



ACTIVE  
CLEVER  
EVER  
IN >80  
COUNTRIES  
1,026 Employees  
People & Ideas  
high-quality  
innovative  
branded  
products  
AND QUALITY  
INNOVATION  
Turnover of € 219.5  
million in 2013  
POS EXCELLENCE  
**I TRUST IN  
LEIFHEIT**  
efficient  
Focus on  
brand and  
margin  
FOCUS  
MARKETS  
DISTRIBUTION  
IN INTERNATIONAL  
MARKETS  
Consumer-  
oriented  
Product inno-  
vations  
E-QUALITY

# German Equity Forum

November 2014

# Attractive dividend title, profitable and well positioned for future growth

## 1. Strong brands

- Well-known brands with high consumer confidence
- Leading market positions in Germany and many other European countries
- Positioned as high-quality supplier in the middle and upper price tier

## 2. Established business model

- Clear focus on core competencies in 4 categories: cleaning, laundry care, kitchen and wellbeing
- Less cyclical business and only limited dependency on consumer behavior: our everyday products are always in demand
- Assortment is well suited to exploit potential of the fast growing E-commerce

## 3. Earning power and solid balance sheet structure

- Measures of „Leifheit GO!“ strategy led to sustainable earning power and efficient cost structure
- Conservative balance sheet structure with high equity ratio and no financial debts
- Strong cash position and solid cash flows enable investments in future organic and inorganic growth

## 4. Attractive dividend policy

- Further development of dividend performance by profitability and solid cash flows
- Annual distribution of roughly 75 percent of the net profit for the period as dividend planned

## 5. Transparency and reliability

- Compliance with the international transparency standards of the Prime Standard trading segment
- Prudent guidance with realistic goals
- Clear commitment to meet our communicated targets

# Agenda

- Corporate profile
- Group development for the period ending 30 September 2014 and Outlook
- Strategy
- Leifheit 2020
- Summary
- Annex

# Leifheit at a glance

**Leifheit Group is a leading company  
in the European market  
of branded products  
for selected household areas**

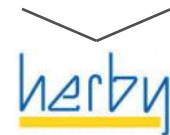


# Brand Business generates the majority of turnover

## Leifheit-Group

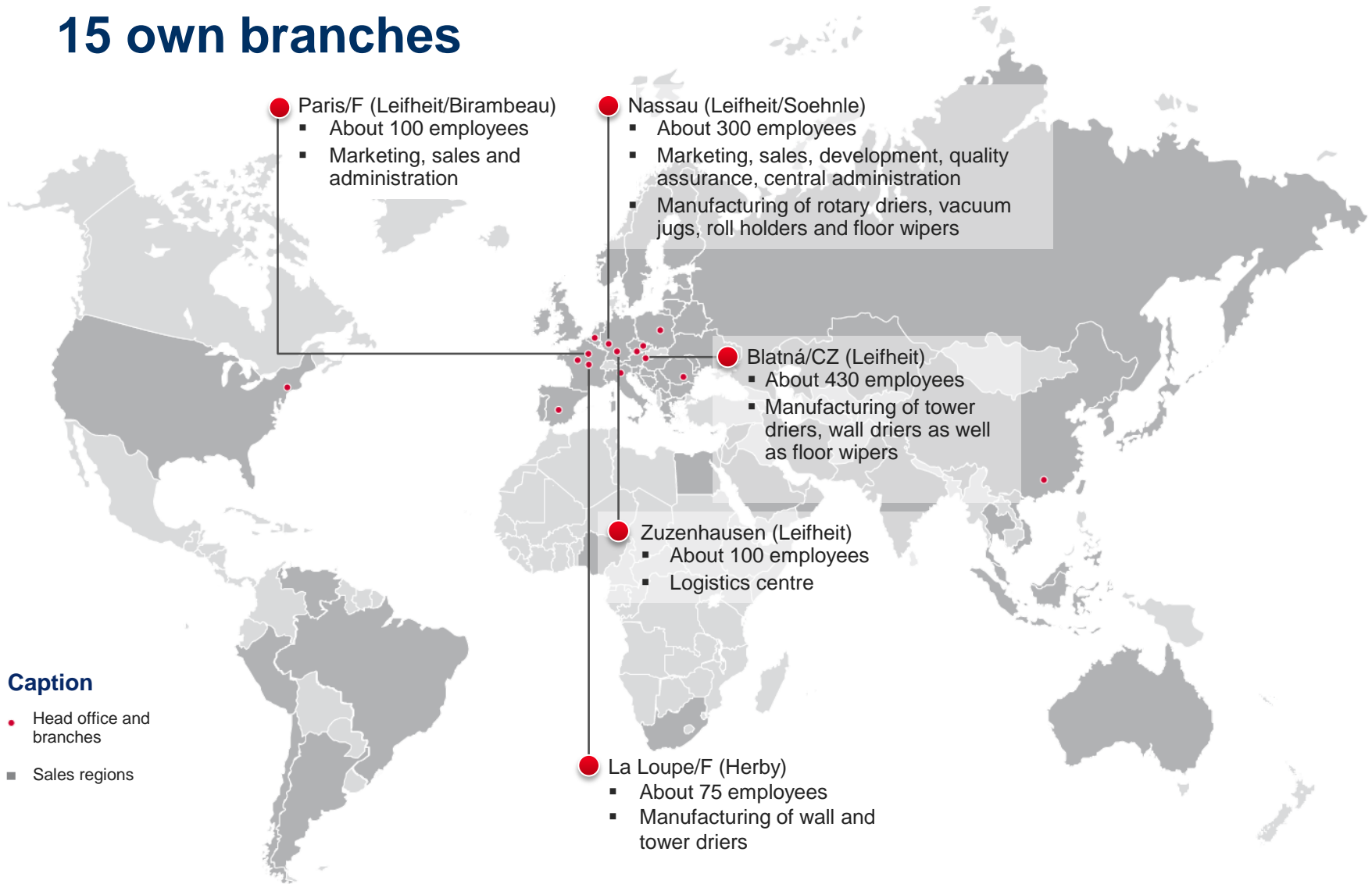
Turnover 2013: € 219.5 m<sup>1)</sup>

Brand Business	Volume Business
Turnover: € 172.8 m (share: 78.7%) <sup>1)</sup>	Turnover: € 46.7 m (share: 21.3%)
<ul style="list-style-type: none"> <li>▪ High-quality branded products with a high degree of consumer benefit, mid to upper price segment</li> <li>▪ Consistent brand management</li> <li>▪ Systematic processes for innovation and market launch</li> <li>▪ Distribution in international markets</li> <li>▪ Product categories: Cleaning, Laundry Care, Kitchen, Wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Products in mid-price range</li> <li>▪ Customer-specific product development</li> <li>▪ Strong service component</li> <li>▪ Distribution in international markets</li> <li>▪ Product categories: Cleaning, Laundry Care, Kitchen and Wellbeing</li> </ul>



