INTERIM REPORT Q3 2019
JOST Werke AG

JOST AT A GLANCE

Key figures

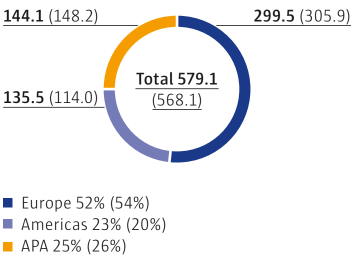
in € million	9M 2019	9M 2018	Change	Q3 2019	Q3 2018	Change
Consolidated sales	**579.1**	**568.1**	**1.9%**	**177.8**	**187.0**	**–4.9%**
thereof sales Europe	343.0	351.0	–2.3%	102.6	108.2	–5.1%
thereof sales North America	129.3	106.9	20.9%	43.3	40.6	6.8%
thereof sales Asia, Pacific and Africa (APA)	106.8	110.2	–3.1%	31.9	38.2	–16.6%
Adjusted EBITDA[1]	83.2	78.8	5.6%	24.9	24.8	0.2%
Adjusted EBITDA margin (%)	14.4%	13.9%	0.5%-ppt	14.0%	13.3%	–0.7%-ppt
Adjusted EBIT[1]	65.5	65.3	0.4%	19.0	20.3	–6.6%
Adjusted EBIT margin (%)	11.3%	11.5%	–0.2%-ppt	10.7%	10.8%	–0.1%-ppt
Equity ratio (%)	40.9%	39.7%	1.2%-ppt			
Net debt[2]	59.6	111.0	–46.3%			
Leverage[3]	0.57x	1.16x	–50.4%			
Liquid assets	91.6	41.7	119.5%			
Capex[4]	11.1	14.2	–22.0%	4.1	5.0	–18.1%
ROCE (%)[5]	19.2%	18.9%	0.3%-ppt			
Cash conversion rate (%)[6]	86.7%	82.0%	4.7%-ppt	83.5%	79.8%	3.7%-ppt
Profit / loss after taxes	34.4	43.3	–20.6%	11.1	8.6	29.0%
Earnings per share (in €)	2.31	2.91	–20.6%	0.75	0.58	29.3%
Adjusted profit / loss after taxes[7]	42.7	41.5	3.1%	12.8	12.6	1.5%
Adjusted earnings per share (in €)[8]	2.87	2.78	3.2%	0.86	0.85	1.2%

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 September 30)

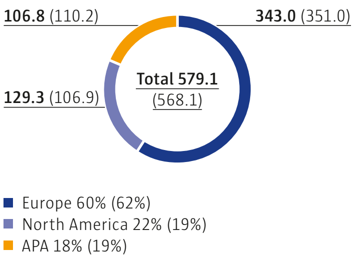
CONSOLIDATED SALES GREW BY 1.9% IN THE FIRST NINE MONTHS OF 2019

- Adjusted EBIT rose to €65.5m and the adjusted EBIT margin was 11.3%.
- Compared to September 30, 2018, cash and cash equivalents rose by 119.5% to €91.6m and ROCE increased to 19.2%
- Leverage was reduced to 0.57x.
- Adjusted earnings per share rose by 3.2% to €2.87

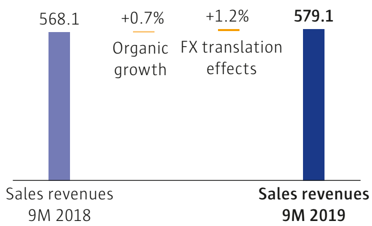
Regional sales by destination
Total 9M 2019 (9M 2018), in € million



Regional sales by origin
Total 9M 2019 (9M 2018), in € million



Organic sales development
9M 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 nine months of 2019

MACROECONOMIC ENVIRONMENT

Economic outlook deteriorating in second half of 2019: The global economy continued to cool off during the third quarter. In October 2019, the International Monetary Fund (IMF) revised its expectations for most national economies downwards and lowered the global growth prospects for 2019 by 0.2 percentage points to 3.0% (2018: 3.6%). A notable feature is the geographically broad-based slowdown in manufacturing and global trade. Investments and demand for consumer goods have fallen further in both industrialized countries and emerging markets. This negative trend is fueled by higher tariffs and ongoing uncertainty concerning the progress of the trade disputes between the USA, China and Europe. Moreover, the continued uncertainty over the timing and format of the United Kingdom's withdrawal from the European Union also remains.

The IMF reduced its 2019 growth projections for Europe by 0.1 percentage points and now expects economic output to rise by 1.2% compared to the previous year (2018: 1.9%). The outlook is also more subdued in the USA, where the IMF anticipates a 2.4% increase in economic output in 2019 (2018: 2.9%), 0.2 percentage points lower than in its July 2019 forecast. In Asia, the growth prospects for 2019 have been revised downwards by 0.3 percentage points to 5.9% (2018: 6.4%). This is primarily due to the dramatic economic slowdown in India, where growth is 0.9 percentage points below expectations. The IMF also lowered its 2019 expectations for China by 0.1 percentage points to 6.1% (2018: 6.6%). In Latin America, the growth estimates for 2019 were reduced by 0.4 percentage points to 0.2% (2018: 1.0%).

SECTOR-SPECIFIC ENVIRONMENT

Declining production figures for heavy trucks in 2019: The global economic slowdown and significant drop in global trade volume also dampened logistics fleets' willingness to invest. As a result, the outlook in many truck markets clouded during the third quarter. In its latest estimates from October 2019, LMC Automotive expects a 3% decline in global heavy truck production for the current fiscal year compared to 2018, having anticipated a 2% contraction in its previous forecast from July 2019.

