Leoni boosts its sales to over EUR 2 billion in the first half of 2014

Consolidated earnings up by more than a quarter despite heavy pre-production expenses

Nuremberg, 12 August 2014 – Leoni AG increased its consolidated sales by 3.5 percent year on year to EUR 2,039.6 million in the first six months of 2014 (previous year: EUR 1,970.0 million) and thereby topped the 2 billion euro threshold at the half-year mark for the first time. The business of Europe's leading provider of cables and cable systems to the automotive sector and other industries increased in the second quarter by about 1 percent year on year to EUR 1,019.4 million (previous year: EUR 1,011.0 million). The still heavy, worldwide demand for cables and wiring systems from the automotive sector was the basis for this good business performance. Leoni also received positive impetus from the economic recovery in Europe, which led to a revival of demand in many of its industrial customer sectors.

Consolidated earnings before and interest and taxes (EBIT) rose by about 26 percent to EUR 97.9 million over the whole of the first half of 2014 (previous year: EUR 77.8 million), of which the second quarter accounted for EUR 47.3 million (previous year: EUR 39.3 million). The Company absorbed extensive pre-production spending on new projects with the automotive industry during the period under report. The previous year's figures, on the other hand, included substantial restructuring expenses for measures that benefited earnings in 2014. Consolidated income after taxes increased by over 33 percent to EUR 61.4 million in the first half (previous year: EUR 46.1 million).

Workforce enlarged and capex increased

The preparation for new project start-ups and the consistently heavy demand also resulted in Leoni recruiting more employees and significantly increasing its capital investment: group-wide, the number of employees rose by 3,980 to 65,571 people in the first half of 2014. The recruitment took place above all in the Americas, Asia, North Africa and Eastern Europe, but the workforce in Germany also grew to 4,274 staff (31 December 2013: 4,222). Capital expenditure was up by about 43 percent to EUR 89.2 million in the first six months of 2014 (previous year: EUR 62.5 million) and pertained mainly to the setting up and expansion of production capacity in China, Germany, Mexico and various eastern European countries.

Wiring Systems: expected charges due to project start-ups

The Wiring Systems Division's sales of wiring systems and cable harnesses increased by about 2 percent to EUR 1,195.4 million in the first half of 2014 (previous year: EUR 1,175.4 million), of which the second quarter provided EUR 597.8 million (previous year: EUR 607.6 million). Sales to the international commercial vehicle and component supply industries were especially good. Truck manufacturers had more demand for complex engine cable harnesses because of stricter emission regulations in the EU and the United States. The amount of business with the export-heavyweight German car industry also grew. On the other hand, model changeovers among various other European carmakers resulted in the budgeted, temporary sales decreases.

The large number of new and follow-on orders from the motor vehicle industry led to extensive production preparation work and start-ups, which weighed, as expected, on the division's earnings: its EBIT came to EUR 26.3 million in the second quarter of 2014, down from EUR 34.6 million in the same period of 2013. Thanks to the strong performance in the first few months of this year, six-month EBIT remained virtually unchanged at EUR 58.0 million (previous year: EUR 58.9 million).

Given the still well-filled order book, there will also be further project start-ups in the second half of the year, especially so in Asia and the Americas.

Wire & Cable Solutions: significant earnings improvement in the 2nd quarter

The Wire & Cable Solutions Division increased its sales by 4.5 percent to EUR 421.6 million in the first quarter of 2014 (previous year: EUR 403.4 million) and by more than 6 percent to EUR 844.2 million over the whole of the first half (previous year: EUR 794.6 million). In the process, Leoni benefited from the consistently heavy, worldwide demand for standard and special automotive cables as well as from the growing business with the medical technology industry and the Chinese solar sector. The new facility in India also made initial contributions. By contrast, there were delays involving major projects with the petrochemical industry.

The division's earnings improved significantly. Alongside sales growth, this reflected the beneficial effect of the restructuring measures applied in the previous year, implementation of which had weighed heavily on the 2013 like-for-like figures: the division's EBIT rose to EUR 21.1 million in the second quarter of 2014 (previous year: EUR 4.7 million) and, in the six-month period, from EUR 18.8 million to EUR 39.9 million.

Based on extensive new orders mainly from automotive industry, the capacity of the Wire & Cable Solutions Division will be further expanded in the second half of the year as well, particularly so in China and Mexico.

Forecast for the year reaffirmed

Following the performance in line with expectations during the first six months, the Management Board reaffirms its forecast for the year as a whole: Assuming that the current geopolitical risks will not have a stronger impact on the global economic conditions, the projections still call for increases in consolidated sales to approx. EUR 4.1 billion (2013: EUR 3.9 billion) and to EBIT of more than EUR 200 million for 2014 (2013: EUR 163.1 million).

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Leoni performance overview

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| **Group key figures** | **2nd quarter** | | | **1st half** | | |
| **2014** | **2013** | **Change** | **2014** | **2013** | **Change** |
| Sales [€ million] | 1,019.4 | 1,011.0 | +0.8% | 2,039.6 | 1,970.0 | +3.5% |
| EBITDA [€ million] | 77.8 | 69.6 | +11.8% | 158.5 | 137.8 | +15.0% |
| EBIT [€ million] | 47.3 | 39.3 | +20.4% | 97.9 | 77.8 | +25.9% |
| Adjusted EBIT \* [€ million] | 50.9 | 51.3 | (0.8)% | 103.8 | 94.4 | +10.0% |
| EBT [€ million] | 39.7 | 30.9 | +28.5% | 83.4 | 60.9 | +36.9% |
| Consolidated net income [€ million] | 29.9 | 23.5 | +26.9% | 61.4 | 46.1 | +33.2% |
| Capex incl. acquisitions [€ million] | 54.1 | 37.0 | +46.2% | 89.2 | 62.5 | +42.7% |
| Equity ratio [%] | 33.4 | 33.0 | \_\_ | 33.4 | 33.0 | \_\_ |
| Earnings per share [€] | 0.91 | 0.71 | +28.2% | 1.87 | 1.40 | +33.6% |
| Employees [as at 30 June] | 65,571 | 60,477 | +8.4% | 65,571 | 60,477 | +8.4% |

*\* 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 next to this release at* [*www.leoni.com/en/press/releases/details/leoni-boosts-its-sales-to-over-eur-2-billion-in-the-first-half-of-2014/*](http://www.leoni.com/en/press/releases/details/leoni-boosts-its-sales-to-over-eur-2-billion-in-the-first-half-of-2014/)☞ *The complete quarterly report can be found at*[*www.leoni.com/en/financial-publications/*](http://www.leoni.com/en/financial-publications/)

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 66,000 people in 33 countries and generated consolidated sales of EUR 3.92 billion in 2013.



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