HELLA Investor Update

FY 2021/22

August 18th, 2022

Summary

01 **Key Highlights|** Michel Favre

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01

Key Highlights

Highlights in FY 2021/22

- **Record order intake of around €10bn achieved in Automotive, ongoing project wins for innovations**
  - secures continuous outperformance of the LVP and helps to bring profitability mid-and long term back to the level of 8%
  - important orders for strategic growth areas like electrification, automated driving, and digitalized light
- **Significant efforts undertaken to deliver value within Forvia group**
  - successful closing (January 31) in a short period of time after agreeing the BCA
  - ensuring the implementation of the envisaged synergy potentials and realization of further synergy projects
  - implementation of organizational changes to form new business groups
- **Successful portfolio management & partnership expansion**
  - sale of ~33% stake in HBPO to Plastic Omnium for an agreed purchase price of €290m
  - development partnerships with Farasis and NVIDIA entered
- **Even more ambitious climate targets passed**
  - 1st time disclosure of Scope 3 reduction and interim targets
  - 1st time reporting of KPIs according EU Taxonomy

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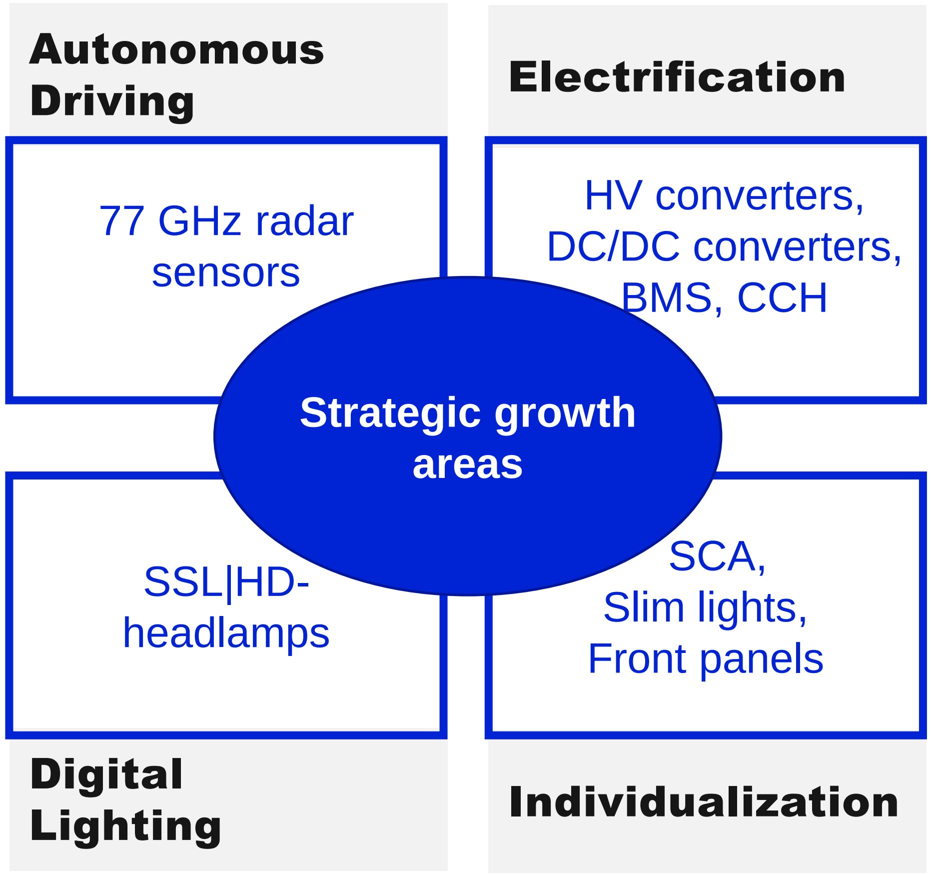
Record order intake of €10bn in Automotive in FY21/22

Actual further orders for Automotive innovations in the field of Electronics and Lighting



- **Large-volume acquisitions that feed perfectly into strategic growth areas**
  - **successful launch of 77GHz technology in spring 2020. Several SOPs** and **strong further demand**. 2nd generation in development with latest generation of radar chips **start series production in 2024**
  - **currently series development of 12-voltage BMS** which can be used with all types of drives, **SOP in 2024, large volume orders for HV BMS**
  - **battery solutions for 48-volt** mild hybridization **in development as part of several customer projects, SOP 2024. Series order for system solution** comprising power electronics and battery management, **SOP 2025**
  - **1st series production of SSL|HD-headlamp technology prepared** to realizes new high-resolution lighting functions such as optical lane marking or welcome scenarios. **2nd generation** with new lighting functions, further product optimization and flexibilization, **SOP 2024**
  - Smart Car Access allows hands-free digital car access without having hold a classic remote key or smartphone. System characterized by a particularly high level of security. **SOPs within next 2 years, further large-volume series order acquired**

BMS: Battery Management System, CCH: Coolant Control Hub, SCA: Smart Car Access

Order intake and further innovations secure future outperformance and support mid-term profitability targets

Selected innovation highlights with important project wins

Multifunctional front panels to boost brand differentiation

- **Special feature:** highly integrated module available in different integration depths and customer variations; e.g. with integrated light, radar transmission, heating function; self-healing effect due to polyurethane
- **Status:** Major orders acquired for two German premium manufacturers (combined order volume over €1bn)
- **Next steps:** SOP 2025 in Ljubljana, Slovenia (center of excellence for body lighting)

High voltage voltage converter for automated driving functions

- **Special feature:** Energy interface between high-voltage on-board network and 12-volt consumers (e.g. radar sensors, steering electronics); ensures redundant power supply
- **Status:** Nomination by German premium manufacturer; first ever customer order for HELLA for high-voltage voltage converters.
- **Next steps:** Product development at the Lippstadt site as a global center of competence for high-voltage power electronics. Start of production in Recklinghausen in mid-2025

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Realization of synergies fully on track, joining forces with Faurecia strengthens HELLA's market and cost position

Synergy plants implemented; realization of further synergy projects ongoing

- **Around 200 synergy opportunities** identified and now in execution
- **Top 10 synergy projects cover more than 95%** of the jointly identified cost synergy potential
- **Cost synergies and optimization of > €250m in 2025** for the combined group, supporting HELLA purchasing, operations and SG&A
- **Purchasing as the most significant contributor** (followed by synergies in operations)
- **Additionally, significant sales synergies** (e.g., improved access to Japanese OEMs for HELLA)

TOP 10 synergy projects

1. Direct & Indirect Purchasing
2. Global Business Services
3. Digital Transformation & IT
4. Electronics Integration
5. Digital Warehouse & Material Flow
6. Tooling Business Line
7. Manufacturing Excellence
8. Aftermarket Sales Synergies
9. Real Estate Optimization
10. Global Functions Convergence

HELLA practices a stringent portfolio management as a part of its corporate strategy

Joint Ventures, partnerships and M&A subject to regular review and further development in changing market conditions

Joint Ventures	› Sales of **33.33% in HBPO to Plastic Omnium for an agreed purchase price of €290m** to further sharpen profile as a focused technology company with Lighting, Electronics as well as Lifecycle Solutions at its core › **Discontinuation of activities of the JV HELLA Evergrande Electronics,** which HELLA had previously founded with the Chinese real estate developer Evergrande
Open Alliances	› **Cooperation with the battery manufacturer Farasis Energy Europe** to strengthening position in the field of electromobility and develop a new, scalable platform for BMS for electric vehicles by 2024 › **Exclusive license and development agreement** with Swedish tech company **Gapwaves** to implement waveguide-based antenna technology in the next-generation 77 GHz sensors › **Work with NVIDIA** on approaches to simplify the integration of radar sensors into the vehicle architecture
M&A	› **Currently exploring various strategic options for the Special Applications segment** including a sale of the business. No decision has been taken at this stage › **Acquisition of 10% stake in Gapwaves** in June 2021

