Interim report
1st quarter 2017

The Quality Connection

LEONI

Highlights: 1st quarter 2017

- **Consolidated sales up 11 percent to € 1.2 billion**
- **EBIT margin improves to 4.4 percent**
- **Dynamic development of the Wiring Systems Division's electromobility business**
- **Wire & Cable Solutions Division enhances its cloud-based simulation expertise**
- **Forecast for 2017 confirmed**

LEONI – The Quality Connection

The LEONI Group operates worldwide, providing wires, optical fibers, cables and cable systems as well as related services for applications in the automotive sector and other industries. The Company employs about 82,000 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:
Successes in the electromobility segment: Leoni booked further orders for the high-voltage wiring of German carmakers' premium cars and SUVs in the 1st quarter.

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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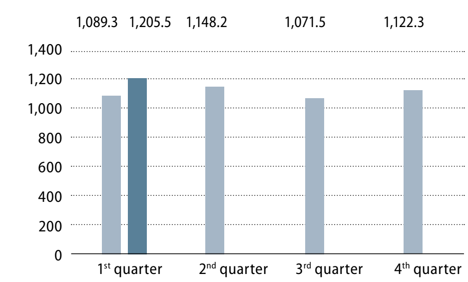
Group key figures

	1st quarter		
€ million	**2017**	**2016**	**Change**
Sales	1,205.5	1,089.3	10.7 %
Earnings before interest, taxes and depreciation/amortisation (EBITDA)	90.0	61.3	46.8 %
Earnings before interest and taxes (EBIT)	52.9	24.4	>100.0 %
Adjusted earnings before interest and taxes (EBIT) *	51.7	30.3	70.6 %
Earnings before taxes (EBT)	47.7	18.9	>100.0 %
Consolidated net income	33.6	11.6	>100.0 %
Capital expenditures (incl. acquisitions)	50.0	38.8	28.9 %
Equity ratio (%)	30.8 %	34.1 %	—
Earnings per share (€)	1.02	0.35	>100.0 %
Employees as at 31/03/ (number)	82,010	75,178	9.1 %

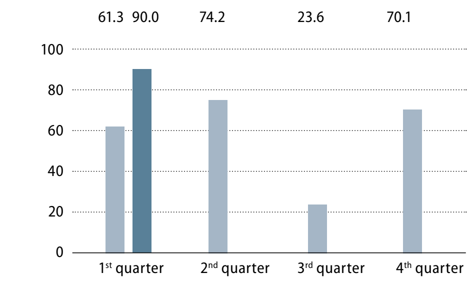
* *Earnings adjusted for the impact of purchase price allocation, restructuring, impairment of non-current assets, gains on business disposals and on business combinations including related derivatives and insurance compensation*

Consolidated sales *€ million*

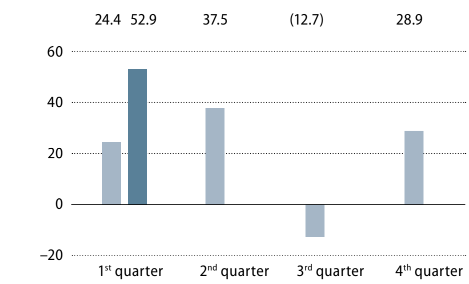


Consolidated EBITDA *€ million*

2016 *2017*



Consolidated EBIT *€ million*



The LEONI share

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

Key LEONI share figures

		1st quarter	
		2017	**2016**
Net result	*€/share*	1.02	0.35
Equity	*€/share*	29.44	29.80
High [1]	*€/share*	48.25	34.93
Low [1]	*€/share*	34.95	23.76
Closing price [1] at end of quarter	*€/share*	48.25	30.33
Average daily trading volume	*no. of shares*	262,003	365,422
Market capitalisation at end of quarter	*€ million*	1,576.3	990.9

[1] XETRA closing prices of the day

LEONI share rises 42 percent

The performance of Germany's equity market was on the whole positive in the first three months of 2017: the country's leading DAX index gained just over 7 percent, while the MDAX index of SMEs was up by nearly 8 percent. The performance of the automotive shares was significantly weaker with a 3-percent gain (DAX 'Automobiles' sector index). By contrast, the shares of the automotive suppliers outperformed with their sub-index improving by nearly 14 percent.

LEONI's share also contributed to this by plotting a steep upward trajectory in the first quarter: starting from a low of € 34.95, it initially edged upwards. A strong revival, which peaked at a high for the quarter of € 48.25 on 31 March, began following the balance sheet press conference and the analyst conference held at the end of March. Overall, the LEONI share gained by about 42 percent versus the end of December 2016.

The market capitalisation of the approximately 32.7 million LEONI shares consequently increased from approximately € 1,106 million to about € 1,576 million in the period from January to March of the current year.

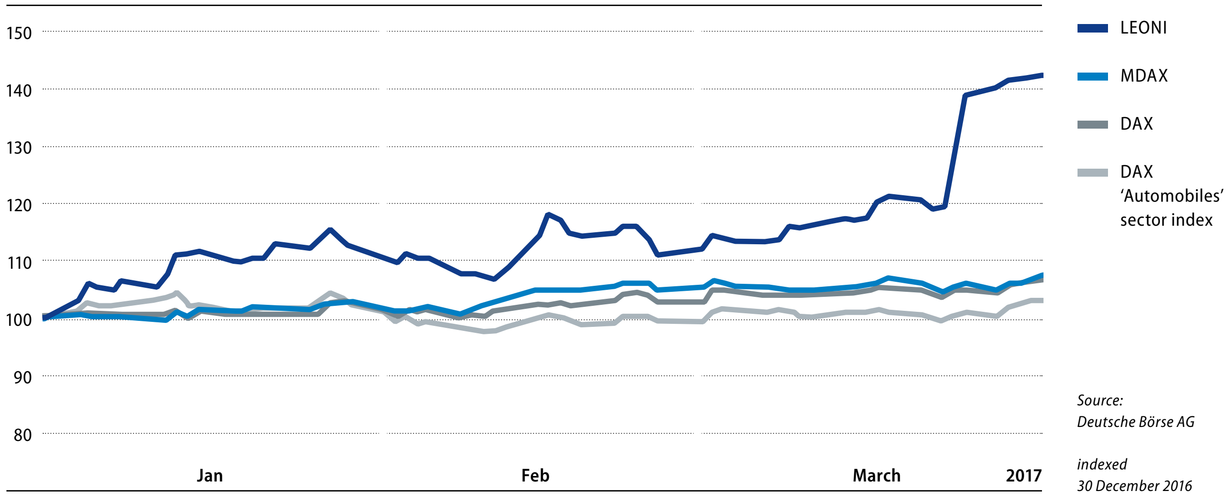
Trading volumes

An average of 262,003 LEONI shares were traded per day in the first three months of 2017, as opposed to 365,422 in the same period of the previous year. In total, 17.0 million shares thus changed hands during the period under report (previous year: 22.7 million shares).

Favourable analyst ratings

There are currently 21 studies by banks on the LEONI share (as of early April 2017). Eight financial market analysts presently rate our share as a buy; ten investment specialists give LEONI a neutral or hold rating while three advise to sell.

