

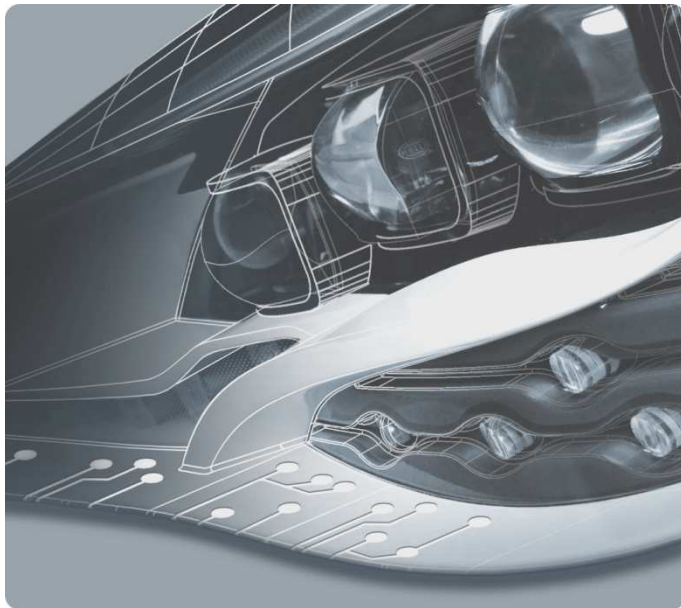


Technology with Vision

HELLA Investor Update FY 2018/19

Conference Call on August 09, 2019

Dr. Rolf Breidenbach, CEO
Bernard Schäferbarthold, CFO



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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 FY 2018/19

Outline

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



Positive sales growth and EBIT increase in FY 2018/19

Financial Highlights FY 2018/19

Sales

- **HELLA Group** currency and portfolio adjusted **sales grew by 5.0%** YoY to 7.0 bill. EUR

Profitability

- **Adj. Gross Profit margin** at **25.9%** (-0.5%-points YoY)
- **Adj. EBIT** +32.5 mill. EUR (+5.9% YoY) at **585 mill. EUR**
- **Adjusted EBIT margin** +0.1pp to **8.4%**

Liquidity

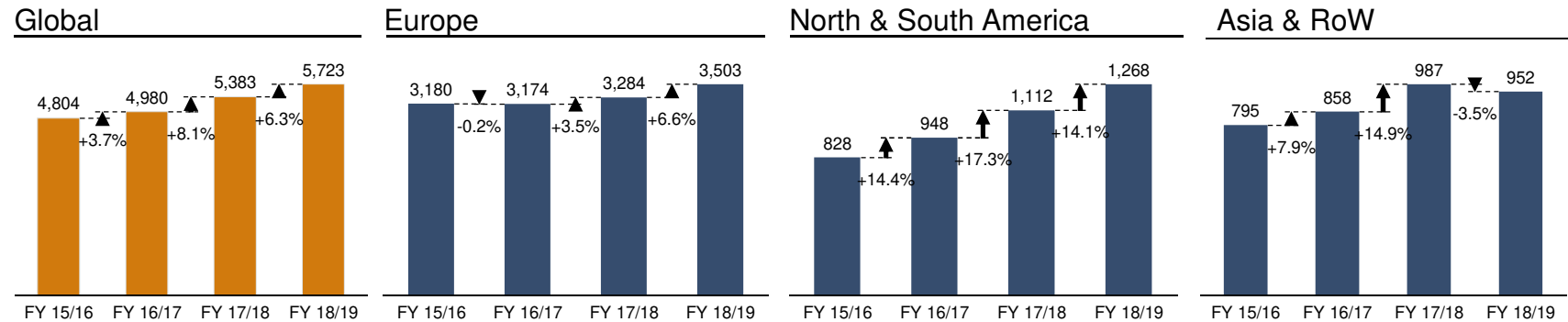
- **Adjusted Free Cash Flow from operating activities** increased by **61 mill. EUR** (+27.3% YoY) to **284 mill. EUR**

Note: Adjusted P&L and Balance Sheet figures for FY 17/18 and FY 18/19 exclude items from the Wholesale distribution since closing of the transactions. Adjustments of profitability figures for all years include restructuring expenses. For details see financial report. Please note that where sums and percentages in the presentation have been rounded, differences may arise as a result of commercial rounding.

