

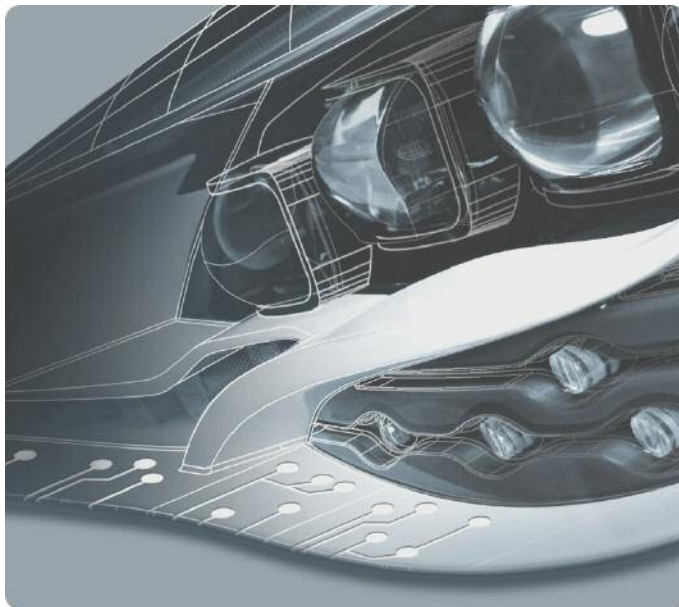


Technology with Vision

HELLA Investor Update 9 months FY 2016/17

Conference Call on April 6th, 2017

Dr. Rolf Breidenbach, CEO
Bernard Schäferbarthold, CFO



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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 9M FY 2016/17

Outline

- HELLA Financial Highlights 9M FY 2016/17
- HELLA Financial Results 9M FY 2016/17
- Outlook
- Q&A

Positive sales growth and strong EBIT increase in 9M FY 2016/17

Financial Highlights 9M FY 2016/17

Sales

- **HELLA Group** currency and portfolio adjusted **9M sales grew by 3.5% YoY** to 4.8 bill. EUR
- Acceleration of adjusted **sales growth to 5.7% in Q3**

Profitability

- **9M adjusted Gross Profit margin at 27.5%** (+0.3%-points YoY), **Q3 unchanged at 27.0%** due to higher Automotive margin despite several project ramp-ups
- **Adjusted 9M EBIT +28 mill. EUR (+8.1% YoY) at 373 mill. EUR, Q3 +17 mill. EUR (+17.1% YoY) at 105 mill. EUR**
- **Adjusted 9M EBIT margin at 7.8%** (+0.4%-points YoY), **Q3 adj. EBIT margin +0.7%-points at 6.5%** due to lower R&D ratio

Liquidity

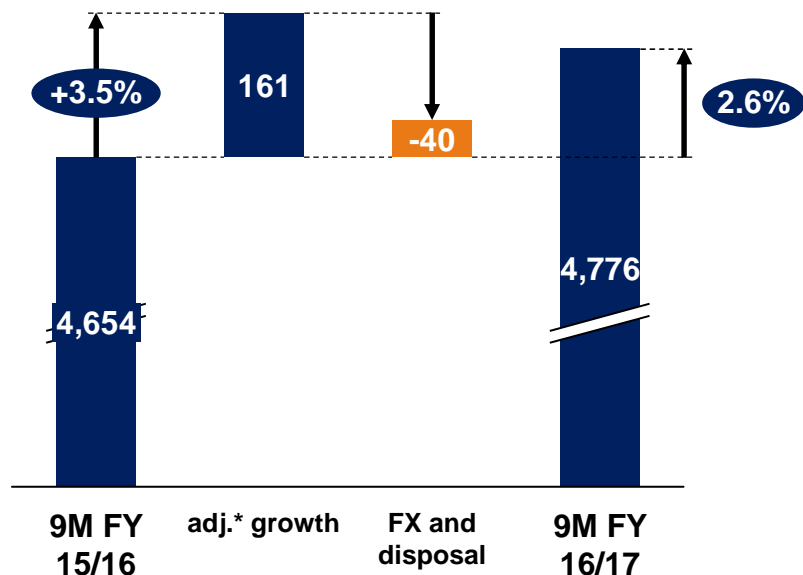
- **9M adjusted Free Cash Flow increased by 30 mill. EUR (+55% YoY) to 86 mill. EUR** mainly due to **higher results, Q3 +59 mill. EUR to 19 mill. EUR**
- **Continuously strong basis for future growth with cash and short term financial assets of 775 mill. EUR**

Note: Adjustments including restructuring expenses and supplier default in FY 15/16 and restructuring expenses in FY16/17. Please note that where sums and percentages in the presentation have been rounded, differences may arise as a result of commercial rounding.

