



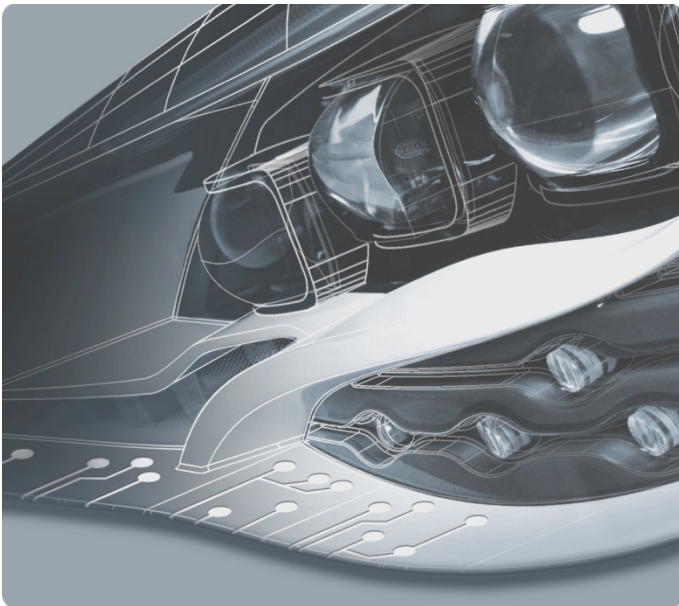
Technology with Vision

HELLA Investor Update H1 FY 2016/17

Conference Call on January 12th, 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 H1 FY 2016/17

Outline

- HELLA Financial Highlights H1 FY 2016/17
- HELLA Financial Results H1 FY 2016/17
- Outlook
- Q&A

Positive sales growth and strong EBIT increase in H1 FY 2016/17

Financial Highlights H1 FY 2016/17

Sales

- **HELLA Group** currency and portfolio adjusted **sales grew 2.4%** YoY to 3.2 bill. EUR due to preparation of project ramp-ups in the Automotive segment

Profitability

- **Adjusted Gross Profit margin** at **27.7%** (+0.5%-points YoY)
- **Adjusted EBIT** +12 mill. EUR (+4.9% YoY) at **268 mill. EUR**
- **Adjusted EBIT margin** at **8.4%** (+0.3%-points YoY)

Liquidity

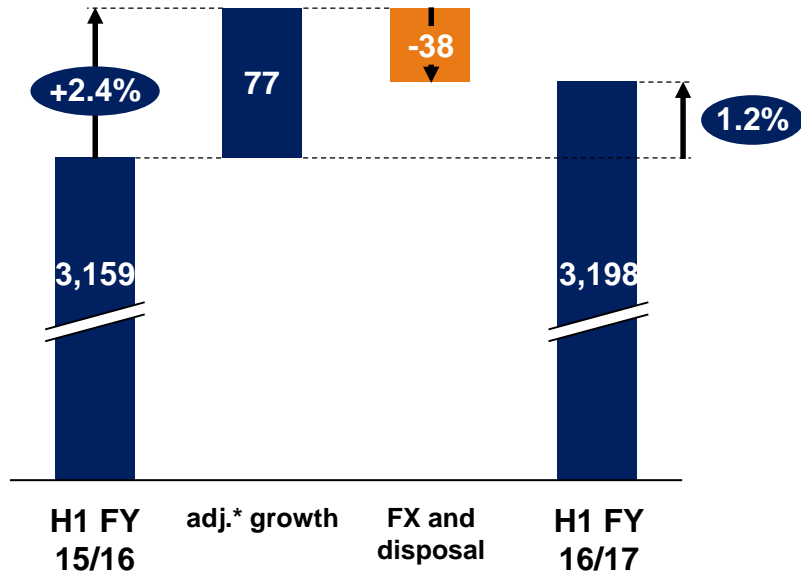
- **Adjusted Operative Cash Flow decreased** by **32 mill. EUR** (-33% YoY) to **63 mill. EUR** mainly due to **higher investments**
- **Continuously strong basis** for future growth with **cash** and **short term financial assets** of **759 mill. EUR**

Note: Adjustments including restructuring expenses and supplier default in FY 15/16 and restructuring expenses in FY16/17

HELLA top line growth with expected development in H1 FY 16/17

Financial Highlights H1 FY 2016/17

HELLA group revenues (EUR m)



