

SCALING UP SUCCESS

LEIFHEIT

Investor Presentation H1 2020

Henner Rinsche (CEO/CFO)
Marco Keul (Vice President Finance)

13 August 2020

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Welcome to the conference call



Henner Rinsche
CEO + CFO



Marco Keul
Vice President Finance

Agenda

- Executive Summary
- Introduction to Leifheit
- Key Strategic Initiatives
- Financial Figures 6M 2020
- Forecast Financial Year 2020
- Annex

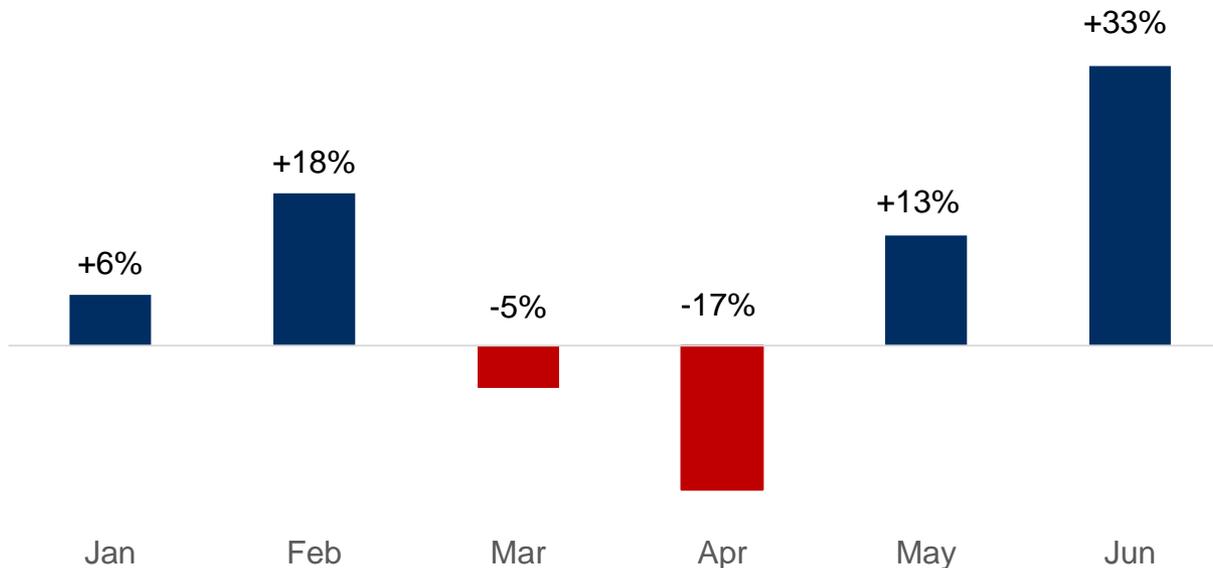
Strong Group turnover and earnings growth in first half of 2020 despite COVID-19 pandemic

- **Very positive business development** in the first half-year confirms **new scaling-up success strategy**
- **Leifheit Group well positioned in times of COVID-19 pandemic**
 - **Rising sales in May and June** across all channels after shutdown in March and April
 - **High quality products help consumers** keep their homes hygienically clean and remain in high demand by consumers
 - **Measures taken to ensure stability in supply chain and to secure production and logistics processes pay off**, especially for e-commerce
- **Advertising campaigns to continue in H2 2020**
 - **Further TV campaigns** for top Leifheit products in cleaning and laundry care
 - **Soehnle print campaign** starts in September
- **Significant turnover and earnings growth** expected for the **financial year 2020**: growth of Group turnover between 7% and 9% and Group EBIT of between EUR 12 million and EUR 15 million

COVID-19 pandemic strongly affected turnover development in March and April

Group turnover development by months

in %



- TV advertising led to a good start the first two months of 2020
- COVID-19 pandemic resulted in retail shutdowns in March and April
- Rising turnover in May and June across all channels after end of shutdown

Key financial highlights: increased turnover and EBIT despite COVID-19

1

Turnover
in the first half of 2020 up by
7.3% despite COVID-19
crisis

2

Successful TV-campaigns
and consumers' increased
need for hygiene and home
comfort sped up growth in
both Household (7.9%) and
Wellbeing (21.7%)

3

EPS
almost doubled
from 0.32 € in 6M 2019
to 0.63 € in 6M 2020

4

EBIT
growth of 75.7% reflecting
increased gross profit and
strict cost management

5

Gross margin improved as a
result of positive product and
customer mix effects and
various efficiency measures

6

Negative cash flow mainly
due to significant increase
of working capital
(increased turnover driving
up trade receivables)

Introduction to Leifheit

Solid base to build on



Commitment to shareholders



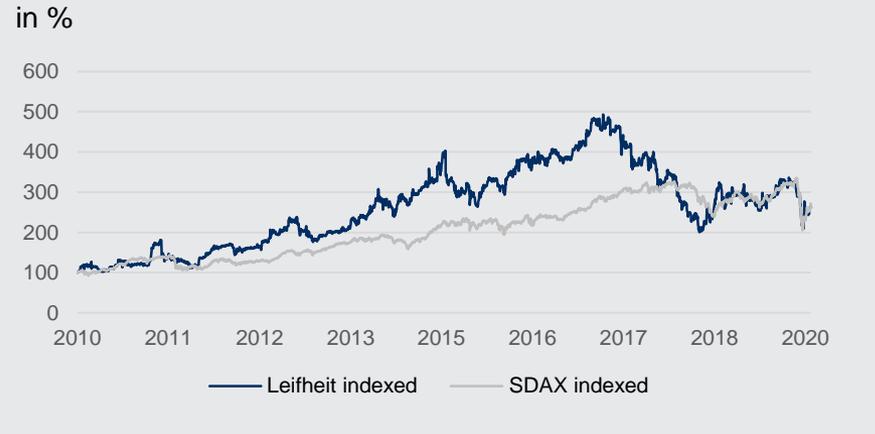
Strong products and brands



Strong financial structure



Strong long-term stock performance



Leifheit Group



Household



Laundry Care



Cleaning



Kitchen goods

Wellbeing



Personal scales



Kitchen scales

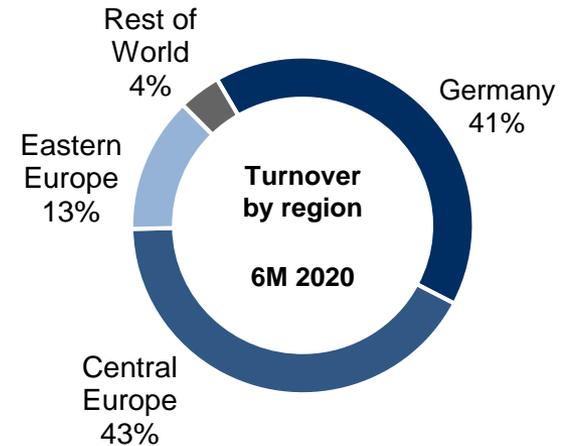
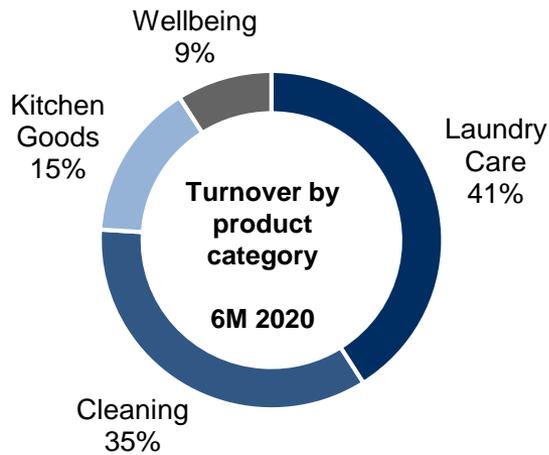
Private Label



