

# Scaling-up Success

**LEIFHEIT**

**Berenberg & Goldman Sachs  
Eighth German Corporate Conference**

CEO Henner Rinsche  
CFO Ivo Huhmann

24 September 2019



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# Agenda



- Introduction to Leifheit
- Key Strategic Initiatives
- Financial Figures 6M 2019
- Forecast Financial Year 2019
- Annex

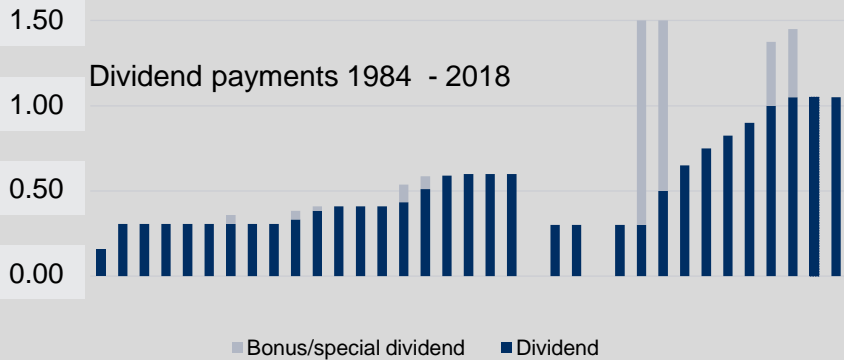
# **Introduction to Leifheit**

# Solid base to build on



## Commitment to shareholders

in €

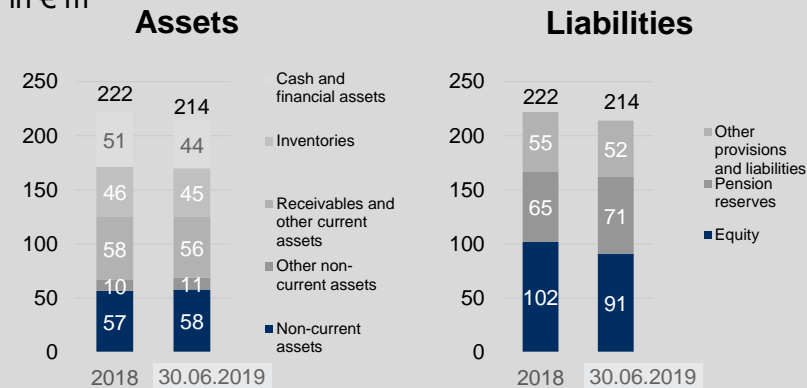


## Strong products and brands

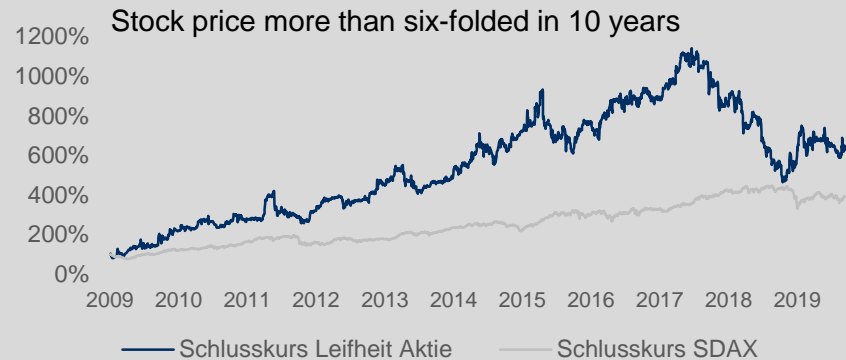


## Strong financial structure

in € m



## Strong long-term stock performance above SDAX level



# Leifheit Group



## Household



Laundry Care



Cleaning



Kitchen goods

## Wellbeing



Personal scales



Kitchen scales

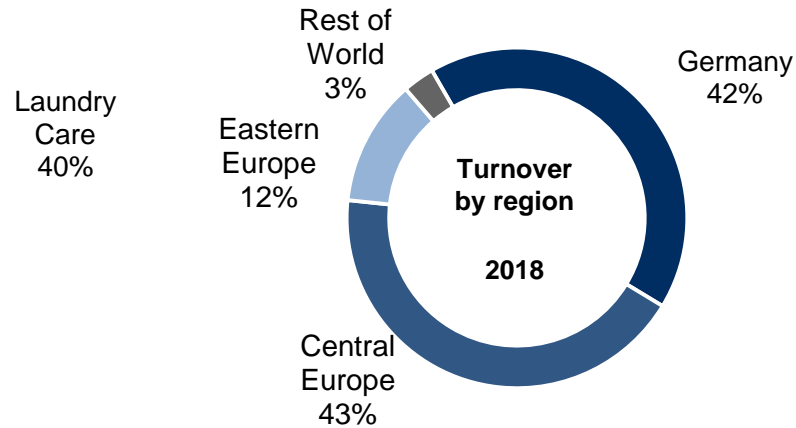
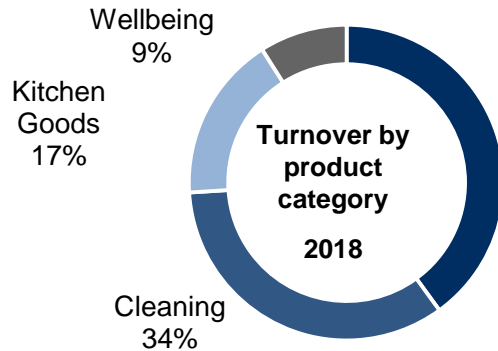
## Private Label



Kitchen goods



Standing Dryers



**For the many small battlefields of the day**

**Cordless Vacuum Cleaner  
Regulus PowerVac 2in1**  
Cordless, powerful, ready-to-go

**LEIFHEIT**  
How housework's done today.

[www.leifheit.com](http://www.leifheit.com)

**A dryer at the push of a button!**

**Self-standing rotary dryer  
LinoPop-Up**  
Can be put up with one hand. Compact to store.

**LEIFHEIT**  
How housework's done today.

[www.leifheit.com](http://www.leifheit.com)

**You have something against bacteria?  
So do we!**

**CleanTenso**  
Simply hygienic and clean - without chemicals.

Kills **99.99%** of Bacteria\*  
\*Based on E. coli and Clostridium bacteria

**LEIFHEIT**  
How housework's done today.

[www.leifheit.com](http://www.leifheit.com)

**Protected from allergens.**

Soehnle Airfresh Clean Connect 500 Air Purifier.

Effectively more than **99.5%** less particles and pollutants in the air!

