



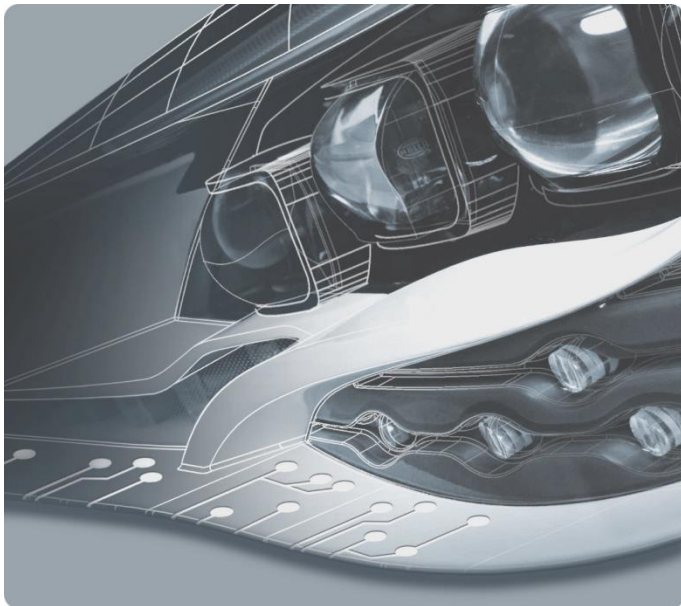
Technology with Vision

HELLA Investor Update 9M FY 2017/18

Conference Call on March 22, 2018

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 2017/18

Outline

- HELLA Financial Highlights 9M FY 2017/18
- HELLA Financial Results 9M FY 2017/18
- Outlook
- Q&A

Positive sales growth and EBIT increase in 9M FY 2017/18

Financial Highlights 9M FY 2017/18

Sales

- **HELLA Group** currency adjusted **sales grew by 9.3% YoY** to 5.1 bill. EUR

Profitability

- **Adj. Gross Profit margin** at **27.9%** (+0.4%-points YoY)
- **Adj. EBIT** +35 mill. EUR (+9.5% YoY) at **408 mill. EUR**
- **Adjusted EBIT margin** +0.1pp to **8.0%**

Liquidity

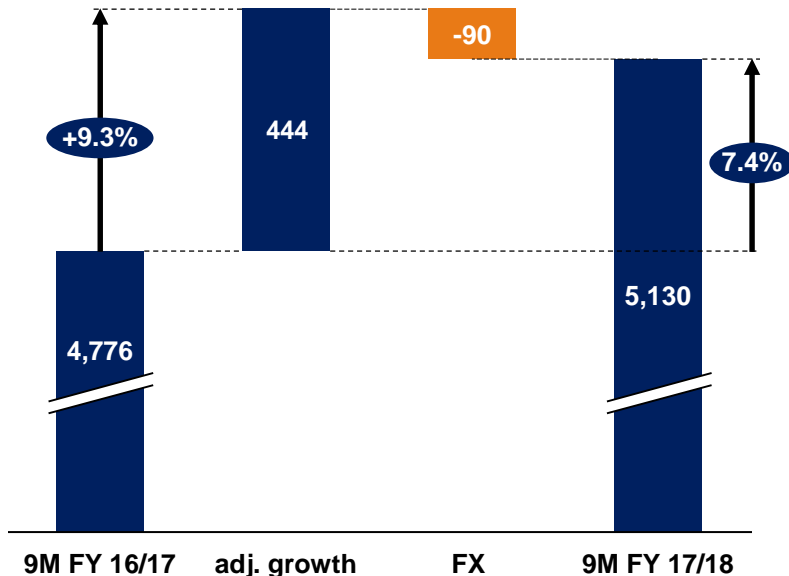
- **Adjusted Free Cash Flow from operating activities** increased by **60 mill. EUR** (+56% YoY) to **166 mill. EUR**

Note: Adjustments of profitability figures include restructuring expenses in Germany and in previous years adjustment for provision in context with the EU cartel proceeding. 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 strong development in 9M FY 17/18

Financial Highlights 9M FY 2017/18

HELLA Group sales (EUR millions)



