

FINANCIAL RESULTS

Q3-2021

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10 NOVEMBER 2021

LEONI



Highlights

Leoni prevails in a difficult market environment

- Q3 Group sales of €1,169m increased by 10% vs Q3-2020 despite significant challenges from shortages on demand side (especially in WSD division); copper price effects and organic growth overcompensated consolidation effects
- EBIT before exceptional items as well as before VALUE 21 costs of €29m turning positive from negative €8m in Q3-2020, but burdened by impacts of supply chain issues
- FCF of negative €87m (Q3-2020: positive €64m) significantly down vs previous year predominantly due to higher working capital
- Challenges in global supply chains continue: bottlenecks of critical components (first of all semiconductors) and materials on OEM and partially supplier side with significant negative impact on revenue development and working capital
- VALUE 21: More than €700m annual gross savings potential from 2022 onwards achieved per end of Q3-2021, measures support positive 2021 operational performance
- Binding agreement for sale of Business Group Industrial Solutions at an enterprise value of around €450m signed on 1 October 2021

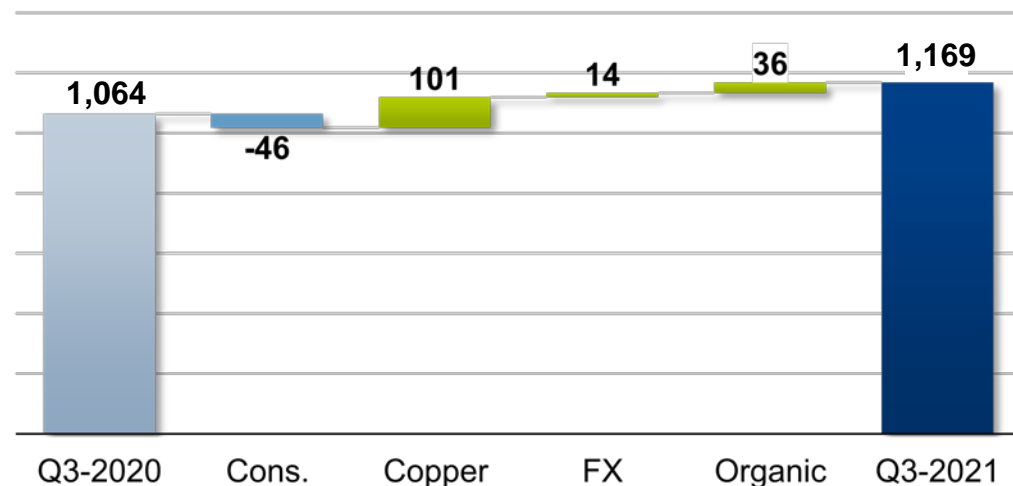


Q3 with organic growth in both divisions despite supply chain disruptions

Group sales up 10% year-on-year

Sales year-on-year

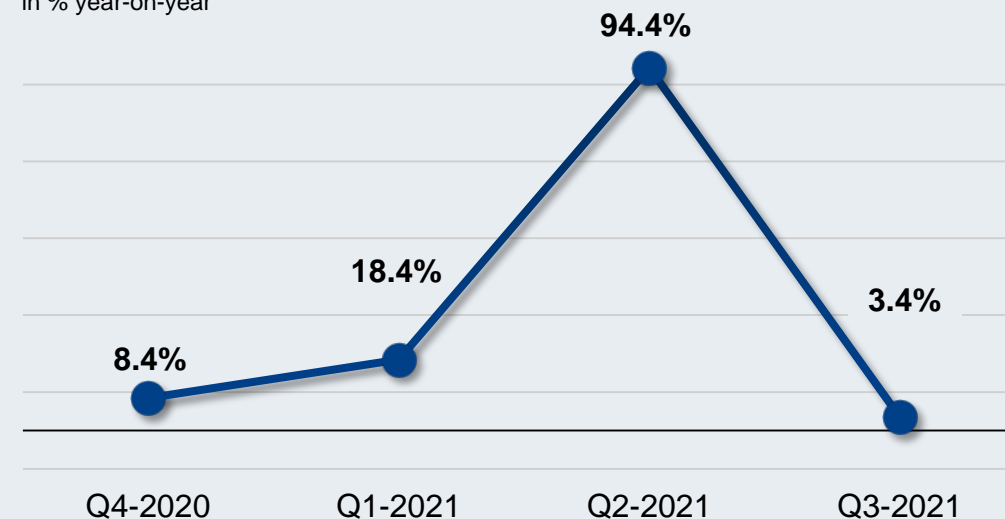
€ million



- 10% sales growth in Q3 mainly driven by positive copper price effects and organic growth on previous year's quarter
- Production stops on the customer side due to semiconductor shortages with negative impact on volumes slowed down growth, especially at WSD; negative consolidation effect from sale of LEONI Schweiz and disposal of business units of LEONI Kerpen

