

How housework's done today.

Leifheit AG
German Equity Forum

November 2018

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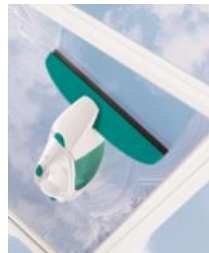
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Agenda

- Introduction to Leifheit
- Financial Figures 9M 2018
- Forecast Financial Year 2018
- Key strategic initiatives
- Product and brand initiatives
- Investment Highlights



Introduction to Leifheit

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



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

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

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

Core competencies

- International experience in modern operations environments
- Digitalization, IoT, Industry 4.0
- Implementation of learning organizations and excellence culture
- Creation of new business
- Implementation of lean production systems
- Agile methods “scrum”

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

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

Leifheit Group

Brand Business
(~ 85% of turnover)

Volume Business
(~ 15% of turnover)

- Distribution in international markets
- Product categories: Cleaning, Laundry Care, Kitchen goods, Wellbeing

- High-quality branded products with a high degree of consumer benefit, mid to upper price segment
- Consistent brand management
- Systematic processes for innovation and market launch

- Products in mid-price range
- Customer-specific product development
- Strong service component

LEIFHEIT

SOEHNLE

birambeau
la Cuisine plaisir

herby

Project
Business

Introduction to Leifheit

Offering high-quality products in four categories

Cleaning



- Easy and convenient solution for every cleaning demand
- Our high quality cleaning products can be flexibly combined

Laundry care



- Laundry dryers for the house, rotary dryers for the garden, an ironing board or a steam ironing system ensure fresh, clean and well-kept laundry

Kitchen goods



- Kitchen accessories simplify work and keep hands and kitchen clean
- Used for opening, cooking, cutting or storing

Wellbeing



- Soehnle is a leading brand for kitchen and bathroom scales
- Air Treatment, medical products and wearables: complementary new assortments for a modern lifestyle

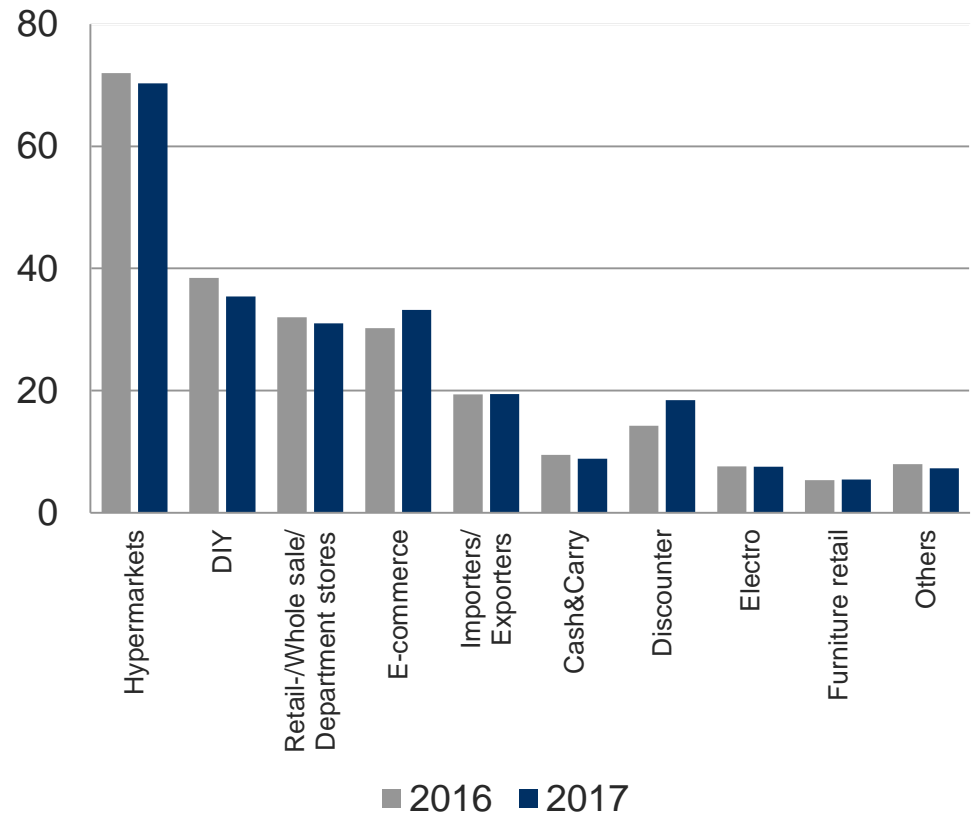
Present in leading distribution channels