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HELLA assumes responsibility by setting more targets and a strong focus on milestones

Climate protection as central field of action within sustainability strategy

TARGETS	ACHIEVEMENTS FY 2021/22
Operate with C02 neutral production (Scope 1 and 2) until 2025	› **Scope 1 & 2 emissions determined** for all locations in FY 2021/22
Climate-neutral supply chain (Scope 3) until 2050	› **1st time reporting of indirect CO2 emissions** › **Interim targets for up- and downstream value** chain adopted • reduce carbon emissions by 38% until 2030 • reduce carbon emissions by 90% until 2045
Comply with EU Taxonomy Regulation	› **1st time disclosures in accordance with the EU regulation** • eligible share of sales around 8%, CAPEX ~20%, and OPEX ~12% • including BHEV portfolio, shares of around 21% (sales), 32% (CAPEX), and 25% (OPEX)
Reduce energy consumption by minimum 10% until 2030	› **Renewable electricity generation expanded** › **Specialist network** for local energy saving measures **created**

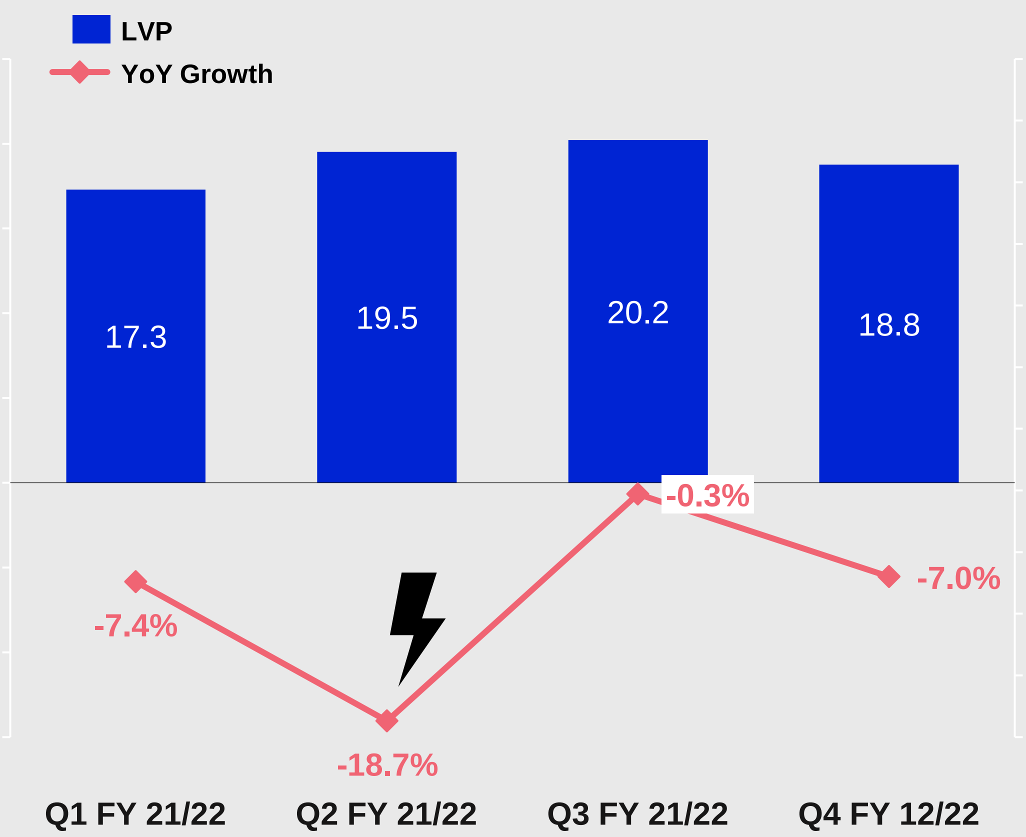
02

Financial Results

HELLA faced an extremely demanding market environment with massive swings

Due to its fiscal year HELLA was impacted by all market hiccups occurred since mid of last year

Global Light Vehicle Production
in million units, IHS Markit® per 18 July 2022



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

- **Full financial year impacted by bottlenecks** for electronic components, **stop & go production**, and **cost inflation**
  - further **recourse bottlenecks** e. g. for silicones in **Q1**
  - dramatically **increasing bottlenecks** for semis and microchips in **Q2** due to Covid related production stoppages at some chip suppliers in the Asia
  - slight stabilization with **stagnating production** in **Q3**
  - **Q4** impacted by **war against the Ukraine** and pandemic-related **lockdowns** in China especially in **Shanghai and Changchun**
- **Instead of 4% growth** predicted at the beginning of fiscal year, **LVP fell around 9% globally**

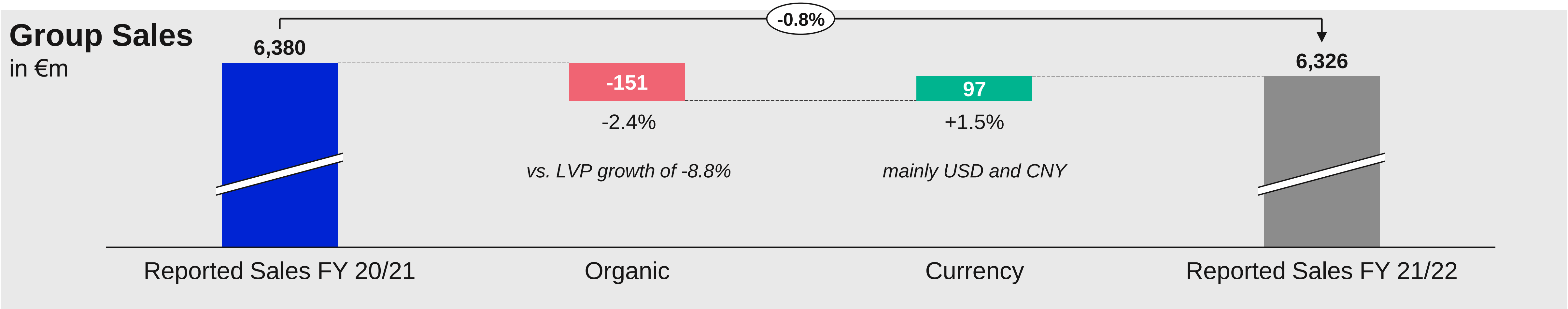
HELLA Automotive outperforms the global market by 6.5%-pts, especially strong out performance in Europa and Asia /Pacific

