

Analyst & Investor Conference 2017

Dieter Bellé, Bruno Fankhauser, Karl Gadesmann



100
100 years
100 faces 1917–2017

The Quality Connection

LEONI

1. Overview

Dieter Bellé

2. Group

Karl Gadesmann

3. Wiring Systems

Dieter Bellé

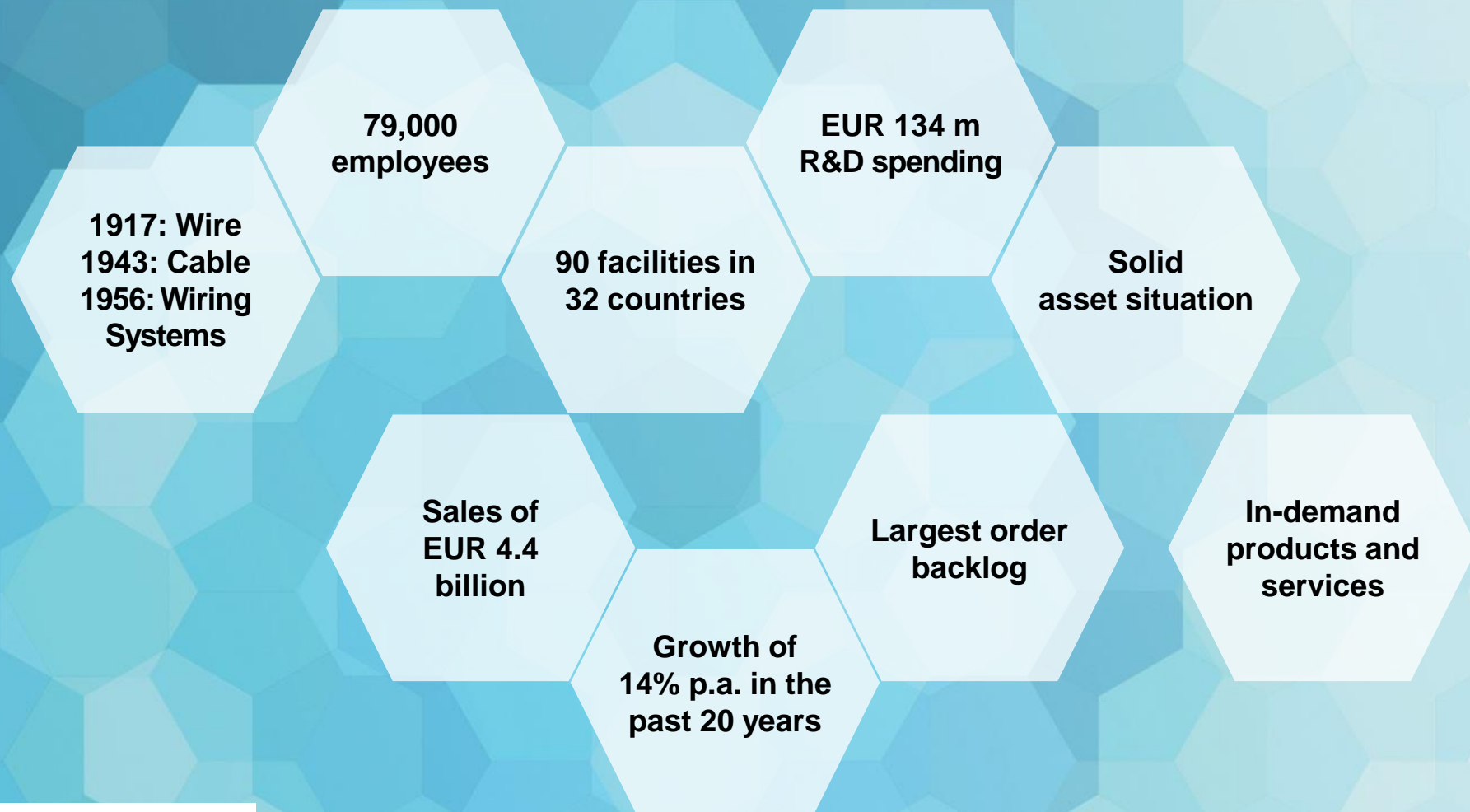
4. Wire & Cable Solutions

Bruno Fankhauser

5. Outlook

Dieter Bellé

6. Q&A



2016

**New members of
the Board of
Directors**

**Reorganisation /
restructuring of
the WSD Division**

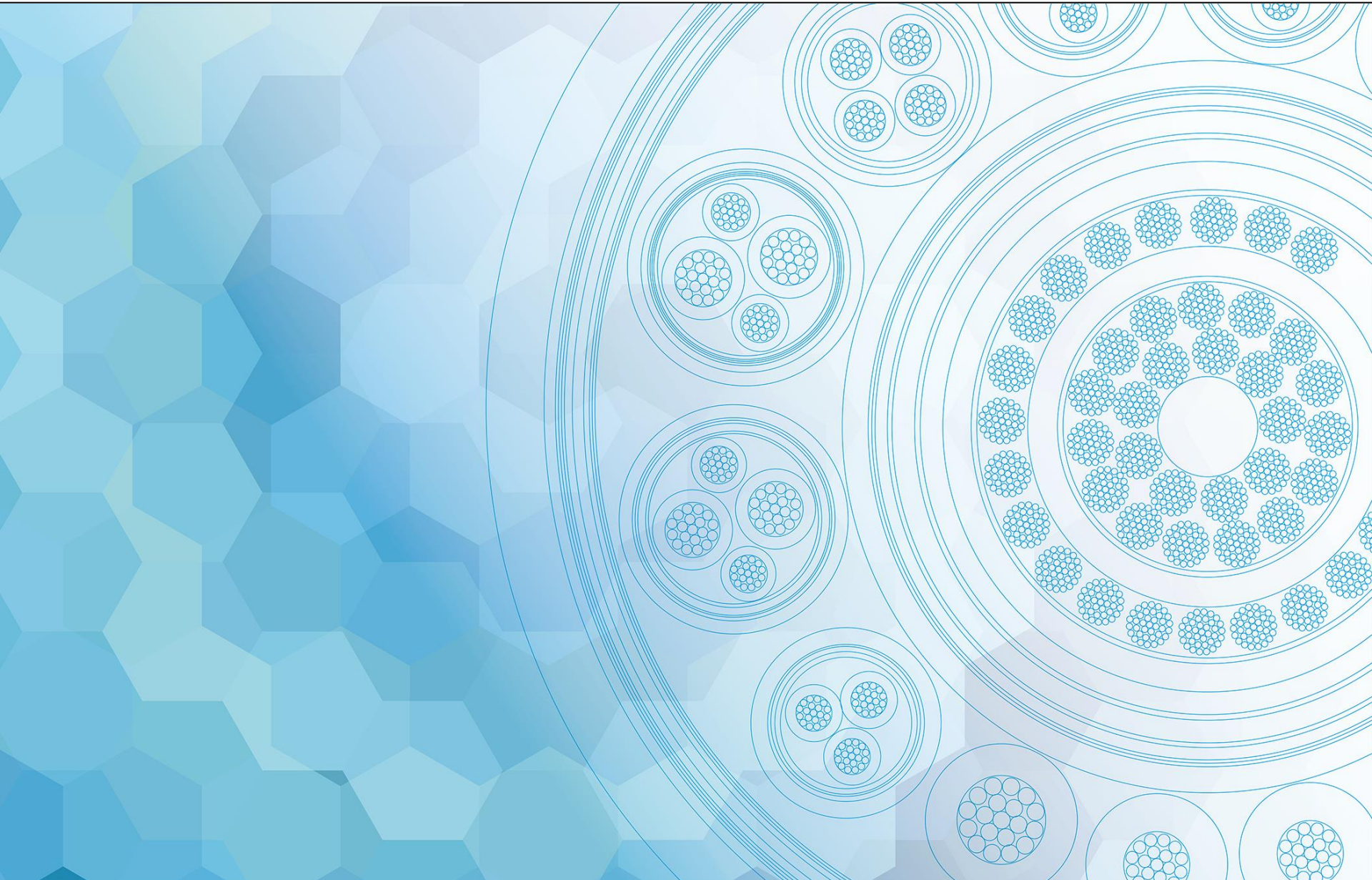
**Strategic
advancement of
the WCS Division**

**Clearing up the
fraud case**

**Strengthening our
market position in
China**

**Disposal of
non-core business**

**Operating targets
met**



- **Sales of EUR 4.4 million in line with projections**

- Organic growth in both divisions
- Adverse effects of copper price and exchange rates
- Deconsolidation of the joint venture

- **EBIT of EUR 78 million well above forecast**

- Operating performance improved
- Adjusted earnings up considerably on previous year

- **Negative free cash flow of EUR 40 million better than expected**



CEO FRAUD

▪ **Situation: CEO fraud**

- Use of falsified documents and identities as well as electronic communication channels
- Uncovering, ad hoc announcement and recognition in the third quarter of 2016
- Rule infringements by some staff

▪ **Impact: Loss of EUR 40 million**

- Series of money transfers to accounts outside Germany
- No effect on operating business

CEO FRAUD

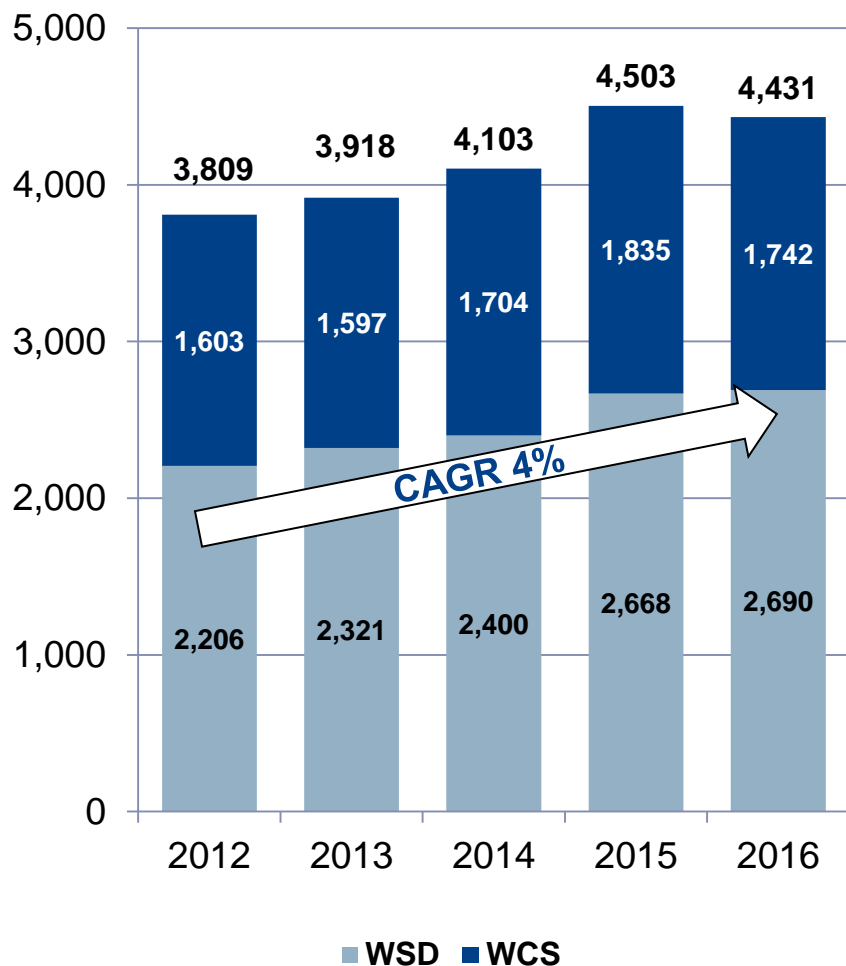
■ Immediate measures

- Immediate launch of investigations
- Police and public prosecutor's office as well as international investigating authorities notified
- Payment transactions checked, additional controls introduced, staff trained
- Internal Control System (ICS) and IT security reviewed
- Renewed external review of the risk management system, the ICS and the Internal Audit department

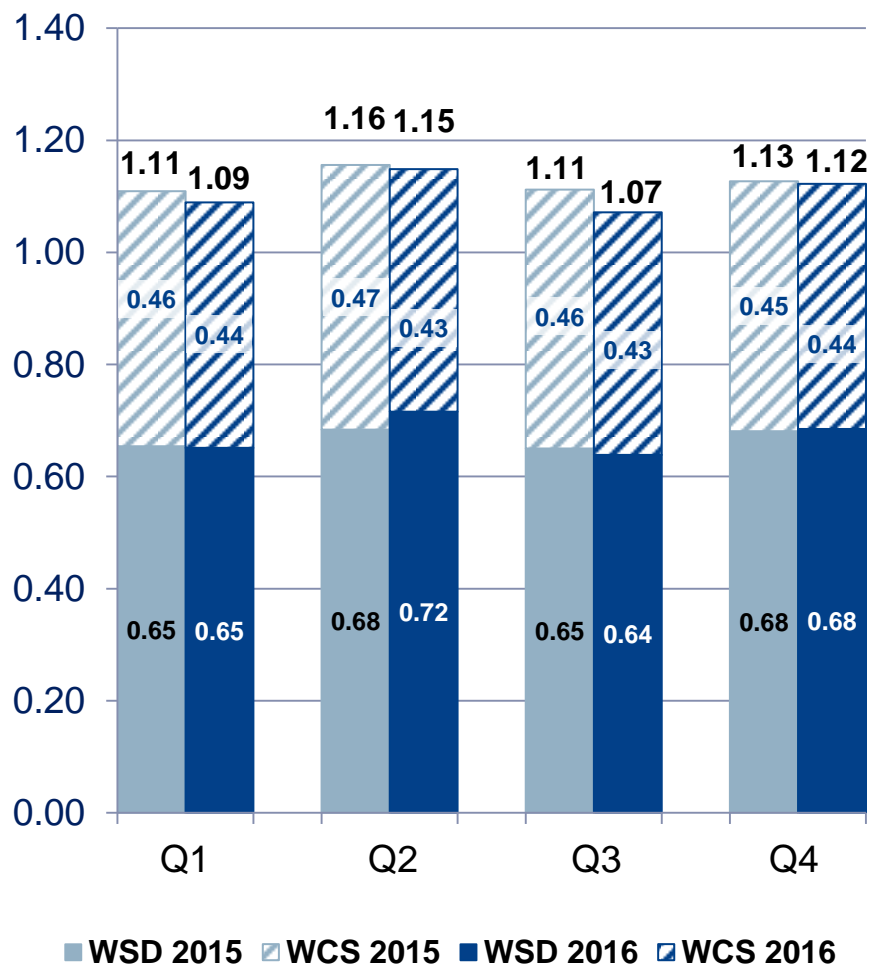
■ Interim results

- Internal investigations completed
- External investigations ongoing
- Measures under employment law applied
- Entitlement to claim EUR 5 million from fidelity insurance
- Further insurance claims being clarified

