INTERIM REPORT Q1 2019
JOST Werke AG

JOST AT A GLANCE

Key figures

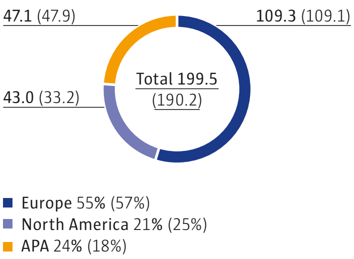
in € million	Q1 2019	Q1 2018	Change
Sales, Europe	123.4	123.9	−0.4%
Sales, North America	40.4	30.7	31.6%
Sales, Asia, Pacific and Africa (APA)	35.7	35.6	0.3%
Total sales	**199.5**	**190.2**	**4.9%**
Adjusted EBITDA[1]	29.6	28.1	5.5%
Adjusted EBITDA margin (%)	14.9%	14.8%	
Adjusted EBIT[1]	23.9	23.7	0.8%
Adjusted EBIT margin (%)	12.0%	12.5%	
Equity ratio (%)	40.4%	34.8%	
Net debt[2]	86.8	111.0	−21.8%
Leverage[3]	0.86x	1.16x	−26.0%
Capex[4]	3.3	2.7	19.5%
ROCE (%)[5]	18.2%	19.8%	
Cash conversion rate (%)[6]	89.0%	90.3%	
Profit / loss after taxes	14.2	12.0	18.3%
Earnings per share (in €)	0.95	0.81	17.3%
Adjusted profit / loss after taxes[7]	16.1	14.8	8.8%
Adjusted earnings per share (in €)[8]	1.08	1.00	8.0%

1 Adjustments for PPA effects and exceptionals
2 Interest bearing loans (excl. accrued financing costs) – liquid assets
3 Net debt / adj. EBITDA, last 12 months
4 Gross presentation (capex; without taking into account divestments)
5 LTM adj. EBIT / interest-bearing capital employed; interest-bearing capital:
shareholders' equity + financial liabilities (except for refinancing costs) – liquid assets + provisions for pensions
6 (Adj. EBITDA – capex) / adj. EBITDA
7 Profit after taxes adjusted for exceptionals in accordance with note 10
8 Adjusted profit after taxes / 14,900,000 (number of shares as of March 31)

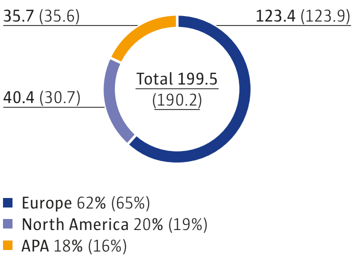
POSITIVE START TO 2019

- JOST increases Q1 2019 sales by 5% to €199.5m.
- Business in North America is benefiting from JOST's enhanced market position, resulting in sales growth of 32%.
- Q1 2019 adjusted EBIT up 1% to €23.9m. Adjusted EBIT margin was 12.0%.
- Q1 2019 earnings per share up 17% to €0.95.

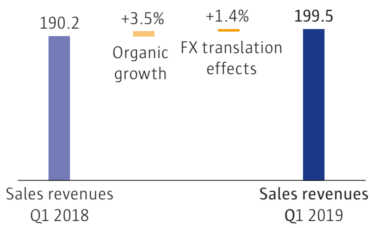
Regional sales by destination
Total Q1 2019 (Q1 2018), in € million



Regional sales by origin
Total Q1 2019 (Q1 2018), in € million



Organic sales development
Q1 2019, in € million



JOST IS A LEADING GLOBAL PRODUCER AND SUPPLIER OF SAFETY-CRITICAL SYSTEMS TO THE TRUCK AND TRAILER INDUSTRY.

JOST's global leadership position is driven by the strength of its brands, by its long-standing client relationships serviced through its global distribution network as well as by its efficient and asset-light business model.

JOST's core brands "JOST," "ROCKINGER," "TRIDEC" and "Edbro" are well recognized in the industry and highly regarded for their quality and continuous innovation. With its global distribution network and production facilities in 21 countries across five continents, JOST has direct access to all major truck and trailer manufacturers and relevant end customers.

JOST currently employs about 2,900 staff worldwide.

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INTERIM GROUP MANAGEMENT REPORT

for the first quarter of 2019

MACROECONOMIC ENVIRONMENT

Economic outlook for 2019 uncertain: As early as the second half of 2018, global economic output slowed considerably. In addition to political uncertainties, business and consumer sentiment also deteriorated in some regions. For 2019, the International Monetary Fund (IMF) anticipates slower growth than in the previous year. In its latest forecast report, the IMF again adjusted its economic expectations downward, underscoring the shaky economic environment.

For Europe, the IMF expects economic output to expand by 1.3% compared to 2018. In the USA, the positive economic trend is expected to continue. After recording a 2.9% gain in 2018, the US economy is expected to expand by a further 2.3% in 2019. The IMF is forecasting a slight slowdown in China's economic output, with the Chinese economy still expected to grow by 6.3% year-over-year in 2019 (2018: 6.6%). The country's slightly slower rate of growth is likely to determine the economic momentum in Asia's emerging and developing countries, where the IMF is forecasting growth of 6.3% (2018: 6.4%). After several years of crisis, the Latin American economy appears to be recovering further, with accelerated growth of 1.4% expected in 2019 (2018: 1.0%).

SECTOR-SPECIFIC ENVIRONMENT

Declining production figures for heavy trucks in 2019: LMC Automotive expects a decline in global heavy truck production of 7.4% in 2019 compared to 2018. This is primarily attributable to the expected fall in truck production in the APA region (2019: –13.6%). LMC anticipates that heavy truck production in Europe will remain stable at its current high level (2019: +0.1%). By contrast, the North American market is expected to grow by an additional 4.9% in fiscal year 2019. LMC assumes that truck production increased by 18.6% year-over-year in the first quarter of 2019. In South America, LMC also expects truck production to grow by 11.5% year-over-year in 2019.

