

SCALING UP SUCCESS

LEIFHEIT

Investor and Analyst Conference Call

25 March 2020

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Welcome to the conference call



Henner Rinsche
CEO

- CEO of Leifheit AG since 01 June 2019
- Will take over CFO function in personal union effective from 01 April 2020



Ivo Huhmann
CFO

- Will leave the company at the end of his contract 31 March 2020



Marco Keul
Vice President Finance

- Will be responsible for Finance, Controlling, IT/Business processes and internal Sales services effective from 01 April 2020
- Previously head of Controlling of Leifheit AG since 2012

Executive summary



- Good start in the 2020 financial year, particularly with the Household segment.
- 2019 TV test market results and January till mid March 2020 global results confirm effectiveness of new strategy (i.e. growing sales of profitable blockbusters with successfully pre-tested TV advertising campaigns).
- Since March 2020 Covid-19 crisis damages both demand and supply.
 - Supply interruptions e.g. because products from China and parts from Italy more difficult to source, trucks stuck at borders, lack of truck drivers, more strict hygiene standards in production/logistic sites etc.
 - Demand interruptions because our non-food brick & mortar retailers such as DIY and electric chains have their stores closed. Reduced retail footprint. Consumers have less places to buy our products.
 - Consumers switch to online retailers, but these now focus their limited warehouse capacity on FMCG products.
- Forecast for 2020 financial year was made before possible effects of the corona crisis. Considering the dynamic developments of the corona pandemic, we are currently unable to estimate its impact on Leifheit's business development.

Agenda



- Introduction to Leifheit
- Key Strategic Initiatives
- Financial Figures 2019
- Forecast Financial Year 2020
- Annex

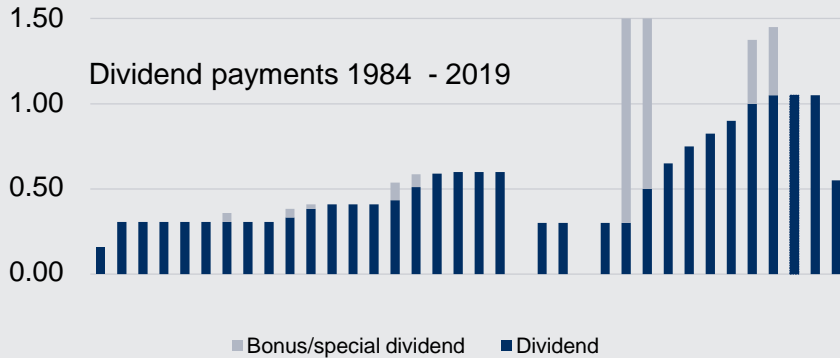
Introduction to Leifheit

Solid base to build on



Commitment to shareholders

in €



Strong products and brands

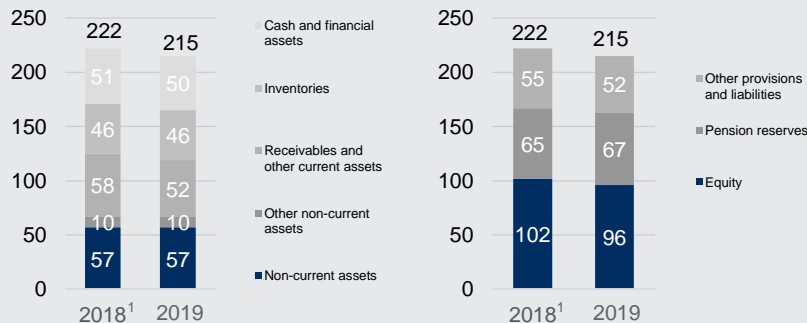


Strong financial structure

in € m (reporting date 31/12)

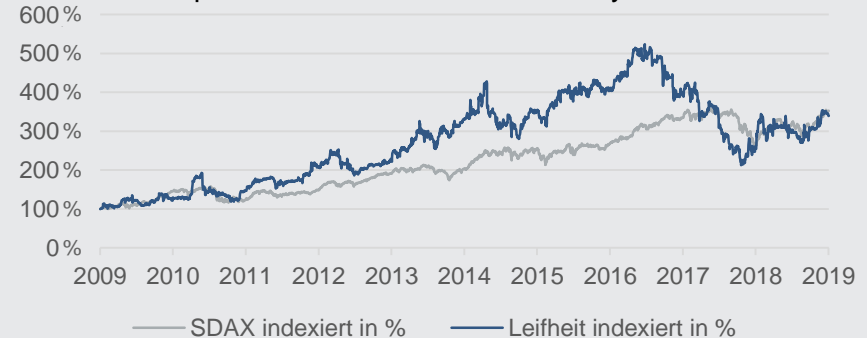
Assets

Liabilities



Strong long-term stock performance above SDAX level

Stock price more than six-folded in 10 years



Leifheit Group



Household



Laundry Care



Cleaning



Kitchen goods

Wellbeing



Personal scales



Kitchen scales

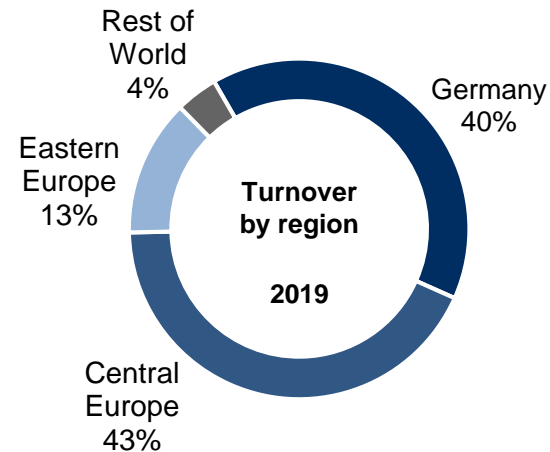
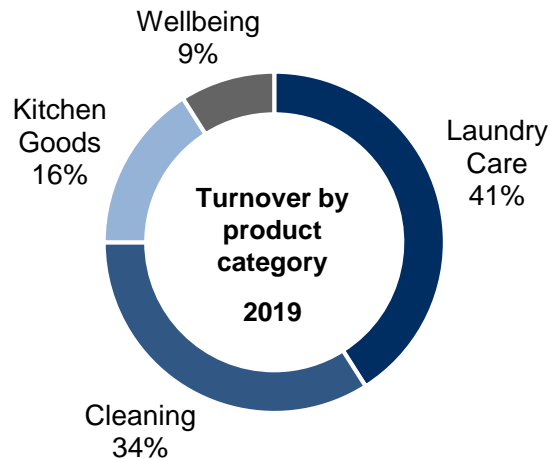
Private Label



Kitchen goods



Standing Dryers



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

A dryer at the push of a button!



**Self-standing rotary dryer
LinoPop-Up**

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

LEIFHEIT

How housework's done today.

www.leifheit.com

**You have something against bacteria?
So do we!**



CleanTenso

Simply hygienic and clean - without chemicals.

Kills **99.99%** of Bacteria*

LEIFHEIT

How housework's done today.

www.leifheit.com

Protected from allergens.

Soehnle Airfresh Clean Connect 500 Air Purifier.



Stiftung Warentest

test

GUT (2,5)

Soehnle Airfresh Clean Connect 500

Im Test: Luftreiniger

Ausgabe 3/2020

www.test.de

CONNECT

LIFE IN BALANCE

SOEHNLE

Effectively more than **99.5%** less particles and pollutants in the air!