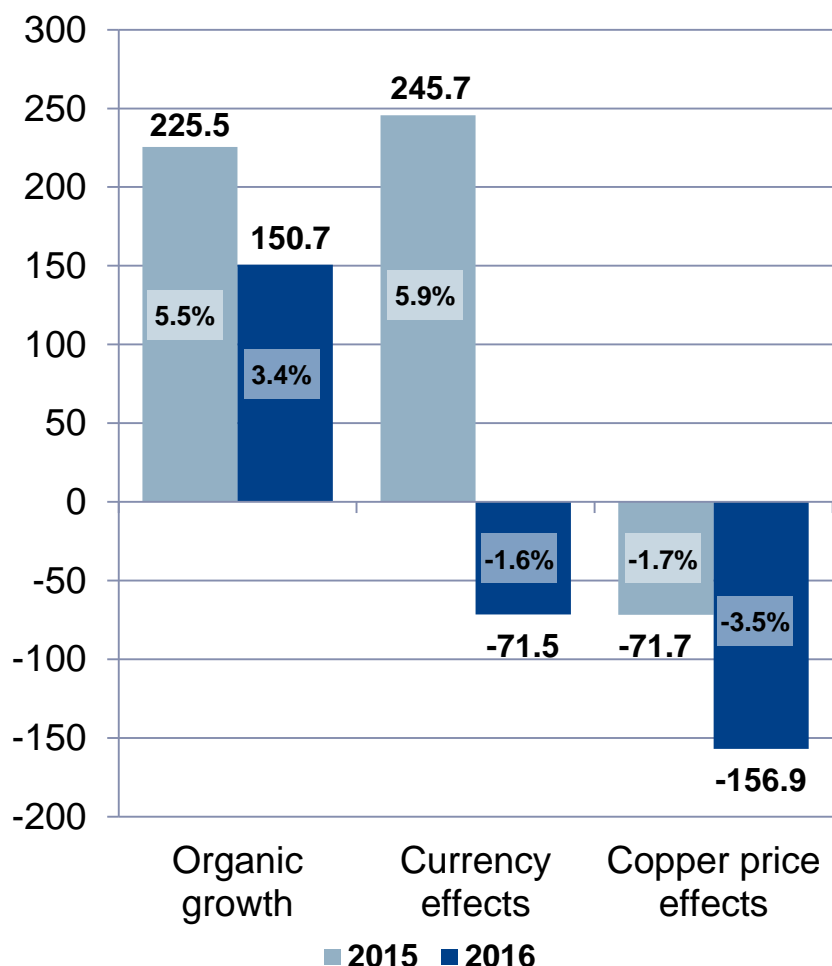
2012 to 2016 (in EUR m)



2016 vs. 2015 (in EUR bn)



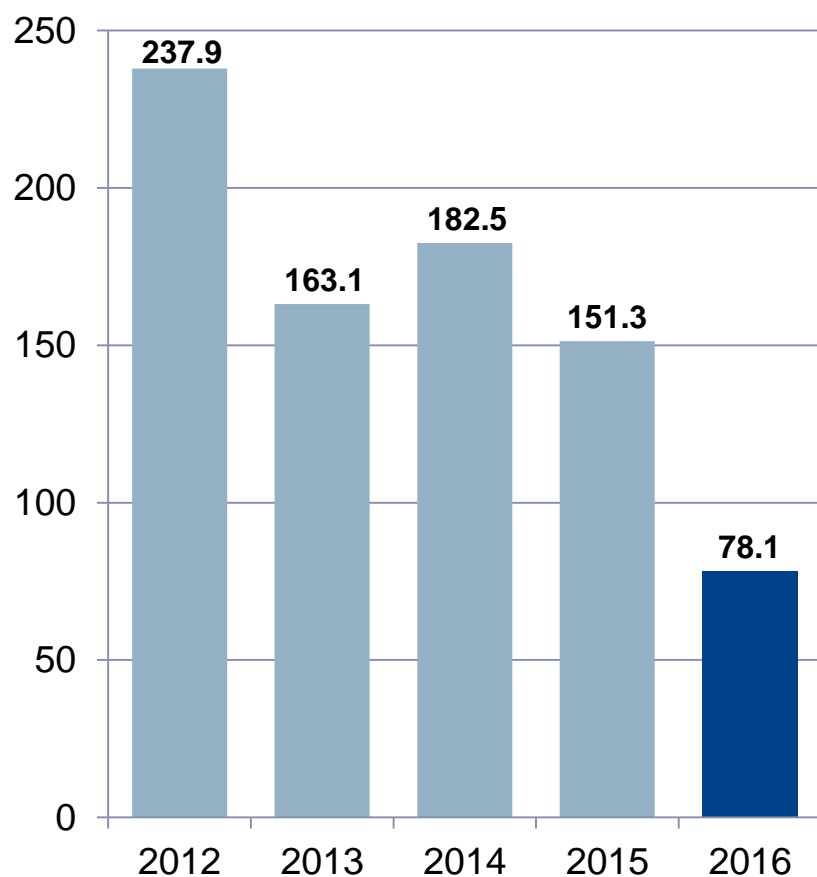
Growth drivers 2016 vs. 2015 (in EUR m)



Important determinants

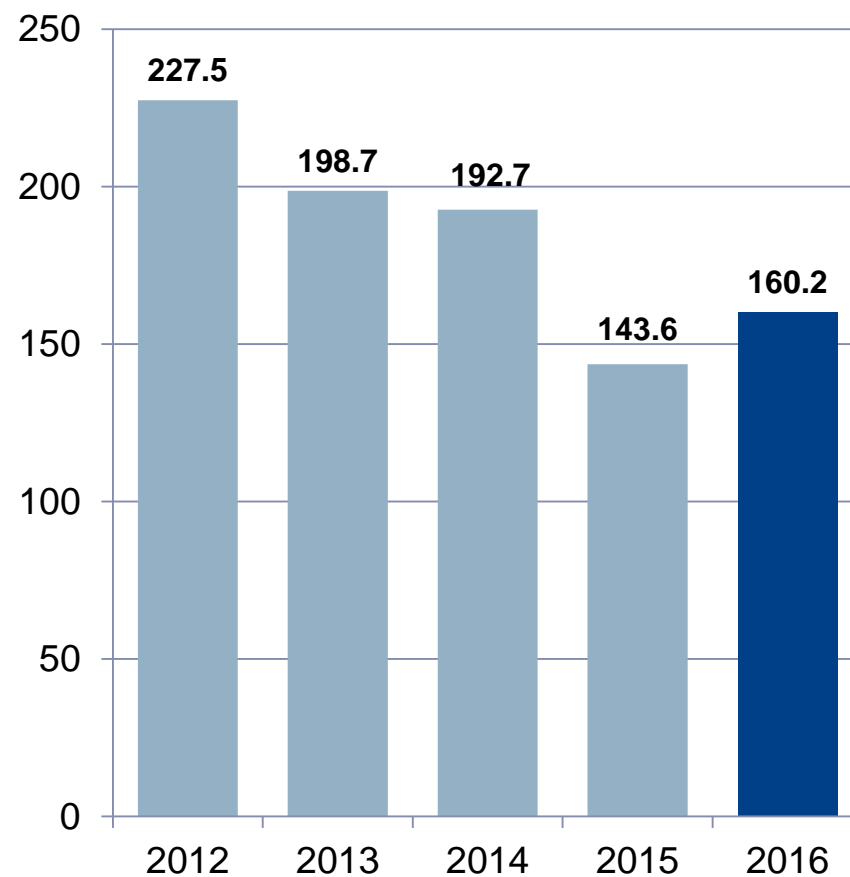
- **Organic growth**
 - Both divisions > 3 percent
- **Relevant currencies**
 - GBP, RMB, USD, CHF
- **Copper**
 - Average price: 4.49 EUR/kg
 - Previous year price: 5.06 EUR/kg
 - Consumption 150,000 metric tons

EBIT (in EUR m)



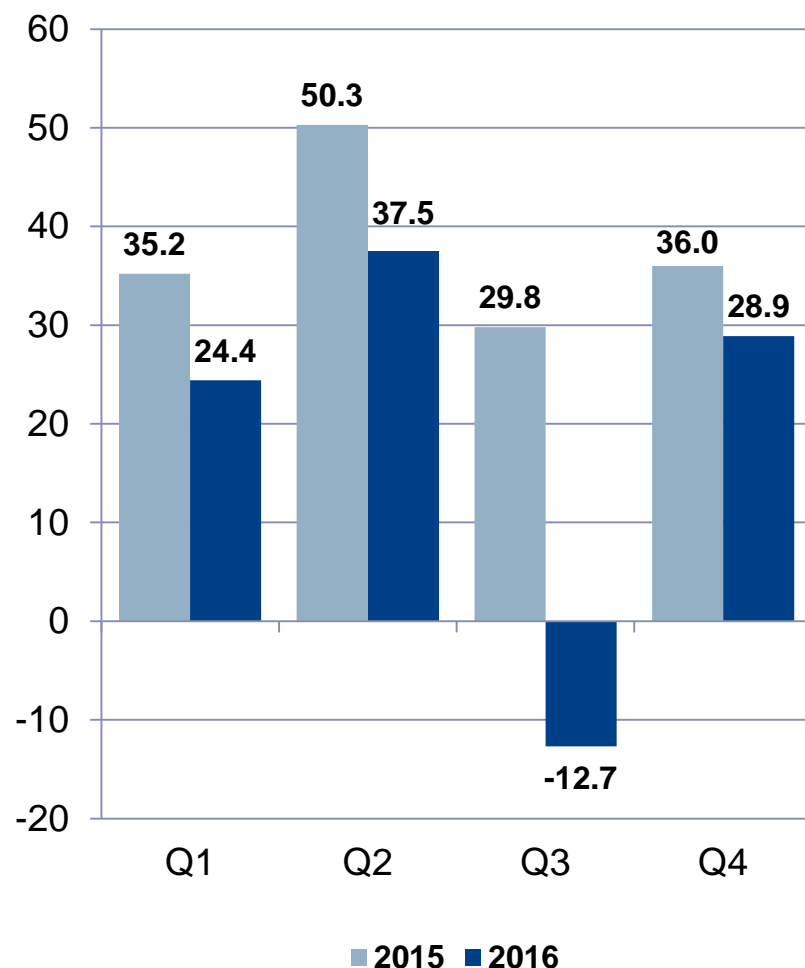
RoS (%)	6.2	4.2	4.4	3.4	1.8
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EBIT adjusted (in EUR m)

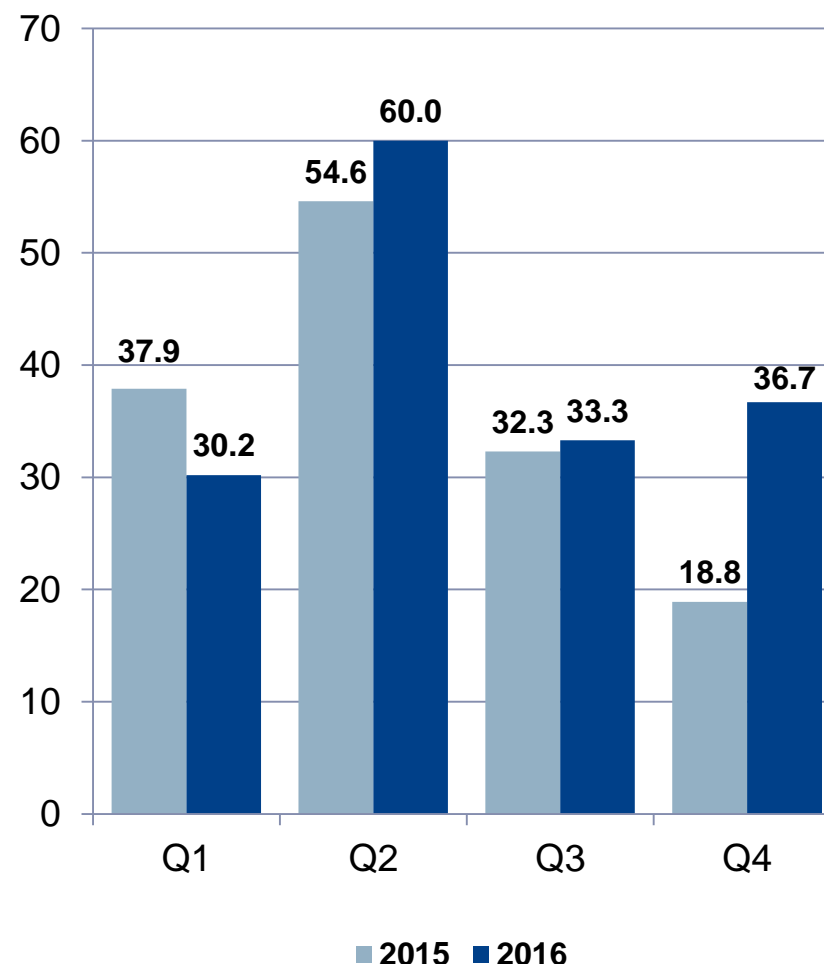


	6.0	5.1	4.7	3.2	3.6
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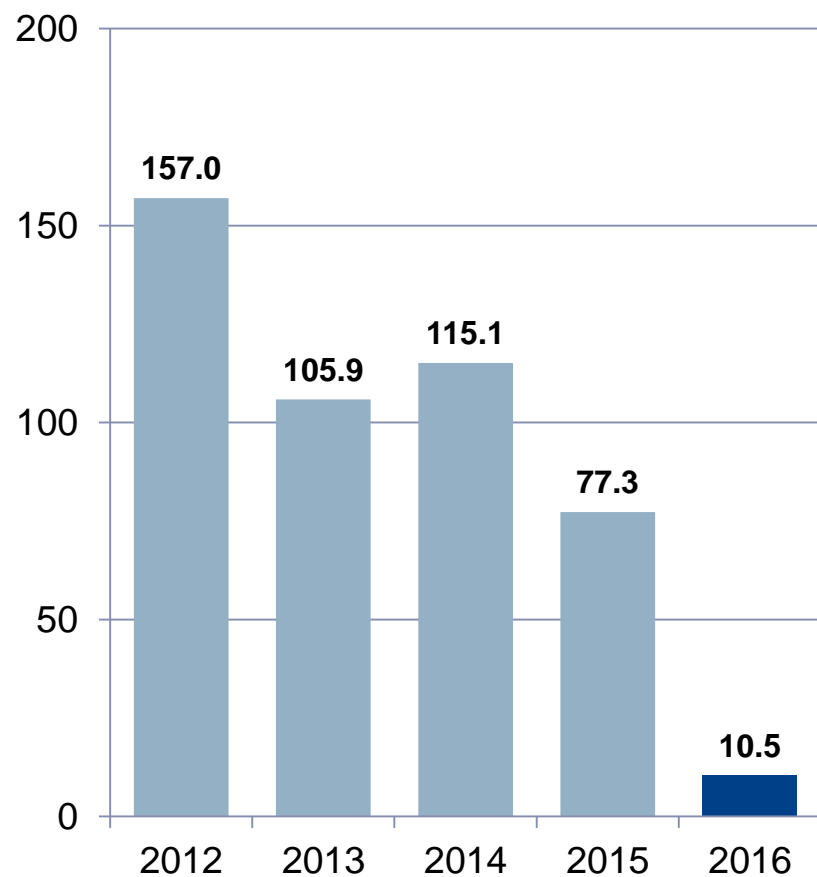
EBIT (in EUR m)



