



Quarterly statement for the period ending 30 September 2019

At a glance

- At m€ 177.2, Group turnover on par with previous year
- As expected, Group EBIT at m€ 7.1 following m€ 8.7 in previous year
- TV advertising campaigns in the Netherlands, the Czech Republic and Austria successfully launched
- Eastern Europe is turnover driver with almost 10% growth
- Earnings forecast confirmed, turnover expectations for whole of 2019 adjusted

Key figures of the Group as at 30 September

		2018	2019	Change
Turnover				
Group	m€	177.0	177.2	0.1%
Household	m€	139.9	140.9	0.7%
Wellbeing	m€	14.0	14.0	-
Private Label	m€	23.1	22.3	-3.4%
Foreign share	%	56.2	57.5	1.3pps
Profitability				
Gross margin	%	43.4	42.8	-0.6pps
Cash flow from operating activities	m€	7.6	11.8	55.7%
Free cash flow	m€	3.6	7.7	>100%
EBIT	m€	8.7	7.1	-18.5%
EBIT margin	%	4.9	4.0	-0.9pps
EBT	m€	7.9	6.1	-22.4%
Net result for the period	m€	5.5	4.2	-23.5%
EPS	€	0.58	0.45	-22.4%
Investments	m€	4.0	4.3	7.1%

Foreword

Dear Shareholders,

As the new Board of Management team, we continued to work hard in the third quarter to lead the Leifheit Group along a sustainably profitable growth path. We aim to create a corporate culture for this new path in which we pursue our goals in a manner that is “fun, friendly, fast and fearless”. We are well positioned in many European markets thanks to both of our strong Leifheit and Soehnle brands. We have outstanding products that offer a high degree of consumer benefit, great online customer reviews and excellent quality, many of which regularly win top scores in tests by respected institutes. And we have motivated employees who are making a substantial contribution to the development of our company through their tremendous commitment. Our focus is now on consistently and systematically leveraging these strengths and setting a course for growth once again.

Starting in early 2020, we intend to use a TV campaign in our home market of Germany to gain considerable momentum again and convince even more consumers of the high quality of our products. Our focus is on developing TV campaigns, which will be tested on a small scale at first. We are currently trialling this and achieving positive results in the Netherlands, the Czech Republic and Austria. Over the coming year, we will roll out this strategy with tested advertising campaigns for high-margin products across Germany, too.

In distribution, we are also working to expand our distribution further and promote sales via retail partners through shared marketing activities. In order to improve gross margin, we will focus more intensely on our core “made in Europe” products from now on and align our research and development processes to these. At the same time, our aim is to renegotiate terms and conditions with retailers and reduce complexity and costs.

As expected, the consistent implementation of strategic focal points is not yet directly reflected in the figures for the third quarter. In the reporting period, the Leifheit Group showed stable development overall. Turnover was on a par with the previous year. Eastern Europe, where we had consistently invested in consumer advertising in previous years, made a significant contribution to this with turnover growth of almost 10%. We also recorded positive turnover development outside of Europe, while turnover especially in the domestic market of Germany dropped.

Due to the modest development in the first half of the year and the drop in growth momentum in the third quarter, we are adjusting our turnover expectations for the whole of 2019. We now forecast Group turnover growth slightly below 1% for 2019 as a whole. At the same time, we confirm our original earnings forecast and continue to predict EBIT of approximately m€ 9 to m€ 10.

The Board of Management

Henner Rinsche

Ivo Huhmann

Igor Iraeta Munduate

Quarterly statement for the period ending 30 September 2019

(in accordance with section 53 of the exchange rules for the Frankfurter Wertpapierbörse)

Business performance

The Leifheit Group recorded turnover of m€ 177.2 during the first nine months of the current financial year (previous year: m€ 177.0).

In Eastern Europe and in the markets outside of Europe, the Leifheit Group recorded considerable growth, whereas the domestic market of Germany saw a decline. Foreign turnover increased by 2.5% to m€ 101.9 (previous year: m€ 99.4). As a result, the foreign share of turnover stood at 57.5% (previous year: 56.2%).

Group turnover by region

Germany

In the first nine months of 2019, turnover in Germany fell by 2.9% to m€ 75.3 (previous year: m€ 77.6), resulting in the domestic market's contribution to turnover amounting to 42.5% (previous year: 43.8%). The Leifheit Group expects that the major TV campaign starting early next year will spark growth in the turnover of the domestic market again.

