Intelligent energy and data solutions for tomorrow's world

Investor Presentation Q3/9M 2018
Introduction LEONI Group

Passion for intelligent
energy and data solutions
A global leader in wiring systems and cable technology
LEONI at a glance

**Business mix** (in % of sales)
- Industrial Solutions: 82%
- Automotive: 18%

**Regional mix** (in % of sales)
- America: 15%
- Asia: 16%
- EMEA: 69%

**Revenues** in € mn
- 1999: 618
- 2017: 4,923
- **CAGR +12.2% p.a.**

**Leading market positions**
- #1 in automotive special cables globally
- #1 in automotive wiring systems in Europe
- #3 cable manufacturer in Europe
- Innovation leader

**System solutions provider**
- Intelligent cable solutions from a single provider
- Setting future standards
- Focus on growth markets
- Global production network

**Megatrends support growth strategy**
- Electrification
- Connectivity
- Autonomous driving
- Digitalisation
We provide the central nervous system for today’s and tomorrow’s vehicles

Automotive

From a wiring system supplier to a passionate provider of energy and data solutions

Our reliable high performance products are essential for:

› E-mobility
› Autonomous driving
› Connectivity
LEONI continuously demonstrates its leading position in automotive solutions

Market leading innovations

- Intelligent energy solutions
- High voltage wiring systems
- Intelligent data solutions
Leveraging our know-how for innovative industrial solutions

Industrial Solutions

From a cable producer to a passionate provider of energy and data solutions

Products and services:

› Cables
› Cable assemblies/harnesses
› Complete systems
› Engineering solutions
› Training/programming services
› Software solutions

Industries:

› Data communications and networks
› Robotics
› Healthcare
› Factory automation
› Transportation
› Energy and Infrastructure etc.
Long-standing relationships with international clients

Exemplary customers

- ABB
- Audi
- BMW
- Bombardier
- Bosch
- Caterpillar
- Continental
- DAF
- Mercedes
- Fanuc
- Land Rover
- Jaguar
- Johnson Controls
- M&I Elektronik
- Paccar
- Philips
- Peugeot
- Citroen
- Scania
- Schneider Electric
- SEW Eurodrive
- Siemens
- Volkswagen
- Renault
- Nissan
- Wabco

... and many more
LEONI will benefit from current megatrends

Megatrends

**MEGATRENDS AUTOMOTIVE**

- **Electro-Mobility**
  - CAGR: >37%
- **Autonomous Driving**
  - CAGR: >30%
- **Shared Mobility**
  - CAGR: >34%
- **Connectivity**
  - CAGR: >24%

**MAIN GROWTH DRIVERS FOR LEONI**

- Higher requirements regarding reliability and performance of power and data networks
- EV penetration expected to reach about 35% by 2030
- Electrification boosts wire content
- Increasing demand for sensors and intelligent wiring systems
- Need for highly efficient solutions for mass transportation
- Implementation of a global charging infrastructure (huge number of charging cables/systems)

**Note:**
- CAGRs 2017-2030: EMO: >37%; Autonomous Driving: >30%; Shared Mobility: >34%; Connectivity: >24%
- Source: WSD Business Development & Pricewaterhouse Coopers – “From CO2 neutral fuels to emission-free driving”, as of November 2017
Growing overall LV market supports LEONI’s core business

Outlook vehicle production

<table>
<thead>
<tr>
<th>VEHICLE PRODUCTION (IN MN)</th>
<th>MARKET TRENDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2020</td>
</tr>
</tbody>
</table>
| 90  | 88  | 73  | **Electric Vehicles**
| 1   | 2   | 5   | **Full Hybrids**
| 1   | 6   | 6   | **48 Volt / Mild Hybrids**
| 1   | 11  | 22  | **ICE/ Vehicles without electrification**

**MARKET TRENDS**

› Significantly higher electrification penetration driven by governmental CO2 regulations/incentive programs

› EV production expected to increase by more than 30% CAGR by 2025

› 48V/Mild Hybrids with strongest growth

› Internal combustion engines continue to grow with higher efficiency standards and increasing hybridization

Source: IHS August 2017 *Incl. hybrid vehicles
LEONI provides key components for e-mobility

