



Technology
with Vision

HELLA

ANNUAL REPORT 2012-2013



GLOBAL THINKING // Recognizing potential, seizing opportunities – those are the key components of the HELLA success strategy. Together with partners and customers, employees of the HELLA group have the courage not only to trust in the tried-and-tested but also to look to the future and tap into new markets – wherever those may be.



KEY PERFORMANCE INDICATORS

	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Sales (in € million)	4,999	4,810	4,371	3,550	3,285
CHANGE COMPARED TO LAST YEAR	4 %	10 %	23 %	8 %	-17 %
Earnings before interest, taxes and depreciation (EBITDA; in € million)	576	615	565	406	279
CHANGE COMPARED TO LAST YEAR	-6 %	9 %	39 %	46 %	-36 %
Earnings before interest and tax (EBIT; in € million)	299	346	268	146	49
CHANGE COMPARED TO LAST YEAR	-14 %	29 %	84 %	197 %	-79 %
Consolidated profit (in € million)	207	231	164	81	7
CHANGE COMPARED TO LAST YEAR	-10 %	41 %	102 %	1,072 %	-95 %
Cash flow from operating activities (in € million)	463	625	391	340	228
CHANGE COMPARED TO LAST YEAR	-26 %	60 %	15 %	49 %	-41 %
Capital expenditures (in € million)	541	422	356	240	289
CHANGE COMPARED TO LAST YEAR	28 %	19 %	49 %	-17 %	-7 %
Expenditures for research and development (R & D; in € million)	468	388	346	296	306
CHANGE COMPARED TO LAST YEAR	21 %	12 %	17 %	-3 %	-1 %
	May 31, 2013	May 31, 2012	May 31, 2011	May 31, 2010	May 31, 2009
Net debt (in € million)	415	299	415	289	314
CHANGE COMPARED TO LAST YEAR	39 %	-28 %	44 %	-8 %	52 %
Employees	29,030	27,348	25,171	22,852	22,847
CHANGE COMPARED TO LAST YEAR	6 %	9 %	10 %	0 %	-8 %
Return on equity	19.4 %	25.1 %	21.7 %	12.3 %	1.0 %
EBITDA margin	11.5 %	12.8 %	12.9 %	11.5 %	8.5 %
EBIT margin	6.0 %	7.2 %	6.1 %	4.1 %	1.5 %
Net debt EBITDA (share)	0.7 x	0.5 x	0.7 x	0.7 x	1.1 x
Equity ratio	30.8 %	32.1 %	31.5 %	28.0 %	26.9 %
Reinvestment ratio	196.0 %	157.7 %	123.2 %	92.8 %	126.1 %
R & D expenses in relation to sales	9.4 %	8.1 %	7.9 %	8.3 %	9.3 %

COMPANY PROFILE

HELLA is a globally established supplier of the automotive industry. The company develops, manufactures and distributes components and systems for lighting technology and electronics at over 100 locations in more than 35 countries. In addition, HELLA has one of the largest aftermarket organizations in Europe for automotive parts and accessories, with its own sales companies and partners around the world. The company also transforms automotive trends into fresh impetus, which HELLA also passes on to other target groups, such as shipbuilders, caravan manufacturers, local authorities and industrial customers.

The HELLA group generated sales of € 5.0 billion in the fiscal year 2012-2013, and is thus among the top 50 automotive suppliers in the world. Over 29,000 people throughout the world work for HELLA with a high level of commitment, over 5,600 in research and development alone. They shape the company with innovative ideas, cautious decisions and corporate responsibility.

HELLA

ANNUAL REPORT 2012 - 2013

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From left to right: Manfred Wennemer (Chairman of the Shareholders' Committee), Dr. Jürgen Behrend (Managing General Partner), Dr. Rolf Breidenbach (President and CEO) and Prof. Dr. Michael Hoffmann-Becking (Chairman of the Supervisory Board)

LADIES AND GENTLEMEN,

The HELLA group has continued its successful development in the past fiscal year 2012-2013 in spite of increasingly demanding general conditions. With a growth of 4 %, the company achieved sales of €5.0 billion for the first time and, in doing so, obtained earnings (EBIT) of €299 million. This rise in sales is to be attributed principally to an attractive and innovative product portfolio as well as the outstanding position of the company in international growth markets.

The strong presence of HELLA in Asia and North America made it possible to offset the decline in demand in the European vehicle markets. With a growth in sales of 16 % in China and 19 % in North and South America, the two growth regions made a significant contribution to this development. Today, HELLA already generates around 47 % of its end customer sales outside of Europe with a further increasing tendency in the next few years. The German locations within the international network assume a key role as global management, innovation and technology centers for the further development of the HELLA group.

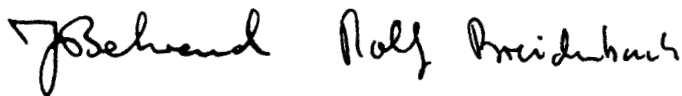
The ability to innovate and technological leadership in global competition form the support pillars of the company's success and these were also further reinforced in the 2012-2013 fiscal year. Within the R&D services framework, HELLA invested around €470 million or 9 % of sales in new products, technologies and the expansion of the international development network. This financial commitment increases performance, particularly in the Automotive segment, even in the growth markets by means of 'local-for-local' developments.

Investment in our competitiveness and the expansion of the global network on one hand and a continued challenging market environment in Europe on the other will also present significant challenges for HELLA in the new fiscal year. With a focus based on good operational performance, an attractive product portfolio, durable customer relationships as well as a strong financial position, we will continue on this course in 2013-2014.

By placing a second corporate bond of over € 500 million until 2020, we have been able to further strengthen our financial and balance sheet structure on a long-term basis and create room for maneuver for future corporate development. Available liquidity rose to around € 685 million, constituting solid coverage even with regard to risk. In January 2013, the rating agency Moody's ultimately confirmed the investment grade rating with the credit rating Baa2 and a stable outlook.

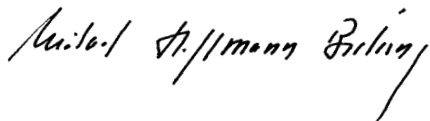
We would like to thank our employees throughout the world for their huge commitment to their daily work and high level of motivation for countless new developments, demanding product launches and intensive efforts towards internationalization. Our thanks are also extended to our customers, business partners and suppliers for the trust placed in us and the successful cooperation in the past fiscal year. In future we will continue to do everything in our power to ensure that we are a reliable and strong partner for you.

Lippstadt, September 2013




Dr. Jürgen Behrend

Dr. Rolf Breidenbach

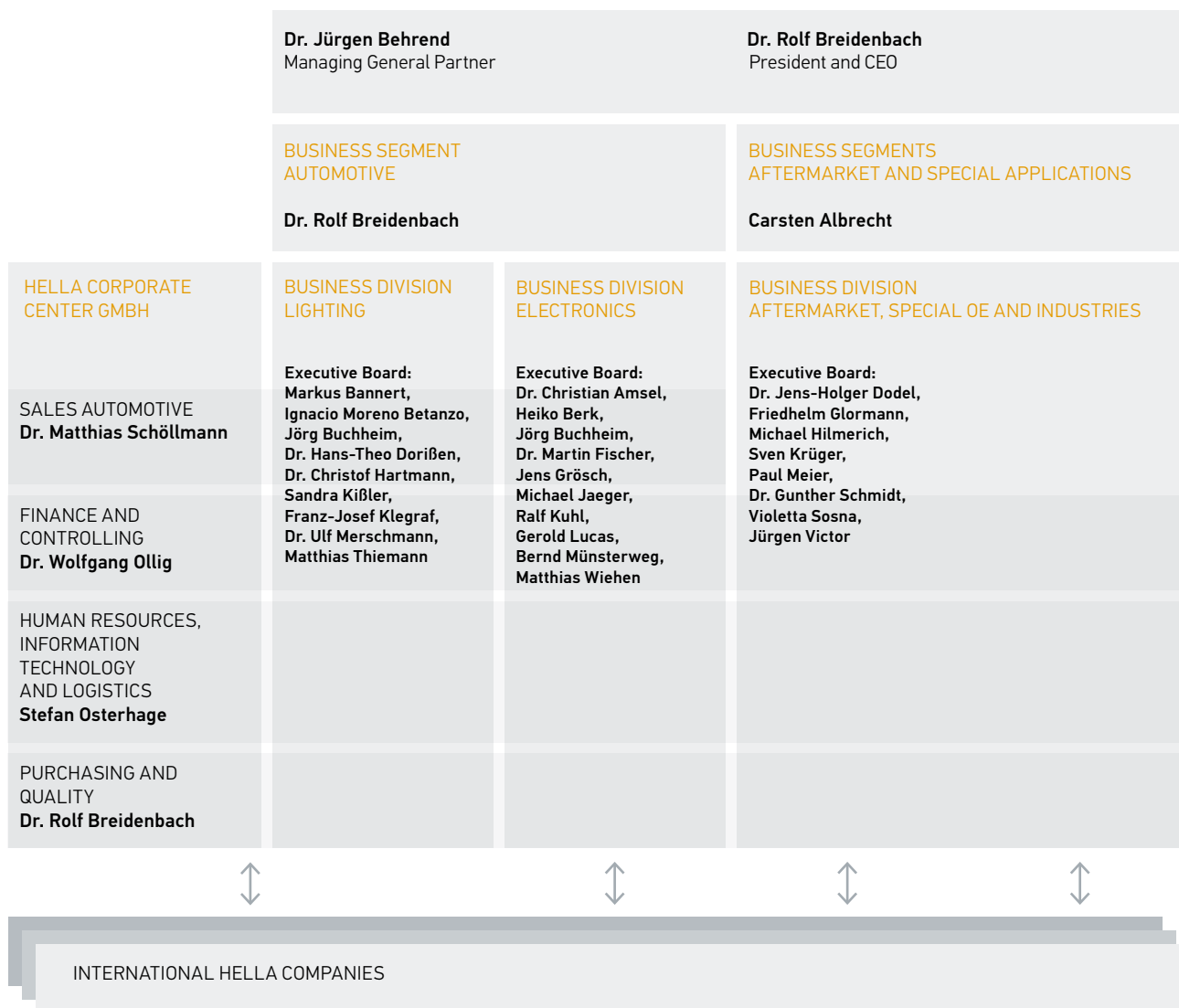


Prof. Dr. Michael Hoffmann-Becking



Manfred Wennemer

HELLA KGaA HUECK & CO.

**General Partners:**

Dr. Jürgen Behrend, HELLA Geschäftsführungsgesellschaft mbH, HELLA Beteiligungsgesellschaft mbH & Co. KG

Management Board of HELLA Geschäftsführungsgesellschaft mbH:

Dr. Rolf Breidenbach (CEO), Carsten Albrecht, Dr. Wolfgang Ollig, Stefan Osterhage, Dr. Matthias Schöllmann

Chairman of the Supervisory Board:

Prof. Dr. Michael Hoffmann-Becking

Shareholders' Committee:

Manfred Wennemer (Chairman), Dr. Jürgen Behrend, Roland Hammerstein, Dr. Dietrich Hueck, Dr. Gerd Kleinert, Klaus Kühn





THE MANAGEMENT BOARD OF HELLA KGAA HUECK & CO.

From left to right: Stefan Osterhage, Dr. Matthias Schöllmann, Dr. Rolf Breidenbach,
Dr. Jürgen Behrend, Dr. Wolfgang Ollig, Carsten Albrecht

GLOBAL THINKING



INTERNATIONALIZATION is nothing new for HELLA. As far back as the 1960s, the Lippstadt company began its expansion into all four corners of the earth. Today such international operations are, more than ever, firmly anchored in the corporate strategy. Nevertheless, the German locations still possess a special significance as centers of supervision and competence – both in the group’s own network and also on the global automotive markets – as Dr. Jürgen Behrend fervently emphasizes.





GLOBAL THINKING

In recent years HELLA has undergone a dramatic metamorphosis. It has become a global player. The company boasts a well-balanced product portfolio and is able to bring to bear its strengths throughout all the vital growth regions across the globe. In this interview Dr. Jürgen Behrend describes the long-term strategy and its fundamental success factors: entrepreneurship of the international business units, collaboration with German and international automotive suppliers and a professional planning and controlling system as the bedrock for a style of corporate management capable of a sustained balancing act between opportunities and risks.

Dr. Behrend, the automobile industry is becoming increasingly global – and so is HELLA. Do you see yourself as a pacemaker or just someone who has jumped on the bandwagon?

We launched the internationalization of the company decades ago, initially to accompany and support our customers when they set up new factories abroad. This was the backcloth to our very first foreign factory that was established in Australia way back in 1961. The following years witnessed the anchoring of two strategic aims in our company, both to the same degree, namely the promoting of an international presence on location exactly where our customers operate and also the entrenching of our international competitiveness. Today sees us fuelling the expansion of our international network as never before.

What were the crucial watersheds, the real impetus that made the company take the global road?

It was very early on in the proceedings that we began delving into the question of how significant the con-

cept of internationalization would be for the automobile industry. Momentous impulses in this development included the liberalization of the West European internal market and the opening up of Eastern Europe in the wake of the fall of the Iron Curtain. Both these events led to an incredibly rapid ramping up of European competition in the automobile industry. And this rang true for car producers and their suppliers alike. A further factor in the equation is the way in which global competition was decisively boosted by the resounding success of the Far East car producers, who were taking their first steps into the international automotive market: the newcomers were the Japanese, followed by the Koreans and then the representatives of the Chinese automobile world. Today in China we are experiencing the unfolding of a gigantic automobile industry, which means we are witnessing the growth of an enormous market. HELLA has to be present there with the same strength as the other protagonists. This is all the more relevant now as it is only a matter of a few

years before China will be setting its sights on the world markets.

Do you see a limit to what is achievable for HELLA in terms of international growth?

There are two variables that can be viewed as limiting factors. Firstly it is imperative to recruit a sufficient number of new staff. We are only able to take on as many projects as the strength of our workforce allows, i.e. we need a certain amount of skilled workers, specialists and members of staff who are prepared to move abroad and function as trailblazers by actively taking part in establishing new HELLA locations in foreign lands. In short, we need pioneers. Secondly, we have the financial aspect: many businesses jeopardize their existence by overstretching their financial scope with investments in development and production locations. It is of the utmost importance for HELLA, as an independent, family-run business, to orient itself towards and then adhere to sound financial guidelines and parameters, and this in the long term.



"It is important that we are always able to fulfill the expectations of our customers as regards our presence with development and production on the international markets." Dr. Jürgen Behrend, Managing General Partner of HELLA

Why would you want to limit the company's growth in any way when business trends at the moment are very satisfying?

In the meantime we have access to almost every instrument of the capital market. But for us, as a family-run enterprise, making sure that we are always able to repay and refinance, also in difficult times, is of paramount importance. In the previous fiscal year and now in the current one, we have always gone to the definitive upper limits of our investments as regards the development of new locations in Europe, North America and China. From the fiscal year 2014-2015 onwards, there will be a phase of consolidation. In this way we shall be able to prevent any overstretching of our financial resources. Such a change

from a period of expansion of our activities to a subsequent phase of entrenchment always proved itself in the past to be the right course of action. It is safe to say that it is a key factor in the way that we have been successful in maintaining our independence right up to the present. Therefore on the basis of this growth strategy, which has always been oriented towards sustainable financial stability, we will also continue to fulfill the expectations of our customers when it comes to HELLA's presence on the international markets.

What role will be played by Lippstadt, as the company's Head Office, in the course of future internationalization?

Twenty years ago I would have answered that question like this: we are

a German supplier with a few locations abroad. Today I can say we are a global enterprise boasting a veritable international footprint, with the Germany locations still playing a central role in our business operations. Germany was and still is the basis for our core competencies, which are indispensable for the expansion of our global network, even though the technological competence of our international locations is developing at an astonishing speed. The other side of the coin is, of course, this: if HELLA's presence today were more or less restricted to Germany and Europe, the company would have no future in the global automotive industry. Our clients all around the world would not view us any longer as a suitable partner. That has no bearing whatsoever on the fact that Lippstadt

»Instead of allowing the company to turn into a big lumbering tanker, we have streamlined HELLA into a fleet of many, independently-operating speed boats. The management and team of every business unit are permanently in the position of being able to navigate directly to their customers within the worldwide HELLA network.«

DR. JÜRGEN BEHREND

is the headquarters of the worldwide HELLA network and will remain so. Our company's Head Office, carrying out its global supervisory role, is now set to develop uncompromisingly into a hub of innovation.

Was that farsighted planning or rather a development precipitated by external influences?

At the end of the 80s and the beginning of the 90s, all indications pointed to the automobile industry becoming increasingly international. We therefore consciously shifted our company towards the concept of HELLA International as our strategic guiding principle: self-reliance and decentralization of autonomous business units throughout a worldwide network. Vying with the competition at an international level became the huge challenge that defined the mind-set and the actions of HELLA International.

So how do you wish to handle the international markets in future?

We intend to follow the same course that has determined our development over the last two decades. We can either extend our international presence independently – or we can look for suitable partners locally. This notion is also one that can be traced back to the thinking of the 90s. At that time as a result of the ever-tougher competition, the ensuing process of concentration of manufacturers and suppliers seemed to leave only two options open: consoli-

date or be consolidated. For HELLA the taking of an active role in this process did not come into the equation if only for financial reasons. It was our endeavor to maintain the independence of the HELLA family business that constituted our main concern. Our very own strategic answer to this whole question can be summed up by the slogan, "Cooperation instead of concentration", a motto that has formed the bedrock of our present international network, an organization of more than a dozen partners with a current turnover of €2 billion.

Do the clients regard such cooperations as full-blown partnerships?

Yes. Because, thanks to technological synergies and the collective expansion of an international presence for our clients, this network comprises partnerships which can offer greater advantages than any partner could provide, were he acting alone. And in all this, an important aspect is that our joint ventures can decide on issues autonomously and consequently are able to act swiftly and flexibly.

Would you like to see more cooperations being set up?

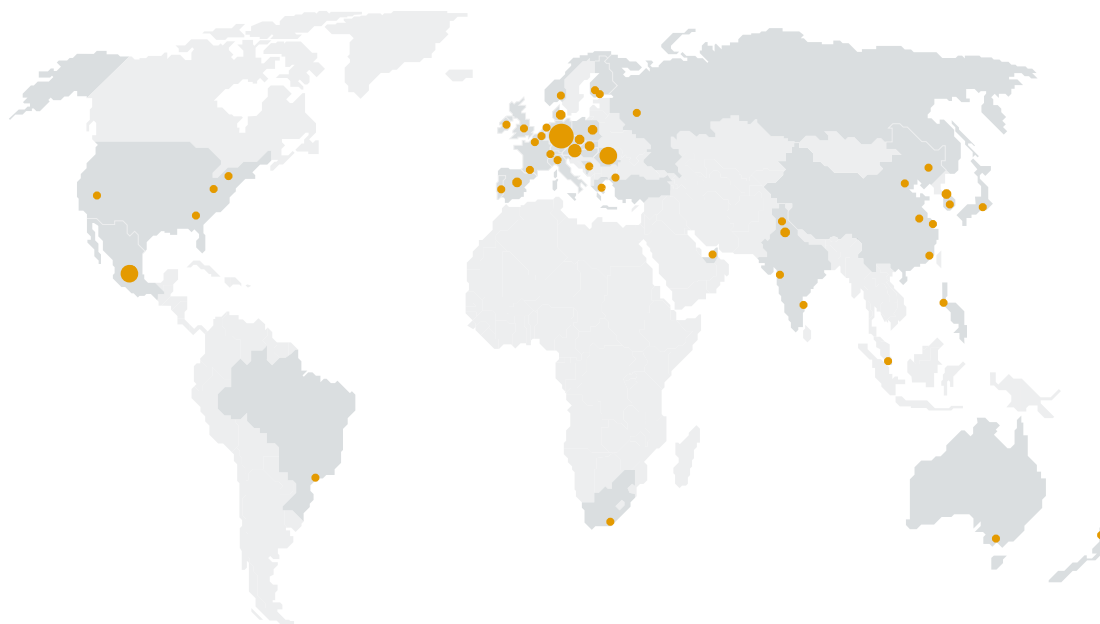
In China we have had our own companies in the fields of Lighting and Electronics for the last 20 years and we specifically aim to continue expanding there. Against such a backdrop, cooperation with the large Chinese automobile groups and their supplier

networks is of particular importance. Last year saw us founding our first significant joint venture in that region. We are on the verge of establishing a second such partnership very soon and we can imagine a third one materializing in the medium term. As is the case for all HELLA international locations, whether they are independent setups or joint venture activities, the golden rule is that not only do we have to revamp our production capacity but also the all-important development capacity. Whether it's in China, India, America or Europe, it is essential that we recruit and train hundreds of developers for our international development centers. We have to do this now and throughout the coming years. We are making good headway with this task and have already established top-flight development centers at our new locations. And these are now being recognized and esteemed as partners by our clients and customers.

