Agenda

- Financial results 2018
  - Current situation
  - Short term measures
  - VALUE 21
  - Summary
Organic sales growth slowed down during the year
Sales development year-on-year

Sales split by end customer industry:
Automotive 83%; Non-automotive 17%

Slowdown due to weaker demand in automotive and industrials businesses

1) Adjusted to IFRS 15
Gross margin deterioration in Q4/18 due to the poor performance of WSD production sites
• € 20m ramp-up costs related to the Merida plant (€ 10m higher than expected)

Unfavourable product-mix and write-downs on inventories
• EBIT also burdened by higher customer-related R&D costs as well as nominal increase in SG&A costs

1) Adjusted to IFRS 15
Unexpected deviation in Q4 versus previous year esp. in gross margin
P&L ratios 2017 versus 2018
Q4 EBIT burdened by numerous items

Deviation LEO Q4 2018 guidance versus actual Q4 2018 results

<table>
<thead>
<tr>
<th>in Euro million</th>
</tr>
</thead>
<tbody>
<tr>
<td>33</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LEO Q4 2018 expected</th>
<th>Higher ramp-up costs</th>
<th>Operational performance issues</th>
<th>Impairments</th>
<th>Inventory write-downs</th>
<th>One-offs (net)</th>
<th>Claim management</th>
<th>Others (such as product mix)</th>
<th>LEO Q4 2018 actual</th>
</tr>
</thead>
</table>

- Additional ramp-up costs related to the disappointing Merida performance
- Poor performance of other locations due to unplanned overtime, scrap materials and write-down of inventories
- Increase in freight costs following slower start of production at certain WSD production sites
- One-off items, net, positive due mainly to sale and lease back of Shanghai and Portugal assets
Full year free cash flow in line with adjusted guidance

Key cash flow items

Cash flow development burdened by lower profitability in 2018
High capital expenditures related to record order intake of FY 2017

Net working capital slightly positive despite negative business development at year end
Positive year end trade payables effect expected to normalize in Q1 2019
Despite increased debt levels solid equity ratio maintained

Key balance sheet items

<table>
<thead>
<tr>
<th>in Euro million, absolute figures or in %</th>
<th>Short-term debt</th>
<th>Long-term debt</th>
<th>Liquid funds</th>
<th>Net debt</th>
<th>Equity</th>
<th>Balance sheet total</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2018</td>
<td>177</td>
<td>588</td>
<td>152</td>
<td>613</td>
<td>1.081</td>
<td>3.462</td>
</tr>
</tbody>
</table>

› (Net) gearing increased to 57% at year end 2018 (end of FY 2017: 39%)

› Improved debt maturity profile following issuance of “Schuldscheindarlehen” (borrower’s note loan)

› Credit facility of € 750m signed in June 2018 – slightly more than € 600m undrawn at year-end 2018

› LEO’s financial debt without any covenant

Previous year’s figures adjusted due to IFRS 15
Agenda

› Financial results 2018
  › Current situation
  › Short term measures
  › VALUE 21
  › Summary
WSD is facing significant Merida ramp-up burdens

Critical ramp-up in Merida
- New production site in Merida, Mexico
- New product and complex product specifications
- New customer in the Americas and specific requirements/processes
- Lack of local qualified personnel, experience and routine

Financial implications
- Burden EBIT 2018A: ~EUR 20m
- Burden EBIT 2019E: ~EUR 50m, mainly in Q1 and Q2

Actions taken to stabilize situation
- Direct workers from other LEONI plants to fill capacity & experience gaps
- Transfer of business from Merida plant to other sites
- Volumes covered temporarily by other facilities
- Highly experienced management task force on-site
Demand related headwinds higher than expected

**Additional Headwind**

- WSD is seeing significant lower forecasts from several OEMs
- WCS business is facing stronger market headwinds than expected
- Both units suffer from weak demand from China and had a slow start into 2019
- Significant uncertainty regarding demand through 2019
- Continuation of the challenges faced in Q4 2018