High outperformance in China supported by ramp-ups

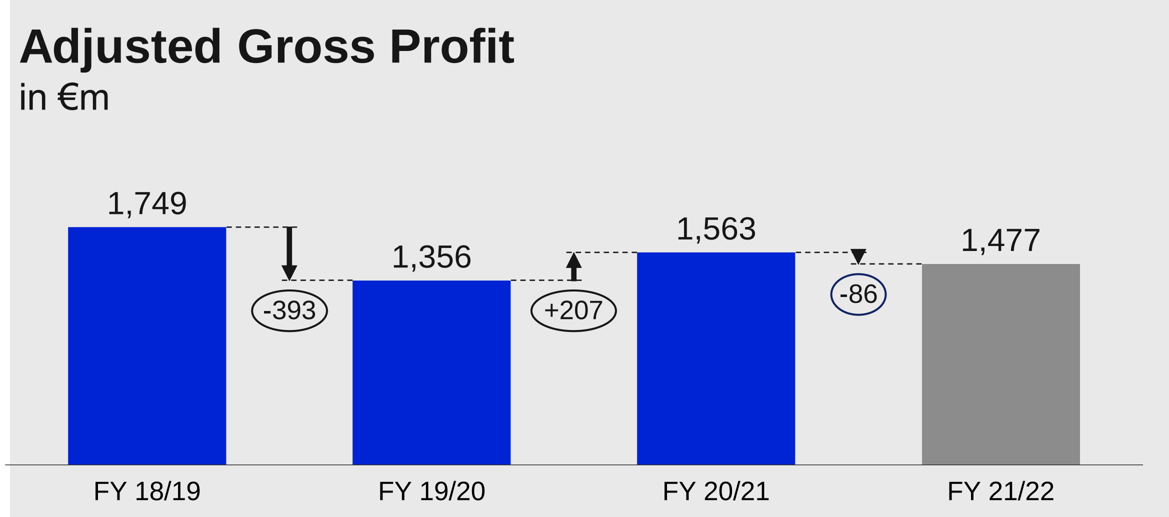
Region	NSA 	Europe 	Asia/ Pacific incl. RoW 
External Sales Automotive FY 21/22)	**1.2** billion Euro	**2.9** billion Euro	**1.3** billion Euro
Growth YoY	-6.3%	-9.4%	+25.6%
HELLA Outperformance LVP	+2.5%	+10.5%	+30.1%

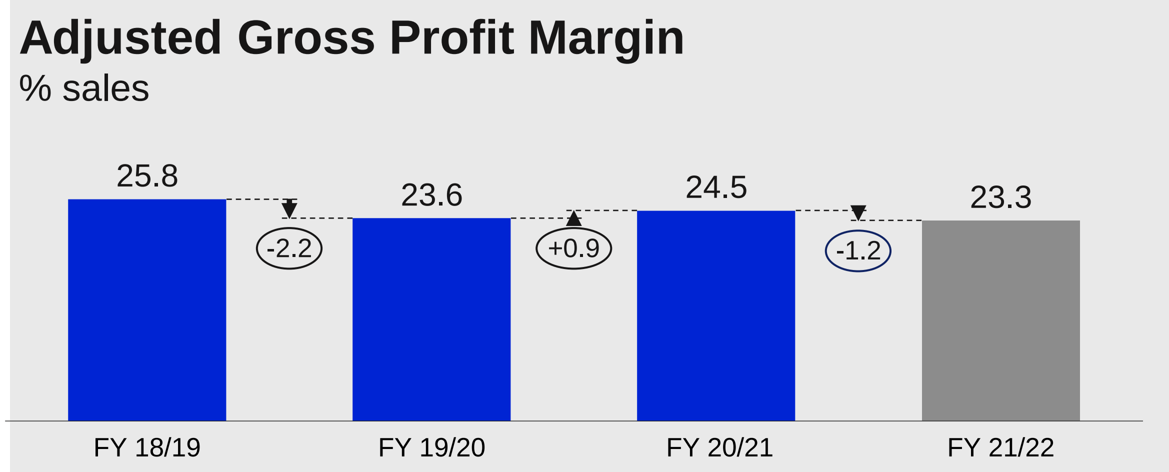
FY 2021/22 group sales of €6.326bn, down only 0.8% including positive FX effects of €97m

- **Organic sales down 2.4% to €6,229m** adjusting for positive FX effects in FY 2021/22 of €97m
- **Automotive -2.1% to €5,431m**: sales impacted by declining LVP especially due to persistent bottlenecks for electronic components
- **Aftermarket +15.6% to €583m**: very positive development in IAM in several countries. Growth in workshop business driven by demand for recently introduced diagnostic tool mega macs X
- **Special Applications +8.3% to €389m**: continuously positive demand for agriculture and construction machinery. Recovery in other segments



Adjusted GPM decreased with sales decline in Automotive and strong cost inflation especially for material and logistics





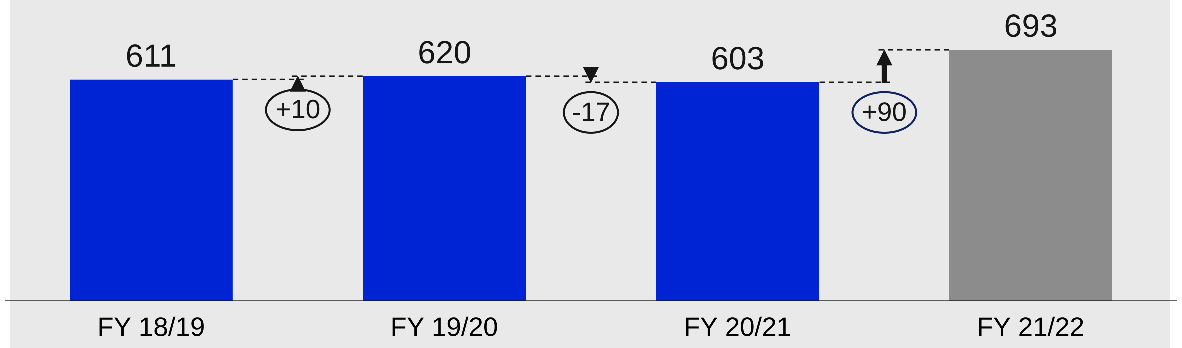
- **Adj. Gross Profit decreased by €86m (-5.5%) to €1,477m**
  - Automotive -9.4% to €1,080m
  - Aftermarket +6.6% to €242m
  - Special Applications +12.5% to €156m
- **Adj. Gross Profit margin decreased by 1.2%-points to 23.3%**
  - GPM Automotive -1.6%-points: lower production volumes and rising costs for material, logistics and freight and rising energy prices. In addition, production inefficiencies due to increasing shortages weight down margin
  - GPM Aftermarket -3.5%-points: higher material expenses and logistic costs as well as negative product mix effects
  - GPM Special Applications +1.5%-points: sales growth and positive mix effects could overcompensate negative effects from rising martial prices

Increasing R&D expenses reflect higher volume of order book

Further gradual expense increase for ground research and pre-development activities