HELLA top line growth with expected development in 9M FY 16/17

Financial Highlights 9M FY 2016/17

HELLA group revenues (EUR millions)



Comment

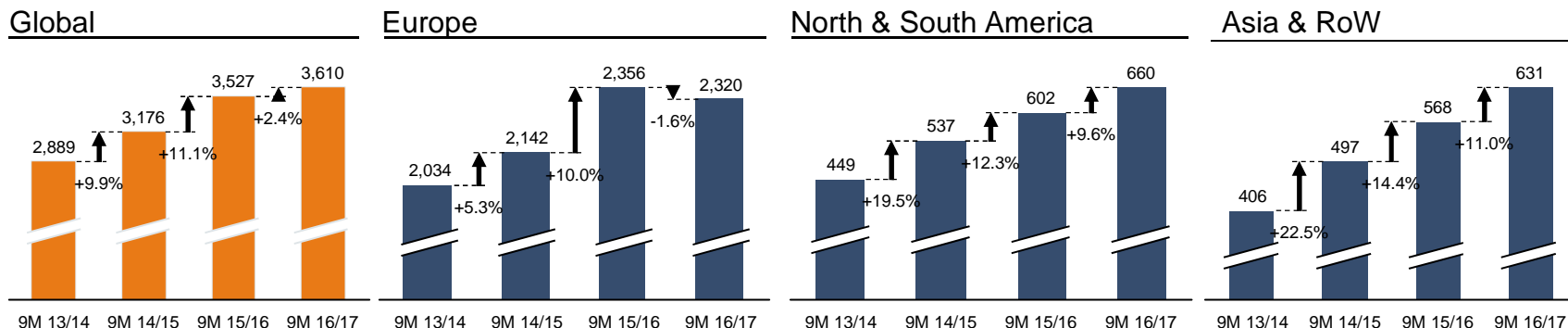
- **Currency and portfolio adjusted growth HELLA Group at 3.5%**
- **HELLA reported Group sales increased by 121 mill. EUR (+2.6%) to 4,776 mill. EUR:**
 - **Automotive + 2.4% to 3,610 mill. EUR. Demand for energy management products drives electronic business. Growth in electronics and lighting impacted by the preparation for ramp-ups. Increase in growth dynamics visible in Q3**
 - **Aftermarket +5.5% to 923 mill. EUR with positive development in all segments**
 - **Special Applications +0.2% to 209 mill. EUR excluding disposal of Industries and Airport Lighting activities**

*currency and portfolio adjusted

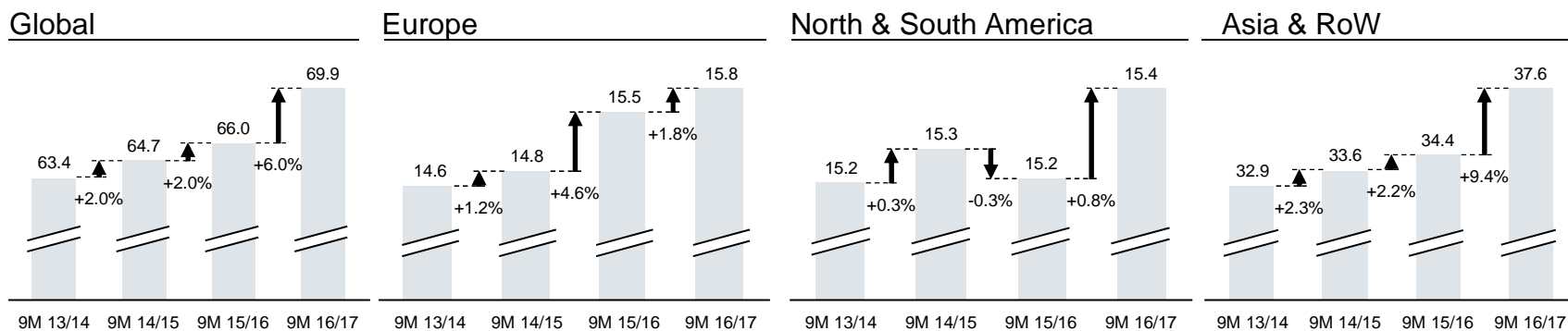
HELLA Automotive outperforming important regions

Financial Highlights 9M FY 2016/17

HELLA Automotive external sales by region (in EUR millions)



Light vehicle production (in million units)



HELLA Automotive growth vs. market (LVP) growth:



Source: HELLA; IHS (as of February 2017) ■ HELLA Automotive outperformance ■ HELLA Automotive underperformance





