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COMPANY EDITED TRANSCRIPT

Operator: Good morning, ladies and gentlemen, and welcome to the HELLA investor call for the first half of Fiscal Year 2026. This call will be hosted by Professor Peter Laierr, the CEO, and Phillippe Vienney, the CFO of HELLA. At this time, all participants have been placed on a listen-only mode. The floor will be open for questions following the presentation. I turn the floor over to your host, Peter Laier.

Peter Laier: Hello. Good evening, everybody. This is Peter Laier speaking. A warm welcome to our investor calls to HELLA Half year one 2026 results. So we have prepared for today's call an agenda where we would like to talk first about the achievements in first half year, followed by the financial results presented by Philippe Vienney, our CFO. And then we have a special chapter on the agenda today about the Lighting transformation program, which we have accelerated, followed then by the outlook for the financial year 2026. At the end, then we will talk about key takeaways as usual. With that, let me directly step into the presentation. Let's talk first about achievements. So in regard of achievements, we have in first half year organic sales in HELLA, which is above market. On the other side, we are working on cost measures, and I will talk about some additional measures, which we have introduced in Lighting in the course of the presentation. If you look at this chart, you see on the left side, our organic sales growth, which is at constant FX, a YoY growth of 1.6% to EUR 4.040 billion, so above EUR4 billion. We have in Electronics recorded sales YoY up by 6.6% to EUR 1.685 billion in total, driven by radar business, specifically in Energy Management. We have in our Lighting BG sales recorded YoY down by 3.6% to now for first half year '26, EUR1.746 billion, affected by a phaseout of programs and by lower call-offs. While in the Lifecycle business, with Lifecycle Solutions, we have an increase of sales by 5.3% YoY and have achieved there in first half year '26, EUR 516 million sales driven by specifically strong sales in special OE business, which is commercial vehicles and off-highway business mainly. So that means in total, we have reported sales YoY, which is broadly flat at EUR 3.972 billion. There is an FX effect there in comparison to the constant FX sales, which we have mentioned on the upper part of this column. Please allow me to move to bottom line. Let's talk about OI margin. We achieved an OI margin in first half year of 5.4%. This is specifically achieved by savings in R&D expenses where we were able to decrease the ratio by 68 basis points to now 8.9%. In addition, we have increasing cost pressure along the whole value chain, and we have a strong focus on cost measures to counter this impact, which we have out of the value chain. And we had in first half year a negative volume and mix effect, which weighed down our margin in first half year. If we then look to net cash flow on the right side of this chart, we recorded a net cash flow for first half year at EUR66 million. This compares to EUR114 million in half year one in financial year '25, so a decrease. And we have a net cash flow to sales ratio of 1.7% achieved in first half year in comparison to prior year same time frame, 2.9%. So we have in place continued CapEx governance, and we have here achieved reductions. But we have to say on the other side, our net cash flow is impacted by increased restructuring cash out. That is a cash out of the restructuring measures which we have introduced. And we have to mention that we have had in Q2 now a positive net cash development, net cash flow at EUR150 million versus EUR49 million negative in Q1. Let me now talk a little bit about acquisition successes in first half year 2026. As you can see from the headline, we had ambitious targets for our order intake in 2026, and we were able to fully meet those targets. But not only the value in regard to the targets we achieved, even more important is we were able to continue our strategy of regional and customer diversification, and we achieved here the related results in acquisition, which is, I think, a very positive signal. If we look a little bit at our business groups, you see here first the highlights for Electronics business. Strong order intake here, specifically in our core growth products, which confirms our strategy. So you see here three examples. On the one side, we were able to acquire a large-scale high-voltage battery management system and a smart car access system and radar sensors for US OEMs with SOPs now coming in '27 and '28. Another example here is we have acquired a DC/DC converter order and roll out now this business at a European OEM for different models with SOPs in '28 and '29. And a Chinese example here, we were as well able to acquire a DC/DC converter and the low-voltage battery management system with the Chinese Tier 1 supplier with an SOP in '28. So that shows as well the broad range of acquisitions in all regions, which we were able to get in, in the first half year for Electronics. If you look at Lighting in the middle of the chart, there, we had a strong focus on international order intake to address our premium OEMs, but as well volume models. And this is a strategy which we have announced before and now we are executing that successfully. You see that here, for example, with the headlamp package and the rear combination lamp, which we acquired for premium and midsized models of a US OEM with SOP '28, '29. Another example is headlamp and combination lamp packages for a European customer for the US and Asian market with SOPs in '26 and '28 or again, a Chinese example here, headlamp projects and current body lights, which we were able to acquire for a Chinese OEM for different models with SOPs in '26 and '27. If I then can direct your attention to Lifecycle Solutions on the lower part of the chart, there, we continued our customer and regional diversification according to our strategy. So here examples are acquisitions, where we were able to acquire intelligent battery sensors for different platforms for US and European customers with SOPs in '26 and '27. And we were on the other side, able to acquire customized LED headlamp and the related rear lamps for an international OEM of agricultural machinery and buses for the Indian and the European market with SOP '27 and '28 or the third example here this time we selected to show to you is the APS for international truck joint venture. This is a pedal sensor for an international truck joint venture for the Asian market with the SOP in '29. Yes. Having said that, then handing over to our CFO, Philippe Vienney, to introduce the financial results of half year one.

