



Intelligent energy and data solutions for tomorrow's world

Conference Call Q3 Results
November 14, 2018

LEONI

Current situation requires start of holistic improvement programme

Focusing our organisation on profitable growth

Personal impressions during first 70 days

- › Highly motivated and capable workforce
- › Strong customer relations & reputation
- › Impressive global footprint and technical capability

Solid base for future development

Q3 situation

- › Noticeable slow down of sales momentum
- › Profitability increasingly under pressure
- › Disappointing working capital management

Counteractions initiated



VALUE 21

Performance

Strategy

VALUE 21 framework for performance improvement

Programme to sustainably enhance profitability & cash flow



Cost reduction

- › Operational excellence
- › Scrutinize structure (SG&A)
- › Purchasing optimization

Cash conversion

- › Capex optimisation
- › Optimized NWC management, esp. with focus on inventories

Modern system landscape

- › IT harmonization
- › Improved transparency
- › Process improvement

Prioritisation

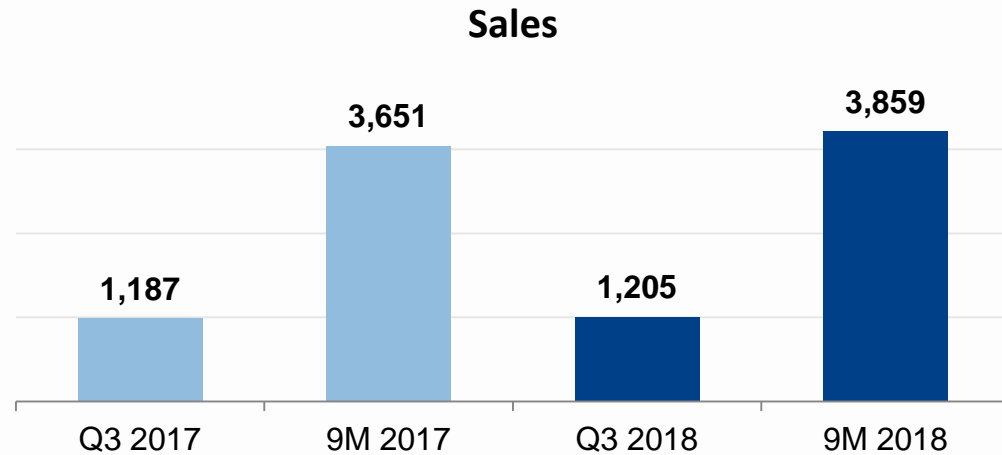
- › Focus on growth with accretive margin
- › Holistic project portfolio mgmt.
- › Customer focused innovation

Programme currently under set-up, start early 2019 – more details will follow upon release of Q4 results

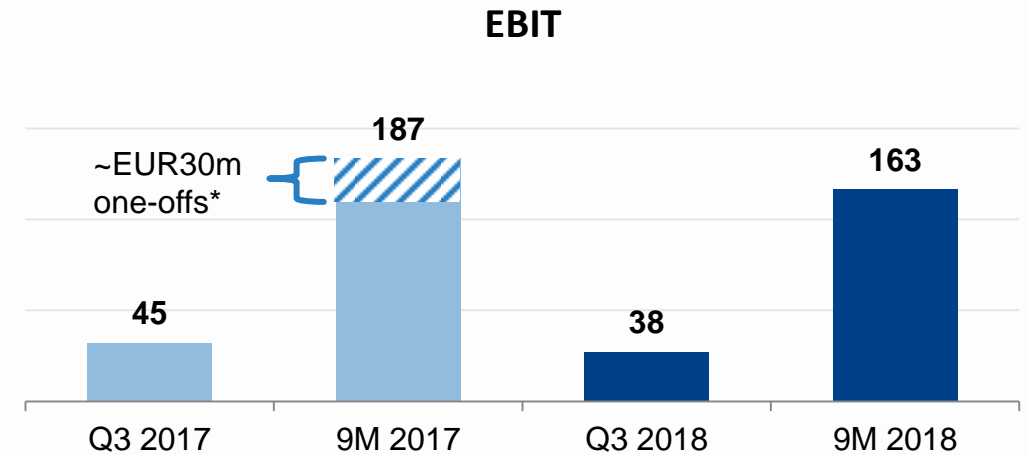
Slowdown of organic sales growth puts margins under pressure

