Quarterly statement

Q1–3 | 2018

- LEONI's consolidated sales grew organically by about 8 percent in the first nine months despite difficult market conditions
- Quarterly EBIT of € 38 million affected by ending production runs and less supply called forward by European and Chinese carmakers
- Free cash flow of negative € 141 million in the quarter following poor trend in working capital
- Full-year guidance adjusted to latest market and business developments

The Quality Connection

LEONI

Group key figures

€ million	3rd quarter 2018	2017[2]	Change	1st – 3rd quarter 2018	2017[2]	Change
Sales	1,205	1,187	1.5 %	3,859	3,651	5.7 %
Earnings before interest, taxes and depreciation/amortisation (EBITDA)	79	81	(2.6) %	279	299	(6.6) %
Earnings before interest and taxes (EBIT)	38	45	(14.5) %	163	187	(12.8) %
Adjusted earnings before interest and taxes (adjusted EBIT)[1]	39	47	(18.5) %	167	167	(0.2) %
Consolidated net income	23	26	(13.2) %	108	124	(13.1) %
Earnings per share (€)	0.71	0.83	(14.5) %	3.35	3.82	(12.3) %
Free cash flow	(141)	(35)	(> 100.0) %	(281)	(63)	(> 100.0) %
Capital expenditure	80	71	12.1 %	206	187	10.4 %
Equity ratio (%)	32.4	33.5	—	32.4	33.5	—
Employees as at 30/09/ (number)	90,147	83,951	7.4 %	90,147	83,951	7.4 %

[1] Earnings adjusted for the impact of revaluation as part of allocating the prices of the major acquisitions, restructuring, capital gains on business disposals and income from business combinations including related derivatives as well as the insurance compensation related to the fraud case
[2] Previous year's figures adjusted (excepting capital expenditure and the number of employees); see page 19 for further explanations

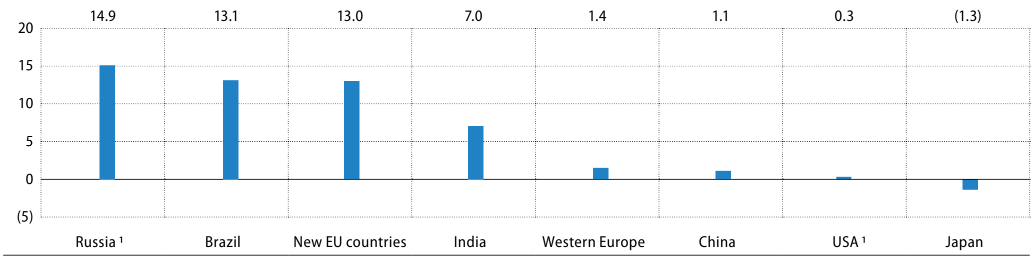
LEONI – The Quality Connection.

LEONI is a global provider of products, solutions and services for energy and data management in the automotive sector and other industries. The market-listed group of companies employs about 90,000 people at more than 90 locations. LEONI's largest customer group comprises the global car, commercial vehicle and component supply industry. The Company furthermore supplies products and services to these markets: data communication & connectivity, healthcare, process industry, transport, energy & infrastructure, factory automation, machinery & sensor technology as well as maritime engineering. LEONI pursues the aim of becoming a leading provider of intelligent systems for the mega-trends of energy transmission and data management. To achieve this, the product range will in the future also include intelligent cables, cable systems and components.

Business by sector

The increasingly uncertain macroeconomic sentiment is also reflected in flattening demand on the international motor vehicle markets. The German Association of the Automotive Industry (VDA) says that more vehicles were sold in each of world's three most significant regions in the first nine months of 2018 than in the same period of the previous year. However, there were only slight growth rates of 1.4 percent in Western Europe, 1.1 percent in China and 0.3 percent in the United States. This trend is attributable especially to significantly weakened business in the third quarter.

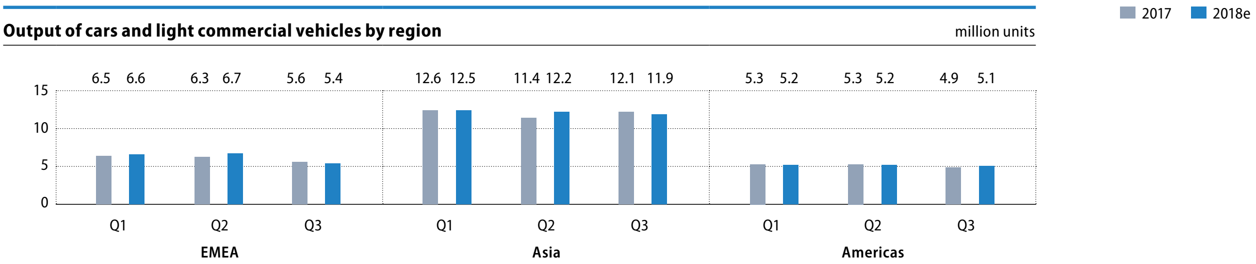
Trend of car sales in the key countries January to September 2018 / 2017 in %



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

The output of passenger cars and light commercial vehicles presents a similar picture. Although production in the individual regions was up by 1.2 percent to about 71 million units in the period from January to September, this also involved weak performance in the third quarter. Compared with the same period in the previous year, output in Asia and the EMEA region was down, while it was up slightly in the Americas.

Output of cars and light commercial vehicles by region million units



Source: IHS Automotive

LEONI Group

Key events

Aldo Kamper starts as CEO

Aldo Kamper joined LEONI as its new President and CEO on 1 September 2018. One of his principal tasks is to drive forward the Company's transformation towards being a global provider of energy and data management solutions.

