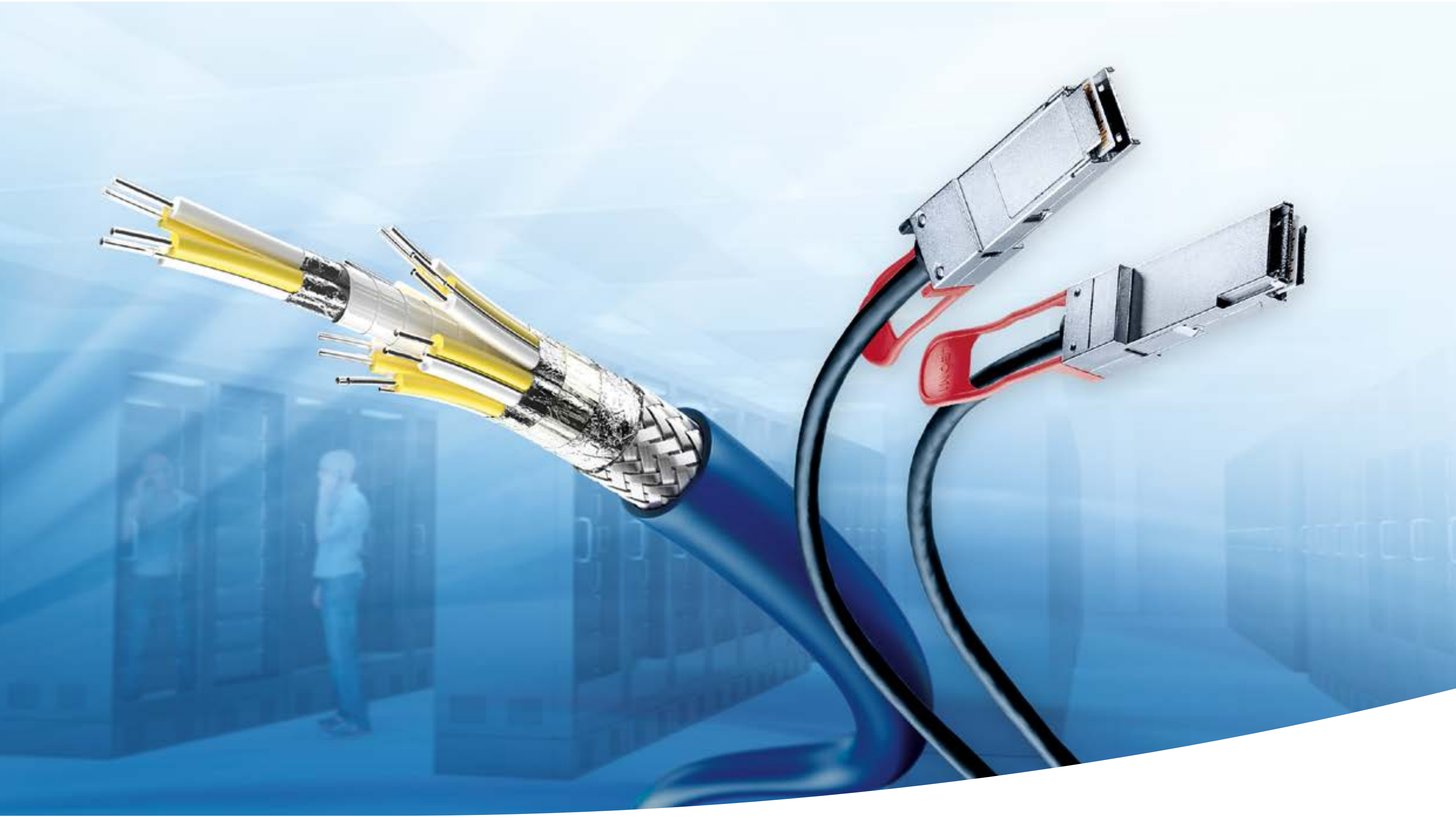
Interim Report
1st – 3rd quarter 2015



The Quality Connection

LEONI

Highlights: 1st to 3rd quarter 2015

- **Consolidated sales up to about € 3.4 billion in the first nine months of 2015**
- **EBIT down to € 115.3 million because of surprisingly heavy charges in the wiring systems business**
- **Joint venture will strengthen position on Chinese market in the medium term**
- **New forecast: EBIT of more than € 130 million in 2015, sales of at least € 4.4 billion; sales of about € 4.6 billion expected in 2016**

LEONI – The Quality Connection

The LEONI Group operates worldwide, providing wires, optical fibers, cables and cable systems as well as related services for applications in the automotive sector and other industries. The Company employs about 75,000 people in 31 countries. LEONI develops and manufactures technically sophisticated products for the motor vehicle industry – ranging from the single-core cable through to the complete wiring system with integrated electronics. The product range also encompasses wires and strands as well as optical fibers, standardised cables, special, hybrid and optical cables as well as completely assembled systems for customers in different industrial markets. Products specifically for application in environmentally friendly technologies are meanwhile gaining in significance.

Cover image:
LEONI was very successful with high-frequency data cables and systems in the third quarter of 2015. In particular, sales of our high-speed products to manufacturers of splitters and converters for networks in computer centres contributed to our good earnings performance.

Rounding differences may for arithmetical reasons occur in the tables, charts and references versus the mathematically precise figures (monetary units, percentages, etc.).

This Interim Report is published in German and English. The original is in German language. In case of doubt or conflict, the German language version will prevail.

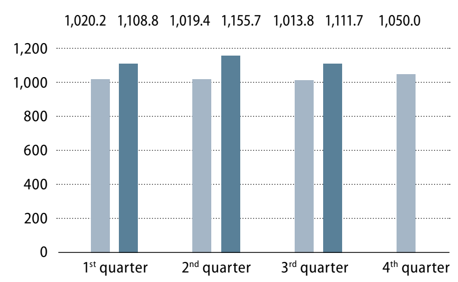
Content

Group key figures

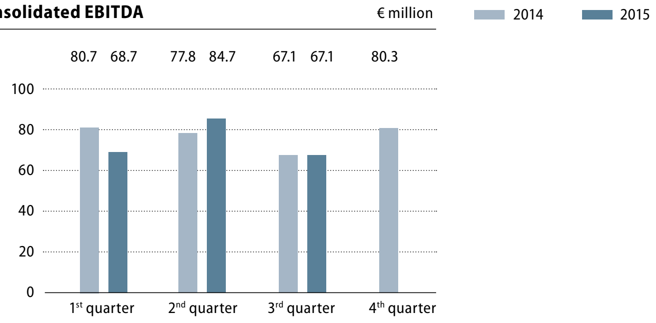
	3rd quarter			1st – 3rd quarter		
€ million	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Sales	1,111.7	1,013.8	9.7 %	3,376.2	3,053.4	10.6 %
Earnings before interest, taxes and depreciation/amortisation (EBITDA)	67.1	67.1	0.0 %	220.5	225.6	(2.3) %
Earnings before interest and taxes (EBIT)	29.8	34.7	(14.1) %	115.3	132.7	(13.1) %
Adjusted earnings before interest and taxes (EBIT) [1]	32.2	36.4	(11.5) %	124.7	140.2	(11.1) %
Earnings before taxes (EBT)	23.8	26.0	(8.5) %	95.4	109.3	(12.7) %
Consolidated net income	15.7	16.1	(2.5) %	67.5	77.5	(12.9) %
Capital expenditure (incl. acquisitions)	63.5	51.0	24.5 %	162.2	140.2	15.7 %
Equity ratio (%)	34.5 %	33.9 %	—	34.5%	33.9%	—
Earnings per share (€)	0.48	0.49	(2.0) %	2.06	2.37	(13.1) %
Employees as at 30/09/ (number)	74,973	67,391	11.3 %	74,973	67,391	11.3 %

[1] *Earnings adjusted for the impact of revaluation as part of allocating the prices of major acquisitions, restructuring, impairment of non-current assets, gains on business disposals and on business combinations including related derivatives.*

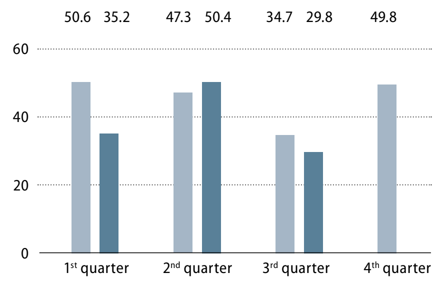
Consolidated sales € million



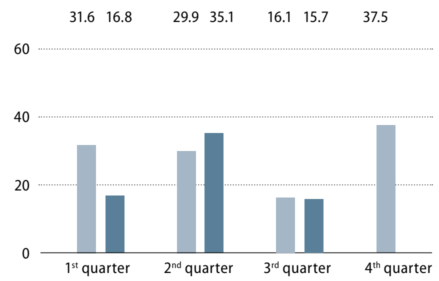
Consolidated EBITDA € million



Consolidated EBIT € million



Consolidated net income € million



The LEONI Share

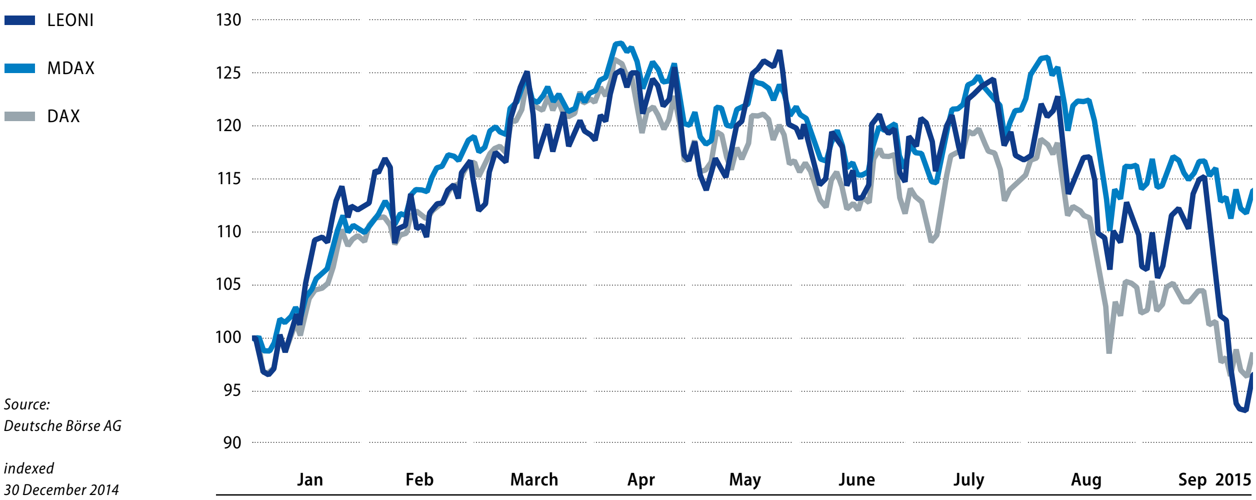
Markets: sharp corrections worldwide

The equity markets dropped further around the globe in the third quarter of 2015. The main factors holding share prices back were the less dynamic economy in China, the flagging currencies of numerous emerging countries, low commodity prices and the uncertainty about interest rate policy in the United States. The key share indices in the Americas as well as in Asia and Europe declined substantially, which in some cases cancelled out large gains made in the first quarter. This also affected Germany's leading DAX index, which suffered especially heavily from fear of weakening in Chinese growth and, at the end of September 2015, traded nearly 2 percent below its level at the end of 2014. The MDAX did not reflect the fallout as starkly: the midcap index still closed out the first nine months with a gain of about 14 percent.

