

Analyst and Investor Conference 2016

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EMEA



ASIA

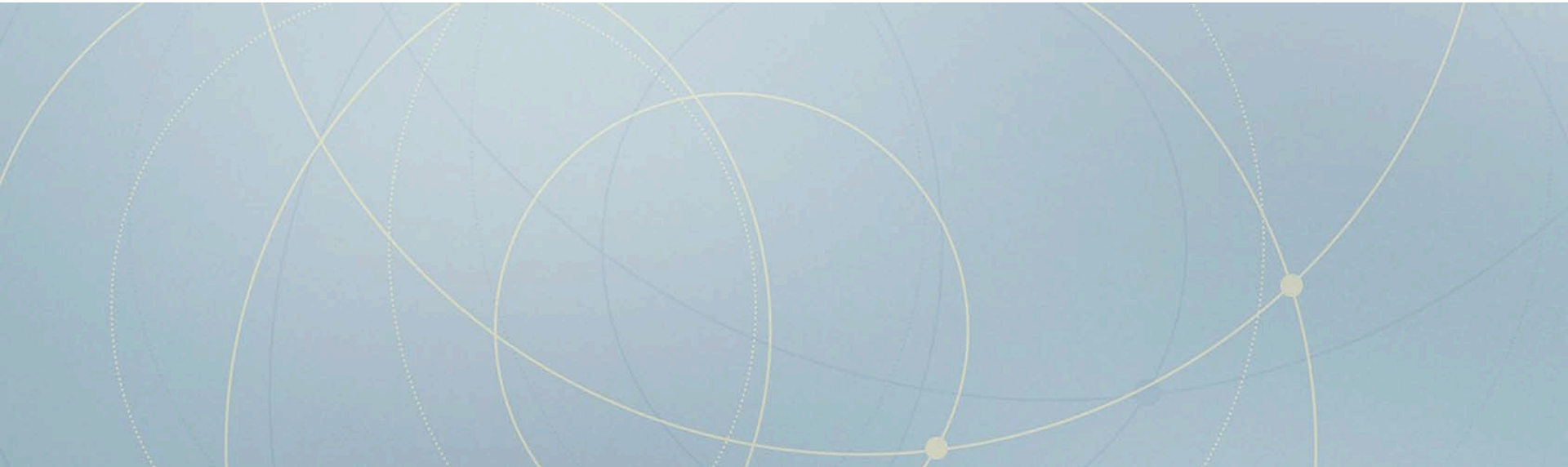
The Quality Connection

LEONI

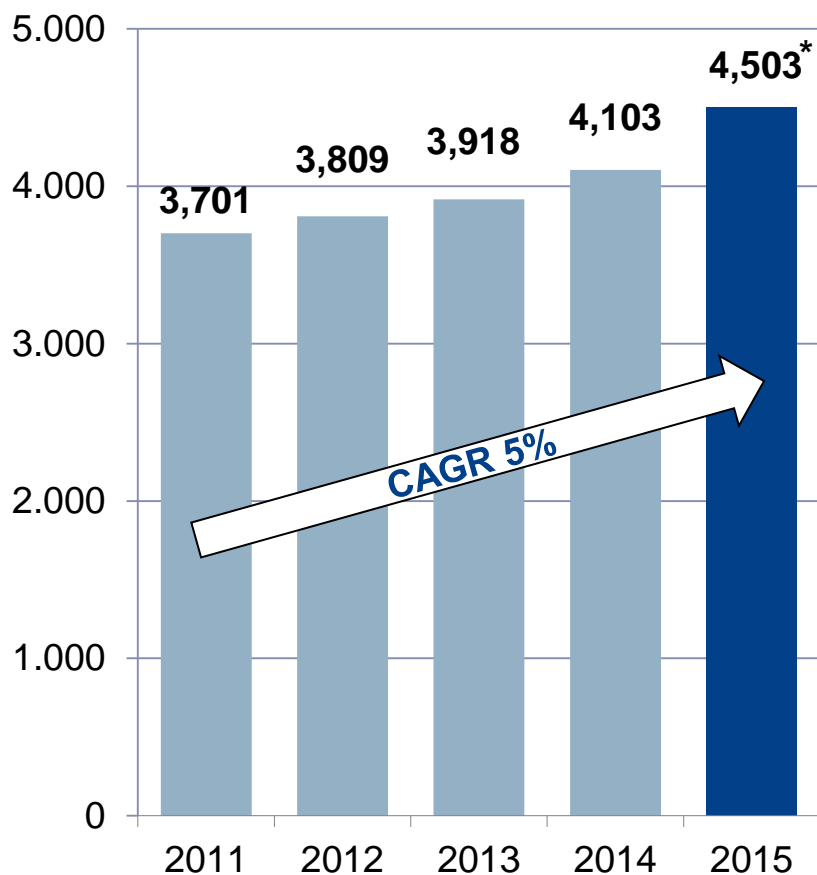
1. **Group** (Dieter Bellé)
2. **Wiring Systems** (Dr Frank Hiller)
3. **Wire & Cable Solutions** (Bruno Fankhauser)
4. **Outlook** (Dieter Bellé)



- **2015 more than challenging**
 - Moderate rise in sales to Euro 4.5 billion
 - Disappointing EBIT of Euro 151 million
- **Wiring Systems**
 - Critical projects and structural deficits
 - Introduction of a comprehensive set of measures to reorganise structures
- **Wire & Cable Solutions**
 - Efficiency enhancement programme shows first effects
 - Capacity extension in Asia and America

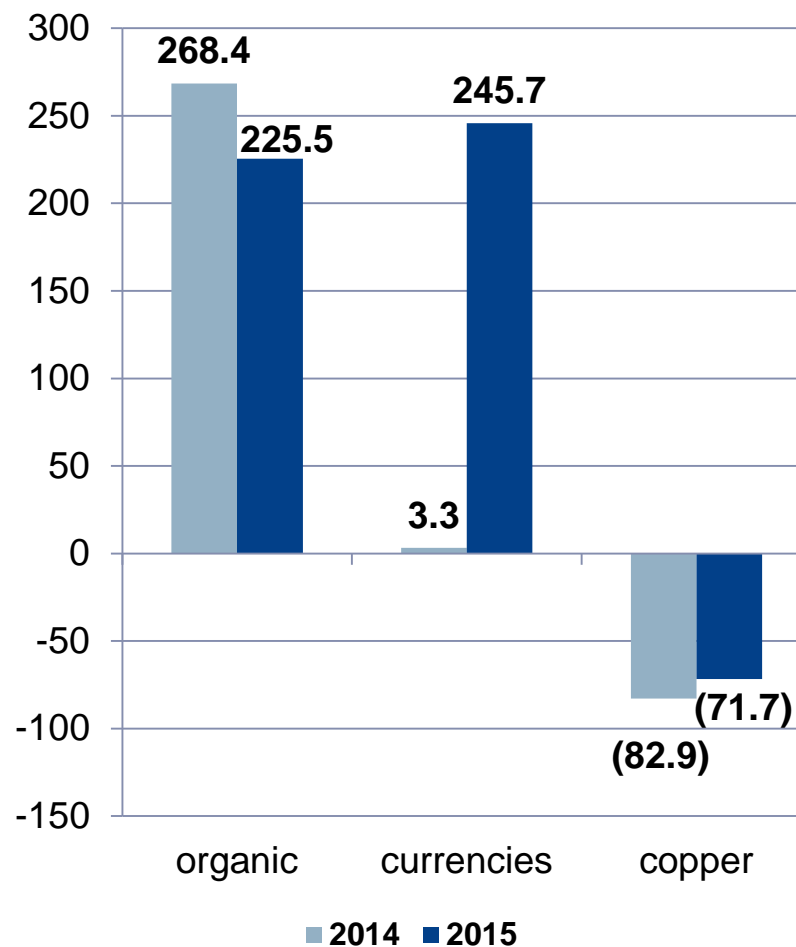


Development 2011 to 2015 (in € m)

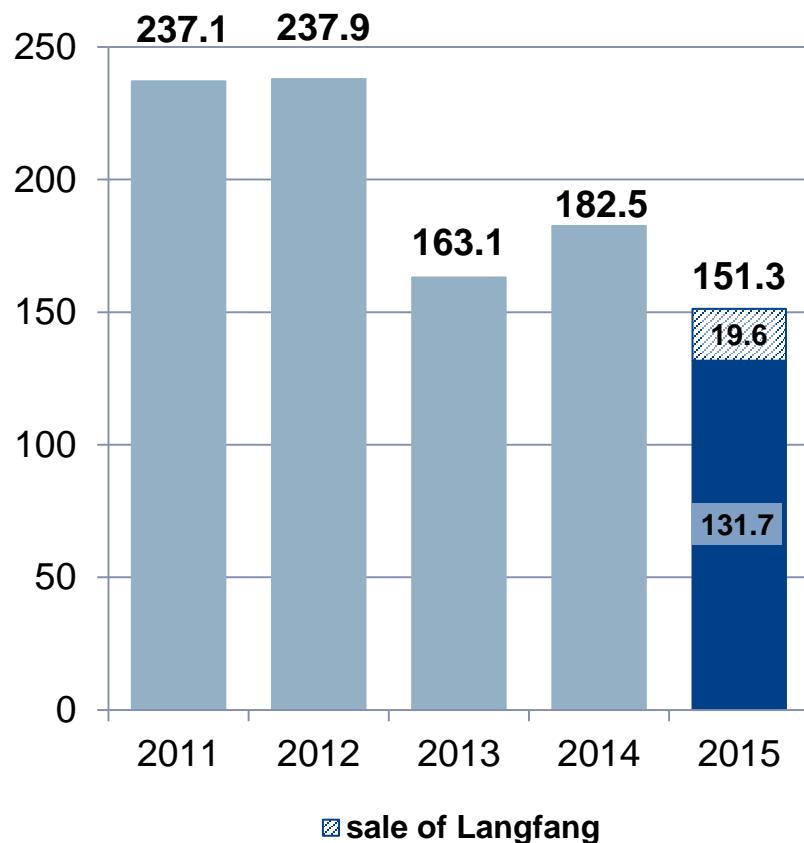


* Order intake 2015: Euro 5.9 bn

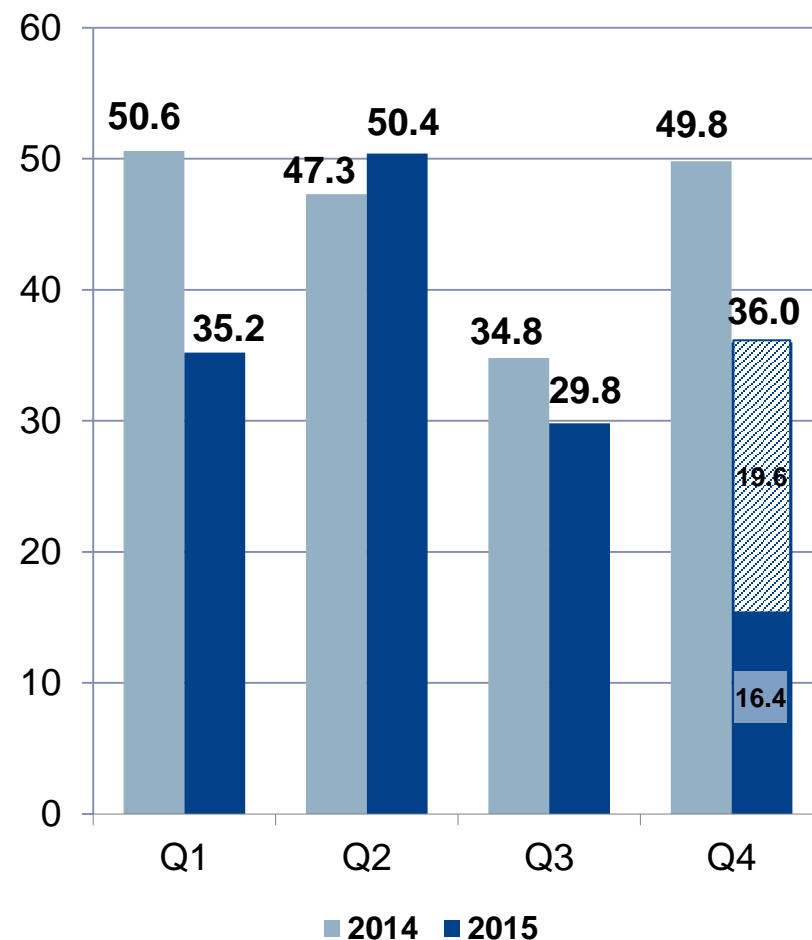
Growth drivers in 2015 vs. 2014 (in € m)



Development 2011 to 2015 (in € m)



