

# How housework's done today.

**Leifheit AG**  
**Q3 2018**

14 November 2018

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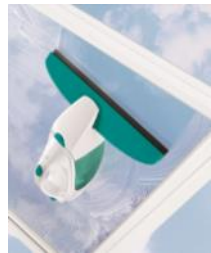
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# Agenda

- Financial Figures 9M 2018
- Forecast Financial Year 2018
- Key strategic initiatives
- Investment Highlights
- Annex

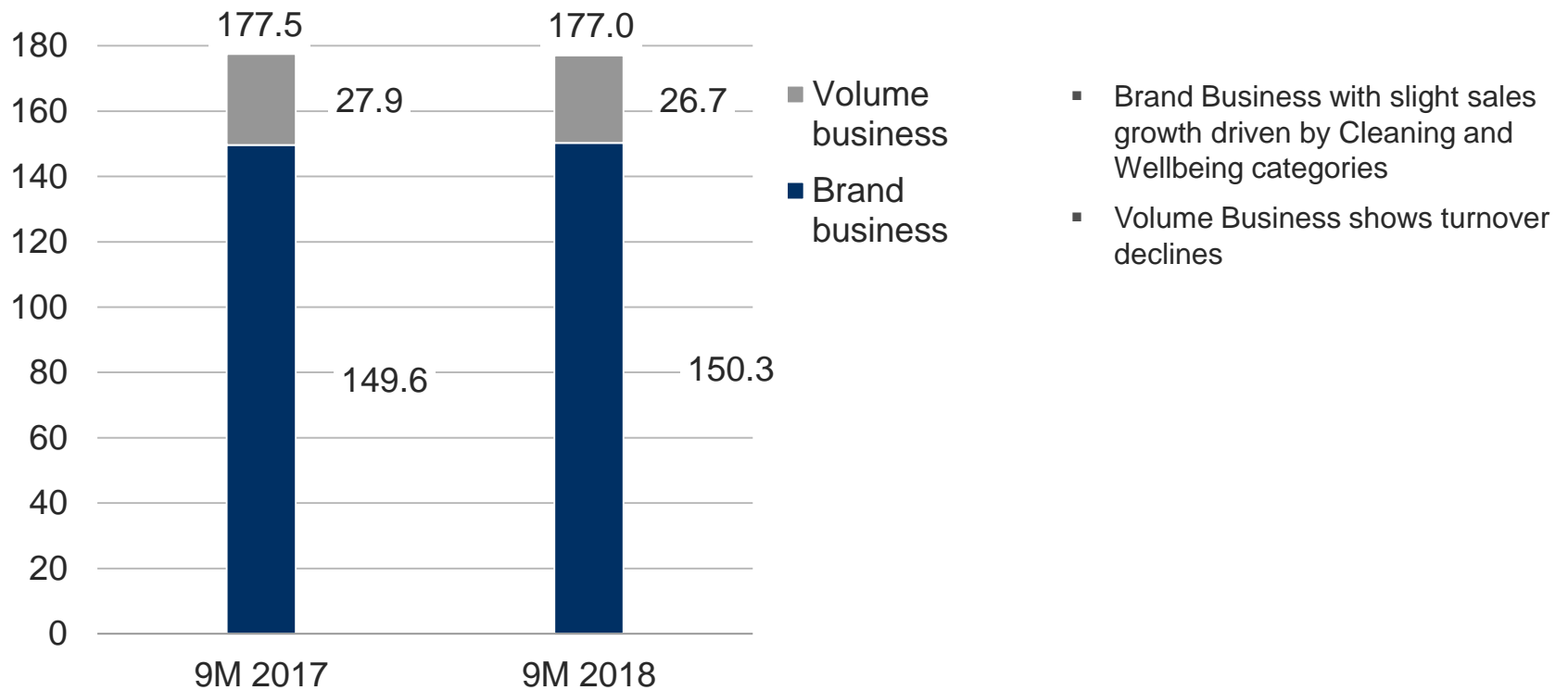


# Financial Figures 9M 2018

# Group turnover stable on previous year's level

## Group turnover by segment

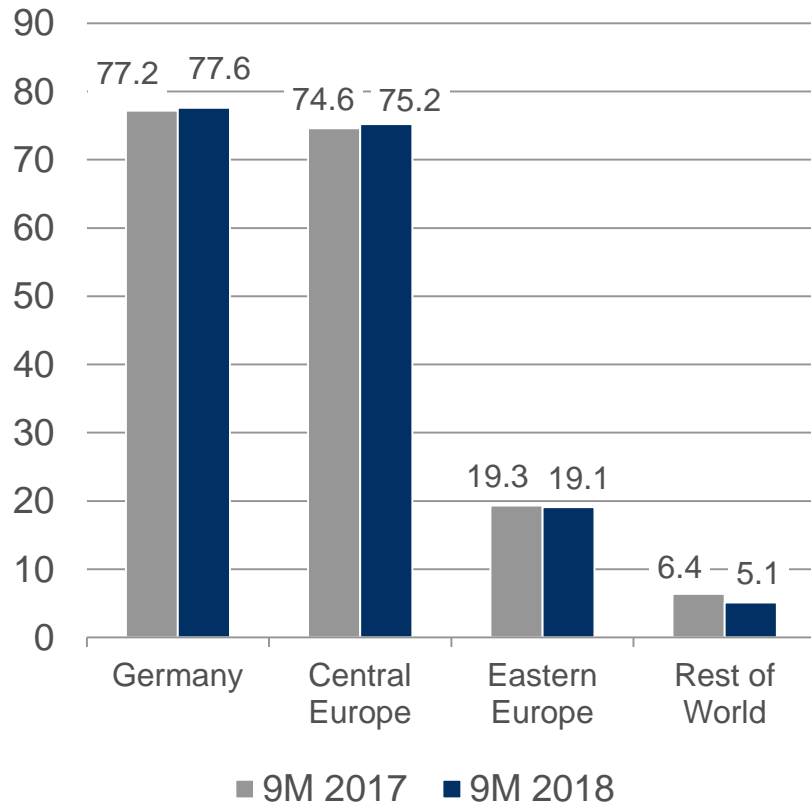
9M 2017 vs 9M 2018 / in € m