Overview of key LEONI share data

First listed on	1 January 1923
Ticker symbol	LEO
ISIN	DE0005408884
WKN	DE540888
Class of shares	Ordinary bearer shares with no par value
Market segment	Prime Standard
Index	MDAX
Share capital	€ 32,669,000
Number of shares	32,669,000

1st – 3rd quarter 2015 performance



Source: Deutsche Börse AG

indexed 30 December 2014

LEONI share also down to the end of September

Concerns about the Chinese economy were very much reflected in the shares of the German automotive and component supply companies: the DAX ‘Automobiles’ sector index, which was still well up at the half-year mark, recorded a drop of about 12 percent at the end of September 2015 versus the end of 2014. The sub-index for the automotive suppliers still managed to save about 5 percent of its gains from the first few months. LEONI’s share also depreciated in the third quarter and, with € 47.61 at the end of September, traded nearly 4 percent below its price at the end of 2014. This cancelled out the gains made in the first half, which peaked at the end of May with a high for the year to date of € 62.81.

The market capitalisation of the roughly 32.7 million LEONI shares stood at just over € 1,555 million on 30 September 2015, as opposed to € 1,614 million on 31 December 2014.

Slump in October

At the beginning of October, LEONI was compelled to issue a profit warning because of surprisingly heavy adverse factors in its Wiring Systems Division. Following the announcement that we will miss our earnings targets in both 2015 and 2016, LEONI’s share lost about one third of its value within a day. It traded at € 37.13 at the end of October.

Key LEONI share figures

		3rd quarter		1st – 3rd quarter	
		2015	2014	2015	2014
Net result	*€/share*	0.48	0.49	2.06	2.37
Equity	*€/share*	30.08	27.08	30.08	27.08
High [1]	*€/share*	61.39	60.66	62.81	60.66
Low [1]	*€/share*	46.01	41.99	46.01	41.99
Closing price[1] at end of quarter	*€/share*	47.61	43.22	47.61	43.22
Average daily trading volume	*no. of shares*	204,553	264,595	217,830	250,951
Market capitalisation at end of quarter	*€ million*	1,555.37	1,411.95	1,555.37	1,411.95

[1] XETRA closing prices of the day

Trading volume

An average of about 217,830 LEONI shares changed hands per trading day in the first nine months of 2015, as compared with 250,951 shares in the same period of the previous year. In total, the trading volume for the first three quarters amounted to about 41.4 million shares, down from 47.9 million in the same period of 2014.

Analysts react to profit warning

At the end of September, a majority of the 20 financial market analysts who currently monitor LEONI on a regular basis rated our share favourably: twelve investment professionals rated the LEONI share as a buy, five gave it a neutral rating and three rated it as a sell. Following the profit warning in October, many analysts scaled back their price and earnings targets for LEONI, some of whom thereby also revised their recommendation. At the end of October six buy ratings were opposed by twelve hold and two sell ratings.

Shareholder structure: T. Rowe Price is the largest single shareholder

All LEONI shares are in free float. In the third quarter of 2015, the British investment firm Schroders PLC and Deutsche Asset & Wealth Management Investment GmbH raised their stakes in LEONI to slightly above 3 percent. Wilms Beteiligungs GmbH had a further 3 percent shareholding and the US investment firm of T. Rowe Price had a stake of slightly above 5 percent. Overall, about two thirds of the 32,669,000 shares were still held by institutional investors, the remainder being owned by private individuals. The majority of LEONI shares, i.e. roughly two thirds, are held in Germany. The remaining third is evenly spread between the rest of Europe, especially so in the United Kingdom, and in the United States.

The announcements of voting rights that LEONI received in the third quarter of 2015 are, along with earlier disclosures, accessible on our website under the heading Investor Relations / Share / Voting rights announcements.

Quarterly financial report
Interim group management report

Overview of conditions and business performance

Macroeconomic trend

The trend of the global economy in the year to date has been somewhat more subdued than expected: according to provisional calculations of the IMF (International Monetary Fund), the global economy grew by 2.9 percent in the first half of 2015 and thus by about 0.3 of a percentage point less than projected. The IMF states the cooling down in China, the effect of which is spreading to other economies, as the primary cause. The situation in the United States and Japan is also more subdued than was assumed. In addition, there was the crisis in Russia and the slump in prices of key raw materials and in the currencies of some emerging countries. In the eurozone, on the other hand, economic performance was largely in line with predictions.

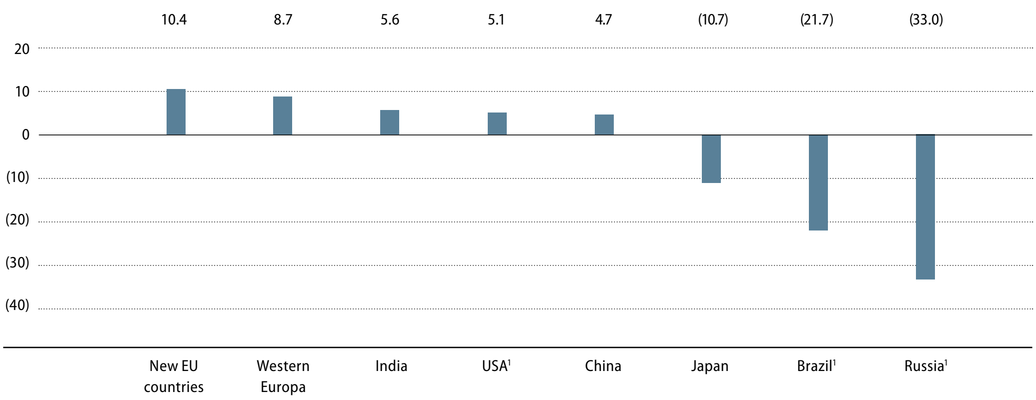
In their autumn appraisal, Germany's domestic economic research institutes still regard the country as being in a moderate upswing, which is being underpinned particularly by private consumption. However, the waning momentum in some emerging countries is beginning to affect German businesses: German industry's new orders in August were unexpectedly down from the previous month.

Business by sector

The customer industries of importance to LEONI largely performed well in the first nine months of 2015. According to the German Association of the Automotive Industry (VDA), the international **motor vehicle industry** benefited to the end of September from rising new registration figures in the three largest **vehicle markets**: sales rose especially strongly in Europe – where almost all countries recorded gains. The two other major markets – USA and China – grew moderately, with expansion in China slowing down considerably compared with the preceding years. There was sharp decline, on the other hand, in Brazil, Russia and Japan.

There was also a slight year-on-year increase in worldwide **passenger car production** – by about 1 percent, according to computations of the IHS Automotive market research institute. This involved output growth in Europe, North America and slightly so still in China, too, but decline in South America as well as in Japan and Korea.

Trend of car sales in the key countries January to September 2015 / 2014 %



[1] *Light vehicles (cars and light commercial vehicles)*
Source: VDA

Conditions varying widely by region have prevailed on the **commercial vehicle industry** so far in 2015. The VDA says that, to the end of July, new registrations of trucks over 6 tons were up by 15 percent in Western Europe, driven by the economic recovery and necessary updating of fleets. IHS Automotive's figures show that commercial vehicle output consequently also increased in Europe. There was growth in production in North America, too. By contrast, there were sharp decreases in South America and China. The output of agricultural machinery has declined worldwide, according to Power Systems Research data.

Both order receipts and sales rose in the year to date in the German **electrical engineering and electronics industry**: the German Electrical and Electronic Manufacturers' Association (ZVEI) says that, in the first eight months, the industry booked just over 6 percent more new orders, while the sector's sales were up by nearly 4 percent. Heavy demand from foreign customers was the principal mainstay of these gains. Output rose by a slight 0.3 percent. However, the business climate for electrical engineering companies deteriorated in September – especially so the forecast for the next six months.

According to the German Engineering Federation (VDMA), the domestic **machinery and plant manufacturers** registered 1 percent more new orders to the end of August 2015 than in the same period of the previous year. Particularly the heavy demand in the partner euro countries offset the decline in orders from other foreign markets. Domestic orders increased moderately.

The German **digital economy** also received strong impetus from other European markets in the year to date: the German Association for Information Technology, Telecommunications and New Media (BITKOM) says that exports of information technology and telecommunication products as well as consumer electronics rose by 13 percent in the first half of 2015. There was especially heavy demand for IT hardware, but also for telephone equipment and network technology. The ICT sector exported above all to neighbouring European countries and to the USA.

Overview of LEONI AG's business performance

While, after a solid trajectory in the first half, the LEONI Group's sales grew as planned in the third quarter of 2015, surprisingly heavy charges in the Wiring Systems Division, which were incurred mainly in September, led to a considerable decrease in earnings.

Consolidated sales rose by nearly 10 percent year on year to € 1,111.7 million in the third quarter of 2015, and by about 11 percent to € 3,376.2 million in the first nine months. As previously indicated, both divisions contributed to this with organic growth. Changes in exchange rates also exerted a significantly beneficial effect.

By contrast, the Group's earnings before interest and taxes (EBIT) for the period from July to September 2015 dipped by about 14 percent to € 29.8 million and, over the whole reporting period, by approximately 13 percent to € 115.3 million. The result was therefore well below our forecast. In particular, the causes were accelerated and more complex project start-ups combined with a surprise increase in the units called forward under contracts in the Wiring Systems Division, which incurred substantially greater expenses and therefore resulted in significantly diminished efficiency. Details of this are contained in the Segment report. Earnings performance in the Wire & Cable Solutions Division was on target in the third quarter.

» Segment report, page 9 et seq.

The LEONI Group's strategy, business activity and its product range as well as its most important markets are comprehensively presented in the Annual Report 2014 and have not materially changed in the period under report. The current report can be read on and downloaded from LEONI's website under the heading Investor Relations / Financial publications or requested from LEONI AG.

» Annual Report 2014, page 49 et seq.

Reports by division / Segment report

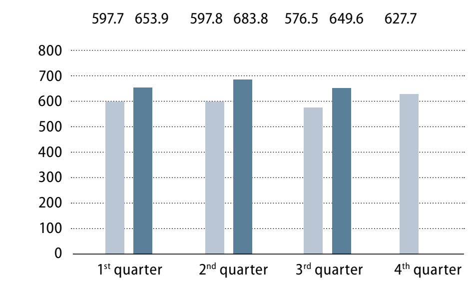
Wiring Systems Division

Sales up by 12 percent to nearly € 2 billion in the first nine months

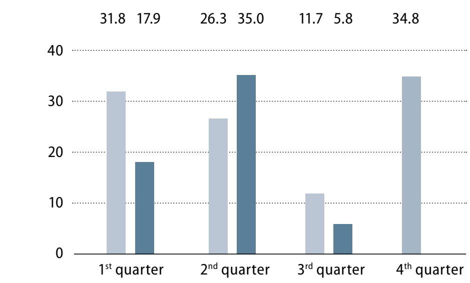
In the Wiring Systems Division (WSD), external sales in the third quarter of 2015 were up by nearly 13 percent on the figure for the same period of the previous year to € 649.6 million and, in total for the first nine months, by about 12 percent to € 1,987.3 million. Adjusted for the effects of exchange rates and the price of copper, the amount of business rose by about 7 percent to the end of September.

