Investor presentation

JOST Werke AG – 9M 2019 update

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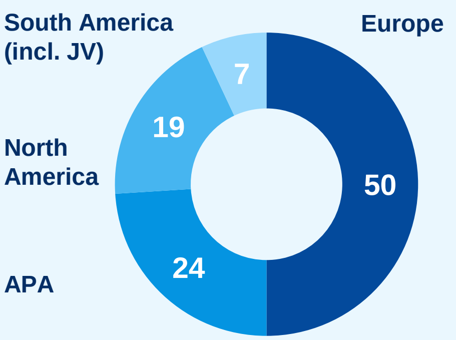
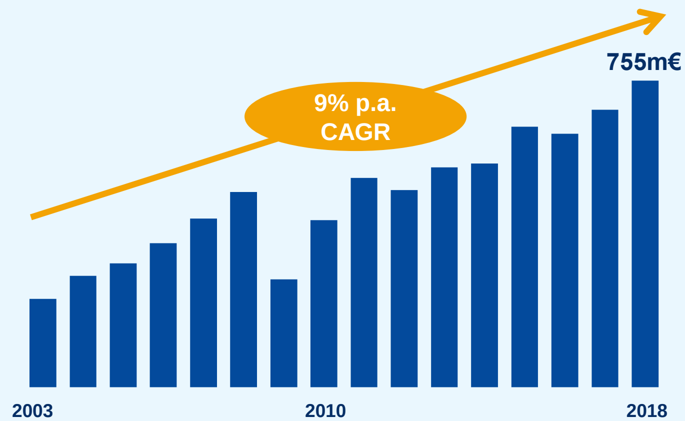
JOST at a Glance: A Leading Global Supplier of Safety Critical Solutions for Commercial Vehicles

Regional mix
in % of sales (incl. JV)

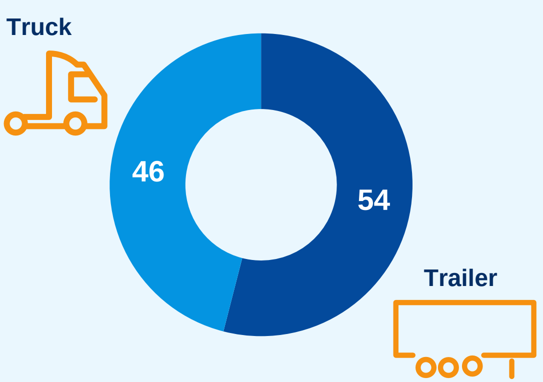


Strong growth fundamentals



Strong brands with high customer loyalty

Application mix
in % of sales



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

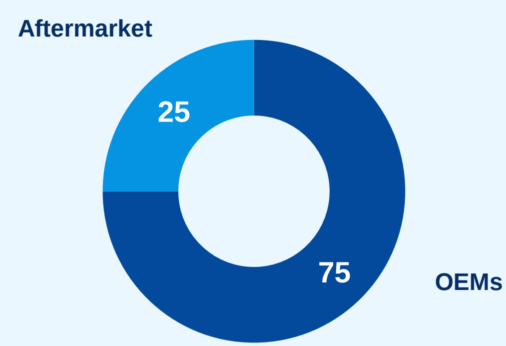
Approx. 60% global market share in products representing 61% of total sales

Road transportation growing worldwide

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

Trend towards autonomous driving

Customer type mix
in % of sales

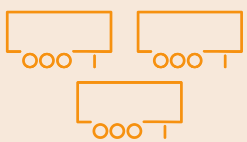


Strong Products Driving Brand Desirability and Pulling Demand

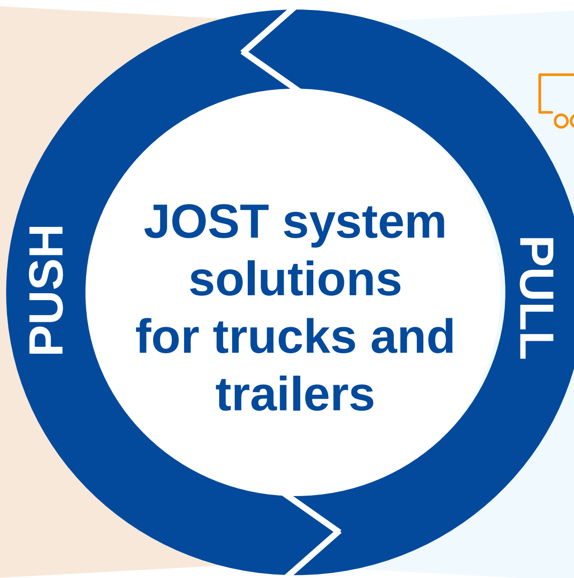
Vehicle Interface	Maneuvering Systems	Handling Solutions
74% of sales in 2018	16% of sales in 2018	10% of sales in 2018

Truck OEMs

Trailer OEMs



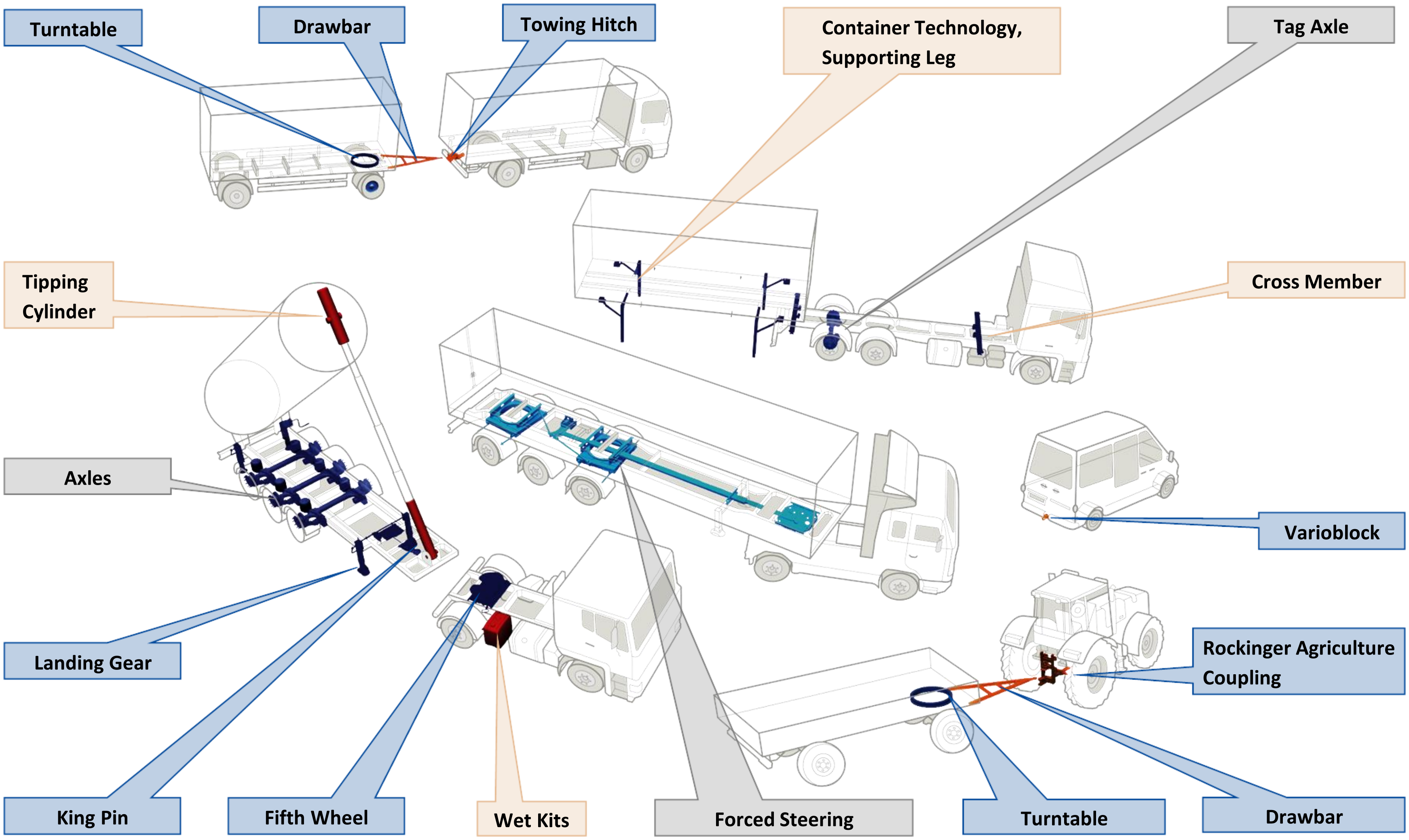
- High demand from fleet operators (pull)
- High delivery performance
- High quality
- Logistic integration
- Power to innovate and generate value-add
- Competitive prices
- Geographical proximity