1st quarter 2017 performance



Source: Deutsche Börse AG

indexed 30 December 2016

Quarterly financial report

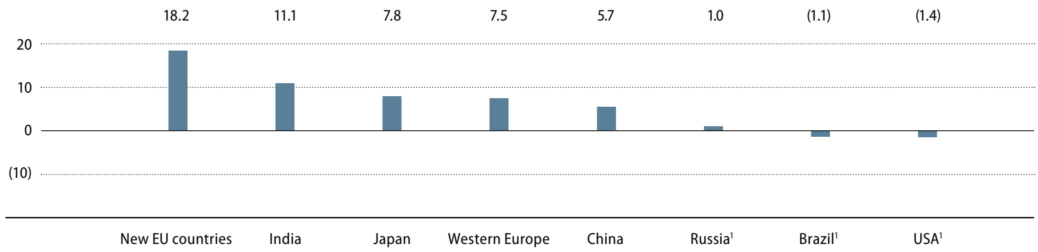
Interim group management report

Overview of conditions and business performance

Business by sector

The start to the year 2017 was on the whole positive for the customer industries of greatest importance to LEONI: On the global **automotive market**, strongly rising registration figures in China, India and many European countries compensated for a slight sales downturn in the United States. According to the IHS Automotive market research institute, the output of passenger cars and light commercial vehicles therefore increased by nearly 4 percent year-on-year in the first three months, with the strongest growth taking place in Europe, South America, the Middle East and Africa.

Trend of car sales in the key countries *January to March 2017 / 2016 %*



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

Based on our observations, the demand for **heavy commercial vehicles** has also generally been favourable so far this year: The global trend in the market for trucks as well as the demand for agricultural vehicles and construction machinery was stable to slightly positive.

Confidence also prevails in the **industrial sectors**: According to their respective federations, the electrical engineering and electronics industry as well as the machinery and plant engineering sector in Germany recorded more orders in the first two months of the current year than in the same period of the previous year.

Overview of LEONI AG's business performance

LEONI made a good start into 2017. Based on the encouraging order situation in both divisions and the unabatedly strong demand from the global motor vehicle industry, consolidated sales rose by nearly 11 percent to € 1,205.5 million in the first three months. More than half of this growth was generated from own resources, with the increased price of copper accounting for a further large proportion. Both divisions performed in line with our expectations.

The LEONI Group's earnings before interest and taxes (EBIT) increased strongly from € 24.4 million to € 52.9 million in the first quarter of 2017, thereby boosting the EBIT margin from 2.2 percent to 4.4 percent. Both segments generated gains. Alongside additional profit contributions from the increased sales, the improvement measures applied in the Wiring Systems Division also exerted a positive effect. There was furthermore non-recurring income from a fidelity insurance policy payout in the amount of € 5 million in connection with the fraud case uncovered in 2016.

The LEONI Group's strategy, business activity and its product range as well as its most important markets are comprehensively presented in the Annual Report 2016 and have not materially changed in the period under report. The current report can be read on and downloaded from LEONI's website under the heading Investor Relations / Financial publications or requested from LEONI AG. It also contains comprehensive information on our research & development. We report on our sustainability-related work for the 2016 financial year in our UN Global Compact Communication on Progress, which will be accessible on our website from August 2017 under the heading Company / Publications.

» Annual Report 2016 page 61 et seq.

» www.leoni.com

» Annual Report 2016 page 109 et seq.

Reports by division / Segment report

Wiring Systems Division

Sales up 12 percent to € 730.7 million

The Wiring Systems Division (WSD) increased its external sales by about 12 percent year on year to € 730.7 million in the first quarter of 2017, generating much of this growth from its own resources. Wuhan Hengtong Automotive of China, which has been consolidated since November 2016, accounted for sales of € 8.1 million. Foreign exchange and copper price effects had a minor, negative impact.

LEONI increased its shipments to almost all customer groups during the period under report. The growth in sales to carmakers based in Asia and other European countries was especially strong. We furthermore generated gains with cable harnesses and wiring systems for vehicles with electric and hybrid drive, which in total accounted for sales of € 7.5 million.

Several new projects launched

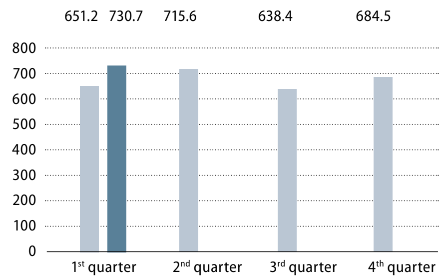
Series production of wiring systems and cable harnesses for various new car models of several German and other European carmakers began in the first three months of 2017. We also commenced production of various engine cable harnesses and complete systems for trucks, agricultural machinery and buses. Some of these new projects already made initial contributions to sales.

Wiring Systems sales performance

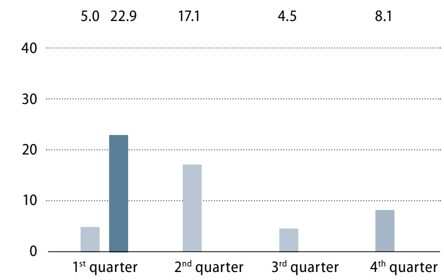
	€ million	in %
Q1/2016 sales	**651.2**	
Organic growth	75.6	11.5
Contribution of new subsidiaries	8.1	1.3
Currency effects	(2.7)	(0.4)
Copper price effects	(1.5)	(0.2)
Q1/2017 sales	**730.7**	**12.2**

2016 2017

Wiring Systems external sales *€ million*



Wiring Systems EBIT *€ million*



Segment EBIT rises to € 22.9 million

The Wiring Systems Division substantially improved its earnings before interest and taxes (EBIT) in the period from January to March 2017, i.e. from € 5.0 million to € 22.9 million. Along with the additional profit contributions from the increased sales, this was also a clearly positive reflection of the measures to enhance performance as well as the segment's restructuring and reorganisation, which is meanwhile largely completed.

Adjusted Wiring Systems EBIT [1]

	1st quarter	
€ million	**2017**	**2016**
EBIT	**22.9**	**5.0**
Effect of purchase price allocation (PPA)	3.4	3.4
Restructuring costs	0.2	1.6
Adjusted EBIT	**26.5**	**10.0**

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

New orders with a focus on electromobility

LEON booked several new and follow-on orders for wiring systems and cable harnesses from the motor vehicle and component supply industries in the first quarter of 2017. A large proportion of the new projects involve the electromobility sector, in which we meanwhile have an order backlog of about € 500 million: Among other new business, we were commissioned by two German carmakers to produce the wiring for fully electric premium cars and SUVs. Another example is the order from an American carmaker covering wiring systems for a new range of compact cars.