Cable harnesses and wiring systems for the cars of various German, other European and American automotive companies continued to account for most of the sales. In the first three quarters, we generated gains above all with products for models of the export-heavyweight German carmakers. Shipments to other European and Asian car manufacturers, the commercial vehicle and the international component supply industries also rose slightly.

Wiring Systems external sales € million

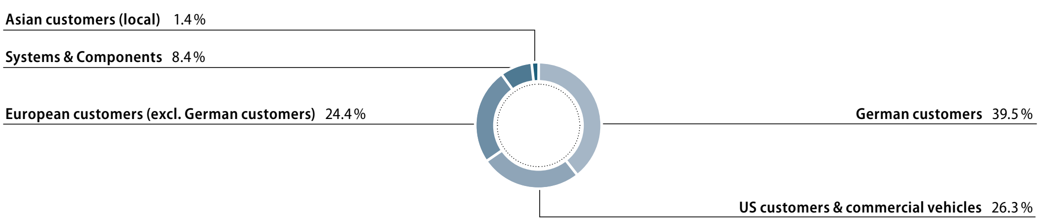


Wiring Systems EBIT € million



2014 2015

Sales breakdown of Wiring Systems Q1 – Q3/2015



EBIT in the third quarter adversely affected by unplanned start-up expenses

In the cases of some of the numerous project starts in 2015 there were, particularly towards the end of the third quarter, surprisingly heavy expenses and reduced production efficiency, which compromised earnings substantially. The reasons for this were accelerated and more complex than expected ramp-ups because our customers increased their call-forwards at short notice and ordered for vehicles with more extensive equipment. While these market developments will be fundamentally favourable for us, they incurred significant cost increases because of inefficient processes. Above all, this affected a facility in Romania that experienced major staffing capacity bottlenecks. As the region has full employment, we had to draw at short notice on employees from other countries as well as agency staff and train those working only temporarily for us at considerable cost. In addition, there were unexpectedly large wage cost increases due to the minimum wage having been raised in Romania, which was not taken into account in our budgeting to that extent.

Further adverse effects on the earnings situation stemmed from fewer call-forwards and the early end to other, profitable projects involving, for example, the agricultural sector and some car models. Finally, structural measures launched as part of our globalisation, particularly involving greater decentralisation of our organisation and the associated realisation and implementation of new processes and structures, did not yet exert the intended beneficial effect.

In total, these negative effects in the third quarter of 2015 as compared with the same period in the previous year, which was also marked by exceptional charges, resulted in an EBIT decrease from € 11.7 million to € 5.8 million as well as in a shortfall of about € 25.0 million from the amount of EBIT projected for the third quarter. In the first nine months, earnings before interest and taxes were down by about 16 percent to € 58.7 million.

Strategically important joint venture in China

» Notes page 33

On 18 September 2015, LEONI agreed a joint venture with Beijing Hainachuan Automotive Parts Co Ltd (BHAP), a subsidiary of state-owned Beijing Automotive Industry Corporation (BAIC). The agreement provides that LEONI will sell 50 percent of the shares in its wiring systems plant in Langfang to BHAP, probably by the end of the year. To date we have exclusively been making cable harnesses for the car ranges of Beijing Benz Automotive Co Ltd, a joint venture between Daimler AG and BAIC, at the plant. This equal joint venture will in the medium term improve our position on the Chinese market and give us the opportunity to gain new orders from BAIC and other carmakers. It will thus become a key building block of our strategy to expand our business in Asia disproportionately strongly. The joint venture will in the future be accounted for by the equity method with the net income included pro-rata in the consolidated financial statements, which will mean a reduction in fiscal 2016 consolidated sales.

Consistently full order book

The Wiring Systems Division received important new and follow-on orders in the third quarter of 2015, which further underpin our order book. Among other things, we will be supplying a carmaker that operates globally with wiring systems at locations in China and Europe for two new vehicle generations. In addition, we booked orders from various car and commercial vehicle manufacturers from Germany and elsewhere in Europe, Asia, the Americas as well as from component suppliers that operate internationally. These involve both complete wiring systems and cable harnesses for engines as well as other components. There were also new orders from the electromobility sector. At the end of September, the order backlog of the Wiring Systems Division stood at about € 12 billion for the next five years. It therefore forms a solid foundation for future growth. The precise amount and timing of the shipments will depend on what our customers actually call forward.

Wire & Cable Solutions Division

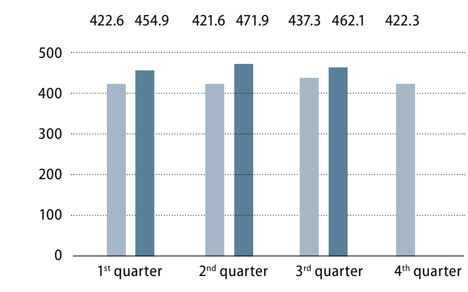
Sales up 8 percent to about € 1.4 billion to the end of September

The external sales of the Wire & Cable Solutions Division (WCS) rose by about 6 percent year on year to € 462.1 million in the third quarter of 2015. In the first nine months, the amount of business was up by more than 8 percent or € 107.5 million to € 1,388.9 million. The division grew by € 38.4 million in organic terms. Changes in exchange rates exerted a positive effect of € 102.9 million, while the lower price of copper had a negative effect of € 33.8 million. The gains were spread across all regions. However, the high rates of increase in the Americas were due solely to currency translation effects, while this was partially the case in Asia. We recorded a slight increase in the EMEA (Europe, Middle East and Africa) area.

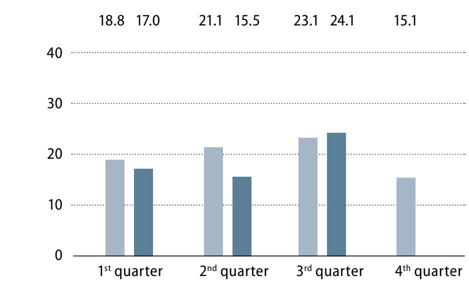
Automotive and industrial cables in demand

The sales of Business Group Automotive Cables grew especially strongly in the first three quarters – by about 12 percent – because the heavy demand for standard and special cables from the automotive industry persisted worldwide. The division generated an overall increase of approximately 6 percent in the industrial sectors, underpinned above all by Business Group Industry & Healthcare. Cables and cable systems for robotic applications as well as high-speed cables were in particular demand in these sectors. The sales growth of Business Groups Communication & Infrastructure, Electrical Appliance Assemblies and Conductors & Copper Solutions was the result exclusively of currency translation effects. The demand for data cables as well as cables for infrastructure projects and petrochemical plant remained weaker than expected.

Wire & Cable Solutions external sales € million

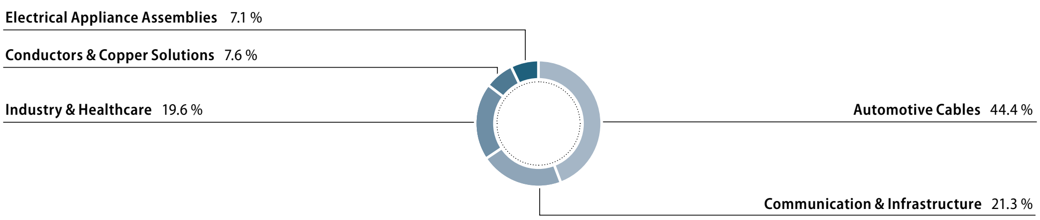


Wire & Cable Solutions EBIT € million



2014 2015

Sales breakdown of Wire & Cable Solutions Q1 – Q3/2015



EBIT increase in the third quarter

The earnings before interest and taxes of the WCS Division increased by just over 4 percent year on year to € 24.1 million in the period from July to September 2015. However, for the whole nine-month period the EBIT of € 56.5 million was still about 10 percent below the previous year's like-for-like level because various factors adversely affected earnings in the first half – these being, among others, an unfavourable product mix in Business Group Automotive Cables, which grew relatively strongly, the weak demand from some industrial sectors and the costs of a pilot software project. There were also advance payments for the WCS ON Excellence performance programme, which already showed initial positive effect in the third quarter.

Slight increase in new orders

Business Group Automotive Cables in particular booked important new orders in the period from July to September: among other things, various wiring system manufacturers ordered data cables for driver assist systems and multimedia applications as well as standard automotive cables for their production in Asia and the NAFTA area. The division furthermore took orders to supply charging cables for vehicles with alternative drive systems, which are of strategic importance.

A major new project to wire an offshore oil field in the Arabian Gulf spurred an initial, slight revival in the chemical plant business of Business Group Communication & Infrastructure.

In total, the division booked new orders worth € 1,393.4 million in the first nine months of 2015. That took the WCS Division's order receipts slightly above both the amount for the same period in 2014 of € 1,311.2 million and the current nine-month sales, which were, however, influenced by favourable currency translation effects just like the amount of business.

Group sales and earnings

Consolidated sales at nearly € 3.4 billion after nine months

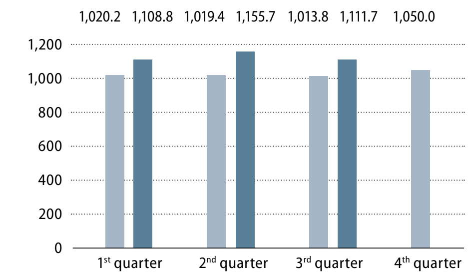
The consolidated sales of LEONI AG rose by nearly 10 percent year on year to € 1,111.7 million in the third quarter of 2015. For the whole nine-month period the increase was one of about 11 percent or € 322.8 million to € 3,376.2 million. Alongside growth from own resources by € 155.8 million, positive effects of changes in exchange rates amounting to € 199.1 million accounted for this result. By contrast, the lower price of copper diminished the result by € 32.1 million.

Q1 – Q3/2015 sales growth

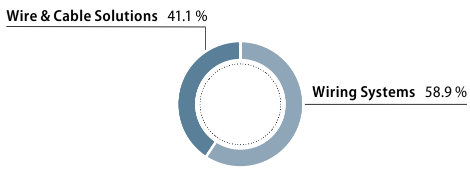
	€ million	in %
Q1 – Q3/2014 sales	**3,053.4**	**0.0**
Organic growth	155.8	5.2
Currency effects	199.1	6.5
Copper price effects	(32.1)	(1.1)
Q1 – Q3/2015 sales	**3,376.2**	**10.6**

Sales rose in all regions, although the strong gains in the Americas were partly and in Asia entirely attributable to positive effects of translating into the euro reporting currency. In the EMEA region, the amount of business was up by about 7 percent to € 2,191.6 million; in the Americas by just under 25 percent to € 567.4 million and in Asia by 12 percent to € 617.2 million.

