Leoni generated quarterly sales in excess of one billion euros for the first time between April and June

Sales forecast for the year as a whole raised slightly to EUR 3.8 billion

Nuremberg, 13 August 2013 – The Leoni Group increased the amount of its business by 4.5 percent year on year in the second quarter of 2013; to EUR 1,011.0 million (previous year: EUR 967.6 million). The leading European provider of cables and cable systems to the automotive sector and other industries thus generated sales of more than EUR 1 billion in a quarter for the first time. Over the first half of 2013 as a whole, the amount of business was up by nearly 2 percent to the record level of EUR 1,970.0 million (previous year: EUR 1,936.7 million). Leoni benefited in both of its divisions from the sustained good demand from the motor vehicle industry, which offset the industrial business that was weak due to the economy. In the process, sales grew above all in the BRIC countries, although Leoni also made gains in Germany. There was a decline in the other European countries.

Consolidated earnings before interest and taxes (EBIT) of EUR 39.3 million for the second quarter of 2013 were about 23 percent short of the previous year’s figure of EUR 51.4 million. EBIT for the first six months of 2013 amounted to EUR 77.8 million, down from EUR 145.5 million for the first half of 2012, in which period the Company recognised positive non-recurring items totalling EUR 33.2 million. By contrast, substantial pre-production spending for new wiring system orders, shifts in the mix of automotive cable products as well as less sales in the industrial segments impacted on this year’s earnings. In addition, there were the costs of Group-wide IT projects, restructuring expenses, the negative effect of changes in prices for metals and the fine imposed by the EU Commission, which ended the competition proceedings against several cable harness manufacturers. Consolidated net income amounted to EUR 46.1 million in the first half (previous year: EUR 99.6 million).

Strong demand for wiring systems from the German car industry

In the Wiring Systems Division external sales rose by about 9 percent year on year in the period from April to June 2013, to EUR 607.6 million (previous year: EUR 555.8 million), and in the first six months they were up by more than 4 percent year on year to EUR 1,175.4 million (previous year: EUR 1,125.8 million). The demand for wiring systems and cable harnesses from customers among the export-heavyweight German motor vehicle industry was especially dynamic. The division’s EBIT for the second quarter of 2013, of EUR 34.6 million, was slightly above the figure for the same period of the previous year, of EUR 34.2 million, despite the fine of EUR 1.4 million imposed by the EU competition authority. Over the first six months as a whole, pre-production expenses and costs of starting up new customer products exerted a significant effect, meaning that the division’s EBIT dipped from EUR 78.3 million to EUR 58.9 million quarter on quarter.

Leoni strengthened its position on the market for alternative drive systems further with several production start-ups and new orders involving high-voltage wiring systems. The amount of business in the electromobility unit roughly doubled in the first half of 2013 – albeit starting from a low level. Of the 14 electric vehicles and plug-in hybrids that German manufacturers have in the National Electromobility Platform market preparation phase, Leoni supplies ten with product to some extent at least.

Strong automotive cable sales compensate for flat industrial business

The Wire & Cable Solutions (WCS) Division generated external sales of EUR 794.6 million in the first half of 2013 (previous year: EUR 810.9 million). The second quarter provided EUR 403.4 million of this total (previous year: EUR 411.8 million). The strong worldwide demand for standard and special cables for the automotive industry almost made up for the subdued demand for wire and cable products among the other industrial sectors that have hitherto been heavily Europe-weighted at Leoni. However, the lower capacity utilisation in the industrial business due to the decline in sales as well as restructuring expenses pertaining in particular to a large German facility weighed on earnings. In addition, the division had to cope with an unfavourable mix of automotive cable products as well as write-downs on inventory and provisions due to lower prices for metals. EBIT consequently dipped to EUR 4.7 million in the second quarter of 2013 (previous year: EUR 17.0 million) and to EUR 18.8 million in the first six months (previous year: EUR 67.0 million). What should be considered here is that the figure for the first half of 2012 included a large amount of non-recurring income of EUR 28.2 million from the sale of an operation (LEONI Studer Hard) deemed not to fit core business.

Outlook: sales target for 2013 raised slightly; EBIT forecast unchanged

The amount of the Leoni Group's business to date this year has exceeded budget targets slightly while earnings are on the whole at the expected level. Against this backdrop, the Company has raised its sales target for 2013 as a whole slightly from about EUR 3.7 billion to about EUR 3.8 billion (previous year: EUR 3.81 billion). The Wiring Systems Division now projects sales that match the previous year, of EUR 2.2 billion (previous forecast: EUR 2.1 billion), while the Wire & Cable Solutions Division’s sales forecast is unchanged at EUR 1.6 billion. The forecast for fiscal-2013 consolidated earnings before interest and taxes is unchanged at about EUR 170 million (previous year: EUR 237.9 million). In the second half of the year, too, the Company must expect, alongside the major costs for starting up new projects, a weak level of capacity utilisation in the industrial business as well as heavier than originally budgeted restructuring expenses. The earnings contributions of the division will probably shift, however. For the Wiring Systems Division the Company now projects EBIT of about EUR 110 million (up from approx. EUR 95 million) and for the Wire & Cable Solutions Division the estimated figure is one of around EUR 60 million (down from approx. EUR 75 million). Leoni still expects to embark on its next growth phase in 2014 after the transition year of 2013.

*(6,375 characters incl. blanks)*

Leoni performance overview

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| --- | --- | --- |
| **Group key figures** | **2nd quarter** | **1st half** |
| **2013** | **2012\*** | **Change** | **2013** | **2012\*** | **Change** |
| Sales [€ million] | 1,011.0 | 967.6 | 4.5% | 1,970.0 | 1,936.7 | 1,7% |
| EBITDA [€ million] | 69.6 | 79.8 | (12.8)% | 137.8 | 202.4 | (31.9)% |
| EBIT [€ million] | 39.3 | 51.4 | (23.4)% | 77.8 | 145.5 | (46.5)% |
| Adjusted EBIT \*\* [€ million] | 51.4 | 58.8 | (12.6)% | 94.5 | 123.4 | (23.4)% |
| EBT [€ million] | 30.9 | 44.3 | (30.3)% | 60.9 | 127.7 | (52.3)% |
| Consolidated net income [€ million] | 23.5 | 34.7 | (32.2)% | 46.1 | 99.6 | (53.7)% |
| Capex incl. acquisitions [€ million] | 37.0 | 49.5 | (25.3)% | 62.5 | 104.6 | (40.2)% |
| Equity ratio [%] | 33.0 | 30.3 | \_\_ | 33.0 | 30.3 | \_\_ |
| Earnings per share [€] | 0.71 | 1.06 | (33.0)% | 1.40 | 3.04 | (53.9)% |
| Employees [as at 30 June] | 60,477 | 61,234 | (1.2)% | 60,477 | 61,234 | (1.2)% |

*\* Adjustment of various pre-year amounts due to amendment of IAS 19
\*\* 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 on business combinations including related derivatives.*

☞ *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 found at* [*www.leoni.com/?q2-2013&L=1*](http://www.leoni.com/?q2-2013&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 about 60,000 people in 32 countries and generated consolidated sales of EUR 3.81 billion in 2012.

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