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*
*tested on E. coli and Clostridium bacteria

LEIFHEIT
How housework's done today.

www.leifheit.com

Protects against allergens –
combats viruses and bacteria

combats
viruses and bacteria

Stiftung Warentest
test
1

GUT (2,5)
Buntes Anrecht
Clean Connect 500
in Test
1. Leifheit
2. Philips
3. Medion
4. Borealis
Ausgabe 9/2020
www.test.de
2019103

Airfresh Clean Connect 500
Effectively removes up to 99.5% of particles and pollutants from the room air.

* Tested on coccus and rod bacterium.

LIFE IN BALANCE
SOEHNLE

Fortunately hypers & discounters stayed open during Covid-19 retail shut-downs

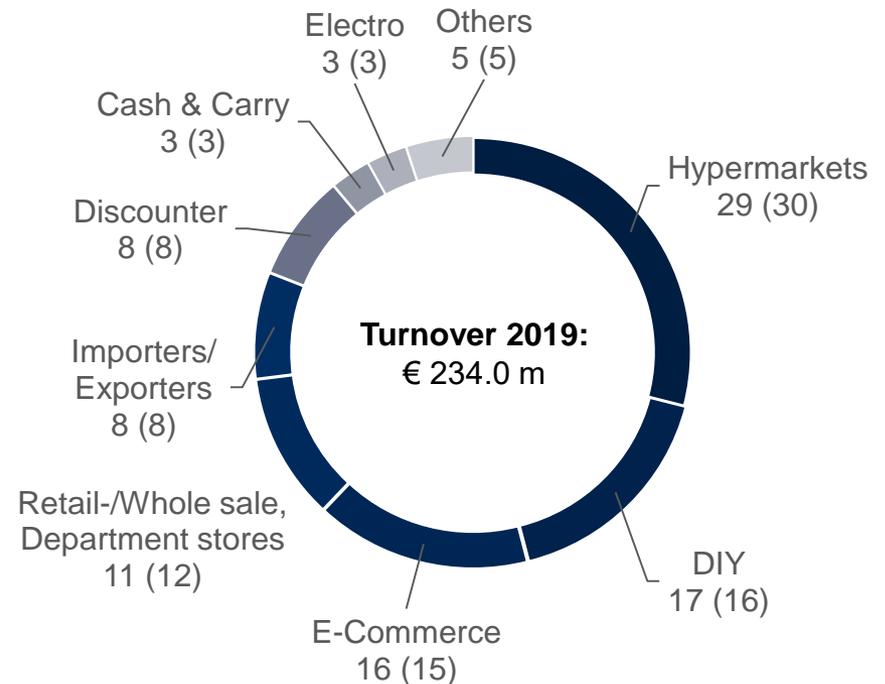


Blue Chip client base



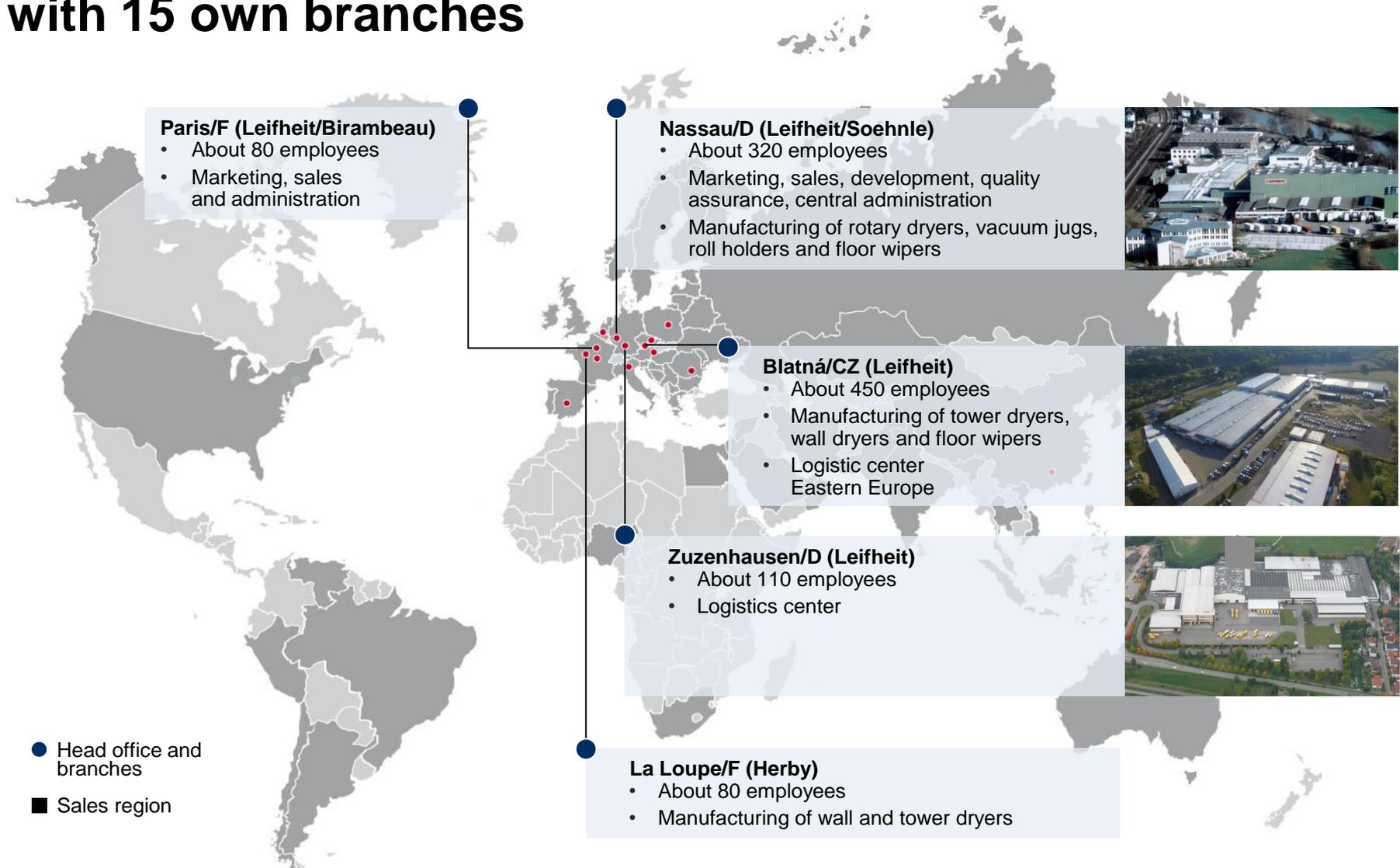
Distribution channels

Turnover in % (previous year's figures)





Operating in more than 80 countries with 15 own branches



Key Strategic Initiatives

Our purpose? Happy consumers!