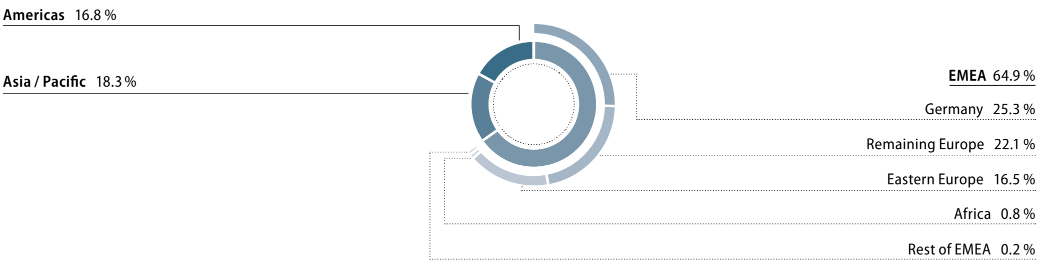
Consolidated sales € million



Q1 – Q3/2015 consolidated sales by division



Q1 – Q3/2015 consolidated sales by region



EBIT down 13 percent in the first three quarters

The LEONI Group's cost of sales rose by just under 12 percent year on year to € 2,825.6 million in the first nine months of 2015, and thus still by slightly more than the amount of business. The main reasons were the unplanned additional expenses and the reduced efficiency in the Wiring Systems Division. Gross profit on sales was therefore up by only about 5 percent to € 550.7 million, equating to a **gross margin** of 16.3 percent (previous year: 17.1 percent).

» Segment report page 9 et seq.

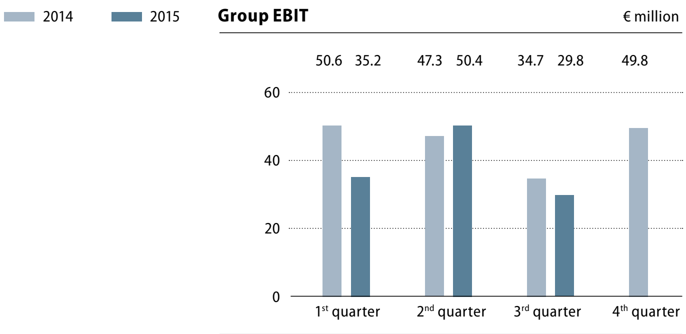
While the increase in selling expenses of about 8 percent to € 172.9 million was proportionately less than the rise in sales, the increase in general administrative costs of approximately 17 percent to € 174.4 million was more substantial. This reflected collective bargaining wage increases as well as non-recurring spending on efficiency enhancement measures and strategic IT projects. Research and development costs increased by just over 10 percent to € 89.9 million, which was due mainly to pre-production spending on new customer projects in the Wiring Systems Division.

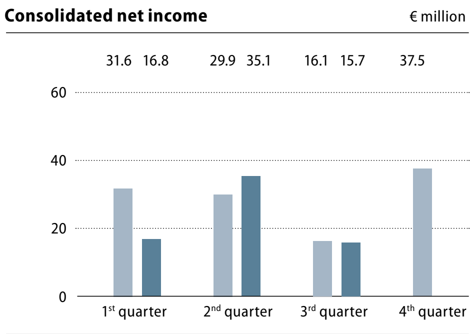
The balance of other operating income and expenses increased from € 1.2 million to € 1.8 million in income. Primarily, this involved significantly increased income from grants for a facility in Eastern Europe offsetting heavier exchange losses and a write-down on a held-for-sale site in Morocco.

The **consolidated earnings before interest and taxes** of € 115.3 million for the first three quarters of 2015 were about 13 percent below the previous year's figure. EBIT adjusted for the impact of purchase price allocations, restructuring charges and divestment amounted to € 124.7 million (previous year: € 140.2 million). On the other hand, the **financial result** including other investment income improved from a negative balance of € 23.3 million to negative € 19.9 million. The main reason for this involved the more favourable financing terms as a result of refinancing borrower's note loans, which exerted an increasingly positive effect in the course of the year. There was a decrease in **earnings before taxes** of nearly 13 percent to € 95.4 million. **Consolidated net income** came to € 67.5 million after nine months, down from € 77.5 million in the previous year.

» Financial situation page 14 et seq.

When looking at the **third quarter of 2015** in isolation, Group-wide **EBIT** was down by about 14 percent to € 29.8 million because of the major adverse items in the Wiring Systems Division. Thanks to the significantly improved financial result and a lower tax rate as compared with the same quarter in the previous year, **consolidated net income** was down by only about 2 percent to € 15.7 million.





Financial situation

Financing costs lowered significantly

The amount of cash provided by operating activities in the LEONI Group increased from € 35.6 million to € 57.9 million in the period from January to September 2015. In particular, this involved the smaller additional amount of funds tied up in working capital more than offsetting the earnings decrease during the period under report.

» Capital expenditure page 15 et seq.

Due to the numerous works to expand capacity in both divisions, there was a significantly larger amount of cash used for capital investment of € 173.3 million than in the same period of the previous year, when the figure was € 159.0 million. Free cash flow nevertheless improved from negative € 123.4 million to negative € 115.4 million.

Financing activity involved larger-scale cash inflows and outflows due to having placed new borrower's note loans and in some cases early repayment of existing liabilities. The Company thereby took advantage of the favourable terms on the capital market and significantly lowered its financing costs. We furthermore bolstered our financial base for future growth. In total, we placed new borrower's note loans in the amount of € 222.1 million and repaid existing loans in an overall amount of € 177.0 million. Taking into account further, smaller-scale changes in foreign currency borrowings and payout of the dividend, this meant cash used for financing activity in the first nine months of € 0.3 million (previous year: an inflow of € 57.0 million).

Overall, the LEONI Group's cash and cash equivalents as at the end of September 2015 were down to € 122.7 million (previous year: € 134.5 million).

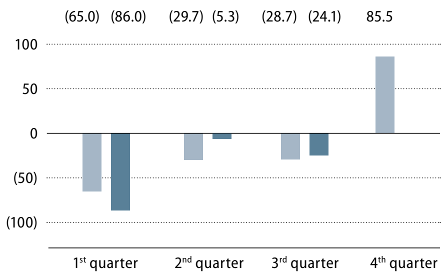
Consolidated statement of cash flows *(abridged version)*

	1st – 3rd quarter	
€ million	**2015**	**2014**
Cash flows from operating activities	57.9	35.6
Cash flows from capital investment activities	(173.3)	(159.0)
Cash flows from financing activities	(0.3)	57.0
Change of cash and cash equivalents	(115.7)	(66.4)
Cash and cash equivalents at end of period	**122.7**	**134.5**

Calculation of free cash flow

	1st – 3rd quarter	
€ million	**2015**	**2014**
Cash flows from operating activities	57.9	35.6
Cash flows from capital investment activities	(173.3)	(159.0)
Free cash flow	**(115.4)**	**(123.4)**

Free cash flow € million



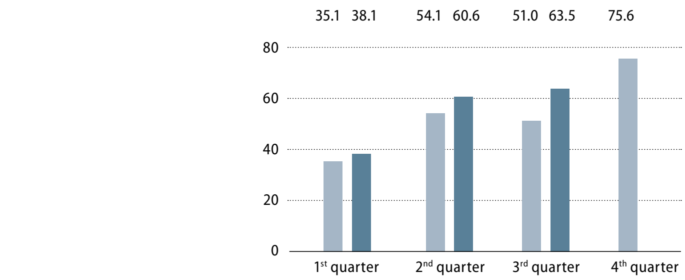
Capital investment up to more than € 160 million

Capital expenditure in the LEONI Group increased by about 16 percent year on year to € 162.2 million in the first three quarters of 2015. This involved almost entirely property, plant and equipment as well as intangible assets.

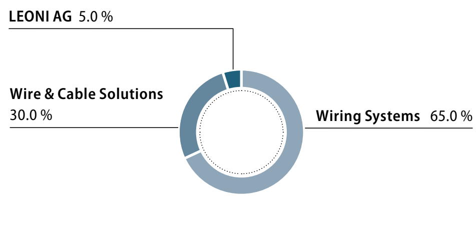
The Wiring Systems Division invested € 105.5 million to the end of September as opposed to € 87.4 million in the same period of 2014. Among other things and based on additional orders from our customers, we set up a new wiring systems plant in China and enlarged our production capacity at several facilities in North Africa and Eastern Europe, especially so in Romania and Serbia. As planned, we also extended and modernised our divisional headquarters in Kitzingen.

Capital expenditure in the Wire & Cable Solutions Division increased by 5 percent to € 48.7 million in the first nine months (previous year: € 46.6 million). The most important projects included the two new automotive plants in Mexico and China. We also invested, for example, in an additional special cables production line for Business Group Industry & Healthcare in Eastern Europe and in expansion of production of solar boxes in China. In Germany, we expanded capacity to produce high-speed cables at the facility in Friesoythe and acquired the site for the 'Factory of the Future' in Roth.

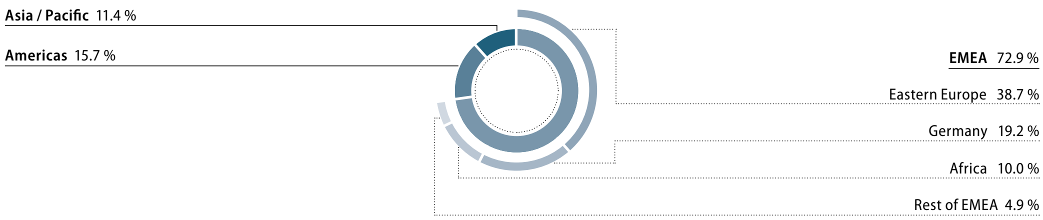
Capital expenditure € million



Q1 – Q3/2015 capital expenditure by segment



Q1 – Q3/2015 capital expenditure by region



Asset situation

34.5 percent equity

» Segment report page 9 et seq.

To prepare for the joint venture with our Chinese partner BHAP, which is scheduled for completion before the end of the fourth quarter of 2015 and will in the future be consolidated using the equity method, some of the assets and liabilities of the company concerned were classified as held for sale in line with IFRS requirements and reclassified accordingly on the balance sheet. In particular, this concerned inventories, property, plant and equipment, trade receivables and trade liabilities as well as non-current financial liabilities. A precise breakdown of this is to be found in the Notes.

» Notes page 30 et seq.

The balance sheet of the LEONI Group as at 30 September 2015 was enlarged by just under 7 percent versus 31 December 2014 to € 2,847.3 million, which was the result mainly of currency translation effects involving the weak euro. On the asset side, there was an overall increase in **current assets** by around 9 percent to € 1,605.1 million. Trade receivables rose by just over 18 percent to € 645.5 million, reflecting, in addition to the changes in exchange rates, the widening internationalisation of our activity and the changed customer base. Inventories increased by 7.5 percent to € 606.3 million, due also to building up stock in connection with the numerous new projects. The larger amount of entitlements to reimbursement of value added tax furthermore boosted other assets by more than 26 percent to € 116.9 million. The item 'held-for-sale assets', to which some receivables, inventories, other assets and property, plant and equipment were allocated because of the impending completion of the joint venture, increased from € 9.6 million to € 77.8 million. Cash and cash equivalents decreased from € 232.0 million to € 120.8 million.

There was an overall increase in **non-current liabilities** of nearly 4 percent to € 1,242.2 million. In this respect there was a notable change only in property, plant and equipment with an increase of about 6 percent to € 860.5 million due to capacity expansion.

Under liabilities, there was an overall rise in **current liabilities** of roughly 5 percent to € 1,123.2 million. This included a reduction in current financial liabilities including the short-term proportion of long-term loans because of scheduled principal payments from € 99.8 million to € 48.6 million. On the other hand, there was an increase in trade liabilities of more than 7 percent to € 756.9 million due to exchange rate effects and the expansion of business. Other current liabilities accumulated by 16.5 percent to € 175.9 million as a result primarily of increased holiday pay provisions. Financial and other liabilities in the amount of € 54.0 million were reclassified to the new item ‘held-for-sale liabilities’ in connection with the joint venture.

