

# How housework's done today.

**Leifheit AG**  
Investor presentation

May 2018

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# Agenda

- Introduction to Leifheit
- Highlights First Quarter 2018
- Financial Figures First Quarter 2018
- Forecast Financial Year 2018
- Strategy “Leifheit 2020” and Key Initiatives 2018
- Investment Highlights
- Your Questions



# 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.



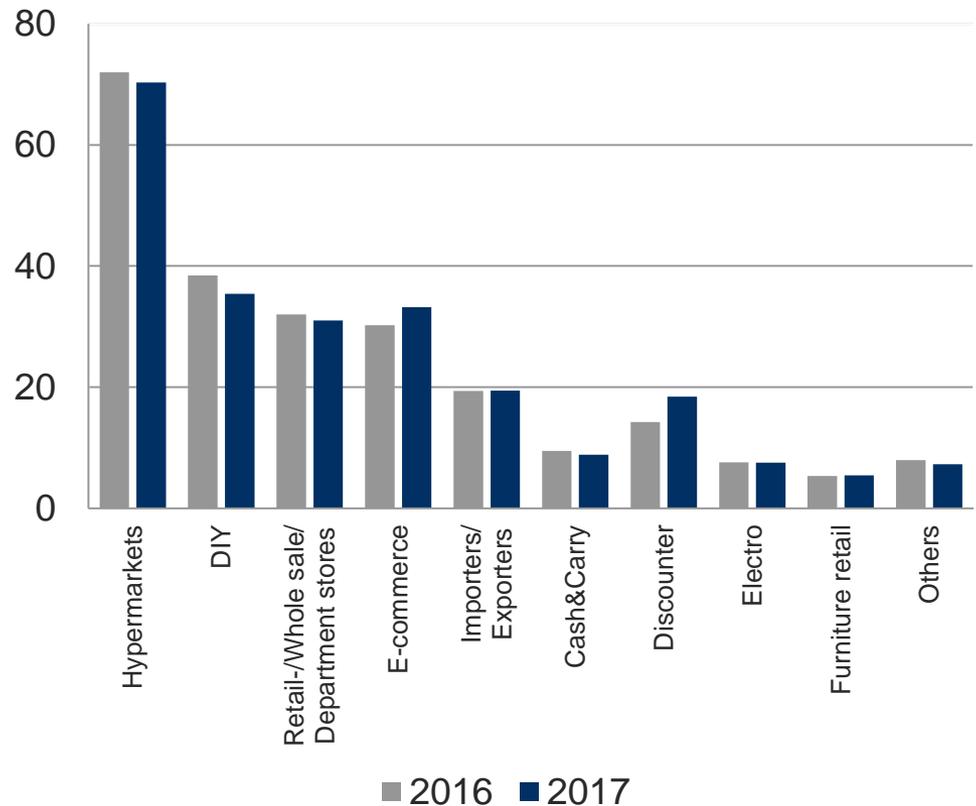
# Distributing in leading distribution channels

