

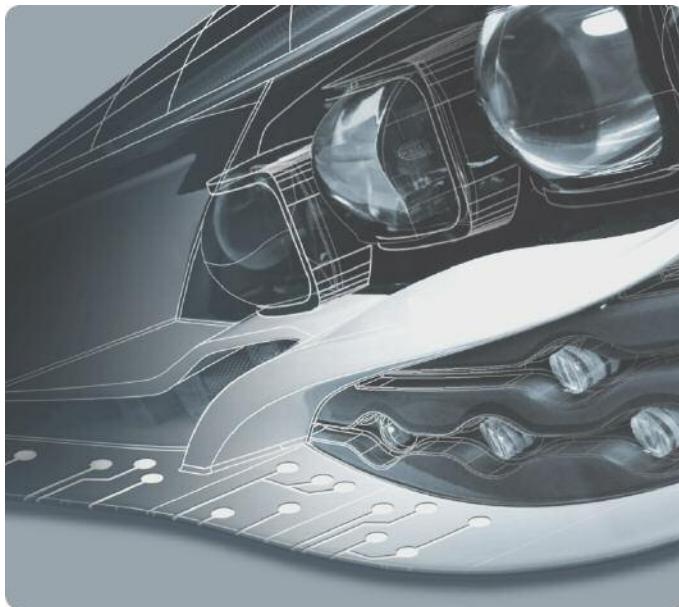


Technology with Vision

HELLA Investor Update 9M FY 2018/19

Conference Call on April 11, 2019

Dr. Rolf Breidenbach, CEO
Bernard Schäferbarthold, CFO



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HELLA Investor Update 9M FY 2018/19

Outline

- HELLA Financial Highlights 9M FY 2018/19
- HELLA Financial Results 9M FY 2018/19
- Outlook
- Q&A

Positive sales growth and EBIT increase in 9M FY 2018/19

Financial Highlights 9M FY 2018/19

Sales

- **HELLA Group** currency and portfolio adjusted **sales grew by 6.2%** YoY to 5.1 bill. EUR

Profitability

- **Adj. Gross Profit margin** at **27.4%** (+0.2%-points YoY)
- **Adj. EBIT** +22 mill. EUR (+5.6% YoY) at **417 mill. EUR**
- **Adjusted EBIT margin** -0.1pp to **8.1%**

Liquidity

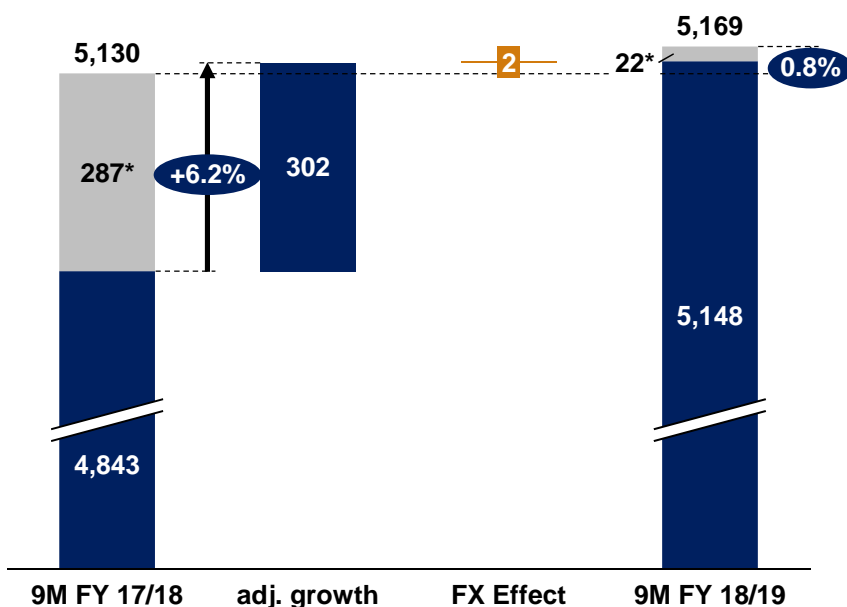
- **Adjusted Free Cash Flow from operating activities** increased by **31 mill. EUR** (+17.2% YoY) to **210 mill. EUR**

Note: Adjusted P&L and Balance Sheet figures for FY 17/18 and FY 18/19 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.