Fleet operators

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

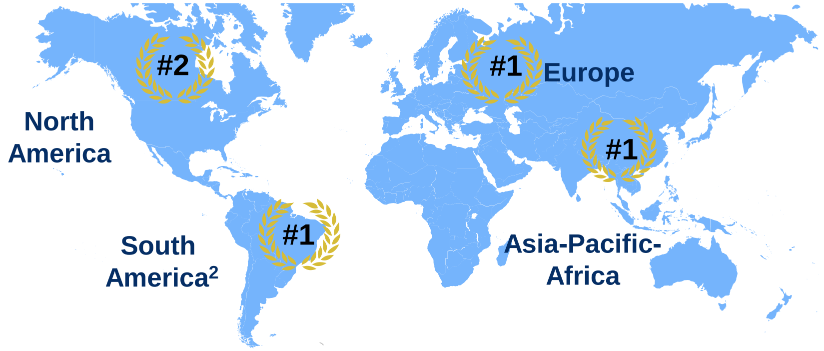
Main Products Overview



Investment Highlights

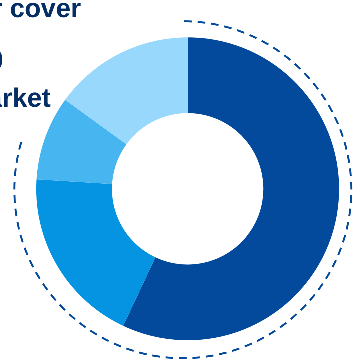
Global Leadership in Branded Products for Vehicle Interface

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



Fifth wheel market

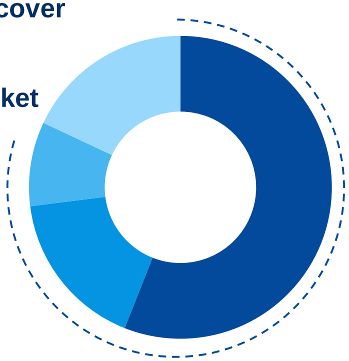
TOP 3 supplier cover
~85%
of global market



JOST global market share
~57%

Landing gear market

TOP 3 supplier cover
~82%
of global market



JOST global market share
~56%

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

[2] Includes Brazil JV
Source: Roland Berger 2017, JOST

Growth Engine: Upselling through Innovation

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

Future growth

Autonomous systems

Autonomous docking systems

- Pre-requisite for autonomous driving
- Efficiency boost for fleet operators
- Advanced smart system solutions

Near- and mid-term growth

System integration

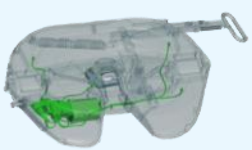
Industry trends as growth motor

- New product development
- Market expansion into smart system solutions
- System integration

Upselling through innovation

Upselling through innovation

- Modular concept
- Engineering expertise creating value-add
- Product enhancement and optimization



