



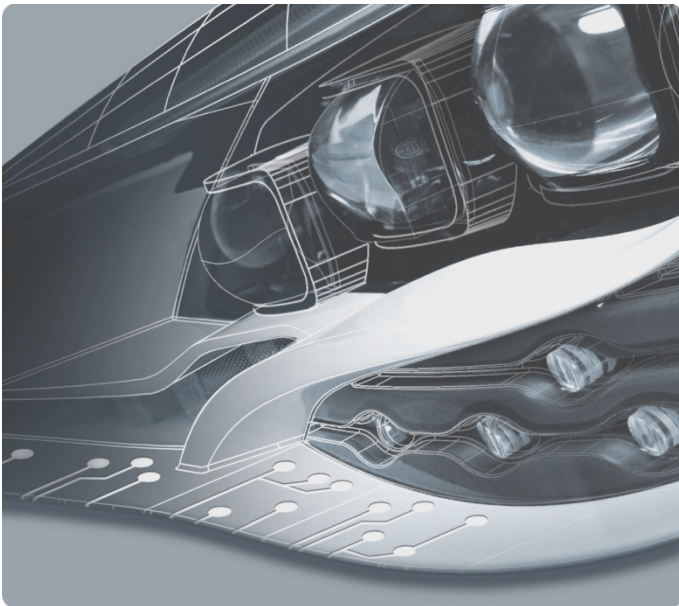
Technology with Vision

HELLA Investor Update Q1 FY 2019/20

Conference Call on September 26, 2019

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 Q1 FY 2019/20

Outline

- HELLA Financial Highlights Q1 FY 2019/20
- HELLA Financial Results Q1 FY 2019/20
- Outlook
- Q&A

Expected negative sales and EBIT development in Q1 FY 2019/20

Financial Highlights Q1 FY 2019/20

Sales

- **HELLA Group** currency and portfolio adjusted **sales declined by 5.5% YoY** to 1.6 bill. EUR

Profitability

- **Adj. Gross Profit margin** at **26.1%** (-0.8%-points YoY)
- **Adj. EBIT** -20.9 mill. EUR (-15.6% YoY) at **113 mill. EUR**
- **Adjusted EBIT margin** -0.9%-points to **7.2%**

Liquidity

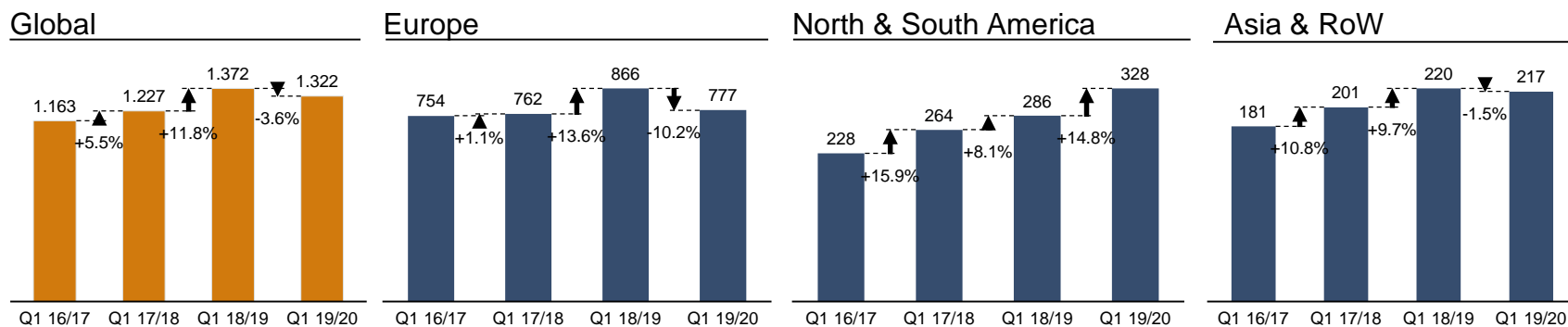
- **Adjusted Free Cash Flow from operating activities** increased by **8 mill. EUR** (+12.2% YoY) to **70 mill. EUR**

Note: Adjusted P&L and Balance Sheet figures for FY 18/19 and FY 19/20 exclude items from the Wholesale distribution since closing of the transactions. 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.

