

HELLA Investor Update

Results Short FY 2022 (Jun 1, 2022 - Dec 31, 2022)

March 21st, 2023



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01

Achievements

Solid financial performance in Short FY 2022 driven by further ramp-ups and high demand for core products

Strong sales growth

- **Group Sales up by 25.1%** (including 4.2% FX effect)
- **Continuous outperformance (11.1% globally), mainly in Asia (China) and NSA** with high-volume ramp-ups
- **High demand for core products and technologies**
 - **Electronics growing 29.0%** to €1,732m*
 - **Lighting growing 28.1%** to €2,103m*
 - **Life Cycle Solutions growing 5.7%** to €569m*

Improvement of margin and cash generation

- **Adjusted EBIT +29.0%** at €222m, **adj. EBIT margin at 5.0%** (vs. 4.9% in 7M FY 21/22)
 - improved inflation management
 - continuous cost savings and increased efficiency
- Significant success on synergy achievements with **increased targets for 2025 and higher realization of cost synergies in 2022**
- **Strong cash generation year-end, adj. operating FCF + €318m to €83m.** Reported operating FCF incl. factoring (€194m) at €246m

Note: The comparative figures for the 7-month period from the FY 21/22 are used due to the Short FY 2022; these figures were not subject to an auditor's review (prüferische Durchsicht)

**external segment sales*

Significant awards with around €7bn order intake in Short FY 2022, 12 months 2022 record order intake of €12bn

> Lighting won numerous high-tech, large-volume projects with core customers:

- Front Phygital Shields with order volume more than €1bn for German premium OEMs for a total of eight different electric vehicle series, SOP 2025
- SSL | HD technology high-volume series orders for premium and mass OEMs, SOP 2025
- Flat Light technology with important orders from international premium OEMs, SOP in 2024 and 2025

> Electronics with order success in core technologies and successful market share wins:

- High Voltage Converter for German premium OEM, SOP 2025
- 77GHz radar for mass OEM, SOP June 2024
- 2nd series order for Smart Car Access (mobile-based) offering highest security standards using UWB for German OEM, SOP 2025

> LCS successfully sold applied automotive technology to commercial vehicle manufacturers

- Truck interior lighting for European OEM, SOP 2023
- Intelligent battery sensor for German Chinese Truck JV, SOP 2025

Portfolio and footprint improved

- **Stringent portfolio management with closing of the HBPO transaction (12/2022);** proposal of a special dividend of €2.61 per share (in addition, proposal of a regular dividend of €0.27 per share)

- **Further footprint development**
 - opening of new lighting plant in Changzhou with JV partner BHAP
 - further expansion of European R&D network in the electronics sector

- **Cooperation with Faurecia progressed further** leading to significant successes in the realization and identification of cost and further joint order wins
 - cost synergy target increased to more than €300m at the end of 2025 (HELLA share ~50%)
 - revenue synergy target increased to more than €400m at the end of 2025

- **Further prioritization to manage the Group by cash** and inclusion of cash generation as Group KPI

