

FINANCIAL RESULTS

Q2-2021

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11 AUGUST 2021

LEONI



Highlights

Recovery continued in Q2 – raised outlook for 2021

- Group Sales of €1,296m significantly increased by 92% vs heavily Covid-19 impacted Q2-2020
- EBIT before exceptional items as well as before VALUE 21 costs of €48m significantly up from negative €96m in Q2-2020
- FCF of negative €10m (Q2-2020: negative €244m) significantly above previous quarter (Q1-2021: negative €100)
- VALUE 21: over €650m annual gross savings potential from 2022 onwards achieved per end of Q2-2021 through thorough implementation of the programme
- Successful closing of the sale of the Data Communications and Compound business units at the Stolberg facility at the end of Q2-2021
- Continuous challenges in global supply chains: bottlenecks of critical components and materials continue to be a challenge, impacting both supply and demand
- FY outlook* raised (compared to previous guidance):
 - Sales: “significantly up – at least €5bn” (“significantly up”)
 - EBIT bef. exc. items & V21 costs: “significantly up – at least €100m” (“significantly up – at least break even”)
 - FCF: “significant decrease” (unchanged compared to previous guidance)

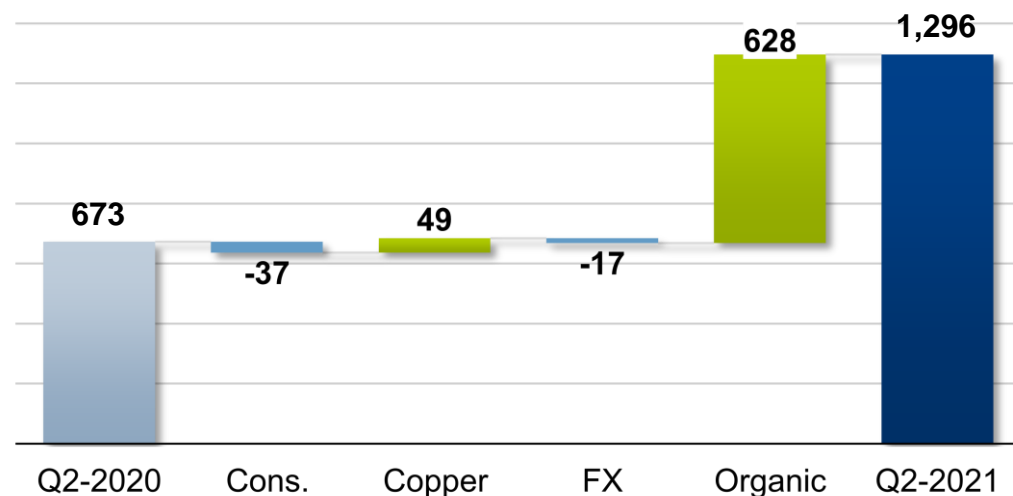


Significant recovery in Group sales in Q2

Sales up 92% year-on-year

Sales year-on-year

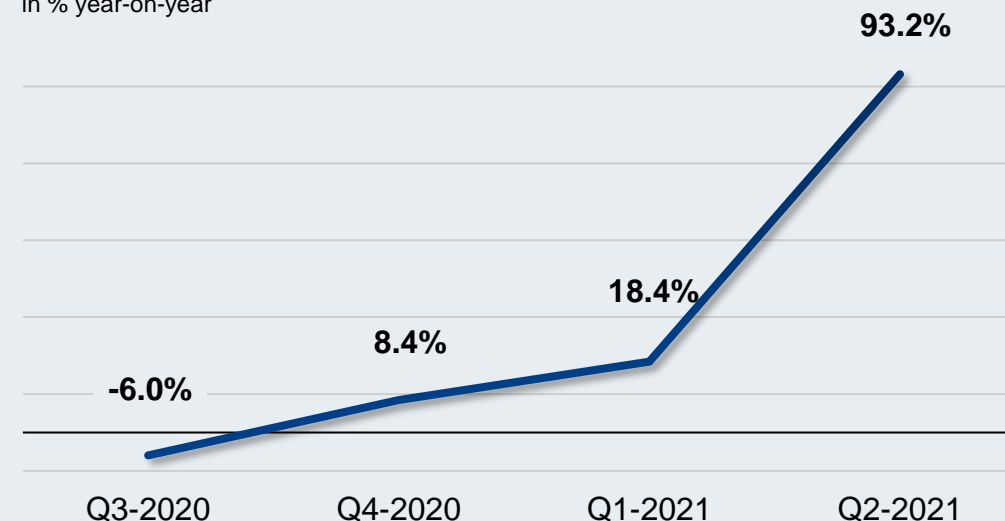
€ million



- Over 93% organic sales growth pushed significant top-line recovery compared to Q2-2020, which was strongly affected by the Covid 19 pandemic; positive contributions from the ramp-up of WSD projects and strong WCS demand
- Positive copper price effects more than offset by negative FX effects and negative consolidation effects resulting from the sale of LEONI Schweiz AG (Closing end of Q1-2021)

Organic sales growth development

in % year-on-year

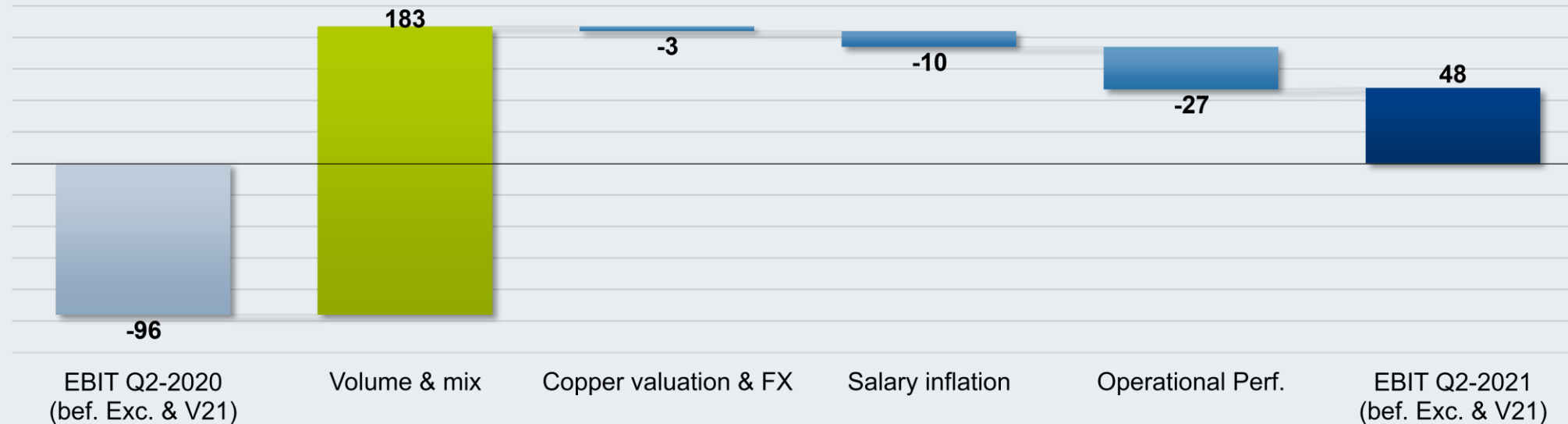


- Sales growth in both divisions: WSD (116% y/y), WCS (63% y/y)
- Sales recovery across all regions in H1: Americas (59% y/y), EMEA (46% y/y) and Asia (37% y/y)