HELLA Investor Update 9M FY 2016/17

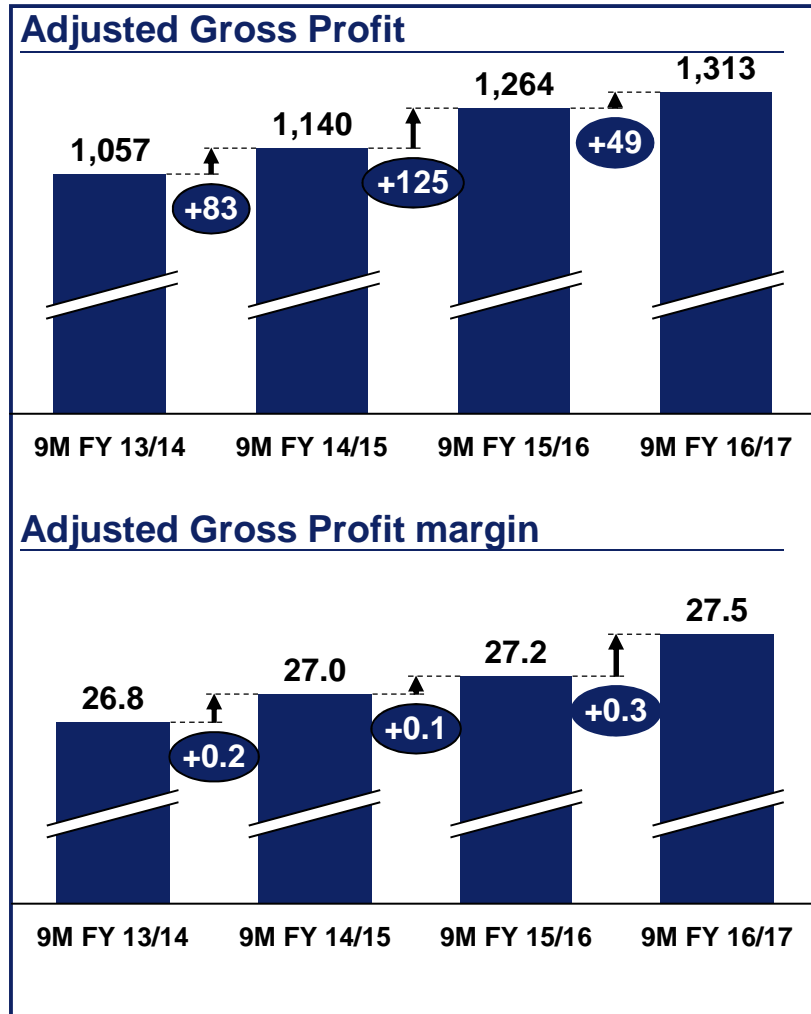
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Improved productivity in Automotive results in GPM increase

Financial results 9M FY 2016/17

EUR millions and % sales



Adj.
Gross
Profit

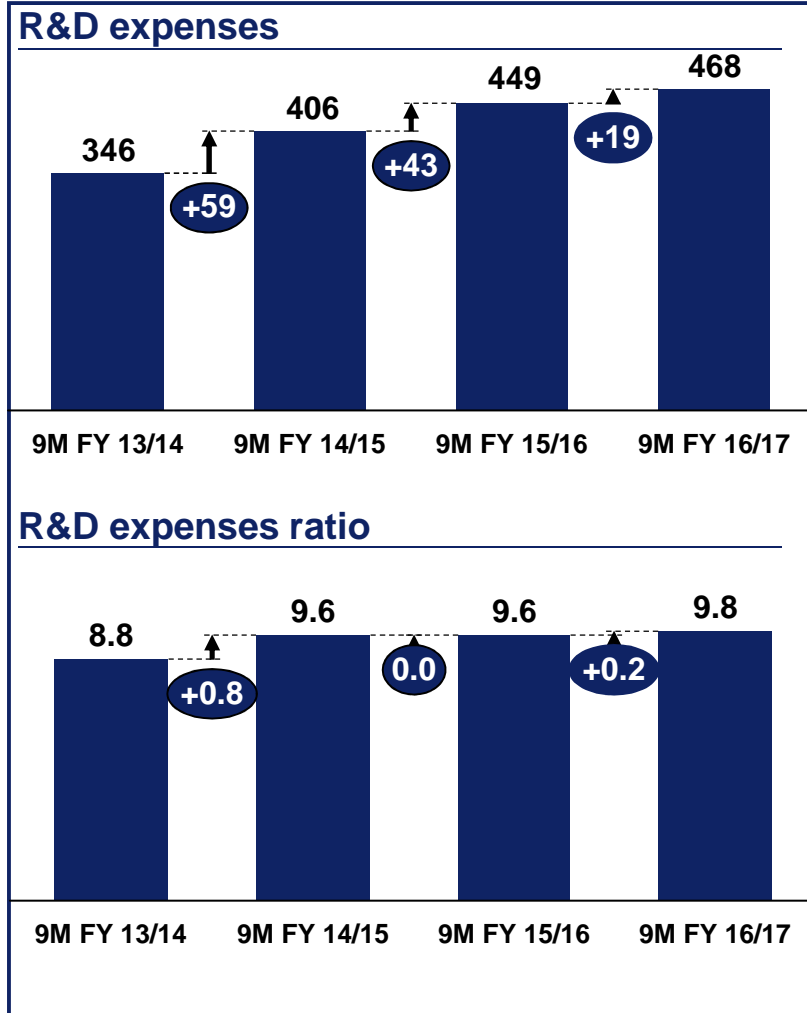
Adj.
Gross
Profit
Margin

- Adjusted Gross Profit increased by 49 mill. EUR (+4%) to 1,313 mill. EUR
- Adjusted Gross Profit margin improved by 0.3%-points to 27.5% driven by positive product mix effects and operational improvements in Eastern Europe

High R&D expenses to secure future growth

Financial results 9M FY 2016/17

EUR millions and % sales



R&D

- **Absolute R&D** expenses increased by 19 mill. EUR (+4% YoY) to **468 mill. EUR** mainly for **preparation of forthcoming projects** as well as for **securing technology leadership**
- Focus on advanced **lighting** and **driver assistance systems & energy management** products

