

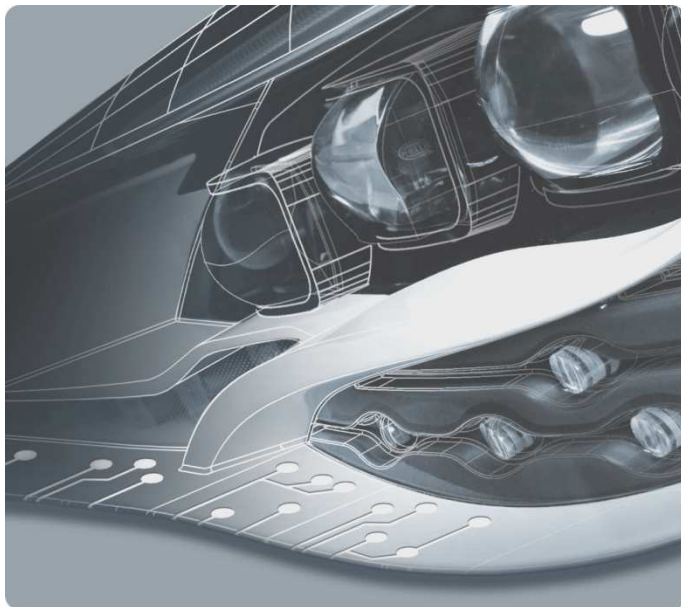


Technology with Vision

HELLA Investor Update Q1 FY 2018/19

Conference Call on September 27 2018

Dr. Rolf Breidenbach, CEO
Bernard Schäferbarthold, CFO



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This document may contain forward-looking statements and information on the markets in which the HELLA Group is active as well as on the business development of the HELLA Group. These statements are based on various assumptions relating, for example, to the development of the economies of individual countries, and in particular of the automotive industry. Various known and unknown risks, uncertainties and other factors (including those discussed in HELLA's public reports) could lead to material differences between the actual future results, financial situation, development or performance of the HELLA Group and/or relevant markets and the statements and estimates given here. We do not update forward-looking statements and estimates retrospectively. Such statements and estimates are valid on the date of publication and can be superseded.

This document contains an English translation of the accounts of the Company and its subsidiaries. In the event of a discrepancy between the English translation herein and the official German version of such accounts, the official German version is the legal valid and binding version of the accounts and shall prevail.



HELLA Investor Update Q1 FY 2018/19

Outline

- HELLA Financial Highlights Q1 FY 2018/19
- HELLA Financial Results Q1 FY 2018/19
- Outlook
- Q&A

Positive sales growth and EBIT increase in Q1 FY 2018/19

Financial Highlights Q1 FY 2018/19

Sales

- **HELLA Group** currency adjusted **sales grew by 10.3% YoY** to 1.8 bill. EUR

Profitability

- **Adjusted Gross Profit margin** at **28.0%** (+0.6%-points YoY)
- **Adjusted EBIT** +15 mill. EUR (+12.0% YoY) at **140 mill. EUR**
- **Adjusted EBIT margin** +0.1pp to **7.8%**

Liquidity

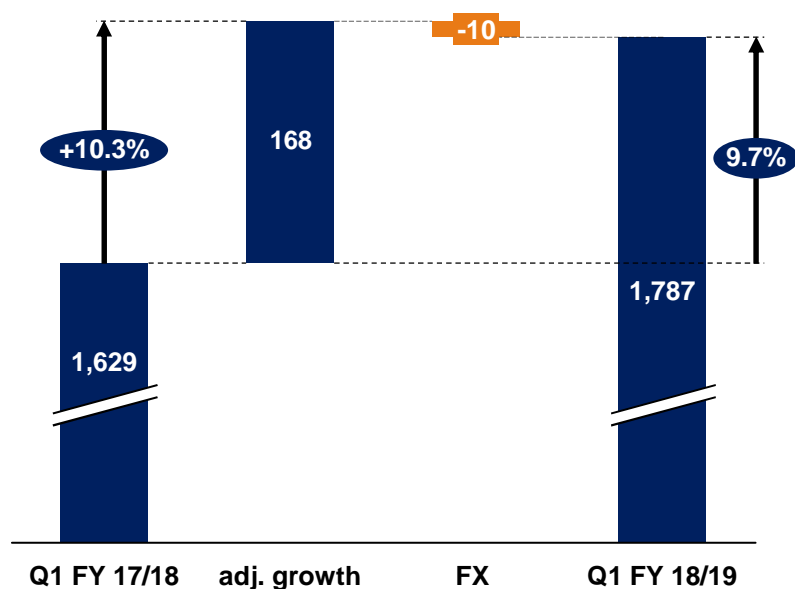
- **Adjusted Free Cash Flow from operating activities** increased by **9 mill. EUR** (+18.5% YoY) to **59 mill. EUR**

