FINANCIAL REPORT NOVEMBER 30, 2018

1ST HALF OF
FISCAL YEAR 2018/2019

Technology with Vision

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KEY PERFORMANCE INDICATORS

	First half-year 1 June to 30 November		2nd quarter 1 September to 30 November	
	2018/2019	2017/2018	**2018/2019**	2017/2018
Currency and portfolio-adjusted sales growth	7.3%	9.3%	4.3%	12.6%
Adjusted EBIT margin	8.6%	8.7%	9.3%	9.7%

	First half-year 1 June to 30 November		2nd quarter 1 September to 30 November	
In € million	**2018/2019**	2017/2018	**2018/2019**	2017/2018
Reported sales *Change compared to prior year*	3,550 3%	3,452 8%	1,763 -3%	1,823 11%
Adjusted earnings before interest and taxes (adjusted EBIT) *Change compared to prior year*	302 5%	286 7%	162 0%	161 8%
Earnings before interest and taxes (EBIT) *Change compared to prior year*	537 85%	290 18%	398 139%	166 29%
Adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) *Change compared to prior year*	484 -3%	500 8%	257 -5%	270 8%
Earnings before interest, taxes, depreciation and amortization (EBITDA) *Change compared to prior year*	721 43%	504 15%	495 79%	276 21%
Earnings for the period *Change compared to prior year*	444 123%	199 14%	348 201%	116 29%
Earnings per share (in €) *Change compared to prior year*	3.99 124%	1.78 14%	3.13 201%	1.04 29%
Adjusted free cash flow from operating activities	152	108	93	57
Free cash flow from operating activities	147	73	91	27
Net capital expenditure *Change compared to prior year*	241 13%	213 3%	92 34%	69 - 33%
Research and development (R&D) expenses *Change compared to prior year*	340 11%	305 9%	172 9%	158 13%

	First half-year 1 June to 30 November		2nd quarter 1 September to 30 November	
	2018/2019	2017/2018	**2018/2019**	2017/2018
EBIT margin	15.1%	8.4%	22.6%	9.1%
Adjusted EBITDA margin	13.7%	15.1%	14.8%	16.1%
EBITDA margin	20.3%	14.6%	28.1%	15.1%
R&D expenses in relation to sales	9.6%	9.2%	9.9%	9.5%
Net capital expenditure in relation to sales	6.8%	6.2%	5.2%	3.8%

	30 November 2018	31 May 2018
Net financial debt (in € million)	6	187
Equity ratio	44.7%	41.9%
Return on equity (last 12 months)	27.8%	17.5%
Employees	39,498	40,263

On September 3, 2018, the HELLA Group successfully completed the sale of the principal wholesale distribution corporations. In light of this, to guarantee a presentation of the company's operational performance that is transparent and comparable over time, the remaining wholesale distribution business activities have been adjusted in relation to the operational comparative variables starting from this time and last year's data have been adjusted accordingly. Furthermore, the International Financial Reporting Standards 9, 15 and 16 were used for the first time in fiscal year 2018/2019. The figures from the prior year were not adjusted in connection with these changes. As a result, these key performance indicators are difficult to compare. The HELLA Group's main key performance indicators (currency-adjusted and portfolio-adjusted sales growth and adjusted EBIT margin) are nonetheless largely unaffected. Please also note that where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding. Further information can be found in the condensed interim consolidated financial statements and in the other notes.

HIGHLIGHTS

- **Consolidated currency- and portfolio-adjusted sales** increase by 7.3% in the first half of the fiscal year; reported consolidated sales increase by 2.8% to € 3,550 million taking into account the effects of exchange rates as well as the sale of the wholesale distribution business
- **Adjusted earnings before interest and taxes** increase to € 302 million in the half-year period; adjusted EBIT margin is 8.6%
- **Adjusted free cash flow from operating activities** rises to € 152 million
- **Automotive segment** drives Group growth and increases sales by 8.1% to € 2,864 million
- Without taking the wholesale distribution business into account, **sales in the Aftermarket segment** increase in the first half of the fiscal year by 4.5% to € 336 million
- **Special Applications** has negative sales trend (-3.7%) due to the closing of the production site in Australia; sales growth without this impact would be 6.2%
- **In the second quarter,** the consolidated currency- and portfolio-adjusted sales increase by 4.3%; adjusted EBIT remains at the prior year's level; adjusted EBIT margin decreases to 9.3%

HELLA ON THE CAPITAL MARKET

Political risks and negative industry development impede development of the HELLA share in the first half of the fiscal year 2018/2019

Capital market setting

The capital markets demonstrated a clearly negative trend during the first six months of the fiscal year 2018/2019 (June 1 to November 30, 2018). Thus the MDAX decreased by about 11% during the reporting period, while the DAXsector Automobile (hereinafter referred to as Prime Automotive) closed with a depreciation of approximately 20%.

In the first quarter, the European Central Bank's decision to continue its expansive monetary policy until summer 2019 had a particularly positive effect on the capital markets. The MDAX closed this period with an increase of about 2%. By contrast, the trade war between the US and China, risks arising from the introduction of new tariffs on Chinese and European goods in trade with the US, and volatility due to the introduction of the new WLTP exhaust emissions test standard negatively impacted the automotive sector. As a result, Prime Automotive closed the first quarter with a drop of nearly 12%.

In the second quarter the markets took an overall negative turn. As a result, uncertainties that had already arisen in the first quarter grew stronger due to the worsening market outlook, increasing volatility in the wake of the WLTP introduction and declining production figures in the automotive industry, particularly in China. Furthermore, risks resulting from the possibility of Great Britain leaving the European Union with no deal, as well as the potential introduction of tariffs on European cars, acted as additional negative forces on the equity markets. Consequently, both the MDAX and Prime Automotive closed out the second quarter with a significant drop of 13% and 9%, respectively.

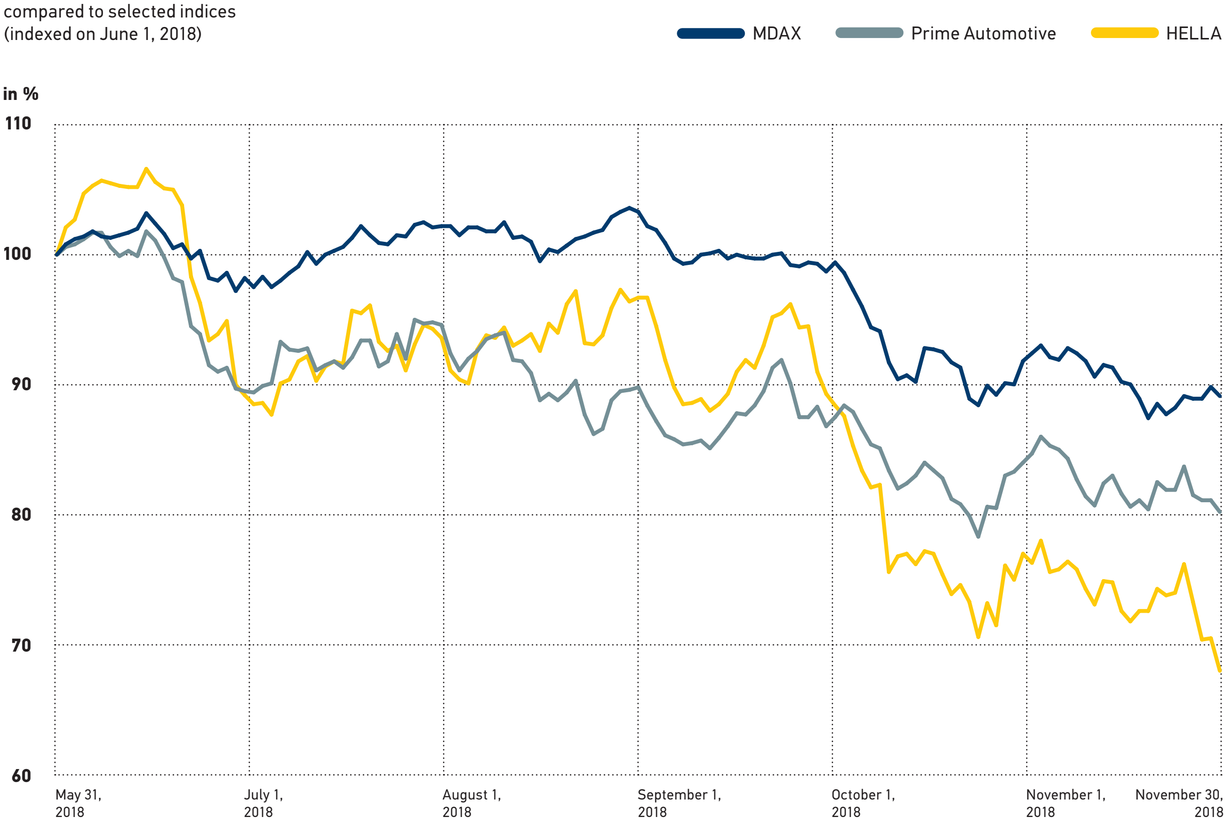
Development of the HELLA share

In the first half of the fiscal year 2018/2019, the HELLA share showed an overall depreciation of 32% as a result of political risks and negative industry development. In the first quarter, the negative development was compensated in part by publication of the optimistic company outlook for the fiscal year. As a result, the HELLA share closed out the first quarter with a slight decrease of about 3%, thus outperforming the Prime Automotive benchmark index.

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
Nominal capital	€ 222,222,224
Number of shares issued	111,111,112 shares
Highest price in the first half-year	€ 57.35 per share
Lowest price in the first half-year	€ 36.58 per share
Average daily trading volume	194,110 shares
Average daily trading volume	€ 9.22 million
Closing price on 30 November 2018	€ 36.58 per share
Market capitalization on 30 November 2018	€ 4.06 billion

All trading information relates to XETRA.

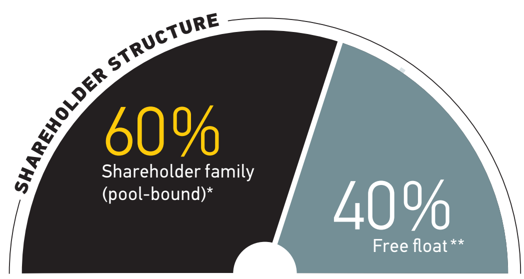
HELLA SHARE
Price performance during the reporting period compared to selected indices (indexed on June 1, 2018)



In the second quarter, the negative capital market environment resulted in increased sales of HELLA shares. In particular, potential worsening of global trade conflicts coupled with a downward trend in China's industry development had a negative impact on share price performance. In this clearly volatile market environment, the HELLA share had an above-average trend since the beginning of the fiscal year 2018/2019 with a decrease of 30% and a closing price of € 36.58 on November 30, 2018.

Liquidity of the HELLA share

HELLA share liquidity rose compared to the first half of the fiscal year 2017/2018. In the reporting period, the average daily XETRA trading volume was around 194,000 shares, which corresponds to about € 9.2 million (prior year: around 168,000 shares, about € 8.1 million). A significantly higher trading volume was recorded in the second quarter (first quarter: 181,000 shares; second quarter: 207,000 shares).



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

** According to the Deutsche Börse definition.

INTERIM GROUP MANAGEMENT REPORT

Economic development

- **The global economy grows by 3.7% in the calendar year 2018 according to IMF data**
- **Economic power declines significantly in the second half of the calendar year**

Over the course of the calendar year 2018, the overall performance of the global economy was robust. The latest indicators, however, show that global economy growth has continued to slow, particularly in the second half of the calendar year. In light of this trend, the International Monetary Fund (IMF) reduced its estimate for 2018 as a whole by 0.2 percentage points in October 2018, partly with a view to risks resulting from trade restrictions, and now predicts 3.7% growth of the global economy.

The declining economic power in the second half of the year is also evident on HELLA's core markets. According to surveys carried out by Eurostat, the European agency for statistical information, economic growth in the eurozone compared to the prior year was at 2.2% in the second quarter and decreased to 1.6% in the third quarter. According to data from the German Federal Statistical Office, calendar- and price-adjusted economic gross domestic product in Germany was also higher in the second quarter (2.0%) than the third (+1.1%). This was caused in part by lower exports due to trade restrictions and market fluctuations in the automotive industry in connection with the newly introduced WLTP exhaust emissions test standard. Moreover, early indicators point to a sharper downturn in economic performance in the eurozone at the end of the year. According to data from the National Bureau of Statistics of China, the Chinese economy grew by 6.7% in the second quarter of 2018, supported by the favorable macroeconomic conditions in the first half of the year as well as the positive impact of the real-estate market. By contrast, in the third quarter, economic growth in China dropped to 6.5% as a result of current trade restrictions. This is the lowest rate since early 2009. Moreover, forecasts predict that the impact of the current trade restrictions will also continue to weaken China's economic performance as 2018 comes to a close. In the US, the gross domestic product in the second quarter rose at a rate of 4.2% extrapolated for the year as a whole, bolstered by various economic policy stimuli such as tax breaks, early exports and increased investing activities on the part of companies. In the third quarter, however, the growth rate of 3.4% was a little below the level of the prior quarter; further slowing of growth is likewise expected in the fourth quarter of 2018 due to trade conflicts as well as price and interest-rate increases.

