

HELLA Investor Update

H1 FY 2022

January 13th, 2023



Summary

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01

H1 Achievements

Growth in all business segments and improving profitability

Strong sales growth

- › **Group Sales up by 25.7%** (including 4.9% FX effect)
- › **Continuous outperformance in Asia (mainly China)** with high-volume ramp-ups
- › **High demand for core products and technologies**
 - **Electronics growing 31.2%** to €1,508m*
 - **Lighting growing 27.3%** to €1,808m*
 - **Life Cycle Solutions growing 5.8%** to €494m*

*external segment sales

Margin improvement

- › **Adjusted EBIT growing 29.5%** to €202m with a disproportional low development of costs
- › **Adj. EBIT margin at 5.3%**, further sequential improvement in Q2 by 0.4pp
 - better inflation management with increased cost reimbursements from customers
 - continuous cost management
- › **Adj. FCF from operating activities increased by €195m to -€9m.** Reported FCF from operating activities including the sales of receivables (€113m) at €77m

Significant awards and successful portfolio management

- **Further awards in the second quarter for strategic products with core customers**
 - Electronics: High Voltage BMS for premium OEM, SOP Jan. 2024, 77GHz radar for mass OEM, SOP June 2024
 - Lighting: Car Body Lighting, HD headlamp for US OEM, SOP Oct. 2025, headlamps for mass OEM, SOP Jan. 2025
- **HELLA CES Innovation Award for High Definition (SSL | HD) headlamp** with further evolution of matrix technology
- **Successful closing of the HBPO transaction in December 2022 and proposal of a special dividend**
- **Extension of European development network with 2 technical centers** for product development for electrified vehicles and software development and testing of 77Ghz radar solutions

Top priorities focus on profitability and cash flow

Key priorities until May 2023

- › Further improve operational performance and increase the share of pass-throughs to customers
- › Realize synergies and implement further cost reduction
- › Reduce working capital
- › Continue to pursue the stringent portfolio management

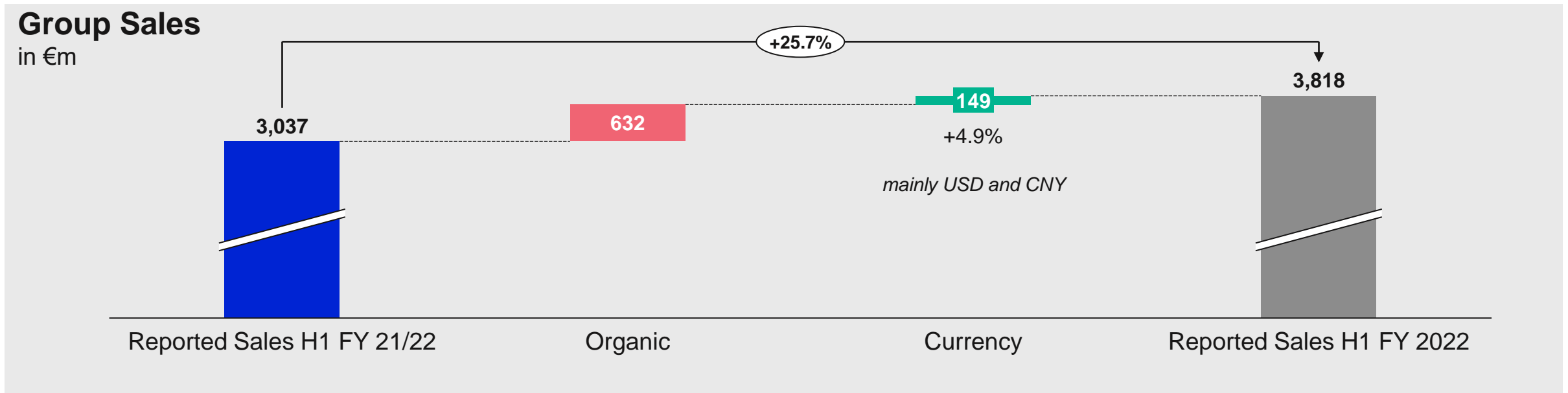


02

Financial Results

Continuation of strong sales performance in a recovering market

- › Organic sales H1 up 20.8% to €3.7bn, €149m positive FX in H1 FY 2022, organic sales Q2 up by 25.1%
- › Strong sales growth in Electronics and Lighting with robust demand for key products and ramp-up of production
- › Life Cycle Solutions with positive business development in Aftermarket and Special Applications
- › Sales benefited from pass-throughs of inflation to customers



