Intelligent energy and data solutions for tomorrow's world

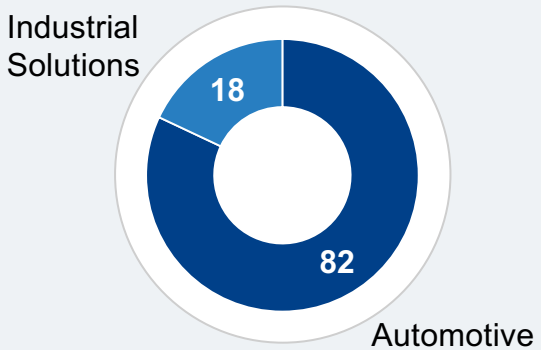
Investor Presentation Q2/H1 2018

LEONI

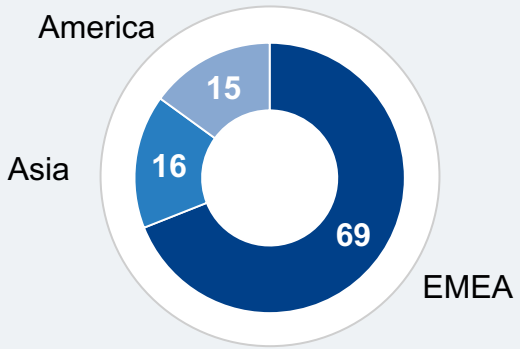
A global leader in wiring systems and cable technology

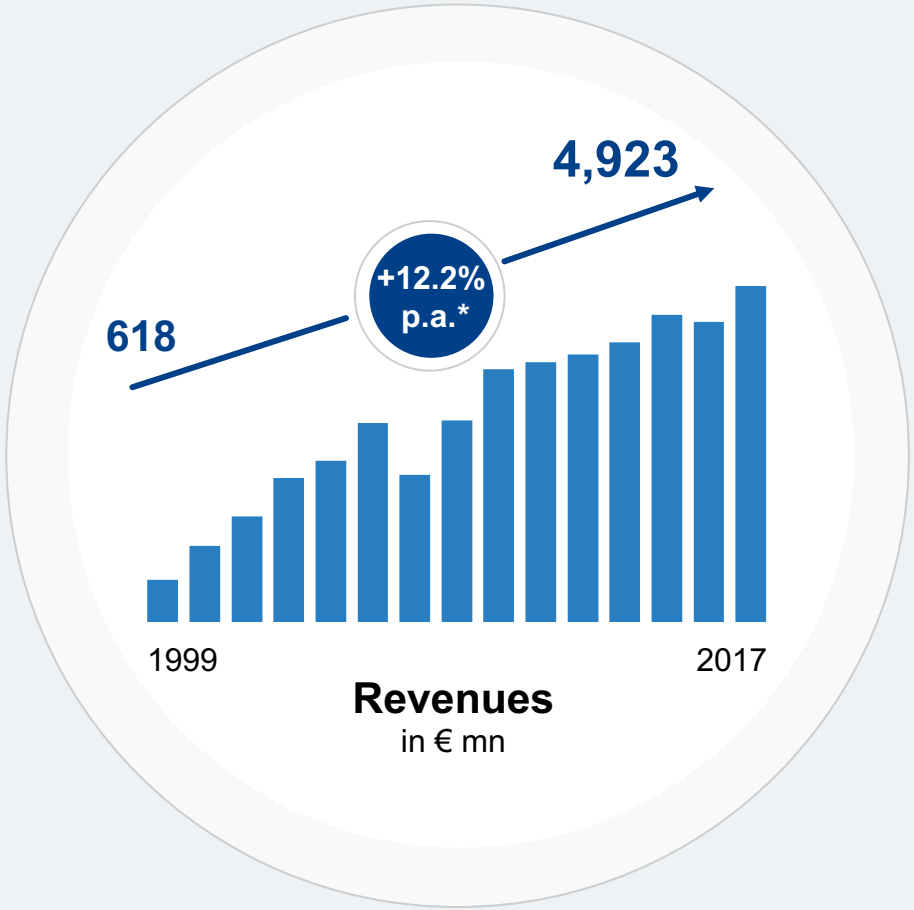
LEONI at a glance

Business mix (in % of sales)



Regional mix (in % of sales)





Leading market positions

- #1 in automotive special cables globally
- #1 in automotive wiring systems in Europe
- #3 cable manufacturer in Europe
- Innovation leader

System solutions provider

- Intelligent cable solutions from a single provider
- Setting future standards
- Focus on growth markets
- Global production network

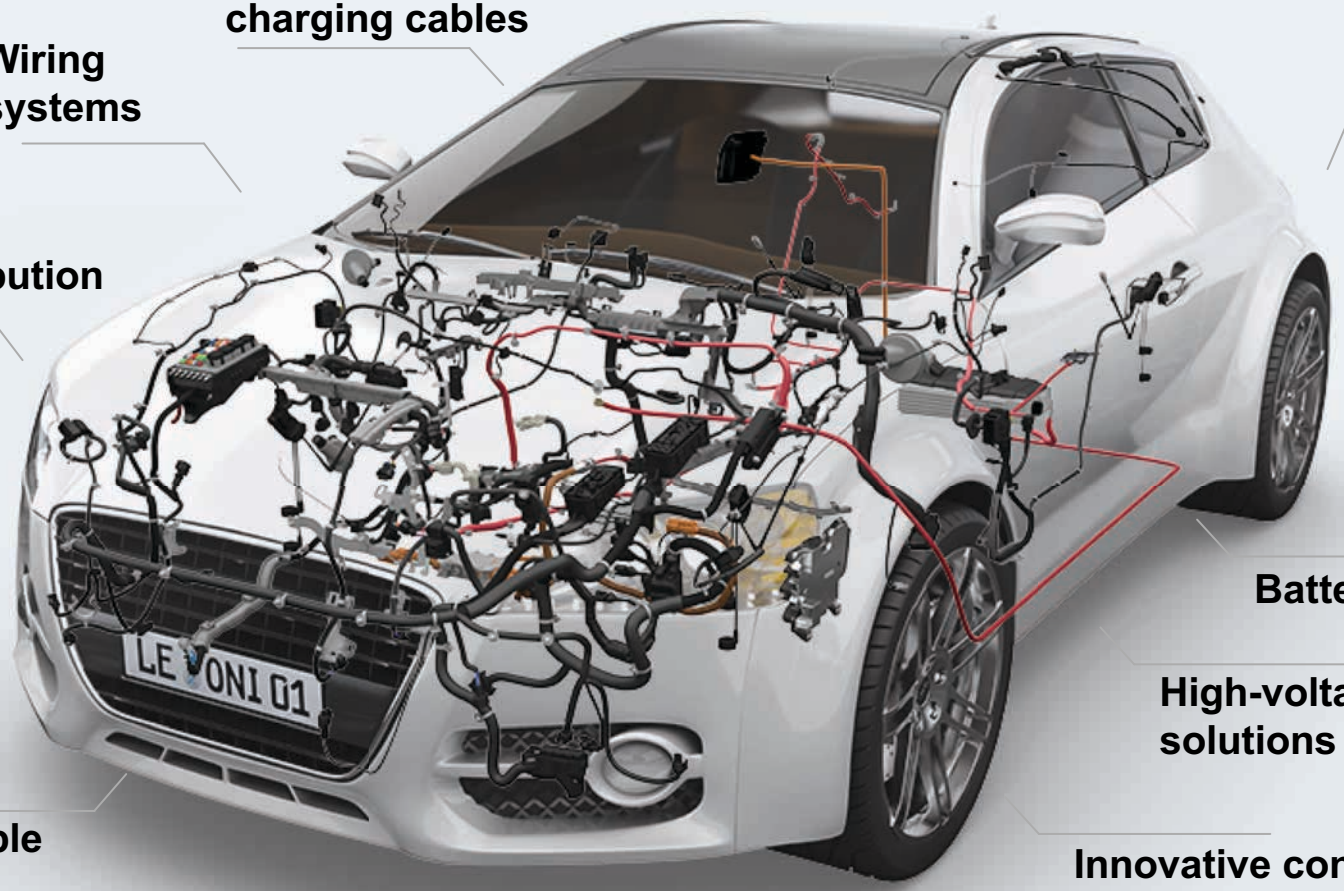
Megatrends support growth strategy

- Electrification
- Connectivity
- Autonomous driving
- Digitalisation

*CAGR

We provide the central nervous system for today‘s and tomorrow‘s vehicles

Automotive



(intelligent) charging cables

Wiring systems

(electric) Power distribution

Modular cable harnesses

Automotive Ethernet Solutions

Battery cables

High-voltage solutions

Innovative conductor material

From a wiring system supplier to a passionate provider of energy and data solutions

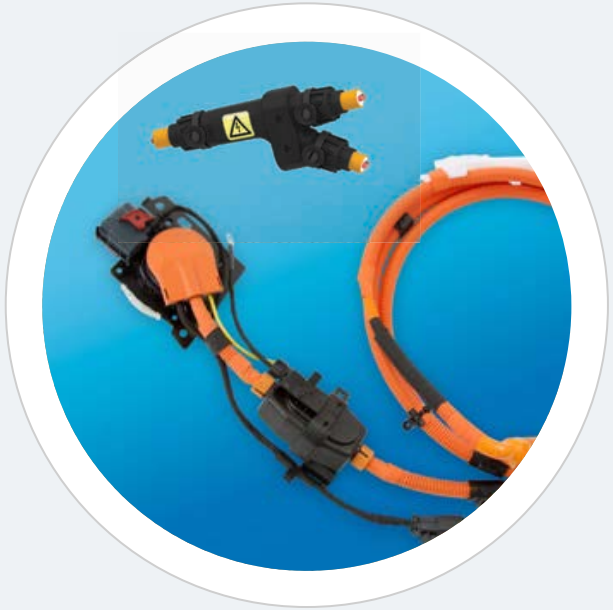
Our reliable high performance products are essential for:

- E-mobility
- Autonomous driving
- Connectivity

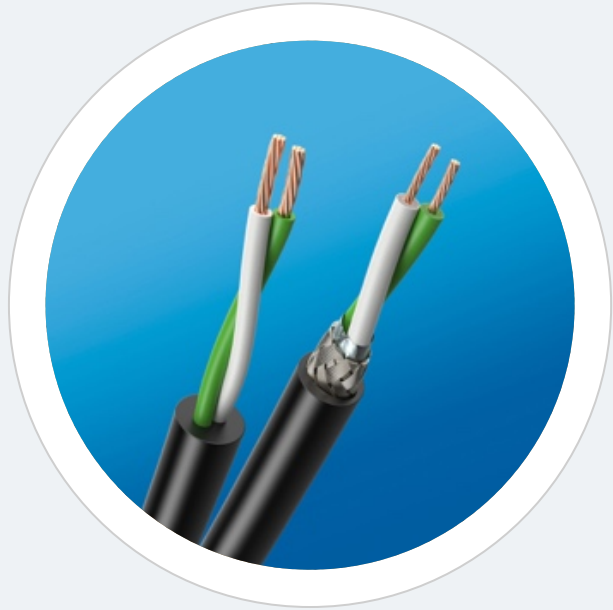
LEONI continuously demonstrates its leading position in automotive solutions

Market leading innovations

Intelligent energy solutions



High voltage wiring systems



Intelligent data solutions

Leveraging our know-how for innovative industrial solutions

Industrial Solutions

Products and services:

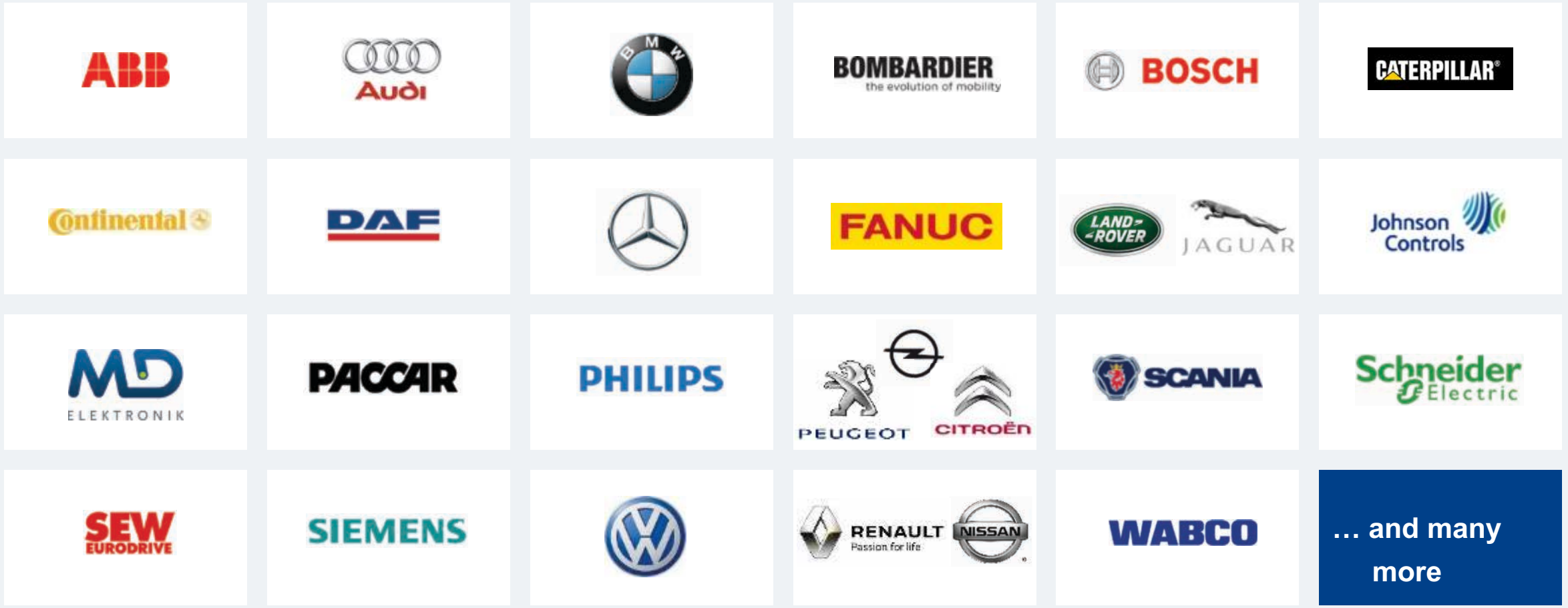
- Cables
- Cable assemblies/harnesses
- Complete systems
- Engineering solutions
- Training/programming services
- Software solutions

Industries:

- Data communications and networks
- Robotics
- Healthcare
- Factory automation
- Transportation
- Energy and Infrastructure etc.

Long-standing relationships with international clients

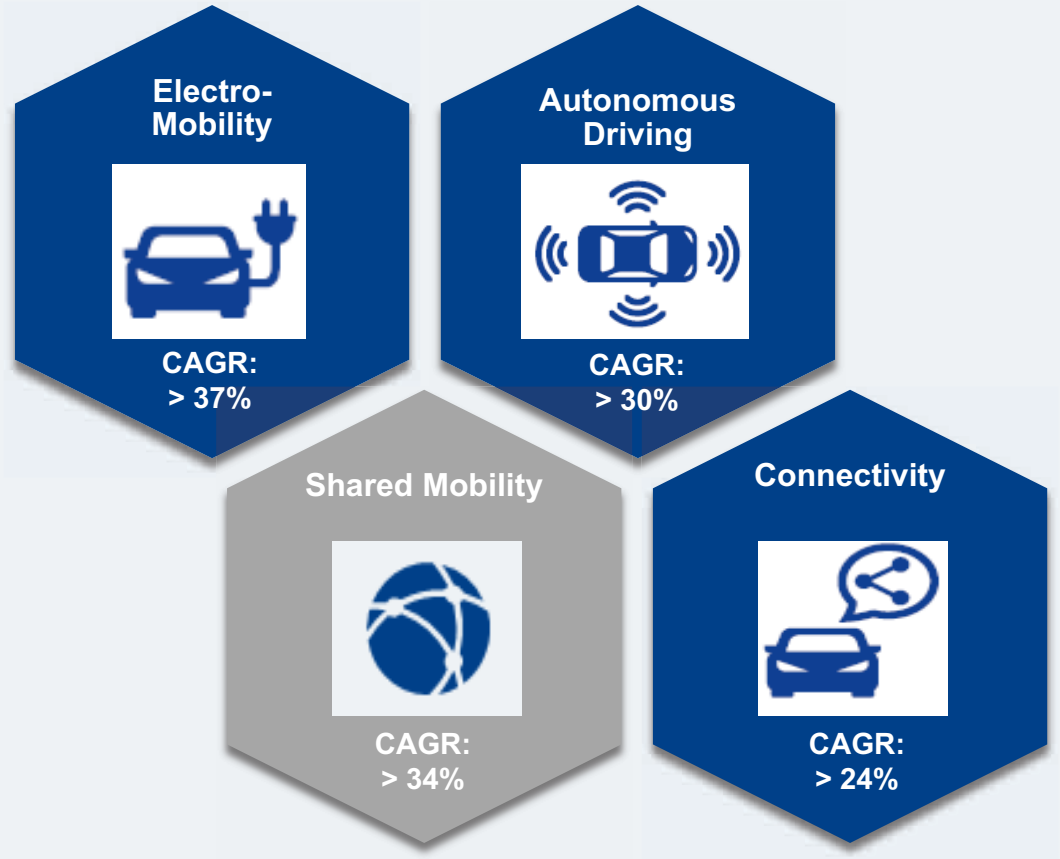
Exemplary customers



LEONI will benefit from current megatrends

Megatrends

MEGATRENDS AUTOMOTIVE



MAIN GROWTH DRIVERS FOR LEONI

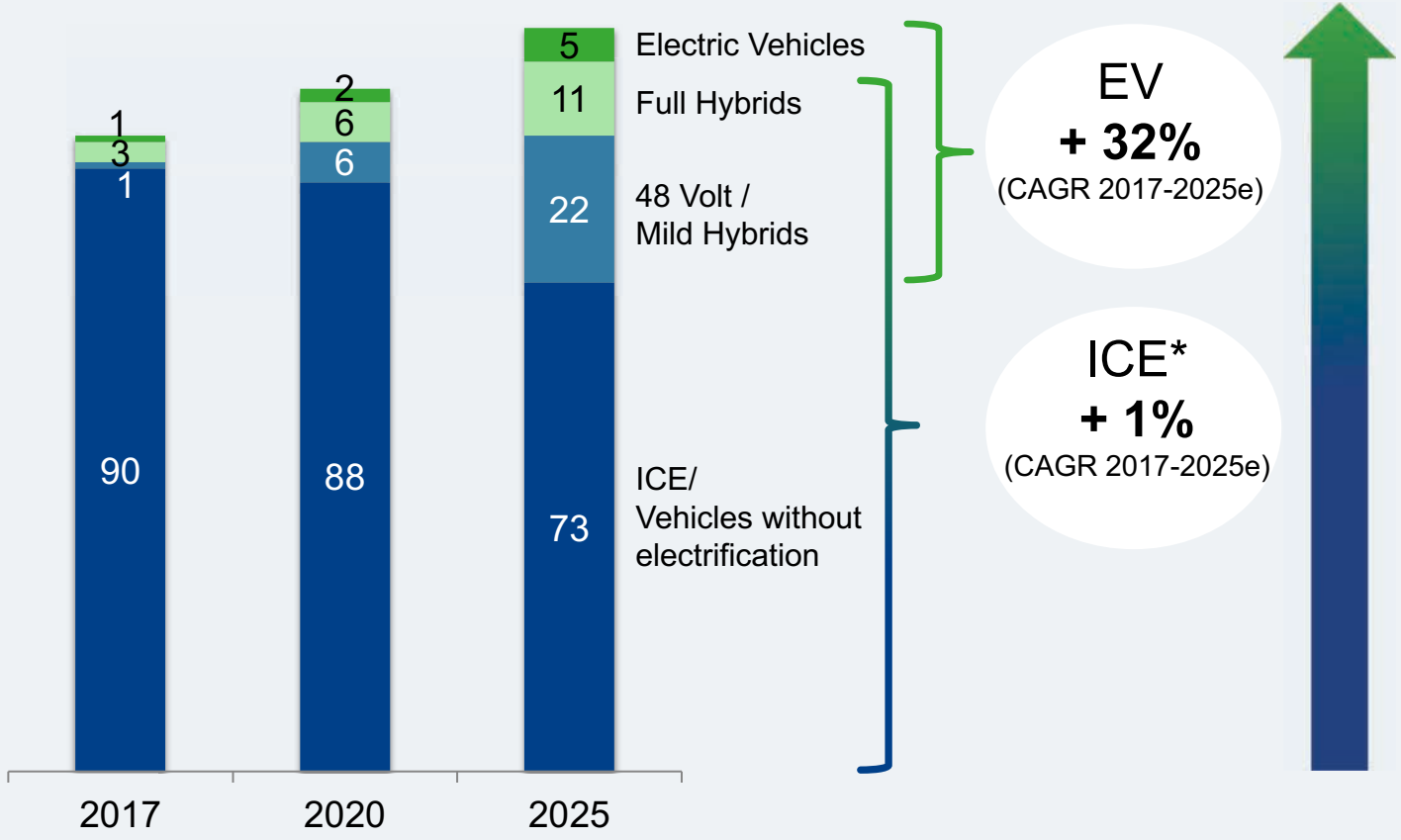
- Higher requirements regarding reliability and performance of power and data networks
- EV penetration expected to reach about 35% by 2030
- Electrification boosts wire content
- Increasing demand for sensors and intelligent wiring systems
- Need for highly efficient solutions for mass transportation
- Implementation of a global charging infrastructure (huge number of charging cables/systems)

Note: CAGRs 2017-2030: EMO: >37%; Autonomous Driving: >30%; Shared Mobility: >34%; Connectivity: >24%
Source: WSD Business Development & Pricewaterhouse Coopers – "From CO2 neutral fuels to emission-free driving", as of November 2017

Growing overall LV market supports LEONI‘s core business

Outlook vehicle production

VEHICLE PRODUCTION (IN MN)