**Financial implications**

- Reduced sales and profit expectations
- Further outlook with uncertainties
Implications for 2019 guidance

- Based on current financial figures, guidance for 2019 cannot be kept.
- Due to the current uncertainties, the management believes it is not prudent to provide a revised guidance at this time for the full year 2019.
Agenda

› Financial results 2018
› Current situation
› **Short term measures**
› VALUE 21
› Summary
Lessons learned from Merida

Consequences from Merida

- Review of all top projects with external support: No major risks identified in upcoming larger launches
- Establishment of independent central project risk office, reporting directly to CEO, focusing on early warning about project risks including on-site assessments
- Sharpening of project governance and reporting
- Set-up of a central expert team to support critical and major launches
- Changes in key personnel
Short term measures to improve overall financial situation at LEONI

Measure to improve situation in the short term

› Hiring freeze
› Reduction of white collar leased personnel
› Reduction of travel expenses and discretionary costs
› Staff-related measures, e.g. postpone salary increases
› Restructuring part of VALUE 21 further sharpened: Planned reduction of up to ~2,000 white collar positions\(^1\) (thereof ~500 in high cost countries) targeted for 2019 / 2020

\(^1\) To be aligned with workers’ council
A number of personnel changes

Karl Gadesmann, CFO LEONI AG, has agreed with the Supervisory Board not to extend his contract beyond the end of the year. He will be leaving the company with immediate effect.

Search started, Aldo Kamper to take over for the time being.

Aldo Kamper, CEO of LEONI AG, will also become the CEO of WSD and will devote a very material part of his time to ensuring that WSD successfully addresses the current issues and structurally strengthens the organization.

Martin Stüttem, current CEO of WSD, will assume the role of Chief Operating Officer to fully focus on solving the operational performance issues.

WSD Head of Operations has left the company.

WSD CFO will leave his position.
Agenda

› Financial results 2018
› Current situation
› Short term measures
› VALUE 21
› Summary
VALUE 21 was started to lift LEONI to its real potential

**VALUE 21**

**Steps:**
1. **Gain core insights:** Review of operational and strategic situation
2. **Derive implications:** Measures to improve
3. **Deliver Results:** Implement measures and gain benefits

**Focus of today**
**In the future:** Quarterly updates

**Performance**
- Sustainable improvement of profitability and cash flow

**Strategy**
- Long-term success and profitable growth
LEONI operates in a long-term robust market that benefits from trends in e-mobility

Key trends for harness content:

- **+** e-mobility
- **+** Autonomous driving
- **+** New functionalities
- **0** Simplified HV architecture
- **-** New E/E\(^1\) architecture
- **-** Price decline

Harness content\(^3\) per car:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>CAGR</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combustion(^4)</td>
<td>~435 €</td>
<td>-0.7%</td>
<td>~400 €</td>
</tr>
<tr>
<td>Electric Drive(^5)</td>
<td>~750 €</td>
<td>-2.4%</td>
<td>~560 €</td>
</tr>
<tr>
<td></td>
<td>~450 €</td>
<td>+0.2%</td>
<td>~460 €</td>
</tr>
</tbody>
</table>

Wiring harness market:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combustion(^4)</td>
<td>42</td>
<td>54</td>
</tr>
<tr>
<td>Electric Drive(^5)</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

\(^1\) Electric/Electronic \(^2\) Volume-weighted average \(^3\) Content values are estimates and strongly depend on specifications \(^4\) ICEs and Mild HEVs \(^5\) Full HEVs and BEVs

Source: LEONI harness market model
Competitors show that healthy profitability is achievable when operationally well executed and strategically well positioned.

