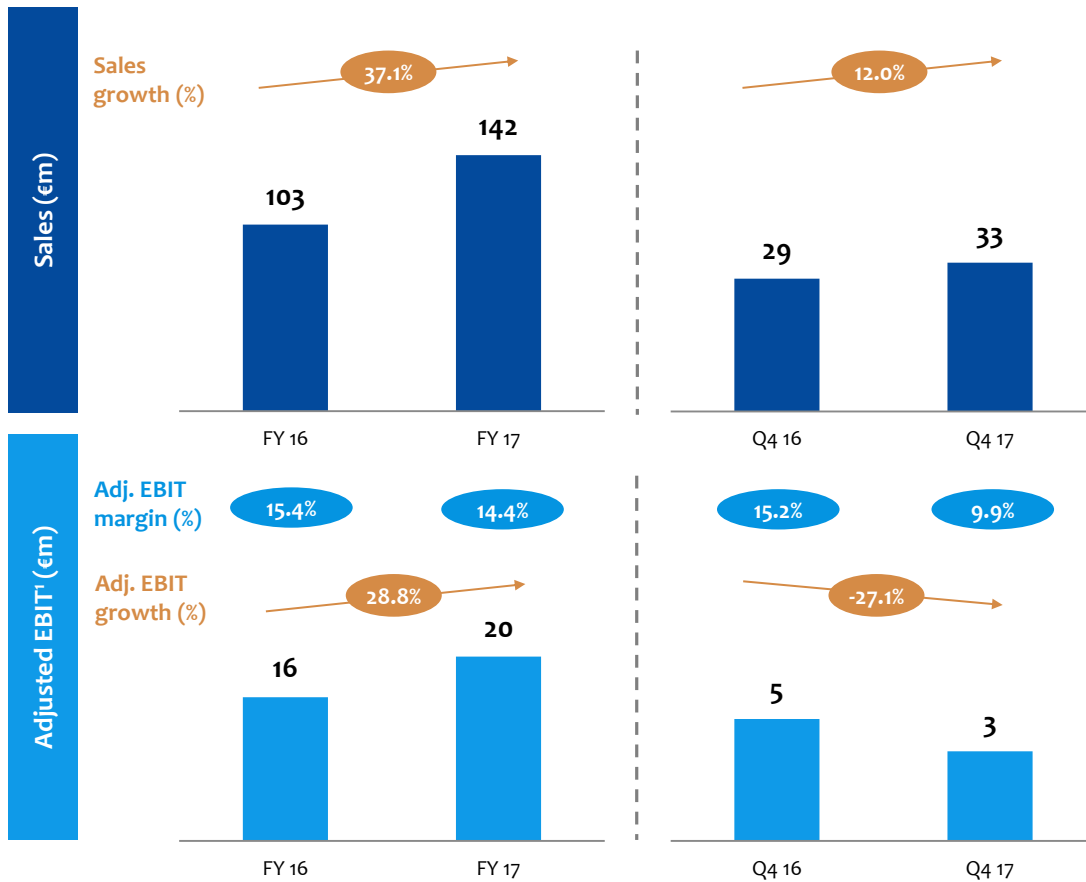
- ❖ Sales growth driven by rapidly recovering truck market in H2
- ❖ Headwind from currency effects (+10.2% growth excl. FX)
- ❖ Adj. EBIT grew by 18%
- ❖ Margin improvement due to operating leverage and higher level of automation in production
- ❖ This offset wage inflation and increased material costs

<sup>1</sup>Operating profit adjusted for PPA effects and exceptionals

# APA – Strong sales growth continued



## Key financials



## Key highlights

- ❖ High demand in China due to stricter legal requirements for maximum size and weight of trucks continued
- ❖ Other markets in the region also contributed to strong sales growth
- ❖ 29% adj. EBIT growth in 2017
- ❖ Q4 impacted by start up costs following the production relocation of trailer products from Shanghai to existing plant in Wuhan

