



Company presentation  
JOST Werke AG – FY 2018 prelims

**JOST**

# 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.

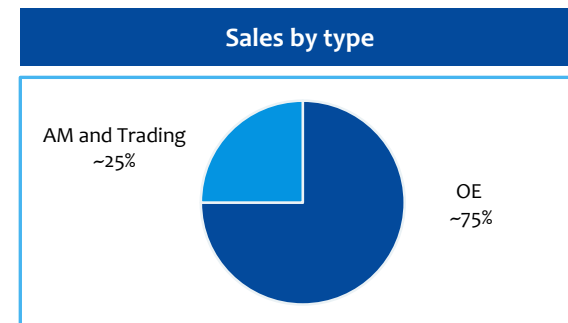
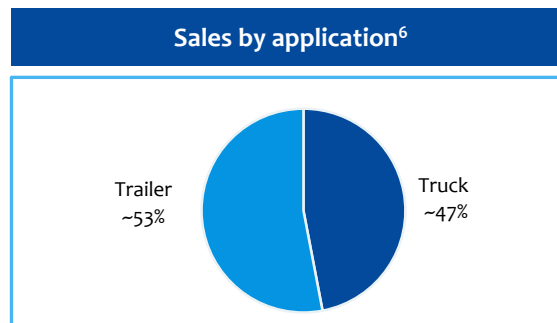
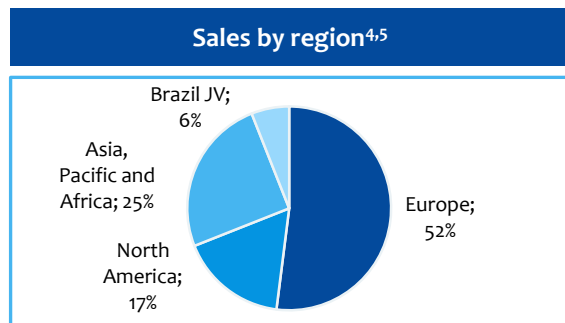
To the extent available, the industry and market data contained in this report has come from third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee 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.

## Company overview – JOST at a glance

# JOST – leading global supplier of safety critical truck and trailer solutions



FY 2017			FY 2018 prelims	
Sales / CAGR (14-17A)	Adj. EBIT <sup>2</sup> / margin	CF / Cash conversion <sup>3</sup>	Sales / y-o-y growth	Adj. EBIT <sup>2</sup> / margin
€701m / 3.6% <sup>1</sup>	€76m / 10.9%	€75m / 79.6%	€755 m / 7.7%	€81m / 10.7%



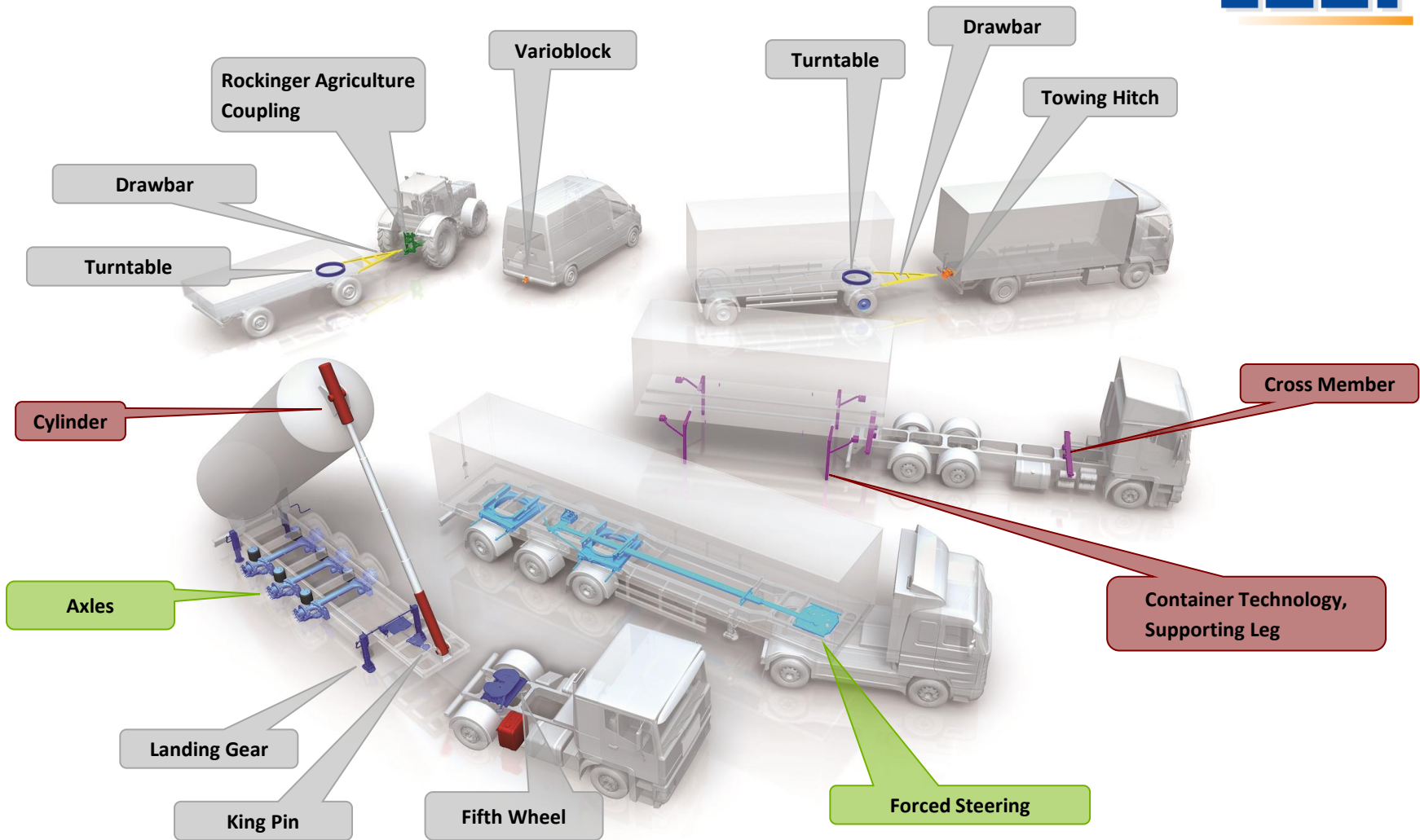
## Product portfolio

Brands			
Systems	Vehicle interface (74% sales)	Handling solution (10% sales) <sup>7</sup>	Manoeuvring (16% sales)
Product examples			

JOST has ~55% market share globally in products representing 64% of sales<sup>8</sup>

<sup>1</sup> CAGR adjusted for MBTAS acquisitions, <sup>2</sup> Excluding PPA D&A and exceptional items, including pro rata net income from Brazil JV, <sup>3</sup> Cash flow (CF) defined as adjusted EBITDA – capex; cash conversion defined as (adjusted EBITDA – capex)/adjusted EBITDA, <sup>4</sup> Sales by region including consolidation effects, <sup>5</sup> Sales by region represent global sales of JOST's branded products including 100% of Brazil JV, which had sales of €43m in 2017, <sup>6</sup> Includes aftermarket and trading, <sup>7</sup> Including other, <sup>8</sup> Fifth wheel: JOST 54%, Other 46%; Landing gear: JOST 56%, Other 44%  
Source: Roland Berger 2017

# Overview of our main products



Vehicle interface (74% sales)

Handling solution (10% sales)