Central Europe

At m€ 73.7, turnover in the region of Central Europe was 0.6% lower in the first three quarters of 2019 than the previous year's figure of m€ 74.1. Growth was primarily generated in Southern Europe, in particular in Italy. Among other measures, our distribution expansion measures in drugstores contributed to this. At the end of the third quarter, TV advertising campaigns were launched in the Netherlands and Austria, generated very positive results, which will be reflected in the turnover for the fourth quarter. The TV advertising concepts trialed successfully in these countries are set to be adapted also in Germany from 2020 as part of a TV campaign.

Eastern Europe

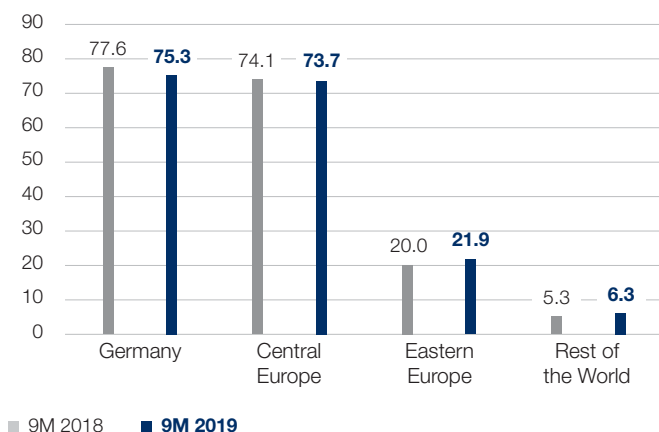
In Eastern Europe, the Group recorded strong turnover growth of 9.6% to m€ 21.9 (previous year: m€ 20.0). The Leifheit Group primarily made gains in Poland and the Czech Republic and thereby benefited from the increase in marketing activities in these markets.

Markets outside Europe

Turnover developed positively outside Europe as well, with the Leifheit Group recording turnover of m€ 6.3 in non-European markets in the first nine months of the year (previous year: m€ 5.3). The Far East reported significant turnover growth, especially following the foundation of a new distribution company in China. The US and the Middle East also experienced a clear rise, which contributed to this turnover growth.

Group turnover by region

in m€



Group turnover by segment

The business segments, previously reported as Brand Business and Volume Business, were reorganised in financial year 2018. They are now presented as the following reportable segments:

- the **Household** segment, in which the Leifheit brand and products from the cleaning, laundry care and kitchen goods categories were sold;
- the **Wellbeing** segment, featuring the Soehnle brand and a range of scales, health products and room air treatment products; and
- the **Private Label** segment, featuring the French subsidiaries Birambeau and Herby, which includes kitchen and laundry care products created especially for private-label brands.

Household

In the Household segment, the Leifheit Group generated slight turnover growth of 0.7% in the first nine months of 2019 to m€ 140.9 (previous year: m€ 139.9). The share of Group turnover grew by 0.5 percentage points to 79.5% in this period (previous year: 79.0%).

Within the Household segment, the laundry care category saw particularly marked growth. The main contributor to turnover growth was the Pegasus laundry dryer, which was presented in the TV advertising campaign. The cleaning and kitchen goods categories were stable overall. A new kitchen goods range will be introduced in the fourth quarter and is set to considerably boost consumer demand in this product category.

Wellbeing

The Group recorded turnover on par with the previous year at m€ 14.0 in the Wellbeing segment. The share of Group turnover also remained unchanged at 7.9%.

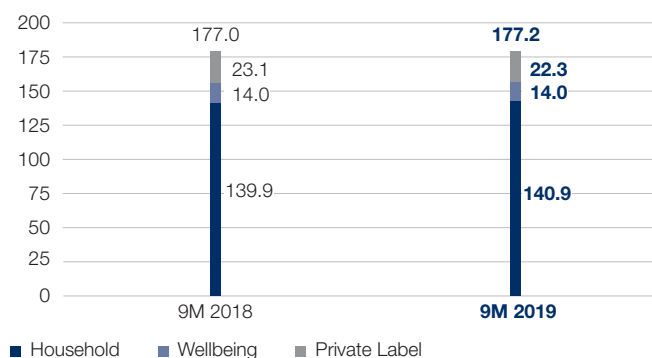
The new range of scales, especially for the kitchen, got off to a good start and made a substantial contribution to the turnover. In contrast, turnover involving Soehnle Medical fell year on year due to a change in the campaign schedule.

Private Label

The Private Label segment generated turnover of m€ 22.3 (previous year: m€ 23.1), corresponding to a decline of 3.4%. Turnover at the French subsidiaries Birambeau and Herby declined. This development can be attributed especially to the weakness of individual trading partners in France. The segment share of Group turnover in the reporting period was 12.6% (previous year: 13.1%).

