

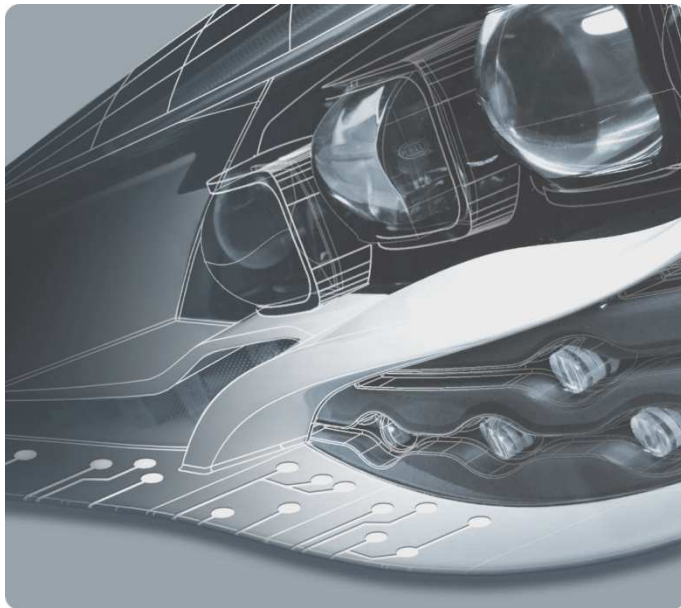


Technology with Vision

HELLA Investor Update H1 FY 2019/20

Conference Call on January 14, 2020

Dr. Rolf Breidenbach, CEO
Bernard Schäferbarthold, CFO



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 Such statements and estimates are valid on the date of publication and can be superseded.

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

HELLA Investor Update H1 FY 2019/20

Outline

- HELLA Financial Highlights H1 FY 2019/20
- HELLA Financial Results H1 FY 2019/20
- Outlook
- Q&A

Expected negative sales and EBIT development in H1 FY 2019/20

Financial Highlights H1 FY 2019/20

Sales

- **HELLA Group** currency and portfolio adjusted **sales declined by 3.2% YoY** to 3.3 bill. EUR

Profitability

- **Adj. Gross Profit margin** at **25.9%** (-1.1%-points YoY)
- **Adj. EBIT** -38.9 mill. EUR (-13.1% YoY) at **257 mill. EUR**
- **Adjusted EBIT margin** -1.0%-points to **7.8%**

Liquidity

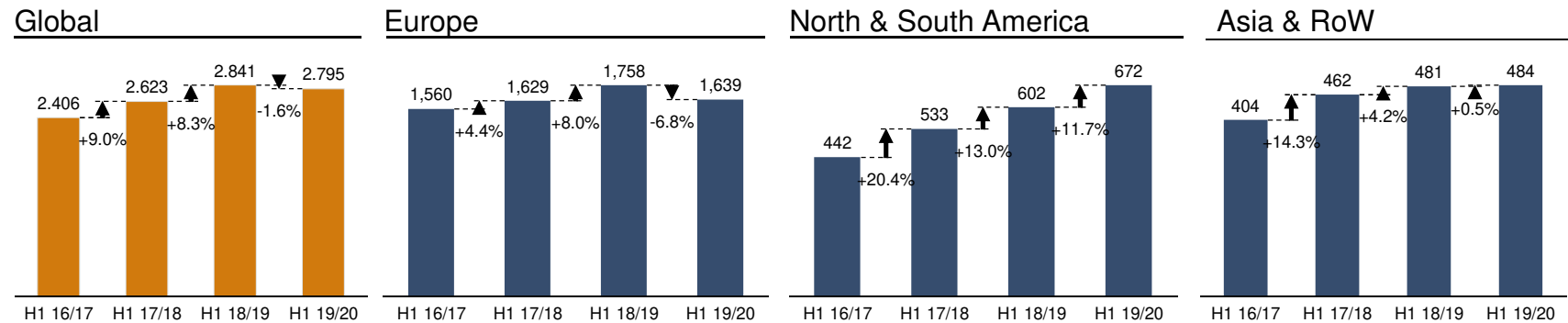
- **Adjusted Free Cash Flow from operating activities** increased by **19 mill. EUR** (+17.5% YoY) to **130 mill. EUR**

Note: Adjusted P&L and Balance Sheet figures for FY 18/19 and FY 19/20 exclude items from the Wholesale distribution since closing of the transactions. Adjustments of profitability figures for all years include restructuring expenses. For details see financial report. Please note that where sums and percentages in the presentation have been rounded, differences may arise as a result of commercial rounding.

