Leoni adjusts guidance for 2018

Nuremberg, 22 October 2018 – Leoni AG of Nuremberg (ISIN DE 0005408884 / WKN code 540888) has decided today to adjust its guidance for fiscal 2018 to the latest market and business developments. The reassessment of sales and EBIT is due mainly to a volatile market setting, which, among other factors, is attributable to a weaker trend in the Chinese car market, international trade conflicts and the impact of the new WLTP cycle. The estimate of free cash flow has been adjusted for ongoing, substantial investment in new capacity and modernisation as well as an increase in working capital.

In the period from July to September, the beginning production ramp-down for a vehicle model supplied on a large scale as well as reduced orders from European carmakers at the end of the third quarter led to flattening sales growth and pressure on earnings. Based on preliminary figures for the third quarter of 2018, sales supported by a high copper price fell short of expectations with a figure of EUR 1.2 billion (Q3/2017: EUR 1.2 billion), as did EBIT with EUR 38 million (Q3/2017: EUR 45 million). Free cash flow amounted to negative EUR 141 million in the same period (Q3/2017: negative EUR 35 million).

Against this backdrop, the Company has revised its guidance for fiscal 2018 as follows:

* Consolidated sales will be up slightly to about EUR 5.0 billion instead of at least EUR 5.1 billion (2017: EUR 4.9 billion).
* EBIT will amount to about the level of EUR 196 million, i.e. the previous year’s figure adjusted for the non-recurring benefit of approximately EUR 30 million. The latest estimate of 2018 EBIT put the result in the lower half of the range between EUR 215 and 235 million.
* Leoni will not achieve its ambitious goal of generating neutral free cash flow before the dividend payout in the current financial year. The Company now anticipates a negative figure of up to EUR 150 million before the dividend.
* The capex ratio is still projected at 5 percent of sales (excluding spending on the Factory of the Future).

This announcement contains certain forward-looking statements that are based on the current assumptions and forecasts of Leoni AG’s management. Various known and unknown risks, uncertainties and other factors could cause Leoni’s actual results, its financial position, growth or performance to differ materially from the estimates presented herein. Leoni assumes no responsibility whatsoever to update such forward-looking statements or to conform them to future events or developments. Explanations of and reconciliations with key financial figures used can be found in the Annual Report 2017 of Leoni AG (accessible at <https://www.leoni.com/fileadmin/corporate/publications/reports/2017/annual_report_2017.pdf>).

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