

# Interim Report 1st half 2017



**The Quality Connection**

**LEONI**

**Consolidated sales grow  
9 percent to € 2.4 billion**

**Sale of Business Group  
Electrical Appliance Assemblies  
drives EBIT increase to  
€ 136.8 million**

**Dynamic order intake in the Wiring  
Systems Division**

**Foundations for the  
“Factory of the Future”  
laid in Roth**

**EBIT guidance for fiscal 2017  
raised to € 190 - 210 million**

# Group Key Figures

€ million	2 <sup>nd</sup> quarter			1 <sup>st</sup> half		
	2017	2016	Change	2017	2016	Change
<b>Sales</b>	<b>1,236.1</b>	<b>1,148.2</b>	<b>7.7%</b>	<b>2,441.5</b>	<b>2,237.5</b>	<b>9.1%</b>
<b>EBIT</b>	<b>83.9</b>	<b>37.6</b>	<b>&gt;100%</b>	<b>136.8</b>	<b>61.9</b>	<b>&gt;100%</b>
Effect of purchase price allocation (PPA)	3.0	3.7	(18.9)%	6.7	7.3	(8.2)%
Restructuring expenses / income	0.2	18.8	(98.9)%	0.3	21.1	(98.6)%
Effect on disposal	(24.8)	0.0	-	(24.8)	0.0	-
Insurance compensation	0.0	0.0	-	(5.0)	0.0	-
<b>Adjusted EBIT</b>	<b>62.3</b>	<b>60.0</b>	<b>3.8%</b>	<b>114.0</b>	<b>90.3</b>	<b>26.2%</b>
Adj. EBIT as a percentage of external sales	5.0%	5.2%	-	4.7%	4.0%	-

## Key messages

- **H1 sales increase strongly by roughly 9% year-on-year**
- **Reported EBIT more than doubles year-on-year due to improved performance of our Wiring Systems Division and a higher than anticipated positive disposal effect**

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

	€ million	in %
<b>H1 2016 sales</b>	<b>2,237.5</b>	
Organic growth	111.7	5.0
Contribution of new subsidiaries	11.4	0.5
Currency effects	(10.6)	(0.5)
Copper price effects	91.5	4.1
<b>H1 2017 sales</b>	<b>2,441.5</b>	<b>9.1</b>

## Key messages

- **Organic sales growth of 5% or € 111.7 million year-on-year**
- **Copper price effects account for roughly 4% of sales growth year-on-year**

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# Wiring Systems Key Figures

WSD	2 <sup>nd</sup> quarter		1 <sup>st</sup> half		Change
	2017	2016	2017	2016	
<i>€ million</i>					
<b>External sales</b>	<b>774.2</b>	<b>715.6</b>	<b>1,504.9</b>	<b>1,366.8</b>	<b>10.1%</b>
<b>EBIT</b>	<b>41.2</b>	<b>17.1</b>	<b>64.1</b>	<b>22.1</b>	<b>&gt;100%</b>
Effect of purchase price allocation (PPA)	2.9	3.3	6.4	6.7	(4.5)%
Restructuring expenses / income	0.3	18.1	0.4	19.7	(98.0)%
<b>Adjusted EBIT</b>	<b>44.4</b>	<b>38.6</b>	<b>71.0</b>	<b>48.6</b>	<b>46.1%</b>
Adj. EBIT as a percentage of external sales	5.7%	5.4%	4.7%	3.6%	-

## Key messages

- **Strong organic sales growth of roughly 10% year-on-year, driven mainly by increased sales to European carmakers**
- **Profitability improves due to additional profit contributions from increased sales and successfully implemented measures to enhance performance**

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

- **Broadening business with almost all customer groups**

Strong sales growth to key European carmakers

Increase in shipments to the international commercial vehicle industry as well as electrical and electronic components