TOP-10 clients (50 % of turnover)

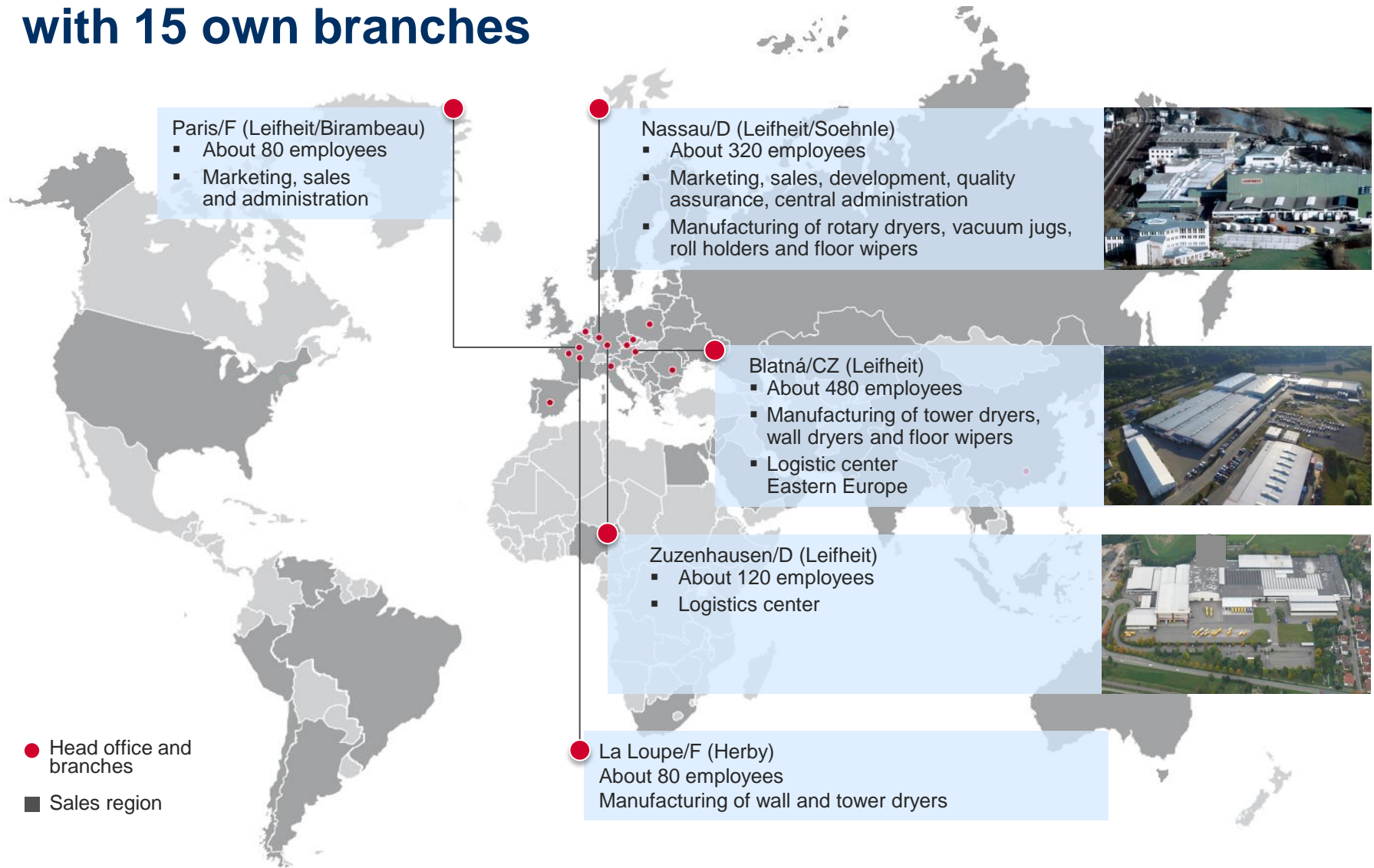


Turnover by distribution channel¹

in € m



Operating in more than 80 countries with 15 own branches

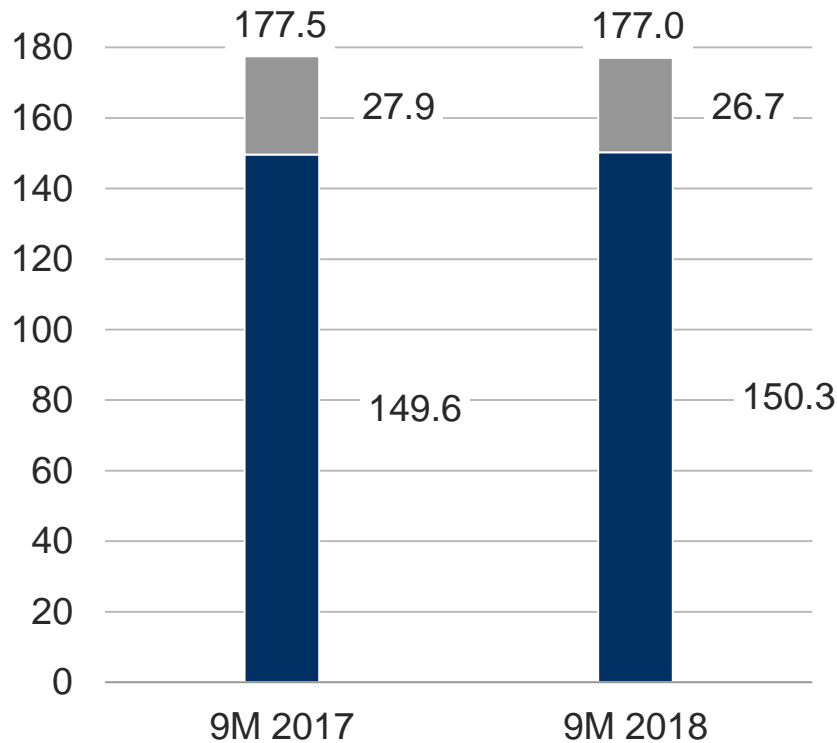


Financial Figures 9M 2018