# Germany and Central Europe show moderate growth

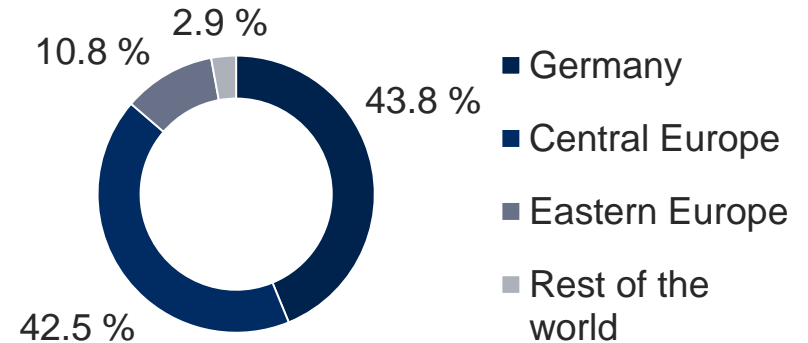
## Group turnover by region

9M 2017 vs 9 M 2018 / in € m



## Group turnover by region

9M 2018



- Germany up 0.4 % based on growth of brand and volume business
- Central Europe up 0.9 %. Lower sales in Belgium, Luxembourg and Austria overcompensated by a good performance in France, Italy, UK and Greece
- Eastern Europe down 1.1 %, mostly due to brand building in Hungary in 2017, Poland, Czech Republic and Romania grew strongly

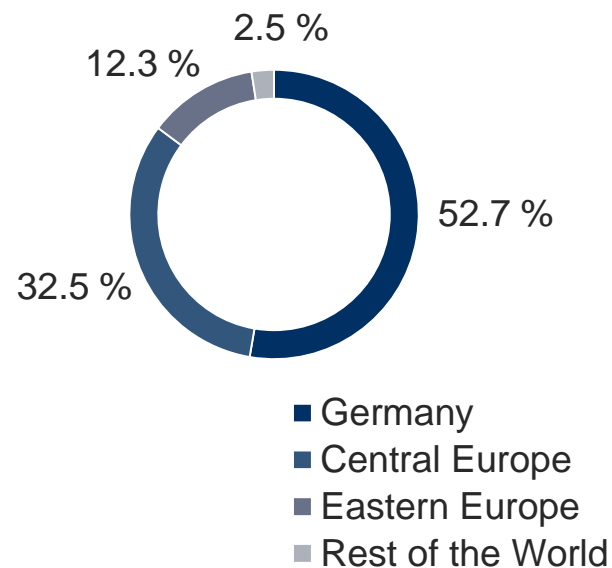
# Brand Business: Sales growth in Central Europe through established labels

