

How housework's done today.

Leifheit AG

September 2018
German Fall Conference, Frankfurt

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Agenda

- Introduction to Leifheit
- Highlights First Half 2018
- Financial Figures First Half 2018
- Forecast Financial Year 2018
- Key strategic initiatives
- Product and brand initiatives 2018/2019
- Investment Highlights



Introduction to Leifheit

“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

Offering products in four categories

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

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



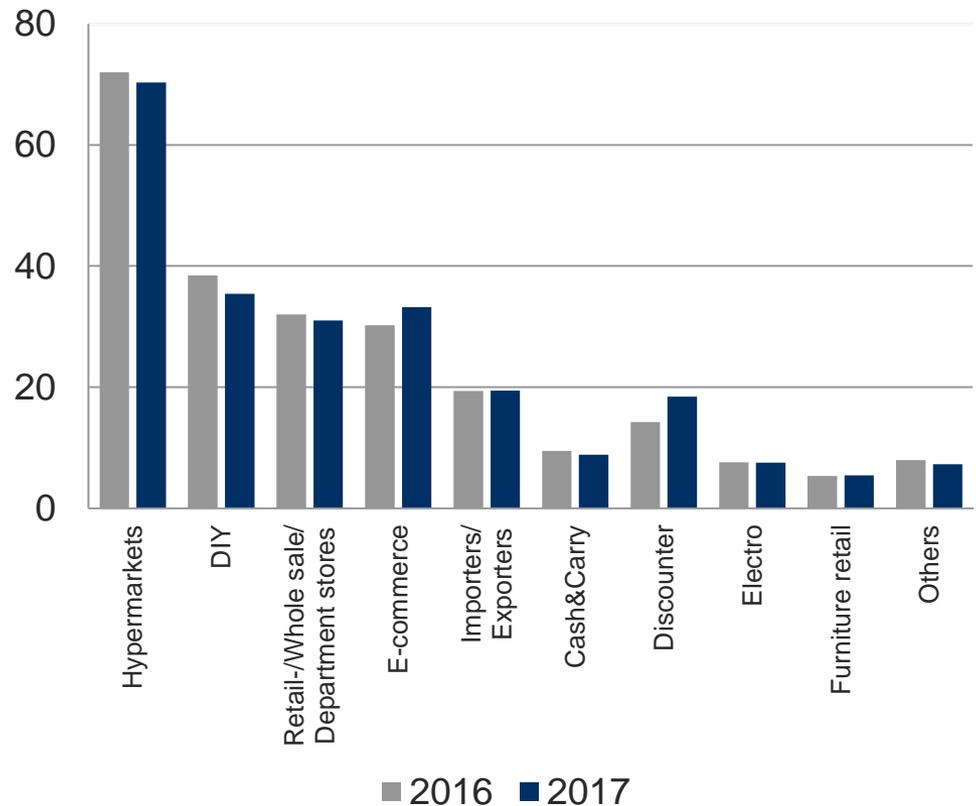
Distributing in leading distribution channels

TOP-10 clients (50 % of turnover)



Turnover by distribution channel¹

in m €



¹ Others includes contract manufacturing

Highlights First Half 2018

Slight turnover growth in the first half

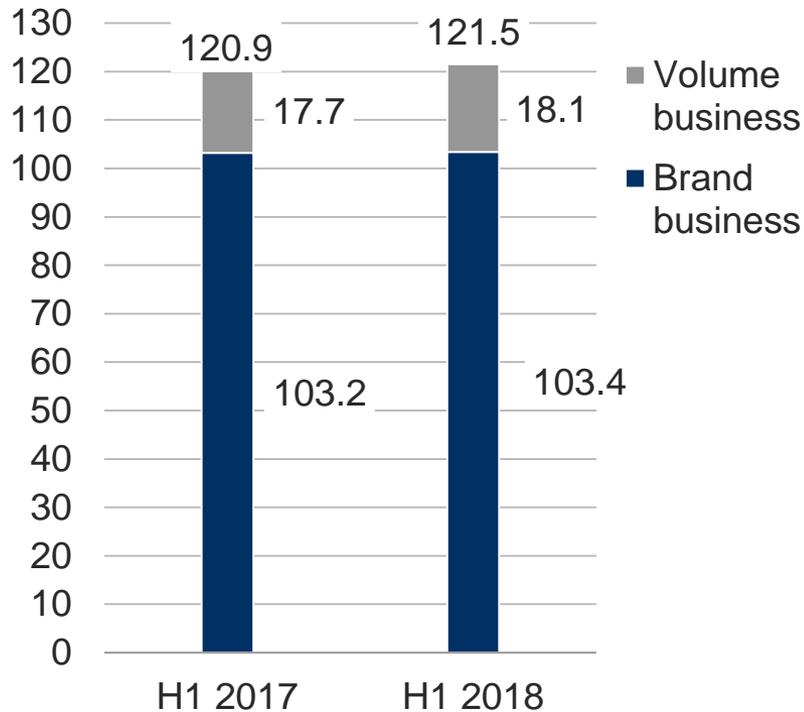
- Slight overall turnover growth in the first half driven by both brand and volume business.
- While the first quarter was partially affected by unfavourable weather conditions, the second quarter saw growth driven by strong performance in the German market.
- Lower sales in Eastern Europe to be viewed within the context of considerable Brand building activities in the first half of the previous year. Comparable measures are expected for the second half of 2018.
- Positive development of new products.
- Market for electrical devices for surface cleaning turned unexpectedly soft.
- EBIT returns to previous year level, after falling short in the first quarter.