Note: Adjustments of profitability figures include restructuring expenses. Please note that where sums and percentages in the presentation have been rounded, differences may arise as a result of commercial rounding.

HELLA top line growth with strong development in Q1 FY 18/19

Financial Highlights Q1 FY 2018/19

HELLA Group sales (EUR millions)



*The figures for the Aftermarket segment exclude the items from wholesale distribution. Wholesale items included on Group level

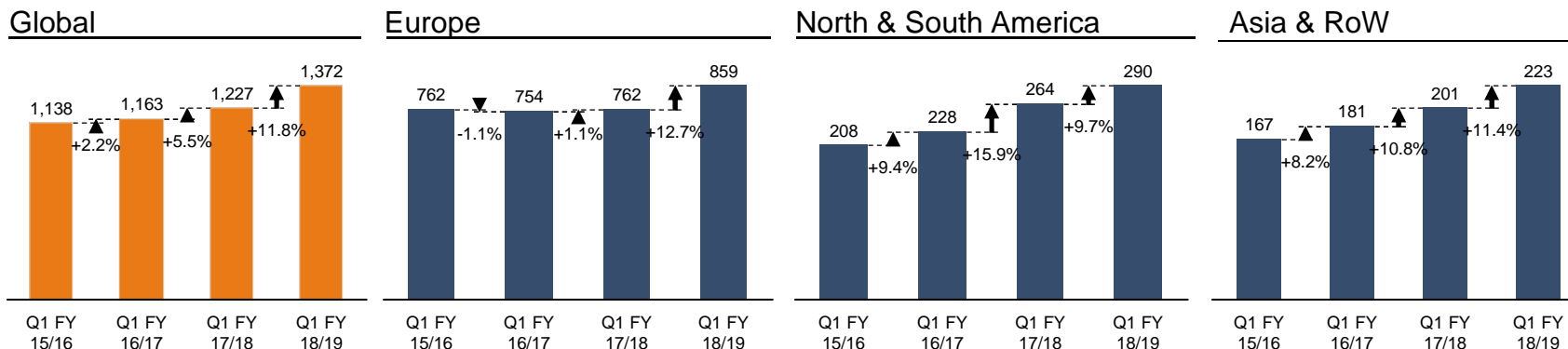
Comment

- **Currency adjusted** growth HELLA Group at **10.3%**
- **Reported** sales growth HELLA Group at **9.7%** (increased by **157 mill. EUR** to **1,8 mill. EUR**)
 - **Automotive +11.2%** to **1.383 mill. EUR**. Demand for **energy management products, radar solutions and advanced lighting systems** (front, rear, interior) drives business
 - **Aftermarket* total sales +6.8%**, **positive** demand from Independent Aftermarket and strong Workshop business
 - **Special Applications +0.8%** to **100 mill. EUR**, positive development in agriculture and construction

