



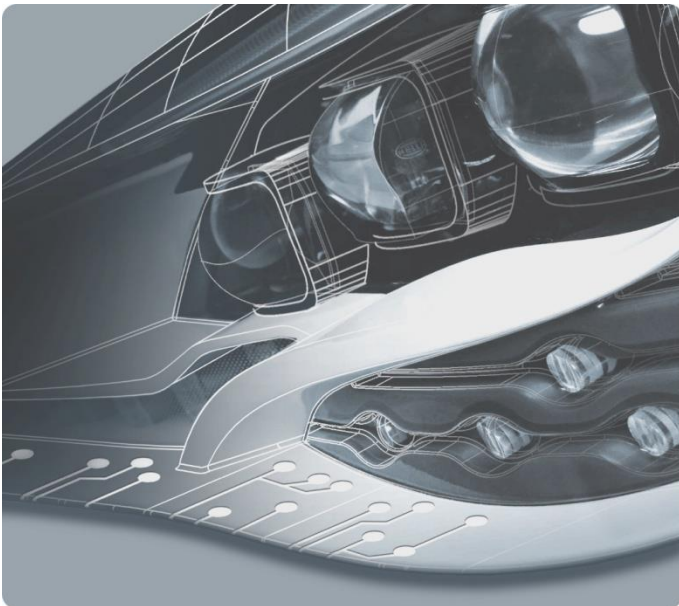
Technology with Vision

HELLA Investor Update Q1 FY 2016/17

Conference Call on September 28th, 2016

Dr. Rolf Breidenbach, CEO

Carl Pohlschmidt, Finance Director



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HELLA Investor Update Q1 FY 2016/17

Outline

- HELLA Financial Highlights Q1 FY 2016/17
- HELLA Financial Result Q1 FY 2016/17
- Outlook
- Q&A

Positive sales growth and strong EBIT increase in Q1 FY 2016/17

Financial Highlights Q1 FY 2016/17

Sales

- **HELLA Group sales growth** adjusted for negative (-1.2%-points) FX effect and negative (-0.2%-points) effect of Industries disposal at **5.2%** YoY to 1.6 bill. EUR

Profitability

- **Adjusted Gross Profit margin** at **27.6%** (+0.9%-points YoY)
- **Adjusted EBIT** +17 mill. EUR (+17%YoY) to **118 mill. EUR**
- **Adjusted EBIT margin** at **7.6%** (+0.9%-points YoY)

Liquidity

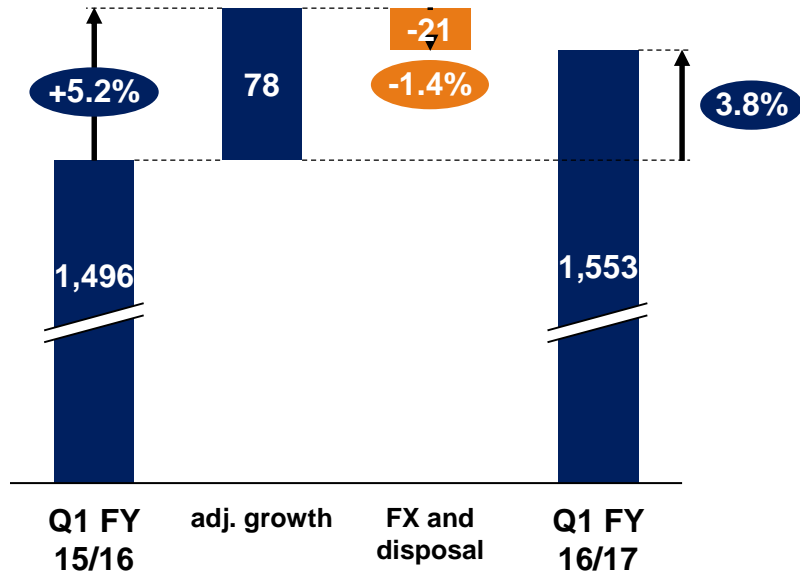
- **Adjusted Operative Cash Flow** decreased by **38 mill. EUR** (-58%YoY) to **27 mill. EUR** due to **temporary shifts**
- **Continuously strong basis for future growth** with **cash** and **short term financial assets** of **825 mill. EUR**