Group turnover by segment

in m€



Net assets, financial position and results of operations

In the first nine months of 2019, the Leifheit Group generated earnings before interest and taxes (EBIT) of m€ 7.1 (previous year: m€ 8.7), which corresponds to a drop of m€ 1.6, or 18.5%.

This was primarily due to the m€ 1.0 drop in gross profit year on year, and a m€ 0.5 rise in administrative costs. The decline in gross profit was primarily due to negative customer and product mix effects. Research and development costs increased by m€ 0.3, due in particular to higher expenses for the development of the Soehnle app and higher IT costs. Distribution costs fell by m€ 0.5. Higher freight out costs were offset by lower advertising costs and lower commission fees and services. Administrative costs rose by m€ 0.5, also in connection with appointing new Supervisory Board members and the Chairman of the Board of Management.

Earnings before taxes (EBT) fell by m€ 1.8 to m€ 6.1 (previous year: m€ 7.9). Less taxes, this equalled a net result for the period in the first nine months of the year of m€ 4.2 (previous year: m€ 5.5).

Group liquidity declined by m€ 2.8 in the first nine months of 2019 and stood at m€ 48.1 as at 30 September 2019. Cash inflow from operating activities increased by m€ 4.2 to m€ 11.8 during the reporting period (previous year: m€ 7.6). This increase is mainly due to the optimisation of inventories and the fall in receivables. At m€ 4.3, investments were slightly higher than the previous year's figure of m€ 4.0 in the first three quarters of 2019. Free cash flow improved to m€ 7.7 (previous year: m€ 3.6). As in the previous year, a dividend of m€ 10.0 was distributed.

As at the balance sheet date of 30 September 2019, the balance sheet total stood at m€ 217.3, compared to m€ 221.8 as at the end of 2018. Inventories decreased by m€ 2.8, trade receivables by m€ 0.4 and VAT receivables by m€ 1.4. In turn, deferred tax assets increased by m€ 3.0 due to actuarial losses on pension obligations. Current trade payables and other liabilities fell by m€ 2.3. Pension obligations rose by m€ 9.7 due to the sharp decrease in the discount rate.

As at 30 September 2019, equity fell by m€ 12.4 in comparison to 31 December 2018, to m€ 89.4. The equity ratio was therefore 41.2% (31 December 2018: 45.9%). On the one hand, the dividend payout had a negative impact on equity of m€ 10.0. Other reserves also declined by m€ 6.7, primarily due to actuarial losses on pension obligations. In contrast, the net result for the period of m€ 4.2 had a positive impact.

Turnover and earnings forecast for the current financial year 2019

Due to the modest development in the first half of the year and the drop in growth momentum in the third quarter, the Board of Management is adjusting its turnover expectations for the whole of 2019. It now forecasts Group turnover growth slightly below 1% for 2019 as a whole. The Board of Management recently forecast turnover growth of around 3% compared to the previous year. Accordingly, the Board of Management has refined the turnover expectations at segment level as follows: In the Household segment, growth slightly above 1% is anticipated. In the considerably smaller Wellbeing segment, approximately 2% is anticipated. In the Private Label segment, we expect to see a decline of approximately 2% to 3%.

At the same time, the Board of Management confirms its original earnings forecast and continues to predict EBIT of approximately m€ 9 to m€ 10. The development of earnings in 2019 is being driven mainly by investments and expenses in strategic measures that are aimed at doing a more consistent job of seizing potential in e-commerce going forward and linking online activities more closely with bricks-and-mortar retail. We are also focused on overhauling selected product ranges and marketing bestsellers in a more targeted manner using increased TV advertising, modernising and integrating IT systems and further strengthening our presence in Eastern Europe. Forecast increases in freight costs will also have an impact on earnings. The Board of Management anticipates earnings per share (EPS) of € 0.55 to € 0.65.

Further information on the economic conditions and additional parameters of the forecast for the current financial year can be found in the most recently published annual financial report for the Leifheit Group for financial year 2018. The report is available on our website at financial-reports.leifheit-group.com.

