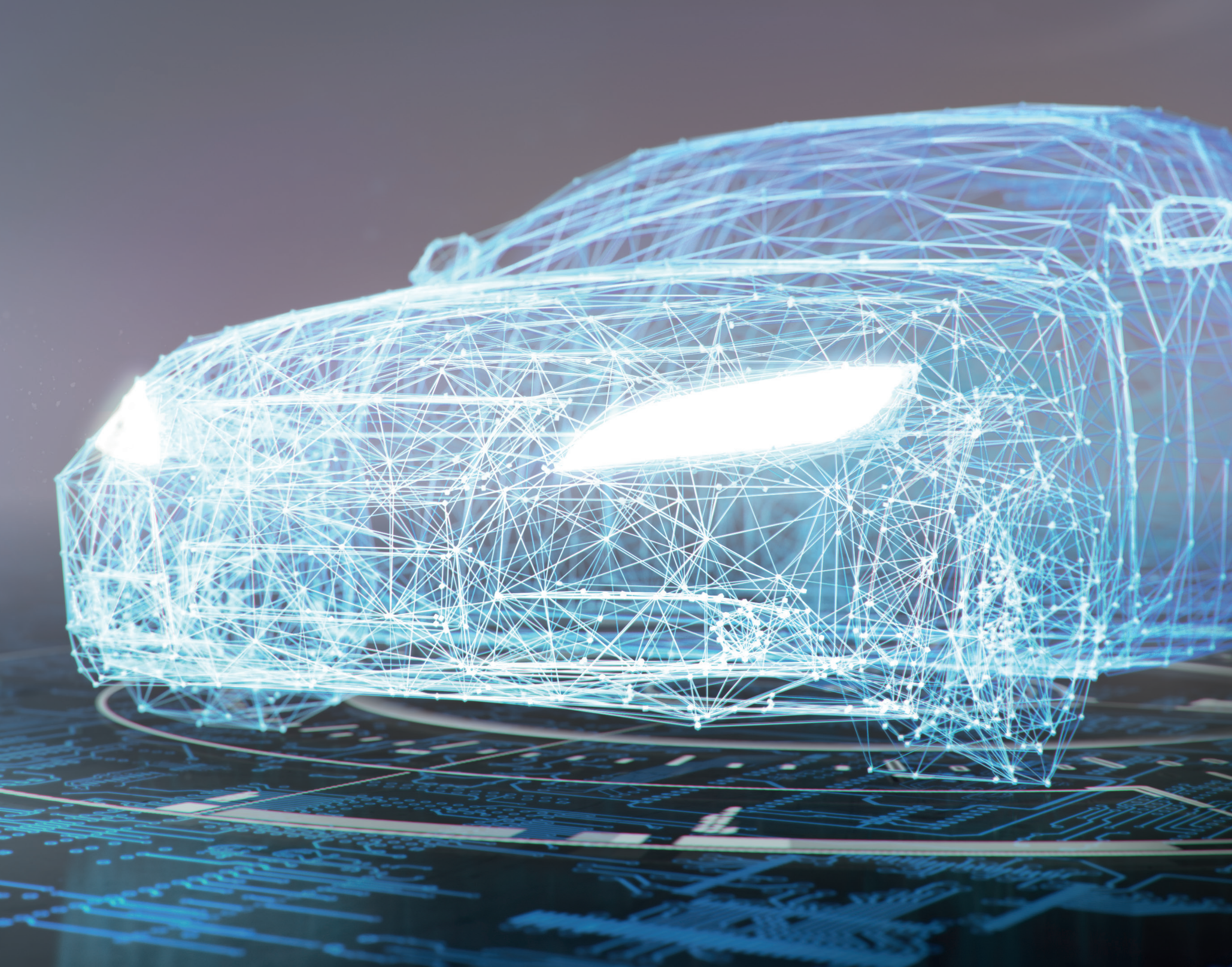
Technology with Vision

FINANCIAL STATEMENT 28 FEBRUARY 2018

3RD QUARTER
FISCAL YEAR 2017/2018



Contents

Key performance indicators

	1st - 3rd quarter 1 June to 28 February		3rd quarter 1 December to 28 February	
	2017/2018	2016/2017	**2017/2018**	2016/2017
Currency and portfolio-adjusted sales growth	9.3 %	3.5 %	9.4 %	5.7 %
Adjusted EBIT margin	8.0 %	7.8 %	6.9 %	6.6 %

	1st - 3rd quarter 1 June to 28 February		3rd quarter 1 December to 28 February	
In € million	**2017/2018**	2016/2017	**2017/2018**	2016/2017
Sales	5,130	4,776	1,678	1,578
Change compared to prior year	7 %	3 %	6 %	6 %
Adjusted earnings before interest and taxes (adjusted EBIT)	408	373	115	105
Change compared to prior year	9 %	8 %	10 %	17 %
Earnings before interest and taxes (EBIT)	404	348	114	103
Change compared to prior year	16 %	20 %	11 %	18 %
Adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA)	737	666	229	205
Change compared to prior year	11 %	7 %	12 %	11 %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	733	641	228	203
Change compared to prior year	14 %	10 %	13 %	11 %
Earnings for the period	277	248	78	74
Change compared to prior year	12 %	35 %	5 %	41 %
Earnings per share (in €)	2.48	2.21	0.70	0.65
Change compared to prior year	12 %	35 %	7 %	38 %
Adjusted free cash flow from operating activities	166	106	75	32
Free cash flow from operating activities	145	29	72	29
Net capital expenditure	312	328	99	120
Change compared to prior year	-5 %	10 %	-17 %	11 %
Research and development (R&D) expenses	510	468	171	157
Change compared to prior year	9 %	4 %	9 %	0 %

	1st - 3rd quarter 1 June to 28 February		3rd quarter 1 December to 28 February	
	2017/2018	2016/2017	**2017/2018**	2016/2017
EBIT margin	7.9 %	7.3 %	6.8 %	6.5 %
Adjusted EBITDA margin	14.4 %	13.9 %	13.7 %	13.0 %
EBITDA margin	14.3 %	13.4 %	13.6 %	12.9 %
R&D expenses in relation to sales	9.9 %	9.8 %	10.2 %	9.9%
Net capital expenditure in relation to sales	6.1 %	6.9 %	5.9 %	7.6 %

	28. February 2018	31. May 2017
Net financial debt (in € million)	250	278
Net financial debt / EBITDA (last 12 months)	0.2 x	0.3 x
Equity ratio	41.7 %	39.5 %
Return on equity (last 12 months)	17.1 %	17.3 %
Employees	40,064	37,716

Please note that where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding.
Further information can be found in the selected financial information and in the further notes.

