



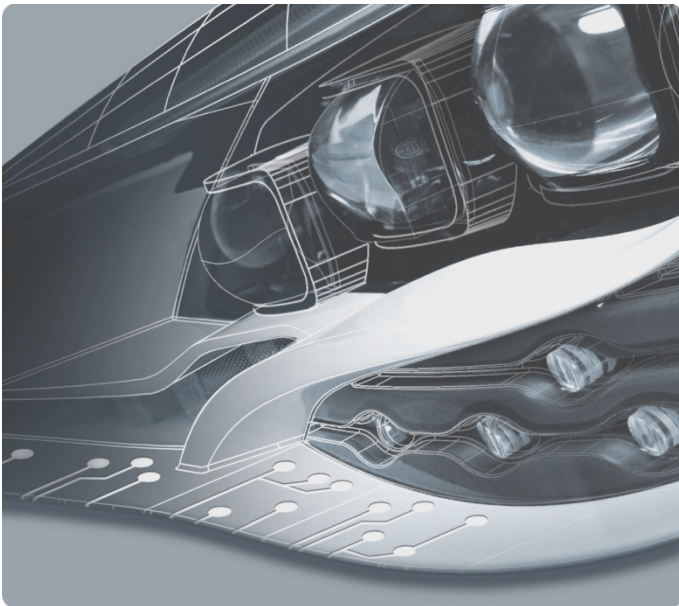
Technology with Vision

# HELLA Investor Update 9M FY2020/21

Conference Call on April 14, 2021

**Dr. Rolf Breidenbach, CEO**

**Bernard Schäferbarthold, CFO**



# Disclaimer

---

This document was prepared with reasonable care. However, no responsibility can be assumed for the correctness of the provided information. In addition, this document contains summary information only and does not purport to be comprehensive and is not intended to be (and should not be construed as) a basis of any analysis or other evaluation. No representation or warranty (express or implied) is made as to, and no reliance should be placed on, any information, including projections, targets, estimates and opinions contained herein.

This document may contain forward-looking statements and information on the markets in which the HELLA Group is active as well as on the business development of the HELLA Group. These statements are based on various assumptions relating, for example, to the development of the economies of individual countries, and in particular of the automotive industry. Various known and unknown risks, uncertainties and other factors (including those discussed in HELLA's public reports) could lead to material differences between the actual future results, financial situation, development or performance of the HELLA Group and/or relevant markets and the statements and estimates given here. We do not update forward-looking statements and estimates retrospectively. Such statements and estimates are valid on the date of publication and can be superseded.

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 FY2020/21

## Outline

---

- HELLA Financial Highlights 9M FY2020/21
- HELLA Financial Results 9M FY2020/21
- Outlook
- Q&A

# Sales virtually at prior-year's level, adjusted EBIT margin strong at 8.0% in 9M FY2020/21

## Financial Highlights 9M FY2020/21

---

### Sales

- **HELLA Group** currency and portfolio adjusted **sales declined by 0.3% YoY** to 4.7 bill. EUR

### Profitability

- **Adj. Gross Profit margin** at **25.1%** (-0.6%-points YoY)
- **Adj. EBIT** at **373 mill. EUR** (+10.1% YoY)
- **Adjusted EBIT margin** +0.9%-points to **8.0%**
- **Reported EBIT margin** at **6.7%** due to restructuring costs mainly for the improvement program in Germany and the profit from the sale of the Software business



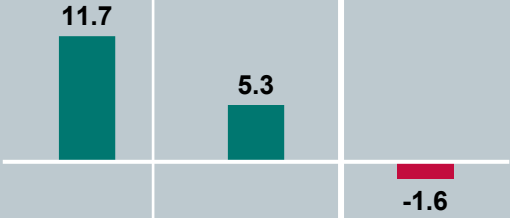
### Liquidity



- **Adjusted Free Cash Flow from operating activities** decreased by **89 mill. EUR** to **97 mill. EUR**

Note: HELLA sold its shares in Behr Hella Service, a joint venture, on 31 Dec 2019. To ensure comparability with the current fiscal year, the comparative operative values for FY 2019/2020 for the period in question from 1 June 2019 to 28 February 2020 have been adjusted for the income and expenses of BHS. 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.

# Automotive outperforms in Europe, Americas, and Asia: global underperformance impacted by underperformance in China

## Financial Highlights 9M FY2020/21

Worldwide	9M FY18/19	9M FY19/20	9M FY20/21	
 <b>Automotive external sales growth</b>	7.8%	-2.2%	-2.8%	
 <b>Light Vehicle Production growth</b>	-3.9%	-7.4%	-1.2%	
<b>Outperformance</b> HELLA Automotive vs. market in percentage points				
	<b>Europe</b>	10.5	-1.5	4.9
	<b>North &amp; South America</b>	16.2	12.7	0.8
	<b>Asia/Pacific &amp; Rest of World</b>	6.5	6.6	0.4

Details		9M FY17/18	9M FY18/19	9M FY19/20	9M FY20/21	
 <b>Automotive external sales in mill. EUR</b>	<b>Worldwide</b>	3,905	4,208	4,117	4,000	
	<b>Europe</b>		2,408	2,575	2,429	2,346
		<b>Growth</b>		6.9%	-5.6%	-3.4%
	<b>North &amp; South America</b>		788	918	997	928
		<b>Growth</b>		16.4%	8.6%	-6.9%
<b>Asia/Pacific &amp; Rest of World</b>		708	715	690	727	
	<b>Growth</b>		1.0%	-3.5%	5.2%	
 <b>Light vehicle production in 1.000 units</b>	<b>Worldwide</b>	71,175	68,391	63,320	62,575	
	<b>Europe</b>		16,381	15,791	15,132	13,869
		<b>Growth</b>		-3.6%	-4.2%	-8.4%
	<b>North &amp; South America</b>		14,946	14,969	14,350	13,245
		<b>Growth</b>		0.2%	-4.1%	-7.7%
<b>Asia/Pacific &amp; Rest of World</b>		39,848	37,631	33,837	35,462	
	<b>Growth</b>		-5.6%	-10.1%	4.8%	

