ANALYST & INVESTOR CONFERENCE

Full Year Results 2020

LEONI Group

Aldo Kamper, CEO

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17 MARCH 2021

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Highlights

An encouraging end to a challenging year

- FY EBIT before exceptional items as well as before VALUE 21 costs and FCF flat or even above last year after strong Q4 and despite the pandemic
- Progress with VALUE 21 contributed to receiving the commitment for a large-scale German Federal-State guarantee paving the way for €330m operating loan
- Successful product launches and ramp-up of new projects without any major disruptions in 2020
- Continued strong execution of VALUE 21, measures accounting for gross savings of above €550m by 2022 implemented to ensure the achievement of mid-term margin targets for EBIT and FCF
- Good progress regarding the separation of WCS businesses. With LEONI Schweiz AG, first sale of a WCS unit accomplished
- Provisions and exceptional items as well as VALUE 21 costs still burdened reported profits and partially also FCF
- Outlook 2021: Covid-19 will continue to weigh on financial performance. LEONI expects to achieve significant higher sales and EBIT before exceptional items as well as before VALUE 21 costs

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FY2020: Financial KPIs compared to guidance

Due to strong H2, FY results better than expected back in Spring 2020

- Financial KPIs compared to FY guidance:
  - LEONI guided all KPIs being ‘significantly below FY 2019’ ahead of the upcoming pandemic
  - Despite strong negative impact of the pandemic, EBIT before exceptional items as well as before VALUE 21 costs was improved vs FY 2019, FCF significantly better then 2019
  - Q4 performance was ahead of market expectations
- Thorough execution of VALUE 21 and restructuring measures fueling improvement of EBIT before exceptional items as well as before VALUE 21 costs
- Significantly lower CapEx and NWC and an improved net result supported FCF in 2020

Financial KPI	FY 2019A	Guidance FY2020	FY 2020A	Achievement
Sales	EUR 4.8bn	significantly below FY 2019	EUR 4.1bn	=
EBIT before exceptional items as well as before VALUE 21 costs	EUR -66m	significantly below FY 2019	EUR -59m	+
Free Cashflow (FCF)	EUR -308m	significantly below FY 2019	EUR -69m	+

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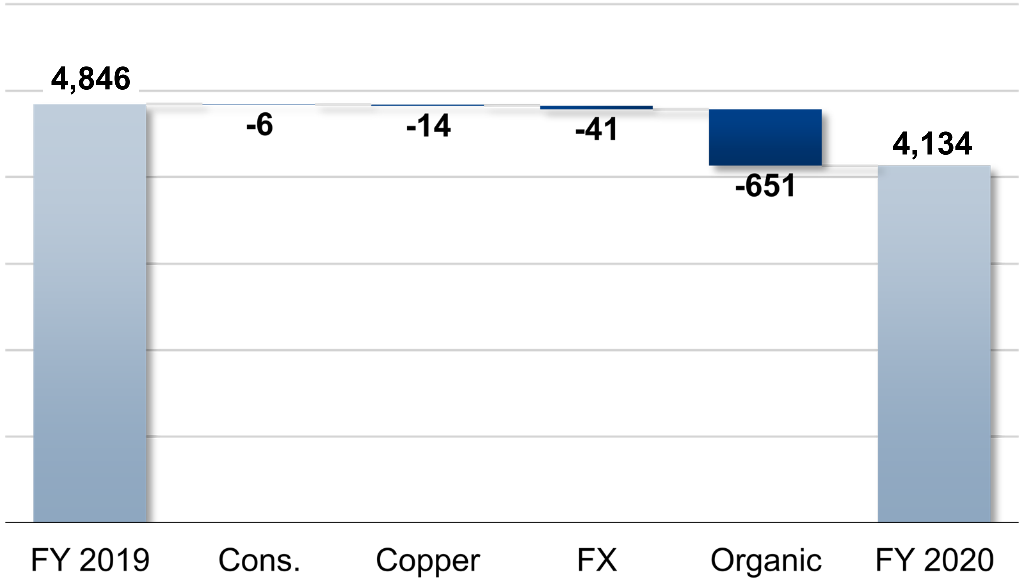
FY sales benefitted from strong recovery in Q4