Group turnover stable on previous year's level

Group turnover by segment

9M 2017 vs 9M 2018 / in € m

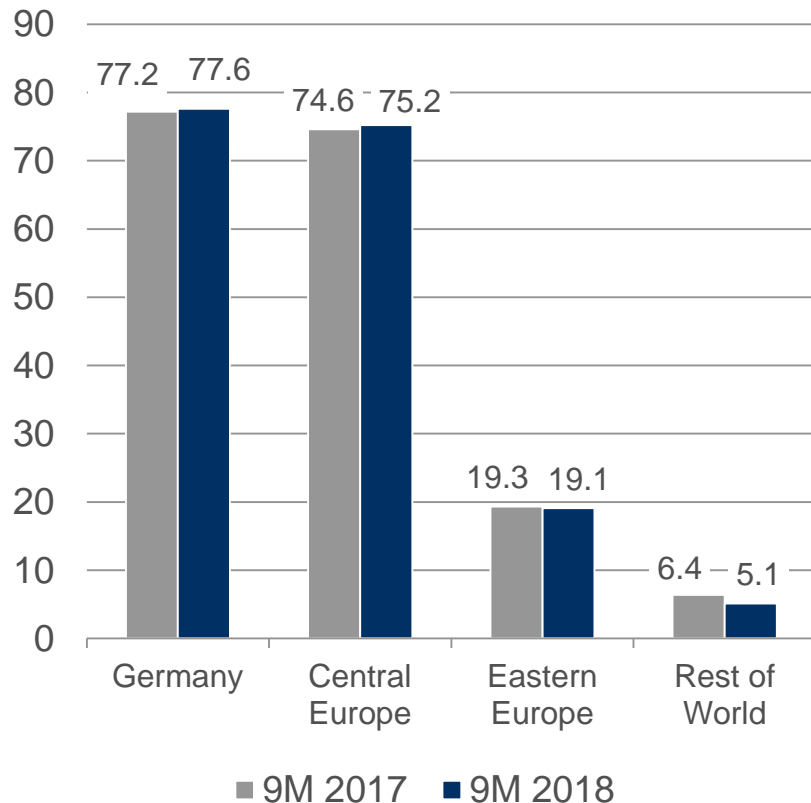


- Brand Business with slight sales growth driven by Cleaning and Wellbeing categories
- Volume Business shows turnover decline