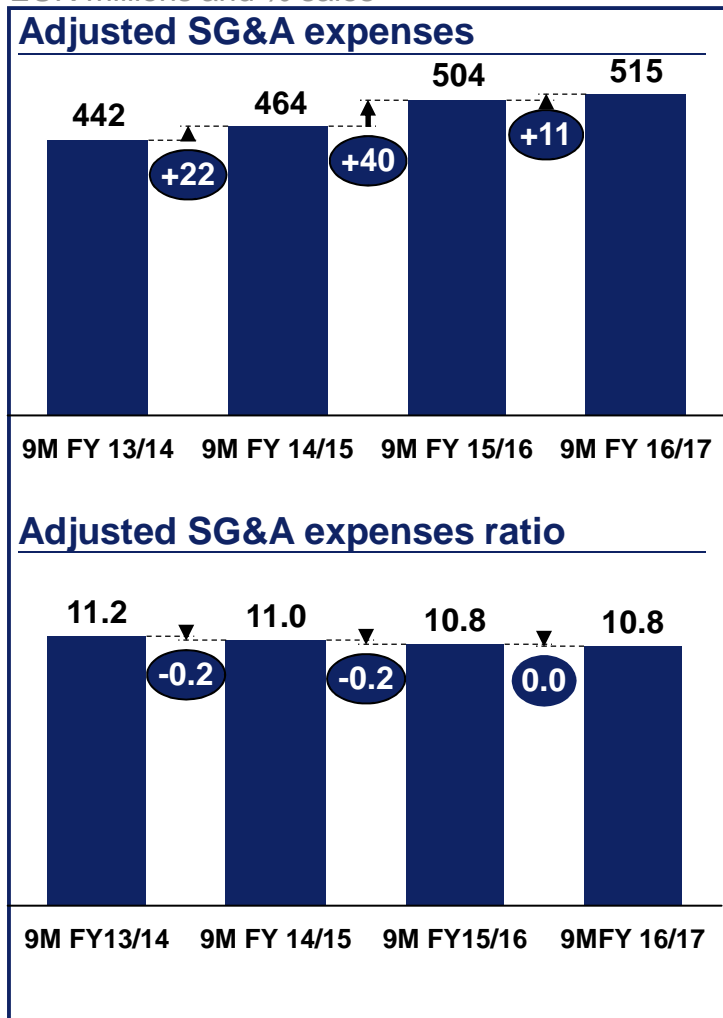
R&D ratio

- **9M FY16/17** ratio increased by **0.2%-points** to **9.8%** due to over-proportional increase in absolute R&D expenses after project wins
- Ratio development in line after step-up in Q3 FY 15/16

Relatively stable development of SG&A costs

Financial results 9M FY 2016/17

EUR millions and % sales



Adj.
SG&A

- **Distribution** expenses +12 mill. EUR (+3.3% YoY) to **377 mill. EUR** driven by higher Aftermarket sales and business extension in Poland
- **Adj. other income and expenses** +10 mill. EUR (+63%) to **24 mill. EUR** mainly due to higher level of provisions last year
- **Admin. expenses** +8 mill. EUR (+5.3%) to 161 mill. EUR due to **investments in corporate functions & systems**

