



Intelligent energy and data solutions for tomorrow's world

Conference Call Q2 Results
August 15, 2018

LEONI

Dynamic sales growth – Raise of full-year sales guidance

Financial highlights Q2/H1 2018

Financial Highlights

- › Organic sales growth of 9% y-o-y in Q2 2018 and 11% in H1 2018
- › Group sales of € 1.3 billion in Q2 2018; new sales record of € 2.7 billion hit in H1 2018
- › Operating profit in line with full-year expectations
 - › Q2 2018 adj. EBIT down by 2%, adj. EBIT margin decreased from 5.2% to 4.8%
 - › H1 2018, adj. EBIT up by 7%, nearly stable adj. EBIT margin at 4.8%
- › Increased full-year sales guidance 2018: Sales: \geq € 5.1 billion
- › Group funding and financial flexibility strengthened with credit facility of € 750 million

High investments in capacity expansion for future growth

Business highlights Q2/H1 2018

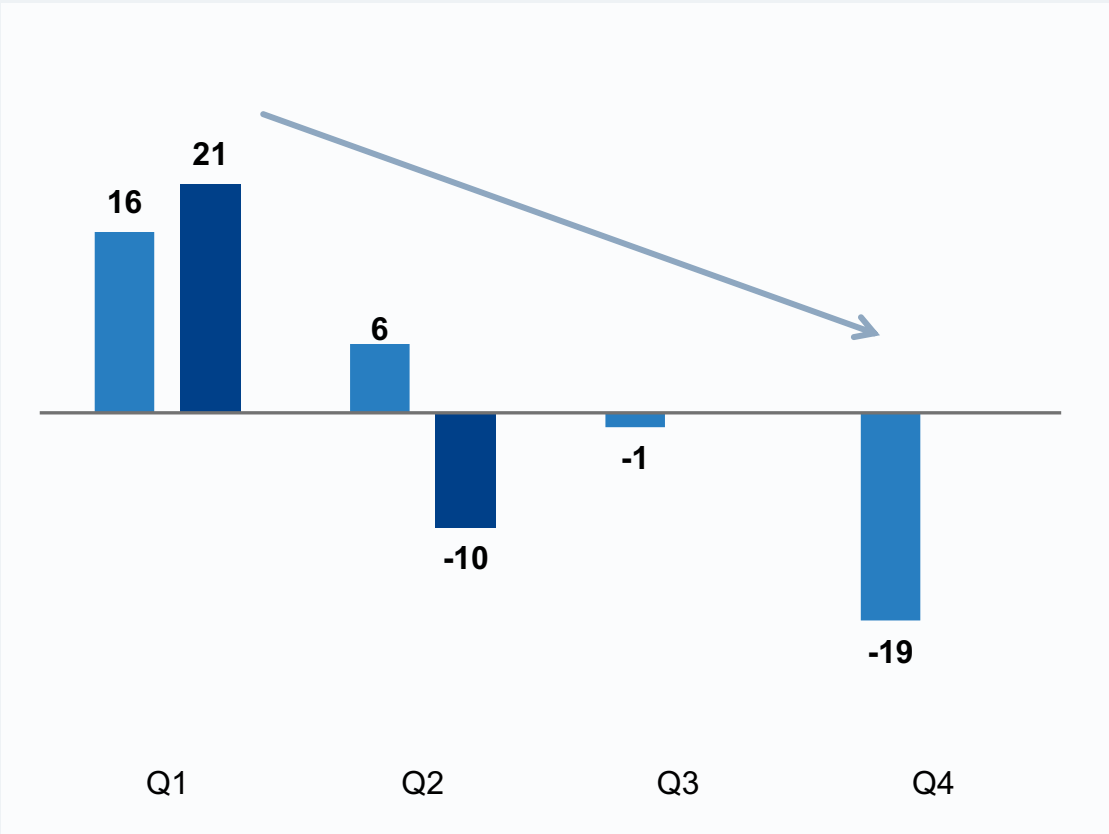
Business Highlights

- › Higher investments of € 127 million (H1 2017: € 116 million), primarily for site expansions and new plants in the Wiring Systems Division (WSD)
- › Plant opening in Serbia increases WSD capacities
- › Strong order book
 - › Stable order backlog of € 21.5 billion as of Jun 30, 2018 (Dec 31, 2017: € 21.9 billion)
 - › Order intake down to € 2.6 billion in H1 2018, thereof € 0.1 billion for e-mobility orders
- › Strategic development partnership with PARC (Xerox) for LEONiQ intelligent cable technology

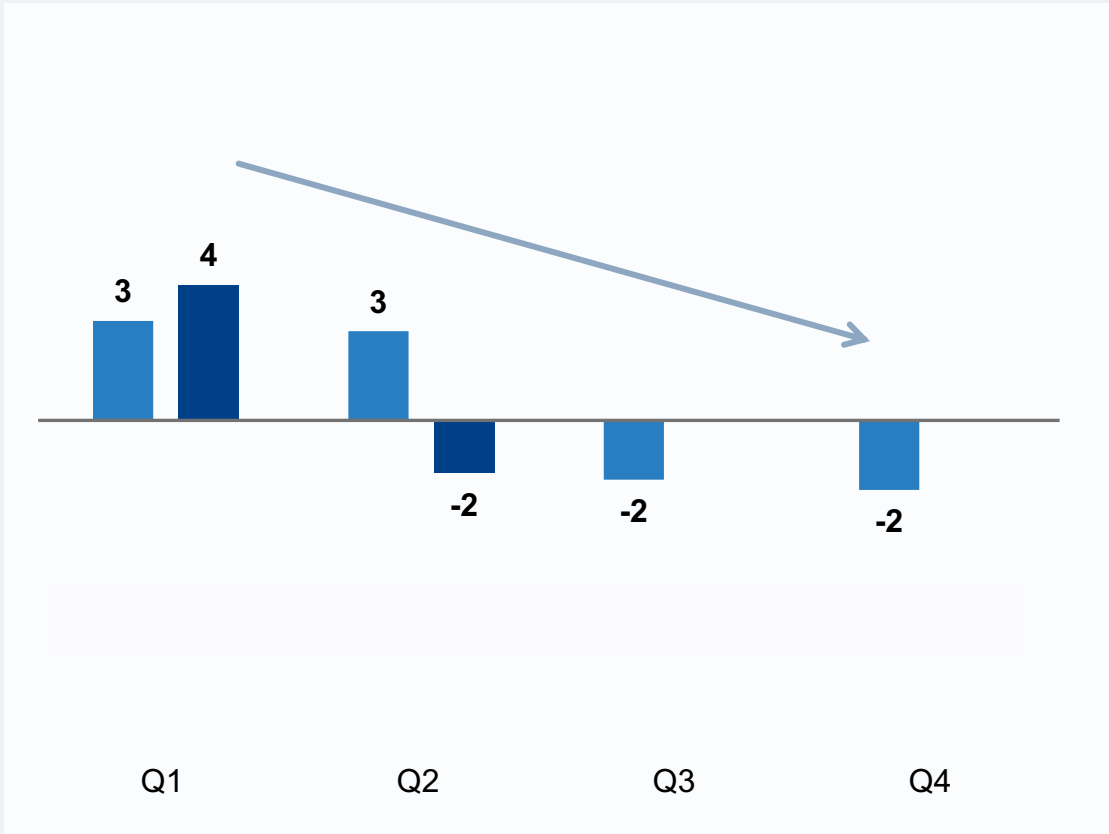
IFRS 15 effects at a glance

Absolute impact on group revenues and EBIT

REVENUE EFFECT
(Q2 2017 VERSUS Q2 2018 IN € MN)



EBIT EFFECT
(Q2 2017 VERSUS Q2 2018 IN € MN)

