

# Leifheit AG

## Analysts Meeting

Frankfurt/Main  
31 March, 2016

**LEIFHEIT**



# Agenda

- Highlights financial year 2015
- Figures financial year 2015
- Update Strategy “Leifheit 2020”
- Forecast 2016



# **Highlights financial year 2015**

# Highlights

- Achieved sales growth exceeds self-defined full year target
  - Growth beyond market development in our key target areas
- Systematic implementation of corporate strategy “Leifheit 2020” shows first significant effects
  - On the right track with innovative and customer-centric products
  - Utilization of European and commerce specific growth opportunities
  - Further strengthening of e-commerce position
- EBIT exceeds profit forecast (despite lowered foreign currency gains)
- New logistics center in Eastern Europe increases efficiency and flexibility in supplying Eastern European growth markets
- Placement of former anchor shareholder stocks increases free float
- Dividend proposal of € 2.00 (+ € 0.20) results in sixth successive increase for our shareholders
- New dividend policy leads to additional special dividend of € 0.75 per share
  - Surplus liquidity can be distributed as special dividend in the future

Highlights financial year 2015

# Implementation of “Leifheit 2020” shows first results

## Group turnover

2015 vs 2014 in €



## EBIT

2015 vs 2014 in €



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## Turnover Brand Business

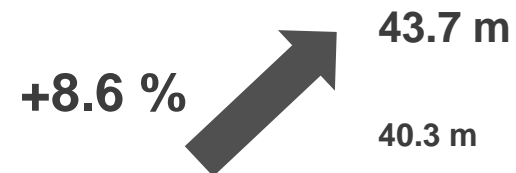
2015 vs 2014 in €



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## Turnover Volume Business

2015 vs 2014 in €



Highlights financial year 2015

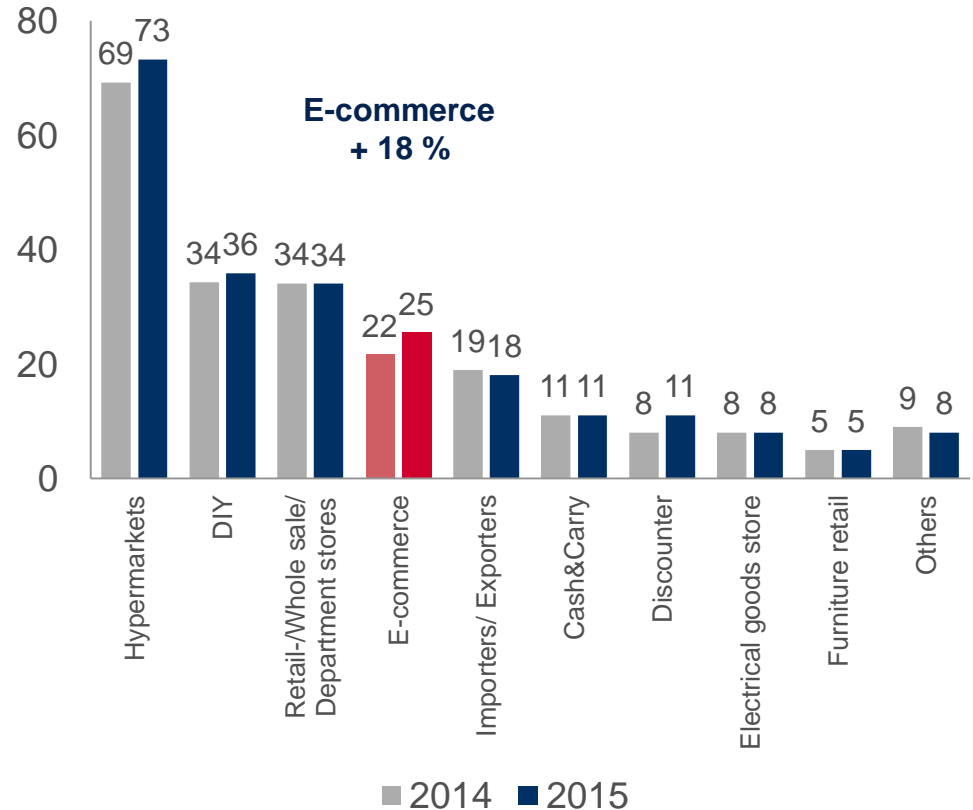
# Growth on all leading distribution channels

## TOP-10 clients (50 % of turnover)



## Turnover by distribution channel

2015 in m €

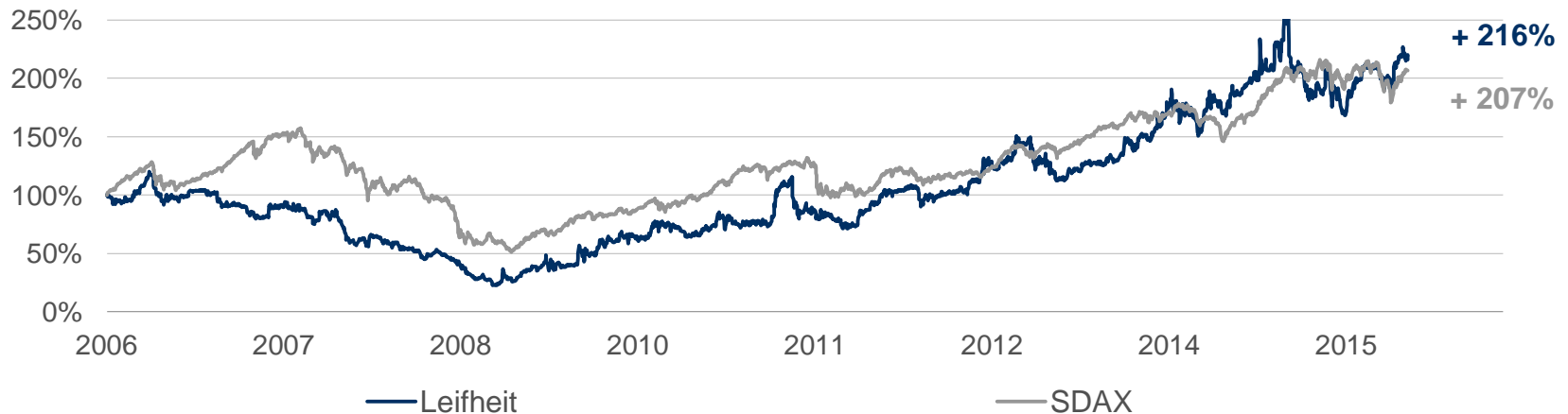


# Attractiveness of stock substantially increased

- **Attractiveness for investors further increased** by expanding free float to 76.7 % after placement of shares by Home Beteiligungs GmbH
- **Share price performance in 2015 at approx. 7 %**, throughout the past ten years at a CAGR of approx. **18 %**