Decline in trailer production in 2019: After a sustained period of growth and high overall production figures in fiscal year 2018, forecasting institute Clear Consulting anticipates a nearly 10.9% year-over-year decline in commercial trailer production in Europe in fiscal year 2019. In early 2019, Clear Consulting had projected a smaller decline (8.1%) in 2019. However, the European market for commercial vehicle trailers contracted by more than 10% in the first quarter of 2019 compared with the previous year.

Clear Consulting also anticipates a 4.0% drop in trailer production in Asia in 2019. Market research firm FTR, which specializes in North America, anticipates a slight 0.7% reduction in production figures for this region compared to 2018, although at around 11% growth in the first quarter of 2019 was still very strong. According to Clear Consulting, Latin America should record growth at around 10.5% in the 2019 fiscal year, thus continuing its recovery trend of the past few years.

COURSE OF BUSINESS Q1 2019

Sales

Sales by origin

in € thousands	Q1 2019	Q1 2018	% yoy
Europe	123,379	123,881	−0.4%
North America	40,372	30,694	31.5%
Asia-Pacific-Africa (APA)	35,723	35,610	0.3%
Total	**199,474**	**190,185**	**4.9%**

The year started out positively for JOST. All told, consolidated sales in the first quarter of 2019 increased by 4.9% over the prior-year quarter to €199.5m (Q1 2018: €190.2m).

Despite the drop in commercial trailer production in Europe in the first quarter of 2019, JOST was able to keep sales revenues in the region mostly stable year-over-year at €123.4m (Q1 2018: €123.9m). JOST felt slightly negative effects from currency translation (−0.3%), while organic sales came in 0.1% lighter than in the previous year.

In North America, JOST was able to continue its strong growth trajectory. The continued strength of truck production supported by additional market share gains had a positive effect on JOST's sales in the first quarter of 2019. North American sales rose by 31.5% to €40.4m in the first three months of the year (Q1 2018: €30.7m). In contrast to the previous year, JOST profited from positive effects from currency translation in the first quarter of 2019; adjusted for this effect, organic sales in North America grew by 21.6%.

In the Asia, Pacific and Africa (APA) region, we maintained our prior-year sales level. We succeeded in balancing out the temporary weakness in the Indian market with more robust sales in China. In total, sales came to €35.7m in the first quarter of 2019 (Q1 2018: €35.6m). The negative effects of currency translation in the APA segment were negligible at −0.2%.

Results of operations

Results of operations

in € thousands	Q1 2019	Q1 2018	% yoy
Sales revenues	**199,474**	**190,185**	**4.9%**
Cost of sales	−148,133	−137,667	
Gross profit	**51,341**	**52,518**	**−2.2%**
Operating expenses / income	−34,146	−35,340	
Operating profit (EBIT)	**17,195**	**17,178**	**0.1%**
Net finance result	**−808**	**−2,496**	
Income taxes	−2,160	−2,678	
Profit / loss after taxes	**14,227**	**12,004**	

The cost of sales also rose in the wake of the aforementioned continued growth in sales. Particularly in Europe, JOST was affected by the personnel expense increase emerging at the end of 2018. Higher material costs and a shift in the customer mix in North America, where JOST's OEM business continues to grow at a rapid pace, also affected margins. The robust growth in the OEM business in North America should in the future expand the North American aftermarket business, which will positively influence margins in the medium term. Moreover, JOST has taken steps to further improve productivity and therefore to compensate for the rise in personnel expenses and material costs as far as possible in the course of 2019.

On the whole, adjusted EBITDA increased by 5.5% over the prior-year quarter to €29.6m (Q1 2018: €28.1m). The increase in adjusted EBITDA is mainly the result of the initial application of IFRS 16. In contrast, adjusted earnings before interest and taxes (EBIT) grew by 0.8% to €23.9m in the same period (Q1 2018: €23.7m).

The following table explains the adjustments made, which primarily relate to non-operating exceptionals arising from purchase price allocation effects (PPA) totaling €6.3m.

Reconciliation of adjusted earnings

in € thousands	Q1 2019	Q1 2018
EBIT	**17,195**	**17,178**
Other effects	−404	−158
D&A from PPA	−6,277	−6,359
Adjusted EBIT	**23,876**	**23,695**
Depreciation of property, plant and equipment	−5,311	−3,023
Amortization of intangible assets	−460	−1,395
Adjusted EBITDA	**29,647**	**28,113**

The net finance result improved over the previous year to €–0.8m (Q1 2018: €–2.5m). The improvement stems mainly from the reduction in interest expenses due to the refinancing completed in June 2018.

Earnings after taxes rose by 18.3% to €14.2m (Q1 2018: €12.0m). Similarly, earnings per share were also up, by 17.3% to €0.95 (Q1 2018: €0.81). Adjusted for exceptionals, earnings per share increased 8.0% to €1.08 (Q1 2018: €1.00).

Segments

Segment reporting Q1 2019:

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	**Consolidated financial statements**
Sales revenues*	203,570	40,678	45,517	–90,291	199,474**
thereof: external sales revenues*	**123,379**	**40,372**	**35,723**	**0**	**199,474**
thereof: internal sales revenues*	80,191	306	9,794	–90,291	0
Adjusted EBIT***	**14,862**	**3,253**	**4,918**	**843**	**23,876**
of which: depreciation and amortization	3,902	979	890	0	5,771
Adjusted EBIT margin	12.0%	8.1%	13.8%		12.0%
Adjusted EBITDA***	**18,764**	**4,232**	**5,808**	**843**	**29,647**
Adjusted EBITDA margin	15.2%	10.5%	16.3%		14.9%

* Sales by destination in the reporting period:
- Europe: €109,346 thousand
- Americas: €42,988 thousand
- Asia, Pacific and Africa: €47,140 thousand

** Sales revenues in the segments show the sales revenues by origin.

*** Adjusted EBIT / EBITDA includes share of profit or loss of investment accounted for using the equity method that is not allocated to a segment and therefore included in the reconciliation column.