Philippe Vienney: Thank you. So good evening to all. So looking at the sales, we published sales at EUR3.9 billion versus the same type of figure for last year at EUR3.9 billion. So this represents a drop of 0.2%. But in this number, actually, we have a currency effect, which is negative for EUR68 million, which means that the growth is really at constant rate EUR62 million, which is representing

1.6% versus the market, which is down by 1%. So this is basically linked to good momentum on Electronics, where we have very good sales, thanks to radar, energy management and smart car access. We also have a very good momentum on Lifecycle Solutions as well with a strong Special OE business and Aftermarket. While on the other side, we have a decrease and phaseout of program in Lighting, not compensated fully by new ramp-ups, but we will come back on that. So looking at the sales per region, Europe basically is overperforming the market by 4.6%. So here, we have the effect of Electronics mainly with, again, radar and smart car access. We also have some SOPs in Lighting and growing Special Applications. On Americas, we are at minus 5.2% versus the market. So here, we have the end of production of several Lighting programs, which is impacting the US mainly. And in Asia, we are 3.6% overperforming, thanks to new launches in China, in Lighting and also with good momentum as well in Electronics with a strong energy management in Asia. Looking at the profitability per segment. So starting with Electronics. So here, we have Electronics again, growing in terms of sales by 6.6% from an organic standpoint. And we have an operating income of 8% at EUR144 million versus EUR121 million last year at 7% -- so here, again, we have developed a bit the sales which are basically developing well with a good momentum. And then the OI is at 8%. So here, we have reduced the R&D expenses on the Electronics segment. We have also made some saving on administration and distribution expenses. On the other hand, we have a gross profit, which is a bit deteriorating because of a mix impact with higher basically material content on some new programs. Looking at Lighting. So Lighting is down in terms of sales on an organic standpoint of by 3.6% versus last year at EUR1.7 billion versus EUR1.8 billion. Operating margin at EUR7 million, 0.4% versus EUR63 million last year at 3.4%. So here on the operating income standpoint, we are suffering from the decline in sales, close to EUR100 million in sales decline. We also have a decline in the gross profit as a consequence of the decline in sales, and we have some mix effects, which are also impacting our gross margin. And the flex, which is not fully achieved in terms of fixed cost adaptation, and this is also why we are going to the Lighting transformation program that will be developed later on in the presentation. On the Lifecycle, so EUR515 million. So it's an organic growth of 5.3% in terms of sales and operating income at EUR65 million, 12.4% versus 10.6% last year. So here, we have also good momentum in terms of sales in all areas, Specially Applications, Aftermarket and as well on the Workshop business. And the operating income here is generated by higher profit on the higher gross profit and also some savings on R&D and SG&A linked to the structural improvements that we have been implementing. So good momentum on the Lifecycle business. When we look at EBIT and net income, first, maybe gross profit 21.6% versus 23.3% as a consequence of what I said, mix effect and not full flex on the Lighting performance. R&D was down at 8.9% versus 9.6%. SG&A down at 7.4% versus 7.6%. So leading to an operating income of 5.4% versus 6% last year at EUR215 million. EBIT is at EUR169 million, 4.3% versus EUR138 million last year at 3.5%. So the main impact here is coming from less restructuring costs, which have been booked in H1 '26 versus the amount which was booked for very large program announced last year in H1. And this leads to a net income of close to EUR99 million, 2.5% versus EUR 69 million or EUR70 million last year at 1.8%. Looking at the cash. So again, the cash, as mentioned, was EUR66 million in H1 versus EUR114 million last year. So it's a reduction of EUR49 million. So here, we have the impact of more cash out and more payments due to restructuring. So this is linked to the P&L effect that was booked last year, but the cash out is really impacting now '26 because people are exiting now. And we have also reduced our CapEx, as you see on the chart on the right, with EUR164 million of CapEx versus EUR203 million last year. So it's a reduction of 19%. So we continue to monitor and to have a stringent CapEx governance to benefit our cash. So with that, I'm finishing the financial part and handing over to Peter.