Non-current liabilities rose by 8.5 percent to € 741.5 million. The biggest change in this respect was due to the placement of new borrower’s note loans, which increased non-current financial liabilities from € 448.4 million to € 503.8 million.

» Financial situation page 14 et seq.

Our **equity** grew by around 7 percent to € 982.6 million at the end of September, which boosted the **equity ratio** slightly to 34.5 percent (31 December 2014: 34.4 percent). Retained earnings increased by 4.5 percent to € 647.3 million due to the nine-month result. There was also an improvement in accumulated other comprehensive income from a negative figure of € 26.6 million to a positive one of € 9.9 million, due above all to the major differences arising from translating foreign currencies into the euro reporting currency.

Net financial liabilities amounted to € 431.6 million on 30 September of the current year, up from € 316.2 million at the turn of the year.

Asset and capital breakdown

€ million	30/09/2015	31/12/2014
Current assets	1,605.1	1,471.7
Non-current assets	1,242.2	1,195.5
Total assets	**2,847.3**	**2,667.2**
Current liabilities	1,123.2	1,065.8
Non-current liabilities	741.5	683.7
Equity	982.6	917.8
Total equity and liabilities	**2,847.3**	**2,667.2**

Calculation of net financial liabilities

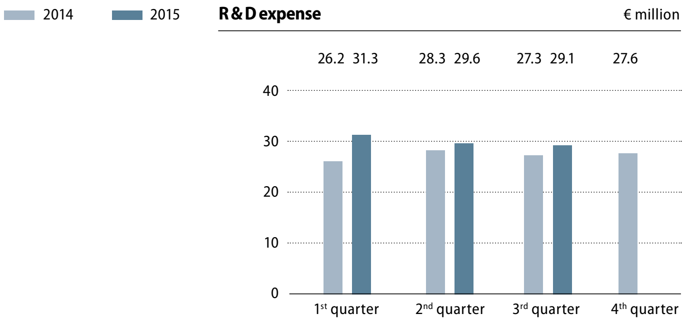
€ million	30/09/2015	31/12/2014
Cash and cash equivalents	120.8	232.0
Current financial liabilities	(48.6)	(99.8)
Non-current financial liabilities	(503.8)	(448.4)
Calculation of net financial liabilities	(431.6)	(316.2)

Research & Development

The LEONI Group's spending on research & development rose by about 10 percent to € 89.9 million in the first three quarters of 2015. The focal areas continued to be customised, weight and installation space-optimised solutions for the automotive industry. Alternative drive technology continued to be another key topic: for example, in the third quarter we presented our customers and the trade in general with a new kind of power distributor for hybrid and electric vehicles (known as a Y splitter). It splits the power between two units securely and in a space-saving way, as is becoming ever more necessary in high-voltage architectures. As part of adapting our products to international standards, our EVC charging cables also obtained their first certification to a common, Europe-wide standard, which ensures that such cables are more efficient and easy on resources. The current Annual Report contains further information on our ongoing R & D work.

» Anual Report 2014 page 89 et seq.

R & D expense € million



Employees

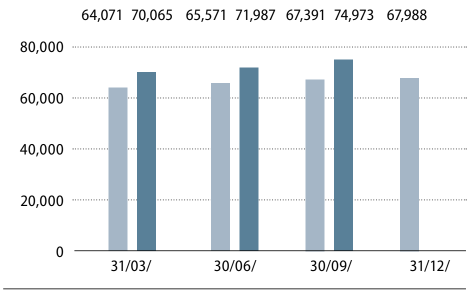
Workforce grows to nearly 75,000 employees Group-wide

On 30 September 2015, the number of employees in the LEONI Group was up by 6,985 from the end of 2014 to 74,973 people. While the workforce in Germany grew by 52 to 4,360 staff, it rose by 6,933 to 70,613 employees outside Germany, which equated to a foreign proportion of 94 percent. The total number of part-time employees was, with 6,370 people, at about the same level as the end of 2014 (31 December 2014: 6,366), the majority of whom continue to work for LEONI in China.

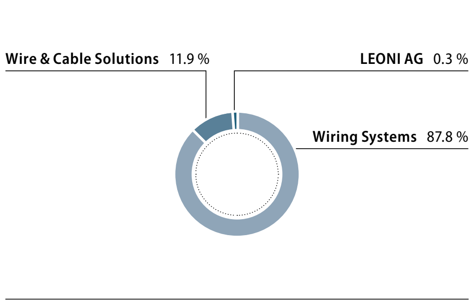
The Wiring Systems Division accounted for most of the recruitment: here the number of employees increased by 6,752 to 65,808 people in the first three quarters, especially so for new customer projects at facilities in Eastern Europe and North Africa. More staff were temporarily also required for the accelerated and more complex new product start-ups, for which in some cases we also drew upon agency manpower. By contrast, we employed fewer part-time staff in China due to the on-schedule end of projects.

The Wire & Cable Solutions Division employed 8,895 people at the end of September, 216 more than at the turn of the year. Recruitment took place above all at our automotive cables facilities in Asia and the Americas.

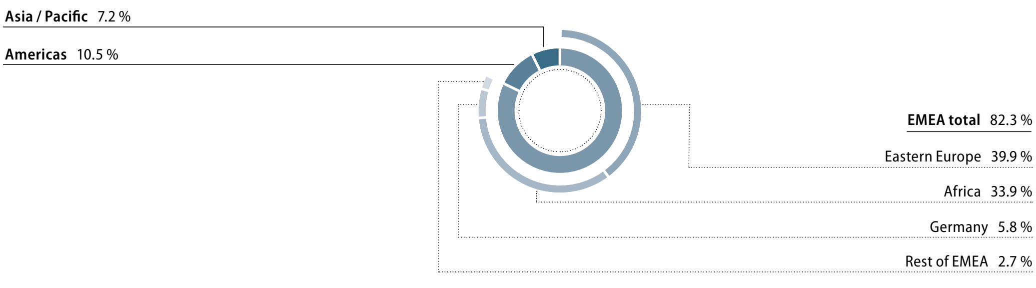
Employees



Employees by segment as of 30 September 2015



Employees by region as of 30 September 2015



Sustainability report

LEONI is committed to sustainable corporate governance aimed at meeting the requirements of all the stakeholders affected by our actions. The current Annual Report and the third Global Compact Communication on Progress released in August 2015, which is likewise accessible on our website, provide extensive information on our activity with respect to corporate responsibility.

» Annual Report 2014 page 93 et seq.

» www.leoni.com

Supplementary report

Following an initial analysis of the September figures, we were compelled to recognise that the sum of the surprisingly heavy charges in the Wiring Systems Division would significantly compromise our earnings and that our EBIT targets for 2015 and 2016 are unattainable.

We are currently preparing a package of measures in order to return to the targeted profitability in our Wiring Systems Division.

Apart from that, no events of special significance and with material impact on the LEONI Group's earnings, financial and asset situation occurred after close of this reporting period and until this report was signed.

Risk and opportunity report

The risk and opportunity situation for the LEONI Group has not materially changed since the end of 2014. However, future risks stemming from economic and sales fluctuation must be deemed greater since October than in the past, which is also reflected in our revised forecast for 2016 sales. There are still no risks threatening the Company's continued existence. All existing risks and opportunities as well as the structure and set-up of our risk and opportunity management are comprehensively presented in our Annual Report 2014.

» Annual Report 2014 page 98 et seq.

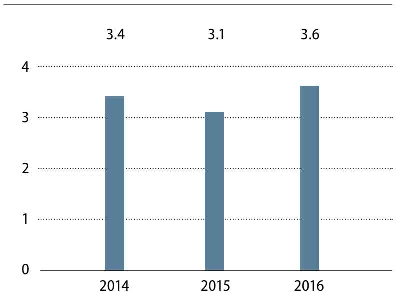
Forecast

Business and underlying conditions

Macroeconomic setting

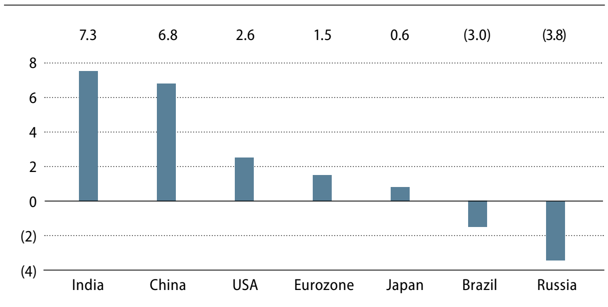
Based on the slightly less dynamic trend in the global economy than expected in the first half of the year, the International Monetary Fund (IMF) again scaled back its forecast for 2015 global economic growth slightly in October – from 3.3 percent to 3.1 percent. Apart from the impact of the weaker performance in China and the United States on other countries, this is also due to the slump in raw material prices and in the currencies of some emerging countries. The IMF sees further risk associated with a possible change in interest-rate policy in the United States. It therefore revised its projection for next year downward by 0.2 of a percentage point to 3.6 percent. The IMF estimates that the growth in German gross domestic product will also be slightly slower than previously stated: 1.5 percent in 2015 and 1.6 percent in 2016.

Global economic growth 2014 to 2016 %



Source: IMF (2015/2016 estimate)

2015 economic growth in selected regions compared to 2014 %



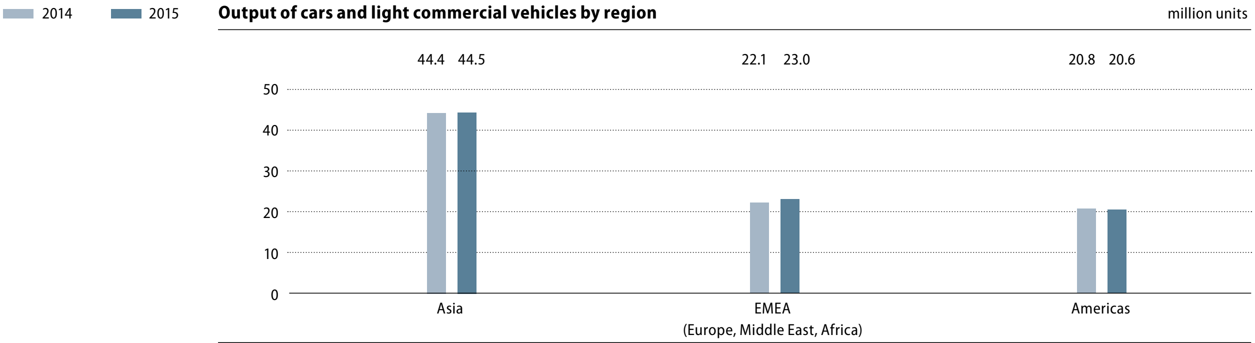
Source: IMF (estimate)

Sector trend

Given the weaker global economy, the prospects for some of the customer industries of importance to LEONI have also become somewhat more subdued. For instance, according to forecasts of IHS Automotive as updated in October, overall 2015 global **motor vehicle output** is likely to only rise by less than 1 percent to 88 million cars and light commercial vehicles. This will probably even involve fewer cars being produced than in the previous year in such key manufacturing regions as China and South America. As recently as July the analysis institute still estimated a 2-percent increase.