Segment reporting Q1 2018:

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	**Consolidated financial statements**
Sales revenues*	199,045	30,850	47,744	–87,454	190,185**
thereof: external sales revenues*	**123,881**	**30,694**	**35,610**	**0**	**190,185**
thereof: internal sales revenues*	75,164	156	12,134	–87,454	0
Adjusted EBIT***	**15,228**	**2,845**	**4,903**	**719**	**23,695**
of which: depreciation and amortization	3,594	553	271	0	4,418
Adjusted EBIT margin	12.3%	9.3%	13.8%		12.5%
Adjusted EBITDA***	**18,822**	**3,398**	**5,174**	**719**	**28,113**
Adjusted EBITDA margin	15.2%	11.1%	14.5%		14.8%

* Sales by destination in the reporting period:
- Europe: €109,129 thousand
- Americas: €33,159 thousand
- Asia, Pacific and Africa: €47,897 thousand

** Sales revenues in the segments show the sales revenues by origin.

*** Adjusted EBIT / EBITDA includes share of profit or loss of investment accounted for using the equity method that is not allocated to a segment and therefore included in the reconciliation column.

The slight decline in external sales in Europe combined with higher material and personnel expenses led to a decrease in adjusted EBIT from the first quarter of the previous year by €0.3m to €14.9m (Q1 2018: €15.2m). Accordingly, the EBIT margin in the region amounted to 12.0% (Q1 2018: 12.3%).

In contrast, adjusted EBIT in North America rose €0.5m, or 14.3%, to €3.3m (Q1 2018: €2.8m). The key reason for the increase was strong organic sales growth of 21.6% in the region. In the course of the 2018 fiscal year, the share of the OEM business in North America grew significantly. This development led to dilution of the margin as compared to Q1 2018, since margins with OEMs are comparatively lower. Moreover, the tariffs on imported steel products in the United States had not yet entered into force in the prior-year quarter, which increased prices of materials. The EBIT margin in the first quarter of 2019 was 8.1% (Q1 2018: 9.3%).

In APA, adjusted EBIT remained stable as compared to the previous year, totaling €4.9m (Q1 2018: €4.9m). The EBIT margin remained unchanged from the prior-year quarter at 13.8% (Q1 2018: 13.8%).

Net assets and results of operations

Assets

in € thousands	03/31/2019	12/31/2018
Noncurrent assets	329,539	309,602
Current assets	327,101	310,350
	656,640	**619,952**

Equity and Liabilities

in € thousands	03/31/2019	12/31/2018
Equity	265,497	251,613
Noncurrent liabilities	261,700	240,396
Current liabilities	129,443	127,943
	656,640	**619,952**

The profit generated in the first quarter of 2019 caused equity to grow by 5.5% to €265.5m. As of March 31, 2019, the equity ratio was 40.4% (December 31, 2018: 40.5%). A key reason for the marginally lower equity ratio compared to December 31, 2018, is the initial application of IFRS 16, which led to an increase in other financial liabilities. The initial application of IFRS 16 was the main factor responsible for the rise in other noncurrent financial liabilities by €19.8m and other current financial liabilities by €6.0m compared to December 31, 2018.

Similarly, applying IFRS 16 for the first time resulted in an increase in noncurrent assets. This was the primary reason for the increase in property, plant and equipment by €25.0m to €107.8m (December 31, 2018: €82.8m). In contrast, the amortization of intangible assets arising from historical purchase price allocations (PPA) and ongoing depreciation of property, plant, and equipment reduced noncurrent assets.

The rise in business volumes caused inventories to grow to €112.4m compared to December 31, 2018 (€110.9m). This was also the reason for the rise in trade receivables to €130.2m (December 31, 2018: €109.7m). The increase was bolstered by seasonal effects as inventories and receivables are generally lower at the end of the year. In contrast, trade payables fell to €76.8m (December 31, 2018: €80.8m). Furthermore, JOST increased inventory levels during the first quarter of 2019 to avoid possible supply interruptions due to Brexit, which at the start of the year had still been planned for the second quarter. This negatively affected working capital. As a result, working capital increased to €165.8m in the first quarter of 2019 (December 31, 2018: €139.8m). Working capital as a percentage of sales of the last twelve months grew to 21.7% (Q1 2018: 21.4%).

Higher working capital and investments led to a modest drop in liquid assets to €64.5m (December 31, 2018: €66.1m), causing net debt to also rise modestly to €86.8m at the end of the first quarter of 2019 (December 31, 2018: €85.2m). The ratio of net debt to adjusted EBITDA for the last twelve months was 0.86x (December 31, 2018: 0.85x).

Cash flows

in € thousands	Q1 2019	Q1 2018
Cash flow from operating activities	**2,523**	**5,600**
thereof change in net working capital	−23,623	−23,085
Cash flow from investing activities	**−3,160**	**−2,615**
Cash flow from financing activities	**−1,991**	**−813**
Net change in cash and cash equivalents	**−2,628**	**2,172**
Change in cash and cash equivalents due to exchange rate movements	1,080	−111
Cash and cash equivalents at January 1	66,087	66,313
Cash and cash equivalents at March 31	**64,539**	**68,374**

Cash flow from operating activities slid to €2.5m in the first quarter of 2019 due to the rise in working capital in particular (Q1 2018: €5.6m).

