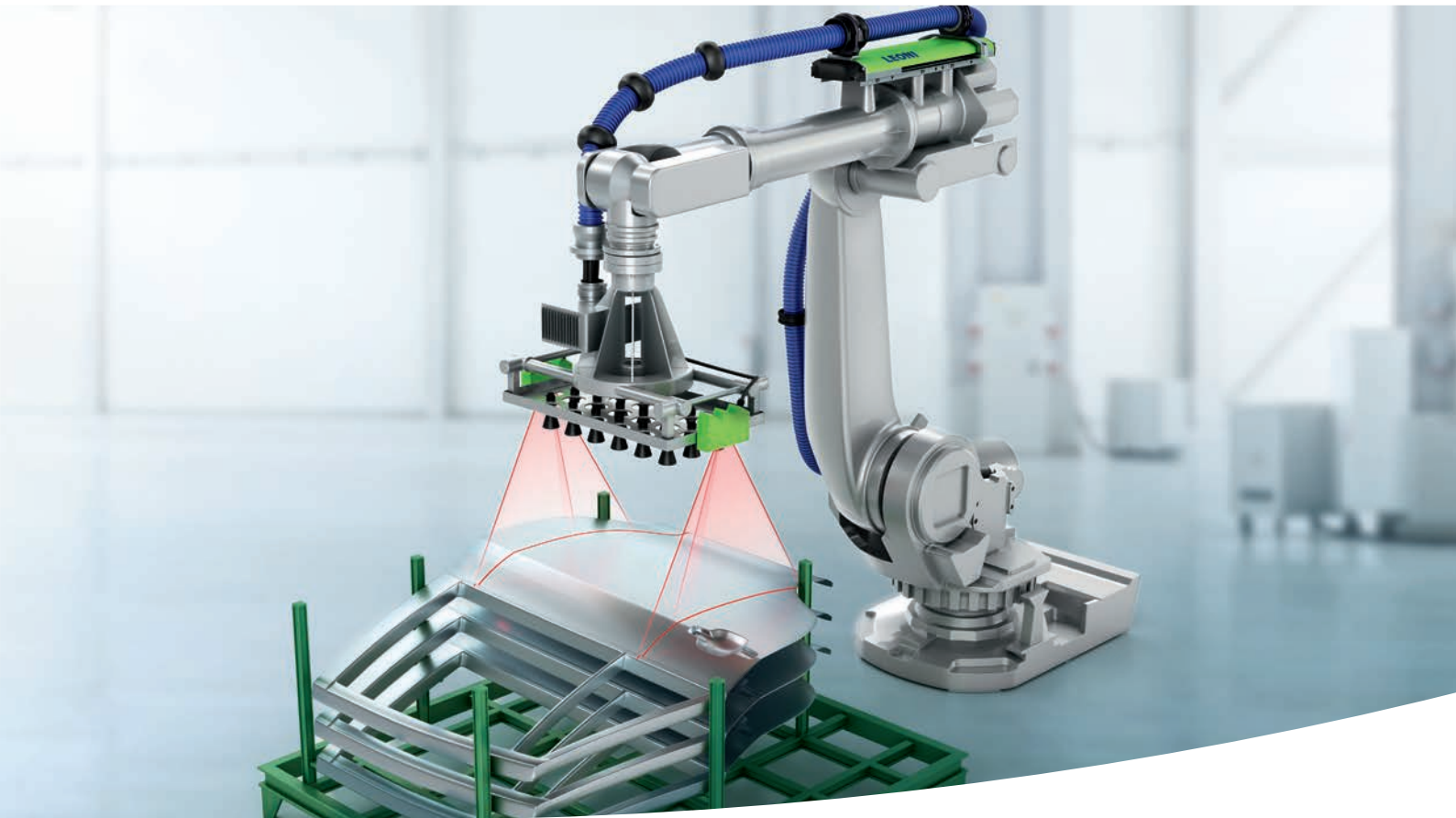


Interim Report

2nd quarter and 1st half 2016



The Quality Connection

LEONI

Highlights: 1st half 2016

- Consolidated sales come to € 2.24 billion and thus to nearly the previous year's level
- EBIT of € 61.9 million exceeds expectations
- WCS Division with a new strategic alignment as a solutions provider
- Wiring Systems Division (WSD) obtains large order from PSA Group
- WSD restructuring programme running on schedule
- Forecast for 2016 as a whole reaffirmed

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 more than 76,000 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:

In the 2nd quarter of 2016 and as part of its Industry 4.0-related work, LEONI presented its new 'advintec 6D laser measurement' calibration system that has already won the MM Award for innovation. The system calibrates grippers, part locations and devices directly in the production process of robot-supported applications and thereby extends the range of options for machine perception.

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.

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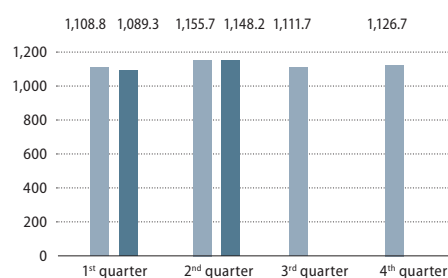
Group key figures

€ million	2 nd quarter			1 st half		
	2016	2015	Change	2016	2015	Change
Sales	1,148.2	1,155.7	(0.7) %	2,237.5	2,264.5	(1.2) %
Earnings before interest, taxes and depreciation / amortisation (EBITDA)	74.2	84.7	(12.4) %	135.5	153.4	(11.7) %
Earnings before interest and taxes (EBIT)	37.6	50.4	(25.4) %	61.9	85.5	(27.6) %
Adjusted earnings before interest and taxes (EBIT) *	60.4	54.6	10.6 %	90.7	92.5	(1.9) %
Earnings before taxes (EBT)	32.0	43.8	(26.9) %	50.8	71.6	(29.0) %
Consolidated net income	24.3	35.1	(30.6) %	35.9	51.8	(30.7) %
Capital expenditure (incl. acquisitions)	52.3	60.6	(13.7) %	91.1	98.7	(7.7) %
Equity ratio (%)	32.5 %	34.5 %	—	32.5 %	34.5 %	—
Earnings per share (€)	0.75	1.07	(29.9) %	1.10	1.58	(30.4) %
Employees as at 30/06/ (number)	76,239	71,987	5.9 %	76,239	71,987	5.9 %

* Earnings adjusted for the impact of purchase price allocation, restructuring, impairment of non-current assets, gains on business disposals and on business combinations including related derivatives.

Consolidated sales

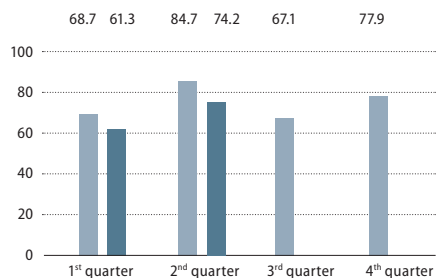
€ million



Consolidated EBITDA

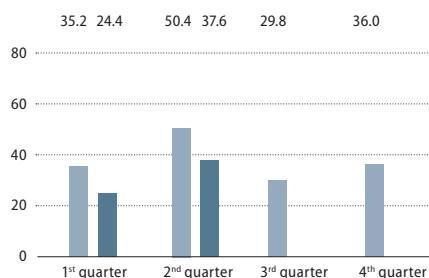
€ million

■ 2015 ■ 2016



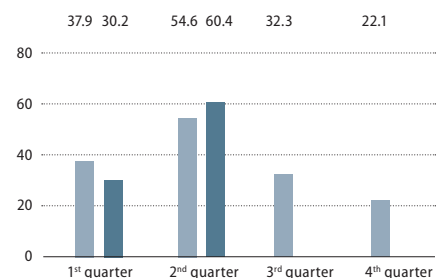
Consolidated EBIT

€ million



Adjusted consolidated EBIT

€ million



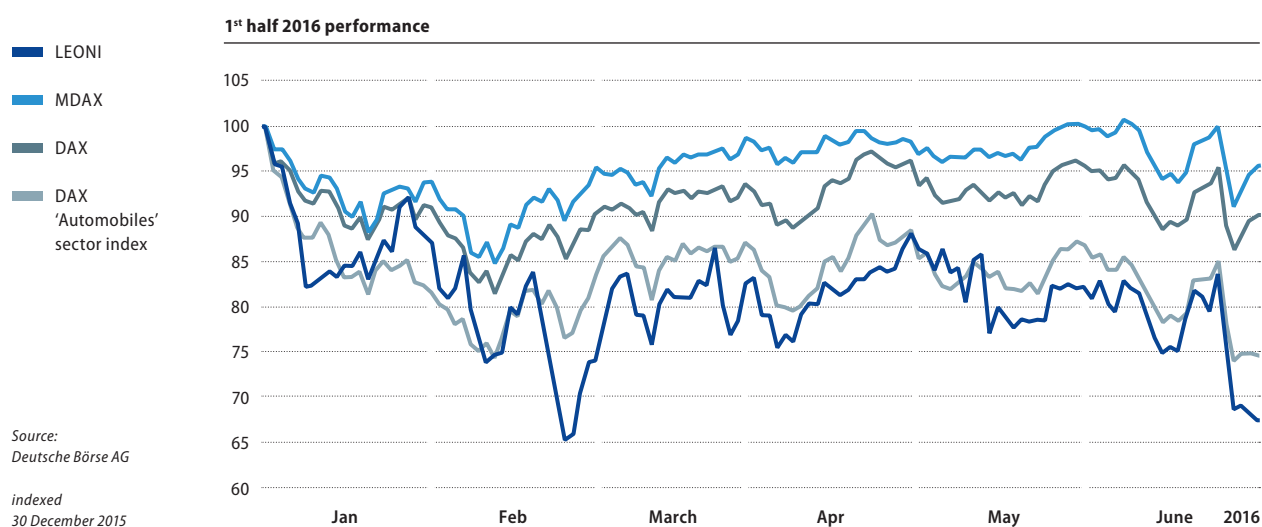
The LEONI share

Weak first half on the markets

Overall, the world's equity markets did not perform well in the first six months of 2016. Although the markets did recover in the spring following considerable losses at the beginning of the year, they once again came under pressure at the end of the second quarter after the Brexit vote. This affected mainly the European marketplaces, whereas share prices in other regions proved to be largely unimpressed. The US Dow Jones Index, for instance, gained some overall ground in the period from January to June 2016, whereas the Chinese Hang Seng was down slightly at the half-year mark. By contrast, the Euro Stoxx 50 was about 10 percent lower than at the end of 2015, with investors avoiding particularly bank and automotive shares after the UK referendum. Germany's leading DAX index likewise lost about one tenth of its value, while the MDAX dipped by approximately 5 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



LEONI share down

The shares of Germany's automotive and component supply companies significantly underperformed the overall market. The DAX 'Automobiles' sector index and the sub-index for the automotive suppliers both dropped by about one quarter in the first half of 2016. Starting from its high for the year to date of € 34.93 at the beginning of January, LEONI's share initially fell to its low of € 23.76 by the end of February. It recovered thereafter, but lost value again in the wake of the general uncertainty following the Brexit vote. Trading in our share closed at € 24.61 at the end of June, equating to a 32.5 percent drop from its level at the end of the previous year. That reduced the market capitalisation of the roughly 32.7 million LEONI shares from approximately € 1,191 million to about € 804 million. The share price headed significantly upwards again in July.