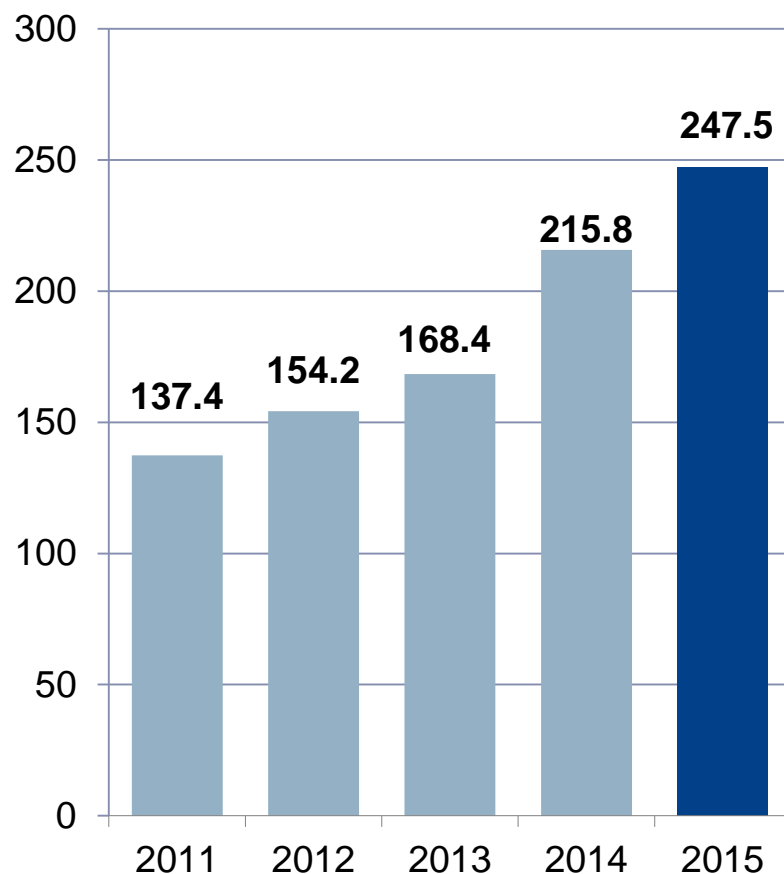
Development in 2015 vs. 2014 (in € m)



RoS (%)	6.4	6.2	4.2	4.4	3.4
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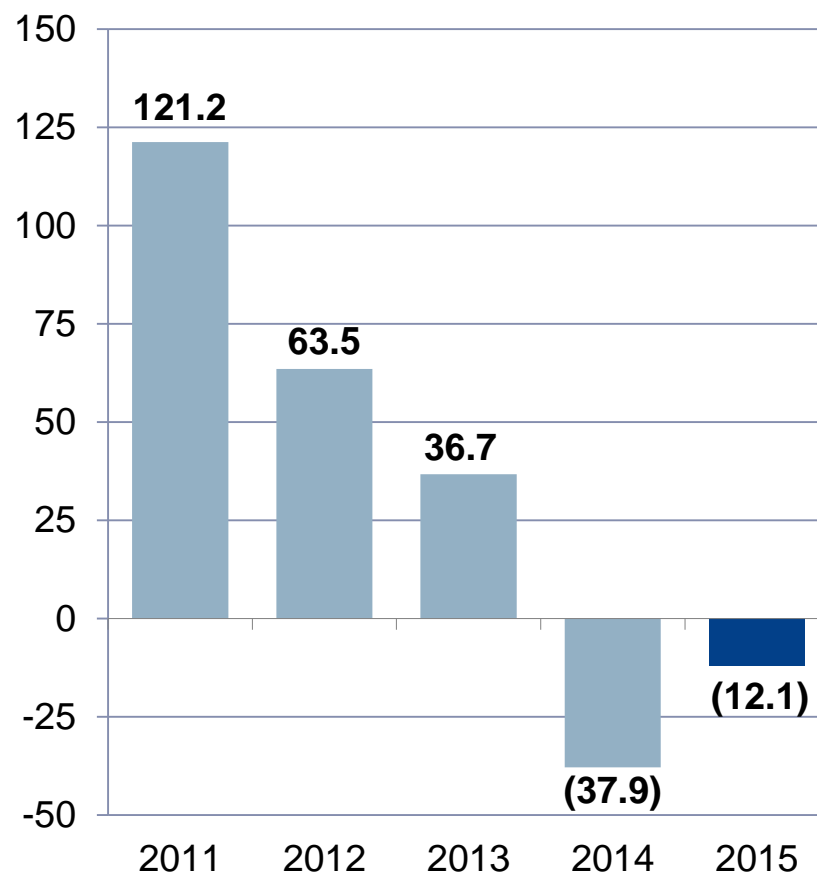
Capex*

Development 2011 to 2015 (in € m)



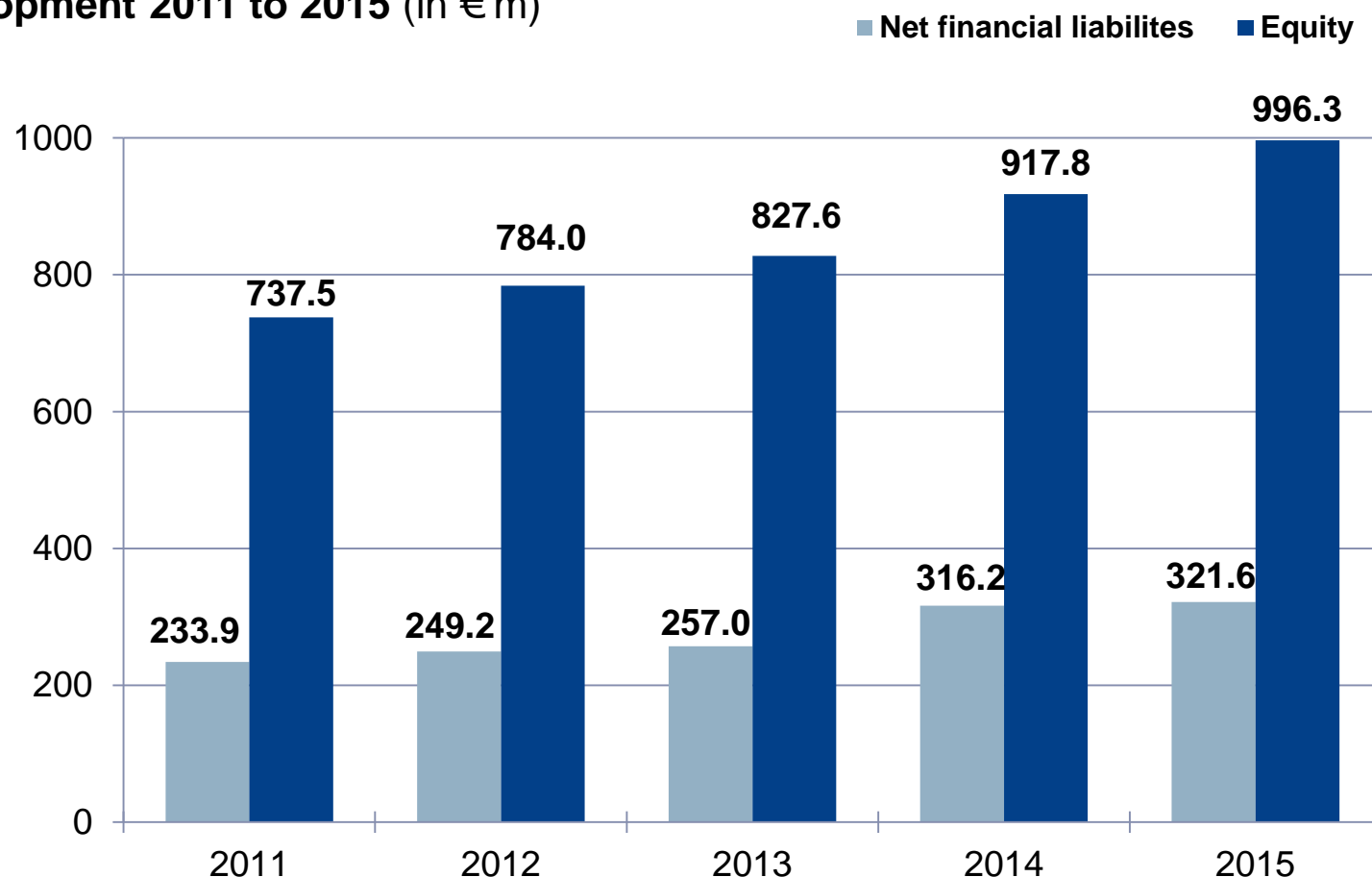
Free cash flow*

Development 2011 to 2015 (in € m)



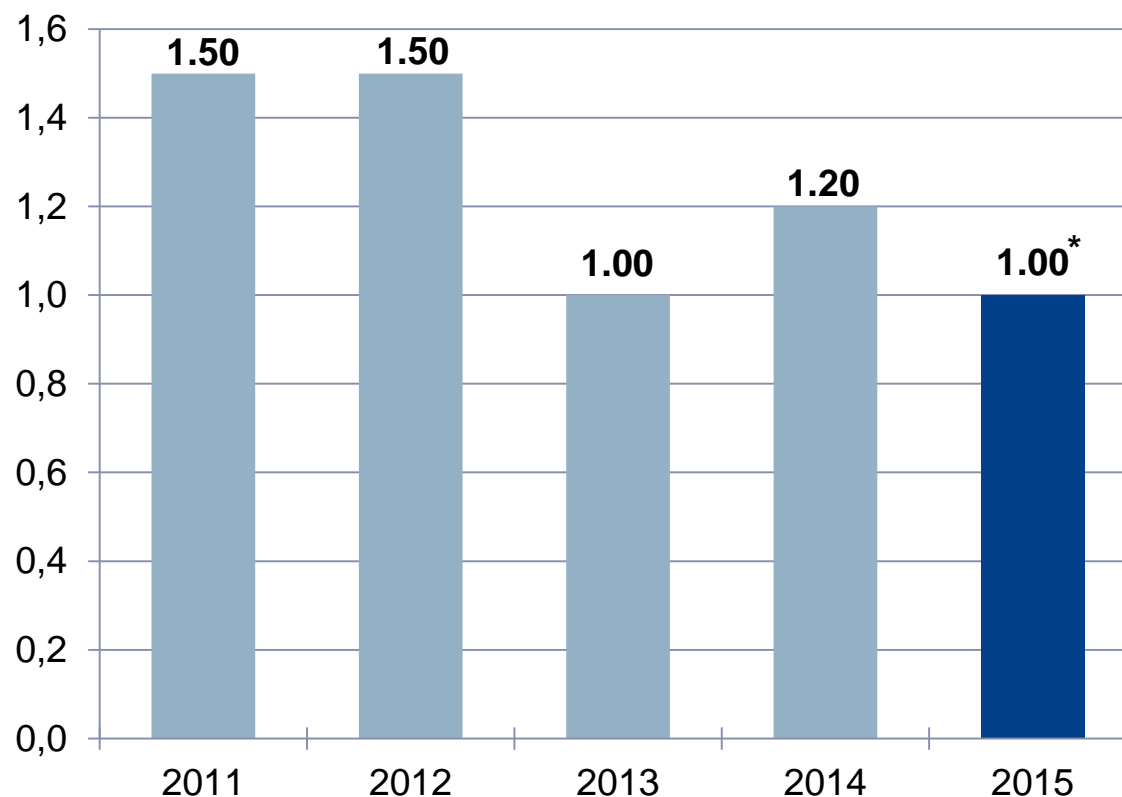
* before acquisitions and divestments

Development 2011 to 2015 (in € m)