Stronger than expected sales recovery drove earnings

Operating income development year-on-year

€ million

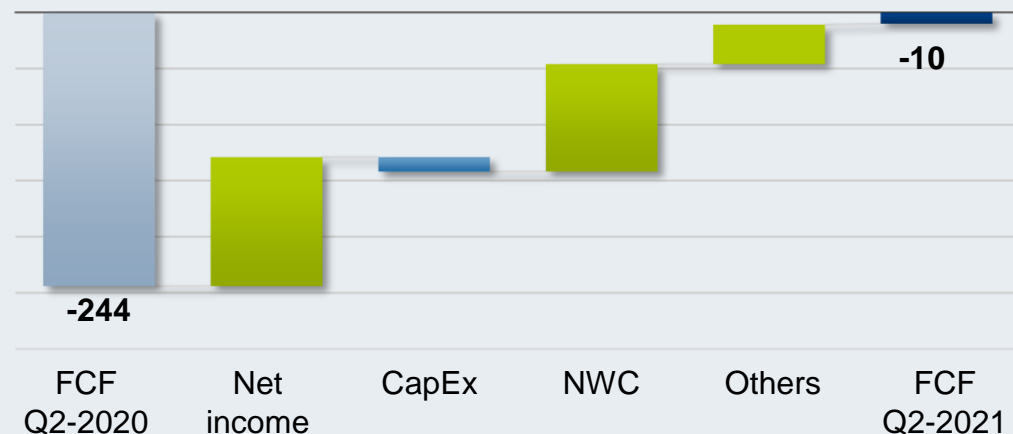


- EBIT before exceptional items as well as before VALUE 21 costs significantly improved to €48m (Q2-2020: negative €96m), mainly due to positive volume/mix effects as well as positive effects from the VALUE 21 programme and the restructuring concept; negative impacts from copper price and by FX as well as salary inflation
- Operating improvement was offset by higher costs due to supply bottlenecks for components and materials in the low double-digit million Euro range and base effect of positive contributions from short-time work (€14m) and S&LB (€7m) in Q2-2020

Free cashflow significantly up from previous year's level

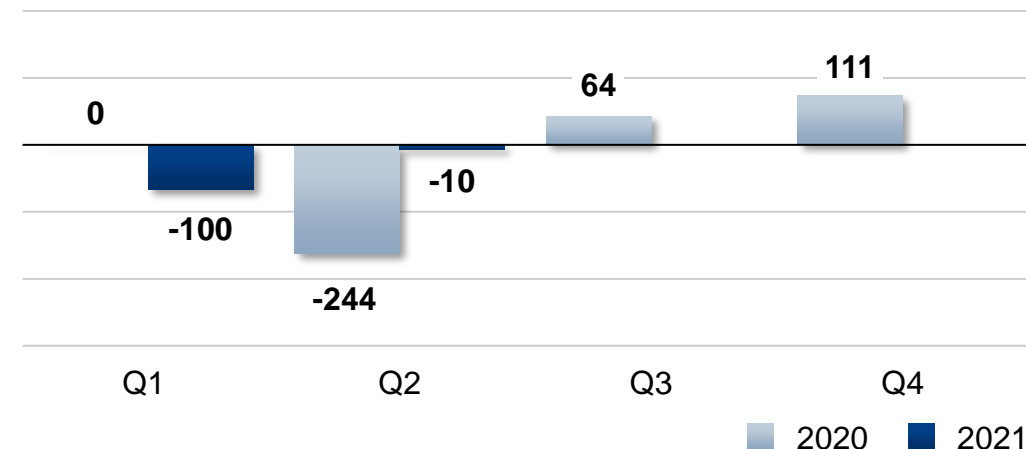
Positive operating cash flow in Q2-2021 due to increased factoring volume and improved earnings

€ million



- Positive operating cash flow of €23m in Q2-2021(Q2-2020: negative €221m) due to significant increase in earnings and positive effects of NWC mainly through factoring
- Q2-2021 factoring volumes returned to pre-Covid-19 levels and even beyond due to expansion of factoring volumes; FCF in Q2-2020 particularly reflected Covid-19-driven impact on factoring volumes