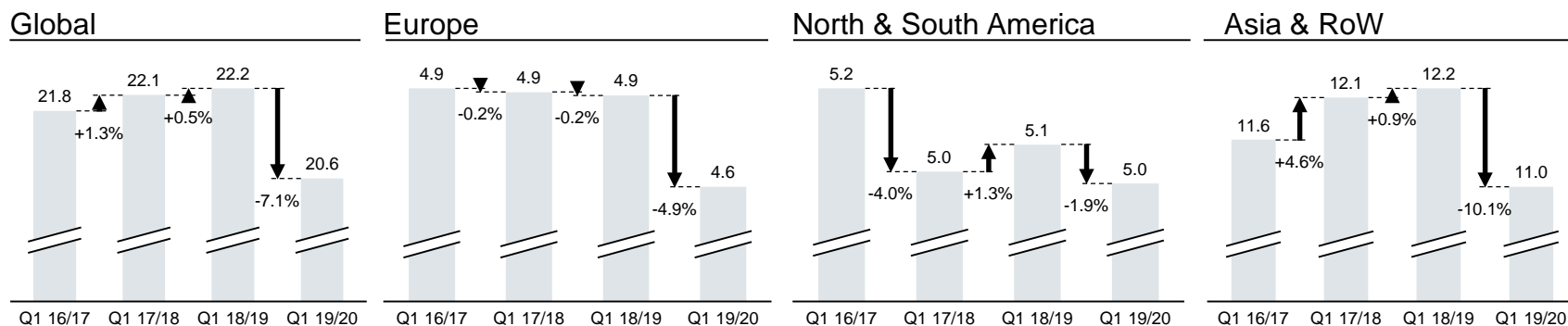
Automotive still outperforms LVP on a global basis

Financial Highlights Q1 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):

+4.2%	+11.3%	+3.4%	+1.3%	+13.8%	-5.4%	+19.9%	+6.8%	+16.7%	+6.2%	+8.8%	+8.5%
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Source: HELLA; IHS (as of September 2019)



HELLA Investor Update Q1 FY 2019/20

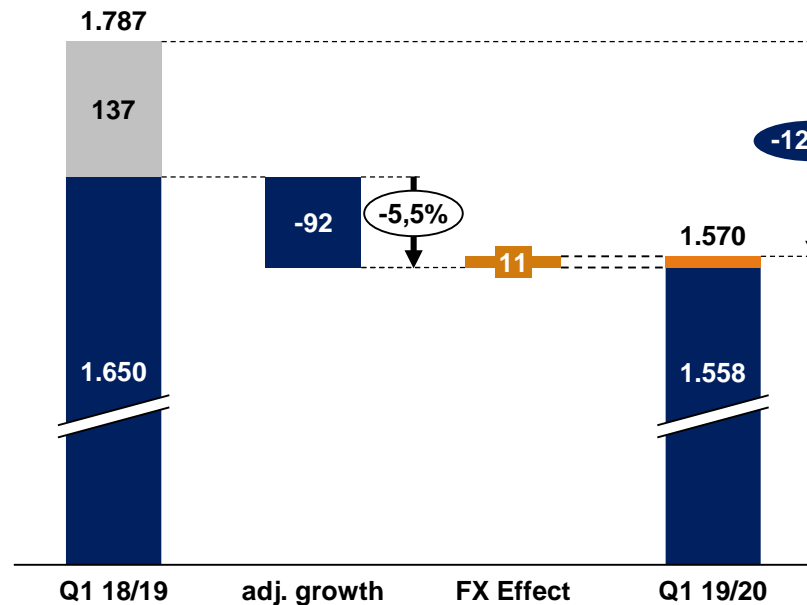
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HELLA top line with expected decline in Q1 FY 19/20

Financial Results Q1 FY 2019/20

HELLA Group sales (in EUR millions)



Comment

- **Currency (+0.7pp) and portfolio adjusted (-7.3pp) decrease of HELLA Group at 5.5% to 1.558 mill. EUR**
- **Reported sales of HELLA Group declined by 12.1% (decreased by 217.0 mill. EUR to 1.570 mill. EUR)**
 - **Automotive -3.6% to 1,333 mill. EUR.** Strong underlying demand especially for Electronics, but fewer ramp-ups with lower call-off rates
 - **Aftermarket* -8.9% to 159 mill. EUR,** lower demand in Southwest-Europe and Middle East as well as for Workshop products
 - **Special Applications -17.4% to 83 mill. EUR** due to weaker demand in Agriculture, Construction and Trailer as well as end of Australian production in the prior year, excl. this effect, decline by 12.3%

