Leoni raises sales forecast following good performance in the 1st half

* Six-month sales hit new high of EUR 2.7 billion
* Adjusted EBIT up to EUR 128 million despite more R&D spending
* Sales forecast for 2018 raised to at least EUR 5.1 billion

Nuremberg, 15 August 2018 – Leoni, a global provider of energy and data management solutions in the automotive sector and other industries, maintained its good business performance in the second quarter of 2018. Thanks to the still vibrant business with wiring systems, cable harnesses and special cables for the automotive industry, consolidated sales were up by 7 percent to EUR 1.3 billion in the period from April to June (Q2/2017: EUR 1.2 billion). The Company grew by 9 percent from its own resources. In the first six months, consolidated sales rose by 8 percent to a new half-year high of EUR 2.7 billion (H1/2017: EUR 2.5 billion). Sales performance has thus slightly exceeded expectations so far this year.

Earnings before interest and taxes (EBIT) amounted to EUR 62 million in the second quarter. The previous year’s high figure of EUR 87 million included non-recurring income of EUR 25 million due to having deconsolidated the disposed domestic and electrical appliance cables business. EBIT adjusted for all non-operating factors came to EUR 64 million in the second quarter (Q2/2017: EUR 65 million). EBIT amounted to EUR 125 million for the period from January to June 2018 (H1/2017: EUR 142 million); the adjusted figure was up by 7 percent to EUR 128 million (H1/2017: EUR 120 million), which corresponds to an adjusted EBIT margin of 4.8 percent (H1/2017: 4.9 percent).

To prepare for future growth and ongoing digitalization, Leoni spent EUR 70 million Group-wide in the second quarter (Q2/2017: EUR 69 million) on property plant and equipment as well as intangible assets. The focus was on new wiring systems plants, expanding special automotive cables production as well as the Factory of the Future in Roth, Germany. In total over the first half, capital investment was up 9 percent to EUR 127 million (H1/2017: EUR 116 million).

Wiring Systems: better operating performance and capacity expansion

The Wiring Systems Division increased its sales by 6 percent to EUR 829 million in the second quarter (Q2/2017: EUR 780 million) and by more than 9 percent to EUR 1.7 billion in the first six months (H1/2017: EUR 1.5 billion). Business with the European carmakers and the international commercial vehicle industry grew especially dynamically. The division’s EBIT rose from EUR 44 to 45 million quarter on quarter; in the first half, EBIT was up from EUR 70 to 87 million. The additional profit contributions from the sales growth and benefits of having improved the operating performance were offset by initial pre-production spending on extensive new customer projects. In the second quarter, Leoni opened its third wiring systems plant in Serbia and its second facility as part of the joint venture in Langfang, China – the beginnings of a significant expansion of global production capacity: the completion of four more production facilities is scheduled for later this year. At the end of June, the division had orders worth EUR 21.2 billion on its books, of which electrically powered vehicles account for 20 or more percent.

Wire & Cable Solutions: sustained strong demand for special cables

The Wire & Cable Solutions Division raised its sales by 8 percent to EUR 498 million between April and June (Q2/2017: EUR 462 million); over the whole of the first half it generated a 5 percent gain to EUR 983 million (H1/2017: EUR 937 million). Thanks to unabatedly heavy demand for special cables for the automotive industry as well as for cables and solutions for factory automation, the division substantially overcompensated for the absence of sales due to its disposal of the domestic and electrical appliance cables business. By contrast, business with the solar and petrochemical industries continued to disappoint, which, together with start-up costs at our facility in India and high raw materials prices, weighed on earnings: EBIT for the quarter amounted to EUR 17 million, whereas the previous year’s comparison figure of EUR 43 million included the aforementioned gain of EUR 25 million on deconsolidation. For the period from January to June, the division’s EBIT totalled EUR 38 million (H1/2017: EUR 68 million). The division’s order receipts were up by 5 percent to EUR 487 million from April to June 2018 (Q2/2017: EUR 464 million).

Forecast raised: Sales will be up to at least EUR 5.1 billion

“We generated more sales in the first half than we expected at the beginning of the year, due mainly to the higher price of copper. We therefore now project that 2018 consolidated sales will be up to at least EUR 5.1 billion,” said Karl Gadesmann, CFO and Spokesperson for the Board of Directors of Leoni AG. The previous estimate was at least EUR 5.0 billion (2017: EUR 4.9 billion). With respect to consolidated EBIT, Leoni still forecasts a range of between EUR 215 and 235 million. The earnings contribution is therefore expected to be smaller in the second half, above all because of rising pre-production spending on new wiring system projects. The full-year target reflects the considerably better quality of operating earnings than in the previous year (EUR 225 million), which included non-recurring income of EUR 30 million.

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☞ *Related illustration material can be downloaded next to this release at* [*https://www.leoni.com/en/press/releases/details/leoni-raises-sales-forecast-following-good-performance-in-the-1st-half/*](https://www.leoni.com/en/press/releases/details/leoni-raises-sales-forecast-following-good-performance-in-the-1st-half/)

☞ *The complete quarterly report can be downloaded from* [*www.leoni.com/en/financial-publications/*](http://www.leoni.com/en/financial-publications/)

Leoni performance overview

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| --- | --- | --- | --- | --- | --- | --- |
| **Group key figures** | **Q2/2018** | **Q2/2017(²)** | **Change** | **H1/2018** | **H1/2017(²)** | **Change** |
| Sales [€ million] | 1,326 | 1,242 | 6.8% | 2,654 | 2,464 | 7.7% |
| EBITDA [€ million] | 100 | 125 | (19.4)% | 201 | 218 | (7.7)% |
| EBIT [€ million] | 62 | 87 | (28.3)% | 125 | 142 | (12.2)% |
| Adjusted EBIT (1) [€ million] | 64 | 65 | (2.0)% | 128 | 120 | 7.1% |
| Consolidated net income [€ million] | 41 | 61 | (33.3)% | 84 | 98 | (13.7)% |
| Earnings per share [€] | 1.29 | 1.88 | (31.4)% | 2.63 | 2.99 | (12.0)% |
| Free cash flow [€ million] | (29) | 44 | (>100.0)% | (140) | (27) | (>100.0)% |
| Capital expenditure [€ million] | 70 | 69 | 0.6% | 127 | 116 | 9.3% |
| Equity ratio [%] | 32.2 | 32.4 | --- | 32.2 | 32.4 | --- |
| Employees (as at 30 June) [number] | 87,666 | 81,581 | 7.5% | 87,666 | 81,581 | 7.5% |

1. *Earnings adjusted for the impact of revaluation as part of allocating the prices of the major acquisitions, restructuring, capital gains on business disposals and income from business combinations including related derivatives as well as insurance compensation*
2. *Previous year’s figure adjusted (excepting investments and number of employees)*

About the Leoni Group

Leoni is a global provider of products, solutions and services for energy and data management in the automotive sector and other industries. The value chain encompasses wires, optical fibers, standardised cables, special cables and assembled systems as well as intelligent products and smart services. As an innovation partner and solutions provider, Leoni supports its customers with pronounced development and systems expertise. The group of companies, which is listed on the German MDAX, employs about 88,000 people in 31 countries and generated consolidated sales of EUR 4.9 billion in 2017.

  

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