

HELLA 9M 2023 Results

January 1, 2023 – September 30, 2023

November 7th, 2023

FORVIA



Summary

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After conversion of the fiscal year to the calendar year: Comparison with the first nine months of the calendar year 2022

- › **HELLA has changed the fiscal year to the calendar year with effect from 1 January 2023**
- › **The first nine months of the fiscal year 2023 (9M FY 2023) therefore cover the period 1 January to 30 September 2023**
- › **For better comparability, the business development is therefore compared with the first nine months of the calendar year 2022 (9M CY 2022)**
- › **The figures for 9M CY 2022 were prepared according to the same principles as the interim report for 9M FY 2023**
- › **All figures are not subject to an auditor's review (prüferische Durchsicht)**



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01

Achievements

Key highlights achieved in Q3 2023

Successful nominations for top management positions

- Bernard Schäferbarthold will become new HELLA CEO as of 1 January 2024
- Stefanie Rheker (currently: Arvato) appointed as member of the Management Board responsible for HR (Q1/2024)

Sale of BHTC shares based on €600m Enterprise Value (100%)

- purchase agreement with AUO Corporation (signed October 2nd) followed constructive discussions and secures best ownership to develop BHTC further
- financial terms will lead to book profit for HELLA of around €100m

Strong order intake in Q3, constant proof of HELLA's technology and product offering

- order intake for high-content technologies for global customer base
- single orders with record size in Electronics and LCS

Recognized presence at the IAA Mobility 2023

- products for electrification, safe and automated driving, and a connected & flexible interior presented
- top management meetings and high-quality discussions mirror strong interest of global customer base

Strong sales momentum in 9M FY 2023; improvement of profitability and Net Cash Flow

Strong organic sales growth of +16.8%; all three Business Groups growing double-digit

› Global market outperformance at 780bps

- good performance in Europe, NSA and Asia impacted by strong currency headwinds

› High demand for core products and technologies

- **Electronics** at €2,294m, +12.5% organic growth
- **Lighting** at €2,825m, +21.2% organic growth
- **LCS** at €810m, +15.4% organic growth

› Group reported sales growing +12.6%

Operating Income up 67.6%, Net Cash Flow improved

› Operating Income up 67.6% to €363m, Operating Margin + 200bps to 6.1%

- positive leverage
- improved compensation of material and energy price increases with pass-through to customers

› Net Cash Flow increased by €28m to €40m, NCF/Sales + 40bps to 0.7%

- improved profitability
- positive impacts from stringent capital allocation with lower CAPEX and higher factoring
- volatility from cash-inflows for inflation compensation and semiconductor inventories

Strong order intake in Q3, new awards for core technologies from diversified customer base

> Electronics receives order intake for high-content technologies

- Record-size 77GHz radar package for German OEM; SOP 2025
- HV Battery Management System for US OEM, SOP 2026
- Smart Car Access for US OEM, SOP 2025



> Lighting wins global orders from core customers

- Rear lamps for Chinese premium OEM, SOP 2024
- Interior Lighting package, roof control unit for premium OEM, SOP 2025



> LCS with high order intake for applied automotive technologies

- Headlamp and headlamp ECU for strategic American truck manufacturer, SOP 2027
- Premium LED Work Lamp package for agriculture machinery manufacturer, SOP 2023



Profitability and cash generation key; supported by FORVIA synergies and focus on core business activities

- **Continuous attention on profitability and cash flow generation**
 - follow through 'Manage by Cash' program
 - continue to pass-through inflation to customers, implement further cost reductions
- **Strengthening focus and resource allocation on core business groups**
 - divestment from 50% share in the JV Behr-Hella Thermocontrol (BHTC) to AUO Corporation
 - Enterprise value of around €600m
 - book profit of around €100m, transaction expected to close in H1/2024
- **Confirmed cost synergy targets**
 - cost synergies >€300m end of 2025 with HELLA share at ~50%
 - synergies outlook '23-'25 including idea pipeline above target
 - cooperation with FORVIA intensified: IT and Indirect Purchasing in new common & jointly managed organizations, establishment of further common joint corporate functions