In Europe, LMC Automotive now expects a slight decline in heavy truck production for 2019 of just under 1% compared to 2018 (previous forecast: +1%). In Asia, Pacific and Africa, LMC adjusted its expectations downwards and now projects a 7% decline in production for 2019 compared to 2018 (previous forecast: −5%). The new projections imply a drop in production of almost 11% in the second half of 2019.

By contrast, truck production in North America is expected to remain at a high level in 2019. Market research firm FTR, which specializes in North America, still anticipates production growth of 8% for 2019 as a whole compared to 2018. According to LMC, truck production in South America in the 2019 fiscal year is likely to outperform previous expectations as well and rise by 20% year-over-year (previous forecast: +15%).

Decline in trailer production in 2019: After a sustained period of growth and high overall production in fiscal year 2018, forecasting institute Clear Consulting anticipates a 7% decline of the global commercial trailer market for fiscal year 2019. In Europe, Clear Consulting expects a stronger decline of 10% year-over-year. Clear Consulting continues to anticipate a 4% drop in trailer production in Asia in 2019. FTR is predicting a slight rise of trailer production by 3% in North America, thus lifting its forecast compared to the previous quarter (previous forecast: +1%). As reported by FTR, however, preliminary incoming orders received by trailer OEMs in North America were down substantially by around 70% year-over-year. According to Clear Consulting, Latin America will record year-over-year growth at around 10% in the 2019 fiscal year, thus continuing its recovery trend of the past few years.

COURSE OF BUSINESS 9M 2019

Sales

Sales revenues by origin 9M

in € thousands	9M 2019	9M 2018	% yoy
Europe	343,021	350,979	–2.3%
North America	129,285	106,919	20.9%
APA	106,777	110,219	–3.1%
Total	**579,083**	**568,117**	**1.9%**

Sales revenues by origin Q3

in € thousands	Q3 2019	Q3 2018	% yoy
Europe	102,646	108,207	–5.1%
North America	43,315	40,575	6.8%
APA	31,886	38,254	–16.6%
Total	**177,847**	**187,036**	**–4.9%**

In the first nine months of the year, JOST increased its consolidated sales by 1.9% to €579.1m (9M 2018: €568.1m). After a strong first half of 2019, growth slowed considerably in the third quarter of the year. In Europe in particular, the typical seasonality of the summer months was even more pronounced than in the previous year. By contrast, the activity level in North America remained at a record high. In Asia, Pacific, Africa (APA), the Indian market's weakness continued; however, this could not be offset by additional growth in other countries across the region. As a result, consolidated sales fell by 4.9% to €177.8m in the third quarter of 2019 (Q3 2018: €187.0m). The positive currency translation effects amounted to 1.1% and resulted primarily from the US dollar's appreciation against the euro.

The decline in commercial trailer production in Europe intensified during the third quarter of 2019. The typical seasonal weakness during the summer months was more noticeable than in the same quarter of the previous year. Truck production in Europe also weakened slightly during the third quarter of 2019. Although JOST compensated the market decline somewhat with higher sales to customers in the special trailer segment, European sales remained 5.1% below the prior-year quarter at €102.6m (Q3 2018: €108.2m). In the first nine months of 2019, sales in Europe fell by 2.3% to €343.0m (9M 2018: €351.0m).

In North America, activitiy levels remained at a record high in the third quarter of 2019. JOST once again successfully exceeded the already high volumes of the prior-year quarter. Sales in North America rose by 6.8% to €43.3m (Q3 2018: €40.6m). In the first nine months of 2019 sales in North America increased by 20.9% to €129.3m (9M 2018: €106.9m), with organic growth reaching 13.8%.

The strong decline in the Indian market affected sales in the Asia-Pacific-Africa region (APA) and could not be offset by higher sales in China and other countries of the region. On the whole, sales in APA dropped by 16.6% to €31.9m in the third quarter of 2019 (Q3 2018: €38.3m), with currency translation having a positive effect of 0.6%. In the first nine months of 2019, sales in APA were 3.1% below previous year totaling €106.8m (9M 2018: €110.2m).

Results of operations

In the first nine months of 2019, consolidated adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) grew stronger than sales, rising by 5.6% to €83.2m (9M 2018: €78.8m). As a result, the adjusted EBITDA margin improved to 14.4% (9M 2018: 13.9%). In the third quarter of 2019, adjusted EBITDA grew by 0.2% to €24.9m (Q3 2018: €24.8m) despite the decline in sales. This rise is primarily attributable to the initial adoption of IFRS 16 in the 2019 fiscal year.

The following table explains the adjustments made, which primarily relate to non-operating exceptionals arising from purchase price allocation effects (PPA) totaling €18.8m.

Reconciliation of adjusted earnings 9M

in € thousands	9M 2019	9M 2018
EBIT	**45,640**	**44,742**
Refinancing	0	–607
Other effects	–1,061	–854
D&A from PPA	–18,827	–19,063
Adjusted EBIT	**65,528**	**65,266**
Depreciation of property, plant and equipment	–16,168	–9,202
Amortization of intangible assets	–1,465	–4,289
Adjusted EBITDA	**83,161**	**78,757**

Reconciliation of adjusted earnings Q3

in € thousands	Q3 2019	Q3 2018
EBIT	**12,366**	**13,608**
Refinancing	0	–12
Other effects	–313	–322
D & A from PPA	–6,277	–6,343
Adjusted EBIT	**18,956**	**20,285**
Depreciation of property, plant and equipment	–5,431	–3,108
Amortization of intangible assets	–512	–1,446
Adjusted EBITDA	**24,899**	**24,839**

Adjusted earnings before interest and taxes (EBIT) rose by 0.4% to €65.5m in the first nine months of 2019 (9M 2018: €65.3m). The adjusted EBIT margin was 11.3% (9M 2018: 11.5%). As in the first half of 2019, higher personnel expenses particularly in Europe put pressure on the operating result. Although the efficiency measures introduced were able to compensate for part of this cost increase, a longer period will be needed for these measures to be fully effective due to the decline in sales in the region. In the third quarter of 2019, adjusted EBIT fell in line with sales by 6.4% to €19.0m (Q3 2018: €20.3m) while the adjusted EBIT margin remained stable compared to the previous year at 10.7% (Q3 2018: 10.8%).