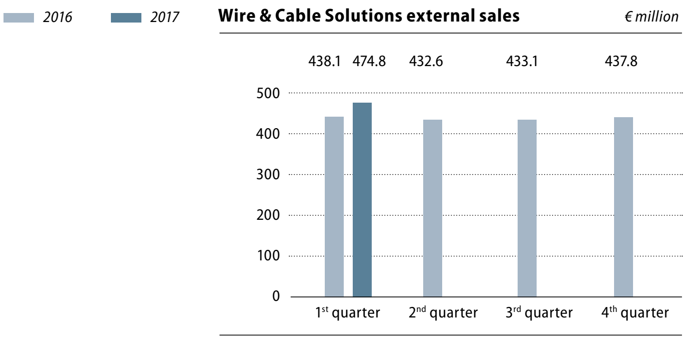
Wire & Cable Solutions Division

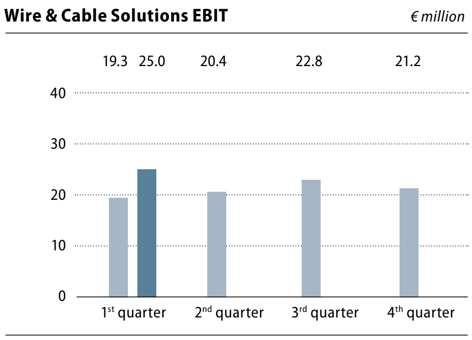
Sales increase of about 8 percent to € 474.8 million

The external sales of the Wire & Cable Solutions Division (WCS) rose by about 8 percent to € 474.8 million in the first quarter of 2017. This growth was due to the significant year-on-year rise in the price of copper, whereas the volume of business in organic terms was down by approximately 3 percent compared with the strong first quarter of the previous year. This was attributable to the still weak business involving cables for the petrochemical industry as well as for the solar industry in China. There was furthermore an absence of major projects comprising energy and infrastructure cables as well as stronger sales of products with lower copper content. On the other hand, there was unabatedly strong demand for special cables for the motor vehicle industry – especially so in Europe – as well as for cables and systems for robotics and automation engineering. Moreover, we registered encouraging growth in demand for our copper and glass fiber-based data cables.

Wire & Cable Solutions sales performance

	€ million	in %
Q1/2016 sales	438.1	
Organic growth	(12.8)	(2.9)
Contribution of new subsidiaries	0.1	0.0
Currency effects	2.0	0.5
Copper price effects	47.3	10.8
Q1/2017 sales	474.8	8.4





Earnings before interest and taxes up to € 25.0 million

The Wire & Cable Solutions Division's EBIT rose from € 19.3 million to € 25.0 million in the first quarter of 2017. Along with the restructuring measures applied in the past year and the growth with more profitable product and system solutions, positive effects resulting from a change in the price of copper also contributed in this respect.

Adjusted Wire & Cable Solutions EBIT[1]

	1st quarter	
€ million	2017	2016
EBIT	**25.0**	**19.3**
Effect of purchase price allocation (PPA)	0.3	0.3
Restructuring expenses /-income	(0.1)	0.7
Adjusted EBIT	**25.2**	**20.2**

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

Order receipts grow to € 489.7 million

The Wire & Cable Solutions Division's order bookings rose by about 9 percent year on year to € 489.7 million in the first quarter of 2017; an increase attributable mostly to the higher price of copper. The value of orders therefore exceeded sales during the period under report.

Sale of Business Group Electrical Appliance Assemblies

In January 2017, we signed an agreement to sell our business comprising cable assembly and cable harnesses for domestic appliances and power tools, which is pooled within Business Group Electrical Appliance Assemblies. The disposal is part of our strategy of becoming a strong solutions-oriented provider and focusing on our core activities with profitable growth potential. The buyer is the BizLink company, a leading provider of connectivity solutions that is listed on the Taiwan stock exchange and based in Fremont, California, whose aim with this deal is to gain a permanent foothold on the European market. The companies will operate independently until the sale is completed.

Adaptricity acquisition enhances cloud-based simulation expertise
In February 2017, LEONI took over two-thirds of Zurich-based Adaptricity AG, which specialises in software-based consulting services. We thereby acquired additional know-how in the areas of software, simulation and cloud-based data analysis – primary building blocks of our strategic development towards being an innovative solutions provider. This Swiss start-up business gives LEONI access to software that generates time series-based simulations. We intend to combine Adaptricity's skills with our international project business and to carry it over to a range of ground-breaking applications and market segments.

Group sales and earnings

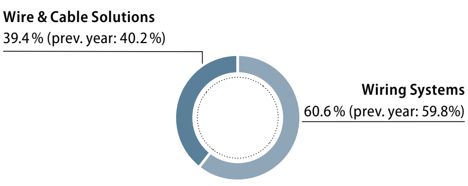
Consolidated sales climb 11 percent to € 1.2 billion
The consolidated sales of LEONI AG were up by nearly 11 percent, or € 116.2 million, to € 1,205.5 million in the first three months of 2017. € 62.8 million of this growth was generated from own resources. New subsidiaries, primarily our majority holding in the Chinese company Wuhan Hengtong Automotive that is included for the first time, accounted for € 8.2 million. The increased price of copper had a positive effect of € 45.8 million. Changes in exchange rates did not exert any notable effect.

Group sales performance

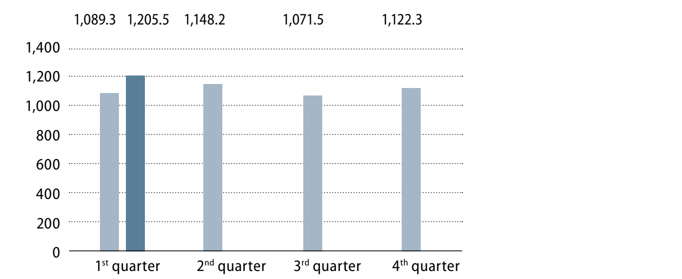
	€ million	in %
Q1/2016 sales	**1,089.3**	**0.0**
Organic growth	62.8	5.8
Contribution of new subsidiaries	8.2	0.8
Currency effects	(0.7)	(0.1)
Copper price effects	45.8	4.2
Q1/2017 sales	**1,205.5**	**10.7**

The amount of business grew in all regions: Sales in Asia increased especially strongly; i.e. by over 15 percent to € 179.1 million. We recorded gains of nearly 12 percent to € 185.7 million in the Americas and of 9.5 percent to € 840.7 million in the EMEA (Europe, Middle East and Africa) region.

Q1/2017 consolidated sales by division



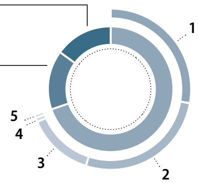
Consolidated sales *€ million*



Q1/2017 consolidated sales by region

Asia 14.9 % (prev. year: 14.2 %)

Americas 15.4 % (prev. year: 15.3 %)



EMEA total	69.7 %	(prev. year: 70.5 %)
1 Germany	27.8 %	(prev. year: 30.6 %)
2 Remaining Europe	27.4 %	(prev. year: 24.8 %)
3 Eastern Europe	13.4 %	(prev. year: 13.9 %)
4 Africa	0.8 %	(prev. year: 0.8 %)
5 Rest of EMEA	0.3 %	(prev. year: 0.4 %)

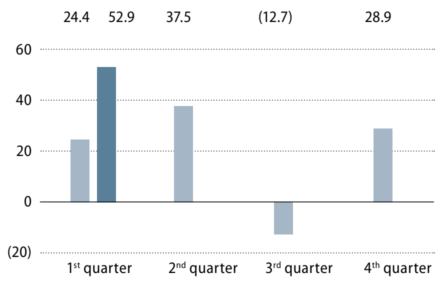
Significant EBIT growth to € 52.9 million

The LEONI Group's cost of sales was up by about 9 percent to € 1,000.6 million in the period from January to March 2017. This disproportionately small increase in comparison with the sales growth is also attributable to the successful reorganisation of and performance improvement in the Wiring Systems Division. The **gross margin** widened from 15.8 percent to 17.0 percent. Selling expenses developed disproportionately and increased by about 3 percent to € 62.3 million. The increase of administration expenses by approximately 9 percent to € 65.3 million is mainly due to higher project and IT expenses for performance improvement measures. By contrast, spending on research & development was down by about 2 percent to € 31.9 million for reporting date-related reasons.

