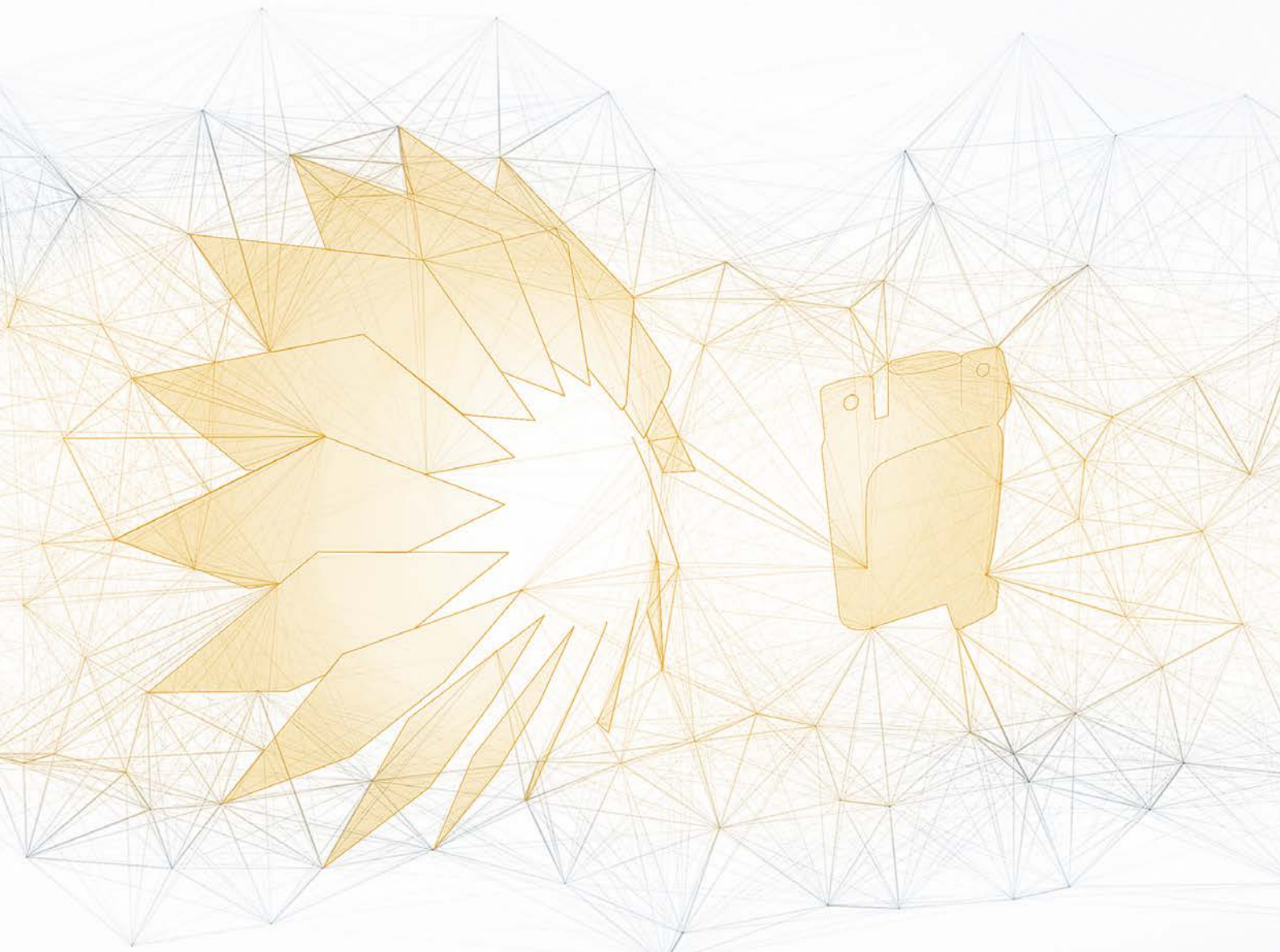




Technology
with Vision

ANNUAL REPORT

2013/2014



BEING INNOVATIVE

Since 1899 HELLA has been continuously making its mark on the market with outstanding ideas. This innovative power is both the origin and the future of the company. Those who want to be global leaders must be – and stay – curious, persistent and flexible. Networking at all levels is the primary reason behind this wealth of ideas. Our employees from around the world contribute new, fresh ideas for safer products and more efficient processes day by day.

Two results of creative, networked and future-oriented work are shown on the title page of this report: the design concept of a combination rear lamp using organic light-emitting diodes and the HELLA radar sensor.

Key Performance Indicators

in € million	2013/2014	2012/2013*	2011/2012*
Sales	5,343	4,835	4,637
<i>Change compared to last year</i>	11%	4%	–
Earnings before interest, tax and depreciation (EBITDA)	650	551	594
<i>Change compared to last year</i>	18%	–7%	–
Earnings before interest and tax (EBIT)	341	291	339
<i>Change compared to last year</i>	17%	–14%	–
Consolidated profit	230	206	231
<i>Change compared to last year</i>	12%	–11%	–
Cash flow from operating activities	535	442	596
<i>Change compared to last year</i>	21%	–26%	–
Net capital expenditures**	368	427	297
<i>Change compared to last year</i>	–14%	44%	–
Expenditures for research and development (R&D)	514	444	366
<i>Change compared to last year</i>	16%	21%	–

	May 31, 2014	May 31, 2013*	May 31, 2012*
R&D expenses in relation to sales	9.6%	9.2%	7.9%
EBITDA margin	12.2%	11.4%	12.8%
EBIT margin	6.4%	6.0%	7.3%
Net debt (in € million)	425	415	299
Net debt/EBITDA (share)	0.7x	0.8x	0.5x
Equity ratio	30.1%	31.3%	32.8%
Return on equity	19.0%	19.3%	25.1%
Employees	30,692	28,319	26,654

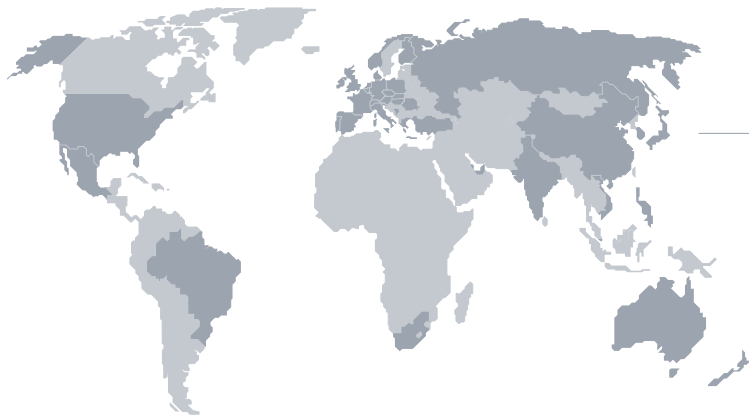
* Adjusted according to IFRS 11 and IAS 19R. See also Note 5 of the Consolidated Financial Statement for further explanations.

** Settlements for capital expenditures balanced with cash inflows from customer refunds.

A long-term comparison has been omitted due to amendments to the accounting standard for consolidating joint ventures (IFRS 11) and the associated limited comparability. Additional information about previous fiscal years can be found in the respective annual reports.

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

HELLA worldwide



113 LOCATIONS

around the world together
form the HELLA Group.

115 YEARS

of experience and expertise: Ever since Sally Windmüller founded the "Westfälische Metall-Industrie Aktien-Gesellschaft" on June 11, 1899, the company from Lippstadt, Germany has been constantly developing to become one of the leading global suppliers in the automotive industry.

194

PATENTS

were registered in the 2013/2014 fiscal year alone. Since its founding, HELLA has driven the industry forward with its spirit of ingenuity.

30,692

EMPLOYEES

work for HELLA at locations around the world. 5,880 of these employees work in Research and Development.

5.3

BILLION

euros in sales showcase the company's success. In the past 20 years, sales have increased fourfold.

Company Profile

Innovative power, expertise, creativity – HELLA has been shaping the future for 115 years. This globally positioned automotive supplier from Lippstadt, Germany develops, produces and sells components and systems for lighting technologies and electronics. Employees in over 35 different countries work with great personal dedication and a spirit of ingenuity for the family-owned company at more than 100 locations around the world. More than 5,880 of them work as experts in Research and Development, ensuring that technology from HELLA is cutting edge. They recognize trends, set their own paths and drive the industry forward.

The HELLA Group is one of the top 50 automotive suppliers in the world, with sales of approximately € 5.3 billion in the 2013/2014 fiscal year. HELLA also has one of the largest aftermarket organizations for automotive parts and accessories in Europe with its own sales companies and partners around the globe. In addition, HELLA employees in the Special Applications business segment are finding new target groups outside of the core automotive business.

CONTENTS

THE COMPANY

- 2 Foreword
- 5 Corporate Structure
- 6 The Management Board of HELLA KGaA Hueck & Co.
- 8 **Being Innovative** – Interview with Dr. Jürgen Behrend and Dr. Rolf Breidenbach
- 14 **HELLA Group**
- 15 Networking Ideas
- 20 Activities within the Group

BUSINESS SEGMENTS

- 24 **Automotive Lighting**
- 25 Developing the Future
- 30 Activities in the Business Division
- 32 **Automotive Electronics**
- 33 Going Forward Looking Back
- 38 Activities in the Business Division
- 40 **Aftermarket**
- 41 Delivering Simplicity
- 46 Activities in the Business Segment
- 48 **Special Applications**
- 49 Transferring Knowledge
- 54 Activities in the Business Segment

FINANCIAL REPORT

- 58 **Group Status Report**
- 58 General Information on the HELLA Group
- 70 Economic Report
- 82 Opportunity and Risk Report
- 88 Forecast Report
- 90 Events after the Balance Sheet Date
- 91 **Consolidated Financial Statement (Extract)**
- 91 Consolidated Income Statement
- 92 Consolidated Statement of Financial Position
- 93 Consolidated Cash Flow Statement
- 94 Consolidated Statement of Changes in Equity
- 96 Development of Consolidated Fixed Assets
- 100 Auditor's Report
- 101 Major Investments
- 104 Glossary
- 106 Imprint



From left to right: Prof. Dr. Michael Hoffmann-Becking (Chairman of the Supervisory Board), Dr. Rolf Breidenbach (President and CEO), Dr. Jürgen Behrend (Managing General Partner) and Manfred Wennemer (Chairman of the Shareholders' Committee)

Ladies and Gentlemen,

The recently concluded fiscal year 2013/2014 was another important milestone for HELLA. We were able to further expand our position as a technologically leading, globally positioned and economically successful company. With a comparable increase in sales of 11 % to €5.3 billion, the speed of the Group's growth saw considerable acceleration. The operative earnings before interest and tax (EBIT) for HELLA increased by 17 % and reached €341 million. With figures adjusted for structural special items, HELLA reached earnings of €393 million, which corresponds to an earnings margin (EBIT margin) of 7.4 %. The HELLA Group also expanded its market position strategically in the fiscal year 2013/2014 by taking numerous initiatives as a technologically leading and globally positioned automotive supplier.

The Automotive segment, which is addressing central megatrends of the automotive industry, made major contributions to the successful developments in the recently concluded fiscal year. With innovative and technologically leading products aligned to trends in environment and energy efficiency, safety, styling (LED) and comfort, we expanded our position in the areas of lighting technology and electronics with numerous customers and achieved a sales growth of approximately 13 %. Major drivers of growth include an increasing penetration with LED products into all vehicle segments and the high demand for safety and efficiency increasing electronic components. The high technological competence, particularly in LED technology, also had a positive effect on the Special Original Equipment business. To hold and expand this top position among automotive megatrends over the long term, HELLA invested considerably in strengthening global design and development expertise also in the recently concluded fiscal year.

As part of our globalization initiative focusing on the regions of China, Mexico and Eastern Europe, we further strengthened HELLA's international footprint considerably and increased our capacities, particularly in the important growth markets. This was accomplished by, among other things, opening two new and highly modern production locations in China and Mexico. The number of employees in the Group increased by 8 % to around 30,700. Approximately one third of these employees are now working at locations outside of Europe and around one fifth of them are in development. We are also creating additional capacities via joint ventures, for example with Chinese partners such as BAIC and FAWAY. Following our lead strategy, this growing international network is managed with the assistance of the German locations. These play a key role as centers for steering, innovation and technology.

Adding the two experienced HELLA managers, Jörg Buchheim and Markus Bannert, to our Management Board at the beginning of 2014 was an important step in ensuring continued future gains in successful business development in the Chinese growth market and in automotive lighting technology. Creating a separate area of responsibility for China reflects the special significance of this market within the HELLA growth strategy.

Our strong and long-term financing structure has continued to improve during the past twelve months. With high liquid assets, net debt to EBITDA ratio of significantly less than 1 and a solid investment grade rating, HELLA's entrepreneurial autonomy increased yet again.

Especially great contributions to the company's success in the fiscal year 2013/2014 were made by our employees throughout the world. At this time we would like to thank them for their accomplishments and outstanding commitment. We would also like to extend our thanks to our business partners, customers and suppliers for their trust and their successful collaboration. In the future, we will do everything possible to remain a strong and reliable partner, and we look forward to our further cooperation in joint projects.

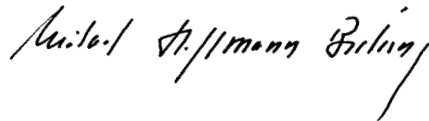
Lippstadt, September 2014



Dr. Jürgen Behrend



Dr. Rolf Breidenbach

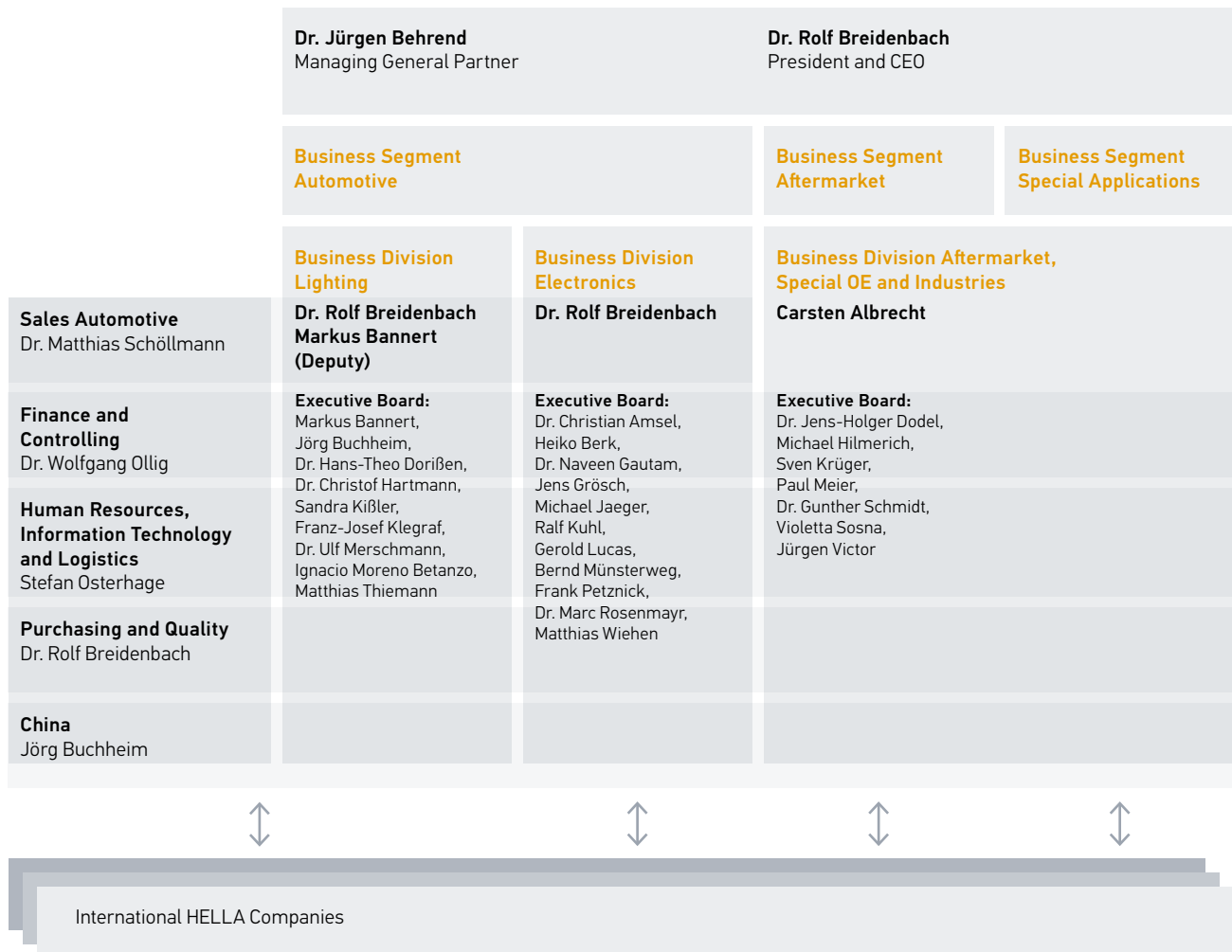


Prof. Dr. Michael Hoffmann-Becking



Manfred Wennemer

HELLA KGaA Hueck & Co.

**General Partners:**

Dr. Jürgen Behrend, HELLA Geschäftsführungsgesellschaft mbH

Executive Board of HELLA Geschäftsführungsgesellschaft mbH:

Dr. Rolf Breidenbach (CEO), Carsten Albrecht, Markus Bannert, Jörg Buchheim, Dr. Wolfgang Ollig, Stefan Osterhage, Dr. Matthias Schöllmann

Chairman of the Supervisory Board:

Prof. Dr. Michael Hoffmann-Becking

Shareholder Committee:

Manfred Wennemer (Chairman), Dr. Jürgen Behrend, Roland Hammerstein, Dr. Gerd Kleinert, Klaus Kühn, Dr. Matthias Röpke, Konstantin Thomas

THE MANAGEMENT BOARD OF HELLA KGAA HUECK & CO.

From left to right: Jörg Buchheim, Stefan Osterhage, Dr. Matthias Schöllmann,
Dr. Rolf Breidenbach, Dr. Jürgen Behrend, Dr. Wolfgang Ollig, Markus Bannert and Carsten Albrecht





BEING INNOVATIVE

Innovations make up an essential factor in the HELLA corporate culture equation. With courage and vision HELLA significantly contributes not only to shaping automotive but also industrial trends and develops trailblazing technologies while constantly optimizing existing products. The bedrock of this success is the extensive development network comprising more than 5,800 creative minds throughout the world.





»Innovational Strength is the Engine driving our Success«

At HELLA, the exciting alliance of knowledge and freedom to experiment engenders innovational products and processes. Dr. Jürgen Behrend and Dr. Rolf Breidenbach give their views on innovational strength and innovation culture in a global family-run company.

Dr. Behrend, what does it really mean when you describe HELLA as an innovative family company?

Dr. Jürgen Behrend: Without innovation we would not be in the position in which we find ourselves today. If we consider the basic meaning of the Latin word “innovare”, the idea of being innovative refers primarily to “the ability to renew oneself”. Contextualized in this way, innovation is a fundamental constituent of the HELLA DNA and symbolizes our ability to constantly reinvent ourselves, to help shape technological progress and to gear our organization toward ever-changing situations, internally as well as externally. As a result, it is not only products which can be innovative but also processes and structures in our Group. The scenario of a company continually renewing and improving itself gives rise to the wish to carry out such a process long-term and with vision. And this is a standpoint that suits us as a family business very well.

When we look at HELLA’s products, one thing is conspicuous: The company has been developing car headlamps for more than 100 years. Is it possible to still be innovative after such a long time?

Dr. Jürgen Behrend: Absolutely. After all, it is our experience over decades that makes us the true experts when it comes to developing headlamps. The technological quantum leaps in the development of automobile lighting from the original light bulb through halogen and xenon lights right up to today’s LED headlamps have provided us again and again with starting points for innovation. And anyway, since as far back as the 1960s, we have not only been developing, producing and marketing headlamps but also, to an increasing extent, a variety of products revolving around automotive electronics. What first started out with electrical flasher units and relays has turned into an important mainstay for HELLA. Today we are increasingly profiting from our comprehensive electronics know-how, also in the lighting sphere, for example, when it is a question of the electronic controlling of complex headlamps. Furthermore, we



For Dr. Jürgen Behrend and Dr. Rolf Breidenbach such innovational strength is an integral part of the HELLA DNA.



are reinventing ourselves in completely different product fields, e.g. the LED street lighting or interior lighting segments. Such products are manufactured in our Industries division.

Could you give some examples of innovations to come out of the last fiscal year?

Dr. Rolf Breidenbach: In the area of lighting, the serial production launch of our Matrix LED headlamp was a major milestone. This headlamp boasts the highest level of technological sophistication – a glare-free high beam achieved by dimming or by the switching on or off of individual LEDs, something never before available on the market. The implementation of the Matrix light has allowed us to enter a new dimension of innovation within the realms of LED technology, where we have great scope for further development and market penetration. But innovation does not only come from the inventing of completely new technologies and products; it has also a lot to do with the further development of exist-

ing ones. So in our Electronics business division we have developed our portfolio in an evolutionary way, with optimized generations of products going into serial production. That does not seem so spectacular but it is at least just as important. To put it metaphorically: It is of course possible to reinvent the wheel again and again. But it is just as crucial to steadily revamp the wheel's quality so that it keeps on rolling in the best possible way and with the least amount of resistance.

How can such new or further developments be achieved?

Dr. Jürgen Behrend: An essential prerequisite for the creating of technologically advanced products or for the designing of innovational processes is freedom. By that I really mean the kind of freedom that our employees enjoy when they are trying out their ideas and breaking new ground. Against the backdrop of entrepreneurial responsibility for all employees, a vital feature in our corporate values, such freedom provides great scope for creativity within the development process.

Dr. Rolf Breidenbach: Our infrastructure, which we are constantly extending, plays an important role, too. And the appropriate premises enable us to establish a basis which is ideal for top-flight research. One such example is the recent opening of our new Development Center with its state-of-the-art test laboratories in Lippstadt. And our Light Testing Facility, where we can test and evaluate new lighting systems under realistic conditions, is to our knowledge unique in Europe.

Product developments greatly contribute to the successful development of HELLA itself, but research and development are expensive. How much was spent on research and development in the fiscal year of 2013/2014?

Dr. Rolf Breidenbach: Our expenditure for research and development amounted to approximately €500 million in the previous fiscal year; that corresponds to more than 9% of our sales. Even for an innovation-driven company like HELLA, that is an extraordinarily high amount. But it is the result of a conscious decision: In order to further extend our positioning as a technological leader and premium supplier, we have specifically invested in research and development in the last few years. For we believe that innovational strength is the engine driving our success. In the medium term, however, we are aiming for a somewhat lower level of R&D expenditure.

How important is the subject of cooperation in the development process?

Dr. Jürgen Behrend: Collaboration based on trust and partnership plays a huge role and applies not only within the company but also in dealings with clients, suppliers or partner companies. When everyone involved shares and networks all kinds of expertise and experience, the versatility of the different standpoints alone sets the scene for completely new and creative solutions. It is especially exciting when the academic and the industrial worlds come face to face. HELLA works closely together with a variety of colleges, collaborates with research institutes and together with the University of Paderborn, for example, runs the light laboratory called L-Lab, which covers a wide spectrum of activities ranging from application-oriented

basic research right up to the developing of prototypes. The interaction of students and postgraduates with our engineers leads to all kinds of new perspectives taking shape. Furthermore, their varying approaches to technical questions complement one another very well and provide incentives for an exchange of knowledge, which ultimately leads to innovation.

Dr. Rolf Breidenbach: And, of course, we also network with our clients and suppliers all across the globe. One example of this was our presentation of a prototype of a rear combination lamp with curved, organic, light-emitting diodes, the so-called OLEDs, last spring, which was in cooperation with BMW and the South Korean chemical company of LG Chem. These new light sources offer us countless design possibilities for our lighting systems. The prototype demonstrates what a wealth of potential this OLED technology can provide and, at the same time, it clearly illustrates the opportunities that such collaboration offers.

You have broached an important topic: global orientation. After all, HELLA has been internationally active for a long time. Will the future see Germany still playing a role in research and development?