Results of operations in 9M

in € thousands	9M 2019	9M 2018	% yoy
Sales revenues	**579,083**	**568,117**	**1.9%**
Cost of sales	–428,425	–417,236	
Gross profit	**150,658**	**150,881**	**–0.1%**
Operating expenses / income	–105,018	–106,139	
Operating profit (EBIT)	**45,640**	**44,742**	**2.0%**
Net finance result	**–4,463**	**–8,266**	
Profit / loss before taxes	**41,177**	**36,476**	**12.9%**
Income taxes	–6,772	6,835	
Profit / loss after taxes	**34,405**	**43,311**	

Results of operations in Q3

in € thousands	Q3 2019	Q3 2018	% yoy
Sales revenues	**177,847**	**187,036**	**–4.9%**
Cost of sales	–131,694	–139,486	
Gross profit	**46,153**	**47,550**	**–2.9%**
Operating expenses / income	–33,787	–33,942	
Operating profit (EBIT)	**12,366**	**13,608**	**–9.1%**
Net finance result	**–671**	**–2,275**	
Profit / loss before taxes	**11,695**	**11,333**	**3.2%**
Income taxes	–594	–2,729	
Profit / loss after taxes	**11,101**	**8,604**	

The net finance result improved year-over-year by €3.8m to €–4.5m in the first nine months of 2019 (9M 2018: €–8.3m). The improvement is mainly attributable to a refinancing carried out in June 2018, which had a one-off effect on the prior year's net finance result and also led to a reduction in interest payments to banks. As a result, the net finance result improved by €1.6m to €–0.7m year-over-year in the third quarter of 2019 (Q3 2018: €–2.3m).

In the first nine months of 2019, earnings before taxes grew by 12.9% to €41.2m (9M 2018: €36.5m). In contrast, earnings after taxes fell to €34.4m in the same period (9M 2018: €43.3m). This decrease is attributable to an one-off positive tax exceptional in the second quarter of the previous year caused by the recognition of deferred taxes from interest and loss carryforwards of €14.8m. Income tax thus amounted to €–6.8m in the first nine months of 2019, while it was positive in the same period last year at €6.8m.

In the third quarter of 2019, income tax fell to €–0.6m (Q3 2018: €–2.7m) due to a refund of advance tax payments for 2019. As a result, earnings after taxes rose by 29.0% to €11.1m in the third quarter of 2019 (Q3 2018: €8.6m).

When adjusted for exceptionals, earnings after taxes grew by 3.1% to €42.7m in the first nine months of 2019 (9M 2018: €41.5m). In the third quarter of 2019, this figure increased by 1.5% to €12.8m (Q3 2018: €12.6m). Similarly, adjusted earnings per share rose to €2.87 in the first nine months of the year (9M 2018: €2.78) and to €0.86 in the third quarter of 2019 (Q3 2018: €0.85).

Segments

Segment reporting 9M 2019

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	Consolidated financial statements
Sales revenues*	557,151	130,168	134,835	–243,071	579,083**
thereof: external sales revenues*	**343,021**	**129,285**	**106,777**	**0**	**579,083**
thereof: internal sales revenues*	214,130	883	28,058	–243,071	0
Adjusted EBIT* **	**35,522**	**12,141**	**15,179**	**2,686**	**65,528**
thereof: depreciation and amortization	11,874	3,010	2,749	0	17,633
Adjusted EBIT margin	10.4%	9.4%	14.2%		11.3%
Adjusted EBITDA* **	**47,396**	**15,151**	**17,928**	**2,686**	**83,161**
Adjusted EBITDA margin	13.8%	11.7%	16.8%		14.4%

* Sales by destination in the reporting period:
- Europe: €299,518 thousand
- Americas: €135,457 thousand
- Asia, Pacific and Africa: €144,108 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 9M 2018

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	Consolidated financial statements
Sales revenues*	568,114	107,481	145,656	–253,134	568,117**
thereof: external sales revenues*	**350,979**	**106,919**	**110,219**	**0**	**568,117**
thereof: internal sales revenues*	217,135	562	35,437	–253,134	0
Adjusted EBIT* **	**37,227**	**9,747**	**16,000**	**2,292**	**65,266**
thereof: depreciation and amortization	10,848	1,794	849	0	13,491
Adjusted EBIT margin	10.6%	9.1%	14.5%		11.5%
Adjusted EBITDA* **	**48,075**	**11,541**	**16,849**	**2,292**	**78,757**
Adjusted EBITDA margin	13.7%	10.8%	15.3%		13.9%

* Sales by destination in the reporting period:
- Europe: €305,897 thousand
- Americas: €114,005 thousand
- Asia, Pacific and Africa: €148,215 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.

The decline in sales in **Europe**, combined with a simultaneous rise in personnel expenses in the region, caused adjusted EBIT to fall by €1.7m to €35.5m in the first nine months of 2019 (9M 2018: €37.2m). As a result, the adjusted EBIT margin weakened slightly by 20 basis points to 10.4% (9M 2018: 10.6%).

