Q3

INTERIM REPORT Q3 2018

SMART SYSTEMS FOR TRUCKS AND TRAILERS
JOST Werke AG

JOST AT A GLANCE

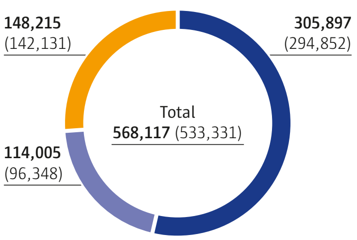
in € million	9M 2018	9M 2017	% yoy	Q3 2018	Q3 2017	% yoy
Sales Europe	351.0	333.0	5%	108.2	104.4	4%
Sales North America	106.9	91.6	17%	40.6	30.1	35%
Sales Asia, Pacific and Africa (APA)	110.2	108.7	1%	38.2	37.0	3%
Sales Group	**568.1**	**533.3**	**7%**	**187.0**	**171.5**	**9%**
Adjusted EBITDA [1]	78.8	77.4	2%	24.8	24.0	3%
Adjusted EBITDA margin (%)	13.9%	14.5%		13.3%	14.0%	
Cash conversion rate (%) [2]	82.0%	88.1%		79.8%	84.3%	
Adjusted EBIT [1]	65.3	63.8	2%	20.3	19.5	4%
Adjusted EBIT margin (%)	11.5%	12.0%		10.8%	11.4%	
Equity ratio (%)	39.7%	32.0%				
Net debt [3]	111.0	123.3	–10%			
Leverage [4]	1.16x	1.36x	–15%			
Capex [5]	14.2	9.2	54%	5.0	3.8	33%
ROCE [6]	18.9%	19.6%				
Earnings after taxes	43.3	–75.6	—	8.6	6.3	36%
Earnings per share (€)	2.91	–15.19		0.58	0.45	29%
Adjusted profit after taxes [7]	41.5	37.3	11%	12.6	11.8	7%
Adjusted earnings per share (€) [8]	2.78	2.51	11%	0.85	0.79	7%

1 Adjusted for PPA effects and exceptionals
2 (Adjusted EBITDA – Capex) / adjusted EBITDA
3 Net debt = interest-bearing capital (excl. refinancing costs) – liquid assets
4 Leverage = net debt / adjusted EBITDA, LTM
5 Gross presentation (capex, without taking into account divestments)
6 LTM adjusted EBIT / interest-bearing capital employed; interest-bearing capital: equity + financial liabilities (excl. refinancing costs) – liquid assets + provisions for pensions
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 September 30, 2018)

Growth accelerates in third quarter of 2018

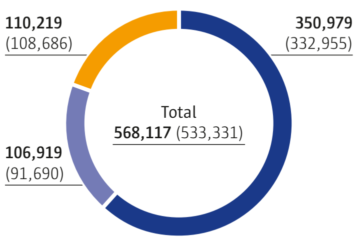
- Strong **organic sales growth** of **10%** generated. All regions made a positive contribution to sales growth. The reported **increase in sales** on a euro basis was **9%** in the third quarter.
- In the third quarter, adjusted **EBIT** rose by **4%** to **€20.3 million** with an **EBIT margin** of **10.8%**.
- **Earnings after taxes** increased by **36%** to **€8.6 million** in the third quarter. **Earnings per share** rose to **€0.58** or adjusted to **€0.85**.

Regional sales by destination
9M 2018 (9M 2017)
in € thousand



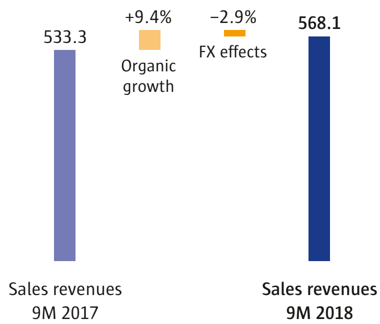
Europe 53.8% (55.3%)
Americas 20.1% (18.1%)
APA 26.1% (26.6%)

Regional sales by origin
9M 2018 (9M 2017)
in € thousand



Europe 61.8% (62.4%)
North America 18.8% (17.2%)
APA 19.4% (20.4%)

Organic sales development
9M 2018 (9M 2017)
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 fourteen 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.

2 Interim Group Management Report

2 Macroeconomic and sector-specific environment

3 Course of business 9M 2018

9 Opportunities and risks

9 Outlook

9 Events after the reporting date

10 Condensed Consolidated Interim Financial Statements

10 Condensed Consolidated Statement of Income

11 Condensed Consolidated Statement of Comprehensive Income

12 Condensed Consolidated Balance Sheet

14 Condensed Consolidated Statement of Changes in Equity

16 Condensed Consolidated Cash flow Statement

17 Notes to the Condensed Consolidated Interim Financial Statements

26 Other information

INTERIM GROUP MANAGEMENT REPORT

for the first nine months of 2018

MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

Sustained global economic growth

Global economies have been strengthening for more than two years. According to International Monetary Fund (IMF) forecasts in October 2018, global economic growth will continue into 2019 and remain at this year's level.

For 2018, the IMF forecast for European gross domestic product (GDP) anticipates a year-on-year increase of 2.0%, and expects the European economy to expand by a further 1.9% in 2019. The IMF is forecasting growth of 2.9% in the USA in the current fiscal year, with US gross domestic product likely to rise by a further 2.5% in 2019. Expectations for Asia in 2018 remain unchanged at +6.5%, while the forecast for 2019 has been lowered slightly by 20 basis points to 6.3%. In Latin America, economic output is expected to expand by 1.2% in 2018 and by a further 2.2% in 2019.

Despite the positive outlook for 2018 and 2019, several countries are increasingly exhibiting the first signs of an economic slowdown. In its latest forecast, the IMF speaks of challenges to growth and believes that the upturn has passed its peak in some regions. International trade disputes are adding further risks to global growth forecasts. As fiscal and monetary policy has remained highly expansive in many parts of the world even amid strong economic performance, there are currently only limited ways in which central banks can exert influence in reaction to a downturn. In light of this, it is important to determine whether the present signs of a cooldown are indicative of a contraction or merely a slowdown in growth.

Global growth in commercial vehicle sector

According to LMC Automotive, global heavy truck production rose by 3.6% in the first nine months of 2018 after a strong performance in the prior-year period. In Europe, production figures increased by 4.6% year-on-year for the first nine months of the year. North American truck production continued to grow at a rapid pace, rising by 24% year-on-year in the first three quarters of 2018. By contrast, Asian truck production declined by 1.5% in the first nine months of 2018 after an exceptionally strong performance in the previous year. South American truck production continued to recover, growing by 32.4% year-on-year in the first three quarters of the year. Nevertheless, the truck market in South America remains at a very low level.