Sales year-on-year

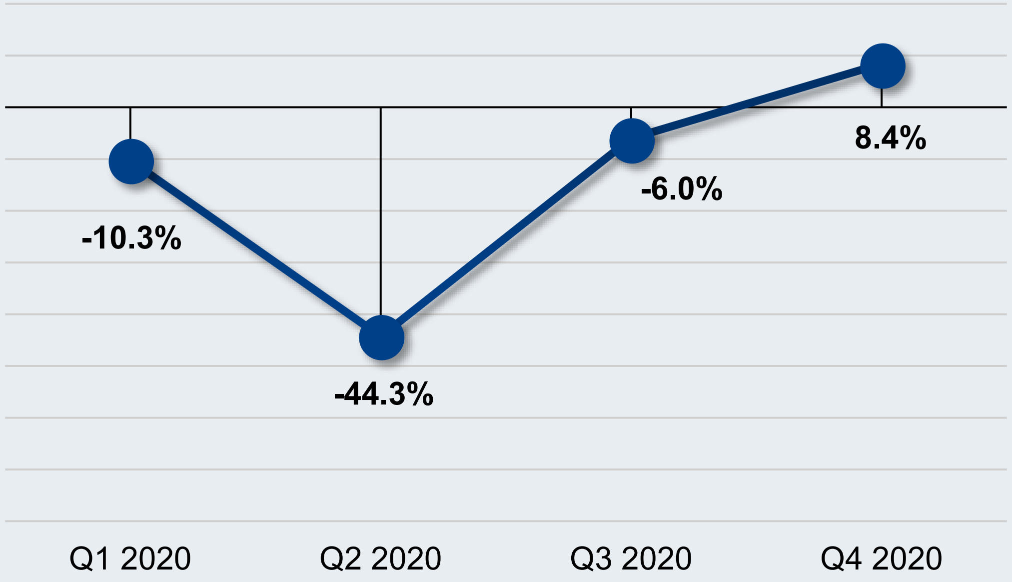
Sales year-on-year

€ million



Organic sales growth development

(in % y/y)



- FY group sales down 14.7%, organic sales -13.5% (y/y)
- Weaker demand in almost all end customer industries
- Q4 the only quarter with positive organic sales growth (Q4: +8.4% y/y)

- Sound volume recovery in Q4 fueled remarkable sequential improvement
- All plants back to normal utilization

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

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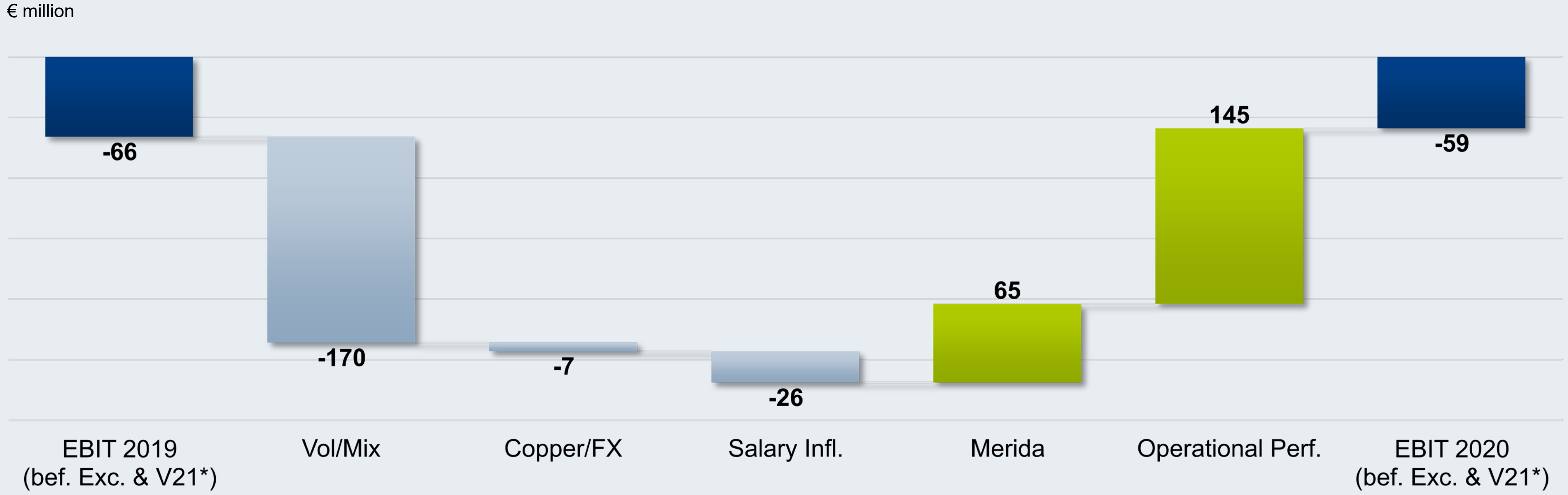
Operating profit slightly improved despite drop in volumes