You are growing internationally and creating options in foreign countries. But you cannot be sure if these options will bear fruit. How many risks can HELLA take?

We have to analyze the ongoing developments in the structures of the international automotive industry permanently and then assess all requirements and consequences relating to our situation. A precise grasp of these industrial structures, within which we operate, is the essential prerequisite and indeed

HELLA LOCATIONS THROUGHOUT THE WORLD



The HELLA group develops, manufactures and distributes its products at more than 100 locations in over 35 countries worldwide. This global orientation gives HELLA the flexibility necessary to react to individual customer wishes or market fluctuations at any time.

the basis for our corporate decision-taking, especially when opportunities and risks are on the radar. HELLA has to comprehend the strategies and requirements of the major car manufacturers just as it has to understand the needs of producers of agricultural machinery, of construction site equipment or of caravans. The same applies to the providing of spare parts and accessories for the independent spare parts aftermarket. The expectations and wishes of our customers and also all manner of competition, to which we are exposed, always take on a different guise for a company as diversified as HELLA; it all depends on the various lines of business and the individual markets in which we move.

After you have gained a good insight into the market, what are the measures to be then taken?

That is the point when we come to the actual strategy of our company: a good strategy is hallmarked by the way in which a competitive edge can be devel-

oped by successfully standing out from the crowd or even by creating unique selling points. Such a distinction providing advantages for our clients, as opposed to what the competitors have on offer, can manifest itself as the superb capacity for producing innovative products and processes. Our cooperation strategy also comprises a good example of setting ourselves apart from the rest of the field. And yet another possibility, which has been in operation for decades, is the diversification of our enterprise with regard to partnerships as a supplier not only for the big car manufacturers but also for the producers of special vehicles and also as a provider of spare parts and accessories for the independent spare parts aftermarket.

The advent of globalization has meant that the handling of risks is now considerably more complex. How have you adjusted to this new situation?

We have gradually extended the basis of corporate self-responsibility while

at the same time strengthening and intensifying the financial steering of our company by means of transparent and effective planning and controlling instruments. Autonomously-structured business units, enjoying decentralized responsibility, operate under the same umbrella of strategic and financial guidelines, a code of conduct set up by the HELLA group and binding for all units. Instead of allowing the company to turn into a big lumbering tanker, we have streamlined HELLA into a fleet of many, independently-operating speed boats. The management and team of every business unit are permanently in the position of being able to navigate directly to their customers within the worldwide HELLA network. And our common strategic guidelines throughout the group ensure that all the "Corporate Ships" are heading out to sea on the same course.



// 01 HELLA Group

IN THE NETWORK



ROOTED IN GERMANY with a global presence: HELLA is true to its roots and international at the same time. The headquarters in Lippstadt are the center of HELLA's activities; here all the strands from around the world come together – a fact that is most obviously reflected in the purchase of materials, goods and services.



Figures sometimes tell stories. As a great deal revolves around figures in a typical day's work for Dr. Michaela Schäfer, they provide a suitable starting point for describing what the Head of Global Purchasing at HELLA does: since 2006, the company's worldwide purchasing volume has almost doubled. HELLA spent €2.8 billion on production materials, capital goods and services in 2012. "The responsibilities in purchasing have become more extensive and more complex," says Michaela Schäfer. The 39-year old and her team are responsible for where, how, from whom and at what price everything is bought at HELLA, and who uses it for what purpose: machines for production, components and parts, such as cables, PCBs and LEDs, together with numerous services – the whole range from currently 5,300 suppliers.

320 employees around the globe – 185 of them based in Lippstadt – manage this gigantic network. They watch over costs and quality like hawks. "The focus of our purchasing used to be in Germany," says Michaela Schäfer. "Today, we spend more than half of our purchasing volume at international locations – the trend toward globalization continues."

CONSTANT INTERACTION

With the company's headquarters based in Lippstadt, North Rhine-Westphalia, HELLA's home is Germany. As many customers are expanding beyond borders, it is becoming increasingly important to be internationally oriented. For automobile manufacturers, markets outside Europe are more and more relevant, and HELLA needs to have a presence in the respective country to satisfy local demand. "That requires capable and reliable suppliers," says Michaela Schäfer. "The price is only one of the many aspects involved. It is crucial that the product quality and adherence to delivery dates add up – and continue to do so over several years."

In order for that to work perfectly, the company's headquarters and local subsidiaries stay in permanent contact with each other to coordinate their actions precisely. The purchasing volume for global negotiations is concentrated in Lippstadt where the employees analyze future trends: what markets will become important, which technologies are on the horizon, what could they mean for HELLA? At the same time, specific questions and facts come from Mexico, China and Brazil: what customers expect, which local developments are pointing the way forward, which suppliers are recommended.

In order for the interaction to work perfectly, Michaela Schäfer has formed "competence teams". They consist of experts in Lippstadt – the material group managers – and employees at the worldwide locations. The teams are divided by material groups. The team for "cable groups", for example, is responsible for cables and contact systems for a wide range of interfaces, whereas in the "LED team" everything revolves around printed circuit boards and energy-efficient light emitting diodes.

INTELLIGENT NETWORKS

To organize purchasing even more efficiently, employees compare notes face to face. Once or twice a year, the purchasers meet in Lippstadt to visit

»Today, we spend more than half of our purchasing volume at international locations – the trend toward globalization continues.«

DR. MICHAELA SCHÄFER, HEAD
OF GLOBAL PURCHASING

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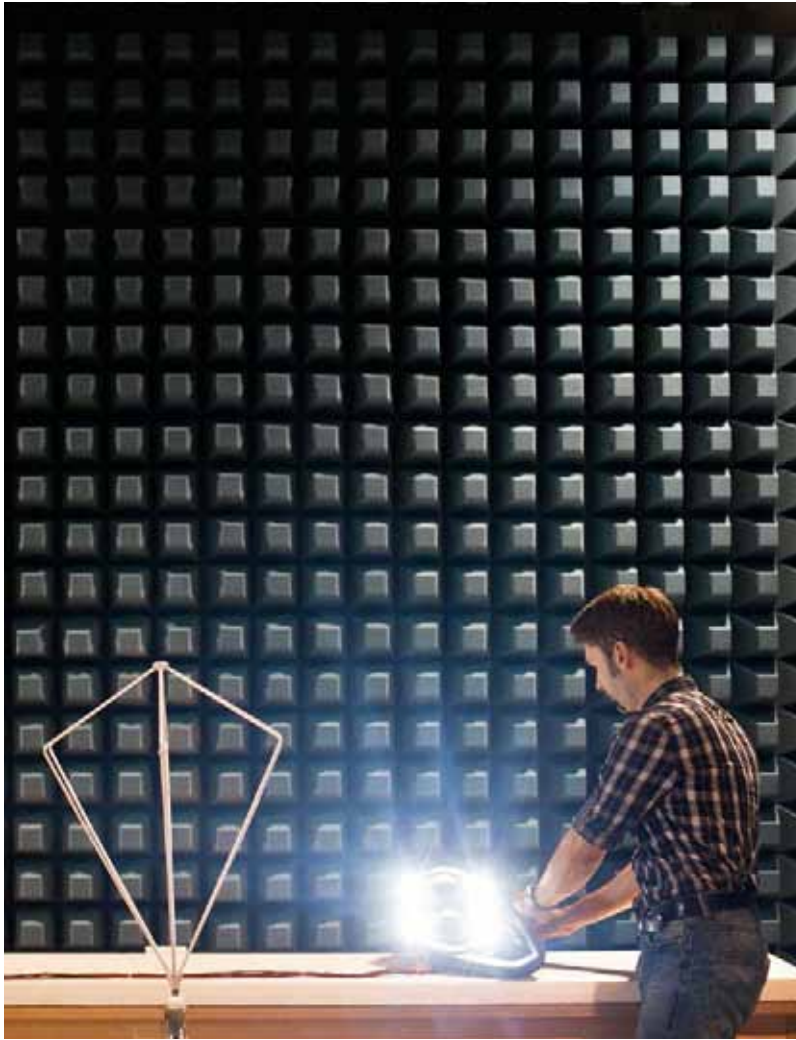


// 04



LIPPSTADT

01 // Michaela Schäfer relies on continual communication between the group's headquarters and local representations in Hella's global purchasing. 02 // She compares purchasing with a dynamic entity in which information leads to reciprocal changes. 03 // The motto is: Global strategies from Lippstadt to the world. 04 // The locations carry specific developments on the markets, trends and customer wishes back to Germany.



In the laboratory, headlamps are examined for electromagnetic compatibility in order to exclude any potential reciprocal effects with other vehicle components.

German suppliers and to complete training sessions. In addition to this, the material group managers travel several times a year to selected markets, visit suppliers with local purchasers, and assess and discuss current and planned projects. "This enables us to build a type of intelligent network for purchasing," says Michaela Schäfer. Do the group headquarters function as the brain in this system? "Lippstadt does happen to be our oldest location and the one with the greatest amount of know-how. Research and development are particularly deeply rooted here," says the Chief Purchaser. "When the technologies of tomorrow are involved, this is clearly where the pulse beats the strongest." Yet, she prefers the image of a neuronal network in which intelligence is distributed globally. "The international locations are definitely not only executive organs that implement what has been devised in Lippstadt," she emphasizes. "Our purchasing network is a very dynamic structure in which information always leads to mutual changes."

INNOVATION AND INTERNATIONALITY DRIVING LONG-TERM SUCCESS

The HELLA group succeeded in increasing sales by 4 % to €5.0 billion in the 2012-2013 fiscal year, largely thanks to the introduction of cutting-edge products and specific customer solutions in the Automotive segment. A bigger portfolio and new LED applications in the Aftermarket and Special Applications segments gave rise to added growth. A rise in R&D expenditure to 9 % of consolidated sales, coupled with additional investment in expanding the group's global technology and production centers, saw HELLA's operating result (EBIT) close at around €299 million in the year under review.

LEADING-EDGE TECHNOLOGY IN KEY AUTOMOTIVE TRENDS

HELLA KGaA Hueck & Co. is an international automotive supplier operating from more than 100 sites in excess of 35 countries. Around 29,000 employees worldwide are committed to developing, manufacturing and marketing innovative lighting and electronics technologies that aim to make vehicles safer, greener and more comfortable, both now and in the future. The result is outstanding innovative strength. In 2012-2013, for example, HELLA went ahead with the series production of the next generation of full-LED headlamps while marketing innovative electric power-steering products and driver assistance systems

with added functionality. HELLA is therefore a technological leader in all the key trends of the automotive industry, namely safety, sustainability and comfort. In order to sustain its technological leadership going forward, the company further increased its research and development expenditure in the reporting period to 9 % of consolidated sales, while also further expanding its R&D workforce. On the balance sheet date, a total of 5,600 employees were working on innovative products in the global research and development network, products which, thanks to the high degree of localization, are tailored precisely to the individual wishes of the customer, as well as to market requirements.

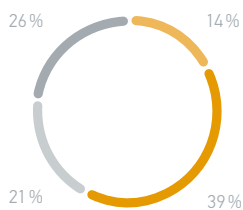


Open semiconductor processing is one of the steps in the production process of electric power steering (EPS).

AN INTERNATIONAL MIND-SET ALONGSIDE LOCAL ENTREPRENEURIAL EXPERTISE

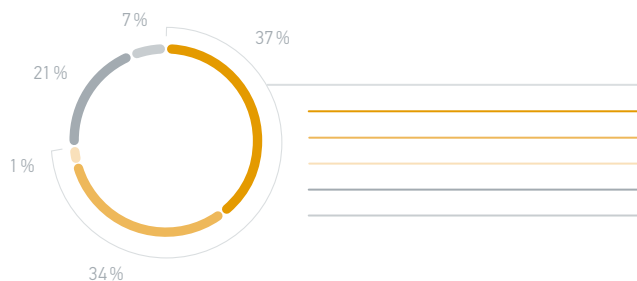
In light of the increasing globalization of the automotive industry, HELLA is continuously expanding its global network. Even today, the company generates a good 47 % of its sales outside Europe and this figure is set to rise further in the years to come. For this reason, in the 2012-2013 fiscal year, new sites were opened in Timisoara/Romania, Irapuato/Mexico and Xiamen/China. What is more, this

period saw numerous previously erected facilities commence productive operation. In this context, it is crucial to note that HELLA is not only establishing local production and development facilities, but is also constructing regional administrative centers that are able to operate autonomously, subject to the HELLA group's strategic guidelines. And the construction of a brand-new development center at the Lipstadt/Germany site is a token of the importance HELLA attaches to the company's headquarters as a key global production facility for advanced products and pro-



REGIONAL MARKET COVERAGE BY END CUSTOMERS FY 2012-2013

- Germany € 690 million
- Rest of Europe € 1,942 million
- North and South America € 1,071 million
- Asia/Pacific/RoW € 1,296 million



SALES TO THIRD PARTIES ACCORDING TO BUSINESS ACTIVITY – FY 2012-2013

Automotive	€3,591 million
– Lighting	€1,846 million
– Electronics	€1,700 million
– Miscellaneous	€45 million
Aftermarket	€1,068 million
Special Applications	€340 million

cesses. Indeed, in the future, the German sites are set to play an even more important role as global technology and management centers. Against this backdrop, special accolades included the award presented to the sensor systems lead plant in Bremen/Germany in recognition of its particularly lean production standards, and the increase in productivity recorded by the Hamm/Germany plant when manufacturing cutting-edge electrical power-steering systems.

GLOBAL VALUES CREATE AN INTERNATIONAL CORPORATE CULTURE

HELLA's universal corporate culture is the cornerstone on which growth of the international network is structured. The essence of this culture has seven fundamental values, namely entrepreneurial accountability, cooperation, sustainability, outstanding performance, innovation, integrity and exemplary behavior by each and every member of staff. These values are practiced every day at all HELLA locations and are the basis for successful international

communication and cooperation. A common understanding of cohesion and joint success, combined with performance-oriented professionalism and a good social interaction, connect employees the world over. This approach is key to helping HELLA achieve healthy and successful long-standing growth, along with an authentic awareness of values and superior performance.

DIVERSIFICATION GUARANTEES SUSTAINED BUSINESS SUCCESS

The HELLA group's business activities are bundled in the segments Automotive, Aftermarket and Special Applications. In the Automotive segment, HELLA supplies automobile manufacturers and other suppliers with innovative systems for the front, rear, and interior lighting of vehicles, and also develops light-based driver assistance systems; it has an extensive portfolio of intelligent electronic systems which can, for example, reduce the fuel consumption and the CO₂ emissions of vehicles.

In addition, in the Aftermarket segment, HELLA possesses one of Europe's largest trade organizations for spare parts, accessories, diagnostics systems and services. Above all, garages and wholesalers are among HELLA's main customers in this field of business. Besides a comprehensive range of spare and body parts, as well as diagnostic and garage equipment, the company also offers a professional technical service and sales support.

That the industry cycles of these two segments counter-rotate gives rise to attractive growth opportunities for HELLA, and also enhances the company's risk profile. As automobile sales and, thus, HELLA's Automotive segment typically grow when the economy is flourishing, the Aftermarket is an added bonus at times when consumers are tending to repair their vehicles rather than buy new ones.

Combining the technological know-how of the automotive OEM industry with the established sales structures of the Aftermarket segment, the Special Applications segment is also largely immune to fluctuations in the automotive industry. In the Special Applications segment, HELLA devel-

ops and produces innovative products based on energy-efficient LED technology and high-precision electronics for manufacturers of special-purpose vehicles such as buses, boats and agricultural machinery, as well as for industrial clients. In particular, the transfer of tried-and-tested automotive technology to novel fields of application generated gratifying growth in the 2012-2013 fiscal year.

SOLID FINANCIAL BASE REINFORCED

The successful operating result posted by HELLA in the 2012-2013 fiscal year enabled the company to further optimize its robust, long-term financial structure. In order to further strengthen its financial base, HELLA successfully issued a corporate bond in January 2013 worth €500 million with a term to maturity of seven years. This gives the company additional scope for future development. On the balance sheet date, the group's equity ratio remained at a persistently high level of 31 %, with liquidity of €685 million. The rating agency Moody's sees HELLA as an investment-grade company with a Baa2 rating and a stable outlook.

OUTLOOK

// Further globalization of development, production and sales activities in the Automotive segment

// Increasing adaptation of products to local market needs

// Monitoring of growth prospects in all the company's business segments



The threads of the international HELLA network run together in Lippstadt/Germany. Every year a great number of employees from all over the world come to the group headquarters to take part in meetings and training sessions, consult on projects and develop strategies.

// 02 Automotive/Lighting

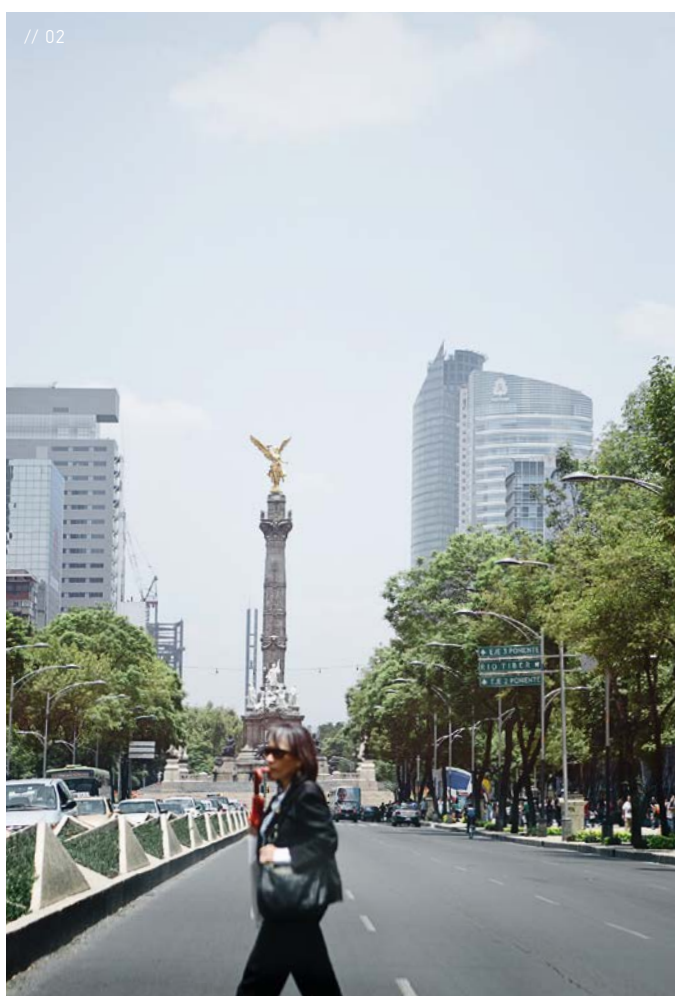
ON THE UPSWING



MEXICO'S economy is increasingly gaining in importance. The automobile sector in particular is booming. In 2012, almost three million vehicles rolled off the production line, thus positioning the country as Latin America's largest automobile location. With a new plant, HELLA Automotive Mexico S.A. is reacting to the rising demand for lighting products.