<sup>1)</sup> turnover 2013 adjusted for business with Dr Oetker Bakeware

# Leifheit is active in more than 80 countries with 15 own branches



# **Group development**

**for the period ending 30 September 2014  
and outlook**

Group development for the period ending 30 September 2014 and outlook

## Significant EBIT growth above forecast and on-going stable turnover development

	Targets 2014	Q1-Q3 2014	Outlook 2014
Group turnover	Stable development on previous year's level	Stable (-0.4%)	Stable development on previous year's level
Brand Business	Growth +1% to +3%	Growth (+2.5%)	Growth +1% to +3%
Volume Business	Slight decrease in turnover	Significant decrease (-12.4%)	Decrease in turnover
EBIT	Stable development on previous year's level	Rapid growth (>100%) <sup>1)</sup>	Significant increase to approx. € 18 m to € 19 m <sup>2)</sup>

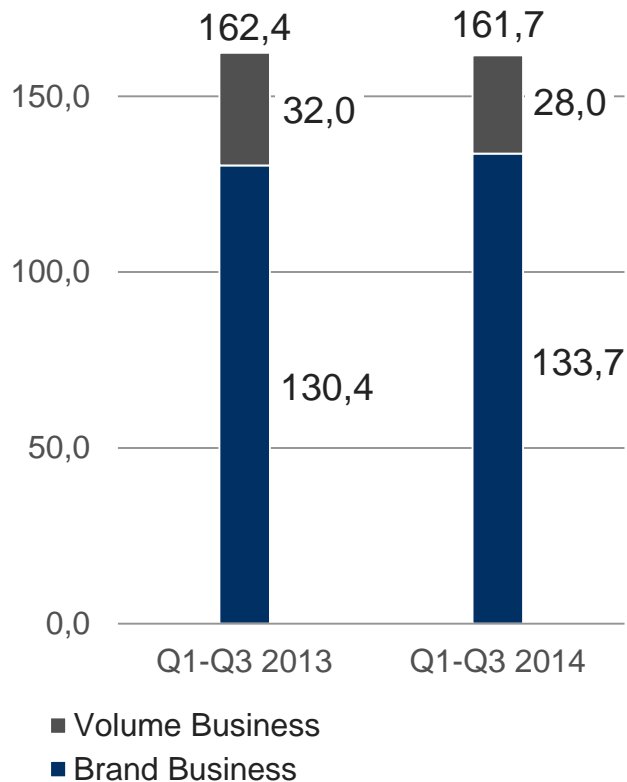
- 1) Earnings in the period ending 30 September 2014 were significantly influenced by the foreign currency result amounting to € 4.4 m, which, compared to Q1-Q3 2013, increased by € 5.4 m. Adjusted for the foreign currency result, EBIT amounted to € 11.8 m (previous year: € 7.6 m)
- 2) Expected growth in earnings above targets is primarily due to an increased foreign currency result



# Stable group turnover despite challenging economic environment

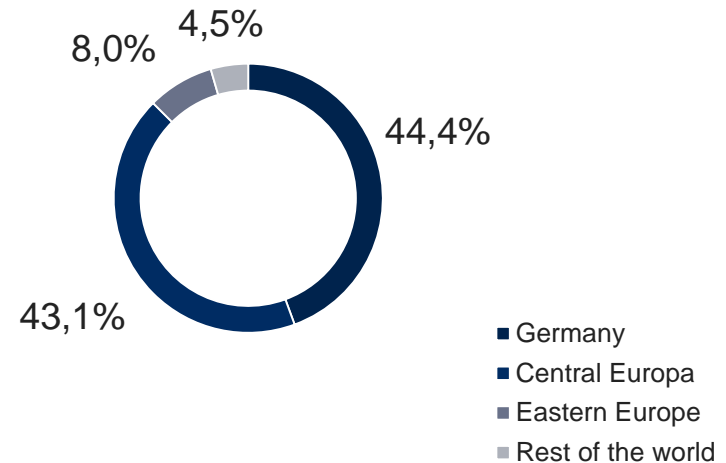
## Group turnover

by segment/in € m



## Group turnover

by region



- Stable domestic demand drives turnover in Germany
- Growing demand in our core markets Czech Republic, Poland, Spain and Scandinavia
- Falling demand in France, Far East, the Netherlands, Ukraine and Russia due to political conflicts

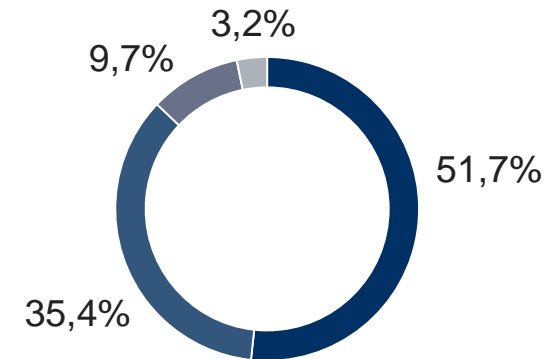
# Cleaning and Laundry Care drive turnover in Brand Business segment

€ m	Q1-Q3 2014	Q1-Q3 2013	+/- %
Turnover Brand Business	133.7	130.4	2.5
▪ Cleaning	45.8	41.8	9.5
▪ Laundry Care	58.5	56.4	3.5
▪ Kitchen	12.6	12.4	1.8
▪ Wellbeing	16.8	19.8	-14.8
EBIT	13.3	4.7	>100.0

- Favorable weather conditions and the product innovation “window vacuum cleaner” boosted growth in the product category Cleaning
- Rotary dryers and ironing products stimulated turnover development in the category Laundry Care
- Product category Wellbeing suffered from lower demand for scales
- EBIT in the Brand Business adjusted for foreign currency results amounted to € 9.4 m (previous year € 5.6 m)

## Turnover Brand Business

by region



- Germany
- Central Europe
- Eastern Europe
- Rest of the world



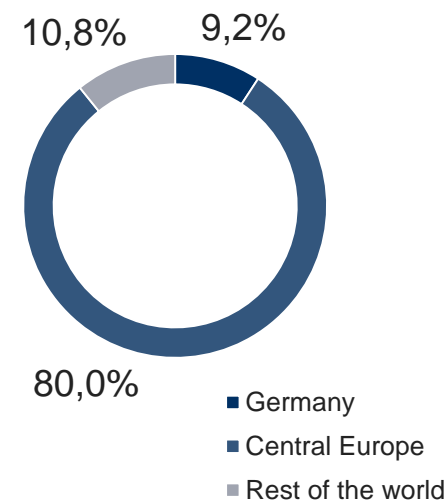
# Volume Business continues to decline

€ m	Q1-Q3 2014	Q1-Q3 2013	+/- %
Turnover Volume Business	28.0	32.0	-12.4
▪ Cleaning	0.3	0.1	>100.0
▪ Laundry Care	9.3	9.9	-5.4
▪ Kitchen	17.0	19.6	-13.0
▪ Wellbeing	0.1	0.9	-92.6
▪ Contract manufacturing	1.3	1.5	-15.8
EBIT	2.9	1.9	54.0

- Turnover in Volume Business was mainly influenced by partial de-listing of a major French client as well as Leifheit's strategic focus on Brand Business
- Subsidiary Herby with positive business development due to new listing at a well-known Dutch retail chain
- EBIT in the Volume Business adjusted for foreign currency result amounted to € 2.4 m (previous year: € 2.0 m)

## Turnover Volume Business

by region



**birambeau**  
la Cuisine plaisir

**herby**

**Project  
Business**

## Further improvement of operating profitability and the foreign currency result led to strong EBIT growth

		Q1-Q3 2014	Q1-Q3 2013	+/- %
Gross margin	in %	47.1	43.9	3.2 pp
EBIT	€ m	16.2	6.6	>100.0
EBIT (adjusted) <sup>1)</sup>	€ m	11.8	7.6	55.2
EBIT margin	in %	10.0	4.0	6.0 pp
EBT	€ m	15.0	5.2	>100.0
Net result for the period	€ m	10.6	4.1	>100.0

