Interim Report
1st quarter 2016

The Quality Connection

LEONI

Highlights: 1st quarter 2016

- **Consolidated sales of about € 1.1 billion nearly at previous year's level**
- **EBIT of € 24.4 million as expected (previous year: € 35.2 million)**
- **Transformation process in the Wiring Systems Division on schedule**
- **Forecasts for fiscal 2016 unchanged at sales of € 4.4 billion and EBIT of € 105 million**

LEONI – The Quality Connection

The LEONI Group operates worldwide, providing wires, optical fibers, cables and cable systems as well as related services for applications in the automotive sector and other industries. The Company employs about 75,000 people in 32 countries. LEONI develops and manufactures technically sophisticated products for the motor vehicle industry – ranging from the single-core cable through to the complete wiring system with integrated electronics. The product range also encompasses wires and strands as well as optical fibers, standardised cables, special, hybrid and optical cables as well as completely assembled systems for customers in different industrial markets. Products specifically for application in environmentally friendly technologies are meanwhile gaining in significance.

Cover image:
LEONI was awarded a contract to supply integrator rods in the 1st quarter of 2016. This product mixes light for use in the automotive industry.

Rounding differences may for arithmetical reasons occur in the tables, charts and references versus the mathematically precise figures (monetary units, percentages, etc.).

This Interim Report is published in German and English. The original is in German language. In case of doubt or conflict, the German language version will prevail.

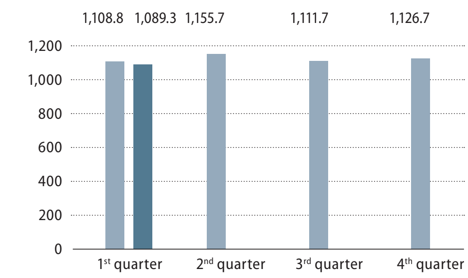
Content

Group key figures

€ million	1st quarter 2016	1st quarter 2015	Change
Sales	1,089.3	1,108.8	(1.8) %
Earnings before interest, taxes and depreciation / amortisation (EBITDA)	61.3	68.7	(10.8) %
Earnings before interest and taxes (EBIT)	24.4	35.2	(30.8) %
Adjusted earnings before interest and taxes (EBIT) *	28.7	37.9	(24.3) %
Earnings before taxes (EBT)	18.9	27.8	(32.2) %
Consolidated net income	11.6	16.8	(31.0) %
Capital expenditure (incl. acquisitions)	38.8	38.1	1.8 %
Equity ratio (%)	34.1 %	33.3 %	—
Earnings per share (€)	0.35	0.51	(31.4) %
Employees as at 31/03/ (number)	75,178	70,065	7.3 %

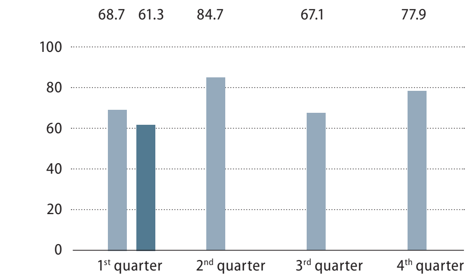
* *Earnings adjusted for the impact of revaluation as part of allocating the prices of major acquisitions, restructuring, impairment of non-current assets, gains on business disposals and on business combinations including related derivatives.*

Consolidated sales € million

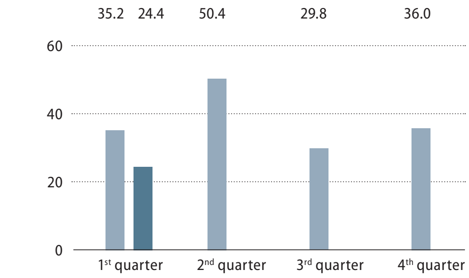


Consolidated EBITDA € million

2015 2016



Consolidated EBIT € million



The LEONI share

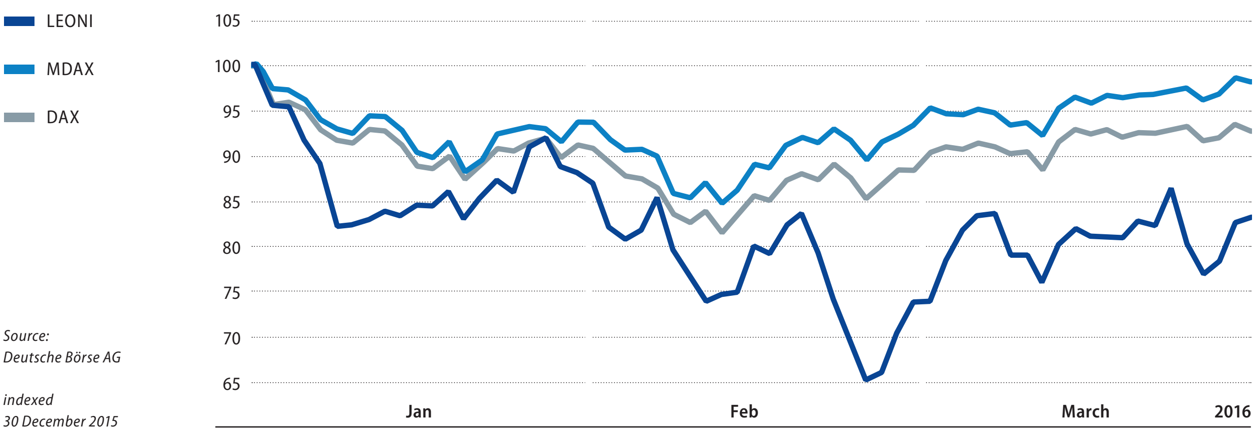
Markets had a turbulent start into 2016

Many of the marketplaces around the world came under heavy pressures at the beginning of 2016. Among other factors, investors were concerned about the stability of the European banking system as well as the Chinese and US economies. Share indices therefore dipped considerably around the globe. Sentiment on the markets thereafter gradually settled, not least because the European and Chinese central banks eased their monetary policy. The US economy clearly also absorbed the FED's rate increase better than expected. Some market barometers nevertheless lost a significant amount of value in the first quarter. Alongside the Euro Stoxx 50 and the Japanese Nikkei index, this also affected Germany's leading DAX index, which, at the end of March, traded about 7 percent below its 2015 closing level. The MDAX performed better with a dip by just short of 2 percent.

Overview of key LEONI share data

First listed on	1 January 1923
Ticker symbol	LEO
ISIN	DE0005408884
WKN	DE540888
Class of shares	Ordinary bearer shares with no par value
Market segment	Prime Standard
Index	MDAX
Share capital	€ 32,669,000
Number of shares	32,669,000

Q1 / 2016 performance



Source: Deutsche Börse AG

indexed 30 December 2015

LEONI share down by about 17 percent

The shares of Germany's automotive and component supply companies came under even heavier pressure than the overall market in the first three months. On 31 March 2016 the DAX 'Automobiles' sector index was roughly 14 percent below its level at turn of the year, while the sub-index for the automotive component suppliers was down approximately 10 percent. LEONI share's also lost value: starting from the high so far this year of

€ 34.93 at the beginning of January, the price dropped to its lowest quotation of € 23.76 by the end of February. Our share thereafter recovered to € 30.33 by the end of the quarter, which equated to a 17 percent loss versus the end of December 2015.

In the period from January to March of this year the market capitalisation of the approximately 32.7 million LEONI shares consequently decreased from approx. € 1,191 million to about € 991 million.

Key LEONI share figures

		1st quarter 2016	1st quarter 2015
Net result	*€/share*	0.35	0.51
Equity	*€/share*	29.80	30.38
High [1]	*€/share*	34.93	61.79
Low [1]	*€/share*	23.76	47.64
Closing price [1] at end of quarter	*€/share*	30.33	58.97
Average daily trading volume	*no. of shares*	365,422	248,538
Market capitalisation at end of quarter	*€ million*	990.9	1,926.5

[1] *XETRA closing prices of the day*

Trading volumes

Trading in LEONI shares increased considerably during the period under report. An average of 365,422 LEONI shares were bought and sold per day of trading in the first quarter of 2016, up from 248,538 in the same period of the previous year. In total, 22.7 million LEONI shares changed hands in the first three months (previous year: 15.7 million shares).

Majority of analysts recommend holding LEONI

At present (as of 1 April 2016), 21 financial market analysts cover LEONI on a regular basis; mostly they advise that our share be held. Twelve analysts rated the LEONI share as a hold; three investment specialists recommended our share as a buy, or gave it an 'outperform' rating, and six advised to sell by issuing an 'underweight' rating.

Shareholder structure stable

There has been no significant change since the turn of the year in LEONI's shareholder structure. All of our 32,669,000 shares continue to be in free float with about two thirds held by institutional investors; the remainder is in the hands of private shareholders. The US investment firm T. Rowe Price was a major single shareholder at the end of the first quarter with a stake of more than 5 percent. UK-based Schroders PLC, US-based State Street Bank and Trust Company, Pengg Kabel Holding AG of Austria and Classic Fund Management Aktiengesellschaft of Liechtenstein had holdings of between 3 and 5 percent. Switzerland-based UBS Group AG furthermore also had a stake of between 3 and 5 percent. The majority of LEONI shares, i.e. roughly 60 percent, are held in Germany. The remainder is evenly distributed across the rest of Europe, where it is concentrated in the United Kingdom, and in the United States. The Company did not receive any voting rights announcements during the period under report. Earlier disclosures are accessible on our website (www.leoni.com/en/Investor-Relations/Voting-rights-announcements).

