Leoni with a new sales high in the first quarter of 2015

Pre-production costs weigh on earnings – Forecast reaffirmed

Nuremberg, 12 May 2015 – Leoni, the leading European provider of cables and cable systems to the automotive sector and other industries, in the first quarter of 2015 increased its consolidated sales by about 9 percent year on year to the new quarterly high of EUR 1,108.8 million (previous year: EUR 1,020.2 million). The Company generated nearly half of this growth from its own resources. Foreign exchange effects also gave sales a considerable boost, although this was in part offset by negative impact from the decrease in the price of copper. In regional terms, Leoni made gains especially in the Americas and Asia, but also generated a slight increase in the EMEA (Europe, Middle East and Africa) region.

The Leoni Group’s earnings before interest and taxes (EBIT) for the period from January to March 2015 were, at EUR 35.2 million, well below the previous year’s good like-for-like figure of EUR 50.6 million. The Company incurred heavy pre-production and start-up costs during the period under report because of the large number of new projects in the Wiring Systems Division (WSD). In addition, there were adverse effects due to the weaker infrastructure cables business in the Wire & Cable Solutions Division (WCS). The earnings situation will improve significantly later in the year thanks primarily to decreasing start-up costs. First-quarter consolidated net income was down from EUR 31.6 million to EUR 16.8 million.

WSD: record number of new projects

Sales in the Wiring Systems Division rose to EUR 653.9 million in the period under report (previous year: EUR 597.7 million). There was a particularly strong increase in shipments of wiring systems and cable harnesses to the export-heavyweight German premium carmakers. Sales to American motor vehicle manufacturers and the international commercial vehicle industry were also up significantly. The amount of business with customers based in other European countries was down, on the other hand, because of the persisting subdued performance of the French car industry.

The Wiring Systems Division started making numerous new products in the first quarter and prepared for further customer projects, which will go into production in the months ahead. In total, there will be 27 major new WSD project start-ups in 2015, a record number. They will form the basis for the next, big growth surge in the year ahead, but during the period under report initially incurred heavy pre-production and start-up costs, which will, however, come down significantly as the year progresses. The division’s EBIT therefore dipped to EUR 17.9 million (previous year: EUR 31.8 million).

WCS: good automotive but weak infrastructure business

The Wire & Cable Solutions Division (WCS) increased its sales to EUR 454.9 million in the first three months of 2015 (previous year: EUR 422.6 million). This involved persisting, strong demand for automotive cables as well as cable for the robotics and capital goods industries, especially so in Asia and the Americas. By contrast, business involving infrastructure projects under-performed expectations because of project delays. Furthermore, while demand from the oil and gas industry recovered appreciably, the corresponding projects will not benefit sales and earnings until the months ahead.

Alongside the low degree to which capacity to produce infrastructure cables was utilised, the missing contributions to profit from the still weak petrochemical industry business also weighed on the earnings of the Wire & Cable Solutions Division. The division’s EBIT amounted to EUR 17.0 million (previous year: EUR 18.8 million).

Investment in additional capacity

In the first quarter of 2015, the Leoni Group increased its capital spending on property, plant and equipment as well as intangible assets by 8.5 percent to EUR 38.1 million (previous year: EUR 35.1 million). The Wiring Systems Division expanded several production facilities in the Americas, North Africa as well as Eastern Europe and started the second phase of extending and modernising its divisional headquarters in Kitzingen. In the Wire & Cable Solutions Division, investment was focused on infrastructure, plant and machinery for two new automotive cable plants in Mexico and China as well as a special cables production line in Eastern Europe.

More than 70,000 employees Group-wide

Group-wide, Leoni employed 70,065 people at the end of the first quarter (31 December 2014: 67,988). There was recruitment particularly for new wiring systems projects in Eastern Europe as well as automotive cable facilities in Asia and the Americas. Overall, the workforce outside Germany grew by 2,062 to 65,742 employees and, in Germany, by 15 to 4,323 people.

Forecast for 2015 and 2016 reaffirmed

For fiscal 2015 as a whole, Leoni still projects increases in consolidated sales to about EUR 4.3 billion (2014: EUR 4.1 billion) and in consolidated EBIT to more than EUR 200 million (2014: EUR 182.5 million). After the first quarter, which was still marked to a significant extent by pre-production costs, we expect to see the projected gradual improvement in earnings, to which efficiency gains in both divisions will also contribute.

We expect this to be followed in 2016 by a strong growth surge to sales of EUR 5 billion. The resulting, additional contribution to profit will, together with further efficiency gains as well as significantly reduced pre-production costs, make a 7 percent EBIT margin possible.

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Leoni performance overview

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| **Group key figures** | **Q1 2015** | **Q1 2014** | **Change** |
| Sales [€ million] | 1,108.8 | 1,020.2 | +8.7 % |
| EBITDA [€ million] | 68.7 | 80.7 | (14.9) % |
| EBIT [€ million] | 35.2 | 50.6 | (30.5) % |
| Adjusted EBIT \* [€ million] | 37.9 | 52.8 | (28.2) % |
| EBT [€ million] | 27.8 | 43.7 | (36.4) % |
| Consolidated net income [€ million] | 16.8 | 31.6 | (46.8) % |
| Capex [€ million] | 38.1 | 35.1 | +8.5 % |
| Equity ratio [%] | 33.3 | 34.2 | -- |
| Earnings per share [€] | 0.51 | 0.96 | (46.9) % |
| Employees [as at 31 March] | 70.065 | 64.071 | +9,4 % |

*\* 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-with-a-new-sales-high-in-the-first-quarter-of-2015/*](http://www.leoni.com/en/press/releases/details/leoni-with-a-new-sales-high-in-the-first-quarter-of-2015/)☞ *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 70,000 people in 31 countries and generated consolidated sales of EUR 4.1 billion in 2014.



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