**Note:** Light Vehicle Production (LVP) based on IHS data as of March 16, 2021  
 Growth figures always compared with the same period of the previous year

# HELLA Investor Update 9M FY2020/21

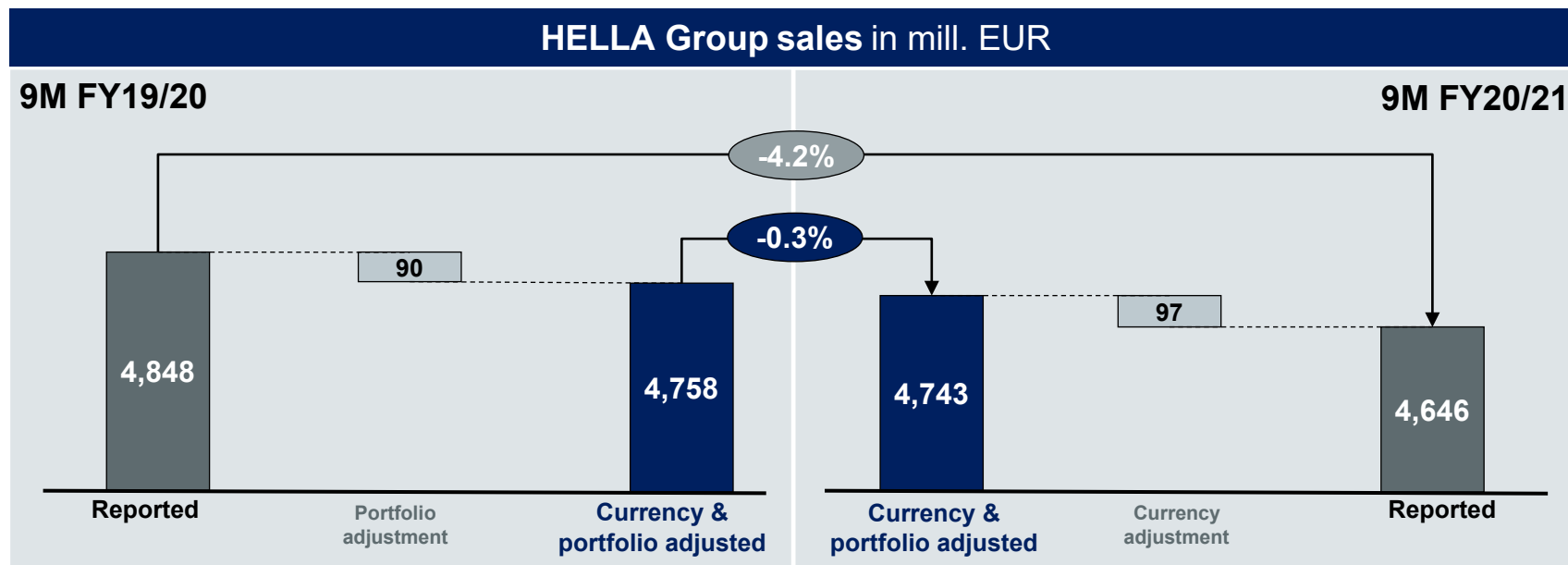
## Outline

---

- HELLA Financial Highlights 9M FY2020/21
- HELLA Financial Results 9M FY2020/21
- Outlook
- Q&A

# HELLA sales development better than assumed due to faster than expected market recovery

## Financial Results 9M FY 2020/21



### Comment

- **Currency and portfolio adjusted sales** of HELLA Group **decreased 0.3% to 4,743 mill. EUR**, adjusting for negative FX effects in 9M FY 20/21 (97mill. EUR, 2.1%-points) and sales generated by Behr Hella Service in 9M FY 19/20 (90 mill. EUR, 1.8%-points)
- **Reported sales** of HELLA Group declined by 4.2% (**decreased by 202 mill. EUR to 4,646 mill. EUR**)
  - **Automotive -2.7% to 4,043 mill. EUR**: continuously adverse effects of negative market environment despite recovery in Q3 especially in China. Reduced customer call-offs due to bottlenecks in global supply and logistic chain esp. for semi conductors.
  - **Aftermarket -1.3% to 369 mill. EUR**: recovery in IAM esp. in Q3 supported by strong business in Eastern Europe and increasing e-commerce business. Workshop business with declining investment activities of workshops
  - **Special Applications +3.3% to 258 mill. EUR**: continuously positive demand in agriculture as well as small-volume manufacturer business, in Q3 also strong recovery of truck business

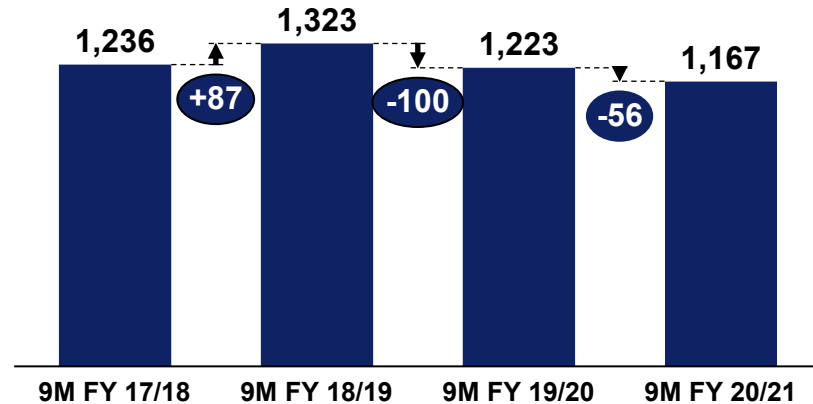
Note: 9M FY 19/20 not adjusted for the sales of the relays business

# Adj. GPM decreased despite savings due to overall lower capacity utilization as well as cost caused by the pandemic and bottlenecks