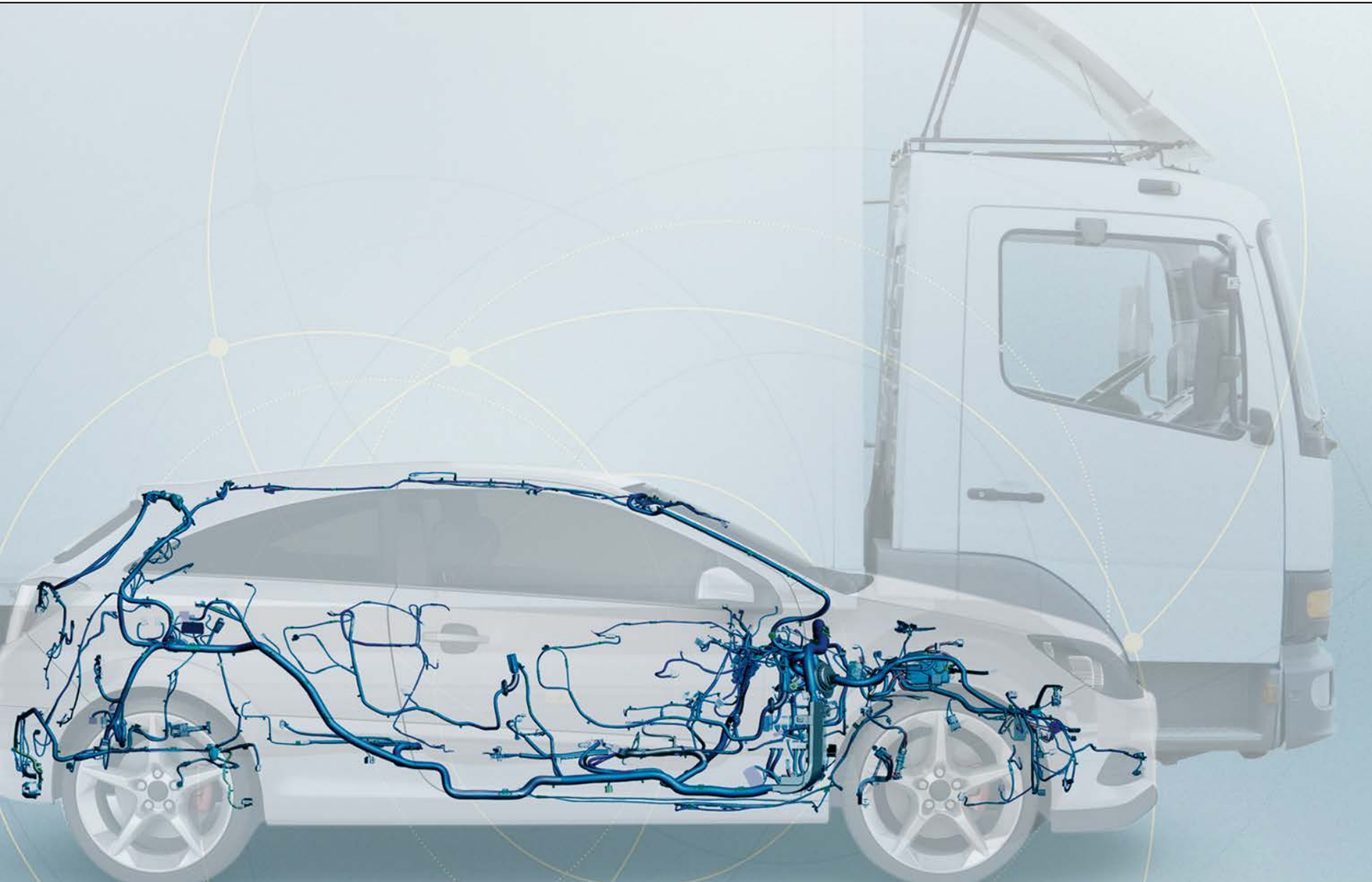
Gearing (%)	32	32	31	34	32
Equity ratio (%)	31.8	32.9	34.5	34.4	35.1

Performance 2011 to 2015 (in € per share)

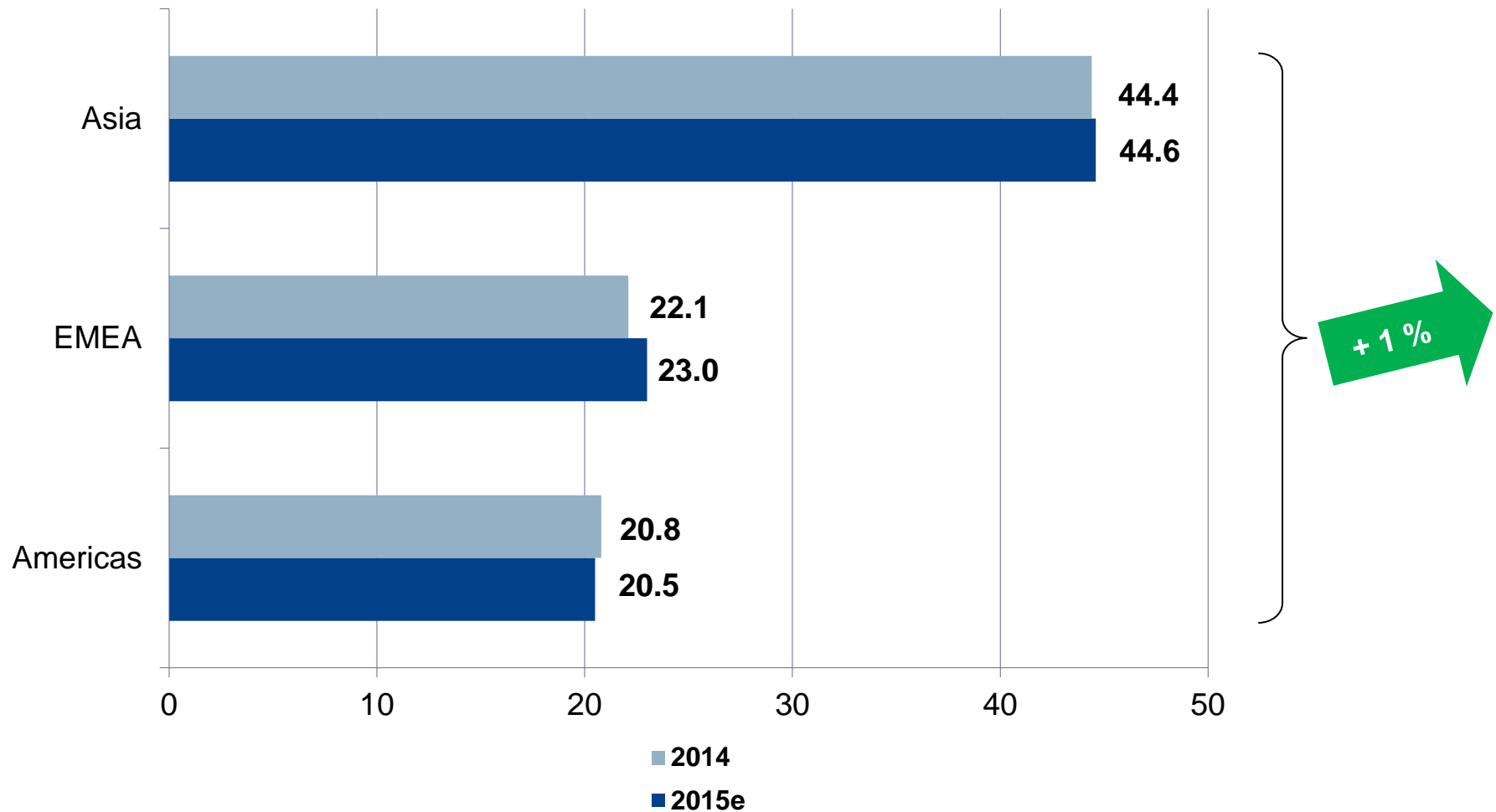


Dividend yield (%)	5.8	5.3	1.8	2.4	2.7
Payout ratio (%)	31	31	31	34	42

* subject to approval of shareholders at the AGM

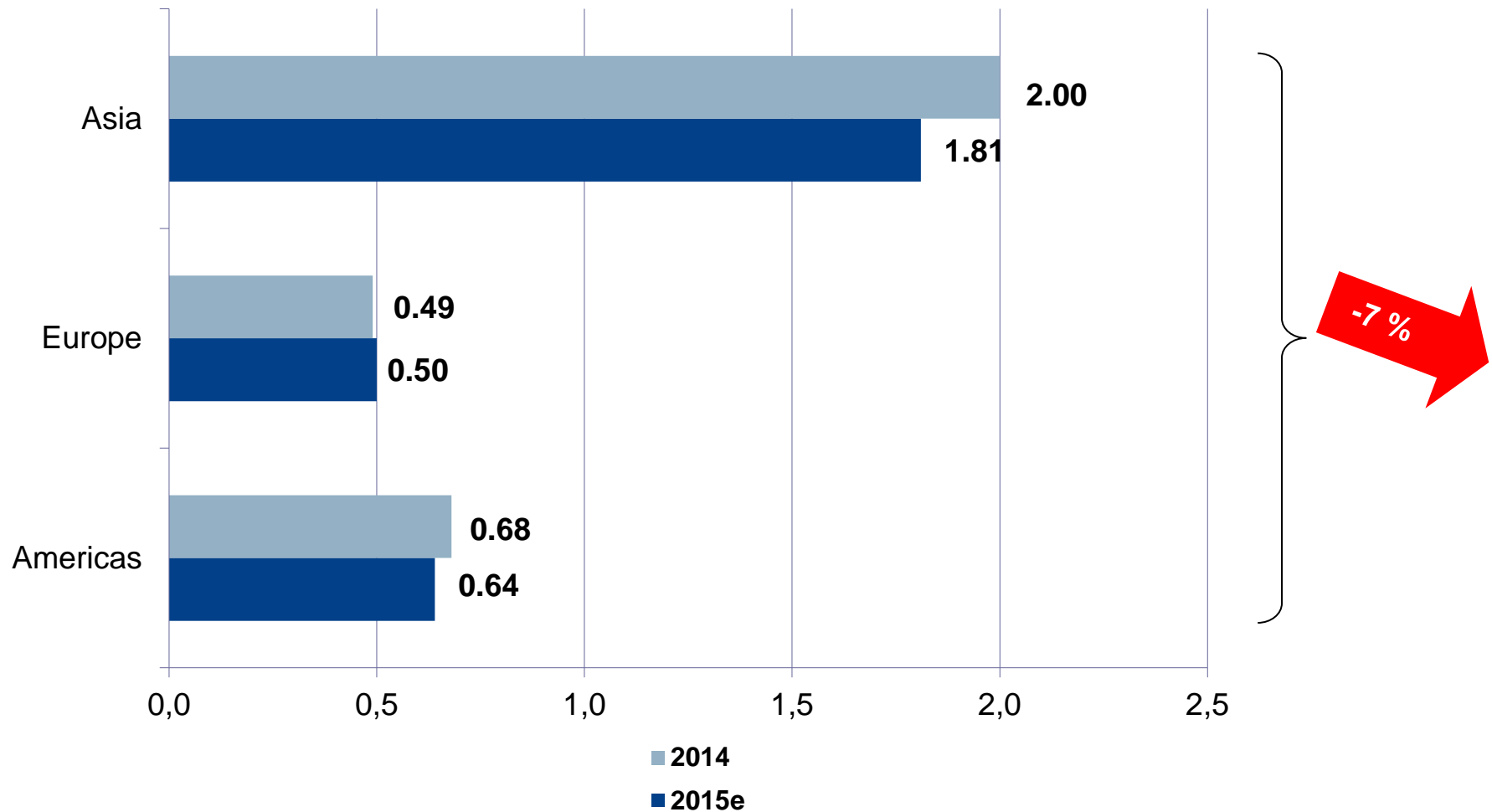


Car production (including light commercial vehicles): worldwide by regions (in million pieces)



source: IHS Automotive

Production of heavy commercial vehicles: worldwide by regions (in million pieces)