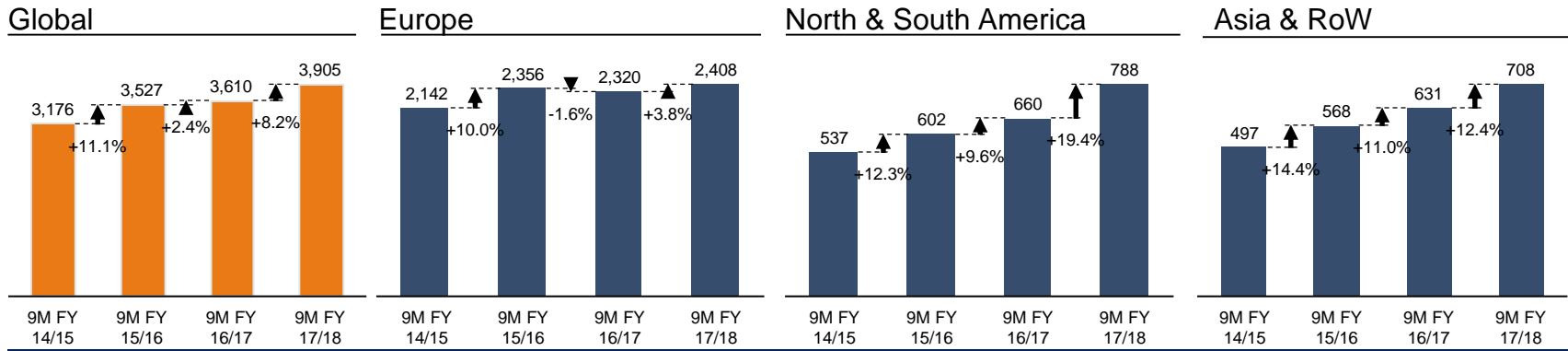
Comment

- **Currency adjusted growth HELLA Group at 9.3%**
- **Reported sales growth HELLA Group at 7.4% (increased by 354 mill. EUR to 5,130 mill. EUR)**
 - **Automotive +8.2% to 3,944 mill. EUR. Demand for energy management products, radar solutions and advanced lighting systems drives business**
 - **Aftermarket external sales +3.9%, positive demand from Independent Aftermarket and Wholesale**
 - **Special Applications +13.4% to 315 mill. EUR, positive development in agriculture and construction**

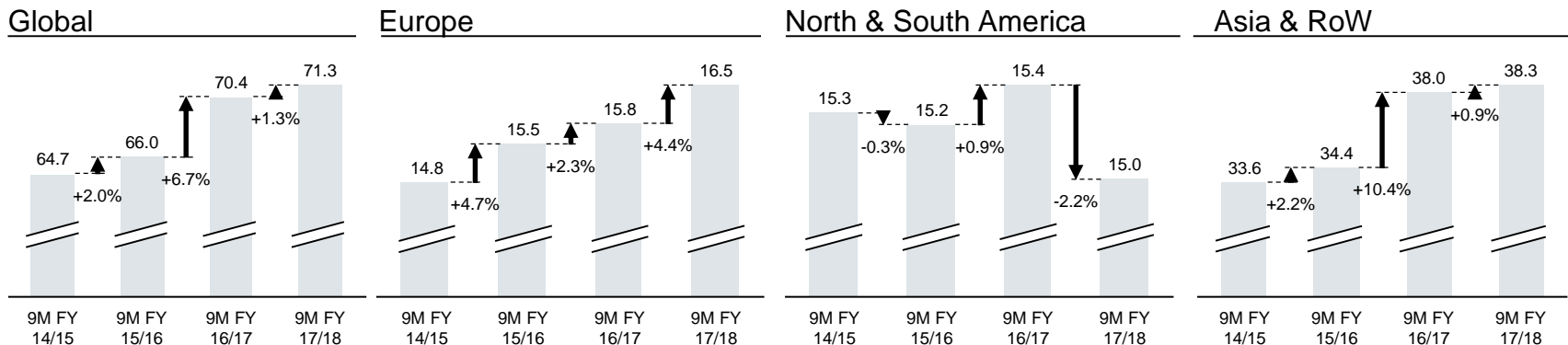
HELLA Automotive outperforming important regions

Financial Highlights 9M FY 2017/18

HELLA Automotive external sales by region (in EUR millions)



Light vehicle production (in million units)



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

+9.1% -4.3% +6.9% +5.3% -3.9% -0.6% +12.5% +8.7% +21.6% +12.2% +0.6% +11.4%

Source: HELLA; IHS (as of March 2018)