## Financial results 9M FY2020/21

### Adj. Gross Profit

EUR millions

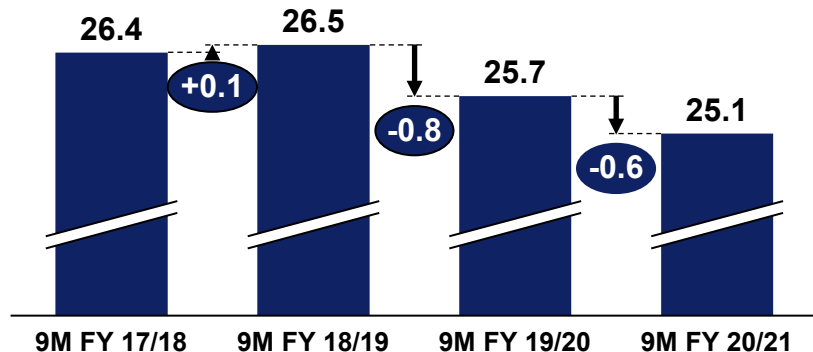


### Highlights

- **Adj. Gross Profit decreased by 56 mill. EUR (-4.6%) to 1,167 mill. EUR**
  - **Automotive** -6.6% to 900 mill. EUR
  - **Aftermarket** +3.1% to 166 mill. EUR
  - **Special Applications** -2.3% to 96 mill. EUR

### Adj. Gross Profit margin

% sales



### Highlights

- **Adj. Gross Profit margin decreased by 0.6%-points to 25.1%**
  - GPM Automotive -0.9%-points: worldwide production plants below full capacity, additional cost for personal and material due to pandemics and shortages
  - GPM Aftermarket +2.0%-points: increased share of license sales and efficiencies in the logistic chain
  - GPM Special Applications -2.1%-points mainly due to negative product mix effects

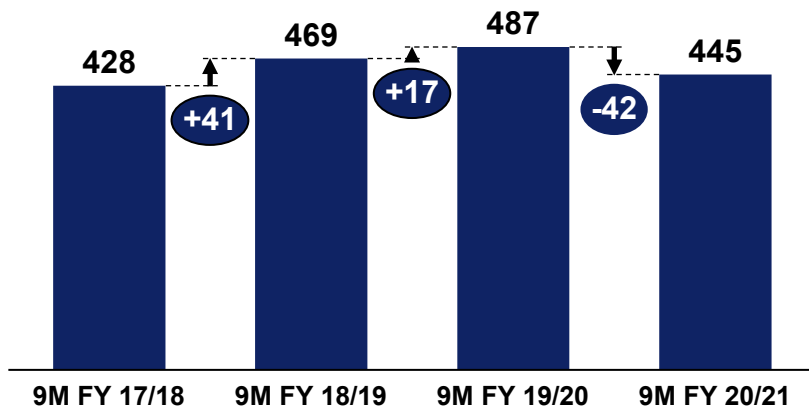


# Declining R&D expenses with focus on preparation of new customer projects and gradual start of further activities

## Financial results 9M FY2020/21

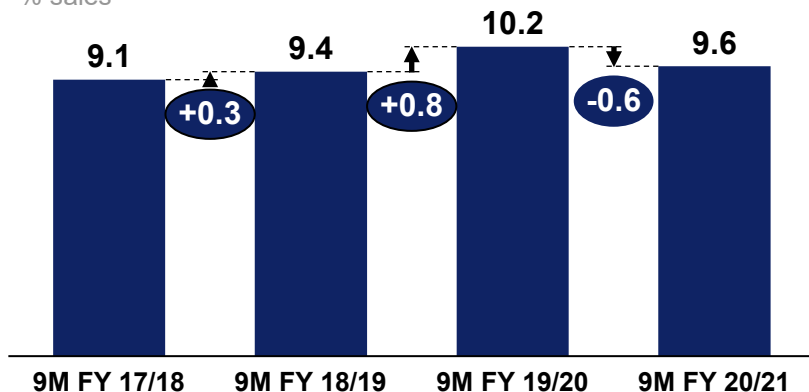
### Adj. R&D expenses

EUR millions



### Adj. R&D expenses ratio

% sales



### Highlights

- **Adj. absolute R&D expenses** decreased by 42 mill. EUR (-8.5% YoY) to **445 mill. EUR**:
  - Focus of activities on serial development and production ramp-ups
  - Continuation of cost control against the backdrop of still high market volatility
  - Gradually resuming of further development activities

### Highlights

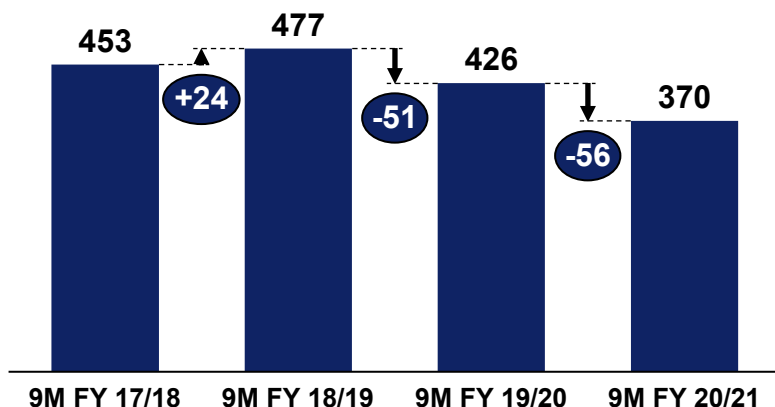
- **9M FY20/21 ratio** declined by 0.6%-points to **9.6%**
- Over-proportional savings due to the above-mentioned focus of development activities

# SG&A costs declining due to continuous cost savings and extensive measures which were introduced as reaction to the crisis

