

SCALING UP SUCCESS

LEIFHEIT

Investor Presentation Q1 2020

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Marco Keul (Vice President Finance)

13 May 2020

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Welcome to the conference call



Henner Rinsche
CEO + CFO

Agenda

- Executive Summary
- Introduction to Leifheit
- Key Strategic Initiatives
- Financial Figures 3M 2020
- Annex



Marco Keul
Vice President Finance

Good 1st quarter despite Covid-19 retail shut-downs

- 2019 Q4 and 2020 Q1 TV advertising test market results confirm **new scaling-up success strategy**
- Corona crisis affects business, **especially 2nd half of March and 2nd quarter.**
 - **Supply interruptions**, e.g. products from China and parts from Italy.
 - **Retail shut-downs** because our non-food brick & mortar retailers such as DIY and electric chains have their stores closed. Consumers have less places to buy our products.
 - **Biggest online retailers not buying our products** because they focus their limited warehouse capacity on essential everyday products.
 - **Successive reopening of brick & mortar retailers since the end of April.**
- IMF: Global economy faces worst economic downturn since 1930s depression
- Due to the continuing spread of the Coronavirus and the therewith associated high degree of uncertainty, Leifheit Group's business development and financial and earnings position in the year 2020 can still not be determined.

Increased turnover and EBIT despite Covid-19



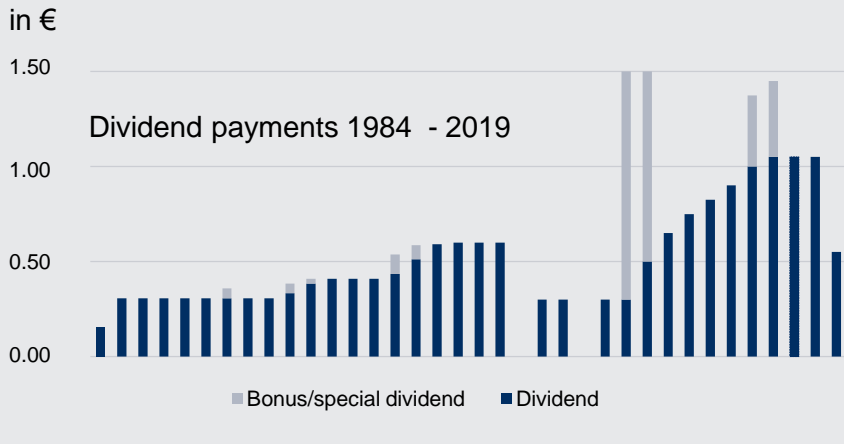
		3M 2019	3M 2020	Δ
Group turnover	€ m	64.3	68.7	6.8 %
Gross margin	%	42.9	44.7	1.8 pps
EBIT adjusted for foreign currency result	€ m	3.4	4.4	30.3 %
Foreign currency result	€ m	0.5	-0.2	>- 100 %
EBIT	€ m	3.9	4.3	9.4 %
EBIT margin	%	6.0	6.2	0.2 pps
Earnings before taxes (EBT)	€ m	3.5	4.0	13.0 %
Net result for the period	€ m	2.5	2.9	17.2 %
EPS	€	0.26	0.31	19.2 %

Introduction to Leifheit

Solid base to build on



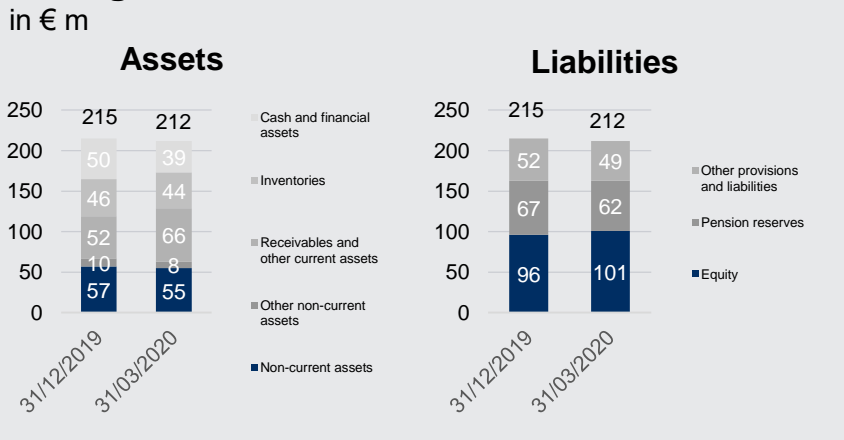
Commitment to shareholders



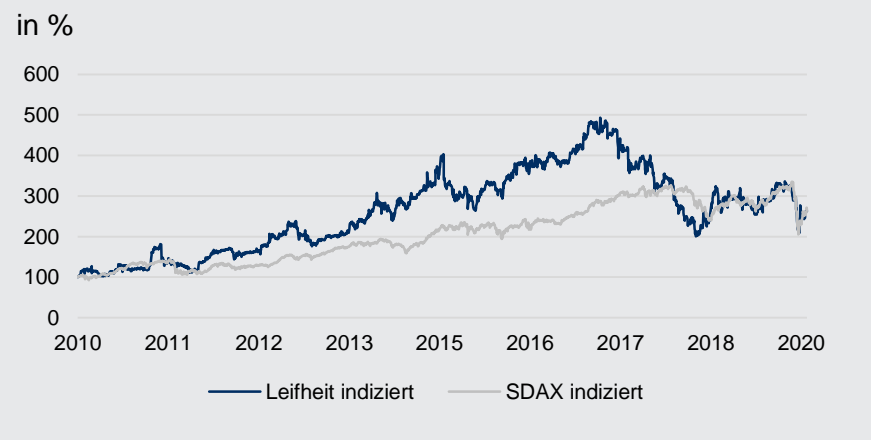
Strong products and brands



Strong financial structure



Strong long-term stock performance



Leifheit Group



Household



Laundry Care



Cleaning



Kitchen goods

Wellbeing



Personal scales



Kitchen scales

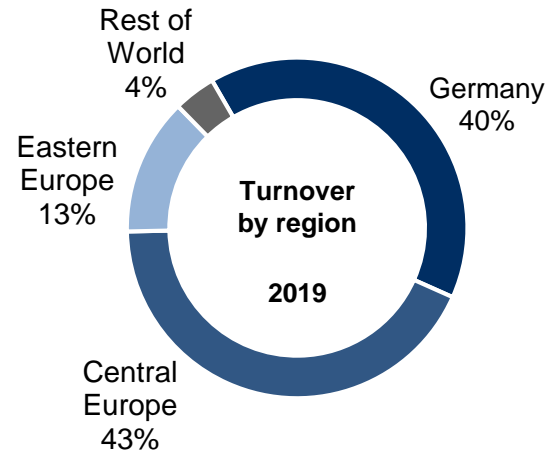
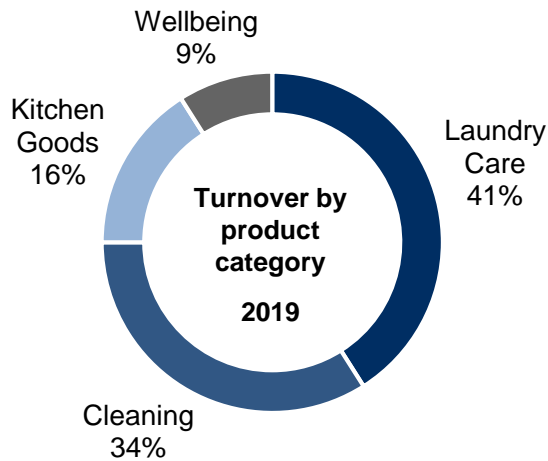
Private Label



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 coccol and red bacterium.

