CORPORATE NEWS

JOST significantly improves profitability and free cash flow

- Q3 2023 sales of EUR 292.0 million impacted by currency effects (Q3 2022: EUR 327.1 million)
- Adjusted EBIT in Q3 2023 up sharply by 9.9% to EUR 33.4 million (Q3 2022: EUR 30.4 million)
- Adjusted EBIT margin increases considerably by 2.1 percentage points to 11.4% (Q3 2022: 9.3%).
- Free cash flow improves significantly by 65.0% to EUR +22.7 million (Q3 2022: EUR +13.8 million)
- Adjusted earnings per share grow by 6.8% to EUR 1.46 (Q3 2022: EUR 1.37)
- New outlook for 2023 confirmed: Sales in 2023 to remain on previous year's level. Adjusted EBIT in 2023 to grow in a high single-digit percentage range compared to 2022. Adjusted EBIT margin in 2023 to improve significantly compared to 2022.

Neu-Isenburg, November 13, 2023. JOST Werke SE ("JOST"), a leading global producer and supplier of safety-critical systems for the commercial vehicle industry, today published its interim report for the third quarter of 2023.

Joachim Dürr, Chief Executive Officer (CEO) of JOST Werke SE, said: "JOST once again demonstrated the resilience of its business model during the third quarter of 2023. In what has been a mixed market environment characterized by weak demand in agriculture and a robust transport business, our high level of flexibility enabled us to further boost profitability and increase adjusted EPS by 6.8% to EUR 1.46 despite a decline in sales. Given the results we have achieved so far and the successful implementation of our efficiency measures, we anticipate the adjusted EBIT margin in 2023 to improve significantly year-over-year. We view the challenging environment in the agricultural sector as an opportunity to strategically position ourselves in important niches and regions and to leverage further growth opportunities for JOST."

Strong improvement in profitability

In the third quarter of 2023, JOST's sales decreased by 10.7% compared to the prior year to EUR 292.0 million (Q3 2022: EUR 327.1 million), burdened by strong negative currency effects of EUR -18.4 million. Adjusted for currency effects, sales declined by 5.1% in the third quarter of 2023. This decrease is exclusively attributable to weak demand for agricultural components, which saw sales drop by 40.3% overall to EUR 49.5 million in the third quarter of 2023 (Q3 2022: EUR 83.0 million). Adjusted for currency effects, sales in the agriculture sector declined by 34.5% year-over-year. Sales revenues of EUR 7.2 million from the consolidation of Crenlo do Brasil and LH Lift as of September 1, 2023, had a positive impact on Agricultural sales during the quarter. In the transport sector, the slightly weaker demand for trailers was offset by a robust truck market, causing sales in the transport sector to decrease by 0.7% to EUR 242.5 million in the third quarter of 2023 (Q3 2022: EUR 244.2 million). This decline was attributable to negative currency effects, with sales in the transport business rising by 4.6% in the third quarter of 2023 when adjusted for currency effects.

Despite the overall reduction in sales, the group managed to increase adjusted EBIT by 9.9% year-over-year to EUR 33.4 million in the third quarter of 2023 (Q3 2022: EUR 30.4 million) and to improve the adjusted EBIT margin by 2.1 percentage points to 11.4% (Q3 2022: 9.3%).

Europe

In Europe, sales in the third quarter of 2023 were down 10.6% year-over-year at EUR 153.9 million (Q3 2022: EUR 172.2 million). Negative currency effects also hampered growth in this segment. Adjusted for these effects, sales in Europe declined by 8.5% year-over-year in the third quarter of 2023. Demand for agricultural components and trailers in Europe contracted further during the third quarter and could not be offset by robust demand in the truck market.

Thanks to the rapid introduction of cost reduction measures and a high degree of operational flexibility, JOST fully cushioned the negative impact of the decline in the agricultural business in Europe on its operating earnings. At the same time, the stabilization of supply chains and lower freight costs had a positive effect on operating profit. Overall, JOST succeeded in significantly boosting profitability year-over-year in Europe, almost doubling adjusted EBIT by 91.2% to EUR 13.4 million (Q3 2022: EUR 7.0 million) despite the decline in sales. The adjusted EBIT margin improved by 4.6 percentage points to 8.7% in the third quarter of 2023 (Q3 2022: 4.1%).

North America

Sales in North America decreased by 18.8% to EUR 86.3 million in the third quarter of 2023 (Q3 2022: EUR 106.3 million). This trend was exacerbated by negative currency translation effects caused by the depreciation of the US dollar against the euro. After adjusting for this effect, sales were down 11.6% in the third quarter of 2023 compared with the same period in 2022. Weak demand for agricultural tractors with low and medium horsepower, especially in the compact segment, significantly reduced sales of front loaders versus the previous year.

JOST's high degree of operational flexibility enabled it to adjust its costs quickly, causing adjusted EBIT to decline in line with sales by 17.6% to EUR 8.7 million in the third quarter of 2023 (Q3 2022: EUR 10.5 million). As a result, the adjusted EBIT margin rose slightly year-over-year to 10.0% (Q3 2022: 9.9%).

Asia-Pacific-Africa (APA)

Growth in Asia-Pacific-Africa (APA) continued in the third quarter of 2023. Overall, sales in the APA region increased by 6.6% to EUR 51.8 million in the third quarter of 2023 (Q3 2022: EUR 48.6 million). Adjusted for negative currency translation effects, sales in APA saw a much stronger increase of 20.8% year-over-year. This encouraging performance was primarily driven by persistently high demand for JOST products in India, Australia and South Africa, while the slow recovery of the Chinese truck market also had a positive impact on sales.

