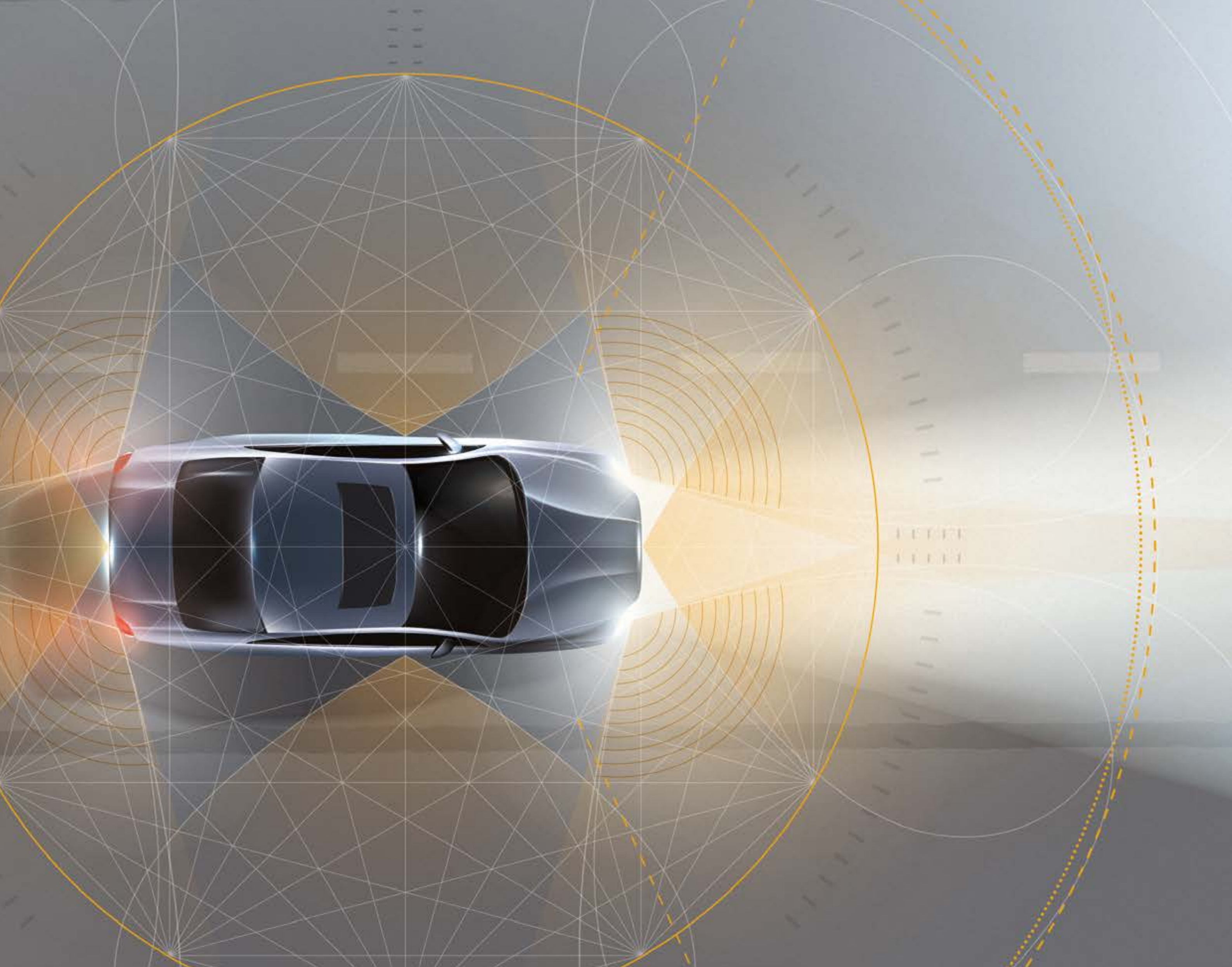
Technology with Vision

SIX MONTH REPORT
FISCAL YEAR 2016/2017
1 JUNE – 30 NOVEMBER 2016



KEY PERFORMANCE INDICATORS

	1st half-year 1 June to 30 November		2nd quarter 1 September to 30 November	
	2016/2017	2015/2016	**2016/2017**	2015/2016
Currency and portfolio-adjusted sales growth	**2.4 %**	8.7 %	**–0.1 %**	8.0 %
Adjusted EBIT margin	**8.4 %**	8.1 %	**9.1 %**	9.3 %

	1st half-year 1 June to 30 November		2nd quarter 1 September to 30 November	
In € million	**2016/2017**	2015/2016	**2016/2017**	2015/2016
Sales	**3,198**	3,159	**1,645**	1,663
Change compared to prior year	***1 %***	12 %	***–1 %***	10 %
Adjusted earnings before interest and taxes (EBIT)	**268**	256	**150**	155
Change compared to prior year	***5 %***	13 %	***–3 %***	19 %
Earnings before interest and taxes (EBIT)	**245**	203	**129**	134
Change compared to prior year	***21 %***	–8 %	***–4 %***	6 %
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**438**	400	**228**	225
Change compared to prior year	***10 %***	5 %	***1 %***	9 %
Earnings for the period	**174**	131	**90**	88
Change compared to prior year	***32 %***	–13 %	***2 %***	1 %
Earnings per share (in €)	**1.56**	1.16	**0.81**	0.79
Change compared to prior year	***34 %***	–20 %	***3 %***	–5 %
Adjusted operating cash flow	**63**	95	**36**	30
Change compared to prior year	***–34 %***	316 %	***19 %***	223 %
Operating cash flow	**–11**	52	**34**	–10
Change compared to prior year	***–121 %***	192 %	***442 %***	84 %
Net capital expenditures	**208**	189	**102**	83
Change compared to prior year	***10 %***	–3 %	***23 %***	30 %
Research and development (R & D) expenses	**311**	291	**157**	152
Change compared to prior year	***7 %***	8 %	***3 %***	0 %

	1st half-year 1 June to 30 November		2nd quarter 1 September to 30 November	
	2016/2017	2015/2016	**2016/2017**	2015/2016
EBIT margin	**7.7 %**	6.4 %	**7.8 %**	8.1 %
EBITDA margin	**13.7 %**	12.7 %	**13.9 %**	13.5 %
R & D expenses in relation to sales	**9.7 %**	9.2 %	**9.5 %**	9.1 %

	30 November 2016	30 November 2015
Net debt (in € million)	**344**	231
Net debt/EBITDA (last 12 months)	**0.4x**	0.3x
Equity ratio	**41.1 %**	38.4 %
Return on equity (last 12 months)	**16.4 %**	16.2 %
Employees (as at 30 November 2016)	**35,257**	32,731

Please note that where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding.

HELLA
Six Month Report for the Fiscal Year 2016/2017

HELLA ON THE CAPITAL MARKET

Market performance

In the reporting period (1 June to 30 November 2016) the capital markets were exposed to unusually high political risks. The outcome of the “Brexit” referendum in Great Britain triggered volatility in the capital markets at the end of June/beginning of July. However, equity markets had made a reasonably swift recovery by early September which was accompanied by relatively low trading volumes. For one, the focus returned to the expansionary central bank policies while, for another, trade cycle data was substantially better than in the first half of the year, particularly in the United States. This fuelled hopes of greater momentum in the global economy. These hopes were confirmed by the solid growth in US economic output in the third quarter. Moreover, the improvement in leading indicators in Europe as well pointed to acceleration in industrial production growth, thus buoying investor sentiment. The US elections in November spurred speculation of significant fiscal stimulus for the economy which concealed concerns in the equity markets over enormous uncertainties surrounding future US policies.

Despite the result of the “Brexit” referendum and the unexpected outcome of the US presidential elections, the German blue-chip DAX index rose by 3.7 % between 1 June and 30 November 2016, closing the period at 10,640 points. The MDAX advanced slightly by 0.5 % during the same period and closed at 20,877 points.

German automotive shares, which are tracked by DAXSector Automobile (“Prime Automotive” for short), softened more substantially than the market as a whole after the “Brexit” referendum (with the Prime Automotive index declining by just under 14 % up until the beginning of July) but tracked the general market recovery up until the beginning of September. The response of the sector index to the outcome of the US presidential elections was more subdued (increase of 0.1 %) than that of the market as a whole (DAX up 1.5 %) as of the end of November. All in all, the Prime Automotive index closed the period under review with a decline of 2.0 %.

Performance of the HELLA share

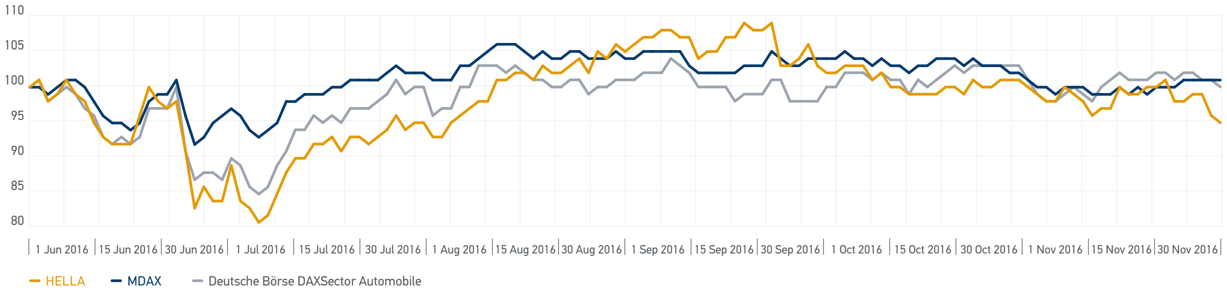
The HELLA share was unable to shrug off the volatile conditions in the market as a whole, dropping by around 20 % from the beginning of the reporting period (1 June 2016) until the beginning of July. In addition to the general recovery in the equity markets, the publication of favourable business figures for fiscal year 2015/2016 on 11 August 2016 spurred the HELLA share up until the beginning of September. During the reporting period, it outperformed the Prime Automotive index by around 7 percentage points.