**LIFE IN BALANCE  
SOEHNLE**

# Present in leading Distribution Channels

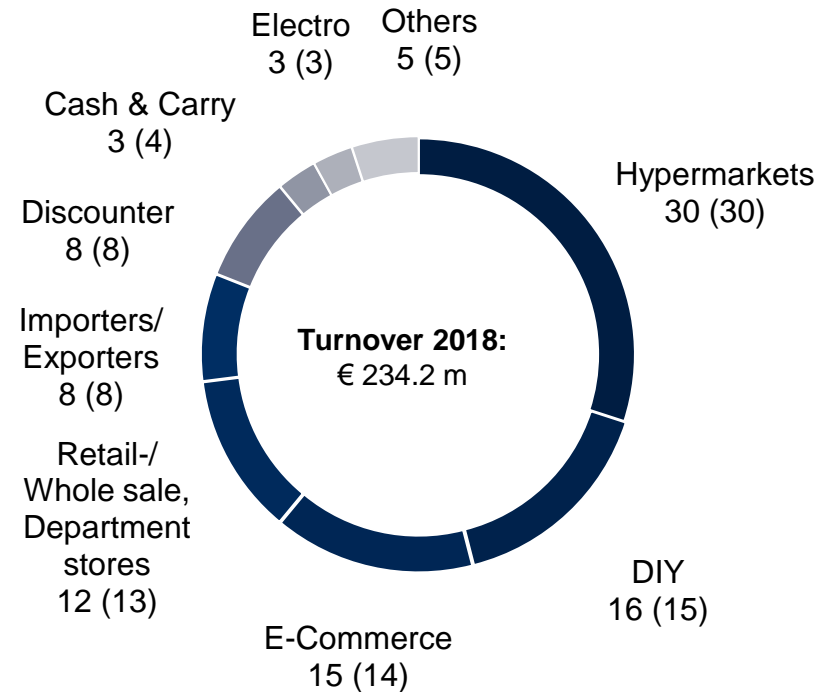


## Blue Chip Client Base



## Distribution Channels

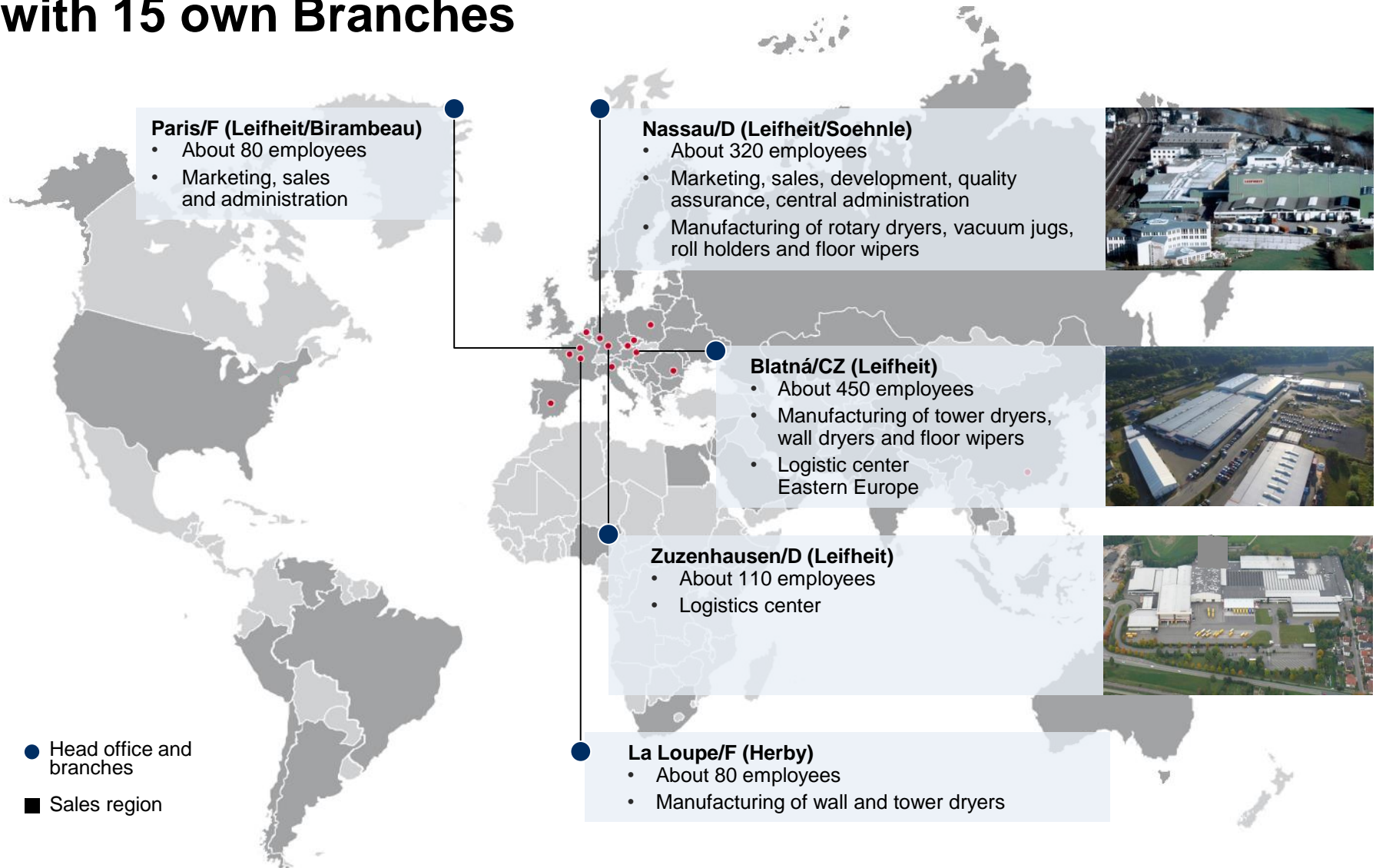
Turnover in % (previous year's figures)







# Operating in more than 80 Countries with 15 own Branches



# Experienced Management Board



**Henner Rinsche**

CEO

born 1970



**Ivo Huhmann**

CFO

born 1969



**Igor Iraeta Munduate**

COO

born 1974

## Previous experience

- President Europe at SodaStream
- Various leading positions at Henkel, Danone, PepsiCo and Procter & Gamble

## Core competencies

- General Management, Business Development and consumer goods Marketing

## Previous experience

- Many years of management experience at C-Level
- Various global financial management functions at Stiebel Eltron and General Electric

## Core competencies

- Digitalization, IT, cost productivity, strategic growth models, M&A and Post-Merger Integration

## Previous experience

- Many years of experience as CTO at Igus GmbH and Stoba Präzisionstechnik
- Various technical management positions at Robert Bosch GmbH

## Core competencies

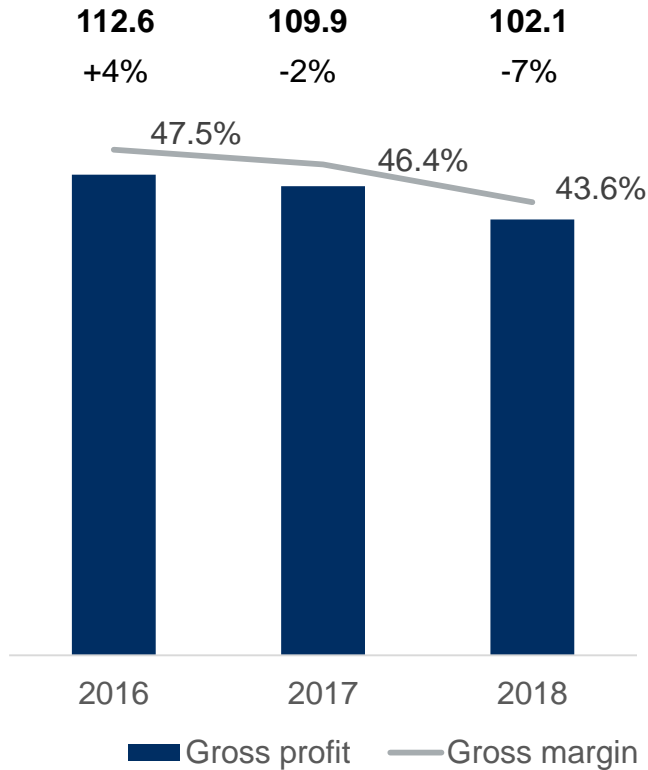
- Digitalization, IoT, Industry 4.0, implementation of lean production systems, agile “Scrum” methods