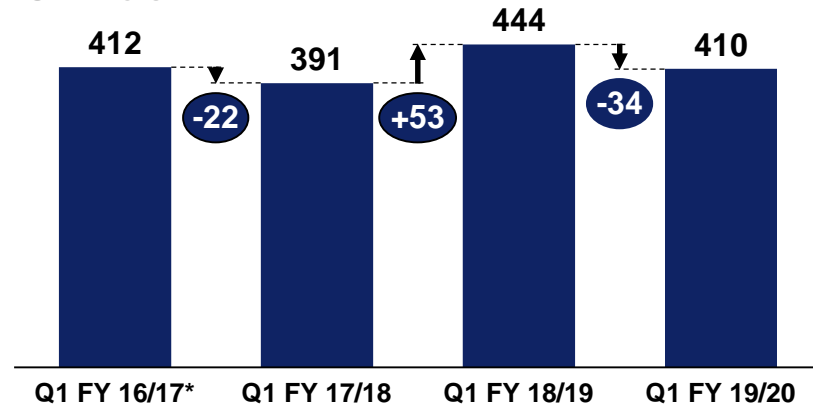
*Wholesale sales excluded

Adj. GPM decreased despite material and personnel cost savings due to lower growth dynamics and volatility in call offs

Financial results Q1 FY 2019/20

Adj. Gross Profit

EUR millions

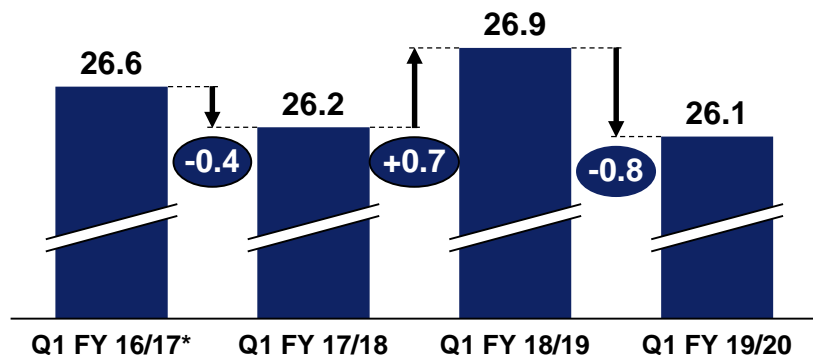


Highlights

- **Adj. Gross Profit decreased by 34 mill. EUR (-7.6%) to 410 mill. EUR**
 - **Automotive** -7.4% to 318 mill. EUR
 - **Aftermarket** -3.4 % to 59 mill. EUR
 - **Special Applications** -15.6% to 33 mill. EUR

Adj. Gross Profit margin

% sales



Highlights

- **Adj. Gross Profit margin decreased by 0.8%-points to 26.1%**
 - Decreased GPM Automotive (-1.0pp): missing economies of scale due to lower volumes and high volatilities
 - increased GPM in Aftermarket (+2.1pp) due to positive mix effects and cost optimization
 - higher GPM in SA (+0.8pp) due material cost efficiency and positive mix effects

