

Tradition

Innovation

Vision



Investor Presentation
August 2019

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Agenda



- Introduction to Leifheit
- Financial Figures 6M 2019
- Key strategic initiatives
- Forecast Financial Year 2019
- Investment Highlights

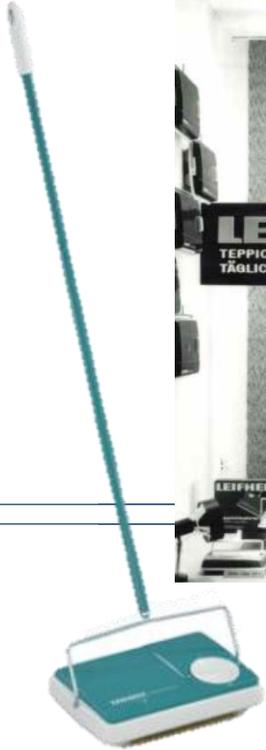


Introduction to Leifheit

Tradition – Innovation – Vision



1959



2019



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



Leifheit Group



- 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
- Distribution in international markets

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

One of the leading suppliers of household products in Europe



Cleaning

34 % Turnover share

Easy and convenient solution for every cleaning demand



Laundry care

43 % Turnover share

Laundry dryers, ironing boards and storage for fresh, clean and well-kept laundry



Kitchen goods

15 % Turnover share

Useful kitchen aids for opening, cooking, cutting or storing



Wellbeing

8 % Turnover share

Scales, medical products and air treatment: complementary new assortments for a modern lifestyle



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

Present in leading distribution channels

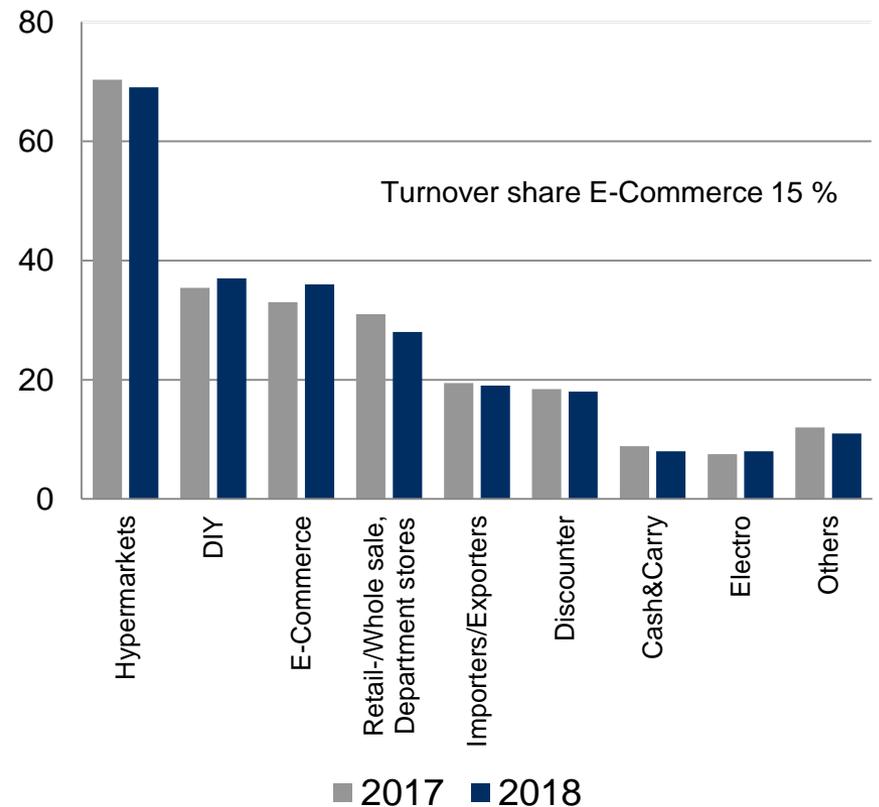


TOP-10 clients (50 % of turnover)