HELLA top line growth with positive development in 9M FY 18/19

Financial Highlights 9M FY 2018/19

HELLA Group sales (in EUR millions)



Comment

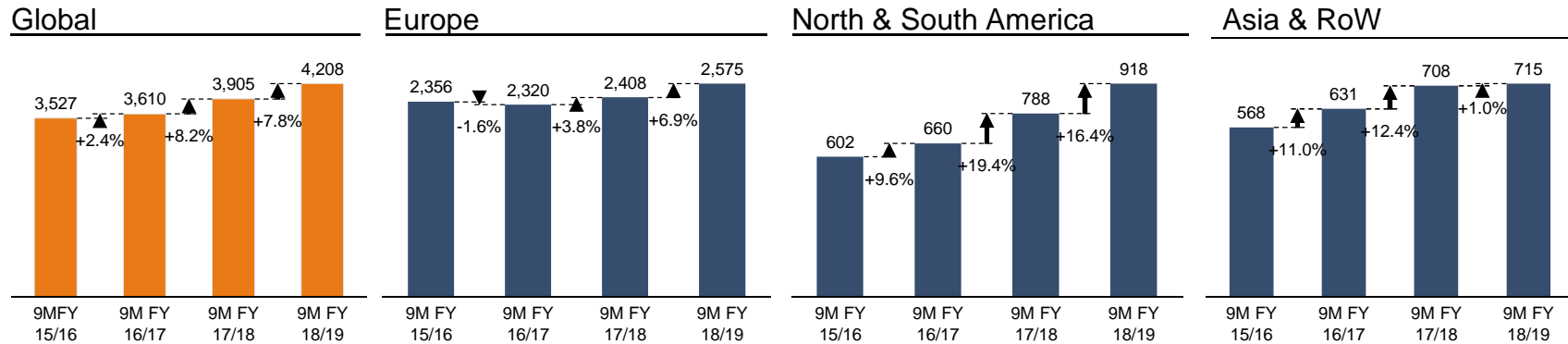
- **Currency (+0.1pp) and portfolio (-5.5pp) adjusted growth of HELLA Group at 6.2%**
- **Reported sales growth of HELLA Group at 0.8% (increased by 39.4 mill. EUR to 5,169 mill. EUR)**
 - **Automotive +7.5% to 4,240 mill. EUR.** Demand for energy management products, radar solutions and advanced lighting systems drives business
 - **Aftermarket* +3.8% to 492 mill. EUR,** positively driven by Workshop product sales
 - **Special Applications -5.4% to 298 mill. EUR** due to end of Australian production. Excl. this effect, growth at 3.8% with positive development in agricultural, construction and trailer business

*Wholesale sales excluded

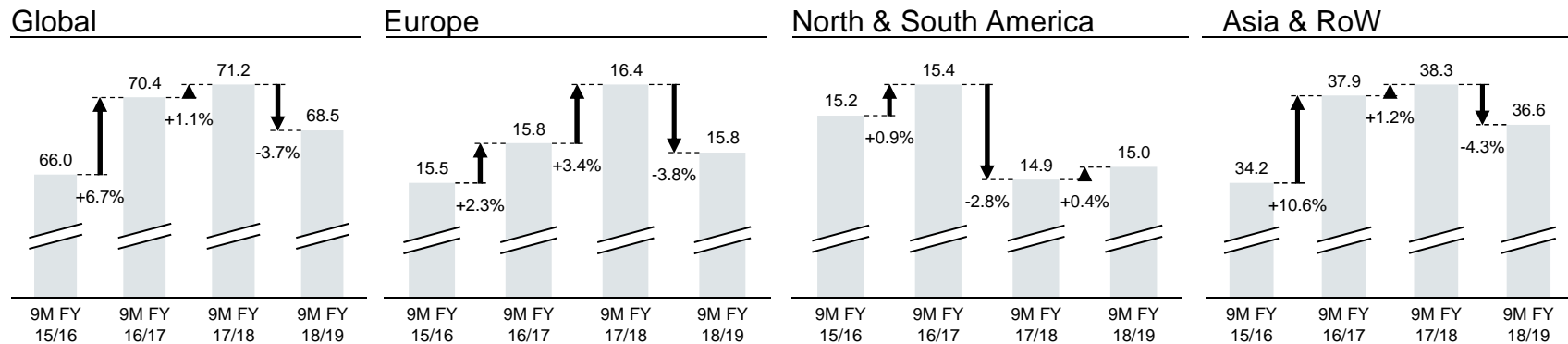
Automotive outperforming LVP in all regions

Financial Highlights 9M FY 2018/19

HELLA Automotive external sales by region (in EUR millions)



Light vehicle production (in million units)



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

-4.4%	+7.1%	+11.5%	-3.9%	+0.4%	+10.7%	+8.7%	+22.3%	+16.0%	0.5%	+11.2%	+5.3%
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Source: HELLA; IHS (as of March 2019)