Quarterly financial report
Interim group management report

Overview of conditions and business performance

Macroeconomic trend

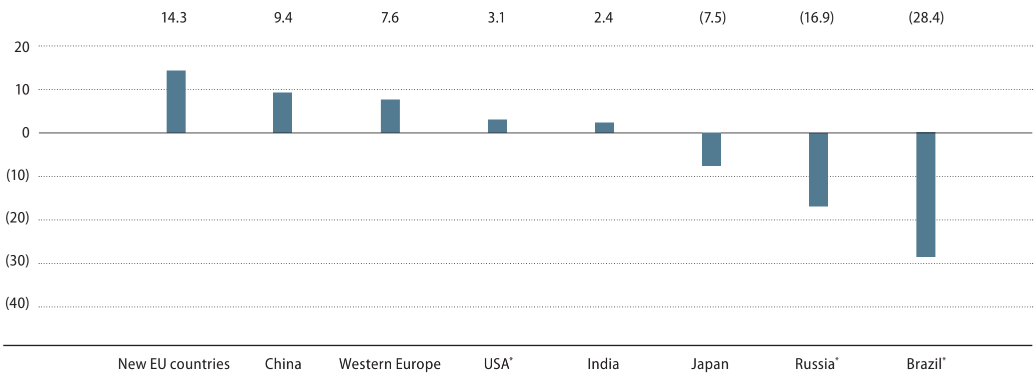
Uncertainty continued to characterise the global economy at the beginning of 2016 and its performance remains subdued. The IMF (International Monetary Fund) states various reasons: normalisation of the economy in China, which entails slower rates of growth in investment and trade, plays an important role in this respect. In addition, there is the low oil price, which is affecting many oil-exporting countries, as well as the persisting recession in Brazil and Russia. The generally weaker-than-forecast trend in the developing and emerging countries is exerting a noticeable effect on the global economy because these states are driving much of the world's growth right now. In the industrialised nations, which are expanding only very moderately as expected, the fallout from the global financial and banking crisis as well as inadequate productivity increases are among the factors preventing greater momentum.

The weak trend of the global economy so far this year also affected the German economy, slowing the export business of domestic companies. However, the Institute for the World Economy says that this was offset by robust demand within Germany.

Business by sector

Performance during the early part of the year differed in the customer sectors of importance to LEONI. According to the German Association of the Automotive Industry (VDA), the international **motor vehicle industry** benefited from significantly increasing new vehicle registration figures in Europe and China. There were also slight gains in the United States, whereas sales in Brazil, Japan and Russia were down, in some cases by double-digit rates. In the wake of the decreased oil price, we are seeing greater demand particularly in the US for such larger vehicles as pick-up trucks. According to calculations by the IHS market research institute, worldwide output of passenger cars and light commercial vehicles was up by nearly 1 percent year on year in the first quarter of 2016. Whereas more vehicles came off the line in Europe, China and North America, production in Japan and Korea was scaled back slightly and in South America considerably.

Trend of car sales in the key countries January to March 2016 / 2015 %



* *Light vehicles (cars and light commercial vehicles)*
Source: VDA

In our assessment, the demand for **heavy commercial vehicles** has been very mixed in regional and sector-specific terms so far this year: while the truck market in Europe remained on a steady trajectory, it continued to be weak in the United States and Brazil. On the other hand, the demand for special construction industry vehicles was solid in the United States, but in return subdued in Europe and Asia. The muted trend in the agricultural machinery industry continued worldwide.

The sales and order receipts of the German **electrical engineering and electronics** industry each rose by about 3 percent in the first two months of the current year, according to the German Electrical and Electronic Manufacturers' Association (ZVEI). Impetus came above all from the domestic market as well as, to a lesser extent, from other European countries, while sales to other countries were largely flat. However, the sector's business climate index dipped significantly in March.

Although the order receipts of the German **machinery and plant engineering sector** recovered significantly in February after a very weak start to the year, the German Engineering Federation (VDMA) does not extrapolate any turnaround from this yet. Cumulatively, new orders were down by 3 percent year on year in the first two months of 2016, with a slight increase in the domestic market offset by a considerable decrease in foreign markets. The international petrochemical industry, which scaled back its investment activity significantly because of the persistently low price of oil, presented a particularly subdued picture.

The trend of order receipts and output in the **ICT sector** (information and communications technology) points to a very solid start to the year by the German digital economy companies. BITKOM (the German Association for Information Technology, Telecommunications and New Media) says that the index of order receipts for telecommunications and consumer electronics products rose in the first two months of this year. Only in the IT hardware segment was there a decrease in February following a significant increase in January. The production index improved in both months for IT as well as telecommunications hardware and systems, however while there was a gain in sales of consumer electronics in January, this was followed by a drop in the subsequent month.

Overview of LEONI AG's business performance

The consolidated sales of LEONI AG amounted to € 1,089.3 million in the first quarter of 2016 and thus almost matched the previous year's level and were in line with our projections. Both divisions generated slight organic growth in their business. However, the adverse effects of a copper price substantially lower than in the same period of the previous year more than offset this growth.

The LEONI Group's earnings before interest and taxes (EBIT) decreased to € 24.4 million in the first three months of 2016 (previous year: EUR 35.2 million), thus likewise matching the anticipated level. Whereas the Wire & Cable Solutions Division generated an EBIT increase, the Wiring Systems Division was, as expected, severely affected by projects that started in the previous year. We have launched a far-reaching transformation programme in the division that is set up to run until the end of 2017 and is intended to return the division to better performance on a sustained basis. The programme is on schedule and will contribute to raising the division's profitability during the course of the year.

» Annual Report 2015, page 49 et seq.

The LEONI Group's strategy, business activity and its product range as well as its most important markets are comprehensively presented in the Annual Report 2015 and have not materially changed in the period under report. The current report can be read on and downloaded from LEONI's website under the heading Investor Relations / Financial publications or requested from LEONI AG.

Reports by division / Segment report

Wiring Systems Division

Sales of € 651.2 million nearly at pre-year level

From its own resources the Wiring Systems Division (WSD) made a slight gain in the first quarter of 2016 even though, unlike the previous year, the sales of the joint venture in Langfang, China, which has been included on the consolidated financial statements at equity since December 2015, were no longer included in the amount of business. On the other hand, there were adverse copper price and forex effects, which is why the external sales of € 651.2 million were down slightly from the previous year's like-for-like figure of € 653.9 million.

Cable harnesses and wiring systems for the passenger cars of various German, other European and American car companies as well as for the global commercial vehicle industry continued to be among the key sales drivers during the period under report. Shipments to most of the German and other European carmaker customers were up substantially. On the other hand, sales to the American car producers as well as to the international truck and special vehicle manufacturers were down because of the scheduled winding down of projects and the generally subdued business in the commercial vehicle segment.

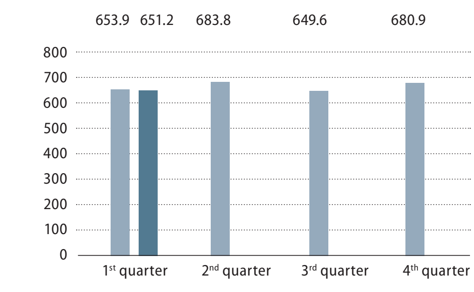
On-schedule start of new projects in the first quarter

In the first three months of 2016, we started production of wiring systems and cable harnesses for various new compact and mid-range cars as well as light commercial vehicles of several German, European and American customers. The projects at facilities in Eastern Europe, Asia and the Americas started on schedule and in some cases also already contributed to sales.

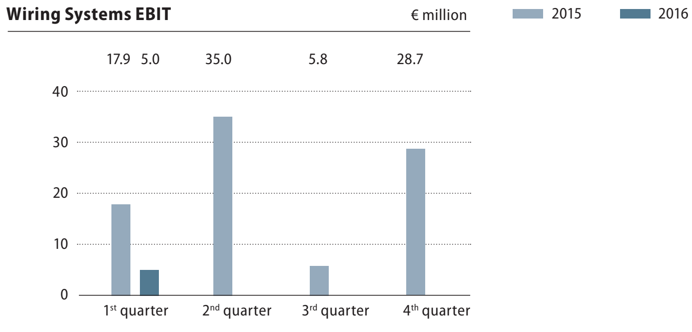
Wiring Systems sales performance

	€ million	in %
Q1/2015 sales	**653.9**	
Organic growth	+ 4.4	+ 0.7
Currency effects	(3.9)	(0.6)
Copper price effects	(3.2)	(0.5)
Q1/2016 sales	**651.2**	**(0.4)**

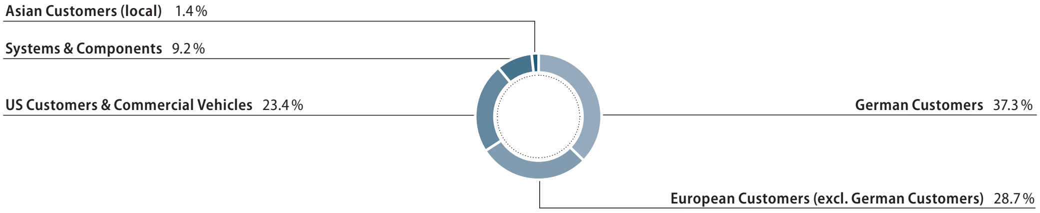
Wiring Systems external sales € million



Wiring Systems EBIT € million



Q1 / 2016 Wiring Systems breakdown of sales



Critical new project start-ups from the previous year weighing on earnings

As announced, the projects started in the second half of 2015, where we had to absorb higher-than-budgeted charges, substantially affected the result of the Wiring Systems Division during the period under report as well. There was furthermore an absence of profit contributions due to the smaller amount of sales in the commercial vehicle sector for business cycle-related reasons. Overall, the earnings before interest and taxes of the WSD segment came to € 5.0 million in the first three months of 2016 (previous year: € 17.9 million). The measures initiated to improve performance will exert an increasingly beneficial effect on earnings in the months ahead.