Group sales and EBIT Q3 & 9M 2018

in EURm



- › Slowdown in organic top-line growth (y/y):
Q1: 13.5%; Q2: 8.8% ; Q3: 0.7%
- › Organic growth in Q3 2018 shows mixed picture at divisional level, WSD more impacted

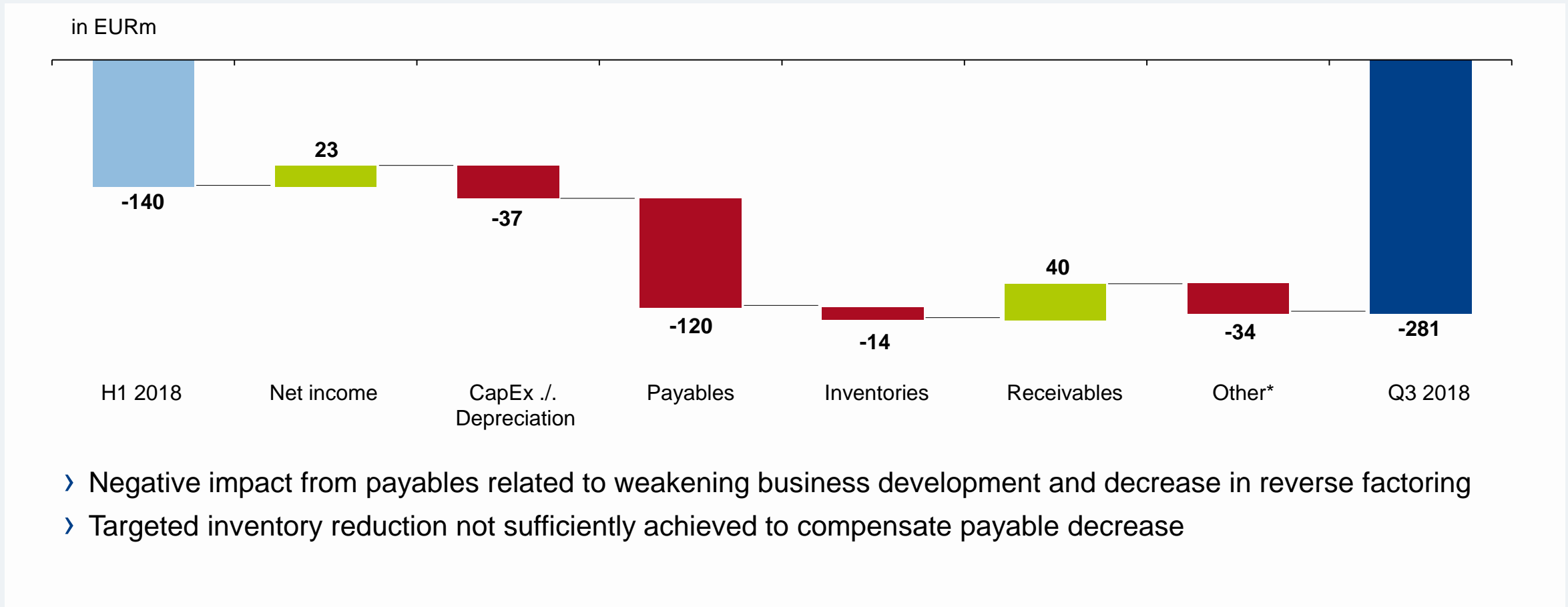


- › Q3 EBIT burdened by increasing level of ramp preparation costs and increase in raw materials
- › EBIT contribution from at equity-accounted JVs was lower y/y due to a weaker Chinese market

* Insurance compensation (EUR5m) related to the fraud case and proceeds associated with the sale of Business Group Electrical Appliance Assemblies (EUR24m)

