Leoni posted all-time records in sales, pre-tax earnings and net income in fiscal 2011

Maintaining growth course planned for 2012

Nuremberg, 20 March 2012 – Leoni, the leading provider of cables and cable systems to the automotive sector and other industries, posted new records in all the key figures in its 2011 financial year. Consolidated sales rose by about 25 percent to EUR 3.7 billion (previous year: EUR 2.96 billion) – and thus by significantly more than expected at the beginning of the year. Business performance involving the automotive and capital goods industries was especially dynamic. Looked at in regional terms, the Company grew above all in the BRIC countries and the United States. Thanks to the sustained improvement in efficiency since the 2009 economic and financial crisis, earnings before interest and taxes (EBIT) were up disproportionately strongly to EUR 237.1 million (previous year: EUR 130.7 million). Leoni generated the largest percentage gain in consolidated net income, with the bottom line reading EUR 156.0 million – and therefore more than double the net income of the previous year (EUR 67.2 million). Leoni intends to pay out a dividend of EUR 1.50 (previous year: EUR 0.70).

At the beginning of 2011, the cable specialist budgeted sales of at least EUR 3.1 billion and EBIT of EUR 170 million, and thereafter twice raised its forecast based on the unexpectedly good trend of business. Demand was heavier than assumed on virtually all markets and therefore resulted in high utilisation of production capacity.

Personnel: more than 60,000 employees for the first time

Leoni significantly enlarged its workforce during the year under report to meet the increased demand for wires, optical fibers, cables and wiring systems. On 31 December 2011 the Company employed 60,745 people Group-wide, i.e. about 10 percent more than one year earlier (55,156 people). In Germany the number of staff was up by 242 to 4,017 employees. Worldwide, about 14 percent of the workforce was on fixed-term employment contracts, which is part of the Group's strategy of making its production capacity more flexible in view of cyclical fluctuation, which cannot be ruled out.

WCS: increase in high-margin business

The Wire & Cable Solutions (WCS) Division benefited from the fact that almost all of its markets grew more strongly through to yearend than initially forecast. Demand was especially heavy for special cables for the automotive industry as well as for cables for the automation, robotics, petrochemicals and railway engineering sectors. The division’s external sales increased by 27 percent during the year under report, to EUR 1,677.7 million (previous year: EUR 1,321.5 million). Its EBIT benefited from the heavy utilisation of production capacity and a growing proportion of high-margin segments: the result was up by more than 60 percent to EUR 90.9 million (previous year: EUR 56.3 million).

WSD: strong growth in China, Russia and the United States

The sustained momentum in the global car and commercial vehicle industry entailed strong growth in the Wiring Systems Division (WSD), which also benefited from enhancement of its competitive position. Looked at in regional terms, China and Russia accounted for the largest gains – markets where Leoni’s early involvement is increasingly paying off – and the United States, too. In the electromobility future market, significant progress was made in broadening the product range and in the project business. The division’s external sales rose by about 24 percent to EUR 2,023.8 million in 2011 (previous year: EUR 1,634.2 million). Based on beneficial economies of scale and lasting structural improvements, the division’s EBIT nearly doubled to EUR 146.2 million (previous year: EUR 74.3 million).

Large cash flow despite record-level capital investment

The Leoni Group’s financial situation improved substantially in the course of fiscal 2011. Free cash flow before the dividend payout and acquisitions rose by about 139 percent to EUR 121.2 million (previous year: EUR 50.7 million). This key figure was appreciably larger than projected because payments as at the reporting date had an unexpectedly positive impact and some planned capital investment projects were postponed to 2012. Even so, Leoni spent the record sum of EUR 137.4 million on property, plant and equipment as well as on intangible assets (previous year: EUR 103.1 million) to meet the increased demand and to prepare capacity for new projects.

Financial situation: more equity, less debt

As a consequence of the large inflow of cash and the proceeds from the 10 percent capital increase, net debt as at 31 December 2011 nearly halved to EUR 233.9 million (previous year: EUR 444.6 million). Equity simultaneously increased by more than one half to EUR 737.5 million (previous year: EUR 481.2 million) and the equity ratio rose to 31.8 percent (previous year: 23.8 percent). The ratio of net debt to equity (gearing) came to 32 percent at yearend (previous year: 92 percent). The return on capital employed (ROCE) improved significantly in the past year, from 13.9 percent to 24.0 percent.

Forecast: ongoing growth accompanied by increasing profitability

Leoni expects to maintain its course of expansion in the 2012 financial year, while the pace will slow down in view of the surprisingly strong growth in 2011. Depending on the global economic situation, the Company is planning to increase its consolidated sales to between EUR 3.8 and 4.0 billion. EBIT should be in the range from EUR 230 to 280 million. Objectives for 2012 also comprise keeping the return on equity and the equity ratio above the thresholds of 20 percent and 30 percent, respectively. The amount of capital investment will probably rise to between EUR 155 and 185 million.

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Leoni performance overview

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| --- | --- | --- | --- |
| **Group key figures** | **2011** | **2010** | **Change** |
| Sales [€ million] | 3,701.5 | 2,955.7 | + 25.2 % |
| EBIT [€ million] | 237.1 | 130.7 | + 81.4 % |
| Adjusted EBIT \* [€ million] | 260.3 | 154.7 | + 68.3 % |
| EBIT margin [%] | 6.4 | 4.4 | -- |
| Consolidated net income [€ million] | 156.0 | 67.2 | + 132.1 % |
| Free Cashflow \*\* [€ million] | 121.2 | 50.7 | + 139.1 % |
| Return on capital employed [%] | 24.0 | 13.9 | -- |
| Capital expenditure on property, plant and equipment as well as intangible assets [€ million] | 137.4 | 103.1 | + 33.3 % |
| Acquisitions and financial investments [€ million] | 2.7 | 4.3 | - 37.2 % |
| Employees (as at 31 Dec.) | 60,745 | 55,156 | + 10,1 % |

 *\* Earnings adjusted for the impact of revaluation as part of allocating the prices of major acquisitions, restructurings, impairment of non-current assets, gains on business acquisitions and results from derivatives relating to business combinations.
\*\* before dividend and acquisitions*

☞ *Related illustration material and further information can be downloaded from* [*www.media.leoni.com*](http://www.media.leoni.com) *next to this release*☞ *The complete annual report can be downloaded from* [*www.leoni.com/?gb11&L=1*](http://www.leoni.com/?gb11&L=1)

About the Leoni Group

Leoni is a global supplier of wires, optical fibers, cables and cable systems as well as related services for the automotive sector and further industries. Leoni develops and produces technically sophisticated products from single-core automotive cables through to complete wiring systems. Leoni’s product range also comprises wires and strands, standardised cables, special cables and cable system assemblies for various industrial markets. The group of companies, which is listed on the German MDAX, employs more than 63,000 people in 31 countries and generated consolidated sales of EUR 3.7 billion in 2011.

Contact person for journalists

Sven Schmidt

Corporate Public & Media Relations

LEONI AG

Phone +49 (0)911-2023-467

Fax +49 (0)911-2023-231

E-mail presse@leoni.com