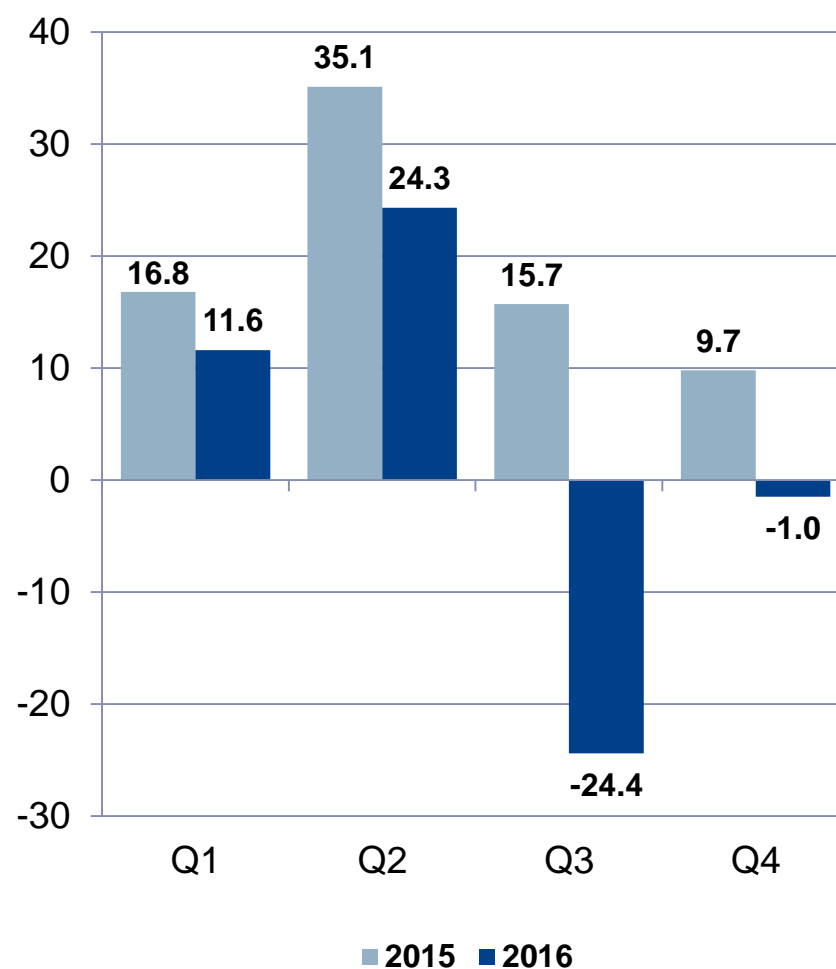
EBIT adjusted (in EUR m)



2012 to 2016 (in EUR m)



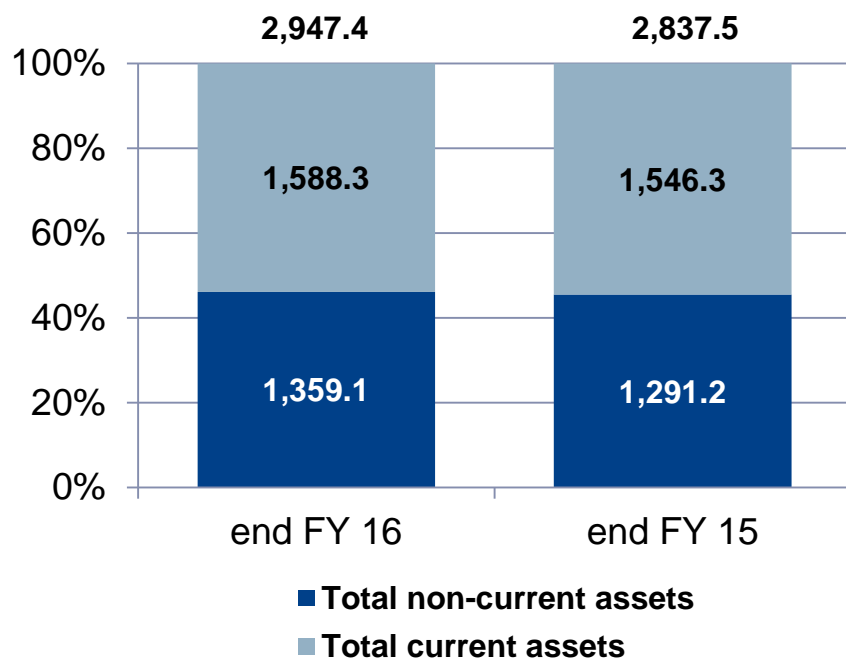
2016 vs. 2015 (in EUR m)



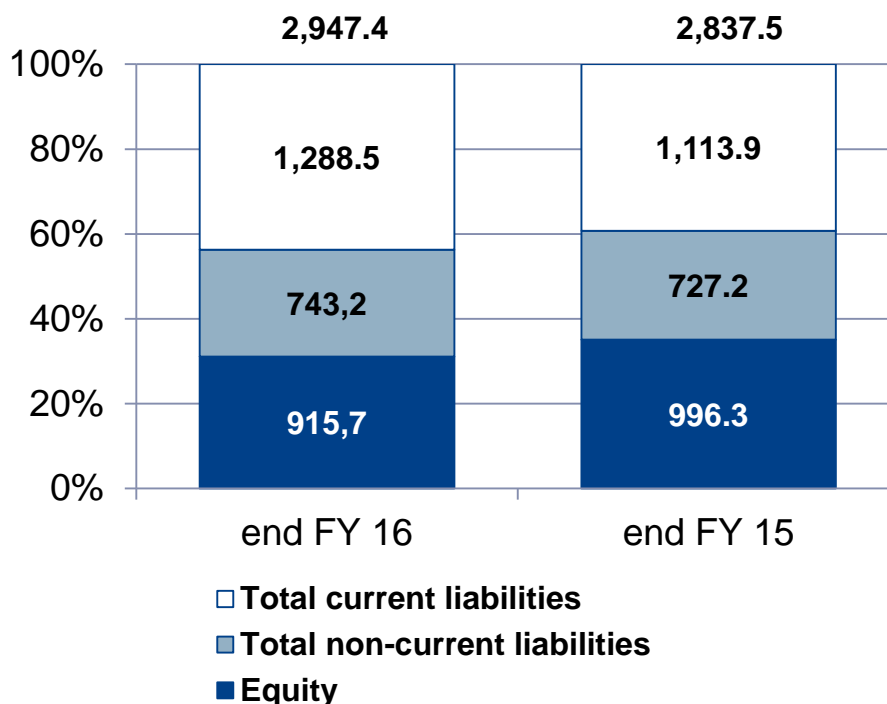
Condensed profit & loss statement (in EUR m and in %, respectively)

	2016		2015		Change	
Sales	4,431.3	100.0	4,502.9	100.0	-71.6	-1.6
Gross profit on sales	730.6	16.5	722.9	16.1	7.7	1.1
Selling, general and administrative expenses	-480.4	-10.8	-469.9	-10.4	-10.6	2.3
Research & development expenses	-134.4	-3.0	-119.8	-2.7	-14.5	12.1
Other operating income & expenses	-49.9	-1.1	18.3	0.4	-68.3	n/a
Result from associated companies and joint ventures	12.2	0.3	-0.2	0.0	12.4	n/a
EBIT	78.1	1.8	151.3	3.4	-73.2	-48.4
Financial result	-24.3	-0.6	-25.6	-0.6	1.2	-4.7
EBT	53.8	1.2	125.9	2.8	-72.1	-57.3
Income taxes	-43.3	-1.0	-48.6	-1.1	5.3	-10.9
Net income	10.5	0.2	77.3	1.7	-66.8	-86.4

Assets (in EUR m)



Equity and liabilities (in EUR m)

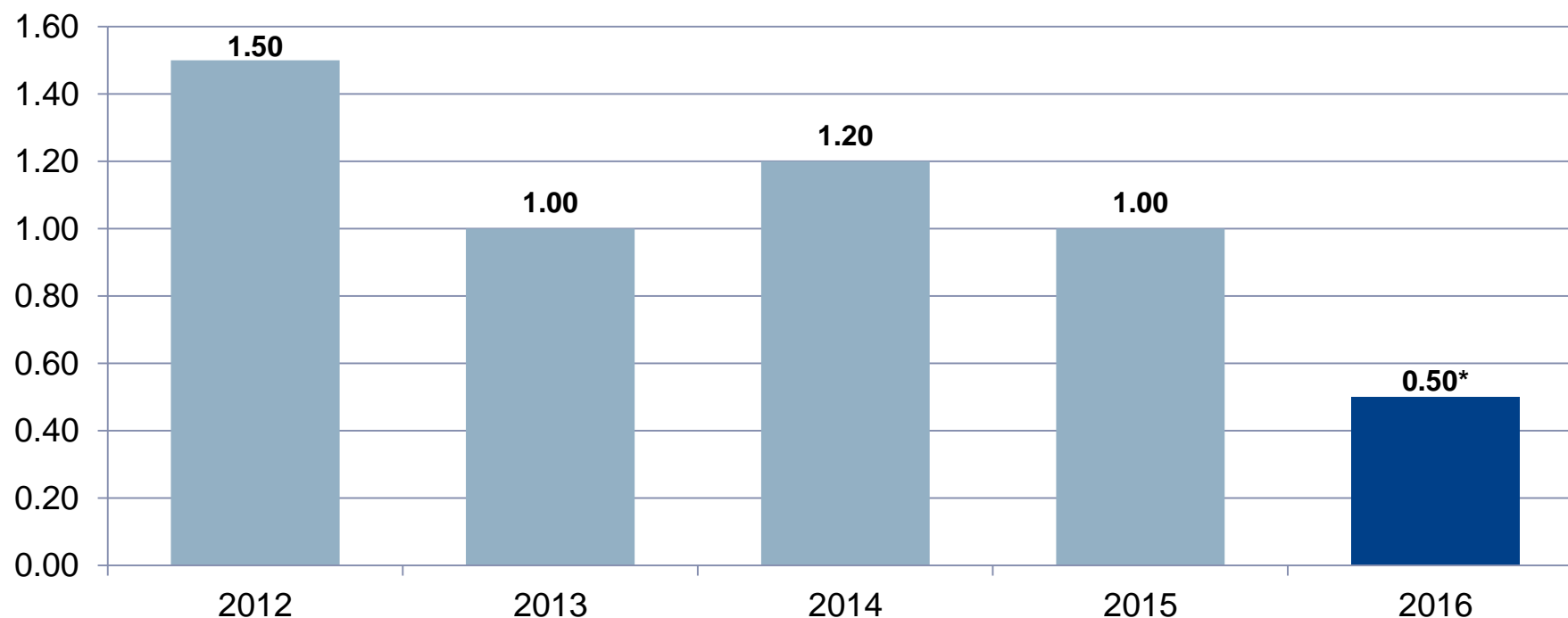


- Investments 40% higher than depreciation & amortisation
- Decrease in equity due mainly to actuarial losses from the measurement adjustment of pension provisions

Exceptional tax items 2015 and 2016 (in EUR `000)

	2015	2016
EBT	125,859	53,781
Income taxes	48,590	43,281
<i>thereof: current taxes</i>	40,143	36,544
<i>thereof: deferred taxes</i>	8,447	6,737
<i>Tax rate</i>	38.6%	80.5%
Net income	77,269	10,500
 Income taxes	 48,590	 43,281
Adjusted for exceptional items:		
Deferred tax assets not recognised	-17,817	-17,639
Deferred tax assets not recognised (fraud case)	0	-11,718
Write-up/write-down of deferred tax assets	-1,220	-6,932
Result from at equity-accounted investments (Langfang)	-50	3,620
Adjusted income taxes	29,503	10,611
Adjusted tax rate	23.4%	19.7%

2012 to 2016 (in EUR per share)



Dividend yield (%)

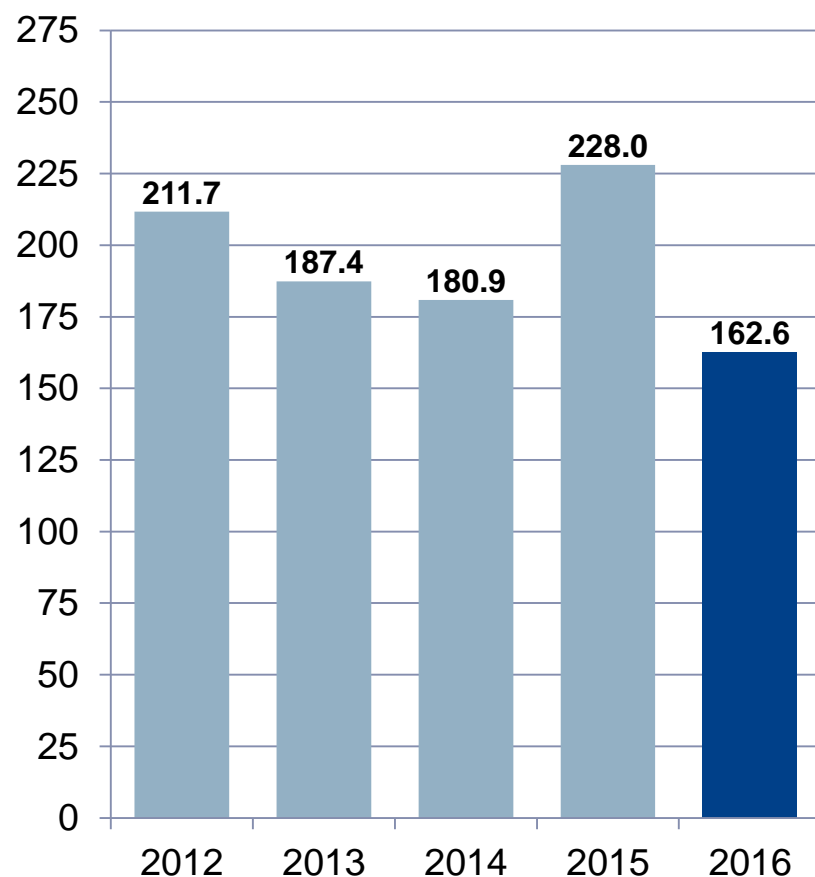
5.3	1.8	2.4	2.7	1.5
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Payout ratio (%)

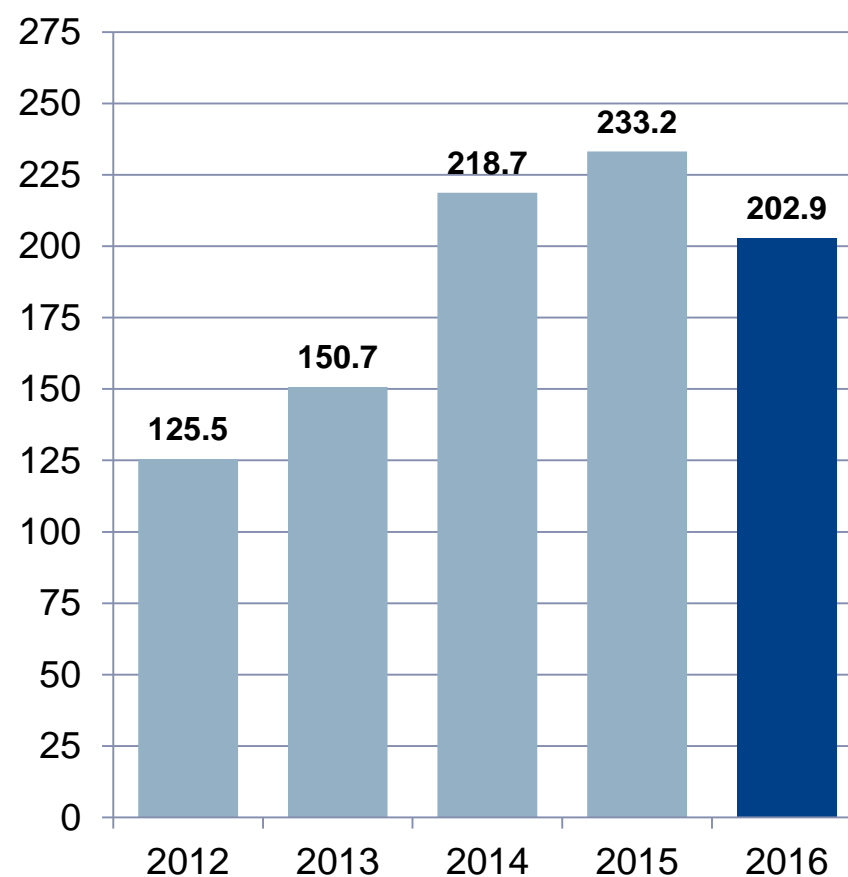
31	31	34	42	156
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* Subject to approval by shareholders at the Annual General Meeting

