DISCLOSURE OF INSIDE INFORMATION UNDER ARTICLE 17 OF DIRECTIVE (EU) NO. 596/2014
– PRELIMINARY RESULTS –

LEONI

Operating performance improvement continues in Q4 2020 resulting in free cash flow and EBIT before exceptional items as well as before VALUE 21 costs significantly above analyst consensus

Nuremberg, 27 January 2021 – The sequential improvement of the operating performance of LEONI AG, Nuremberg (ISIN DE 0005408884 / WKN 540888) following the Covid 19-related decline in the first half of the past financial year, continued in the particularly strong fourth quarter of 2020. In the final quarter of 2020, EBIT before exceptional items as well as before VALUE 21 costs is expected to be approximately EUR 63 million (FY 2020: approximately EUR -57 million) and free cash flow is expected to be approximately EUR 126 million (FY 2020: approximately EUR -53 million) – both significantly above the current analyst consensus. At the same time, based on strategic decisions related to the Wire & Cable Solutions (WCS) division as well as the medium-term planning in the wake of the Covid-19 pandemic discussed again by the Board of Directors today, provisions and other exceptional items as well as VALUE 21 costs amounting to approximately EUR 134 million will be made in the fourth quarter of 2020.

Based on preliminary, unaudited figures, the Board of Directors currently expects sales of approximately EUR 1.27 billion for the fourth quarter of 2020 (Q4 2019: EUR 1.18 billion) and a continuation of the sequential improvement of the operating performance, with EBIT before exceptional items as well as before VALUE 21 costs expected to be approximately EUR 63 million (Q4 2019: EUR -16 million) and free cash flow is expected to be positive at approximately EUR 126 million (Q4 2019: EUR 84 million).

The reported EBIT in the fourth quarter contains exceptional items as well as VALUE 21 costs totalling approximately EUR 134 million (Q4 2019: EUR 145 million) and is expected to be in the region of EUR -71 million (Q4 2019: EUR -162 million).

Included in the exceptional items in the fourth quarter of 2020 are restructuring provisions of approximately EUR 25 million in connection with strategic decisions in the Wire & Cable Solutions (WCS) division. These mainly relate to the announced closure and the intended partial sale of the operations at the Stolberg site.

Furthermore, assets in WCS are impaired by approximately EUR 38 million in connection with the planned sale of the Leoni Schweiz AG. With the closing of this transaction, there will be a realisation of accrued currency effects that will almost completely compensate for the negative effect.

Despite the gradual recovery in many markets, Leoni expects that in the medium term the effects of the Covid-19 pandemic in particular will continue to weigh on the volumes of some projects. Therefore, the Board of Directors is increasing the provisions for expected losses from existing orders (contingent losses) in the Wiring Systems Division (WSD) by approximately EUR 39 million in the fourth quarter 2020. These may have an effect on liquidity over a period of several years.

For the 2021 financial year, the Board of Director's current planning based on the existing group portfolio assumes a recovery in sales and a resulting improvement of the operating performance compared to the 2020 financial year due to an expected continuation of the recovery in demand and the ramp-up of new wiring system projects. This expectation is based on the assumption that there will be no material impact as a result of possible production disruptions due to the Covid-19 pandemic or disruptions in the global supply chains. There are currently increased risks with regard to such disruptions, especially as it regards the availability of critical components.

The measures from VALUE 21, as a core element of the restructuring concept issued in the Spring of 2020, as well as the separation from the WCS division are being thoroughly implemented. The Board of Directors remains confident that this will contribute to sustainably stabilising the business, improving the performance and efficiency, and ensuring that it is fully financed until the end of 2022. However, the Board of Directors continues to regularly review all options to prepare for any potential future deviations from the restructuring concept as well as to further strengthen the company's long-term ability to refinance. Deviations from the restructuring concept may particularly result from further unforeseen developments, especially related to the uncertainties of the Covid-19 pandemic and the changed macroeconomic conditions caused by the pandemic.

Leoni AG will publish the complete annual financial statements and annual report 2020 on 17 March 2021.

***

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 and reconciliations of key financial figures used can be found in the 2019 Annual Report of Leoni AG (available at https://publications.leoni.com/fileadmin/corporate/publications/reports/2019/annual_report_2019.pdf?1585734410), in particular on pages 43, 47, 53, 108, 137f.

Contact person responsible for the announcement

Sven Schmidt
Corporate Public & Media Relations
Phone +49 (0)911-2023-467
Fax +49 (0)911-2023-10467
E-Mail presse@leoni.com