# FINANCIAL RESULTS

## Q2 2022

Aldo Kamper, CEO
Harald Nippel, CFO

10 AUGUST 2022

# Highlights

## WSD improved earnings in demanding environment

- Q2 sales from continuing operations of €933m decreased by 8.5% due to the deconsolidation of further WCS units (especially BG IN), WSD with organic growth of 1.8%; Group sales of €1,252m including €318m from discontinued operations* (BG AM)
- Q2 EBIT before exceptional items from continuing operations of €14m (Q2-2021: €13m); WSD division improved earnings to €11m (Q2-2021: €4m) driven by improved operating performance and first positive effects from agreements reached with customers to compensate for costs caused by volatile call-offs, while still burdened by higher material and logistic costs, reduced efficiency due to war in Ukraine and supply bottlenecks
- Q2 FCF from continuing operations of - €92m (Q2-2021: - €21m) caused by increased working capital due to continued high volatility in call-offs and rising material costs; FCF from discontinued operations of - €29m
- Stable production in both Ukrainian plants throughout Q2; supporting duplication of capacities being implemented at various LEONI sites primarily in Eastern Europe and Northern Africa in close collaboration with our customers
- Beginning of July, LEONI fundamentally agreed on a refinancing plan with its syndicate banks to extend the financing instruments until end of 2025, subsequently talks with creditors of the borrower's note loans ongoing in order to conclude the refinancing
- Visibility still very limited due to Ukraine war, raw material inflation and volatility, supply chain disruptions, China lockdowns: Outlook 2022 unchanged from Annual Report 2021

* In May 2022 LEONI signed agreement with STARK Corporation on sale of Business Group Automotive Cable Solutions (BG AM), therefore BG AM recognized as discontinued operations from Q2/H1 2022 onwards, prior-year figures are adjusted accordingly

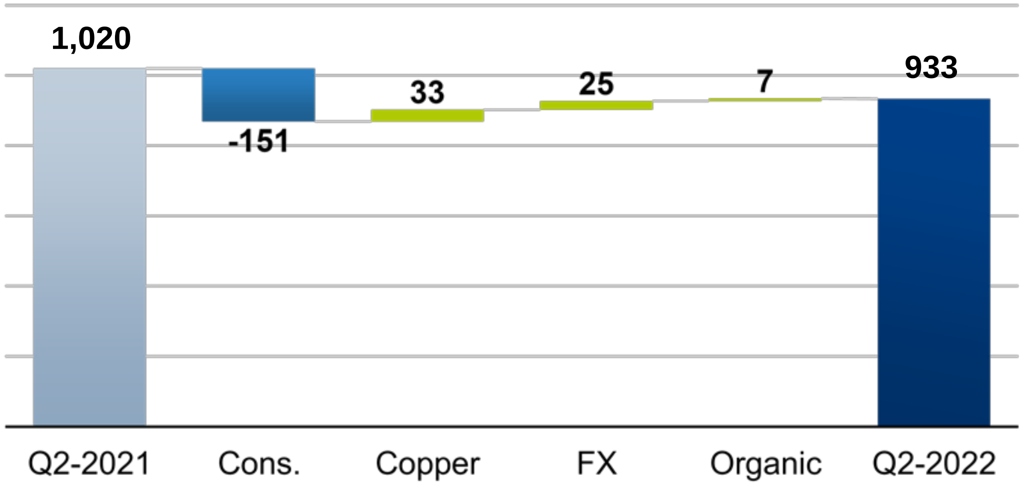
 Rounding differences may for arithmetical reasons occur versus the mathematically precise figures

# Q2 sales from continuing operations down due to disposal of BG IN

## BG AM recognized as discontinued operations, adding €318m to reported Group sales

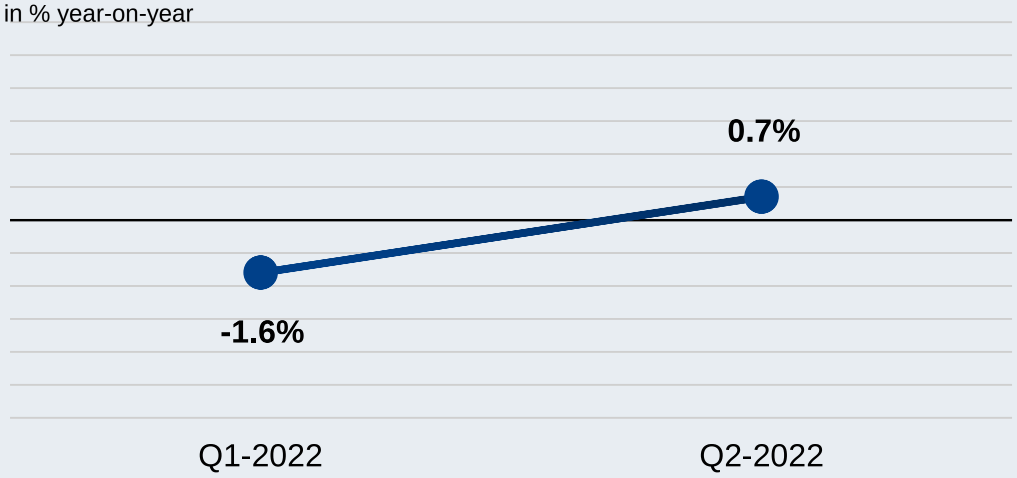
### Sales year-on-year (continuing operations)