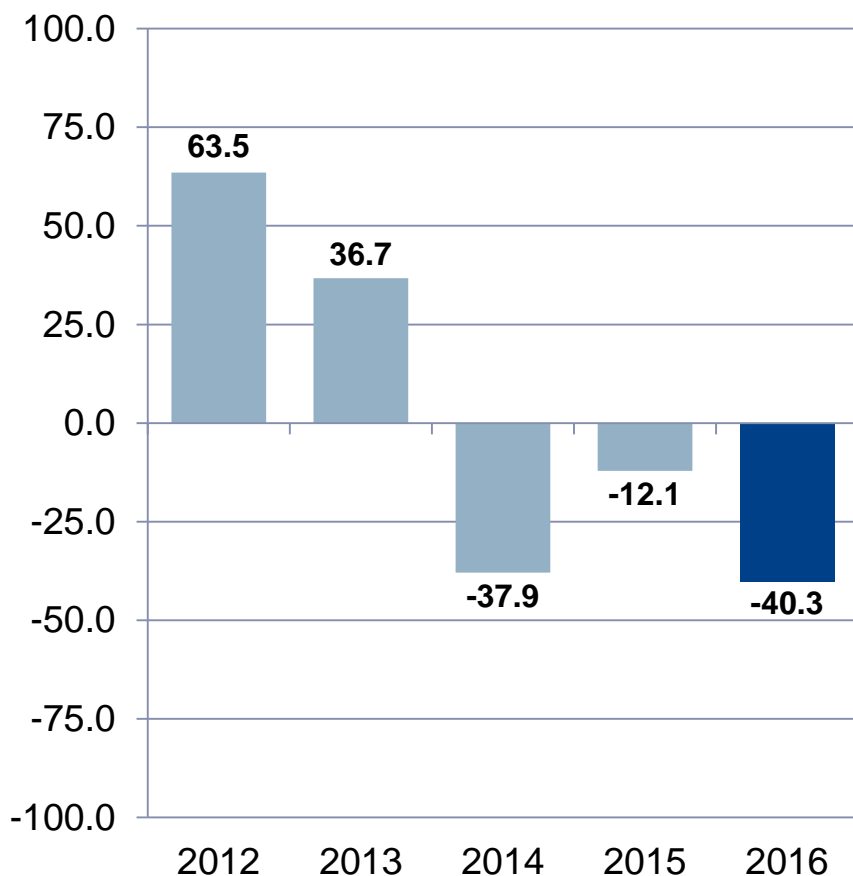
Cash flows from operating activities 2012 to 2016 (in EUR m)



Cash flows from investment activities 2012 to 2016 (in EUR m)



2012 to 2016 (in EUR m)

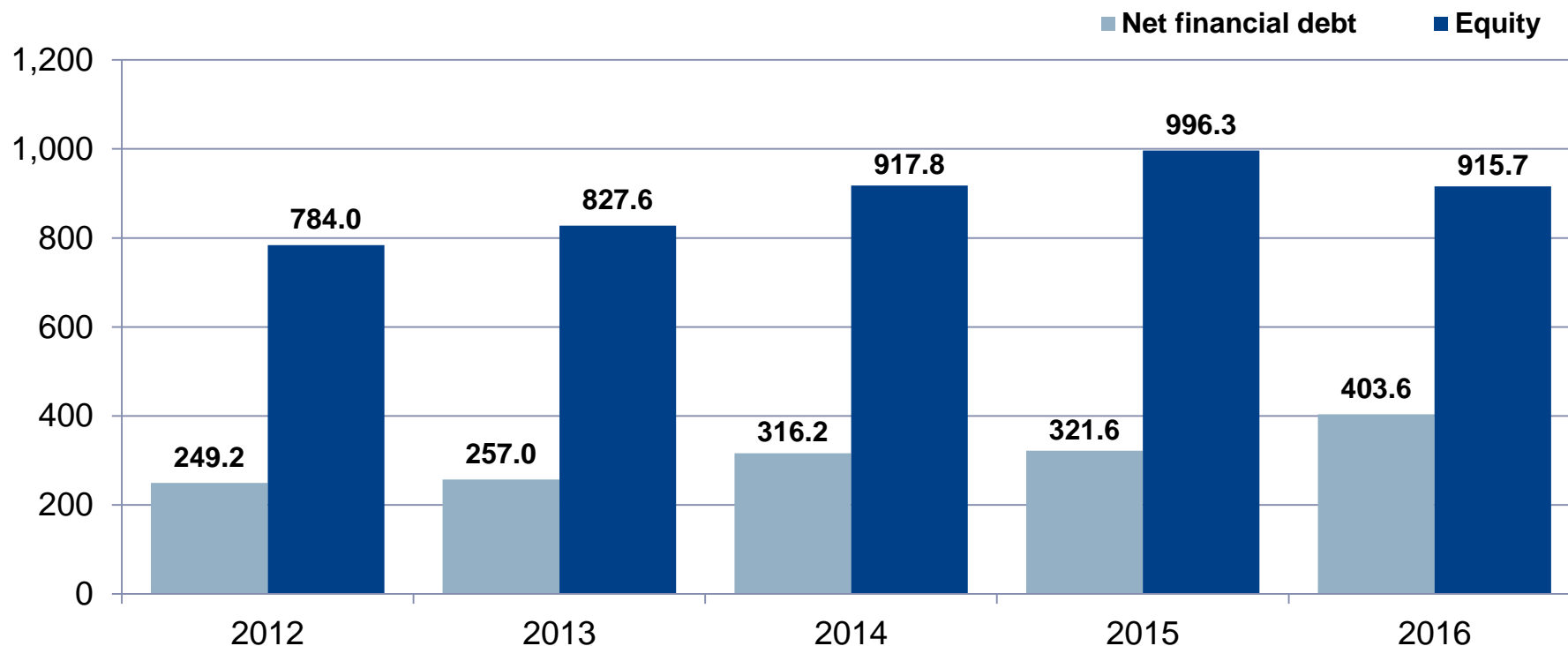


* before acquisitions and divestments

Important determinants

- **CF from operating activities**
 - Burdened by fraud case and restructuring programme
- **Increased net working capital**
 - Due to sound order backlog and valuation effects
- **CF from investment activities**
 - Investments lower than anticipated due to delays

2012 to 2016 (in EUR m)



Gearing (%)

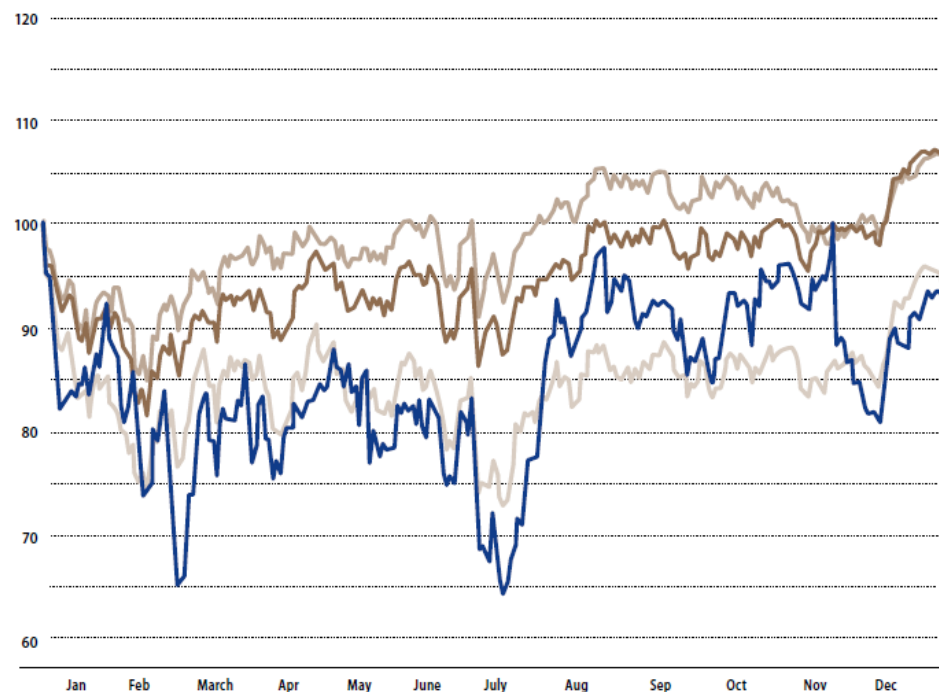
32	31	34	32	44
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Equity ratio (%)

33	34	34	35	31
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Group - Share price 2016

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LEONI
DAX
MDAX
DAX Automobiles
sector index

Indexed
30 December 2015

	2015	2016
Low for the year	32.10	23.45
High for the year	62.81	36.39
Closing price at year end	36.45	33.85
Change p.a.	-26%	-7%

Xetra closing prices of the day



2016

**Reorganisation
implemented**

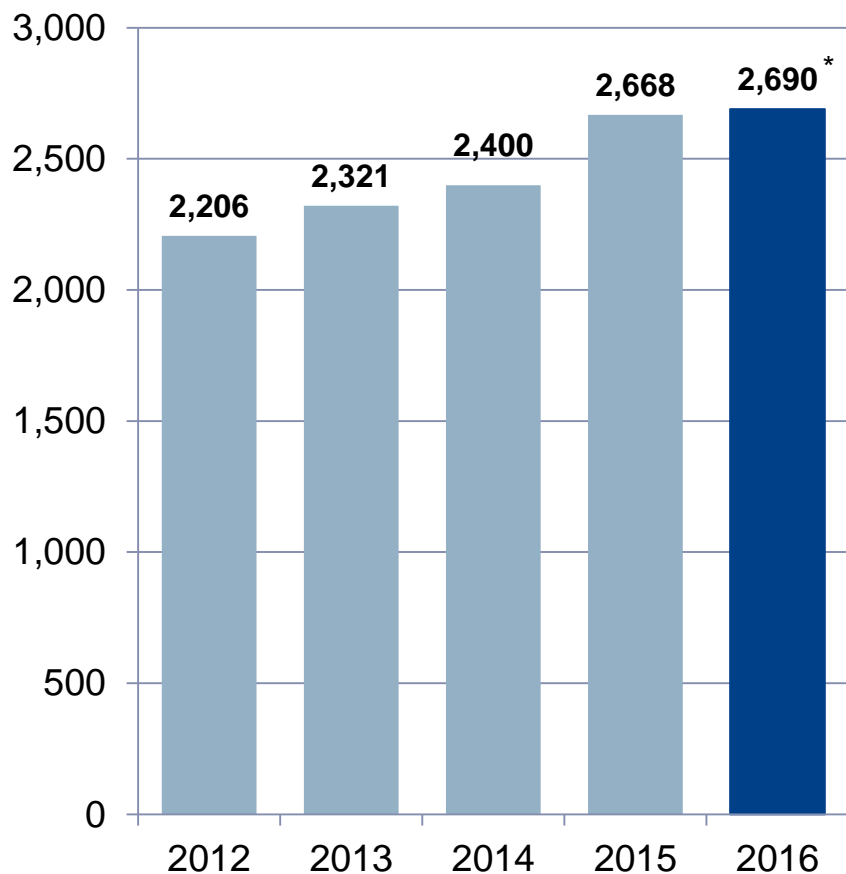
**Restructuring
almost completed**

**Focus on
innovations**

**Global market
position
strengthened**

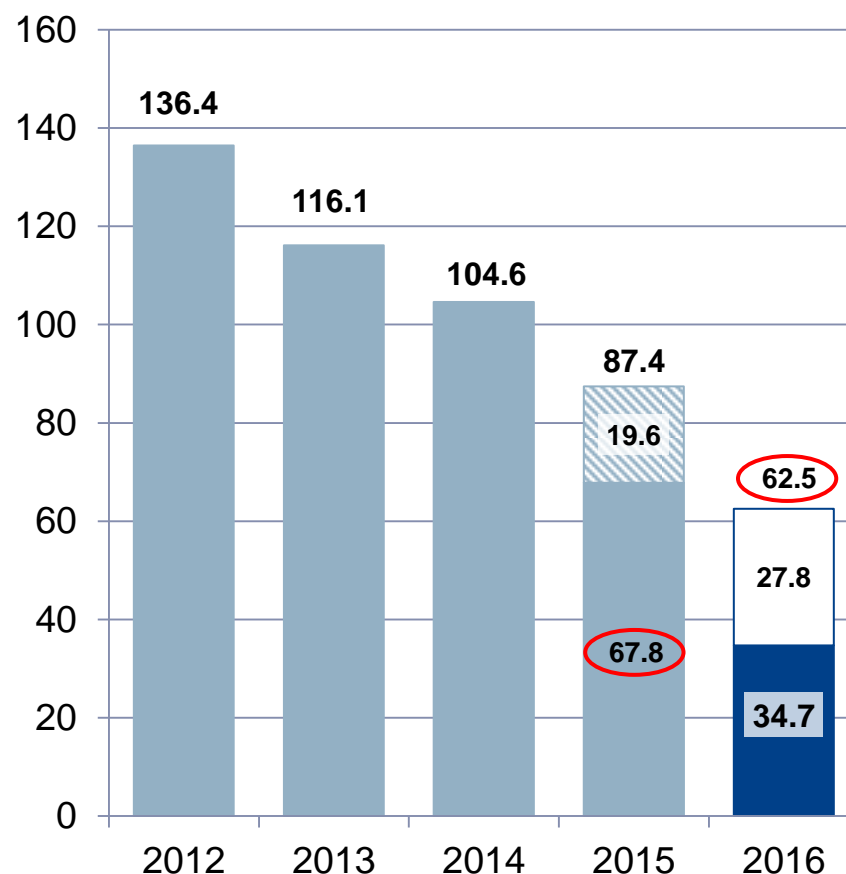
**Operating targets
met**

External sales 2012 to 2016 (in EUR m)



* Order intake of EUR 3.2 bn

EBIT 2012 to 2016 (in EUR m)



▨ Langfang divestment

□ Restructuring

Leaner structures

Redefinition of roles and responsibilities

70 change agents to oversee the changes

Optimisation of project planning and execution

Strengthening of production



- **Shedding of indirect positions**
 - Approx. 250 in high wage countries incl. Germany
 - Approx. 850 in other countries
- **Direct cost savings**
 - EUR 15 million in 2017
 - EUR 20 million from 2018
- **Concentration on best-cost countries**
 - Recruitment of replacement staff
 - Increase in indirect positions
- **Boosting the performance of the critical projects**
 - Revised production plan
 - Unburdening the Romanian plant



- **Majority holding in Wuhan Hengtong, China**
 - 51 percent of the shares acquired
 - 2016 sales: approx. EUR 36 million
 - Supplying DPCA and in future Dongfeng
 - Basis for growth with local customers
- **Construction of new plant in Merida, Mexico**
 - Production to start from mid-2017
 - Projects for the car and commercial vehicle industry
 - Bolstering our position in the Americas