Organic sales growth development

in % year-on-year

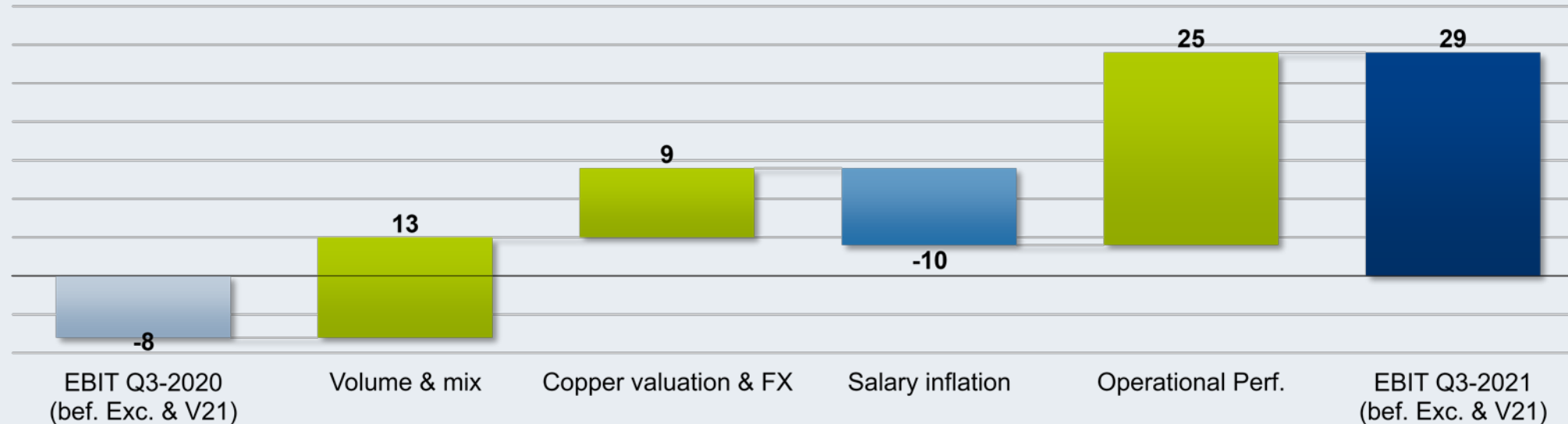


- Organic sales growth in both divisions: WSD (3.6% y/y), WCS (3.1% y/y)
- Sales recovery continued in all regions in Q3: Asia (20% y/y), Americas (17% y/y) and EMEA (6% y/y)

