Leoni’s sales and earnings up in the second quarter of 2015

Full-year performance on course

Nuremberg, 11 August 2015 – Group-wide, Leoni generated a year-on-year sales increase of over 13 percent to EUR 1,155.7 million in the second quarter of 2015 (previous year: EUR 1,019.4 million). In the first half of the year as a whole, the amount of business was up by 11 percent to EUR 2,264.5 million (previous year: EUR 2,039.6 million), with the Company generating growth worldwide. Adjusted for exchange rates, the leading European provider of cables and cable systems to the automotive sector and other industries grew by 5 percent year on year in the first six months.

The Group's earnings before interest and taxes (EBIT) rose by more than 6 percent to EUR 50.4 million in the second quarter of 2015 (previous year: EUR 47.3 million). The EBIT of EUR 85.5 million for the first six months was, because of the weaker first quarter, still about 13 percent below the figure for the same period in 2014 (EUR 97.9 million). After taxes, the Company recorded consolidated net income of EUR 51.8 million for the period from January to June 2015 (previous year: EUR 61.4 million).

Wiring Systems Division: strong earnings increase in the second quarter

The external sales of the Wiring Systems Division (WSD) rose by about 14 percent to EUR 683.8 million in the period from April to June 2015 (previous year: EUR 597.8 million), and in the first six months they were up by nearly 12 percent to EUR 1,337.7 million (previous year: EUR 1,195.5 million). There was growth particularly in business involving wiring systems and cable harnesses for the export-heavyweight German carmakers, but the trend in business with foreign customers was also favourable.

The numerous new projects launched this year already contributed considerably to the increase in sales and, as expected, gradually exerted a positive effect on earnings. The Wiring Systems Division’s EBIT thus improved in line with projections in the second quarter of 2015; i.e. by about one third to EUR 35.0 million (previous year: EUR 26.3 million). For the whole of the first half, the division’s EBIT of EUR 52.8 million was still 9 percent short of the previous year’s EUR 58.0 million; this reflects the significantly higher pre-production and start-up costs incurred for new projects early in the year.

Wire & Cable Solutions: sales up, but earnings down

The external sales of the Wire & Cable Solutions Division (WCS) increased by 12 percent to EUR 471.9 million from April to June 2015 (previous year: EUR 421.6 million) and by about 10 percent to EUR 926.8 million in the first half (previous year: EUR 844.2 million). The solid demand for automotive cables as well as cables and cable systems for robotics and the medical technology industry was offset by weak business involving data cables as well as cables for infrastructure projects and the petrochemical industry.

The low degree of capacity utilisation in the latter segments and an unfavourable product mix in the automotive cables business, which was marked by a high proportion of less profitable standard cables, weighed on the earnings of the WCS Division. In addition, the division incurred non-recurring expenses for, among other things, preparatory work on and starting up new plants as well as the ‘WCS ON Excellence’ performance programme. The division’s EBIT dipped to EUR 15.5 million in the second quarter of 2015 (previous year: EUR 21.1 million) and to EUR 32.5 million in the first six months (previous year: EUR 39.9 million).

The number of employees up to almost 72,000

On 30 June 2015, Leoni employed 71,987 people worldwide, which was 3,999 more than at the turn of the year (31 December 2014: 67,988) and 6,416 more than one year earlier (30 June 2014: 65,571). The workforce was recently enlarged particularly at wiring systems facilities in Eastern Europe and North Africa as well as at automotive cables plants in Asia and the Americas.

Leoni invests about EUR 100 million

The LEONI Group’s capital expenditure in the first half of 2015 was up by about 11 percent year on year to EUR 98.7 million (previous year: EUR 89.2 million). In the Wiring Systems Division this involved additional production capacity for customer projects in China and Serbia as well as expansion of facilities in Eastern Europe and North Africa. The Wire & Cable Solutions Division invested primarily in two new automotive cables plants in Mexico and China, a special cables production facility in Eastern Europe as well as purchasing the site for the ‘Factory of the Future’ planned in Roth, Germany.

Forecasts reaffirmed: performance on track for the year as a whole

Based on the considerable sales and earnings increases in the second quarter, Leoni’s Management Board regards the Company as still being on course for the set full-year targets. Leoni still projects increases in consolidated sales to a currency-adjusted level of 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). In the Wiring Systems Division, there should be another surge in earnings particularly in the fourth quarter – after the normally slower summer months because of the plant holiday shutdowns in the automotive industry. The EBIT of the Wire & Cable Solutions Division should improve significantly thanks especially to the absence of adverse, non-recurring factors as well as benefit from the 'WCS ON Excellence' performance programme and the new automotive cables plants in Mexico and China.

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Leoni performance overview

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| --- | --- | --- | --- | --- | --- | --- |
| **Group key figures** | **2nd quarter** | | | **1st half** | | |
| **2015** | **2014** | **Change** | **2015** | **2014** | **Change** |
| Sales [€ million] | 1,155.7 | 1,019.4 | +13.4% | 2,264.5 | 2,039.6 | +11.0% |
| EBITDA [€ million] | 84.7 | 77.8 | +8.9% | 153.4 | 158.5 | (3.2)% |
| EBIT [€ million] | 50.4 | 47.3 | +6.4% | 85.5 | 97.9 | (12.7)% |
| Adjusted EBIT \* [€ million] | 54.6 | 50.9 | +7.3% | 92.5 | 103.8 | (10.9)% |
| EBT [€ million] | 43.8 | 39.7 | +10.4% | 71.6 | 83.4 | (14.1)% |
| Consolidated net income [€ million] | 35.1 | 29.9 | +17.3% | 51.8 | 61.4 | (15.6)% |
| Capex incl. acquisitions [€ million] | 60.6 | 54.1 | +12.0% | 98.7 | 89.2 | +10.7% |
| Equity ratio [%] | 34.5 | 33.4 | --- | 34.5 | 33.4 | --- |
| Earnings per share [€] | 1.07 | 0.91 | +17.6% | 1.58 | 1.87 | (15.5)% |
| Employees [as at 30 June] | 71,987 | 65,571 | +9.8% | 71,987 | 65,571 | +9.8% |

*\* 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-in-the-second-quarter-of-2015/*](http://www.leoni.com/en/press/releases/details/leonis-sales-and-earnings-up-in-the-second-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 72,000 people in 31 countries and generated consolidated sales of EUR 4.1 billion in 2014.



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