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



## Turnover by distribution channel<sup>1</sup>

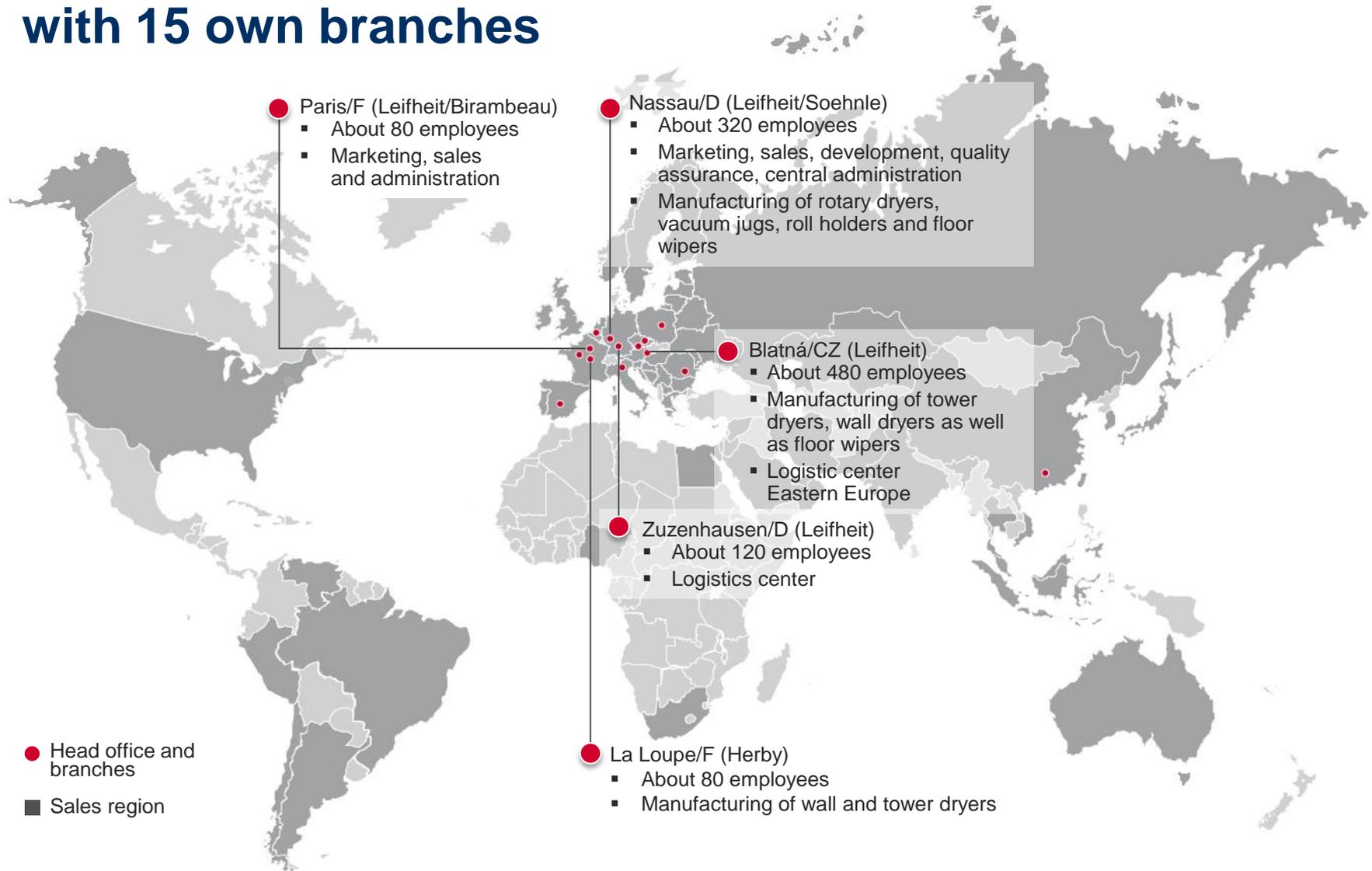
in m €



<sup>1</sup> Others includes contract manufacturing

Introduction to Leifheit

# Operating in more than 80 countries with 15 own branches



# Highlights First Quarter 2018

# Germany continues on solid growth trajectory

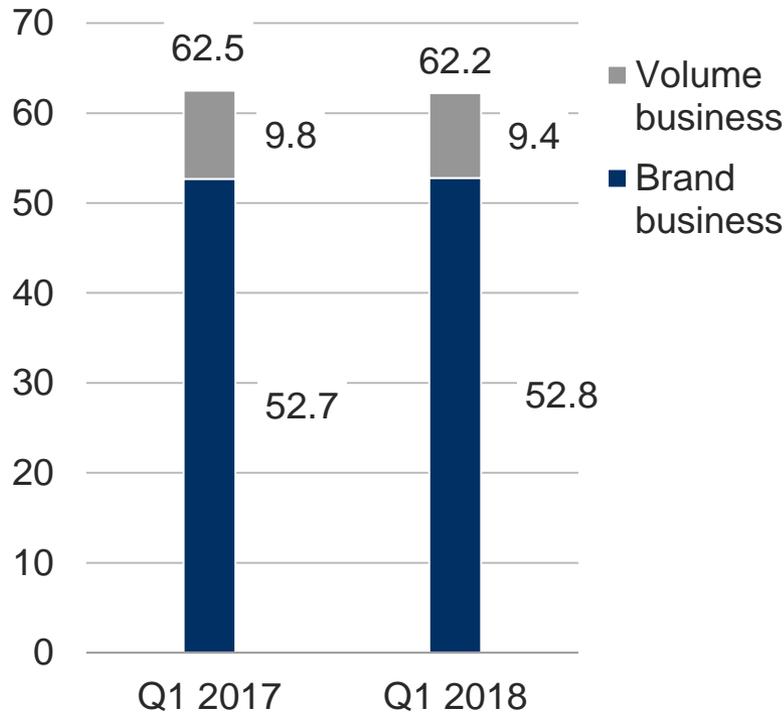
- **Sales affected by unfavorable weather conditions**
  - Group turnover in Q1 2018 almost on par with the previous year
  - Substantial growth in Germany both in brand business and volume business despite unfavorable weather conditions in March
  - Reorganization of sales force in Germany shows good effects
  - Lack of sales volumes in Central Europe
  - Lower sales in Eastern Europe has to be reviewed within the context of considerable Brand building activities in the first quarter of the previous year – similar activities are planned in other regions for subsequent quarters of this year