LEONI moves into the SDAX

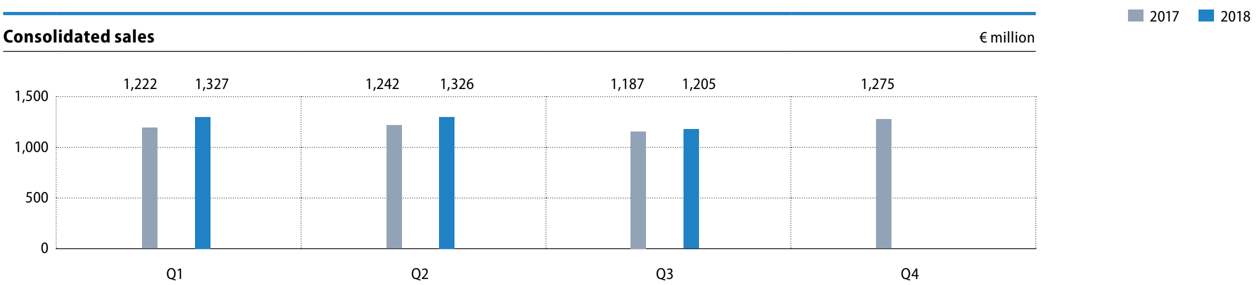
Deutsche Börse's rule revision at the end of September entailed changes to the composition of its indices. LEONI has consequently been listed on the SDAX since 24 September 2018.

Sales and earnings

Quarterly sales again above € 1.2 billion

Despite difficult market conditions, LEONI succeeded in raising its consolidated sales slightly year on year, from € 1,187 million in the pre-year period to € 1,205 million in the third quarter of 2018. The positive effects of a higher copper price as well as of currency translation contributed to this result.

Consolidated sales € million



Group sales performance

	3rd quarter		1st – 3rd quarter	
	€ million	%	€ million	%
Sales previous year [1]	**1,187**		**3,651**	
Organic growth	9	0.7	282	7.7
Effects of changes in the scope of consolidation	0	0.0	(47)	(1.3)
Currency translation effects	4	0.4	(76)	(2.1)
Copper price effects	5	0.4	49	1.4
Sales current year	**1,205**	**1.5**	**3,859**	**5.7**

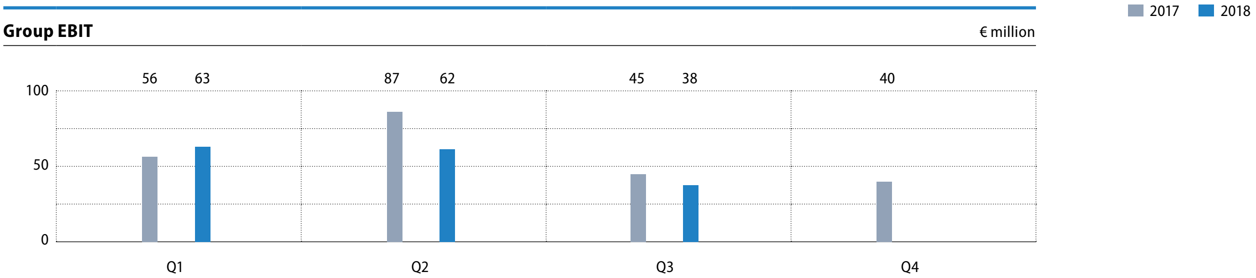
[1] *Previous year's figure adjusted; see page 19 for further explanations*

In the first nine months of 2018, consolidated sales were up by 5.7 percent year on year to € 3,859 million, which involved sales growing organically by 7.7 percent or € 282 million and thereby outpacing the market. Currency translation involving particularly the US dollar and the renminbi exerted an opposing effect. The higher average copper price of € 5.64 per kg as opposed to € 5.42 per kg in the comparison period provided a gain of € 49 million.

Volatile market and ongoing pre-production spending result in quarterly EBIT of € 38 million

The LEONI Group's EBIT was affected by a volatile market, characterised by the weaker trend in the Chinese car market, international trade disputes and the impact of the new WLTP cycle in the third quarter. Higher raw material prices, the ramp-down of production for a vehicle model supplied on a large scale and advance spending on the production network to secure the future resulted in reduced earnings before interest and taxes of € 38 million. As in the previous year, this included a negative amount of € 2 million because of earlier revenue recognition due to application of IFRS 15.

Group EBIT € million



Adjusted Group EBIT[1]

€ million	3rd quarter 2018	3rd quarter 2017[2]	1st – 3rd quarter 2018	1st – 3rd quarter 2017[2]
EBIT	**38**	**45**	**163**	**187**
EBIT margin %	3.2	3.8	4.2	5.1
Effect of purchase price allocation (PPA)	2	2	5	9
Effect of deconsolidation	(1)	1	(1)	(24)
Insurance compensation	0	0	0	(5)
Adjusted EBIT	**39**	**47**	**167**	**167**
Adjusted EBIT margin %	3.2	4.0	4.3	4.6

[1] *Earnings adjusted for the impact of revaluation as part of allocating the prices of the major acquisitions, restructuring, capital gains on business disposals and income from business combinations including related derivatives as well as the insurance compensation related to the fraud case*
[2] *Previous year's figure adjusted; see page 19 for further explanations*

EBIT dipped by 12.8 percent year on year to € 163 million in the period from January to September 2018. Application of IFRS 15 boosted earnings by € 1 million in the reporting period, whereas the figure for the same period in the previous year included a positive effect of € 4 million from the earlier revenue recognition. Adjusted EBIT amounted to € 167 million and thus to the level of the previous year (€ 167 million). The adjusted EBIT margin contracted from 4.6 percent to 4.3 percent.