Present in leading distribution channels

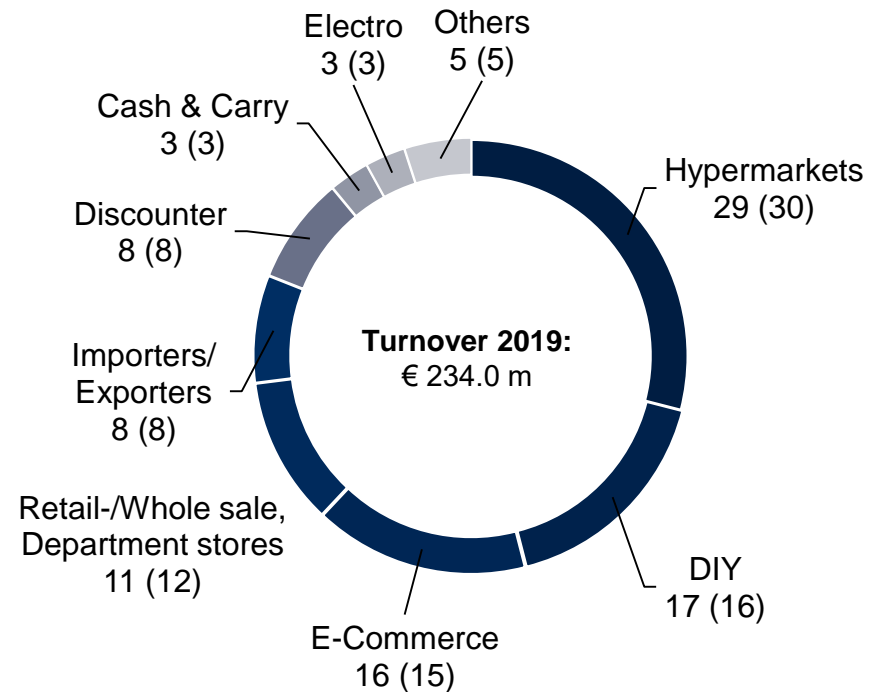


Blue Chip client base

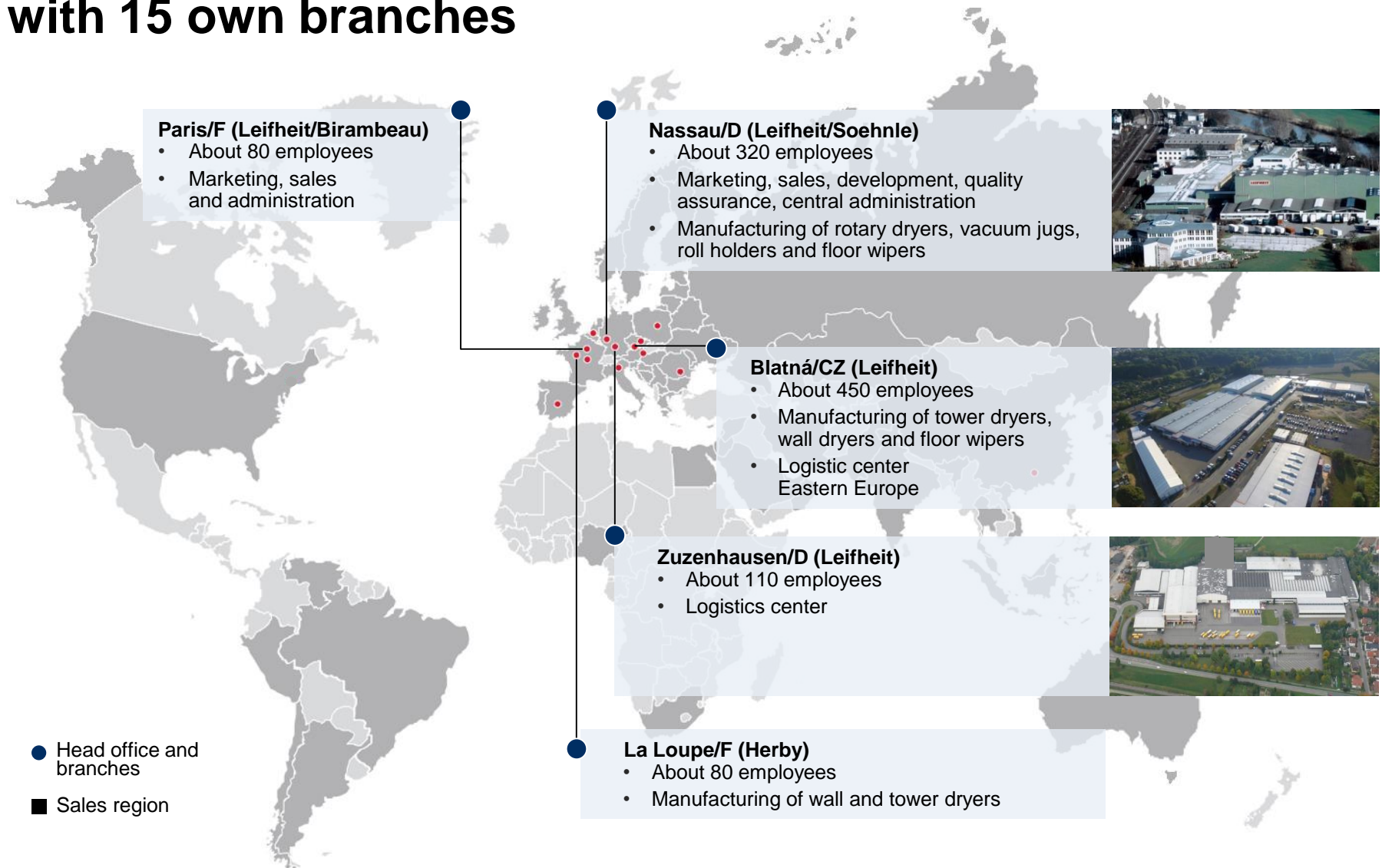


Distribution channels

Turnover in % (previous year's figures)