# Urgent Need for Change



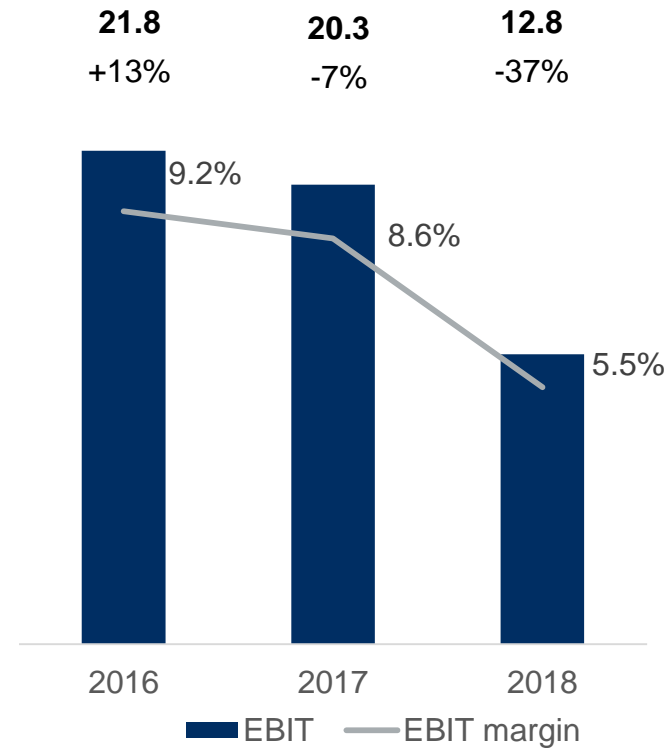
## Gross Profit

in € m



## EBIT<sup>1</sup>

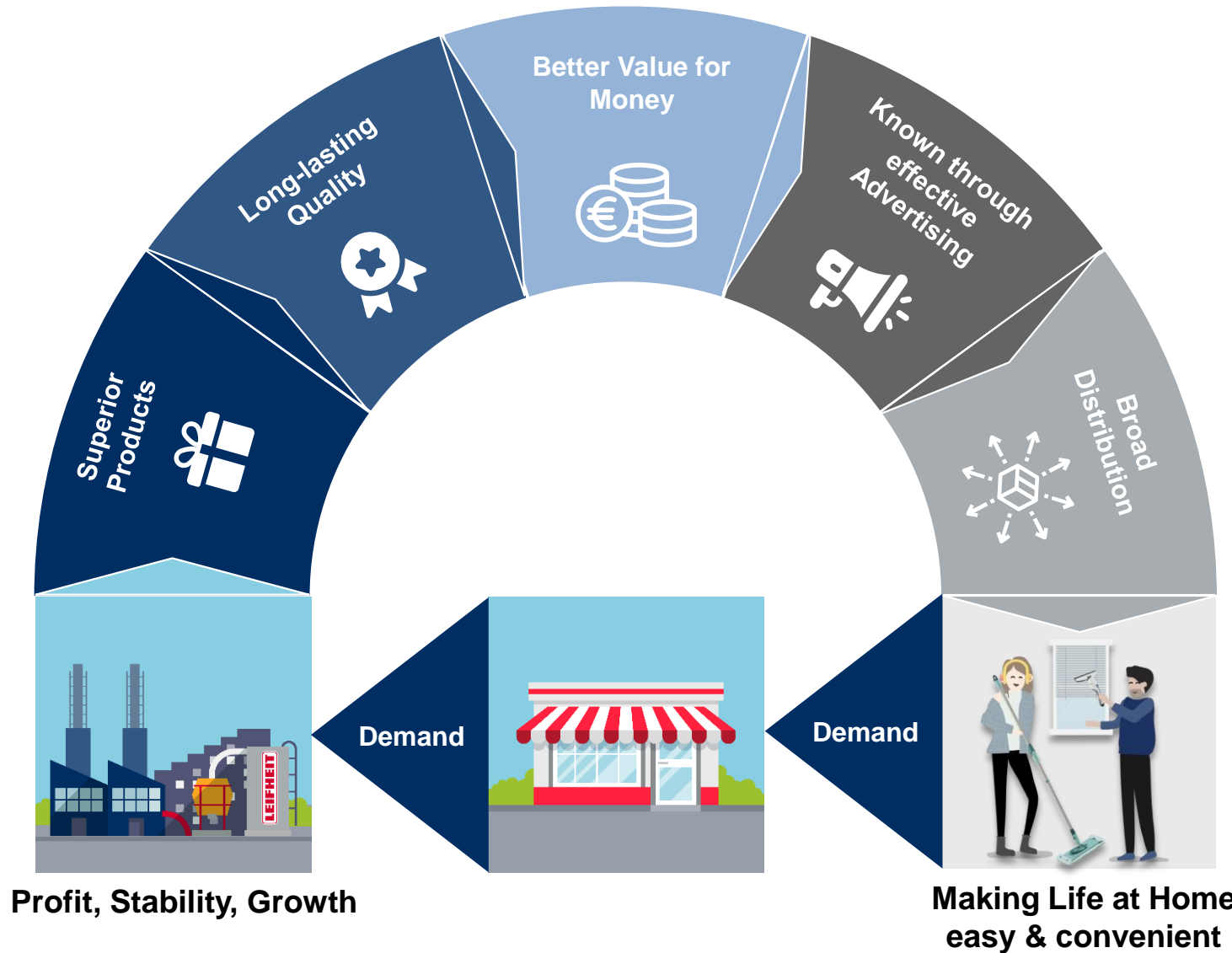
in € m



<sup>1</sup> EBIT adjusted for foreign currency result

# **Key Strategic Initiatives**

# Our Purpose? Happy Consumers!

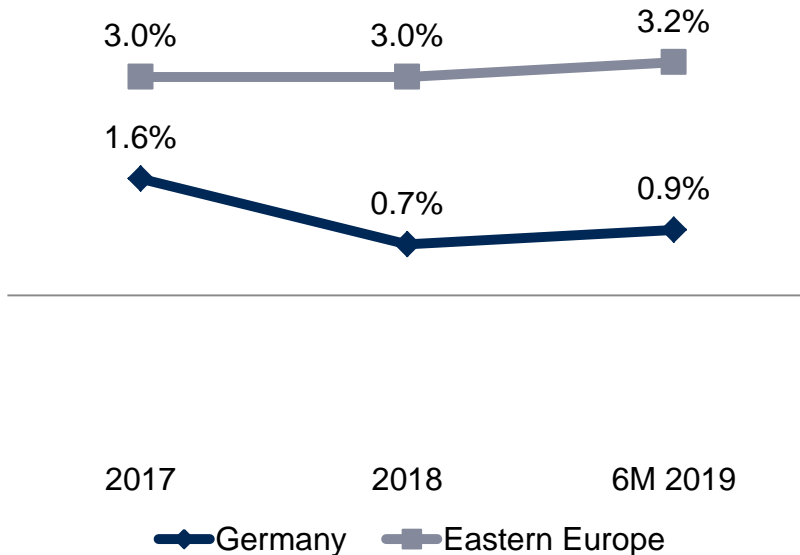


# Increased Marketing Investments in Eastern Europe led to significant Growth Rates



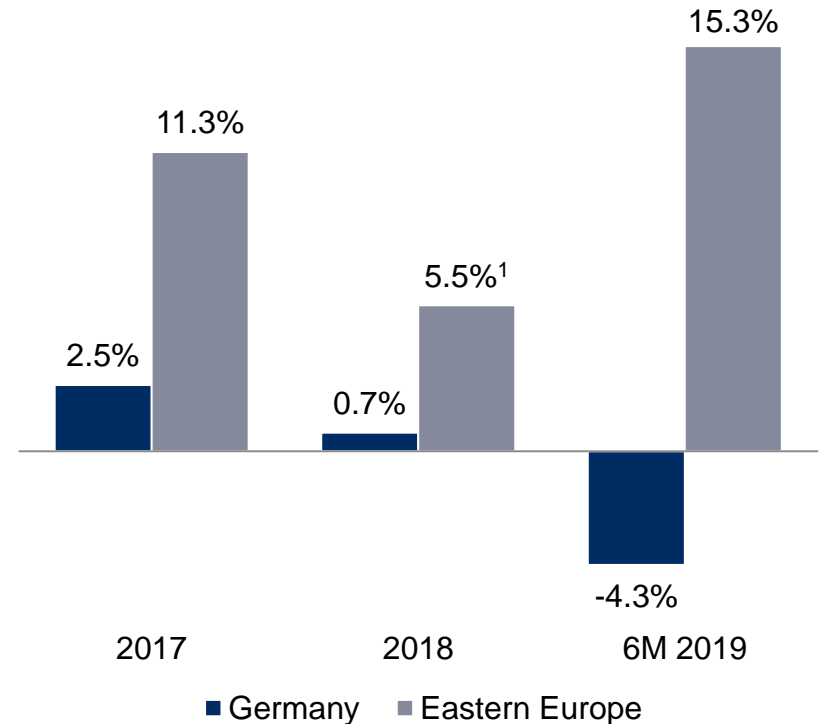
## Consumer Marketing Spending

in Relation to Turnover



## Growth Rates

in %



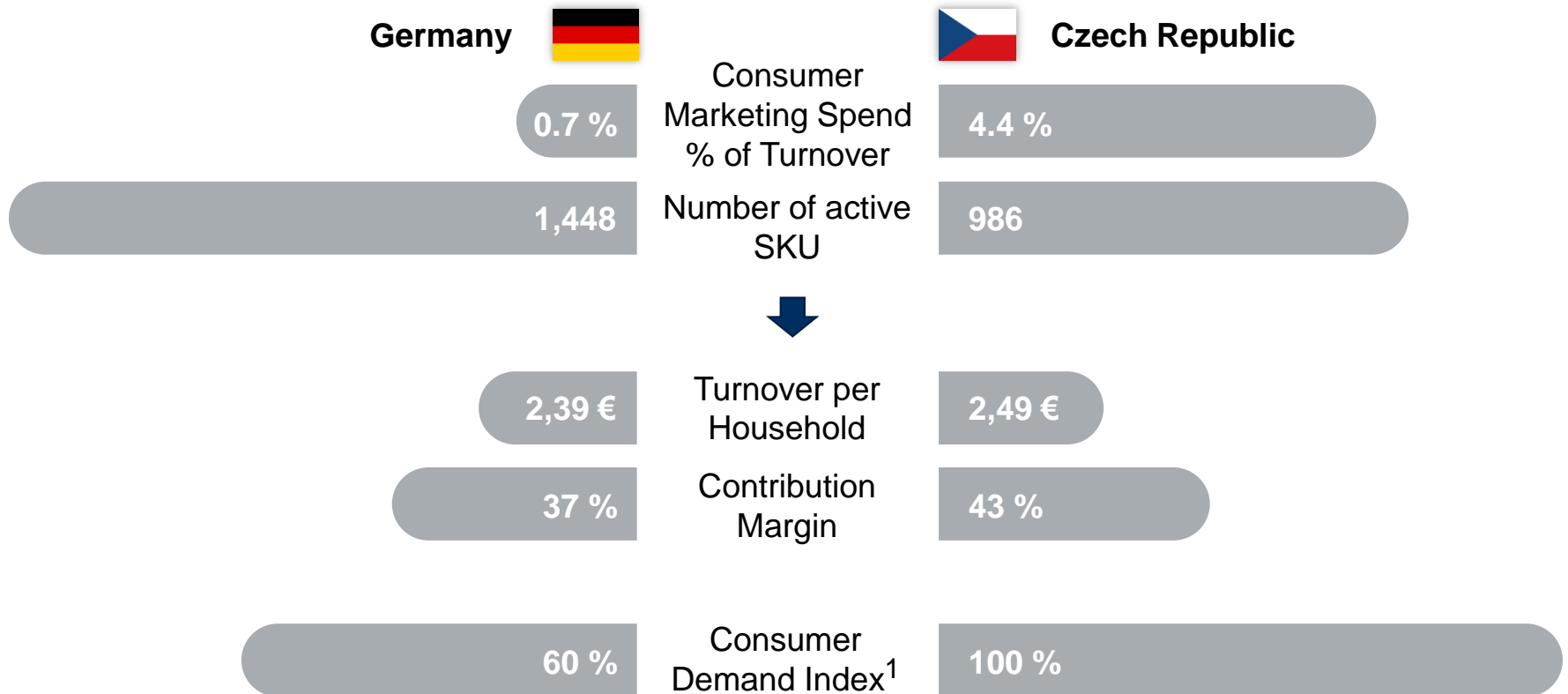
<sup>1</sup> Growth rate 2018 adjusted by contract production at Czech production facility expired in 2017

# Scaling-up Success



## Country Results 2018

### Household and Wellbeing Business



<sup>1</sup> Source: Google Trends 2018, search word „Leifheit“

# CEO's Strategic Review



## Analysis of Status Quo

- Flat revenues
- Declining gross margins
- Complexity cost (too many SKUs)
- Too large structure given revenue stagnation
- Poor track record on innovation with too many commercial flops and often margin dilutive

## Improvement Initiative - Identified Strategy

- Increase revenues through pre-tested mass consumer advertising on profitable consumer-preferred best sellers
- Distribution in additional retail chains and high potential countries
- Stabilize gross margins through product mix, growth negotiations with retailers and complexity reduction
- Downsize assortment to fewer, better selling and more profitable SKUs