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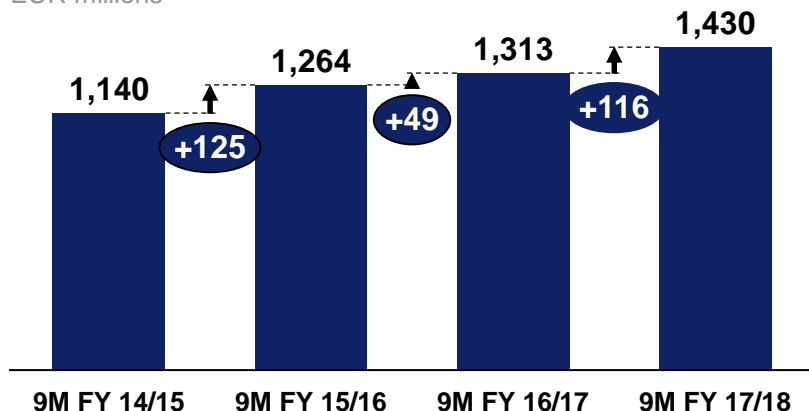
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GPM increase due to strong overall business development

Financial results 9M FY 2017/18

Adj. Gross Profit

EUR millions

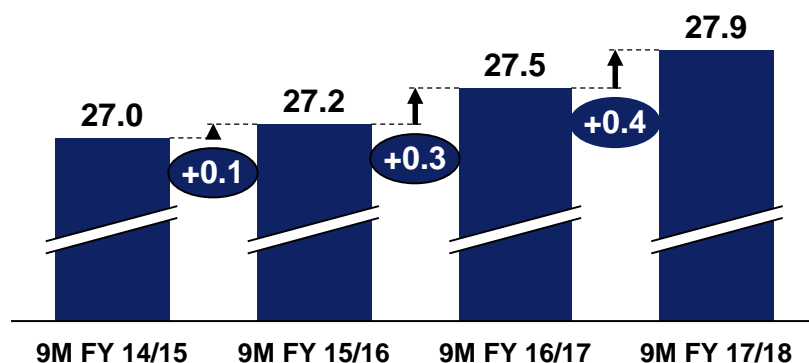


Highlights

- **Adj. Gross Profit** increased by 116 mill. EUR (+8.9%) to 1,430 mill. EUR
 - **Automotive** +9.8% to 1,009 mill. EUR
 - **Aftermarket** +1.7% to 313 mill. EUR
 - **Special Applications** +25.4% to 109 mill. EUR

Adj. Gross Profit margin

% sales



Highlights

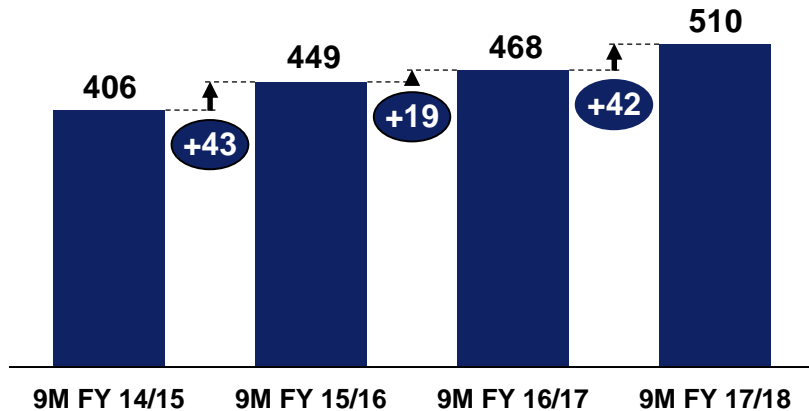
- **Adj. Gross Profit margin** improved by 0.4%-points to 27.9%
 - despite ongoing capacity increases, higher production volume and associated higher utilization with positive effects on GPM in Automotive especially in Q2
 - increased margins in Aftermarket and Special Applications

Continuous high R&D expenses to secure future growth and support production ramp-up