€ million



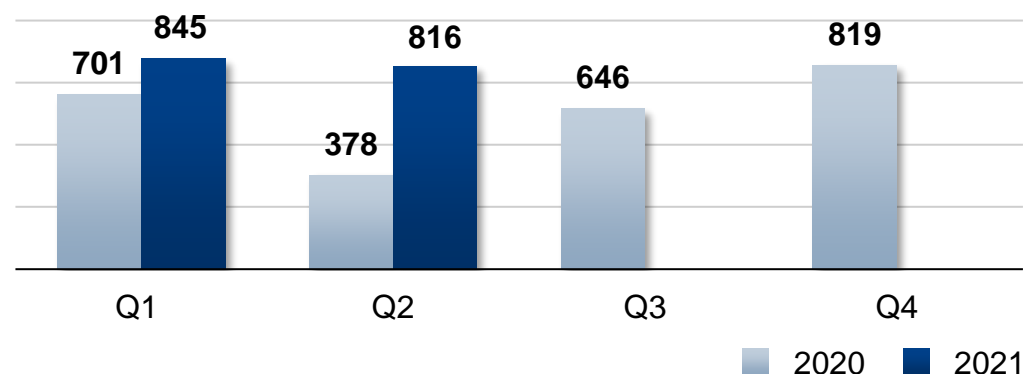
- CAPEX excluding effects from IFRS16 of €33m increased year-on-year (Q2-2020: €28m)

WSD with significant recovery

116% sales growth y/y

Sales

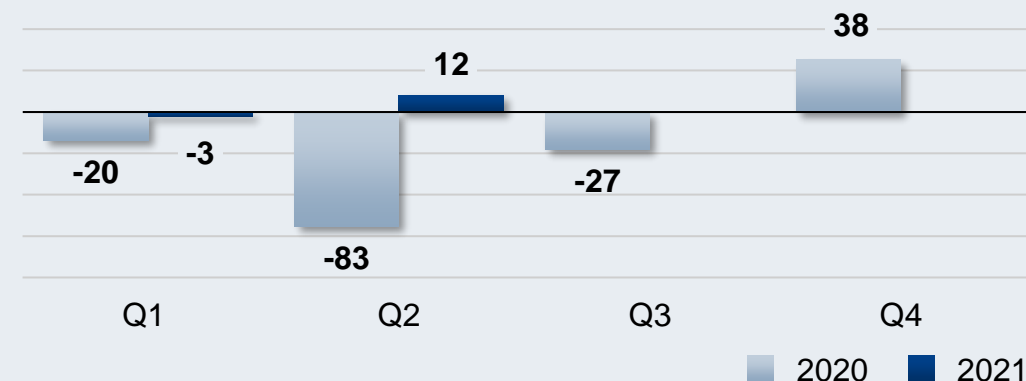
€ million



- Significant sales recovery (116% y/y) predominantly driven by organic volume growth (115%); positive contributions from start and ramp-up of new wiring system projects
- Increased volumes per region in H1: EMEA (58% y/y), Americas (55% y/y) and Asia (26% y/y)
- New orders with expected project volume of €0.5bn in Q2-2021 (Q2-2020: €0.2bn), following €0.2bn in Q1-2021

EBIT before exceptional items as well as before VALUE 21 costs

€ million



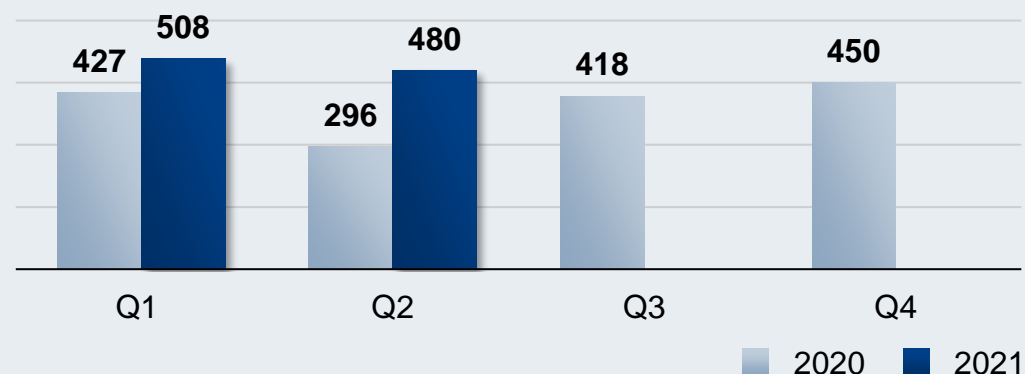
- Positive effects from volume and mix and improved operational performance were partly offset by costs in connection with supply bottlenecks of components in the low double digit million Euro range
- Reported EBIT of negative €1m burdened by exceptional items as well as VALUE 21 costs (Q2-2021: €13m / Q2-2020: €24m) including expenses for the protection of employees in connection with the Covid 19 pandemic as well as pro rata costs for the refinancing of the Group

