TRANSCRIPT

Earnings Call - Q3 2026

JOST Werke SE

12 November 2026 11:00 CET

SPEAKERS



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Presentation

Operator 00:00:02

Ladies and gentlemen, dear participants, we warmly welcome you to the Q3 Earnings Call 2026 of JOST Werke SE. I am pleased to welcome the company's CEO, Joachim Dürr, and CFO, Oliver Gantzert, who will guide you through the presentation in a minute, after which we will go on to a Q&A session. And dear participants, you will have the possibility to ask a question via chat. This is disabled unless we get to the Q&A session. And having said this, I'm happy to hand over to you, Mr. Dürr.

Joachim Dürr CEO 00:00:42

Yes. Thank you very much. Good morning, a very warm welcome here from Brazil where I'm visiting the largest South American truck and trailer show, the Fenatran in São Paulo. It's been quite an interesting week so far. And I'm looking forward to inform you about another strong quarter and of our nine-month performance of JOST Werke SE.

So let's look at the highlights first. The profitable growth has continued. Our sales were up on a nine-month basis 12% to EUR 1,284m in the first nine months and EBIT grew 18% to EUR 130m, which is a margin of 10.1%. The margins grew despite the cost headwinds that we are experiencing. They improved in Q3 despite the increasing that we suffer in freight cost and material cost.

We were able to compensate that with the cost synergies that we are generating. Also, on a Q3 basis, we have a strong quality of growth. Organic sales in Q3 are up 9%, again driven by all three regions and by all business lines that we operate in. We are also actively optimizing our portfolio or continue to actively optimize our portfolio. We have decided to sell the Indian tipper body business and the sales has been signed.

At the same time, we have also purchased the remaining 25% of Usimeca, which is a company that's EPS and margin accretive also here in Brazil. So let's look at the financial highlights. Sales up 11% to EUR 426m in the Q3, paired with an adjusted EBIT growth of 12% to EUR 42m and the margin adjusted EBIT margin up 0.1 percentage points to 9.8%. High capital efficiency, our ROCE, is up 2.5 percentage points to 16.5% and our leverage improved to 1.78x. The adjusted net income grew by 7% to EUR 21 million in Q3, and that is despite a one-off tax charge that we had in Q3 and that we did not adjust in the results.

Oliver will give you a bit more detail to that later. The adjusted EPS in Q3 2026 is at EUR 1.24. That's compared to the Q3 of 2025, which was EUR 1.25. And on a nine-month basis, it's up EUR 4.52 compared to the EUR 4.26 we had the year before. This year's numbers are calculated on the 10% larger number of shares.

The outlook we have raised for 2026, the sales are now expected to grow by 9% to 11%, and adjusted EBIT expected to increase between 11% and 14%. Yeah. The market so far has been stable to slightly supportive. European, Middle East, and Africa on trucks, 5% to 10% over the course of the year. That was a little bit of a positive surprise.

Trailers, a little weaker, but still growing 0% to 5%. Tractors, agricultural tractors, slight decrease between 0% and minus 5%, and on our hydraulics business line around 5% growth. Our business in EMEA has been growing 5%. There is some effects in sales that we account some of the sales that were in Hyva in Europe before. They we now account them in North America.

So you have to compare that a bit more in detail, but it's not a big influence. We can provide the details to that. In Americas, you see the truck has turned around. We had a negative performance in the first months, but the third quarter has been growing quite well. So we are now in the positive territory between 0% and 5%.

Trailers are slightly negative from minus 5% to 0%. Tractors, unfortunately, minus 10% to minus 5%, and hydraulics also a slight growth between 0% and 5%. Our business grew 12 percentage points on next to the effect that we are counting some sales now in North America, we also had market share gains, especially in the trailer industry, and that has helped the growth that we are experiencing in our JOST business. APAC, the markets have been quite stable. In China and in India, we've seen a positive market development in China, mainly driven by export.

But in India, also the local market has been growing. So 10% to 15% on trucks and trailers. On tractors, 0% to 5%, and on hydraulics, also 10% to 15%. Our sales in this region Asia Pacific has grown 15% in the first nine months of this year. So let's look a little more detailed into that growth on the nine-month basis.

As you see here on the left side, we had organic growth of EUR 103m. There is still an effect of the Hyva acquisition that's the January of last year that we did not account because we closed at the February 1. So those EUR 39m are inorganic, and we have for the first time, I think, in a long time, a slightly negative FX effect of EUR 6m, and that leads to the EUR 1,284m of sales. Looking at the business lines, transport grew 8% organic, 7% reported. Agriculture, 20% reported and 18% organic.

Hydraulics, 15% reported that is with the effect of the January of last year, and 5% organic if we take that effect out. And on the group, that accounts to 12% growth on a reported basis and 9% on an organic basis. And here on the right, you see the same for the regions. So also here, nice picture that we were able to grow in all regions. Europe, Middle East and Africa, 5% organic, 7% reported.