LIFE IN BALANCE
SOEHNLE

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

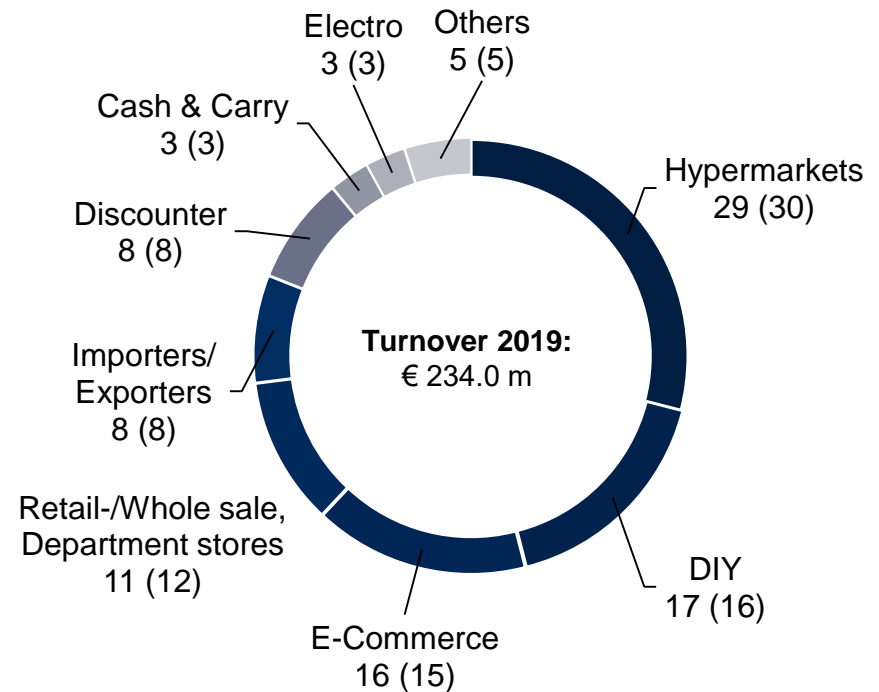


Blue Chip client base



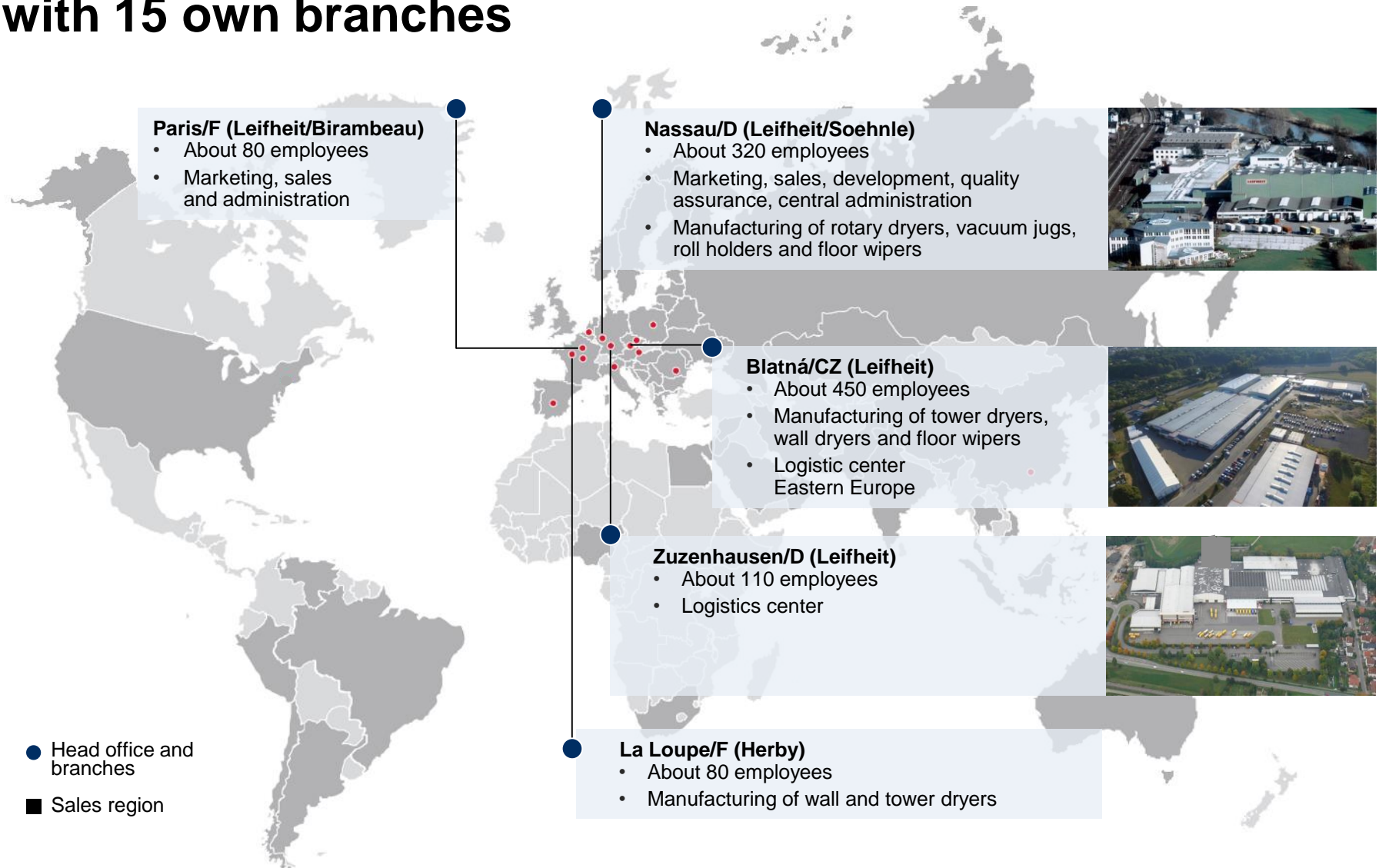
Distribution channels

Turnover in % (previous year's figures)