HELLA Investor Update 9M FY 2018/19

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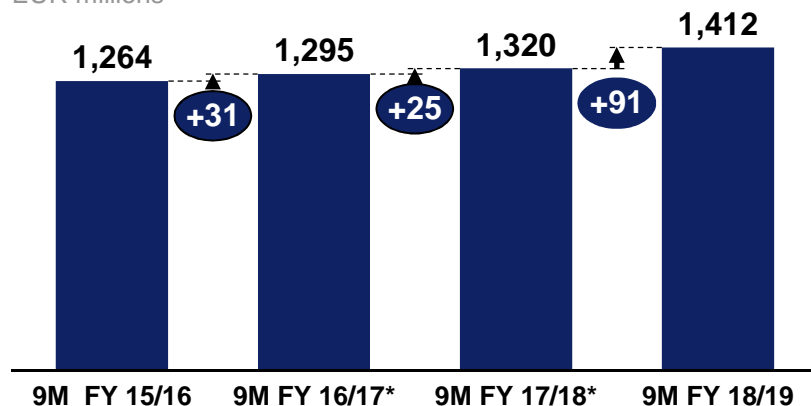
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Adj. GPM increased due to strong overall business development

Financial results 9M FY 2018/19

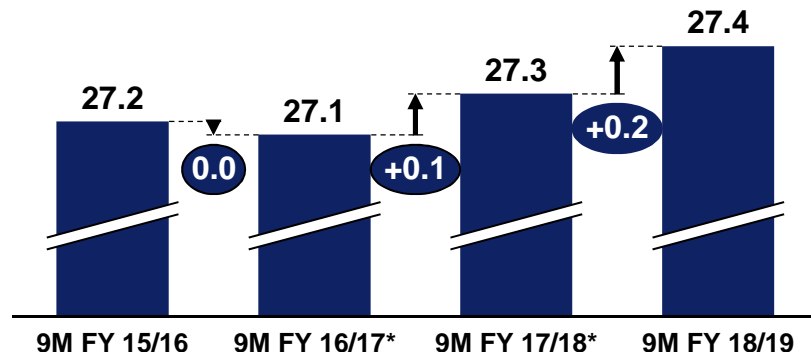
Adj. Gross Profit

EUR millions



Adj. Gross Profit margin

% sales



*Restated for the reclassification of costs.

Highlights

- **Adj. Gross Profit increased by 91 mill. EUR (+6.9%) to 1,412 mill. EUR**
 - **Automotive** +7.5% to 1,071 mill. EUR
 - **Aftermarket** +7.0 % to 179 mill. EUR
 - **Special Applications** +6.6% to 116 mill. EUR

Highlights

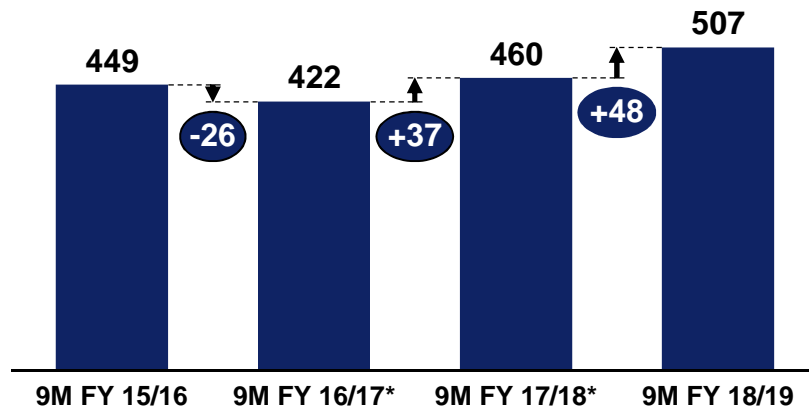
- **Adj. Gross Profit margin improved by 0.2%-points to 27.4%**
 - constant GPM Automotive, higher volumes but increasing headwinds from raw material & personnel costs
 - increased GPM in Aftermarket (+1.1pp) due to product mix
 - higher GPM in Special Applications (+4.4pp) due to positive mix effects

Continuous high R&D expenses to secure technology leadership in accelerating industry dynamics

Financial results 9M FY 2018/19

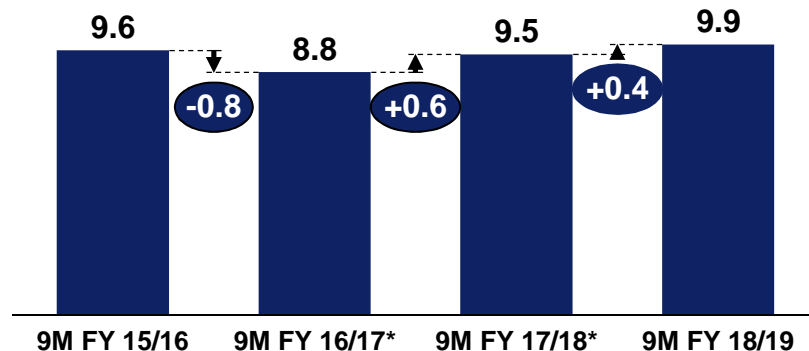
R&D expenses

EUR millions



R&D expenses ratio

% sales



*Restated for the reclassification of costs.