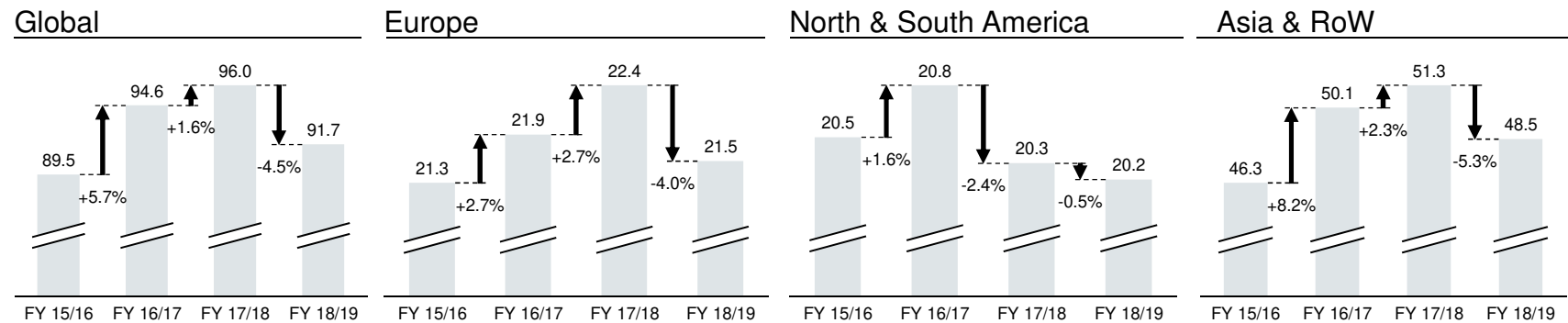
Automotive outperforming LVP in all regions

Financial Highlights 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):

-2.0%	+6.5%	+10.8%	-2.9%	+0.8%	+10.6%	+12.8%	+19.7%	+14.6%	-0.3%	+12.6%	+1.8%
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Source: HELLA; IHS (as of July 2019)



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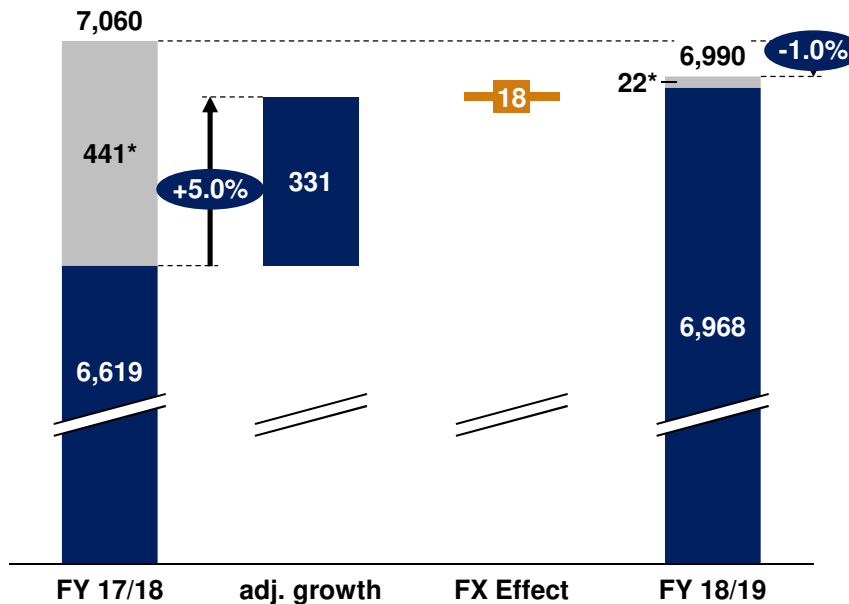
- Outlook

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HELLA top line growth with positive development in FY 18/19

Financial Results FY 2018/19

HELLA Group sales (in EUR millions)



Comment

- **Currency** (+0.3pp) and portfolio (-6.3pp) **adjusted** growth of **HELLA Group** at **5.0%**
- **Reported** sales of **HELLA Group** declined by 1.0% (**decreased** by **70.0 mill. EUR** to **6,990 mill. EUR**)
 - **Automotive** +6.1% to **5,766 mill. EUR**. Demand for energy management, radars and advanced lighting systems with increasing ramp-ups drive business
 - **Aftermarket*** +2.7% to **665 mill. EUR**, positively driven by Workshop product sales esp. in H1 FY 18/19
 - **Special Applications** -7.0% to **399 mill. EUR** due to end of Australian production. Excl. this effect, growth at 2.2% with positive development in agricultural, construction and trailer business