Peter Laier: Thank you, Philippe, for introducing the financials to us. As you have seen, we have a deterioration of sales in Lighting and as well as deterioration of operating income. And due to that fact, we have decided in the Management Board that we want to accelerate our Lighting transformation program and how we want to do that, we want to introduce to you on the next slides. So what we are experiencing right now is that we have on the bottom-line further cost pressures, which are intensified in H1. We have further structural cost burden. Capacity utilization in Lighting is below our target. And as well on the supplier side, we are experiencing increasing pressure, which needs to be then compensated as inflation at our customer sites where we are heavily working on. But not only bottom line is affected, as mentioned as well, top line is reduced in comparison to half year one 2025. The reason is that we have still weak European demand in the market. We have an adverse customer and product mix. The EV momentum is still weaker than expected, and we have acquired EV programs, which are suffering. Now we have with strong pressure in the whole automotive industry, a technology differentiation now which is narrowing because there's a strong focus on costs in the whole industry. And therefore, we focus actually on affordable innovations to support our customers with the right technology to give them what they need to differentiate themselves with affordable innovation in the market. All of that has led to the decision in the Management Board of HELLA that we want to reshape our Lighting transformation program, which was already started last year. We have now decided that we have -- or we have at first understood that the actual Lighting transformation program had a focus on improving our top line to acquire new business so that we can fill our capacities. And on operations performance improvement, based on the results of first half year, we have clearly understood that we have to reshape the Lighting transformation program and have now decided to introduce Lighting Transformation Program 2.0, where we have a core focus on bottom line improvement as well as short-term bottom line improvement and further strengthening the top line, and that will come as well with structural improvements. Basically, we do that, the reshaping of the Lighting transformation program to safeguard 2026 results, which we are striving for and then improving '27 further. We have given ourselves a clear target. You see that on the lower part of the top line here of this chart. We have given ourselves a target that we want to return to 2025 operating margin performance in '28. So that means we want to return to 3% in '28. So what went good in Lighting transformation program 1.0 and where we have room for improvement, you see on the left side. So the focus on growth and on customers already shows very good results. The net order intake in Lighting in half year one, '26 is 2 times the order intake, which we had in half year one prior year. So here, really positive achievements. And this diversification topic, which I mentioned before, is fulfilled. You see here further figures. The net order intake has more than 75% business outside of Europe in H1, and that clearly confirms that the strategy here is going in the right direction, and we see results out of the Lighting transformation program. If we look at operations, we see that on the one side, we have a further increased implementation of the FORVIA Excellence system, which is for us a system to track and trace and improve our operations by 9-percentage-points from '25 to half year one, '26. And we were able to reduce direct and indirect headcount in our operations, direct headcount by 7%, indirect headcount by 6% versus half year one in 2025. On the cash and capital discipline, positive to be recognized is that we were able to reduce our CapEx by 20% versus first half year in 2025 with a strong focus on building and projects. I think a very good achievement. But as you have seen in the report Philippe has shown, we have a decline on net cash flow in comparison to half year one, 2025. And as well on the bottom line, the OI decline is 89% versus the comparable half year one 2025. Because of that, as I mentioned, we have decided to further reshape the Lighting transformation program to the 2.0 version of the Lighting transformation program and that you see on the right side, it's now a more comprehensive program where we have a strong focus on short, midterm bottom-line improvement. And we have in principle here five different sub-programs now of Lighting transformation program. We have, as you see here, you look in the right box on the left side, we have a bottom-line performance improvement program as a subprogram of Lighting Transformation 2.0 where we focus on operational excellence, on commercial excellence on material costs, on cash control as well as on the project costs and SG&A optimization. And we have one bucket where we have enablers, which we are looking at. So we improve further our R&D competitiveness, hourly rates, hours used per program. We look closely at project and product management to assure that we are launching our programs with the targeted profitability rates. And we are working on the target operating model. Then we have a bucket for strategic topics where we work on specifically the turnaround of Interior Lighting, where we work on growth with Chinese OEMs and where we are working on a tooling and equipment strategy to get better here. And then we have a bucket for growth where we are working on our sales transformation and the related project program execution. And then we work specifically on our footprint to get here as well better. So we work on a US footprint to produce in the US Lighting products, and we are working on our India footprint. Important to see is that Lighting transformation program, you see that here with the dotted line has a lot of buckets with a strong focus on bottom line and how we are doing that a little bit more detail, you see on the next slide. So we work strongly on those buckets. And you see here always two examples now what we are doing concretely in those areas that you get an impression how we really strengthened the program and have implemented a clear governance and execution system with related structured drumbeat and steering, close financial tracking, assure that we only really have qualified P&L effects in and with that have a close control of the program. If you look to the different buckets, we work on operational excellence, specifically on workforce and overhead targets, which we