The HELLA share continued to drift sideways up until the publication of the figures for the first quarter of fiscal year 2016/2017 on 28 September 2016.

Initial stock market quotation	11 November 2014
Ticker symbol	HLE
ISIN	DE000A13SX22
SIN	A13SX2
Share class	No-par value ordinary bearer shares
Market segments	Prime Standard (Frankfurt Stock Exchange) Regulated market (Luxembourg Stock Exchange)
Index	MDAX
Share capital	€ 222,222,224
Number of shares issued	111,111,112 shares
Highest price in the second quarter	€ 37.66 per share
Lowest price in the second quarter	€ 32.88 per share
Average daily trading volume	135,096 shares
Average daily trading volume	€ 4.75 million
Closing price on 30 November 2016	€ 32.88 per share
Market capitalisation on 30 November 2016	€ 3,653.33 million

All trading information relates to XETRA.

The HELLA share – performance in the reporting period compared to selected indices (indexed on 1 June 2016)



Shareholder structure

* According to Deutsche Börse definition.
** 60 % of the shares are subject to a pool agreement up until at least 2024.

Following the announcement of these figures, it softened up until the end of the reporting period, declining by 9.4 % in the second quarter. Among other things, this was due to profit-taking by investors as well as sector-specific factors. Thus, all automotive components suppliers (with the exception of SHW) significantly underperformed the Prime Automotive sector index, which dropped by only 1.3 %, while automotive OEMs consistently performed more favourably.

The share ended the reporting period with a closing price of € 32.88 in XETRA trading (as at 30 November 2016). It retreated by 3.1 % in the reporting period, whereas the MDAX rose by around 0.5 %, with the Prime Automotive index closing the period 2.0 % lower.

Shareholder structure

The family shareholders continue to represent the largest shareholder group of HELLA. The free float is 40 %. 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 investors. In the period under review, none of the shareholders in the latter two groups held reportable shareholdings.

INTERIM GROUP MANAGEMENT REPORT

for the first six months of the fiscal year 2016/2017

Economic report

General economic conditions

The performance of the global economy in the calendar year 2016 was characterised by a large number of political and economic uncertainties. Nevertheless, the global economy recorded an overall moderately positive performance, albeit with marked regional differences. In the third quarter of the calendar year the US economy grew by an annualized 3.2 % in terms of gross domestic product, according to the US Department of Commerce, benefiting substantially from a rise in exports. During the same period the Chinese economy reported a growth rate of 6.7 % compared with the prior-year period, which means that China continued the positive trend of the second quarter. After the UK's decision to leave the European Union, the statistics office of the European Union, Eurostat, estimates that gross domestic product in the eurozone economic area rose by 0.3 % during the period from July to September, which corresponds to the growth rate reported in the second quarter of the calendar year. According to the Federal Statistical Office, Germany's economic output in 2016 was slightly weaker than that of the euro area as a whole with quarter-on-quarter growth of 0.2 %. On the basis of the ifo Geschäftsklimaindex (Business Climate Index) and the Einkaufsmanagerindex für die Privatwirtschaft (purchasing managers index for the private sector), the economy in Germany and the eurozone picked up momentum during the second quarter of the HELLA fiscal year.

Sector performance

According to the IHS Light Vehicle Production data, the number of new vehicles produced worldwide rose by 5.5 % to around 46.5 million units in the first six months of the HELLA fiscal year 2016/2017. In the course of the six months, growth in the first quarter was stronger at 6.3 % than it was in the second quarter (4.7 %). Of the core markets of Europe, China and North and South America that are relevant to HELLA, China in particular reported a positive performance in the reporting period as the number of new vehicles produced increased by 16.5 % to around 13.1 million units in that country. The automotive economy in the Asia/Pacific region grew by a total of 8.5 % to 23.8 million new vehicles produced. In the period under review, Europe recorded a 2.4 % rise in new vehicle production to 10.8 million whereas Germany suffered a slight decline of 0.8 % within this economic area. With a modest gain of 0.3 % to 10.6 million newly produced vehicles, the North and South American region slightly exceeded the prior year level.

Business performance

Currency and portfolio-adjusted sales growth of 2.4 % in the first half-year

Adjusted sales rose by 2.4 % during the first six months of fiscal year 2016/2017. Taking into account negative exchange-rate effects of 1.0 % and the disposal of the Airport Lighting and

HELLA Group sales (in € millions and year-on-year growth in percent) for the first six months of 2016/2017

Industries business activities amounting to 0.2 %, reported sales rose by 1.2 % to € 3.2 billion in the first half-year. Growth was primarily underpinned by the Aftermarket segment while the Automotive segment reported a modest growth in the first half-year ahead of upcoming new product ramp-ups. Adjusted consolidated sales were down slightly by 0.1 % in the second quarter, reported sales recorded a decline of 1.1 %.

Results of operations

Adjusted EBIT with positive performance

The profitability of the HELLA Group continued to improve in the first half-year: Adjusted earnings before interest and taxes (adjusted EBIT) increased by 4.9 % to € 268 million in the first six months (prior year: € 256 million), producing an adjusted EBIT margin of 8.4 % (prior year: 8.1 %). The earnings improvement is attributable mainly to a higher gross profit margin and to an increased contribution to earnings made by the joint ventures. Earnings before interest and taxes (EBIT) increased by 20.9 % to € 245 million in the first six months of fiscal year 2016/2017 (prior year: € 203 million), producing an improved EBIT margin of 7.7 % (prior year: 6.4 %). The prior year's result was weighed down by restructuring costs (€ 6 million) and, in particular, costs totaling € 47 million in connection with the loss of a Chinese supplier; by contrast, in the reporting period exceptional charges were incurred due to provisions in connection with the proceedings the European Commission has initiated against the HELLA Group due to possible fines, potential claims for third-party damages and legal expenses (totaling € 16 million) and restructuring measures in Germany (€ 7 million).

Not taking into account the disposed business areas of Industries and Airport Lighting, the adjusted EBIT margin in the period under review would have risen from 8.3 % to 8.7 % which corresponds to an adjusted EBIT of € 277 million (prior year: € 261 million).

Adjusted EBIT in the second quarter came to € 150 million (prior year: € 155 million). This equates to a decline of 3.1 % and an adjusted EBIT margin of 9.1 % (prior year: 9.3 %). In a quarter-on-quarter comparison, EBIT in the second quarter comes to € 129 million, thus falling slightly short of the prior year's figure (prior year: € 134 million) with an EBIT margin of 7.8 % (prior year: 8.1 %).

Not taking into account the disposal of the business areas of Industries and Airport Lighting, adjusted earnings before interest and taxes in the second quarter would total € 154 million (prior year: € 158 million). This equates to an adjusted EBIT margin of 9.4 % (prior year: 9.5 %).

Gross profit increased by 6.4 % to € 887 million in the first six months of the fiscal year (prior year: € 834 million) when compared with the prior-year period. This is equivalent to a higher gross profit margin of 27.7 % (prior year: 26.4 %) and is essentially attributable to the disappearance of non-recurring special charges in connection with the exceptional loss of a Chinese supplier in the prior-year period, product mix effects and a further operational improvement of the Eastern European plants, which did not reach the expected productivity level in the prior

Adjusted earnings before interest and taxes (EBIT; in € millions and as a percentage of sales) for the first six months of 2016/2017

year following the introduction of new, complex production methods. Gross profit recorded a constant performance in the second quarter and came to € 459 million and was also accompanied by a slightly improved gross profit margin of 27.9 % (prior year: 27.6 %).

Ahead of upcoming new product ramp-ups, research and development (R & D) expenses amounted to € 311 million in the first half of the fiscal year 2016/2017 (prior year: € 291 million). In relation to sales this corresponds to an R & D ratio of 9.7 % (prior year: 9.2 %). This increase is primarily attributable to a sharp rise in orders. R & D expenses came to € 157 million in the second quarter of the fiscal year 2016/2017 (prior year: € 152 million), equivalent to an R & D ratio of 9.5 % (prior year: 9.1 %).

The distribution costs incurred in the half-year and in the second quarter increased slightly over the prior-year periods, coming to € 250 million in the half-year (prior year: € 244 million) and to € 127 million in the second quarter (prior year: € 125 million). The cost-to-sales ratio was thus 7.8 % for the half-year (prior year: 7.7 %) and 7.7 % for the second quarter (prior year: 7.5 %).

Administrative costs also rose slightly to € 107 million in the reporting period (prior year: € 103 million). In relation to sales this corresponds to a ratio that remained constant over the prior year at 3.3 %. Administrative costs in the second quarter totaled € 52 million (prior year: € 51 million), which works out to a cost ratio in relation to sales of 3.2 % (prior year: 3.1 %).