Operating in more than 80 countries with 15 own branches

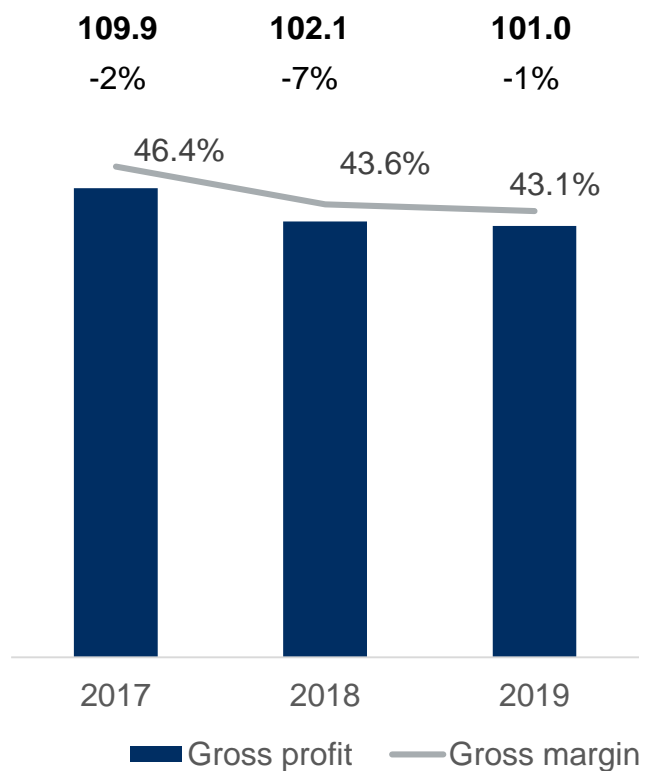


Urgent need for change



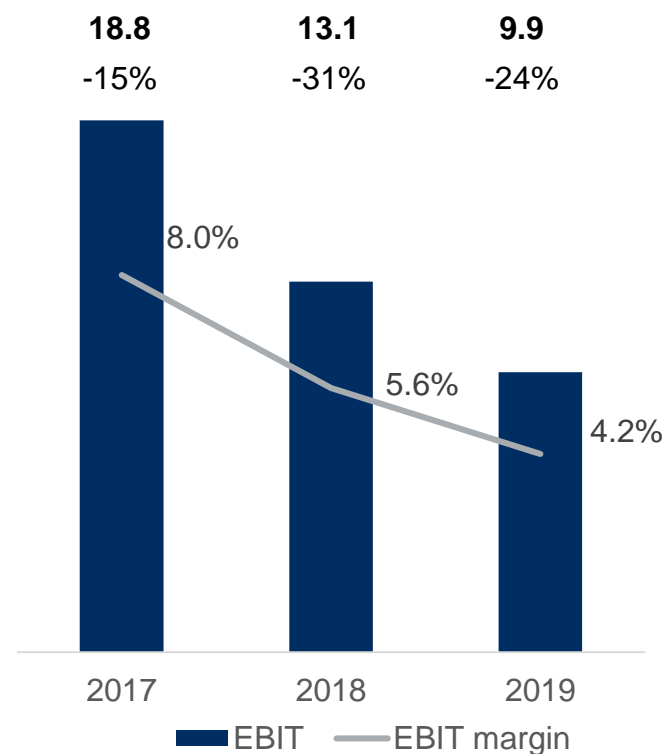
Gross profit

in € m



EBIT

in € m



Key Strategic Initiatives

Our purpose? Happy consumers!

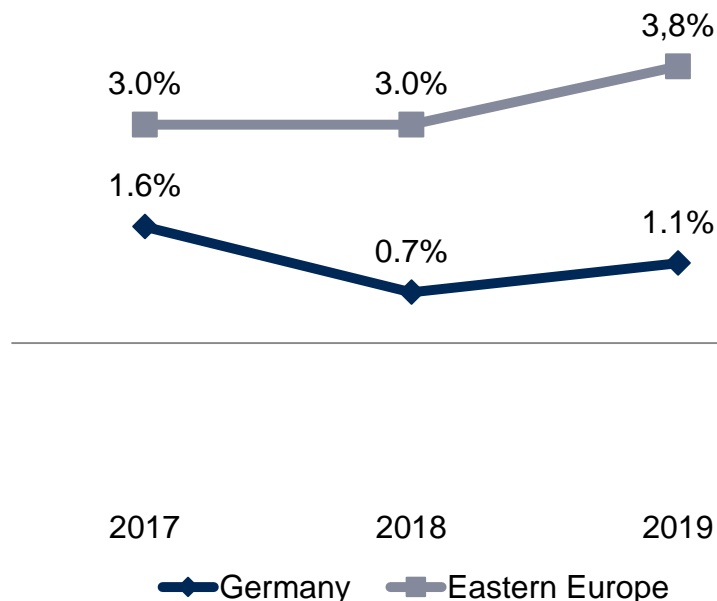


Increased Marketing Investments in Eastern Europe led to significant Growth Rates



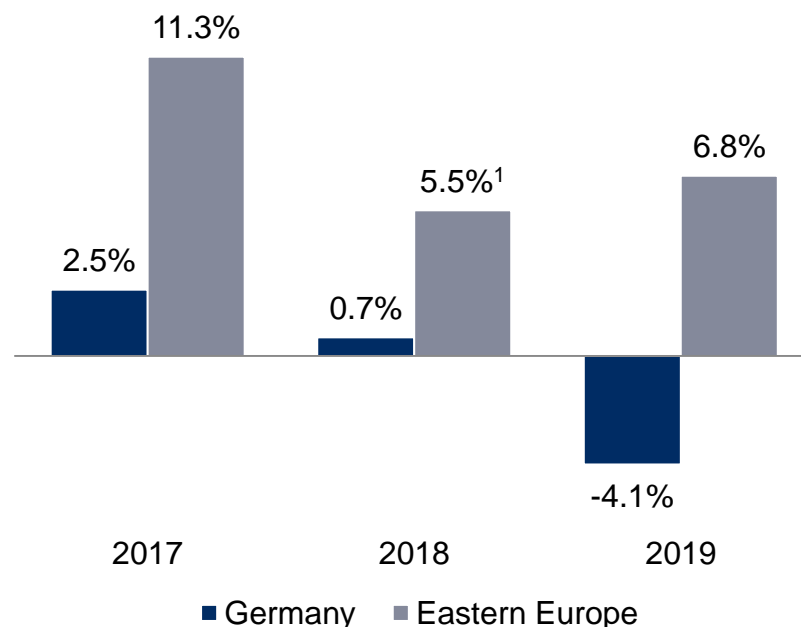
Consumer Marketing Spending

in Relation to Turnover



Growth Rates

in %



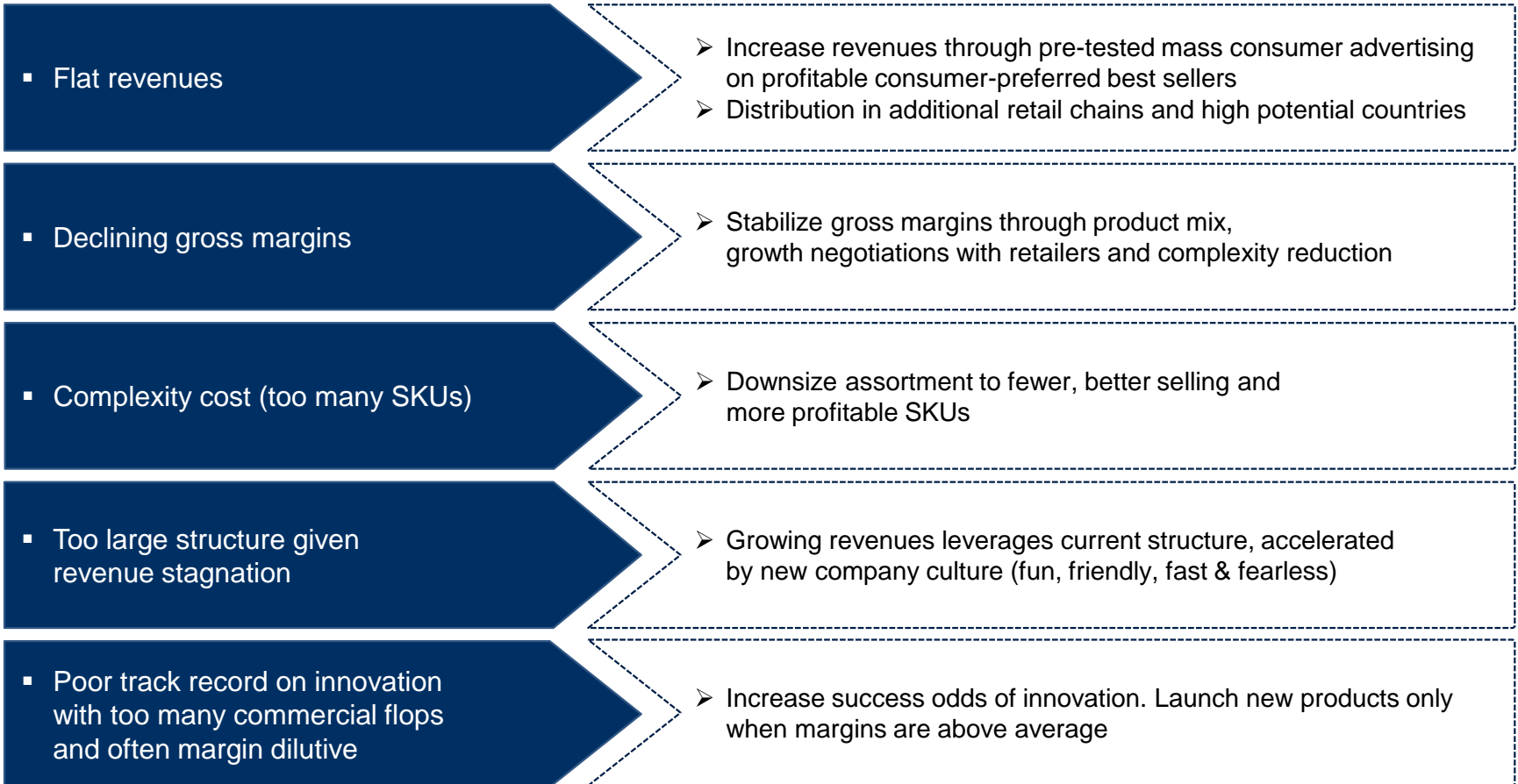
¹ Growth rate 2018 adjusted by contract production at Czech production facility expired in 2017