- **Business performance in 2016**

- Sales: approx. EUR 25 million
- Order receipts: approx. EUR 400 million

- **Greater focus on systems approach to clients**

- 12 to 48 volt wiring systems
- High-voltage wiring systems
- Components

- **Know-how accumulation in Asia**

- A production line set up in China
- OEM joint ventures and local customers



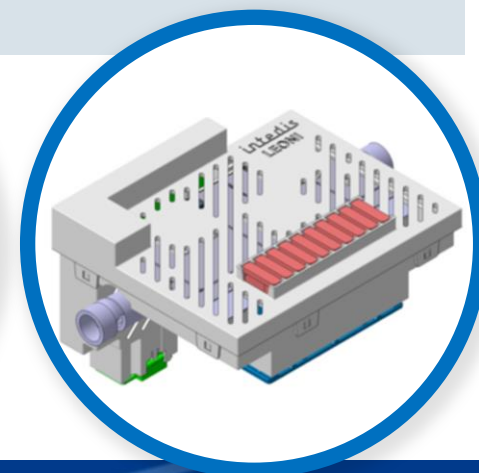
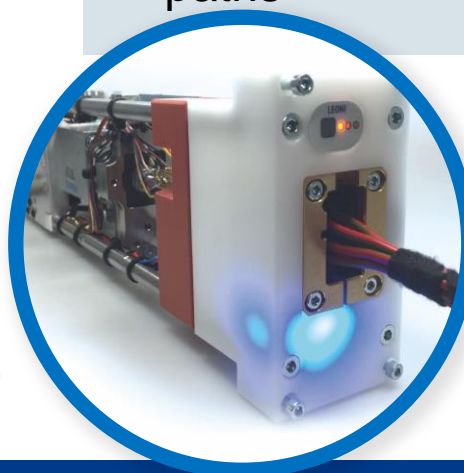
Processes

- **Connectivity**
Cutting room and pre-assembly to Industry 4.0 standards
- **Fully automated production**
Antenna cables and solid aluminium busbars
- **Intelligent test modules**
Variable end-of-line test



Products

- **48V ePDC**
Electronic power distributor for 48-volt applications
- **Energy supply concept**
Ensuring the uptime of safety-relevant functions
- **Pyroswitch**
Safeguarding electrical current paths



Forecast for 2017

- Sales: EUR 2.9 billion
- EBIT: EUR 90 to 100 million



■ Business performance

- Order book worth EUR 14 billion over 5 years
- Opportunities stemming from more equipment on cars, electromobility and autonomous driving

■ Further development and sharpening of strategic alignment

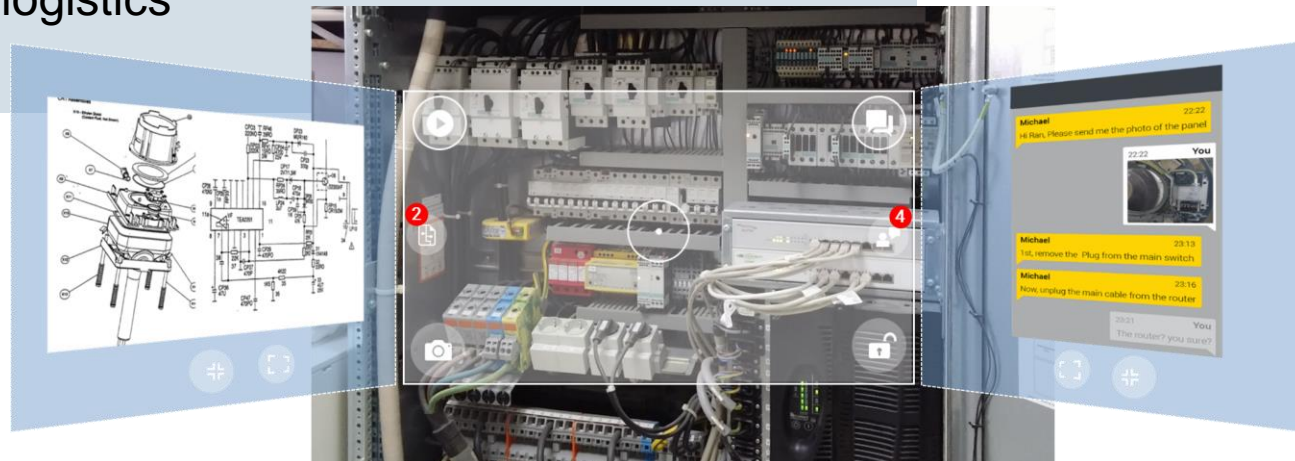
■ Pushing product innovations

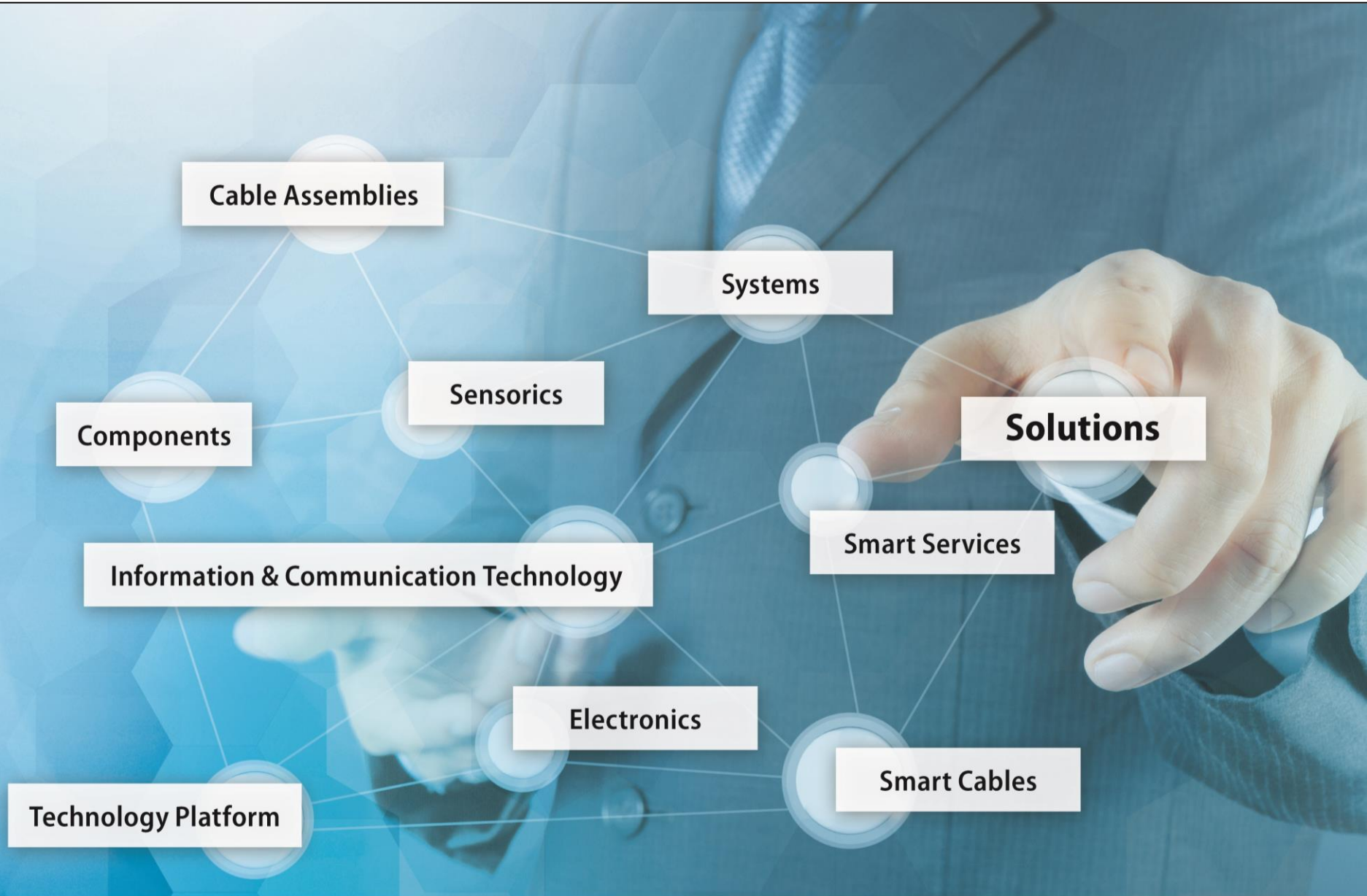
- Highly available power wiring system for autonomous driving
- Automation-compatible product design for additional production demands
- Preparing the wiring system for electrification and lightweight construction



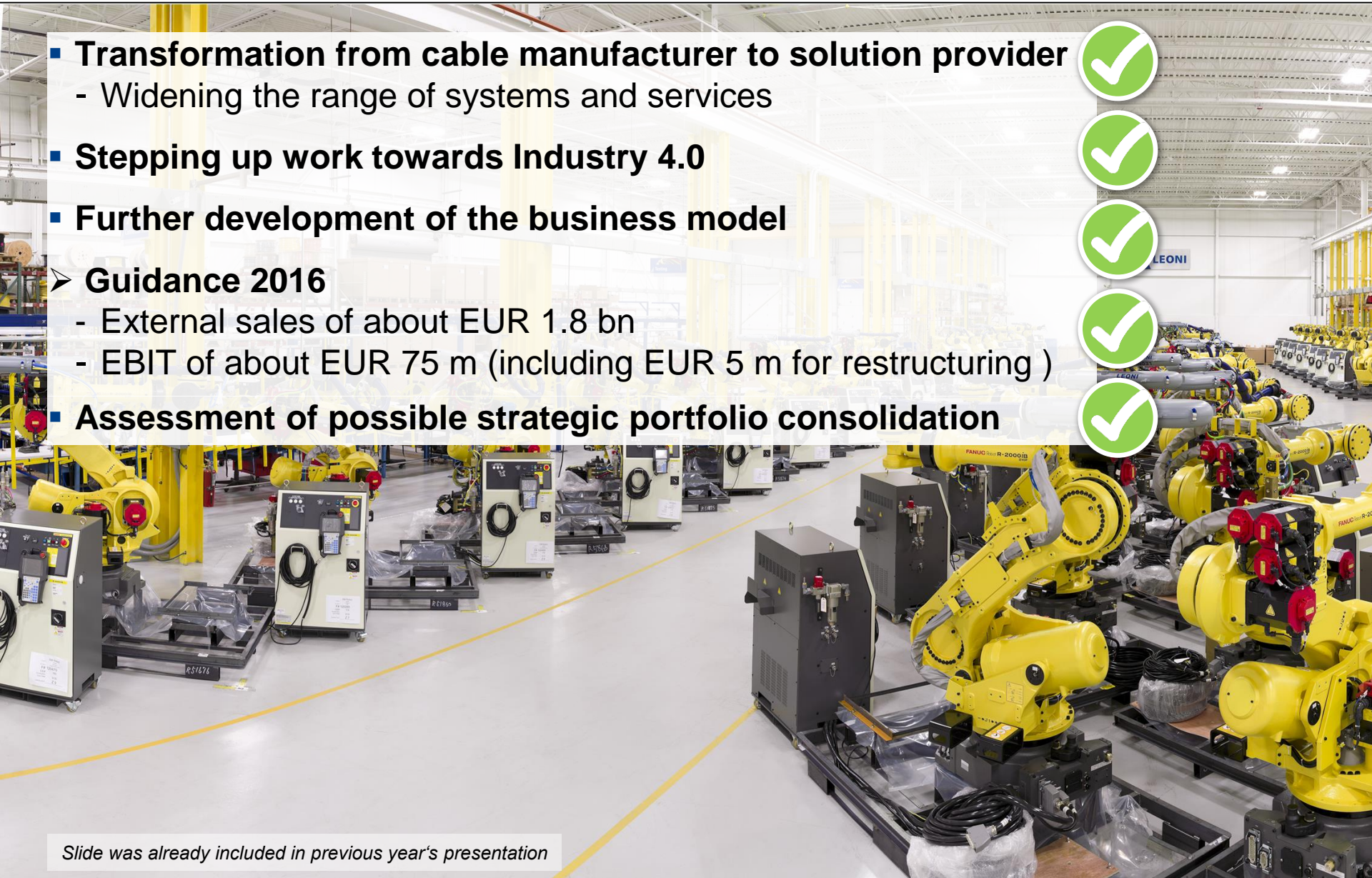
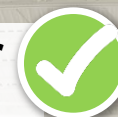
■ Further development of process innovations

- Fully automated production of part cable harnesses
- Collaborating robot systems in production
- Autonomous internal logistics
- Augmented reality



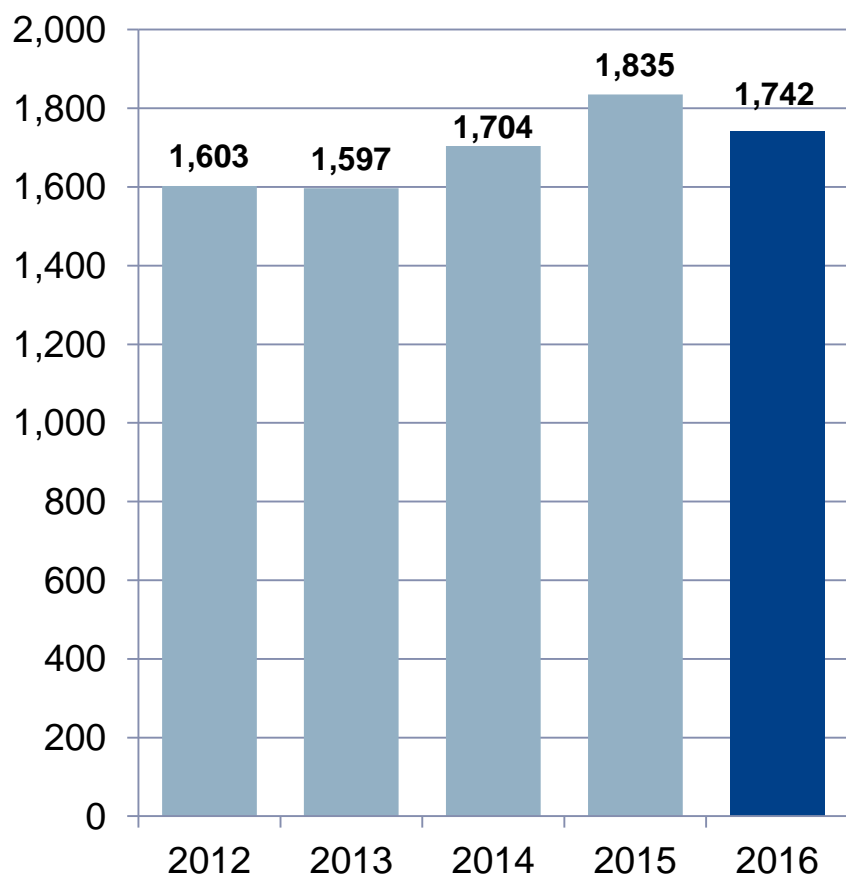


- **Transformation from cable manufacturer to solution provider**
 - Widening the range of systems and services
- **Stepping up work towards Industry 4.0**
- **Further development of the business model**
- **Guidance 2016**
 - External sales of about EUR 1.8 bn
 - EBIT of about EUR 75 m (including EUR 5 m for restructuring)
- **Assessment of possible strategic portfolio consolidation**