- Growing revenues leverages current structure, accelerated by new company culture (fun, friendly, fast & fearless)
- Increase success odds of innovation. Launch new products only when margins are above average



# New Management identified Strategy to address Growth Themes

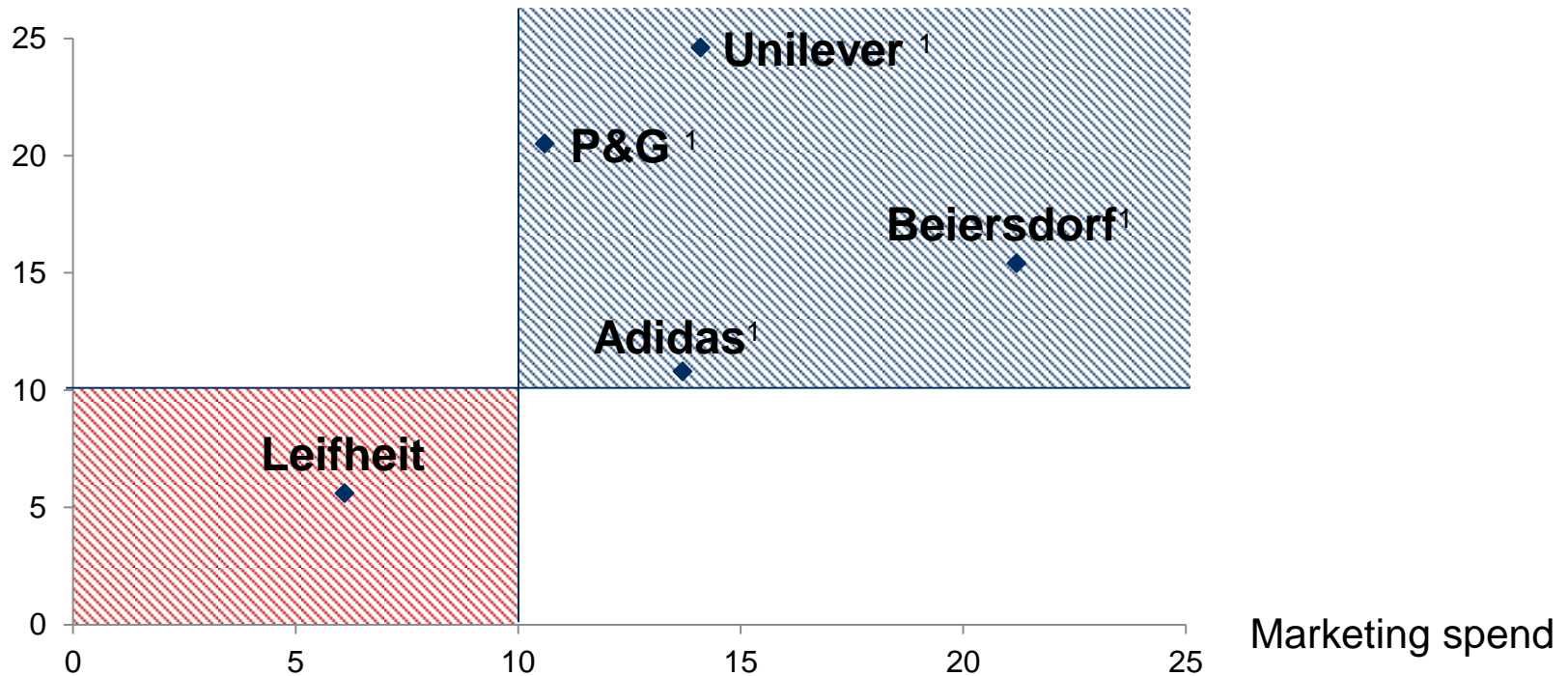
		Focus		Level of Completion			KPIs
		Growth	Profitability	2019	2020	2020+	
1	<b>Create consumer demand</b> <ul style="list-style-type: none"> <li>Invest in pre-tested and scalable high ROI consumer advertising on profitable best sellers</li> <li>Launch new products only if margin &gt; average and if supported by pre-tested advertising</li> </ul>			Concept	Realisation	Impact	Revenue growth
2	<b>Increase distribution</b> <ul style="list-style-type: none"> <li>Leverage stronger brand to attract additional retailers and e-tailers</li> <li>Ensure good sell-out in new retail partners with co-advertising</li> </ul>			Concept	Realisation	Impact	Gross margin
3	<b>Improve gross margins</b> <ul style="list-style-type: none"> <li>Focus on own "made in Europe" profitable products</li> <li>Negotiate win-win with retailers, growing their total but not their % profit. Take pricing and charge for logistics complexities</li> </ul>			Concept	Realisation	Impact	EBIT margin
4	<b>Reduce all cost except consumer advertising</b> <ul style="list-style-type: none"> <li>Reduce SKUs dramatically</li> <li>Strict R&amp;D discipline</li> <li>Create fun, friendly, fast &amp; fearless culture</li> <li>Growing revenues leverages current structure</li> </ul>			Concept	Realisation	Impact	EBIT margin