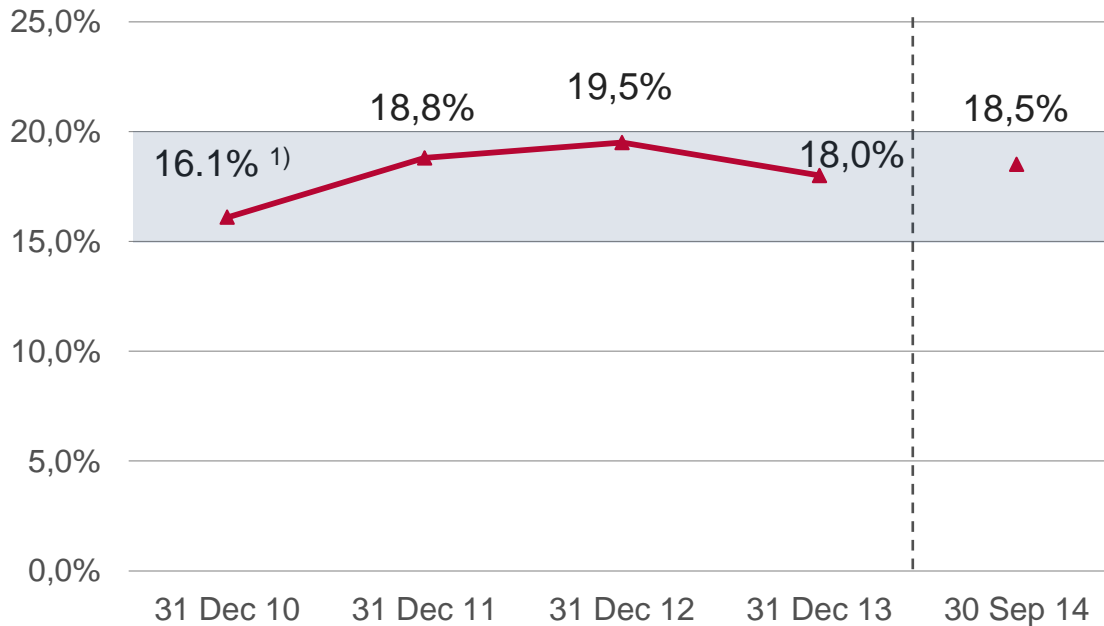
- Increase of the gross margin due to focus on high-margin business
- Earnings in the period ending 30 September 2014 were significantly influenced by the foreign currency result amounting to € 4.4 m, which, compared to Q1-Q3 2013, increased by € 5.4 million. Adjusted for the foreign currency result, EBIT amounted to € 11.8 m (previous year: € 7.6 m)
- Increased tax rate of 29.4% (Q1-Q3 2013: 22.4%)

1) EBIT adjusted for foreign currency result

# Working Capital remains at a low level

## Working Capital

in percentage of turnover



- Working Capital remained at a good level of 18.5% as of 30 Sept 2014
- Receivables and inventories slightly above the year-end figures 2013 due to seasonal factors
- Liabilities rose slightly relating solely to the balance sheet date

1) 2010 ultimately without consolidation of Leifheit CZ a.s.

## Stable cash flow led to improved group liquidity

€ m	Q1-Q3 2014	Q1-Q3 2013
Cash flow from operating activities	22.7	23.1
Cash flow from investment activities	-6.4	1.8
Cash flow from financing activities	-7.8	-7.1
Effects of exchange rate differences	0.1	0.4
Net change in cash and cash equivalents	8.6	18.2
Cash and cash equivalents at the end of the period	59.6	51.9
Short-term securities	4.0	1.0
Group liquidity	63.6	52.9
Free cash flow <sup>1)</sup>	19.3	21.0

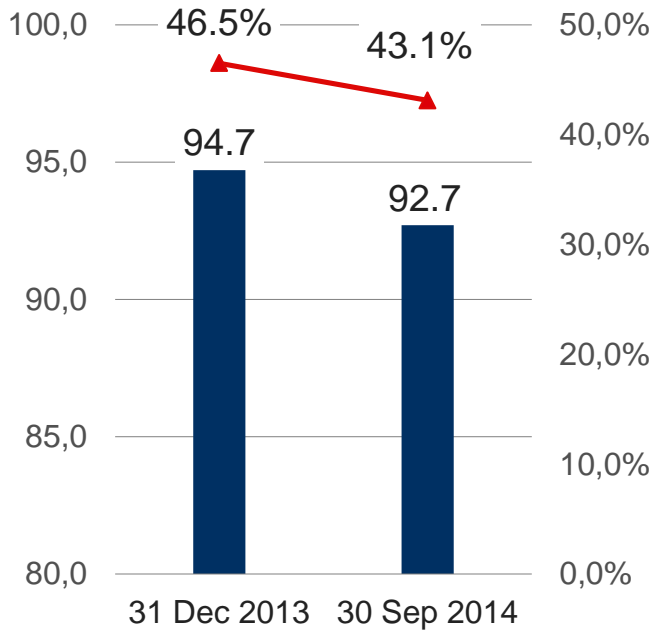
- Cash flow from operating activities affected by net result of € 10.6 m, depreciation of € 4.4 m, increase in inventories of € 1.9 m, decrease in value added tax receivables of € 2.0 m and increase in liabilities of € 7.3 m
- Cash flow from investment activities includes outgoing payments resulting from changes to short-term securities of € 3.0 m and outgoing payments for the purchase of assets of € 3.6 m
- Cash flow from financing activities mainly includes paid dividends

1) Amount of cash flow from operating activities and investment activities, adjusted by payments and pay offs in financial assets as well as disposal of business areas