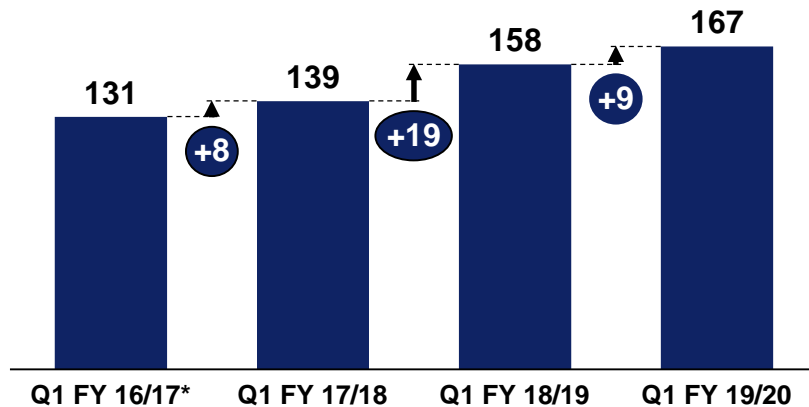
*Not restated for Wholesale effects

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

Financial results Q1 FY 2019/20

R&D expenses

EUR millions

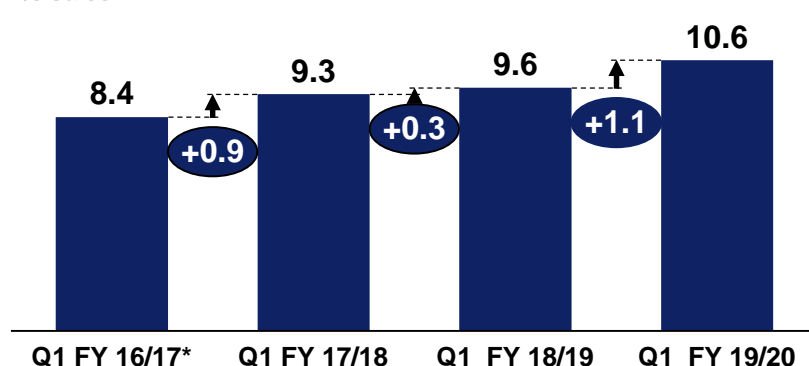


Highlights

- **Absolute R&D expenses** increased by 9 mill. EUR (+5.9% YoY) to **167 mill. EUR**; main drivers:
 - Preparation of new customer projects
 - Development of new future technologies in accelerating industry change

R&D expenses ratio

% sales



Highlights

- **FY 18/19 ratio +1.1pp to 10.6%** due to over-proportional increase in absolute R&D expenses

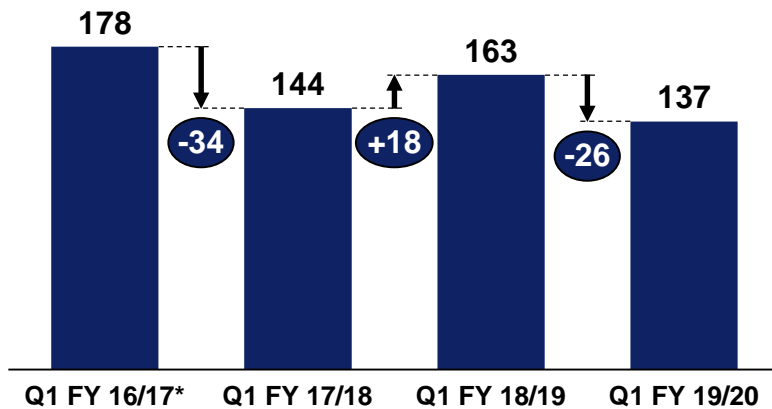
*Not restated for Wholesale effects.

SG&A costs declining due to continuous cost savings

Financial results Q1 FY 2019/20

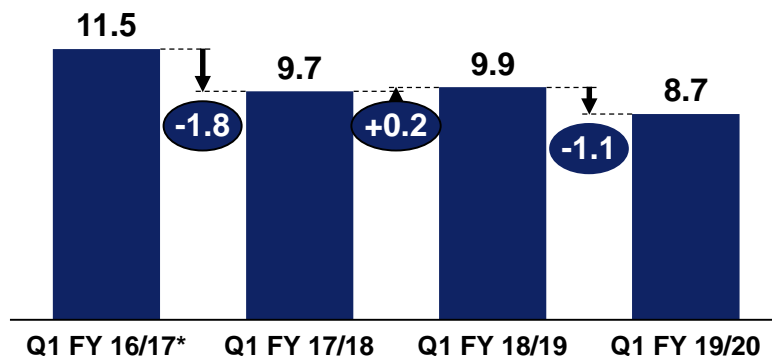
Adj. SG&A expenses

EUR millions



Adj. SG&A expenses ratio

% sales



*Not restated for Wholesale effects.