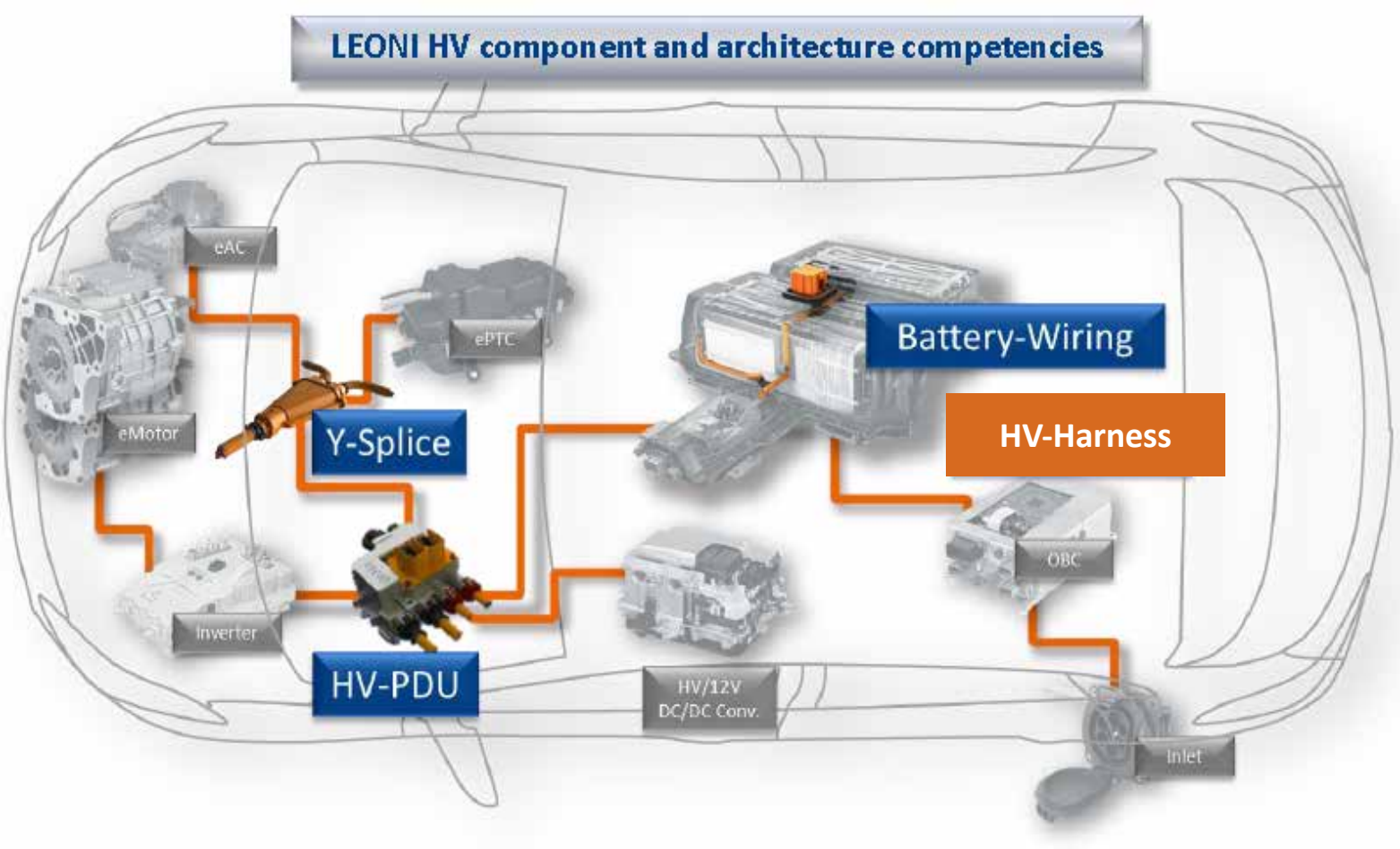
MARKET TRENDS

- Significantly higher electrification penetration driven by governmental CO2 regulations/ incentive programs
- EV production expected to increase by more than 30% CAGR by 2025
- 48V/Mild Hybrids with strongest growth
- Internal combustion engines continue to grow with higher efficiency standards and increasing hybridization

Source: IHS August 2017 *Incl. hybrid vehicles

LEONI provides key components for e-mobility

Overview components HV



Our product offering

- Cables and harnesses
- Modules and shielding
- Power distribution boxes
- Charging inlets and cables

Our competitive edge

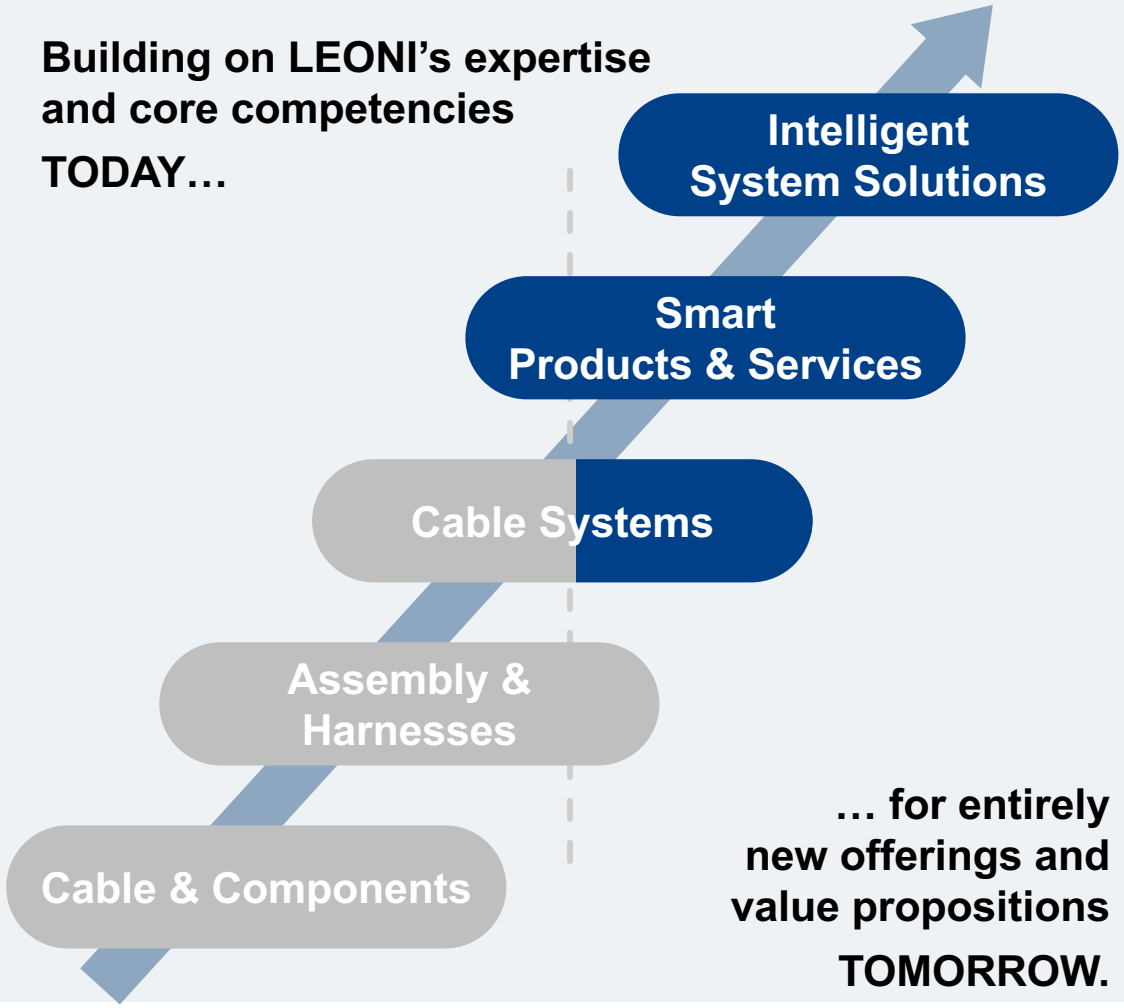
- Solution provider for complex requirements
- Early stage involvement with OEM during design phase allows for strengthening of market position
- Powerful technical customer support
- Competitive pricing through scale effects
- Digital functional system simulation to optimize the energy and data architecture in early design-in phase
- Development of digital twins of critical harness elements to allow for continuous optimization and monitoring

Source: WSD

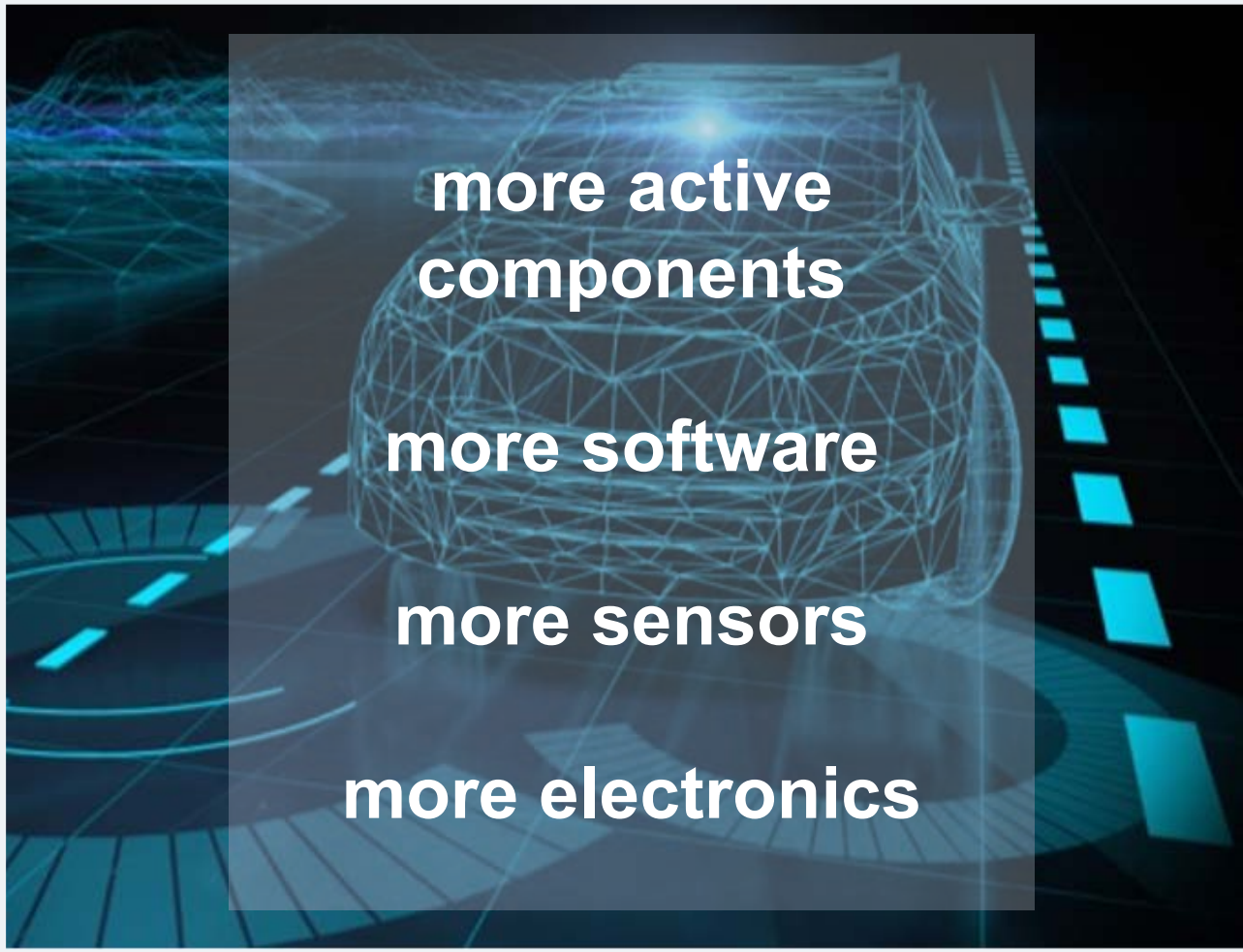
From cables & components to intelligent interconnect solutions

Strategic roadmap

Building on LEONI's expertise and core competencies TODAY…



… for entirely new offerings and value propositions TOMORROW.