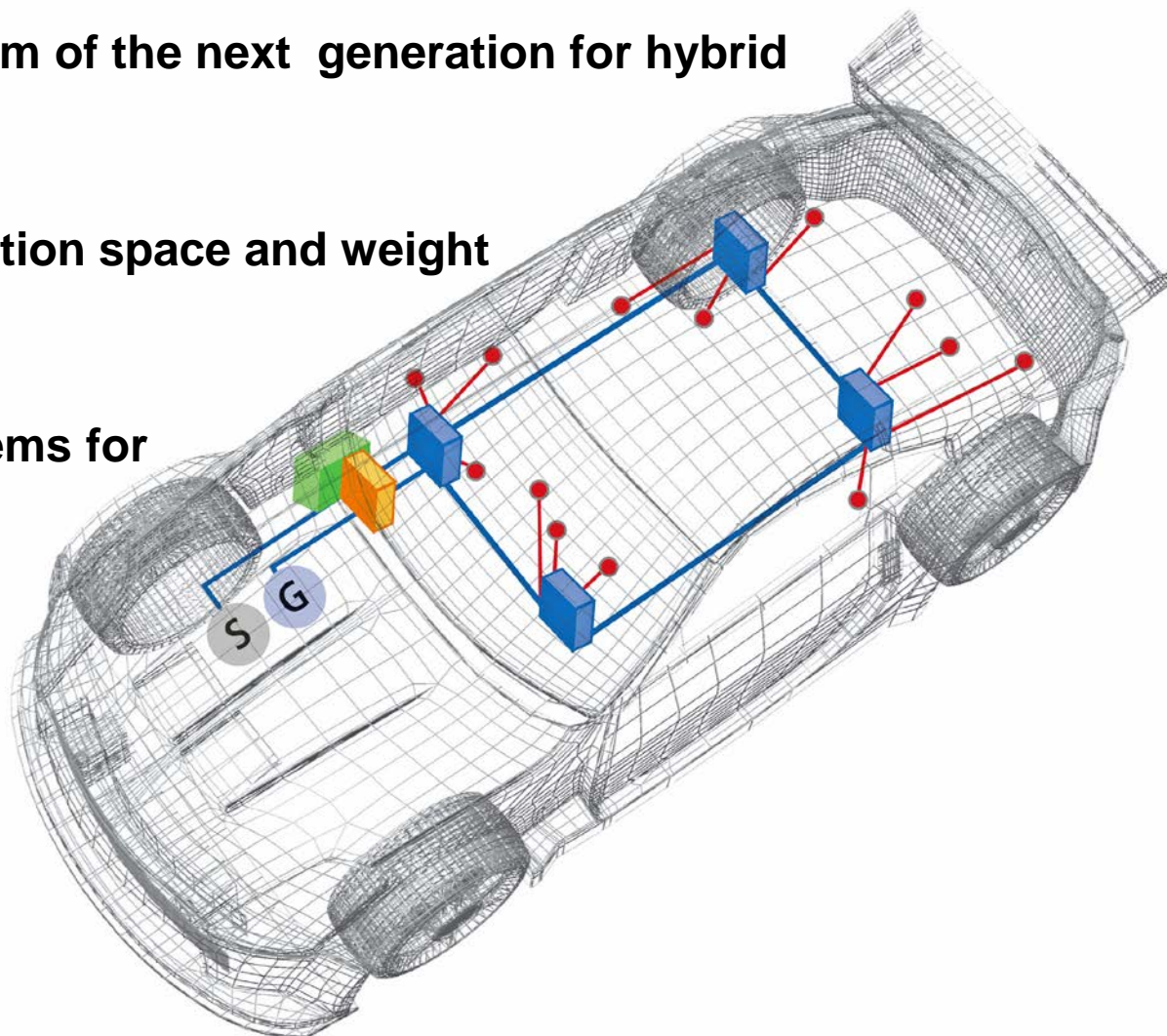


source: IHS Automotive

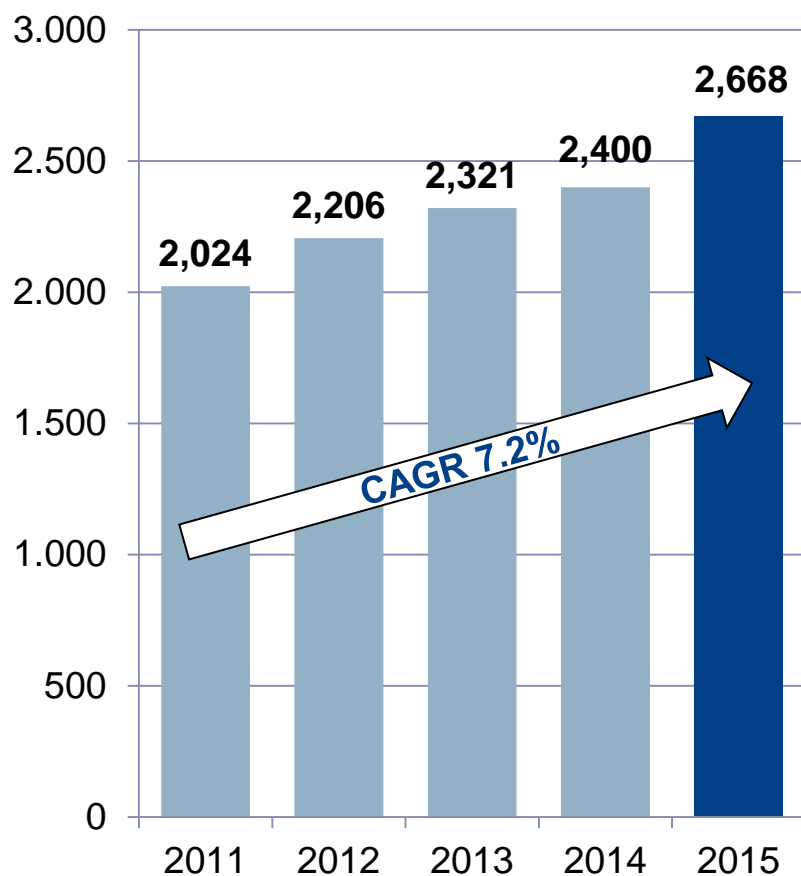
- Inauguration of fifth Chinese plant in Tieling China for BMW Brilliance
- Joint venture established with BHAP in China
- Initial orders from Asian customers Hyundai and Geely/Volvo
- Opening of new production facility in Paraguay for customers from the motor vehicle and commercial vehicle industries



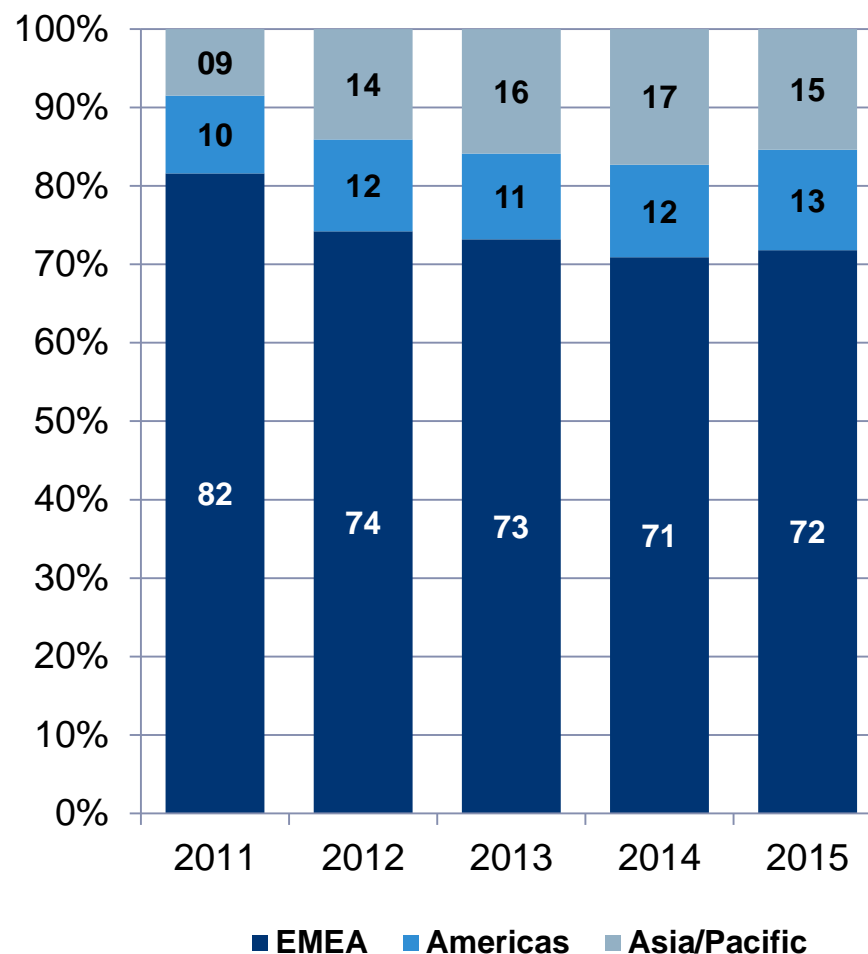
- **Fail-safe energy supply for highly automated driving**
 - Decentral, intelligent power distribution with inherent redundancy
- **High-voltage wiring system of the next generation for hybrid and electric vehicles**
 - Leoni Y splitter
- **Optimising costs, installation space and weight by integration**
 - Pyroswitch
- **Multi-voltage wiring systems for large electrical loads**
 - 48 volt technology



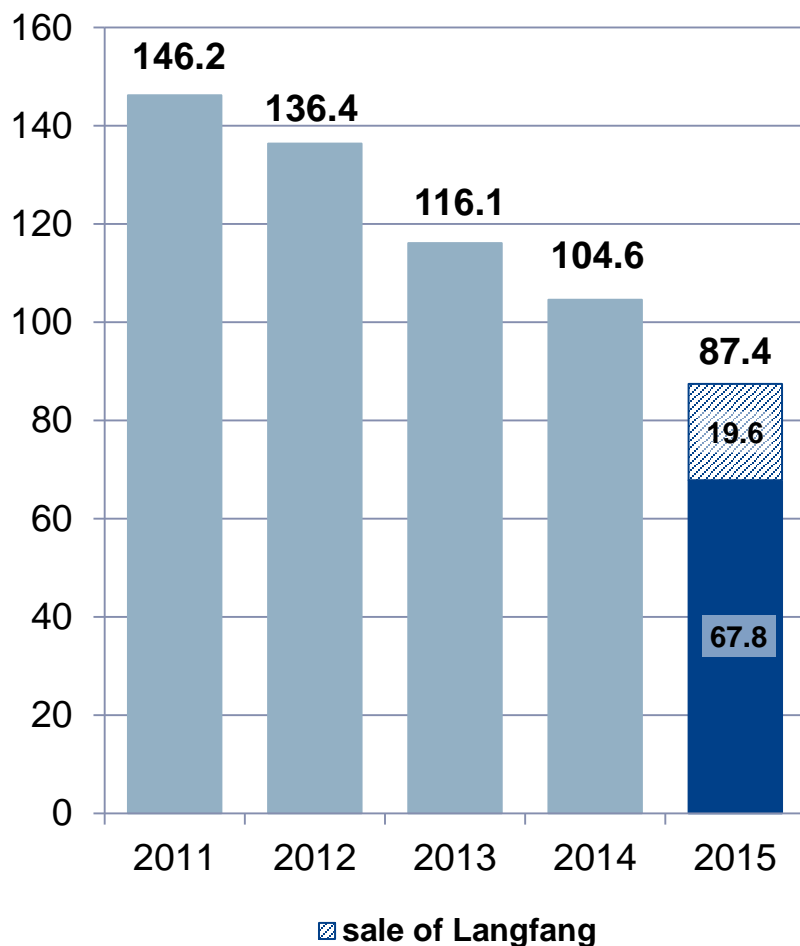
Development 2011 to 2015 (in € m)



By regions



Development 2011 to 2015 (in € m)



Reasons for the charges in 2015

A) Too ambitious project calculations

B) Deficits in project planning and implementation

C) Unclear responsibilities in the matrix organisation

A) Improving the performance of the critical projects

B) Improvement of project planning and implementation

C) Simplifying the organisational structure

→ Launch of a transformation programme scheduled to run for 2 years

A) Improving the performance of the critical projects

- **Adapting the production concept**
 - Enhancement of assembly rates
 - Diminuation of rework and scrap
 - Reduction of temporary workers
- **Optimisation of raw material costs and consumption**
- **Consolidation of assembly processes**
- **Building-up of planned production capacities at other production facilities**
- **Optimisation of logistic processes**

➤ **Gradual increase in efficiency over the project term**

B) Improvement of project planning and implementation

- **Systematic coordination between all relevant departments**
- **Standardisation and simplification of processes**
 - Clear definition of roles and responsibilities
 - Simplified structures without redundancies
 - Increased involvement of plants and production experts
- **Higher attention of WSD top management**
- **Optimisation of product and profitability calculation**
- **Implementation of a systematic change management**
- **Enhancement of project controlling**

➤ **Ensuring a profitable project management**

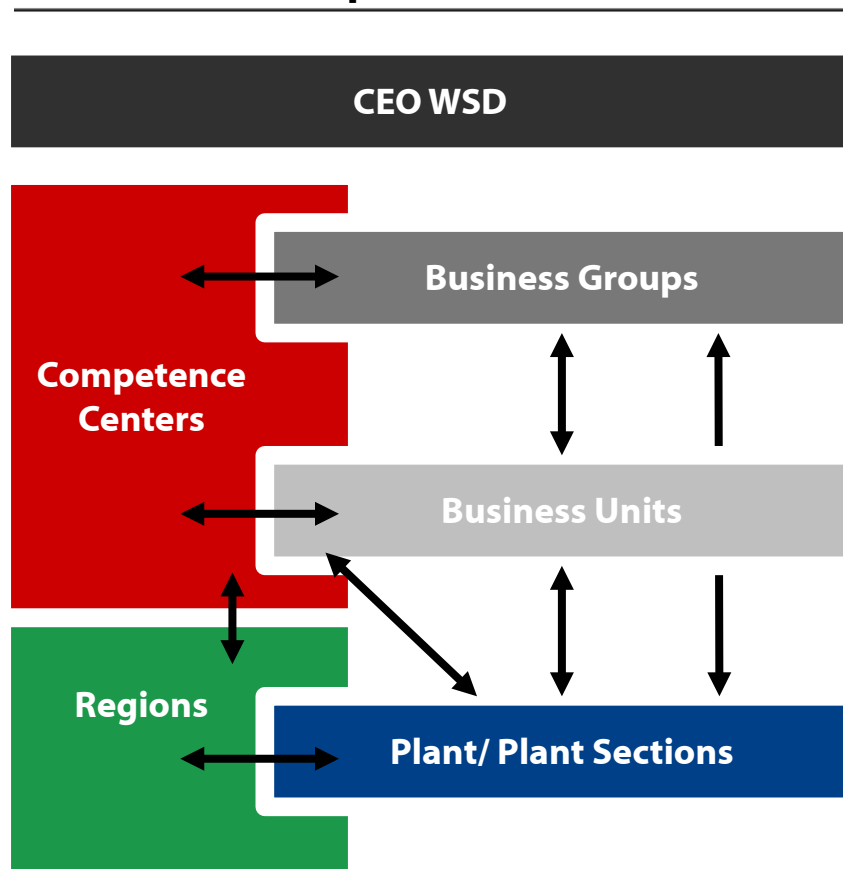
C) Simplifying the organisational structure

- **Reduction of WSD executive board from 9 to 6 persons**
- **Streamlining the matrix structure**
 - Reduction from 5 to 3 dimensions
 - Consolidation of business units, linked directly to WSD executive board
 - Integration of regional functions into plant structures
- **Cost base improved for overhead functions**
- **Re-balancing of selected functions**