Transformation programme to increase profitability

We have initiated a comprehensive transformation process to return the Wiring Systems Division to sustained, higher profitability, which is progressing as planned and is scheduled to run until the end of 2017. It is intended to gradually boost the profitability of the critical projects; to improve the Wiring Systems Division's project planning and execution as well as to streamline its organisational structure.

We already launched about 30 individual measures at the end of last year to raise the performance of the critical projects. They include adjustment of the production plan to increase assembly speed as well as to reduce corrections and the use of temporary agency workers. Furthermore, raw material costs and consumption as well as logistics processes are being optimised, assembly processes are being combined and production capacity is being set up at other facilities to be able to relocate some of the work. These measures will increasingly contribute to improving efficiency over the whole term of the projects.

The measures to optimise project management include simplifying, putting into action and standardising processes as well as installing a systematic change management. In particular, streamlining the organisation comprises the already applied downsizing of the WSD's management tier as well as scaling back the complex matrix structure that has come about in the wake of globalisation. The objective is to have short decision-making channels, clear responsibilities and lower costs.

Order backlog underpinned by more new orders

In the period from January to March 2016 the division was again awarded several new contracts by various car and commercial vehicle manufacturers. For instance, we will provide the engine wiring for a premium vehicle of a German carmaker. The division also booked numerous orders from the global commercial vehicle industry, among other things involving either the complete or the engine wiring of various truck and special vehicles for the construction industry. We also gained important new projects in the electromobility sector: various carmakers based in Germany and China commissioned LEONI to supply high-voltage cable harnesses for compact, mid-range and premium electric cars.

In total and as at the turn of the year, the Wiring Systems Division's order book covering the next five years came at the end of March 2016 to about € 13 billion. This further underpinned the foundation for the growth planned for the years ahead. The exact amount and timing of the shipments will depend on what our customers actually call forward.

Wire & Cable Solutions Division

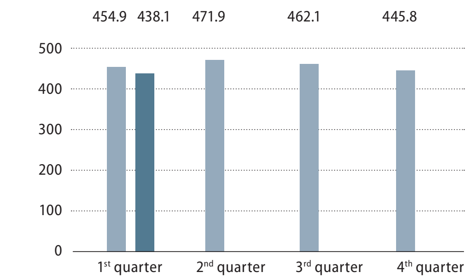
Sales at € 438.1 million after three months

The Wire Cable Solutions (WCS) Division generated slight organic growth in the first quarter of 2016, which was, however, undermined by the severely adverse effect of the sharply lower copper price as opposed to the previous year and which was reflected particularly in Business Groups Automotive Cables as well as Conductors & Copper Solutions. The division's external sales thus amounted to € 438.1 million versus € 454.9 million in the corresponding period of the previous year. Changes in exchange rates had a marginally positive effect.

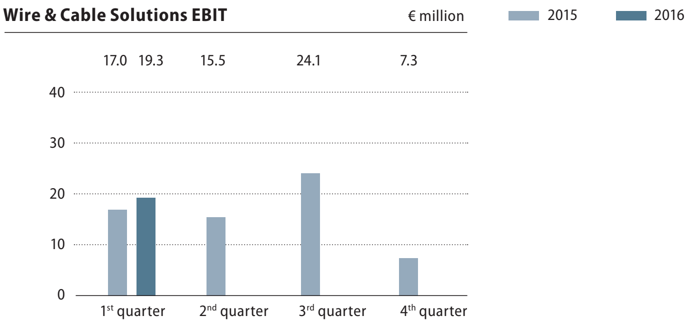
Wire & Cable Solutions sales performance

	€ million	in %
Q1/2015 sales	**454.9**	
Organic growth	+ 0.5	+ 0.1
Currency effects	+ 0.7	+ 0.2
Copper price effects	(18.0)	(4.0)
Q1/2016 sales	**438.1**	**(3.7)**

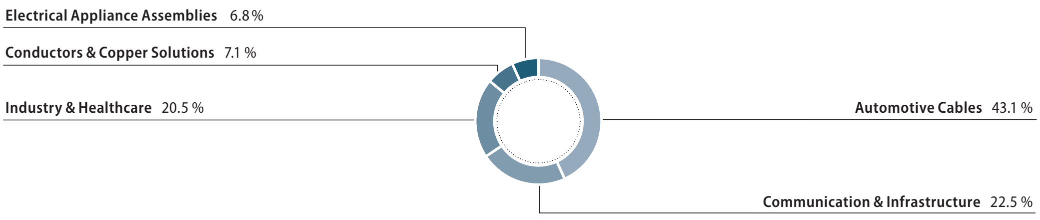
Wire & Cable Solutions external sales € million



Wire & Cable Solutions EBIT € million



Q1/2016 Wire & Cable Solutions breakdown of sales



Robust automotive and industrial business

In Business Group Automotive Cables, which accounts for the largest proportion of sales, demand for our standard and particularly special cables for the automotive industry remained steady in all key regions. Among other projects, we started production of 100 Mbit automotive Ethernet cables that meet the growing demands on car data cables in connection, for example, with technologies for autonomous driving. Due to the significantly reduced price of copper, the business group's sales were nevertheless down by nearly 10 percent, whereas they rose by about 1 percent in the industrial sectors despite this effect. The demand was favourably reflected in Business Group Industry & Healthcare in both the medical technology and fiber optics businesses. Only in the machinery and plant engineering sector was business down in line with the market trend. In our Business Group Communication & Infrastructure we managed to buck the trend slightly with cables and systems for the oil and gas industry, while there was greater demand for our products for the railway and solar industries. On the other hand, the data cables business again performed poorly. Business Groups Electrical Appliance Assemblies as well as Conductors & Copper Solutions both recorded sales declines; in the latter case due mainly to the price of copper.

Earnings before interest and taxes up to € 19.3 million

The earnings situation of the Wire & Cable Solutions Division improved considerably thanks to the solid performance of its operating business. Earnings before interest and taxes rose to € 19.3 million in the first quarter of 2016 (previous year: € 17.0 million) even though this figure also included an adverse effect of € 3.3 million due to metal prices. In addition, we made provision of € 0.7 million for restructuring the petrochemical industry business, the structure of which we are adjusting to the changed market situation due to the slump in the oil price.

Order receipts again greater than sales

The Wire & Cable Solutions Division booked orders amounting to € 450.2 million in the first three months of 2016, thus again putting the figure ahead of sales during the period under report. The year-on-year decrease in order receipts versus € 473.8 million in the same quarter of 2015 is attributable solely to the lower price of copper. Stripped of this effect, there would also have been an increase. Business Group Automotive Cables booked the majority of the new orders. Several customers ordered standard and special cables, which are being produced at various plants in Eastern Europe and the Americas. In addition, we took on the contract to supply charging cables for the electric vehicles of a German premium car manufacturer. Business Group Industry & Healthcare obtained a follow-on contract in the fiber optics segment for an automotive-sector laser light application. In the case of Business Group Electrical Appliance Assemblies, several manufacturers that operate internationally ordered cabling systems and power cords for white goods and other household appliances.

Evidence for gravitational waves found with the help of LEONI cables
In February 2016, a team of international researchers succeeded for the first time in recording and therefore proving with measurements the collision of two black holes by their gravitational wave. With special optical cables, LEONI supported the development of laser systems for gravitational wave detectors in collaboration with Laser Zentrum Hannover. The laser head used in the measuring equipment is fitted with assembled special cables made by our Business Unit Fiber Optics.

Group sales and earnings

Consolidated sales of about € 1.1 billion nearly at previous year's level
The consolidated sales of LEONI AG amounted to € 1,089.3 million in the period from January to March 2016, as opposed to € 1,108.8 million in the same period of the previous year. From our own resources we increased the amount of our business slightly even though the sales of the joint venture in Langfang, China, which has been included in the consolidated financial statements at equity since December 2015, were, unlike in the previous year, no longer included in the period under report. However, the significantly negative effect of the sharp, year-on-year drop in the price of copper more than negated this positive performance. Changes in exchange rates furthermore exerted a lesser sales-diminishing effect.

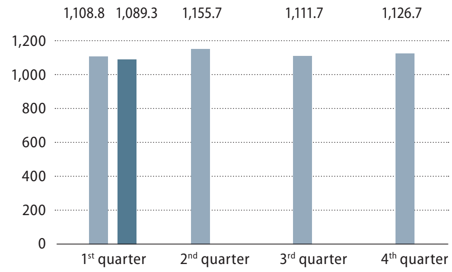
Group sales performance

	€ million	in %
Q1/2015 sales	**1,108.8**	
Organic growth	+ 4.8	+ 0.4
Currency effects	(3.2)	(0.3)
Copper price effects	(21.1)	(1.9)
Q1/2016 sales	**1,089.3**	**(1.8)**

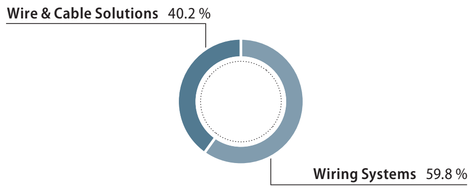
In regional terms the picture is very mixed: in the EMEA (Europe, Middle East and Africa) region the amount of our business rose by about 7 percent to € 767.7 million despite the copper price effect. In the Americas we recorded a decrease of about 12 percent to € 166.2 million due also to the weak commercial vehicle business and the on-schedule expiry of wiring system projects. Alongside the lower copper price, the reduction of sales in Asia by nearly 25 percent to € 155.4 million is attributable to the absence of the business of our subsidiary in Langfang, China, the weaker economy in China and scheduled model changeovers.