WCS with significantly improved operating result

63% sales growth y/y

Sales

€ million

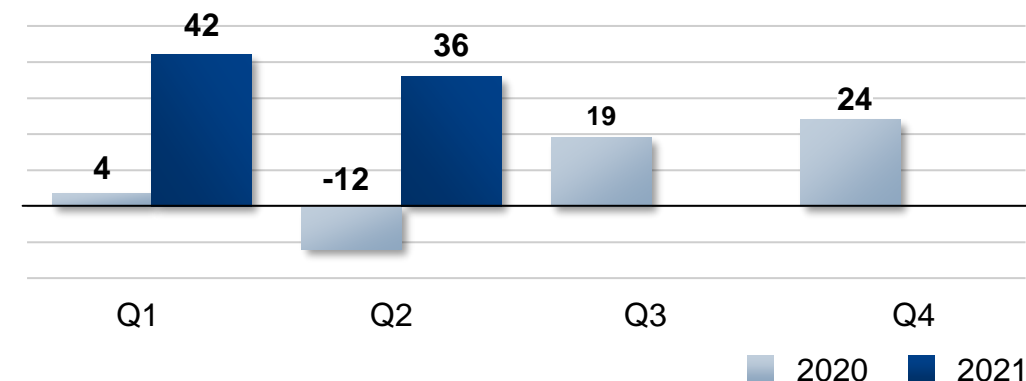


- Q2-2021 with 63% higher sales (y/y) driven mainly by 65% organic sales growth
- Positive valuation effects from copper price more than offset by negative FX impact and reduced scope of consolidation resulting from the sale of LEONI Schweiz AG
- Sales increase across all regions in H1: Americas (64% y/y), Asia (48% y/y) and EMEA (25% y/y)
- Order intake in Q2-2021 of €472m (Q2-2020: €260m); book-to-bill ratio >1

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

EBIT before exceptional items as well as before VALUE 21 costs

€ million



- EBIT before exceptional items as well as VALUE 21 costs significantly improved mainly due to volume/mix effects as well implementation of VALUE 21 measures
- Reported EBIT of €27m burdened by exceptional items as well as VALUE 21 costs (Q2-2021: €9m / Q2-2020: €9m) including negative effects for measures in connection to the partial sale of LEONI Kerpen GmbH and impairment losses on assets (Q2-2021: €4m)

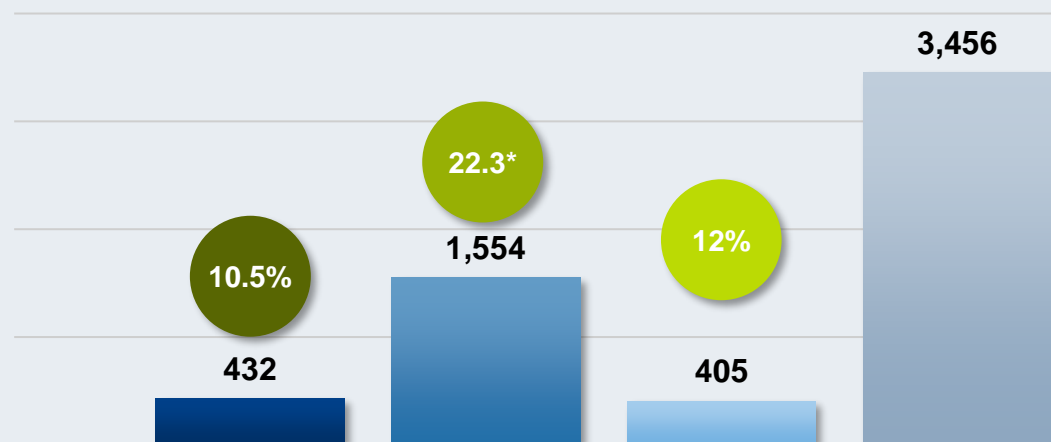
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Balance sheet continues to be stretched; financial gearing improves due to higher earnings