*currency and portfolio adjusted

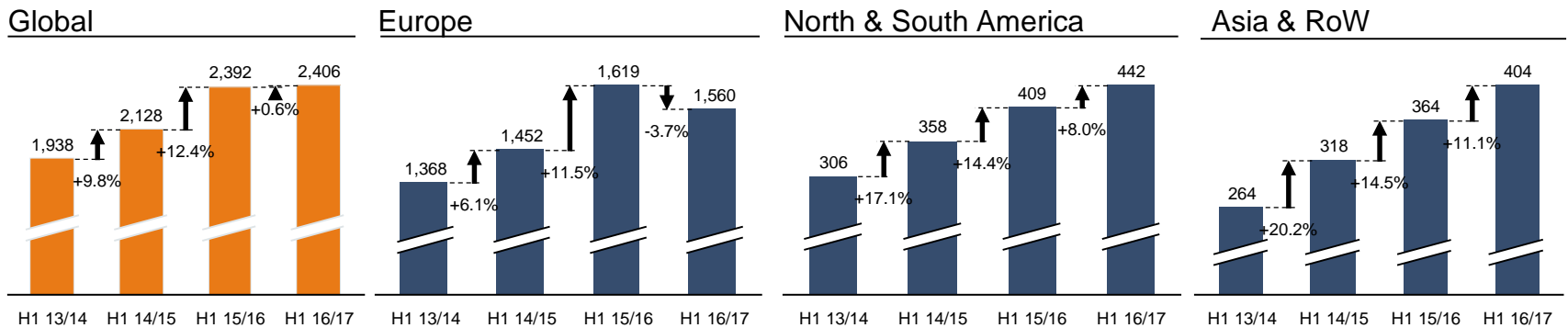
Comment

- **Currency and portfolio adjusted growth HELLA Group at 2.4%**
- **HELLA reported Group sales increased by 39 mill EUR (+1.2%) to 3,198 mill. EUR:**
 - **Automotive + 0.6%** to 2,406 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 expected
 - **Aftermarket +5.4%** to 629 mill. EUR mainly due to positive wholesale and strong workshop development
 - **Special Applications -0.3%** to 145 mill. EUR excluding disposal of Industries and Airport Lighting activities

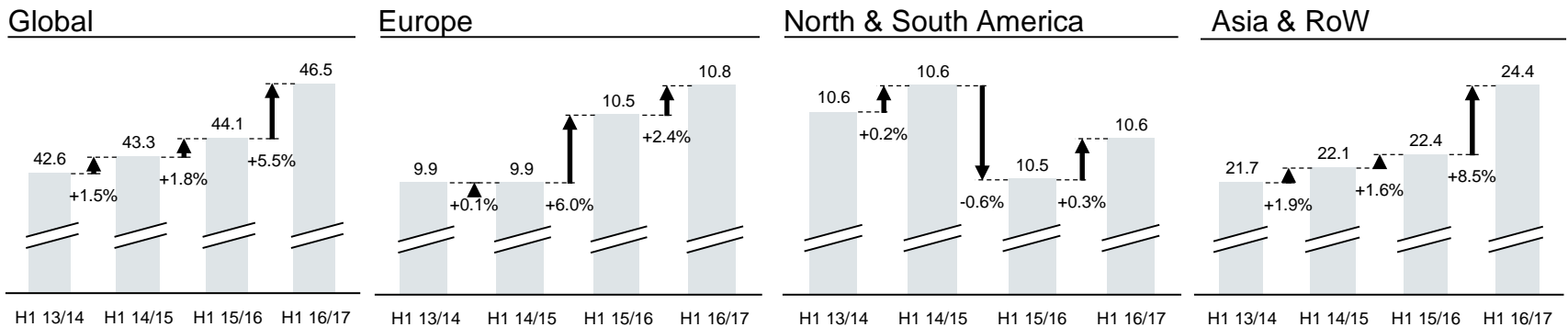
HELLA Automotive outperforming important regions

Financial Highlights H1 FY 2016/17

HELLA Automotive external sales by region (in EUR millions) NEW PRESENTATION*



Light vehicle production (in million units) NEW PRESENTATION**



HELLA vs. Market: Performance



*Automotive external sales by region in comparison to former presentation of Automotive end customer sales

** Light vehicle production in comparison to former presentation of new car registration data

Source: HELLA; IHS (as of December 2016)