Manoeuvring (16% sales)

## Investment highlights – an attractive business model



### Key investment highlights

- 1 Leadership – Global leadership in branded products**
- 2 Attractive company growth – Market outperformance: upselling, market expansion and bolt-on M&A**
- 3 Market growth – Sustained growth on the back of strong fundamentals**
- 4 Diversification – High aftermarket content and high diversification by customer and geography**
- 5 Business model – Flexible and asset-light business model**
- 6 Track record – Industry-leading margins and cash generation profile**

# 1 Global leadership in branded products

One of the leading global suppliers of truck and trailer systems with high market share in core segments



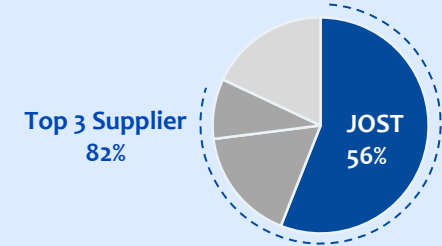
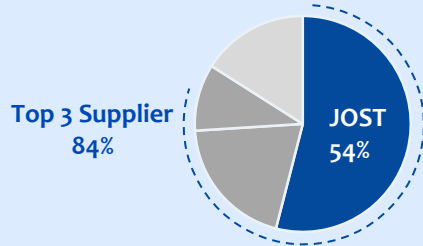
## JOST has a leading market position in Vehicle Interface systems

>50% global market share in articulated truck trailer combinations market

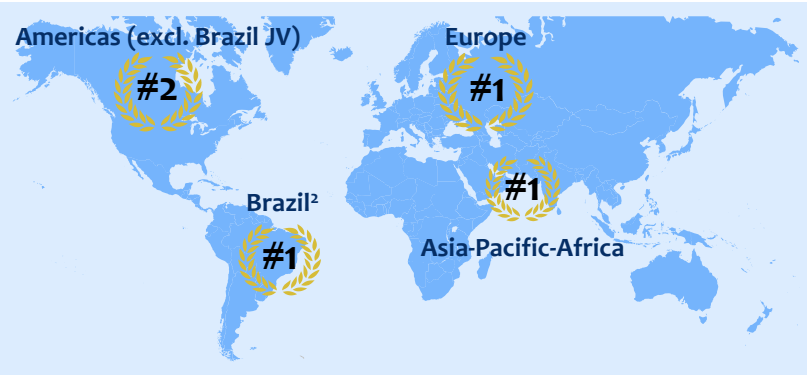
### Fifth wheel

### Landing gear

Global market share<sup>1</sup>



Market position by geography<sup>1</sup>



#1 player in key products<sup>3</sup> that account for 64% of total sales

<sup>1</sup> By sales  
<sup>2</sup> Includes Brazil JV  
<sup>3</sup> Fifth wheel and landing gear



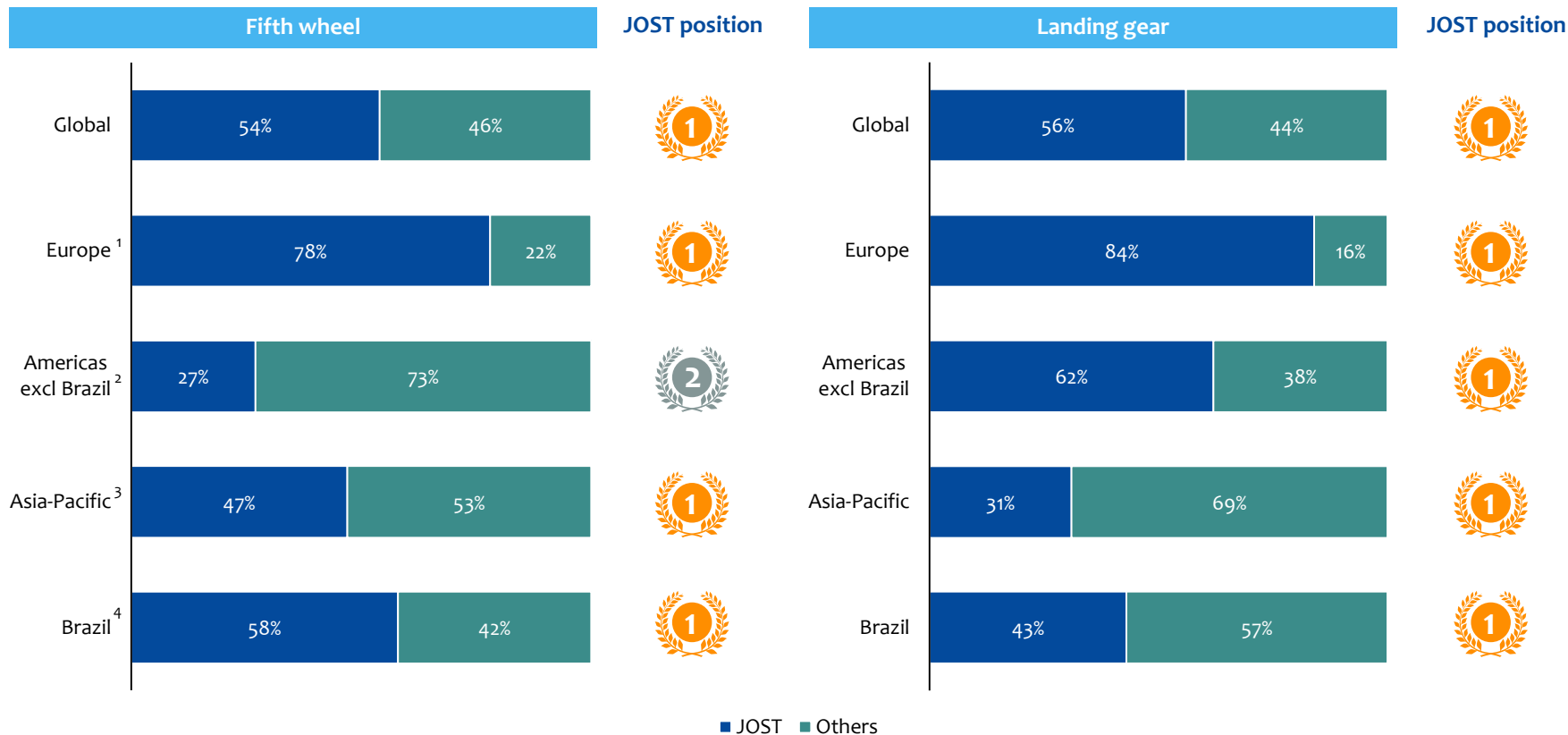
# Global leadership

JOST's leading market positions – focus on fifth wheel and landing gear



JOST has a leading market position in Vehicle Interface systems

Market shares by sales in OE business by geography



JOST is the global leader in fifth wheel and landing gear

<sup>1</sup> Includes the following countries: AUT, BEL, DEN, FIN, FRA, GER, ITA, NED, NOR, POR, ESP, SWE, CH, UK, CRO, SRB, BLR, BGR, CZE, EST, HUN, LAT, LTU, POL, ROM, SVK, SVN, TUR, UKR

<sup>2</sup> Includes the following countries: CAN, MEX, USA, COL, ECU, VEN, ARG

















<sup>3</sup> Includes the following countries: IDN, MYS, THA, PHL, KOR, JAP, AUS, PAK, TWN, IND, CHN, DZA, EGY, MOR, TUN, SAU, UAE, other MEA