Highlights

- **Adj. SG&A costs** decreased (-26 mill. EUR, -15.8%) to **137 mill. EUR**
 - Decrease in logistic costs (-19 mill. EUR) with realized savings potentials
 - Lower admin expenses (-6 mill. EUR) with stringent saving programs
 - Nearly constant other adj. income and expenses

Highlights

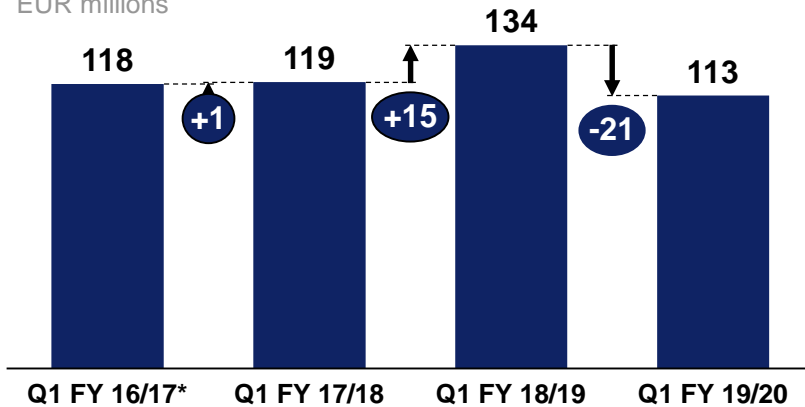
- **Adj. SG&A ratio** decreased (-1.1ppt) to **8.7%**
- Over-proportional decrease in absolute SG&A with savings programs and lower logistic costs

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

Financial results Q1 FY 2019/20

Adjusted EBIT

EUR millions

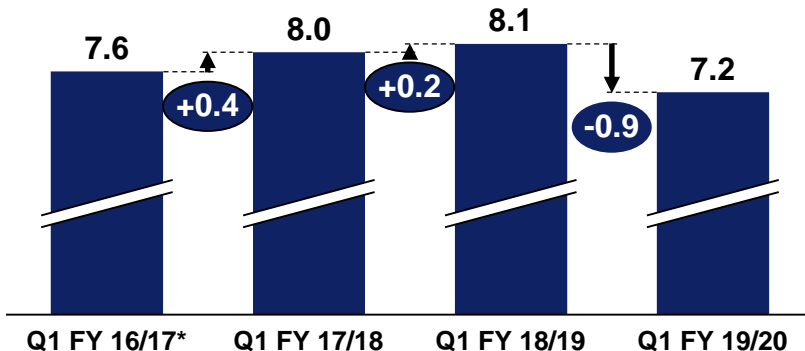


Highlights

- **Adjusted EBIT** decreased by 21 mill. EUR (-15.6%) to **113 mill. EUR**:
 - decrease in adj. Gross Profit by 34 mill. EUR (-7.6%)
 - higher R&D (+9 mill. EUR, +5.9%)
 - decrease in adj. SG&A (mainly lower distribution) by 26 mill. EUR (-15.8%)

Adjusted EBIT margin

% sales



Highlights

- **Adj. EBIT margin** decreased by **0.9%-points** to **7.2%**:
 - decrease of adj. GPM by 0.8pp
 - higher R&D expenses ratio (+1.1pp)
 - lower SG&A ratio (-1.1pp)

*Not restated for Wholesale effects.

P&L including reconciliation

Financial results Q1 FY 2019/20

FY comparison

HELLA GROUP		Q1 FY 18/19*	Q1 FY 19/20
in EUR mill.			
Gross Profit	reported	490.6	407.8
	Adjustments	-46.8	2.2
	adjusted	443.7	410.0
Other income and expenses	reported	6.9	7.7
	Adjustments	0.4	0.0
	adjusted	7.3	7.7
Distribution	reported	-152.3	-90.7
	Adjustments	42.2	0.0
	adjusted	-110.1	-90.7
Admin	reported	-59.8	-54.0
	Adjustments	0.0	0.1
	adjusted	-59.8	-54.0
EBIT	reported	138.5	111.1
	Adjustments	-4.2	2.3
	adjusted	134.3	113.4
Net financial result		-11.7	-7.8
Taxes		-31.5	-26.2
Earnings for the period		95.4	77.1
Earnings per share (EUR)		0.86	0.69

Comments

- Reported EBIT Q1 19/20 decreased by 28 mill. EUR mainly due to a lower Gross Profit and increased R&D expenses despite cost savings
- Tax ratio at normalized level of 25.4%
- Earnings for the period decreased driven by lower operating result
- EPS decreased by 0.17 EUR (-19.6%) to 0.69 EUR