# Strong equity ratio

## Equity/Equity ratio

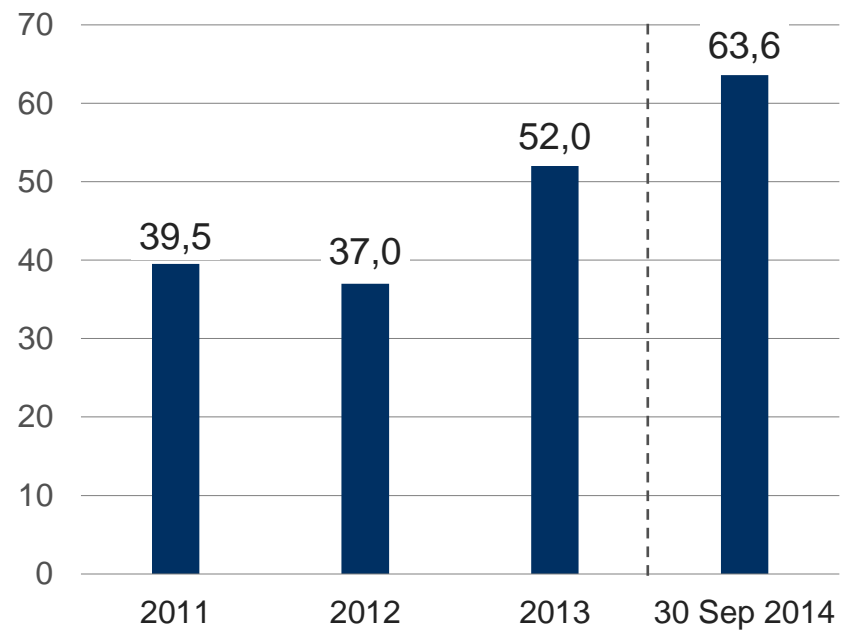
in € m



■ Equity    ▲ Equity ratio

## Cash and cash equivalents and current financial assets

in € m

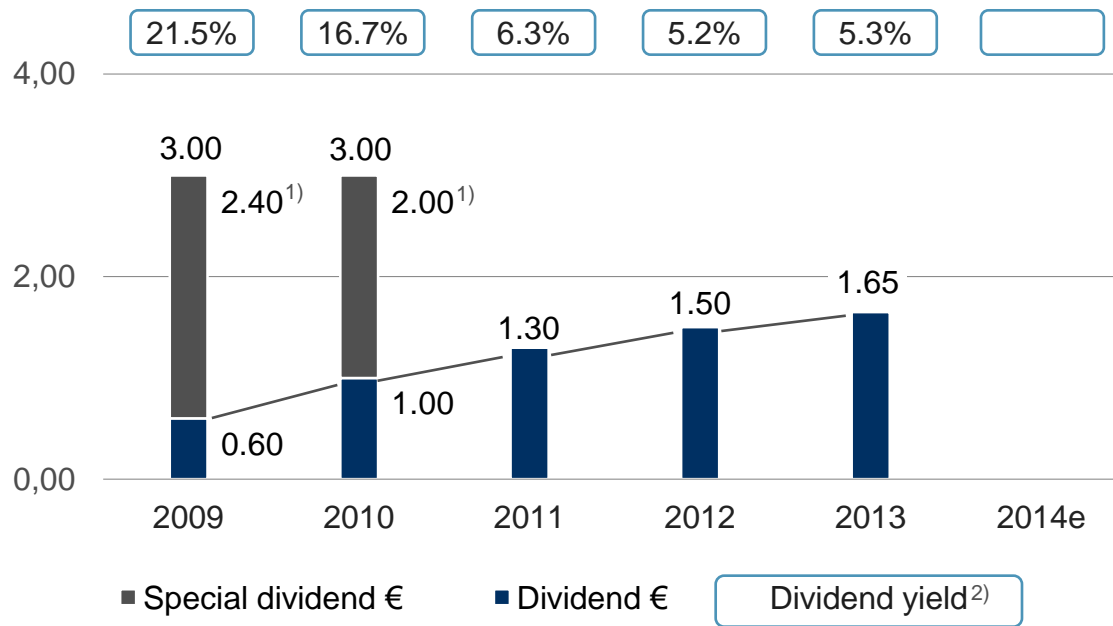


1) The positive net result for the period in the amount of € 10.6 million was counterbalanced by negative other comprehensive income of € 4.8 million, primarily due to actuarial losses in the amount of € 5.7 million (after taxes) arising out of pension obligations on account of the fall in the discount rate from 3.5% to 2.55% (IAS 19).

# Leifheit continues to be an attractive dividend title with a dividend increase of 10% for 2013 financial year

## Dividend development

2009 – 2014e



- Dividend increase of 10% for 2013 financial year
- Dividend yield 2013: 5.3%
- It is our aim to benefit our shareholders from the company's success in a sustainable manner

1) participation of the shareholders in the selling of the business unit 'bathroom'

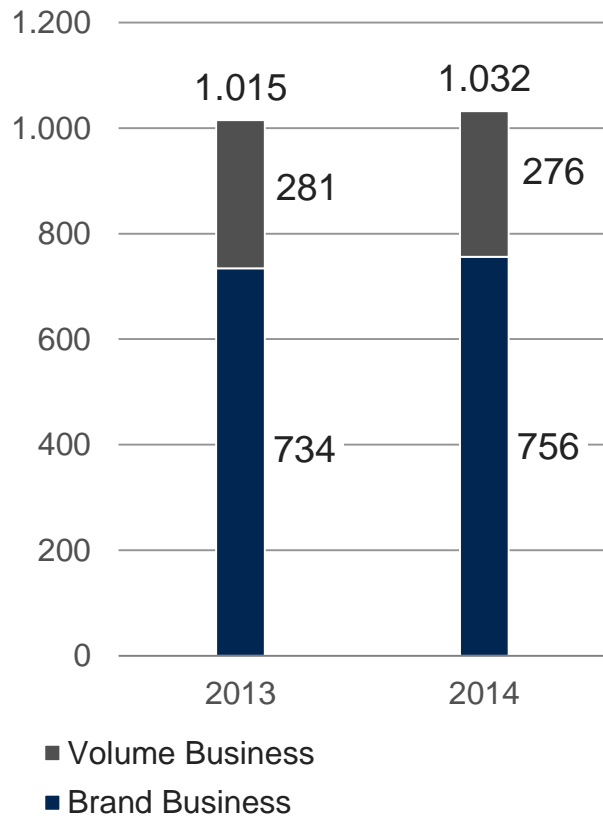
2) according to the closing rate at the end of the year (XETRA)



# Staff numbers remain stable

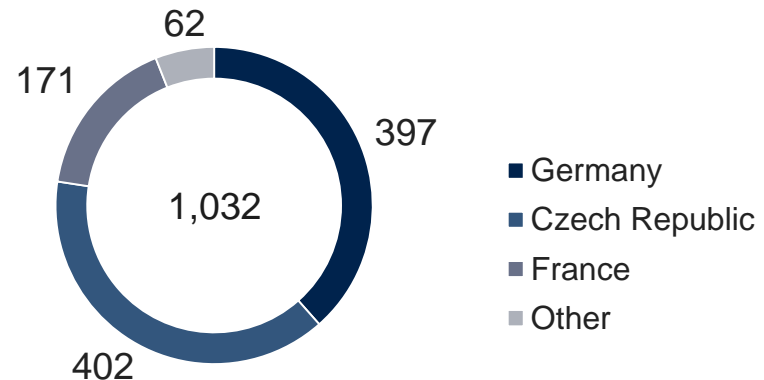
## Employee development

Q1-Q3, on average



## Employees

by region / as at 30 Sep 2014



- Number of employees remain stable
- Leifheit was named again "Germany's top employer 2014"



## 2014: Focus on Brand and Margin

### Outlook

<p>Group development and forecast 2014</p>	<ul style="list-style-type: none"> <li>▪ Continue to pursue strategic measures of “Leifheit GO!”</li> <li>▪ Focus 2014 on Brand and Margin</li> <li>▪ Group: Stable development             <ul style="list-style-type: none"> <li>▪ Brand business: Growth between +1% and +3%</li> <li>▪ Volume business: Decrease in turnover</li> </ul> </li> <li>▪ EBIT: Significant increase to approx. € 18 m to € 19 m<sup>1)</sup></li> <li>▪ Revised corporate strategy and new vision “Leifheit 2020” with strategic guidelines</li> </ul>
<p>Mid-term targets</p>	<ul style="list-style-type: none"> <li>▪ Revision of mid-term turnover targets against the background of darkening economic prospects and the development in the Volume Business</li> <li>▪ Sustainable and profitable growth between +2% and +4% p.a. on group level</li> <li>▪ Target EBIT margin of 8% in 2016</li> </ul>