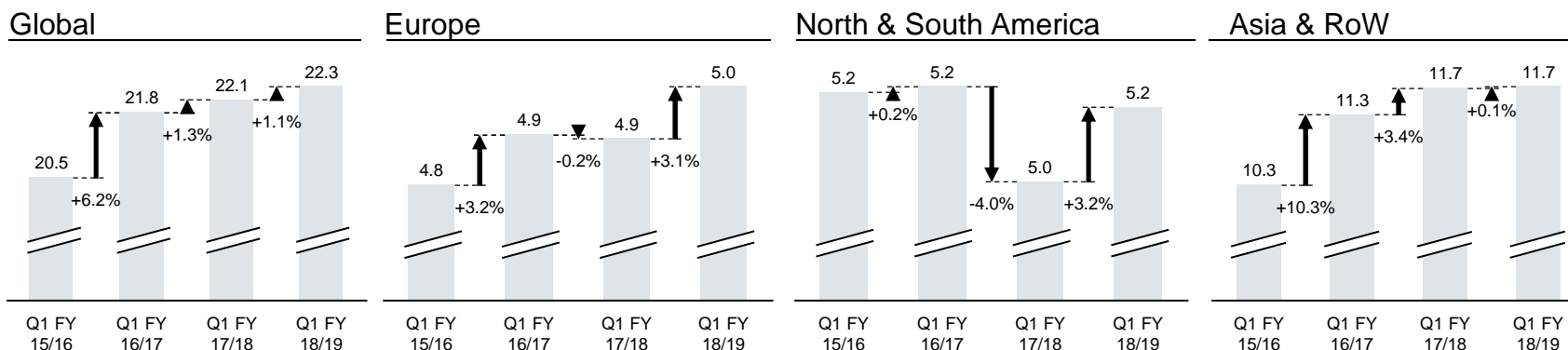
HELLA Automotive outperforming all important regions

Financial Highlights Q1 FY 2018/19

HELLA Automotive external sales by region (in EUR millions)



Light vehicle production (in million units)



HELLA Automotive growth vs. market (Light vehicle production growth):

Global: -4.0% (15/16 vs 16/17), +4.2% (16/17 vs 17/18), +10.7% (17/18 vs 18/19)
 Europe: -4.3% (15/16 vs 16/17), +1.3% (16/17 vs 17/18), +9.6% (17/18 vs 18/19)
 North & South America: +9.2% (15/16 vs 16/17), +19.9% (16/17 vs 17/18), +6.4% (17/18 vs 18/19)
 Asia & RoW: -2.1% (15/16 vs 16/17), +7.4% (16/17 vs 17/18), +11.2% (17/18 vs 18/19)

Source: HELLA; IHS (as of July 2018)





HELLA Investor Update Q1 FY 2018/19

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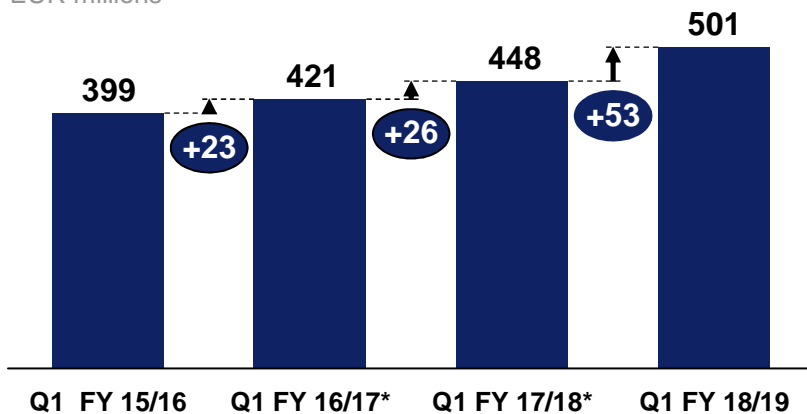
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GPM increase due to strong overall business development

Financial results Q1 FY 2018/19

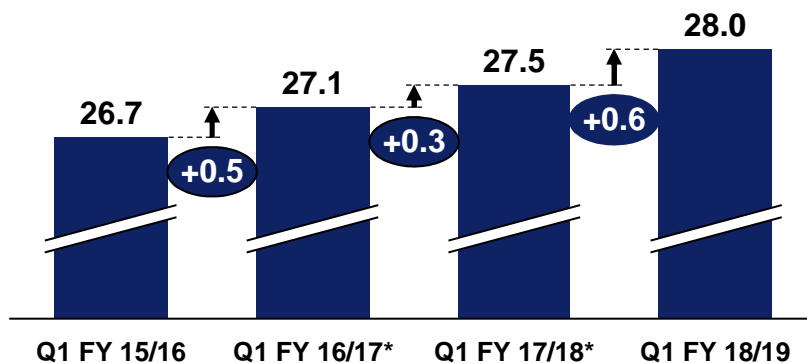
Adj. Gross Profit

EUR millions



Adj. Gross Profit margin

% sales



*Restated for the reclassification of costs. For details see quarterly financial report

**The figures for the Aftermarket segment exclude the items from wholesale distribution. Wholesale items included on Group level