Financial Figures First Half 2018

Slight overall turnover growth driven by continued good performance in domestic market

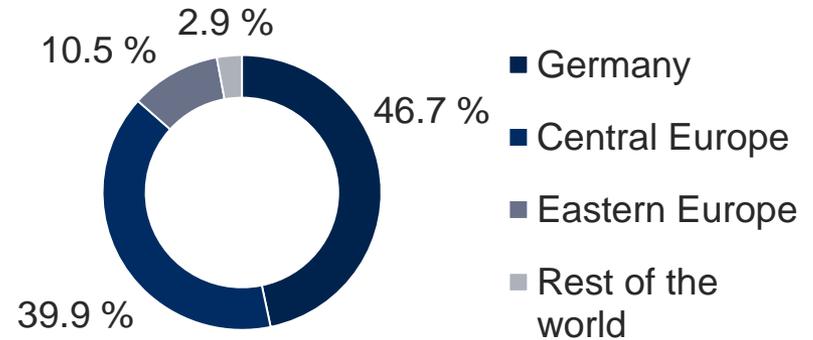
Group turnover by segment

H1 2017 vs H1 2018 / in € m



Group turnover by region

H1 2018



- Germany grew by 2.1 % based on a good performance of both brand and volume business
- Central Europe remained widely stable with -0.2 %, while Scandinavia, France, Greece and the UK experienced strong growth, sales saw declines in Luxembourg, Italy and Belgium
- Eastern Europe declined by 0.9 %, almost entirely due to brand building activities in Hungary in the first half 2017, while the Czech Republic and Romania grew strongly

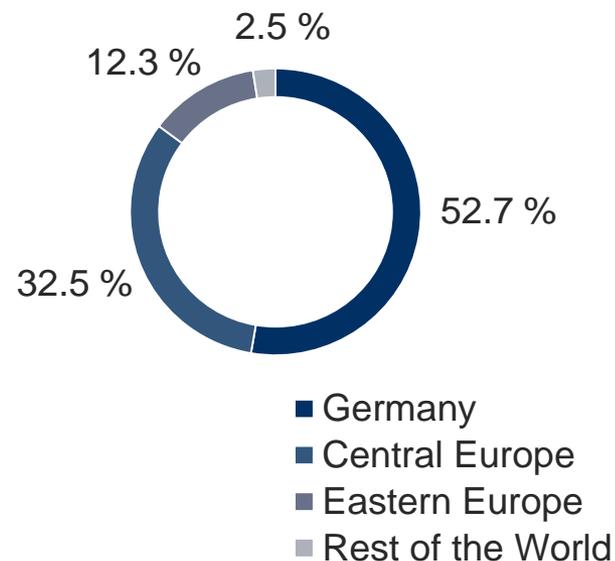
Brand Business: Cleaning, Laundry Care, Wellbeing and Online contributed to the growth

		H1 2017	H1 2018	Δ
Turnover	€ m	103.2	103.4	+0.2 %
Gross profit	€ m	51.6	47.9	-7.3 %
Segment result (EBIT)	€ m	6.0	5.4	-10.2 %