Key LEONI share figures

		2 nd quarter		1 st half	
		2016	2015	2016	2015
Net result	€/share	0.75	1.07	1.10	1.59
Equity	€/share	28.78	30.35	28.78	30.35
High ¹	€/share	32.11	62.81	34.93	62.81
Low ¹	€/share	24.61	55.83	23.76	47.64
Closing price ¹ at end of quarter	€/share	24.61	56.63	24.61	56.63
Average daily trading volume	no. of shares	243,824	198,005	303,658	224,897
Market capitalisation at end of quarter	€ million	804.0	1,850.0	804.0	1,850.0

¹ XETRA closing prices of the day

Trading volumes up

303,658 LEONI shares changed hands per trading day (previous year: 224,879) in the first six months of 2016. A total of 38.3 million shares were traded in the first half of the year; substantially more than in the same period of the previous year (27.9 million shares).

Majority of analysts recommend holding LEONI shares

LEONI is currently covered by 22 financial analysts (as at 30 June 2016). The attention given to our share was therefore slightly greater than at the end of the first quarter when it was monitored by 21 investment professionals. The majority – i.e. twelve capital market specialists – gave our share a hold rating. Five institutions recommended to buy and five advised to sell.

Voting rights announcements in the second quarter

All LEONI shares are in free float, with institutional investors continuing to hold about two thirds of our shares while the remaining third is owned by private shareholders. Approximately 60 percent of LEONI's shares 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.

» [www.leoni.com/en/
Investor-Relations/Voting-
rights-announcements](http://www.leoni.com/en/Investor-Relations/Voting-rights-announcements)

In the 1st quarter of 2016, LEONI did not receive any voting rights announcements. LEONI received two voting rights announcements in the period from April to June 2016: US-based State Street Corporation reduced its stake to slightly less than 3 percent and Hans Wilms Beteiligungs GmbH of Germany increased its holding to slightly more than 3 percent. These voting rights announcements as well as earlier ones are accessible on our website.

The other major, single investors at the end of June continued to be the US investment firm T. Rowe Price with more than 5 percent as well as UK-based Schroders PLC, Classic Fund Management Aktiengesellschaft of Liechtenstein and the Switzerland-based UBS Group AG, each with holdings of between 3 and 5 percent.

Half-year financial report

Interim group management report

Overview of conditions and business performance

Macroeconomic trend

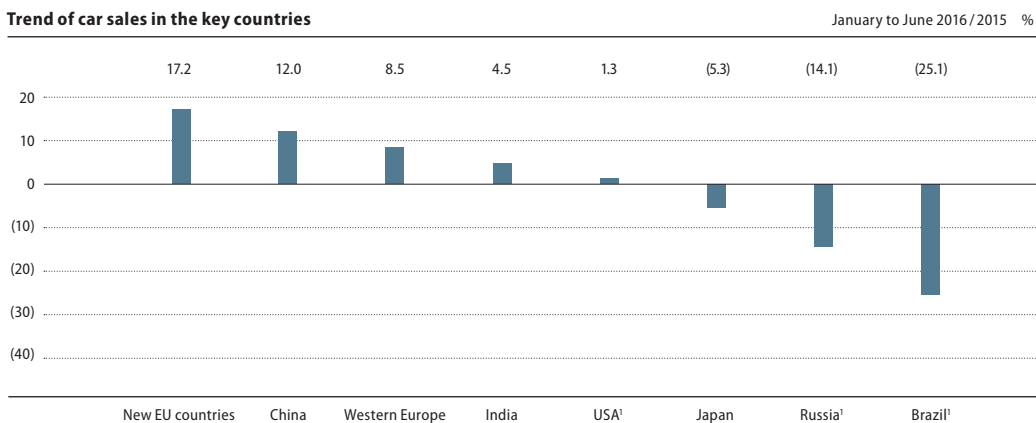
The performance of the global economy was moderately positive at the outset of the first half of 2016. According to the International Monetary Fund (IMF), the economy in most of the industrialised countries remained subdued with the slightly better-than-projected growth in the euro countries offsetting the weaker performance in the United States in the first quarter. There was no consistent trend in the emerging and developing countries, although a slight recovery of the financial and commodity markets exerted initial positive effect on such countries as China, Brazil and Russia. At the end of June, the outcome of the UK referendum on remaining in the European Union, which caught many observers by surprise, resulted in major turmoil – even though the financial markets calmed down relatively quickly again after a sharp drop. The resulting political and economic risks will, in the IMF's view, continue to destabilise the global economy, which is in any case fragile.

The German economy expanded by 0.7 percent in the first three months of 2016, according to calculations of the German Federal Office of Statistics. The German Institute for Economic Research (DIW) estimates that growth in the subsequent quarter is likely to have held steady. This solid trajectory was underpinned by the services sector, which is focused primarily on the domestic economy, whereas industry showed less momentum because of the rather muted projections for key markets even before the Brexit vote.

Business by sector

The sectors of importance to LEONI mostly performed well in the first half of 2016. This applies particularly to the **motor vehicle industry**, which, according to the German Association of the Automotive Industry (VDA), benefited from the favourable economic trends in the three largest car markets of Western Europe, the USA and China. New vehicle registrations rose significantly, especially so in Western Europe and China, but also in the United States. Brazil and Russia continued to give cause for concern with double-digit decline in sales figures.

The IHS Automotive market research institute says that global output of passenger cars and light commercial vehicles consequently increased by about 2 percent year on year in the first half of 2016. This involved more vehicles produced in Europe, China and North America, but on the other hand fewer in Japan and Korea as well as South America than in the same period of 2015.



¹ Light vehicles (cars and light commercial vehicles)
Source: VDA

Based on our observations, the market for **heavy commercial vehicles** provided a mixed picture in the first half of the year: demand for trucks remained weak in the United States and Brazil, but steady in Europe. While the market for special construction industry vehicles was encouraging in the United States, it was subdued in Europe and Asia. Positive impetus was lacking worldwide in the agricultural machinery sector.

Sales and price-adjusted output in the German **electrical engineering and electronics industry** were each up by nearly 3 percent in the first five months of 2016, according to the German Electrical and Electronic Manufacturers' Association (ZVEI). This involved increased sales particularly to customers in Germany and the eurozone, whereas they were flat in all other countries. Order receipts were roughly at the previous year's level. The sector's business climate index improved considerably in June, although this survey was taken before the Brexit vote.

The German **machinery and plant engineering** sector benefited mainly from the good demand from companies in their domestic market: the German Engineering Federation (VDMA) says that, overall, order bookings rose by 3 percent in the first five months of the current year, with orders up 4 percent in Germany and by 2 percent elsewhere.

After a solid start to the year, the German **ICT market** (information and communications technology) lost some momentum in the second quarter. The value index of order receipts published by BITKOM (the German Association for Information Technology, Telecommunications and New Media) for April and May of 2016 was down for IT hardware as well as for telecommunications and consumer electronics products. The output index slumped heavily for the IT hardware segment, but was on the other hand steady for the telecommunications sector and improved slightly for consumer electronics.

Overview of LEONI AG's business performance

Underpinned by good operating performance in both of its divisions, LEONI AG generated slight organic growth in the first half of 2016. Adverse effects involving the price of copper and changes in exchange rates more than offset the sales increase, however. We recorded consolidated sales of € 2,237.5 million for the period from January to June 2016, as opposed to € 2,264.5 million for the same period in 2015, of which the second quarter provided € 1,148.2 million (previous year: € 1,155.7 million). This put the volume of business in line with our forecast.

Earnings before interest and taxes (EBIT) came to € 61.9 million in the first six months of the current year (previous year: € 85.5 million). As budgeted, this included major restructuring expenses of € 21.1 million (previous year: € 1.5 million), most of which were incurred in the second quarter. Disregarding these costs, most of which involved transformation of the Wiring Systems Division, half-year EBIT works out to € 83.0 million (previous year: € 87.0 million). In the second quarter we generated earnings before interest and taxes of € 37.6 million (previous year: € 50.4 million) while EBIT adjusted for restructuring expenses rose from € 51.9 million to € 56.4 million. Favourable non-recurring items also played a part in this better-than-expected earnings performance. These stemmed primarily from changes in exchange rates that, unlike in the case of sales, boosted earnings figures, and the reversal of provisions.

The business activity, product range as well as principal markets of the LEONI Group and its two divisions are comprehensively presented in the Annual Report 2015 and have not materially changed in the period under report. The same applies to the strategy of the Group and of the Wiring Systems Division. The Wire & Cable Solutions Division devised a new business strategy during the period under report and implemented corresponding organisational changes effective 1 July 2016. The organisational structure of the Wiring Systems Division was also substantially streamlined as part of the comprehensive transformation process. Details of these changes are contained in the Reports by division/Segment report.

» Annual Report 2015
page 49 et seq.

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

Reports by division / Segment report

Wiring Systems Division

Slight growth in half-year sales to € 1,366.8 million

The Wiring Systems Division (WSD) increased its sales by nearly 5 percent year on year to € 715.6 million in the second quarter of 2016. Its business volume was up by more than 2 percent to € 1,366.8 million over the entire period of this year's first six months. The encouraging, 4.5 percent organic growth was thereby undermined to some extent by adverse copper price and currency effects, which became increasingly evident in the first quarter. Furthermore, a factor also to be taken into account is that the sales of the joint venture in Langfang, China (H1/2015: € 31.5 million), which have been included at equity in the consolidated financial statements since December 2015, were no longer included in the amount of business during the period under report.

We succeeded in expanding our sales especially to German and other European carmakers, whereas shipments to American customers as well as the international commercial and specialist vehicle industry declined due to the expiry of projects and changes in the product called forward as well as the generally still weak commercial vehicle business. The amount of product sold for electric and hybrid vehicles grew especially strongly, although the level in this segment is still a low one in absolute terms.

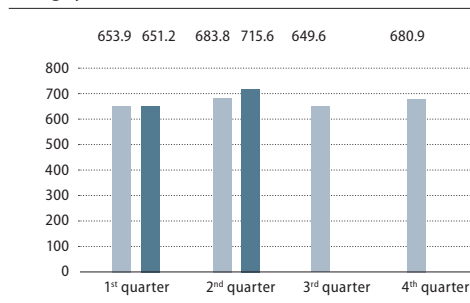
Various new product launches also contributed to the increase in sales. Among other things, we started production of wiring systems and cable harnesses for several new models of German, other European and American carmakers in the second quarter. This involves both small, compact and mid-market cars as well as SUVs and premium cars.