In the first quarter of 2019, investments in property, plant and equipment increased to €−3.0m (Q1 2018: €−2.5m) due to investments in enhancing efficiency at various plants. Cash flow from financing activities amounted to €−2.0m (Q1 2018: €−0.8m) on the back of the repayment of lease liabilities in the amount of €−1.7m; this negatively impacted cash flow from financing activities for the first time due to the application of IFRS 16.

In Q1 2019, liquid assets amounted to €64.5m (Q1 2018: €68.4m).

Opportunities and risks

Opportunities and risks are a natural result of all business activity. Sufficient provisions have been recognized for all known company-specific risks. The risk and opportunity situation of the JOST Werke Group has not changed significantly since the publication of our 2018 Annual Report on March 26, 2019. For more details please refer to p. 48 et seq. of that report.

Outlook

Market analysts at LMC Automotive and Clear Consulting currently expect global production of both trucks and trailers to contract by 7% year-over-year in 2019. Given our broad international presence and strong brands, and with the support of the growth initiatives we have already introduced, we expect JOST to continue outperforming the global market.

Assuming a stable macroeconomic and political environment, the Management Board confirms its expectation that consolidated sales will increase by a low single-digit percentage year-over-year in 2019.

Adjusted EBIT should perform in line with sales in 2019. Although the Management Board expects further headwinds from rising personnel expenses and material costs, JOST should be able to compensate for this over the course of 2019. As a result, the EBIT margin is expected to remain stable in 2019 compared to the previous year. Adjusted EBITDA is expected to increase slightly faster than sales in fiscal year 2019 simply due to the first-time application of IFRS 16.

Capital expenditure is expected to continue to amount to around 2.5% of sales, excluding acquisition-related expenses. Investments will continue to focus on further increasing automation in production.

Net working capital as a percentage of sales is once again expected to remain stable slightly below the 20% mark during 2019.

Excluding any potential acquisitions, our leverage – the ratio of net debt to adjusted EBITDA – is likely to improve slightly in the 2019 fiscal year again.

From today's perspective and taking into account the operating performance of the JOST Group during the first months of 2019, the Management Board is confident that the Group's economic position is sound. JOST is ideally positioned to effectively seize opportunities and continue to successfully execute its corporate strategy.

Neu-Isenburg, May 28, 2019

The Management Board of JOST Werke AG

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the three months ended March 31, 2019

CONDENSED CONSOLIDATED STATEMENT OF INCOME – BY FUNCTION OF EXPENSES

for the three months ended March 31, 2019
JOST Werke AG

in € thousands	Notes	Q1 2019	Q1 2018
Sales revenues	(5)	**199,474**	**190,185**
Cost of sales		**–148,133**	**–137,667**
Gross profit		**51,341**	**52,518**
Selling expenses		–21,991	–21,539
thereof: depreciation and amortization of assets		–7,026	–6,575
Research and development expenses		–3,188	–3,065
Administrative expenses		–10,399	–11,473
Other income	(6)	1,440	1,463
Other expenses	(6)	–851	–1,445
Share of profit or loss of equity method investments		843	719
Operating profit (EBIT)		**17,195**	**17,178**
Financial income	(7)	924	354
Financial expense	(7)	–1,732	–2,850
Net finance result		**–808**	**–2,496**
Profit / loss before tax		**16,387**	**14,682**
Income taxes	(8)	–2,160	–2,678
Profit / loss after taxes		**14,227**	**12,004**
Weighted average number of shares		**14,900,000**	**14,900,000**
Basic and diluted earnings per share (in €)	(9)	**0.95**	**0.81**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three months ended March 31, 2019
JOST Werke AG

in € thousands	Q1 2019	Q1 2018
Profit / loss after taxes	**14,227**	**12,004**
Items that may be reclassified to profit or loss in subsequent periods		
Exchange differences on translating foreign operations	4,017	–2,438
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans	–6,229	1,128
Deferred taxes relating to other comprehensive income	1,869	–338
Other comprehensive income	**–343**	**–1,648**
Total comprehensive income	**13,884**	**10,356**

CONDENSED CONSOLIDATED BALANCE SHEET

as of March 31, 2019
JOST Werke AG

Assets

in € thousands	Notes	03/31/2019	12/31/2018
Noncurrent assets			
Intangible assets		198,218	203,736
Property, plant and equipment	(2)	107,813	82,824
Investments accounted for using the equity method		12,326	11,329
Deferred tax assets		9,702	10,270
Other noncurrent financial assets	(11), (12)	91	91
Other noncurrent assets		1,389	1,352
		329,539	**309,602**
Current assets			
Inventories		112,444	110,893
Trade receivables		130,197	109,707
Receivables from income taxes		3,786	5,705
Other current financial assets	(11), (12)	593	1,390
Other current assets		15,542	16,568
Cash and cash equivalents		64,539	66,087
		327,101	**310,350**
Total asstes		**656,640**	**619,952**

Equity and Liabilities

in € thousands	Notes	03/31/2019	12/31/2018
Equity			
Subscribed capital		14,900	14,900
Capital reserves		499,399	499,399
Other reserves		–34,264	–33,921
Retained earnings		–214,538	–228,765
		265,497	**251,613**
Noncurrent liabilities			
Pension obligations	(13)	64,085	58,673
Other provisions		1,774	1,796
Interest-bearing loans and borrowings	(14)	150,608	150,664
Deferred tax liabilities		20,954	24,466
Other noncurrent financial liabilities	(2)	20,458	696
Other noncurrent liabilities		3,821	4,101
		261,700	**240,396**
Current liabilities			
Pension obligations	(13)	1,821	1,821
Other provisions		9,735	13,572
Interest-bearing loans and borrowings	(14)	313	234
Trade payables		76,817	80,799
Liabilities from income taxes		6,889	7,094
Contract liabilities		1,551	2,708
Other current financial liabilities	(2), (11), (15)	6,965	958
Other current liabilities		25,352	20,757
		129,443	**127,943**
Total equity and liabilities		**656,640**	**619,952**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the three months ended March 31, 2019
JOST Werke AG