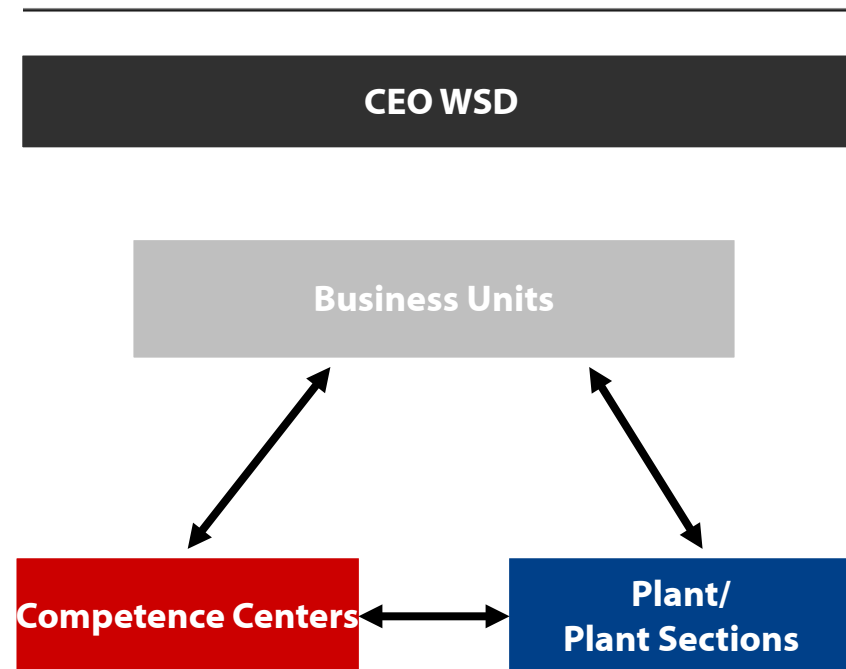
➤ **Clearer responsibilities, more rapid decision-making, reduced costs**

C) Simplified organisational structure

up to now



in future



- **Consistent implementation of measures**
- **Market and product development**
 - Further improvement of market position in Asia and the Americas
 - Enhancement of systems expertise in the segments of components and connectors
 - Development of innovative solutions for weight reduction and digitalisation
- **Positive business prospects**
 - Order intake of Euro 4.1 billion in 2015
 - Order backlog enlarged to more than Euro 13 billion for the next 5 years
 - Disproportionately growing market for wiring systems
- **Forecast 2016**
 - External sales of about Euro 2.6 billion
 - EBIT of about Euro 30 million (including Euro 25 million for restructuring and exceptional expenses)
- **Target: Return to profitable growth**





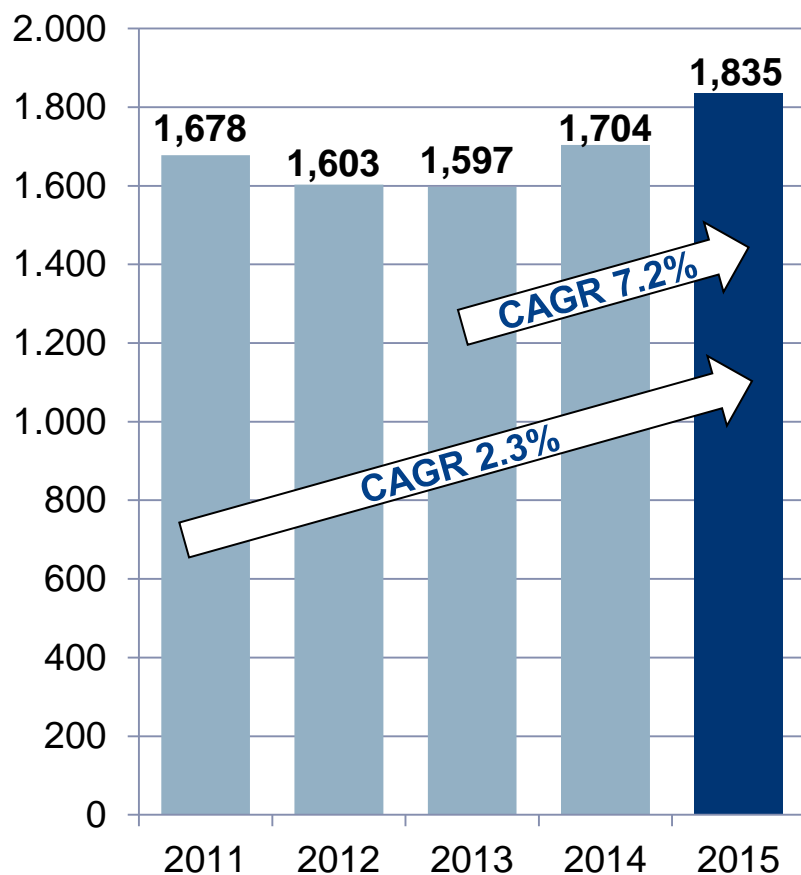
- New automotive cables plant in China
- Opening of an automotive cables facility in Mexico
- Set-up of an in-house solar box production in India
- Purchase of an industrial estate for the “ Factory of the Future “ in Roth



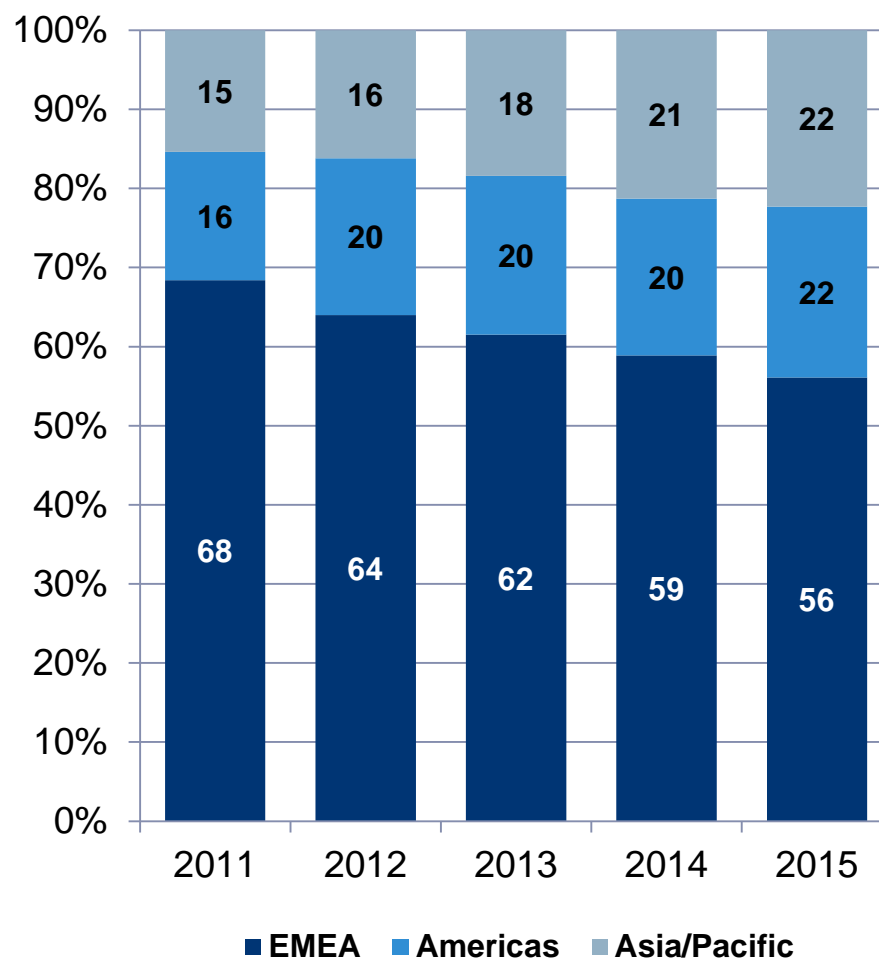
- Radiation resistant fibers for CT applications
- Ultra light and thin automotive cables
- Fire retardant ethernet data cables
- Customer award as „Green Supplier of the Year“ in the US



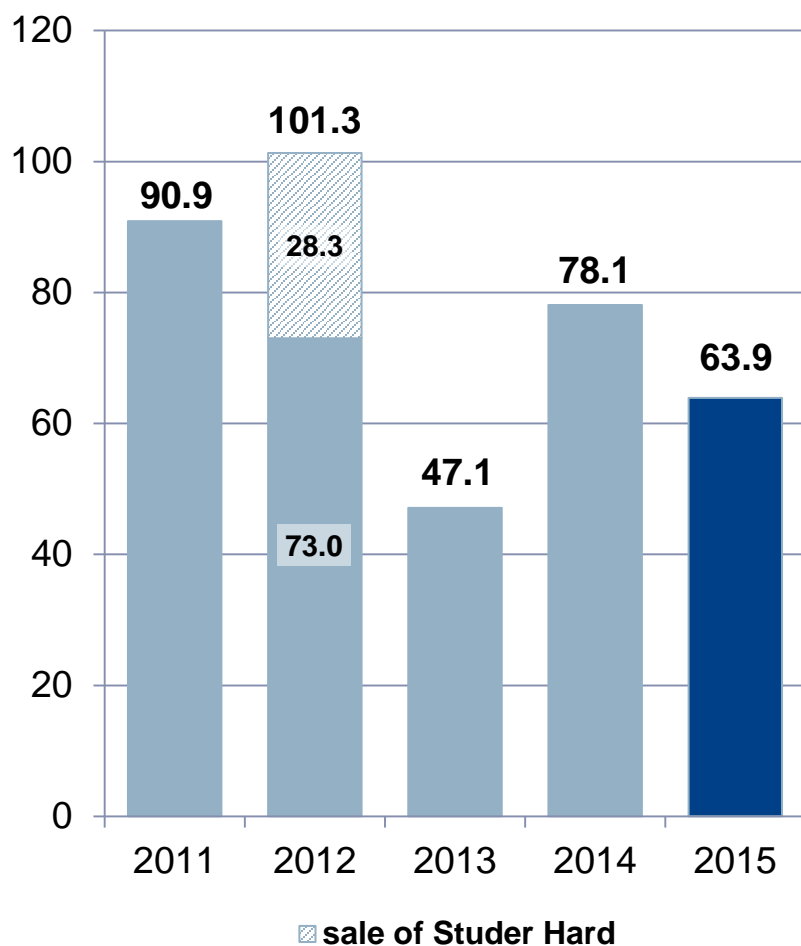
Development 2011 to 2015 (in € m)



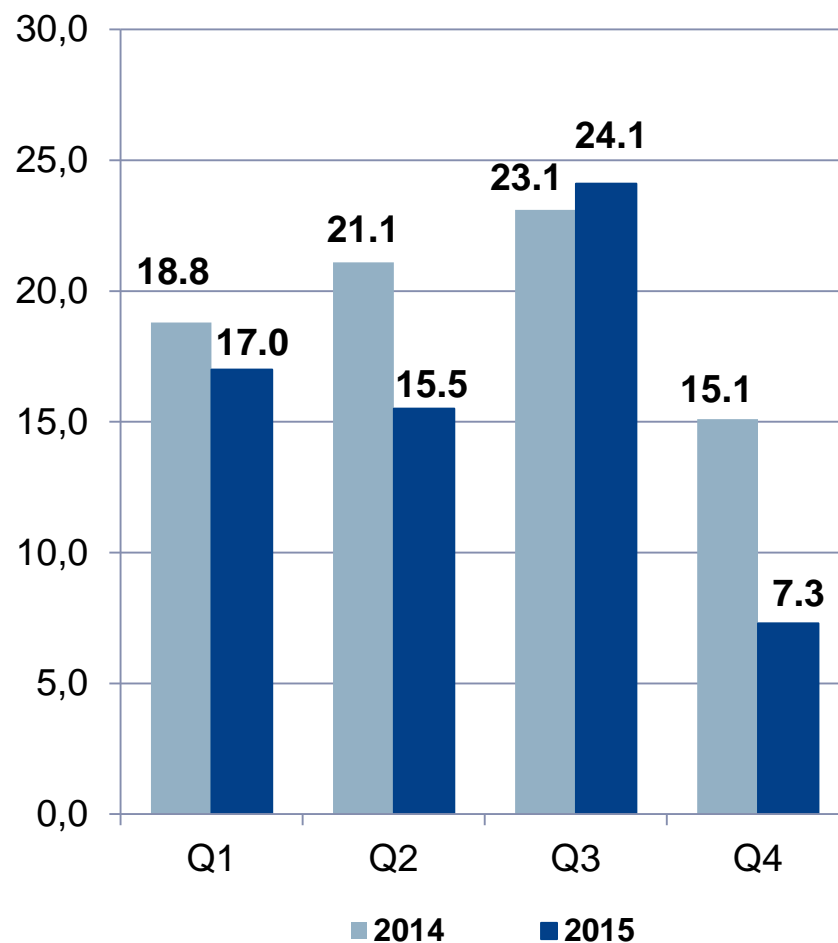
by regions



Development 2011 to 2015 (in € m)