Dr. Jürgen Behrend: HELLA is a company that has grown historically. Our roots – and much of the bedrock of our present success – can be found in Germany. And it is from here that we will also in future define the all-important issues, trends and milestones of our development. After all, many of the manufacturers who are making a substantial mark on the automotive industry and who are technological leaders come from Germany. We are continuously aiming for close collaboration with such customers as early as the predevelopment phase of products. That is made possible thanks to the high-performance innovation and technology center in Lippstadt.

Dr. Rolf Breidenbach: Some of our current work in research and development is carried out with premium German manufacturers, close collaborators who show a great interest in attractive technological and product concepts. Because when a technological world premiere is presented, it can usually be

»In the last 100 years we have made excellent progress with our innovations, always reaching new shores, always broadening our horizons.«

DR. JÜRGEN BEHREND – GENERAL MANAGING PARTNER AT HELLA

assumed that it will first be implemented in a premium vehicle. This is the beginning of a win-win situation, with the producers looking for innovative suppliers within easy reach – and that is where we come into the game. Following the market launch in the premium segment, the next step is to make these innovations available for the masses, i.e. for the volume segment – and that on an international scale. Against such a backdrop we need the best of both worlds, a strong presence of pre-development in Germany and development teams close to our customers, teams who can react swiftly and flexibly.

Dr. Jürgen Behrend: As a logical conclusion, our development network is just as internationally positioned as our company. More than 5,800 of our staff work in research and development worldwide, with approximately half of that number operating outside Germany.

Is it possible to discern regional differences within HELLA's international development network?

Dr. Rolf Breidenbach: In the automobile industry we can see global megatrends such as safety, environment, and energy efficiency and also styling and comfort. HELLA orients itself toward these trends – irrespective of the region. Research and development work, however, gears itself toward the regional needs of each individual market. One of our teams in India, for example, proposed developing a sensor which can measure the quality of gasoline used for refueling. While the quality of gasoline in Western Europe is permanently good, fuel quality in India can fluctuate greatly. While refueling is taking place, such a sensor could enable the vehicle to indicate to the driver that it would be advisable to refuel elsewhere.

Dr. Jürgen Behrend: Thanks to the presence of our competent development teams in many regions, we have our finger on the pulse of each individual market. And the added bonus is that our teams from all the different continents work together on common projects. As a result, our researchers benefit not only from the interdisciplinary nature of their work but also from the intercultural aspect, which undoubtedly opens up new perspectives and offers enormous creative potential.

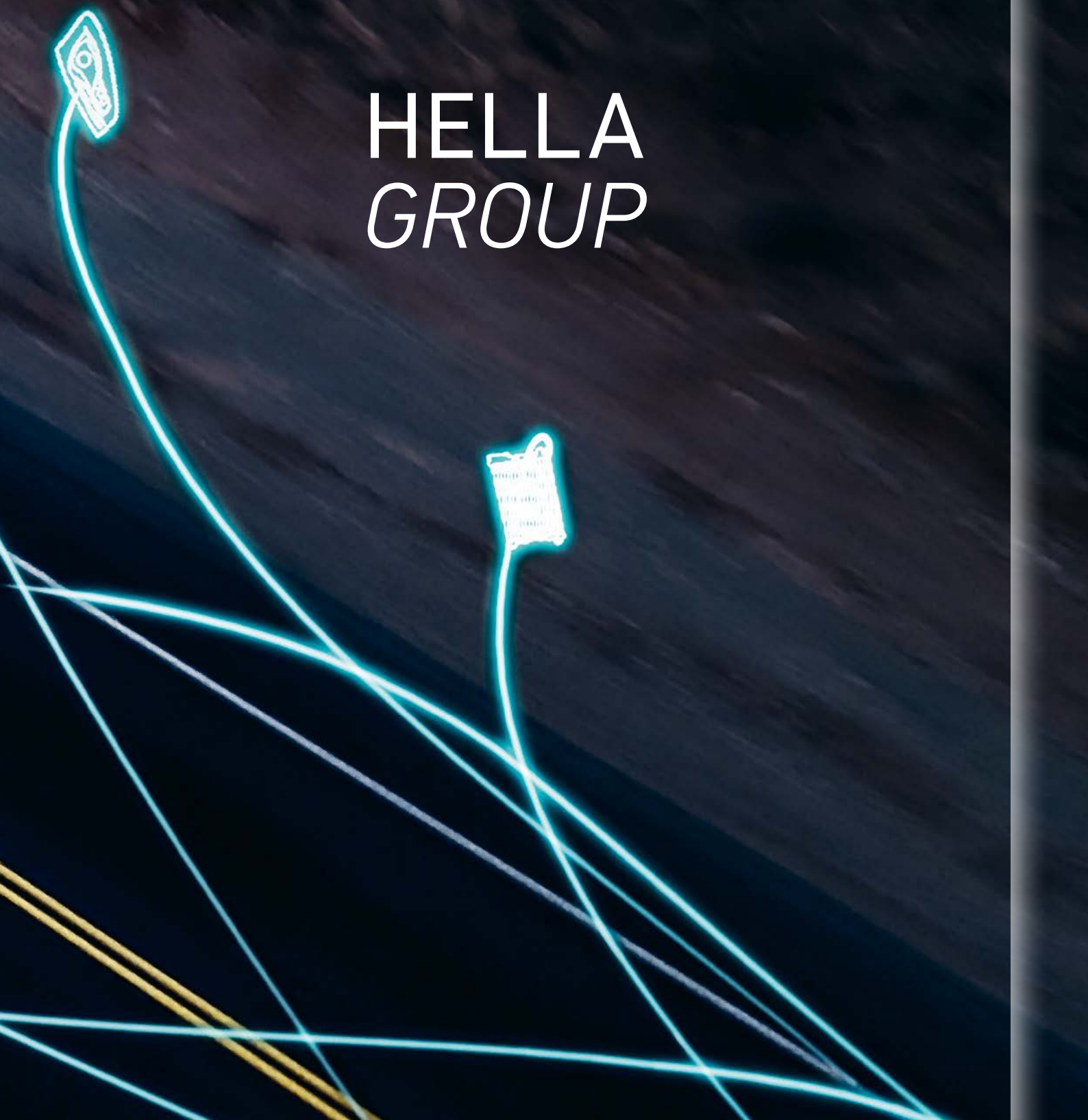
What are the new technologies that HELLA has in store for us in the near future?

Dr. Rolf Breidenbach: In the area of lighting the topic of LEDs will continue to gather momentum and will certainly stay with us in the future. In addition to LEDs becoming more and more powerful, we will be especially concerned with the functional expansion of LED headlamps, e.g. the link up with driver assistance systems. We are also focusing on penetrating the smaller vehicle segment. At the same time new technologies, such as lasers or OLEDs, will soon be making their entrance into niche markets. Then, against the backdrop of the general debate on fuel consumption and CO₂, the “coasting function” is a good and important example of a technology which is making a big contribution to more efficient driving. This technology enables the engine to be disconnected as soon as drivers lift their foot off the accelerator pedal – e.g. on a downward sloping road. The vehicle then continues “to coast” while safety and comfort features, ranging from steering assistance up to the radio or the heating system, carry on functioning uninterrupted during this coasting phase. HELLA is contributing essential components in endeavors to get this innovation off the ground, a system which will save about 0.5 liter of fuel per 100 kilometers in a typical driving cycle. We envisage this technology being included in serial production for conventional vehicles by 2016.

Dr. Jürgen Behrend: Coasting is a really good keyword with which to sum up our position as regards research and development. When working in development, it is always imperative to recognize early on which way the wind is blowing and then to set the appropriate course. In this way we have made excellent progress in the last 100 years, always reaching new shores, always broadening our horizons. But in all that time we have proved that we did not always stay rigidly on the one course but were able to react flexibly whenever the wind direction changed. And especially in our line of business, it is this very agility, this maneuverability that is the decisive success factor.



HELLA *GROUP*



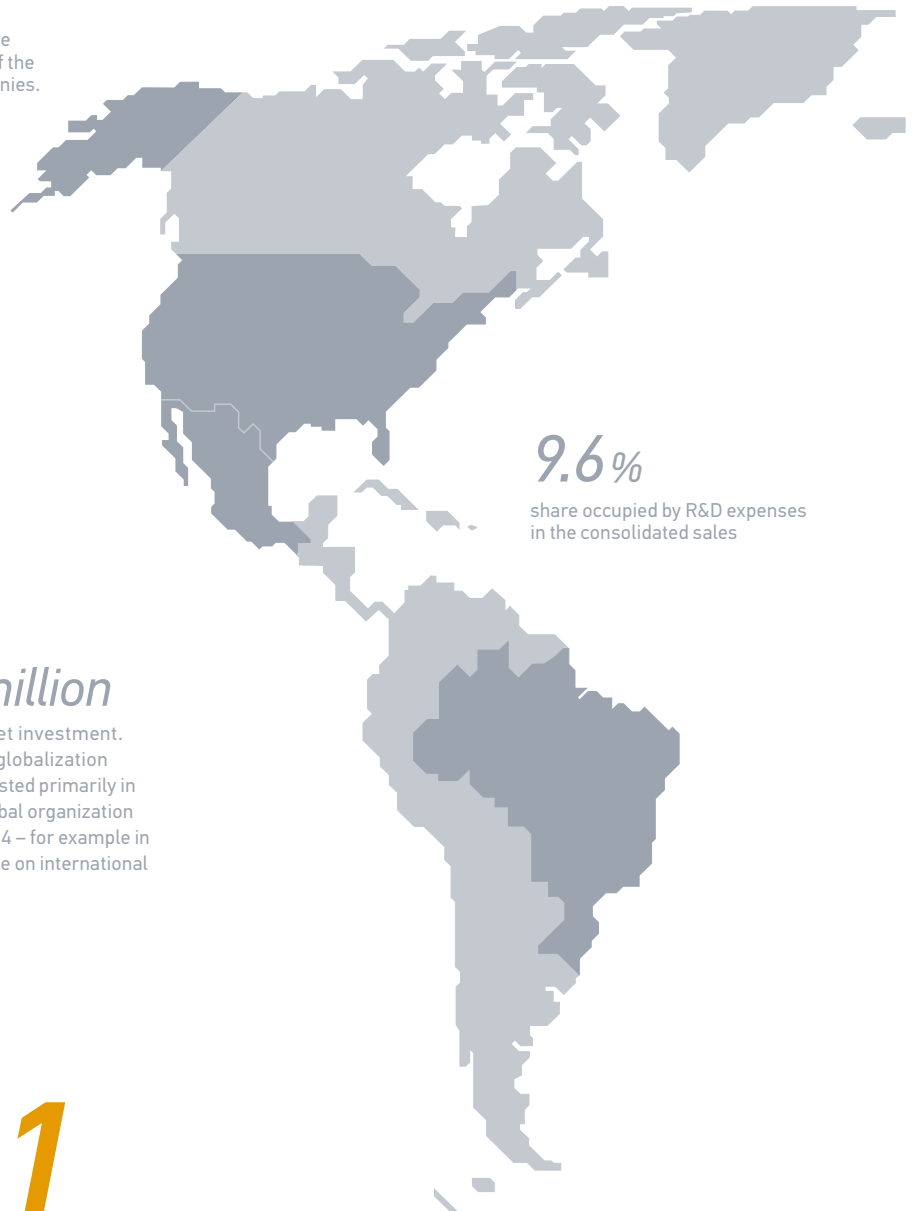
HELLA GROUP IN FIGURES

Sales growth



TOP 50

HELLA is one of the top 50 automotive suppliers worldwide as well as one of the 100 largest German industrial companies.



9.6%

share occupied by R&D expenses
in the consolidated sales

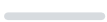


€368 million

was the amount of net investment. Of this, as part of its globalization initiative, HELLA invested primarily in optimization of its global organization in fiscal year 2013/2014 – for example in expanding its presence on international growth markets.

30.1%

was the equity ratio on May 31, 2014.

Expenditures for research and development:

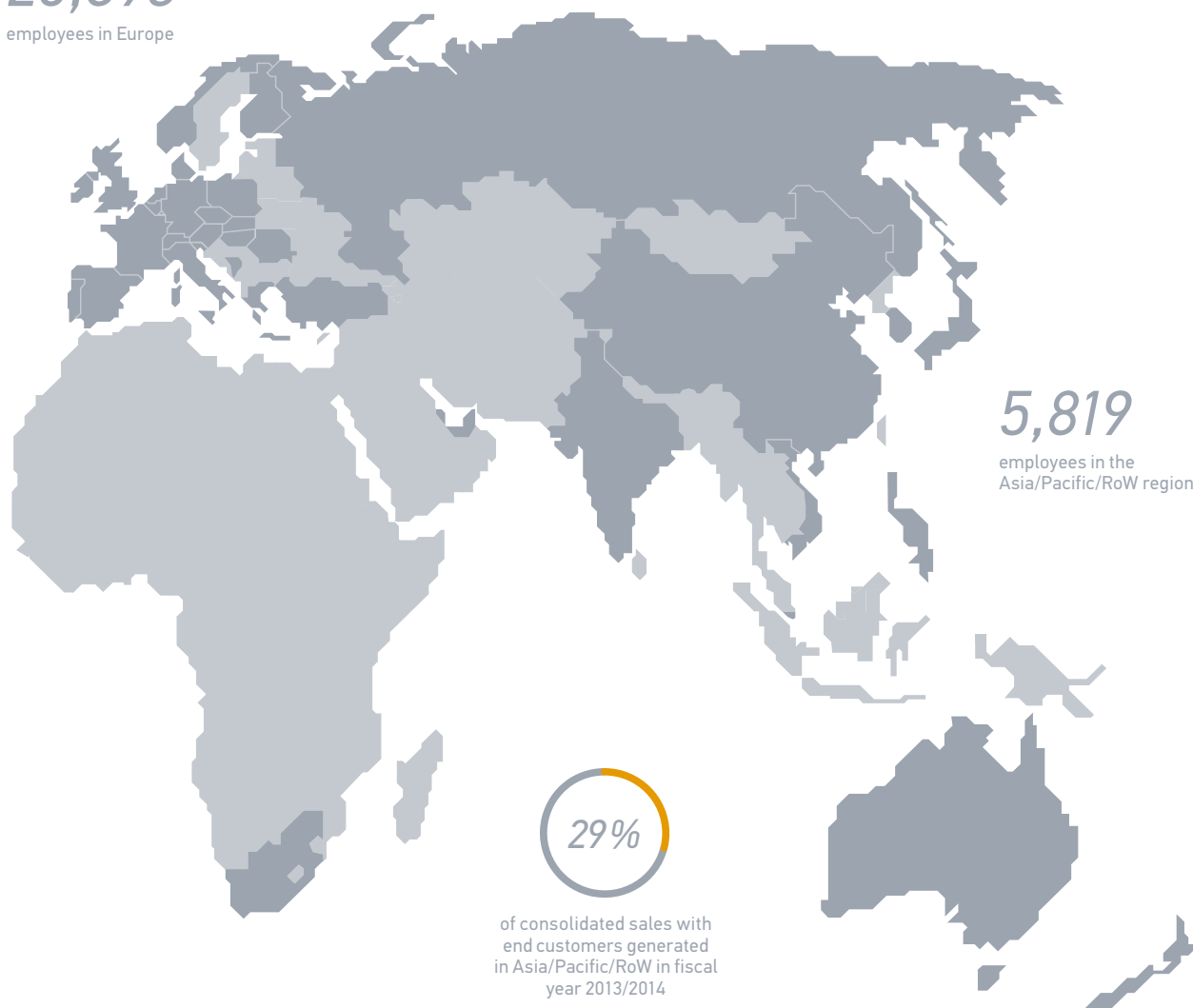
2003/2004  €172 million (9.6% of sales)
 2008/2009  €306 million (9.3% of sales)
 2013/2014  €514 million (9.6% of sales)

5,880

employees are active in
research and development.

20,893

employees in Europe



Ever since its founding as a lamp manufacturing business in 1899, HELLA has continued to reinvent itself again and again. In the last 20 years alone, the Germany-based company, located in Lippstadt, has quadrupled its sales and the number of locations abroad has doubled. The

innovative strength and dedication of the employees supplied the decisive edge and shaped the development of the family-owned business. Today, HELLA is a technologically leading and globally positioned automotive supplier.





NETWORKING IDEAS

Whoever shares and exchanges knowledge and experiences with colleagues, customers and suppliers is able to discover new things more easily. This is why networking is the starting point for successful collaboration at all levels at HELLA. No matter if it involves the face-to-face contact of employees, research projects across national borders or one of approximately a dozen successful joint ventures that HELLA has founded worldwide, the focus is always on well-structured and efficient collaboration on equal footing. This is what generates outstanding results.



→ 01



→ 02



→ 03

01 With "Driving e-nnovation", HELLA is looking far into the future. **02** In the organized competition for ideas, approximately 750 HELLA employees from around the world networked together online to work on new product ideas. **03** Networking is also the central philosophy behind the HELLA Globe – the guest, conference and sports center at the Group's headquarters.

One special feature of the HELLA Globe can already be recognized at a distance. The white, semi-circular facade of the building features large, ground-level windows and a bright, modern style. The inviting design continues on the inside with a spacious lobby flooded with warm light and a globe that displays HELLA's international locations. People chat in the HELLA guesthouse; the Group Headquarters in Lippstadt is only a few hundred meters away. Buzzing conversations in English fill the room. The guests come from all over the world.

The HELLA Globe began in early 2014 as a company-owned meeting center with guest rooms, conference facilities and meeting rooms as well as a fitness area. This is the company's response to the increasing need for coordination in international projects and an opportunity for all employees to get to know each other better beyond the professional level. HELLA also gives employees the option to live in the direct vicinity of the headquarters during the training phases or coordination sessions and network with colleagues from Lippstadt and other locations. They can switch on their laptop in the hotel and work directly in the company network via Wi-Fi. The room telephones are also integrated into the Group network. The sports hall or fitness studio with in-house trainers can be used to add diversity to everyday work.

The HELLA Globe is both a building and a symbol. It embodies how HELLA has transformed in recent years from a German company with a few locations abroad to a globally active Group that is still strongly rooted to its home in Germany. The new guesthouse symbolizes a company strategy in which "networking" plays a key role.

140 new Ideas

This networking is evident, for example, when employees from around the world come together for meetings, workshops and conferences in Lippstadt. The paths are short and the meetings are characterized by team spirit. This is how a special form of cooperation functioned in the most recently concluded fiscal year. The idea competition, "Driving e-nnovation", was held online and brought together colleagues from China, India, Mexico, the United States, Romania and Germany. Overall, 750 employees registered and submitted ideas that went well beyond regular planning. They proposed 140 fresh ideas for new products in which both technical feasibility and potential business models were considered.

With "Driving e-nnovation", HELLA is looking far into the future. The company has a well-functioning, innovative product portfolio in all business segments and more than 5,800 researchers and developers steadily driving advances in the individual business areas and across business areas as well. However, customer demand is changing more and more quickly, new markets are emerging and trends are changing rapidly. As a result, the competition has been geared toward an innovative horizon more than five years in the future. The topics included "autonomous driving & safety", "ease of use", "car-to-x communication & data management" and "increased car efficiency".

The international collaboration took place through an online platform. The platform allowed the people behind the ideas to introduce their business models, search for experts for questions regarding technology, finance or marketing, and invite them into their team as well as research and evaluate other ideas, even including taking advantage of synergies in some cases. At the end of the competition, the resulting ideas that had been created covered a wide spectrum and had various

€ 2.5 billion

in sales in the fiscal year 2013/2014 have been reported by the equity-accounted investments in which HELLA is involved.

levels of maturity. In some cases, the teams further developed existing products to the extent that they were far removed from the current portfolio, but would be technically feasible for implementation. The competition also prompted development of innovations that modified existing products for new, regional markets. During this process, all of the ideas went through several evaluation phases in which they were tested for usability and cost-efficiency. In the end, ten teams reached the final stage. HELLA will pursue their business ideas further in the pre-development process.

Aside from competitions of this kind, another focus is “networking” in day-to-day business. Employees from Germany work across continents on regular projects together with colleagues from China to design products for the United States. Likewise, developers in North America are working with researchers in India on virtually-linked projects.

Partners at Eye Level

Combining expertise, sharing knowledge: This has been another key to success among global competition especially since the 1990s. Back then, “networking” established itself as an important part of the company strategy because international competition was becoming much more fierce and the consolidation processes at manufacturer and supplier level were becoming increasingly faster. More and more, only large companies are still capable of meeting the increasing needs of customers. They have to have effective teams on standby at every location in the world where automakers are building their factories. At the same time, this raises awareness for the special aspects of very different markets.

Instead of purchasing large companies or the company itself being bought out, HELLA relies on “partnerships at eye level”. This is the approach that has led to more than a dozen joint ventures across the world. The joint companies create technological synergies, are able to expand international presence for customers together, take over new markets and achieve economies of scale for successful, cost-effective work. Another special feature is that the joint venture companies are managed as corporate entities in their own right by the respective Management Board, allowing them to act quickly, flexibly and at their own risk.

The concept of relying on “cooperation instead of consolidation” is so successful that new opportunities are emerging constantly. In early 2014, Beijing HELLA BHAP Automotive Lighting was added as the newest joint venture in which HELLA collaborates with a subsidiary of one of the leading Chinese automakers, BAIC. The joint venture is to develop lighting systems specifically for the local Chinese market. The companies want to grow and improve their good market position together, confirming the principle of networking with yet another model of success.

»Networking« established itself as an important part of the company strategy back in the 1990s.



HELLA is also networked with other companies, for example as part of joint ventures. Most recently, the company founded a new joint venture in China.

Strengthening the Global Position and Innovative Leadership in a Successful Fiscal Year

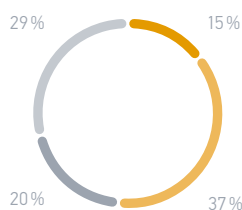
The HELLA Group increased its sales in the fiscal year 2013/2014, on a comparable basis, by 11 % to €5.3 billion. The operating earnings (EBIT), adjusted for special items, increased by 35 % to €393 million. The basis for this successful development included the appealing business and product portfolio, the high innovative strength and the high-performance global network of production and development locations as well as shared service centers, which was further expanded in the reporting period.

Leading Position in all three Business Segments

HELLA KGaA Hueck & Co. is one of the top 50 international automotive suppliers and among the 100 largest German industrial companies. HELLA, the internationally active family-owned company, has a global workforce of around 30,700 employees at over 100 locations in more than 35 countries. Approximately one-fifth of these employees work in research and development; this ensures HELLA's innovative force.

The company's core business is the Automotive segment. Here, HELLA develops and produces innovative lighting and electronics products for almost all renowned automakers world-

wide. The Automotive segment realized segment sales of €4.2 billion in the recently concluded fiscal year. In this segment, HELLA develops technologies for more efficient, safe, comfortable and convenient driving. In the lighting technology area, HELLA primarily offers sophisticated LED lighting solutions. They contribute to safety, comfort and convenience, enable individual styling and, due to the high customer demand and increasing market penetration, are an important field of growth for the company. In vehicle electronics, HELLA primarily achieves success with efficiency-enhancing and safety-boosting products, such as electric power steering, driver as-



REGIONAL MARKET COVERAGE BY END CUSTOMERS

FY 2013/2014

Germany € 783 million

Rest of Europe € 1,983 million

North and South America € 1,047 million

Asia/Pacific/RoW € 1,531 million

sistance systems based on radar, and components and systems for optimal energy management, such as the Intelligent Battery Sensor.

Furthermore, in the Aftermarket business segment in Europe, HELLA is one of the most important partners for spare parts distributors and independent garages for products, diagnostics and services. Here, the company sells wear parts, spare parts and accessories within its own network and with partners. It also provides customers with technical service and sales support. Moreover, HELLA operates as a wholesaler in Northern and Eastern Europe. For garages, HELLA provides innovative products, including those for fast and high-accuracy error diagnostics in the vehicle. These products allow HELLA to support garages in repair processes that are becoming increasingly more complex. The segment sales in the Aftermarket business segment amounted to € 1.1 billion in the fiscal year 2013/2014.