# ① Create consumer demand and make brand stronger

## Marketing spend

2018 in % of turnover

## EBIT margin



<sup>1</sup> Source: Annual reports 2018

# ① Creating and pre-testing effective ads

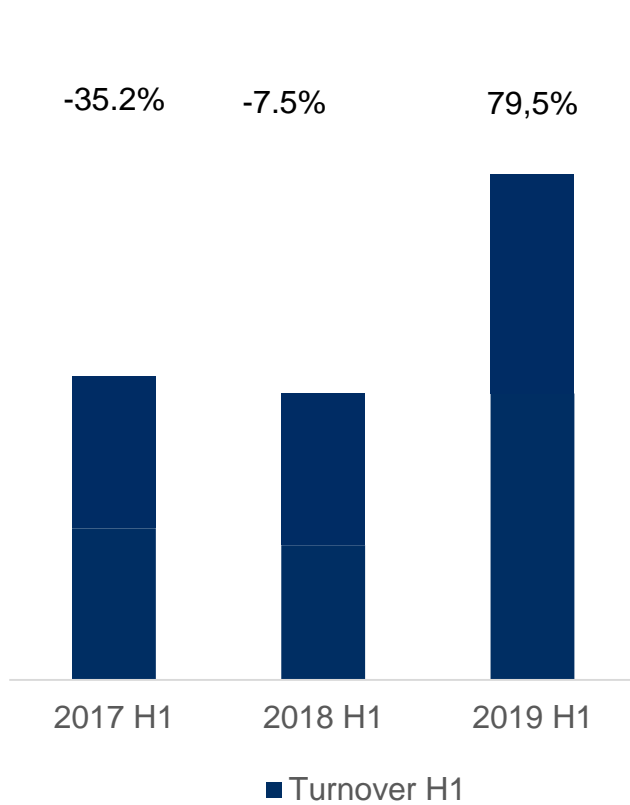


## ② Increase distribution



### Turnover development Italy

Household and Wellbeing in € m



# 3 Improve Gross Margin



## Focus on profitable Products

	Make in Europe	Buy in Asia
Average Contribution Margin <sup>1</sup>	~42%	~34%



## Win-Win Retail Negos

■ Sales deductions + promotional allowances in % of sales <sup>1</sup>



<sup>1</sup> Household and Wellbeing segments

# 3 Boost Profitability Rockets



	Product A	Product B	Product C	Product D...
Contribution Margin				...
Level of Distribution				...
Quality and Consumer Satisfaction	★★★★★	★★★★☆	★★★★☆	...
	<b>Boost Consumer Marketing</b>			

# 3 High Consumer Satisfaction with Leifheit Top Products



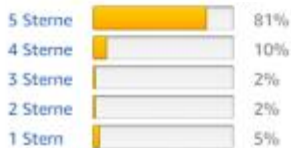
Profi Floor Wiper  
4.6 stars



Leifheit rückenschonender Bodenwischer Profi XL micro Duo, effektiver Schrubber mit Bezug aus Mikrofaser, Wischer für Fliesen un...

★★★★☆ ~ 343

4,6 von 5 Sternen



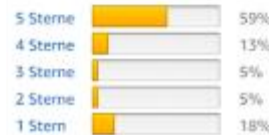
Clean Twist  
4.5 stars



Leifheit Set Clean Twist Disc Mop Wischer für nebelfeuchte Reinigung, Wischmop mit effizienter Schleudertechnologie,...

★★★★☆ ~ 464

4,5 von 5 Sternen



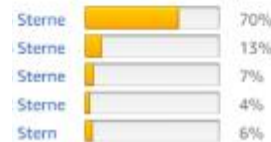
Pegasus 150  
4.4 stars



Leifheit Standtrockner Pegasus 150 Solid Slim, standfester Wäscheständer mit Flügeln auch für lange Kleidungsstücke, besonders...

★★★★☆ ~ 1,057

4,4 von 5 Sternen



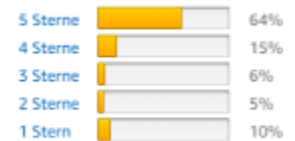
Linomatic 500 Deluxe  
4.1 stars



Leifheit Wäscheschirm Linomatic 500 Deluxe mit Leineneinzug für saubere Wäsche, Wäschespinne für die ganze Familie, Wäscheständer inkl. Bodenhülle von Leifheit







★★★★☆ ~ 1,157 Kundenrezensionen | 220 beantwortete Fragen

4,1 von 5 Sternen



Alle 1.137 Rezensionen anzeigen >

## ④ Reduce all Cost except Consumer Advertising

% of Group Sales	FY 2018	Further Outlook
Consumer Marketing	0.7%	
Other Marketing	5.4%	
R&D	2.3%	
Logistics <sup>1</sup>	11.0%	
Administration	6.1%	
Cost of Turnover	56.4%	

<sup>1</sup> not including inbound cost



# **Financial Figures**

## **First half 2019**

# Key Financial Highlights



1

At EUR 121.5 million, Group turnover on par with previous year

2

Group EBIT at EUR 5.0 million following EUR 6.8 million in previous year

3

15% turnover growth in TV advertising test market Eastern Europe

4

Turnover growth of roughly 3% along with EBIT of approximately EUR 9 million to EUR 10 million expected in 2019

5

Rising foreign sales make up for declines in domestic market

6

Leifheit implements strategic package of measures consistently

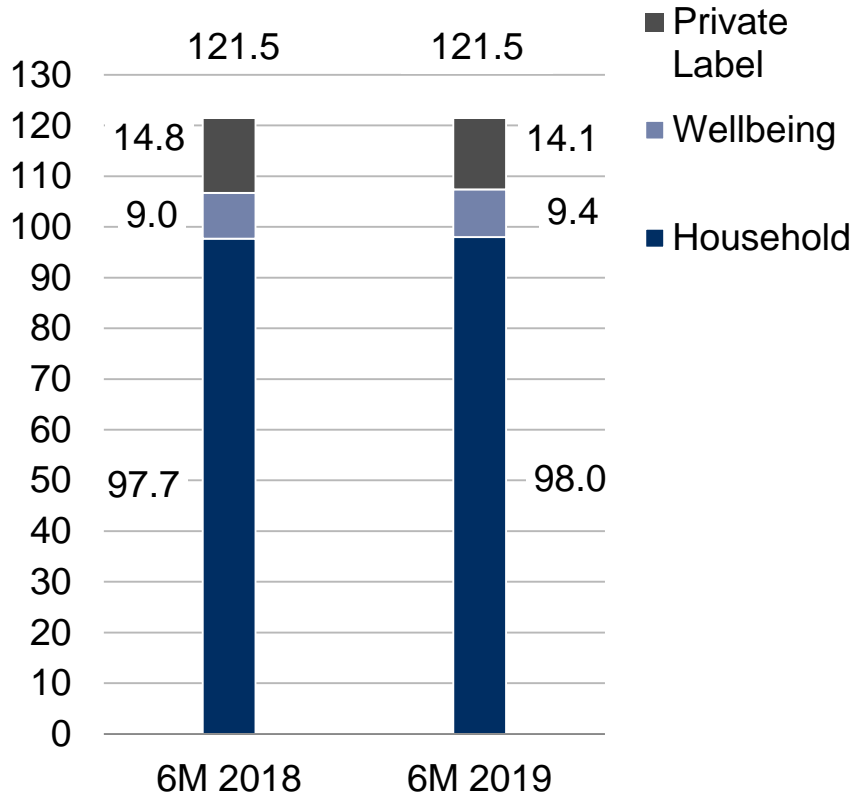
- **Identifying and implementing strategic priorities**
- **Full year outlook within guidance**