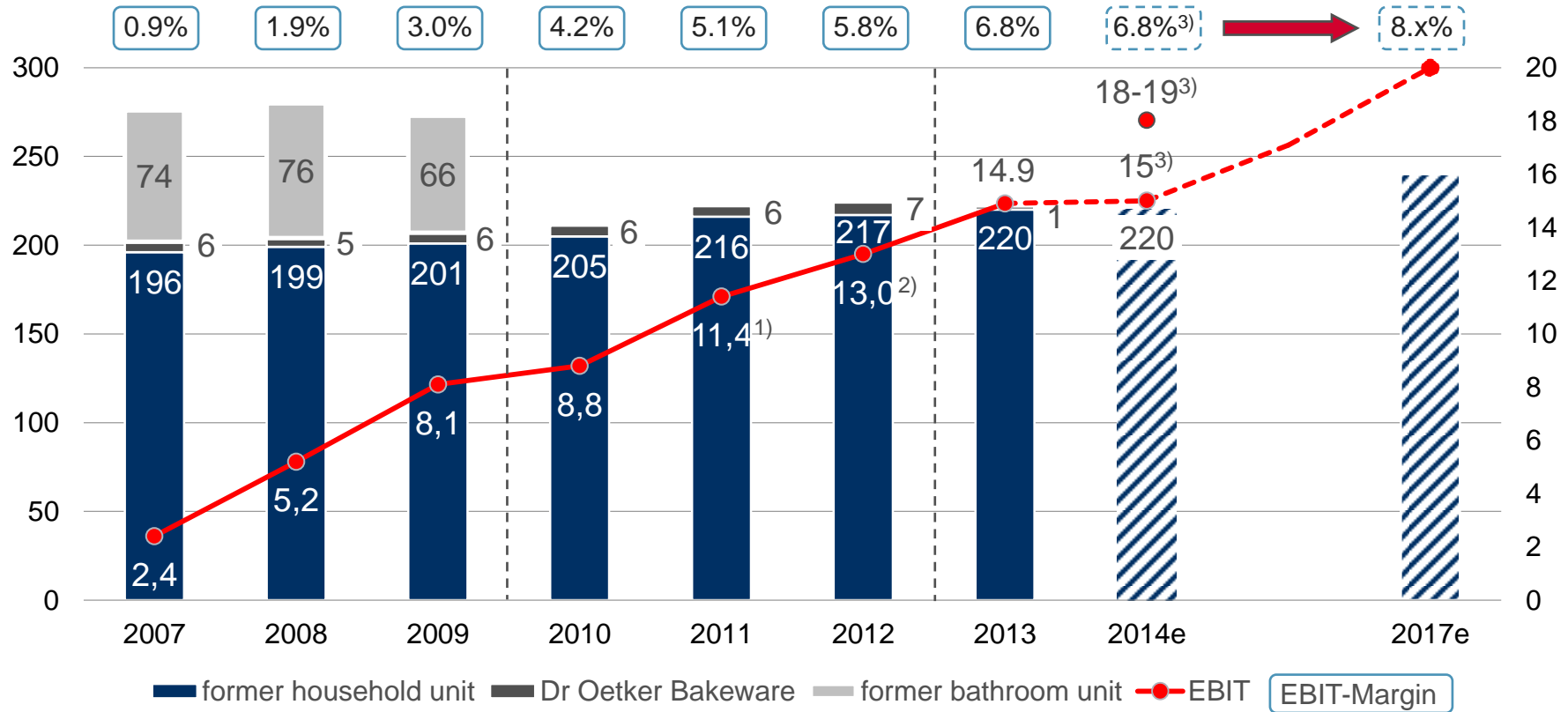
1) The expected growth in earnings is not only due to an improvement in the margins, it is primarily due to the increased foreign currency result, which, as a result of the current development of the US dollar, will experience a positive effect of € 4 million to € 5 million.

# Strategy

# Growth in earnings after group restructuring: strategic focus on brand and margin

## Turnover development/Group EBIT (organic growth without M&A)

According to former household/former bathroom/in € m

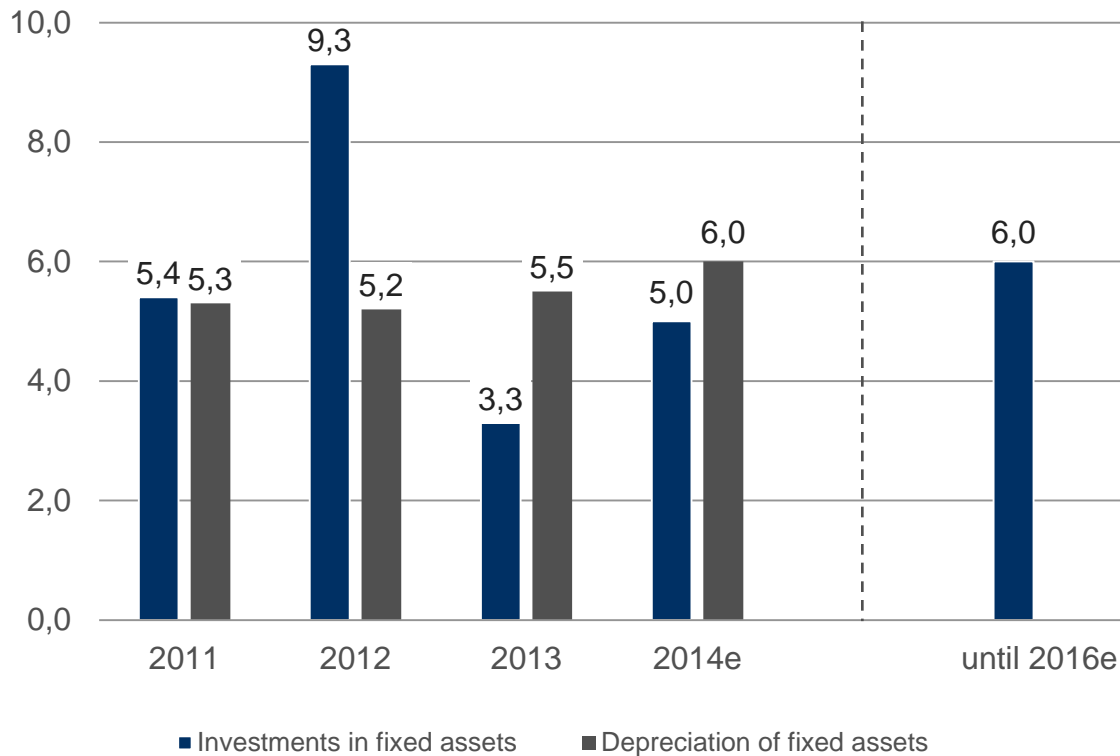


1) EBIT 2011 adjusted for consolidation effects of € 2.5 m from obtaining control over Leifheit CZ a.s.  
 2) EBIT 2012 adjusted for one-time positive effects from the termination of the license agreement with Dr Oetker Bakeware of € 1.2 m  
 3) Expected growth in earnings in 2014 is not only due to an improvement in the margins, it is primarily due to the increased foreign currency result, which, as a result of the current development of the dollar, will experience a positive effect of € 4 million to € 5 million.