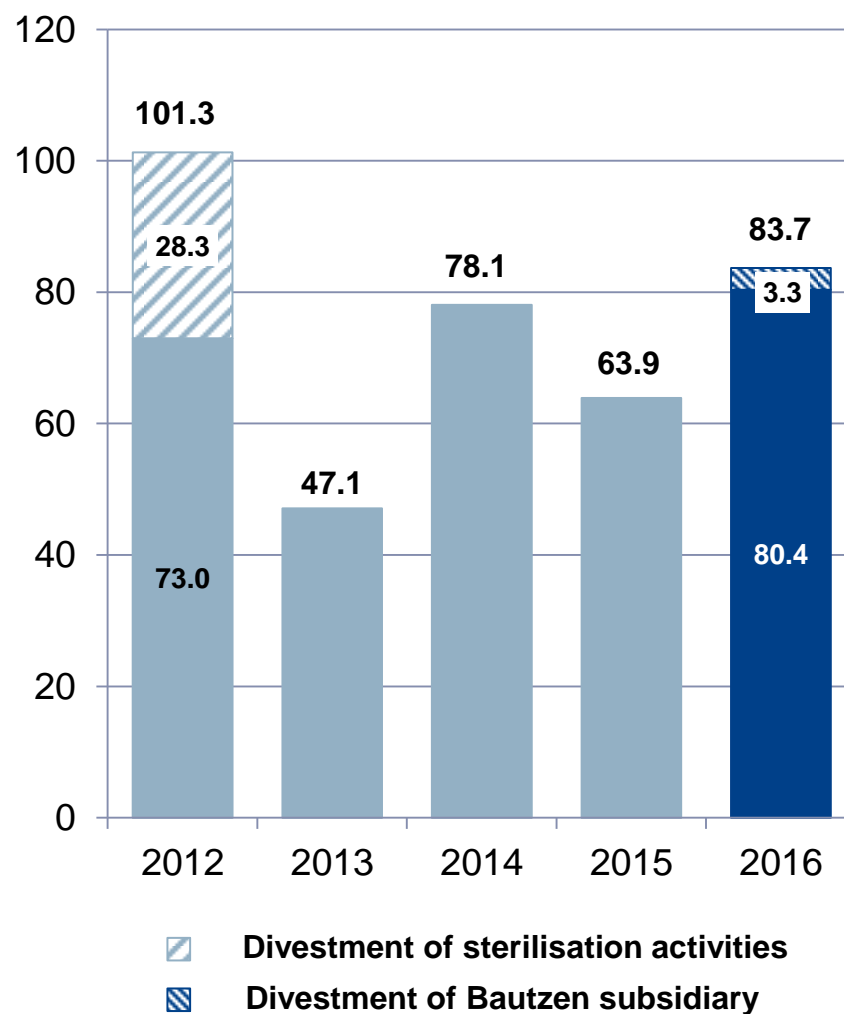


Slide was already included in previous year's presentation

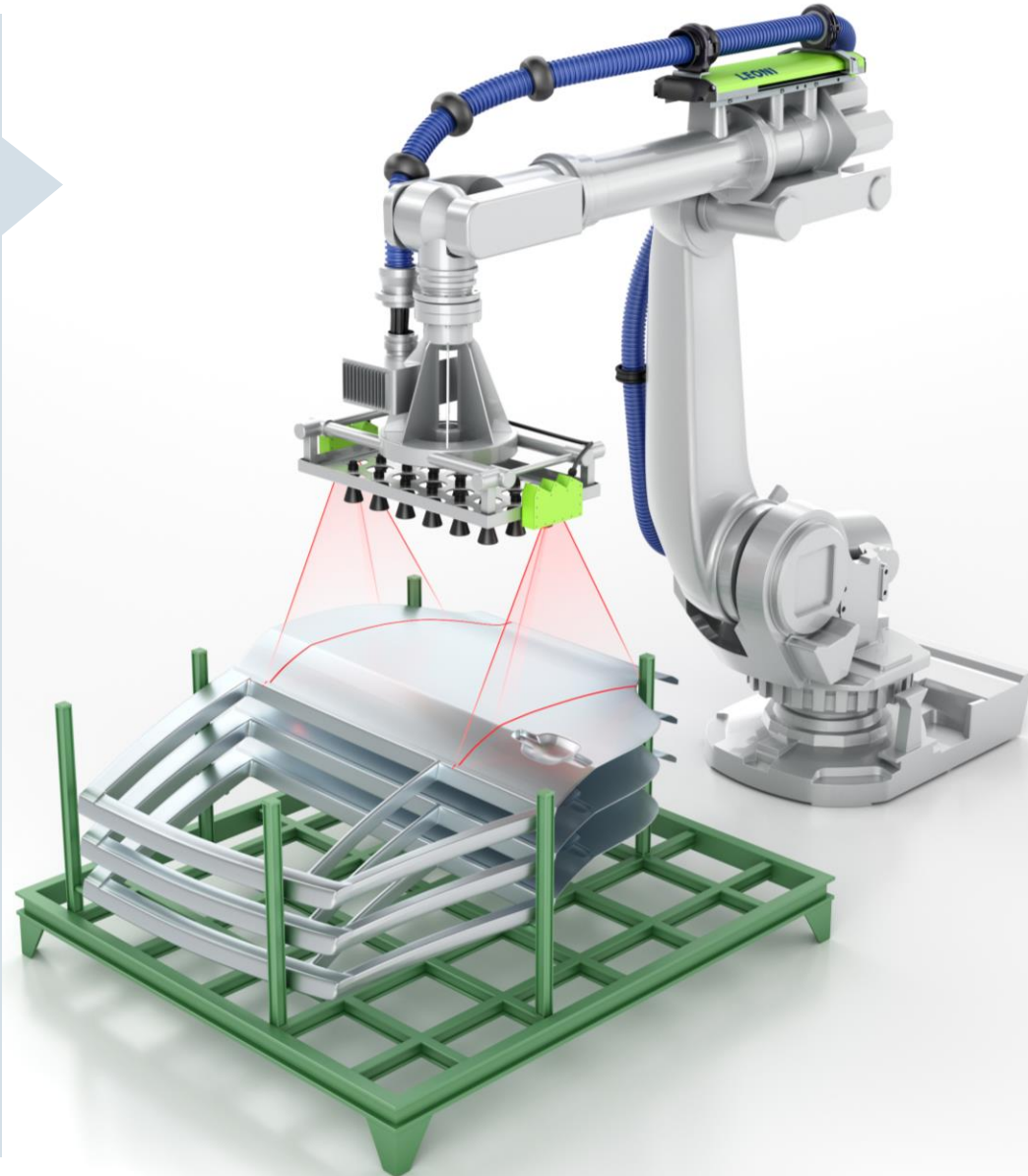
External sales 2012 to 2016 (in EUR m)



EBIT 2012 to 2016 (in EUR m)



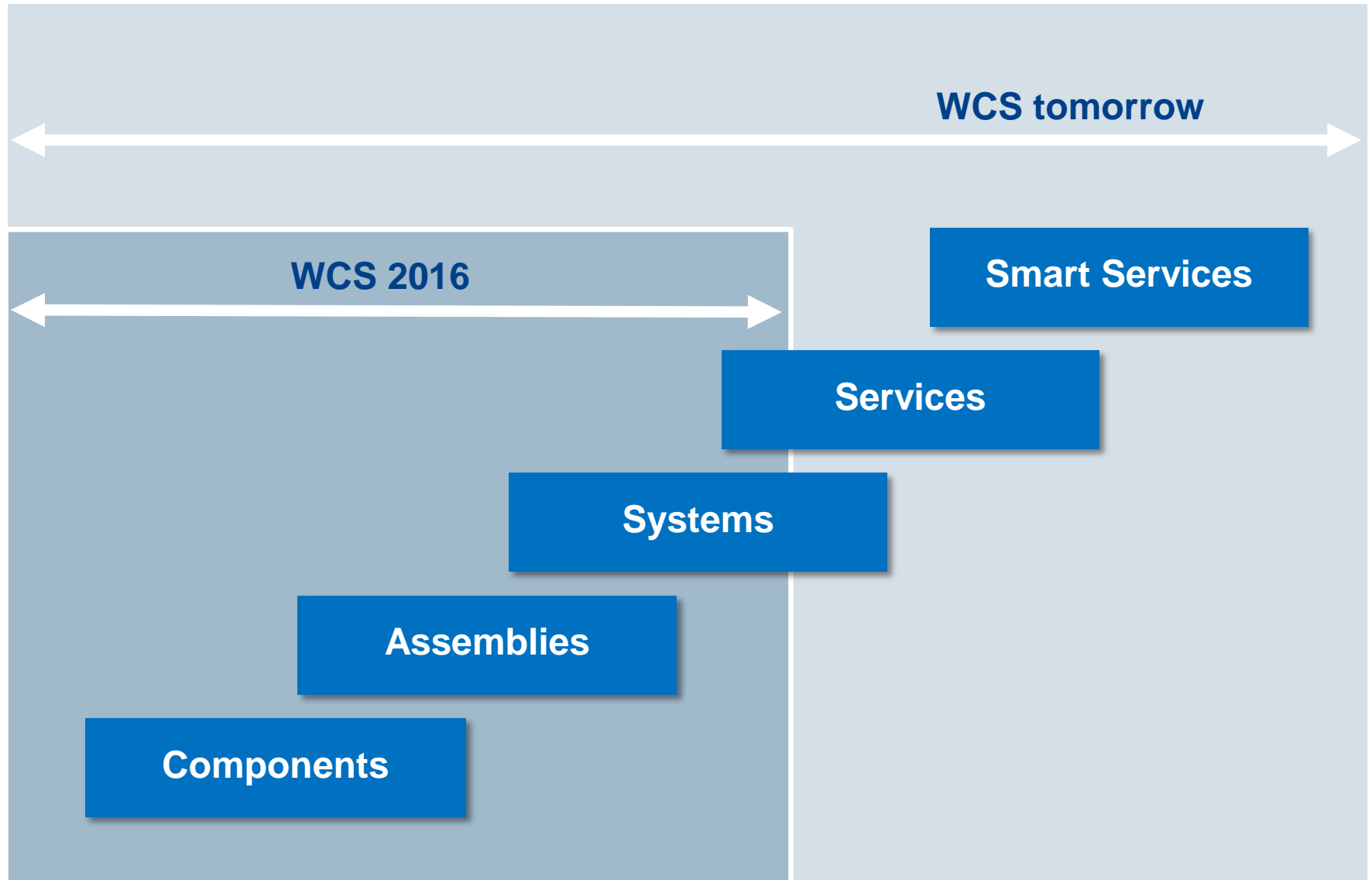
- **Machine perception in robotics**
 - Inline 6D laser calibration system
- **Safety in medical technology**
 - ORION patient positioning system
- **Real-time communication in vehicles**
 - High-speed Ethernet data cables



WCS is a leading solution provider of secure and intelligent energy transmission and data management systems

**Successful positioning
in the two mega trends energy and
data management using the
possibilities of digitization**

**Technology as
competitive advantage
and as medium to generate
additional revenue streams**



Digitization / Industry 4.0 provides new business opportunities on the basis of innovative products, solutions and services that can make a sustainable contribution to the success of WCS.

**From cables
for intelligent
systems ...**

Cables as part of systems with local intelligence and a low degree of interconnection

**... through
intelligent
cable systems ...**

Intelligent cables e.g. for predictive maintenance and fail-safe systems with a high degree of interconnection

... to smart services.

Customer specific service solutions to support our customers in addressing their challenges and to create added value

Cable

System

Service

Wire & Cable Solutions

Automotive Cable Solutions



Growth and core business

Industrial Solutions



Electrical Appliance Assemblies



Divestment
process initiated
on 9/1/2017

In transition

Conductors & Copper Solutions



■ Business Group Electrical Appliance Assemblies

- Business volume of EUR 130 million
- Enterprise value of EUR 50 million

■ LEONI Studer Hard GmbH

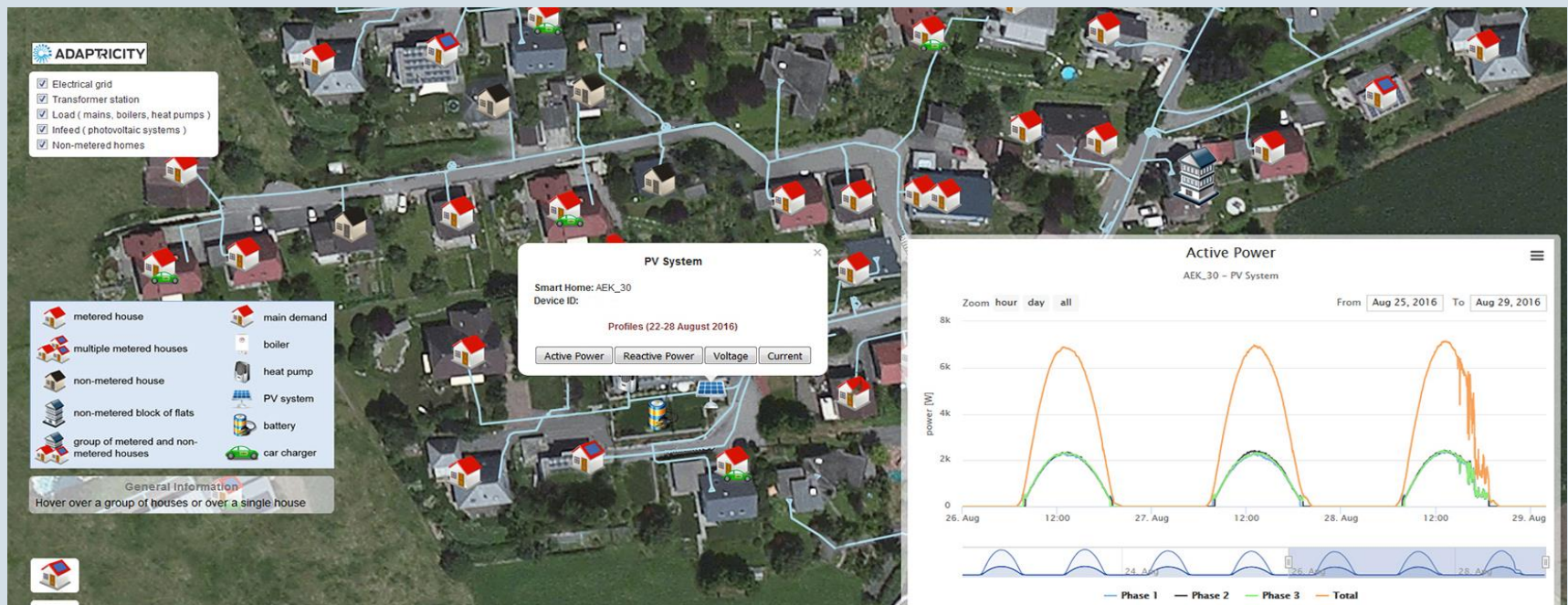
- Irradiation cross-linking for third-party customers based in Bautzen

- **Enhancement involving technology and know-how**

- Sensor technology, electronics, software development, data analysis
- Solution provider with intelligent cables (cable systems)

- **First step taken**

- Majority stake in Adaptricity, spin-off from ETH Zürich, acquired
- Simulation software, expertise, consulting services