Industry development

- **Light vehicle production decreases by 2.3% in the first half of the fiscal year 2018/2019**
- **Declining industry development, especially in Asia/Pacific/Rest of World (-2.6%) and Germany (-13.0%)**
- **Industry development in Europe not including Germany consistent with the prior year; slight growth in North, Central and South America (+1.4%)**
- **In the second quarter, global light vehicle production decreases by 4.6%**

During the first half of the fiscal year 2018/2019 (June 1 to November 30, 2018), the international automotive sector declined overall. According to the IHS market research institute data updated in December 2018, the production of passenger cars and light commercial vehicles in this period decreased by 2.3% to 46.8 million units (prior year: 47.9 million units). In the prior year's period, the automotive industry grew by 1.6%. The cause of this decline is weak industry development in the second quarter, with the number of new units produced dropping by 4.6% after light vehicle production had risen moderately in the first quarter of the current fiscal year.

With regard to HELLA's core markets, the industry development in Europe not including Germany amounted to 8.1 million new units produced, nearly identical to the prior year's level (prior year: 8.1 million units). However, in this region the new units produced also dropped in the second quarter (-2.7%). The negative trend on the selective German market continued in the first half of the year, and the new units produced dropped by 13.0% to 2.6 million units (prior year: 2.9 million units). The number of new units produced declined sharply in the second quarter in particular (-15.7%). In Asia/Pacific/Rest of World, the number of new vehicles produced also dropped by 2.6% in the reporting period to 25.0 million units (prior year: 25.6 million units). After slow growth in the first three months of the current fiscal year, the automotive sector in Asia/Pacific/Rest of World experienced a downturn in the second quarter in particular (-5.5%). This can be traced to the downward trend in industry development on the Chinese market, with the number of new units produced dropping by 5.6% in the first half of the year to 13.2 million units (prior year: 14.0 million units). Light vehicle production in China declined significantly in the second quarter in particular (-11.1%). By contrast, in North, Central and South America the production of passenger cars and light commercial vehicles in the reporting period rose by 1.4% to 10.4 million units (prior year: 10.2 million units). As a result, after a weak prior year, the recovery effects also continued in the second quarter (+1.4%). This development was supported in particular by the selective US market, with new units produced in the half-year eriod increasing by 2.7% to 5.5 million units (prior year: 5.4 million units), and by 4.0% in the second quarter.

Business development of the HELLA Group

- **Consolidated currency- and portfolio-adjusted sales increase by 7.3% in the first half of fiscal year; reported consolidated sales increase by 2.8% to € 3,550 million taking into account the effects of exchange rates as well as the sale of the wholesale distribution business**
- **Adjusted earnings before interest and taxes increase to € 302 million in the half-year period; adjusted EBIT margin lies at 8.6%**
- **Adjusted free cash flow from operating activities rises to € 152 million**
- **In the second quarter the consolidated currency- and portfolio-adjusted sales increase by 4.3%; adjusted EBIT remains at the prior year's level; adjusted EBIT margin decreases to 9.3%**

Results of operations

On September 3, 2018, the HELLA Group successfully completed the sale ("closing") of the principal wholesale companies FTZ Autodele & Verktoj A/S ("FTZ") and INTER-TEAM sp. z o.o. ("Inter-Team"). In light of this, to guarantee a presentation of the company's operational performance that is transparent and comparable over time, in this Group management report, the remaining wholesale distribution business activities have been adjusted in relation to the operational comparative variables starting from this time and last year's data have been adjusted accordingly. The table on page 10 shows the consolidated income statement; the reported data are presented in further notes in the condensed interim consolidated financial statements on page 23 and a reconciliation table is in the further notes on page 40. Furthermore, starting with the beginning of the fiscal year 2018/2019, the business activities of the wholesale business are no longer taken into account as part of the aftermarket segment reporting. Last year's data has been adjusted in the segment reporting. For more details on this, refer to the further notes on page 35.

During the first half of HELLA's fiscal year 2018/2019 (June 1 to November 30, 2018), currency- and portfolio-adjusted sales for the HELLA Group rose by 7.3% compared to the prior year. Taking negative exchange rate effects (-0.4 percentage points) and portfolio effects (-4.1 percentage points) into account, reported consolidated sales increased by 2.8% compared to the prior year to € 3,550 million (prior year: € 3,452 million).

In the second quarter of the current fiscal year, the consolidated sales adjusted for exchange rate and portfolio effects grew by 4.3%. Taking into account the negative impact of the exchange rate (-0.1 percentage points) and portfolio effects (-7.5 percentage points), reported consolidated sales decreased by 3.3% in the second quarter to € 1,763 million (prior year: € 1,823 million) as a result of the sale of the wholesale distribution companies FTZ and Inter-Team. In both the first half year and the second quarter, the company's development trend was primarily supported by the Automotive segment.

Reported sales of the HELLA Group in € millions (reported growth and currency-and portfolio-adjusted year-on-year growth in %) for the first six months

Consolidated income statement*

	First half-year 1 June to 30 November			2nd quarter 1 September to 30 November		
In € million	**2018/2019**	+/-	2017/2018	**2018/2019**	+/-	2017/2018
Sales	**3,529**	**+6.9%**	**3,301**	**1,742**	**+4.2%**	**1,672**
Cost of sales	-2,542		-2,390	-1,256		-1,208
Gross profit	**987**	**+8.3%**	**912**	**486**	**4.8%**	**464**
Gross profit in relation to sales	28.0%		27.6%	27.9%		27.7%
Research and development expenses	-340		-305	-172		-158
Distribution expenses	-257		-241	-106		-102
Administrative expenses	-121		-112	-61		-58
Other income and expenses	8		10	0		3
Earnings from investments accounted for using the equity method	25		23	15		12
Other income from investments	0		0	0		0
Adjusted earnings before interest and taxes (adjusted EBIT)	**302**	**+5.5%**	**286**	**162**	**+0.4%**	**161**
Adjusted EBIT in relation to sales	8.6%		8.7%	9.3%		9.7%
Reported earnings before interest and taxes (EBIT)	**537**	**+85.4%**	**290**	**398**	**+139%**	**166**
Reported EBIT in relation to reported sales	15.1%		8.4%	22.6%		9.1%

* In order to ensure a transparent and comparable presentation over time against the background of the sale of the wholesale business, the consolidated income statement has been adjusted with regard to the operative comparative figures and prior-year figures. For further information, please refer to the notes on page 35 of this six month report.

The regions of Germany; North, Central and South America; and Europe not including Germany expanded during the reporting period. Sales in Germany increased by 8.8% to € 1,194 million (prior year: € 1,097 million) and in North, Central and South America by 11.6% to € 655 million (prior year: € 587 million). In Europe not including Germany, sales in the half-year period rose by 5.9% to € 1,104 million (prior year: € 1,042 million). In the Asia/Pacific/Rest of World region, sales totaled € 576 million, which is slightly above the prior year's level (prior year: € 575 million). This is primarily due to the shrinking of the Chinese automotive market in the second quarter. Consequently, sales dropped in the Asia/Pacific/Rest of World region in the second quarter by 5.4% compared to the prior year, while the North, Central and South America region continued to experience growth in the second quarter (+16.6%). Sales in the second quarter increased by 3.4% in Germany, by 3.9% in Europe not including Germany.

In the first half of the fiscal year 2018/2019, the HELLA Group's adjusted earnings before interest and taxes (adjusted EBIT, taking into account restructuring measures and portfolio effects) increased by 5.5% compared to the prior year to € 302 million (prior year: € 286 million). Thus the adjusted EBIT margin is 8.6% (prior year: 8.7%). The earnings in the first half of the fiscal year were supported by an improved gross profit margin. By contrast, factors such as higher expenses for research and development led to a reduction in the company's earnings. In the second quarter, the adjusted EBIT was € 162 million, slightly above the prior year's level (prior year: € 161 million). Consequently, the adjusted EBIT margin decreased to 9.3% (prior year: 9.7%).

In the half-year period, the company's earnings before interest and taxes were adjusted for restructuring measures (€ 2 million) as well as for income (€ 255 million) and expenses (€ 19 million) in connection with the sale of the business activities in wholesale distribution. In the prior year, adjustments for restructuring measures were made in the half-year period in the amount of € 3 million. Taking the sale of the wholesale activities into account in particular, the reported

Regional market coverage by customer 2018/2019

	2018/2019		2017/2018*	
	Absolute (in € millions)	Relative (in %)	Absolute (in € millions)	Relative (in %)
Germany	1,194	34%	1,097	33%
Europe not including Germany	1,104	31%	1,042	32%
North, Central and South America	655	19%	587	18%
Asia / Pacific / RoW	576	16%	575	17%
Consolidated sales	**3,529**	**100%**	**3,301**	**100%**

* Prior-year figures were adjusted to reflect a more precise regional presentation.

earnings before interest and taxes (EBIT) increased accordingly to € 537 million (prior year: € 290 million) and to € 398 million (prior year: € 166 million) in the second quarter. Accordingly, the reported EBIT margin in the reporting period is 15.1% (prior year: 8.4%) and 22.6% in the second quarter (prior year: 9.1%).

In the half-year period, the gross profit increased by 8.3% to € 987 million (prior year: € 912 million). The gross profit margin relative to sales is therefore 28.0% (prior year: 27.6%). Increased material and personnel costs were compensated for in the first half of the fiscal year 2018/2019 by higher production volumes, particularly in the Automotive segment. In contrast, higher costs for material and personnel in the second quarter of the current fiscal year had a greater impact on the gross profit due to the lower sales growth. Consequently, the gross profit increased by 4.8% to € 486 million compared to the second quarter of the prior year (prior year: € 464 million), corresponding to a gross profit margin of 27.9% (prior year: 27.7%). The gross profit includes adjustments in the reporting period amounting to € 1 million (prior year: € 1 million).

Research and development (R&D) expenses increased to € 340 million in the reporting period (prior year: € 305 million). This corresponds to an R&D ratio of 9.6% (prior year: 9.2%). R&D capital expenditure came to € 172 million in the second quarter of the current fiscal year (prior year: € 158 million), equivalent to an increase in the R&D ratio to 9.9% (prior year: 9.5%). Expenses for research and development were still incurred in particular in connection with the expansion and the drive to bolster HELLA's leading technological position in accordance with automotive market trends. The particularly relevant trends here are autonomous driving, efficiency and electrification, digitalization and connectivity, and individualization. Further expenses were incurred in relation to the preparation and implementation of production ramp-ups as well as the further expansion of international development capacities.

During the reporting period, the distribution and administrative expenses, as well as the net of other income and expenses, increased compared to the prior year to € 370 million (prior year: € 343 million). The share of these expenses relative to sales is therefore 10.5% (prior year: 10.4%). In the second quarter, distribution and administrative expenses and the net of other income and expenses increased to € 167 million (prior year: € 156 million); thus their ratio in relation to sales amounts to 9.6% (prior year: 9.3%). The distribution and administrative expenses and the net of other income and expenses during the reporting period include adjustments amounting to € 232 million (prior year: € 2 million).

The contribution to earnings made by joint ventures increased to € 25 million during the first half of the fiscal year (prior year: € 23 million). Accordingly, the contribution of joint ventures to the group-wide adjusted EBIT slightly increases to 8.4% (prior year: 8.2%). In the second quarter, the contributions to earnings from joint ventures were € 15 million (prior year: € 12 million), corresponding to a contribution to earnings of 9.2% (prior year: 7.4%).

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

The net financial result came to € -25 million after six months (prior year: € -23 million) and to € -13 million in the second quarter (prior year: € -11 million). Expenses relating to income taxes amount to € 68 million in the half-year period (prior year: € 68 million) and to € 37 million in the second quarter (prior year: € 40 million).

Taking the expenses and income in connection with the sale of the wholesale activities into account, the earnings reported in the period increase to € 444 million (prior year: € 199 million) and to € 348 million in the second quarter (prior year: € 116 million). Earnings per share rise to € 3.99 in the first half of the year (prior year: € 1.78) and to € 3.13 in the second quarter (prior year: € 1.04).

Financial status

In the first six months of the fiscal year 2018/2019, the net cash flow from operating activities fell by € 18 million to € 344 million when compared with the prior-year period. The primary drivers of this development were settlement payments in connection with the end of the production activities of a plant in Australia as well as higher tax payments.

The net cash flow from operating activities in the second quarter of the fiscal year 2018/2019 fell by € 22 million to € 139 million compared to the second quarter of the prior year.

Compared to the first half of the prior year, cash investing activities excluding payments for the acquisition of company shares or capital increases/repayments and securities fell by € 47 million to € 241 million (prior year: € 289 million). They included, firstly, capital expenditures in the long-term expansion of the worldwide development, administrative, and production network that HELLA continued to pursue. Secondly, these capital expenditures primarily included maintenance capital expenditures for buildings, machinery, systems, and other equipment. HELLA also invested considerable sums in product-specific capital equipment. Now that IFRS 15 applies, HELLA's capital expenditures on customer-specific tools to date, which have been reported with the Group's non-current assets, are to be recorded with the inventories until they are sold. The prior-year values have not been adjusted in this regard.

In the first half year of the fiscal year 2018/2019, the adjusted free cash flow from operating activities increased to € 152 million (prior year: € 108 million). In the reporting period, the free cash flow from operating activities was adjusted for payments for restructuring measures and portfolio adjustments in connection with the sale of the wholesale business amounting to € 5 million (prior year: € 34 million for payments for restructuring measures and legal matters as well as portfolio adjustments in connection with the sale of the wholesale business).