CEO's strategic review

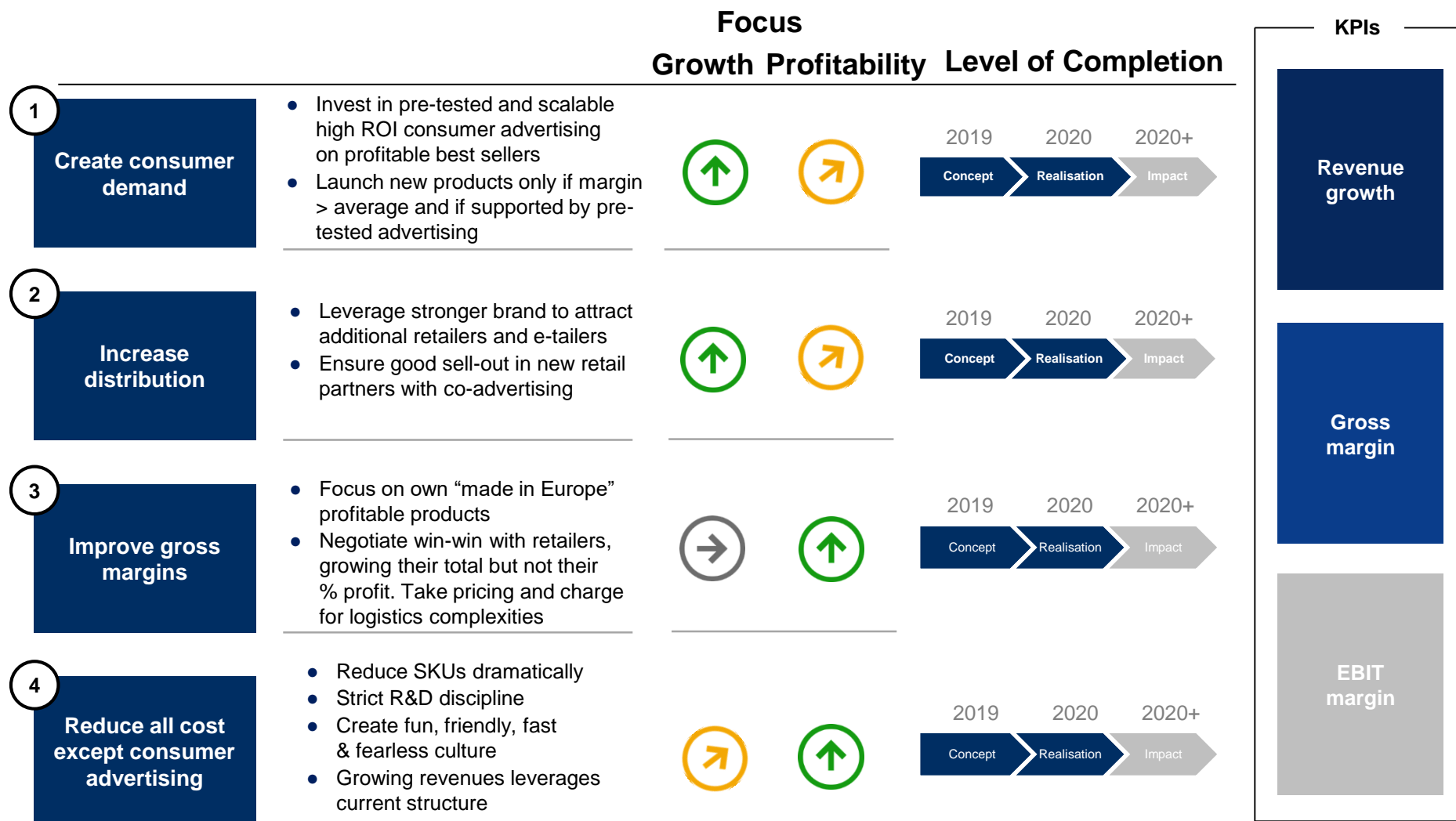


Analysis of status quo

Improvement initiative - identified strategy



New management identified strategy to address growth themes

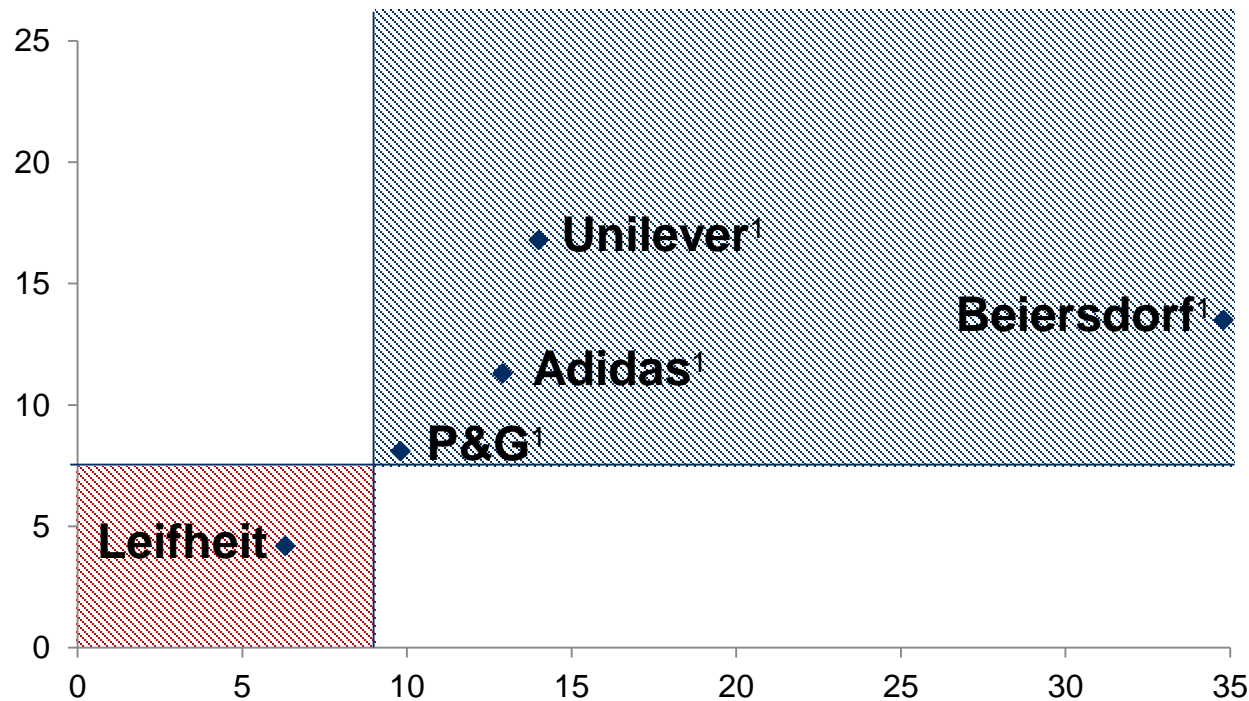


① Create consumer demand and make brand stronger

Marketing spend

2019 in % of turnover

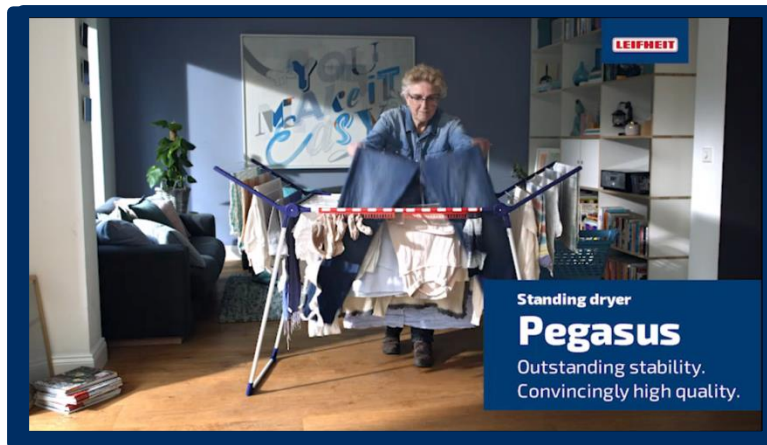
EBIT margin



Marketing spend

¹ Source: Annual reports 2019

① Creating and pre-testing effective ads

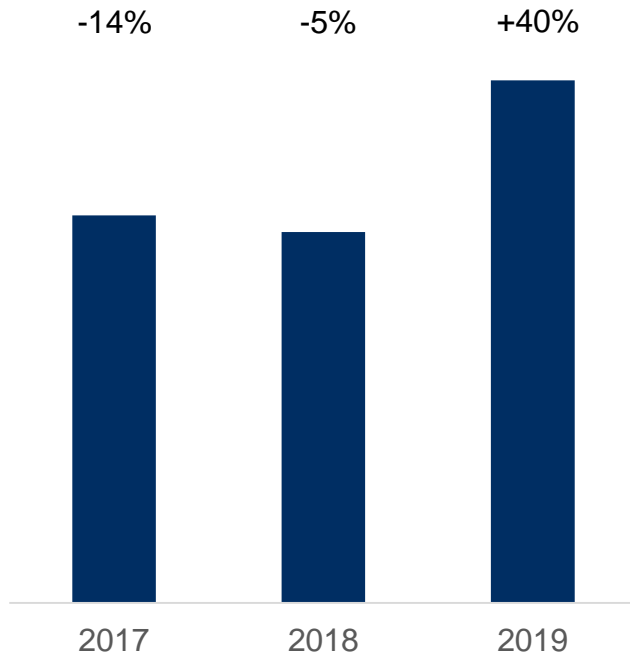


② Increase distribution



Turnover development Italy

Household and Wellbeing in € m



3 Improve gross margin



Focus on profitable Products

	Make in Europe	Buy in Asia
Average contribution margin ¹	~42%	~34%

¹ Household and Wellbeing segments



Win-win retail negos

■ Sales deductions + promotional allowances in % of sales ¹



3 Boost profitability rockets

	Product A	Product B	Product C	Product D...
Contribution margin				...
Level of distribution				...
Quality and consumer satisfaction	★★★★★	★★★★☆	★★★★☆	...
	Boost consumer marketing			

③ High consumer satisfaction with Leifheit top products



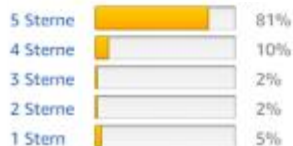
Profi Floor Wiper
4.6 stars



Leifheit rückenschonender Bodenwischer Profi XL micro Duo, effektiver Schrubber mit Bezug aus Mikrofaser, Wischer für Fliesen un...

★★★★★ ~ 3.43

4,6 von 5 Sternen



Clean Twist
4.5 stars

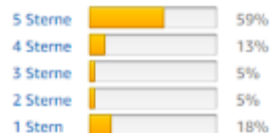