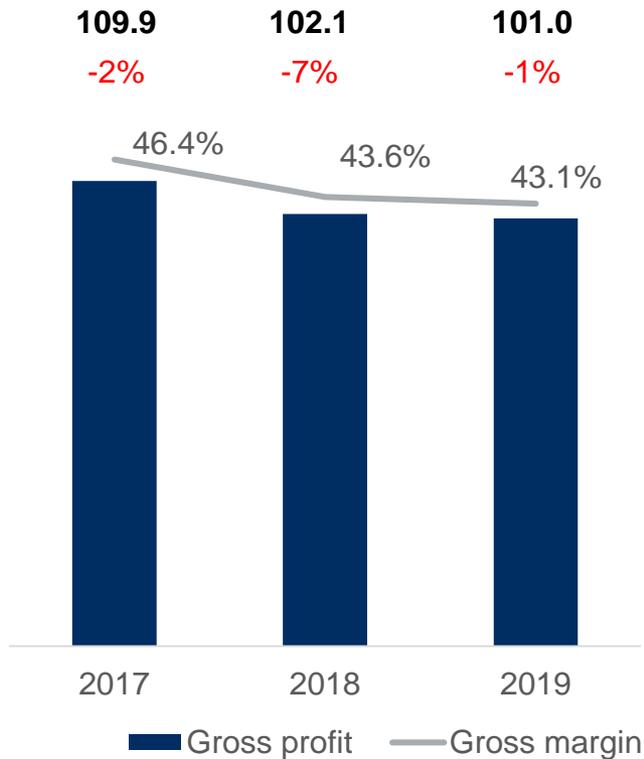


Urgent need for change



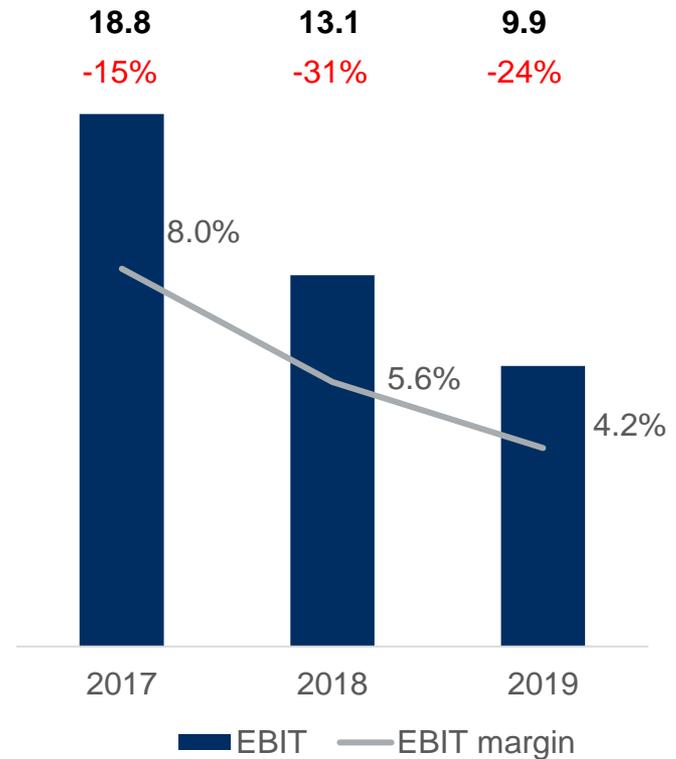
Gross profit

in € m



EBIT

in € m

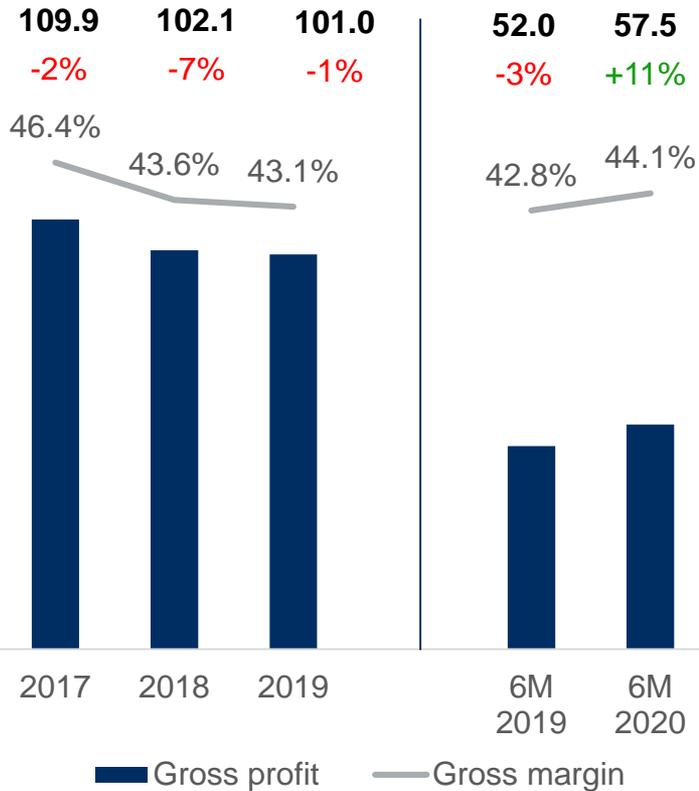


Can we change it? Yes we can!



