Q2 at a glance
VALUE21 progressing well in weaker market environment

› Sales and EBIT development impacted by weaker market environment

› Production situation in Merida stabilised, burdens related to the project ramp-up now almost completely ceased

› VALUE21 implementation progressing well. Gross cost savings of EUR500m now detailed with bottom-up measures; approx. 20% of these have already been implemented

› Significant free cash flow improvement in Q2 2019 in line with expectations

› Further strategic development continues to be driven by WCS carve-out process
Market environment continues to be challenging
Sales year-on-year

Weaker demand, mainly from the automotive industry, led to a decline in sales in Q2 2019

Slowdown due to weaker demand in both divisions, especially in China

Organic sales growth development LTM
(in % y/y)

1,326
Q2 2018
Consolidation base

-6
Copper price effects

-10
Currency effects

-74
Organic growth

1,247
Q2 2019

Q3 2018
Q4 2018
Q1 2019
Q2 2019

0.7%

-1.8%

-5.1%

-5.6%
Q2 EBIT impacted by lower volumes and ramp-up preparation costs

Operating income development year-on-year

Meaningful improvement at Merida plant, burdens related to the project ramp-up now almost completely ceased
Volume reduction reflects weaker market environment
As anticipated, ramp-up costs increase year-on-year

Others includes items such as significant salary inflation and negative copper valuation effects; in addition, EBIT in Q2 2018 included a positive one-off effect related to the release of a provision
Sale of property in China
Rapid implementation of VALUE21 led to first costs

Rounding differences may for arithmetical reasons occur versus the mathematically precise figures
WSD burdened by weaker demand and Merida costs
Sales and EBIT by division

in Euro million

Sales

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>842</td>
<td>829</td>
<td>725</td>
<td>772</td>
</tr>
<tr>
<td>2019</td>
<td>793</td>
<td>778</td>
<td>778</td>
<td>793</td>
</tr>
</tbody>
</table>

› Organic sales -5.8% y/y in Q2 2019

EBIT prior to special items as well as VALUE21 costs

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>42</td>
<td>45</td>
<td>20</td>
<td>-26</td>
</tr>
<tr>
<td>2019</td>
<td>-37</td>
<td>-30</td>
<td>*</td>
<td>*</td>
</tr>
</tbody>
</table>

› Reported EBIT for Q2 2019 came in at EUR-41m (Q1 2019: EUR-139m)
› EBIT burden related to Merida reduced from EUR37m in Q1 2019 to EUR22m in Q2 2019

Rounding differences may for arithmetical reasons occur versus the mathematically precise figures.
As anticipated, unexpected additional burden largely ceased by end of Q2.

Deployment of task force (peak in Q1: >1,000 employees) at Mexican site ended in June.

Significant reduction of freight costs to normalised levels.

Production situation stabilised, customer orders served on schedule, no backlog.

Financial implications:
- EBIT burden in Q2: EUR22m
- As anticipated, unexpected additional burden largely ceased by end of Q2
WCS EBIT declines mainly due to lower volumes and copper valuation effect

Sales and EBIT by division

in Euro million

Sales

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>486</td>
<td>498</td>
<td>480</td>
<td>470</td>
</tr>
<tr>
<td>2019</td>
<td>469</td>
<td>469</td>
<td>469</td>
<td>469</td>
</tr>
</tbody>
</table>

› Organic sales -5.4% y/y in Q2 2019

EBIT prior to special items as well as VALUE21 costs

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>22</td>
<td>14</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>2019</td>
<td>18</td>
<td>9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

› Reported EBIT of EUR10m in Q2 2019*
› EBIT included special items related to the sale of property in China as well as positive product mix effects
› Lower sales, valuation effects from the lower copper price and currency effects weighed on earnings

* including VALUE21 costs of EUR6m
Significant FCF improvement versus Q1 2019

FCF development year-on-year

<table>
<thead>
<tr>
<th>Q2 2018</th>
<th>Net income</th>
<th>CapEx /. Depreciation</th>
<th>Net working capital</th>
<th>Others</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(-29)</td>
<td></td>
<td></td>
<td>(-72)</td>
</tr>
</tbody>
</table>

- Bottom-line development suffers from Merida issues, operational performance as well as VALUE21 costs
- To ensure proper execution of future ramp-ups, necessary capital expenditures remain at a high level (Q2/19: EUR61m; Q2/18: EUR67m)
- “Others” includes proceeds from the sale of property in China
Bottom-line development reflected in equity ratio decline