Note: Adjustments including restructuring expenses and supplier default in FY 15/16 and restructuring expenses in FY16/17

HELLA top line growth with expected development in Q1 FY 16/17

Financial Highlight Q1 FY 2016/17

HELLA group revenues (EUR m)



Comment

- **Currency and portfolio adjusted growth HELLA Group at 5.2%**
- **HELLA reported Group sales increased by 57 mill EUR (+3.8%) to 1,553 mill. EUR:**
 - **Automotive + 3.2% to 1,163 mill. EUR.** Moderate growth due to **project ramp downs** and **negative FX** effect
 - China continues to be an important growth driver. China entities sales growth at 18% YoY
 - **Aftermarket +7.3% to 313 mill. EUR** due to positive wholesale and strong workshop development
 - **Special Applications -2.4% to 70 mill. EUR** after **disposal of Industries business**

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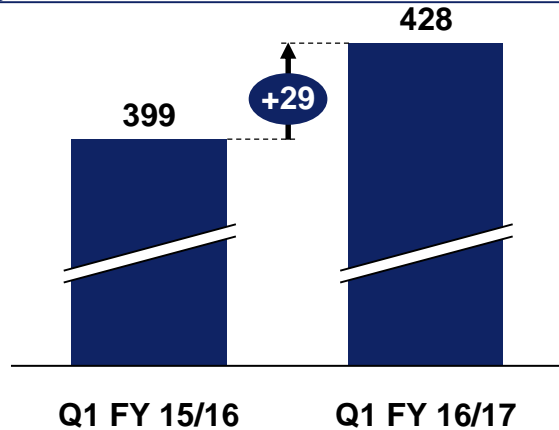
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Improved productivity in Automotive results in Gross Profit increase

Financial results Q1 FY 2016/17

EUR millions and % sales

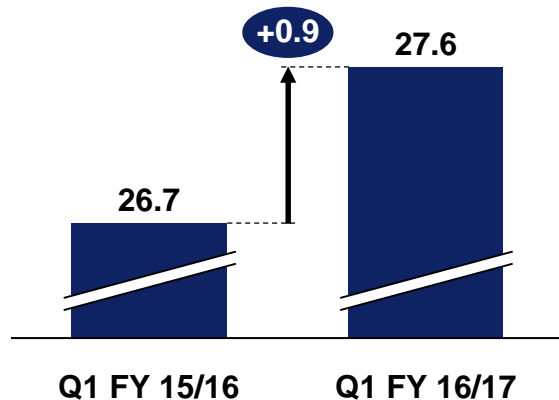
Adjusted Gross Profit



Adj.
Gross
Profit

- Adjusted Gross Profit increased by 29 mill EUR (+7%) to 428 mill. EUR

Adjusted Gross Profit margin



Adj.
Gross
Profit
margin

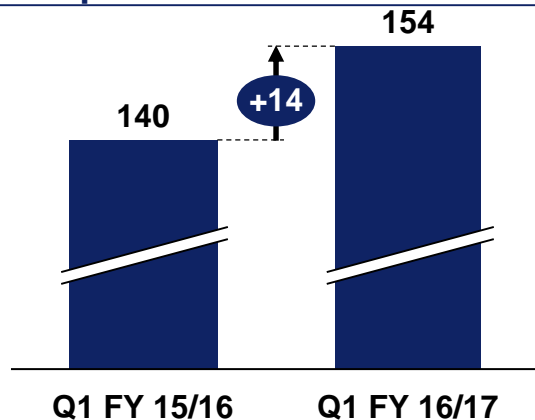
- Adjusted Gross Profit margin improved by 0.9%-points to 27.6% driven by **high capacity utilization** in the Automotive and **positive product mix** in the Aftermarket segment