Automotive segments with continuous sales growth and EBIT improvement

ELECTRONICS

	H1 FY 21/22	H1 FY 2022	
External Sales (€m)	1,150	1,508	vs. LVP growth of 18.4%
YoY organic		+25.9%	
YoY FX*		+5.3%	
EBIT	65	113	
% of Total Sales	5.1%	6.8%	

> Sales performance driven by

- demand for different core products, e. g. energy management, body and steering electronics in a recovering market
- strong performance in China and NSA with ramp-ups, high level of reimbursements especially in Germany in the PY
- increased pass-throughs of inflation

> EBIT + 73.3% to €113 m margin improvement by 1.7ppt:

- positive leverage with improved business development
- under-proportional rise of R&D expenses
- better contribution from joint ventures

*approximation based on internal analyses

LIGHTING

	H1 FY 21/22	H1 FY 2022	
External Sales (€m)	1,420	1,808	vs. LVP growth of 18.4%
YoY organic		+21.6%	
YoY FX*		+5.7%	
EBIT	26	37	
% of Total Sales	1.8%	2.0%	

> Sales performance driven by

- demand for (SSL-HD) headlamps for premium & mass OEMs
- demand for rear combination lamps
- ramp-up of projects with premium OEMs and SOPs in China and Mexico, high level of reimbursements especially in Germany in the PY

> EBIT +41.4% to €37m, margin improvement by 0.2ppt:

- positive leverage with improved business development
- operational improvements
- burdens due to price increases for materials, logistics & energy

Life Cycle solutions steadily contributes to the sales performance, margin suffered from negative mix effects

LCS

	H1 FY 21/22	H1 FY 2022
External Sales (€m)	467	494
<i>YoY organic</i>		+5.7%
<i>YoY FX*</i>		+0.1%
EBIT	66	53
<i>% of Total Sales</i>	14.0%	10.6%

> Sales performance driven by

- successful spare parts business with growth particularly in Turkey, the USA and Mexico
- growth in all relevant customer segments of the Special Applications in an overall favorable market (especially in agriculture, truck trailer and buses) environment
- sales workshop products declined due to high comparable basis after launch of new diagnostic tool (mega macs) last year
- sales benefited also from price increases for our customers

> EBIT -19.2% to €53m, margin down by 3.4ppt:

- shifts in the product mix with lower GPM
- higher distribution costs (ratio + 1.2ppt to 22.4%) mainly due to higher logistics costs as well as an increase in personnel to strengthen exiting sales companies in the global sales network
- missing business in Russia and China

*approximation based on internal analyses

HELLA continues internationalization of the business with strong outperformance in China as well as in NSA