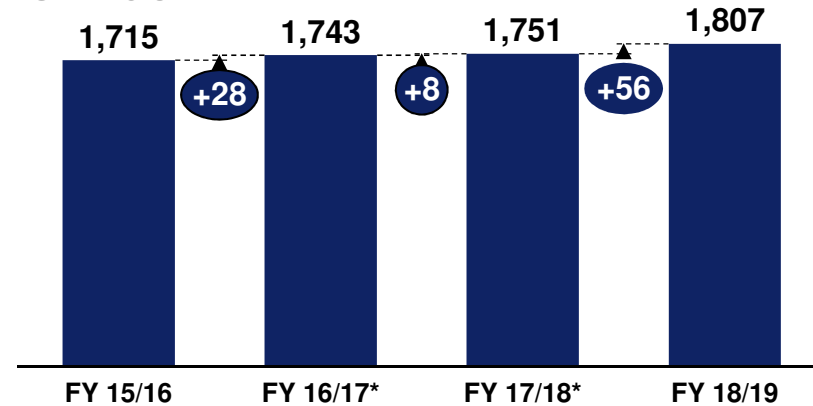
*Wholesale sales excluded

Adj. GPM decreased due to lower growth dynamics and increasing cost pressure

Financial results FY 2018/19

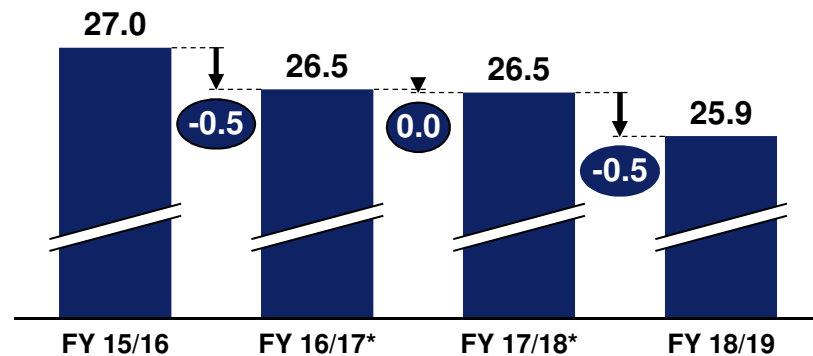
Adj. Gross Profit

EUR millions



Adj. Gross Profit margin

% sales



*Restated for the reclassification of costs.

Highlights

- **Adj. Gross Profit increased by 56 mill. EUR (+3.2%) to 1,807 mill. EUR**
 - **Automotive** +3.0% to 1,367 mill. EUR
 - **Aftermarket** +8.0 % to 245 mill. EUR
 - **Special Applications** +1.5% to 151 mill. EUR

Highlights

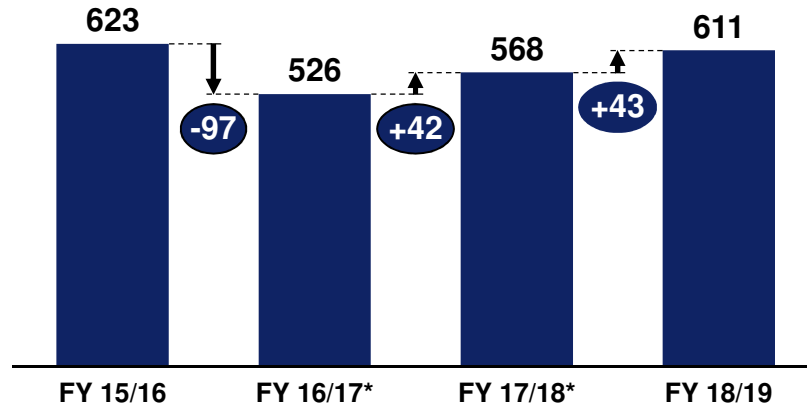
- **Adj. Gross Profit margin decreased by 0.5%-points to 25.9%**
 - decreased GPM Automotive, lower growth dynamic headwinds from raw material & personnel costs
 - increased GPM in Aftermarket (+1.8pp) due to mix effects
 - higher GPM in SA (+3.2pp) due to positive mix effects

Continuous high R&D expenses to secure technology leadership in accelerating industry dynamics

Financial results FY 2018/19

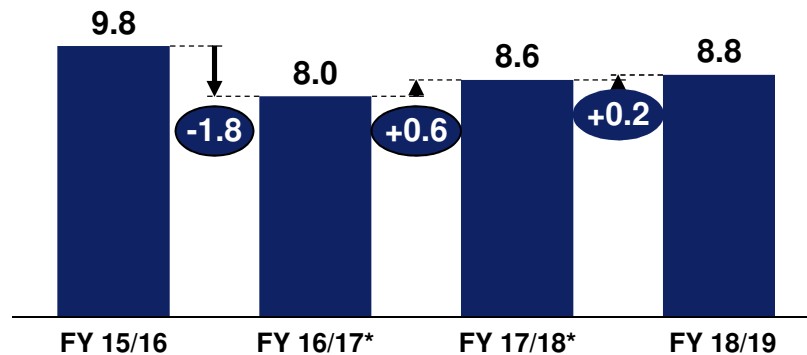
R&D expenses

EUR millions



R&D expenses ratio

% sales



*Restated for the reclassification of costs.