Highlights

- **Consolidated sales** rise by 9.3% adjusted for currency effects and by 7.4% as reported to € 5,130 million after nine months.
- **Adjusted earnings before interest and taxes** improve by 9.5% to € 408 million; adjusted EBIT margin increases to 8.0%
- **Adjusted free cash flow** from operating activities increases to € 166 million after € 106 million in the prior year
- **Reported sales in the** Automotive segment increase by 8.2% to € 3,944 million; adjusted EBIT margin at 8.3%
- **Aftermarket with increase in sales in third-party business** (+3.9%) and improved profitability: EBIT margin increases to 6.3%
- **Special Applications** improve reported sales by 13.4%; EBIT margin increases to 10.2%
- In the third quarter, sales increased by 9.4% **adjusted for currency effects** and by 6.3% as reported; the adjusted EBIT increases by 10.0%; the adjusted EBIT margin is 6.9%

INDUSTRY DEVELOPMENT

- **Global light vehicle production increases by 1.3% during the reporting period**
- **Significant gains in industry development in Europe not including Germany (+6.6%); slight rise in Asia/Pacific/ RoW (+0.9%)**
- **Decrease in light vehicle production in Germany (-1.3%) and North, Central and South America (-2.2%)**
- **In the third quarter, growth in global light vehicle production is at 0.7%**

The international automotive sector improved slightly in the first nine months of fiscal year 2017/2018 (1 June 2017 to 28 February 2018). According to the IHS market research institute, the production of passenger cars and light commercial vehicles increased worldwide by 1.3% to 71.3 million units (prior year: 70.4 million units). In the third quarter, growth in light vehicle production was at 0.7%. The automotive industry is therefore seeing significantly less growth than in the first nine months of fiscal year 2016/2017 (+6.7%). The growth driver was primarily Europe not including Germany: The number of vehicles produced increased by 6.6% here to 12.2 million units (prior year: 11.5 million units). This was bolstered by strong growth in the third quarter (+9.4%). The German market, however, saw a downturn in light vehicle production of 1.3% to 4.3 million units in the reporting period (prior year: 4.4 million units). In Asia/Pacific/Rest of World, the number of new units produced increased by 0.9% to 38.3 million units (prior year: 38.0 million units) overall during the reporting period despite a drop in the third quarter (-1.7%). The key cause behind this is the industry development in China. There, light vehicle production during the reporting period increased by 0.5% to 21.1 million units (prior year: 20.9 million units) but also saw a downturn in the third quarter (-2.7%). In North, Central and South America, the negative industry development continued and recorded a downturn of 2.2% to 15.0 million new units in the reporting period (prior year: 15.4 million). This can primarily be attributed to the US market which recorded a decline of 9.3% to 8.0 million new vehicles produced (prior year: 8.8 million). In the third quarter, the decrease in light vehicle production was 0.4% in North, Central and South America and 4.0% in the United States.

BUSINESS DEVELOPMENT OF THE HELLA GROUP

- **Consolidated sales rise by 9.3% adjusted for currency effects and by 7.4% as reported to € 5,130 million**
- **Adjusted earnings before interest and taxes improve by 9.5% to € 408 million; adjusted EBIT margin increases to 8.0%**
- **Adjusted free cash flow from operating activities increases to € 166 million after € 106 million in the prior year**
- **In the third quarter, sales increases by 9.4% adjusted for currency effects and by 6.3% as reported; the adjusted EBIT increases by 10.0%; the adjusted EBIT margin is 6.9%**

Results of operations

In the first nine months of fiscal year 2017/2018, the currency-adjusted sales of the HELLA Group rose by 9.3% (prior year: 3.5% adjusted for portfolio and currency effects). Taking negative exchange rate effects into account, reported sales increased by 7.4% to € 5,130 million (prior year: € 4,776 million). The reported sales growth was 2.6% during the prior year's period. Growth was also promoted in the nine month period by a significant upturn in sales in the Automotive and Special Applications segments. In the third quarter of the current fiscal year, currency-adjusted consolidated sales increased by 9.4% and reported consolidated sales by 6.3% to € 1,678 million (prior year: € 1,578 million). In the quarter from the prior year, consolidate sales grew, as a result of increasing growth momentum, by 5.7% adjusted for portfolio and currency effects and by 5.5% as reported.

HELLA Group sales (in € million and year-on-year growth in %) for the first nine months

In the first nine months of the current fiscal year, the reported consolidated sales in the region Europe not including Germany posted an increase of 12.4% to € 1,805 million (prior year: € 1,606 million), while the selective German market declined by -3.5% to € 1,589 million (prior year: € 1,646 million). Reported sales in Asia/Pacific/RoW increased by 11.1% to € 868 million (prior year: € 781 million) and in North, Central and South America by 16.9% to € 868 million as well (prior year: € 743 million). In the third quarter, the regions of Europe not including Germany (+11.2%), Asia/Pacific/RoW (+6.4%) and North, Central and South America (+15.0%) increased their sales significantly, while sales experienced a slight downturn in the selective German market (-2.4%).

Adjusted earnings before interest and taxes (adjusted EBIT) of the HELLA Group improved during the reporting period by 9.5% year-over-year to € 408 million (prior year: € 373 million). As a result, the adjusted EBIT margin increased to 8.0% (prior year: 7.8%). This improvement is due to higher sales growth and an increased gross profit margin throughout the Group. In the third quarter of the current fiscal year, the adjusted EBIT increased significantly over the same quarter from the prior year, by 10.0% to € 115 million (prior year: € 105 million); thus the adjusted EBIT margin increased to 6.9% (prior year: 6.6%).

Taking these special effects into account, reported earnings before interest and taxes (EBIT) in the first nine months of fiscal year 2017/2018 improved by 16.0% to € 404 million (prior year: € 348 million) and by 11.2% to € 114 million (prior year: € 103 million) in the third quarter. Thus, in the reporting period, the EBIT margin increases to 7.9% (prior year: 7.3%) and 6.8% in the third quarter (prior year: 6.5%). In the reporting period, earnings before interest and taxes were adjusted for restructuring measures in Germany amounting to € 4 million. In the same period from the prior year, adjustments were necessary in conjunction with the uncontested ruling of proceedings of the European Commission at the beginning of the current fiscal year (totaling € 16 million) and for restructuring measures in Germany (€ 9 million).

A positive development in all business segments brought an increase in reported gross profit of 8.8% to € 1,428 million in the nine month period (prior year: € 1,313 million), and thus the gross profit margin in the reporting period is 27.8% (prior year: 27.5%). In the third quarter, the reported gross profit increased by 8.1% to € 461 million (prior year: € 426 million); thus the gross profit margin in the third quarter increases to 27.5% (prior year: 27.0%).