High R&D expenses to secure future growth

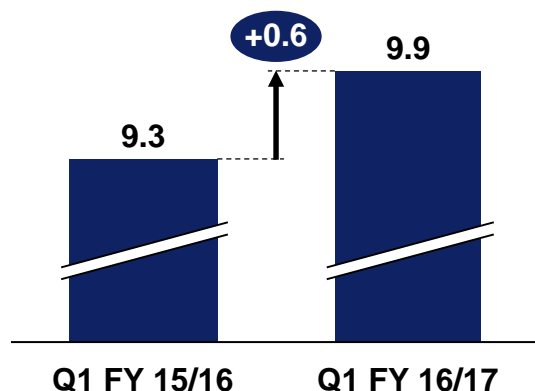
Financial results Q1 FY 2016/17

EUR millions and % sales

R&D expenses



R&D expenses ratio



R&D

- **Absolute R&D expenses** increased by 14 mill. EUR (+10% YoY) to **154 mill. EUR**
 - Over-proportional increase in acquired projects
 - Strong investments in new product generations in lighting and electronics
 - Targeted R&D efficiency not reached

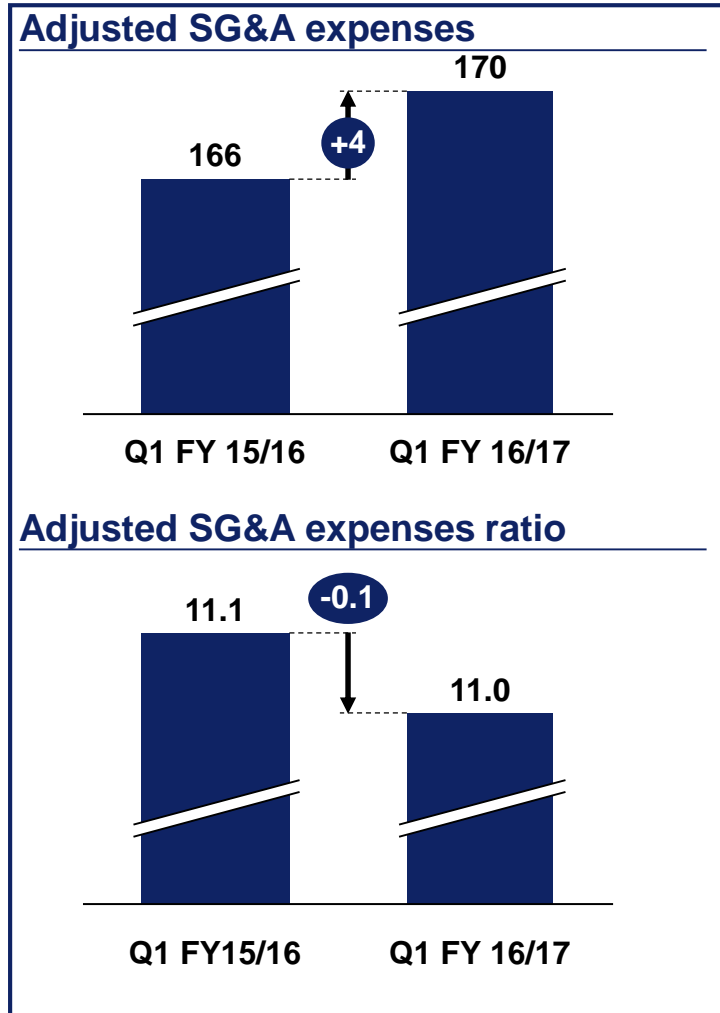
R&D ratio

- **Q1 FY16/17 ratio** increased by **0.6pp** to **9.9%** due to over-proportional increase in absolute R&D expenses
- Ratio in line with previous quarter after step-up in Q3 FY 15/16