2015 2016

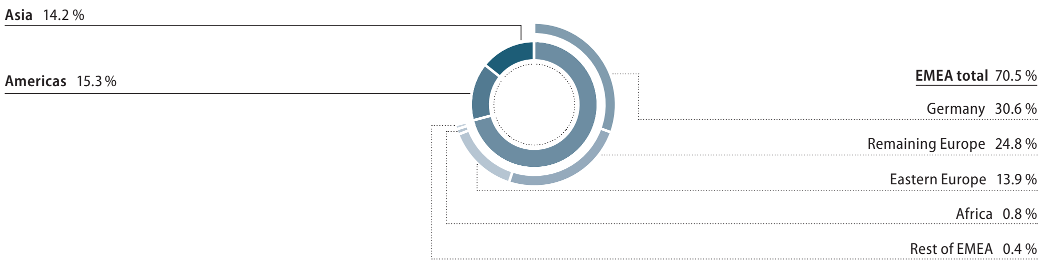
Consolidated sales € million



Q1/2016 consolidated sales by division



Q1/2016 consolidated sales by region



EBIT down to € 24.4 million as expected

The cost of sales in the LEONI Group was down by about 1 percent from the same period in 2015 to € 917.5 million in the first three months of 2016. This proportionately slightly smaller decrease compared with the trend in business volume was the result of additional costs incurred in production for the critical projects in the Wiring Systems Division. The **gross margin** came to 15.8 percent (previous year: 16.4 percent).

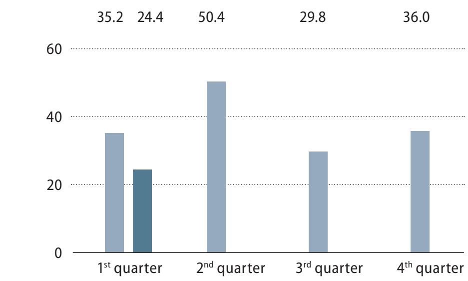
» Segment report / Reports by division page 9 et seq.

The aforementioned problematic projects also incurred heavy special freight costs, which was a major reason for the increase in selling expenses by about 6 percent to € 60.4 million. In addition, there were the costs of external consultants to support the affected facilities and organisational units, which, among other factors, were responsible for the increase in general administrative expenses by nearly 1 percent to € 59.8 million. Spending on research & development rose by about 4 percent to € 32.6 million and was connected primarily with the preparatory work for new customer projects.

The balance of other operating income and expenses improved from € 0.5 million to € 3.7 million. Among other things, this reflected income from Group services provided for the joint venture in Langfang. The latter also provided much of the income from associated companies and joint ventures in the amount of € 1.7 million, which was negligible in the previous year.

In total, consolidated **earnings before interest and taxes** came to € 24.4 million in the first quarter of 2016 (previous year: € 35.2 million). EBIT adjusted for the impact of allocating purchase prices, restructuring charges and divestment amounted to € 28.7 million (previous year: € 37.9 million). The **financial result** including

Group EBIT € million



other income from share investments improved from negative € 7.4 million to negative € 5.5 million due principally to lower finance costs as a result of the refinancing on favourable terms carried out in the previous year, the full beneficial effect of which was only exerted from the second quarter of 2015.

Earnings before taxes for the period from January to March 2016 were down to € 18.9 million (previous year: € 27.8 million). After taxes, the Company reported **consolidated net income** of € 11.6 million as opposed to € 16.8 million for the same period in 2015.

Financial situation

Free cash flow at previous year's level

The LEONI Group's cash used for operating activities amounted to € 32.0 million in the first quarter of 2016, putting it roughly on a par with the previous year's figure of € 31.8 million. We were able to offset the lower result with a smaller amount of additional funds tied up in working capital.

Cash used for capital spending activities came to € 52.7 million in the period under report, down from € 54.1 million in the pre-year period. In comparison, **free cash flow** as at the end of March thus improved slightly from negative € 86.0 million to negative € 84.7 million.

Taking on and repaying loans as part of normal financing activity resulted in a cash outflow of € 3.5 million. The large amount of € 100.6 million provided in the previous year was connected with the comprehensive refinancing to take advantage of favourable terms on the capital market.

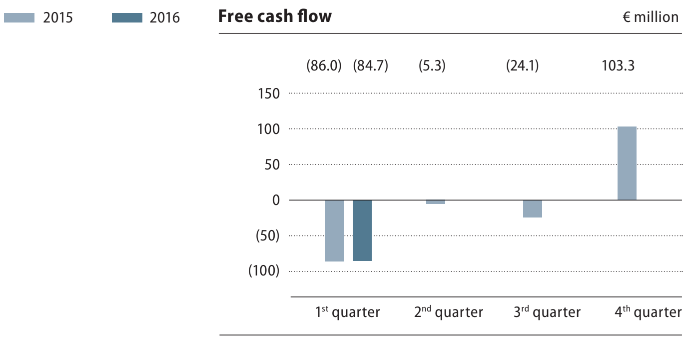
In sum as well as taking exchange rate-related changes into account, the cash inflows and outflows described above resulted in a reduction as at the end of March 2016 in cash and cash equivalents to € 189.5 million (previous year: an increase to € 259.9 million).

Consolidated statement of cash flows *(abridged version)*

	1st quarter	
€ million	**2016**	**2015**
Cash flows from operating activities	(32.0)	(31.8)
Cash flows from capital investment activities	(52.7)	(54.1)
Cash flows from financing activities	(3.5)	100.6
Change of cash and cash equivalents	(88.2)	14.6
Cash and cash equivalents at end of period	**189.5**	**259.9**

Calculation of free cash flow

€ million	1st quarter 2016	2015
Cash flows from operating activities	(32.0)	(31.9)
Cash flows from capital investment activities	(52.7)	(54.1)
Free cash flow	**(84.7)**	**(86.0)**



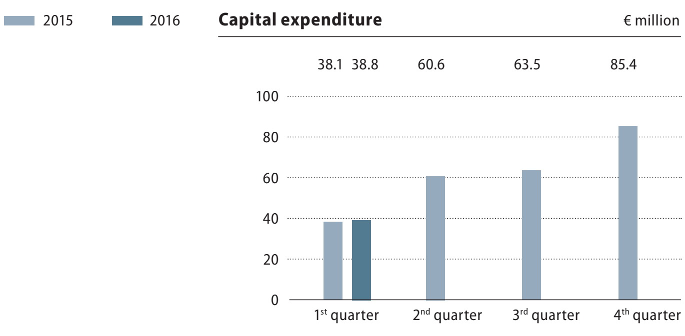
Capex roughly at the previous year's level

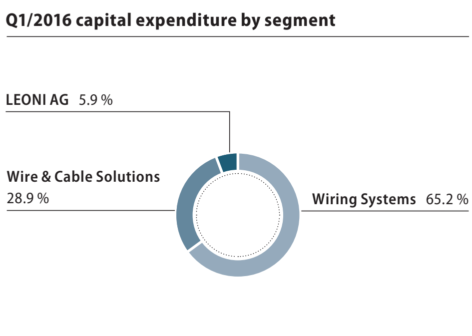
In the first quarter of 2016 the LEONI Group invested a total of € 38.8 million (previous year: € 38.1 million), almost all of which devoted to property, plant and equipment as well as intangible assets.

Capital investment in the Wiring Systems Division was up slightly in the first three months from € 22.0 million to € 25.3 million. The focal areas were necessary capacity expansion measures for new customer projects in Eastern Europe as well as the extension and rebuilding work already begun at the divisional headquarters in Kitzingen. We deferred further modernisation planned for that site.

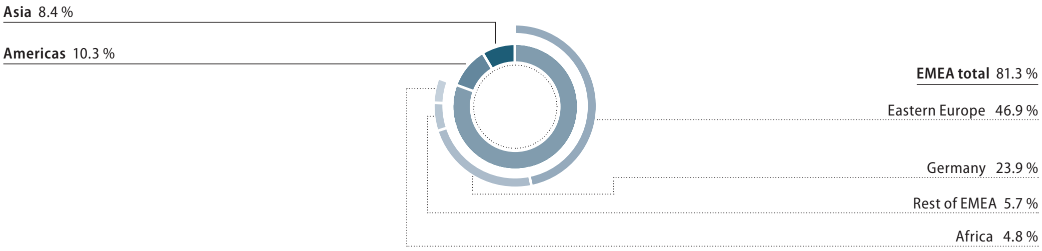
The Wire & Cable Solutions Division invested € 11.2 million in the period from January to March 2016, i.e. considerably less than the amount of € 14.3 million in the same period of the previous year. Alongside the usual replacement measures, the division spent more particularly on expanding its capacity for production of plastics for making automotive cables in China.

LEONI AG's capital expenditure of € 2.3 million (previous year: € 1.8 million) involved mainly strategic IT projects.





Q1/2016 capital expenditure* by region



** Property, plant and equipment as well as intangible assets*

Asset situation

Balance sheet structure virtually unchanged

Muted by exchange rate effects, LEONI's consolidated balance sheet as at 31 March 2016 was enlarged by only a slight 0.5 percent versus the end of 2015 to € 2,851.0 million.

On the asset side, there was an increase in **current assets** by nearly 2 percent to € 1,572.2 million. This was due above all to the roughly 9 percent increase for seasonal reasons in both trade receivables to € 613.1 million and inventories to € 596.3 million. Other current assets also rose from € 93.6 million to € 122.3 million because of increased value added tax receivables. Cash and cash equivalents, on the other hand, were down by about 32 percent to € 189.5 million.

Overall, **non-current assets** decreased by about 1 percent to € 1,278.6 million. Both property, plant and equipment – the largest single item at € 896.1 million (previous year: € 902.3 million) – and the other items were roughly at the same level on the reporting date as they were at the end of 2015.