- Brand Business represents 85.1 % of total sales (H1 2017: 85.3 %)
- Growth drivers: cleaning, laundry care, wellbeing and online
- New products increasingly contribute to success
- Sales in electrical surface cleaning significantly down
- Sales in Eastern Europe down due to brand building activities in previous year
- Gross profit impacted by currency effects, higher material prices, product and customer mix effects
- EBIT supported by improvements in administration costs

Turnover Brand Business

H1 2018 / by region



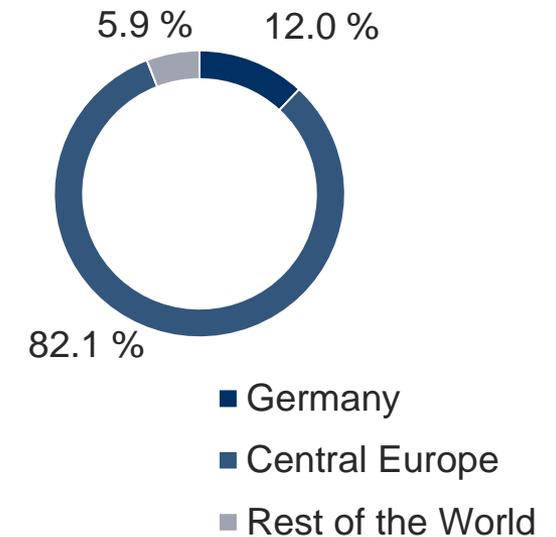
Volume Business: Growth driven by kitchen and laundry care products

		H1 2017	H1 2018	Δ
Turnover	€ m	17.7	18.1	1.9 %
Gross profit	€ m	5.4	5.6	5.6 %
Segment result (EBIT)	€ m	0.8	1.4	81,4 %

- Volume Business represents 14.9 % (H1 2017: 14.9 %) of group turnover
- Focus on profitability, European markets and project business
- Continued strong turnover increase in Germany and Central Europe compensate decline in sales in USA
- Growth driven by kitchen segment in France and laundry care in Germany
- Gross profit and EBIT growth driven by good performance in France and improved foreign currency results

Turnover Volume Business

H1 2018 / by region



birambeau
la Cuisine plaisir

herby

Project business

Group earnings on previous year's level

		H1 2017	H1 2018	Δ
Group turnover	€ m	120.9	121.5	+0.5 %
Gross margin	%	47.1	44.0	-3.1 pps
Foreign currency results	€ m	-1.1	0.1	>100%
EBIT	€ m	6.8	6.8	-
EBIT margin	%	5.6	5.6	-
Earnings before taxes (EBT)	€ m	6.2	6.2	-
Net result for the period	€ m	4.4	4.4	-

- Gross margin fell by € 3.5 m year on year to € 53.5 m (prev. year: € 57.0 m) as a result of price increases for materials, negative currency effects as well as product- and customer mix effects.
- Drop in gross margin was compensated by lower on-off expenses, improvements in administration costs and the rise in foreign currency results.

Free Cash Flow substantially improved

in € m	H1 2017	H1 2018	Δ
Cash flow from operating activities	-3.5	3.0	+6.5
Cash flow from investment activities ¹	2.7	13.1	+10.4
Cash flow from financing activities	-13.8	-10.0	+3.8
Free cash flow²	-5.7	1.0	+6.7

in € m	31.12.2017	30.06.2018	Δ
Cash and Cash equivalents at the end of reporting period	28.2	34.2	+6.0
Current financial assets	29.0	14.0	-15.0
Group liquidity	57.2	48.2	-9.0

- The decline in Group liquidity compared to 31 December 2017 was mainly driven by m € 10 dividend payment and seasonal m € 4 rise in working capital.

¹ Adjusted for proceeds from the sale of financial assets, cash outflow was m € 2.0 (previous year: m € 2.2).

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

Forecast Financial Year 2018

Forecast 2018 slightly adjusted

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 growth approx. 2.5 – 3.5% (previously: slightly below 4 – 5%)
Brand Business: Turnover growth approx. 3 – 4% (previously: slightly below 5 to 6%)
Volume Business: Turnover on previous year's level
- ▶ EBIT of € 16 m to € 17 m (prev.: lower end of € 17 m to € 18 m)
- ▶ Investments of about € 8 m (2017: € 7.8 m)
- ▶ Free cash flow of about € 5 to 7 m

Mid term Group development

- ▶ Sustainable and profitable organic turnover growth of about 4 % CAGR¹
- ▶ Target EBIT margin of 8 to 9 %

