Leoni’s sales up 9 percent in the first half of 2017

Earnings guidance raised to between EUR 190 and 210 million

Nuremberg, 9 August 2017 – Leoni, the leading provider of cables and cable systems to the automotive sector and other industries, continued its growth trajectory in the second quarter of 2017 and thereby outperformed expectations. Consolidated sales rose by about 8 percent year on year to EUR 1.24 billion in the period from April to June (previous year: EUR 1.15 billion) and by more than 9 percent to EUR 2.44 billion in the first six months (previous year: EUR 2.24 billion). Leoni generated most of this growth from its own resources. It was based on the continued, good demand from the global automotive industry. The higher price of copper than in the previous year also exerted a beneficial effect.

Compared with the same periods in 2016, the Leoni Group's earnings before interest and taxes (EBIT) rose from EUR 37.6 million to EUR 83.9 million in the second quarter of 2017 and from EUR 61.9 million to EUR 136.8 million in the first half. Alongside operational improvements in the Wiring Systems Division, the Company benefited from non-recurring factors: a gain on deconsolidation of EUR 24.8 million from the disposal of the domestic and electrical appliance cables business and exceptional income of EUR 5 million from a fidelity insurance policy payout. By contrast, substantial restructuring expenses of about EUR 21 million weighed on the first half of 2016.

Adjusted for non-operational effects, EBIT rose by about 4 percent to EUR 62.3 million in the period from April through June 2017 (previous year: EUR 60.0 million) and by just over 26 percent to EUR 114.0 million in the first six months (previous year: EUR 90.3 million). After-tax profit for the first six months was up from EUR 35.9 to 92.2 million.

WSD: substantially better result thanks to improved performance

The Wiring Systems Division (WSD) increased its sales by about 8 percent to EUR 774 million in the second quarter of 2017 (previous year: EUR 716 million) and by more than 10 percent to EUR 1.51 billion in the first six months (previous year: EUR 1.37 billion). In particular, this involved growth in business with key European carmakers that outpaced the market of vehicles produced. Sales of high-voltage cable harnesses and components for electric and hybrid vehicles rose to EUR 19.4 million in the period from January to June. The division’s EBIT increased to EUR 41.2 million in the period from April to June 2017 (previous year: EUR 17.1 million) and to EUR 64.1 million over the first half (previous year: EUR 22.1 million). Along with additional profit contributions from the increased sales, the measures applied to improve performance also contributed in this respect. The WSD’s order book for the next five years was up from EUR 14 billion to EUR 15.6 billion at the end of June. The order backlog for vehicles with alternative drive technologies increased to EUR 628 million.

WCS: Foundations for Factory of the Future laid

In the Wire & Cable Solutions (WCS) Division, sales were up by about 7 percent to EUR 462 million in the second quarter of 2017 (previous year: EUR 433 million) and by approximately 8 percent to EUR 937 million in the first six months (previous year: EUR 871 million). This involved the consistently good business with the automotive and robotics industries being offset by declines in the petrochemical, energy and infrastructure sectors. Furthermore, the domestic and electrical appliance cables business, the sale of which was completed on the 2nd of May, only contributed to business volume for four months. The positive effect of the increased price of copper more than compensated for the resulting loss of sales. With respect to the division’s EBIT, the deconsolidation effect of having sold a business operation yielded earnings to EUR 42.8 million in the second quarter (previous year: EUR 20.5 million) and to EUR 67.9 million for the first half (previous year: EUR 39.8 million). The foundation stone for the Factory of the Future in Roth, Germany was laid in June 2017. Alongside state-of-the-art cable production, the facility will also comprise a competence and development centre.

**Full-year EBIT guidance raised**

Against the backdrop of earnings performance in the first half that exceeded expectations, Leoni at the end of July raised its EBIT guidance for fiscal 2017 from previously EUR 180 to 200 million to now between EUR 190 and 210 million. The sales forecast remains unchanged with an increase of approximately 4.5 percent to about EUR 4.6 billion. If metal prices were to hold at the level of the first six months later in the year, however, this sales target will probably be exceeded.

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Leoni performance overview

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| --- | --- | --- |
| **Group key figures** | **2nd quarter** | **1st half** |
| **2017** | **2016** | **Change** | **2017** | **2017** | **Change** |
| Sales [€ million] | 1,236.1 | 1,148.2 | 7.7% | 2,441.5 | 2,237.5 | 9.1% |
| EBITDA [€ million] | 122.0 | 74.2 | 64.4% | 212.0 | 135.5 | 56.5% |
| EBIT [€ million] | 83.9 | 37.6 | >100.0% | 136.8 | 61.9 | >100.0% |
| Adjusted EBIT (1) [€ million] | 62.3 | 60.0 | 3.8% | 114.0 | 90.3 | 26.2% |
| EBT [€ million] | 76.2 | 32.0 | >100.0% | 123.9 | 50.8 | >100.0% |
| Consolidated net income [€ million] | 58.6 | 24.3 | >100.0% | 92.2 | 35.9 | >100.0% |
| Capex incl. acquisitions [€ million] | 69.3 | 52.2 | 32.8% | 115.8 | 90.9 | 27.4% |
| Equity ratio [%] | 31.9 | 32.5 | - | 31.9 | 32.5 | - |
| Earnings per share [€] | 1.80 | 0.75 | >100.0% | 2.82 | 1.10 | >100.0% |
| Employees [as at 30 June] | 81,581 | 76,239 | 7.0% | 81,581 | 76,239 | 7.0% |

1. *Earnings adjusted for the impact of purchase price allocations, restructuring, gains on business disposals, income from business combinations including related derivatives and insurance compensation.*

☞ *Related illustration material can be downloaded next to this release at* [*www.leoni.com/en/press/releases/details/leonis-sales-up-9-percent-in-the-first-half-of-2017/*](http://www.leoni.com/en/press/releases/details/leonis-sales-up-9-percent-in-the-first-half-of-2017/)☞ *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 more than 82,000 people in 31 countries and generated consolidated sales of EUR 4.4 billion in 2016. In 2017, Leoni celebrates its 100 years anniversary.

  

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