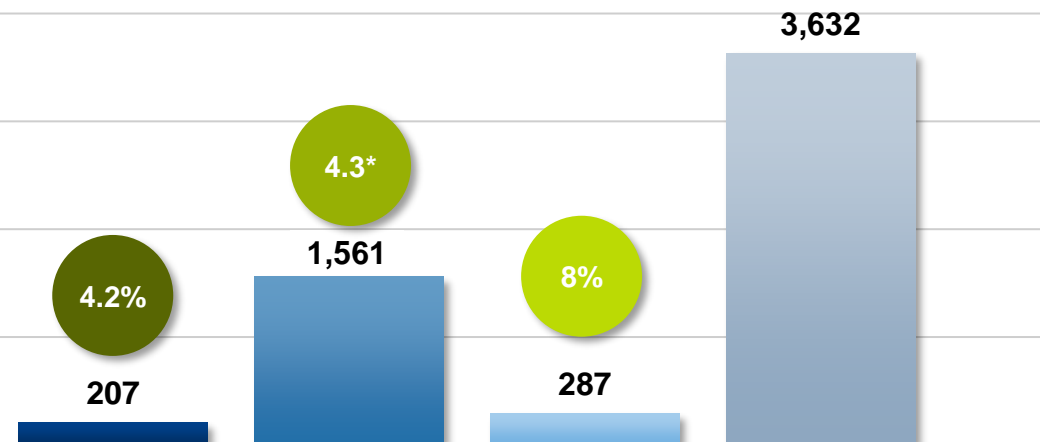
Key balance sheet items

30.06.2020

€ million, absolute figures or in %



30.06.2021



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

- Gearing (net debt/equity) at the end of June 2021 of 543% increased compared to Q2-2020 (384%), mainly driven by lower equity
- Equity ratio at 8% at the end of June 2021 (Q2-2020: 12%)

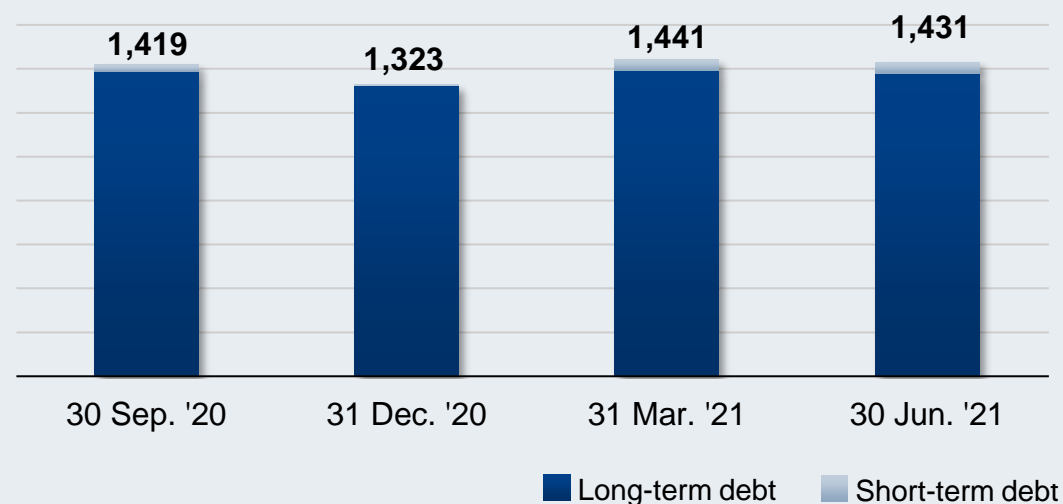
- Financial gearing (net debt/TTM EBITDA*) decreased to 4.3 times due to significantly higher TTM EBITDA*
- Net financial debt of €1,561m increased mainly due to further utilization of Revolving Credit Facility (RCF I) as well as of the second tranche of a state-guaranteed operating loan (RCF III)