Region

NSA

21 %
of group sales



Europe

53 %
of group sales



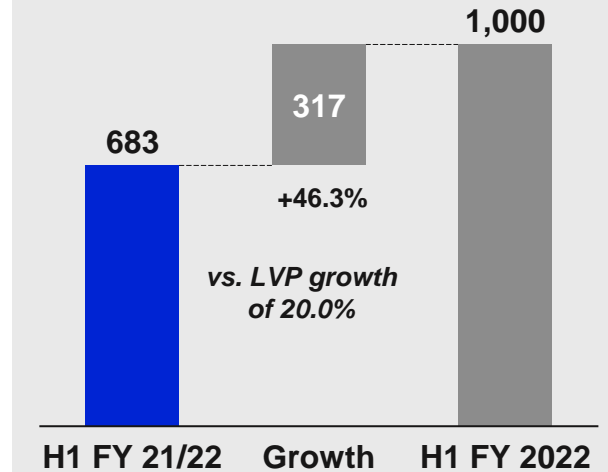
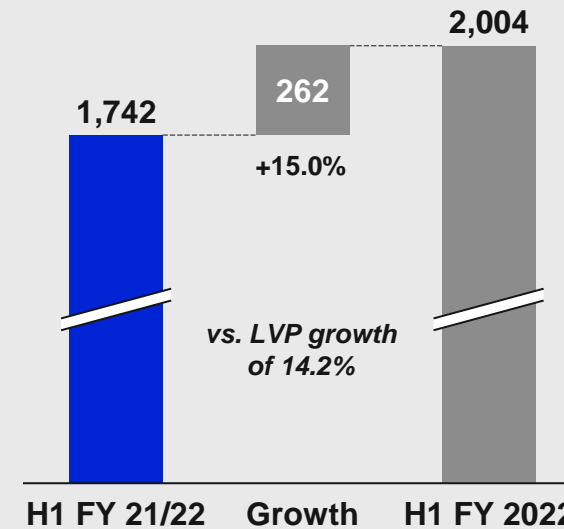
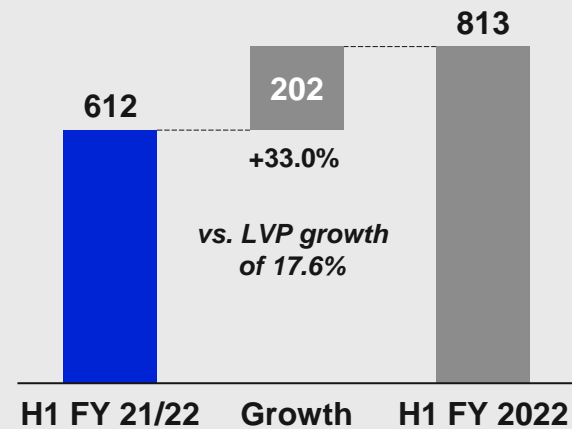
Asia/ Pacific

incl. RoW

26 %
of group sales



GROUP Sales



EBIT margin improvement with sales growth and under-proportional cost increase

In €m	H1 FY 21/22	H1 FY 2022	YoY Change
Sales	3,037	3,818	+ 25.7%
Adj. COGS	(2,293)	(2,934)	+ 28.0%
% of sales	75.5%	76.9%	+ 1.4ppt
Adj. Gross profit	745	883	+ 18.6%
% of Sales	24.5%	23.1%	- 1.4ppt
Adj. R&D	(338)	(391)	+ 15.8%
% of sales	-11.1%	-10.2%	- 0.9ppt
Adj. SG&A	(265)	(316)	+ 19.4%
% of sales	-8.7%	-8.3%	- 0.4ppt
JV income	14	25	+87.4%
% of sales	0.4%	0.7%	+ 0.2ppt
Adj EBIT	155.8	201.7	+29.5%
% of sales	5.1%	5.3%	+0.2ppt
Adjustment	(6.7)	(39.3)	
Reported EBIT	149.1	162.4	+8.9%
% of sales	4.9%	4.3%	- 0.6ppt

- › **Adj. Gross Profit margin decreased by 1.4ppt to 23.1%:**

 - increases in costs of materials, energy and logistics that could not be compensated by positive volume development and pass-throughs
- › **Adj. R&D expenses grew under-proportionally by 15.8% to €391m, ratio down by 0.9ppt to 10.2%:**

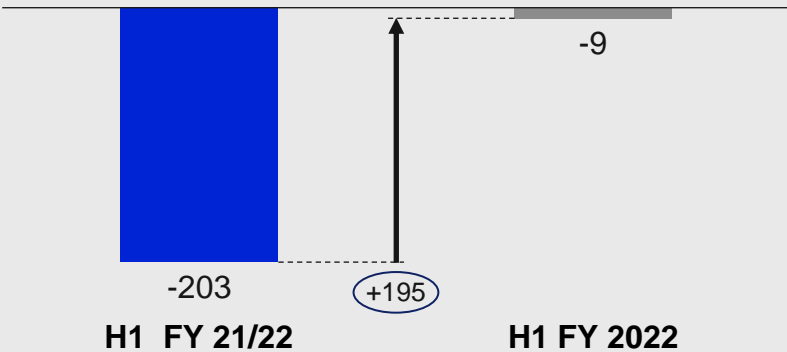
 - continued high investments to manage high order backlog
- › **Adj. SG&A costs increased by €51m (+19.4%) to €316m, ratio -0.4ppt to 8.3% with continuous cost management:**