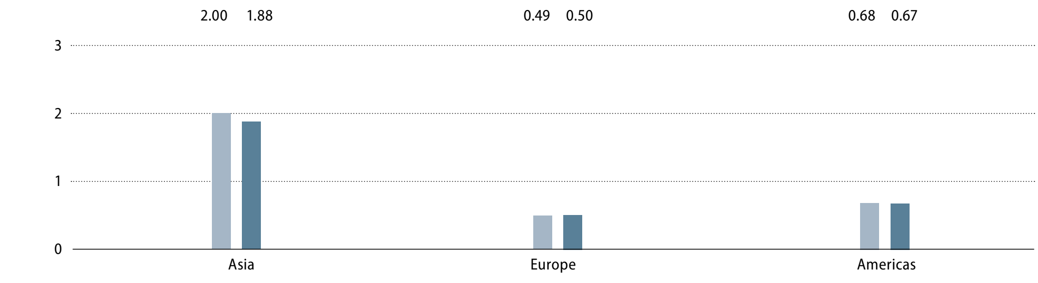
For the **commercial vehicle industry**, IHS Automotive meanwhile projects a decrease in global output of about 4 percent this year, having still forecast a 2 percent increase in July. Fewer heavy trucks than in the previous year are expected to be made particularly in China and South America. The Power Systems Research institute estimates that worldwide output of agricultural machinery will also drop, in fact by about 3 percent.

Output of cars and light commercial vehicles by region



Source: IHS Automotive

Output of heavy commercial vehicles by region



Source: IHS Automotive

The German Electrical and Electronic Manufacturers' Association (ZVEI) estimates that the global market for the **electrical goods industry** will have grown by 5 percent in 2015. This forecast involves the sector growing disproportionately strongly in Asia (up 7 percent), but at below-average rates in the Americas (up 4 percent) and Europe (up 2 percent). Broken down by specialist segments, **automation technology** and **electro-medical technology** in particular are expected to have good growth prospects at forecast rates of 7 and 6 percent, respectively. The **power engineering** and **household appliance sectors** are each projected to grow by about 5 percent. For the German electrical engineering and electronics market, the ZVEI industry association forecasts a 3 percent increase this year.

The prospects in the **mechanical engineering sector** are significantly more subdued: in view of the economic risks, the German VDMA sector federation in October lowered its forecast for the industry's global sales growth in 2015 from 5 percent to 1 percent. It projects a sales rise of about 2 percent for Germany.

According to a study by the European Information Technology Observatory (EITO), the worldwide **information technology and telecommunications** (ICT) industry will have boosted its sales by 3 percent or more in 2015. This involves estimates of somewhat stronger gains in the telecommunications segment than in information technology. The ICT countries that expand the fastest are likely to be India (up 9.0 percent) ahead of Brazil (up 8.9 percent) and China (up 6.9 percent). The two largest markets of the USA and Europe are likely to make gains of 2.8 and 0.9 percent, respectively.

The LEONI Group's business performance

The LEONI Group's prospects for its 2015 financial year have become significantly more subdued. While consolidated sales will, from today's perspective, rise to at least € 4.4 billion (previous year: € 4.1 billion). The surprisingly heavy charges combined with various ramp-ups in the Wiring Systems Division, which will impact substantially on the division's earnings in the fourth quarter as well, we now estimate consolidated EBIT for the year as a whole of only more than € 130 million (previous year: € 182.5 million). We will therefore fall significantly shortly of the EBIT target of more than € 200 million issued in March. The table below this section presents the updated forecast for our key financial figures.

We expect the Wiring Systems Division's external sales to rise slightly to about € 2.55 billion in 2015 as budgeted (previous year: € 2.4 billion). Earnings will probably dip to only about € 50 million plus the Langfang-related income (original forecast: more than € 115 million; previous year: € 104.6 million) because of the persisting difficulties involving various new projects. We are currently developing a suitable package of measures to restore the targeted profitability in this division as quickly as possible. The addressed problems will not undermine the good customer relationships that LEONI has. In no instance were there any quality or supply problems.

In the medium term, the Wiring Systems Division has unchanged growth opportunities by, amongst other things, strengthening its passenger car business in the Americas, stepping up activity in Asia in conjunction with the new joint venture and increasing the proportion of product we supply to selected customers in Europe as well as to the component and commercial vehicle industries.

We expect the Wire & Cable Solutions Division to generate the forecast sales increase to about € 1.85 billion this year (previous year: € 1.7 billion). EBIT will probably rise to approximately € 80 million (previous year: € 78.1 million) and will therefore no longer quite match the level of more than € 85 million projected in March 2015 because the businesses comprising data cables as well as cables for infrastructure projects and petrochemical plant are underperforming expectations. However, the quality of earnings will continue to gradually improve next year thanks to the positive effects of the WCS ON Excellence performance programme, the new automotive cables plant in Mexico and an expected recovery in business involving cables for petrochemical plant. We also intend to continuously expand our automotive and industrial cable operations in Asia and the Americas for future growth. An important step in this respect is scheduled for the end of 2015 with the opening of our next automotive cables plant in China.

We have also revised our targets for 2016 downward: rather than the originally projected € 5 billion, we now estimate consolidated sales of about € 4.6 billion. On the one hand, this reflects the joint venture in China that was agreed in September 2015, the sales from which will no longer be allocated to the Group. Due to accounting for the joint venture by the equity method, however, the net income will be included pro-rata in the consolidated financial statements. On the other hand, we anticipate reduction in demand due to the deteriorated economic conditions in China and Russia. Finally, business with the US commercial vehicle industry as well as with some carmakers may not reach the previously forecast levels either. These losses of sales and the consequently missing contributions to profit will exert an unfavourable effect on earnings. Furthermore, the adverse factors in the Wiring Systems Division described above will weigh on 2016 income as well.

Given the necessary reviews, we will present reliable guidance for next year's EBIT at our balance sheet press conference on 23 March 2016. Despite the described problems, LEONI continues to operate in a very promising environment. LEONI benefits from the fact that the demand for cable applications and wiring systems continues to rise. As a well positioned and financed company, which continues to have good prospects, LEONI will thoroughly and permanently eliminate the current margin problem and return to a course of profit-oriented growth.

The LEONI Group's targets

		Actual 2014 figures	**Original forecast for 2015** (March 2015)	**Updated forecast for 2015** (October 2015)
Consolidated sales	*€ billion*	4.1	approx. 4.3	≥ 4.4
EBIT	*€ million*	182.5	> 200	> 130
Capital expenditure	*€ million*	215.8	approx. 240	approx. 220
Free cash flow	*€ million*	(37.9)	approx. 0	approx. (30)
Net financial liabilities	*€ million*	316.2	approx. 360	approx. 390
Equity ratio	*%*	34.4	> 35	approx. 35
Return on capital employed	*%*	13.7	approx. 14	approx. 9

Condensed interim consolidated financial statements 30 September 2015

Consolidated income statement

	3rd quarter			1st – 3rd quarter		
€ '000 (except information to shares)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Sales	1,111,725	1,013,779	9.7 %	3,376,220	3,053,395	10.6 %
Cost of sales	(938,903)	(848,823)	10.6 %	(2,825,551)	(2,531,082)	11.6 %
Gross profit on sales	**172,822**	**164,956**	**4.8 %**	**550,669**	**522,313**	**5.4 %**
Selling expenses	(57,089)	(54,314)	5.1 %	(172,919)	(159,718)	8.3 %
General and administration expenses	(57,900)	(50,873)	13.8 %	(174,399)	(149,490)	16.7 %
Research and development expenses	(29,080)	(27,253)	6.7 %	(89,936)	(81,704)	10.1 %
Other operating income	1,801	3,319	(45.7) %	11,534	7,605	51.7 %
Other operating expenses	(826)	(1,153)	(28.4) %	(9,738)	(6,403)	52.1 %
Result from associated companies and joint ventures	68	55	23.6 %	113	69	63.8 %
EBIT	**29,796**	**34,737**	**(14.2) %**	**115,324**	**132,672**	**(13.1) %**
Finance revenue	235	228	3.1 %	1,249	836	49.4 %
Finance costs	(6,257)	(8,996)	(30.5) %	(21,294)	(24,317)	(12.4) %
Other income/expenses from share investments	0	0	—	100	144	(30.6) %
Income before taxes	**23,774**	**25,969**	**(8.5) %**	**95,379**	**109,335**	**(12.8) %**
Income taxes	(8,086)	(9,892)	(18.3) %	(27,848)	(31,832)	(12.5) %
Net income	**15,688**	**16,077**	**(2.4) %**	**67,531**	**77,503**	**(12.9) %**
attributable to: equity holders of the parent	15,567	16,037		67,212	77,275	
non-controlling interests	121	40		319	228	
Earnings per share (basic and diluted)	0.48	0.49		2.06	2.37	
Weighted average shares outstanding (basic and diluted)	32,669,000	32,669,000		32,669,000	32,669,000	

Consolidated statement of comprehensive income

	3rd quarter			1st – 3rd quarter		
€ '000	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Net income	**15,688**	**16,077**	**(2.4) %**	**67,531**	**77,503**	**(12.9) %**
Other comprehensive income						
Items that cannot be reclassified to the income statement:						
Actuarial gains and losses on defined benefit plans	(656)	(15,203)	95.7 %	5,658	(30,124)	> 100.0 %
Income taxes applying to items of other comprehensive income that are not reclassified	(21)	3,702	(> 100.0) %	(1,796)	7,428	(> 100.0) %
Items that can be reclassified to the income statement:						
Cumulative translation adjustments						
Gains and losses arising during the period	(23,899)	31,156	(> 100.0) %	32,222	34,545	(6.7) %
Less reclassification adjustments included in the income statement	0	0	–	(57)	29	(> 100.0) %
Total cumulative translation adjustments	(23,899)	31,156	(> 100.0) %	32,165	34,574	(7.0) %
Cash flow hedges						
Losses and gains arising during the period	(3,908)	(4,266)	8.4 %	(6,074)	(466)	(> 100.0) %
Less reclassification adjustments included in the income statement	3,405	(496)	> 100.0 %	6,063	104	> 100.0 %
Total cash flow hedges	(503)	(4,762)	89.4 %	(11)	(362)	97.0 %
Income taxes applying to items of other comprehensive income that are reclassified	487	1,185	(58.9) %	542	705	(23.1) %
Other comprehensive income (after taxes)	**(24,592)**	**16,078**	**(> 100.0) %**	**36,558**	**12,221**	**> 100.0 %**
Total comprehensive income	**(8,904)**	**32,155**	**(> 100.0) %**	**104,089**	**89,724**	**16.0 %**
attributable to: equity holders of the parent	(8,985)	32,071	(> 100.0) %	103,708	89,431	16.0 %
non-controlling interests	81	84	(3.6) %	381	293	30.0 %