# Group Turnover on par with Previous Year



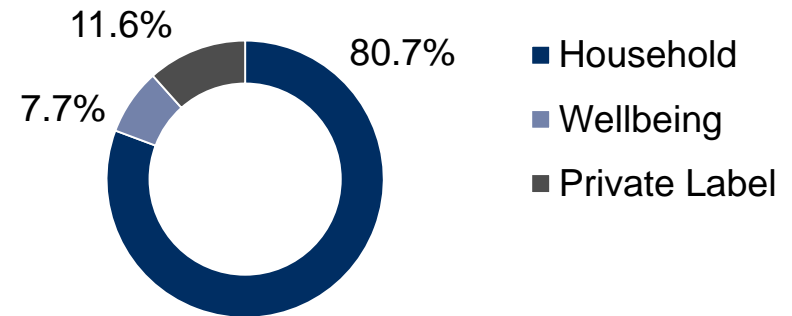
## Group Turnover by Segment

6M 2018 vs 6M 2019 in € m



## Group Turnover by Segment

6M 2019

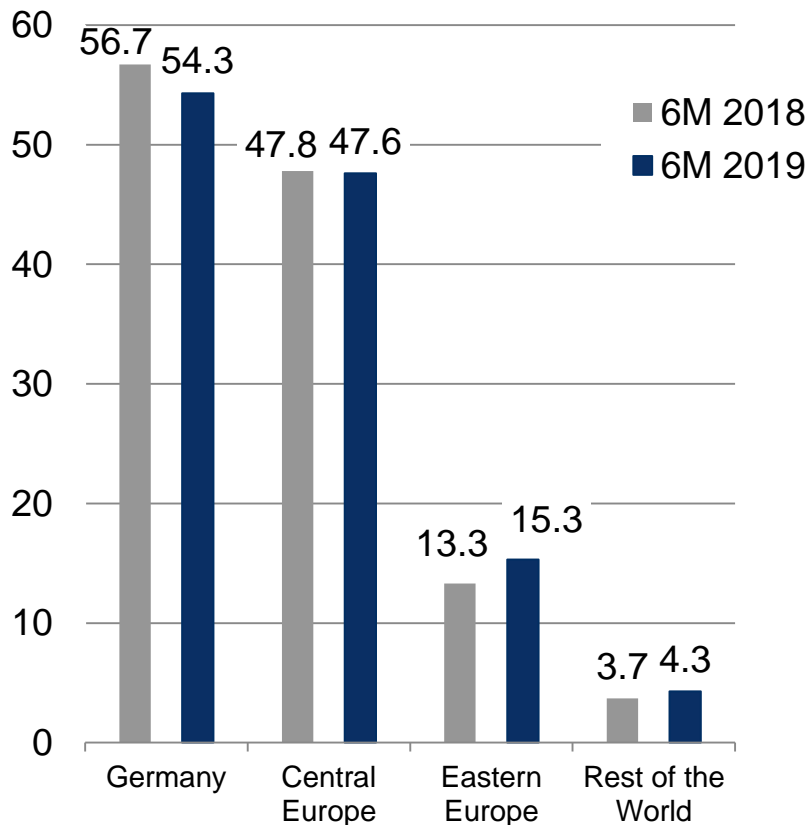


- Turnover in the Household segment slightly above previous year's level due to slight growth in the product category Cleaning, while Laundry care and Kitchen goods categories declined.
- Wellbeing segment shows growth of 4.7 % due to new Soehnle kitchen scales.
- Private Label segment decreased by 4.8 % due to overall change in customer mix.

# 15 % growth in TV-advertising Test Market Eastern Europe

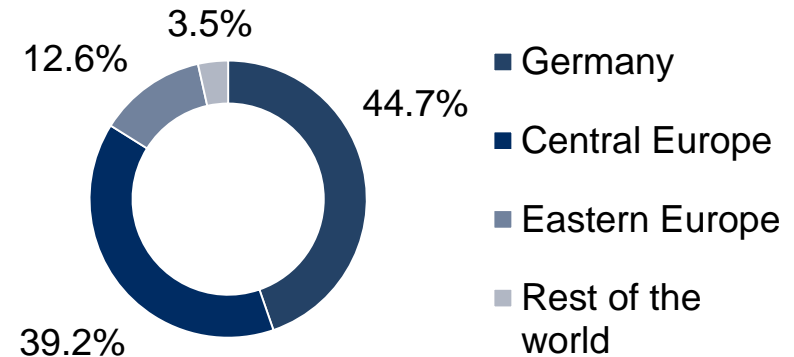
## Group Turnover by Region

6M 2018 vs 6M 2019 in € m



## Group Turnover by Region

6M 2019



- Turnover growth in Eastern Europe and ROW compensate for the decline in Germany.
- Eastern Europe with substantial growth of 15.3 % due to increased consumer marketing investments.
- Central Europe largely stable, strong growth in Italy.

## Good Start in Q1 was followed by a restrained second Quarter

		6M 2018	6M 2019	Δ
Group Turnover	€ m	121.5	121.5	--
Gross margin	%	44.0	42.8	-1.2 pps
Foreign currency result	€ m	0.1	0.2	>100%
EBIT	€ m	6.8	5.0	-25.9%
EBIT margin	%	5.6	4.1	-1.5 pps
Earnings before taxes (EBT)	€ m	6.2	4.3	-30.6%
Net result for the period	€ m	4.4	3.0	-31.5%
EPS	€	0.46	0.32	-30.4%

- EBIT decrease primarily due to the lower gross profit.
- Gross margin decrease due to negative customer and product mix effects.

# Free Cash Flow improved, still too much Impacted by Working Capital

in € m	6M 2018 <sup>2</sup>	6M 2019	Δ
Cash flow from operating activities	3.0	6.0	3.0
Cash flow from investment activities	13.1	-2.7	-15.8
Cash flow from financing activities	-10.0	-10.3	-0.3
Change in cash and cash equivalents	6.0	-7.0	-13.0
Cash and Cash equivalents at the end of reporting period	34.3	43.9	9.6
Free cash flow <sup>1</sup>	1.0	3.3	2.3

in € m	31.12.2018	30.06.2019	Δ
Cash and Cash equivalents at the end of reporting period	50.9	43.9	-7.0
<b>Group liquidity</b>	50.9	43.9	-7.0
Financial liabilities	-	-	-

- Decline in Group liquidity mainly from dividend payment in the amount of m€ 10.0.

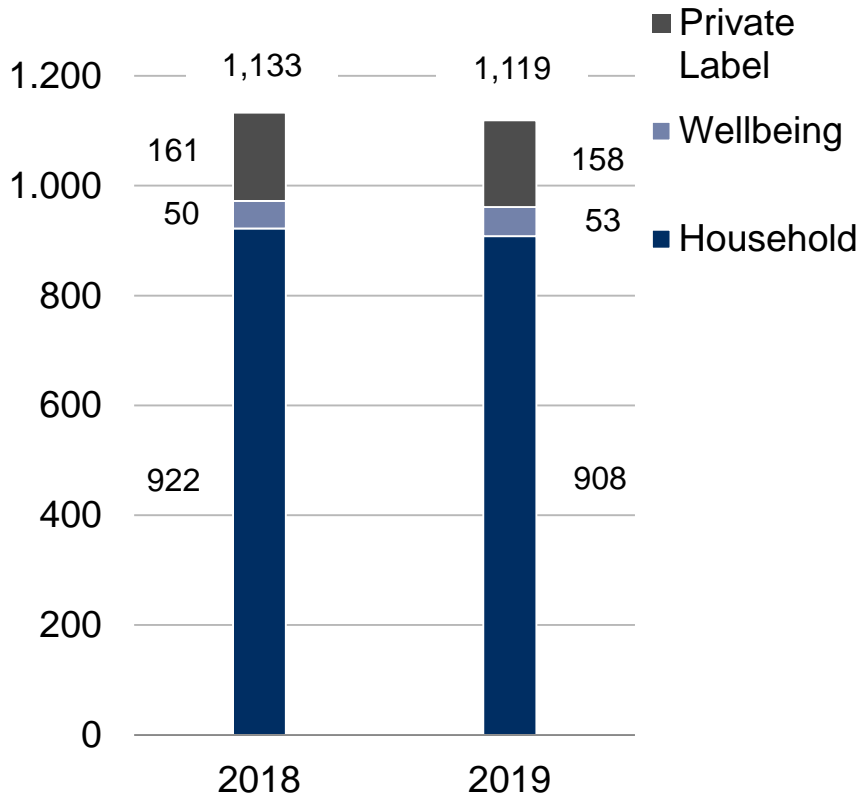
<sup>1</sup> Sum of cash flow from operating activities and investment activities adjusted for financial assets.

