

HONG KONG-- [Media OutReach](#) --7 November 2013-- [Johnson](#)

[Electric Holdings Limited](#)

(HKSE: 0179)

Highlights of FY2013/14 Interim Results

- For the six months ended 30 September 2013, total sales amounted to US\$1,035 million -- down 1% compared to the first half of the prior financial year. Excluding foreign currency effects and non-recurring items, sales were flat
- Gross profit margin improved to 29.6% from 28.4%
- EBITDA increased 16% to US\$171 million
- Operating profits increased 26% to US\$126 million with operating margins improving to 12.1% from 9.6%
- Net profit attributable to shareholders increased 29% to a record first half of US\$110 million or 3.08 US cents per share on a fully diluted basis
- Free cash flow from operations up 31% to US\$120 million
- Total debt to capital ratio of 7% and cash reserves of US\$563 million as of 30 September 2013
- Interim dividend of 3 HK cents per share (0.38 US cents per share)

[Johnson Electric Holdings Limited](#) ("Johnson Electric"), a global leader in motion subsystems, today announced its results for the six months ended 30 September 2013.

Group sales for the first half of the FY2013/14 totalled US\$1,035 million, a decrease of less than 1% over the first half of the prior financial year. Net profit attributable to shareholders increased by 29% to a record US\$110 million or 3.08 US cents per share.

Year on year comparisons of total reported sales were affected by non-recurring items in the prior year period including the in-sourcing of a distribution channel in Europe and the inclusion of sales from the non-core Saia-Burgess Controls business unit which was divested in February 2013. Excluding these non-recurring factors and the effect of foreign exchange rate movements, Group sales were essentially flat compared to the prior year.

The Automotive Products Group ("APG"), which contributed approximately two-thirds of total sales, continued to deliver satisfactory results. Excluding non-recurring items and foreign exchange rate effects, APG grew sales by 4% compared to the first half of the prior year -- with increases recorded in Europe and the Americas partly offset by a small decrease in Asia.

Operating conditions for global automotive component suppliers show a marked contrast by geographic region. In Europe, new car registrations have fallen to their lowest levels in more than two decades as high unemployment and weak consumer confidence continue to depress demand. In this exceptionally tough environment, APG managed to grow sales by 7% (in constant currencies and excluding non-recurring items) as a result of new programme wins across a range of product applications.

North American new vehicle sales, on the other hand, are benefiting from a slowly improving economy and pent-up demand to replace an ageing fleet. APG's sales to the Americas increased by 3% year on year, reflecting the improving automotive industry environment in the US but were somewhat offset by weaker sales in South America. In Asia, APG sales were slightly lower mostly due to decreased sales to South Korea where OEM production volumes in 2013 have been below 2012 levels.

The Industry Products Group ("IPG") reported a 7% decline in sales during the period, excluding non-recurring items and currency effects. As noted in prior reports to shareholders, IPG has been undergoing an important shift in its go-to-market strategy in the past few years as it seeks to accelerate new product development and reduce its exposure to several lower end product applications. This far-reaching evolution is taking time and is still to achieve the change in sales trajectory we demand of our operating divisions. However, the positive responses that we are seeing from customers to IPG's new product portfolio combined with signs of a gradual pick-up in end-market demand gives us confidence that the division is on track for a sustainable improvement in sales performance over the course of the next six to eighteen months.

Regarding operating costs and overall profitability, the first six months of the financial year were favourable. This reflected the combination of beneficial foreign exchange rate movements (particularly the stronger Euro against the US Dollar), improved product mix, cost reductions including productivity, quality and reliability enhancements, and lower average raw material prices. Partially offsetting these were labour cost inflation in China and ongoing investments in business infrastructure and in our developing global operating footprint. As a result, the Group achieved very satisfactory improvements in both gross and operating profit margins. Finally, higher net interest income and a lower effective tax rate resulted in profit attributable to shareholders increasing by 29% to US\$110 million.

Johnson Electric's consistently strong cash generative qualities were reflected in a 31% improvement in free cash flow from operations. Consequently, the Group's balance sheet remains in excellent shape with a total debt to capital ratio of 7% and cash reserves as of 30 September 2013 standing at US\$563 million.

The Directors have today declared an interim dividend of 3 HK cents, equivalent to 0.38 US cents per share (2012 interim: 3 HK cents per share) payable on 4 December 2013 to shareholders registered on 26 November 2013.

Chairman's Comments on Results and Outlook

Commenting on the half-year results, Patrick Wang, Chairman and Chief Executive, said, "The overall performance of the Group in the first half of the financial year has been very satisfactory -- particularly in terms of improved profitability and free cash flow. Further progress has been made in strengthening our global operating footprint and our pipeline of innovative new products has never been in better shape."

Discussing the Group's prospects, he said: "Looking ahead, the slow recovery of the global economy -- with disturbingly high unemployment levels in many countries -- is continuing to suppress demand growth in several of the market segments where Johnson Electric operates. There is no obvious sign of this changing quickly in the near future and current trading patterns give us reason to believe that sales in the second half of the financial year will be at broadly similar levels to the first half. Nonetheless, I consider the Group to be in a strong competitive and financial position with excellent prospects over the longer term."

Company logo

<http://release.media-outreach.com/release.php/Images/1018>

Attached to this media release is a summary of Johnson Electric Holdings Limited's consolidated income statement for the six month period ended 30 September 2013. The full text of the Interim Results announcement including the Chairman's Letter to Shareholders is available through the company's website at www.johnsonelectric.com.

JOHNSON ELECTRIC HOLDINGS LIMITED

CONSOLIDATED INCOME STATEMENT

□

□

Johnson Electric reports record profits for half-year ended 30 September 2013

Written by Australian Business

2013

2012

% change

□

US\$M

US\$M

□

Sales

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Written by Australian Business

1,035.2

1,042.7

-1%

□

Cost of goods sold

(728.6)

(746.3)

Johnson Electric reports record profits for half-year ended 30 September 2013

Written by Australian Business

□

Gross profit

306.6

296.4

3%

□

Other income and gains, net

4.4

1.3

□

Selling and administrative expenses

(185.5)

(197.8)

□

Operating profit

125.5

99.9

26%

□

Net interest income

3.8

2.4

□

Share of profits of associate

0.1

0.2

□

Profit before income tax

129.4

102.5

26%

□

Income tax expense

(16.4)

(14.5)

□

Profit for the period

113.0

88.0

□

Profit attributable to

non-controlling interests

□

(3.0)

(2.7)

□

Profit attributable to shareholders

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Written by Australian Business

110.0

85.3

29%

□

□

Basic earnings per share (in US cents)

3.10

2.38

30%

Fully diluted earnings per share (in US cents)

3.08

2.37

30%

Note: The full text of the Interim Results announcement including the Chairman's Letter to Shareholders is available through the company's website at www.johnsonelectric.com.

About Johnson Electric Group

The Johnson Electric Group is the global leader in motion subsystems, including motors, solenoids, switches, micro-switches, flexible printed circuits and microelectronics. It serves a broad range of industries including automotive, building automation and security, business machines, security and aerospace, food and beverage equipment, home technologies, HVAC, industrial equipment, medical devices, personal care, power equipment and power tools. The Group is headquartered in Hong Kong and the total global headcount stood at over 34,000 individuals located in Asia, the Americas and Europe. Innovation and product design centres are located in Hong Kong, China, Switzerland, Germany, Italy, Israel, Japan, the UK and the USA. Johnson Electric Holdings Limited is listed on The Stock Exchange of Hong Kong Limited (Stock Code: 179). For further information, please visit: www.johnsonelectric.com.