There were virtually no changes on the liabilities side either: the **current liabilities** as at 31 March 2016 of € 1,113.9 million were almost exactly at the same level as at the turn of the year. This involved an increase in trade liabilities by 3 percent to € 757.9 million for seasonal reasons. Other current liabilities were up by around 13 percent to € 168.9 million due to increased holiday pay provisions and VAT liabilities. This was offset primarily by a decrease in current financial liabilities from € 102.4 million to € 69.5 million, which was to a large extent due to the extension of two foreign currency loans and the corresponding reclassification from current to non-current financial liabilities.

In return, there was an increase in **non-current liabilities**, which in total rose by 5 percent to € 763.6 million, with financial debt up from € 498.8 million to € 527.8 million. Pension provisions were also up by approximately 8 percent to € 162.6 million because their valuation had to be adjusted on account of the further decrease in the level of market interest rates during the period under report.

The corresponding actuarial losses as well as losses on translation of foreign currencies into the euro led to a reduction in accumulated other comprehensive income from income of € 13.9 million to a loss of € 20.6 million. Equity was therefore down by about 2 percent overall to € 973.5 million, even though retained earnings rose by approximately 2 percent to € 668.7 million. The **equity ratio** therefore came to 34.1 percent (31 December 2015: 35.1 percent). **Net financial liabilities** increased to € 407.8 million by the end of the quarter versus € 321.6 million at the end of December 2015.

Asset and capital breakdown		
€ million	**31/03/2016**	**31/12/2015**
Current assets	1,572.2	1,546.3
Non-current assets	1,278.6	1,291.2
Total assets	**2,851.0**	**2,837.5**
Current liabilities	1,113.9	1,113.9
Non-current liabilities	763.6	727.2
Equity	973.5	996.3
Total equity and liabilities	**2,851.0**	**2,837.5**

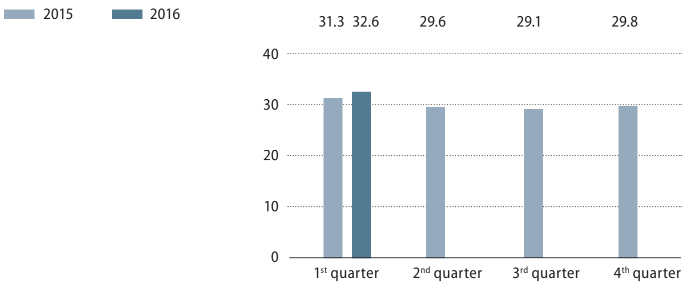
Calculation of net financial liabilities		
€ million	**31/03/2016**	**31/12/2015**
Cash and cash equivalents	189.5	279.7
Current financial liabilities	(69.5)	(102.4)
Non-current financial liabilities	(527.8)	(498.8)
Net financial liabilities	(407.8)	(321.6)

Research & Development

The LEONI Group's spending on research & development rose by about 4 percent to € 32.6 million in the period from January to March 2016 (previous year: € 31.3 million). In the context of customer-specific projects for the automotive industry, we continued to work above all on optimising the weight and installation space of our cables and wiring systems. The current Annual Report contains detailed information on our R & D work.

» Annual Report 2015 page 97 et seq.

R & D expense € million



Employees

More than 75,000 employees Group-wide

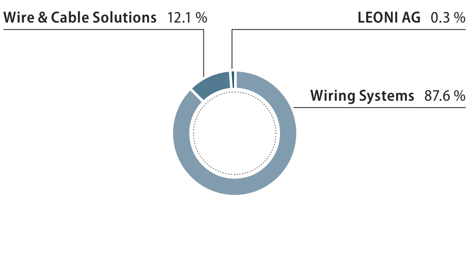
The LEONI Group employed 75,178 people on 31 March 2016, which is 1,160 more than at the turn of the year. The workforce in Germany grew by 15 people to 4,374, while outside Germany it was up by 1,145 to 70,804 employees, which kept the foreign proportion at about 94 percent. The number of part-time employees, most of whom work for LEONI in China, rose by 60 to 4,426 people.

The workforce of the Wiring Systems Division grew by 1,080 to 65,825 employees in the first quarter of 2016. The division recruited new staff particularly at facilities in Asia, Eastern Europe and the Americas in connection with new customer projects.

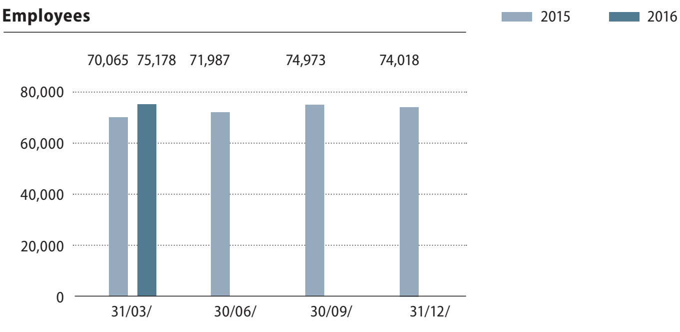
The Wire & Cable Solutions Division employed 9,078 people at the end of March, 71 more than at the end of 2015. It recruited mainly in the EMEA region for Business Groups Automotive Cables, Industry & Healthcare as well as Electrical Appliance Assemblies.

The number of staff at the LEONI AG holding company increased by 9 to 275 people.

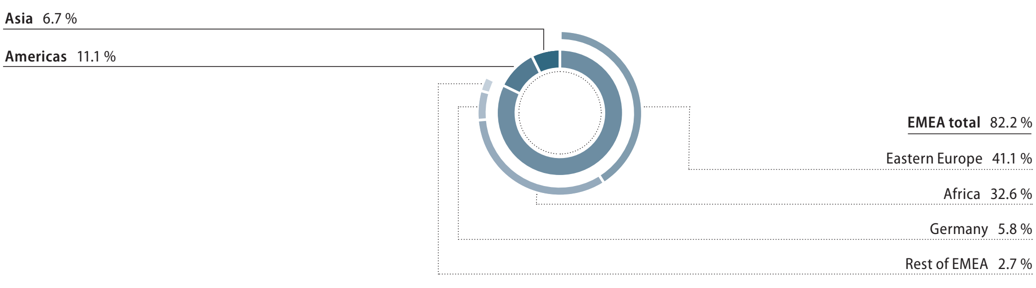
Employees by segment as of 31 March 2016



Employees



Employees by region as of 31 March 2016



Supplementary report

No events of special significance and with material impact on the LEONI Group's earnings, financial and asset situation occurred after close of this reporting period and until this report was signed.

Sustainability report

LEONI is committed to sustainable corporate governance aimed at meeting the requirements of all the stakeholders affected by our actions. A Corporate Sustainability Management department to complement the organisational units in the two divisions was set up at the Group level during the period under report because of the growing importance of sustainability for LEONI's performance. Comprehensive information on our sustainability-related work is contained in the current Annual Report and in our third Global Compact Communication on Progress published in August 2015, which is accessible on our website.

» Annual Report 2015 page 102 et seq.
» www.leoni.com

Risk and opportunity report

The risk and opportunity situation for the LEONI Group has not materially changed since the end of 2015. There are still no risks that would threaten the Company's continued existence. All existing risks and opportunities as well as the structure and set-up of our risk and opportunity management are comprehensively presented in our Annual Report 2015.

» Annual Report 2015 page 108 et seq.

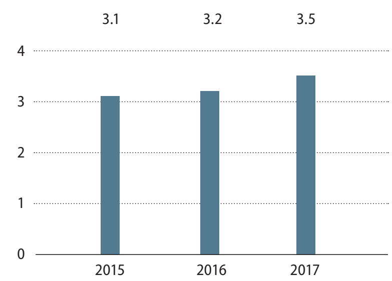
Forecast

Business and underlying conditions

Macroeconomic setting

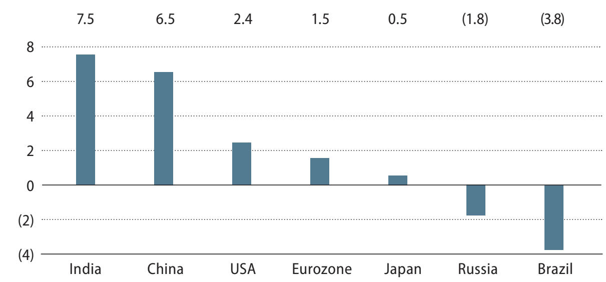
There was a further slight downturn in the prospects for the global economy at the beginning of 2016. The increasingly prevalent, multifaceted economic risks prompted the International Monetary Fund in April to scale its forecast for global economic growth back slightly, having already lowered this in January. The IMF now projects global GDP growth of 3.2 percent for 2016, down by 0.2 of a percentage point from as recently as the beginning of the year. Estimates for 2017 were also scaled down. Alongside such persisting economic risks as the downturn in the emerging countries and the weakness of the banks, the numerous political crises are also exerting increasingly negative effects. Among these, the IMF includes the refugee crisis as well as nationalistic and populist tendencies in some industrialised countries, making constructive, internationally coordinated economic policy harder to achieve. For the developing and emerging countries, the IMF forecasts 4.1 percent growth in 2016 while its figure for the industrialised nations is a rate of 1.9 percent. Its growth forecasts for Germany and the eurozone were lowered from 1.7 percent to 1.5 percent in each case.