## Financial results 9M FY2020/21

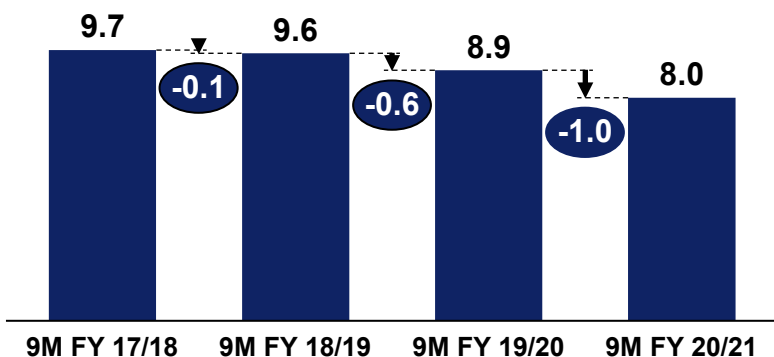
### Adj. SG&A expenses

EUR millions



### Adj. SG&A expenses ratio

% sales



### Highlights

- **Adj. SG&A costs** decreased **56 mill. EUR**, **-13.1%** to **370 mill. EUR**:
  - decrease in marketing and logistic costs (33 mill. EUR) with realized saving potentials
  - lower admin expenses (-5 mill. EUR) with stringent saving programs
  - increased other adjusted income (18 mill. EUR)

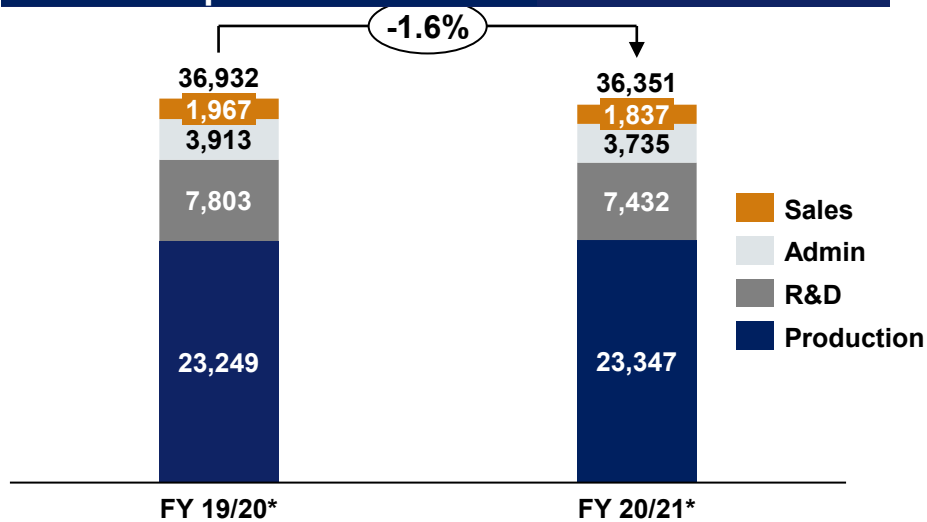
### Highlights

- **Adj. SG&A ratio** decreased by **1.0%-points** to **8.0%**
- Strong saving programs and lower logistic costs
- Higher other adjusted income due to positive one-of effect (reversal of impairment for one JV of 19 mill. EUR)

# Structural changes and cost measures already led to a continuous decrease of headcount

## Financial results 9M FY2020/21

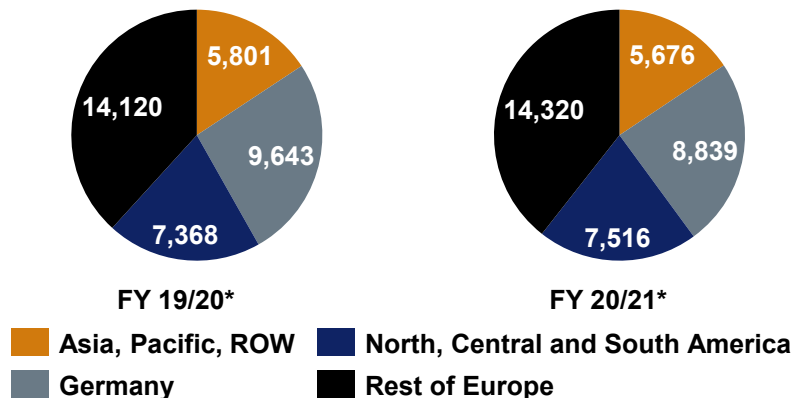
### Headcount per functional area



### Highlights

- Overall headcount **decreased** by 1.6%:
  - production (+0.4%)
  - sales and marketing (-6.6%)
  - administration (-4.5%)
  - research and development (-4.8%)

### Headcount per region



### Highlights

- Headcount reduction differs per region:
  - NSA (+2.0%)
  - Germany (-8.3%)
  - Rest of Europe (+1.4%)
  - Asia, Pacific, ROW (-2.2%)