Operating in more than 80 countries with 15 own branches

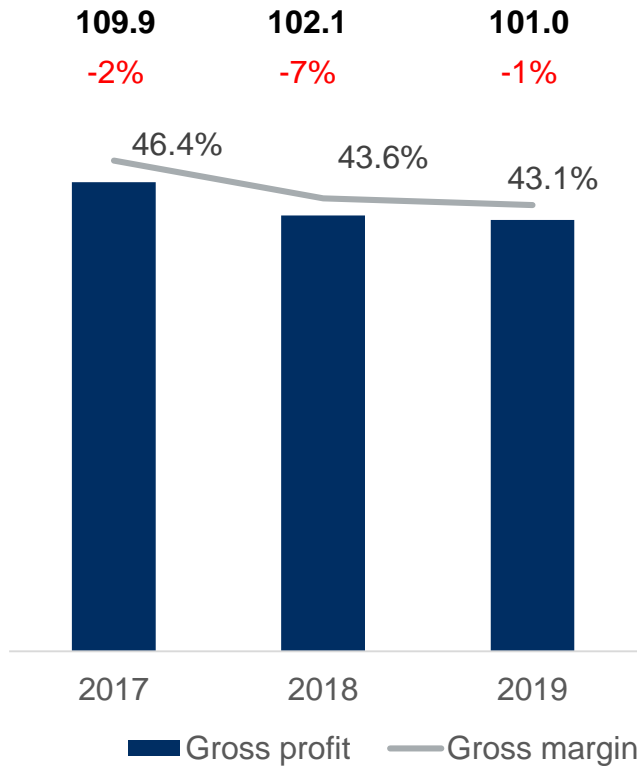


Urgent need for change



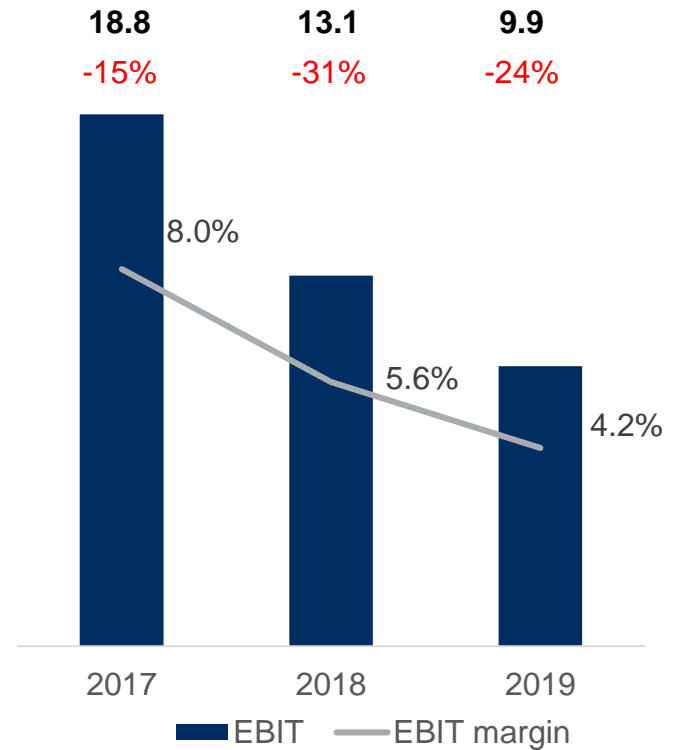
Gross profit

in € m



EBIT

in € m

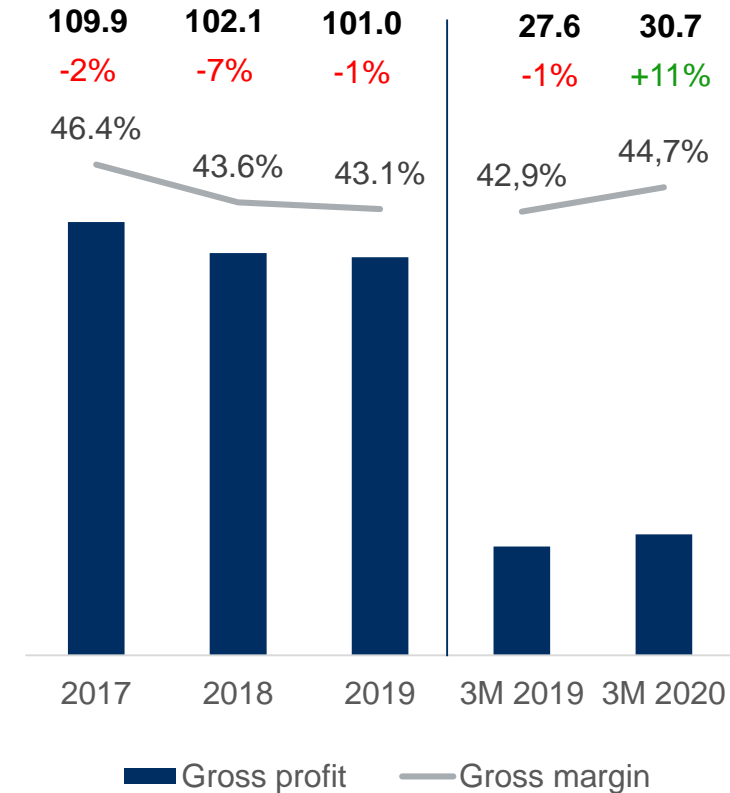


Can we change it? Yes we can!