Americas, 12% organic and 14% reported. Asia Pacific, 15% on an organic basis and 19% reported. And for the group, again, 9% organic sales increase and 12% reported. So the growth drivers in Q3 here at the bottom for the different business lines in transport, 14% in Q3. That's an effect mainly of the North American Class 8 production that was up 54% compared to last year, and we are benefiting from that obviously with our fifth wheel business.

The India demand is up sharply. Exports continues to grow in China and Europe, Middle East, and Africa has been robust on trucks and trailers as already seen on the market slides before. Looking at agriculture, Americas is leading. We won new customer projects and we see a higher demand for our implement business. Europe, Middle East and Africa continue to grow against a higher prior year basis.

We had already a quite solid basis last year. APAC is down on lower customer exports to the US. And on the hydraulics, we see plus 6% in Q3. In India, we have a very dynamic development also in construction and mining, and the sales is outpacing currently the local production capacity, so we are even importing products into India to supply and to meet the market demand. We have further cross-selling synergies and wins in Australia and in North America that helps to grow in hydraulics, but we also have some discontinued products that we use to implement our strategy.

But overall, that is still a growth in the hydraulics business line. So overall, you know our business is quite stable, and I think a good basis for the growth is that we have a very nice setup, a very nice regional

setup when we look at the sales by destination. Europe accounts for 45% of our business, Americas 28%, and APAC 27%. So a very good distribution to be able to benefit from the different trends in the different regions.

Also, that is where we earn our money. In Europe, 24% of our adjusted EBIT is generated. In Americas, 35%. In APAC, 38%. And we also have a contribution of the joint venture in Brazil that accounts for about 2%.

If you look at the business lines, transport is still the largest business line with 51% of sales, hydraulics with 30% of sales, also a big contributor, and our agriculture around 20%, 19% over the last nine months of sales. So also there, we are able to benefit from the different industries. With that, I will hand over to Oliver to give you a bit more details on the financial numbers.



Oliver Gantzert CFO 00:10:43

Thanks, Joachim. And yes, let's dive a little bit into it as usual starting with the regions, within the regions focusing a bit more on the third quarter. And when I sum up for the group, then I will also give some insights on the year-to-date numbers. So starting here with EMEA, as Joachim pointed out, market demands remains robust despite rising costs and despite all the influence that obviously the Middle East conflict has into the region EMEA. The sales were up by 2.5% to EUR 187m on a reporting basis.

That's also more or less the organic basis as M&A had not an influence in the third quarter. The transport demand was very robust in the third quarter for European level, and it was supported by both the truck and trailer market. When you look into the number, 2.5%, just to give you a little bit of flavor on this, we had already a very high growth of agriculture last year. This is why there's a certain kind of a lower growth rate for all EMEA. And also, and Joachim mentioned that a little bit for the business line hydraulics before, we are still continuing to clean up a little bit of our portfolio.

And this is why we have compared to 2025 discontinued also slight product groups, minor product groups in EMEA. And that's why the growth rate is 2.5% and probably not 5% to 6%, which is the rate for the business line transport isolated, so to speak, yes. The order book remains stable, and we also expect for a good EMEA sales figure for the fourth quarter. When we now look into the adjusted EBIT for the region, it's down from EUR 11.4m to EUR 7.1m which is margin wise 6.3% last year's third quarter, now 3.8%. Why is that the case?

Yeah, we are a little bit burdened in Europe by higher freight and input costs, and it takes some time to pass that on to our customer base. We have a very strong OEM business in Europe, and they are based on our contracts and so on and so forth. There is a time lag in passing that on. So that's a temporary effect, subduing a little bit the margin on the third quarter. The other thing is we are closing one site here in Europe, and that business is going to be shifted to other sites within Europe.

And that creates some temporary inefficiencies in the receiving plants. And those costs have not been adjusted. So they are fully in the operation and EBIT, but it's also only a temporary effect. And probably the third effect to mention, we did mention that already with the half-year numbers, is that we have, by the integration of the hydraulics business of Hyva into the region, also adjusted the business model to be more in line with the JOST model, which is very decentralized and that had the consequence that we are now routing certain sales, not anymore through EMEA. Those sales are directly routed within the regions, mainly Americas, but maybe even more in APAC.

And that also is a very profitable business that's now handled by the other two regions, right? And as usually, I always like to mention that the group corporate costs are more than 80% allocated in the EMEA region. So that's the quick overview for EMEA. Jumping into Americas, super strong third quarter. I mentioned that already with the half-year result.

It runs like a well-oiled machine at the moment. We have seen a reported growth of almost 20% in the third quarter to EUR 127m. And even adjusted for FX, that's roughly 15% growth. And it was driven by a very strong transport business. I mentioned that Class 8 production has gone up on the OEM level, and we were benefiting a lot on this in both truck and trailer industries. And we also see here a continued strong demand for the fourth quarter.

But and that's why the overall region is very strong, even more than you would have might expected is that also our agriculture business and the hydraulics business is performing quite nicely at the moment. And this is also partly driven by our strong cross-selling pipeline. So regarding sales, super happy with the performance there. And also regards to adjusted EBIT, you see it down here. We are jumping adjusted EBIT from EUR 10.9m last year third quarter to now more than EUR 18m which is a margin step-up of more than 4 percentage points to 14.5% in the region.