Overview components HV

Our product offering
- Cables and harnesses
- Modules and shielding
- Power distribution boxes
- Charging inlets and cables

Our competitive edge
- Solution provider for complex requirements
- Early stage involvement with OEM during design phase allows for strengthening of market position
- Powerful technical customer support
- Competitive pricing through scale effects
- Digital functional system simulation to optimize the energy and data architecture in early design-in phase
- Development of digital twins of critical harness elements to allow for continuous optimization and monitoring

Source: WSD

Investor Presentation
Building on LEONI’s expertise and core competencies TODAY…

Cable & Components

Smart Products & Services

Cable Systems

Intelligent System Solutions

... for entirely new offerings and value propositions TOMORROW.

more active components
more software
more sensors
more electronics
Value added through intelligent cable technology and digitalisation

Customer advantages

- Faster product development
- Condition monitoring of energy and data systems
- Active energy management
- Less downtimes
- Forward-looking maintenance
- Lower life-cycle costs
- Performance optimisation on basis of real data
- ...and many more

Intelligent Products and Services
...with integrated sensors and electronics for system monitoring or management

Software Solutions
...for digital functional simulation & data analytics, software licensing and embedded controls

Cloud Integration
...to become a valuable ecosystem player with our intelligent products and solutions

Digital Twins
...for enhanced product-design (DTC), production (DFM) and in-field-performance (TCO)

Faster product development
Condition monitoring of energy and data systems
Active energy management
Less downtimes
Forward-looking maintenance
Lower life-cycle costs
Performance optimisation on basis of real data
...and many more
Leading provider of innovative data and energy solutions

Investment case

1. One of the world’s leading providers of data and energy solutions for the automotive industry

2. Leveraging expertise in cable systems and optical technologies in highly attractive industrial markets such as infrastructure, robotics and medical technology

3. Unique product offering: From cables, optical fibers and hybrid cables to complex integrated wiring systems

4. Strongly benefitting from the megatrends electrification, autonomous driving and digitalisation

5. Compelling growth potential through upgrading and expanding product/service portfolio (incl. M&A and partnerships) as well as increasing CPV

6. Improving margins by higher share of innovative value add products and stringent cost management
Latest financials

Q3 2018 development
Current situation requires start of holistic improvement programme
Focusing our organisation on profitable growth

**Personal impressions during first 70 days**
- Highly motivated and capable workforce
- Strong customer relations & reputation
- Impressive global footprint and technical capability

**Solid base for future development**

**Q3 situation**
- Noticeable slow down of sales momentum
- Profitability increasingly under pressure
- Disappointing working capital management

**Counteractions initiated**

**Value 21**

**Performance**

**Strategy**
VALUE 21 framework for performance improvement
Programme to sustainably enhance profitability & cash flow

Cost reduction
- Operational excellence
- Scrutinize structure (SG&A)
- Purchasing optimization

Cash conversion
- Capex optimisation
- Optimized NWC management, esp. with focus on inventories

Modern system landscape
- IT harmonization
- Improved transparency
- Process improvement

Prioritisation
- Focus on growth with accretive margin
- Holistic project portfolio mgmt.
- Customer focused innovation

Programme currently under set-up, start early 2019 – more details will follow upon release of Q4 results
Slowdown of organic sales growth puts margins under pressure
Group sales and EBIT Q3 & 9M 2018

› Slowdown in organic top-line growth (y/y):
  Q1: 13.5%; Q2: 8.8% ; Q3: 0.7%
› Organic growth in Q3 2018 shows mixed picture at divisional level, WSD more impacted

› Q3 EBIT burdened by increasing level of ramp preparation costs and increase in raw materials
› EBIT contribution from at equity-accounted JVs was lower y/y due to a weaker Chinese market

* Insurance compensation (EUR5m) related to the fraud case and proceeds associated with the sale of Business Group Electrical Appliance Assemblies (EUR24m)
Unsatisfactory free cash flow development Q3 2018

Group free cash flow burdened by revenue slow down and inventory development

- Negative impact from payables related to weakening business development and decrease in reverse factoring
- Targeted inventory reduction not sufficiently achieved to compensate payable decrease

* Includes change in provisions, other assets, interests paid & received, income tax payments, dividends received and non-cash effective results of associated companies
Slowdown in organic sales growth while ramp preparation costs rise