		9M 2017	9M 2018	Δ
Turnover	€ m	149.6	150.3	+0.5 %
Gross profit	€ m	73.2	68.6	-6.3 %
Segment result (EBIT)	€ m	9.0	6.6	-26.7 %

- Brand Business: 84.9 % of total sales (9M 2017: 84.3 %)
- Growth drivers: cleaning, wellbeing and Online
- New products increasingly contribute to success and offset continuing market weakness for electrical glass surface cleaning
- Gross profit impacted by strengthening of USD, higher material prices, product and customer mix effects
- EBIT affected by extraordinary costs for changes in the management board

## Turnover Brand Business

9M 2018 / by region



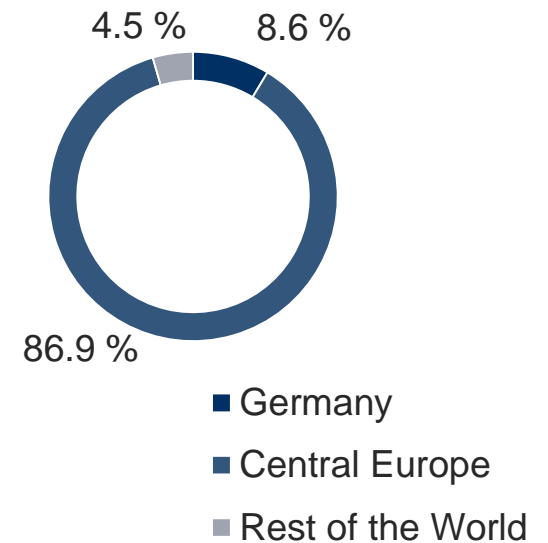
# Volume Business: Decline in Central Europe and USA define sales performance

		9M 2017	9M 2018	Δ
Turnover	€ m	27.9	26.7	-4.3 %
Gross profit	€ m	8.8	8.2	-6.8 %
Segment result (EBIT)	€ m	2.3	2.1	-8.7 %

- Volume Business represents 15.1 % (9M 2017: 15.7 %) of group turnover
- Continued strong sales growth in Germany cannot compensate decline in Central Europe and USA
- Growth with Birambeau kitchen products cannot make up for lack of sales volume with Herby laundry care products and project business
- EBIT and gross profit decline mainly due to lack of sales

## Turnover Volume Business

9M 2018 / by region





## Group earnings below previous year's level

		9M 2017	9M 2018	Δ
Group turnover	€ m	177.5	177.0	-0.3 %
Gross profit	€ m	82.0	76.8	-6.4 %
Gross margin	%	46.2	43.4	-2.8 pps
Foreign currency results	€ m	-1.6	0.2	>100 %
EBIT	€ m	11.3	8.7	-23.0 %
EBIT margin	%	6.4	4.9	-1.5 pps
Earnings before taxes (EBT)	€ m	10.5	7.9	-24.7 %
Net result for the period	€ m	7.4	5.5	-25.2 %

- Gross profit affected by USD exchange rate, sales deductions, price increases for materials as well as product- and customer mix effects
- Lower gross margin despite improvements in sales and administration costs and the rise in foreign currency results

## Free Cash Flow substantially improved

in € m	9M 2017	9M 2018	Δ
Cash flow from operating activities	0.1	7.6	+7.5
Cash flow from investment activities <sup>1</sup>	1.7	11.1	+9.4
Cash flow from financing activities	-13.8	-10.0	+3.8
<b>Free cash flow<sup>2</sup></b>	<b>-3.2</b>	<b>3.6</b>	<b>+6.8</b>

in € m	31.12.2017	30.09.2018	Δ
Cash and Cash equivalents at the end of reporting period	28.2	36.9	+8.7
Current financial assets	29.0	14.0	-15.0
<b>Group liquidity</b>	<b>57.2</b>	<b>50.9</b>	<b>-6.3</b>

- Improvement of Free Cash flow mainly resulting from higher cash flow from operating activities due to optimization of inventory and a lower decrease of liabilities
- Decline in Group liquidity mainly driven by € 10 m dividend payment