<sup>2</sup> IFRS 16 applied for the first time on 1 January 2019, using the modified retrospective method, previous year figures not adjusted.

# Average Number of Employees declined by workload-related Fluctuations at Czech Plant

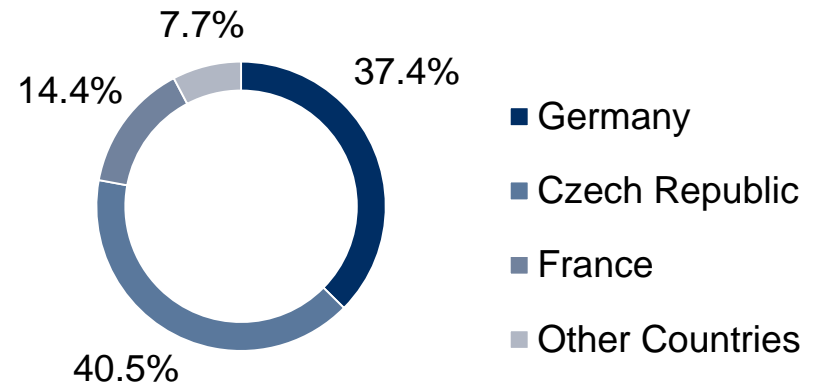
## Employees by Segment

1 Jan to 30 Jun (average)



## Employees

By Region / 30 Jun 2019



# **Forecast Financial Year 2019**



# 2019: Turnover Growth of roughly 3% and EBIT of around € 9 m to € 10 m expected

## Economic environment 2019

- ▶ Slowdown in growth due to increasing global and economic tensions
- ▶ Economic slowdown in the EU despite good domestic demand
- ▶ Retail trade growth in Germany weak
- ▶ European consumers' propensity to consume worsens

## Forecast Group development 2019

- ▶ Group: Turnover growth of about 3 % (prev. 3 to 4 %)
- Household: Turnover growth of about 3 % (prev. 2 to 3 %)
- Wellbeing: Turnover growth of about 7 to 8 % (prev. 11 to 12 %)
- Private Label: Turnover roughly on par with previous year (prev. growth of about 3 to 4 %)
- ▶ EBIT of around € 9 m to € 10 m
- ▶ Free cash flow of about € 3.5 m to € 4.5 m

# Annex

# Long-term Financial Overview



		2014	2015	2016	2017	2018
<b>Group Turnover</b>	€ m	220.7	231.8	237.1	236.8	234.2
<b>Profitability</b>						
Gross margin	%	47.7	46.7	47.5	46.4	43.6
Cash flow from operating activities	€ m	24.5	20.8	21.8	7.2	10.2
Free cash flow	€ m	18.4	14.1	14.3	1.5	3.7
EBIT	€ m	21.5	21.7	22.1	18.8	13.1
EBIT adjusted <sup>1</sup>	€ m	16.4	19.2	21.8	20.3	12.8
EBIT margin	%	9.8	9.3	9.3	8.0	5.6
EBT	€ m	19.8	20.2	20.6	17.7	11.9
Net result for the period	€ m	14.1	14.3	14.5	12.9	8.4
ROCE	%	20.3	18.1	16.3	12.7	8.5

<sup>1</sup> Adjusted by foreign currency results

# Long-term Financial Overview



		2014	2015	2016	2017	2018
<b>Per Share<sup>1</sup></b>						
Net result for the period <sup>2</sup>	€	1.49	1.51	1.53	1.35	0.88
Free cash flow	€	1.94	1.48	1.51	0.16	0.39
Dividend	€	0.90	1.00	1.05	1.05	1.05
Special dividend	€	--	0.38	0.40	--	--
<b>Investments</b>	€ m	6.2	7.1	7.8	7.8	6.6
<b>Depreciation</b>	€ m	6.3	5.8	6.2	6.4	6.9
		31/12/14	31/12/15	31/12/16	31/12/17	31/12/18
<b>Employees</b>	No.	1,068	1,074	1,093	1,137	1,134
<b>Balance sheet total<sup>2</sup></b>	€ m	223.3	237.9	239.4	224.9	221.8
<b>Equity</b>	€ m	94.8	106.7	104.6	98.5	101.8
<b>Equity ratio</b>	%	42.5	44.9	43.7	43.8	45.9
<b>Liquidity</b>	€ m	62.8	68.2	69.5	57.2	50.9

1 Scrip issue in June 2017, 2013 – 2016 adjusted

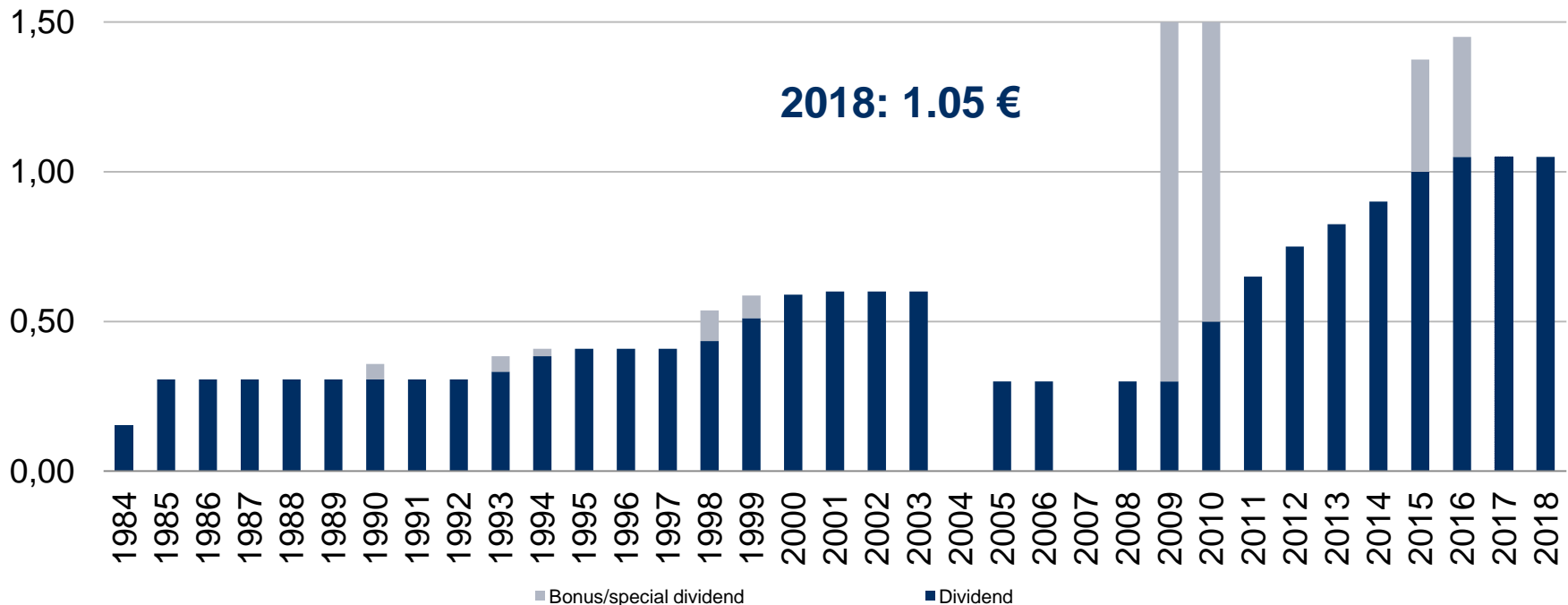
2 Not including repurchased treasury shares



# Committed to Shareholder Returns – 1.05 € dividend proposed to the AGM

## Long-term dividend development

Dividend per share / in €



## Dividend yield <sup>1</sup>

2018:	5,9%	2014:	3,9%
2017:	3,8%	2013:	5,3%
2016:	5,1%	2012:	5,2%
2015:	5,6%	2011:	6,3%