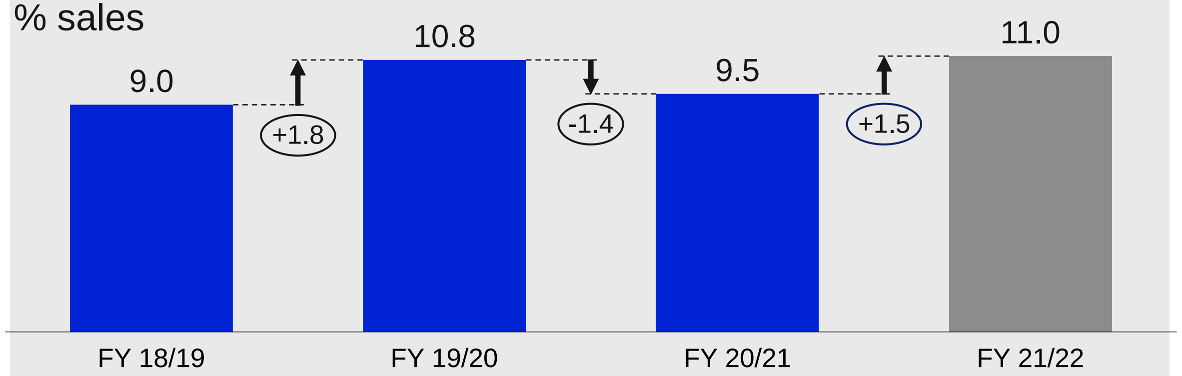
Adjusted R&D expenses

in €m



Adjusted R&D expenses ratio

% sales

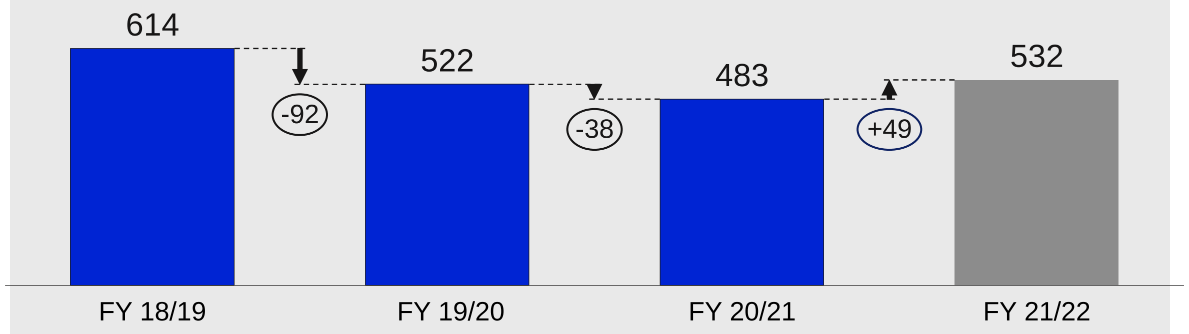


- **Adj. absolute R&D expenses increased by €90m (+14.9% YoY) to €693m**
  - FY 21/22 increase of development expenses as a result of significantly higher volume of acquired customer projects compared to the previous year
  - Gradual expansion of research and development activities e (e. g. additional ground research and pre-development activities) after focus of activities in the previous year on necessary series development and production ramp-ups
- **Adj. FY 21/22 R&D ratio increased by 1.5%-points to 11.0%**
  - Over-proportional growth of absolute R&D expenses

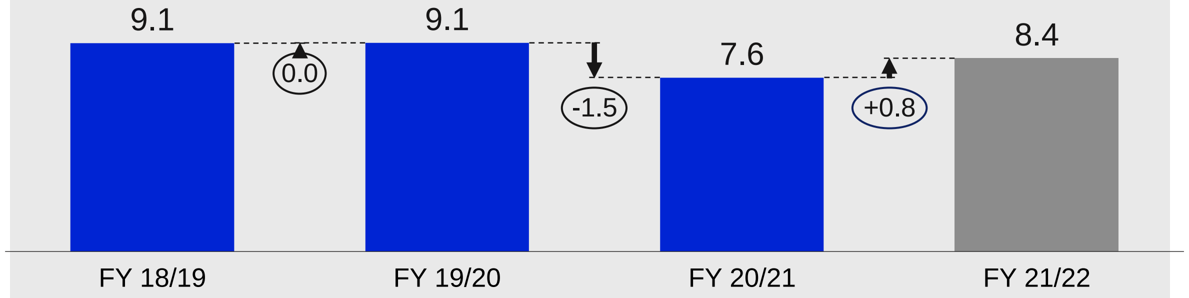
Further stringent focus on SG&A expenses, synergies and improvement program will contribute to future SG&A reductions

Development impacted by comparably low prior year due to positive one-offs

Adjusted SG&A expenses
in €m



Adjusted SG&A expenses ratio
% sales



› **Adj. SG&A costs increased by €49m (+10.2%) to €532m**

- small increase in marketing and logistic costs (+ €14m) with normalized employment (after short-term work in prior year)
- small increase in admin expenses (+ €11m) with continuous savings
- decrease of other adjusted operating result (-€24m) due to positive one-off effect (reversal of impairment of JV of €19m) in prior year

› **Adj. FY 21/22 SG&A ratio increased by 0.8%-points to 8.4%**

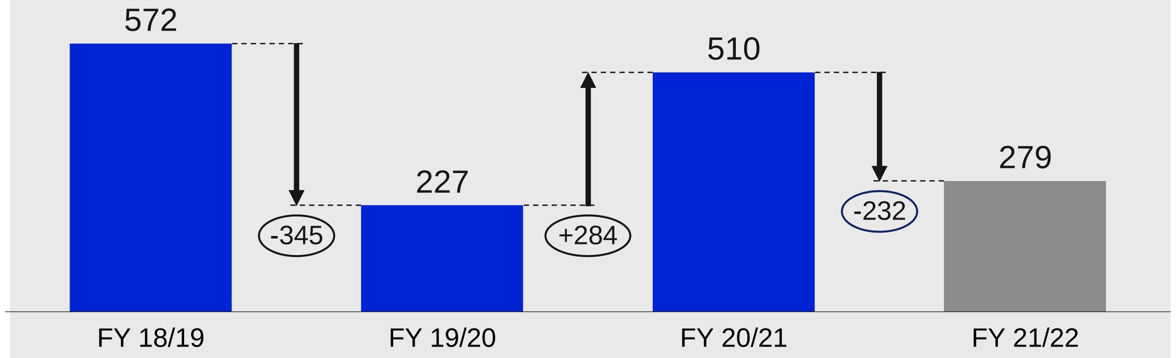
- higher logistic cost ratio (+0.3%-points to 5.2%)
- higher admin expense ratio (+0.2%-points to 3.5%)
- lower OOI ratio (-0.4%-points to 0.2%)

Adjusted EBIT below prior-year's level with weak top line development, cost inflation and high R&D

Lower gross profit and expansion of R&D main driver for EBIT decline

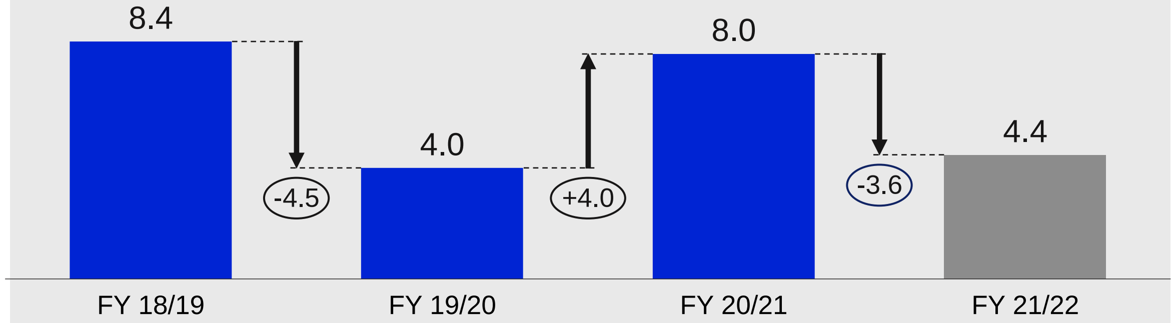
Adjusted EBIT

in €m



Adjusted EBIT margin

% sales



Adjusted EBIT decreased by €232m (-45.4%) to €279m

- decrease in adj. Gross Profit by €86m (-5.5%)
- higher adj. R&D (+€90m, +14.9%)
- increase in adj. SG&A by €49m (+10.2%)
- lower JV income (-€9m, -25.0%) due to negative market environment, income supported by a reversal of an impairment loss for a Chinese JV due to improved business outlook

Adjusted EBIT margin decreased by 3.6%-points to 4.4%, mainly:

- decrease of adj. GPM by 1.2%-points
- higher R&D ratio (increase of 1.5%-points)
- higher SG&A ratio (increase of 0.8%-points)