Substantial earnings improvement despite headwinds

Operating income development year-on-year

€ million

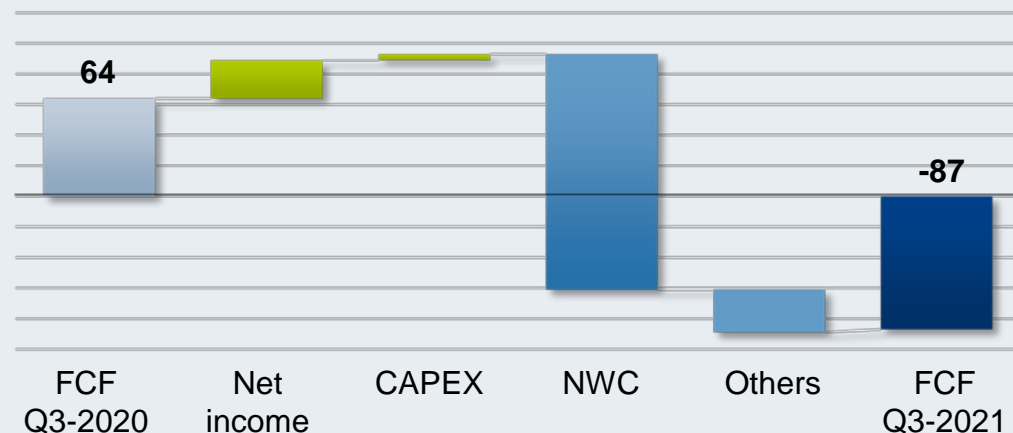


- Improvement of EBIT before exceptional items as well as before VALUE 21 costs to €29m (Q3-2020: negative €8m), mainly driven by operational performance, but also volume/mix and copper/FX
- Positive operational performance due to additional effects from VALUE 21, despite headwinds from semiconductor crisis and supply bottlenecks for input materials; including positive effect of €4.5m as a result of the reclassification of the Business Group Industrial Solutions per end of Q2 (no depreciation of assets held for sale in accordance with IFRS 5)

Free cashflow in Q3 down from previous year's level due to rise in working capital

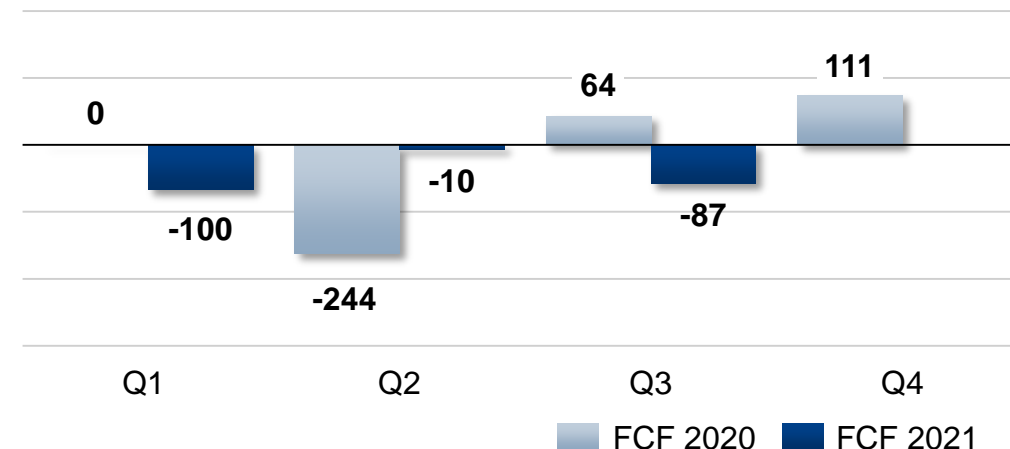
Operating cash flow in Q3 negatively impacted by higher inventories and lower factoring volume

€ million



- Negative operating cash flow of €41m in Q3-2021 (Q3-2020: positive €112m) due to increase in inventories and significantly lower factoring volumes which were both mainly driven by production stoppages on demand side

€ million



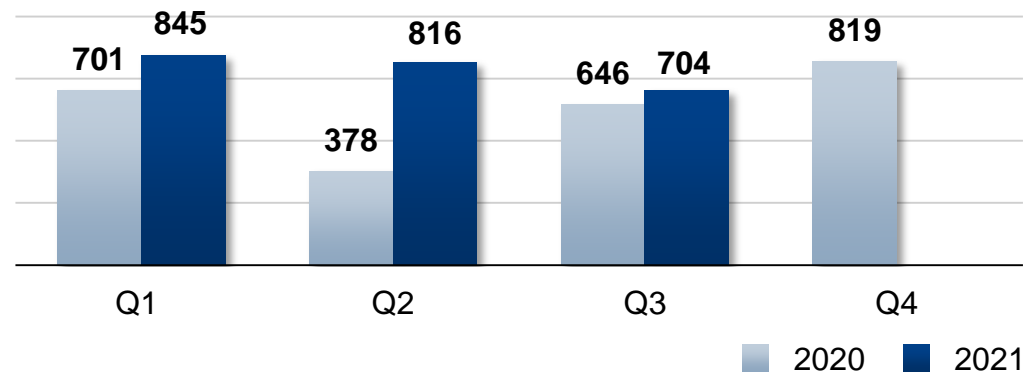
- CAPEX excluding effects from IFRS16 of €49m in Q3-2021 slightly higher year-on-year (Q3-2020: €45m)

WSD continued recovery despite challenging market environment

9% sales growth y/y and operating income significantly improved but still negative