# Favorable starting position for further growth, organic growth requires no additional CAPEX

## Investments vs. depreciation

in € m



### Investments Q1-Q3 2014:

- Amounting to € 3.6 m (previous year: € 2.1 m)
- Largely related to tools for new products, machinery, streamlining investments for production plants, and factory and office equipment
- No significant disposals of assets occurred during the reporting period
- Investment in Brand Business: € 3.1 m
- Investments in Volume Business € 0.5 m

Future annual investments will remain stable at € 6.0 m

1) compared to the historical cost of production and purchase of the fixed assets

# Further development through focusing on brand and margin



2008<sup>1)</sup>

2014

**Brand provider with a focus on clever and innovative household products in the core categories:**

- Cleaning
- Laundry Care
- Kitchen
- Wellbeing

**Concentration of resources on strategic business areas**

- Sale of Soehnle Professional
- Sale of the business unit ‚bathroom‘
- Change of ladders segment against pressure steam ironing
- Termination of the license agreement with Dr Oetker Bakeware

**Control of change processes within the organization**

- General Principle
- Leadership
- Transparency
- Employees
- Innovation
- Systems & Processes

**Standardized management processes – measurable, transparent and success-oriented**

- Continuous benchmarking
- Profitable growth
- Cost efficiency
- Capital efficiency
- Cash generation

**Result of the group positioning, portfolio optimization, change management and performance orientation**

- Solid cash flows
- No financial liabilities

**Focus on Brand Business**

- Organic growth:**
- I. Convergence on strategic focus markets
  - II. Intensify E-commerce
  - III. Strengthening of R&D/Innovation power
  - IV. Brand and communication strategy with a focus on POS
- Inorganic growth:**
- V. M&A

1) 2008 – today, settled and rolling processes

# Focusing on brand and margin: Strategic achievements in the first nine months of 2014

## Organic growth

## Inorganic growth

### I. Convergence on strategic focus markets

- Intensified sales strategy at country level
- Positive growth dynamic in core markets in South Europe in 9M
- Restructuring of distribution activities in the US market

### II. Intensify E-commerce

- Again double-digit growth in the E-commerce sector
- Further investments in qualifications and know how of employees
- Strengthening of key account management

### III. Strengthening of R&D/ Innovation power

- “Window vacuum cleaner” and “clean twist click system” top selling products in 2014
- Re-launch and expansion of AIR ironing boards range: up to 33 % faster ironing
- Numerous product awards
- Investments in Marketing and R&D

### IV. Brand and communication strategy with focus on POS

- Expansion of POS-Excellence initiative (Launch of 90 new shop systems in Europe)
- Honored as “Superbrand” Germany (Leifheit & Soehnle)
- Successful AIR ironing boards campaign in Q3 2014 with a new communication approach

### V. M&A

- Active market observation
- Cleaning, Laundry care and Kitchen categories

**Strategy**

# **Leifheit 2020**



## Leifheit's vision 2020

“ We are your leading experts for solutions that make your everyday life at home more easy and convenient.”

# Our strategic guidelines

## Where and how we will grow

Derived from our vision 2020, Leifheit will persue **10 strategic guidelines** in order to strengthen the competitiveness, enable growth and steer the group towards a successful future:

A dark blue, downward-pointing arrow shape that tapers at both ends, serving as a background for the "Where" section header.

### Where

... defines our segmentation approach

A red, downward-pointing arrow shape that tapers at both ends, serving as a background for the "How" section header.

### How

... defines how we will grow

# Our strategic guidelines

## Where and how we will grow

**“We are your leading experts for solutions that make your everyday life at home more easy and convenient.”**

### Where

<b>1. Consumer</b>	<b>2. Brands and categories</b>	<b>3. Regions and countries</b>	<b>4. Dealers/customers</b>
------------------------	-------------------------------------	-------------------------------------	---------------------------------

### How

<b>5. Product quality</b>	<b>6. Best in class user focus</b>	<b>7. Innovative and leading solutions for target users</b>	<b>8. Innovative and leading solutions for dealers</b>	<b>9. Value chain efficiency</b>	<b>10. Culture and employees</b>
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## Our strategic guidelines

# Where we will grow:

### 1. Consumer

- Targeting all females and males who use and/or shop household products for in-home use (indoor/outdoor)
- Users who are prepared to buy brand products in the middle to upper price segment as well as value related users who are price-conscious

### 2. Brands and categories

- **Leifheit brand** focus on **Clean & Care** in the middle to upper price segment, target: significant growth
- Cover additional basic price points with other brands and private labels in **Clean & Care**
- Revise of **Kitchen** business model and search for a new brand until 2020, target: moderate growth
- Screen market for **potential acquisition** in Clean & Care and kitchen categories
- Positioning of **Soehnle** closer to the brand core, target: significant growth

### 3. Regions and countries

- Development and design for European markets
- Exploiting global growth opportunities

### 4. Customers

- To be distributed wherever our target group wants to shop: globally and in all distribution channels
- Particularly further strengthening of E-commerce position

# Our strategic guidelines

## How we will grow:

### 5. Product quality

- Ensure that product quality needed to compete as a branded goods supplier is always in place

### 6. Best in class user focus

- Strengthen focus on consumer needs and on understanding easiness and convenience
- Additional search fields
- Design factory

### 7. Innovative and leading solutions for target users

- Deliver additional systems with easy and convenient “hero” products
- Products are characterized by a brand specific appealing design

### 8. Innovative and leading solutions for dealers

- Enable dealers to differentiate with tailor-made solutions
- POS-Excellence across all distribution channels - online and offline
- Full category approach for “Clean & Care”

### 9. Value chain efficiency

- Continuous improvement of value chain efficiency: Focus on product development and order fulfillment processes
- Drive out all non-value adding costs

### 10. Culture and employees

- Drive appropriate cultural change
- Development of employees

## The main changes

- We are committed to **user focus**.
- The **Leifheit brand** will be focused on **Clean & Care** categories.
- We will follow a **full category approach in Clean & Care categories**.
- The **Kitchen products** will be transferred into another brand.
- The **Soehnle brand** will be strengthened significantly.
- We will further **increase our R&D, Innovation and Marketing power**.

