

CORPORATE NEWS

JOST increases sales and adjusted EBIT in Q3 2020 supported by the acquisition of Ålö and a strong Asia-Pacific-Africa business

- Sales Q3 2020 grow by 10.7% to EUR 196.9 million (Q3 2019: EUR 177.8 million)
- Adjusted EBIT Q3 2020 increases by 7.0% to EUR 20.3 million (Q3 2019: EUR 19.0 million)
- Adjusted EBIT margin Q3 2020 again at double-digit level of 10.3% (Q3 2019: 10.7%)
- Strong free cash flow grows to EUR +31.6 million (Q3 2019: EUR +29.9 million)
- Forecast for 2020 fiscal year confirmed

Neu-Isenburg, November 12th, 2020. JOST Werke AG ("JOST"), a leading global producer and supplier of safety-critical systems for the commercial vehicle industry, announced today its interim financial results for the third quarter of 2020.

Joachim Dürr, CEO of JOST Werke AG, stated: "In the third quarter of 2020, we were again able to prove the high flexibility of our business model, generating sound results. The newly acquired agricultural business of the Ålö Group allowed us to more than offset the pandemic-related decline in our markets. In addition, we managed to further improve our market position in Asia-Pacific-Africa, achieving a strong growth in the region even without the contribution from Ålö. As a result, JOST increased sales and adjusted EBIT year-over-year in the third quarter of 2020. The relevant indicators for transport and agriculture improved in all regions, and we were able to quickly capitalize on the emerging growth opportunities."

JOST increases sales and adjusted EBIT year-over-year

Although the pandemic continues to have a significant negative impact on JOST's business, the company was able to increase group sales by 10.7 % to EUR 196.9 million in the third quarter of 2020 year-over-year (Q3 2019: EUR 177.8M). This includes a positive effect of EUR 43.7 million from Ålö as well as negative FX effects of EUR -4.3 million. Organic sales (adjusted for takeover and currency effects) decreased only by -11.4% to EUR 153.2 million in the third quarter of 2020, reflecting JOST's good business development, especially in Asia-Pacific-Africa, but also in Europe and North America.

Another important factor for the good development was that all of JOST's production plants were in continuous operation during the third quarter and, contrary to the previous quarters, no longer affected by forced lockdowns. As a result, adjusted EBIT in the third quarter of 2020 rose by 7.0% to EUR 20.3 million year-over-year (Q3 2019: EUR 19.0 million). JOST was again able to generate a double-digit adjusted EBIT margin of 10.3% (Q3 2019: 10.7%). Compared to the second quarter of 2020, this represents an improvement of 3.3 percentage points (Q2 2020: 7.0%).

Despite the typical seasonal weakness of the agricultural sector during the third quarter, the recently acquired Ålö Group was able to generate an adjusted EBIT of EUR 3.9 million and an adjusted EBIT margin of 8.8 %. JOST (excluding Ålö) benefited from the global recovery of the transport markets and achieved an adjusted EBIT of EUR 16.4 million in the third quarter of 2020. JOST (excluding Ålö) was thus able to reach the strong adjusted EBIT margin of the previous year amounting to 10.7%.

Europe

European sales increased by 13.9% to EUR 116.9 million in the third quarter of 2020 (Q3 2019: EUR 102.6 million). Ålö made a substantial contribution of EUR 31.5 million. Despite the typical summer break, demand for heavy trucks and trailers also picked up significantly compared to the pandemic-impacted second quarter. Adjusted for the takeover and currency effects, JOST's European sales decreased only by -16.0 % to EUR 85.4 million year-over-year. This development was supported by the slow but steady recovery of the European truck market.

Year-over-year, JOST was able to increase adjusted EBIT in Europe by 3.1 % to EUR 9.3 million in the third quarter of 2020 (Q3 2019: EUR 9.0M) and achieved an adjusted EBIT margin of 8.0 % (Q3 2019: 8.8 %). Compared to the second quarter of 2020, JOST was thus able to strongly improve the adjusted EBIT margin in Europe by 5.2 percentage points (Q2 2020: 2.8 %).

North America

After a very weak start into the third quarter, the North American market for trucks and trailers recovered steadily. The acquired agricultural front loader business of Ålö generated sales of EUR 11.8 million in North America in the third quarter of 2020. As a result, JOST's sales in North America decreased only by -4.2 % to EUR 41.5 million year-over-year (Q3 2019: EUR 43.3M). Adjusted for acquisition and currency effects, JOST's sales in the region fell by -28.0 % to EUR 29.7 million in the third quarter. The negative currency effect was -3.4 %. JOST was thus once again able to outperform the truck and trailer market, mainly due to the growing aftermarket business as a result of gained market shares.

The aftermarket business supported the operating result despite the decline in sales. Accordingly, adjusted EBIT in the third quarter amounted to EUR 2.5 million (Q3 2019: EUR 4.3 million) and the adjusted EBIT margin was 6.1% (Q3 2019: 10.0%).

Asia-Pacific-Africa

In Asia-Pacific-Africa (APA), JOST was able to increase revenues by 20.8 % to EUR 38.5 million in the third quarter of 2020, compared to the previous year (Q3 2019: EUR 31.9 million). Ålö's contribution of EUR 0.3 million in sales was almost negligible. Headwinds from negative currency effects reduced sales in APA in the third quarter by -5.9%. Adjusted for acquisition and currency effects, JOST's sales in the region grew by 25.6 % to EUR 38.2 million.

