



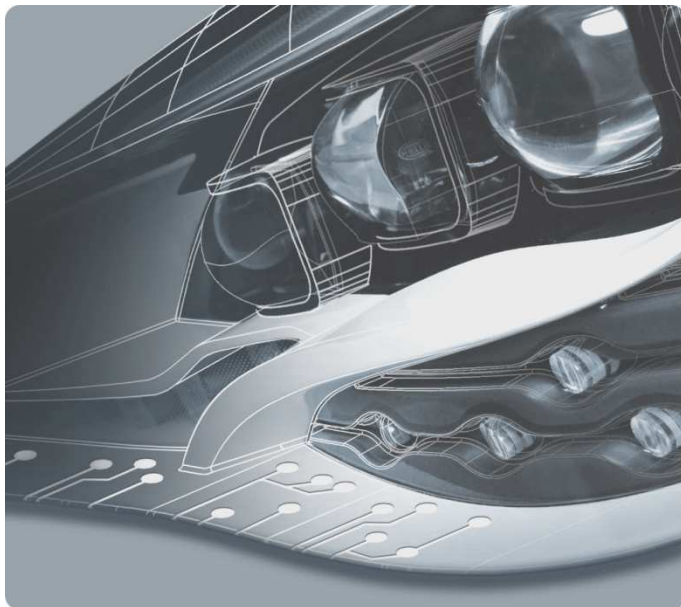
Technology with Vision

HELLA Investor Update FY 2019/20

Conference Call on August 14, 2020

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 FY 2019/20

Outline

- HELLA Financial Highlights FY 2019/20
- HELLA Financial Results FY 2019/20
- Outlook
- Q&A

Significantly negative sales and EBIT development in FY 2019/20

Financial Highlights FY 2019/20

Sales

- **HELLA Group** currency and portfolio adjusted **sales declined by 14.3% YoY** to 5.8 bill. EUR

Profitability

- **Adj. Gross Profit margin** at **23.5%** (-2.3%-points YoY)
- **Adj. EBIT** at **233 mill. EUR** (-59.3% YoY)
- **Adjusted EBIT margin** -4.5%-points to **4.0%**

Liquidity

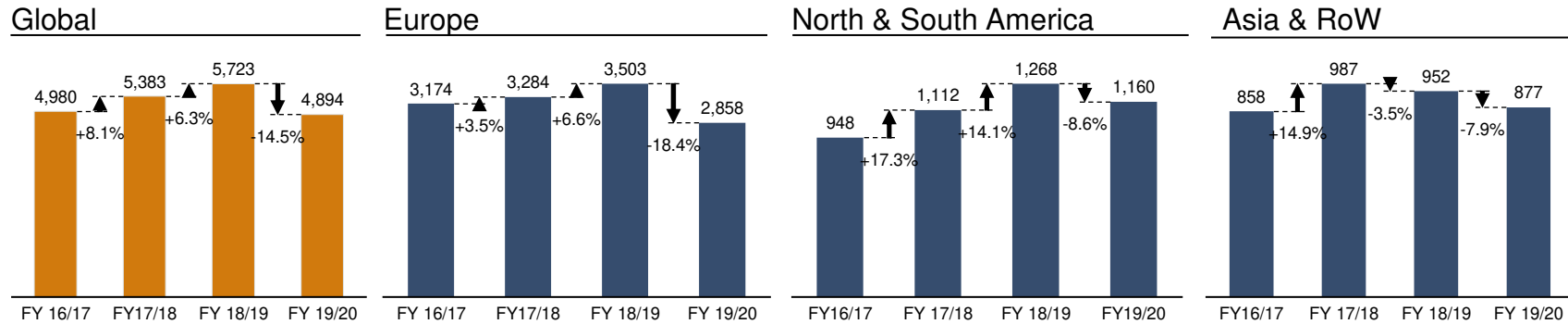
- **Adjusted Free Cash Flow from operating activities** decreased by **15 mill. EUR** (-6.3% YoY) to **227 mill. EUR**

Note: In FY 18/19, HELLA successfully completed its exit from the wholesale business and sold its shares in Behr Hella Service, a joint venture, on 31 Dec 2019. To ensure comparability with the current fiscal year, the operative comparative values for the prior year have been adjusted for both FY18/19 and for the current FY19/20. 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.

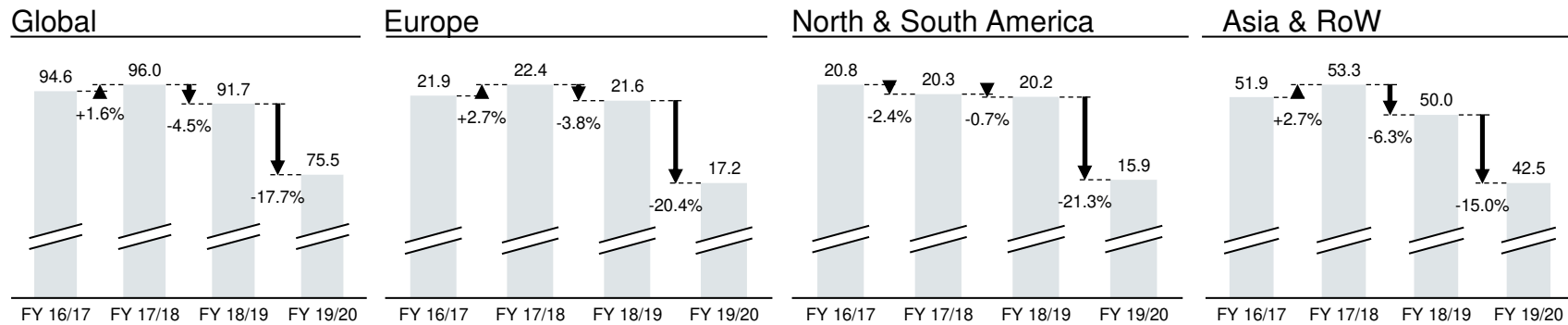
Automotive outperforms LVP again on a global basis