Spending on research & development increased by 9.7 percent to € 38 million in the third quarter, due primarily to extensive preliminary work on new customer projects as well as development of new technologies. Other operating expenses included exchange losses of € 5 million (previous year: € 0 million). The income from associated companies and joint ventures, which mostly comprises the successful business activity of our joint venture in Langfang, China, rose from € 17 million to € 19 million in the nine-month period.

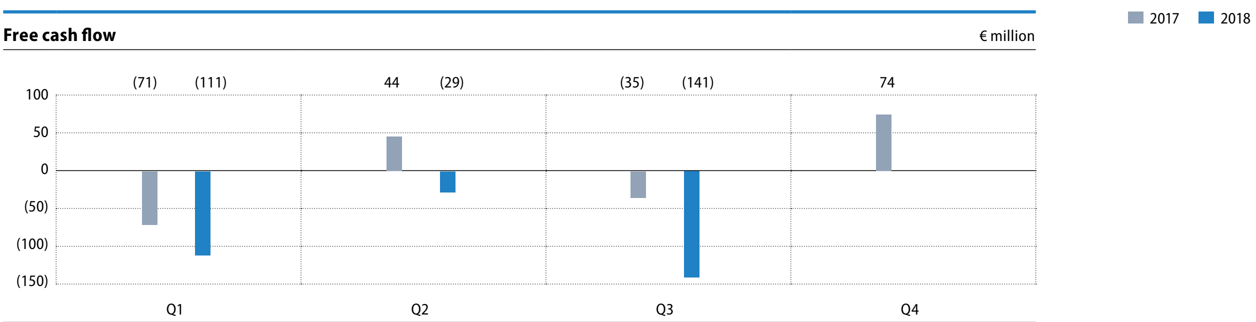
Net income of € 23 million in the quarter
Income taxes amounted to € 8 million in the third quarter of 2018, as opposed to € 12 million in the comparative quarter, which equates to a tax rate of 26.6 percent (previous year: 30.9 percent).

After deducting income taxes, consolidated net income came to € 23 million (previous year: € 26 million), which corresponds to per-share earnings of € 0.71 (previous year: € 0.83).

Assets and financial position

Free cash flow of negative € 141 million in the third quarter
The LEONI Group's cash flow from operating activities came to negative € 64 million in the period from July to September 2018, as opposed to positive € 36 million in the same period of the previous year. The Company invested € 76 million (previous year: € 72 million). Free cash flow came to negative € 141 million (previous year: negative € 35 million). The decrease was based principally on the significantly lower amount of trade payables and less reverse factoring as a consequence of the weakening business, an increase in inventories as well as the ongoing, substantial investment in new capacity and modernisation.

Free cash flow € million



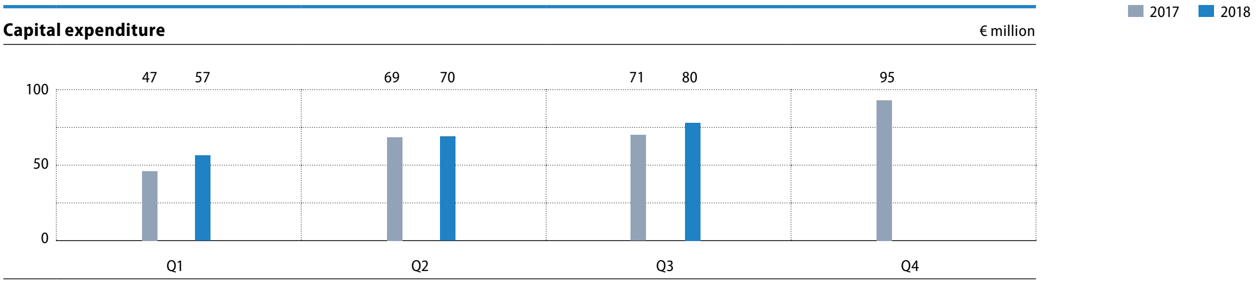
Calculation of free cash flow

€ million	3rd quarter 2018	3rd quarter 2017[1]	1st – 3rd quarter 2018	1st – 3rd quarter 2017[1]
Cash flows from operating activities	(64)	36	(66)	93
Cash flows from capital investment activities	(76)	(72)	(214)	(155)
Free cash flow	**(141)**	**(35)**	**(281)**	**(63)**

[1] *Previous year's figure adjusted; see page 19 for further explanations*

The LEONI Group's cash flow from operating activities declined from € 93 million in the previous year to negative € 66 million in first three quarters of 2018. This was due mainly to the increase in working capital. The Company invested € 214 million over the nine-month period (previous year: € 155 million), the increase being attributable to spending ahead of future growth, which worked out to free cash flow of negative € 281 million (previous year: negative € 63 million).

Capital expenditure still at a high level



The LEONI Group's investment in property, plant and equipment as well as intangible assets continued at a high level of € 206 million in the period from January to September 2018 (previous year: € 187 million).

The Wiring Systems Division invested € 129 million (previous year: € 120 million). The key areas were advance spending on the production network to secure future growth.

The Wire & Cable Solutions Division accounted for capex of € 67 million during the reporting period (previous year: € 61 million), most of which involved the Factory of the Future in Roth.