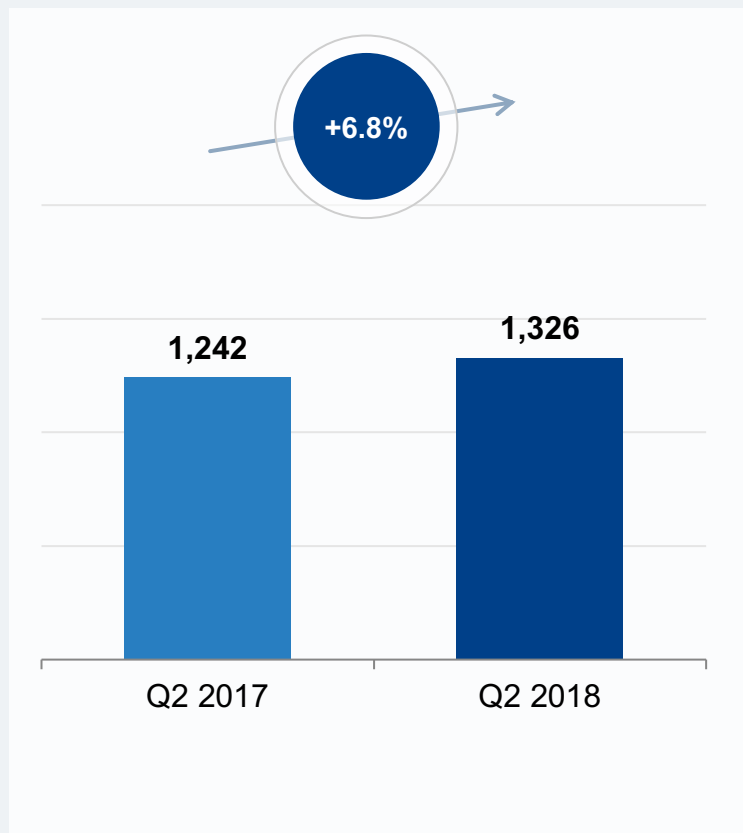


■ 2017 ■ 2018

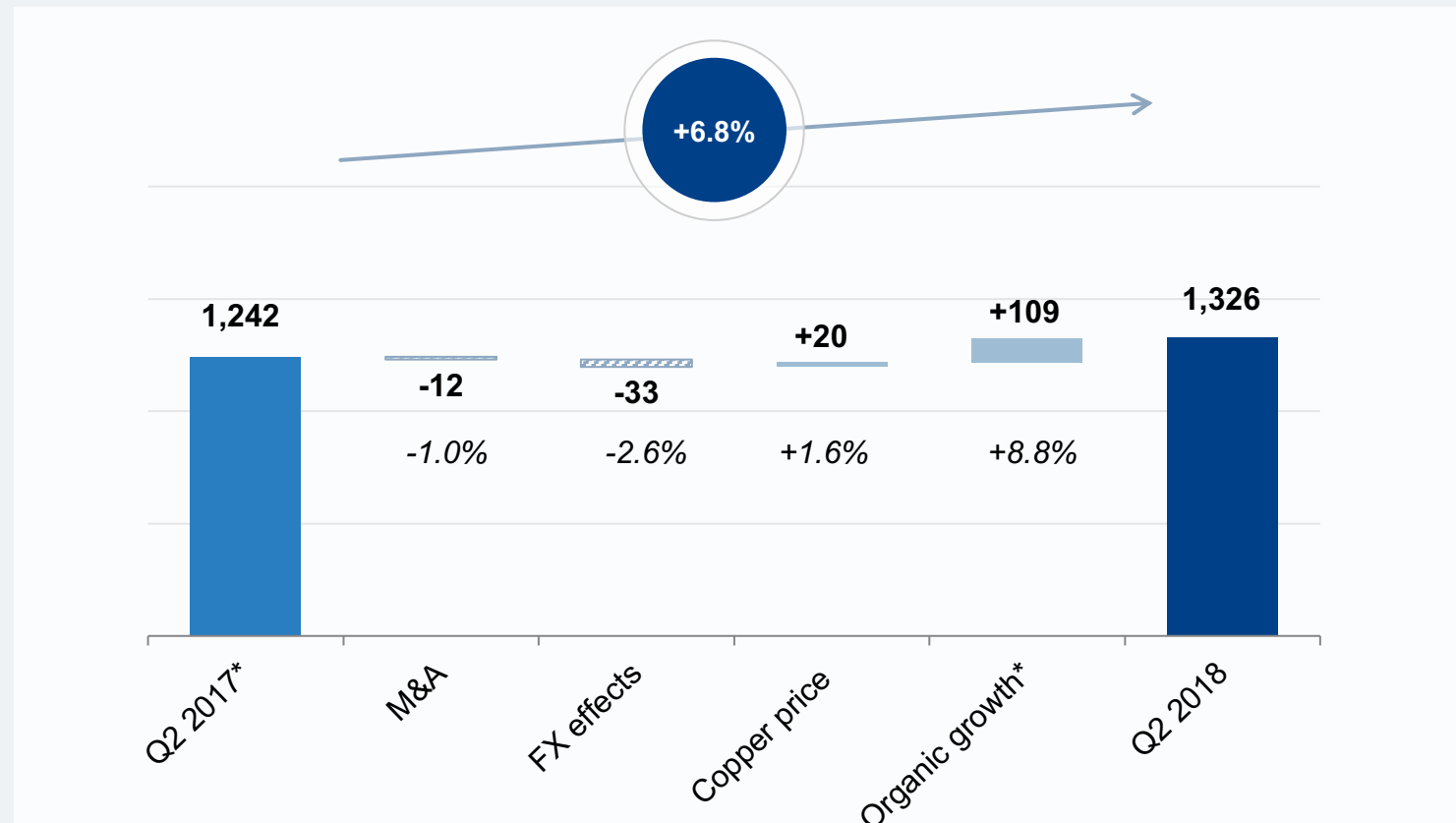
Continued strong organic growth in the second quarter

Group revenues Q2

REVENUES (€ MN)*



REVENUE BRIDGE Q2 2017 – Q2 2018 (€ MN)