And this comes along with many effects. Now we have a much better utilization of our transport factories. We are realizing the cross-sell synergy effects from the Hyva integration. And also the business model change that I described from EMEA to Americas is slightly helping the region. So overall, record numbers for Americas in the third quarter, and I expect also a very good fourth quarter for the region.

Looking into APAC. Also here, we have seen very strong growth, almost 19% on a reported basis, 15% on an organic basis. It's pretty much driven by the whole transport and hydraulics industry. We see strong demand in the Chinese export business still in the third quarter. Although we see a certain, let's say, normalization for the upcoming months, the third quarter was very strong.

We also see a huge pickup in transport demand in India, which is helping our sales. I will come to that again when we talk about adjusted EBIT. And also, it seems that the Oceania, so especially Australian economies, are picking up and stabilizing on a much higher level. And also here, the outlook is quite nicely for the next months. Regarding agriculture, that has been cooling down a little bit in the third quarter.

As you might remember, we were benefiting a lot over the past few quarters in APAC that we are ramping up our agriculture production in India, which is then business mainly for the export to the US. The ramp-up has now been done, and that's why the growth rates are coming down a little bit on that. But besides that, super happy with the sales in APAC as well. Regarding adjusted EBIT, also there, we see a growth from EUR 13.9m to EUR 14.9m. The margin is slightly down from 14.7% to 13.2%. And the main effect is the one that Joachim was mentioning here.

We have a little bit of growth pains as we described it in APAC as the demand, especially in our hydraulics business in India, is so high. And in order to protect our market share and our customer base, we had the need to import products from our facilities in China, and that comes with additional import taxes and higher freight costs. So that's a temporary effect until we can increase our own capacity in India, but that subdued a little bit the APAC margin in the third quarter. Overall, again, a very record quarter for the APAC region, I would say. Summing now up for the group, that means we have grown sales in the third quarter by a little more than 11% to EUR 426m.

And for the full nine months, that means still close to 12% of growth. And on an organic basis, so adjusted for FX and the Hyva acquisition, that's then both for the third quarter and the nine months, 9% organic growth, which I think is a very good achievement in light of the environment around us. We have seen in the third quarter that transport growth on a global basis has picked up, for sure, driven by the US and is now taking the lead in terms of growth from a business line perspective.

It's more than 14% reported growth for the business line and adjusted for FX, 12.5%, followed by an organic growth rate of agriculture by 9.5% and hydraulics of 2.8%. Again, hydraulics, that's the issue because we were phasing out certain products, as I explained before. For the first time, Joachim mentioned that there was a little bit of a tailwind in FX, but overall, only a very minor impact. Regarding adjusted EBIT, that has grown by 12% to almost EUR 42m in the third quarter. Adjusted EBIT margin is up slightly by 0.1 percentage points to 9.8%. And that means, and I think we can be proud on that, despite the headwinds here and there, freight costs, material costs increase that needs still to be passed on as well as these growth pains in APAC.

By realizing the synergies, we were even able to slightly increase the margin. And as I described, let's say, the issues are a little bit temporary, but the synergies are long term and sustainable. So we should benefit over the next months then from a normalization of that growth pains in APAC. And for the nine months, that means, yes, for sure, it's a record nine months of the whole group, almost EUR 1,300m of sales, EUR 1,284m, and adjusted EBIT, almost EUR 130m, which means that's an adjusted EBIT margin of 10.1% in the first nine months of this year. And that means still in the strategic corridor so far.

And the consequence you have seen, we have raised last week the outlook for sales growth and for EBIT growth. And I think Joachim will repeat that again at the end of the presentation. So that's the sales and adjusted EBIT numbers. Let's come to the net income. We see a further increase of our adjusted net income.

The reported net income starts with EUR 45m. Then as usually, we add up our tax and finance results and the exceptionals as well as the correction of the PPA charges. And then we see the EUR 130m adjusted EBIT. And then we deduct the adjusted finance results. There's only a minor adjustment in finance results this nine months that steps from a put option in Brazil that we have to revalue.

Besides that, there is no adjustment in finance result. And then we deduct our actual tax expenditures, so corrected of any DTA and DTL. And that's quite high for this year also because we are making significantly more profits in China where we cannot use tax losses carryforward. That's one effect. And the other effect was mentioned by Joachim as well.

We had a tax audit settlement in the Asian region, and that caused a one-off tax expense, which we booked in the third quarter. By doing this, we end up with an adjusted net income of EUR 74m. That's EUR 10m more than compared to the same period last year. And with that, adjusted EPS for the nine months went up to EUR 4.52, which is a growth of 6% despite the higher number of shares. Just as a footnote here on the very right side, if you would extract that EUR 3.8m one-off settlement from the tax audit, the adjusted EPS for the nine months would have been EUR 4.76 per share, which is a growth of much more than 10% even despite the higher number of shares. So quite successful nine months also from a net income perspective.