## 10 year price performance

Period: 1 January 2006 to 30 March 2016



# Figures financial year 2015

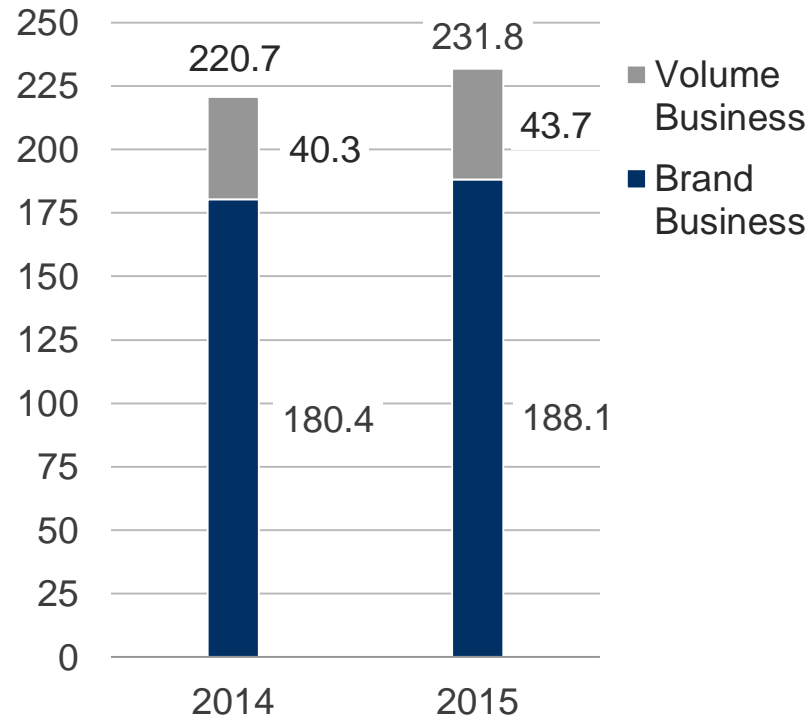


Figures financial year 2015

# Group turnover driven by Europe

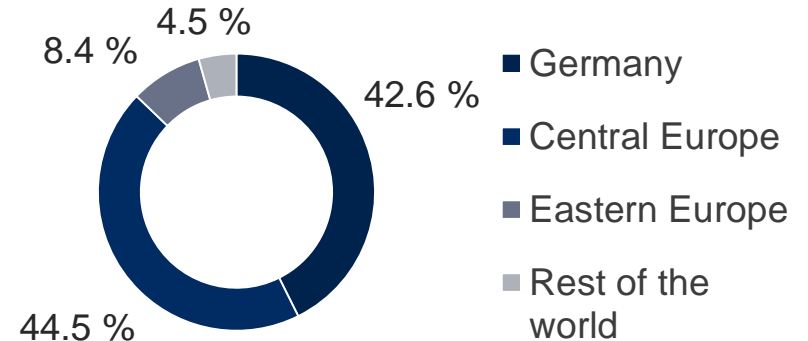
## Group turnover by segment

in € m



## Group turnover by region

2015



- Continuous sales growth in Germany (+3.9 %)
- Above average growth in turnover in Central Europe (+7.7 %)
- Eastern Europe: strong growth in Czech Republic and Poland compensates decline in Russia and Ukraine (+0.8 %)
- Rest of the world: Turnover almost stable (-0.9 %)

Figures financial year 2015

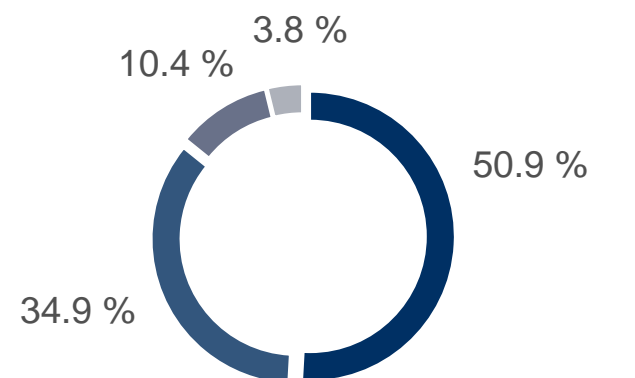
## Brand Business shows significant growth

		2014	2015	Δ
Turnover	€ m	180.4	188.1	+4.3 %
Gross margin	%	50.1	49.3	-0.8 pps
Segment result (EBIT)	€ m	16.2	15.5	-4.3 %
EBIT adjusted <sup>1)</sup>	€ m	12.2	14.6	+19.7 %
Employees	Pers.	782	831	+49

- Center of Group growth strategy
- High quality products by Leifheit and Soehnle brands
- Brand Business achieved 81.1 % of total sales (2014: 81.8 %)
- Segment EBIT represents 71.4 % of total result (2014: 75.3 %)
- Substantial growth driver: Cleaning products by Leifheit brand
- Leifheit window vacuum cleaner remains bestseller

### Turnover Brand Business

2015 / by region



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

1) Adjusted by foreign currency result

Figures financial year 2015

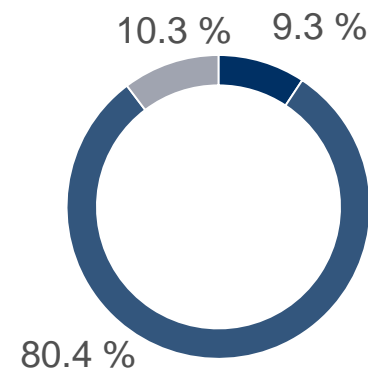
# Special effects drive Volume Business above expectations

		2014	2015	Δ
Turnover	€ m	40.3	43.7	+8.4 %
Gross margin	%	36.9	35.4	-1.5 pps
Segment result (EBIT)	€ m	5.3	6.2	+17.0 %
EBIT adjusted <sup>1)</sup>	€ m	4.2	4.6	+9.5 %
Employees	Pers.	273	218	-65