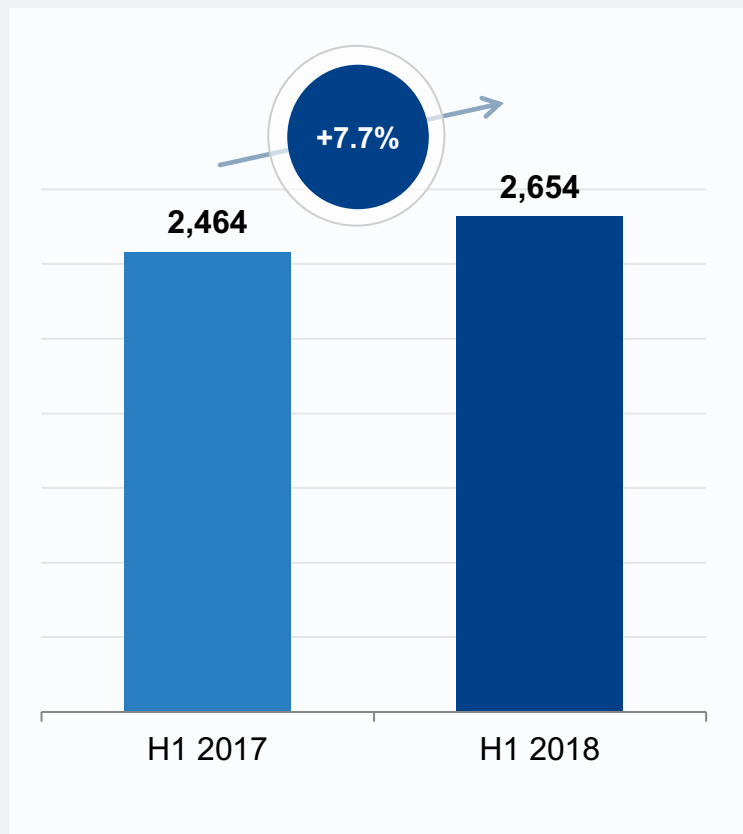


* Include IFRS 15 effects: Q2 2017: + € 6 mn; Q2 2018: - € 10 mn

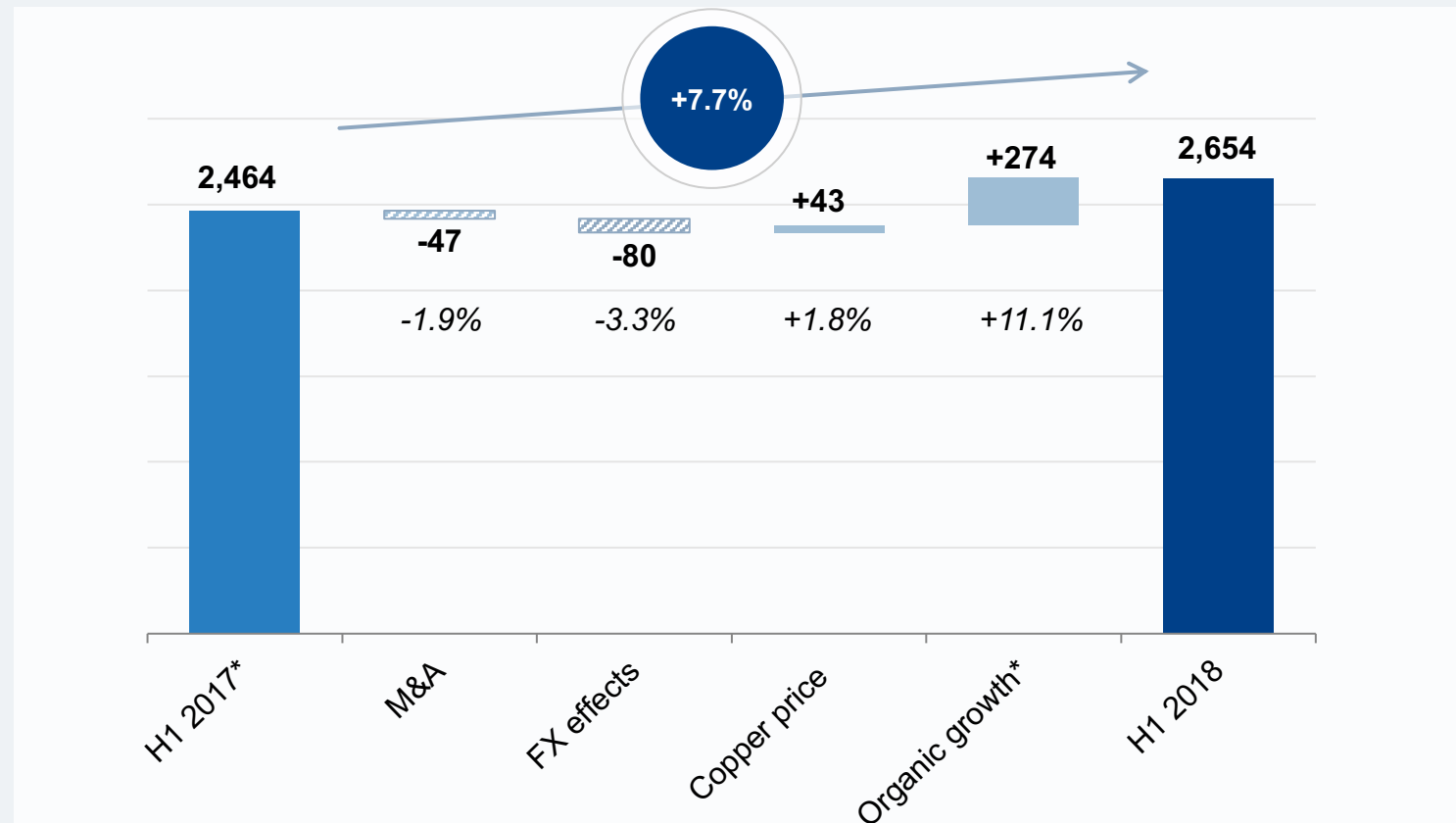
New record level of group sales in H1 2018

Group revenues H1

REVENUES (€ MN)*



REVENUE BRIDGE H1 2017 – H1 2018 (€ MN)

