Interim report
2nd quarter and 1st half 2018

The Quality Connection

LEONI

Content

LEONI – The Quality Connection.
LEONI is a global provider of products, solutions and services for energy and data management in the automotive sector and other industries. The group of companies market-listed in the German MDAX index employs about 88,000 people at more than 90 locations. LEONI's largest customer group comprises the global car, commercial vehicle and component supply industry. The Company furthermore supplies products and services to these markets: data communication & connectivity, healthcare, process industry, transport, energy & infrastructure, factory automation, machinery & sensor technology as well as maritime engineering. LEONI pursues the aim of becoming a leading provider of intelligent systems for the megatrends of energy transmission and data management. To achieve this, the product range will in the future also include intelligent cables, cable systems and components.

Cover image: LEONI presented its LEONiQ intelligent cable technology to a broad specialised public for the first time in the second quarter of 2018. It makes energy and data streams more efficient, secure and available.

Highlights 1st half 2018

- Consolidated sales rise by 7 percent to € 1.3 billion in the second quarter – six-month sales hit new high of € 2.7 billion
- Quarterly EBIT amounts to € 62 million and to € 125 million after six months
- Expansion of wiring systems production capacity begun with plant opening in Serbia
- Development cooperation with PARC for LEONiQ intelligent cable technology
- Sales forecast for fiscal 2018 raised to at least € 5.1 billion

Group key figures

	2nd quarter			1st half		
€ million	2018	2017[2]	Change	2018	2017[2]	Change
Sales	**1,326**	1,242	6.8 %	**2,654**	2,464	7.7 %
Earnings before interest, taxes and depreciation/amortisation (EBITDA)	**100**	125	(19.4) %	**201**	218	(7.7) %
Earnings before interest and taxes (EBIT)	**62**	87	(28.3) %	**125**	142	(12.2) %
Adjusted earnings before interest and taxes (adjusted EBIT)[1]	**64**	65	(2.0) %	**128**	120	7.1 %
Consolidated net income	**41**	61	(33.3) %	**84**	98	(13.7) %
Earnings per share (€)	**1.29**	1.88	(31.4) %	**2.63**	2.99	(12.0) %
Free cash flow	**(29)**	44	(>100.0) %	**(140)**	(27)	(>100.0) %
Capital expenditure	**70**	69	0.6 %	**127**	116	9.3 %
Equity ratio (%)	**32.2**	32.4	—	**32.2**	32.4	—
Employees as at 30/06/ (number)	**87,666**	81,581	7.5 %	**87,666**	81,581	7.5 %

[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 as well as the insurance compensation related to the fraud case

[2] Previous year's figure adjusted (excepting investments and number of employees); see note 1 to the condensed interim consolidated financial statements

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

		2nd quarter		1st half	
		2018	**2017 [2]**	**2018**	**2017 [2]**
Net result	*€/share*	1.29	1.88	2.63	2.99
Equity	*€/share*	33.55	31.02	33.55	31.02
High [1]	*€/share*	57.30	55.20	65.54	55.20
Low [1]	*€/share*	42.53	45.08	42.53	34.95
Closing price [1] at end of quarter	*€/share*	43.50	45.08	43.50	45.08
Average daily trading volume	*no. of shares*	185,046	260,767	189,691	261,404
Market capitalisation at end of quarter	*€ million*	1,421.1	1,472.7	1,421.1	1,472.7

[1] XETRA closing prices of the day
[2] Previous year's figure adjusted; see note 1 to the condensed interim consolidated financial statements

Markets disappoint in the first half of 2018

After a strong start, disenchantment spread on equity markets worldwide in the first six months of 2018. Many indices still hit record highs at the end of January, but thereafter some dropped significantly as the year progressed. Initially, concern about inflation and higher key rates in the United States held the markets back, followed by the US sanctions against Russia and Iran as well as the fear of a trade war. The markets in the US and Europe recovered somewhat in the second quarter, before once again going downhill at the end of June because of increasing trade disputes. In Europe, the sluggish economy and political crises in various countries furthermore dampened investors' buying mood. Overall, both the American Dow Jones index and the Euro STOXX 50 waned slightly in the first half of 2018. Germany's leading index, the DAX, shed about 5 percent in value during the same period. The MDAX did slightly better with a dip of about 1 percent.

In addition to looming punitive duties, German automotive shares also suffered from the emissions scandal, taking the DAX Automobile index down by 13.5 percent during the half-year reporting period. The automotive component suppliers recorded a loss in value of nearly 13 percent.

LEONI share likewise dipped significantly

The LEONI share also made a good start into the current year and by 29 January rose to its 2018 high to date of € 65.54. The price dropped significantly thereafter and hovered around values of between € 50 and 60. In June, the heavy pressure on German automotive and supplier shares also led to a further decline in the price of LEONI's share. Our share marked its 2018 low to date of € 42.53 on 28 June; it closed the end of the month at a price of € 43.50, which equated to a decline of approximately 30 percent versus the yearend.

The market capitalisation of the roughly 32.7 million LEONI shares dropped from about € 2,038 million (31/12/2017) to € 1,421 million (30/6/2018) in the first six months of 2018.

Trading in LEONI shares

An average of 189,691 LEONI shares changed hands per trading day in the period from January to June 2018, down from 261,404 in the same period of 2017. In total, 23.7 million LEONI shares thus changed owners in the first half (previous year: 32.9 million shares).

Favourable ratings by investment specialists

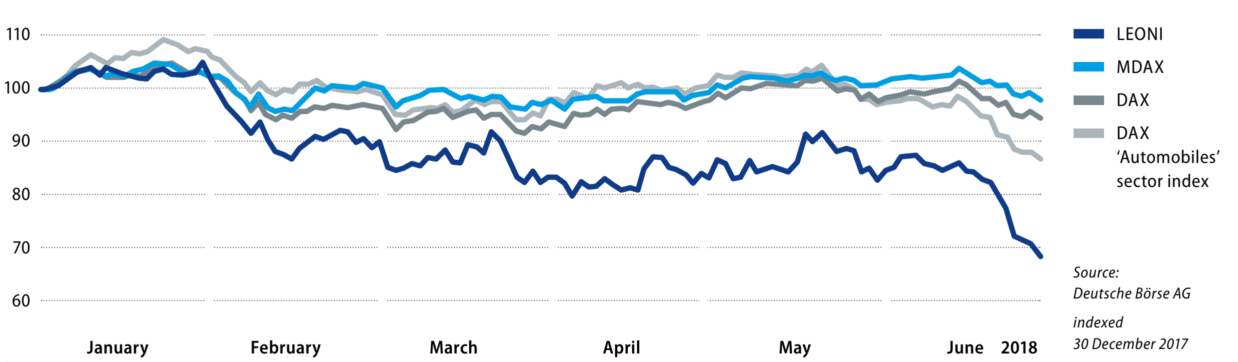
Most of the research firms that monitor the Company on a regular basis recommend the LEONI share as an investment. Nine of the currently 17 studies (as of July 2018) issued by banks and financial institutions rate our share as a buy. Seven others recommend holding; only one analysis gives a sell rating.

LEONI shares widely held

There was no significant change in the breakdown of LEONI shareholders in the first half of 2018. All the 32,669,000 shares continue to be in free float, with about two thirds held by institutional investors and the other third owned by private investors. The greatest regional concentration continues to be in Germany where about 60 percent of our shares are held. The remainder is evenly distributed across other European countries, especially the United Kingdom, as well as the United States. According to the voting rights announcements received in the first half pursuant to Section 21 (1) of the German Securities Trading Act (WpHG), the following investors had holdings subject to mandatory notification on 30 June 2018: State of Norway and Schroders Group (United Kingdom) each more than 3 percent as well as Union Investment Privatfonds GmbH (Germany) more than 5 percent.

All voting rights announcements received during the period under report, as well as later and earlier ones, are accessible on our website (www.leoni.com/en/Investor-Relations/Voting-rights-announcements).

1st half 2018 performance



Half-year financial report

Interim group management report

Business and underlying conditions

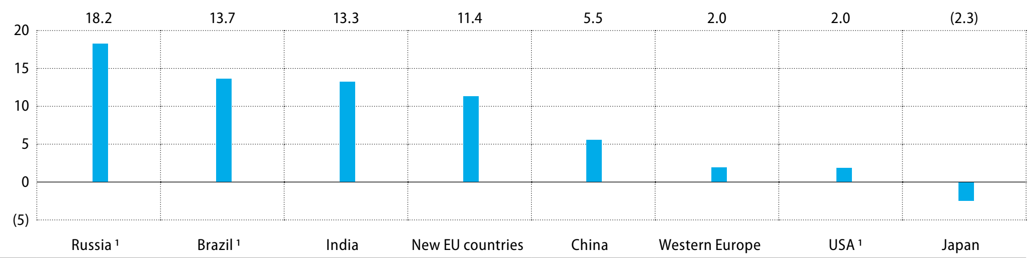
Macroeconomic setting

After an upbeat start, the pace of the global economy's growth has slowed somewhat so far in 2018, albeit with regional differences: whereas the US economy performed well on the basis of a pro-cyclical fiscal and trade policy, growth euphoria in Europe waned a little. The factor responsible alongside weaker economic data and the euro's appreciation was above all the looming trade dispute with the United States. The latter also affected China's economic growth, which was additionally curbed by the high debt and a cooling trend on the real estate market.

Business by sector

Despite the increasingly uncertain macroeconomic sentiment, unabatedly heavy demand prevailed on the international **automotive markets** in the first half of 2018. The German Association of the Automotive Industry (VDA) says that more vehicles were sold in each of the world's three most significant regions than in the same period of the previous year: the USA recorded a 2 percent increase in new registrations, China 6 percent and Europe 3 percent. Sales in Germany were up by 4 percent. Brazil, India and Russia even reported double-digit rates of increase.

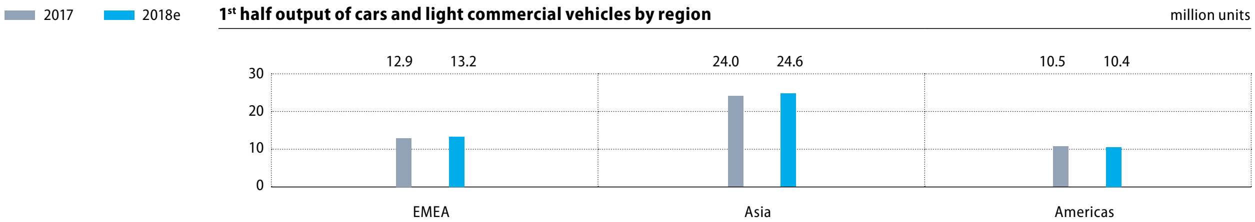
Trend of car sales in the key countries January to June 2018 / 2017 in %



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

According to estimates of the IHS Automotive global market research institute, production of cars and light commercial vehicles increased by almost 2 percent to about 48 million units in the first half of 2018. More vehicles rolled off the production lines mainly in Asia and the EMEA area, while the volume in the Americas decreased slightly.

1st half output of cars and light commercial vehicles by region million units



Source: IHS Automotive

The **commercial vehicle markets** have likewise performed well so far this year. According to the VDA, sales of heavy trucks in Europe were up by 1 percent between January and May 2018; by 12 percent in China and 18 percent in the United States. Sales in Brazil jumped by more than half in the first five months and following years of decline.