The other operating income, which rose from € 5.8 million to € 8.9 million, reflected exceptional income of € 5 million from a payout from a pecuniary loss insurance policy in connection with the fraud case uncovered in 2016. In return, other operating expenses increased from € 2.1 million to € 6.2 million because of adverse changes in exchange rates. The income from associated companies and joint ventures, which mostly comprised the pro-rata earnings of our successful joint venture in Langfang, China rose from € 1.7 million to € 4.8 million.

Consolidated earnings before interest and taxes were up from € 24.4 million for the same period in the previous year to € 52.9 million for the first three months of 2017. The EBIT margin improved from 2.2 percent to 4.4 percent. Adjusted for the impact of allocating purchase prices, restructuring and the compensation paid for the fraud case, EBIT rose from € 30.3 million to € 51.7 million. The financial result including other investment income improved slightly from a negative balance of € 5.5 million to negative € 5.2 million. **Earnings before taxes** picked up from € 18.9 million to € 47.7 million while **consolidated net income** rose from € 11.6 million to € 33.6 million.

Group EBIT *€ million*



Adjusted Group EBIT[1]

	1st quarter	
€ million	**2017**	**2016**
EBIT	52.9	24.4
Effect of purchase price allocation (PPA)	3.7	3.6
Restructuring costs	0.1	2.3
Insurance compensation	(5.0)	0
Adjusted EBIT	51.7	30.3

[1] *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 and insurance compensation.*

Financial situation

Free cash flow of negative € 73.2 million

The LEONI Group's cash flows from operating activities came to negative € 13.7 million in the first quarter of 2017, as opposed to negative € 32.0 million in the same period of the previous year. A larger amount of funds tied in working capital for business-related and copper price-induced reasons offset the increased EBIT. In terms of investment, the Company spent € 59.5 million during the period under report, while the previous year's figure was € 52.7 million. This works out to **free cash flow** after three months of negative € 73.2 million (previous year: negative € 84.7 million). Free cash flow before acquisitions amounts to negative € 72.1 million (previous year: negative € 84.7 million). Financing activities provided € 33.2 million (previous year: an outflow of € 3.5 million). Overall, the cash inflows and outflows including exchange rate-related changes to the end of March 2017 reduced cash and cash equivalents to € 169.5 million (previous year: € 189.5 million).

Consolidated statement of cash flows *(abridged version)*

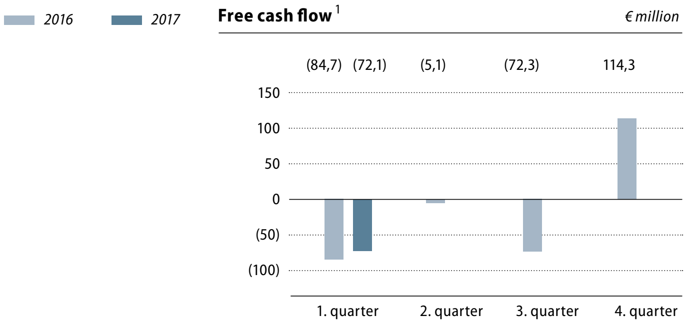
€ million	1st quarter 2017	2016
Cash flows from operating activities	(13.7)	(32.0)
Cash flows from capital investment activities	(59.5)	(52.7)
Cash flows from financing activities	33.2	(3.5)
Change of cash and cash equivalents	(40.0)	(88.2)
Cash and cash equivalents at end of period	**169.5**	**189.5**

Calculation of free cash flow

€ million	1st quarter 2017	2016
Cash flows from operating activities	(13.7)	(32.0)
Cash flows from capital investment activities	(58.4) [1]	(52.7)
Free cash flow	**(72.1)** [1]	**(84.7)**

[1] Before acquisitions and divestments

Free cash flow [1] *€ million*



[1] Before acquisitions and divestments

Capital expenditure raised to about € 50.0 million

The LEONI Group's investment was up from € 38.8 million in the same period of 2016 to € 50.0 million in the first three months of 2017. Most of this, i.e. € 46.5 million, was spent on property, plant and equipment as well as intangible assets. In addition, the Company expended € 3.5 million on acquisitions and investments, almost all of which was accounted for by acquiring Switzerland-based Adaptricity AG in the Wire & Cable Solutions Division.

» Reports by division / Segment report page 7 et seq.

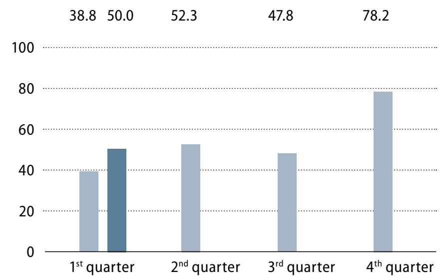
The Wiring Systems Division invested € 30.1 million in property, plant and equipment as well as intangible assets between January and March (previous year: € 25.2 million). We expanded our capacity worldwide in connection with new customer projects. The focal areas were facility enlargements and setting up two new plants in Eastern Europe. Rebuilding work at the divisional headquarters in Kitzingen also continued.

In the Wire & Cable Solutions Division, spending on property, plant and equipment as well as intangible assets was up from € 11.1 million to € 13.6 million. This investment was directed particularly towards special cables production for the automotive industry in Eastern Europe as well as production of cables for the solar and railway industries in India. The amount of capital investment will be significantly larger in the second half of the year due to construction of the new factory in Roth.

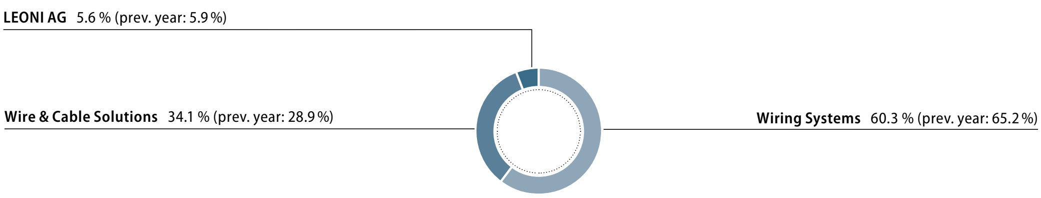
» Forecast page 18 et seq.

LEONI AG's capital expenditure amounted to € 2.8 million (previous year: € 2.3 million) and involved primarily the IT infrastructure.

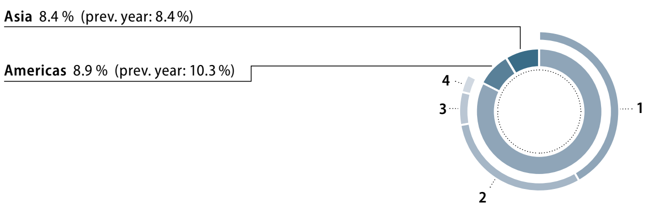
Capital expenditures *€ million*



Q1/2017 capital expenditures by segment



Q1/2017 capital expenditures[1] by region



EMEA total	82.7 %	(prev. year: 81.3 %)
1 Eastern Europe	41.8 %	(prev. year: 46.9 %)
2 Germany	30.5 %	(prev. year: 23.9 %)
3 Africa	6.7 %	(prev. year: 4.8 %)
4 Rest of EMEA	3.7 %	(prev. year: 5.7 %)

[1] *Property, plant and equipment as well as intangible assets*

Asset situation

Solid equity ratio of 30.8 percent

As at 31 March 2017, LEONI AG's consolidated balance sheet was enlarged by about 6 percent versus the figure at the end of 2016, to € 3,122.3 million. On the **asset side**, there was an increase in current assets of about 9 percent to € 1,731.8 million, which was due above all to the increased inventories and trade receivables because of the good order situation and the higher price of copper. Non-current assets accumulated by around 2 percent to € 1,390.5 million, as a result mainly of our investment in capacity expansion.