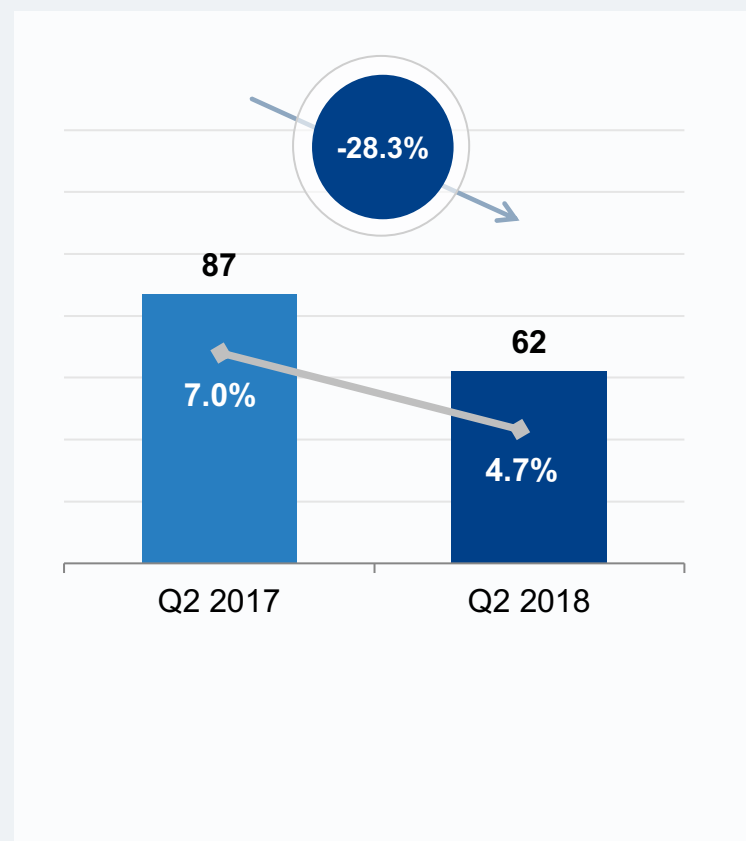


* Include IFRS 15 effects: H1 2017: + € 23 mn; H1 2018: + € 10 mn

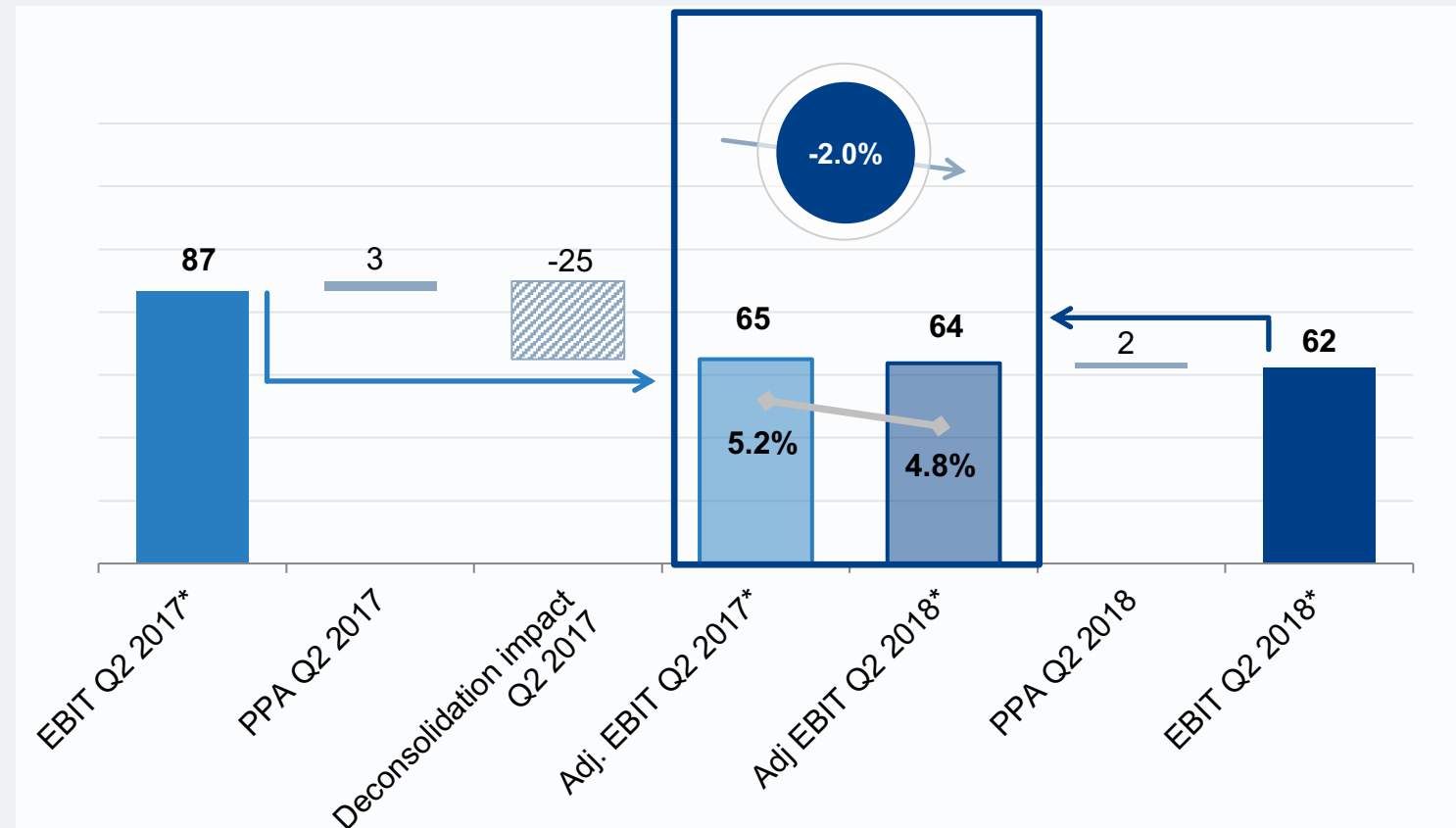
Adjusted EBIT in line with full-year expectations

EBIT / Adjusted EBIT Q2

EBIT (€ MN)* / MARGIN (%)



RECONCILIATION TO ADJUSTED EBIT Q2 2017 – Q2 2018 (€ MN)

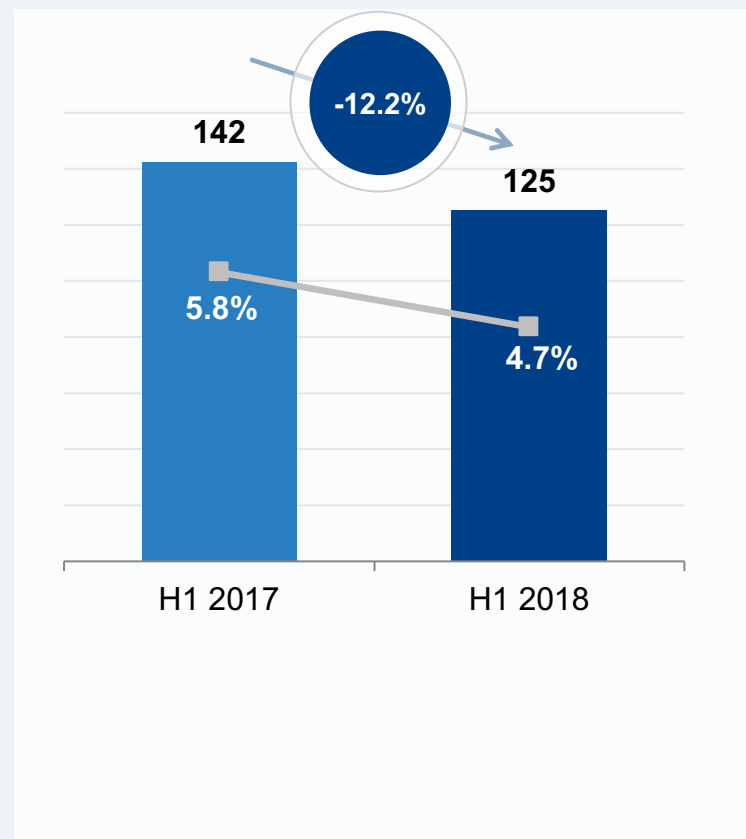


* Include IFRS 15 effects: Q2 2017: + € 3 mn; Q2 2018: - € 2 mn

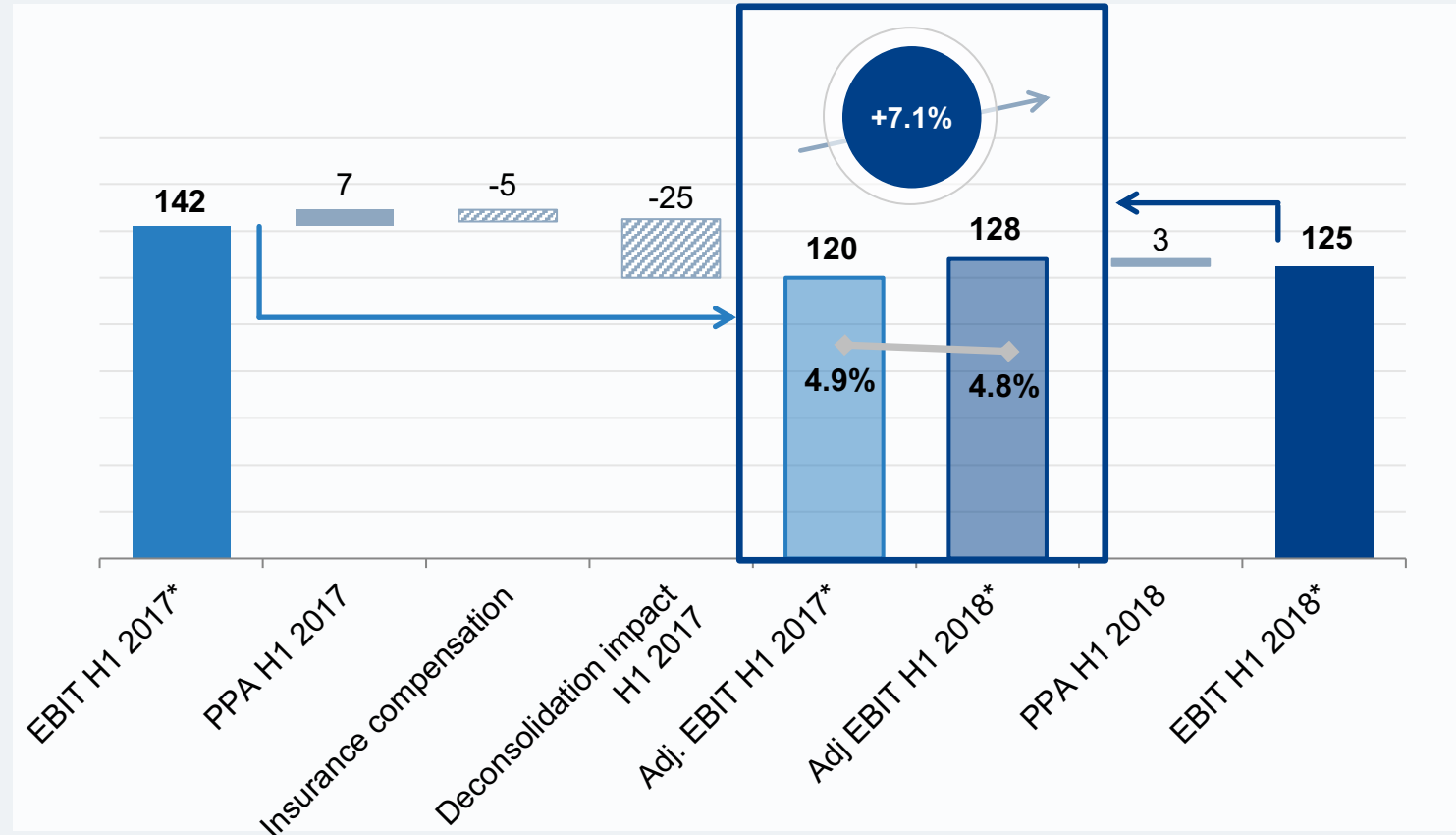
Adjusted EBIT up by 7% in H1 2018

EBIT / Adjusted EBIT H1

EBIT (€ MN)* / MARGIN (%)