Quite stable development of SG&A costs

Financial results Q1 FY 2016/17

EUR millions and % sales



Adj.
SG&A

- **Distribution** expenses +4 mill. EUR (+3.1% YoY) to **123 mill. EUR** due to higher Aftermarket sales
- **Adj. other income and expenses** +2 mill. EUR to **7 mill. EUR** mainly due to higher government grants and insurance reimbursements
- **Admin. expenses** +2 mill. EUR (+4.7%) to 55 mill. EUR due to **investments in corporate functions**

Adj.
SG&A
ratio

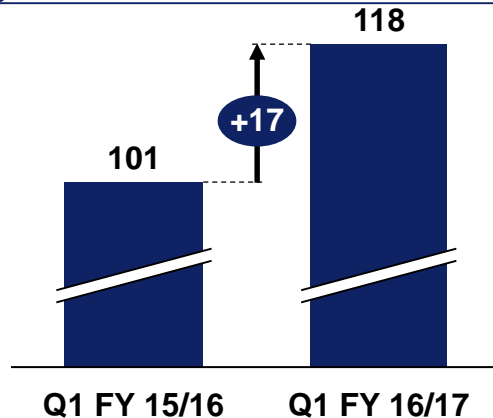
- **Distribution cost ratio** constant at 7.9%
- **Adj. other income and expenses ratio** +0.2%-points to 0.5%. Including charges for **supplier case ratio** and **restructuring** increased by 0.6%-points
- **Admin. costs ratio** constant at 3.5%

Adjusted EBIT above prior-year's level

Financial results Q1 FY 2016/17

EUR millions and % sales

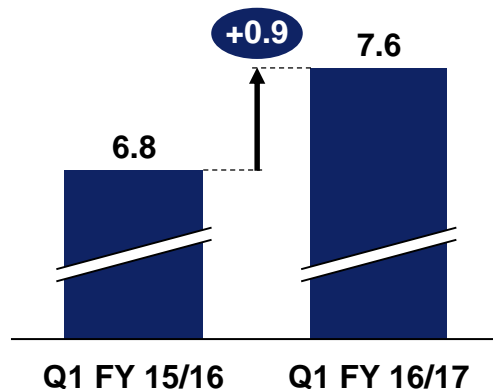
Adjusted EBIT



Adj.
EBIT

- **Adjusted EBIT** increased by 17 mill. EUR (+17%) to **118 mill. EUR**
- Negative FX development did not affect EBIT

Adjusted EBIT margin



Adj.
EBIT
margin

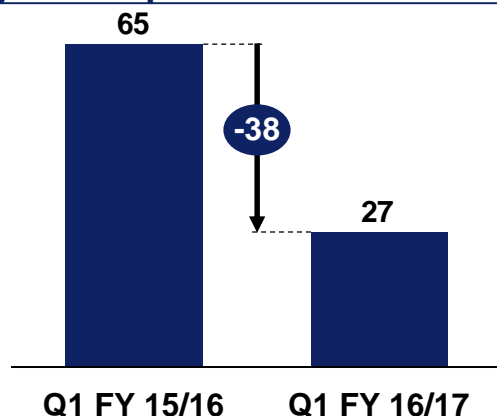
- **Adjusted EBIT margin** increased by **0.9%-points** to **7.6%** mainly due to **increase in GPM by 0.9%-points**
- **Increase in R&D expenses** mainly compensated by **higher JV income (+0.4%-points)**