Research and development

	First half-year 2016/2017	+/–	First half-year 2015/2016
R & D employees	**6,506**	5 %	6,181
EXPENSES IN € MILLION			
Automotive	**293**	6 %	275
Aftermarket and Special Applications	**17**	8 %	16
Total	**311**	**7 %**	**291**
in % of sales	**9.7 %**		9.2 %

Regional market coverage by customer 2016/2017

	2016/2017		2015/2016	
	Absolute (in € million)	**Relative (in %)**	Absolute (in € million)	Relative (in %)
Germany	**1,110**	**35%**	1,192	38%
Rest of Europe	**1,084**	**34%**	1,040	33%
North and South America	**498**	**16%**	465	15%
Asia/Pacific/RoW	**505**	**16%**	462	15%
Consolidated sales	**3,198**	**100%**	**3,159**	**100%**

Regional market coverage adjusted from end customer perspective to HELLA customer perspective for improved comparability to the market benchmark of "light vehicle production".

The net of other income and expenses improved substantially in the first six months of the current fiscal year to a cumulative € – 7 million (prior year: € – 17 million). In the second quarter of 2016/2017 the net of other income and expenses reached € – 13 million and thus also showed a slight improvement when compared with the prior year (€ – 14 million). The net of other expenses and income in the prior year was weighed down, in particular, by the loss of a Chinese supplier. Furthermore, provisions were set aside in the reporting period in connection with the ongoing fine proceedings. Further costs were also incurred for restructuring measures in Germany.

The contribution of joint ventures and other associates to income grew by around one percentage point when compared with the prior year and now stands at 13.3% in relation to the operating result (prior year: 12.1%). With reference to the second quarter of the current fiscal year, the contribution of joint ventures and associates to income was roughly at the prior year level.

The net financial result came to € – 22 million after six months (prior year: € – 18 million) and to € – 12 million in the second quarter (prior year: € – 9 million). This decrease is essentially attributable to the funding of our activities in growth regions at higher local interest rates.

Expenses for taxes on income amounted to around € 50 million in the first six months of the fiscal year 2016/2017 (prior year: € 53 million) and to € 27 million in the second quarter (prior year: € 37 million).

The result for the period thus stood at € 174 million in the first six months of the fiscal year (prior year: € 131 million) and at € 90 million in the second quarter (prior year: € 88 million). This corresponds to a substantially higher return on sales of 5.4% in the half-year (prior year: 4.2%), the return on sales in the second quarter came to 5.5% (prior year: 5.3%). Earnings per share thus rose by 34% to € 1.56 in the first half-year (prior year: € 1.16) and by 3% to 0.81 in the second quarter (prior year: € 0.79).

Results of operations of the segments

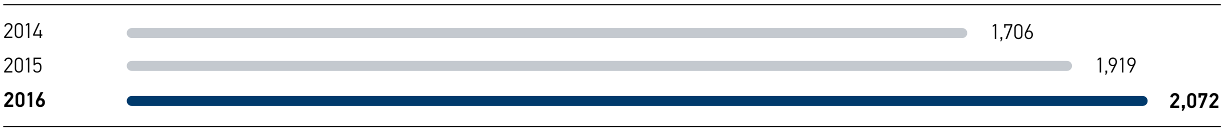
Adjusted EBIT in the Automotive segment climbed by 11%

Aftermarket continues growth

Sales in the Automotive segment rose by 0.7% to € 2.4 billion in the first half-year (prior year: € 2.4 billion). Compared to the adjusted earnings before interest and taxes (adjusted EBIT), the earnings before interest and taxes (EBIT) of the reporting period increased by 11.2% to € 227 million (prior year: adjusted € 205 million). No adjustments were made in the Automotive segment in the reporting period. Earnings before interest and taxes accordingly increased by 44.5% (prior year: € 157 million). The EBIT margin in relation to segment sales thus comes to 9.4% after 8.5% (adjusted) and 6.5% (unadjusted) in the prior year.

The modest growth of segment sales when compared with the prior-year period is essentially attributable to the preparation of new project ramp-ups. Because of these developments the HELLA Group expects the automotive segment to pick up growth momentum in view of the expected production rollouts. The business division Electronics included products for energy

HELLA Group equity (in € million; at 30 November)



management as important drivers of the positive sales performance. On top of this, business in the Chinese and NAFTA markets, in particular, showed a positive performance.

Sales in the Automotive segment declined slightly by 0.9 % to € 1.3 billion in the second quarter (prior year: € 1.3 billion). EBIT rose by 2.2 % to € 130 million during this period compared to the adjusted EBIT of the previous period (prior year: adjusted € 127 million). EBIT accordingly posted a substantial gain of 19.1 % (prior year: € 109 million). The EBIT margin in relation to segment sales thus comes to 10.3 % after 10.0 % (adjusted) and 8.6% (unadjusted) in the prior year.

The Aftermarket segment continued its growth course. Thus segment sales rose by 4.3 % to € 0.7 billion in the first half-year (prior year: € 0.6 billion). The earnings before interest and taxes grew by 11.1 % to € 42 million (prior year: € 37 million). The EBIT margin in relation to segment sales accordingly increased to 6.4 % (prior year: 6.0 %). The main growth drivers were the wholesale trade and business involving workshop equipment.

Sales in the Aftermarket segment were up 2.8 % to € 0.3 billion in the second quarter (prior year: € 0.3 billion); likewise EBIT result improved by 6.3 % to € 22 million (prior year: € 21 million). Looking at the second quarter, the EBIT margin in relation to segment sales came to 6.7 % (prior year: 6.5 %).

The segment information for the first six months (1 June to 30 November) of fiscal years 2016/2017 and 2015/2016

	Automotive			**Aftermarket**			**Special Applications**		
In € million	**2016/2017**		2015/2016	**2016/2017**		2015/2016	**2016/2017**		2015/2016
Sales with third-party companies	**2,406**	0.6 %	2,392	**629**	5.4 %	597	**146**	– 5.0 %	154
Sales with other segments	**23**		20	**21**		27	**0.5**		1
Segment sales	**2,430**	**0.7 %**	**2,413**	**650**	**4.3 %**	**623**	**147**	**– 5.4 %**	**155**

Segment Sales: Sales with third-party companies and other business segments
Please note that where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding.

Permanent employees in the HELLA Group (at 30 November)

Segment sales in the Special Applications segment declined by 5.4 % to € 147 million (prior year: € 155 million) in the first six months of the fiscal year 2016/2017. Adjusted for the disposal of the business activities Industries and Airport Lighting sales declined by 0.6 % in the first half-year, particularly due to the weak demand for products for agricultural machinery as a result of the difficult market setting in the agricultural sector. The Special Applications segment reported a positive sales performance for its trailer business. Earnings before interest and taxes fell to € 0.6 million (prior year: € 9.8 million), the EBIT margin in relation to segment sales correspondingly amounted to 0.4 % in the first half-year (prior year: 6.3 %). The negative result of the wind-down of the disposed business activities Industries and Airport Lighting amounting to € – 9 million and the relocation of the production capacity of one plant to Eastern Europe (€ – 2.8 million) led to a lower figure.

Sales in the Special Applications segment declined by 7.3 % to € 76 million in the second quarter (prior year: € 82 million). Adjusted for the disposal of Industries and Airport Lighting activities, sales fell by 2.4 %. With earnings before interest and taxes of € – 1.3 million (prior year: € 4.3 million), the EBIT margin came to – 1.6 % (prior year: 5.2 %). During this quarter the expenses resulting from the wind-down of the Industries and Airport Lighting activities totaling € 4.3 million and the relocation of the production capacity of one plant to Eastern Europe amounting to € 2.8 million weighed on the result (prior year quarter: € – 3.4 million).

Financial status

Adjusted operating cash flow in the first half-year of € 63 million

In the first six months of the fiscal year 2016/2017, cash flow from operating activities fell by € 42 million to € 260 million when compared with the prior-year period. The decline is mainly attributable to the suspension of the factoring programme during the first quarter of the current fiscal year due to the programme's loss of economic viability. Given that the programme involves a real sale without any right of recourse, this had the effect of reducing the trade receivables. The volume of receivables sold amounted most recently to € 70 million. The factoring programme has thus been terminated.

The prior year's cash flow from operating activities included payouts in connection with the loss of a Chinese supplier amounting to € 27 million.

In the second quarter of the fiscal year 2016/2017, cash flow from operating activities grew by € 63 million to € 172 million.

Compared with the first six months of the prior year, net capital expenditures as the net of the net payment flows for the acquisition or sale of non-current assets (€ 271 million, prior year: € 249 million) and the corresponding customer reimbursements (€ 63 million, prior year: € 60 million) rose by € 19 million to € 208 million. Net capital expenditures of the second quarter were up € 19 million over the prior-year period to € 102 million.

Permanent employees in the HELLA Group by region (at 30 November)

Operating cash flow came to € – 11 million, after € 52 million in the prior year. Adjusted for payments for restructuring measures in Germany, the increase in receivables from the termination of the factoring programme and the special payments resulting from the loss of the Chinese supplier in the prior year, the adjusted operating cash flow was € 63 million, down from € 95 million in the prior year.

Adjusted operating cash flow rose by € 6 million to € 36 million compared with the second quarter of the prior year.

The acquisition of a 100 % stake in online vehicle parts trader iParts in Poland accounted for a total of € 5 million.