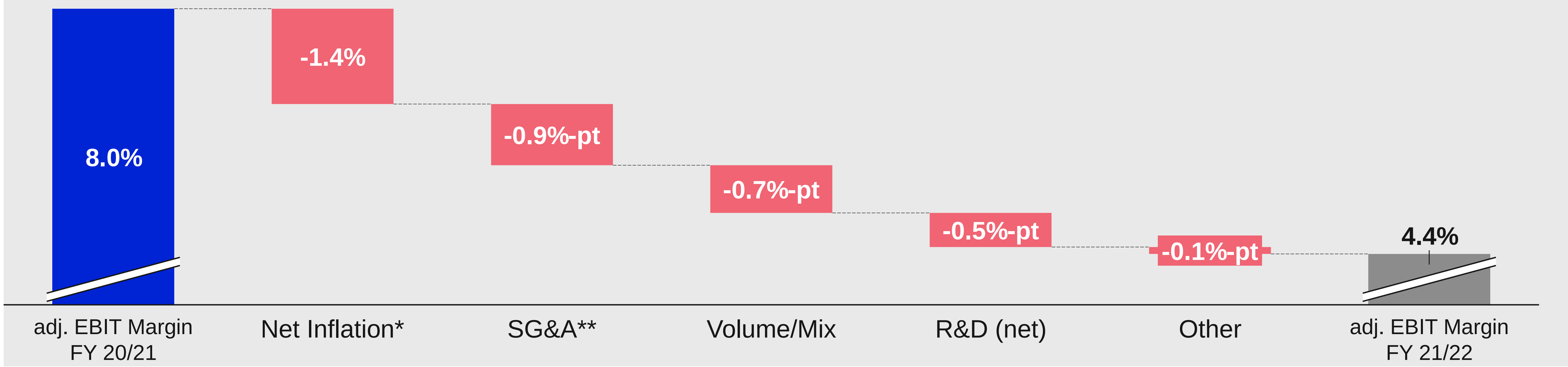
Adjusted EBIT and adj. EBIT margin affected by sales decline and cost inflation

Customer claims can counterbalance part of negative impacts

Adjusted EBIT impacted by

- cost inflation on raw materials, energy, transportation and wages, counterbalance by claims
- negative volume and mix effects mainly due to semi shortages and Covid-related restrictions in China
- higher SG&A counterbalanced by strict cost management contribution of improvement program
- higher adj. R&D due to investments in order book and pre-developement

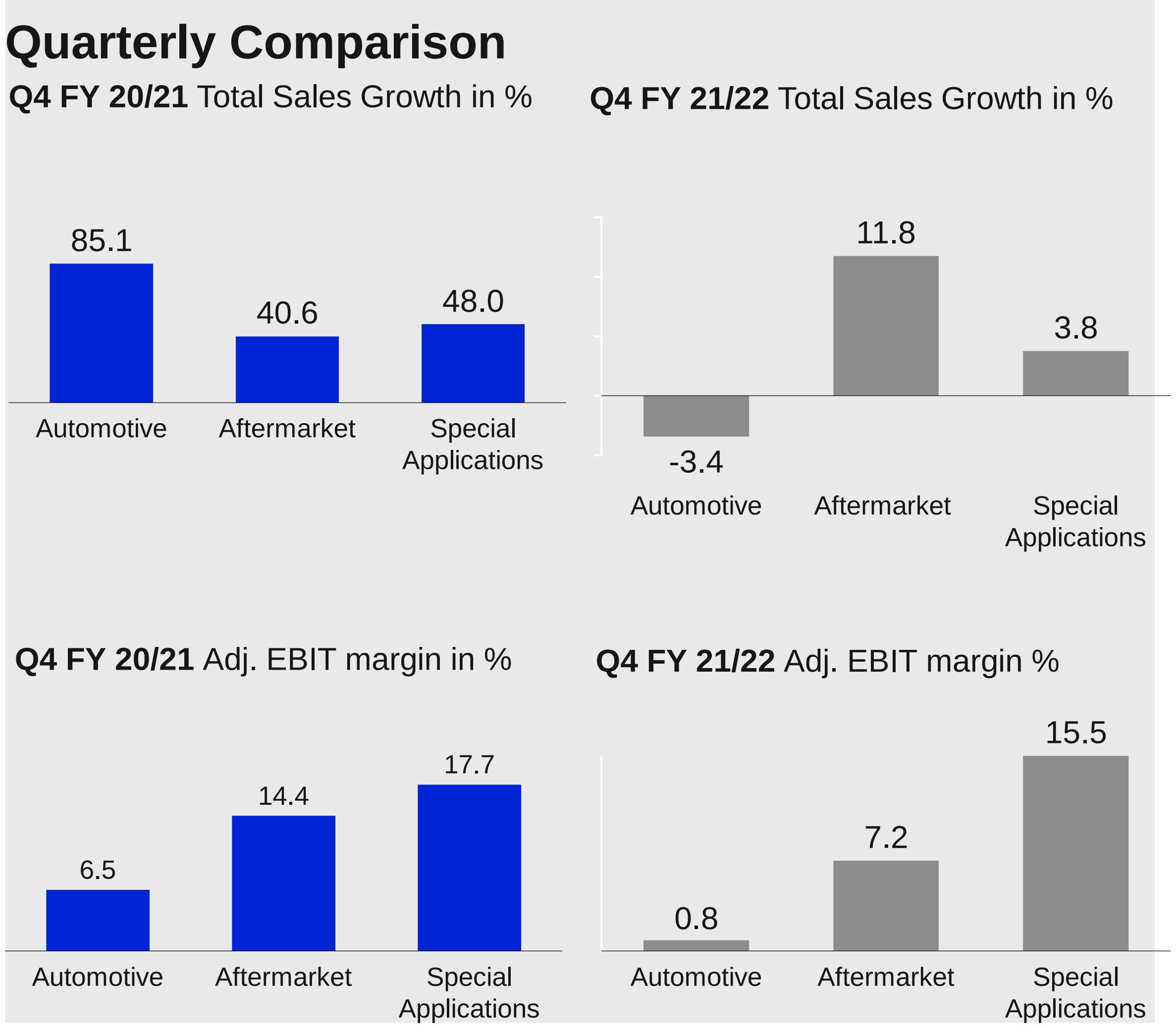
Adjusted EBIT Margin Bridge FY 20/21 to FY 21/22



** Cost inflation counterbalanced by customer claims; ** including one-off PY (reversal of impairment and government grants)*

Q4 FY 2021/22 Automotive business impacted severely by extraordinary negative market environment

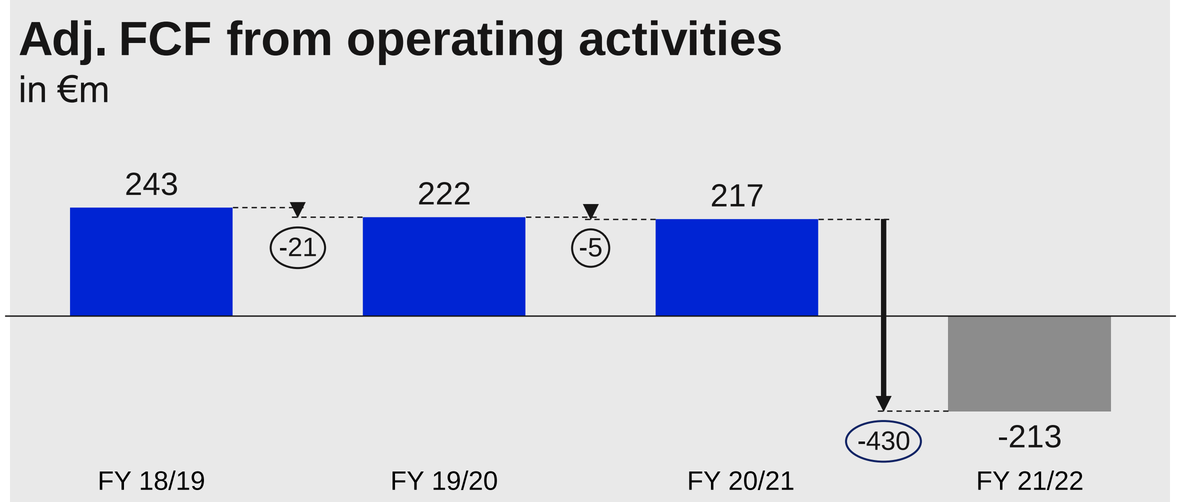
Other two segments continuously show strong contributions