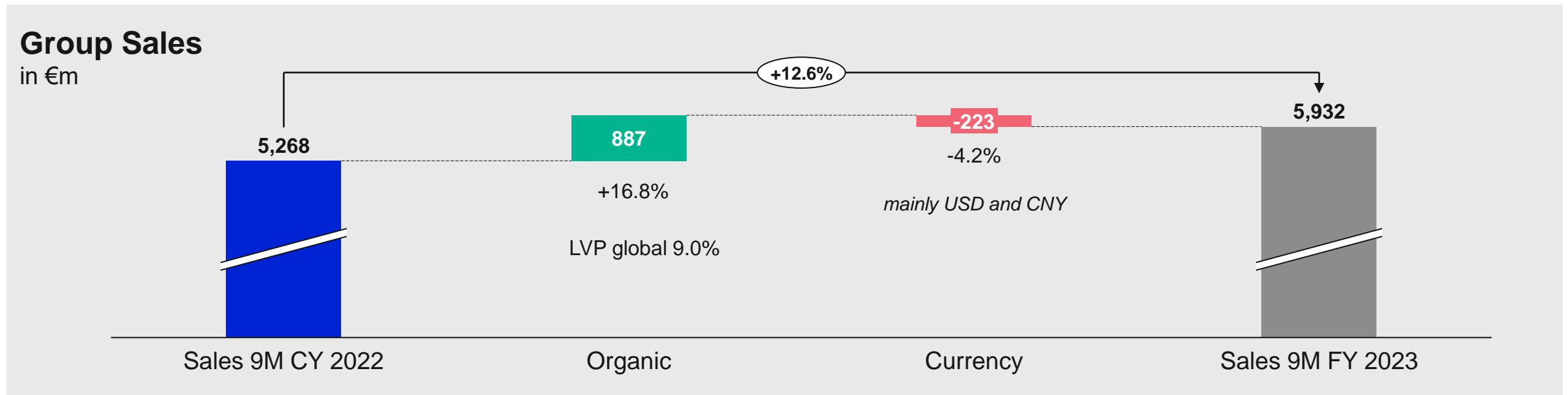
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Financial Results

Double-digit sales growth in 9M FY 2023 based on well-positioned product offering and balanced customer portfolio

- › Organic sales 9M FY 2023 up 16.8%, €223m negative FX in 9M, organic sales Q3 up by 12.8%
- › Double-digit organic sales growth in all three business groups, especially strong sales contribution from Lighting
- › Robust demand for key products along the automotive trends



Electronics with high demand for core technologies and ongoing investments in future projects

ELECTRONICS

	9M CY 2022	9M FY 2023	
External Sales (€m)	2,107	2,294	vs. LVP growth of 9.0%
YoY organic		+12.5%	
YoY FX*		-3.7%	
Operating Income	139	179	
% of Total Sales	6.0%	7.1%	

*approximation based on internal analyses

> Leverage strong product portfolio in recovering markets

- continued business success with high voltage battery management systems, radar applications and body electronics
- strong business activities especially in Europe and NSA

> Operating Income +28.9% to €179m; margin up by 110bps

- improved business performance
- increasing compensation for inflation by customers
- margin affected by over-proportional rise of R&D in preparation for series launches; additional investments in individual development projects with particularly high safety requirements

Strong performance in Lighting with further sales growth and improvement in profitability

LIGHTING

	9M CY 2022	9M FY 2023	
External Sales (€m)	2,414	2,825	vs. LVP growth of 9.0%
YoY organic		+21.2%	
YoY FX*		-4.2%	
Operating Income	-1	81	
% of Total Sales	-0.0%	2.8%	

*approximation based on internal analyses

> Strong sales growth due to market leadership position and favorable customer mix

- increased demand for the latest lighting technologies from manufacturers of electric vehicles
- continuous demand from diversified customer base
- benefits from the higher production volumes in all regions