The annual general meeting on 29 September 2016 decided on a dividend of € 0.77 per share, which came to a total € 86 million paid out to shareholders.

Financial position

Compared to the end of the prior fiscal year, cash and cash equivalents and current financial assets decreased by € 155 million to € 759 million. The total of current and non-current financial liabilities fell to € 1,102 million, equivalent to a decline of € 49 million compared to 31 May 2016 (€ 1,152 million). Net debt as the balance of cash and cash equivalents and current financial assets together with current and non-current financial liabilities increased by € 106 million to € 344 million in the first half-year compared with the end of the prior fiscal year. At the reporting date, the ratio of net debt to EBITDA for the last twelve months was 0.4, and therefore higher than the ratio of 0.3 as at the end of November 2015. The ratio was 0.3 at the end of the prior fiscal year. The corporate rating issued by Moody's remains in the investment grade segment at Baa2 with a stable outlook. Moody's last updated its credit opinion in July 2016.

Human Resources

At the reporting date on 30 November 2016 HELLA had 35,257 permanent staff worldwide. This is equivalent to employment growth of 7.7 % or 2,526 permanent employees. Due to future new production rollouts, especially in the Lighting business division, the Rest of Europe region (excluding Germany) recorded the highest growth rate of 16 %. The number of permanent staff increased by 5 % in each of the regions of North and South America and Asia/Pacific/RoW; the number of employees in Germany remained largely constant.

Opportunity and risk report

There were no significant changes in the opportunities and risks during the period under review. Details of the significant opportunities and risks may be found in our statements in the 2015/2016 consolidated financial statements. In connection with the fine proceedings the European Commission has initiated against the HELLA Group, provisions amounting to € 16 million have been set aside for fines, potential claims for third-party damages and further legal expenses.

Forecast report

Economic and company outlook

The future performance of the global economy continues to be subject to major political, economic and geopolitical uncertainties; for example, the impact of the political instability of Italy, Europe's third-largest economy, cannot be predicted at this stage. For 2017 the International Monetary Fund (IMF) is projecting global economic growth of 3.4 %. The main driver of this performance will be the economic development in emerging and developing countries, for which the IMF predicts a growth rate of 4.6 %. The projected economic growth in China of 6.2 % remains substantially above the global average. For the advanced economies the IMF expects modest growth of 1.8 %. Within this group of countries the USA is projected to report a gain of 2.2 %. For the Euro Area a growth rate of 1.5 percentage is anticipated, which would mean a figure below the level of prior years. Economic growth in Germany will be 1.4 % in 2017, according to the IMF forecast.

Against the backdrop of these underlying economic conditions, the global automotive industry is expected to record a modest performance. According to the latest IHS Light Vehicle Production Forecast, global growth of 1.3 % to 93.1 million vehicles is expected for the calendar year 2017. Of the three core markets of particular relevance to the HELLA Group – Europe, China and North and South America – Europe and China will slightly exceed their 2016 level whereas the number of new vehicles produced in North and South America will decline slightly. Europe is expected to reach 21.9 million newly produced units in the calendar year 2017, equivalent to an increase of 1.7 %. For China, which has been a major driver of the international automotive cycle of late, a modest 0.6 % rise in the number of newly produced vehicles to some 26.3 million units is projected for the calendar year 2017. The 20.5 million units which the IHS Light Vehicle Production Forecast projects for 2017 mean that the number of newly produced vehicles in the region of North and South America is around 0.3 % below the figure of the previous calendar year.

Company outlook

The current outlook for the fiscal year 2016/2017 is still in line with the forecast provided in the 2015/2016 annual report. For the fiscal year 2016/2017 we thus still project exchange-rate and portfolio-adjusted sales growth and a rise in adjusted EBIT in the mid-single-digit percentage range. Consequently, we continue to forecast an adjusted EBIT margin at the prior year level.

Other events in the fiscal half-year

→ Changes in the HELLA Management Board

As at 1 November 2016 Bernard Schäferbarthold took up his post as Managing Director for Finance and Controlling. Bernard Schäferbarthold takes over from Dr. Wolfgang Ollig, who left the company on 30 June 2016 at his own request.

Events after the balance sheet date

No events or developments of special relevance occurred up to 9 January 2017 that were expected to have a material influence on the net assets, financial position and results of operations of the Group.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

of HELLA KGaA Hueck & Co.

	1st half-year 1 June to 30 November		2nd quarter 1 September to 30 November	
€ thousand	**2016/2017**	2015/2016	**2016/2017**	2015/2016
Sales	**3,197,686**	3,159,129	**1,645,120**	1,663,167
Cost of sales	**– 2,310,583**	– 2,325,460	**– 1,185,816**	– 1,204,530
Gross profit	**887,102**	**833,669**	**459,304**	**458,637**
Research and development costs	**– 310,936**	– 291,359	**– 156,913**	– 151,736
Distribution costs	**– 249,669**	– 243,855	**– 127,025**	– 124,945
Administrative costs	**– 106,775**	– 103,212	**– 52,046**	– 50,960
Other income and expenses	**– 7,209**	– 17,132	**– 12,546**	– 13,754
Earnings from investments accounted for using the equity method	**32,699**	24,619	**17,934**	16,628
Other income from investments	**17**	25	**0**	25
Earnings before interest and taxes (EBIT)	**245,230**	**202,755**	**128,710**	**133,895**
Financial income	**15,954**	15,611	**3,936**	10,493
Financing costs	**– 37,596**	– 34,021	**– 15,521**	– 19,257
Net financial result	**– 21,642**	**– 18,410**	**– 11,585**	**– 8,764**
Earnings before income taxes (EBT)	**223,588**	**184,345**	**117,125**	**125,131**
Taxes on income	**– 50,084**	– 52,981	**– 27,088**	– 36,726
Earnings for the period	**173,504**	**131,364**	**90,037**	**88,405**
of which attributable:				
to the owners of the parent company	**172,988**	128,403	**89,752**	87,206
to non-controlling interests	**516**	2,961	**285**	1,199
Undiluted earnings per ordinary share in €	**1.56**	1.16	**0.81**	0.79
Diluted earnings per ordinary share in €	**1.56**	1.16	**0.81**	0.79

See also Notes 06 and 07 for explanations.

Consolidated statement of comprehensive income

(after-tax view)
of HELLA KGaA Hueck & Co.

	1st half-year 1 June to 30 November		2nd quarter 1 September to 30 November	
€ thousand	**2016/2017**	2015/2016	**2016/2017**	2015/2016
Earnings for the period	**173,504**	**131,364**	**90,037**	**88,405**
Currency translation differences	**4,246**	−2,703	**4,947**	55,214
Changes realised in equity	**4,368**	−2,703	**5,069**	55,214
Profits (-) or losses (+) recognised in the income statement	**−122**	0	**−122**	0
Financial instruments for cash flow hedging	**2,793**	11,149	**10,906**	−1,628
Changes realised in equity	**8,309**	10,301	**8,186**	3,311
Profits (-) or losses (+) recognised in the income statement	**−5,516**	848	**2,720**	−4,939
Change in fair value of financial instruments available for sale	**1,578**	−1,227	**−981**	5,044
Changes realised in equity	**−370**	−1,334	**−385**	5,531
Profits (-) or losses (+) recognised in the income statement	**1,947**	107	**−595**	−487
Share of other comprehensive income attributable to associates and joint ventures	**4,417**	128	**1,647**	11,598
Items that were or can be transferred to profit or loss	**8,617**	**7,219**	**14,872**	**58,630**
Remeasurement of defined benefit plans	**−2,246**	14,694	**19,657**	−4,511
Share of other comprehensive income attributable to associates and joint ventures	**−43**	0	**−1**	0
Items never transferred to profit or loss	**−2,246**	**14,694**	**19,657**	**−4,511**
Other comprehensive income for the period	**6,371**	**21,913**	**34,529**	**54,119**
Comprehensive income for the period	**179,875**	**153,277**	**124,566**	**142,524**
Of which attributable:				
to the owners of the parent company	**179,520**	150,435	**124,441**	140,997
to non-controlling interests	**355**	2,842	**126**	1,527

Consolidated statement of financial position

of HELLA KGaA Hueck & Co.

€ thousand	30. November 2016	31. May 2016	30. November 2015
Cash and cash equivalents	464,287	585,134	564,842
Financial assets	294,237	328,790	358,642
Trade receivables	1,019,666	937,471	912,117
Other receivables and non-financial assets	156,210	146,376	157,177
Inventories	675,336	607,584	705,793
Current tax assets	20,532	26,783	32,794
Non-current assets available-for-sale	0	2,924	3,357
Current assets	**2,630,268**	**2,635,062**	**2,734,722**
Intangible assets	234,014	225,021	227,494
Property, plant and equipment	1,713,083	1,697,539	1,591,393
Financial assets	16,351	17,033	18,590
Investments accounted for using the equity method	279,387	261,448	263,261
Deferred tax assets	124,335	122,954	121,070
Other non-current assets	41,306	36,244	46,001
Non-current assets	**2,408,475**	**2,360,239**	**2,267,809**
Assets	**5,038,743**	**4,995,301**	**5,002,531**
Financial liabilities	33,763	86,880	87,283
Trade payables	634,765	633,818	678,602
Current tax liabilities	49,765	57,923	60,571
Other liabilities	542,931	558,043	536,260
Provisions	80,359	65,259	65,908
Current liabilities	**1,341,583**	**1,401,923**	**1,428,624**
Financial liabilities	1,068,449	1,064,789	1,067,566
Deferred tax liabilities	31,087	25,767	38,415
Other liabilities	183,880	193,284	205,569
Provisions	342,028	330,888	343,787
Non-current liabilities	**1,625,443**	**1,614,728**	**1,655,337**
Subscribed capital	222,222	222,222	222,222
Reserves and unappropriated surplus	1,844,527	1,750,563	1,690,551
Equity before non-controlling interests	**2,066,749**	**1,972,785**	**1,912,773**
Non-controlling interests	4,968	5,865	5,797
Equity	**2,071,717**	**1,978,650**	**1,918,570**
Equity and liabilities	**5,038,743**	**4,995,301**	**5,002,531**

See also Notes 11 to 14 for information about the statement of financial position.