Global economic growth 2015 to 2017 %



Source: IMF

2016 economic growth in selected regions %



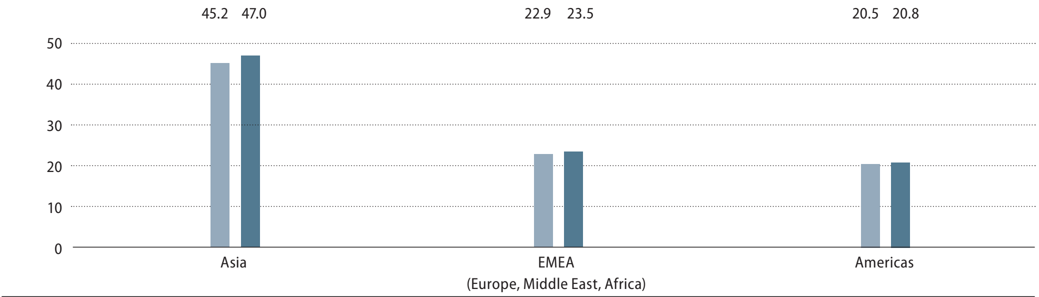
Source: IMF

Sector trend

A gentle upward trajectory in 2016 is expected by most of the sectors of importance to LEONI. For the **automotive industry**, the latest forecasts of IHS Automotive anticipate worldwide output increases this year of just over 3 percent to more than 91 million passenger cars and light commercial vehicles. The growth will stem mostly from the light truck segment, where production is likely to be up in all key regions apart from South America. Output of passenger cars, by contrast, is expected to be flat at about the previous year's level.

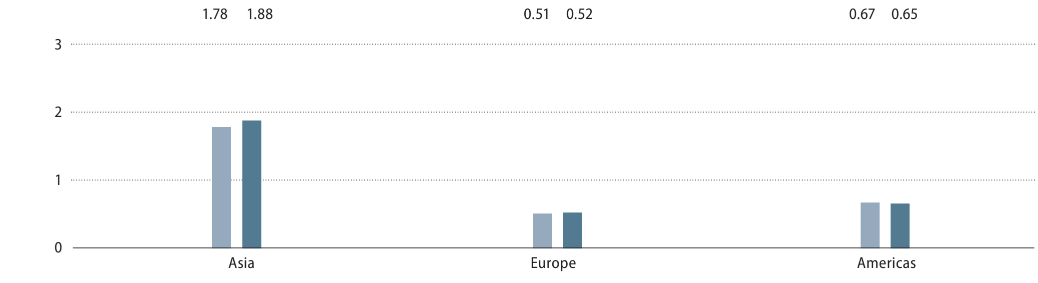
Production of heavy **commercial vehicles** will also be stepped by about 3 percent globally this year, according to IHS Automotive figures, with output estimated to rise in all regions with the exception of North America.

2015 2016e **Output of cars and light commercial vehicles by region** million units



Source: IHS Automotive

2015 2016e **Output of heavy commercial vehicles by region** million units



Source: IHS Automotive

The ZVEI sector association expects the **global electrical goods market** to again grow by 5 percent in 2016. Impetus is coming above all from Asia, but more sales are also projected for the Americas and Europe. The market segments of importance to LEONI, i.e. automation, power engineering, electromedicine and household appliances, should each grow by 5 to 6 percent globally.

The VDMA industry federation says that the **machinery and plant engineering** market can be expected to be flat this year because international demand for machinery is likely to remain weak. In particular, the adverse factors include the sharp investment cutbacks in the raw materials sector, meaning that, from today's perspective, the forecast is more likely to be under downside pressure than there is opportunity for an upside correction. The German manufacturers are also hoping to be able to maintain their output level of 2015 despite less favourable underlying conditions.

The German companies in the **information and communications technology (ICT)** as well as **consumer electronics industry** will, in the assessment of their BITKOM sector association, increase their sales by 1.7 percent in 2016. The driving force is the software business and therefore information technology, which is forecast to grow at an overall rate of 3 percent. Slight 0.2 percent rates of increase are expected for both telecommunications and consumer electronics.

The LEONI Group's business performance

Following performance in line with expectations in the first quarter, the Management Board of LEONI AG has reaffirmed its forecast for fiscal 2016: **consolidated sales** are projected to come to about € 4.4 billion, with this slight, approximately 2 percent year-on-year decrease being attributable mainly to the lower copper price, the absence of the sales of our subsidiary in Langfang, China because we transferred it into a joint venture as well as the weaker economy in China and other significant markets.

Consolidated EBIT will probably dip to about € 105 million in 2016. Alongside missing profit contributions due to the smaller amount of business, the contributions from the critical projects in the Wiring Systems Division will, from today's perspective, be significantly less than originally budgeted. In addition, there will be restructuring and exceptional expenses of approximately € 30 million, pertaining mostly to the Wiring Systems Division. In 2015, EBIT including the exceptional benefit of € 19.6 million from the sale of the shares in the Langfang company amounted to € 151.3 million. Adjusted for the restructuring and exceptional factors, EBIT would improve slightly in 2016.

» Segment report / Reports by division page 9 et seq.

For the **Wiring Systems Division**, we estimate external sales of about € 2.6 billion this year (previous year: € 2.67 billion) as well as earnings before interest and taxes of around € 30 million (previous year: € 87.4 million). These figures took into account restructuring and exceptional charges amounting to approximately € 25 million, whereas the previous year's EBIT included non-recurring benefit of € 19.6 million from the joint venture agreed in China. The main focus of the Wiring Systems Division's activity in 2016 will be on implementing the transformation programme to raise profitability on a sustained basis, which should exert an increasingly positive effect on earnings during the course of the year.

For the **Wire & Cable Solutions Division** we estimate sales of about € 1.8 billion in 2016 (previous year: € 1.83 billion), attributing this minor decrease exclusively to the lower price of copper. The division's EBIT should improve to about € 75 million (previous year: € 63.9 million). This includes restructuring expenses of about € 5 million for the planned streamlining of the portfolio and capacity adjustments. Further increases in both efficiency and profitability are also on the agenda in the WCS Division. As part of a new strategic alignment we will position ourselves more strongly as a solution provider and review our business portfolio for consolidation options. At the same time, the plan is to expand certain parts of our industrial business where, in some cases, we already command a market-leading position.

LEONI is a solidly positioned and financed company that continues to have good prospects. The good order backlog in both divisions forms the basis for positive, long-term development. With innovative products and systems, LEONI is furthermore competitively positioned and will benefit more than average from the key trends in its major customer industries. There are opportunities for our automotive business, for instance, in the mounting demand for cables and systems for solutions in the fields of autonomous driving and electro-mobility as well as in weight optimisation and consequently CO_2 reduction by means of miniaturisation and lightweight construction. Our industrial segments are receiving positive impetus among other things from the trends towards digitalisation in all walks of life, Industry 4.0 and saving resources with alternative energy technology.

» Annual Report 2015 page 123 et seq.

Our detailed, still valid forecast is contained in our Annual Report 2015 where you will also find further information on our strategy that is geared to the global trends.

» Annual Report 2015 page 51 et seq.

The LEONI Group's targets

		Actual 2015 figures	Forecast for 2016
Consolidated sales	*€ billion*	4.5	4.4
EBIT	*€ million*	151.3	105
Capital expenditure	*€ million*	247.6	230
Free cash flow	*€ million*	(5.2)	(30)
Net financial liabilities	*€ million*	321.6	390
Equity ratio	%	35.1	35
Return on capital employed	%	10.0	6

Condensed interim consolidated financial statements 31 March 2016

Consolidated income statement

	1st quarter		
€ '000 (except information to shares)	**2016**	**2015**	**Change**
Sales	1,089,293	1,108,809	(1.8) %
Cost of sales	(917,539)	(926,737)	(1.0) %
Gross profit on sales	**171,754**	**182,072**	**(5.7) %**
Selling expenses	(60,440)	(56,794)	6.4 %
General and administration expenses	(59,805)	(59,311)	0.8 %
Research and development expenses	(32,582)	(31,257)	4.2 %
Other operating income	5,835	3,902	49.5 %
Other operating expenses	(2,135)	(3,449)	(38.1) %
Result from associated companies and joint ventures	1,725	12	> 100.0 %
EBIT	**24,352**	**35,175**	**(30.8) %**
Finance revenue	387	517	(25.2) %
Finance costs	(6,001)	(7,980)	(24.8) %
Other income / expenses from share investments	114	100	14.0 %
Income before taxes	**18,852**	**27,812**	**(32.2) %**
Income taxes	(7,267)	(11,020)	(34.1) %
Net income	**11,585**	**16,792**	**(31.0) %**
attributable to: equity holders of the parent	11,512	16,688	
non-controlling interests	73	104	
Earnings per share (basic and diluted)	0.35	0.51	
Weighted average shares outstanding (basic and diluted)	32,669,000	32,669,000	

Consolidated statement of comprehensive income

	1st quarter	
€ '000	**2016**	**2015**
Net income	**11,585**	**16,792**
Other comprehensive income		
Items that cannot be reclassified to the income statement:		
Actuarial gains and losses on defined benefit plans	(15,167)	(22,143)
Income taxes applying to items of other comprehensive income that are not reclassified	3,596	5,279
Share of the actuarial gains and losses that pertain to associates and joint ventures	(15)	0
Items that can be reclassified to the income statement:		
Cumulative translation adjustments		
Losses and gains arising during the period	(22,994)	72,963
Total cumulative translation adjustments	(22,994)	72,963
Cash flow hedges		
Gains and losses arising during the period	57	(1,682)
Less reclassification adjustments included in the income statement	2,547	2,088
Total cash flow hedges	2,604	406
Parts of the items that can be reclassified to the income statement, which pertain to associates and joint ventures	(547)	0
Income taxes applying to items of other comprehensive income that are reclassified	(1,911)	1,479
Other comprehensive income (after taxes)	**(34,434)**	**57,984**
Total comprehensive income	**(22,849)**	**74,776**
attributable to: equity holders of the parent	(22,922)	74,629
non-controlling interests	73	147