Financial results 9M FY 2017/18

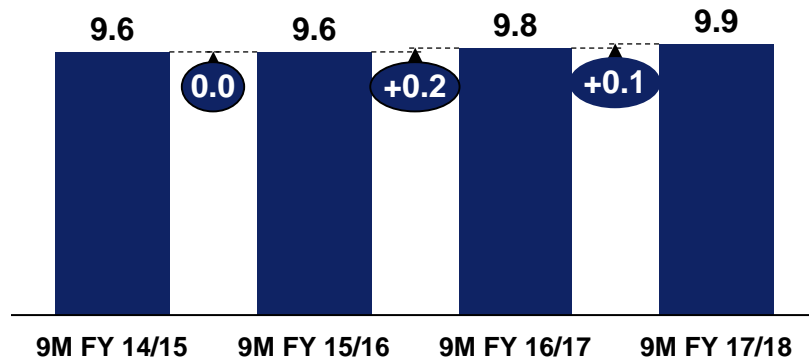
R&D expenses

EUR millions



R&D expenses ratio

% sales



Highlights

- **Absolute R&D** expenses increased by 42 mill. EUR (+9.0% YoY) to **510 mill. EUR**, mainly:
 - Secure and strengthen technology leadership along the market trends
 - Preparation and realization of production ramp-ups
 - Investments in international R&D capacities

Highlights

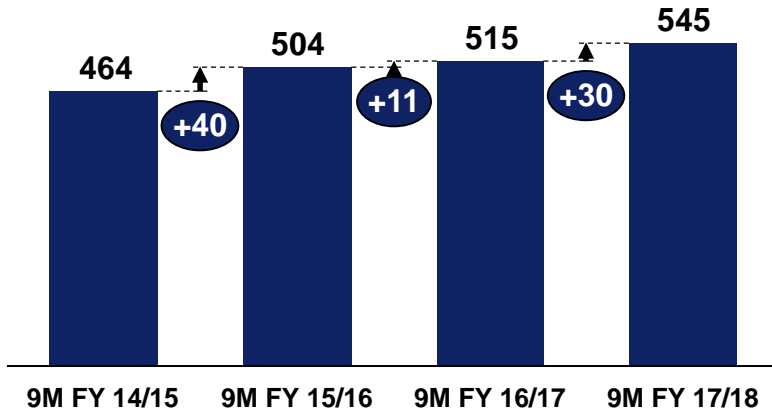
- **9M FY 17/18** ratio +0.1pp to **9.9%** due to high level of absolute R&D expenses

Relatively stable development of SG&A costs

Financial results 9M FY 2017/18

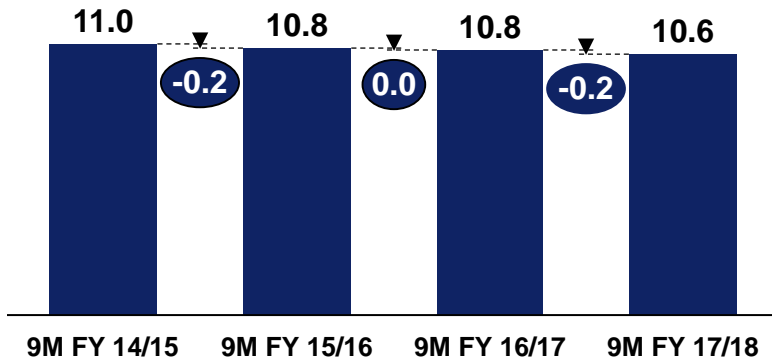
Adjusted SG&A expenses

EUR millions



Adjusted SG&A expenses ratio

% sales



Highlights

- **Adj. SG&A costs** increased under-proportionally (+30 mill. EUR, +5.8%) to **545 mill. EUR**
- Under-proportional increase in distribution expenses (+2.9%)
- Stable administration expenses at 3.4%. Despite improvement programs, continuous investments in processes, systems and functions

Highlights

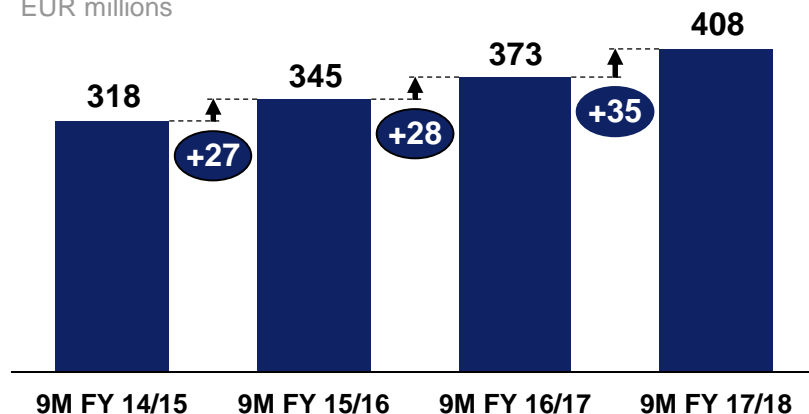
- **Adj. SG&A ratio -0.2pp to 10.6%**, ratio of structural costs in general with relatively stable development. Improvement through a decline in distribution cost ratio by 0.3pp to 7.6%
- Adj. other income & expenses -0.2pp to 0.3%