Value added through intelligent cable technology and digitalisation

Customer advantages

Faster product development

Condition monitoring of energy and data systems

Active energy management

Less downtimes

Forward-looking maintenance

Lower life-cycle costs

Performance optimisation on basis of real data

…and many more

Intelligent Products and Services

…with integrated sensors and electronics for system monitoring or management

Software Solutions

…for digital functional simulation & data analytics, software licensing and embedded controls

Cloud Integration

…to become a valuable ecosystem player with our intelligent products and solutions

Digital Twins

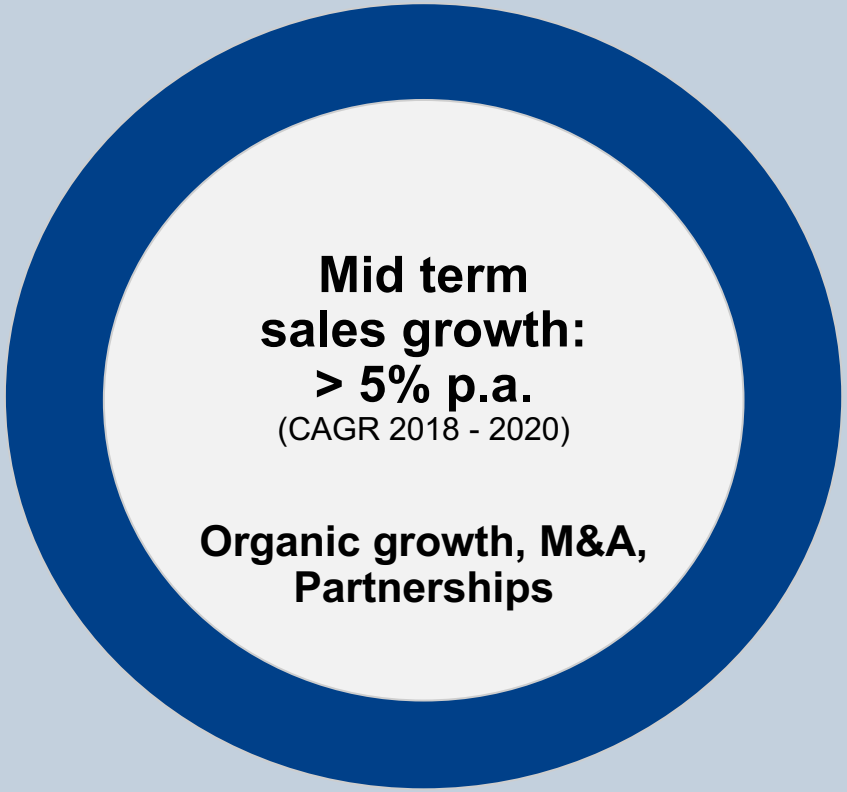
…for enhanced product-design (DTC), production (DFM) and in-field-performance (TCO)

LEONI is set for further growth

Growth strategy

KEY STRATEGIC PRIORITIES

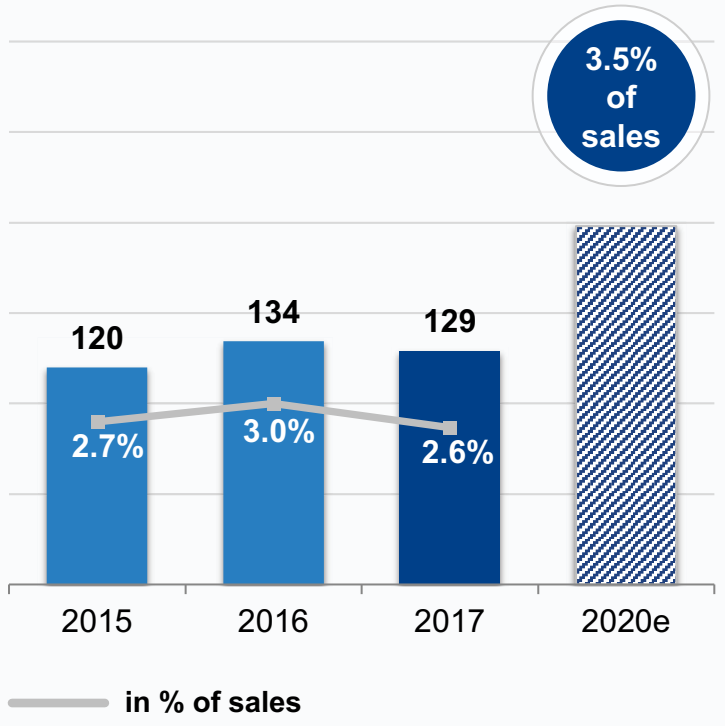
- Focus on system solutions with an understanding of the entire car system incl. intelligent products, services, and software
- Leverage competencies in simulation, electronics, and sensors in industrial growth markets like energy distribution grids, transportation, and robotic solutions
- Stronger focus on selected customers and growth markets with stringent portfolio management
- Expand leading position in wiring harnesses for electric vehicles
- Strengthen innovation leadership for automotive special cables, esp. data and sensor cables
- Exploit the megatrends energy and data through intelligent solutions like web-based technologies, services, and software



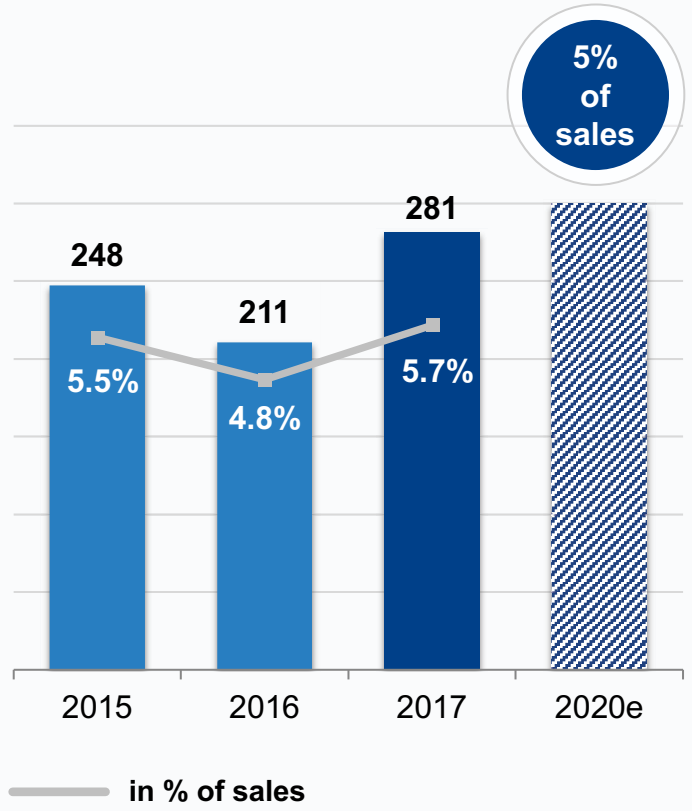
Focus on investments that support LEONI‘s growth strategy

R&D and Investments

R&D SPENDINGS (€ MN)



INVESTMENTS (€ MN)

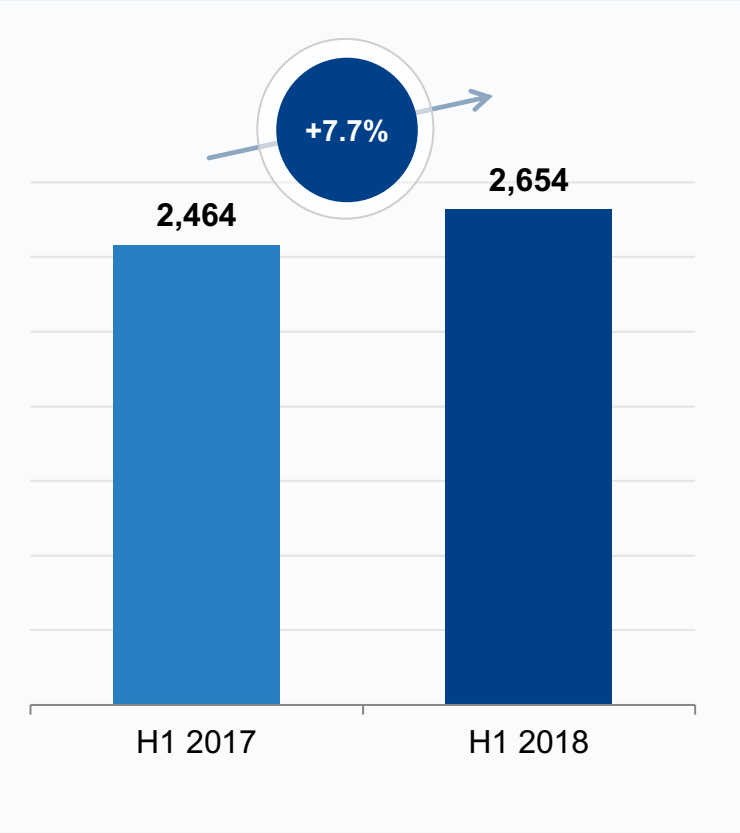


- Future automotive architectures with focus on energy and data transmission
- Digital functional system simulation
- Sensor, electronics and embedded software
- Data analytics skills and cloud infrastructure solutions
- Intelligent cable technologies
- Ramp-up of several new plants in all three key regions to support high backlog and order intake
- Investments for factory of the future, automation as well as Industry 4.0
- Overhaul of global IT-landscape to support future technological changes (“2-speed IT”)

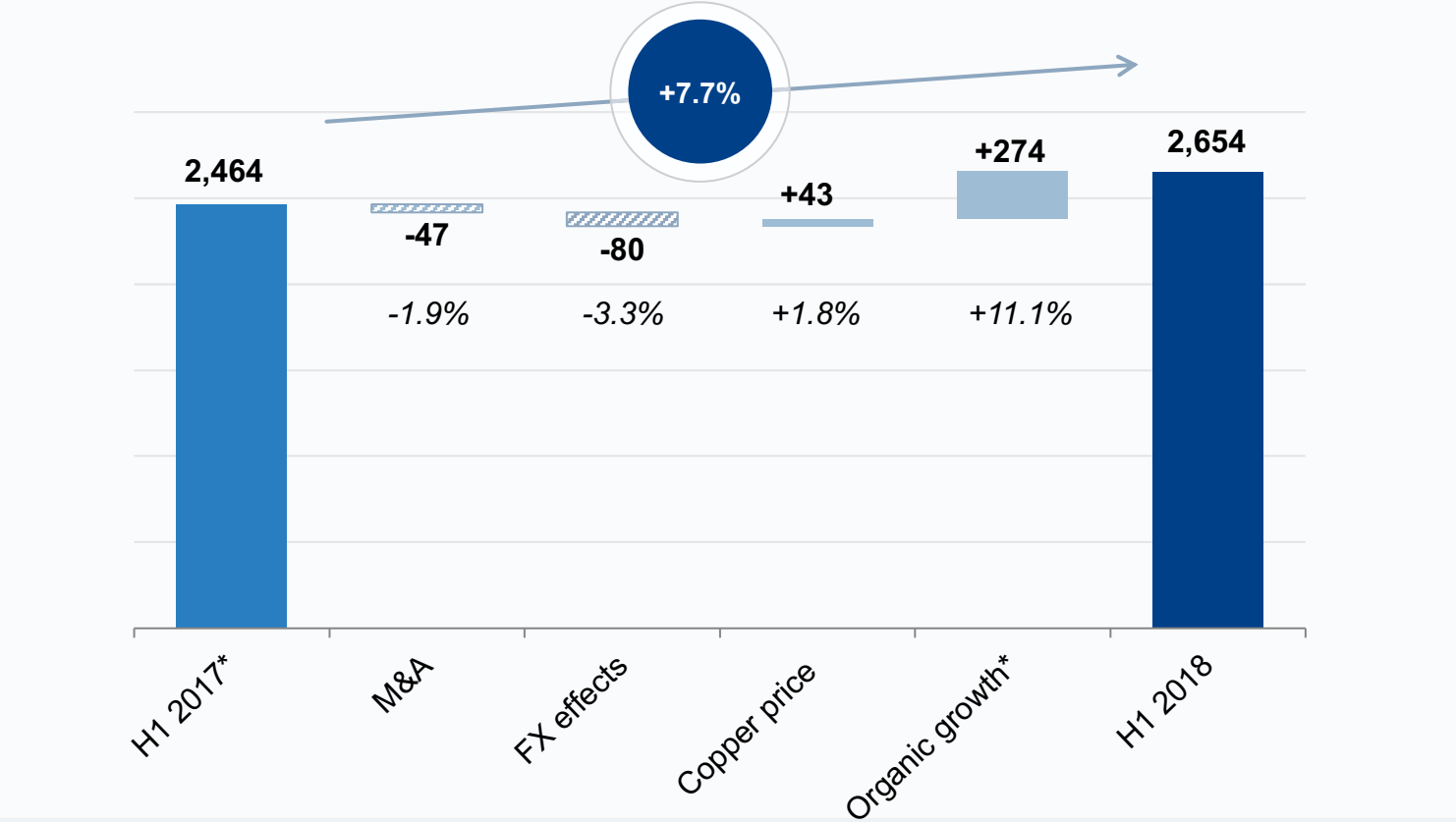
New record level of group sales in H1 2018

