Leoni’s consolidated sales up 4 percent to the end of June 2012

Six-month EBIT rises by 12 percent due to exceptional factor

Nuremberg, 7 August 2012 – Leoni, the leading provider of cables and cable systems to the automotive sector and other industries, increased its consolidated sales by more than 4 percent year on year in the first half of 2012, to EUR 1,936.7 million (previous year: EUR 1,854.3 million). Consolidation for the first time of the South Korean wiring systems manufacturer Daekyeung, taken over in full at the beginning of 2012, provided EUR 54.8 million of this total. Leoni grew by EUR 58.8 million using its own resources. By contrast, the lower price of copper compared with the previous year exerted a negative effect of EUR 31.3 million. Consolidated EBIT (earnings before interest and taxes) increased by 12 percent in the first six months of the current year to EUR 144.5 million (previous year: EUR 129.0 million). Also to be taken into account in this respect is non-recurring income of EUR 28.2 million from the sale of subsidiary Leoni Studer Hard. The consolidated net income generated from January to June therefore also increased significantly from EUR 82.2 million to EUR 99.1 million.

In the second quarter of 2012 Leoni’s consolidated sales rose by nearly 3 percent year on year to EUR 967.6 million (previous year: EUR 943.7 million) and thus almost matched the record level attained in the first quarter of 2012. Shifts in the product mix, major spending on integrating Daekyeung as well as various exceptional factors compromised earnings before interest and taxes, which, at EUR 50.8 million for the period from April to June 2012, were down from the 2011 figure of EUR 67.6 million.

Wiring systems business grows by 11 percent

The Wiring Systems Division increased its external sales by about 11 percent in the first six months of 2012 to EUR 1,125.8 million (previous year: EUR 1,013.5 million) and by more than 8 percent in the second quarter, to EUR 555.8 million (previous year: EUR 513.3 million). The good performance of the beginning of the year thus continued at a slightly weaker pace. Business in Asia grew especially strongly due to consolidation of Daekyeung for the first time, but the division also generated increases in the United States. The division’s EBIT for the first half of 2012 was up slightly on the same period in 2011 from EUR 75.2 million to EUR 77.3 million. Second-quarter EBIT was down from EUR 40.1 million to EUR 33.7 million due additional spending for new product start-ups and integration of Daekyeung, higher restructuring costs as well as a staff bonus for the successful previous year.

Wire and cable product sales slightly below previous year

External sales in the Wire & Cable Solutions Division in the period from January to June 2012 were down by about 4 percent to EUR 810.9 million (previous year: EUR 840.8 million) due above all to the significantly lower price of copper. With a total of EUR 411.8 million, business in the second quarter of 2012 was likewise down from the figure of EUR 430.3 million recorded for the same period in 2011. This also reflected the absent contribution from subsidiary Leoni Studer Hard, which was sold in March, and the postponement of a major project for the petrochemical industry, which could not be executed until the beginning of the third quarter. These factors, a changed product mix in the automotive cables business and payment of a bonus to staff caused second-quarter EBIT to decrease to EUR 17.0 million (previous year: EUR 27.8 million). Over the first half of 2012 as a whole, on the other hand, the division’s EBIT rose significantly to EUR 67.0 million (previous year: EUR 53.7 million) due to the exceptional income from the business disposal.

Major spending for new projects

In order to provide ample capacity for new projects and contracts involving the automotive and capital goods industries, Leoni nearly doubled its capital investment in property, plant and equipment as well as intangible assets and for acquisitions in the first half of 2012 versus the same period in 2011, i.e. to EUR 104.6 million (previous year: EUR 54.8 million). In the Wiring Systems Division this involved setting up or expanding facilities in Russia and North Africa, among other places. The Wire & Cable Solutions Division completed various extension projects for automotive and infrastructure cable production in China, Mexico and Slovakia.

About 61,000 employees worldwide

The Leoni Group employed 61,234 people worldwide on 30 June 2012, i.e. 489 more people than at the end of 2011. However, compared with the highest ever end-of-quarter number on 31 March 2012, there were 2,134 fewer people working for Leoni because one wiring systems plant in China was closed in the wake of restructuring and integrating Daekyeung, and efficiency enhancements were applied at other plants. In total on the reporting date there were 57,161 employees (31 December 2011: 56,728) at facilities outside Germany and 4,073 people (31 December 2011: 4,017) working at locations in Germany.

Growth forecast circumscribed

Leoni projects further sales and earnings increases for 2012 as a whole. Based on performance in the second quarter and the demand planning of the carmakers, Leoni at the end of July narrowed its forecast range to consolidated sales of EUR 3.8 and 3.9 billion and operating EBIT of EUR 230 to 250 million. In addition, there is the income from the sale of Leoni Studer Hard, which, adjusted for the estimated earnings contribution from this company, will amount to about EUR 25 million. Including this non-recurring factor, Leoni will, from today’s perspective, record EBIT of EUR 255 to 275 million in 2012. The Company reported consolidated sales of EUR 3.7 billion and EBIT of EUR 237 million for fiscal 2011.

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☞ *Related illustration material can be downloaded from* [*www.media.leoni.com*](http://www.media.leoni.com) *next to this release*☞ *The complete quarterly report can be downloaded from* [*www.leoni.com/?q2-2012&L=1*](http://www.leoni.com/?q2-2012&L=1)

Leoni performance overview

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| --- | --- | --- | --- | --- | --- |
| **Group key figures** | **Q22012** | **Q22011** | **Q1-Q2 2012** | **Q1-Q2 2011** | **Change Q1-Q2 2012/ Q1-Q2 2012** |
| Consolidated sales [€ mil.] | 967.6 | 943.7 | 1,936.7 | 1,854.3 | 4.4 % |
| Earnings before interest, taxes and depreciation/amortisation (EBITDA) [€ mil.] | 79.3 | 94.3 | 201.4 | 182.4 | 10.4 % |
| EBIT [€ mil.] | 50.8 | 67.6 | 144.5 | 129.0 | 12.0 % |
| Adjusted EBIT \* [€ mil.] | 58.3 | 78.1 | 122.4 | 144.0 | (15.0) % |
| Earnings before taxes (EBT) [€ mil.] | 43.9 | 57.4 | 127.0 | 107.8 | 17.8 % |
| Consolidated net income [€ mil.] | 34.5 | 45.7 | 99.1 | 82.2 | 20.5 % |
| Capital expenditure (incl. acquisitions) [€ mil.] | 49.5 | 32.9 | 104.6 | 54.8 | 90.9 % |
| Equity ratio [%] | 32.6 | 24.9 | 32.6 | 24.9 | -- |
| Earnings per share [€] | 1.05 | 1.53 | 3.03 | 2.76 | 9.8 % |
| Employees (as at 30 June) [number] | 61,234 | 56,107 | 61,234 | 56,107 | 9.1 % |

 *\* Earnings adjusted for the impact of revaluation as part of allocating the prices of major acquisitions, restructuring, impairment of non-current assets, gains on business disposals and income from business combinations including related derivatives.*

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 61,000 people in 31 countries and generated consolidated sales of EUR 3.7 billion in 2011.

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