Wiring Systems sales performance

	€ million	in %
H1/2015 sales	1,337.7	
Organic growth	+ 59.6	+ 4.5 %
Currency effects	(19.8)	(1.5) %
Copper price effects	(10.7)	(0.8) %
H1/2016 sales	1,366.8	+ 2.2 %

Wiring Systems sales

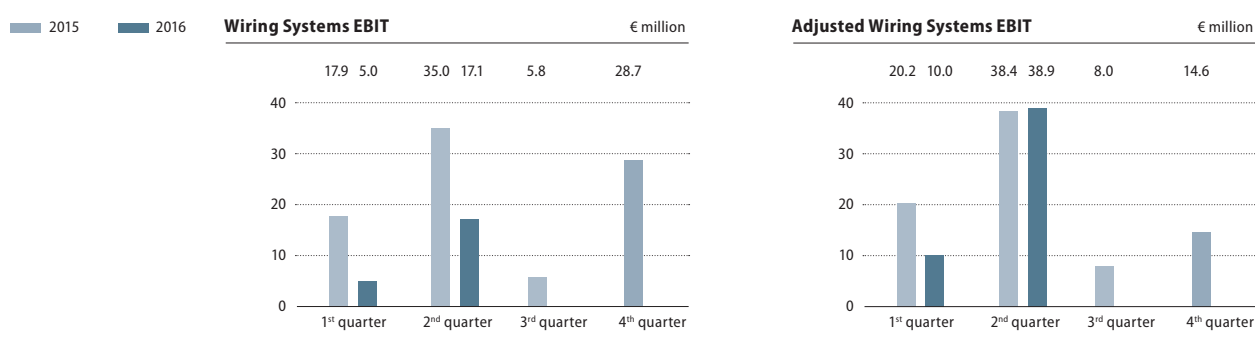
€ million



■ 2015 ■ 2016

Earnings held back by major restructuring costs

The earnings before interest and taxes of the Wiring Systems Division amounted to € 22.1 million in the first six months of 2016 (previous year: € 52.8 million). As announced, the division incurred substantial restructuring expenses of € 19.7 million for its reorganisation, which diminished earnings significantly. Second-quarter EBIT amounted to € 17.1 million (previous year: € 35.0 million) and was therefore a major improvement on the first quarter even though most of the restructuring expenses were incurred in the period from April through June. Measures to boost the profitability of the critical new product start-ups of the second half of 2015 had an initial positive effect, thereby already reducing the adverse impact on operating profit.



Adjusted Wiring Systems EBIT

€ million	2 nd quarter		1 st half	
	2016	2015	2016	2015
EBIT	17.1	35.0	22.1	52.8
Restructuring cost	18.1	1.1	19.7	1.1
EBIT before restructuring expenses	35.2	36.1	41.8	53.9
Effect of purchase price allocation (PPA)	3.3	2.3	6.7	4.6
other adjustments	0.4	0.0	0.4	0.0
Adjusted EBIT	38.9	38.4	48.9	58.5

Transformation programme: leaner and more efficient structures

We made further progress in the second quarter with our comprehensive reorganisation of the Wiring Systems Division: its organisational structure was trimmed from five levels to three effective 1 June 2016. Central Functions were pooled and customer relationship management was transferred to twelve Business Units that operate globally, and which simultaneously handle coordination of orders with the plants. These measures have made lines of responsibility clearer, decision-making channels shorter as well as collaboration between departments more efficient and less costly. As a result, there will be about 1,100 fewer jobs worldwide this year, of which about 70 in Germany and approx. 150 in other high wage countries as France, the United Kingdom, South Korea and the United States. Further cutbacks will affect various production facilities around the world. This year, these changes will initially mean only minor positive effect on earnings while the restructuring will still incur exceptional charges. From 2017, these measures will raise our profitability on a lasting basis: a sustainable earnings boost of about € 30 million is to be expected on an annual basis.

We also improved the performance of the critical projects during the period under report. Our efficiency enhancement measures such as adjusting the production concept, optimising logistics processes and relocating some work to other facilities are already showing initial benefit. They will exert an increasingly positive effect over the whole term of the project.

Significant follow-on orders from the PSA Group

The Wiring Systems Division booked two important follow-on orders from the PSA Group in the second quarter of 2016. They are worth about € 500 million over the project term and underpin our position as principal supplier to this major French carmaker. From October 2018, we will supply wiring systems for a successor model of the DS brand as well as the next generation of the Peugeot 208 and 2008 lines, thereby also becoming the largest supplier to a new PSA Group plant in Morocco. The various cable harnesses will be manufactured at LEONI facilities in North Africa and Eastern Europe, and fitted to cars for the European market. We are currently studying whether some of the conductors can be made of aluminium in order to support the PSA Group with its objective of strengthening its leading position with respect to CO₂ emissions. As these new Peugeot models will also be launched in China, South America and Russia, LEONI could, as a global supplier to this company, draw benefit in these regions as well.

Order backlog underpinned by further large-scale projects

We also took key follow-on orders from other vehicle manufacturers in the past few months. A large American carmaker ordered wiring systems for an SUV, which is to be launched on the American market. LEONI will thus be supplying this customer in its domestic market for the first time. In addition, there were a range of new orders from other European and Asian car companies that, alongside conventional wiring systems and cable harnesses, also encompassed high-voltage wiring for several mid-market and premium-segment hybrid models. A major German premium carmaker furthermore ordered smart boxes for two vehicle categories from our Business Unit Components. These boxes handle the power distribution and fuse protection in the wiring systems. We also gained several new projects from various customers in the commercial vehicle segment. They involve both the engine and complete wiring for various trucks and agricultural vehicles.

These extensive new orders underpin the substantial order backlog in the Wiring Systems Division, which amounts to more than € 14 billion over the next five years and constitutes a solid foundation for the planned future growth. The exact amount and timing of the shipments will depend on what our customers actually call forward.

Best Plant Award for LEONI facility in Romania

In May 2016, our customer PSA Group presented our wiring systems factory in Pitesti, Romania with its Best Plant Award. With this commendation, which the LEONI plant obtained for the third time in succession, the PSA Group recognised in particular the high delivery reliability and quality of the products made there.

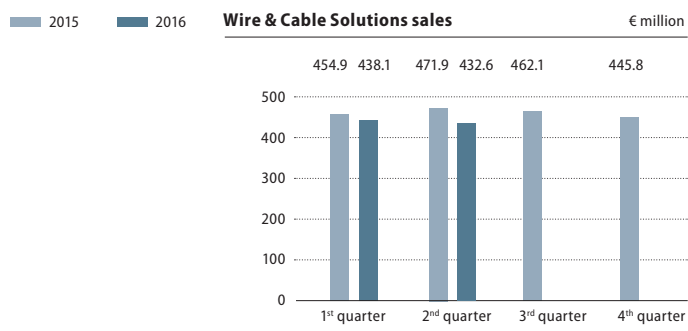
Wire & Cable Solutions Division

Sales of € 870.7 million at the end of June 2016

Our Wire & Cable Solutions (WCS) Division generated modest organic growth both in the second quarter and over the whole of the first half of 2016, but this was more than offset by negative copper price and currency translation effects. The division's sales therefore amounted to € 432.6 million for the period from April to June (previous year: € 471.9 million) and to € 870.7 million in the first six months (previous year: € 926.8 million).

Wire & Cable Solutions sales performance

	€ million	in %
H1/2015 sales	926.8	
Organic growth	+ 9.6	+ 1.0%
Currency effects	(6.7)	(0.7)%
Copper price effects	(59.0)	(6.5)%
H1/2016 sales	870.7	(6.1)%



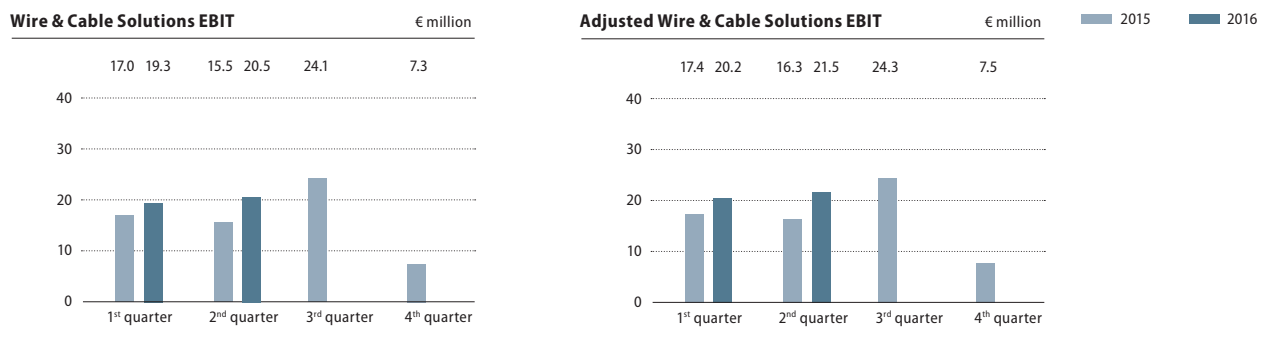
Good demand for high-quality automotive and industrial cables

The performance of Business Group Automotive Cables has been encouraging so far in 2016. Our high-quality special cables were in strong demand especially in Europe and the United States, which more than offset the somewhat weaker standard cables business in China. Heavily adverse copper price and exchange-rate effects undermined this good operating performance, which is why the business group's sales were down by about 9 percent in the first six months. These factors also compromised the industrial segments, where the level of overall sales was approximately 4 percent below that of the previous year. Here we recorded operational gains above all in the profitable medical technology and fiber optics segments. By contrast, business involving data cables and cables for the petrochemical industry was weaker for cyclical reasons.

EBIT up strongly to € 39.8 million

Thanks to the generally good operating performance and the favourable changes in the product mix, the earnings before interest and taxes of the Wire & Cable Solutions Division increased by over 32 percent year on year to € 20.5 million in the period from April to June 2016. In total for the first half of 2016, the division generated growth of more than 22 percent to € 39.8 million even though the adverse effect of the copper price cut into EBIT by € 3.6 million. This also included restructuring expenses amounting to € 1.3 million (previous

year: € 0.4 million), which were incurred in Mexico – for the shut-down of cables production for the petrochemical industry – as well as in India, where we are ending production of standard automotive cables and will in the future concentrate on making special automotive cables, irradiation crosslinked cables for the railway and solar industries as well as cables for the petrochemical industry.



