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HELLA KGaA Hueck & Co.

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The company: brief portrait and key figures

HELLA is a family-run company listed on the stock market and one of the 100 largest German industrial companies. As one of the top 40 automotive suppliers worldwide, HELLA specialises in innovative lighting systems and vehicle electronics and have been a reliable partner for the automobile industry for more than one hundred years. What's more, HELLA is an established supplier in the European aftermarket. In the fiscal year 2016/2017, the Group achieved sales of € 6.6 billion and has currently around 38,000 employees.

The company is headquartered in Lippstadt (North Rhine-Westphalia, Germany) and has been among the innovative leaders in vehicle lighting since its founding in 1899. In the Electronics division HELLA has achieved a market leading position in Europe as well as globally in many product segments. With cutting-edge technology, HELLA primarily serves central market trends of the automotive industry: autonomous driving, energy efficiency and electrification, digitalization and individualization. HELLA is also a partner of wholesalers and workshops, and has one of the largest retail organizations in Europe for spare parts, accessories, diagnostics and services. Besides HELLA develops and sells lighting and electronics solutions for manufacturers of special vehicles, such as buses, caravans and agricultural and construction machinery.

HELLA's research and development activities focus on some of automotive industry's market trends worldwide. HELLA has a global presence with over 125 locations in roughly 35 countries and is continuing its global expansion to benefit from regional growth opportunities. Also, HELLA is working with industry partners for example in joint ventures and is increasing its company profile using this tried-and-tested network strategy.

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Key Financials in EUR mill.	FY 2016/2017	FY 2015/2016	Change
Sales	6,585	6,352	+3.7%
EBIT adjusted*	534	476	+12.0%
EBIT	507	420	+20.8%
Consolidated profit	343	272	+26.2%
Adjusted EBIT margin	8.1%	7.5%	+0.6 percentage points
EBIT margin	7.7%	6.6%	+1.1 percentage points
Dividend per share / EUR	0.92**	0.77	
Earnings per share / EUR	3.08	2.42	+27.3%
Employees (31.5.2016)	37,716	33,689	+12.0%
Equity ratio	39.5%	39.6%	-0.1 percentage points

* For further information, please refer to the Consolidated Financial Statement for Fiscal Year 2016/2017.

** The distribution of a dividend in the amount of EUR 0.92 per eligible no par value share will be proposed on the Annual General Meeting of HELLA KGaA Hueck & Co. on 28 September 2017.



HISTORY AND MILESTONES

- 1899** Founding of "Westfälische Metall-Industrie Aktien-Gesellschaft" as a specialty factory for lanterns, headlamps, horns, and pads for bicycles, wagons, and automobiles
- 1908** The "HELLA" trademark is created and the first product innovation hits the market—the "System HELLA" acetylene headlamp
- 1957** HELLA ventures into electronics and produces the first fully electronic flasher unit
- 1961** **Beginning of internationalization with the first foreign factory**
- 1984** Sales exceed one billion for the first time (in Deutsche Mark)
- 1986** **Company changes its name to HELLA KG Hueck & Co.**
- 1990** HELLA employs more than 20,000 employees worldwide
- 1992** HELLA founds its first subsidiary in Eastern Europe. In the same year, the first generation of HELLA xenon headlamps goes into series production
- 1999** Beginning of the network strategy: joint venture with Behr
- 2000** Expansion of global activities through joint ventures in China and South Korea
- 2003** Change to a "Kommanditgesellschaft auf Aktien" (partnership limited by shares) under the name HELLA KGaA Hueck & Co.
- 2005** HELLA, along with Behr, founds the first joint venture in the Independent Automotive Aftermarket
- 2011** HELLA expands its own international presence by founding locations in China, Brazil, Mexico, and Dubai
- 2013** Introduction of a state-of-the-art development center for electronics in Lippstadt. In the same year, HELLA introduces the world's first LED matrix headlamp
- 2014** HELLA opens the HELLA Globe, a guest house with conference center and sports facilities for international visitors to the Lippstadt location
- 2014** **Initial Public Offering: On November 11, 2014 HELLA shares are traded for the first time on the Frankfurt Stock Exchange**
- 2015** HELLA moves up into MDAX only a few months after the initial listing
- 2016** Presentation of MULTIBEAM LED headlamp, a development in partnership between Daimler and HELLA



Business divisions, segments and business activities

HELLA's business activities are divided into three segments: Automotive, Aftermarket, and Special Applications. The Automotive segment includes the business divisions Lighting and Electronics and produced sales of € 5.0 billion in the fiscal year 2016/2017, which makes for a 76 percent share of the company's consolidated sales. Its customer base includes vehicle manufacturers and other automotive suppliers; through long-standing cooperation with premium original equipment manufacturers, HELLA has established a particularly strong position in the area of innovative high-end light products.