Highlights

- **Adj. Gross Profit** increased by **53 mill. EUR** (+11.9%) to **501 mill. EUR**
 - **Automotive** +16.9% to 353 mill. EUR
 - **Aftermarket**** +8.6 % to 61 mill. EUR
 - **Special Applications** -3.8% to 40 mill. EUR

Highlights

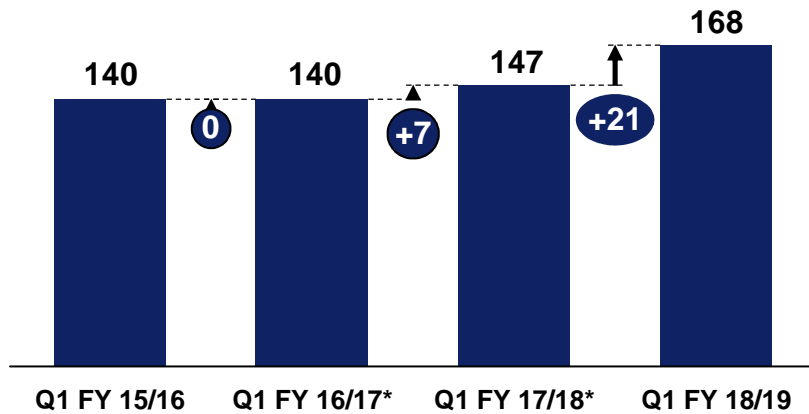
- **Adj. Gross Profit margin** improved by 0.6%-points to **28.0%**
 - higher GPM Automotive (+1.3pp) due to higher production volume driven by several launches
 - increased GPM in Aftermarket (+0.6pp) due to Workshop sales
 - Special Applications -1.9pp due to positive one-time effects in PY

Continuous high R&D expenses to secure future growth and to support production ramp-up

Financial results Q1 FY 2018/19

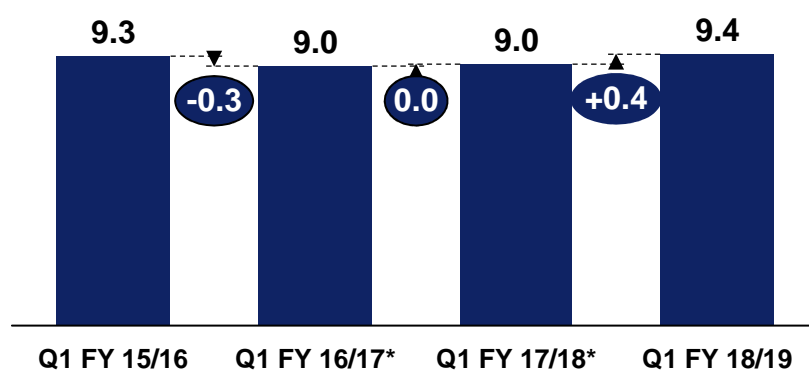
R&D expenses

EUR millions



R&D expenses ratio

% sales



*Restated for the reclassification of costs. For details see quarterly financial report

Highlights

- **Absolute R&D expenses** increased by 21 mill. EUR (+14.3% YoY) to **168 mill. EUR**, mainly:
 - Secure and strengthen technology leadership along the market trends
 - Preparation and realization of production ramp-ups
 - continuous development of international R&D capacities

Highlights

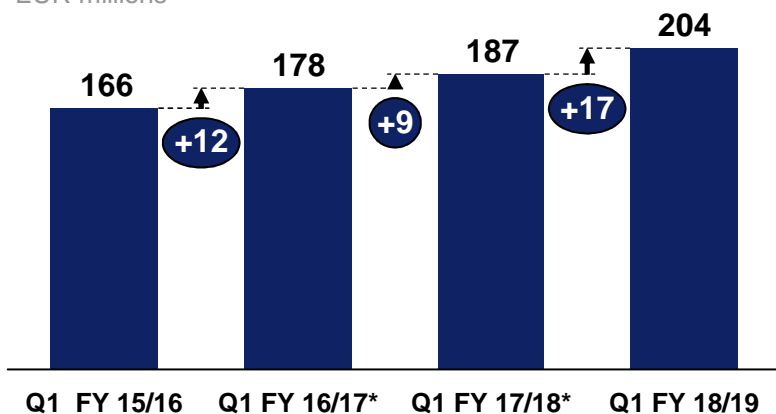
- **Q1 FY 18/19 ratio** +0.4pp to **9.4%** with over-proportional increase in absolute R&D expenses