Group revenues H1

REVENUES (€ MN)*



REVENUE BRIDGE H1 2017 – H1 2018 (€ MN)

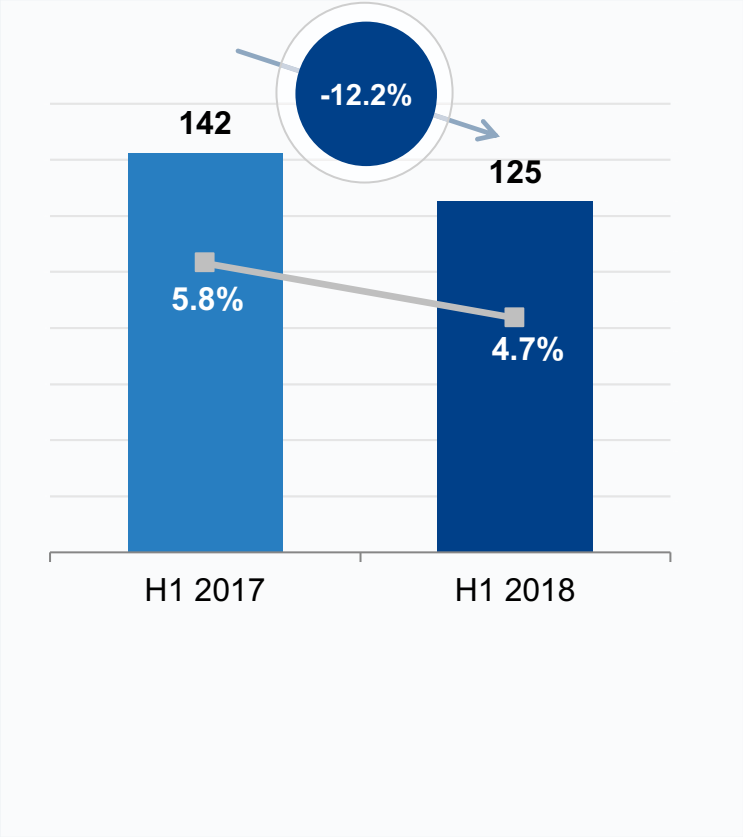


* Include IFRS 15 effects: H1 2017: + € 23 mn; H1 2018: + € 10 mn

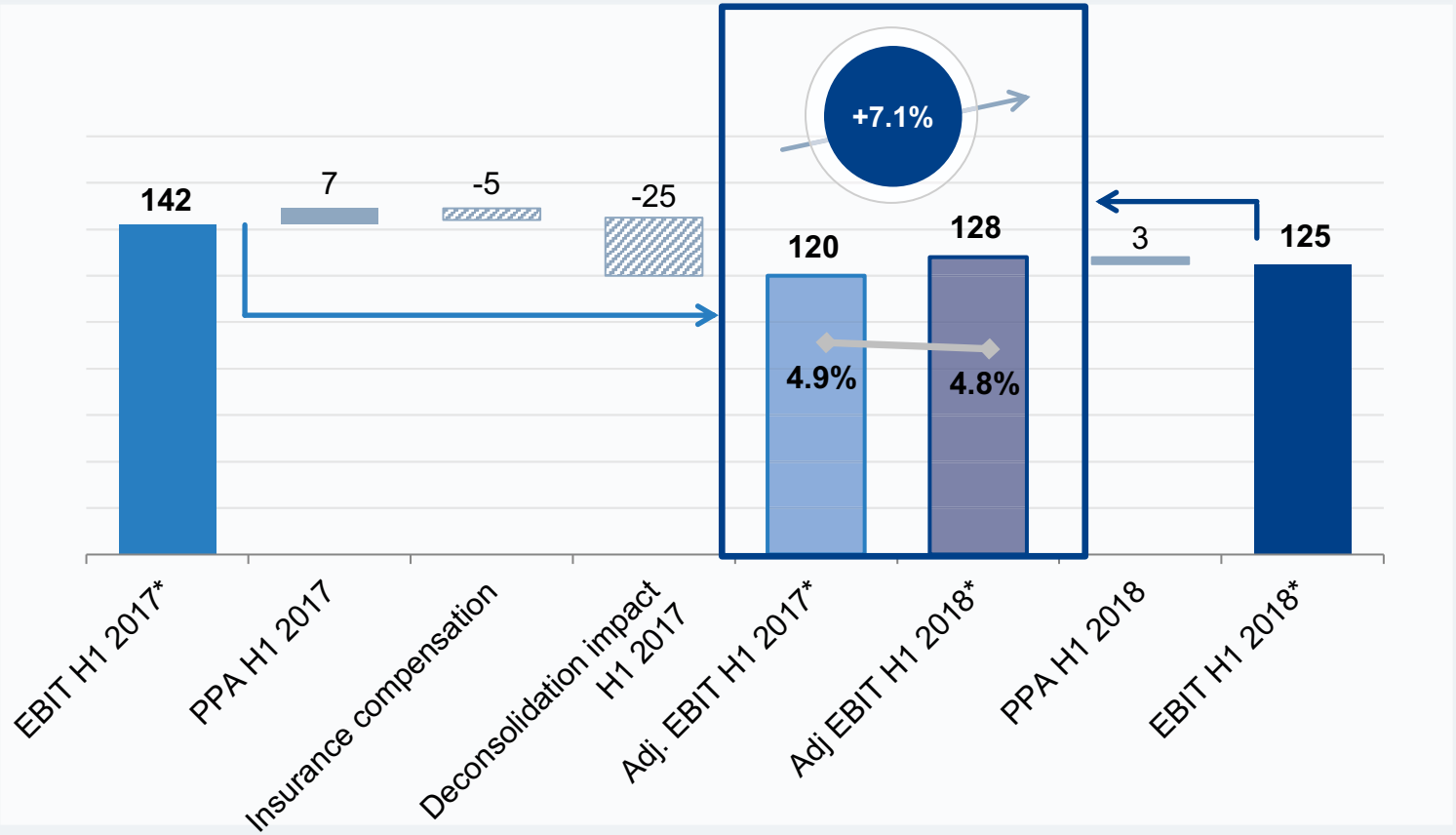
Adjusted EBIT up by 7% in H1 2018

EBIT / Adjusted EBIT H1

EBIT (€ MN)* / MARGIN (%)



RECONCILIATION TO ADJUSTED EBIT H1 2017 – H1 2018 (€ MN)

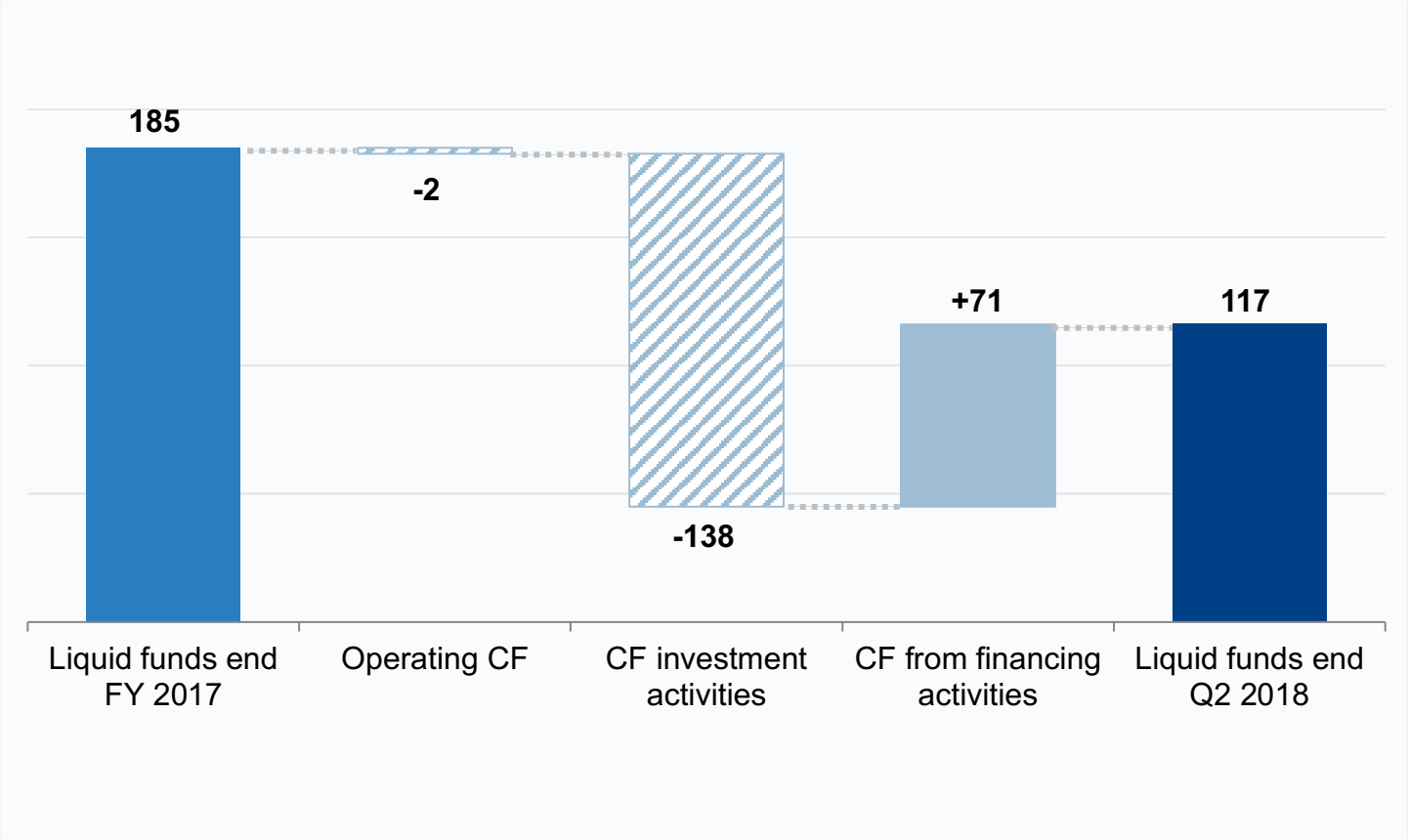


* Include IFRS 15 effects: H1 2017: + € 6 mn; H1 2018: + € 3 mn

Free cash flow impacted by higher working capital and investments

Change in liquid funds in H1 2018

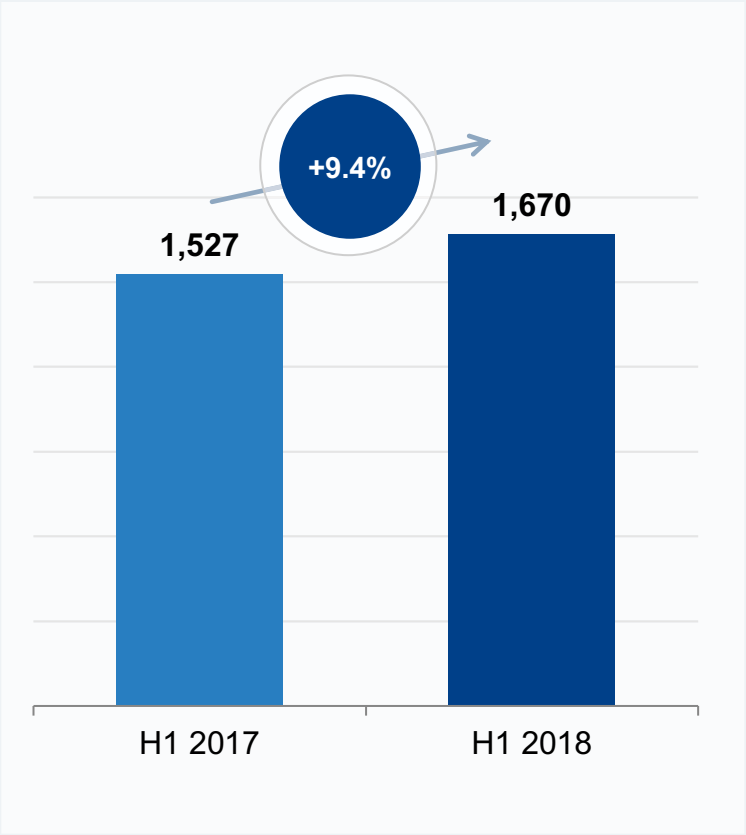
CASH FLOW ITEMS H1 2018 (€ MN)