LMC Automotive has lifted its forecast for the full year 2018 and now anticipates a rise in global truck production of almost 0.5% compared to 2017 (previously −3%). Europe is likely to grow by 3.9% year-on-year, while North America will record the strongest growth at 23.6%. In addition to this generally positive performance in many regions, the unexpectedly strong results in Asia were the main reason for LMC to up its forecast. Although LMC increased its projections for the region to −5.9% (previously −11.0%), this continues to imply a weak second half of the year.

According to the latest figures from the Clear International Consulting Group, global trailer production is forecast to rise by 3% year-on-year in 2018. As a result, Clear expects the Asian trailer market to remain at a similar level to last year in 2018. European trailer production is expected to record a slight gain of 2% compared to 2017 during the current financial year. In South America, Clear anticipates a continuing recovery of the trailer market, which is set to grow by 32% year-on-year. Freight Transportation Research Associates (FTR) expects accelerated growth in the USA of 9% compared to 2017.

COURSE OF BUSINESS 9M 2018

Sales

Sales by origin 9M and Q3

in € thousand	**9M 2018**	9M 2017	% yoy	**Q3 2018**	Q3 2017	% yoy
Europe	350,979	332,955	5.4%	108,207	104,339	3.7%
North America	106,919	91,690	16.6%	40,575	30,130	34.7%
Asia, Pacific and Africa (APA)	110,219	108,686	1.4%	38,254	36,988	3.4%
Total	**568,117**	**533,331**	**6.5%**	**187,036**	**171,457**	**9.1%**

JOST once again increased its sales across all regions in the third quarter of 2018, thus building on its successful performance in the first half of the year. In the third quarter of 2018, consolidated sales rose by 9.1% year-on-year to €187.0m, and by 10.0% when adjusted for currency effects. North America was the most important growth driver, followed by Europe and APA. In the first nine months of 2018, reported consolidated sales rose by 6.5% to €568.1m compared to the same period last year. Adjusted for currency effects, organic sales growth in this period was much stronger at 9.4%.

In Europe, sales were up 5.4% to €351.0m in the first nine months of the year. For seasonal reasons, the summer vacation led to a slight cooldown in the European markets during the third quarter. JOST increased sales by 3.7% year-on-year to €108.2m in this period.

In North America, sales growth accelerated further in the third quarter of 2018. In addition to fantastic underlying market dynamics, positive price trends and market share gains also contributed to the sharp increase in sales. As a result, sales in North America grew by 34.7% year-on-year in the third quarter of 2018 to €40.6m. During the quarter, JOST gained the standard position as supplier for additional truck models in North America like the Kenworth T680. In contrast to the first half of 2018, FX effects were negligible in the third quarter and barely impacted reported sales. In the first nine months of the year, JOST's sales in North America rose by 16.6% to €106.9m, or by 25.1% when adjusted for FX effects.

JOST also recorded accelerated growth in APA market despite the relative weakness of Chinese truck production. Sales in the APA region rose organically by 7.1% year-on-year in the third quarter of 2018, with sales increasing by 3.4% to €38.3m on a euro basis. Overall, APA sales grew organically by 6.8% year-on-year to €110.2m in the first nine months of 2018 – a rise of 1.4% on a euro basis.

Results of operations

Results of operations 9M and Q3

in € thousands	9M 2018	9M 2017	% yoy	Q3 2018	Q3 2017	% yoy
Sales revenues	**568,117**	**533,331**	**6.5%**	**187,036**	**171,457**	**9.1%**
Cost of sales	–417,236	–384,921		–139,486	–124,214	
Gross profit	**150,881**	**148,410**	**1.7%**	**47,550**	**47,243**	**0.6%**
Operating expenses / income	–106,139	–107,244		–33,942	–37,321	
Operating profit (EBIT)	**44,742**	**41,166**	**8.7%**	**13,608**	**9,922**	**37.1%**
Net finance result	**–8,266**	**–144,386**		**–2,275**	**–2,636**	
Income taxes	6,835	27,670		–2,729	–960	
Profit / loss after taxes	**43,311**	**–75,550**		**8,604**	**6,326**	

Earnings before interest and taxes (EBIT) rose faster than sales at 8.7% to €44.7m in the first nine months of 2018. In the third quarter of 2018, EBIT increased by 37.1% year-on-year to €13.6m. In addition to strong operating performance, this increase is primarily attributable to the absence of one-off IPO costs that negatively impacted the prior-year quarter.

When adjusted for exceptionals, EBIT grew by 2.3% to €65.3m in the first nine months of 2018. The adjusted EBIT margin was 11.5% during the same period (9M 2017: 12.0%). In the third quarter of 2018, adjusted EBIT improved by 4.1% to €20.3m compared to the previous year, with an adjusted EBIT margin of 10.8% (Q3 2017: 11.4%). These figures were adjusted for depreciation and amortization arising from purchase price allocations (PPA), the costs of the refinancing carried out in 2018 and the IPO in 2017. The following table explains the adjustments made:

Reconciliation of adjusted earnings 9M and Q3

in € thousands	9M 2018	9M 2017	Q3 2018	Q3 2017
EBIT	**44,742**	**41,166**	**13,608**	**9,922**
Refinancing	–607	0	–12	0
Stock listing	0	–2,697	0	–2,697
Other effects	–854	–1,030	–322	–570
D&A from PPA	–19,063	–18,907	–6,343	–6,303
Adjusted EBIT	**65,266**	**63,800**	**20,285**	**19,492**
Depreciation of property, plant and equipment	–9,202	–9,193	–3,108	–2,980
Amortization of intangible assets	–4,289	–4,366	–1,446	–1,560
Adjusted EBITDA	**78,757**	**77,359**	**24,839**	**24,032**

In the third quarter of 2018, capacity bottlenecks in the supply chain continued to lead to variable additional costs being incurred in the areas of procurement and logistics. Commodity prices also rose significantly compared to the previous year. The efficiency measures introduced continued to take effect during the quarter. We also succeeded in passing on some of the material cost increases to customers by adjusting prices. As a result, adjusted EBIT growth accelerated in the third quarter of 2018 (+4.1%) compared to the first half of 2018 (+1.6%).

In the first nine months of 2018, the net finance result saw a significant improvement year-on-year to €–8.3m (9M 2017: €–144.4m). This was mainly attributable to the revaluation of shareholder loans in 2017, which had depressed the net finance result in the prior-year period. Thanks to an improvement in the debt financing structure, JOST also substantially reduced its interest payments to banks compared with 2017. Overall, the net finance result improved to €–2.3m in the third quarter of 2018 (Q3 2017: €–2.6m).