- Lead by profitability
- Focused on European markets and project business
- Share of turnover of 18.9 % (2014: 18.3 %)
- Volume Business represents 28.6 % of total EBIT (2014: 24.7 %)
- Growth driver 2015: Birambeau (kitchen) and Herby (laundry) in France
- Sales growth driven by initial stocking of newly signed trade partner

## Turnover Volume Business

2015 / by region



- Germany
- Central Europe
- Rest of the world



1) Adjusted by foreign currency result

Figures financial year 2015

## Group results before foreign currency effects significantly increased

		2014	2015	Δ
Group turnover	€ m	220.7	231.8	+5.0 %
Gross margin	%	47.7	46.7	-1.0 pps
EBIT	€ m	21.5	21.7	+0.5 %
Foreign currency results	€ m	5.1	2.5	- 51.9 %
EBIT adjusted <sup>1)</sup>	€ m	16.4	19.2	+16.4 %
EBIT margin	%	9.8	9.3	-0.5 pps
EBIT margin adjusted <sup>1)</sup>	%	7.4	8.3	+0.9 pps
Earnings before taxes (EBT)	€ m	19.8	20.2	+2.2 %
Net result for the period	€ m	14.1	14.3	+1.6 %
ROCE	%	20.3	18.1	-2.2 pps

- Decline in gross margin due to foreign currency related increased purchasing cost for goods from Far East (in USD and HKD)
- Adjusted by currency effects gross margin increased by 1.1 pps

1) Adjusted by foreign currency result

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Figures financial year 2015

## Operative cash flow influenced by increase in inventory and liabilities

in € m	2014	2015	Δ
Cash flow from operating activities	24.5	20.8	-3.7
Cash flow from investment activities	-9.1	-6.7	+2.4
Cash flow from financing activities	-7.8	-8.5	-0.7
Effects of exchange rate differences	0.2	-0.2	-0.4
Net change in cash and cash equivalents	7.9	5.4	-2.5
Cash and cash equivalents at the end of reporting period	58.8	64.2	+5.4
Short-term securities	4.0	4.0	-
Group liquidity	62.8	68.2	+5.4
Free cash flow <sup>1)</sup>	18.4	14.1	-4.3

- The operative cash flow results mainly from the period results of € 14.3 m (2014: € 14.1 m), depreciation of € 5.8 m (2014: € 6.3 m), a decrease in trade receivables by € 2.6 m (2014: increase of € 2.0 m), an increase in inventories of € 7.5 m (2014: increase of € 1.8 m) and an increase in trade payables and other liabilities of € 3.0 m (2014: increase of € 8.5 m)
- Particular reason for the decrease in free cash flow was a turnover-driven increase in working capital

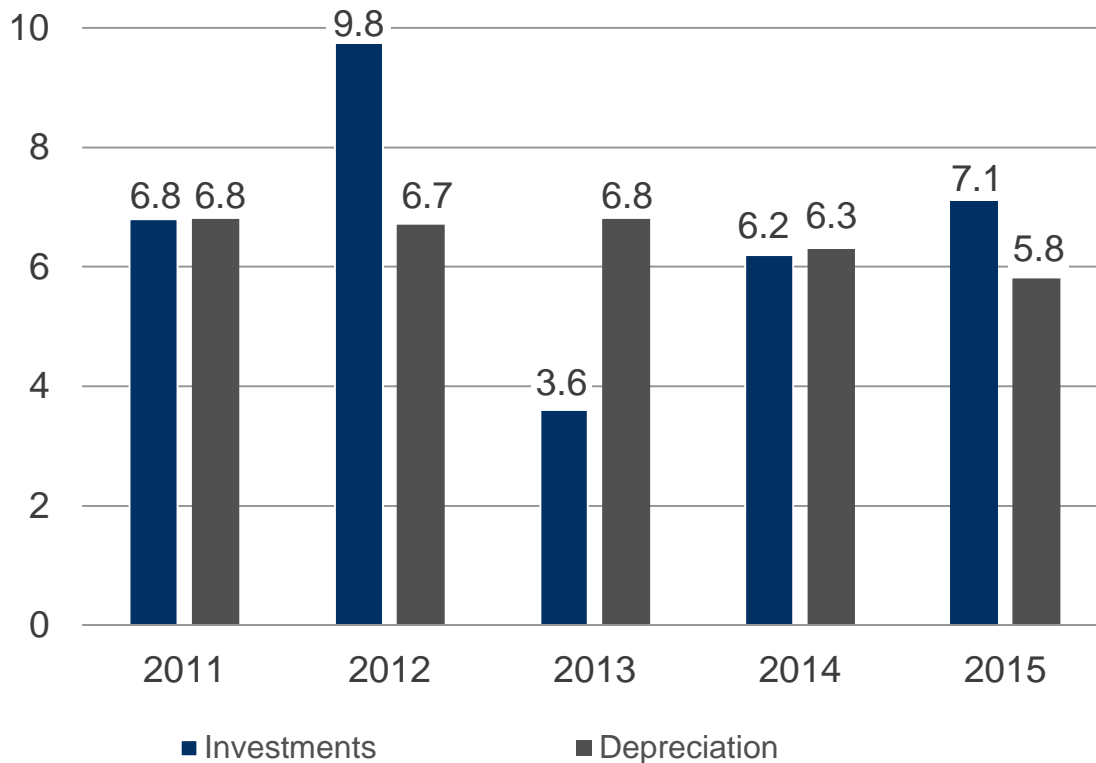
1) Sum of cash flow from operating activities and investments, adjusted by deposits and disbursements in financial assets as well as from sell-offs of business units

Figures financial year 2015

# Investments into an efficient distribution in Eastern Europe

## Investments vs. depreciation

in € m



Investments 2015:

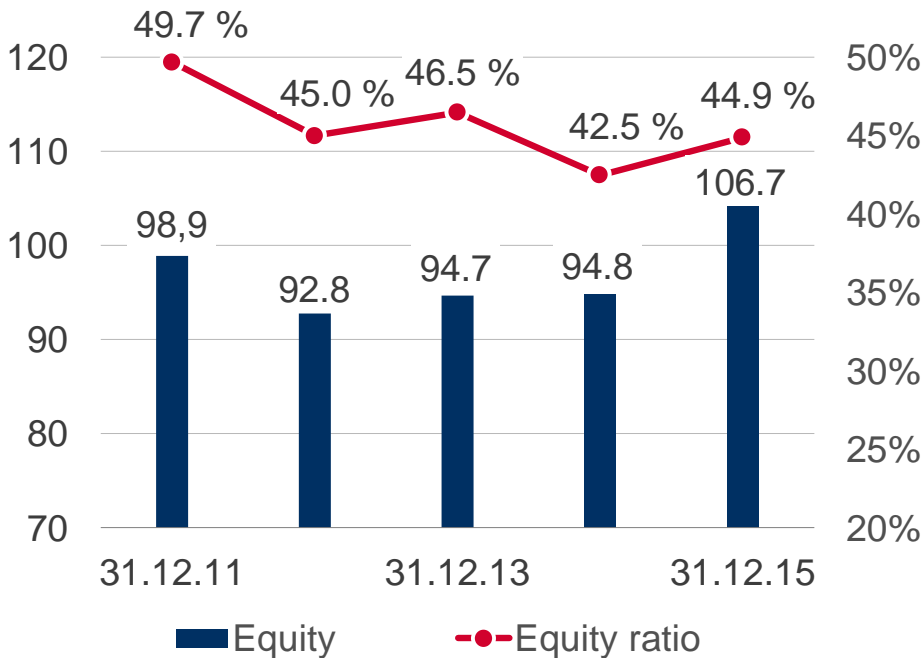
- € 6.1 m in fixed assets (2014: € 5.1 m), hereof € 1.9 m in the new logistics center Eastern Europe at production site Blatná
- € 1.0 m (2014: € 1.0 m) in intangible assets (mainly software/warehouse management system)
- Brand Business: € 6.4 m (2014: € 5.5 m)
- Volume Business: € 0.7 m (2014: € 0.7 m)

Figures financial year 2015

# Strong capital structure and financial flexibility

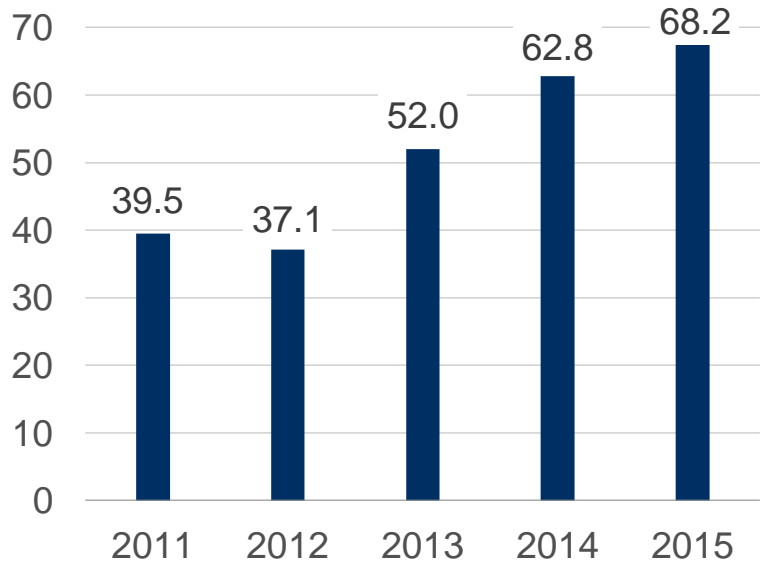
## Equity/-ratio<sup>1)</sup>

in € m



## Cash, cash equivalents and short-term financial assets

in € m



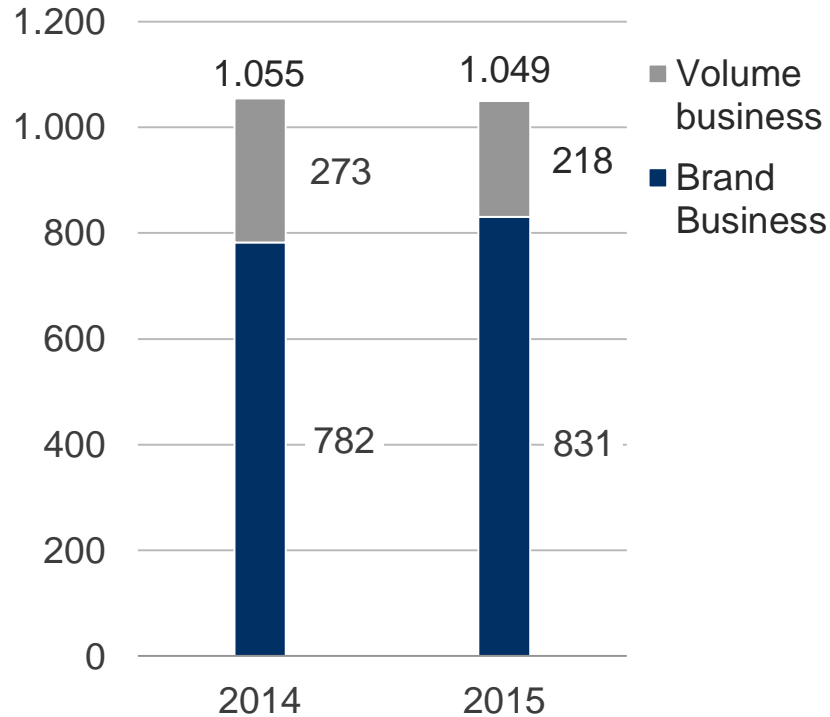
1) from 2012 according to IAS 19 (adjusted 2011)

