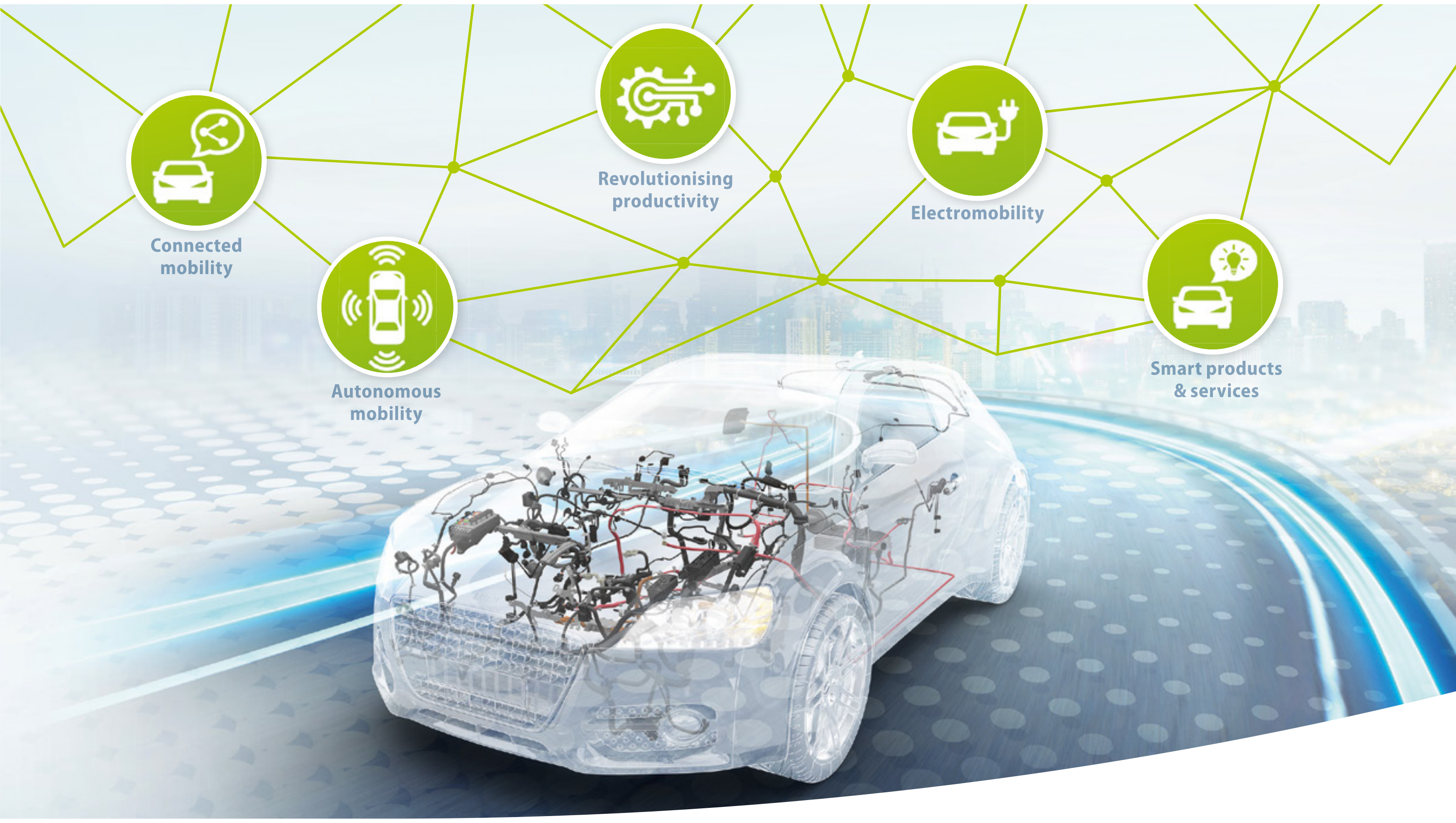
Interim Report
1st – 3rd quarter 2017



The Quality Connection

LEONI

Highlights 3rd quarter 2017

- **Successful business trend maintained in the third quarter of 2017 – consolidated sales up 10 percent to € 3.6 billion from January through September**
- **Nine-month EBIT rises by nearly one third after adjusting for exceptional items**
- **Wiring System Division books new orders worth € 1.6 billion in the third quarter, of which almost € 600 million for e-mobility**
- **Full-year guidance raised: 2017 increases in consolidated sales to about € 4.8 billion and EBIT to approximately € 220 million**

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 84,000 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.

Titelbild:
LEONI is on the way with its Wiring Systems Division to becoming a provider of energy and data management solutions.
In the 3rd quarter, the focal activities with respect to the automotive trends were presented at International Motor Show (IAA), namely: connected mobility, autonomous mobility, revolutionising productivity, electromobility as well as smart products and services.

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.

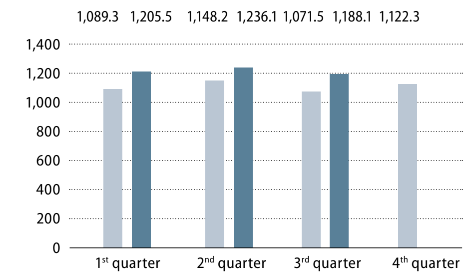
Content

Group key figures

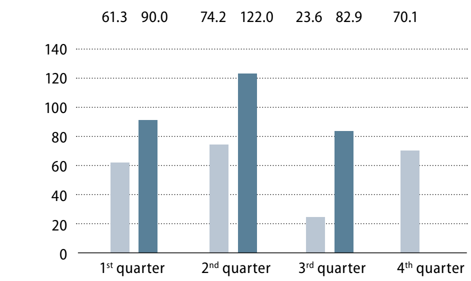
€ million	3rd quarter 2017	3rd quarter 2016	3rd quarter Change	1st – 3rd quarter 2017	1st – 3rd quarter 2016	1st – 3rd quarter Change
Sales	1,188.1	1,071.5	10.9 %	3,629.6	3,309.0	9.7 %
Earnings before interest. taxes and depreciation/amortisation (EBITDA)	82.9	23.6	> 100.0 %	294.8	159.1	85.3 %
Earnings before interest and taxes (EBIT)	46.4	(12.7)	> 100.0 %	183.1	49.2	> 100.0 %
Adjusted earnings before interest and taxes (EBIT)*	49.2	33.3	47.8 %	163.2	123.6	32.0 %
Earnings before taxes (EBT)	40.1	(18.6)	> 100.0 %	164.0	32.2	> 100.0 %
Consolidated net income	28.3	(24.4)	> 100.0 %	120.5	11.6	> 100.0 %
Capital expenditure	71.0	47.8	48.5 %	186.8	138.7	34.7 %
Equity ratio (%)	33.1 %	31.8 %	—	33.1 %	31.8 %	—
Earnings per share (€)	0.89	(0.75)	> 100.0 %	3.71	0.35	> 100.0 %
Employees as at 30/09/ (number)	83,951	77,013	9.0 %	83,951	77,013	9.0 %

[1] *Earnings adjusted for the impact of revaluation as part of allocating the prices of the major acquisitions, restructuring, capital gains on business disposals, income from business combinations including related derivatives and insurance compensation / charges due to the fraud case*

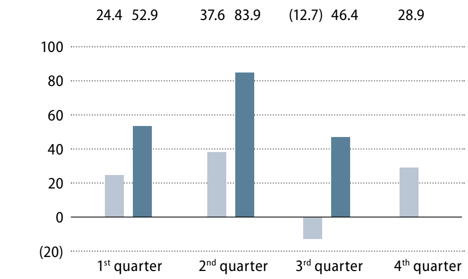
Consolidated sales *€ million*



Consolidated EBITDA *€ million* *2016* *2017*



Consolidated EBIT *€ million*



The LEONI share

Overview of key LEONI share data

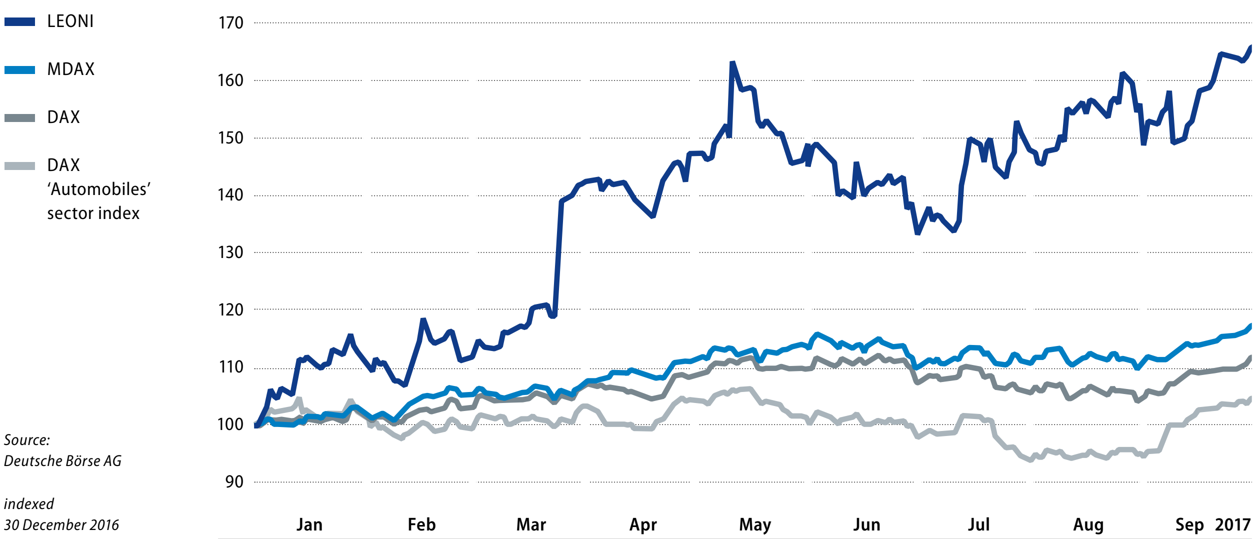
First listed on	1 January 1923
Ticker symbol	LEO
ISIN	DE0005408884
WKN	DE540888
Class of shares	Ordinary bearer shares with no par value
Market segment	Prime Standard
Index	MDAX
Share capital	€ 32,669,000
Number of shares	32,669,000