# Summary

## Well positioned to face future trends and opportunities for growth

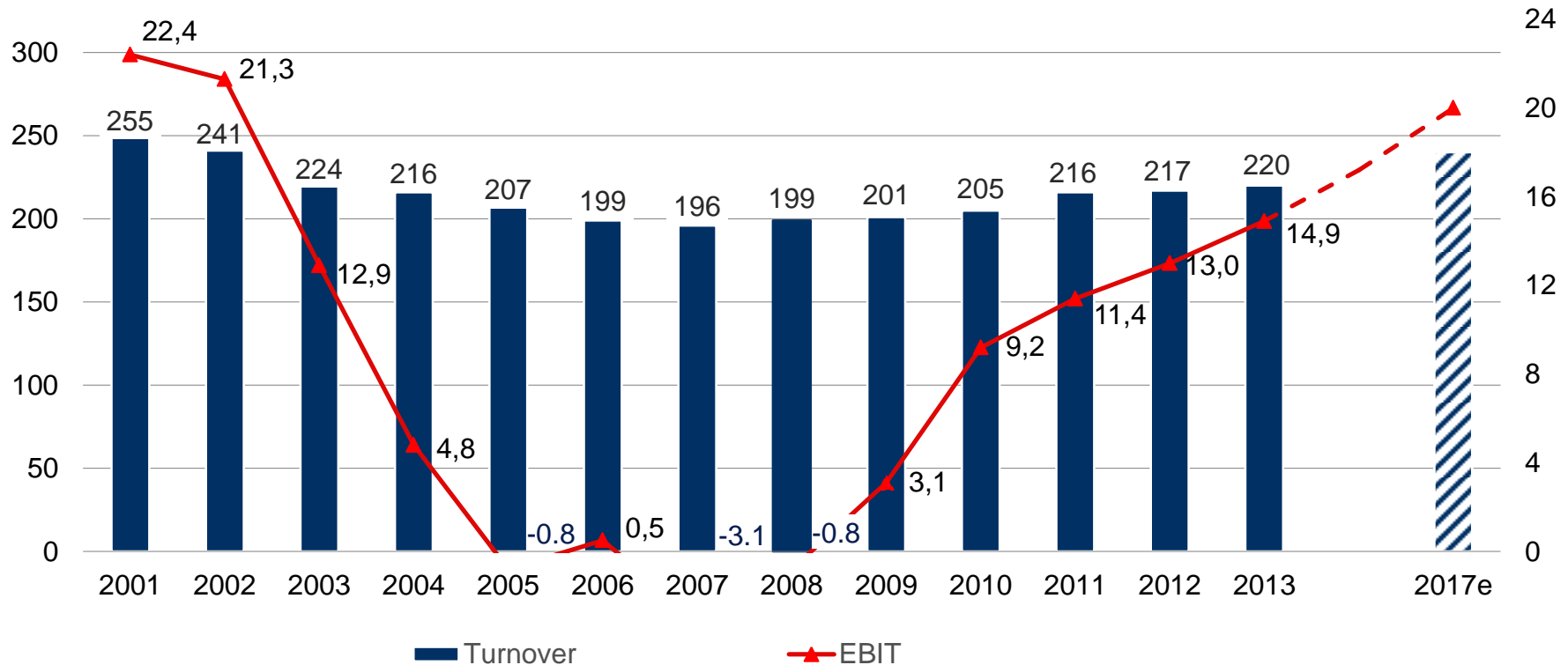
- Major portfolio optimizations and performance orientation achieved in the last couple of years
- Positive business development, despite challenging market environment in recent years
- 2014: Focus on brands and margin
  - Well-known brands in leading market positions and solid trust of customers
  - Innovative products and distribution concepts for further growth: 2014 once again lots of consumer related product innovations
  - Focus on consumer and shopper knowledge generation
  - Focus on established markets within the DACH-region and Central Europe as well as other growth regions
- Revised corporate strategy and vision “Leifheit 2020” with strategic guidelines for future growth
- Attractive dividend title, profitable and well positioned for future growth



# Annex

# Long-term development

Turnover/EBIT 2001 – 2017e (adjusted by divested/terminated business, growth excl. M&A)



EBIT and Turnover adjusted by bathroom division divested in 2010

EBIT and Turnover adjusted by Dr Oetker Bakeware (termination of license agreement by 31.12.2012)

EBIT 2011 adjusted by consolidation effects of € 2.5 m from obtaining control over Leifheit CZ a.s.

EBIT 2012 adjusted by one-time positive effects from the termination of the license agreement with Dr Oetker Bakeware of € 1.2 m

## Long-term development

		2010	2011	2012	2013
<b>Turnover</b>	€ m	210.9	222.1	224.2	220.9
▪ Group adjusted <sup>1)</sup>	€ m	205.2	215.8	217.4	219.5
▪ Brand Business <sup>1)</sup>	€ m	158.5	164.2	170.9	172.8
▪ Volume Business	in %	46.7	51.6	46.5	46.7
<b>Profitability</b>					
▪ Gross margin	in %	42.4	43.0	43.6	44.9
▪ Cash flow from operating activities	€ m	12.0	12.8	8.2	22.9
▪ Free cash flow	€ m	5.7	7.7	-1.4	19.5
▪ EBIT	€ m	8.8	13.9	14.2	14.9
▪ EBIT adjusted <sup>2)</sup>	€ m	8.8	11.4	13.0	14.9
▪ EBIT margin <sup>2)</sup>	in %	4.2	5.1	5.8	6.8
▪ EBT	€ m	6.0	12.2	12.2	13.3
▪ Net result for the period	€ m	5.5	12.1	9.4	10.2
▪ ROCE	in %	7.8	9.7	10.2	12.6

<sup>1)</sup> Turnover adjusted for discontinued business with Dr. Oetker Bakeware

<sup>2)</sup> EBIT 2011 adjusted for a one-time extraordinary effect from the acquisition of a controlling interest in Leifheit CZ a.s.

EBIT 2012 adjusted for a one-time extraordinary effect from the sales of assets relating to termination of a licensing agreement

# Long-term development

		2010	2011	2012	2013
<b>Share</b>					
▪ Net result per share <sup>1)</sup>	€	1.15	2.55	1.97	2.16
▪ Free cash flow per share <sup>1)</sup>	€	1.20	1.63	-0.28	4.11
▪ Dividend per share	€	1.00	1.30	1.50	1.65
▪ Special dividend per share	€	2.00	--	--	--
<b>Investments</b> in tangible assets	€ m	4.4	5.4	9.3	3.3
<b>Depreciation</b> in tangible assets	€ m	5.4	5.3	5.3	5.5
		31.12.10	31.12.11	31.12.12	31.12.13
<b>Employees</b>					
▪ Group	Pers.	1,141	1,032	1,025	1,026
▪ Brand business	Pers.	751	726	741	741
▪ Volume business	Pers.	390	306	284	285
<b>Balance sheet total<sup>2)</sup></b>	€ m	207.0	198.9	205.9	203.8
<b>Equity<sup>2)</sup></b>	€ m	101.5	98.9	92.8	94.7
<b>Equity ratio<sup>2)</sup></b>	in %	49.0	49.7	45.0	46.5

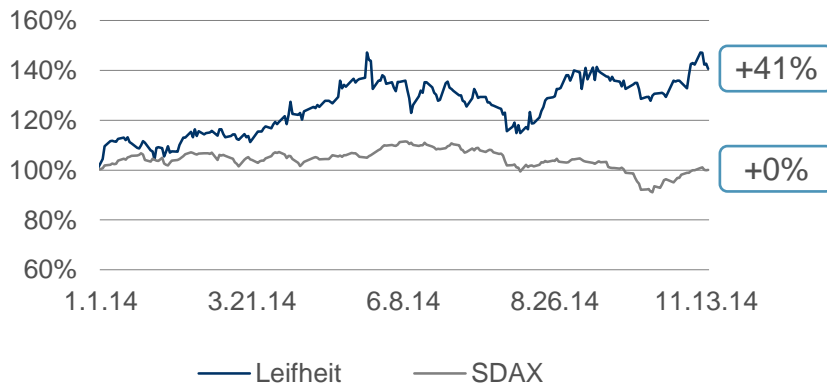
<sup>1)</sup> Not including repurchased treasury shares

<sup>2)</sup> From 2012 in accordance with IAS 19 (revised in 2011)