Financial Highlights FY 2019/20

HELLA Automotive external sales by region (in EUR millions)



Light vehicle production (in million units)



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

+6.5%	+10.9%	+3.2%	+0.8%	+10.5%	+2.0%	+19.7%	+14.8%	+12.8%	+12.3%	+6.0%	+7.1%
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Source: HELLA; IHS (as of July 17, 2020)





HELLA Investor Update FY 2019/20

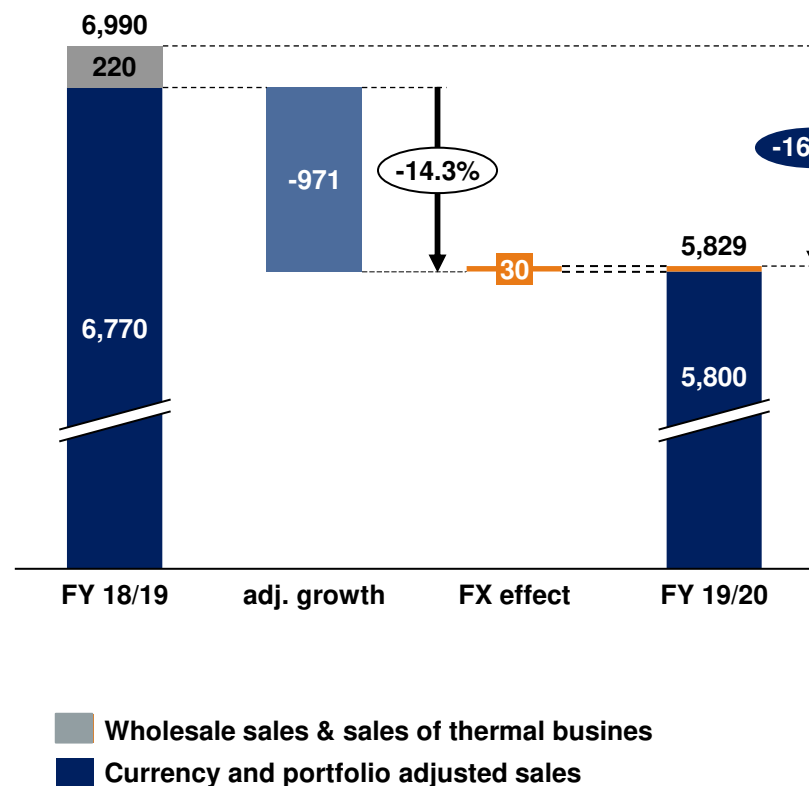
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HELLA top line with expected decline in FY 2019/20 with the massive fall in overall market demand and production shutdowns

Financial Results FY 2019/20

HELLA Group sales (in EUR millions)



Note: Reported sales without consideration of currency and portfolio effects

Comment

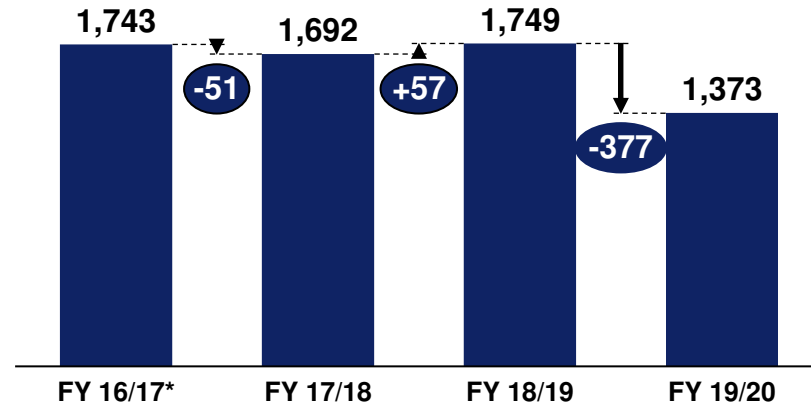
- **Currency (+0.4pp) and portfolio adjusted (-2.7pp) decrease of HELLA Group at 14.3% to 5,800 mill. EUR**
- **Reported sales of HELLA Group declined by 16.6% (decreased by 1,161 mill. EUR to 5,829 mill. EUR)**
 - **Automotive -14.3% to 4,944 mill. EUR**
Strong decline in global market volumes with Covid-19 pandemics; impact could not be compensated by beginning recovery in China
 - **Aftermarket -7.1% to 560 mill. EUR**
Market weakness in Independent Aftermarket as well as in Workshop business
 - **Special Applications -14.2% to 343 mill. EUR**
due to weakness in some customer segments like Truck and Construction and negative impact of Covid-19 pandemics in China and Europe

Adj. GPM decreased despite savings due to considerably negative growth, low utilization and volatility in call offs