Unsatisfactory free cash flow development Q3 2018

Group free cash flow burdened by revenue slow down and inventory development



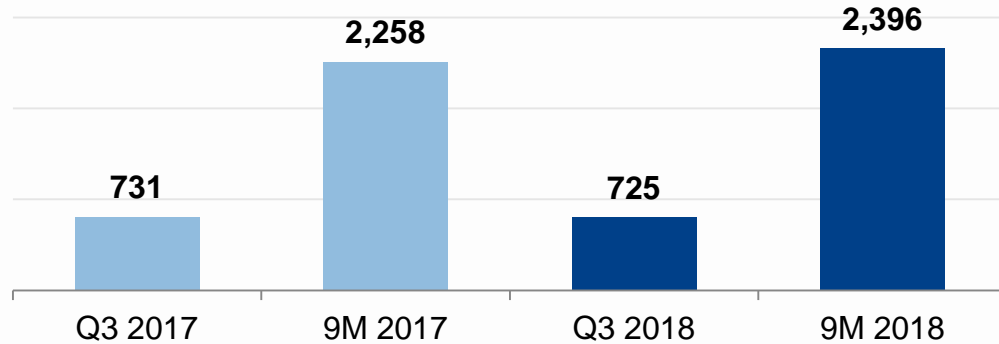
* Includes change in provisions, other assets, interests paid & received, income tax payments, dividends received and non-cash effective results of associated companies

Slowdown in organic sales growth while ramp preparation costs rise

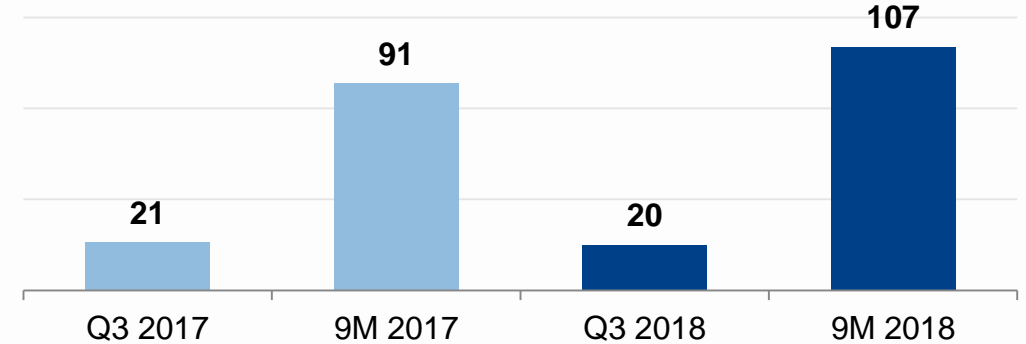
Wiring Systems Division's sales and EBIT Q3 & 9M 2018