Key LEONI share figures

		3rd quarter		1st – 3rd quarter	
		2017	**2016**	**2017**	**2016**
Net result	*€/share*	0.89	(0.75)	3.71	0.35
Equity	*€/share*	30,84	27.51	30,84	27.51
High [1]	*€/share*	56.11	35.58	56.11	35.58
Low [1]	*€/share*	45.23	23.45	34.95	23.45
Closing price [1] at end of quarter	*€/share*	56.11	32.42	56.11	32.42
Average daily trading volume	*no. of shares*	207,935	315,731	243,208	307,808
Market capitalisation at end of quarter	*€ million*	1,833.06	1,059.13	1,833.06	1,059.13

[1] XETRA closing prices of the day

1st – 3rd quarter 2017 performance



Source: Deutsche Börse AG

indexed 30 December 2016

LEONI share gains by two thirds

The German equity market has largely been on an upward trajectory so far this year. In the first nine months of 2017, the DAX appreciated by nearly 12 percent while the MDAX even gained by more than 17 percent. The automotive shares comprised in the DAX 'Automobiles' sector index, by contrast, posted an increase of just under 5 percent, whereas the sub-sector index for component suppliers rose by about 20 percent.

The LEONI share significantly outperformed the market: it started the year at its low so far of 34.95 € and reached its first interim high at the time of the Annual General Meeting in May. The share initially dipped following the dividend payout, before once again picking up at the beginning of the year's second half. At the end of September, LEONI's share traded at its high for the year to date of 56.11 €. This equated to a gain of nearly 66 percent compared with the 2016 closing price.

The market capitalisation of the roughly 32.7 million LEONI shares consequently rose substantially to about € 1,833 million on the reporting date (31 December 2016: € 1,106 million).

Trading in LEONI shares

The number of LEONI shares traded in the first nine months of 2017 totalled nearly 46.5 million and was thus substantially below the comparable 2016 figure (previous year: 59.1 million shares). On average, 243,208 shares changed hands on each trading day during the period under report (previous year: 307,808).

Mostly positive financial-market ratings

There are currently 17 banks and analyst firms regularly monitoring LEONI's share (as of September 2017). Seven of them are presently giving a buy recommendation and a further six of the financial market specialists recommend holding the share. Four institutions regard LEONI as a short position.

Quarterly financial report

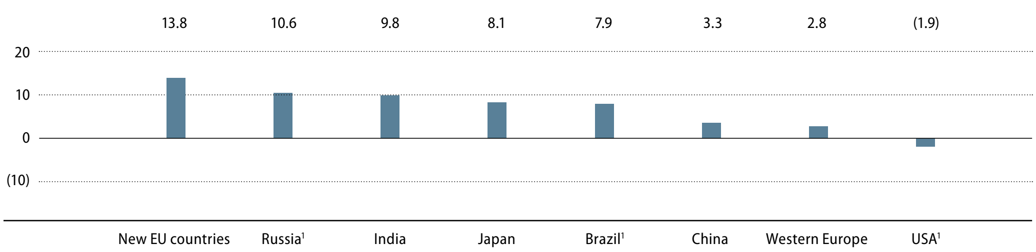
Interim group management report

Overview of conditions and business performance

Business by sector

The **automotive industry** generally performed well in the first nine months of 2017: The German Association of the Automotive Industry (VDA) says that new vehicle registrations in the key markets of Western Europe and China were up slightly to the end of September. There was strong growth in the new EU countries, Russia, India, Brazil and Japan. By contrast, sales figures in the United States were down somewhat. Global output of passenger cars and light commercial vehicles was up by nearly 3 percent year on year in the period from January to September 2017. Particularly the manufacturers in Asia and the EMEA region increased their production, while fewer new vehicles came off the line in the Americas.

Trend of car sales in the key countries *January to September 2017 / 2016 %*



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

Based on our observations, the situation on the market for **heavy commercial vehicles** also remained favourable worldwide so far this year, with business involving cable harnesses for construction machinery as well as for European truck and engine manufacturing proving to be especially dynamic.

The uptrend of the first half in most of the other **industrial sectors** of importance to LEONI also continued in the third quarter. Both the electrical engineering and electronics industry as well as the machinery and plant engineering sector in Germany recorded more new orders in the first nine months of 2017 than in the same period of 2016.

Overview of business performance

LEONI maintained its successful business trend of the first half into the third quarter of 2017 and, overall, outperformed expectations. In the period from July to September, consolidated sales rose by about 11 percent year on year to € 1,188.1 million. In total over the first three quarters, the amount of business increased by approximately 10 percent to € 3,629.6 million, to which both business divisions contributed. Due to the unabatedly good demand from the automotive industry, LEONI generated much of this growth from its own resources and thus more than compensated for the disappearance in May of its household and electrical appliance assemblies business. The higher price of copper also exerted a positive effect on sales.

Due to the additional turnover and the successful measures to boost performance in the Wiring System Division, Group-wide earnings before interest and taxes (EBIT) improved from a loss of € 12.7 million to profit of € 46.4 million in the third quarter of 2017, while nine-month EBIT was up from € 49.2 million to € 183.1 million. Adjusted for non-recurring factors, EBIT rose by nearly 50 percent to € 49.2 million from July to September and by almost one third to € 163.2 million in the first nine months. Earnings performance thus exceeded our expectations.

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 2016 and have not materially changed in the period under report. The current report can be read on and downloaded from LEONI's website (heading Investor Relations / Financial publications) or requested from LEONI AG. It also contains comprehensive information on our research & development. We report on our CSR-related activity in our new Sustainability Report, which is also available on the LEONI website (heading Company / Publications).

» **Annual report 2016 page 61 et seq.**

» **www.leoni.com**

Reports by division / Segment report

Wiring Systems Division

Sales up 12 percent to € 2.2 billion after nine months

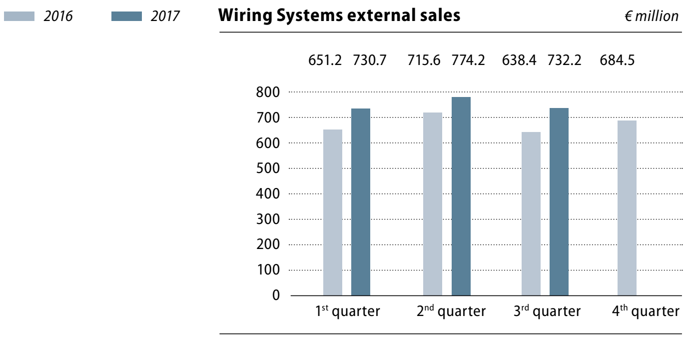
The external sales of the Wiring Systems Division (WSD) rose by nearly 15 percent year on year to € 732.2 million in the third quarter of 2017. The amount of business increased by about 12 percent to € 2,237.1 million in the first nine months. Almost all of this growth was generated organically. China-based Wuhan Hengtong Automotive, in which we hold a majority stake, and which has been consolidated since November 2016, contributed € 14.6 million over the whole reporting period. Our business in Asia as well as with the international commercial vehicle industry performed especially well.

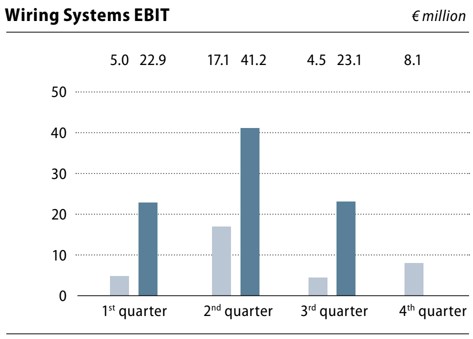
New product ramp-ups underpin broadened customer base

We commenced mass production for various customer projects in the third quarter of 2017 and thereby already generated initial sales. The start of production of high-voltage wiring systems for the new cars and SUVs of a European manufacturer was of strategic importance. We are thereby enhancing the collaboration with this customer and underpinning our broadened customer base. Furthermore, we began making cable harnesses for the motorcycles of a major European manufacturer, among other products.

Wiring Systems sales performance

	€ million	%
Q1 – Q3 / 2016 sales	**2,005.2**	
Organic growth	228.3	11.4
Effects of changes in the scope of consolidation	14.6	0.7
Currency translation effects	(22.7)	(1.1)
Copper price effects	11.6	0.6
Q1 – Q3 / 2017 sales	**2,237.1**	**11.6**





Segment EBIT rises to € 87.2 million

The Wiring Systems Division's earnings before interest and taxes improved from € 4.5 million to € 23.1 million from July through September 2017 and from € 26.6 million to € 87.2 million over the first nine months. Alongside the added contributions to profit from the additional sales, the segment's EBIT benefited from the measures applied to enhance performance as well as the positive effects of restructuring.