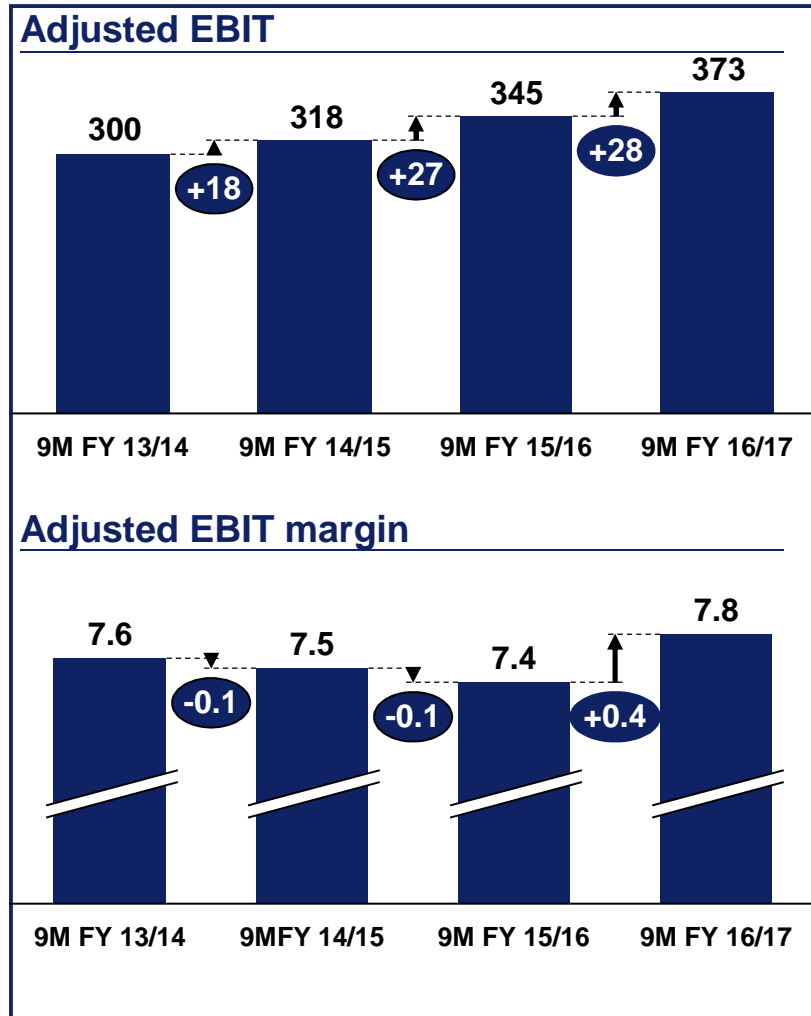
Adj.
SG&A
ratio

- **SG&A ratio** at **10.8%**, ratio of structural costs shows a **stable development**
 - **Distribution cost** ratio +0.1%-points to **7.9%**
 - **Administrative cost** ratio +0.1%-points to **3.4%**
 - **Adjusted other income and expenses** +0.2%-points to **0.5%**

Adjusted EBIT and EBIT margin above prior-year's level

Financial results 9M FY 2016/17

EUR millions and % sales



Adj.
EBIT

- **Adjusted EBIT** increased by 28 mill. EUR (+8.1% to **373 mill. EUR**)
- **Excluding** negative effects from **Industries and Airport Lighting** activities adj. EBIT increased by 30 mill. EUR to **384 mill. EUR**

Adj.
EBIT
margin

- **Adj. EBIT margin** increased by **0.4%-points** to **7.8%** mainly due to **increased GPM** (+0.3%-points) and **higher JV income** +0.2%-points, over-compensating higher (+0.2%-points) R&D expenses
- **Adj. EBIT margin** excluding Industries and Airport Lighting activities +0.4%-points to **8.1%**

P&L including reconciliation

Financial results 9M FY 2016/17

HELLA GROUP

Comment

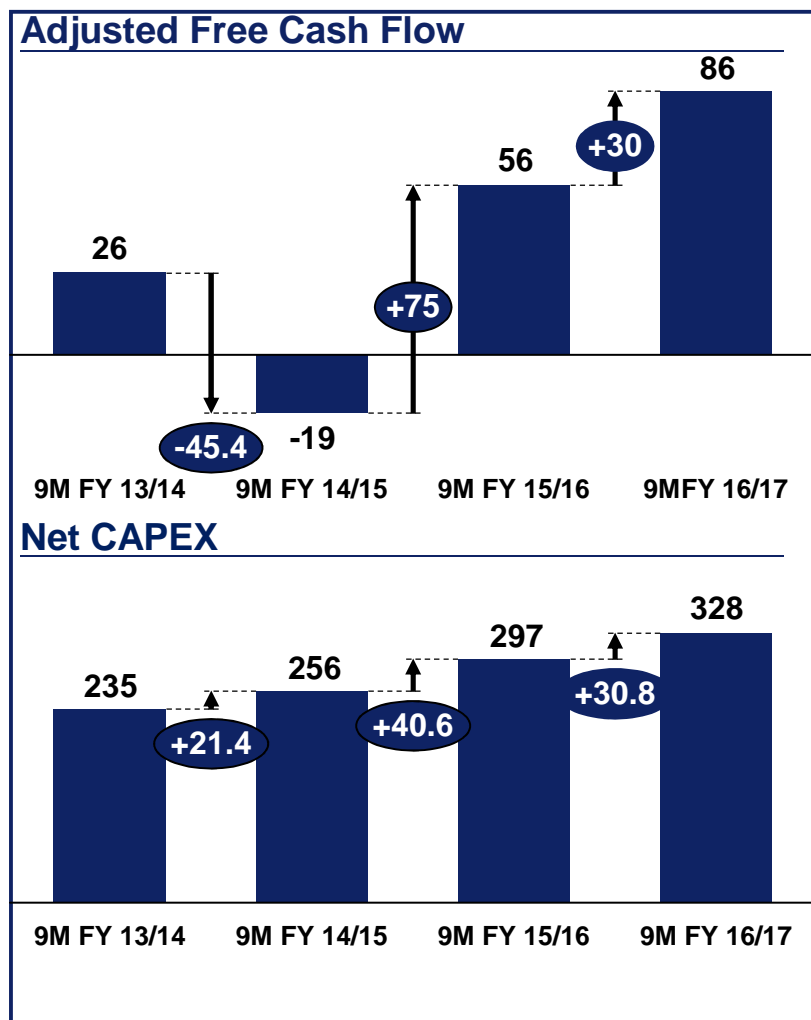
In EUR mill.	9M FY 15/16				9M FY 16/17			
	Reported	Restructuring	Supplier	Adjusted	Reported	Restructuring	Legal	Adjusted
Gross profit	1,237.3	-	27.1	1,264.4	1,313.4	-	-	1,313.4
(Admin)	-153.5	-	0.3	-153.2	-161.3	-	-	-
Other income and expenses	-13.6	8.1	19.8	14.4	-1.2	8.7	16.0	23.5
EBIT	289.7	8.1	47.2	345.0	348.2	8.7	16.0	372.8
Net financial result	-31.5				-29.0			
Taxes	-74.2				-71.5			
Earnings for the period	184.0				247.7			
Earnings per share (EUR)	1.63				2.21			