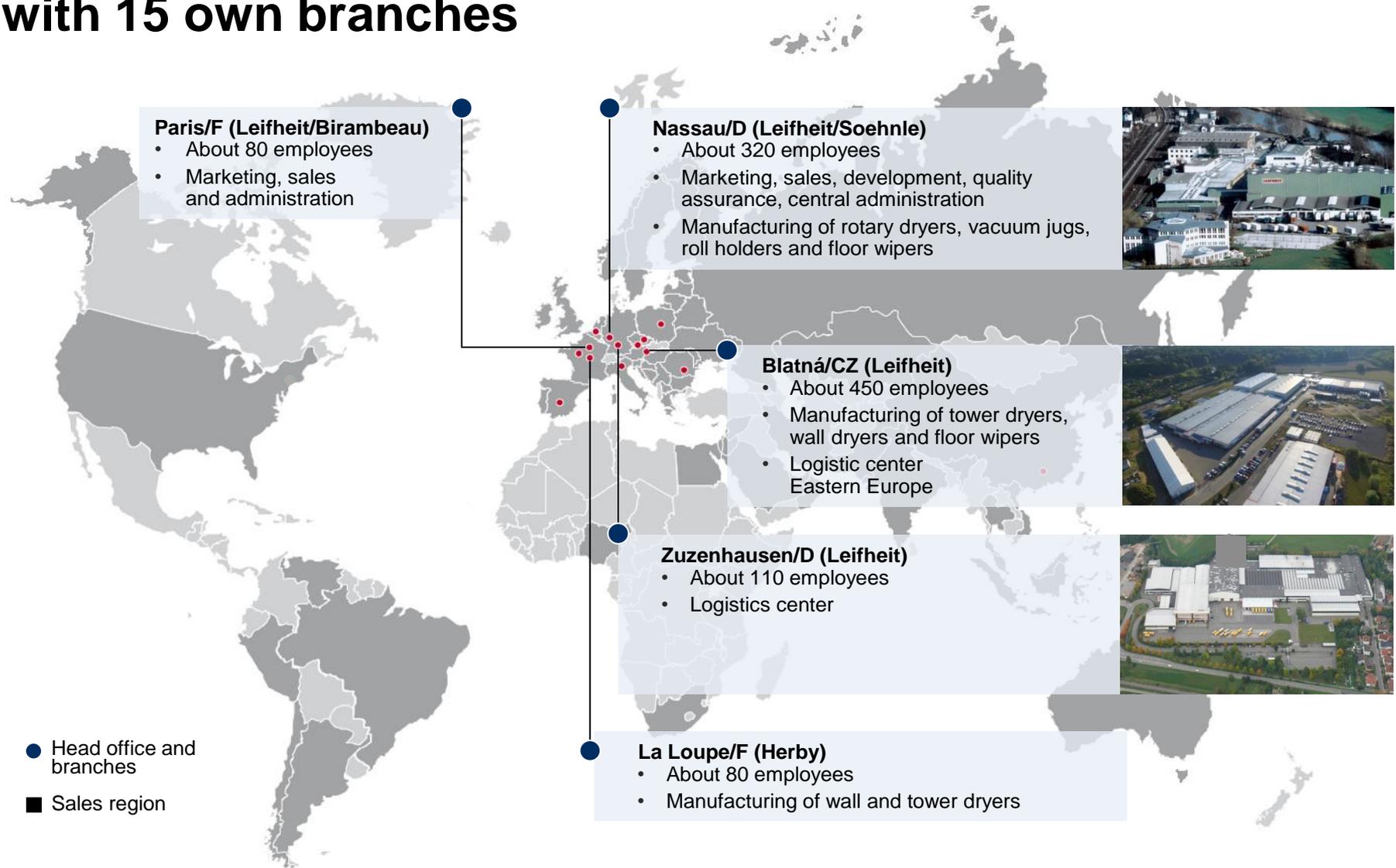
Turnover by distribution channel

in € m





Operating in more than 80 countries with 15 own branches



Financial Figures

First half 2019