Branded volume market as cash generative baseline

Branded entry level systems

- Proven quality
- Operational efficiency
- Low costs of ownership

Growth Engine: Regional Growth and Product Expansion

JOST

Increasing value-add for customers through innovation

REGIONAL GROWTH

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

PRODUCT GROWTH

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

ACCRETIVE M&A

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

Mercedes-Benz Trailer Axle Systems

ROCKINGER

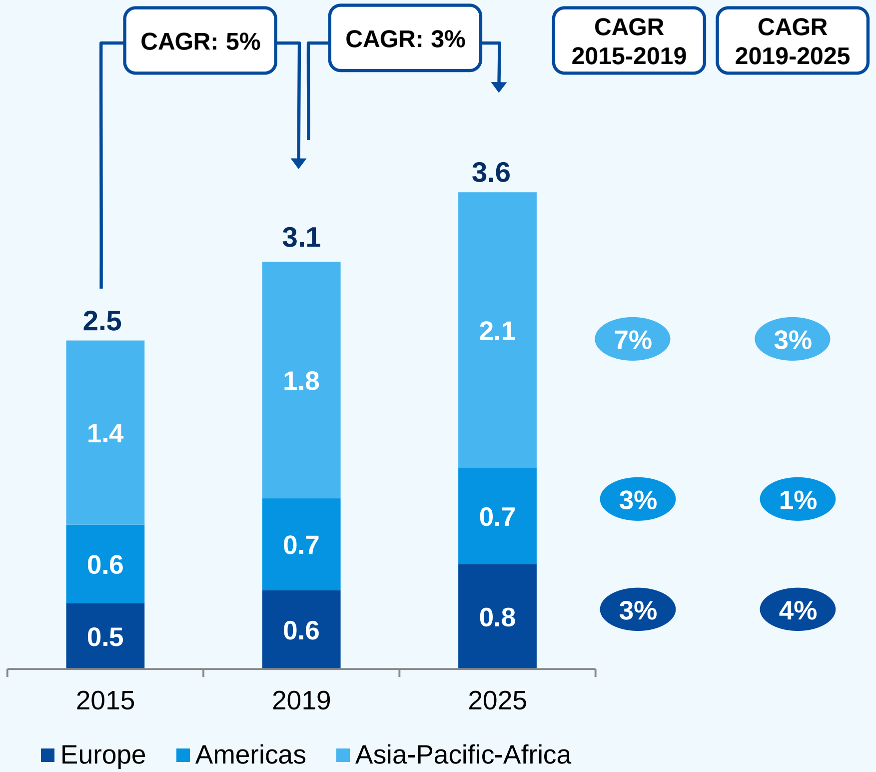
TRIDEC

REGENSBURGER ZUGGABEL

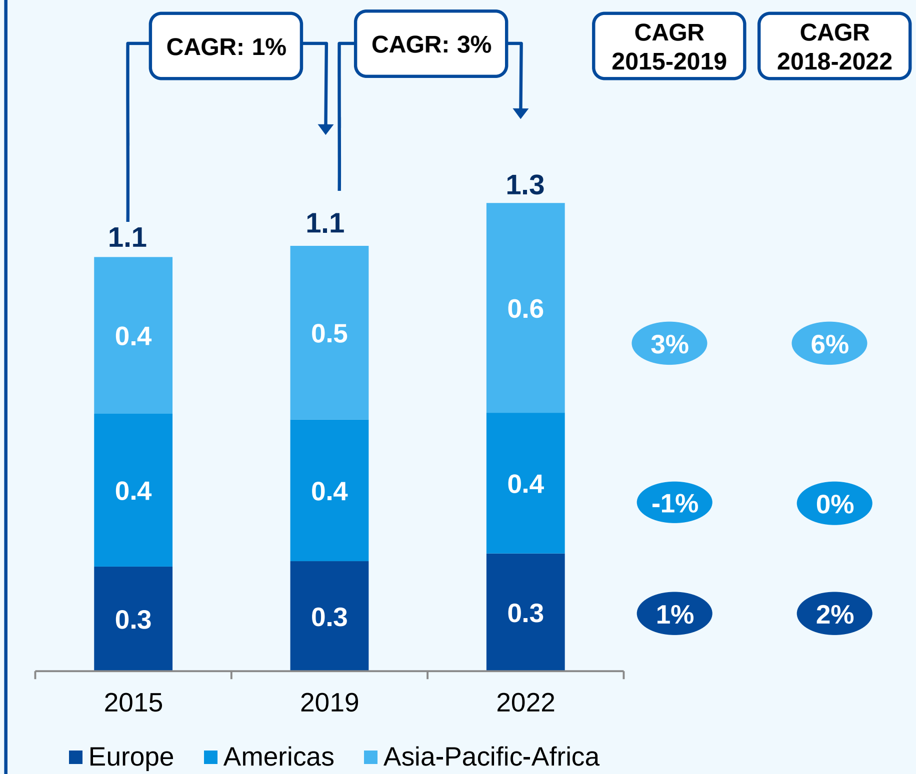
Edbro

Growth Engine: Strong Market Fundamentals Driving Future Growth

Truck production by region (million units)



Trailer production by region (million units)



Growing GDP with rising private and industrial spending

Growing share of road transportation and increasing freight volumes

Environmental regulatory pressure accelerating renewal of truck and trailer fleets

Stronger road safety policies driving need for additional safety features

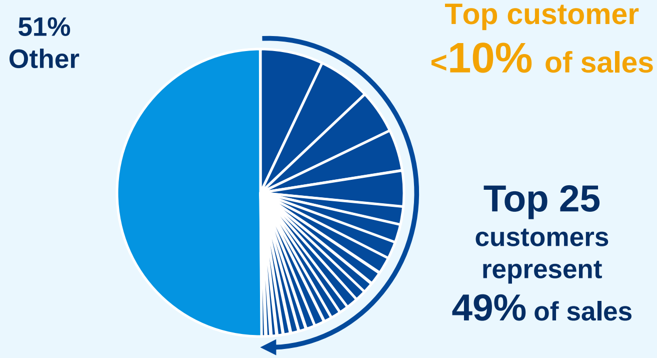
Disruptive trends like autonomous trucks and electrification driving innovation

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

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

High Aftermarket Content and High Customer Fragmentation Support Business Resilience

High customer fragmentation



Fifth wheels

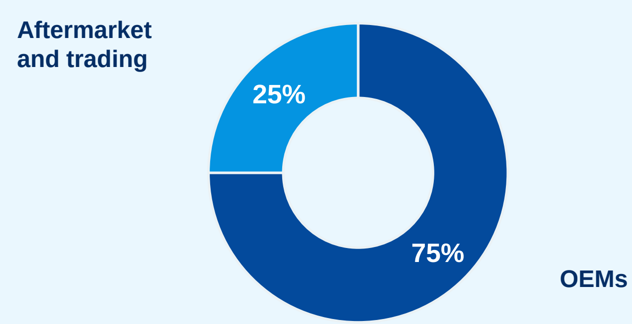
After market value
50% of OEM first fit sales

Landing gear

After market value 200-300% of OEM first fit sales

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

Sales breakdown by customer type



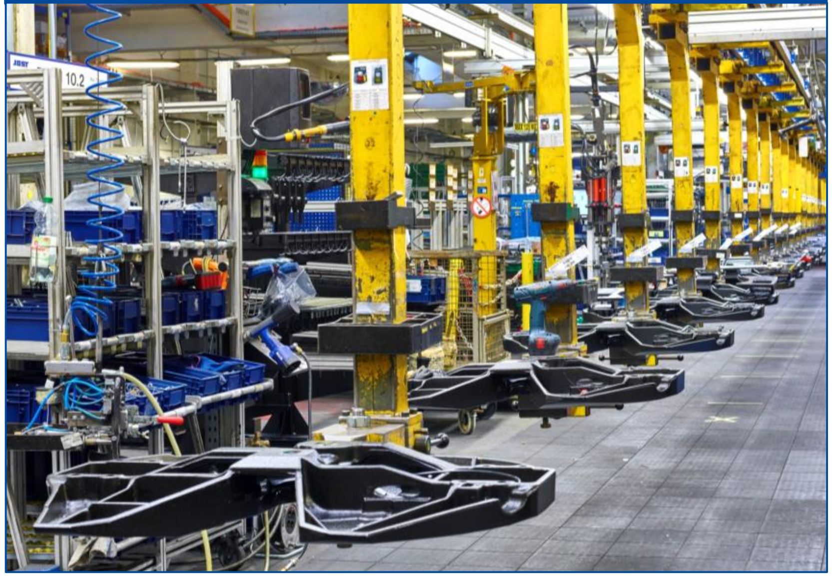
Flexible and Asset Light Business Model Allows a Quick Adaptation to Changing Market Environment

Key parts of the value chain

Number of product variants[1]			20	100	100	1,500	On demand			
Stage	Design/ engineering	Forging and casting	Purchased materials/ pre-products	Mech. processing/ machining	Coating	Assembly	Painting	Quality control	Logistics integration	Vehicle assembly
		High capex				Robotics applied				