Sales

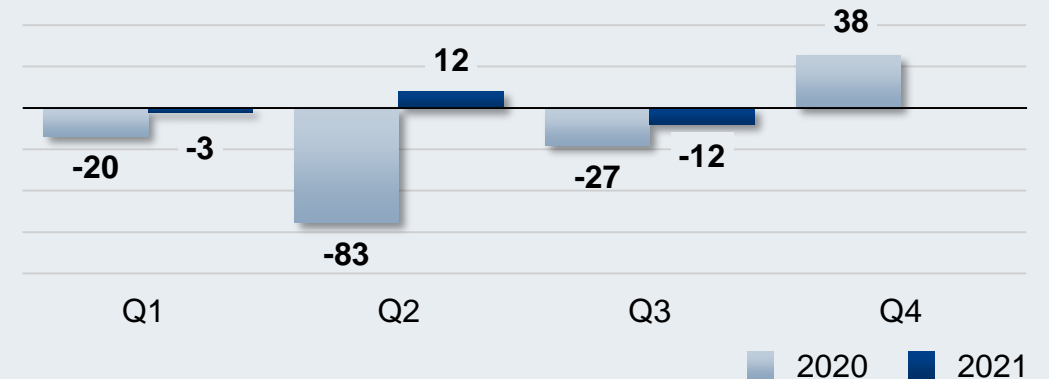
€ million



- Despite semiconductor crisis Q3 sales increase (9.0% y/y) with organic volume growth (3.6%) and positive copper effects (4.0%) supported by FX (1.4%); increased regional volumes with Americas (12% y/y), Asia (10% y/y), EMEA (8% y/y)
- New orders in Q3-2021 with expected project volume of €0.9bn (Q3-2020: €0.1bn); expected total project volume of €20.4bn (Q3-2020: €21.4bn), thereof €5.5bn e-mobility projects (Q3-2020: €5.7bn)

EBIT before exceptional items as well as before VALUE 21 costs

€ million



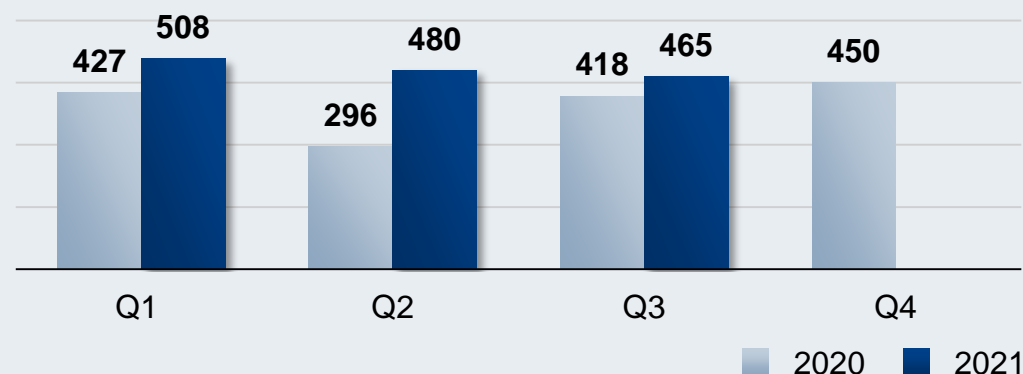
- Contributions from VALUE 21 and positive FX effects were partly offset by costs related to the semiconductor supply crisis and bottlenecks in the supply of input materials
- Reported EBIT of negative €18m impacted by exceptional items as well as VALUE 21 costs (Q3-2021: €7m / Q3-2020: €12m) including expenses for the protection of employees in connection with the Covid 19 pandemic and positive effects from the reversal of provisions for onerous contracts