Equity ratio at 32.4 percent

The LEONI Group's balance sheet as at 30 September 2018 was enlarged by 9.8 percent versus the end of 2017, i.e. to € 3,452 million. Thanks to the net income, equity was up by 7.4 percent to € 1,119 million, equating to an equity ratio of 32.4 percent (31 December 2017: 33.1 percent).

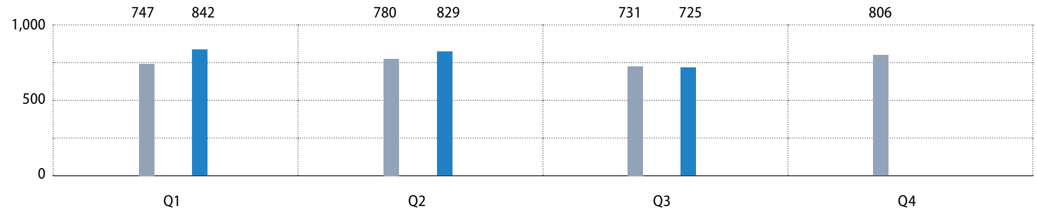
Net financial liabilities rose to € 742 million (31 December 2017: € 406 million) because of the negative cash flow. Gearing (net financial liabilities as a percentage of equity) increased from 39 percent at the end of 2017 to 66 percent on 30 September 2018.

Wiring Systems Division

Sales up by 6 percent to € 2,396 million in the first nine months despite decrease in the third quarter

While sales in the preceding quarters were up significantly on the same period in the previous year, the Wiring Systems Division's sales in the third quarter dipped from € 731 million to € 725 million, on the one hand reflecting the weakening markets in Europe and China as well as the resulting, significant decline in the amount of product called forward by the carmakers. On the other hand, the production ramp-down for a vehicle model supplied on a large scale caused a reduction in sales.

Wiring Systems external sales € million



Wiring Systems sales performance

	3rd quarter		1st – 3rd quarter	
	€ million	%	€ million	%
Sales previous year[1]	**731**		**2,258**	
Organic growth	(10)	(1.4)	167	7.4
Currency translation effects	2	0.3	(40)	(1.8)
Copper price effects	2	0.3	11	0.5
Sales current year	**725**	**(0.8)**	**2,396**	**6.1**

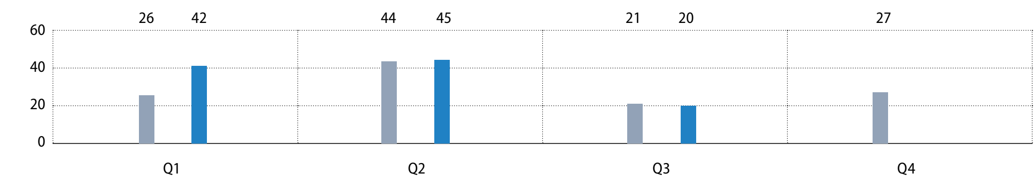
[1] *Previous year's figure adjusted; see page 19 for further explanations*

In total over the first nine months of 2018, the Wiring Systems Division boosted its sales by 6.1 percent year on year to € 2,396 million despite the difficult market environment. Most of this growth was generated organically. Foreign exchange involving primarily the US dollar, the renminbi and the Russian rouble exerted a negative effect on sales performance.

Quarterly EBIT down to € 20 million

The Wiring Systems Division's EBIT dropped from € 21 million in the pre-year period to € 20 million in the third quarter. This involved particularly the ongoing pre-production spending to secure future growth with new wiring system projects weighing more heavily on earnings than expected. There were further negative currency translation effects as well as the dip from € 7 million to € 6 million in income from associated companies and joint ventures.

Wiring Systems EBIT € million



Adjusted Wiring Systems EBIT [1]

€ million	3rd quarter 2018	3rd quarter 2017[2]	1st – 3rd quarter 2018	1st – 3rd quarter 2017[2]
EBIT	**20**	**21**	**107**	**91**
EBIT margin %	2.8	2.9	4.4	4.0
Effect of purchase price allocation (PPA)	1	2	4	9
Adjusted EBIT	**21**	**23**	**111**	**100**
Adjusted EBIT margin %	2.9	3.2	4.6	4.4

[1] *Earnings adjusted for the impact of revaluation as part of allocating the prices of the major acquisitions, restructuring, capital gains on business disposals and income from business combinations including related derivatives*

[2] *Previous year's figure adjusted; see page 19 for further explanations*

The segment's EBIT improved further from € 91 million to € 107 million in the period from January to September 2018. EBIT included € 1 million (previous year: € 4 million) due to earlier revenue recognition as a result of applying IFRS 15.

Order backlog still at a high level of € 21.3 billion

LEON booked several new and follow-on orders for wiring systems and cable harnesses from the motor vehicle and component supply industries in the third quarter. Orders received in the period from July to September totalled € 0.9 billion (previous year: € 1.6 billion). Orders for wiring systems and cable harnesses for electrically powered vehicles (high-voltage and low-voltage lots) accounted for about 67 percent or € 0.6 billion of that total.

The division's order backlog covering the entire term of the projects remained at a high level of € 21.3 billion at the end of September 2018 (31 December 2017: € 21.6 billion), of which high-voltage and low-voltage products for electrically powered vehicles accounted for € 5.1 billion (31 December 2017: € 4.4 billion).