Operational Performance significantly increased y/y



- Impact of lower volumes/mix compensated by a strong operational performance and the omission of Merida one-off items
- Successful implementation of our VALUE 21 program and restructuring measures supported operational performance
- Exceptional items of €196m and VALUE 21 related cost of €24m still weighing on reported EBIT (2020: - €280m) despite a significant reduction (2019: €233m and €86m)

Rounding differences may for arithmetical reasons occur versus the mathematically precise figures
*(bef. Exc. & V21): EBIT 2019/20 before exceptional items as well as before VALUE 21 costs

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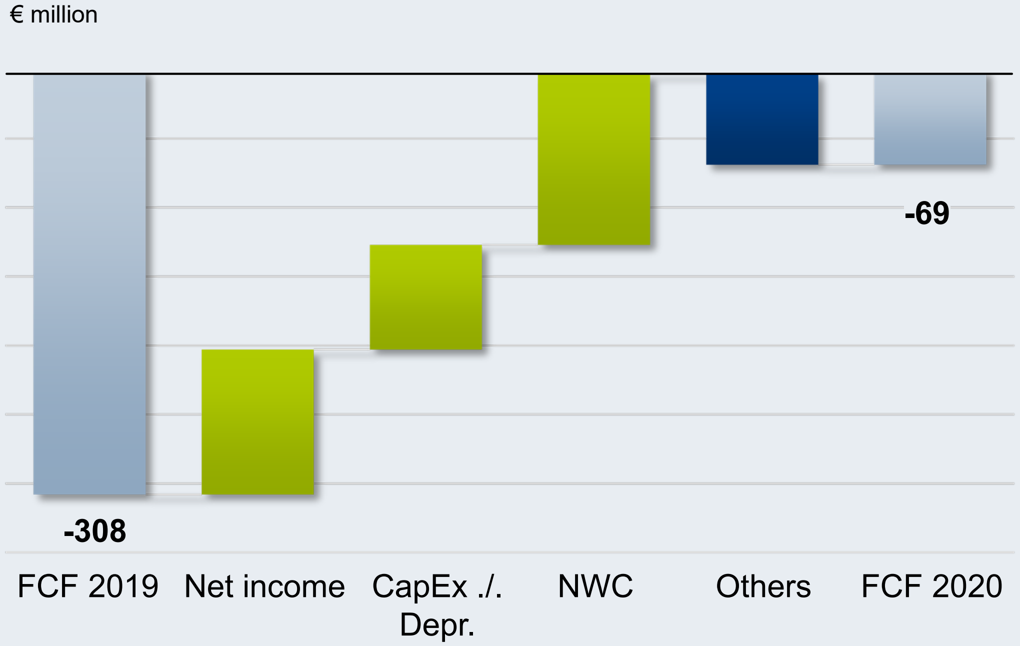
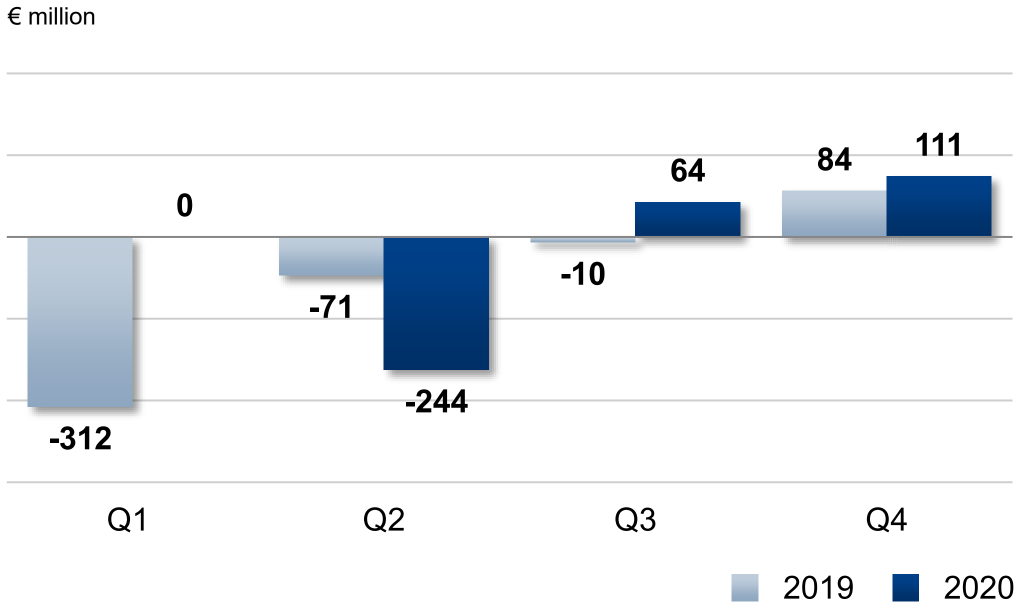
Free cashflow again up in Q4 and significantly improved YoY