Many of the other **industrial sectors** of importance to LEONI also expanded so far in 2018: Both the German electrical engineering and electronics industry as well as the machinery and plant engineering sector took in more orders in the first five months than in the corresponding pre-year period, according to their respective associations.

Overview of the LEONI Group's business performance

Underpinned by strong business in its sector, LEONI maintained its good performance in the second quarter of 2018 and raised its **consolidated sales** by about 7 percent year on year to € 1.3 billion. The sustained heavy demand from the global motor vehicle industry for our wiring systems, cable harnesses and special cables more than offset the absence of our domestic and electrical appliance cables business, which was sold in May 2017. The volume of our business increased by nearly 8 percent to € 2.7 billion in the first six months of 2018, which was a new half-year high. Overall, consolidated sales were thus up slightly on what we expected.

The LEONI Group's **earnings before interest and taxes** (EBIT) amounted to € 62 million in the second quarter of 2018. The previous year's high figure of € 87 million included € 25 million due to having deconsolidated Business Group Electrical Appliance Assemblies. EBIT came to € 125 million in the first half of 2018 (previous year: € 142 million). Adjusted EBIT amounted to € 128 million (previous year: € 120 million), equating to an adjusted EBIT margin of 4.8 percent (previous year: 4.9 percent).

The LEONI Group's strategy, business activity and its product range as well as principal markets are comprehensively presented in the Annual Report 2017 and have not materially changed in the period under report. The current report can be read on and downloaded from LEONI's website under the heading Investor Relations / Financial publications.

» **Annual Report 2017 page 41 et seq.**

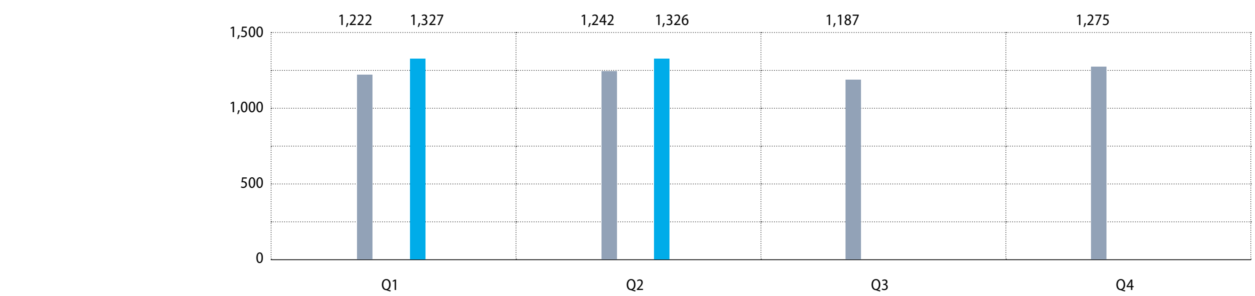
» **www.leoni.com**

Group sales and earnings

Consolidated sales rise by 7 percent to € 1.3 billion in the second quarter – six-month sales hit new high of € 2.7 billion

LEONI's consolidated sales rose by about 7 percent year on year to € 1,326 million in the second quarter of 2018. The demand for both our wiring systems and cable harnesses as well as for automotive cables, select special cables and cable systems for industry remained high. We therefore generated significant organic growth in both of our business divisions. In addition, change in the price of copper had a marginally beneficial effect. On the other hand, foreign exchange effects, involving especially the US dollar and the Chinese renminbi, as well as the absence of sales from the domestic and electrical appliance cables business sold in May 2017 had a negative impact.

Consolidated sales € million



Group sales performance

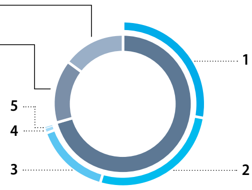
	2nd quarter		1st half	
	€ million	in %	€ million	in %
2017 sales[1]	**1,242**		**2,464**	
Organic growth	109	8.8	274	11.1
Effects of changes in the scope of consolidation	(12)	(1.0)	(47)	(1.9)
Currency effects	(33)	(2.6)	(80)	(3.3)
Copper price effects	20	1.6	43	1.8
2018 sales	**1,326**	6.8	**2,654**	7.7

[1] Previous year's figure adjusted; see note 1 to the condensed interim consolidated financial statements

Business volume was up by nearly 8 percent to € 2,654 million in the first half of 2018 and thus to a new six-month high. Broken down by region, consolidated sales rose by 8 percent to € 1,875 million in the EMEA area; by more than 6 percent to € 384 million in Asia and by nearly 6 percent to € 395 million in the Americas.

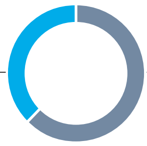
1st half consolidated sales by region in %

	2018	2017
Asia	**14.5**	14.6
Americas	**14.9**	15.2
EMEA total	**70.6**	70.2
1 Germany	**27.8**	28.5
2 Remaining Europe	**26.9**	27.2
3 Eastern Europe	**14.8**	13.2
4 Africa	**0.9**	0.8
5 Rest of EMEA	**0.2**	0.5



1st half consolidated sales by division in %

	2018	2017
Wire & Cable Solutions	**37.1**	38.0
Wiring Systems	**62.9**	62.0



EBIT amounts to € 62 million for the quarter and to € 125 million after six months
The LEONI Group's cost of sales increased by about 7 percent to € 1,090 million in the period from April to June 2018. Gross profit on sales rose from € 226 million to € 236 million, equating to a **gross margin** of 17.8 percent (previous year: 18.2 percent). **Selling and administrative expenses** rose by approximately 9 percent to € 143 million. **Spending on research and development** rose by around 13 percent to € 36 million in the second quarter. Alongside extensive preparatory work on new customer projects, this also reflected stepped-up activity involving digitalization and transformation towards becoming a provider of energy and data management solutions.

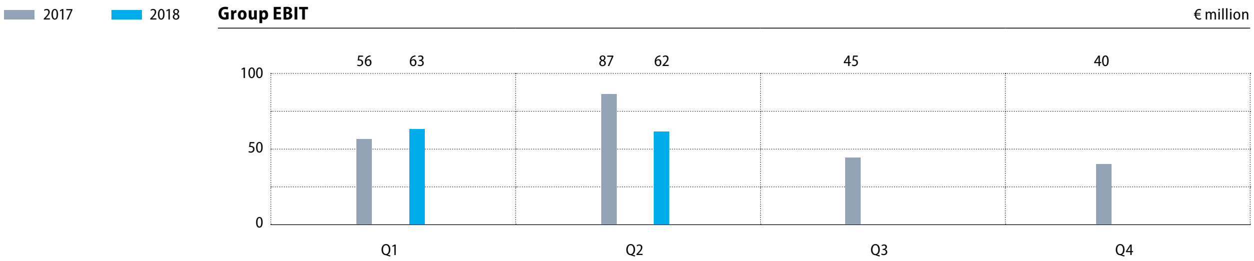
Other operating income was down from € 27 million to € 2 million quarter on quarter. The previous year's figure included the € 25 million positive deconsolidation effect of having sold Business Group Electrical Appliance Assemblies. **Other operating expenses** were down from € 7 million to € 5 million due primarily to reduced exchange losses. **Income from associated companies and joint ventures** rose from € 5 million to € 7 million due to the good performance of our joint venture in Langfang, China.

Earnings before interest and taxes totalled € 62 million in the second quarter (previous year: € 87 million). Adjusted for exceptional items, the Company generated EBIT of € 64 million (previous year: € 65 million). Application of IFRS 15 reduced earnings by € 2 million in the reporting period, whereas the previous year's correspondingly adjusted figure included a positive effect of € 3 million from the earlier revenue recognition.

As interest expenses were down due to reduced exchange losses, among other reasons, there was a year-on-year improvement in the financial result from negative € 8 million to negative € 6 million. **Earnings before taxes** thus came to € 56 million for the period from April to June 2018 (previous year: € 79 million).

Income taxes amounted to € 16 million in the reporting period, down from € 18 million in the comparative quarter, which equates to a tax rate of 27.7 percent (previous year: 22.5 percent). The tax-exempt sale of the domestic and electrical appliance business was the principal factor benefiting the tax rate in the previous year. After taxes, the Company reported **consolidated net income** of € 41 million (previous year: € 61 million), which corresponded to **earnings per share** of € 1.29 (previous year: € 1.88).

Group EBIT € million



Adjusted Group EBIT[1]

€ million	2nd quarter 2018	2nd quarter 2017[2]	1st half 2018	1st half 2017[2]
EBIT	**62**	**87**	**125**	**142**
EBIT margin (%)	4.7	7.0	4.7	5.8
Effect of purchase price allocation (PPA)	2	3	3	7
Insurance compensation	0	0	0	(5)
Effect of deconsolidation	0	(25)	0	(25)
Adjusted EBIT	**64**	**65**	**128**	**120**
Adjusted EBIT margin (%)	4.8	5.2	4.8	4.9

[1] Earnings adjusted for the impact of revaluation as part of allocating the prices of the major acquisitions, restructuring, capital gains on the disposal of businesses and income from business combinations including related derivatives as well as the icharges due to the fraud case
[2] Previous year's figure adjusted; see note 1 to the condensed interim consolidated financial statements

EBIT for the f**irst half of 2018** totalled € 125 million. The previous year's like-for-like figure of € 142 million included, in addition to the deconsolidation gain from the sale of Business Group Electrical Appliance Assemblies, a further non-recurring benefit of € 5 million involving the compensation payout from an insurance policy. The figure for the first six months included € 2 million (previous year: € 6 million) due to brought-forward revenue recognition as a result of applying IFRS 15. Adjusted EBIT rose by approximately 7 percent to € 128 million (previous year: € 120 million), equating to an EBIT margin of 4.8 percent (previous year: 4.9 percent). Six-month net income amounted to € 84 million (previous year: € 98 million).

Summarised impact of IFRS 15

LEONI has applied the new IFRS 15 requirements for the first time in fiscal 2018 and has opted to use the fully retrospective method. We refer to the explanations in the notes to this interim report for detailed description of the effects of adoption.

Effects on income stem principally from revenue recognition over time involving customer-specific products due to earlier recognition of sales and income.

The table below provides an overview of the effects in the relevant reporting periods:

€ million	2nd quarter			1st half		
	2018	2017	Change	2018	2017	Change
Sales	**(10)**	6	(17)	**10**	23	(12)
EBIT	**(2)**	3	(4)	**3**	6	(3)

Financial situation

Group financing realigned by syndicated loan

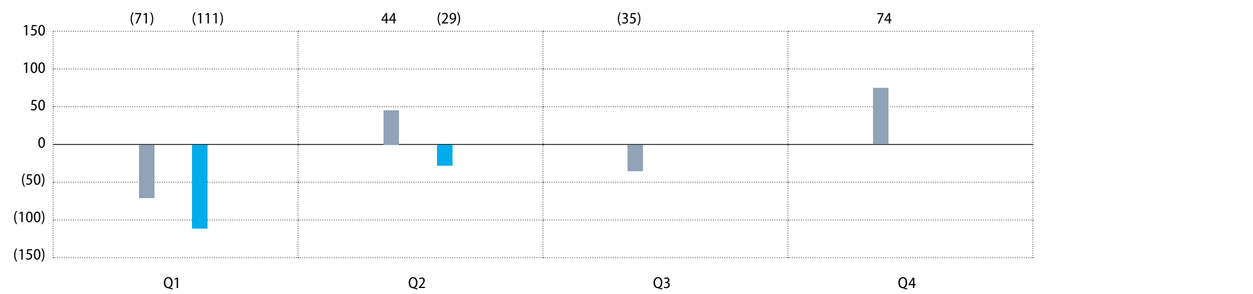
To broaden our financial scope for future growth, we agreed a credit line amounting to € 750 million and a term of at least five years with a syndicate of eight well-known banks in June 2018. We thereby replaced bilateral credit lines and secured very favourable financing terms for the long term.