Wiring Systems Division continues to invest heavily in future growth

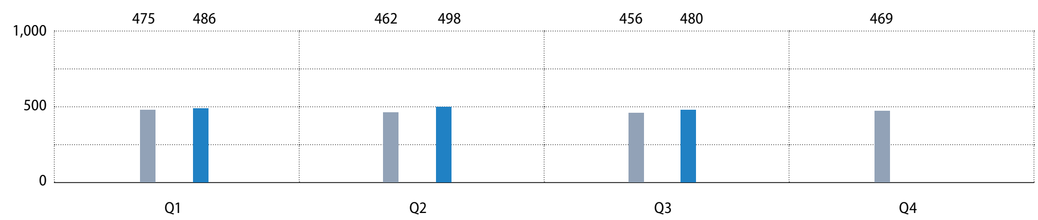
The division again invested substantially in its production network to secure future growth in the third quarter of 2018. Given the favourable conditions, we are – alongside other production locations – increasingly expanding our capacity in Serbia, where a fourth wiring systems plant in Kraljevo is scheduled to open in 2020.

Wire & Cable Solutions Division

Quarterly sales rise to € 480 million

The Wire & Cable Solutions Division recorded a sales increase of 5.3 percent to € 480 million in the third quarter of 2018. In addition to organic growth, there were positive effects of currency translation and change in the price of copper.

Wire & Cable Solutions external sales € million



Wire & Cable Solutions sales performance

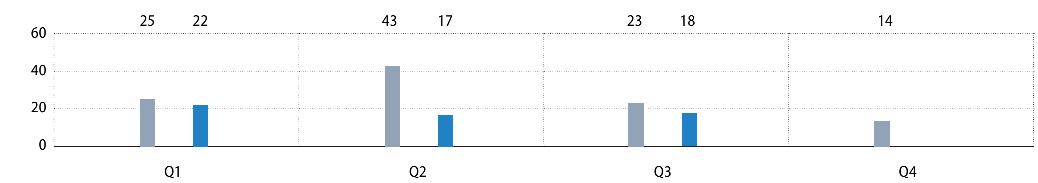
	3rd quarter		1st – 3rd quarter	
	€ million	%	€ million	%
Sales previous year	**456**		**1,392**	
Organic growth	19	4.1	115	8.3
Effects of changes in the scope of consolidation	0	0.0	(47)	(3.4)
Currency translation effects	2	0.5	(36)	(2.6)
Copper price effects	3	0.6	38	2.8
Sales current year	**480**	**5.3**	**1,463**	**5.1**

In the nine-month period of 2018, the Wire & Cable Solutions Division's sales were up by 5.1 percent to € 1,463 million. Organic growth more than offset the sales lost by having sold Business Group Electrical Appliance Assemblies in May 2017. Changes in foreign exchange rates, principally involving the US dollar, the Swiss franc and the renminbi, had a negative impact of € 36 million.

EBIT of € 18 million in the third quarter

The division generated EBIT of € 18 million in the period from July to September as opposed to € 23 million in the year before. An unfavourable product mix as well as increased raw material prices adversely affected EBIT in the current reporting period.

Wire & Cable Solutions EBIT € million



Adjusted Wire & Cable Solutions EBIT [1]	3rd quarter		1st – 3rd quarter	
€ million	**2018**	**2017**	**2018**	**2017**
EBIT	**18**	**23**	**56**	**91**
EBIT margin %	3.8	5.0	3.9	6.5
Effect of purchase price allocation (PPA)	0	0	1	1
Effect of deconsolidation	(1)	1	(1)	(24)
Adjusted EBIT	**18**	**24**	**56**	**67**
Adjusted EBIT margin %	3.7	5.2	3.8	4.8

[1] *Earnings adjusted for the impact of revaluation as part of allocating the prices of the major acquisitions, restructuring, capital gains on business disposals and income from business combinations including related derivatives*

The Wire & Cable Solutions Division generated EBIT of € 56 million in the first nine months of 2018 versus € 91 million in the corresponding period of the previous year. The previous year's high figure included a once-off deconsolidation gain of € 24 million from having sold Business Group Electrical Appliance Assemblies. Measurement effects relating to the lower copper price on the reporting date as well as foreign exchange had an adverse impact.

Order receipts up to € 499 million

The Wire & Cable Solutions Division's order bookings increased to € 499 million in the period from July to September 2018 (previous year: € 462 million), putting the book-to-bill ratio above 1.

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 statement was released.

Risk and opportunity report

The risk and opportunity situation for the LEONI Group has not materially changed since the end of 2017. 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 2017.

Forecast

On 22 October 2018, LEONI adjusted its guidance for fiscal 2018 to the latest market and business developments. This reassessment of sales and EBIT was due mainly to a volatile market setting, which, among other factors, is attributable to a weaker trend in the Chinese car market, international trade disputes and the impact of the new WLTP cycle. From today's perspective, it is likely that there will be more adverse effects by yearend stemming from the volatile market and our continuing pre-production spending to realise future growth. Full-year consolidated sales will therefore probably have risen only slightly to about € 5.0 billion rather than the previously forecast figure of at least € 5.1 billion. From today's perspective, EBIT will amount to about the level of the previous year's € 196 million after adjusting for the non-recurring benefit of approximately € 30 million. The previous estimate of EBIT put the result in the lower half of the range between € 215 and 235 million. The figure projected for free cash flow before the dividend is a negative one of up to € 150 million (previous forecast: positive). On the other hand, we still project a capex ratio of 5.0 percent of sales (excluding spending on the Factory of the Future).