Taking these special factors into account, the reported free cash flow from operating activities increased accordingly to € 147 million (prior year: € 73 million) during the first half year.

Compared to the second quarter of the prior year, the adjusted free cash flow from operating activities rose to € 93 million (prior year: € 57 million). Reported free cash flow from operating activities in the quarterly comparison increased accordingly to € 91 million (prior year: € 27 million).

Total cash receipts amounting to approximately € 396 million were received from the sale of the wholesale distribution companies FTZ and Inter-Team. For more detailed information, refer to the further notes on page 49.

The dividend of € 1.05 per share, which the annual general meeting enacted on September 28, 2018, came to a total of € 117 million and has been fully paid out to the shareholders.

Total cash outflows from financing activities came to approximately € 135 million (prior year: € 418 million). The net drawn credit totaled € 14 million (prior year: € 5 million). As part of active management of the liquidity available to the Group, € 219 million was expended from securities during the reporting year (prior year: € 31 million). For liquidity management purposes, capital is usually invested in short-term securities or securities with a liquid market, which means that these funds can be made available for potential operating requirements at short notice. In the prior year, the corresponding payments were still reported within the financing activities but will now be included as part of the investing activities.

Compared to the end of the prior year, liquidity from cash and cash equivalents increased by € 124 million to € 812 million (May 31, 2018: € 688 million). A substantial portion of the increase reported on the balance sheet is due to payments in connection with the sale of the wholesale business. Including current financial assets, which essentially comprise securities of € 546 million (May 31, 2018: € 333 million), available funds rose to € 1,359 million (May 31, 2018: € 1,021 million). On this basis, HELLA is able to satisfy its payment obligations.

Financial position

Total assets / total liabilities rose by € 326 million to € 6,247 million (May 31, 2018: € 5,921 million). The equity ratio stood at 45% and was thus above the level on the balance sheet date of May 31, 2018 (42%). The equity ratio in relation to total assets / total liabilities adjusted for liquidity comes to 57%.

In accordance with IFRS 16, the current and non-current financial liabilities increased by € 157 million to € 1,365 million (May 31, 2018: € 1,208 million) owing to the additional accounting of operating lease agreements amounting to approximately € 135 million.

Net financial debt as the balance of cash and current financial assets as well as the current and non-current financial liabilities decreased by a total of € 181 million to € 6 million (May 31, 2018: € 187 million).

On September 6, 2018, Moody's raised HELLA's rating to Baa1 with a stable outlook.

Human Resources

At the six-month reporting date of November 30, 2018, HELLA had 39,498 permanent employees worldwide. Thus the number of employees is nearly the same as at the prior-year reporting date (prior year: 39,523 employees). The change in number of global permanent employees was primarily influenced by the sale of the two principal wholesale companies FTZ and Inter-Team. Global personnel resources expanded in the areas of research and development as well as production.

When looking at permanent employees by region, at the six-month reporting date, the number of employees in the region of Europe not including Germany decreased by 7.3% to 15,205 employees (prior year: 16,411 employees) due to the sale of the two wholesale companies in Denmark and Poland. In Germany, the number of employees at the reporting date was 9,912 employees; 1.8% more than the prior-year level (prior year: 9,739 employees). Whether viewed as a percentage or absolutely, the amount of personnel expanded most in the North, Central and South America region. Here, the amount of personnel increased by 11.1% to 7,823 employees (prior year: 7,043 employees). Furthermore, in Asia/Pacific/Rest of World, the number of employees rose by 3.6% to 6,558 employees (prior year: 6,330 employees).

Permanent employees in the HELLA Group (at November 30)

Further events in the second quarter

EXIT FROM WHOLESALE DISTRIBUTION

- HELLA separated from the Norwegian wholesale distribution company Hellanor (“signing”), thus finalizing its exit from wholesale distribution. On December 10, 2018, the Norwegian company Hellanor A/S was sold to AURELIUS Equity Opportunities SE & Co. KGaA (“closing”). On September 3, 2018, HELLA had already transferred both the Danish and Polish principal wholesale distribution companies, FTZ and Inter-Team, to Swedish wholesaler Mekonomen.

COMPANY RATING RAISED

- Moody’s Investors Services (Moody’s) raised HELLA’s rating to Baa1 with a stable outlook. One of the crucial factors for this improvement of the company’s rating was the positive development of key financial indicators. Furthermore, it took into account the company’s leading position in the areas of automotive lighting technology and electronics and the company’s diverse business model.

HELLA AND FAURECIA JOIN FORCES

- In November 2018, the automotive suppliers HELLA and Faurecia decided to enter into a strategic partnership in the area of vehicle interior lighting. The companies will be working together to develop innovative lighting solutions for the vehicle interior of the future. Faurecia will contribute its expertise as a complete system integrator for vehicle interiors, while HELLA will provide innovative interior lighting products. Faurecia and HELLA already presented their first joint concept for the vehicle interior of the future in October 2018 at the Paris Motor Show.

EXPANSION OF HELLA’S MANAGEMENT BOARD

- Dr. Nicole Schneider became the new Managing Director Human Resources of HELLA GmbH & Co. KGaA on October 1, 2018. Nicole Schneider has been in charge of worldwide human resources management at HELLA since early 2016. She holds a doctorate in chemistry and has worked for more than 16 years in management consulting, most recently in a leading role in human resources.

Business development of the segments

Automotive

- **Reported segment sales rose by 8.1% to € 2,864 million in the first half year**
- **The increase in sales is supported by the increased demand for lighting systems and electronics components**
- **Adjusted earnings before interest and taxes increase to € 244 million; adjusted EBIT margin is 8.5%**
- **In the second quarter, the reported segment sales in the Automotive segment increase by 5.3%; the adjusted EBIT margin drops to 9.3%**

Reported segment sales in the Automotive segment increased by 8.1% to € 2,864 million in the first half of the year (prior year: € 2,650 million). The increased sales are primarily the result of new production ramp-ups and a consistently high production volume, which are the result of demand for innovative lighting systems and electronics solutions, especially in the Driver Assistance System and Energy Management areas. In the second quarter of the current fiscal year, reported sales from the Automotive segment increased by 5.3% to € 1,481 million (prior year: € 1,406 million). The lower growth dynamic in the Automotive segment compared to the first quarter of the current fiscal year is mainly caused by the low demand in the Chinese market, which fell significantly towards the end of the second quarter.

In the reporting period, the adjusted earnings before interest and taxes (adjusted EBIT) of the segment increased to € 244 million (prior year: € 238 million). As a result, the adjusted EBIT margin of the first half of the fiscal year is 8.5% (prior year: 9.0%). Accordingly, the reported earnings before interest and taxes (EBIT), taking into account restructuring measures, is also € 244 million (prior year: € 236 million), in line with a reported EBIT margin also amounting to 8.5% (prior year: 8.9%). During the reporting period, the profitability of the Automotive segment was initially supported by higher sales and the associated higher production volumes. These factors led to an improvement of the gross profit margin and compensated for the rise in material and personnel costs.

By contrast, during the second quarter, the profitability of the Automotive segment suffered from lower sales growth (which led to a lower gross profit margin), higher expenses for research and development, and higher costs for materials and personnel. Thus the adjusted EBIT of the segment fell by 5.6% to € 138 million in the second quarter compared to the same quarter in the prior year (prior year: € 147 million), corresponding to an adjusted EBIT margin of 9.3% (prior year: 10.4%). Taking into account restructuring expenses, the reported EBIT of the Automotive segment decreased by 5.2% to € 138 million (prior year: € 146 million); accordingly, the reported EBIT margin is also 9.3% (prior year: 10.4%).

	First half-year 1 June to 30 November			2nd quarter 1 September to 30 November		
In € million	**2018/2019**	+/-	2017/2018	**2018/2019**	+/-	2017/2018
Sales with external customers	2,841		2,623	1,470		1,397
Intersegment sales	23		27	11		10
Segment sales	**2,864**	**+8.1%**	**2,650**	**1,481**	**+5.3%**	**1,406**
Cost of sales	-2,126		-1,974	-1,095		-1,031
Gross profit	**738**	**+9.2%**	**676**	**385**	**+2.8%**	**375**
Gross profit in relation to sales	25.8%		25.5%	26.0%		26.7%
Research and development expenses	-323		-289	-163		-151
Distribution expenses	-102		-91	-49		-48
Administrative expenses	-101		-93	-54		-48
Other income and expenses	10		14	5		8
Earnings from investments accounted for using the equity method	21		19	14		10
Earnings before interest and taxes (EBIT)	**244**	**+3.2%**	**236**	**138**	**-5.2%**	**146**
Earnings before interest and taxes (EBIT) in relation to sales	8.5%		8.9%	9.3%		10.4%
Earnings before interest and taxes after adjustments in the segment result (adjusted EBIT)	**244**	**+2.7%**	**238**	**138**	**-5.6%**	**147**
Adjusted earnings before interest and taxes (adjusted EBIT) in relation to sales	8.5%		9.0%	9.3%		10.4%

Aftermarket

- **Sales in the Aftermarket segment without taking the wholesale distribution business into account increase in the first half of the fiscal year by 4.5% to € 336 million**
- **Business with sophisticated workshop equipment supports sales growth**
- **Adjusted EBIT of the segment remains at the prior-year level with € 25 million; adjusted EBIT margin is 7.6%**
- **In the second quarter, sales increase by 2.1%; adjusted EBIT margin drops to 6.7%**

As a result of the sale of the principal wholesale distribution companies FTZ and Inter-Team, starting in fiscal year 2018/2019, business activities in wholesale distribution are no longer allocated to the Aftermarket segment. Accordingly, reported segment sales in the Aftermarket segment increased by 4.5% to € 336 million in the first half of the fiscal year (prior year: € 321 million). During the reporting period, the sales trend in the Aftermarket segment was supported in particular by business with sophisticated workshop equipment. This was boosted, for example, by high demand for emissions testing devices in the wake of the introduction of the exhaust emissions testing directive in Germany on January 1, 2018, as well as for beamsetters. Additionally, the independent aftermarket line of business improved initially in the first quarter, contributing to the increase in sales within the segment. In the second quarter, however, business was reduced by, among other things, the current weak market and economic development in Turkey and the Middle East. As a result, the sales growth of the segment in the second quarter was a little lower than in the first quarter; the 2.1% increase yielded € 162 million (prior year: € 158 million).

During the first half of fiscal year, the adjusted EBIT of the Aftermarket segment was € 25 million, maintaining the prior-year level (prior year: € 25 million), resulting in an adjusted EBIT margin of 7.6% (prior year: 7.7%). The earnings of the Aftermarket segment in the first half of the year were supported by an improved gross profit margin. However, factors such as increased distribution expenses due to increased sales reduced segment earnings. As a result, the segment's adjusted earnings before interest and taxes of € 11 million in the second quarter were at the prior-year level (prior year: € 11 million). The adjusted EBIT margin decreased to 6.7% accordingly (prior year: 7.1%).

During the reporting period in the Aftermarket segment, adjustments were made for restructuring measures, particularly after the sale of the wholesale activities, amounting to € 9 million. No adjustments were made in the prior year. Therefore the reported EBIT of the segment dropped to € 16 million (prior year: € 25 million) in the half-year period and to € 2 million (prior year: € 11 million) in the second quarter. This results in a reported EBIT margin of 4.8% in the reporting period (prior year: 7.7%) and 1.3% in the quarterly comparison (prior year: 7.1%).

	First half-year 1 June to 30 November*			2nd quarter 1 September to 30 November*		
In € million	**2018/2019**	+/-	2017/2018	**2018/2019**	+/-	2017/2018
Sales with external customers	335		320	161		158
Intersegment sales	1		1	1		1
Segment sales	**336**	**+4.5%**	**321**	**162**	**+2.1%**	**158**
Cost of sales	-217		-210	-104		-103
Gross profit	**119**	**+7.0%**	**111**	**58**	**+5.3%**	**55**
Gross profit in relation to sales	35.5%		34.6%	35.9%		34.8%
Research and development expenses	-7		-7	-4		-3
Distribution expenses	-92		-78	-49		-39
Administrative expenses	-12		-10	-6		-5
Other income and expenses	4		5	2		2
Earnings from investments accounted for using the equity method	4		4	1		2
Earnings before interest and taxes (EBIT)	**16**	**-34.9%**	**25**	**2**	**-81.7%**	**11**
Earnings before interest and taxes (EBIT) in relation to sales	4.8%		7.7%	1.3%		7.1%
Earnings before interest and taxes after adjustments in the segment result (adjusted EBIT)	**25**	**+3.1%**	**25**	**11**	**-4.2%**	**11**
Adjusted earnings before interest and taxes (adjusted EBIT) in relation to sales	7.6%		7.7%	6.7%		7.1%

* excluding the wholesale business For more information, refer to the further notes.

Special Applications

- **Reported sales in the Special Applications segment drop by 3.7% to € 204 million during the reporting period**
- **Positive development in the business for agricultural and construction vehicles, as well as for trailers**
- **The adjusted EBIT increases by 14.3% to € 27 million, the adjusted EBIT margin increases to 13.3%**
- **In the second quarter, reported sales drop by 7.7%; the adjusted EBIT margin increases to 13.8% in the quarterly comparison**

During the first six months of the current fiscal year 2018/2019, the reported Special Applications segment sales decreased by 3.7% to € 204 million (prior year: € 211 million). During this period, the segment's sales development was supported in particular by positive development in the business for agricultural and construction vehicles as well as trailer accessories. The drop in sales compared to the prior-year period is due to the closing of the production site in Australia. Although the business for agricultural and construction vehicles as well as with trailer accessories still had a positive development in the second quarter, sales in this period dropped by 7.7% to € 103 million compared to the prior year's period, due to the closing of the location in Australia (prior year: € 112 million).