FCF improved – better operating performance, lower CapEx and favourable NWC development





- FY FCF significantly improved due to a reduced net loss and lower Net Working Capital and CapEx
- CapEx spending remains very restrictive

- Q4 FCF improved, driven by a more favourable NWC including positive impact from factoring
- FY: FCF YTD still negative at - €69m but significantly up (2019: - €308m)

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

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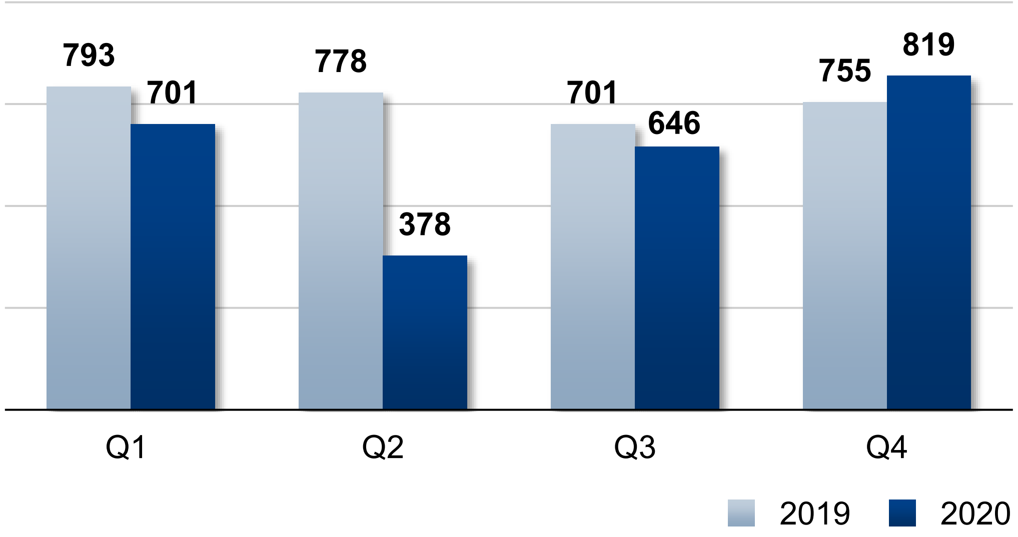
WSD: Volume recovery in Q4 and performance improvement throughout the year

EBIT before exceptional items as well as before VALUE 21 costs improved by 22% y/y