JOST was able to take advantage of the rapid growth in China to strengthen its market position in the country. Other countries in the APA region, such as Australia, New Zealand and South Africa, also continued to recover during the third quarter, significantly improving sales and earnings in the region. Only in India the transport market situation remained dramatically depressed. However, cost-reduction measures successfully introduced in previous quarters limited the negative impact of the Indian market slump on earnings. Overall, JOST was able to increase adjusted EBIT in APA by 63.1 % to EUR 7.6 million in the third quarter year-over-year (Q3 2019: EUR 4.7 million). The adjusted EBIT margin in the region reached a previously unattained level of 19.7% (Q3 2019: 14.6%).

Profit after taxes generated in the third quarter

The financial result in the third quarter of 2020 was EUR -3.4 million (Q3 2019: EUR -0.7 million). The main reason for this development was an increase in unrealized currency losses from the valuation of foreign currency loans to -1.9 million EUR (Q3 2019: -0.3 million EUR). In addition, interest payments also rose slightly due to the new loans taken out at the beginning of 2020 to finance the Ålö acquisition.

Accordingly, JOST generated a net income of EUR 4.6 million in the third quarter of 2020 (Q3 2019: EUR 11.1 million). Earnings per share in the third quarter amounted to EUR 0.30 (Q3 2019: EUR 0.75). Adjusted for exceptionals, net income in the third quarter of 2020 reached EUR 11.8 million (Q3 2019: EUR 12.8 million) and earnings per share were EUR 0.79 (Q3 2019: EUR 0.86).

Asset and financial structure improved compared to previous quarter

Despite a positive net income, equity decreased from year-end 2019 by 6.4% to EUR 246.3 million as of September 30, 2020, due to negative non-cash exchange differences when consolidating foreign operations (December 31, 2019: EUR 263.1 million). Compared to year-end, equity ratio fell to 27.1% due to the increase

in non-current and current liabilities resulting from the acquisition of the Ålö Group (December 31, 2019: 41.2%).

In the course of the third quarter, JOST used cash from operations amounting to EUR 22.5 million to repay financial liabilities. Despite this, JOST's good cash generation enabled the company to keep cash and cash equivalents stable at EUR 97.3 million as of September 30, 2020, even though JOST had also used EUR 50 million cash at the beginning of the year to finance part of the Ålö acquisition (December 31, 2019: EUR 104.8 million). Accordingly, net debt decreased to EUR 241.0 million, compared to the second quarter of 2020 (June 30, 2020: EUR 268.0 million) and the leverage ratio improved to 2.65x (June 30, 2020: 2.84x). The quarter-over-quarter improvement underscores JOST's good operational performance during the third quarter and shows that the company is rapidly approaching its target of a leverage ratio below 2.0x despite the negative impact of the coronavirus pandemic.

Operating free cash flow (operating cash flow minus capital expenditures) increased to +31.6 million EUR in the third quarter of 2020, compared to the same quarter in the previous year (Q3 2019: +29.9 million EUR). Investments amounted to EUR 4.6 million (Q3 2019: EUR 4.1 million). The ratio of working capital to last twelve months sales increased slightly to 21.1% (Q3 2019: 19.5%), mostly due to the pandemic-related decrease in sales during the first half of 2020.

"Our disciplined working capital management and efficiency measures continue to be on track. This ongoing process combined with JOST's high cash generation enabled us to further strengthen the group's financial position in the course of the quarter despite the impacts of the pandemic," said Christian Terlinde, CFO of JOST Werke AG.

Outlook for 2020 fiscal year confirmed

In view of the satisfactory business development during the third quarter of 2020 and considering the expected market development for the rest of the year, JOST confirms its forecast for the current fiscal year. In 2020, JOST expects a year-over-year decline in sales in the single-digit percentage range (sales 2019: EUR 736.7m). This merely slight decline is primarily due to the positive effect of the initial consolidation of the Ålö Group.

The group's adjusted EBIT in 2020 will decline more sharply than group sales due to the negative impact of pandemic-related plant closures in the first half of 2020 and the associated fixed cost effects (adjusted EBIT 2019: EUR 76.8 million). However, JOST expects the adjusted EBIT margin to improve in the course of the second half of 2020, so that it will be higher for the full fiscal year than it was in the first half of 2020 (adjusted EBIT margin H1 2020: 7.0%).

This forecast is based on the assumption that there will be no further pandemic-related plant shutdowns at JOST or at key JOST customers in the remaining fiscal year 2020. It also assumes that national measures to contain the coronavirus pandemic will only be implemented on a regional level and that no further nationwide lockdowns will be imposed.

The interim report for the third quarter of 2020 is available at <http://ir.jost-world.com/interim-reports>. A conference call will be held on November 12, 2020, at 10:00 a.m. CET. The webcast will be available on the JOST Investor Relations' website (<http://ir.jost-world.com>).

About JOST:

JOST is a leading global manufacturer and supplier of safety-relevant systems for the commercial vehicle industry with the core brands JOST, ROCKINGER, TRIDEC, Edbro and Quicke. JOST's international market-leading position is underpinned by its strong brands, long-term customer relationships served by its global sales network, and its efficient, low-investment business model. With sales and manufacturing facilities in more than 20 countries on five continents, JOST has direct access to all major manufacturers of trucks, trailers and agricultural tractors worldwide as well as to all relevant end customers in the commercial vehicle industry. JOST currently employs over 3,500 people worldwide and has been listed on the Frankfurt Stock Exchange since 20 July 2017. Further information about JOST can be found here: www.jost-world.com

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