  - EBIT under impression of lower gross profit as a result of currency effects, increased material prices and sales deductions, improvements in distribution and administration costs were unable to fully balance out this
  
- **Dividend remains strong**
  - Proposing stable ordinary dividend for business year 2017

Financial  
Figures  
First Quarter  
2018

# Domestic market position substantially increased

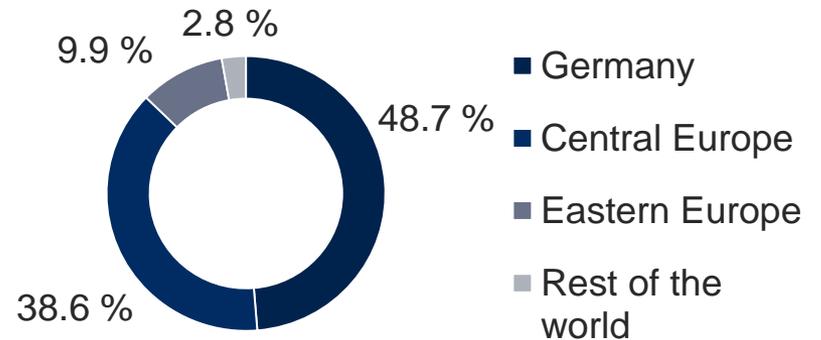
## Group turnover by segment

Q1 2017 vs Q1 2018 / in € m



## Group turnover by region

Q1 2018



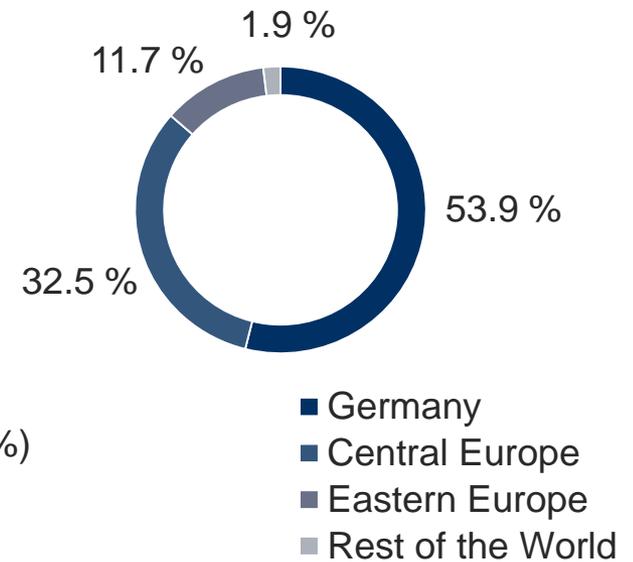
- Germany grew by 4.9% due to a strong performance of both brand business and volume business despite unfavorable weather conditions in March
- Central Europe declined by 2.7%, double-digit growth rates in Scandinavia and the French brand business were unable to balance out declines in Luxembourg, Italy, the Netherlands and Volume Business in France
- Eastern Europe declined by 10.9%, almost entirely due to the expiration of brand building activities in Hungary, while Slovakia, Romania and Russia grew strongly