<sup>4</sup> Including Brazil JV

Source: Roland Berger 2017

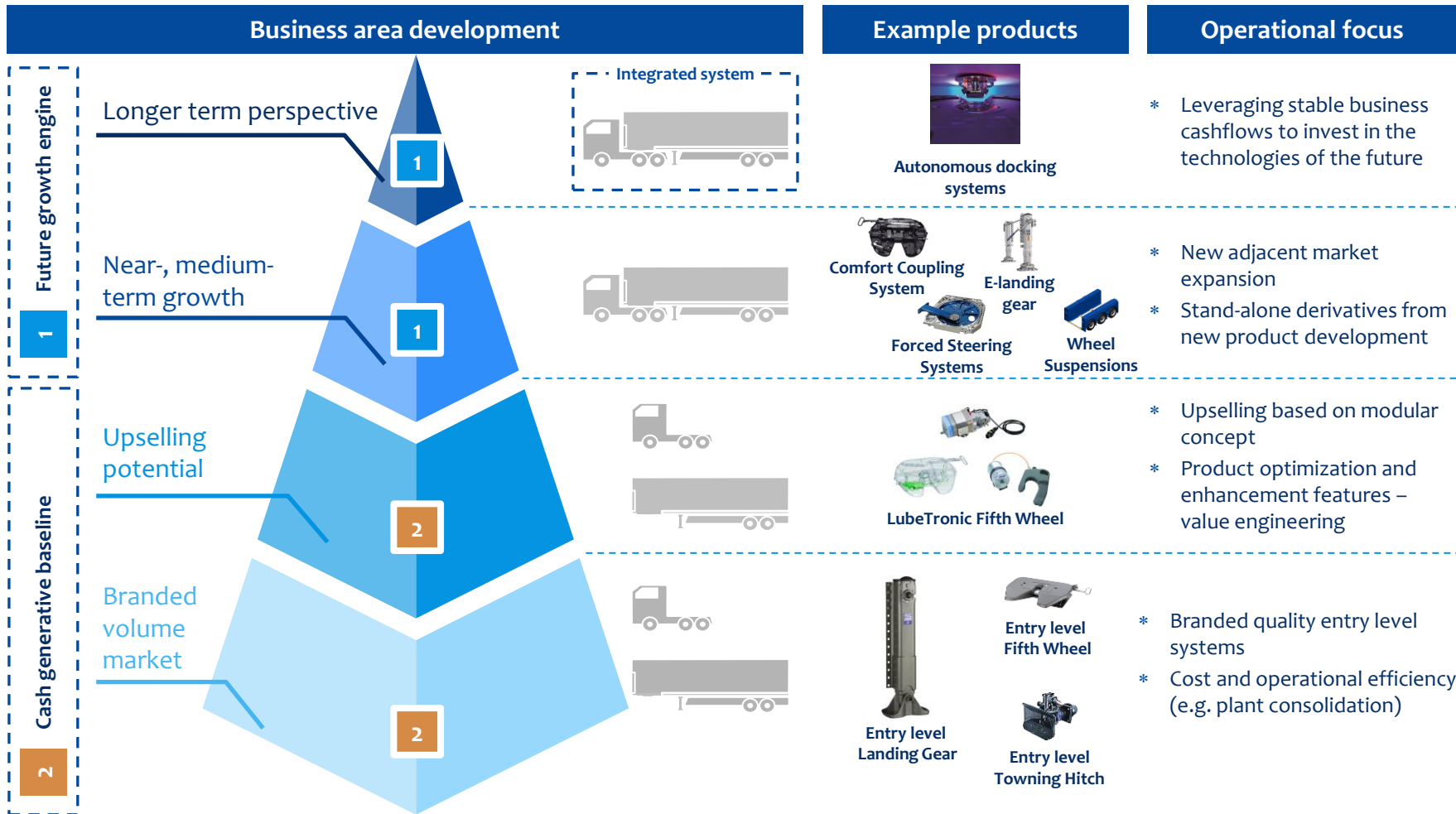


### JOST's approach to outperform the market

<p>1</p> <p>Higher content per product</p>	<p>✓ Upselling through innovations</p>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Manual landing gear</p>  </div> <div style="text-align: center;"> <p>E-Drive landing gear</p>  </div> </div> <div style="border: 1px dashed black; padding: 5px; margin: 5px 0;"> <p>Increased content compared to base version (e.g &gt;4x for landing gear)</p> </div> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Manual fifth wheel</p>  </div> <div style="text-align: center;"> <p>LubeTronic fifth wheel</p>  </div> <div style="text-align: center;"> <p>Comfort Coupling System</p>  </div> </div>				
<p>2</p> <p>Growth initiatives</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; text-align: center; font-weight: bold;">Region</td> <td> <ul style="list-style-type: none"> <li>✓ Growth in US: gain market share with OEMs</li> <li>✓ Localisation of Rockinger and Tridec in China</li> </ul> </td> </tr> <tr> <td style="width: 20px; text-align: center; font-weight: bold;">Product</td> <td> <ul style="list-style-type: none"> <li>✓ Growth in axles: expand in aftermarket</li> <li>✓ Growth in hydraulics: expand capacity</li> </ul> </td> </tr> </table>	Region	<ul style="list-style-type: none"> <li>✓ Growth in US: gain market share with OEMs</li> <li>✓ Localisation of Rockinger and Tridec in China</li> </ul>	Product	<ul style="list-style-type: none"> <li>✓ Growth in axles: expand in aftermarket</li> <li>✓ Growth in hydraulics: expand capacity</li> </ul>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>By region</p>     </div> <div style="text-align: center;"> <p>By product</p>   </div> </div>
Region	<ul style="list-style-type: none"> <li>✓ Growth in US: gain market share with OEMs</li> <li>✓ Localisation of Rockinger and Tridec in China</li> </ul>					
Product	<ul style="list-style-type: none"> <li>✓ Growth in axles: expand in aftermarket</li> <li>✓ Growth in hydraulics: expand capacity</li> </ul>					
<p>3</p> <p>Accretive M&amp;A</p>	<ul style="list-style-type: none"> <li>✓ Strong M&amp;A track record</li> <li>✓ Potential add-on M&amp;A opportunities</li> </ul>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 20px;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div>				

## Market outperformance: upselling, market expansion and bolt-on M&A

JOST's strategy is focused on further enhancing its cash generative baseline business while developing advanced solution systems to provide long-term growth



# Sustained growth on the back of strong fundamentals

Truck and trailer in all other regions are expected to outperform GDP growth on the back of favorable long-term economic factors

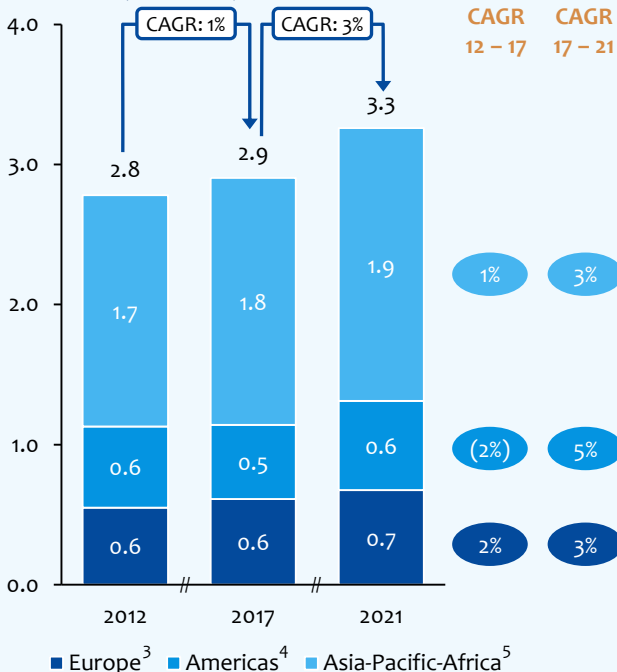


## Macro factors supporting robust long-term sector growth

- 1** Positive GDP and freight growth
- 2** Growing share of road transportation
- 3** Regulation driving renewal of truck and trailer fleets