Amazon's Choice



Leifheit Set Clean Twist Disc Mop Wischer für nebelfeuchte Reinigung, Wischmop mit effizienter Schleudertechnologie,

★★★★★ ~ 1.711

4,5 von 5 Sternen



Pegasus 150
4.5 stars

Amazon's Choice

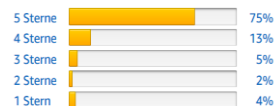


Dieser Artikel Leifheit Standtrockner Pegasus 150 Solid Slim, standfester Wäscheständer mit Flügeln auch für lange Kleidungsstücke, besonders schmaler Flügelwäschetrockner passt auch durch enge Türen

Bestseller Nr. 1 ★★★★★ ~ 2.515

★★★★★ 4,5 von 5

2.515 Sternebewertungen



Linomatic 500 Deluxe
4.4 stars

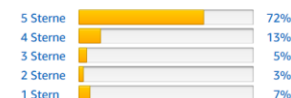


Leifheit Wäscheschirm Linomatic 500 Deluxe mit Leineneinzug für saubere Wäsche, Wäschespinne für die ganze Familie, Wäscheständer

★★★★★ ~ 1.700

★★★★★ 4,4 von 5

1.700 Sternebewertungen



④ Reduce all cost except consumer advertising

% of Group Sales	FY 2018	FY 2019	Further Outlook
Consumer Marketing	0.7%	1.7%	↑
Other Marketing	5.4%	4.6%	↓
R&D	2.3%	2.4%	↓
Logistics ¹	11.0%	11.5%	↓
Administration	6.1%	6.4%	↓
Cost of Turnover	56.4%	56.8%	↓

¹ not including inbound cost

Financial Figures 2019

Key financial highlights



1

At EUR 234.0 million,
Group turnover on par
with previous year

2

Group EBIT at
EUR 9.9 million at upper
end of forecast range

3

Successfully tested TV
campaigns in selected
European countries

4

Turnover growth in
Central and Eastern
Europe following
increased consumer
marketing spend