Outsourced/Not focus
Focus area

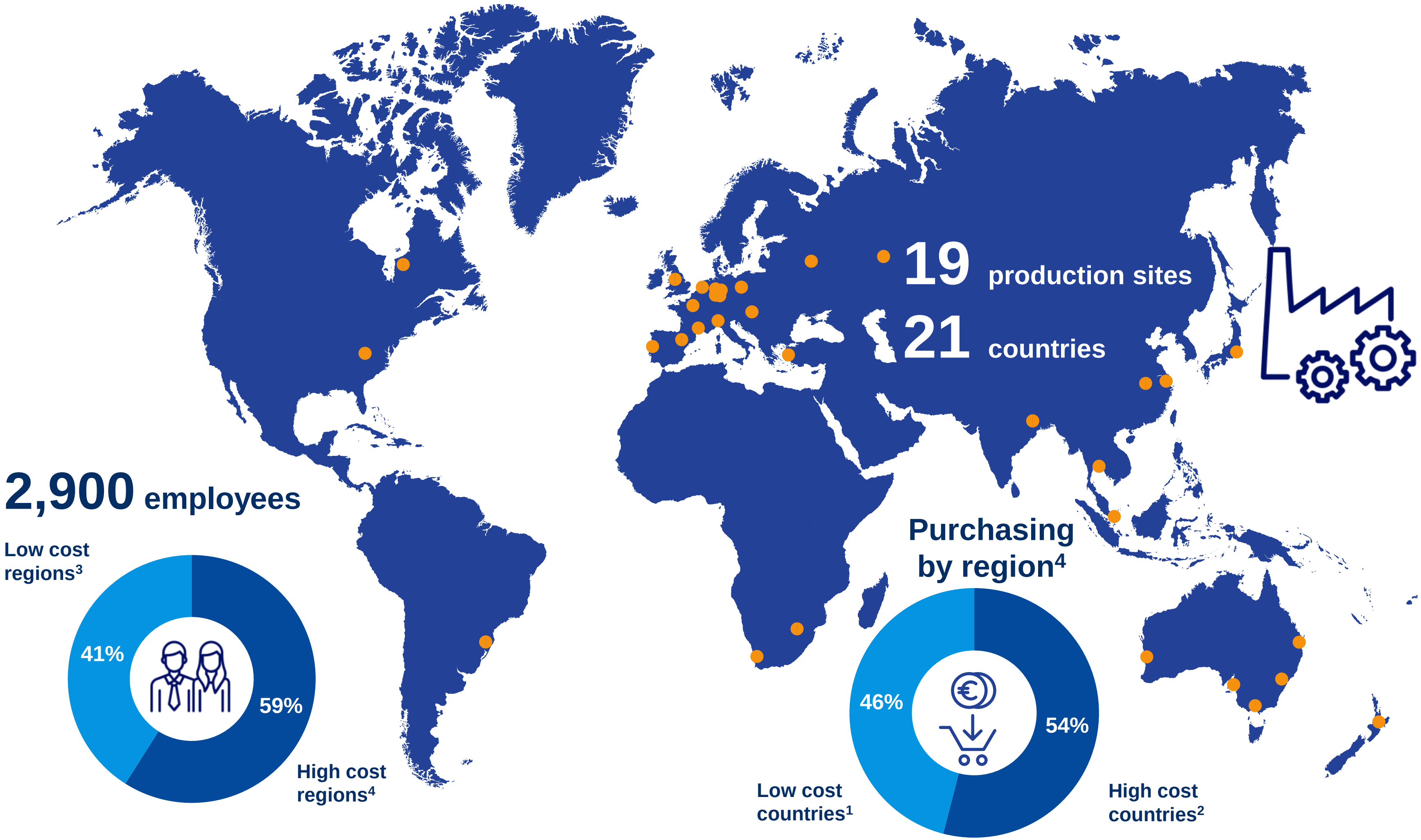
Assembly process



High number of variants

[1] On the example of fifth wheel

Efficient and Flexible Supply and Production Platforms with Wide Geographical Footprint



[1] Low-cost countries include Russia, Poland, Hungary, Portugal, South Africa, China, India, Thailand and Turkey
[2] High-cost countries include Germany, France, Spain, Italy, UK, The Netherlands, Australia, USA, Singapore and Japan
[3] Low-cost regions include Eastern Europe, Asia and Brazil
[4] High-cost regions include Western Europe and North America

JOST Investment Case Summary

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

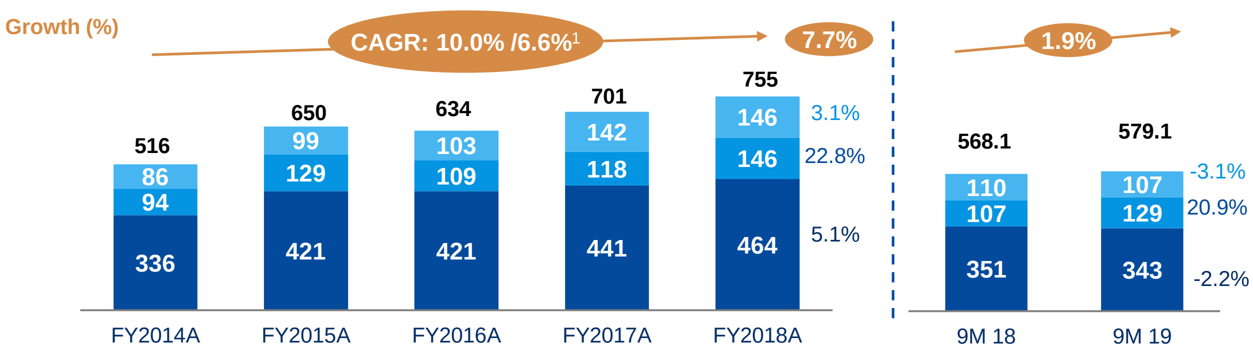
Key Financials – Solid Economic Performance

Business Highlights – 9M 2019

Sales	Markets slowed down in Q3; **group** sales in 9M up **+1.9%** to **€579m**
	JOST's sales in **Europe** were down by **-2.3%** to **€343m** in 9M, despite strong decline of trailer markets
	North America continued with strong momentum **+20.9%** to **€129m** in 9M
	Sales in **APA** down **-3.1%** to **€107m** affected by very weak Indian market. JOST could increase prior year's sales in the other countries of the region despite overall declining markets
Earnings	Adjusted **EBIT** **+0.4%** to **€66m** in 9M
	Adjusted **EBIT margin** in 9M nearly stable at **11.3%**
Finance	Operating **cash flow** doubled to **€56m** due to significant improvements in working capital
	Net **Working Capital** as % of LTM sales down by **2.5pp** to **19.5%**
Outlook	JOST expects sales and earnings in 2019 to decline in a low-single-digit percentage range compared to 2018

