

How housework's done today.

Leifheit AG
Investor presentation

14 August 2018

Disclaimer

This presentation 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 behavior of other market participants and government measures.

If one of these uncertain or unforeseeable factors occurs or 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 presentation.

Leifheit AG shall not assume any warranty for the information provided in this presentation being up-to-date, accurate, complete or of good quality or for the suitability of the information for specific purposes.

Any liability of Leifheit AG for loss caused by the use or non-use of the information provided or by wrong or incomplete information is excluded.

Agenda

- Highlights First Half 2018
- Financial Figures First Half 2018
- Forecast Financial Year 2018
- Key strategic initiatives



Highlights First Half 2018

Slight turnover growth in the first half

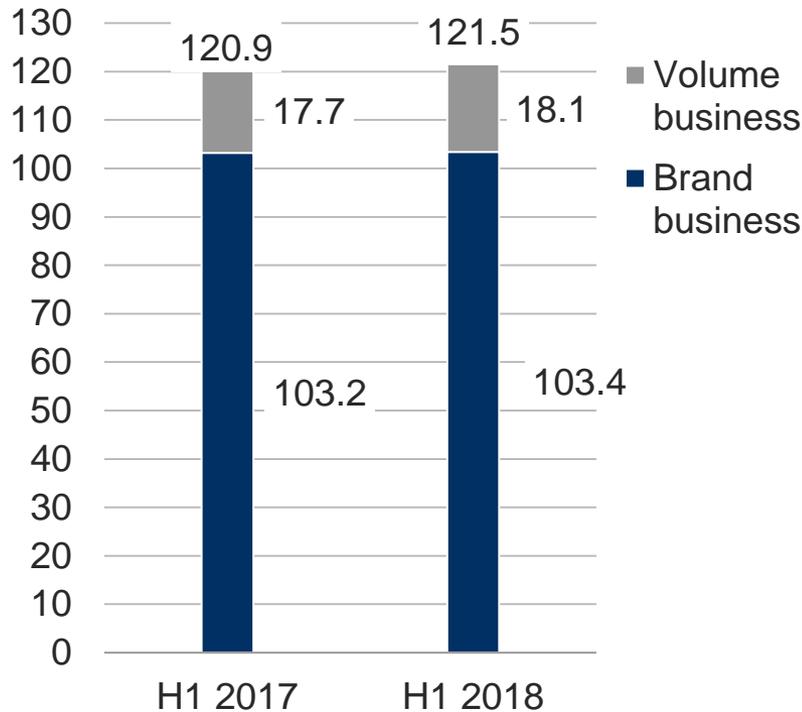
- Slight overall turnover growth in the first half driven by both brand and volume business.
- While the first quarter was partially affected by unfavourable weather conditions, the second quarter saw growth driven by strong performance in the German market.
- Lower sales in Eastern Europe to be viewed 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

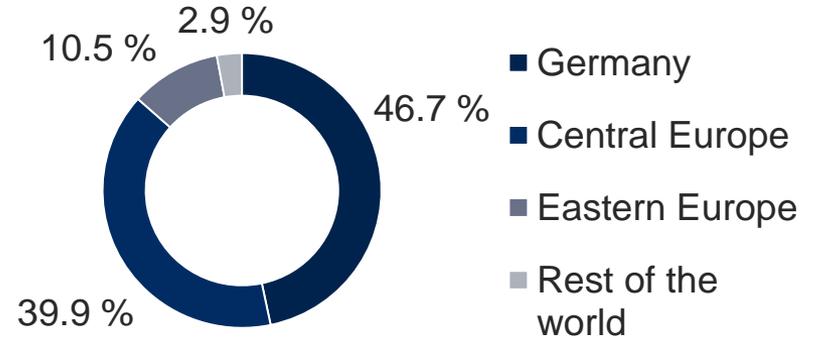
Group turnover by segment

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

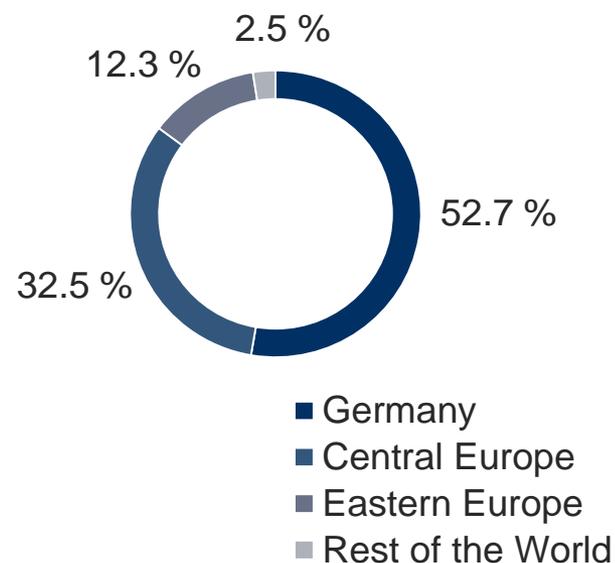
Brand Business: Cleaning, Laundry Care, Wellbeing and Online contributed to the growth