Adjusted Wiring Systems EBIT [1]

	3rd quarter		1st – 3rd quarter	
€ million	**2017**	**2016**	**2017**	**2016**
EBIT	**23.1**	**4.5**	**87.2**	**26.6**
Effect of purchase price allocation (PPA)	2.1	3.4	8.5	10.1
Restructuring expenses / income	0.0	2.4	0.4	22.1
Adjusted EBIT	**25.2**	**10.3**	**96.2**	**58.9**

[1] *Earnings adjusted for the impact of revaluation as part of allocating the prices of the major acquisitions, restructuring, capital gains on business disposals and income from business combinations including related derivatives*

Extensive new orders for e-mobility

The Wiring Systems Division received important new orders worth a total of about € 1.6 billion in the third quarter of 2017, of which nearly € 600 million for high-voltage cable harnesses that are used in electric cars. Two large-scale nominations from a European carmaker that operates worldwide accounted for a large proportion of this amount. One covers a conventional wiring system for car models that are to be launched on the Asian market from 2021. The other involves being commissioned to provide all the wiring for the company's new e-mobility platform. Order receipts in the first nine months added up to about € 4.5 billion, of which the electromobility business accounted for over € 700 million.

Repositioning as specialists in data and energy management in vehicles

At the International Motor Show (IAA) in September, the Wiring Systems Division presented itself as a provider of solutions for data and energy management in cars. The objective of this repositioning is to offer our customers a wider portfolio of innovative products and services within the sphere of the automotive megatrends of electromobility, connectivity and autonomous driving. We are also enhancing our expertise in the fields of electronics and software to enhance our position as a systems supplier. At the same time, we are forging ahead with digitalizing and automating production. The mounting safety requirements imposed on electrical components and systems specifically for autonomous driving call for increased use of automated solutions in the area of production and throughout the supply chain. LEONI already produces partial cable harnesses and components fully automatically. Such further automation solutions as collaborating robots are in the piloting phase.

Second plant in the Ukraine opened

After just ten months construction time, series production began at our new facility in Kolomyia, western Ukraine, in August 2017. The first construction phase created a space of about 6,500 m² for making cable harnesses and wiring systems, which are mostly supplied to carmakers based in Europe. LEONI's second plant in the Ukraine is to have up to 800 employees by the end of 2017. The plan is to expand the facility significantly by 2020 to as many as 5,000 employees and a space of about 25,000 m².

Wire & Cable Solutions Division

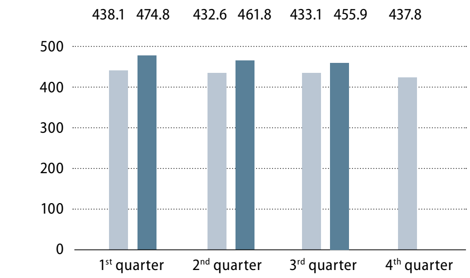
Sales to the end of September up 7 percent to € 1.4 billion

External sales in the Wire & Cable Solutions Division (WCS) were up by over 5 percent year on year to € 455.9 million in the third quarter of 2017 and by about 7 percent to € 1,392.5 million in the first nine months. The organic growth in the automotive and industrial business as well as positive effects of the trend in the price of copper offset the sales lost due to the disposal of Business Group (BG) Electrical Appliance Assemblies completed in May.

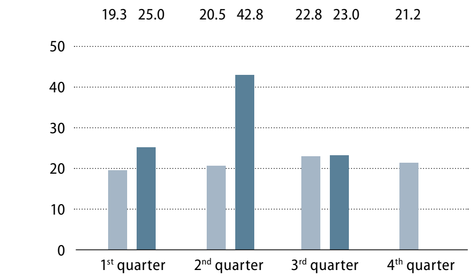
There was strong, worldwide demand especially for our standard and special cables for the automotive industry throughout the reporting period. Our business comprising cables and solutions for industrial applications likewise performed well overall, with the infrastructure cables business stabilising in the third quarter. Only our sales of cables for the petrochemical industry continued to fall short of expectations.

2016 2017

Wire & Cable Solutions external sales *€ million*



Wire & Cable Solutions EBIT *€ million*



Wire & Cable Solutions sales performance

	€ million	in %
Q1 – Q3 / 2016 sales	1,303.8	
Organic growth	31.9	2.4
Effects of changes in the scope of consolidation	(58.6)	(4.5)
Currency translation effects	(8.4)	(0.6)
Copper price effects	123.8	9.5
Q1 – Q3 / 2017 sales	1,392.5	6.8

WCS earnings before interest and taxes rise to € 90.9 million

The Wire & Cable Solutions Division's EBIT was up by about 1 percent to € 23.0 million from July through September 2017. What should be taken into consideration in this respect is that, unlike in the previous year, the figure no longer included any profit contributions from the disposed household and electrical appliance assemblies business. EBIT for the first nine months rose from € 62.5 million to € 90.9 million. This growth is essentially attributable to the non-recurring, beneficial deconsolidation effect related to the disposal of BG Electrical Appliance Assemblies. Yet even after adjusting for exceptional factors, EBIT was up both in the third quarter and over the whole reporting period.

Adjusted Wire & Cable Solutions EBIT[1]

	3rd quarter		1st – 3rd quarter	
€ million	2017	2016	2017	2016
EBIT	**23.0**	**22.8**	**90.9**	**62.5**
Effect of purchase price allocation (PPA)	0.2	0.2	0.5	0.8
Restructuring expenses / income	0.0	0.0	(0.1)	1.3
Effect of deconsolidation	0.5	0.0	(24.3)	0.0
Adjusted EBIT	**23.7**	**23.0**	**67.0**	**64.7**

[1] Earnings adjusted for the impact of revaluation as part of allocating the prices of the major acquisitions, restructuring, capital gains on business disposals and income from business combinations including related derivatives

New orders increase to more than € 1.4 billion

The order bookings of the Wire & Cable Solutions Division increased by more than 8 percent versus the previous year to € 1,415.8 million in the first three quarters of 2017 and thus exceeded the reporting period's sales. The trend in orders for automotive cables was especially favourable, but demand for industrial cables was also generally solid.

Expansion of facility in India underpins internationalisation

At the beginning of September, our WCS Division commissioned a new electron-beam acceleration line at our facility in Pune, India, which has a total capacity to produce 80,000 km of electron-beam crosslinked cable per year. By means of electron-beam crosslinking, we can make high-performance cables that are, among other things, more dimensionally stable when subjected to heat, more resistant to chemicals, solvents and temperature fluctuation as well as tougher and less susceptible to abrasion. In India, we supply these special cables mainly to customers in the dynamic solar and railway industries. We are forging ahead with internationalising our industrial business by having expanded our Pune plant, in which we invested a total of about € 10 million.

Digitalization: intelligent cables before patenting

We made further, highly promising progress during the reporting period with digitalizing our product range. After developing initial, significant technical solutions in the field of intelligent cables, we are currently looking into having these products patented. We also committed to targeted recruitment of new staff to enhance our digitalization expertise.

Group sales and earnings

Consolidated sales grow 10 percent to € 3.6 billion to the end of September

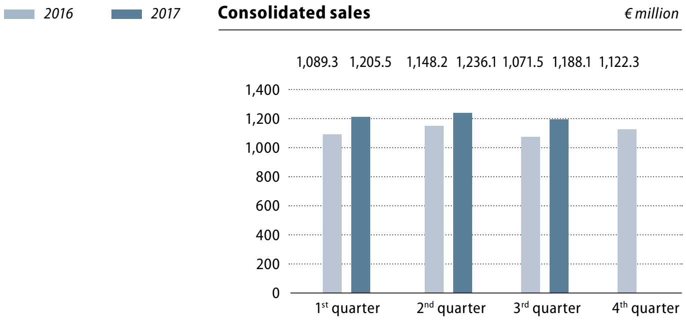
The consolidated sales of LEONI AG rose by nearly 11 percent year on year to € 1,188.1 million in the third quarter of 2017. In total over the period from January through September of this year, the volume of business was up by about 10 percent or € 320.6 million to € 3,629.6 million. We generated much of this growth from our own resources. New subsidiaries, primarily Wuhan Hengtong Automotive, in which we hold a majority stake and that was included for the first time, contributed € 14.6 million, while sales of € 58.8 million were absent compared with the previous year due to the disposal of our household and electrical appliance assemblies business.

Group sales performance

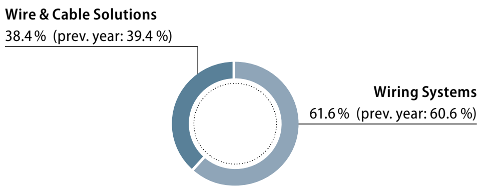
	€ million	%
Q1 – Q3 / 2016 sales	**3,309.0**	
Organic growth	260.2	7.9
Effects of changes in the scope of consolidation	(44.0)	(1.4)
Currency translation effects	(31.0)	(0.9)
Copper price effects	135.4	4.1
Q1 – Q3 / 2017 sales	**3,629.6**	9.7

The growth was spread across all regions: at a rate of about 17 percent to € 556.2 million, the gain was especially strong in Asia. Sales in the EMEA region rose by almost 9 percent to € 2,513.9 million and in the Americas they were up about 7 percent to € 559.5 million.

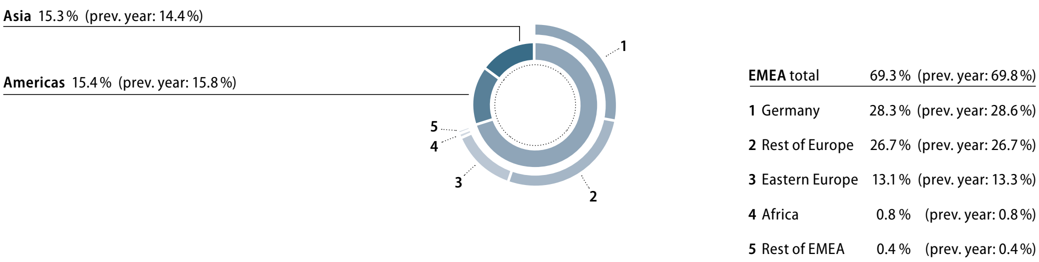
Consolidated sales *€ million*



Q1 – Q3 / 2017 consolidated sales by division



Q1 – Q3 / 2017 consolidated sales by region



EBIT at € 183.1 million after nine months

The LEONI Group's cost of sales increased by about 9 percent to € 3,004.9 million from January through September 2017 and thus by slightly less than the amount of business. The main reason was the increase in the Wiring Systems Division's performance. The gross margin consequently widened from 16.8 percent to 17.2 percent. The selling and administrative expenses of € 384.4 million were about 6 percent higher than the comparable 2016 figure. Spending on research & development was down slightly from the previous year's level at € 98.2 million.