<sup>1</sup> Operating profit adjusted for PPA effects and exceptionals

# Reconciliation of adjusted earnings FY 2017



## Key financials



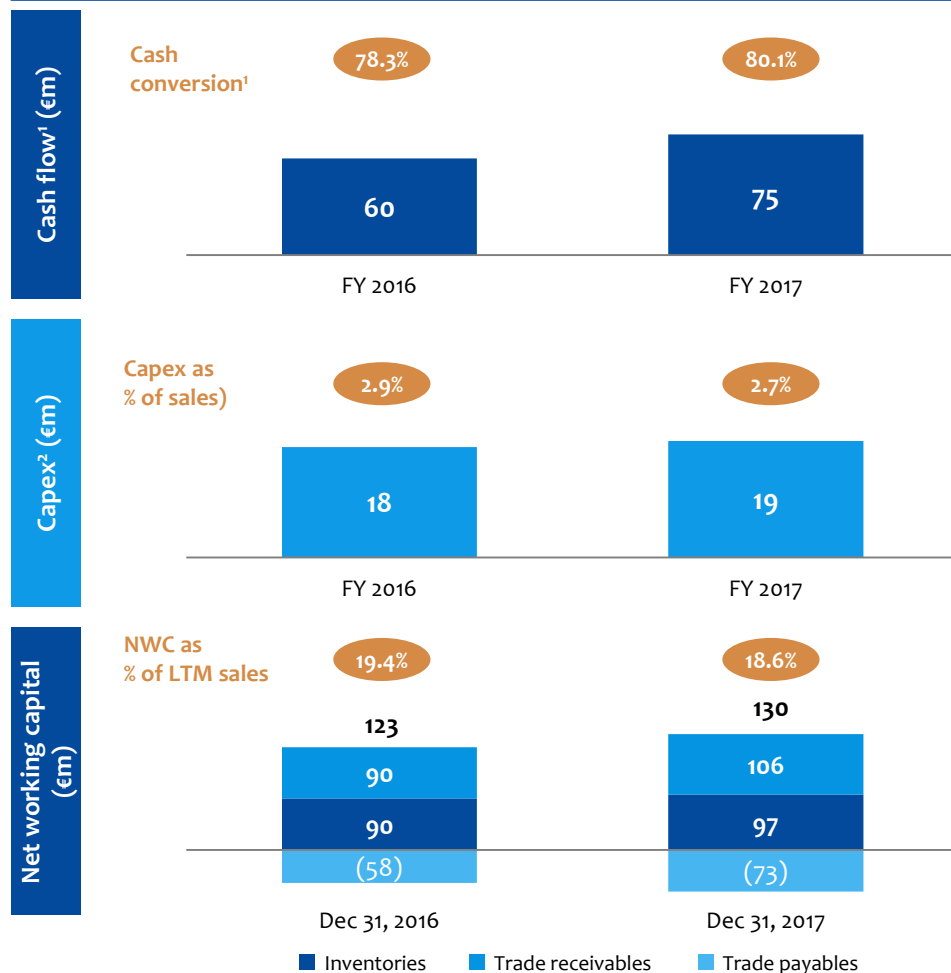
## Key highlights

- ❖ Adjustments to EBIT mainly from D&A of PPA
- ❖ Further adjustments mainly from costs associated with the stock listing and the move of production in China
- ❖ For comparability the adjusted net income excludes shareholder loan (SHL) effects on net finance result and income taxes
- ❖ Shareholder loan fully converted prior to stock listing on July 20th