Without taking into account the impact of closing the production site in Australia, the segment's sales would have increased by 6.2% to € 198 million in the reporting period (prior year: € 187 million) and by 4.2% to € 104 million in the second quarter (prior year: € 99 million).

In contrast, the profitability of the Special Applications segment improved on the whole during the reporting period. Thus the adjusted earnings before interest and taxes (adjusted EBIT) of the segment increased by 14.3% to € 27 million (prior year: € 24 million), resulting in the adjusted EBIT margin in the first half of fiscal year 2018/2019 increasing to 13.3% (prior year: 11.2%). This was caused, in part, by a positive earnings trend in the second quarter of the current fiscal year. During this period, therefore, the adjusted segment earnings rose by € 7 million to € 14 million (prior year: € 8 million), corresponding to an increased adjusted EBT margin of 13.8% (prior year: 6.9%). This increased profitability is due, on the one hand, to the higher sales growth in the core business of the segment while, on the other hand, the segment earnings in the second quarter of the prior fiscal year were decreased by one-time effects in connection with the realignment of the location in Australia. In the first quarter of the current fiscal year, the segment's EBIT decreased due to positive special items affecting the prior year's first quarter, with a disproportionate number of call-off orders at the Australia production site (€ 1 million) on the one hand, and further positive one-time effects (€ 3 million) on the other. No adjustments were made to the segment earnings in the reporting period. Accordingly, the reported earnings correspond to the adjusted earnings of the segment.

The segment earnings would have improved by 17.1% to € 27 million in the first half of the fiscal year without any influence from the location in Australia (prior year: € 23 million), corresponding to an EBIT margin of 13.7% (prior year: 12.5%). In the second quarter, the earnings would total € 15 million (prior year: € 11 million) and the EBIT margin would be 14.6% (prior year: 10.6%).

	First half-year 1 June to 30 November			2nd quarter 1 September to 30 November		
In € million	**2018/2019**	+/-	2017/2018	**2018/2019**	+/-	2017/2018
Sales with external customers	199		205	101		109
Intersegment sales	4		6	2		3
Segment sales	**204**	**-3.7%**	**211**	**103**	**-7.7%**	**112**
Cost of sales	-123		-137	-62		-78
Gross profit	**81**	**+8.6%**	**75**	**41**	**+23.8%**	**33**
Gross profit in relation to sales	39.8%		35.3%	40.1%		29.9%
Research and development expenses	-9		-9	-5		-4
Distribution expenses	-31		-29	-16		-15
Administrative expenses	-16		-14	-8		-8
Other income and expenses	2		2	2		1
Earnings from investments accounted for using the equity method	0		0	0		0
Earnings before interest and taxes (EBIT)	**27**	**+14.3%**	**24**	**14**	**+84.1%**	**8**
Earnings before interest and taxes (EBIT) in relation to sales	13.3%		11.2%	13.8%		6.9%
Earnings before interest and taxes after adjustments in the segment result (adjusted EBIT)	**27**	**+14.3%**	**24**	**14**	**+84.1%**	**8**
Adjusted earnings before interest and taxes (adjusted EBIT) in relation to sales	13.3%		11.2%	13.8%		6.9%

Opportunity and risk report

There were no significant changes to the opportunities and risks during the reporting period. Details of the significant opportunities and risks are to be found in the annual report 2017/2018.

Forecast report

- **Economic outlook weakens according to IMF data and indicates further weakening**
- **After corrections over the course of the fiscal year, the industry outlook now assumes that light vehicle production will decrease by 1.4%**
- **For the current fiscal year 2018/2019, HELLA confirms its current company outlook and currently anticipates growth of the currency- and portfolio-adjusted sales at the lower end and of the EBIT adjusted for restructuring measures and portfolio effects in the lower half of the given forecast range**

Economic outlook

In October 2018, the International Monetary Fund made a downward correction of 0.2 percentage points for its economic outlook compared to the July forecast for the current calendar year 2019 and, accordingly, expects the global economy to experience a slighter growth of 3.7%. In this way, the IMF is highlighting various macroeconomic risks that have recently intensified further and could have a negative impact on the development of the global economy. For example, the International Monetary Fund referred in particular to the risk resulting from trade conflicts; the IMF sees further risks in the high level of debt of several countries as well as in a potential end to the expansive monetary policy of the European Central Bank and of the US Federal Reserve. Consequently, the International Monetary Fund has reduced the economic outlook even for HELLA's key core markets compared to its July forecast. For Germany, the IMF has lowered the outlook by 0.2 percentage points to 1.9%. In terms of the Chinese economy, growth of 6.2% is anticipated for 2019. This is also 0.2 percentage points below the July forecast. The IMF has reduced its forecast by 0.2 percentage points to 2.5% for the US as well. Growth of 1.9% is still anticipated for the eurozone.

Industry outlook

Compared to the industry outlook presented in the HELLA annual report 2017/2018, the forecasts have significantly worsened in relation to the further development of the automotive sector. For example, when the annual report for the HELLA fiscal year 2018/2019 (June 1, 2018, to May 31, 2019) was published in August 2018, IHS still assumed that global light vehicle production would grow by 2.7%. By contrast, based on the IHS Light Vehicle Production Forecast last updated in December 2018, light vehicle production is now expected to decrease by 1.4% to 94.7 million units (prior year: 96.0 million units).

In regards to the number of new units produced in Europe not including Germany, a decrease of 0.5% to 16.6 million units (prior year: 16.7 million units) is anticipated. For the selective German market, a decrease of 9.0% to 5.2 million units is forecasted (prior year: 5.7 million units). In Asia/Pacific/Rest of World, the amount of light vehicle production according to IHS will decrease by 1.5% to 50.5 million units (prior year: 51.3 million units). The primary causes for this are the decreasing production numbers on the Chinese single market of 4.1%, amounting to 26.9 million units (prior year: 28.1 million units). The general industry outlook is partially compensated for by the North, Central and South America region, for which the IHS market research institute anticipates an increase in light vehicle production of 2.0% to 20.7 million units in the fiscal year 2018/2019 (prior year: 20.3 million units). During this period, the US selective market is also expected to see a positive trend; here, the new units produced are estimated to increase by 1.8% to 11.1 million units (prior year: 10.9 million units).

Company outlook

From the current perspective, the HELLA Group continues to anticipate generally positive business development for the current fiscal year 2018/2019 (June 1, 2018, to May 31, 2019) and confirms its current company outlook. However, the company's anticipated sales and earnings are particularly strained by a market environment that continues to grow weaker, which is influenced, for example, by the significant decrease in demand in the Chinese automotive market, volatilities in connection with the new WLTP emissions testing, and further uncertainties in the overall economic environment. Assuming that the automotive market will not suffer any additional weakening in the second half of the fiscal year, HELLA is currently expecting that the currency- and portfolio-adjusted sales growth will be at the lower end and the increase in earnings before interest and taxes adjusted by restructuring measures and portfolio effects (adjusted EBIT) will be in the lower half of the given forecast range from each 5% to 10%. With regard to the EBIT margin adjusted for restructuring measures and portfolio effects, a value approximately equivalent to the value of the prior year is still expected.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

of HELLA GmbH & Co. KGaA

	First half-year 1 June to 30 November		2nd quarter 1 September to 30 November	
€ thousand	**2018/2019**	2017/2018*	**2018/2019**	2017/2018*
Sales	**3,550,064**	**3,452,336**	**1,763,382**	**1,823,093**
Cost of sales	-2,553,116	-2,492,686	-1,267,205	-1,310,527
Gross profit	**996,948**	**959,650**	**496,177**	**512,566**
Research and development expenses	-340,117	-305,334	-172,170	-158,368
Distribution expenses	-276,289	-284,631	-123,975	-145,045
Administrative expenses	-126,511	-111,625	-66,720	-57,666
Other income and expenses	257,084	7,916	250,195	2,849
Earnings from investments accounted for using the equity method	25,457	23,467	14,876	11,927
Other income from investments	225	60	0	60
Earnings before interest and taxes (EBIT)	**536,796**	**289,503**	**398,384**	**166,323**
Financial income	8,501	22,068	90	5,501
Financial expenses	-33,529	-44,937	-13,566	-16,471
Net financial result	**-25,028**	**-22,869**	**-13,476**	**-10,970**
Earnings before income taxes (EBT)	**511,767**	**266,634**	**384,907**	**155,353**
Income taxes	-68,208	-67,992	-36,718	-39,615
Earnings for the period	**443,559**	**198,642**	**348,189**	**115,738**
of which attributable:				
to the owners of the parent company	443,388	197,944	347,911	115,335
to non-controlling interests	172	699	278	402
Basic earnings per share in €	**3.99**	**1.78**	**3.13**	**1.04**
Diluted earnings per share in €	**3.99**	**1.78**	**3.13**	**1.04**

* The prior-year figures from the consolidated income statement have been adjusted. Please refer to Chapter 05 for further information.

Consolidated statement of comprehensive income

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

	First half-year 1 June to 30 November		2nd quarter 1 September to 30 November	
€ thousand	**2018/2019**	2017/2018	**2018/2019**	2017/2018
Earnings for the period	**443,559**	**198,642**	**348,189**	**115,738**
Currency translation differences	-27,223	-34,976	10,986	-8,684
Changes recognized in equity	-27,457	-34,976	10,752	-8,684
Profits (-) / losses (+) reclassified to profit or loss	234	0	234	0
Financial instruments for cash flow hedging	6,209	-1,042	-525	-3,774
Changes recognized in equity	7,790	-9,989	3,987	-1,249
Profits (-) / losses (+) reclassified to profit or loss	-1,582	8,947	-4,511	-2,525
Change in fair value of financial instruments available for sale	-	1,749	-	2,578
Changes recognized in equity	-	1,453	-	2,870
Profits (-) / losses (+) reclassified to profit or loss	-	296	-	-292
Change in fair value of debt capital instruments held	-89	-	-1,118	-
Changes recognized in equity	-714	-	-2,259	-
Profits (-) / losses (+) reclassified to profit or loss	625	-	1,141	-
Share of other comprehensive income attributable to associates and joint ventures	-4,801	-4,585	-6,244	2,079
Items that were or can be transferred to profit or loss	**-21,103**	**-34,269**	**9,344**	**-9,879**
Remeasurements of defined benefit plans	1,238	-3,724	2,740	-2,919
Share of other comprehensive income attributable to associates and joint ventures	0	0	-5	0
Items never transferred to profit or loss	**1,238**	**-3,724**	**2,740**	**-2,919**
Share of other comprehensive income for the period	**-19,866**	**-37,993**	**12,084**	**-12,798**
Comprehensive income for the period	**423,694**	**160,649**	**360,273**	**102,939**
of which attributable:				
to the owners of the parent company	423,710	160,297	359,695	102,770
to non-controlling interests	-16	352	578	169

Consolidated statement of financial position

of HELLA GmbH & Co. KGaA

€ thousand	**30 November 2018**	31 May 2018	30 November 2017
Cash and cash equivalents	812,494	688,187	398,116
Financial assets	546,425	332,934	349,549
Trade receivables	1,120,673	1,166,571	1,177,695
Other receivables and non-financial assets	162,242	148,972	162,930
Inventories	959,668	761,488	750,580
Current tax assets	21,971	25,800	5,034
Contract assets	36,754	-	-
Assets held for sale	41,968	2,030	0
Current assets	**3,702,196**	**3,125,981**	**2,843,904**
Intangible assets	330,270	311,481	267,766
Property, plant and equipment	1,727,683	1,994,276	1,886,542
Financial assets	39,948	37,212	33,917
Investments accounted for using the equity method	288,763	292,008	276,597
Deferred tax assets	109,391	110,748	115,864
Other non-current assets	48,894	49,518	46,052
Non-current assets	**2,544,949**	**2,795,243**	**2,626,737**
Assets	**6,247,145**	**5,921,224**	**5,470,642**
Financial liabilities	34,044	41,990	24,248
Trade payables	814,863	711,775	686,507
Current tax liabilities	46,239	70,194	44,427
Other liabilities	519,697	714,334	689,896
Provisions	83,214	132,689	93,776
Contract obligations	107,953	-	-
Liabilities held for sale	23,271	0	0
Current liabilities	**1,629,283**	**1,670,982**	**1,538,854**
Financial liabilities	1,330,573	1,165,910	1,038,008
Deferred tax liabilities	48,538	39,978	37,143
Other liabilities	89,180	223,422	213,579
Provisions	356,505	342,668	359,990
Contract obligations	658	-	-
Non-current liabilities	**1,825,454**	**1,771,977**	**1,648,720**
Subscribed capital	222,222	222,222	222,222
Reserves and unappropriated surplus	2,567,697	2,252,155	2,056,608
Equity before non-controlling interests	**2,789,919**	**2,474,377**	**2,278,830**
Non-controlling interests	2,489	3,888	4,238
Equity	**2,792,408**	**2,478,265**	**2,283,068**
Equity and liabilities	**6,247,145**	**5,921,224**	**5,470,642**

Consolidated statement of changes in equity

of HELLA GmbH & Co. KGaA

€ thousand	Subscribed capital	Capital reserve	Reserve for currency translation differences	Reserve for financial instruments for cash flow hedging	Reserve for available-for-sale financial instruments
As at: June 1, 2017	**222,222**	**250,234**	**-12,532**	**-59,585**	**7,357**
Earnings for the period	0	0	0	0	0
Share of other comprehensive income for the period	0	0	-34,616	-1,055	1,749
Comprehensive income for the period	**0**	**0**	**-34,616**	**-1,055**	**1,749**
Distributions to shareholders	0	0	0	0	0
Transactions with shareholders	**0**	**0**	**0**	**0**	**0**
As at: November 30, 2017	**222,222**	**250,234**	**-47,148**	**-60,640**	**9,106**
As at: June 1, 2018	**222,222**	**250,234**	**-37,925**	**-63,275**	**6,617**
Effects from the first-time application of IFRS 9 and IFRS 15	**0**	**0**	**0**	**0**	**-6,617**
As at: June 1, 2018 adjusted	**222,222**	**250,234**	**-37,925**	**-63,275**	**0**
Earnings for the period	0	0	0	0	0
Share of other comprehensive income for the period	0	0	-27,035	6,209	0
Comprehensive income for the period	**0**	**0**	**-27,035**	**6,209**	**0**
Distributions to shareholders	0	0	0	0	0
Disposal of non-controlling interests	0	0	0	0	0
Transactions with shareholders	**0**	**0**	**0**	**0**	**0**
As at: November 30, 2018	**222,222**	**250,234**	**-64,960**	**-57,066**	**0**

See also Chapter 15 for notes on equity.