Forecast for 2017

- Sales: EUR 1.7 billion
- EBIT: EUR 85 to 95 million



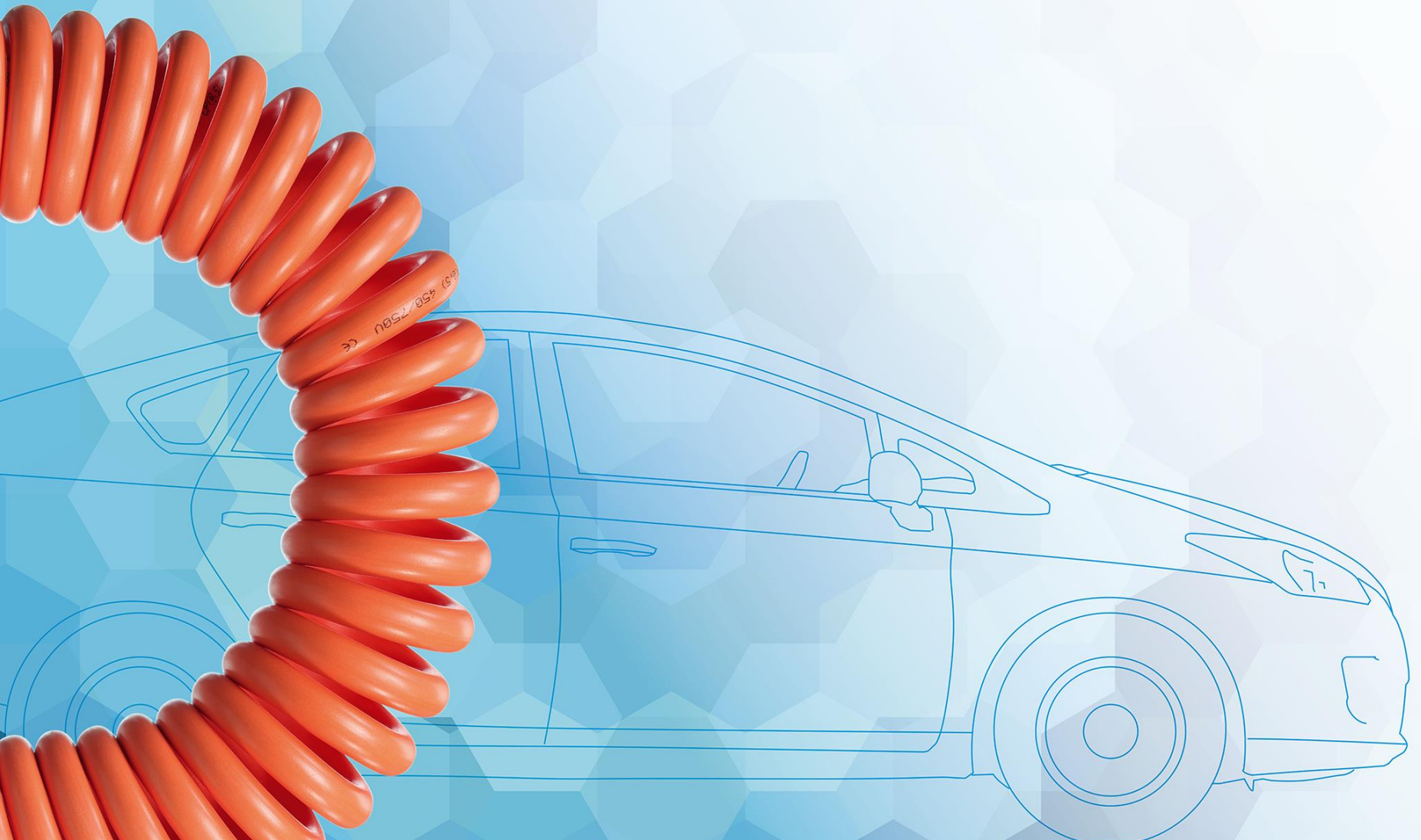
▪ Digitization of products and services

▪ Continued broadening of skills

- Establishing development partnerships
- Increasing M&A activity

▪ Encouraging strategic collaboration

- Businesses, universities, research institutions



2017

**EUR 4.6 billion
sales**

**EUR 180-200
million EBIT**

**EUR 250 million
investments**

**Positive
free cash flow
(before dividend
distribution)**

2019

**Organic sales
growth: 4 to 5%
p.a.**

**EBIT margin: mid-
single digit
percentage area**

**Positive free cash
flow (after dividend
distribution)**

ONE LEONI

Growth of the automotive industry

Electromobility / autonomous driving

Energy and data management

**Digitization / Industry 4.0 /
gearing up for future requirements**





Analyst & Investor Conference 2017

Questions & Answers



100
100 years
100 faces 1917–2017

The Quality Connection

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Appendix

- | | |
|--|------------------|
| ▪ Preliminary results | February 2017 |
| ▪ Press Conference on Financial Statements | 23 March 2017 |
| Analyst and Investor Conference | 23 March 2017 |
| ▪ Interim Report 1 st Quarter 2017 | 10 May 2017 |
| Annual General Meeting | 11 May 2017 |
| ▪ Interim Report 2 nd Quarter and 1 st Half 2017 | 9 August 2017 |
| ▪ Interim Report 1 st – 3 rd Quarter 2017 | 15 November 2017 |



Appendix: Group key performance indicators

	2015A	2016A	2017E
Sales (in EUR m)	4,503	4,431	~4,600
EBIT (in EUR m)	151.3	78.1	180-200
EBIT/Sales (in %)	3.4	1.8	-
Consolidated net income (in EUR m)	77.3	10.5	-
Investments (in EUR m)	247.6	217.1	~250
Free cash flow (in EUR m)	-5.2	-40.3	Positive
Net financial debt (in EUR m)	321.6	403.6	-
Equity ratio (in %)	35.1	31.1	-
ROCE (in %)	10.0	5.1	-

Appendix: Group performance indicators

in EUR m	2012*	2013	2014	2015	2016
Sales	3,809	3,918	4,103	4,503	4,431
Growth (index 2012 = 100%)	100%	103%	108%	118%	116%
EBITDA	354	284	306	298	229
EBIT	238	163	183	151	78
EBT	199	131	151	126	54
PAT	157	106	115	77	11
Growth (index 2012 = 100%)	100%	68%	73%	49%	7%
Depreciation and amortisation	116	121	123	147	151
Cash flow from current business operations	212	187	181	228	163

Investments (cash effective)

- Investments in intangible assets and property, plant and equipment	161	154	220	248	212
- Investments in financial assets and acquisitions	25	0	0	0	5
Total net debt	249	257	316	322	404
Equity	784	828	918	996	916
Gearing (total net debt / equity)	0.3	0.3	0.3	0.3	0.4
Employees (end of period)	59,393	61,591	67,988	74,018	79,037

* Adjustment of various pre-year amounts due to amendment of IAS 19

Appendix: Group performance indicators (cont'd)

in %		2012*	2013	2014	2015	2016
EBITDA	(in % of sales)	9.3	7.2	7.5	6.6	5.2
EBIT	(in % of sales)	6.2	4.2	4.4	3.4	1.8
EBT	(in % of sales)	5.2	3.3	3.7	2.8	1.2
PAT	(in % of sales)	4.1	2.7	2.8	1.7	0.2
Equity	(in % of balance sheet total)	32.9	34.5	34.4	35.1	31.1
Investments	(in % of depreciation / amortisation)	133	139	175	168	139
ROCE 1	(in %)	20.9	13.4	13.7	10.0	5.1
ROCE 2	(in %)	17.2	11.2	11.0	6.8	2.3
ROE	(in %)	20.0	12.8	12.5	7.8	1.1

* Adjustment of various pre-year amounts due to amendment of IAS 19

Investments: Investments in intangible assets and property, plant and equipment

ROCE 1: EBIT / capital employed

ROCE 2: PAT BI / capital employed

ROE: PAT / equity

Appendix: Per share performance indicators

		2012*	2013	2014	2015	2016
Shares	(million shares, at year-end)	32.7	32.7	32.7	32.7	32.7
Consolidated net income	(EUR per share)	4.80	3.23	3.51	2.36	0.30
P/E	(factor)	5.95	16.82	14.07	15.44	112.83
Dividend	(EUR m)	49.00	32.70	39.20	32.70	16.30
Dividend per share	(EUR)	1.50	1.00	1.20	1.00	0.50**
Dividend yield	(in %, based on price at year-end)	5.3	1.8	2.4	2.7	1.5
Book value per share	(EUR)	24.0	25.3	28.1	30.5	28.0
Market capitalisation	(EUR m, based on price at year-end)	933	1,775	1,614	1,191	1,106
Share price closed	(EUR per share)	28.55	54.33	49.40	36.45	33.85
Share price high	(EUR per share)	40.21	55.08	60.66	62.81	36.39
Share price low	(EUR per share)	23.42	28.97	39.02	32.10	23.45

* Adjustment of various pre-year amounts due to amendment of IAS 19

** Subject to approval by shareholders at the Annual General Meeting

Appendix: Profit and loss statement

		2016		2015		Change	
		EUR m	%	EUR m	%	EUR m	%
Sales	1	4,431.3	100.0	4,502.9	100.0	-71.6	-1.6
Cost of sales	2	-3,700.7	-83.5	-3,780.0	-83.9	79.3	-2.1
Gross profit on sales	3	730.6	16.5	722.9	16.1	7.7	1.1
Selling expenses	4	-239.9	-5.4	-233.8	-5.2	-6.1	2.6
General and administrative expenses	5	-240.5	-5.4	-236.1	-5.2	-4.4	1.9
Research and development expenses	6	-134.4	-3.0	-119.9	-2.7	-14.5	12.1
Other operating income	7	27.5	0.6	44.0	1.0	-16.5	-37.5
Other operating expenses	8	-77.4	-1.7	-25.6	-0.6	-51.8	202.3
Result from associated companies and joint ventures	9	12.2	0.3	-0.2	0.0	12.4	n/a
EBIT	10	78.1	1.8	151.3	3.4	-73.2	-48.4
Finance revenue	11	0.7	0.0	1.4	0.0	-0.7	-50.0
Finance costs	12	-25.2	-0.6	-27.0	-0.6	1.8	-6.7
Other income from share investments	13	0.2	0.0	0.1	0.0	0.1	100.0
Income before taxes	14	53.8	1.2	125.9	2.8	-72.1	-57.3
Income taxes	15	-43.3	-1.0	-48.6	-1.1	5.3	-10.9
Net income	16	10.5	0.2	77.3	1.7	-66.8	-86.4

Appendix: Profit and loss statement (cont'd)

Research and development expenses (in EUR m and in %, respectively)

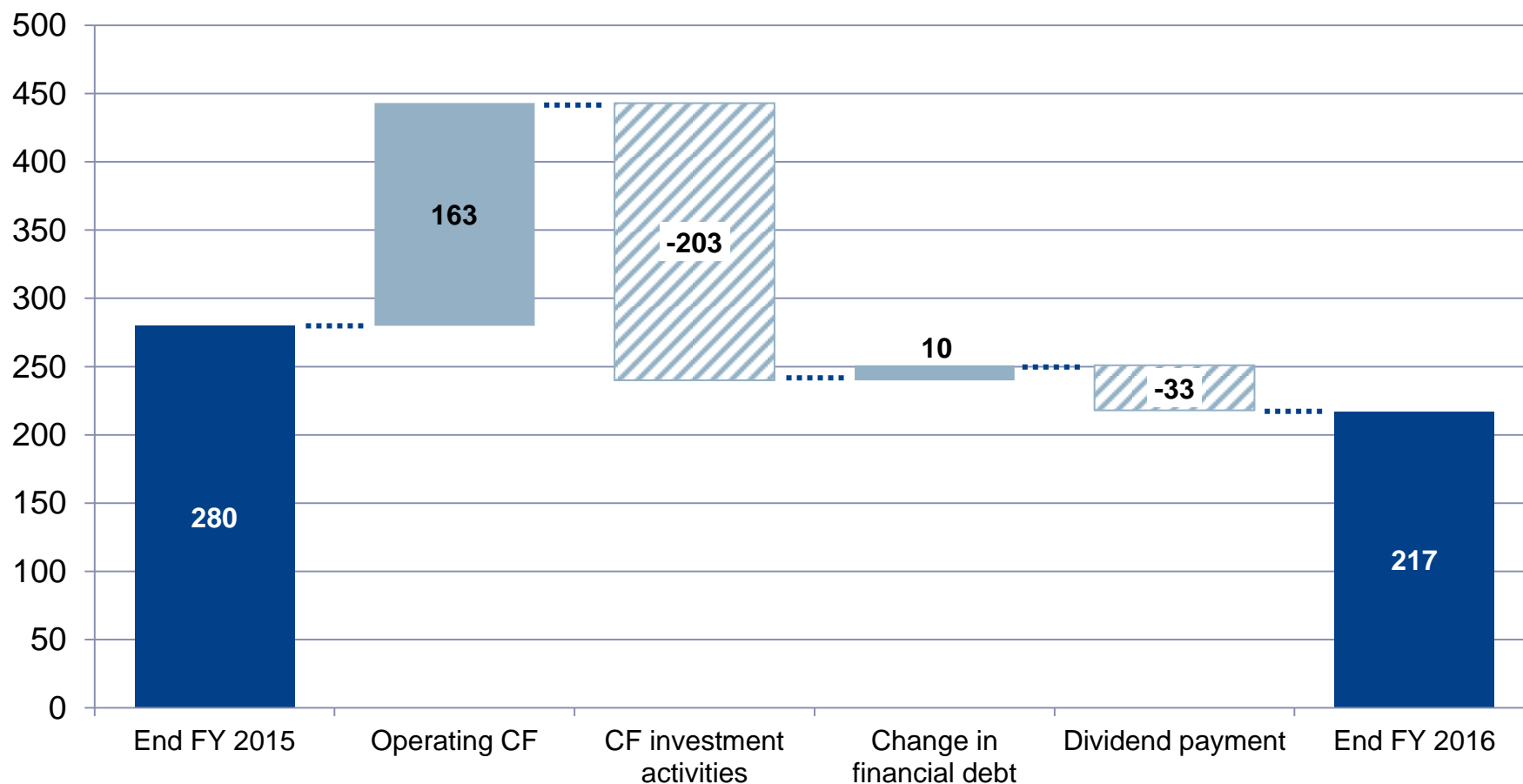
	2015		2016	
	EUR m	in % of sales	EUR m	in % of sales
WSD	108.0	4.1	120.3	4.5
WCS	13.1	0.7	15.6	0.8
Total	119.8	2.7	134.4	3.0
thereof customer orders deferred/capitalised		in % of total R&D		in % of total R&D
WSD	22.7	21.0	29.5	24.5
WCS	0.0	0.0	0.0	0.0
Total	22.7	18.9	29.5	22.0

Appendix: Profit and loss statement (cont'd)

Interest income and expenses (in EUR m)

	2015	2016
Interest income	0.9	0.7
Interest expenses	-22.8	-20.3
Subtotal interest income/expenses, net (1)	-21.9	-19.6
Net interest expenses (pension obligation) / interest expense other provisions	-4.2	-4.4
Currency effects	0.5	-0.6
Subtotal (2)	-3.7	-5.0
Total interest income/expenses (1) + (2)	-25.6	-24.6

Change in liquid funds in 2016 (in EUR m)



Appendix: Balance sheet - Assets

Assets	31 Dec 2016		31 Dec 2015		Disposition of funds EUR m	Source of funds EUR m
	EUR m	%	EUR m	%		
Cash and cash equivalents	208.9	7.1	279.7	9.9		70.8
Trade receivables and other financial assets	584.8	19.8	603.2	21.3		18.4
Other assets	115.6	3.9	93.6	3.3	22.0	
Receivables from income tax	16.0	0.5	14.9	0.5	1.1	
Inventories	588.3	20.0	547.9	19.3	40.4	
Assets held for sales	74.7	2.5	7.0	0.2	67.7	
Total current assets	1,588.3	53.9	1,546.3	54.5		
Property, plant and equipment	949.9	32.2	902.3	31.8	47.6	
Intangible assets	70.7	2.4	79.3	2.8		8.6
Goodwill	147.9	5.0	149.9	5.3		2.0
Shares in associated companies and joint ventures	24.8	0.8	13.0	0.5	11.8	
Trade receivables from long-term development contracts	53.3	1.8	54.3	1.9		1.0
Other financial assets	7.6	0.3	8.3	0.3		0.7
Deferred taxes	61.3	2.1	58.6	2.1	2.7	
Other assets	43.6	1.5	25.4	0.9	18.2	
Total non-current assets	1,359.1	46.1	1,291.2	45.5		
Total assets	2,947.4	100.0	2,837.5	100.0	211.5	101.5