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 %

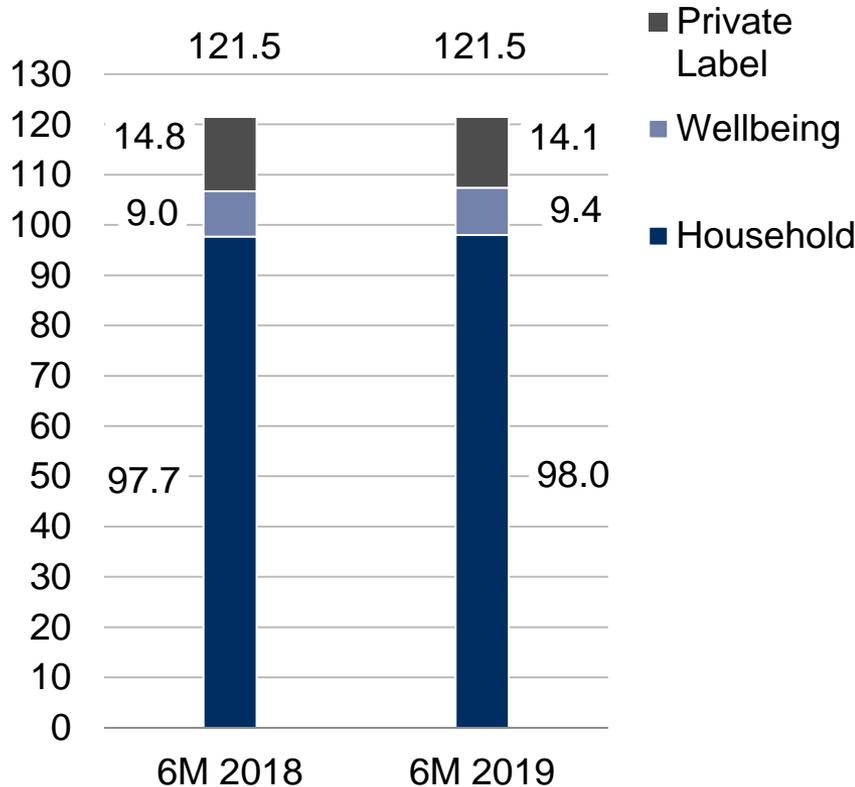
- EBIT decrease primarily due to the lower gross profit.
- Gross margin decrease due to negative customer and product mix effects.