HELLA Investor Update H1 FY 2016/17

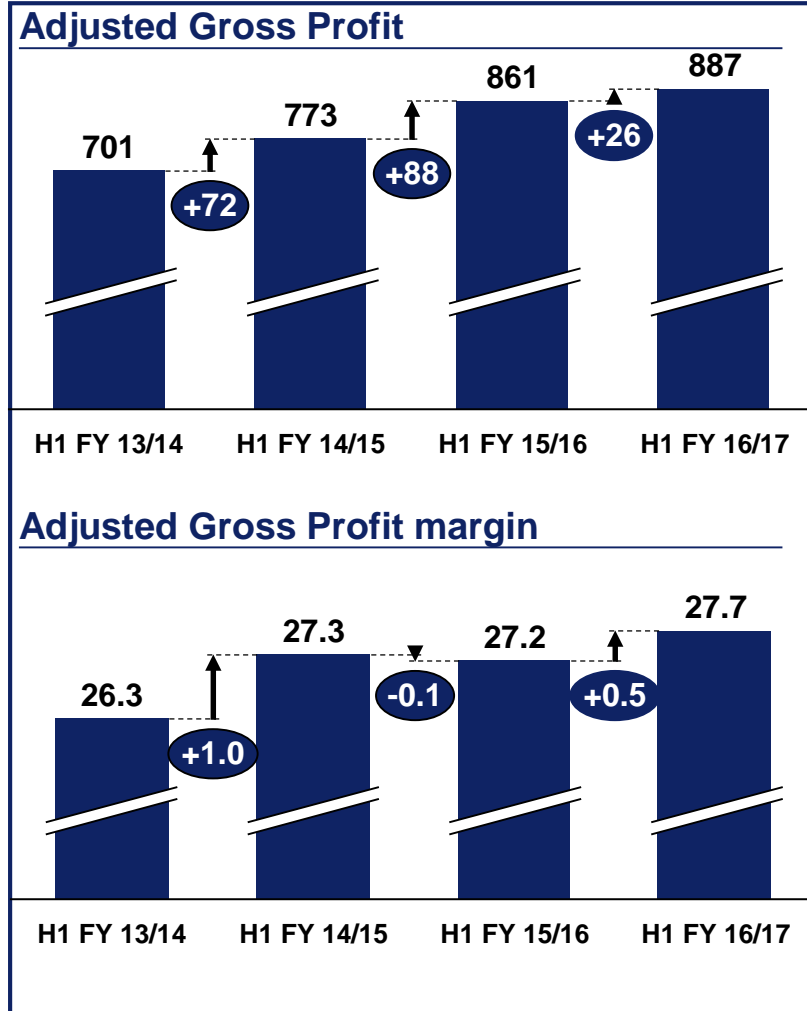
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Improved productivity in Automotive results in GPM increase

Financial results H1 FY 2016/17

EUR millions and % sales



Adj.
Gross
Profit

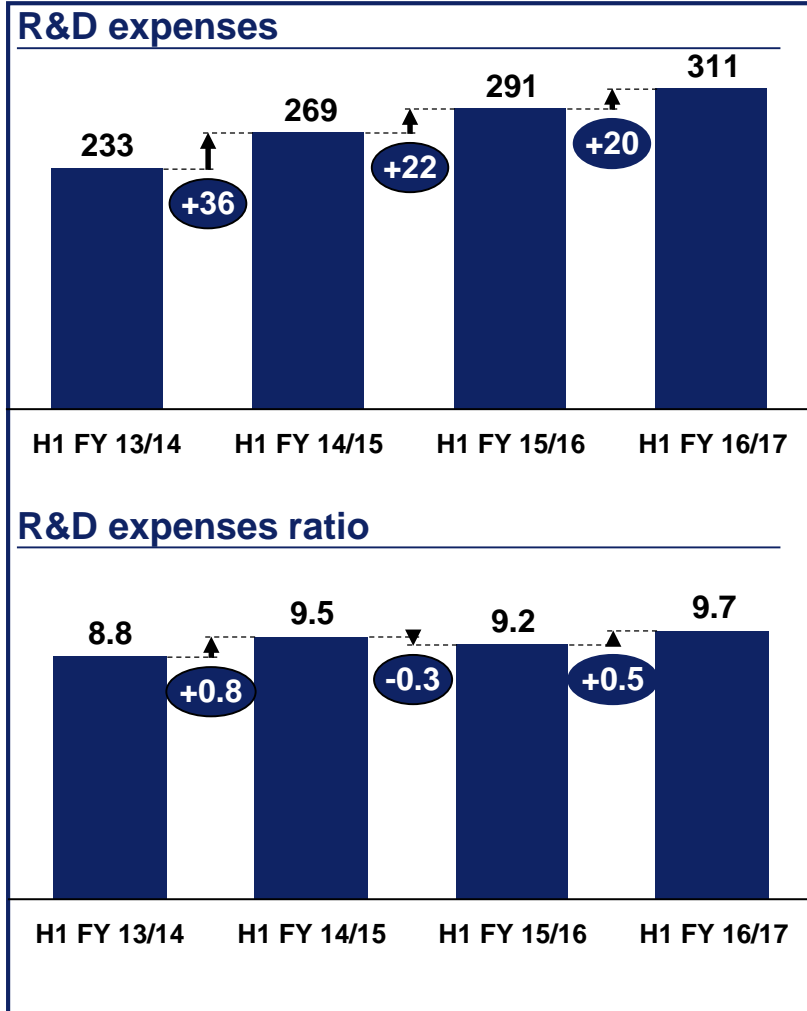
Adj.
Gross
Profit
Margin

- **Adjusted Gross Profit** increased by 26 mill EUR (+3%) to 887 mill. EUR
- **Adjusted Gross Profit margin** improved by 0.5%-points to 27.7% driven by positive product mix effects and operational improvements in Eastern Europe