# Brand Business: strong growth in Germany while sales declined in Eastern and Central Europe

		Q1 2017	Q1 2018	Δ
Turnover	€ m	52.7	52.8	+0.3 %
Gross profit	€ m	26.8	24.8	-7.9 %
Segment result (EBIT)	€ m	4.3	4.2	-1.8%

## Turnover Brand Business

Q1 2018 / by region



- High quality products by Leifheit and Soehnle brands are the center piece of the “Leifheit 2020” growth strategy
- Brand Business represents 84.9 % of total sales (Q1 2017: 84.3 %)
- Substantial growth drivers: laundry care and wellbeing
- New products already contribute to success
- Turnover affected by lack of sales volumes in Eastern Europe related to brand building activities in the previous year
- Gross profit impacted by currency effects, higher material prices and sales deductions
- EBIT recovered by improvements in distribution and administration costs

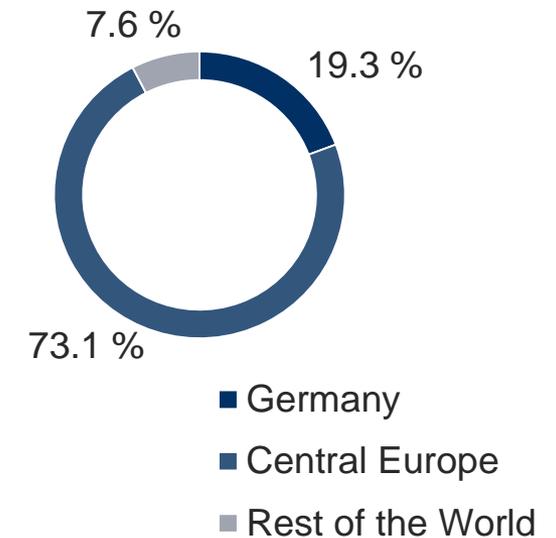


# Volume Business: lower sales volume in France not entirely compensated by strong domestic growth

		Q1 2017	Q1 2018	Δ
Turnover	€ m	9.8	9.4	-4.1 %
Gross profit	€ m	3.1	2.9	-5.7 %
Segment result (EBIT)	€ m	0.8	0.5	-35.7 %

## Turnover Volume Business

Q1 2018 / by region



- Focus on profitability, European markets and project business
- Continued strong turnover increase in Germany cannot compensate for decline in France and USA
- Volume Business represents 15.1 % (Q1 2017: 15.7 %) of group turnover
- Decline in turnover result of lower sales volumes at a French hypermarket



## Group results at a glance

		Q1 2017	Q1 2018	Δ
Group turnover	€ m	62.5	62.2	-0.4 %
Gross margin	%	47.8	44.6	-3.2 pps
Foreign currency results	€ m	0.1	-0.1	-
EBIT	€ m	5.1	4.7	-8.3 %
EBIT margin	%	8.2	7.5	-0.7 pps
Earnings before taxes (EBT)	€ m	4.8	4.3	-10.0 %
Net result for the period	€ m	3.4	3.1	-9.8 %

# Free Cash Flow improved

in € m	Q1 2017	Q1 2018	Δ
Cash flow from operating activities	-4.1	-4.0	+0.1
Cash flow from investment activities	-1.8	-0.9	+0.9
Free cash flow <sup>1</sup>	-5.9	-4.9	+1.0

<sup>1</sup> Sum of cash flow from operating activities and investment activities adjusted for financial assets

## **Proposal to the Annual General Meeting on May 30, 2018: stable ordinary dividend**

- Board of Management and Supervisory Board propose appropriating the Leifheit AG balance sheet profit of 10.000.000 € as follows:

**Dividend of € 1.05**

per eligible no-par-value bearer share

# Forecast Financial Year 2018

## 2018 forecast slightly adjusted

### Economic environment 2018

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

### Forecast Group development 2018

- ▶ Continue to pursue group growth strategy “Leifheit 2020”, despite current risks in the retail sector
- ▶ Group: Turnover growth slightly below 4 – 5%
- ▶ Brand Business: Turnover growth slightly below 5 – 6%
- ▶ Volume Business: Turnover on previous year’s level
- ▶ EBIT at the lower end of € 17 m to € 18 m, return to target EBIT margin as of 2019
- ▶ 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 % CAGR<sup>1</sup>
- ▶ Target EBIT margin of 8 to 9 %

<sup>1</sup> Compound Annual Growth Rate

Strategy  
“Leifheit 2020”  
sharpened –  
Key Initiatives 2018

## **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” sharpened - Key Initiatives 2018

## Strategy „Leifheit 2020“ sharpened - Better use of the opportunities of digitalization

- Strengthen our existing assortment, accelerate development of new products
- Sales force effectiveness / efficiency program
- Increase efficiency in structure and value chain
- Foreign currency risk reduction by rolling exchange rate hedging system with closer coordination to the planning period
- Digitalization as an integral part of the strategy
  - Positioning of brands in the digital media
  - Further strengthen E-Commerce position
  - Connected products and services
  - Digital processes and efficiency



**2018: implementation of important future-oriented projects that will strengthen our mid-term comprehensiveness and significantly improve profitability in the future.**

# Vectors of growth: New products vs existing business

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

- Outcome of the new product pipeline defined until 2020
- Based on the mega trends relevant for Leifheit:
  - Fading of traditional gender rolls
  - Electrification
  - Digitalization & connectivity
- Based on Leifheit consumer segmentation
- New product development closer to existing assortments
- Different innovation streams by grade of technical change / newness of application

# 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



# LEIFHEIT

How housework's done today.

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

# For the many small battlefields of the day



**Cordless Vacuum  
Cleaner**

**Regulus  
PowerVac  
2in1**

Cordless, powerful,  
ready-to-go



**LEIFHEIT**

How housework's done today.

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



# LinoProtect 400

NEW

Protects against rain.

**LEIFHEIT**

How housework's done today.

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

Strategy "Leifheit 2020" sharpened - Key Initiatives 2018

# New digital business segment Soehnle connect

**Personal scales**

**Medical**

**Fitness**

**Air Treatment**

**CONNECT**  
measure, collect, analyse, advise

**GS**  
geprüfte Sicherheit

Strategy "Leifheit 2020" sharpened - Key Initiatives 2018

# Kitchen scale Page Aqua Proof – 100% waterproof



# Vectors of growth: New products vs. existing business

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

- **Further expand online business across all geographies, open-up new e-commerce customers, 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 as of 2018 (Asia)

# Sales effectiveness and efficiency program in Germany

## Next level Sales

Growth-orientated field sales force  
in Germany

## Order-to-SAP

Effectiveness and efficiency of order  
management from order taking  
to processing

Field sales force

CRM  
Order taking

Customers,  
Logistics

- Increase coverage from 19 to 26 regions
- Change from independent business representatives to own employees
- Increase number of visits by 30%
- Establish pictures of success
- Creation of standards and guidelines
- Creation of process for information flow between field, KAM, trade marketing and back office

- Creation of an information platform
- Documentation of in-store performance and analysis
- Order taking via CRM
- Availability checks
- Returns management

- Simplification of trade terms and logistics
- Optimize interfaces between back office and logistics
- Optimize customer-specific order behavior
- IT processes, EDI and SAP issues