Adjusted Wire & Cable Solutions EBIT

€ million	2 nd quarter		1 st half	
	2016	2015	2016	2015
EBIT	20.5	15.5	39.8	32.5
Restructuring cost	0.7	0.4	1.3	0.4
EBIT before restructuring expenses	21.2	15.9	41.1	32.9
Effect of purchase price allocation (PPA)	0.3	0.4	0.6	0.8
Adjusted EBIT	21.5	16.3	41.7	33.7

Order receipts exceed sales

The Wire & Cable Solutions Division booked new orders worth € 882.2 million in the first six months of 2016, meaning that order receipts thus once again exceeded the volume of sales during the period under report. Although there was a decrease compared with the orders worth € 927.9 million taken in the same period of the previous year, this was due exclusively to change in the price of copper. Stripped of this effect, there was also an increase.

Business Group Automotive Cables booked several follow-on orders from various automotive component suppliers in the second quarter of 2016. This involved primarily high-quality special cables; for example, for antenna applications as well as driver assistance and infotainment systems in vehicles.

A major European medical equipment manufacturer ordered cabling systems for a new generation of cutting-edge x-ray machines from Business Group Industry & Healthcare. Furthermore, LEONI has started a cooperation with GE for providing cable system solutions for renewable energy markets. Business Group Communication & Infrastructure won the contract for a major project of an international railway engineering manufacturer: it covers much of the wiring for two new platforms for rail vehicles.

Strategic realignment: from cable manufacturer to solutions provider

The Wire & Cable Solutions Division has prepared a new business strategy on the basis of which the whole division will in the future present itself on the market with a new overall direction.

The strategic vision is to develop the division into a leading provider of intelligent and secure energy transmission and data management system solutions. The aim is thereby

- to successfully reposition in keeping with the megatrends of energy and data management,
- to broaden our range of products and services as well as our own business models in our core markets and
- to establish a division-wide technology platform as the basis for generating fresh sales with new technologies as well as intelligent solutions.

This realignment will transform the WCS Division from being a dependable wire and cable manufacturer into a customer-oriented solutions provider and preferred partner of global OEMs. In the future, the division's line-up will comprise not only components, assembly and systems, but it will also, with this portfolio, significantly enlarge it with customer-specific services as a systems provider and broadened business models. The aim is to make the products and systems intelligent in both senses of the word. Particularly the trend towards digitalisation (Industry 4.0) gives the Wire & Cable Solutions Division new options for operating with sustained success on the basis of innovative products, solutions and services.

This strategic realignment also requires changes to the organisational structure: Effective 1 July 2016, Business Groups Industry & Healthcare as well as Communication & Infrastructure were combined to become Business Group Industrial Solutions and we established a dedicated organisational unit that will look after the new solution architecture by implementing and managing the required technologies, tools and processes.

Innovation prize for 6D calibration system

Initial projects in which LEONI functions as a solution and systems provider are already being executed: for example, such intelligent innovations as our new 'advintec 6D laser measurement' calibration system, which has just been launched, illustrate our expertise as a solutions provider (cf. cover image). It enables grippers, devices and part locations in robot-supported applications to be measured directly in the production process. This technology extends the range of possibilities for machine perception, which is required particularly in automotive, machine and plant engineering as well as in the metal-processing industry. At the Automatica trade fair, the MaschinenMarkt trade publication commended the system as one of the fair's most innovative exhibits in the 'image processing and sensor systems' category.

Group sales and earnings

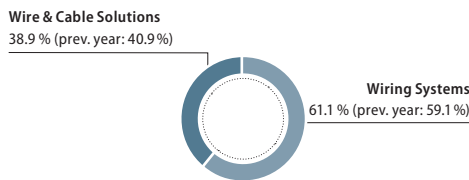
Half-year sales virtually steady at € 2.24 billion

LEONI generated consolidated sales of € 2,237.5 million in the first six months of 2016, down slightly from € 2,264.5 million in the same period of the previous year. The second quarter accounted for € 1,148.2 million of this total (previous year: € 1,155.7 million). We generated organic sales growth of about 3 percent even though the amount of our business in the period under report no longer included the sales of the joint venture in China, which has been included in the consolidated financial statements at equity since December 2015, unlike in the same period of the previous year. Adverse effects involving the price of copper and changes in exchange rates negated this growth, however.

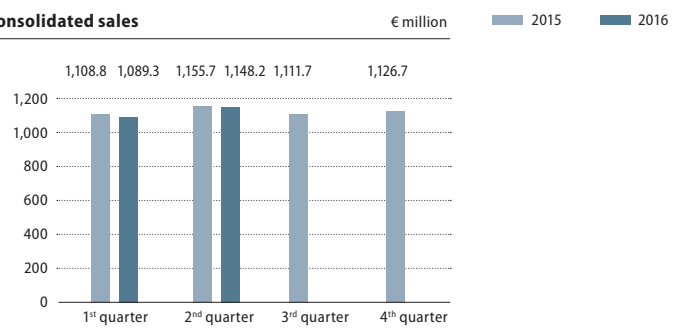
Group sales performance

	€ million	in %
H1/2015 sales	2,264.5	
Organic growth	+ 69.2	+ 3.1 %
Currency effects	(26.5)	(1.2) %
Copper price effects	(69.7)	(3.1) %
H1/2016 sales	2,237.5	(1.2) %

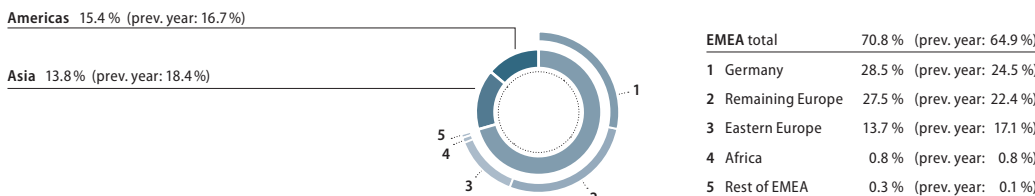
H1/2016 consolidated sales by division



Consolidated sales € million



H1/2016 consolidated sales by region



Sales in the EMEA (Europe, Middle East and Africa) region rose by nearly 8 percent to € 1,584.1 million in the period from January to June 2016, to which the consistently good demand from the European automotive industry for our cables and wiring systems made a key contribution. In the Americas, business was down by about 9 percent to € 344.6 million, due, among other factors, to the weaker commercial vehicle business and customer projects ending on schedule. The sales decrease in Asia of approximately 26 percent to € 308.9 million is related to the absence of the business of our subsidiary in Langfang, China, the weaker economy in China and impending model changeovers.

Half-year EBIT of € 61.9 million exceeds expectations

The cost of sales of the LEONI Group was down by 1.8 percent year on year to € 1,852.3 million in the first half of 2016 and thus by slightly more than sales. This reflected initial benefit by the end of the second quarter from our measures to raise the profitability of the critical wiring system projects. Gross profit on sales therefore increased slightly to € 385.2 million (previous year: € 377.8 million). The **gross margin** on sales rose from 16.7 percent to 17.2 percent.

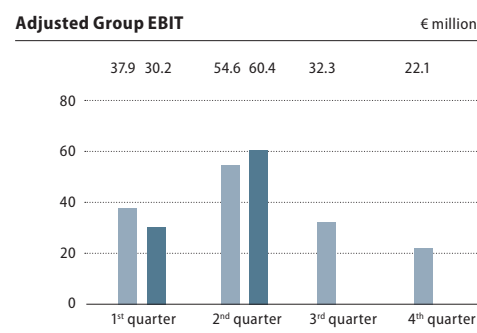
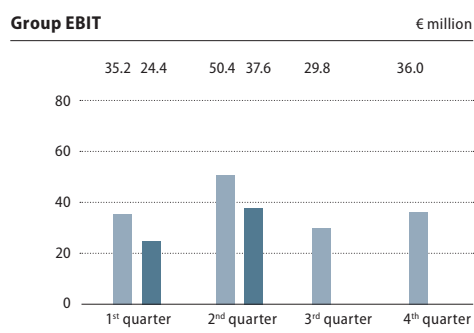
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Above all due to the still heavy freight costs incurred by the critical orders in the Wiring Systems Division, selling expenses in the first six months of 2016 were, at € 123.4 million, 6.5 percent higher than in the same period of the previous year. General administration expenses rose by about 5 percent to € 122.1 million because, among other factors, of larger-scale, division-overarching IT projects. The research and development costs, which were up by nearly 9 percent to € 66.2 million, reflected mainly the preparatory work for new customer projects, as in the preceding periods.

The balance of other operating income and expenses dipped significantly from income of € 0.8 million to expenses of € 16.6 million. The principal reason for this involved the planned, major restructuring expenses of € 21.1 million (previous year: € 1.5 million), which were mostly incurred in the Wiring Systems Division. On the other hand, positive currency translation effects boosted earnings by € 2.1 million (previous year: a negative effect of € 3.1 million). The profits of the joint venture in China, which was no longer included in the consolidated financial statements, were recognised pro-rata in income from associated companies and joint ventures, which consequently rose to € 5.1 million (previous year: € 0 million).

In total for the first half of 2016, **consolidated earnings before interest and taxes** came to € 61.9 million (previous year: € 85.5 million). Disregarding the restructuring expenses, half-year EBIT amounted to € 83.0 million (previous year: € 87.0 million). EBIT additionally adjusted for the impact of allocating purchase prices and impairments amounted to € 90.7 million (previous year: € 92.5 million). Alongside the good operating performance in both divisions, favourable, exceptional factors stemming primarily from changes in exchange rates and the reversal of provisions also contributed to this better-than-expected result.

■ 2015 ■ 2016



Adjusted Group EBIT

€ million	2 nd quarter		1 st half	
	2016	2015	2016	2015
EBIT	37.6	50.4	61.9	85.5
Restructuring cost	18.8	1.5	21.1	1.5
EBIT before restructuring expenses	56.4	51.9	83.0	87.0
Effect of purchase price allocation	3.6	2.7	7.3	5.5
other adjustments	0.4	0.0	0.4	0.0
Adjusted EBIT	60.4	54.6	90.7	92.5

The **financial result** including other investment income improved from negative € 13.9 million to negative € 11.1 million, reflecting in particular the lower finance costs as a result of the refinancing on favourable terms carried out in the previous year, which has only been exerting its full beneficial effect since the second quarter of 2015. In total, **earnings before taxes** came to € 50.8 million in the first six months of 2016 (previous year: € 71.6 million). After taxes, the Company reported **consolidated net income** of € 35.9 million as opposed to € 51.8 million for the first half of 2015.

In the **second quarter of 2016**, LEONI generated consolidated EBIT of € 37.6 (previous year € 50.4 million), which included restructuring expenses of € 18.8 million (previous year: € 1.5 million). Adjusted for these restructuring costs, quarterly EBIT was thus up from € 51.9 million to € 56.4 million.