> Operating Income +€82m to €81m; margin improvement by 290bps

- positive leverage with improved business development in all regions
- R&D efficiency further accelerated
- improved compensation of inflation-related price increases

Lifecycle Solutions shows increased contribution with further sales growth and good operational performance

LCS

	9M CY 2022	9M FY 2023
External Sales (€m)	733	810
<i>YoY organic</i>		+15.4%
<i>YoY FX*</i>		-4.9%
Operating Income	83	107
<i>% of Total Sales</i>	11.1%	13.1%

**approximation based on internal analyses*

> Sales performance driven by

- continuous growth of spare parts business especially in Poland, Mexico and Brazil
- strong commercial vehicle business with solid demand in the agricultural, the construction machinery as well as the truck and bus segment.
- further increase in demand for a newly launched core workshop product at HELLA Gutmann

> Operating Income up by 29.3% to €107m; margin up by 200bps

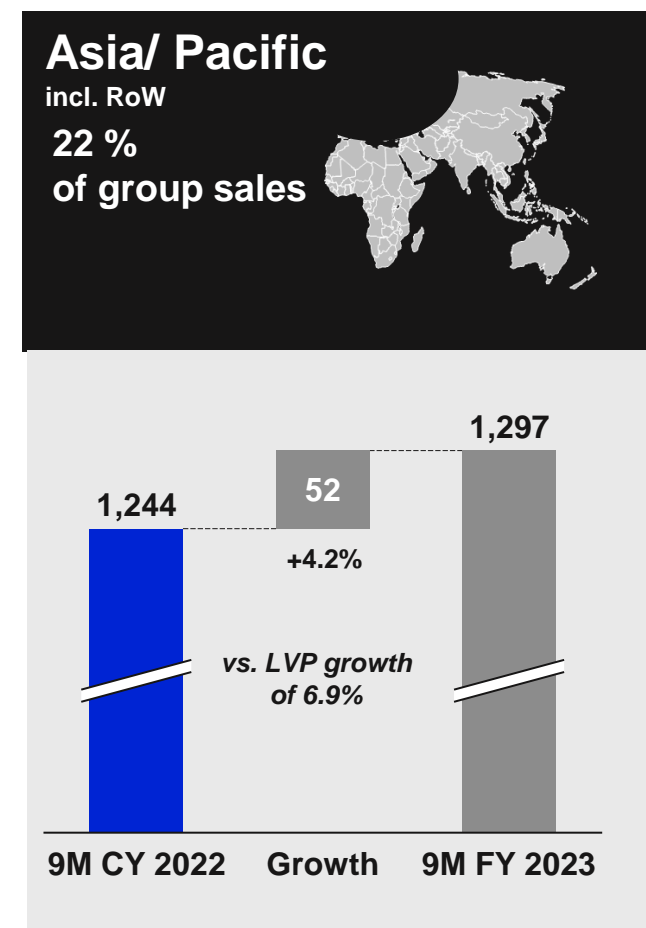
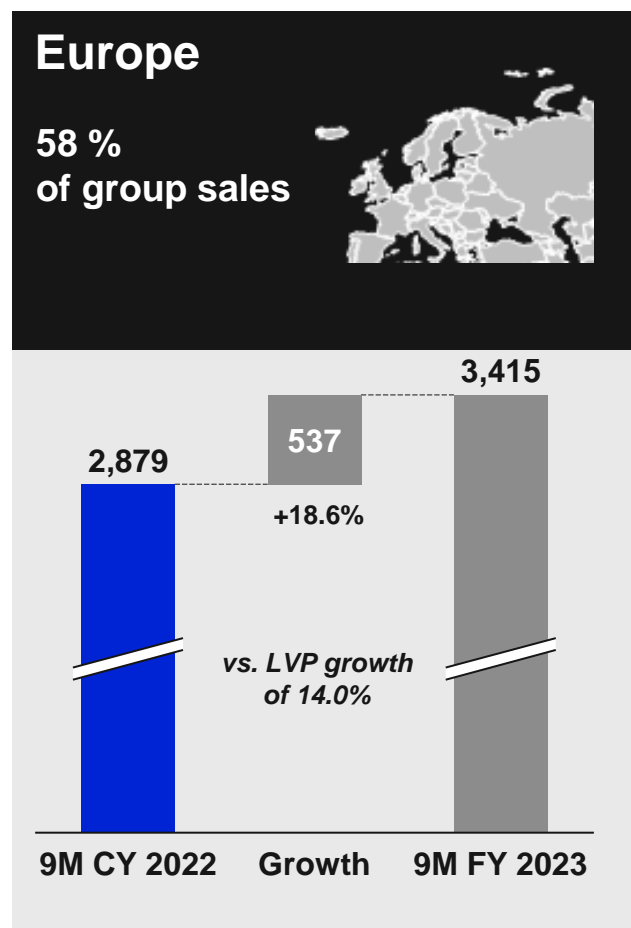
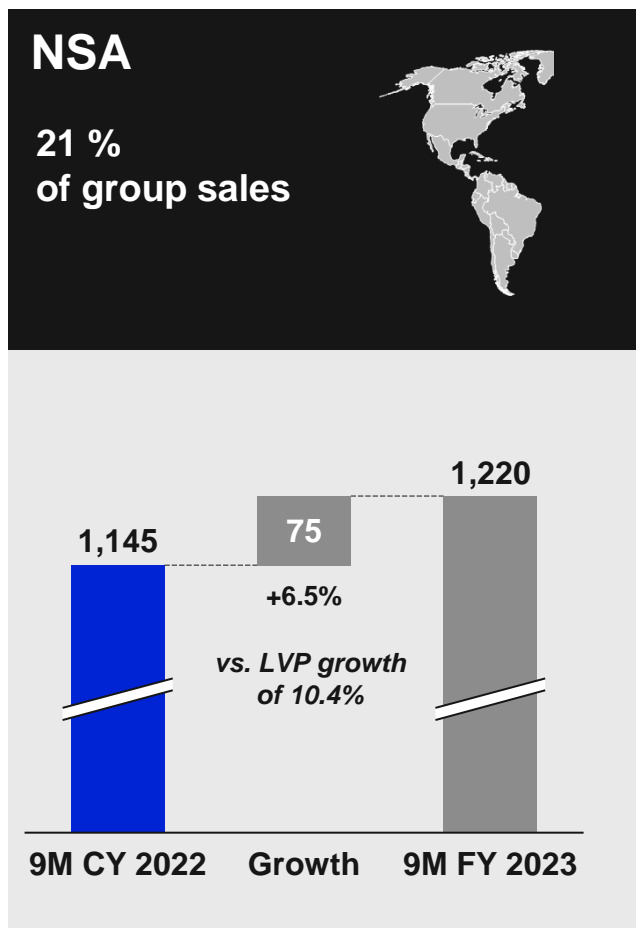
- higher business volumes
- successful pass-through of inflationary price increases
- continuous savings in SG&A

Ongoing global outperformance; Asia/Pacific and NSA negatively impacted by FX effects especially in Q3

LVP global +9.0%

GROUP sales +12.6%
(organic +16.8%)

Outperformance 360bps
(organic 780bps)



200bps improvement of profitability up to 6.1% of sales with top line growth and mitigated inflation burden