In **North America**, JOST increased its operating performance compared to the previous year and improved profitability further. This caused adjusted EBIT to rise by €2.4m to €12.1m in the first nine months of 2019 (9M 2018: €9.7m), while the adjusted EBIT margin improved by 30 basis points to 9.4% (9M 2018: 9.1%).

The lower sales in **APA** led to a reduction of the adjusted EBIT by €0.8m to €15.2m in the first nine months of 2019 (9M 2018: €16.0m). Despite the negative development in India, JOST was able to minimize the decline of operating earnings in APA due to the rapid implementation of cost-cutting measures. Thus, the adjusted EBIT margin declined just by 0.3 percentage points totaling 14.2% (9M 2018: 14.5%) in the first nine months of 2019.

Segment reporting Q3 2019

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	**Consolidated financial statements**
Sales revenues*	166,186	43,376	40,699	–72,414	177,847**
thereof: external sales revenues*	**102,646**	**43,315**	**31,886**	**0**	**177,847**
thereof: internal sales revenues*	63,540	61	8,813	–72,414	0
Adjusted EBIT* **	**9,046**	**4,316**	**4,657**	**937**	**18,956**
thereof: depreciation and amortization	3,953	1,036	954	0	5,943
Adjusted EBIT margin	8.8%	10.0%	14.6%		10.7%
Adjusted EBITDA* **	**12,999**	**5,352**	**5,611**	**937**	**24,899**
Adjusted EBITDA margin	12.7%	12.4%	17.6%		14.0%

* Sales by destination in the reporting period:
- Europe: €88,018 thousand
- Americas: €44,837 thousand
- Asia, Pacific and Africa: €44,992 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 Q3 2018

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	**Consolidated financial statements**
Sales revenues*	176,160	40,724	49,688	–79,536	187,036**
thereof: external sales revenues*	**108,207**	**40,575**	**38,254**	**0**	**187,036**
thereof: internal sales revenues*	67,953	149	11,434	–79,536	0
Adjusted EBIT* **	**9,853**	**4,143**	**5,391**	**898**	**20,285**
thereof: depreciation and amortization	3,650	602	302	0	4,554
Adjusted EBIT margin	9.1%	10.2%	14.1%		10.8%
Adjusted EBITDA* **	**13,503**	**4,745**	**5,693**	**898**	**24,839**
Adjusted EBITDA margin	12.5%	11.7%	14.9%		13.3%

* Sales by destination in the reporting period:
- Europe: €93,622 thousand
- Americas: €42,977 thousand
- Asia, Pacific and Africa: €50,437 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 trailer and truck markets caused sales to fall in the third quarter of 2019 compared to the prior-year. This development could not be fully offset by additional sales in the special trailer segment. The typical seasonality of the summer months was more pronounced than in the previous year, as various customers used the summer vacation to shut down their production for a longer period. Lower production volumes, combined with a rise in personnel expenses, were the main reason why adjusted EBIT fell by €0.8m to €9.1m (Q2 2018: €9.9m). The adjusted EBIT margin amounted to 8.8% in the third quarter of 2019 (Q3 2018: 9.1%).

In **North America**, JOST increased adjusted EBIT by €0.2m to €4.3m in the third quarter of 2019 (Q3 2018: €4.1m), which was primarily due to the improved operating performance. As a result, JOST generated an adjusted EBIT margin of 10.0% for the second successive quarter (Q3 2018: 10.2%).

In **APA**, the weakness of the Indian market had a particularly negative effect on third-quarter results. Due to the decline in sales, adjusted EBIT fell by €0.7m to €4.7m (Q3 2018: €5.4m). However, JOST managed to increase the adjusted EBIT margin by 50 basis points to 14.6% thanks to the flexibility of its business model and the swiftly implemented cost-cutting measures (Q3 2018: 14.1%).

Net assets

Condensed balance sheet

Assets

in € thousands	09/30/2019	12/31/2018
Noncurrent assets	312,232	309,602
Current assets	335,089	310,350
	647,321	**619,952**

Equity and Liabilities

in € thousands	09/30/2019	12/31/2018
Equity	264,517	251,613
Noncurrent liabilities	261,799	240,396
Current liabilities	121,005	127,943
	647,321	**619,952**

Equity rose by 5.1% to €264.5m in the first nine months of the year (December 31, 2018: €251.6m). Despite the initial application of IFRS 16 and a dividend payment of €16.4m, the equity ratio increased by 30 basis points to 40.9% in the same period (December 31, 2018: 40.6%).

The initial application of IFRS 16 was also the main reason for the rise in noncurrent financial liabilities by €21.4m to €261.8m compared to December 31, 2018 (December 31, 2018: €240.4m). The €11.9m increase in pension obligations caused by the decline in calculation interest rates also led to a rise in noncurrent liabilities.

Applying IFRS 16 for the first time also resulted in an increase in noncurrent assets. Property, plant and equipment as of September 30, 2019 rose by €22.6m to €105.4m (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.

For seasonal reasons, inventories grew compared to December 31, 2018, amounting to €115.1m as of September 30, 2019 (December 31, 2018: €110.9m). Trade receivables remained almost constant at €110.9m (December 31, 2018: €109.7m). Conversely, trade payables fell to €76.4m (December 31, 2018: €80.8m). Due to the typical seasonality of the business, working capital increased to €149.6m during the first nine months of the year (December 31, 2018: €139.8m).