Sales Growth Supported by Strong Earnings

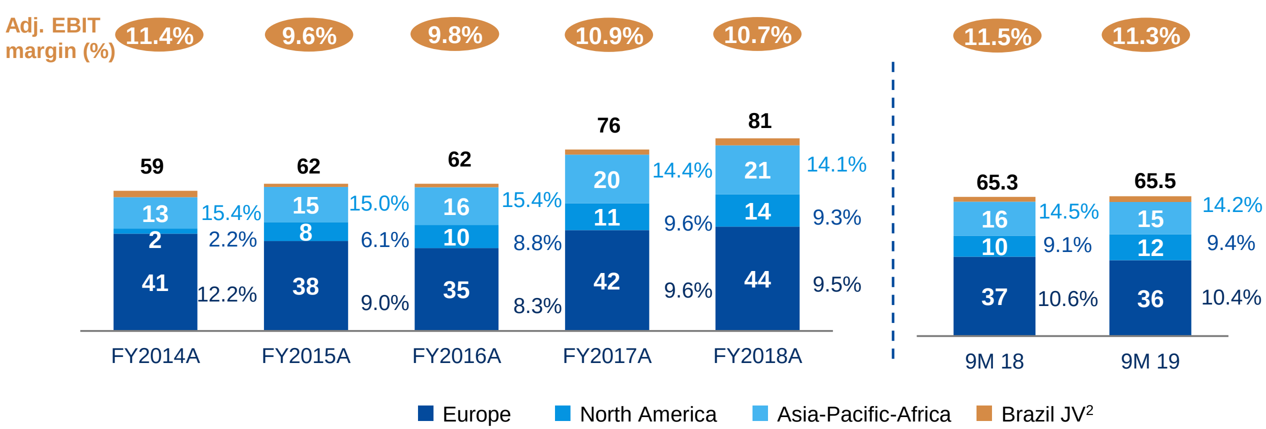
Sales split by geography (€m)



9M 2019 commentary

- Continued high activity level in North America partially offset weakness of markets in Europe and India during Q3
- In 9M 2019 group sales went up by +1.9%

Adjusted EBIT split by geography[1] (€m)



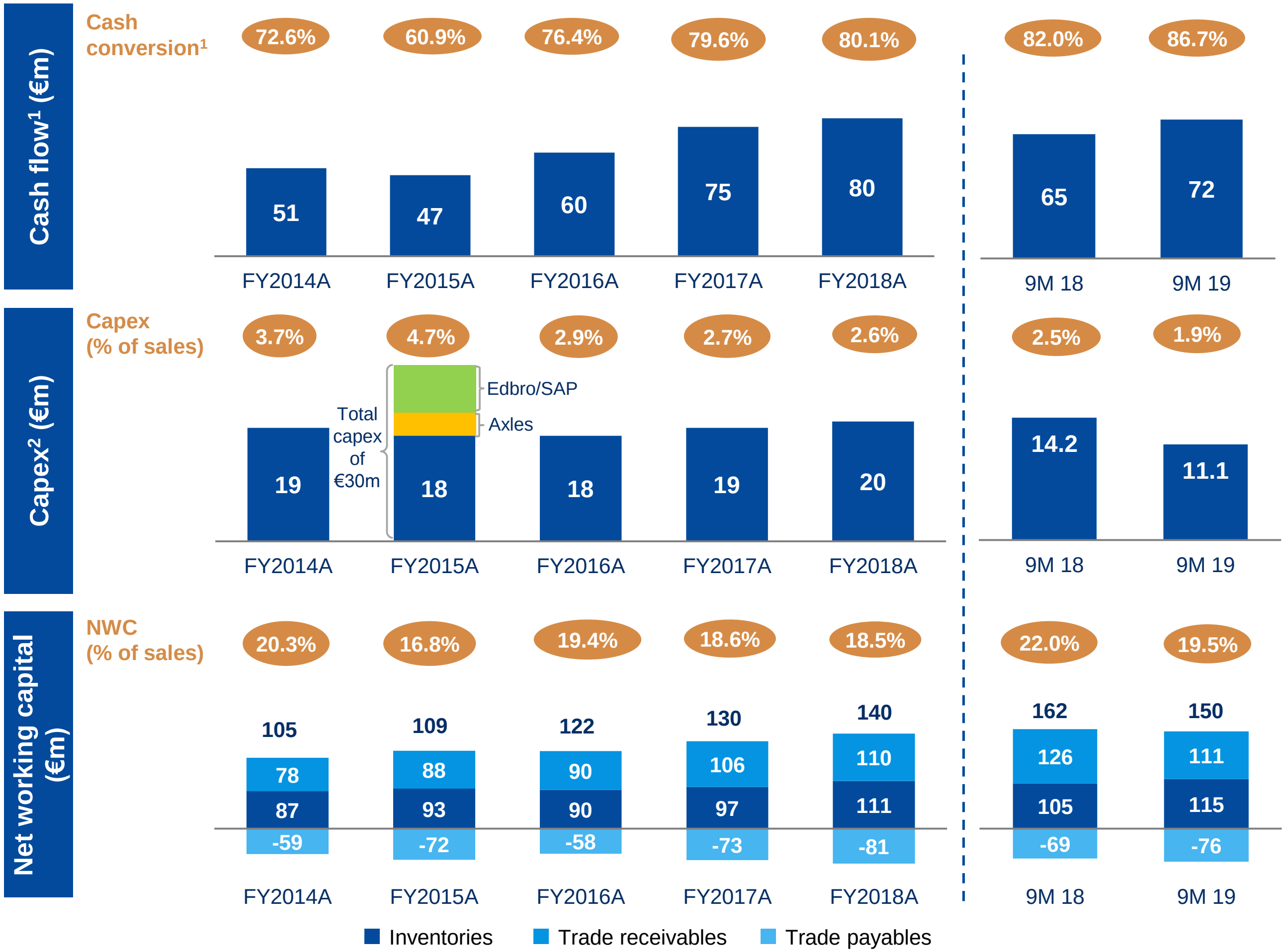
9M 2019 commentary

- Adj. EBIT developed mostly in line with sales growing by 0.4% to €66m with margin reaching 11.3%
- Good operating performance in North America partially offset cost pressure from increasing wages in other regions

[1] CAGR adjusted for acquisitions
[2] Pro-rata net income from Brazil JV not allocated to segments and therefore shown separately