- **New projects starting on schedule**

Series production for several new customer projects started in Q2 2017

- **Order book grows to nearly € 16 billion**

Order backlog increases from € 14 billion to € 15.6 billion

Strong increase in orders for cars with electric and hybrid drive - order backlog in this segment of € 628.0 million

# Wire & Cable Solutions Key Figures

WCS € million	2 <sup>nd</sup> quarter		1 <sup>st</sup> half		Change
	2017	2016	2017	2016	
<b>External sales</b>	<b>461.8</b>	<b>432.6</b>	<b>936.6</b>	<b>870.7</b>	<b>7.6%</b>
<b>EBIT</b>	<b>42.8</b>	<b>20.5</b>	<b>67.9</b>	<b>39.8</b>	<b>70.6%</b>
Effect of purchase price allocation (PPA)	0.0	0.3	0.3	0.6	(50.0)%
Restructuring expenses / income	0.0	0.7	(0.1)	1.3	-
Effect on disposal	(24.8)	0.0	(24.8)	0.0	-
<b>Adjusted EBIT</b>	<b>18.1</b>	<b>21.5</b>	<b>43.3</b>	<b>41.7</b>	<b>3.8%</b>
Adj. EBIT as a percentage of external sales	3.9%	5.0%	4.6%	4.8%	-

## Key messages

- **Strong top line development year-on-year resulting from copper price**
- **Sale of Electrical Appliance Assemblies business:**
  - **Higher than anticipated positive disposal effect of € 24.8 million**
  - **Closing already at the beginning of May and thus missing sales and profit contribution for two months in Q2 2017**

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

- **Book-to-bill ratio of >1: order receipts grow to € 954.0 million**
- **Construction of the “Factory of the Future” starts**  
Foundation-laying ceremony in June
- **Digital transformation well under way**  
Focus on digitization of the product range, especially on developing intelligent cables



# Group Consolidated Income Statement



€ million	2 <sup>nd</sup> quarter			1 <sup>st</sup> half		
	2017	2016	Change	2017	2016	Change
<b>Sales</b>	<b>1,236.1</b>	<b>1,148.2</b>	<b>7.7%</b>	<b>2,441.5</b>	<b>2,237.5</b>	<b>9.1%</b>
Cost of sales	(1,012.8)	(934.8)	8.4%	(2,013.4)	(1,852.3)	8.7%
<b>Gross profit on sales</b>	<b>223.3</b>	<b>213.5</b>	<b>4.6%</b>	<b>428.2</b>	<b>385.2</b>	<b>11.2%</b>
Selling, general & administrative expenses	(131.6)	(125.3)	5.0%	(259.2)	(245.5)	5.6%
Research & development expenses	(32.0)	(33.6)	(4.9)%	(63.9)	(66.2)	(3.5)%
Other operating income/expenses, net	19.6	(20.3)	>100%	22.3	(16.6)	>100%
Result from associated companies & joint ventures	4.6	3.4	38.7%	9.4	5.1	85.6%
<b>EBIT</b>	<b>83.9</b>	<b>37.6</b>	<b>&gt;100%</b>	<b>136.8</b>	<b>61.9</b>	<b>&gt;100%</b>
Exceptional items <sup>1)</sup>	(21.6)	22.5	(>100)%	(22.8)	28.4	(>100)%
<b>Adjusted EBIT</b>	<b>62.3</b>	<b>60.0</b>	<b>3.8%</b>	<b>114.0</b>	<b>90.3</b>	<b>26.2%</b>
Net financial result	(7.7)	(5.6)	37.5%	(12.8)	(11.1)	15.3%
<b>Income before taxes</b>	<b>76.2</b>	<b>32.0</b>	<b>&gt;100%</b>	<b>123.9</b>	<b>50.8</b>	<b>&gt;100%</b>
Income taxes	(17.7)	(7.7)	>100%	(31.7)	(14.9)	>100%
<b>Net income</b>	<b>58.6</b>	<b>24.3</b>	<b>&gt;100%</b>	<b>92.2</b>	<b>35.9</b>	<b>&gt;100%</b>