Figures financial year 2015

# Increase in F&E and marketing capacities, expansion of production by intensified insourcing

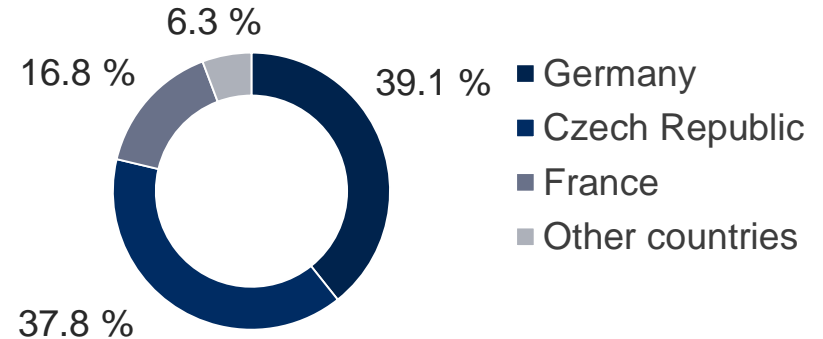
## Employees in total

as at 31 Dec



## Employees by region

as at 31 Dec 2015



- Reallocation of staff from Volume Business to Brand Business due to completion of contract manufacturing and increase in production at site in Blatná
- R&D and marketing capacities tendenciially strengthened
- Leifheit again “Top Employer Midsized Germany 2016”





# Update Strategy “Leifheit 2020”

## Leifheit’s vision for 2020

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

## Strategy “Leifheit 2020” will deliver higher levels of growth and excellence

- Starting from an efficient platform, solid margins and a lean profile, Leifheit is focusing on future growth:
  - Expansion of the product portfolio
  - Expansion of the customer footprint
  - Expansion of geographical footprint
  - External growth options (focus on core categories)
  
- Leifheit is targeting organic growth of 4 - 5 % CAGR.
  
- Leifheit defined ten strategic guidelines to strengthen competitiveness, drive growth and increase sustained profitability:
  - Where will we grow?
  - How will we grow?
  
- Strategic guidelines are the basis for numerous individual projects to create the capability to deliver growth.

## „Leifheit 2020“: Foundation for further growth provided in 2015

- **Brand positioning** of Leifheit revised
- **Establishment of a second price point** within the Leifheit brand – in particular for Central and Eastern European markets
- Numerous **awards** for brands and products
- Successful execution of „**high importance projects**“
  - Implementation of **SAP EWM** (extended warehouse management)
  - **New logistics center** at Czech facility to boost efficiency of distribution to Eastern European markets
- Development of “**Innovation Factory**” as holistic innovation strategy:
  - **Built-up of mid-term pipeline 2020**: providing innovative solutions with high market potential throughout the upcoming years
  - Strengthening of our **design competences** while maintaining our **high quality standards**

# Update Strategy “Leifheit 2020” Our Innovation Factory focuses on users



# Strategic guideline number 6

## Best in class user focus

Based on “Leifheit 2020”, we developed our innovation strategy “Innovation Factory”:

- Stronger integration of users in the innovation process
- Stressing our design competences
- Holistic innovation approach
- Establishment of a strategic innovation partner network
- Increased efficiency in idea generation, selection and qualification processes
- Assurance of continuously high product quality

Annex  
“Leifheit 2020” strategic guidelines

**Where we will grow:**

<p><b>1. Consumer</b></p> <ul style="list-style-type: none"> <li>▪ Target all females and males who use and/or shop household products for in-home use (indoor/outdoor)</li> <li>▪ Address users who are prepared to buy brand products in the middle to upper price segment as well as value related users who are more price-conscious</li> </ul>	<p><b>2. Brands and categories</b></p> <ul style="list-style-type: none"> <li>▪ Focus <b>Leifheit brand</b> on <b>Clean &amp; Care</b> in the middle to upper price segment, cover additional basic price points with (a) second brand(s), <b>target: significant growth</b></li> <li>▪ Deliver <b>acquisitions</b> in Clean &amp; Care categories</li> <li>▪ Position <b>Soehnle</b> closer to the brand core, <b>target: significant growth</b></li> <li>▪ Revise <b>Kitchen</b> business model and search for a new brand, <b>target: moderate growth</b></li> </ul>
<p><b>3. Regions and countries</b></p> <ul style="list-style-type: none"> <li>▪ Develop and design for European markets</li> <li>▪ First, exploit European growth opportunities (PL/Iberia/Nordics/UK/rest of EE), as of 2015</li> <li>▪ Second, become intentional in exploiting US / Asia growth opportunities, as of 2018</li> </ul>	<p><b>4. Customers</b></p> <ul style="list-style-type: none"> <li>▪ Be distributed wherever our target group wants to shop: globally and in all distribution channels</li> <li>▪ Further strengthen e-commerce position</li> </ul>

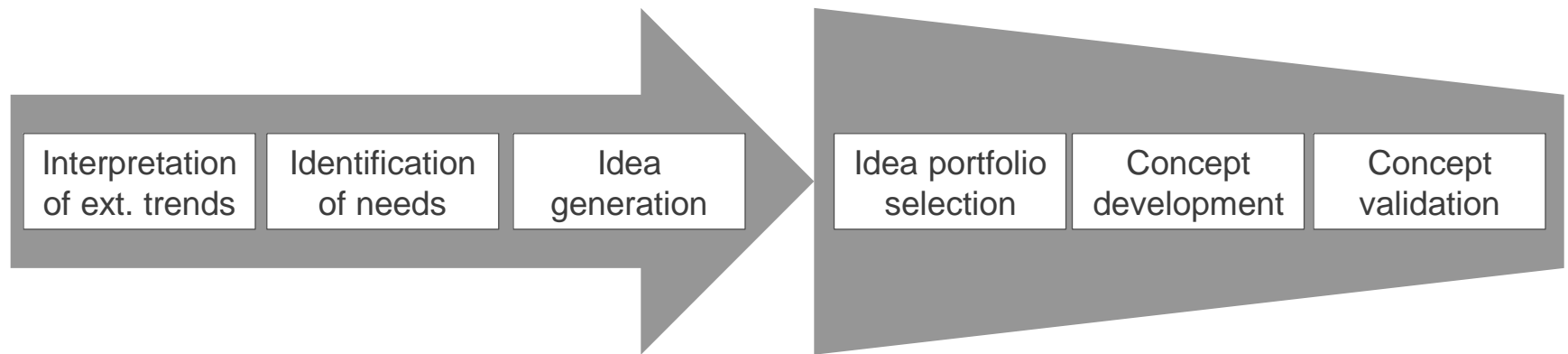
Annex  
“Leifheit 2020” strategic guidelines