Research & Development (R&D) expenses increased to € 510 million in the reporting period (prior year: € 468 million). In relation to sales, this corresponds to an R&D ratio of 9.9% (prior year: 9.8%). R&D costs came to € 171 million in the third quarter of the current fiscal year (prior year: € 157 million), equivalent to an increase in the R&D ratio to 10.2% (prior year: 9.9%). These expenses were incurred in particular from the expansion and the drive to bolster HELLA's leading technological position along automotive market trends. Trends particularly relevant to HELLA here are autonomous driving, efficiency and electrification, digitalization and connectivity, as well as individualization. Further expenses were incurred in relation to the preparation and implementation of production ramp-ups, and in further expanding international development capacities.

During the reporting period, the distribution and administrative expenses as well as the net of other income and expenses increased slightly to a total of € 548 million (prior year: € 540 million). This reduced the ratio of these expenses in relation to sales to 10.7% (prior year: 11.3%). This is primarily caused by a lower distribution cost ratio and a significantly improved net of other income and expenses. In the reporting period of the prior year, this was strained especially due to expenses resulting from uncontested rulings of proceedings of the European Commission. In the third quarter, distribution and administrative expenses as well as the net of other income and expenses increased slightly to € 185 million (prior year: € 176 million). This reduced the ratio in relation to sales to 11.0% (prior year: 11.2%).

Adjusted earnings before interest and taxes (adjusted EBIT; in € million and as a % of sales) for the first nine months

The contribution to earnings made by the joint ventures and other associates decreased to € 33 million in the nine month period (prior year: € 42 million). Consequently, the contribution made by the joint ventures and other associates to consolidated earnings before interest and taxes (EBIT) in the reporting period was 8.1% (prior year: 12.0%). This development is mainly attributable to lower earnings by Chinese and South Korean joint ventures. In the third quarter, the contribution to earnings of joint ventures and other associates is with € 9 million at the same level as in the prior year (prior year: € 9 million). The share of the earnings before interest and taxes drops to 8.0% (prior year: 8.9%).

The net financial result came to € -33 million after nine months (prior year: € -29 million) and to € -10 million in the third quarter (prior year: € –7 million). Income tax expenses amount to € 95 million in the reporting period (prior year: € 71 million) and to € 27 million in the third quarter (prior year: € 21 million).

The earnings for the period thus stand at € 277 million in the nine month period (prior year: € 248 million) and at € 78 million in the third quarter (prior year: € 74 million). Earnings per share thus rise to € 2.48 in the reporting period (prior year: € 2.21) and to € 0.70 in the third quarter (prior year: € 0.65).

Financial status

In the first nine months of the fiscal year 2017/2018, net cash flow from operating activities rose to € 564 million when compared with the prior-year period (prior year: € 442 million). This development was financed by earnings before taxes (EBT), which increased by € 52 million. In the Working Capital area, higher liabilities had a positive effect. These liabilities were offset by higher receivables and inventories due to strong growth and production rollouts. The net cash flow from operating activities was reduced due to the outflow of funds in connection with the uncontested ruling of proceedings of the European Commission at the beginning of the current fiscal year (2017/2018) and due to restructuring operations in Germany. In the third quarter of the fiscal year 2017/2018, net cash flow from operating activities grew by € 27 million to € 202 million (prior year: € 175 million).

Compared with the period of the prior year, net capital expenditure as the net of the net payment flows for the acquisition or sale of non-current assets and the corresponding customer reimbursements dropped by € 15 million to € 312 million (prior year: € 328 million). In this context, the net payment flows for the acquisition or sale of non-current assets was € 420 million during the reporting period (prior year: € 419 million) and customer reimbursements increased to € 107 million in the same period (prior year: € 91 million). The net capital expenditure from the third quarter decreased to € 99 million (prior year: € 120 million).

In the first nine months of fiscal year 2017/2018, the free cash flow from operating activities was € 145 million (prior year: € 29 million) and € 72 million in the third quarter (prior year: € 29 million).

When adjusted for payments for restructuring measures in Germany and expenses related to the uncontested ruling of the proceedings of the European Commission, the adjusted free cash flow from operating activities was € 166 million (prior year: € 106 million). In the prior year, the free cash flow from operating activities was adjusted for the increase in receivables from completing the factoring program. In the third quarter, the adjusted free cash flow from operating activities stood at € 75 million (prior year: € 32 million).

The € 300 million bond issued in 2014 was repaid in September 2017.

In the third quarter of the current fiscal year, HELLA also took out a US$ 200 million loan in Mexico. The loan consists of one three-year portion and one five-year portion.

The dividends of € 0.92 per share enacted at the annual general meeting on 28 September 2017 amount to a total of € 102 million. In addition, approximately € 1 million was paid as dividends to shareholders who hold non-controlling shares.

Financial position

Compared to the end of the prior fiscal year, cash and cash equivalents and current financial assets decreased by € 148 million to € 950 million. The total of current and non-current financial liabilities fell to € 1,200 million, equivalent to a decline of € 176 million compared to 31 May 2017 (€ 1,377 million). Net financial debt as the balance of cash and cash equivalents and current financial assets together with current and non-current financial liabilities decreased by € 28 million to € 250 million in the first nine months compared with the end of the prior fiscal year.

At the reporting date for the current fiscal year (28 February 2018), the ratio of net financial debt to EBITDA for the last twelve months was 0.2. On the balance sheet date of the past fiscal year 2016/2017 (31 May 2017), the ratio of net financial debt to EBITDA for the last twelve months was 0.3.

The corporate rating issued by Moody's remains in the investment grade segment at Baa2 with a positive outlook. Moody's last confirmed its credit opinion in September 2017.

Further events in the third quarter

HELLA'S MANAGEMENT BOARD NEWLY ARRANGED TO SET PATH FOR THE FUTURE

- The HELLA management board is being newly arranged. Thus, the management contract for HELLA President and CEO Dr. Rolf Breidenbach, is being extended to 31 January 2024. In addition to his previous functions, Dr. Rolf Breidenbach has also assumed leadership of the Lighting business division. At the same time, Dr. Frank Huber has become the deputy managing director of the Lighting business division and will be a member of the HELLA management board as of April 1, 2018. Markus Bannert, who managed the division up to now, has left the company upon personal request. Also, the Automotive Sales corporate function will be integrated into the business divisions Lighting and Electronics. The previous managing director for Automotive Sales, Dr. Matthias Schöllmann, will leave the company upon personal request after his contract expires at the end of March 2018.