Condensed Consolidated Statement of Changes in Equity for the three months ended March 31, 2019

in € thousands	Subscribed capital	Capital reserves	Retained earnings
Balance at January 1, 2019	**14,900**	**499,399**	**–228,765**
Profit / loss after taxes	0	0	14,227
Other comprehensive income	0	0	0
Deferred taxes relating to other comprehensive income	0	0	0
Total comprehensive income	0	0	14,227
Balance as of March 31, 2019	**14,900**	**499,399**	**–214,538**

Condensed Consolidated Statement of Changes in Equity for the three months ended March 31, 2018

in € thousands	Subscribed capital	Capital reserves	Retained earnings
Balance at January 1, 2018	**14,900**	**522,423**	**–297,789**
Profit / loss after taxes	0	0	12,004
Other comprehensive income	0	0	0
Deferred taxes relating to other comprehensive income	0	0	0
Total comprehensive income	0	0	12,004
Balance as of March 31, 2018	**14,900**	**522,423**	**–285,785**

Other reserves			
Exchange differences on translating foreign operations	Remeasurements of defined benefit pension plans	Other reserves	**Total consolidated equity**
−12,529	**−21,289**	**−103**	**251,613**
0	0	0	14,227
4,017	−6,229	0	−2,212
0	1,869	0	1,869
4,017	−4,360	0	13,884
−8,512	**−25,649**	**−103**	**265,497**

Other reserves			
Exchange differences on translating foreign operations	Remeasurements of defined benefit pension plans	Other reserves	**Total consolidated equity**
−8,584	**−21,514**	**−103**	**209,333**
0	0	0	12,004
−2,438	1,128	0	−1,310
0	−338	0	−338
−2,438	790	0	10,356
−11,022	**−20,724**	**−103**	**219,689**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the three months ended March 31, 2019
JOST Werke AG

in € thousands	Q1 2019	Q1 2018
Profit / loss before tax	**16,387**	**14,682**
Depreciation, amortization, impairment losses and reversal of impairment on noncurrent assets	12,048	10,777
Other noncash expenses	–545	–426
Change in inventories	186	–6,343
Change in trade receivables	–18,756	–18,042
Change in trade payables	–5,053	1,300
Change in other assets and liabilities	–301	4,798
Income tax payments	–1,443	–1,146
Cash flow from operating activities	**2,523**	**5,600**
Payments to acquire intangible assets	–268	–216
Proceeds from sales of property, plant, and equipment	33	8
Payments to acquire property, plant, and equipment	–2,995	–2,515
Interests received	70	108
Cash flow from investing activities	**–3,160**	**–2,615**
Interest payments	–294	–813
Repayment of lease liabilities	–1,697	0
Cash flow from financing activities	**–1,991**	**–813**
Net change in cash and cash equivalents	**–2,628**	**2,172**
Change in cash and cash equivalents due to exchange rate movements	1,080	–111
Cash and cash equivalents at January 1	66,087	66,313
Cash and cash equivalents at March 31	**64,539**	**68,374**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the period from January 1 to March 31, 2019
JOST Werke AG

1. GENERAL INFORMATION

JOST Werke AG (hereinafter also the “JOST”, “Group,” “Company,” or the “JOST Werke Group”) was founded as Cintinori Holding GmbH on February 27, 2008. On June 23, 2017, Cintinori Holding GmbH was converted from a German private limited company (GmbH) into a German public limited company (AG) and renamed JOST Werke AG. The respective entry in the Commercial Register was made on July 7, 2017. As of July 20, 2017, the shares were traded for the first time on the Frankfurt Stock Exchange. As of March 31, 2019, all of JOST's shares were held in free float as defined by Deutsche Börse.

The registered office of JOST Werke AG is at 2, Siemensstraße in 63263 Neu-Isenburg, Germany. The Company is registered in the Commercial Register of Offenbach am Main under section B, number 50149.

JOST is a leading global producer and supplier of safety-critical systems to the truck and trailer industry.

The condensed consolidated interim financial statements of JOST Werke AG were prepared based on the going concern principle.

2. BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements (hereinafter also “interim financial statements”) as of and for the three months ended March 31, 2019 (hereinafter also “2019 reporting period”) comprise JOST Werke AG and its subsidiaries. These interim financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), London, that are effective as of the reporting date, and the Interpretations (IFRS IC) issued by the International Financial Reporting Interpretations Committee, as adopted by the European Union (EU).

The interim financial statements were prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's net assets, financial position and results of operations since the last annual consolidated financial statements as of and for the year ended December 31, 2018. The interim financial statements should be read in conjunction with the annual consolidated financial statements as of and for the year ended December 31, 2018, which can be downloaded at http://ir.jost-world.com/.

The application of IFRS 16 – Leases from January 1, 2019 had the following effects on the condensed consolidated interim financial statements as of March 31, 2019.

IFRS 16 requires lessees to recognize assets and liabilities for most leases as the distinction between operating and finance leases under IAS 17 was eliminated. Current and low-value leases that are covered by the practical expedient have not been recognized in the balance sheet. This is reflected, among other things, as an extension of the consolidated balance sheet, with the respective usage right being recognized as an asset and the corresponding lease obligation being recognized as a liability.