Highlights

- **Absolute R&D** expenses increased by 43 mill. EUR (+7.5% YoY) to **611 mill. EUR**; main drivers:
 - intensification of spending due to further accelerating industry change
 - secure and strengthen technology leadership along the market trends
 - preparation and realization of production ramp-ups & continuous development of R&D capacities

Highlights

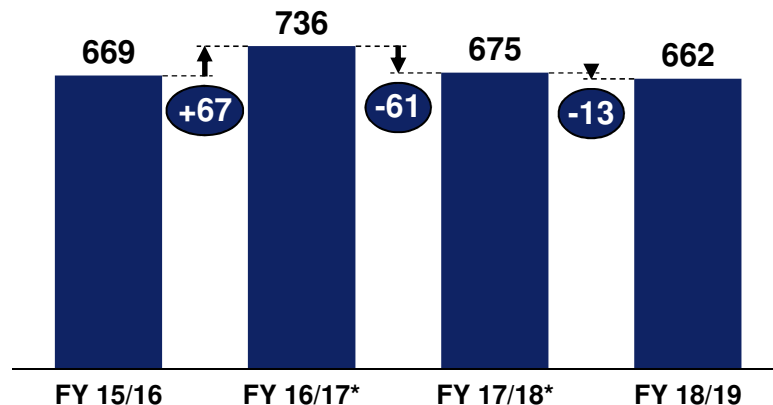
- **FY 18/19** ratio +0.2pp to **8.8%** due to over-proportional increase in absolute R&D expenses

SG&A costs declining due to continuous cost savings and extraordinary profit

Financial results FY 2018/19

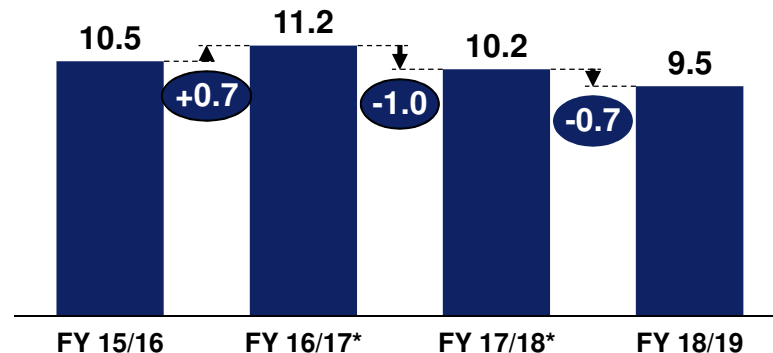
Adj. SG&A expenses

EUR millions



Adj. SG&A expenses ratio

% sales



*Restated for the reclassification of costs.

Highlights

- **Adj. SG&A costs** decreased (-13 mill. EUR, -2.0%) to **662 mill. EUR**
 - nearly constant logistic costs (-1 mill. EUR) with savings in Aftermarket
 - higher admin expenses (+7 mill. EUR) with continuous investments in processes, systems and functions
 - higher other adj. income and expenses (+19 mill. EUR) especially due to building sale in Australia

Highlights

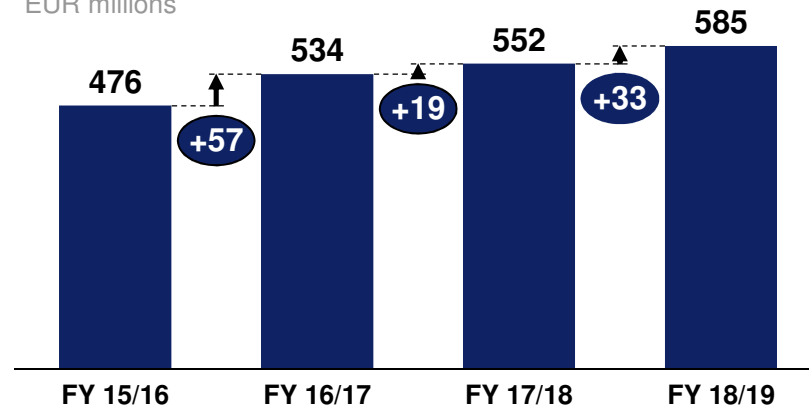
- **Adj. SG&A ratio** decreased (-0.7ppt) to **9.5%**
- Decrease in absolute SG&A expenses together with positive sales development

Adjusted EBIT above prior-year's level, margin pressure from high R&D and increasing material and personnel cost

Financial results FY 2018/19

Adjusted EBIT

EUR millions

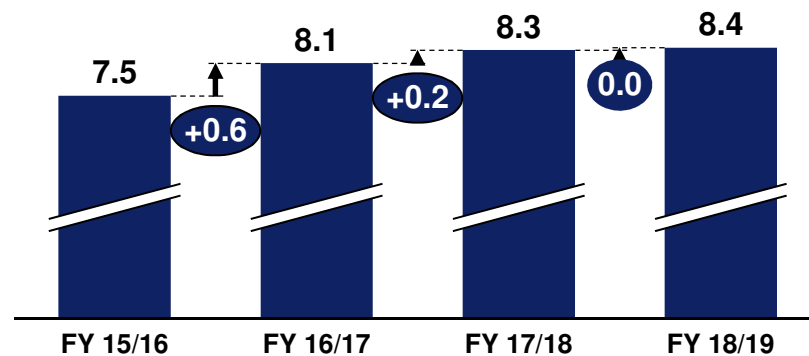


Highlights

- **Adjusted EBIT** increased by 33 mill. EUR (+5.9%) to **585 mill. EUR**:
 - increase in adj. Gross Profit by 56 mill. EUR (+3.2%)
 - higher R&D (+43 mill. EUR, +7.5%)
 - decrease in adj. SG&A (mainly flat distribution and higher other income) by 13 mill. EUR (-2.0%)