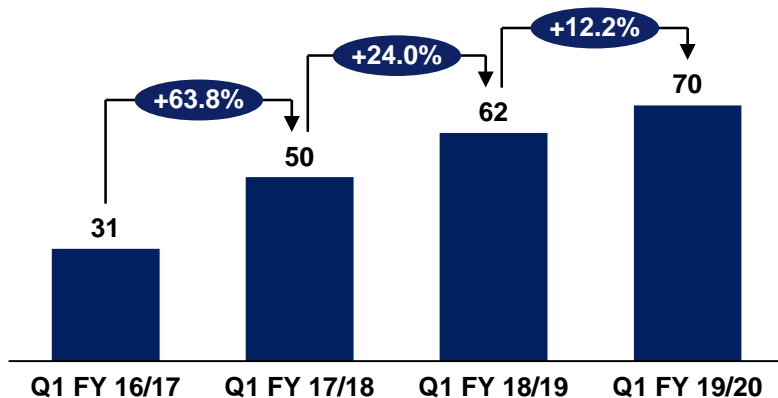
*Reported FY 18/19 restated for the sale of the wholesale distribution business. For details see financial report.

Adj. Free Cash Flow from operating activities increased with further reduction of Working Capital

Financial results Q1 FY 2019/20

Adj.¹ FCF from operating activities

EUR millions

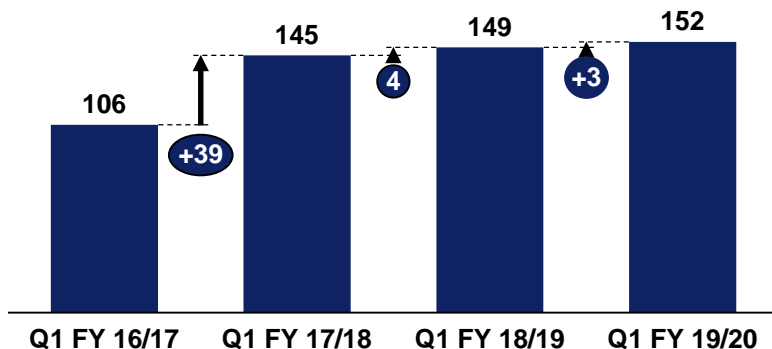


Highlights

- **Adj. Free Cash Flow from operating activities** increased by 8 mill. EUR to **70 mill. EUR**, mainly driven by other non-cash income and provision changes
- **Cash Conversion³ ratio** increased by 15.2pp to **61.5%**

Adj. Net CAPEX²

EUR millions



Highlights

- **Continuous investments** in customer-specific **equipment**

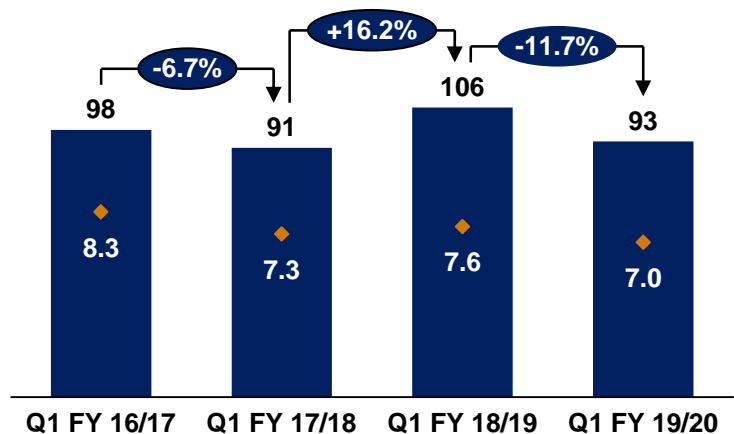
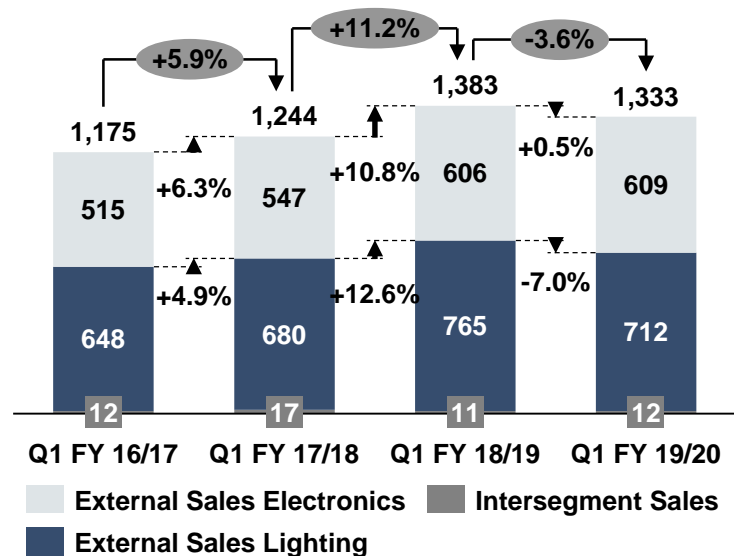
1) Adjustments of FCF include restructuring expenses, factoring, and payments received/made in in connection with the sale of the Wholesale business