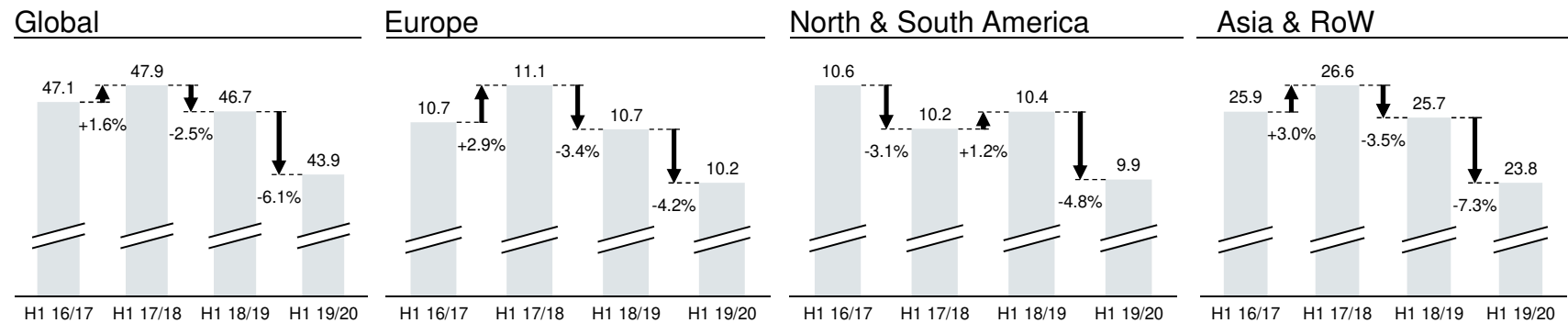
Automotive still outperforms LVP on a global basis

Financial Highlights H1 FY 2019/20

HELLA Automotive external sales by region (in EUR millions)



Light vehicle production (in million units)



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

+7.4%	+10.8%	+4.4%	+1.5%	+11.3%	-2.6%	+23.4%	+11.7%	+16.5%	+11.3%	+7.7%	+7.9%
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Source: HELLA; IHS (as of December 2019)



HELLA Investor Update H1 FY 2019/20

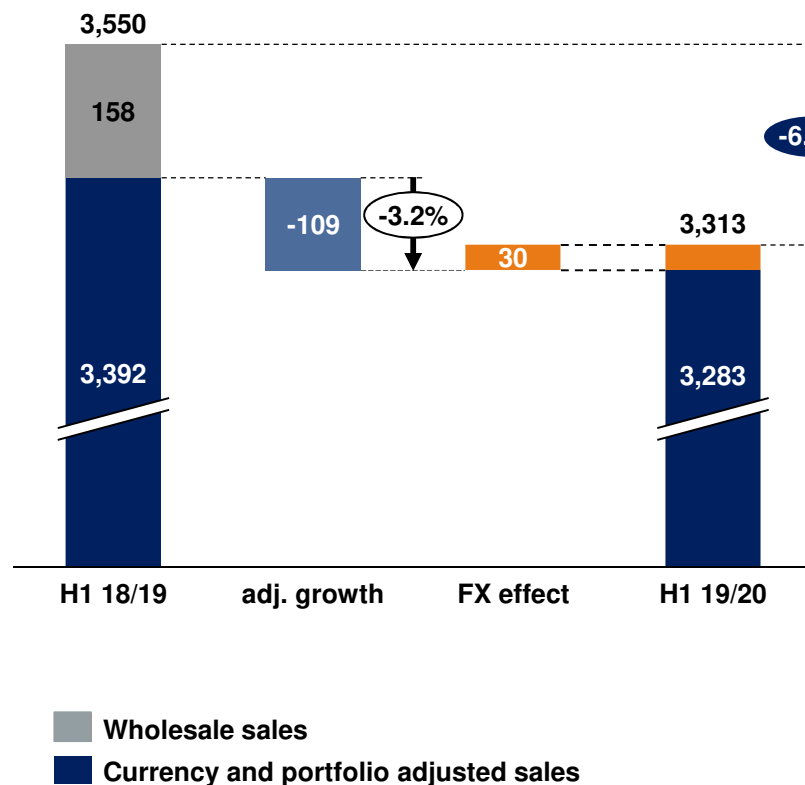
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HELLA top line with expected decline in H1 FY 19/20

Financial Results H1 FY 2019/20

HELLA Group sales (in EUR millions)



Note: Reported sales without consideration of currency and portfolio effects

Comment

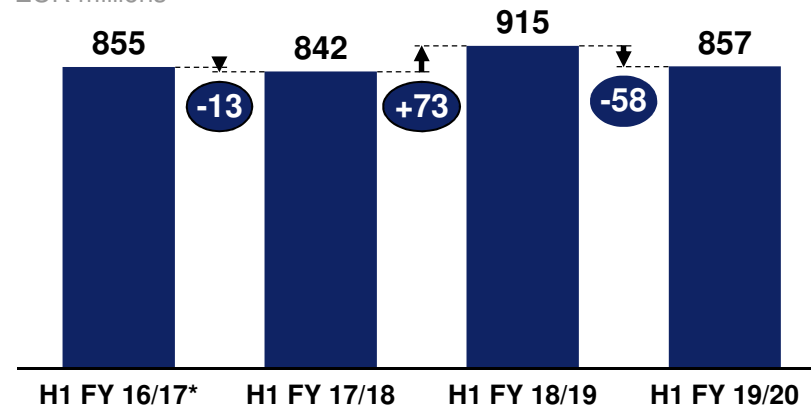
- **Currency (+0.9pp) and portfolio adjusted (-4.4pp) decrease of HELLA Group at 3.2% to 3.283 mill. EUR**
- **Reported sales of HELLA Group declined by 6.7% (decreased by 237 mill. EUR to 3.313 mill. EUR)**
 - **Automotive -1.6% to 2.817 mill. EUR.** Strong underlying demand especially for Electronics, but fewer and slower ramp-ups with lower call-off rates
 - **Aftermarket -3.8% to 323 mill. EUR,** lower demand in South-West Europe and Middle East as well as for Workshop products
 - **Special Applications -10.2% to 183 mill. EUR** due to weaker demand in Agriculture, Construction as well as Bus and Trailer