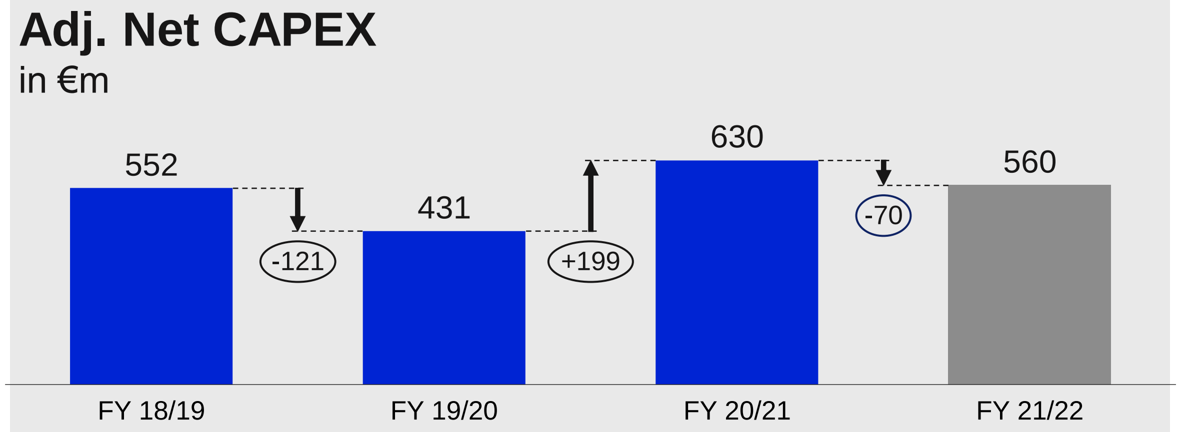


- Sales in Automotive negatively impacted by Covid-related closures in China, PY strong recovery from pandemic
- Strong spare parts business due to healthy markets in Germany, Poland and Americas. Demand for diagnostic tools from independent workshops
- Special Applications with continuously positive development in agricultural & construction and other main customer groups
- Automotive profitability reduced with sales decline and additional for raw material & energy; strong R&D investments
- Aftermarket profitability below prior-year level due to further increases in material prices, rising logistics costs and ongoing negative product mix effects
- Special Application profitability strongly increased mainly due to higher GP margin in connection with an improved business development, as well as continued strict cost management

Adjusted Free Cash Flow negatively impacted by lower sales and working capital changes

Inventory increase main driver of negative cash flow





Adj. Free Cash Flow from operating activities decreased by €430m to -€213m

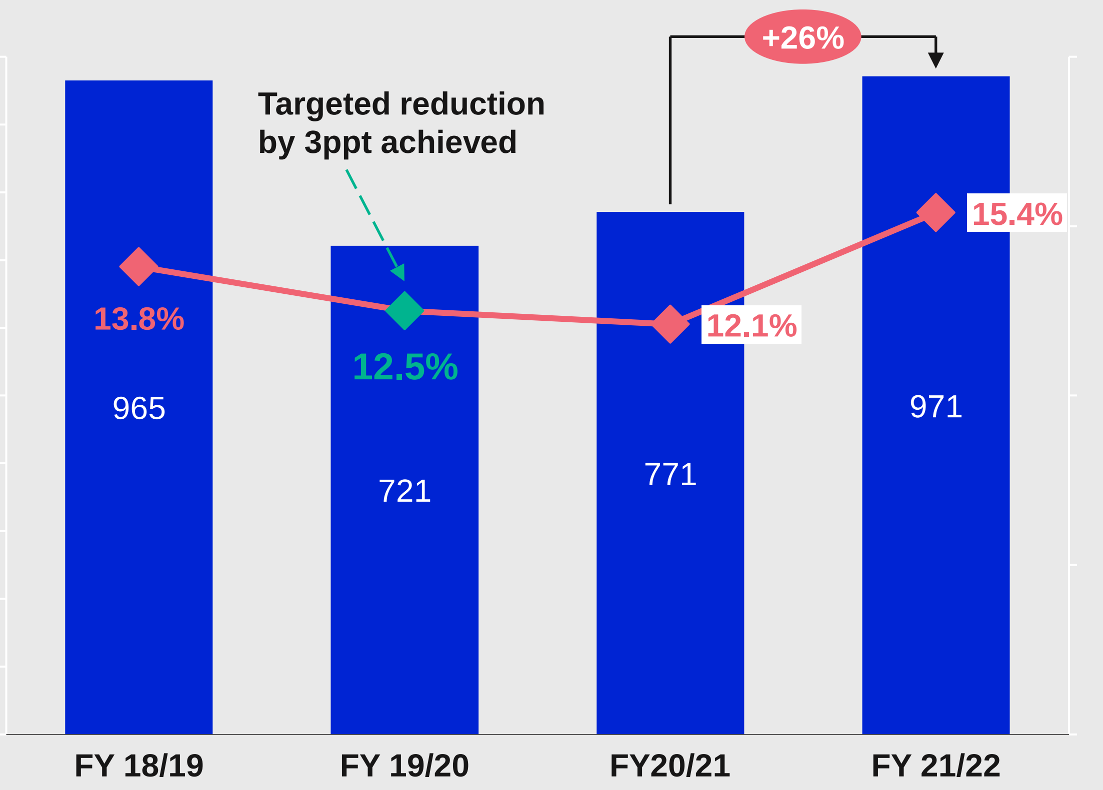
- lower operating profit
- change in WC negatively influenced by increase of inventories due to global raw material crisis & supply chain disruptions as well as volatility in call-offs
- CAPEX at a normalized level with investments in worldwide development, administration and production network including CAPEX in connection with the improvement program as well as automation initiatives especially in lighting
- considerable investments into product-specific equipment and projects for the preparation of series production

Working Capital development strongly negatively impacted by market distortions – reversal with stabilized call-offs

Successful WC management program achieved targeted reduction of WC/Sales before the pandemic

Working Capital

in €m and % of sales



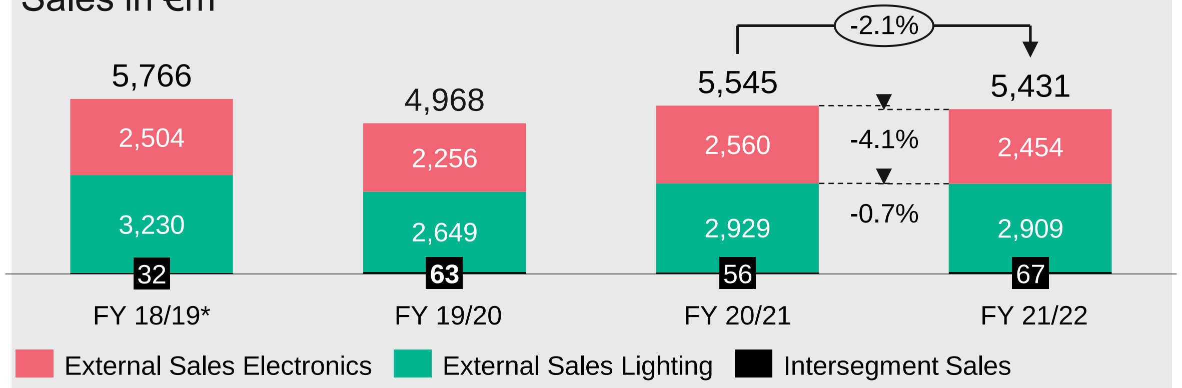
- **Inventory increase since 2021 due to Stop & Go production** on customer side caused by bottlenecks
- **Operative inventory Electronics increased by >50%**
  - semiconductors increased by ~250% due to placed orders driven by customers demands 12-18 months ago and purchase commitments
  - purchased electromechanics parts increased by nearly 90%
- **Operative inventory Lighting increased by >30%**
- **Reduction of WC/sales to around 12% and cash conversion targets >40% remain top management priority**