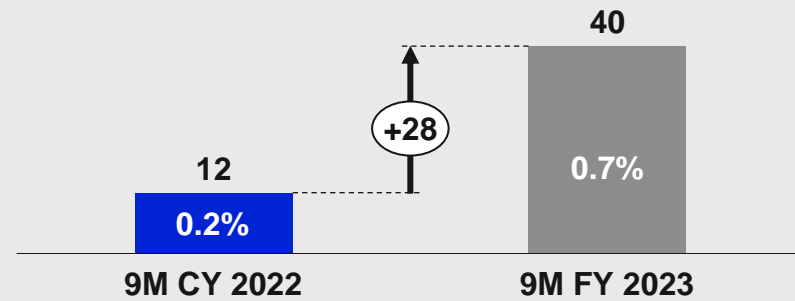
In €m	9M CY 2022	9M FY 2023	YoY Change
Sales	5,268	5,932	+ 12.6%
COGS	(4,071)	(4,434)	+ 8.9%
% of sales	-77.3%	-74.7%	+ 250bps
Gross Profit	1,198	1,498	+ 25.1%
% of Sales	22.7%	25.3%	+ 250bps
R&D	(554)	(656)	+ 18.4%
% of sales	-10.5%	-11.1%	- 50bps
SG&A	(427)	(479)	+ 12.3%
% of sales	-8.1%	-8.1%	+ 0bps
(thereof distribution)	(260)	(282)	+ 8.5%
% of sales	-4.9%	-4.8%	+ 20bps
(thereof admin)	(172)	(212)	+ 23.5%
% of sales	-3.3%	-3.6%	- 30bps
Operating Income	216.6	363.0	+67.6%
% of sales	4.1%	6.1%	+ 200bps
JV and other income from investments	24.4	10.8	-55.9%
% of sales	0.5%	0.2%	-30bps
Non-recurring OI& OE	(21.5)	(10.3)	- 52.0%
EBIT	219.5	363.4	+ 65.6%
% of sales	4.2%	6.1%	+ 200bps

- › **Gross Profit margin up 250bps** with higher volumes and successful cost compensation
- › **R&D ratio up 50bps, investments grew over-proportionally by 18.4%** to develop upcoming projects after high order volumes; additional investments in individual customer projects in Electronics with particularly high safety requirements
- › **SG&A constant:** continuous cost management but selective investments in functions and headcount
- › **Non-recurring operating income and expenses at -€10.3m** including e.g. income from the remeasurement of investments of €3.4m and income from disposal of investments of €3.8m. Expenses are related to restructuring measures of -€17.5m (mainly in Germany)

NCF with expected seasonal development and improvements due to factoring

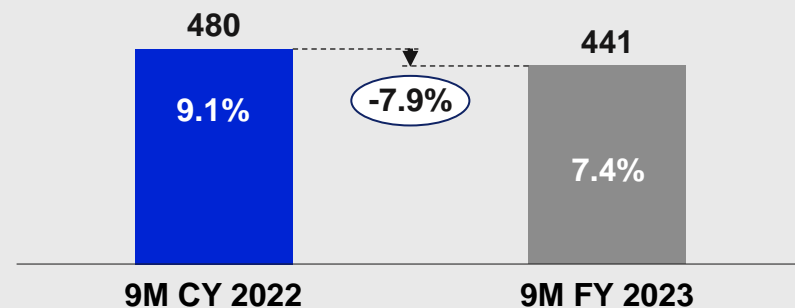
Net Cash Flow

in €m and % of sales



CAPEX

in €m and % of sales



> Net Cash Flow increased by €28m to €40m

- increased funds from operations
- semiconductor inventories still at a high level
- remaining cash inflows from inflation compensation
- includes additional use of factoring specifically in Mexico of €91m

> CAPEX decreased by 7.9% to €441m

- continuous investments into product-specific equipment and projects
- active management of investments