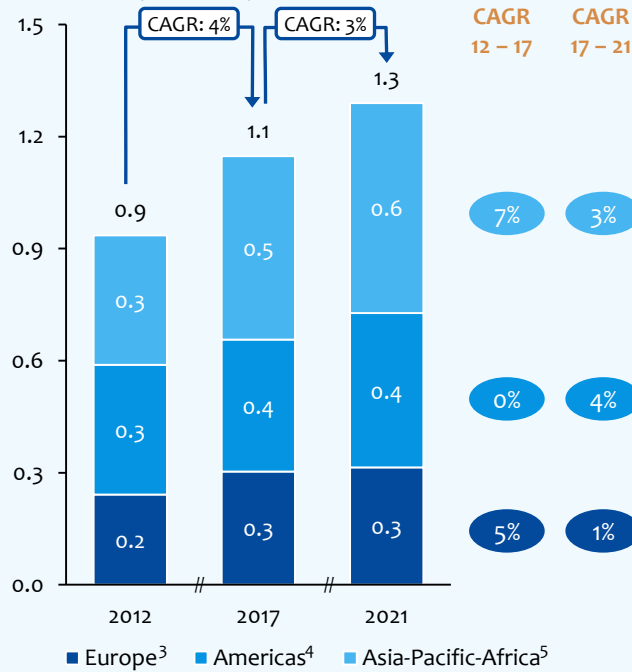
### Truck production development

Global truck<sup>1</sup> production by region, 2012 – 21 (m units)



### Trailer production development

Global trailer<sup>2</sup> production by region, 2012 – 21 (m units)



### Recent trailer development

#### Press reports

“Global truck market posted a new record in 2017”  
*LMC, 2018*

“China was the key driver of growth”  
*LMC, 2018*

“The digitalisation of modern transport equipment has progressed rapidly”  
*Global Trailer Magazine, Oct 2018*

<sup>1</sup> Includes medium duty trucks (6-15 to GVW) and heavy duty trucks (>15 to GVW)  
<sup>2</sup> Includes medium and heavy duty commercial vehicle trailers  
<sup>3</sup> Western Europe, Eastern Europe, Russia

<sup>4</sup> North America, Brazil, Rest of Latin America  
<sup>5</sup> China, India, Asia Pacific, RoW  
 Source: Roland Berger 2017

### 3 Sustained growth on the back of strong fundamentals



#### Truck overload restrictions

- \* Restrictions on truck and trailer dimensions:
  - \* Length of maximum 22.0 meters of truck and trailer combination
  - \* Overloading prohibited

#### Changes of fleets' demand and needs

##### Higher number of swivel points in a truck required

- \* Mid-term replacement of rigid with articulated trucks
- \* Business opportunities for new products like towing hitches

Fleets seek **new ways for increasing efficiency** without overloading

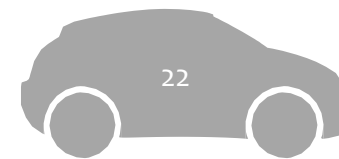
- \* Replacement demand for existing fleet
- \* Higher focus on quality and safety of couplings
- \* Ratio of trailer per truck will increase

#### Traditional car carrier in China



#### Example of car carriage capacity

##### Number of vehicles



Historical



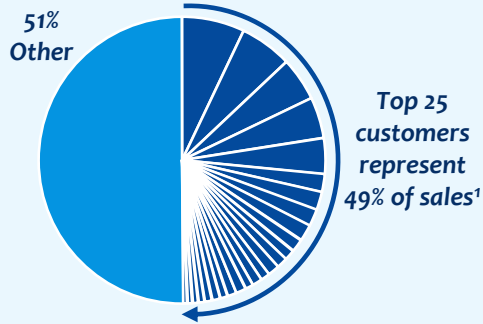
Current<sup>1</sup>

<sup>1</sup> Semitrailer with a capacity of 6 cars; drawbar trailer with a capacity of 10 cars  
Source: Roland Berger 2017

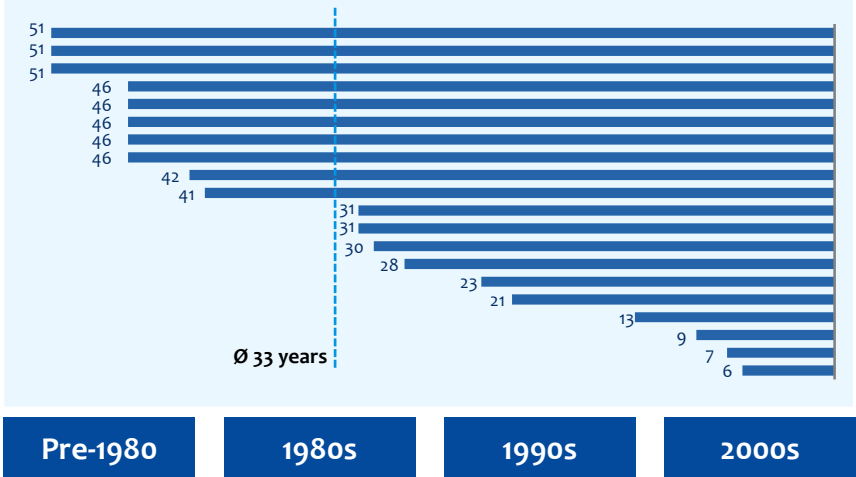
**4 High aftermarket content and high diversification by customer and geography**  
 High resilience due to high customers fragmentation and leading AM business