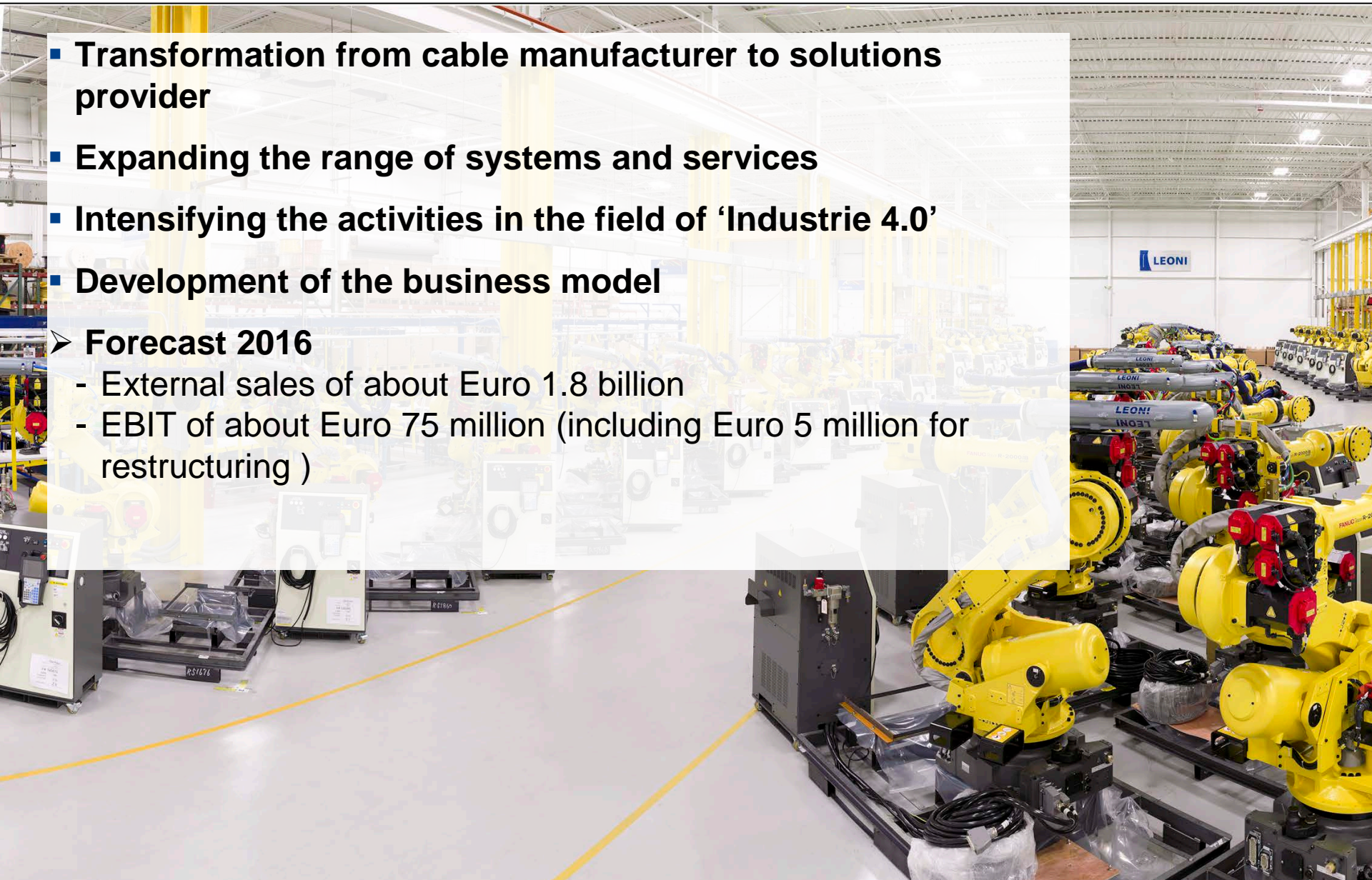
Development 2015 vs. 2014 (in € m)



- **Continuing the operative WCS On Excellence measures**
 - To support growth
 - To improve process reliability
 - To create synergies
- **Focus on market activities**
 - Expansion of the market position in the automotive cables segment
 - Strengthening of selected industrial business areas
 - Scrutinizing strategical portfolio consolidation



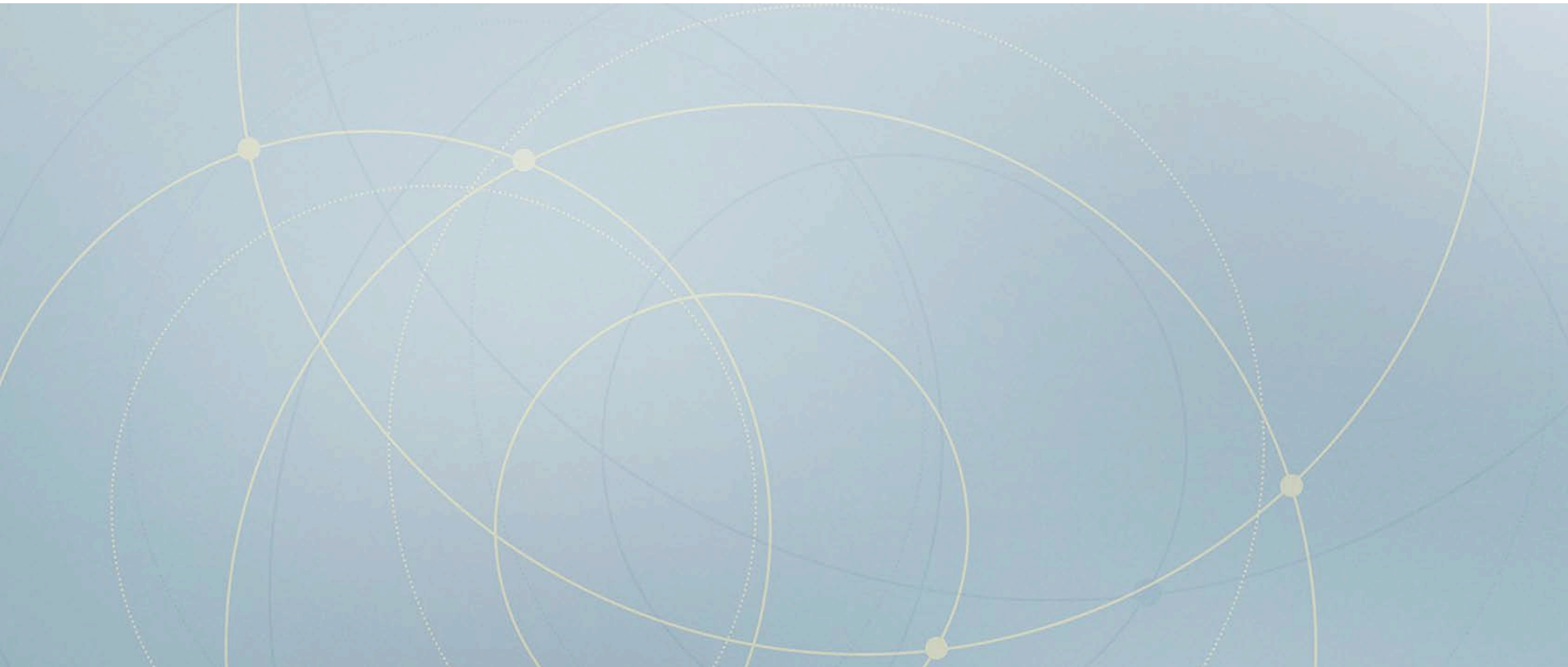
- Transformation from cable manufacturer to solutions provider
- Expanding the range of systems and services
- Intensifying the activities in the field of 'Industrie 4.0'
- Development of the business model
- **Forecast 2016**
 - External sales of about Euro 1.8 billion
 - EBIT of about Euro 75 million (including Euro 5 million for restructuring)





- **Consolidated sales of Euro 4.4 billion**
 - Slight decrease in demand
 - Lower metal prices
 - Chinese joint venture
- **EBIT of Euro 105 million**
 - Missing contribution to profits
 - Further impact from critical wiring systems projects
 - Restructuring expenses
- **Capital expenditure with Euro 230 million on a high level**

- Continuation of WSD's efficiency measures
- Further development of WCS's range of services
- Bundling of higher-level functions at group level
- Sustainable efficiency and increase in margins



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Questions & Answers



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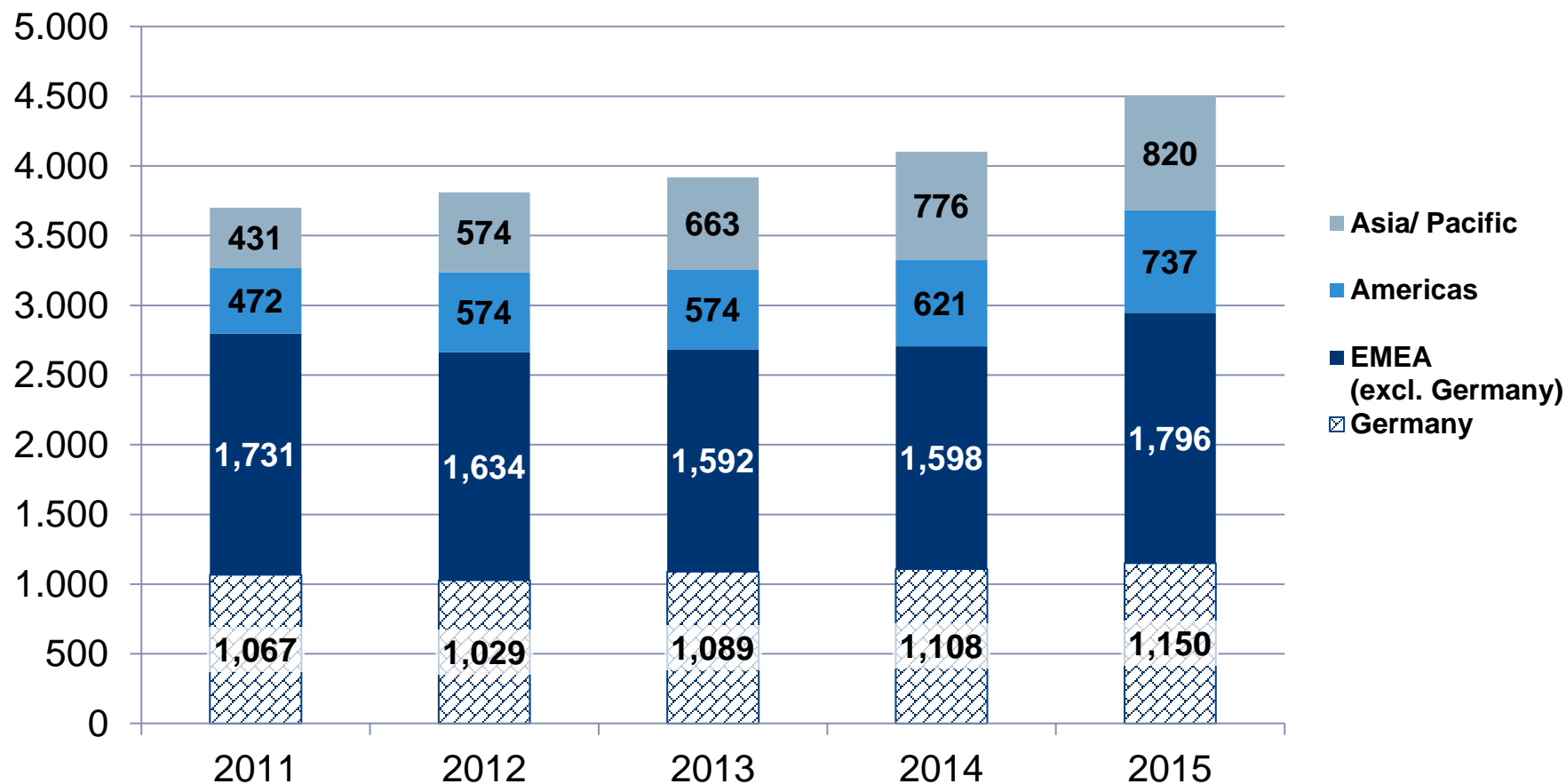
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Back-up

	Previous Year 2014	Forecast 2015	Actual 2015
Consolidated sales (in € m)	4,103	≥ 4,400	4,503
EBIT (in € m)	182.5	> 130	151.3
EBIT/ sales (in %)	4.4	approx. 3	3.4
Consolidated net income (in € m)	115.1	--	77.3
Capital expenditure (in € m)	215.8	approx. 220	247.5
Free cash flow *(in € m)	(37.9)	approx. (30)	(12.1)
Net financial liabilities (in € m)	316.2	approx. 390	321.6
Equity ratio (in %)	34.4	approx. 35	35.1
ROCE (in %)	13.7	approx. 9	10.0

* before acquisitions and divestments and related costs

By regions (in € m)



- **Gross profit margin reduced by 1.0 percentage point (16.1/17.1)**

- (-) Increase of personnel expenses (0.6)

- increased workforce
 - wage-/salary increase

- (-) Depreciation/Amortization (0.2)

- (-) Other costs (0.2)