MEXIKO CITY

01 // Mexico's automotive industry is booming and HELLA is following in its wake. Most recently in June 2013 with a new plant in Irapuato. 02 // In 2017, the country intends to produce 4 million cars. At the moment this figure stands at almost 3 million. 03 // Ignacio Moreno sees the further training of his employees as the key to long-term growth. 04 // This could also lead to headlamps being built with LED functions in future. At the moment, it is primarily halogen and xenon headlamps which are being produced.

The production lines are rolling: 1.2 million headlamps and 2.4 million rear lamps will leave the production halls of the new plant in Irapuato annually, a city with 530,000 inhabitants in western Mexico. HELLA commenced operations at the 24,000 square meter production facility in 2013 after ten months of construction and an investment of more than € 100 million. "We want to expand Mexico as a focal point of production in North and South America so we can become as independent as possible," says Ignacio Moreno. In his office, three and a half hours by car from Mexico City, he points to an organizational chart. "What we are working on at the moment is ensuring that our employees have command over the entire range of know-how from acquisition to development and through to production. Then we can really serve all the links in the value-added chain locally and gain a large competitive advantage," explains the 53-year old member of the Executive Board Lighting, who is responsible for business in North and South America. Together with the Electronics and Aftermarket departments, HELLA, with 3,400 employees, has annual sales of € 550 million in this area.

SUCCESSFUL TEAM WORK

The earnings were not always so impressive. Ignacio Moreno has gone through some turbulent times. "In the mid-2000s vehicle lighting was deep in the red throughout Latin America," he explains. "In 2010, however, we managed to turn the tide. Since 2006, we have already doubled the turnover of € 100 million at that time. This was a great achievement by our team and would not have been possible without the support from the entire group." At that time, HELLA had, what the manager, who has been working in the automobile industry for 20 years, calls a "cost and price problem" on the enormous market. "Part of the success concept was to transfer production to Mexico where labor costs are considerably lower," says Moreno. In addition, many automobile manufacturers from Asia, Europe and the USA are located here. Mexico manufactures almost three million cars annually and this is expected to reach approx. four million by 2017. "In addition, we have also won back customer confidence and are once more part of the fixed supplier base of all the companies," says the economist, who also holds an MBA in Finance. He currently regards HELLA as the market leader for front headlamps with a 35% market share in Mexico.

GROUPWIDE STANDARD IN PRODUCTION

The new plant in Irapuato corresponds to the highest demands and is now considered throughout the group as a standard in terms of factory organization, the technologies used, and the quality of its products and processes. "We practice lean manufacturing: the route to the customer has been optimized down to the last detail." The response of the customers has been gratifying: "90% of our capacity is already booked up to 2016-2017," says Moreno and predicts: "Our sales of lighting products will rise to € 350 million as soon as 2015-2016."

TRAINING FOR EVERYONE

The range of customers worldwide is enormous. "Europe currently needs the most sophisticated products. Car drivers in South America do not have such high expectations yet, their main concern is that what they buy is practical

»90% of our capacity is already booked up to the business year 2016-2017.«

IGNACIO MORENO, HEAD OF THE BUSINESS DIVISION LIGHTING FOR NORTH AND SOUTH AMERICA



Visual quality checks on a headlamp cover frame before further processing.

and economical,” is how Moreno describes the differences. Staff training is therefore essential. Skilled workers are sometimes trained for up to three months because of the complexity of the products. Engineers work for four to six months in Lippstadt so that they can then pass on the knowledge they acquire when they return to Mexico. “The only way to keep optimizing our quality and cost structure is with a well-trained team,” says Ignacio Moreno. To him it is not only growth that is important, but also further technological development: “If we gather knowledge at the speed that we have up to now, we will be able to design and produce headlamps in the region, completely based on LED technology in the near future.” That would once again put HELLA on a new rung of the ladder of success in North and South America.

FURTHER MARKET PENETRATION WITH LED TECHNOLOGY

In the 2012-2013 fiscal year, sales in the Lighting segment remained stable at € 1.9 billion. A decisive factor in this development was the ongoing industrialization of the LED megatrend in front, rear and interior automobile lighting systems. With its innovative lighting systems, HELLA succeeded in launching pioneering trends in all vehicle segments and grew substantially in, above all, North and South America and in Asia.

LED TECHNOLOGY: NO LONGER AN OPTIONAL EXTRA, BUT STANDARD EQUIPMENT

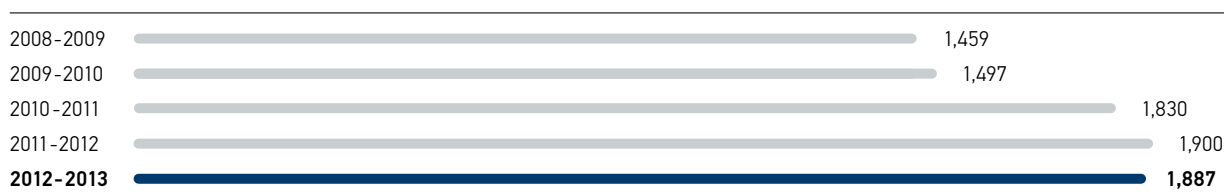
In the fiscal year under review, interest in innovative LED-based headlamps showed further growth across all vehicle segments and consumer groups. Particularly gratifying was the launch of series production of an upper mid-range car with LED headlamps in all its model variants. From LED low-beam headlamps in the basic model to glare-free high-beam LED lamps as an extra, this vehicle offers innovative and safety-enhancing technology for every customer requirement. As a technology leader, HELLA's long-term strategy is to establish LED products in all vehicle segments, irrespective of model.

The year under review saw HELLA implement cutting-edge solutions in the field of rear lighting, too. For example, for the "lifestyle cabriolet" of a German auto manufacturer, HELLA devised an LED-based rear lamp that is fully integrated in the trunk lid and which features semi-opaque lenses. Another optically appealing rear lighting system was presented at the Geneva Motor Show in March 2013 where, for the first time, HELLA presented a light signature with a three-dimensional mirror-tunnel effect for use in the compact van of a French manufacturer.

NEW REQUIREMENTS IN THE FIELD OF HEADLAMP DEVELOPMENT

HELLA has already launched series production of numerous products featuring innovative LED technology. They

SALES INCLUDING INTER-SEGMENT ACTIVITIES (IN € MILLION) – LIGHTING



include various full-LED headlamps and rear lamps, as well as elaborate interior lighting solutions. In order to establish LED technology competitively in high-volume markets, HELLA is developing cost-optimized lighting solutions which, while offering comparable performance to those in the upper vehicle segments, are simpler in terms of construction and design.

Rather than the need to optimize semiconductor components for use in lighting solutions, the current challenge is to devise concepts that support the standardization of the individual components or process stages of an LED headlamp. Moreover, increasing complexity means that the demands placed on system engineers are also on the rise. For this reason, in the year under review, HELLA began implementing an organizational structure oriented towards an opto-mechatronic development process, which emphasizes interdisciplinary cooperation when developing technical solutions.

RESEARCH AND DEVELOPMENT: SAFEGUARDING OUR TECHNOLOGICAL EDGE

HELLA is a key driver of innovation in the market for automobile lighting systems. Continuous investment in research and development is therefore a mainstay of our efforts to maintain an attractive business portfolio in the long term. In the reporting period, HELLA was given the accolade “most innovative manufacturer of auto lighting systems” by the state of North Rhine-Westphalia in recognition of its commitment in this field.

In order to identify tomorrow’s trends, HELLA is involved in various cooperative research projects and has its own

powerful predevelopment team. For instance, trials are currently underway with alternative light sources, including the use of lasers in headlamps. Together with cooperation partners, HELLA is involved in research into self-adjusting and fully adaptive headlamps. The focus is also on design-driven functions which aim to recognize the burgeoning trend for individual light signatures when driving at night. Examples include prototypes for rear lamps with animated light, and the use of new materials.

A major theme in the field of predevelopment projects in 2012-2013 was progress in the field of wear-free LED-array headlamps. These are LED-based, high and low-beam lamps arranged in a matrix that can be dimmed up or down as required. The first vehicle which is equipped with this technology by HELLA is set to enter the market in autumn 2013.

AMBIENT INTERIOR LIGHTING

The importance of innovative LED lighting is no longer restricted to a car’s headlamps, it is playing an ever-increasing role on the inside, too, and the trend is spanning all vehicle segments. Ambient interior lighting can be used to create an individual mood, giving rise to a more relaxed driving experience. In the year under review, HELLA devised an ambient interior lighting solution for the SUV of a British automobile manufacturer, where the driver can choose from as many as ten different colors. A similar range of colors featured in a package HELLA developed for a lifestyle compact car manufactured by a German client. In both cases, an LIN control unit generates the desired shade by blending the three LED colors (red, green, blue), while also regulating brightness.



Increasingly complex: assembly of a full LED headlamp in Lippstadt/Germany.

The professional integration of innovative interior lighting concepts such as these in highly decorative surfaces has only served to further cement the position of HELLA's interior lighting team in Wembach/Germany as a leader in cutting-edge technology. The company succeeded in acquiring further orders for interior-lighting solutions from various international manufacturers in the period under review.

INTERNATIONAL BASE IN CHINA AND AMERICA EXPANDED

In the year under review, HELLA invested further in expanding its international development and production network. Erected during the 2011-2012 fiscal year, the development centers in Guadalajara/Mexico and Nanjing/China have now commenced operations and were successfully integrated into the existing network in the shortest possible time thanks to a systematic qualification program for new employees. What is more, in October 2012 the building of another plant in Irapuato/Mexico commenced. And in China, productive capacity was extended through the decision to upgrade HELLA's Automotive Lighting facility at Beifang to a full-service provider of vehicle lighting systems. Previously, the location had specialized in lighting and electronics applications for commercial vehicles in the field of Special OE business and was thus pooled in the

Special Applications business segment. HELLA will be sharing the new premises with supplier company BHAP (part of the Chinese automobile manufacturer BAIC) through a joint venture. The companies involved signed a memorandum of understanding at the start of the period under review. The planned joint venture aims to develop and manufacture tailored lighting systems for the Chinese market.

HBPO JOINT VENTURE ON THE ROAD TO SUCCESS

The HBPO joint venture specializes in the design, development, assembly and marketing of complex front-end modules and thus enjoys a unique global position. During the fiscal year, the company demonstrated its outstanding development expertise with the first series production orders for new technology aimed at reducing CO₂ emissions and improving aerodynamic qualities. HBPO employs near on 1,500 workers at 19 production sites and 5 development facilities. In 2012, the company successfully launched 12 series runs, posting sales of almost € 1.3 billion in the process. A key strategic step was the entry into the South-east Asian economic area (ASEAN) via a joint venture with DRB Hicom in Malaysia, a move which will see HBPO manufacturing front-end modules for a local producer client and expanding its expertise in the region.

OUTLOOK

- // Further reinforcement of the HELLA network via the start-up of three new locations in Irapuato/Mexico, Jiaying and Chengdu/China
- // Implementation and international roll-out of new time-to-market structures with the aim of building a concept of interdisciplinary system development
- // Intensification of the predevelopment activities in order to increase HELLA's technological edge



3D-EFFECTS FOR ATTRACTIVE TAIL VIEWS is what these rear lamps developed by HELLA offer for the compact van of a French vehicle manufacturer. The tunnel effect is created by means of the clever arrangement of two mirrors, creating an intense depth effect with their continuous reflections, without exceeding standard dimensions. A solid light guide which emerges from part of the light illuminates the mirrors, frames the "light tunnel" and shapes the vehicle design with a striking light signature. Using this and a number of other styling technologies, such as animated light, glowing objects, or the use of new materials, HELLA sets trends which contribute significantly to the identification of the vehicle brand. In these areas, the focus is on a number of current research topics.



// 03 Automotive/Electronics

LIVE WIRE



CHINA has more than 1.3 billion inhabitants. More people live in the People's Republic than in North America, the EU and Russia put together. The hard work and ambition of the population are driving technical progress forward. That means the Chinese automobile market is also growing rapidly. The development center HELLA Shanghai Electronics plays a special role in this.



Frank Petznick does not have to think very long. "Dynamic, full of courage and optimism," he replies in a shot to the question about which of his Chinese colleagues' and customers' characteristics impress him the most. "That means though that the pace here is extremely high," he says and mentions a typical example: "That huge residential area where I live with my family was built in no time at all. In Germany something like that would take years. China can take your breath away." The man from Brunswick knows what he's talking about. He has been the Vice President of HELLA's technical development center in China for five and a half years. The center is the largest in the Electronics division outside the group's headquarters.

Over 4,000 employees work for HELLA in China in ten different companies. In the fiscal year 2012-2013, they recorded sales of almost € 500 million. An end to the growth is not in sight. On the contrary: in the coming five years, provided the economy and demand remain stable, sales are expected to double. Frank Petznick and his team play a central role in this vision. The reason for this is that the technical center also manages electronic development divisions outside China, such as that in Vietnam.

A BREATHTAKING SPEED IS NORMAL

Behind the growth strategy in China, there is a complex and flexible product and personnel strategy, which is continually adapting to customer requirements and at times even anticipates them – and that mostly at a gallop. "In Europe, there are normally extensive planning stages and detailed schedules for new production series," says Frank Petznick, who has many years of experience in the German automobile industry. "In China, a potential customer might call and demand an offer within 24 hours. If you want the job, you have to be fast, pragmatic and competent all at the same time."

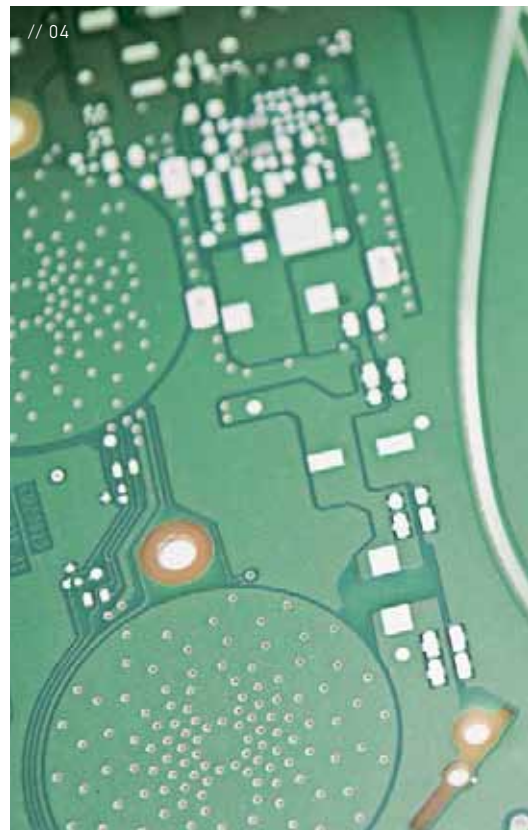
HELLA manages to do that time and again and is therefore becoming one of the successful players on the world's largest automobile market, with the company operating more and more as a provider of ready-for-use system solutions. "We offer Chinese automobile manufacturers extensive system know-how that they themselves do not have, and often do not even want to have," says the qualified electrical engineer. They prefer to outsource this knowledge and buy components and systems from suppliers such as HELLA. "That is cheaper for them and above all quicker." An example of this can be seen in passive entry systems for a car: locking and unlocking a vehicle or starting and stopping an engine is carried out indirectly by remote control. All the driver needs to do is have the car key in his jacket pocket. HELLA developed such a system for different Chinese automobile manufacturers, which can be easily and seamlessly integrated into the production process. "Tailor-made, safe and reliable. That is exactly what our customers appreciate," says Petznick.

A STRATEGY THAT PAYS OFF

Sometimes though, it also works exactly the other way round: instead of single customers specifying what they want, HELLA develops a standard solution that is adopted by several automobile manufacturers at the same time. That was the case for contactless sensors, for example, that are used

»We offer Chinese automobile manufacturers system know-how that they themselves do not have, and often do not even want to have because our solutions are more efficient and available more quickly.«

FRANK PETZNICK, VICE PRESIDENT OF THE TECHNICAL DEVELOPMENT CENTER, HELLA SHANGHAI ELECTRONICS



SHANGHAI

01 // In China there are just 37 vehicles per 1,000 people. 02 // But the desire for individual mobility is growing. 03 // And extremely quickly, as Frank Petznick knows. 04 // This means that Chinese car manufacturers are happy to draw on HELLA's know-how system. Especially when it comes to complex vehicle electronics.



Employees at the automated assembly plant at HELLA Shanghai Electronics. Each year about 35 million PCB assemblies are manufactured in the plant's production halls.

in electric steering systems and also in the ESP stability program. "We offered an application that has gradually developed into an industrial standard because it is technologically impressive and affordable." This is only possible because HELLA understands its customers well and provides them with extensive advice and support. "Communication is the be-all and end-all," says the 42-year old. "Communication on an equal level." Customers want to be taken seriously and not patronized. Projects therefore have to be carried out in the language of the country. That is why 500 of the 520 employees at the technical center in Shanghai are from China. "As much as we focus on China, we are not a lonely satellite," emphasizes Frank Petznick. "The integration into the global HELLA development network is essential." The knowledge that has grown over decades in Germany and the resulting advances in innovation form the foundation without which the local Chinese solutions would be inconceivable. "We are aware of that at all times," says Petznick who feels at home in Shanghai. "The trick is to maintain a balance between the global and the Chinese perspective."

INTERNATIONAL STRUCTURE GUARANTEES CUSTOMER PROXIMITY

Within the Automotive business segment, sales in Electronics grew by 3% to around € 2.0 billion in the period under review. The main reason for this positive result was HELLA's international presence in the areas of production and development, which was further strengthened during the 2012-2013 fiscal year. HELLA used products tailored to local market needs in order to further expand its position in the growth markets. At the same time, especially in Europe and the USA, HELLA reinforced its position as a supplier of innovative technology aimed at reducing CO₂ emissions and fuel consumption.

MARKET POSITIONING VIA CO₂ AND FUEL REDUCTION

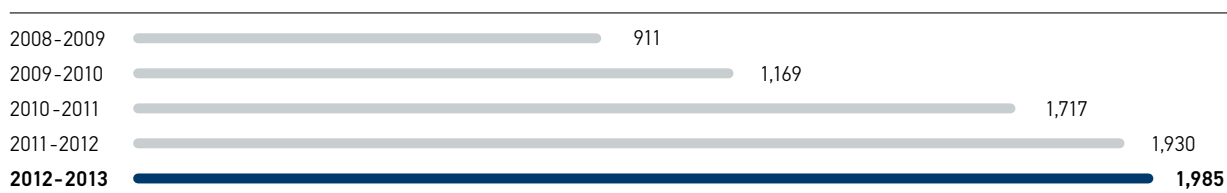
The principal growth drivers in automotive electronics in the year under review were once again products to reduce CO₂ emissions and fuel consumption. With its manifold innovative and high-efficiency products, HELLA is in an excellent position to benefit from general growth in this area and to set new trends. As such, vacuum pumps for on-demand brake boosting, intelligent battery sensors, and fuel-pump control units were just some of the devices shipped to new customers during the 2012-2013 fiscal year. Products like these support the demand-driven, selective delivery of energy or fuel. The use of a fuel pump control module, for example, can cut fuel consumption by around 0.15 liters and save around three grams of CO₂ per 100 kilometers.

Technology like this places HELLA in an excellent position to post further growth in all vehicle markets in which end customers and automobile manufacturers alike are subjected to ever tighter constraints as a result of rising fuel prices and new provisions on CO₂ emissions. HELLA fully intends to expand this strategic position going forward by introducing further high-efficiency innovations, notably in the field of electric power-steering systems, engine compartment actuators and start-stop systems.