Adj. GPM decreased despite material and personnel cost savings due to lower growth dynamics and volatility in call offs

Financial results H1 FY 2019/20

Adj. Gross Profit

EUR millions

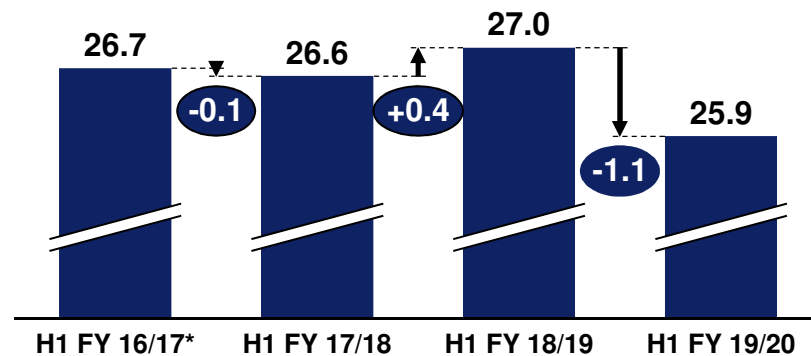


Highlights

- **Adj. Gross Profit decreased by 58 mill. EUR (-6.4%) to 857 mill. EUR**
 - **Automotive** -6.9% to 666 mill. EUR
 - **Aftermarket** +1.8% to 121 mill. EUR
 - **Special Applications** -12.4% to 69 mill. EUR

Adj. Gross Profit margin

% sales



Highlights

- **Adj. Gross Profit margin decreased by 1.1%-points to 25.9%**
 - Decreased GPM Automotive (-1.3pp): missing economies of scale due to lower volumes and high volatilities
 - increased GPM in Aftermarket (+2.1pp) due to positive mix effects and cost optimization
 - lower GPM in SA (-1.0pp) due to negative sales and mix effects despite material & personal cost efficiencies

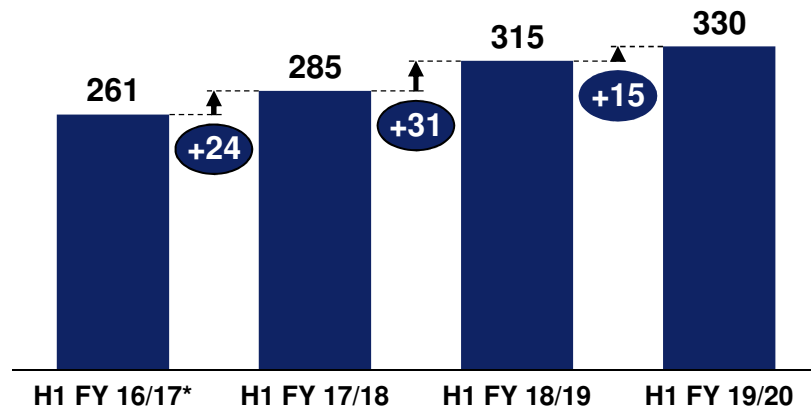
*Not restated for Wholesale effects

Continuous high R&D expenses to prepare new customer projects and develop future technologies

Financial results H1 FY 2019/20

Adj. R&D expenses

EUR millions

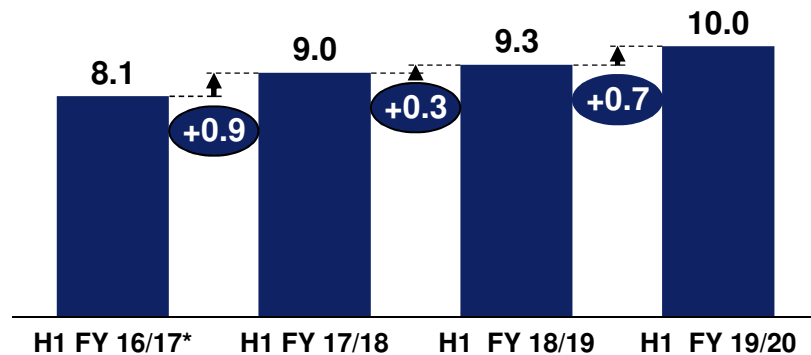


Highlights

- **Adj. absolute R&D** expenses increased by 15 mill. EUR (+4.7% YoY) to **330 mill. EUR**; main drivers:
 - Preparation of new customer projects
 - Development of new future technologies in accelerating industry change

Adj. R&D expenses ratio

% sales



Highlights

- **H1 19/20** ratio +0.7pp to **10.0%** due to over-proportional increase in absolute R&D expenses

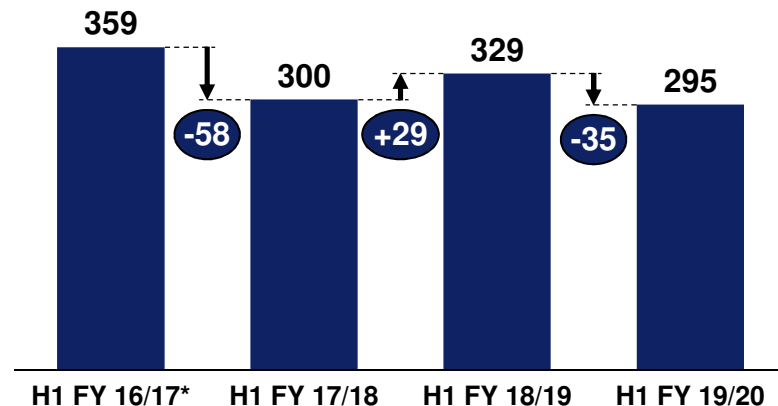
*Not restated for Wholesale effects.