HELLA ADVANCES OLED TECHNOLOGY FOR AUTOMOTIVE APPLICATIONS

- HELLA has produced a rear combination lamp with OLED technology in large-scale series production for the first time for a premium original equipment manufacturer. HELLA is driving the possibilities for personalized rear combination lamp design forward with this technology. These lamps allow the implementation of various coming home and leaving home scenarios and much more.

NEW DIAGNOSTIC UNIT LAUNCHED ON THE MARKET FOR FAST AND COMPREHENSIVE REPAIR SUPPORT

- HELLA has launched a new diagnostic unit for faster and more comprehensive repair support. The new mega macs 77 refines the established mega macs diagnostic systems and enables fast trouble code reading and interpretation as well as other features.

BUSINESS DEVELOPMENT OF THE SEGMENTS

Automotive

- **Reported segment sales increase by 8.2% to € 3,944 million due to demand for innovative lighting systems and electronics solutions**
- **Adjusted earnings before interest and taxes improves by 4.4% to € 328 million; adjusted EBIT margin at 8.3%**
- **Continued capacity expansion in the Automotive segment**
- **In the third quarter, reported segment sales increased by 6.3%; the adjusted EBIT margin is 7.0%**

In the first nine months of the current fiscal year, reported Automotive segment sales increased by 8.2% to € 3,944 million (prior year: € 3,646 million). The increased sales is mainly attributable to new production rollouts and higher production volumes. These are the result of increased demand for innovative lighting systems and electronics solutions, especially in the areas of Driver Assistance Systems and Energy Management. In the third quarter, the Automotive segment also saw good business development, recording a sales increase of 6.3% to € 1,293 million (prior year: € 1,217 million). In the prior fiscal year, reported sales growth for the Automotive segment was 2.6% in the nine-month period and 6.5% in the third quarter.

In the reporting period, the adjusted earnings before interest and taxes (adjusted EBIT) of the segment increased by 4.4% to € 328 million (prior year: € 314 million). As a result, the adjusted EBIT margin is 8.3% (prior year: 8.6%). The segment earnings were adjusted by € 1 million during the reporting period for restructuring measures in Germany; no adjustments were made in the Automotive segment in the same period from the prior year. Consequently, the reported earnings before interest and taxes (EBIT) in the reporting period increases by 4.0% to € 327 million (prior year: € 314 million) and the reported EBIT margin is also 8.3% (prior year: 8.6%).

In the first nine months of fiscal year 2017/2018, the segment earnings were negatively affected due to the continued capacity expansion and construction of new plants in Mexico, China, Lithuania and India at an initially low capacity utilization. In addition, the contribution of joint ventures and other associates to segment earnings was reduced as a result of lower earnings of Chinese and South Korean joint ventures in the reporting period. Furthermore, negative exchange rates and higher expenses for research and development have led to higher costs for sales and administration when preparing and executing production rollouts and expanding technological leadership and have a minimizing effect on the segment earnings.

In the third quarter, the adjusted EBIT for the segment increased by 4.1% to € 91 million (prior year: € 87 million); accordingly, the adjusted EBIT margin is 7.0% (prior year: 7.1%). Taking special effects into account, the reported EBIT in the Automotive segment increased by 4.0% to € 90 million (prior year: € 87 million). Thus the reported EBIT margin is 7.0% (prior year: 7.1%) in the third quarter.

	1st - 3rd quarter 1 June to 28 February			3rd quarter 1 December to 28 February		
In € million	**2017/2018**	%	2016/2017	**2017/2018**	%	2016/2017
Sales with external customers	3,905	+8.2%	3,610	1,282	+6.4%	1,204
Intersegment sales	39		36	12		12
Segment sales	**3,944**	**+8.2%**	**3,646**	**1,293**	**+6.3%**	**1,217**
Cost of sales	-2,936		-2,727	-969		-918
Gross profit	**1,008**	**+9.6%**	**919**	**324**	**+8.6%**	**298**
Research and development expenses	-485		-443	-164		-150
Distribution expenses	-101		-89	-34		-31
Administrative expenses	-141		-127	-48		-43
Other income and expenses	18		17	4		5
Earnings from investments accounted for using the equity method	28		37	8		8
Earnings before interest and taxes (EBIT)	**327**	**+4.0%**	**314**	**90**	**+4.0%**	**87**
Earnings before interest and taxes (EBIT) in relation to sales	8.3%		8.6%	7.0%		7.1%
Earnings before interest and taxes after adjustments in the segment result (adjusted EBIT)	**328**	**+4.4%**	**314**	**91**	**+4.1%**	**87**
Adjusted earnings before interest and taxes (adjusted EBIT) in relation to sales	8.3%		8.6%	7.0%		7.1%

Aftermarket

- **Aftermarket increases sales with external customers by 3.9% in the reporting period**
- **Positive business development in independent aftermarket and wholesale distribution supports sales growth**
- **Significantly improved profitability in the Aftermarket segment: EBIT margin increases to 6.3%**
- **Increase in sales with external customers of 4.5% in the third quarter; EBIT increases by 35.5%**

Reported sales with external customers in the Aftermarket segment rose by 3.9% in the first nine months of fiscal year 2017/2018 to € 897 million (prior year: € 864 million). The business activities, especially in the independent aftermarket and in wholesale distribution, saw positive development during the reporting period. In relation to overall sales, the reported segment sales of € 899 million in the nine-month reporting period is slightly more than the prior year's level (prior year: € 893 million). In addition the increase in sales is supported by positive business development in the third quarter. In this period, sales with external customers increased by 4.5% to € 287 million due to good business development in diagnostic and workshop products as well as other factors (prior year: € 275 million) and by 1.8% to € 288 million in relation to overall sales in the segment (prior year: € 283 million).

In addition, compared to the prior year, the reported earnings before interest and taxes (EBIT) increased by 9.3% to € 57 million in the Aftermarket segment during the reporting period (prior year: € 52 million), resulting in a notable increase in the EBIT margin to 6.3% (prior year: 5.8%). In particular, an improved gross profit margin (34.8% after 34.5% in the prior year) and a lower administrative expense ratio had a positive effect in the reporting period. A notable increase in earnings in the third quarter benefited this improvement in the reporting period. As a result of a lower distribution cost ratio in particular, the EBIT increased by 35.5% to € 20 million in the reporting period (prior year: € 14 million); this led to an increase in the operating result margin to 6.8% in the third quarter (prior year: 5.1%).