RECONCILIATION TO ADJUSTED EBIT H1 2017 – H1 2018 (€ MN)

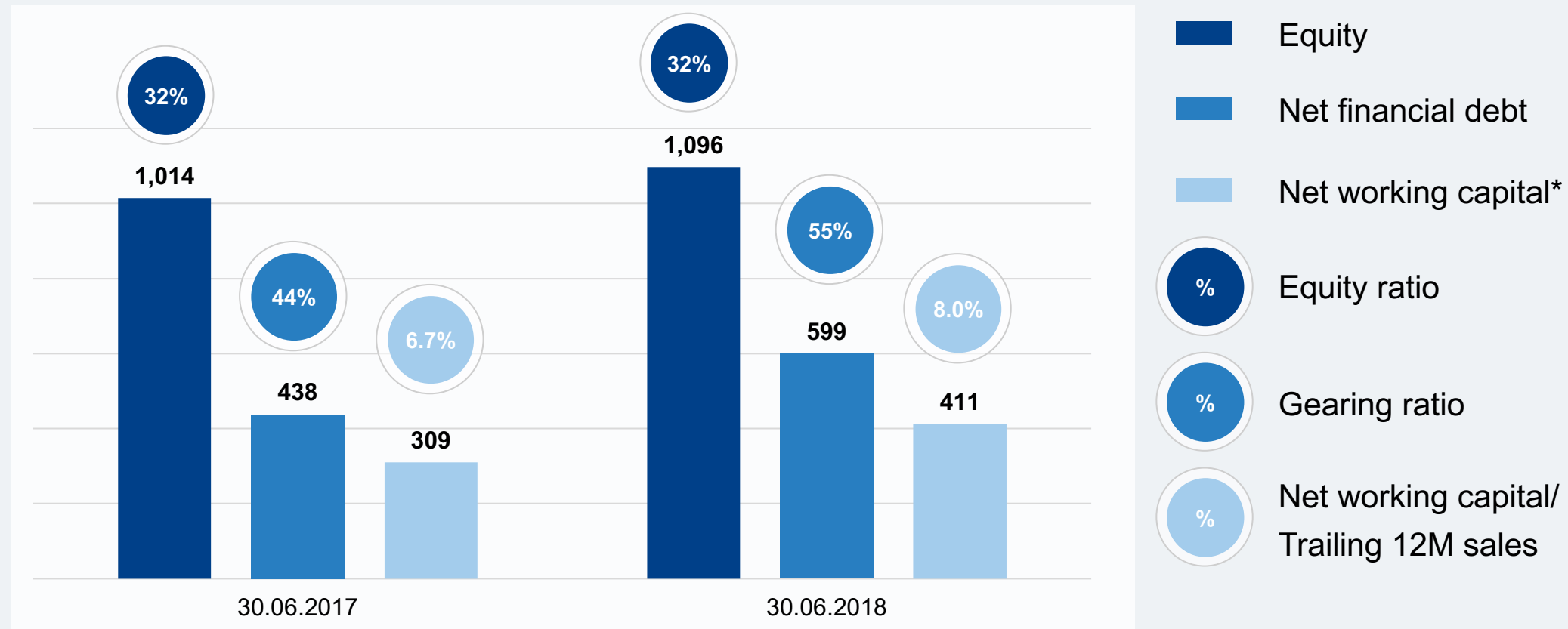


* Include IFRS 15 effects: H1 2017: + € 6 mn; H1 2018: + € 3 mn

Financial profile reflects strong growth

Key balance sheet items

EQUITY, NET FINANCIAL DEBT AND NET WORKING CAPITAL (€ MN)