Under **liabilities**, there was a rise in current liabilities of 9.6 percent to € 1,411.9 million. In particular, this reflected the increase in trade liabilities as well as current financial liabilities. Non-current liabilities also increased by a total of nearly 1 percent to € 748.7 million. **Net financial liabilities** were up from € 403.6 million to € 478.8 million.

The LEONI Group's equity grew by about 5 percent to € 961.8 million due to the good result. Relative to total assets, this works out to a slightly diminished but still solid equity ratio of 30.8 percent (31/12/2016: 31.1 percent).

Asset and capital breakdown

€ million	31/03/2017	31/12/2016
Current assets	1,731.8	1,588.3
Non-current assets	1,390.5	1,359.1
Total assets	**3,122.3**	**2,947.4**
Current liabilities	1,411.9	1,288.5
Non-current liabilities	748.7	743.2
Equity	961.8	915.7
Total equity and liabilities	**3,122.3**	**2,947.4**

Calculation of net financial liabilities

€ million	31/03/2017	31/12/2016
Cash and cash equivalents	171.0	208.9
Current financial liabilities	(185.2)	(150.3)
Non-current financial liabilities	(464.6)	(462.1)
Net financial liabilities	(478.8)	(403.6)

Employees

Workforce grows to about 82,000 employees
The number of people employed in the LEONI Group rose by 6,832 year on year to 82,010 people at the end of March 2017. In addition, there were 4,698 part-time employees (previous year: 4,426), most of whom worked for LEONI in China and Eastern Europe.

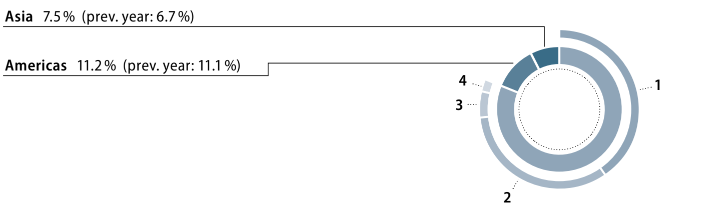
In the Wiring Systems Division, the workforce was enlarged by 6,326 versus the same quarter of the previous year to 72,151 employees. This growth was due mainly to recruitment for new customer projects at facilities in the Americas, Asia, Eastern Europe and North Africa.

The Wire & Cable Solutions Division employed 9,564 people at the end of March and thus 468 more than a year ago. This involved a worldwide increase in the workforce above all for production of special cables for the automotive industry.

The number of employees in the LEONI AG holding company rose by 20 people year on year to 295.

Employees

Employees by region *as of 31 March 2017*



EMEA total	81.3 %	(prev. year: 82.2 %)
1 Eastern Europe	40.5 %	(prev. year: 41.1 %)
2 Africa	32.9 %	(prev. year: 32.6 %)
3 Germany	5.4 %	(prev. year: 5.8 %)
4 Rest of EMEA	2.5 %	(prev. year: 2.7 %)

Supplementary report

» Reports by division / Segment report page 7 et seq.

The disposal of Business Group Electrical Appliance Assemblies from the Wire & Cable Solutions Division was completed as planned on 2 May 2017. This business will thus contribute to sales for only four months of 2017. Apart from that, 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.

Risk and opportunity report

The risk and opportunity situation for the LEONI Group has not materially changed since the end of 2016. 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 2016.

» Annual Report 2016 page 114 et seq.

Forecast

Business and underlying conditions

Notwithstanding numerous political and financial-market risks, the global economy should gain some pace in 2017: In its latest World Economic Outlook, the International Monetary Fund forecasts slightly accelerated worldwide economic growth of 3.5 percent, which will be underpinned by both the industrialized nations and the emerging markets in Asia.

The sectors of importance to LEONI likewise project an uptrend for 2017. According to the German the Association of the Automotive Industry (VDA) estimates, global **car sales** will be up by about 2 percent. This will probably involve considerable growth in the Chinese market, whereas the European and US markets are expected to stabilise. According to IHS Automotive's latest estimates, the **motor vehicle manufacturers** will consequently increase their worldwide production of cars and light commercial vehicles by nearly 2 percent this year. This growth will be underpinned by Asia and the EMEA region, whereas output in the Americas will probably be at the previous year's level.

IHS Automotive says that global production of **heavy commercial vehicles** is likely to be up by about 5 percent in 2017, driven above all by the American and Asian commercial vehicle industries. From today's perspective, the other **industrial markets** will also do well: the sector associations for the electrical goods industry, machinery and plant engineering as well as the ICT (information and communications technology) sector say that worldwide growth is to be expected.

The LEONI Group's business performance

» Annual Report 2016 page 134 et seq.

The good performance in the first quarter underpins our forecast for 2017, during which LEONI will be back on a successful track: From today's perspective, full-year **consolidated sales** will rise by approximately 4.5 percent to about € 4.6 billion. What should be taken into consideration in this respect is that the trend in business volume will be somewhat slower in the second half of the year than in the first due to the disposal of Business Group Electrical Appliance Assemblies. It is furthermore questionable how the price of copper, which had a notably beneficial effect on sales in the first quarter, will develop during the course of the year.

Broken down by region, we anticipate a significant pick-up especially in Asia. We project a moderate sales increase for the EMEA economic area and a slight decline in the Americas.

Consolidated EBIT is likely to be up strongly from € 78.1 million to between € 180 and 200 million in 2017. From today's perspective, we will benefit primarily from greater profit contributions from the additional sales, operational improvements in the Wiring Systems Division, the restructuring expenses reduced from € 31.4 million to a normal measure as well as the absence of charges stemming from the fraud case of about € 40 million. In addition, there is the exceptional income of € 5 million recognised in the first quarter from our fidelity insurance policy. We furthermore expect our sale of Business Group Electrical Appliance Assemblies to provide non-recurring income. On the other hand, however, there will be spending on various, Group-wide optimisation and future-oriented projects, among others covering such areas as strategy, digitization, IT and risk management.

The **Wiring Systems Division** is expected to increase its external sales by approximately 8 percent to about € 2.9 billion in 2017. Particularly strong growth rates are likely to be generated in the field of electromobility as well as in Asia, while some of the budgeted improvement in this region is attributable to full-year inclusion for the first time of our new majority holding in Wuhan Hengtong Automotive. A significant increase in the segment's EBIT from € 34.7 million to between € 90 and 100 million can be expected because the restructuring measures applied in 2016 will have a positive effect and the expenses consequently incurred will be absent.

Based on the yet again larger number of pending new projects for our customers, we will also enlarge our capacity for wiring systems production in 2017. Along with expanding existing facilities, we expect to commission new plants in Mexico and the Ukraine. Our joint venture in Langfang, China, will also be completing construction of a new plant. We will furthermore expand our activity in the areas of electromobility, automation and digitization this year.