As usually, since this year, we give a little bit of glance on how these exceptional and integration costs developing. To be honest, nothing super special in the third quarter. Since the acquisition, that's Febru-

ary 1, 2025, we have now consumed around EUR 20m of integration costs that's still in the corridor that we announced with the acquisition. I still expect until the end certain costs and expenses for integration. We are still cleaning up and we are still deepening the integration of Hyva in our organization, but I don't expect that we are significantly above that EUR 24m.

That's still the range we are targeting for the two years of integration phase. Then quickly to our balance sheet and cash flow numbers. Joachim mentioned already, ROCE is nicely up again, 16.5%, and we are approaching then step-by-step towards our strategic corridor. For sure, the sequential improvement in adjusted EBIT, but also the, let's say, the leaner balance sheet as PPA charges reduces the intangible assets, help to increase that and increase the capital efficiency. The equity ratio is up by 6.7 percentage points versus end of last year, predominantly driven by the capital increase we did in February, but also the net income that I explained on the slide before.

There is some minor negative effects in equity. The bigger one is, for sure, the dividend payment that consumes equity. But also there's an investment in a company that we did a couple of years ago and we had to do a revaluation, and that consumed EUR 10m equity directly in OCI. So that did not go through the P&L, that's directly booked to equity.

So that's predominantly the effects for the equity ratio. Net debt is down to EUR 381m, which is a leverage of 1.78x. So clearly, within our strategic corridor and as we described in the calls before, we are now feeling comfortable to further pursue our 2030 strategy and are actively looking in our M&A pipeline for the next 12 months. Then coming to free cash flow and CapEx numbers. Free cash flow has been EUR 7m in the third quarter and EUR 23m for the first nine months. And to be honest, this for us, unexpected.

We explained already end of last year that we will see a stronger working capital growth in 2026 because of the projects that are ramping up and because of the organic growth that we see. And that's actually what is happening. On top, we were dealing a little bit with safety stocks in one or the other region, and that's then here the consequence. We do expect some unwind towards the year end, so positive tailwind from working capital normalization and reduction in the fourth quarter. Nevertheless, we have to be honest here, we will not see the same conversion rate that we have seen last year, which was extraordinarily high.

So let's see for that. For us, this is a clear investment in our growth pipeline at this moment in time.

Capex is with EUR 27.0m for the first nine months, 2.1% of sales. So well around our strategic targets, slightly below, I would even say. There will be a slight catch-up towards the end, but this is just because of timing issues. And for our net working capital, we have seen a ratio of 18.7%, which is already very close, even with the high absolute growth of working capital, close to our strategic corridor and our expectation for this year, which is between 17.5% and 18.5%, which underlines, right, the whole working capital growth is not coming from a structural super shift. It's more coming directly from the growth of our top line. And just for your modeling, factoring has been broadly unchanged versus the end of last year.

Then two separate topics I want to highlight here. Joachim already mentioned that briefly in his summary. When we acquired Hyva, we acquired a 75% shareholding in a company called Usimeca. That's a market and technology leader for sanitation equipment in South America. And with that acquisition, we hold a put option, or the seller held a put option, and that has been exercised in May 2026, and there has been some negotiation on final settlement.

And with effect of October 15, we have acquired the remaining 25% shares in Usimeca. The final purchase price has been set with around EUR 17.0m. And when you translate that into an EBITDA multiple, that's more or less exactly 7 EBITDA multiple. But it's more important to link that to the margin profile of the company. When we would say our strategic margin for it was between 10% to 12% EBIT, Usimeca is producing EBIT margins of above 14%.

And that's why we say it's a very nice valuation and was a very nice possibility for us to even increase our control in that entity as well. And it will be directly from the beginning EPS accretive for our shareholders. And we will benefit with that acquisition then even more from the leadership position of that company in South America. There's structural market growth expected just from megatrends that Usimeca is serving for. But also through the JOST network, we have now much more possibilities for NAFTA and further LatAm rollout of that business.

That's one topic. And the next topic is the one that has been already public and announced via press release. And I think we already mentioned that a little bit on the first half-year call. There is a business in India where JOST and Hyva are producing tipper bodies for customers in India, so a very local business. And we have decided to sharpen our portfolio in India here and focus more on the cylinder and hydraulics business. And that's why we have signed an asset purchase agreement at the beginning of August to sell this business.

The closing process is still underway. We expect this until year-end. However, we cannot exclude that it might even go into the first weeks of 2027. But up to now, I'm still quite confident that we can do this until year-end. The rationale is it's a low-margin business.

You see that here, EBITDA margins are around 2% to 3% and is a very local business and has also a very high working capital. So although from a customer base, etcetera, etcetera, we cannot say it's not core. These are all your existing customers. It's more a make-or-buy decision for this moment in time. We believe that the new owner, which is the company Belrise, an Indian listed company, can produce those tipper bodies much better for our customers than we can do.

And that's basically it. And with that, I will hand over to Joachim again for explaining the outlook 2026 and the summary.