Free cash flow of negative € 140 million at half-year mark

The LEONI Group's cash flow from operating activities came to negative € 2 million in the first half of 2018, as opposed to positive € 56 million in the same period of the previous year. This decrease was due above all to the increase in working capital because of business expansion. The Company used cash for investment of € 138 million during the reporting period (previous year: € 84 million). The previous year's figure included the substantial proceeds from the sale of Business Group Electrical Appliance Assemblies. This worked out to negative free cash flow of € 140 million in the first half of 2018 (previous year: negative € 27 million). Cash used for financing activity amounted to € 71 million (previous year: € 9 million). In the first half of 2018, the increased dividend payout totalling € 46 million (previous year: € 16 million) offset the larger cash receipts from borrowings and use of existing credit lines. In total and considering exchange rate-related changes, cash and cash equivalents decreased period on period from € 194 million to € 117 million.

» Investment for future growth

Free cash flow € million



Consolidated statement of cash flows *(abridged version)* **/ Calculation of free cash flow**

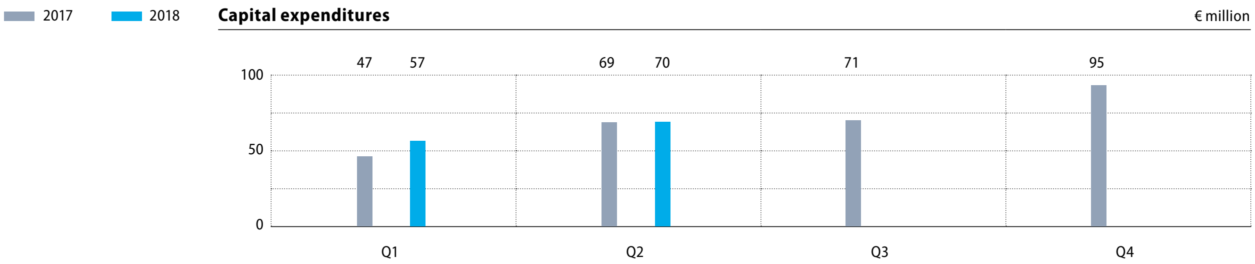
	2nd quarter		1st half	
€ million	**2018**	**2017 [1]**	**2018**	**2017 [1]**
Cash flows from operating activities	37	68	(2)	56
Cash flows from capital investment activities	(66)	(24)	(138)	(84)
Free cash flow	**(29)**	**44**	**(140)**	**(27)**
Cash flows from financing activities	52	(22)	71	9
Change of cash and cash equivalents	22	21	(69)	(19)
Cash and cash equivalents at end of period	**117**	**194**	**117**	**194**

[1] *Previous year's figure adjusted; see note 1 to the condensed interim consolidated financial statements*

Investment for future growth

Group-wide, LEONI invested € 70 million in property plant and equipment as well as intangible assets in the second quarter of 2018 (previous year: € 69 million). In the Wiring Systems Division, investment amounted to € 41 million (previous year: € 42 million) and involved primarily expansion of facilities as well as setting up new plants in Mexico, North Africa and Eastern Europe. The Wire & Cable Solutions Division invested € 25 million (previous year: € 25 million), principally on expanding its capacity for special automotive cables in Eastern Europe and the Americas as well as on its Factory of the Future in Roth.

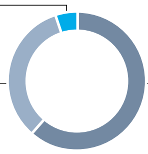
Capital expenditures € million



Group-wide, spending on property, plant and equipment as well as intangible assets was up from € 116 million to € 127 million in the first half of 2018, of which the Wiring Systems Division accounted for € 78 million (previous year: € 73 million) and the Wire & Cable Solutions Division for € 43 million (previous year: € 38 million).

1st half capital expenditures by segment in %

	2018	2017
LEONI AG	**4.9**	4.2
Wire & Cable Solutions	**33.7**	33.1
Wiring Systems	**61.4**	62.7



Asset situation

32.2 percent equity

LEONI's consolidated balance sheet was enlarged by just over 8 percent versus the end of 2017 to € 3,408 million as at 30 June 2018. Due to the expansion of business, there were increases especially in inventories of about 11 percent € 662 million and trade receivables by approximately 14 percent to € 696 million. There was furthermore growth in other assets mainly because of greater value added tax receivables from € 125 million to € 174 million. Overall, **current assets** rose by nearly 8 percent to € 1,794 million. **Non-current assets** increased by a total of around 9 percent to € 1,614 million. Among other factors, this reflected the more than 4 percent increase in property, plant and equipment to € 1,099 million as a consequence of our dynamic investing. There was also a substantial rise from € 61 million to € 131 million in other assets, which was due to the larger amount of payments to customers recognised as assets in accordance with IFRS 15. Thanks to the good performance of our joint venture in Langfang, China, shares in associates and joint ventures furthermore increased from € 34 million to € 48 million.

The Company used existing credit lines and took on short-term loans to finance sales growth. For this reason and because of changed maturities, there was a period-on-period increase in current liabilities and the short-term proportion of long-term loans from € 254 million to € 403 million. The expansion of business also led to a rise in trade liabilities of approximately 4 percent to € 947 million. There was furthermore an increase in other financial liabilities from € 65 million to € 92 million because of payment obligations entered into. Overall, **current liabilities** increased by around 15 percent to € 1,691 million. On the other hand, **non-current liabilities** were down by nearly 1 percent to € 621 million due mainly to the approximately 7 percent reduction in non-current financial liabilities to € 313 million. There was furthermore a decrease in pension provisions from € 171 million to € 153 million because they had to be remeasured as a consequence of the changed level of market interest rates.

Equity rose by about 5 percent to € 1,096 million thanks mainly to the good result. This equated to an equity ratio of 32.2 percent (31 December 2017: 33.1 percent). Net financial liabilities were up to € 599 million at the mid-year mark (31 December 2017: € 406 million). Gearing (net financial liabilities in relation to equity) increased from 39 percent at the end of 2017 to 55 percent on 30 June 2018.

Asset and capital breakdown

€ million	30/06/2018	31/12/2017[1]
Current assets	1,794	1,668
Non-current assets	1,614	1,477
Total assets	**3,408**	**3,145**
Current liabilities	1,691	1,477
Non-current liabilities	621	626
Equity	1,096	1,042
Total equity and liabilities	**3,408**	**3,145**

[1] *Previous year's figure adjusted; see note 1 to the condensed interim consolidated financial statements*

Calculation of net financial liabilities

€ million	30/06/2018	31/12/2017
Cash and cash equivalents	117	185
Current financial liabilities	(403)	(254)
Non-current financial liabilities	(313)	(337)
Net financial liabilities	(599)	(406)

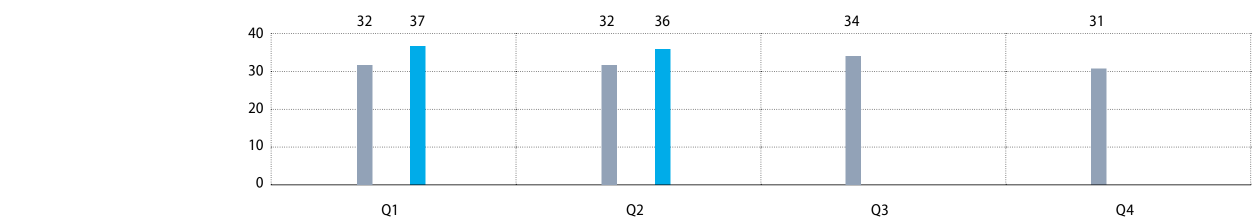
Research & Development

Group-wide, we spent € 36 million on research and development in the second quarter; approximately 13 percent more than in the same period of 2017. The focus remained on customer-specific development projects. Both divisions also worked hard on our digitalization and transformation towards becoming a provider of energy and data management solutions. We are also conducting talks with potential strategic partners to drive our realignment forward and to tap the skills and know-how this requires.

In the Wiring Systems Division, whose R&D projects are aligned with the key areas of Connected Mobility, Autonomous Mobility, Revolutionising Productivity, Electrified Mobility as well as Solutions & Services in keeping with its innovation strategy, the focus during the period under report continued to be on autonomous driving. The functional safety of relevant components, which will include the cable harness in the future, stands in the foreground in this respect. Our R&D work concentrated on analysing the impact on the cable harness and devising concepts for being able to provide customers with a corresponding product and associated services that meet their requirements.

The Wire & Cable Solutions Division made further progress with its LEONiQ intelligent cable technology. It makes energy and data flows more efficient, secure and available because it can record and evaluate such differing parameters as temperature and mechanical stress along any given cable system. LEONiQ was presented to a wide variety of tradespeople for the first time in the second quarter and met with great interest: for example, at the Hanover Trade Fair, we showcased this innovative solution together with our partner company Microsoft as well as at the Computex Taipei, the largest IT trade fair in Asia.

R&D expense € million

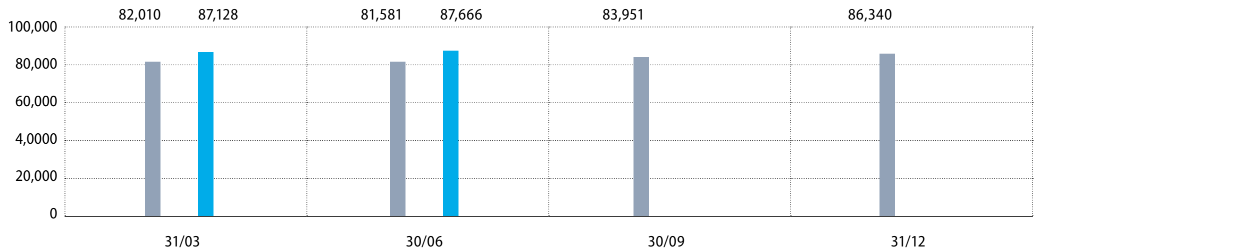


Employees

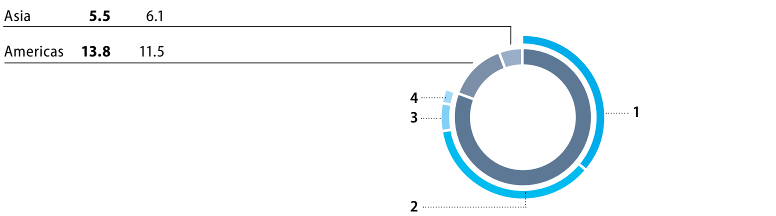
At the mid-year mark in 2018, LEONI employed 87,666 people worldwide, i.e. 6,085 more than at the same time last year. The workforce grew by 1,326 staff since the end of 2017. The vast majority of permanent LEONI employees, namely 94.4 percent (previous year: 94.6 percent), worked outside Germany. In addition, there were 4,571 temporary staff (previous year: 4,418), most of whom worked for us in China and Eastern Europe.