Group turnover on par with previous year



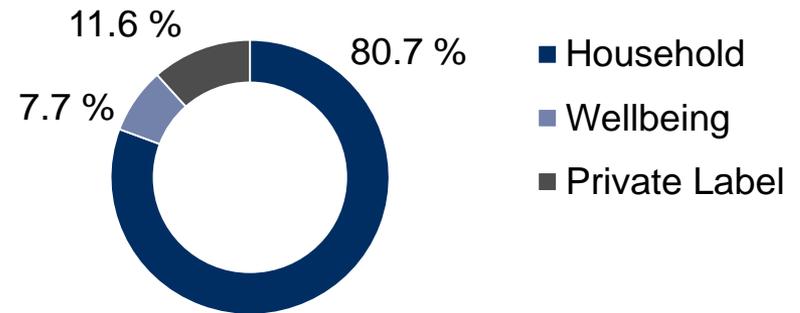
Group turnover by segment

6M 2018 vs 6M 2019 in € m



Group turnover by segment

6M 2019

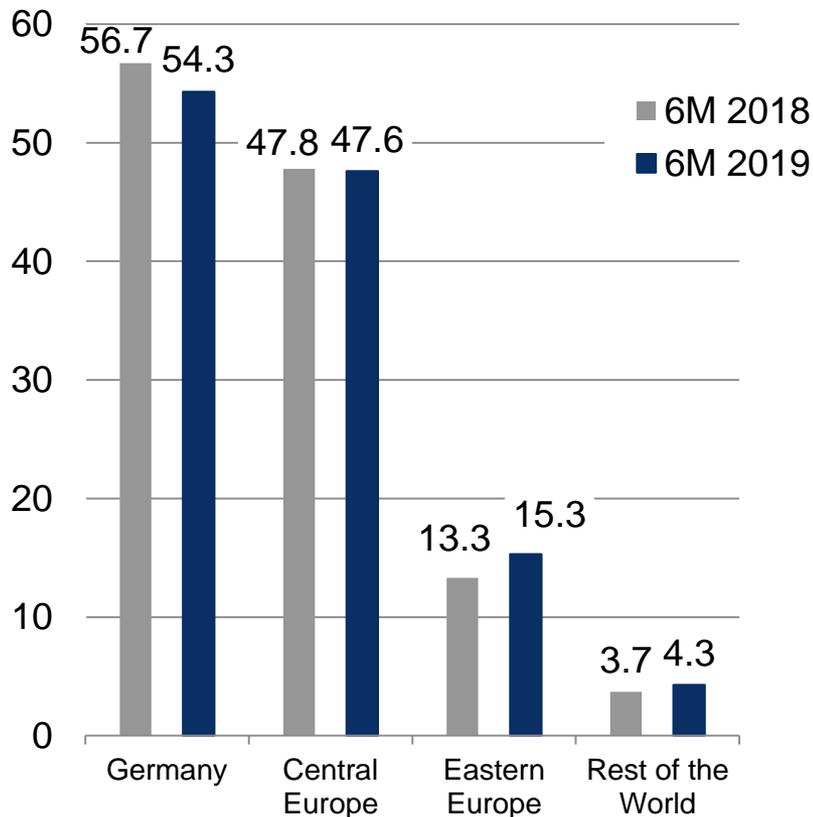


- Turnover in the Household segment slightly above previous year's level due to slight growth in the product category Cleaning, while Laundry care and Kitchen goods categories declined.
- Wellbeing segment shows growth of 4.7 % due to new Soehnle kitchen scales.
- Private Label segment decreased by 4.8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

15 % growth in TV-advertising test market Eastern Europe

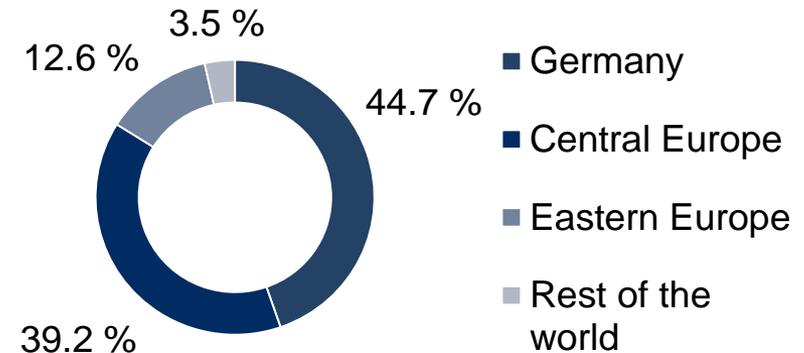
Group turnover by region

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.

Free Cash Flow improved, still too much impacted by working capital

in € m	6M 2018 ²	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 ¹	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
Group liquidity	50.9	43.9	-7.0
Financial liabilities	-	-	-

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

¹ Sum of cash flow from operating activities and investment activities adjusted for financial assets.