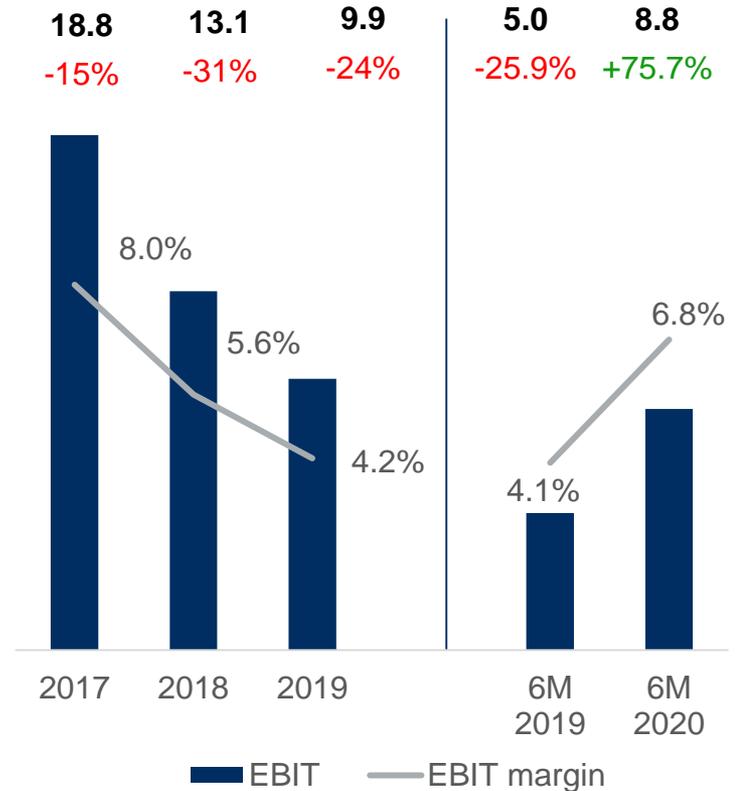
Gross profit

in € m



EBIT

in € m



Scaling up success strategy



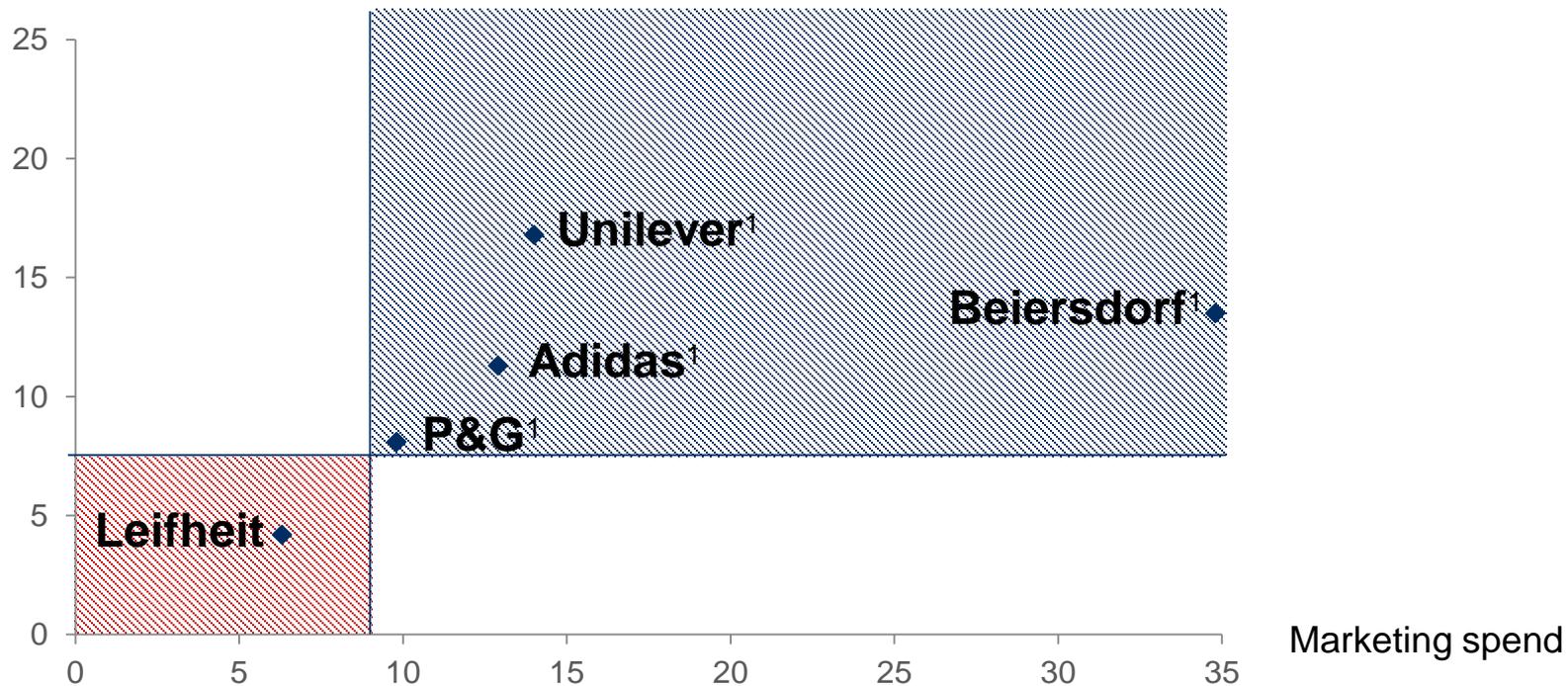
		Focus		Growth Profitability Level of Completion			KPIs
1	<p>Create consumer demand</p> <ul style="list-style-type: none"> Invest in pre-tested and scalable high ROI consumer advertising on profitable best sellers Launch new products only if margin > average and if supported by pre-tested advertising 			2019	2020	2020+	Revenue growth
				Concept	Realisation	Impact	
2	<p>Increase national and international distribution</p> <ul style="list-style-type: none"> Leverage stronger brand to attract additional retailers and e-tailers Ensure good sell-out in new retail partners with co-advertising 			2019	2020	2020+	Gross margin
				Concept	Realisation	Impact	
3	<p>Improve gross margins</p> <ul style="list-style-type: none"> Focus on own "made in Europe" profitable products Negotiate win-win with retailers, growing their total but not their % profit. Take pricing and charge for logistics complexities 			2019	2020	2020+	EBIT margin
				Concept	Realisation	Impact	
4	<p>Reduce all cost except consumer advertising</p> <ul style="list-style-type: none"> Reduce SKUs dramatically Strict R&D discipline Create fun, friendly, fast & fearless culture Growing revenues leverages current structure 			2019	2020	2020+	
				Concept	Realisation	Impact	

① Create consumer demand and make brand stronger

Marketing spend

2019 in % of turnover

EBIT margin



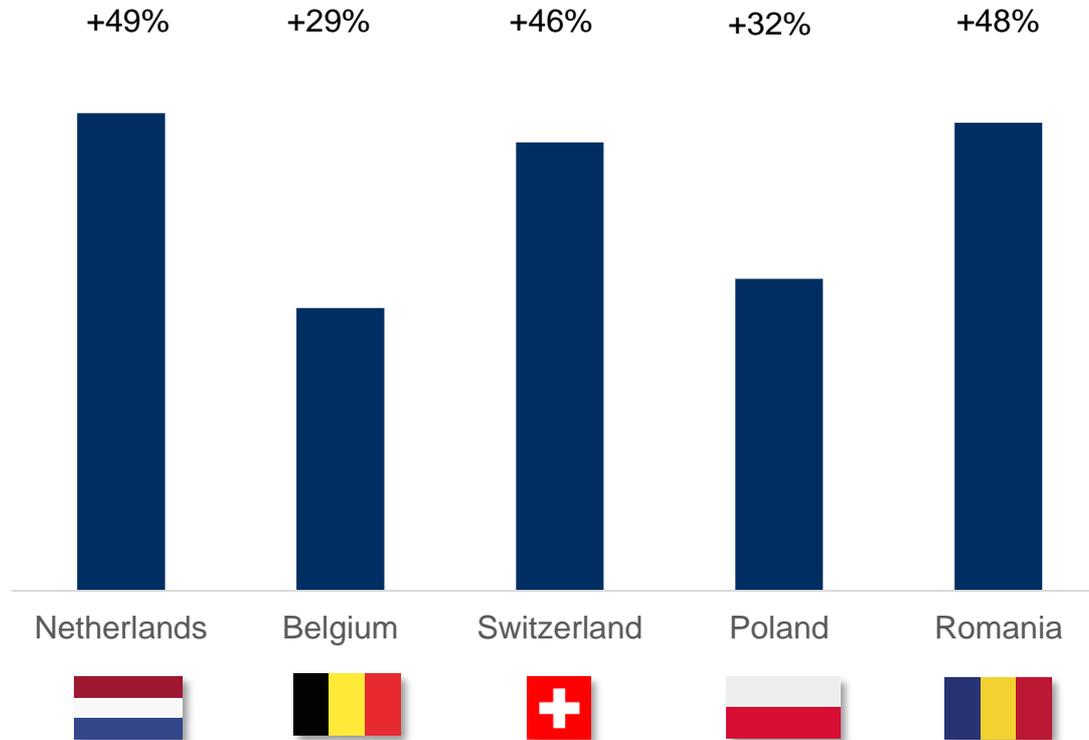
¹ Source: Annual reports 2019

① Successful TV campaigns boost turnover growth in the relevant markets in H1 2020