Profit after taxes rose to €43.3m in the first nine months of 2018 (9M 2017: €–75.6m). Earnings per share rose to €2.91 (9M 2017: €–15.19) or €2.78 on an adjusted basis (9M 2017: €2.51).

In the third quarter of 2018, consolidated profit increased by 36.0% to €8.6m (Q3 2017: €6.3m). Similarly, earnings per share rose to €0.58 in the third quarter of 2018 (Q3 2017: €0.45) or to €0.85 on an adjusted basis (Q3 2017: €0.79).

Segments

Segment reporting 9M 2018

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	Consolidated financial statements
Sales revenues*	568,114	107,481	145,656	–253,134	568,117**
thereof: external sales revenues*	**350,979**	**106,919**	**110,219**	**0**	**568,117**
thereof: internal sales revenues*	217,135	562	35,437	–253,134	0
Adjusted EBIT* **	**37,227**	**9,747**	**16,000**	**2,292**	**65,266**
thereof: depreciation and amortization	10,848	1,794	849	0	13,491
Adjusted EBIT margin	10.6%	9.1%	14.5%		11.5%
Adjusted EBITDA* **	**48,075**	**11,541**	**16,849**	**2,292**	**78,757**
Adjusted EBITDA margin	13.7%	10.8%	15.3%		13.9%

* Sales by destination in the reporting period:
- Europe: €305,897 thousand
- Americas: €114,005 thousand
- Asia, Pacific and Africa: €148,215 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 9M 2017

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	Consolidated financial statements
Sales revenues*	546,481	91,950	132,932	–238,032	533,331**
thereof: external sales revenues*	**332,955**	**91,690**	**108,686**	**0**	**533,331**
thereof: internal sales revenues*	213,526	260	24,246	–238,032	0
Adjusted EBIT* **	**35,195**	**9,788**	**17,161**	**1,656**	**63,800**
thereof: depreciation and amortization	10,898	1,641	1,020	0	13,559
Adjusted EBIT margin	10.6%	10.7%	15.8%		12.0%
Adjusted EBITDA* **	**46,093**	**11,429**	**18,181**	**1,656**	**77,359**
Adjusted EBITDA margin	13.8%	12.5%	16.7%		14.5%

* Sales by destination in the reporting period:
- Europe: €294,852 thousand
- Americas: €96,348 thousand
- Asia, Pacific and Africa: €142,131 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.

JOST recorded higher sales revenues in all three segments.

In **Europe**, adjusted EBIT rose by 5.8% to €37.2m in the first nine months of 2018 (9M 2017: €35.2m), slightly faster than sales (+5.4%). As a result, JOST succeeded in keeping the adjusted EBIT margin stable year-on-year at 10.6% thanks to continuous efficiency measures and despite headwinds in the form of rising personnel expenses, material and freight costs.

In **North America**, JOST significantly improved profitability in the third quarter of 2018. JOST was able to pass on to its customers some of the cost pressure caused by the sharp increase in steel prices. At the same time, inefficiencies caused by the recruitment and training of new staff decreased during the third quarter. This meant that, despite strong headwinds in the first half of the year, JOST brought adjusted EBIT back to near its prior-year level (€9.8m) at €9.7m in the first nine months of 2018, with year-on-year growth reaching 6.8% on a currency-adjusted basis. Changes to the customer mix in favor of the fast-growing original equipment manufacturers (OEMs) business also affected the EBIT margin, which was 9.1% for the first nine months of 2018 (9M 2017: 10.7%). Thanks to the strong third-quarter performance, we significantly reduced the decline in the margin in the first nine months (–160 basis points) compared to the first half of 2018 (–240 basis points).

Adjusted EBIT in **APA** totaled €16.0m in the first nine months of 2018 (9M 2017: €17.2m). The adjusted EBIT margin was 14.5% (9M 2017: 15.8%). This decline is partly due to the rise in material costs as well as start-up costs incurred in the first half of 2018 by relocating production from Shanghai to Wuhan. The Company incurred additional costs in the third quarter associated with the ramp-up of the newly-established production company in Thailand and the new sales subsidiary in New Zealand.

Segment reporting Q3 2018

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	Consolidated financial statements
Sales revenues*	176,160	40,724	49,688	–79,536	187,036**
thereof: external sales revenues*	**108,207**	**40,575**	**38,254**	**0**	**187,036**
thereof: internal sales revenues*	67,953	149	11,434	–79,536	0
Adjusted EBIT***	**9,853**	**4,143**	**5,391**	**898**	**20,285**
thereof: depreciation and amortization	3,650	602	302	0	4,554
Adjusted EBIT margin	9.1%	10.2%	14.1%		10.8%
Adjusted EBITDA***	**13,503**	**4,745**	**5,693**	**898**	**24,839**
Adjusted EBITDA margin	12.5%	11.7%	14.9%		13.3%

* Sales by destination in the reporting period:
- Europe: €93,622 thousand
- Americas: €42,977 thousand
- Asia, Pacific and Africa: €50,437 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 Q3 2017

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	Consolidated financial statements
Sales revenues*	171,245	30,204	46,310	–76,302	171,457**
thereof: external sales revenues*	**104,339**	**30,130**	**36,988**	**0**	**171,457**
thereof: internal sales revenues*	66,906	74	9,322	–76,302	0
Adjusted EBIT***	**9,370**	**3,164**	**6,355**	**603**	**19,492**
thereof: depreciation and amortization	3,708	503	329	0	4,540
Adjusted EBIT margin	9.0%	10.5%	17.2%		11.4%
Adjusted EBITDA***	**13,078**	**3,667**	**6,684**	**603**	**24,032**
Adjusted EBITDA margin	12.5%	12.2%	18.1%		14.0%

* Sales by destination in the reporting period:
- Europe: €91,392 thousand
- Americas: €31,615 thousand
- Asia, Pacific and Africa: €48,450 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.

In **Europe**, adjusted EBIT rose by 5.2% to €9.9m in the third quarter of 2018 (Q3 2017: €9.4m). Despite headwinds in the form of rising material prices and additional costs caused by capacity bottlenecks in the supply chain, JOST managed to slightly improve the adjusted EBIT margin by 10 basis points to 9.1% (Q3 2017: 9.0%).

JOST significantly boosted profitability in **North America** during the third quarter. Adjusted EBIT rose by 30.9% to €4.1m (Q3 2017: €3.2m). We benefited from strong market growth in North America. The high activity level led to a positive operating leverage effect. Improved pricing also enabled us to better compensate for rising material costs and personnel expenses. As a result, EBIT growth in the third quarter almost kept pace with the sharp increase in sales (+34.7%).