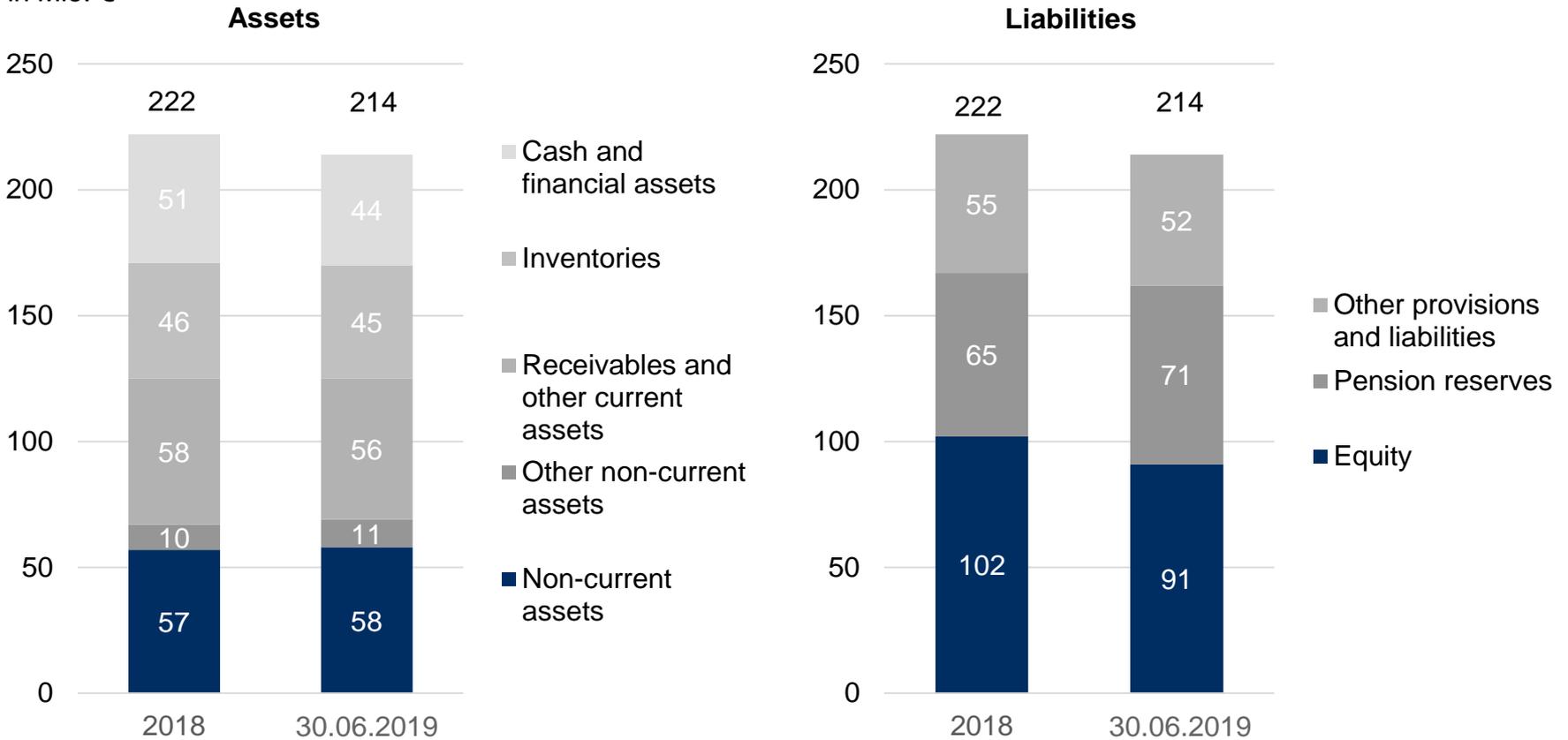
² IFRS 16 applied for the first time on 1 January 2019, using the modified retrospective method, previous year figures not adjusted.