High R&D expenses to secure future growth

Financial results H1 FY 2016/17

EUR millions and % sales



R&D

- **Absolute R&D** expenses increased by 20 mill. EUR (+7% YoY) to **311 mill. EUR** mainly for **preparation of forthcoming projects** as well as **securing technology leadership**
- Focus on advance **lighting** and **driver assistance systems & energy management** products

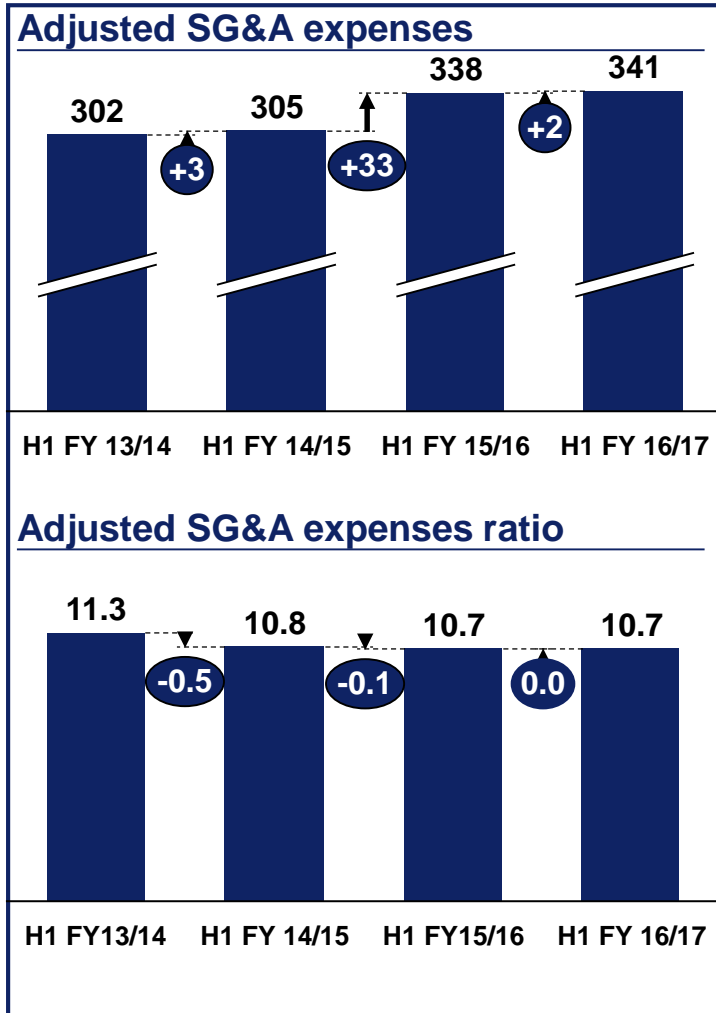
R&D ratio

- **H1 FY16/17** ratio increased by **0.5pp** to **9.7%** due to over-proportional increase in absolute R&D expenses after project wins
- Ratio in line with previous quarters after step-up in Q3 FY 15/16

Relatively stable development of SG&A costs

Financial results H1 FY 2016/17

EUR millions and % sales



Adj.
SG&A

- **Distribution** expenses +6 mill. EUR (+2.4% YoY) to **250 mill. EUR** due to higher Aftermarket sales and business extension in Poland
- **Adj. other income and expenses** +7 mill. EUR (+87%) to **16 mill. EUR** mainly due to higher level of provisions last year
- **Admin. expenses** +4 mill. EUR (+3.8%) to 107 mill. EUR due to **investments in corporate functions & systems**