SG&A costs declining due to continuous cost savings

Financial results H1 FY 2019/20

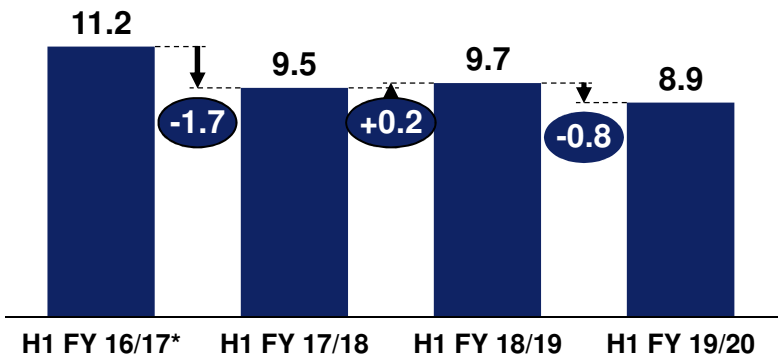
Adj. SG&A expenses

EUR millions



Adj. SG&A expenses ratio

% sales



*Not restated for Wholesale effects.

Highlights

- **Adj. SG&A costs** decreased (-35 mill. EUR, -10.5%) to **295 mill. EUR**
 - Decrease in logistic costs (-26 mill. EUR) with realized savings potentials
 - Lower admin expenses (-6 mill. EUR) with stringent saving programs
 - Increased other adjusted income (+3 mill. EUR)

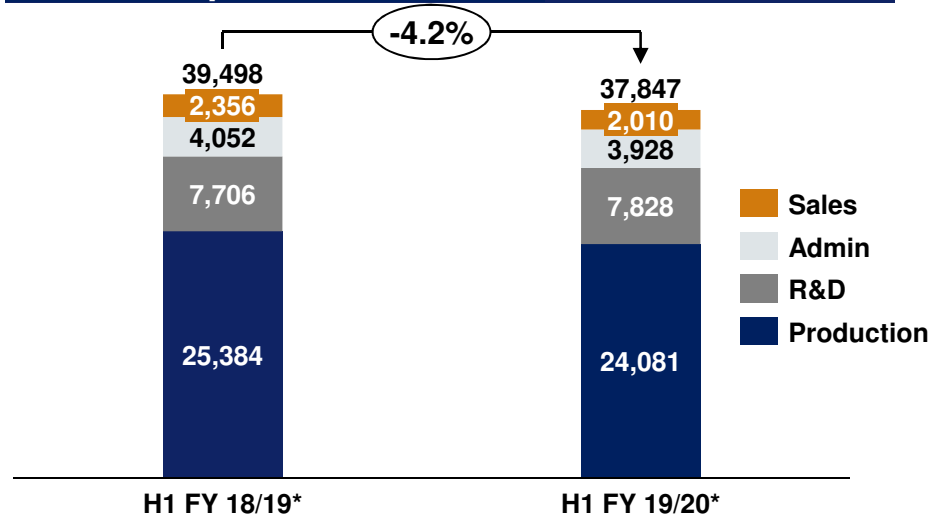
Highlights

- **Adj. SG&A ratio** decreased (-0.8pp) to **8.9%**
- Over-proportional decrease in absolute SG&A with savings programs and lower logistic costs

Continuous focus on structural cost measures, declining headcount development

Financial Highlights H1 FY 2019/20

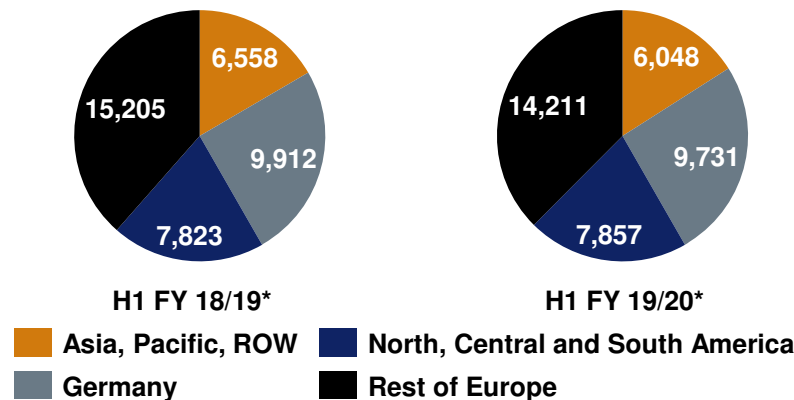
Headcount per functional Area



Highlights

- Overall headcount **decreased** by 4.2%:
 - Headcount in production (-5.1%), sales and marketing (-14.7%) and administration (-3.1%) areas declining
 - Investments in R&D headcount with increase of 1.6%
- Continuous implementation of necessary measures