However, when compared to the first nine months of 2018 working capital fell by 7.7% to €149.6m as of September 30, 2019 (9M 2018: €162.0m). Thus, working capital as a percentage of last twelve months sales improved by 250 basis points to 19.5% (9M 2018: 22.0%).

Despite the dividend payment of €16.4m in the second quarter of 2019, liquid assets rose by €25.5m to €91.6m as of September 30, 2019 (December 31, 2018: €66.1m). As a result, net debt declined to €59.6m (December 31, 2018: €85.2m). This positive development was reinforced by the rise in adjusted EBITDA over the last twelve months, which significantly improved the ratio of net debt to adjusted EBITDA. As a consequence, leverage decreased to 0.57x as of September 30, 2019 (December 31, 2018: 0.85x).

Financial position

Cash flows in 9M

in € thousands	9M 2019	9M 2018
Cash flow from operating activities	**56,378**	**27,047**
thereof change in net working capital	–7,661	–33,618
Cash flow from investing activities	**–7,566**	**–12,920**
Cash flow from financing activities	**–24,031**	**–37,803**
Net change in cash and cash equivalents	**24,781**	**–23,676**
Change in cash and cash equivalents due to exchange rate movements	714	–909
Cash and cash equivalents at January 1	66,087	66,313
Cash and cash equivalents at September 30	**91,582**	**41,728**

Cash flows in Q3

in € thousands	Q3 2019	Q3 2018
Cash flow from operating activities	**34,021**	**8,765**
thereof change in net working capital	9,227	–5,209
Cash flow from investing activities	**–2,330**	**–4,955**
Cash flow from financing activities	**–3,554**	**395**
Net change in cash and cash equivalents	**28,137**	**4,205**
Change in cash and cash equivalents due to exchange rate movements	209	–778
Cash and cash equivalents at July 1	63,236	38,301
Cash and cash equivalents at September 30	**91,582**	**41,728**

Cash flow from operating activities doubled year-over-year to €56.4m in the first nine months of 2019 (9M 2018: €27.0m), driven mainly by the improvement in working capital.

As of 30 September 2019, capital expenditure amounted to €11.1m (9M 2018: €14.2m). Investments remain focused on improving efficiency and automating processes at various production plants.

Cash flow from financing activities improved to €–24.0m in the first nine months of 2019 (9M 2018: €–37.8m) and was primarily impacted by the dividend payment of €16.4m made in May 2019. In the comparable prior-year period, cash flow from financing activities was affected by an one-off repayment of long-term loans and borrowings of €30.2m.

Overall, liquid assets increased by €49.9m year-over-year to €91.6m as of September 30, 2019 (9M 2018: €41.7m).

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

In the current quarter, JOST is witnessing an increasing deterioration of the commercial vehicles market environment in all its regions, which will presumably go beyond the typical seasonal weakness of a fourth quarter. Especially, the pronounced slowdown of the European truck market is becoming increasingly noticeable in the fourth quarter of 2019, which will be accompanied by longer year-end production shutdowns by several OEM customers.

Against this backdrop, JOST is adjusting its outlook for fiscal year 2019 and now expects a slight decline in sales in the low single-digit percentage range compared to 2018 (previous forecast: low single-digit percentage growth). As before, adjusted EBIT in 2019 is expected to develop in line with sales. Accordingly, the EBIT margin in 2019 should remain almost stable compared to the previous year.

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.

Strict working capital management combined with the lower business volume expected for the fourth quarter of 2019 should lead to further improvements in working capital. Thus, JOST now expects that net working capital in relation to sales will continue to improve and be below 18.5% by the end of the year (previous forecast: slightly below 20%).

Excluding any potential acquisitions, leverage – the ratio of net debt to adjusted EBITDA – is likely to improve considerably in the 2019 fiscal year due to better working capital and a stronger cash generation. JOST now expects leverage to be approx. 0.5x (previous forecast: slight improvement to less than 1.0x).

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, November 21, 2019

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the nine months ended September 30, 2019

CONDENSED CONSOLIDATED STATEMENT OF INCOME – BY FUNCTION OF EXPENSES

for the nine months ended September 30, 2019
JOST Werke AG

in € thousands	Notes	9M 2019	9M 2018	Q3 2019	Q3 2018
Sales revenues	(5)	**579,083**	**568,117**	**177,847**	**187,036**
Cost of sales		**–428,425**	**–417,236**	**–131,694**	**–139,486**
Gross profit		**150,658**	**150,881**	**46,153**	**47,550**
Selling expenses		–66,772	–65,105	–21,579	–21,564
thereof: depreciation and amortization of assets		–21,095	–19,716	–7,042	–6,563
Research and development expenses		–10,310	–9,360	–3,421	–3,048
Administrative expenses		–31,268	–34,366	–10,090	–10,489
Other income	(6)	3,634	6,116	1,324	2,791
Other expenses	(6)	–2,988	–5,716	–958	–2,530
Share of profit or loss of equity method investments		2,686	2,292	937	898
Operating profit (EBIT)		**45,640**	**44,742**	**12,366**	**13,608**
Financial income	(7)	1,739	595	934	312
Financial expense	(7)	–6,202	–8,861	–1,605	–2,587
Net finance result		**–4,463**	**–8,266**	**–671**	**–2,275**
Profit / loss before tax		**41,177**	**36,476**	**11,695**	**11,333**
Income taxes	(8)	–6,772	6,835	–594	–2,729
Profit / loss after taxes		**34,405**	**43,311**	**11,101**	**8,604**
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)	**2.31**	**2.91**	**0.75**	**0.58**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the nine months ended September 30, 2019
JOST Werke AG

in € thousands	**9M 2019**	9M 2018	**Q3 2019**	Q3 2018
Profit / loss after taxes	**34,405**	**43,311**	**11,101**	**8,604**
Items that may be reclassified to profit or loss in subsequent periods				
Exchange differences on translating foreign operations	3,719	–5,546	868	–1,995
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans	–12,614	1,549	–3,440	439
Deferred taxes relating to other comprehensive income	3,784	–465	1,032	–132
Other comprehensive income	**–5,111**	**–4,462**	**–1,540**	**–1,688**
Total comprehensive income	**29,294**	**38,849**	**9,561**	**6,916**