In the Wiring System Division, the number of employees increased by 5,302 year on year to 78,610 people and by 701 staff as opposed to 31 December 2017. The division recruited new staff above all in connection with setting up and expanding facilities in Mexico and North Africa. The workforce of the Wire & Cable Solutions Division increased by 607 people from the turn of the year and by 755 to 8,725 employees compared with one year earlier. In the first half of 2018, we recruited new employees especially for production of automotive cables in China as well as for special cables assembly in Slovakia.

Employees



Employees by region in %



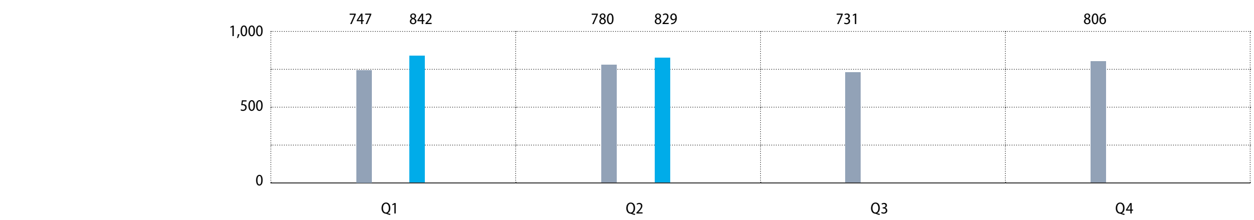
as of 30 June	2018	2017
EMEA total	**80,7**	82,4
1 Africa	**36.3**	34.8
2 Eastern Europe	**36.1**	39.6
3 Germany	**5.6**	5.5
4 Remaining EMEA	**2.7**	2.5

Wiring Systems Division

Quarterly sales up 6 percent to € 829 million

The Wiring Systems Division boosted its sales by around 6 percent year on year to € 829 million in the second quarter of 2018 and by more than 9 percent to € 1,670 million in the first half of 2018. Its business with the European carmakers as well as with the international commercial vehicle industry performed especially well. Adverse currency effects curtailed the strong organic growth. In regional terms, we increased our shipments particularly to Asia, but also generated gains in the EMEA area and in the Americas.

Wiring Systems external sales € million



Wiring Systems sales performance

	2nd quarter		1st half	
	€ million	in %	€ million	in %
2017 sales [1]	**780**		**1,527**	
Organic growth	63	8.1	177	11.6
Currency effects	(18)	(2.3)	(42)	(2.8)
Copper price effects	3	0.4	8	0.6
2018 sales	**829**	6.2	**1,670**	9.4

[1] *Previous year's figure adjusted; see note 1 to the condensed interim consolidated financial statements*

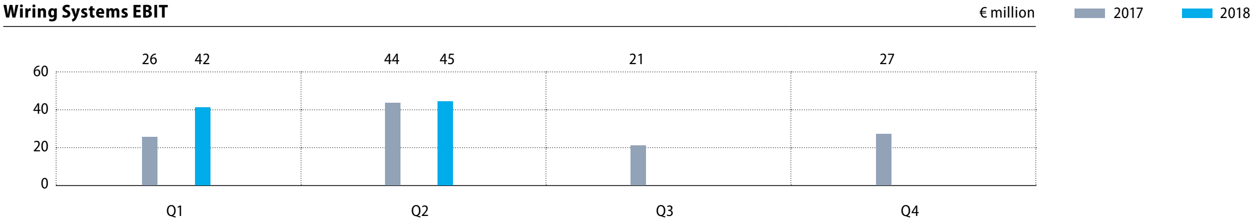
New projects for the car and commercial vehicle industry

We started production for various new projects in the second quarter, some of which already made initial contributions to sales. Among other work, we began making cable harnesses and wiring systems in China and the Americas for a new vehicle model of a US customer. We also started to supply a European premium carmaker with cable harnesses for their e-mobility platform.

More sales and raised performance boost earnings

The Wiring Systems Division's EBIT increased from € 44 million to € 45 million in the period from April to June 2018. The additional profit contributions from the sales growth and ongoing improvement of our operating performance were offset by initial pre-production spending on extensive new customer projects. Application of IFRS 15 reduced earnings by € 2 million in the reporting period, whereas the previous year's correspondingly adjusted figure included a positive effect of € 3 million from the earlier revenue recognition.

Wiring Systems EBIT



Adjusted Wiring Systems EBIT [1]

	2nd quarter		1st half	
€ million	2018	2017[2]	2018	2017[2]
EBIT	**45**	**44**	**87**	**70**
EBIT margin (%)	5.4	5.6	5.2	4.6
Effect of purchase price allocation (PPA)	1	3	3	6
Adjusted EBIT	**46**	**47**	**89**	**77**
Adjusted EBIT margin (%)	5.6	6.0	5.3	5.0

[1] *Earnings adjusted for the impact of revaluation as part of allocating the prices of the major acquisitions, restructuring, capital gains on the disposal of businesses and income from business combinations including related derivatives*
[2] *Previous year's figure adjusted; see note 1 to the condensed interim consolidated financial statements*

In total over the first half of 2018, the division's EBIT rose from € 70 million to € 87 million. This included € 2 million (previous year: € 6 million) from earlier revenue recognition due to the application of IFRS 15.

Order backlog of € 21 billion

The Wiring Systems Division booked several new and follow-on contracts worth a total of approximately € 500 million in the second quarter of 2018 (previous year: € 2.5 billion). A European premium carmaker ordered wiring systems for a new upper mid-range vehicle model, which will be launched with both conventional and electric drive. There were likewise several new orders from the European commercial vehicle industry, including for engine cable harnesses for new truck models.

Order receipts in the first half of this year amounted to € 1.6 billion (previous year: € 2.9 billion), of which products for electrically powered vehicles (high-voltage and low-voltage parts) accounted for € 100 million. This performance was in line with the anticipated, cyclical trajectory. Further, extensive new orders are to be expected in the second half.

The division's order backlog covering the entire term of the projects stood at € 21.2 billion at the end of June 2018 (31 December 2017: € 21.6 billion), of which € 4.5 billion (31 December 2017: € 4.4 billion) covered high and low-voltage products for electrically powered vehicles.

New plants opened in Serbia and China

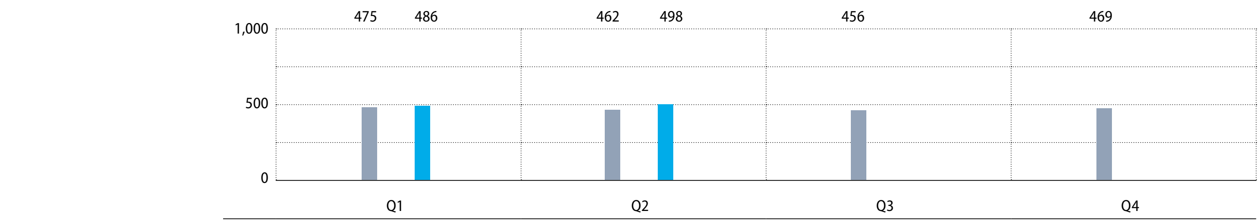
LEONI's third wiring systems plant in Serbia was officially opened in April 2018. The new production facility in Niš, southern Serbia, currently has about 1,200 employees making cable harnesses for the vehicles of a European premium carmaker on a space of 20,000 m². The workforce is to be enlarged to about 2,200 people by the end of 2019. Our joint venture in Langfang, China also commissioned a second wiring systems plant during the period under report. On a space of about 25,000 m², the plant will have up to 1,500 staff making wiring systems for a European-Chinese joint venture, thereby roughly doubling the capacity of this successful joint venture.

Wire & Cable Solutions Division

Sales up 8 percent in the second quarter

The Wire & Cable Solutions Division increased its sales by about 8 percent year on year to € 498 million in the period from April to June 2018. In the first half as a whole, the division generated a 5 percent gain to € 983 million. Both the automotive cables business and also various industrial segments increased considerably, meaning that the absence of sales due to the disposal completed in May 2017 of Business Group Electrical Appliance Assemblies was more than offset from the division's own resources. Currency translation had a negative effect on sales, while changes in the price of copper had a positive one. There was especially good demand for special cables for the automotive industry as well as for cables and solutions for factory automation. The infrastructure and healthcare businesses also performed well. By contrast, business involving cables for the solar and petrochemical industries continued to be well short of our expectations. In regional terms, the strongest gains in the second quarter were generated in the Americas, followed by the EMEA economic area and Asia.

Wire & Cable Solutions external sales € million



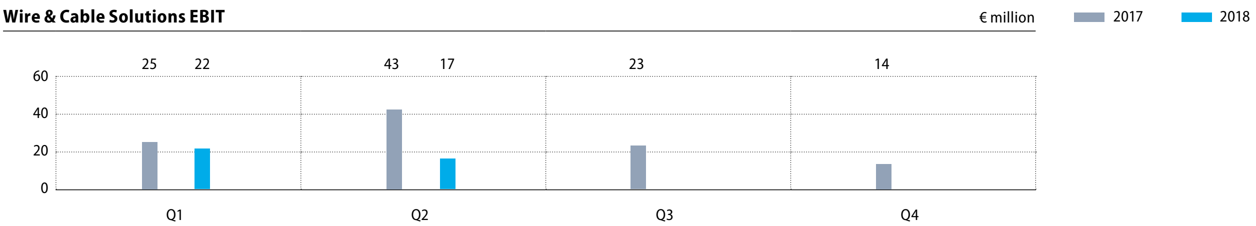
Wire & Cable Solutions sales performance

	2nd quarter		1st half	
	€ million	in %	€ million	in %
2017 sales	**462**		**937**	
Organic growth	46	9.9	97	10.3
Contribution of new subsidiaries	(12)	(2.6)	(47)	(5.0)
Currency effects	(15)	(3.2)	(38)	(4.0)
Copper price effects	17	3.7	35	3.7
2018 sales	**498**	7.8	**984**	5.0

Quarterly EBIT at € 17 million

The Wire & Cable Solutions Division's EBIT amounted to € 17 million in the second quarter of 2018. The previous year's high figure of € 43 million included a once-off deconsolidation gain of € 25 million due to having sold Business Group Electrical Appliance Assemblies. Moreover, weak business with the solar and petrochemical industries, ramp-up costs at the facility in India and increased raw material prices affected EBIT for the current reporting period. The division's EBIT amounted to € 38 million in the first six months of 2018 (previous year: € 68 million).

Wire & Cable Solutions EBIT



Adjusted Wire & Cable Solutions EBIT[1]

	2nd quarter		1st half	
€ million	2018	2017	2018	2017
EBIT	**17**	**43**	**38**	**68**
EBIT margin (%)	3.3	9.3	3.9	7.2
Effect of deconsolidation	0	(25)	0	(25)
Adjusted EBIT	**17**	**18**	**38**	**43**
Adjusted EBIT margin (%)	**3.4**	3.9	**3.9**	4.6

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

Order receipts up to € 487 million

The Wire & Cable Solutions Division’s order bookings increased by about 5 percent from April through June 2018 on the same quarter of the previous year to € 487 million, which works out to a slight decrease in the book-to-bill ratio to about 1. Among other work, Business Group Automotive Cable Solutions was commissioned to supply data cables for multimedia applications as well as charging leads for the electric vehicles of various manufacturers. Business Group Industrial Solutions booked important orders from the railway industry. On the one hand, they involve infrastructure cables for Swiss Federal Railways; secondly, we succeeded in entering the important US market with an order for special cables for regional trains.