		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 clearly behind expectations
- Turnover affected by lack of sales volumes in Eastern Europe related 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



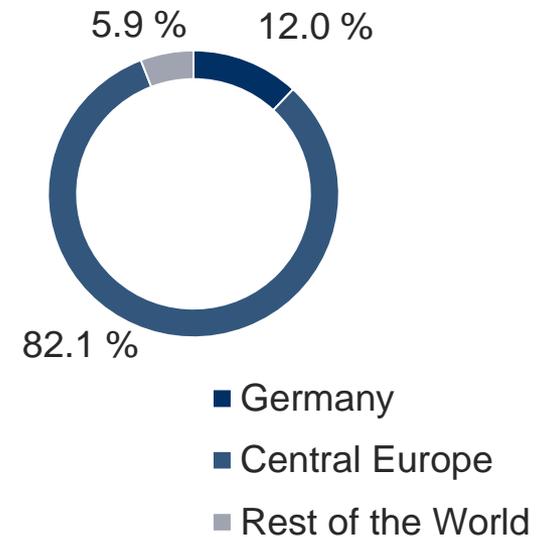
Volume Business: Growth driven by kitchen and laundry care products

		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

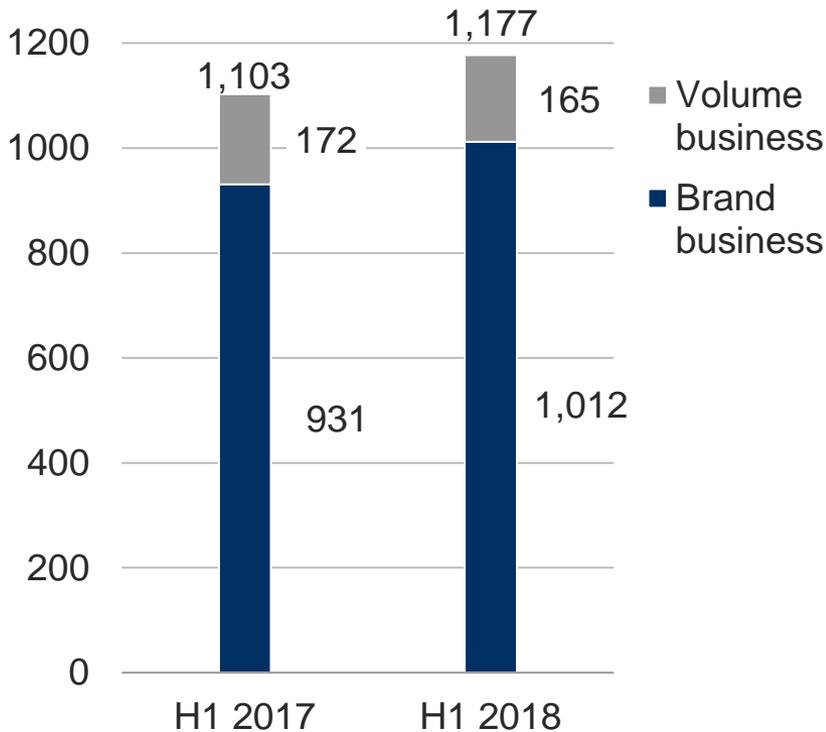
1 Adjusted for proceeds from the sale of financial assets, cash outflow was m € 2.0 (previous year: m € 2.2).

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

Increase in number of employees mainly driven by sales reorganization and insourcing

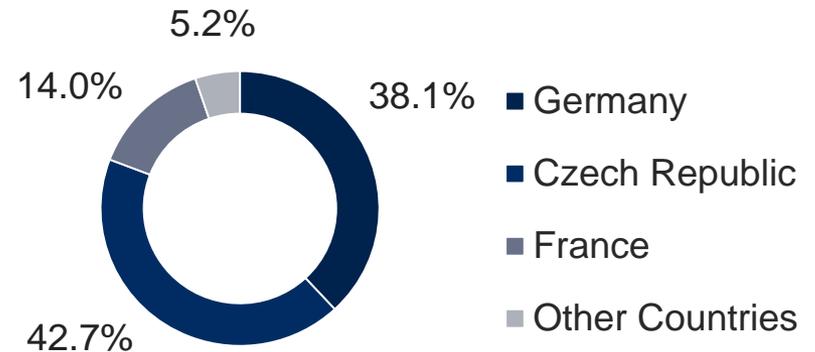
Employees by segment

H1 2017 vs H1 2018 (average)