Quarterly Cash Flow influenced by temporary shifts

Financial results Q1 FY 2016/17

EUR millions

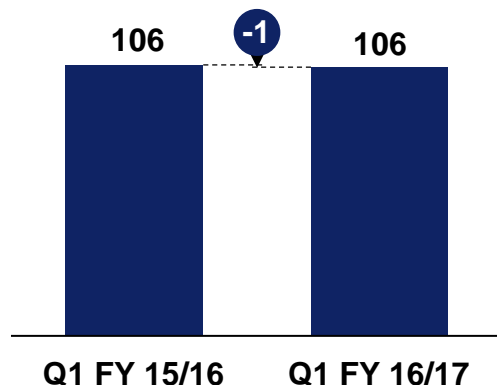
Adjusted Operative CF



Adj.
OCF

- **Adj. operative CF** decreased by 38 mill. EUR to **27 mill. EUR**:
- **Higher Working Capital consumption** compared to Q1 15/16, mainly due to payment of trade liabilities after build-up at year-end

Net CAPEX



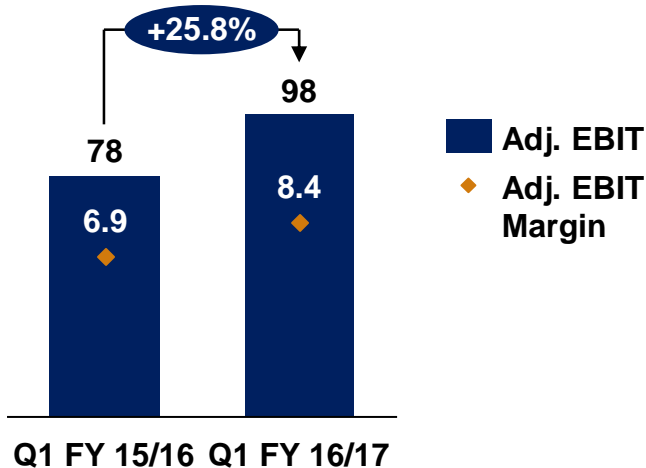
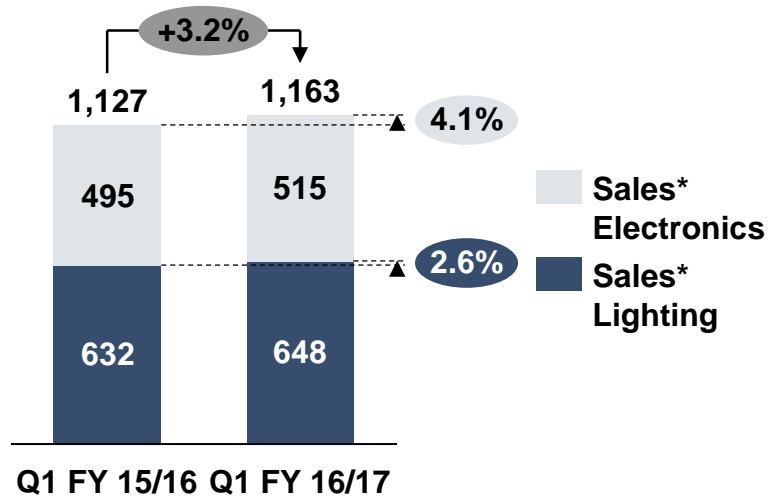
Net
CAPEX

- CAPEX lower by 1 mill. EUR to **106 mill. EUR**
- Continuous **investments** in customer-specific **equipment**
- **Reimbursements** increased by 3 mill. EUR to **26 mill. EUR** depending on project launches

Note: Adjusted Operative Cash flow Q1 FY 16/17 excludes cash restructuring payments (2 mill. EUR,) and reduction of factoring program (70 mill. EUR). Adj. Operative CF Q1 FY 15/16 excludes cash restructuring payments (3 mill. EUR)

Automotive main growth and profitability driver

Financial results Q1 FY 2016/17



* External sales, Q1 FY 15/16 residual of -10.9 mill EUR allocated proportionally to Electronics and Lighting

