HELLA Investor Update

Preliminary Results FY 2023 (Jan 1, 2023 - Dec 31, 2023)

February 16th, 2024
Summary

01 Preliminary Results FY 2023 (Jan 1, 2023 - Dec 31, 2023)

02 Outlook FY 2024 (Jan 1, 2024 - Dec 31, 2024)

03 Competitiveness Program for Europe

04 Key Takeaways
Preliminary Results FY 2023
(Jan 1, 2023 - Dec 31, 2023)
Sales growth in FY 2023 driven by demand for core products and technologies, all targets for 2023 achieved

HELLA Group

▸ FX adj. sales for the group at €8.1bn, high demand for core products and technologies, sales growth at 11.7%

▸ Operating Income at €486m, OI margin at 6.1% (vs. 4.1% in CY 2022)
  • sales growth and pass-through of inflation to customers
  • continuous cost management

▸ Strong cash generation by year-end, NCF at €205m, NCF/sales at 2.6%

▸ FY 2023 with strong order intake of ~€11bn driven by several high-volume orders and high technology content

▸ Significant synergy achievements of €190m for FORVIA in FY2023, more than half is attributable to HELLA

CY 2022 (Jan 1, 2022 - Dec 31, 2022) pro forma figures
Successful business development in all business groups; numerous high-tech, large-volume customer projects won

### LIGHTING

<table>
<thead>
<tr>
<th>CY 2022</th>
<th>FY 2023</th>
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<tbody>
<tr>
<td>Total sales (€bn)</td>
<td>3.4</td>
</tr>
<tr>
<td>Operating Income (€m)</td>
<td>16</td>
</tr>
<tr>
<td>OI margin</td>
<td>0.5%</td>
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</tbody>
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- Capitalizing on market leadership position in all product groups
  - increased demand from EV manufacturers
  - growth with diversified customer base
  - H2 sales negatively impacted by model shifts and low volumes of some customer EV programs

- OI margin improvement to 3.4%:
  - positive leverage from additional volumes
  - improved inflation cost recovery and higher reimbursements

- Global, high-volume order wins from core customers
  - e.g. high-volume SSL / HD headlamps orders, technology packages for the interior lighting solution Smart Lights

### ELECTRONICS

<table>
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<tr>
<th>CY 2022</th>
<th>FY 2023</th>
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<tbody>
<tr>
<td>Total sales (€bn)</td>
<td>3.1</td>
</tr>
<tr>
<td>Operating Income (€m)</td>
<td>179</td>
</tr>
<tr>
<td>OI margin</td>
<td>5.7%</td>
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- Leveraging product portfolio in fast growing markets
  - strategic growth areas like energy management and radar with strong performance
  - backbone business with body electronics, sensors & actuators with good performance
  - H2 growth negatively impacted by lower take rates and low volumes of some customer EV programs

- OI margin improvement to 6.9%:
  - improved business performance
  - improved inflation cost recovery and successful cost management

### LIFE CYCLE SOLUTIONS

<table>
<thead>
<tr>
<th>CY 2022</th>
<th>FY 2023</th>
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<tbody>
<tr>
<td>Total sales (€bn)</td>
<td>1.0</td>
</tr>
<tr>
<td>Operating Income (€m)</td>
<td>106</td>
</tr>
<tr>
<td>OI margin</td>
<td>10.7%</td>
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- Demand from core regions and several customer groups
  - strong spare parts business growing in various country markets worldwide
  - strong demand for a new workshop product (emission tester)
  - successful commercial vehicle business especially in agricultural & construction machinery and trucks & buses

- OI margin improvement to 11.9%:
  - higher production volumes and positive mix effects
  - good overall operating performance with further costs savings

- Order wins for applied automotive technologies
  - e.g. headlamp and headlamp ECU and premium LED work lamp package

**CY 2022 (Jan 1, 2022 - Dec 31, 2022) pro forma figures**
Significant awards as proof point for HELLA’s technology and product advantage

Strong order intake track record continued in 2023 with ~€11bn order volume

Order Highlights 12M 2023

❯ Electronics receives order intake for high-content technologies
  • Record-size 77GHz radar package for German OEM; SOP 2025
  • HV Battery Management System for US OEM, SOP 2026
  • LV Battery Management System for German premium OEM, SOP 2024
  • Steering sensors for Chinese premium OEMs, SOP 2024
  • Smart Car Access for German and US OEM, SOP 2025

❯ Lighting wins global, high-volume orders from core customers
  • Several (SSL / HD) headlamps high-volume orders for international premium OEMs, SOP 2025 and 2026
  • Headlamps and rear lamps for Chinese premium OEMs, SOP 2024
  • Rear lamps for international premium and mass OEMs, SOP 2025 and 2026
  • Car Body Lighting system for an international OEM, SOP 2027
  • Technology packages for the interior lighting solution Smart Lights, SOP 2025

❯ LCS with high order intake for applied automotive technologies
  • Headlamp and headlamp ECU for strategic American truck manufacturer, SOP 2027
  • Premium LED Work Lamp package for agriculture machinery manufacturer, SOP 2023
Outlook FY 2024
(Jan 1, 2024 - Dec 31, 2024)
Market recovery expected to weaken in Europe; the global market is expected to stagnate with close to 90m vehicles produced in 2024.

