

Media release

Leoni sets new sales and net income highs

Cable manufacturer stayed on course in the first half of 2008 – EBIT almost at the previous year's level – forecast for the full year underpinned

Nuremberg, 12 August 2008 – The Leoni Group continues its expansion unabated: The consolidated sales of this wire, cable and wiring systems specialist climbed 35 percent year on year in the first half of 2008, to the all-time high of EUR 1.59 billion (H1/2007: 1.18). The acquisition of the Leoni Wiring Systems France Group (LWSF), the former wiring systems division of Valeo, made a particular contribution to this growth. Consolidated earnings before interest, taxes and depreciation/ amortisation (EBITDA) rose by 17 percent year on year to EUR 126.0 million (H1/2007: 107.6). Despite substantial pre-production spending on new contracts and the impact of revaluation as part of allocating the price to purchase LWSF, the consolidated earnings before interest and taxes (EBIT) of EUR 71.5 million were down only slightly from the previous year's EUR 73.1 million. Consolidated net income was, due to a lower tax charge, up 3 percent to EUR 45.9 million (H1/2007: 44.6).

A highly successful second quarter formed the basis for this good performance: from the beginning of April to the end of June 2008, consolidated sales were up 39 percent on the second quarter of 2007 to EUR 820.0 million (Q2/2007: 590.5). EBIT held virtually unchanged quarter on quarter at EUR 37.4 million (Q2/2007: 37.8), while consolidated net income increased by 8 percent to EUR 25.9 million (Q2/2007: 23.9). On 30 June 2008, Leoni employed 53,284 people worldwide, i.e. 56 percent more than one year earlier (34,156). In Germany the number of employees rose by 7 percent to 4,184. The workforce outside Germany grew by 62 percent to 49,100 employees due above all to the LWSF takeover.

Good position in the wiring systems market

Sales in the Wiring Systems division increased significantly in the second quarter of 2008 versus the same period in 2007, from EUR 243.9 million to EUR 429.0 million. Along with integrating LWSF, Leoni benefited from its good position in the market for small and compact cars, which is growing worldwide, as well as in the comparatively stable luxury segment. Business with the international commercial vehicle industry also again expanded strongly. The division's sales increased to 840.1 million in the first six months of 2008 (506.7 in the previous year). LWSF, which outperformed expectations, provided EUR 327.3 million to this total. The Wiring Systems division's EBIT of EUR 28.4 million for the first half of 2008 was down only slightly from the previous year's level of EUR 30.9 million. This result absorbed the impact of revaluation as part of allocating the price to purchase LWSF as well as extensive pre-production spending on new orders from the motor vehicle industry, which will go into series production in 2008 and 2009.

Faster growth with Wire & Cable Solutions

The Wire & Cable Solutions division accelerated its expansion in the second quarter of 2008, increasing its segment sales by 13 percent year on year to EUR 391.0 million (Q2/2007: 346.6). Automotive cables as well as special cables for petrochemical plants, solar technology and infrastructure projects were in particular demand. From January to June 2008, the Wire & Cable Solutions division's sales rose by 12 percent to EUR 750.5 million (H1/2007: 670.3). The division's EBIT increased by 2 percent to EUR 44.7 million in the same period (43.9 in the previous year) despite significantly higher raw material costs. Based on the consistently strong demand, Leoni is investing heavily in its Wire & Cable Solutions division to set up and expand capacity in Germany, China, India and Switzerland, among other locations. The Company is thereby meeting the preconditions for its new major contracts such as the ones involving the wiring of the Gotthard Base Tunnel and supply for the aircraft manufacturer Airbus.

Forecast for the year as a whole reaffirmed

The good business performance of the first six months underpins the Leoni Group's projections for the year as a whole: Based on increases in both divisions, consolidated sales should rise to at least EUR 3 billion in 2008, with consolidated EBIT improving to about EUR 140 billion. Leoni is watching the current economic trend closely and is prepared for an economic slowdown, although the markets of importance to Leoni still, with few exceptions, present themselves in a good state. President & CEO Dr Klaus Probst underscored: "Thanks to our broad international footprint, our relatively limited presence in the US market and our strong position in growth sectors we can continue on our expansion course even in a weaker economic setting."

Overview of Leoni's consolidated figures

<i>EUR million</i>	Q2 2008	Q2 2007	Q1-Q2 2008	Q1-Q2 2007	Change Q1-Q2 08/07
Consolidated sales	820.0	590.5	1,590.7	1,177.0	35.1 %
EBITDA	64.8	54.9	126.0	107.6	17.1 %
EBIT	37.4	37.8	71.5	73.1	-2.2 %
EBIT excl. impact of revaluation*	41.0	38.1	80.7	73.8	9.3 %
EBT	28.7	33.0	53.4	63.4	-15.8 %
Consolidated net income	25.9	23.9	45.9	44.6	2.9 %
Capex (incl. acquisitions)	57.0	21.0	231.0	38.7	496.9 %
Equity ratio	27.6 %	36.5 %	27.6 %	36.5%	—
Earnings per Share	EUR 0.87	EUR 0.79	EUR 1.54	EUR 1.48	4.1 %
Employees (as at 30 June)	53,284	34,156	53,284	34,156	56.0 %

* Earnings adjusted for the impact of revaluation as part of allocating the prices of the major acquisitions.

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The interim report on the first half of 2008 as well as up-to-date illustrations is available for download at www.leoni.com.