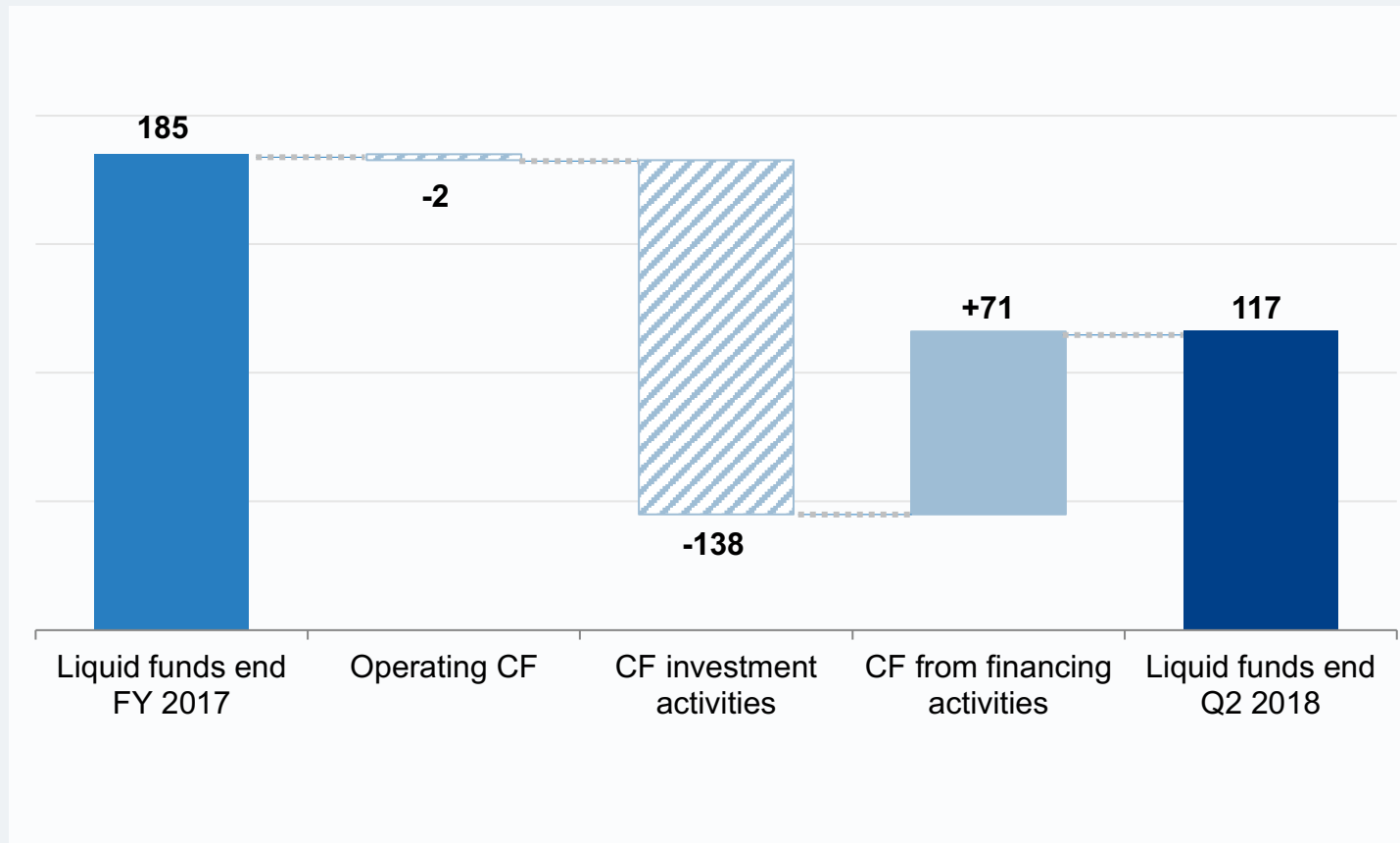


* Net working capital = Trade receivables + Inventories – Trade payables

Free cash flow impacted by higher working capital and investments

Change in liquid funds in H1 2018

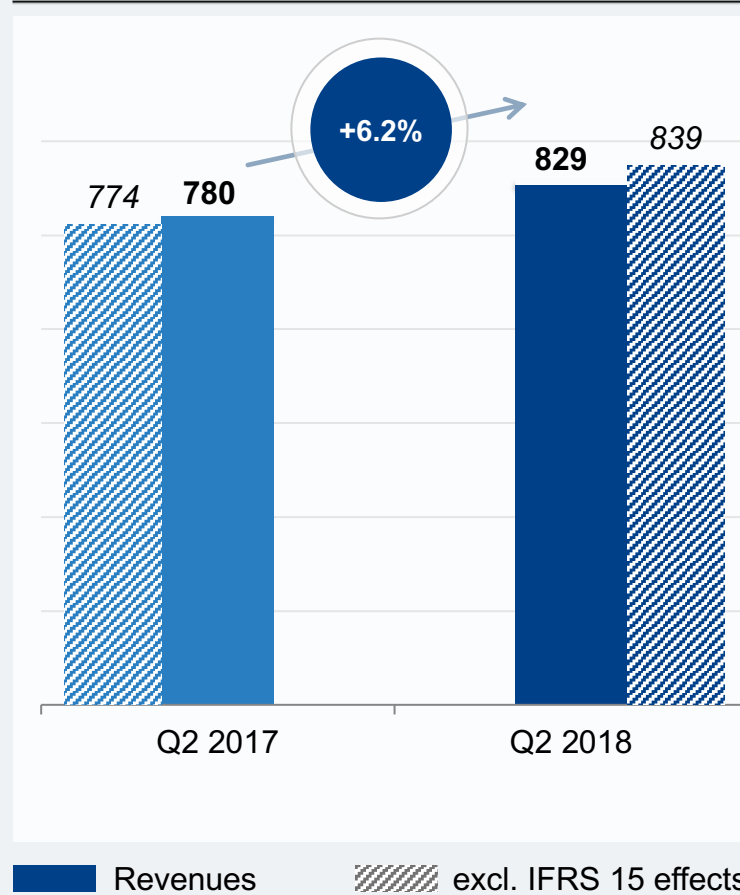
CASH FLOW ITEMS H1 2018 (€ MN)



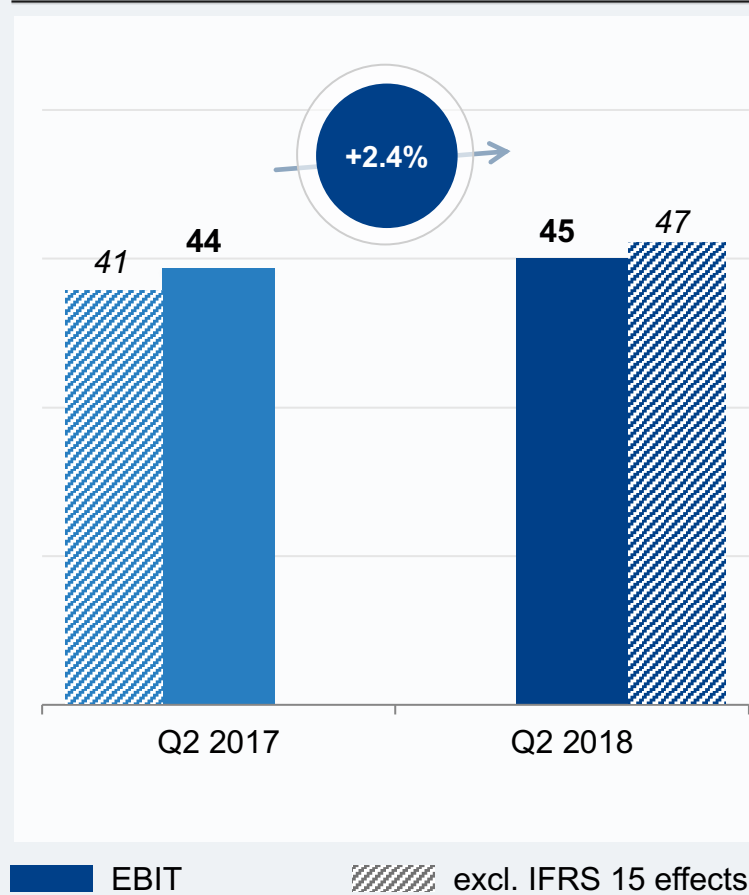
WSD: Profit contributions from increased sales

Revenue and EBIT Q2 – affected by IFRS 15

REVENUES (€ MN)



EBIT (€ MN)*

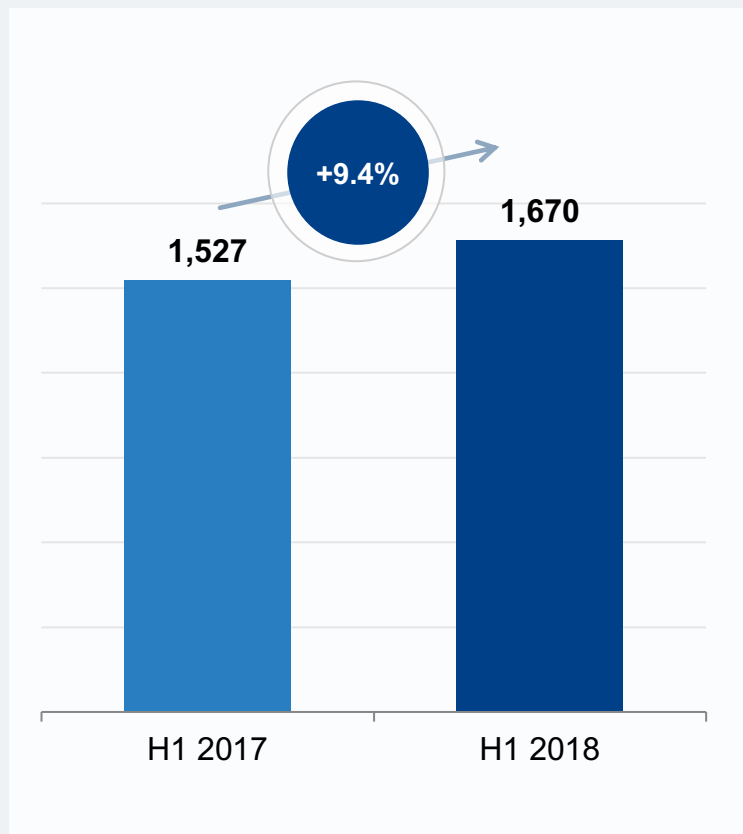


- › Strong organic sales growth of above 8% y-o-y
- › Positive development of Chinese JV
- › Ramp up costs for large new customer projects
- › EBIT margin slightly down from 5.6% to 5.4%
- › EBIT adjusted for IFRS 15 effects up by 12.8%; EBIT margin up from 5.3% to 5.6% respectively