Solid finance structure of the Group



Balance sheet ratios

in Mio. €

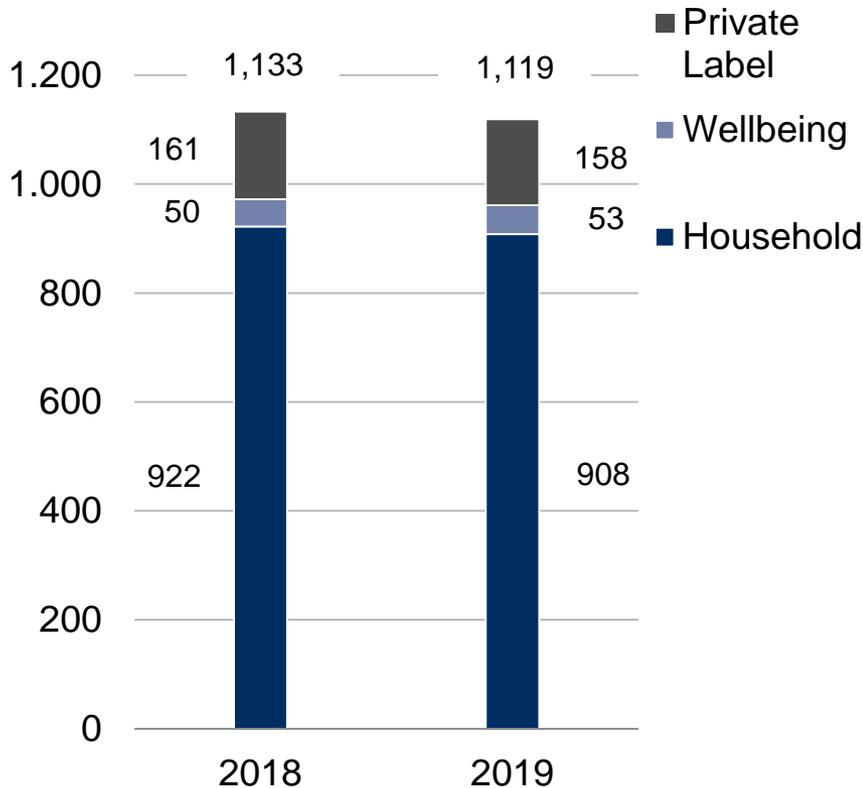


1 IFRS 16 applied for the first time on 1 January 2019, using the modified retrospective method, previous year figures not adjusted.

Average number of employees declined by workload-related fluctuations at Czech plant

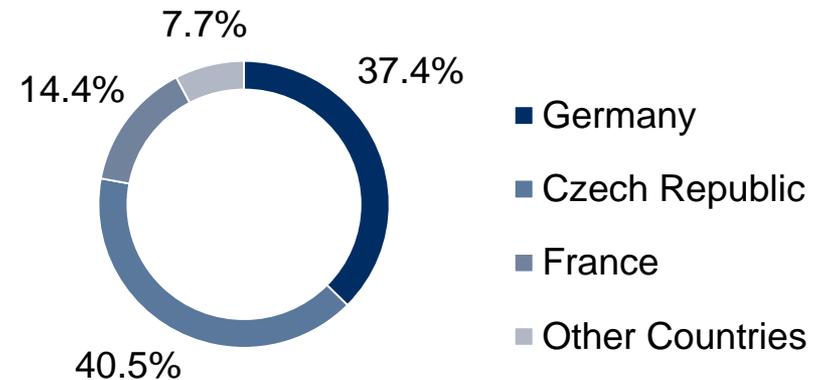
Employees by segment

1 Jan to 30 Jun (average)



Employees

By Region / 30 Jun 2019



Key strategic initiatives 2019

Strengthening strategy to consistently address growth themes

Q4/2019



Interlock Online and Offline sales channels, establish Pan-European E-Commerce team, launch own web shop

Digitalization

Implemented



Drive consumer-oriented product innovations and renewal of existing portfolio

Innovation

Ongoing
(15% Growth 1HJ2019)



International geographic expansion, Brand building activities especially in Eastern Europe

Internationalization

2020



Increased efficiency and speed from processes and IT along the entire value chain

Efficiency

Internationalization: Increased investments in Eastern Europe

- Expansion of brands through targeted sales activities
- Focus on selected Eastern European markets with attractive growth opportunities
- Increased marketing spending in Eastern Europe