€ million




- Q2 sales from continuing operations down -8.5% to €933m due to the deconsolidation of BG IN and further sold entities (beyond BG AM) with an impact of -14.8% y/y, partially compensated by positive copper price (+3.2% y/y), FX effects (+2.5% y/y) and organic sales growth (+0.7% y/y)
- Sales from discontinued operations of €318m (Q2-2021: €276m), leading to Q2 Group sales (including discontinued operations) of €1,252m (Q2-2021: €1,296m)

### Organic sales growth (continuing operations)




- Organic sales from continuing operations of 0.7%: WSD +1.8% (y/y), WCS -3.9% (y/y)
- WSD growth in adverse business environment

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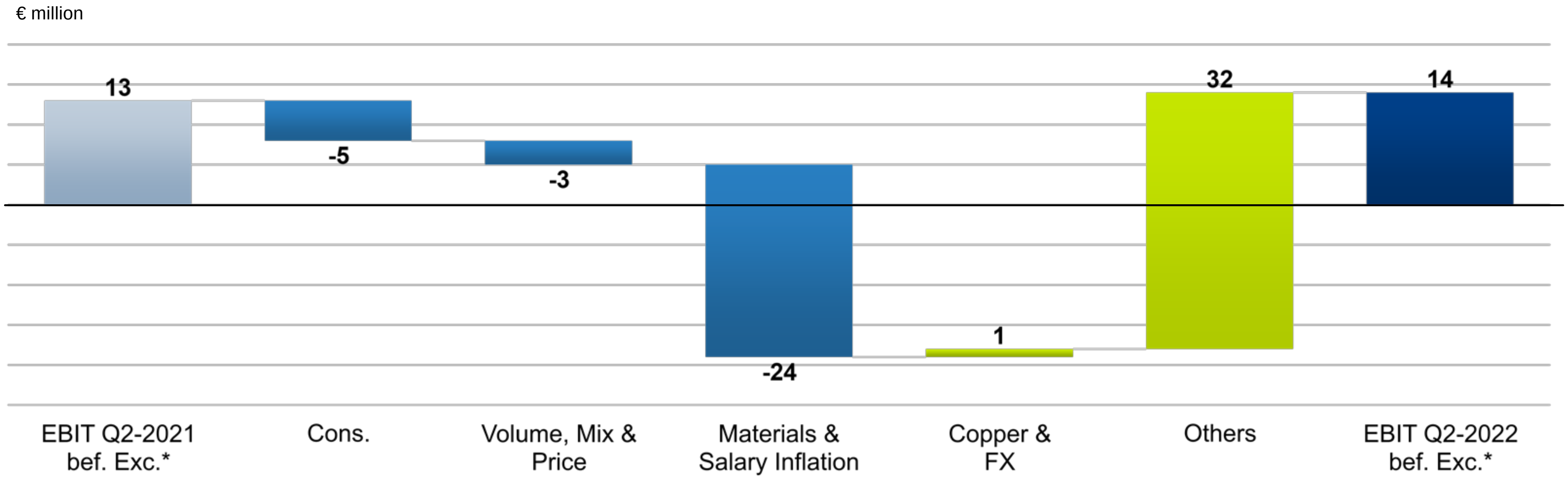
# EBIT bef. exc. items* from continuing operations stabilized on back of solid WSD result

## Results benefitted from successful claims, burdened by inflation




- EBIT before exceptional items from continuing operations primarily burdened by high cost inflation and deconsolidation of BG IN
- Compensations agreed with customers for costs caused by their volatile call-offs, absence of supply bottlenecks for components and lower Covid costs reflected in “Others”; agreements reached on material inflation pass-throughs and indexations will have positive impact on H2
- Reported EBIT from continuing operations of - €6m (Q2-2021: - €1m), including exceptional items of - €20m (Q2-2021: - €14m)
- Group reported EBIT of - €2m (Q2-2021: €25m) including EBIT of €4m (Q2-2021: €26m) from discontinued operations (BG AM)