Relatively stable development of SG&A costs

Financial results Q1 FY 2018/19

Adjusted SG&A expenses

EUR millions

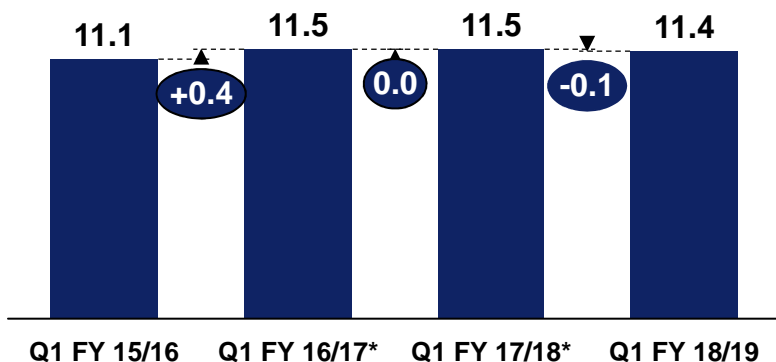


Highlights

- **Adj. SG&A costs** increased (+17 mill. EUR, +8.8%) to **204 mill. EUR**
- Higher logistic costs with additional sales
- Continuous investments in processes, systems and functions

Adjusted SG&A expenses ratio

% sales



Highlights

- **Adj. SG&A ratio** decreased (-0.1ppt) to **11.4%**:

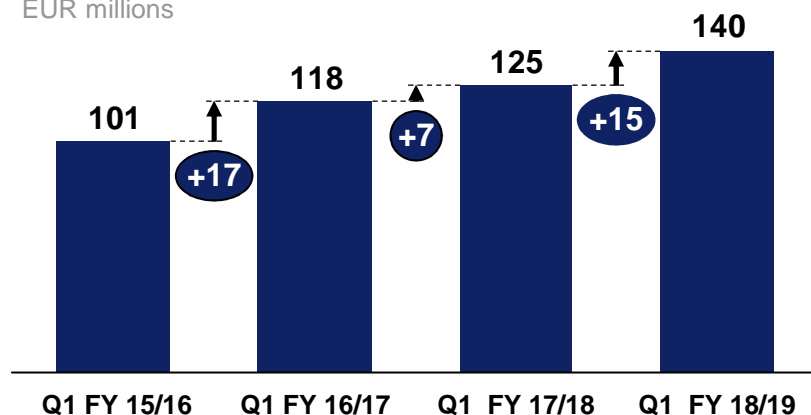
*Restated for the reclassification of costs. For details see quarterly financial report

Adjusted EBIT and EBIT margin above prior-year's level

Financial results Q1 FY 2018/19

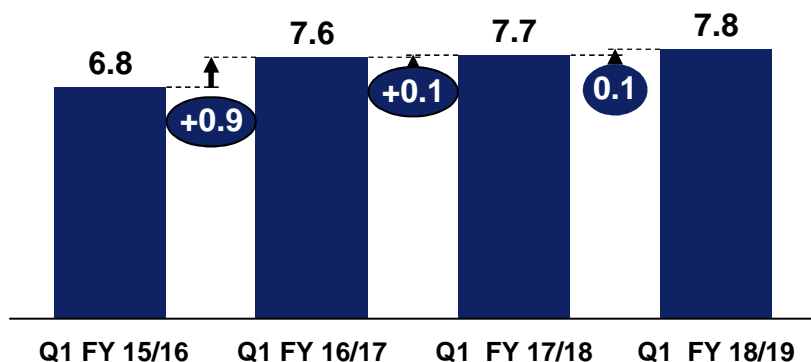
Adjusted EBIT

EUR millions



Adjusted EBIT margin

% sales



Highlights

- **Adj. EBIT** increased by 15 mill. EUR (+12.0%) to **140 mill. EUR**, mainly:
 - increase in adj. Gross Profit by 53 mill. EUR (+11.9%)
 - higher R&D expenses (+21 mill. EUR, +14.3%)
 - increase in adj. SG&A (mainly distribution expenses) by 16 mill. EUR (+8.8%)