Financial position remains tight

Further drawdown of additional funds from existing credit lines

Level of financial debt *,**

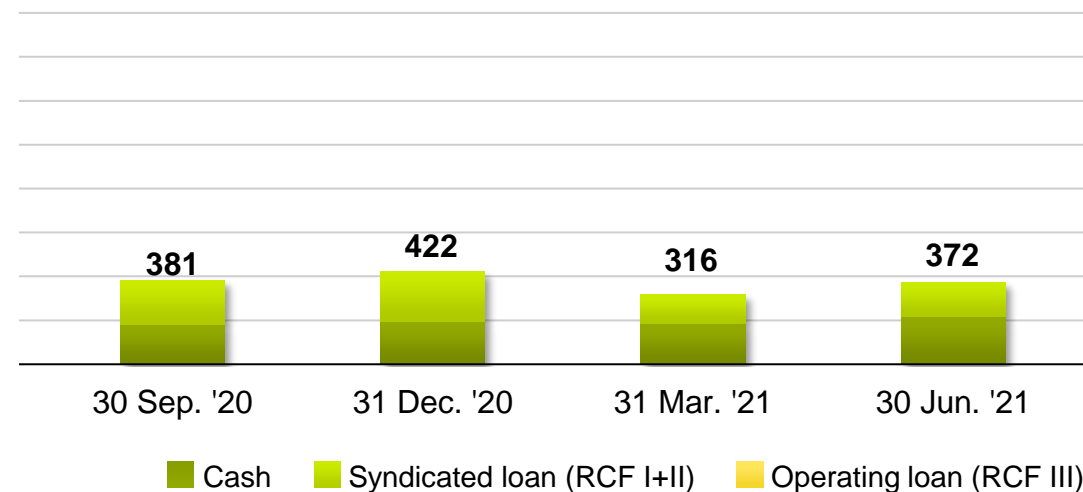
€ million



- Further utilization from the existing syndicated loan (RCF I) as well as the utilization of the second and final tranche of a state-guaranteed operating loan (RCF III)
- Undrawn credit lines (RCF I+II) firmly committed until at least the end of 2022

Cash position & undrawn credit lines ***

€ million



- Increase in available liquidity compared to Q1-2021: cash and undrawn credit lines of €372m (Q1-2021: €316m), of which €219m in cash
- Guarantees of €59m (Q1-2021: €62m) already deducted (historic figures adjusted accordingly)

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

* Excluding leasing liabilities related to IFRS16: Q3/20: €263m; Q4/20: €270m; Q1/21: €269m; Q2/21: €239m;

** Q2-2021: After reclassification of assets and liabilities of the major subgroups of the Industrial Solutions business group to "held for sale"

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

Update Carve-Out WCS

Majority of the businesses of Business Group Industrial Solutions reclassified as “held for sale”

- Sale of the data communication and compound business units from LEONI Kerpen GmbH at the Stolberg site successfully closed by 30 June 2021; remaining business activities on site to be discontinued or relocated by end of 2021 as previously announced
- Advanced negotiations for a sale the majority of the businesses of the Business Group Industrial Solutions; respective assets and liabilities of the Business Group Industrial Solutions have been re-classified as “held for sale” by end of Q2-2021



Recovery well on track in a challenging environment

Positive first half of the year – outlook for 2021 raised

- Strong second quarter with EBIT before exceptional items as well as before VALUE 21 costs and free cash flow both significantly above previous year's level and market expectations
- Further progress in WCS Carve-Out: successful closing of the sale of the Data Communications and Compound business units at the Stolberg facility; good progress in sales process of Business Group Industrial Solutions
- VALUE 21: over €650m annual gross savings potential from 2022 onwards achieved per end of Q2-2021 through continued thorough implementation of the programme
- Continuous challenges in global supply chains: bottlenecks of critical components and materials continue to be a challenge on demand and supply side
- Management raised FY outlook* for sales and EBIT before exceptional items as well as before VALUE 21 costs on the back of robust first half year



Q & A SESSION





Contact & upcoming events

Investor relations

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Upcoming Events:

Commerzbank Corporate Conference Frankfurt - September 2021

Quarterly statement 1st-3rd quarter 2021 - 10 November 2021

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