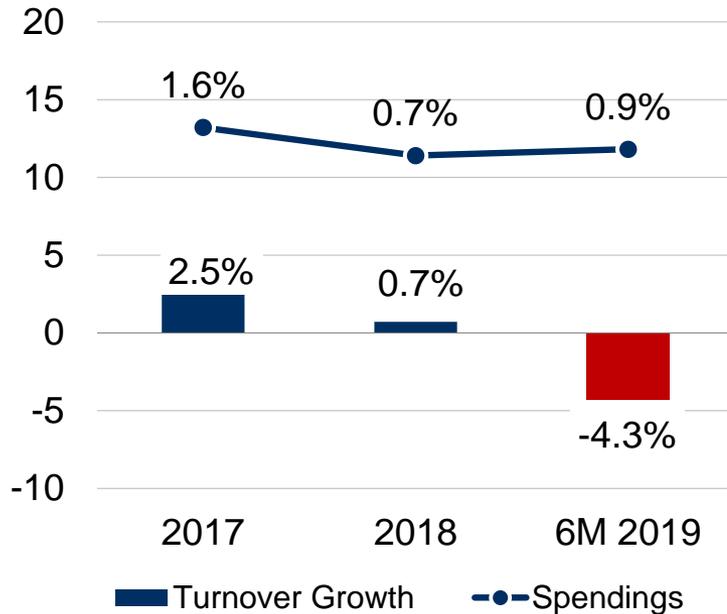


Increased marketing investments in Eastern Europe led to significant growth rates



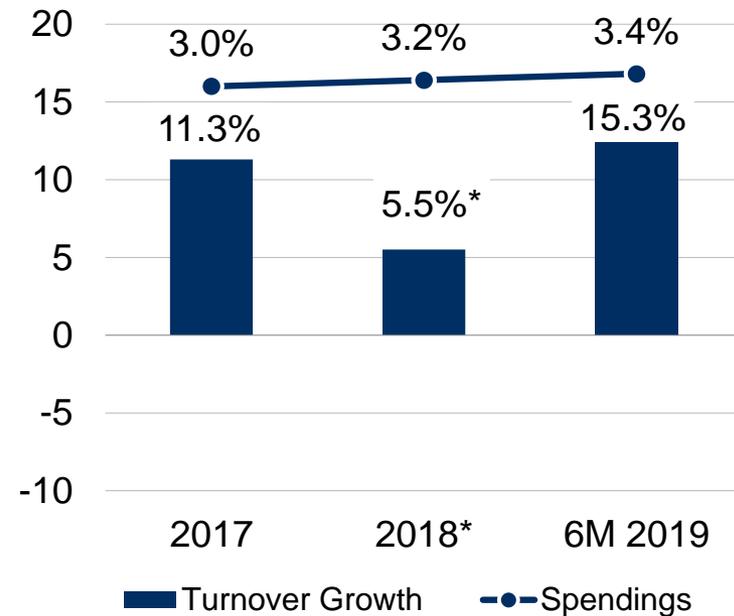
Germany

Growth rates vs. Consumer Marketing spending in relation to turnover



Eastern Europe

Growth rates vs. Consumer Marketing spending in relation to turnover



* Growth rate 2018 adjusted by contract production at our Czech production facility expired in 2017.

Roll-out Eastern Europe strategy to Germany and other core markets



- Less consumer advertising in Germany in the last years
 - led to declining consumer demand and stagnating turnover,
 - forced to forgo necessary price increases,
 - led to pressure on gross margins.
- Implementation of the successfully tested Eastern Europe marketing strategy to raise consumer demand through targeted advertising campaigns in Germany and other core markets for selected products
- Initial test on a small scale before upscaling successful advertising campaigns
 - e.g. for test-winning Leifheit Clean-Twist System in NL



consumentenbond

Forecast Financial Year 2019

2019: Turnover growth of roughly 3% and EBIT of around m€ 9 to 10 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
- ▶ Free cash flow of about € 3.5 m to € 4.5 m

Investment Highlights



Long-standing track record

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



Excellent products

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 +450% and thus above SDAX (+240%)

Tradition

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LEIFHEIT

Your Questions please.



Aktiengesellschaft

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