HELLA combines additional business activities in the Aftermarket segment, which, in the fiscal year 2016/2017, achieved sales of € 1.2 billion. The Aftermarket business segment is based on three pillars: the independent aftermarket, workshop equipment and wholesale.

In the Special Applications business segment, which achieved sales of € 0.4 billion in the fiscal year 2016/2017, HELLA develops, manufactures and sells lighting and electronics products for special vehicles such as buses, caravans, agricultural and construction machinery.

Business Division Lighting

In the business division Lighting HELLA develops and produces headlamps, rear lamps, signal lamps and interior lights plus lighting electronics components for nearly all reputable OEMs throughout the world. Through its long-standing cooperation with premium original equipment manufacturers, HELLA has established a particularly strong position in the area of innovative high-end light products. After a successful market launch, HELLA has also been working intensively on modularisation and the

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rollout of these technologies in other vehicle segments. Lighting is the largest business division, having sales € of 2.8 billion.

The innovative capacity of HELLA in the lighting technology segment is central to the company's history: HELLA has launched a number of innovative lighting solutions since the company was first founded, starting with the first Acetylene headlamps in 1908 and the first headlamps with asymmetric light distribution in 1957 to the start of the world's first series production of full LED headlamps in 2008. This was followed in 2013 by the world's first Matrix LED headlamps, which emit a permanent high beam without dazzling oncoming traffic. In 2016, HELLA presented a world's first – the MULTIBEAM LED headlamp. This headlamp, developed in collaboration with Daimler, features 84 LEDs arranged in three rows, each of which can be controlled individually. This individual control allows for an extremely precise, highly-adjustable light distribution in the entire high beam range and, for the first time, emits a low beam which is not reliant on mechanical actuators. In fiscal year 2016/2017, HELLA has developed and constructed a headlamp on the basis of a Liquid Crystal Display (LCD) in collaboration with further partners and in the context of a research project. The integration of a Liquid Crystal Display in an LED headlamp opens up new paths for automotive lighting technology. So-called LCD headlamps adjust light distribution to different traffic situations in an intelligent and continuous manner in real time; 30,000 pixels, which are set to increase to above 50,000 pixels, allow image projections in addition to fully adaptive light distribution.

Business Division Electronics

In the business division Electronics, HELLA is particularly focusing on innovative product solutions for central market trends of the automotive industry. Thanks to continuous innovations, HELLA has achieved a leading position on the global market in many fields. In the fiscal year 2016/2017, Electronics sales stood at around € 2.2 billion.

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HELLA's range of services in the business division Electronics includes special sensors and actuators, body electronics, and innovative technologies for driver assistance, energy management systems and power steering. For example, HELLA's radar sensors ensure a higher level of safety in traffic, as they monitor the rear of the vehicle and assist the driver when changing lane or carrying out a reverse bay parking manoeuvre. Our Intelligent Battery Sensor is key for efficient energy management in the vehicle, as it monitors the status of the battery and ensures that the car is ready to start at any time. Together with network partners, HELLA is one of the global market leaders with more than 10 million battery sensors sold annually and a total of around 14 million 24 GHz radar sensors sold to date. In the field of comfort functions, HELLA offers a wide variety of products on a global basis, including radio transmitter keys, rain/light sensors and air-conditioning sensors.

Business segment Aftermarket

In the Aftermarket business segment, HELLA is one of the most important partners for spare parts distributors and independent workshops in Europe. In fiscal year 2016/2017, the business segment Aftermarket contributed € 1.2 billion to consolidated sales.

The Aftermarket business segment is based on three pillars: the independent aftermarket, workshop equipment and wholesale. HELLA is one of the leading independent aftermarket partners in Europe for spare parts and for independent workshops. Via a dedicated network and together with a large number of partners, HELLA sells vehicle-specific or universal wear parts, spare parts and accessories and offer our customers the highest level of technical service and sales support. The product range includes over 40,000 products, covering lighting, electrics, electronics, thermal management and brakes in OEM quality.



With an offer of high-quality workshop equipment, at the heart of which is the company's subsidiary, Hella Gutmann Solutions, HELLA helps workshops to diagnose, maintain and repair vehicles. Thanks to our comprehensive expertise and longstanding experience, HELLA is a strong partner for workshops that require practical support with extensive vehicle data and diagnostics units that are intuitive to use.