*(bef. Exc.): “EBIT before exceptional items” adjusts reported EBIT only for non-recurring effects related to the refinancing of the Group, M&A transactions, restructuring measures and the Ukraine war; previous year’s figure adjusted to new definition

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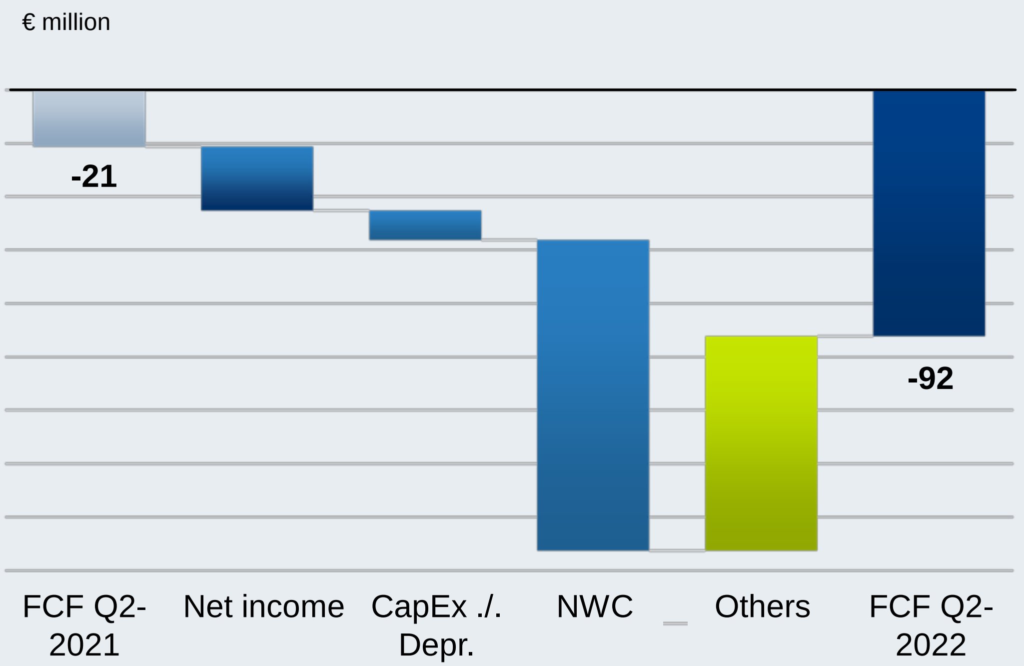
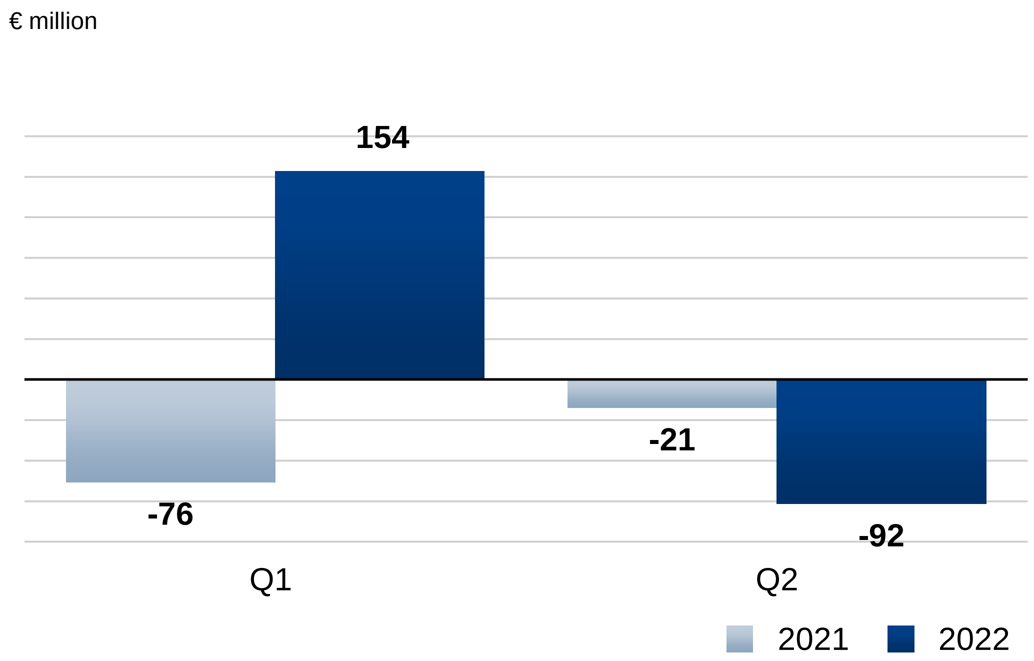
# Free cashflow from continuing operations driven by change in Net Working Capital