Joachim Dürr CEO 00:30:51

Yes. Thank you, Oliver, for the details. So let's look at the market, how we expect the market to continue. You can see for Europe, more or less, it will continue in the same way as we've seen it the first nine months. Slight growth in truck and trailer.

We have a very stable environment there, and the call-offs that we've seen lately are also stable. So that will continue as we've seen more or less the first nine months. In America, we see a change in truck. It's now 5% to 10% and not 0% to 5% growth expected for truck, and that is because we expect a very strong Q4. That's more or less the same as Q3 where we had 15% more than last year. So we expect that also for the Q4.

And with that, the full year will be growing stronger in trucks than it is in trailers in Americas, and that's mainly effect from North America only. In South America, the market will continue to be more or less as it was the first nine months. Looking at Asia-Pacific, we had strong growth in China and India. We will continue to grow, but not at the same strength.

So the expectation is that for truck 5% to 10% and trailer also 5% to 10% for the full year 2026, and tractors 0% to 5%, and agricultural products continue to grow also with 5% to 10%. So far for the market outlook, what does that mean for our financial outlook? And as you know, we have increased the guidance and the outlook for the fiscal year 2026. We now expect sales to be up 9% to 11% compared to 2025, and the 2025 base is the EUR 1,534.0m. Adjusted EBIT, we expect to be up 11% to 14%.

That was last year at EUR 145.0m. And therefore, the margin will grow, and we expect it to be between 9.5% and 9.9%, and that's above the 9.5% that we had last year. Our CapEx ratio in percent of sales, we expect to be around 2.5%, mainly effect of higher sales, and the working capital, Oliver elaborated already a little bit on that. We expect to be between 17.5% and 18.5% of sales. So that's the new guidance that we've guided last week.

To sum it up, the first nine months have been a record for JOST. Sales up 12% to EUR 1,284.0m in the first nine months. Adjusted EBIT up 18%, EUR 130.0m adjusted EBIT, and the margin improvement of 0.5 percentage points to 10.1% in the first nine months. So well inside our strategic corridor of 10% to 12%, which we, you know, expected to be in 2027 after the Hyva acquisition. So very happy that we're on a very good path here already in 2026.

So the organic growth of 9% happened across all the regions and all the business lines, and we were also able to pair that with market share gains and benefits from synergies. So we believe that integration is going very well. And if you look at the rolling last 12 months versus the fiscal year 2025, we see a 9% growth on sales to EUR 1,670.0m in sales, adjusted EBIT EUR 165.0m, which is a 13% increase with a margin of 9.9%. That's compared last 12 months to fiscal year 2025. Capital efficiency with the ROCE is up 2.5 percentage points to 16.5%, and that is also showcasing the efficient capital allocation.

We expect that the synergies will continue to support our growth and our profitability and that we are able to offset the rising costs that we see with higher energy costs, higher freight costs, other inflationary effects, material costs, and so on. And therefore, we were able to raise the outlook for the fiscal year of 2026. So that concludes the summary. And with that, I would like to thank you for your attention, and we open the Q&A session.

Questions & Answers

Operator 00:35:45

Yes, thank you very much for the presentation and to all participants. We now open the Q&A session. If you have a question you would like to ask via the audio line, signal this with your raise your hand button. And by now, you should be able to ask a question in our chat as well. You'll find the chat box in the toolbar below the presentation.

For those of you dialed in by phone, please raise your hand by putting the number and key combination *9 on your telephone keypad. So we have a participant on the telephone line, Yasmin Steilen. You should be able to unmute yourself.

Other 1 Other 00:36:43

Hello. Many thanks for taking my questions. I have three topics, and I will take them one by one. So the first on working capital. How much of the inventory build is safety stock? And how much is material cost inflation?

And the same also for receivables, so the buildup, what is reflected in the strong September sales and which is related to the regional sales mix? And have you seen any overdue issues? And which part will actually unwind by year-end? That's the first question. Many thanks.



Oliver Gantzert CFO 00:37:18

I take that. Jasmeen, Oliver here. So regarding the working capital increase, I mean, the minor effect is still from inflation. Yeah. That's just started, to be honest.

I can't give you a real exact number, right? But it's probably the very low share, 15%. The biggest share is directly from volume, from increase of growth. That's definitely the case.

And in inventory, it's probably the same, right? It's probably 20%, 25% coming from safety stocks, and the remainder of the share is simply growth. Plus the fact that that growth is partially tripping up by ramping projects. We have new projects, Jasmeen, in South America and in India in our business line agriculture. And these are new products where dealer channels need to be filled up, where the pipeline needs to be filled up.

So there's also structural growth in that inventory. Yeah. Regarding receivables, yes, September sales have been very strong. So that is probably a fair big share of receivables close towards quarter-end. And the fact is also, and I mentioned that, we have started to reduce a little bit of factoring usage because factoring costs have increased.