Turnover development selected TV markets

Group turnover 6M 2020 in € m



① Creating and pre-testing effective ads



- Further TV campaigns in Germany and selected European markets in H2.
- Draw consumer attention to top products such as the CLEAN TWIST set or the Pegasus drying rack, which were tested and awarded a “very good” grade.
- Major part of marketing investments are incurred in the third quarter.



① Creating and pre-testing effective ads



Large-scale Soehnle print campaign

- Campaign focuses on Soehnle Page Profi 300 digital kitchen scales, recently awarded a “very good” test result.
- Soehnle Page Profi is the most-popular range of kitchen scales in Germany.
- Target group-relevant and high-reach top print titles from September to December 2020: 8 million copies, 2.74 million target group contacts.

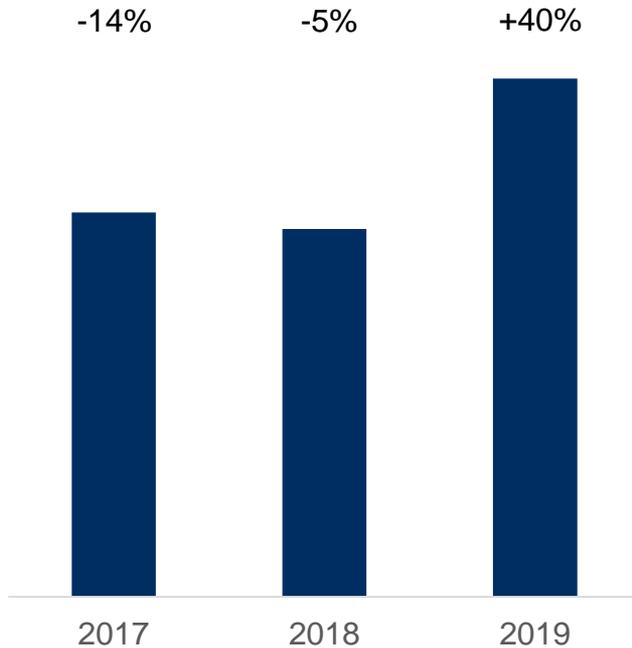


② Increase distribution



Turnover development Italy

Household and Wellbeing in € m



3 Improve gross margin

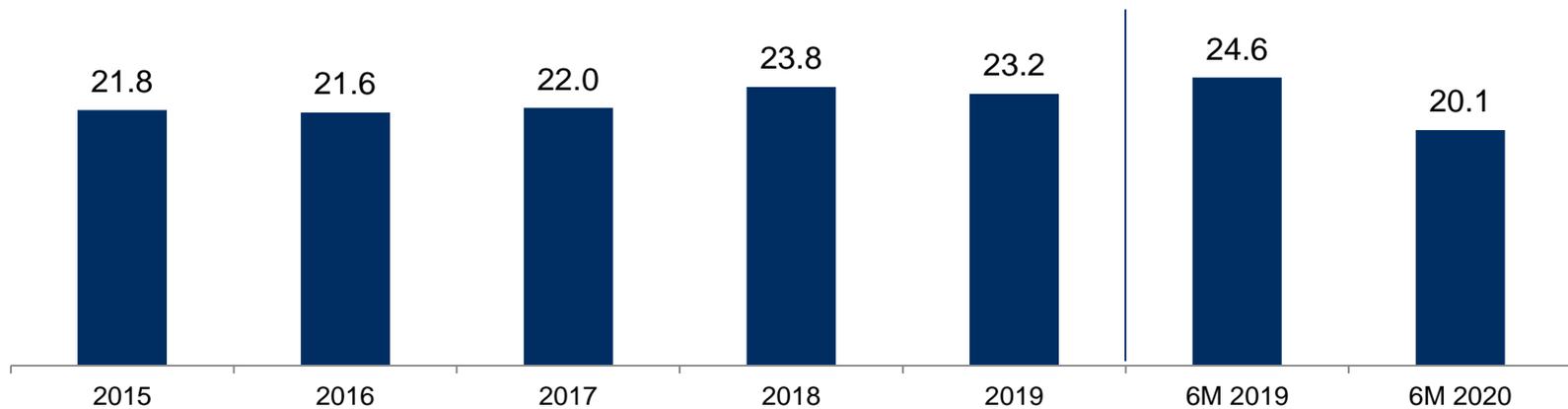


Focus on profitable products

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



Win-win retail negos



■ Sales deductions + promotional allowances in % of sales¹

¹ Household and Wellbeing segments

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 4.7 stars



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

★★★★☆ 4,7 von 5

911 Sternebewertungen



Clean Twist 4.6 stars



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

★★★★☆ 4,6 von 5

2.148 Sternebewertungen



Pegasus 150 4.6 stars



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

★★★★☆ 4,6 von 5

3.208 Sternebewertungen



Linomatic 500 Deluxe 4.5 stars



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

★★★★☆ 4,5 von 5

2.114 Sternebewertungen



④ Reduce all cost except consumer advertising

% of Group turnover	FY 2018	FY 2019	H1 2019	H1 2020	Change
Consumer marketing	0.7%	1.7%	1.3%	3.8%	+2.5pp ✓
Other marketing	5.4%	4.6%	4.7%	3,5%	-1.2pp ✓
R&D	2.3%	2.4%	2.4%	2.0%	-0.4pp ✓
Logistics ¹	11.0%	11.5%	11.1%	10.0%	-1.1pp ✓
Administration	6.1%	6.4%	6.7%	6.5%	-0.2pp ✓
Cost of turnover	56.4%	56.8%	57.2%	55.9%	-1.4pp ✓
OPEX ² adj. by Consumer marketing	94.2%	94.7%	94.9%	89.9%	-5.0pp ✓
OPEX ²	94.9%	96.4%	96.3%	93.7%	-2.6pp ✓

1 not including inbound cost 2 without other operating income/expenses

④ Reduce all cost except consumer advertising

Continuously working on an ***Excellence Programme*** to reduce complexity and costs:

- **Operational excellence**

- Projects to reduce Logistic costs
- Streamlining portfolio and substantial SKU reduction
- Lean manufacturing initiatives and ratio projects to improve efficiency of our production sites
- Savings from purchasing of raw materials
- Cost savings by digitalisation, meeting efficiency, travel expenses etc.