LEONI Group guidance	**Actual 2017 figures**	**Forecast for 2018**	**Updated forecast for 2018**
Consolidated sales	€ 4.9 billion	at least € 5.1 billion[3]	approx. € 5.0 billion
EBIT	€ 225 million[1]	€ 215 – 235 million	approx. € 196 million
Capital expenditure	€ 281 million	5 % of sales[2]	5 % of sales[2]
Free cash flow	€ 11 million	positive	up to € (150) million

[1] Considering the previous year's adjustment related to IFRS 15, the figure is € 227 million.
[2] Excl. investment in the Factory of the Future
[3] Sales forecast raised by € 0.1 billion in H1/2018

Key financial information

Consolidated income statement

€ '000 (except information to shares)	3rd quarter 2018	3rd quarter 2017[1]	1st – 3rd quarter 2018	1st – 3rd quarter 2017[1]
Sales	1,205,000	1,186,715	3,858,808	3,650,787
Cost of sales	(1,007,738)	(991,968)	(3,199,460)	(3,022,136)
Gross profit on sales	**197,262**	**194,747**	**659,348**	**628,651**
Selling expenses	(59,892)	(59,689)	(194,148)	(184,992)
General and administration expenses	(68,338)	(65,488)	(210,488)	(199,420)
Research and development expenses	(37,629)	(34,300)	(110,729)	(98,194)
Other operating income	6,809	2,997	15,517	38,720
Other operating expenses	(6,000)	(1,047)	(15,794)	(14,481)
Result from associated companies and joint ventures	5,908	7,375	19,492	16,795
EBIT	**38,120**	**44,595**	**163,198**	**187,079**
Finance revenue	350	116	811	938
Finance costs	(6,955)	(6,377)	(18,664)	(20,225)
Other income from share investments	0	0	168	183
Income before taxes	**31,515**	**38,334**	**145,513**	**167,975**
Income taxes	(8,380)	(11,848)	(37,929)	(43,698)
Net income	**23,135**	**26,486**	**107,584**	**124,277**
attributable to: Equity holders of the parent company	23,352	27,187	109,299	124,798
Non-controlling interests	(217)	(701)	(1,715)	(521)
Earnings per share (basic and diluted) in Euro	0.71	0.83	3.35	3.82
Weighted average shares outstanding (basic and diluted)	32,669,000	32,669,000	32,669,000	32,669,000

[1] *Previous year's figure adjusted; see page 19 for further explanations*

Consolidated statement of comprehensive income

	3rd quarter		1st – 3rd quarter	
€ ‘000	2018	2017[1]	2018	2017[1]
Net income	**23,135**	**26,486**	**107,584**	**124,277**
Other comprehensive income				
Items that cannot be reclassified to the income statement:				
Actuarial gains and losses on defined benefit plans	2,908	1,823	20,983	13,049
Income taxes applying to items of other comprehensive income that are not reclassified	(256)	(373)	(3,858)	(1,598)
Items that can be reclassified to the income statement:				
Cumulative translation adjustments				
Losses arising during the period	(7,921)	(13,351)	(1,380)	(36,014)
Less reclassification adjustments included in the income statement	0	0	0	(1,914)
Total cumulative translation adjustments	(7,921)	(13,351)	(1,380)	(37,928)
Cash flow hedges				
Gains and losses arising during the period	6,836	(985)	7,225	9,859
Less reclassification adjustments included in the income statement	249	959	(1,306)	8,958
Less reclassification adjustments included in the financial position statement	0	(2)	0	98
Total cash flow hedges	7,085	(28)	5,919	18,915
Parts of the items that can be reclassified to the income statement, which pertain to associates and joint ventures	(486)	(448)	(253)	(1,385)
Income taxes applying to items of other comprehensive income that are reclassified	(1,349)	385	(355)	(5,050)
Other comprehensive income (after taxes)	**(20)**	**(11,992)**	**21,056**	**(13,997)**
Total comprehensive income	**23,115**	**14,494**	**128,640**	**110,280**
attributable to: equity holders of the parent company	23,459	15,364	130,400	111,334
non-controlling interests	(344)	(870)	(1,760)	(1,054)