Adjusted EBIT margin

% sales



Highlights

- **Adj. EBIT margin** increased by **0.1%-points** to **8.4%**:
 - decrease of adj. GPM by 0.5pp
 - higher R&D expenses ratio (+0.2pp)
 - lower SG&A ratio (-0.7pp)

P&L including reconciliation

Financial results FY 2018/19

FY comparison

HELLA GROUP		FY 17/18	FY 18/19
in EUR mill.			
Gross Profit*	reported	1,901.1	1,814.2
	Adjustments	-149.7	-7.0
	adjusted	1,751.5	1,807.2
Other income and expenses	reported	20.5	285.9
	Adjustments	2.8	-243.5
	adjusted	23.3	42.5
Distribution*	reported	-581.7	475.4
	Adjustments	124.9	-20.0
	adjusted	-456.8	455.4
Admin	reported	-241.6	256.6
	Adjustments	0.0	-7.6
	adjusted	241.6	248.9
EBIT	reported	574.3	807.5
	Adjustments	-22.0	-222.7
	adjusted	552.3	584.8
Net financial result		-44.1	-41.3
Taxes		-140.1	-135.8
Earnings for the period		390.1	630.4
Earnings per share (EUR)		3.50	5.67

Comments

- Reported EBIT FY 18/19 increased by 233 mill. EUR including 255 mill. EUR profit from Wholesale (pre closing costs)
- Net financial result improved slightly after local financing in Mexico
- Earnings for the period increased driven by growth and profit from Wholesale
- EPS increased by 2.17 EUR (+62%) to 5.67 EUR

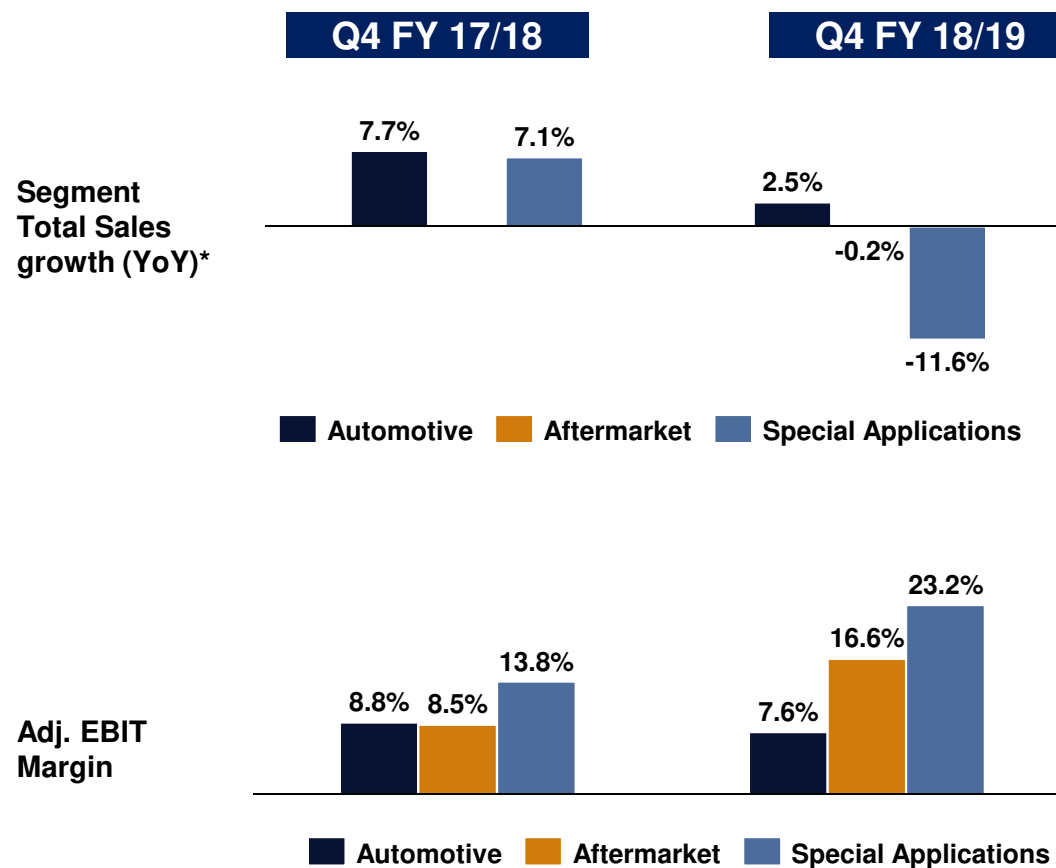
*Reported FY 17/18 restated for the reclassification of R&D costs. For details see financial report