So it's also a little bit an opportunistic effect in receivables. We would have been able, right, to lease a little bit more, but I didn't do that just for optimizing finance cost at this moment in time. And your third question was on do we see any overdue? Not that much, to be honest. We have still, I mean, the topic is most of our customers are big OEMs that are driving that growth at the moment.

They are like AGCO, CNH, Caterpillar, etcetera, here and there. And the other thing is we are also insured, we have credit insurance. So that's not a major risk that I see at the moment.

Other 1 Other 00:39:15

Okay, perfect.

Then my second question is on the effect from the Hyva sales now invoiced locally. How much of the Americas and the APAC sales growth is related to the business model change versus organic growth?

Oliver Gantzert CFO 00:39:31

Yes, I can take that. So we started that business model change around April 1, something like this. And the rough number is that we have shifted per quarter now, EUR 3m to EUR 4m into the regions. The vast majority of this into APAC and a certain amount into America. So you can calculate with roughly, I would say, EUR 3.5m per quarter.

Other 1 Other 00:39:58

Okay, perfect. That's very clear.

And then maybe the last one on the EMEA adjusted EBIT margin was kind of a notch below 4%. How much of this is the shifted Hyva sales and the corporate cost allocation? And what is affected to the site closure? Or put it the other way around, what is the realistic EMEA margin once the relocation is done?

Oliver Gantzert CFO 00:40:21

Yes. Probably, I would take the question with the latter sentence that you took. We are working on adjusting the steering model into next year where we will do a, let's say, better steering and better view on the regions by looking into what is the operating margin in the region and then do a fair allocation of group costs. When you would, for sure, then we will next year also disclose comparable numbers for 2026. When you would do this for the first nine months, EMEA would be around 8% on an allocated EBIT margin.

So a very decent margin. Gross profit margin is also very high. You see that in our reports. So it's a very profitable region, by the way. 80% of that margin dilution versus the other two regions comes just from that missing allocation of group costs.

Other 1 Other 00:41:17

Okay. Perfect. That's very clear. I'll step back into the line.

Operator 00:41:23

Thank you very much. And I'll read out a question which reaches in the chat. Looking at your full year 2026 guidance ranges and given we are already mid-November, what are your underlying assumptions for the upper and lower end ranges?

Joachim Dürr CEO 00:41:48

Yeah. I think that is actually expressed quite clear in the guidance, I would say. For sales, it's the 9% growth on the lower end and the 11% on the upper end. And on adjusted EBIT, 11% is the lower end and 14% in the upper end.

So those are the borders of upper and lower expectation that we have. So I haven't done the math for absolute numbers, but I think that's very, very easy to do.

Oliver Gantzert CFO 00:42:28

Maybe I can add one, two sentences. I think the question is from Klaus. I would say the upper end is is a little bit dependent on what is the China export economy doing at the moment. I mentioned that we have seen the first signs of a normalization of the Chinese economy and that we have incorporated in our updated guidance as well. I mean, the Chinese export economy has been booming for the last two, three years, and we are benefiting from that a lot.

And it seems to be there's some kind of normalization over the next weeks and months. How fast that happens, that's probably one big impact on, let's say, are we done probably more towards the 11% or 12% of EBIT growth. If that is not slowing down too much, right, then definitely the 14% of EBIT growth is possible. Our Chinese export business is a very profitable business.

We're already at the very high end of capacity utilization. And that means we can leverage that scale effect then as long as that booming export business is still is still there. And to be honest, what we have seen in October numbers is that it is still there, right? The sales numbers are still quite strong out of China. I hope that answers the question.

Operator 00:43:55

Thank you very much. And another question on the chat is placed by Quentin Pichard from Kepler Cheuvreux. Thank you for the presentation and other exceptionals are already at EUR 10m after nine months. What should we expect for the full year 2026 and from 2027 on?

Oliver Gantzert CFO 00:44:18

Correct. So the other exceptionals as we described on that slide, the predominant part of that is related to the Hyva integration, which is all kind of restructuring costs, layoff costs. So when we close sites, we merge offices, one example is we have already, this year, merged four Hyva entities in Europe with full operations into JOST entities, and then that means now closing offices, merging IT systems, and so on and so forth. So all kinds of integration costs to realize all those synergies, which we are already realizing. I expect that at the moment to run up to overall EUR 24m over the two years, which means roughly another EUR 4m of exceptionals for the fourth quarter 2026, rough numbers.

And for 2027, I don't expect much to be honest. Integration is done. We will always have slight exceptionals here and there as we continually do restructuring work. But the expenses from the Hyva integration should be then mostly done.

Joachim Dürr CEO 00:45:34

Yeah. We continue with optimizing our portfolio, so there might might maybe be small amounts, but, yeah, the big amounts, it's the PPA and the rest is really minor.

Operator 00:45:48

Thank you. And to all the participants dialed in by phone, you can signal a question by dialing *9 on your telephone keypad. This is for raising your hand. And we get to Nicolai on the phone. You should be able to unmute yourself.

We should hear you by now, Mr. Kempf.

And by now, there are no more raised hands from participants. Again, Mr. Kempf, you should be able to unmute yourself. I see your open telephone line, but we can't hear you.