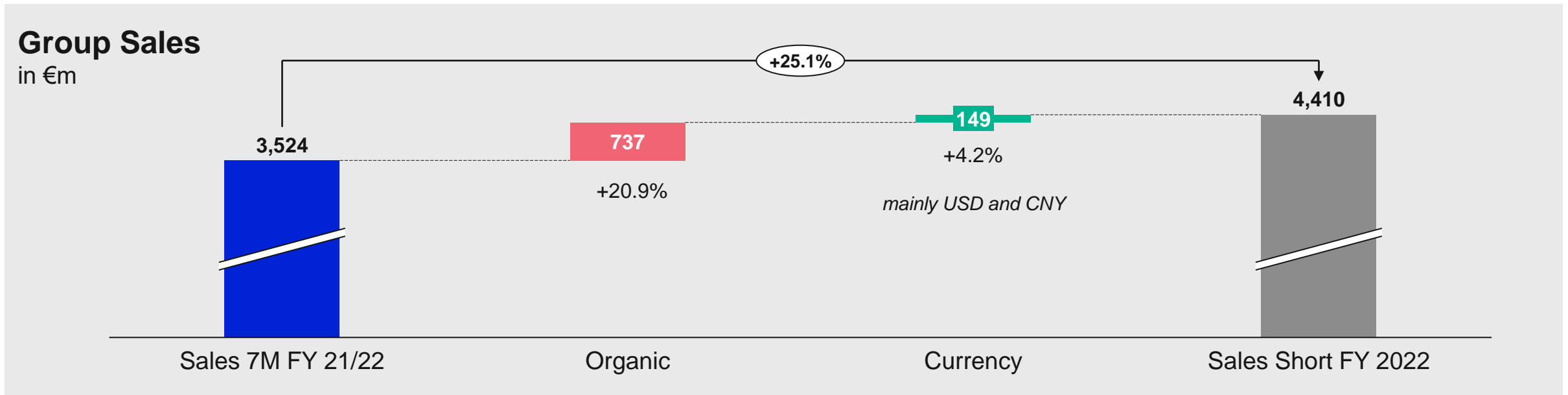


02

Financial Results

Continuation of strong sales performance in a recovering market

- › Organic sales up 20.9% to €4.3bn, €149m positive FX in Short FY 2022
- › Strong sales growth in Electronics and Lighting with robust demand for key products and ramp-up of production
- › Life Cycle Solutions with positive business development in Aftermarket and Special Applications
- › Sales benefited from pass-throughs of inflation to customers



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Strong development in Automotive business groups with continuous sales growth and EBIT improvement

ELECTRONICS

	7M FY 21/22	Short FY 2022	
External Sales (€m)	1,342	1,732	vs. LVP growth of 14.9%
YoY organic		+24.5%	
YoY FX*		+4.5%	
EBIT	83	124	
% of Total Sales	5.6%	6.5%	

*approximation based on internal analyses

> Sales growth with leveraging product portfolio in fast growing markets

- demand for core product in strategic growth areas like energy management and radar
- backbone business like body, sensors & actuators with good performance
- strong performance in China and NSA with ramp-ups
- increased pass-throughs of inflation

> EBIT +49.2% to €124 m margin improvement by 0.9ppt:

- positive leverage with improved business development
- under-proportional rise of R&D expenses
- better contribution from joint ventures

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LIGHTING

	7M FY 21/22	Short FY 2022	
External Sales (€m)	1,641	2,103	vs. LVP growth of 14.9%
YoY organic		+23.3%	
YoY FX*		+4.9%	
EBIT	20	44	
% of Total Sales	1.2%	2.1%	

*approximation based on internal analyses

> Sales growth built on market leadership position and strong customer portfolio

- strong demand for headlamps and rear combination lamps for premium & mass OEMs
- continuous ramp-up of projects with premium OEMs and SOPs in China and Mexico
- increased pass-throughs of inflation

> EBIT +123.8% to €44m, margin improvement by 0.9ppt:

- positive leverage with improved business development
- cost savings with operational improvements
- negative net inflation impact with burdens esp. from material, logistics, & energy price increases

Life Cycle Solutions steadily contributes to the sales performance, margin suffered from negative mix effects

LCS

	7M FY 21/22	Short FY 2022
External Sales (€m)	538	569
YoY organic		+5.3%
YoY FX*		+0.4%
EBIT	71	58
% of Total Sales	13.2%	10.1%

*approximation based on internal analyses

> Sales performance driven by

- successful spare parts business with growth particularly in Turkey, the USA and Mexico
- growing commercial vehicle business, all relevant customer segments benefitting (especially agriculture, truck trailer and buses)
- sales of workshop products declined due to high comparable basis after launch of new diagnostic tool (mega macs) last year
- sales benefited also from price increases for our customers

> EBIT -18.4% to €58m, margin down by 3.1ppt:

- shifts in the product mix with lower Gross Profit Margin
- higher distribution costs (ratio + 1.2ppt to 22.8%) mainly due to higher logistics costs as well as an increase in personnel to strengthen exiting sales companies in the global sales network