Financial results FY 2019/20

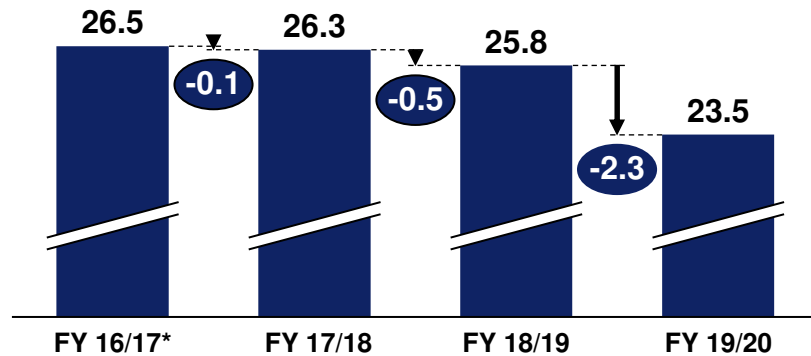
Adj. Gross Profit

EUR millions



Adj. Gross Profit margin

% sales



*Not restated for Wholesale effects

Highlights

- **Adj. Gross Profit decreased by 377 mill. EUR (-21.5%) to 1,373 mill. EUR**
 - **Automotive** -24.2% to 1,035 mill. EUR
 - **Aftermarket** -8.4% to 215 mill. EUR
 - **Special Applications** -15.6% to 127 mill. EUR

Highlights

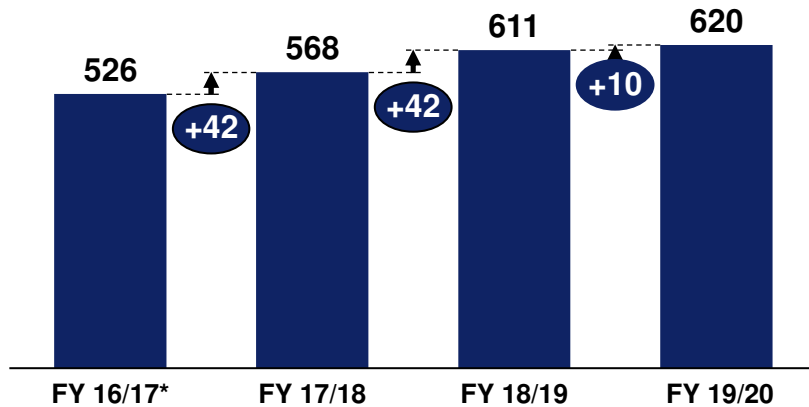
- **Adj. Gross Profit margin decreased by 2.3%-points to 23.5%**
 - decreased GPM Automotive (-2.8pp): massive volume decline with lower utilization despite savings
 - decrease GPM in Aftermarket (-0.5pp): negative sales despite cost optimization
 - decrease GPM in SA (-0.6pp): strong sales decline could not be compensated by material & personal cost efficiencies

Continuous high R&D expenses to prepare new customer projects and develop future technologies

Financial results FY 2019/20

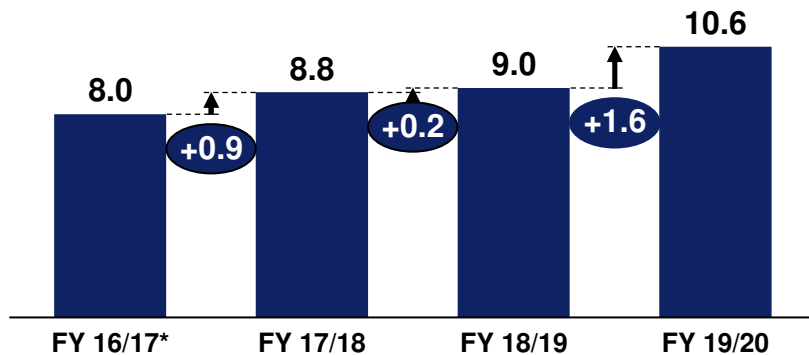
Adj. R&D expenses

EUR millions



Adj. R&D expenses ratio

% sales



*Not restated for Wholesale effects.

Highlights

- **Adj. absolute R&D expenses** increased by 10 mill. EUR (+1.6% YoY) to **620 mill. EUR**; main drivers:
 - preparation of new customer projects
 - development of future technologies in accelerating industry change

Highlights

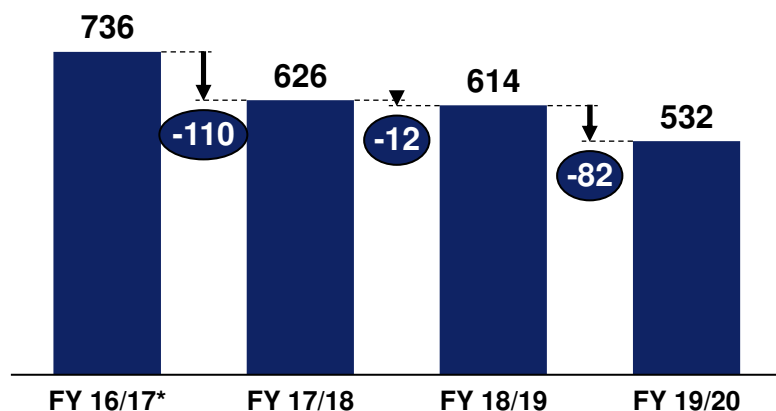
- **FY19/20 ratio +1.6%-points** to **10.6%** due to over-proportional decrease sales volume

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

Financial results FY 2019/20

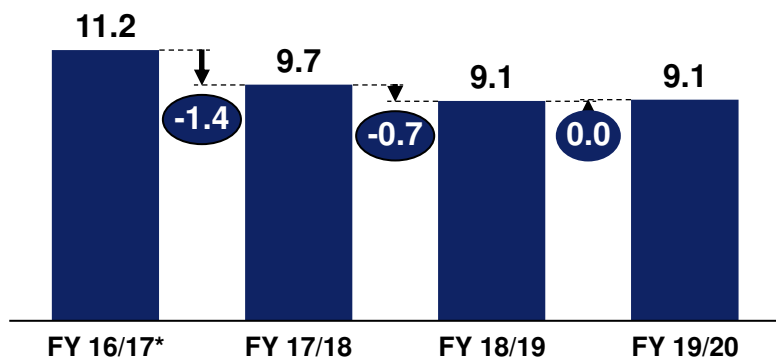
Adj. SG&A expenses

EUR millions



Adj. SG&A expenses ratio

% sales



*Not restated for Wholesale effects.