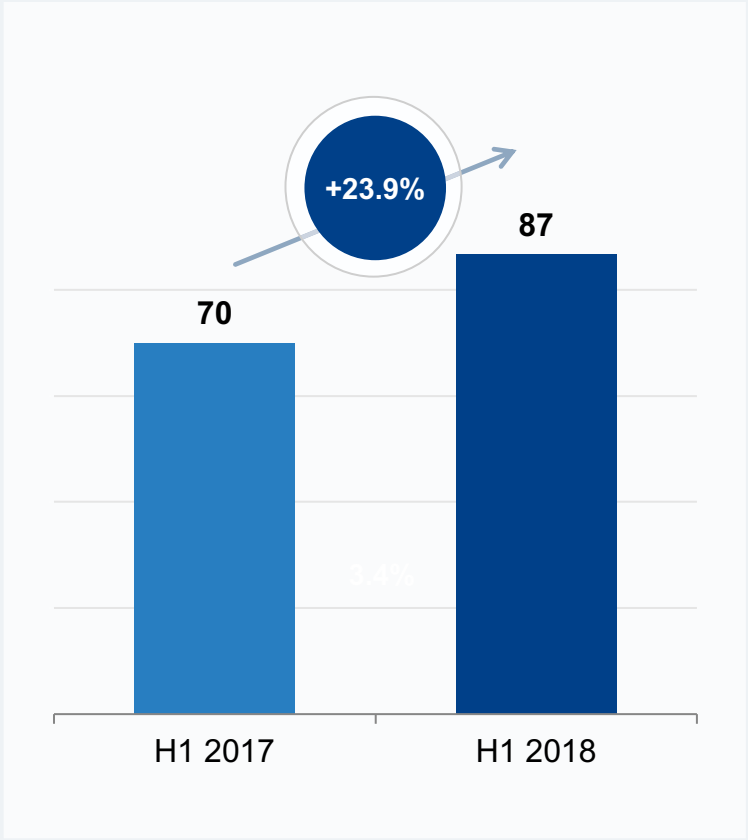
WSD: Strong organic sales growth and improved profitability

Revenue and EBIT H1

REVENUES (€ MN)*



EBIT (€ MN)**



- Strong organic sales growth of 12% y-o-y
- Margin contributions from increased sales
- Positive development of Chinese JV
- Adjusted EBIT increased by 16%
- Adjusted EBIT margin up from 5.0% to 5.3%

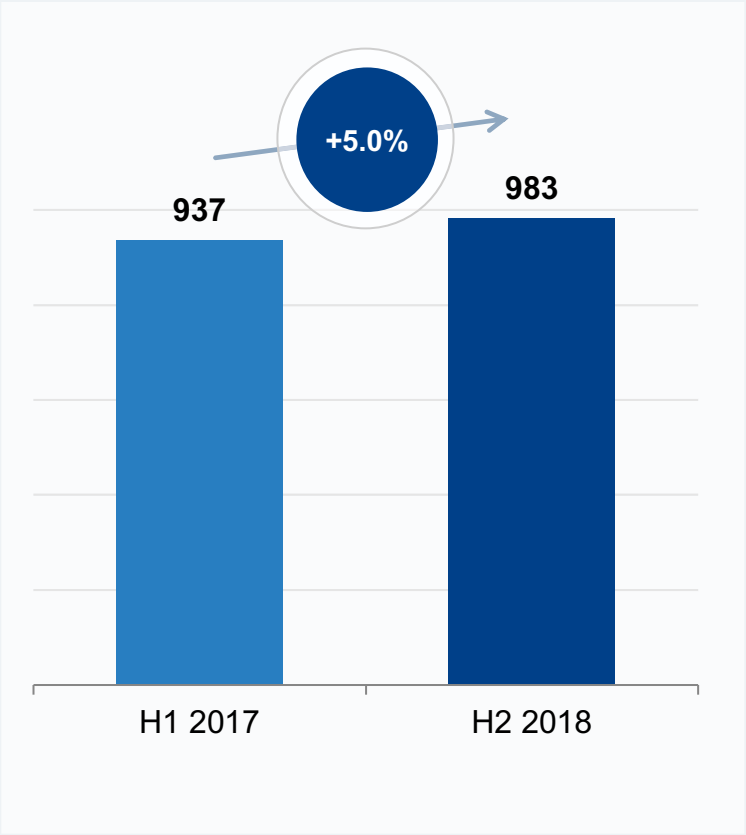
* Include IFRS 15 effects: H1 2017: + € 23 mn; H1 2018: + € 10 mn

** Include IFRS 15 effects: H1 2017: + € 6 mn; H1 2018: + € 3 mn

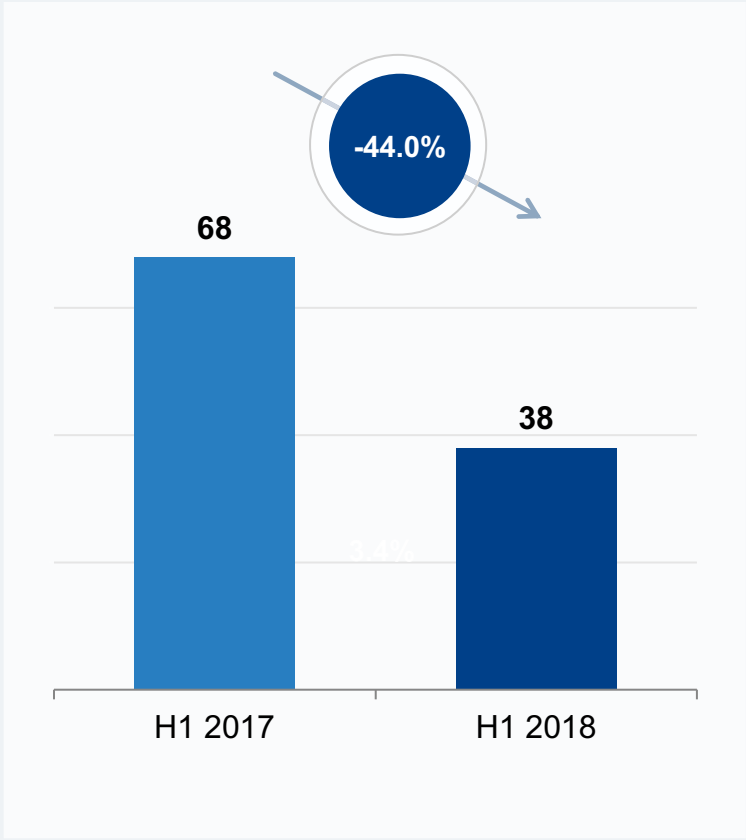
WCS: Double-digit organic sales growth of above 10%

Revenue and EBIT H1

REVENUES (€ MN)



EBIT (€ MN)

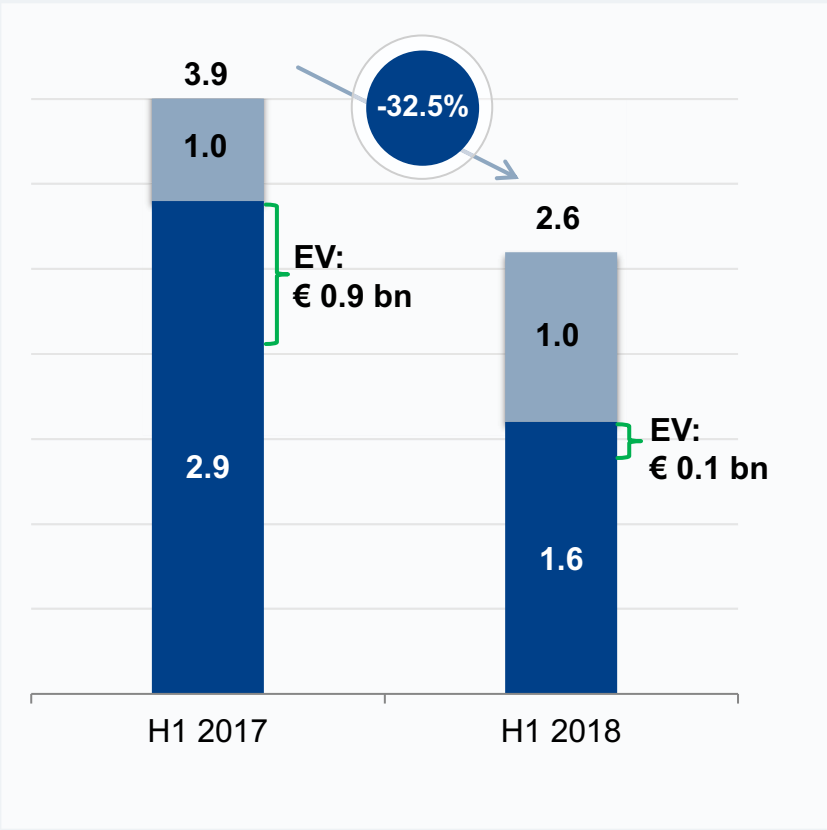


- Organic sales growth of > 10% y-o-y
- Offset of revenue loss from BG ES sale and negative FX effects
- Positive copper price effect
- Weak business with solar and petrochemical industries, ramp-up costs in India and higher raw material prices
- EBIT in H1 2017 includes deconsolidation effect of € 25 million
- Adjusted EBIT margin down from 4.6% to 3.9% y-o-y

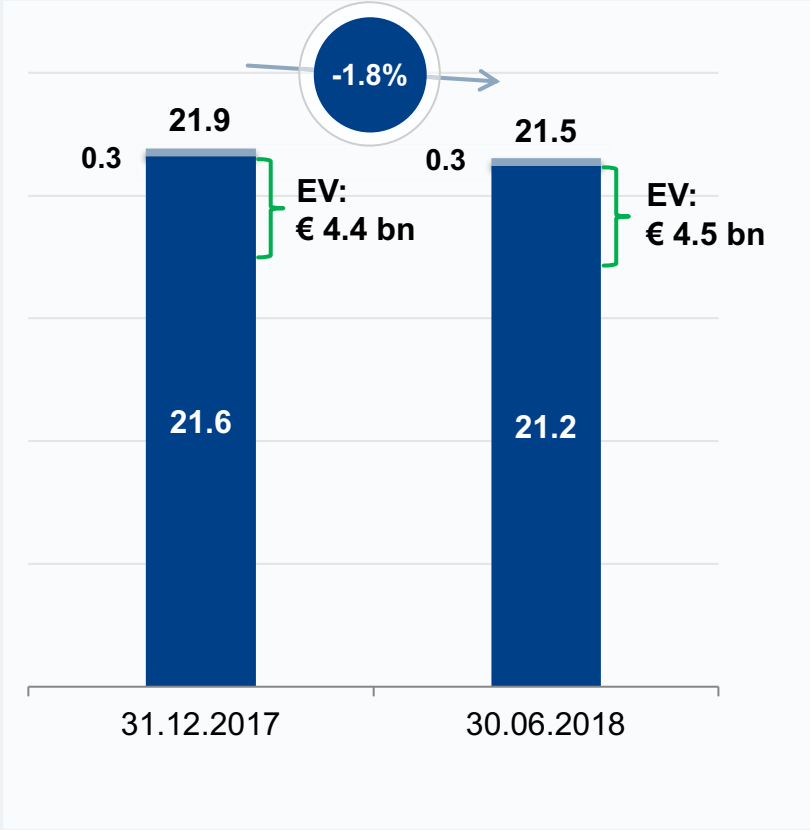
Stable order backlog with significant EV share