Consolidated statement of cash flows

	3rd quarter		1st – 3rd quarter	
€ '000	**2015**	**2014**	**2015**	**2014**
Net income	15,688	16,077	67,531	77,503
Adjustments to reconcile cash provided by operating activities:				
Income taxes	8,086	9,892	27,848	31,832
Net interest	5,931	8,539	20,239	22,880
Dividend income	0	0	(100)	(144)
Depreciation and amortisation	37,376	32,358	105,248	92,933
Losses on assets held for sale	0	0	1,000	0
Other non-cash expenses and income	(68)	(55)	(113)	(69)
Result of asset disposals	177	83	830	271
Change in operating assets and liabilities				
Change in receivables and other financial assets	(11,549)	3,318	(113,050)	(63,842)
Change in inventories	(3,327)	(32,362)	(38,378)	(107,300)
Change in other assets	2,000	(4,138)	(27,443)	(28,342)
Change in provisions	(4,065)	10,358	(1,704)	18,751
Change in liabilities	4,650	(2,146)	61,957	35,798
Income taxes paid	(6,423)	(6,412)	(31,808)	(28,159)
Interest paid	(8,330)	(10,724)	(15,134)	(16,822)
Interest received	274	59	891	190
Dividends received	0	0	100	144
Cash flows from operating activities	**40,420**	**24,847**	**57,914**	**35,624**
Capital expenditures for intangible assets and property, plant and equipment	(64,627)	(54,139)	(176,377)	(159,811)
Capital expenditures for other financial assets	(43)	16	(118)	(7)
Cash receipts from disposal of assets	204	538	3,210	782
Cash flows from capital investment activities	**(64,466)**	**(53,585)**	**(173,285)**	**(159,036)**
Cash receipts from acceptance of financial debts	0	16,715	250,969	107,249
Cash repayments of financial debts	(3,218)	(15,119)	(212,100)	(17,616)
Dividends paid by LEONI AG	0	0	(39,203)	(32,669)
Cash flows from financing activities	**(3,218)**	**1,596**	**(334)**	**56,964**
Change of cash and cash equivalents	(27,264)	(27,142)	(115,705)	(66,448)
Currency adjustment	(2,788)	3,793	6,411	2,987
Cash and cash equivalents at beginning of period	152,736	157,862	231,978	197,974
Cash and cash equivalents at end of period	122,684	134,513	122,684	134,513
of which carried on the balance sheet under the item 'assets held for sale'	1,893	0	1,893	0
of which carried on the balance sheet under the item 'cash and cash equivalents'	120,791	134,513	120,791	134,513

Consolidated statement of financial position

Assets

€ '000	30/09/2015	31/12/2014	30/09/2014
Cash and cash equivalents	120,791	231,978	134,513
Trade accounts receivable	645,460	544,936	561,299
Other financial assets	23,733	17,414	19,039
Other assets	116,905	92,630	109,207
Receivables from income taxes	14,087	10,919	7,946
Inventories	606,331	564,179	616,998
Assets held for sale	77,779	9,601	9,646
Total current assets	**1,605,086**	**1,471,657**	**1,458,648**
Property, plant and equipment	860,483	810,073	769,849
Intangible assets	81,219	82,661	81,929
Goodwill	148,450	147,676	148,263
Shares in associated companies and joint ventures	591	658	527
Trade receivables from long-term development contracts	54,385	55,146	52,742
Other financial assets	10,422	7,535	6,710
Deferred taxes	64,097	72,004	69,284
Other assets	22,549	19,771	19,018
Total non-current assets	**1,242,196**	**1,195,524**	**1,148,322**
Total assets	**2,847,282**	**2,667,181**	**2,606,970**

Equity and liabilities

€ '000	30/09/2015	31/12/2014	30/09/2014
Current financial debts and current proportion of long-term financial debts	48,616	99,776	89,305
Trade accounts payable	756,857	704,881	681,491
Other financial liabilities	40,567	39,338	35,204
Income taxes payable	23,887	42,454	37,511
Other current liabilities	175,861	150,985	165,238
Provisions	23,436	28,329	29,041
Liabilities held for sale	53,987	0	0
Total current liabilities	**1,123,211**	**1,065,763**	**1,037,790**
Long-term financial debts	503,825	448,402	454,607
Long-term financial liabilities	7,835	7,522	7,987
Other non-current liabilities	11,315	9,072	9,989
Pension provisions	157,421	157,183	142,344
Other provisions	24,732	23,961	23,961
Deferred taxes	36,373	37,523	45,601
Total non-current liabilities	**741,501**	**683,663**	**684,489**
Share capital	32,669	32,669	32,669
Additional paid-in capital	290,887	290,887	290,887
Retained earnings	647,261	619,252	581,853
Accumulated other comprehensive income	9,865	(26,631)	(22,385)
Equity holders of the parent	980,682	916,177	883,024
Non-controlling interests	1,888	1,578	1,667
Total equity	**982,570**	**917,755**	**884,691**
Total equity and liabilities	**2,847,282**	**2,667,181**	**2,606,970**

Consolidated statement of changes in equity

€ '000	Share capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income: Cumulative translation adjustments	Accumulated other comprehensive income: Cash flow hedges	Accumulated other comprehensive income: Actuarial gains and losses	Equity holders of the parent	Non-controlling interests	Total equity
1 January 2014	**32,669**	**290,887**	**537,247**	**29,674**	**(2,653)**	**(61,562)**	**826,262**	**1,335**	**827,597**
Net income			77,275				77,275	228	77,503
Other comprehensive income				34,509	343	(22,696)	12,156	65	12,221
Total comprehensive income							89,431	293	89,724
Dividend payment			(32,669)				(32,669)		(32,669)
Disposal of non-controlling interests							0	39	39
30 September 2014	**32,669**	**290,887**	**581,853**	**64,183**	**(2,310)**	**(84,258)**	**883,024**	**1,667**	**884,691**
1 January 2015	**32,669**	**290,887**	**619,252**	**68,599**	**(4,469)**	**(90,761)**	**916,177**	**1,578**	**917,755**
Net income			67,212				67,212	319	67,531
Other comprehensive income				32,103	531	3,862	36,496	62	36,558
Total comprehensive income							103,708	381	104,089
Dividend payment			(39,203)				(39,203)	0	(39,203)
Disposal of non-controlling interests								(71)	(71)
30 September 2015	**32,669**	**290,887**	**647,261**	**100,702**	**(3,938)**	**(86,899)**	**980,682**	**1,888**	**982,570**

Notes to the condensed interim consolidated financial statements for the period from 1 January to 30 September 2015

Principles

These interim financial statements were, in accordance with the International Accounting Standard IAS 34, Interim Financial Reporting as it is to be applied within the European Union, prepared as a condensed interim report. These financial statements do not include all the disclosures and information required for annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements as at 31 December 2014. LEONI prepares and publishes the interim financial statements in euro (€). The presented interim consolidated financial statements and interim group management report as at 30 September 2015 were subjected to neither a review nor an audit pursuant to Section 317 of the German Commercial Code (HGB) by the auditors. The Management Board authorised release of the interim consolidated financial statements on 9 November 2015.

1 | Accounting principles

The consolidation, valuation and accounting methods applied are, with exception of the amendments described hereinafter, in line with those of the 2014 consolidated financial statements, where they are described in the notes.

The following new or amended, major IFRS requirements were applied for the first time at the beginning of the 2015 financial year and thus also to these interim financial statements:

- In May 2013, the IASB issued IFRIC 21, Levies. The Interpretation clarifies for levies that are imposed by governments and do not fall within the scope of another IFRS how, and especially when, such liabilities according to IAS 37, Provisions, Contingent Liabilities and Contingent Assets, are to be recognised.

- In November 2013, the IASB issued amendments to IAS, Employee Benefits. The amendment governs the recognition of contributions from employers or third parties to the pension plan as a reduction in the service cost, provided this is reflected in the related service rendered during the reporting period.

- In December 2013, the IASB issued two omnibus standards with annual improvements: 'Improvements to IFRSs 2010 – 2012' and 'Improvements to IFRSs 2011 – 2013' involving a total of eleven amendments to nine Standards. The IASB's Annual Improvements process provides a mechanism to make non-urgent but necessary amendments to IFRS that address unintended consequences, conflicts or oversights.

These amendments did not have any effect on the consolidated financial statements.

2 | Scope of consolidation

In addition to LEONI AG, which is based at Marienstrasse 7 in Nuremberg and is registered with the Nuremberg local court under number HRB 202, all the entities where LEONI AG directly or indirectly holds the majority of the voting rights are included in the consolidated financial statements.

Apart from the merger of two Chinese companies into one legal entity, there were no material changes to the scope of consolidation during the period under report.

Explanations

3 | Segment information

The Group has two segments subject to reporting: Wire & Cable Solutions as well as Wiring Systems. The Wire & Cable Solutions Division encompasses the development, manufacture and sale of wires, strands, optical fibers, standardised cables, special cables and fully assembled systems as well as related services for applications in the automotive sector and other industries.

The activity of the Wiring Systems Division is focused on the development, production and distribution of complete wiring systems and customised cable harnesses for the motor vehicle industry. Its products and services also encompass high-voltage wiring systems for hybrid and electric vehicles, power distribution components and special connectors.

The information by segment was as follows for the period under report:

	3rd quarter		1st – 3rd quarter		
€ '000 (employees excluded)	**2015**	**2014**	**2015**	**2014**	**Change**
Wiring Systems					
Sales	649,653	576,523	1,987,482	1,772,049	12.2 %
Less intersegment sales	36	29	194	111	74.8 %
External sales (sales to third parties)	649,617	576,494	1,987,288	1,771,938	12.2 %
EBIT	5,821	11,716	58,662	69,755	(15.9) %
EBIT as a percentage of external sales	0.9 %	2.0 %	3.0 %	3.9 %	—
Employees (as at 30/09)	65,808	58,520	65,808	58,520	12.5 %
Wire & Cable Solutions					
Sales	508,197	474,334	1,522,754	1,396,174	9.1 %
Less intersegment sales	46,089	37,049	133,822	114,717	16.7 %
External sales (sales to third parties)	462,108	437,285	1,388,932	1,281,457	8.4 %
EBIT	24,058	23,074	56,546	62,940	(10.2) %
EBIT as a percentage of external sales	5.2 %	5.3 %	4.1 %	4.9 %	—
Employees (as at 30/09)	8,895	8,632	8,895	8,632	3.0 %
Consolidation / LEONI AG					
Sales	(46,125)	(37,078)	(134,016)	(114,828)	(16.7) %
Less intersegment sales	46,125	37,078	134,016	114,828	16.7 %
External sales (sales to third parties)	—	—	—	—	
EBIT	(83)	(53)	116	(23)	
Employees (as at 30/09)	270	239	270	239	13.0 %
Group					
Sales	1,111,725	1,013,779	3,376,220	3,053,395	10.6 %
Less intersegment sales	—	—	—	—	
External sales (sales to third parties)	1,111,725	1,013,779	3,376,220	3,053,395	10.6 %
EBIT	29,796	34,737	115,324	132,672	(13.1) %
EBIT as a percentage of external sales	2.7 %	3.4 %	3.4 %	4.3 %	—
Employees (as at 30/09)	74,973	67,391	74,973	67,391	11.3 %

4 | Other operating expenses and income

The other operating income in the amount of € 11,534 k (previous year: € 7,605 k) included government grants of € 8,133 k (previous year: € 5,234 k). This year-on-year increase is due largely to state subsidies for setting up the plant in Serbia.

There were other operating expenses of € 9,738 k during the period under report (previous year: € 6,403 k). The exchange losses included therein amounted to € 2,870 k (previous year: € 1,331 k). Restructuring expenses totalling € 1,483 k (previous year: € 1,230 k) were furthermore recognised during the period under report. These were severance costs involving payments mostly to employees in Tunisia. This item also included expenses of € 1,000 k due to writing down a held-for-sale piece of land in Morocco to its current market value less cost to sell.