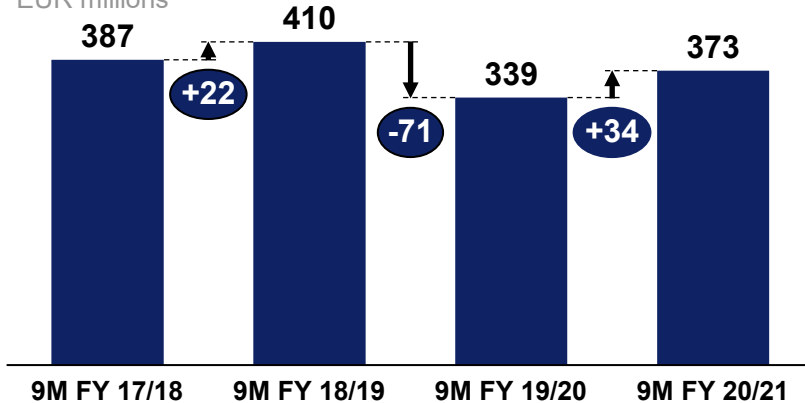
\* As per February 28

# Adjusted EBIT above prior-year's level with strict cost discipline and better top line development

## Financial results 9M FY2020/21

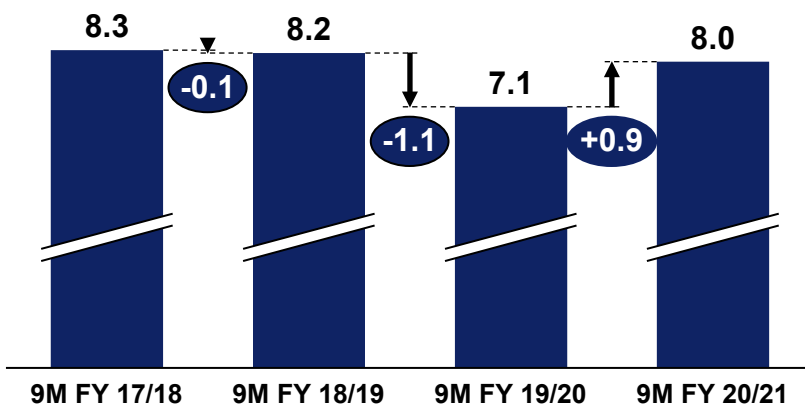
### Adjusted EBIT

EUR millions



### Adjusted EBIT margin

% sales



### Highlights

- **Adjusted EBIT increased by 34 mill. EUR (+10.1%) to 373 mill. EUR:**
  - decrease in adj. Gross Profit by 56 mill. EUR (-4.6%)
  - lower R&D (-42 mill. EUR, -8.5%)
  - decrease in adj. SG&A by 56 mill. EUR (-13.1%)
  - lower JV income (-7 mill. EUR, -24.7%) due to global impact of pandemic and start-up costs for 2 newly founded JVs

### Highlights

- **Adj. EBIT margin increased by 0.9-points to 8.0%, mainly:**
  - decrease of adj. GPM by 0.6%-points
  - lower R&D ratio (decrease of 0.6%-points)
  - decrease of SG&A ratio by 1.0%-points
  - lower JV contribution (decreased by 0.1%-points)

# P&L including reconciliation; main adjustment 9M FY2020/21 for improvement program and profit from camera software sale

## Financial results 9M FY2020/21

### FY comparison

HELLA GROUP in EUR mill.		9M FY19/20	9M FY20/21
Revenues	reported	4,848.0	4,645.6
	Adjustments	-90.2	0.0
	<b>adjusted</b>	<b>4,757.8</b>	<b>4,645.6</b>
Gross Profit	reported	1,208.2	1,157.5
	Adjustments	15.0	9.4
	<b>adjusted</b>	<b>1,223.2</b>	<b>1,167.0</b>
R & D expenses	reported	-488.0	-588.6
	Adjustments	1.4	143.4
	<b>adjusted</b>	<b>-486.6</b>	<b>-445.1</b>
Distribution	reported	-280.1	-237,3
	Adjustments	10.7	0.6
	<b>adjusted</b>	<b>-269.4</b>	<b>-236,7</b>
Admin	reported	-172.9	-196.2
	Adjustments	0.9	28.7
	<b>adjusted</b>	<b>-172.1</b>	<b>-167.5</b>
Other income & expenses	reported	16.6	160.4
	Adjustments	-1.0	-126.4
	<b>adjusted</b>	<b>15.6</b>	<b>34.0</b>
EBIT	reported	312.1	312.2
	Adjustments	27.0	60.9
	<b>adjusted</b>	<b>339.1</b>	<b>373.2</b>
Net financial result		-25.4	-10.1
Taxes		-72.9	-65.9
Earnings for the period		<b>213.8</b>	<b>236.3</b>
Earnings per share (EUR)		<b>1.91</b>	<b>2.12</b>

### Comments

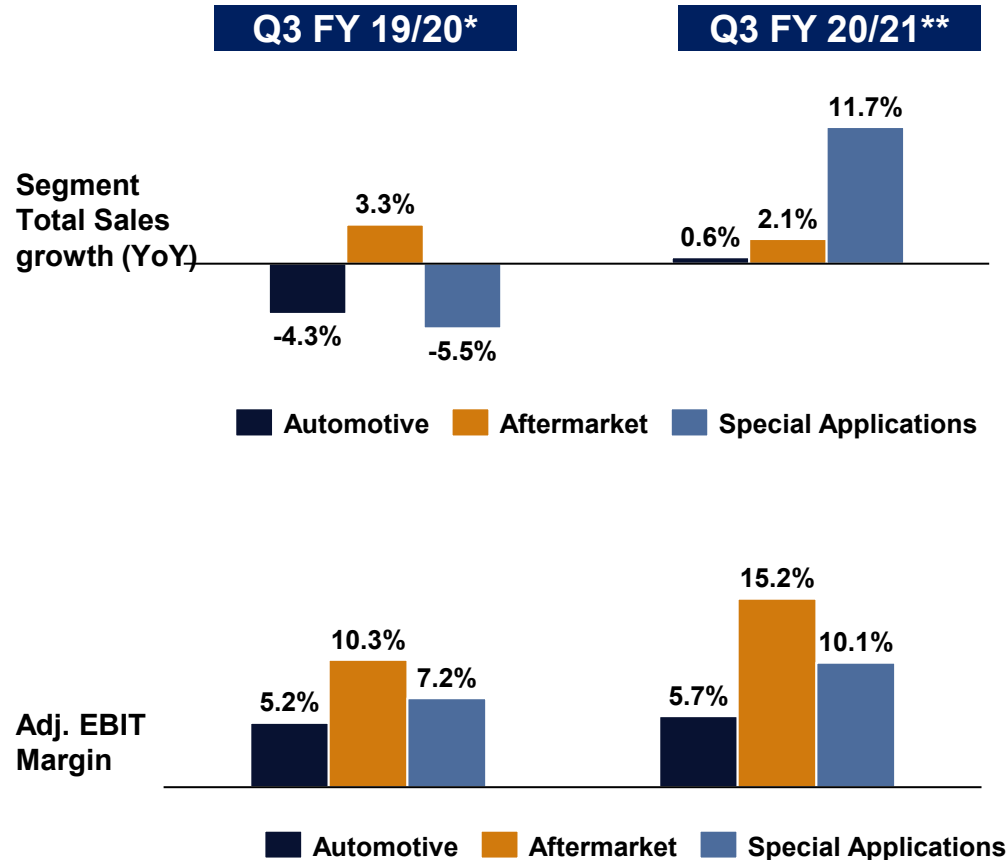
- Reported EBIT 9M FY 20/21 nearly constant, including 182 mill EUR restructuring costs (thereof 169 mill. EUR for long-term program in Germany) and 121 mill. EUR pretax profit from software business sale)
- Lower Gross Profit 9M FY 20/21 with lower sales, compensated by savings in R&D and SG&A
- Tax ratio at a level of 21.8%
- Earnings for the period increased driven by higher operating result
- EPS increased by 0.2 EUR (10.6%) to 2.12 EUR