HELLA also has enjoyed success as a wholesaler in Northern and Eastern Europe and hold leading market positions there. The respective companies in Denmark, Norway and Poland are bundled together under the Nordic Forum umbrella and sell a comprehensive range of more than 300,000 OEM-quality products directly to workshops via a subsidiary and partner network that is constantly growing. In fiscal year 2016/2017, HELLA has successfully expanded e-commerce activities in the aftermarket business.

Business segment Special Applications

In the Special Applications segment, HELLA develops, manufactures and sells lighting and electronics products for special vehicles such as construction equipment, agricultural vehicles, buses and motor homes, as well as for the marine sector. The high level of technological expertise in the Automotive segment provides the launch pad for innovative product solutions in this segment. Segment sales in fiscal year 2016/2017 came to around € 0.4 billion. The main driver of the business performance here, too, is the accelerated roll-out of LED technology as well as the transfer of knowledge from the Electronics business division.

HELLA offers standard products as well as vehicle-specific innovations for commercial and numerous special vehicles. As a result, customers benefit from technological and economical synergies with a large-scale automotive production. The highly diversified portfolio of the Lighting division includes front and rear lights, work and auxiliary



headlamps, beacons and roof beams. The range of electric and electronic products includes components for smart energy management in vehicles, rain and light sensors, turning angle sensors, module switches and flasher units. HELLA's products are specially designed for the extreme external conditions to which agricultural and construction vehicles, municipal vehicles or off-road vehicles are exposed on a day-to-day basis.

Global presence and growth strategy

HELLA is a globally positioned company that started on the road to internationalization in the 1960s. 1961 saw HELLA's very first foreign factory, in China HELLA is present for almost 25 years now. A central part of the corporate strategy is gaining a global presence in significant growth markets. In fiscal year 2016/2017 HELLA generated roughly one third of its consolidated sales in the markets outside Europe.

Geographic proximity to customers is an important success factor for HELLA and ensures a great deal of flexibility in addressing local demand. In this regard, the HELLA "leading concept" is an important part of the growth strategy. Following this central strategy, HELLA co-ordinates worldwide development principally from Germany. In contrast, there are local development centres in the large growth regions, which support regionally specific adaptation on the one hand and also advance independent developments for the relevant markets on the other. In this way, HELLA pursues market-driven customisation of technologies and product designs to meet customer needs.

HELLA's success is also largely based on the innovation and technological leadership that has always been a feature of the company. Almost 7,000 employees throughout the world work in research and development. In the past fiscal year HELLA invested € 636 million in research and development to develop our technologies further. This



corresponds to 9.7 percent of the consolidated sales and demonstrates a clear strategic objective of becoming an established technological leader in the Automotive segment with the business divisions Lighting and Electronics.

Shareholders and corporate management

HELLA is an internationally operating, family-owned company with a history spanning more than 100 years. In 2003, HELLA changed to a “Kommanditgesellschaft auf Aktien” (partnership limited by shares). Since the successful initial public offering in November 2014, the HELLA shares have been trading in the Prime Standard of the regulated market of the Frankfurt stock exchange, its inclusion in the SDAX followed as early as January 2015. Only few months later, HELLA moved up into MDAX.

The family shareholders continue to constitute the largest HELLA shareholder group. The free float is 40 percent. According to the definition of Deutsche Börse (German Stock Exchange), the number of shares held by the family shareholders that are not included in the pool agreement accounts is assigned to the free float. The remaining shares are held by institutional investors as well as private shareholders.

The company is managed by the two General Partners: Dr. Jürgen Behrend as the Managing General Partner and HELLA Geschäftsführungsgesellschaft mbH headed by Dr. Rolf Breidenbach. As Managing General Partner, Dr. Jürgen Behrend focuses on the long-term orientation of the company and, along with Dr. Rolf Breidenbach as the CEO of HELLA, is responsible for the company strategy. Its operating implementation is the responsibility of the HELLA Management Board, under the leadership of Dr. Breidenbach. Following the resignation of Dr. Behrend at the end of September 2017, responsibility for group management will be solely assigned to HELLA Management Board, chaired by Dr. Rolf Breidenbach.

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The Shareholders' Committee, consisting of three family shareholders and three external members, is the major regulatory body of HELLA KGaA Hueck & Co. Together with the Supervisory Board it advises the Management Board and makes decisions on the actions of the Management Board that require approval.



From left to right: Dr. Werner Benade (Business Division Aftermarket & Special Applications), Markus Bannert (Business Division Lighting), Dr. Rolf Breidenbach (CEO, Business Division Electronics, Purchasing, Quality, Legal and Compliance), Dr. Jürgen Behrend (Managing General Partner), Stefan Osterhage (Human Resources, Information Technology and Logistics), Bernard Schäferbarthold (Finance & Controlling), Dr. Matthias Schöllmann (Sales Automotive);