<table>
<thead>
<tr>
<th>Competitors of WSD</th>
<th>Harnesses</th>
<th>Solutions</th>
<th>EBIT-Marge (2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company A</td>
<td>✔</td>
<td>✔</td>
<td>12,3%</td>
</tr>
<tr>
<td>Company B</td>
<td>✔</td>
<td>✔</td>
<td>9,4%</td>
</tr>
<tr>
<td>Company C</td>
<td>✔</td>
<td></td>
<td>6,0%</td>
</tr>
<tr>
<td>Company D</td>
<td>✔</td>
<td>✔</td>
<td>3,4%</td>
</tr>
<tr>
<td>Company E</td>
<td>✔</td>
<td></td>
<td>3,4%</td>
</tr>
<tr>
<td>Company F</td>
<td>✔</td>
<td></td>
<td>3,1%</td>
</tr>
<tr>
<td>Leoni (WSD)</td>
<td>✔</td>
<td></td>
<td>2,5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Competitors of WCS</th>
<th>Cables</th>
<th>Solutions</th>
<th>EBIT-Marge (2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company G</td>
<td>✔</td>
<td>✔</td>
<td>20,6%</td>
</tr>
<tr>
<td>Company H</td>
<td>✔</td>
<td></td>
<td>16,1%</td>
</tr>
<tr>
<td>Company I</td>
<td>✔</td>
<td>✔</td>
<td>10,9%</td>
</tr>
<tr>
<td>Company J</td>
<td>✔</td>
<td>✔</td>
<td>8,3%</td>
</tr>
<tr>
<td>Leoni (WCS)</td>
<td>✔</td>
<td></td>
<td>3,5%</td>
</tr>
<tr>
<td>Company K</td>
<td>✔</td>
<td></td>
<td>3,0%</td>
</tr>
<tr>
<td>Company L</td>
<td>✔</td>
<td></td>
<td>1,7%</td>
</tr>
</tbody>
</table>
### Core Insights

<table>
<thead>
<tr>
<th>Performance</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>› Comprehensive assessment &amp; benchmarking shows that LEONI has structural margin deficits</td>
<td>› Implement program to structurally improve performance by € 500m annually in gross EBIT</td>
</tr>
<tr>
<td>› WSD reached relevant size, additional scale comes with limited benefits</td>
<td>› Restructuring costs of ~ € 120m, ~½ of it related to HCs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Portfolio profitability</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>› Profitability of LEONI’s businesses differs widely: Units with high degree of differentiation and system orientation show best results</td>
<td>› Fix, sell or close underperforming / non-strategic businesses in WCS of up to € 500m in revenues</td>
</tr>
<tr>
<td>› Fix, sell or close underperforming / non-strategic businesses in WCS of up to € 500m in revenues</td>
<td>› Phase out underperforming / non-strategic customers / programs in WSD</td>
</tr>
<tr>
<td>› Focus on businesses with differentiation &amp; system orientation</td>
<td>› Focus on businesses with differentiation &amp; system orientation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organization</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>› Beyond governance there is little synergy between the two divisions</td>
<td>› Lean financial and governance holding instead of large strategic holding</td>
</tr>
<tr>
<td></td>
<td>› Two stand alone, independent divisions, set up for further strategic development</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash, not growth</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>› Strong growth is highly cash consuming and operationally challenging</td>
<td>› Focus on cash &amp; profitability, not on growth</td>
</tr>
<tr>
<td>› Future growth level in line with market and within infrastructure that exists in 2020</td>
<td>Vs 2018: EBIT +2 to 3%-pts and FCF 4 to 5%-pts by 2022</td>
</tr>
</tbody>
</table>
To structurally improve profitability, LEONI runs a rigorous performance program

Performance program

Key parameters
- 3 years improvement program
- Base effect of €500m cost reduction after completion in 2021
- Comprehensive across all entities

Costs
- Restructuring costs of ~€120m over 3 years
- Thereof ~½ of it related to headcounts

Phases
1. Identification and detailed assessment of all performance levers
2. Bottom-up planning
3. Implementation & delivery from Q3/19