5

Rising foreign sales make
up for declines in
domestic market

6

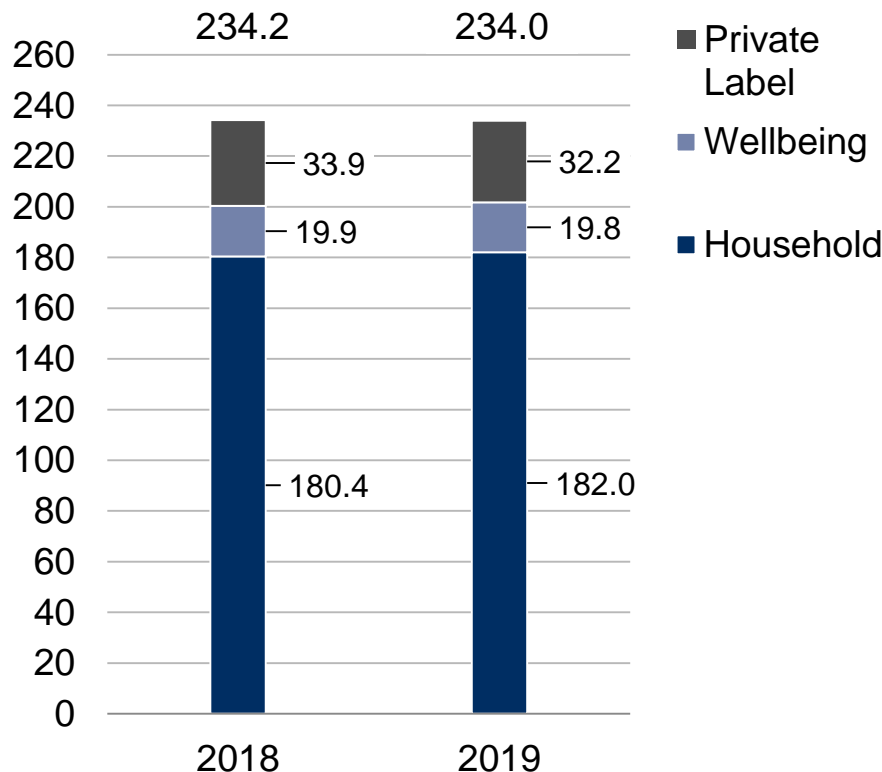
Focus on key strategic
initiatives

Group turnover on par with previous year



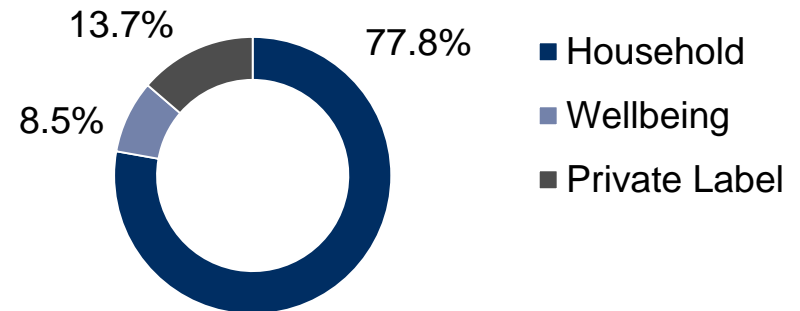
Group turnover by segment

2018 vs 2019 in € m



Group turnover by segment

2019



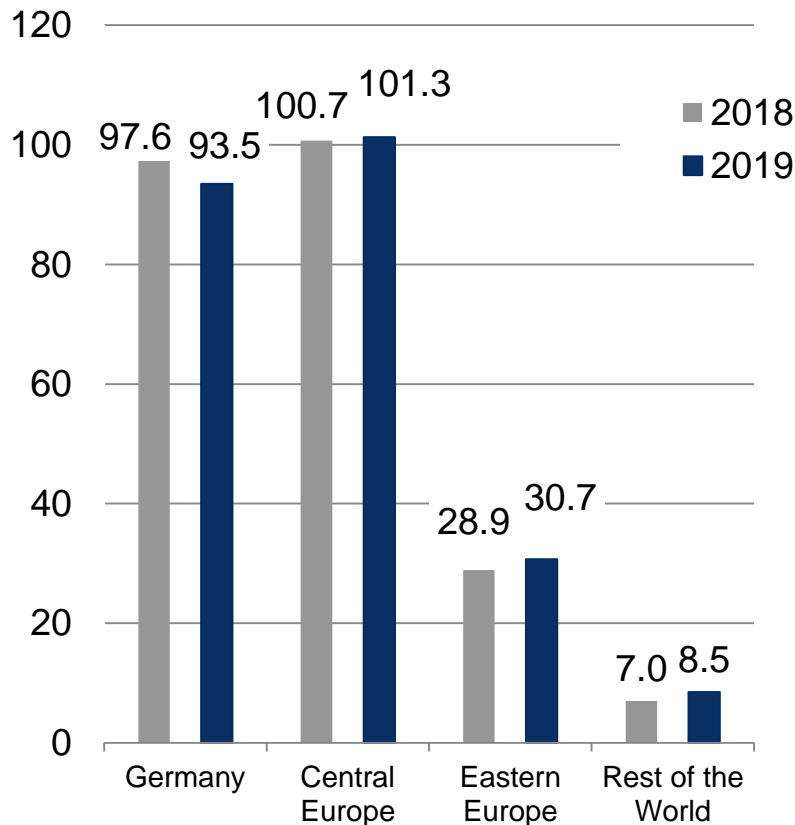
- Turnover in the Household segment above previous year's level due to strong growth in the product category Laundry care. Declining development of Cleaning and Kitchen goods categories.
- Wellbeing segment stable, new Soehnle kitchen scales made a significant contribution to turnover.
- Private Label decreased by 5% due to continued weakness of French trading partners.

Strong growth in TV-advertising test market Eastern Europe



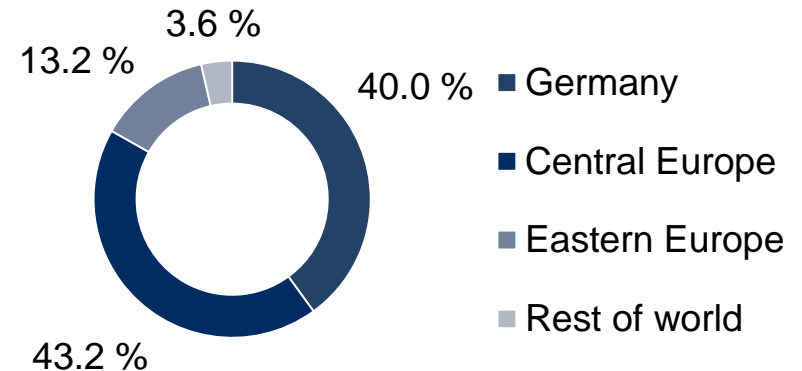
Group turnover by region

2018 vs 2019 in € m



Group turnover by region

2019



- Eastern Europe with significant growth of 6.2 % due to increased consumer marketing investments.
- Central Europe largely stable, strong growth in Italy due to expansion of distribution channels.

Group EBIT at EUR 9.9 million at upper end of forecast range

		2018	2019	Δ
Group turnover	€ m	234.2	234.0	-0.1%
Gross margin	%	43.6	43.1	-0.5 pps
EBIT	€ m	13.1	9.9	-24.4%
EBIT margin	%	5.6	4.2	-1.4 pps
Earnings before taxes (EBT)	€ m	11.9	8.5	-28.9%
Net result for the period	€ m	8.4	5.8	-30.7%
EPS	€	0.88	0.61	-30.3%

- EBIT decrease primarily due to increased logistics and marketing costs.
- Gross margin decrease primarily result of higher amortization and depreciation due to impairments of property, plant and equipment, inbound freight and impairments on inventories.
- Measures taken for optimization of cost structures.

Free Cash Flow significantly improved



in € m	2018	2019	Δ
Cash flow from operating activities	10.2	15.9	5.7
Cash flow from investment activities	22.5	-5.8	-28.3
Cash flow from financing activities	-10.0	-10.7	-0.7
Change in cash and cash equivalents	8.7	-0.6	-11.5
Cash and cash equivalents at the end of reporting period	50.9	50.3	-0.6
Free cash flow ¹	3.7	10.1	6.4

in € m	31.12.2018	31.12.2019	Δ
Cash and cash equivalents at the end of reporting period	50.9	50.3	-0.6
Group liquidity	50.9	50.3	-0.6
Financial liabilities	-	-	-

- Increase of cash inflow from operating activities mainly due to optimization of inventories and fall in receivables.
- Decline in Group liquidity mainly from dividend payment in the amount of € 10.0 m.