[1] *Previous year’s figure adjusted; see page 19 for further explanations*

Consolidated statement of cash flows

€ '000	3rd quarter 2018	3rd quarter 2017[1]	1st – 3rd quarter 2018	1st – 3rd quarter 2017[1]
Net income	23,135	26,486	107,584	124,277
Adjustments to reconcile cash provided by operating activities:				
Income taxes	8,380	11,848	37,929	43,698
Net interest	6,507	6,139	17,590	17,879
Dividend income	0	0	(168)	(183)
Depreciation and amortisation	40,381	36,497	116,241	111,717
Impairment of non-current assets	0	0	0	1,584
Non-cash result from associated companies and joint ventures	(5,908)	(7,375)	(19,492)	(16,795)
Result of asset disposals	274	(22)	(742)	144
Effect of deconsolidation	(1,044)	500	(1,044)	(24,256)
Change in operating assets and liabilities				
Change in receivables and other financial assets	40,435	(32,993)	(54,639)	(134,273)
Change in inventories	(14,043)	(19,732)	(79,456)	(115,584)
Change in other assets	(25,123)	1,688	(91,215)	(47,678)
Change in restructuring provisions	(809)	(1,503)	(2,848)	(11,637)
Change in other provisions	(5,757)	(9,899)	(8,554)	(6,631)
Change in liabilities	(119,564)	28,834	(62,956)	181,763
Income taxes paid	(14,720)	(3,945)	(32,781)	(30,321)
Interest paid	(2,331)	(255)	(4,550)	(1,827)
Interest received	258	185	682	602
Dividends received	5,798	0	11,940	183
Cash flows from operating activities	**(64,131)**	**36,453**	**(66,479)**	**92,662**
Capital expenditures for intangible assets and property, plant and equipment	(77,232)	(71,958)	(220,693)	(191,063)
Acquisitions of subsidiaries less cash and cash equivalents acquired thereof: Purchase price 0 k (prev. year: 3,479 k) Cash and cash equivalents acquired 0 k (prev. year: 2,340 k)	0	0	0	(1,139)
Cash receipts from disposal of assets	812	93	6,569	367
Income from the disposal of a business operation / subsidiaries less cash equivalents paid	0	0	0	36,340
Cash flows from capital investment activities	**(76,420)**	**(71,865)**	**(214,124)**	**(155,495)**
Cash receipts from acceptance of financial debts	274,312	2,580	512,747	78,022
Cash repayments of financial debts	(120,523)	(59,246)	(234,985)	(105,516)
Payments to non-controlling interests	45	0	45	0
Interest paid	(4,211)	(7,058)	(11,326)	(10,231)
Dividends paid by LEONI AG	0	0	(45,737)	(16,335)
Dividends paid to the non-controlling interest shareholders	0	0	0	(1,024)
Cash flows from financing activities	**149,623**	**(63,724)**	**220,744**	**(55,084)**
Change of cash and cash equivalents	9,072	(99,136)	(59,859)	(117,917)
Currency adjustments	(2,231)	(2,289)	(1,749)	(6,450)
Cash and cash equivalents at beginning of period	116,635	194,358	185,084	217,300
of which carried on the balance sheet under the item 'assets held for sale'	*0*	*0*	*0*	*8,387*
of which carried on the balance sheet under the item 'cash and cash equivalents'	*116,635*	*194,358*	*185,084*	*208,913*
Cash and cash equivalents at end of period	123,476	92,933	123,476	92,933

[1] *Previous year's figure adjusted; see page 19 for further explanations*

Consolidated statement of financial position

Assets € '000	**30/09/2018**	**31/12/2017[1]**	**30/09/2017[1]**
Cash and cash equivalents	123,476	185,084	92,933
Trade accounts receivable	646,268	609,761	636,260
Other financial assets	49,362	38,321	45,675
Other assets	197,014	124,842	146,061
Receivables from income taxes	11,630	11,171	16,314
Inventories	676,152	596,696	603,088
Contract assets	109,282	102,112	123,871
Assets held for sale	6,935	0	0
Total current assets	**1,820,119**	**1,667,987**	**1,664,202**
Property, plant and equipment	1,129,844	1,052,337	1,003,447
Intangible assets	61,939	64,486	65,261
Goodwill	147,065	146,682	146,773
Shares in associated companies and joint ventures	29,397	34,059	27,326
Contract assets	76,980	60,535	58,680
Other financial assets	6,845	7,349	7,691
Deferred taxes	47,493	50,220	48,215
Other assets	132,179	60,943	45,765
Total non-current assets	**1,631,742**	**1,476,611**	**1,403,158**
Total assets	**3,451,861**	**3,144,598**	**3,067,360**

Equity and liabilities € '000	**30/09/2018**	**31/12/2017[1]**	**30/09/2017[1]**
Current financial debts and current proportion of long-term financial debts	601,734	254,373	232,850
Trade accounts payable	851,241	909,414	878,586
Other current liabilities	66,341	65,470	40,189
Income taxes payable	24,333	25,541	33,629
Other current liabilities	196,085	188,592	214,034
Provisions	24,464	33,404	38,257
Total current liabilities	**1,764,198**	**1,476,794**	**1,437,545**
Long-term financial debts	264,224	336,947	335,696
Long-term financial liabilities	54,921	27,585	13,936
Other non-current liabilities	13,114	11,716	4,695
Pension provisions	150,049	170,792	167,755
Other provisions	33,383	33,298	34,549
Deferred taxes	52,606	45,580	45,185
Total non-current liabilities	**568,297**	**625,918**	**601,816**
Share capital	32,669	32,669	32,669
Additional paid-in capital	290,887	290,887	290,887
Retained earnings	840,415	782,263	760,454
Accumulated other comprehensive income	(51,138)	(72,239)	(64,869)
Equity holders of the parent company	1,112,833	1,033,580	1,019,141
Non-controlling interests	6,533	8,306	8,858
Total equity	**1,119,366**	**1,041,886**	**1,027,999**
Total equity and liabilities	**3,451,861**	**3,144,598**	**3,067,360**