Highlights

- **Adj. EBIT margin** increased by **0.1%-points** to **7.8%**:
 - increase of adj. GPM by 0.6pp
 - higher R&D expenses ratio (+0.4pp)
 - lower JV contribution (-0.1pp)

P&L including reconciliation

Financial results Q1 FY 2018/19

FY comparison HELLA GROUP		Q1 FY 17/18	Q1 FY 18/19
in EUR mill.			
Gross Profit *	reported	447.1	500.8
	Adjustments	0.6	0.03
	adjusted	447.7	500.8
Other income and expenses	reported	5.1	6.9
	Adjustments	1.2	0.7
	adjusted	6.2	7.6
Distribution*	reported	139.6	152.3
	Adjustments	0.0	0.6
	adjusted	139.6	151.7
EBIT	reported	123.2	138.5
	Adjustments	1.8	1.4
	adjusted	124.9	140.0
Net financial result		-11.9	-11.7
Taxes		-28.4	-31.5
Earnings for the period		82.9	95.4
Earnings per share (EUR)		0.74	0.86

Comments

- Reported EBIT Q1 FY 18/19 increased by 15 mill. EUR (+12.5%) to 139 mill. EUR, EBIT no major impact from restructuring
- Net financial result decreased slightly after local financing in Mexico
- Earnings for the period increased driven by strong growth and lower one-offs
- Result driven higher tax payments, tax rate around 25% comparable to PY. Excl. JVs tax rate at 27.1%, improved vs PY (28.5%)
- EPS increased by 12 Cent (+16%) to 0.86 EUR

*Q1 FY 17/18 restated for the reclassification of costs. For details see quarterly financial report

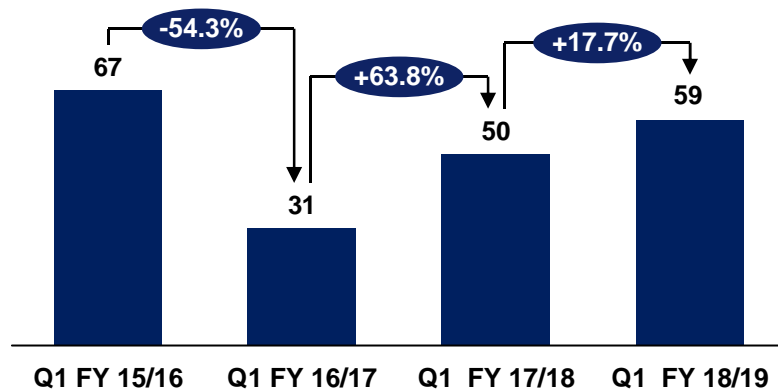


Adj. Free Cash Flow from operating activities increased due to higher funds from operations

Financial results Q1 FY 2018/19

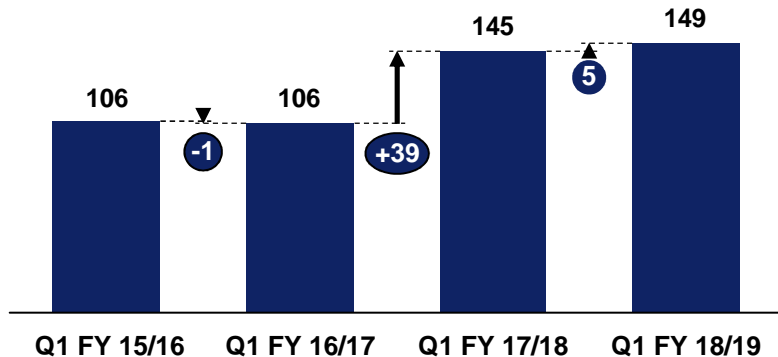
Adj. FCF from operating activities

EUR millions



Net CAPEX²

EUR millions



2) In accordance with IFRS 15 reimbursement not deducted from CAPEX in Q1 FY 18/19.
Note: Adjustments of FCF include restructuring expenses, factoring (Q1 FY 16/17 only)

Highlights

- **Adj. Free Cash Flow from operating activities** increased by 9 mill. EUR to **59 mill. EUR**, mainly due to higher funds from operations and improved WC consumptions
- **Cash Conversion¹ ratio** increased by 2.3pp to **42.4%**