¹ Sum of cash flow from operating activities and investment activities adjusted by proceeds from sale of financial assets.

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

Forecast Financial Year 2020

2020: Gross margin increase from turnover growth will be used to strengthen consumer advertising



Economic environment 2020

- ▶ Global economic slowdown due to increasing political and economic tensions
- ▶ Effects of Corona-pandemic currently not foreseeable
- ▶ Economic slowdown in the EU

Forecast Group development 2020

- ▶ Group: Turnover growth of 8 %
- Household: Turnover growth 8 to 9 %
- Wellbeing: Turnover growth of 10 to 11 %
- Private Label: Turnover growth of about 5 %
- ▶ EBIT of around € 9.5 m to € 10 m
- ▶ Free cash flow of about € 6.5 m to € 7.5 m

- Forecast for 2020 financial year was made before possible effects of the corona crisis.
- Considering the dynamic developments of the corona pandemic, we are currently unable to estimate its impact on Leifheit's business development.

Annex

Long-term financial overview



		2015	2016	2017	2018	2019
Group turnover	€ m	231.8	237.1	236.8	234.2	234.0
Profitability						
Gross margin	%	46.7	47.5	46.4	43.6	43.1
Cash flow from operating activities	€ m	20.8	21.8	7.2	10.2	15.9
Free cash flow	€ m	14.1	14.3	1.5	3.7	10.1
EBIT	€ m	21.7	22.1	18.8	13.1	9.9
EBIT adjusted ¹	€ m	19.2	21.8	20.3	12.8	9.6
EBIT margin	%	9.3	9.3	8.0	5.6	4.2
EBT	€ m	20.2	20.6	17.7	11.9	8.5
Net result for the period	€ m	14.3	14.5	12.9	8.4	5.8
ROCE	%				10.5	8.2

¹ Adjusted by foreign currency results

Long-term financial overview



		2015	2016	2017	2018	2019
Per share¹						
Net result for the period ²	€	1.51	1.53	1.35	0.88	0.61
Free cash flow	€	1.48	1.51	0.16	0.39	1.06
Dividend ³	€	1.00	1.05	1.05	1.05	0.55
Special dividend	€	0.38	0.40	--	--	--
Investments	€ m	7.1	7.8	7.8	6.6	6.0
Depreciation	€ m	5.8	6.2	6.4	6.9	8.2

		31/12/15	31/12/16	31/12/17	31/12/18	31/12/19
Employees	No.	1,074	1,093	1,137	1,119	1,106
Balance sheet total²	€ m	237.9	239.4	224.9	221.8	214.6
Equity	€ m	106.7	104.6	98.5	101.8	96.2
Equity ratio	%	44.9	43.7	43.8	45.9	44.8
Liquidity	€ m	68.2	69.5	57.2	50.9	50.3

1 Scrip issue in June 2017, 2013 – 2016 adjusted

2 Not including repurchased treasury shares

3 2019: Proposal to the Annual General Meeting

Experienced management board



Henner Rinsche

CEO + CFO

born 1970

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



Igor Iraeta Munduate

COO

born 1974

Previous experience

- Many years of experience as CTO at Igus GmbH and Stoba Präzisionstechnik
- Various technical management positions at Robert Bosch GmbH

Core competencies

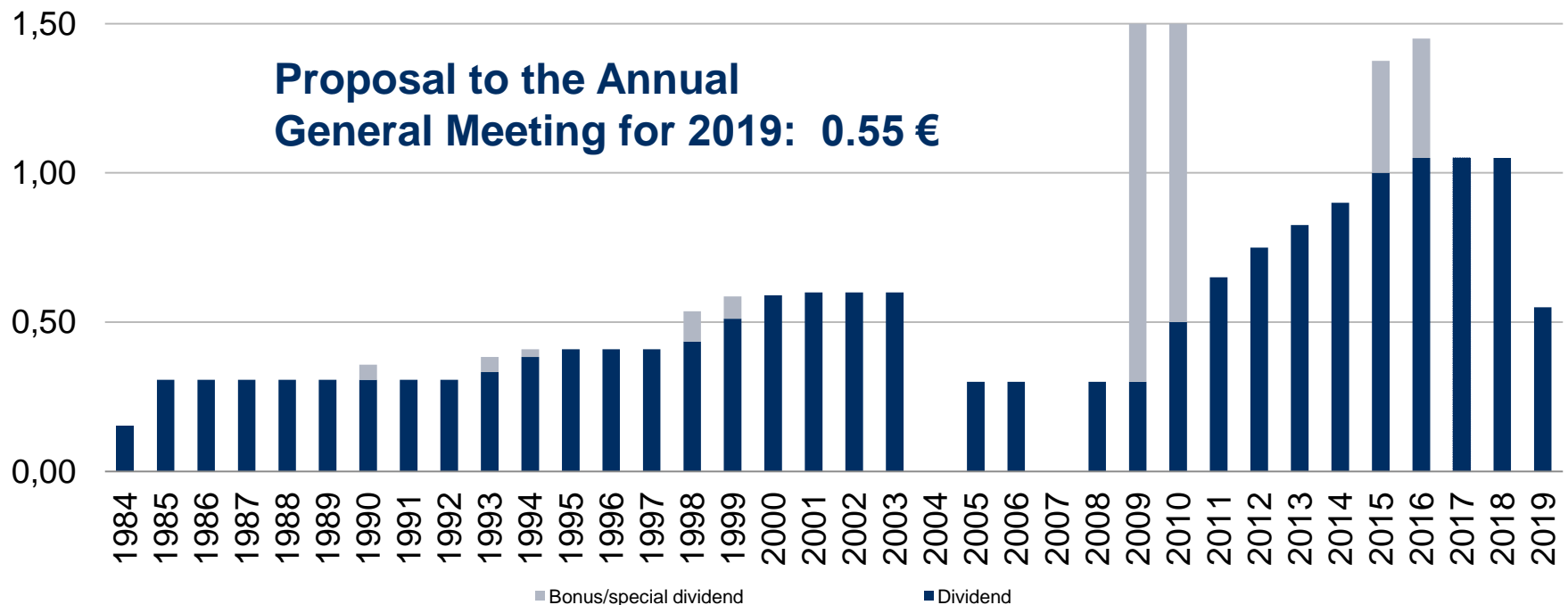
- Digitalization, IoT, Industry 4.0, implementation of lean production systems, agile “Scrum” methods

Committed to shareholder returns



Long-term dividend development

Dividend per share / in €



Dividend yield ¹

2019:	2.3%	2015:	5.6%
2018:	5.9%	2014:	3.9%
2017:	3.8%	2013:	5.3%
2016:	5.1%	2012:	5.2%

¹ Based on the particular closing price at year-end, 2019: proposal to Annual General Meeting

Leifheit awards (selection)



Rotary dryer
LinoProtect 400



Rotary dryers
Linomatic



Laundry dryers
Pegasus



Floor wiper
Profi micro duo



CLEAN TWIST
System



Isolation jug
Columbus



Window vacuum
cleaners



Cordless vacuum
Regulus PowerVac 2in1



Steam Mop
CleanTenso

Soehnle awards (selection)