Wiring Systems Division’s sales and EBIT Q3 & 9M 2018

› Organic Q3 2018 sales decrease of 1.4% y/y, compared to an increase of 11.6% y/y in H1 2018, due mainly to ramp-down of large project and weak market development in Europe and China

› Q3 order intake of EUR0.9bn (thereof: 2/3 electromobility-related) - order backlog at 30 September: EUR21.3bn

› Increased ramp preparation costs in Q3 2018 to prepare for project launches in 2019

› Lower at equity result in Q3 2018 due to weaker Chinese market
Expansion of WSD’s global production network to enable future growth

Preparation on track to support new project launches

Workforce numbers at full plant utilisation
Solid Q3 2018 impacted by increased raw materials and product mix
Wire & Cable Solutions Division’s sales and EBIT Q3 & 9M 2018

› Sales growth in Q3 2018 driven by sound organic growth of more than 4% y/y
› In 9M 2018, sound organic top-line growth compensates for changes in the consolidation base, i.e. previous year’s sale of Business Group Electrical Appliance Assemblies

Profit development in Q3 2018 impacted by increased raw material prices, especially oil derivatives, and unfavourable product mix in the industry business

* Proceeds associated with the sale of Business Group Electrical Appliance Assemblies (EUR24m)
### Updated guidance confirmed

**FY 2018 guidance**

<table>
<thead>
<tr>
<th>Previous guidance</th>
<th>Updated guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales: ≥ EUR5.1bn (before: ≥ EUR5bn)</td>
<td>Sales: ~EUR 5bn</td>
</tr>
<tr>
<td>EBIT: EUR215 – 235m</td>
<td>EBIT: ~EUR 196m, i.e. previous year’s level adjusted for one-offs</td>
</tr>
<tr>
<td>CAPEX: 5% of sales*</td>
<td>CAPEX: 5% of sales*</td>
</tr>
<tr>
<td>Positive free cash flow**</td>
<td>Negative free cash flow** of up to EUR-150m</td>
</tr>
</tbody>
</table>

---

* Excluding investment in the “Factory of the Future”  ** before dividend distribution
Outlook
Delivering on Q4 while preparing for the future

› Market environment will continue to be challenging
› Intense focus to deliver on updated guidance
› Large-scale roll-out of the performance improvement programme from early 2019 onwards

› VALUE 21’s performance improvement details will be shared during Q4 2018 communication
› VALUE 21’s strategy update will be given at LEONI’s first capital markets day in spring 2019
Contact & upcoming events
Investor Relations

<table>
<thead>
<tr>
<th>Frank Steinhart</th>
<th>Jens von Seckendorff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phone: +49 911 2023-203</td>
<td>Phone: +49 911 2023-134</td>
</tr>
<tr>
<td>Fax: +49 911 2023-10203</td>
<td>Fax: +49 911 2023-10134</td>
</tr>
<tr>
<td>E-Mail: <a href="mailto:invest@leoni.com">invest@leoni.com</a></td>
<td>E-Mail: <a href="mailto:invest@leoni.com">invest@leoni.com</a></td>
</tr>
</tbody>
</table>

**Roadshows**
London, November 2018

**Investor conferences**
- Berenberg European Conference
  London, December 2018
- Commerzbank German Investment Seminar
  New York, January 2019
- UniCredit/Kepler Cheuvreux German Corporate Conference
  Frankfurt/Main, January 2019
This presentation includes forward-looking statements that are subject to risks and uncertainties, including those pertaining to the anticipated benefits to be realised from the proposals described herein. This presentation contains a number of forward-looking statements including, in particular, statements about future events, future financial performance, plans, strategies, expectations, prospects, competitive environment, regulation and supply and demand. LEONI has based these forward-looking statements on its views with respect to future events and financial performance. Actual financial performance of the entities described herein could differ materially from that projected in the forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections, and financial performance may be better or worse than anticipated. Given these uncertainties, readers should not put undue reliance on any forward-looking statements.

Forward-looking statements represent estimates and assumptions only as of the date that they were made. The information contained in this presentation is subject to change without notice and LEONI does not undertake any duty to update the forward-looking statements, and the estimates and assumptions associated with them, except to the extent required by applicable laws and regulations.