## Net Working Capital reflects higher receivables and reduced factoring




- NWC effect driven by higher q/q-increase in receivables, partially due to claims not yet cash effective, and a q/q-decrease in cashflow from factoring, mitigated by among others advance payments for Ukraine duplication, which are reflected in “Others”
- FCF from continuing operations in H1 amounted to €62m (H1-2021: - €97m), including cash inflow of €278m from the sale of BG IN in Q1

- FCF from continuing operations of - €92m (Q2-2021: - €21m), operating CF of - €62m (Q2-2021: €5m), CapEx related CF of - €30m (Q2-2021: - €27m)

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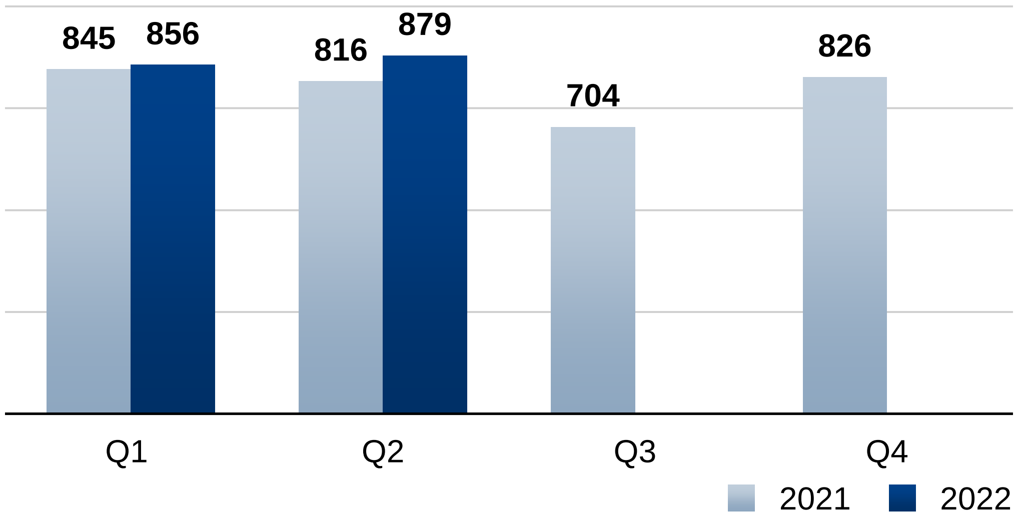
# WSD: Improved sales and earnings in an ongoing difficult environment

## Costs due to volatile demand increasingly offset by compensations from customers

### Sales

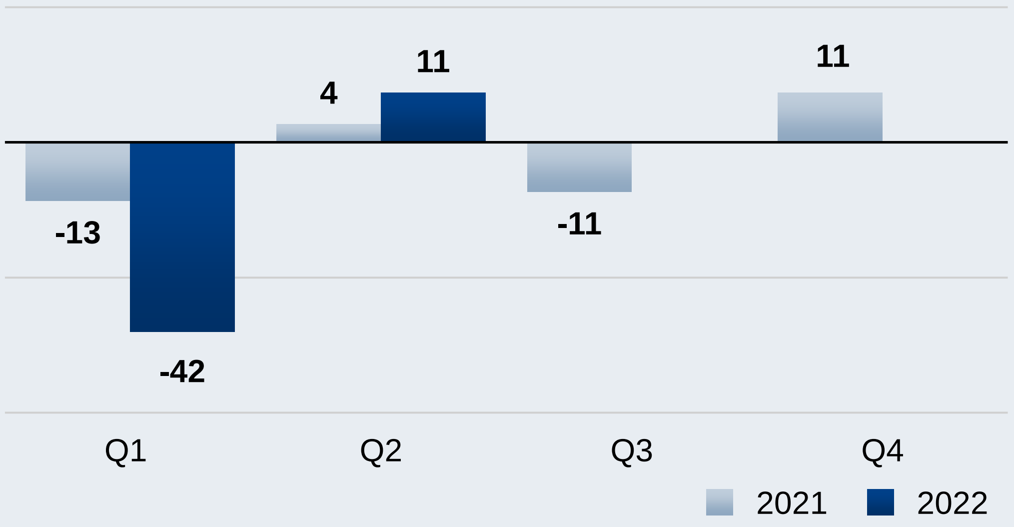
€ million




- Q2 sales of €879m up 7.7% (Q2-2021: €816m) driven by copper price (3.2%), positive FX (2.7%) and organic growth (1.8%)
- Increased volumes despite negative impact from Russia/ Ukraine and ongoing production stoppages
- Geographical sales Q2: EMEA €695.4m (12.0% y/y), Americas €121.0m (12.0% y/y), Asia €62.2m (-28.4% y/y)