SPOTLIGHT INCREASINGLY ON ROAD SAFETY

Increasing traffic density means that continuous monitoring of the situation on the road is very important. HELLA develops and markets driver assistance systems for all vehicle segments to help drivers cope with what are

SALES INCLUDING INTER-SEGMENT ACTIVITIES (IN € MILLION) – ELECTRONICS



increasingly complex traffic situations. HELLA's comprehensive know-how in the field of 24 GHz radar sensors is important here. In the period under review, US manufacturers in particular showed interest in an assistant function which helps drivers change lanes and a warning system for use when reversing out of parking spots. A key trend is the increasing merging of various sensors and actuators already installed in the vehicle, something which enables the functional scope of existing assistance systems to be expanded considerably. HELLA offers its customers the necessary know-how in terms of system and vehicle integration.

MANAGING COMPLEXITY WITH BODY ELECTRONICS

The complexity of electric and electronic systems has increased dramatically due to the growing number of safety and comfort functions installed in modern vehicles. A well-equipped, mid-range car now has more than 60 networking control units. HELLA has more than 25 years of experience in designing body electronics. The company combines high cost-effectiveness by functional integration with international development expertise. In the 2012-2013 fiscal year, know-how like this enabled HELLA to close a deal for 2.7 million body control modules with a major Indian customer. With support from Germany, it was possible to run the entire development project locally, maintaining proximity to the end customer and satisfying market demands. During the development phase, the follow-up order for the associated radio-transmitter keys could also be secured.

SENSOR TECHNOLOGY FOR LOCAL MARKET REQUIREMENTS

HELLA develops and produces a wide variety of sensors for all the main automobile manufacturers worldwide. In order to create additional capacities for the localized production of oil sensors in China, a project to expand the electronics facility in Xiamen was launched during the reporting period. Moreover, HELLA pushed ahead with the localization of a rain/light sensor for the US and Asian markets. And in Japan, the company managed to forge contacts with several leading manufacturers of steering systems and establish the basis for further cooperation in the field of contactless steering sensors.

GLOBAL EXPANSION – ESPECIALLY IN THE EMERGING MARKETS

A key factor in HELLA's business success is the continuous expansion of its international development and production network. In the last fiscal year too, the company succeeded in further expanding its international presence, especially in the emerging markets. In China, the existing production and development facilities at Shanghai, Nanjing and Xiamen were expanded. Around two thirds of the products manufactured by HELLA in China now enter the Chinese market directly. The locations in India are also increasingly developing and manufacturing complex products for use by local customers.



HELLA Shanghai Electronics operates internationally. Quality has first priority. This is also the case when checking the headlamp leveling actuators.

In Romania, HELLA has substantially expanded its existing production facility for electronic components in Timisoara and, in doing so, has markedly enhanced the location's technological competence. And, in line with the group's strategy, HELLA has invested in expanding its innovative potency in Germany, too. Thus, July 2012 saw the foundation stone for a new development center laid in Lippstadt/Germany.

JOINT VENTURES: FURTHER GROWTH WITH BUNDLED EXPERTISE

With a total of four joint ventures, HELLA is expanding its expertise in the Electronics business segment. The joint venture with HSL Electronics in South Korea posted highly stable growth in the year under review on the basis of a balanced product portfolio that includes accelerator pedals and battery sensors. Another South Korean joint venture, MHE, which focuses on developing and manufacturing body electronics and driver assistance systems, once again posted above-average growth in the fiscal year under review. MHE acquired further orders for its electric power steering (EPS) and electronic brake booster systems, and consolidated its leading market position in South Korea in the field of radar-assisted lane change assistance systems through new contracts. With a new production site in Suzhou/China established at the end of 2011 and new driver

assistance and sensor products in the portfolio, MHE certainly has potential for further growth in the future.

The Behr-Hella Thermocontrol (BHTC) joint venture with head offices in Lippstadt/Germany specializes in the design, development and production of complete electronic climate control systems, and offers both operating and control units as well as power electronics. In the year under review, the joint venture posted growth on the back of successes in acquiring contracts to fit global product platforms. A special milestone in BHTC's development was the foundation in April 2013 of a fifth production site in Bulgaria. Production is set to start in mid-2014, as is the gradual build-up of development expertise. The new location will be another major boost for BHTC's competitive position.

With HELLA having intensified client-supplier relations with radar experts InnoSenT in the course of 2011-2012, the 2012-2013 fiscal year was all about agreeing a joint strategic orientation towards the relevant technologies. In the future, InnoSenT and HELLA intend to develop additional radar technology above and beyond the 24 GHz frequency, and also extend cooperation to incorporate applications outside the automobile industry.

OUTLOOK

- // Expanding the market position in the field of resource-saving technologies through intensified R&D activities at the main locations in Germany and the international competence centers
- // Intensifying R&D activities with the aim of linking established HELLA technology and products with other growth trends, e.g. connectivity
- // Expanding the international network by establishing an electronics development center in Mexico with the aim of expanding development activities in the entire North and South America region



A VEHICLE EQUIPPED WITH ELECTRIC POWER STEERING (EPS) SAVES AROUND 800 MILLILITERS OF FUEL PER 100 KILOMETERS. The module increases the efficiency of modern vehicles by means of a demand-oriented supply of energy for steering, thus offering significant potential for savings in comparison to continually running, hydraulic power steering. Flexible mounting options and reduced weight make the EPS module the ideal accompaniment for vehicles in all segments, from the compact passenger car right through to the luxury SUV. This is because in the debate resulting from rising fuel prices and stricter regulations with regard to CO₂ emissions, the demand for economical and sustainable products continues to rise. With its higher level of expertise and many years of experience, HELLA supports vehicle manufacturers in this area in order to cooperate on breaking new ground in efficiency and sustainability.

// 04 Aftermarket

ON COURSE



TURKEY is growing rapidly: the gross domestic product has been increasing annually by approx. 5 % since 1980, and with prosperity has come an increased desire for mobility. The market and trading center is the metropolis of Istanbul. HELLA recognized its potential and, together with the Intermobil sales company, supplies the entire country from here with spare parts and accessories for passenger and commercial vehicles.







ISTANBUL

01 // In Turkey, a law is to be passed in 2014 to ban the use of transport vehicles which are older than 20 years old. 02 // Nadine Perahya is sure that this will lead to a sharp rise in individual mobility. 03 // The gross domestic product of Turkey has been growing by around 5% a year since 1980. 04 // Intermobil sells HELLA products on the Turkish market, among those are spare parts and accessories for trucks and industrial products.

Road traffic can be pretty wild in Istanbul. Vehicles of all kinds and all ages block the roads. There are horns blowing and sometimes there are four, five, six rows of cars next to each other – many more than the number of traffic lanes. However, in smaller cities, not to mention in the country, buses dominate the traffic in Turkey, as petrol is expensive. There are just 16 million vehicles to 75 million inhabitants, and half of them are passenger cars. But that is just a snapshot. “We expect a sharp rise in individual mobility. That will be reflected in the independent aftermarket,” says Nadine Perahya at her office on the edge of Istanbul’s historic center. The Chairperson and CFO of the Intermobil sales company and her 41 employees distribute HELLA products throughout Turkey from there.

Perahya’s father founded the company in 1954. Today, it supplies a continually growing market. “In addition, a law will be passed in 2014 to ban cars from road traffic that are more than 20 years old,” according to the Intermobil Chairperson. “That is really positive for HELLA, as the structure of the market will change considerably.” She is convinced that the number of manufacturers using HELLA as a supplier will rise sharply.

THE COOPERATION BEGAN WITH CHANGE

Nadine Perahya, who was one of the very few women in the local automobile industry at the beginning of her career, knows the Turkish market inside out. She started at Intermobil immediately after leaving school in 1972. She worked in various roles at the company, but mainly in international trade. She completed an international program in Cambridge and took over the management of the company in 1983. The cooperation with HELLA began nine years later. “We were extremely active in promoting the HELLA brand here,” says Nadine Perahya. “In addition to an intact distribution channel, we place particular emphasis on close relationships with the independent aftermarket and with special OE companies.”

A PROFITABLE PARTNERSHIP

This commitment should pay off. Since 2009, HELLA has taken over 56 % of Intermobil and has been distributing the products in Turkey exclusively from then on. “We maintain a very intensive partnership which has been the basis for the significant rise in sales over the last two years,” says Nadine Perahya on the secrets of the success. “Both sides benefit from it,” she emphasizes. “We, for example, as part of the global HELLA organization clearly have a better insight into the system know-how – from logistics and marketing through to expert technical service.” Intermobil also distributes products from other suppliers that are not competitors of HELLA. This is an advantage which enables logistics and processing costs to be lowered for every product.

Since the merger, the company has doubled its sales. Nadine Perahya states that HELLA has a very strong position in the Turkish market. Spare parts that are simple to install, such as headlamps for passenger cars, horns and relays, sell particularly well. The reason for this is that there is an undefinable number of small garages in Turkey. These are not in a financial position to buy high-tech equipment. That is why they specialize in older cars.

»The intensive and constructive partnership is the basis which has enabled us to significantly increase sales again over the last two years.«

NADINE PERAHYA, CHAIRPERSON
AND CFO OF THE INTERMOBIL
SALES COMPANY



The close partnership between Intermobil and HELLA has been in existence since 1992.

Nadine Perahya wants to extend her radius of action even further in the future. That is important, because the competitors don't sleep. "The local suppliers are improving their quality and winning over projects," she explains. "We are also competing against very cheap producers from Asia for market shares." Intermobil has therefore set a very clear objective: to sell a large variety of HELLA products in Turkey. At the same time, Turkey has a pioneering role for other regional markets with cultural similarities, which might follow the economic development on the Bosphorus. Whether the leap to neighboring countries is expected to follow is not certain, according to Perahya. "However, we will of course continue to look for new business opportunities that would mean an even better presence and solid growth for HELLA in Turkey."

A STRONG PORTFOLIO AND AN INTERNATIONAL NETWORK BOOST COMPETITIVENESS

The Aftermarket business segment recorded slight growth in the fiscal year 2012-2013 with sales of € 1.1 billion. With an extended product portfolio, the expansion of the worldwide network, and measures to standardize international processes, HELLA has laid the foundation for further growth in the Aftermarket in an increasingly strained market environment. There was a positive trend in the Aftermarket business in different regions, particularly in Asia, the USA and Germany.

REPOSITIONING THE HELLA BRAND WITH PARTS, TOOLS, SERVICES

In the fiscal year 2012-2013, HELLA replaced the existing 4+2 strategy with the new added-value concept, Parts, Tools, Services. Repositioning the HELLA brand in the Aftermarket particularly underlines the recently gained expertise and the clearly extended range of services. Parts stand for the extensive range of wearing, replacement and bodywork parts, consumables and accessories which comprise approx. 33,000 articles. Tools include sophisticated garage and diagnostic devices which are distributed under the HELLA, Hella Gutmann Solutions and Hella Nussbaum Solutions brands. An extensive range of services rounds off HELLA's business activities with technical

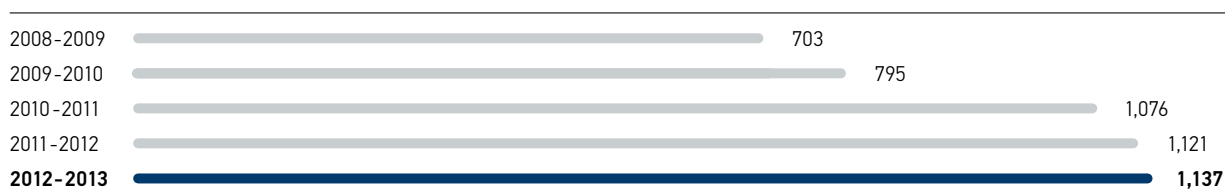
customer support and attractive sales support, garage concepts and professional logistics.

In order to satisfy the increasing complexity of the international HELLA network, a global project to standardize processes was started in the fiscal year 2012-2013 to adapt internal structures. This will enable HELLA to manage its sales companies even more efficiently in the future.

TAKING PROACTIVE ACTION TO LOGISTIC CHALLENGES

In addition, HELLA is also facing increasingly more complex demands in terms of logistics. New tools and the implementation of standardized key figures worldwide guarantee a continuously high availability of goods and

SALES INCLUDING INTER-SEGMENT ACTIVITIES (IN € MILLION) – AFTERMARKET



optimization of stocks at the same time. In the fiscal year just ended, all important key figures relating to logistics, such as logistic costs, stock/sales ratio, or the stock range, were improved.

STABLE DEVELOPMENT ON THE AFTERMARKET

The independent Aftermarket saw stable development overall in the period under review, whereby the positive growth impulses mainly came from Asia, NAFTA and Germany. In China, HELLA grew across all product lines quicker than its competitors. One of the main reasons for this was the increased age of the vehicle fleet. For future growth, HELLA is also continuing to expand its distribution channels locally. Fifty new distribution partners were incorporated into the network and other branches were set up.

In order to strengthen the product portfolio, HELLA set up the Hella Pagid joint venture together with the world's largest brake pad manufacturer, TMD Friction (Nisshinbo), which commenced operations in May 2013. With this joint venture, HELLA is expanding its own portfolio and intensifying its activities in the wearing parts sector. In the mid-term the new Hella Pagid Brake Systems brand will establish itself as an important pillar in the future product portfolio. In addition, HELLA has considerably strengthened its involvement in alternators and starters in the fiscal year just ended.

The international distribution network has also been continually enhanced. New branches were opened in France and preparations were made to enter the strategically important Brazilian market, underlining HELLA's global aspirations in the independent aftermarket.

CONTINUALLY STRENGTHENING WHOLESALE ACTIVITIES

HELLA operates in Denmark, Norway, Poland and Ireland as an independent wholesaler and distributes an extensive range of products directly to garages through a branch and partner network. Despite the strained economic situation in Europe in general, as well as the increasingly challenging market situation in Poland and Denmark in particular, wholesale business developed satisfactorily in all countries. The Polish INTER-TEAM company was strengthened by the further expansion of the branch network to guarantee even higher customer orientation and high-frequency deliveries in line with the example of the Danish wholesaler FTZ. HELLA is represented in Poland with a total of over 50 branches and thus is one of the top providers on the market.

In Norway, the integration of AutoMateriell into the existing HELLANor company has been successfully completed, considerably strengthening garage expertise and therefore customer appeal of the company in that location.



The high-bay warehouse in the Logistics center, HELLA Distribution in Erwitte/Germany, contains 36,000 spaces. It is therefore indispensable for the supply of goods to the HELLA Aftermarket locations all around the world.

FURTHER EXPANSION OF GARAGE EXPERTISE

Cutting-edge tools are not only used for repairs on today's vehicles but, in the meantime, even for the simplest maintenance work, such as changing brake pads. This includes both technical equipment and also up-to-date knowledge of garage employees. In the period under review, the joint venture, Hella Gutmann Solutions, continued to expand in both areas.

Following the successful implementation of a knowledge and online-based diagnostic device for the high-end area, the company focused on cultivating the price-sensitive market segment in the fiscal year just ended. In this segment, Hella Gutmann Solutions offers a new handheld product for mobile diagnostic use and a PC-based product.

Two other fields extended the comprehensive diagnosis know-how of Hella Gutmann Solutions in the fiscal year: the setting up of the new joint venture, Hella Nussbaum Solutions in June 2012, enabled the company to add air-conditioning tools to the existing garage range. In addition, the launch of a new, camera-based headlamp adjusting system is scheduled for the coming fiscal year for more precise adjustment and calibration of active lighting systems in modern vehicles to further strengthen expertise in terms of garage equipment.

Services were also further expanded and internationalized which is necessary to increase and ensure garage know-

how. Hella Gutmann Solutions is in a position to offer technical training courses, call center services and data solutions throughout the whole of Europe. In addition, the new knowledge and service portal, Hella Tech World, also supports garages with diagnosis and repair information for over 1,200 vehicles, with online manuals and videos. Alongside that, financial services for hiring or leasing garage equipment can be offered in almost every European market. The Hella Gutmann group will open a further training and service location in Germany in the coming fiscal year and continue its expansion in Russia, China, the USA and Turkey.

STRONG RANGE FOR THERMAL MANAGEMENT

The joint venture, Behr Hella Service, is one of the leading providers of cooling and air-conditioning spare parts in the independent aftermarket. Despite the difficult market environment and a decline in some European countries, Behr Hella Service recorded an almost two-digit growth in sales in the period under review. The joint venture aims to achieve comparable growth for the year 2014.

One focus in expanding the range was the Visco® fan and clutch products as well as water pumps and water pump kits which were included in the product range for the first time at the beginning of 2012. The complete thermal management range includes over 6,000 products and thus constitutes an extensive and high performance portfolio.

OUTLOOK

- // Strengthening the Aftermarket business in China by improving the distribution network and localizing product offensives
- // Intensifying the e-commerce commitment both in the independent aftermarket and the wholesale business by setting up appropriate structures
- // Completing the worldwide distribution network by setting up a local distribution company in Brazil



BRAKE DISCS AND DISC BRAKE PADS FROM HELLA PAGID BRAKE SYSTEMS ARE THE OPTIMUM ACCOMPANIMENTS FOR VEHICLES OF EVERY KIND AND CATEGORY. Safety, comfort and a long service life are the utmost priority in the development of brake pads. An example: A brake pad for original equipment must survive 1,000 hours of testing in total and a distance of over 300,000 kilometers before going into series production. More than 1,400 different brake pads and 50 different formulations enable individual product solutions for various vehicle categories. Hella Pagid is a joint venture of the automotive suppliers TMD Friction and HELLA. It embodies many years of expertise, reliable products and extensive trade and service know-how. The joint venture will use this in future to build up a strong market position in the brake segment which is so important for the aftermarket.

// 05 Special Applications

IN MOTION



INDIA has an optimistic view of the future. The population is growing and with it the economy. The emerging nation and its 1.2 billion inhabitants are on the way to having a higher standard of living. Various lighting and electronics products, developed and manufactured at five HELLA locations in India, are driving the upward trend.







DERA BASSI // GURGAON

01 // India is on the move. And with it the 1.2 billion inhabitants of the sub-continent who are striving for a higher standard of living. 02 // Rama Shankar Pandey knows about the significance of a strong brand on the Indian market. 03 // Although the traffic density in India is very low at 16 passenger cars per 1,000 inhabitants, traffic accidents happen there every few minutes. 04 // HELLA India Lighting wants to contribute to lowering these figures by 10 % by 2020 with campaigns and innovative products.

A strong brand, says Rama Shankar Pandey, – and he repeats it several times, as the subject is so important to him – is the key to success in India. “HELLA has been represented here since 1959. We have an excellent reputation among all our Indian consumers,” says the Managing Director of HELLA India Lighting, who also controls the Aftermarket activities from the city of Gurgaon, situated in the north. In addition, the group is also represented on the sub-continent with HELLA India Automotive. Business is doing well. The subsidiaries in India generate sales of €41 million with more than 1,500 employees at five locations.

The company has fought hard for its success. HELLA India Lighting, for example, started as a joint venture more than 50 years ago, which quickly took over the market leadership for headlamps and horns for commercial vehicles. However, according to Pandey, those in charge at the time pursued the same fatal corporate policy as the other supplier and equipment sectors in the country, “The companies only focused on price and not on the further technological development of the products.” The result is that lighting for the majority of Indian trucks and other commercial vehicles today lags behind the worldwide level by 25 years.

In 2005, the joint venture dissolved. HELLA India Lighting became a subsidiary of the company and began like a start-up, says Rama Shankar Pandey. As the global economic crisis hit the Indian automobile industry in 2008, HELLA had to take some far-reaching decisions. “We closed production at the old location,” says the Managing Director. Instead new investments were made at the sites in Derabassi and Gurgaon. “Since then we have grown stronger than the market,” says Pandey visibly satisfied. “With a global team of 58 employees, we have been preparing the strategy for the turnaround since 2011, which is now yielding fruit.” The central topic involved is safety. Road traffic in India is clearly on the increase with a rapidly growing degree of mobilization and leads to more than 410 fatal accidents a day. In Germany, the figure is ten.