Order book H1

ORDER INTAKE (€ BN)



ORDER BACKLOG (€ BN)



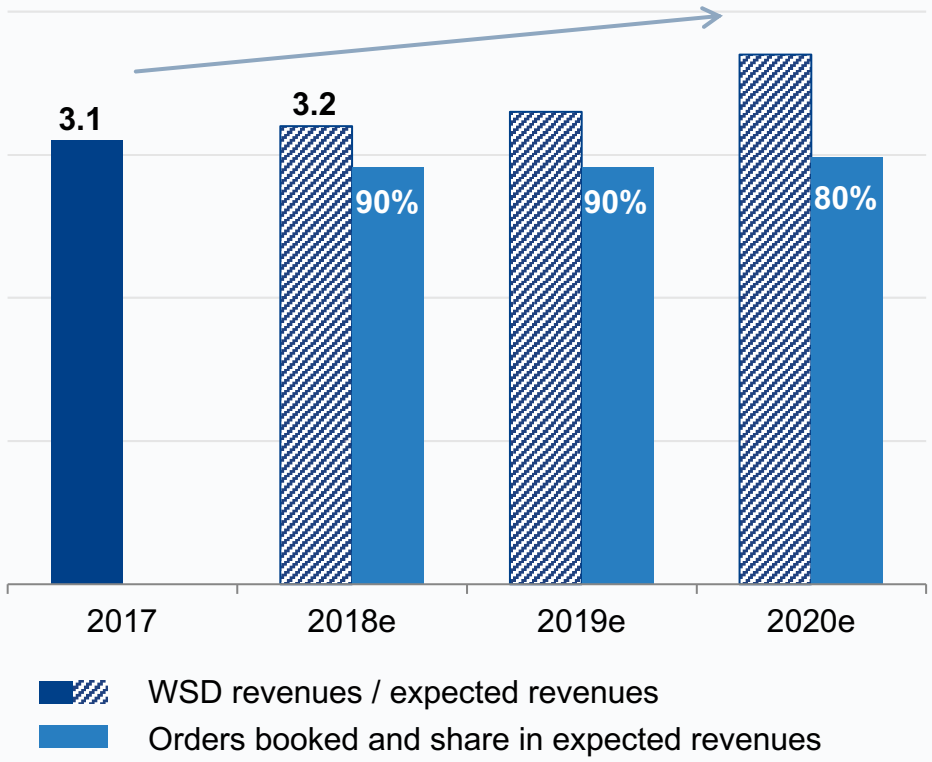
Wiring Systems (WSD) Wire & Cable Solutions (WCS)

LEONI

Excellent visibility of expected revenue growth

Order book for 2020 already accounts for 80% of planned sales (WSD)

WIRING SYSTEMS – ORDER BOOK VS. REVENUES (€ BN)



LEONI takes necessary steps to improve profitability

Parallel activities started to achieve target profitability of > 5% on mid-term view

4-STEP PROGRAM TO IMPROVE MARGINS

1 Sales Excellence

- Increase of **EBIT from non-product** sales activities
- Standardization of „**best-practice“ pricing** approaches across all Business Units
- Professional **claim management**

2 Cost management

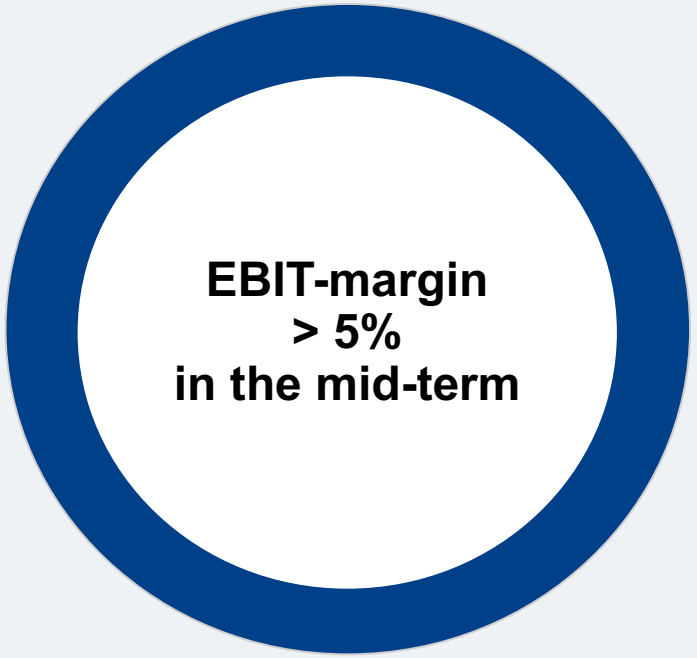
- Increasing share of employees within **best cost countries** for **indirect functions**
- **Consequent cost** monitoring & **optimizing** along all P&L items

3 Operational Excellence

- **Launch programs to increase efficiency level** within existing plants
- Efficient **ramp up** of new projects
- Review of **global plant footprint**

4 New innovative solutions

- **Development of new solutions** for E-mobility and Autonomous Driving
- **Introduce higher value-add products** to the market



LEONI will continue to invest in profitable growth

Guidance 2018 and in the mid-term

2018	2020
Sales: ≥ € 5.1 billion (before: ≥ € 5 bn)	**Sales: > 5% CAGR 2018-2020**
EBIT: € 215 – 235 million	**EBIT margin: ≥ 5%**
CAPEX: 5% of sales*	**CAPEX: 5% of sales**
Positive free cash flow (before dividend distribution)	**Positive free cash flow (after dividend distribution)**

*Excl. investment in the “Factory of the Future”

Leading provider of innovative data and energy solutions

Investment case

1. One of the world's leading providers of data and energy solutions for the automotive industry
2. Leveraging expertise in cable systems and optical technologies in highly attractive industrial markets such as infrastructure, robotics and medical technology
3. Unique product offering: From cables, optical fibers and hybrid cables to complex integrated wiring systems
4. Strongly benefitting from the megatrends electrification, autonomous driving and digitalisation
5. Compelling growth potential through upgrading and expanding product/service portfolio (incl. M&A and partnerships) as well as increasing CPV
6. Improving margins by higher share of innovative value add products and stringent cost management

Our Vision:

Passion for intelligent energy and data solutions.

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Back-up

LEONI returned to a successful course in 2017

KPIs 2017

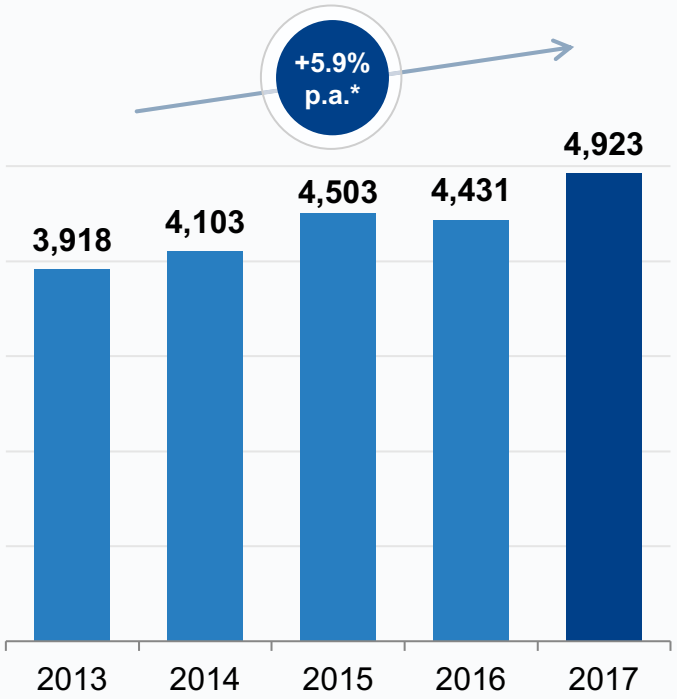
Outlook 2017	Financial results 2017
Approx. € 4.8 billion sales	€ 4.9 billion ☑
Approx. € 220 million EBIT	€ 225 million ☑
Positive free cash flow (before dividend distribution)	€ 11 million ☑
€ 250 million investments	€ 281 million*

*Incl. € 33 million for „Factory of the Future“

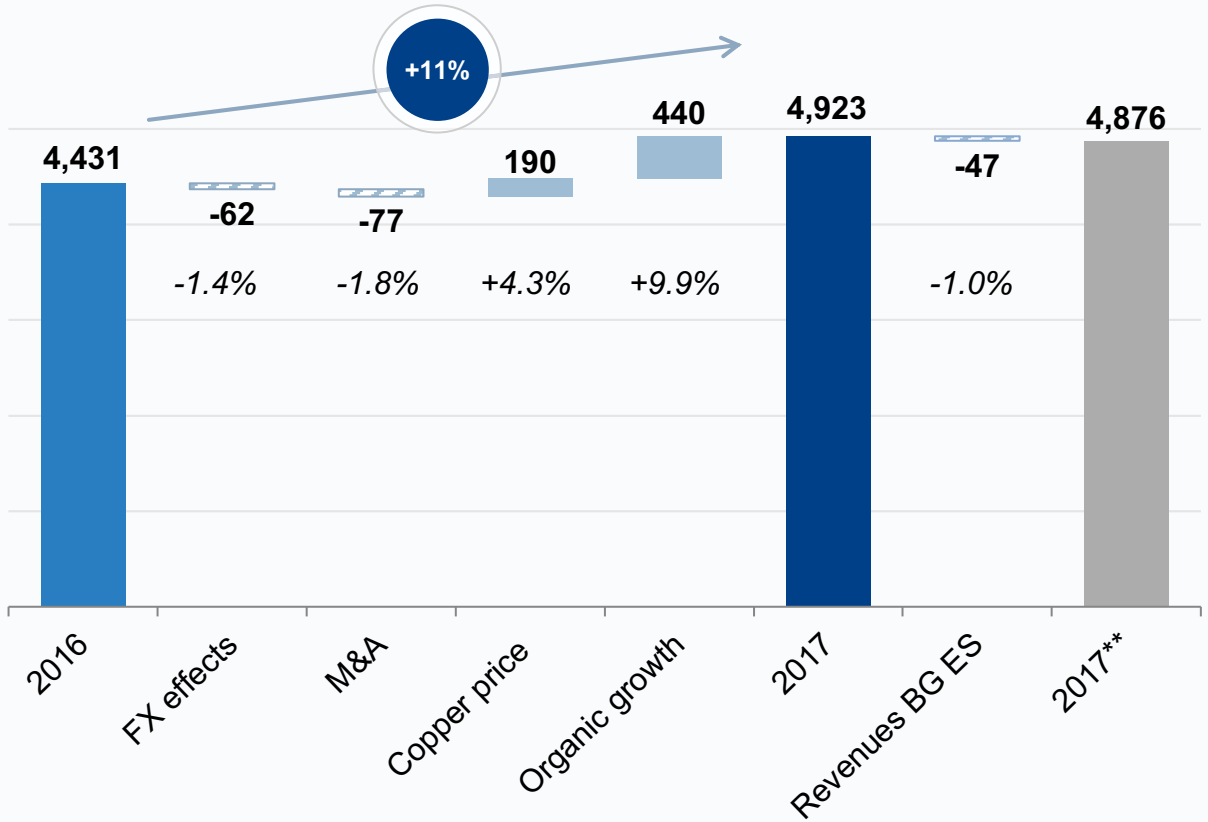
Record sales driven by organic growth

Group revenues

REVENUES (€ MN)