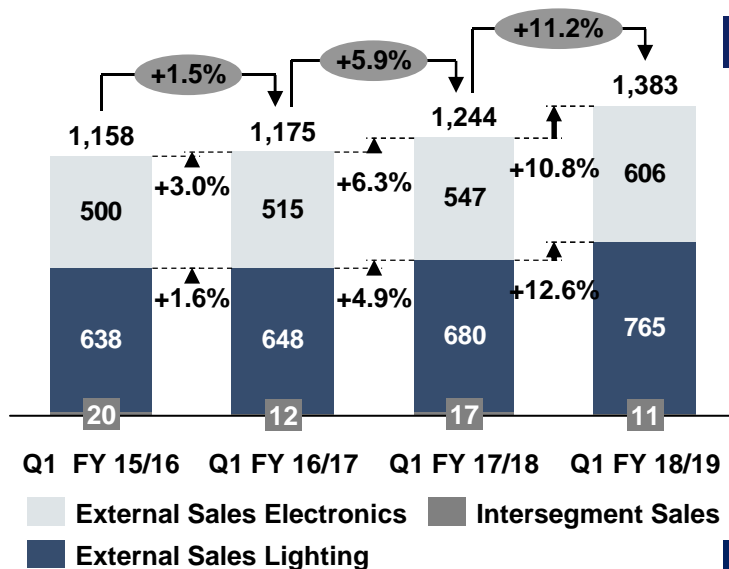
1) Adj. Free Cash Flow from operating activities / adj. EBIT

Highlights

- **Net CAPEX** increased by 5 mill. EUR to **149 mill. EUR**
- **Continuous investments** in customer-specific **equipment** and **capacity extensions**
- **No reimbursements** included (in Q1 FY 17/18 11 mill. EUR)

Automotive segment with increasing growth and profitability

Financial results Q1 FY 2018/19

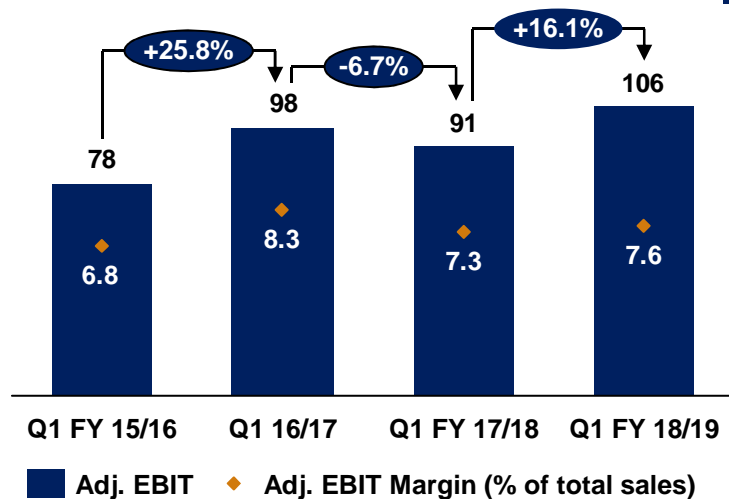


Automotive Sales

- **Growth of 11.2%** with ongoing production ramp-ups and higher demand for:
 - energy management and driver assistance products
 - innovative / advanced lighting products incl. headlamps, rear-lamps and interior lighting with international launches
 - Demand driven by **Europe, NSA and China**

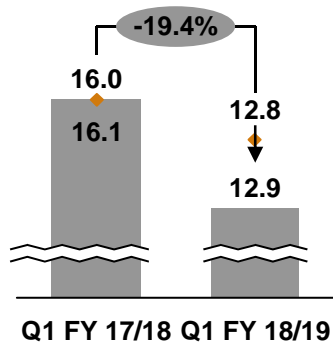
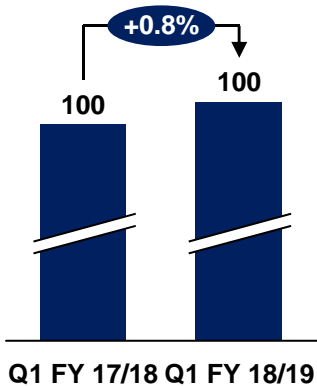
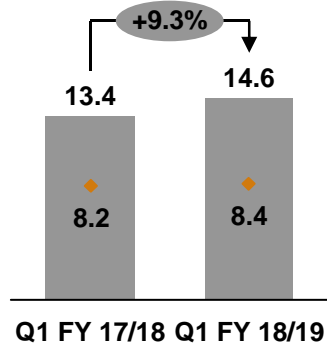
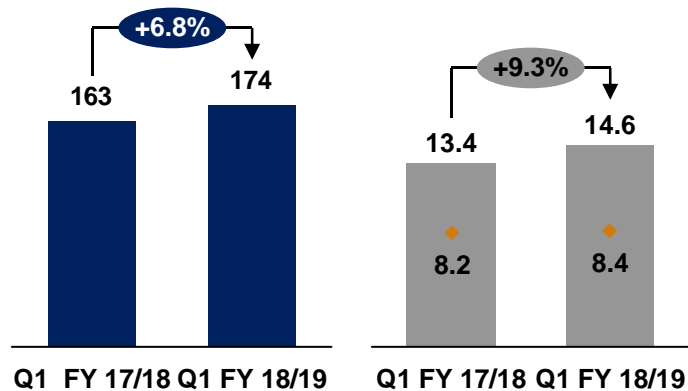
Automotive Profitability