Statement of comprehensive income

k€	1 Jul to 30 Sep 2018 ¹	1 Jul to 30 Sep 2019	1 Jan to 30 Sep 2018 ¹	1 Jan to 30 Sep 2019
Turnover	55,552	55,752	177,039	177,234
Cost of turnover	-32,240	-31,905	-100,232	-101,417
Gross profit	23,312	23,847	76,807	75,817
Research and development costs	-1,198	-1,379	-3,990	-4,301
Distribution costs	-17,355	-17,143	-53,928	-53,458
Administrative costs	-3,147	-3,312	-10,951	-11,496
Other operating income	324	224	819	745
Other operating expenses	-57	-194	-197	-491
Foreign currency result	104	74	179	310
EBIT	1,983	2,117	8,739	7,126
Interest income	3	6	23	15
Interest expenses	-305	-343	-927	-1,032
Net other financial result	-6	28	76	28
EBT	1,675	1,808	7,911	6,137
Income taxes	-541	-591	-2,372	-1,902
Net result for the period	1,134	1,217	5,539	4,235
Contributions that are not reclassified in future periods in the statement of profit or loss				
Actuarial gains/losses on defined benefit pension plans	1,048	-3,721	539	-10,208
Income taxes from actuarial gains/losses on defined benefit pension plans	-305	1,090	-157	2,991
Contributions that may be reclassified in future periods in the statement of profit or loss				
Currency translation of foreign operations	106	-72	-27	46
Currency translation of net investments in foreign operations	181	-225	-106	-56
Income taxes from currency translation of net investments in foreign operations	-51	65	32	16
Net result of cash flow hedges	126	776	1,673	781
Income taxes from cash flow hedges	-39	-233	-502	-233
Net result from the sale of financial assets available ²	8	-	-	-
Income taxes from the sale of financial assets available ²	-2	-	-	-
Other comprehensive income	1,072	-2,320	1,452	-6,663
Comprehensive income after taxes	2,206	-1,103	6,991	-2,428
Earnings per share based on net result for the period (diluted and undiluted)	€ 0.12	€ 0.13	€ 0.58	€ 0.45

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

² Due to materiality reasons, the reclassification of effects to retained earnings as part of the conversion to IFRS 9 was waived as at 30 June 2018.

Balance sheet

k€	31 Dec 2018 ¹	30 Sep 2019
Current assets		
Cash and cash equivalents	50,932	48,137
Trade receivables	50,720	50,279
Inventories	46,354	43,516
Income tax receivables	1,192	1,899
Contract assets	1,572	1,082
Derivative financial instruments	1,154	1,431
Other current assets	3,805	1,381
Total current assets	155,729	147,725
Non-current assets		
Tangible assets	38,207	39,010
Intangible assets	18,522	18,226
Deferred tax assets	9,191	12,161
Derivative financial instruments	23	68
Other non-current assets	119	114
Total non-current assets	66,062	69,579
Total assets	221,791	217,304
Current liabilities		
Trade payables and other liabilities	44,908	42,638
Income tax liabilities	507	51
Other provisions	5,611	5,279
Derivative financial instruments	661	18
Other financial liabilities	–	676
Total current liabilities	51,687	48,662
Non-current liabilities		
Provisions for pensions and similar obligations	64,979	74,699
Other provisions	2,166	2,258
Deferred tax liabilities	1,092	1,297
Derivative financial instruments	18	–
Other financial liabilities	–	952
Total non-current liabilities	68,255	79,206
Equity		
Subscribed capital	30,000	30,000
Capital surplus	17,026	17,026
Treasury shares	–7,445	–7,445
Retained earnings	74,930	69,180
Other reserves	–12,662	–19,325
Total equity	101,849	89,436
Total equity and liabilities	221,791	217,304

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

Statement of cash flow

k€	1 Jan to 30 Sep 2018 ¹	1 Jan to 30 Sep 2019
Net result for the period	5,539	4,235
Depreciation and amortisation	5,050	5,692
Change in provisions	-1,848	-729
Result from disposal of fixed assets and other non-current assets	7	8
Change in inventories, trade receivables and other assets not classified as investment or financing activities	-311	5,477
Change in trade payables and other liabilities not classified as investment or financing activities	-454	-2,704
Other non-cash expenses	-416	-194
Cash flow from operating activities	7,567	11,785
Proceeds from the sale of tangible assets and other non-current assets	38	187
Proceeds from the sale of financial assets	15,043	-
Outflow for the acquisition of tangible assets and intangible assets	-4,014	-4,301
Cash flow from investment activities	11,067	-4,114
Outflow for rent and lease liabilities	-	-515
Dividends paid to the shareholders of the parent company	-9,984	-9,984
Cash flow from financing activities	-9,984	-10,499
Change in cash and cash equivalents	8,650	-2,828
Change in cash and cash equivalents due to exchange rates	-3	33
Cash and cash equivalents at the start of the reporting period	28,221	50,932
Cash and cash equivalents at the end of the reporting period	36,868	48,137

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

Segment reporting

Key figures by reportable segments as at 30 September 2019 in m€	Household	Wellbeing	Private Label	Total
Turnover	140.9	14.0	22.3	177.2
Gross profit	62.5	6.4	6.9	75.8
Segment result (EBIT)	5.6	-0.1	1.6	7.1

Key figures by reportable segments as at 30 September 2018 in m€	Household	Wellbeing	Private Label	Total
Turnover	139.9	14.0	23.1	177.0
Gross profit	63.7	5.9	7.2	76.8
Segment result (EBIT)	7.4	-0.4	1.7	8.7

Information on the segments and their management is available in our annual financial report 2018.