Automotive sales decline due to weak H1 and year-end

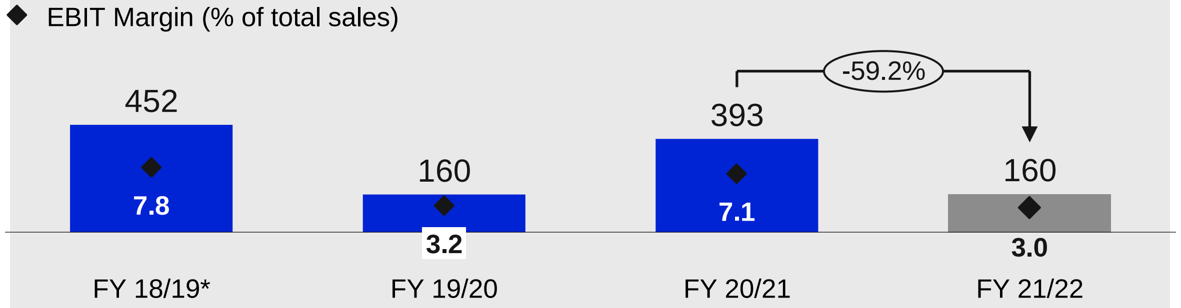
Margin slump with decrease in GPM and further R&D expenses

Automotive

Sales in €m



EBIT in €m



Note: At the beginning of FY 2020/21 the Spanish production company MAESA has been allocated to the Automotive segment. Previously, MAESA has been reported as part of the segment Special Applications. The P&L of the segments Automotive and Special Applications are adjusted accordingly only for FY 2019/20.

* Including MAESA (previously reported as part of the segment Special Applications)

Sales decline of 2.1% due to weak market environment

- worsening resource bottlenecks for electronic components especially in the first half of FY 2021/22 and continuing negative effects of the Corona pandemic
- demand for lighting and electronic products, several SOPs especially in China led to market outperformance

Decrease of EBIT by 59.2% to €160m, margin down by 4.1%-points, mainly

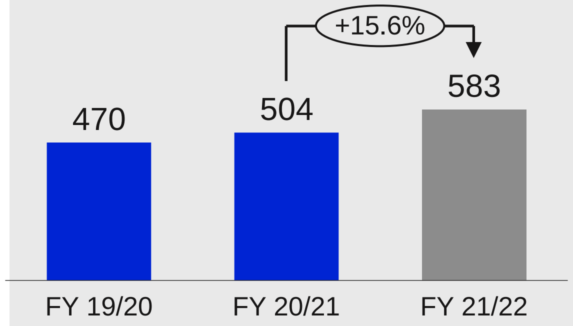
- decrease of GPM by 1.6%-points due lower volumes, higher material prices, special freight costs, and production inefficiencies in course of shortages and pandemic
- increased R&D with acquired customer projects, expenses increased 15.7%, ratio increased 1.9%-points to 12.1%
- savings in distribution costs, OOI down by 40.7% due to positive one-off effect in PY. Overall SG&A ratio +0.5%-points
- decrease in JV income (-21.5%), ratio -0.1%-points to 0.5%

Aftermarket and Special Applications with strong customer demands

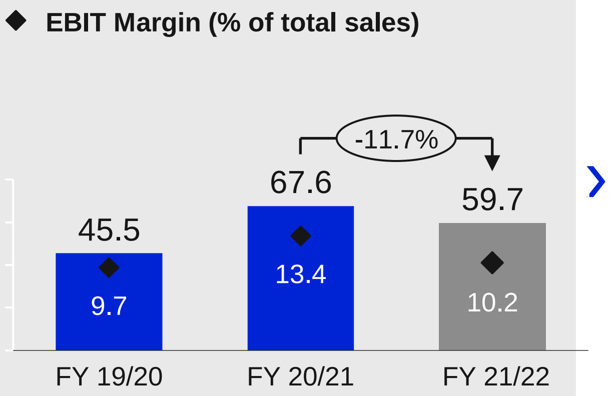
Profitability supported by growth and cost management

Aftermarket

Total sales in €m

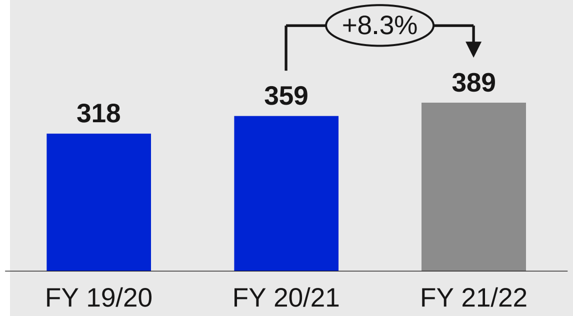


EBIT in €m

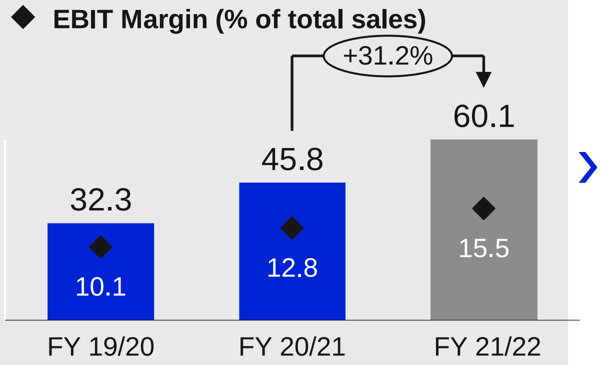


Special Applications

Total sales in €m



EBIT in €m



Positive top-line development (+15.6%)

- IAM supported by strong business in Germany, Poland and the Americas region
- growth in workshop business driven by demand for new diagnostic tool mega macs X

EBIT margin down 3.2%-points to 10.2%:

- GPM down 3.5%-points; higher material expenses & negative mix
- moderate R&D increase; ratio -0.3%-points to 3.4%; management of administrative expenses; ratio -0.7%-points to 3.5%
- distribution cost increase (Q4?); ratio +0.2%-points to 25.2%

Positive top-line development (+8.3%):

- continuously positive demand in agriculture and construction machinery
- recovery in other key customer segments partly in connection with a low comparative base due to the pandemic

EBIT up by 31.2%, margin +2.7%-points to 15.5%:

- GPM increased by 1.5%-points with sales growth and positive mix effects, negative impact from cost increases could be compensated
- management of admin expenses, admin ratio -0.7%-points to 6.0%