Consolidated cash flow statement

of HELLA KGaA Hueck & Co. for the period from 1 June to 30 November

	€ thousand	2016/2017	2015/2016
	Earnings before income taxes	**223,588**	**184,345**
+	Depreciation and amortisation	**192,855**	197,251
+	Increase in provisions	**20,800**	1,241
+	Payments received for series production	**62,873**	59,889
–	Non-cash sales transacted in previous periods	**–55,948**	–49,013
–	Other non-cash income	**–32,267**	–40,072
+/–	Profits (+)/losses (-) from the sale of non-current assets	**2,673**	–623
+	Net financial result	**21,642**	18,410
–	Increase in trade receivables and other assets not attributable to investing or financing activities	**–104,318**	–77,644
–	Increase in inventories	**–73,281**	–103,632
+	Increase in trade payables and other liabilities not attributable to investing or financing activities	**31,798**	137,661
+	Interest received	**5,405**	1,211
–	Interest paid	**–12,536**	–8,537
+	Tax refunds received	**9,725**	3,099
–	Taxes paid	**–60,044**	–50,700
+	Dividends received	**26,633**	28,382
=	**Net cash flow from operating activities**	**259,598**	**301,268**
+	Cash proceeds from the sale of property, plant and equipment and intangible assets	**8,486**	5,078
–	Payments for the purchase of property, plant and equipment and intangible assets	**–279,024**	–254,015
+	Repayments from loans granted to associates or unconsolidated companies	**0**	650
+	Cash proceeds from the capital reduction in associates or unconsolidated companies	**0**	2,766
–	Payments for the acquisition of subsidiaries, less cash received	**–4,921**	0
+	Cash proceeds from the disposal of investments with loss of control (net of cash transferred) and from liquidation of other investments	**3,741**	107
=	**Net cash flow from investing activities**	**–271,718**	**–245,414**
–	Payments for the repayment of financial liabilities	**–70,805**	–50,714
+	Cash proceeds from borrowing	**12,432**	53,844
+	Payments made for the purchase and sale of securities	**34,425**	45,179
–	Dividend paid	**–86,630**	–86,612
–	Payments made for acquiring shares of non-controlling interests	**0**	–57,789
=	**Net cash flow from financing activities**	**–110,578**	**–96,092**
=	**Net change in cash and cash equivalents**	**–122,698**	**–40,238**
+	Cash and cash equivalents as at 1 June	**585,134**	602,744
+/–	Effect of exchange rate fluctuations on cash and cash equivalents	**1,850**	2,336
=	**Cash and cash equivalents as at 30 November**	**464,287**	**564,842**

See also Note 15 for information about the cash flow statement.

Consolidated statements of changes in equity

of HELLA KGaA Hueck & Co.

€ thousand	Subscribed capital	Capital reserve	Reserve for currency translation	Reserve for financial instruments for cash flow hedging
As at 1 June 2015	**222,222**	**250,234**	**81,505**	**−89,092**
Earnings for the period	0	0	0	0
Other comprehensive income for the period	0	0	−2,584	11,149
Comprehensive income for the period	**0**	**0**	**−2,584**	**11,149**
Distribution to shareholders	0	0	0	0
Changes in ownership interest in subsidiaries	0	0	−159	0
Transactions with shareholders	**0**	**0**	**−159**	**0**
As at 30 November 2015	**222,222**	**250,234**	**78,762**	**−77,943**
As at 1 June 2016	**222,222**	**250,234**	**1,693**	**−65,047**
Earnings for the period	0	0	0	0
Other comprehensive income for the period	0	0	4,391	2,809
Comprehensive income for the period	**0**	**0**	**4,391**	**2,809**
Distributions to shareholders	0	0	0	0
Transactions with shareholders	**0**	**0**	**0**	**0**
As at 30 November 2016	**222,222**	**250,234**	**6,084**	**−62,238**

See also Note 14 for information on equity.

Reserve for financial instruments available-for-sale	Remeasurement of defined benefit plans	Other retained earnings/ profit carried forward	**Reserves and unappropriated surplus**	**Equity before non-controlling interests**	Non-controlling interests	**Equity**
10,469	**−70,904**	**1,475,804**	**1,658,016**	**1,880,238**	**29,456**	**1,909,694**
0	0	128,403	**128,403**	**128,403**	2,961	**131,364**
−1,227	14,694	0	**22,032**	**22,032**	−119	**21,913**
−1,227	**14,694**	**128,403**	**150,435**	**150,435**	**2,842**	**153,277**
0	0	−85,556	**−85,556**	**−85,556**	−1,056	**−86,612**
0	0	−32,185	**−32,344**	**−32,344**	−25,445	**−57,789**
0	**0**	**−117,741**	**−117,900**	**−117,900**	**−26,501**	**−144,401**
9,242	**−56,210**	**1,486,466**	**1,690,551**	**1,912,773**	**5,797**	**1,918,570**
3,125	**−65,881**	**1,626,439**	**1,750,563**	**1,972,785**	**5,865**	**1,978,650**
0	0	172,988	**172,988**	**172,988**	516	**173,504**
1,578	−2,246	0	**6,532**	**6,532**	−161	**6,371**
1,578	**−2,246**	**172,988**	**179,520**	**179,520**	**355**	**179,875**
0	0	−85,556	**−85,556**	**−85,556**	−1,252	**−86,808**
0	**0**	**−85,556**	**−85,556**	**−85,556**	**−1,252**	**−86,808**
4,703	**−68,127**	**1,713,871**	**1,844,527**	**2,066,749**	**4,968**	**2,071,717**

FURTHER NOTES

01 Basic information

HELLA KGaA Hueck & Co. (HELLA KGaA) 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, Lippstadt.

This interim report has been prepared as a condensed interim report in accordance with the requirements of the International Financial Reporting Standards (IFRS) applicable as of 30 November 2016 and as adopted by the European Union. The interim report was created in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are accompanied by an interim management report. The comparative values of the prior year have been determined according to the same principles.

The condensed interim consolidated financial statements and the consolidated interim management report have neither been audited pursuant to Section 37w (5) WpHG nor in accordance with Section 317 HGB.

The interim financial statements are prepared in euros (€). Amounts are stated in thousands of euros (€ thousand). The interim financial statements are prepared using accounting and measurement methods that are applied consistently within the Group on the basis of amortised 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. Where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding.

02 Scope of consolidation

In addition to HELLA KGaA Hueck & Co., all significant domestic and foreign subsidiaries that are directly or indirectly controlled by HELLA are consolidated. Material joint ventures are included in the consolidated financial statements using the equity method of accounting.

Number	**30 Nov 2016**	31 May 2016	30 Nov 2015
Fully consolidated companies	**97**	95	99
Companies accounted for using the equity method	**56**	57	53

03 Acquisition of subsidiaries

All of the shares in iParts Sp.z.o.o. were acquired for a purchase price of € 5,261 thousand on 10 October 2016, so that control is now obtained. The company, which is based in Rzeszów in Poland, offers auto parts to end and business customers in the automotive sector through e-commerce sales channels.

The acquisition of iParts, the leading online shop for auto parts in Poland, aims to strengthen the company's own e-commerce activities and speed up further expansion. It will focus here initially on Northern and Eastern Europe.

The following calculation of the fair values is preliminary due to information being incomplete. The fair values of the identifiable assets acquired and liabilities assumed as of the date of the business combination in this respect break down as follows:

€ thousand	**Fair value**
Cash and cash equivalents	340
Trade receivables	120
Inventories	71
Intangible assets	2,629
Property, plant and equipment	21
Other assets	6
Trade payables	– 296
Current tax liabilities	– 21
Deferred tax liabilities	– 456
Provisions	– 104
Other liabilities	– 35
Net assets at the time of acquisition	**2,275**

The acquisition yielded the following goodwill:

€ thousand	**Fair value**
Purchase price	5,261
Net assets at the time of acquisition	2,275
Goodwill	**2,986**

The preliminary goodwill of € 2,986 thousand arising from the acquisition is attributable to the Aftermarket segment and includes synergies arising in combination with the existing e-commerce activities.

The incidental acquisition costs of € 0.1 million were included in other income and expenses.

Trade receivables include impairments of € 25 thousand resulting from unrecoverable receivables.

The acquired subsidiary contributed € 516 thousand to consolidated sales and impacted earnings for the period with a loss of € 14 thousand.

If the business acquisition had been executed at the beginning of the fiscal year, the Group would have reported sales of € 1,678 thousand and a loss of € 16 thousand to iParts in the first half-year.