In the third business segment, Special Applications, HELLA combines products and customer solutions that are mostly independent of the automotive industry. Using its compre-

hensive technological expertise from the Automotive segment, combined with the efficient sales channels of the Aftermarket segment, HELLA provides innovative product solutions for manufacturers of special vehicles such as buses, boats, agricultural and construction machines as well as for industrial customers and municipalities. Focus is placed on tailor-made LED products for the respective target groups, such as work lamps, rear combination lamps, street, industrial and interior lighting as well as airport lighting. Special Applications achieved segment sales of €346 million in the fiscal year 2013/2014.

Balanced Business Portfolio with wide International Presence

Along with high operating performance and pioneering technologies, HELLA's success is due to a stable and balanced business portfolio. The Automotive and Aftermarket business segments are aligned anti-cyclically to each other and, therefore, provide HELLA with appealing opportunities for growth at a simultaneously reduced risk profile. Because, while the sales of passenger cars in economically good times have a positive effect on the business development of the Automotive segment, the activities in the Aftermarket segment supplement business

in times when existing vehicles are more likely to be repaired than replaced by new vehicles. The Special Applications segment, due to its independence from the automotive industry, is also subject to different demand cycles and, therefore, largely independent of passenger car sales.

HELLA is also geographically diversified. The company earns 52% of end customer sales in Europe, 20% in North and South America and 29% in Asia/Pacific and the rest of the world. The large international presence can be traced to going international at an early stage. As early as 1961, the company built its first factory abroad in Australia. What was, at first, primarily a response to customer needs has developed more and more into a permanent part of the business strategy. Today, HELLA is represented with local development and production facilities as well as regional shared service centers in all growth markets relevant to the company. In this way, the company can develop and manufacture products adapted to local needs and aligned toward specific market requirements and in close coordination with the respective customer. In this reporting period alone, HELLA founded two more development centers in Guadalajara, Mexico and Ho Chi Minh City, Vietnam. Additionally, two new plants began production in Irapuato, Mexico and Jiaying, China.

Within the continuously growing and, therefore increasingly complex HELLA network, the German locations assume a key role as global technology and control centers. Their significance was highlighted in the fiscal year 2013/2014 through the opening of an electronics development center and a guest and conference center at the Lippstadt location.

Exceptional Innovation Culture as a Basis of Long-Term Success

The high expenditures in research and development form a significant pillar of the company's success. In this position, HELLA uses its leadership in technology to drive the central megatrends of the automotive industry: environmental awareness, energy efficiency, safety, styling (LED) and comfort. The company also supports manufacturers in implementing systems for autonomous driving. HELLA invested 9.6% of its sales, i.e. €514 million, into new products and technological innovations during the reporting period. In this way, HELLA shapes global trends and researches and develops new technologies and products. More than 5,800 employees in the worldwide development network contribute to developing innovative product concepts. This innovative force gives HELLA a premium position among leading customers and allows the



company to be among the technological leaders in the market. This is why, in the recently concluded fiscal year, HELLA received the PACE Award for the Matrix LED headlamp. This is a major award in the automotive supplier industry.

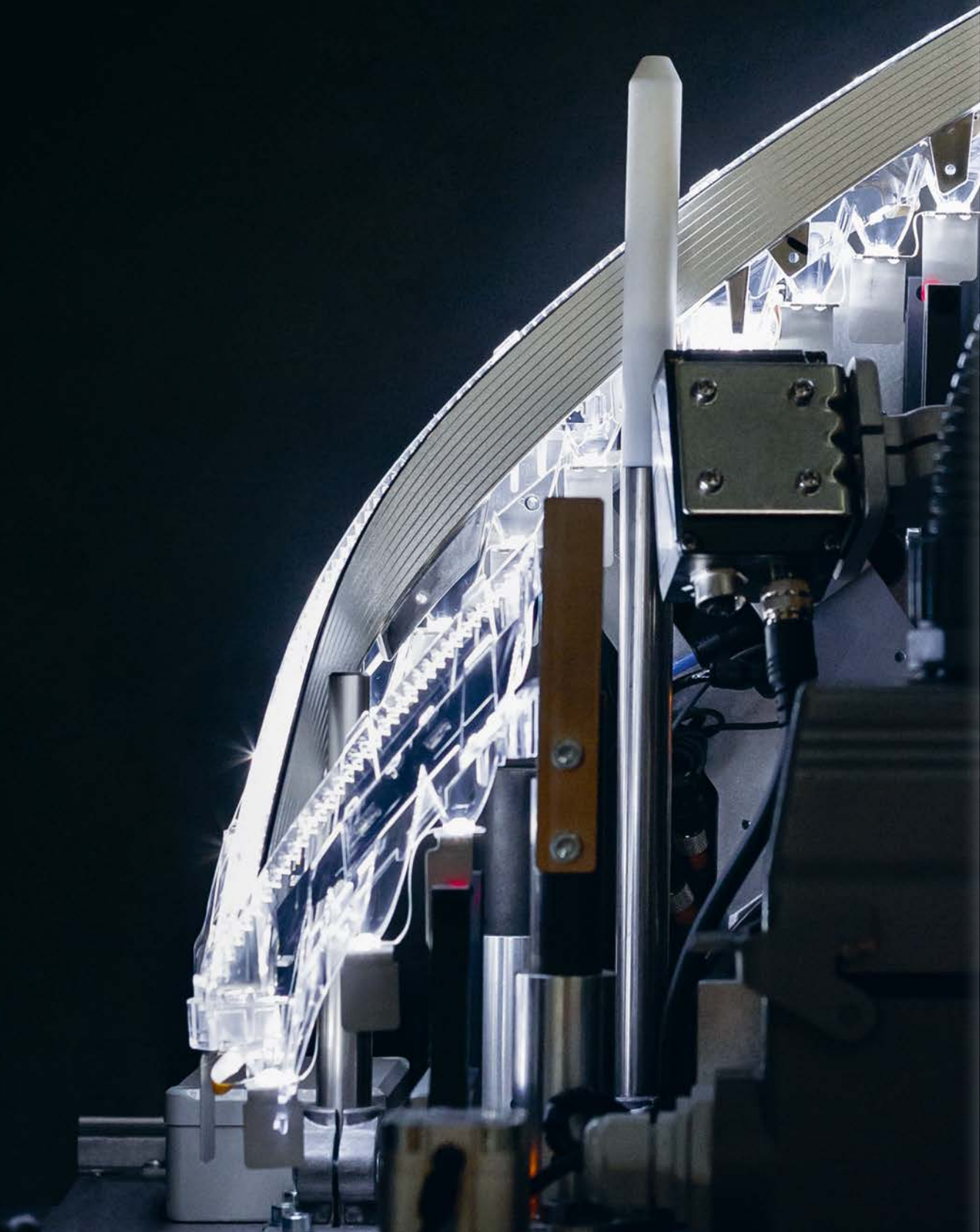
Growth with Partners in Network Strategy

For more than 15 years, HELLA has been supplementing its own expertise by founding joint ventures with strong partners. With this network strategy HELLA develops new technologies, gains market access and creates synergies while reducing risk at the same time. In total, the equity-accounted investments reported sales of €2.5 billion in fiscal year 2013/2014. They contributed around €40 million to HELLA's consolidated result. In the Lighting business division, HELLA participates in the joint venture of HBPO with Mahle Behr and Plastic Omnium. This joint venture has established itself as a world market leader for externally placed front end modules. Other examples of successful cooperation include joint ventures in the Electronics business division, such as BHTC or the South Korean company Mando Hella Electronics (MHE). While BHTC

develops, produces and markets climate control systems, MHE provides components and systems for driver assistance and body electronics. In the Aftermarket segment, HELLA maintains a joint venture with Mahle Behr called Behr Hella Service, which specializes in selling cooling and climate service parts.

Solid Financing Structure Creates Entrepreneurial Autonomy

As a family company, HELLA relies on a solid financing structure that allows the company to operate in the long-term. Using the operating profits in the fiscal year 2013/2014, HELLA improved further and saw expansion from issuing a corporate bond worth €300 million. HELLA will use this bond to further advance the development of the global network. At the same time, the company will also use this to refinance the €200 million bond that expires in October 2014. As part of the bond issue in March 2014, the rating agency, Moody's, confirmed the investment grade rating for the Group with the credit rating of Baa2 with a stable outlook. The available liquidity increased to around €990 million; the equity ratio was at 30%.





AUTOMOTIVE
LIGHTING

AUTOMOTIVE LIGHTING IN FIGURES

3

new production sites in China expand the network in the Lighting business division.



87,000 m²

in area, of which around 50,000 m² is for production: Jiaxing is the largest production site in China.

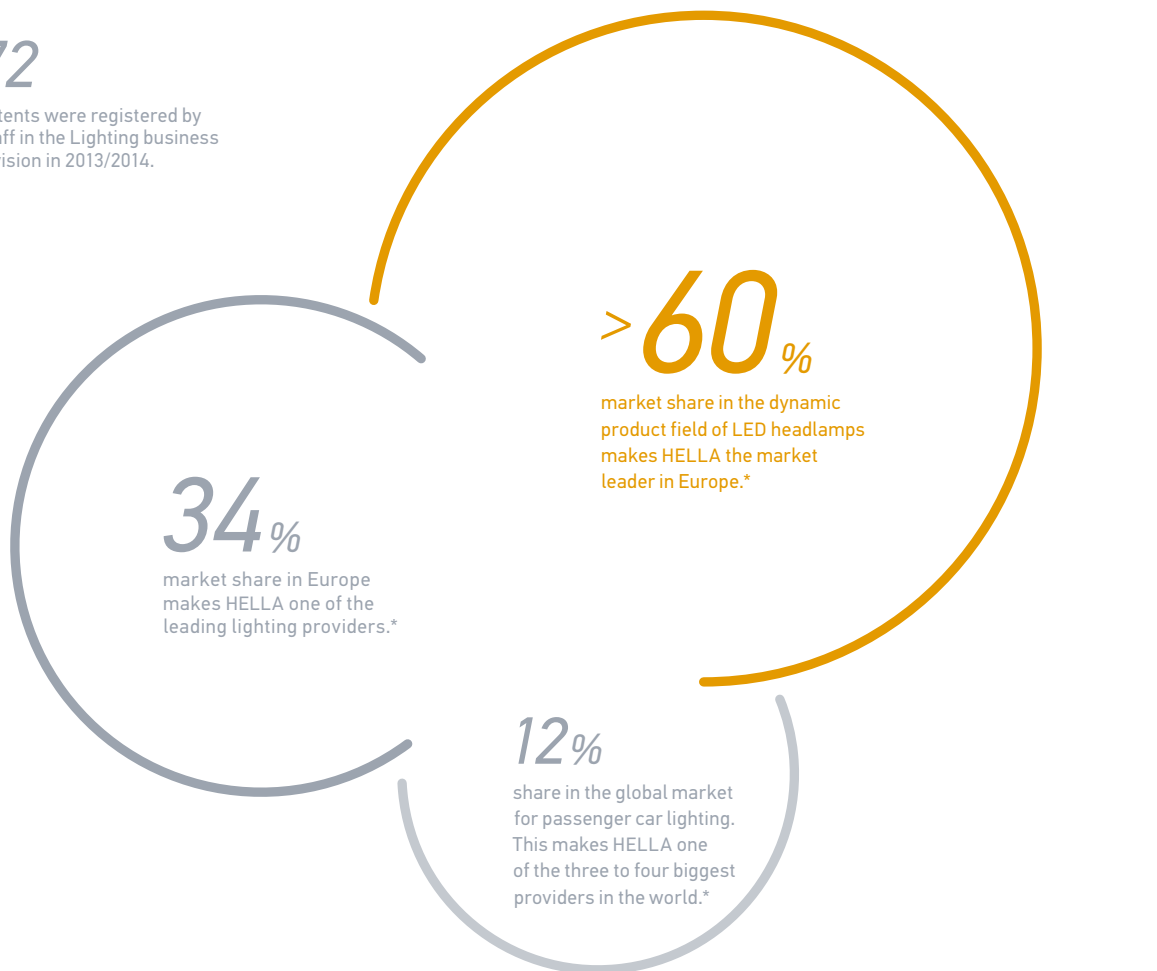
10

development sites and 14 production sites are in place for the Lighting business division.

LED HIGHLIGHTS	2003/2004	2013/2014
	was when HELLA brought the world's first LED daytime running light to series production in the Audi A8.	saw the arrival of the world's first headlamp with matrix LED light in the follow-up model.

72

patents were registered by staff in the Lighting business division in 2013/2014.



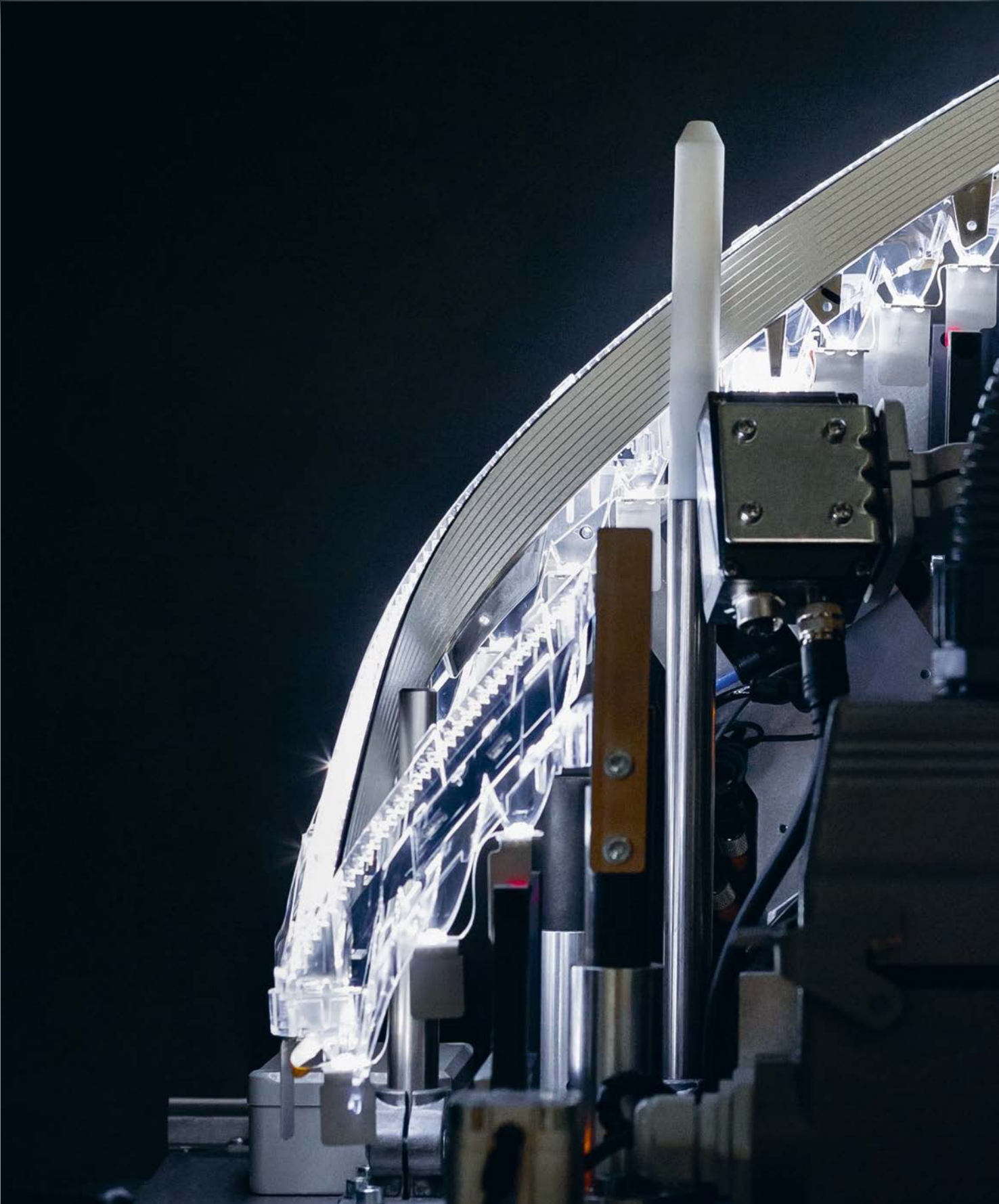
16,581,374

different colors can theoretically be generated with the RGB module for controlling interior lighting in the vehicle.

The subject of light has been closely linked with the HELLA brand since the foundation of the company. With products ranging from headlamps and rear combination lamps to signal and interior lamps and complex lighting electronics, the company develops and produces products for almost all automakers worldwide. LED technology continues to

increase in significance among these developments, resulting in a definitive change to automotive lighting technology. HELLA is researching and developing new technologies and systems at ten locations across the globe.

* Based on a market study commissioned by HELLA for selected product groups by sales volume for passenger cars and light commercial vehicles.





DEVELOPING THE FUTURE

Innovative headlamps do not just fall from the sky. They are the result of long and methodical work by an outstanding team. The Matrix LED headlamp from HELLA is one great example of this type of innovation.



→ 01

01 Martin Wüller reviews the result of months of development work.
02 An important step in the development process: a functionally capable prototype from a 3D printer.
03 Special requirements: Different light functions are required for the American market, such as the orange reflectors.



→ 02



→ 03

Martin Wüller is very well prepared. He brought headlamp equipment, his laptop and a portable alternator to the meeting at the HELLA development center in Lippstadt, Germany. "The presentation will start in a moment," says the HELLA engineer as he plugs a few more cables into their sockets and boots up his computer.

The 38-year-old is the project manager for series development of the Matrix LED headlamp installed in the new Audi A8. About 15,000 of this version of the upper-class flagship model roll off the assembly line at the production location in Neckarsulm, Germany each year. Wüller and almost 60 other HELLA designers, lighting technology experts, electronics engineers, process and quality planners have worked together with the automaker for about three-and-a-half years to create a product with entirely new features. He acted as the nexus of series development, coordinating quality, costs and deadlines and working closely together with the colleagues from Audi and supplier companies. This was so successful that the Matrix LED headlamp won HELLA the PACE Award in 2014, which is awarded to exceptionally innovative technologies in the automotive industry.

Smart High Beams and Dynamic Blinkers

The Matrix LED headlamp lights up the situation on the road very brightly with homogeneous, dynamic light. The high beams can be on at all times. Drivers of oncoming vehicles and vehicles on the road ahead are never blinded since 50 of the 82 light emitting diodes installed can be controlled individually. The LEDs can be electrically switched on, off or dimmed individually within milliseconds so that the light adjusts to the environment. This works just as well driving straight as it does when taking a curve. The headlamps also have a blinker, the likes of which have never been seen before. Within 150 milliseconds, the lit LEDs move block-by-block in the direction that the driver is turning, providing another safety advantage.

"All these features have never been combined like this," explains Wüller, pointing to an illustration that shows the development of earlier headlamps on a timeline. The electrical engineer and MBA is casually dressed in jeans and a striped shirt. He has been working at HELLA for twelve years. He started working intensely with LEDs back when he began writing his thesis. And he remembers well that ten years ago some in the automotive industry still laughed at the idea that LEDs could be used to provide the main lighting functions for a vehicle. Back then, light output seemed too low, LEDs were too expensive and cooling them was too complicated. "At HELLA, we have always believed in this technology and solved the challenges step by step," states Wüller with pride.

LED automotive headlamps have become accepted. Compared to other technologies, they provide many advantages in terms of safety, energy efficiency and design. In the past ten years, the luminous intensity of LEDs has become five times higher without requiring more energy. At up to 100 lumens per watt, their luminous efficiency is significantly better than xenon lamps at 80 lumens or halogen lamps at 25 lumens. LEDs are also durable. With up to 50,000 hours of usage time, they outlast the life of the car. And, finally, LEDs open up new creative opportunities for the designers because they save space and can be installed in all sorts of new shapes. Using LEDs in a headlamp makes it possible to model the front section of a car in a specific way to emphasize the individual character of a car brand or series.

82

LED chips ensure constantly optimal light distribution.

Teamwork and Precision

The Matrix LED headlamp currently represents the peak of this development. And Martin Wüller instantly responds to the question of what factors lead to developing an innovation of this kind by saying, "Hard work!" Then he laughs, adding, "Along with an open and trusting exchange of information between HELLA team members and with customers. We all have to be on the same page." In order to make that a reality, there is a detailed project time schedule with preassigned milestones. The milestones must be reached at all costs to avoid jeopardizing the vehicle's start of production. To reach these milestones, meetings and presentations are held regularly, both internally and at the customer's facility.

"Innovations involve a lot of unseen detail work," says the engineer with certainty. "Something this groundbreaking does not just fall from the sky. Instead it is the result of many small steps." For instance, the important topic of tolerances: Wüller outlines the critical questions by listing some off, asking, "How accurately and reproducibly can individual components be manufactured and assembled? How will the components expand due to heat during the everyday use of the car?" Even the smallest variations can change the entire headlamp system. For example, if the distance between one LED and the reflector is decreased, the light pattern also changes. As a result, Wüller and his team look for solutions and have to compete with designers and lighting technicians to reach compromises. "If necessary, I moderate the discussions and bring about a decision," the project manager explains.

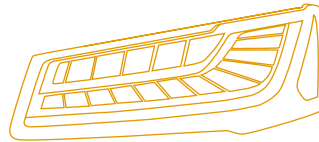
»Something this groundbreaking does not just fall from the sky. Instead it is the result of many small steps.«

MARTIN WÜLLER, PROJECT
MANAGER OF SERIES DEVELOPMENT
OF THE MATRIX LED HEADLAMP

Optimizing and Thinking Ahead

Another important area of series development deals with testing the headlamp. "We simulate most things on the computer," says Wüller. All of the components and functions can be put through their paces virtually using special software. Nevertheless, this is still followed by extensive physical tests. It is shaken and jolted to see what it can endure. For instance, the headlamp is clamped into a jig and shaken for hours at several gees in all three spatial directions. And there is a number of other tests, such as electrical tests where insufficient and high voltage are applied to the headlamp. "At the end of the day, expert opinions cannot be disproven through simulations," says Wüller confidently. "Employees' experience is worth its weight in gold."

Sometime, after many months of planning, constructing, testing and working, it is done. Series development is finished. But work on adjusting the plant assembly lines to the complex requirements of the new headlamp is already underway, even while the product is still undergoing optimization. Before the project is handed over to the 250-person HELLA production team, the engineers' pioneering work comes into play once again when the task turns to measuring and checking the new light. The headlamps are produced at the HELLA plant in Lippstadt and then transported to Neckarsulm and installed there. "We had intended to celebrate this moment a little bit, but somehow we just haven't found the time yet," says Wüller. "But we'll make up for it." Meanwhile, the next headlamp generation for the upcoming Audi A8 is already at the starting gate and planning is in full swing. There are many ideas. When one innovation is complete, the next one starts.

**TECHNICAL DETAILS**

Function Lighting
Development Germany
Production Germany
Materials Plastics, metals



A MILESTONE IN TERMS OF SAFETY, COMFORT AND STYLING. The Matrix LED headlamp in the Audi A8 is technologically outstanding in many respects. The glare-free LED high beams give the driver the ability to drive outside of built-up areas with the high beams on at all times, ensuring considerably higher driving comfort. Oncoming vehicles and vehicles driving on the road ahead are detected and the respective high beam area is switched off electronically with high accuracy using individually controllable LEDs. This lets the driver stay aware of the situation on the road while avoiding blinding other drivers – a safety advantage for all road-users. In addition, the dynamic blinker provides a design accent and generates a distinctive appearance at night and during the day.

Strong Growth with LED Products

The segment sales in the Lighting business division grew by 15% to €2.2 billion in the fiscal year 2013/2014. HELLA used innovative lighting systems for application in the front, rear and interior area, such as LED matrix technology, to set significant technological trends and reinforced its role as a technology leader. Great customer interest in LED products formed the foundation for the strong growth, particularly in Europe, but also in North America and China. Increasing market penetration of LED products from the premium segment into the high-volume segment is becoming a more and more important driver of this growth.