<sup>1</sup> Based on the particular closing price at year-end

# Leifheit Awards (Selection)



Rotary dryer  
LinoProtect 400 ★★★★★



Rotary dryers  
Linomatic ★★★★★



Laundry dryers  
Pegasus ★★★★★



Floor wiper  
Profi micro duo ★★★★★



Ironing Boards  
Airboard



Isolation jug  
Columbus



Window vacuum  
cleaners



Cordless vacuum  
Regulus PowerVac 2in1



Steam Mop  
CleanTenso

# Soehnle Awards (Selection)



Kitchen Scale  
Page Profi



Kitchen Scale  
Page Profi 3000



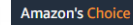
Kitchen Scale  
Genio White



Body analysis scale  
Shape Sense Connect 200



Blood pressure monitor  
Systo Monitor Connect 300

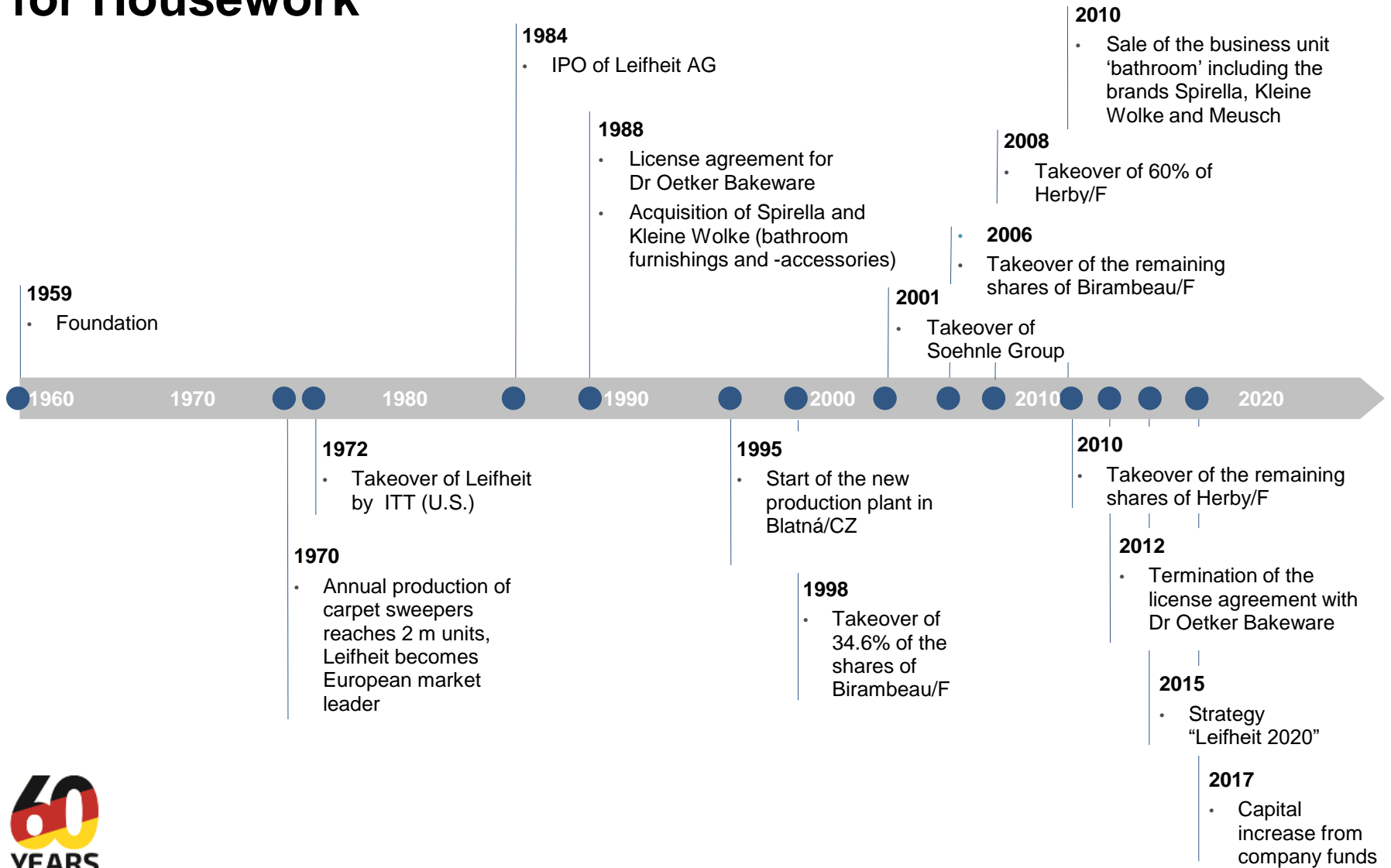


Luggage scale  
Travel



Verdienter Testsieger, der in allen Belangen überzeugt

# Leifheit – 60 Years of Passion for Housework





# European Competitors by Category



## Cleaning

Spontex  
Tonkita Swiffer Rival  
Kärcher Vileda



## Laundry care

Vileda Brabantia Artweger  
Wenko Gimi Juwel Stewi  
Metaltex Rörets Blome



## Kitchen goods

Tescoma WMF Gefu  
Zyliss Rösle Lurch  
Oxo Fackelmann  
Brabantia Westmark Emsa Tefal



## Wellbeing

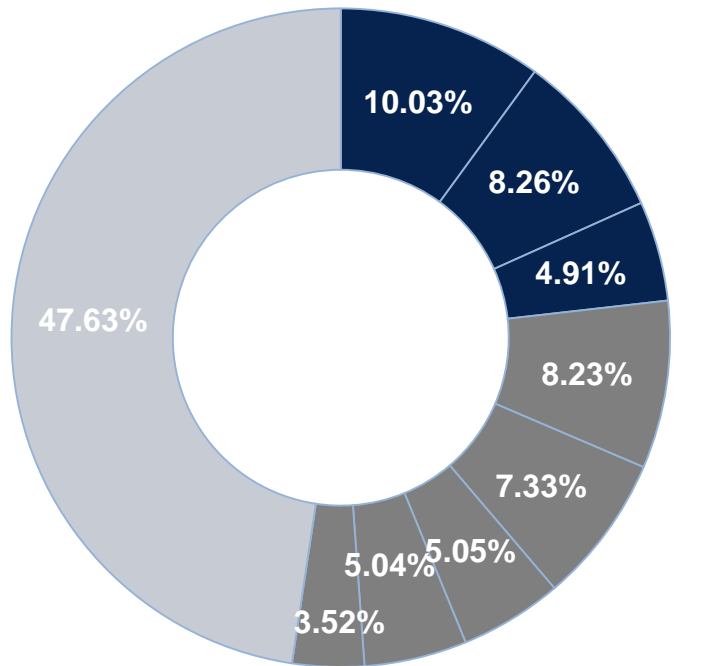
Bosch Laica Tanita  
ADE Homedics Beurer  
Sanitas  
Withings Terraillon

# Significant free Float and international Investors



## Shareholder Structure

March 2019



- MKV Verwaltungs GmbH, Grünwald (GER), 10.03%
- Joachim Loh, Haiger (GER), 8.26%
- Leifheit AG Nassau (GER), treasury shares, 4.91%
- Alantra EQMC Asset Management, SGIIC, SA, Madrid (ES), 8.23%
- DBAY Advisors Limited, Douglas (IM), 7.33 %
- MainFirst SICAV, Senningerberg (LUX), 5.04%
- Teslin Capital Management BV/Gerlin NV, Maarsbergen (NL), 5.05%
- Blackmoor Ownership Holdings Master Limited, London (UK), 3.52 %
- Share ownership under reporting threshold 47,63 %

■ Non free float shareholders<sup>1</sup> 23.2%

■ Free float<sup>1,2</sup> 76.8%

<sup>1</sup> Definition of German stock exchange for indices

<sup>2</sup> Including shareholdings of the Management Board

# Financial Calendar and Contact



## Dates 2019

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**24 September 2019**

Berenberg Goldman Sachs

German Corporate Conference, Munich

**12 November 2019**

Quarterly statement Q3

**25 – 27 November 2019**

German Equity Forum, Frankfurt

## Contact

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