**How we will grow:**

<p><b>5. Product quality</b></p> <ul style="list-style-type: none"> <li>▪ Ensure that product quality needed to compete as a branded goods supplier is <i>always</i> in place</li> </ul>	<p><b>6. Best in class user focus</b></p> <ul style="list-style-type: none"> <li>▪ Strengthen focus on consumer needs and in depth understanding of easiness and convenience</li> <li>▪ Define <u>additional</u> search fields</li> <li>▪ Deliver the “Design factory” for our industries</li> </ul>	<p><b>7. Innovative and leading solutions for target users</b></p> <ul style="list-style-type: none"> <li>▪ Deliver <u>additional</u> product systems with easy and convenient “hero” products in the center</li> <li>▪ Deliver products that are characterized by a brand specific, appealing design</li> </ul>
<p><b>8. Innovative and leading solutions for dealers</b></p> <ul style="list-style-type: none"> <li>▪ Enable dealers to differentiate with tailor-made solutions</li> <li>▪ Deliver a full category approach for “Clean &amp; Care”</li> <li>▪ Elevate POS-Excellence across all distribution channels – online and offline = <u>Digitally led</u></li> </ul>	<p><b>9. Value chain efficiency</b></p> <ul style="list-style-type: none"> <li>▪ Continuous improvement of value chain efficiency: <u>Focus on initiative development and order generation/fulfillment processes</u></li> <li>▪ Continuously drive out all non-value adding cost</li> </ul>	<p><b>10. Culture and employees</b></p> <ul style="list-style-type: none"> <li>▪ Drive appropriate cultural change</li> <li>▪ Properly develop our employees</li> </ul>

# Targeted innovation through new processes

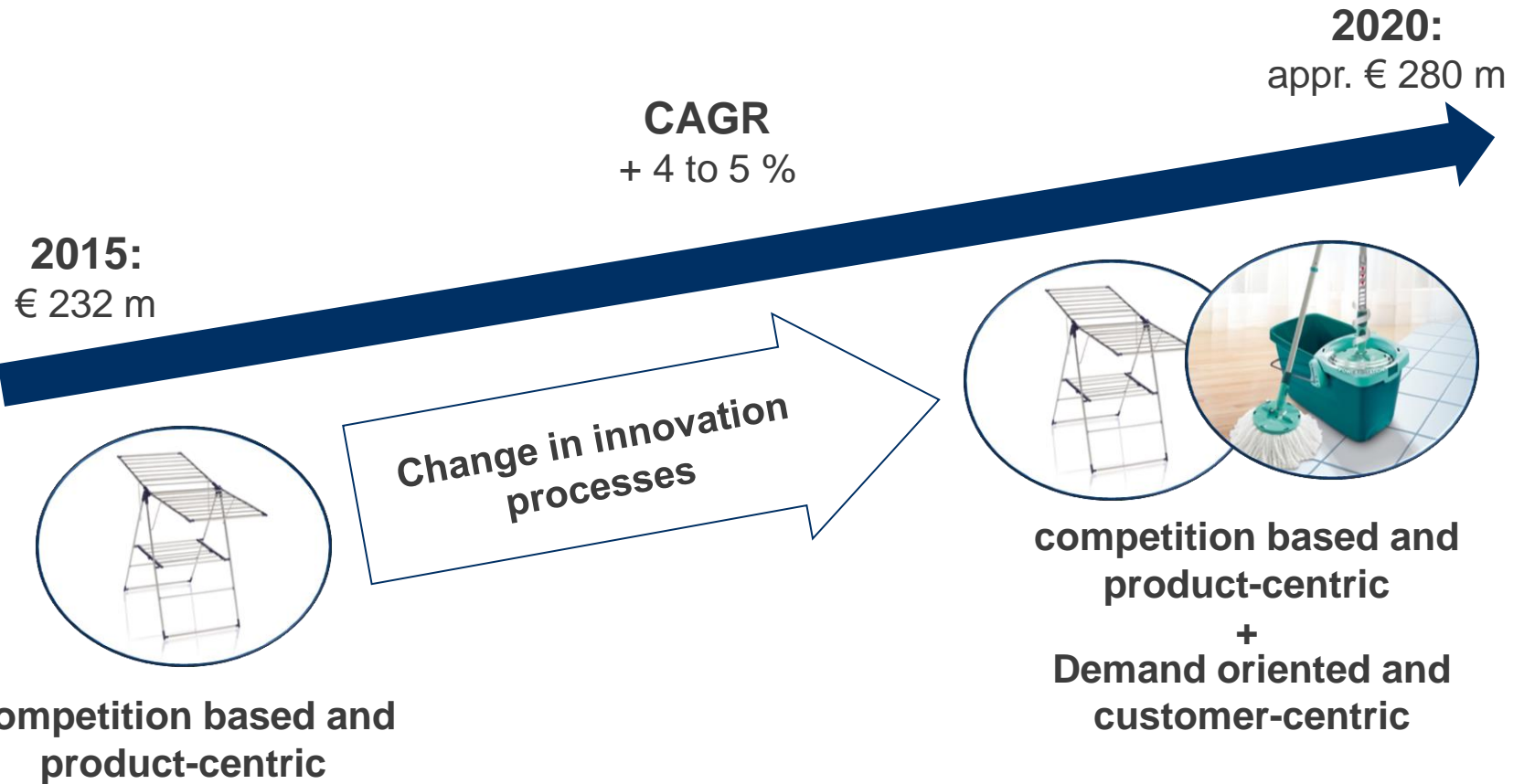
Strategic targets / consumer segments / category search fields



## Increase in trendsetting innovations

- Better understanding of consumer needs
- Innovations with greater relevance and attractiveness
- Innovations with greater distinction to competition