Safety and Styling Drive the Demand for LED

HELLA has more than 20 years of experience in using LEDs, which allows the company to provide customers with top expertise in implementing innovative LED lighting solutions for use in the front, rear and interior areas. Using this expertise, HELLA combines high technological skills in designing optical systems with the knowledge of optimal thermal management for semi-conductor light sources. At the same time, LED variants with increasing levels of light intensity are controlled using complex electronics, which are used to introduce completely new possibilities for implementing light-based driver

assistance systems. The sophisticated design solutions are used by HELLA to support automakers in designing brand-specific light functions.

In headlamps, LEDs primarily provide a safety advantage due to the light color similar to daylight and expanded functions, such as a Matrix light. But LEDs also allow numerous options for differentiation through design. In interior lighting and rear combination lamps, however, design aspects are generally the key concern.

SEGMENT SALES OF THE LIGHTING BUSINESS DIVISION (IN € MILLION)

2011/2012	1,948
2012/2013	1,947
2013/2014	2,234

Fiscal years 2011/2012 and 2012/2013 were adjusted in accordance with IFRS 11. See also Note 5 of the Consolidated Financial Statement for further explanations.

The launch of the world's first Matrix LED headlamp with glare-free high beams in November marked a milestone in automotive front lighting. HELLA received the PACE award for this innovation in April 2014. This is a major award for the automotive supplier industry. Along with this matrix version, HELLA implemented additional full-LED headlamps for premium customers in Germany.

In the rear area, the wide variety of design options are main drivers for the use of LEDs. HELLA proved this in the fiscal year 2013/2014 with further development of existing technologies. For example, "glowing bodies" – i. e. solid lighting elements with diffuse lighting that give a three-dimensional impression – used to date are being replaced by significantly more sophisticated light guides called thin blades. While a light and sharp contour is formed on the front edge of the thin blades, additional trim lines on the elements produce an optical depth effect.

From small city cars to premium SUVs, the interest in ambient lighting solutions for vehicle interiors also grew considerably. In order to meet the increasing demand for interior customization, the designers at HELLA utilize a wealth of design options: from elongated light guides integrated around the center console or into door designs to diffuse lights for illuminating footwells or map pockets. In these designs, new control units and smart cross-linking make it possible to design the interior

using various color combinations, allowing a variety of custom color concepts to be produced in the interior.

A Strong Pre-Development Ensures Innovative Strength

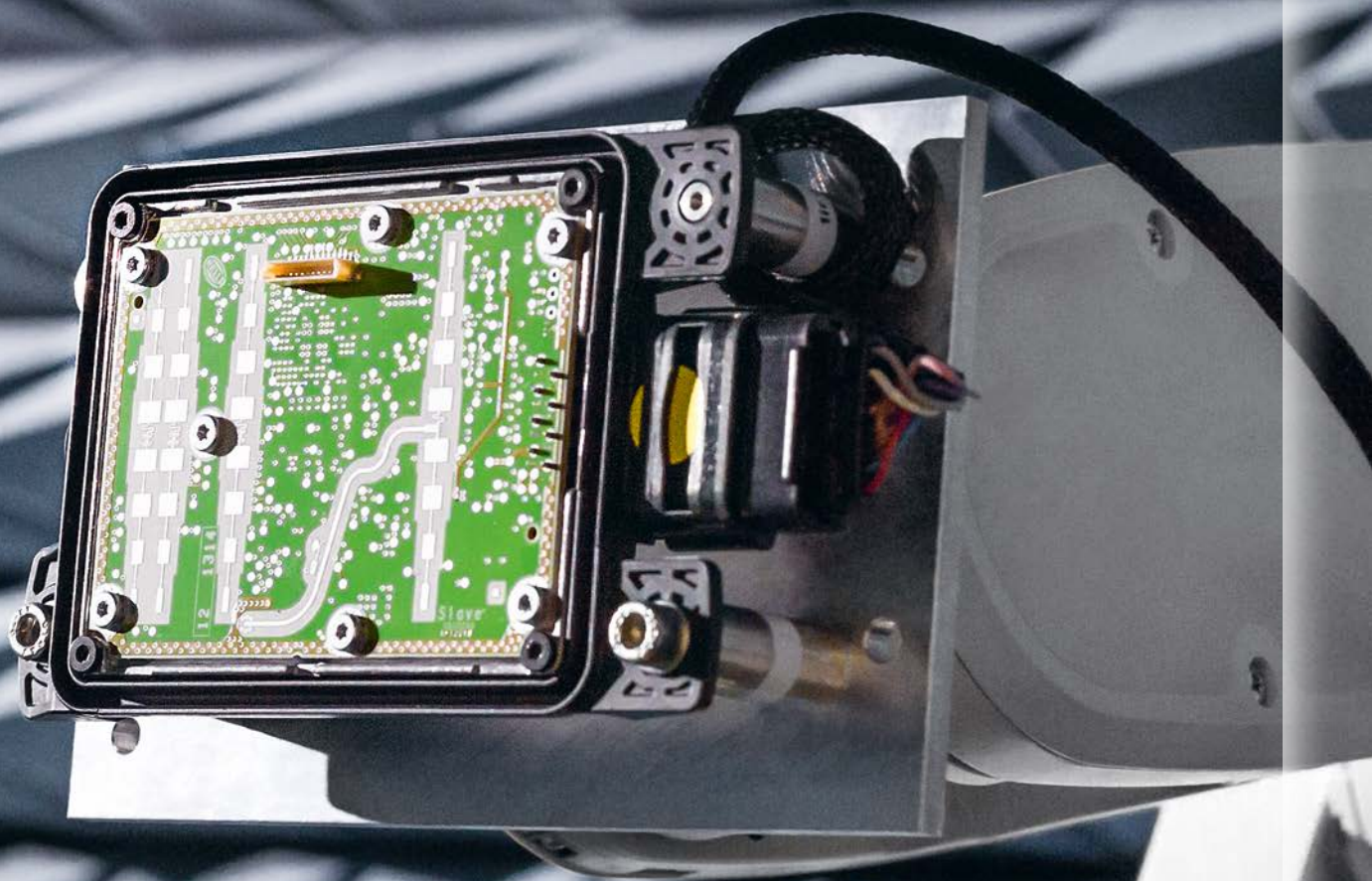
Participation in various research projects and also a strong pre-development allow HELLA to ensure the long-term sustainability of its own innovative ability. Engineers and specialists in electronics, software, optics and design work across disciplines on matters involving new light sources, such as OLEDs and lasers, but also on new style and efficiency concepts. HELLA also contributes its expertise to research alliances with other companies in order to work together to develop efficient and safety-enhancing automotive lighting for the future.

Global Presence in Growth Markets

HELLA's presence in the automotive industry's large and significant growth markets is a decisive competitive factor for the company. In line with this approach, two production locations in Irapuato, Mexico and Jiaying, China and a productive joint venture location in Chengdu, China were added to the global network during this reporting period. Moreover, HELLA strengthened its own position as a leading light specialist in the Asian growth market by founding a joint venture with Chinese automaker, BAIC. In this joint venture, lighting systems will be developed and produced for the Chinese market starting in September 2014.

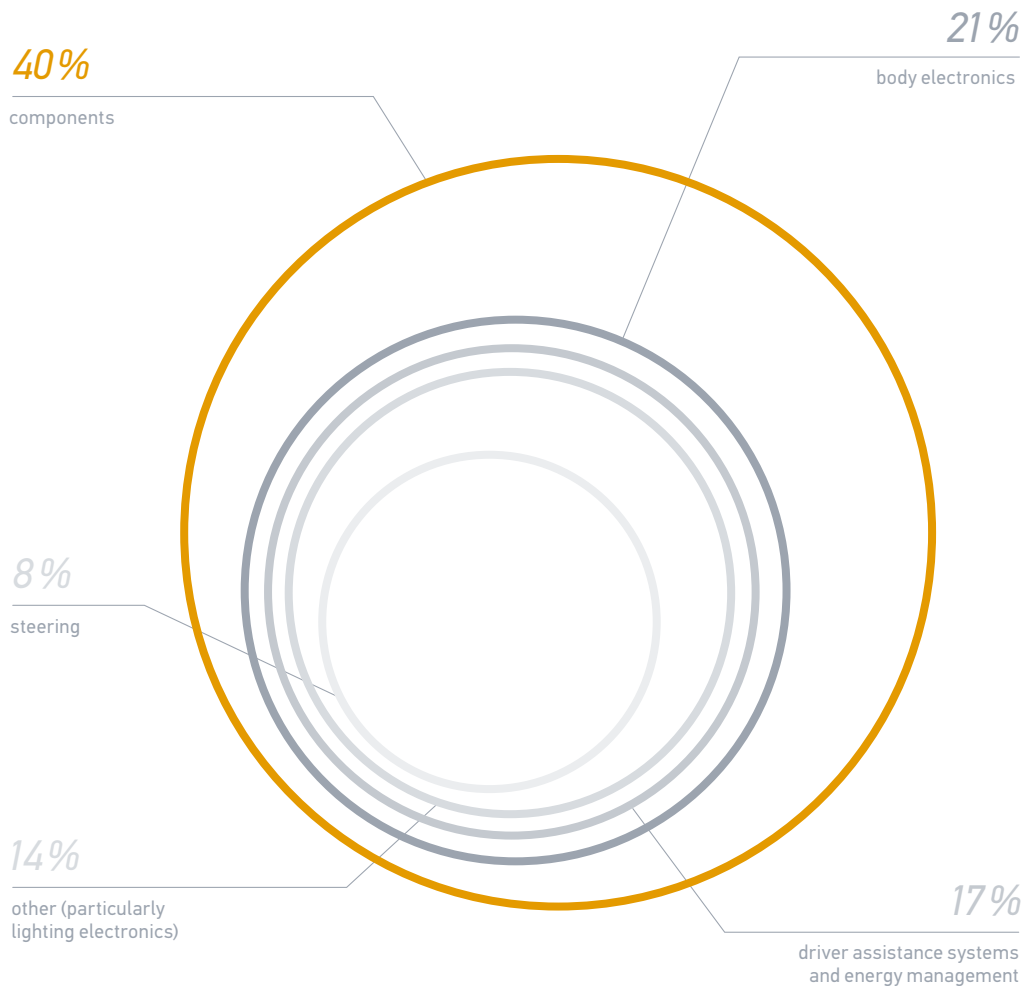


AUTOMOTIVE *ELECTRONICS*



AUTOMOTIVE ELECTRONICS IN FIGURES

Share held by the product centers in the total sales in the Electronics business division



11g CO₂

are saved per kilometer using the start-stop function. In order to support this function, HELLA provides products such as the Intelligent Battery Sensor or voltage stabilizers.

TOP 1

For vacuum pumps and pedal sensors HELLA is the single market leader. For Intelligent Battery Sensors, together with network partners, HELLA is the market leader on both the European and global markets.*

6.5 million

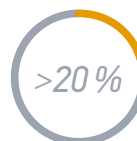
radar sensors sold based on 24 GHz technology.

700

employees research, develop and test new technologies at the Development Center for Electronics in Lippstadt.



Development in the production of actuators in number of pieces:



market share – this makes HELLA one of the top 3 in electrical steering assistance in Europe.*

Today's cars could simply not exist without electronics. Approximately 30 % of overall production costs for a vehicle are spent on electronic components. HELLA is involved in this growth market and provides more than 50 products that contribute to making vehicles safer, more

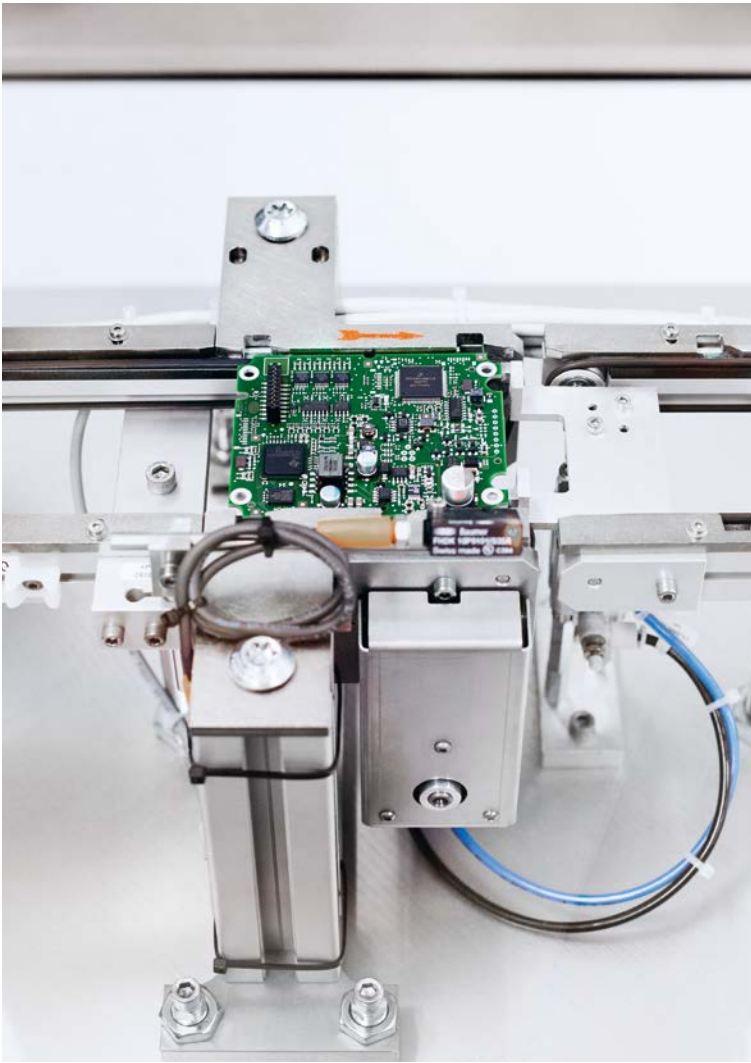
efficient and comfortable today and in the future. From the start of the Electronics business in the 1960s with flasher units and relays until today, HELLA has developed into an expert provider of specialized electronics products and complex systems.

* Based on a market study commissioned by HELLA for selected product groups by sales volume for passenger cars and light commercial vehicles.

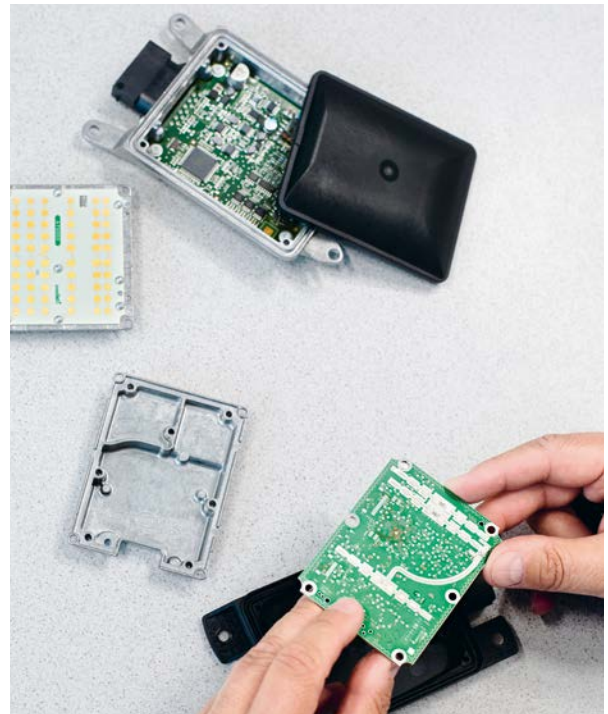
GOING FORWARD LOOKING BACK

In recent years, assistance systems in vehicles have increased in importance significantly and have supported drivers as a valuable passenger in increasingly complex road situations. On the path to implementing a self-driving vehicle, the requirement for assistance systems will increase further, and HELLA is playing a key role in this development.





→ 01



→ 02



→ 03

01 Control electronics for the radar sensor 2.0. 02 Space-saving: Radar generation 3.0 (below) merges the antenna and controls (both pictured above) onto one printed circuit board. **03 Carsten Roch** is responsible for the entire driver assistance systems area.

The year is 2025 and the place is Shanghai, China. It is 8 a.m.; the city has long since been awake and the streets are quite packed. Many inhabitants are driving to work. Actually, most are being driven – by their vehicles. Thanks to their assistance systems, they are able to weave through dense city traffic almost entirely on their own, brake at stoplights at the right time and maintain a proper distance from the vehicle ahead. Just a few years ago, a scene like this would have been dismissed as science fiction. Self-driving cars? In the city? To many people this seemed like ideas from the distant future. But much has happened in recent years and the industry is now almost entirely capable of realizing autonomous driving at a technological level. In many cases, it is only legal regulations that limit certain functions.

Almost all automakers are competing to bring more and more sophisticated driver assistance systems onto the market as fast as possible and across all vehicle classes. The systems have also been used in small compact cars for a long time. What was once only a premium market has since developed into a mass market with large production numbers. Even companies previously involved solely in other market segments, such as Google, have become interested in this issue and have started test driving their own driverless cars.

Radar is Absolutely Essential

The desire for the safest, most comfortable and low-emission traffic, especially in urban areas, has become a global megatrend. “The self-driving automobile is on the agenda for many automakers, making it a very high priority for HELLA as well,” confirms Carsten Roch. He knows what he is talking about. For twelve years Roch has been working at HELLA in the field of radar. The skilled engineering informatics specialist started with a 20-person team back then. Today, he is responsible for the entire driver assistance systems area, which has grown to well over 300 employees. They all work on developing, industrializing and marketing radar sensors that collect information from the environment on the road. This made possible the use of systems that warn or guide drivers using audible or visual signals, such as for changing lanes, detecting objects in blind spots or maneuvering backwards out of a parking space. To date, 6.5 million of these types of sensors have been manufactured at HELLA.

From the beginning, HELLA has focused on medium range sensors that work at a frequency of 24 gigahertz and are especially adept at identifying moving objects in the immediate vicinity of the vehicle. The technology has been refined step-by-step and developed further based on highly integrated components. Radar has become an absolutely essential standard technology. “Throughout the years, we have collected more and more expertise and made the business more successful,” explains Roch, spreading out a few fist-sized sensors on the meeting table in his office in Lippstadt, Germany. He explains the structure and functions with deft attention to detail. “What used to be housed on a printed circuit board several square centimeters wide is now concealed in a significantly smaller circuit board and a chip,” he says, pointing to the tiny semiconductor element. However, HELLA has not only made progress in hardware in recent years, it has also had positive results with software and embedding sensors into the automobile as a whole. This is referred to as system integration. “We currently do everything at HELLA, from signal processing to system design and adapting to individual automaker specifications,”

6.5

million radar sensors
have been manufactured
by HELLA to date.

says Roch. The third generation of sensors has been on the market for a few months and many large automakers now rely on it. HELLA is one of the leading suppliers in the world in the area of 24 gigahertz narrowband technology.

International and Networked

The 24 gigahertz business has been an international one for a long time, and HELLA is actively advancing this trend. "With our primary focus in Asia, we are constantly expanding local skills and knowledge in development, production and marketing to bring the products very close to the customer," says Kristian Döscher, who is responsible for marketing automotive products worldwide at HELLA. His office in Lippstadt is not far from the office of Carsten Roch. The two are in regular contact and work in close cooperation. Together they think about how developers, project managers and marketing and sales professionals throughout the world can collaborate in the most effective manner.

This collaboration has many faces. This is how, for example, the first radar sensor product line started a few years ago for the Asian market as part of a joint venture in South Korea. The production of the first radar sensors in the United States is starting in early 2015; manufacturing in China is already at the starting gate. The goal is to be able to supply both the joint ventures and the local automakers in the Chinese market. "Especially in large Asian cities, traffic is becoming more and more complex," says Döscher as he points to an illustration on his computer screen. "In addition, older people in particular are looking for support and relief while driving. This means assistance functions support a long-term trend both in young, up-and-coming growth markets like China and in industrial nations with aging populations." To optimally serve these consumer groups, HELLA has consistently focused on the scalability of radar products. "Our radar products now let us offer product solutions for the entire range from the premium to the compact segment and we are able to provide a variety of functions using our products based on the customer's needs," explains Döscher.

Equipped for the Future

Meanwhile, Carsten Roch's developers are working intensely on the next generation of radar sensors. "Our goal is to expand our competitive edge in the area of 24-gigahertz sensors and transfer our expertise to new fields of technology," he says. For example, 77-gigahertz sensors, and later 79-gigahertz ones provide additional new opportunities to identify objects in the direct vicinity of the vehicle. This means a car can autonomously measure parking spaces accurately "down to the millimeter". "The trend is clearly moving towards smaller and more powerful sensors and our expertise allows us to be very well equipped for this," says Roch. At the same time, HELLA is helping automakers reduce the number of control units in vehicles, which improves the stability and price of the systems. The future will feature fewer and fewer control units, but they will be more powerful and capable of combining and processing data from many sensors at a central location. This means there is much to do for HELLA. But that does not discourage Roch. On the contrary, he laughs and says, "I really like doing this. Radar sensors are my passion."

»The self-driving automobile is a high priority on the agenda of many automakers. Our radar sensors allow us to optimally support them in implementing this vision.«

CARSTEN ROCH, MANAGER OF THE DRIVER ASSISTANCE SYSTEMS AREA AT HELLA



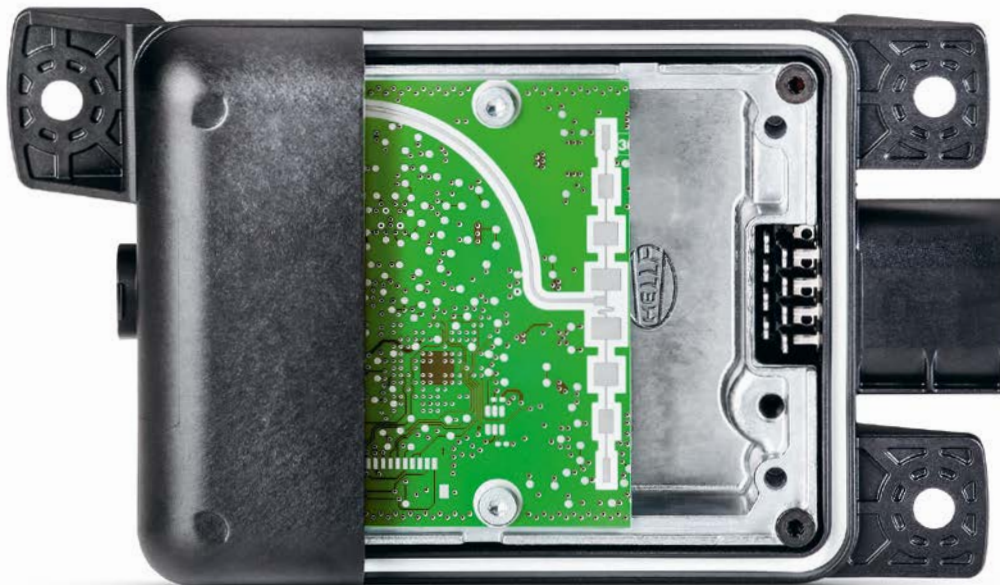
TECHNICAL DETAILS

Function Traffic monitoring

Development Germany

Production Germany, South Korea

Material Aluminum, plastics



KEEPING AN EYE ON WHAT QUICKLY DISAPPEARS: The third-generation 24 Ghz radar sensor monitors the road space behind a vehicle, making it possible to warn drivers of dangers in their blind spot when changing lanes or when maneuvering backwards out of a parking space. This makes it a valuable passenger and allows it to support the driver as the environment on the road becomes increasingly more complex. In addition, the sensor can alert passive safety systems in the event that a vehicle is approaching too quickly from behind. If an impact should occur, the seatbelt, airbag and other safety equipment would be able to react even faster.

Global Presence and Appealing Product Portfolio Form the Foundation for Strong Growth

The segment sales in the Electronics business division amounted to € 2.0 billion in the fiscal year 2013/2014. This corresponds to growth of 11 %. The positive development was driven by products and technological concepts addressing the automotive megatrends of energy management, safety, styling and comfort. High customer demand led to strong growth, particularly in China, NAFTA and Europe.