# Strong cash generation supported by disciplined working capital management



## Key financials overview



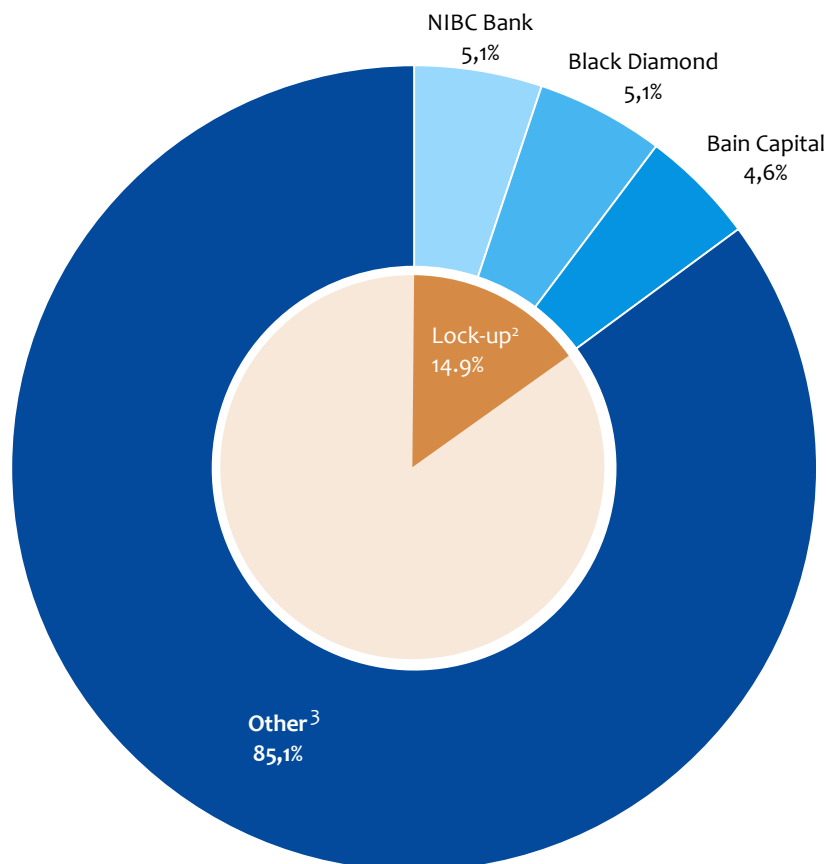
## Key highlights

- ❖ Improved cash conversion
- ❖ 2017 capex as % of sales lower than in 2016
- ❖ Net working capital increase lower than sales growth, resulting in improved NWC ratio

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

<sup>2</sup> Capex calculated as payments to acquire property, plant and equipment as well as intangible assets

## Shareholder structure<sup>1</sup>



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

<sup>2</sup> Lock-up for 90 days after second placement on 31 January, 2018

<sup>3</sup> current members of management board hold 2% of shares

## Balance sheet highlights<sup>4</sup>

- ✓ Equity ratio at the end of 2017 improved significantly to 34%
- ✓ Cash and cash equivalents increased by year end to €66.3m (2016: €47.2m)
- ✓ Net debt more than halved to €113.3m (2016: €272.8m)
- ✓ Leverage improved to 1.2x (2016: 3.5x)

## Earnings per share & dividend proposal

(€)	FY 2017
EPS	(4.22)
Adj. EPS	2.99
Proposed DPS	0.50

# Agenda



1. Highlights FY 2017

2. Detailed results review

3. Market outlook

4. Company outlook

5. Q&A

Appendix



# Market outlook 2018



	Europe	North America	APA
Truck	<p>2-5%</p>	<p>20-30%</p>	<p>(20)-(10)%</p>
	Solid growth	Strong Class 8 growth continuing	Correction expected following massive growth in 2017
Trailer	<p>(6)-(4)%</p>	<p>2-5%</p>	<p>(10)-(5)%</p>
	Correction expected on elevated level	Solid growth	Correction after growth in 2017

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

# Agenda



1. Highlights FY 2017

2. Detailed results review

3. Market outlook

4. Company outlook

5. Q&A

Appendix

## 2017 targets reached – Outlook 2018



	FY 2016 (€m)	Outlook 2017	FY 2017 (€m)	2017 vs. 2016	Outlook 2018
Sales	634	High single digit growth	701	+ 11 %	Mid single digit growth
Adjusted EBIT	62	Moderate double digit growth	76	+ 23%	Mid single digit growth
Capex <sup>1</sup> (% of sales)	18 (2.9%)	2.0 – 2.5% of sales	19 (2.7%)	+ 5%	~2.5% of sales
Net working capital (% of sales)	123 (19.4%)	<20%	130 (18.6%)		<20%
Leverage <sup>2</sup>	3.5x	< 1.5x	1.2x		~ 1.0x

<sup>1</sup> Capex calculated as payments to acquire property, plant and equipment as well as intangible assets

<sup>2</sup> Excluding potential acquisitions

## 2018 observations



- ❖ Relocation of trailer parts production from Shanghai to existing plant in Wuhan which was expanded. Still additional costs but phasing out
- ❖ Starting production in Turkey in order to supply local demand
- ❖ Headwinds expected from wage inflation & raw material price increases
- ❖ Investments in automation & ongoing efficiency enhancements in process to offset increasing costs