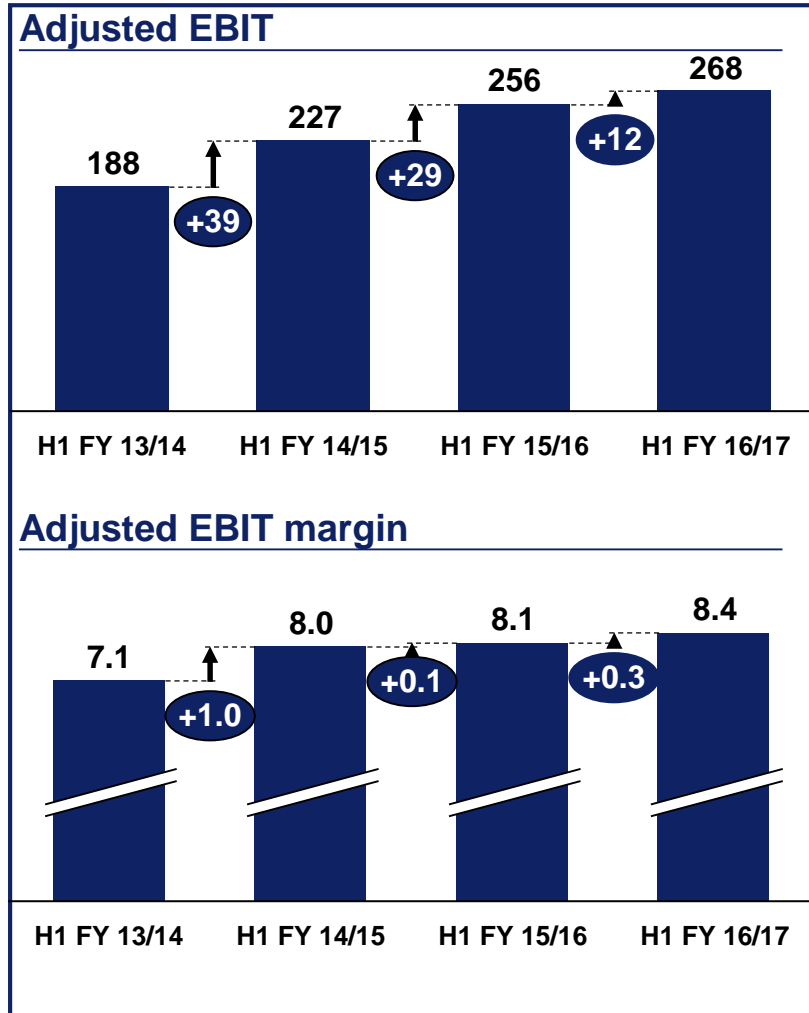
Adj.
SG&A
ratio

- **SG&A ratio** at **10.7%**, ratio of structural costs shows a **stable development**
 - **Distribution cost** ratio +0.1pp to **7.8%**
 - **Administrative cost** ratio **unchanged** at **3.3%**
 - **Adjusted other income and expenses** +0.2pp to **0.5%**

Adjusted EBIT above prior-year's level

Financial results H1 FY 2016/17

EUR millions and % sales



Adj.
EBIT

- **Adjusted EBIT** increased by 12 mill. EUR (+5%) to **268 mill. EUR**
- **Excluding** negative effects from **Industries and Airport Lighting** activities adj. EBIT increased by 16 mill. EUR to **277 mill. EUR**

Adj.
EBIT
margin

- **Adj. EBIT margin** increased by **0.3%-points** to **8.4%** mainly due to **increase** in **GPM** by 0.5%-points and **higher JV income** +0.2%-points, over-compensating higher (+0.5%-points) R&D expenses
- **Adj. EBIT margin** excluding Industries and Airport Lighting activities + 0.3%-points to **8.7%**

P&L including Reconciliation

Financial results H1 FY 2016/17

HELLA GROUP

In EUR mill.	H1 FY 15/16				H1 FY 16/17			
	Reported	Restructuring	Supplier	Adjusted	Reported	Restructuring	Legal	Adjusted
Gross profit	833.7	-	27.1	860.7	887.1	-	-	887.1
(Admin)	-103.2	-	0.3	-102.9	-106.8	-	-	-
Other income and expenses	-17.1	5.7	19.8	8.4	-7.2	6.9	16.0	15.6
EBIT	202.8	5.7	47.2	255.7	245.2	6.9	16.0	268.1
Net financial result	-18.4				-21.6			
Taxes	-53.0				-50.1			
Earnings for the period	131.4				173.5			
Earnings per share (EUR)	1.16				1.56			