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

Automotive segment with sales decline, profitability under pressure

Financial results Q1 FY 2019/20



■ EBIT ◆ EBIT Margin (% of total sales)

Automotive Sales

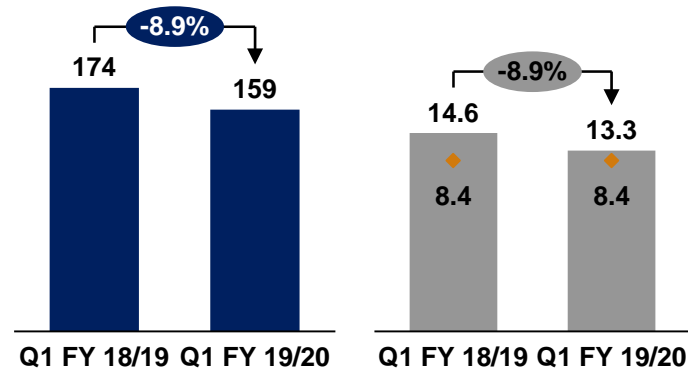
- **Decline of 3.6%** with lower production ramp-ups, expected EOPs and high comparable basis
 - **Demand for electronics products especially energy management and sensor product portfolio beyond market growth**
 - **Fewer launches of lighting products**
 - Overall demand driven by **NSA** and China

Automotive Profitability

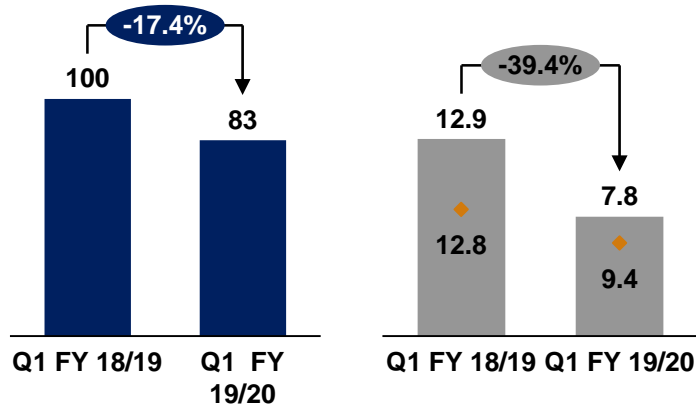
- **Decrease of adj. EBIT by -11.7%** to 93 mill. EUR, margin -0.6pp, mainly:
 - **Decrease in Gross Profit (-7.4%)**, despite savings still higher raw material and personnel expenses. High volatility weight negatively on Gross Profit, GPM decreased by 1.0pp to 23.9%
 - **Increase in R&D (+5.2%)** with preparation of new customer projects (booked business) and development of new technologies

Non Automotive segments with negative sales development, profitability supported by savings program and mix effects

Financial results Q1 FY 2019/20



■ EBIT
◆ EBIT Margin



■ Total Sales

■ EBIT
◆ EBIT Margin

*The figures for Aftermarket exclude the items from wholesale distribution.

