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COMPANY EDITED TRANSCRIPT

Operator: Good morning, ladies and gentlemen, and welcome to the HELLA investor call for the first quarter results 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 by the telephone. I turn the floor over to your host, Peter Laier.

Peter Laier: Thank you very much, and good morning to everybody, and a warm welcome to our Q1 investor call. We have prepared, as usual, a short agenda for today's call. We would like to talk first about our achievements in Q1, followed by the financial results. Then we will talk about the financial outlook of 2026 again. And at the end, we will summarize with key takeaways. And after that, we are for sure open and happy to take your questions. Next slide. Let me talk about achievements first. You see here, sales in the first quarter are somehow flat. We have an increase of our cost measures to safeguard our profitability. If you look a little bit at the sales at first more in detail. As I mentioned, at constant FX sales are year over year nearly flat with a slight increase by 0.2%. We achieved an absolute figure of 2.001 billion Euro sales. If you look a little bit more at the details of sales, you see that Electronics sales year over year increased by 6.8% to 832 million Euro, mainly driven by radar and energy management business. In the Lighting business group, we have the opposite development year over year. We have a decrease of sales of 7.7% and we achieved there 834 million Euro, mainly affected by phase-out of programs and as well lower call-offs. In our third business group, Lifecycle Solutions, sales was up by 5.6% in the first quarter. We achieved 260 million Euro sales driven by strong special OE business, specifically where the market is continued to recover. Overall, if we look to reported sales, we are year-over-year down by 2.9% and achieved here an absolute figure of 1.939 billion

Euro. If we look then to OI margin, we closed the first quarter on a level of 5%, mainly due to negative influences of Lighting. We will talk about that in a second in more detail in Philip's presentation. We continue with persistent savings in R&D expenses, and that had then the result that the ratio is down by around 130 basis points to 9.2%. And we see positive effects of cost reduction measures further, and those are offsetting the negative volume and mix effects. If you look at net cash flow, net cash flow is better than the comparable Q1 in financial year 2025. We achieved a net cash flow of minus 49 million Euro in Q1 26 versus minus 61 million Euro in Q1 25. Net cash flow to sales ratio is at minus 2.5% as well better than prior year where we were at minus 3% and for sure we have to consider here the usual seasonality. Net cash flow is continuously impacted by restructuring cash-out, and we have a strong governance for CapEx implemented, which we have as well continued in Q1 and which we will continue. If we look a little bit more at the business details, you see here that the order intake in Q1 is well on track. We work on our several times mentioned further diversification of our business with respect to regions and segments. If you look a little bit to our business groups, you see in Electronics that we had in Q1 a strong order intake in our core growth products. You see here 3 examples, battery management system and car access order from a European OEM for the Chinese and European market with start of production in 2027. You see here DC/DC converter rollout business for premium OEM for the Chinese market with a SOP already in '26. And you see here large-scale high-voltage battery management system order from a US OEM for an SOP in 2028. If you look at the Lighting Business Group, we have here a focus on international order intake with premium OEMs as well as volume models, so as well following our strategy. As well, here are three examples, a lamp package for mid-size and premium models for an US OEM with a SOP in '28 and '29. We have a headlamp package for a European OEM for the US market with a SOP in '28, and we have a headlamp and car body light order for a European customer for the Asian market with an SOP in 2026. Last but not least to talk about Lifecycle Solutions. As well here, the customer and regional diversification continued, which is I think as well an execution of our announced strategy. So here are two examples to be talked about. First, customized LED lamps and an

intelligent battery sensors for an international manufacturer of agriculture machinery for the India market, SOP 2027. Or. a significant step for us, accelerator pedal sensor for an international truck joint venture for the Asian market with the SOP in 2029. With this overview of the order intake, I will hand over to Philippe Vienney to talk about financial results. Please, Philippe.