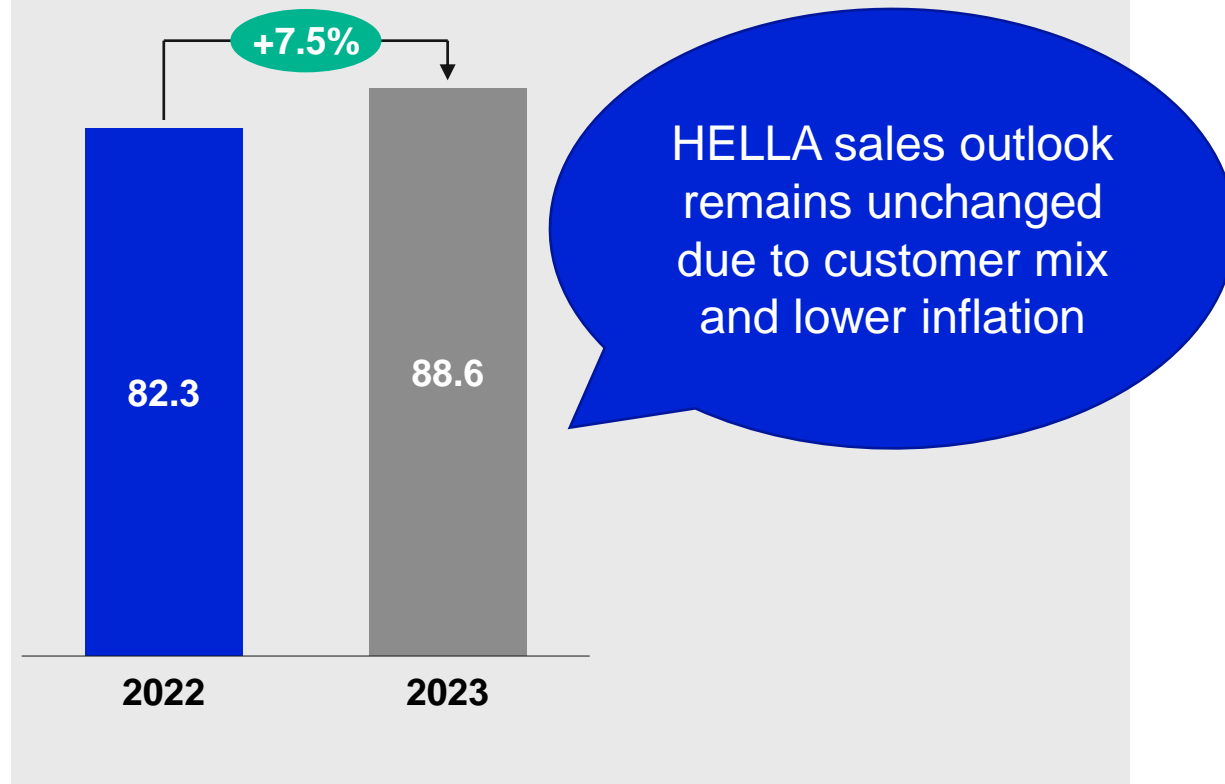
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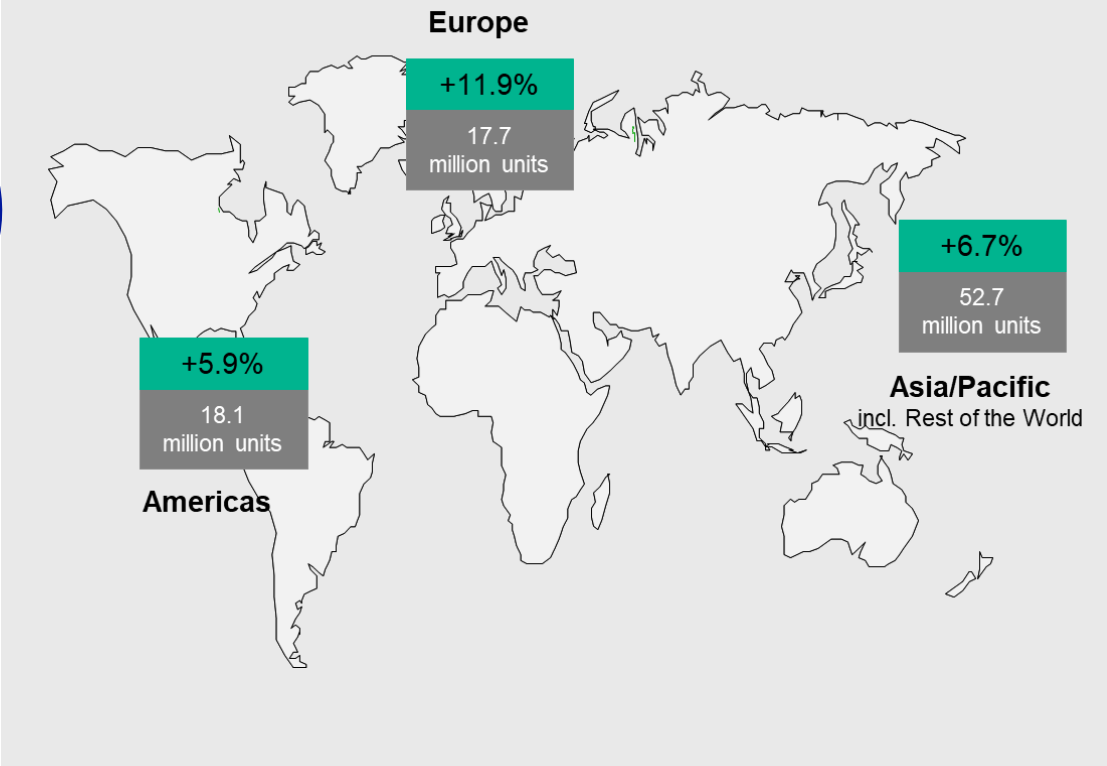
Outlook