Strong Cash Generation Profile Supported by Low Capex Spend

Key financials overview



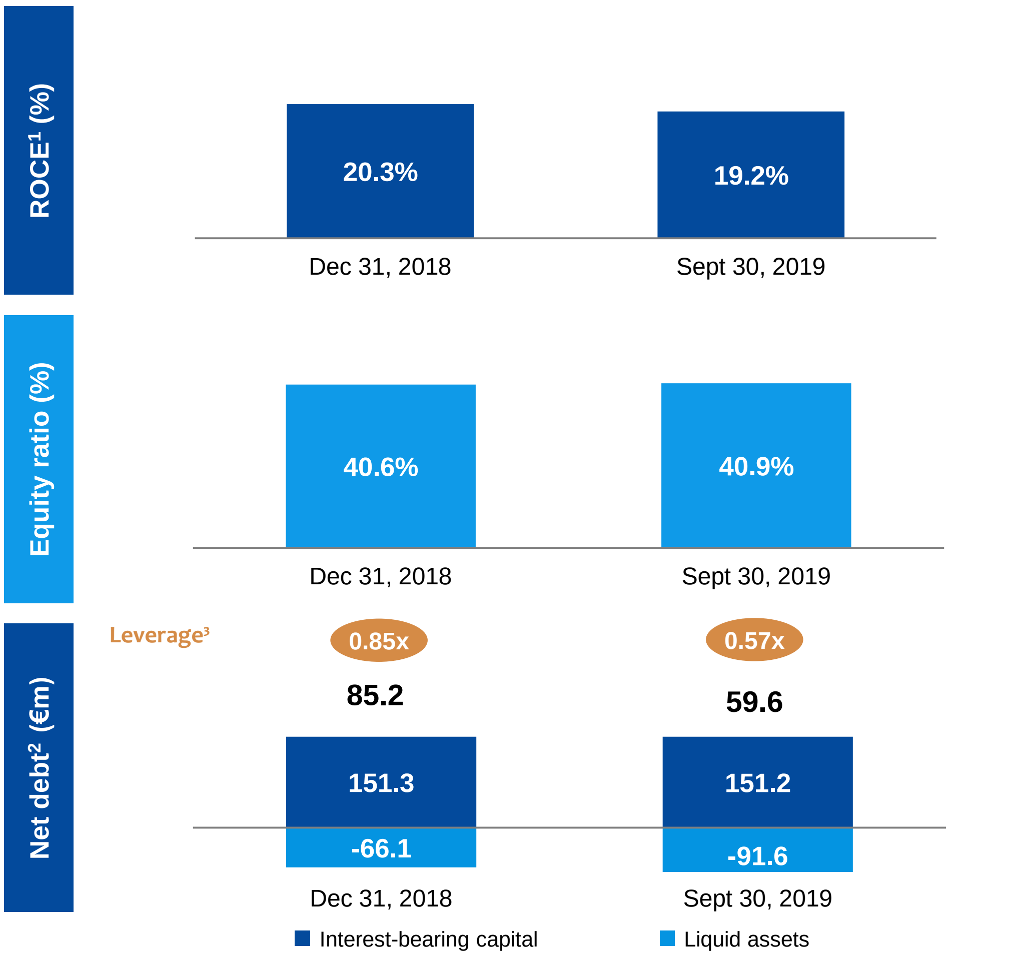
9M 2019 commentary

- High capital efficient business model with strong cash conversion
- Capex in 9M 2019 lower than in prior year due to different phasing of investments
- Higher portion of investment should take place in Q4, with FY capex expected to be ~2.5% of sales
- NWC as % of sales improved to 19.5% mostly due to lower trade receivables and higher trade payables
- By year end NWC is expected to improve further and fall below prior year's level (2018: 18.5%)

[1] Cash flow defined as adjusted EBITDA – capex; cash conversion defined as (adjusted EBITDA – capex)/adjusted EBITDA
[2] Capex calculated as payments to acquire property, plant and equipment as well as intangible assets

Equity Ratio and Net Debt Stable on an Excellent Level

Balance sheet overview



2019 commentary

- ROCE only slightly down to 19.2% despite increase of other financial liabilities following the first-time adoption of IFRS 16

- Equity ratio increased compared to year end, despite negative impact from the first-time adoption of IFRS 16, which resulted in an increase of short- and long-term financial liabilities, and dividend payments of €16.4m.

- Leverage improved to 0.57x
- Liquid assets grew by €25.5m reaching €91.6m
- Net debt was further reduced to €59.6m because of the strong increase of liquid assets

[1] ROCE=LTM adj. EBIT / interest-bearing capital employed (interest-bearing capital: equity + financial liabilities (excl. refinancing costs) – liquid assets + provisions for pensions)
[2] Net debt = Interest-bearing capital (excl. refinancing costs) – liquid assets
[3] Leverage = Net debt/LTM adj. EBITDA [LTM EBITDA 9M 2019 = €104m ; EBITDA FY 2018 = €100m]

Truck and Trailer Market Outlook for 2019

	Europe	North America	APA
Truck	(1)-0%	5-10%	(10)-(5)%
	Slight decline expected due to increasing weakness in Q4	Another strong year on top of already very high levels	Market slow down continues
Trailer	(15)-(10)%	0-3%	(10)-(5)%
	Declining market expected following a strong 2018	Growth rates coming down on the back of slowing orders	Market slow down continues

Note: Market estimates for heavy truck based on LMC, Clear Consulting and FTR (as of October 2019)