Philippe Vienney: Thank you, Peter. So good morning. So in terms of sales, yes, the reported sales are said we're at 1,939 million Euro So it's a decrease of 2.9% on reported sales. But the sales are invited by FX by 62 million Euro, negative impact. And then the growth is, organic growth is at plus 4 million Euro. So it's plus 0.2% versus the market, which is down by 3.4%. So we are overperforming the market in terms of sales. Basically due to the good momentum on Electronics, as it was said, and Lifecycle Solutions business as well, where Lighting is showing some decreased sales with phase-out of programs, which is impacting Europe mainly and North America. Now looking at the performance at constant rate versus the market, Europe is above plus 0.9%. Here we have some successful launches of radar and as well the effect of Special Applications in Europe. North America is down by 1.3% here. So we have the Lighting business which is impacted by programs going down but not fully offset by new ramp-ups. And we have Asia-Pacific where we are at plus 8.4% versus a market at minus 4.9%. 3.5%, sorry, versus the market of 4.9%, so outperform the market of 8.4%. And yes, many is coming from Electronics as well, but mostly Lighting where we have the full effect of the new program and the ramp up versus last year in Q1. Now looking at the segments, if we start with Electronics, so here we continue, as we said, with the sales momentum, which is pretty good and growth. So year-on-year sales at 6.8% increase at constant exchange rate, so at 832 million Euro. Operating margin at 59 million Euro, so it's 6.6% versus 6% last year. So operating margin is basically driven by a bit of volume, but also much lower R&D expenses, which is positive for the operating income, and saving as well on the administration and distribution expenses, which is leading to this improvement in operating margin. Lighting, so in terms of sales, is down, minus 7.7% again at constant exchange rate, which is mainly, as I said, due to North America, which is down and also impacted by FX, whereas in Asia and

China, we are performing relatively well in terms of sales versus the market. But all in all, it's a decrease. So it's close to 100 million Euro of sales decrease, which has obviously a drastic volume impact on the bottom line. So we have an operating margin of 1 million Euro for lighting versus 31 million Euro last year. So mostly impacted again by the volume. And despite reduction in R&D and SG&A, that was obviously drastically impacted by volume, so not enough to get at the level of last year. Going to Lifecycle, Lifecycle is also showing a growth in terms of sales, 5.6% at 260 million Euro, with an operating margin at 35 million Euro, 13.4% versus 10.8% last year. So here we continue to benefit in terms of volume of the rebound on the agriculture segment and construction machinery, which was foreseen at the end of last year. The momentum is continuing. That's pretty good for the volume and the profit margin, operating margin, so at 13.4%, basically benefiting from this volume impact and also saving on SG&A with the cost measure which has been implemented already last year. Looking at the full P&L and the net results. So here we have an increase of the earning before tax and interest and we have an increase of net income. So here we are reaching 32 million Euro of net income versus 24 million Euro less last year, so 1.7%. So here we have the benefit of having less or lower restructuring costs than last year due to seasonality and program announcements, according to the booking rules. So this is favorable for Q1 26, leading to this plus. The savings we are generating on the R&D going from 10.4% to 9.2% and also saving on SG&A going from 7.4% to 7.2%. So all this contributes to this positive EBIT versus last year. In terms of cash flow, we are at minus 49 million Euro of net cash flow versus minus 61 million Euro last year. So slightly better than last year. And this is also basically achieved thanks to the strong governance we have on the CapEx. You can see on the right, where we have spent 82 million Euro of CapEx versus 135 million Euro last year. On the other side, we have more restructuring cost in our cash in Q1 by more or less 30 million Euro versus what we had in our Q1 25 as a cash out. So this is a nutshell, the financials. So now we can look at what is coming in front of us and the outlook for '26 with Peter.

Peter Laier: Yeah, thank you very much, Philippe. Yeah, let's talk briefly about the outlook for 2026, you see here, as usual, we base our forecast for light vehicle production based on S&P global mobility. And you see here that we are expecting now, based on the April figures of S&P, the reduction of the global light vehicle production market by 1.8%. Down to 91.4 million vehicles expected right now. That is for sure mainly impacted by the actual Iran war and the related influence on the markets. If you look at the distribution of the markets, you see that in half year one we are expecting 44, while half year two we are expecting 47.4, so a little bit better than first half year's expectation. This actual decline of the light vehicle production in comparison to last year is basically valid for all major regions. So you see the Americas down by 1.3%, Europe down by 1.8%, and Asia-Pacific by 2% down. So all major markets are negatively influenced by the actual situation. Next slide. Despite that, we are confirming our outlook for 2026. You see that here on this chart, we are confirming our sales will be between around 7.4 to 7.9 billion Euro this year. The OI margin between around 5.4 to 6% of sales, and the net cash flow at least 1.8% of sales. For sure, this is based on the actual S&P forecast of light vehicle production. If we would experience further political or economic significant deviations, that is then subject to further investigation of our outlook, but based on the actual boundary conditions, we confirm the figures as you see them over here. Next chart brings me then to the last part of our presentation, the summary with the key takeaways. So as mentioned, it was a solid start for us into the financial year 2026 with stable sales at around 2 billion Euro, supported by the growth which we have in Electronics and Lifecycle Solutions. We have a decrease in profitability in first quarter 2026 with a mentioned negative volume and mix effects. Net cash flow improved, year over year by 12 million Euro. Based on our acceleration of cost reduction, the net cash flow on the other side is impacted by our continuous restructuring and the related cash out. And we have a clear CapEx governance in place to monitor our CapEx expenses. And based on that, we are on track to achieve our 2026 outlook. In regard of the outlook, as you have seen on the chart before, there is no market tailwind to be expected. The opposite is the case. But despite that, we are confirming our 2026 outlook with the sales between around 7.4 to 7.9 billion Euro, OI between around