REVENUE BRIDGE 2016 – 2017 (€ MN)

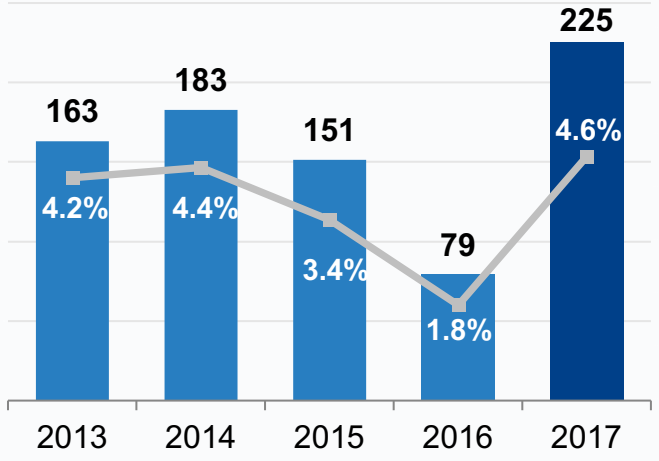


*CAGR **Group revenues adjusted for BG ES revenues (sold in May 2017)

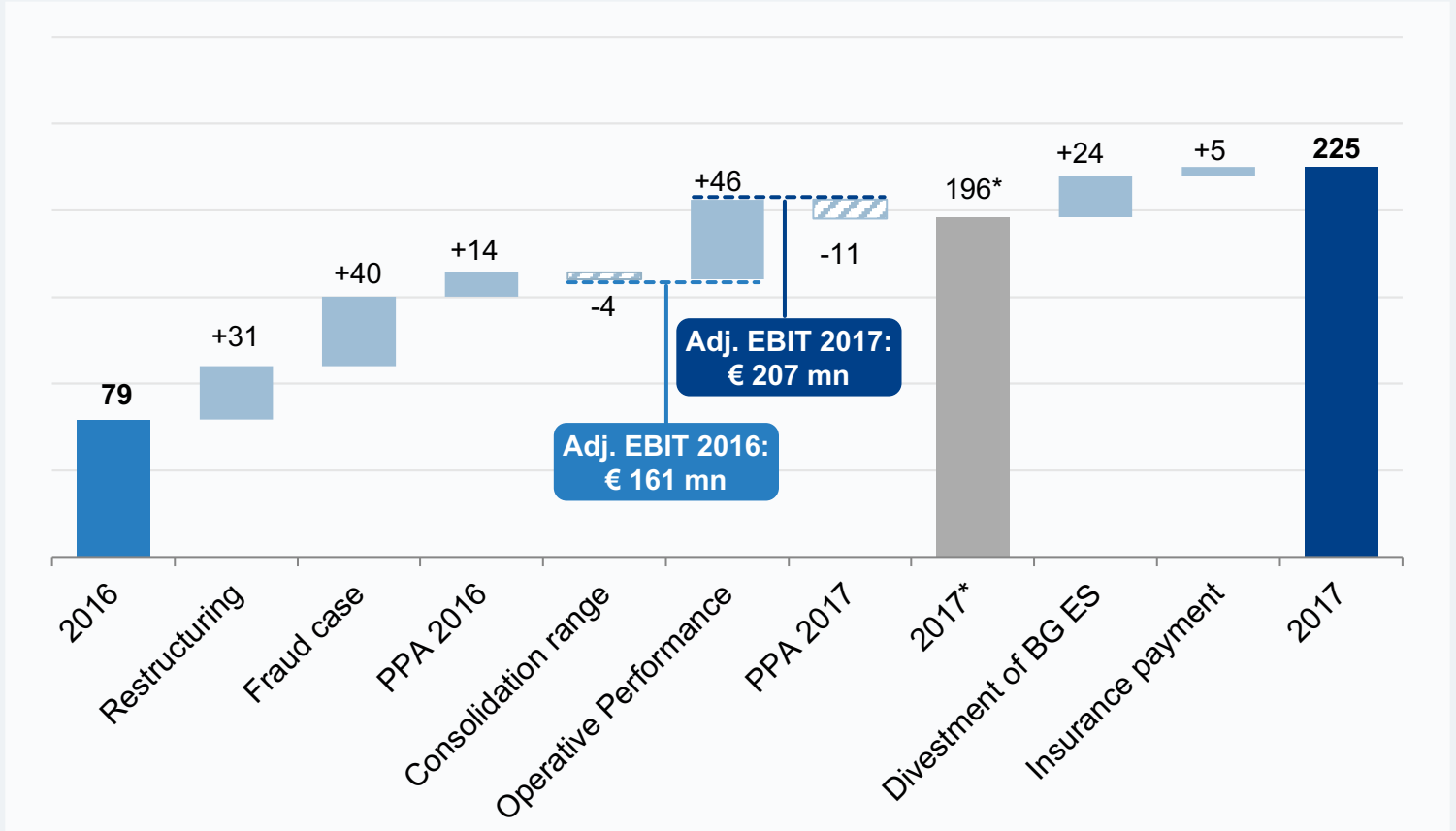
Significant margin improvement

EBIT / Adjusted EBIT

EBIT (€ MN) / MARGIN (%)



ADJUSTED EBIT BRIDGE 2016 – 2017 (€ MN)

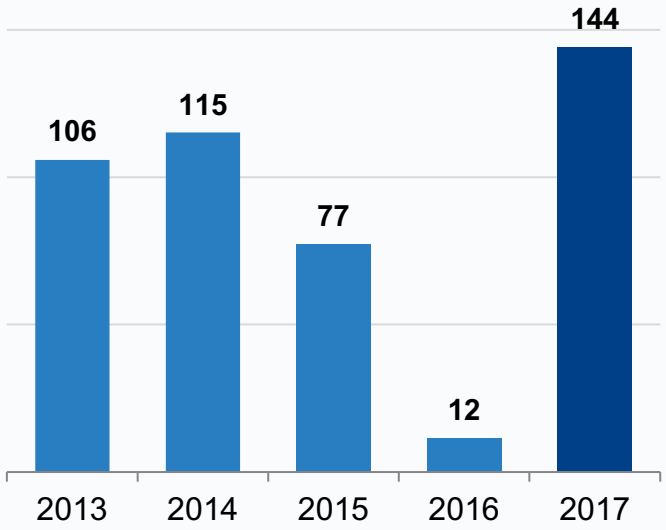


*EBIT adjusted for divestment income out of BG ES and insurance payment

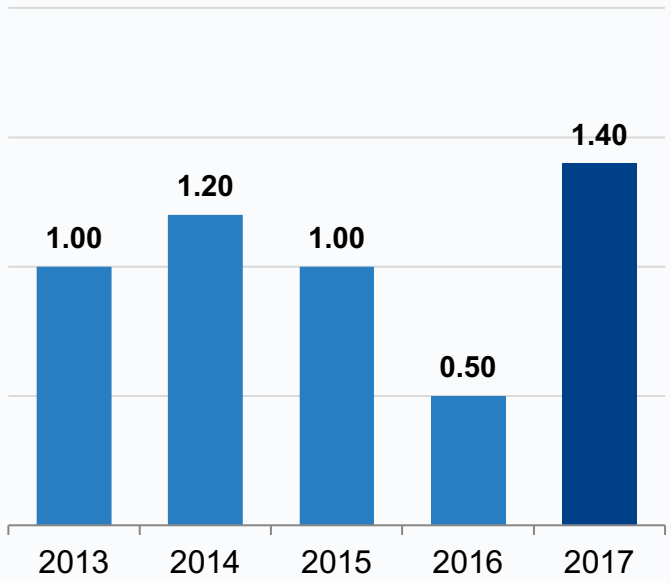
Dividend for 2017: € 1.40

Net Profit and Dividend

NET PROFIT (€ MN)



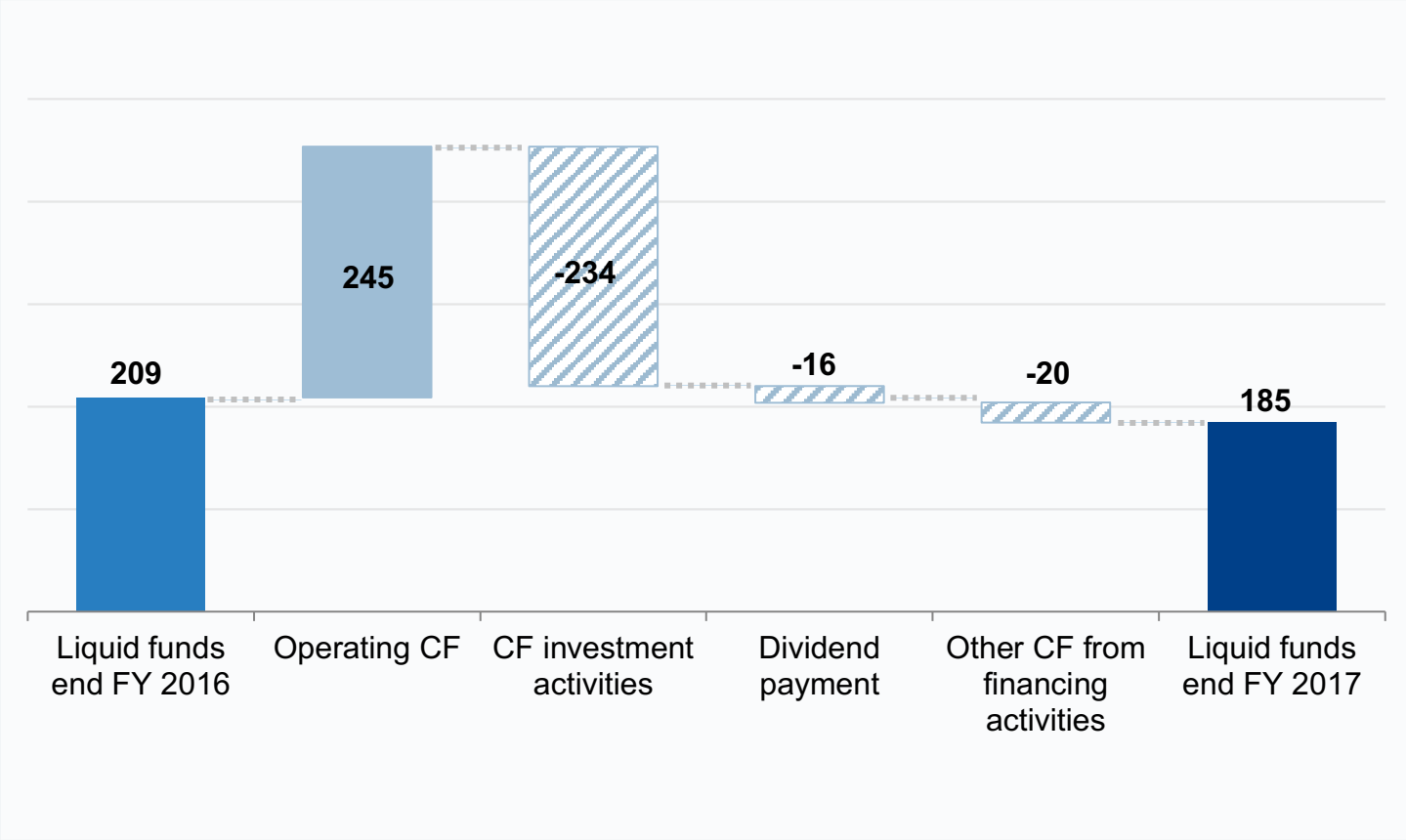
DIVIDEND (€ PER SHARE)



Positive free cash flow in 2017 despite significant investments

Change in liquid funds in 2017

CASH FLOW ITEMS 2017 (€ MN)



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