04 Accounting and measurement methods

The accounting and measurement methods used in the interim report are the same as those used in the consolidated financial statements of 31 May 2016 with the exception of the application of new accounting standards in fiscal year 2016/2017. The application of these standards does not materially influence the presentation of the condensed interim consolidated financial statements. These methods are explained in detail in the consolidated financial statements of 31 May 2016. To simplify interim reporting, IAS 34.41 allows greater use of estimates and assumptions than in the annual financial statements, provided all material financial information that is relevant for understanding the net assets, financial position and results of operations is appropriately disclosed. To calculate the income tax expense, the estimated effective income tax rate for the current fiscal year is taken into account when calculating the tax charge incurred during the year.

05 Currency translation

Currency translation differences arising from the translation of earnings and items of the statement of financial position 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 were as follows:

	Reporting date		**Average 1st half-year**		**Reporting date**	
	30 Nov 2016	30 Nov 2015	**2016/2017**	2015/2016	**31 May 2016**	31 May 2015
€ 1 = US dollar	**1.0635**	1.0579	**1.1093**	1.1093	**1.1154**	1.0970
€ 1 = Czech koruna	**27.0600**	27.0300	**27.0342**	27.1103	**27.0220**	27.4010
€ 1 = Japanese yen	**120.4800**	130.2200	**115.4218**	135.5139	**123.8300**	135.9500
€ 1 = Mexican peso	**21.8775**	17.5569	**21.0520**	18.1066	**20.5185**	16.8433
€ 1 = Chinese renminbi	**7.3205**	6.7689	**7.4230**	6.9953	**7.3363**	6.7994
€ 1 = South Korean won	**1,247.3700**	1,224.2100	**1,260.9719**	1,279.6862	**1,326.1100**	1,220.3100
€ 1 = Romanian leu	**4.5040**	4.4503	**4.4872**	4.4365	**4.5108**	4.4425
€ 1 = Danish krone	**7.4403**	7.4604	**7.4408**	7.4609	**7.4376**	7.4597

06 Sales

Sales for the first half of fiscal 2016/2017 amounted to € 3,197,686 thousand (prior year: € 3,159,129 thousand). Sales are attributable entirely to the sale of goods and services rendered.

They can be classified as follows:

€ thousand	2016/2017	2015/2016
Sales from the sale of goods	3,108,449	2,999,335
Sales arising from the rendering of services	89,237	159,794
Sales total	**3,197,686**	**3,159,129**

07 Earnings per share

Undiluted earnings per share are calculated by dividing the share of earnings attributable to the shareholders of HELLA KGaA Hueck & Co. by the weighted average number of ordinary shares issued.

Undiluted earnings per share amounted to € 1.56 and are equivalent to diluted earnings per share.

Number of shares	30 November 2016	30 November 2015
Weighted average number of shares outstanding during the period		
Ordinary shares, undiluted	111,111,112	111,111,112
Ordinary shares, diluted	111,111,112	111,111,112
€ thousand	**2016/2017**	**2015/2016**
Share of profit attributable to owners of the parent company	172,988	128,403
€	**2016/2017**	**2015/2016**
Earnings per share, undiluted	**1.56**	**1.16**
Earnings per share, diluted	**1.56**	**1.16**

08 Adjustment of special effects in earnings before interest and taxes

The HELLA Group is managed by the Management Board through key financial indicators. The key indicators of sales growth and adjusted EBIT margin take on prominent importance compared to the other key financial indicators in the management of the Company. 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, the non-recurring or exceptional effects in their 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 performance indicators for the steering of the Group's activities. The adjusted EBIT margin as a performance indicator is not defined in the International Financial Reporting Standards. Rather it is reported by HELLA 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, the costs for the restructuring measures in Germany are adjusted in EBIT. In addition, provisions of € 16,000 thousand have been created for any fines imposed in conjunction with the fine proceedings of the European Commission against HELLA and possible damage claims by third parties and further legal fees. The corresponding expenses are not allocated to any segment. Reported earnings for fiscal year 2015/2016 were adjusted for restructuring costs and the effect connected with the loss of a Chinese supplier, which was first reported in September 2015.

The corresponding reconciliation statement for the first half-year (1 June to 30 November) of fiscal years 2016/2017 and 2015/2016 is as follows:

€ thousand	2016/2017 as reported	Restructuring	Legal affairs	2016/2017 adjusted
Sales	3,197,686			3,197,686
Cost of sales	– 2,310,583			– 2,310,583
Gross profit	**887,102**			**887,102**
Research and development costs	– 310,936			– 310,936
Distribution costs	– 249,669			– 249,669
Administrative costs	– 106,775			– 106,775
Other income and expenses	– 7,209	6,857	16,000	15,649
Earnings from investments accounted for using the equity method	32,699			32,699
Other income from shares in associates	17			17
Earnings before interest and taxes (EBIT)	**245,230**	**6,857**	**16,000**	**268,087**

€ thousand	2015/2016 as reported	Restructuring	Loss of supplier	2015/2016 adjusted
Sales	3,159,129			3,159,129
Cost of sales	– 2,325,460		27,070	– 2,298,390
Gross profit	**833,669**		**27,070**	**860,738**
Research and development costs	– 291,359			– 291,359
Distribution costs	– 243,855			– 243,855
Administrative costs	– 103,212		337	– 102,875
Other income and expenses	– 17,132	5,731	19,789	8,388
Earnings from investments accounted for using the equity method	24,619			24,619
Other income from shares in associates	25			25
Earnings before interest and taxes (EBIT)	**202,755**	**5,731**	**47,196**	**255,682**

09 Segment reporting

External segment reporting is based on internal reporting (so-called management approach). Segment reporting is based solely on financial information used by the company's decision makers for the internal management of the company and to make decisions regarding the allocation of resources and measurement of profitability.

The Lighting and Electronics business divisions are reported together in the Automotive segment. Both business divisions serve a similar customer base worldwide. Consequently, both segments are subject to broadly similar economic cycles and market developments. In addition, the individual products have comparable lifecycles. Original Equipment provides lighting and electronics components to automobile manufacturers and other tier-1 suppliers worldwide through an integrated distribution network. The product portfolio of the Lighting business division includes headlamps, signal lamps, interior lamps, and lighting electronics. The Electronics business division focuses on the product areas of body electronics, energy management, as well as driver assistance systems and components (e. g. sensors and engine compartment actuators). The Automotive segment develops, produces and sells vehicle-specific solutions, and develops and brings to market technological innovations. The margins attainable within the segment are mainly dependent on the respective technology used, and to a lesser extent on customers, regions, and products.

The Aftermarket business segment is responsible for the trade in automotive parts and accessories, and the wholesale business. The trade product portfolio includes service parts for the Lighting, Electrical, Electronics, and Thermal Management segments. In addition, the automotive parts and accessories businesses and garages receive sales support through a modern, rapid information and ordering system, as well as through competent technical service. The Aftermarket segment makes only limited use of the Automotive segment's resources, and largely produces the independently developed items in its own plants.

The Special Applications segment comprises original equipment for special-purpose vehicles such as buses, caravans, agricultural and construction machinery, municipal vehicles and trailers. Technological competence is closely linked to Automotive business, which means that the range of applications in LED and electronic products can be expanded appropriately and synergies leveraged at the same time.

The segment information for the first half-year (1 June to 30 November) of fiscal years 2016/2017 and 2015/2016 is as follows:

	Automotive		Aftermarket		Special Applications	
€ thousand	**2016/2017**	2015/2016	**2016/2017**	2015/2016	**2016/2017**	2015/2016
Sales with third-party companies	**2,406,188**	2,392,286	**628,968**	596,595	**146,467**	154,222
Intersegment sales	**23,464**	20,347	**21,337**	26,780	**506**	1,075
Cost of sales	**–1,808,611**	–1,847,740	**–430,666**	–414,586	**–100,942**	–97,284
Gross profit	**621,041**	**564,893**	**219,638**	**208,789**	**46,031**	**58,013**
Research and development costs	**–292,636**	–275,432	**–9,397**	–7,378	**–7,609**	–8,378
Distribution costs	**–57,974**	–54,745	**–160,487**	–155,845	**–31,155**	–33,357
Administrative costs	**–83,691**	–86,725	**–17,637**	–15,919	**–8,968**	–7,980
Other income and expenses	**11,582**	–12,438	**5,881**	5,020	**2,268**	1,463
Result of investments accounted for using the equity method	**29,067**	21,811	**3,632**	2,808	**0**	0
Earnings before interest and taxes (EBIT)	**227,389**	**157,364**	**41,629**	**37,475**	**566**	**9,761**
Additions to non-current assets	**214,527**	167,316	**12,345**	11,030	**5,034**	5,309

Sales reconciliation:

€ thousand	2016/2017	2015/2016
Total sales of the reporting segments	**3,226,929**	**3,191,305**
Sales in other divisions	**42,652**	45,926
Elimination of intersegment sales	**−71,896**	−78,102
Consolidated sales	**3,197,686**	**3,159,129**

Reconciliation of the segment results with consolidated net profit/loss:

€ thousand	2016/2017	2015/2016
EBIT of the reporting segments	**269,585**	**204,600**
EBIT of other divisions	**−1,498**	3,886
Unallocated income	**−22,857**	−5,731
Consolidated EBIT	**245,230**	**202,755**
Net financial result	**−21,642**	−18,410
Consolidated EBT	**223,588**	**184,345**

10 Adjustment of special effects in the segment results

The negative effects on earnings resulting from the loss of a Chinese supplier was reported in the Automotive segment in the prior year (see Note 08). This resulted in a strain on earnings before income and taxes in the past reporting period, which has been adjusted to ensure better comparability with the current reporting period. The cost of sales included higher production and logistics costs, as well as expense for expected further losses, while other income and expenses included a goodwill impairment of € 5,611 thousand. The income statement for the Automotive segment was not adjusted for the first half of fiscal year 2016/2017. As a result, the EBIT margin corresponds to the adjusted EBIT margin.