 - increase in marketing and logistic costs (+€19m, +11.8%)
 - increase in admin expenses (+€26m, +23.8%)
 - decrease of other adjusted operating result (-€6m) due to higher expenses (€+5m)
- › **JV income increased by €12m (+87.4%)** mainly with operational improvements of certain German joint ventures
- › **Adjustments of -€39m:**

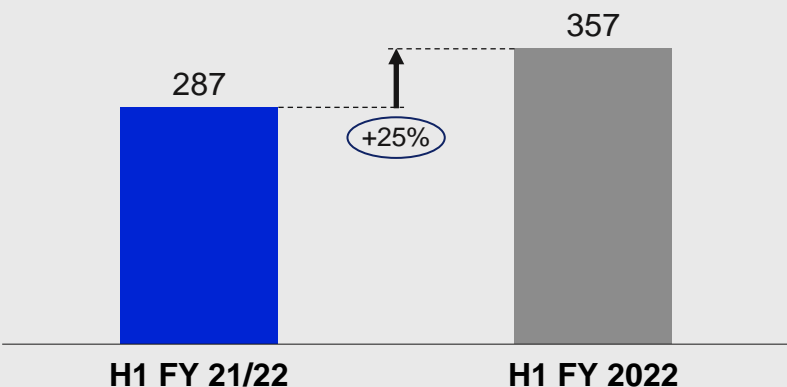
 - restructuring measures and provisions (-€24m), revaluation of venture investments (-€18m), and profit from sales of VC shares (+€2m)

Adjusted FCF significantly increased with better operating performance and lower WC consumption

Adj.* FCF from operating activities in €m



Adj. Net CAPEX in €m



> Adj. Free Cash Flow from operating activities increased by €195m to -€9m

- change in WC impacted by
 - increase in receivables (€326m) with higher sales and increase in overdues
 - increase of inventories (€12m) effect from raw material crisis & supply chain disruptions mitigated, stabilization of call-offs
 - increase in payables (€266m) mitigates WC change

> Adj. Net CAPEX increased by 25% to €357m

- investments in the worldwide network
- investments into product-specific equipment and projects
- improvement program & automation initiative esp. in Lighting

**Adjustments include €113m from sales of receivable in context of the factoring program, -€23m for restructuring, and -€4m for venture capital activities*

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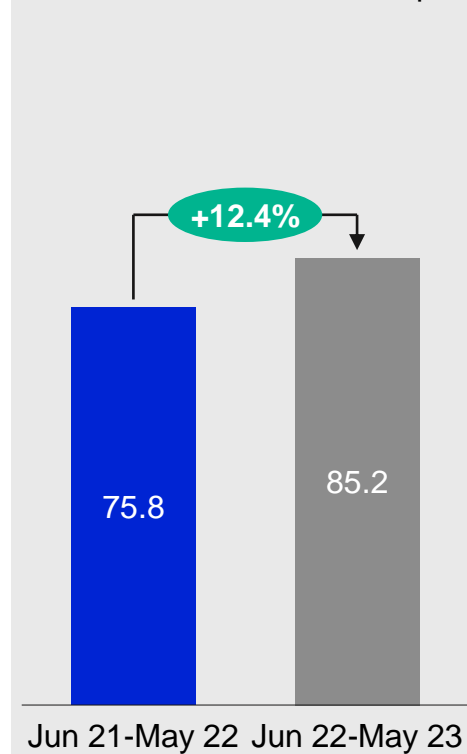
03