Consolidated statement of cash flows

	1st quarter	
€ '000	**2016**	**2015**
Net income	11,585	16,792
Adjustments to reconcile cash provided by operating activities:		
Income taxes	7,267	11,020
Net interest	5,374	7,730
Dividend income	(114)	(100)
Depreciation and amortisation	36,976	33,564
Other non-cash expenses and income	(1,725)	(12)
Result of asset disposals	(389)	(12)
Change in operating assets and liabilities		
Change in receivables and other financial assets	(49,233)	(79,511)
Change in inventories	(56,766)	(35,688)
Change in other assets	(28,196)	(24,682)
Change in provisions	(7,573)	3,345
Change in liabilities	60,284	48,759
Income taxes paid	(6,698)	(8,136)
Interest paid	(3,201)	(5,209)
Interest received	300	206
Dividends received	114	100
Cash flows from operating activities	**(31,995)**	**(31,834)**
Capital expenditures for intangible assets and property, plant and equipment	(53,226)	(54,819)
Capital expenditures for other financial assets	(98)	(4)
Cash receipts from disposal of assets	670	690
Cash flows from capital investment activities	**(52,654)**	**(54,133)**
Cash receipts from acceptance of financial debts	23,815	235,764
Cash repayments of financial debts	(27,345)	(135,166)
Cash flows from financing activities	**(3,530)**	**100,598**
Change of cash and cash equivalents	(88,179)	14,631
Currency adjustment	(1,961)	13,270
Cash and cash equivalents at beginning of period	279,680	231,978
Cash and cash equivalents at end of period	189,540	259,879

Consolidated statement of financial position

Assets

€ '000	31/03/2016	31/12/2015	31/03/2015
Cash and cash equivalents	189,540	279,680	259,879
Trade accounts receivable	613,133	562,200	647,177
Other financial assets	27,926	41,027	38,973
Other assets	122,299	93,583	115,296
Receivables from income taxes	16,211	14,881	11,282
Inventories	596,269	547,918	634,492
Assets held for sale	6,965	6,965	9,689
Total current assets	**1,572,343**	**1,546,254**	**1,716,788**
Property, plant and equipment	896,057	902,307	858,573
Intangible assets	77,245	79,324	84,709
Goodwill	149,602	149,915	151,772
Shares in associated companies and joint ventures	13,687	13,040	671
Trade receivables from long-term development contracts	51,597	54,246	54,072
Other financial assets	8,406	8,339	10,281
Deferred taxes	57,139	58,596	78,376
Other assets	24,910	25,430	21,787
Total non-current assets	**1,278,643**	**1,291,197**	**1,260,241**
Total assets	**2,850,986**	**2,837,451**	**2,977,029**

Equity and liabilities

€ '000	31/03/2016	31/12/2015	31/03/2015
Current financial debts and current proportion of long-term financial debts	69,546	102,409	118,160
Trade accounts payable	757,856	735,717	777,111
Other financial liabilities	56,975	61,840	45,173
Income taxes payable	31,245	32,143	38,838
Other current liabilities	168,940	149,132	170,276
Provisions	29,352	32,660	27,869
Total current liabilities	**1,113,914**	**1,113,901**	**1,177,427**
Long-term financial debts	527,831	498,836	538,713
Long-term financial liabilities	1,870	3,093	12,953
Other non-current liabilities	9,706	9,898	9,233
Pension provisions	162,615	150,735	183,743
Other provisions	26,745	26,735	24,369
Deferred taxes	34,826	37,925	38,060
Total non-current liabilities	**763,593**	**727,222**	**807,071**
Share capital	32,669	32,669	32,669
Additional paid-in capital	290,887	290,887	290,887
Retained earnings	668,719	657,207	635,940
Accumulated other comprehensive income	(20,584)	13,850	31,310
Equity holders of the parent	971,691	994,613	990,806
Non-controlling interests	1,788	1,715	1,725
Total equity	**973,479**	**996,328**	**992,531**
Total equity and liabilities	**2,850,986**	**2,837,451**	**2,977,029**

Consolidated statement of changes in equity

				Accumulated other comprehensive income					
€ '000	Share capital	Additional paid-in capital	Retained earnings	Cumulative translation adjustments	Cash flow hedges	Actuarial gains and losses	Equity holders of the parent	Non-controlling interests	Total equity
1 January 2015	**32,669**	**290,887**	**619,252**	**68,599**	**(4,469)**	**(90,761)**	**916,177**	**1,578**	**917,755**
Net income			16,688				16,688	104	16,792
Other comprehensive income				72,920	1,885	(16,864)	57,941	43	57,984
Total comprehensive income							74,629	147	74,776
31 March 2015	**32,669**	**290,887**	**635,940**	**141,519**	**(2,584)**	**(107,625)**	**990,806**	**1,725**	**992,531**
1 January 2016	**32,669**	**290,887**	**657,207**	**102,776**	**(6,742)**	**(82,184)**	**994,613**	**1,715**	**996,328**
Net income			11,512				11,512	73	11,585
Other comprehensive income				(23,550)	702	(11,586)	(34,434)	0	(34,434)
Total comprehensive income							(22,922)	73	(22,849)
31 March 2016	**32,669**	**290,887**	**668,719**	**79,226**	**(6,040)**	**(93,770)**	**971,691**	**1,788**	**973,479**

Notes to the condensed interim consolidated financial statements for the period from 1 January to 31 March 2016

Principles

These interim financial statements were, in accordance with the International Accounting Standard IAS 34, Interim Financial Reporting as it is to be applied within the European Union, prepared as a condensed interim report. These financial statements do not include all the disclosures and information required for annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements as at 31 December 2015. LEONI prepares and publishes the interim financial statements in euro (€). The presented interim consolidated financial statements and interim group management report as at 31 March 2016 were subjected to neither a review nor an audit pursuant to Section 317 of the German Commercial Code (HGB) by the auditors. The Management Board authorised release of the interim consolidated financial statements on 2 May 2016.

1 | Accounting principles

The consolidation, valuation and accounting methods applied are in line with those in the 2015 consolidated financial statements, where they are described in the notes.

The accounting standards that were to be applied to the 2016 financial year for the first time did not have any material effect on the interim consolidated financial statements and are for this reason not specifically explained.

2 | Scope of consolidation

In addition to LEONI AG, which is based at Marienstrasse 7 in Nuremberg and is registered with the Nuremberg local court under number HRB 202, all the subsidiaries that are either directly or indirectly controlled by LEONI AG are included in the consolidated financial statements.

There were no changes to the scope of consolidation during the period under report.

Explanations

3 | Segment information

The Group has two segments subject to reporting:

Wire & Cable Solutions

The Wire & Cable Solutions Division develops, produces and assembles wires and strands, optical fibers, standard and special cables, hybrid and optical cables as well as complete cable systems for a very wide variety of industrial applications.

Wiring Systems

The development, manufacture and sale of cable harnesses, complete wiring systems as well as related components and connectors for the international automotive and supply industry constitutes the main business of the Wiring Systems Division.

The information by segment was as follows for the period under report:

	1st quarter		
€ '000 (employees excluded)	**2016**	**2015**	**Change**
Wiring Systems			
Sales	651,312	654,004	(0.4) %
Less intersegment sales	156	87	79.3 %
External sales (sales to third parties)	651,156	653,917	(0.4) %
EBIT	5,045	17,890	(71.8) %
EBIT as a percentage of external sales	0.8 %	2.7 %	—
Employees as at 31/03/	65,825	61,071	7.8 %
Wire & Cable Solutions			
Sales	485,616	498,006	(2.5) %
Less intersegment sales	47,479	43,114	10.1 %
External sales (sales to third parties)	438,137	454,892	(3.7) %
EBIT	19,292	16,957	13.8 %
EBIT as a percentage of external sales	4.4 %	3.7 %	—
Employees as at 31/03/	9,078	8,739	3.9 %
Consolidation / LEONI AG			
Sales	(47,635)	(43,201)	(10.3) %
Less intersegment sales	47,635	43,201	10.3 %
External sales (sales to third parties)	—	—	
EBIT	15	328	
Employees as at 31/03/	275	255	7.8 %
Group			
Sales	1,089,293	1,108,809	(1.8) %
Less intersegment sales	—	—	
External sales (sales to third parties)	1,089,293	1,108,809	(1.8) %
EBIT	24,352	35,175	(30.8) %
EBIT as a percentage of external sales	2.2 %	3.2 %	—
Employees as at 31/03/	75,178	70,065	7.3 %

4 | Other operating expenses and other operating income

The other operating income in the amount of € 5,835 k (previous year: € 3,902 k) included government grants of € 835 k (previous year: € 2,484 k) to subsidise export business in Egypt. Also included is income from providing services for our joint venture in Langfang as well as refunds of expenses. There were exchange gains in the amount of € 137 k.

Other operating expenses amounted to € 2,135 k (previous year: € 3,449 k) and included restructuring expenses of the Wire & Cable Solutions Division in the amount of € 668 k (previous year: € 215 k), which were incurred by the shutdown of production for industrial projects in Mexico. In the previous year the other operating expenses included exchange losses in the amount of € 2,197 k.

5 | Financial result

The financial result, i.e. the balance of finance revenue and costs, came to negative € 5,614 k (previous year: negative € 7,463 k), which reflected the more favourable refinancing terms in 2015 that lowered interest expenses.

6 | Income taxes

The reported income taxes of € 7,267 k (previous year: € 11,020 k) comprised current tax expense of € 8,237 k (previous year: € 8,530 k) and deferred tax income due to differences in balance sheet items and changes in loss carryforwards of € 970 k (previous year: deferred tax expense of € 2,490 k).