Innovative Product Solutions for more Safety, Efficiency and Comfort Accelerate Growth

Increasing fuel prices, more stringent regulations for reducing CO₂ emissions and growing environmental awareness are leading to an increasing demand for products that support efficient driving. HELLA is very well positioned in this environment with numerous product solutions. For example, vacuum pumps that provide energy for the brake power assistance on demand contribute considerably to reducing fuel consumption. With more than 4.6 million pumps sold in the fiscal year 2013/2014, HELLA is the global market leader* and advanced the development of a new generation to further expand this market position. Moreover, the electric power steering also

contributes to reducing consumption. This can save approximately 800 milliliters of fuel per 100 kilometers. In the energy management area, HELLA provides components such as Intelligent Battery Sensors as well as comprehensive battery management systems. With more than 10 million battery sensors sold annually, HELLA is the world market leader together with its network partners.* In the reporting period, HELLA was able to obtain a significant contract at a large American automaker. While these types of sensors detect the status of the battery, a battery management system handles targeted control over complete battery units from plug-in

* Based on a market study commissioned by HELLA for selected product groups by sales volume for passenger cars and light commercial vehicles.

SEGMENT SALES OF THE ELECTRONICS BUSINESS DIVISION (IN € MILLION)



Fiscal years 2011/2012 and 2012/2013 were adjusted in accordance with IFRS 11. See also Note 5 of the Consolidated Financial Statement for further explanations.

or electric vehicles. In the most recently concluded fiscal year, HELLA started series development for these types of systems with an Asian automaker and was able to obtain additional contracts with a premium customer in Germany. Furthermore, HELLA supports downsizing in engines using electric wastegate actuators, which were transferred into series production in the reporting period. These engine compartment actuators control the turbocharger and are also well-suited for use at high temperatures thanks to their innovative plastic construction. Fuel consumption and CO₂ emissions are reduced at the same time.

In the recently concluded fiscal year, it was possible to transfer an additional 24-GHz radar system into the compact class. This reflects the increasing market penetration of driver assistance systems and components in volume and small vehicle segments. The system has been developed for a German manufacturer and monitors the blind spot and the cross traffic when maneuvering backwards out of a parking space. Furthermore, HELLA received a platform order from an American manufacturer for equipping 24-GHz radar sensors and will advance additional radar development projects in the future along with this customer. In this regard, HELLA also uses the close connection with the radar specialist InnoSenT, a joint venture HELLA is also working with to further develop radar technology.

In the body electronics area, HELLA won an important contract with a premium German customer for a passive entry and starting system during the reporting period. The associated radio transmitter key, along with the function, also features a high design standard.

The decision to implement hardware and software platforms taking into account functional safety criteria was an important step for multiple product groups. For example, the implemen-

tation of ASIL D, which is currently the highest safety requirement level, is planned for the electric power steering and in the body electronics area.

Realignment of the Pre-Development Process for Future Growth

The implementation of a new pre-development organization was a milestone of the recently concluded fiscal year. This central research and pre-development area is involved in key topics important for HELLA, which are geared towards automotive trends, including aspects such as reducing CO₂ emissions. With this step, HELLA's innovative abilities in the Electronics business division are further strengthened and focused. Following the organizational change, HELLA also further developed the infrastructure on-site and created the optimal prerequisites for research and development at the highest level with a new development building in Lippstadt, Germany, for approximately 700 employees. An international idea competition held online provided additional driving forces. As part of this competition, employees throughout the Group were able to develop their ideas into business plans.

Capacity Expansion in the Regions – Localization of Successful Products

Thanks to its international customer structure, HELLA is present with production and development facilities in the relevant growth markets. Localization ensures that products correspond to the market-specific requirements and have short supply routes to the local customers. In the fiscal year 2013/2014, HELLA established production of oil sensors and rain/light sensors in Xiamen, China. Furthermore, in India, production began on a central control unit and the associated radio transmitter key for a local customer. In the Brazilian market, which is poised for growth, HELLA is also producing central control units for local demand using a 'shop-in-shop' concept at the site of the electronics manufacturer, Emicol.



AFTERMARKET



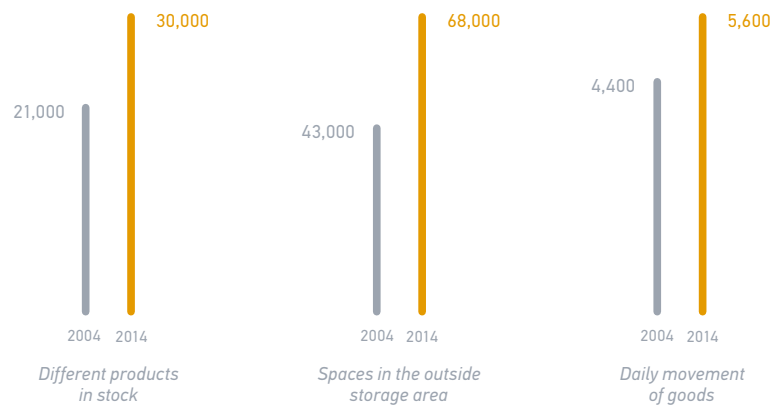
AFTERMARKET IN FIGURES

Top 3

HELLA operates one of Europe's largest aftermarket organizations for automotive parts and accessories.*



Efficient logistics – core competency at the HELLA central warehouse in Erwitte



> 50 %

market share is held by HELLA in Danish wholesale with the company FTZ.*



The product portfolio in the Independent Aftermarket grew considerably. The product ranges were extended, for example through joint ventures:



Approximately 40,000 service parts, wear parts and accessories in the Independent Aftermarket, strong wholesale in Northern and Eastern Europe and high-grade workshop equipment, e.g. for professional error diagnostics in vehicles, give HELLA a forward-looking position

in the Aftermarket business segment. A global sales network, service concepts and marketing and technical support complete this product range, creating added value for customers.

* Based on a market study commissioned by HELLA for selected product groups by sales volume.

DELIVERING SIMPLICITY

Poland is an important market for HELLA – and one of many good examples of how the company is preparing for the future with concepts in a spirit of partnership. The joint enterprise, Inter-Team, which HELLA operates with a local wholesaler, benefits both parties equally.





→ 01



→ 02



→ 03

01 Model-oriented learning at the Akademia Techniczna. **02 Innovative diagnostic tools** from Hella Gutmann Solutions provide the garages with support for troubleshooting. **03 Adam Szewczyk** is sure that Inter-Team can gain a considerable edge from the competition using the academy concept.

A trainer in a checkered shirt prepares the silver Škoda with just a few efficient movements. He drives onto the lifting platform, engages the emergency brake, and pops the hood. After just a click, the portable mega macs diagnostic tool from Hella Gutmann Solutions is connected. He gives his colleague a questioning glance, "What now?" The young man presses some buttons on the green-encased mini computer, then takes a careful look at the engine compartment. "No doubt about it – the particle filter is defective, probably clogged. We'll have to replace it." The trainer nods. "That's right. You found the problem."

This successful test gives an impression of how work is done at the Akademia Techniczna. Right on the model, with speed, diligence and, above all, high quality. Just 20 minutes outside downtown Warsaw, Poland-based aftermarket specialist, Inter-Team, trains experienced workshop employees in handling the latest diagnostic tools and other equipment. If their independent garages meet certain requirements, the participants are able to join the OK Serwis network. Inter-Team has been cooperating with select companies in this network since 1998.

This form of professional training is new for the automotive industry in Poland, and HELLA is playing several roles here. First, the facts: In 2011, HELLA, based in Lippstadt, Germany, joined Inter-Team with a share of 50%. It did so through its subsidiary Nordic Forum, which comprises wholesale companies in Ireland, Norway and Denmark. This was based on concrete strategic advantages. "The opportunities for growth in traditional parts business are limited. Therefore, we decided to pursue forward integration into major European markets," explains Sven Krüger, who is responsible for wholesale distribution, workshop equipment and e-commerce at HELLA. He also adds that taking a share in wholesale companies or taking them over entirely offers good growth opportunities. "The market is consolidating, wholesalers are getting larger all the time – and their negotiating power is increasing, too. Previously, Inter-Team had been active primarily on a regional basis. We wanted to grow with the company and make it a market leader in Poland," says Krüger.

Learning and Profiting Together

Adam Szweczyk, founder and Managing Director of Inter-Team, also sees advantages for both sides. "As wholesalers, we profit from the close cooperation with HELLA," says Szweczyk, a trained mechanic who also studied automotive engineering. He continues talking softly. "We learn a whole lot for our business, HELLA gets better market access to Poland and has a share of our growth." Szweczyk put much thought into his decision for the partnership. He has far too much experience and skill in the industry to make a rash decision. He joined his father's garage as a young man, later opening his own service and retail shop in 1972. Even back then – long before the political revolution in 1989 – he visited scrapyards in Germany to buy parts from Western cars for use as spare parts in Poland. Szweczyk has been running the company, which now has more than 1,000 employees, for 25 years. With 59 branch offices in Poland, Inter-Team most recently earned € 130 million and works together with all major parts manufacturers. Inter-Team also has its own brands, Sakura and Kraft Automotive, which it distributes exclusively.

Szweczyk offers an obvious explanation for selling half his shares in the company despite its great success: "We wanted to grow, and needed capital to do it. We couldn't say no to the synergies that Nordic Forum and HELLA offer," says the

»Both sides benefit from close cooperation. We learn a whole lot for our business, HELLA gets better market access to Poland and has a share of our growth.«

ADAM SZWECZYK, FOUNDER AND
MANAGING DIRECTOR OF INTER-TEAM.

businessman. The numbers also reflect Inter-Team's growth. In just the three years since the joint venture was launched, the company opened 36 new branch offices and is now among the leading wholesalers in the Independent Aftermarket in Poland.

Growth with a Comprehensive Range of Services

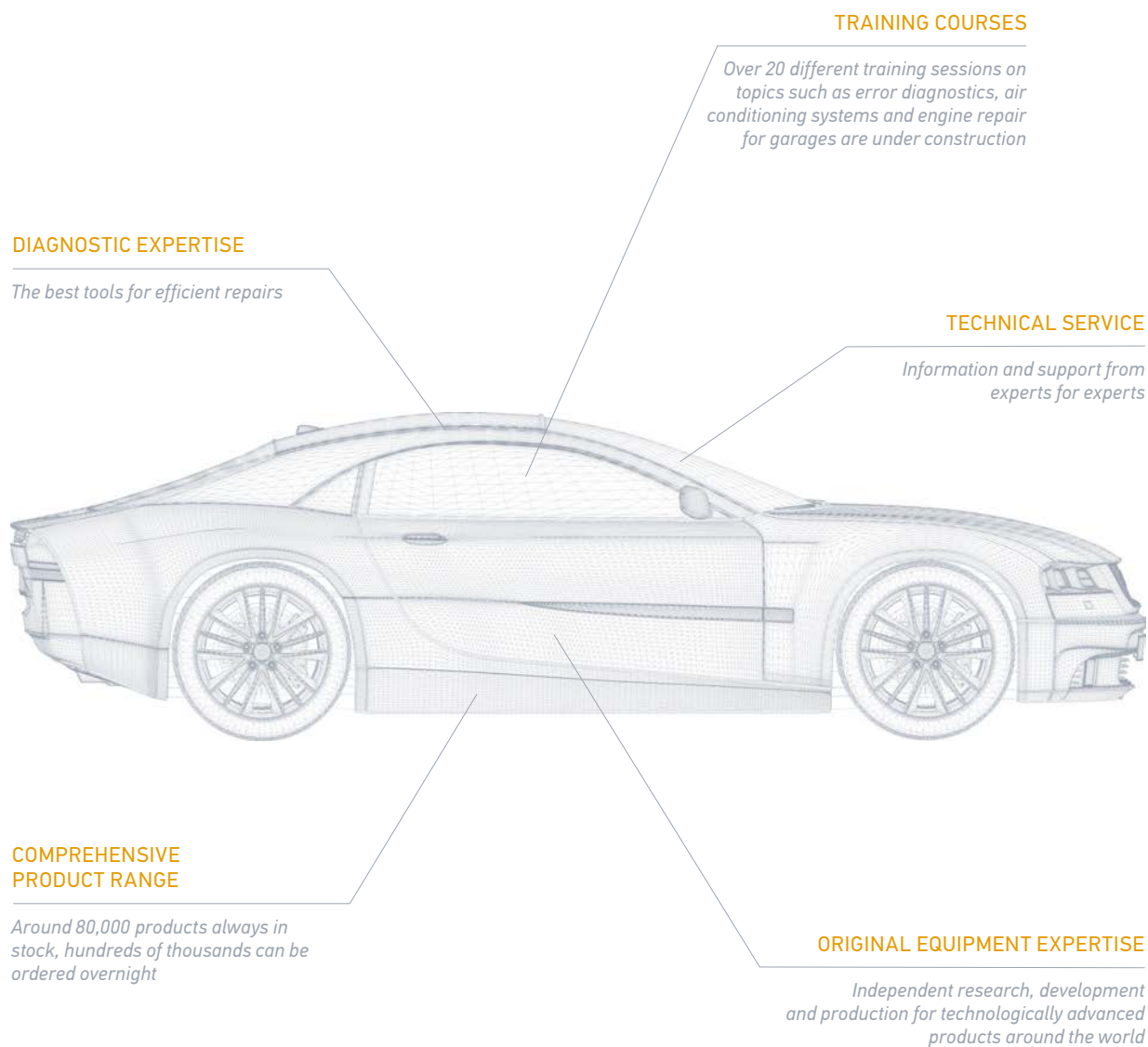
Other effects of the joint enterprise will become more evident over the long term. In addition to better sales possibilities and no less beneficial economies of scale for purchasing, the academy provides great benefits for the garages. "Together with HELLA, we looked to see which concepts we could use in Poland," says Szewczyk. The training garage was developed in the mold of Denmark-based auto parts dealer and garage operator, FTZ, also a member of the Nordic Forum. "We, along with our colleagues in Nordic Forum, have invested a great deal of time into implementing this transfer of best practices as perfectly as possible," the Managing Director explains. Though Szewczyk answers modestly, he has big plans. "The adaptation has gone really well. And this enables us to set ourselves apart clearly from the competition." Some 20 different training sessions are currently being set up, including topics such as air conditioning systems, diagnostics and engine repair. There are still 30 training days coming up in 2014, during which up to a dozen mechanics are to receive further training. To get an idea of the potential, in Denmark, 4,500 mechanics pass through the academy each year.

The path to a widespread garage network is associated with challenges. Szewczyk follows this path with offers and proposals, such as the Akademia Techniczna, for building even stronger ties with the garages. Today Inter-Team is working together with more than 300 operating facilities as part of the OK Serwis concept; that number is slated to increase to 500 in the future. "However, with all opportunities for growth, we focus on quality, not quantity," says Szewczyk. For example, handling Hella Gutmann Solutions diagnostic tools is part of the qualification. This provides motivation for the garages to purchase high-tech computers, which will also boost HELLA's business with vehicle service parts.

The aftermarket in Poland is also in constant flux and significantly more fragmented than in Germany, for example. Over 90% of the approximately 20,000 automotive shops in Warsaw, Krakow, Szczecin and other cities are attracting customers as independent garages. Inter-Team is the supplier for the garages, which are dispersed throughout the entire country. This is not an easy task, as can be seen in the central warehouse in Natolin in southwest Warsaw. Usually multiple times per day, shipments go out to all of the Polish garages belonging to the customer network from here. Around 80,000 products are always in stock and hundreds of thousands can be ordered overnight. The shelves in the twelve-meter high building are filled to the brim on all four floors and the stock turnover is growing daily. Some parts groups are even being stored in rented tents directly next to the main entrance of the building, which features almost 6,300 square meters of floor space. "Here, we can determine how well our business is going," says Szewczyk, who is proud of the smoothly operating system used by Inter-Team. And there is no end of this growth in sight. The company is expanding, as Szewczyk explains. "By 2015, we will expand our space in the warehouse by 4,200 square meters and also want to increase the number of our branch offices to 100. This will allow us to be ideally prepared for future challenges."

12

branches on average per year were opened by Inter-Team in recent years.



COMPREHENSIVE EXPERTISE in garage concepts, ranging from strong and reliable logistics to diagnostic tools and numerous training sessions. Under the umbrella of the Nordic Forum, HELLA provides individual wholesale partners with an array of support to reach an optimum market position.

Product Range Expansion and Synergies Characterize Business in the Aftermarket

The segment sales in the Aftermarket business segment grew slightly in the fiscal year 2013/2014 by 1% to € 1.1 billion. Every area of the Aftermarket segment experienced this positive trend, but growth in wholesale in Poland and Denmark and equipping garages with technologically sophisticated diagnostic tools were especially positive. Furthermore, the introduction of the brakes product area contributed to the expansion of the market position in various European and Asian markets.

Product Expansions for the Independent Aftermarket

The HELLA product portfolio in the Independent Aftermarket grew in the recently concluded fiscal year from approximately 33,000 products to now more than 40,000 service parts, wear parts and accessories. The chief reason for this was the integration of a comprehensive product range for brakes from Hella Pagid Brake Systems. The goal is to establish the joint venture Hella Pagid, which began its business activities in May 2013, as a complete provider for brakes in the market. In addition, the joint venture Behr Hella Service, which specializes in selling cooling and climate service parts, expanded its product portfolio and added additional alternative products to

the product line, which are offered at the same time as original parts for specific, usually older vehicles. This alternative range is a response to the increasing demand for cost-effective service parts for maintaining vehicles in line with current values on the market.

Strengthening the Performance of the Global Sales Network

The HELLA global sales network currently consists of branch offices in 30 countries and will be further expanded in the future. Considering the associated increasing complexity, HELLA

SEGMENT SALES AFTERMARKET (IN € MILLION)

2011/2012	1,111
2012/2013	1,129
2013/2014	1,144

Fiscal years 2011/2012 and 2012/2013 were adjusted in accordance with IFRS 11. See also Note 5 of the Consolidated Financial Statement for further explanations.

began standardizing processes in international companies. The pilot project and the test phase were completed in the reporting period. As a result, HELLA is currently working on implementing the standardized processes in all national subsidiaries. Unified structures and processes as well as management figures show further potential for process improvements in this respect.

Wholesale on the Course for Growth

The HELLA wholesale business saw very successful development in the core markets of Denmark and Poland during the reporting period. A continuously growing subsidiary and partner network allows HELLA to sell a comprehensive range of products directly to garages. Thus, the HELLA Group remains a market leader in the Independent Aftermarket in Denmark and is one of the top three suppliers on the market in Poland and Norway.* Along with this, HELLA expanded business in Ireland by restructuring the local sales company into a pure wholesaler. The foundation of new subsidiaries is intended to develop this business further in the future considerably. Under the umbrella of the Nordic Forum, concepts are shared and

back-office activities, such as administration, purchasing or IT, are optimized to further strengthen the market and competitive position of the individual companies through synergy effects.

Internationalization of the Garage Business in Europe

In the recently concluded fiscal year, Hella Gutmann Solutions took over all responsibility for all technical services and for the portfolio of the garage equipment within the HELLA Group. The goal is to provide garage products that feature high quality, user-oriented functionality and technologically innovative products, offering customers significant added value as a result. Computer-based diagnostic solutions, a new digital beam setter and a camera calibration system for driver assistance systems are just a few examples of this. Since error diagnostics in this environment are a central component of daily work in the garage, Hella Gutmann Solutions provides expert diagnostic solutions in combination with technical service such as training and hotline support. Continuous maintenance of the existing customer relationships and international expansion through the entire Aftermarket network are important pillars for additional growth.

* Based on a market study commissioned by HELLA for selected product groups by sales volume.

SPECIAL APPLICATIONS





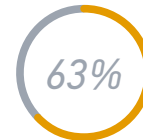
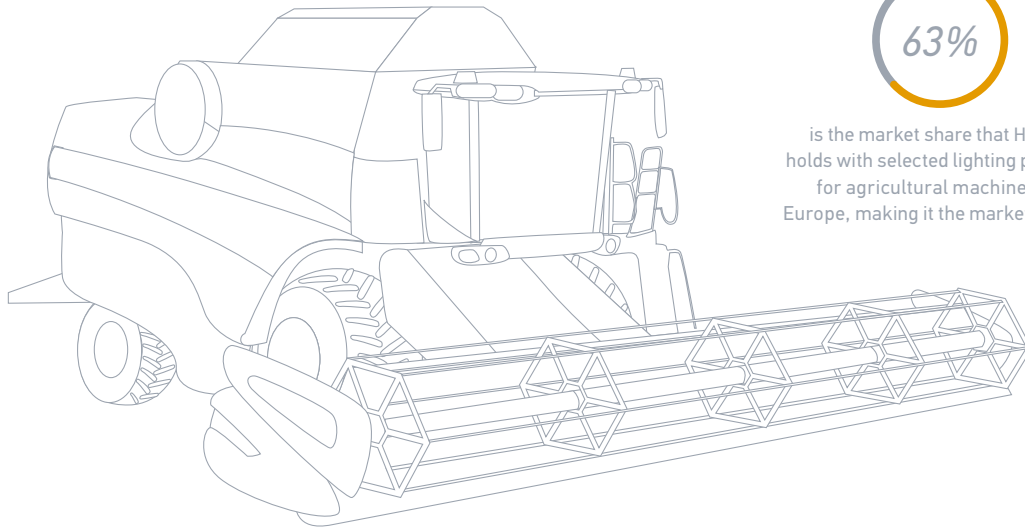
SPECIAL APPLICATIONS IN FIGURES

87,135

LED modules in the Eco IndustryLine range were installed in fiscal year 2013/2014. They can be used as both street and industrial lighting.

54,500

LED street lights by HELLA have been installed throughout the world.



63% is the market share that HELLA holds with selected lighting products for agricultural machinery in Europe, making it the market leader.*

30

countries around the globe use ambulances and police vehicles equipped by HELLA.

36

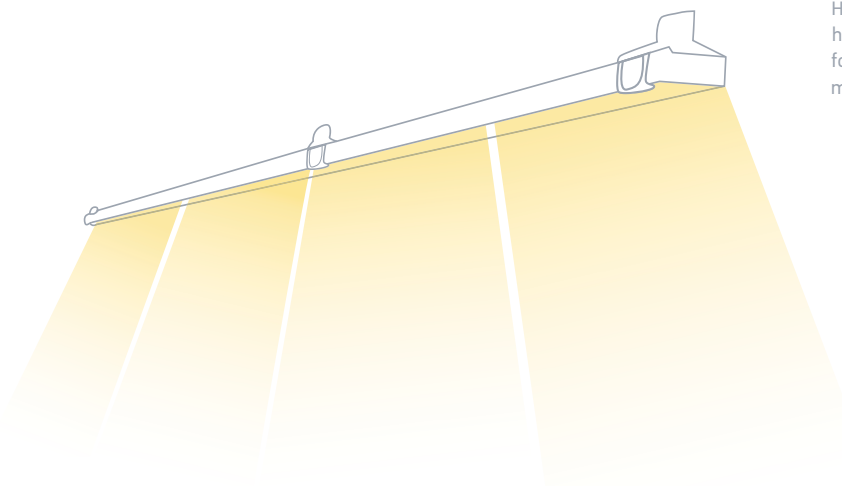
is the number of target customer groups that HELLA currently has in the Special Applications segment, including manufacturers of boats and ambulances, agricultural and construction machinery, gas stations, hotels and multi-level garages.

~80%

of the lighting requirements of a leisure boat or yacht can be covered by HELLA with innovative and power-saving LED products.

16,645

is the number of IL2Plus modules that HELLA has installed for industrial overhead lighting. These provide illumination for 138,319.95 m². That corresponds to more than 19 soccer fields.



120

"innovative cities" in Germany alone are equipped with LED street lights made by HELLA.

>50%

market share. HELLA is the market leader in Europe with selected lighting products for manufacturers of construction vehicles.*

Using **outstanding** technology and process expertise from its core business, HELLA develops, produces and markets appealing product applications in the Special Applications segment. Customer target groups outside of automotive original equipment are systematically developed and pro-

cessed in this area. A primary focus is placed on innovative solution approaches for manufacturers of special vehicles such as buses and caravans as well as for industry customers, municipalities and airports.

* Based on a market study commissioned by HELLA for selected product groups by sales volume.