Outlook

The global vehicle production is expected to recover progressively, risks remain

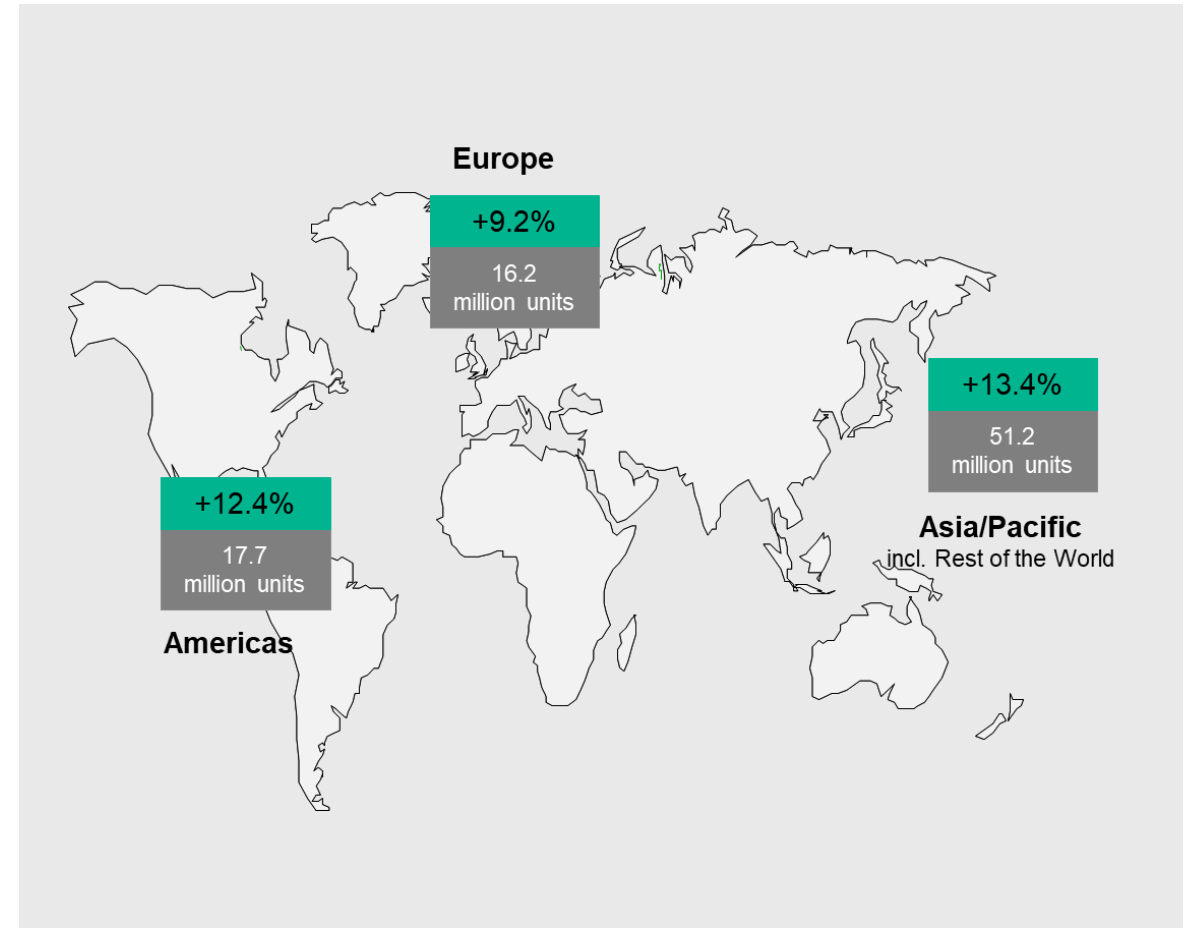
Expected Global Light Vehicle production

in million units, IHS Markit® per 13 December 2022



- HELLA expects a range between 80 and 84 million units
- More cautions view but still a strong plus of 4-8m vehicles compared to PY
- **Still risks** for market outlook in particular from
 - further course of the corona pandemic, especially in China
 - war in Ukraine and potential disruptions in energy supply
 - component shortages despite easing in the supply situation

Source: IHS Markit® (part of S&P Global)



HELLA 12-months outlook until May 2023 confirmed

1. Guidance for the 12-month period from June 1, 2022 to May 31, 2023

Based on an unchanged assumption of LVP volumes between 80 and 84 million vehicles for the period:

Consolidated sales

Currency and portfolio adjusted

**In a confirmed range of around € 7.1 to 7.6 billion,
now expected at the upper end of this range**

Adj. EBIT margin

Ex. restructuring & portfolio effects

**In a confirmed range of around 5.5% to 7.0%,
now expected at the lower end of this range**

Until May 2023, profitability in the Lighting and Electronics Business Groups is assumed to further develop compared to the level of the first six months of FY 2022 (June 1, 2022 to November 30, 2022)

2. Guidance for FY 2023, i.e. 12-month period from January 1, 2023 to December 31, 2023

Since HELLA has changed its fiscal year to the calendar year with effect from 1 January 2023, **guidance for FY 2023 will be announced on February 16, 2023**, along with the release of prelim. results for the FY 2022 (June 1, 2022 to December 31, 2022)

This guidance assumes no significant market deviation due to political, economical or social crises Especially that there will be no material impact a result of component shortages and that the Ukraine war will not result in any further adverse effects mainly from possible gas shortages and further cost increases.

Note: The EGM of HELLA in April 2022 resolved the conversion of the fiscal year to the calendar year. The registration of the conversion in the commercial register is completed thereby the outlook is given for 12 months starting June 2022 in accordance with DRS ("Deutscher Rechnungslegungs Standard") 20, which requires a minimum guided period of 12 months.

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04

Key Takeaways



Key Takeaways

- › First half FY 2022 with strong sales momentum and improving profitability
- › Continued globalization of business with strong outperformance in China and NSA
- › Improvement of operational performance and cash generation
- › Increased pass-throughs of inflation to improve profitability and impact on top line
- › Synergy effects support profitability



APPENDICES

Upcoming events

February 16, 2023

Preliminary FY 2022 incl. 2023 guidance

March 21, 2023

FY 2022

April 27, 2023

Q1 FY 2023

April 28, 2023

AGM FY 2022

July 25, 2023

H1 FY 2023

LVP production and Group sales per region

		H1 FY 20/21	H1 FY 21/22	H1 FY 2022
HELLA Group sales in €m	Worldwide	3,100	3,037	3,818
	Europe	1,878	1,742	2,004
		Growth		-7.2%
	North & South America	680	612	813
		Growth		-10.0%
Asia/Pacific & Rest of World	542	683	1,000	
	Growth		+26.0%	+46.3%
Light vehicle production in 1.000 units	Worldwide	42,683	36,806	43,563
	Europe	9,535	7,082	8,088
		Growth		-25.7%
	North & South America	9,155	7,608	8,944
		Growth		-16.9%
Asia/Pacific & Rest of World	23,993	22,116	26,531	
	Growth		-7.8%	+20.0%

Note: Light Vehicle Production (LVP) based on IHS Markit® data as of December 13, 2022; Growth figures always compared with the same period of the previous year

HELLA Group P&L including reconciliation

	H1 FY 2021/22	H1 FY 2022
Revenues reported	3,037.1	3,817.5
Adjustments	0.0	0.0
Revenues adjusted	3,037.1	3,817.5
Gross Profit reported	735.1	879.9
Adjustments	9.5	3.4
Gross Profit adjusted	744.5	883.3
R & D expenses reported	-333.7	-394.2
Adjustments	-4.1	3.0
R&D expenses adjusted	-337.9	-391.2
Distribution expenses reported	-164.7	-183.0
Adjustments	1.7	0.6
Distribution expenses adjusted	-163.0	-182.3
Admin expenses reported	-117.4	-138.4
Adjustments	6.2	0.8
Admin expenses adjusted	-111.1	-137.6
Other income reported	30.1	16.3
Adjustments	-17.3	-4.4
Other income adjusted	12.8	11.9
Other expenses reported	-11.8	-44.2
Adjustments	8.4	39.3
Other expenses adjusted	-3.5	-8.3
Earnings from investments* reported	11.5	25.9
Adjustments	2.4	0.0
Earnings from investments* adjusted	14.0	25.9
EBIT reported	149.1	162.4
Adjustments	6.7	39.3
EBIT adjusted	155.8	201.7

Note: For details on adjustments see financial report. *including other income from investments

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