- **Increase of adj. EBIT by 16.1%** to 106 mill. EUR:
 - increased GPM with increase in production volume with several launches in Electronics and Lighting
 - increase in R&D to prepare production ramp-ups and expand the international R&D network
 - higher SG&A with investments in logistics and corporate functions



Non Automotive segments with positive contributions

Financial results Q1 FY 2018/19



■ Total Sales

■ EBIT

◆ EBIT Margin

*The figures for the Aftermarket segment exclude the items from wholesale distribution.

Aftermarket*

- **Total sales growth (+6.8%)** due to strong **workshop business** and positive **IAM** demand
- **Increase in adj. EBIT margin by 0.2pp to 8.4%** mainly due to **higher GPM**: Growth with leverage of fix costs especially in workshop business and positive product mix effect in the Independent Aftermarket segment

Special Applications

- **Modest top-line growth (+0.8%)**:
 - increasing demand in **Construction and Agricultural** sector
 - other product groups e.g. **Trailer and Trucks** also **growing**
 - **End of production in Australia with negative effect on growth and margin**
- **Profitability down by 19.4%**
 - high comparable basis PY with pre-production in Australia and positive one-offs (total 4 mill. EUR)



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Overall market FY 18/19 expected to grow by 1.5% according to IHS Outlook

Region	Expected LVP (in m units)	Comment
Europe	<div style="text-align: center;"> -0.1% <div style="background-color: #003366; color: white; padding: 5px; width: 40px; margin: 0 auto;">22.4</div> <hr style="width: 80%; margin: 5px auto;"/> FY 18/19 </div>	<ul style="list-style-type: none"> ■ Slightly decrease in 2018/19 expected. Europe excluding Germany expected to grow by 1.5% to 17.0m units, Germany with an expected decline of 4.7% to 5.5m units
NSA	<div style="text-align: center;"> +3.2% <div style="background-color: #003366; color: white; padding: 5px; width: 40px; margin: 0 auto;">21.0</div> <hr style="width: 80%; margin: 5px auto;"/> FY 18/19 </div>	<ul style="list-style-type: none"> ■ After negative previous year (-2.4%), strong growth in 2018/19 expected
China	<div style="text-align: center;"> +1.7% <div style="background-color: #003366; color: white; padding: 5px; width: 40px; margin: 0 auto;">28.6</div> <hr style="width: 80%; margin: 5px auto;"/> FY 18/19 </div>	<ul style="list-style-type: none"> ■ China expected to grow 1.7% in 2018/19 to 28.6m units, Asia/RoW expected to grow by 2.0% to 52.3m units
Global	<div style="text-align: center;"> +1.5% 97.4 FY 18/19 </div>	<ul style="list-style-type: none"> ■ Overall market expected to grow by 1.5%

Source: IHS (as of July 2018)

Company specific development for FY 2018/19 continuously positive

Guidance

Presuming no serious political, economic or social crises, we expect a positive business development for the HELLA Group in fiscal year 2018/19:

Sales growth

- Growth excluding FX and portfolio effects between 5-10%

Adj. EBIT growth

- Growth excluding restructuring and portfolio effects between 5-10%

Adj. EBIT margin

- Margin excluding restructuring and portfolio effects approximately equivalent to prior year's level



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Thanks for your attention

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