Highlights

- **Adj. SG&A costs** decreased (-82 mill. EUR, -13.3%) to **532 mill. EUR**:
 - decrease in marketing and logistic costs (-54 mill. EUR) with realized savings potentials
 - lower admin expenses (-34 mill. EUR) with stringent saving programs
 - decreased other adjusted income (-6 mill. EUR)

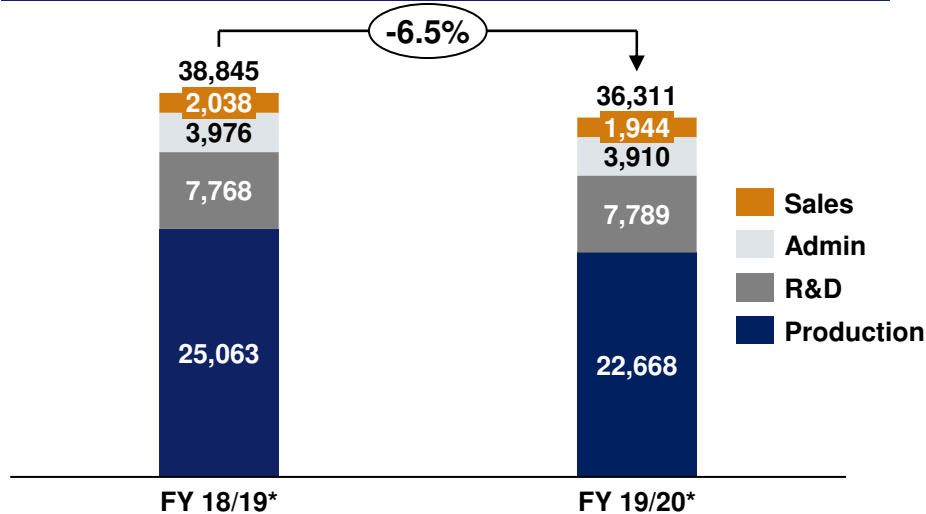
Highlights

- **Adj. SG&A ratio** constant at **9.1%**
- Strong saving programs and lower logistic costs could largely compensate severe volume decline

Extensive package of measures aimed at cutting personnel & non-personnel costs implemented immediately

Financial results FY 2019/20

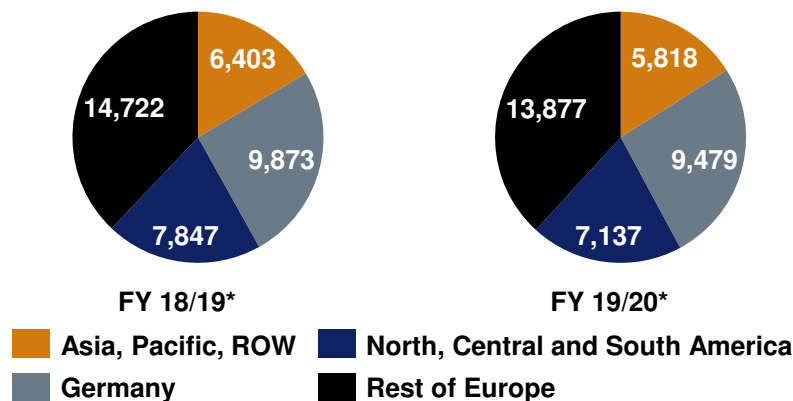
Headcount per functional Area



Highlights

- Overall headcount **decreased** by 6.5%:
 - production (-9.6%)
 - sales and marketing (-4.6%)
 - administration (-1.7%)
- Investments in R&D headcount with slight increase of 0.3%

Headcount per Region



Highlights

- Headcount reduction across all regions
 - NSA (-9.0%)
 - Germany (-4.0%)
 - Rest of Europe (-5.7%)
 - Asia, Pacific, ROW (-9.1%)

* As per May 31st

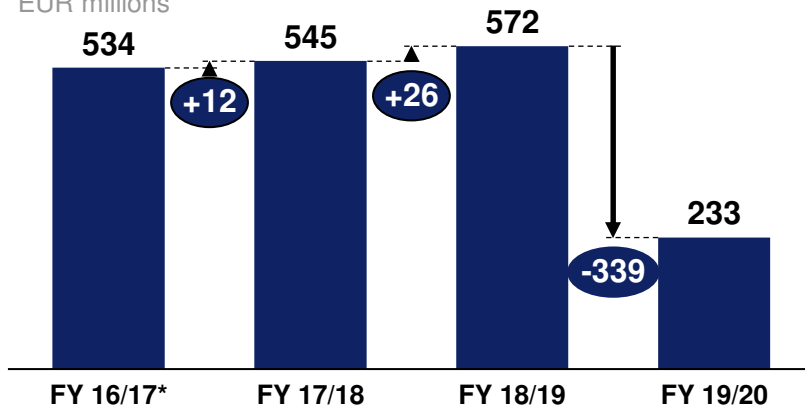


Adjusted EBIT below prior-year's level despite extensive cost measures. Margin pressure from lower GPM and high R&D