Financial situation

Free cash flow at previous year's level

Cash provided by the operating activities of the LEONI Group came to € 14.9 million in the first half of 2016, following € 17.5 million in the same period of the previous year. This lower result was offset in the period under report by a smaller amount of additional funds tied up in working capital than in the previous year.

Due to the somewhat lower amount of investment, the total of cash used for capital spending was down to € 104.7 million (previous year: € 108.8 million). **Free cash flow** at the end of June therefore changed slightly from negative € 91.3 million to negative € 89.8 million.

Cash used for financing activity amounted to € 40.1 million (previous year: cash provided of € 2.9 million). This included the usual extent of new borrowing and loan repayments as well as the dividend payout of € 32.7 million (previous year: € 39.2 million). The previous year's positive figure was due to substantial income from comprehensive refinancing, whereby we took advantage of the favourable terms on the capital market.

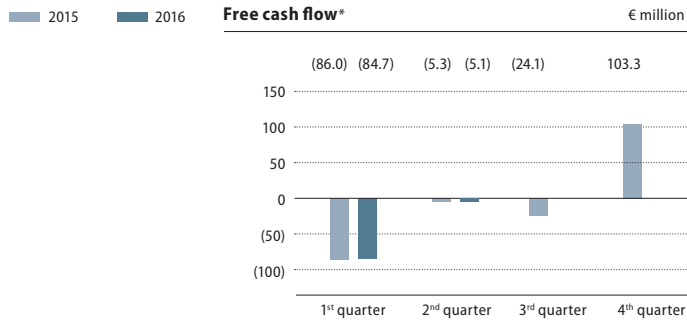
Taking exchange rate-related changes into account, there was overall a reduction in cash and cash equivalents to € 148.1 million at the end of June 2016 (previous year: € 152.7 million).

Consolidated statement of cash flows (abridged version)

€ million	1 st half	
	2016	2015
Cash flows from operating activities	14.9	17.5
Cash flows from capital investment activities	(104.7)	(108.8)
Cash flows from financing activities	(40.1)	2.9
Change of cash and cash equivalents	(129.9)	(88.4)
Cash and cash equivalents at end of period	148.1	152.7

Calculation of free cash flow

€ million	1 st half	
	2016	2015
Cash flows from operating activities	14.9	17.5
Cash flows from capital investment activities	(104.7)	(108.8)
Free cash flow before acquisitions and divestments	(89.8)	(91.3)



* before acquisitions and divestments and taking related costs into account

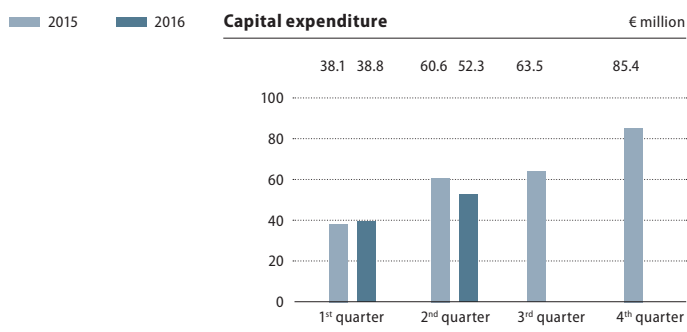
Capital investment scaled back slightly

Our capital spending was down by about 8 percent to € 91.1 million year on year in the first six months of 2016 (H1/2015: € 98.7 million). This involved almost entirely property, plant and equipment as well as intangible assets.

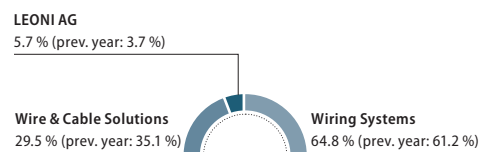
In the Wiring Systems Division, we invested € 59.0 million in the period from January to June of this year (previous year: € 60.4 million) – primarily on expanding capacity for new customer projects in Eastern Europe. We also continued the extension and rebuilding work already begun at the divisional headquarters in Kitzingen.

Capital expenditure in the Wire & Cable Solutions Division amounted to € 26.9 million (previous year: € 34.7 million). The main focus was on worldwide expansion of capacity for special automotive cables. In addition, ground was broken for construction of an electron acceleration plant at our facility in India. This will improve the material properties of special cables for the railway and solar industries by means of irradiation crosslinking.

LEONI AG spent € 5.2 million (previous year: € 3.6 million) mainly on IT projects.



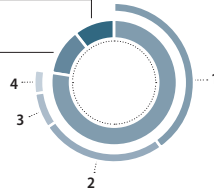
H1/2016 capital expenditure by segment



H1/2016 capital expenditure* by region

Americas 10.3 % (prev. year: 18.0 %)

Asia 12.0 % (prev. year: 10.6 %)



EMEA total 77.7 % (prev. year: 71.9 %)

1 Eastern Europe 40.2 % (prev. year: 33.9 %)

2 Germany 25.6 % (prev. year: 21.4 %)

3 Africa 7.3 % (prev. year: 10.9 %)

4 Rest of EMEA 4.7 % (prev. year: 5.3 %)

* Property, plant and equipment as well as intangible assets

Asset situation

Stable balance sheet structure

As at 30 June 2016, the LEONI Group's balance sheet was enlarged by about 2 percent versus the end of 2015 to € 2,889.9 million, which was, however, held back by exchange rate effects.

There were notable changes on the asset side involving **current assets**, which in total rose by 1.5 percent to € 1,570.1 million. Due to the dynamic business performance especially in June, trade receivables increased by 13 percent to € 635.3 million while inventories were up by 11 percent to € 608.3 million. Other assets increased from € 93.6 million to € 136.2 million because of increased value added tax receivables. On the other hand, there was a reduction above all in cash and cash equivalents from € 279.7 million to € 148.1 million. The amount of assets held for sale was furthermore reduced from € 7.0 million to nil because promising negotiations on the sale of a building in Morocco failed just before completion and the corresponding item was reclassified to non-current assets. For this reason and due to capital investment exceeding depreciation, the item of property, plant and equipment increased by 2 percent to € 920.8 million. There was no material change in other **non-current assets**, which, overall, increased by just over 2 percent to € 1,319.8 million.

On the liabilities side, the good operating business performance led to a 6 percent rise in trade liabilities to € 779.4 million. The other current liabilities, which were up by about 20 percent to € 178.4 million, principally reflected the larger amount of holiday pay provisions and VAT liabilities. By contrast, current liabilities in particular were down by nearly 31 percent to € 71.1 million. The key factor behind this was the extension of two foreign currency loans and their corresponding reclassification from current to non-current loans. In total, **current liabilities** increased by nearly 5 percent to € 1,165.4 million.

Due to the aforementioned loan extension there was an increase under **non-current liabilities**, which were up by about 8 percent to € 784.2 million in total, in non-current financial liabilities by approx. 5 percent to € 525.4 million. There was furthermore a major, 22 percent increase to € 183.8 million in pension provisions, the measurement of which had to be adjusted because of the further decline in the level of market interest rates. The resulting actuarial losses as well as losses on translation of foreign currencies into the euro led, in **equity**, to a reduction in accumulated other comprehensive income from income of € 13.9 million to a loss of € 45.5 million. Retained earnings rose slightly to € 660.4 million (previous year: € 657.2 million).

» Financial situation
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Overall, equity was down, due also to the payout of the dividend, by approximately 6 percent to € 940.3 million, which worked out to an equity ratio of 32.5 percent at the mid-year mark (31 December 2015: 35.1 percent).

Net financial liabilities increased from € 321.6 million to € 448.4 million in the first half of 2016.

Asset and capital breakdown

€ million	30/06/2016	31/12/2015
Current assets	1,570.1	1,546.3
Non-current assets	1,319.8	1,291.2
Total assets	2,889.9	2,837.5
Current liabilities	1,165.4	1,113.9
Non-current liabilities	784.2	727.2
Equity	940.3	996.3
Total equity and liabilities	2,889.9	2,837.5

Calculation of net financial liabilities

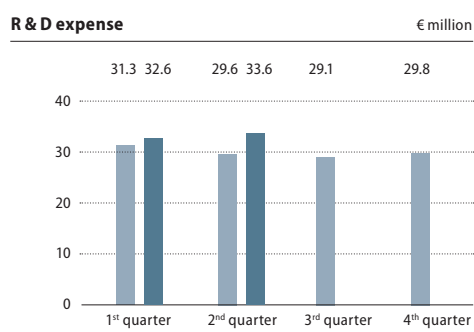
€ million	30/06/2016	31/12/2015
Cash and cash equivalents	148.1	279.7
Current financial liabilities	(71.1)	(102.4)
Non-current financial liabilities	(525.4)	(498.8)
Net financial liabilities	(448.4)	(321.6)

Research & Development

The LEONI Group's spending on research & development rose by about 9 percent to € 66.2 million in the first half of 2016 (previous year: € 60.9 million). The focus of our R & D work continues to be on optimising the weight and installation space of cables and wiring systems within the context of customer-specific projects for the automotive industry. We are furthermore participating in application-specific research work. In a project supported by the German Federal Ministry for Economic Affairs and Energy (BMWi), LEONI succeeded in proving, for example, that, in industrial applications, copper cables can transfer data at speeds of up to 100 Gigabits per second, which is ten times the current standard. This will make it possible in the future to better master the constantly rising data volumes in computer centres and on storage area networks. The current Annual Report contains detailed information on our R & D work.

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■ 2015 ■ 2016



Employees

LEONI employs more than 76,000 people

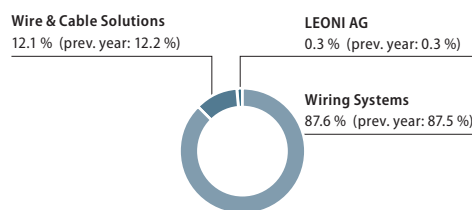
In the first half of 2016, the number of LEONI Group employees was up by 2,221 to 76,239 people. Of this total, there were 4,344 staff in Germany (31 December 2015: 4,359) and 71,895 outside Germany (31 December 2015: 69,659), putting the foreign proportion at about 94 percent. In addition, LEONI employed 4,127 part-time workers (31 December 2015: 4,366), who were, alongside China, also increasingly deployed in Eastern Europe.

The workforce of the Wiring Systems Division grew by 2,015 to 66,760 employees as at the end of June 2016. We recruited particularly for new customer projects at facilities in North Africa, Eastern Europe, Asia and the Americas.

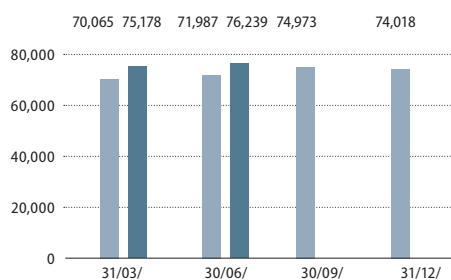
The Wire & Cable Solutions Division had 9,201 employees at the midyear mark, 194 more than at the end of 2015. The workforce was enlarged in the EMEA region as well as in Asia and the Americas – in the special automotive cables as well as special cables for industry and medical technology segments, among others.