CONDENSED CONSOLIDATED BALANCE SHEET

as of September 30, 2019
JOST Werke AG

Assets

in € thousands	Notes	09/30/2019	12/31/2018
Noncurrent assets			
Intangible assets		186,563	203,736
Property, plant and equipment	(2)	105,393	82,824
Investments accounted for using the equity method		10,632	11,329
Deferred tax assets		8,342	10,270
Other noncurrent financial assets	(11), (12)	9	91
Other noncurrent assets		1,293	1,352
		312,232	**309,602**
Current assets			
Inventories		115,064	110,893
Trade receivables		110,906	109,707
Receivables from income taxes		2,328	5,705
Other current financial assets	(11), (12)	1,062	1,390
Other current assets		14,147	16,568
Cash and cash equivalents		91,582	66,087
		335,089	**310,350**
Total assets		**647,321**	**619,952**

Equity and Liabilities

in € thousands	Notes	09/30/2019	12/31/2018
Equity			
Subscribed capital		14,900	14,900
Capital reserves		499,399	499,399
Other reserves		−39,032	−33,921
Retained earnings		−210,750	−228,765
		264,517	**251,613**
Noncurrent liabilities			
Pension obligations	(13)	70,612	58,673
Other provisions		1,927	1,796
Interest-bearing loans and borrowings	(14)	150,499	150,664
Deferred tax liabilities		15,279	24,466
Other noncurrent financial liabilities	(2), (11), (15)	19,590	696
Other noncurrent liabilities		3,892	4,101
		261,799	**240,396**
Current liabilities			
Pension obligations	(13)	1,821	1,821
Other provisions		6,587	13,572
Interest-bearing loans and borrowings	(14)	314	234
Trade payables		76,406	80,799
Liabilities from income taxes		4,686	7,094
Contract liabilities		2,467	2,708
Other current financial liabilities	(2), (11), (15)	6,567	958
Other current liabilities		22,157	20,757
		121,005	**127,943**
Total equity and liabilities		**647,321**	**619,952**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the nine months ended September 30, 2019
JOST Werke AG

Condensed Consolidated Statement of Changes in Equity for the nine months ended September 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	34,405
Other comprehensive income	0	0	0
Deferred taxes relating to other comprehensive income	0	0	0
Total comprehensive income	0	0	34,405
Dividends paid	0	0	–16,390
Balance as of September 30, 2019	**14,900**	**499,399**	**–210,750**

Condensed Consolidated Statement of Changes in Equity for the nine months ended September 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	43,311
Other comprehensive income	0	0	0
Deferred taxes relating to other comprehensive income	0	0	0
Total comprehensive income	0	0	43,311
Dividends paid	0	0	–7,450
Balance as of September 30, 2018	**14,900**	**522,423**	**–261,928**

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	34,405
3,719	–12,614	0	–8,895
0	3,784	0	3,784
3,719	–8,830	0	29,294
0	0	0	–16,390
–8,810	**–30,119**	**–103**	**264,517**

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	43,311
–5,546	1,549	0	–3,997
0	–465	0	–465
–5,546	1,084	0	38,849
0	0	0	–7,450
–14,130	**–20,430**	**–103**	**240,732**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the nine months ended September 30, 2019
JOST Werke AG

in € thousands	9M 2019	9M 2018	Q3 2019	Q3 2018
Profit / loss before tax	**41,177**	**36,476**	**11,695**	**11,333**
Depreciation, amortization, impairment losses and reversal of impairment on noncurrent assets	36,460	32,554	12,220	10,897
Other noncash expenses and income	386	–487	–495	–605
Change in inventories	–2,738	–10,194	–2,025	–2,186
Change in trade receivables	313	–20,177	16,566	–1,443
Change in trade payables	–5,236	–3,247	–5,314	–1,580
Change in other assets and liabilities	–4,921	14	4,767	–4,634
Income tax payments	–9,063	–7,892	–3,393	–3,017
Cash flow from operating activities	**56,378**	**27,047**	**34,021**	**8,765**
Proceeds from sales of intangible assets	0	3	0	3
Payments to acquire intangible assets	–888	–641	–374	–167
Proceeds from sales of property, plant, and equipment	122	122	–8	2
Payments to acquire property, plant, and equipment	–10,167	–13,526	–3,726	–4,842
Dividends received	2,813	925	1,730	0
Interests received	554	197	48	49
Cash flow from investing activities	**–7,566**	**–12,920**	**–2,330**	**–4,955**
Interest payments	–2,192	–2,299	–1,110	–624
Proceeds from short-term interest-bearing loans and borrowings	0	1,394	0	1,394
Proceeds from long-term interest-bearing loans and borrowings	0	1,300	0	0
Refinancing costs	0	–594	0	–375
Repayment of short-term interest-bearing loans and borrowings	–150	0	–75	0
Repayment of long-term interest-bearing loans and borrowings	0	–30,154	0	0
Dividends paid to the shareholders of the Company	–16,390	–7,450	0	0
Repayment of lease liabilities	–5,299	0	–2,369	0
Cash flow from financing activities	**–24,031**	**–37,803**	**–3,554**	**395**
Net change in cash and cash equivalents	**24,781**	**–23,676**	**28,137**	**4,205**
Change in cash and cash equivalents due to exchange rate movements	714	–909	209	–778
Cash and cash equivalents at January 1 / July 1	66,087	66,313	63,236	38,301
Cash and cash equivalents at September 30	**91,582**	**41,728**	**91,582**	**41,728**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the period from January 1 to September 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 September 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 nine months ended September 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 September 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 right-of-use asset 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 €0.2m in the first nine months of 2019. The interest expense resulting from the unwinding of the discount on lease liabilities is reported in the amount of €0.4m in the net finance result.