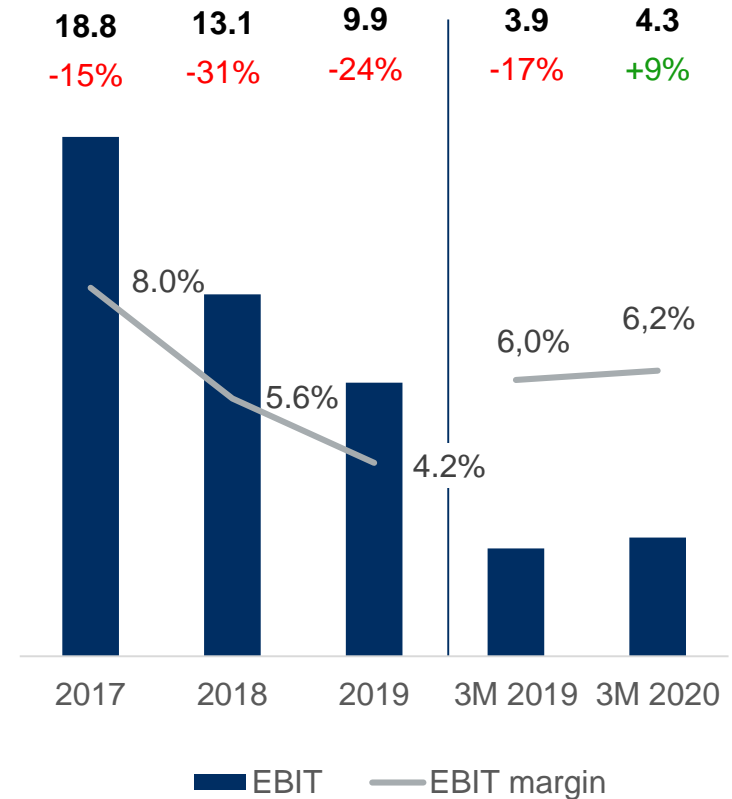
Gross profit

in € m



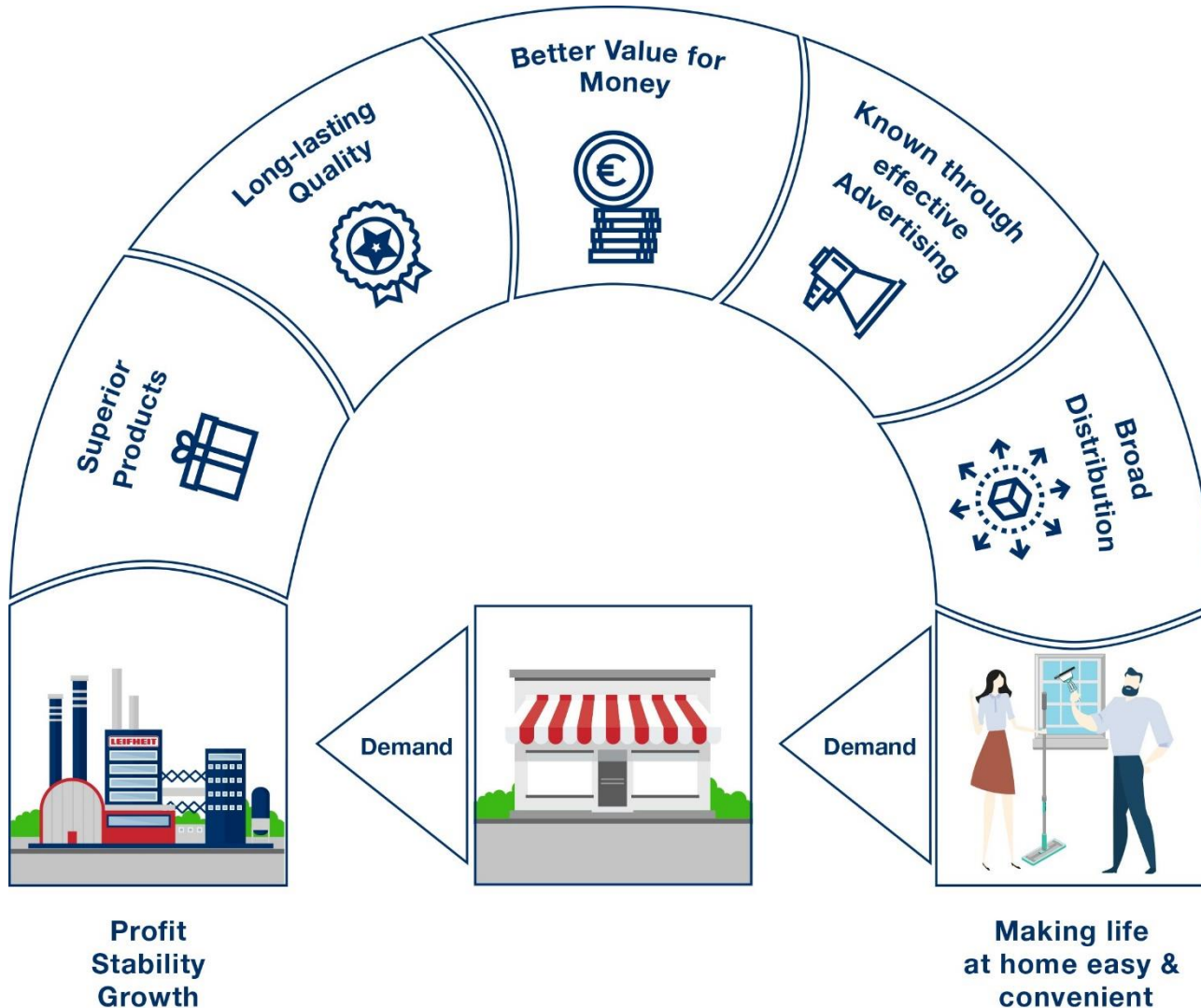
EBIT

in € m



Key Strategic Initiatives

Our purpose? Happy consumers!

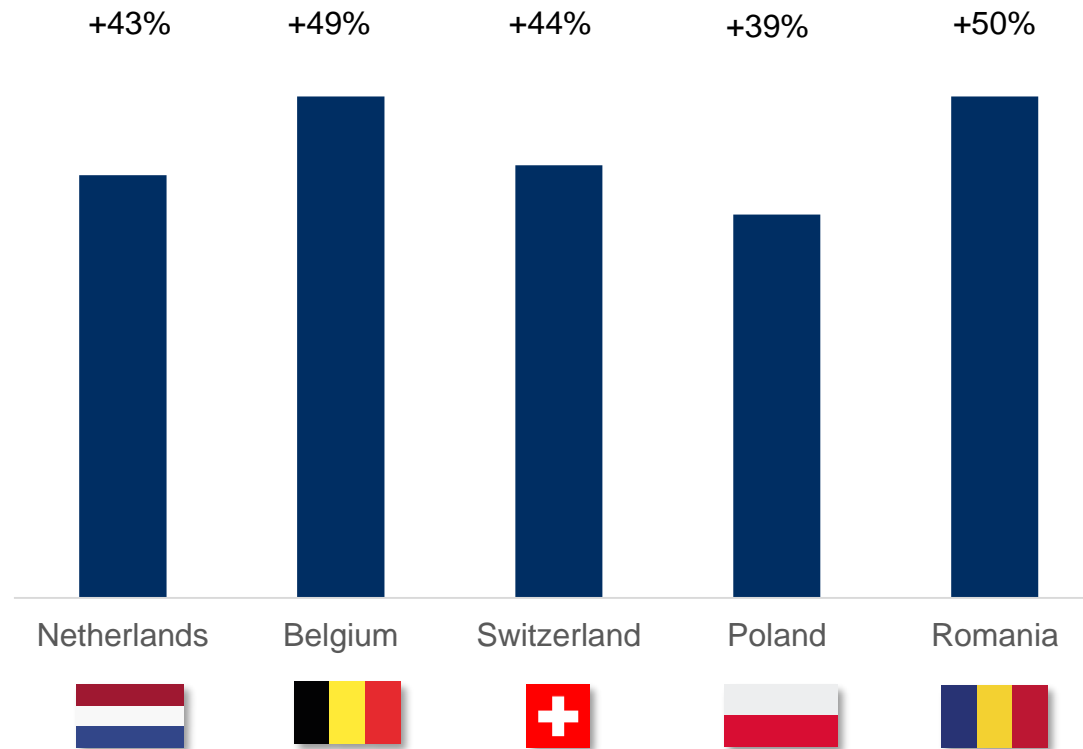


Successful TV campaigns boost turnover growth in the relevant markets in Q1 2020



Turnover development selected TV markets

Group turnover in € m



CEO's strategic review



Analysis of status quo 2019

- Flat revenues
- Declining gross margins
- Complexity cost (too many SKUs)
- Too large structure given revenue stagnation
- Poor track record on innovation with too many commercial flops and often margin dilutive

Improvement initiative - identified strategy

- Increase revenues through pre-tested mass consumer advertising on profitable consumer-preferred best sellers
- Distribution in additional retail chains and high potential countries
- Stabilize gross margins through product mix, growth negotiations with retailers and complexity reduction
- Downsize assortment to fewer, better selling and more profitable SKUs
- Growing revenues leverages current structure, accelerated by new company culture (fun, friendly, fast & fearless)
- Increase success odds of innovation. Launch new products only when margins are above average

Scaling up success strategy



		Focus		Level of Completion			KPIs
		Growth	Profitability	2019	2020	2020+	
1	Create consumer demand <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 			Concept	Realisation	Impact	Revenue growth
2	Increase distribution <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 			Concept	Realisation	Impact	Gross margin
3	Improve gross margins <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 			Concept	Realisation	Impact	EBIT margin
4	Reduce all cost except consumer advertising <ul style="list-style-type: none"> Reduce SKUs dramatically Strict R&D discipline Create fun, friendly, fast & fearless culture Growing revenues leverages current structure 			Concept	Realisation	Impact	