Note: For details on adjustments see financial report.

# Q3 FY 20/21 overall business with positive growth dynamics and margin improvements

## Financial results 9M FY2020/21

### Quarterly comparison



\*Sales Growth Automotive and Special Applications unadjusted for MAESA

\*\*Sales growth Automotive and Special Applications adjusted for MAESA

### Comments

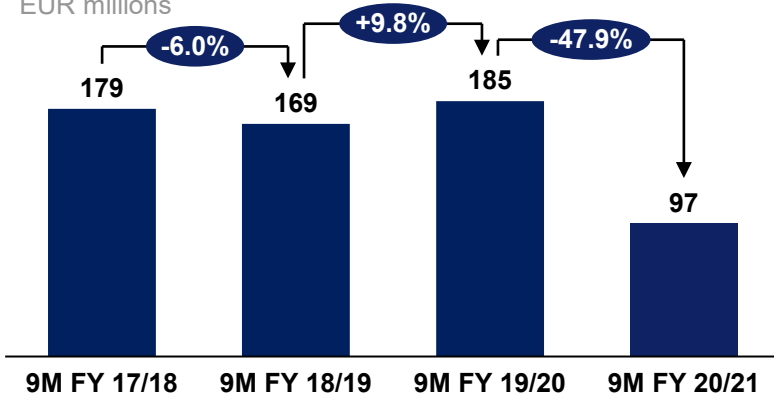
- Sales recovery in Automotive, but negatively impacted by bottlenecks. PY with unusually high level of reimbursements
- Strong spare parts business due to healthy markets in Poland and Turkey. Slow down of investment activities by independent workshops
- Special Applications with continuously positive development in the agricultural sector, growth in small-volume manufacturer businesses and recovery in the truck segment
- Focused R&D and strict cost management overcompensated GPM decline in Q3, mainly caused by costs for pandemic and shortages
- Aftermarket benefitting from higher gross profit due to product mix effects, strict cost management and positive top line growth
- Special Application with strict cost management especially in the area of distribution

# Negative adj. Free Cash Flow due to rise of working capital as well as CAPEX shifts from PY

## Financial results 9M FY2020/21

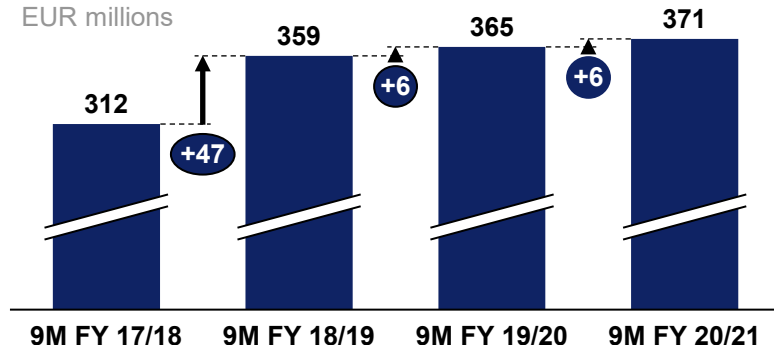
### Adj.<sup>1</sup> FCF from operating activities

EUR millions



### Adj. Net CAPEX<sup>2</sup>

EUR millions



### Highlights

- **Adj. Free Cash Flow from operating activities** decreased by 89 mill. EUR to **97 mill. EUR**
- Increase of working capital with all plants recommencing operations. Further build up of inventory due to supply bottlenecks leading to delay of WC normalization
- CAPEX catch up on shifts in PY

### Highlights

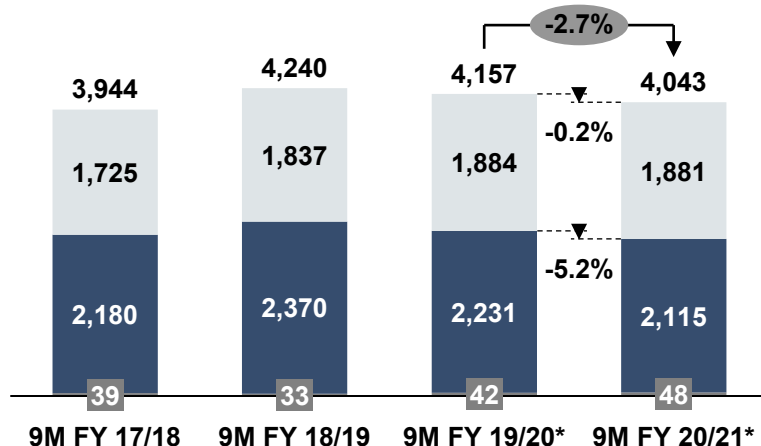
- Investments in worldwide development, administration and production network
- Considerable investments into product-specific capital equipment as well as into booked projects for the preparation of serial production

1) Adjustments of FCF include restructuring expenses, payments received/made in connection with the sale of the Wholesale and the thermal business.