The EBIT margin was 10.2%, only slightly down compared with previous year's figure (10.5%). The 30 basis point decline was primarily due to changes to the customer mix in favor of OEMs.

In **APA**, adjusted EBIT was €5.4m in the third quarter of 2018 (Q3 2017: €6.4m). The adjusted EBIT margin was 14.1% (Q3 2017: 17.2%). JOST reached a record profitability in APA in the prior-year quarter due to the exceptional boom in China, resulting in a particularly marked difference between the period under review and the third quarter of 2017. In addition, the ramp-up of the new production company in Thailand and the sales subsidiary in New Zealand also had a slight negative impact on earnings in the third quarter of 2018.

Net assets

Assets

in € thousands	09/30/2018	12/31/2017
Noncurrent assets	314,395	336,704
Current assets	291,303	285,341
Total Assets	**605,698**	**622,045**

Equity and Liabilities

in € thousands	09/30/2018	12/31/2017
Equity	240,732	209,333
Noncurrent liabilities	247,022	295,791
Current liabilities	117,944	116,921
Total Equity and Liabilities	**605,698**	**622,045**

Equity rose by 15.0% to €240.7m in the first nine months of 2018. The equity ratio improved by 600 basis points to 39.7%. In addition to the increase in equity, driven by a higher profits, the reduction in noncurrent liabilities also contributed significantly to the improvement in the equity ratio.

The decrease in noncurrent assets was mainly attributable to amortization of intangible assets arising from historical purchase price allocations (PPA) as well as to current depreciation of property, plant, and equipment.

The rise in business volumes caused inventories to grow to €105.3m compared to December 31, 2017 (€96.9m). This was also the main reason for the rise in trade receivables to €125.6m (December 31, 2017: €105.9m). Trade payables fell to €68.9m (December 31, 2017: €72.6m). As a result, working capital increased to €162.0m in the first nine months of 2018. This increase was bolstered by seasonal effects as inventories and receivables are generally lower at the end of the year. Higher activity levels in all segments coupled with capacity bottlenecks in the supply chain led to inefficiencies in working capital, pushing up the ratio of working capital to sales in the last 12 months to 22.0% (9M 2017: 20.2%).

In the first nine months, JOST withdrew €30.2m from liquid assets to redeem financial liabilities. JOST also distributed a dividend of €7.5m. As a result, liquid assets decreased to €41.7m as at the September 30, 2018 reporting date (December 31, 2017: €66.3m). Long-term interest-bearing loans and borrowings thus decreased by €26.9m to €150.9m compared to December 31, 2017 (€177.8m).

The ratio of net debt (€111.0m) to adjusted EBITDA for the last 12 months improved to 1.16x as of the September 30, 2018 reporting date (December 31, 2017: 1.20x).

Financial Position

Cash flows

in € thousands	9M 2018	9M 2017
Cash flow from operating activities	**27,047**	**45,545**
thereof change in net working capital	−33,618	−14,885
Cash flow from investing activities	**−12,920**	**−7,627**
Cash flow from financing activities	**−37,803**	**−26,566**
Net change in cash and cash equivalents	**−23,676**	**11,352**
Change in cash and cash equivalents due to exchange rate movements	−909	−2,157
Cash and cash equivalents at January 1	66,313	47,189
Cash and cash equivalents at September 30	**41,728**	**56,384**

Due to the increase in working capital, cash flow from operating activities fell to €27.0m.

Capital expenditure for intangible assets and property, plant and equipment in the first nine months of 2018 totaled €14.2m (9M 2017: €9.2m), with investments focusing on the USA and Europe and additional investments being made in the new subsidiaries in Thailand and New Zealand.

The improvement in JOST's debt financing structure led to a sharp reduction in interest payments to €2.3m (9M 2017: €9.1m) that had a positive effect on cash flow from financing activities. By contrast, the repayment of long-term loans and borrowings of €30.2m plus the €7.5m dividend payment reduced the cash flow from financing activities. As of 30 September 2018, liquid assets thus decreased to €41.7m (9M 2017: €56.4m).

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 JOST has not changed significantly since the publication of our 2017 Annual Report on March 26, 2018. For more details please refer to p. 39 et seq. of that report.

OUTLOOK

Given the development in the first nine months of 2018, JOST expects organic sales growth for the full year to reach the higher end of the announced range. For this reason, JOST expects organic sales to grow by a high-single digit rate year-on-year in fiscal 2018 (previously: mid to high). This forecast is based on the assumption of constant exchange rates.

For 2018, JOST continues to expect an increase in adjusted EBIT in the mid-single digit percentage range compared with 2017. The factors supporting this trend include relief in material cost pressure through the passing on of commodity price increases to customers and efficiency improvements at an operating level.

JOST is seeking to further increase automation in production across all segments and focuses its capital expenditure on this. As a result, the Group continues to expect that capital expenditure as a percentage of sales will roughly amount to 2.5%, excluding acquisition-related expenses.

Net working capital as a percentage of sales should be below the 20% mark at year-end.

As of December 31, 2018, excluding any potential acquisitions, JOST's leverage is expected to fall to below 1x net debt to adjusted EBITDA.

EVENTS AFTER THE REPORTING DATE

No material events have occurred since the September 30, 2018 reporting date.

The Management Board

Neu-Isenburg, November 22, 2018

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the nine months ended September 30, 2018

CONDENSED CONSOLIDATED STATEMENT OF INCOME – BY FUNCTION OF EXPENSES

for the nine months ended September 30, 2018
JOST Werke AG

in € thousands	Notes	9M 2018	9M 2017	Q3 2018	Q3 2017
Sales revenues	(5)	**568,117**	**533,331**	**187,036**	**171,457**
Cost of sales		**−417,236**	**−384,921**	**−139,486**	**−124,214**
Gross profit		**150,881**	**148,410**	**47,550**	**47,243**
Selling expenses		−65,105	−63,215	−21,564	−20,810
thereof: depreciation and amortization of assets		−19,716	−19,554	−6,563	−6,521
Research and development expenses		−9,360	−7,744	−3,048	−2,467
Administrative expenses		−34,366	−37,745	−10,489	−14,619
Other income	(6)	6,116	3,867	2,791	1,442
Other expenses	(6)	−5,716	−4,063	−2,530	−1,470
Share of profit or loss of equity method investments		2,292	1,656	898	603
Operating profit (EBIT)		**44,742**	**41,166**	**13,608**	**9,922**
Financial income	(7)	595	1,073	312	−121
Financial expense	(7)	−8,861	−145,459	−2,587	−2,515
Net finance result		**−8,266**	**−144,386**	**−2,275**	**−2,636**
Profit / loss before tax		**36,476**	**−103,220**	**11,333**	**7,286**
Income taxes	(8)	6,835	27,670	−2,729	−960
Profit / loss after taxes		**43,311**	**−75,550**	**8,604**	**6,326**
Weighted average number of shares		**14,900,000**	**4,972,802**	**14,900,000**	**13,946,196**
Basic and diluted earnings per share (€)	(9)	**2.91**	**−15.19**	**0.58**	**0.45**
Number of shares as of September 30, 2018		**14,900,000**	**14,900,000**		
Pro forma earnings per share (€)	(9)	**2.91**	**−5.07**		