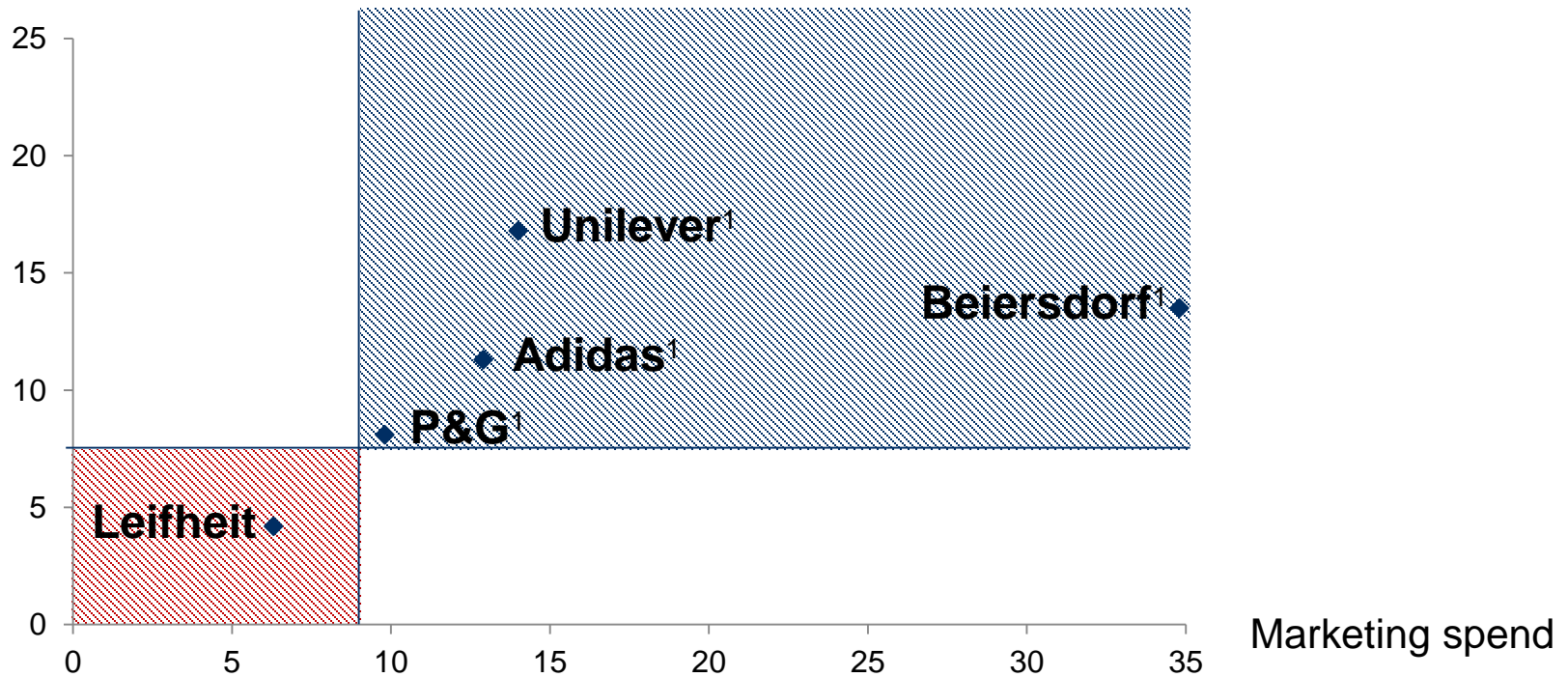


① Create consumer demand and make brand stronger

Marketing spend

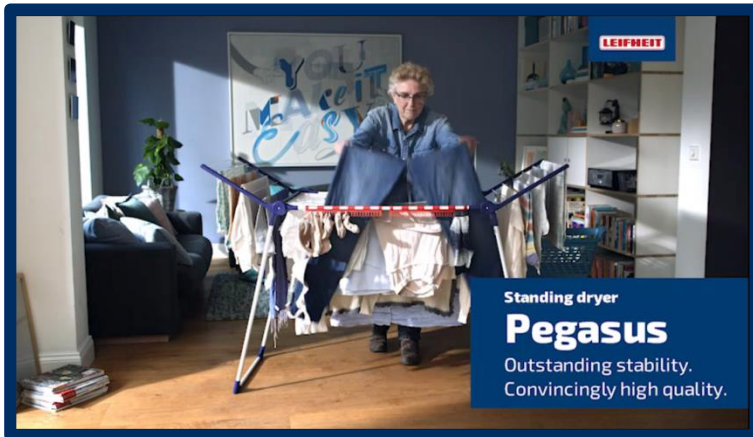
2019 in % of turnover

EBIT margin



1 Source: Annual reports 2019

① Creating and pre-testing effective ads

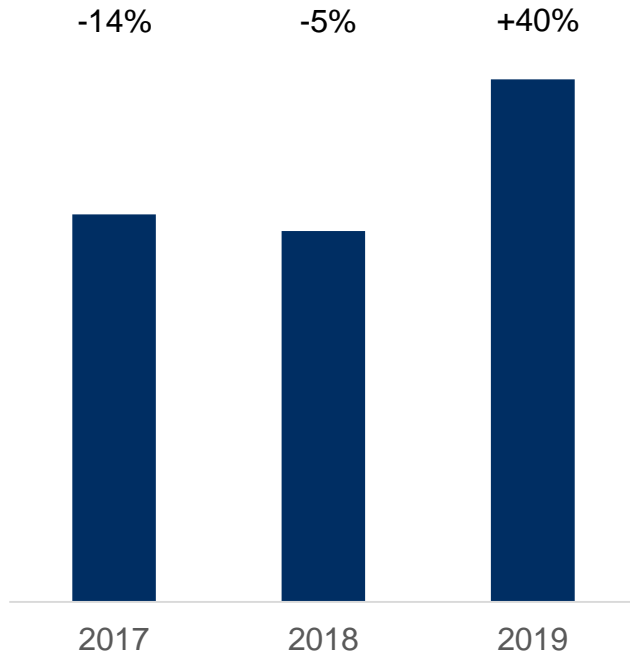


② Increase distribution



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%



Win-win retail negos

■ Sales deductions + promotional allowances in % of sales ¹



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
4.6 stars



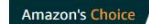
Leifheit rückenschonender Bodenwischer Profi XL micro Duo, effektiver Schrubber mit Bezug aus Mikrofaser, Wischer für Fliesen un...

★★★★☆ 343

4,6 von 5 Sternen



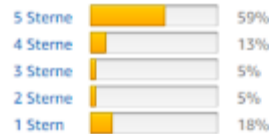
Clean Twist
4.5 stars



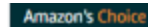
Leifheit Set Clean Twist Disc Mop Wischer für nebelfeuchte Reinigung, Wischmop mit effizienter Schleudertechnologie,

★★★★☆ 1.711

4,5 von 5 Sternen



Pegasus 150
4.5 stars

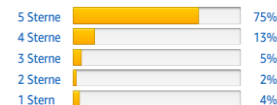


Dieser Artikel Leifheit Standrockner Pegasus 150 Solid Slim, standfester Wäscheständer mit Flügeln auch für lange Kleidungsstücke, besonders schmaler Flügelwäschetrockner passt auch durch enge Türen

Bestseller Nr. 1 ★★★★★ 2.515

★★★★☆ 4,5 von 5

2.515 Sternebewertungen



Linomatic 500 Deluxe
4.4 stars

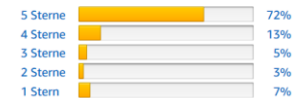


Leifheit Wäscheschirm Linomatic 500 Deluxe mit Leineneinzug für saubere Wäsche, Wäschespinne für die ganze Familie, Wäscheständer

★★★★☆ 1.700

★★★★☆ 4,4 von 5

1.700 Sternebewertungen



④ Reduce all cost except consumer advertising

% of Group Sales	FY 2018	FY 2019	3M 2019	3M 2020	Change
Consumer Marketing	0.7%	1.7%	0.8%	5.0%	+4.2pp ✓
Other Marketing	5.4%	4.6%	5.3%	3,8%	-1.5pp ✓
R&D	2.3%	2.4%	2.2%	1.7%	-0.5pp ✓
Logistics ¹	11.0%	11.5%	10.5%	9.8%	-0.8pp ✓
Administration	6.1%	6.4%	6.8%	6.6%	-0.2pp ✓
Cost of Turnover	56.4%	56.8%	57.1%	55.3%	-1.8pp ✓
OPEX ² adj. by Consumer Marketing	94.2%	94.7%	94.0%	88.8%	-5.3pp ✓
OPEX ²	94.9%	96.4%	94.8%	93.8%	-1.0pp ✓

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 SKU reduction by approx. 40 %
- 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 3M 2020