# Innovation Factory promotes turnover growth

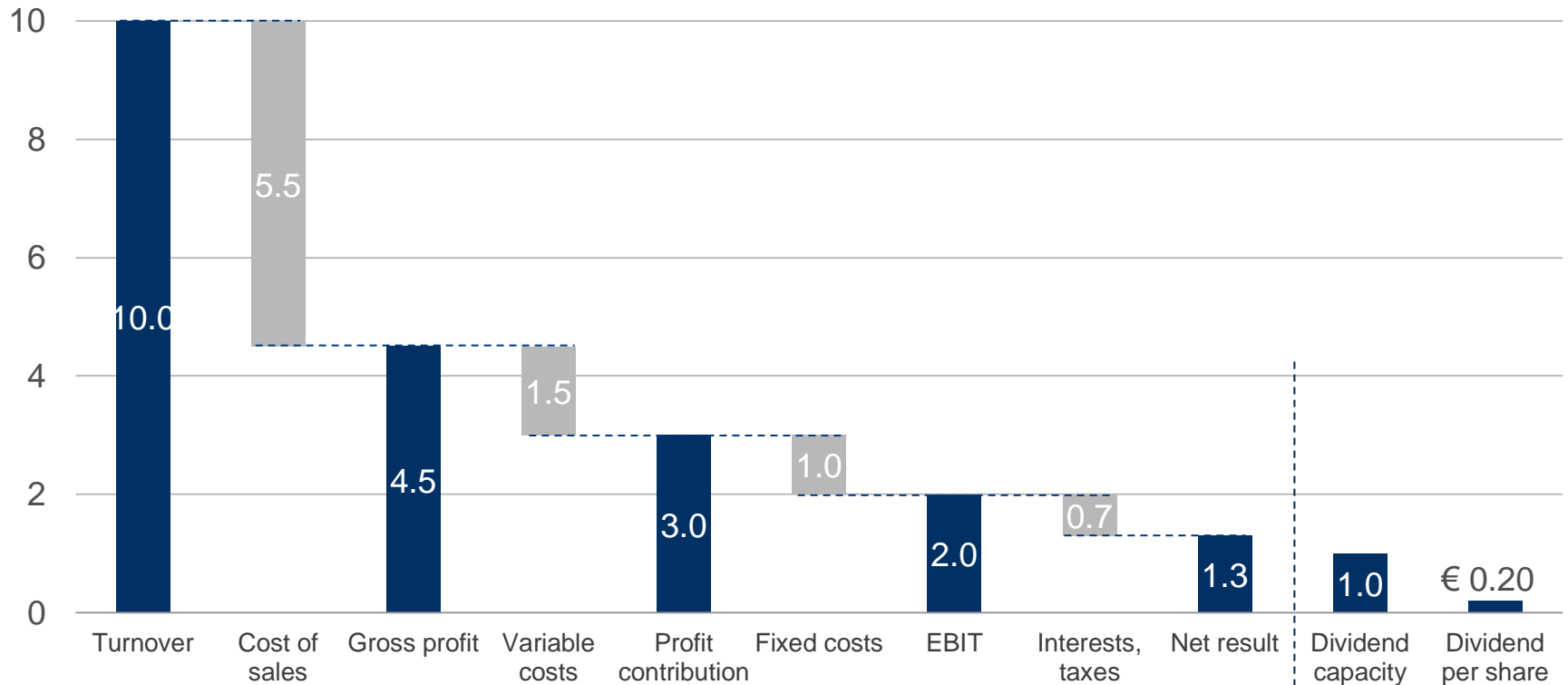




# Growth generates dividend capacity

€ 10.0 m turnover growth ~ € 2.0 m EBIT ~ € 1.3 m net result | € 1.0 m dividend capacity ~ 0.20 € dividend per share

in € m



# Forecast 2016

## 2016: Solid turnover and earnings growth

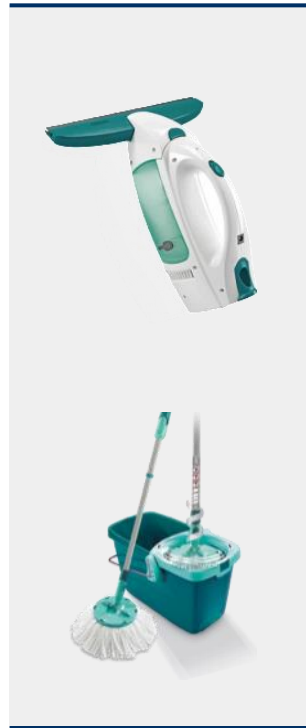
<p>Economic environment 2016</p>	<ul style="list-style-type: none"> <li>▪ Moderate economic growth in our key European markets</li> <li>▪ Risks such as refugee crisis, conflicts in South-East Europe (Ukraine, Russia) and the Middle East</li> <li>▪ Business climate optimistic in retail optimistic for 2016, propensity to consume of customers continuously stable</li> </ul>
<p>Forecast Group development 2016</p>	<ul style="list-style-type: none"> <li>▪ Continuing group strategy “Leifheit 2020”</li> <li>▪ Group: Growth of 3 to 4 %</li> <li>▪ Brand Business: Solid growth of 4 to 5 %</li> <li>▪ Volume Business: Turnover on level of previous year</li> <li>▪ Result of € 22 to 23 m, including foreign exchange result of approx. 1 € m</li> <li>▪ Investments of € 8 m planned</li> <li>▪ ROCE on level of previous year (18 %)</li> <li>▪ Free cash flow on prior-year level (€ 14 m)</li> </ul>
<p>Group development until 2020</p>	<ul style="list-style-type: none"> <li>▪ Sustainable and profitable organic turnover growth of 4 to 5 % CAGR<sup>1)</sup></li> <li>▪ Target EBIT-margin of 8 %</li> </ul>

# Leifheit is well equipped for the future

Strong brands



Innovative products and solutions



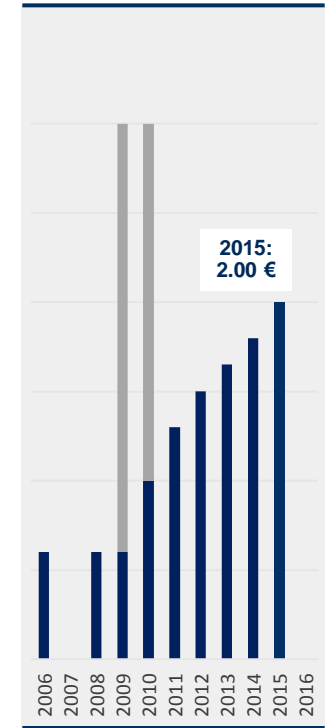
Creative people



Efficient and lean processes



Reliable partnership to our shareholders







# Your questions please...

# Appendix

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

## Leifheit Group

Brand Business	Volume Business
~80% of turnover	~20% of turnover
<ul style="list-style-type: none"> <li>▪ High-quality branded products with a high degree of consumer benefit, medium- 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 goods, wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Products in mid-price segment</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 goods, wellbeing</li> </ul>
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> <div style="text-align: center;"> <p>Project Business</p> </div> </div>

# One of the leading manufacturers of household products in Europe

## Cleaning

Leifheit has an easy and convenient solution for every cleaning demand. Our high quality cleaning products can be flexibly combined.