In the first nine months of 2019, the change in the recognition of operating lease expenses in the cash flow statement improved cash flow from operating activities by €5.7m. Cash flow from financing activities declined accordingly. The increase in other financial liabilities as a result of the change in accounting rules adversely affected the Group's debt by €24.2m as of September 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 September 30, 2019 for issue on November 21, 2019.

3. SEGMENT REPORTING

Segment reporting as of September 30, 2019

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	Consolidated financial statements
Sales revenues*	557,151	130,168	134,835	–243,071	579,083**
thereof: external sales revenues*	**343,021**	**129,285**	**106,777**	**0**	**579,083**
thereof: internal sales revenues*	214,130	883	28,058	–243,071	0
Adjusted EBIT* **	**35,522**	**12,141**	**15,179**	**2,686**	**65,528**
thereof: depreciation and amortization	11,874	3,010	2,749	0	17,633
Adjusted EBIT margin	10.4%	9.4%	14.2%		11.3%
Adjusted EBITDA* **	**47,396**	**15,151**	**17,928**	**2,686**	**83,161**
Adjusted EBITDA margin	13.8%	11.7%	16.8%		14.4%

* Sales by destination in the reporting period:
- Europe: €299,518 thousand
- Americas: €135,457 thousand
- Asia, Pacific and Africa: €144,108 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 as of September 30, 2018

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	Consolidated financial statements
Sales revenues*	568,114	107,481	145,656	–253,134	568,117**
thereof: external sales revenues*	**350,979**	**106,919**	**110,219**	**0**	**568,117**
thereof: internal sales revenues*	217,135	562	35,437	–253,134	0
Adjusted EBIT* **	**37,227**	**9,747**	**16,000**	**2,292**	**65,266**
thereof: depreciation and amortization	10,848	1,794	849	0	13,491
Adjusted EBIT margin	10.6%	9.1%	14.5%		11.5%
Adjusted EBITDA* **	**48,075**	**11,541**	**16,849**	**2,292**	**78,757**
Adjusted EBITDA margin	13.7%	10.8%	15.3%		13.9%

* Sales by destination in the reporting period:
- Europe: €305,897 thousand
- Americas: €114,005 thousand
- Asia, Pacific and Africa: €148,215 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 figures

in € thousands	9M 2019	9M 2018
Profit / loss after taxes	**34,405**	**43,311**
Income taxes	–6,772	6,835
Net finance result	–4,463	–8,266
EBIT	**45,640**	**44,742**
Refinancing	0	–607
Other effects	–1,061	–854
D & A from PPA	–18,827	–19,063
Adjusted EBIT	**65,528**	**65,266**
Depreciation of property, plant and equipment	–16,168	–9,202
Amortization of intangible assets	–1,465	–4,289
Adjusted EBITDA	**83,161**	**78,757**

4. SEASONALITY OF OPERATIONS

Seasonal effects during the fiscal year can result in variations in sales and resulting profit / loss. 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 €3.6m (2018 reporting period: €6.1m) and other expenses amounted to €3.0m (2018 reporting period: €5.7m).

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	9M 2019	9M 2018
Interest income	173	134
Realized and unrealized currency gains	1,535	385
Other financial income	31	76
Total	**1,739**	**595**

Financial expense is composed of the following items:

in € thousands	9M 2019	9M 2018
Interest expenses	–2,688	–2,942
thereof: interest expenses from leasing	–425	0
Realized and unrealized currency losses	–2,081	–1,062
Result from measurement of derivatives	–1,034	0
Other financial expenses	–399	–4,857
Total	**–6,202**	**–8,861**

Other financial expenses in the previous year included interest on expected additional tax payments of €2.2m. 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	9M 2019	9M 2018
Current tax	–10,467	–11,781
Deferred taxes	3,695	18,616
Taxes on income	**–6,772**	**6,835**

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 recognition of deferred taxes from interest and loss carryforwards in Germany.

9. EARNINGS PER SHARE

As of September 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

	9M 2019	9M 2018
Profit / loss after taxes (in € thousand)	34,405	43,311
Weighted average number of shares	14,900,000	14,900,000
Basic and diluted earnings per share (in €)	**2.31**	**2.91**

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 €19,888 thousand (2018: €20,524 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 €18,827 thousand (2018: €19,063 thousand). Furthermore, cost of sales as well as selling, administrative and other expenses were adjusted for expenses relating to other effects totaling €1,061 thousand (2018: €854 thousand).

In the 2018 reporting period, expenses of €2,232 thousand arising from the refinancing were adjusted within the net finance result and €607 thousand within administrative expenses.

Notional income taxes after adjustments were recognized in the amount of €18,320 thousand in the 2019 reporting period (2018: €17,770 thousand).