2018

March

22

---

Publication of 2017 Annual Results

May

4

---

Annual General Meeting

24

---

Publication of Q1 2018 Results

August

28

---

Publication of H1 2018 Results

November

22

---

Publication of 9M 2018 Results

# Agenda



1. Highlights FY 2017

2. Detailed results review

3. Market outlook

4. Company outlook

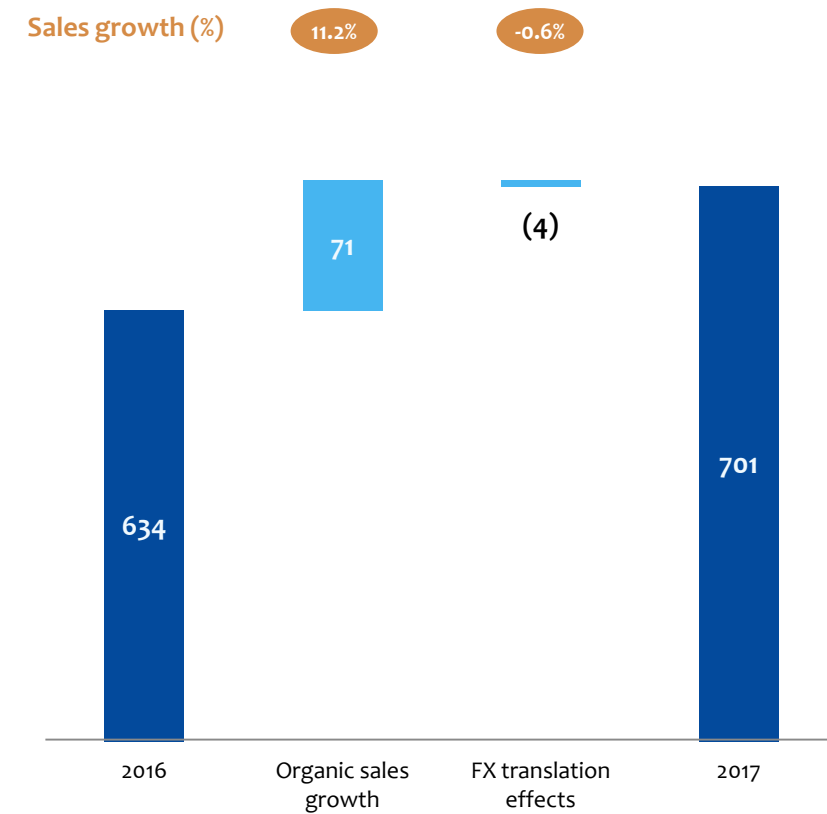
5. Q&A

Appendix

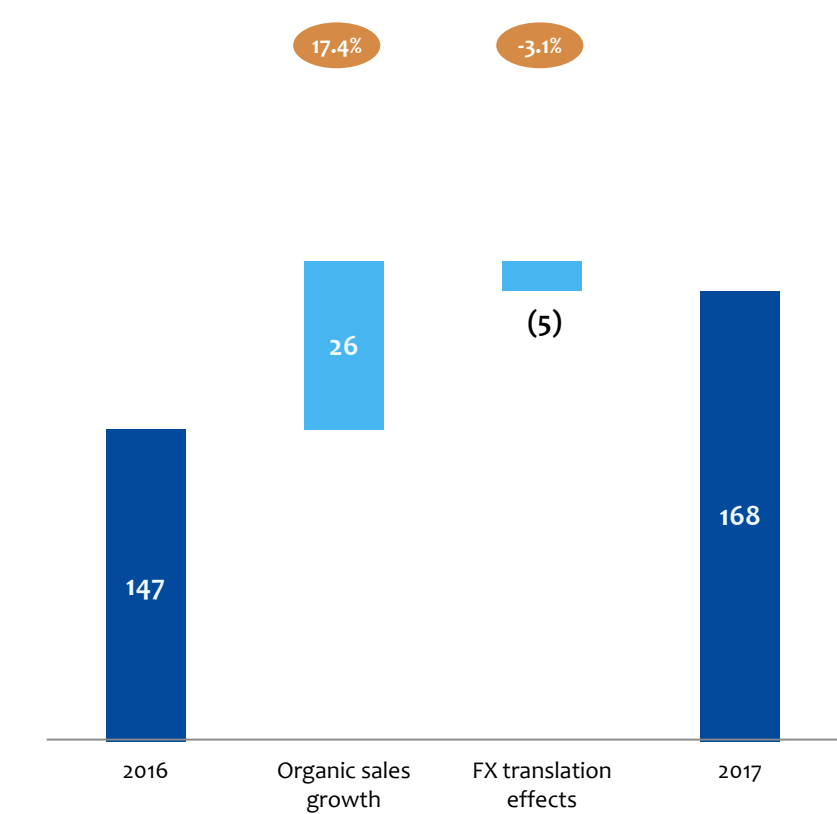
# Organic sales development



## Sales FY (€m)



## Sales Q4 (€m)



## Reconciliation of earnings



(€m)	January 1 – December 31, 2017 Unadjusted	Exceptional (stock listing and other)	PPA depreciation and amortization	Shareholder loans	Adjustments, total	January 1 – December 31, 2017 Adjusted
Sales revenues	701.3				-	701.3
Cost of sale	(508.0)	0.1			0.1	(507.9)
<b>Gross profit</b>	<b>193.3</b>	<b>0.1</b>			<b>0.1</b>	<b>193.4</b>
Selling expenses	(85.1)		25.6		25.6	(59.4)
thereof: D&A of assets	(26.5)				-	(26.5)
Research and development expenses	(10.4)				-	(10.4)
Administrative expenses	(53.2)	3.9			3.9	(49.3)
Other income / (expenses)	(0.1)				-	(0.1)
Share of JV profit	2.2				-	2.2
<b>Operating profit (EBIT)</b>	<b>46.7</b>	<b>4.1</b>	<b>25.6</b>	<b>-</b>	<b>29.7</b>	<b>76.4</b>
Net finance result	(146.7)			134.0	134.0	(12.7)
<b>Profit / loss before tax</b>	<b>(100.0)</b>	<b>4.1</b>	<b>25.6</b>	<b>134.0</b>	<b>163.7</b>	<b>63.7</b>
Income taxes	37.1					(19.1)
<b>Profit / loss after taxes</b>	<b>(62.8)</b>					<b>44.6</b>
Number of shares as of December 31, 2017	14,900,000					14,900,000
