


China | Industrial

1 June 2026

Johnson Electric (179 HK)

Resilient sales and GPM amid headwinds

- Johnson Electric (JE) announced its FY26 results (Yr ended Mar) with turnover amounting to US\$3.7bn, consistent with the prior year. NP was down 23.1% YoY while adjusted NP decreased by 13%. A final DPS of HK\$44 cents was recommended
- GPM remained stable and stood at 23% in FY26. Healthy financial condition with FCF from operation amounted to USD217m

FY26 sales and GPM hold firm despite challenges

Operating environment for global manufacturing businesses remained challenging during the period under review, with sluggish demand across its downstream markets. The ongoing geopolitical conflicts and growing uncertainty surrounding global economic prospects did not only weaken consumer confidence but also drive up the input costs. Despite these challenges, Johnson Electric (JE) demonstrated its long-standing resilience, maintaining stable sales and GPM. However, its bottom line was adversely affected by increased overhead expenses on a flat sales base, negative net changes in the fair value of investment and impairment costs.

JE's FY26 turnover amounted to US\$3.7bn, consistent with prior year. Net profit was down by 23.1% YoY to US\$202.1m. However, stripping off the non-cash unrealized currency movements, restructuring costs, impairment of certain intangible assets and adverse fair value movements in investment, adjusted net profit declined by 13% to US\$234m.

IPG – marking a meaningful recovery

JE's Industry Products Group (IPG) delivered sales of US\$596m, representing a 3.7% YoY growth. This marks a significant return to growth after three consecutive years of decline. In commoditized product segments, the division has redirected new business development toward the rapidly expanding base of Chinese manufacturers. This strategic shift positions IPG to align with evolving demand patterns and strengthen its competitive foothold in high-volume growth markets.

JE's largest operating division, Automotive Products Group's (APG), recorded sales of US\$3.1bn in FY26 (-0.6% YoY), accounting for 83.7% of the total sales. The growth of global automotive industry remained lackluster. In Asia, the division's sales declined by 7% primarily due to the ongoing erosion in market share held by Sino-foreign JV OEM customers in China. Even though, JE has continued to win significant new business awards from Chinese OEMs and their suppliers, but given that historically, majority of sales are coming from JV customers, this had dragged its recent sales performance.

Venturing into humanoid robotic business

The resilience in FY26 revenue underscores the company's ability to sustain its market position despite macroeconomic headwinds. While the near-term performance is pressured by structural shifts and macro factors, the company is actively realigning its portfolio toward high-volume growth markets and laying the foundation for sustainable long-term expansion.

Last year, JE formed two JVs with Shanghai Mechanical & Electrical Industry. The establishment of the JVs marks a pivotal step in the company's strategic expansion into the rapidly growing humanoid robotics sector. The formation of JV is deemed as a significant milestone for JE's long-term strategy to strengthen its foothold in the robotics industry. Although the JVs are still in the infancy stage, but encouraging process has been made.

NON-RATED

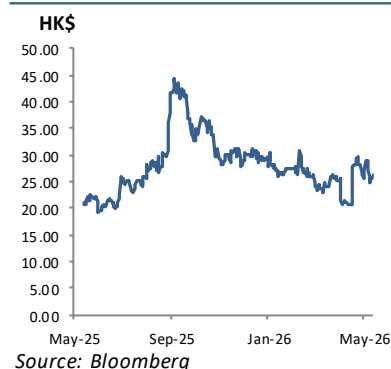
Last Price (HK\$)*	26.34
Target Price (HK\$)	N/A
Upside / (Downside)(%)	N/A
Previous rating	NON-RATED
Previous TP	N/A
Hang Seng Index*	25,398.18
* Prices as of	1-Jun-26

Key Data

Ticker	179 HK
Market Cap (HK\$m)	24,612
3M avg daily T/O (HK\$m)	185.4
52-week High (HK\$)	45.78
52-week Low (HK\$)	18.92
Free Float (%)	29.0%
Shares O/S (m)	934.4

Performance	Absolute	Relative
1 month	26.0%	27.9%
3 months	-15.1%	-11.0%
6 months	-11.6%	-9.4%

Price Chart


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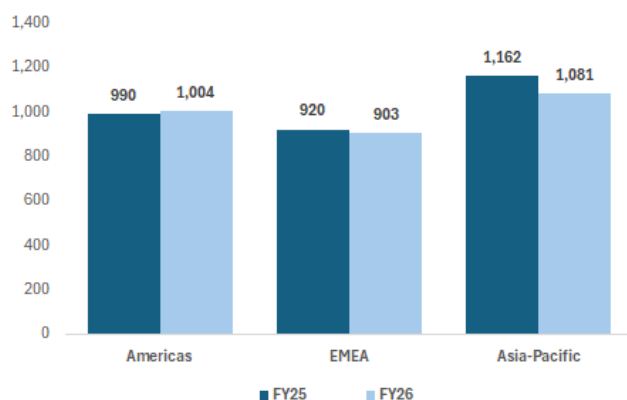