The **Wire & Cable Solutions Division** can be expected to generate sales of about € 1.7 billion in 2017 (previous year: € 1.74 billion). The absence of Business Group Electrical Appliance Assemblies' sales from May 2017 will offset the budgeted modest growth in operating terms. From today's perspective, the division's EBIT including the effect of the disposal of Business Group Electrical Appliance Assemblies will range between € 85 and 95 million (previous year: € 83.7 million).

The focal areas of the Wire & Cable Solutions Division's investment this year will be worldwide expansion of capacity for special automotive cables and internationalisation. We are furthermore investing in the new factory at our site in Roth, Germany, construction of which began in early April. It will provide additional capacity for high-quality conductors and cables, especially for the automotive industry, and will comprise a laboratory as well as development centre. We also intend to enhance our position as a leading provider of intelligent and secure power transmission and data management system solutions as well as forge ahead further with our digital transformation in 2017.

Our detailed forecast for 2017, which still applies, is contained in our Annual Report 2016.

LEONI Group forecast

		Actual 2016 figures	**Forecast for 2017**
Consolidated sales	*€ billion*	4.43	approx. 4.6
EBIT	*€ million*	78.1	180 – 200
Capital expenditure	*€ million*	217.1[1]	approx. 250
Free cash flow	*€ million*	(40.3)	positive

[1] incl. acquisitions and investments

Condensed interim consolidated financial statements 31 March 2017

Consolidated income statement

	1st quarter		
€ '000 (except information to shares)	**2017**	**2016**	**Change**
Sales	1,205,469	1,089,293	10.7 %
Cost of sales	(1,000,554)	(917,539)	9.1 %
Gross profit on sales	**204,915**	**171,754**	**19.3 %**
Selling expenses	(62,348)	(60,440)	3.2 %
General and administration expenses	(65,321)	(59,805)	9.2 %
Research and development expenses	(31,903)	(32,582)	(2.1) %
Other operating income	8,942	5,835	53.3 %
Other operating expenses	(6,207)	(2,135)	> 100.0 %
Result from associated companies and joint ventures	4,774	1,725	> 100.0 %
EBIT	**52,852**	**24,352**	**> 100.0 %**
Finance revenue	573	387	48.1 %
Finance costs	(5,943)	(6,001)	(1.0) %
Other income / expenses from share investments	183	114	60.5 %
Income before taxes	**47,665**	**18,852**	**> 100.0 %**
Income taxes	(14,044)	(7,267)	93.3 %
Net income	**33,621**	**11,585**	**> 100,0 %**
attributable to: equity holders of the parent	33,356	11,512	
non-controlling interests	265	73	
Earnings per share (basic and diluted)	1.02	0.35	
Weighted average shares outstanding (basic and diluted)	32,669,000	32,669,000	

Consolidated statement of comprehensive income

	1st quarter		
€ '000	**2017**	**2016**	**Change**
Net income	**33,621**	**11,585**	**> 100.0 %**
Other comprehensive income			
Items that cannot be reclassified to the income statement:			
Actuarial gains and losses on defined benefit plans	2,792	(15,167)	> 100.0 %
Income taxes applying to items of other comprehensive income that are not reclassified	(720)	3,596	(> 100.0) %
Share of the actuarial gains and losses that pertain to associates and joint ventures	0	(15)	—
Items that can be reclassified to the income statement:			
Cumulative translation adjustments			
Losses and gains arising during the period	2,801	(22,994)	> 100.0 %
Total cumulative translation adjustments	2,801	(22,994)	> 100.0 %
Cash flow hedges			
Gains arising during the period	6,109	57	> 100.0 %
Less reclassification adjustments included in the income statement	4,918	2,547	93.1 %
Total cash flow hedges	11,027	2,604	> 100.0 %
Parts of the items that can be reclassified to the income statement, which pertain to associates and joint ventures	(66)	(547)	87.9 %
Income taxes applying to items of other comprehensive income that are reclassified	(3,332)	(1,911)	(74.4) %
Other comprehensive income (after taxes)	**12,502**	**(34,434)**	**> 100.0 %**
Total comprehensive income	**46,123**	**(22,849)**	**> 100.0 %**
attributable to: equity holders of the parent	45,894	(22,922)	> 100.0 %
non-controlling interests	229	73	> 100.0 %

Consolidated statement of cash flows

€ '000	1st quarter 2017	1st quarter 2016
Net income	33,621	11,585
Adjustments to reconcile cash provided by operating activities:		
Income taxes	14,044	7,267
Net interest	5,652	5,374
Dividend income	(183)	(114)
Depreciation and amortisation	37,180	36,976
Losses on assets held for sale	1,500	0
Non-cash result from associated companies and joint ventures	(4,774)	(1,725)
Result of asset disposals	74	(389)
Change in operating assets and liabilities		
Change in receivables and other financial assets	(70,778)	(49,233)
Change in inventories	(85,170)	(56,766)
Change in other assets	(35,554)	(28,196)
Change in restructuring provisions	(7,578)	(72)
Change in other provisions	620	(7,501)
Change in liabilities	105,057	60,284
Income taxes paid	(4,902)	(6,698)
Interest paid	(2,930)	(3,201)
Interest received	231	300
Dividends received	183	114
Cash flows from operating activities	**(13,707)**	**(31,995)**
Capital expenditures for intangible assets and property, plant and equipment	(58,854)	(53,226)
Acquisitions of subsidiaries less cash and cash equivalents acquired thereof: Purchase price 3,479 T€ (prev. year: 0 T€) Cash and cash equivalents acquired 2,340 T€ (prev. year: 0 T€)	(1,139)	0
Capital expenditures for other financial assets	(30)	(98)
Cash receipts from disposal of assets	545	670
Cash flows from capital investment activities	**(59,478)**	**(52,654)**
Cash receipts from acceptance of financial debts	34,242	23,815
Cash repayments of financial debts	0	(27,345)
Dividends paid to the non-controlling interest shareholders	(1,024)	0
Cash flows from financing activities	**33,218**	**(3,530)**
Change of cash and cash equivalents	(39,967)	(88,179)
Currency adjustments	590	(1,961)
Cash and cash equivalents at beginning of period	208,913	279,680
Cash and cash equivalents at end of period	169,536	189,540
of which carried on the balance sheet under the item 'assets held for sale'	(1,447)	0
of which carried on the balance sheet under the item 'cash and cash equivalents'	170,983	189,540

Consolidated statement of financial position

Assets

€ '000	31/03/2017	31/12/2016	31/03/2016
Cash and cash equivalents	170,983	208,913	189,540
Trade accounts receivable	620,025	558,300	613,133
Other financial assets	31,071	26,475	27,926
Other assets	145,539	115,629	122,299
Receivables from income taxes	15,967	16,035	16,211
Inventories	671,763	588,273	596,269
Assets held for sale	76,442	74,712	6,965
Total current assets	**1,731,790**	**1,588,337**	**1,572,343**
Property, plant and equipment	964,185	949,863	896,057
Intangible assets	70,548	70,659	77,245
Goodwill	149,692	147,935	149,602
Shares in associated companies and joint ventures	29,409	24,754	13,687
Trade receivables from long-term development contracts	58,862	53,344	51,597
Other financial assets	7,911	7,543	8,406
Deferred taxes	60,760	61,356	57,139
Other assets	49,160	43,642	24,910
Total non-current assets	**1,390,527**	**1,359,096**	**1,278,643**
Total assets	**3,122,317**	**2,947,433**	**2,850,986**