5 | Income taxes

The reported income taxes of € 27,848 k (previous year: € 31,832 k) comprised current tax expense of € 23,485 k (previous year: € 31,111 k) and deferred tax expense due to differences in balance sheet items and changes in loss carryforwards of € 4,363 k (previous year: € 721 k).

The tax rate was 29.2 percent (previous year: 29.1 percent).

6 | Comprehensive income

The overview below shows the gross amounts, income tax effects and net amounts of other comprehensive income:

	3rd quarter						1st – 3rd quarter					
	2015			2014			2015			2014		
€ '000	Pre-tax amount	Tax effect	Net amount	Pre-tax amount	Tax effect	Net amount	Pre-tax amount	Tax effect	Net amount	Pre-tax amount	Tax effect	Net amount
Change in actuarial gains and losses	(656)	(21)	(677)	(15,203)	3,702	(11,501)	5,658	(1,796)	3,862	(30,124)	7,428	(22,696)
Foreign currency translation adjustments	(23,899)	0	(23,899)	31,156	0	31,156	32,165	0	32,165	34,574	0	34,574
Changes in unrealised gains/losses on cash flow hedges	(503)	487	(16)	(4,762)	1,185	(3,577)	(11)	542	531	(362)	705	343
Other comprehensive income	**(25,058)**	**466**	**(24,592)**	**11,191**	**4,887**	**16,078**	**37,812**	**(1,254)**	**36,558**	**4,088**	**8,133**	**12,221**

Currency translation differences of € 32,165 k (previous year: € 34,574 k) are included in other comprehensive income for the period under report. These differences were attributable primarily to translation of the Chinese renminbi, the Swiss franc as well as the US dollar into the euro reporting currency.

The increase in the discount rate on pension obligations in Germany and the United Kingdom resulted in actuarial gains amounting to € 5,658 k in the first nine months (previous year: losses of € 30,124 k).

Taking deferred taxes into account, the overall result was other comprehensive income of € 36,558 k (previous year: € 12,221 k).

7 | Assets held for sale and liabilities

In September, LEONI agreed a joint venture with China's Beijing Hainachuan Automotive Parts Co Ltd (BHAP), a subsidiary of state-owned Beijing Automotive Industry Corporation (BAIC). The agreement provides for LEONI to sell 50 percent of the shares in a Chinese subsidiary of the Wiring Systems Division to BHAP; LEONI will in the future account for the joint venture by the equity method in the consolidated financial statements. The transaction will probably be completed in the fourth quarter of 2015. On 30 September 2015, the assets and liabilities of the company concerned, which amounted to € 70.8 million and € 54.0 million respectively, were classified as held for sale. The transaction is expected to involve gains, which is why no impairment was required.

The values of the assets and liabilities held for sale of Langfang-based LEONI Wiring Systems were as follows on 30 September 2015:

€ '000	**30/09/2015**
Trade receivables	31,329
Inventories	10,801
Other current assets	3,919
Property, plant and equipment	22,583
Other non-current assets	2,182
Assets held for sale	**70,814**
Trade accounts payable	17,119
Other current liabilities	1,578
Long-term financial debts	35,228
Other non-current liabilities	62
Liabilities held for sale	**53,987**
Net assets held for sale carried on the balance sheet	**16,827**
Held-for-sale liabilities to associated companies not carried on the balance sheet	16,656
Total net assets held for sale	**171**

Also included under assets classified as held for sale was the amount of € 6,965 k pertaining to a building on the site in Bouznika, Morocco. Its value was € 9,646 k on 30 September 2014 and additionally included a former factory building in Ostrzeszów, Poland.

8 | Financial instruments

The tables below show the carrying amounts and the fair values of the financial instruments held in the Group on 30 September 2015 and on 30 September 2014:

		Amounts recognised in balance sheet according to IAS 39					
€ '000	Category in accordance with IAS 39	**Carrying amount 30/09/2015**	Amortised cost	Cost	Fair Value recognised in equity	Fair Value recognised in profit or loss	**Fair Value 30/09/2015**
Assets							
Cash and cash equivalents	LaR	**120,791**	120,791				**120,791**
Trade receivables	LaR	**645,460**	645,460				**645,460**
Long-term trade receivables from development contracts	LaR	**54,385**	54,385				**54,385**
Other financial receivables	LaR	**21,298**	21,298				**21,298**
Other non-derivative financial assets							
Available-for-Sale financial assets	AfS	**1,065**		1,065			**1,065**
Derivative financial assets							
Derivatives without a hedging relationship	FAHfT	**6,349**				6,349	**6,349**
Derivatives with a hedging relationship	n/a	**5,443**			3,396	2,047	**5,443**
Total equity and liabilities							
Trade payables	FLAC	**756,857**	756,857				**756,857**
Liabilities to banks	FLAC	**156,608**	156,608				**159,701**
Borrower's note loans	FLAC	**395,808**	395,808				**403,547**
Other financial liabilities	FLAC	**80,828**	80,828				**80,828**
Derivative financial liabilities							
Derivatives without a hedging relationship	FLHfT	**11,691**				11,691	**11,691**
Derivatives with a hedging relationship	n/a	**9,895**			9,895		**9,895**
Of which aggregated by categories in accordance with IAS 39:							
Loans and Receivables (LaR)	LaR	**841,934**	841,934				**841,934**
Available-for-Sale Financial Assets (AfS)	AfS	**1,065**		1,065			**1,065**
Financial Assets Held for Trading (FAHfT)	FAHfT	**6,349**				6,349	**6,349**
Financial Liabilities measured at Amortised Cost (FLAC)	FLAC	**1,390,101**	1,390,101				**1,400,933**
Financial Liabilities Held for Trading (FLHfT)	FLHfT	**11,691**				11,691	**11,691**

€ '000	Category in accordance with IAS 39	Carrying amount 30/09/2014	Amounts recognised in balance sheet according to IAS 39 Amortised cost	Cost	Fair Value recognised in equity	Fair Value recognised in profit or loss	Fair Value 30/09/2014
Assets							
Cash and cash equivalents	LaR	**134,513**	134,513				**134,513**
Trade receivables	LaR	**561,299**	561,299				**561,299**
Long-term trade receivables from development contracts	LaR	**52,742**	52,742				**52,742**
Other financial receivables	LaR	**18,293**	18,293				**18,293**
Other non-derivative financial assets							
Available-for-Sale financial assets	AfS	**1,065**		1,065			**1,065**
Derivative financial assets							
Derivatives without a hedging relationship	FAHfT	**2,193**				2,193	**2,193**
Derivatives with a hedging relationship	n/a	**4,198**			2,338	1,860	**4,198**
Total equity and liabilities							
Trade payables	FLAC	**681,491**	681,491				**681,491**
Liabilities to banks	FLAC	**193,821**	193,821				**195,895**
Borrower's note loans	FLAC	**349,497**	349,497				**356,668**
Other financial liabilities	FLAC	**28,382**	28,382				**28,382**
Derivative financial liabilities							
Derivatives without a hedging relationship	FLHfT	**11,541**				11,541	**11,541**
Derivatives with a hedging relationship	n/a	**3,862**			3,862		**3,862**
Of which aggregated by categories in accordance with IAS 39:							
Loans and Receivables (LaR)	LaR	**766,847**	766,847				**766,847**
Available-for-Sale Financial Assets (AfS)	AfS	**1,065**		1,065			**1,065**
Financial Assets Held for Trading (FAHfT)	FAHfT	**2,193**				2,193	**2,193**
Financial Liabilities measured at Amortised Cost (FLAC)	FLAC	**1,253,191**	1,253,191				**1,262,436**
Financial Liabilities Held for Trading (FLHfT)	FLHfT	**11,541**				11,541	**11,541**

Due to the short terms of the cash and cash equivalents, trade receivables and other current receivables, the fair values largely corresponded to the carrying amounts as they did in the previous year.

The fair values of other non-current receivables maturing after more than one year corresponded to the present values of payments relating to the assets, in each case taking into account the current interest parameters that reflected market and partner-related changes in terms.

Trade liabilities and other liabilities usually matured in the short term; the amounts on the balance sheet represented approximations of the fair value. The fair values of liabilities to banks, the borrower's note loans and the other non-current financial liabilities were determined as the present values of the payments relating to the liabilities based on the respectively applicable yield curves and the Group-specific margins. For this reason the fair values are to be allocated to hierarchy level 3.

The fair values of the foreign exchange transactions were based on current reference rates observable on the market and taking into consideration forward premiums or discounts. LEONI takes account of the risk of non-fulfilment by business partners and the risk of non-fulfilment on the part of the Group by determining correction values, known as credit value adjustments (CVAs) or debt value adjustments (DVAs), based on applying a premium / discount. The fair values of the interest rate hedging instruments (interest swaps) were based on discounted future cash flows. The applicable market interest rates were used for the maturities of the financial instruments.

Valuation method to determine fair value

The tables below contain an overview of the valuation methods used for measuring the fair value of the financial instruments concerned.

30/09/2015 [€ '000]	Prices quoted on active markets (step 1)	Valuation methods where all principal parameters are based on observable market data (step 2)	Valuation methods where all principal parameters are *not* based on observable market data (step 3)	Total
Financial assets measured at fair value				
Derivative financial assets				
Derivatives without a hedging relationship	0	6,349	0	**6,349**
Derivatives with a hedging relationship	0	5,443	0	**5,443**
Financial liabilities measured at fair value				
Derivative financial liabilities				
Derivatives without a hedging relationship	942	10,749	0	**11,691**
Derivatives with a hedging relationship	0	9,895	0	**9,895**

30/09/2014 [€ '000]	Prices quoted on active markets (step 1)	Valuation methods where all principal parameters are based on observable market data (step 2)	Valuation methods where all principal parameters are *not* based on observable market data (step 3)	Total
Financial assets measured at fair value				
Derivative financial assets				
Derivatives without a hedging relationship	0	2,193	0	**2,193**
Derivatives with a hedging relationship	0	4,198	0	**4,198**
Financial liabilities measured at fair value				
Derivative financial liabilities				
Derivatives without a hedging relationship	296	11,245	0	**11,541**
Derivatives with a hedging relationship	0	3,862	0	**3,862**

Neither in the period under report nor in the previous one was there any movement between the individual levels.

Other information

9 | Transactions with related parties

LEONI maintains relationships with joint ventures as part of its ordinary business activity. This involves LEONI as a matter of principle purchasing and selling products and services on market terms. There were no significant transactions and no lending relationships with joint ventures during the period under report.

LEONI generated income of € 1,085 k (previous year: € 989 k) from the sale of products and services to members of the Supervisory Board and their companies and made purchases worth € 586 k (previous year: € 674 k) from them during the period under report. All supply and service transactions were concluded on standard market terms.

10 | Management Board and Supervisory Board

On 7 May 2015, Mr Dieter Bellé assumed the role of President & Chief Executive Officer (CEO) in addition to his function as Chief Financial Officer (CFO).

Shareholders at the Annual General Meeting appointed Dr Ulrike Friese-Dormann as a member of the Supervisory Board.

Nuremberg, 9 November 2015

Dieter Bellé   Dr Andreas Brand   Dr Frank Hiller

Key dates

Interim Report 1st – 3rd quarter 2015
10 November 2015

Preliminary Figures 2015
February 2016

Press Conference on financial statements
23 March 2016

Analyst and Investor Meeting
23 March 2016

Annual General Meeting
4 May 2016

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