in EURm

Sales



EBIT

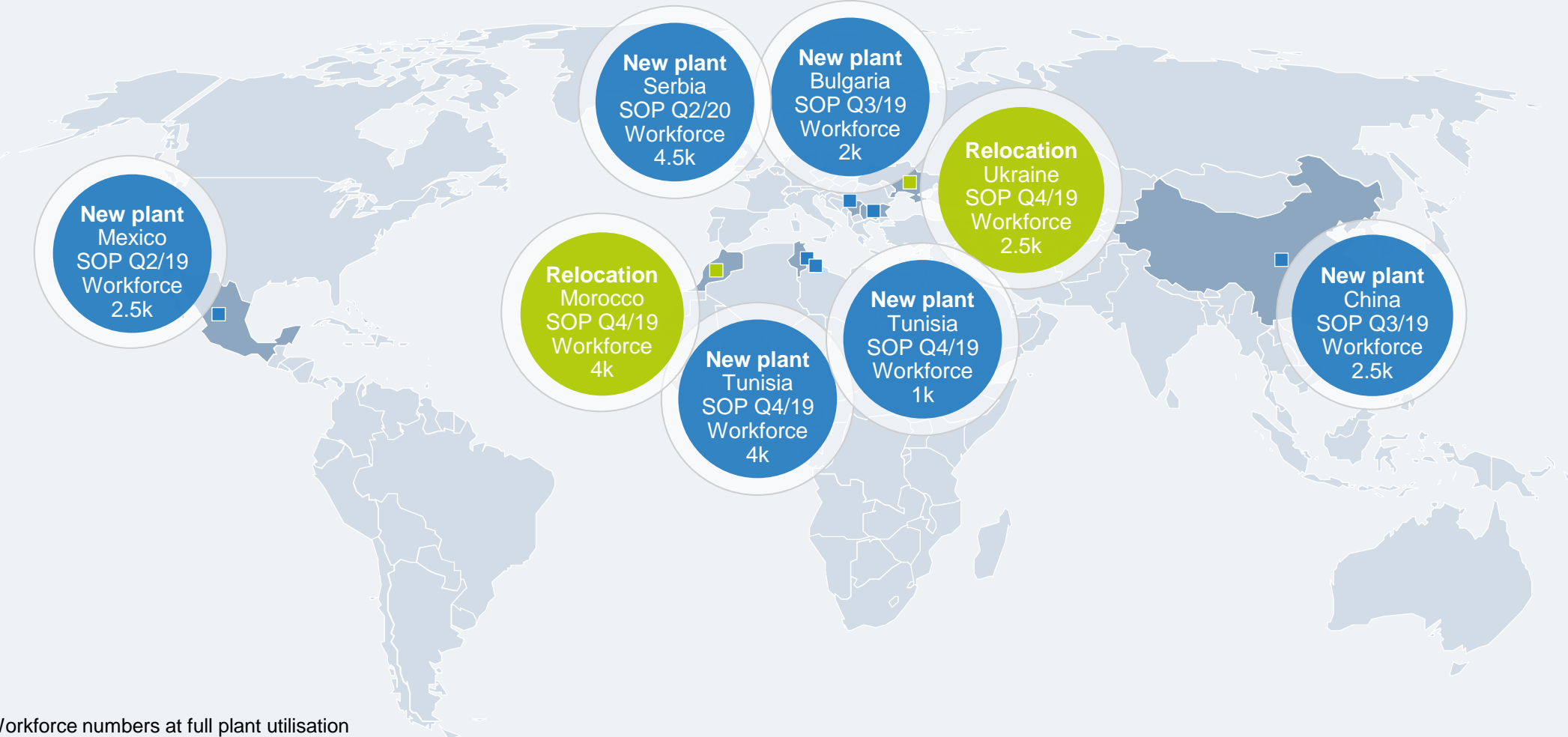


- › Organic Q3 2018 sales decrease of 1.4% y/y, compared to an increase of 11.6% y/y in H1 2018, due mainly to ramp-down of large project and weak market development in Europe and China
- › Q3 order intake of EUR0.9bn (thereof: $\frac{2}{3}$ emobility-related) - order backlog at 30 September: EUR21.3bn

- › Increased ramp preparation costs in Q3 2018 to prepare for project launches in 2019
- › Lower at equity result in Q3 2018 due to weaker Chinese market