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

Financial results 9M FY 2017/18

Adjusted EBIT

EUR millions

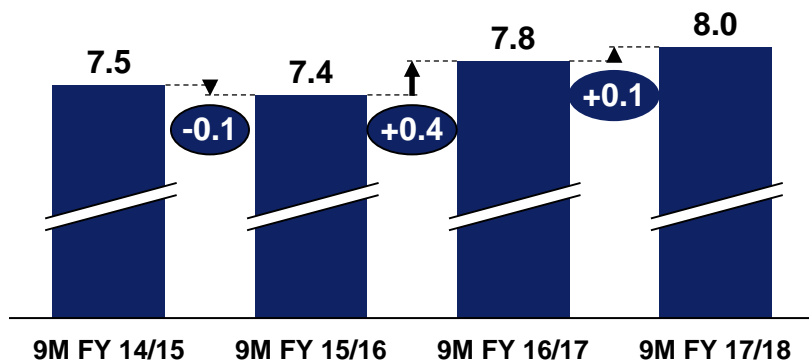


Highlights

- **Adj. EBIT** increased by 35 mill. EUR (+9.5%) to **408 mill. EUR**, mainly:
 - increase in adj. Gross Profit by 116 mill. EUR (+8.9%)
 - higher R&D (+42 mill. EUR, +9.0%)
 - decline in JV income by 9 mill. EUR (-22%)

Adjusted EBIT margin

% sales



Highlights

- **Adj. EBIT margin** increased by **0.1%-points** to **8.0%**:
 - increase of adj. GPM by 0.4pp
 - higher R&D expenses ratio (+0.1pp)
 - lower distribution expense ratio (-0.3pp)
 - decreased contribution of JV (-0.3pp)

P&L including reconciliation

Financial results 9M FY 2017/18

9 months comparison

HELLA GROUP

in EUR mill.

		9M FY 16/17	9M FY 17/18
Gross Profit	reported	1,313.4	1,428.5
	Adjustments	0.0	1.4
	adjusted	1,313.4	1,429.9
Other income and expenses	reported	-1.2	13.4
	Adjustments	24.7	2.8
	adjusted	23.4	16.2
EBIT	reported	348.2	403.9
	Adjustments	24.7	4.2
	adjusted	372.8	408.2
Net financial result		-29.0	-32.7
Taxes		-71.5	-94.7
Earnings for the period		247.7	276.5
Earnings per share (EUR)		2.21	2.48