Performance levers
- Direct procurement
- Production, logistics and indirect procurement
- SG&A, R&D, IT, others
- Total impact (annual)

Expected EBIT impact
- €500m

1) Annual gross EBIT; based on assessment phase
The program is designed to achieve successful delivery of results

- Across both divisions & holding
- Across all functions & regions
- Across all P&L elements

- Clearly defined work streams
- Dedicated Transformation Office direct reporting to the LEONI CEO
- Driven personally by all board members

- Transparent & detailed tracking of all measures in a LEONI-wide tool
- Weekly cadence of progress review
- Quarterly reporting of the progress externally

- 3 year journey, not a quick fix
- Implementing a new way of driving performance
- Only bottom line impact counts
LEONI will actively manage its portfolio towards profitability

**Profit vs differentiation** of LEONI’s 28 business units [categorized into 3 groups of similar differentiation level]

<table>
<thead>
<tr>
<th>Profitability</th>
<th>Differentiation level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>

- **Implications for WSD**
  - Replace or phase out underperforming / non-strategic customers / programs in WSD over time
  - Continue to build up system expertise as pre-development partner for selected OEMs
  - In the mid term, expand in relevant adjacencies, organically and / or inorganically

- **Implications for WCS**
  - Fix, sell or close underperforming WCS businesses with up to € 500m in revenues
  - Focus on attractive segments with higher differentiation / solutions orientation
  - Continue to drive towards data driven business models, e.g. with LEONiQ
LEONI already today successful with differentiated offerings

Robot connectivity & calibration system
› Global market leader for industrial robot connectivity systems
› LEONiQ cable condition monitoring and predictive maintenance business model available soon

Intelligent HV¹ charging cable
› Global market leader for HV charging cables and in-car HV cables
› Real-time condition monitoring and predictive maintenance thanks to LEONiQ and its combination with Microsoft Azure Sphere

HPF² cables for semiconductor industry
› High-tech cable technology for most technically advanced and cleanest applications (“cleanroom production”)
› Trusted partner to global players in semiconductor manufacturing industry

Battery connector solutions
› Integrated system solution for optimum performance developed together with strategic partner Diehl
› OEM to transfers full responsibility for system interface to LEONI

¹ High voltage   ² High performance flex
New setup will foster divisional cost ownership and entrepreneurial freedom

**Current organizational setup:**
- Strategic holding with centralized service functions aiming for cross-divisional synergies

<table>
<thead>
<tr>
<th>Holding functions</th>
<th>Service functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td>Services</td>
</tr>
<tr>
<td>Business functions</td>
<td>Business functions</td>
</tr>
</tbody>
</table>

**Future organizational setup:**
- Establish 2 stand alone capable divisions
- Transform into financial and governance holding model

<table>
<thead>
<tr>
<th>Holding functions</th>
<th>Service functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>WSD / WCS</td>
<td></td>
</tr>
</tbody>
</table>

**Core insights**
- Beyond governance, there is little synergy between the 2 divisions
- Current set up generates more costs than benefits

**Benefits**
- Divisional ownership instead of cost allocation for service functions
- Two flexible and entrepreneurial divisions with service levels & costs matching their specific requirements
- CEO / CFO of holding to also lead WSD together with WSD COO

---

1) Differentiation between holding functions and service functions tbd.
4 WSD has reached relevant size – market share gains no longer a priority

Cost structure for WSD growth:

- WSD overhead

  - Project overhead
    - Plant / module A
    - Plant / module B
    - Plant / module C
    - Added plants / modules

Growth typically requires additional plants / modules

Implications

Only fixed cost portion declines with additional revenues, however fixed part is already comparatively small

Flattish economies of scale:

Scale benefits

1) Product design, project management, plant overhead etc
2) A plant typically runs 1 to 5 projects
3) Some growth possible by space efficiency increases
Reducing WSD growth leads to significant improvements in FCF