5.4% to 6%, and net cash flow to sales at least 1.8%. With the related basis, I mentioned the S&P of 91.4 light vehicle production forecast. The impact of the conflicts around the world needs to be further monitored and currently not foreseeable. We have our actions in place and monitor it carefully. We have a strong focus on our Lighting transformation program, which we are executing right now with a consequent realization and transformation of the program to reduce costs and restore our competitiveness sustainably, and where we have a strong focus on disciplined investment. And on the other hand, we are focusing on profitable acquisitions to support then growth again in Lighting in 2027 and beyond. Yeah, with that, we are at the end of our presentation. Thanks for listening and now we are open and happy to take your questions

Operator: (Operator instructions) The first question comes from Thomas Bessons from Kepler Cheuvreux. The floor is yours.

Thomas Bessons: Thank you very much. Good morning. I have a few questions. I'll ask them one by one. Is that okay? I'd like to start with the cost increase that you've mentioned. Could you remind us of your main exposure in terms of raw materials, including electronic components, and both, your ability to access them and your ability to pass the higher cost through to your customers? Please, that is my first question.

Peter Laier: Okay. So, yeah, for sure, we have, based on the actual geopolitical conflicts, we have first impacts as well on our material costs. Which we are working on the one side, and on the other side, what will then come to us, we will consequently as well address to our customer base. This is a procedure which we are used to for many years, and we have here close and trustful relationships with our customers, and there is a mechanics installed in the meanwhile how to handle that.

Thomas Besson: Okay, so you assume you're going to pass through 100% of the higher cost and you have no issue accessing any raw materials or memory chips or anything. Everything is fine.

Peter Laier: I will not talk about 100%. I just tell you the usual procedure is we are handing over our cost increases, be it based on raw material or be it based on price effects of components which we are using to our customers. And we are here in close and intensive discussions with them. In some cases, we have even standard mechanics installed in the contracts in the meanwhile. In other cases, we are negotiating that case by case in a trustful manner.

Thomas Besson: Yeah, thank you. My second question is about the R&D, which has impressively declined. Could you confirm if there has been any change in the proportion of your R&D spend that has eventually been capitalized or whether you haven't changed anything and it's real and absolute decline that we can assume continues for the rest of the year?

Philippe Vienney: This is a decline and we have basically reduced our heads in terms of R&D by more or less 600 people since Q1 last year. So the biggest effect is really coming from savings and restructuring effect on the R&D side.

Peter Laier: And for sure we continuously work on our high cost best cost share and we'll continue working on that. And we work on R&D efficiency in different ways, working on improvement on processes and procedures. And we start using AI in R&D as well to improve the processes further and with that reduce cost.

Thomas Besson: Thank you. Just to make sure I understood correctly, there is no increase in capitalization ratio?

Philippe Vienney: No.

Thomas Besson: Next question, your Lighting business had a tough quarter despite the spike in Asian business. Could you help us just understand when the through is going to be in terms of revenues and profitability? Was it in Q1 or is it still to come?

Peter Laier: The whole year 2026 will be a difficult year for Lighting. And as I mentioned in my presentation, Lighting has two topics to be solved and where we are working on. The first is we have, based on the situation out of the past, we

have reduced volumes because of bigger programs run out on the one side and we have on the other side programs which are showing lower volume than expected because of the different take rates of e-mobility. Therefore, we are working consequently on acquisition of new programs where, as I have shown to you, we have successes in acquiring new programs. And with the new programs going then in SOP, we will go through the dip of sales. On the other side, we have our bottom-line performance program as a part of the Lighting transformation program, where we consequently work on improving the cost situation and with that working on bottom-line performance. That has already first effects. And with every quarter we are working now further on this program, the effects will increase. On the other side, we have unfavorable market conditions, which is influencing bottom line negatively. But you will see step by step that we will improve there.