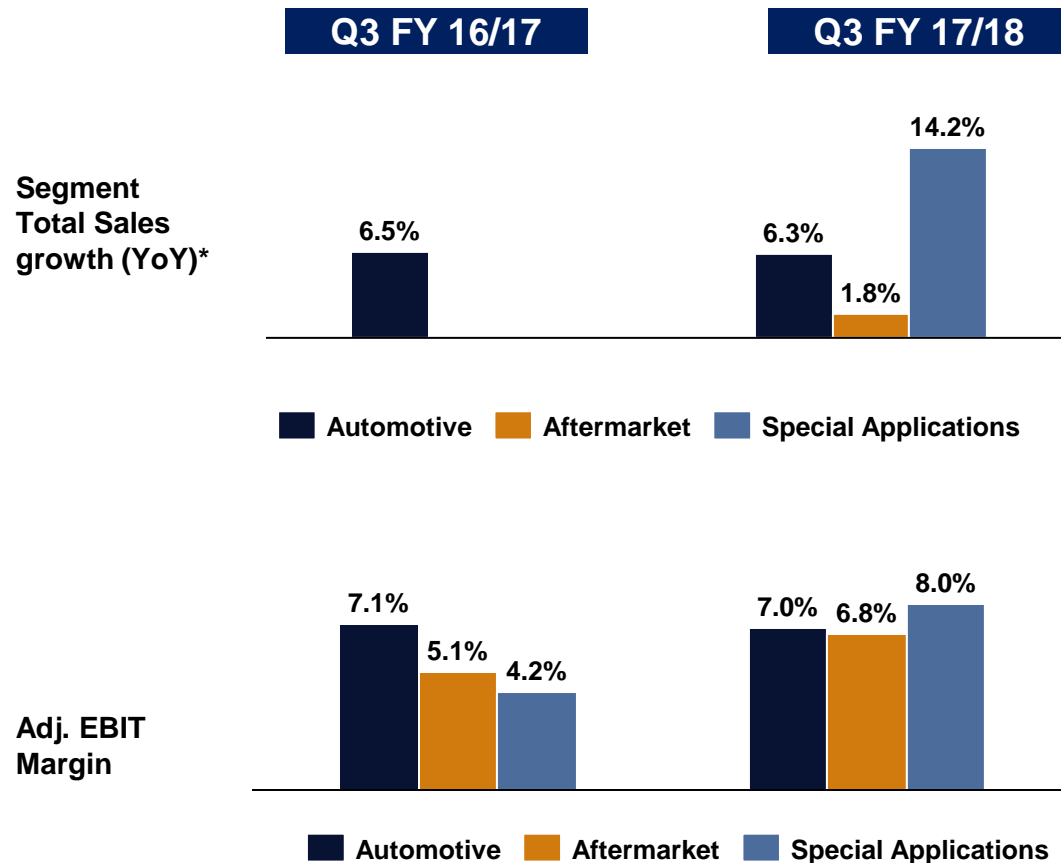
Comments

- Reported EBIT 9M only slightly negatively impacted by restructuring expenses in Germany
- Net financial result decreased slightly due to the funding of activities in growth regions at higher local interest rates
- Earnings for the period increased driven by operational improvements and lower one-offs.
- Higher tax payments after low comparable tax rate in 9M PY
- EPS increased by 27 Cent (+12%) to 2.48 EUR

Q3 FY 17/18 with stronger growth in all segments

Financial results 9M FY 2017/18

Quarterly comparison



Comments

- Q3 FY 17/18 reported Automotive sales influenced by FX headwind; in Q3 FY 16/17 catch-up effect after weak H1 FY 16/17
- Aftermarket with modest total sales growth, external sales +4.5% driven by Wholesale and Workshop business
- Special Applications with strong agricultural & construction business and over-proportional demand in Australia
- Q3 Automotive EBIT affected by higher investments in R&D and capacity increases
- Aftermarket adjusted EBIT margin up after pre-investments in Wholesale and Workshop business
- Q3 FY 16/17 Special Applications with 2.6 mill. EUR negative effects from Industries and Airport Lighting disposal

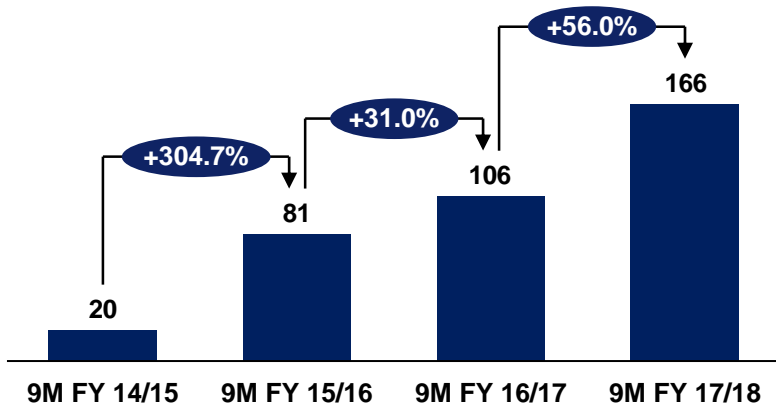
* Q3 FY 16/17 Aftermarket and Special Applications not available due to change in segment reporting

Adj. Free Cash Flow from operating activities increased due to higher funds from operations