	1st - 3rd quarter 1 June to 28 February			3rd quarter 1 December to 28 February		
In € million	**2017/2018**	%	2016/2017*	**2017/2018**	%	2016/2017*
Sales with external customers	897	+3.9%	864	287	+4.5%	275
Intersegment sales	2		29	1		8
Segment sales	**899**	**+0.7%**	**893**	**288**	**+1.8%**	**283**
Cost of sales	-586		-585	-185		-182
Gross profit	**313**	**+1.7%**	**308**	**103**	**+2.6%**	**101**
Research and development expenses	-10		-10	-3		-3
Distribution expenses	-244		-240	-80		-81
Administrative expenses	-15		-19	-5		-6
Other income and expenses	8		8	3		3
Earnings from investments accounted for using the equity method	5		5	1		1
Earnings before interest and taxes (EBIT)	**57**	**+9.3%**	**52**	**20**	**+35.5%**	**14**
Earnings before interest and taxes (EBIT) in relation to sales	6.3%		5.8%	6.8%		5.1%

* Prior-year figures were adjusted. Please refer to the consolidated financial statements for fiscal year 2016/2017 for further information.

Special Applications

- **Reported segment sales increase by 13.4%: Positive development in business for agricultural and construction vehicles**
- **Special Applications with substantially improved profitability: Reported EBIT margin increases to 10.2% after the first nine months**
- **Significant growth in sales and earnings in the third quarter: Segment sales increase by 14.2%, EBIT increases from € 4 million to € 8 million**

In the reporting period, the Special Applications segment saw positive development in business performance. In the first nine months of the current fiscal year, reported segment sales significantly increased by 13.4% to € 314 million (prior year: € 277 million). A positive development, particularly for agricultural and construction vehicles, has supported the sales development of the segment. In addition, the increased sales in the segment result from a disproportionate number of calls from customers in Australia. Reported segment sales increased by 14.2% to € 103 million in the third quarter (prior year: € 90 million).

In addition, the profitability of the segment also improved significantly in the reporting period. Thus, earnings before interest and taxes (EBIT) increased by € 23 million to € 32 million in the first nine months of the 2017/2018 fiscal year (prior year: € 9 million). Accordingly, the EBIT margin increases substantially to 10.2% (prior year: 3.1%).

These improvements can initially be attributed to higher sales growth and an increased gross profit margin (34.6% in the reporting period after 31.3% in the prior year). This has increased due to disproportionate calls from customers at the Australia location and other factors. In addition, a lower R&D ratio as well as lower distribution and administrative expense ratios have contributed to increased profitability in the Special Applications segment. Furthermore, in the prior-year period, earnings were strained due to negative effects from the sale of the Industries and Airport Lighting business activities (totaling € 12 million).

In the third quarter, earnings before interest and taxes (EBIT) increased by € 4 million to € 8 million (prior year: € 4 million); consequently, the EBIT margin increases to 8.0% (prior year: 4.2%).

	1st - 3rd quarter 1 June to 28 February			3rd quarter 1 December to 28 February		
In € million	**2017/2018**	%	2016/2017*	**2017/2018**	%	2016/2017*
Sales with external customers	305	+10.3%	277	100	+11.3%	90
Intersegment sales	9		1	3		0
Segment sales	**314**	**+13.4%**	**277**	**103**	**+14.2%**	**90**
Cost of sales	-206		-191	-69		-62
Gross profit	**109**	**+25.4%**	**87**	**34**	**+20.5%**	**28**
Research and development expenses	-15		-14	-5		-4
Distribution expenses	-43		-48	-15		-16
Administrative expenses	-21		-21	-7		-7
Other income and expenses	3		5	1		2
Earnings from investments accounted for using the equity method	0		0	0		0
Earnings before interest and taxes (EBIT)	**32**	**+273%**	**9**	**8**	**+118%**	**4**
Earnings before interest and taxes (EBIT) in relation to sales	10.2%		3.1%	8.0%		4.2%

* Prior-year figures were adjusted. Please refer to the consolidated financial statements for fiscal year 2016/2017 for further information.

OPPORTUNITY AND RISK REPORT

There were no significant changes in the opportunities and risks during the reporting period. Details of the significant opportunities and risks may be found in the annual report 2016/2017.

FORECAST REPORT

- **1.6% increase in global light vehicle production expected**
- **Positive company outlook confirmed after nine months**

Industry outlook

The IHS Light Vehicle Production Forecast revised at the beginning of March 2018 for HELLA fiscal year 2017/2018 (1 June 2017 through 31 May 2018) is projecting an increase in new global light vehicle production of 1.6% to a total of 96.0 million units (prior year: 94.5 million units). This industry development is supported primarily by the region of Europe not including Germany and, to a lesser extent, by the Asia/Pacific/RoW region. For Europe not including Germany, overall growth in newly produced vehicles by 5.0% to 16.7 million (prior year: 15.9 million units) is projected, while, for the selective German market, a decrease in newly produced vehicles by 1.4% to 5.8 million (prior year: 5.9 million units) is projected in the same period. New light vehicle production in Asia/Pacific/Rest of the World is currently expected to increase by 1.3% to 50.9 million units (prior year: 50.3 million units). In the selective Chinese market, based on current IHS forecasts, vehicle demand will increase by 1.5% to 27.8 million newly produced vehicles (prior year: 27.4 million units). In the North, Central and South America region, the number of newly produced vehicles is expected to decrease by 0.8% to 20.6 million units (prior year: 20.8 million units). This industry development is still being hindered in particular by the selective US market where the number of newly produced vehicles is expected to decrease significantly by 6.6% to 11.0 million units (prior year: 11.8 million units) particularly after a weak first half of the year.

Company outlook

The present outlook for the fiscal year 2017/2018 currently in progress is still in line with the forecast shown in the 2016/2017 annual report. HELLA therefore continues to expect currency-adjusted sales growth and an increase in adjusted earnings before interest and tax (adjusted EBIT) of 5 to 10% each compared with the past fiscal year. The target for the adjusted EBIT margin remains at approximately 8%.