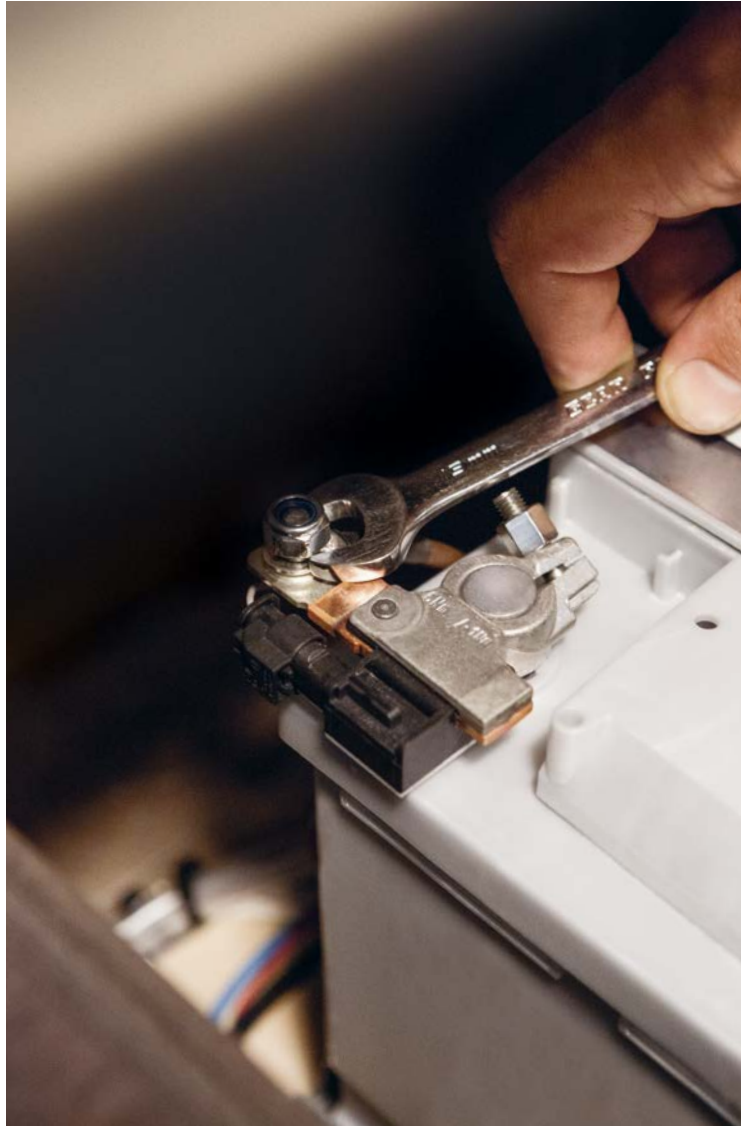
TRANSFERRING KNOWLEDGE

Product development does not always start as a blank slate. Oftentimes, successful ideas that are transferred from different areas into a new environment are the key to innovative product solutions. The Intelligent Battery Sensor from HELLA is one example of this. It has been setting benchmarks in the automotive industry for years. Now, it is ensuring optimum energy management in motorhomes as well.





→ 02



→ 01

01 A caravan passenger or driver can check the current charge state of the battery at a glance: 78%. **02** After the battery has been replaced, even people unfamiliar with the electronics can remove the sensor and connect it to the new battery. **03** Peter Wagner (left) and technology expert Przemyslaw Draus are already working on new uses for the battery sensor.

→ 03



Being charged up – in every sense of the word – is always good. This is especially true outside of civilization, such as when scientists are exploring the North Cape with an expedition vehicle or retirees are touring the vastness of the Canadian forests in a motorhome. On these types of trips, the driver has to be able to completely rely on the vehicle's battery to provide sufficient and lasting current and voltage. Especially since the nearest camping site with an exterior outlet is probably a couple of days away.

Peter Wagner, who is standing in front of a motorhome in a show room of Germany's largest caravan dealer, has some more examples ready. And this is only partially due to the fact that he enjoys driving along the curves of mountains and valleys in this type of vehicle while on vacation. More important is the fact that the 49-year-old works in "Special OE" at HELLA. This area is concerned with original equipment for vehicles such as buses, government vehicles, construction machinery and, as is the case here: motorhomes. Wagner is the target group manager for the latter. "Our team develops strategies regarding how HELLA can transfer products tried and tested in series production in the passenger car and truck area to other vehicles," he says.

From Passenger Cars to Motorhomes

And this leads us to the topic of Intelligent Battery Sensors: More than ten years ago, HELLA developed the first device for passenger cars to be able to manage the current flow within vehicles in a more stable and reliable way. Since then, more than 27 million sensors have been made. About 12,000 of these components are produced at the main production location in Hamm, Germany alone each day. At first glance, these devices seem insignificant, but without them the common automatic start/stop function of the engine would become an imponderable game of chance.

The HELLA Group, together with its network partners, is the market leader* in the area of 12 and 24 volt battery sensors for use in passenger cars. But the company is not going to leave it at that. For years, target group managers – like Wagner – as well as many developers, engineers and sales specialists have been busy successfully transferring innovative technologies and processes from the Automotive segment into other fields and areas in the Special Applications segment. "Intelligent Battery Sensors have become absolutely essential elements of energy management in caravans and motorhomes," says Peter Wagner as he takes a few steps towards the five-ton touring vehicle, opens a door and inspects the interior. State-of-the-art motorhomes like this one no longer have much in common with the ascetic, purely functional motorhomes of the past. They have become large, visually appealing, versatile, high-quality and comfortable. Customers choose individual equipment matched to their needs. And they are discerning. Lighting systems, air conditioning, stereos, HDTVs including electrically adjustable satellite systems on the roof and electricity for smart phones and laptops: Travelers do not want to miss out on anything they use at home while they are on vacation. And this automatically leads to a higher energy requirement in the vehicle.

Measuring and Thinking

The HELLA battery sensor supports the driver by keeping an eye on energy supplies so that they can be preserved, if necessary. "This vehicle, for example, has a starter battery and two consumer batteries. Our sensor sits directly on the negative pole of

12,000

battery sensors are produced every day by HELLA in Hamm, Germany alone.

* Based on a market study commissioned by HELLA for selected product groups by sales volume for passenger cars and light commercial vehicles.

the consumer battery,” explains the technical project manager, Przemyslaw Draus, as he points in the direction described. “There, the sensor reliably and accurately measures the key values of ‘Voltage’, ‘Current’ and ‘Temperature’ and uses them to calculate the state of charge and battery aging. If the starter battery is monitored as well, the sensor is also capable of calculating the expected starting ability of the engine.” All of the hardware and software is located on a small printed circuit board, not just for carrying out the measurement but also for evaluating the data. The lifecycle of the battery can be extended considerably thanks to the sensors.

The sensors are self-learning systems. They not only measure, but also put the measured values together into a relationship using a special software algorithm. This allows reliable conclusions to be drawn regarding how the battery will behave under stress and whether it may become inoperative in the foreseeable future. “This is very important for vehicles with multi-battery systems because the worse battery always brings down the better one,” explains Wagner. The sensors warn of these types of imbalances and allow the driver to ensure an even supply of power, such as by replacing the weaker battery in a timely manner. And these types of situations are not rare. No two batteries are identical. Even those that, for example, were produced under the same conditions and were exposed to the same stress for six months, sometimes show major output differences due to the physical processes that happen during use. This makes using a monitoring sensor even more useful.

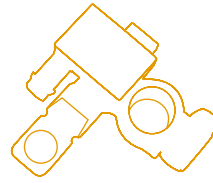
Saving Energy in Florida

Peter Wagner claims that this is a view which is continually increasing in popularity among motorhome manufacturers as well, especially among those top providers that want to offer their customers a certain something extra and that value useful innovations. The sensor has been installed in approximately 3,000 motorhomes per year since 2012 and the trend is rising. “The sensor has gained a reputation as a technological treat at a reasonable price,” he says. “Our goal is to establish the battery sensor as a standard product in the industry in the coming years.” Once HELLA has established a significant presence in Europe, this product will gradually be offered in Australia and the United States. The outlook is promising. Coaches – in principle, large, three-axle travel buses with a motorhome assembly – are popular vehicles in the United States, and not just for those on vacation. Some freelancers use them to escape to the mild climate of Florida, living and working in the vehicles for several months. This makes it all the more important to ensure the batteries last a long time.

In the meantime, Przemyslaw Draus, Peter Wagner and their colleagues have been refining the sensor and exploring new possibilities for use. “The data collected from the sensor could also be transferred to a TV or touchscreen as graphic images and paired with the control system for refrigerator or air conditioning system,” he explains. This could result in entirely new applications. For example, depending on the condition and charge state of the battery, the driver could switch off less important convenience functions such as the stereo system or TV to save energy for the air conditioning system or water heater. “There are numerous possibilities,” stresses Wagner. “We are helping motorhome manufacturers recognize and take advantage of these possibilities.”

»Intelligent Battery Sensors have become absolutely essential elements of energy management in caravans and motorhomes.«

PETER WAGNER, TARGET GROUP MANAGER FOR MOTORHOMES AT HELLA



TECHNICAL DETAILS

Function Battery Management
Development Germany
Production China, Germany,
South Korea, USA
Materials Plastics, metal



IT CONTINUOUSLY MONITORS THE VOLTAGE, CURRENT AND TEMPERATURE OF THE BATTERY. The Intelligent Battery Sensor from HELLA measures these parameters and uses them to determine the charge state and estimated starting ability. This is important because more convenience and comfort means more loads drawing power and a bigger strain on the battery, regardless of whether you are in a caravan or a passenger car. Using the information gathered by the battery sensor makes it possible to detect and shut down unnecessary loads drawing power early on, before the vehicle's ability to start is affected at the next traffic light or after prolonged standstill times.

Opportunities for Growth with LED Products for Special Vehicles and Industrial Solutions




In the Special Applications segment, HELLA grew slightly by 1 % in the fiscal year 2013/2014 and achieved segment sales of € 346 million. LEDs remained an important driver of business growth across all target groups. The company established itself as a provider of innovative product concepts with an expanded portfolio, particularly for industrial customers, gas stations and municipalities.

Strong Position of Special Original Equipment with LED Products

In Special Original Equipment (SOE), HELLA supplies, among others, manufacturers of agricultural and construction machinery, caravans, buses, trailers and boats. In the reporting period, HELLA saw particular growth in the area of construction machinery and buses. Of note is the high demand for LED products, which currently make up approximately 20% of the sales of SOE business. LED technology is of particular value to this customer group due to its robustness and durability. In LED products, HELLA combines the many years of expertise in thermal management, control electronics, optical dimensioning of light functions and the high quality standards of the automotive industry. Other features include new design options that allow headlamps and rear combination lamps to be designed in a manner that is characteristic of the brand. In par-

ticular, manufacturers of buses, caravans, motorhomes and tractors have recognized the significance of lighting as a brand carrier and are increasingly requesting specially developed lighting concepts, similar to how they are already implemented by HELLA for passenger cars. Along with these types of lighting solutions implemented specifically for the customer, HELLA is also observing increasing interest in LED standard modules for the front and rear area. For instance, the number of sold LED module headlamps tripled during the reporting period. HELLA has the appropriate development and production resources at multiple locations worldwide.

SEGMENT SALES SPECIAL APPLICATIONS (IN € MILLION)

2011/2012		323
2012/2013		344
2013/2014		346

Fiscal years 2011/2012 and 2012/2013 were adjusted in accordance with IFRS 11. See also Note 5 of the Consolidated Financial Statement for further explanations.

In the area of electric vehicles, HELLA benefits from the global success of a leading US manufacturer. In Special Original Equipment, HELLA also provides vehicle electronics that offer benefits, such as supporting efficient energy management or reducing the energy consumption of individual functions in a vehicle, in addition to its innovative lighting solutions. In the future, HELLA will focus on implementing additional well-suited products from the Automotive segment in the SOE business division to maximize added value for existing target customer groups. Current challenges involve adapting the customer-specific interfaces.

Additional Expansion of Product Families and Market Presence Lead to High Growth in the Industries Area

To strengthen the Industries business, HELLA focused more on the quickly growing competency fields of street, industry and interior lighting, as well as the field of airport lighting during this reporting period. HELLA added new lamps and modules to the product range due to the increasing demand for unified concepts and competitive products for energy-efficient lighting.

In the area of street lighting, the innovative Eco Circle Module is HELLA's efficient solution approach for retrofitting existing, decorative street lighting with conventional light sources to LED technology. A new generation of the well-established Eco Module with a luminous flux of 2,500 lumens was also introduced to the market. The Eco Module is the centerpiece of HELLA's modular Eco StreetLine and IndustryLine street lighting design. The Eco Cubeline, a newly developed cubic lamp with a decorative approach, has also been added to the family of streetlights.

HELLA also strategically expanded the range of products in the area of gas station lighting. A newly developed built-in gas station light – also based on the Eco Module – complies with common standard measurements, allowing straightforward retrofitting from conventional lights to state-of-the-art LED technology.

For HELLA, industry lighting is also an important field, in which the company has primarily established itself in the target customer groups of production and logistics. The focus is placed on the IL2 Plus LED light line system as a modular and multi-functional solution for lighting supermarkets and warehouses, but also production workshops and garages. A moisture-proof lamp based on the modular approach of the Eco IndustryLine was also added to the product line.

HELLA also further supplemented the product portfolio with innovative LED airport lighting. In addition to kits for retrofitting airfield guidance indicators to LED technology, HELLA also developed a landing flashing light system during this reporting period that is based on LEDs and can be easily integrated into the infrastructure of airfields. It has since already been successfully implemented in Scandinavia. With this comprehensive product line, HELLA now covers a large portion of the common lighting situations at airports. In the reporting period, HELLA obtained multiple significant large-scale projects, including equipping an airport in the Middle East with a total of around 10,000 lights and equipping airport runways in North America and Europe.

17%

The EBIT in fiscal year 2013/2014 increased by 17% and reached €341 million.

FINANCIAL REPORT

CONTENTS

58	Group Status Report
58	General Information on the HELLA Group
70	Economic Report
82	Opportunity and Risk Report
88	Forecast Report
90	Events after the Balance Sheet Date
91	Consolidated Financial Statement (Extract)
91	Consolidated Income Statement
92	Consolidated Statement of Financial Position
93	Consolidated Cash Flow Statement
94	Consolidated Statement of Changes in Equity
96	Development of Consolidated Fixed Assets
100	Auditor's Report
101	Major Investments
104	Glossary
106	Imprint

GROUP STATUS REPORT

FOR FISCAL YEAR 2013/2014

General Information on the HELLA Group

Business Model

HELLA KGaA Hueck & Co. is one of the top 50 international automotive suppliers and among the 100 largest German industrial companies. In the Automotive business segment, HELLA expedites automotive trends with innovative solutions in lighting technologies and electronics. Furthermore, in the Aftermarket business segment, HELLA is one of the most important partners for spare parts distributors and for independent garages for products, diagnostics and services in Europe. The high degree of technological expertise, innovative ability and operational performance is applied to industrial applications and special vehicles in the Special Applications business segment. In the recently concluded fiscal year 2013/2014, HELLA had approximately 30,700 employees in over 35 countries at more than 100 locations and attained €5.3 billion in sales.

HELLA Corporate Structure

HELLA business activities are divided into three segments: Automotive, Aftermarket and Special Applications.

The Automotive segment includes the HELLA business activities in original equipment and corresponding original replacement part business. In the areas of lighting technology and vehicle electronics, HELLA develops, produces and markets vehicle-specific solutions worldwide for automotive manufacturers and other automotive suppliers. Furthermore, technological innovations aligned with global megatrends are developed and brought to a marketable condition.

In the Aftermarket business segment, HELLA concentrates on trading vehicle parts and accessories as well as workshop equipment in the independent replacement parts market. HELLA distributes vehicle parts throughout a global sales network and is a service partner for wholesalers and garages. Moreover, the company itself operates as a wholesaler in Northern and Eastern Europe. The activities in the Aftermarket are complemented by the range of high-grade garage equipment, such as professional diagnostic tools, vehicle data and garage devices, which enable proper repair and maintenance of vehicles in the garage.

In the Special Applications business segment, HELLA develops, manufactures and markets products both for special vehicles such as buses, caravans, construction equipment and agricultural machinery (Special OE) as well as applications which are separate from automotive products, such as street and industrial lighting (Industries). Its technology competence is closely linked to the Automotive business, which means that the application range in LED and electronic products can be expanded appropriately and synergies leveraged at the same time.

Goals and Strategies

The HELLA Group pursues a strategy of profitable and mostly organic growth based on a solid financial policy. Technological leadership, operational excellence and a global presence are success factors for profitable business development. HELLA pursues this strategic logic both at the Group level as well as in the three business segments of Automotive, Aftermarket and Special Applications.

BUSINESS SEGMENTS	Automotive	Lighting	<ul style="list-style-type: none"> · Headlamps · Rear Combination Lamps · Small Lamps 	<ul style="list-style-type: none"> · Interior Lamps · Lighting Electronics
		Electronics	<ul style="list-style-type: none"> · Body Electronics · Energy Management · Driver Assistance Systems 	<ul style="list-style-type: none"> · Sensor Technology · Actuator Technology · Steering Systems
	Aftermarket	Independent Aftermarket	<ul style="list-style-type: none"> · Parts Wear Parts, Spare Parts, Accessories · Tools 	<ul style="list-style-type: none"> · Services Technical Service, Sales Support
		Wholesale	<ul style="list-style-type: none"> · Full Range Parts, Tools · Garage Concepts Services, Information 	<ul style="list-style-type: none"> · Local Branch Network · Logistics
		Workshop Equipment	<ul style="list-style-type: none"> · Vehicle Diagnostics & Vehicle Data · Air Conditioning Service 	<ul style="list-style-type: none"> · Lighting Service · Battery Service · Tools
	Special Applications	Special Original Equipment	<ul style="list-style-type: none"> · Original equipment for special vehicles, such as buses, trailers, agricultural and construction machinery with lighting and electronics 	
		Industries	<ul style="list-style-type: none"> · Street Lighting · Airport Lighting 	<ul style="list-style-type: none"> · Interior Lighting · Industry Lighting

In the individual segments, HELLA takes different approaches for the respective business activities. While in the Lighting business division of the Automotive segment, all relevant lighting technology products for a vehicle are provided globally, the Electronics business division takes a focused segment/product line approach aligned with the HELLA core competencies and regional/global focal points. In the Aftermarket segment, HELLA is active at all relevant value chain levels in the areas of replacement part distribution, wholesale, garage equipment and, particularly, diagnostics and uses customer approaches tailored specifically to the target group. Here, the activities focus on the strategically important core market in Europe. International business in Asia and in North and South America supplements this approach. In the Special Applications segment, the technical designs and innovations are taken over from the Automotive segment and applied to the needs of the respective target group markets in a custom-tailored manner. Europe is the core market for these activities, but business is also in Asia and North and South America.

For the Group and the segments, HELLA focuses its strategic objective on market leadership, which, depending on the segment, product line or region, can be achieved in the short, medium or long-term. Thus, in the Automotive segment, HELLA pursues the goal of taking market leading positions (top 1 to 3), globally or in certain regions, in the respective market segments relevant for the company's competitiveness. Furthermore, HELLA also strives to attain a market-leading role in the Aftermarket and Special Applications segments in each of the relevant target group markets and sales regions.

Alignment with important megatrends within the automotive industry, i.e. environment and energy efficiency, safety, styling (LED) and comfort, is the basis for HELLA's strategic approach and is a global driver of growth for market-oriented HELLA technologies and product designs. The transition from conventional illumination systems to LED applications in lighting technology, high demand for driver assistance systems to increase safety and high demand for technologies that save energy and reduce CO₂ emissions open a strategic growth potential that HELLA addresses with the appropriate investment and development strategy.

At the Group level, the two segments of Aftermarket and Special Applications are of particular importance for the long-term stability of the HELLA business model since they provide a balance to the more cyclical automotive business. While the Aftermarket segment, compared to the Automotive business, is more anti-cyclical (when demand for new vehicles is lower, the need for repair and replacement parts increases), the target segments are subject to fundamentally different demand cycles in the Special Applications segment. In this way, a balanced and stable business trend is possible for the HELLA Group, particularly in difficult economic conditions.

In addition to the HELLA core business, the network strategy is used to take a cooperation approach in which partnerships are entered into with other companies as part of joint ventures. In particular, this is done to gain access to complementary technologies, develop new markets or customer groups and benefit from economies of scale.

Control System and Control Indicators

The organization of the HELLA Group is governed via a multi-dimensional matrix. It includes the three segments of Automotive, Aftermarket and Special Applications with business divisions and strategic business fields, the regions with North and South America, Asia/China and Europe as well as the central functions. While the segments and regions are organized as profit centers, the central functions are managed as cost centers, among others in shared service centers (HELLA Corporate Center). The segments have chief responsibility for the strategic and operational business development. The central functions fulfill a governance and control function for the Group and the segments. In the global network, the German locations assume a leadership role in technological development and the industrialization of the international locations.

The Group Management Board consists of Dr. Jürgen Behrend as Managing General Partner and the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH under the leadership of its chairperson, Dr. Rolf Breidenbach. The segments and business divisions, in turn, also have Executive Boards that support the responsible Management Board in operational and strategic management. Entrepreneurial self-responsibility is the basic principle for managing the business at all levels. For important business transactions, the Group Management Board requires the approval of the HELLA KGaA Hueck & Co. shareholder committee, which, through this process, co-determines the significant guidelines for the development of the business. As a central representative body of the shareholders, the shareholder committee is involved on an ongoing basis with monitoring and

providing advice to the Group Management Board. Besides this, the shareholder committee has responsibility for personnel matters involving the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH. Along with the shareholder committee, monitoring tasks are also performed by the supervisory board, which primarily deals with auditing and approving the yearly and consolidated financial statements. Certain tasks in this context are delegated to the audit committee deployed by the supervisory board. The audit committee primarily audits the financial reports and functional capability of the internal control system and the risk and compliance management system.

The strategic planning and operational budget planning are significant internal control instruments for the company. Each month, a detailed result meeting takes place with the entire Management Board and the Executive Boards regarding the budget and development compared to the previous year; the shareholder committee is informed about this. Quarterly and half-year reports are also created.

Financial Performance Indicators

Significant financial key indicators are essential for managing and controlling the company. For the Group, this includes sales growth, the operating result (EBIT) respectively the operating result margin (EBIT margin) and the operating free cash flow. The management figure of the operating free cash flow is defined as a net cash flow from the operating activities, minus the settlements for procuring tangible assets and intangible assets, balanced with the cash inflows from

selling these types of assets, adjusted by substantial one-time special items that cannot be assigned to the operating business, such as structural expenditures. Additionally, the criteria for an investment grade rating from the Moody's agency also apply as a relevant measured variable for the financial stability of the company. Sales growth and the operating result (EBIT) respectively the operating result margin (EBIT margin) are essential for the segments and business divisions. The target values for the Group are guided by multiple comparative indicators, for example, the development of the market and competition, internal performance standards and allocation of resources. For sales trends, above-average growth is sought in comparison to the comparable industry sector or market segment. The operating result margin (EBIT margin) is to reach a level that is above average in the relevant competitive environment. The operating free cash flow should be sufficiently positive over time to be able to finance growth internally and guarantee dividends to the shareholders. For financial policy, an investment-grade rating (Baa) is the clear target figure since the stability of the financial situation for the company over the cycle is indicated by the rating and thus enabling capital market access. Based on Moody's methodology, the net debt/EBITDA measured variable applies as a relevant benchmark for the indebtedness ratio. A basic target value on the balance sheet (without adjustments) of < 1 is used to ensure a solid financial structure.

A suitable range of financial instruments is intended as an objective to ensure a balanced financial strategy that also provides room to maneuver in case of a crisis. Loan financing with a core group of banks (primarily as a syndicated loan), capital market instruments (e. g. bonds and debt instruments), and additional vehicles (e. g. grant financing

or factoring) all play a role in this context. Furthermore, a long-term and diversified maturity profile of the individual instruments is also an important objective for the company in order to prevent cluster risks and maintain sufficient autonomy toward the important financing entities. Another essential objective for the financial policy is a sufficient liquidity position, primarily to be able to make suitable capital expenditures in business development independently of developments in the financial markets or short-term external factors beyond the cycle of the automotive industry. During this process, a negative balance from debited interest and reinvestment earnings is knowingly accepted in order to increase the degree of entrepreneurial freedom.