**High customer fragmentation**



**Average customer relationship of more than 30 years<sup>1, 2</sup>**

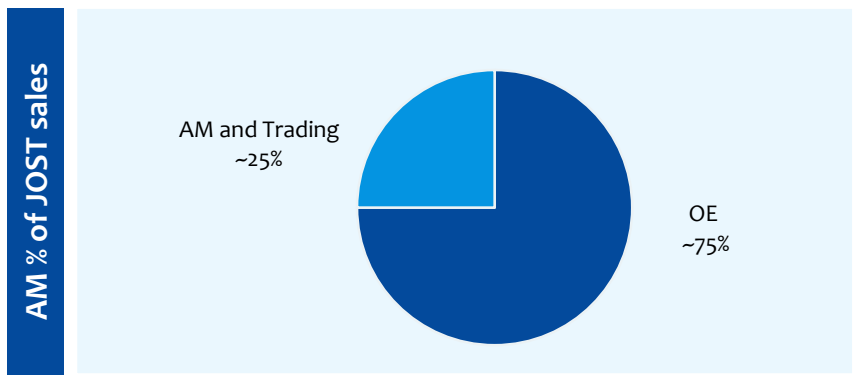


**Attractive AM opportunity**

Product	Image
Fifth Wheel	
Landing Gear	

AM value vs OE <sup>3</sup>	Value
Fifth Wheel	50%
Landing Gear	200 – 300%



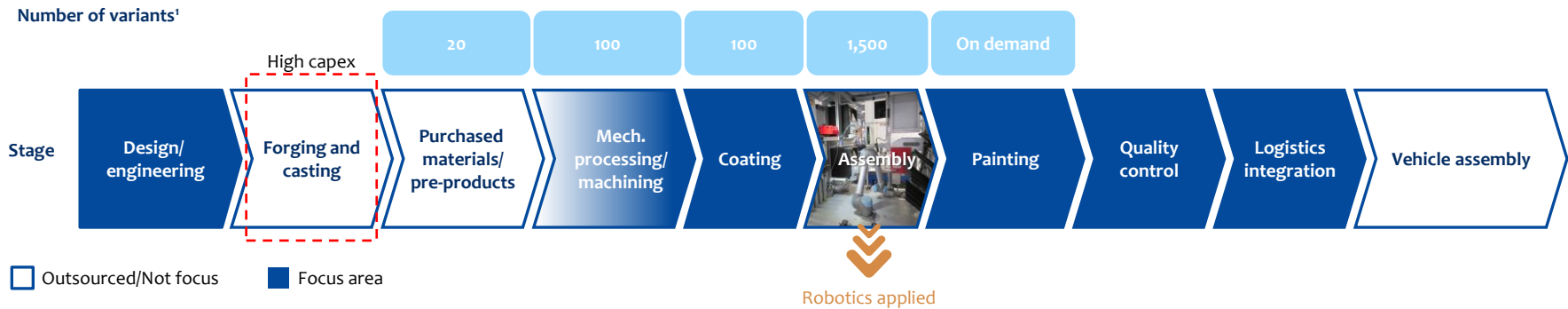
<sup>1</sup> Including Brazil JV  
<sup>2</sup> Top 20 customers with average relationship of 33 years represent 45% of sales  
<sup>3</sup> Value based

## 5 Flexible and asset light business model

Ability to quickly adapt to changing market environment due to asset light and efficient supply and production platform

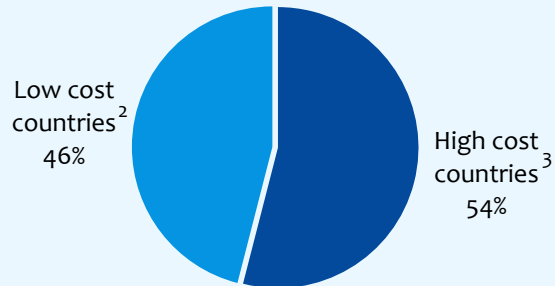


### Key parts of the value chain



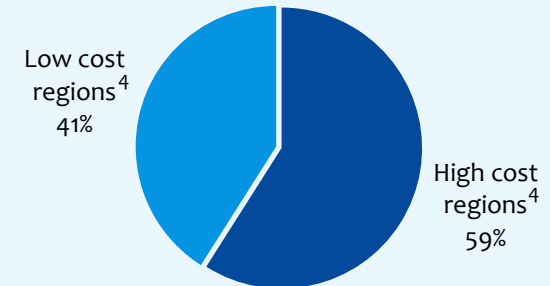
### Employees located in low cost countries

#### Share of employees by plant location



### Purchasing from low cost countries<sup>4</sup>

#### Share of purchasing by region



<sup>1</sup> On the example of fifth wheel

<sup>2</sup> Low-cost countries include Russia, Poland, Hungary, Portugal, South Africa, China, India

<sup>3</sup> High-cost countries include Germany, France, Spain, Italy, UK, The Netherlands, Australia, USA, Singapore and Japan

<sup>4</sup> High-cost regions include Western Europe and North America; Low-cost regions include Eastern Europe, Asia and Brazil



## Key financials – solid economic performance

## Business summary – Q4 and FY 2018 highlights



**Organic group sales growth of 9.9% in 2018; reported sales growth of 7.7 to €755m**

**Reported group sales grew by 11.5% to €187m (Q4 17: €168m)**

- ✓ Sales in Europe up by 4% to €113 in Q4 2018 – another strong quarter
- ✓ North America sales accelerated further in Q4 2018, up by 44% to €39m – growth driven by strong market dynamic and further market share gains
- ✓ Organic sales growth in APA up by 10.9% in Q4 – high activity, esp. India and Australia. Reported sales in APA on euro basis up by 8.8% to €36m due to FX-headwinds

**Adjusted EBIT in Q4 2018 up by 26.3% to €15.9m (Q4 17: €12.6m)**

- ✓ Group margin of 8.5% in Q4 2018 despite substantial cost increases of wages and additional costs due to capacity constraints in the supply chain and a shift in product mix in favour of OEMs (Q4 17: 7.5%)

**Net earnings improved significantly in 2018 reaching €53.5m (FY17: €-62.8m)**

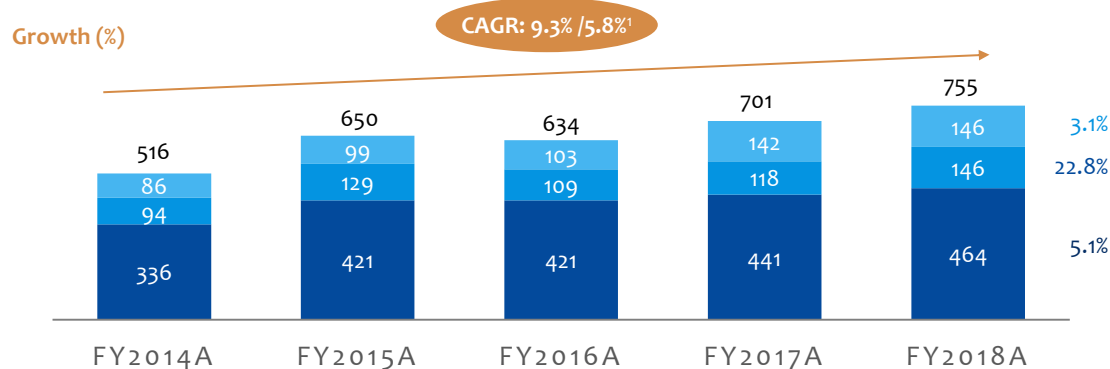
- ✓ Reported earnings per share (EPS) grew in 2018 to €3.59 (FY17: €-4.22)
- ✓ Adjusted EPS grew in 2018 by 16% to €3.46 (FY17: €2.99)

**2018 forecast achieved: High-single digit organic sales growth (+9.9%)  
Mid-single digit adj. EBIT growth (+6.3%)**

# Sales growth on record levels supported by strong earnings



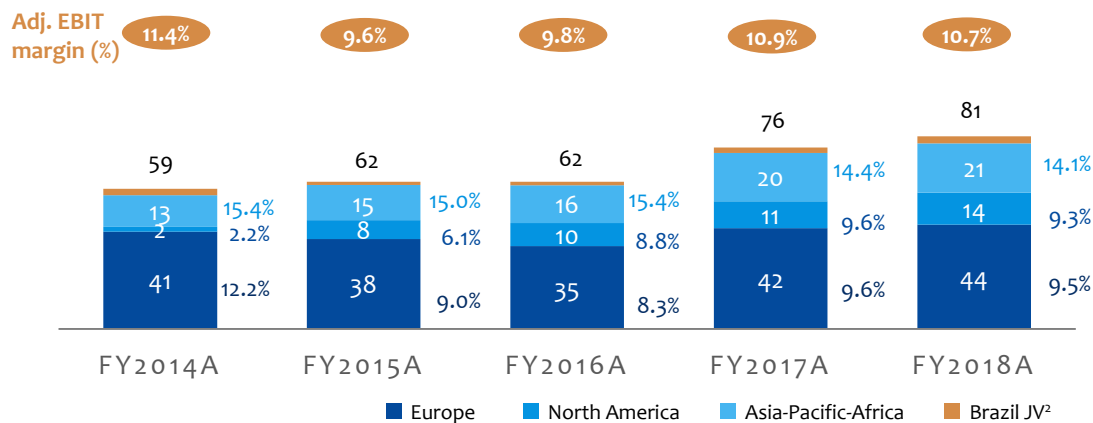
## Sales split by geography (€m) – Prelims FY 2018