The other operating income to the end of September, which was up from € 14.1 million to € 38.7 million, reflected the positive deconsolidation effect from the disposal of Business Group Electrical Appliance Assemblies and an insurance payout. Other operating expenses decreased substantially from € 68.9 million to € 14.5 million. In the previous year, this item included substantial restructuring expenses and the charge stemming from the fraud case. The income from associated companies and joint ventures, which comprises the pro-rata earnings of our joint venture in Langfang, China rose from € 9.0 million to € 16.8 million.

Consolidated earnings before interest and taxes improved from € 49.2 million to € 183.1 million in the first nine months. Adjusted for the effects of purchase price allocation, restructuring, gains on business disposals and the charges of the fraud case, EBIT increased by nearly one third to € 163.2 million. After taking into account the financial result, which amounted to negative € 19.1 million (previous year: negative € 17.0 million) including other investment income, pre-tax earnings came to € 164.0 million (previous year: € 32.2 million). Consolidated net income rose from € 11.6 million to € 120.5 million.

In the third quarter of 2017, we generated EBIT of € 46.4 million. The previous year's negative figure of € 12.7 million included the charges due to the fraud case and is therefore only marginally comparable. Adjusted quarterly EBIT rose from € 33.3 million to € 49.2 million.

Consolidated EBIT *€ million*

Adjusted Group EBIT[1]

€ million	3rd quarter 2017	3rd quarter 2016	1st – 3rd quarter 2017	1st – 3rd quarter 2016
EBIT	**46.4**	**(12.7)**	**183.1**	**49.2**
Effect of purchase price allocation (PPA)	2.3	3.6	9.0	10.9
Restructuring expenses / income	0.0	2.4	0.3	23.5
Effect of deconsolidation	0.5	0.0	(24.3)	0.0
Insurance compensation / charges due to fraud case	0.0	40.0	(5.0)	40.0
Adjusted EBIT	**49.2**	**33.3**	**163.2**	**123.6**

[1] *Earnings adjusted for the impact of revaluation as part of allocating the prices of the major acquisitions, restructuring, capital gains on business disposals, income from business combinations including related derivatives and insurance compensation / charges due to the fraud case*

Financial situation

Increased funds committed to growth and investment

The LEONI Group's cash flow from operating activities increased from negative € 10.2 million in the corresponding pre-year period to positive € 86.3 million in the first nine months of 2017. A larger amount of funds tied in working capital for business-related and copper price-induced reasons stood opposed to the positive effect of this good result during the reporting period. The sum invested of € 155.5 million was similar to that of the previous year. The cash provided by the disposal of Business Group Electrical Appliance Assemblies stood against the considerably larger amount of capital spending. Free cash flow came to negative € 69.2 million in the first three quarters of 2017 (previous year: negative € 162.0 million).

The Company spent € 48.7 million on financing activity, up from € 24.8 million in the same period of 2016, including the dividend payout of € 16.3 million (previous year: € 32.7 million) and the repayment upon maturity of a long-term loan. The total of cash and cash equivalents as at the end of September 2017 including exchange rate-related changes was € 92.9 million (previous year: € 91.0 million).

Consolidated statement of cash flows *(abridged version)*

€ million	1st – 3rd quarter 2017	1st – 3rd quarter 2016
Cash flows from operating activities	86.3	(10.2)
Cash flows from capital investment activities	(155.5)	(151.8)
Cash flows from financing activities	(48.7)	(24.8)
Change in cash and cash equivalents	(117.9)	(186.9)
Cash and cash equivalents at end of period	**92.9**	**91.0**

Calculation of free cash flow

€ million	1st – 3rd quarter 2017	1st – 3rd quarter 2016
Cash flows from operating activities	86.3	(10.2)
Cash flows from capital investment activities	(155.5)	(151.8)
Free cash flow	**(69.2)**	**(162.0)**

Free cash flow *€ million*

Capital expenditure raised to € 186.8 million

The LEONI Group increased its investment in property, plant and equipment as well as intangible assets from € 138.7 million in the previous year to € 186.8 million from January through September 2017.

The Wiring Systems Division accounted for € 119.8 million of the investment during the period under report (previous year: € 89.7 million). The focal area continued to be worldwide expansion of our capacity relating to new customer projects. This included facility expansion in Eastern Europe and North Africa, building two new plants in the Ukraine and Serbia as well as rebuilding the division's headquarters in Kitzingen, Germany.

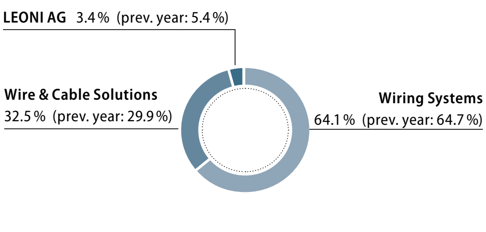
» Reports by division/ Segment report page 7 et seq.

Capital spending in the Wire & Cable Solutions Division rose from € 41.5 million to € 60.6 million. This involved mainly expansion of special cables production for the automotive industry in Eastern Europe, the new factory in Roth, Germany as well as the electron-beam acceleration line in India.

» Reports by division/ Segment report page 7 et seq.

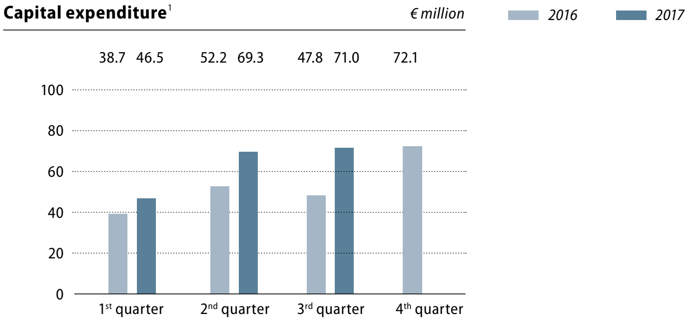
LEONI AG's capital investment came to € 6.4 million (previous year: € 7.5 million).

Q1 – Q3 / 2017 capital expenditure[1] by segment



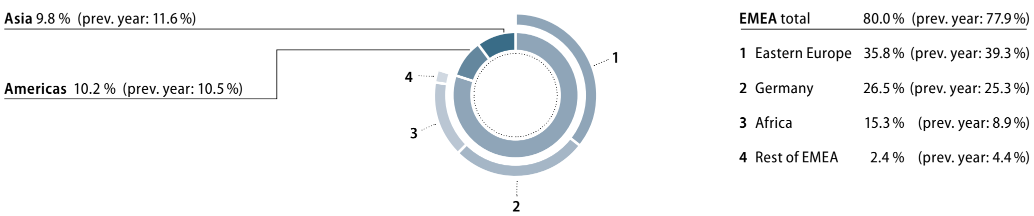
[1] *excl. investments and acquisitions*

Capital expenditure[1] *€ million*



[1] *excl. investments and acquisitions*

Q1 – Q3 / 2017 capital expenditure[1] by region



[1] *excl. investments and acquisitions*

Asset situation

Equity ratio improved to 33.1 percent
As at the end of September 2017, LEONI AG's consolidated balance sheet was enlarged by about 3 percent versus the figure as at the end of 2016 to € 3,046.9 million. There were notable changes on the asset side involving current assets, which rose by nearly 4 percent to € 1,649.2 million, which equated to about 54 percent of total assets. The main reason was the expansion of business, which entailed increases in trade receivables as well as inventories. The increased price of copper furthermore impacted on the latter. Non-current assets rose by about 3 percent to € 1,397.7 million due primarily to capital investment.

Among the liabilities, there were reclassifications between current and non-current financial liabilities because of the impending maturity of long-term loans. Above all for this reason and the repayment upon maturity of a loan, non-current liabilities were down by 19 percent to € 601.8 million, while total current liabilities were up by nearly 12 percent to € 1,437.5 million. This item furthermore reflected the increase in trade receivables.

Due to the good result, the LEONI Group's equity grew by about 10 percent to € 1,007.6 million as at 30 September 2017. The equity ratio improved from 31.1 percent (31/12/2016) to 33.1 percent.

Net financial liabilities stood at € 475.6 million, up from € 403.6 million at the end of 2016.