The number of employees in the LEONI AG holding company rose by 12 to 278 people.

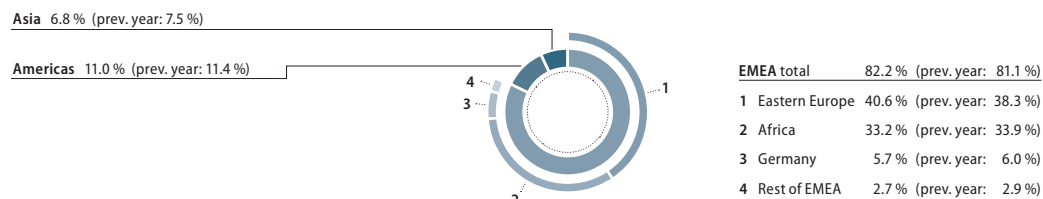
Employees by segment as of 30 June 2016



Employees



Employees by region as of 30 June 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. Comprehensive information on our sustainability-related work is contained in the current Annual Report and in our fourth Global Compact Communication on Progress published in August 2016, which is accessible on our website.

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» 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. Nor does LEONI anticipate any significant fallout from the UK vote in favour of leaving the EU. 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.

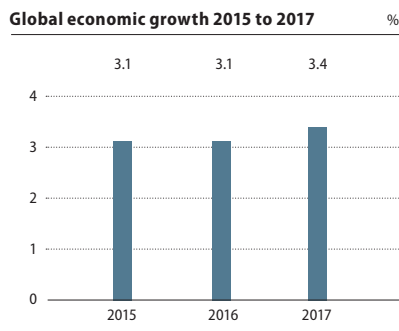
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Forecast

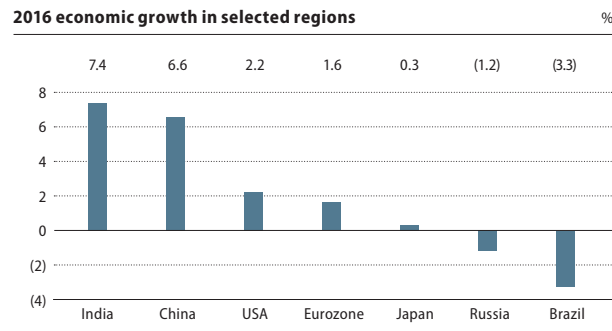
Business and underlying conditions

Macroeconomic setting

The uncertainty surrounding the global economy that already existed prior to the Brexit vote was aggravated further after the UK referendum. Economic forecasters say that particularly the European industrialised countries will be held back by the decision to leave the EU. The International Monetary Fund once again revised its forecast for global economic growth downwards in July of this year and now projects global growth of 3.1 and 3.4 percent respectively for 2016 and 2017, in each case 0.1 of a percentage point less than as recently as April. This year's global economic output will be lower due mainly to the weaker performance in the United Kingdom itself and in the United States. In 2017, the IMF then expects to see adverse effects in virtually all industrialised countries. There has not been any significant change, on the other hand, in the projections for the developing and emerging countries. According to the IMF, Germany's gross domestic product will grow at a slightly higher rate of 1.6 percent in 2016 than previously stated, but at a significantly lower 1.2 percent in 2017.



Source: IMF

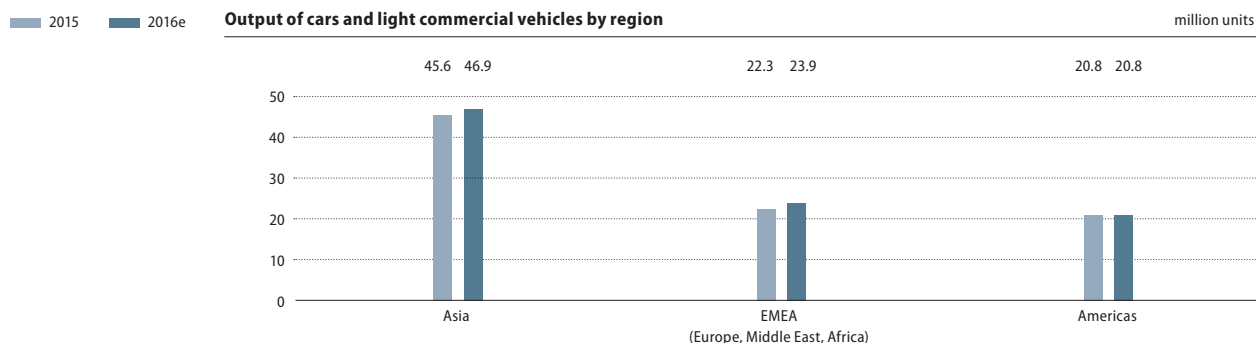


Source: IMF

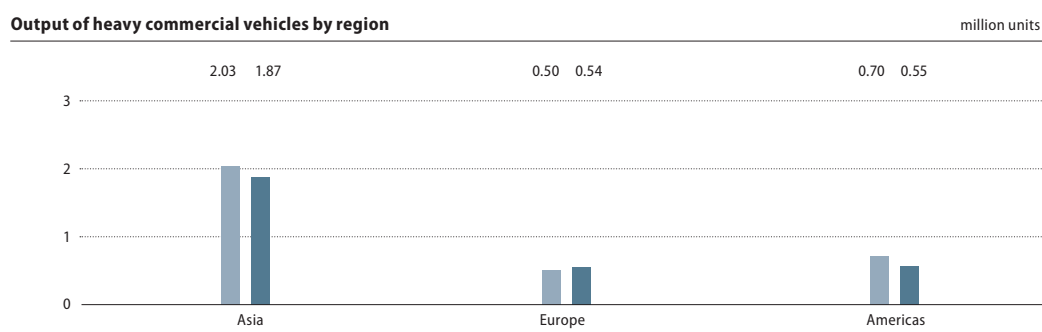
Sector trend

Despite the mounting uncertainty, performance in most of the sectors of importance to LEONI is still expected to be either stable or marginally positive. The international **automotive industry** will, according to the estimates of IHS Automotive, produce nearly 92 million passenger cars and light commercial vehicles worldwide this year, which would be 3 percent or so more than in the previous year. This projects that car production will have grown only in the EMEA region, whereas it will be down in Asia and the Americas. In the light truck segment, on the other hand, increases are anticipated everywhere except South America.

For the **heavy commercial vehicle** segment, IHS Automotive meanwhile forecasts a global decline in output of about 8 percent in 2016, having still foreseen a slight increase at the beginning of the year. This new estimate is attributable above all to an adjustment of the previous year's figures. Production would consequently be scaled back in North America as well as in South America and China. IHS Automotive still forecasts increases for Europe and South Asia.



Source: IHS Automotive



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 electrical household appliances, are each expected to grow by 5 to 6 percent globally. German manufacturers expect increases of 1 percent in price-adjusted output and of 2 percent in sales.

In the **machinery and plant engineering sector**, the VDMA industry federation anticipates flat worldwide sales this year. Machinery sales are likely to grow a little in China, but to be flat in Europe and to decline in the United States as well as in Japan. The volume of sales in Germany is expected to match the previous year's level. Demand for capital goods will also remain slow if macroeconomic growth does not accelerate worldwide.

The global sales of the **information and communications technology (ICT)** sector will be up by 1.8 percent in 2016, according to the industry's BITKOM association, involving a stronger gain in information technology (IT) than in the telecommunications segment. The United States will continue to be largest single market with a 3.5 percent increase in sales. In Europe, the ICT business will probably have grown by just 0.7 percent, with IT sales growing while the sales of telecommunications products and services are projected to decline. Germany's ICT companies should increase their sales by 1.7 percent in 2016.

The LEONI Group's business performance

In line with its forecast, the Management Board of LEONI AG expects slightly slower sales in the second half of 2016 for seasonal reasons and a consequently lower result than in the first half. Nor are there likely to be any beneficial exceptional factors of a comparable extent. We therefore reaffirm our now rather conservative projection for 2016 as a whole. From today's perspective, **consolidated sales** will 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 come to about € 105 million in 2016. This includes restructuring expenses of approximately € 30 million, pertaining mostly to transformation of 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.

The **Wiring Systems Division** is expected to generate sales of about € 2.6 billion this year (previous year: € 2.67 billion) and earnings before interest and taxes of roughly € 30 million (previous year: € 87.4 million). This figure took into account restructuring expenses 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. Implementing the transformation programme to raise profitability on a sustained basis will again be at the centre of the WSD's work in the second half of the year. In the months ahead we will also expand our capacity to cope with additional customer orders and the planned relocation of some work involving the critical projects to other facilities. Among other locations, we plan to expand a facility in Serbia and to set up a new plant in Mexico.

We estimate that the **Wire & Cable Solutions Division** will generate sales of about € 1.8 billion in 2016 (previous year: € 1.83 billion), this slight decrease being attributable exclusively to the lower price of copper. As part of implementing the new strategy for the division, we will in the upcoming months increasingly position ourselves as a solutions provider for our core markets. To this end, we will consider on the one hand suitable acquisitions and, on the other, options for streamlining our business portfolio. From today's perspective, the division's EBIT should improve to about € 75 million (previous year: € 63.9 million). This includes restructuring expenses of approximately € 5 million for the planned streamlining of the portfolio and capacity adjustments.

LEONI is a solidly positioned and financed company with good prospects. The comprehensive process of transforming the Wiring Systems Division, the strategic realignment of the WCS Division as well as the solid order backlog in both divisions constitute the underpinnings for good, long-term growth of our business. 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

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Segment report
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autonomous driving and electromobility as well as in weight optimisation and consequently CO₂ 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.

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

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page 123 et seq.