**WSD „today“**

**WSD with strong focus on market share gains**

✅ **Core insight**
- 8 new factories in 2019
- High cash requirements for capex and NWC
- High ramp-up costs, inefficiencies and problems
- Reduced ability to be selective at project acceptance

**WSD EBIT / FCF at ~7% growth**
Ø 2013 to 2017

- EBIT
- Tax
- Δ (CAPEX – Depr.)
- Δ NWC, others
- FCF

3,5%

**WSD „tomorrow“**

**WSD growth ≤ market growth**

🎈 **Implications**
- Growth of harness business within footprint as available in 2020, i.e. no new sites for growth
- Lower ramp-up costs and less complexity
- Increase selectivity for order intake and focus on few, but very deep OEM relations

**WSD EBIT / FCF when growing in line with the market**
After 2021 [indicative; impact from “reduced growth” only]

- EBIT
- Tax
- Δ (CAPEX – Depr.)
- Δ NWC, others
- FCF

4
VALUE 21 will improve EBIT by 2 – 3%-pts and FCF by 4 – 5%-pts

Assuming stable economic environment
LEONI will report quarterly about the status along the VALUE 21 levers

<table>
<thead>
<tr>
<th>Target picture</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Performance</strong></td>
<td></td>
</tr>
<tr>
<td>Measures ready for implementation</td>
<td></td>
</tr>
<tr>
<td>EBIT impact</td>
<td>100%</td>
</tr>
<tr>
<td>Costs</td>
<td>500 m€</td>
</tr>
<tr>
<td><strong>Portfolio profitability</strong></td>
<td></td>
</tr>
<tr>
<td>Fix, sell or close of underperforming / non-strategic businesses</td>
<td></td>
</tr>
<tr>
<td><strong>Organization</strong></td>
<td></td>
</tr>
<tr>
<td>Implementation of new organizational structure</td>
<td></td>
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<tr>
<td><strong>Cash, not growth</strong></td>
<td></td>
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<tr>
<td>Order intake</td>
<td></td>
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<td><strong>Cash, not growth</strong></td>
<td></td>
</tr>
<tr>
<td>Order intake</td>
<td></td>
</tr>
</tbody>
</table>

Cash, not growth

4

Order intake

3

Implementation of new organizational structure

2

Fix, sell or close of underperforming / non-strategic businesses

1

Measures ready for implementation
**LEONI post VALUE 21: A fundamentally different company**

**VALUE 21**

**Performance**
- Sustainable improvement of profitability and cash flow

**Strategy**
- Long-term success and profitable growth

**Organisational & operational profile**
- Streamlined organisational structure
- Two stand alone divisions
- Transparent, with clear reporting structure
- Optimized portfolio
- Increasingly focused on system solutions
- Maintain #1 harness maker position in Europe & #2 global position in automotive cable
- Highly efficient operations and flawless ramp-ups

**Financial profile**
- Cash generator vs cash burner
- Strong focus on profitability
- Reduced / actively managed revenue growth

**LEONI ready for further strategic developments**
Agenda

› Financial results 2018
› Current situation
› Short term measures
› VALUE 21

› Summary
Summary

› Highest priority: Fix current operational problems and transparency issues

› Stringent execution of VALUE 21 performance measures to quickly reap benefits

› Implement new set up, portfolio optimization and focused growth approach

› After stabilization, drive further strategic development
<table>
<thead>
<tr>
<th>Name</th>
<th>Phone</th>
<th>Fax</th>
<th>E-Mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frank Steinhart</td>
<td>+49 911 2023-203</td>
<td>+49 911 2023-10203</td>
<td><a href="mailto:invest@leoni.com">invest@leoni.com</a></td>
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<tr>
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<td>+49 911 2023-10134</td>
<td><a href="mailto:invest@leoni.com">invest@leoni.com</a></td>
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