Financial results FY 2019/20

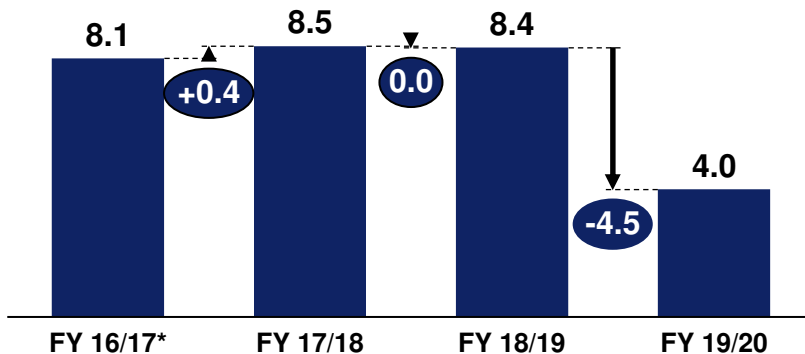
Adjusted EBIT

EUR millions



Adjusted EBIT margin

% sales



*Not restated for Wholesale effects.

Highlights

- **Adjusted EBIT** decreased by 339 mill. EUR (-59.3%) to **233 mill. EUR**:
 - decrease in adj. Gross Profit by 377 mill. EUR (-21.5%)
 - higher R&D (+ 10 mill. EUR, +1.6%)
 - decrease in adj. SG&A (lower distribution & admin) by 82 mill. EUR (-13.3%)
 - lower JV income (-34 mill. EUR) due to global impact of Covid-19

Highlights

- **Adj. EBIT margin** decreased by **4.5-points** to **4.0%**, mainly:
 - decrease of adj. GPM by 2.3%-points
 - higher R&D expenses ratio (+1.6%-points)
 - lower JV contribution (-0.5%-points)

P&L including reconciliation; main adjustment FY 2019/20 for extraordinary impairments of 533 mill. Euro

Financial results FY 2019/20

HELLA GROUP in EUR mill.		FY 18/19	FY 19/20
Revenues	reported	6,990.0	5,829.4
	Adjustments	-219.6	
	adjusted	6,770.4	5,829.4
Gross Profit	reported	1,814.2	1,338.5
	Adjustments	-64.9	34.2
	adjusted	1,749.3	1,372.7
R & D expenses	reported	610.7	-622.7
	Adjustments	0.2	2.4
	adjusted	610.5	-620.3
Distribution	reported	-475.4	-353.4
	Adjustments	68.2	0.6
	adjusted	-407.2	-352.8
Admin	reported	-256.6	-219.8
	Adjustments	7.6	4.7
	adjusted	-249.0	-215.1
Impairments	reported	0.0	-532.6
	Adjustments	0.0	532.6
	adjusted	0.0	0.0
Other income & expenses	reported	285.9	34.5
	Adjustments	-243.9	+1.1
	adjusted	42.1	35.7
EBIT	reported	807.5	-343.0
	Adjustments	--235.8	575.7
	adjusted	571.7	232.7
Net financial result		-41.3	-39.0
Taxes		-135.8	-49.7
Earnings for the period		630.4	-431.7
Earnings per share (EUR)		5.67	-3.88

Comments

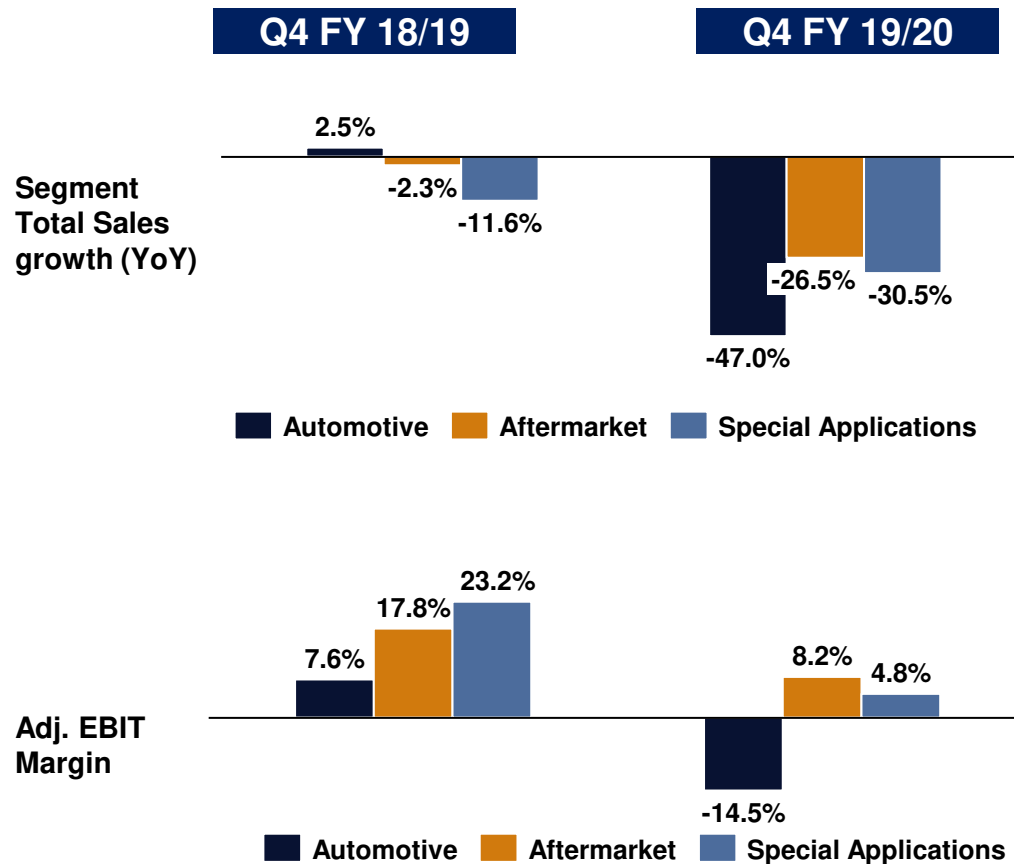
- Reported EBIT FY 19/20 decreased by 1,151 mill. EUR mainly due to significant top line decline and impairment charge of 533 mill. EUR in FY 19/20. FY 18/19 includes profit from Wholesale sale
- FY 19/20 lower Gross Profit and increased R&D despite cost savings
- Tax payment declined by 86 mill. EUR to 50 mill. Euro driven by lower results.
- Earnings for the period decrease driven by lower operating result
- EPS decreased by 9.55 EUR to -3.88 EUR