# Leifheit share

## Performance 2014

Period: 1 Jan 2014 to 15 Nov 2014



## Performance over the last 5 years

Period: 15 Nov 2009 to 15 Nov 2014



# Leifheit share

## Master data

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ISIN:	DE0006464506
Ticker:	LEI
Trading segment:	Prime Standard
Share capital:	€ 15,000,000,-
Number of shares:	5,000,000 no-par value ordinary bearer shares
Stock market launch:	3 October 1984
Designated Sponsor:	Close Brothers Seydler

## Shareholder structure

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As of 15.11.2014



- Home Beteiligungen, Munich, 50.49%
- MKV Verwaltungs GmbH, Munich, 10.03%
- Joachim Loh, Haiger, 8.26%
- Leifheit AG, Nassau, 4.97%
- Free float\*, 26.25%

\*Free float incl. shareholdings of board members of about 1 %



**Dr Claus-O. Zacharias (60), CFO**

**Previous experience:**

- Managing Director, CFO NICI GmbH
- Managing Director, CFO Lehnkering GmbH
- Managing Director, CFO tegut... Gutberlet Stiftung & Co.
- Managing Director, CFO Steilmann-Holding
- Managing Director, CFO Eismann International GmbH

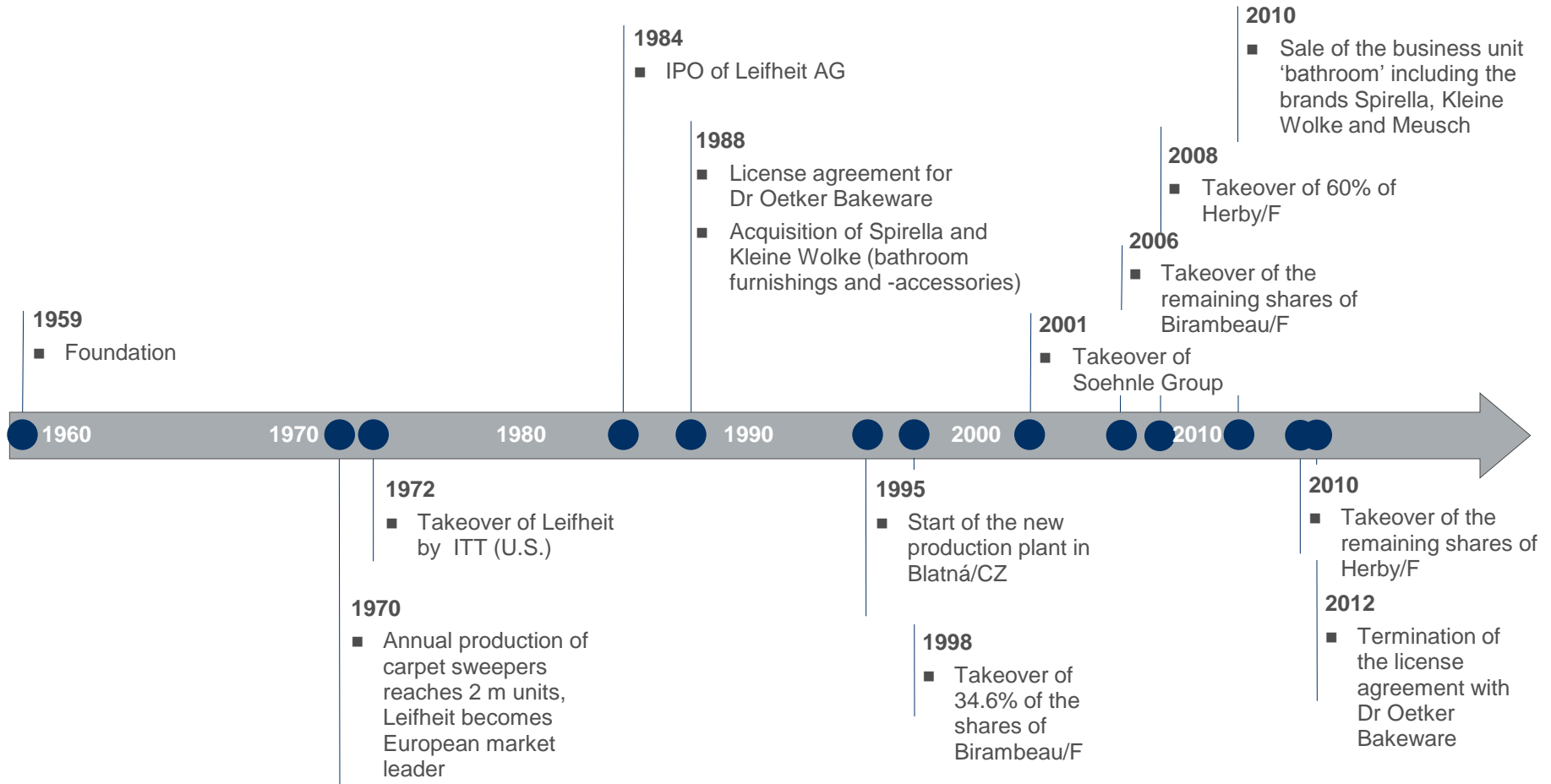
**Thomas Radke (53), CEO**

**Previous experience:**

- CEO Herlitz AG
- Member of the Board of Directors Pelikan Holding AG
- General Management and Marketing and Sales positions at Carl Zeiss Vision, Procter & Gamble/Wella, Effem/Mars and Henkel KGaA

# Corporate history

## 55 years „always a better idea“





# European Competitors by Category



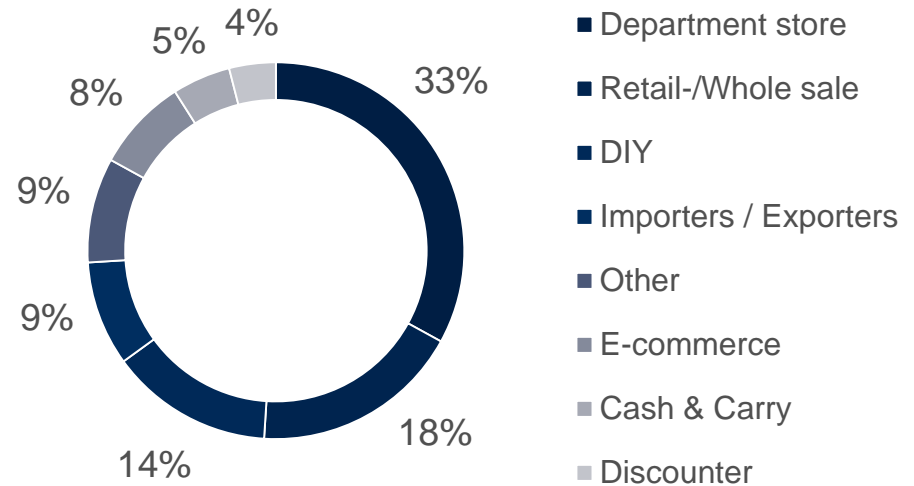
# Distribution in every important distribution channel

## TOP-10 clients



## Distribution of turnover

by distribution channel in 2013



# Financial calendar

## Dates 2015

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**12 February 2015**

Preliminary figures 2014

**26 March 2015**

Annual financial report 2014

**26 March 2015**

Analysts' conference, Frankfurt

**12 May 2015**

Quarterly financial report for the period ending  
31 March 2015

**21 May 2015**

Annual General Meeting, Nassau

**12 August 2015**

Financial report for the first half-year 2015

**11 November 2015**

Quarterly financial report for the period ending  
30 September 2015



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