SELECTED FINANCIAL INFORMATION

Consolidated income statement

of HELLA GmbH & Co. KGaA

	1.-3. quarter 1 June to 28 February		3rd quarter 1 December to 28 February	
EUR thousand	**2017/2018**	2016/2017	**2017/2018**	2016/2017
Sales	**5,129,947**	**4,775,659**	**1,677,611**	**1,577,973**
Cost of sales	-3,701,482	**-3,462,239**	-1,216,914	-1,151,655
Gross profit	**1,428,465**	**1,313,420**	**460,697**	**426,318**
Research and development expenses	-509,946	**-467,631**	-171,239	-156,694
Distribution expenses	-388,063	**-377,309**	-128,688	-127,640
Administrative expenses	-172,938	-161,284	-61,313	-54,509
Other income and expenses	13,385	-1,204	5,469	6,005
Earnings from investments accounted for using the equity method	32,663	41,896	9,196	9,197
Other income from investments	357	277	297	260
Earnings before interest and taxes (EBIT)	**403,922**	**348,166**	**114,420**	**102,936**
Financial income	22,792	17,331	724	1,377
Financial expenses	-55,539	-46,324	-10,603	-8,728
Net financial result	**-32,747**	**-28,993**	**-9,878**	**-7,351**
Earnings before income taxes (EBT)	**371,175**	**319,173**	**104,541**	**95,585**
Income taxes	-94,650	-71,495	-26,658	-21,411
Earnings for the period	**276,525**	**247,678**	**77,883**	**74,174**
of which attributable:				
to the owners of the parent company	275,529	245,180	77,585	72,191
to non-controlling interests	996	2,498	298	1,983
Basic earnings per share in €	**2.48**	**2.21**	**0.70**	**0.65**
Diluted earnings per share in €	**2.48**	**2.21**	**0.70**	**0.65**

Segment reporting

The segment information for the first nine months (1 June to 28 February) of fiscal years 2017/2018 and 2016/2017 is as follows:

	Automotive		Aftermarket		Special Applications	
EUR thousand	**2017/2018**	2016/2017	**2017/2018**	2016/2017*	**2017/2018**	2016/2017*
Sales with external customers	3,904,868	3,610,390	897,100	863,665	305,351	276,875
Intersegment sales	38,672	35,960	2,022	29,258	9,129	504
Segment sales	**3,943,540**	**3,646,351**	**899,122**	**892,923**	**314,481**	**277,379**
Cost of sales	-2,935,676	-2,726,996	-586,220	-585,256	-205,702	-190,646
Gross profit	**1,007,864**	**919,354**	**312,902**	**307,667**	**108,778**	**86,733**
Research and development expenses	-485,361	-442,535	-9,838	-9,581	-15,302	-14,350
Distribution expenses	-100,635	-89,269	-244,021	-240,389	-43,308	-47,581
Administrative expenses	-141,108	-127,055	-15,311	-18,741	-21,032	-21,173
Other income and expenses	18,487	16,781	7,845	8,043	2,887	4,961
Earnings from investments accounted for using the equity method	27,588	37,081	5,076	4,815	0	0
Earnings before interest and taxes (EBIT)	**326,835**	**314,358**	**56,653**	**51,814**	**32,024**	**8,590**
Additions to intangible assets and property, plant and equipment	336,218	350,440	12,176	12,114	13,922	13,852

* Prior-year figures were adjusted. Please refer to the consolidated financial statements of the fiscal year 2016/2017 for further information.

Sales reconciliation:

EUR thousand	**2017/2018**	2016/2017
Total sales of the reporting segments	**5,157,143**	**4,816,653**
Sales in other divisions	62,212	63,270
Elimination of intersegment sales	-89,408	-104,264
Consolidated sales	**5,129,947**	**4,775,659**

Reconciliation of the segment results with consolidated net profit:

EUR thousand	**2017/2018**	2016/2017
EBIT of the reporting segments	**415,512**	**374,762**
EBIT of other divisions	-8,746	-1,939
Unallocated income	-2,844	-24,658
Consolidated EBIT	**403,922**	**348,166**
Net financial result	-32,747	-28,993
Consolidated EBT	**371,175**	**319,173**

Consolidated statement of financial position

of HELLA GmbH & Co. KGaA

EUR thousand	**28. February 2018**	31. May 2017	28. February 2017
Cash and cash equivalents	628,925	783,875	461,527
Financial assets	321,367	314,386	313,193
Trade receivables	1,156,560	1,067,979	999,252
Other receivables and non-financial assets	149,118	155,738	146,343
Inventories	775,962	663,533	696,868
Current tax assets	14,377	25,657	37,147
Current assets	**3,046,308**	**3,011,167**	**2,654,332**
Intangible assets	281,635	254,850	240,511
Property, plant and equipment	1,877,251	1,906,676	1,764,331
Financial assets	34,085	30,094	16,376
Investments accounted for using the equity method	285,718	273,901	292,381
Deferred tax assets	115,815	117,488	124,943
Other non-current assets	45,515	44,021	43,045
Non-current assets	**2,640,020**	**2,627,030**	**2,481,588**
Assets	**5,686,328**	**5,638,197**	**5,135,920**
Financial liabilities	15,752	340,481	25,035
Trade payables	658,965	672,888	656,677
Current tax liabilities	60,324	60,670	57,672
Other liabilities	687,718	635,935	515,543
Provisions	95,200	100,481	92,601
Current liabilities	**1,517,959**	**1,810,454**	**1,347,529**
Financial liabilities	1,184,514	1,036,205	1,066,977
Deferred tax liabilities	41,203	32,371	42,533
Other liabilities	210,416	182,320	179,740
Provisions	363,480	351,103	328,474
Non-current liabilities	**1,799,613**	**1,601,999**	**1,617,724**
Subscribed capital	222,222	222,222	222,222
Reserves and unappropriated surplus	2,142,038	1,998,533	1,943,090
Equity before non-controlling interests	**2,364,260**	**2,220,755**	**2,165,312**
Non-controlling interests	4,496	4,989	5,355
Equity	**2,368,756**	**2,225,744**	**2,170,667**
Equity and liabilities	**5,686,328**	**5,638,197**	**5,135,920**

Consolidated cash flow statement

of HELLA GmbH & Co. KGaA for the period from 1 June to 28 February

	EUR thousand	2017/2018	2016/2017*
	Earnings before income taxes (EBT)	**371,175**	**319,173**
+	Depreciation and amortization	328,846	292,693
+/-	Change in provisions	-2,728	21,288
+	Cash receipts for series production	107,187	90,906
-	Non-cash sales transacted in previous periods	-85,404	-86,486
+/-	Other non-cash income / expenses	-32,649	-52,905
+/-	Losses / profits from the sale of intangible assets and property, plant and equipment	-3,312	3,969
+	Net financial result	32,747	28,993
+/-	Change in trade receivables and other assets not attributable to investing or financing activities	-70,675	-67,060
+/-	Change in inventories	-124,880	-84,027
+/-	Change in trade payables and other liabilities not attributable to investing or financing activities	93,016	20,465
+/-	Net tax payments	-74,524	-71,468
+	Dividends received	25,687	26,644
=	**Net cash flow from operating activities**	**564,486**	**442,185**
+	Cash receipts from the sale of intangible assets and property, plant and equipment	20,776	9,162
-	Payments for the purchase of intangible assets and property, plant and equipment	-440,312	-427,893
+/-	Net payments for loans granted to investments	-5,077	250
+	Cash receipts from the sale of subsidiaries and liquidation of other investments, less cash and cash equivalents	0	5,607
-	Payments for the acquisition of subsidiaries, less cash and cash equivalents received	0	-4,921
=	**Net cash flow from investing activities**	**-424,613**	**-417,794**
-	Payments from repayment of a bond	-300,000	0
+/-	Net payments from the borrowing/repayment of financial liabilities	147,828	-62,453
+/-	Net payments for the purchase and sale of securities	-8,459	17,522
+/-	Net interest payments	-28,904	-20,345
-	Dividends paid	-103,317	-86,762
=	**Net cash flow from financing activities**	**-292,852**	**-152,038**
=	**Net change in cash and cash equivalents**	**-152,978**	**-127,647**
+	Cash and cash equivalents as at 1 June	783,875	585,134
+/-	Effect of exchange rate fluctuations on cash and cash equivalents	-1,972	4,040
=	**Cash and cash equivalents as at 28 February**	**628,925**	**461,527**