The tables below show the earnings adjusted for these effects:

in € thousands	January 1 – September 30, 2019 Unadjusted	Other effects	PPA depreciation and amortization	Adjustments, total	**January 1 – September 30, 2019 Adjusted**
Sales revenues	**579,083**			**0**	**579,083**
Cost of sales	**–428,425**	**238**		**238**	**–428,187**
Gross profit	**150,658**	**238**	**0**	**238**	**150,896**
Selling expenses	–66,772	159	18,827	18,986	–47,786
Research and development expenses	–10,310			0	–10,310
Administrative expenses	–31,268	596		596	–30,672
Other income	3,634			0	3,634
Other expenses	–2,988	68		68	–2,920
Share of profit or loss of equity method investments	2,686			0	2,686
Operating profit (EBIT)	**45,640**	**1,061**	**18,827**	**19,888**	**65,528**
Financial income	1,739			0	1,739
Financial expense	–6,202			0	–6,202
Net finance result	**–4,463**	**0**	**0**	**0**	**–4,463**
Profit / loss before tax	**41,177**	**1,061**	**18,827**	**19,888**	**61,065**
Income taxes	–6,772				–18,320
Profit / loss after taxes	**34,405**				**42,746**
Weighted average number of shares	**14,900,000**				**14,900,000**
Basic and diluted earnings per share (in €)	**2.31**				**2.87**

in € thousands	January 1 – September 30, 2018 Unadjusted	Refinancing	Other effects	PPA depreciation and amortization	Adjustments, total	**January 1 – September 30, 2018 Adjusted**
Sales revenues	**568,117**				**0**	**568,117**
Cost of sales	**–417,236**				**0**	**–417,236**
Gross profit	**150,881**	**0**	**0**	**0**	**0**	**150,881**
Selling expenses	–65,105		34	19,063	19,097	–46,008
Research and development expenses	–9,360				0	–9,360
Administrative expenses	–34,366	607	793		1,400	–32,966
Other income	6,116				0	6,116
Other expenses	–5,716		27		27	–5,689
Share of profit or loss of equity method investments	2,292				0	2,292
Operating profit (EBIT)	**44,742**	**607**	**854**	**19,063**	**20,524**	**65,266**
Financial income	595				0	595
Financial expense	–8,861	2,232			2,232	–6,629
Net finance result	**–8,266**	**2,232**	**0**	**0**	**2,232**	**–6,034**
Profit / loss before tax	**36,476**	**2,839**	**854**	**19,063**	**22,756**	**59,232**
Income taxes	6,835					–17,770
Profit / loss after taxes	**43,311**					**41,462**
Weighted average number of shares	**14,900,000**					**14,900,000**
Basic and diluted earnings per share (in €)	**2.91**					**2.78**

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 09/30/2019	Fair value 09/30/2019	Carrying amount 12/31/2018	Fair value 12/31/2018	Level
Assets						
Cash and cash equivalents	FAAC	91,582	91,582	66,087	66,087	n/a
Trade receivables	FAAC	110,906	110,906	109,707	109,707	n/a
Other financial assets	FAAC	1,071	1,071	1,481	1,481	n/a
Total		**203,559**	**203,559**	**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 09/30/2019	Fair value 09/30/2019	Carrying amount 12/31/2018	Fair value 12/31/2018	Level
Liabilities						
Trade payables	FLAC	76,406	76,406	80,799	80,799	n/a
Interest bearing loans and borrowings*	FLAC	151,155	151,006	151,305	151,255	2
Lease liabilities	n/a**	24,238	24,238	0	0	n/a
Other financial liabilities	FLAC	189	189	958	958	n/a
Derivative financial liabilities	FLtPL	1,730	1,730	696	696	2
Total		**253,718**	**253,569**	**233,758**	**233,708**	

* excluding accrued financing costs (see note 14)
** within the scope of IFRS 16

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

Lease liabilities fall within the scope of IFRS 16 and are therefore not allocated to any of the measurement categories established under IFRS 9.

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 €481 thousand (December 31, 2018: €208 thousand) and deposits in the amount of €483 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 September 30, 2019 were €72.4m (December 31, 2018: €60.5m). The following significant actuarial assumptions were made:

Assumptions

	09/30/2019	12/31/2018
Discount rate	0.6%	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 September 30, 2019:

in € thousands		09/30/2019	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		1,155	1,305
Interest-bearing loans		**151,155**	**151,305**
Accrued financing costs		–342	–407
Total		**150,813**	**150,898**

As of September 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 €1,756 thousand (2018 reporting period: €2,299 thousand). Furthermore, repayments of the previous loan were made in the amount of €30,154 thousand in the 2018 reporting period.

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 September 30, 2019 had a negative fair value of €1,730 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 Group, including the subsidiaries and the joint venture, as of September 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, and the merger of Regensburger Zuggabel GmbH, Neu-Isenburg, with Jost-Werke International Beteiligungsverwaltung GmbH, Neu-Isenburg.

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

Lars Brorsen, cand.oecon., Heubach (until September 30, 2019)
Chairman of the Management Board
Chief Executive Officer

Joachim Dürr, Diplom-Ingenieur, Dachau
Chairman of the Management Board (from 1 October 2019)
Chief Executive Officer (formerly 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, November 21, 2019

Joachim Dürr   Dr. Ralf Eichler   Dr. Christian Terlinde

FINANCIAL CALENDAR

MARCH 25, 2020
ANNUAL REPORT 2019

MAY 7, 2020
ANNUAL GENERAL MEETING 2020

MAY 14, 2020
INTERIM REPORT Q1 2020

AUGUST 13, 2020
INTERIM REPORT H1 2020

NOVEMBER 12, 2020
INTERIM REPORT 9M 2020

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.

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