Leoni on target after the 1st half of 2016

6-month EBIT of EUR 62 million beats expectations

Nuremberg, 10 August 2016 – Leoni, the leading European provider of cables and cable systems to the automotive sector and other industries, increased its business slightly from its own resources in the first half of 2016. However, adverse effects involving the price of copper and changes in exchange rates cancelled out this growth. Furthermore, the sales of a subsidiary in China, which was transferred into a joint venture in December 2015, were no longer included in the amount of business. Compared with the same period of the previous year, the Company reported virtually unchanged consolidated sales of EUR 2,238 million for the first six months of 2016 (previous year: EUR 2,265 million), of which EUR 1,148 million (previous year: EUR 1,156 million) was generated in the second quarter.

The LEONI Group's earnings before interest and taxes (EBIT) amounted to EUR 61.9 million in the first half of 2016 (previous year: EUR 85.5 million) and to EUR 37.6 million in the second quarter (previous year: EUR 50.4 million). Alongside operational improvements, the result benefited from favourable, exceptional effects involving changes in exchange rates as well as the reversal of provisions and thus exceeded market expectations. As expected, the EBIT for the 1st half also included major restructuring expenses of EUR 21.1 million (previous year: EUR 1.5 million) pertaining mainly to transformation of the Wiring Systems Division. Disregarding these costs, half-year EBIT came to EUR 83.0 million (previous year: EUR 87.0 million) – in the second quarter the figure improved from EUR 51.9 million to EUR 56.4 million. After taxes, LEONI generated consolidated net income of EUR 35.9 million in the period from January to June 2016 (previous year: EUR 51.8 million).

WSD: quarterly sales up 5 percent

The Wiring Systems Division (WSD) increased its sales by nearly 5 percent to EUR 716 million in the second quarter of 2016 (previous year: EUR 684 million) and by just over 2 percent to EUR 1,367 million in the first six months (previous year: EUR 1,338 million). The sales of wiring systems and cable harnesses for German and other European motor vehicle manufacturers were particularly encouraging. Various production-run starts for new models of multinational carmakers contributed to the growth. The division’s EBIT amounted to EUR 22.1 million (previous year: EUR 52.8 million). As announced, this included major restructuring expenses, most of which were incurred in the second quarter. Adjusted for this factor, the division’s six-month EBIT worked out to EUR 41.8 million (previous year: EUR 53.9 million). EBIT improved by a significant EUR 5.0 million in the second quarter versus the first three months to EUR 17.1 million (previous year: EUR 35.0 million). Stripped of the restructuring costs, the figure rose in the year to date from EUR 6.6 million in the first quarter to EUR 35.2 million (previous year: EUR 36.1 million) in the second.

WCS: EBIT grows to € 39.8 million in the first half

In the Wire & Cable Solutions (WCS) Division, the strong demand for special cables for the automotive, medical technology and fiber optics industries in particular led to a slight organic increase in sales. Major, adverse effects resulting from changes in exchange rates and the price of copper offset this result. The division’s sales therefore dipped to EUR 433 million in the second quarter of 2016 (previous year: EUR 472 million) and to EUR 871 million in the first half (previous year: EUR 927 million). Thanks to this good operating performance and an improved product mix, however, the WCS Division’s EBIT nevertheless increased by about 32 percent to EUR 20.5 million in the period from April through June 2016 (previous year: EUR 15.5 million) and by more than 22 percent to EUR 39.8 million in the first six months (previous year: EUR 32.5 million).

The WCS Division has devised a new business strategy to tap new market and sales potential. The objective is to develop the division from being a dependable wire and cable manufacturer to becoming a customer-oriented solution provider and systems partner for intelligent and secure energy transmission and data management systems.

Full-year forecast reaffirmed

The Management Board of Leoni AG still expects second half sales to be down slightly from the first half for seasonal reasons and a consequently lower consolidated EBIT figure. There are furthermore unlikely to any similarly large exceptional factors to boost earnings as in the year so far. Leoni is confident that it will at least match its forecast, which now looks conservative: consolidated sales are projected at about EUR 4.4 billion (previous year: EUR 4.5 billion) with consolidated EBIT coming to approximately EUR 105 million (previous year: EUR 151.3 million). This forecast result allows for restructuring expenses of about EUR 30 million over the year as a whole.

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Leoni performance overview

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| **Group key figures** | **2nd quarter** | **1st half** |
| **2016** | **2015** | **Change** | **2016** | **2015** | **Change** |
| Sales [€ million] | 1,148.2 | 1.155,7 | -0.7 % | 2,237.5 | 2,264.5 | -1.2 % |
| EBITDA [€ million] | 74.2 | 84.7 | -12.4 % | 135.5 | 153.4 | -11.7 % |
| EBIT [€ million] | 37.6 | 50.4 | -25.4 % | 61.9 | 85.5 | -27.6 % |
| Adjusted EBIT \* [€ million] | 60.4 | 54.6 | 10.6 % | 90.7 | 92.5 | -1.9 % |
| EBT [€ million] | 32.0 | 43.8 | -26.9 % | 50.8 | 71.6 | -29.0 % |
| Consolidated net income [€ million] | 24.3 | 35.1 | -30.6 % | 35.9 | 51.8 | -30.7 % |
| Capex incl. acquisitions [€ million] | 52.3 | 60.6 | -13.7 % | 91.1 | 98.7 | -7.7 % |
| Equity ratio [%] | 32.5 | 34.5 | - | 32.5  | 34.5 | - |
| Earnings per share [€] | 0.75 | 1.07 | -29.9 % | 1.10 | 1.58 | -30.4 % |
| Employees [as at 30 June] | 76,239 | 71,987 | 5.9 % | 76,239 | 71,987 | 5.9 % |

*\* 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-on-target-after-the-1st-half-of-2016/*](http://www.leoni.com/en/press/releases/details/leoni-on-target-after-the-1st-half-of-2016/)☞ *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 76,000 people in 32 countries and generated consolidated sales of EUR 4.5 billion in 2015.

 

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