Asset and capital breakdown

€ million	**30/09/2017**	**31/12/2016** [1]
Current assets	1,649.2	1,588.3
Non-current assets	1,397.7	1,358.1
Total assets	**3,046.9**	**2,946.4**
Current liabilities	1,437.5	1,286.0
Non-current liabilities	601.8	743.2
Equity	1,007.6	917.2
Total equity and liabilities	**3,046.9**	**2,946.4**

[1] *Pre-year figures adjusted*

Calculation of net financial liabilities

€ million	**30/09/2017**	**31/12/2016**
Cash and cash equivalents	92.9	208.9
Current financial liabilities	(232.9)	(150.3)
Non-current financial liabilities	(335.7)	(462.1)
Net financial liabilities	(475.6)	(403.6)

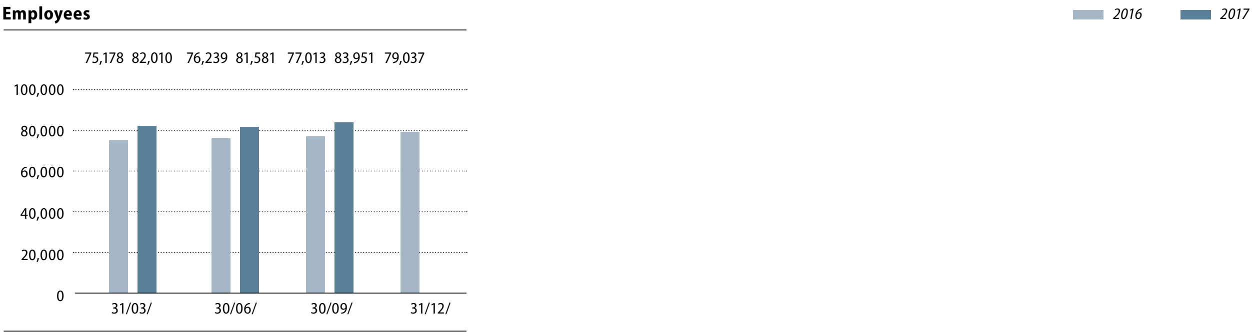
Employees

Workforce grows to about 84,000 people
Group-wide, LEONI employed 83,951 people on 30 September 2017, up from 77,013 a year before. In addition, there were 4,560 part-time employees (previous year: 4,423), most of whom worked for us in China and Eastern Europe. The Wiring Systems Division had 75,594 employees on the reporting date, 8,229 staff members or about 12 percent more than one year before (30/09/2016: 67,365). This increase was related to new customer projects at facilities in the Americas, Asia, Eastern Europe and North Africa.

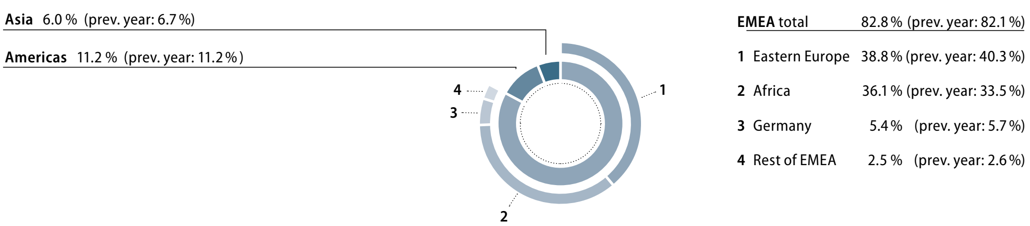
The workforce of the Wire & Cable Solutions Division decreased considerably due to the disposal of Business Group Electrical Appliance Assemblies. At the end of September 2017, the division employed 8,056 people as opposed to 9,366 one year earlier.

The LEONI AG holding company had 301 employees at the end of the quarter (30/09/2016: 282).

Employees



Employees by region *as of 30 September 2017*



Supplementary report

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

» Annual report 2016 page 114 et seq.

The risk and opportunity situation for the LEONI Group has not materially changed since the end of 2016. There are still no risks that would threaten 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 2016.

Forecast

Business and underlying conditions

The latest estimates of the International Monetary Fund (IMF) project a slightly better performance of the global economy in 2017 than initially expected. In its current World Economic Outlook of October, the IMF raised its forecast for growth in global gross domestic product by 0.1 of a percentage point versus its July outlook to 3.6 percent (previous year: 3.2 percent). The more favourable prospects are based on stronger momentum of the industrialised countries – above all in the eurozone, Japan and Canada – which are projected to grow at an overall rate of 2.2 percent. The forecasts for the developing and emerging countries remained unchanged at a gain of 4.6 percent.

The automotive industry, which is the customer sector of greatest importance to LEONI, should also have grown in 2017. The German Association of the Automotive Industry (VDA) says that global **car sales** will have risen by about 2 percent, with China and Europe – two of the three largest individual markets – growing, while the US market is likely to be flat. IHS Automotive surveys indicate that global **car production** will likewise be up by about 2 percent this year. Over the full year, output of cars and light commercial vehicles will probably have been increased in Asia and the EMEA area, whereas it will likely be down slightly in the Americas. IHS Automotive says that worldwide production of vehicles with hybrid and electric drive will have been disproportionately strong with a 30 percent increase.

The number of **heavy commercial vehicles** produced globally in 2017 will, according to the latest IHS forecast, be up by nearly 5 percent, driven above all by the manufacturers in Asia and the Americas. There is also confidence in most of the **industrial markets** to which LEONI supplies its products: the respective associations for the electrical goods industry, machinery and plant engineering as well as the ICT (information and communications technology) sector say that worldwide growth is to be expected.

The LEONI Group's business performance

Based on our successful performance in the first nine months of 2017, we have again raised our full-year forecast: we now project an increase in consolidated sales to about € 4.8 billion (previous guidance: € 4.6 billion; previous year: € 4.4 billion), to which the increased price of copper also contributes. Our business will have grown especially strongly in Asia.

Consolidated EBIT will likely have grown, from € 78.1 million to € 220 million in 2017, thereby exceeding our forecast of between € 190 and 210 million as revised upward in July. This uplift is due to additional profit contributions from the increased sales and to the operational improvements in the Wiring Systems Division. Moreover, the disposal of Business Group Electrical Appliance Assemblies and the received insurance compensation have boosted the result year on year. The restructuring expenses and charges resulting from the fraud case that were recognised in the previous year were furthermore absent.

From today's perspective, the W**iring Systems Division** will increase its external sales to approximately € 3.0 billion in 2017 (previous forecast: € 2.9 billion; previous year: € 2.7 billion). The segment's EBIT should have risen to about € 110 million (previous forecast: € 95 to 105 million; previous year: € 34.7 million). Worldwide investment in capacity expansion will remain at a high level given the numerous new projects with our customers. We will also continue to raise our commitment to electromobility, automation and digitalization to enhance our position as a provider of intelligent solutions for data and energy management in vehicles.

The external sales of our **Wire & Cable Solutions Division** will likely, despite its disposal of Business Group Electrical Appliance Assemblies, have grown to about € 1.8 billion (previous forecast: € 1.7 billion; previous year: € 1.7 billion). Alongside the organic growth of the automotive and industrial business, the higher price of copper will also have contributed to this outcome. The segment's EBIT will probably have increased to about € 105 million (previous forecast: € 90 to 100 million; previous year: € 83.7 million). In the months ahead too, the Wire & Cable Solutions Division will be investing especially in expansion of capacity to produce special automotive cables, internationalisation of its industrial segments and the Factory of the Future in Roth, Germany. We are furthermore concentrating on further improving our position as a leading provider of intelligent and secure power transmission and data management system solutions and are forging ahead with our digital transformation.

LEONI Group guidance

		Actual 2016 figures	Previous 2017 forecast	Updated 2017 forecast
Consolidated sales	*€ billion*	4.4	approx. 4.6	approx. 4.8
EBIT	*€ million*	78.1	190 – 210	approx. 220
Capital expenditures	*€ million*	217.1 [1]	approx. 250	approx. 250
Free cash flow	*€ million*	(40.3)	positive	positive

[1] *incl. acquisitions and investments*

Condensed interim consolidated financial statements 30 September 2017

Consolidated income statement

	3rd quarter			1st – 3rd quarter		
€ '000 (except information to shares)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Sales	1,188,058	1,071,483	10.9 %	3,629,590	3,308,995	9.7 %
Cost of sales	(991,535)	(900,471)	10.1 %	(3,004,896)	(2,752,762)	9.2 %
Gross profit on sales	**196,523**	**171,012**	**14.9 %**	**624,694**	**556,233**	**12.3 %**
Selling expenses	(59,689)	(55,901)	6.8 %	(184,992)	(179,293)	3.2 %
General and administration expenses	(65,488)	(59,809)	9.5 %	(199,420)	(181,935)	9.6 %
Research and development expenses	(34,300)	(33,730)	1.7 %	(98,194)	(99,948)	(1.8) %
Other operating income	2,997	2,328	28.7 %	38,720	14,130	> 100.0 %
Other operating expenses	(1,047)	(40,467)	(97.4) %	(14,481)	(68,901)	(79.0) %
Result from associated companies and joint ventures	7,375	3,885	89.8 %	16,795	8,961	87.4 %
EBIT	**46,371**	**(12,682)**	**> 100.0 %**	**183,122**	**49,247**	**> 100.0 %**
Finance revenue	116	184	(37.0) %	938	796	17.8 %
Finance costs	(6,377)	(6,200)	2.9 %	(20,225)	(18,006)	12.3 %
Other income / expenses from share investments	0	95	(100.0) %	183	209	(12.4) %
Income before taxes	**40,110**	**(18,603)**	**> 100.0 %**	**164,018**	**32,246**	**> 100.0 %**
Income taxes	(11,775)	(5,762)	> 100.0 %	(43,479)	(20,691)	> 100.0 %
Net income	**28,335**	**(24,365)**	**> 100.0 %**	**120,539**	**11,555**	**> 100.0 %**
attributable to: equity holders of the parent	29,036	(24,353)		121,060	11,501	
non-controlling interests	(701)	(12)		(521)	54	
Earnings per share (basic and diluted)	0.89	(0.75)		3.71	0.35	
Weighted average shares outstanding (basic and diluted)	32,669,000	32,669,000		32,669,000	32,669,000	