Automotive External Sales

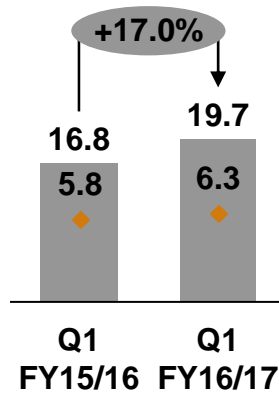
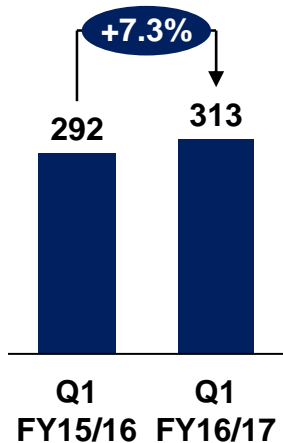
- **Sales growth** driven by **LED lighting** and **energy management** products
- **Moderate growth** due to **project ramp-downs**, **negative FX effects** and **weaker business development** of **Chinese customers**

Automotive Profitability

- **Strong increase of adj. EBIT margin to 8.4%**, mainly due to
 - **increased adj. GPM** due to **high level of utilization** and **less complex project ramp-ups**
 - **Higher JV contribution**, after a weak comparable basis in Q1 FY 15/16

Non Automotive segments with positive FY 16/17 contribution

Financial results Q1 FY 2016/17

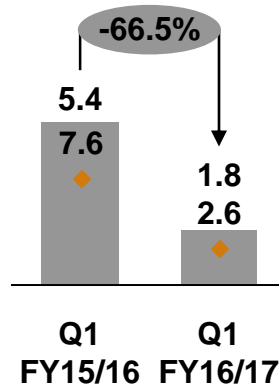
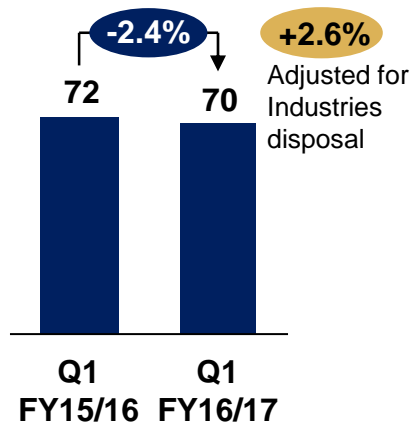


Aftermarket

- Strong wholesale business
- Positive demand for workshop products
- Higher EBIT margin due to positive product mix and increasing sales

Special Applications

- Negative top-line growth after sale of Industries business, portfolio adjusted growth at +2.6%
- Special OE with positive sales development but Agricultural sector still difficult
- Special OE with solid EBIT margin
- Follow-on costs of Industries disposal affect margin negatively



■ External Sales

■ EBIT

◆ EBIT Margin (%)

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Positive growth outlook 2016 in key regions according to VDA

Outlook

Region	Expected Automotive Sales (in m pieces)	Comment
Western Europe incl. Germany	<p>13.8 2016</p>	<ul style="list-style-type: none"> Continuing growth in 2016 expected after strong 2015, potential negative implications from BREXIT not included
USA	<p>17.1 2016</p>	<ul style="list-style-type: none"> After peak of US market in 2015, slight decline in 2016 expected
China	<p>22.1 2016</p>	<ul style="list-style-type: none"> Positive expectation for 2016 revised upwards to 10%. Partly advanced demand from 2017 due to government program. Slow down 2017 expected
TOTAL	<p>~80 CY 2016</p>	<ul style="list-style-type: none"> Overall growing expectations in key markets for 2016. For 2017 overall slowdown of growth expected

Source: VDA (as of September 2016),

Company specific development for FY 16/17 generally confirmed Outlook

Current outlook is fundamentally in line with the forecasts given in the Annual Report FY 2015/16

Guidance

Sales Growth

Growth in a mid-single digit percentage range

Adj. EBIT Growth

Growth in a mid-single digit percentage range

Adj. EBIT margin

More or less remain at the prior year's level

Mid-term growth prospects

Order intake in the last two years excepted to result in acceleration of growth dynamic beyond FY 16/17

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Thanks for your attention

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