Consolidated statement of changes in equity

of HELLA GmbH & Co. KGaA

Reserve for debt capital instruments	Remeasurements of defined benefit plans	Other retained earnings/profit carried forward	**Reserves and unappropriated surplus**	**Equity before non-controlling interests**	Non-controlling interests	**Equity**
-	**-69,557**	**1,882,616**	**1,998,533**	**2,220,755**	**4,989**	**2,225,744**
-	0	197,944	197,944	197,944	699	198,642
-	-3,724	0	-37,646	-37,646	-347	-37,993
-	**-3,724**	**197,944**	**160,297**	**160,297**	**352**	**160,649**
-	0	-102,222	-102,222	-102,222	-1,103	-103,325
-	**0**	**-102,222**	**-102,222**	**-102,222**	**-1,103**	**-103,325**
-	**-73,281**	**1,978,338**	**2,056,608**	**2,278,830**	**4,238**	**2,283,068**
0	**-66,330**	**2,162,834**	**2,252,155**	**2,474,377**	**3,888**	**2,478,265**
468	**0**	**14,647**	**8,498**	**8,498**	**0**	**8,498**
468	**-66,330**	**2,177,481**	**2,260,653**	**2,482,875**	**3,888**	**2,486,763**
0	0	443,388	443,388	443,388	172	443,559
-89	1,238	0	-19,677	-19,677	-188	-19,866
-89	**1,238**	**443,388**	**423,710**	**423,710**	**-16**	**423,694**
0	0	-116,667	-116,667	-116,667	-833	-117,499
0	0	0	0	0	-550	-550
0	**0**	**-116,667**	**-116,667**	**-116,667**	**-1,382**	**-118,049**
378	**-65,092**	**2,504,202**	**2,567,697**	**2,789,919**	**2,489**	**2,792,408**

See also Chapter 15 for notes on equity.

Consolidated cash flow statement

of HELLA GmbH & Co. KGaA; for the period from June 1 to November 30, 2018.

	€ thousand	**2018/2019**	2017/2018*
	Earnings before income taxes (EBT)	**511,767**	**266,634**
+	Depreciation and amortization	184,213	214,975
+/-	Change in provisions	-35,564	-7,059
+	Cash receipts for series production	0	75,717
-	Non-cash sales transacted in previous periods	0	-56,219
-	Other non-cash income and cash flows not attributable to operating activities	-312,576	-35,711
+/-	Losses / profits from the sale of property, plant and equipment and intangible assets	387	-5,045
+	Net financial result	25,028	22,869
+/-	Change in trade receivables and other assets not attributable to investing or financing activities	-58,013	-126,997
-	Increase in inventories	-151,828	-97,883
+/-	Change in trade payables and other liabilities not attributable to investing or financing activities	230,185	137,897
+	Tax refunds received	7,655	3,765
-	Taxes paid	-82,165	-56,467
+	Dividends received	25,060	25,687
=	**Net cash flow from operating activities**	**344,150**	**362,162**
+	Cash receipts from the sale of intangible assets and property, plant and equipment	9,164	12,633
-	Payments for the purchase of intangible assets and property, plant and equipment	-250,430	-301,390
+	Cash receipts from the sale of subsidiaries less cash and cash equivalents	332,191	0
+	Repayment from loans in connection with the sale of subsidiaries	44,331	0
+	Repayments from loans granted to investments	5,033	548
-	Payments for loans granted to investments	-1,548	-5,947
+/-	Net payments for the purchase and sale of securities	-218,915	-30,912
=	**Net cash flow from investing activities**	**-80,174**	**-325,069**
-	Payments from repayment of a bond	0	-300,000
-	Payments for the repayment of financial liabilities	-14,590	-9,524
+	Cash proceeds from changes in financial debt	1,010	4,337
+	Interest received	4,416	5,017
-	Interest paid	-8,940	-17,171
-	Dividends paid	-117,327	-101,150
=	**Net cash flow from financing activities**	**-135,430**	**-418,492**
=	**Net change in cash and cash equivalents**	**128,546**	**-381,398**
+	Cash and cash equivalents as at 1 June	688,187	783,875
+/-	Cash and cash equivalents of a disposal group	-435	0
+/-	Effect of exchange rate fluctuations on cash and cash equivalents	-3,804	-4,361
=	**Cash and cash equivalents as at 30 November**	**812,494**	**398,116**

* Prior-year figures were adjusted. Please refer to chapter 16 for further information.

FURTHER NOTES

01 Basic information

HELLA GmbH & Co. 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 around the globe; its most significant markets are in Europe, the US, and Asia, particularly Korea and China. Moreover, HELLA has its own international sales network for all kinds of vehicle accessories.

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

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 at November 30, 2018, 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 statement 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 policies and measurement methods that are applied consistently within the Group on the basis of amortized historical cost. This does not apply to assets that are available for sale and derivative financial instruments, which are measured at fair value. The consolidated income statement is prepared using the cost-of-sales method. The current/non-current distinction is observed in the consolidated statement of financial position. The amounts stated under current assets and liabilities are, for the most part, due for settlement within 12 months. Accordingly, non-current items are mainly due for settlement in more than 12 months. In order to enhance the clarity of the presentation, items of the consolidated statement of financial position and consolidated income statement have been grouped together where this is appropriate and possible. Please note that where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding.

02 Scope of consolidation

In addition to HELLA GmbH & Co. KGaA, 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. 2018**	31 May 2018	30 Nov. 2017
Fully consolidated companies	94	97	98
Companies accounted for using the equity method	52	52	54

03 Accounting and measurement methods

The accounting policies and measurement methods used in the interim report are the same as those used in the consolidated financial statements of May 31, 2018. These accounting and measurement methods were explained in the annual report 2017/2018.

Amendments result from the mandatory first-time application of IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers”, and the voluntary early application of IFRS 16 “Leases”. The new IFRS regulations have already been explained in detail in the annual report 2017/2018. For more information on the concrete impact of these regulations, please refer to the sections on IFRS 9, IFRS 15 and IFRS 16.

Application of the other IFRS amendments that must be applied as at November 30, 2018, does not materially influence the presentation of the condensed interim consolidated financial statements.

To simplify interim reporting, IAS 34.41 allows greater use of estimates and assumptions than in the annual financial statements, provided that all material financial information 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.

IFRS 15: REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 replaces the current guidance on the recognition of revenue in IAS 18 “Revenue” and IAS 11 “Construction Contracts” as well as the respective interpretations (IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31). With the introduction of IFRS 15, the IASB aims to pool the extensive revenue provisions in a single standard and to establish clear principles that a company has to apply from contracts with customers. IFRS 15 was described in detail in the consolidated financial statements for the fiscal year 2017/2018. The relevant rights to vote have been exercised as outlined in the annual report 2017/2018.

The standard must be applied for the first time to fiscal years commencing on or after January 1, 2018. The HELLA Group applied the standard for the first time to the fiscal year starting June 1, 2018. The modified retrospective approach is being used for the transition to IFRS 15; for this reason, prior-year figures do not need to be adjusted. The cumulative effect from the first application was entered as an adjustment of the opening balance sheet value in equity as € 8.5 million at the time of the first application on June 1, 2018.

If IFRS 15 had not been applied, then the following effects would have been observed during the current reporting period:

Sales would have amounted to € 3,568.8 million (€ 3,550.0 million with application of IFRS 15) and the costs of sales would have amounted to € 2,579.4 million (€ 2,553.1 million with application of IFRS 15). Taxes on income would have amounted to € 66.3 million (€ 68.2 million with application of IFRS 15).

The inventories would have amounted to € 756.1 million (€ 959.7 million with application of IFRS 15). Application of IFRS 15 yields contract assets of € 36.8 million (€ 0.0 million without application of IFRS 15). The property, plant, and equipment would have amounted to € 2,091.6 million (€ 1,727.7 million with application of IFRS 15).

The liabilities from goods and services would have amounted to € 768.5 million (€ 814.9 million with application of IFRS 15). The other current liabilities would have amounted to € 696.6 million (€ 519.7 million with application of IFRS 15). Application of IFRS 15 yields current contract obligations of € 108.0 million (€ 0.0 million without application of IFRS 15). The deferred tax liabilities would have amounted to € 43.6 million (€ 48.5 million with application of IFRS 15) and the other non-current liabilities would have amounted to € 210.4 million (€ 89.2 million with application of IFRS 15). Application of IFRS 15 yields non-current contract obligations of € 0.7 million (€ 0.0 million without application of IFRS 15).

The consolidated equity would have amounted to € 2,777.9 million (€ 2,792.4 million with application of IFRS 15).

IFRS 9: FINANCIAL INSTRUMENTS

IFRS 9 modifies the accounting requirements for classifying and measuring financial assets, impairment of financial assets, and hedge accounting. Furthermore, application of the new standard requires additional disclosures, which result from the adaptation of disclosure requirements in accordance with IFRS 7. IFRS 9 was described in detail in the consolidated financial statements for fiscal year 2017/2018. The relevant rights to vote have been exercised as outlined in the annual report 2017/2018. Prior-year figures do not need to be adjusted as a result.

The HELLA Group is using IFRS 9 for the first time with the current reporting period. The transition effects are accounted for cumulatively in the retained earnings. Application of IFRS 9 has no major effects on the consolidated financial statements in the area of classification and valuation, impairment, and reflection of hedge accounting. The HELLA Group exercises the right to choose retrospective application of the regulations for the designation of interest rate and currency hedge transactions relative to the Cross Currency Based Spread (CCBS) component of the long-term interest rate/ currency hedge transactions, which leads to reclassification within the reserve for financial instruments for cash flow hedging.

The following table shows the transition of measurement categories from IAS 39 to IFRS 9:

	Measurement category in accordance with IAS 39	**Carrying amount 31 May 2018**	**Fair value 31 May 2018**	Valuation hierarchy	Reclassification IFRS 9	**Carrying amount 31 May 2018 according to IFRS 9**	IFRS 9 Category
Cash and cash equivalents	LaR	688,187	688,187		0	688,187	Amortized cost
Trade receivables	LaR	1,166,571	1,166,571			1,166,571	Amortized cost
Financial assets							
Equity instruments	AfS	322,077	322,077	Level 1	-230,240	91,837	FVPL
Debt capital instruments					230,240	230,240	FVOCI
Loans	LaR	4,172	4,172			4,172	Amortized cost
Other bank balances	LaR	6,685	6,685			6,685	Amortized cost
Other financial assets							
Derivatives used for hedging	n.a.	5,758	5,758	Level 2		5,758	n.a.
Derivatives not used for hedging	HfT	2,690	2,690	Level 2		2,690	FVPL
Other receivables associated with financing activities	LaR	34,901	34,901			34,901	Amortized cost
Current financial assets		**2,231,040**	**2,231,040**		**0**	**2,231,040**	
Financial assets							
Equity instruments	AfS	30,373	30,373	Level 2	-20,404	9,969	n.a.
Debt capital instruments					20,404	20,404	FVOCI
Loans	LaR	6,806	6,806	Level 2		6,806	Amortized cost
Other receivables associated with financing activities	LaR	32	32	Level 2		32	Amortized cost
Other financial assets							
Trade receivables	LaR	38,828	38,828	Level 2		38,828	Amortized cost
Non-current financial assets		**76,040**	**76,040**		**0**	**76,040**	
Financial assets		**2,307,080**	**2,307,080**		**0**	**2,307,080**	
Financial liabilities							
Financial liabilities to banks	FLAC	41,933	41,933			41,933	Amortized cost
Liabilities from leases	n.a.	57	57			57	n.a.
Trade payables	FLAC	711,775	711,775			711,775	Amortized cost
Other financial liabilities							
Derivatives used for hedging	n.a.	13,601	13,601	Level 2		13,601	n.a.
Derivatives not used for hedging	HfT	4,254	4,254	Level 2		4,254	FVPL
Other financial liabilities	FLAC	240,369	240,369		0	240,369	Amortized cost
Current financial liabilities		**1,011,990**	**1,011,990**		**0**	**1,011,990**	
Financial liabilities							
Financial liabilities to banks	FLAC	**273,808**	**299,601**	Level 2		273,808	Amortized cost
Bonds	FLAC	**892,064**	**929,771**	Level 1		892,064	Amortized cost
Liabilities from leases	n.a.	**38**	**38**			38	n.a.
Other financial liabilities							
Derivatives used for hedging	n.a.	**82,835**	**82,835**	Level 2		82,835	n.a.
Derivatives not used for hedging	HfT	**293**	**293**	Level 2		293	FVPL
Other financial liabilities	FLAC	**12,303**	**12,303**			12,303	Amortized cost
Non-current financial liabilities		**1,261,341**	**1,324,840**		**0**	**1,261,341**	
Financial liabilities		**2,273,330**	**2,336,830**		**0**	**2,273,330**	

€ thousand	Carrying amount 31 May 2018	Fair value 31 May 2018
Of which aggregated under IAS 39 measurement categories:		
Financial assets held for trading (HfT)	2,690	2,690
Loans and receivables (LaR)	1,946,182	1,946,182
Available-for-sale financial assets (AfS)	352,450	352,450
Financial liabilities held for trading (HfT)	4,547	4,547
Financial liabilities measured at amortized cost (FLAC)	2,172,252	2,235,751
Financial assets Derivatives used for hedging	5,758	5,758
Financial liabilities Derivatives used for hedging	96,436	96,436

IFRS 16: LEASES

IFRS 16 replaces IAS 17 "Leases", as well as the associated interpretations. IFRS 16 was described in detail in the consolidated financial statements for fiscal year 2017/2018. The relevant rights to vote have been exercised as outlined in the annual report 2017/2018. Prior-year figures do not need to be adjusted as a result.