## FY 2018 prelims commentary

- ❖ Sales continue on record level
- ❖ Growth driven by strong rising demand and market share gains in North America and supported by a healthy development in Europe and APA
- ❖ FX adjusted, sales grew by 9.9% in 2018 (FX headwinds -2.2%); reported sales growth +7.7%

## Adjusted EBIT split by geography<sup>1</sup> (€m) – Prelims FY 2018



## FY 2018 prelims commentary

- ❖ Adj. EBIT grew by 6.3% in 2018, despite significant raw material price increases and wage inflation
- ❖ Efficiency improvements and operating leverage partially offset burden from soaring raw material prices, wage inflation and additional costs due to bottlenecks in the supply chain

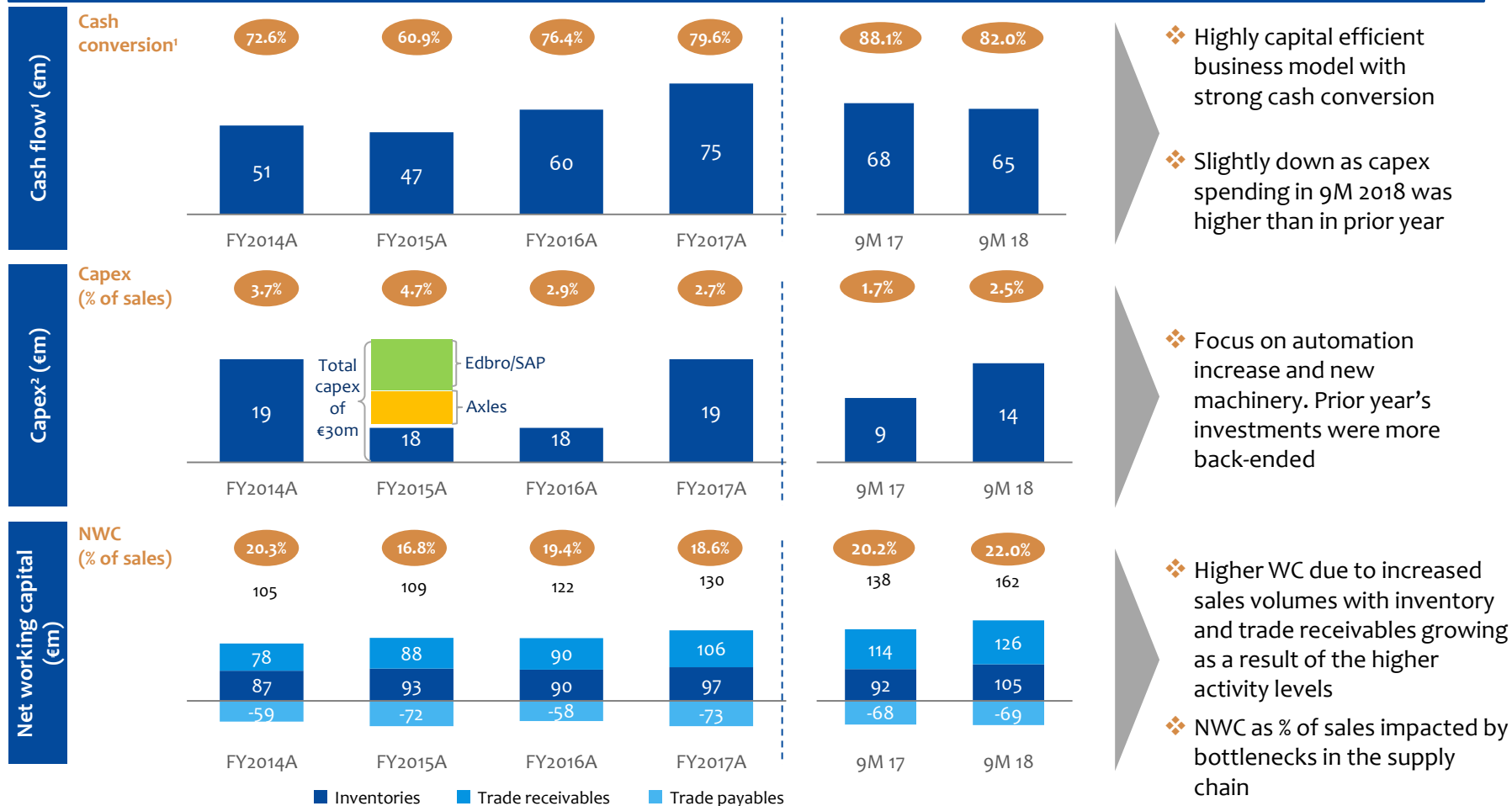
<sup>1</sup> CAGR adjusted for acquisitions

<sup>2</sup> Pro-rata net income from Brazil JV not allocated to segments and therefore shown separately

# Strong cash generation profile supported by low capex spend and disciplined working capital planning



## Key financials overview – as at Sept. 30, 2018



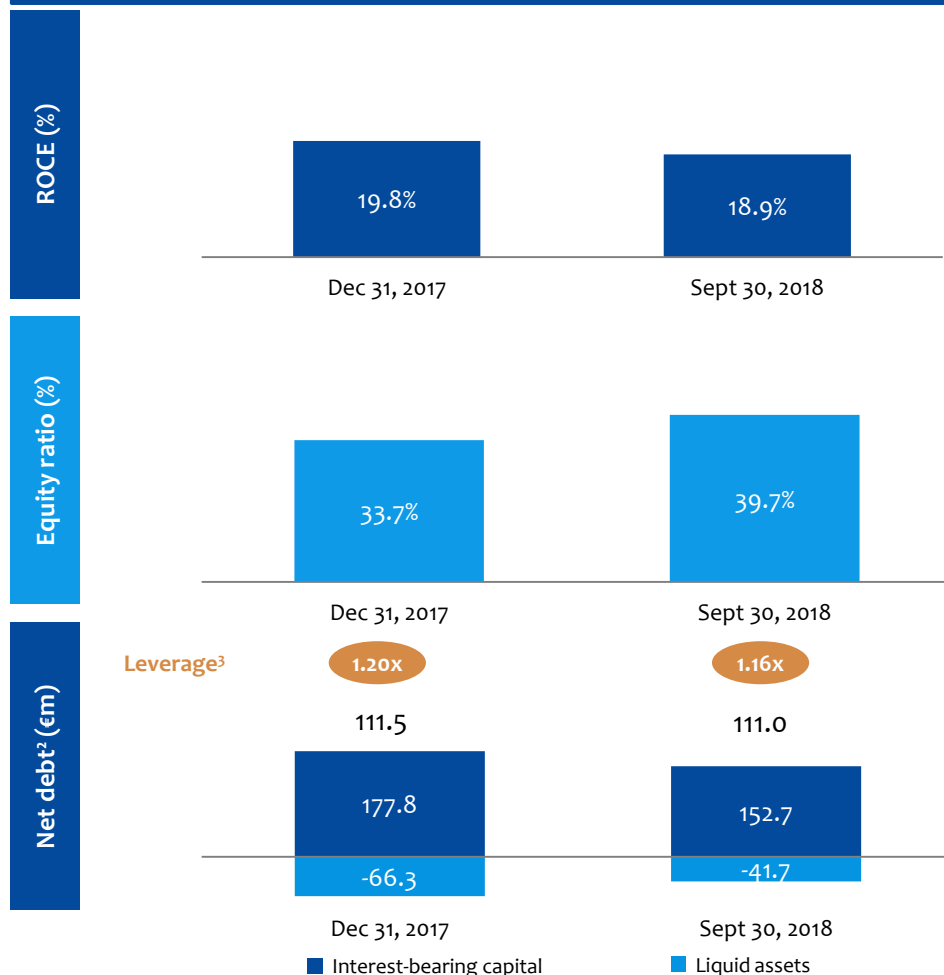
¹ Cash flow defined as adjusted EBITDA – capex; cash conversion defined as (adjusted EBITDA – capex)/adjusted EBITDA