### EBIT before exceptional items

€ million




- Q2 EBIT before exceptional items improved to €11m (Q2-2021 €4m) driven by cost compensations and higher volumes, although volatility, increased material and logistic costs, salary inflation and impacts of the Ukraine war remained burdening
- Q2 reported EBIT of €5m (Q2-2021: - €1m) with exceptional items of - €6m (Restructuring: - €2m; Refinancing: - €3m; exceptional items in connection with the Ukraine war: - €1m)

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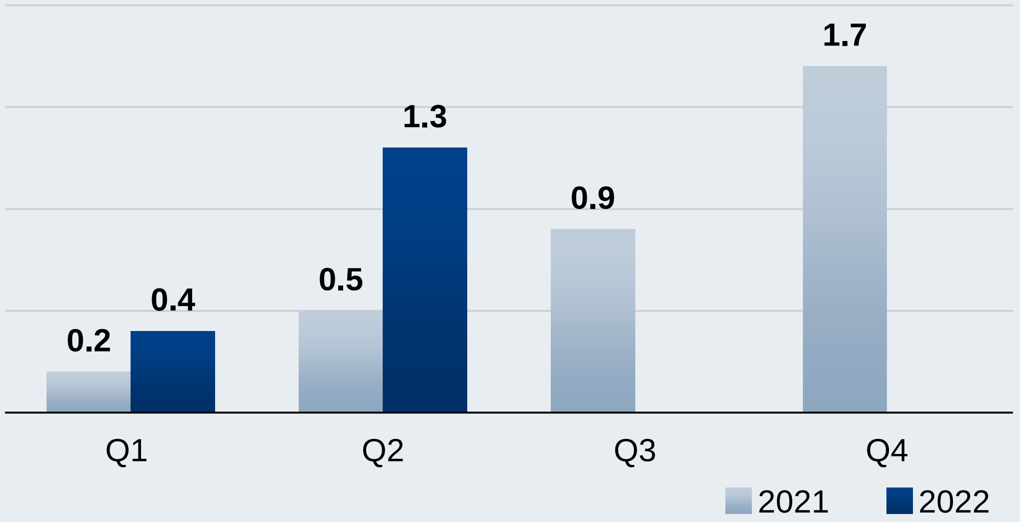
# WSD order intake H1 more than doubled y-o-y

## Order backlog for e-mobility platforms at €7.0bn

### Order intake WSD

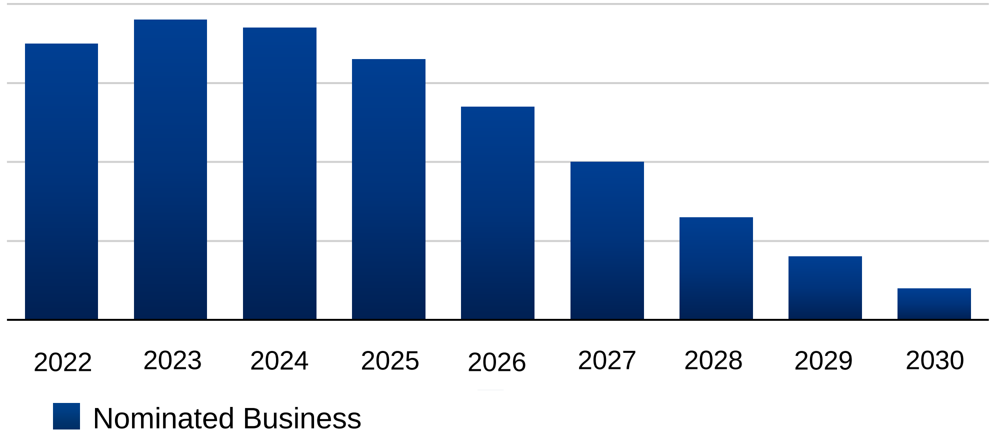
€ billion




- Healthy H1 order intake with expected project volume of €1.7bn for Wiring Systems Division (H1-2021: €0.7bn) based on strong Q2 orders

### Nominated Business WSD

Expected project volume per year
(indicative, € billion)




- Order backlog as of June 2022 with expected total project volume of €22.2bn (June 2021: €20.1bn), thereof e-mobility projects with expected project volume of €7.0bn (June 2021: €5.6bn)

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# WCS: Divestment process for remaining unit BG PS started

## Continuing operations with sales of €55m

### Continuing operations WCS

- After signing of the sales contract for BG AM, the continuing operations of WCS division mainly consist of the Business Group Wire Products & Solutions (BG PS)
- Divestment process for BG PS started, last step to focus LEONI fully on its core business wiring systems
- Sales from continuing operations of €55m (Q2-2021: €204m), decrease largely attributable to reduced consolidation scope (sale of BG IN and further entities)
- EBIT before exceptional items from continuing operations of €3m (Q2-2021: €10m)
- Reported EBIT from continuing operations of €39m (Q2-2021: €1m) mainly includes profit from the sale of the LEONI brand for automotive cables from division WCS to holding LEONI AG as part of the carve-out; at Group level, this effect is cancelled out by consolidation