Key financial highlights



1

Turnover
up by 6.8%

2

Household segment
9.3 % up behind
Q1 TV campaigns
in 10 countries

3

Double-digit turnover
growth in Central Europe,
Eastern Europe and Rest
of World

4

EBIT
growth of 9.4 %

5

Gross margin improved by
concentration on higher-
margin product mix and
efficiency measures

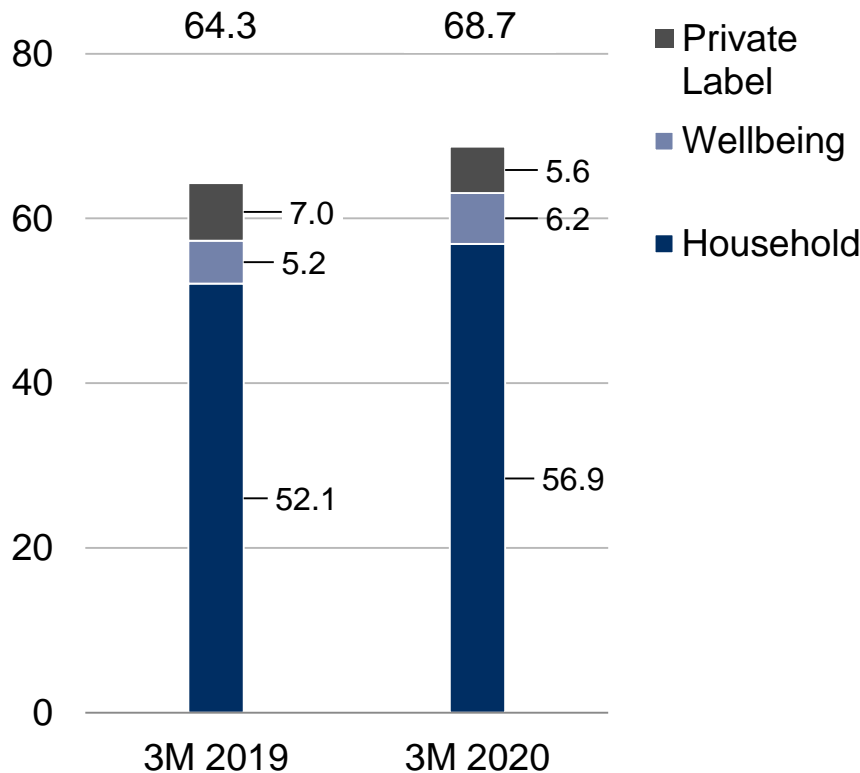
6

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

Strong growth in Household and Wellbeing segments

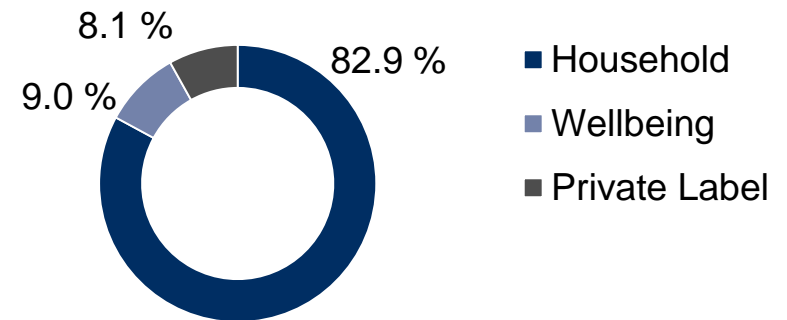
Group turnover by segment

3M 2019 vs 3M 2020 in € m



Group turnover by segment

3M 2020



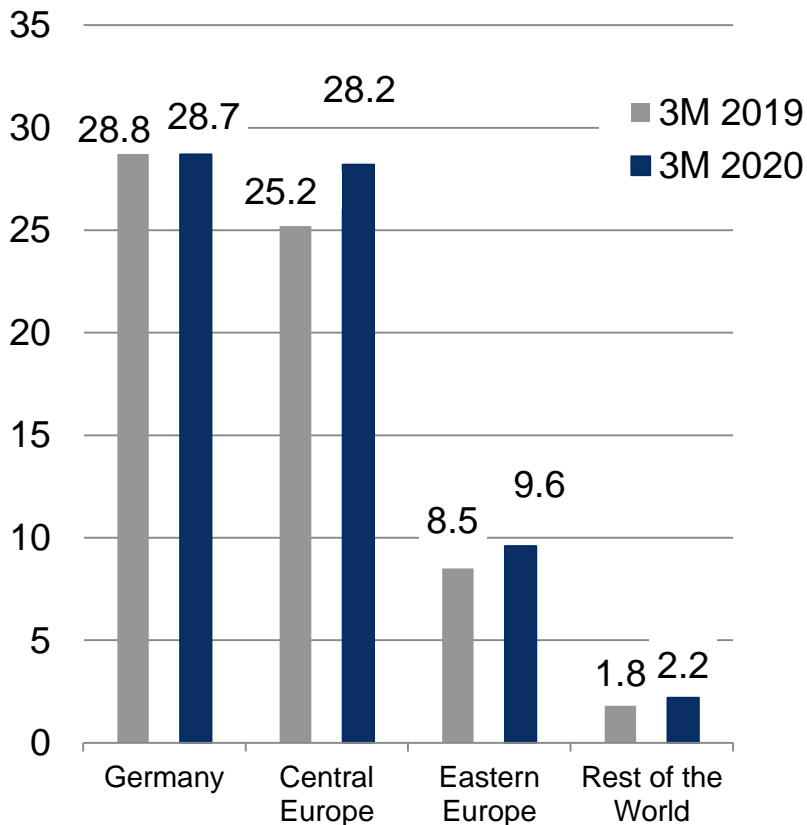
- Turnover in the Household segment up by 9.3 %, strong growth in product category Cleaning and positive development of Laundry care category due to successful TV campaigns.
- Wellbeing segment increased by 18.0 %, mostly due to growth of Soehnle medical and Airfresh ranges.
- Private Label decreased by 20.5 % compared to the first quarter 2019 due to COVID-19 restrictions in France.



Successful TV-advertising campaigns result in increased demand

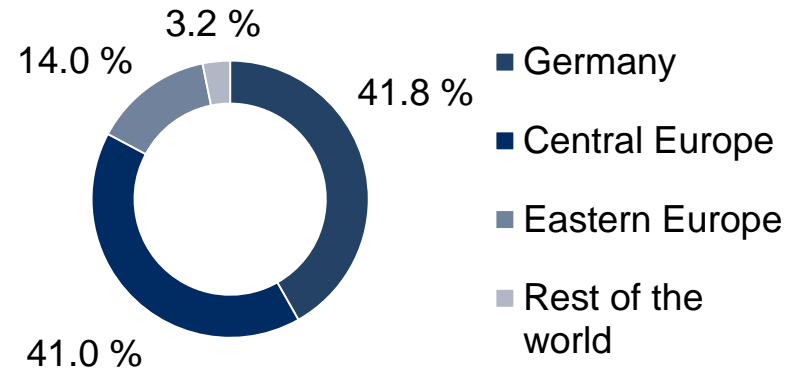
Group turnover by region

3M 2019 vs 3M 2020 in € m



Group turnover by region

3M 2020



- Strong growth in Germany 2020 during January and February after successful TV-advertising campaigns, but March affected by COVID-19 restrictions.
- Central Europe with significant growth of 12.1 % due to increased consumer marketing investments.
- Eastern Europe with turnover increase of 13.7 %.