Adjusted EBIT decreased to EUR 9.7 million as a result of changes in the regional product mix (Q3 2022: EUR 11.1 million). Startup costs resulting from the commissioning of the new plant in India also had an adverse impact on operating profit in APA in the third quarter of 2023. Overall, the adjusted EBIT margin amounted to 18.7% in the third quarter of 2023 (Q3 2022: 22.8%).

Adjusted earnings per share increased

Adjusted earnings after taxes increased by 6.8% to EUR 21.8 million in the third quarter of 2023 (Q3 2022: EUR 20.4 million). Similarly, adjusted earnings per share were also up to EUR 1.46 (Q3 2022: EUR 1.37). The adjustments mainly concern non-operating or non-cash exceptionals arising from depreciation and amortization in connection with purchase price allocation in the amount of EUR 6.1 million (2022: EUR 6.8 million). There was also a EUR 1.3 million adjustment to administrative expenses, which were triggered by consulting costs in connection with the acquisition of Crenlo do Brasil and LH Lift.

Free cash flow further improved and leverage ratio down year-over-year despite takeover

As of September 30, 2023, the equity of JOST Werke SE grew by EUR 30.2 million to EUR 390.4 million (December 31, 2022: EUR 360.2 million). This increase was primarily due to robust growth in earnings after taxes during the first nine months of 2023. The dividend payment of EUR 20.9 million as well as currency translation effects had an offsetting effect. Overall, the equity ratio increased to 37.5% as of September 30, 2023 (December 31, 2022: 35.9%).

Working capital rose by 5.9% to EUR 276.4 million in the third quarter of 2023 (Q3 2022: EUR 260.9 million). This increase was primarily due to the initial consolidation of Crenlo do Brasil and LH Lift, which collectively contributed additional working capital of EUR 20.1 million. However, working capital as a percentage of lasttwelve-months sales improved to 20.4% year-over-year (Q3 2022: 21.2%). To avoid any distortion of the group's key figures, the sales of Crenlo do Brasil and LH Lift for the past 12 months were included in this calculation.

JOST succeeded in further reducing inventories compared to the previous year, although the initial consolidation of Crenlo do Brasil and LH Lift resulted in inventories amounting to EUR 13.7 million being recognized in the balance sheet for the first time. This positive development caused free cash flow (cash flow from operating activities less payment made for the acquisition of property, plant and equipment and intangible assets) to increase by 65.0% year-over-year to EUR +22.7 million (Q3 2022: EUR +13.8 million).

The strong generation of cash is reflected in the development of net debt. Although JOST used its own liquid assets and the available credit lines to finance the EUR 56 million purchase price for the acquisition of Crenlo do Brasil and LH Lift and paid a dividend of EUR 20.9 million, the group's net debt as of September 30, 2023 increased only by EUR 28.3 million to EUR 225.7 million compared to December 31, 2022 (December 31, 2022: EUR 197.4 million). Liquid assets rose by EUR 6.2 million to EUR 86.9 million (December 31, 2022: EUR 80.7 million).

Underpinned by a sharp increase in adjusted EBITDA over the past 12 months, the leverage ratio (ratio of net debt to adjusted EBITDA) improved to 1.26x as of the September 30, 2023 reporting date despite the acquisitions (December 31, 2022: 1.28x). To avoid any distortion of the group's key figures, the adjusted EBITDA of Crenlo do Brasil and LH Lift for the past 12 months were included in this calculation.

Oliver Gantzert, Chief Financial Officer of JOST Werke SE, said: "In the third quarter of 2023, JOST was able to further improve the group's profitability and achieved an excellent operating result with an adjusted EBIT margin of 11.4% despite the agricultural sector's weakness. We were able to boost our free cash flow by 65% to EUR +22.7 million in the third quarter of 2023 and bring our cash conversion rate back into the target corridor of 1.0x free cash flow to adjusted earnings after taxes. This financial strength enabled JOST to further improve its leverage ratio and equity ratio year-over-year in the third quarter of 2023, despite the acquisition of Crenlo do Brasil and LH Lift. This puts us in an excellent position to continue pursuing our strategic goals."

Outlook for 2023 updated on November 8, 2023

The Executive Board of JOST Werke SE expects adjusted EBIT in 2023 to grow in a high single-digit percentage range compared to 2022 (before: low single-digit percentage growth). Due to negative currency effects and a continued weak demand in the agricultural business, sales in 2023 are expected to remain on previous year's level (before: low single-digit percentage growth).

As a result of the efficiency improvements achieved over the course of the year in Transport and the successfully implemented cost control measures in Agriculture, the Executive Board expects the adjusted EBIT margin for fiscal year 2023 to improve significantly compared to 2022 (before: slight improvement).

The interim report for the third quarter of 2023 is available at http://ir.jost-world.com/reports. The accompanying virtual conference will take place on November 13, 2023, at 11:00 a.m. CET. A recording will be available on the JOST website after the conference.

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About JOST:
JOST is a leading global manufacturer and supplier of safety-relevant systems for the commercial vehicle industry with its core brands JOST, ROCKINGER, TRIDEC and Quicke. JOST's global leadership position is driven by the strength of its brands, its long-standing client relationships serviced through its global distribution network, and its efficient and asset-light business model. With sales and production facilities in over 25 countries across six continents, JOST serves manufacturers, dealers and end customers in the transport, agriculture and construction industries worldwide. JOST currently employs more than 4,500 staff across the world and is listed on the Frankfurt Stock Exchange. For more information about JOST, please visit www.jost-world.com