Consolidated statement of comprehensive income

€ '000	3rd quarter 2017	3rd quarter 2016	3rd quarter Change	1st–3rd quarter 2017	1st–3rd quarter 2016	1st–3rd quarter Change
Net income	**28,335**	**(24,365)**	**> 100.0 %**	**120,539**	**11,555**	**> 100.0 %**
Other comprehensive income						
Items that cannot be reclassified to the income statement:						
Actuarial gains and losses on defined benefit plans	1,823	(23,507)	> 100.0 %	13,049	(62,456)	> 100.0 %
Income taxes applying to items of other comprehensive income that are not reclassified	(373)	4,712	(> 100.0) %	(1,598)	13,501	(> 100.0) %
Share of the actuarial gains and losses that pertain to associates and joint ventures	0	0	—	0	(15)	100.0 %
Items that can be reclassified to the income statement:						
Cumulative translation adjustments						
Losses arising during the period	(13,351)	(3,391)	(> 100.0) %	(36,014)	(29,592)	(21.7)%
Less reclassification adjustments included in the income statement	0	91	(100.0) %	(1,914)	91	(> 100.0) %
Total cumulative translation adjustments	(13,351)	(3,300)	(> 100.0) %	(37,928)	(29,501)	(28.6)%
Cash flow hedges						
Gains and losses arising during the period	(985)	(665)	(48.1) %	9,859	(7,837)	> 100.0 %
Less reclassification adjustments included in the income statement	959	5,583	(82.8) %	8,958	10,976	(18.4) %
Less reclassification adjustments included in the financial position statement	(2)	0	—	98	0	100.0 %
Total cash flow hedges	(28)	4,918	(> 100.0) %	18,915	3,139	> 100.0 %
Parts of the items that can be reclassified to the income statement, which pertain to associates and joint ventures	(448)	(157)	(> 100.0) %	(1,385)	(809)	(71.2) %
Income taxes applying to items of other comprehensive income that are reclassified	385	(14)	> 100.0 %	(5,050)	(504)	(> 100.0) %
Other comprehensive income (after taxes)	**(11,992)**	**(17,348)**	**30.9 %**	**(13,997)**	**(76,645)**	**81.7 %**
Total comprehensive income	**16,343**	**(41,713)**	**> 100.0 %**	**106,542**	**(65,090)**	**> 100.0 %**
attributable to: equity holders of the parent	17,213	(41,688)	> 100.0 %	107,596	(65,153)	> 100.0 %
non-controlling interests	(870)	(25)	(> 100.0) %	(1,054)	63	(> 100.0) %

Consolidated statement of cash flows

	3rd quarter		1st – 3rd quarter	
€ '000	**2017**	**2016**	**2017**	**2016**
Net income	28,335	(24,365)	120,539	11,555
Adjustments to reconcile cash provided by operating activities:				
Income taxes	11,775	5,762	43,479	20,691
Net interest	6,139	5,860	17,879	16,751
Dividend income	0	(95)	(183)	(209)
Depreciation and amortisation	36,497	36,313	111,717	109,859
Impairment of non-current assets	0	0	1,584	0
Non-cash result from associated companies and joint ventures	(7,375)	(3,885)	(16,795)	(8,961)
Result of asset disposals	(22)	103	144	(767)
Effect of deconsolidation	500	0	(24,256)	0
Change in operating assets and liabilities				
Change in receivables and other financial assets	(32,993)	22,829	(134,273)	(45,823)
Change in inventories	(20,165)	4,196	(132,824)	(63,285)
Change in other assets	345	(4,077)	(26,481)	(53,546)
Change in restructuring provisions	(1,503)	(1,216)	(11,637)	12,930
Change in other provisions	(9,899)	(2,381)	(6,631)	(17,272)
Change in liabilities	29,168	(49,234)	185,655	46,972
Income taxes paid	(3,945)	(6,935)	(30,321)	(26,923)
Interest paid	(7,313)	(8,337)	(12,058)	(13,199)
Interest received	185	208	602	775
Dividends received	0	95	183	209
Cash flows from operating activities	**29,729**	**(25,159)**	**86,323**	**(10,243)**
Capital expenditures for intangible assets and property, plant and equipment	(71,958)	(47,204)	(191,063)	(152,450)
Acquisitions of subsidiaries less cash and cash equivalents acquired thereof: Purchase price 3,479 €'000 (prev. year: 0 €'000) Cash and cash equivalents acquired 2,340 €'000 (prev. year: 0 €'000)	0	0	(1,139)	0
Capital expenditures for other financial assets	0	(17)	0	(170)
Cash receipts / payments from disposal of assets	93	121	367	815
Income from the disposal of a business operation / subsidiaries less cash equivalents paid thereof: Disposal 53,427 €'000 (prev. year: 0 €'000) Disposed cash and cash equivalents 17,087 €'000 (prev. year: 0 €'000)	0	0	36,340	0
Cash flows from capital investment activities	**(71,865)**	**(47,100)**	**(155,495)**	**(151,805)**
Cash receipts from acceptance of financial debts	6,073	15,323	23,068	35,117
Cash repayments of financial debts	(63,073)	0	(54,454)	(27,257)
Dividends paid by LEONI AG	0	0	(16,335)	(32,669)
Dividends paid to the non-controlling interest shareholders	0	0	(1,024)	0
Cash flows from financing activities	**(57,000)**	**15,323**	**(48,745)**	**(24,809)**
Change of cash and cash equivalents	(99,136)	(56,936)	(117,917)	(186,857)
Currency adjustments	(2,289)	(140)	(6,450)	(1,777)
Cash and cash equivalents at beginning of period	194,358	148,122	217,300	279,680
of which carried on the balance sheet under the item 'assets held for sale'	*6,940*	*0*	*8,387*	*0*
of which carried on the balance sheet under the item 'cash and cash equivalents'	*187,418*	*148,122*	*208,913*	*279,680*
Cash and cash equivalents at end of period	92,933	91,046	92,933	91,046

Consolidated statement of financial position

Assets

€ '000	30/09/2017	31/12/2016	30/09/2016
Cash and cash equivalents	92,933	208,913	91,046
Trade accounts receivable	655,754	558,300	606,382
Other financial assets	45,675	26,475	22,230
Other assets	146,061	115,629	129,365
Receivables from income taxes	16,314	16,035	18,204
Inventories	692,505	588,273	603,427
Assets held for sale	0	74,712	0
Total current assets	**1,649,242**	**1,588,337**	**1,470,654**
Property, plant and equipment	1,003,447	948,933 *	930,107
Intangible assets	65,261	70,574 *	75,050
Goodwill	146,773	147,935	150,128
Shares in associated companies and joint ventures	27,326	24,754	20,521
Trade receivables from long-term development contracts	58,680	53,344	56,188
Other financial assets	7,691	7,543	8,643
Deferred taxes	48,819	61,356	73,381
Other assets	39,680	43,642	43,194
Total non-current assets	**1,397,677**	**1,358,081** *	**1,357,212**
Total assets	**3,046,919**	**2,946,418** *	**2,827,866**

Equity and liabilities

€ '000	30/09/2017	31/12/2016	30/09/2016
Current financial debts and current proportion of long-term financial debts	232,850	150,345	142,807
Trade accounts payable	878,586	772,034 *	727,389
Other financial liabilities	40,189	82,969	49,649
Income taxes payable	33,629	25,874	26,560
Other current liabilities	214,034	159,559 *	188,195
Provisions	38,257	53,463	39,453
Liabilities held for sale	0	41,761	0
Total current liabilities	**1,437,545**	**1,286,005** *	**1,174,053**
Long-term financial debts	335,696	462,143	465,347
Long-term financial liabilities	13,936	14,103	10,926
Other non-current liabilities	4,695	5,127	9,849
Pension provisions	167,755	183,059	202,387
Other provisions	34,549	33,253	29,315
Deferred taxes	45,185	45,564	37,420
Total non-current liabilities	**601,816**	**743,249**	**755,244**
Share capital	32,669	32,669	32,669
Additional paid-in capital	290,887	290,887	290,887
Retained earnings	739,968	635,243 *	636,039
Accumulated other comprehensive income	(64,824)	(51,360)	(62,804)
Equity holders of the parent	998,700	907,439 *	896,791
Non-controlling interests	8,858	9,725 *	1,778
Total equity	**1,007,558**	**917,164** *	**898,569**
Total equity and liabilities	**3,046,919**	**2,946,418** *	**2,827,866**

* *Pre-year figures adjusted; see note 3*

Consolidated statement of changes in equity

				Accumulated other comprehensive income					
€ '000	Share capital	Additional paid-in capital	Retained earnings	Cumulative translation adjustments	Cash flow hedges	Actuarial gains and losses	Equity holders of the parent	Non-controlling interestss	Total equity
1 January 2016	**32,669**	**290,887**	**657,207**	**102,776**	**(6,742)**	**(82,184)**	**994,613**	**1,715**	**996,328**
Net income			11,501				11,501	54	11,555
Other comprehensive income				(30,319)	2,635	(48,970)	(76,654)	9	(76,645)
Total comprehensive income							(65,153)	63	(65,090)
Dividend payment			(32,669)				(32,669)		(32,669)
30 September 2016	**32,669**	**290,887**	**636,039**	**72,457**	**(4,107)**	**(131,154)**	**896,791**	**1,778**	**898,569**
1 January 2017	**32,669**	**290,887**	**635,243** *	**84,906**	**(14,914)**	**(121,352)**	**907,439** *	**9,725** *	**917,164** *
Net income			121,060				121,060	(521)	120,539
Other comprehensive income				(38,780)	13,865	11,451	(13,464)	(533)	(13,997)
Total comprehensive income							107,596	(1,054)	106,542
Dividend payment			(16,335)				(16,335)	(1,024)	(17,359)
Addition of non-controlling interests								1,342	1,342
Disposal of non-controlling interests								(131)	(131)
30 September 2017	**32,669**	**290,887**	**739,968**	**46,126**	**(1,049)**	**(109,901)**	**998,700**	**8,858**	**1,007,558**

* *Pre-year figures adjusted; see note 3*

Notes to the condensed interim consolidated financial statements for the period from 1 January to 30 September 2017

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 2016. 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 2017 were subjected to neither a review nor an audit pursuant to Section 317 of the German Commercial Code (HGB) by the auditors. The Board of Directors authorised release of the interim consolidated financial statements on 8 November 2017.