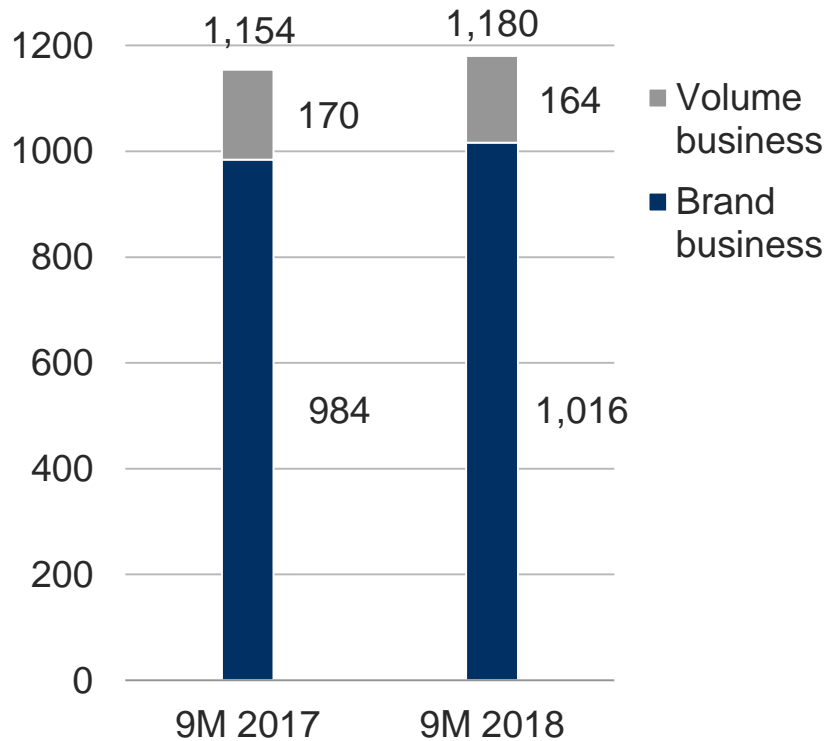
<sup>1</sup> Adjusted for proceeds from the sale of financial assets, cash outflow was m € 7.5 (previous year: m € 4.9).

<sup>2</sup> Sum of cash flow from operating activities and investment activities adjusted for financial assets.

# Increase in number of employees mainly driven by sales reorganization

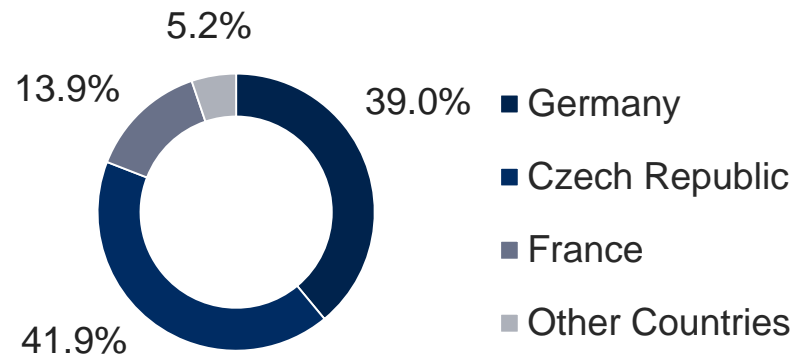
## Employees by segment

9M 2017 vs 9M 2018 (average)



## Employees by region

9M 2018 (average)



- The reorganization of sales activities in Germany converted commercial agents to employees
- Leifheit again “Top Employer Midsized Germany 2018”

# Forecast Financial Year 2018

# Turnover and EBIT forecast reduced

## Economic environment 2018

- ▶ Moderate economic growth in our key European markets
- ▶ External risks of changing US economic policies and a rising level of inflation

## Forecast Group development 2018

- ▶ Group: Turnover on previous years' level (previously: slightly below 2.5 – 3.5%)
- Brand Business: Turnover slightly above previous year (previously: slightly below 3 to 4%)
- Volume Business: Turnover slightly below previous year (previously: on previous year's level)
- ▶ EBIT of € 13 m to € 14 m (prev.: lower end of € 16 m to € 17 m)
- ▶ Investments of about € 8 m to 9 m (2017: € 7.8 m)
- ▶ Free cash flow of about € 5 to 6 m

