

**Leoni with positive cash flow development and EBIT-burden due to exceptional items in the fourth quarter – full year sales and earnings in line with guidance**

- Leoni generated sales of EUR 4.8 billion in 2019
- EBIT before exceptional items as well as before VALUE 21 costs amounted to EUR -66 million in 2019
- Continued positive cash flow development of EUR 84 million in the fourth quarter of 2019 - Free cash flow of EUR -308 million in 2019
- VALUE 21 costs totaled EUR 86 million in 2019

**Nuremberg, 24 February 2020 – Based on preliminary figures, Leoni generated sales of EUR 1.2 billion (Q4/2018: EUR 1.2 billion) and earnings before interest and tax (EBIT) before exceptional items as well as before VALUE 21 costs of EUR -16 million (Q4/2018: EUR -6 million) in the fourth quarter of 2019. In the financial year 2019, the Company generated sales of EUR 4.8 billion (2018: EUR 5.1 billion), EBIT before exceptional items as well as before VALUE 21 costs of EUR -66 million (2018: EUR 157 million) and free cash flow of EUR -308 million (2018: EUR -140 million, adjusted).**

Preliminary sales and preliminary EBIT before exceptional items as well as before VALUE 21 costs are in line with the Company's guidance. The negative result for the financial year 2019 is due, among other things, to declining demand in the automotive and industrial sectors, as well as operative burdens related to a project ramp-up in Mexico at the beginning of the year. The preliminary reported Group EBIT was EUR -384 million (2018: EUR 144 million). Aside from costs associated with VALUE 21, this also includes non-cash write-downs on assets as well as provisions primarily for losses expected on existing orders in the future, which could become cash relevant over a period of several years. Free cash flow improved significantly over the course of the year, reflecting the Company's sharper focus on cash flow.

“The previous financial year was particularly challenging for Leoni. We worked hard to stabilise our business and made important progress. In particular, the significant improvement in free cash flow and the implementation of the initiatives of our VALUE 21 programme are positive developments. In our current situation, we need to continue to work rigorously to get Leoni back on track,” says Aldo Kamper, CEO of Leoni AG.

Available liquidity at the end of 2019 amounted to EUR 624 million (as per end of Q3 2019: EUR 583 million; 2018: EUR 1,001 million).

### **Divisional Performance**

Based on preliminary figures, the Wiring Systems Division (WSD) generated sales of EUR 755 million in the fourth quarter of 2019 (Q4/2018: EUR 722 million) and an EBIT before exceptional items as well as before VALUE 21 costs of EUR -23 million (Q4/2018: EUR -14 million). In 2019, the division generated sales of EUR 3.0 billion (2018: EUR 3.2 billion) and an EBIT before exceptional items as well as before VALUE 21 costs of EUR -118 million (2018: EUR 92 million). The reported EBIT for the WSD division was EUR -370 million (2018: EUR 80 million). Fourth quarter results were impacted by a provision for onerous contracts of around EUR 80 million, which Leoni built primarily for losses expected in the context of changed conditions for a major project with an order period end of 2016. Losses could become cash-effective in the course of 2021 and over a period of several years thereafter.

The Wire & Cable Solutions (WCS) Division generated sales of EUR 426 million in the fourth quarter of the financial year 2019 (Q4/2018: EUR 470 million) and an EBIT before exceptional items as well as before VALUE 21 costs of EUR 6 million (Q4/2018: EUR 10 million). For the financial year 2019, the division recorded sales of EUR 1.8 billion (2018: EUR 1.9 billion) and an EBIT before exceptional items as well as before VALUE 21 costs of EUR 51 million (2018: EUR 67 million). The reported EBIT for the WCS division in the financial year was EUR -14 million (2018: EUR 66 million). In the fourth quarter, the divisional EBIT was also impacted by non-cash write-downs on assets of EUR 20 million.

**Implementation of VALUE 21 remains on track**

Leoni implemented more than 60 percent of planned VALUE 21 initiatives by the end of the year. The company continues to expect that the implementation of all planned VALUE 21 measures will result in annual gross cost savings of EUR 500 million before offsetting effects from 2022 onwards.

Due to the planned implementation of initiatives, Leoni incurred preliminary costs totaling approximately EUR 86 million for VALUE 21 in the year 2019.

Due to the completed and announced review of exceptional items and adjustments for expected losses from onerous contracts, the annual financial statements and annual report will be postponed this year. Contrary to previous planning, Leoni will publish its annual report and financial statements for 2019 on 30 March 2020.

**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 market-listed group of companies employs approximately 95,000 people in 32 countries and generated preliminary consolidated sales of EUR 4.8 billion in 2019.

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