The major conversion effects for the HELLA Group as the lessee are that, in the future, assets and liabilities from previous operating leases of administrative and production buildings, warehouses, and vehicles have to be recorded.

The effects on the group income statement consist, as expected, of the replacement of the linear monthly expenses for operating leases due to depreciation in usufructuary rights and leased objects and the interest expenses from the measurement of the lease obligations.

Based on the change in the leasing definition, the HELLA Group reported € 159 million as lease obligations in the opening balance sheet dated June 1, 2018. Compared to the minimum lease payments of € 110 million stated on May 31, 2018, for operating leases as lessee, extension and termination options that are sufficiently secure in particular have also been taken into account in the recorded amount.

In line with the first-time application of IFRS 16 to operating leases, the usufructuary rights have been generally valued at the amount of the lease obligation. The interest rate at the initial application date was used for this in accordance with IFRS 16.C8(b)(i); the average interest rate on June 1, 2018, was 2.3%. The originally directly attributable costs were not taken into account for evaluating the usufructuary right on the initial application date. The comparative information for the fiscal year 2017/2018 was not adjusted.

In accordance with IAS 17, the applications for leases classified as operating leases have been accounted for in the other income and expenses. Compared with this, usufructuary rights from leases are written off as planned in accordance with IFRS 16. This modified presentation resulted in the EBITDA increasing by € 12.5 million for the first six months of the fiscal year 2018/2019. Aside from this, there were no other material effects on the financial position, financial status and results of operations of the HELLA Group.

04 Currency translation

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

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

	Average		Reporting date		
	2018/2019	2017/2018	**30 November 2018**	31 May 2018	30 November 2017
€ 1 = US dollar	1.1566	1.1659	1.1359	1.1699	1.1849
€ 1 = Czech koruna	25.7826	25.9717	25.9570	25.7970	25.4910
€ 1 = Japanese yen	129.2572	130.1079	128.9900	127.3300	133.0800
€ 1 = Mexican peso	22.4681	21.2513	23.0910	23.2461	22.0035
€ 1 = Chinese renminbi	7.8542	7.7849	7.8897	7.4951	7.8377
€ 1 = South Korean won	1,295.1014	1,314.2692	1,274.0400	1,261.2500	1,287.2600
€ 1 = Romanian leu	4.6553	4.5904	4.6598	4.6508	4.6475
€ 1 = Danish krone	7.4561	7.4395	7.4622	7.4436	7.4417

05 Prior-year figures

Sales according to regions were specified for the reporting period of the fiscal year 2017/2018. The financial statement items affected for the prior year have been adjusted accordingly. This does not result in correction of the undiluted and diluted results per share. The following table shows the corrections for sales according to regions:

Sales by region (based on the headquarters of HELLA's customers):

€ thousand	2017/2018 as reported	2017/2018 Reclassification	2017/2018 adjusted
Germany	1,065,143	33,980	1,099,123
Europe not including Germany	1,225,725	-33,980	1,191,745
North, Central and South America	586,796	0	586,796
Asia / Pacific / RoW	574,672	0	574,672
Consolidated sales	**3,452,336**	**0**	**3,452,336**

The figures for the Aftermarket segment in the fiscal year 2017/2018 have been adjusted. The wholesale distribution that was accounted for earlier was largely influenced by the companies FTZ Autodele & Værktøj A/S and INTER-TEAM Sp. z. o.o., the sale of which went into effect on September 3, 2018. Sale plans also exist for the activities remaining as of the end of the second fiscal quarter. Thus wholesale distribution is no longer part of the aftermarket segment.

Reporting for the Aftermarket segment was adjusted in line with the new structure and was restated as follows for the first six months of fiscal year 2017/2018:

€ thousand	2017/2018 as reported	Adjustments	2017/2018 adjusted
Sales with external customers	609,870	-289,996	319,875
Intersegment sales	1,444	0	1,444
Segment sales	**611,315**	**-289,996**	**321,319**
Cost of sales	-401,570	191,584	-209,986
Gross profit	**209,745**	**-98,412**	**111,333**
Research and development expenses	-7,323	0	-7,323
Distribution expenses	-164,497	86,361	-78,136
Administrative expenses	-10,233	0	-10,233
Other income and expenses	5,232	-480	4,751
Earnings from investments accounted for using the equity method	4,210	0	4,210
Other income from investments	0	0	0
Earnings before interest and taxes (EBIT)	**37,134**	**-12,531**	**24,603**

As IFRS 15 was being introduced, the statement of sample costs incurred during development projects and bid and proposal costs before order placement was reassessed. This has resulted in the costs for producing samples and prototypes being assigned to cost of sales, with bid and proposal costs assigned to distribution expenses. The prior year has been adjusted accordingly.

Reporting for the Automotive segment was adjusted in line with the new attribution and was restated as follows for the first six months of fiscal year 2017/2018:

€ thousand	2017/2018 as reported	Adjustments	2017/2018 adjusted
Sales with external customers	2,623,269	0	2,623,269
Intersegment sales	27,030	0	27,030
Segment sales	**2,650,299**	**0**	**2,650,299**
Cost of sales	-1,966,371	-8,015	-1,974,385
Gross profit	**683,929**	**-8,015**	**675,914**
Research and development expenses	-321,743	32,258	-289,485
Distribution expenses	-66,371	-24,243	-90,614
Administrative expenses	-93,124	0	-93,124
Other income and expenses	14,439	0	14,439
Earnings from investments accounted for using the equity method	19,257	0	19,257
Other income from investments	0	0	0
Earnings before interest and taxes (EBIT)	**236,387**	**0**	**236,387**

Reporting for the Special Applications segment was adjusted in line with the new attribution and was restated as follows for the first six months of fiscal year 2017/2018:

€ thousand	2017/2018 as reported	Adjustments	2017/2018 adjusted
Sales with external customers	204,929	0	204,929
Intersegment sales	6,492	0	6,492
Segment sales	**211,421**	**0**	**211,421**
Cost of sales	-136,638	-103	-136,741
Gross profit	**74,783**	**-103**	**74,680**
Research and development expenses	-10,138	1,115	-9,023
Distribution expenses	-28,486	-1,013	-29,498
Administrative expenses	-13,980	0	-13,980
Other income and expenses	1,550	0	1,550
Earnings from investments accounted for using the equity method	0	0	0
Other income from investments	0	0	0
Earnings before interest and taxes (EBIT)	**23,729**	**0**	**23,729**

Based on the adjusted segment information of the previous year, the restatement of sales is as follows:

€ thousand	2017/2018 as reported	Adjustments	2017/2018 adjusted
Total sales of the reporting segments	**3,473,035**	**-289,996**	**3,183,039**
Sales in other divisions	39,454	0	39,454
Wholesale sales	0	289,996	289,996
Elimination of intersegment sales	-60,154	0	-60,154
Consolidated sales	**3,452,336**	**0**	**3,452,336**

The segment results are restated after the adjustments of the segment information to the consolidated net profit as follows:

€ thousand	2017/2018 as reported	Adjustments	2017/2018 adjusted
EBIT of the reporting segments	**297,249**	**-12,531**	**284,719**
EBIT of other divisions	-5,633	0	-5,633
EBIT wholesale	0	12,531	12,531
Unallocated income	-2,114	0	-2,114
Consolidated EBIT	**289,503**	**0**	**289,503**
Net financial result	-22,869	0	-22,869
Consolidated EBT	**266,634**	**0**	**266,634**

Compared to the adjusted segment data for the prior year, the following reclassifications apply to the consolidated income statement for the first six months of the fiscal year 2017/2018:

€ thousand	2017/2018 as reported	Changes in classification	2017/2018 adjusted
Sales	**3,452,336**	**0**	**3,452,336**
Cost of sales	-2,484,568	-8,118	-2,492,686
Gross profit	**967,768**	**-8,118**	**959,650**
Research and development expenses	-338,707	33,374	-305,334
Distribution expenses	-259,375	-25,256	-284,631
Administrative expenses	-111,625	0	-111,625
Other income and expenses	7,916	0	7,916
Earnings from investments accounted for using the equity method	23,467	0	23,467
Other income from investments	60	0	60
Earnings before interest and taxes (EBIT)	**289,503**	**0**	**289,503**
Financial income	22,068	0	22,068
Financial expenses	-44,937	0	-44,937
Net financial result	**-22,869**	**0**	**-22,869**
Earnings before income taxes (EBT)	**266,634**	**0**	**266,634**
Income taxes	-67,992	0	-67,992
Earnings for the period	**198,642**	**0**	**198,642**

06 Sales

Sales for the first half of fiscal year 2018/2019 amounted to € 3,550,064 thousand (prior year: € 3,452,336 thousand). Sales are attributable entirely to the sale of goods and performance of services.

They can be classified as follows:

€ thousand	**2018/2019**	2017/2018
Sales from the sale of goods	3,410,655	3,360,708
Sales from the rendering of services	139,409	91,628
Total sales	**3,550,064**	**3,452,336**

Sales by region (based on the headquarters of HELLA's customers):

€ thousand	**2018/2019**	2017/2018*
Germany	1,194,771	1,099,123
Europe not including Germany	1,124,781	1,191,745
North, Central and South America	654,994	586,796
Asia / Pacific / RoW	575,517	574,672
Consolidated sales	**3,550,064**	**3,452,336**

* The previous year's figures of sales by region were adjusted. Please refer to Chapter 05 for further information.

07 Earnings per share

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

Undiluted earnings per share amounted to € 3.99 and are equivalent to diluted earnings per share.

Number of shares	**30 Nov. 2018**	30 Nov. 2017
Weighted average number of shares in circulation during the period		
Basic ordinary shares	111,111,112	111,111,112
Diluted ordinary shares	111,111,112	111,111,112
€ thousand	**2018/2019**	2017/2018
Share of profit attributable to owners of the parent company	443,388	197,944
€	**2018/2019**	2017/2018
Basic earnings per share	**3.99**	**1.78**
Diluted earnings per share	**3.99**	**1.78**

08 Adjustment of special effects in earnings before interest and taxes

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

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

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

The companies FTZ Autodele & Værktøj A/S and INTER-TEAM Sp. z. o.o. were sold effective on September 3, 2018. The resultant deconsolidation proceeds of € 255.0 million were recorded in other income and expenses. Sale plans also exist for the activities remaining as at the end of the second fiscal quarter. Attendant capital gains or losses, costs in connection with the implementation of the sale or as its result, and costs for the restructuring measures were adjusted in the amount of € 231,933 thousand (prior year: € 3,441 thousand).

To ensure the ability to draw consistent comparisons with past or future periods, the financial statement will be adjusted by the operational residuals of the wholesale distribution after the end of the first fiscal quarter in the amount of € 2,881 thousand (prior year: € 6,586 thousand).

The adjusted result represents a profit/loss statement free of special effects for the operational business.

The business activities included in this are not influenced by intermediate sales of shares or other non-recurring effects and thereby allow for a suitable comparison of the two reporting periods.