Q4 FY 18/19 Automotive business with lower growth dynamics and margin pressure

Financial results FY 2018/19

Quarterly comparison



Comments

- Lower Automotive growth dynamics in Q4 FY 18/19: NSA and Europe sales could not compensate weak market conditions in China
- Aftermarket with slight sales decrease due to Workshop products: high comparable basis PY due to emission tester sales
- Special Applications negative due to closure of Australian production. Excluding this effect sales decline by 2.1%, selective products group like agriculture and trailer with weaker demand
- Q4 FY 18/19 Automotive margin affected by increasing raw material and personnel expenses as well as increasing R&D
- Aftermarket adjusted EBIT margin strongly increased due to positive mix effects, optimized structures as well as special items like lower bonuses
- Q4 FY 18/19 adj. EBIT margin Special Applications increased with strong product mix and 12 mill. EUR building sale profit

* Q4 FY 16/17 Aftermarket not comparable due to disposal of Wholesale distribution

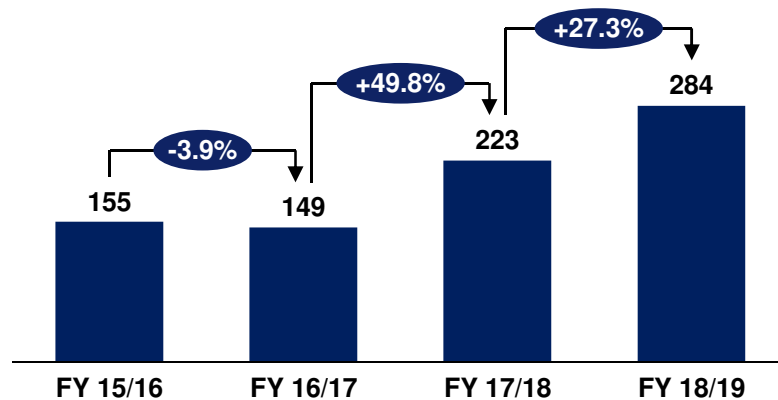


Adj. Free Cash Flow from operating activities increased with improved Working Capital consumption

Financial results FY 2018/19

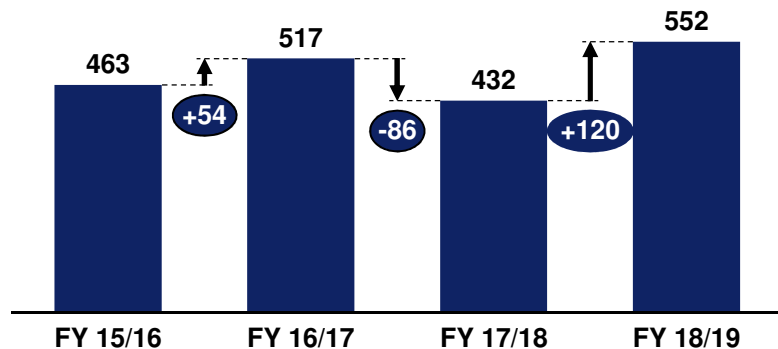
Adj.¹ FCF from operating activities

EUR millions



Adj. Net CAPEX²

EUR millions



1) Adjustments of FCF include restructuring expenses, factoring, payments in connection with the EU cartel proceeding, payments in connection of the supplier default and payments received/made in connection with the sale of shares in FTZ, INTER-TEAM and HELLANOR

2) In accordance with IFRS 15 reimbursements are not deducted from CAPEX in FY 18/19, prior years have not been adjusted.

Highlights

- **Adj. Free Cash Flow from operating activities** increased by 61 mill. EUR to **284 mill. EUR**, mainly due to a lower working capital consumption
- **Cash Conversion³ ratio** increased by 8.2pp to **48.6%**