Sales

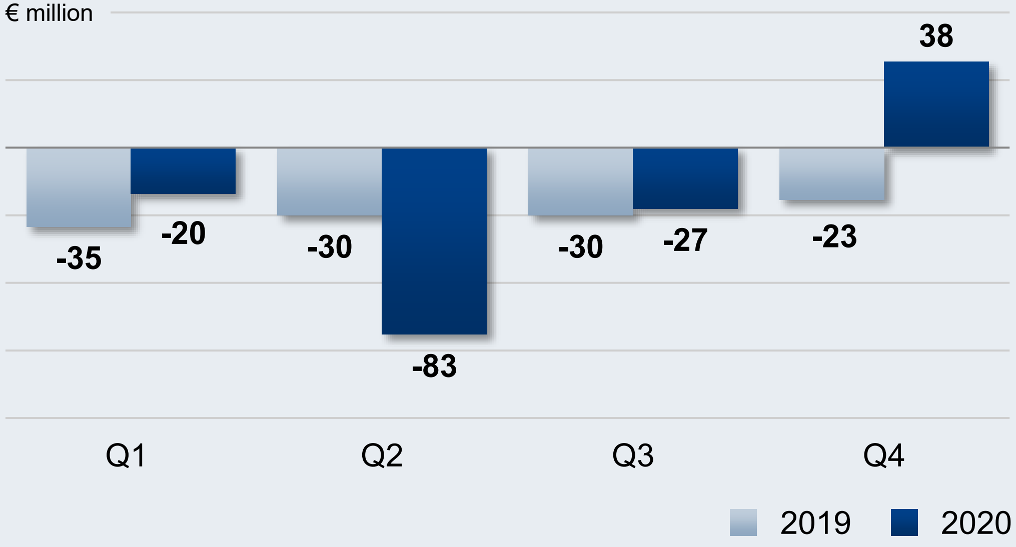
€ million



- FY reported sales of €2,543m down 16% (y/y)
- Q4 organic sales plus 10.4% y/y (FY: -14.6% y/y)
- New orders with expected project volume down to €1.4bn (2019: €2bn); thereof 14% e-mobility (2019: 20%)

EBIT before exceptional items as well as before VALUE 21 costs

€ million



- FY EBIT before exceptional items as well as before VALUE 21 costs improved by 22% to - €92m after strong Q4
- FY: Negative impact from volume/mix and salary inflation overcompensated by improved operating performance
- FY reported EBIT of - €210m significantly up due to lower exceptional items and V21 costs (€118m after €253m)

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

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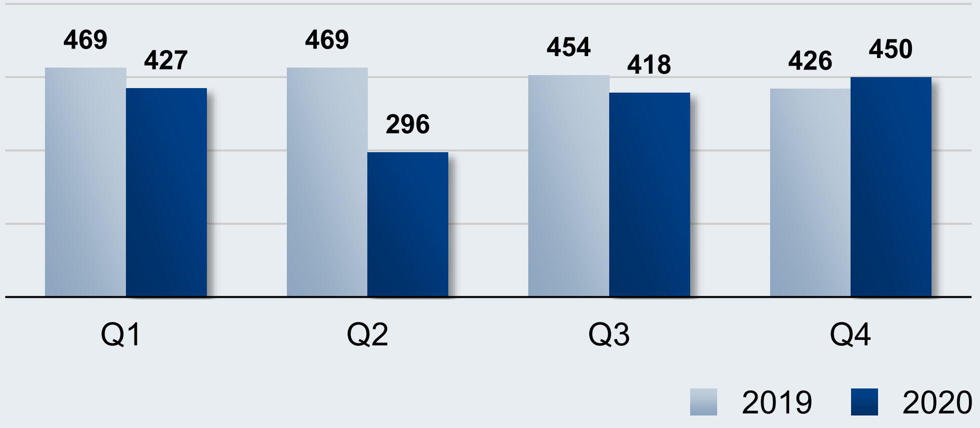
WCS: Significant sales recovery in H2 with associated earnings increase

EBIT before exceptional items as well as before VALUE 21 costs down on the back of Covid-19

Sales

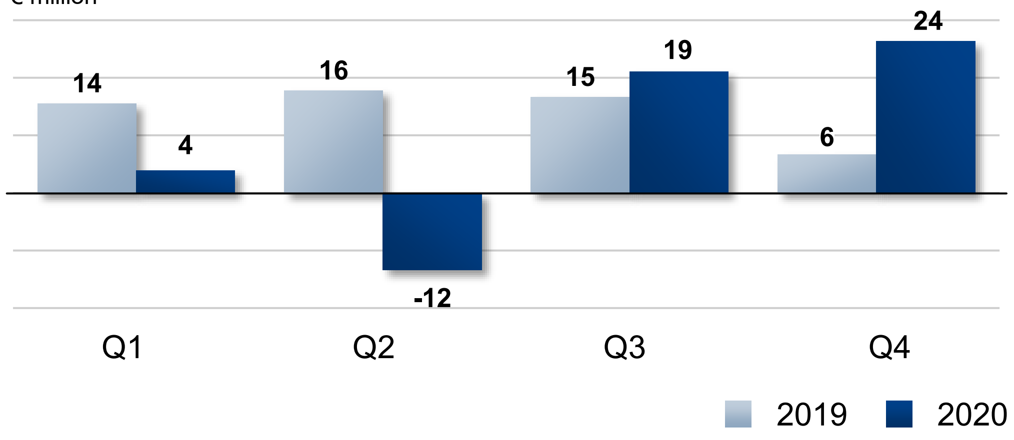
€ million



- FY reported sales of €1,591m down 12.5%
- Q4 organic sales plus 4.9% y/y (FY: -11.5% y/y)
- Sales down across all regions (y/y)
- FY order intake of €1,649m (FY 2019: €1,732m); book-to-bill ratio around 1