Oliver Gantzert CFO 00:47:06

Or do you type in the chat, Nicolai?

Operator 00:47:10

Yes, that's the other possibility if you have the opportunity. And we have a question on the chat by Vitusan Vijayakumar. I will read this out. When do the price adjustment clauses kick in and with what lag? How much of the Q4 cost headwind is recovered in Q1 2027?

Joachim Dürr CEO 00:47:39

Thank you for the question. The the it depends a little bit on the OEMs. We have variable price adjustments in all OEM contracts. In the transport industry, it's typically anywhere between three and six months that these adjustments kick in. We had in the past some that would be adjusted on a yearly basis, but we've converted them all to to to maximum six months.

You can see the first effects, really, we expect them to be in the Q1 results, and then maybe fully developed in the Q2 results where we then will have the higher cost base in transport cost, in energy cost, also reflected in our pricing with the major OEMs. In the aftermarket business, we are doing price increases there. It's more a question of what we can do in each individual markets. But the big portion, and that is exactly your question, has the typical delay of three to six months.

Operator 00:48:45

Thank you very much. And we try to get back to Mr. Kempf. I can see that you unmuted yourself on the telephone. So we try again.

Please ask your question.

Analyst 1 Sell-side analyst 00:48:55

Yes. Hi, Nicolai here from Deutsche Bank. Can you hear me?

Oliver Gantzert CFO 00:48:57

Yes, we can hear you by now.

Other 1 Other 00:48:59

Thank you. Yes, okay. Yes, just one question on your guidance. I mean, it's well done for a good quarter. And I think looking just at your guidance, it might almost be a bit cautious again because you have stated

again good momentum in North America, so maybe similar here in Q4 as in Q3, also good momentum in Europe.

Europe is seasonally weaker in Q4, but still good momentum. And then APAC seems also to be holding up. So I'm just wondering for which region do you see sequentially lower revenues? Probably Europe, but other than Europe, Americas and APAC as well?

Joachim Dürr CEO 00:49:47

No, it's mainly APAC where we see the markets a little slower compared to the acceleration that we had in the first quarters. And we also may have the effects of the sale of the tipper business in India depending on when we are when we will be closing. So if the closing is at the end of the year, then obviously, we have these days longer in our numbers. If we close earlier, which we cannot give you we we ourselves don't know a firm date at this point in time, then, of course, that would be out of the out of that effect too. But as I mentioned, Europe, we expect to continue more or less with what we've seen.

It's quite solid. North America, which we will certainly on the on the truck side have a growth. On the trailer side, maybe a little weaker. And so in Asia Pacific, that's where we see it a little slower than we've seen in the first months.

Oliver Gantzert CFO 00:50:48

And don't forget the technical effect, right, of the additional Hyva months. The guidance is a reported sales growth guidance.

And there's there's just mathematically with every new quarter, a technical dilution on the on the reported growth.

Joachim Dürr CEO 00:51:06

That's because the additional January weighted more in the first quarter and it's weighing less and less and less the further we go into the year. That's the technical effect.

A1 **Analyst 1** Sell-side analyst 00:51:17

Yes, makes sense. And then just a second one, we've heard from truck OEMs that there seems to be bit of supply chain issues in the U.S. truck market just given the strong ramp up. Is it something you also see?

And then maybe also stay in the U.S., EPA 27 still seems a bit of an overhang for the sector. Do you have any insights when we can expect EPA 27 clarity? And do you expect truck orders to recover once we have that?

Joachim Dürr CEO 00:51:51

Well, the orders are extremely strong in North America, as you mentioned. And you're right. Not all OEMs are able to fully run the plant numbers because they have some material supply issues with with other components. But we believe that they will be solving that, so we are still ready to to support them. But indeed, it's probably not gonna be as strong as we currently see in their call offs because they will not be able to execute everything.

On EPA 27, the regulation has been changed, and they are now the OEMs are still able to produce the old emission regulations, which a lot of them have chosen to do and bring these vehicles into the market at the penalty. So Paccar, for example, will not launch the new product at all and just produce the existing products until the end of 2026. And with with 2027, I'm sorry, until the end of 2027. And in 2028, there is also a possibility to bring the old vehicles into into traffic, but that's with a extremely high penalty. So I believe at this point in time that's that we would probably see a little bit of a pre-buy effect in 2027 because the penalty for 2028 is is that high that's that's cost in 2028, which no matter what, if it's a new regulation, the emission regulations, which is a higher cost and a higher risk for the operator, or if it's the penalty, it will be beneficial for the operators to buy in 2027.

Analyst 1 Sell-side analyst 00:53:39

Yeah. Makes sense. Thank you.

Operator 00:53:44

Okay. Thank you very much for your question, and there is another one in the chat. I'll read this out. It is from Mr. Vijayakumar again. This is stating questions on the transport segment in North America.

Can you give us the underlying trends that supported the truck segment in North America for Q3 2026? I know that you mentioned strong increases in truck production in the U.S., but can you give us some color on the factors that drove this and what we may expect for 2027 as well.