Phase 1



# More contemporary positioning of Leifheit brand



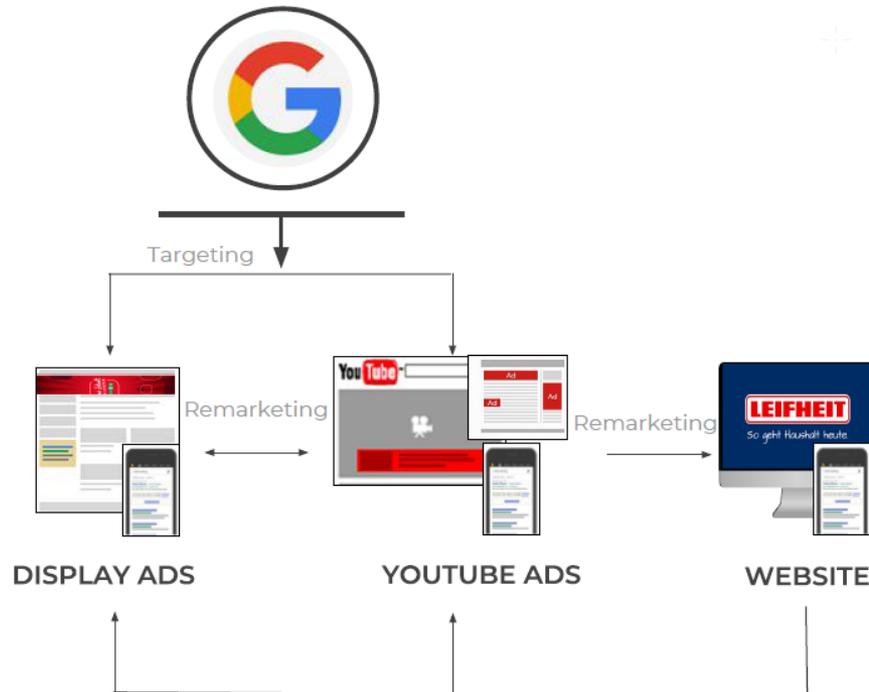
## TV advertisement

- Q1 2018 CLEAN TWIST System 
- Q1 2018: Window vacuum Dry & Clean 
- Q1 2018: Lino Protect 400 
- Q4 2018: Air Board 



# Focus on Online communication

- Accompanying measures related to TV advertisements
- Strengthening online awareness of Leifheit brand and tapping into modern target groups
- Campaigns in wide-reach online media channels for selected Leifheit products:  
Google Display, Youtube, Facebook, Instagram