Increased turnover and EBIT



		3M 2019	3M 2020	Δ
Group turnover	€ m	64.3	68.7	6.8 %
Gross margin	%	42.9	44.7	1.8 pps
EBIT adjusted for foreign currency result	€ m	3.4	4.4	30.3 %
Foreign currency result	€ m	0.5	-0.2	>- 100 %
EBIT	€ m	3.9	4.3	9.4 %
EBIT margin	%	6.0	6.2	0.2 pps
Earnings before taxes (EBT)	€ m	3.5	4.0	13.0 %
Net result for the period	€ m	2.5	2.9	17.2 %
EPS	€	0.26	0.31	19.2 %

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

in € m	3M 2019	3M 2020	Δ
Cash flow from operating activities	0.1	-9.6	-9.7
Cash flow from investment activities	-0.9	-1.6	-0.7
Cash flow from financing activities	-0.2	-0.2	0
Change in cash and cash equivalents	-1.0	-11.3	-10.7
Cash and cash equivalents at the end of reporting period	50.0	39.0	-11.0
Free cash flow ¹	-0.8	-11.2	-10.4

in € m	31.12.2019	31.03.2020	Δ
Cash and cash equivalents at the end of reporting period	50.3	39.0	-11.3
Group liquidity	50.3	39.0	-11.3
Financial liabilities	-	-	-

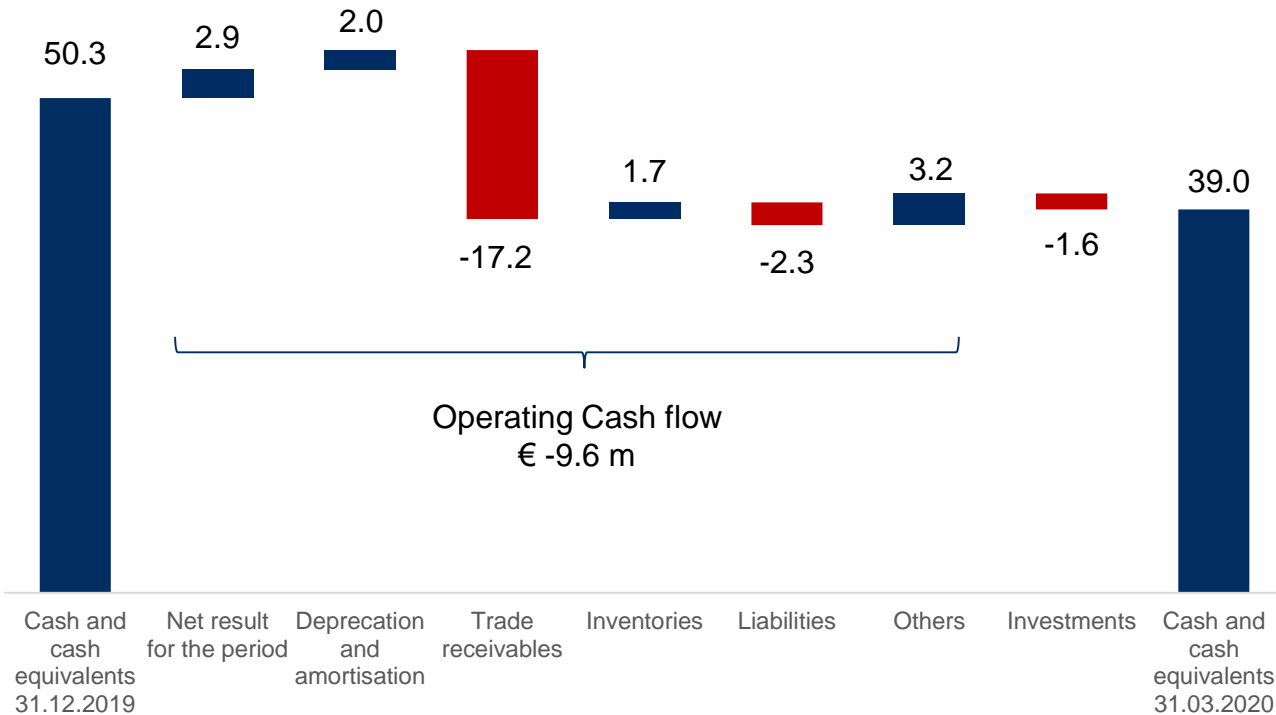
- Higher increase in trade receivables (Q1 2020: € 17.2 m, Q1 2019 € 11.6 m) as a result of turnover growth.
- Liabilities decline of € 2.2 m offset by decrease in inventories of € 1.7 m and other short-term receivables of € 2.9 m. At m€ 1.6 investments above previous year (Q1 2019: € 1.0 m).

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

Group liquidity affected by growth-related increase in receivables

Group liquidity

31.12.2019 vs 31.03.2020 in € m



- Higher increase in trade receivables as a result of turnover growth (Q1 2019: increase € 11.6 m)
- No noteworthy effects from aging of receivables in connection with COVID-19

Forecast Financial Year 2020

Challenging market environment due to the exceptional economic situation – effects of the COVID19 pandemic on business development in 2020 still not assessable

Economic environment 2020

- ▶ IMF: Global economy faces worst economic downturn since 1930s depression
- ▶ European commission: EU economy will experience a deep and uneven recession and uncertain recovery
- ▶ Economic barometer of the German Institute for Economic Research (DIW) dropped by 47 points in April to a historic low of 37 points
- ▶ GfK: Germany's consumer climate hits all-time low in May

Forecast Group development 2020

- ▶ Due to the rapid development and the therewith associated high degree of uncertainty, the effects on business development in 2020 cannot be determined.

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
- 2015 – 2020 Head of Controlling at Leifheit AG