* Prior-year figures were adjusted. Please refer to the consolidated financial statements of the fiscal year 2016/2017 for further information.

FURTHER NOTES

01 Basic information

HELLA GmbH & Co. KGaA (previously: HELLA KGaA Hueck & Co.) and its subsidiaries (collectively referred to as the "Group") develop and manufacture lighting technology and electronics components and systems for the automotive industry. In addition to the development and manufacture of components, the Group also produces complete vehicle modules and air-conditioning systems in joint venture undertakings. The Group's production and manufacturing sites are located across the globe; its most significant markets are in Europe, the USA and Asia, particularly Korea and China. In addition, HELLA has its own international sales network for all kinds of vehicle accessories.

The Company is a listed stock corporation, which was founded and is based in Lippstadt, Germany. The address of the Company's registered office is Rixbecker Str. 75, 59552 Lippstadt. HELLA GmbH & Co. KGaA is registered in the Commercial Register B of Paderborn district court under number HRB 6857 and prepares the consolidated financial statements for the smallest and largest group of companies.

The information in the financial statement as at 28 February 2018 is stated in thousands of euros (€ thousand). The financial statement is prepared using accounting and measurement methods that are applied consistently within the Group on the basis of amortized historical cost. This does not apply to assets that are available for sale and derivative financial instruments, which are measured at fair value. The consolidated income statement is prepared using the cost-of-sales method. The current/non-current distinction is observed in the consolidated statement of financial position. The amounts stated under current assets and liabilities are for the most part due for settlement within twelve months. Accordingly, non-current items are mainly due for settlement in more than twelve months. In order to enhance the clarity of the presentation, items of the consolidated statement of financial position and consolidated income statement have been grouped together where this is appropriate and possible. Please note that where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding.

02 Currency translation

Currency translation differences arising from the translation of earnings and balance sheet items of all Group companies which have a functional currency deviating from the euro are reported within the currency translation reserves.

The exchange rates used to translate the main currencies for HELLA developed as follows:

	Average 1st – 3rd quarter		Reporting date		
	2017/2018	2016/2017	**28. February 2018**	31. May 2017	28. February 2017
€ 1 = US dollar	**1.1813**	1.0930	**1.2214**	1.1221	1.0597
€ 1 = Czech koruna	**25.8087**	27.0309	**25.4180**	26.4220	27.0210
€ 1 = Japanese yen	**131.4511**	117.4817	**130.7200**	124.4000	118.8300
€ 1 = Mexican peso	**21.8099**	21.3587	**22.9437**	21.0559	21.0800
€ 1 = Chinese renminbi	**7.7962**	7.3863	**7.7285**	7.6449	7.2780
€ 1 = South Korean won	**1,310.9649**	1,254.3626	**1,320.2500**	1,255.0100	1,194.2400
€ 1 = Romanian leu	**4.6091**	4.4950	**4.6630**	4.5655	4.5202
€ 1 = Danish krone	**7.4413**	7.4391	**7.4465**	7.4398	7.4332

03 Adjustment of special effects in earnings before interest and taxes

The HELLA Group is managed by the Management Board through financial key performance indicators. The key performance indicators of adjusted sales growth and adjusted EBIT margin take on prominent importance compared to the other financial key performance indicators in the management of the HELLA Group. A major guideline in assessing the suitability of management indicators is that they have to provide a transparent picture of operational performance. In this process, effects of a non-recurring or exceptional nature in type or size, referred to as special effects, can lead to distortions with regard to the EBIT margin, for example, and thus adversely affect the ability to assess the Company's performance.

Special effects are non-recurring or exceptional effects in their type and size which are clearly differentiated from the usual operational business. They are tracked uniformly and consistently in the Group and the method used to calculate adjusted earnings figures must not vary over the course of time in order to facilitate periodic comparison.

For this reason, the adjusted EBIT margin has been defined as one of the most important key performance indicators for the steering of the Group's activities. The adjusted EBIT margin as a key performance indicator is not defined in the International Financial Reporting Standards. Rather it is reported by the HELLA Group as additional information in its financial reporting because it is also used for internal management and because, from the Company's perspective, it presents the results of operations – adjusted for special effects – in a more transparent form and facilitates a comparison over time.

In the current reporting period 2017/2018, the costs for the restructuring measures in Germany (€ 4,245 thousand) have been adjusted in EBIT. In the first nine months of the fiscal year 2016/2017, the expense for the restructuring measures in Germany (€ 8,658 thousand) and the expense (€ 16,000 thousand) for the fine proceedings initiated against HELLA and others by the European Commission are adjusted in EBIT.

The corresponding reconciliation statement for the first nine months of fiscal years 2017/2018 and 2016/2017 is as follows:

EUR thousand	2017/2018 as reported	Restructuring	2017/2018 adjusted
Sales	5,129,947	0	5,129,947
Cost of sales	-3,701,482	1,401	-3,700,081
Gross profit	**1,428,465**	**1,401**	**1,429,866**
Research and development expenses	-509,946	0	-509,946
Distribution expenses	-388,063	0	-388,063
Administrative expenses	-172,938	0	-172,938
Other income and expenses	13,385	2,844	16,229
Earnings from investments accounted for using the equity method	32,663	0	32,663
Other income from investments	357	0	357
Earnings before interest and taxes (EBIT)	**403,922**	**4,245**	**408,167**

EUR thousand	**2016/2017 as reported**	Restructuring	Legal affairs	**2016/2017 adjusted**
Sales	4,775,659	0	0	4,775,659
Cost of sales	-3,462,239	0	0	-3,462,239
Gross profit	**1,313,420**	**0**	**0**	**1,313,420**
Research and development expenses	-467,631	0	0	-467,631
Distribution expenses	-377,309	0	0	-377,309
Administrative expenses	-161,824	0	0	-161,824
Other income and expenses	-1,204	8,658	16,000	23,454
Earnings from investments accounted for using the equity method	41,896	0	0	41,896
Other income from investments	277	0	0	277
Earnings before interest and taxes (EBIT)	**348,166**	**8,658**	**16,000**	**372,824**

04 Adjustment of special effects in the segment results

In the current reporting period 2017/2018, the costs of € 1,401 million for the restructuring measures in Germany are adjusted in earnings before interest and taxes for the Automotive segment. The prior year's income statement for the Automotive segment was not adjusted.