Headcount per Region



Highlights

- Headcount reduction across all regions apart from NSA (+0.4%)
 - Germany (-1.8%), Rest of Europe (-6.5%) and Asia, Pacific, ROW (-7.8%) declining

* As per November 30th

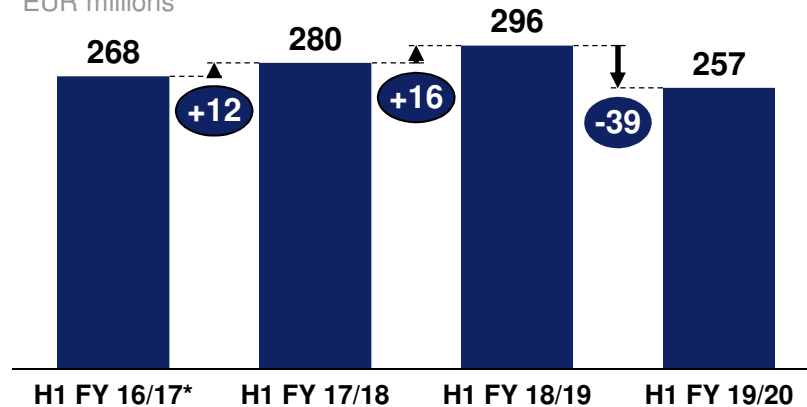


Adjusted EBIT below prior-year's level despite improved cost efficiency. Margin pressure from high R&D and lower GPM

Financial results H1 FY 2019/20

Adjusted EBIT

EUR millions

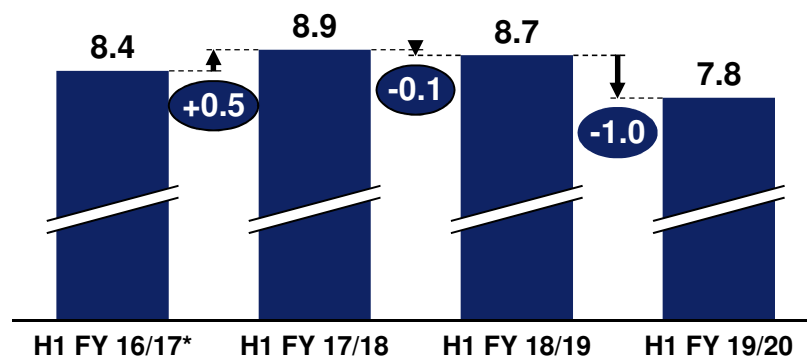


Highlights

- **Adjusted EBIT** decreased by 39 mill. EUR (-13.1%) to **257 mill. EUR**:
 - decrease in adj. Gross Profit by 58 mill. EUR (-6.4%)
 - higher R&D (+15 mill. EUR, +4.7%)
 - decrease in adj. SG&A (lower distribution and admin) by 35 mill. EUR (-10.5%)

Adjusted EBIT margin

% sales



Highlights

- **Adj. EBIT margin** decreased by **1.0%-points** to **7.8%**:
 - decrease of adj. GPM by 1.1pp
 - higher R&D expenses ratio (+0.7%-points)
 - lower SG&A ratio (-0.8%-points)

*Not restated for Wholesale effects.

P&L including reconciliation

Financial results H1 FY 2019/20

FY comparison

HELLA GROUP		H1 FY 18/19	H1 FY 19/20
in EUR mill.			
Gross Profit	reported	972.2	832.4
	Adjustments	56.9	24.7
	adjusted	915.3	857.2
Other income and expenses	reported	257.1	9.7
	Adjustments	249.5	1.0
	adjusted	7.6	10.7
Distribution	reported	-276.3	-190.0
	Adjustments	60.6	0.1
	adjusted	-215.7	-189.9
Admin	reported	-126.5	-116.1
	Adjustments	5.3	0.6
	adjusted	-121.2	-115.5
EBIT	reported	536.8	230.4
	Adjustments	-240.5	27.1
	adjusted	296.3	257.4
Net financial result		-25.0	-12.8
Taxes		-68.2	-55.3
Earnings for the period		443.6	162.3
Earnings per share (EUR)		3.99	1.45