have clearly defined for year-end '26 and then as well for 2027, what we want to achieve, and we have an implementation program where we are looking to the degree of achievement and with that then monitor that closely. We have for all plans defined OEE and NQC targets. So OEEs overall equipment effectiveness. That means how good you are using your installed equipment and NQC is non-quality cost, so money which we are spending for quality topics, and we work on scrap and that we have clearly defined targets to achieve that until year-end. As well, commercial excellence, we have clearly defined claim targets, which we want to recover in '26 at our customer base and the same is valid for engineering change requests. So that changes, which are required by the customer where we have a clear tracking and then ask our customers as well to pay for those changes, and we have a clear loss-making project management now established. On the material cost side, we have clearly defined targets for reduction in '26. And we have for the AVE, which is value analysis and value engineering, that means optimization design to cost on our own products, which we have brought now on track where we will see specifically in '27 results on the R&D competitiveness side. We are working now on rightsizing on the one side with best cost shifts and on the other side, with consequent deployment of AI and all the opportunities, which you can gain out of that. And we work on bill of material. So that means the materials, which are contributing to product costs improvement via design. On the project and product management, we have on the one side, a clear management of our SKU, stock keeping units where we have clearly targets defined and we want to reduce complexity. And we have a platform governance. That means we want to assure that we consequently use our platform designs in the future and that create the economies of scale. We have a gatekeeper installed so that we assure that nothing is flowing through. On the cash side, I talked already about our CapEx targets, which we consequently managed that went as well okay in first half year, but we have still further to focus on. And we have now introduced as well as strict working capital management. So that means specifically inventories, but also receivables and payables, which we are managing consequently and have strong focus on that. And then if you look at net project costs, we have clearly defined reduction targets here, and we have a design to cost discipline, which we are enforcing and requiring. And on the SG&A side, we have introduced now a focused benchmarking for Lighting, where we have a good database right now based on consultants and we'll use that as a base to consequently act on SG&A. And for sure, we will as well in SG&A use consequent AI deployment to improve. So why we have shown all of that to you, this is a very comprehensive program. I personally have used such a methodology successfully before with proven results, and we have already introduced that in the Lighting business to achieve the results, which we need for improvements in second half year in '26 and '27 and beyond. So with that, I would come to the outlook. So if we look to outlook financial year 2026, we see here first our prediction on further market development. We see a declining market in 2026, and we see that the headwinds even are expected to increase in second half year, specifically driven by China. So that gives us a perspective on the expected global light vehicle production for 2026 on a level of 91.1 million vehicles. You see here in smaller figures, first half year, 44.8 million. Second half year, 46.4 million. So as mentioned, in the first half year, 1% decrease YoY. Second half year, we expect a 3.2% decrease YoY. The expected deterioration of the market in comparison to 2025 will happen in all markets, Americas and Europe slightly down with 0.7% and 0.9%, a stronger reduction in Asia Pacific by minus 2.9%. That is specifically driven by the expected reduction in China in half year two. Despite this market outlook, we are confirming our outlook, our guidance. So that means we still see ourselves ending the year in regard of sales between around EUR7.4 billion to EUR7.9 billion. We are seeing ourselves closing the year '26 on an OI margin between around 5.4% to 6% of sales, and we are seeing ourselves closing our books for 2026 with a net cash flow at, at least 1.8% of sales. For sure, all of those figures are still based on the related light vehicle production forecast, which I have shown on the slide before with 91.1 million vehicles. Yes, with that, I would like to come to the key takeaways. Let me summarize in this way. Half year one sales deployment was as expected. Sales at constant FX grew by 1.6% to about EUR4 billion, outperforming global light vehicle production by 250 basis points. That's great news, I think. The growth was driven by Electronics and Lifecycle Solutions. Our profitability suffered from volume and mix effects. And we have an acceleration of cost reduction to counter the inflationary pressure, which we have. We have a good CapEx governance installed, which has continued and the net cash flow reduced to EUR66 million was impacted by the restructuring cash out. The outlook, you see that in the middle for 2026, we have confirmed so EUR7.4 billion to EUR7.9 billion round about sales, OI margin between around 5.4% to 6%, and net cash flow to sales at, at least 1.8%. The outlook is based, as mentioned, on the actual forecast for light vehicle production of 91.1 million. We expect for the second half year increasing headwinds from the market, specifically in China with the light vehicle production down by 4.1%. And we expect further headwinds in raw materials, for example, PCBs or semiconductors, which we consequently have to address at the customer base. Specific focus for us is actually the Lighting transformation program 2.0 as introduced. So we have a strong focus on bottom line improvement now in Lighting Transformation 2.0 with a focus on short and midterm improvements. We have a clear intention to improve the performance through the eight buckets introduced based on validated impacts on P&L and cash flow and a very close tracking of it. And we have a regionally diversified acquisition focus in volume and in premium segment in Lighting with a platform approach, which is very important to create the economies of scale and with a strong focus on affordable innovations to serve our customer needs and further step into the volume segment. Yes, with this, we are through with our presentation. And now operator, let's open for questions.