Highlights

- **Absolute R&D expenses** increased by 48 mill. EUR (+10.4% YoY) to **507 mill. EUR**; main drivers:
 - intensification of spending due to further accelerating industry change
 - secure and strengthen technology leadership along the market trends
 - preparation and realization of production ramp-ups & continuous development of R&D capacities

Highlights

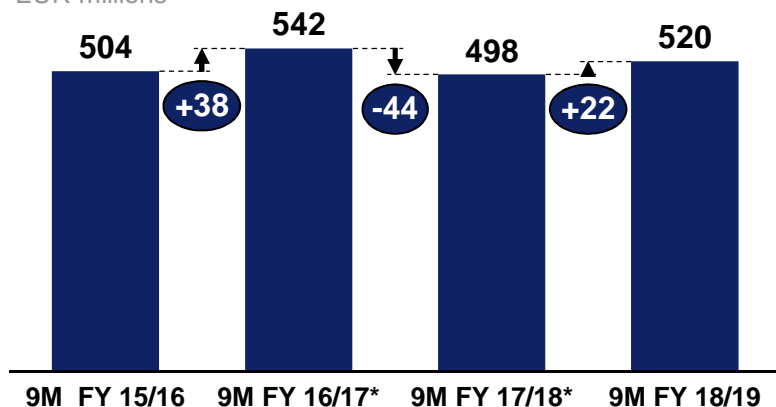
- **9M FY 18/19 ratio** +0.4pp to **9.9%** due to over-proportional increase in absolute R&D expenses

SG&A costs with slight increase due to continuous investments

Financial results 9M FY 2018/19

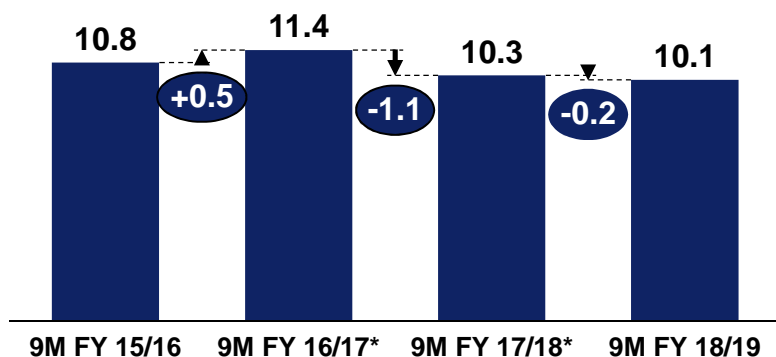
Adj. SG&A expenses

EUR millions



Adj. SG&A expenses ratio

% sales



*Restated for the reclassification of costs.

Highlights

- **Adj. SG&A costs** increased (+22 mill. EUR, +4.4%) to **520 mill. EUR**
 - higher logistic costs (+13 mill. EUR) related to growth
 - higher admin expenses (+7 mill. EUR) with continuous investments in processes, systems and functions
 - lower other adj. income and expenses (-2.0 mill. EUR) due to positive one-offs in PY

Highlights

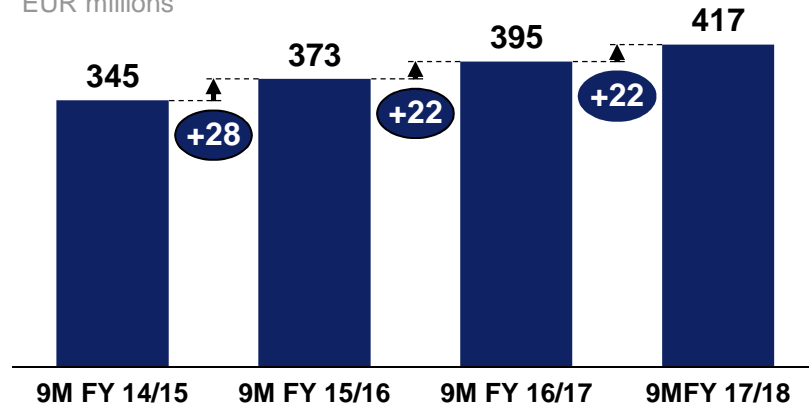
- **Adj. SG&A ratio** increased (-0.2ppt) to **10.1%**
- Under-proportional increase in absolute SG&A expenses due to savings programs