Strategic collaboration with PARC

In June 2018, LEONI agreed a strategic collaboration with PARC, the research and development company based in Palo Alto, California. PARC, a Xerox Corporation company, has trail-blazing technologies in the areas of condition monitoring, system analysis, artificial intelligence and embedded sensor technology. With this collaboration, we will drive our digital transformation forward and enhance our innovative power in the areas of energy and data solutions. Initial, joint research work is concentrating on realising intelligent cable systems.

Topping-out of the Factory of the Future

With the topping-out ceremony upon shell construction of our Factory of the Future, we marked the next milestone on the way to completing our center of expertise in Roth, Germany. Among other products, we will be developing and making state-of-the-art data cables for autonomous driving here and developing solutions for even safer, more efficient and more reliable power distribution in electric vehicles. Once the main building is completed, the existing production in Roth will gradually be relocated to the new site from 2019.

Repositioning of the wire business

With renaming the Business Group Conductors & Copper Solutions into Wire Products & Solutions, we ushered in the strategic realignment of this rich-in-tradition business in the second quarter. The Business Group will in the future increasingly focus on electromobility in conjunction with high-voltage solutions and battery technology.

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.

Sustainability report

LEONI is committed to sustainable and responsible corporate governance aimed at meeting the requirements of all the stakeholders affected by our actions. Our latest Sustainability Report, which was released in July 2018, contains comprehensive information on this subject. It can be accessed on our website under the heading Company / Publications.

» www.leoni.com/en/company/publications/

Risk and opportunity report

The risk and opportunity situation for the LEONI Group has not materially changed since the end of 2017. 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 2017.

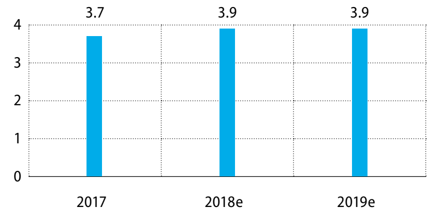
Forecast

Business and underlying conditions

The IMF (International Monetary Fund) projects that the **global economy** will grow by 3.9 percent in 2018. However, in its latest World Economic Outlook released in July, the IMF considers the risks to such growth to be significantly greater than as recently as in April. The introduction of punitive duties and the threat of further escalation of the trade disputes, geopolitical risks and mounting political uncertainty could put an additional brake on the increasingly uneven growth in the various countries.

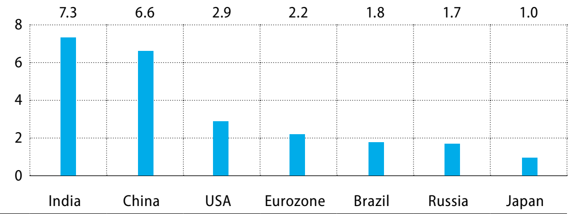
For the industrialised nations, the IMF estimates overall growth of 2.4 percent this year, with better prospects in the United States than in the eurozone and Japan. An increase of 4.9 percent is likely in the developing and emerging countries, accompanied by still high growth rates in India and China.

Global economic growth 2017 to 2019e %



Source: IWF

2018 economic growth in selected regions %

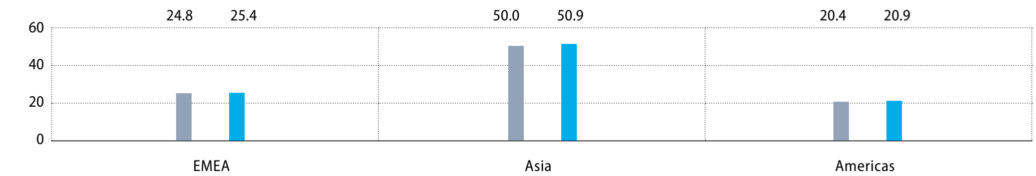


Source: IWF (estimate)

According to estimates of the IHS Automotive market research institute, the global **motor vehicle industry** should expand slightly in 2018. IHS projects that in excess of 2 percent more cars and light commercial vehicles will be manufactured worldwide than in 2017. This is likely to involve significantly more passenger cars, whereas output of light commercial vehicles will probably be down slightly. From today's perspective, the Americas will record the strongest growth rates, followed by the EMEA region and Asia. Substantially more vehicles with alternative drive technologies will come off the line in all regions, with projected worldwide growth of around 36 percent.

2017 2018e

Output of cars and light commercial vehicles by region million units

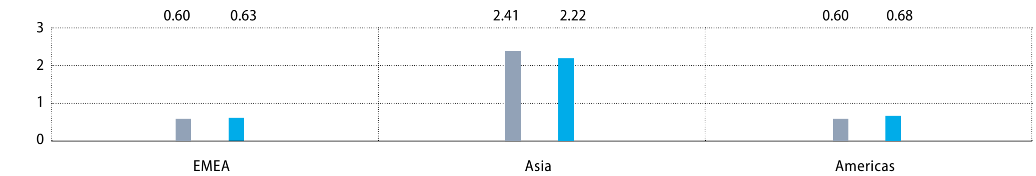


Source: IHS Automotive

For heavy **commercial vehicles**, IHS Automotive projects a decline in output of about 2 percent worldwide in 2018 resulting exclusively from a drop in Asia, which would follow the extremely dynamic performance in the previous year. By contrast, substantially more heavy commercial vehicles are expected to be produced in the EMEA region and in the Americas, in particular.

2017 2018e

Output of heavy commercial vehicles by region million units



Source: IHS Automotive

Many of the other **customer industries** of significance to LEONI look on the whole year with restrained confidence. Although the economic risks are mounting, the electrical engineering and electronics industry, the machinery and plant engineering sector as well as the IT sector all anticipate gains.

The LEONI Group's business performances

Based on the somewhat stronger-than-expected sales increase so far this year, which is due mainly to the higher copper price, we have raised our forecast of full-year sales slightly: from today's perspective, **consolidated sales** will rise to at least € 5.1 billion in 2018 (previous forecast: at least € 5.0 billion). The Wiring Systems Division will provide about € 3.2 billion (previous year: € 3.1 billion) of that total, with the Wire & Cable Solutions Division contributing around € 1.9 billion (previous year: € 1.9 billion). **Consolidated EBIT** is still estimated to range between € 215 and 235 million, with the earnings contribution in the second half expected to be lower than in the period from January to June due mainly to rising pre-production spending on new wiring system projects. The target implies an increase in operating profit versus the previous year when the figure included non-recurring income of approx. € 30 million.

Alongside measures to expand capacity, both divisions are planning to step up their work during the year on transformation towards becoming a provider of data and energy management solutions.

Our detailed forecast for 2018, which otherwise still applies unchanged, is included in our Annual Report 2017.

LEONI Group guidance

	Actual 2017 figures	Previous 2018 forecast	Updated 2018 forecast
Consolidated sales	4.9 € billion	at least 5.0 € billion	at least 5.1 € billion
EBIT	225 € million [1]	215 – 235 € million	215 – 235 € million
Capital expenditure	281 € million	5 % of sales [2]	5 % of sales [2]
Free cash flow	11 € million	positive	positive

[1] Considering the previous year's adjustment related to IFRS 15, the figure is € 227 million
[2] Excl. investment in the Factory of the Future

Condensed interim consolidated financial statements 30 June 2018

Consolidated income statement

	2nd quarter		1st half	
€ '000 (except information on shares)	2018	2017 [1]	2018	2017 [1]
Sales	1,326,444	1,242,312	2,653,808	2,464,072
Cost of sales	(1,090,331)	(1,016,364)	(2,191,722)	(2,030,168)
Gross profit on sales	**236,113**	**225,948**	**462,086**	**433,904**
Selling expenses	(69,451)	(62,955)	(134,256)	(125,303)
General and administration expenses	(73,451)	(68,611)	(142,150)	(133,932)
Research and development expenses	(36,110)	(31,991)	(73,100)	(63,894)
Other operating income	2,375	26,781	8,708	35,723
Other operating expenses	(4,827)	(7,227)	(9,794)	(13,434)
Result from associated companies and joint ventures	7,428	4,646	13,584	9,420
EBIT	**62,076**	**86,591**	**125,077**	**142,484**
Finance revenue	217	249	461	822
Finance costs	(5,818)	(7,905)	(11,709)	(13,848)
Other income / expenses from share investments	0	0	168	183
Income before taxes	**56,476**	**78,935**	**113,998**	**129,641**
Income taxes	(15,659)	(17,733)	(29,549)	(31,850)
Net income	**40,818**	**61,202**	**84,449**	**97,791**
attributable to: equity holders of the parent	42,010	61,287	85,947	97,611
non-controlling interests	(1,192)	(85)	(1,498)	180
Earnings per share (basic and diluted)	1,29	1,88	2,63	2,99
Weighted average shares outstanding (basic and diluted)	32,669,000	32,669,000	32,669,000	32,669,000

[1] Previous year's figure adjusted; see note 1

Consolidated statement of comprehensive income

€ '000	2nd quarter 2018	2nd quarter 2017 [1]	1st half 2018	1st half 2017 [1]
Net income	**40,818**	**61,202**	**84,449**	**97,791**
Other comprehensive income				
Items that cannot be reclassified to the income statement:				
Actuarial gains and losses on defined benefit plans	19,916	8,434	18,075	11,226
Income taxes applying to items of other comprehensive income that are not reclassified	(3,795)	(505)	(3,602)	(1,225)
Items that can be reclassified to the income statement:				
Cumulative translation adjustments				
Losses arising during the period	5,725	(25,464)	6,541	(22,663)
Less reclassification adjustments included in the income statement	0	(1,914)	0	(1,914)
Total cumulative translation adjustments	5,725	(27,378)	6,541	(24,577)
Cash flow hedges				
Gains and losses arising during the period	(6,245)	4,735	389	10,844
Less reclassification adjustments included in the income statement	(204)	3,081	(1,555)	7,999
Less reclassification adjustments included in the financial position statement	0	100	0	100
Total cash flow hedges	(6,449)	7,916	(1,166)	18,943
Parts of the items that can be reclassified to the income statement, which pertain to associates and joint ventures	39	(871)	233	(937)
Income taxes applying to items of other comprehensive income that are reclassified	2,130	(2,103)	994	(5,435)
Other comprehensive income (after taxes)	**17,567**	**(14,507)**	**21,076**	**(2,005)**
Total comprehensive income	**58,384**	**46,695**	**105,525**	**95,786**
attributable to: equity holders of the parent	59,536	47,108	106,941	95,970
non-controlling interests	(1,152)	(413)	(1,416)	(184)