Comments

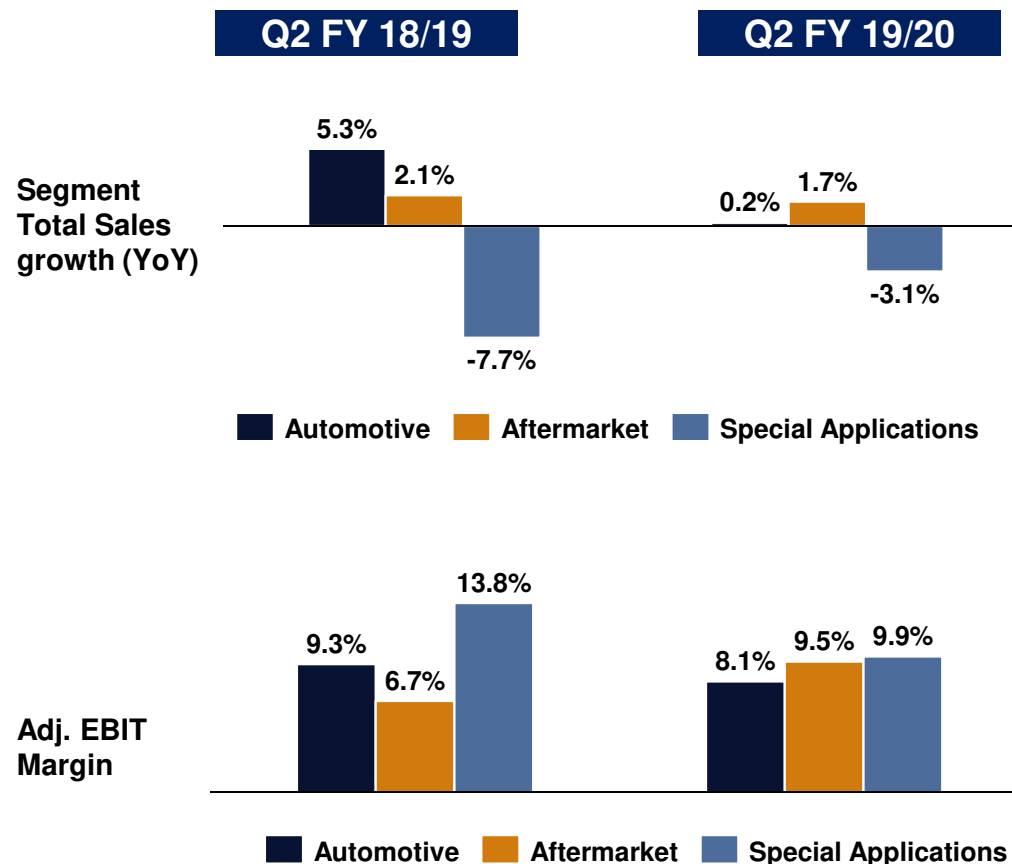
- Reported EBIT H1 19/20 decreased by 306.4 mill. EUR mainly due to wholesale profit in FY 18/19. FY 19/20 lower Gross Profit and increased R&D despite cost savings
- Tax ratio at normalized level of 25.4%
- Earnings for the period decrease driven by lower operating result
- EPS decreased by 2.54 EUR (-63.6%) to 1.45 EUR

Note: adjustments include restatements for the sale of the wholesale distribution business & restructuring. For details see financial report.

Q2 FY 19/20 Automotive business with lower growth dynamics and margin pressure

Financial results H1 FY 2019/20

Quarterly comparison



Comments

- Automotive sales nearly on same level as Q2 FY 18/19. Lower sales in Europe were compensated by higher sales in NSA and Asia & RoW
- Aftermarket overall with modest sales increase due to IAM growth especially in Eastern Europe. Workshop with lower sales compared to Q2 FY 18/19 due to strong comparable quarter with significant sales of emission exhaust gas testers
- Special Applications negative due to weak markets in Construction, Trailer and Bus despite increase in workshop equipment reimbursements. PY decline affected also by closure Australia plant
- Q2 Automotive margin affected (despite cost efficiencies) by increasing R&D, raw material and personnel expenses not compensated by almost flat sales growth
- Aftermarket margin increased due to increased sales, successful cost structure optimization and better product mix in workshop business
- Q2 FY 19/20 margin SA decreased with missing sales and investments in products despite optimized costs

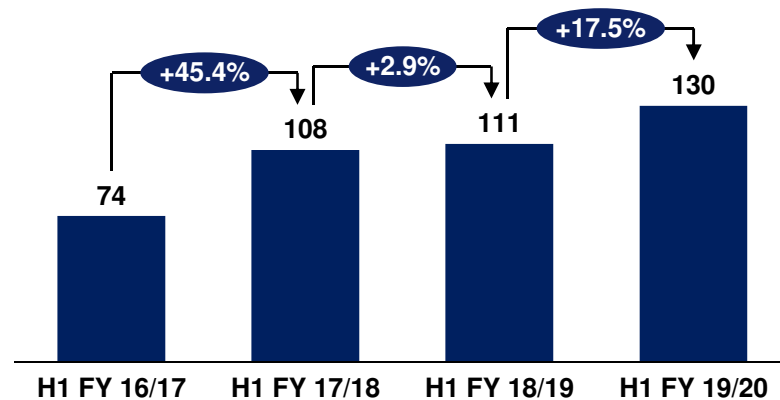


Improvement of Adj. Free Cash Flow with strong increase in Cash Conversion ratio to 50.6%

Financial results H1 FY 2019/20

Adj.¹ FCF from operating activities

EUR millions

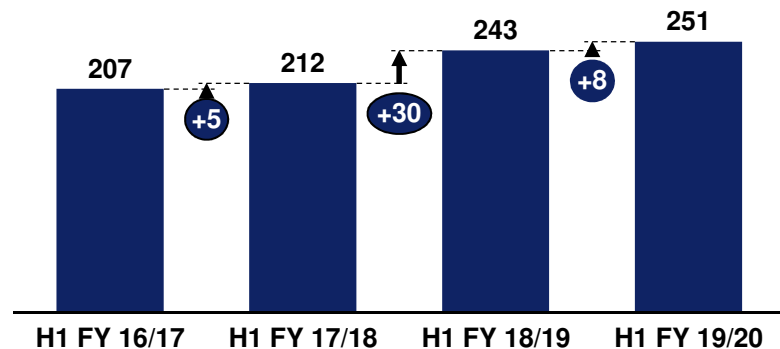


Highlights

- **Adj. Free Cash Flow from operating activities** increased by 19 mill. EUR to **130 mill. EUR**, mainly driven by other non-cash income and provision changes
- **Cash Conversion³ ratio increased by 13.9%-points to 50.6%**