Equity and liabilities

€ '000	31/03/2017	31/12/2016	31/03/2016
Current financial debts and current proportion of long-term financial debts	185,177	150,345	69,546
Trade accounts payable	872,407	773,123	757,856
Other financial liabilities	46,063	82,969	56,975
Income taxes payable	31,512	25,874	31,245
Other current liabilities	188,710	160,993	168,940
Provisions	47,217	53,463	29,352
Liabilities held for sale	40,787	41,761	0
Total current liabilities	**1,411,873**	**1,288,528**	**1,113,914**
Long-term financial debts	464,557	462,143	527,831
Long-term financial liabilities	16,009	14,103	1,870
Other non-current liabilities	5,007	5,127	9,706
Pension provisions	180,413	183,059	162,615
Other provisions	33,331	33,253	26,745
Deferred taxes	49,366	45,564	34,826
Total non-current liabilities	**748,683**	**743,249**	**763,593**
Share capital	32,669	32,669	32,669
Additional paid-in capital	290,887	290,887	290,887
Retained earnings	667,830	634,474	668,719
Accumulated other comprehensive income	(38,822)	(51,360)	(20,584)
Equity holders of the parent	952,564	906,670	971,691
Non-controlling interests	9,197	8,986	1,788
Total equity	**961,761**	**915,656**	**973,479**
Total equity and liabilities	**3,122,317**	**2,947,433**	**2,850,986**

Consolidated statement of changes in equity

				Accumulated other comprehensive income					
€ '000	Share capital	Additional paid-in capital	Retained earnings	Cumulative translation adjustments	Cash flow hedges	Actuarial gains and losses	Equity holders of the parent	Non-controlling interests	Total equity
1 January 2016	**32,669**	**290,887**	**657,207**	**102,776**	**(6,742)**	**(82,184)**	**994,613**	**1,715**	**996,328**
Net income			11,512				11,512	73	11,585
Other comprehensive income				(23,550)	702	(11,586)	(34,434)	0	(34,434)
Total comprehensive income							(22,922)	73	(22,849)
31 March 2016	**32,669**	**290,887**	**668,719**	**79,226**	**(6,040)**	**(93,770)**	**971,691**	**1,788**	**973,479**
1 January 2017	**32,669**	**290,887**	**634,474**	**84,906**	**(14,914)**	**(121,352)**	**906,670**	**8,986**	**915,656**
Net income			33,356				33,356	265	33,621
Other comprehensive income				2,771	7,695	2,072	12,538	(36)	12,502
Total comprehensive income							47,194	229	46,123
Dividend payment								(1,024)	(1,024)
Addition of non-controlling interests								1,133	1,133
Disposal of non-controlling interests								(127)	(127)
31 March 2017	**32,669**	**290,887**	**667,830**	**87,677**	**(7,219)**	**(119,280)**	**952,564**	**9,197**	**961,761**

Notes to the condensed interim consolidated financial statements for the period from 1 January to 31 March 2017

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 2016. LEONI prepares and publishes the interim financial statements in euro (€). The presented interim consolidated financial statements and interim group management report as at 31 March 2017 were subjected to neither a review nor an audit pursuant to Section 317 of the German Commercial Code (HGB) by the auditors. The Management Board authorised release of the interim consolidated financial statements on 4 May 2017.

1 | Accounting principles

The consolidation, valuation and accounting methods applied are essentially in line with those in the 2016 consolidated financial statements, where they are described in the notes.

The accounting standards that were to be applied to the 2017 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.

The acquisition of a business in Switzerland that was allocated to the Wire & Cable Solutions Division extended the scope of consolidation during the period under report.

Explanations

3 | Acquisition and disposal of subsidiaries

LEONI acquired two thirds of the shares in Zürich-based Adaptricity AG. The company will contribute software-supported consulting services based on expert electrotechnical knowledge to the Group. The company was first consolidated upon gaining control of it on 15 February 2017. The acquired business will be integrated in the Wire & Cable Solutions Division. The purchase price is € 3,479 k. Taking the acquired cash and cash equivalents totalling € 2,340 k into account, the cash consideration paid was € 1,139 k. The acquisition did not incur any material transaction costs.

Given that no reliable purchase price allocation could yet be made because of pending valuation factors, this will be recognised accordingly as soon as assured knowledge is available within the next twelve months. The overview below shows the provisional fair values of the acquired assets and liabilities on the date of initial consolidation:

€ '000	**Recognised at acquisition** *(provisional figures)*
Liquid assets	2,340
Trade accounts receivable	34
Inventories	8
Intangible assets	1,461
Total assets	3,843
Trade accounts payable	107
Total liabilities	127
Deferred taxes	212
Total liabilities	446
Net assets	**3,397**
Acquired net assets	**2,265**
Purchase price	3,479
Negative goodwill	**1,214**

The purchase price exceeded the sum of pro-rata assets and liabilities, which is why goodwill amounting to € 1,214 k was recognised for the acquired staff and expected synergies.

4 | Segment information

The Group has two segments subject to reporting: Detailed information on the segments is contained in the interim group management report as well as the 2016 annual report.

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

	1st quarter		
€ '000 (employees excluded)	**2017**	**2016**	**Change**
Wiring Systems			
Sales	730,733	651,312	12.2 %
Less intersegment sales	63	156	(59.6) %
External sales (sales to third parties)	730,670	651,156	12.2 %
EBIT	22,875	5,045	> 100.0 %
EBIT as a percentage of external sales	3.1 %	0.8 %	—
Employees as at 31/03/ (number)	72,151	65,825	9.6 %
Wire & Cable Solutions			
Sales	524,997	485,616	8.1 %
Less intersegment sales	50,198	47,479	5.7 %
External sales (sales to third parties)	474,799	438,137	8.4 %
EBIT	25,030	19,292	29.7%
EBIT as a percentage of external sales	5.3 %	4.4 %	—
Employees as at 31/03/ (number)	9,564	9,078	5.4 %
Consolidation / LEONI AG			
Sales	(50,261)	(47,635)	(5.5) %
Less intersegment sales	50,261	47,635	5.5 %
External sales (sales to third parties)	—	—	
EBIT	4,947	15	
Employees as at 31/03/ (number)	295	275	7.3 %
Group			
Sales	1,205,469	1,089,293	10.7 %
Less intersegment sales	—	—	
External sales (sales to third parties)	1,205,469	1,089,293	10.7 %
EBIT	52,852	24,352	> 100.0 %
EBIT as a percentage of external sales	4.4 %	2.2 %	—
Employees as at 31/03/ (number)	82,010	75,178	9.1 %

5 | Other operating income and other operating expenses

The other operating income in the amount of € 8,942 k (previous year: € 5,835 k) included insurance compensation of € 5,000 k for the fraud case of the previous year. Government grants accounted for € 1,314 k (previous year: € 835 k), which were mainly to subsidise export business in Egypt. Also included is income from providing services for our joint venture in Langfang of € 685 k (previous year: € 1,369 k; cf. also Note 12 in this regard). The previous year's figure included exchange gains in the amount of € 137 k.