EBIT before exceptional items as well as before VALUE21 costs

€ million



- FY EBIT before exceptional items as well as before VALUE 21 cost down to €34m (-34%) but Q4 quadrupled (y/y) due to the strong volume recovery and positive effects from copper and FX
- FY reported EBIT of -€69m significantly down y/y due to higher exceptional items and VALUE 21 costs (€103m after €65m)
- FY exceptional items of €100m mainly related to impairments; thereof impairments of €28m will be almost completely and positively compensated when closing the LEONI Schweiz AG divestment

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

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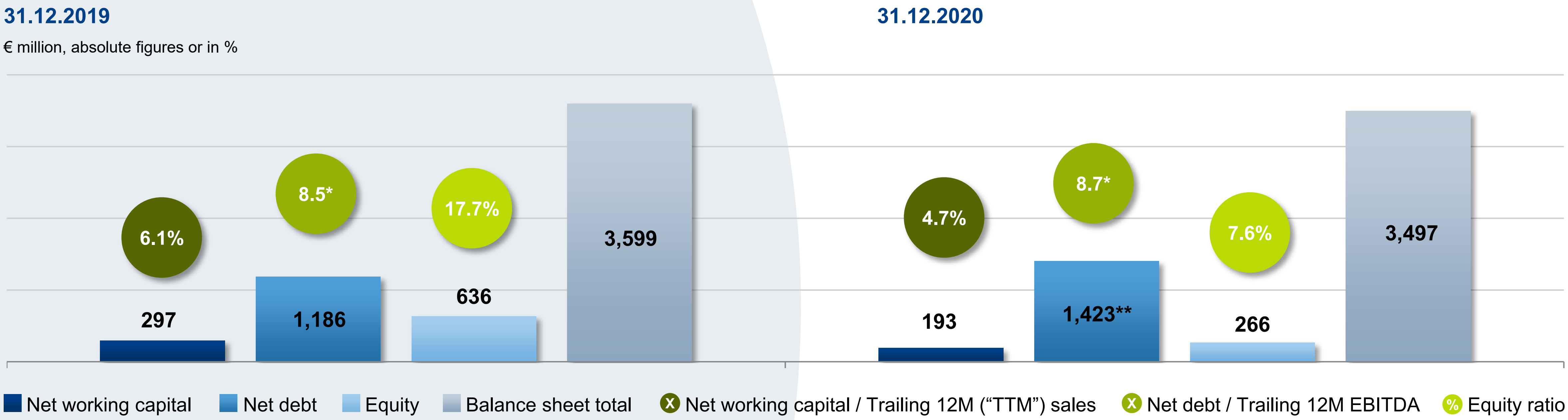
Balance sheet impacted by Covid-19 effects

Financial leverage almost unchanged over 2019 despite negative impact from Covid-19



- Gearing (net debt/equity) at the end of 2020 of ~535% **
- Equity ratio down (y/y and q/q) to 7.6% due to negative net result

- NWC (excl. LEONI Schweiz AG booked as assets/liabilities held for sale) lower y/y as a result of increase in trade payables
- Financial leverage almost stable due to improved EBITDA *

* TTM EBITDA excluding TTM exceptional items (Q1/20-Q4/20: EUR 196m; Q1/19-Q4/19: EUR 233m) as well as VALUE 21 costs (Q1/20-Q4/20: EUR 24m; Q1/19-Q4/19: EUR 86m)