Adj. Net CAPEX²

EUR millions



Highlights

- **Continuous investments in customer-specific equipment**

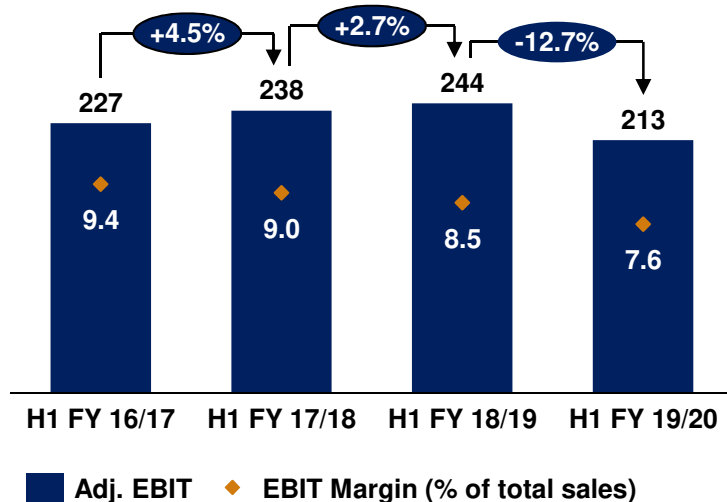
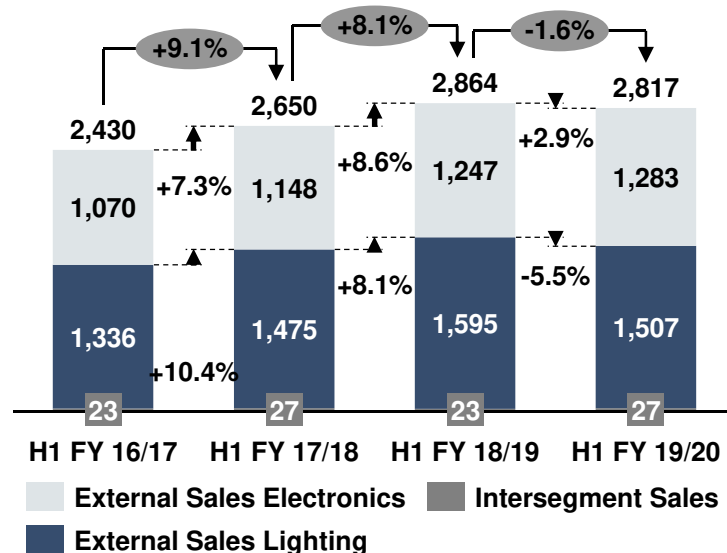
1) Adjustments of FCF include restructuring expenses, factoring, and payments received/made in connection with the sale of the Wholesale business

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

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

Automotive segment with sales decline, profitability under pressure

Financial results H1 FY 2019/20



Automotive Sales

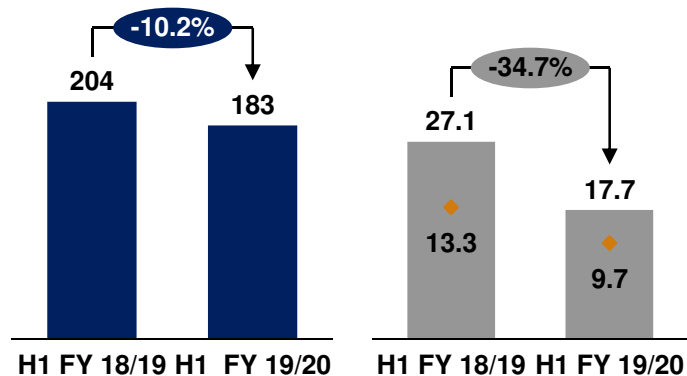
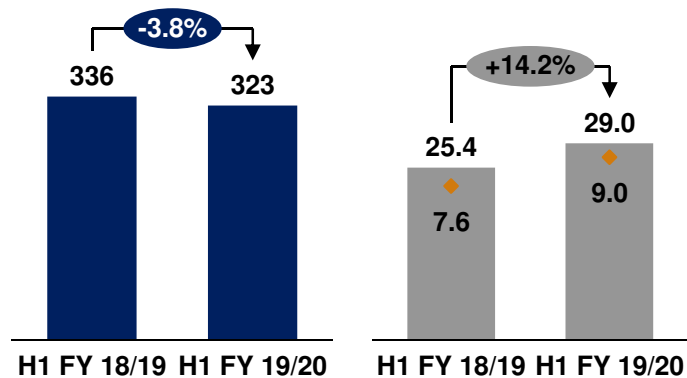
- **Decline of 1.6%** with lower production ramp-ups, expected EOPs and high comparable basis
 - **Demand for electronics products especially energy management and sensor product portfolio beyond market growth**
 - **Fewer launches of lighting products**
 - Overall demand driven by **NSA** and **Asia & RoW**