Financial results 9M FY 2017/18

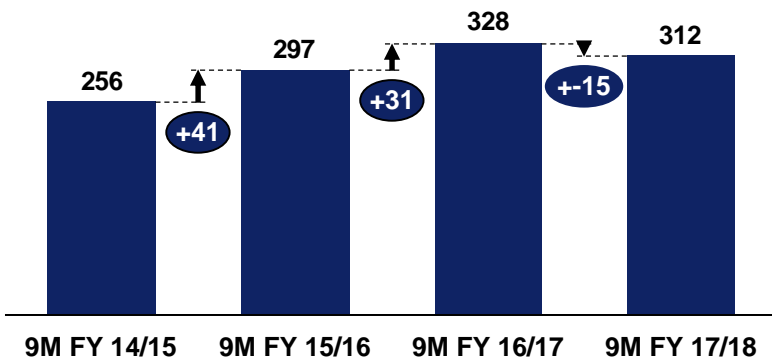
Adj. FCF from operating activities

EUR millions



Net CAPEX

EUR millions



Note: Adjustments of FCF include restructuring expenses, factoring (9M FY 16/17 only) and adjustment for cash payments in context with the EU cartel proceeding (9M FY 17/18 only)

Highlights

- **Adj. Free Cash Flow from operating activities** increased by 60 mill. EUR to **166 mill. EUR**, mainly due to **increased funds from operations** and **lower Net CAPEX**
- **Cash Conversion*** ratio increased by **12.1pp** to **40.7%**

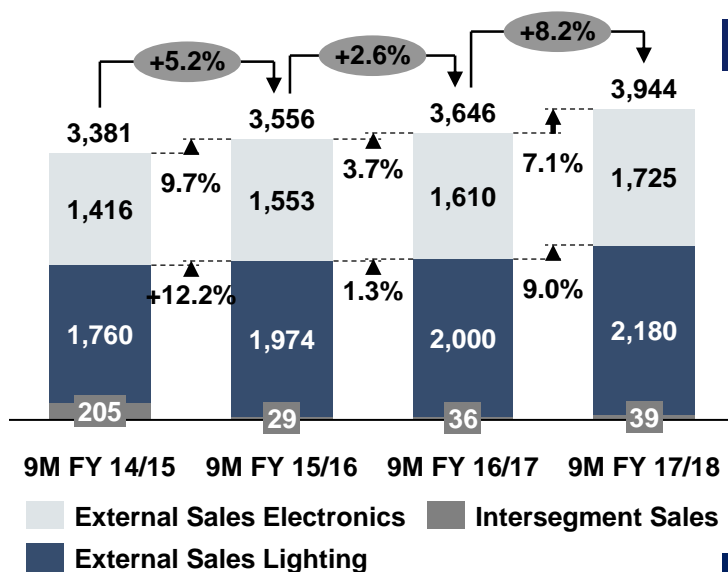
*Note: Adj. Free Cash Flow from operating activities / adj. EBIT

Highlights

- **Net CAPEX** decreased by 15 mill. EUR to **312 mill. EUR**
- **Continuous investments** in customer-specific **equipment**, continuous **capacity extension**
- **Reimbursements** increased by 16 mill. EUR to **107 mill. EUR** depending on project launches

Automotive segment with increasing growth

Financial results 9M FY 2017/18

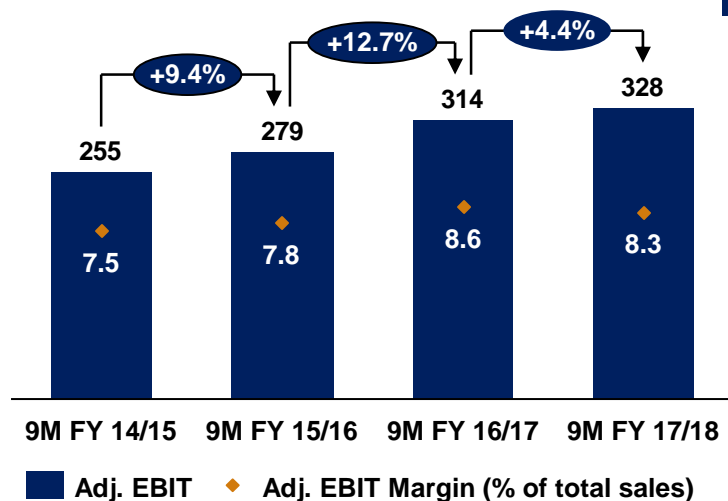


Automotive Sales

- **Growth of 8.2%** with ongoing production **ramp-ups** and **higher demand** for:
 - **energy management** and **driver assistance products**
 - **innovative / advanced lighting products**
 - Demand driven by **NSA, China and Europe** (ex. Germany)