WCS with improved sales and earnings

11% sales growth y/y

Sales

€ million

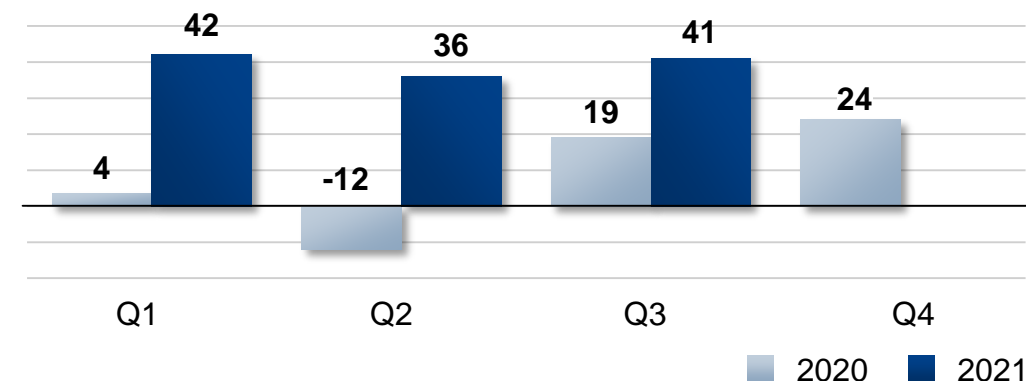


- Q3-2021 shows 11.4% higher sales (y/y) mainly due to copper valuation effects (18.0% y/y) overcompensating negative effects from consolidation (-11.0% y/y, due to LEONI Schweiz and units of LEONI Kerpen)
- Volume growth in automotive as well as industrial business, first impact of semiconductor crisis in Q3 in automotive cables
- Sales increase in Q3: Asia (29% y/y), Americas (21% y/y) and EMEA flattish (1% y/y)
- Order intake Q3-2021 stable at €494m; book-to-bill ratio >1

7 Rounding differences may occur for arithmetical reasons versus the mathematically precise figures

EBIT before exceptional items as well as before VALUE 21 costs

€ million



- EBIT before exceptional items as well as VALUE 21 costs doubled y/y mainly due to volume/mix effects and adjusted cost structures as part of VALUE 21 measures
- Reported EBIT of positive €18m negatively impacted by exceptional items and VALUE 21 costs (Q3-2021: €22m / Q3-2020: €11m) including non-cash expenses due to the flooding at LEONI Kerpen site (€12m) and impairments on assets in connection with planned divestment of smaller WCS units (€8m)

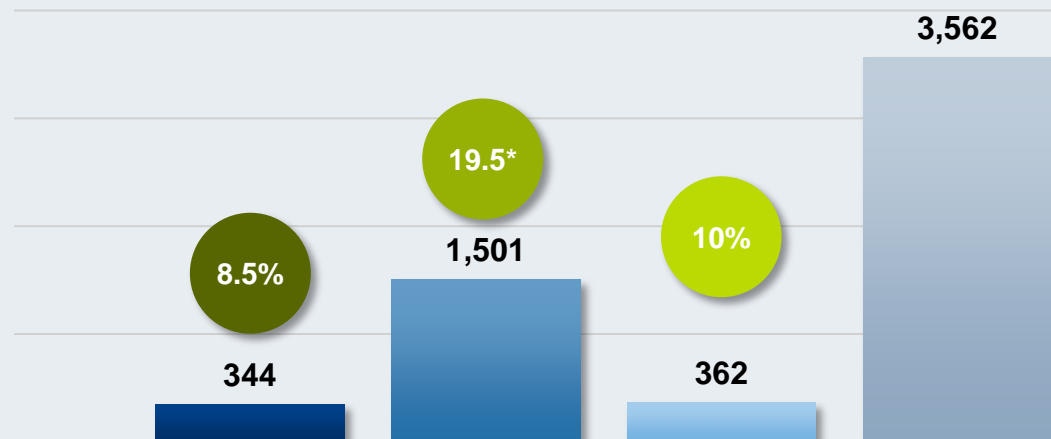
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Balance sheet marked by low equity ratio, financial gearing recovered on better adj. EBITDA

