Leoni’s sales and earnings up after nine months

Revenues at record level of nearly EUR 3.1 billion – EBIT up to just EUR 132.7 million due to exceptional charges

Nuremberg, 11 November 2014 – Leoni, the leading European 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 to EUR 3,053.4 million in the first nine months of 2014 (previous year: EUR 2,928.0 million). Business volume was up by nearly 6 percent to EUR 1,013.8 million in the third quarter (previous year: EUR 957.9 million). The good level of demand continued from both the global motor vehicle sector and many other industries of importance to Leoni. Exceptional costs in the Wiring Systems Division weighed on consolidated earnings before interest and taxes (EBIT). In the third quarter of 2014, the result was therefore down to EUR 34.7 million from 36.5 million one year earlier. EBIT amounted to EUR 132.7 million in the first nine months of 2014 (previous year: EUR 114.3 million) and thus rose less strongly than expected. The 2013 like-for-like figure included substantial restructuring expenses. Consolidated net income was up by about 21 percent to EUR 77.5 million at the end of September 2014 (previous year: EUR 64.1 million).

The Leoni Group’s capital expenditure and number of employees also increased in the first three quarters of 2014 because of the business expansion, numerous new product start-ups and the impending growth. Capital expenditure was up significantly from EUR 95.2 million at the same time in the previous year to EUR 140.2 million, due mainly to capacity expansion in Asia, the Americas and Eastern Europe. From the turn of the year the Group’s workforce grew by 5,800 people to 67,391 employees at the end of the first nine months (31/12/2013: 61,591 people). There was recruitment particularly at facilities in Asia, the Americas, North Africa and Eastern Europe. In Germany the number of employees rose by 73 to 4,295 people.

Wiring Systems: unplanned start-up costs

The Wiring Systems Division increased its quarterly sales of wiring systems and cable harnesses for the motor vehicle industry by about 4 percent to EUR 576.5 million (previous year: EUR 552.2 million) and by nearly 3 percent to EUR 1,771.9 million for the nine-month period (previous year: EUR 1,727.5 million). In this division, Leoni generated growth especially with shipments to the export-heavyweight German carmakers, the international commercial vehicle industry as well as in its Power Sports unit, which covers leisure and sport vehicles. The division’s EBIT was down to EUR 11.7 million for the period from July to September 2014 (previous year: EUR 17.4 million) and to a total of EUR 69.8 million for the first three quarters (previous year: EUR 76.3 million). Primarily this was due to unplanned, exceptional charges related to start-up of a major new project: the switch to complex production of customised wiring systems at a facility in Mexico led to an unexpectedly large requirement for additional staff, high reject rates and additional airfreight costs. The countermeasures applied at this plant showed sustainable effect from September.

Wire & Cable Solutions: profitability raised

The Wire & Cable Solutions Division’s sales were up by nearly 8 percent to EUR 437.3 million in the third quarter of 2014 (previous year: EUR 405.8 million) and by about 7 percent to EUR 1,281.5 million from January and September (previous year: EUR 1,200.4 million). This involved increases in demand particularly for standard and special cables for the automotive industry as well as for products for medical technology and robotics. This growth and the beneficial effects of the restructuring measures applied in the previous year led to an earnings increase of approximately 20 percent to EUR 23.1 million in the third quarter (previous year: EUR 19.2 million). After nine months EBIT amounted to EUR 62.9 million (previous year: EUR 38.0 million) and was thus up by about two thirds on the same result in 2013, which included heavy restructuring charges. The ‘WCS ON Excellence’ programme launched in the third quarter of 2014 is aimed at further improvement of the Wire & Cable Solutions Division’s profitability and global position.

Forecast for 2014: sales of approx. EUR 4.1 billion, EBIT of more than EUR 180 million

For 2014 as a whole, Leoni still projects consolidated sales of approximately EUR 4.1 billion (previous year: EUR 3.92 billion). Of this total, the Wiring Systems Division is likely to account for about EUR 2.4 billion (previous year: EUR 2.3 billion) with the Wire & Cable Solutions Division providing approximately EUR 1.7 billion (previous year: EUR 1.6 billion). From today’s perspective, consolidated earnings before interest and taxes will rise to more than EUR 180 million (previous year: EUR 163.1 million) and thus, as already announced in mid-October, be below the formerly expected EUR 200 million. The Wiring Systems Division will not be able to recoup the charges incurred in the second and third quarters by the end of the year and is likely to generate full-year EBIT of at least EUR 100 million (previous year: EUR 116.1 million). An earnings increase to more than EUR 80 million (previous year: EUR 47.1 million) is still projected for the Wire & Cable Solutions Division.

Leoni remains confident about the years ahead. From today's perspective, the Company will generate further gains in both sales and especially earnings in 2015. It continues to forecast sales of EUR 5 billion and a 7 percent EBIT margin for 2016. This guidance is valid provided that the underlying economic conditions do not materially change.

*(5,728 characters incl. blanks)*

Leoni performance overview

|  |  |  |
| --- | --- | --- |
| **Group key figures** | **3rd quarter** | **1st to 3rd quarter** |
| **2014** | **2013** | **Change** | **2014** | **2013** | **Change** |
| Sales [€ million] | 1,013.8 | 957.9 | 5.8 % | 3,053.4 | 2,928.0 | 4.3 % |
| EBITDA [€ million] | 67.1 | 66.6 | 0.7 % | 225.6 | 204.4 | 10.4 % |
| EBIT [€ million] | 34.7 | 36.5 | (4.9) % | 132.7 | 114.3 | 16.0 % |
| Adjusted EBIT \* [€ million] | 36.4 | 49.8 | (27.0) % | 140.2 | 144.3 | (2.8) % |
| EBT [€ million] | 26.0 | 29.9 | (13.1) % | 109.3 | 90.8 | 20.4 % |
| Consolidated net income [€ million] | 16.1 | 18.0 | (10.6) % | 77.5  | 64.1 | 20.9 % |
| Capex incl. acquisitions [€ million] | 51.0 | 32.7 | 56.0 % | 140.2 | 95.2 | 47.3 % |
| Equity ratio [%] | 33.9 % | 33.7 % | -- | 33.9 % | 33.7 % | -- |
| Earnings per share [€] | 0.49 | 0.55 | (10.9) % | 2.37 | 1.95 | 21.5 % |
| Employees [as at 30 June] | 67,391 | 60,088 | 12.2 % | 67,391 | 60,088 | 12.2 % |

*\* 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/leonis-sales-and-earnings-up-after-nine-months/*](http://www.leoni.com/en/press/releases/details/leonis-sales-and-earnings-up-after-nine-months/)☞ *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 67,000 people in 31 countries and generated consolidated sales of EUR 3.92 billion in 2013.

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