The prior year's adjusted income statement for the Automotive segment in the first half-year (1 June to 30 November) is as follows:

Automotive			
€ thousand	2015/2016 as reported	Loss of supplier	2015/2016 adjusted
Sales	2,392,286		2,392,286
Intersegment sales	20,347		20,347
Cost of sales	– 1,847,740	27,070	– 1,820,670
Gross profit	**564,893**	**27,070**	**591,963**
Research and development costs	– 275,432		– 275,432
Distribution costs	– 54,745		– 54,745
Administrative costs	– 86,725	337	– 86,388
Other income and expenses	– 12,438	19,789	7,350
Earnings from investments accounted for using the equity method	21,811		21,811
Earnings before interest and taxes (EBIT)	**157,364**	**47,196**	**204,559**

11 Other receivables and current non-financial assets

€ thousand	30 November 2016	31 May 2016
Other current assets	**44,715**	27,248
Insurance receivables	**6,351**	4,928
Positive market value of currency hedges	**9,658**	6,475
Subtotal other financial assets	**60,724**	**38,651**
Other non-financial assets	**5,548**	5,054
Advance payments	**12,487**	9,071
Prepaid expenses/deferred income	**33,466**	26,151
Receivables for partial retirement	**172**	654
Advance payments to employees	**8,505**	2,251
Other tax receivables	**35,308**	64,544
Total	**156,210**	**146,376**

12 Other non-current assets

€ thousand	30 November 2016	31 May 2016
Receivables from finance leases	**33,958**	29,057
Other non-current assets	**667**	604
Subtotal other financial assets	**34,625**	**29,661**
Advance payments	**2,013**	1,233
Prepaid expenses/deferred income	**2,924**	3,523
Plan assets	**1,744**	1,827
Total	**41,306**	**36,244**

13 Other liabilities

Other financial liabilities include mainly liabilities from outstanding invoices or credit notes of € 96,642 thousand (31 May: € 126,170 thousand).

	30 November 2016		31 May 2016	
€ thousand	**Non-current**	**Current**	Non-current	Current
Derivatives	**78,480**	**10,412**	88,843	5,622
Other financial liabilities	**12,515**	**130,012**	10,765	157,123
Subtotal other financial liabilities	**90,995**	**140,424**	**99,608**	**162,744**
Other taxes	**0**	**72,530**	0	46,782
Accrued personnel liabilities	**0**	**154,235**	0	190,645
Advance payments received on orders	**0**	**17,686**	0	22,701
Deferred revenue	**92,712**	**122,264**	93,517	115,904
Other non-financial liabilities	**173**	**35,791**	159	19,267
Total	**183,880**	**542,931**	**193,284**	**558,043**

14 Equity

On the equity and liabilities side, share capital is recognised at its nominal value under the "Subscribed capital" item. The share capital amounts to € 222,222 thousand. The no-par value shares are issued to the bearer. All issued shares are fully paid up. Each share confers a right to vote and a right to dividends if distributions are agreed.

Under "Other retained earnings/profit carried forward", other retained earnings of the parent company and past earnings of consolidated companies are also included in the consolidated financial statements, unless they have been distributed. This item also includes the statutory reserve of the parent company. The statutory reserve is subject to the distribution restrictions specified in the German Stock Corporation Act (Aktiengesetz – AktG). Offsetting of differences in assets and liabilities arising from the capital consolidation of subsidiaries consolidated before 1 June 2006, and the adjustments recognised directly in equity for the first-time adoption of IFRS are also included in this item.

In addition to "Other retained earnings/profit carried forward" and the capital reserve, "Reserves and unappropriated surplus" include the differences stemming from the currency translation of the financial statements of foreign subsidiaries and the impact arising from the measurement of derivative financial instruments acquired for hedging purposes as well as financial instruments from the available-for-sale category. Also included are the results from the remeasurement of defined benefit plans. A detailed overview of the composition and changes in the results recognised directly in equity is presented in the consolidated statement of changes in equity.

Actuarial losses before taxes of € 2,246 thousand (prior year: € 14,694 thousand) were recognised in the period. The change in value of the defined benefit liabilities or of the assigned plan assets is attributable to calculation parameters and in particular the discount rate used here, which was 1.95 % at the end of November 2016 (May 2016: 2.02 %).

On 29 September 2016, dividends totalling € 85,556 thousand (€ 0.77 per no-par value share) were distributed to owners of the parent company. A dividend of € 1,252 thousand is attributable to the non-controlling interests. € 1,074 thousand of this amount has already been disbursed.

The Group aims to maintain a strong equity base. The Group strives to strike a balance between a higher return on equity, which would be possible through greater leverage, and the advantages and security offered by a solid equity position. The Group is aiming for a ratio of less than 1.0 for net debt to earnings before interest, taxes, depreciation and amortisation (EBITDA) in the long term. The ratio was 0.4 on 30 November.

15 Notes to the cash flow statement

As at 31 May 2016, the cash funds comprise exclusively cash and cash equivalents.

16 Adjustment of special effects in cash flow

Adjusted operating cash flow was used as a performance indicator for internal Group management. The adjusted operating cash flow as a performance indicator is not defined in the International Financial Reporting Standards. Rather it is reported by HELLA 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 cash flows from the operating activities – adjusted for special effects – in a more transparent form and facilitates a comparison over time.

Cash flow from operating activities after capital expenditures, excluding cash flows from corporate transactions, is used for this purpose and adjusted for non-recurring cash flows.

The increase in trade receivables from the discontinuation of the factoring programme is adjusted in the current reporting period. The programme includes genuine sales without any right of recourse, resulting in a reduction in balance sheet receivables of € 70,000 thousand as at the end of May 2016. Accordingly, the trade liabilities rose during the current reporting period. In addition, the cash flows (€ 4,078 thousand) attributable to the restructuring measures are adjusted in adjusted operating cash flow.

Besides the special effects from the factoring programme (€ 10,000 thousand) and the restructuring measures (€ 6,005 thousand), the adjusted operating cash flows were adjusted in particular for the cash-relevant loss of the Chinese supplier (€ 26,548 thousand).

The performance of the adjusted operating cash flow for the first half-year (1 June to 30 November) of fiscal years 2016/2017 and 2015/2016 is shown in the following tables:

	€ thousand	2016/2017 as reported	Reduction in factoring	Restructuring	2016/2017 adjusted
	Earnings before income taxes	223,588		6,857	230,445
+	Depreciation and amortisation	192,855			192,855
+/–	Change in provisions	20,800		– 2,780	18,021
+	Payments received for series production	62,873			62,873
–	Non-cash sales transacted in previous periods	– 55,948			– 55,948
–	Other non-cash income	– 32,267			– 32,267
+	Losses from the sale of non-current assets	2,673			2,673
+	Net financial result	21,642			21,642
+/–	Change in trade receivables and other assets not attributable to investing or financing activities	– 104,318	70,000		– 34,318
–	Increase in inventories	– 73,281			– 73,281
+	increase in trade payables and other liabilities not attributable to investing or financing activities	31,798			31,798
–	Net interest payments	– 7,131			– 7,131
–	Net tax payments	– 50,320			– 50,320
+	Dividends received	26,633			26,633
=	**Net cash flow from operating activities**	**259,598**	**70,000**	**4,078**	**333,676**
+	Cash proceeds from the sale of property, plant and equipment and intangible assets	8,486			8,486
–	Payments for the purchase of property, plant and equipment and intangible assets	– 279,024			– 279,024
=	**Operating cash flow**	**– 10,941**	**70,000**	**4,078**	**63,138**

	€ thousand	2015/2016 as reported	Loss of supplier	Reduction in factoring	Restructuring	2015/2016 adjusted
	Earnings before income taxes	184,345	47,196		5,731	237,272
+	Depreciation and amortisation	197,251	–17,338			179,913
+/–	Change in provisions	1,241	–5,051		274	–3,536
+	Payments received for series production	59,889				59,889
–	Non-cash sales transacted in previous periods	–49,013				–49,013
–	Other non-cash income	–40,072				–40,072
–	Profits from the sale of non-current assets	–623				–623
+	Net financial result	18,410				18,410
+/–	Change in trade receivables and other assets not attributable to investing or financing activities	–77,644		10,000		–67,644
–	Increase in inventories	–103,632				–103,632
+	Increase in trade payables and other liabilities not attributable to investing or financing activities	137,661	1,741			139,402
–	Net interest payments	–7,326				–7,326
–	Net tax payments	–47,601				–47,601
+	Dividends received	28,382				28,382
=	**Net cash flow from operating activities**	**301,268**	**26,548**	**10,000**	**6,005**	**343,821**
+	Cash proceeds from the sale of property, plant and equipment and intangible assets	5,078				5,078
–	Payments for the purchase of property, plant and equipment and intangible assets	–254,015				–254,015
=	**Operating cash flow**	**52,331**	**26,548**	**10,000**	**6,005**	**94,884**

17 Disclosures on financial instruments

The carrying amounts and fair values of classes of financial instruments and the carrying amounts in accordance with IAS 39 measurement categories as at 30 November 2016 and as at 31 May 2016 are shown below.