Expansion of WSD's global production network to enable future growth

Preparation on track to support new project launches

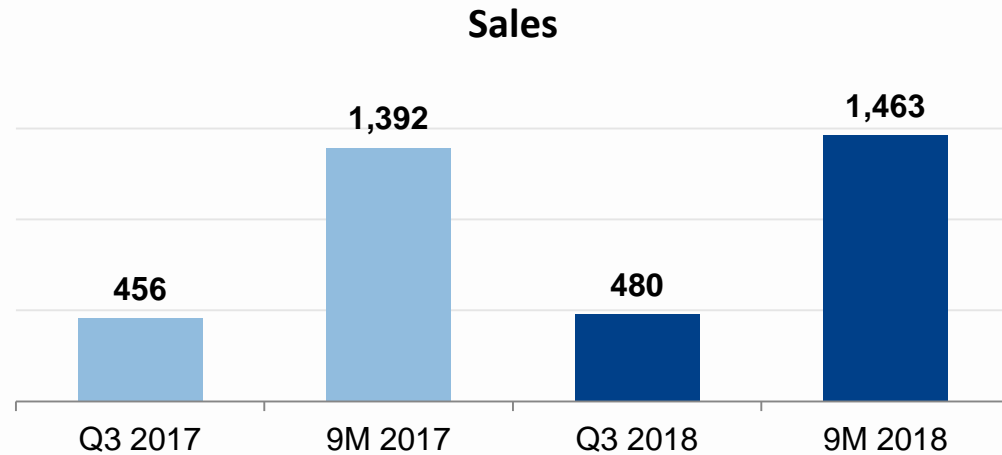


Workforce numbers at full plant utilisation

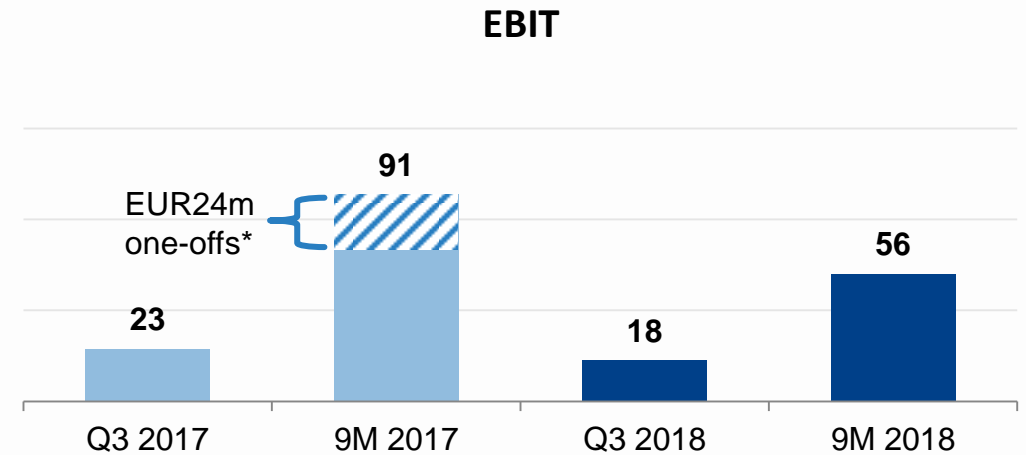
Solid Q3 2018 impacted by increased raw materials and product mix

Wire & Cable Solutions Division's sales and EBIT Q3 & 9M 2018

in EURm



- › Sales growth in Q3 2018 driven by sound organic growth of more than 4% y/y
- › In 9M 2018, sound organic top-line growth compensates for changes in the consolidation base, i.e. previous year's sale of Business Group Electrical Appliance Assemblies



- › Profit development in Q3 2018 impacted by increased raw material prices, especially oil derivatives, and unfavourable product mix in the industry business

* Proceeds associated with the sale of Business Group Electrical Appliance Assemblies (EUR24m)

Updated guidance confirmed

FY 2018 guidance

Previous guidance		Updated guidance	
	Sales: \geq EUR5.1bn (before: \geq EUR5bn)		Sales: ~EUR 5bn
	EBIT: EUR215 – 235m		EBIT: ~EUR 196m, i.e. previous year's level adjusted for one-offs
	CAPEX: 5% of sales*		CAPEX: 5% of sales*
	Positive free cash flow**		Negative free cash flow** of up to EUR-150m

* Excluding investment in the "Factory of the Future" ** before dividend distribution

Outlook

Delivering on Q4 while preparing for the future

Outlook

- › Market environment will continue to be challenging
- › Intense focus to deliver on updated guidance
- › Large-scale roll-out of the performance improvement programme from early 2019 onwards

- › VALUE 21's performance improvement details will be shared during Q4 2018 communication
- › VALUE 21's strategy update will be given at LEONI's first capital markets day in spring 2019

Q & A session



Contact & upcoming events

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Roadshows

Vienna, November 2018
London, November 2018

Investor conferences

DZ Bank Conference
Frankfurt/Main, November 2018
Berenberg European Conference
London, December 2018
Commerzbank German Investment Seminar
New York, January 2019
UniCredit/Kepler Cheuvreux German Corporate Conference
Frankfurt/Main, January 2019

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Appendix - Financial key performance indicators