A TECHNOLOGICAL LEAP FOR SAFETY

HELLA India Lighting started a campaign that combines commitment and business. “We want to contribute to lowering the number of road casualties by 10% by the year 2020,” explains Pandey. This means that a leap in technology is essential to quickly bring India’s trucks and buses up to the latest standard. “In order to achieve that, we have to extract ourselves from the ruinously low prices, without losing sight of the price structure in the country.” A difficult task. The Indian employees at HELLA want to put their suppliers and customers on to a cost-conscious, yet innovative, track. That requires a lot of persuasive work. An awful lot: “With our 40-strong sales team, we visit 300 to 400 customers every day, ranging from sole proprietors with one truck through to forwarding agents with a big fleet,” Pandey describes their complex endeavors.

INVESTMENTS FOR MORE GROWTH

Some customers were persuaded immediately. The engine of success was ignited. “With our auxiliary lamps alone, we succeeded within the first four

»With a global team of 58 colleagues, we have been preparing the strategy for the turnaround since 2011, which is now yielding fruit.«

RAMA SHANKAR PANDEY, MANAGING DIRECTOR OF HELLA INDIA LIGHTING



Working together on new solutions. At HELLA India Lighting, work lights and auxiliary headlamps are being created in this vein for the Indian market.

or five months of production,” says Pandey proudly. Approx. 53% of sales originate from the Aftermarket; the rest from export and domestic truck, tractor and bus manufacturers who install HELLA headlamps and rear lamps. The products for Indian vehicle producers that are specially adapted to regional technology are also worthy of note.

The basis for success is, on the one hand, the hard work of the motivated team. On the other are the big investments: more than € 1 million were invested in new machines and big campaigns during the last business year and more than two million in the current one. The investments flow into a market of the future. Half the people in India are under 25 years old. The standard of living is rising, and with it individual motorization and the desire for more modern and safer mobility. A rosy outlook for HELLA India Lighting. “Provided there is no economic crisis in our country, we want to quintuple our sales with HELLA India Lighting by the business year 2016-2017,” says Pandey. “And we will succeed.”

LED COMPETENCE FOR ALL TARGET GROUPS

Sales in the Special Applications segment have grown by 7% to € 344 million in the fiscal year 2012-2013. The focus in this segment was on the further realization of innovative LED products and modular light solutions, as well as complementing existing product families. On the basis of a high level of technological expertise in LED light technology and electronics, HELLA develops, produces and sells tailor-made customer solutions and innovative products in the Special Applications segment for local authorities, industrial customers and manufacturers of special vehicles.

LED FOR ALL TARGET GROUPS, STRONG GROWTH IN THE AGRICULTURAL SECTOR

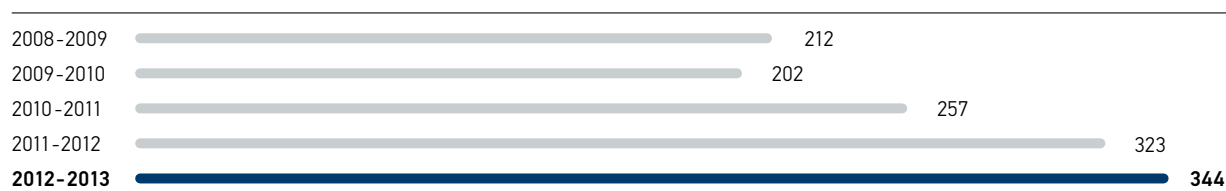
In the fiscal year just ended, HELLA has continued to promote the conversion of the existing offer for manufacturers of special vehicles, such as buses, boats, agricultural and construction machinery to cutting-edge LED technology. The LED is ideally suited for use under the toughest conditions, for example, in agriculture, construction and power sports due to its durability and its high level of robustness to vibrations. Given the high level of demand for robust and high lumen working lights for agricultural machinery, HELLA has set up an additional LED production line in Großpetersdorf/Austria during the period under review. This is where the worldwide headlight competence

center for agricultural and construction machinery, as well as power sports, is based. One example of how significant the company's LED know-how is in this area is the Green Directory Award, which was presented to HELLA for its efficient worklight, Flat Beam, at the automechanika in 2012. In addition, HELLA also produces and sells the top-selling worklight in the world: the Ultra Beam. In the meantime, more than 15 million of these worklights have been produced.

AUTOMOBILE STANDARDS FOR TRUCKS

Many trends in the automobile industry also have a high relevance in other customer target groups. For example, optimum visibility at night is particularly important for trucks for the highest possible safety in road traffic. HELLA

SALES INCLUDING INTER-SEGMENT ACTIVITIES (IN € MILLION) – SPECIAL APPLICATIONS



has, therefore, produced a truck headlamp with an LED low beam together with a Dutch truck manufacturer. With light intensity at Xenon-level, the subjective perception of brightness is considerably higher due to the luminous color of LEDs being similar to daylight. Natural, fatigue-free visibility, together with an increased contrast perception, considerably improves safety for drivers and traffic. In addition, the use of LEDs has significantly reduced both power consumption and CO₂ emissions.

Furthermore, HELLA also offers different lighting systems for trailers, including an innovative concept for rear lighting. The hybrid rear light of the EasyConn NextGeneration is particularly flexible due to a modular design. With the modular system, the components similarly constructed on both sides of the light can be installed both on the right and the left, reducing storage capacity and thus saving

costs. In addition, rear light parts based on conventional bulbs can be converted to modern LEDs without any problem. This guarantees a high degree of flexibility, particularly for fleet operators, as no additional certification for homologation is required to convert bulbs to LEDs.

HIGH LEVEL OF EXPERTISE FOR ELECTRIC CARS

HELLA also provides manufacturers of electric vehicles with technologically sophisticated products from Automotive OE. The main focus is on such technologies that support intelligent vehicle energy management or on those that reduce the energy consumption of individual functions. During the period under review, HELLA has grown in this sector with a leading technological manufacturer of electric vehicles from the USA. HELLA supplies an intelligent battery sensor, various actuators and



Production of LED street lighting Eco StreetLine.

sensors, together with lighting products for the manufacturer's electrically-powered sedans. The successful cooperation is continuing for other vehicle models.

SUCCESSFUL DEVELOPMENT OF INDUSTRIAL APPLICATIONS

The Industries business field has shown a positive trend on the market with its different products for industrial, street and interior lighting, and also people counters and airport lighting. HELLA has continually expanded its product portfolio in all sectors in the period under review and established itself as a complete provider of innovative LED light solutions among the different customer groups, such as parking garages, gas stations or airport operators.

Having installed 43,000 street lights, HELLA is currently among the top three providers of innovative LED street lighting on the German market. The Eco StreetLine product family has been supplemented by two LED linear luminaires in the course of the fiscal year 2012-2013. In addition, HELLA has also extended its wide range of energy-saving, industrial lighting: the new LED light line system, IL2 Plus, is a modular and versatile industrial lighting system to efficiently illuminate warehouses, department stores, supermarkets and high-bay storage areas, as well as production halls and garages.

OUTLOOK

- // Strengthening the Special Applications business segment by expanding capacity in growth markets
- // Continuing the strategy of growth in the Industries business field by completing the product portfolio further, strengthening the organizational structure, and focusing on European growth markets
- // Intensifying efforts to adapt the HELLA electronic portfolio for manufacturers of special vehicles



THE IL2 PLUS LIGHT LINE SYSTEM GUARANTEES THE EFFICIENT ILLUMINATION of stores and warehouses, high-bay warehouses and supermarkets. Thanks to the modular design principle, the LED-based industrial lights are especially flexible. For example, the lighting system can be individually adapted to customer wishes and local conditions. Here, various optics ensure precise optical control to provide especially homogeneous illumination and good working conditions. With peak values in terms of efficiency, homogeneity and service life, HELLA supports industrial customers in switching over to efficient and long-lasting LED lighting in the face of rising energy costs. The IL2 Plus light line system is only one part of the integrated HELLA LED portfolio which covers all common situations, from street lighting, gas station lighting and parking garage lighting right through to interior lighting.

FINANCIAL REPORT

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GROUP STATUS REPORT FOR FISCAL YEAR 2012-2013

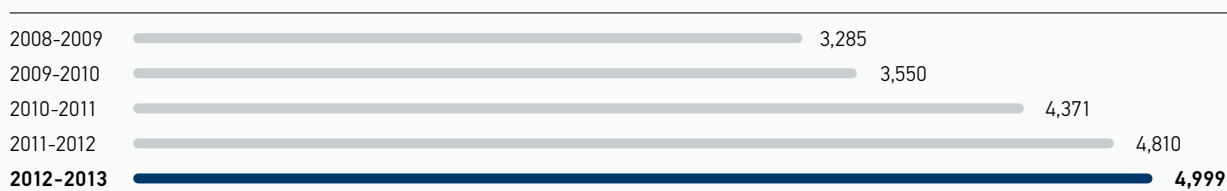
As an internationally operating, family-owned company, HELLA KGaA Hueck & Co. employs more than 29,000 staff in more than 35 countries at over 100 locations. The core competencies of the automotive supplier lie in innovative lighting systems and intelligent electronics for all vehicle types. HELLA also operates one of the largest Aftermarket organizations for automotive parts, accessories, diagnostics and services in Europe. HELLA also uses its extensive expertise from its core business segment Automotive in the Special Applications segment, in which lighting and electronics products are developed, produced and distributed for industrial uses and for fitting specialist vehicles. The HELLA group achieved a consolidated sales figure of €5.0 billion in the fiscal year 2012-2013.

WEAK ECONOMIC DEVELOPMENT WORLDWIDE WITH LARGE REGIONAL DIFFERENCES

The world economic situation remained tense in the first half of HELLA's 2012-2013 fiscal year. According to the International Monetary Fund, global economic growth in 2012 stood at 3.5% around 0.8 percentage points below that of the previous year, and just short of the expectations of economic institutes. The uncertainty regarding the solution to the problems in the euro zone, handling the fiscal cliff in the USA, as well as the declining growth in emerging markets owing to reduced demand from the industrial nations, had a particularly burdensome effect. It was not until spring 2013 that the world economy picked up slightly, although growth did vary considerably from region to region. Triggers for growth originated primarily from the emerging markets and the USA. Despite a number of budget cuts that came into effect, the US benefited from

slightly improved unemployment figures and increased consumer confidence which strengthened domestic demand. As the driving force behind the emerging markets, China managed to achieve a continued growth of almost 8% in the first half of 2013 on the basis of stabilized export business and solid domestic demand; this however left it below the growth rates of the previous year. Europe, though, has largely remained in recession since the second half of 2012. While the mood did improve slightly in spring 2013 as a result of a positive outlook for the continued existence of the euro zone, declining exports, rising unemployment figures (particularly in Western and Southern Europe) and very weak domestic demand put pressure on the economic environment. This negative trend in the euro zone could also not be evaded by the countries of central Europe which had been relatively stable until then, resulting in a deterioration of consumer sentiment and the inclination of companies to invest. The German economy did pick up again

HELLA GROUP SALES (IN € MILLION)



slightly at the beginning of 2013 thanks to resurgent domestic demand and rising exports to America and Asia in particular. Yet this was not enough for positive knock-on effects and improved development within the European Union.

CHINA AND THE USA STILL THE GROWTH DRIVERS FOR GLOBAL AUTOMOBILE SALES

According to reports by the German Association of the Automotive Industry (VDA), global vehicle sales rose by 4% to around 68 million vehicles in 2012 despite the decline in Western Europe. Both the USA and the BRIC countries recorded solid growth rates while vehicle sales in Western Europe throughout the whole of 2012 stood at around 8% below that of the previous year. Even the German vehicle market, long the driver of automobile sales in Western Europe, fell short of the previous year. This trend also continued unchanged in the first five months of 2013. China grew by 22%, the USA recorded a growth of 7%, there were however declines of 9% and 7% in Germany and Europe respectively.

The Western European vehicle market recorded a further decline in sales, both in 2012 and in the first few months of 2013, as a result of weak economic development and the associated consumer restraint. Particularly in the volume markets Spain, France and Italy, the high degree of uncertainty concerning their economic outlook was reflected by a sustained decline in sales. Even the German vehicle market has been increasingly affected by falling sales figures despite its solid income and employment situation. While the decline in sales was single-digit in 2012, it ac-

tually reached double-digits in the opening months of 2013. Because of their high international orientation with a well-established basis in growth regions and competitive products, German vehicle manufacturers were, however, able to balance out, or even partially offset, the losses in Germany and Western Europe.

In China, German manufacturers continued to enjoy very dynamic growth with a market share of 21.6%. This success can be attributed, on the one hand, to exports to China which have increased sevenfold since 2000 but, on the other hand, also to the steadily increasing share in local production plants. Around 35% of German overseas vehicle production is currently located in China. On the whole, the number of German vehicle manufacturers grew considerably faster than that of the Chinese market, which rose by 8.4% throughout the whole of 2012 and it even gathered momentum in the first half of 2013.

Japan and India also recorded even stronger growth in 2012. In Japan this can be attributed not least to government incentives and the backlog demand after the Fukushima natural and reactor disaster. However, in the first five months of the new year, sales declined by almost 9%, primarily caused by the expiry of the subsidy program. In India, which also experienced a decline of around 9% in the same period, slowing economic growth as well as increasing interest rates and petrol prices put pressure on consumer confidence.

The growth trajectory of German manufacturers continued on the US market. The sales of German group brands developed more positively over the entire HELLA fiscal year

than all the rest of the market did. The market share of German manufacturers reached approx. 8%. This is, however, still considerably below that of Japanese manufacturers, and at roughly the same level as Korean manufacturers. The US as a whole benefited primarily from the confident consumer behavior resulting from the recovering real estate market, better prospects on the labor market as well as a peak in the average age of vehicle fleets which is now eleven years. Sales rose by around 13% to over 14.4 million vehicles in 2012. However, the overall market level is still considerably below the record levels of 2005 and 2006 at almost 17 million units sold.

HELLA GROWING INTERNATIONALLY – SALES REACH € 5.0 BILLION FOR THE FIRST TIME

In the fiscal year just ended, the HELLA group achieved sales of €5.0 billion for the first time ever, thus enabling it to successfully continue its growth strategy. Growth amounted to € 189 million or 3.9% compared with the previous year. In a heterogeneous economic environment, HELLA succeeded in exploiting market opportunities in the dynamically growing markets of Asia as well as North and South America and in claiming a strong competitive position in a rather weak consumer climate in Europe.

In the 2012-2013 fiscal year, the strongest growth driver was the sales region of Asia, and China in particular. With sales of € 1.3 billion to consumers, the region recorded growth of 16% compared with the previous year. Its share of consolidated sales rose to 26%. HELLA also envisages great opportunities for growth in China and India in the future and it is investing in the set-up of local development and production capacities.

The North and South America regions also made a considerable contribution to the growth of the group with a gain of 19%. Here too, the presence of the group is being further expanded with new locations in Mexico and Brazil. Its share of consolidated sales stood at 21%. This corresponds to sales of € 1.1 billion. The total sales share generated by HELLA outside of Europe amounted to 47% and in the Automotive segment this was even 56%.

The market in Europe did not develop quite as positively. The fragile economic situation in countries of Southern, Western and Central Europe, together with the associated lower demand, has led to the sales of the HELLA group in Europe declining by 6%. However, thanks to the diversified orientation of the group, a larger decline in sales was avoided despite the significant drop in new vehicle registrations. This reflects the stability and crisis resistance of the HELLA business model: a globally competitive Automotive business based on innovation, a strong Aftermarket business with increased customer penetration in Europe and a smaller, high growth Special Applications business with diversified customer structures and other market cycles.

The continued growth of the group was supported by all three business segments. The Automotive segment grew with innovative LED light solutions for headlamps, rear lamps and the interiors of vehicles. These solutions meet the requirements of customers for design differentiation while improving the safety and comfort of the vehicle at the same time. Additional sales drivers included products from the fields of energy management, driver assistance and electronic components, which were promoted in particular by topics such as consumption and CO₂ reduction as well as safety. The Aftermarket business segment grew

MARKET COVERAGE BY END CONSUMERS – FY 2012-2013

	Absolute (in € million)	Relative
Germany	690	14 %
Rest of Europe	1,942	39 %
North and South America	1,071	21 %
Asia/Pacific/RoW	1,296	26 %
Consolidated Sales	4,999	100 %

in Asia, NAFTA and in Germany too. The attractive product portfolio for spare parts and workshop products, as well as the strong wholesale business in Northern Europe, saw a positive development. The Special Applications segment increased sales with new LED solutions both in the field of original equipment for specialist vehicles and the area of vehicle-independent products, such as street or gas station lighting.

STEPS FOR FUTURE GROWTH AND MEASURES FOR IMPROVING COMPETITIVENESS INFLUENCING EARNINGS – NEVERTHELESS EBIT MARGIN AT 6.0 %

With significantly increased expenses and capital expenditure on expanding the lead in technology and innovation, as well as strengthening the international development network, earnings before interest and taxes (EBIT) of €299 million were achieved in the past fiscal year. This is a decline of €47 million compared with the previous year. With an EBIT margin of 6 %, HELLA is positioned in the upper third of the largest German automotive suppliers when compared to its competitors. Earnings before interest, taxes, depreciation and amortization (EBITDA) stood at €576 million. The EBITDA margin amounted to 11.5 % in relation to sales.

Bearing in mind the weak market climate in Europe, the economic development of the group in the previous fiscal year is generally positive and falls in line with the long-term aims to strengthen competitiveness.

All three business segments contributed to growth and a positive consolidated result in the 2012-2013 fiscal year. With a net profit of €207 million, HELLA achieved the second-best result in the company's history.

Once again, the gross profit margin increased by 0.6 percentage points on the previous year to 26.9 %. Alongside localizing supply sources and achieving cost advantages by means of design-to-cost measures and commercial leverage, HELLA was able to further improve productivity. The increase in the gross profit margin demonstrates the further increase in HELLA's operative excellence in the 2012-2013 fiscal year. In the past three years, the margin was increased by around 4 percentage points in total. This performance forms the basis and credibility for capital expenditure on further growth and expenses for increased global competitiveness.

Setting up new production locations in Mexico and China, as well as expanding existing production capacities in Romania and China for the fields of lighting technology and electronics in the Automotive segment, will enable further growth. In addition, competitiveness will be further increased by achieving cost advantages in the next few years. However, the pre-investments and start-up costs for the new locations will take their toll on earnings in the 2012-2013 fiscal year and also in the 2013-2014 fiscal year.

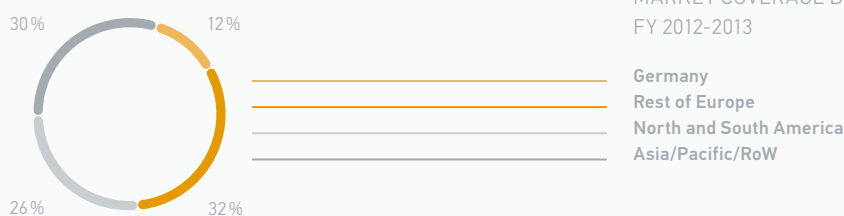
The expansion of global development resources and expertise in all business divisions led to a significant rise in expenses for research and development to €468 million.

This corresponds to a sales share of 9.4 %, an increase of 1.3 percentage points or € 80 million compared with the previous year. To sustainably boost HELLA's innovative strength and regional capabilities to deal appropriately with local trends and requirements, it is essential for HELLA to further expand its international network and improve its performance. The technological lead is a strategic success factor for HELLA to secure and strengthen its competitiveness on a long-term basis. For this reason, the further expansion of the development sites for technology and process centers was rigorously pursued in the 2012-2013 fiscal year, despite considerable expenses and therefore pressure on profits. Local expertise for implementing customer wishes on site and meeting demands, particularly in the growth markets, is thus being considerably strengthened.

Administrative and distribution costs increased by € 48 million to € 617 million. This corresponds to a sales ratio of 12.3 %. In addition to strengthening and further developing the Lippstadt location as a global command and performance center for an international group network, HELLA relies on local centers in which skills are pooled and tasks are carried out effectively and efficiently. Distribution costs, which cover freight cost elements proportional to sales, also include expenses for strengthening worldwide distribution structures, the further development of which will also be an important success factor in the future, particularly for Aftermarket and Special Applications.