Core competencies

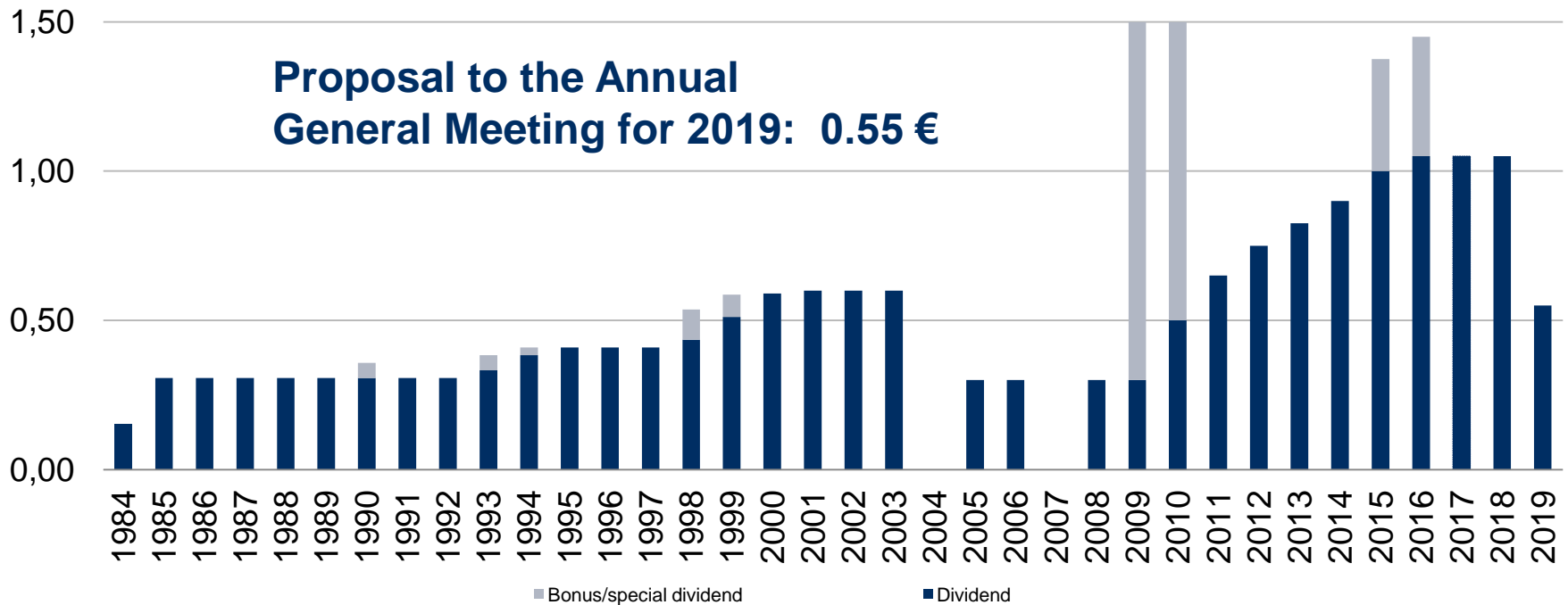
- IT, Finance & Controlling

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



Isolation jug
Columbus



Window vacuum
cleaners



Cordless vacuum
Regulus PowerVac 2in1



Steam Mop
CleanTenso

Soehnle awards (selection)



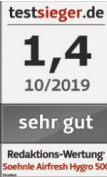
Kitchen Scale
Page Profi



Kitchen Scale
Page Profi 300



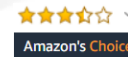
Kitchen Scale
Genio White



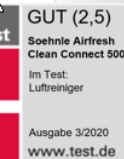
Luftbefeuchter
Airfresh Hygro 500



Body analysis scale
Shape Sense Connect 200

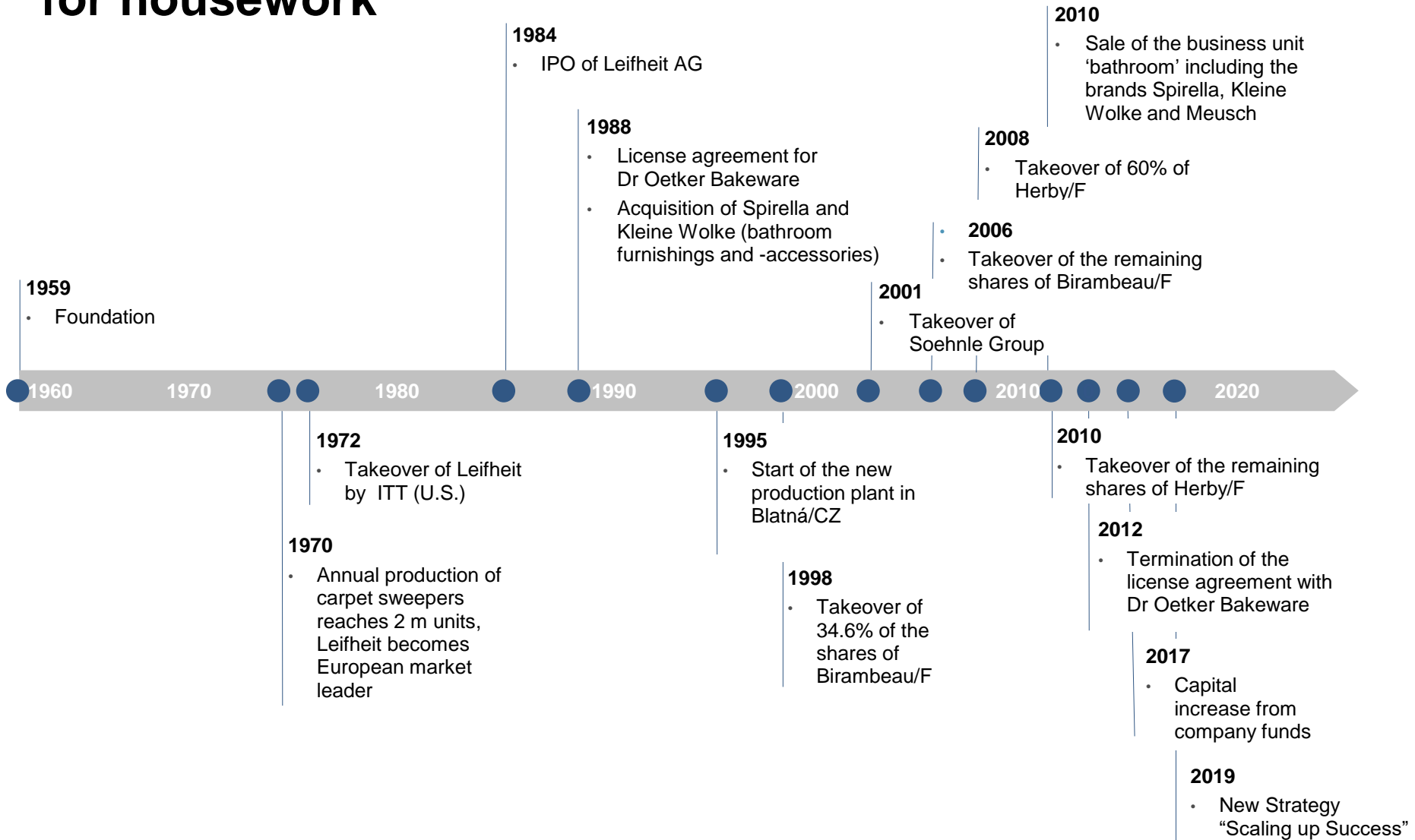


Blood pressure monitor
Systo Monitor Connect 300



Luftreiniger
AirFresh Clean 300
und Clean Connect 500

Leifheit – 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

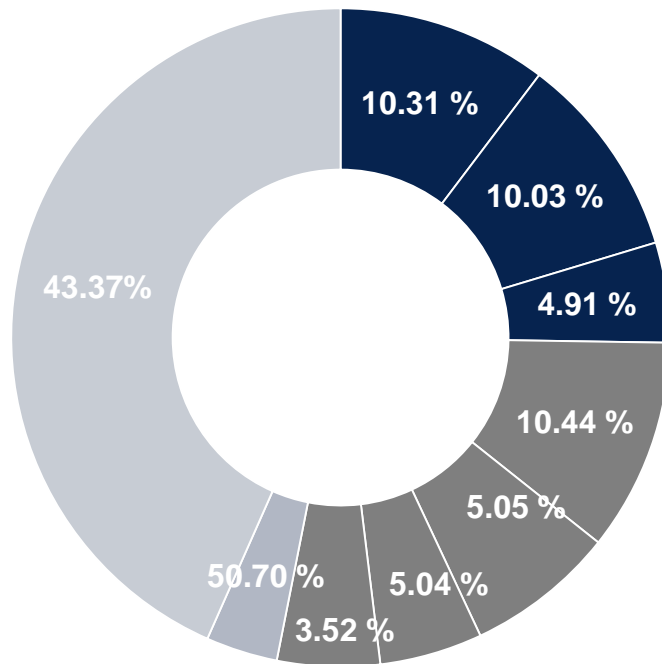
Bosch Laica Tanita
ADE Homedics Beurer
Sanitas
Withings Terraillon

Significant free float and international investors



Shareholder structure

April 2020



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

1 Definition of German stock exchange for indices
2 Including shareholdings of the management board

- 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 %

Financial calendar and contact



Dates 2020

13 Aug 2020

Financial report for the first half-year
ending 30 June 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

Contact

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Aktiengesellschaft

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