### Discontinued operations (BG AM)

- On 23 May, LEONI announced the sale of its Business Group Automotive Cable Solutions (BG AM) to strategic investor STARK Corporation
- BG AM generated sales of approx. €1.3bn in 2021 and is valued with an EV of €560m
- Closing of the transaction is expected in Q4 2022
- In Q2 sales from discontinued operations of €318m (Q2-2021: €276m), reported EBIT of  €4m (Q2-2021: €26m)

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# Balance sheet stabilized by successful BG IN sale in Q1

## Equity also benefitted from actuarial gains


- Total equity increased to €264m; equity ratio improved to 7.9%, mainly due to actuarial gains
- Financial leverage (Net financial debt* / TTM Group EBITDA excl. book gain BG IN) of 5.2 per end of June 2022
- Total assets reduced by around 4%, mainly as result of deconsolidation of BG IN

* Total/Net Financial debt including "Assets/Liabilities held for sale"



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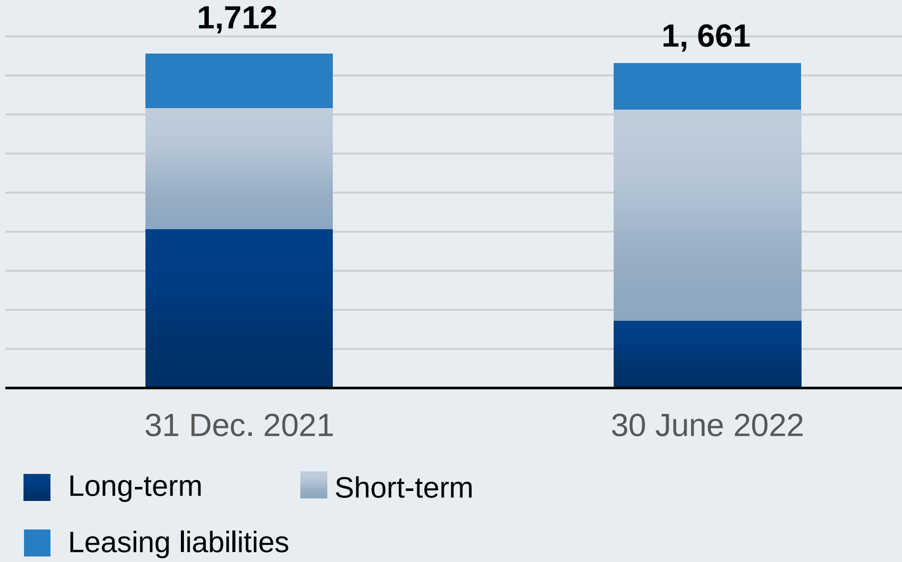
# Total financial debt reduced on back of sale of BG IN

## Fundamental agreement on refinancing with syndicate banks reached in early July

### Total financial debt*

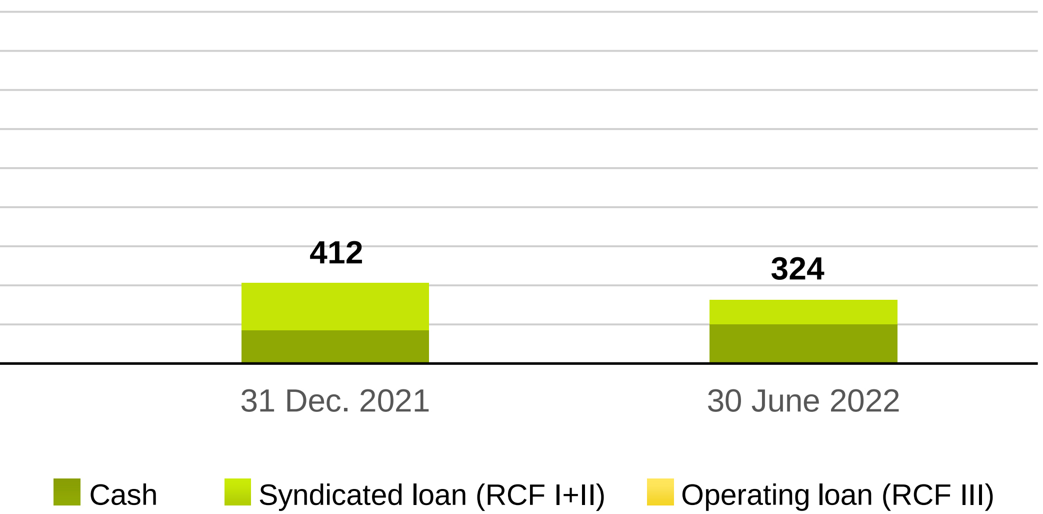
€ million




- Beginning of July, LEONI fundamentally agreed on a refinancing plan with its syndicate banks to extend the financing instruments until end of December 2025, including  a combined capital increase from authorised capital and/or issue of a mandatory convertible bond in an amount of up to 50% of the current share capital; subsequently talks with creditors of the promissory note loans ongoing in order to conclude the refinancing