Income from investments of equity accounted joint ventures contributed € 15 million to the consolidated result. That is around € 5 million less than the previous year. This was, alongside the one-off effects of two Korean joint ventures, primarily because of start-up costs of newly established joint ventures. Partnerships which have grown strategically over the course of years add to the product and client portfolio of HELLA, thus opening up opportunities for growth in new markets. For example, the product portfolio in Aftermarket was expanded to include wear parts such as brake pads and brake parts with the newly established joint venture Hella Pagid GmbH. All in all, the joint ventures generated external sales of € 2.2 billion in the 2012-2013 fiscal year. This corresponds to a growth of 15 %. On this occasion, according to percentage-based company shares, HELLA generated sales of € 817 million, € 168 million of which are included proportionately in the consolidated sales.

Expenses amounting to € 11 million for the proportional early repayment of the bond issued in 2009 were included in the other financial result. At the same time, interest expenses were further reduced by € 6 million on the previous year to € 32 million.



CONSISTENT IMPLEMENTATION OF INDIVIDUAL BUSINESS MODELS AS A GUARANTEE FOR PROFITABLE GROWTH IN ALL SEGMENTS

Innovative ideas offer new solutions for the trends of energy efficiency, safety and LED technology

HELLA's largest field of business is the Automotive segment. Car manufacturers worldwide are supplied with lighting technology and electronic products for new vehicles. Sales to third parties of € 3.6 billion were generated in the 2012-2013 fiscal year just ended. This corresponds to a growth of 3%.

Sales drivers in the field of lighting technology were primarily energy-saving LED lighting solutions such as the new generation of full LED headlamps with variable lighting functions. These products specifically meet customer wishes for differentiation in competition and support in branding. This development will become more significant in the years to come. Even in vehicle interiors, individual LED applications, e. g. at floor level or on the doors, offer new opportunities to further increase comfort by means of ambient light solutions.

Products from the field of energy management, such as the intelligent battery sensor or modules for start-stop mode, reduce the vehicle's energy consumption, e. g. while waiting at traffic lights. In addition to sensors and actuators, products for electrical steering and driver assistance systems on a radar basis also generated high customer demand. Particular interest was evoked by radar solutions which monitor traffic conditions to the rear of the vehicle, and especially blind spots, in order to warn the driver of

approaching vehicles. These products will take on a significant role in the product portfolio of HELLA over the next few years.

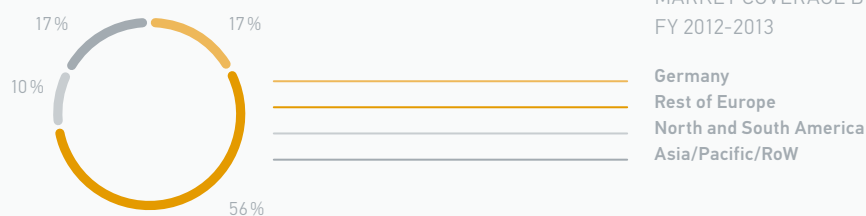
The radio transmitter key product family constitutes an example of the global further development of the segment. This product family was initially introduced in Germany as the leading market for innovation. After the product was specially adapted to the needs of local customers in the emerging markets, successful market penetration also started in China.

The EBIT of the Automotive segment stood at € 215 million, which corresponds to a margin of 5.5%. The reduced earnings, compared with the previous year, particularly reflect the high expenses and capital expenditures in setting up and expanding international production sites, as well as strengthening the local presence of development and administration.

Strong regional presence and an attractive product portfolio

The Aftermarket segment comprises international commercial and service business and wholesale activities in Northern and Eastern Europe. The external sales of the segment were increased by 5% on the previous year to € 1.1 billion. The ratio of the EBIT (€ 78 million) to sales stood at 6.8%.

The growth in commercial and service business was primarily generated in Asia, the USA and Eastern Europe and this was able to offset the decline in Southern and Western Europe. The focus of expanding the worldwide network con-



centrated on China, Russia, Poland and the Middle East. These regions will also constitute focal points of growth over the coming years. Business with diagnostic equipment for workshops developed positively in the fiscal year just ended and is also to be further expanded in the future. Even wholesale business managed to develop positively in spite of the difficult economic climate, growing by 8%.

LED product solutions as the main driving forces for Special Applications

The business divisions of Special OE business and Industries together form the Special Applications segment. Sales to third parties in the segment rose by 9% to €340 million in the fiscal year just ended.

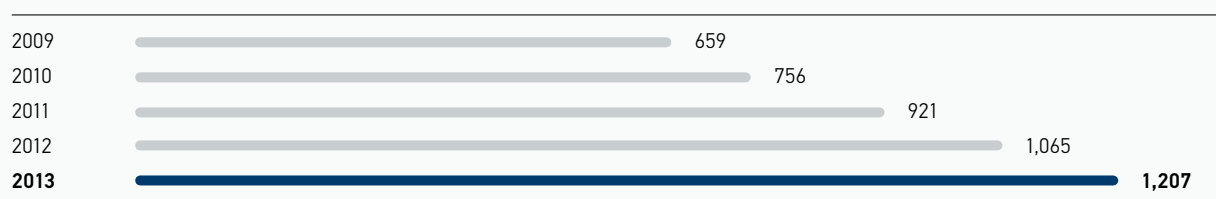
The developments from the Automotive segment can be used both for Special OE business, which consists of equipping specialist vehicles such as buses, caravans, agricultural and construction machinery, municipal vehicles and trailers using products from the fields of lighting and electronics, as well as for vehicle-independent applications in the field of Industries. These developments can be tailored to the respective customer and market needs. An example of this is the transfer of LED technology to new possible fields of application, for example, street lighting. Start-up costs in the Industries division and the one-off establishment of a new location in Special OE business put pressure on the operating result. In the fiscal year just ended, EBIT stood at €13 million, corresponding to a margin of 3.7%.

LONG-TERM FINANCING ENSURES A COURSE FOR GROWTH AND CORPORATE INDEPENDENCE

In the 2012-2013 fiscal year, the financial position was characterized, on one hand, by increased investments within the scope of the growth and competitiveness program and, on the other, by the issue of a new capital market bond in a benchmark amount, which enabled the financing of the HELLA group to be secured on a long-term basis on attractive terms.

Cash flow from operational activity fell by €161 million on the previous year to €463 million. In addition to the €41 million lower earnings before income tax, higher tax payments resulting from the very good result of the previous year reduced the operational cash flow. Offset by tax refunds, tax payments rose by €44 million. The increase in inventories within the framework of growth was €31 million higher than the previous year. Although payments for other provisions fell by €13 million compared to the year before, non-cash expenses from net additions to provisions included in the result fell by around €62 million at the same time. The majority of these resulted from warranty cases. The other non-cash expenses included in the result, e.g. for valuations of capital expenditures, decreased by €23 million. However, dividends received in cash rose by €10 million.

HELLA GROUP EQUITY (IN € MILLION; MAY 31, EACH YEAR)



Gross investments not including settlements for the acquisition of company shares or capital increases rose by € 145 million to € 531 million. They primarily include capital expenditure on maintenance and expansion for buildings, machines, systems and other equipment. The erection of new plants has started in China and Mexico. In addition to this, the capacities of existing plants in Romania and China were significantly expanded. These capital expenditures were offset by premature payments from customers totaling € 86 million, giving a net figure for capital expenditures of € 445 million. Furthermore, as of the balance sheet date, no significant capital expenditure obligations existed.

After dividends of € 61 million, the total free cash flow before capital expenditure in financial assets and shareholdings amounted to € 129 million. The negative cash flow development in the 2012-2013 fiscal year is essentially attributable to the significant increase in capital expenditure as part of the several years of the strategic growth and competitiveness program. This negative development in liquidity, which will also continue in the following fiscal year 2013-2014, was hedged using existing long-term financial instruments and by clear analysis of the risk issues which viably depict distinctly more negative market scenarios without compromising the stability of the company.

The expanded production capacities are already utilized for the next few years with customer orders which have already been received. This strengthens future global sales and the profitability of the group considerably. Return flows,

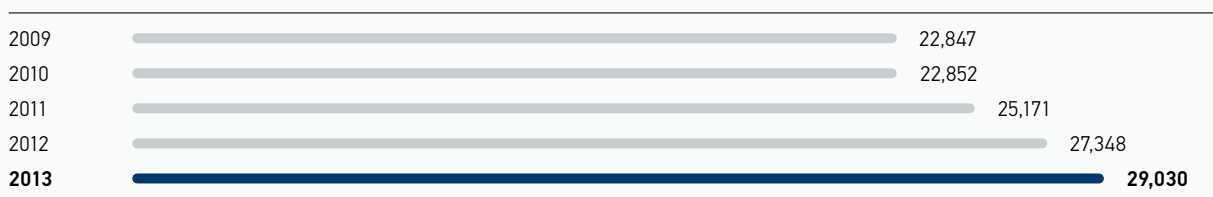
from the global growth and competitiveness program which was implemented, are now expected from the 2014-2015 fiscal year onwards.

Net financial debt rose to € 415 million in the past fiscal year. This corresponds to 0.7 times the EBITDA and a debt-to-equity ratio of 0.3x. The issue of a new bond saw liquid funds and current financial assets rise to € 685 million as it stood on the balance sheet date.

In addition to the financial liabilities reported on the balance sheet, there are also, to a limited extent, liabilities from operating leasing agreements. The present value of the minimum lease payments at the balance sheet date was € 45 million. As of the balance sheet date, the volume of trade receivables sold as part of a factoring program remained unchanged in comparison to the previous year at € 100 million.

In January 2013, HELLA made use of the attractive capital market environment for companies and placed a bond on the capital market with a volume of € 500 million at an effective interest rate of 2.45 % with a seven-year term. The liquid funds were spent on returning part of the bond maturing in October 2014 ahead of time. Of the € 300 million, € 100 million were released, resulting in a net capital injection of € 400 million. At the same time, this created scope for impending capital expenditures and increased planning security for the next few years.

HELLA GROUP EMPLOYEES (MAY 31, EACH YEAR)



Alongside both bonds mentioned (2009/2013), HELLA is principally using three additional long-term financial instruments:

- **Private placement**

A total of 22 billion Japanese Yen with a term of 30 years was raised in 2002 and 2003. This foreign currency obligation is fully secured against exchange rate changes throughout its entire term. The value of the liability at the balance sheet date totaled € 169 million on May 31, 2013.

- **Development funding**

In 2010, the European Investment Bank awarded a low-interest loan amounting to € 150 million with a term of five years for the purposes of financing pioneering development projects in the fields of energy efficiency and driving safety.

- **Syndicated credit facility**

A syndicated credit facility with a volume of € 550 million and a term of five years was agreed in June 2011 with a consortium of international banks. As a backup, this credit line is not being drawn.

In the course of the issue of the bond in January 2013, the rating agency Moody's ultimately confirmed the investment grade rating for the group with the credit rating Baa2 and a stable outlook and provided the bond with the same rating.

EQUITY RATIO WITH HIGH LIQUIDITY HOLDINGS AT 31 %

Total assets grew significantly to € 3.9 billion in the past fiscal year. The € 606 million increase compared with May 31, 2012 resulted primarily from the build-up of liquid funds. As a result of high capital expenditure on tangible assets, fixed assets rose by € 239 million in total. Furthermore, the sales growth led to an increase in working capital, especially the inventories.

Group equity rose by € 142 million to a current figure of € 1.2 billion in the period under review. As a result of the balance sheet extension owing to the increase in liquid funds, the equity ratio fell by 1.3 percentage points to 30.8%. Adjusted for liquidity it stood at 37.3%, slightly below the level of the previous year.

SIGNIFICANT RISE OF PERSONNEL IN DEVELOPMENT

As of the balance sheet date on May 31, 2013, the HELLA group employed 29,030 staff members worldwide. That is around 6% more than the previous year. Around 5.8% of this is attributable to organic growth, while the remaining 0.3% is due to the first-time consolidation of new companies. The number of employees in research and development rose the furthest by 16% to over 5,600 employees.

NUMBER OF HELLA EMPLOYEES BY REGIONS

	May 31, 2013	+/-	Share
Germany	10,685	1%	37%
Rest of Europe	9,915	7%	34%
North and South America	3,442	13%	12%
Asia/Pacific/RoW	4,988	9%	17%
Permanent employees worldwide	29,030	6%	100%

Recruitment operations further intensified in growth regions

HELLA further intensified recruitment operations at international growth locations in the past fiscal year, thus consistently expanding the global network. Here, HELLA is resorting to a variety of recruitment approaches. Close collaboration with leading universities at the respective HELLA locations is an essential component. In the period under review, for example, close cooperation was established on the initiative of the company between the Southeast University in Nanjing/China and also the Hamm-Lippstadt University of Applied Sciences in Germany. At the same time, HELLA accepted students from a new Bachelor course specializing in lighting technology, as well as participants on a Master's course which combines mechanical engineering with China as a specialization, into the pre-existing diverse support program.

In addition to this, the orientation of the HELLA internal trainee program was given a more international emphasis. A four-month functional training program for university graduates in Romania provides another example of an innovative recruitment approach. This initiative has the objective of qualifying potential employees in advance for specific special tasks and, if this proves successful, then recruiting them for the company.

Personnel development further systematized

Motivated and well-qualified employees throughout the world constitute a basis for the success of the company. In order to be able to support and develop the talent of em-

ployees in an even more target-oriented manner, a new worldwide talent management process was implemented in the 2012-2013 fiscal year. Within this process, employees are classified according to their potential and performance, on which demand-oriented qualification measures are derived and corresponding career paths defined.

Furthermore, the systematic training and qualification program for setting up new locations already introduced in the 2011-2012 fiscal year has also been established in Mexico and Eastern Europe after its successful implementation in China. The guidance and training of new employees by experienced HELLA employees from pre-established locations play an essential role in setting up international locations. One indication of the intensity of the cooperation in this context is not least the number of foreign assignments which increased again in the past fiscal year.

In an effort to further strengthen the feedback culture in the company, as well as the skills of managers, a 360° feedback process for HELLA managers was initiated in the last fiscal year for the first time within the framework of a pilot project. In light of the positive experience and insight from this project, the 360° feedback approach is to be rolled out globally in the years to come.

Measures for increasing personnel commitment

Stepping up measures for the long-term commitment of employees continued to be a focus in the period under review. Here it was specifically the results of the employee survey from the 2011-2012 fiscal year which were of cen-

RESEARCH AND DEVELOPMENT SERVICES

	2012-2013	+/-	2011-2012	2010-2011	2009-2010	2008-2009
R & D employees	5,612	16 %	4,832	3,882	3,517	3,262
EXPENDITURE IN € MILLION						
Lighting technology	176	24 %	142	128	111	120
Electronics	257	15 %	224	204	171	169
Aftermarket and Special Applications	35	59 %	22	14	14	16
Total	468	21 %	388	346	296	305
(% of sales)	9.4		8.1	7.9	8.3	9.3

tral importance. On the basis of this, improvement measures were systematically deduced and, in the past fiscal year, gradually implemented in all regions. Furthermore, to strengthen identification with the company, team and family events were held at a number of locations.

After the successful launch of the sport and health program 'HELLA in Motion' at the group headquarters in Lippstadt, the program was continually expanded during the period under review and now offers an extensive selection of sport, prevention, and parent-child courses. What's more, the program has, in the meantime, become a platform for self-organized sports groups. Similar programs are now being developed for more locations as a result of the great interest on the part of employees. For example, regular health checks and events are held for employees at HELLA locations in the US.

TECHNOLOGY FOCUS AS AN ESSENTIAL DRIVING FORCE BEHIND BUSINESS SUCCESS

Capital expenditure on expanding the innovative drive of the company is of critical importance for securing long-term business success. HELLA invested a total of € 468 million, i. e. approx. 9 % of sales, in research and development in the past fiscal year, thus positioning it above the long-term level of around 8 %. In order to improve the performance of its international network and increase its resources, HELLA has once again considerably reinforced its commitment to research and development. At the end of the fiscal year, over 5,600 employees, i. e. almost a fifth of the workforce, at the global locations were tasked with

essential innovation topics and product developments around the central megatrends environment, safety and comfort. This is an increase of 16 % compared with the previous year and 45 % compared with the 2010-2011 fiscal year. HELLA thereby demonstrates its focus on and consistent allocation of resources to the success factor which sets it aside from the competition, its global lead in innovation and technology, while maintaining operational excellence in the other functions of HELLA's internal value creation chain.

Further expansion of LED expertise

In July 2012, HELLA was honored by the federal state of North Rhine-Westphalia as the most innovative manufacturer for car lighting systems. This honor highlights the pioneering role which the company has assumed in the development of safety-related, light-based driver assistance systems. Here, the current challenges in the development of LED systems for use both at the front and the rear are now less in the optimization of semiconductor component parts in terms of lighting technology, but rather in the development of concepts which enable specific individual parts and process steps to be standardized. This paves the way for creating cost-optimized and scalable solutions with which LED can be established in most vehicle segments and different versions in the long-term.

On top of this, the requirements on system development are also increasing as a result of the growing complexity of headlamps. For this reason, HELLA began implementing an organizational structure in the past fiscal year 2012-2013, which is oriented towards an opto-mechatronic development

process and focuses on the interdisciplinary collaboration of individual departments to find technical solutions.

The continuation of activities in the field of wear-free LED array headlamps was a major topic of the near-series development in the 2012-2013 fiscal year. In this case low beam and full beam distribution is generated using LEDs arranged in a matrix which can be dimmed up or down as required. The first vehicle with this technology will be introduced to the market in series production in autumn 2013.

HELLA is currently participating in various research cooperation projects as well as with its own strong pre-development division. Current topics include the testing of alternative light sources as well as self-adjusting and fully adaptive headlamps. In addition, it is also focusing on design-driven functions to meet the demand for increasing individualization of the light signature at night. Some examples of this, developed in the period under review, are rear lamp design samples with new materials or animated light.

Demand-oriented automotive electronics for increasing fuel efficiency

The reduction of CO₂ emissions and fuel consumption continued to be essential growth drivers in automotive electronics in the past fiscal year. With a variety of innovative and efficiency-enhancing products in this field, HELLA is well-positioned to take part in general growth in this area and set trends. Successful products, such as vacuum

pumps for brake boosters, intelligent battery sensors or fuel pump control units support a demand-oriented supply of energy or fuel. This gives rise, for example, to potential savings of around 0.15 liters of fuel and roughly three grams of CO₂ per 100 kilometers through the use of a fuel pump control unit. HELLA will also strategically realize further innovations for enhancing efficiency in the coming years, particularly in the fields of electric power steering, engine compartment actuators and start-stop systems.

Technology transfer for new target groups

HELLA transfers the technological expertise which sets it apart in the original equipment areas of the automotive industry, in terms of innovative vehicle lighting and intelligent electronics, to areas of application outside the automotive industry. HELLA offers innovative products for manufacturers of specialist vehicles such as buses, mobile homes, boats or agricultural machinery as well as for industrial customers. These products are precisely oriented towards the special requirements of the respective target groups in the use of standard technology and product concepts. A good example of this is the IL2 Plus LED light line system launched in April 2013. This is a highly versatile industrial lighting system for the efficient lighting of stores and warehouses, supermarkets and high-bay warehouses, and also production halls and workshops. The innovative light line system has a modular design and, using various optics, can be individually adapted to the place of installation, the prevailing conditions and the light distribution desired by the customer.

CONTINUALLY IMPROVING SUSTAINABILITY

In an effort to continually improve the environmental performance of the company, the HELLA group successfully underwent recertification in accordance with ISO 14001 in the 2012-2013 fiscal year. Two additional locations in China and India were incorporated into this network. The new group certificate is valid until October 2015. In addition, the further optimization of energy and resource consumption of processes and products played a central role in the period under review. To this end, preparations were started for a pilot project in which an energy management system in accordance with ISO 50001 was introduced at one of the Lippstadt locations. Energy consumption and CO₂ emissions can be further reduced using the systematic approach. In addition to reduced consumption costs, HELLA can still benefit from the German ecotax for the most energy-intensive users (Spitzenausgleich) in accordance with the German Energy and Electricity Tax Act. With this in mind, following the successful integration of the energy management system in Lippstadt, further German locations are to be certified in future.