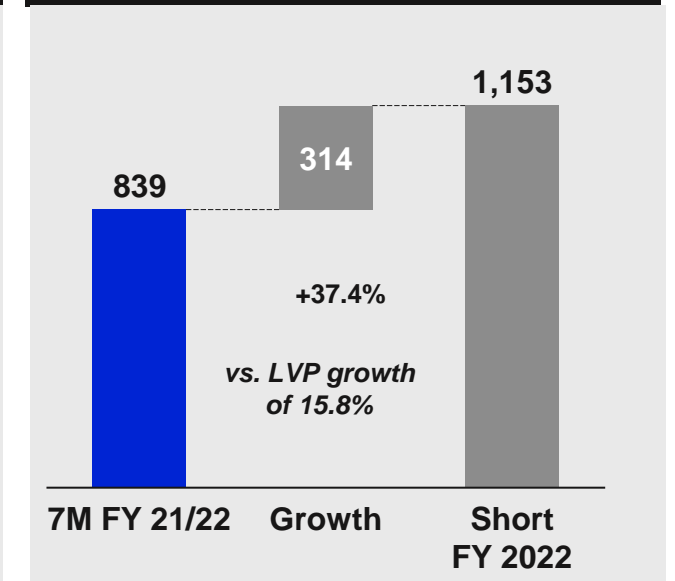
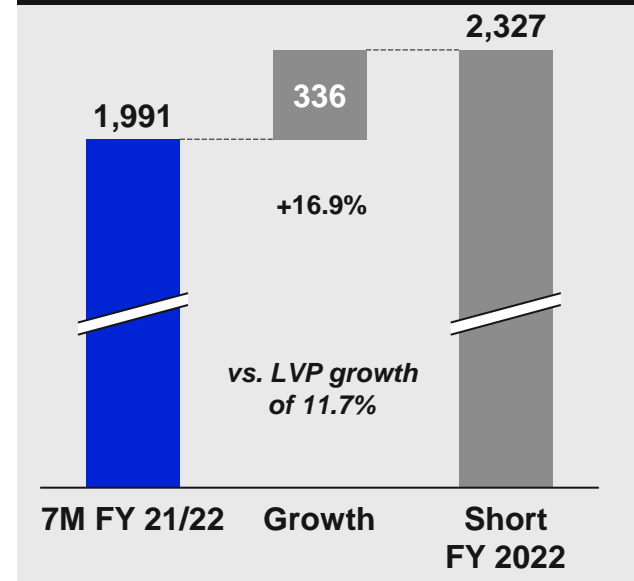
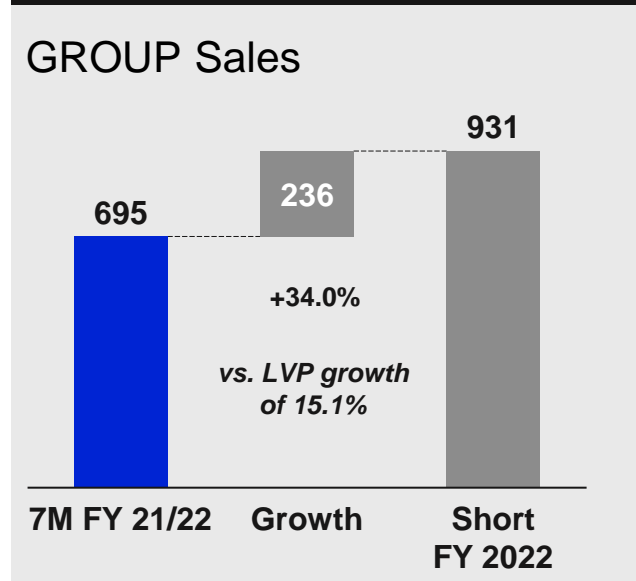
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Accelerating globalization with strong growth in China and in NSA

LVP global +14.9%

GROUP Sales +25.1%

Outperformance +10.3%



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EBIT margin improvement with sales growth and savings in R&D