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the nine months ended September 30, 2018
JOST Werke AG

in € thousands	9M 2018	9M 2017	Q3 2018	Q3 2017
Profit / loss after taxes	**43,311**	**–75,550**	**8,604**	**6,326**
Items that will be reclassified to profit or loss in subsequent periods				
Exchange differences on translating foreign operations	–5,546	–10,267	–1,995	–3,747
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans	1,549	2,611	439	441
Deferred taxes relating to other comprehensive income	–465	–783	–132	–132
Other comprehensive income	**–4,462**	**–8,439**	**–1,688**	**–3,438**
Total comprehensive income	**38,849**	**–83,989**	**6,916**	**2,888**

CONDENSED CONSOLIDATED BALANCE SHEET

as of September 30, 2018
JOST Werke AG

Assets

in € thousands	Notes	09/30/2018	12/31/2017
Noncurrent assets			
Intangible assets		210,128	232,082
Property, plant and equipment		81,633	80,039
Investments accounted for using the equity method		10,190	10,535
Deferred tax assets		10,806	12,516
Other noncurrent financial assets	(11), (12)	10	28
Other noncurrent assets		1,628	1,504
		314,395	**336,704**
Current assets			
Inventories		105,310	96,910
Trade receivables		125,594	105,932
Receivables from income taxes		2,473	3,624
Other current financial assets	(11), (12)	842	677
Other current assets		15,356	11,885
Cash and cash equivalents		41,728	66,313
		291,303	**285,341**
Total Assets		**605,698**	**622,045**

Equity and Liabilities

in € thousands	Notes	09/30/2018	12/31/2017
Equity			
Subscribed capital		14,900	14,900
Capital reserves		522,423	522,423
Other reserves		–34,663	–30,201
Retained earnings		–261,928	–297,789
	(13)	**240,732**	**209,333**
Noncurrent liabilities			
Pension obligations	(14)	57,006	59,349
Other provisions		2,534	2,550
Interest-bearing loans and borrowings	(15)	150,871	177,778
Deferred tax liabilities		30,017	49,563
Other noncurrent liabilities		6,594	6,551
		247,022	**295,791**
Current liabilities			
Pension obligations	(14)	2,225	2,225
Other provisions		14,364	18,521
Interest-bearing loans and borrowings	(15)	1,399	2
Trade payables		68,889	72,562
Liabilities from income taxes		6,989	5,201
Other current financial liabilities	(11), (16)	1,619	770
Other current liabilities		22,459	17,640
		117,944	**116,921**
Total Equity and Liabilities		**605,698**	**622,045**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the nine months ended September 30, 2018
JOST Werke AG

Condensed Consolidated Statement of Changes in Equity for the nine months ended September 30, 2018

in € thousands	Subscribed capital	Capital reserves	Retained earnings
Balance as of January 1, 2018	**14,900**	**522,423**	**−297,789**
Profit / loss after taxes	0	0	43,311
Other comprehensive income	0	0	0
Deferred taxes relating to other comprehensive income	0	0	0
Total comprehensive income	**0**	**0**	**43,311**
Dividends paid	0	0	−7,450
Balance as of September 30, 2018	**14,900**	**522,423**	**−261,928**

Condensed Consolidated Statement of Changes in Equity for the nine months ended September 30, 2017

in € thousands	Subscribed capital	Capital reserves	Retained earnings
Balance as of January 1, 2017	**25**	**79,728**	**−194,576**
Profit / loss after taxes	0	0	−75,550
Other comprehensive income	0	0	0
Deferred taxes relating to other comprehensive income	0	0	0
Total comprehensive income	**0**	**0**	**−75,550**
Capital increases / reductions	14,875	469,229	−60,670
IPO costs directly netted with equity, net of tax	0	−6,974	0
Balance as of September 30, 2017	**14,900**	**541,983**	**−330,796**

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	43,311
−5,546	1,549	0	−3,997
0	−465	0	−465
−5,546	**1,084**	**0**	**38,849**
0	0	0	−7,450
−14,130	**−20,430**	**−103**	**240,732**

Other reserves			
Exchange differences on translating foreign operations	Remeasurements of defined benefit pension plans	Other reserves	**Total consolidated equity**
125	**−22,567**	**−103**	**−137,368**
0	0	0	−75,550
−10,267	2,611	0	−7,656
0	−783	0	−783
−10,267	**1,828**	**0**	**−83,989**
0	0	0	423,434
0	0	0	−6,974
−10,142	**−20,739**	**−103**	**195,103**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the nine months ended September 30, 2018
JOST Werke AG

in € thousands	9M 2018	9M 2017	Q3 2018	Q3 2017
Profit / loss before tax	**36,476**	**–103,220**	**11,333**	**7,286**
Depreciation, amortization, impairment losses and reversal of impairment on non current assets	32,554	32,466	10,897	10,843
Other noncash expenses	–487	133,208	–605	–693
thereof: shareholder loan effects	0	133,935	0	0
Change in inventories	–10,194	–1,067	–2,186	–2,645
Change in trade receivables	–20,177	–23,701	–1,443	6,072
Change in trade payables	–3,247	9,883	–1,580	–3,354
Change in other assets and liabilities	14	7,909	–4,634	987
Income tax payments	–7,892	–9,933	–3,017	–2,748
Cash flow from operating activities	**27,047**	**45,545**	**8,765**	**15,748**
Proceeds from sales of intangible assets	3	3	3	0
Payments to acquire intangible assets	–641	–1,466	–167	–643
Proceeds from sales of property, plant, and equipment	122	125	2	25
Payments to acquire property, plant, and equipment	–13,526	–7,748	–4,842	–3,129
Dividends received	925	713	0	0
Interests received	197	746	49	64
Cash flow from investing activities	**–12,920**	**–7,627**	**–4,955**	**–3,683**
Interest payments	–2,299	–9,119	–624	–926
Proceeds from short-term interest-bearing loans and borrowings	1,394	0	1,394	0
Proceeds from long-term interest-bearing loans and borrowings	1,300	179,813	0	179,813
Refinancing costs	–594	–1,950	–375	–1,950
Repayment of short-term interest-bearing loans and borrowings	0	–14,053	0	–6,908
Repayment of long-term interest-bearing loans and borrowings	–30,154	–305,208	0	–305,208
Repayment of long-term liabilities to shareholders	0	–700	0	0
Proceeds from the IPO	0	131,625	0	131,625
Payments for IPO costs deducted from equity	0	–6,974	0	–6,974
Dividends paid to the shareholders of the Company	–7,450	0	0	0
Cash flow from financing activities	**–37,803**	**–26,566**	**395**	**–10,528**
Net change in cash and cash equivalents	**–23,676**	**11,352**	**4,205**	**1,537**
Change in cash and cash equivalents due to exchange rate movements	–909	–2,157	–778	–634
Cash and cash equivalents at January 1 / July 1	66,313	47,189	38,301	55,481
Cash and cash equivalents at September 30	**41,728**	**56,384**	**41,728**	**56,384**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the period from January 1 to September 30, 2018
JOST Werke AG