<b>Pro forma earnings per share (in €)</b>	<b>(4.22)</b>					<b>2.99</b>



## Balance sheet



Assets (€m)	Dec 31, 2016	Dec 31, 2017	Equity and liabilities (m€)	Dec 31, 2016	Dec 31, 2017
<b>Noncurrent assets</b>	<b>365.9</b>	<b>336.7</b>	<b>Equity</b>	<b>(137.4)</b>	<b>209.3</b>
Intangible assets	261.5	232.1	Subscribed capital	0	14.9
Property, plant, and equipment	80.1	80.0	Capital reserves	79.7	522.4
Investments accounted for using the equity method	13.8	10.5	Other reserves	(22.5)	(30.2)
Deferred tax assets	10.3	12.5	Retained earnings	(194.6)	(297.8)
Other noncurrent financial assets	0.1	0	<b>Noncurrent liabilities</b>	<b>641.4</b>	<b>295.8</b>
Other noncurrent assets	0.1	1.5	Liabilities to shareholders	132.5	0
<b>Current assets</b>	<b>238.5</b>	<b>285.3</b>	Pension obligations	60.7	59.3
Inventories	90.4	96.9	Other provisions	3.0	2.6
Trade receivables	90.1	105.9	Interest-bearing loans and borrowings	314.0	177.8
Receivables from income taxes	3.5	3.6	Deferred tax liabilities	126.2	49.6
Other current financial assets	1.1	0.7	Other noncurrent liabilities	5.0	6.6
Other current assets	6.3	11.9	<b>Current liabilities</b>	<b>100.4</b>	<b>116.9</b>
Cash and cash equivalents	47.2	66.3	Pension obligations	1.7	2.2
<b>Total assets</b>	<b>604.4</b>	<b>622.0</b>	Other provisions	15.0	18.5
			Interest-bearing loans and borrowings	6.0	0
			Trade payables	57.7	72.6
			Liabilities from income taxes	3.1	5.2
			Other current financial liabilities	0.5	0.8
			Other current liabilities	16.4	17.6
			<b>Total equity and liabilities</b>	<b>604.4</b>	<b>622.0</b>