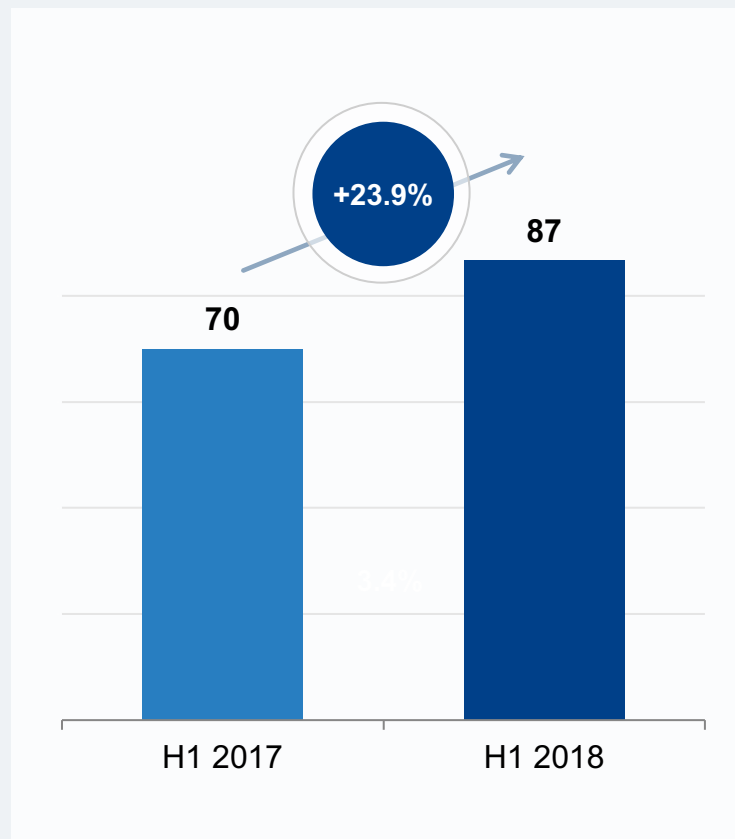
WSD: Strong organic sales growth and improved profitability

Revenue and EBIT H1

REVENUES (€ MN)*



EBIT (€ MN)**



- › Strong organic sales growth of 12% y-o-y
- › Margin contributions from increased sales
- › Positive development of Chinese JV
- › Adjusted EBIT increased by 16%
- › Adjusted EBIT margin up from 5.0% to 5.3%

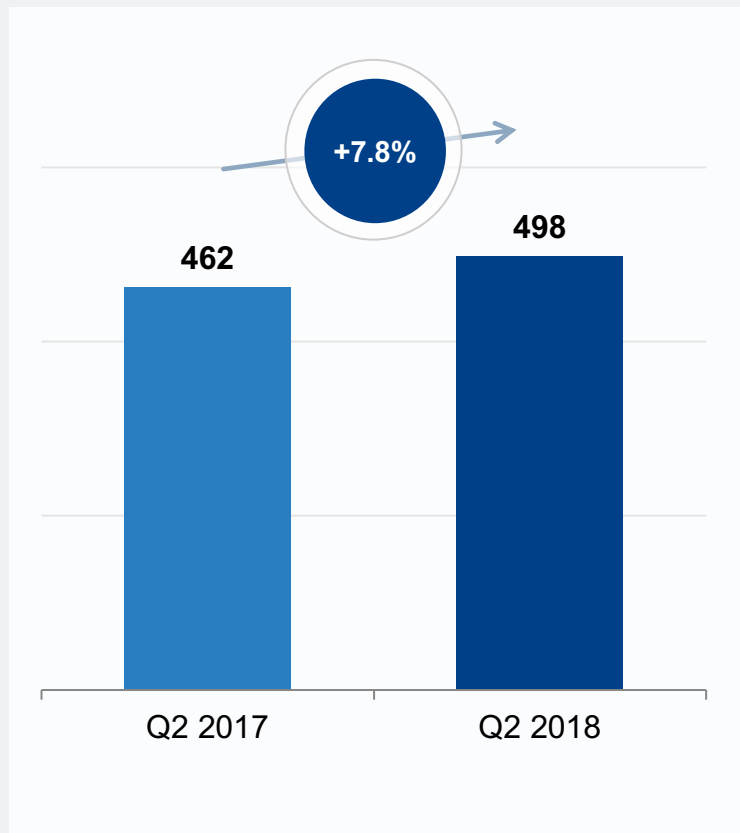
* Include IFRS 15 effects: H1 2017: + € 23 mn; H1 2018: + € 10 mn

** Include IFRS 15 effects: H1 2017: + € 6 mn; H1 2018: + € 3 mn

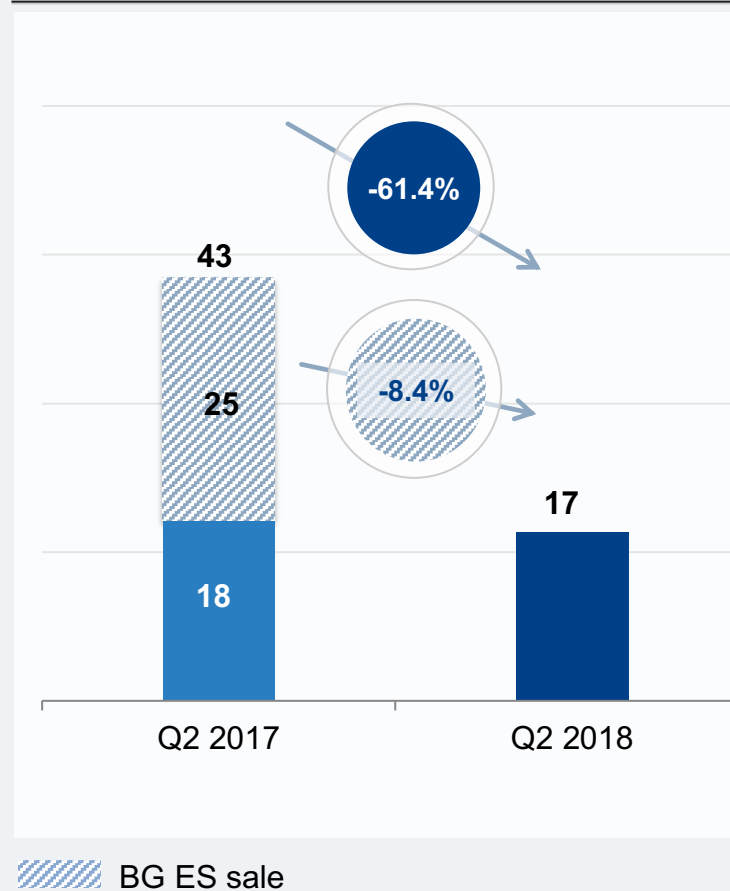
WCS: Sales growth of 8% despite sold BG ES business

Revenue and EBIT Q2

REVENUES (€ MN)



EBIT (€ MN)

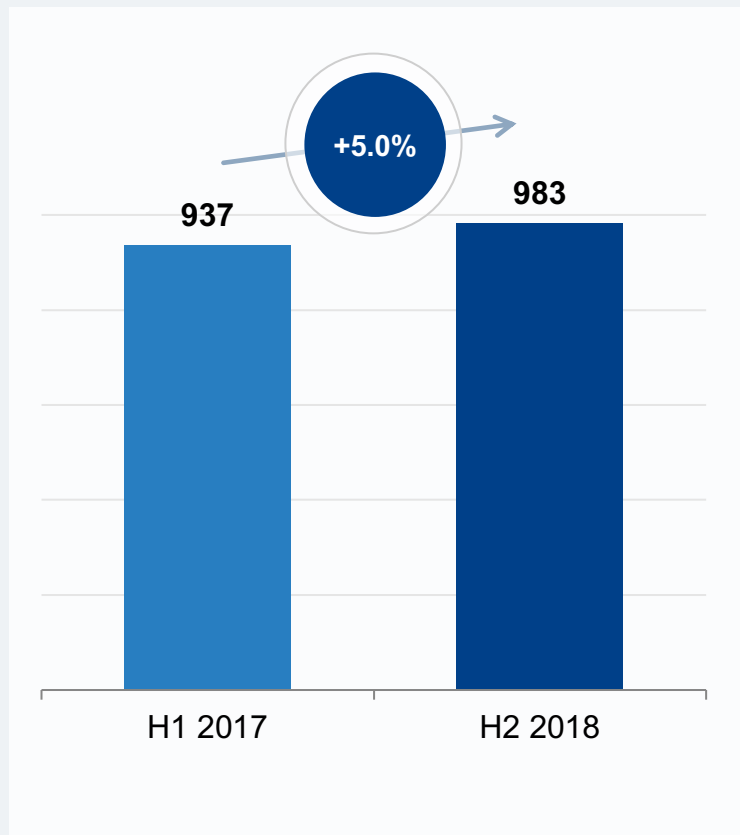


- › Organic sales growth of 10% y-o-y
- › Offset of revenue loss of € 12 million from BG ES sale and negative FX effects
- › Positive copper price effect
- › Weak business with solar and petrochemical industries, ramp-up costs in India and higher raw material prices
- › EBIT in Q2 2017 includes deconsolidation effect of € 25 million
- › Adjusted EBIT margin down from 3.9% to 3.4% y-o-y