### Cash position & undrawn credit lines**

€ million




- So far, undrawn credit lines are firmly committed until at least the end of 2022
- Total liquidity of €324m per end of Q2 (Q2-2021: €372m), including cash of €200m
- Repayment of maturing borrower's note loans in the amount of €45m in March 2022

* Total/Net Financial debt including "Assets/Liabilities held for sale"
** Bank guarantees deducted from cash position & undrawn credit lines shown in the chart
Rounding differences may for arithmetical reasons occur versus the mathematically precise figures



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# ReWire – LEONI‘s new  sustainability programme

## Our road to climate neutrality

REWIRE CLIMATE

REWIRE RESOURCES

REWIRE PEOPLE

- **Climate Protection**

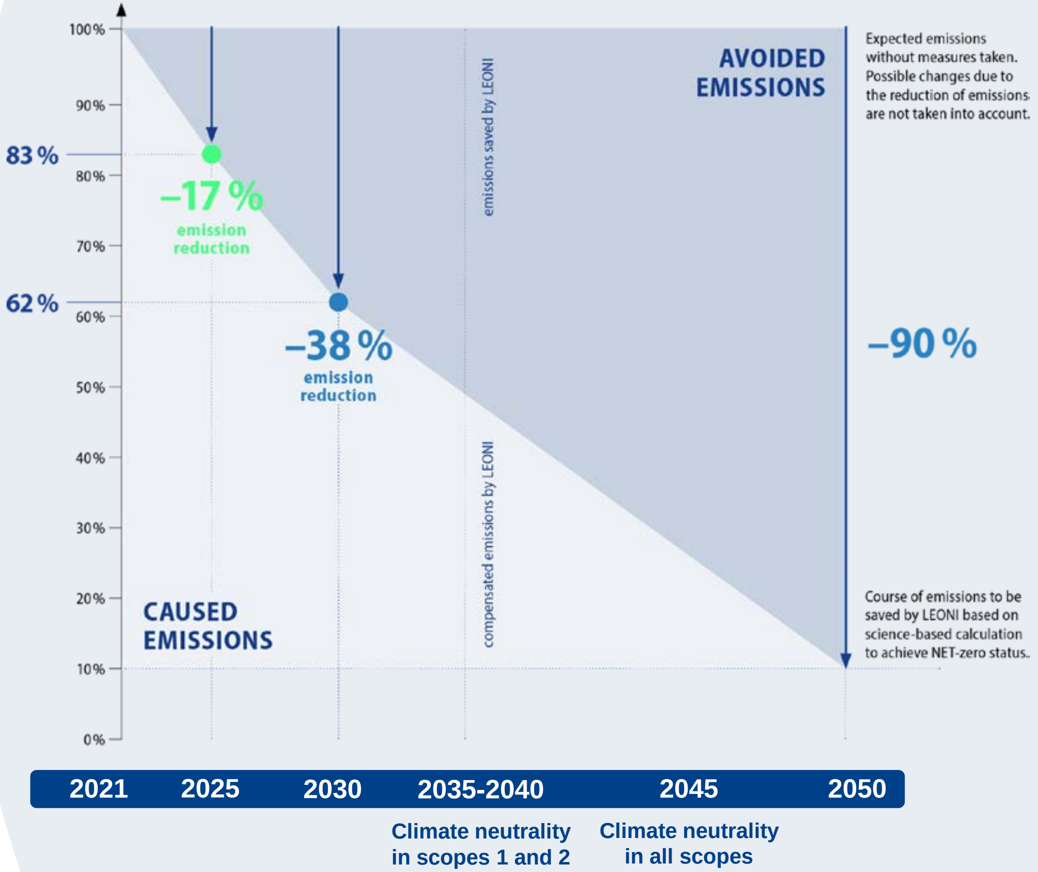
Emissions reduction aligned with science-based targets

- **Material Efficiency and Resource Conservation**

Closed product and raw material cycles and fulfilment of the supply chain duty of care