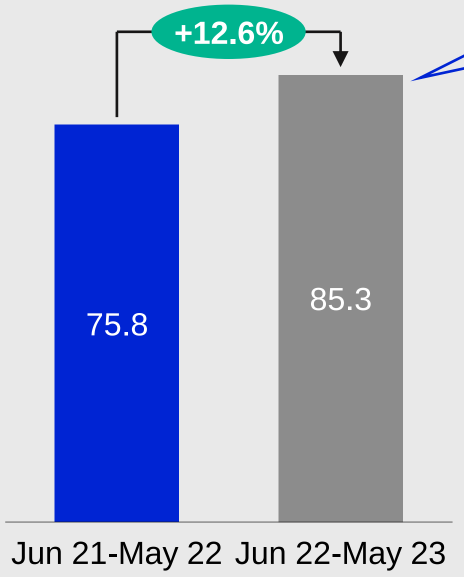
03

Outlook

Even though global vehicle production is expected to recover, risks remain

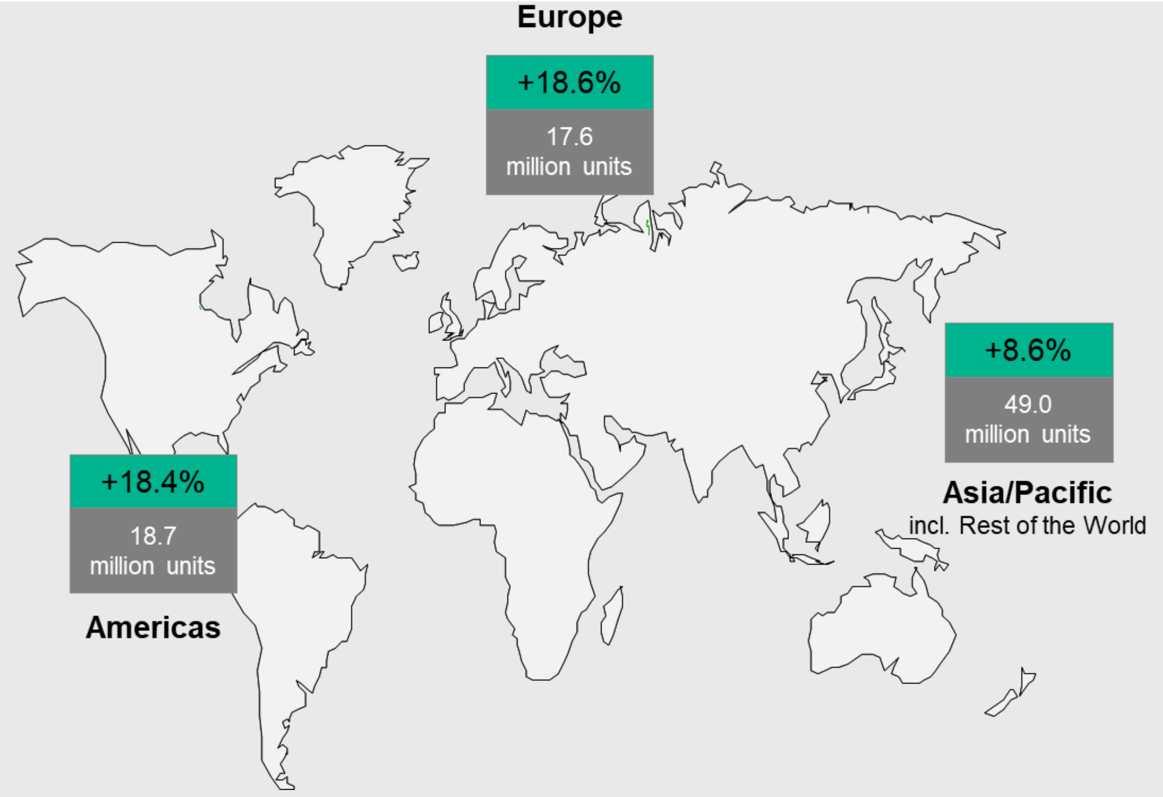
Market Outlook

Expected Global Light Vehicle production
in million units, IHS Markit® per 18 July 2022



HELLA is more cautious and **expects** a **range between 80 and 84 million units**

- Market outlook subject to risks, in particular from
  - Ukraine war and potential disruptions in gas supply
  - further course of the corona pandemic
  - persistent component shortages



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

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HELLA guidance assumes sales and margin recovery especially in 2023

Guidance is based on LPV volumes between 80-84 million vehicles until May 2023

Guidance Jun 1, 2022 to May 31, 2023

Sales in the range of around EUR 7.1 bn to 7.6 bn
(adjusted for currency and portfolio effects)

Adjusted EBIT margin in the range of around 5.5% to 7.0%
(excluding restructuring and portfolio effects)

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

- **Especially that there will be no material impact a result of component shortages or Covid 19 lockdowns and that the Ukraine war will not result in any further adverse effects mainly from further gas shortages and cost increases.*
- *Note: The EGM of HELLA in April 2022 resolved the conversion of the fiscal year to the calendar year. The registration of the conversion in the commercial register is still pending as a legal action was filed against the underlying resolution. Until the requested registration is completed, the outlook is given for 12 months starting June 2022.*

04

Q&A

APPENDICES

LVP production and Automotive external sales per region

	FY 19/20	FY 20/21	FY 21/22
HELLA Automotive external sales growth	-14.0%	+11.6%	-2.3%
Light Vehicle Production growth	-17.7%	+10.1%	-8.8%
Outperformance HELLA Automotive vs. market in percentage points	3.6	1.5	6.5
Outperformance (percentage points) **Europe**	-2.0	+4.8	+10.5
Outperformance (percentage points **North & South America**	+12.8	-1.8	+2.5
Outperformance (percentage points) **Asia/Pacific & Rest of World**	+7.2	+3.5	+30.1

			FY18/19	FY19/20	FY20/21	FY21/22
HELLA Automotive external sales in €m	Worldwide		5,723	4,919	5,489	5,364
	Europe		3,503	2,882	3,234	2,929
		Growth		-17.7%	+12.2	-9.4%
	North & South America		1,268	1,160	1,247	1,168
		Growth		-8.6%	+7.5%	-6.3%
	Asia/Pacific & Rest of World		952	877	1,008	1,267
		Growth		-7.9%	+15.0%	+25.6%
Light vehicle production in 1.000 units	Worldwide		91,716	75,508	83,135	75,797
	Europe		21,605	17,217	18,487	14,810
		Growth		-20.3%	+7.4%	-19.9%
	North & South America		20,159	15,863	17,333	15,806
		Growth		-21.3%	+9.3%	-8.8%
	Asia/Pacific & Rest of World		49,953	42,428	47,316	45,181
		Growth		-15.1%	+11.5%	-4.5%

Note: Light Vehicle Production (LVP) based on IHS Markit® data as of July 18, 2022; Growth figures always compared with the same period of the previous year

HELLA Group P&L including reconciliation

		FY 2020/21	FY 2021/22
Revenues reported		**6,379.7**	**6,326.1**
	Adjustments	0.0	0.0
Revenues adjusted		**6,379.7**	**6,326.1**
Gross Profit reported		**1,533.0**	**1,459.5**
	Adjustments	30.0	17.2
Gross Profit adjusted		**1,563.0**	**1,476.7**
R & D expenses reported		-670.4	-689.4
	Adjustments	67.1	-3.5
R&D expenses adjusted		-603.3	-692.9
Distribution expenses reported		-319.2	-331.0
	Adjustments	4.0	1.7
Distribution expenses adjusted		-315.2	-329.2
Admin expenses reported		-225.2	-231.7
	Adjustments	17.3	13.1
Admin expenses adjusted		-207.9	-218.7
Impairment		-30.3	0.0
	Adjustments	30.3	0.0
Adj. Impairment		0.0	0.0
Other income reported		183.7	72.1
	Adjustments	-138.5	-54.4
Other income adjusted		45.2	17.7
Other expenses reported		-46.7	-26.1
	Adjustments	41.4	24.0
Other expenses adjusted		-5.3	-2.1
Earnings from investments* reported		28.7	24.9
	Adjustments	5.1	2.4
Earnings from investments* adjusted		33.8	27.3
EBIT reported		453.6	278.3
	Adjustments	56.8	0.5
EBIT adjusted		**510.4**	**278.8**

Note: For details on adjustments see financial report. *including other income from investments

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