Joachim Dürr CEO 00:54:21

Yeah. Yeah. Maybe to sum it up quickly, there's as I see majorly two effects. One is the emission regulation effects. That's the EPA 2027 that I've just elaborated.

The initial EPA 2027 regulation had an extreme cost increase in the products and also in the cost of operating because it had warranty requirements and a lot of other things that the OEMs would have to fulfill. There was an extreme price increase expected for these for these vehicles, and that's why everybody expected a big and that's what's happening right now. A big pre-buy effect in the second half year of 2026. Now the effect is not as big because they've changed the regulation. I've elaborated a little bit.

It's not a firm registration now. They can still bring the vehicles into service in 2027 and 2028 with a respective penalty. So that effect has been smoothened out a little bit.

The other effect was the underlying effect of of an uncertainty that was generated when when Trump went into office beginning of last year, and a lot of tariff regulations kicked in that's that made it unpredictable for the OEMs to understand what their real cost was. So a lot of them reduced the the capacity because they didn't know how to price for all these effects in their products, and and that is why the build rates have been down for the last two years considerably over the the last over the the long-year average, and that created some additional pent-up demand to that pre-buy effect, and that's what we're seeing right now. That's why the volume is going up that much. So it's it's an effect of those two levers. One, the reduced build rates because of the tariffs uncertainty that we've seen for a year and a half, and the other one, the emission regulations.

I hope that answers the question.

Operator 00:56:34

Yes. Thank you very much. And we move on to Mr. Ringel in the chat, and he asks for a qualitative sneak preview into 2027. What would be a fair assumption for your underlying businesses? Will you be able to grow reported group sales year over year post the Hyva tipper business disposal?

Oliver Gantzert CFO 00:57:00

I can take it.

Joachim Dürr CEO 00:57:00

Oliver, you?

Oliver Gantzert CFO 00:57:02

Yes, I'll do it. Fair assumption will be, Klaus, that there will be definitely growth. So we will definitely outgrow 2026 even adjusted for that tipper body business. If you look on our current consensus in sales for 2027, and I'm not feeling uncomfortable with those numbers, Klaus. Yes, definitely, we see at the moment growth.

Although China might be a little bit flattish next year, plus the tipper body carve-out, but we will see strong growth in Americas and also solid growth in EMEA and that will outgrow the other two effects.

Joachim Dürr CEO 00:57:43

And we also expect in India continuous market growth. So there's still some regions where we expect to grow further.

Operator 00:57:59

There is one more question in the chat. Mr. De Ranieri is asking, your full year guidance implies in Q4 2026 adjusted EBIT equal to EUR 35m, which would be the lowest quarterly EBIT you have registered for a while. And adjusted EBIT will be flat to down year over year despite growing sales. What are the moving parts and reasons for this weaker earnings performance from JOST?

And if the issue is related to cost inflation, should we assume that also Q1 2027 will be slower or below average in terms of margins?

Oliver Gantzert CFO 00:58:44

I can answer that, Joachim, and maybe you add some. No, you should not assume that. And I think we partially elaborated a little bit in the presentation. It's mainly three effects. We have in EMEA that integration work.

That's a topic especially for the fourth quarter, as we are continuing to close some integration work here. And we are closing that plant that I mentioned, which creates certain expenses in the fourth quarter, which are not going to continue into 2027. The other effect is that Joachim and myself are mentioning that in APAC, we have reached a capacity limit for certain products in the business line hydraulics. And that has driven the need to import products from our Chinese facilities. And that means with that product, we cannot reach the same margin because that comes with import duties as well as with additional freights.

That's also going to stop by year-end or early next year. So that's also not going to continue. And the third effect, Joachim already mentioned, we see that a rising inflation in the third quarter already, but even more in the fourth quarter. That is increasing the top line. And although we might handle this from a cost perspective, mathematically it destroys a little bit your EBIT margin. And as Joachim mentioned, we should see the first positive effects from pass-on to customers on those costs soon. So we don't expect to continue those topics into 2027.

Operator 01:00:29

So thank you very much. In the meantime, we have received no further questions. And due to the time, we therefore come to the end of today's earnings call. Thank you to all the participants for your shown interest in JOST Werke. And if you have any further questions at a later date, please feel free to contact their Investor Relations.

A big thank you to you, the gentlemen, Mr. Dürr and Mr. Gantzert, for the presentation and your time to answer the questions. I wish you all a successful day and handing over to Mr. Dürr for some closing remarks.



Joachim Dürr CEO 01:01:11

Thank you very much for the interest in JOST. And as I said, we had a very strong first nine months of this year. We expect to close the year with also a record year given the new guidance that we've distributed, and very happy to see the integration going. Thanks again for your interest, and enjoy the rest of the year. And it's too early probably to do some Christmas wishes even though you see a lot of the Christmas goods and shopping already going on.

But we're preparing ourselves to close a successful year. All the best to you. Thanks for your interest.



Oliver Gantzert CFO 01:01:56

Bye-bye.