- **Change of costs / expenses below gross profit**

- No change by balance

Group (income statement) · R&D costs

	2014		2015	
	Mio. €	% of sales	Mio. €	% of sales
WSD	96.9	4.0	106.9	4.0
WCS	12.4	0.7	12.9	0.7
Total	109.3	2.7	119.8	2.7
Thereof as customer orders deferred/capitalized		in % of total R&D		in % of total R&D
WSD	22.7	20.8	22.7	19.9
WCS	0.0	0.0	0.0	0.0
Total	22.7	20.8	22.7	19.9

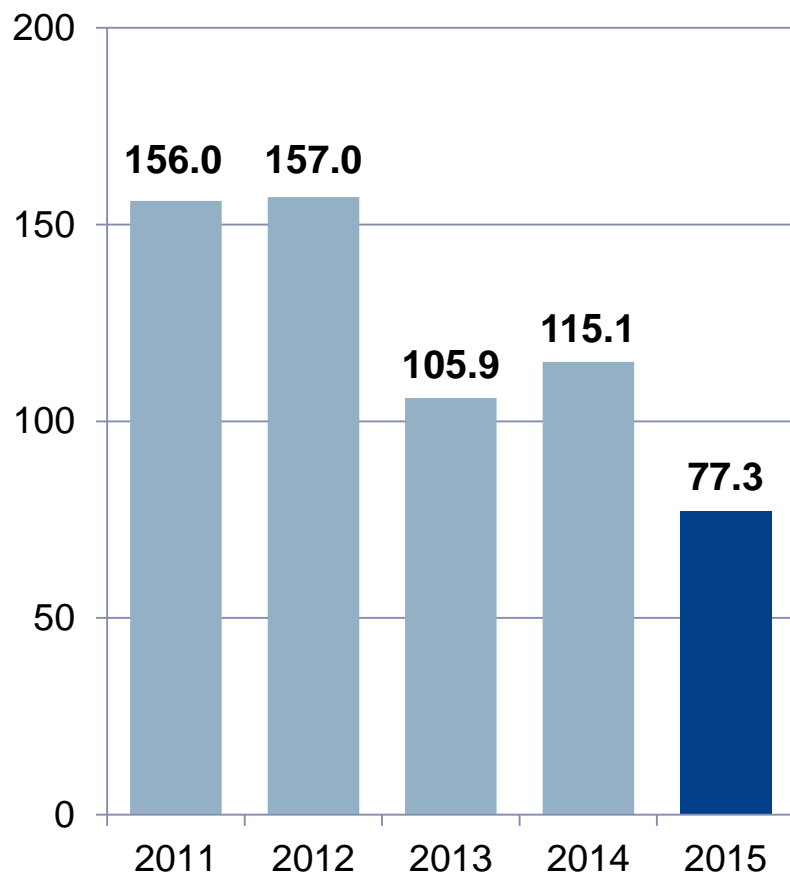
Group (income statement) · Interest

in Mio. €	2014	2015
Interest income	0.7	0.9
Interest expenses	(25.8)	(22.8)
Interest balance (1)	(25.1)	(21.9)
Net interest expenses (Pension obligations) / interest other provisions)	(5.3)	(4.2)
Currency effects	(1.5)	0.5
Subtotal (2)	(6.8)	(3.7)
Total finance revenue / finance costs (1) + (2)	(31.9)	(25.6)

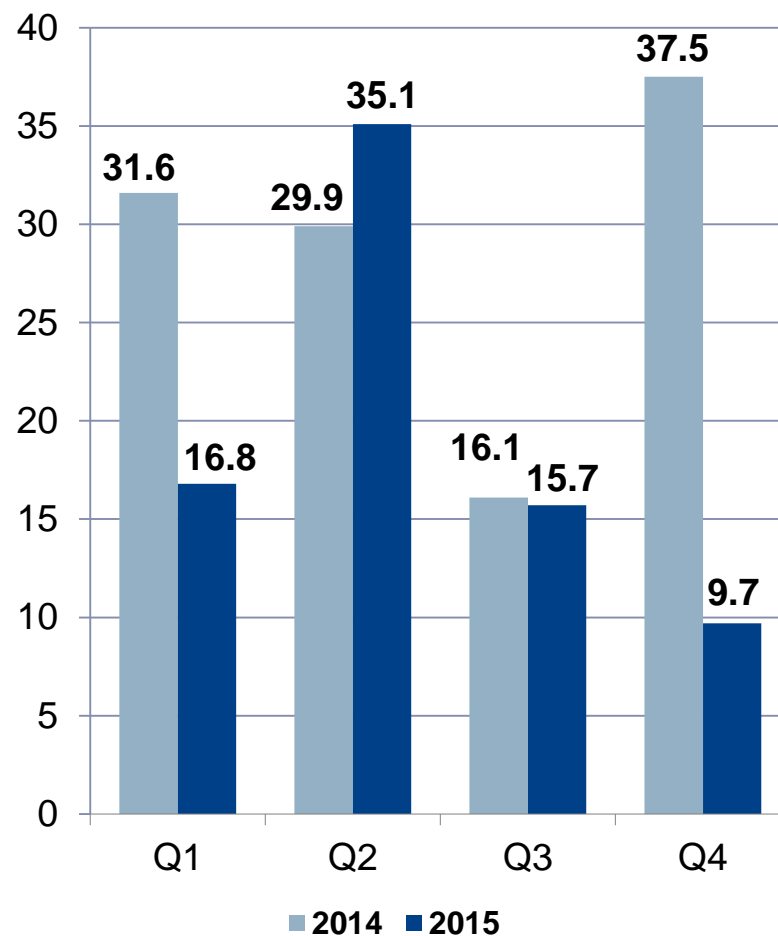
Group (income statement) · Income taxes

in Mio. €	2014	2015
Current income taxes	40.1	40.1
Deferred taxes	(4.5)	8.5
Income taxes	35.7	48.6
Tax rate	23.7	38.6

Development 2011 to 2015 (in € m)

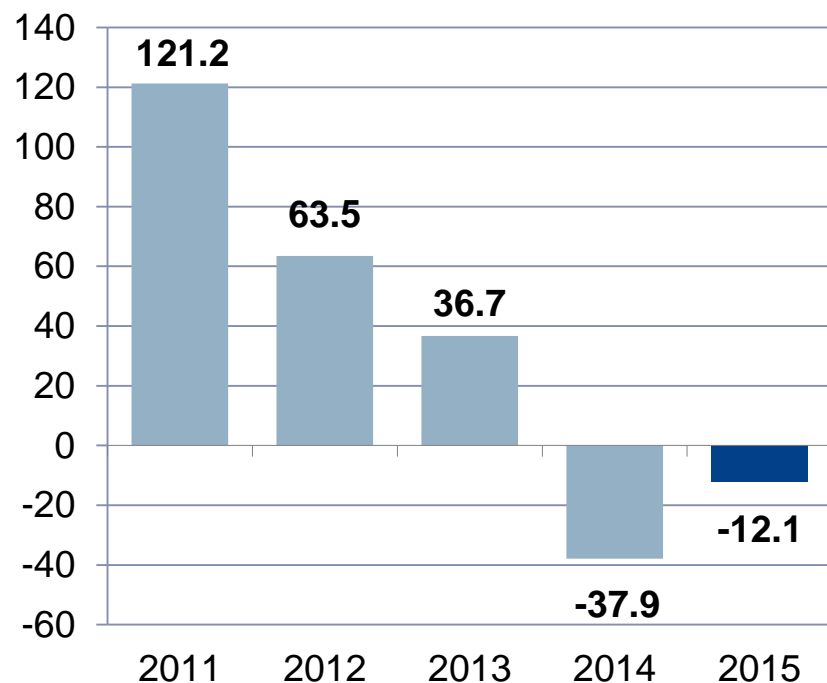


Development 2015 vs. 2014 (in € m)



Free Cashflow*

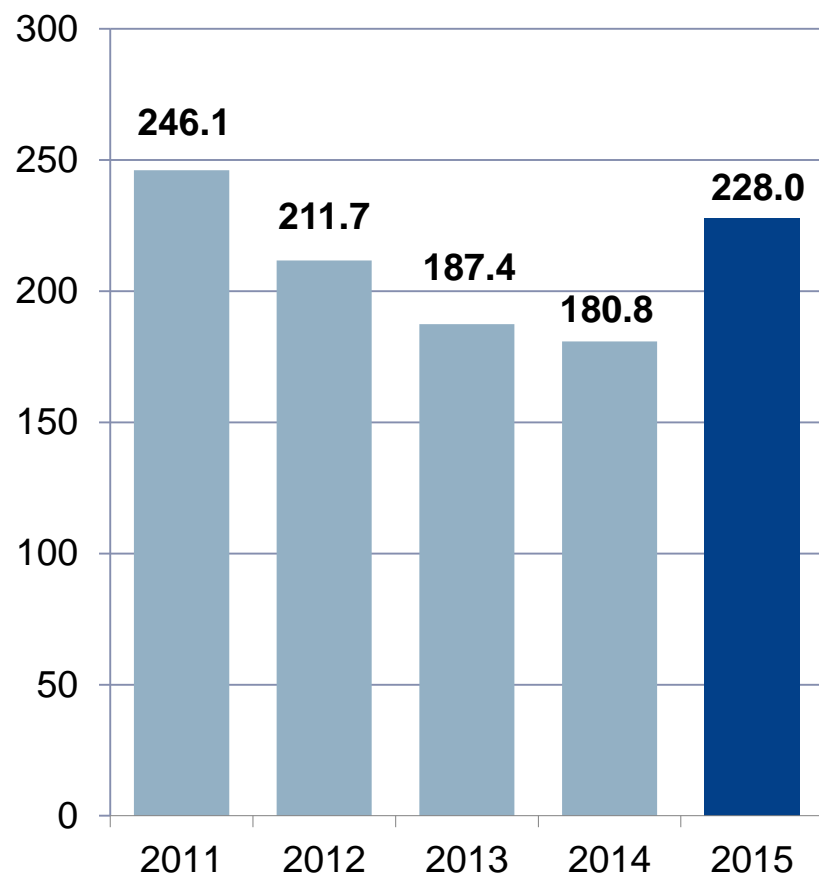
Development 2011 to 2015 (in Mio. €)



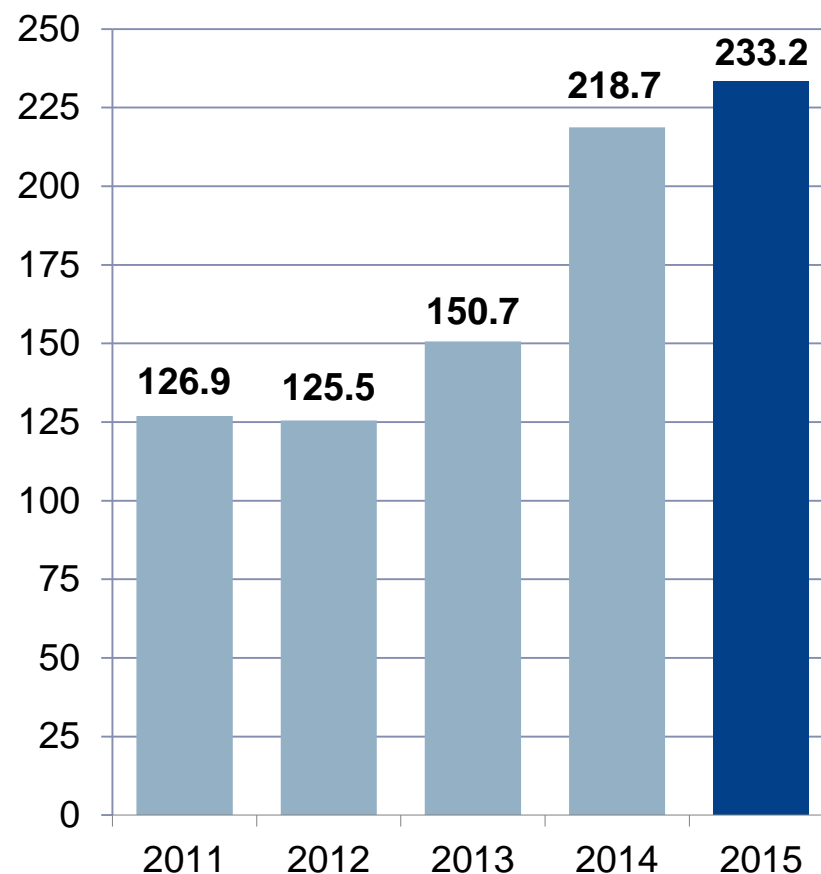
in Mio. €	2014	2015
Cash flows from operating activities	180.8	231.4
Cash flows from capital investment activities	(218.7)	(243.5)
Free cash flow	(37.9)	(12.1)
Dividends paid	(32.7)	(39.2)
Disposal of financial debts Langfang	-	37.0
Exchange rate effects and others	11.4	8.9
Change in net financial liabilities	(59.2)	(5.4)

* before acquisitions and divestments and taking related costs into account

Cash provided by operating activities Development 2011 to 2015 (in € m)