[1] Previous year's figure adjusted; see note 1

Consolidated statement of cash flows

€ '000	2nd quarter 2018	2nd quarter 2017[1]	1st half 2018	1st half 2017[1]
Net income	40,817	61,202	84,449	97,791
Adjustments to reconcile cash provided by operating activities:				
Income taxes	15,659	17,733	29,549	31,850
Net interest	5,543	6,088	11,083	11,740
Dividend income	0	0	(168)	(183)
Depreciation and amortisation	38,339	38,040	75,860	75,220
Impairment of non-current assets	0	84	0	1,584
Non-cash result from associated companies and joint ventures	(7,428)	(4,646)	(13,584)	(9,420)
Result of asset disposals	73	92	(1,016)	166
Effect of deconsolidation	0	(24,756)	0	(24,756)
Change in operating assets and liabilities				
Change in receivables and other financial assets	(9,075)	(30,502)	(95,074)	(101,280)
Change in inventories	(12,248)	(23,932)	(65,413)	(95,852)
Change in other assets	(21,411)	2,479	(66,092)	(49,366)
Change in restructuring provisions	(1,224)	(2,556)	(2,039)	(10,134)
Change in other provisions	(2,018)	2,648	(2,797)	3,268
Change in liabilities	(5,535)	48,018	56,608	152,929
Income taxes paid	(9,449)	(21,474)	(18,061)	(26,376)
Interest paid	(918)	(980)	(2,219)	(1,572)
Interest received	194	186	424	417
Dividends received	5,974	0	6,142	183
Cash flows from operating activities	**37,293**	**67,724**	**(2,348)**	**56,209**
Capital expenditures for intangible assets and property, plant and equipment	(67,098)	(60,251)	(143,461)	(119,105)
Acquisitions of subsidiaries less cash and cash equivalents acquired	0	0	0	(1,139)
thereof: Purchase price 0 €'000 (prev. year: 3,479 €'000)	0	0		
Cash and cash equivalents acquired 0 €'000 (prev. year: 2,340 €'000)				
Capital expenditures for other financial assets	0	30	0	0
Cash receipts / payments from disposal of assets	721	(271)	5,757	274
Income from the disposal of a business operation / subsidiaries less cash equivalents paid	0	36,340	0	36,340
thereof: Disposal 0 €'000 (prev. year: 53,427 €'000)				
Disposed cash and cash equivalents 0 €'000 (prev. year: 17,087 €'000)				
Cash flows from capital investment activities	**(66,377)**	**(24,152)**	**(137,704)**	**(83,630)**
Cash receipts from acceptance of financial debts	175,473	31,591	238,435	75,442
Cash repayments of financial debts	(74,628)	(36,807)	(114,462)	(46,270)
Interest paid	(3,582)	(835)	(7,115)	(3,173)
Dividends paid by LEONI AG	(45,737)	(16,335)	(45,737)	(16,335)
Dividends paid to the non-controlling interest shareholders	0	0	0	(1,024)
Cash flows from financing activities	**51,526**	**(22,386)**	**71,121**	**8,640**
Change of cash and cash equivalents	22,442	21,186	(68,931)	(18,781)
Currency adjustments	285	(4,751)	482	(4,161)
Cash and cash equivalents at beginning of period	93,908	177,923	185,084	217,300
of which carried on the balance sheet under the item 'assets held for sale'	*0*	*6,940*	*0*	*8,387*
of which carried on the balance sheet under the item 'cash and cash equivalents'	*93,908*	*170,983*	*185,084*	*208,913*
Cash and cash equivalents at end of period	116,635	194,358	116,635	194,358

[1] Previous year's figure adjusted; see note 1

Consolidated statement of financial position

Assets

€ '000	30/06/2018	31/12/2017 [1]	30/06/2017 [1]
Cash and cash equivalents	116,635	185,084	194,358
Trade accounts receivable	696,066	609,761	613,124
Other financial assets	26,818	38,321	48,386
Other assets	174,333	124,842	145,522
Receivables from income taxes	7,762	11,171	15,992
Inventories	662,109	596,696	592,246
Contract assets	110,671	102,112	120,509
Assets held for sale	0	0	0
Total current assets	**1,794,394**	**1,667,987**	**1,730,137**
Property, plant and equipment	1,098,766	1,052,337	978,603
Intangible assets	61,876	64,486	67,922
Goodwill	146,732	146,682	147,897
Shares in associated companies and joint ventures	47,922	34,059	32,595
Contract assets	70,217	60,535	61,397
Other financial assets	6,646	7,349	7,431
Deferred taxes	50,813	50,220	52,040
Other assets	130,538	60,943	46,474
Total non-current assets	**1,613,510**	**1,476,611**	**1,394,359**
Total assets	**3,407,904**	**3,144,598**	**3,124,496**

Equity and liabilities

€ '000	30/06/2018	31/12/2017 [1]	30/06/2017 [1]
Current financial debts and current proportion of long-term financial debts	402,966	254,373	170,213
Trade accounts payable	946,824	909,414	895,952
Other financial liabilities	91,666	65,470	38,191
Income taxes payable	28,721	25,541	28,968
Other current liabilities	190,321	188,592	195,826
Provisions	30,280	33,404	48,580
Liabilities held for sale	0	0	0
Total current liabilities	**1,690,778**	**1,476,794**	**1,377,730**
Long-term financial debts	312,986	336,947	461,765
Long-term financial liabilities	56,990	27,585	13,372
Other non-current liabilities	12,819	11,716	5,577
Pension provisions	152,787	170,792	170,071
Other provisions	33,293	33,298	34,384
Deferred taxes	52,045	45,580	48,092
Total non-current liabilities	**620,920**	**625,918**	**733,261**
Share capital	32,669	32,669	32,669
Additional paid-in capital	290,887	290,887	290,887
Retained earnings	817,063	782,263	733,267
Accumulated other comprehensive income	(51,245)	(72,239)	(53,046)
Equity holders of the parent	1,089,374	1,033,580	1,003,777
Non-controlling interests	6,832	8,306	9,728
Total equity	**1,096,206**	**1,041,886**	**1,013,505**
Total equity and liabilities	**3,407,904**	**3,144,598**	**3,124,496**

[1] *Previous year's figure adjusted; see note 1*

Consolidated statement of changes in equity

€ '000	Share capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income: Cumulative translation adjustments	Cash flow hedges	Actuarial gains and losses	Equity holders of the parent	Non-controlling interestss	Total equity
31 December 2016	**32,669**	**290,887**	**635,243**	**84,906**	**(14,914)**	**(121,352)**	**907,439**	**9,725**	**917,164**
Adjustments IFRS 15			16,748	(45)			16,703		16,703
1 January 2017 [1]	32,669	290,887	651,991	84,861	(14,914)	(121,352)	924,142	9,725	933,867
Net income			97,611				97,611	180	97,791
Other comprehensive income				(25,150)	13,508	10,001	(1,641)	(364)	(2,005)
Total comprehensive income							95,970	(184)	95,786
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 June 2017 [1]	**32,669**	**290,887**	**733,267**	**59,711**	**(1,406)**	**(111,351)**	**1,003,777**	**9,728**	**1,013,505**
31 December 2017 [1]	**32,669**	**290,887**	**782,263**	**43,750**	**(3,375)**	**(112,614)**	**1,033,580**	**8,306**	**1,041,886**
Adjustments IFRS 9			(5,410)				(5,410)	(58)	(5,468)
1 January 2018	32,669	290,887	776,853	43,750	(3,375)	(112,614)	1,028,170	8,248	1,036,418
Net income			85,947				85,947	(1,498)	84,449
Other comprehensive income				6,693	(172)	14,473	20,994	82	21,076
Total comprehensive income							106,941	(1,416)	105,525
Dividend payment			(45,737)				(45,737)	0	(45,737)
30 June 2018	**32,669**	**290,887**	**817,063**	**50,443**	**(3,547)**	**(98,141)**	**1,089,374**	**6,832**	**1,096,206**

[1] Previous year's figure adjusted; see note 1

Notes to the condensed interim consolidated financial statements for the period from 1 January to 30 June 2018

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 2017. LEONI prepares and publishes its interim financial statements in euro (€). The presented interim consolidated financial statements and interim group management report as at 30 June 2018 were subjected to a review by the auditors. The Board of Directors authorised release of the interim consolidated financial statements on 6 August 2018.

1 | Accounting principles

The consolidation, valuation and accounting methods applied are essentially in line with those in the 2017 consolidated financial statements, where they are described in the notes.

There were some changes to the accounting methods due to initial application of IFRS 15 and IFRS 9 as of 1 January 2018, which are described hereinafter. The notes to the 2017 annual report provided an overview of the key content of IFRS 15 and IFRS 9.

IFRS 15

IFRS 15, Revenue from Contracts with Customers, is to be first applied to financial years beginning on or after 1 January 2018. LEONI did not make use of the early application option, but rather applied the new Standard with effect from the set date of it coming into force and chose the fully retrospective method together with presenting a comparative period.

Initial application of IFRS 15 resulted in the following changes to the accounting methods and adjustments to preceding periods. The affected items are presented below:

Consolidated statement of financial position

€ '000	31/12/2017 pre-adjustment	Adjustment	31/12/2017 post-adjustment	30/06/2017[1] pre-adjustment	Adjustment	30/06/2017[1] post-adjustment	01/01/2017 pre-adjustment	Adjustment	01/01/2017 post-adjustment
Assets									
Total current assets	1,655,282	12,705	1,667,987	1,713,226	16,911	1,730,137	1,588,337	11,528	1,599,865
of which trade receivables and other financial assets	664,700	(16,618)	648,082	676,124	(14,614)	661,510	584,775	(20,243)	564,532
of which inventories	669,485	(72,789)	596,696	681,230	(88,984)	592,246	588,273	(72,177)	516,096
of which current contract assets	0	102,112	102,112	0	120,509	120,509	0	103,948	103,948
Total non-current assets	1,471,028	5,583	1,476,611	1,388,980	5,379	1,394,359	1,358,081	5,175	1,363,256
of which trade receivables from long-term development contracts	60,535	(60,535)	0	61,397	(61,397)	0	53,344	(53,344)	0
of which long-term contract assets	0	60,535	60,535	0	61,397	61,397	0	53,344	53,344
of which deferred taxes	50,897	(677)	50,220	52,571	(531)	52,040	61,356	(385)	60,971
of which other assets	54,683	6,260	60,943	40,564	5,910	46,474	43,642	5,560	49,202
Total assets	**3,126,310**	**18,288**	**3,144,598**	**3,102,206**	**22,290**	**3,124,496**	**2,946,418**	**16,703**	**2,963,121**
Equity and Liabilities									
Total equity	1,023,598	18,288	1,041,886	991,215	22,290	1,013,505	917,164	16,703	933,867
of which retained earnings	763,930	18,333	782,263	710,932	22,335	733,267	635,243	16,748	651,991
of which accumulated other comprehensive income	(72,194)	(45)	(72,239)	(53,001)	(45)	(53,046)	(51,360)	(45)	(51,405)
of which equity attributable to shareholders in the parent company	1,015,292	18,288	1,033,580	981,487	22,290	1,003,777	907,439	16,703	924,142
Total equity and liabilities	**3,126,310**	**18,288**	**3,144,598**	**3,102,206**	**22,290**	**3,124,496**	**2,946,418**	**16,703**	**2,963,121**

[1] Pre-year figures adjusted due to purchase price allocation of LEONI ZhengAo Automotive Wire Harness Co. Ltd.