In compliance with IFRS 16, the Group applies the modified retrospective transition method. Reference figures for prior-year periods were not retroactively restated. In the course of first-time adoption of the standard, the Group applies the practical expedients and accounts for leases with a remaining term of less than twelve months as of January 1, 2019, as current leases.

The JOST Werke Group recognizes lease liabilities for leases previously classified as operating leases under IAS 17 pursuant to the initial application of IFRS 16. These liabilities are measured at the present value of the remaining lease payments, discounted by the lessee's incremental borrowing rate as of January 1, 2019.

The difference between the expected operating lease payments discounted using the incremental borrowing rate as of December 31, 2018, in the amount of €25.1m and the lease liabilities recognized in the opening balance sheet totaling €25.4m results mainly from the recognition of already existing finance leases.

In contrast to the approach to date, according to which operating lease expenses were reported fully in EBIT, according to IFRS 16, only the depreciation of right-of-use assets is reflected in EBIT. All told, EBIT improved by €0.1m in the first quarter of 2019. The interest expense resulting from the unwinding of the discount on lease liabilities is reported in the amount of €0.1m in the net finance result.

In the first quarter of 2019, the change in the recognition of operating lease expenses in the cash flow statement improved cash flow from operating activities by €1.8m. Cash flow from financing activities declined accordingly. The increase in financial liabilities as a result of the change in accounting rules adversely affected the Group's net debt by €25.4m as of March 31, 2019.

The notes to the financial statements are more extensive as a result as well.

Further amendments to the IFRSs during the 2019 reporting period did not have any material impact on the condensed consolidated interim financial statements.

The Management Board approved the condensed consolidated interim financial statements of JOST Werke AG for the period ended March 31, 2019 for issue on May 28, 2019.

3. SEGMENT REPORTING

Segment reporting Q1 2019

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	Consolidated financial statements
Sales revenues*	203,570	40,678	45,517	–90,291	199,474**
thereof: external sales revenues*	**123,379**	**40,372**	**35,723**	**0**	**199,474**
thereof: internal sales revenues*	80,191	306	9,794	–90,291	0
Adjusted EBIT* **	**14,862**	**3,253**	**4,918**	**843**	**23,876**
of which: depreciation and amortization	3,902	979	890	0	5,771
Adjusted EBIT margin	12.0%	8.1%	13.8%		12.0%
Adjusted EBITDA* **	**18,764**	**4,232**	**5,808**	**843**	**29,647**
Adjusted EBITDA margin	15.2%	10.5%	16.3%		14.9%

* Sales by destination in the reporting period:
- Europe: €109,346 thousand
- Americas: €42,988 thousand
- Asia, Pacific and Africa: €47,140 thousand

** Sales revenues in the segments show the sales revenues by origin.

*** Adjusted EBIT / EBITDA includes share of profit or loss of investment accounted for using the equity method that is not allocated to a segment and therefore included in the reconciliation column.

Segment reporting Q1 2018

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	Consolidated financial statements
Sales revenues*	199,045	30,850	47,744	–87,454	190,185**
thereof: external sales revenues*	**123,881**	**30,694**	**35,610**	**0**	**190,185**
thereof: internal sales revenues*	75,164	156	12,134	–87,454	0
Adjusted EBIT* **	**15,228**	**2,845**	**4,903**	**719**	**23,695**
of which: depreciation and amortization	3,594	553	271	0	4,418
Adjusted EBIT margin	12.3%	9.3%	13.8%		12.5%
Adjusted EBITDA* **	**18,822**	**3,398**	**5,174**	**719**	**28,113**
Adjusted EBITDA margin	15.2%	11.1%	14.5%		14.8%

* Sales by destination in the reporting period:
- Europe: €109,129 thousand
- Americas: €33,159 thousand
- Asia, Pacific and Africa: €47,897 thousand

** Sales revenues in the segments show the sales revenues by origin.

*** Adjusted EBIT / EBITDA includes share of profit or loss of investment accounted for using the equity method that is not allocated to a segment and therefore included in the reconciliation column.

Reconciliation of adjusted earnings

in € thousands	Q1 2019	Q1 2018
Profit / loss after taxes	**14,227**	**12,004**
Income taxes	–2,160	–2,678
Net finance result	–808	–2,496
EBIT	**17,195**	**17,178**
Other effects	–404	–158
D & A from PPA	–6,277	–6,359
Adjusted EBIT	**23,876**	**23,695**
Depreciation of property, plant and equipment	–5,311	–3,023
Amortization of intangible assets	–460	–1,395
Adjusted EBITDA	**29,647**	**28,113**

4. SEASONALITY OF OPERATIONS

Seasonal effects during the year can result in variations in sales and resulting profit. The JOST Werke Group usually has higher sales and earnings in the first half-year due to the fact that major customers close their manufacturing plants for summer break at the start of the second half-year.

5. SALES REVENUES

The increase in sales revenues is mainly driven by the growth seen in North America. This was due both to increased demand from existing customers and to gains in market share.

6. OTHER INCOME / OTHER EXPENSES

For the 2019 reporting period, other income amounted to €1.4m (2018 reporting period: €1.5m) and other expenses amounted to €0.9m (2018 reporting period: €1.4m).

In the 2019 reporting period as well in the 2018 reporting period, other income mainly comprises currency gains. Other expenses mainly compromise currency losses.

7. FINANCE RESULT

Financial income is composed of the following items:

in € thousands	Q1 2019	Q1 2018
Interest income	66	107
Realized and unrealized currency gains	849	215
Other financial income	9	32
Total	**924**	**354**

Financial expense is composed of the following items:

in € thousands	Q1 2019	Q1 2018
Interest expenses	–872	–1,057
thereof: interest expenses from leasing	–135	0
Realized and unrealized currency losses	–352	–163
Result from measurement of derivatives	–504	0
Other financial expenses	–4	–1,630
Total	**–1,732**	**–2,850**

Other financial expenses in the previous year included interest on expected additional tax payments of €1.5m.