Q3 & 9M development at group level

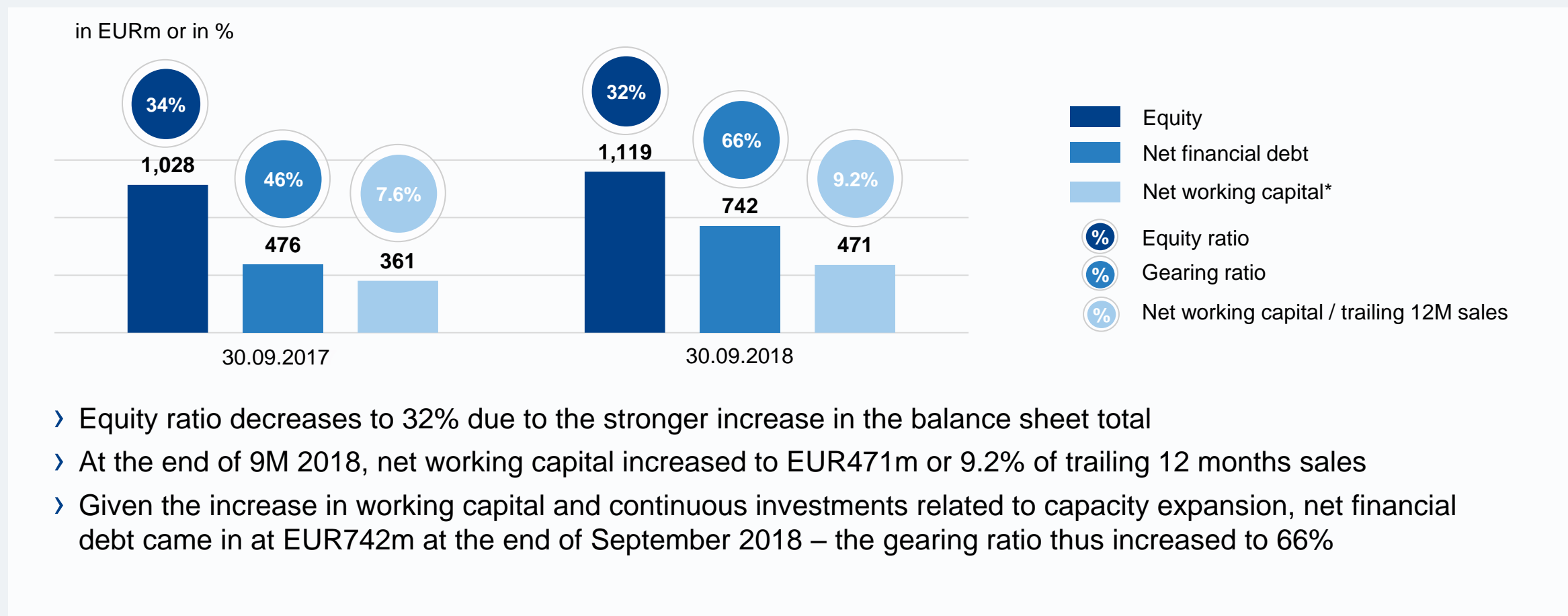
	Q3 (in EURm)			9M (in EURm)		
	2018	2017 ²	Change y/y	2018	2017 ²	Change y/y
Sales	1,205	1,187	1.5%	3,859	3,651	5.7%
Earnings before interest, taxes and depreciation/amortisation (EBITDA)	79	81	-2.6%	279	299	-6.6%
Earnings before interest and taxes (EBIT)	38	45	-14.5%	163	187	-12.8%
Adjusted EBIT ¹	39	47	-18.5%	167	167	-0.2%
Consolidated net income	23	26	-13.2%	108	124	-13.1%
Earnings per share (EUR)	0.71	0.83	-14.5%	3.35	3.82	-12.3%
Free cash flow	-141	-35	->100.0%	-281	-63	->100.0%
Capital expenditures	80	71	12.1%	206	187	10.4%
Equity ratio (%)	32.4	33.5	---	32.4	33.5	---
Employees as of 30/09/2018 (number)	90,147	83,951	7.4%	90,147	83,951	7.4%

¹ Earnings adjusted for the impact of revaluation as part of allocating the prices of the major acquisitions, restructuring, capital gains on the disposal of businesses and income from business combinations including related derivatives as well as the insurance compensation related to the fraud case

² Previous year's figures adjusted (excepting capital expenditures and the number of employees)

Appendix - Financial profile at the end of September

Key balance sheet items



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