1. GENERAL INFORMATION

JOST Werke AG (hereinafter also the “Group,” or “Company,” or the “JOST 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 September 30, 2018, all of JOST's shares were held in free float.

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.

The JOST Group 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 nine months ended September 30, 2018 (hereinafter also “2018 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, 2017. The interim financial statements should be read in conjunction with the annual consolidated financial statements as of and for the year ended December 31, 2017, which can be downloaded at http://ir.jost-world.com/.

Amendments to the IFRSs during fiscal year 2018 did not have any material impact on the condensed consolidated interim financial statements as of September 30, 2018.

The Management Board approved the condensed consolidated interim financial statements of JOST Werke AG for the period ending on September 30, 2018 for issue on November 22, 2018.

3. CONSOLIDATED SEGMENT REPORTING

Group segment reporting as of September 30, 2018

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	**Consolidated financial statements**
Sales revenues*	568,114	107,481	145,656	–253,134	568,117**
thereof: external sales revenues*	**350,979**	**106,919**	**110,219**	**0**	**568,117**
thereof: internal sales revenues*	217,135	562	35,437	–253,134	0
Adjusted EBIT* **	**37,227**	**9,747**	**16,000**	**2,292**	**65,266**
thereof: depreciation and amortization	10,848	1,794	849	0	13,491
Adjusted EBIT margin	10.6%	9.1%	14.5%		11.5%
Adjusted EBITDA* **	**48,075**	**11,541**	**16,849**	**2,292**	**78,757**
Adjusted EBITDA margin	13.7%	10.8%	15.3%		13.9%

* Sales by destination in the reporting period:
- Europe: €305,897 thousand
- Americas: €114,005 thousand
- Asia, Pacific and Africa: €148,215 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.

Group segment reporting as of September 30, 2017

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	**Consolidated financial statements**
Sales revenues*	546,481	91,950	132,932	–238,032	533,331**
thereof: external sales revenues*	**332,955**	**91,690**	**108,686**	**0**	**533,331**
thereof: internal sales revenues*	213,526	260	24,246	–238,032	0
Adjusted EBIT* **	**35,195**	**9,788**	**17,161**	**1,656**	**63,800**
thereof: depreciation and amortization	10,898	1,641	1,020	0	13,559
Adjusted EBIT margin	10.6%	10.7%	15.8%		12.0%
Adjusted EBITDA* **	**46,093**	**11,429**	**18,181**	**1,656**	**77,359**
Adjusted EBITDA margin	13.8%	12.5%	16.7%		14.5%

* Sales by destination in the reporting period:
- Europe: €294,852 thousand
- Americas: €96,348 thousand
- Asia, Pacific and Africa: €142,131 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 figures

in € thousands	9M 2018	9M 2017
Profit / loss after taxes	**43,311**	**–75,550**
Income taxes	6,835	27,670
Net finance result	–8,266	–144,386
EBIT	**44,742**	**41,166**
Refinancing	–607	0
Stock listing	0	–2,697
Other effects	–854	–1,030
D&A from PPA	–19,063	–18,907
Adjusted EBIT	**65,266**	**63,800**
Depreciation of property, plant and equipment	–9,202	–9,193
Amortization of intangible assets	–4,289	–4,366
Adjusted EBITDA	**78,757**	**77,359**

4. SEASONALITY OF OPERATIONS

Seasonal effects during the year can result in variations in sales and resulting profit. The JOST Group usually has higher sales and earnings in the first half-year due to the fact that some 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 mainly relates to the increased sales activity in Europe, which mainly results from positive market developments.

The new revenue recognition standard IFRS 15 – Revenue from Contracts with Customers has been applied since January 1, 2018. The first-time adoption of IFRS 15 did not have significant effects on these interim financial statements.

6. OTHER INCOME / OTHER EXPENSES

For the 2018 reporting period, other income amounted to €6.1m (2017 reporting period: €3.9m) and other expenses amounted to €5.7m (2017 reporting period: €4.1m).

In the 2018 reporting period as well in the 2017 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	9M 2018	9M 2017
Interest income	134	317
Realized and unrealized currency gains	385	678
Other financial income	76	78
Total	**595**	**1,073**

Financial expense is composed of the following items:

in € thousands	9M 2018	9M 2017
Interest expenses	–2,942	–20,575
thereof: shareholder loan interests	0	–10,164
Realized and unrealized currency losses	–1,062	–619
Other financial expenses	–4,857	–494
Revaluation of shareholder loans	0	–123,771
Total	**–8,861**	**–145,459**

Prior to the stock listing, the shareholder loans were converted into equity in June 2017; effects such as interest on shareholder loans are not to be expected anymore going forward. Furthermore, the reduction in interest expenses is mainly attributable to lower interest charges achieved as a result of refinancing in the previous and current year.

Other financial expenses include interest on expected additional tax payments of €2.2m. Due to the new financing as of June 29, 2018, the previously accrued financing costs in connection with the financing agreement dated July 24, 2017 were completely reversed. This results in expenses of €1.8m recognized in other financial expense. This item also includes €0.4m from the new financing.

8. INCOME TAXES

The following table shows a breakdown of income taxes:

in € thousands	**9M 2018**	9M 2017
Current tax on profits for the year	–11,781	–12,845
Deferred taxes	18,616	40,515
Income taxes	**6,835**	**27,670**

Tax expenses are recognized 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.

In connection with the refinancing, the JOST Group improved its equity within the German tax group, which will enable the Group to utilize tax loss carryforwards in Germany in the future. The Group therefore recognized deferred tax income from interest and loss carryforwards of €14.8m.