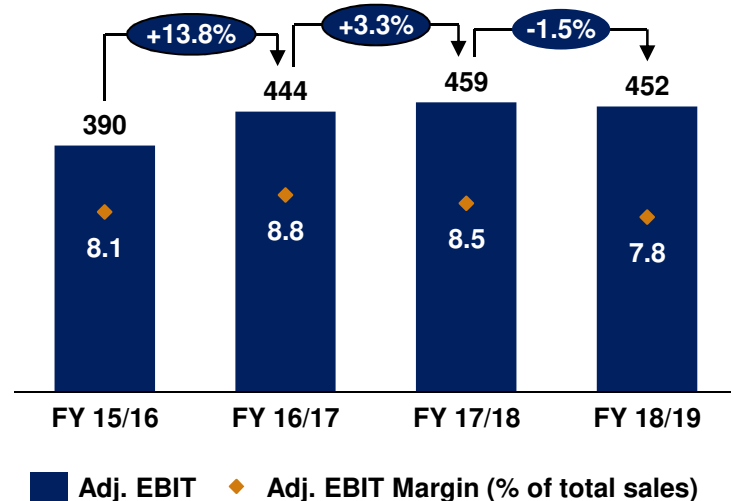
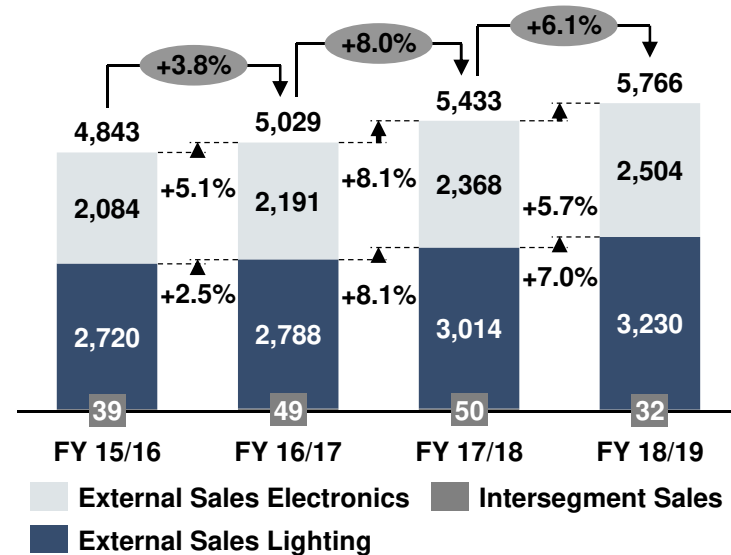
3) Adj. Free Cash Flow from operating activities / adj. EBIT

Highlights

- **Continuous investments** in customer-specific **equipment** and **capacity extensions**

Automotive segment with positive growth, profitability under pressure

Financial results FY 2018/19



Automotive Sales

■ Growth of 6.1% with production ramp-ups and high production volumes:

- Demand for energy management and driver assistance products
- Demand for innovative lighting products
- Demand driven by NSA and Europe

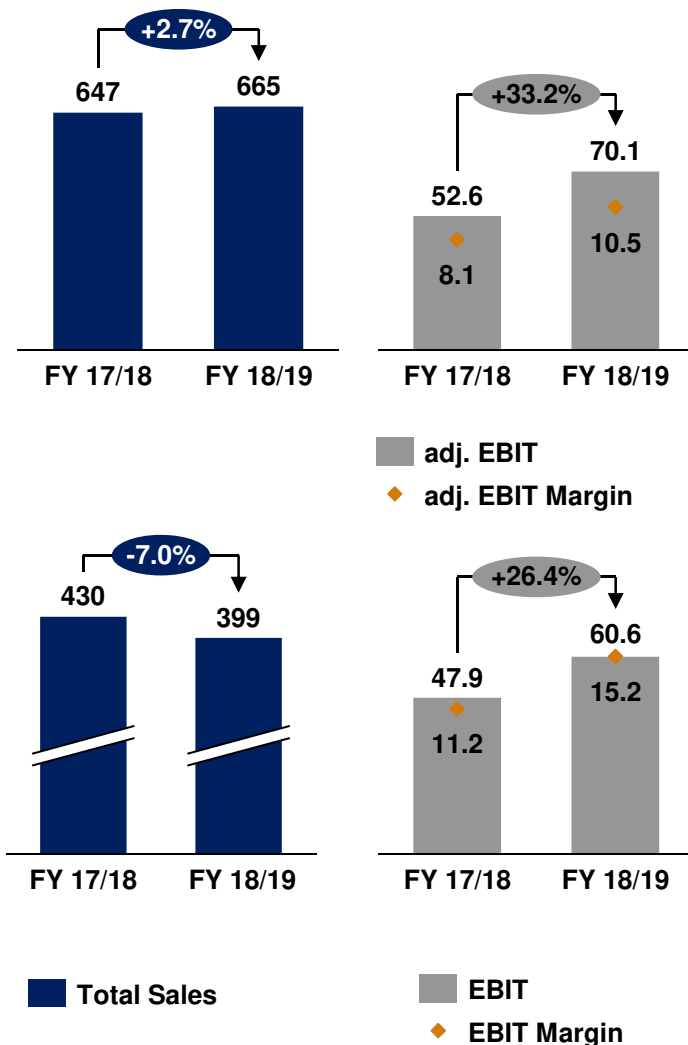
Automotive Profitability

■ Decrease of adj. EBIT by -1.5% to 452 mill. EUR, (margin -0.6pp) mainly:

- increase in Gross Profit (+3.0%), but higher raw material and personnel expenses could not be compensated due to slowing growth (GPM decreased by 0.7pp to 23.7%)
- increase in R&D (+6.9%) with accelerating industry change investments in the megatrends and booked business

Non Automotive segments with positive margin developments

Financial results FY 2018/19



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

Aftermarket*

- **Total sales growth (+2.7%)** due to **workshop business, positive IAM** demand dampened by weakness in EE
- **Strong increase in adj. EBIT margin by 2.4pp to 10.5%**
 - Growth in GPM by 1.8pp due to positive mix
 - Lower distribution ratio due to cost control and lower customer bonuses

Special Applications

- **Negative top-line development (-7.0%):**
 - increasing demand in **Construction, Agricultural** and other, but lower growth dynamics in H2 FY 18/19
 - **End of production in Australia** with negative impact especially on growth
- **Profitability up by 26.4%** (excluding Australia closing +7.3%), margin + 4.0pp to 15.2% (excl. Australia +0.6pp to 12.5%)
 - Underlying business with positive development

HELLA Investor Update FY 2018/19

Outline

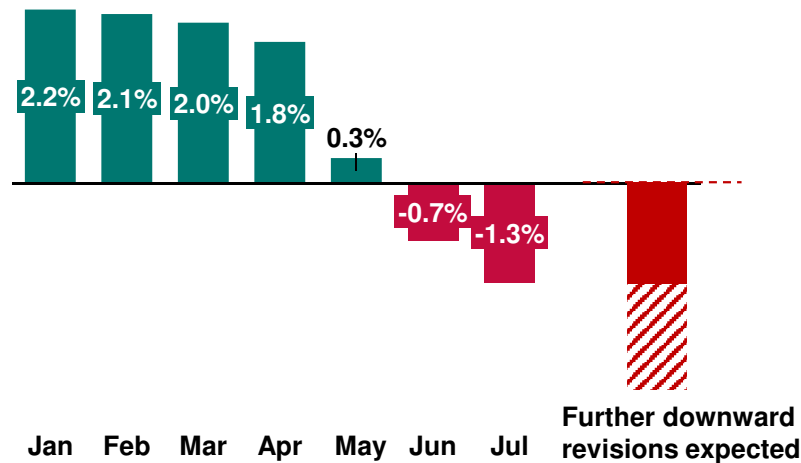
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Market outlook characterized by uncertainties and a continuous downward trend in predictions, HELLA assumes further revisions

Market Outlook

Unstable market environment

Global Light Vehicle Production
 Comparison of IHS LVP estimates
 Forecast for Fiscal Year 2019/20

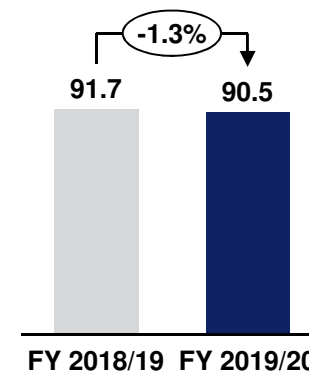


Jan Feb Mar Apr May Jun Jul Further downward revisions expected

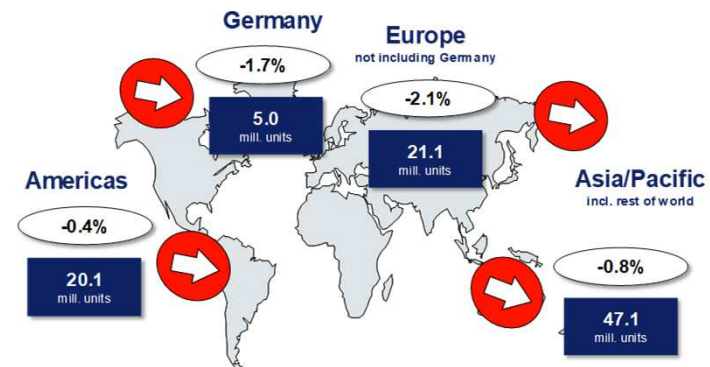
- **High uncertainties** in market environment
- Global **declining economic expectations**, especially **further demand decline** in **China**, no recovery in H2
- **Further high volatility**

IHS AS OF TODAY:

Development of Global Light Vehicle Production FY 2019/20, in mill. units



- **Decrease by 1.3%** to **90.5 mill. units** expected
- **Decline in production** especially in **Europe** and **Asia/Pacific**



Despite declining industry trend and further high uncertainties, HELLA still expects to outperform the market

Company Guidance

Against the backdrop of declining sector-specific framework and high insecurities HELLA is currently expecting the following for FY 2019/20:

**Currency and portfolio
adjusted sales**

- In the range from 6.5 billion to 7.0 billion EUR

**Adjusted EBIT margin
excluding restructuring
and portfolio effects**

- In the range from 6.5% to 7.5%

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Thanks for your attention

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