The adjusted income statement for the Automotive segment is as follows:

EUR thousand	**2017/2018 as reported**	Restructuring	**2017/2018 adjusted**
Sales	3,904,868	0	3,904,868
Intersegment sales	38,672	0	38,672
Segment sales	**3,943,540**	**0**	**3,943,540**
Cost of sales	-2,935,676	1,401	-2,934,274
Gross profit	**1,007,864**	**1,401**	**1,009,266**
Research and development expenses	-485,361	0	-485,361
Distribution expenses	-100,635	0	-100,635
Administrative expenses	-141,108	0	-141,108
Other income and expenses	18,487	0	18,487
Earnings from investments accounted for using the equity method	27,588	0	27,588
Earnings before interest and taxes (EBIT)	**326,835**	**1,401**	**328,236**

05 Adjustment of special effects in cash flow

Adjusted operating free cash flow from operating activities was used as a performance indicator for internal HELLA Group management. Adjusted free cash flow from operating activities is a key performance indicator which is not defined in the International Financial Reporting Standards. Rather it is reported by the HELLA Group as additional information in its financial reporting because it is used for internal management and because, from the Company's perspective, it presents the cash flows from the operating activities – adjusted for special effects – in a more transparent form and facilitates a better comparison over time.

Cash flow from operating activities after capital expenditure and cash inflows from the sale or liquidation of investments are used for this purpose and adjusted for non-recurring cash flows.

In the current reporting period 2017/2018, the free cash flow from operating activities is adjusted for the payments made in connection with the restructuring measures in Germany (€ 10,586 thousand) and for payments for the fine proceedings initiated against HELLA by the European Commission (€ 10,397 thousand). Adjusted free cash flow from operating activities for the first nine months of the prior fiscal year 2016/2017 was adjusted for special effects from the factoring program (€ 70,000 thousand) and the cash flows attributable to the restructuring measures in Germany (€ 7,298 thousand).

The performance of the adjusted free cash flow from operating activities for the first nine months of fiscal years 2017/2018 and 2016/2017 is shown in the following tables:

	EUR thousand	**2017/2018 as reported**	Restructuring	Legal affairs	**2017/2018 adjusted**
	Earnings before income taxes (EBT)	**371,175**	**4,247**	**0**	**375,421**
+	Depreciation and amortization	328,846	0	0	328,846
+/-	Change in provisions	-2,728	-720	0	-3,449
+	Cash receipts for series production	107,187	0	0	107,187
-	Non-cash sales transacted in previous periods	-85,404	0	0	-85,404
+/-	Other non-cash income / expenses	-32,649	0	0	-32,649
+/-	Losses / profits from the sale of intangible assets and property, plant and equipment	-3,312	0	0	-3,312
+	Net financial result	32,747	0	0	32,747
+/-	Change in trade receivables and other assets not attributable to investing or financing activities	-70,675	0	0	-70,675
+/-	Change in inventories	-124,880	0	0	-124,880
+/-	Change in trade payables and other liabilities not attributable to investing or financing activities	93,016	7,060	10,397	110,473
+/-	Net tax payments	-74,524	0	0	-74,524
+	Dividends received	25,687	0	0	25,687
=	**Net cash flow from operating activities**	**564,486**	**10,586**	**10,397**	**585,469**
+	Cash receipts from the sale of intangible assets and property, plant and equipment	20,776	0	0	20,776
-	Payments for the purchase of intangible assets and property, plant and equipment	-440,312	0	0	-440,312
+	Cash receipts from the sale of subsidiaries and liquidation of other investments, less cash and cash equivalents	0	0	0	0
=	**Free cash flow from operating activities**	**144,950**	**10,586**	**10,397**	**165,933**

	EUR thousand	**2016/2017 as reported**	Reduction in factoring	Restructuring	Legal affairs	**2016/2017 adjusted***
	Earnings before income taxes (EBT)	**319,173**	**0**	**8,658**	**16,000**	**343,831**
+	Depreciation and amortization	292,693	0	0	0	292,693
+/-	Change in provisions	21,288	0	-1,360	-16,000	3,928
+	Cash receipts for series production	90,906	0	0	0	90,906
-	Non-cash sales transacted in previous periods	-86,486	0	0	0	-86,486
+/-	Other non-cash income / expenses	-52,905	0	0	0	-52,905
+/-	Losses / profits from the sale of intangible assets and property, plant and equipment	3,969	0	0	0	3,969
+	Net financial result	28,993	0	0	0	28,993
+/-	Change in trade receivables and other assets not attributable to investing or financing activities	-67,060	70,000	0	0	2,940
+/-	Change in inventories	-84,027	0	0	0	-84,027
+/-	Change in trade payables and other liabilities not attributable to investing or financing activities	20,465	0	0	0	20,465
+/-	Net tax payments	-71,468	0	0	0	-71,468
+	Dividends received	26,644	0	0	0	26,644
=	**Net cash flow from operating activities**	**442,185**	**70,000**	**7,298**	**0**	**519,483**
+	Cash receipts from the sale of intangible assets and property, plant and equipment	9,162	0	0	0	9,162
-	Payments for the purchase of intangible assets and property, plant and equipment	-427,893	0	0	0	-427,893
+	Cash receipts from the sale of subsidiaries and liquidation of other investments, less cash and cash equivalents	5,607	0	0	0	5,607
=	**Free cash flow from operating activities**	**29,061**	**70,000**	**7,298**	**0**	**106,360**

Prior-year figures were adjusted. Please refer to the consolidated financial statements of the fiscal year 2016/2017 for further information.

Lippstadt, 19 March 2018

The Managing General Partner of HELLA GmbH & Co. KGaA

HELLA Geschäftsführungsgesellschaft mbH

Dr. Rolf Breidenbach
(President & CEO)

Dr. Werner Benade

Stefan Osterhage

Bernard Schäferbarthold

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