- Reported EBIT margin 9M FY 15/16 negatively impacted by effects of supplier default and restructuring expenses in Germany
- Reported EBIT margin 9M FY 16/17 adversely impacted by effects from provisions in connection with the proceedings initiated by the European cartel authorities and restructuring expenses in Germany
- Net financial result improved as prior year was impacted more by negative market environment
- Earnings for the period increased with higher EBIT compared to previous year
- EPS increased to 2.21 EUR vs. 1.63 EUR last year

Cash Flow impacted by project investments

Financial results 9M FY 2016/17

EUR millions



Adj. Free Cash Flow

- **Adj. Free Cash Flow** increased by 30 mill. EUR to **86 mill. EUR** mainly due to **higher results and Working Capital improvements**

Net CAPEX

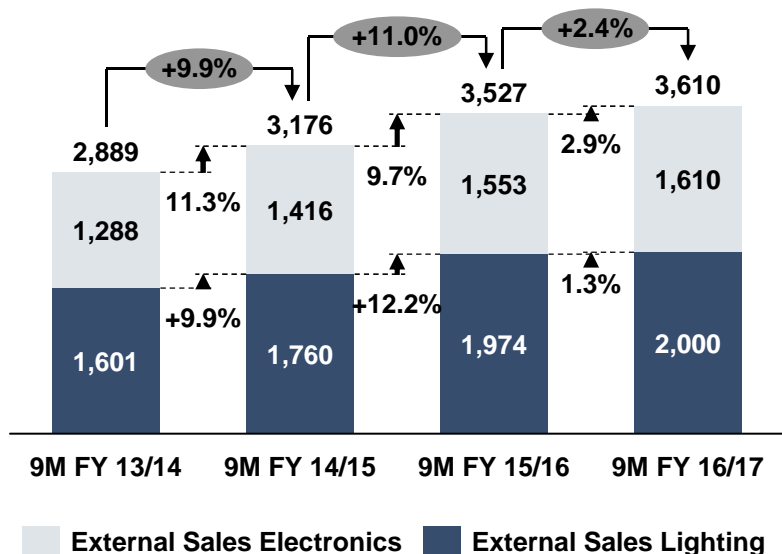
- **Net CAPEX** increased by 31 mill. EUR to **328 mill. EUR**
- **Continuous investments** in customer-specific **equipment**
- **Reimbursements** increased by 19 mill. EUR to **91 mill. EUR** depending on project launches

Note: Adj. FCF 9M FY 16/17 excludes cash restructuring payments (7 mill. EUR.) and termination of factoring program (70 mill. EUR). Adj. FCF 9M FY 15/16 excludes cash restructuring payments (9 mill. EUR) reduction of factoring (20 mill EUR), and cash payments for Chinese supplier issue (34 mill. EUR)



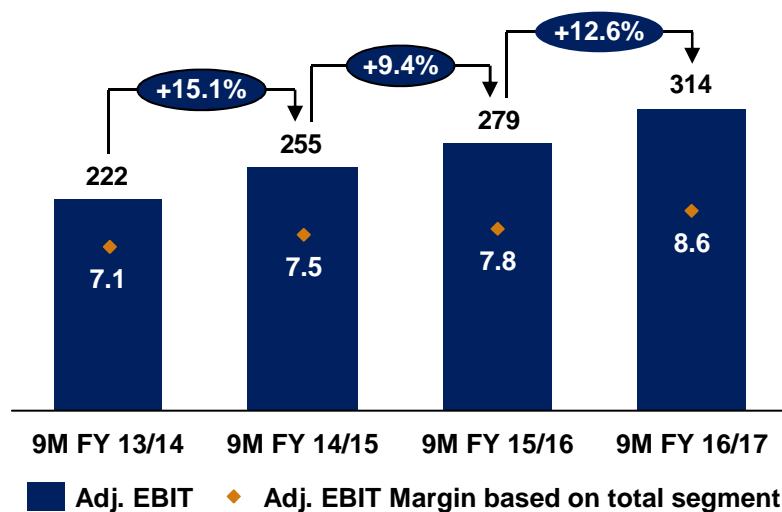
Automotive with increased profitability

Financial results 9M FY 2016/17



Automotive External Sales

- Moderate growth of 2.4% with project ramp-ups starting in Q3 FY 16/17
- Demand for energy management products drives electronic business
- Ongoing growth dynamics expected
- Negative FX effect vs. positive effect in 9M FY 15/16



