Leoni’s nine-month consolidated sales up slightly on previous year’s level

Demand from the automotive industry still on a positive trend

Nuremberg, 12 November 2013 – Leoni, a leading European provider of cables and cable systems to the automotive sector and other industries, increased its consolidated sales by about 1 percent year on year in the first nine months of 2013, to EUR 2,928.0 million (previous year: EUR 2,891.4 million). In the third quarter of 2013 the Company generated sales of EUR 957.9 million, up from EUR 954.7 million in the same period of the previous year. Leoni benefited in both of its divisions from the sustained good demand from the automotive industry especially in North America and China. Growth in business involving wiring systems, cable harnesses and automotive cables compensated for weaker sales in other industrial sectors due to economic conditions. Furthermore, the signs of business stabilisation in the non-automotive segments have been accumulating recently.

The consolidated earnings before interest and taxes (EBIT) of EUR 36.5 million for the third quarter of 2013 were about 31 percent short of the previous year’s figure of EUR 53.3 million. EBIT for the first nine months of 2013 amounted to EUR 114.3 million, down from EUR 198.8 million for the same period in 2012 when the result included non-recurring income totalling EUR 33.2 million. Particularly the costs of starting new wiring system projects and substantial restructuring expenses adversely affected earnings in 2013. This furthermore reflected shifts in the product mix involving automotive cables and less utilisation of capacity in the capital goods segments. Consolidated net income amounted to EUR 64.1 million in the nine-month period (previous year: EUR 131.2 million).

WSD: strong demand from the automotive industry

In the Wiring Systems Division (WSD), external sales in the period from January to September 2013 were up by about 4 percent year on year to EUR 1,727.6 million (previous year: EUR 1,663.2 million). The normally quieter third quarter, during which the division generated nearly 3 percent more business totalling EUR 552.2 million (previous year: EUR 537.5 million), also contributed to this growth. The demand for wiring systems and cable harnesses from the export-heavyweight German car industry was the principle source of impetus. Numerous new product launches also contributed to the increase in sales. Despite the increase in business, the division’s EBIT dipped from EUR 26.0 million to EUR 17.4 million in the third quarter of 2013, which was mainly due to restructuring expenses regarding the closure of a North African facility amounting to about EUR 10 million. In the nine-month period, the division’s EBIT decreased from EUR 104.3 million to EUR 76.3 million.

WCS: good automotive business; stabilisation in other industries

The Wire & Cable Solutions Division (WCS) also benefited from the considerable momentum of the car markets, which ensured persistently strong demand for Leoni automotive cables. This almost compensated for the subdued business with the capital goods industry. The WCS Division’s sales for the first nine months of 2013 were, with a total of EUR 1,200.4 million, only slightly below the previous year’s like-for-like figure of EUR 1,228.2 million. Alongside the consistently good sales of automotive cables, the gradual stabilisation in the business conditions underlying the capital goods industries also drove up demand. This was positively reflected in the amount of business for the third quarter of 2013, in which the division’s sales of EUR 405.8 million (previous year: EUR 417.3 million) marked their highest level so far this year. The division’s EBIT also benefited, which totalled EUR 19.2 million for the period from July to September (previous year: EUR 27.3 million). Overall in the first nine months, the division generated EBIT of EUR 38.0 million, down from EUR 94.3 million in the same period of the previous year when the result included a large amount of non-recurring income of EUR 28.3 million. Particularly restructuring expenses, less utilisation of capacity in the industrial business and a less favourable mix of automotive cable products have exerted an adverse effect on earnings in 2013.

Full-year sales and earnings forecasts reaffirmed

The year to date underscored Leoni's judgement that 2013 is a year of transition. With the exception of the automotive industry, which performed better than forecast at the beginning of the year, demand from key customer sectors was subdued as expected. This development already prompted Leoni in August to raise its 2013 full-year target for consolidated sales slightly from EUR 3.7 billion to EUR 3.8 billion (previous year: EUR 3.81 billion). This estimate is based on the Wiring Systems Division contributing somewhat more than initially budgeted with an amount of EUR 2.2 billion; the sales target in the Wire & Cable Solutions Division remains unchanged at EUR 1.6 billion. Business performance in the third quarter of 2013 underpinned this revised assessment, meaning that no further adjustment is required. This also applies to the earnings situation. With respect to consolidated earnings before interest and taxes Leoni still estimates a level of EUR 170 million (previous year: EUR 237.9 million). As expected, the factors with an adverse effect on earnings are above all the high cost of starting new projects as well as the weaker utilisation of capacity to produce for the capital goods segments. In addition there are restructuring expenses that exceed the original budget figures. From today's perspective, the Wiring Systems Division will contribute EBIT of EUR 110 million to the consolidated result, with the Wire & Cable Solutions Division providing EUR 60 million.

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Leoni performance overview

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| --- | --- | --- | --- | --- | --- | --- |
| **Group key figures** | **3rd quarter** | | | **1st to 3rd quarter** | | |
| **2013** | **2012\*** | **Change** | **2013** | **2012\*** | **Change** |
| Sales [€ million] | 957.9 | 954.7 | 0.3% | 2,928.0 | 2,891.4 | 1.3% |
| EBITDA [€ million] | 66.6 | 83.3 | (20.0)% | 204.4 | 285.7 | (28.5)% |
| EBIT [€ million] | 36.5 | 53.3 | (31.5)% | 114.3 | 198.8 | (42.5)% |
| Adjusted EBIT \*\* [€ million] | 49.8 | 59.7 | (16.6)% | 144.3 | 183.1 | (21.2)% |
| EBT [€ million] | 29.9 | 44.6 | (33.0)% | 90.8 | 172.3 | (47.3)% |
| Consolidated net income [€ million] | 18.0 | 31.6 | (43.0)% | 64.1 | 131.2 | (51.1)% |
| Capex incl. acquisitions [€ million] | 32.7 | 33.2 | (1.5)% | 95.2 | 137.8 | (30.9)% |
| Equity ratio [%] | 33.7 | 30.8 | \_\_ | 33.7 | 30.8 | \_\_ |
| Earnings per share [€] | 0.55 | 0.97 | (43.3)% | 1,95 | 4.01 | (51.4)% |
| Employees [as at 30 September] | 60,088 | 61,850 | (2.8)% | 60,088 | 61,850 | (2.8)% |

*\* 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/?q3-2013&L=1*](http://www.leoni.com/?q3-2013&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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