- **Decent Work**

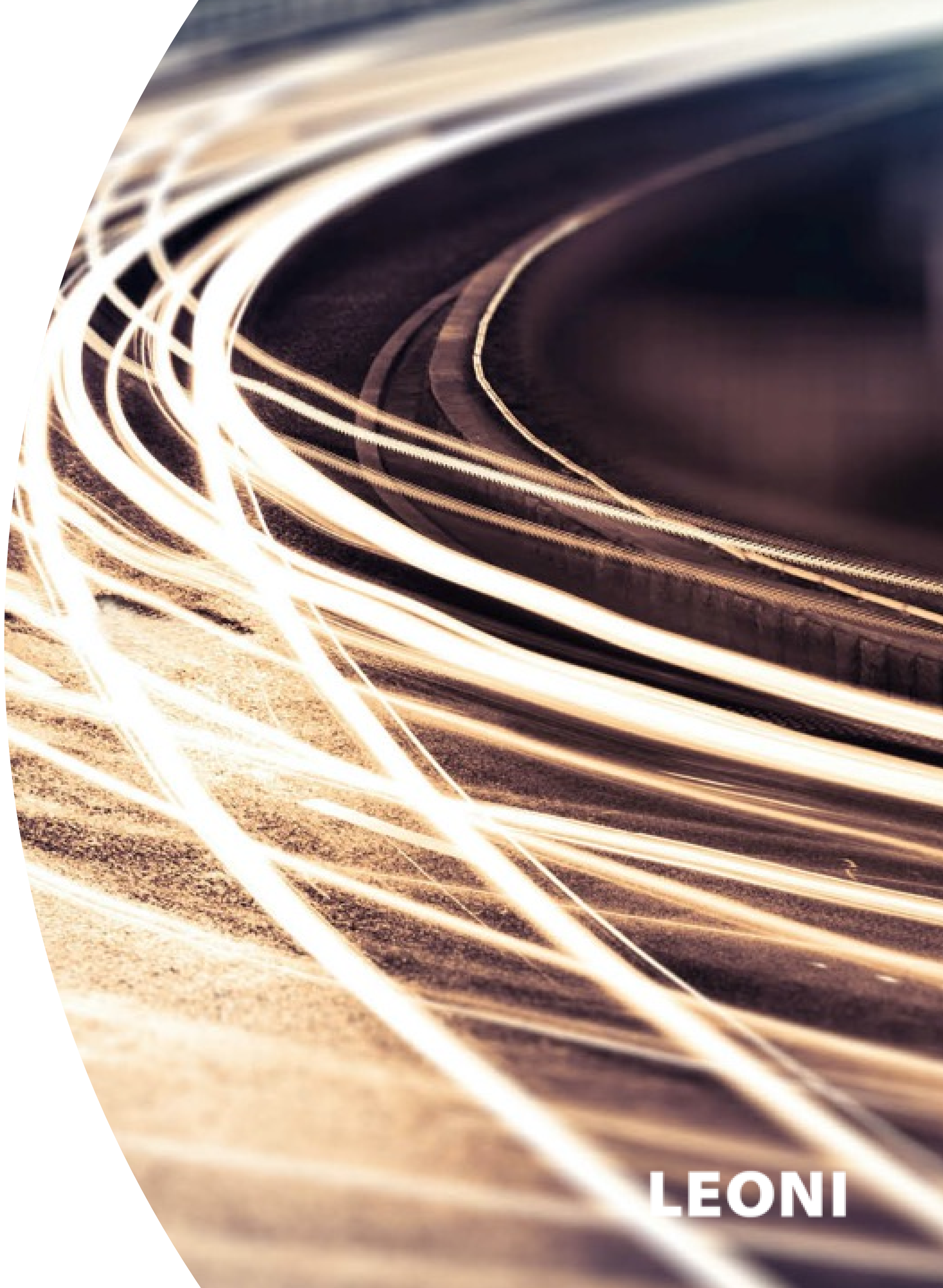
Attractive employer and support for local communities at our locations



# Summary

## Core business WSD stabilized in Q2 with positive operating performance

- All set to focus LEONI completely on core business WSD
- While adverse business environment with semiconductor-shortages, direct and indirect effects from war in Ukraine and cost inflation persists, LEONI stabilized WSD by good operational performance with slight organic growth and cost compensations from customers
- WSD order intake shows strong trust of our customers, who count on our leading quality, technology and reliability
- Agreement with syndicate banks on refinancing plan important milestone to secure the financing in the medium term
- ReWire defines LEONIs ambitious but realistic way to operate ever more sustainable in terms of people, climate and resources
- Outlook: forecasting ability for 2022 still significantly impaired given highly volatile business environment and uncertainty about the direct and indirect impacts of the war in Ukraine



# Q&A SESSION

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# Contact & upcoming events

## Investor Relations

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### Upcoming Events:

Q3 2022 15 November 2022

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