Germany and Central Europe show moderate growth

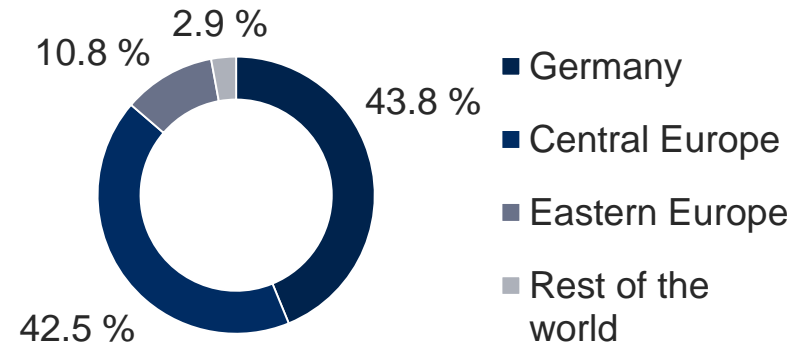
Group turnover by region

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

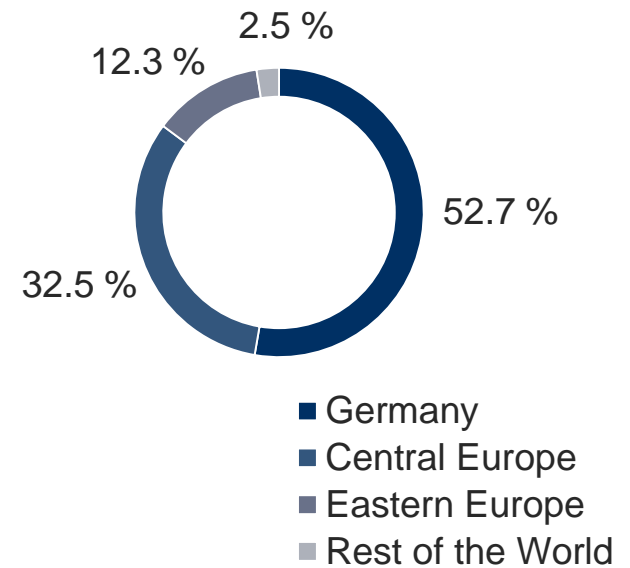
Brand Business: Sales growth in Central Europe through established labels

		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



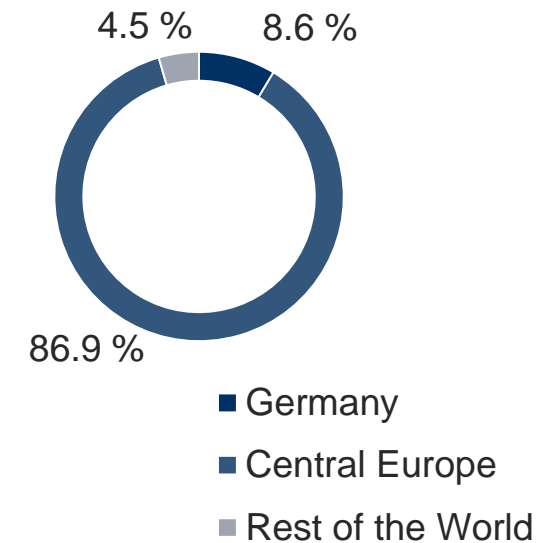
Volume Business: Decline in Central Europe and USA define sales performance

		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, price increases for materials as well as product- and customer mix effects
- Lower gross margin despite improvements in sales and administration costs and the improvement 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 ¹	1.7	11.1	+9.4
Cash flow from financing activities	-13.8	-10.0	+3.8
Free cash flow²	-3.2	3.6	+6.8

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
Group liquidity	57.2	50.9	-6.3

- 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
- Working Capital at € 52.0 m and improved by € 0.7 m vs. 30.09.2017

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

2 Sum of cash flow from operating activities and investment activities adjusted for financial assets.

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 to 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 m to € 6 m

Key strategic initiatives

Changing Market environment

Market environment offers attractive growth opportunities

Digitalization

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, digitalize

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

Product/Brand Initiatives 2018



Anniversary Colour Edition



LEIFHEIT

How housework's done today.





Ingeniously simple: spray, wipe and done

Comfort-Spray Mop

**Easy
Spray XL**



The most comfortable
floor wiper for convenient
in-between cleaning



How housework's done today.

www.leifheit.com

**Established Leifheit features –
better and cheaper.**



Window Vacuum

**Aquanta
Click**



LEIFHEIT

How housework's done today.

www.leifheit.com

Variable extendable standing dryer with xl drying bars.



**Classic
Extendable
230**



Extra lang
extra long



LEIFHEIT

How housework's done today.

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

Switch on ironing board. Switch off head.



**Ironing board with
Air Inflate function**

Air Flow

Air cushion for
stress-free,
crease-free ironing.



LEIFHEIT

How housework's done today.

www.leifheit.de

Investment Highlights

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

Digitalization, 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%)

Financial calendar, share data and contact

Dates 2019

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

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

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