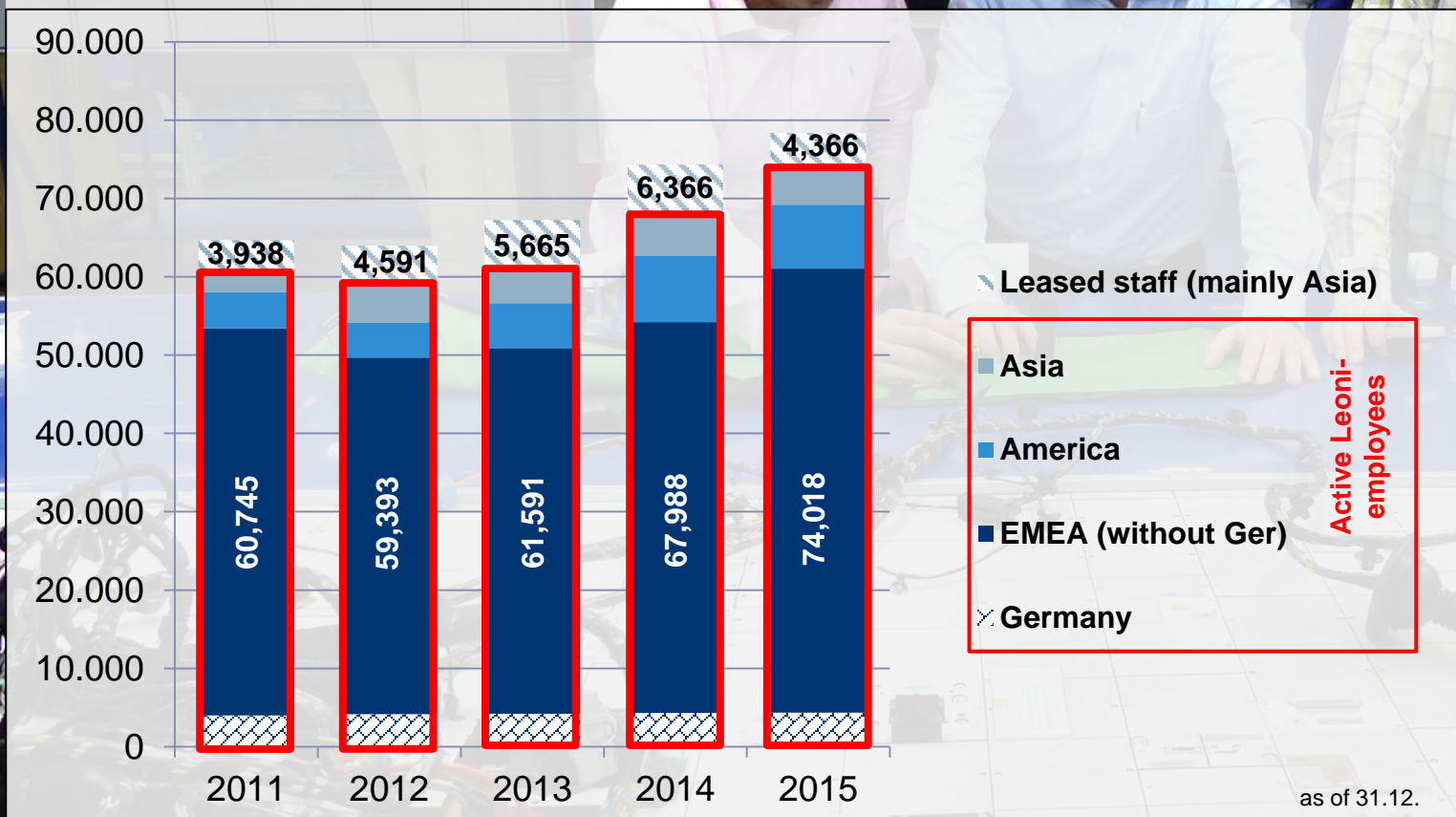


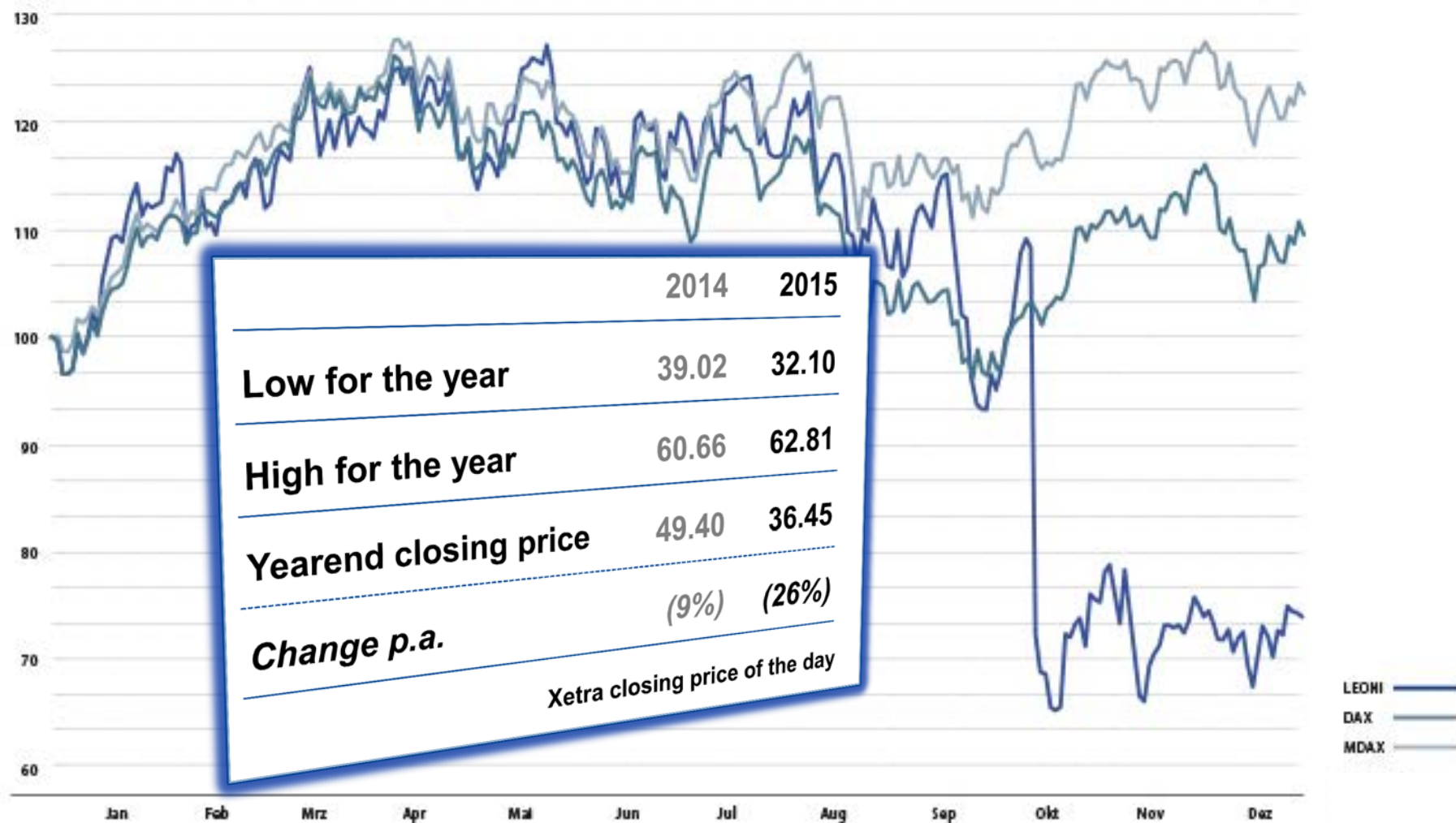
Cash used for capital spending activities Development 2011 to 2015 (in € m)



- **Balance sheet total enlarged by 6%**
- **Capital expenditure 75 % higher than depreciation/amortisation**
- **Working capital decreased slightly (to 7.3 % of total sales)**
- **Increase of net financial liabilities by 5.4 Mio. €**
- **Equity at about 996 Mio. € (equity ratio at 35.1 %)**
 - Positive currency effects without effect on profit or loss 34.2
 - Positive effects recognized in equity from actuarial gains and losses 8.6

Development 2011 to 2015





indexed 30 December 2014

Group - Consolidated income statement

		2015		2014		Change	
		Mio. €	%	Mio. €	%	Mio. €	%
Sales	1	4,502.9	100.0	4,103.4	100.0	399.5	9.7
Cost of Sales	2	(3,780.0)	(83.9)	(3,401.1)	(82.9)	(378.9)	(11.1)
Gross Profit on Sales	3	722.9	16.1	702.3	17.1	20.6	2.9
Selling expenses	4	(233.8)	(5.2)	(213.8)	(5.2)	(20.0)	(9.3)
General and administrative expenses	5	(236.1)	(5.2)	(197.4)	(4.8)	(38.6)	(19.6)
Research & development expenses	6	(119.8)	(2.7)	(109.3)	(2.7)	(10.5)	(9.6)
Other operating income	7	44.0	1.0	12.6	0.3	31.4	> 100
Other operating expenses	8	(25.6)	(0.6)	(11.9)	(0.3)	(13.6)	< 100
Result from associated companies and joint ventures	9	(0.2)	0	0.2	0	(0.4)	< 100
EBIT	10	151.3	3.4	182.5	4.4	(31.2)	(17.1)
Finance revenue	11	1.4	0.0	0.7	0.0	0.7	> 100
Finance costs	12	(27.0)	(0.6)	(32.6)	(0.7)	5.6	17.2
Other income from share investments	13	0.1	0.0	0.1	0.0	0.0	(30.6)
Income before taxes	14	125.9	2.8	150.7	3.7	(24.9)	(16.5)
Income taxes	15	(48.6)	(1.1)	(35.7)	(0.9)	(12.9)	(36.3)
Net income	16	77.3	1.7	115.1	2.8	(37.8)	(32.8)

Group - Consolidated statement of financial position **LEONI**

	31.12.2015		31.12.2014		Application of funds	Disposition of funds
	Mio. €	%	Mio. €	%	Mio. €	Mio. €
ASSETS						
Cash and cash equivalents	279.7	9.9	232.0	8.7	47.7	
Trade receivables and other financial assets	603.2	21.3	562.4	21.1	40.8	
Other assets	93.6	3.3	92.6	3.4	1.0	
Receivables from income tax	14.9	0.5	10.9	0.4	4.0	
Inventories	547.9	19.3	564.2	21.2		16.3
Assets held for sales	7.0	0.2	9.6	0.4		2.6
Total current assets	1,546.3	54.5	1,471.7	55.3		
Property, plant and equipment	902.3	31.8	810.1	30.4	92.2	
Intangible assets	79.3	2.8	82.7	3.1		3.4
Goodwill	149.9	5.3	147.7	5.5	2.2	
Shares in associated companies and joint ventures	13.0	0.5	0.7	0.0	12.3	
Trade receivables from long-term development contracts	54.2	1.9	55.1	2.0		0.9
Other financial assets	8.3	0.3	7.5	0.3	0.8	
Deferred taxes	58.6	2.1	72.0	2.7		13.4
Other assets	25.4	0.9	19.8	0.7	5.6	
Total non-current assets	1,291.2	45.5	1,195.5	44.7		
Total Assets	2,837.5	100.0	2,667.2	100.0	206.6	36.6

Group · Consolidated statement of financial position **LEONI**

	31.12.2015		31.12.2014		Application of funds	Disposition of funds
	Mio. €	%	Mio. €	%	Mio. €	Mio. €
Equity and Liabilities						
Current financial liabilities and proportion of long-term financial liabilities	102.4	3.6	99.8	3.7		2.6
Trade accounts payable and other financial liabilities	797.6	28.1	744.2	27.9		53.3
Income taxes payable	32.1	1.1	42.5	1.6	10.4	
Other current liabilities	149.1	5.3	151.0	5.7	1.9	
Provisions	32.7	1.2	28.3	1.1		4.4
Total current liabilities	1,113.9	39.3	1,065.8	40.0		
Long-term loans	498.8	17.6	448.4	16.8		50.4
Long-term financial liabilities	3.1	0.1	7.5	0.3	4.4	
Other non-current liabilities	9.9	0.3	9.1	0.3		0.8
Pension provisions	150.7	5.3	157.2	5.9	6.5	
Other provisions	26.7	0.9	24.0	0.9		2.7
Deferred taxes	37.9	1.3	37.5	1.4		0.4
Total non-current liabilities	727.2	25.6	683.7	25.6		
Equity	996.3	35.1	917.7	34.4		78.6
Total equity and liabilities	2,837.5	100.0	2,667.2	100.0	23.2	193.2
					229.8	229.8

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| ▪ Balance sheet press conference 2016 | 23 March 2016 |
| ▪ Analyst and investor meeting 2016 | 23 March 2016 |
| ▪ Annual general meeting 2016 | 4 May 2016 |
| ▪ Interim report 1 st quarter 2016 | 11 May 2016 |
| ▪ Interim report 2 nd quarter and 1 st half 2016 | 10 August 2016 |
| ▪ Interim report 1 st – 3 rd quarter 2016 | 16 November 2016 |



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