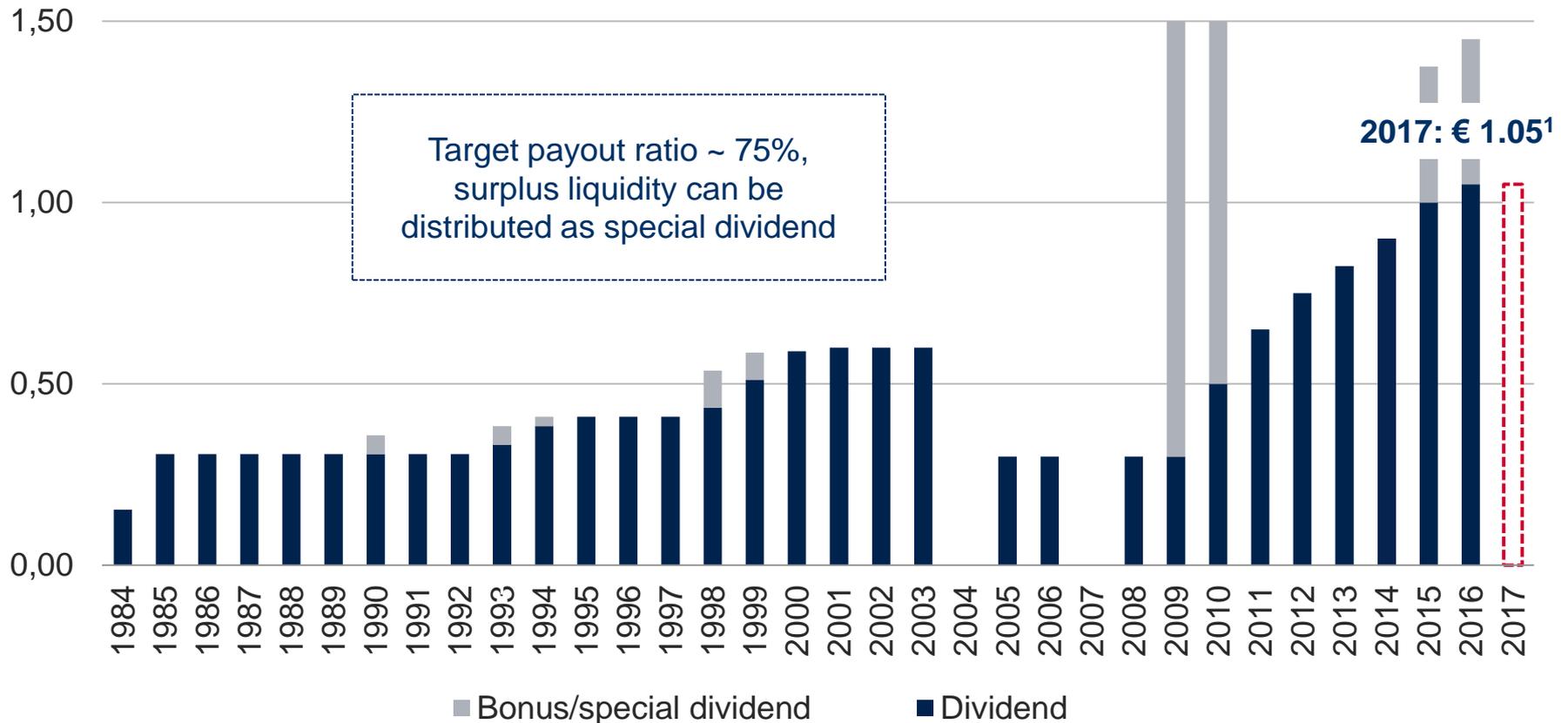


# Investment Highlights

# Committed to shareholder returns

## Long-term dividend development

Dividend per share / in €



# We drive from strength

<b>Strong brands</b>	<ul style="list-style-type: none"><li>▶ Well known, high consumer confidence</li><li>▶ Leading positions: Germany and many European countries</li><li>▶ High-quality supplier, middle and upper price range</li></ul>
<b>Sustainable earnings</b>	<ul style="list-style-type: none"><li>▶ Non-cyclical business: Leifheit brands are used every day</li><li>▶ Well prepared to exploit e-commerce potential</li><li>▶ Efficient cost structure, sustainable margins, high cash flow, solid financial position</li></ul>
<b>Attractive dividend policy</b>	<ul style="list-style-type: none"><li>▶ Distribution of approx. 75% of max (free cash flow, net income) targeted and backed by solid cash flow</li><li>▶ Surplus cash can be distributed to shareholders via special dividend</li></ul>
<b>Significant growth potential</b>	<ul style="list-style-type: none"><li>▶ Offline/online conversion helped by well suited e-commerce assortment</li><li>▶ Strategy “Leifheit 2020” to reach higher levels of profitable growth<ul style="list-style-type: none"><li>– Organic growth through focus on core categories, innovation, digital, efficiency</li><li>– External growth options (focus on core categories and capabilities)</li></ul></li></ul>

Leifheit is more than just household products

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

Strong brands



Innovative products and solutions



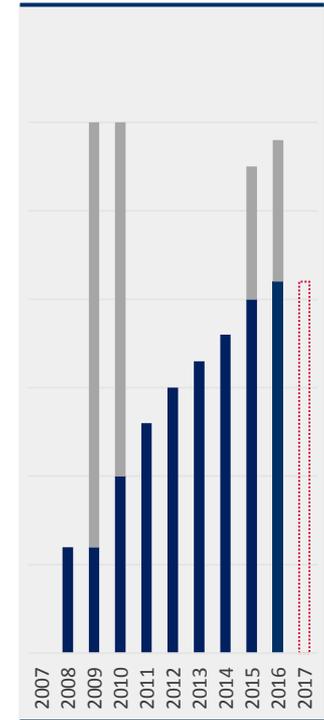
Creative people



Efficient and lean processes



Reliable partner of our shareholders



# How housework's done today.

**Your questions please.**