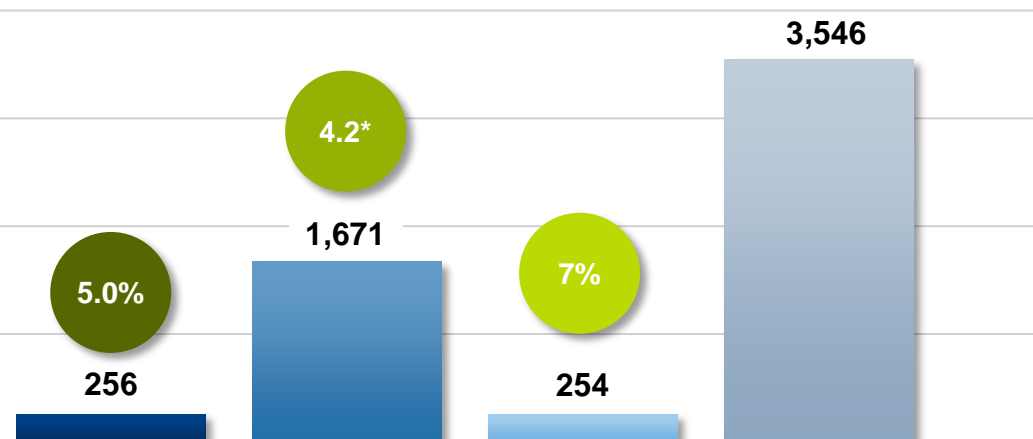
Key balance sheet items

30.09.2020

€ million, absolute figures or in %



30.09.2021



■ Net working capital*** ■ Net debt** ■ Equity ■ Balance sheet total % Net working capital / Trailing 12M ("TTM") sales x Net debt / Trailing 12M EBITDA % Equity ratio

- Gearing (net debt**/equity) end of Q3-2021 of 659% increased compared to Q3-2020 (415%), driven by both lower equity as well as higher net debt
- Equity ratio at 7% at the end of Q3-2021 (Q3-2020: 10%)

- Financial gearing (net debt/TTM EBITDA*) improved to 4.2 times due to significantly higher TTM EBITDA*
- Net debt** increased to €1,671m, due to negative FCF, mainly based on further utilisation of Revolving Credit Facility (RCF I) and drawing of a state-guaranteed operating loan (RCF III) since Q3-2020

Rounding differences may occur for arithmetical reasons versus the mathematically precise figures

* TTM EBITDA excluding TTM exceptional items (Q4/20-Q3/21: €142m; Q4/19-Q3/20: €214m) as well as VALUE 21 costs (Q4/20-Q3/21: €23m; Q4/19-Q3/20: €29m)