Note: adjustments include restatements for the sale of the wholesale distribution business, thermal business & restructuring. For details see financial report.

Q4 FY 19/20 overall business with negative growth dynamics and strong margin pressure

Financial results FY 2019/20

Quarterly comparison



Comments

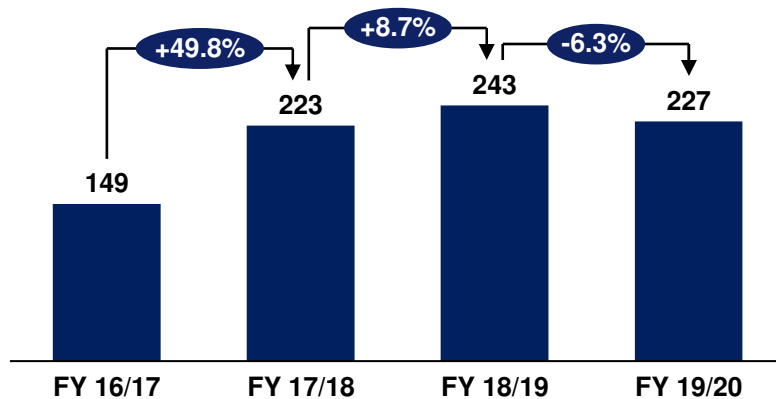
- Automotive strongly negatively impacted by accelerating Corona outbreak in Europa and NSA
- Aftermarket sales decline with IAM especially impacted by pandemic in South West Europe, Turkey and Middle Eats, growth in China. Workshop also with high PY
- Special Applications Corona impact especially in Europa and weak markets in Agricultural, Construction but also Bus and Leisure
- Q4 Automotive margin strongly affected (despite cost efficiencies) by missing leverage and low capacity utilization with sales drop as well as and missing JV contribution
- Q4 margin Aftermarket decreased as strong volume decline could not be compensated by better material ratio due to mix effects and continuous S&GA cost management
- Q4 Special Applications margin decreased with volume decline and increased R&D, SG&A savings could not compensate negative top line effects

Under proportional decline of Adj. Free Cash Flow due to working capital savings as well as CAPEX saving and shifts

Financial results FY 2019/20

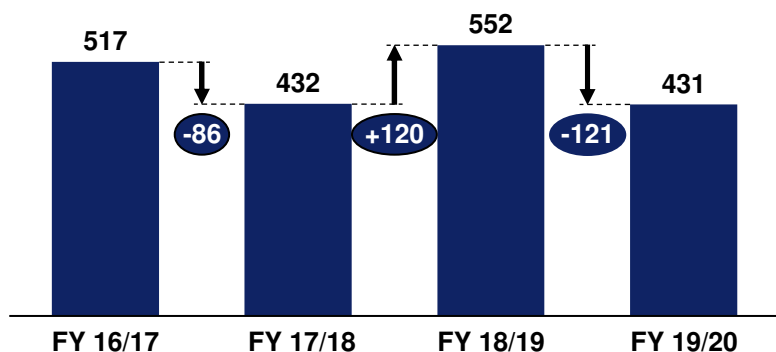
Adj.¹ FCF from operating activities

EUR millions



Adj. Net CAPEX²

EUR millions



1) Adjustments of FCF include restructuring expenses, factoring, and payments received/made in connection with the sale of the Wholesale and thermal business as well as tax payments made in connection with the sale of shares in HSL Electronics Corporation JV (FY 19/20).