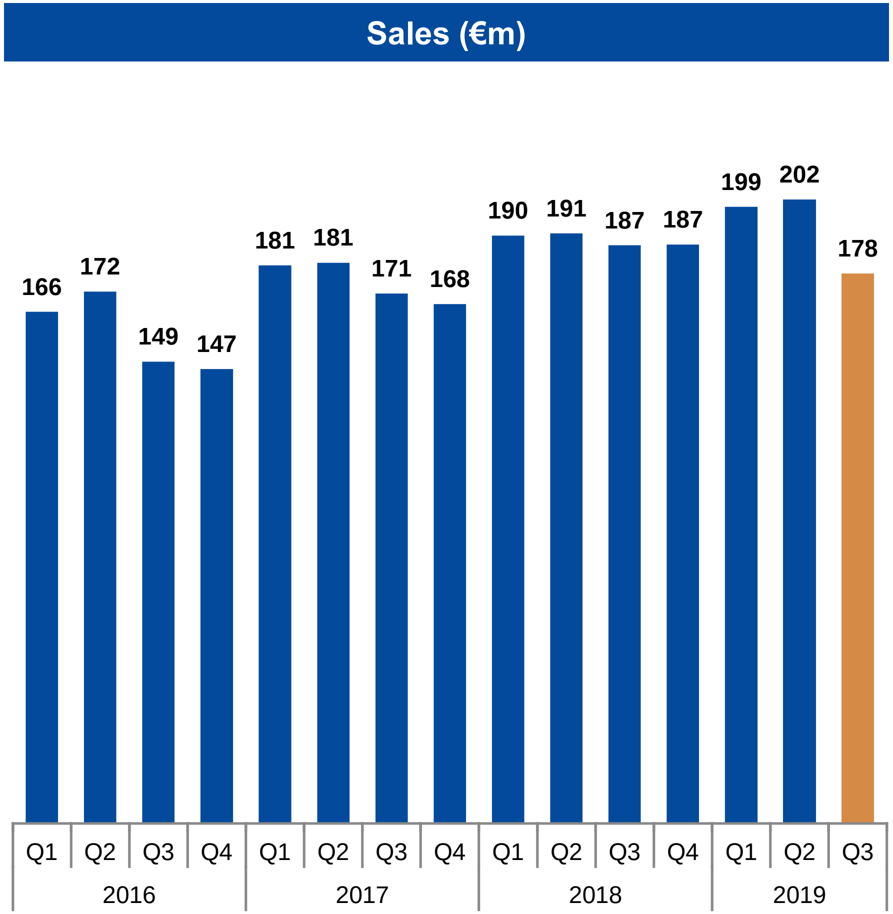
Outlook for FY 2019

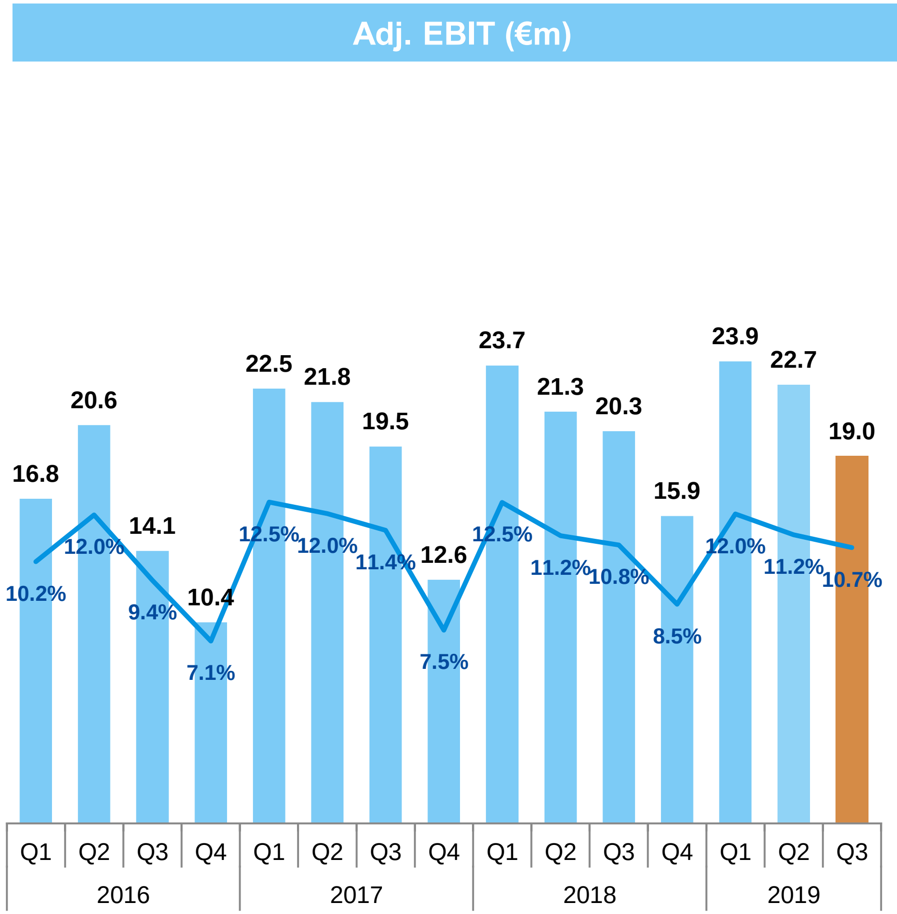
	FY 2018	Outlook 2019 (old)[1]	Outlook 2019 (new)
Sales	755	Low-single-digit % growth	Low-single-digit % decline
Adjusted EBITDA	100	Low-single-digit % growth	Low-single-digit % decline
Adjusted EBIT	81	Low-single-digit % growth	Low-single-digit % decline
Adjusted EBIT margin	10.7%	Stable	~ Stable
Capex[2] (in % of sales)	20 (2.6%)	~2.5% of sales	~2.5% of sales
Net working capital (in % of sales)	140 (18.5%)	<20%	<18.5%
Leverage[3]	0.85x	<0.85x	~0.5x

[1] The previous outlook was based on the assumption of a stable macroeconomic and political environment in 2019
[2] Capex calculated as payments to acquire property, plant and equipment as well as intangible assets, excluding potential acquisitions
[3] Excluding potential acquisitions

Appendix

Development of JOST's Sales and Adjusted EBIT by Quarter

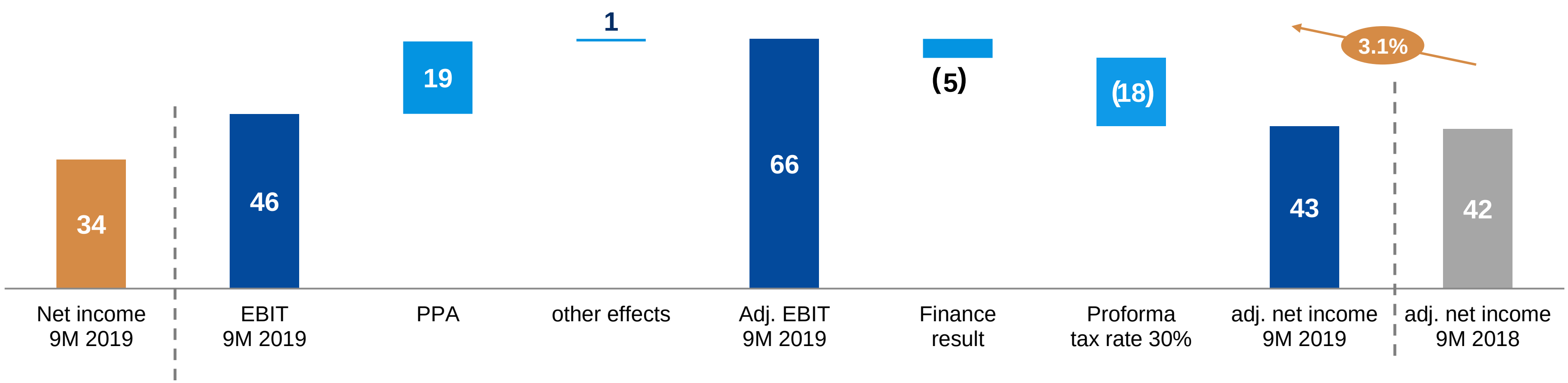




Typical seasonality for Q3 and Q4 influenced by reduced numbers of working days. In Q4 2019, however, market slowdown will presumably go beyond the typical seasonal weakness of a fourth quarter.

Adjusted net income and adjusted EPS increased in 9M 2019

Reconciliation of adjusted earnings



Key highlights

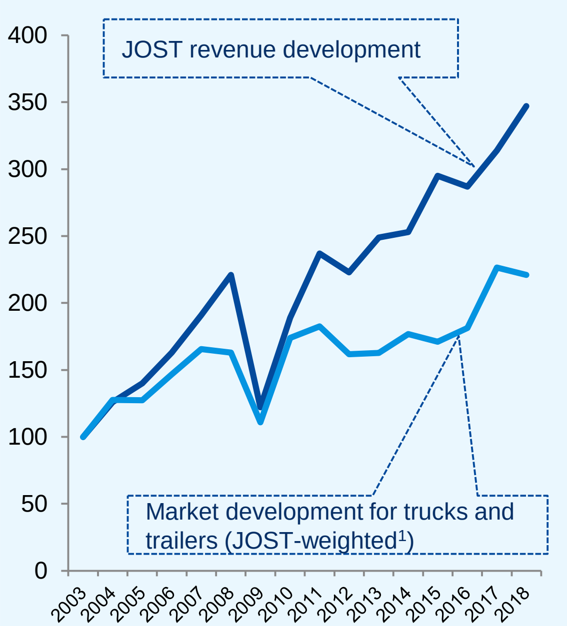
- Adjustments to EBIT mainly from amortization of PPA (non-operating)
- Although EBT grew by 12.9% to €41.2 m (9M 2018: €36.5m), reported net earnings declined to €34.4m (9M 2018: €43.3m) due to a positive one-off tax effect in the previous year amounting to €14.8m. Accordingly EPS in 9M 2019 amounted to €2.31 (9M 2018: €2.91).
- Adjusted net income grew by 3.1% to €42.7m (9M 2018: €41.5m). Adjusted EPS grew to €2.87 (9M 2018: €2.78).