² Capex calculated as payments to acquire property, plant and equipment as well as intangible assets

# Equity ratio further improved with net debt remaining stable



## Balance sheet overview – as at Sept 30, 2018



## Key highlights

- ❖ ROCE of 18.9%, mostly due to an increase in equity by 15%
- ❖ Equity ratio improved to 39.7% as a result of growing net income accompanied by a significant reduction of long-term debt
- ❖ Leverage improved to 1.16x
- ❖ Net debt stable at €111.0m
- ❖ Liquid assets at €41.7m, after reducing long-term debt by €30m and dividend payment of €7.5m

<sup>1</sup> ROCE=LTM adj. EBIT / interest-bearing capital employed (interest-bearing capital: equity + financial liabilities (excl. refinancing costs) – liquid assets + provisions for pensions)

<sup>2</sup> Net debt = Interest-bearing capital (excl. refinancing costs) – liquid assets

<sup>3</sup> Leverage = Net debt/LTM adj. EBITDA

# Truck and trailer market development in 2018



	Europe	North America	APA
Truck	<p>0-3%</p>	<p>25-30%</p>	<p>(15)-(10)%</p>
	Stable on high level	Accelerated strong growth continues	Correction expected following massive growth in 2017
Trailer	<p>0-2%</p>	<p>7-10%</p>	<p>(5)-(0)%</p>
	Forecast increased to flat market, cyclical correction postponed	Forecast raised as trailer demand remains strong	Slowing demand following strong increase in recent years

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

## Outlook 2018 – all financial targets achieved



	FY 2017 (€m)	Outlook 2018 (old)	Outlook 2018 (new)	Prelims FY 2018
Sales <sup>1</sup>	701	Mid single digit growth	high single digit growth (before: mid to high)	+9.9% organic growth €755 m
Adjusted EBIT	76	Mid single digit growth	Mid single digit growth	+6.3% growth €81m
Capex <sup>2</sup> (% of sales)	19 (2.7%)	~2.5% of sales	~2.5% of sales	☑
Net working capital (% of sales)	130 (18.6%)	<20%	<20%	☑
Leverage <sup>3</sup>	1.2x	~ 1.0x	< 1.0x	0.85x

<sup>1</sup> Sales forecast for 2018 refers to organic sales, excluding impact from FX effects

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

<sup>3</sup> Excluding potential acquisitions

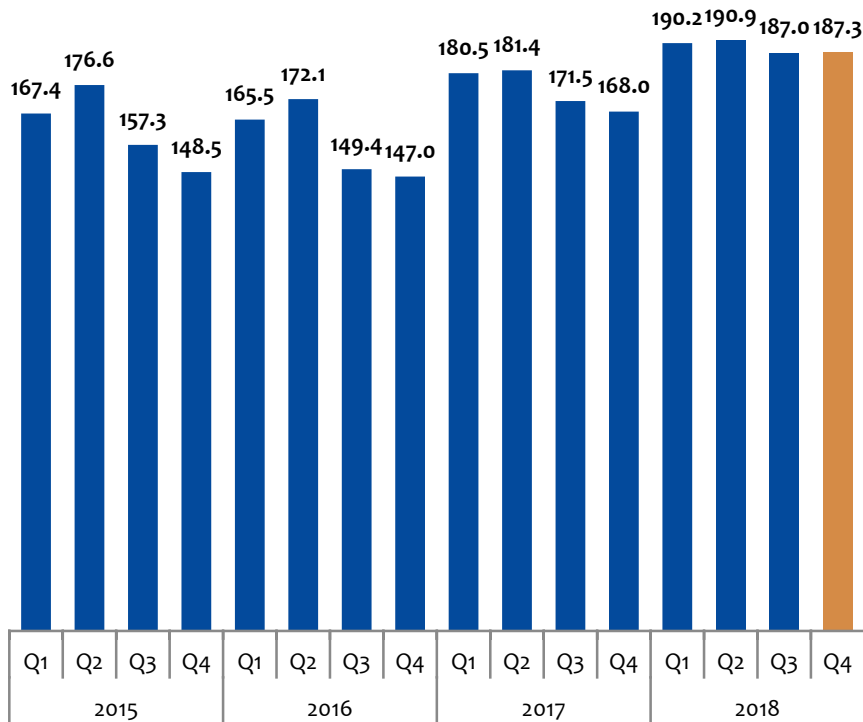


# Appendix

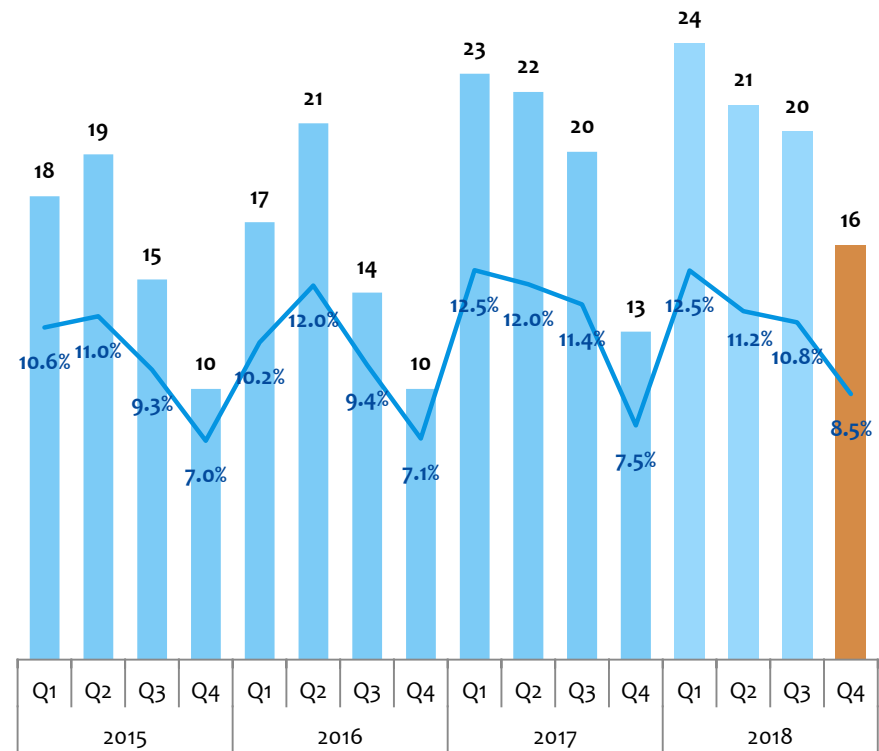
# Group's sales and adjusted EBIT by quarter