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

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

Highlights

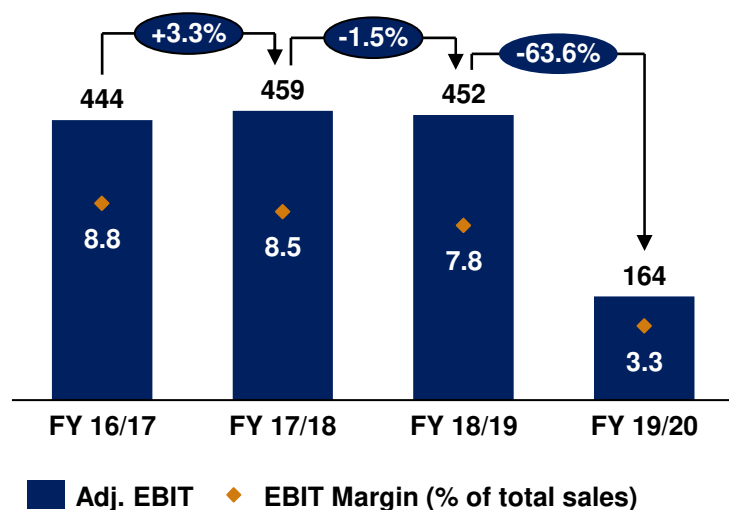
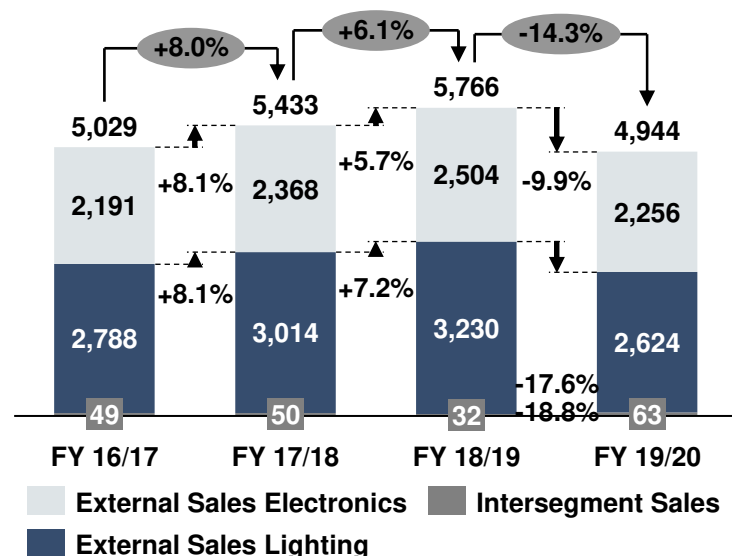
- **Adj. Free Cash Flow from operating activities** decreased by 15 mill. EUR to **227 mill. EUR**, mainly driven by lower sales partly offset by improved working capital, CAPEX saving and lower tax
- **Cash Conversion³ ratio increased by 55.3%-points to 97.8%**

Highlights

- Investments in worldwide development, administration and production network as well as product-specific capital equipment
- Improvement due to **savings and shifts**

Automotive segment with sales decline due to strongly declining market environment, profitability under pressure

Financial results FY 2019/20



Automotive Sales

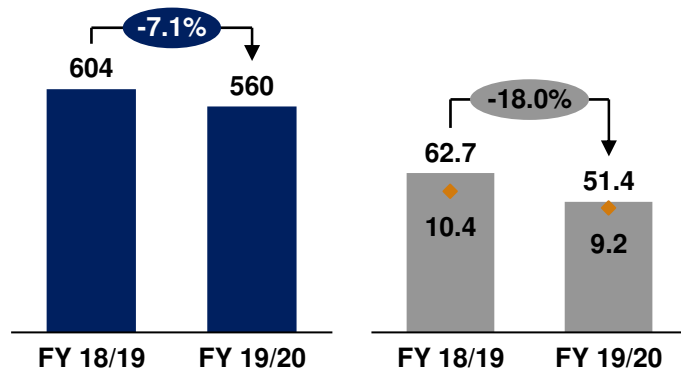
- **Decline of 14.3%** in course of Covid-pandemic
 - affecting **China** especially in **Q3** and **Europe & NSA** in **Q4**; signs of recovery in China towards year end not able to compensate losses
 - **First 9 months** good **underlying demand** especially for **Electronics** (energy management and sensor products) but also **suffering** from more **EOPs** as well as **slower ramp-up curves**

Automotive Profitability

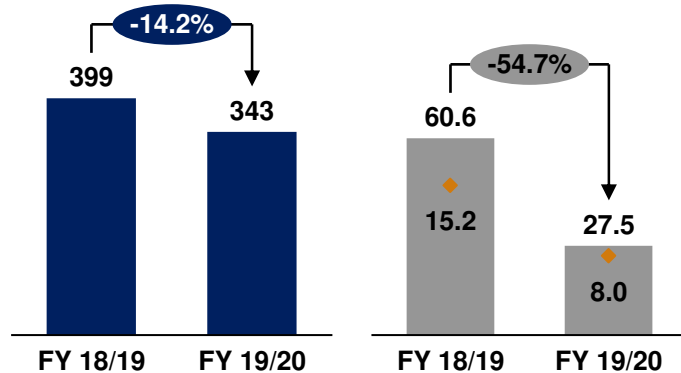
- **Decrease of adj. EBIT by 63.6% to 164 EUR, margin -4.0%-points, mainly:**
 - **Decrease in Gross Profit** (-24.2%), due to lower volumes, GPM -2.8%-points to 20.9%
 - **Decrease in JV income** (-68.1%), contribution declined 0.5%-points to 0.3%
 - **Slight increase in R&D** (+0.9%) with focus on serial development and & production starts, ratio +1.8%-points due to missing sales

Segments with negative sales and EBIT development, profitability suffering with missing sales

Financial results FY 2019/20



■ EBIT
◆ EBIT Margin



■ Total Sales

■ Adj. EBIT
◆ EBIT Margin

Aftermarket

- **Total sales decline of 7.1%:** IAM with weak markets especially in Southwest Europe & Middle East, decline accelerated with Covid-19 pandemics, business in Eastern Europe positively impacted by regulatory change; WP decline due to strong comparables PY and pandemic impact
- **Decrease in adj. EBIT with adj. EBIT margin at (9.2%):**

- Decline in GPM by 0.5%-points despite strict cost savings
- Investments in R&D and decline in JV contribution (-0.6%-points) with missing BHS contribution and weak market