» Annual Report 2015
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The LEONI Group's targets

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

Condensed interim consolidated financial statements 30 June 2016

Consolidated income statement

€ '000 (except information to shares)	2 nd quarter			1 st half		
	2016	2015	Change	2016	2015	Change
Sales	1,148,219	1,155,686	(0.7) %	2,237,512	2,264,495	(1.2) %
Cost of sales	(934,752)	(959,911)	(2.6) %	(1,852,291)	(1,886,648)	(1.8) %
Gross profit on sales	213,467	195,775	9.0 %	385,221	377,847	2.0 %
Selling expenses	(62,952)	(59,036)	6.6 %	(123,392)	(115,830)	6.5 %
General and administration expenses	(62,321)	(57,188)	9.0 %	(122,126)	(116,499)	4.8 %
Research and development expenses	(33,636)	(29,599)	13.6 %	(66,218)	(60,856)	8.8 %
Other operating income	5,967	5,831	2.3 %	11,802	9,733	21.3 %
Other operating expenses	(26,299)	(5,463)	> 100.0 %	(28,434)	(8,912)	> 100.0 %
Result from associated companies and joint ventures	3,351	33	> 100.0 %	5,076	45	> 100.0 %
EBIT	37,577	50,353	(25.4) %	61,929	85,528	(27.6) %
Finance revenue	225	497	(54.7) %	612	1,014	(39.6) %
Finance costs	(5,805)	(7,057)	(17.7) %	(11,806)	(15,037)	(21.5) %
Other income / expenses from share investments	0	0	—	114	100	14.0 %
Income before taxes	31,997	43,793	(26.9) %	50,849	71,605	(29.0) %
Income taxes	(7,662)	(8,742)	(12.4) %	(14,929)	(19,762)	(24.5) %
Net income	24,335	35,051	(30.6) %	35,920	51,843	(30.7) %
attributable to: equity holders of the parent	24,342	34,957		35,854	51,645	
non-controlling interests	(7)	94		66	198	
Earnings per share (basic and diluted)	0.75	1.07		1.10	1.58	
Weighted average shares outstanding (basic and diluted)	32,669,000	32,669,000		32,669,000	32,669,000	

Consolidated statement of comprehensive income

€ '000	2 nd quarter			1 st half		
	2016	2015	Change	2016	2015	Change
Net income	24,335	35,051	(30.6) %	35,920	51,843	(30.7) %
Other comprehensive income						
Items that cannot be reclassified to the income statement:						
Actuarial gains and losses on defined benefit plans	(23,782)	28,457	(> 100.0) %	(38,949)	6,314	(> 100.0) %
Income taxes applying to items of other comprehensive income that are not reclassified	5,193	(7,054)	> 100.0 %	8,789	(1,775)	> 100.0 %
Share of the actuarial gains and losses that pertain to associates and joint ventures	0	0		(15)	0	
Items that can be reclassified to the income statement:						
Cumulative translation adjustments						
Losses and gains arising during the period	(3,198)	(16,842)	81.0 %	(26,192)	56,121	(> 100.0) %
Less reclassification adjustments included in the income statement	0	(57)	100.0 %	0	(57)	100.0 %
Total cumulative translation adjustments	(3,198)	(16,899)	81.1 %	(26,192)	56,064	(> 100.0) %
Cash flow hedges						
Gains and losses arising during the period	(7,229)	(484)	(> 100.0) %	(7,172)	(2,166)	(> 100.0) %
Less reclassification adjustments included in the income statement	2,846	570	> 100.0 %	5,393	2,658	> 100.0 %
Total cash flow hedges	(4,383)	86	(> 100.0) %	(1,779)	492	(> 100.0) %
Parts of the items that can be reclassified to the income statement, which pertain to associates and joint ventures	(105)	0	(100.0) %	(652)	0	(100.0) %
Income taxes applying to items of other comprehensive income that are reclassified	1,412	(1,424)	> 100.0 %	(499)	55	(> 100.0) %
Other comprehensive income (after taxes)	(24,863)	3,166	(> 100.0) %	(59,297)	61,150	(> 100.0) %
Total comprehensive income	(528)	38,217	(> 100.0) %	(23,377)	112,993	(> 100.0) %
attributable to: equity holders of the parent	(543)	38,064	(> 100.0) %	(23,465)	112,693	(> 100.0) %
non-controlling interests	15	153	(90.2) %	88	300	(70.7) %

Consolidated statement of cash flows

€ '000	2 nd quarter		1 st half	
	2016	2015	2016	2015
Net income	24,335	35,051	35,920	51,843
Adjustments to reconcile cash provided by operating activities:				
Income taxes	7,662	8,742	14,929	19,762
Net interest	5,517	6,578	10,891	14,308
Dividend income	0	0	(114)	(100)
Depreciation and amortisation	36,570	34,308	73,546	67,872
Losses on assets held for sale	0	1,000	0	1,000
Non-cash result from associated companies and joint ventures	(3,351)	(33)	(5,076)	(45)
Result of asset disposals	(481)	665	(870)	653
Change in operating assets and liabilities				
Change in receivables and other financial assets	(19,419)	(21,990)	(68,652)	(101,501)
Change in inventories	(10,715)	637	(67,481)	(35,051)
Change in other assets	(21,273)	(4,761)	(49,469)	(29,443)
Change in restructuring provisions	14,218	100	14,146	(564)
Change in other provisions	(7,390)	(1,084)	(14,891)	2,925
Change in liabilities	35,922	8,548	96,206	57,307
Income taxes paid	(13,290)	(17,249)	(19,988)	(25,385)
Interest paid	(1,661)	(1,595)	(4,862)	(6,804)
Interest received	267	411	567	617
Dividends received	0	0	114	100
Cash flows from operating activities	46,911	49,328	14,916	17,494
Capital expenditures for intangible assets and property, plant and equipment	(52,020)	(56,931)	(105,246)	(111,750)
Capital expenditures for other financial assets	(55)	(71)	(153)	(75)
Cash receipts from disposal of assets	24	2,316	694	3,006
Cash flows from capital investment activities	(52,051)	(54,686)	(104,705)	(108,819)
Cash receipts from acceptance of financial debts	1,432	15,205	25,247	250,969
Cash repayments of financial debts	(5,365)	(73,716)	(32,710)	(208,882)
Dividends paid by LEONI AG	(32,669)	(39,203)	(32,669)	(39,203)
Cash flows from financing activities	(36,602)	(97,714)	(40,132)	2,884
Change of cash and cash equivalents	(41,742)	(103,072)	(129,921)	(88,441)
Currency adjustment	324	(4,071)	(1,637)	9,199
Cash and cash equivalents at beginning of period	189,540	259,879	279,680	231,978
Cash and cash equivalents at end of period	148,122	152,736	148,122	152,736

Consolidated statement of financial position

Assets	€ '000	30/06/2016	31/12/2015	30/06/2015
Cash and cash equivalents		148,122	279,680	152,736
Trade accounts receivable		635,331	562,200	672,125
Other financial assets		22,844	41,027	25,178
Other assets		136,158	93,583	118,722
Receivables from income taxes		19,287	14,881	13,831
Inventories		608,339	547,918	623,864
Assets held for sale		0	6,965	6,965
Total current assets		1,570,081	1,546,254	1,613,421
Property, plant and equipment		920,758	902,307	873,246
Intangible assets		75,452	79,324	82,010
Goodwill		149,859	149,915	151,283
Shares in associated companies and joint ventures		16,878	13,040	523
Trade receivables from long-term development contracts		51,960	54,246	57,002
Other financial assets		8,241	8,339	9,362
Deferred taxes		64,300	58,596	66,461
Other assets		32,324	25,430	23,122
Total non-current assets		1,319,772	1,291,197	1,263,009
Total assets		2,889,853	2,837,451	2,876,430
Equity and liabilities	€ '000	30/06/2016	31/12/2015	30/06/2015
Current financial debts and current proportion of long-term financial debts		71,146	102,409	58,024
Trade accounts payable		779,359	735,717	788,312
Other financial liabilities		70,398	61,840	35,733
Income taxes payable		27,471	32,143	25,947
Other current liabilities		178,392	149,132	170,736
Provisions		38,644	32,660	23,887
Total current liabilities		1,165,410	1,113,901	1,102,639
Long-term financial debts		525,420	498,836	540,866
Long-term financial liabilities		2,635	3,093	10,729
Other non-current liabilities		10,483	9,898	9,830
Pension provisions		183,773	150,735	159,341
Other provisions		27,876	26,735	24,611
Deferred taxes		33,974	37,925	36,940
Total non-current liabilities		784,161	727,222	782,317
Share capital		32,669	32,669	32,669
Additional paid-in capital		290,887	290,887	290,887
Retained earnings		660,392	657,207	631,694
Accumulated other comprehensive income		(45,469)	13,850	34,417
Equity holders of the parent		938,479	994,613	989,667
Non-controlling interests		1,803	1,715	1,807
Total equity		940,282	996,328	991,474
Total equity and liabilities		2,889,853	2,837,451	2,876,430

Consolidated statement of changes in equity

€ '000	Accumulated other comprehensive income								Total equity
	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	
1 January 2015	32,669	290,887	619,252	68,599	(4,469)	(90,761)	916,177	1,578	917,755
Net income			51,645				51,645	198	51,843
Other comprehensive income				55,962	547	4,539	61,048	102	61,150
Total comprehensive income							112,693	300	112,993
Dividend payment			(39,203)				(39,203)		(39,203)
Disposal of non-controlling interests							0	(71)	(71)
30 June 2015	32,669	290,887	631,694	124,561	(3,922)	(86,222)	989,667	1,807	991,474
1 January 2016	32,669	290,887	657,207	102,776	(6,742)	(82,184)	994,613	1,715	996,328
Net income			35,854				35,854	66	35,920
Other comprehensive income				(26,875)	(2,269)	(30,175)	(59,319)	22	(59,297)
Total comprehensive income							(23,465)	88	(23,377)
Dividend payment			(32,669)				(32,669)	0	(32,669)
30 June 2016	32,669	290,887	660,392	75,901	(9,011)	(112,359)	938,479	1,803	940,282

Notes to the condensed interim consolidated financial statements for the period from 1 January to 30 June 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 30 June 2016 were subjected to a review by the auditors. The Management Board authorised release of the interim consolidated financial statements on 29 July 2016.

1 | Accounting principles

The consolidation, valuation and accounting methods applied are essentially 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:

€ '000 (employees excluded)	2 nd quarter		1 st half		Change
	2016	2015	2016	2015	
Wiring Systems					
Sales	715,677	683,825	1,366,989	1,337,829	2.2 %
Less intersegment sales	33	71	189	158	19.6 %
External sales (sales to third parties)	715,644	683,754	1,366,800	1,337,671	2.2 %
EBIT	17,086	34,951	22,131	52,841	(58.1) %
EBIT as a percentage of external sales	2.4 %	5.1 %	1.6 %	4.0 %	—
Employees as at 30/06/	66,760	62,971	66,760	62,971	6.0 %
Wire & Cable Solutions					
Sales	476,081	516,551	961,697	1,014,557	(5.2) %
Less intersegment sales	43,506	44,619	90,985	87,733	3.7 %
External sales (sales to third parties)	432,575	471,932	870,712	926,824	(6.1) %
EBIT	20,478	15,531	39,770	32,488	22.4 %
EBIT as a percentage of external sales	4.7 %	3.3 %	4.6 %	3.5 %	—
Employees as at 30/06/	9,201	8,762	9,201	8,762	5.0 %
Consolidation / LEONI AG					
Sales	(43,539)	(44,690)	(91,174)	(87,891)	(3.7) %
Less intersegment sales	43,539	44,690	91,174	87,891	3.7 %
External sales (sales to third parties)	—	—	—	—	—
EBIT	13	(129)	28	199	—
Employees as at 30/06/	278	254	278	254	9.4 %
Group					
Sales	1,148,219	1,155,686	2,237,512	2,264,495	(1.2) %
Less intersegment sales	—	—	—	—	—
External sales (sales to third parties)	1,148,219	1,155,686	2,237,512	2,264,495	(1.2) %
EBIT	37,577	50,353	61,929	85,528	(27.6) %
EBIT as a percentage of external sales	3.3 %	4.4 %	2.8 %	3.8 %	—
Employees as at 30/06/	76,239	71,987	76,239	71,987	5.9 %

4 | Other operating income and other operating expenses

The other operating income in the amount of € 11,802 k (previous year: € 9,733 k) included government grants of € 2,892 k (previous year: € 5,364 k), which were mainly to subsidise export business in Egypt. Also included is income from providing services for our joint venture in Langfang of € 2,628 k (previous year: € 0 k) (cf. also Note 11 in this regard). There were exchange gains in the amount of € 2,103 k.