- **Structural excellence**

- Board of Management reduced from 3 to 2
- Sales structure in Germany has been streamlined
- New innovation strategy has led to headcount reduction in R&D
- Leaving employees will usually not be replaced

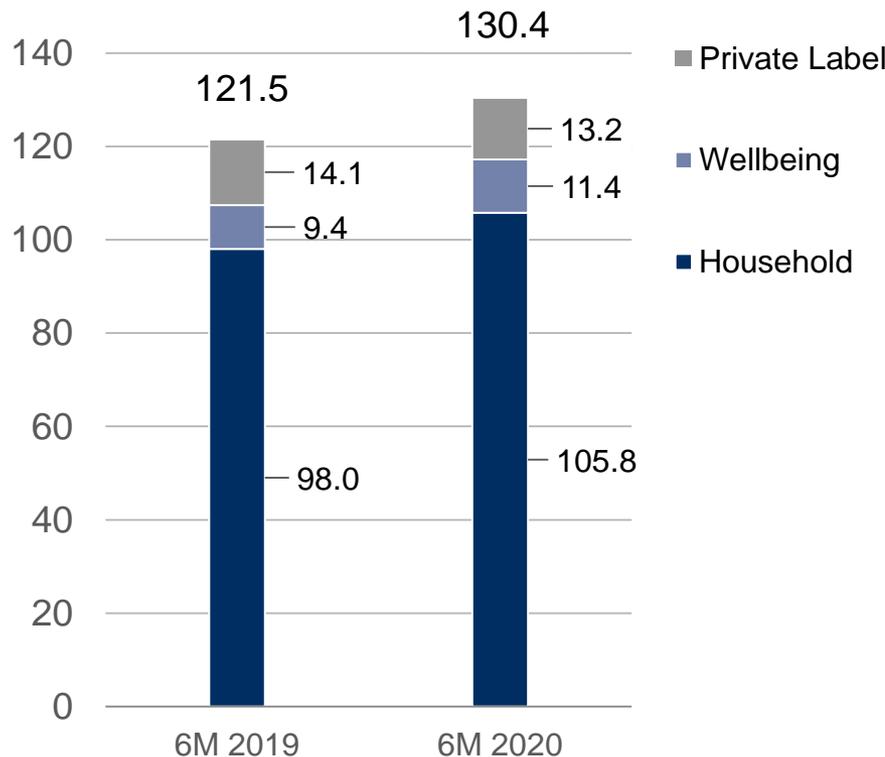
Financial Figures

6M 2020

Strong growth in Household and Wellbeing segments

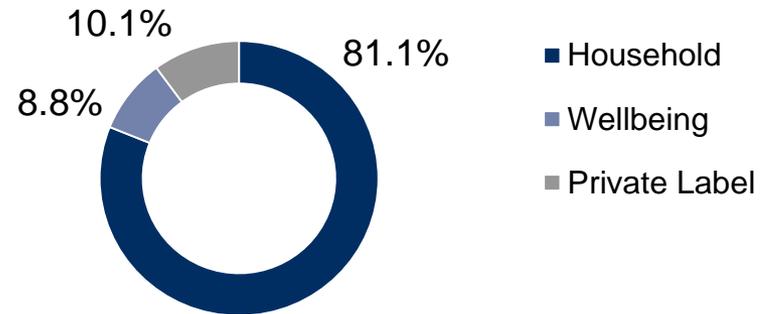
Group turnover by segment

6M 2019 vs 6M 2020 in € m



Group turnover by segment

6M 2020

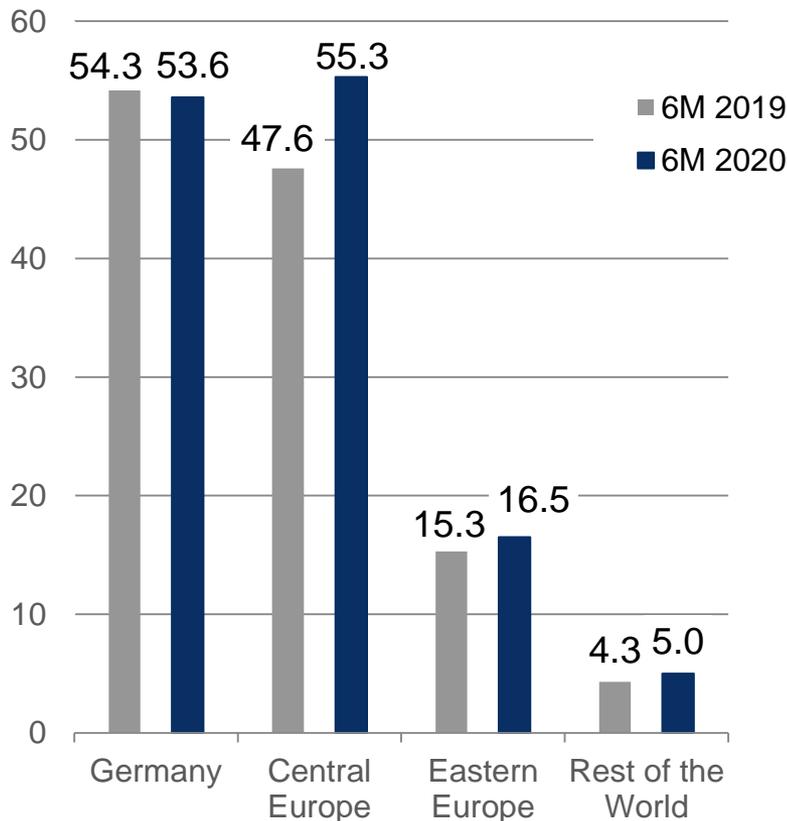


- Turnover in Household segment up by 7.9%, strong growth in product categories Cleaning and Laundry Care due to successful TV campaigns and consumers' increased need for hygiene.
- Wellbeing segment increased by 21.7%, mostly due to growth of Soehnle Medical and Airfresh ranges.
- Private Label decreased by 6.6% compared to the first half of 2019 due to strict COVID-19 restrictions in France.

Successful TV-advertising campaigns result in increased demand

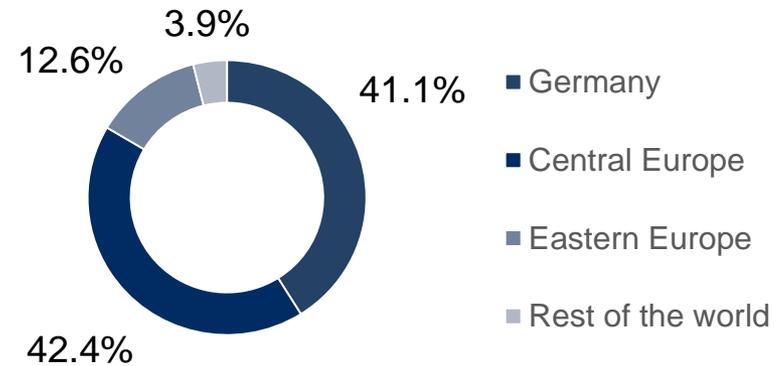
Group turnover by region

6M 2019 vs 6M 2020 in € m



Group turnover by region

6M 2020



- Slight decrease by 1.3% in Germany due to temporary closures of important distribution channels as a result of COVID-19 restrictions.
- Central Europe with significant growth of 16.0%. Especially in the Netherlands and Switzerland Leifheit was able to further widen its distribution network.
- Eastern Europe with turnover increase of 7.5% due to increased consumer marketing investments. Particularly strong growth in Romania and Poland.