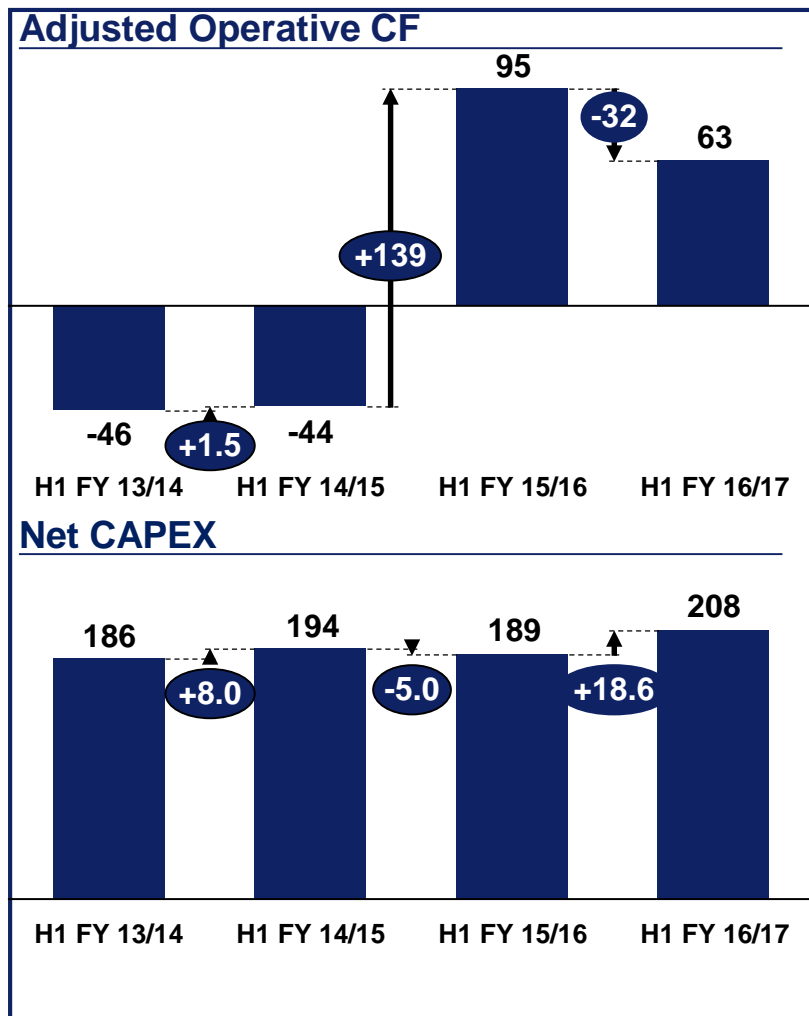
Comment

- Reported EBIT margin in H1 FY 15/16 negatively impacted by effects of supplier default and restructuring expenses in Germany
- Reported EBIT margin H1 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 decreased due to the funding of activities in growth regions at higher local interest rates
- Earnings for the period increased with higher EBIT compared to previous year
- EPS increased to 1.56 EUR vs. 1.16 EUR last year

Cash Flow impacted by project investments

Financial results H1 FY 2016/17

EUR millions



Adj.
OCF

- **Adj. operative CF** decreased by 32 mill. EUR to **63 mill. EUR** mainly due to **increase in net CAPEX**

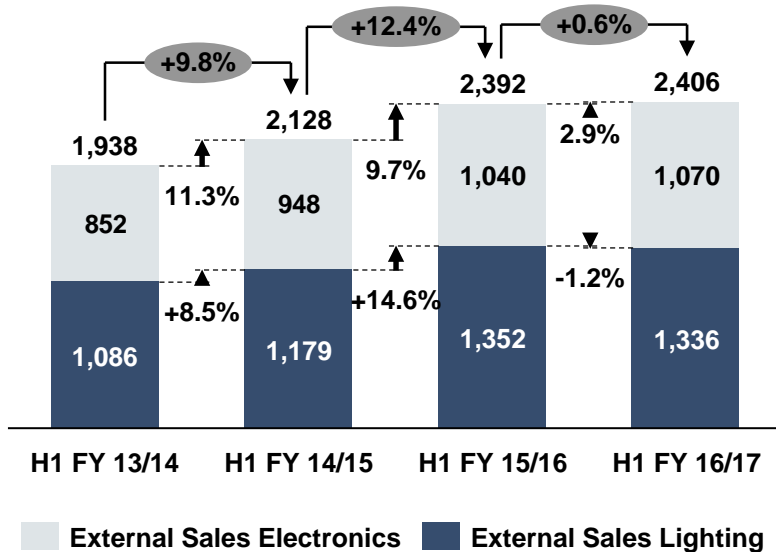
Net
CAPEX

- **Net CAPEX** increased by 19 mill. EUR to **208 mill. EUR**
- **Continuous investments** in customer-specific **equipment**
- **Reimbursements** increased by 3 mill. EUR to **63 mill. EUR** depending on project launches

Note: Adj. OCF H1 FY 16/17 excludes cash restructuring payments (4 mill. EUR.) and termination of factoring program (70 mill. EUR). Adj. OCF H1 FY 15/16 excludes cash restructuring payments (6 mill. EUR) reduction of factoring (10 mill EUR), and cash payments for Chinese supplier issue (27 mill. EUR)

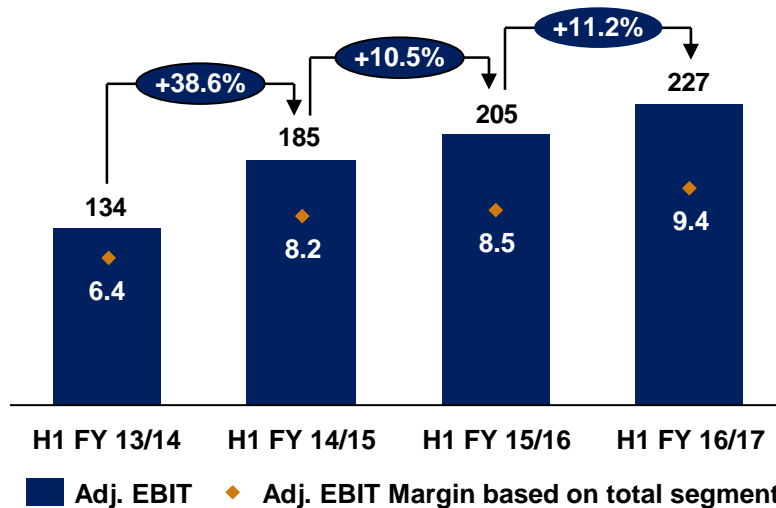
Automotive with increased profitability

Financial results H1 FY 2016/17



Automotive External Sales

- **Moderate growth of 0.6%** due to preparation of project ramp ups
- **Demand for energy management products** drives electronic business
- **Increase of growth dynamics expected**
- **Negative FX effect** vs. high positive effect in H1 FY 15/16