Sales (€m)



Adj. EBIT (€m)



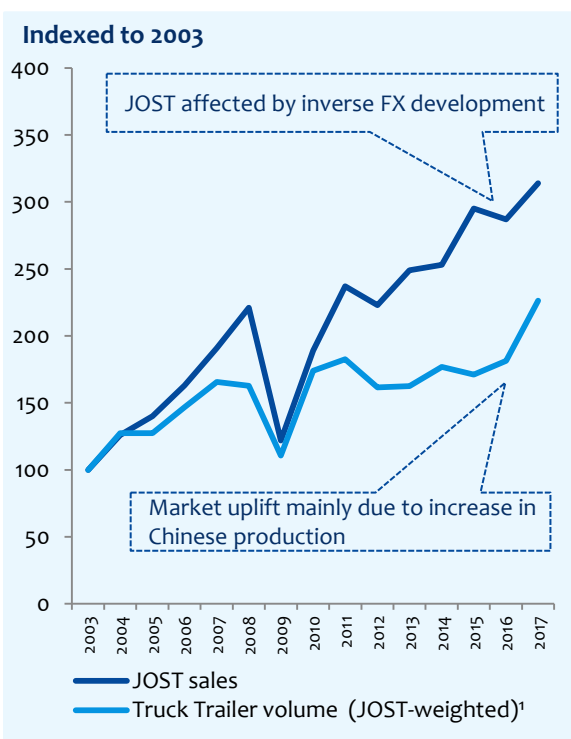
Strong sales growth in Q4 (y-o-y) driven esp. by North America and supported by softening fx headwinds. Operating leverage, efficiency improvements and price increases partially offset higher costs for raw materials, personnel and logistics

## Industry-leading margins and cash generation profile

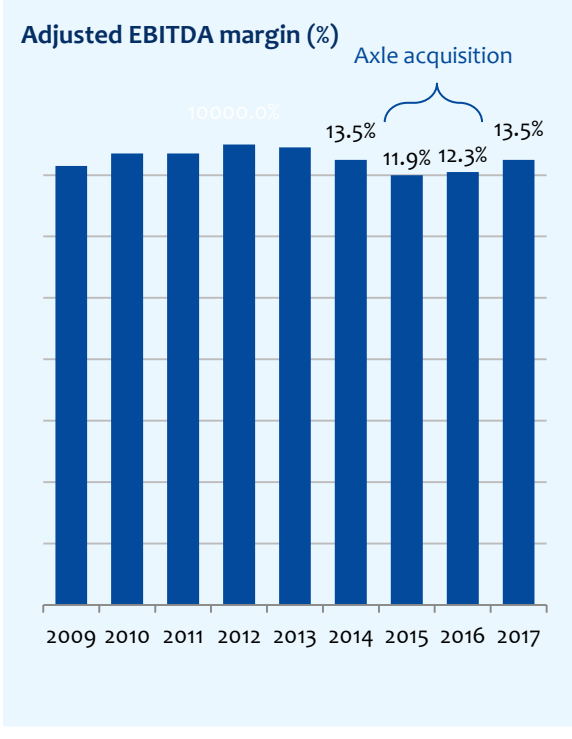
JOST has continuously outperformed the truck market since 2003 showing high profitability and strong cash generation even



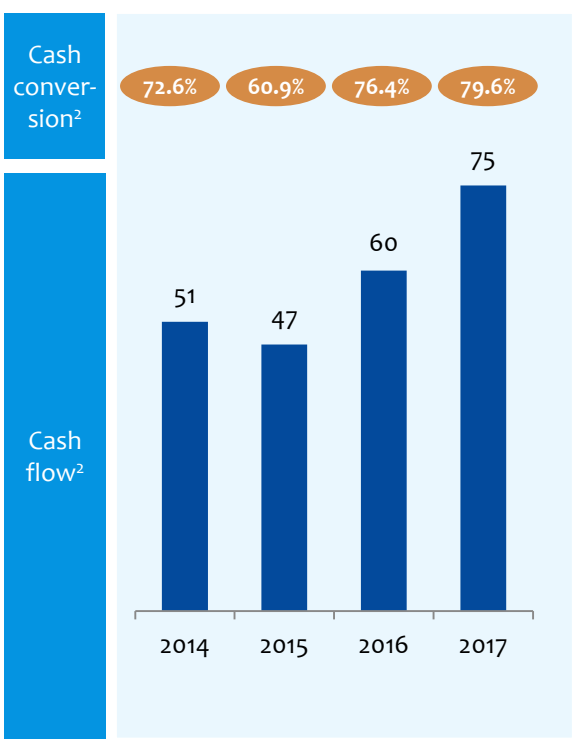
### JOST's performance over time



### Strong margin resilience



### High cash flow generation



JOST has continuously outperformed the truck market since 2003

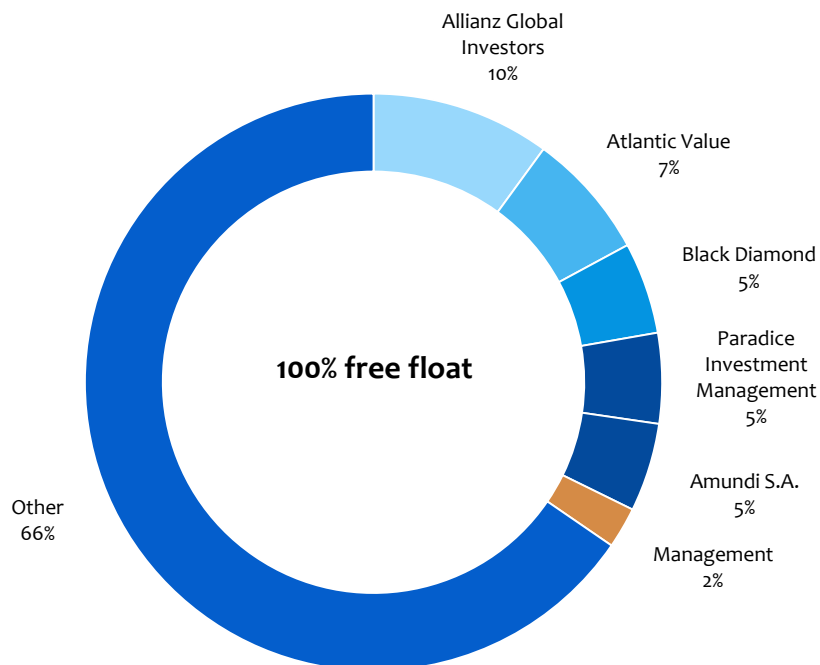
<sup>1</sup> Weighted by approximate weight of truck and trailer revenues

<sup>2</sup> 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 at December 31, 2018



## Earnings per share & dividend

(€)	FY 2017	FY 2018
Reported EPS	(4.22)	3.59
Adj. EPS	2.99	3.46
Dividend per share	0.50	TBA

## 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

## Investor Relations - Contact



JOST Werke AG  
Romy Acosta  
Siemensstr. 2  
63263 Neu-Isenburg  
Germany

Phone: +49 6102 295-379  
Fax: +49 6102 295-661  
Mobile: +49 151 40264-878

[romy.acosta@jost-world.com](mailto:romy.acosta@jost-world.com)  
[ir.jost-world.com](http://ir.jost-world.com)