Adjusted EBIT above prior-year's level, margin pressure through high R&D

Financial results 9M FY 2018/19

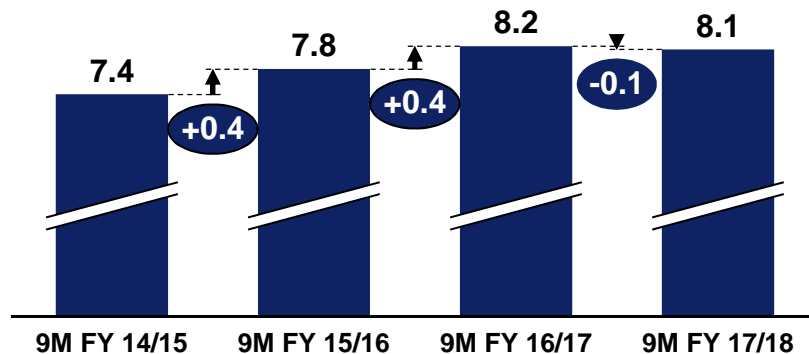
Adjusted EBIT

EUR millions



Adjusted EBIT margin

% sales



Highlights

- **Adjusted EBIT** increased by 22 mill. EUR (+5.6%) to **417mill. EUR**:
 - increase in adj. Gross Profit by 91 mill. EUR (+6.9%)
 - higher R&D (+48 mill. EUR, +10.4%)
 - increase in adj. SG&A (mainly distribution) by 22 mill. EUR (+4.4%)

Highlights

- **Adj. EBIT margin** decreased by **0.1%-points** to **8.1%**:
 - increase of adj. GPM by 0.2pp
 - higher R&D expenses (+0.4pp)
 - lower SG&A (-0.2pp)

P&L including reconciliation

Financial results 9M FY 2018/19

FY comparison

HELLA GROUP		9M FY 17/18	9M FY 18/19
in EUR mill.			
Gross Profit*	reported	1,415.9	1,422.0
	Adjustments	-95.7	-10.4
	adjusted	1,320.2	1,411.7
Other income and expenses	reported	13.4	262.1
	Adjustments	2.0	-248.6
	adjusted	15.4	13.5
Distribution*	reported	425.9	373.2
	Adjustments	-85.0	-19.7
	adjusted	340.9	353.6
Admin*	reported	172.9	187.6
	Adjustments	0.0	-7.5
	adjusted	172.9	180.2
EBIT	reported	403.9	649.2
	Adjustments	-8.6	-231.8
	adjusted	395.3	417.4
Net financial result		-32.7	-29.2
Taxes		-94.7	-110.0
Earnings for the period		276.5	510.0
Earnings per share (EUR)		2.48	4.59

Comments

- Reported EBIT 9M FY 18/19 increased by 245 mill. EUR, thereof + 256 mill. EUR profit from Wholesale (pre closing costs)
- Net financial result improved slightly after local financing in Mexico
- Earnings for the period increased driven by growth and profit from Wholesale
- EPS increased by 2.11 EUR (+85%) to 4.59 EUR