Appendix: Balance sheet - Equity & liabilities

Equity and liabilities	31 Dec 2016		31 Dec 2015		Disposition of funds EUR m	Source of funds EUR m
	EUR m	%	EUR m	%		
Current financial liabilities and proportion of long-term financial liabilities	150.3	5.1	102.4	3.6		47.9
Trade accounts payable and other financial liabilities	897.9	30.5	797.6	28.1		100.3
Income taxes payable	25.9	0.9	32.1	1.1	6.2	
Other current liabilities	161.0	5.5	149.1	5.3		11.9
Provisions	53.5	1.8	32.7	1.2		20.8
Total current liabilities	1,288.5	43.7	1,113.9	39.3		
Long-term loans	462.1	15.7	498.8	17.6	36.7	
Long-term financial liabilities	14.1	0.5	3.1	0.1		11.0
Other non-current liabilities	5.1	0.2	9.9	0.3	4.8	
Pension provisions	183.1	6.2	150.7	5.3		32.4
Other provisions	33.3	1.1	26.7	0.9		6.6
Deferred taxes	45.6	1.5	37.9	1.3		7.7
Total non-current liabilities	743.3	25.2	727.2	25.6		
Equity	915.6	31.1	996.3	35.1	80.7	
Total equity and liabilities	2,947.4	100.0	2,837.5	100.0	128.4	238.6
					339.9	339.9

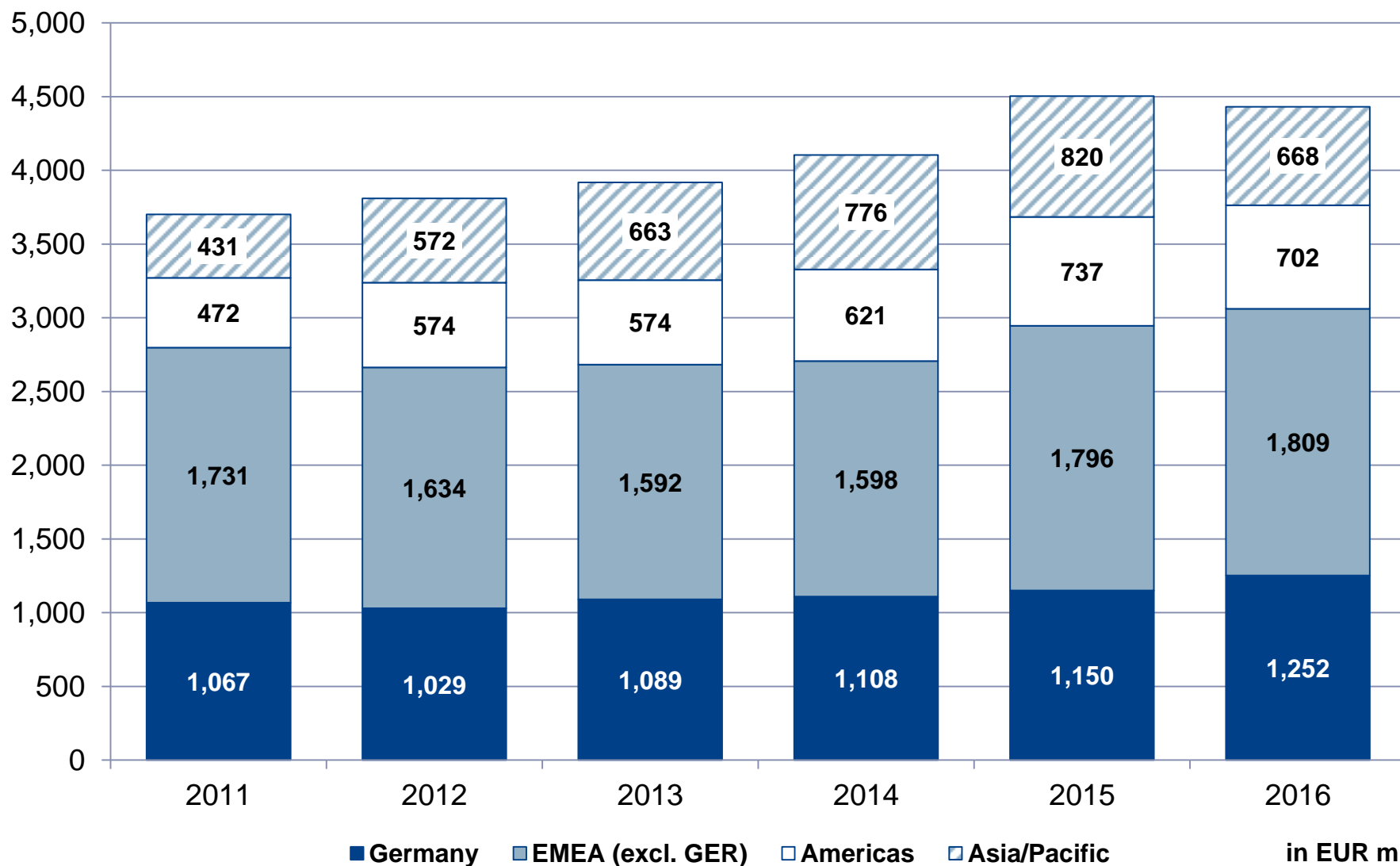
Appendix: Cash flow statement

in EUR `000	2016	2015
Consolidated net income	10,500	77,269
Adjustments to reconcile cash provided by activities		
Income taxes	43,281	48,590
Net interest	23,977	26,082
Dividend income	-209	-100
Depreciation and amortisation	151,094	147,029
Losses on assets held for sale and Intangible assets	5,388	4,253
Other non-cash expenses and income	-12,219	168
Acquisition-related income	-823	0
Result of asset disposals	309	1,671
Effect of revaluation and deconsolidation	-3,266	-23,048
Change in operating assets and liabilities, adjusted for the impact of changes		
Change in receivables and other financial assets	-10,516	-53,210
Change in inventories	-47,590	16,548
Change in other assets	-42,123	-5,568
Change in restructuring provisions	18,238	-1,807
Change in other provisions	-5,752	12,355
Change in liabilities	77,926	38,171
Income taxes paid	-29,950	-41,883
Interest paid	-16,504	-19,548
Interest received	675	961
Dividends received	209	100
Cash provided by operating activities	162,645	228,033

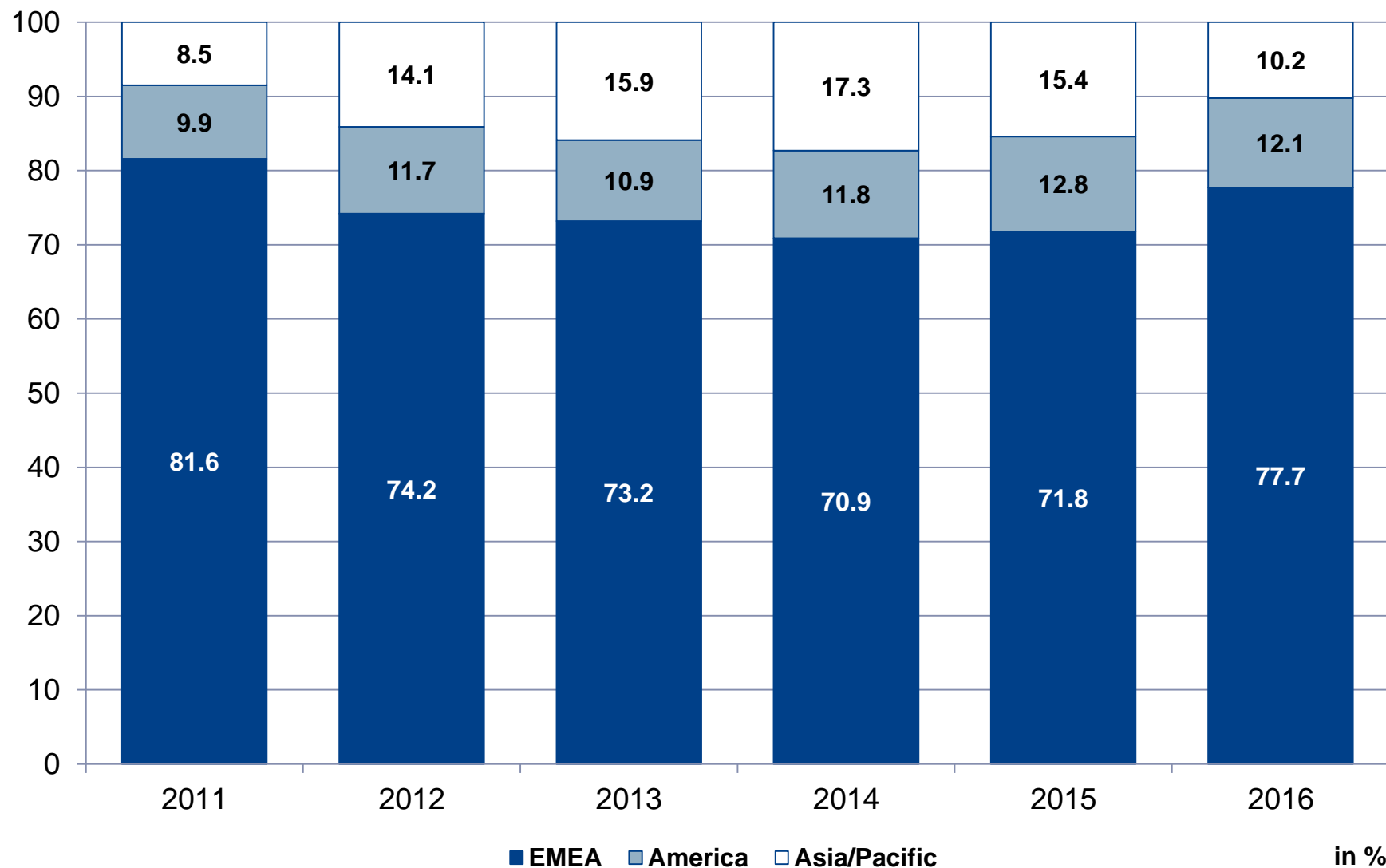
Appendix: Cash flow statement (cont'd)

in EUR `000	2016	2015
Capital expenditures for intangible assets and property, plant and equipment	-211,988	-247,594
Acquisition of subsidiaries less cash and cash equivalents acquired	-4,586	0
Capital expenditures for other financial assets	-238	-154
Cash receipts from disposal of assets and disposal of assets held for sales	1,890	4,246
Income from disposal of a business operation/ subsidiaries less cash and cash equivalents paid	12,014	10,275
Cash used for capital spending activities	-202,908	-233,227
Cash receipts from acceptance of financial debts	38,010	251,035
Cash repayments of financial debts	-27,263	-165,725
Dividends paid by LEONI AG	-32,669	-39,203
Cash provided by/ used for financing activities	-21,922	46,107
Change of cash and cash equivalents	-62,185	40,913
Currency adjustment	-195	6,789
Cash and cash equivalents at beginning of period	279,680	231,978
Cash and cash equivalents at end of period	217,300	279,680

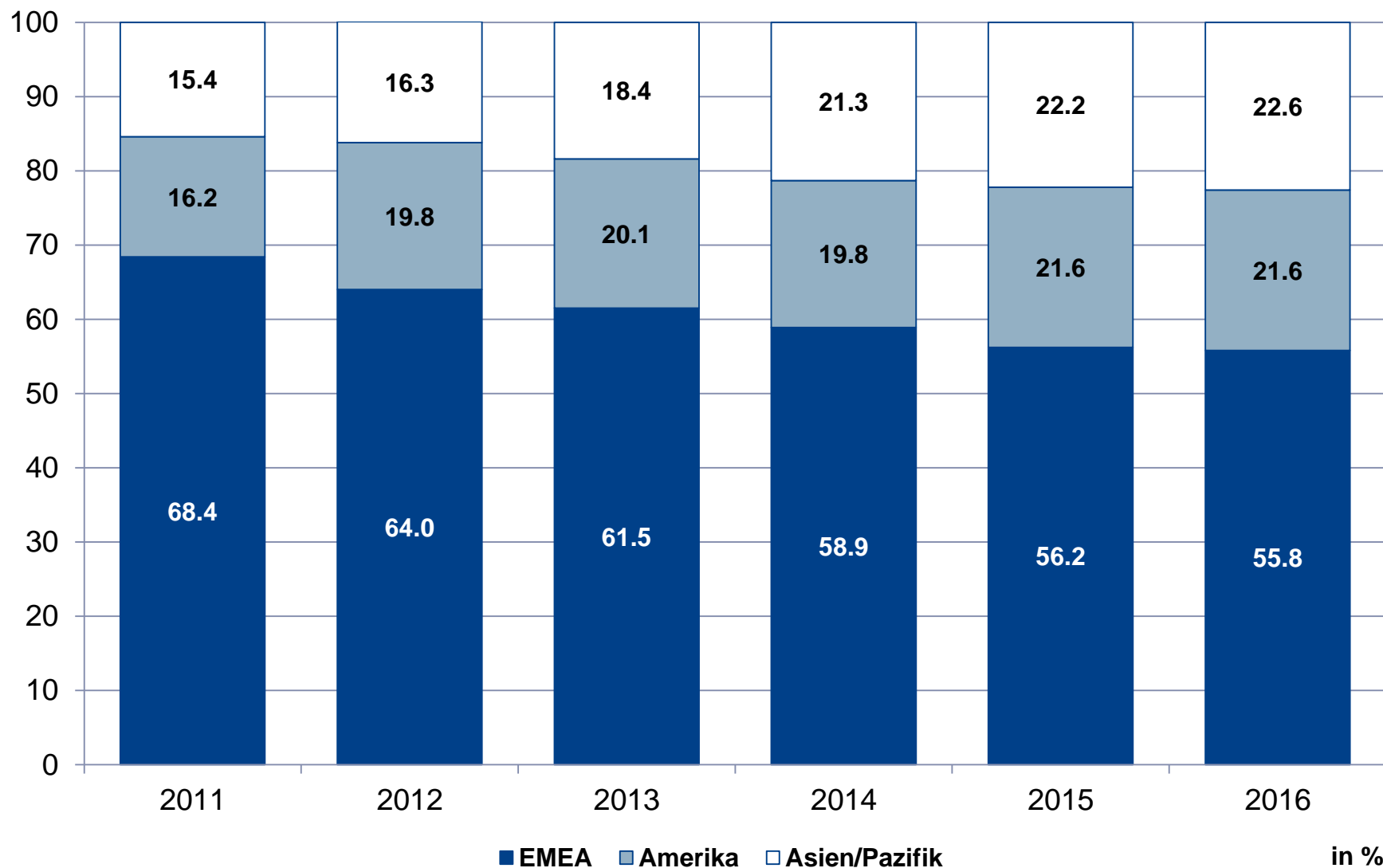
Appendix: Regional group sales distribution



Appendix: Regional sales distribution WSD



Appendix: Regional sales distribution WCS



Appendix: Employees