Figure 1 P&L

Year ended Mar (USDm)	FY23	FY24	FY25	FY26	YoY change (%)
Turnover					
Automotive Products Group (APG)	2,913.7	3,210.2	3,072.4	3,054.0	(0.6)
Industry Products Group (IPG)	732.4	604.0	575.2	596.4	3.7
	3,646.1	3,814.2	3,647.6	3,650.4	0.1
COGS	(2,930.2)	(2,963.5)	(2,804.3)	(2,810.0)	
Gross profit	715.9	850.7	843.3	840.4	(0.3)
Other income/ expenses	41.1	(13.4)	14.7	2.6	
Selling and administrative expenses	(556.4)	(541.8)	(545.0)	(583.8)	
Restructuring and other related costs	(1.8)	(10.2)	(7.2)	(8.2)	
Impairment of intangible assets	0.0	0.0	0.0	(22.4)	
Operating profit	198.7	285.3	305.9	228.6	(25.2)
Share of (losses) of associate and JV	(1.6)	(2.6)	(3.4)	(0.1)	
Finance income	5.6	20.0	32.5	30.8	
Finance costs	(21.7)	(31.6)	(33.5)	(24.4)	
Before tax income	181.0	271.1	301.4	235.0	(22.1)
Tax	(19.8)	(38.8)	(36.3)	(34.2)	
MI	(3.5)	(3.1)	(2.3)	1.3	
Net profit	157.8	229.2	262.8	202.1	(23.1)

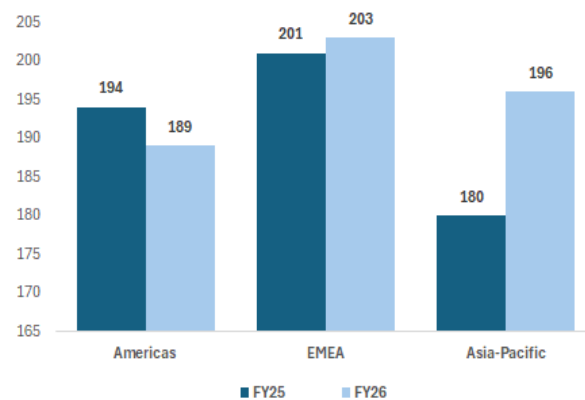
Source: Company data

Figure 2 APG sales by regional (US\$m)



Source: Company data

Figure 3 IPG sales by regional (US\$m)



Source: Company data

Figure 4 Peer comparable

1-Jun-26		Mkt cap (US\$m)	3-mth avg t/o (US\$m)	P/E (x)				EPS YoY%			Div Yld (%)			P/B (x)		ROE (%)		ROIC Hist (%)	Share px chg (%)		
Company	Ticker			Price	Hist	FY1	FY2	FY3	FY1	FY2	Hist	FY1	FY2	Hist	FY1	Hist	FY1		1-mth	3-mth	1-Yr
HSI		25,398		11.8	11.3	10.0	9.0	4.1	12.9	2.9	3.4	3.6	1.31	1.19	9.8	10.3	4.0	(1.5)	(4.6)	9.1	
MSCI ACWI		1,130.75		24.0	19.2	16.8	15.1	25.0	14.6	1.5	1.7	1.8	3.88	3.53	15.6	17.6	6.3	4.7	7.0	28.6	
Sector Average				14.7	15.7	13.0	11.3	15.4	19.2	4.2	2.8	3.4	1.6	1.9	11.2	11.1	8.5	9.0	-1.5	77.5	
Sector Median				12.8	11.6	10.5	8.5	11.6	17.5	2.1	2.7	3.3	1.1	1.4	12.2	12.6	8.0	3.8	-0.2	33.5	
Eva Precision	838 HK	1.02	225	0.3	7.4	N/A	N/A	N/A	N/A	4.2	N/A	N/A	0.53	N/A	7.3	N/A	5.6	36.0	14.6	41.7	
Tk Group Holding	2283 HK	2.14	228	0.1	8.2	N/A	N/A	N/A	N/A	9.6	N/A	N/A	0.99	N/A	12.3	N/A	10.2	(5.2)	(11.3)	17.1	
Mint Group Ltd	425 HK	36.06	5,394	25.7	13.4	11.4	9.8	8.5	10.0	1.2	3.1	3.7	1.57	1.41	12.9	12.6	9.2	5.8	(17.8)	69.7	
Xin Point Holdin	1571 HK	4.40	566	0.3	7.1	N/A	N/A	N/A	N/A	11.4	N/A	N/A	1.03	N/A	15.9	N/A	14.0	3.5	10.8	20.2	
Impro Precision	1286 HK	10.18	2,451	8.0	26.4	23.1	17.9	17.3	14.0	1.6	2.0	2.4	3.43	3.18	14.1	13.0	10.7	(1.8)	16.9	301	
Nexteer	1316 HK	4.99	1,598	10.3	12.5	11.2	9.5	7.7	11.6	1.4	3.8	4.6	0.76	0.72	6.3	6.7	5.1	3.7	(33.3)	(13.5)	
Weichai Power-H	2338 HK	40.14	43,421	95.7	29.5	21.2	17.5	15.2	30.0	1.9	2.7	3.3	3.17	3.02	12.0	14.7	6.9	3.9	23.1	162	
Johanson Elec H	179 HK	26.34	3,141	24.4	13.0	11.6	10.5	8.0	11.2	2.3	2.4	2.9	1.10	1.02	8.7	8.5	6.2	26.0	(15.1)	25.4	

Source: Bloomberg, Crosby



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