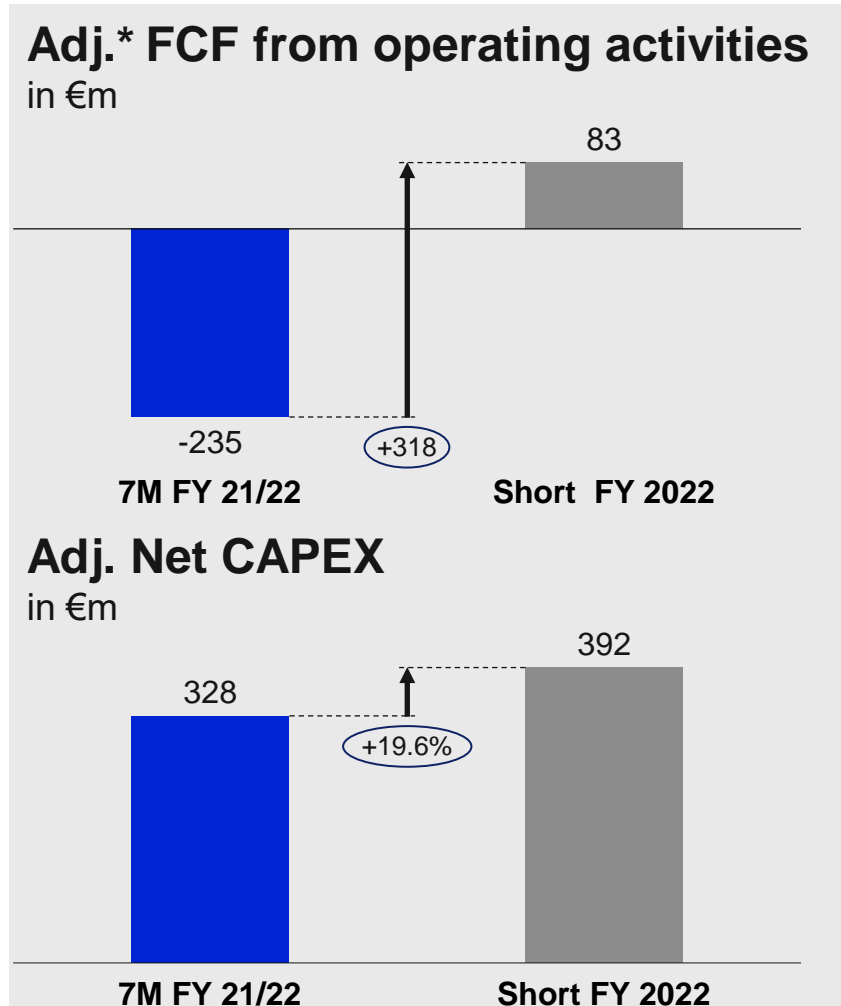
Reported EBIT margin improvement of 390bps

In €m	7M FY 21/22*	Short FY 2022	YoY Change
Sales	3,524	4,410	+ 25.1%
Adj. COGS	(2,673)	(3,390)	+ 26.8%
% of sales	75.8%	76.9%	+ 1.0ppt
Adj. Gross profit	852	1,020	+ 19.8%
% of Sales	24.2%	23.1%	- 1.0ppt
Adj. R&D	(392)	(458)	+ 16.7%
% of sales	-11.1%	-10.4%	- 0.8ppt
Adj. SG&A	(308)	(368)	+ 19.4%
% of sales	-8.7%	-8.3%	- 0.4ppt
JV income	20	27	+32.2%
% of sales	0.6%	0.6%	+0.0ppt
Adj EBIT	172.2	222.0	+29.0%
% of sales	4.9%	5.0%	+0.1ppt
Adjustment	-2.4	160.7	
Reported EBIT	169.8	382.7	+125.4%
% of sales	4.8%	8.7%	+ 3.9ppt

- **Adj. Gross Profit margin decreased by 1.0ppt to 23.1%:**
 - increases in costs of materials, energy and logistics that could not be compensated by positive volume development and pass-throughs
- **Adj. R&D expenses grew under-proportionally by 16.7% to €458m, ratio down by 0.8ppt to 10.4%:**
 - continued high investments to manage high order backlog
- **Adj. SG&A costs increased by €60m (+19.4%) to €368m, ratio -0.4ppt to 8.3% with continuous cost management**
- **JV income increased by €7m (+32.2%)** mainly with operational improvements of certain German joint ventures
- **Adjustments of €161m in Short FY 2022:**
 - profits from sale of HBPO share (€250m), reversals of impairment losses on PP&E and intangibles and additions to provisions for delivery obligations (-€51m), restructuring measures and provisions (-€12), provision for legal case (-€15m), remeasurement of investments (-€14m), and profit from sale of VC shares (+€2m)

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Adjusted FCF significantly increased with better operating performance and lower WC consumption



> Adj. Free Cash Flow from operating activities increased by €318m to €83m

- increased operational performance
- positive change in Working Capital
 - increase in payables, partly compensated by increase in receivables with higher sales and increase in overdues
 - increase of inventories mitigated with easing supply chain issues and stabilization of call-offs

> Adj. Net CAPEX increased by 19.6% to €392m

- investments in the worldwide network
- investments into product-specific equipment and projects
- improvement program & automation initiative esp. in Lighting

**Adjustments include €194m from sales of receivable in context of the factoring program, -€27m for restructuring, and -€4m for venture capital activities*