The tax rate was 38.6 percent (previous year: 39.6 percent).

7 | Comprehensive income

The overview below shows the gross amounts, income tax effects and net amounts of other comprehensive income:

	1st quarter					
	2016			2015		
€ '000	Pre-tax amount	Tax effect	Net amount	Pre-tax amount	Tax effect	Net amount
Change in actuarial gains and losses	(15,167)	3,596	(11,571)	(22,143)	5,279	(16,864)
Foreign currency translation adjustments	(22,994)	(9)	(23,003)	72,963	0	72,963
Changes in unrealised gains / losses on cash flow hedges	2,604	(1,902)	702	406	1,479	1,885
Changes in the share of other comprehensive income accounted for by associates and joint ventures	(562)	0	(562)	0	0	0
Other comprehensive income	**(36,119)**	**1,685**	**(34,434)**	**51,226**	**6,758**	**57,984**

Currency translation losses of € 22,994 k (previous year: gains of € 72,963 k) are included in other comprehensive income for the period under report. These differences were attributable primarily to translation of the Chinese renminbi, the British pound sterling as well as the US dollar into the euro reporting currency.

The decrease in the discount rate on pension obligations resulted in actuarial losses amounting to € 15,167 k in the first three months (previous year: € 22,143 k).

Taking deferred taxes into account, the overall result was other comprehensive income of negative € 34,434 k (previous year: positive € 57,984 k).

8 | Financial liabilities

The sum of current and non-current financial liabilities was € 597,377 k on 31 March 2016 (31 December 2015: € 601,245 k). Current financial liabilities were reclassified to non-current as a result of the extension of foreign currency loans.

9 | Financial instruments

The tables below show the carrying amounts and the fair values of the financial instruments held in the Group on 31 March 2016 and on 31 March 2015:

		Amounts recognised in balance sheet according to IAS 39					
€ '000	Category in accordance with IAS 39	**Carrying amount 31/03/2016**	Amortised cost	Cost	Fair Value recognised in equity	Fair Value recognised in profit or loss	**Fair Value 31/03/2016**
Assets							
Cash and cash equivalents	LaR	**189,540**	189,540				**189,540**
Trade receivables	LaR	**613,133**	613,133				**613,133**
Long-term trade receivables from development contracts	LaR	**51,597**	51,597				**51,597**
Other financial receivables	LaR	**26,521**	26,521				**26,521**
Other non-derivative financial assets							
Available-for-Sale financial assets	AfS	**1,065**		1,065			**1,065**
Derivative financial assets							
Derivatives without a hedging relationship	FAHfT	**4,363**				4,363	**4,363**
Derivatives with a hedging relationship	n/a	**4,383**			2,437	1,946	**4,383**
Total equity and liabilities							
Trade payables	FLAC	**757,856**	757,856				**757,856**
Liabilities to banks	FLAC	**200,385**	200,385				**205,691**
Borrower's note loans	FLAC	**396,967**	396,967				**413,121**
Other financial liabilities	FLAC	**35,849**	35,849				**35,849**
Derivative financial liabilities							
Derivatives without a hedging relationship	FLHfT	**13,699**				13,699	**13,699**
Derivatives with a hedging relationship	n/a	**9,322**			9,322		**9,322**
Of which aggregated by categories in accordance with IAS 39:							
Loans and Receivables (LaR)	LaR	**880,791**	880,791				**880,791**
Available-for-Sale financial assets (AfS)	AfS	**1,065**		1,065			**1,065**
Financial Assets Held for Trading (FAHfT)	FAHfT	**4,363**				4,363	**4,363**
Financial Liabilities measured at Amortised Cost (FLAC)	FLAC	**1,391,057**	1,391,057				**1,412,517**
Financial Liabilities Held for Trading (FLHfT)	FLHfT	**13,699**				13,699	**13,699**

€ '000	Category in accordance with IAS 39	Carrying amount 31/03/2015	Amounts recognised in balance sheet according to IAS 39: Amortised cost	Cost	Fair Value recognised in equity	Fair Value recognised in profit or loss	Fair Value 31/03/2015
Assets							
Cash and cash equivalents	LaR	**259,879**	259,879				**259,879**
Trade receivables	LaR	**647,177**	647,177				**647,177**
Long-term trade receivables from development contracts	LaR	**54,072**	54,072				**54,072**
Other financial receivables	LaR	**34,803**	34,803				**34,803**
Other non-derivative financial assets							
Available-for-Sale financial assets	AfS	**1,065**		1,065			**1,065**
Derivative financial assets							
Derivatives without a hedging relationship	FAHfT	**5,459**				5,459	**5,459**
Derivatives with a hedging relationship	n/a	**7,927**			5,845	2,082	**7,927**
Total equity and liabilities							
Trade payables	FLAC	**777,111**	777,111				**777,111**
Liabilities to banks	FLAC	**214,378**	214,378				**213,306**
Borrower's note loans	FLAC	**442,233**	442,233				**453,067**
Other financial liabilities	FLAC	**21,472**	21,472				**21,472**
Derivative financial liabilities							
Derivatives without a hedging relationship	FLHfT	**24,647**				24,647	**24,647**
Derivatives with a hedging relationship	n/a	**12,269**			12,269		**12,269**
Of which aggregated by categories in accordance with IAS 39:							
Loans and Receivables (LaR)	LaR	**995,931**	995,931				**995,931**
Available-for-Sale financial assets (AfS)	AfS	**1,065**		1,065			**1,065**
Financial Assets Held for Trading (FAHfT)	FAHfT	**5,459**				5,459	**5,459**
Financial Liabilities measured at Amortised Cost (FLAC)	FLAC	**1,455,194**	1,455,194				**1,464,956**
Financial Liabilities Held for Trading (FLHfT)	FLHfT	**24,647**				24,647	**24,647**

Due to the short terms of the cash and cash equivalents, trade receivables and other current receivables, the fair values largely corresponded to the carrying amounts as they did in the previous year.
The fair values of other non-current receivables maturing after more than one year corresponded to the present values of payments relating to the assets, in each case taking into account the current interest parameters that reflected market and partner-related changes in terms.

Trade liabilities and other liabilities usually matured in the short term; the amounts on the balance sheet represented approximations of the fair value. The fair values of liabilities to banks, the borrower's note loans and the other non-current financial liabilities were determined as the present values of the payments relating to the liabilities based on the respectively applicable yield curves and the Group-specific margins. For this reason the fair values are to be allocated to hierarchy level 3.

The fair values of the foreign exchange transactions were based on current reference rates observable on the market and taking into consideration forward premiums or discounts. LEONI takes account of the risk of non-fulfilment by business partners and the risk of non-fulfilment on the part of the Group by determining correction values, known as credit value adjustments (CVAs) or debt value adjustments (DVAs), based on applying a premium / discount. The fair values of the interest rate hedging instruments (interest swaps) were based on discounted future cash flows. The applicable market interest rates were used for the maturities of the financial instruments.

Valuation method to determine fair value

The tables below contain an overview of the valuation methods used for measuring the fair value of the financial instruments concerned.

31/03/2016 [€ '000]	**Prices quoted on active markets (step 1)**	**Valuation methods where all principal parameters are based on observable market data (step 2)**	**Valuation methods where all principal parameters are *not* based on observable market data (step 3)**	**Total**
Financial assets measured at fair value				
Derivative financial assets				
Derivatives without a hedging relationship	215	4,148	0	**4,363**
Derivatives with a hedging relationship	0	4,383	0	**4,383**
Financial liabilities measured at fair value				
Derivative financial liabilities				
Derivatives without a hedging relationship	0	13,699	0	**13,699**
Derivatives with a hedging relationship	0	9,322	0	**9,322**

31/03/2015 [€ '000]	**Prices quoted on active markets (step 1)**	**Valuation methods where all principal parameters are based on observable market data (step 2)**	**Valuation methods where all principal parameters are *not* based on observable market data (step 3)**	**Total**
Financial assets measured at fair value				
Derivative financial assets				
Derivatives without a hedging relationship	1,184	4,275	0	**5,459**
Derivatives with a hedging relationship	0	7,927	0	**7,927**
Financial liabilities measured at fair value				
Derivative financial liabilities				
Derivatives without a hedging relationship	0	24,647	0	**24,647**
Derivatives with a hedging relationship	0	12,269	0	**12,269**

Neither in the period under report nor in the previous one was there any movement between the individual levels.

Other information

10 | Transactions with related parties

LEONI maintains relationships with joint ventures as part of its ordinary business activity. This involves LEONI as a matter of principle purchasing products and services on market terms. During the period under report, the Company generated income of € 3,003 k (previous year: € 3 k) from sales and providing services to associates and joint ventures. These transactions resulted in receivables of € 7,933 k (previous year: € 17 k). The increase versus the previous year is attributable to business relationships with our joint venture in Langfang, China.

LEONI generated income of € 426 k (previous year: € 328 k) from the sale of products and services to members of the Supervisory Board and their companies and made purchases worth € 161 k (previous year: € 160 k) from them during the period under report. All supply and service transactions were concluded on standard market terms.

11 | Management Board and Supervisory Board

Dr Frank Hiller was assigned responsibility for the Wiring Systems Division effective 1 January 2016. He was previously in charge of the Wire & Cable Solutions Division.

Bruno Fankhauser was appointed to the Management Board of LEONI AG on 1 February 2016 and has since then been in charge of the Wire & Cable Solutions Division.

Nuremberg, 2 May 2016

Dieter Bellé   Bruno Fankhauser   Dr Frank Hiller

Key dates

Interim Report 1st quarter 2016
11 May 2016

Interim Report 2nd quarter and 1st half 2016
10 August 2016

Interim Report 1st – 3rd quarter 2016
16 November 2016

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