1 | Accounting principles

The consolidation, valuation and accounting methods applied are essentially in line with those in the 2016 consolidated financial statements, where they are described in the notes.

The accounting standards that were to be applied to the 2017 financial year for the first time did not have any material effect on the interim consolidated financial statements and are for this reason not specifically explained.

Future, new accounting requirements

A) Accounting requirements endorsed by the European Union (EU)

In May 2014, the IASB published the new IFRS 15, Revenue from Contracts with Customers. LEONI will apply the new Standard as of the time of it coming into force from 1 January 2018 together with presenting a comparative period. The topics identified with respect to IFRS 15 that are of relevance to LEONI were already described in the notes to the 2016 consolidated financial statements. Based on the latest analysis, the reconciliation effects to be expected when applying IFRS 15 for the first time to the opening statement of financial position for 2017 will be no more than minor. Equity will probably increase by 1 to 2 percentage points. The scope of disclosure requirements will widen significantly.

LEONI will apply the new IFRS 9 "Financial Instruments", standard as of the time of it coming into force from 1 January 2018 without presenting a comparative period. At present, there is no reason to expect any material, quantitative effect on the statement of financial position or equity. The scope of disclosure requirements will widen significantly.

B) The European Union (EU) has not yet endorsed the following accounting requirements issued by either the IASB or IFRIC:

In January 2016, the IASB issued its new standard IFRS 16. A project group was set up this year, which will work in depth during the project on the precise effects and implementation of the Standard's new requirements. LEONI will apply the new IFRS 16 standard from 1 January 2019.

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 subsidiaries that are either directly or indirectly controlled by LEONI AG are included in the consolidated financial statements.

The scope of consolidation changed due to the acquisition in the first quarter of the reporting period of a business in Switzerland that is allocated the Wire & Cable Solutions Division and the disposal in May of seven subsidiaries comprising the household and electrical appliance assemblies business.

In the third quarter, two German subsidiaries belonging to the Wiring Systems Division were furthermore merged into one legal entity.

These changes do not compromise the comparability of the consolidated financial statements.

Explanations

3 | Acquisition and disposal of subsidiaries

LEONI acquired two thirds of the shares in Zurich-based Adaptricity AG. The company contributes software-supported consulting services based on expert electrotechnical knowledge to the Group. The company was first consolidated upon gaining control of it on 15 February 2017. The acquired business will be integrated in the Wire & Cable Solutions Division. The purchase price was € 3,479 k. Taking the acquired cash and cash equivalents totalling € 2,340 k into account, the cash consideration paid was € 1,139 k. The acquisition did not incur any material transaction costs.

The overview below shows the fair values of the acquired assets and liabilities on the date of initial consolidation:

€ '000	**Recognised at acquisition**
Liquid assets	2,340
Trade accounts receivable	34
Inventories	8
Intangible assets	2,261
Total assets	4,643
Trade accounts payable	107
Other liabilities	127
Deferred taxes	381
Total liabilities	615
Net assets	**4,028**
Non-controlling interests	1,342
Acquired net assets	**2,686**
Purchase price	3,479
Negative goodwill	**793**

The purchase price exceeded the sum of pro-rata assets and liabilities, which is why goodwill amounting to € 793 k was recognised for the acquired staff and expected synergies.

On 2 May 2017, LEONI sold its household and electrical appliance assemblies business, i.e. all the shares in its subsidiaries EA Cable Assemblies GmbH, LEONI Cable Belgium N.V., LEONI WCS Southeast Europe d.o.o., LEONI Cable Assemblies Slovakia s.r.o., LEONI Cable (Xiamen) Co., Ltd., LEONI Cable Assemblies (Changzhou) Co., Ltd. and EA Cable Assemblies (Hong Kong) Co., Ltd. The subsidiaries were deconsolidated on the day of their disposal as control over them also passed to the purchaser on this date. Pending the final audit of the disposal balance sheet by the purchaser, the consideration to be paid by the purchaser amounts to € 51,061 k. From the sale, the Group recognised a gain on deconsolidation totalling € 24,256 k. This included an exchange gain in the amount of € 1,914 k, which was reclassified from other comprehensive income to the income statement and presented under other operating income.

The overview below shows the deconsolidated assets and liabilities:

€ '000	**Deconsolidated upon disposal**
Trade receivables	34,331
Inventories	17,958
Other current assets	4,624
Property, plant and equipment	14,669
Other non-current assets	525
Cash and cash equivalents	17,087
Deconsolidated assets	89,194
Trade accounts payable	18,775
Other current liabilities	19,773
Current liabilities to LEONI AG	13,271
Long-term financial debts	8,619
Other non-current liabilities	37
Deconsolidated liability	60,475
Net assets	**28,719**
Consideration received	53,427
Purchase price adjustment requirement	(2,366)
Deconsolidated net assets	(28,719)
Deconsolidated OCI	1,914
Effect of deconsolidation	**24,256**

In the first nine months of 2017, the Group took in a payment of € 53,427 k from the sale of this business, which therefore, when taking the disposed cash and cash equivalents into account, provided the Group with cash of € 36,340 k. The transaction costs incurred totalled € 1,679 k (of which € 614 k in preceding years).

In 2016, LEONI signed an agreement to purchase 51 percent of the shares in Wuhan Hengtong Automotive, a wiring system manufacturer based in Shanghai, China. The company was first consolidated upon gaining control of it on 16 November 2016. The purchase price was allocated in 2017; the deviations were adjusted retroactively in 2016. The material changes concern property, plant and equipment, inventories, trade liabilities as well as other current liabilities. The negative goodwill, reversal of which was recognised in other operating income, changed from € 823 k to € 1,333 k. The overview below shows the final fair values of the acquired assets and liabilities on the date of initial consolidation:

€ '000	**Recognised at acquisition**
Trade receivables	13,030
Inventories	3,653
Other current assets	2,442
Property, plant and equipment and intangible assets	4,929
Total assets	24,054
Trade accounts payable	7,723
Other current liabilities	1,756
Total liabilities	9,479
Net assets	**14,575**
Acquired net assets	**7,433**
Purchase price	6,100
Negative goodwill	**1,333**

4 | Segment information

The Group has two segments subject to reporting. Detailed information on the segments is contained in the interim group management report as well as the 2016 annual report.

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

	3rd quarter		1st – 3rd quarter		
€ '000 (employees excluded)	**2017**	**2016**	**2017**	**2016**	**Change**
Wiring Systems					
Sales	732,374	638,467	2,237,388	2,005,456	11.6 %
Less intersegment sales	168	37	292	226	29.2 %
External sales (sales to third parties)	732,206	638,430	2,237,096	2,005,230	11.6 %
EBIT	23,100	4,493	87,219	26,624	> 100.0 %
EBIT as a percentage of external sales	3.2 %	0.7 %	3.9 %	1.3 %	—
Employees as at 30/09/ (number)	75,594	67,365	75,594	67,365	12.2 %
Wire & Cable Solutions					
Sales	506,686	472,423	1,545,733	1,434,120	7.8 %
Less intersegment sales	50,834	39,370	153,239	130,355	17.6 %
External sales (sales to third parties)	455,852	433,053	1,392,494	1,303,765	6.8 %
EBIT	23,017	22,757	90,877	62,527	45.3 %
EBIT as a percentage of external sales	5.0 %	5.3 %	6.5 %	4.8 %	—
Employees as at 30/09/ (number)	8,056	9,366	8,056	9,366	(14.0) %
Consolidation / LEONI AG					
Sales	(51,002)	(39,407)	(153,531)	(130,581)	(17.6) %
Less intersegment sales	51,002	39,407	153,531	130,581	17.6 %
External sales (sales to third parties)	—	—	—	—	
EBIT	254	(39,932)	5,026	(39,904)	
Employees as at 30/09/ (number)	301	282	301	282	6.7 %
Group					
Sales	1,188,058	1,071,483	3,629,590	3,308,995	9.7 %
Less intersegment sales	—	—	—	—	
External sales (sales to third parties)	1,188,058	1,071,483	3,629,590	3,308,995	9.7 %
EBIT	46,371	(12,682)	183,122	49,247	> 100.0 %
EBIT as a percentage of external sales	3.9 %	(1.2) %	5.0 %	1.5 %	—
Employees as at 30/09/ (number)	83,951	77,013	83,951	77,013	9.0 %

5 | Other operating income and other operating expenses

Other operating income amounted to € 38,720 k (previous year: € 14,130 k). This included the gain on deconsolidation from the sale of the household and electrical appliance assemblies business in the Wire & Cable Solutions Division in the amount of € 24,256 k as well as insurance compensation of € 5,000 k for the fraud case dating back to the previous year. Government grants accounted for € 2,203 k (previous year: € 3,416 k), which were mainly to subsidise export business in Egypt. Also included is income from providing services for our joint venture in Langfang of € 3,187 k (previous year: € 3,762 k; cf. also Note 12 in this regard). The previous year's figure included exchange gains in the amount of € 2,081 k.

The other operating expenses in the amount of € 14,481 k (previous year: € 68,901 k) contained restructuring costs of € 775 k (previous year: € 23,484 k) mostly for severance payments to staff of the Wiring Systems Division. Exchange losses were included in the amount of € 7,110 k. The fraud case uncovered in August 2016 accounted for much of the previous year's amount with a figure of € 39,552 k.

6 | Financial result

The financial result, i.e. the balance of finance revenue and costs, came to negative € 19,287 k (previous year: negative € 17,210 k). This change is attributable to greater interest expenses as well as the increase in exchange losses. The larger amount of interest expenditure is due to rising finance requirements because of the increased volume of business.

7 | Income taxes

The reported income taxes of € 43,479 k (previous year: € 20,691 k) comprised current tax expense of € 39,125 k (previous year: € 25,372 k) and deferred tax expense due to differences in balance sheet items and changes in loss carryforwards of € 4,354 k (previous year: deferred tax income of € 4,681 k).