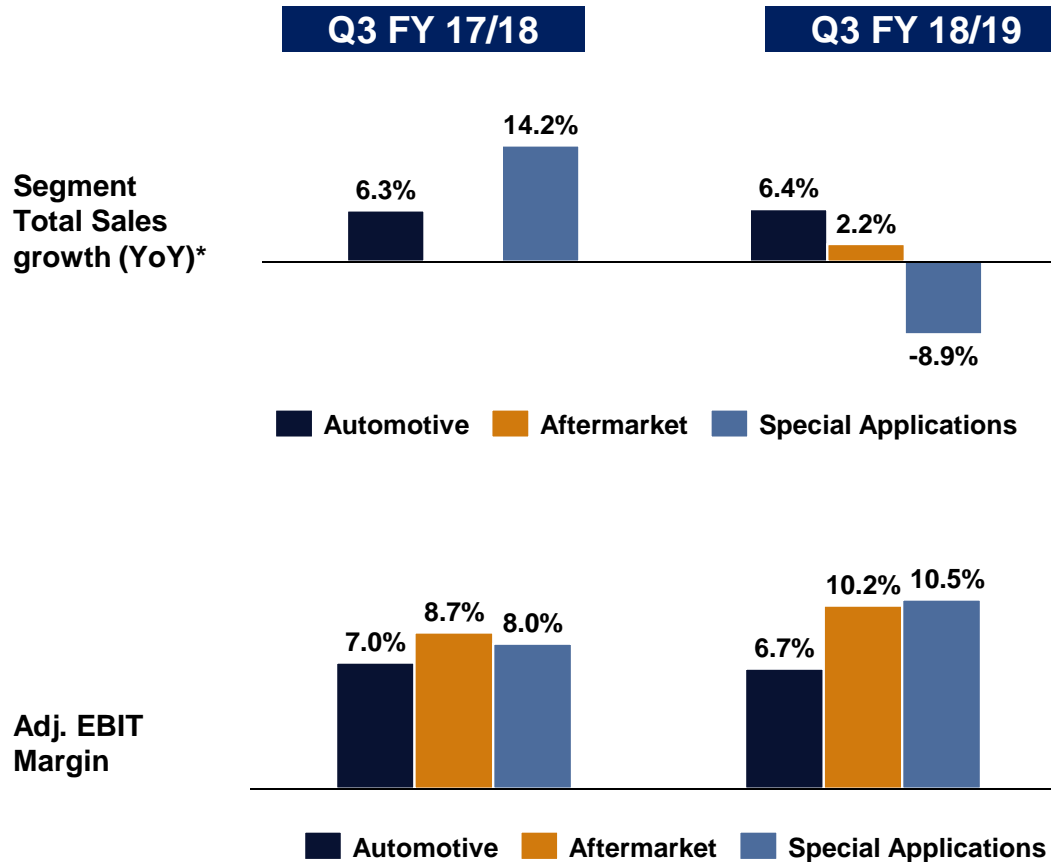
*Reported 9M FY 17/18 restated for the reclassification of R&D costs. For details see financial report



Q3 FY 18/19 Automotive business with slightly higher growth dynamics and margin pressure

Financial results 9M FY 2018/19

Quarterly comparison



Comments

- Slightly higher Automotive growth dynamics in Q3 FY 18/19: NSA sales and higher reimbursements for development and tooling compensate weak market conditions
- Aftermarket with modest total sales growth, IAM influenced by weak development in selective markets
- Special Applications negative due to closure of Australian production. Growing agricultural, construction, and bus business, excluding this effect sales slightly down by 0.9%
- Q3 FY 18/19 Automotive margin affected by increasing raw material and personnel expenses as well as increasing R&D
- Aftermarket adjusted EBIT margin strongly increased due to positive (product) mix effects
- Q3 FY 18/19 adj. EBIT margin Special Applications increased with strong product mix

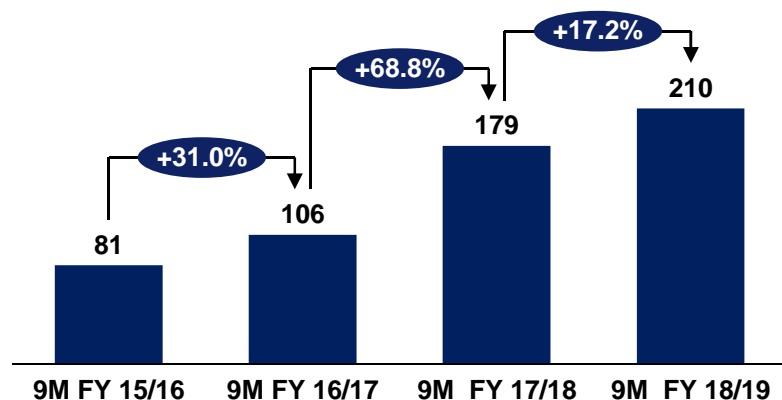
* Q3 FY 16/17 Aftermarket not comparable due to disposal of Wholesale distribution

Adj. Free Cash Flow from operating activities increased with improved Working Capital consumption

Financial results 9M FY 2018/19

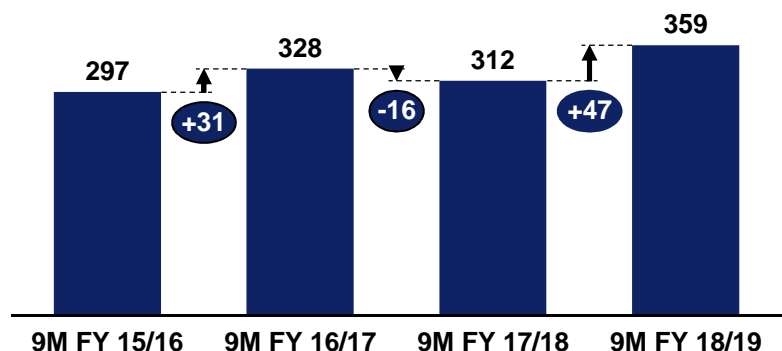
Adj.¹ FCF from operating activities

EUR millions



Adj. Net CAPEX²

EUR millions



1) Adjustments of FCF include restructuring expenses, factoring, payments in connections with the EU cartel proceeding, payments in connection of the supplier default and payments received/made in connection with the sale of shares in FTZ, INTER-TEAM and HELLANOR

2) In accordance with IFRS 15 reimbursement not deducted from CAPEX in 9M FY 18/19, prior year have not been adjusted.