Automotive Profitability

- **Decrease of adj. EBIT by -12.7% to 213 mill. EUR, margin -1.0%-points, mainly:**
 - **Decrease in Gross Profit (-6.9%)**, due to high volatility and lower volumes that weight negatively on Gross Profit, GPM decreased by 1.3%-points to 23.7%
 - **Increase in R&D (+4.0%)** with preparation of new customer projects (booked business) and development of new technologies

Non Automotive segments with negative sales development, profitability supported by savings program and mix effects

Financial results H1 FY 2019/20



■ Total Sales

■ Adj. EBIT

◆ EBIT Margin

Aftermarket

- **Total sales decline of 3.8%: negative workshop business** due to still high comparable basis; **IAM** demand still dampened by weakness in South-West Europe and Middle East
- **Increase in adj. EBIT with adj. EBIT margin at (9.0%):**
 - Growth in GPM by 2.1%-points due to better product mix in workshop business and strict cost savings
 - Cost optimization in distribution and admin

Special Applications

- **Negative top-line development (-10.2%):**
 - Weak **Agriculture, Construction, and Trailer sales due to weak end markets**
- **Adj. EBIT down by 34.7%, margin -3.6%-points to 9.7%:**
 - Gross Profit -12.4% due to mix effects
 - Investments in new products and distribution of core (VS* & E/E**) products increased R&D expenses (+12.6%) and distribution cost ratio (+1.3%-points)

* Vehicle Specific Lighting, Electric/Electronic



HELLA Investor Update H1 FY 2019/20

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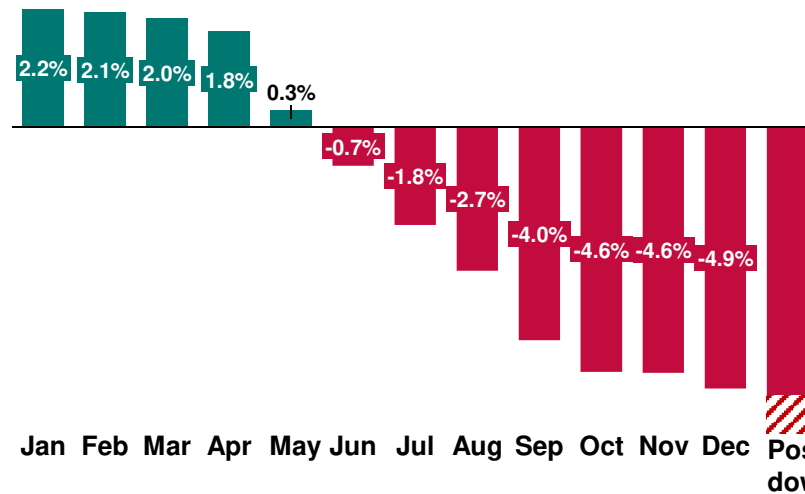
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Market outlook characterized by uncertainties and a continuous downward trend in predictions, further revisions possible

Market Outlook

Unstable market environment

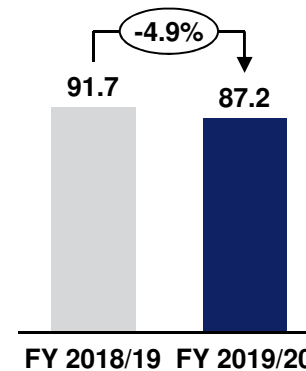
Global Light Vehicle Production
 Comparison of IHS LVP estimates
 Forecast for Fiscal Year 2019/20



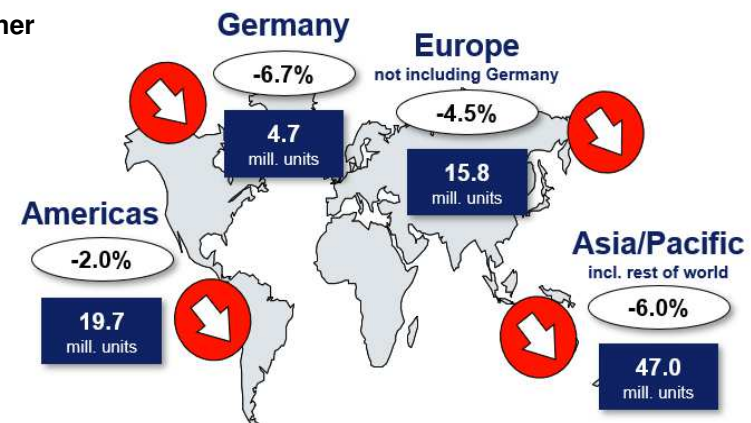
- H1 LVP at -6.1% according HELLA expectations
- Global **demand decline especially in China** confirmed by latest IHS forecasts
- **Still high uncertainties** in economic and market environment due to e.g. unclear execution of the Brexit and trade conflicts
- Forecasting ability for H2 FY 19/20 is still limited

IHS AS OF TODAY:

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



- **Decrease by 4.9%** to 87.2 mill. units expected
- **Decline in production especially in Europe and Asia/Pacific**



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

Company Guidance

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

**Currency and portfolio
adjusted sales**

- In the range from 6.5 billion to 7.0 billion EUR

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

- In the range from 6.5% to 7.5%

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Technology with Vision

Thanks for your attention

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