2) In accordance with IFRS 15 reimbursements are not deducted from CAPEX since FY 18/19, prior years have not been adjusted.

# Automotive sales still negative impacted by market environment, margin improvement with strict cost management

## Financial results 9M FY2020/21

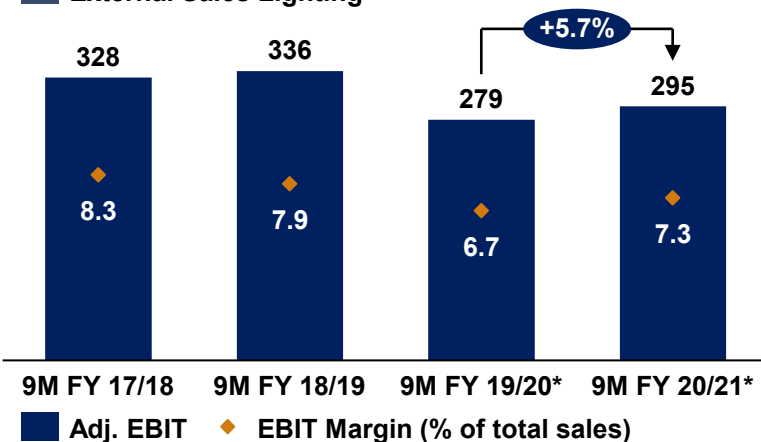


### Automotive Sales

- **Decline of 2.7%** in course of a continued negative market environment
  - impact of pandemic mainly in Europe and NSA with HELLA strong sales share, Q3 market recovery especially in China
  - recent months negatively affected by reduced customer call-off as results of shortages
  - lower reimbursements compared to PY

### Automotive Profitability

- **Increase of adj. EBIT by 5.7% to 295 mill. EUR, margin +0.6%-points, mainly:**
  - decrease of GPM by 0.9%-points with worldwide production still below full capacity and additional costs due to pandemics and shortages
  - focused R&D activities, expenses declined 9.2%, ratio declined 0.7%-points to 10.3%
  - SG&A cost saving especially distribution (ratio -1.0 %-points)
  - decrease in JV income (-29.5%), contribution declined 0.2%-points to 0.5%



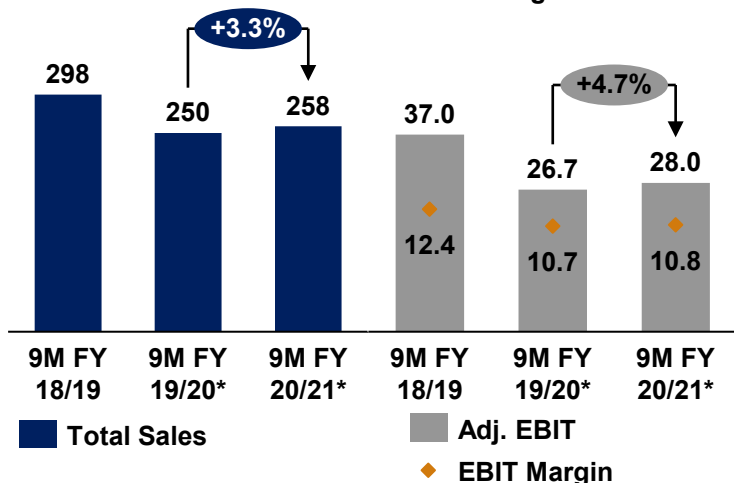
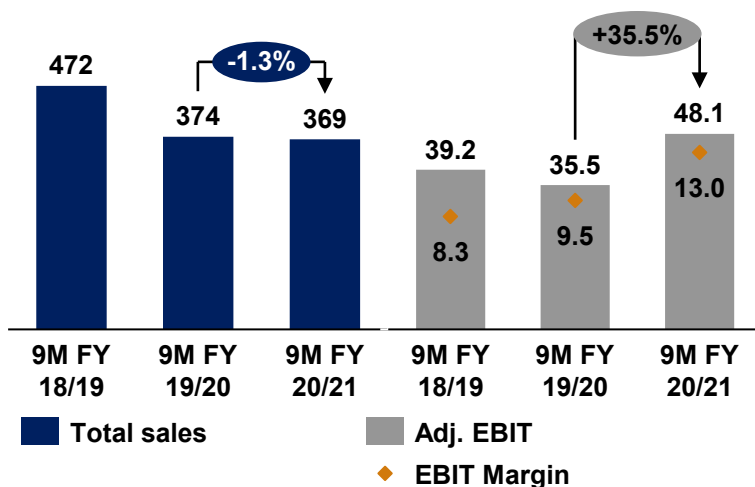
Note: At the beginning of FY 2020/21 the Spanish production company MAESA has been allocated to the Automotive segment. Previously, MAESA has been reported as part of the segment Special Applications. The P&L of the segments Automotive and Special Applications are adjusted accordingly only for FY 2019/20.

\* Including MAESA (previously reported as part of the segment Special Applications)



# Aftermarket and Special Applications with beginning recovery in sales, profitability improvements supported by cost management

## Financial results 9M FY2020/21



\*Excluding MAESA. FY 17/18 and 18/19 have not been adjusted for MAESA  
Note: Aftermarket FY 18/19 includes BHS (7months), only FY 19/20 fully adjusted

### Aftermarket

- **Only small sales decline of 1.3%:** IAM recovery supported by a strong business in Turkey (due tachograph sales) and Poland
- Workshop business with positive demand first half of year, declining investment activities of workshops in Q3
- **Increase in adj. EBIT with margin at 13.0%:**
  - Higher GPM: up 2.0%-points with increased share of license sales and efficiencies in the logistic chain
  - Strict cost management especially distribution (ratio -1.3%-points to 25.7%)

### Special Applications

- **Positive top-line development (+3.3%):**
  - continuously positive demand in agriculture as well as in the small cars segment, in Q3 beginning recovery of truck business
- **Adj. EBIT up by 4.7%, margin +0.1%-points to 10.8%:**
  - GPM declined 2.3%-points with negative mix effects and higher tool & project-related development costs
  - Compensated by strict savings in SG&A, ratio -2.3%-points