Increased turnover and EBIT despite COVID-19

		6M 2019	6M 2020	Δ
Group turnover	€ m	121.5	130.4	7.3 %
Gross margin	%	42.8	44.1	1.3 pps
EBIT adjusted for foreign currency result	€ m	4.8	8.9	85.6 %
Foreign currency result	€ m	0.2	-0.1	>- 100 %
EBIT	€ m	5.0	8.8	75.7 %
EBIT margin	%	4.1	6.8	2.7 pps
Earnings before taxes (EBT)	€ m	4.3	8.3	91.8 %
Net result for the period	€ m	3.0	6.0	> 100 %
EPS	€	0.32	0.63	96.9 %

Negative cash flow mainly due to turnover-related increase in receivables

in € m	6M 2019	6M 2020	Δ
Cash flow from operating activities	6.0	-0.2	-6.2
Cash flow from investment activities	-2.7	-2.4	0.3
Cash flow from financing activities	-10.3	-0.4	9.9
Change in cash and cash equivalents	-7.1	-2.9	4.2
Cash and cash equivalents at the end of reporting period	43.9	47.4	3.5
Free cash flow ¹	3.3	-2.5	-5.8

in € m	31/12/2019	30/06/2020	Δ
Cash and cash equivalents at the end of reporting period	50.3	47.4	-2.9
Group liquidity	50.3	47.4	-2.9
Financial liabilities	-	-	-

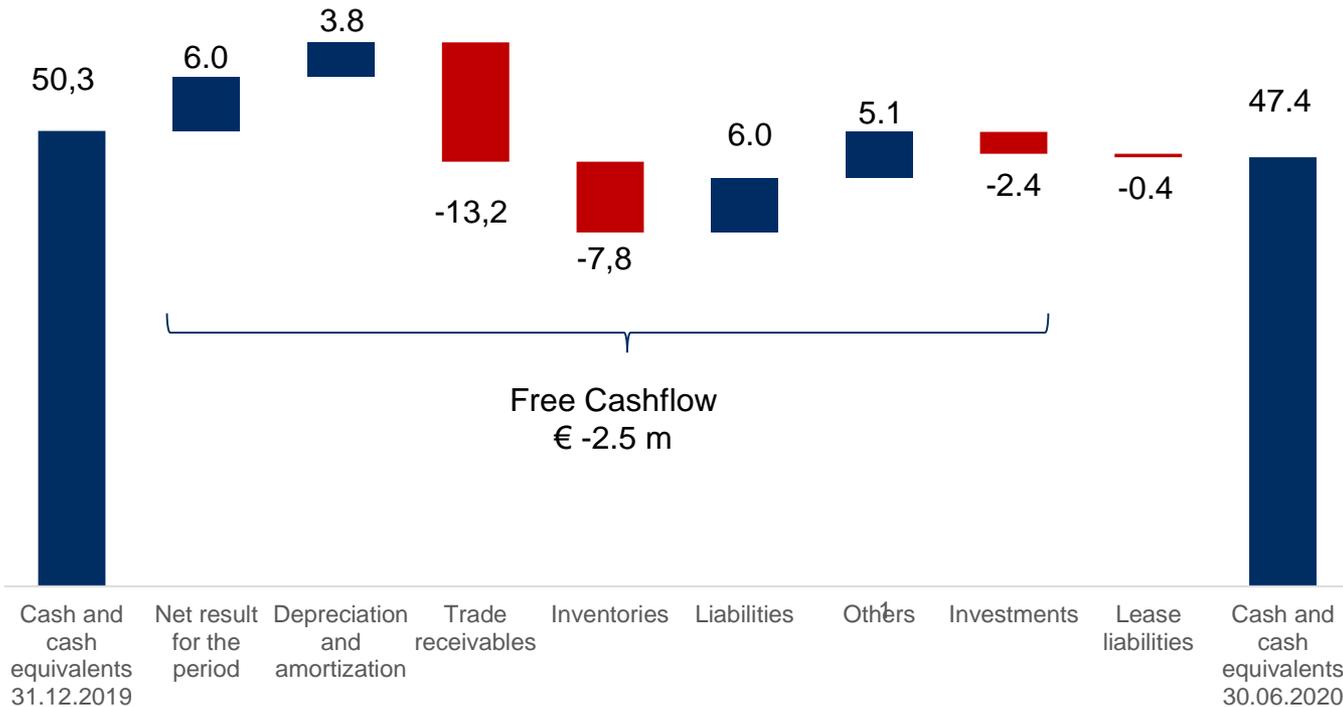
- Decrease in Group liquidity mainly results from the strong rise in working capital; short-term trade receivables up by € 13.2 m to € 57.6 m and inventories increased by € 7.8 m to € 53.6 m on the reporting date
- At € 2.4 m investments under previous year (€ 2.8 m)

¹ Cash flow from operating activities and from investment activities, adjusted for incoming and outgoing payments in financial assets and, if existing, from the divestiture of business divisions.

Group liquidity affected by growth-related increase in receivables and inventories

Group liquidity

31.12.2019 vs 30.06.2020 in € m



- Increase in trade receivables as a result of turnover growth (H1 2019: decrease € 0.7 m)
- No noteworthy effects from aging of receivables in connection with COVID-19
- Increase in inventories, due to consumer advertising planned for the third quarter and to the stocking-up of raw materials

1 Others contains sales and income taxes in the amount of € 4.3 m

Forecast Financial Year 2020

Economic recovery after shutdown: optimistic outlook for the remainder of 2020

Economic environment 2020

- IMF: Global economy faces worst economic downturn since 1930s depression with more gradual recovery than previously anticipated.
- European commission: EU economy will experience a deep and uneven recession with expected recovery in 2021.
- Economic barometer of the German Institute for Economic Research (DIW) recovered significantly in July and went from the historic low of 2 points in June to a solid 90 points.
- GfK: Steady recovery of consumer climate in Germany after lifting COVID-19 lockdown.

Forecast Group development 2020

- Expected Group turnover growth of between 7% and 9%
- Expected turnover growth by segment: Household 8.5% to 10.5%, Wellbeing 11% to 13%, Private Label slight decrease
- Group EBIT of between € 12 m and € 15 m
- EPS of between approx. € 0.83 and € 1.05
- Free cash flow of approx. € 1 to € 3 m, ROCE between 9% to 12%
- Forecast based on assumption that there will be no further significant restrictions due to COVID-19 pandemic in relevant markets and channels.

SCALING UP SUCCESS

LEIFHEIT

YOUR QUESTIONS PLEASE.