8. INCOME TAXES

The following table shows a breakdown of income taxes:

in € thousands	Q1 2019	Q1 2018
Current tax	–3,463	–3,870
Deferred taxes	1,303	1,192
Taxes on income	**–2,160**	**–2,678**

Tax expenses are calculated based on management's best estimate of the weighted average annual income tax rate expected for the full fiscal year multiplied by the pre-tax income of the interim reporting period.

9. EARNINGS PER SHARE

As of March 31, 2019, the number of no-par value shares (bearer shares) remained unchanged at 14,900,000.

The diluted earnings per share (in €) correspond to basic earnings per share; both are determined based on the weighted average number of shares.

Earnings per share

	Q1 2019	Q1 2018
Profit / loss after taxes (in € thousand)	14,227	12,004
Weighted average number of shares	14,900,000	14,900,000
Basic and diluted earnings per share (in €)	**0.95**	**0.81**

10. EXCEPTIONALS

The following explanation of adjusted effects serves to clarify the information in the income statement.

In the 2019 reporting period, expenses amounting to €6,681 thousand (2018 reporting period: €6,517 thousand) were adjusted within earnings before interest and taxes (EBIT).

The items adjusted within EBIT relate to selling expenses arising from the purchase price allocations (PPA depreciation and amortization) and other effects in the amount of €6,367 thousand (2018 reporting period: €6,359 thousand). Furthermore, cost of sales and administrative expenses were adjusted for expenses relating to other effects totaling €314 thousand (2018 reporting period: €158 thousand).

Notional income taxes after adjustments were recognized in the amount of €6,920 thousand in 2019 (2018 reporting period: €6,360 thousand).

The tables below show the earnings adjusted for these effects:

in € thousands	Q1 2019 Unadjusted	Other effects	PPA depreciation and amortization	Adjustments, total	**Q1 2019 Adjusted**
Sales revenues	**199,474**			**0**	**199,474**
Cost of sales	**–148,133**	**132**		**132**	**–148,001**
Gross profit	**51,341**	**132**	**0**	**132**	**51,473**
Selling expenses	–21,991	90	6,277	6,367	–15,624
Research and development expenses	–3,188			0	–3,188
Administrative expenses	–10,399	182		182	–10,217
Other income	1,440			0	1,440
Other expenses	–851			0	–851
Share of profit or loss of equity method investments	843			0	843
Operating profit (EBIT)	**17,195**	**404**	**6,277**	**6,681**	**23,876**
Financial income	924				924
Financial expense	–1,732			0	–1,732
Net finance result	**–808**	**0**	**0**	**0**	**–808**
Profit / loss before tax	**16,387**	**404**	**6,277**	**6,681**	**23,068**
Income taxes	–2,160				–6,920
Profit / loss after taxes	**14,227**				**16,148**
Weighted average number of shares	**14,900,000**				**14,900,000**
Basic and diluted earnings per share (in €)	**0.95**				**1.08**

in € thousands	Q1 2018 Unadjusted	Other effects	PPA depreciation and amortization	Adjustments, total	**Q1 2018 Adjusted**
Sales revenues	**190,185**			**0**	**190,185**
Cost of sales	**–137,667**	**0**		**0**	**–137,667**
Gross profit	**52,518**	**0**	**0**	**0**	**52,518**
Selling expenses	–21,539		6,359	6,359	–15,180
Research and development expenses	–3,065			0	–3,065
Administrative expenses	–11,473	131		131	–11,342
Other income	1,463			0	1,463
Other expenses	–1,445	27		27	–1,418
Share of profit or loss of equity method investments	719			0	719
Operating profit (EBIT)	**17,178**	**158**	**6,359**	**6,517**	**23,695**
Financial income	354			0	354
Financial expense	–2,850			0	–2,850
Net finance result	**–2,496**	**0**	**0**	**0**	**–2,496**
Profit / loss before tax	**14,682**	**158**	**6,359**	**6,517**	**21,199**
Income taxes	–2,678				–6,360
Profit / loss after taxes	**12,004**				**14,839**
Weighted average number of shares	**14,900,000**				**14,900,000**
Basic and diluted earnings per share (in €)	**0.81**				**1.00**

11. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts, fair values, categories and classes of financial assets and financial liabilities are as follows:

in € thousands	Measurement categories in accordance with IFRS 9	Carrying amount 03/31/2019	Fair value 03/31/2019	Carrying amount 12/31/2018	Fair value 12/31/2018	Level
Assets						
Cash and cash equivalents	FAAC	64,539	64,539	66,087	66,087	n / a
Trade receivables	FAAC	130,197	130,197	109,707	109,707	n / a
Other financial assets	FAAC	684	684	1,481	1,481	n / a
Total		**195,420**	**195,420**	**177,275**	**177,275**	

Cash and cash equivalents, trade receivables, and other financial assets are generally of a current nature. The fair value therefore roughly corresponds to the carrying amount. As of the reporting date, all other financial assets are measured at amortized cost (FAAC); the same applied to December 31, 2018.

in € thousands	Measurement categories in accordance with IFRS 9	Carrying amount 03/31/2019	Fair value 03/31/2019	Carrying amount 12/31/2018	Fair value 12/31/2018	Level
Liabilities						
Trade payables	FLAC	76,817	76,817	80,799	80,799	n / a
Interest bearing loans and borrowings*	FLAC	151,307	151,257	151,305	151,255	2
Lease liabilities	FLAC	25,353	25,353	0	0	n / a
Other financial liabilities	FLAC	870	870	958	958	n / a
Derivative financial liabilities	FLtPL	1,200	1,200	696	696	2
Total		**255,547**	**255,497**	**233,758**	**233,708**	

* excluding accrued financing costs (see note 14)

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

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

There were no transfers between the levels of the fair value hierarchy during 2019 and 2018.