Aftermarket*

- **Total sales decline of 8.9%:** negative **workshop business** due to high comparable basis, **IAM** demand still dampened by weakness in South-West Europe and Middle East
- **Comparable adj. EBIT with adj. EBIT margin at (8.4%):**
 - Growth in GPM by 2.1pp due to positive mix and material cost optimization
 - Lower distribution ratio due to cost control

Special Applications

- **Negative top-line development (-17.4%):**
 - Slow down in **Agricultural, Construction** and **Trailer** business
 - **End of production** in **Australia** in PY with negative impact especially on growth (-5.1pp)
- **Profitability down by 39.4%, margin -3.4pp to 9.4%:**
 - Lower volumes at improved material quota but investments in R&D

HELLA Investor Update Q1 FY 2019/20

Outline

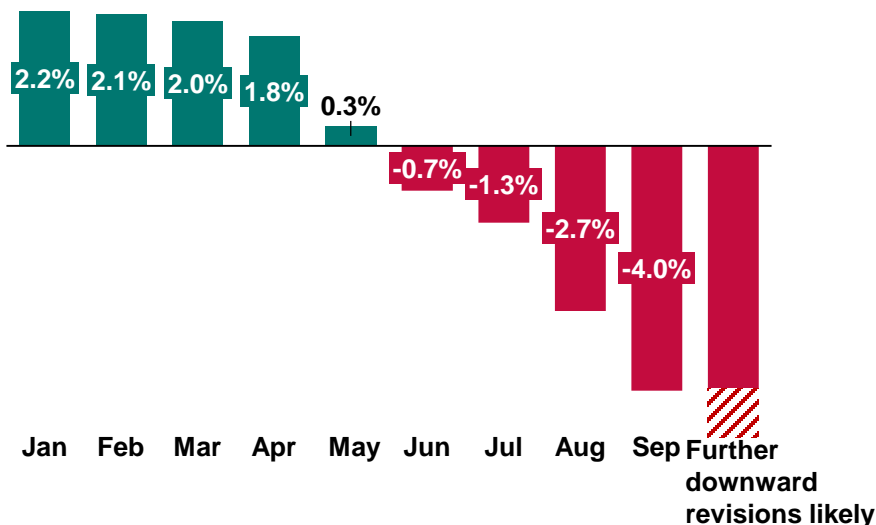
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Market outlook characterized by uncertainties and a continuous downward trend in predictions, further revisions possible

Market Outlook

Unstable market environment

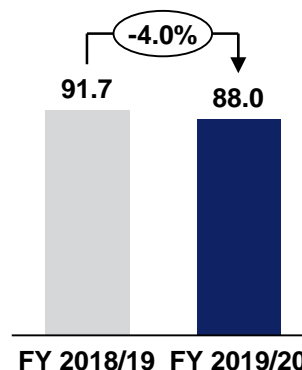
Global Light Vehicle Production
Comparison of IHS LVP estimates
Forecast for Fiscal Year 2019/20



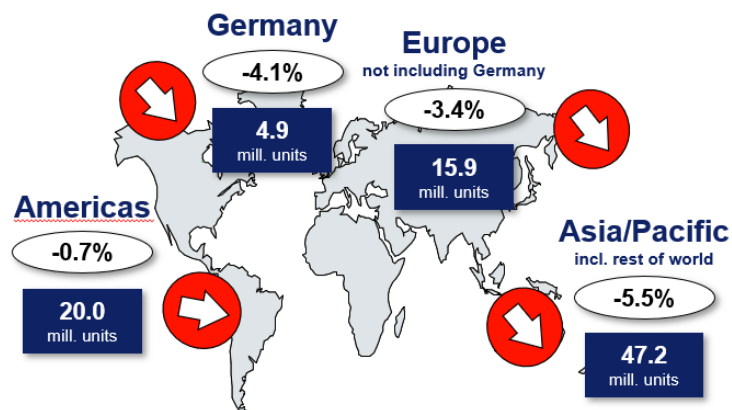
- Global demand decline especially in China confirmed by latest IHS forecasts
- Still high uncertainties in economic and market environment due to e.g. unresolved Brexit outcome and trade conflicts
- Forecasting ability especially for H2 FY 19/20 is limited

IHS AS OF TODAY:

Development of Global Light Vehicle Production
FY 2019/20, in mill. units



- Decrease by 4.0% to 88.0 mill. units expected
- Decline in production especially in Europe and Asia/Pacific



Despite declining industry trend and further high uncertainties, HELLA still expects to outperform the market

Company Guidance

Against the backdrop of declining sector-specific framework and high insecurities HELLA is currently expecting the following for FY 2019/20:

**Currency and portfolio
adjusted sales**

- In the range from 6.5 billion to 7.0 billion EUR

**Adjusted EBIT margin
excluding restructuring
and portfolio effects**

- In the range from 6.5% to 7.5%

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Technology with Vision

Thanks for your attention

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