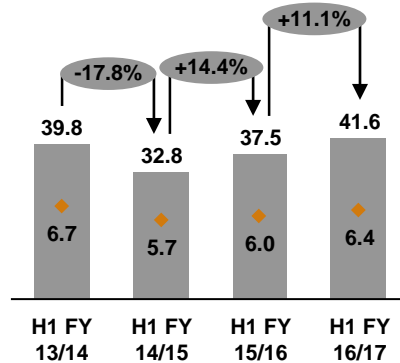
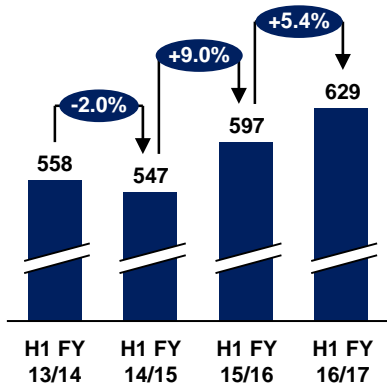
Automotive Profitability

- **Strong increase of adj. EBIT margin to 9.4%**, mainly due to
 - **increased adj. GPM** due to increased operational efficiency and positive product mix
 - **higher JV contribution** after a weak comparable basis in H1 FY 15/16

Non Automotive segments with positive contribution

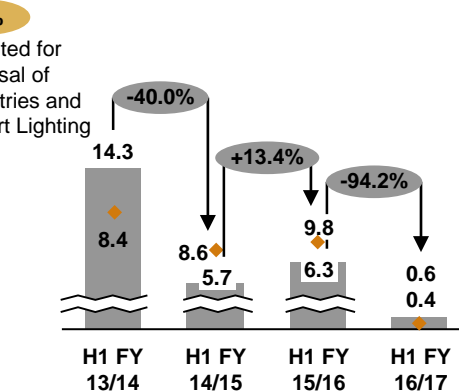
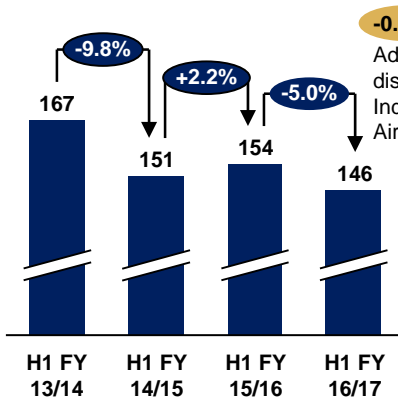
Financial results H1 FY 2016/17

Aftermarket



- Strong wholesale business
- Positive demand for workshop products
- Higher EBIT margin due to leverage of distribution network with increasing sales

Special Applications



- Negative top-line growth excluding the Industries and Airport Lighting activities
- Weak Agricultural sector lead to slight sales decrease in Special OE sales, other product groups e.g. trailer growing
- Costs for wind-down of Industries & Airport lighting activities and production relocation affect margin negatively (in total 12 mill. EUR)

■ External Sales

■ EBIT

◆ EBIT Margin based on total segment sales (%)

Q2 FY 16/17 with strong profitability on previous year's level

Financial results H1 FY 2016/17

HELLA GROUP

	Q2 FY 15/16	Q2 FY 16/17
Adjusted* growth (YoY)	8.0%	-0.1%
FX (YoY)	2.3%	-0.7%
Portfolio (YoY)	-	-0.2%
LVP** (YoY)	2.9%	4.7%
Adj. EBIT Margin	9.3%	9.1%
	9.5%***	9.4%***
Adj. OCF	€29.4m	€35.7m

Comment

- Q2 FY 16/17 with negative 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 operational improvements in Eastern Europe in Q2 FY 16/17
- Adj. EBIT margin Q2 FY 16/17 including portfolio adjustment comparable to previous year
- Slight improvement of adj. OCF in Q3 FY 16/17

*Currency and portfolio adjusted sales growth;