Highlights

- **Adj. Free Cash Flow from operating activities** increased by 31 mill. EUR to **210 mill. EUR**, mainly due to a lower working capital consumption
- **Cash Conversion³ ratio** increased by 5.0pp to 50.4%

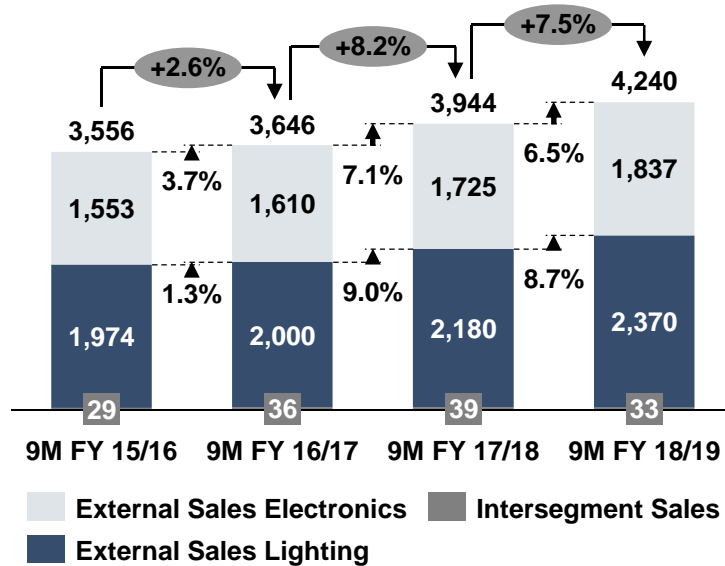
3) Adj. Free Cash Flow from operating activities / adj. EBIT

Highlights

- **Continuous investments** in customer-specific **equipment** and **capacity extensions**

Automotive segment with increasing growth, profitability under pressure

Financial results 9M FY 2018/19

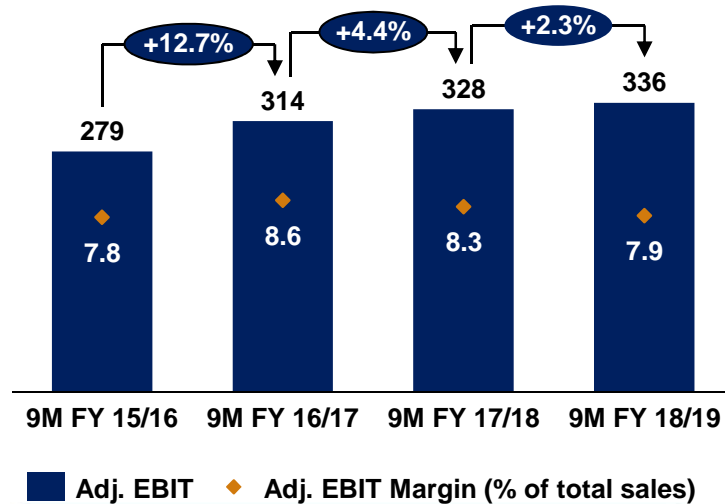


Automotive Sales

- **Growth of 7.5%** with ongoing production ramp-ups and high production volumes:
 - Demand for energy management and driver assistance products
 - Demand for innovative lighting products
 - Demand driven by NSA and Europe (ex. Germany)

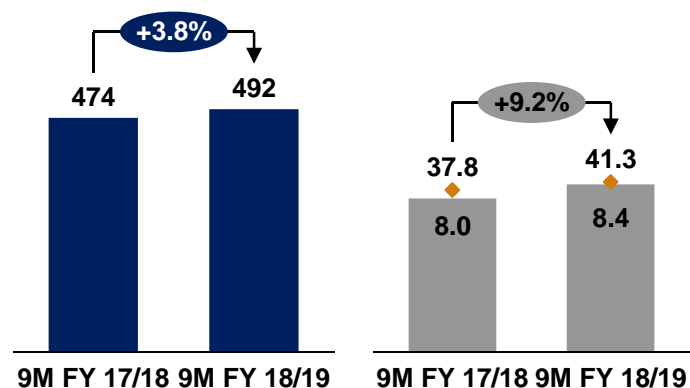
Automotive Profitability

- **Increase of adj. EBIT by 2.3% to 336 mill. EUR, (margin -0.4pp) mainly:**
 - increase in **Gross Profit** (+7.5%), increasing volumes compensating higher raw material and personnel expenses (GPM stable at 25.3%)
 - increase in **R&D** (+10.2%) with accelerating industry change: strengthen technology leadership along the megatrends and prepare ramp-ups, R&D ratio + 0.3pp