Other operating expenses amounted to € 28,434 k (previous year: € 8,912 k) and included restructuring expenses of € 21,065 k (previous year: € 1,483 k), of which, as at 30 June 2016, € 14,364 k (previous year: € 406 k) was included in restructuring provisions. The Wiring Systems Division incurred restructuring expenses in the amount of € 19,725 k (previous year: € 1,077 k) for implementation of its transformation programme to raise profitability. The focus is on organisational streamlining that was launched worldwide, but particularly in Germany, France and the United Kingdom. The Wire & Cable Solutions Division accounted for restructuring expenses of € 1,340 k (previous year: € 406 k) for shutting down its production for industrial projects in Mexico and automotive cables in India.

In the previous year the other operating expenses included exchange losses in the amount of € 3,124 k.

5 | Financial result

The financial result, i.e. the balance of finance revenue and costs, came to negative € 11,194 k (previous year: negative € 14,023 k), which reflected the more favourable refinancing terms in 2015 that lowered interest expenses.

6 | Income taxes

The reported income taxes of € 14,929 k (previous year: € 19,762 k) comprised current tax expense of € 17,951 k (previous year: € 15,063 k) and deferred tax income due to differences in balance sheet items and changes in loss carryforwards of € 3,022 k (previous year: deferred tax expense of € 4,699 k).

The tax rate was 29.4 percent (previous year: 27.6 percent).

7 | Comprehensive income

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

	2 nd quarter						1 st half					
	2016			2015			2016			2015		
	Pre-tax amount	Tax effect	Net amount	Pre-tax amount	Tax effect	Net amount	Pre-tax amount	Tax effect	Net amount	Pre-tax amount	Tax effect	Net amount
€ '000												
Change in actuarial gains and losses	(23,782)	5,193	(18,589)	28,457	(7,054)	21,403	(38,949)	8,789	(30,160)	6,314	(1,775)	4,539
Foreign currency translation adjustments	(3,198)	0	(3,198)	(16,899)	0	(16,899)	(26,192)	(9)	(26,201)	56,064	0	56,064
Changes in unrealised gains / losses on cash flow hedges	(4,383)	1,412	(2,971)	86	(1,424)	(1,338)	(1,779)	(490)	(2,269)	492	55	547
Changes in the share of other comprehensive income accounted for by associates and joint ventures	(105)	0	(105)	0	0	0	(667)	0	(667)	0	0	0
Other comprehensive income	(31,468)	6,605	(24,863)	11,644	(8,478)	3,166	(67,587)	8,290	(59,297)	62,870	(1,720)	61,150

During the period under report, the decrease in the discount rate on pension obligations in the United Kingdom, Germany and Switzerland resulted in actuarial losses amounting to € 38,949 k (previous year: gains of € 6,314 k).

Other comprehensive income showed currency translation losses of € 26,192 k (previous year: gains of € 56,064 k) due to translation primarily of the Chinese renminbi and the British pound sterling into the euro reporting currency.

Taking deferred taxes into account, the overall result was other comprehensive income of negative € 59,297 k (previous year: positive € 61,150 k).

8 | Assets held for sale

One building at a facility of the Wiring Systems Division in Morocco that was held for sale was reclassified to non-current assets because the promising negotiations on the building's sale failed just before completion.

9 | Financial liabilities

The sum of current and non-current financial liabilities was € 596,566 k on 30 June 2016 (31 December 2015: € 601,245 k). Current financial liabilities were reclassified to non-current as a result of settling foreign currency loans and taking out new ones.

10 | Financial instruments

The tables below show the carrying amounts and the fair values of the financial instruments held in the Group on 30 June 2016 and on 30 June 2015:

€ '000	Category in accordance with IAS 39	Amounts recognised in balance sheet according to IAS 39				Fair value recognised in profit or loss	Fair value 30/06/2016
		Carrying amount 30/06/2016	Amortised cost	Cost	Fair value recognised in equity		
Assets							
Cash and cash equivalents	LaR	148,122	148,122				148,122
Trade receivables	LaR	635,331	635,331				635,331
Long-term trade receivables from development contracts	LaR	51,960	51,960				51,960
Other financial receivables	LaR	24,738	24,738				24,738
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	1,077				1,077	1,077
Derivatives with a hedging relationship	n/a	4,205			2,147	2,058	4,205
Total equity and liabilities							
Trade payables	FLAC	779,359	779,359				779,359
Liabilities to banks	FLAC	197,528	197,528				201,907
Borrower's note loans	FLAC	399,013	399,013				414,878
Other financial liabilities	FLAC	42,919	42,919				42,919
Derivative financial liabilities							
Derivatives without a hedging relationship	FLHFT	16,827				16,827	16,827
Derivatives with a hedging relationship	n/a	13,312			13,312		13,312
Of which aggregated by categories in accordance with IAS 39:							
Loans and Receivables (LaR)	LaR	860,151	860,151				860,151
Available-for-Sale financial assets (AFS)	AFS	1,065		1,065			1,065
Financial Assets Held for Trading (FAHFT)	FAHFT	1,077				1,077	1,077
Financial Liabilities measured at Amortised Cost (FLAC)	FLAC	1,418,819	1,418,819				1,439,063
Financial Liabilities Held for Trading (FLHFT)	FLHFT	16,827				16,827	16,827

€ '000	Category in accordance with IAS 39	Amounts recognised in balance sheet according to IAS 39					Fair value 30/06/2015
		Carrying amount 30/06/2015	Amortised cost	Cost	Fair value recognised in equity	Fair value recognised in profit or loss	
Assets							
Cash and cash equivalents	LaR	152,736	152,736				152,736
Trade receivables	LaR	672,125	672,125				672,125
Long-term trade receivables from development contracts	LaR	57,002	57,002				57,002
Other financial receivables	LaR	22,678	22,678				22,678
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	5,524				5,524	5,524
Derivatives with a hedging relationship	n/a	5,273			3,519	1,754	5,273
Total equity and liabilities							
Trade payables	FLAC	788,312	788,312				788,312
Liabilities to banks	FLAC	200,040	200,040				202,992
Borrower's note loans	FLAC	398,588	398,588				405,800
Other financial liabilities	FLAC	26,459	26,459				26,459
Derivative financial liabilities							
Derivatives without a hedging relationship	FLHFT	10,430				10,430	10,430
Derivatives with a hedging relationship	n/a	9,835			9,835		9,835
Of which aggregated by categories in accordance with IAS 39:							
Loans and Receivables (LaR)	LaR	904,541	904,541				904,541
Available-for-Sale financial assets (AFS)	AFS	1,065		1,065			1,065
Financial Assets Held for Trading (FAHFT)	FAHFT	5,524				5,524	5,524
Financial Liabilities measured at Amortised Cost (FLAC)	FLAC	1,413,399	1,413,399				1,423,563
Financial Liabilities Held for Trading (FLHFT)	FLHFT	10,430				10,430	10,430

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:

30/06/2016	[€ '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 <i>not</i> based on observable market data (step 3)	Total
Financial assets measured at fair value					
Derivative financial assets					
		330	747	0	1,077
		0	4,205	0	4,205
Financial liabilities measured at fair value					
Derivative financial liabilities					
		0	16,827	0	16,827
		0	13,312	0	13,312
30/06/2015					
	[€ '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 <i>not</i> based on observable market data (step 3)	Total
Financial assets measured at fair value					
Derivative financial assets					
		0	5,524	0	5,524
		0	5,273	0	5,273
Financial liabilities measured at fair value					
Derivative financial liabilities					
		683	9,747	0	10,430
		0	9,835	0	9,835

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

Other information

11 | 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 € 5,813 k (previous year: € 19 k) from sales and providing services to associates and joint ventures. These transactions resulted in receivables of € 4,667 k (previous year: € 10 k). The increase versus the previous year is attributable to business relationships with our joint venture in Langfang, China (cf. also Note 4 in this regard).

LEONI generated income of € 877 k (previous year: € 729 k) from the sale of products and services to members of the Supervisory Board and their companies and made purchases worth € 317 k (previous year: € 397 k) from them during the period under report. All supply and service transactions were concluded on standard market terms.

12 | Management Board

The Supervisory Board has appointed Karl Gadesmann as the new Chief Financial Officer effective 1 October 2016. His Management Board mandate initially expires on 31 December 2019.

13 | Events after the reporting period

The Supervisory Board has approved an agreement with Management Board member Dr Frank Hiller on his amicable departure from the Board effective 31 December 2016.

His Management Board mandate with responsibility for the Wiring Systems Division was originally due to expire at the end of the 2017 financial year.

A new Management Board member has already been appointed and will probably start at the beginning of 2017.

Nuremberg, 29 July 2016



Dieter Bellé



Bruno Fankhauser



Dr Frank Hiller

Auditor's certificate

Review report

Translation of the German review report concerning the review of the condensed interim consolidated financial statements and interim group management report prepared in German language:

We have reviewed the condensed consolidated interim financial statements, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of financial position, the consolidated statement of changes in equity and explanatory notes to the condensed interim consolidated financial statements, and the interim group management report of LEONI AG, Nürnberg, for the period from January 1, 2016 to June 30, 2016, which are part of the semi annual financial report pursuant to Sec. 37w WpHG [“Wertpapierhandelsgesetz”: German Securities Trading Act]. The preparation of the interim condensed consolidated financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Nuremberg, 29 July 2016

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Schuberth	Schütz
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Responsibility statement

We hereby declare that to the best of our knowledge, and in accordance with the applicable principles for interim financial reporting, the consolidated financial statements based on observing the principles of proper accounting give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group during the remainder of the financial year.

Nuremberg, 29 July 2016



Dieter Bellé



Bruno Fankhauser



Dr Frank Hiller

Key dates

**Interim Report 2nd quarter and
1st half 2016**

10 August 2016

Interim Report 1st – 3rd quarter 2016

16 November 2016

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