## Laundry care

Whether it's laundry dryers for the house or rotary dryers for the garden, an ironing board or a steam ironing system – Leifheit ensures fresh, clean and well-kept laundry.



## Kitchen goods

Opening, cooking, cutting or storing – Leifheit's kitchen accessories simplify work and keep hands and kitchen clean.



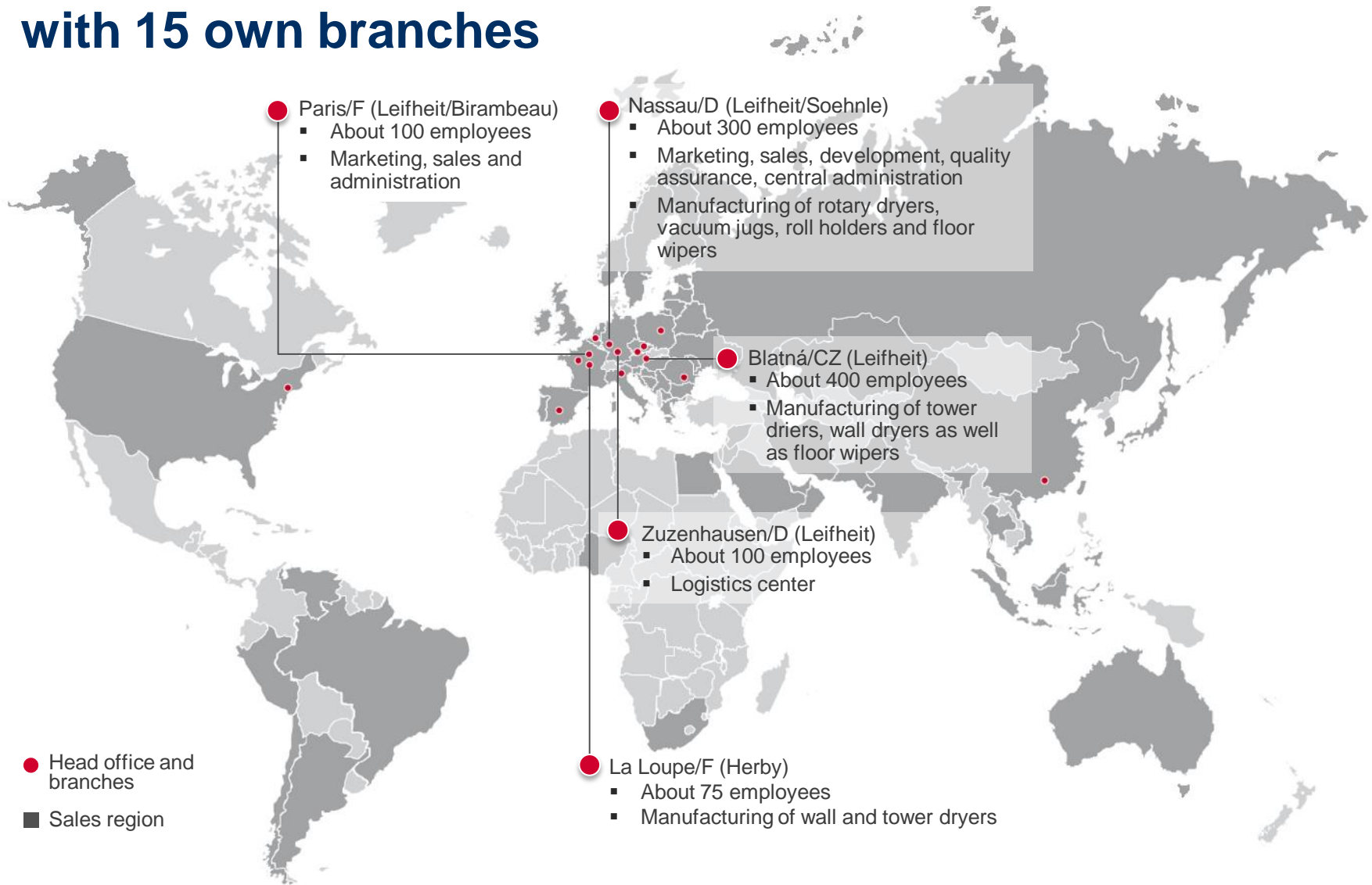
## Wellbeing

Under the Soehnle brand we offer an assortment of scales that always cut a good figure – in the kitchen and the bathroom.





# Operating in more than 80 countries with 15 own branches



# Market Initiatives 2016

# Modern positioning of Leifheit brand

360 degrees campaign “experience the Leifheit effect”  
TV-advertisement:



CLEAN TWIST System: February 2016



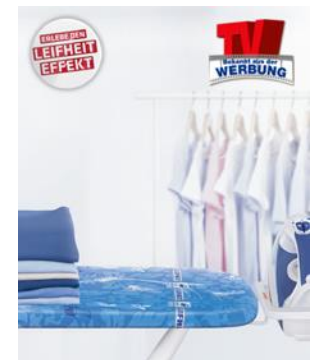
Window vacuum cleaner: March 2016



AIR BOARD: October 2016



# Targeted marketing with harmonized campaign “Experience the Leifheit Effect”



# A clean solution for every challenge: The new Leifheit Mop Portfolio





# Colour Edition: Perfect presentation at POS



# “MEingemachtes” – fresh preservation ideas by Leifheit



## Extended preservation assortment

- Decorative hexagon glasses and bottles with screw cap in various sizes
- Decoration sets turn “MEingemachtes” into attractive presents
- Eye-catching and emotional presentation at POS

**NEW!**



# Soehnle kitchen scale Genio – successful start and multiple times awarded





# Financial calendar

## Dates 2016

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### **12 May, 2016**

Quarterly release as at 31 March, 2016  
1<sup>st</sup> quarter 2016

### **25 May, 2016**

Annual general meeting

### **11 August, 2016**

Half-year financial report as at 30 June, 2016

### **10 November, 2016**

Quarterly release as at 30 September, 2016  
3<sup>rd</sup> quarter 2016

# Contact

## Contact

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