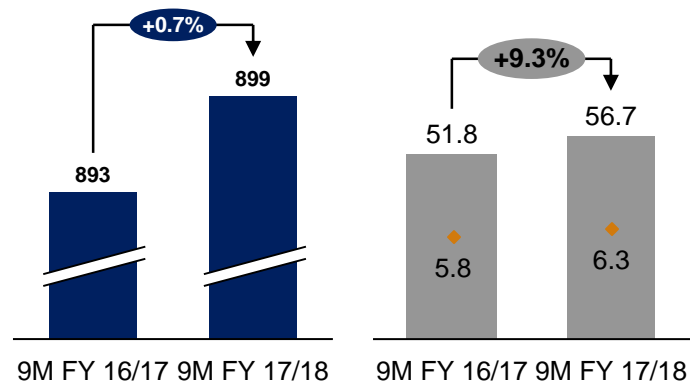
Automotive Profitability

- **Increase of adj. EBIT by 4.4%** to **328 mill. EUR**:
 - **ongoing capacity increase** with initially **lower utilization** level; **increase** in production **volume** and **higher utilization** of existing capacities since Q2
 - **increase** in **R&D** to prepare production ramp-ups and expand the international **R&D** network
 - **lower JV contribution** due to weakness in Asian joint ventures
 - higher SG&A with investments in corporate functions



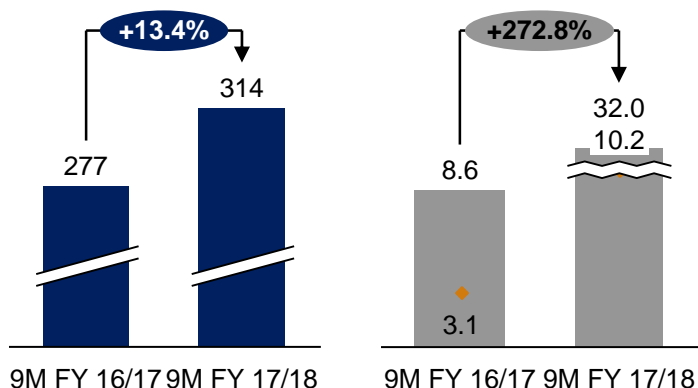
Non Automotive segments with positive contributions

Financial results 9M FY 2017/18



Aftermarket

- **External sales growth (+3.9%)** due to **positive IAM and wholesale** business, workshop catching up starting from Q3, total sales grew slightly by 0.7% due to loss of intercompany business
- **Increase in EBIT margin by 0.5pp to 6.3%**, increase in GPM (+0.3pp) and lower administration ratio (-0.4pp to 1.7%).



Special Applications

- **Strong top-line growth (+13.4%):**
 - increasing demand in **Agricultural** and **Construction** sector
 - other product groups e.g. **Trailer** and **Trucks** also **growing**
 - **over-proportional** growth in **Australia**
- **Massive profitability increase (~273%)**
 - strong top line growth
 - **negative effects** from the sale of **Industries & Airport lighting** activities in **9M FY 16/17**

■ Total Sales

■ EBIT

◆ EBIT Margin

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Overall market FY 17/18 expected to grow by 1.6% according to IHS Outlook

Region	Expected LVP (in m units)	Comment
Europe	<p>+3.3%</p> <p>22.6</p> <p>FY 17/18</p>	<ul style="list-style-type: none"> Continuing growth in 2017/18 expected. Europe excluding Germany expected to grow by 5.0% to 16.7m units, Germany with an expected decline of 1.4% to 5.8m units
NSA	<p>-0.8%</p> <p>20.6</p> <p>FY 17/18</p>	<ul style="list-style-type: none"> After weak first half (-3.0%), bottom formation in Q3 und increasing growth dynamics expected for last quarter FY 17/18
China	<p>+1.5%</p> <p>27.8</p> <p>FY 17/18</p>	<ul style="list-style-type: none"> China expected to grow slightly in 2017/18, Asia/RoW expected to grow by 1.3% to 50.9m units
Global	<p>+1.6%</p> <p>+96.0</p> <p>FY 17/18</p>	<ul style="list-style-type: none"> Overall market expected to grow by 1.6%

Source: IHS Light Vehicle Production (LVP) (as of March 2018)

Company specific development for FY 2017/18 confirmed Guidance

Presuming no serious economic turmoil, we assume a positive development of the operative HELLA business for FY 2017/18:

Sales growth

- Growth excluding FX between 5-10%

Adj. EBIT growth

- Growth between 5-10%

Adj. EBIT margin

- Margin around 8%

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Thanks for your attention

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