Other operating expenses amounted to € 6,207 k (previous year: € 2,135 k). Restructuring expenses in the amount of € 358 k (previous year: € 1.584 k) were incurred in the Wiring Systems Division. In the previous year, the Wire & Cable Solutions Division incurred € 668 k by shutting down its production for Industrial Projects in Mexico. Exchange losses were included in the amount of € 3,563 k.

6 | Financial result

The financial result, i.e. the balance of finance revenue and costs, came to negative € 5,370 k (previous year: negative € 5,614 k). This reflected exchange gains, or the absence of exchange losses, more than offsetting higher interest expenses due to increased net financial liabilities.

7 | Income taxes

The reported income taxes of € 14,044 k (previous year: € 7,267 k) comprised current tax expense of € 13,965 k (previous year: € 8,237 k) and deferred tax expense due to differences in balance sheet items and changes in loss carryforwards of € 79 k (previous year: deferred tax income of € 970 k).

The tax rate was 29.5 percent (previous year: 38.6 percent).

8 | Comprehensive income

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

	1st quarter					
	2017			2016		
€ '000	Pre-tax amount	Tax effect	Net amount	Pre-tax amount	Tax effect	Net amount
Change in actuarial gains and losses	2,792	(720)	2,072	(15,167)	3,596	(11,571)
Foreign currency translation adjustments	2,801	0	2,801	(22,994)	(9)	(23,003)
Changes in unrealised gains/ losses on cash flow hedges	11,027	(3,332)	7,695	2,604	(1,902)	702
Changes in the share of other comprehensive income accounted for by associates and joint ventures	(66)	0	(66)	(562)	0	(562)
Other comprehensive income	**16,554**	**(4,052)**	**12,502**	**(36,119)**	**1,685**	**(34,434)**

Other comprehensive income during the period under report was characterised by unrealized gains on cash flow hedges. This involved changes in the exchange rates between several currency pairings of key significance to LEONI.

The increase in the discount rate on pension obligations in Germany and Switzerland furthermore resulted in actuarial gains amounting to € 2,792 k (previous year: losses of € 15,167 k).

Other comprehensive income showed currency translation gains of € 2,801 k (previous year: losses of € 22,994 k) due to translation primarily of the Russian rouble and the Mexican peso into the euro reporting currency.

Taking deferred taxes into account, the overall result was other comprehensive income of € 12,502 k (previous year: negative € 34,434 k).

9 | Financial liabilities

The sum of current and non-current financial liabilities was € 649,734 k on 31 March 2017 (31/12/2016: € 612,488 k) and was up for reporting date-related reasons to fund working capital.

10 | Assets and liabilities held for sale

The assets held for sale concern the planned disposal of the domestic and electrical appliances business. Both the slight increase in assets and the small decrease in liabilities versus 31 December 2016 were due only to changes in current operations.

11 | Financial instruments

The tables below show the carrying amounts and the fair values of the financial instruments held in the Group on 31 March 2017 and on 31 March 2016:

		Amounts recognised in balance sheet according to IAS 39					
€ '000	Category in accordance with IAS 39	**Carrying amount 31/03/2017**	Amortised cost	Cost	Fair value recognised in equity	Fair value recognised in profit or loss	**Fair value 31/03/2017**
Assets							
Cash and cash equivalents	LaR	**170,983**	170,983				**170,983**
Trade receivables	LaR	**620,025**	620,025				**620,025**
Long-term trade receivables from development contracts	LaR	**58,862**	58,862				**58,862**
Other financial receivables	LaR	**31,575**	31,575				**31,575**
Other non-derivative financial assets							
Available-for-Sale financial assets	AfS	**1,119**		1,119			**1,119**
Derivative financial assets							
Derivatives without a hedging relationship	FAHfT	**2,317**				2,317	**2,317**
Derivatives with a hedging relationship	n/a	**3,971**			2,396	1,575	**3,971**
Total equity and liabilities							
Trade payables	FLAC	**872,407**	872,407				**872,407**
Liabilities to banks	FLAC	**252,912**	252,912				**256,006**
Borrower's note loans	FLAC	**396,797**	396,797				**408,113**
Other financial liabilities	FLAC	**45,383**	45,383				**45,383**
Derivative financial liabilities							
Derivatives without a hedging relationship	FLHfT	**8,104**				8,104	**8,104**
Derivatives with a hedging relationship	n/a	**8,610**			8,610		**8,610**
Of which aggregated by categories in accordance with IAS 39:							
Loans and Receivables (LaR)	LaR	**881,445**	881,445				**881,445**
Available-for-Sale financial assets (AfS)	AfS	**1,119**		1,119			**1,119**
Financial Assets Held for Trading (FAHfT)	FAHfT	**2,317**				2,317	**2,317**
Financial Liabilities measured at Amortised Cost (FLAC)	FLAC	**1,567,499**	1,567,499				**1,581,909**
Financial Liabilities Held for Trading (FLHfT)	FLHfT	**8,104**				8,104	**8,104**

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

Due to the short terms of the cash and cash equivalents, trade receivables and other current receivables, the fair values largely corresponded to the carrying amounts as they did in the previous year.

The fair values of other non-current receivables maturing after more than one year corresponded to the present values of payments relating to the assets, in each case taking into account the current interest parameters that reflected market and partner-related changes in terms.

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

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

Valuation method to determine fair value

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

31/03/2017 *€ '000*	Prices quoted on active markets (step 1)	Valuation methods where all principal parameters are based on observable market data (step 2)	Valuation methods where all principal parameters are *not* based on observable market data (step 3)	Total
Financial assets measured at fair value				
Derivative financial assets				
Derivatives without a hedging relationship	145	2,172	0	**2,317**
Derivatives with a hedging relationship	0	3,971	0	**3,971**
Financial liabilities measured at fair value				
Derivative financial liabilities				
Derivatives without a hedging relationship	0	8,104	0	**8,104**
Derivatives with a hedging relationship	0	8,610	0	**8,610**

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

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

Other information

12 | 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 € 1,881 k (previous year: € 3,003 k) from sales and providing services to associates and joint ventures. These transactions resulted in receivables of € 3,964 k (previous year: € 7,933 k).

LEONI generated income of € 425 k (previous year: € 426 k) from the sale of products and services to members of the Supervisory Board and their companies and made purchases worth € 239 k (previous year: € 161 k) from them during the period under report. All supply and service transactions were concluded on standard market terms.

13 | Board of Directors and Supervisory Board

The Supervisory Board of LEONI AG appointed Martin Stüttem as a new member of the Board of Directors effective 1 April 2017. He has since then been in charge of the Wiring Systems Division.

Dr Werner Rupp furthermore stated that he will resign his office as Chairman and member of the Supervisory Board of LEONI AG effective 30 April 2017. His successor will be decided upon during Annual General Meeting on 11 May 2017.

14 | Events after the reporting period

The disposal of Business Group Electrical Appliance Assemblies from the Wire & Cable Solutions Division was completed as planned on 2 May 2017. The transaction is expected to generate income, but a precise statement concerning the impact on the LEONI Group's earnings, financial and asset situation cannot yet be made. Apart from that, 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.

Nuremberg, 4 May 2017

The Board of Directors

Key dates

Interim Report 1st quarter 2017
10 May 2017

Annual General Meeting
11 May 2017

Interim Report 2nd quarter and 1st half 2017
9 August 2017

Interim Report 1st – 3rd quarter 2017
15 November 2017

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