** including assets and liabilities held for sale

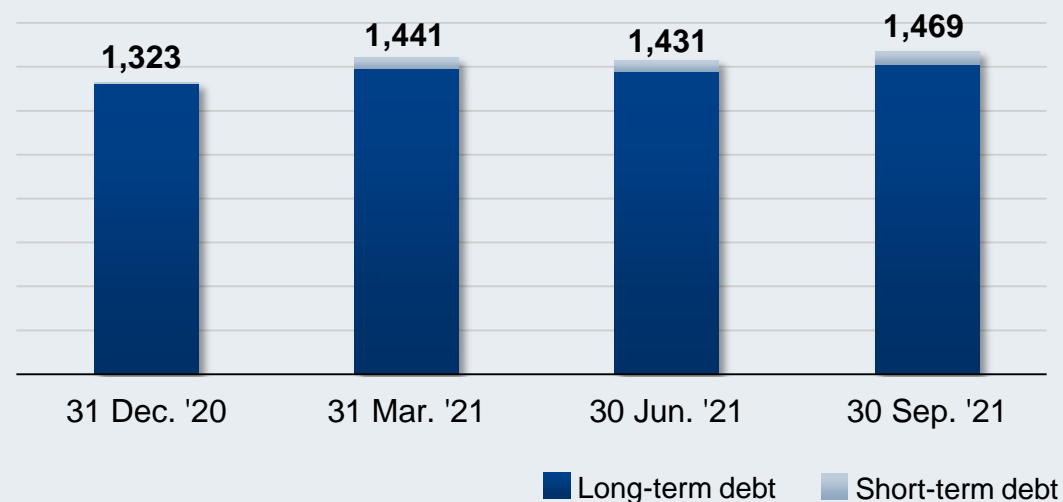
*** excluding assets held for sale

Financial position further burdened by seasonality and working capital demands

Drawdown from existing credit lines and lower cash position

Level of financial debt *,**

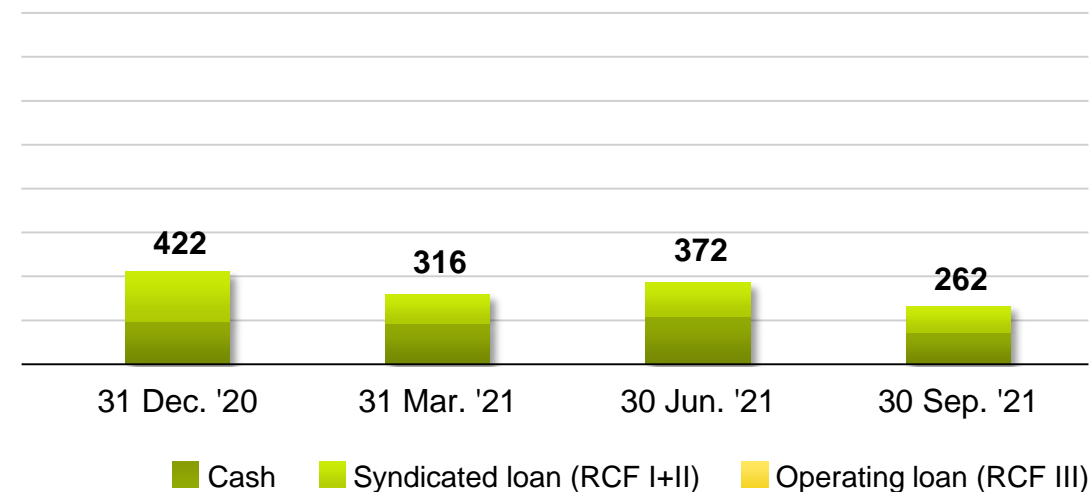
€ million



- Further utilisation of the existing syndicated loan (RCF I) during Q3
- Undrawn credit lines (RCF I+II) firmly committed until at least the end of 2022

Cash position & undrawn credit lines ***

€ million



- Decrease in available liquidity compared to Q2-2021 caused by holiday season and difficult working capital management due to volatile call-offs: cash and undrawn credit lines of €262m (Q2-2021: €372m), of which €146m in cash (Q2-2021: €219m)
- Guarantees of €55m (Q2-2021: €59m) already deducted (historic figures adjusted accordingly)

Rounding differences may occur for arithmetical reasons versus the mathematically precise figures

* Excluding leasing liabilities related to IFRS16: Q4/20: €270m; Q1/21: €269m; Q2/21: €239m; Q3/21: €233m

** Q3-2021: After reclassification of assets and liabilities of the major subgroups of the Industrial Solutions and Fiber Optics business groups as well as Adaptricity AG to "held for sale"

*** Bank guarantees deducted from cash position & undrawn credit lines shown in the chart

Update Carve-Out WCS

Binding agreement for sale of Business Group Industrial Solutions signed on 1 October

- Leoni is well on track in pursuing its strategic focus on the WSD Division
- Signing of binding agreement for the sale of the WCS-unit Business Group Industrial Solutions (sales of approx. €430m in 2020 and EV of €450m) to BizLink Holding Inc. on 1 October; expected cash inflow of above €300m after closing early 2022
- Solutions for further WCS units are consistently pursued
- Assets and liabilities of smaller units Adaptricity AG and Fiber Optics re-classified as “held for sale” by end of Q3-2021; Adaptricity AG sold in November 2021



Successful in e-mobility and special vehicles

Examples of latest production launches

- Start of production of low-voltage electrical systems for the 900 and 1000 series of AGCO Fendt's "Premier HHP Large Tractor".
- Latest example in the more than 50 years of cooperation between Fendt/AGCO and LEONI across all regions
- Successful ramp up of production of high-voltage and low-voltage wiring systems for the CUPRA Born
- First all-electric vehicle of SEAT's CUPRA brand



Q3: Further stabilisation despite increasing headwinds

Outlook 2021 maintained

- Third quarter was significantly impacted by the semiconductor crisis in the automotive industry and supply shortages of input materials, however, LEONI still improved sales and earnings y-o-y
- FCF down on the back of higher working capital, mainly caused by production stoppages of our customers
- VALUE 21: thorough implementation of the programme continues to pay off, over €700m annual gross savings potential from 2022 onwards achieved
- WCS Carve-Out process well on track: sale of Business Group Industrial Solutions signed in October, will support the strengthening of our balance sheet after expected closing in early 2022
- Disruptions in global supply chains expected to persist into 2022; causing challenges in managing working capital
- Outlook 2021* remains in place, based on the current view of industry analysts on production forecasts for the global automotive industry



Q & A SESSION





Contact & upcoming events

Investor relations

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Upcoming Events:

ODDO BHF FORUM – 11 January 2022

Kepler Cheuvreux German Corporate Conference – 18 January 2022

Annual Report 2021 and Analyst Call – 23 March 2022

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