13 August 2020

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	%	18.1	16.3	12.7	8.5	7.0

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



Henner Rinsche

CEO + CFO

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

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



Marco Keul

Vice President Finance

Previous experience

- Responsible for Finance, Controlling, IT/Business processes and internal Sales services as of 01 April 2020
- 2012 – 2020 Head of Controlling at Leifheit AG

Core competencies

- IT, Finance & Controlling

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



Window vacuum
cleaners



Cordless vacuum
Regulus Aqua PowerVac 2in1



Steam Mop
CleanTenso



Isolating jug
Columbus



Isolating mug
Flip 600 ml

Soehnle awards (selection)



Kitchen Scales
Page Profi + Page Profi 300

Personal Scales
Style Sense Compact 300 + Safe 300

Luftbefeuchter
Airfresh Hygro 500

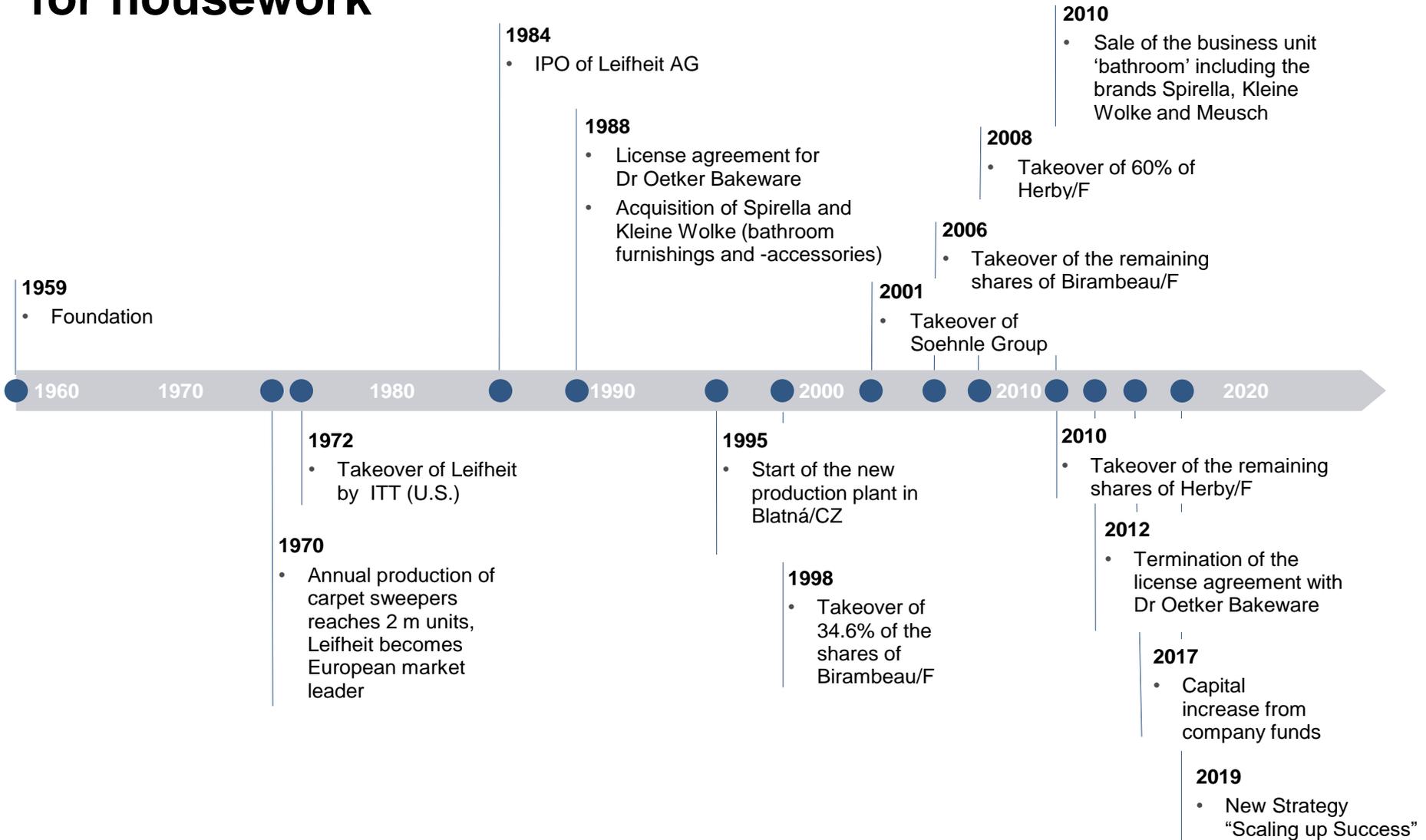


Body analysis scales
Shape Sense Connect 100 + 200

Blood pressure monitors
Systo Monitor 200 + 300

Luftreiniger
AirFresh Clean 300
and Clean Connect 500

Leifheit – more than 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 Lurch
Oxo Fackelmann
Brabantia Westmark Emsa Tefal



Wellbeing

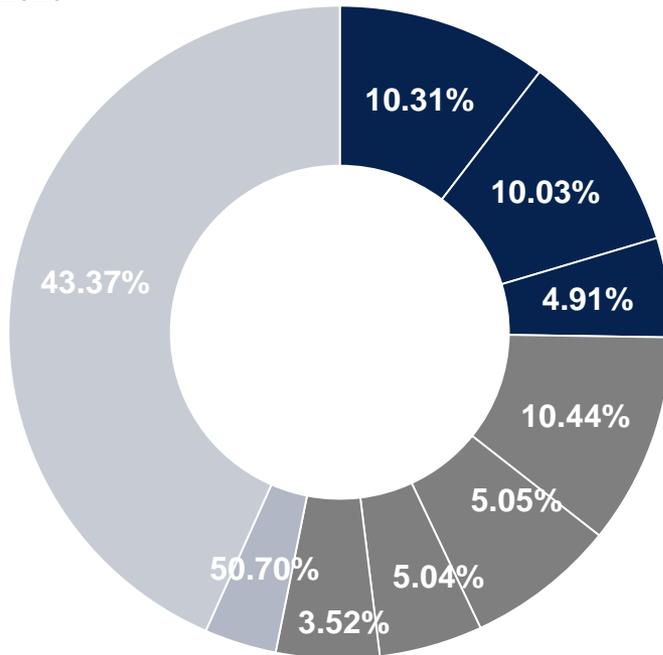
Bosch Laica Tanita
ADE Homedics Beurer
Sanitas
Withings Terraillon

Significant free float and international investors



Shareholder structure

August 2020



- Non free float shareholders¹ 25.25%
- Free float^{1,2} 74.75%

- Joachim Loh, Haiger (GER), 10.31%
- MKV Verwaltungs GmbH, Grünwald (GER), 10.03%
- Leifheit AG Nassau (GER), treasury shares Aktien, 4.91%
- Alantra EQMC Asset Management, SGIIC, SA, Madrid (ES), 10.44%
- 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%
- Voting rights under notification threshold 50.70%

¹ Definition of German stock exchange for indices

² Including shareholdings of the management board

Financial calendar and contact



Dates 2020

30 Sep 2020

Virtual Annual General Meeting in accordance with the regulations of the C19 AuswBekG.

11 Nov 2020

Quarterly statement for the period ending 30 September 2020

11 Nov 2020

Investor and Analyst Conference Call

16 - 18 Nov 2020

Presentation at German Equity Forum (online)

Contact

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