**Expected Global Light Vehicle production**
in million units, S&P Global Mobility per Jan 2024

- **2023**: 90.1 million units
- **2024**: 89.6 million units

Source: S&P Global Mobility (formerly IHS Markit | Automotive)
HELLA FY 2024 outlook with modest sales growth and slight improvements of margin and cash generation

Outlook for the period January 1, 2024, to December 31, 2024
Based on an assumed LVP production of ~90 million vehicles for the period

**Consolidated sales**  
Currency and portfolio adjusted  
In a range of around € 8.1 to 8.6 billion

**Operating Income Margin**  
In a range of around 6.0% to 7.0%

**Net Cash Flow**  
Approximately 3% of reported sales

This guidance assumes no significant market deviation due to political, economical or social crises.

Sales outlook includes full consolidation of HELLA BHAP Automotive Lighting ("HBBL").

Regarding the expected OI Margin and the expected Net Cash flow/Sales, initially lower values in the first half of 2024 are expected.
Competitiveness Program for Europe
Drastically changed conditions in Europe with LVP significantly below former planning assumptions and stagnation going forward

Significantly increased price pressure driven by overcapacities, change in customer mix and lower EV penetration in 2024

- **Significantly reduced volumes with stagnating market until 2030**
  - Current LVP estimates of ~17m vehicles for 2025 nearly 30% below the assumptions made before Covid
  - Current LVP estimates for 2025 are approx. 15% below the assumptions of ~20m vehicles estimated mid 2020
  - A stagnating European market is assumed currently at a level of ~17m vehicles until 2030

- **Weaker EV penetration and unfavorable mix**
  - Sales figures for electric vehicles declining in Europe beginning 2024
  - Further BEV penetration weaker than expected, target of 100% EV penetration in 2030 at risk
  - Lower than anticipated EV growth rates particularly for European OEMs expected

- **Competitive pressure & unfavorable cost structures**
  - Expected market share gains of Chinese OEMs with Chinese suppliers entering the European market
  - Additional cost pressure vs. Chinese suppliers in Europe
  - Several cost-cutting measures announced by OEMs

- Overcapacities in the European automotive industry
- Cost structures in Europe overall too high

HELLA needs to adapt to the changes in the European market conditions
HELLA initiates program in Europe to strengthen its competitiveness

HELLA adapts to changing market conditions at an early stage and with foresight

### Former programs & initiatives in Europe

- **Structural improvements mid 2020 with focus on Lippstadt and Germany**
  - Reduction of admin and development headcounts to the market expectations of the time
- **Operations transformation in Lighting starting 2021**, with focus on footprint specialization & massification, as well as standardization in production
- **Investments in automation of production facilities in Europe of >€100m since 2021**

### Further long-term competitiveness program in Europe until 2028

#### PRODUCTION

- **Structural measures in the production network** to adopt to the expected volume reduction
- **Investments in standardization and automation** to increase the productivity of the locations

#### RESEARCH & DEVELOPMENT

- **Increase of R&D efficiency** using artificial intelligence, relocation or possible bundling of activities
- **Reduction of R&D costs** to a ratio between 9%-10% globally
- **Continue to invest in innovations** as backbone of HELLA

#### ADMINISTRATION & OTHER

- **Reduction of admin costs** using artificial intelligence, relocation or possible bundling of activities
- **Significant cost improvements**, particularly in material costs

- **Expected to spend around €200m until 2028**, majority of spendings until end 2025
- **Structural adjustments planned as socially responsible as possible**
- **Specific details of the program will be determined in the coming months**

- **Targeted annual gross savings of €400m expected by 2028**, thereof around €150m to be achieved by end of 2025
- **Secure long-term business success in Europe** to remain independent from other regions especially in politically uncertain times
- **Be able to continuously invest** in the long term
- **Remain technological leader** with an attractive business model
Key Takeaways
Key Takeaways

❯ Solid performance in FY 2023
  • good sales momentum & profitability improvements driven by growth, cost management, pass-throughs & synergies
  • continuously strong order intake as constant proof of HELLA’s technology and product offering

❯ Cooperation with FORVIA progressed further
  • cost synergies with run rate >€350m end of 2025. Around €190m achieved in 2023, more than half is attributable to HELLA

❯ Outlook FY 2024 with slight improvements in sales, earnings and cash flow
  • slow-down of sales dynamics in a stagnating market, continuous cost-and cash management to secure further profitability growth and cash conversion

❯ Program to sustainably strengthen competitiveness in Europe initiated
  • structural measures to be implemented in the production network; consistent investment in standardization and automation, increased R&D efficiency and admin cost reduction using AI, relocation or possible bundling of activities
  • annual gross savings of ~€400m targeted by 2028, thereof ~€150m until 2025
Upcoming events

- **March 15, 2024**: FY 2023, Full Release
- **April 25, 2024**: Q1 FY 2024
- **April 26, 2024**: AGM FY 2023
- **July 23, 2024**: H1 FY 2024
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