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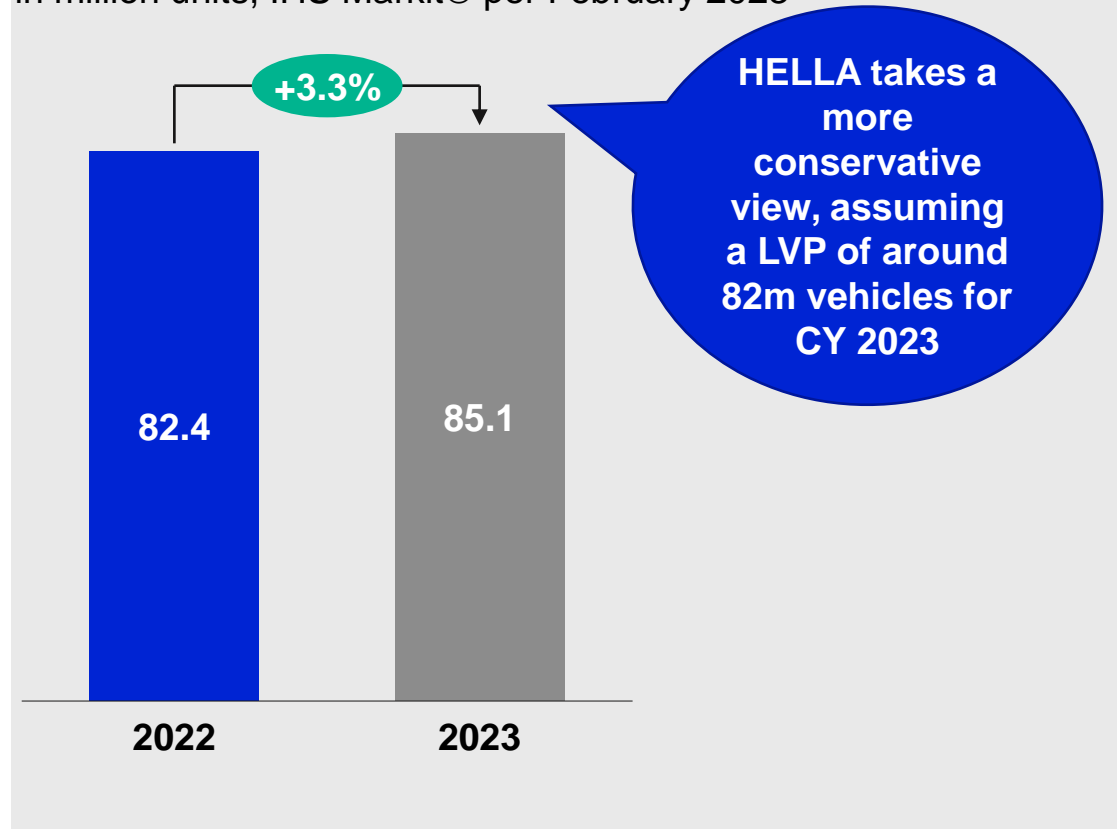
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Outlook