# Key strategic initiatives

## Leifheit's vision

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

# Market environment offers attractive growth opportunities

## Digitization

Connectivity of products and services

## E-Commerce

High growth rates for household goods & appliances  
(2016/2017: +26.5%)

## Convenience

Demand-oriented product innovation through systematic innovation and market introduction processes

## Demographic change

More private households, rising proportion of older population & higher quality orientation among young households

## Health

Demand for well-being and healthcare products due to growing health awareness

## Technological change

High demand for battery-powered devices



Key strategic initiatives

# Adjusted strategy focuses on four main areas: Digitalization, Innovation, Internationalization, Efficiency



## Best possible and efficient management of all sales channels

- Offline and online integration



## Further strengthen E-Commerce position throughout Europe

- Systematic data analysis and a joined platform
- Enhancing consumer communication and services



## Drive consumer-oriented product innovations

- Improvements and additions to existing assortment
- Accelerate developments and more output in new segments



## International geographic expansion

- Focusing Eastern Europe and Asia-Pacific



## Increase efficiency

- SAP Implementation at Czech production plant
- Optimization of SAP landscapes along the entire value chain
- Process optimization for improved forecasting and planning capabilities

# Investment Highlights



## Long-standing track record

For 60 years one of the leading suppliers of household products in Europe



## Excellent product quality

High-quality innovative products for cleaning, laundry care, kitchen and wellbeing with high utility and functional design



## Non-cyclical business

Leifheit products used every day



## Strong brands Leifheit and Soehnle

High awareness and consumer confidence



## Innovation capability

Demand-oriented product innovation through systematic innovation and market introduction processes



## Changing market

Digitization, e-commerce and convenience create attractive growth opportunities



## International sales network

Promotes market penetration and further internationalization



## Finance structure

Efficient cost structure and solid financial position



## Shareholder-oriented dividend policy

Distribution of approx. 75% of max (free cash flow, net income) targeted, surplus cash for shareholders



## Strong long-term share price performance

Since 2008 +111% and thus above SDAX (+105%)

# Annex

# Experienced Management Board

**Ivo Huhmann**  
\*1969 | CFO &  
CO-CEO ad interim



Finance, Controlling, Audit, Business Processes/IT, APAC Sales and ad interim Global Sales + Marketing

## Core competencies

- Value creation, performance management, controlling, turnaround
- Creating strategic growth models
- Digitalization, IT, Six Sigma, Lean
- China operations and sales
- M&A, post-merger integration, cultural change

## Previous experience

- CEO Bergluft Co. Ltd. Startup
- Managing Director Stiebel Eltron
- CFO General Electric-Healthcare Germany
- CFO General Electric-Fanuc Europe
- Various global financial management functions in General Electric

**Igor Iraeta Munduate**  
\*1974 | COO &  
CO-CEO ad interim



Production, Logistics, R+D and Purchasing divisions and ad interim HR

## Core competencies

- International experience in modern production environments
- Digitalization, IT, Industry 4.0, Lean
- Production and Quality Management

## Previous experience

- CTO and Senior Executive Global Operations at Igus GmbH
- CTO, Stakeholder and Managing Director at Stoba Präzisionstechnik GmbH & Co. KG
- Various technical executive positions at Robert Bosch GmbH

# Financial calendar, share data, contact

## Dates 2018/2019

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**14 November 2018**

Quarterly statement Q3

**26 – 28 November 2018**

German Equity Forum, Frankfurt/Main, Germany

**28 March 2019**

Annual Financial Reports 2018

Analyst's meeting, Frankfurt/Main, Germany

**14 May 2019**

Quarterly statement Q1

**29 May 2019**

Annual General Meeting, Frankfurt/Main, Germany

**13 August 2019**

Financial report for the period ending 30 June 2019

**12 November 2019**

Quarterly statement Q3

## Share data

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ISIN:	DE0006464506
Ticker:	LEI:GR, LEIG.DE
Trading segment:	Prime Standard
Share capital:	€ 30,000,000.-
Number of shares:	10,000,000 no-par value ordinary bearer shares
Stock market launch:	3 October 1984
Designated Sponsor:	Oddo Seydler Bank AG

## Contact

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**Petra Dombrowsky**

Corporate Communications / Investor Relations

Phone: +49 2604 977-218

Email: [ir@leifheit.com](mailto:ir@leifheit.com)

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