Industry-leading Margins and Cash Generation Profile

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

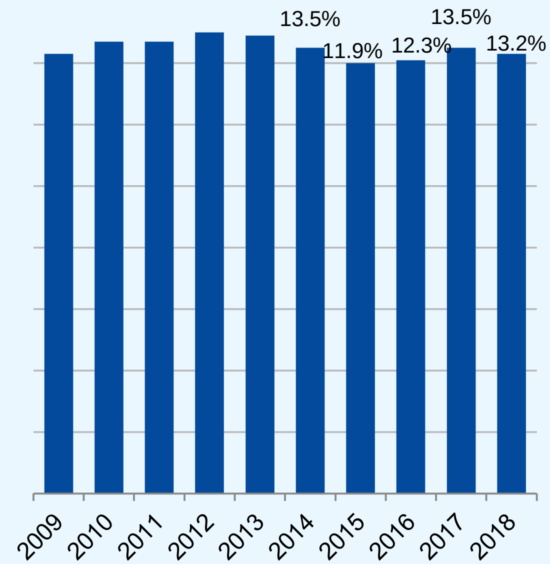
JOST's performance over time

Indexed to 2003

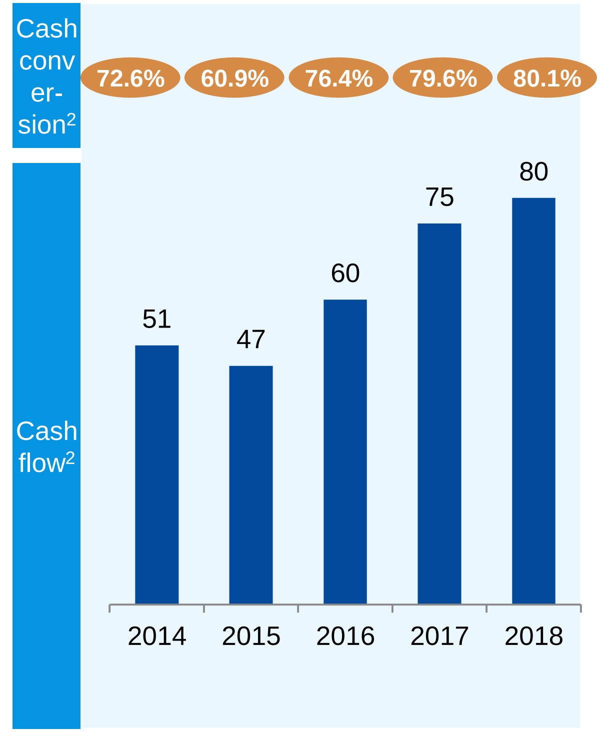


Strong margin resilience

Adjusted EBITDA margin (%)



High cash flow generation

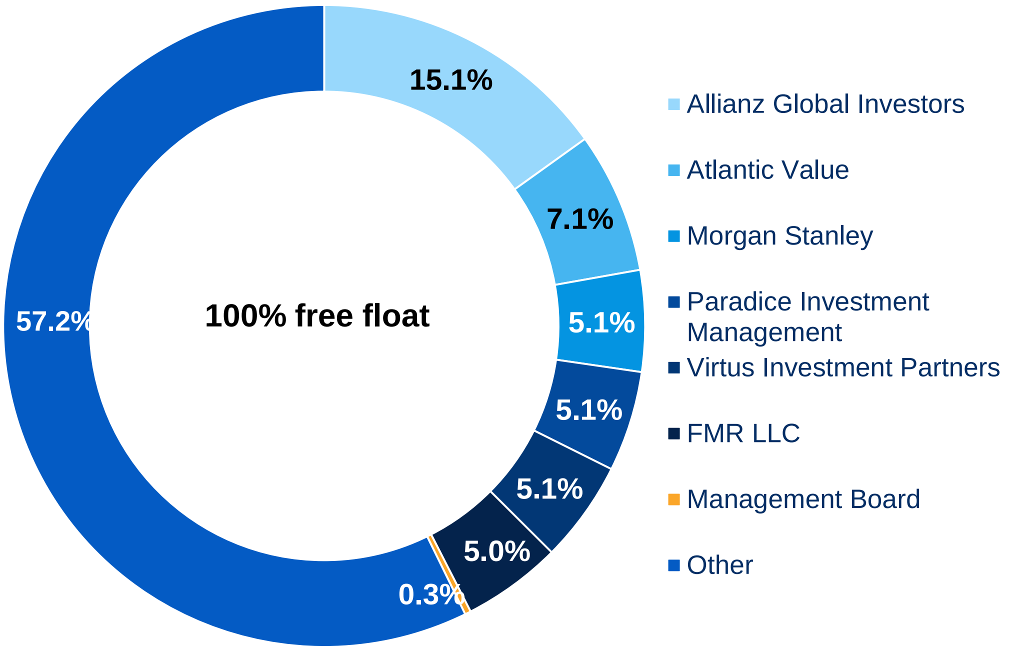


JOST has continuously outperformed the truck market since 2003

[1] Weighted by approximate weight of truck and trailer revenues of JOST
[2] Cash flow defined as Adjusted EBITDA-Capex and cash conversion defined as (Adjusted EBITDA-Capex) / Adjusted EBITDA

Shareholder Structure and Share Information

Shareholder structure as of November 15, 2019[1]



Earnings per share

(€)	9M 2018	9M 2019
EPS	2.91	2.31
Adj. EPS	2.78	2.87

Share information

ISIN	DE000JST4000
Trading symbol	JST
German Sec. Code Number (WKN)	JST400
Shares in issue	14,900,000
Index	SDAX
Listed since	July 20, 2017
Dividend per share FY 2018	€ 1.10

[1] According to German stock exchange definition 100% of shares qualify as free float

Further Information

Financial Calendar 2019

Nov. 21	**Publication of 9M 2019 Report**
Nov. 22	Road show London, UK

Financial Calendar 2020

Jan. 10	ODDO BHF Forum 2020, Lyon/France
Jan. 13-15	Commerzbank German Investment Seminar 2020, New York/U.S.
Jan. 21	UniCredit & Kepler Cheuvreux, 19. German Corporate Conference, Frankfurt/Germany
Feb. 18	Preliminary Results FY 2019
Mar. 25	Publication of Annual Group Report FY 2019
May 7	Annual General Meeting 2020
May 14	Publication of Q1 2020 Report
Aug. 13	Publication of H1 2020 Report
Nov. 12	Publication of 9M 2020 Report

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