To further optimize the efficiency of the invested capital and for improved control, the Management Board decided, from now on, to also implement the return on invested capital (RoIC) in the HELLA Group as a strategic control parameter and anchor it in the management system accordingly. The key figure is defined as operating earnings before interest and after tax (return) related to the invested capital. For determining the return, the operating result (EBIT) of the last twelve months is reduced at the Group unit level by the respective country-specific standard earnings tax rate. The invested capital is the average of the opening and closing balance sheet value from the balanced assets without cash and cash equivalents and short-term assets minus the balanced liabilities without current and non-current financial liabilities for the reporting period. Based on the calculation method used at HELLA, the return on invested capital was 15.6% in the reporting year (return €264 million; invested capital € 1.695 billion). The comparable previous year value was at 15.5% (return €231 million; invested capital € 1.493 billion).

Non-Financial Performance Indicators

The HELLA Group utilizes key non-financial performance indicators, primarily in the area of quality. Durability and reliability with a high degree of user comfort are important characteristics of the HELLA quality standards. Ensuring market-driven standards is the goal of active quality management, which is continuously being further developed. An important indicator of quality measurement is the defect rate, which is measured as the number of defects identified after delivery per one million parts ("parts per million" – ppm). The ppm rate in the recently concluded fiscal year was in the lower two-digit range, which corresponds to the level of the previous year.

Research and Development

Along with the operational performance, the exceptional research and development culture at the company forms the foundation of HELLA's ability to compete in the market. In this position, HELLA uses its leadership in technology to drive the central megatrends of the automotive industry: environmental awareness, energy efficiency, safety, styling (LED) and comfort. HELLA also supports manufacturers in implementing systems for autonomous driving.

The international network of employees in research and development has grown by 8.6% to 5,880 employees worldwide in the fiscal year 2013/2014. The expenses for research and development, which include both long-term and one-time effects for establishing the global network, amounted to 9.6% of the consolidated sales at €514 million and, there-

fore, are significantly higher than the values of the previous year. This reflects the strategy oriented toward global technological leadership and innovation in the relevant business fields and structural expenses as part of the globalization initiatives started to strengthen the worldwide HELLA network.

In the Automotive business segment, HELLA sustainably secures its own innovative strength via high-performance pre-development. Following the central strategy of the company, HELLA leads worldwide development from Germany, where the global trends and technologies of the automotive industry are expedited. In contrast, there are local development centers in the large growth regions, which both support regionally specific product development and advance independent developments. In this way, HELLA implements a market-driven customization of technologies and product designs to meet customer needs.

In the Aftermarket and Special Applications business segments, HELLA primarily benefits from the transfer of knowledge from the Automotive segment in order to develop and apply new products and services for the relevant target groups in a customized manner by using existing basic technologies and product concepts.

Along with the company's in-house research and development employees, HELLA also commissions third-party service providers to carry out development tasks in the Automotive and Special Applications segments.

RESEARCH AND DEVELOPMENT

	2013/2014	+/-	2012/2013	2011/2012
R&D employees	5,880	9%	5,414	4,640
EXPENDITURE IN € MILLION				
Automotive	478	17%	408	346
Aftermarket and Special Applications	36	1%	35	21
Total	514	16%	444	366
% of sales	9.6		9.2	7.9

Fiscal years 2011/2012 and 2012/2013 were adjusted.
See also Note 5 of the Consolidated Financial Statement for further explanations.

Automotive Business Segment

In fiscal year 2013/2014, the development activities in lighting technology concentrated, among other areas, on designs that make it possible to use LED technology in all vehicle segments. Testing and optimization of the relatively new OLED and laser light sources was also advanced. OLED technology is particularly appealing as a design medium in automotive interiors. The flat light source offers completely new approaches to design, which lends itself well to further customization of interiors. In long-term studies, HELLA has proven OLED's suitability for series production – even under extreme conditions in the automobile. In cooperation with BMW and LG Chem, HELLA also created the prototype for a rear combination lamp, in which OLED modules, curved in various ways, were used for the first time and created three-dimensional, uniformly illuminating structures. Alongside, HELLA developed two additional rear combination lamp prototypes in the reporting period, which realize the function of a rear fog lamp using a laser.

Along with its own strong pre-development process, HELLA research and development also works in partnerships in the Lighting business division. For example, HELLA maintains the L-Lab research institute together with the University of Paderborn. There, solution approaches for current questions in headlamp technology are developed and application-oriented basic research is conducted. HELLA also introduces its own expertise in research consortia with other companies and institutes to work together to develop efficient and safe automotive lighting for the future. As part of the German government-sponsored VoLiFa 2020 research project, HELLA is working together with other partners on a lighting

system that enables smart lighting that can be adapted to various driving situations in a target-oriented manner smoothly and almost in real-time. This allows a wide variety of road conditions to be illuminated in an individual and targeted manner, which allows dangerous situations to be detected even faster.

Another example is the eFA 2014, a research project completed in June 2014. As part of this project, HELLA developed lighting strategies for driving in electric mode.

In electronics, various milestones were reached for the future basis and market position of HELLA in fiscal year 2013/2014. The pre-development structure re-organized throughout this period is primarily aligned toward trends in the automotive industry and pursues the goal of both advancing research in the respective areas and promoting developments across product fields. The building of a new development center in Lippstadt, Germany, was part of this new organizational set-up in the reporting period. In addition, the development network was also expanded at the international level. With two new development centers in Guadalajara, Mexico and Ho Chi Minh City, Vietnam, HELLA expanded its footprint in important growth regions.

The initiative for generating ideas, "Driving e-nnovation", was also started for designing this structure. The international online competition, gave a total of approximately 3,000 employees the chance to develop their ideas into business models. These ideas included the subjects of autonomous driving and safety, ease of use, car-to-X-communication

and data management as well as increased car efficiency. The 750 participants submitted a total of over 150 ideas. HELLA is currently pursuing ten of these further in the pre-development process.

In fiscal year 2013/2014, HELLA conceptually advanced, among other things, the development of a sensor that monitors the level and quality of the fuel and functions without the use of any moving parts. Additionally, new electric waste-gate actuators have been transferred into series production. Due to their innovative plastic construction, these actuators are also well-suited for use under high temperatures, and save fuel and CO₂ emissions at the same time.

In the area of energy management, HELLA took important steps in this reporting period to develop further from a component supplier for battery sensors to a provider of complete systems. The first contracts for developing battery management systems are evidence of this. These systems monitor the status of the battery and control it, for instance, to prevent the cells from overheating. HELLA is also currently developing 48V-DC/DC converters and energy storage modules for the next vehicle electric system generation for vehicles with a conventional drive. These current developments support functions including "coasting". This function switches the engine off as soon as the driver releases the gas pedal. The vehicle then continues to "coast" with the engine switched off. This allows vehicles to save up to 0.5 liters of fuel every 100 kilometers.

Furthermore, HELLA also developed the 24-GHz radar technology for rear end applications. Other important areas of focus included the decision to implement hardware and software platforms for electric power steering and body electronics while taking into account functional safety requirements up to ASIL D (currently the highest safety requirement level).

Special Applications Business Segment

HELLA actively transfers the expertise and experience from the automotive original equipment sector into the Special Applications segment. In light of the increasing demand for design-oriented lighting products for agricultural machines, buses and trailers, HELLA is developing front lighting for tractors with light transmission technology. The development of full-LED rear combination lamps for commercial vehicles also started in this reporting period. These lamps use three-dimensional structures to create a unique appearance for day and night. Along with this, numerous applications from automotive electronics, when applied accordingly, are also well-suited for use in special vehicles such as buses and agricultural and construction machines. After the Intelligent Battery Sensor, HELLA is now working toward implementing additional electronic products for these customer groups.

In the Industries area, HELLA primarily develops, produces and markets lighting for municipalities and industrial customers. In the reporting period, the company introduced

new products that met the increasing demand for integral street lighting. For example, a new generation of the well-established Eco-Module was introduced with a luminous flux of 2,500 lumen. The Eco-Module is the centerpiece of HELLA's modular Eco StreetLine street lighting design. A newly developed cubic lamp with a decorative approach has also been added to the lamp family. The innovative Eco Circle module is HELLA's efficient solution approach for retrofitting existing, decorative street lighting with conventional light sources to LED technology.

Sustainability at the Product and Process Level

The HELLA Group works to constantly improve resource consumption and decrease exhaust emissions at both the process and product levels. The gradual expansion of the HELLA environmental network and its continuous improvement in the reporting period were important steps in this context. The HELLA company in Auckland, New Zealand adapted its environmental management system to the HELLA standard, which allowed it to be included in the international HELLA Group certification in accordance with ISO 14001. Furthermore, the implementation of globally standardized environmental processes, management system documents and key figures was continued. To optimally integrate the new locations into this network as well, regional workshops are carried out annually in the growth markets, particularly in Mexico and China. Cross-functional internal audits promote the networking of the locations with one another and support "Good Practice Transfer".

The new HELLA standard on energy efficiency was drafted as part of international workshops on the topic. This standard identifies energy standards and global Good Practice solutions. In this context, it was decided that the locations also include energy goals into their environmental programs for the fiscal year 2014/2015 to further reduce energy consumption and CO₂ emissions and improve energy efficiency.

An example of a measure for reaching these goals is equipping the plants with in-house, energy-efficient and durable HELLA LED lighting. The modularly structured street and industrial lighting concepts provide an array of possible applications and have already been implemented at the locations newly established during the fiscal year in Irapuato, Mexico and Jiaxing, China.

Furthermore, the continuous optimization of existing products and the development of new products effectively contribute to reducing energy consumption and vehicle emissions in order to comply with the ambitious exhaust regulations in the European Union. Therefore, HELLA is currently working intensively on sophisticated electrical system solutions in the vehicle, which enable emission-reducing functions such as stop-start function, energy recovery, coasting and the creeping forward function. The gradual conversion of conventional lighting products to LED technology also ensures substantial potential energy savings for both private and commercial vehicles.

Previously, the plants in Lippstadt were the only HELLA locations subject to EU-wide trading in greenhouse gas emission certificates ("CO₂ certificates"). The second trading period ended with a surplus of 30,083 certificates at a value of approximately €82,000. For the third trading period (from 2013 to 2020), Plant 1 in Lippstadt was able to be exempted from the certificate trading after technical building alterations were made to the combustion plant. For this period, Plant 2 in Lippstadt has received an allotment notice for a term of eight years and an allotment of 95,747 certificates at no charge. In the 2013 calendar year, 20,172 tons of CO₂ were emitted at this plant by the combustion plant. It was possible to settle the fee from the allocation of surplus certificates in the second trading period and the free allotment from the third period. Due to the general reduction of the free allotment and other factors, these certificates will no longer suffice in the future. Instead, an additional 35,000 certificates are required, which will have to be bought at auction throughout the third trading period.

Human Resources

As of the balance sheet date on May 31, 2014, HELLA employed 30,692 employees worldwide. This equates to an increase of 8.4% compared to the previous year. The most significant was the increase of personnel in the regions of Asia and North and South America, where HELLA hired 1,639 new employees within the reporting period. The number of employees in Germany decreased by 4% to 9,814. This decline was affected in particular by the voluntary partial retirement and severance program that started in Summer of 2013 for ensuring the ability to compete at the

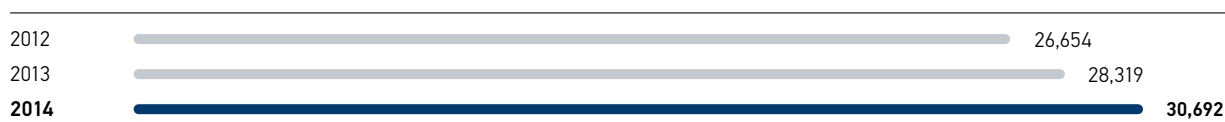
location in Lippstadt, Germany. With this program, regional capacity adjustments foreseeably required were already taken into account at an early stage. Functionally, HELLA noted the largest growth in the area of production, which can be traced back to opening multiple new plants in China and Mexico.

For Hella, the efficient use of human resources and systematic networking of functions for achieving synergies in the Group are significant foundations for economic success. Thus, in the last fiscal year, the global development network continued to be expanded and the concentration of administrative functions continued to be pushed forward in the Group-internal shared service centers (HELLA Corporate Centers), for example, by founding a new financial shared service center in China. This caused the number of development employees located outside of Germany to increase from 47% in the previous year to 52% in the reporting year.

Recruiting

In the reporting period, HELLA continued to professionalize the entry and support programs for external employees. A significant building block here is the close contact to leading colleges and universities in the vicinity of each location. Along with a scholarship program for full-time master's students in various disciplines, HELLA, in cooperation with the University of Paderborn, also offers a mechanical engineering master's program with a focus on Chinese language, culture, economy and technology. At Fudan University in Shanghai, China, HELLA experts also regularly give application-related lectures. Also, at the Hamm-Lippstadt

HELLA GROUP EMPLOYEES (MAY 31, EACH YEAR)



Fiscal years 2011/2012 and 2012/2013 were adjusted.
See also Note 5 of the Consolidated Financial Statement for further explanations.

University of Applied Sciences, the material design program with focal areas in bionics and photonics has been taught since the 2013 winter semester. HELLA supports students in this discipline not only with scholarships but also with internship positions and the opportunity to write theses in the company.

Furthermore, graduates have the option to get on board in various areas of the company at HELLA as part of a trainee program. Since its beginning in 2010, 52 trainees have graduated from the program. Of these, 47 still work at the company. In the future, this 18-month program established in Germany will be supplemented by the HELLA International Graduate program (HIG) for the remaining locations. Due to the reduced duration of only twelve months, the HIG gives the international HELLA companies the ability to incorporate employees quickly and efficiently into the processes on site. After the conceptual phase in the reporting period, the HIG will be implemented in HELLA's significant growth regions in the fiscal year 2014/2015.

HR Development

An important pillar of the company's success is the continuous qualification of employees across all areas. This includes an open feedback culture at all levels of the company.

To support this concept, HELLA already started a pilot project for a 360° feedback process for management in the fiscal year 2012/2013. This has been implemented in the reporting period up to the third management level as a result of the positive experiences. By now, over 500 employees have received the corresponding 360° feedback.

Training academies have also been created for various disciplines for the systematic qualification of employees worldwide. In these academies, requirements profiles are stored for the respective position. The profiles directly identify an employee's current need for training. Specific seminars are carried out by third-party instructors or HELLA experts, depending on the orientation of the content. The number of in-house trainers has been expanded in the reporting period following the good response to this program. Post-training tests have been established to ensure the success of the training sessions and an optimal quality management of the event.

In this reporting period, the standardization of the international talent management process has also been advanced, which marks an important milestone on the way to more transparency. This allows both systematic succes-

HELLA GROUP EMPLOYEES BY REGIONS

	May 31, 2014	+/-	Share
Germany	9,814	-4%	32%
Rest of Europe	11,079	12%	36%
North and South America	3,980	17%	13%
Asia/Pacific/RoW	5,819	22%	19%
Permanent employees worldwide	30,692	8%	100%

Fiscal year 2012/2013 was adjusted.

See also Note 5 of the Consolidated Financial Statement for further explanations.

sion planning and the specific development of employees that have been identified as potential managers. In the fiscal year 2013/2014, HELLA carried out the internationally established top management program, LEAD, as well as the region-specific LEAD Summer School, both of which received positive feedback. HELLA also helps employees who would like to gain more qualifications in addition to their careers. The company supports extra-occupational bachelor's and master's programs financially as well as with additional educational training leave and the option to write research papers or theses that relate to the company at HELLA. With the objective of supporting staffing within the HELLA network and promoting international careers, during this reporting period, HELLA also began designing an expatriate portal, where employees will be able to learn about open positions and be able to discuss life as an expatriate with other colleagues.

Employee Retention

The long-term retention of employees is a significant goal of the company. HELLA further developed measures that support this. For example, at the Lippstadt location, HELLA was re-certified in 2014 as a "Family-friendly company" in the district of Soest, North Rhine-Westphalia. The seal considers various factors, such as the opportunity for childcare facilities near the workplace, provisions for parental leave or flexibly scheduled workdays, sometimes even independent of the workplace. During summer break, the company now also offers a "Kids Camp". As part of this, the children of employees can participate in various activities in the region to ensure childcare during vacation as well.

The opening of the HELLA sports center, which includes a fitness center with a wide array of sport and health courses and team sports, allows HELLA to provide employees at the Lippstadt location with a healthy balance of work and recreation. Employees can take advantage of this offer before or after work to actively promote health and wellness.

Economic Report

General Economic Conditions

The HELLA fiscal year 2013/2014 (June 2013 until May 2014) was characterized by a lasting recovery phase of the international economy. According to information from the International Monetary Fund, the global economy finished the 2013 calendar year with growth of approximately 3%. The positive development sustained itself in the first half of 2014, even if there were regional differences. Impulses for growth originated from both established industrial countries, such as the USA and Germany, and emerging markets, like China, India and Brazil. Here, the latter continued to develop at a level significantly higher than the advanced economies, but mostly remained below the high growth rates of the previous years.

Similar to the recovery of the global economy, the economic situation in Europe also stabilized to an increasing extent. The economic climate in the Eurozone, measured by the ifo institute, also continuously increased in the reporting period and, at the end of the HELLA fiscal year, was at its highest level since late 2007. Despite this, economic disparities between Northern and Southern Europe continued to get worse. Particularly in Greece, Italy, Portugal and Spain and increasingly in France, continuously high unemployment rates, budget deficits and lack of demand continued to have negative effects on economic activities. The primary driver of the economic upturn within the Eurozone was the German economy. It benefited from a solid domestic demand that can be traced back to a good development of the job market and a moderate increase of consumer prices. A positive economic

outlook and an increasing volume of incoming orders from abroad also led to the increased amount of new investments in German companies.

In the USA, the closing of the government agencies in October 2013 due to a disagreement about the budget and the very cold winter months at the beginning of 2014 had a temporary adverse effect, but did not negatively affect consumer confidence over the long term. The economic development, which was positive overall, has been primarily carried by a strong demand from private households and decreasing unemployment rates. At the same time, the raising of the debt ceiling and the cautious reduction of the bond purchasing program of the US Federal Reserve had a positive effect.

The increase in gross domestic product in China was still high at 7.7% in 2013 and continued to make a major contribution to global economic growth. The economic development of numerous additional emerging markets, for example, Brazil, Russia, India and Mexico, was positive, but remained considerably behind the growth rates of the previous years.

Current political crises, such as the fighting in parts of Ukraine, conflicts between China and its adjacent states in the East and South China Sea and the protests of government opponents in Thailand, had an adverse effect on the local economic growth of the respective region.

International Economic Growth in the Automotive Sector

According to the German Association of the Automobile Industry (VDA – Verband der Automobilindustrie), around 72.2 million automobiles were purchased globally in the 2013 calendar year. This not only made automobile sales 6% above the previous year value of 68 million units sold in 2012, but also around 3 percentage points above the expected growth. In addition to the continued strong growth of the two largest vehicle markets, China and the USA, the Western European market also experienced a gradual upward trend in the second half of 2013. On the other hand, the sales remained below the previous year's values, particularly in Russia, India and Brazil.

Throughout the year in 2013, the Western European automotive market still fell short at around 2% less than the previous year. In the second half of the year, a slow but steady recovery began to show. Beginning in September, each month's sales were above those of the previous year. In December 2013, automobile sales in Western Europe increased by a double-digit figure for the first time in just under four years. In addition to the incipient recovery in Germany and France, higher demand in many countries that have been severely hit by the Euro debt crisis and in smaller EU states was a key factor in this improvement. This development also continued in the beginning of 2014. In particular, catch-up effects for using older vehicles led to a growth of around 6% in the first five months of 2014.

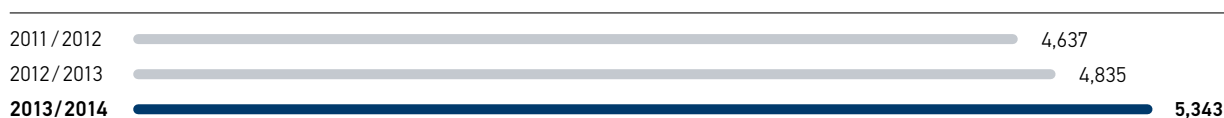
Throughout the entire year in 2013, the registration of new cars in Germany remained around 4% less than the previous year. However, demand since December was positive and there have been clear signs of stabilization. The brighter eco-

nomic climate in Western Europe and continuing growth in vehicle markets in China and the USA, where German manufacturers have a good market position, especially in the premium segment, also contributed to a positive trend for German vehicle production. In China, German automakers further reinforced their position in May 2014 by increasing market share by 2 percent to the current level of 23%.

Light vehicle sales (automobiles and light commercial vehicles) in the USA grew by 8% to over 15.5 million units in the calendar year 2013. This allowed sales to increase by around 50% or 5 million vehicles since the crisis year in 2009. Overall in 2013, German manufacturers increased sales of light vehicles to the US market by 5% to around 1.3 million units. At the beginning of the year in 2014, two particularly cold winter months had a short-term dampening effect, but did not affect demand adversely in the long-term. Already in March, the manufacturers were able to benefit from higher employment and the high consumer confidence. As a result, despite the difficult situation at the beginning of the year, the sales in the first five months already exceeded the value of the previous year by around 5%.

In the large Chinese automobile market, 16.3 million new vehicles were sold throughout the entire year in 2013. The Chinese market is of critical importance for global automobile production. This marks a significant surplus of 23% compared to the previous year. Therefore, more vehicles were sold in China than in the USA. In the first five months of the year in 2014, the demand continued to develop very dynamically and was almost 15% higher than the previous year. Significantly fewer vehicles were registered in India

HELLA GROUP SALES (IN € MILLION)



Fiscal years 2011/2012 and 2012/2013 were adjusted.
See also Note 5 of the Consolidated Financial Statement for further explanations.

in 2013 than in the previous year (–8%). A cause of this was the overall weaker economic environment and rising fuel prices. This trend also continued in the first months of the year in 2014. In 2013, the Japanese vehicle market was able to maintain the high level of the previous year, which was strengthened by government incentives, and it grew by around 13% in the first five months of 2014.

Business Development and Situation of the HELLA Group

In the fiscal year 2013/2014, consolidated sales increased, on a comparable basis, by €508 million or 11% to €5.3 billion. Therefore, the sales, primarily due to the considerably higher demand of the international automotive industry, were above the forecast in the preliminary report, in which the HELLA management board assumed a growth in the middle single-digit range. The previous year's figures have been adapted accordingly due to the initial application of the new IFRS 11 accounting standard ("Joint Arrangements"). This omitted the external sales of two previously proportionately consolidated companies in the amount of €164 million. Further explanations are contained in the Notes of the Consolidated Financial Statement under Note 5.

Overall, the growth trend of the previous years continued to gain momentum. Along with the favorable development of the market in the automotive sector, the start of new projects in the Automotive business segment ensured a positive jump in sales. Thus, the demand for vehicles de-

veloped more strongly than expected, primarily in Europe. The high growth speed continued in the NAFTA and China sales regions, which are of importance for HELLA.

The Group's growth was founded in particular on strong demand for complex LED headlamps, electronic components in the fields of energy management and driver assistance as well as wholesaling activities for the Aftermarket business segment. The Group's strong presence among German automotive customers and expanding business activities in China and North and South America, particularly in the NAFTA region, also had a positive impact.

Measured by the regional market coverage by end customers, as in previous years, the increase in sales turned out the strongest in the entire Asia/Pacific/RoW region with a growth of 23%. The share of the region in consolidated sales increased from 26% to 29%. For the future, HELLA sees great opportunities for growth in China and India and will continue to invest into the expansion of the local development and production capacities. In December, a new plant for light products was opened in the Chinese industrial city of Jiaxing after approximately one year of construction with an area of 87,000 square meters. The Chinese electronics plants in Shanghai and Xiamen have also been expanded very recently. Thus, the Automotive business segment has seven of its own production plants in China. Furthermore, two additional plants are being operated as part of joint ventures.