Employees by region

H1 2018 (average)



- The reorganization of sales activities in Germany meant switching from commercial agents to employees
- Number of production staff in Czech Republic increased as a result of new products, insourcing projects and replacement of temporary workers with in-house employees
- Leifheit again “Top Employer Midsized Germany 2018”



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), 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 % CAGR¹
- ▶ Target EBIT margin of 8 to 9 %

¹ Compound Annual Growth Rate

Key strategic initiatives 2018

Better use of the opportunities of digitalization

- 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
- Sales force effectiveness / efficiency program for stationary
- Strengthen our existing assortment, accelerate development of new products
- Geographic expansion to Asia
- 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 key learnings into new strategies to significantly improve growth and profitability in the coming 3 years.

Investment Highlights

Stock performance driven by smaller volumes, long term oriented shareholder dividend policy unchanged

- **Share price performance in 2018 at approx. -25%**, throughout the past ten years at a CAGR of approx. +11 %

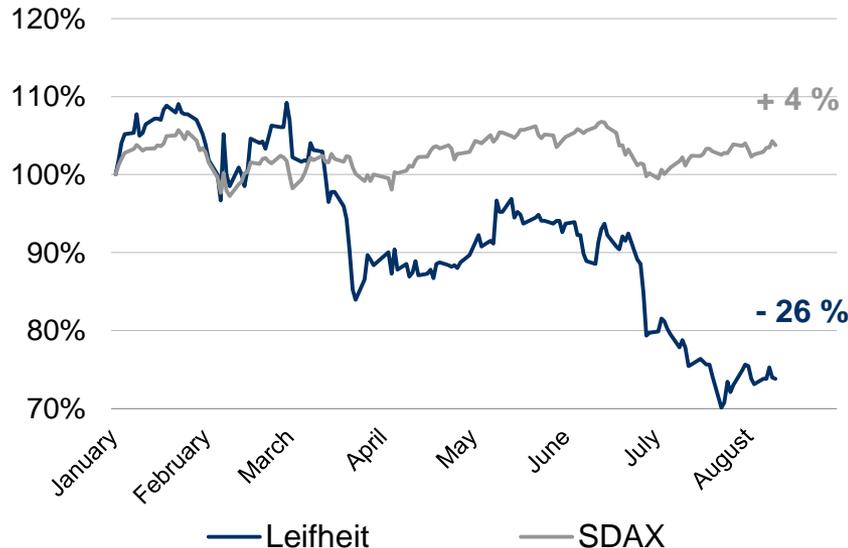
- **Above average dividend yield¹:**

2017: 3.8%	2013: 5.3%
2016: 5.1%	2012: 5.2%
2015: 5.6%	2011: 6.3%
2014: 3.9%	2010: 5.6% ²

¹ Based on the particular closing price at year-end
² Plus special dividend on disposals

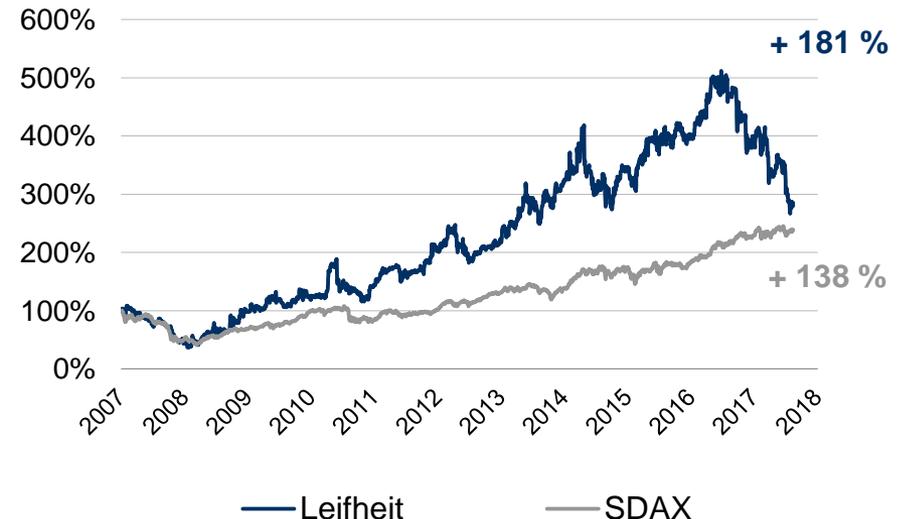
Short-term price performance

Period: 1 January 2018 to 10 August 2018



Long-term price performance

Period: 1 January 2008 to 10 August 2018



Your questions
please