Operator: (Operator instructions) The first question comes from Mr. Christoph Laskawi, Deutsche Bank.

Christoph Laskawi: The first one actually on Lighting. Last Friday, VW revealed part of the 2030 strategy and within that, actually announced to reduce the component variety of some components significantly. So front lines seem to be cut by around 60%. I was wondering if you could comment potentially on how that changes the competitive environment in your view, especially in Europe when we think about peers, direct peers that are trying to fix and grow the business in Lighting too. Would you think that -- if we assume volume overall is not changing from that, but would you think this is increasing the competitiveness in the RFQs or is posing some risk? Or yes, general thoughts on that would be interesting. And then secondly, just on the current trading, Electronics was quite strong in Q2. Could you comment on how that is trending into H2 and overall call-offs at the start of Q3?

Peter Laier: First in regard of your question regard of Volkswagen strategy and Lighting, Christoph, I would like to answer in this way. Yes, this is a trend which we are seeing in some OEMs as well in Volkswagen to reduce varieties in the segment. And for us, this is, from my point of view, a chance. Why is that? We have now consequently introduced our platform strategy, our modular strategy. And based on that, we have the right toolbox to quote in regard to this reduced complexity and variety. So I think that will help us to play to our strengths with our platform approach. And therefore, I think that will help us. We are looking very much forward to that, and we are in close exchange with our customers as well as the mentioned customer to leverage on that. And I think as well the acquisition success, which you have seen in first half year is confirming that we are doing things right in that regard. In regard to Electronics, your question was after a strong first half year, '26, how is the second half year developing? We see a continuation of this development in second half year and think with our strong portfolio that we have as well in the future, very good opportunities.

Christoph Laskawi: Just a general comment on the call-offs of the customers starting Q3?

Peter Laier: Forecasts are basically somehow stable depending on the market. I talked about China. China is expected to get reduced by 4.1%, as I mentioned. But in principle, call-offs are okay. We are actually in summer phase. You know that traditionally July and August are lower. But what we are seeing in our systems, September, October will again come back. So some headwinds from the market. There is no growth to be expected, but the call-offs are stable, except China where we see a reduction by more than 4%.

Operator: So at the moment, there seem to be no further questions. So if there are no further questions. (Operator Instructions)

Peter Laier: Okay. Good. Then I would like to thank all of you for your attention and wish you all the best. Thank you for listening.

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