The cooperation in the international "HELLA Environmental Network" also played a key role in the period under review. Standardized environmental processes, management system documents and key performance indicators were introduced worldwide. Regional workshops and cross-functional internal audits promote increased networking between the locations and form the point of departure for 'good-practice transfer solutions'.

In addition, the two plants in Lippstadt are the only HELLA locations to which EU-wide trading in greenhouse gas emission certificates ("CO₂ certificates") apply. In 2012, 4,975 tons of CO₂ were emitted by the combustion installation in plant 1 and 15,878 tons of CO₂ in plant 2. As considerably less CO₂ was emitted than granted, there was a surplus of 9,627 certificates for the year 2012. Thus, HELLA has a total of 30,083 surplus certificates with a value of around €82,000. In the course of the current amendment to the Greenhouse Gas Emission Trading Act, the third trading period from 2012 to 2020 presents a particular challenge as the free allocation will be continually reduced from 80 % to 30 % by 2020. For this reason, the surplus certificates from the second trading period are not being sold, but transferred to the third trading period to balance out the deficit.

OPPORTUNITY AND RISK REPORT

As an internationally established company of the automotive supply industry, HELLA is exposed to a variety of opportunities, but also to various types of risks. In line with a sustainable and long-term corporate policy, HELLA identifies these ahead of time in order to make use of opportunities responsibly and with farsightedness, and to manage risks proactively.

INTERNAL CONTROLS AND ACCOUNTING

As an essential element, the group-wide internal control system for accounting comprises organizational, control and monitoring structures which ensure that transactions are correctly recorded, evaluated and included in financial reporting. In order to identify factors which may influence accounting and financial reporting ahead of time and to enable suitable measures for correct recording, various analyses and evaluations are carried out in the course of risk management. Regulations that are applicable group-wide, which together with the annual financial statement planning determine the process for preparing financial statements, are codified in an accounting handbook. If there are any changes to legal regulations and accounting standards, they are analyzed promptly in terms of their possible impact on financial reporting and, where necessary, directly included in the consolidated reporting.

Local companies are supported and monitored by the central group accounting department in independently creating their single-entity financial statements. The consistency of the reported and verified financial statement data is then ensured through appropriate IT systems. The consolidation of the single-entity financial statements is largely carried out centrally. In justified individual cases, for instance for joint ventures, the financial statements of sub-groups are also included in the consolidated financial statements. The effectiveness of the internal accounting controls is reviewed on a continuous basis by the Internal Audit department.

The employees responsible for financial reporting receive regular training. Where necessary, support is provided by external experts for assessing complex items, such as pension liabilities. Moreover, the control system incorporates further risk avoidance measures and measures to improve transparency, such as comprehensive plausibility checks, segregation of duties, and the dual control principle. Furthermore, the analyses carried out as part of risk management contribute to identifying risks which influence financial reporting and enable the introduction of measures to mitigate these risks. The effectiveness of this internal control system is assessed by the responsible group companies and departments using an IT-based system and audited on a test basis by the Internal Audit department. The Management Board and Supervisory Board are informed of the results at regular intervals.

RISK MANAGEMENT

HELLA is subject to various macroeconomic and political, sector and competition-related as well as internal business risks, which are made transparent ahead of time by means of various organizational and procedural measures. This allows the Management Board of the HELLA group to react to risks identified and to counteract them promptly and appropriately. A detailed corporate plan for the next three fiscal years is drawn up each year by the divisions responsible at the companies and at group headquarters, such as Sales, Purchasing, Finance and Controlling. In addition to providing standardized management reports on a regular basis, the responsible managers are also required to inform the company's management immediately about relevant

changes to the risk profile. Scenario analyses are also used systematically for issues that are subject to great uncertainty or volatility. The general development of the company is reviewed regularly in close consultation with the Shareholders' Committee and Supervisory Board.

Macroeconomic developments, particularly the effects of the sovereign debt crisis in Europe, volatile financial markets and a persistently unstable political situation in North Africa and the Middle East, are contributing increasingly to uncertainty on international markets and may have a negative effect on the development of energy and raw material prices. These risks also affect the HELLA group which, as an internationally established company, is subject to the developments in individual countries on one hand, but which can compensate for fluctuations in individual regions suitably by means of its global production and development, supplier and customer network on the other.

Financial risks due to currency and interest fluctuations are managed in consultancy with the Management Board. Derivative financial instruments are also used selectively for hedging transactions arising from operational business. In addition, risks as a result of currency fluctuations are limited by HELLA by sourcing materials locally within the respective currency and sales region. With regard to the interest rate risk, HELLA uses derivative interest rate deals only for hedging purposes. Currency risks are recognized and hedged centrally within the HELLA group, whereby the company optimizes risk control and achieves further savings in hedging costs, owing to the counter movement nature of many positions. Currency risks are mainly hedged through forward exchange contracts, matched to the cur-

rency flows expected on the basis of the corporate plan. HELLA uses the same strategy for hedging fluctuations in commodity prices.

The group's liquidity position is adequately secured by long-term loans, euro bonds and long-term yen bonds. In January 2013, HELLA successfully placed a new, seven-year corporate bond of over €500 million, which the company will use primarily for refinancing the bond from 2009. In addition, a long-term, unused syndicated credit line is available to the group, which was increased to €550 million in June 2011 and matures in 2016. Covenants in credit agreements, where the company's failure to comply could give rise to a right of termination for the creditor, are systematically reviewed on an ongoing basis. The corresponding financial figures form part of management reporting. The existing agreements provide enough scope even for the scenario of a sharp economic downturn.

Market globalization and legal developments present further risks such as the additional consequences of extended warranty obligations. HELLA's exposure to risks associated with natural disasters or epidemics is, however, no higher than normal.

Sector and competition-related risks are being experienced by HELLA mainly as a result of the increasing shift in the demand for passenger cars from Western Europe to America and Asia, and there primarily to China. The rapidly rising sales figures of the Chinese automotive market offer HELLA enormous potential for growth, provided however that certain parts of the value creation chains, such as production and development, are localized for the most part in order

to avoid high import duties and transport route delays. Rising fuel prices, statutory regulations on CO₂ emissions and fuel consumption, as well as growing ecological awareness, also influence car sales, and thus pose a risk for the HELLA group in terms of a decline in demand for vehicles. In addition, the company faces patent-related legal risks as a result of its heavy technology focus.

The anti-cyclical business structure of the company has a stabilizing effect on its business situation, particularly in the context of weak demand on the European home market. While the Automotive segment is directly dependent on the sales of the automotive industry with its Lighting and Electronics divisions, the Aftermarket business especially profits in a difficult economic climate from selling spare parts, accessories and workshop equipment, when customers have their vehicles repaired rather than buying new ones. The Special Applications business also has no need at all to rely on automotive sales with its industrial customers and specialist vehicle manufacturers. This risk-optimized business model means that HELLA has a balanced position even in the event of unexpected market or sector changes. This was demonstrated in the 2008-2009 economic crisis, when HELLA was able to achieve positive earnings despite a clear decline in sales of almost 20 %.

HELLA counters the growing pressure of internationalization and the rising number of value creation steps by means of expanding its international production and development network and adapting product approaches to respective market requirements. Here there is a special focus on fuel consumption and CO₂ emission-reducing technologies, the effects of which make vehicles more

efficient and more sustainable. Its international customer portfolio and global presence in all relevant growth markets safeguard the group against regional market fluctuations.

HELLA protects the technologies it has developed at great expense and effort by means of patents and other property rights, provided this makes strategic sense for the company. Compliance with these rights by competitors is constantly monitored and possible infringements prosecuted. Apart from this, there is also the risk that HELLA itself might inadvertently infringe on the rights of third parties, since competitors, suppliers or customers also apply for a large number of property rights. The existence of effective property rights cannot always be clearly determined in relation to certain processes, methods and applications. Consequently, HELLA might be prohibited from producing, importing or using relevant technologies in certain countries, or may be liable to pay damages. In order to avoid violating existing third party property rights, HELLA systematically monitors new releases and lines these up with its own technology portfolio.

HELLA is subject to risks from in-house areas in production and development processes as well as in staff recruitment. Managing development and production processes is therefore of particular importance in the HELLA group, since possible process weaknesses that cause interruptions to services provided to OE customers can trigger high consequential losses on the customer's side as a result of interruptions in production. In compliance with statutory requirements, allowance is made for such discernible burdens that may impact earnings by means of provisions in the annual financial statements or the corporate plan.

HELLA systematically minimizes default risks through active receivables management and intensive supplier development. New and existing suppliers undergo regular quality audits and their performance and efficiency are developed further where necessary. The entire internal development process for new products is subject to a range of quality standards with clearly defined milestones designed to check and monitor standards of quality. Extensive quality management also reduces risks that might arise from the production or delivery of faulty parts. In addition, there are insurance policies to cover warranty obligations from serial claims.

Alongside this, the subject of personnel recruitment is also one of high importance to HELLA. In order to minimize the risk of not being able to recruit qualified, skilled employees, hire them in sufficient numbers, or maintain their loyalty in the long term, the company systematically pursues internationally-oriented programs for personnel recruitment, commitment and further training.

Compliance with regulatory standards and social norms is fundamental to sustained business success. At the HELLA group, these rules and standards are set down in a Code of Conduct that is binding for all employees. In light of the increasingly complex legal and regulatory requirements, assuring compliance is an ever-increasing challenge and opens up new risk areas for the company. Regular training and instruction, if necessary with the support from external experts, therefore represent a key element of continuous compliance management.

Regardless of the fact that all necessary measures are being taken (including regular compliance training), there is still the risk of employees not complying with statutory regulations (including anti-trust regulations and anti-corruption legislation) and of penalties or liabilities being imposed on the group. European and US cartel authorities have simultaneously opened anti-trust investigations into HELLA and some other companies in the lighting sector for passenger cars, the outcome of which is not yet foreseeable.

The risks and risk areas described are integrated in the risk and compliance management process. In addition, HELLA has appropriate insurance coverage.

The company's management is not aware of any developments that could jeopardize the company's assets, financial position, and earnings over the long term, and thus threaten the company's continued existence.

OUTLOOK

According to estimates of economic institutes, the world economy should pick up more strongly in the second half of 2013 and in 2014. This is provided that no exceptional shock materializes, such as a collapse of the euro zone, for example. A global increase of around 3% in the world economic output is predicted for 2013, while growth of around 4% is expected for 2014. Major regional discrepancies will, however, persist worldwide.

The emerging markets are estimated to grow by 5 % in 2013. In China, solid domestic demand as well as resurgent demand from overseas are expected to lead to growth of around 8 %. This would see the global outlook improve further, even if recovery only continues to progress slowly in industrial nations. After the USA, other advanced economies will also slowly and gradually start to grow again. Structural adjustment processes have started in the euro zone, the implementation of which is necessary for reestablishing the trust of the capital markets in the stability of the currency union. However, the economic climate will remain difficult for the states in Europe, and therefore for companies and consumers as a result of the structural adjustments initiated. Improvements will only occur gradually and slowly in the following years. The German economy is expected to pick up increasing momentum as a result of a recovery of the world economy and the associated exports. Low interest and good lending terms for companies are expected to have a stimulating effect. The high competitiveness of German companies on the global markets and the strong presence in the high-growth emerging economies of Asia should prove advantageous. Accompanied by a stable labor market, which should also prove favorable for private consumption, a 0.6 % increase in gross domestic product is anticipated for Germany in 2013 and a 1.5 % increase in 2014, despite a continued difficult economic situation in Europe overall.

The global market for passenger cars will surpass the 70 million mark for the first time in 2013, thus growing by 2 %. The decisive growth drivers will continue to be the vehicle markets of China and the USA, which together will cover a global market share of 42 %, while Western Europe's market share will decline by one percentage point to 16 %. A

5 % decline in Western European passenger car sales to 11.1 million vehicles is expected for the whole of 2013, leaving Western Europe around 3 million units below the long-term average. The recovery of the Western European passenger car market is closely linked to the economic recovery of the European states. Because any improvement in the framework conditions for consumers and companies is likely to take some time, passenger car sales in Europe are likely to remain rather weak in the years to come.

The US vehicle market is expected to experience a growth of around 5 % to 15.2 million light vehicles in 2013. If fuel prices continue to climb, an increasing number of manufacturers offering appealing and fuel-efficient models could position themselves on the US market. In such a climate, German companies have the opportunity to score points with innovative technologies and efficient strategies. However, additional energy sources from shale gas/oil, which are currently being strongly promoted in the USA, could also lead to a long-term price reduction for fuel. This would primarily act in favor of American manufacturers of large SUVs and light trucks.

Strong triggers for growth are also expected from the Chinese vehicle market in future as a result of the relatively low vehicle density of 37 units per 1,000 inhabitants. Around 14.3 million vehicles are expected to be sold in 2013, which would correspond to a gain of around 8 % on the previous year.

After a difficult start to 2013, India is expected to finish with a slight growth of around 3 %, reaching roughly 2.9 million vehicles. However, the decline in new vehicle registrations

is set to continue in Japan with a drop of around 11 % for the entire year.

When basing calculations on these framework conditions and forecasts, we assume that the business activities of the HELLA group will also continue to develop positively in the coming fiscal year 2013-2014. The company counters stagnation in the European markets with the strategic further development of the worldwide customer structure based on a competitive and innovative product portfolio. The globally-oriented development and production network offers HELLA the opportunity to participate in the growth of international markets, particularly in Asia and America. In addition, the balanced business model with the Automotive, Aftermarket and Special Applications segments has a stabilizing effect, even in difficult economic conditions and volatile framework conditions. Provided there are no serious economic upheavals, despite the ongoing uncertain economic climate, the HELLA group expects continued sales gains in the mid single-digit range in the 2013-2014 and 2014-2015 fiscal years. These gains are predominantly attributable to the company's balanced business portfolio, as well as to further strengthening of its innovative drive, and the resulting appeal which HELLA has to customers.

In light of the structural change in the global automotive industry, a voluntary severance and partial retirement program was arranged with the employee representative body in June 2013 as part of a drive for strategic further development and the strengthening of the Lippstadt location. This gives HELLA room for maneuver to manage those market challenges, which are already foreseeable, ahead of time in a socially-acceptable manner. In future, HELLA in Lippstadt, in its capacity as corporate head of-

office, will concentrate even more on the global management of the growing international HELLA network in order to secure the group-wide quality of processes and products, as well as to press ahead with its further development into a technology location.

Despite the sales growth announced, earnings are expected to be slightly below the level of the previous year due to increased expenses on structural improvements and capital expenditures in expanding global capacities for development and production, as well as due to expenditure on the severance and partial retirement program. After the 2013-2014 fiscal year, we expect a return to rising profits from the 2014-2015 fiscal year onwards as a result of capital expenditures made and orders acquired.

The statements made in this report in relation to the future are based on current assessments by HELLA's management. They are subject to risks and uncertainties which HELLA is not able to control or assess precisely, such as the future market environment and general economic conditions, actions by other market players, successful integration of new acquisitions, achievement of anticipated synergy effects and government measures. If one of these or any other uncertain or unknown factors should occur, or if the assumptions on which these statements are based turn out to be incorrect, the actual results may differ materially from the results explicitly specified or implicitly contained in these statements. HELLA does not intend to update any predictive statements to reflect events, developments or circumstances that become known after the date of publication of this report, nor in any way acknowledges any obligation to do so.

EVENTS AFTER THE BALANCE SHEET DATE

Other than the transactions mentioned, no events of special relevance have taken place since the close of the fiscal year 2012-2013. In the first months of the new fiscal year, the group's assets, financial position, and earnings have continued to develop positively.

Lippstadt, July 26, 2013

The image shows two handwritten signatures in black ink. The first signature on the left is 'J. Behrend' and the second signature on the right is 'Rolf Breidenbach'. Both are written in a cursive, handwritten style.

Dr. Jürgen Behrend

Dr. Rolf Breidenbach

CONSOLIDATED INCOME STATEMENT

of HELLA KGaA Hueck & Co., June 1, 2011 to May 31, 2013

T€	2012/2013	2011/2012
Sales	4,999,078	4,810,213
Cost of sales	-3,654,455	-3,543,344
Gross profit	1,344,623	1,266,869
Research and development costs	-468,177	-388,269
Distribution costs	-422,217	-391,589
Administrative costs	-194,701	-176,884
Other income and expenses	35,621	23,006
Share of profit and/or loss of associates	15,078	20,335
Other income from investments	4,371	2,921
Income from securities and other loans	3,205	3,354
Other financial result	-19,181	-14,012
Earnings before interest and tax on income (EBIT)	298,622	345,731
Interest income	8,222	8,170
Interest expenses	-40,605	-46,506
Interest result	-32,383	-38,336
Earnings before tax on income (EBT)	266,239	307,395
Taxes on income	-59,647	-76,294
Earnings for the period	206,592	231,101
of which attributable:		
to the owners of the company	201,463	222,801
to the minority interests	5,129	8,300

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

of HELLA KGaA Hueck & Co. as of May 31

T€	May 31, 2013	May 31, 2012
Cash and cash equivalents	476,603	429,338
Financial assets	207,998	42,141
Trade receivables	657,063	647,042
Other receivables and non-financial assets	102,348	101,961
Inventories	580,178	543,393
Current tax assets	23,290	19,518
Non-current assets held for sale	11,232	0
Current assets	2,058,712	1,783,393
Intangible assets	241,731	233,719
Tangible assets	1,323,612	1,092,739
Financial assets	20,141	30,583
Equity accounted investments	115,993	86,578
Deferred tax assets	123,912	81,292
Other non-current assets	37,435	7,144
Non-current assets	1,862,824	1,532,055
Assets	3,921,536	3,315,448
Financial liabilities	41,966	91,700
Trade payables	562,425	512,321
Current tax liabilities	33,135	52,049
Other liabilities	429,105	451,097
Provisions	84,347	125,103
Current liabilities	1,150,978	1,232,270
Financial liabilities	1,057,914	679,212
Deferred tax liabilities	63,314	26,128
Other liabilities	184,701	66,532
Provisions	257,395	246,069
Non-current liabilities	1,563,324	1,017,941
Subscribed capital	200,000	200,000
Reserves and balance sheet results	978,984	826,815
Equity before minorities	1,178,984	1,026,815
Minority interests	28,250	38,422
Equity	1,207,234	1,065,237
Equity and liabilities	3,921,536	3,315,448

CONSOLIDATED CASH FLOW STATEMENT

of HELLA KGaA Hueck & Co., June 1, 2012 to May 31, 2013

T€	2012/2013	2011/2012
Earnings before income tax	266,239	307,395
+ Depreciation	277,709	268,770
+/- Change in provisions	-40,954	8,911
+/- Other non-cash income/expenses	6,510	29,183
+/- Profit/Loss on sale of fixed assets	95	-7,230
+/- Change in financial assets/liabilities	0	0
+/- Interest income	32,383	38,336
+/- Change in trade receivables and other assets not attributable to investing or financing activities	12,339	-25,541
+/- Decrease/Increase in inventories	-37,308	-6,491
+/- Change in trade payables and other liabilities not attributable to investing or financing activities	50,828	85,817
+ Interest received	7,860	3,358
- Interest paid	-40,112	-39,518
- Taxes paid	-100,040	-43,265
+ Tax refunds	14,497	1,858
+ Dividends received	13,139	3,000
= Net cash flow from operational activity	463,185	624,583
+ Payments received from sales of tangible assets	3,163	37,193
- Payments made for the purchase of tangible assets	-488,700	-379,650
+ Payments received from sales of intangible assets	7,004	4
- Payments made for the purchase of intangible assets	-52,212	-43,773
+ Payments received from settling loans given to associated or not consolidated companies	4,919	0
- Payments for loans given to associated or not consolidated companies	-1,952	-6,062
+ Payments received from the sale of investments	1,706	2,458
- Payments made for the acquisition of subsidiaries	0	-19,670
- Change of capital in associated companies	-13,375	-20,899
= Net cash flow from investing activity	-539,447	-430,399
- Payments made for the repayment of financial liabilities	-61,876	-64,077
+ Payments received from borrowing	33,356	14,520
- Payments made for acquiring shares from non-controlling interests	-5,464	0
+ Payments received from selling shares of not consolidated companies	885	0
+ Payments received from issuing a new bond	495,865	0
- Payments made for re-purchasing parts of the bond emitted in 2009	-110,760	0
+ Payments received from issuing bonds	0	20,168
- Payments made for the purchase of securities	-165,079	0
- Payments made for repayment of participation certificates	0	-1,077
- Dividends paid	-61,375	-40,018
= Net cash flow from financing activity	125,552	-70,484
= Net change in cash	49,290	123,700
+ Cash and cash equivalents at June 1	429,338	295,806
+/- Effects of changes to the exchange rate on cash	-2,025	9,832
= Cash and cash equivalents at May 31	476,603	429,338

DEVELOPMENT OF CONSOLIDATED FIXED ASSETS

of HELLA KGaA Hueck & Co.