Special Applications

- **Negative top-line development (-14.2%):**

- Weakness in some customer segments like Agriculture and Construction, further pressure through pandemics in China and Europe

- **Adj. EBIT down by 54.7%, margin -7.2%-points to 8.0%:**

- Gross Profit -15.6% with missing sales, margin -0.6%-points
- Investments in new (E/E*) products with higher R&D
- PY impacted by extraordinary profit after asset sale

* Electric/Electronic
HELLA Investor Update FY 2019/20, Conference Call on August 14, 2020





HELLA Investor Update FY 2019/20

Outline

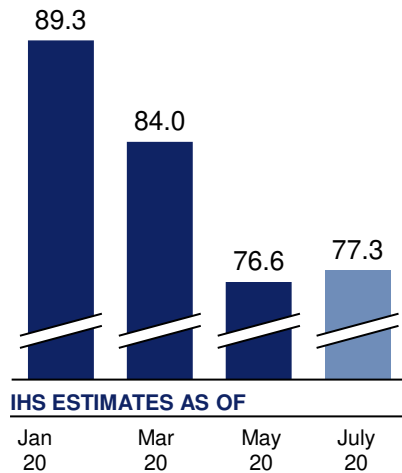
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Market outlook strongly dependent on volume recovery with high uncertainties on future outcomes

Market outlook

Unstable market environment

GLOBAL IHS ESTIMATES FOR FY 20/21 (MILL. UNITS)

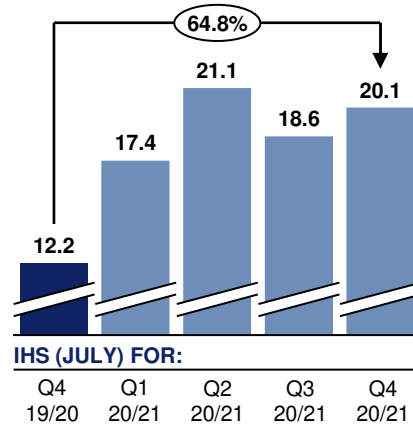


IHS ESTIMATES AS OF

Jan 20 Mar 20 May 20 July 20

- **Great uncertainties** with respect to LVP, especially **regional market weaknesses** caused by COVID-19 pandemic
- **Cautious stabilization** since **July 2020**
- **Reduction of ~15%** vs. originally expected volumes

IHS (JULY 20) LVP PER QUARTER (MILL. UNITS)



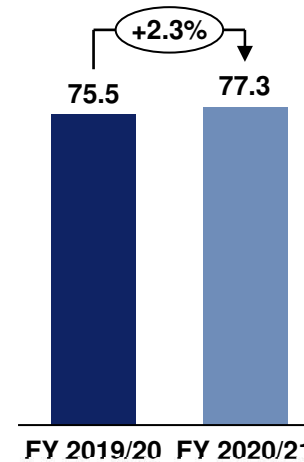
IHS (JULY) FOR:

Q4 19/20 Q1 20/21 Q2 20/21 Q3 20/21 Q4 20/21

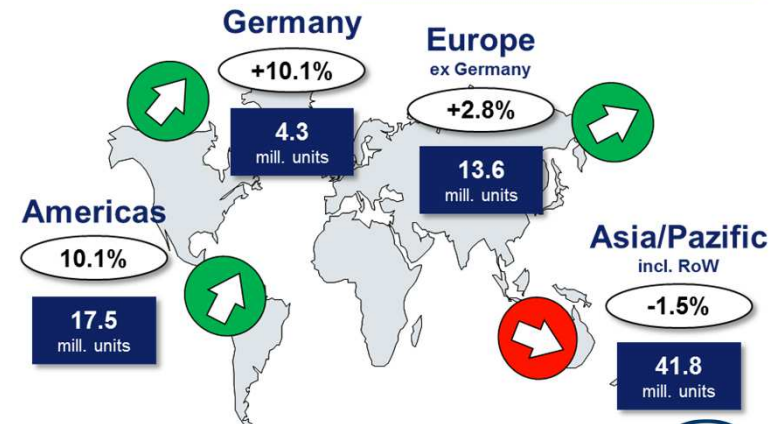
- **H1 FY20/21 volumes down** by **>5 mill. vehicles** vs. PY
- **Catch-up effects** in **Q1 FY 20/21** expected after restart of OE production
- **Considerable volume uptick** to around 20 mill. vehicles **needed** to reach **IHS volume of 77.3 mill.**

IHS as of July 17, 2020:

GLOBAL IHS LVP FOR FY 20/21 (MILL. UNITS)



- Growth of **2.3%** to **77.3 mill. units** expected
- **Recovery tight to H2 FY 20/21** with expected growth of **22.8% globally**, thereof **Germany** and **NSA** with **highest growth** of **42.1%** and **44.6%**
- H1 FY 20/21 down -13.8%
- China less volatile with -2.2% in H1 FY 20/21 and +16.7% in H2 FY 20/21



Outlook for the fiscal year 2020/21 reflects high market uncertainty and a lower production environment compared to pre-crisis levels

Company Outlook

Against the backdrop of the continuing high level of market uncertainty and reduced global vehicle production, HELLA is currently expecting the following for FY 2020/21:

Currency and portfolio-adjusted sales

- In the range of around 5.6 to 6.1 billion EUR

Adjusted EBIT margin excluding restructuring measures and portfolio effects

- In the range of around 4.0% to 6.0%



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Technology with Vision

Thanks for your attention

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