Consolidated income statement

€ '000 (except information on shares) 01/01/ to 30/06/	1st half 2017 pre-adjustment	Adjustment	1st half 2017 post-adjustment	2nd quarter 2017 pre-adjustment	Adjustment	2nd quarter 2017 post-adjustment
Sales	2,441,532	22,540	2,464,072	1,236,063	6,249	1,242,312
Cost of sales	(2,013,361)	(16,807)	(2,030,168)	(1,012,807)	(3,557)	(1,016,364)
Gross profit on sales	**428,171**	**5,733**	**433,904**	**223,256**	**2,692**	**225,948**
EBIT	**136,751**	**5,733**	**142,484**	**83,899**	**2,692**	**86,591**
Earnings before taxes	**123,908**	**5,733**	**129,641**	**76,243**	**2,692**	**78,935**
Income taxes	(31,704)	(146)	(31,850)	(17,660)	(73)	(17,733)
Net income	**92,204**	**5,587**	**97,791**	**58,583**	**2,619**	**61,202**
of which: shareholders in the parent company	92,024	5,587	97,611	58,668	2,619	61,287
non-controlling interests	180	0	180	(85)	0	(85)
Earnings per share (basic and diluted)	2.82	0.17	2.99	1.80	0.08	1.88
Weighted average no. of shares outstanding (basic and diluted)	32,669,000	0	32,669,000	32,669,000	0	32,669,000

Consolidated statement of cash flows

€ '000 01/01/ to 30/06/	1st half 2017[1] pre-adjustment	Adjustment	1st half 2017 post-adjustment	2nd quarter 2017[1] pre-adjustment	Adjustment	2nd quarter2017 post-adjustment
Net income	92,204	5,587	97,791	58,583	2,619	61,202
Adjustments to reconcile cash provided by operating activities:						
of which income taxes	31,704	146	31,850	17,660	73	17,733
of which change in operating assets and liabilities						
of which change in inventories	(112,659)	16,807	(95,852)	(27,489)	3,557	(23,932)
of which change in other assets	(26,826)	(22,540)	(49,366)	8,728	(6,249)	2,479
Cash flows from operating activities	**56,209**	**0**	**56,209**	**67,724**	**0**	**67,724**

[1] Pre-year figures adjusted due to presentation of interest paid

The changes to the accounting methods due to initial application of IFRS 15 are described hereinafter:

- There are some changes to the accounting methods upon the sale of goods of the Wiring Systems Division because some customer-specific products are made without any option for alternative use and LEONI has a legal right to payment for the services rendered. The conditions for revenue and income recognition over a period of time are thereby met, whereas revenues were recognised at a point in time under IAS 18. Revenue and income for the affected goods will consequently be recognised earlier (Q2/2017 sales revenues: € 6,074 k; H1/2017: € 22,190 k and Q2/2017 cost of sales: € 3,557 k; H1/2017: € 16,807 k) together with presentation under contract assets (contract assets on 1/1/2017: € 83,705 k; 30/06/2017: € 105,895 k and 31/12/2017: € 85,494 k).

- Development work in the Wiring Systems Division ahead of series supply to customers in the car and commercial vehicle industry is performed over a period of time. On this basis, LEONI will continue to recognise revenue from these development contracts over a period of time. There is a change to the accounting methods applied due to now revised presentation of receivables from development contracts under contract assets (contract assets on 01/01/2017: € 73,587 k; 30/06/2017: € 76,011 k and 31/12/2017: € 77,153 k).

- Subject to specific conditions, IFRS 15 stipulates that payments to customers of the Wiring Systems Division must be recognised as an asset and amortised in line with the revenue for which these payments are expected. A change in the accounting methods applied arises insofar as a larger number of payments now fulfil these conditions (Q2/2017 sales revenues: € 175 k; H1/2017: € 350 k, other assets on 01/01/2017: € 5,560 k, 30/06/2017: € 5,910 k and 31/12/2017: € 6,260 k; deferred taxes on 01/01/2017: € 385 k, 30/06/2017: € 531 k and 31/12/2017: € 677 k).

IFRS 9

IFRS 9, Financial instruments, applies for the first time to financial years beginning on or after 1 January 2018 and supersedes IAS 39, Financial Instruments: Recognition and Measurement. LEONI has applied the new Standard since 1 January 2018 and has, for the transition, opted for the modified, retrospective method without presenting a comparative period.

Effects of applying IFRS 9 for the first time:

Consolidated statement of financial position

€ '000	31/12/2017 [1] pre-adjustment	Anpassung	01/01/2018 post-adjustment
Total assets	**3,144,598**	**(5,419)**	**3,139,179**
of which trade receivables	609,761	(4,594)	605,167
of which current contract assets	102,112	(947)	101,165
of which shares in associated companies and joint ventures	34,059	(86)	33,973
of which long-term contract assets	60,535	(1,260)	59,275
of which deferred taxes	50,220	1,468	51,688
Total liabilities and provisions	**2,102,712**	**49**	**2,102,761**
of which deferred taxes	45,580	49	45,629
Total equity	**1,041,886**	**(5,468)**	**1,036,418**
of which retained earnings	782,263	(5,410)	776,853
of which equity attributable to shareholders in the parent company	1,033,580	(5,410)	1,028,170
of which non-controlling interests	**8,306**	**(58)**	**8,248**

[1] LEONI opted to use the fully retrospective transition method for application of IFRS 15 and has adjusted the previous year's figures.

Classification and measurement:

- All financial assets that are measured at fair value will continue to be measured at fair value.

- The Group holds trade receivables and other financial receivables principally to collect the contractual cash flows that exclusively represent repayments and interest. These instruments are therefore still measured at amortised cost.

Impairment:
The Group applies the simplified impairment method of IFRS 9 and recognises the losses from trade receivables as well as contract assets expected over the full lifetime within the scope of IFRS 15. Underlying the new impairment requirements is a more forward-looking model that is based on expected losses. Previously, impairment was recognised based mainly on losses already incurred. This new impairment model consequently means that expected losses are expensed earlier.

The reduction in trade receivables as well as contract assets by a total of € 6,801 k is the result of applying the new impairment requirements.

Hedge accounting:
All hedging relationships designated as effective under IAS 39 also meet the hedge-accounting requirements of IFRS 9. As the general principles for the way hedge accounting is applied do not change, first-time application of IFRS 9 does not result in any adoption effects.

The table below shows the original measurement categories according to IAS 39 as at 31 December 2017 and the new measurement categories according to IFRS 9 at the time of initial application on 1 January 2018 with the corresponding carrying amounts:

€ '000	Category in accordance with IAS 39	Category in accordance with IFRS 9	Carrying amount with IAS 39 31/12/2017 [1]	Carrying amount with IFRS 9 01/01/2018
Financial assets				
Cash and cash equivalents	Loans and Receivables (LaR)	Financial assets at amortised cost (AC)	185,084	185,084
Trade receivables	Loans and Receivables (LaR)	Financial assets at amortised cost (AC)	609,761	605,167
Other financial receivables	Loans and Receivables (LaR)	Financial assets at amortised cost (AC)	35,476	35,476
Other non-derivative financial assets				
Equity investments	Available-for-Sale Financial Assets (AfS)	Financial assets at fair value through profit or loss (FVTPL)	1,115	1,115
Derivative financial assets				
Derivatives without a hedging relationship	Financial Assets Held for Trading (FAHfT)	Financial assets at fair value through profit or loss (FVTPL)	4,323	4,323
Derivatives with a hedging relationship	n/a	n/a	4,755	4,755
Financial liabilities				
Trade payables	Financial Liabilities Measured at Amortised Cost (FLAC)	Financial assets at amortised cost (AC)	909,414	909,414
Liabilities to banks	Financial Liabilities Measured at Amortised Cost (FLAC)	Financial assets at amortised cost (AC)	256,596	256,596
Borrower's note loans	Financial Liabilities Measured at Amortised Cost (FLAC)	Financial assets at amortised cost (AC)	333,128	333,128
Other financial liabilities	Financial Liabilities Measured at Amortised Cost (FLAC)	Financial assets at amortised cost (AC)	83,658	83,658
Derivative financial liabilities				
Derivatives without a hedging relationship	Financial Liabilities Held for Trading (FLHfT)	Financial assets at fair value through profit or loss (FVTPL)	4,040	4,040
Derivatives with a hedging relationship	n/a	n/a	6,953	6,953

[1] LEONI opted to use the fully retrospective transition method for application of IFRS 15 and has adjusted the comparative period. Therefore the carrying amounts according to IAS 39 already include the IFRS 15 adjustments.

Other new accounting standards that were to be applied to the 2018 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.

LEONI ZhengAo Automotive Wire Harness Co. Ltd.
purchase price allocation and presentation of interest paid
The previous year's figures have been adjusted because of the retroactive purchase price allocation in connection with the acquisition of LEONI ZhengAo Automotive Wire Harness Co. Ltd. (formerly: Wuhan Hengtong Automotive) and due to presentation of interest paid as cash flow from financing activities. Details in this regard are to be found in notes 1 and 4 to the 2017 consolidated financial statements.

Future, new accounting requirements

Accounting requirements endorsed by the European Union (EU)

In January 2016, the IASB issued the new IFRS 16, Leases, which is to be applied for financial years beginning on or after 1 January 2019. We refer to the remarks in note 2 to our 2017 consolidated financial statements for details of the new standard as well as the impact that is to be expected on the statement of financial position, the income statement as well as the statement of cash flows.

At LEONI, the project group formed in the previous year continued its work in the current year and launched further measures to ensure standard-compliant recording and processing of leases. For instance, a structure was implemented in the internal organisation that functionally oversees and is responsible for initial recording of the leases. Resources with respect to analysing and recording leases were furthermore put in place; with their help, all subsidiaries can calculate the resulting effects of IFRS 16 and recognise these in their accounting systems. The project group's work is on schedule, meaning that appropriate and timely application of IFRS 16 can be assumed. LEONI will retrospectively apply the Standard in modified form as of 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 was extended during the H1/2018 reporting period to include a newly established subsidiary in Bulgaria.

Explanations

3 | 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 2017 annual report.

The adjustments to preceding periods resulting from initial application of IFRS 15 concern only the Wiring Systems Division.