The fair value of the interest-bearing loans and borrowings is determined in 2019 and 2018 considering actual interest curves and classified as level 2 of the fair value hierarchy.

The measurement of derivatives is described in note 15.

12. OTHER FINANCIAL ASSETS

Other financial assets primarily include overpayments to suppliers in the amount of €194 thousand (December 31, 2018: €208 thousand) and deposits in the amount of €311 thousand (December 31, 2018: €356 thousand). The gross carrying amount corresponds to the maximum default risk. No financial assets were at risk of default as of the balance sheet date.

13. PENSION OBLIGATIONS

Pension obligations as of March 31, 2019 were €65.9m (December 31, 2018: €60.5m). The following significant actuarial assumptions were made:

Assumptions

	03/31/2019	12/31/2018
Discount rate	1.2%	1.7%
Inflation rate / future pension increases	2.0%	2.0%
Future salary increases	2.0%	2.0%

14. INTEREST-BEARING LOANS AND BORROWINGS

The following table shows the Group's loan liabilities as of March 31, 2019:

in € thousands		03/31/2019	12/31/2018
Promissory note loans	5 years, fixed	29,000	29,000
	5 years, variable	86,500	86,500
	7 years, fixed	20,000	20,000
	7 years, variable	14,500	14,500
		150,000	**150,000**
Other		1,307	1,305
Interest bearing loans		**151,307**	**151,305**
Accrued financing costs		–386	–407
Total		**150,921**	**150,898**

As of March 31, 2019 and as of December 31, 2018, the Group has not drawn the available revolving facility. Interest payments were made in the amount of €159 thousand (2018 reporting period: €813 thousand).

To the extent that they can be accrued, the costs incurred under the financing agreement are spread evenly until mid-2025 in accordance with the effective interest method.

15. OTHER FINANCIAL LIABILITIES

Future interest rate volatility is hedged via four interest rate swaps. Overall, the interest rate swaps as of March 31, 2019 had a negative fair value of €1,200 thousand (December 31, 2018: €696 thousand) (mark-to-market valuation), which is shown in the balance sheet under other noncurrent financial liabilities. For details regarding the maturities of loans see note 14.

As in the previous year, the Group did not apply hedge accounting in accordance with IFRS 9 in the reporting period (IAS 39 in the previous year).

16. RELATED PARTY DISCLOSURES

IAS 24 defines related parties as those persons and companies that have control or a significant influence over the other party.

The structure of the JOST Group, including the subsidiaries and the joint venture, as of March 31, 2019, has not changed compared to December 31, 2018.

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

Lars Brorsen, cand.oecon., Heubach
Chairman of the Management Board
Chief Executive Officer

Joachim Dürr, Diplom-Ingenieur, Dachau
Chief Sales Officer

Dr.-Ing. Ralf Eichler, Diplom-Ingenieur, Dreieich
Chief Operating Officer

Dr. Christian Terlinde, Diplom-Kaufmann, Dinslaken
Chief Financial Officer

The **Supervisory Board** consists of the following persons:

Manfred Wennemer (Chair)

Prof. Dr. Bernd Gottschalk (Deputy Chair)

Natalie Hayday

Rolf Lutz

Jürgen Schaubel

Klaus Sulzbach

There were no other material changes to existing transactions or new transactions with related parties during the 2019 reporting period.

17. EVENTS AFTER THE REPORTING DATE

There were no significant, reportable events after the reporting date.

REVIEW

This interim report was neither audited according to Section 317 HGB nor reviewed by auditors.

Neu-Isenburg, May 28, 2019

Lars Brorsen   Joachim Dürr

Dr. Ralf Eichler   Dr. Christian Terlinde

FINANCIAL CALENDAR

AUGUST 22, 2019
INTERIM REPORT
H1 2019

NOVEMBER 21, 2019
INTERIM REPORT
9M 2019

Legal disclaimer

This document contains forward-looking statements. These statements reflect the current views, expectations and assumptions of the management, and are based on information currently available to the management. Forward-looking statements do not guarantee the occurrence of future results and developments and are subject to known and unknown risks and uncertainties. Therefore, actual future results and developments may deviate materially from the expectations and assumptions expressed in this document due to various factors. These factors primarily include changes in the general economic and competitive environment. Furthermore, developments on financial markets and changes in currency exchange rates as well as changes in national and international laws, in particular in respect of fiscal regulation, and other factors influence the Company's future results and developments. Neither the Company nor any of its affiliates undertakes to update the statements contained in this notification.

This interim report has been translated into English. Both language versions are available for download on the Internet at https://www.jost-world.com/. In case of any conflicts, the German version of the interim report shall prevail over the English translation.

Publishing Information

Contact

JOST Werke AG
Siemensstraße 2
63263 Neu-Isenburg
Germany
Phone: 0049-6102-295-0
Fax: 0049-6102-295-661
www.jost-world.com

Investor Relations

Romy Acosta
Investor Relations
Phone: 0049-6102-295-379
Fax: 0049-6102-295-661
romy.acosta@jost-world.com

Consulting, Concept & Design

Silvester Group
www.silvestergroup.com

JOST Werke AG
SIEMENSSTRASSE 2
63263 NEU-ISENBURG
GERMANY

PHONE: 0049-6102-295-0
FAX: 0049-6102-295-661

WWW.JOST-WORLD.COM