** Net financial debt and Gearing including "Assets/Liabilities held for sale"

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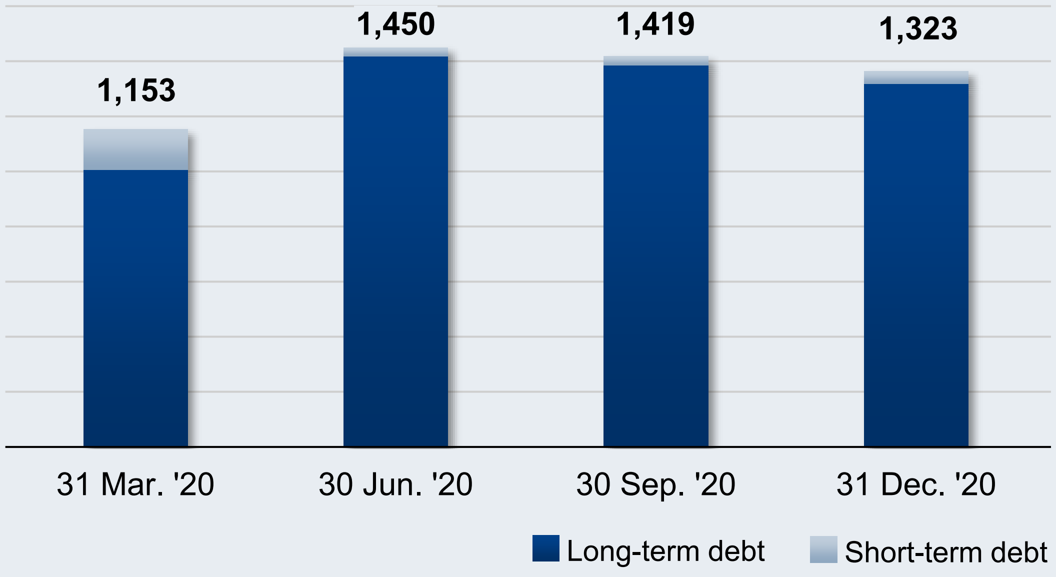
Continued high debt level, but improving liquidity in H2

All undrawn credit lines are firmly committed until at least the end of 2022

Level of financial debt *

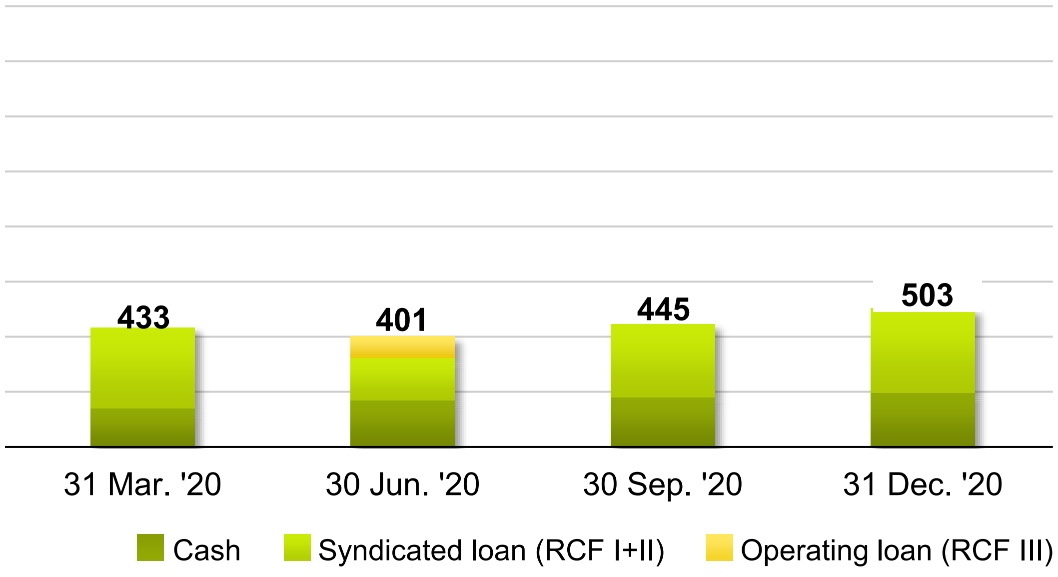
€ million



- All undrawn credit lines are firmly committed until at least the end of 2022

Cash position & undrawn credit lines **

€ million



- Lower liquidity compared to 2019 (€624m) mainly due to repayment of "Schuldschein" loans in March and November 2020
- Increase in Q4 (q/q) as a result of strong FCF
- Total liquidity including cash of €503m at year end

* Excluding leasing liabilities related to IFRS16: Q1/20: EUR 244m; Q2/20: EUR 274m; Q3/20: EUR 263m; Q4/20: EUR 270m

** Bank guarantees amounting to EUR 80m (end FY 2019: EUR 74m) must be deducted from freely available liquidity at year-end 2020

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Production launches 2020 successfully managed

Examples of new projects (in series production)

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Focus on partnerships for e-mobility platforms

Strong position for high-voltage systems in a growing market

Market development in e-mobility

- Trend towards consolidation of high-voltage components in e-vehicles; further simplification of architectures
- Trend to move from a high number of domain controllers towards a low number of high-power computers, changing low voltage architectures significantly
- Potential to be an important pivot for the evolution of wiring systems