€ thousand	Measurement category under IAS 39	**Carrying amount 30. Nov 2016**	**Fair value 30. Nov 2016**	Carrying amount 31. May 2016	Fair value 31. May 2016	Fair value hierarchy
Cash and cash equivalents	LaR	**464,287**	**464,287**	585,134	585,134	
Trade receivables	LaR	**1,019,666**	**1,019,666**	937,471	937,471	
Financial assets						
Available-for-sale financial assets	AfS	**292,076**	**292,076**	328,117	328,117	Level 1
Loans	LaR	**537**	**537**	339	339	
Other bank balances	LaR	**1,624**	**1,624**	334	334	
Other financial assets						
Derivatives used for hedging	n.a.	**6,318**	**6,318**	1,751	1,751	
Derivatives not used for hedging	HfT	**3,340**	**3,340**	4,724	4,724	
Other receivables associated with financing activities	LaR	**51,066**	**51,066**	32,176	32,176	
Financial assets (current)		**1,838,914**	**1,838,914**	**1,890,046**	**1,890,046**	
Financial assets						
Available-for-sale financial assets	AfS	**10,220**	**10,220**	10,595	10,595	Level 2
Loans	LaR	**6,090**	**6,090**	6,407	6,407	Level 2
Other receivables associated with financing activities	LaR	**39**	**39**	31	31	Level 2
Other financial assets						
Trade receivables	LaR	**34,625**	**34,625**	29,661	29,661	Level 2
Financial assets (non-current)		**50,975**	**50,975**	**46,694**	**46,694**	
Financial assets		**1,889,888**	**1,889,888**	**1,936,740**	**1,936,740**	
Financial liabilities						
Financial liabilities to banks	FLAC	**33,601**	**33,601**	85,901	85,901	
Financial lease liabilities	n.a.	**161**	**161**	979	979	
Trade payables	FLAC	**634,765**	**634,765**	633,818	633,818	
Other financial liabilities						
Derivatives used for hedging	n.a.	**8,028**	**8,028**	4,378	4,378	Level 2
Derivatives not used for hedging	HfT	**2,383**	**2,383**	1,244	1,244	Level 2
Other financial liabilities	FLAC	**130,012**	**130,012**	157,123	157,123	
Financial liabilities (current)		**808,951**	**808,951**	**883,442**	**883,442**	
Financial liabilities						
Financial liabilities to banks	FLAC	**171,123**	**224,697**	170,673	223,269	Level 2
Bonds	FLAC	**897,282**	**975,507**	894,056	971,568	Level 1
Financial lease liabilities	n.a.	**44**	**44**	60	60	
Other financial liabilities						
Derivatives used for hedging	n.a.	**78,480**	**78,480**	88,843	88,843	Level 2
Derivatives not used for hedging	HfT	**0**	**0**	0	0	Level 2
Other financial liabilities	FLAC	**12,515**	**12,515**	10,765	10,765	
Financial liabilities (non-current)		**1,159,443**	**1,291,243**	**1,164,397**	**1,294,505**	
Financial liabilities		**1,968,394**	**2,100,194**	**2,047,839**	**2,177,947**	
Of which aggregated under IAS 39 measurement categories:						
Financial assets HfT		**3,340**	**3,340**	4,724	4,724	
LaR		**1,577,934**	**1,577,934**	1,591,553	1,591,553	
AfS		**302,296**	**302,296**	338,712	338,712	
Financial liabilities HfT		**2,383**	**2,383**	1,244	1,244	
FLAC		**1,879,297**	**2,011,097**	1,952,336	2,082,444	
Financial assets, derivatives used for hedging		**6,318**	**6,318**	1,751	1,751	
Financial liabilities, derivatives used for hedging		**86,508**	**86,508**	93,221	93,221	

Level 1: Measurement of market value based on listed, unadjusted prices on active markets.

Level 2: Measurement of market value based on criteria for assets and financial liabilities that can be either directly or indirectly derived from prices on active markets.

Level 3: Measurement of market value based on criteria that cannot be derived from active markets.

The Group reports possible transfers between different levels of the fair value hierarchy at the end of the reporting period in which the change occurred. As in the prior year, no transfers were made between different levels of the fair value hierarchy during the reporting period.

The carrying amounts of short-term financial instruments at the reporting date correspond to the market value owing to their short residual term and the fact that they are recognised at market value.

The carrying amounts of non-current financial liabilities also largely correspond to the market values owing to the mostly variable interest rates. Long-term financial instruments on the assets side are mainly determined by the other investments and loans. The fair values of these equity components measured at acquisition costs could not be determined as no stock exchange or market prices were available. As the market value cannot be reliably determined, the other investments and non-consolidated affiliated companies reported here are carried at acquisition costs in the amount of € 10,220 thousand (31 May: € 10,595 thousand).

At the reporting date, there were no plans to sell the other investments and non-consolidated affiliates measured at acquisition cost.

18 Events after the reporting date

No events or developments occurred after the end of the fiscal half-year that could have led to a material change to the recognition or the amount stated of individual assets or liabilities as at 30 November 2016 or would have had to be reported.

Lippstadt, 09 January 2017

The Managing General Partners of HELLA KGaA Hueck & Co.

Dr. Jürgen Behrend

HELLA Geschäftsführungsgesellschaft mbH

Dr. Rolf Breidenbach
(President and CEO)

Markus Bannert

Stefan Osterhage

Bernard Schäferbarthold

Dr. Matthias Schöllmann

Responsibility statement

on the interim consolidated financial statements and interim Group management report of HELLA KGaA Hueck & Co. as at 30 November 2016.

To the best of our knowledge, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with applicable accounting principles, and the interim group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Lippstadt, 09 January 2017

Dr. Jürgen Behrend
(Managing General Partner of HELLA KGaA Hueck & Co.)

Dr. Rolf Breidenbach
(CEO of HELLA Geschäftsführungsgesellschaft mbH)

Markus Bannert
(Managing Director of
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Stefan Osterhage
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Bernard Schäferbarthold
(Managing Director of
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Dr. Matthias Schöllmann
(Managing Director of
HELLA Geschäftsführungsgesellschaft mbH)

GLOSSARY

Adjusted operating cash flow
Operating cash flow adjusted for special effects

AfS
Available for Sale

Asia/Pacific/RoW
The Asia/Pacific region comprises the countries of Asia as well as Australia and New Zealand. “Rest of world” (RoW) is the term used to cover all other countries outside of those regions mentioned specifically, such as the African states.

Associates
Associates are companies over which the Group exercises significant influence but no control.

At equity
Inclusion in the consolidated financial statements using the equity method with proportional equity

Compliance
Compliance with regulations and social norms

EBIT (earnings before interest and taxes)
Earnings before interest payments and income taxes

EBIT margin
Return on sales (ratio of EBIT to sales)

EBITDA (earnings before interest, taxes, depreciation and amortisation)
Earnings before depreciation, amortisation, interest and income taxes

EBITDA margin
Ratio of EBITDA to sales

EBT (earnings before taxes)
Earnings before income taxes

Employees
Unless defined otherwise, the employees are permanent staff.

FLAC
Financial Liabilities at Amortised Cost

HfT
Held for Trading

IFRS (International Financial Reporting Standards)
International accounting rules for company financial statements to guarantee international comparability of annual and consolidated financial statements

Joint ventures
Joint ventures are joint arrangements in which HELLA exercises joint control together with other partners and also has rights to the arrangement’s equity.

KGaA
Acronym for “Kommanditgesellschaft auf Aktien”, a partnership limited by shares. The KGaA combines the elements of a stock corporation with those of a limited partnership.

LaR
Loans & Receivables

NAFTA
Acronym for “North American Free Trade Agreement”. The North American Free Trade Agreement is a trade association between Canada, the USA and Mexico, and forms a free trade zone in North America.

Net capital expenditures
Payments for the acquisition of property, plant and equipment and intangible assets less cash proceeds from the sale of property, plant and equipment and intangible assets as well as payments received for series production.

Net debt
Net debt is the total of the balance of cash and cash equivalents, current financial assets as well as current and non-current financial liabilities.

North and South America
This region comprises all countries of North and South America.

Operating cash flow
Cash flow from operating activities after capital expenditures, excluding cash flows from corporate transactions

Rating
In terms of financial accounting, the rating is a method for classifying creditworthiness. This rating is issued by independent rating agencies on the basis of a company analysis.

Rest of Europe
This region comprises all countries in Europe including Turkey and Russia but excluding Germany.

Return on equity
The return on equity is a ratio calculated by dividing net income by shareholders’ equity.

R & D
Research and development

Segment sales
Sales with third-party companies and other business segments

Segment sales of the business division
Sales with third-party companies, other business segments and other business divisions of the same business segment

Special effects
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.

SOE, Special OE (Special Original Equipment)
Designation of “Special Original Equipment” at HELLA. In this division HELLA systematically taps customer target groups outside the automotive original equipment market, such as manufacturers of caravans, agricultural machinery and construction machinery.

Tier-1 supplier
First-level supplier

Working capital
Holdings plus trade receivables minus trade payables

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