Additional information

This quarterly statement was neither audited by an auditor, nor was it subject to an audit review. The results of the current reporting quarter do not necessarily make it possible to draw conclusions regarding the development of future results.

The accounting and valuation methods applied are, with the exception of those accounting standards to be applied for the first time, in line with those applied in the most recent consolidated financial statements as at the end of the financial year. A detailed description of the accounting principles is published in the notes to Leifheit's consolidated financial statements included in our annual financial report 2018, which is available on our website at financial-reports.leifheit-group.com.

There were no changes in the scope of consolidation or major changes in the organisational structure or business model in the reporting period.

The reporting period saw personnel changes in Leifheit AG organs:

Effective as at 28 February 2019, Ms Wärtges resigned from her position as a member of the Supervisory Board; effective as at 31 March 2019, Mr Zahn (Chairman) and Mr Gritzuhn (Deputy Chairman) also resigned from their positions on the Supervisory Board.

At the request of the Board of Management, Dr Günter Blaschke was appointed to the Supervisory Board of Leifheit AG with effect from 1 April 2019 by the Local Court [Amtsgericht] of Montabaur and was elected Chairman of the organ by the members of the Supervisory Board on 2 April 2019.

The employee representatives on the Supervisory Board were elected on 14 May 2019:

- Joachim Barnert, Zuzenhausen,
Head of Maintenance at Leifheit AG
- Thomas Standke, Scheidt,
Toolmaker at Leifheit AG

Mr Standke was already a member of the previous Supervisory Board. The previous employee representative, Mr Baldur Groß, stepped down from the Supervisory Board upon the conclusion of the Annual General Meeting on 29 May 2019.

The Annual General Meeting on 29 May 2019 elected the following members to the Supervisory Board:

- Dr Günter Blaschke, Buchloe,
Chairman of the Supervisory Board of WashTec AG (until 14 July 2019), Chairman of the Board of Management (CEO) of WashTec AG (since 15 July 2019 up to 31 December 2019)
- Georg Hesse, Ismaning,
Chairman of the Board of Management (CEO) of HolidayCheck Group AG
- Karsten Schmidt, Penzberg, independent consultant
- Dr Claus-O. Zacharias, Düsseldorf, independent consultant

The Supervisory Board has named Dr Günter Blaschke its Chairman and Mr Karsten Schmidt its Deputy Chairman.

Mr Henner Rinsche was appointed Chairman of the Board of Management (CEO) by the Supervisory Board and took office on 1 June 2019.

Disclaimer, Financial calendar

Forward-looking statements

This quarterly statement contains forward-looking statements which are based on the management's current estimates with regard to future developments. Such statements are subject to risks and uncertainties which are beyond Leifheit's ability to control or estimate precisely, such as statements on the future market environment and economic conditions, the behaviour of other market participants and government measures. If one of these or other uncertain or unforeseeable factors occur, or if the assumptions on which these statements are based prove inaccurate, actual results could differ materially from the results cited explicitly or contained implicitly in these statements. Leifheit neither intends to, nor does it accept any specific obligation to, update forward-looking statements to reflect events or developments after the date of this report.

In the event of any discrepancies between this English translation of the quarterly statement and the German version, the German version will take precedence.

Minor differences may occur when using rounded amounts and percentages due to commercial rounding.

Financial calendar

25 – 27 Nov 2019	Presentation to investors and analysts, German Equity Forum, Frankfurt/Main, Germany, Presentation on 27 November 2019 in the Sheraton Frankfurt Airport Hotel & Conference Center, Frankfurt/Main, Germany, at 1:30 p.m. in the Oslo room
25 Mar 2020	Annual financial reports 2019
13 May 2020	Quarterly statement for the period ending 31 March 2020
20 May 2020	Annual General Meeting, 10:30 a.m. (CEST), German National Library, Frankfurt/Main, Germany
13 Aug 2020	Financial report for the first half-year ending 30 June 2020
11 Nov 2020	Quarterly statement for the period ending 30 September 2020



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