[1] *Previous year's figure adjusted; see page 19 for further explanations*

Consolidated statement of changes in equity

€ '000	Share capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income			Equity holders of the parent company	Noncontrolling interests	Total
				Cumulative translation adjustments	Cash flow hedges	Actuarial gains and losses			
31 December 2016	**32,669**	**290,887**	**635,243**	**84,906**	**(14,914)**	**(121,352)**	**907,439**	**9,725**	**917,164**
Adjustments IFRS 15			16,748	(45)			16,703		16,703
1 January 2017 [1]	**32,669**	**290,887**	**651,991**	**84,861**	**(14,914)**	**(121,352)**	**924,142**	**9,725**	**933,867**
Net income			124,798				124,798	(521)	124,277
Other comprehensive income				(38,780)	13,865	11,451	(13,464)	(533)	(13,997)
Total comprehensive income							111,334	(1,054)	110,280
Dividend payment			(16,335)				(16,335)	(1,024)	(17,359)
Addition to non-controlling interests								1,342	1,342
Disposal of non-controlling interests								(131)	(131)
30 September 2017 [1]	**32,669**	**290,887**	**760,454**	**46,081**	**(1,049)**	**(109,901)**	**1,019,141**	**8,858**	**1,027,999**
31 December 2017 [1]	**32,669**	**290,887**	**782,263**	**43,750**	**(3,375)**	**(112,614)**	**1,033,580**	**8,306**	**1,041,886**
Adjustments IFRS 9			(5,410)				(5,410)	(58)	(5,468)
1 January 2018	**32,669**	**290,887**	**776,853**	**43,750**	**(3,375)**	**(112,614)**	**1,028,170**	**8,248**	**1,036,418**
Net income			109,299				109,299	(1,715)	107,584
Other comprehensive income				(1,588)	5,564	17,125	21,101	(45)	21,056
Total comprehensive income							130,400	(1,760)	128,640
Dividend payment			(45,737)				(45,737)	0	(45,737)
Payments to non-controlling interests								45	45
30 September 2018	**32,669**	**290,887**	**840,415**	**42,162**	**2,189**	**(95,489)**	**1,112,833**	**6,533**	**1,119,366**

[1] *Previous year's figure adjusted; see page 19 for further explanations*

Segment reporting

€ '000 (employees excluded)	3rd quarter 2018	3rd quarter 2017 [1]	1st – 3rd quarter 2018	1st – 3rd quarter 2017 [1]	Change
Wiring Systems					
Sales	725,525	731,031	2,396,870	2,258,585	6.1 %
Less intersegment sales	346	168	1,339	292	> 100.0 %
External sales (sales to third parties)	725,179	730,863	2,395,531	2,258,293	6.1 %
EBIT	20,001	21,324	106,560	91,176	16.9 %
EBIT as a percentage of external sales	2.8 %	2.9 %	4.4 %	4.0 %	—
Employees as at 30/ 09/ (number)	81,014	75,594	81,014	75,594	7.2 %
Wire & Cable Solutions					
Sales	527,521	506,686	1,624,472	1,545,733	5.1 %
Less intersegment sales	47,700	50,834	161,195	153,239	5.2 %
External sales (sales to third parties)	479,821	455,852	1,463,277	1,392,494	5.1 %
EBIT	18,352	23,017	56,388	90,877	(38.0) %
EBIT as a percentage of external sales	3.8 %	5.0 %	3.9 %	6.5 %	—
Employees as at 30/ 09/ (number)	8,775	8,056	8,775	8,056	8.9 %
Consolidation / LEONI AG					
Sales	(48,046)	(51,002)	(162,534)	(153,531)	(5.9) %
Less intersegment sales	48,046	51,002	162,534	153,531	5.9 %
External sales (sales to third parties)	—	—	—	—	—
EBIT	– 231	254	250	5,026	(95.0) %
Employees as at 30/ 09/ (number)	358	301	358	301	18.9 %
Group					
Sales	1,205,000	1,186,715	3,858,808	3,650,787	5.7 %
Less intersegment sales	—	—	—	—	—
External sales (sales to third parties)	1,205,000	1,186,715	3,858,808	3,650,787	5.7 %
EBIT	38,121	44,595	163,198	187,079	(12.8) %
EBIT as a percentage of external sales	3.2 %	3.8 %	4.2 %	5.1 %	—
Employees as at 30/ 09/ (number)	90,147	83,951	90,147	83,951	7.4 %

[1] *Previous year's figure adjusted; see page 19 for further explanations*

Application of new standards and pre-year adjustments

Adoption of IFRS 15

LEONI has applied the new IFRS 15 requirements for the first time in fiscal 2018 and has opted to use the fully retrospective method. We refer to the explanations in the notes to the interim report on the 2nd quarter and 1st half of 2018 for detailed description of the effects of adoption.

Effects on income stem principally from revenue recognition over time involving customer-specific products due to earlier recognition of sales and income.

The table below provides an overview of the effects in the relevant reporting periods:

	3rd quarter			1st – 3rd quarter		
€ million	2018	2017	Change	2018	2017	Change
Sales	1	(1)	2	11	21	(10)
EBIT	(2)	(2)	0	1	4	(3)

Adoption of IFRS 9

Effective 1 January 2018, there was impact from applying new impairment requirements following initial application of the new IFRS 9, Financial Instruments, standard. Trade receivables as well as contract assets were reduced by a total of € 7 million. The adjustment was made to the opening balance of retained earnings on 1 January 2018.

In line with the transition method we chose, there was no adjustment to prior periods.

We refer to the explanations in the notes to the interim report on the 2nd quarter and 1st half of 2018 for detailed description of the effects of adoption.

Presentation of interest paid

Since the 2017 financial statements, interest paid is presented as cash flow from financing activities. The previous year’s figures are adjusted accordingly.

Financial calendar

Quarterly statement, 1st –3rd quarter 2018	14 November 2018
Preliminary figures	February 2019
Press conference on financial statements 2019	19 March 2019
Analyst and investor meeting 2019	19 March 2019
Quarterly statement, 1st quarter 2019	15 May 2019
Annual General Meeting 2019	16 May 2019

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This quarterly statement contains forward-looking statements that are based on management's current assumptions and estimates concerning future trends. Such statements are subject to risk and uncertainty that LEONI cannot control or precisely assess. Should imponderables occur or assumptions on which these statements are based prove to be incorrect, actual results could deviate considerably from those described in these statements. LEONI assumes no obligation to update forward-looking statements to adjust them to events following publication of this quarterly statement.

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

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

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