The prior-year figure mainly included effects from the derecognition of deferred tax liabilities due to the revaluation of the former shareholder loans prior to the IPO.

9. EARNINGS PER SHARE

On June 23, 2017, JOST Werke AG changed its legal form to a stock corporation. In connection with the capital contribution made by the legacy shareholders, the number of shares increased to 10,025,000. On July 18, 2017, an additional 4.875 million shares were issued.

The diluted earnings per share (€) correspond to basic earnings per share. In addition to the basic and diluted earnings per share, which are calculated on the basis of the weighted average number of shares, "pro forma earnings per share" were calculated for both reporting periods based on the shares outstanding as of September 30, 2018.

Earnings per share

	9M 2018	9M 2017
Profit / loss after taxes (in € thousand)	43,311	–75,550
Weighted average number of shares	14,900,000	4,972,802
Basic and diluted earnings per share (€)	**2.91**	**–15.19**
Number of shares as of September 30, 2018	14,900,000	14,900,000
Pro forma earnings per share (€)	**2.91**	**–5.07**

10. EXCEPTIONALS

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

In the 2018 reporting period, expenses amounting to €20,524 thousand (2017: €22,634 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) in the amount of €19,063 thousand (2017: €18,907 thousand). In addition, administrative expenses were adjusted by €607 thousand (2017: €0 thousand) in connection with the refinancing. Furthermore, selling, distribution and administrative expenses and other expenses were adjusted for costs relating to other effects totaling €854 thousand (2017: €1,030 thousand). The 2017 reporting period additionally was affected by IPO related costs in the amount of €2,697 thousand.

Expenses of €2,232 thousand arising from the refinancing were adjusted within the net finance result in the 2018 reporting period (2017: €133,935 thousand). In the previous year, these expenses were related to interest on and the measurement of the shareholder loans which no longer exist (see note 7).

Notional income taxes after adjustments were recognized in the amount of €17,770 thousand in 2018 (2017: €16,005 thousand).

The table below shows the earnings adjusted for these effects:

in € thousands	9M 2018 Unadjusted	Refinancing	Other effects	PPA-Depreciation and amortization	Adjustments, total	**9M 2018 Adjusted**
Sales revenues	**568,117**				**0**	**568,117**
Cost of sales	**–417,236**				**0**	**–417,236**
Gross profit	**150,881**		**0**	**0**	**0**	**150,881**
Selling expenses	–65,105		34	19,063	19,097	–46,008
Research and development expenses	–9,360				0	–9,360
Administrative expenses	–34,366	607	793		1,400	–32,966
Other income	6,116				0	6,116
Other expenses	–5,716		27		27	–5,689
Share of profit or loss of equity method investments	2,292				0	2,292
Operating profit (EBIT)	**44,742**	**607**	**854**	**19,063**	**20,524**	**65,266**
Financial income	595				0	595
Financial expense	–8,861	2,232			2,232	–6,629
Net finance result	**–8,266**	**2,232**	**0**	**0**	**2,232**	**–6,034**
Profit / loss before tax	**36,476**	**2,839**	**854**	**19,063**	**22,756**	**59,232**
Income taxes	6,835					–17,770
Profit / loss after taxes	**43,311**					**41,462**
Weighted average number of shares	**14,900,000**					**14,900,000**
Basic and diluted earnings per share (€)	**2.91**					**2.78**
Number of shares as of September 30, 2018	**14,900,000**					**14,900,000**
Pro forma earnings per share (€)	**2.91**					**2.78**

in € thousands	9M 2017 Unadjusted	Stock listing and other	PPA-Depreciation and amortization	Shareholder loans	Adjustments, total	**9M 2017 Adjusted**
Sales revenues	**533,331**				**0**	**533,331**
Cost of sales	**–384,921**	**95**			**95**	**–384,826**
Gross profit	**148,410**	**95**	**0**	**0**	**95**	**148,505**
Selling expenses	–63,215	70	18,907		18,977	–44,238
Research and development expenses	–7,744				0	–7,744
Administrative expenses	–37,745	3,549			3,549	–34,196
Other income	3,867				0	3,867
Other expenses	–4,063	13			13	–4,050
Share of profit or loss of equity method investments	1,656				0	1,656
Operating profit (EBIT)	**41,166**	**3,727**	**18,907**	**0**	**22,634**	**63,800**
Financial income	1,073				0	1,073
Financial expense	–145,459			133,935	133,935	–11,524
Net finance result	**–144,386**	**0**	**0**	**133,935**	**133,935**	**–10,451**
Profit / loss before tax	**–103,220**	**3,727**	**18,907**	**133,935**	**156,569**	**53,349**
Income taxes	27,670					–16,005
Profit / loss after taxes	**–75,550**					**37,344**
Weighted average number of shares	**4,972,802**					**4,972,802**
Basic and diluted earnings per share (€)	**–15.19**					**7.51**
Number of shares as of September 30, 2018	**14,900,000**					**14,900,000**
Pro forma earnings per share (€)	**–5.07**					**2.51**

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	Business model acc. to IFRS 9	**Carrying amount 09/30/2018**	**Fair value 09/30/2018**	Carrying amount 12/31/2017	Fair value 12/31/2017	Level
Assets						
Cash and cash equivalents	FAAC	41,728	41,728	66,313	66,313	n/a
Trade receivables	FAAC	125,594	125,594	105,932	105,932	n/a
Other financial assets	FAAC	852	852	705	705	n/a
Total		**168,174**	**168,174**	**172,950**	**172,950**	

Cash and cash equivalents, trade receivables, and other financial assets are generally of a current nature. The fair value therefore 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, 2017.

The transition to the new standard IFRS 9 Financial Instruments did not result in any changes in the classification and thus the measurement of financial assets.

The net loss on financial assets measured at amortized cost amounts to €244 thousand.

in € thousands	Business model acc. to IFRS 9	**Carrying amount 09/30/2018**	**Fair value 09/30/2018**	Carrying amount 12/31/2017	Fair value 12/31/2017	Level
Liabilities						
Trade payables	FLAC	68,889	68,889	72,562	72,562	n/a
Interest-bearing loans and borrowings	FLAC	152,699	152,699	179,568	179,568	2
Other financial liabilities	FLAC	1,530	1,530	748	748	n/a
Derivative financial liabilities	FLtPL	89	89	22	22	2
Total		**223,207**	**223,207**	**252,900**	**252,900**	

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 net loss from financial liabilities measured at fair value amounts to €67 thousand.

The JOST 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 2018 and 2017.

The fair value of the interest-bearing loans and borrowings is determined in 2018 and 2017 considering actual interest curves and classified as level 2 of the fair value hierarchy.