<sup>1)</sup> Effect of purchase price allocation (PPA), restructuring expenses / income, gain on disposal effect of business combination including derivatives and insurance compensation

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

# Group Consolidated Statement of Financial Position



<b>Assets</b>			
<i>€ million</i>	<b>30/06/2017</b>	<b>31/12/2016</b>	<b>30/06/2016</b>
Current assets			
Cash and cash equivalents	194.4	208.9	148.1
Trade accounts receivable	627.7	558.3	635.3
Other financial assets	48.4	26.5	22.8
Other assets and receivables from income taxes	161.5	131.7	155.4
Inventories	681.2	588.3	608.3
Assets held for sale	0.0	74.7	0.0
Property, plant and equipment and intangible assets	1,047.5	1,020.5	996.2
Goodwill, shares in associated companies and joint ventures	180.5	172.7	166.7
Trade receivables from long-term development contracts	61.4	53.3	52.0
Other financial assets and deferred taxes	60.0	68.9	72.5
Other assets	40.6	43.6	32.3
<b>Total assets</b>	<b>3,103.2</b>	<b>2,947.4</b>	<b>2,889.9</b>

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# Group Consolidated Statement of Financial Position



## Equity and Liabilities

€ million	30/06/2017	31/12/2016	30/06/2016
Current liabilities			
Current financial debts and current proportion of long-term financial debts	170.2	150.3	71.1
Trade accounts payable	897.0	773.1	779.4
Other financial liabilities (including held for sale)	38.2	124.7	70.4
Income taxes payable and other current liabilities	226.2	186.9	205.9
Provisions	48.6	53.5	38.6
Long-term financial debts	461.8	462.1	525.4
Long-term financial liabilities and other non-current liabilities	18.9	19.2	13.1
Pension provisions	170.1	183.1	183.8
Other provisions	34.4	33.3	27.9
Deferred taxes	48.1	45.6	34.0
Total equity	989.7	915.7	940.3
Share capital	32.7	32.7	32.7
Additional paid-in capital	290.9	290.9	290.9
Retained earnings	710.2	634.5	660.4
Accumulated other comprehensive income	(53.0)	(51.4)	(45.5)
Non-controlling interests	9.0	9.0	1.8
<b>Total equity and liabilities</b>	<b>3,103.2</b>	<b>2,947.4</b>	<b>2,889.9</b>

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

# Group Consolidated Statement of Cash Flows



<i>€ million</i>	2 <sup>nd</sup> quarter		1 <sup>st</sup> half	
	2017	2016	2017	2016
Net income	58.6	24.3	92.2	35.9
Depreciation and amortisation	38.0	36.6	75.2	73.5
Change in operating assets and liabilities	2.3	(8.7)	(91.1)	(90.1)
Other	(28.6)	(5.3)	(19.7)	(4.4)
Cash flows from operating activities	70.3	46.9	56.6	14.9
Cash flows from capital investment activities <sup>1)</sup>	(60.5)	(52.1)	(118.8)	(104.7)
Free cash flow	9.8	(5.1)	(62.2)	(89.8)

<sup>1)</sup> Excluding acquisitions and divestments

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# Group Forecast

		Actual 2016 figures	Original forecast 2017 (March 2017)	Updated forecast 2017 (July 2017)
Consolidated sales	€ billion	4.4	approx. 4.6	approx. 4.6
EBIT	€ million	78.1	180 - 200	190 - 210
Capital expenditures	€ million	217.1 <sup>1)</sup>	approx. 250	approx. 250
Free cash flow	€ million	(40.3) <sup>2)</sup>	positive	positive

<sup>1)</sup> Including acquisitions and financial assets

<sup>2)</sup> Including acquisitions and divestments

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**Q & A - Session**