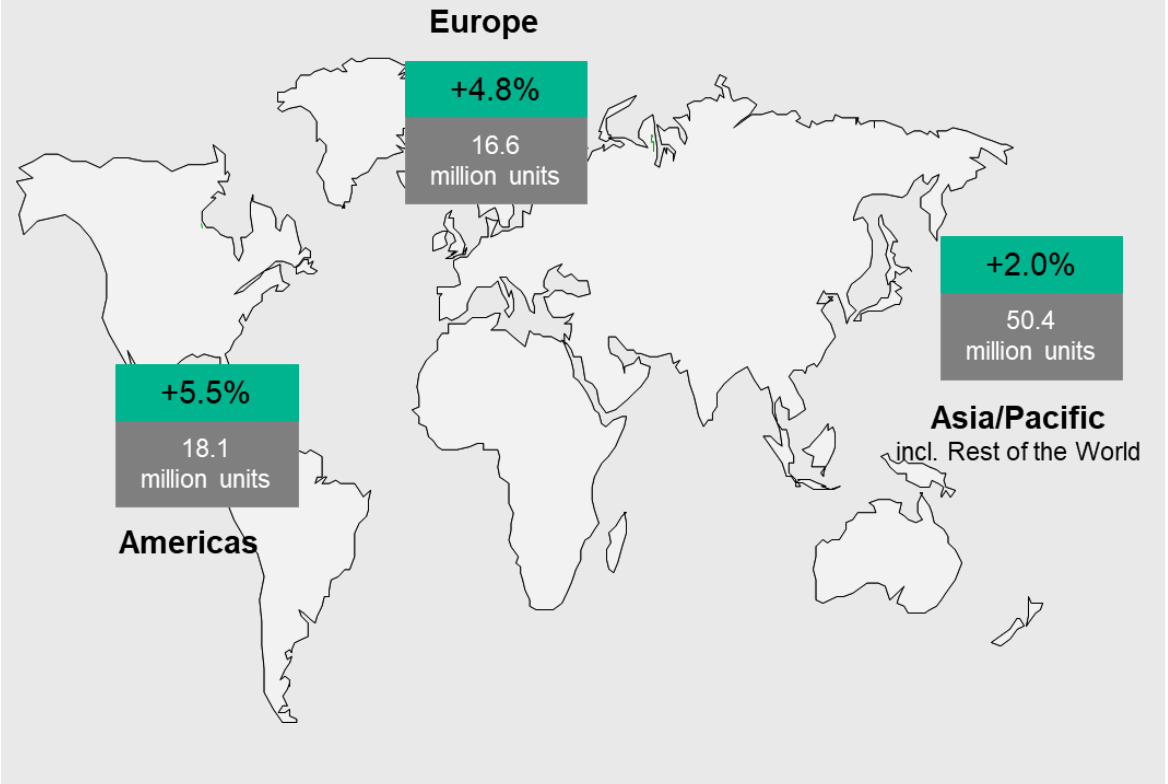
HELLA is expecting a flattish market development with 82m vehicles in 2023 due to volatility in China and Europa

Expected Global Light Vehicle production in million units, IHS Markit® per February 2023



Source: IHS Markit® (part of S&P Global)

Expected Global Light Vehicle production in million units, IHS Markit® per February 2023



HELLA FY 2023 outlook assumes record sales and improved cash generation

Outlook for the period January 1, 2023, to December 31, 2023

Based on an assumed LVP of around 82 million vehicles for the period

Consolidated sales

Currency and portfolio adjusted

In a range of around € 8.0 to 8.5 billion

Operating Income Margin

In a range of around 5.5% to 7.0%

Net Cash Flow

Approximately 2% of reported sales

Operating Income Margin and Net Cash Flow/Sales expected to be initially lower in the first half of FY 2023

Profitability in the Lighting and Electronics Business Groups assumed to further develop based on the level of FY 2022

This guidance assumes no significant market deviation due to political, economical or social crises

FY 2023 from Jan 1, 2023 - Dec 31, 2023

HELLA FY 2023 top priorities continue to focus on profitability and cash flow generation

Key priorities until December 2023

- > Improve the operational cash performance and cash generation**
- > Further improve operational performance and continuous pass-through of inflation to customers**
- > Realize synergies and implement further cost reduction**
- > Continue to pursue the stringent footprint and portfolio management**

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Key Takeaways



Key Takeaways

› Solid performance in Short FY 2022

- strong sales momentum and profitability improvements with efficient cost management
- record order intake of €1bn per month in 2022

› Sales and profitability growth in FY 2023

- record sales in FY 2023 expected, high market outperformance based on strong position along market trends such as electrification and high takes rates
- further margin improvement driven by top line growth and improved cost base
- current trading as expected with slower start into FY 2023
- inclusion of Net Cash Flow into outlook reflects crucial importance and management focus on cash conversion

› Cooperation with Faurecia progressed further; expected cost synergy targets raised to > €300m

Short FY 2022 from Jun 1, 2022 - Dec 31, 2022

FY 2023 from Jan 1, 2023 - Dec 31, 2023



APPENDICES

Upcoming events

April 27, 2023

Q1 FY 2023

April 28, 2023

AGM Short FY 2022

July 25, 2023

H1 FY 2023

LVP production and Group sales per region

		7M FY 21/22	Short FY 2022
HELLA Group sales in €m	Worldwide	3,524	4,410
	Europe	1,991	2,327 +16.9%
	North & South America	695	931 +34.0%
	Asia/Pacific & Rest of World	839	1,153 +37.4%
Light vehicle production in 1.000 units	Worldwide	44,192	50,756
	Europe	8,405	9,390 +11.7%
	North & South America	8,874	10,217 +15.1%
	Asia/Pacific & Rest of World	26,912	31,158 +15.8%

Note: Light Vehicle Production (LVP) based on IHS Markit® data as of February 2023; Growth figures always compared with the same period of the previous year

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