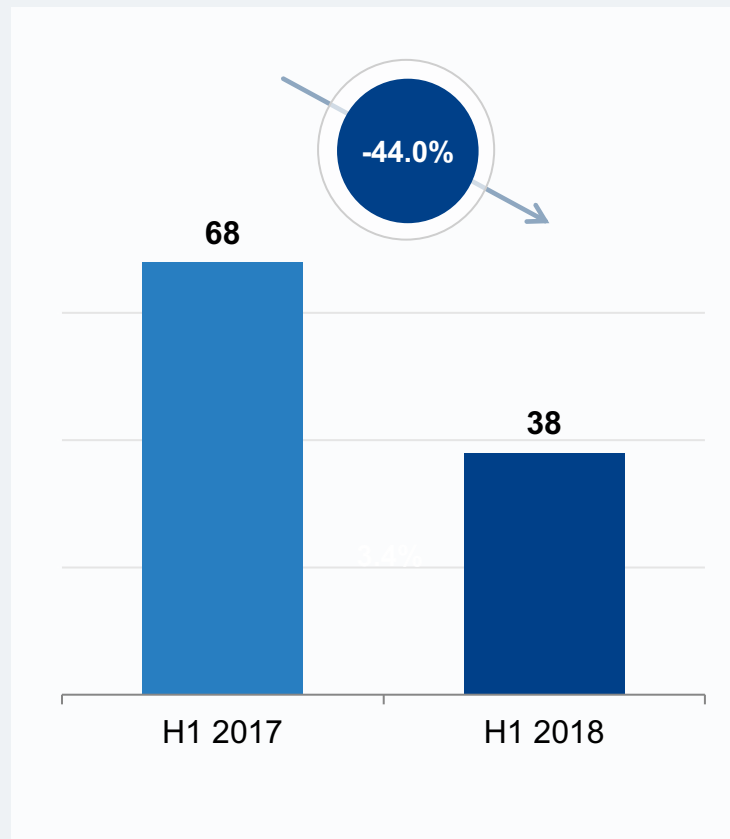
WCS: Double-digit organic sales growth of above 10%

Revenue and EBIT H1

REVENUES (€ MN)



EBIT (€ MN)

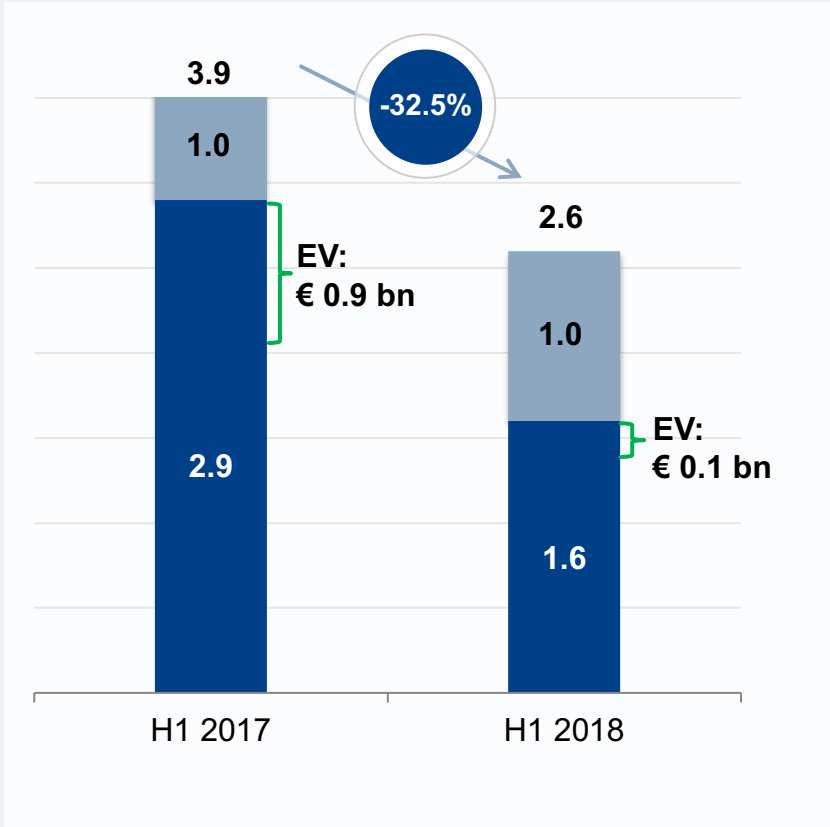


- › Organic sales growth of > 10% y-o-y
- › Offset of revenue loss from BG ES sale and negative FX effects
- › Positive copper price effect
- › Weak business with solar and petrochemical industries, ramp-up costs in India and higher raw material prices
- › EBIT in H1 2017 includes deconsolidation effect of € 25 million
- › Adjusted EBIT margin down from 4.6% to 3.9% y-o-y

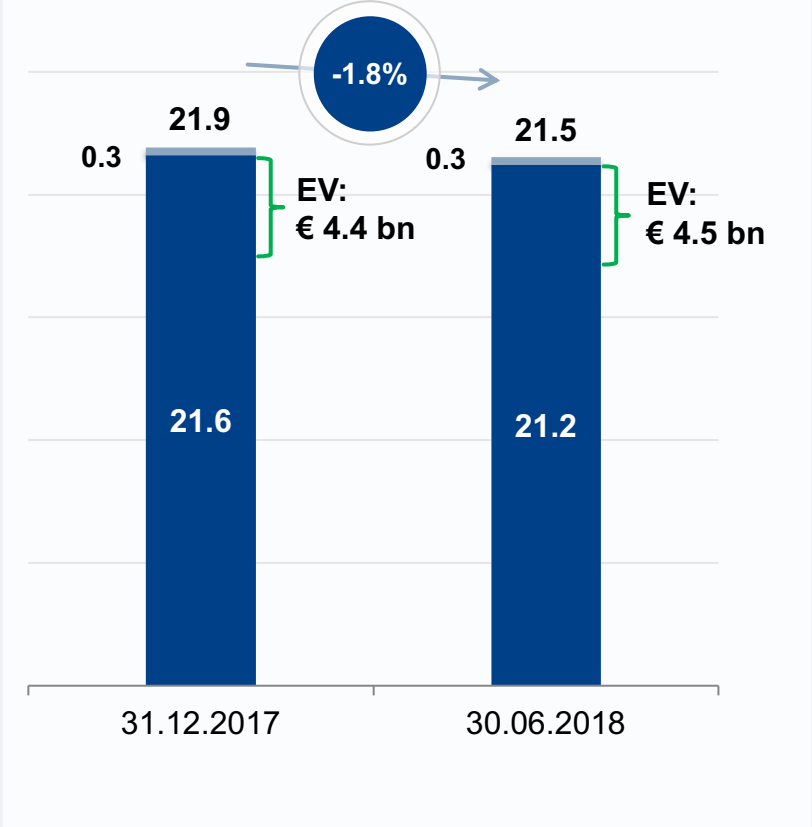
Stable order backlog with significant EV share

Order book H1

ORDER INTAKE (€ BN)



ORDER BACKLOG (€ BN)



■ Wiring Systems (WSD) ■ Wire & Cable Solutions (WCS)

LEONI will continue to invest in profitable growth

Guidance 2018 and in the mid-term

2018

Sales: \geq € 5.1 billion (before: \geq € 5 bn)

EBIT: € 215 – 235 million

CAPEX: 5% of sales*

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

2020

Sales: $>$ 5% CAGR 2018-2020

EBIT margin: \geq 5%

CAPEX: 5% of sales

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

*Excl. investment in the "Factory of the Future"

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Q & A session



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