Rising S&P market forecast driven by China, no change in HELLA company outlook

Expected Global Light Vehicle production
in million units, S&P Global Mobility per October 2023



Expected Global Light Vehicle production
in million units, S&P Global Mobility per October 2023



Source: S&P Global Mobility (formerly IHS Markit | Automotive)

FY 2023 outlook confirmed

Outlook for the period January 1, 2023, to December 31, 2023

Based on an assumed LVP of around 86million vehicles for the period

Consolidated sales

Currency and portfolio adjusted

**In a range of around € 8.0 to 8.5 billion
*expected to be around the midpoint of the forecast range***

Operating Income Margin

**In a range of around 5.5% to 7.0%
*expected to be around the midpoint of the forecast range***

Net Cash Flow

Approximately 2% of sales

Profitability in the Lighting and Electronics Business Groups assumed to further develop based on the level of FY 2022

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

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Key Takeaways



Key Takeaways

› 9M FY 2023 with strong performance in a demanding, volatile market environment

- Electronics and Lighting outperforming the market, all Business Groups with double-digit organic sales growth
- continuous global outperformance
- step-up in group profitability despite high level R&D investment that sustain future growth

› Confirmed company outlook for FY 2023

- record sales and improvement of profitability driven by growth, efficient cost management, pass-throughs and synergy realization
- positive business development and cash inflow expected in the last quarter

› Upcoming Analysts Meeting November 28th with focus on HELLA perspectives and strategic positioning



APPENDICES

Upcoming events

- | | |
|--------------------------|---|
| November 28, 2023 | HELLA Analysts Meeting at Deutsches Eigenkapitalforum, Frankfurt |
| February 16, 2024 | Prelim. FY 2023 |
| March 15, 2024 | FY 2023 |
| April 17, 2024 | Sales Update Q1 FY 2024 |
| April 25, 2024 | Q1 FY 2024 |
| April 26, 2024 | HELLA AGM |

LVP production and Group sales per region

		9M CY 2022	9M FY 2023
HELLA Group sales in €m	Worldwide	5,268	5,932
	Europe	2,879	3,415 +18.6%
	North & South America	1,145	1,220 +6.5%
	Asia/Pacific & Rest of World	1,244	1,297 +4.2%
Light vehicle production in 1.000 units	Worldwide	60,440	65,875
	Europe	11,511	13,128 +14.0%
	North & South America	12,835	14,172 +10.4%
	Asia/Pacific & Rest of World	36,094	38,575 +6.9%

Note: Light Vehicle Production (LVP) based on IHS Markit® data as of October 2023; Growth figures always compared with the same period of the previous year

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