Kitchen Scale
Page Profi



Kitchen Scale
Page Profi 300



Kitchen Scale
Genio White



Luftbefeuchter
Airfresh Hygro 500



Body analysis scale
Shape Sense Connect 200

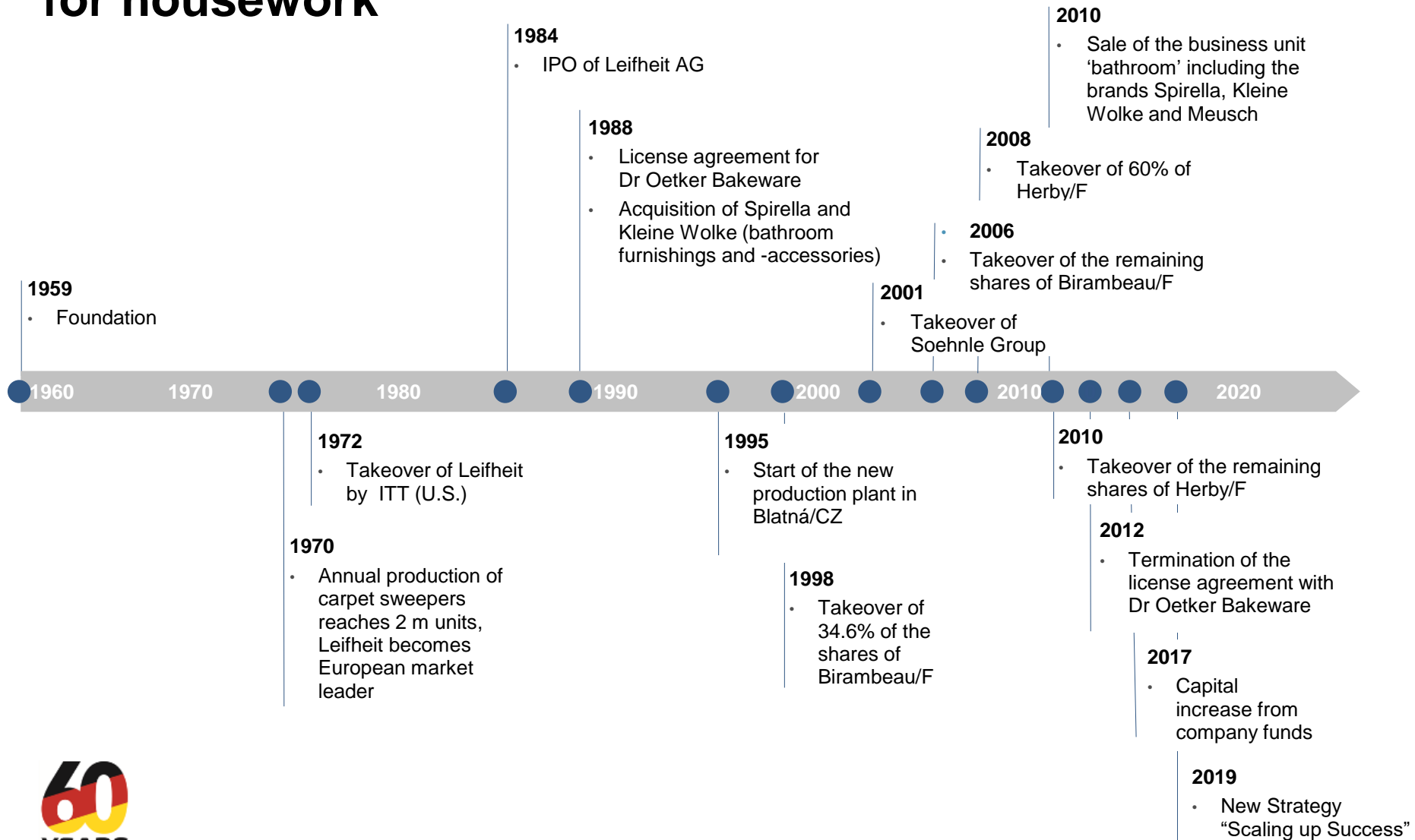


Blood pressure monitor
Systo Monitor Connect 300



Luftreiniger
AirFresh Clean 300
und Clean Connect 500

Leifheit – 60 Years of passion for housework



European competitors by category



Cleaning

Spontex
Tonkita Swiffer Rival
Kärcher Vileda



Laundry care

Vileda Brabantia Artweger
Wenko Gimi Juwel Stewi
Metaltex Rörets Blome



Kitchen goods

Tescoma WMF Gefu
Zyliss Rösle
Oxo Fackelmann Lurch
Brabantia Westmark Emsa Tefal



Wellbeing

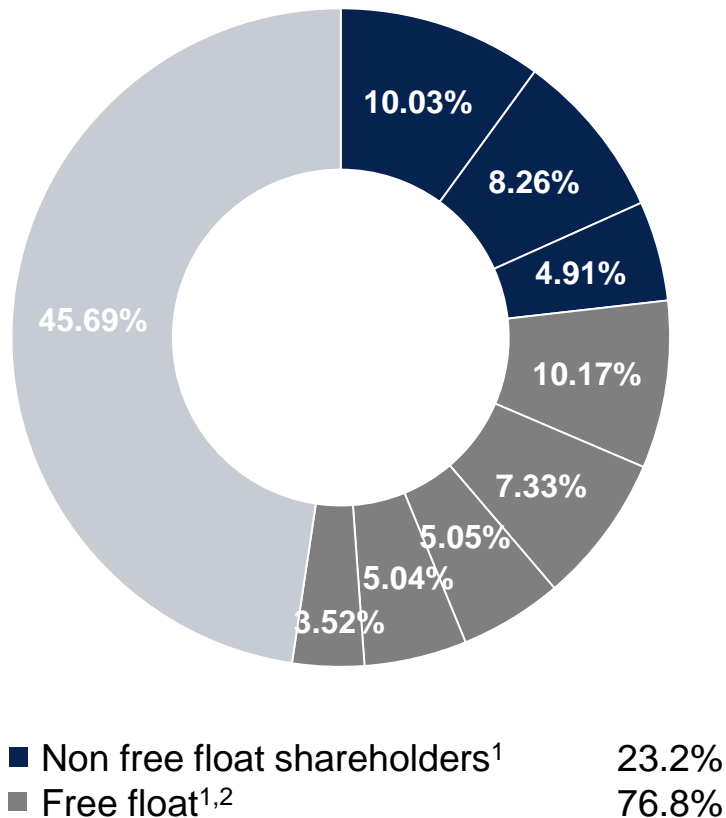
Bosch Laica Tanita
ADE Homedics Beurer
Sanitas
Withings Terraillon

Significant free float and international investors



Shareholder structure

March 2020



- MKV Verwaltungs GmbH, Grünwald (GER), 10.03%
- Joachim Loh, Haiger (GER), 8.26%
- Leifheit AG Nassau (GER), treasury shares, 4.91%
- Alantra EQMC Asset Management, SGIIC, SA, Madrid (ES), 10.17%
- DBAY Advisors Limited, Douglas (IM), 7.33%
- Teslin Capital Management BV/Gerlin NV, Maarsbergen (NL), 5.05%
- MainFirst SICAV, Senningerberg (LUX), 5.04%
- Blackmoor Ownership Holdings Master Limited, London (UK), 3.52%
- Share ownership under reporting threshold 45.69%

¹ Definition of German stock exchange for indices

² Including shareholdings of the management board

Financial calendar and contact



Dates 2020

13 May 2020

Quarterly statement for the period
ending 31 March 2020

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

The Annual General Shareholders' Meeting scheduled for
20 May 2020 has been postponed to a later date. We will
inform about the new date in due time.

Contact

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Aktiengesellschaft

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