Key balance sheet items

<table>
<thead>
<tr>
<th>in Euro million, absolute figures or in %</th>
<th>Net working capital</th>
<th>Net debt</th>
<th>Equity</th>
<th>Balance sheet total</th>
</tr>
</thead>
<tbody>
<tr>
<td>30.06.2018</td>
<td>411</td>
<td>599</td>
<td>1,096</td>
<td>3,408</td>
</tr>
<tr>
<td></td>
<td>32%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30.06.2019</td>
<td>493</td>
<td>1,206</td>
<td>889</td>
<td>3,752</td>
</tr>
<tr>
<td></td>
<td>9.9%</td>
<td>7.3%</td>
<td>24%</td>
<td></td>
</tr>
</tbody>
</table>

› Equity ratio decreases to 24% due to negative Q2 result and an increase in total assets related to IFRS 16 of EUR172m

› Gearing (net debt/equity) at the end of June of 136%

* TTM EBITDA excluding Q1/19’s exceptional items totaling EUR102m as well as VALUE21-related costs of EUR17m in Q2/19
Given H1’s negative free cash flow, financial debt increased to EUR1.1bn* at the end of Q2.

Increase in financial debt slows down due to significantly lower cash burn versus Q1 2019.

Total liquidity including cash position of EUR649m at the end of Q2.

Around 75% of the undrawn credit lines are firmly committed and all financing is without covenants.

Increase in short-term debt due to drawn funds related to the RCF.

* excluding leasing liabilities related to IFRS16: Q1/19: EUR153m; Q2/19: EUR172m
Q2 2019 update on VALUE21
VALUE21 well on track to deliver EUR500m in gross savings before headwinds until FY 2022

<table>
<thead>
<tr>
<th>Performance</th>
<th>Target picture</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implemented initiatives</td>
<td>~20%</td>
<td>100%</td>
</tr>
<tr>
<td>Gross savings*</td>
<td>~10%</td>
<td>500 EURm</td>
</tr>
<tr>
<td>Costs</td>
<td>~15%</td>
<td>120 EURm</td>
</tr>
</tbody>
</table>

Good progress with regards to quick realisation and implementation of a large number of initiatives (approx. 300)
Total EUR500m gross savings potential (before offsetting effects) now fully underlined with very concrete bottom-up defined measures
Management of the whole group is firmly committed to deliver on proper execution of VALUE21; implementation driven by initiative owners across the company
Target until year-end 2019: implementation of more than half of planned initiatives

* Full run-rate as of FY 2022
## Q2 2019 update on VALUE21

Pillars 2 to 4 also progressing well

<table>
<thead>
<tr>
<th>Target picture</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2. Portfolio profitability</strong></td>
<td>Fix, sell or close underperforming / non-strategic businesses</td>
</tr>
<tr>
<td>WSD with clear focus on strategic customers</td>
<td>WCS addressing underperforming assets</td>
</tr>
<tr>
<td><strong>3. Organisation</strong></td>
<td>Implementation of lean organisational structure</td>
</tr>
<tr>
<td>Transformation of organisation to start in Q4</td>
<td>WSD project acquisition stop for non-strategic customers/projects</td>
</tr>
<tr>
<td><strong>4. Cash, not growth</strong></td>
<td>Selective order intake</td>
</tr>
<tr>
<td>Cash and EBIT optimised growth rate</td>
<td>No additional production capacity expected to be necessary from 2021 onwards</td>
</tr>
</tbody>
</table>
Outlook for 2019
Anticipated improvement of operating performance in H2 2019

› Sales at group-level are forecast to be moderately below previous-year’s level

› Given expectations for better EBIT development in H2, Group EBIT in 2019 prior to exceptional items as well as VALUE21 costs will be up to a negative mid double-digit million-euro figure

› Given our expectation of balanced free cash flow development in H2 2019, LEONI’s full-year FCF will be in the range of plus or minus a low double-digit million-euro compared to the level reported in H1 2019
Regaining stability after turbulent quarters

- VALUE21 implementation well on track with first cost-saving initiatives implemented
- Merida situation stabilised, launches at other sites went smoothly
- Improved cash flow management begins to bear fruit; further improvement during remainder of the year expected
- Carve-out: planned separation of WCS will allow for better and quicker strategic development of both divisional businesses
- Ingrid Jägering completed Board of Directors: new Group CFO joined August 1, 2019
Q & A session
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