# HELLA Investor Update 9M FY2020/21

## Outline

---

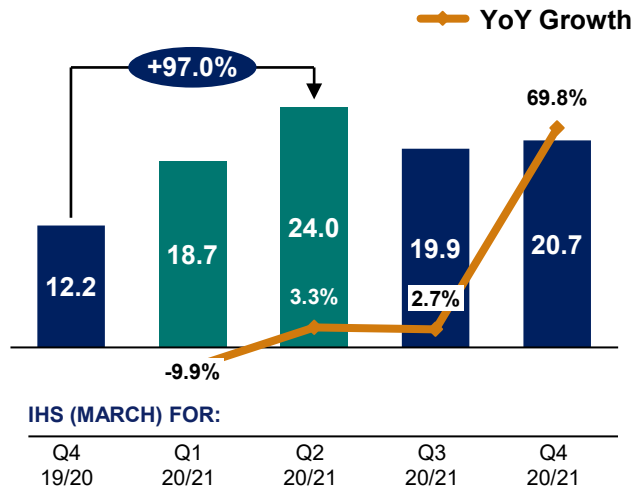
- HELLA Financial Highlights 9M FY2020/21
- HELLA Financial Results 9M FY2020/21
- Outlook
- Q&A

# Strong market growth expected, recovery volatile depending on pandemic, shortages further weight down growth assumptions

## Market outlook

### Still volatile market environment

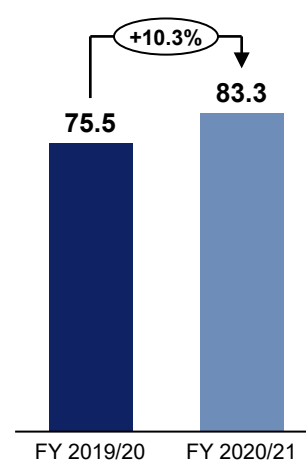
IHS (MARCH 21) LVP PER QUARTER (MILLION UNITS)



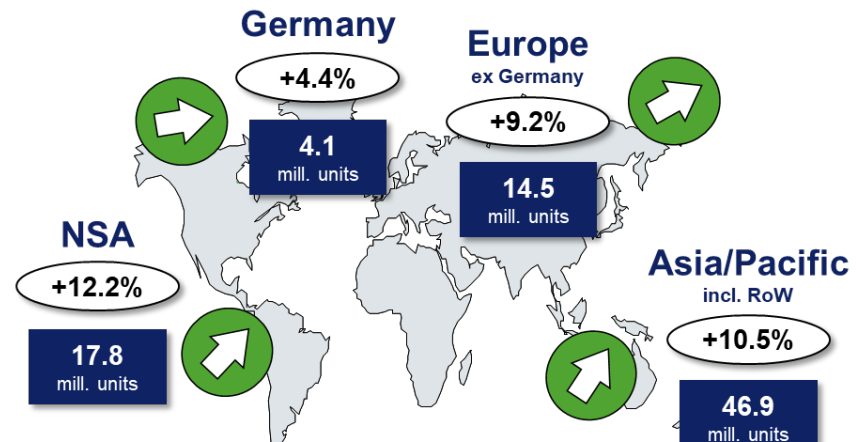
- **9M FY 20/21 LVP with -1.2% better than expected** driven by China growing at 17.7%YoY
- **LVP growth for Q4 expected to be strong** with increase of 69.8% YoY
- **Corona pandemic continues** to have a **considerable impact** on the industry including the risk of possible plant closures
- **Risks within global supply and logistics chains** (especially for electronic components) **will intensify further**

### IHS as of March 16, 2021:

GLOBAL IHS LVP FOR FY 20/21 (MILLION UNITS)



- **Stabilization of IHS estimates** since July 2020 as of March. Growth of 10.3% far above growth anticipated by IHS in July (+2.3%)
- Outlook dampened since Jan 2020, reduced forecast from lower Q3 growth as well as reduced expectations for Q4 due to bottlenecks particularly related to semis
- **Recovery tied to Q4 FY 20/21** with expected growth of nearly 70%
- **Europe and NSA with highest growth** in Q4 of 128% and 201%



# HELLA outlook specified to the upper half of the forecast ranges despite increasing market uncertainties

## Company outlook

### Outlook



### GUIDANCE

Fiscal Year 2020/21

June 1, 2020 to May 31, 2021

Currency and portfolio adjusted  
**Group sales**

In the upper half of the forecast range of **6.1 billion to 6.6 billion EUR**

Adjusted **EBIT margin** excluding restructuring, the expected income from the sale of the camera software business and portfolio effects

In the upper half of the forecast range of around **6.0% to 8.0%**

### Comments

- The **outlook assumes** that there will be **no significant production interruptions at HELLA** in the fourth quarter as a result of the Corona pandemic or due to disruptions within the global supply and logistics chains
- **Market environment will remain very volatile** and associated uncertainties will remain very high due to pandemic spreading with great momentum
- **Since beginning CY 2021 global supply and logistics chain risks further intensified**, particularly relating to the supply situation for semiconductors. Further intensification in the coming months expected with potential significant consequences for the business

# HELLA Investor Update 9M FY2020/21

## Outline

---

- HELLA Financial Highlights 9M FY2020/21
- HELLA Financial Results 9M FY2020/21
- Outlook
- Q&A



Technology with Vision

# Thanks for your attention

**Dr. Markus Richter**

Head of Corporate Communications  
& Investor Relations

**Dr. Kerstin Dodel, CFA**

Head of Investor Relations

Office phone	+49 2941 38 - 1349
Facsimile	+49 2941 38 - 471349
Mobile phone	+49 174 3343454
E-Mail	<a href="mailto:kerstin.dodel@hella.com">kerstin.dodel@hella.com</a>
Internet	<a href="http://www.hella.com">www.hella.com</a>