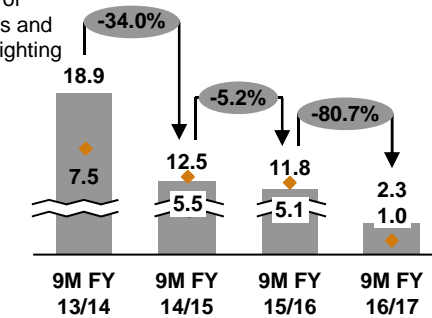
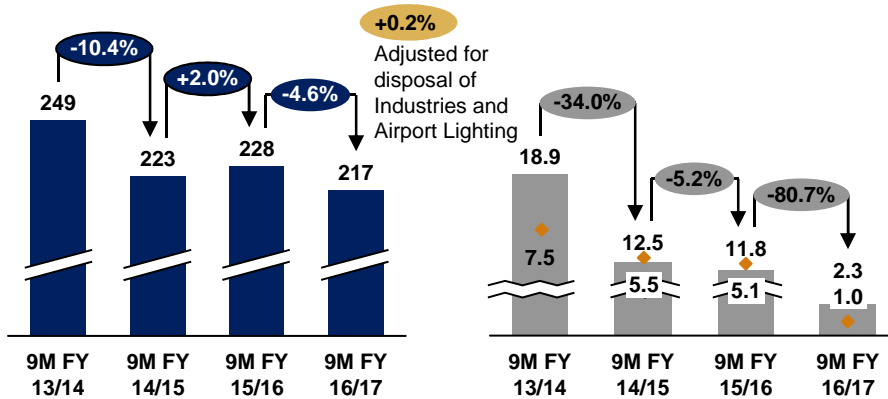
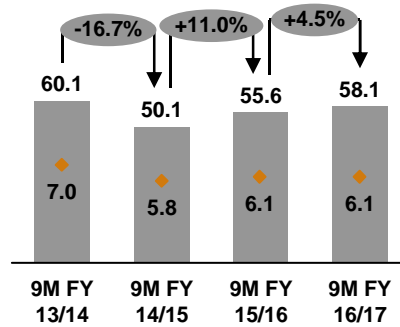
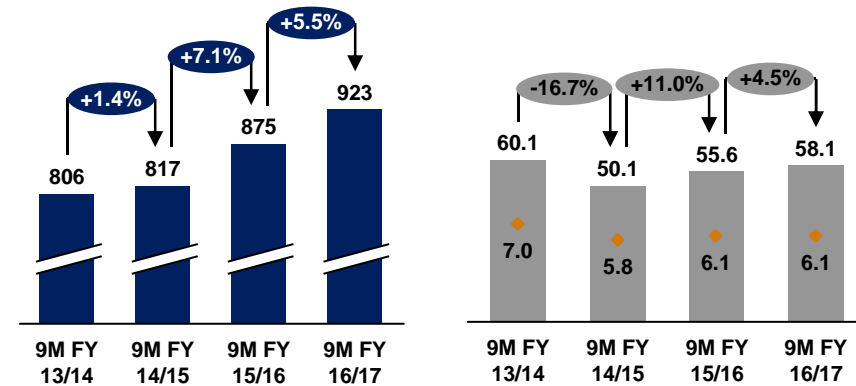
Automotive Profitability

- Strong increase of adj. EBIT margin to 8.6%, mainly on the basis of
 - increased adj. GPM due to improved operational efficiency and positive product mix
 - higher JV contribution after a weak comparable basis in 9 months FY 15/16



Non Automotive segments with positive contribution

Financial results 9M FY 2016/17



■ External Sales
 ■ EBIT
 ◆ EBIT Margin based on total segment sales (%)

Aftermarket

- Strong wholesale and IAM business
- Positive demand for workshop products
- Constant EBIT margin due to increase in GPM and leverage of distribution network compensating higher admin costs

Special Applications

- Slightly positive top-line growth excluding the Industries and Airport Lighting activities
- Agricultural sector leads to weak development of Special OE sales, other product groups e.g. trailer still growing
- Costs for wind-down of Industries & Airport lighting activities and production relocation affect margin negatively (in total 14 mill. EUR)



Q3 FY 16/17 with profitability increase compared to previous year

Financial results 9M FY 2016/17

HELLA GROUP

	Q3 FY 15/16	Q3 FY 16/17
Adjusted* growth (YoY)	6.5%	5.7%
FX (YoY)	0.9%	0.1%
Portfolio (YoY)	-	-0.3%
LVP** (YoY)	2.3%	4.2%
Adj. EBIT Margin	6.0%	6.6%
	6.2%***	6.8%***
Adj. FCF	€-39m	€19m

Comment

- Q3 FY 16/17 with positive organic growth due to Automotive, previous year driven by strong Automotive and Aftermarket (IAM catch up after end of wholesale consolidation)
- Adj. Gross Profit and GPM comparable in both quarters. Positive product mix effects and further operational improvements in Eastern Europe in Q3 FY 16/17
- Adj. EBIT margin Q3 FY 16/17 driven by lower R&D ratio
- Adj. EBIT margin including portfolio adjustment higher than previous year
- Strong improvement of adj. OCF in Q3 FY 16/17

*Currency and portfolio adjusted sales growth;