The Group has applied the expected credit loss model provided for in IFRS 9 since January 1, 2018. Previously, the losses incurred as a result of payment defaults or customer insolvency were determined on the basis of the incurred loss model under IAS 39. To measure the expected credit losses, the simplified approach afforded by IFRS 9 is used, whereby the credit losses expected over the term are applied to all trade receivables and contract assets. The transition to the expected credit loss method did not have a material effect.

12. OTHER FINANCIAL ASSETS

Future interest rate volatility is hedged via five interest rate swaps (please also see note 16) and two interest rate caps.

Overall, the interest rate caps again have a fair value of €0 thousand (December 31, 2017: €0 thousand) as of September 30, 2018 (mark-to-market valuation). As of September 30, 2018, approximately 70% (December 31, 2017: 76%) of interest-bearing loans and borrowings were hedged by these derivative financial instruments (see note 16).

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

13. EQUITY

After the General Meeting held in May 2018, a dividend of €7.45m (€0.50 per share) was distributed to the shareholders of the Company, which reduced retained earnings accordingly.

14. PENSION OBLIGATIONS

Pension obligations as of September 30, 2018 were €59.2m. The following significant actuarial assumptions were made:

Assumptions	09/30/2018	12/31/2017
Discount rate	1.7%	1.5%
Inflation rate / future pension increases	2.0%	2.0%
Future salary increases	2.0%	2.0%

The new Heubeck 2018 G mortality tables were published on July 20, 2018. These factor in the latest statistics provided by the statutory pension insurance fund and the German Federal Statistical Office. Socio-economic factors are also taken into account for the first time. An update on the tables was published on October 4, 2018. The Federal Ministry of Finance (BMF) has approved the new mortality tables with the BMF circular dated October 19, 2018. Application of the Heubeck 2018 G mortality tables resulted in an increase in the pension provisions to €853 thousand as of September 30, 2018 that was recognized in equity as an actuarial loss.

15. INTEREST-BEARING LOANS AND BORROWINGS

Effective June 29, 2018, the Company canceled the existing credit agreement and issued promissory note loans with a total value of €150m that mature in five and seven years respectively and have both fixed and variable interest rates. In addition to the promissory note loans, the revolving facility was increased from €80m to €150m. The new financing comes with more favorable interest rates and longer terms. In addition, the obligation to the lenders to comply with various covenants, now only applies to the revolving credit facility.

All of the loans under the facilities agreements as well as two of the current promissory note loans are also subject to variable interest rates. The Group hedges a portion of the interest rate risk with interest swaps and interest caps.

Effective April 30, 2018, Jost Otomotiv Sanayi Ticaret A.S., Izmir, Turkey, took out a loan of €1,300 thousand with a term of 5 years. This loan serves to finance machinery and working capital.

In September 2018, JOST (China) Auto Component Co. Ltd., Wuhan, Hubei Province / PR China, took out a short-term loan of €1,394 thousand, which includes the use of a credit line available from the principal bank.

The following table shows the Group's loan liabilities as of September 30, 2018:

in € thousands		09/30/2018	12/31/2017
Promissory note loans	5 years, fixed	29,000	
	5 years, variable	86,500	
	7 years, fixed	20,000	
	7 years, variable	14,500	
Senior loans	Facility A	0	171,228
	Facility A (USD tranche)	0	8,338
		150,000	**179,566**
Other*		2,699	2
Interest bearing loans		152,699	179,568
Accrued financing costs		–429	–1,788
Total		**152,270**	**177,780**

* thereof a loan of €1,300 thousand from Jost Otomotiv Sanayi Ticaret A.S. to AKBANK AG and a short-term loan of €1,394 thousand from JOST (China) Auto Component Co. Ltd.

As of September 30, 2018 and as of September 30, 2017, the Group has not drawn the available revolving facility. Interest payments were made in the amount of €2,299 thousand (2017 reporting period: €9,119 thousand). Furthermore, repayments of the previous senior loan were made in the amount of €30,154 thousand (2017 reporting period: €319,261 thousand).

To the extent that they are accrued, the costs incurred under the financing agreement dated June 29, 2018 are spread until mid-2025 in accordance with the effective interest method.

The costs incurred in connection with the financing agreement dated July 24, 2017 have been spread evenly until mid-2022 in accordance with the effective interest method. Due to the new financing agreement, the accrued finance costs of the previous financing remaining at the time of refinancing have now been recognized in full under finance expense.

16. OTHER FINANCIAL LIABILITIES

Future interest rate volatility is hedged via five interest rate swaps and two interest rate caps (see also note 12.).

In addition to the previous interest rate swap, the Company entered into four additional swaps with a term running from January 1, 2020 to mid-2023. Overall, the interest rate swaps as of September 30, 2018 had a negative fair value of €89 thousand (December 31, 2017: €22 thousand) (mark-to-market valuation), which is shown in the balance sheet under other financial liabilities. As of September 30, 2018, approximately 70% (December 31, 2017: 76%) of interest-bearing loans and borrowings were hedged by these derivative financial instruments (see note 12).

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

17. RELATED PARTY DISCLOSURES

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

In the first nine months of 2018, the following companies were established: Jost Otomotiv Sanayi Ticaret A.S., Izmir, Turkey; Jost (Thailand) Co. Ltd., Moo, Thailand; and JOST New Zealand Ltd., Hamilton, New Zealand. The start-ups have not yet led to any significant sales revenues for the JOST Group, nor did they have any significant effect on earnings yet. In addition, Jost Axle Systems Southern Europe S.A.S., Lattes, France, was merged into JOST France S.à r.l., Paris, France, in the third quarter. Other than that, the structure of the JOST Group, including the subsidiaries and the joint venture, as of September 30, 2018, has not changed compared to December 31, 2017.

The shareholder structure of the JOST Group has changed since the IPO on July 20, 2017 in that, according to Deutsche Börse's definition, all of its shares were held in free float as of September 30, 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

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

Christoph Hobo, Diplom-Kaufmann, Frankfurt am Main
Chief Financial Officer

The Supervisory Board consists of the following persons:

Manfred Wennemer (Chairman)

Prof. Dr. Bernd Gottschalk

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 2018 reporting period.

18. EVENTS AFTER THE REPORTING DATE

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

REVIEW

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

Neu-Isenburg, November 22, 2018

Lars Brorsen Dr. Ralf Eichler Christoph Hobo

Financial Calendar

Date	Current events
March 26, 2019	Annual Report 2018
May 9, 2019	Annual General Meeting
May 28, 2019	Interim Report Q1 2019
August 22, 2019	Half-year Financial Report 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