¹ Compound Annual Growth Rate

Key strategic initiatives

Key strategic initiatives

Leifheit's vision

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

Key strategic initiatives

Innovation and digitalization as integral part of the strategy

- Drive Product innovations:
 - Existing assortment: Improvements and additions
 - New segments: Accelerate developments, more output
- Better use of the opportunities of digitalization
 - Positioning of brands in the digital media
 - Further strengthen E-Commerce position
 - Connected products and services
 - Digital processes and efficiency
- Sales force effectiveness / efficiency program for stationary
- Geographic expansion to APAC
- Increase efficiency in structure and value chain
- Foreign currency risk reduction by rolling exchange rate hedging system with closer coordination to the planning period



Translating 2018 learnings into new strategies to significantly improve growth and profitability in the coming years.

Vectors of growth: Existing business

Existing business (70 – 80 % of annual turnover growth)

- **Further expand online business across all geographies, open-up new e-commerce customers and platforms, drive multi-channel approach**
- “Win from strength markets” – Europe stationary
 - Conversion of existing customer listings in broad distribution by
 - Sales effectiveness/efficiency programs
 - Marketing/promotion programs
 - Closure of listing gaps in existing and new customers
- “Win from behind” markets – Europe stationary
 - Entry via promotional business into selected customers based on a hunting list
 - Conversion of promotions in listings
- “Entrepreneurs” – ME/Asia
 - More focus since 2018 (Asia)

Vectors of growth: Product Innovation

New products (20 – 30 % of annual turnover growth)

- Outcome of the new product pipeline defined until 2021
- Based on the mega trends relevant for Leifheit:
 - Fading of traditional gender rolls
 - Electrification
 - Digitalization & connectivityand on Leifheit consumer segmentation
- Innovate in existing assortment:
 - NEW: Improving “easiness and convenience” experience
 - NEW: Additions and improvements based on consumer relevance
 - NEW: “Better and cheaper” as design principle to drive margins
- Innovate with new products in new segments
 - “Right to win” for our brands as pre-requisite
 - NEW: Increased number of products via improved scouting process
 - NEW: Staggered launch process: Quicker go to market via Online and selected stationery customers drives quick learning

Product/Brand Initiatives 2018

You have something against bacteria? So do we!



CleanTenso

Simply hygienic and clean -
without chemicals.

Kills
99.99%
of Bacteria*

*tested on E coli and
Calbicans bacteria



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How housework's done today.

www.leifheit.com

For the many small battlefields of the day



**Cordless Vacuum
Cleaner**

**Regulus
PowerVac
2in1**

Cordless, powerful,
ready-to-go



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LinoProtect 400

NEW

Protects against rain.

LEIFHEIT

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Soehnle Brand Strategy – three areas of competence



SOEHNLE
Life in Balance



Body



Personal scales



Fitness



Medical



Nutrition



Kitchen scales



Nutrition scales



Ambient



Air humidifier



Air purifier



Air diffuser

Soehnle offers simple and comfortable product solutions to identify, present and interpretate important results about your body, nutrition and ambient which will motivate yourself and help to reach your goals **to live healthier – consciously.**

New digital business segment Soehnle connect



Product/Brand Initiatives 2018

Kitchen scale Page Aqua Proof – 100% waterproof



Promotions & Product Initiatives 2019



Anniversary Colour Edition



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How housework's done today.



Ingeniously simple: spray, wipe and done

Comfort-Spray Mop

**Easy
Spray XL**

NEW

The most comfortable
floor wiper for convenient
in-between cleaning



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



Window Vacuum

**Aquanta
Click**



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How housework's done today.

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Variable extendable standing dryer with xl drying bars.



**Classic
Extendable
230**



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How housework's done today.

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A dryer at the push of a button!



Self-standing rotary dryer

LinoPop-Up

Can be put up
with one hand.
Compact to store.