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

	2nd quarter		1st half		
€ '000 *(employees excluded)*	**2018**	**2017** [1]	**2018**	**2017** [1]	**Changes**
Wiring Systems					
Sales	829,255	780,530	1,671,345	1,527,554	9.4 %
Less intersegment sales	530	61	993	124	> 100.0 %
External sales (sales to third parties)	828,725	780,469	1,670,352	1,527,430	9.4 %
EBIT	45,005	43,936	86,559	69,852	23.9 %
EBIT as a percentage of external sales	5.4 %	5.6 %	5.2 %	4.6 %	—
Employees as at 30/06/ (number)	78,610	73,308	78,610	73,308	7.2 %
Wire & Cable Solutions					
Sales	552,007	514,050	1,096,951	1,039,047	5.6 %
Less intersegment sales	54,288	52,207	113,495	102,405	10.8 %
External sales (sales to third parties)	497,719	461,843	983,456	936,642	5.0 %
EBIT	16,509	42,830	38,036	67,860	(43.9) %
EBIT as a percentage of external sales	3.3 %	9.3 %	3.9 %	7.2 %	—
Employees as at 30/06/ (number)	8,725	7,970	8,725	7,970	9.5 %
Consolidation / LEONI AG					
Sales	(54,818)	(52,268)	(114,488)	(102,529)	(11.7) %
Less intersegment sales	54,818	52,268	114,488	102,529	11.7 %
External sales (sales to third parties)	—	—	—	—	—
EBIT	562	(175)	481	4,772	(89.9) %
Employees as at 30/06/ (number)	331	303	331	303	9.2 %
Group					
Sales	1,326,444	1,242,312	2,653,808	2,464,072	7.7 %
Less intersegment sales	—	—	—	—	—
External sales (sales to third parties)	1,326,444	1,242,312	2,653,808	2,464,072	7.7 %
EBIT	62,076	86,591	125,077	142,484	(12.2) %
EBIT as a percentage of external sales	4.7 %	7.0 %	4.7 %	5.8 %	—
Employees as at 30/06/ (number)	87,666	81,581	87,666	81,581	7.5 %

[1] Previous year's figure adjusted; see note 1

4 | Sales

Revenue from customers (time when the goods or services are transferred)

€ '000

Group	1st half 2018	1st half 2017 [1]
Transfer at a point in time	1,657,367	1,515,091
Transfer over a particular period of time	996,441	948,981
of which development services	13,928	15,435
of which customised products	982,514	933,546
Sales	**2,653,808**	**2,464,072**

Wiring Systems	1st half 2018	1st half 2017 [1]
Transfer at a point in time	673,911	578,449
Transfer over a certain period of time	996,441	948,981
of which development services	13,928	15,435
of which customised products	982,514	933,546
Sales	**1,670,352**	**1,527,430**

Wire & Cable Solutions	1st half 2018	1st half 2017
Transfer at a point in time	983,456	936,642
Sales	**983,456**	**936,642**

[1] Previous year's figure adjusted; see note 1

5 | Comprehensive income

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

	2nd quarter						1st half					
	2018			2017			2018			2017		
€ '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	19,916	(3,795)	16,121	8,434	(505)	7,929	18,075	(3,602)	14,473	11,226	(1,225)	10,001
Foreign currency translation adjustments	5,725	0	5,725	(27,378)	0	(27,378)	6,541	0	6,541	(24,577)	0	(24,577)
Changes in unrealised gains/ losses on cash flow hedges	(6,449)	2,130	(4,319)	7,916	(2,103)	5,813	(1,166)	994	(172)	18,943	(5,435)	13,508
Changes in the share of other comprehensive income accounted for by associates and joint ventures	39	0	39	(871)	0	(871)	233	0	233	(937)	0	(937)
Other comprehensive income	**19,231**	**(1,665)**	**17,566**	**(11,899)**	**(2,608)**	**(14,507)**	**23,683**	**(2,608)**	**21,076**	**4,655**	**(6,660)**	**(2,005)**

In the first half, particularly the increase in the discount rate on pension obligations in the United Kingdom resulted in actuarial gains amounting to € 18,075 k (previous year: gains of € 11,226 k).

Moreover, other comprehensive income reflected foreign exchange gains of € 6,540 k (previous year: losses of € 24,577 k) due to translating primarily the Chinese renminbi and the US dollar into the euro reporting currency.

Unrealized losses on cash flow hedges also influenced other comprehensive income. This involved changes in the exchange rates between several currency pairings of key significance to LEONI.

Taking deferred taxes into account, the overall result was other comprehensive income of € 21,076 k (previous year: negative € 2,005 k).

6 | Financial instruments

The tables below show the carrying amounts and the fair values of the financial instruments held in the Group on 30 June 2018 and on 30 June 2017:

		Amounts recognised in balance sheet according to IFRS 9				
	Category in accordance with IFRS 9	**Carrying amount 30/06/2018**	Amortised cost	Fair value recognised in equity	Fair value recognised in profit or loss	**Fair value 30/06/2018**
Assets						
Cash and cash equivalents	AC	**116,635**	116,635			**116,635**
Trade receivables	AC	**696,066**	696,066			**696,066**
Other financial receivables	AC	**27,577**	27,577			**27,577**
Other non-derivative financial assets						
Equity investments [1]	FVTPL	**1,115**			1,115	**1,115**
Derivative financial assets						
Derivatives without a hedging relationship	FVTPL	**1,371**			1,371	**1,371**
Derivatives with a hedging relationship	n/a	**3,400**		2,219	1,181	**3,400**
Total equity and liabilities						
Trade payables	AC	**946,824**	946,824			**946,824**
Liabilities to banks	AC	**380,183**	380,183			**380,203**
Borrower's note loans	AC	**334,155**	334,155			**340,970**
Other financial liabilities	AC	**134,464**	134,464			**134,464**
Derivative financial liabilities						
Derivatives without a hedging relationship	FVTPL	**9,040**			9,040	**9,040**
Derivatives with a hedging relationship	n/a	**6,767**		6,767		**6,767**
Of which aggregated by categories in accordance with IFRS 9:						
Financial assets at amortised cost	AC	**840,278**	840,278			**840,278**
Financial assets at fair value through profit or loss	FVTPL	**2,486**			2,486	**2,486**
Financial assets at amortised cost	AC	**1,795,626**	1,795,626			**1,802,461**
Financial assets at fair value through profit or loss	FVTPL	**9,040**			9,040	**9,040**

[1] LEONI applies the requirements of IFRS 9.B5.2.3, which provides that cost is a best estimate of fair value as there is insufficient information to measure fair value, to equity investments.

€ '000	Category in accordance with IAS 39	Carrying amount 30/06/2017[1]	Amortised cost	Cost	Fair value recognised in equity	Fair value recognised in profit or loss	Fair value 30/06/2017[1]
		Amounts recognised in balance sheet according to IAS 39					
Assets							
Cash and cash equivalents	LaR	**194,358**	194,358				**194,358**
Trade receivables	LaR	**613,124**	613,124				**613,124**
Other financial receivables	LaR	**43,030**	43,030				**43,030**
Other non-derivative financial assets							
Available-for-Sale Financial Assets	AfS	**1,115**		1,115			**1,115**
Derivative financial assets							
Derivatives without a hedging relationship	FAHfT	**4,656**				4,656	**4,656**
Derivatives with a hedging relationship	n/a	**7,016**			5,576	1,440	**7,016**
Total equity and liabilities							
Trade payables	FLAC	**895,952**	895,952				**895,952**
Liabilities to banks	FLAC	**233,378**	233,378				**235,964**
Borrower's note loans	FLAC	**398,575**	398,575				**408,853**
Other financial liabilities	FLAC	**43,359**	43,359				**43,359**
Derivative financial liabilities							
Derivatives without a hedging relationship	FLHfT	**3,970**				3,970	**3,970**
Derivatives with a hedging relationship	n/a	**4,259**			4,259		**4,259**
Of which aggregated by categories in accordance with 39:							
Loans and Receivables (LaR)	LaR	**850,512**	850,512				**850,512**
Available-for-Sale Financial Assets (AfS)	AfS	**1,115**		1,115			**1,115**
Financial Assets Held for Trading (FAHfT)	FAHfT	**4,656**				4,656	**4,656**
Financial Liabilities Measured at Amortised Cost (FLAC)	FLAC	**1,571,264**	1,571,264				**1,584,128**
Financial Liabilities Held for Trading (FLHfT)	FLHfT	**3,970**				3,970	**3,970**

[1]In line with the modified, retrospective transition method of IFRS 9 that we chose, there was no adjustment to prior-year figures.
LEONI opted to use the fully retrospective transition method for application of IFRS 15. The previous year's figures are therefore adjusted for the effects of applying IFRS 15 for the first time and allocation of the price to acquire LEONI ZhengAo Automotive Wire Harness Co. Ltd.

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:

30/06/2018 € '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	0	1,371	0	**1,371**
Derivatives with a hedging relationship	0	3,400	0	**3,400**
Financial liabilities measured at fair value				
Derivative financial liabilities				
Derivatives without a hedging relationship	184	8,856	0	**9,040**
Derivatives with a hedging relationship	0	6,767	0	**6,767**

30/06/2017 € '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	368	4,288	0	**4,656**
Derivatives with a hedging relationship	0	7,016	0	**7,016**
Financial liabilities measured at fair value				
Derivative financial liabilities				
Derivatives without a hedging relationship	0	3,970	0	**3,970**
Derivatives with a hedging relationship	0	4,259	0	**4,259**

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

Other information

7 | 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 € 4,783 k (previous year: € 4,448 k) from sales and providing services to associates and joint ventures. These transactions resulted in receivables of € 2,901 k (previous year: € 3,261 k).

LEONI generated income of € 1,297 k (previous year: € 877 k) from the sale of products and services to members of the Supervisory Board and their companies and made purchases worth € 217 k (previous year: € 542 k) from them during the period under report. All supply and service transactions were concluded on standard market terms.

8 | Board of Directors and Supervisory Board

Effective 31 January 2018, Dieter Bellé, with the Supervisory Board's understanding, resigned his mandate as member and chairman of the Board of Directors and left the Board of Directors at that time. The Board of Directors continues as a body of three members with equal status until the future CEO joins the Company. As spokesperson, Karl Gadesmann has, on an interim basis, also been performing coordination and representative duties.

Aldo Kamper will assume the position of LEONI's Chief Executive Officer on 1 September 2018.

The Supervisory Board furthermore prematurely extended the mandate of Board of Directors member Bruno Fankhauser, who is responsible for the Wire & Cable Solutions Division and marketing, by five years to 31 December 2023. His previous contract expired at the end of 2018.

The composition of the Supervisory Board did not change during the period under report.

Nuremberg, 6 August 2018

Board of Directors

Bruno Fankhauser Karl Gadesmann Martin Stüttem

Auditor's certificate

Review report

Translation of the German review report concerning the review of the condensed interim consolidated financial statements and interim group management report prepared in German language:

We have reviewed the condensed interim consolidated financial statements, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of financial position, the consolidated statement of changes in equity, the notes to the condensed interim consolidated financial statements, and the interim group management report of LEONI AG, Nürnberg, for the period from January 1, 2018 to June 30, 2018, which are part of the semi annual financial report pursuant to Sec. 115 WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The preparation of the interim condensed consolidated financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Nürnberg, 7 August 2018

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Schuberth	Schütz
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Responsibility statement

We hereby declare that to the best of our knowledge, and in accordance with the applicable principles for interim financial reporting, the consolidated financial statements based on observing the principles of proper accounting give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group during the remainder of the financial year.

Nuremberg, 6 August 2018

The Board of Directors

Bruno Fankhauser Karl Gadesmann Martin Stüttem

Key dates

Interim Report 2nd quarter and 1st half 2018	15 August 2018
Quarterly statement 1st – 3rd quarter 2018	14 November 2018

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This interim report contains forward-looking statements that are based on management's current assumptions and estimates concerning future trends. Such statements are subject to risk and uncertainty that LEONI cannot control or precisely assess. Should imponderables occur or assumptions on which these statements are based prove to be incorrect, actual results could deviate considerably from those described in these statements. LEONI assumes no obligation to update forward-looking statements to adjust them to events following publication of this interim report.

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.

Financial publications are available on our website at *www.leoni.com*.

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