The corresponding reconciliation statement for the first half-of fiscal years 2018/2019 and 2017/2018 is as follows:

€ thousand	**2018/2019 as reported**	Adjustment	Portfolio adjustment	**2018/2019 adjusted**
Sales	3,550,064	0	-21,400	3,528,664
Cost of sales	-2,553,116	538	10,821	-2,541,757
Gross profit	**996,948**	**538**	**-10,579**	**986,907**
Research and development expenses	-340,117	0	0	-340,117
Distribution expenses	-276,289	11,083	7,925	-257,282
Administrative expenses	-126,511	5,340	0	-121,171
Other income and expenses	257,084	-248,894	-227	7,963
Earnings from investments accounted for using the equity method	25,457	0	0	25,457
Other income from investments	225	0	0	225
Earnings before interest and taxes (EBIT)	**536,796**	**-231,933**	**-2,881**	**301,982**

€ thousand	**2017/2018 adjusted**	Adjustment	Portfolio adjustment	**2017/2018 adjusted**
Sales	3,452,336	0	-151,238	3,301,098
Cost of sales	-2,492,686	1,327	101,790	-2,389,569
Gross profit	**959,650**	**1,327**	**-49,448**	**911,528**
Research and development expenses	-305,334	0	0	-305,334
Distribution expenses	-284,631	0	43,194	-241,437
Administrative expenses	-111,625	0	0	-111,625
Other income and expenses	7,916	2,114	-331	9,699
Earnings from investments accounted for using the equity method	23,467	0	0	23,467
Other income from investments	60	0	0	60
Earnings before interest and taxes (EBIT)	**289,503**	**3,441**	**-6,586**	**286,358**

09 Segment reporting

External segment reporting is based on internal reporting (referred to as the 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 HELLA GROUP'S BUSINESS ACTIVITIES ARE DIVIDED INTO THREE SEGMENTS: AUTOMOTIVE, AFTERMARKET AND SPECIAL APPLICATIONS.
The Lighting business division and the Electronics business division 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 lights, interior lights, and lighting electronics. The Electronics business division focuses on the product areas of body electronics, energy management, driver assistance systems and components (for example 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 produces and sells automotive parts and accessories, primarily in the areas of lighting, electrics, and electronics, as well as workshop solutions in the areas of diagnostics and calibration. Furthermore, wholesalers and workshops receive support for their business via a state-of-the-art and fast information and order system as well as via comprehensive services, such as hotlines, training, technical information, sales support, and efficient logistics. Strategic focal points of the segment include the stronger alignment of the aftermarket business with the company's original equipment expertise and the closer dovetailing of original equipment expertise and workshop equipment expertise.

The Special Applications segment comprises original equipment for special-purpose vehicles such as buses, caravans, agricultural and construction machinery, municipal vehicles, and trailers. Technological expertise 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.

All other Group segments are subordinate in terms of their economic significance and are therefore not segmented further. Their functions relate mainly to Group financing.

Sales and adjusted earnings before interest and taxes (EBIT) are the key performance indicators used to manage the business segments; assets and liabilities are not reported. Internal reporting applies the same accounting and measurement principles as the consolidated financial statements. Special items that are not included in the segment results are identified for the individual reporting periods. These special items are presented in the reconciliation table.

The segment information for the first three months (1 June to 30 November) of fiscal years 2018/2019 and 2017/2018 is as follows:

	Automotive		Aftermarket		Special Applications	
€ thousand	**2018/2019**	2017/2018*	**2018/2019**	2017/2018*	**2018/2019**	2017/2018*
Sales with external customers	2,841,368	2,623,269	334,710	319,875	199,285	204,929
Intersegment sales	22,508	27,030	1,082	1,444	4,376	6,492
Segment sales	**2,863,876**	**2,650,299**	**335,791**	**321,319**	**203,660**	**211,421**
Cost of sales	-2,125,924	-1,974,385	-216,692	-209,986	-122,585	-136,741
Gross profit	**737,952**	**675,914**	**119,099**	**111,333**	**81,076**	**74,680**
Research and development expenses	-323,342	-289,485	-7,330	-7,323	-9,459	-9,023
Distribution expenses	-101,629	-90,614	-92,115	-78,136	-31,142	-29,498
Administrative expenses	-100,666	-93,124	-11,816	-10,233	-15,807	-13,980
Other income and expenses	10,391	14,439	3,858	4,751	2,464	1,550
Earnings from investments accounted for using the equity method	21,354	19,257	4,103	4,210	0	0
Other income from investments	0	0	225	0	0	0
Earnings before interest and taxes (EBIT)	**244,060**	**236,387**	**16,025**	**24,603**	**27,132**	**23,729**
Additions to property, plant and equipment and intangible assets	183,287	213,469	6,626	8,350	16,778	8,379

* The prior-year figures for all segments have been adjusted. Please refer to Chapter 05 for further information.

Sales with external third parties for the first six months of fiscal years 2018/2019 and 2017/2018 are as follows:

	Automotive		Aftermarket		Special Applications	
€ thousand	**2018/2019**	2017/2018	**2018/2019**	2017/2018*	**2018/2019**	2017/2018
Sales from the sale of goods	2,740,123	2,552,175	317,842	313,932	196,103	204,728
Sales from the rendering of services	101,245	71,094	16,869	5,943	3,181	201
Sales with external customers	**2,841,368**	**2,623,269**	**334,710**	**319,875**	**199,285**	**204,929**

Sales reconciliation:

€ thousand	**2018/2019**	2017/2018*
Total sales of the reporting segments	**3,403,328**	**3,183,039**
Sales in other divisions	50,413	39,454
Wholesale sales	158,085	289,996
Elimination of intersegment sales	-61,761	-60,154
Consolidated sales	**3,550,064**	**3,452,336**

Reconciliation of the segment results with consolidated net profit:

€ thousand	2018/2019	2017/2018*
EBIT of the reporting segments	**287,217**	**284,719**
EBIT of other divisions	-5,699	-5,633
EBIT wholesale	1,732	12,531
Unallocated income	253,547	-2,114
Consolidated EBIT	**536,796**	**289,503**
Net financial result	-25,028	-22,869
Consolidated EBT	**511,767**	**266,634**

* The prior-year figures for all segments have been adjusted. Please refer to Chapter 05 for further information.

10 Adjustment of special effects in the segment results

In the current reporting period 2018/2019, the costs of € 110 thousand (prior year: € 1,327 thousand) for the restructuring measures are adjusted in earnings before interest and taxes for the Automotive segment, as in the prior year.

The adjusted income statement for the Automotive segment for the first six months of fiscal years 2018/2019 and 2017/1018 is as follows:

€ thousand	2018/2019 as reported	Restructuring	2018/2019 adjusted
Sales with external customers	2,841,368	0	2,841,368
Intersegment sales	22,508	0	22,508
Segment sales	**2,863,876**	**0**	**2,863,876**
Cost of sales	-2,125,924	110	-2,125,814
Gross profit	**737,952**	**110**	**738,062**
Research and development expenses	-323,342	0	-323,342
Distribution expenses	-101,629	0	-101,629
Administrative expenses	-100,666	0	-100,666
Other income and expenses	10,391	0	10,391
Earnings from investments accounted for using the equity method	21,354	0	21,354
Other income from investments	0	0	0
Earnings before interest and taxes (EBIT)	**244,060**	**110**	**244,170**

€ thousand	2017/2018 as reported	Restructuring	2017/2018 adjusted
Sales with external customers	2,623,269	0	2,623,269
Intersegment sales	27,030	0	27,030
Segment sales	**2,650,299**	**0**	**2,650,299**
Cost of sales	-1,974,385	1,327	-1,973,059
Gross profit	**675,914**	**1,327**	**677,241**
Research and development expenses	-289,485	0	-289,485
Distribution expenses	-90,614	0	-90,614
Administrative expenses	-93,124	0	-93,124
Other income and expenses	14,439	0	14,439
Earnings from investments accounted for using the equity method	19,257	0	19,257
Other income from investments	0	0	0
Earnings before interest and taxes (EBIT)	**236,387**	**1,327**	**237,713**

In the current reporting period 2018/2019, the costs of € 9,352 thousand (prior year: € 0 thousand) for the restructuring measures are adjusted in earnings before interest and taxes for the Aftermarket segment.

The adjusted income statement for the Aftermarket segment for the first six months of fiscal year 2018/2019 is as follows:

€ thousand	2018/2019 as reported	Restructuring	2018/2019 adjusted
Sales with external customers	334,710	0	334,710
Intersegment sales	1,082	0	1,082
Segment sales	**335,791**	**0**	**335,791**
Cost of sales	-216,692	0	-216,692
Gross profit	**119,099**	**0**	**119,099**
Research and development expenses	-7,330	0	-7,330
Distribution expenses	-92,115	9,352	-82,763
Administrative expenses	-11,816	0	-11,816
Other income and expenses	3,858	0	3,858
Earnings from investments accounted for using the equity method	4,103	0	4,103
Other income from investments	225	0	225
Earnings before interest and taxes (EBIT)	**16,025**	**9,352**	**25,377**

11 Other receivables and non-financial assets

€ thousand	**30 November 2018**	31 May 2018
Other current assets	15,765	17,255
Receivables from finance leases	15,622	14,033
Insurance receivables	3,621	3,613
Positive market value of currency hedges	10,993	8,448
Subtotal other financial assets	**46,002**	**43,349**
Advance payments	7,069	5,855
Deferred income	45,043	44,671
Receivables for partial retirement	389	302
Advance payments to employees	3,067	2,206
Other tax receivables	60,672	52,590
Total	**162,242**	**148,972**

12 Non-current assets held for sale

The sale group classified as "held for sale" comprises the assets and liabilities of the fully consolidated subsidiaries HELLAnor A / S, Automester A / S, and Nordic Forum Holding A / S, which were allocated to the Aftermarket segment until May 31, 2018. The three subsidiaries currently employ about 250 people and contributed sales of about € 70 million in the last fiscal year 2017/2018.

The income reported from the sale group consisting of actuarial gains and losses in the amount of € 0.7 million (after taxes) is included in the other earnings. The assets held for sale in the amount of € 42 million are composed of inventories totaling € 17 million, non-current assets totaling € 12 million, receivables from goods and services totaling € 10 million and other current assets totaling € 3 million. The liabilities held for sale in the amount of € 23 million are split into other non-current liabilities totaling € 12 million, liabilities from goods and services totaling € 6 million, and other current liabilities totaling € 5 million.

By virtue of the approval from the responsible anti-trust authorities, HELLAnor A / S and Automester A / S have already been sold to AURELIUS Equity Opportunities SE & Co. KGaA, effective December 10, 2018. Nordic Forum Holding A / S is expected to be sold in the next three months.

13 Other non-current assets

€ thousand	30 November 2018	31 May 2018
Receivables from finance leases	37,363	33,254
Other non-current assets	1,214	5,574
Subtotal of other financial assets	**38,577**	**38,828**
Advance payments	214	387
Deferred income	8,156	8,226
Plan assets	1,947	2,076
Total	**48,894**	**49,518**

14 Other liabilities

	30 November 2018		31 May 2018	
€ thousand	Non-current	Current	Non-current	Current
Derivatives	76,707	15,446	83,128	17,856
Other financial liabilities	12,455	262,626	12,303	240,369
Subtotal other financial liabilities	**89,162**	**278,072**	**95,431**	**258,224**
Other taxes	19	72,550	19	41,311
Accrued personnel liabilities	0	153,965	0	216,070
Advance payments received on orders	0	0	662	22,597
Deferred income	0	15,111	127,310	154,182
Other non-financial liabilities	0	0	0	21,949
Total	**89,180**	**519,697**	**223,422**	**714,334**

15 Equity

On the liabilities side, nominal capital is recognized at its nominal value under the “Subscribed capital” item. The nominal 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.

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 annual financial statements of foreign subsidiaries not recognized in the income statement and the impact arising from the measurement of derivative financial instruments acquired for hedging purposes also not recognized in profit or loss, as well as the reserve for the financial instruments from the available-for-sale category (IAS 39) and/or the reserve for borrowed capital instruments (IFRS 9). Also included are the results from the remeasurement of defined benefit plans. A detailed overview of the composition and changes in the results recognized directly in equity is presented in the consolidated statement of changes in equity.

The opening book value of the equity was adjusted by € 8.5 million through the first-time application of IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers”. The cumulative effect is reported in the consolidated statement of changes in equity.

Actuarial gains before taxes of € 1,238 thousand (prior year: losses of € 3,724 thousand) were recorded during the reporting 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 2.00% at the end of November 2018 (May 2018: 1.93%).

The shares in the Danish company FTZ Autodele & Værktøj A/S and the Polish company INTER-TEAM Sp. z. o.o. were sold, effective September 3, 2018. The resultant deconsolidation proceeds of € 255.0 million were recorded in other income and expenses. The disposal of the non-controlling interests in this regard is reported in the consolidated statement of changes in equity.

The owners of the parent company are allotted a dividend for the fiscal year 2017/2018 of € 116,667 thousand (€ 1.05 per no-par value share), which has already been paid out in full. A distribution of € 833 thousand is attributable to the non-controlling interests. € 660 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 financial debt to earnings before interest, taxes, depreciation and amortization (EBITDA) in the long term. The ratio was 0.0 on November 30, 2018.

16 Notes to the cash flow statement

As was the case as of May 31, 2018, the cash funds are comprised exclusively of cash and cash equivalents.

In the same way as for the financial report for the first quarter, the presentation of incoming and outgoing payments from sales and purchases of securities has been adjusted in these consolidated financial statements. Up to now, payments had been reported within the net cash flow from financing activities, but will be reported within the net cash flow from investing activities in the future. Cash and cash equivalents are not affected by the reclassification. There is no impact on any other items within the reporting. The quantitative impacts for the reporting period in the prior year are shown in the following table.