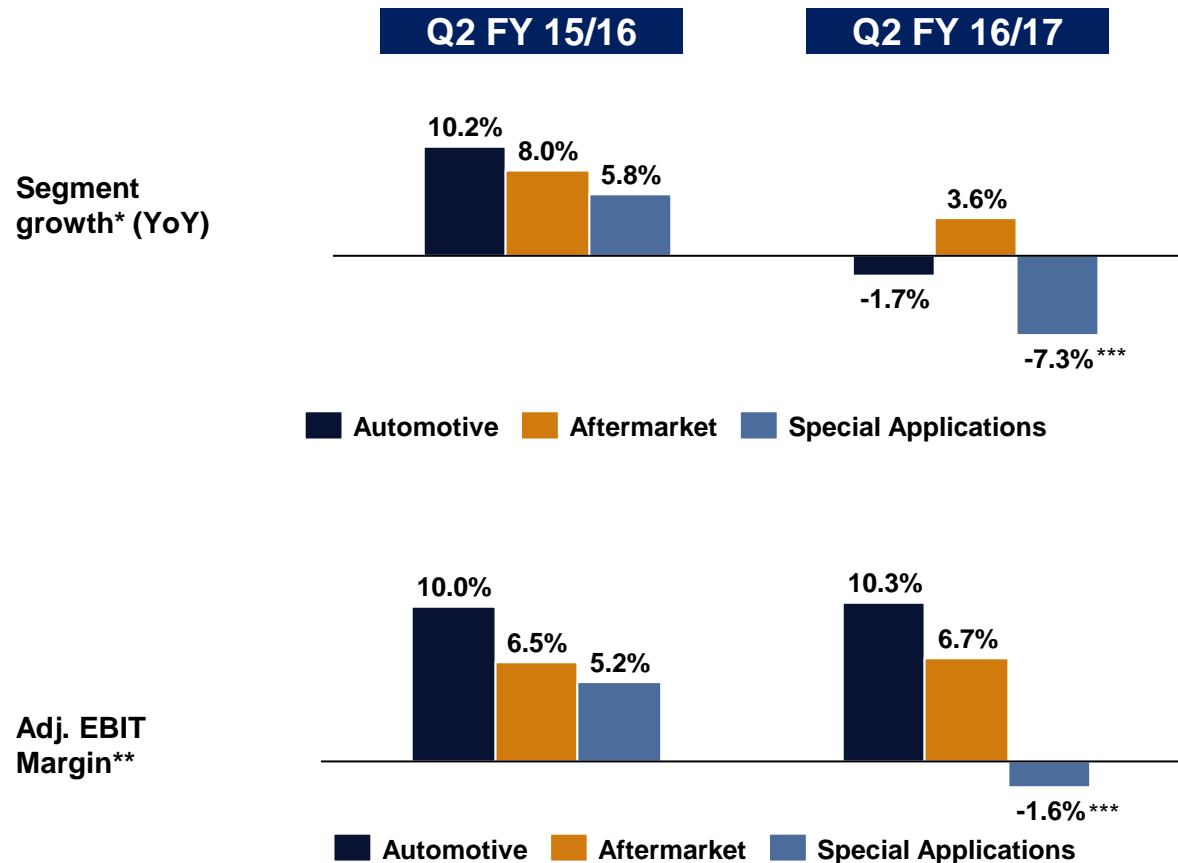
**Global Light Vehicle Production according to HELLA fiscal year, source: IHS, HELLA analysis

***excluding Industries and Airport Lighting activities

Q2 FY 16/17 with strong profitability on previous year's level

Financial results H1 FY 2016/17

HELLA SEGMENTS



Comment

- Q2 FY 16/17 with negative Automotive growth due to preparation of project ramp ups
- Positive wholesale and garage business in Aftermarket
- Special Applications with weak agricultural market. In Q2 FY 15/16 recovery effects
- Adjusted EBIT Automotive increased due to higher Gross Profit margin
- Aftermarket adjusted EBIT margin increased due to leverage of distribution network
- Special Applications with 7 mill. EUR negative effects from Industries and Airport Lighting disposal and production relocation

*external sales, **based on total sales, ***including Industries and Airport Lighting activities. Portfolio adjusted sales growth Q2 FY 16/17 -2.4%, adj. EBIT margin excluding Industries and Airport Lighting activities 4.2%

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Overall market expected to grow by 1.3% according to IHS Outlook

Region	Expected Light Vehicle Production (in m units)	Comment
Europe	<p>21.9 2017 +1.7%</p>	<ul style="list-style-type: none"> Continuing growth in 2017 expected
NSA	<p>20.5 2017 -0.3%</p>	<ul style="list-style-type: none"> After peak of US market in 2015, the LVP is expected to continue its slight decline in 2017
China	<p>26.3 2017 +0.6%</p>	<ul style="list-style-type: none"> Growth forecasted to slow down significantly in 2017
Global	<p>~93.1 CY 2017 ~1.3%</p>	<ul style="list-style-type: none"> Overall market expected to grow by 1.3%

Source: IHS Light Vehicle Production (LVP) (as of December 2016),

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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