Thomas Besson: Thank you very much. I have one last question, which is more general. We have seen the European Commission coming out with its automotive package in December and drafting the IAA in March. Your understanding of this, could you please help us understand whether you think it means that your clients are going to continue to push you to cut capacities in Western Europe to source in other countries that may have ties with Europe and that are deemed to be part of this cooperation? And or do you think that once your large restructuring efforts till ongoing are done, you won't need to go further.

Peter Laier: We have to say in this way, our customers are expecting us to be competitive. And competitiveness has to do with many different boundary conditions that have to do with competitive production, but as well competitive logistics. And this is overall then providing the competitive package to our customers, so I cannot answer that in a black or white way. We have customers who are happy to work with us in the setup as we have, and other customers are asking for further competitiveness improvement in regard of the manufacturing setup. But one thing is clear. If you look at European vehicle production volumes, they went down in the last few years and there is no sign that they will recover. So therefore, for sure, there is a reduced manufacturing of light

vehicles in European area. And based on that, there is also a related adaption of the production capacity necessary.

Thomas Besson: Thank you very much.

Peter Laier: You're welcome.

Operator: The next question comes from Sanjay Bhagwani from Citi. The floor is yours.

Sanjay Bhagwani: Hi. Thank you very much for taking my question and for the very comprehensive presentation. My first one is just a follow-up to Thomas's question on Lighting. So we do understand that the whole of the year '26 can also be challenging for Lighting for the factors you mentioned. But I guess the question is like, again, are there the improvement measures that you mentioned both around the top line and the bottom line? Do they start to flow from Q2 or Q3? That is basically can the Q2 for Lighting on the sales and EBIT side, can be better than Q1 and Q3 and Q4? If you can provide some color there, or for the full year, probably it's likely to be same trend?

Peter Laier: Let me start with top line. In regard of the top line, you know automotive business. I mean, what we are acquiring right now, depending on the region, is kicking in as sales in most cases earliest next year and next, next year. For sure with Chinese speed, which we are now capable to do, we have as well development phases of nine months and have then sales kicking in. That's why you have seen on one of my charts that we have as well a business acquired as an SOP in 2026, which shows you that this is possible short term, but with limited influence. So that means there should be no significant change in or improvement in top line to be expected for lighting this year. Then next year, step by step, the new acquisitions will kick in. Regard of bottom line, yes, for sure, we are having positive effects with our bottom-line improvement program. They will kick in step by step, but on the other side, we have to consider as well negative effects, which we are still maybe getting out of mix. Therefore, don't expect a significant improvement for the remainder of the year on the bottom line, maybe a slight improvement could be possible.

Sanjay Bhagwani: Thank you. That is very, very helpful and clear. So my second question is now just on the group level. On the trading update for Q2, would you expect the Q2 margins to be already within the guidance range and then same for the cash flow? Any color on the latest trading will be very helpful.

Philippe Vinney: So we don't really comment on the expectation of Q2 or in terms of margin and cash flows. But overall, we should be in the range of what has been published for Q1.

Peter Laier: We have confirmed our guidance and therefore, it's to be expected that we will be in that ballpark.

Sanjai Bagwhani: Thank you. And the final one is on the guidance range. I think you did mention that it's based on the actual S&P numbers. But does the lower end of the guidance range, does it have some more cushion? So for example, if we see, let's say, maybe one or two percentage point production downward revisions across the regions, can the lower end of the guidance range absorb this, or is this at this point too early to comment?

Peter Laier: That's too early to comment. We keep the guidance confirmed, as we said, and we by purpose have a range in there if you remember our call when we announced year-end results 2025, we have shown to you at that point of time the light vehicle production volume of February, and that was slightly higher in comparison to what we have shown you now in April. Despite the reduction of light vehicle production volume, we confirmed our guidance that gives you an indication that we have by purpose brought to you a range, and we still feel comfortable with the guidance given the slight reduction of light vehicle production. More, I cannot comment on that, but we confirm the guidance as well with the actual LVP numbers.

Sanjai Bagwhani: Thank you. Very helpful.

Operator: (Operator Instructions) At the moment, we have no further questions.



Peter Laier: Okay, good. Then. thank you very much for joining. Thank you very much for your questions, and thanks to the operator for moderating and facilitating.

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