NEW



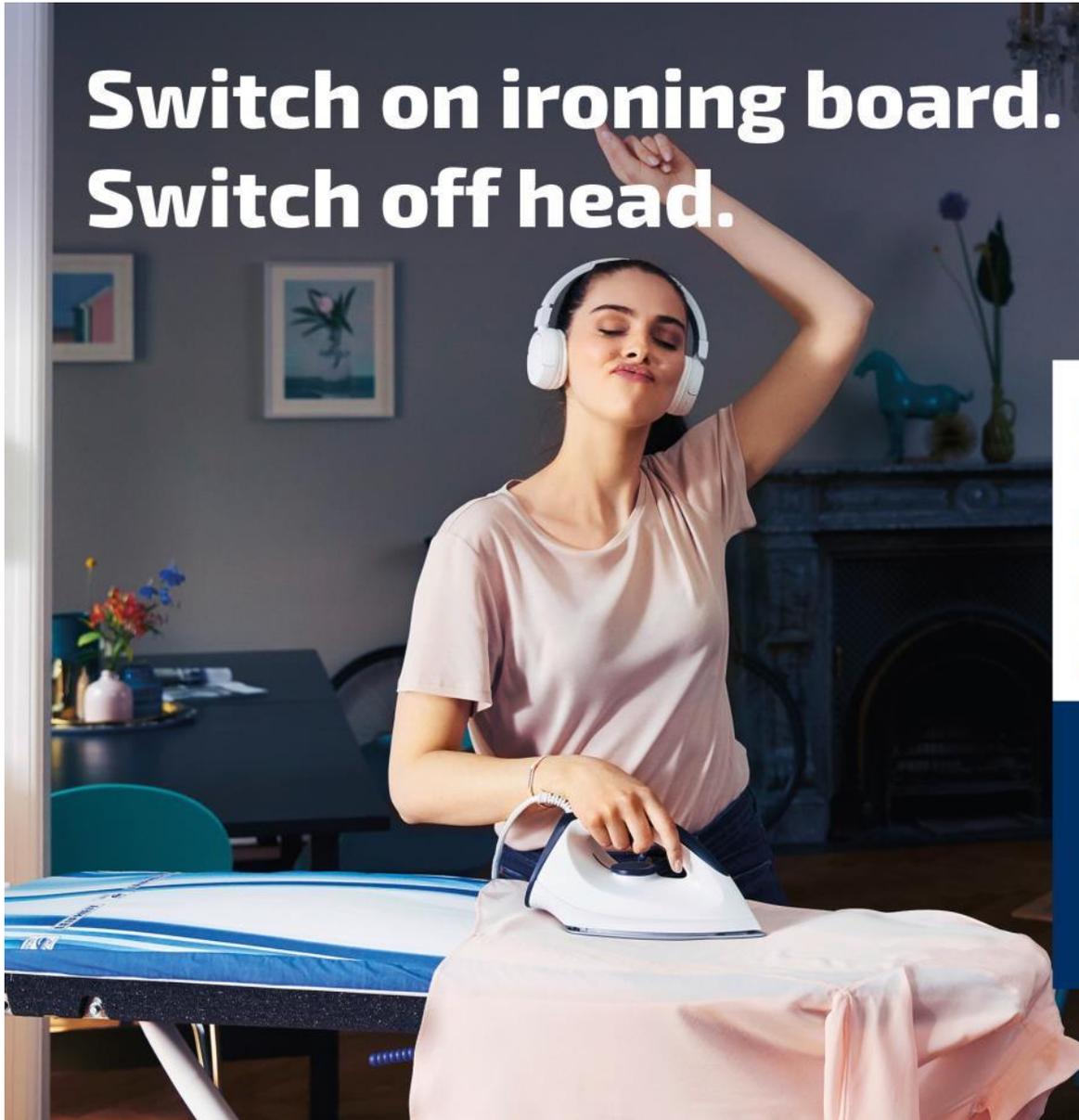
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**Switch on ironing board.
Switch off head.**



**Ironing board with
Air Inflate function**

Air Flow

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



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Investment Highlights

Leifheit is more than just household products – for almost 60 years

Strong brands



Innovative products and solutions



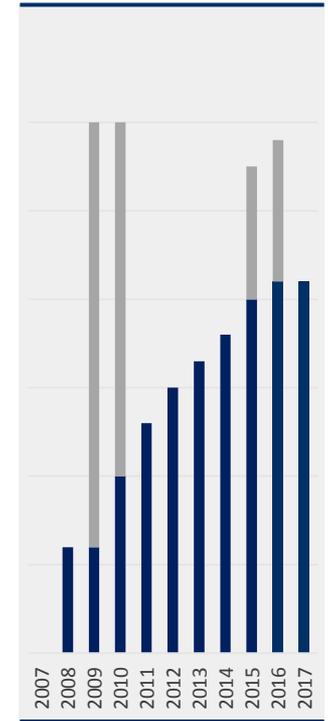
Creative people



Efficient and lean processes



Reliable partner of our shareholders



Your questions
please