€ thousand		2017/2018 as reported	Reclassification	2017/2018 adjusted
	Earnings before income taxes (EBT)	**266,634**	**0**	**266,634**
+	Depreciation and amortization	214,975	0	214,975
+/-	Change in provisions	-7,059	0	-7,059
+	Cash receipts for series production	75,717	0	75,717
-	Non-cash sales transacted in previous periods	-56,219	0	-56,219
-	Other non-cash income	-35,711	0	-35,711
+/-	Losses / profits from the sale of property, plant and equipment and intangible assets	-5,045	0	-5,045
+	Net financial result	22,869	0	22,869
+/-	Change in trade receivables and other assets not attributable to investing or financing activities	-126,997	0	-126,997
+/-	Change in inventories	-97,883	0	-97,883
+/-	Change in trade payables and other liabilities not attributable to investing or financing activities	137,897	0	137,897
+	Tax refunds received	3,765	0	3,765
-	Taxes paid	-56,467	0	-56,467
+	Dividends received	25,687	0	25,687
=	**Net cash flow from operating activities**	**362,162**	**0**	**362,162**
+	Cash receipts from the sale of intangible assets and property, plant and equipment	12,633	0	12,633
-	Payments for the purchase of intangible assets and property, plant and equipment	-301,390	0	-301,390
+	Repayments from loans granted to investments	548	0	548
-	Payments for loans granted to investments	-5,947	0	-5,947
+/-	Net payments for the purchase and sale of securities	0	-30,912	-30,912
=	**Net cash flow from investing activities**	**-294,157**	**-30,912**	**-325,069**
-	Payments from repayment of a bond	-300,000	0	-300,000
-	Payments for the repayment of financial liabilities	-9,524	0	-9,524
+	Cash proceeds from changes in financial debt	4,337	0	4,337
+/-	Net payments for the purchase and sale of securities	-30,912	30,912	0
+	Interest received	5,017	0	5,017
-	Interest paid	-17,171	0	-17,171
-	Dividends paid	-101,150	0	-101,150
=	**Net cash flow from financing activities**	**-449,404**	**30,912**	**-418,492**
=	**Net change in cash and cash equivalents**	**-381,398**	**0**	**-381,398**
+	Cash and cash equivalents as at 1 June	783,875	0	783,875
+/-	Effect of exchange rate fluctuations on cash and cash equivalents	-4,361	0	-4,361
=	**Cash and cash equivalents as at 30 November**	**398,116**	**0**	**398,116**

On July 6, 2018, HELLA contractually agreed to sell the shares in the Danish wholesale distribution company FTZ Autodele & Værktøj A / S (along with the shares held in P/F FTZ Føroyar, AutoMester Danmark ApS and Din Bilpartner Aps) and the Polish INTER-TEAM Sp. z o.o. to the Swedish wholesaler Mekonomen AB. The sale was initially subject to approval from the responsible anti-trust authorities. Once all conditions for the assignment of interest had been fulfilled, the sale was completed on September 3, 2018.

The sum of cash receipts associated with the transfer of shares amounts to a total of approximately € 396 million. After deduction of the transferred cash amounting to € 64 million, a net inflow totaling € 332 million is reported. Together with repayment of the financing of the current corporate operations in the amount of approximately € 44 million, a receipt of payment amounting to a total of approximately € 377 million is reported.

The main categories of assets and liabilities, with the exception of cash and cash equivalents, of the subsidiaries FTZ Autodele & Værktøj A / S and INTER-TEAM Sp. Z oo, over which the HELLA Group relinquished control during the reporting period, are listed as follows: The transferred assets are split into inventories totaling € 109 million, receivables consisting of goods and services totaling € 60 million, other non-current assets totaling € 45 million, and other current assets totaling € 14 million. The transferred liabilities consist of other current liabilities totaling € 49 million, liabilities consisting of goods and services totaling € 42 million, and other non-current assets totaling € 16 million.

17 Adjustment of special effects in cash flow

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

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

The receipt of payment from the sale of shares of the companies FTZ Autodele & Værktøj A / S and INTER-TEAM Sp. z o.o. in particular is not factored into the adjusted free cash flow from operating activities, whereas the repayment of the financing of the corporate operations amounting to € 44 million flows into the adjusted free cash flow from operating activities.

As with the adjustments and the portfolio adjustments in the adjusted EBIT, the free cash flow from operating activities is also adjusted for the payments made in connection with the sale amounting to € 5,056 thousand (prior year: € 23,796 thousand).

Furthermore, the free cash flow from operating activities in the prior year was adjusted for payments for the fine proceedings initiated against HELLA by the European Commission (€ 10,397 thousand).

The performance of the adjusted free cash flow from operating activities for the first six months of fiscal years 2018/2019 and 2017/2018 is shown in the following tables:

	€ thousand	**2018/2019 as reported**	Adjustment	Portfolio adjustment	**2018/2019 adjusted**
	Earnings before income taxes (EBT)	**511,767**	**-231,773**	**-2,881**	**277,114**
+	Depreciation and amortization	184,213	-1,282	-737	182,195
+/-	Change in provisions	-35,564	2,266	0	-33,298
+	Cash receipts for series production	0	0	0	0
-	Non-cash sales transacted in previous periods	0	0	0	0
-	Other non-cash income and cash flows not attributable to operating activities	-312,576	252,188	-32	-60,420
+/-	Losses / profits from the sale of property, plant and equipment and intangible assets	387	-230	0	157
+	Net financial result	25,028	0	-160	24,868
+/-	Change in trade receivables and other assets not attributable to investing or financing activities	-58,013	-413	1,893	-56,533
-	Increase in inventories	-151,828	-123	881	-151,070
+/-	Change in trade payables and other liabilities not attributable to investing or financing activities	230,185	-7,677	-3,402	219,106
+	Tax refunds received	7,655	0	0	7,655
-	Taxes paid	-82,165	-1,976	1	-84,140
+	Dividends received	25,060	0	0	25,060
=	**Net cash flow from operating activities**	**344,150**	**10,979**	**-4,436**	**350,693**
+	Cash receipts from the sale of intangible assets and property, plant and equipment	9,164	-1,605	0	7,559
-	Payments for the purchase of intangible assets and property, plant and equipment	-250,430	0	117	-250,313
+	Repayment from loans in connection with the sale of subsidiaries	44,331	0	0	44,331
=	**Free cash flow from operating activities**	**147,214**	**9,375**	**-4,319**	**152,270**

	€ thousand	2017/2018 as reported	Restructuring	Legal affairs	Portfolio adjustment	2017/2018 adjusted
	Earnings before income taxes (EBT)	**266,634**	**3,441**	**0**	**-6,434**	**263,641**
+	Depreciation and amortization	214,975	0	0	-1,435	213,541
+/-	Change in provisions	-7,059	-948	0	297	-7,710
+	Cash receipts for series production	75,717	0	0	0	75,717
-	Non-cash sales transacted in previous periods	-56,219	0	0	0	-56,219
-	Other non-cash income and cash flows not attributable to operating activities	-35,711	0	0	3,530	-32,182
+/-	Losses / profits from the sale of property, plant and equipment and intangible assets	-5,045	0	0	0	-5,045
+	Net financial result	22,869	0	0	-152	22,717
+/-	Change in trade receivables and other assets not attributable to investing or financing activities	-126,997	0	0	20,360	-106,637
-	Increase in inventories	-97,883	0	0	-1,260	-99,142
+/-	Change in trade payables and other liabilities not attributable to investing or financing activities	137,897	4,803	10,397	-4,726	148,371
+	Tax refunds received	3,765	0	0	0	3,765
-	Taxes paid	-56,467	0	0	5,643	-50,824
+	Dividends received	25,687	0	0	0	25,687
=	**Net cash flow from operating activities**	**362,162**	**7,296**	**10,397**	**15,825**	**395,680**
+	Cash receipts from the sale of intangible assets and property, plant and equipment	12,633	0	0	-61	12,571
-	Payments for the purchase of intangible assets and property, plant and equipment	-301,390	0	0	737	-300,653
=	**Free cash flow from operating activities**	**73,405**	**7,296**	**10,397**	**16,500**	**107,598**

18 Disclosures on financial instruments

The carrying amounts and fair values of classes of financial instruments and the carrying amounts in accordance with IFRS 9 measurement categories as at November 30, 2018, and May 31, 2018, are set out below.

€ thousand	Measurement category under IFRS 9	Carrying amount 30 Nov 2018	Fair value 30 Nov 2018	Carrying amount 31 May 2018	Fair value 31 May 2018	Fair value hierarchy
Cash and cash equivalents	Amortized cost	812,494	812,494	688,187	688,187	
Trade receivables	Amortized cost	1,120,673	1,120,673	1,166,571	1,166,571	
Financial assets						
Equity instruments	FVPL	134,205	134,205	91,837	91,837	Level 1
Debt capital instruments	FVOCI	410,626	410,626	230,240	230,240	Level 1
Loans	Amortized cost	137	137	4,172	4,172	
Other bank balances	Amortized cost	1,456	1,456	6,685	6,685	
Other financial assets						
Derivatives used for hedging	n.a.	9,259	9,259	5,758	5,758	Level 2
Derivatives not used for hedging	FVPL	1,735	1,735	2,690	2,690	Level 2
Other receivables associated with financing activities	Amortized cost	35,009	35,009	34,901	34,901	
Current financial assets		**2,525,595**	**2,525,595**	**2,231,040**	**2,231,040**	
Financial assets						
Equity instruments	n.a.	11,943	11,943	9,969	9,969	Level 2
Debt capital instruments	FVOCI	22,225	22,225	20,404	20,404	
Loans	Amortized cost	5,609	5,609	6,806	6,806	Level 2
Other receivables associated with financing activities	Amortized cost	171	171	32	32	Level 2
Other financial assets						
Trade receivables	Amortized cost	38,577	38,577	38,828	38,828	Level 2
Non-current financial assets		**78,525**	**78,525**	**76,040**	**76,040**	
Financial assets		**2,604,120**	**2,604,120**	**2,307,080**	**2,307,080**	
Financial liabilities						
Financial liabilities to banks and bond	Amortized cost	25,207	25,207	41,933	41,933	
Liabilities from leases	n.a.	8,838	8,838	57	57	
Trade payables	Amortized cost	814,863	814,863	711,775	711,775	
Other financial liabilities						
Derivatives used for hedging	n.a.	12,040	12,040	13,601	13,601	Level 2
Derivatives not used for hedging	FVPL	1,844	1,844	4,254	4,254	Level 2
Other financial liabilities	Amortized cost	262,626	262,626	240,369	240,369	
Current financial liabilities		**1,125,418**	**1,125,418**	**1,011,990**	**1,011,990**	
Financial liabilities						
Financial liabilities to banks	Amortized cost	312,738	338,100	273,808	299,601	Level 2
Bonds	Amortized cost	891,261	916,529	892,064	929,771	Level 1
Liabilities from leases	n.a.	126,574	126,574	38	38	
Other financial liabilities						
Derivatives used for hedging	n.a.	77,045	77,045	82,835	82,835	Level 2
Derivatives not used for hedging	FVPL	1,223	1,223	293	293	Level 2
Other financial liabilities	Amortized cost	12,455	12,455	12,303	12,303	
Non-current financial liabilities		**1,421,296**	**1,471,926**	**1,261,341**	**1,324,840**	
Financial liabilities		**2,546,714**	**2,597,344**	**2,273,330**	**2,336,830**	

€ thousand	Carrying amount 30 Nov 2018	Fair value 30 Nov 2018
Of which aggregated under IFRS 9 measurement categories:		
Financial assets		
FVPL	135,940	135,940
Amortized cost	2,014,127	2,014,127
FVOCI	432,851	432,851
Financial liabilities		
Amortized cost	2,319,150	2,369,780
FVPL	3,067	3,067

Notes on the abbreviations used:
FVPL: Fair Value through Profit or Loss.

FVOCI: Fair Value through Other Comprehensive Income, with reclassification in the income statement.

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 current 2018/2019 reporting period. The carrying amounts of current financial instruments at the balance sheet date correspond to the market value owing to their short residual term and the fact that they are recognized at market value.

The carrying amounts of non-current financial liabilities also largely correspond to the market values. Non-current financial instruments on the assets side are mainly determined by the other investments, securities as cover assets for pension provisions 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.

19 Events after the balance sheet date

By virtue of the approval from the responsible anti-trust authorities, HELLAnor A / S and Automester A / S have already been sold to AURELIUS Equity Opportunities SE & Co. KGaA, effective December 10, 2018. Please refer to Chapter 12 for further information.

Lippstadt, January 4, 2019

The Managing General Partner of HELLA GmbH & Co. KGaA

Hella Geschäftsführungsgesellschaft mbH

Dr. Rolf Breidenbach
(Chairman)

Dr. Werner Benade

Dr. Frank Huber

Stefan Osterhage

Bernard Schäferbarthold

Dr. Nicole Schneider

RESPONSIBILITY STATEMENT

on the interim consolidated financial statements and interim Group management report of HELLA GmbH & Co. KGaA as at November 30, 2018

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, January 4, 2019

Dr. Rolf Breidenbach
(President and CEO of
Hella Geschäftsführungsgesellschaft mbH)

Dr. Werner Benade
(Managing Director of
Hella Geschäftsführungsgesellschaft mbH)

Dr. Frank Huber
(Managing Director of
Hella Geschäftsführungsgesellschaft mbH)

Stefan Osterhage
(Managing Director of
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(Managing Director of
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