TANGIBLE ASSETS T€	Land and buildings	Technical equipment and machines	Productlinked operating equipment	Other equipment, factory and office equipment	Assets under construction	Total
ACQUISITION OR MANUFACTURING COSTS						
At June 1, 2011	550,939	1,409,865	834,547	333,201	120,302	3,248,854
Changes in consolidated group	-9,656	-442	-20,518	5,288	364	-24,964
Currency translation	5,630	12,921	2,157	2,820	2,086	25,614
Additions	17,236	112,209	35,114	42,635	171,501	378,695
Disposals	-8,430	-39,193	-21,875	-10,647	-1,005	-81,150
Transfers	16,388	74,076	19,105	985	-112,290	-1,736
At May 31, 2012	572,107	1,569,436	848,530	374,282	180,958	3,545,313
ACCUMULATED DEPRECIATION						
At June 1, 2011	283,747	1,040,433	712,294	259,497	1,682	2,297,653
Changes in consolidated group	-6,261	-1,308	-20,255	2,164	7	-25,653
Currency translation	2,691	7,128	1,712	2,866	7	14,404
Additions	15,907	116,354	49,998	26,720	441	209,420
Disposals	-2,080	-32,960	-18,429	-9,833	-7	-63,309
Impairments	4,706	11,671	6,653	4,406	188	27,624
Reversals	-5,358	-480	-11	0	-496	-6,345
Transfers	1,861	-33	1,312	-3,064	-1,296	-1,220
At May 31, 2012	295,213	1,140,805	733,274	282,756	526	2,452,574
Carrying amounts May 31, 2012	276,894	428,631	115,256	91,526	180,432	1,092,739
ACQUISITION OR MANUFACTURING COSTS						
At June 1, 2012	572,107	1,569,436	848,530	374,282	180,958	3,545,313
Currency translation	-926	-1,122	-254	-1,265	63	-3,504
Additions	36,665	110,748	39,808	38,899	262,580	488,700
Disposals	-5,114	-34,238	-10,488	-18,492	-1,238	-69,570
Transfers	13,004	45,308	99,468	9,984	-167,764	0
Reclassification as assets held for sales	-20,229	-1,773	0	-224	0	-22,226
At May 31, 2013	595,507	1,688,359	977,064	403,184	274,599	3,938,713
ACCUMULATED DEPRECIATION						
At June 1, 2012	295,213	1,140,805	733,274	282,756	526	2,452,574
Currency translation	-909	-1,026	445	-1,124	10	-2,604
Additions	17,517	131,240	58,051	29,744	59	236,611
Disposals	-4,594	-32,229	-9,712	-17,588	0	-64,123
Impairments	0	3,637	0	0	0	3,637
Transfers	260	-48,861	47,343	1,342	-84	0
Reclassification as assets held for sales	-9,512	-1,284	0	-198	0	-10,994
At May 31, 2013	297,975	1,192,282	829,401	294,932	511	2,615,101
Carrying amounts May 31, 2013	297,532	496,077	147,663	108,252	274,088	1,323,612

INTANGIBLE ASSETS T€	Capitalized development costs	Goodwill	Acquired intangible assets	Total
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ACQUISITION OR MANUFACTURING COSTS

At June 1, 2011	245,176	73,094	126,053	444,323
Change in consolidated group	21,922	37,355	1,834	61,111
Currency translation	2,870	-16	345	3,199
Additions	30,946	961	12,778	44,685
Disposals	-17,686	0	-289	-17,975
Transfers	-1,037	0	2,773	1,736
At May 31, 2012	282,191	111,394	143,494	537,079

ACCUMULATED DEPRECIATION

At June 1, 2011	132,016	16,415	109,875	258,306
Change in consolidated group	4,522	0	0	4,522
Currency translation	1,438	5	196	1,639
Additions	25,977	0	8,752	34,729
Disposals	-125	0	-272	-397
Impairment	3,157	897	2	4,056
Reversals	-715	0	0	-715
Transfers	-429	0	1,649	1,220
At May 31, 2012	165,841	17,317	120,202	303,360
Carrying amounts May 31, 2012	116,350	94,077	23,292	233,719

ACQUISITION OR MANUFACTURING COSTS

At June 1, 2012	282,191	111,394	143,494	537,079
Currency translation	-806	-404	68	-1,142
Additions	39,421	0	12,792	52,213
Disposals	-7,039	0	-2,882	-9,921
Transfers	0	0	0	0
At May 31, 2013	313,767	110,990	153,472	578,229

ACCUMULATED DEPRECIATION

At June 1, 2012	165,841	17,317	120,202	303,360
Currency translation	-663	-44	-215	-922
Additions	22,764	0	10,320	33,084
Disposals	-572	0	-2,829	-3,401
Impairment	2,619	1,758	0	4,377
Transfers	100	0	-100	0
At May 31, 2013	190,089	19,031	127,378	336,498
Carrying amounts May 31, 2013	123,678	91,959	26,094	241,731

STATEMENT OF CHANGES IN GROUP EQUITY

of HELLA KGaA Hueck & Co., June 1, 2012 to May 31, 2013

	Share capital	Capital reserve	Reserve for exchange rate differences	Cash flow hedge reserve
TE				
At May 31, 2011	200,000	3,061	-30,174	-36,924
Earnings for the period	0	0	0	0
Other comprehensive income	0	0	39,099	-36,076
Total result for the period	0	0	39,099	-36,076
Allocation and distribution to shareholders	0	-3,061	0	0
Transactions with shareholders	0	-3,061	0	0
At May 31, 2012	200,000	0	8,925	-73,000
Earnings for the period	0	0	0	0
Other comprehensive income	0	0	1,207	4,253
Total result for the period	0	0	1,207	4,253
Acquisition on non-controlling interests	0	0	-26	0
Equity addition and allocation and distribution to shareholders	0	0	0	0
Transactions with shareholders	0	0	-26	0
At May 31, 2013	200,000	0	10,106	-68,747

Reserve for financial instruments held for sale	Actuarial gains and losses	Other returned earnings/profit carried forward	Total	Minority interests	Total equity
2,553	7,374	743,241	889,131	32,268	921,399
0	0	222,801	222,801	8,300	231,101
-1,707	-48,433	0	-47,117	-128	-47,245
-1,707	-48,433	222,801	175,684	8,172	183,856
0	0	-34,939	-38,000	-2,018	-40,018
0	0	-34,939	-38,000	-2,018	-40,018
846	-41,059	931,103	1,026,815	38,422	1,065,237
0	0	201,463	201,463	5,129	206,592
3,180	-7,241	0	1,399	-34	1,365
3,180	-7,241	201,463	202,862	5,095	207,957
0	2	4,831	4,807	-10,271	-5,464
0	0	-55,500	-55,500	-4,996	-60,496
0	2	-50,669	-50,693	-15,267	-65,960
4,026	-48,298	1,081,897	1,178,984	28,250	1,207,234

AUDITOR'S REPORT

The statutory balance sheet auditor has granted the following unqualified auditors' certificate in relation to the complete consolidated financial statements and group status report:

We have audited the consolidated financial statements prepared by the HELLA KGaA Hueck & Co., comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated cash flow statement, the statement of changes in equity and the notes to the consolidated financial statements, together with the group management report for the business year from June 1, 2011 to May 31, 2012. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are

examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Bielefeld, August 13, 2013

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Droste
Wirtschaftsprüfer

MAJOR INVESTMENTS

INVESTMENTS IN GERMANY, IN PERCENT

			%
Production Companies	HELLA Innenleuchten-Systeme GmbH (HIS)	Germany	100.0
	HELLA Fahrzeugkomponenten GmbH (HFK)	Germany	100.0
	HELLA Leuchten-Systeme GmbH (HLS)	Germany	100.0
	HELLA Werkzeug Technologiezentrum GmbH (HWT)	Germany	100.0
	Behr-Hella Thermocontrol GmbH (BHTC)*	Germany	50.0
	Docter Optics SE (DOCO)	Germany	95.8
	HBPO Beteiligungsgesellschaft mbH (HBPO(H))**	Germany	33.3
	InnoSenT GmbH**	Germany	50.0
Sales Companies	HELLA Distribution GmbH (HD)	Germany	100.0
	Behr Hella Service GmbH (BHS)*	Germany	50.0
	Hella Pagid GmbH (HPBS)**	Germany	50.0
	Hella Nussbaum Solutions GmbH (HNS)**	Germany	43.8
	Hella Gutmann Holding GmbH (HGHO)	Germany	87.5
Other Companies	Enko Automotive GmbH (ENKO)	Germany	100.0
	HELLA Aglaia Mobile Vision GmbH (HAGL)	Germany	100.0
	HELLA Corporate Center GmbH (HCC)	Germany	100.0
	HELLA Electronics Engineering GmbH (HEER)	Germany	100.0
	HELLA Holding International GmbH (HHI)	Germany	100.0
	ARTEC Advanced Reman Technology GmbH (ARTEC)**	Germany	50.0

INVESTMENTS IN EUROPE, NOT INCLUDING GERMANY, IN PERCENT

			%
Production Companies	HELLA Lighting Finland Oy (HLF)	Finland	100.0
	HELLA Fahrzeugteile Austria GmbH (HFA)	Austria	100.0
	HELLA Innenleuchten-Systeme Bratislava. s.r.o. (HISB)	Slovakia	100.0
	HELLA Slovakia Signal-Lighting s.r.o. (HSKS)	Slovakia	100.0
	HELLA Slovakia Front-Lighting s.r.o. (HSKF)	Slovakia	100.0
	HELLA Saturnus Slovenija d.o.o. (HSS)	Slovenia	100.0
	Manufacturas y Accesorios Eléctricos S.A. (MAESA)	Spain	100.0
	HELLA Autotechnik spol. s.r.o. (HAT)	Czech Republic	100.0
	HELLA Autotechnik Nova s.r.o. (HAN)	Czech Republic	100.0
	HELLA Romania s.r.l. (HRO)	Romania	100.0
	Induperm A/S (HIIN)	Denmark	100.0
	Hella-Bekto Industries d.o.o. (HBIN)	Bosnia and Herzegovina	70.0

Sales Companies	HELLA N.V. (HBE)	Belgium	100.0	
	FTZ Autodele & Værktøj A/S (FTZDK)	Denmark	71.1	
	HELLA A/S (HDK)	Denmark	100.0	
	HELLA S.A.S. (HFR)	France	100.0	
	HELLA Limited (HLGB)	Great Britain	100.0	
	HELLA Ireland Limited (HIEL)	Ireland	100.0	
	HELLA S.p.A. (HIT)	Italy	100.0	
	HELLA B.V. (HBVNBL)	Netherlands	100.0	
	HELLANOR A/S (HELLANOR)	Norway	100.0	
	HELLA Handel Austria GmbH (HHA)	Austria	100.0	
	HELLA Polska Sp. z o.o. (HPL)	Poland	100.0	
	INTER-TEAM Sp. z o.o. (ITPL)	Poland	50.0	
	HELLA 000	Russia	100.0	
	000 Orum Merca (MERUS)**	Russia	35.5	
	HELLA S.A. (HES)	Spain	100.0	
	HELLA CZ. s.r.o. (HCZ)	Czech Republic	100.0	
	Intermobil Otomotiv Müessillik Ve Ticaret A.S. (IOTR)	Turkey	56.0	
	HELLA Hungária Kft. (HHU)	Hungary	100.0	
	Other Companies	Nordic Forum Holding A/S (NFH)	Denmark	100.0
		HELLA Engineering France S.A.S. (HEF)	France	100.0
INVESTMENTS IN AMERICA, IN PERCENT			%	
Production Companies	HELLA Automotive Mexico S.A. de C.V. (HAM)	Mexico	100.0	
	HELLA Electronics Corporation (HEC)	USA	100.0	
	HELLA do Brazil Automotive Ltda.	Brazil	100.0	
Sales Companies	HELLAmex S.A. de C.V. (HELLAMEX)	Mexico	100.0	
	HELLA Inc. (HIUSA)	USA	100.0	
	Hella Mining LLC (HMUS)**	USA	60.0	
Other Companies	HELLA Centro Corporativo Mexico S.A. de C.V. (HCCM)	Mexico	100.0	
	HELLA Corporate Center USA. Inc. (HCCU)	USA	100.0	

INVESTMENTS IN THE ASIA/PACIFIC REGION, IN PERCENT

%

Production Companies	HELLA Australia Pty Ltd. (HA/HAAU)	Australia	100.0	
	HELLA Shanghai Electronics Co., Ltd. (HSE)	China	100.0	
	HELLA Changchun Tooling Co., Ltd. (HCT)	China	100.0	
	Changchun HELLA Automotive Lighting Ltd. (HCL)	China	100.0	
	Beifang HELLA Automotive Lighting Ltd. (HBL)	China	100.0	
	HELLA (Xiamen) Automotive Electronics Co. Ltd. (HAE)	China	100.0	
	Beijing SamLip Automotive Lighting Ltd. (BSL)**	China	49.0	
	HELLA (Xiamen) Electronic Device Co. Ltd. (HEDCN)	China	100.0	
	Changchun Hella Faway Automotive Lighting Co. Ltd. (HFL)**	China	49.0	
	HELLA India Automotive Private Limited (HIA)	India	100.0	
	Hella India Lighting Ltd. (HIL)	India	81.9	
	HELLA-New Zealand Limited (HNZ)	New Zealand	100.0	
	Hella-Phil., Inc. (HPI)	The Philippines	90.0	
	HSL Electronics Corporation (HSL)**	South Korea	50.0	
	Mando Hella Electronics Corp. (MHE)**	South Korea	50.0	
	Sales Companies	HELLA Korea Inc. (HKI)	South Korea	100.0
		HELLA Asia Singapore Pte. Ltd. (HSG)	Singapore	100.0
HELLA Trading (Shanghai) Co., Ltd. (HCN)		China	100.0	
HELLA Middle East FZE (HMEA)		United Arab Emirates	100.0	
Other Companies	HELLA Asia Pacific Pty Ltd. (HAP(H))	Australia	100.0	
	HELLA Corporate Center (China) Co., Ltd. (HCCC)	China	100.0	

INVESTMENTS IN AFRICA, IN PERCENT

%

Sales Companies	HELLA Automotive South Africa Pty. Ltd. (HASA)	South Africa	100.0
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Publisher

HELLA KGaA Hueck & Co.
Rixbecker Straße 75
59552 Lippstadt/Germany
www.hella.com

This report is available in English and German. Both versions are available for downloading from www.hella.com (English) and www.hella.de (German).

Investor Relations

Carl Pohlschmidt
Phone +49 2941 38-6653
Fax +49 2941 38-476653
carl.pohlschmidt@hella.com
www.hella.com

GLOBAL DEVELOPMENT, PRODUCTION, AND SALES PRESENCE



EUROPE
20,600
Employees



ASIA/PACIFIC
4,925
Employees



NORTH AND SOUTH AMERICA
3,442
Employees



AFRICA
63
Employees

LEGEND

- Sales
- ▲ Production
- Development

North and South America

Brazil	■ ▲ ●
Mexico	■ ▲ ●
USA	■ ▲ ●

Africa

South Africa	■
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Europe

Austria	■ ▲ ●	Germany	■ ▲ ●	Portugal	■
Belgium	■	Greece	■	Romania	▲ ●
Bosnia-Herzegovina	■ ▲	Hungary	■	Russia	■
Czech Republic	■ ▲ ●	Ireland	■	Slovakia	▲ ●
Denmark	■	Italy	■	Slovenia	▲ ●
Finland	■ ▲ ●	Netherlands	■	Spain	■ ▲
France	■ ●	Norway	■	Turkey	■
		Poland	■	UK	■

Asia/Pacific

Australia	■ ▲ ●	New Zealand	■ ▲ ●
China	■ ▲ ●	Philippines	■ ▲
Dubai	■	Singapore	■
India	■ ▲ ●	South Korea	■ ▲ ●
Japan	■		

// 2012-2013

HIGHLIGHTS

A look back on the HELLA fiscal year 2012-2013 – a year of new partnerships, fascinating products and excellent benefits.

June 2012



The first sport and health program, HELLA IN MOTION, starts in Lippstadt. Over 400 employees are taking part in the wide range of sport, fitness and preventative health courses.



HELLA intends to set up a new joint venture with the Chinese car manufacturer BAIC, producing passenger car lighting systems for the local market. The two parties sign the declaration of intent for the cooperation on June 1.

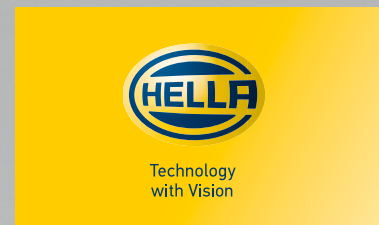


HELLA strengthens its existing customer-supplier relationship with the radar specialist InnoSenT. Together the companies are aiming for market leadership in automotive radar sensors.

July 2012



Dr. Jürgen Behrend and Dr. Rolf Breidenbach laid the foundations for a new electronics development center in Lippstadt together with the mayor of Lippstadt, Christof Sommer. HELLA has invested around € 14 million in the center.



HELLA officially presents the new corporate claim, "Technology with Vision". It embodies technology expertise, innovative strength, sustainability and orientation toward the future.

August 2012



HELLA reinforces its own market presence in China with a newly-established production plant in Xiamen. The focus is on automotive relays and oil sensors for the Asian automotive market.

September 2012



HELLA presents the new Aftermarket concept, "Parts, Tools, Services", at auto-mechanika 2012. It highlights the core competencies: a strong product portfolio, professional garage equipment and first-class service.



HELLA and DAF present the world's first truck headlamps with an LED low beam at the IAA Nkw in Hanover.

January 2013



HELLA successfully issues a seven-year corporate bond of over € 500 million. This transaction reinforces the company's liquidity position and finances the current globalization program.

February 2013



Further expansion in Mexico: In February, HELLA lays the foundation for a new production plant in Irapuato/Mexico. In the future, manufacturers throughout the whole of North and South America will be supplied from this base.

March 2013



HELLA extends its range of energy-efficient industrial lighting to include the innovative IL2 Plus LED light line system. Owing to its modular design, it is particularly versatile.

April 2013



BMW presents the HELLA production plant for headlamps and rear lamps in Guadalajara/Mexico with a quality award.

May 2013



Launch of the Hella Pagid joint venture: Together, the partners TMD Friction and HELLA develop and distribute brake components and accessories for the global automotive spare parts market.

HELLA KGaA Hueck & Co.

Rixbecker Straße 75

59552 Lippstadt /Germany

Tel. +49 2941 38-0

Fax +49 2941 38-7133

info@hella.com

www.hella.com

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