The tax rate was 26.5 percent (previous year: 64.2 percent).

8 | Comprehensive income

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

	3rd quarter						1st – 3rd quarter					
	2017			2016			2017			2016		
€ '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	1,823	(373)	1,450	(23,507)	4,712	(18,795)	13,049	(1,598)	11,451	(62,456)	13,501	(48,955)
Foreign currency translation adjustments	(13,351)	0	(13,351)	(3,300)	0	(3,300)	(37,928)	0	(37,928)	(29,501)	0	(29,501)
Changes in unrealised gains/ losses on cash flow hedges	(28)	385	357	4,918	(14)	4,904	18,915	(5,050)	13,865	3,139	(504)	2,635
Changes in the share of other comprehensive income accounted for by associates and joint ventures	(448)	0	(448)	(157)	0	(157)	(1,385)	0	(1,385)	(824)	0	(824)
Other comprehensive income	**(12,004)**	**12**	**(11,992)**	**(22,046)**	**4,698**	**(17,348)**	**(7,349)**	**(6,648)**	**(13,997)**	**(89,642)**	**12,997**	**(76,645)**

In the first nine months, other comprehensive income reflected particularly currency exchange losses of € 37,928 k (previous year: losses of € 29,501 k) due to translating primarily the Chinese renminbi and the US dollar into the euro reporting currency.

Unrealized gains on cash flow hedges also influenced other comprehensive income.

The increase in the discount rate on pension obligations and the good performance of plan assets in the United Kingdom furthermore resulted in actuarial gains amounting to € 13,049 k (previous year: losses of € 62,456 k).

Taking deferred taxes into account, the overall result was other comprehensive income of negative € 13,997 k (previous year: negative € 76,645 k).

9 | Financial liabilities

The sum of current and non-current financial liabilities was € 568,546 k on 30 September 2017 (31/12/2016: € 612,488 k) and was down from 31 December 2016 principally because a borrower's note loan was repaid.

10 | Assets and liabilities held for sale

The decrease in assets held for sale compared with the previous year was due to the disposal on 2 May 2017 of the household and electrical appliance assemblies business (cf. note 3).

11 | Financial instruments

The tables below show the carrying amounts and the fair values of the financial instruments held in the Group on 30 September 2017 and on 30 September 2016:

		Amounts recognised in balance sheet according to IAS 39					
€ '000	Category in accordance with IAS 39	**Carrying amount 30/09/2017**	Amortised cost	Cost	Fair value recognised in equity	Fair value recognised in profit or loss	**Fair value 30/09/2017**
Assets							
Cash and cash equivalents	LaR	**92,933**	92,933				**92,933**
Trade receivables	LaR	**655,754**	655,754				**655,754**
Long-term trade receivables from development contracts	LaR	**58,680**	58,680				**58,680**
Other financial receivables	LaR	**40,959**	40,959				**40,959**
Other non-derivative financial assets							
Available-for-Sale financial assets	AfS	**1,113**		1,113			**1,113**
Derivative financial assets							
Derivatives without a hedging relationship	FAHfT	**3,939**				3,939	**3,939**
Derivatives with a hedging relationship	n/a	**7,355**			5,746	1,609	**7,355**
Total equity and liabilities							
Trade payables	FLAC	**878,586**	878,586				**878,586**
Liabilities to banks	FLAC	**235,897**	235,897				**238,012**
Borrower's note loans	FLAC	**332,624**	332,624				**341,692**
Other financial liabilities	FLAC	**44,415**	44,415				**44,415**
Derivative financial liabilities							
Derivatives without a hedging relationship	FLHfT	**5,167**				5,167	**5,167**
Derivatives with a hedging relationship	n/a	**4,568**			4,568		**4,568**
Of which aggregated by categories in accordance with IAS 39:							
Loans and Receivables (LaR)	LaR	**848,326**	848,326				**848,326**
Available-for-Sale Financial Assets (AfS)	AfS	**1,113**		1,113			**1,113**
Financial Assets Held for Trading (FAHfT)	FAHfT	**3,939**				3,939	**3,939**
Financial Liabilities Measured at Amortised Cost (FLAC)	FLAC	**1,491,522**	1,491,522				**1,502,705**
Financial Liabilities Held for Trading (FLHfT)	FLHfT	**5,167**				5,167	**5,167**

€ '000	Category in accordance with IAS 39	Amounts recognised in balance sheet according to IAS 39: Carrying amount 30/09/2016	Amortised cost	Cost	Fair value recognised in equity	Fair value recognised in profit or loss	Fair value 30/09/2016
Assets							
Cash and cash equivalents	LaR	**91,046**	91,046				**91,046**
Trade receivables	LaR	**606,382**	606,382				**606,382**
Long-term trade receivables from development contracts	LaR	**56,188**	56,188				**56,188**
Other financial receivables	LaR	**20,851**	20,851				**20,851**
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	**1,456**				1,456	**1,456**
Derivatives with a hedging relationship	n/a	**7,501**			5,447	2,054	**7,501**
Total equity and liabilities							
Trade payables	FLAC	**727,389**	727,389				**727,389**
Liabilities to banks	FLAC	**212,180**	212,180				**216,105**
Borrower's note loans	FLAC	**395,949**	395,949				**411,005**
Other financial liabilities	FLAC	**35,199**	35,199				**35,199**
Derivative financial liabilities							
Derivatives without a hedging relationship	FLHfT	**13,242**				13,242	**13,242**
Derivatives with a hedging relationship	n/a	**12,159**			12,159		**12,159**
Of which aggregated by categories in accordance with IAS 39:							
Loans and Receivables (LaR)	LaR	**774,467**	774,467				**774,467**
Available-for-Sale financial assets (AfS)	AfS	**1,065**		1,065			**1,065**
Financial Assets Held for Trading (FAHfT)	FAHfT	**1,456**				1,456	**1,456**
Financial Liabilities measured at Amortised Cost (FLAC)	FLAC	**1,370,717**	1,370,717				**1,389,698**
Financial Liabilities Held for Trading (FLHfT)	FLHfT	**13,242**				13,242	**13,242**

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:

30/09/2017 *€ '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	697	3,242	0	**3,939**
Derivatives with a hedging relationship	0	7,355	0	**7,355**
Financial liabilities measured at fair value				
Derivative financial liabilities				
Derivatives without a hedging relationship	0	5,167	0	**5,167**
Derivatives with a hedging relationship	0	4,568	0	**4,568**

30/09/2016 *€ '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	145	1,311	0	**1,456**
Derivatives with a hedging relationship	0	7,501	0	**7,501**
Financial liabilities measured at fair value				
Derivative financial liabilities				
Derivatives without a hedging relationship	0	13,242	0	**13,242**
Derivatives with a hedging relationship	0	12,159	0	**12,159**

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

Other information

12 | 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 products and services on market terms. During the period under report, the Company generated income of € 6,973 k (previous year: € 8,343 k) from sales and providing services to associates and joint ventures. These transactions resulted in receivables of € 15,511 k (previous year: € 3,179 k). This year-on-year increase in receivables is attributable primarily to a dividend from our joint venture in Langfang, China.

LEONI generated income of € 1,266 k (previous year: € 1,221 k) from the sale of products and services to members of the Supervisory Board and their companies and made purchases worth € 431 k (previous year: € 468 k) from them during the period under report. All supply and service transactions were concluded on standard market terms.

13 | Board of Directors and Supervisory Board

The Supervisory Board of LEONI AG appointed Martin Stüttem as a new member of the Board of Directors effective 1 April 2017. He has since then been in charge of the Wiring Systems Division.

Dr Werner Rupp resigned his office as Chairman and member of the Supervisory Board of LEONI AG effective at the close of 3 May 2017. Dr-Ing. Klaus Probst was elected during the Annual General Meeting on 11 May 2017 to succeed on the Supervisory Board, the chair of which he also assumed.

The shareholders also newly elected Dr Elisabetta Castiglioni and Wolfgang Dehen to the Supervisory Board. Dr Ulrike Friese-Dormann, Dr Werner Lang and Prof. Dr Christian Rödl were re-elected to their offices. In April, the workforce elected the following persons as employee representatives on the Supervisory Board: Mark Dischner, Karl-Heinz Lach, Richard Paglia, Carmen Schwarz, Franz Spieß and Inge Zellermaier. The following left the Supervisory Board: Prof. Dr Klaus Wucherer, Ingrid Hofmann, Gabriele Bauer, Helmut Wirtz and Josef Häring.

14 | Events after the reporting period

The Supervisory Board of LEONI AG and President & CEO, Dieter Bellé, agreed on 23 October 2017 that he will end his period of office early effective 31 January 2018. Dieter Bellé, with the Supervisory Board's understanding, resigned his mandate as member and chairman of the Board of Directors effective 31 January 2018 and will leave the Board of Directors at that time. The Supervisory Board intends to appoint a successor soon.

Nuremberg, 8 November 2017

Board of Directors

Key dates

Interim Report 1st – 3rd quarter 2017
15 November 2017

Preliminary Figures
February 2018

Press Conference on financial statements
20 March 2018

Analyst and Investor Meeting
20 March 2018

Annual General Meeting
3 May 2018

Interim Report 1st quarter 2018
16 May 2018

Contact Investor Relations

Frank Steinhart
Phone +49 911 2023-203
Fax +49 911 2023-10203

Jens von Seckendorff
Phone +49 911 2023-134
Fax +49 911 2023-10134

Denise Pfefferler
Phone +49 911 2023-489
Fax +49 911 2023-10489

E-mail invest@leoni.com

LEONI AG Marienstrasse 7
90402 Nuremberg
Germany
Phone +49 911 2023-0
Fax +49 911 2023-455
E-mail info@leoni.com
www.leoni.com

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