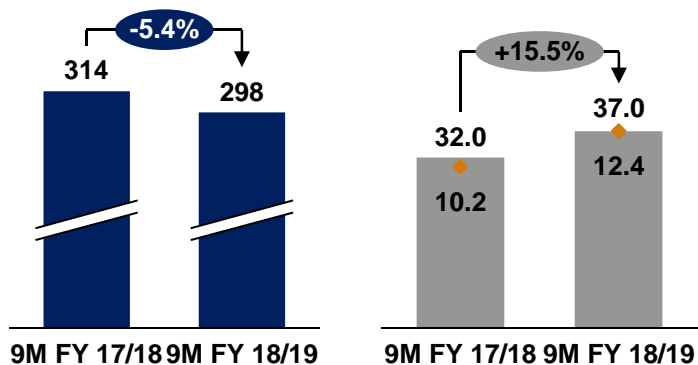


Non Automotive segments with positive margin developments

Financial results 9M FY 2018/19



■ adj. EBIT
◆ adj. EBIT Margin



■ Total Sales
■ EBIT
◆ EBIT Margin

*The figures for Aftermarket exclude the items from wholesale distribution.

Aftermarket*

- **Total sales growth (+3.8%)** due to **workshop business** and positive **IAM** demand
- **Increase in adj. EBIT margin by 0.4pp to 8.4%**
 - Growth in GPM by 0.9pp due to positive mix effects
 - Stable distribution ratio (cost control) and higher admin costs ratio (+0.5pp, mainly reorganization)

Special Applications

- **Negative top-line development (-5.4%)**:
 - increasing demand in **Construction and Agricultural** sector, other product groups e.g. **Trailer and Trucks** also **growing**
 - **End of production in Australia** with negative impact especially on growth
- **Profitability up by 15.5%** (excluding Australia closing +20.3%), margin + 2.2pp to 12.4% (excl. Australia + 1.7pp to 12.7%)
 - Underlying business with positive development



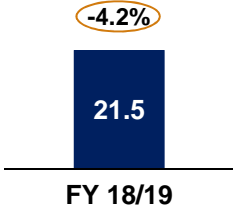
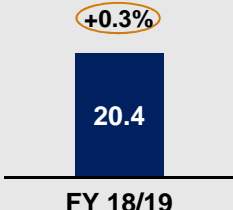
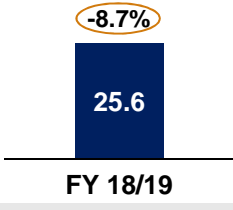
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Overall market FY 18/19 expectation further weakened and expected to shrink by 3.7% according to IHS

Outlook

Region	Expected LVP (in m units)	Comment
Europe	<div style="text-align: center;"> -4.2%  <p>21.5 FY 18/19</p> </div>	<ul style="list-style-type: none"> Europe excluding Germany expected to decline more moderate by 1.8% to 16.4m units, Germany with a strong decline of 11.1% to 5.1m units
NSA	<div style="text-align: center;"> +0.3%  <p>20.4 FY 18/19</p> </div>	<ul style="list-style-type: none"> After negative growth in previous year (-2.4%), modest growth in 2018/19 expected, US market +0.9%
China	<div style="text-align: center;"> -8.7%  <p>25.6 FY 18/19</p> </div>	<ul style="list-style-type: none"> China expected to shrink by 8.7% in 2018/19 to 25.6m units, Asia/RoW expected to shrink more modestly by 4.1% to 49.2m units
Global	<div style="text-align: center;"> -3.7% <p>92.5 FY 18/19</p> </div>	<ul style="list-style-type: none"> Overall market expected to decline by 3.7%. IHS LVP estimates deteriorated around 640bsp since mid 2018 (June estimates at +2.7%)

Source: IHS (as of March 2019)

Continuing positive business development for the FY 18/19 expected – confirmation of current company outlook

Guidance

Due to the positive business development in the first 9 months and despite further weakening of the automotive environment in the second half of the fiscal year, HELLA is currently expecting the following FY18/19 :

Sales growth

- Growth excluding FX and portfolio effects at the lower end of the given forecast range (between 5-10%)

Adj. EBIT growth

- Growth excluding restructuring and portfolio effects in the lower half of the given forecast range (between 5-10%)

Adj. EBIT margin

- Margin excluding restructuring and portfolio effects approximately equivalent to prior year's level



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Thanks for your attention

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