LEONI's approach

- Close coordination and collaboration with our customers as concept and design partner
- Further development of HV competence and market position with future vehicle generations
- Wiring of the HV battery as a possible building block for strategic further development
- Competence in electronic power distribution as a possible, complementary lever for our holistic system approach

Mercedes EQS

VW ID.4

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VALUE 21: Progressing ahead of schedule

	Performance	Portfolio profitability	Organization	Cash, not growth	Improvements
Approach	Implement programme to structurally improve performance by €500m annually in gross savings by 2022 Total VALUE 21 costs of € ~120m until end of 2021	Fix, sell or close underperforming / non-strategic businesses in WCS Phase-out underperforming / non-strategic customers / programmes in WSD Focus on businesses with differentiation & system orientation	Lean financial and governance holding instead of large strategic holding Separation into two stand-alone, independent divisions; carve-out of WCS units	Focus on cash & profitability, not on growth Future growth level in line with market and within infrastructure that exists in 2020	Mid-term target vs 2018: **EBIT margin +2 to 3%-pts** and **FCF yield 4 to 5%-pts**
Progress	Measures to achieve gross savings of more than €550m by 2022 to ensure realisation of mid term margin targets Continuously launching new measures to further improve efficiency and performance	In October 2020, we announced the closure of LEONI Kerpen in Stolberg Sale of LEONI Schweiz AG expected to complete in next few weeks Phased out or fixed several underperforming programmes; strong focus on strategic customers	Lean Holding has been established, two divisions are operating independently Roll-out of new organizational structure in WSD ongoing	Highly selective with our order intake to grow with known customers and within existing infrastructure Disciplined working capital management contributed to significant FCF improvement despite impact of Covid-19 pandemic	
Status					

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Update on separation from WCS activities

Potential buyers signaled interest

- Organizational and legal separation well on track and almost completed
- Closure of the oil and gas activities LEONI Kerpen GmbH (Stolberg, Germany) announced and provisioned for in Q4; opportunity to continue with a part of the business under new ownership increasingly likely
- LEONI Schweiz AG: First sale of a WCS unit in February (signing)
- Market environment for M&A is steadily improving and LEONI received tangible indications of interest for further WCS units
- Further units will be sold if LEONI achieves fair value and if buyers present a viable concept

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Outlook 2021

Sales and EBIT before exceptional items and VALUE 21 costs expected to be up significantly

- We anticipate a continuation of the recovery of our operating performance in 2021
- Covid-19 related uncertainties persists, and the level of this impact is still not fully foreseeable at this stage
- We expect the measures from VALUE 21 and the restructuring concept to have a positive contribution on our bottom line
- LEONI expects a significant improvement in sales and EBIT before exceptional items as well as before VALUE 21 costs
- FCF: although profitability and NWC continue to improve, FCF will stay significantly below 2020 due to catch-up effects on CapEx and some exceptional items such as the LEONI Kerpen closure, provisioned for in 2020, will impact FCF in 2021
- Effects on the key figures from possible divestments and acquisitions are not included in the forecast

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Summary

2020 progress a solid basis for further improvement in 2021

- Safety of our employees during the pandemic remains a top priority, as well as the management of supply bottlenecks to ensure product flow to our customers
- Despite the pandemic, FCF improved significantly and EBIT before exceptional items as well as before VALUE 21 costs remained flat compared to the previous year
- Successful product launches in 2020 gives us confidence for the upcoming launches in 2021
- We expect significant further progress with the sale of WCS units in 2021
- LEONI is prepared to benefit from continued demand recovery as we worked hard on our cost structures and processes
- Profitability and balance sheet structure are not satisfactory and the thorough execution of VALUE 21 and the underlying restructuring concept remain key
- Pandemic is not over yet and economic uncertainty remains high; continued successful implementation of all measures from VALUE 21 and restructuring concept remains essential
- Outlook for 2021 characterized by confidence that, despite all challenges at hand, we will continue to sustainably stabilize LEONI in 2021
- We are confident that we will be able to significantly increase our sales and EBIT before exceptional items as well as before VALUE 21 costs in 2021

Q & A SESSION

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Contact & upcoming events
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Upcoming Events:

Q1 2021	12 May 2021
AGM	19 May 2021
Q2 2021	11 August 2021
Q3 2021	10 November 2021

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