**Global Light Vehicle Production according to HELLA fiscal year, source: IHS, HELLA analysis

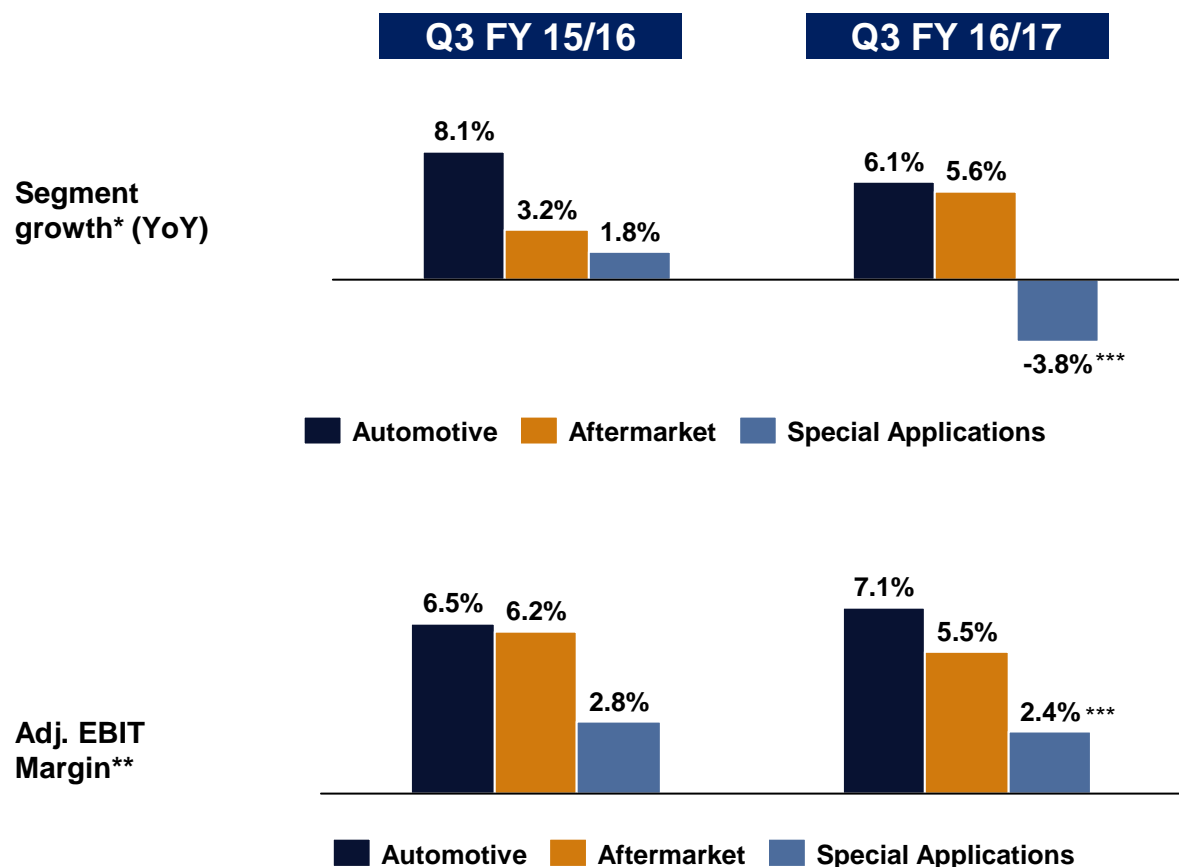
***excluding Industries and Airport Lighting activities



Q3 FY 16/17 with stronger profitability in Automotive

Financial results 9M FY 2016/17

HELLA SEGMENTS



Comment

- Q3 FY 16/17 with increasing Automotive growth after project ramp-ups
- Strong Independent Aftermarket and garage business
- Special Applications with weak agricultural market. In Q3 FY 15/16 recovery effects
- Adjusted EBIT Automotive increased due to higher GPM and lower R&D ratio
- Aftermarket adjusted EBIT margin declined due to lower GPM driven by mix and higher investments in branches and functions
- Special Applications with 2.6 mill. EUR negative effects from Industries and Airport Lighting disposal

*external sales, **based on total sales, ***including Industries and Airport Lighting activities. Portfolio adjusted sales growth Q3 FY 16/17 +1.3%, adj. EBIT margin excluding Industries and Airport Lighting activities 6.2%



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Overall market expected to grow by 1.9% according to IHS Outlook

Region	Expected Light Vehicle Production (in m units)	Comment
Europe	<div style="text-align: center;"> +1.7% <div style="background-color: #003366; color: white; padding: 5px; width: 40px; margin: 0 auto;">21.8</div> <hr style="width: 80%; margin: 5px auto;"/> CY 2017 </div>	<ul style="list-style-type: none"> Continuing moderate growth in 2017 expected
NSA	<div style="text-align: center;"> +0.0% <div style="background-color: #003366; color: white; padding: 5px; width: 40px; margin: 0 auto;">20.6</div> <hr style="width: 80%; margin: 5px auto;"/> CY 2017 </div>	<ul style="list-style-type: none"> After peak of US market in 2015 the LVP is expected to stay flat in 2017
China	<div style="text-align: center;"> +2.5% <div style="background-color: #003366; color: white; padding: 5px; width: 40px; margin: 0 auto;">27.7</div> <hr style="width: 80%; margin: 5px auto;"/> CY 2017 </div>	<ul style="list-style-type: none"> Growth forecasted to slow down in 2017
Global	<div style="text-align: center;"> +1.9% <div style="background-color: #003366; color: white; padding: 5px; width: 40px; margin: 0 auto;">+94.8</div> CY 2017 </div>	<ul style="list-style-type: none"> Overall market expected to grow by 1.9%

Source: IHS Light Vehicle Production (LVP) (as of March 2017)

Company specific development for FY 16/17 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

At the prior year's level

Mid-term growth prospects

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

* Excluding FX and portfolio effects



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Thanks for your attention

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