EARNINGS BEFORE INTEREST AND TAX ON INCOME (EBIT; IN € MILLION)

2011 / 2012	339
2012 / 2013	291
2013 / 2014	341

Fiscal years 2011/2012 and 2012/2013 were adjusted.
See also Note 5 of the Consolidated Financial Statement for further explanations.

The North and South America region also contributed to the sales growth of the company with a sales increase of 1 %. In Mexico, a new lighting plant was opened in Irapuato. Overall, this region now also has eight production facilities with plants in Mexico, the USA and a “shop-in-shop” production facility in Brazil. The share of the region in consolidated sales changed from 21 % to 20 %.

Overall, the sales share earned outside of Europe was 48 % of consolidated sales. In relation to the Automotive business segment, the sales share outside of Europe was at 57 %.

After four years, the demand in Europe initially developed positively across the fiscal year and was, therefore, above expectations. This primarily applied to the previously weak regions of Southern and Eastern Europe. HELLA was able to benefit from this favorable market environment considerably. The sales in the region grew by 8 %. The share of consolidated sales was 52 %, compared to 53 % in the previous year.

Overall, the Automotive business segment grew in the fiscal year 2013/2014 at 13 %; this is considerably stronger than the Aftermarket and Special Applications segments, which were at around 1 % each. Along with general economic development, this is primarily the result of the globalization initiative started in the past. Major investments in development and production capacities and expertise have resulted in continuous improvements to the general competitiveness and the appeal of the product portfolio. This initiative has also led to additional order acquisitions that now support the sales trends of the Group.

The Aftermarket business segment primarily expanded its position in wholesale in Northern and Eastern Europe. Also the appealing product portfolio for garage products developed positively. With an increase of 1 %, the Aftermarket business made significantly fewer gains than the Automotive segment, but, for example, was able to be substantially further developed strategically in terms of the position of the European sales companies, the diagnostics business and the management of the wholesale business.

In the Special Applications segment, which includes the business with new LED solutions both in the area of special original equipment and in vehicle-independent products, such as street lamps or industrial lamps, the sales volume increased slightly by 1 % in comparison to the previous year.

Earnings

The earnings before interest and tax (EBIT), adjusted for one-time special expenses for restructuring measures, increased by 35 % to € 393 million, a considerable improvement from the previous year. This is the HELLA Group's highest operating earnings figure to date. Economies of scale from the higher business volume, a favorable product mix, the increase of the operational performance from better productivity, the improvement of the material quota and the optimization of the global footprint have been the main reasons for the significant increase in the Group's profitability. The adjusted EBIT margin as the ratio of the adjusted EBIT to sales increased by 1.4 percentage points to 7.4 %, compared to 6.0 % in the previous year. In the prognosis for the result (EBIT), despite the targeted sales growth,

REGIONAL MARKET COVERAGE BY END CONSUMERS – HELLA GROUP

	FY 2013/2014		FY 2012/2013		FY 2011/2012	
	Absolute (in € million)	Relative	Absolute (in € million)	Relative	Absolute (in € million)	Relative
Germany	783	15 %	670	14 %	780	17 %
Rest of Europe	1,983	37 %	1,887	39 %	1,933	42 %
North and South America	1,047	20 %	1,033	21 %	858	19 %
Asia/Pacific/RoW	1,531	29 %	1,246	26 %	1,065	23 %
Consolidated Sales	5,343	100 %	4,835	100 %	4,637	100 %

Fiscal years 2011/2012 and 2012/2013 were adjusted.
See also Note 5 of the Consolidated Financial Statement for further explanations.

the company management had assumed a slightly regressive result due to increased expenses for structural improvements and investments in the expansion of the global capacities for development and production, and expenses from the voluntary partial retirement and severance program. Additional margin improvements due to operational control levers and a considerably stronger international demand for the HELLA product portfolio, however, allowed the earnings to increase.

In conjunction with a voluntary partial retirement and severance program at the location in Lippstadt, Germany, which was initiated over the course of the fiscal year and completed in January, one-time expenses, primarily in the form of provisions, have been incurred in the amount of €52 million. These were entered at the Group level and not assigned to the business segments due to their comprehensive and non-operational character. The agreements reached will lead to around 760 employees leaving the company in Germany in coming years. This allows HELLA to respond at an early stage to the competitive situation at the production location in Germany, which continues to become tougher. The continuous increase of the technological production expertise in countries with significant labor cost advantages, particularly in Eastern Europe, exercises significant competitive pressure in Western European production locations, particularly in the Automotive segment. HELLA is already in a good position in this competitive environment with a wide variety of production locations; of the 14 European locations, eight are located in best-cost countries. The adaptability to

continuously changing competitive conditions, however, remains essential. Including the special expenses, the achieved EBIT was €341 million; this corresponds to an EBIT margin of 6.4 %.

After subtracting the negative interest result of €32 million and the expenses for income taxes of €79 million, the net income of the fiscal year was €230 million, compared to €206 million in the previous year. This represents a 12 % increase and a net sales return of 4.3 %.

The operating earnings before depreciations and amortizations (EBITDA) adjusted for special effects reached a new high value of €703 million or 13.1 % of sales, after 11.4 % in the previous year.

Compared to last year, the gross margin on sales again significantly increased by 1.2 percentage points to 27.6 %. Consequently, it was possible to further improve productivity and the rate for material costs, as in previous years. HELLA is compensating the price reductions as regards sales in part through increasing localization of purchasing sources in best-cost countries with corresponding cost advantages, continuous Design-to-Cost and Redesign-to-Cost analyses, and the corresponding implementation of cost-effectiveness potential that has been identified for product design and production processes. As part of an active purchasing management approach and due to a beneficial product mix, the material usage quota was re-

duced in the fiscal year 2013/2014 from 52.2% to 51.8%. In addition, it was possible to reduce the production costs, among others, by additional shifting of customer projects to locations with improved competitiveness.

The sustainably improved gross margin on sales opens up financial room to maneuver for a special focus on research and development as the foundation for sustainably dynamic and organic growth. With a value of €514 million, the expenses for research and development in the past fiscal year corresponded to 9.6% of sales. A particular priority here was strengthening competitiveness by expanding the international development network with even greater proximity to the customers. Thus the development capacities, particularly in China but also in other locations, were significantly expanded. Technological leadership with strong local expertise remains a strategic success factor and foundation for further growth for HELLA. This involves deliberately spending more on development for a time, until structural one-time expenses and capital expenditures are amortized through higher efficiency in the development process and business growth.

The percentage of distribution costs of sales decreased from 8.5% in the previous year to 8.2%. The distribution costs, which also include the outbound freight costs that develop in proportion to the sales, in particular include the costs of the sales network in the Aftermarket. This network is essential for the success of the Aftermarket business. The quota for administration costs decreased by 0.1 percentage points to 3.7%. Synergy effects from the further bundling of admin-

istrative processes in the Group, productivity improvements and economies of scale from business growth are essential levers for further optimization.

The other result as a balance of other expenses and earnings decreased by €6 million prior to special expenses. Minus the expenses in connection with the restructuring program amounting to €52 million, the other result was €-24 million.

At €38 million, the equity-accounted investments contributed to the result significantly more than in the previous year when the contribution was €29 million. Along with the general economic conditions for the established joint ventures, which were also good, and the associated strengthening of the earnings, the transition from the start-up phase to the growth phase in some new joint ventures was the main contributor to the increase in earnings. In total, the equity-accounted investments reported external sales of €2.5 billion and an EBIT of €145 million in fiscal year 2013/2014.

The other financial result improved in fiscal year 2013/2014 by €6 million to €-13 million. In the previous year, this still included €11 million in expenses for the early repayment of portions of a bond issued in 2009. The net interest expenses were €32 million as in the previous year.

Earnings of the Segments

The largest business field in the HELLA Group is the Automotive segment, which supplies automotive manufacturers around the world with products in lighting technology and

REGIONAL MARKET COVERAGE BY END CUSTOMERS – AUTOMOTIVE

	FY 2013/2014	FY 2012/2013	FY 2011/2012
Germany	14 %	12 %	15 %
Rest of Europe	29 %	32 %	37 %
North and South America	24 %	26 %	22 %
Asia/Pacific/RoW	34 %	29 %	26 %

Fiscal years 2011/2012 and 2012/2013 were adjusted.
See also Note 5 of the Consolidated Financial Statement for further explanations.

vehicle electronics. The segment sales reached a volume of €4.2 billion for the first time, which corresponds to a growth of 13.2 % compared to the previous year. Despite expenses for the start-up of new products, the operating result (EBIT) improved by €78 million to €291 million compared with the previous year. This corresponds to an EBIT margin of 6.9 %, compared to 5.7 % in the previous year.

The main sales drivers in the Lighting business division were Germany and Eastern Europe; HELLA saw a strong demand for premium products in both of these regions. This profitable market environment had positive effects on the earnings trend. In the regions of China and Mexico, the focus during this reporting period was on completing the new production facilities and successfully starting the first customer projects.

The major product-side impulse primarily consisted of headlamps with complex LED technology, for which the global relevance is continuously increasing. The LED light solutions developed by HELLA for front and rear applications correspond, in particular, to customer demands for differentiation from the competition and also support branding. In particular, products such as full-LED headlamps with light-based driver assistance systems also contribute to making driving at night safer. Along with this, there is also a growing interest in individual LED lighting solutions in the interior, for example, in the floor area or on the doors. Color-adjustable lighting concepts ensure increased comfort and an improved sense of space in the vehicle.

The Electronics business division also saw sales growth in a very positive market environment. An optimized cost structure and increased productivity also contributed to the sales growth of this area. On the product side, HELLA primarily grew with products that increase efficiency and safety. Along with the very positive development of the business with products for electric power steering, other products that contributed to sales growth included driver assistance systems based on radar, which monitor the road space behind the car and detect potential hazards when changing lanes or maneuvering out of a parking space backwards, as well as products from the energy management area, such as the Intelligent Battery Sensor.

In the Aftermarket segment (including commercial and service business, wholesale activities in Northern and Eastern Europe and business with workshop equipment [particularly diagnostic equipment]), sales to third parties increased by 1.3 % to €1.1 billion. The operating result (EBIT) was about €78 million, which corresponds to an increase of €3 million compared to the previous year. The EBIT margin was 6.8 %, compared to 6.6 % in the previous year.

The growth in this segment was primarily supported by the positive development of wholesale in Poland and Denmark. Particularly in Poland, the expansions and pre-investments implemented in the past made an impact. In Germany and a few other European countries, the business with diagnostic tools for garages developed in a very positive way and will be further expanded in coming years. The goal here is primarily ensuring a stronger rollout in other European markets.

REGIONAL MARKET COVERAGE BY END CUSTOMERS – AFTERMARKET AND SPECIAL APPLICATIONS

	FY 2013/2014	FY 2012/2013	FY 2011/2012
Germany	17%	17%	21%
Rest of Europe	59%	56%	55%
North and South America	9%	10%	9%
Asia/Pacific/RoW	14%	17%	16%

Fiscal years 2011/2012 and 2012/2013 were adjusted.
See also Note 5 of the Consolidated Financial Statement for further explanations.

In the Special Applications segment with business activities of Special Original Equipment and Industrial applications, the segment sales increased by 0.5% to €346 million. The operating earnings (EBIT) improved significantly compared to the previous year by €15 million to €28 million, whereas the previous year was still negatively influenced by one-time restructuring expenses. The EBIT margin increased accordingly by 3.7% compared to the previous year to 8.1%.

High demand was generated particularly by high-grade lighting products, for example, for agricultural vehicles, industrial lighting and street lighting. The decisive driver of growth in this segment includes the high demand for products with LED technology that are increasingly replacing conventional lighting solutions. HELLA is very experienced and has a strong customer position in these product fields. Technologically high-performance, high-quality lighting products, which are low-maintenance and can also be used optimally under demanding conditions such as on construction vehicles or in regions with extreme temperatures, create features that distinguish HELLA products from the competition. Furthermore, customer interest is increasing in the aesthetic and brand-differentiating design of the new LED products.

Financial Position

In the fiscal year 2013/2014, the development of the financial and asset position was characterized by a significant increase in the earned operating free cash flow compared to the previous year with a sustained high investment level. The company issued a bond in the amount of €300 million, providing an additional safeguard of the long-term financing of the company.

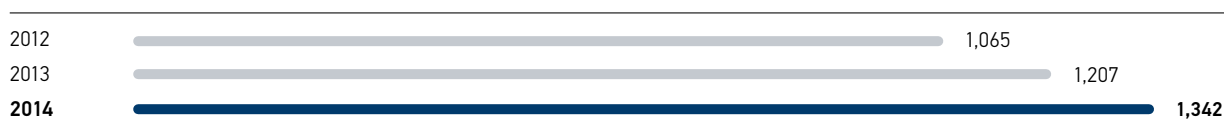
Capital Structure

Net financial debts increased in the recently concluded fiscal year by €11 million to €425 million. As a result of the continued high capital expenditures as part of the initiated globalization activities, the cash flow – as planned – was not completely sufficient for covering the regular dividends, a smaller acquisition and settlements in conjunction with special expenses. However, before the aforementioned settlements, a positive operating free cash flow of €51 million was earned, compared to a negative operating free cash flow of €–61 million in the previous year.

The net debt at the end of the fiscal year corresponded to 0.65x of the EBITDA and an indebtedness ratio proportional to equity of 0.32. A new bond was issued, increasing the liquid assets and short-term financial assets as of the reporting date to €992 million, compared to €663 million in the previous year. In October 2014, €200 million of this will be used to repay a mature bond.

In addition to the financial liabilities recognized on the balance sheet, there are also, to a limited extent, liabilities from operating leasing agreements. The present value of the minimum lease payments at the balance sheet date was €47 million. On the balance sheet date, cash flow from debts sold under a factoring program remained unchanged over the previous year at €100 million. The sale of receivables was final without right of recourse.

HELLA GROUP EQUITY (IN € MILLION; MAY 31, EACH YEAR)



Fiscal years 2011/2012 and 2012/2013 were adjusted.
See also Note 5 of the Consolidated Financial Statement for further explanations.

In March 2014, HELLA again took advantage of the preferable capital market environment for companies and issued a bond on the capital market with a volume of € 300 million at a coupon rate of 1.25 % and an effective interest rate of 1.4 % with a three-and-a-half-year term. The liquid assets generated from this are being used to repay a bond that is coming due in October 2014. Along with this, the bond is being used to further diversify the maturity profile in the Group and, therefore, to ensure the long-term stability of the Group financing. Along with the bonds issued, HELLA primarily uses three other financing instruments in the long-term area:

→ **Private Placement**

A total of 22 billion Japanese Yen with a term of 30 years was raised in 2002 and 2003. The foreign currency liability is completely protected against rate fluctuations throughout the entire term. The due date value of the liability was € 160 million on May 31, 2014.

→ **Development Funding**

In 2010, the European Investment Bank granted a low-interest loan of € 150 million with a term of five years for financing pioneering development projects in the areas of energy efficiency and driving safety.

→ **Syndicated Credit Facility**

A syndicated credit facility with a volume of € 550 million and a term of five years was agreed in June 2011 with a consortium of international banks. This credit line is a pure backup and has not been drawn on.

In a recent step as part of the bond issue in March 2014, the rating agency, Moody's, confirmed the investment grade rating for the Group with the credit rating of Baa2 with a stable outlook and assigned the bond with the same rating.

Liquidity Analysis

The cash flow from operating activities increased by € 93 million in comparison to the previous year to € 535 million. Along with the adjusted earnings before interest and tax, which increased by € 103 million, higher tax payments, among other variables, reduced the operating cash flow due to the excellent result of the previous year. The increase of inventories as part of the growth ended up € 21 million higher than in the previous year. Although the settlements for other provisions were reduced by € 8 million compared to the previous year, the non-cash expenses included in the earnings from the net supplies to the provisions increased by approximately € 77 million. The other non-cash expenses included in the earnings, for example from investment evaluations, increased by € 13 million. On the other hand, the cash dividends received ended up € 9 million lower. € 15 million in settlements for partial retirement and severance programs are included in the cash flow from operating activities. After a negative balance of € 61 million in the previous year and despite the continuously high investment and development cost quota, the operating free cash flow of € 51 million was considerably higher than expected due to the stronger company status and additional efforts in working capital and investment management.

The cash capital expenditures, not including settlements for the acquisition of company shares or capital increases, decreased by €7 million to €499 million. They predominately included investments to replace and expand buildings, machinery, plants and other equipment. New facilities were built and put into operation in China and Mexico. Capacities of existing facilities in Romania and China were also expanded considerably. HELLA is also continuously investing a significant amount in customer-specific resources that are counted on the assets side as economic property in the fixed assets of the Group due to the opportunity/risk structure. As a result of the considerable pre-investments in these types of resources, HELLA receives reimbursement payments – sometimes in advance of parts delivery – from customers that are marked off as advance payments on sales on the liabilities side. These advance payments were €131 million in the recently concluded fiscal year.

In the cash flow statement, the settlements for resource procurements are assigned to the investing activities while the cash inflows from the customer reimbursements are assigned economically as advance payments on sales to the operating activity.

Regardless of the economic approach in the annual financial statement the cash flows from equipment procurements and customer reimbursements in the internal HELLA investment calculation are compiled into the net investment key figure with the remaining cash inflows and settlements for

tangible and intangible assets. The reason is that the advanced payment method of the customer reimbursements eases the need for investments in a closely related time frame and, therefore, is a significant factor in the investment decision. The net investments decreased to €368 million in this last year (6.9% of sales), compared to €427 million in the previous year (8.8% of sales).

After dividends of €55 million were paid, the overall free cash flow before investments in financial assets or investments was €–4 million. The negative cash flow development in the fiscal year 2012/2013 can mainly be traced to the significant increase in investments as part of the several-year strategic globalization initiative. The risk presented by this negative trend in liquidity, which continued in the completed fiscal year 2013/2014, has been hedged by the existing financing instruments for the long term and with a clear analysis of the risk viewpoints, which are structured to withstand even considerably worse market scenarios. This hedge does not jeopardize the stability of the company.

The expanded production capacities are mostly being fully utilized for the coming years due to customer orders already received and, therefore, considerably strengthen the Group's global profitability and ability to earn for the future. Initial returns from the implemented globalization initiative are expected starting in the fiscal year 2014/2015.

Financial Position

The balance sheet total grew another € 606 million to € 4.5 billion in the recently concluded fiscal year. This increase is based both on the temporary further expansion of the liquidity position (cash and cash equivalents and short-term financial assets) facilitated by the bond issued in March as well as on the growth of the business operations and tangible assets. The liquid funds will be reduced again in October as a result of the repayment of € 200 million for the mature bond. The investments and the further build-up of the working capital in conjunction with the attained growth have the purpose of long-term sustainable strengthening of the business.

The equity of the Group increased by € 135 million to the current figure of € 1.3 billion. The equity ratio is determined by the balance sheet extension, which resulted, among other things, from the increase of the liquid funds. During this fiscal year, it is at 30.1 % (previous year 31.3 %). Adjusted to the short-term financial assets and cash and cash equivalents, at 38.7 %, the equity ratio was 0.9 percent higher than the level of the previous year.

Overall Statement

From the management's perspective, the fiscal year 2013/2014 progressed positively for the HELLA Group and consistently with the initiated globalization initiative. The business volume developed in a particularly encouraging manner with a growth of 11 %, on a comparable basis, to now € 5.3 billion. Along with the increased number of customer projects starting, the high demand from the international automotive industry was also an important driving force behind business development. Business in the European vehicle market, which tended to be weaker, was able to be significantly overcompensated by this. The Automotive

business segment developed positively primarily due to the further market penetration with full-LED headlamps and the high demand for innovative electronics components from the energy management and driver assistance areas. In the Aftermarket, the expansion of wholesale business in Poland was a notable development. In the Special Applications segment, the business with lighting products for buses and electric vehicles and street lighting developed in a particularly encouraging manner.

In the fiscal year 2013/2014, the Group EBIT (earnings before interest and tax) amounted to approximately € 341 million, which was an increase of 17 % compared to the previous year. This includes expenses in the amount of approximately € 52 million for a voluntary partial retirement and severance program in Germany used by the management to proactively address future structurally required shifts in the European production volume. Adjusted by this special expense, the EBIT was approximately € 393 million and, therefore, increased by 35 % compared to the previous year. The EBIT margin as a ratio of EBIT to sales increased from 6.0 % to 7.4 % on an adjusted basis.

After taxes, the consolidated income was € 230 million (€ 206 million in the previous year). Corresponding to the current dividend policy of paying a quarter of the consolidated profit to shareholders, the management will propose to the general assembly to pay a dividend of € 1.11 per share for fiscal year 2013/2014 (previous year € 1.01).

The financial situation and assets of the HELLA Group also remained stable in the fiscal year 2013/2014. Despite the continuously high investment and development cost quota,

the operating free cash flow of €51 million was positive due to the better result and the additional efforts in working capital and investment management and, therefore, was considerably higher than expected. After paying dividends, the net financial liabilities slightly increased from €415 million to €425 million. The ratio of net financial liabilities to EBITDA improved from 0.75x to 0.65x.

The excellent business development continued at the beginning of the new fiscal year 2014/2015. The management also evaluated the asset, finance and earnings position as positive overall at the time the status report was created.

Internal Control in Group Accounting

The Group-wide internal control system for accounting is an important component and includes organization, review and monitoring structures that ensure that business transactions are properly recorded, evaluated and applied to the financial reporting. To identify influencing factors on accounting and reporting early and to enable suitable measures for proper recording, various analyses and evaluations are carried out as part of risk management. Regulations that are applicable Group-wide and, together with the annual financial statement planning, that determine the process for preparing the financial statements are codified in an accounting handbook. If there are changes to legal regulations and accounting standards, they are analyzed promptly in terms of their impact on financial reporting and, where necessary, directly included in the consolidated reporting.

The local companies are supported and monitored by the Group's central accounting department when creating their single-entity financial statements, which they are responsible for creating themselves. Finally, the consistency of the reported and verified financial statement data is ensured through the relevant IT systems. The consolidation of the single-entity financial statements is largely carried out centrally. In justified individual cases, for joint ventures for instance, the financial statements of sub-groups are also included in the Consolidated Financial Statements. The effectiveness of the internal accounting controls is reviewed on a continuous basis by the Internal Audit department.

The employees responsible for financial reporting receive regular training. Where necessary, support is provided by external experts for the measurement of complex items, such as pension liabilities. Moreover, the control system incorporates further risk avoidance measures and measures to improve transparency, such as comprehensive plausibility checks, segregation of duties, and the four eyes principle. Furthermore, the analyses carried out as part of risk management contribute to identifying risks which influence financial reporting and to enabling introduction of measures to mitigate these risks. The effectiveness of this internal control system is assessed by the responsible Group companies and departments using an IT-based system and audited on a test basis by the Internal Audit department. The management and supervisory boards are regularly informed of the results.

Opportunity and Risk Report

As an international company in the automotive supplier industry, HELLA is presented with many opportunities, but also subject to various kinds of risks. Following a sustainable corporate policy with long-term goals, HELLA identifies these early on, in order to responsibly take advantage of opportunities and manage risks with foresight.

Risk Management

Risk management is an essential element of our corporate governance and strategy development. The HELLA Group seeks to achieve an appropriate balance between business risks and benefits, and to continue building and enhancing the risk management capabilities that assist in implementing our strategy.

The overall risk position is determined and managed Group-wide through the risk management system, which is steered by the Risk Management Board. The Risk Management Board is composed of the assigned Group Risk Manager, the Group Compliance Manager and the management member of each business division who is responsible for handling risks. Responsibility and accountability for risk management reside within the Group at all organizational levels, from the Management Board all the way to the corporate functions, business segments and individual companies. Risk management is an integral part of the business planning and auditing cycle.

HELLA understands risk as the potential for internal or external events to occur that might have a negative effect on the achievement of our strategic and operational goals. The risk management system is intended to systematically

identify, assess, control, monitor and document material risks, as well to provide the measures to reduce them or keep them at an acceptable level. These are risks in the sense of the ERM risk categories of COSO (Committee of Sponsoring Organizations of the Treadway Commission): strategic, operational, compliance and finance risks. All relevant risks are assessed and prioritized based on the probability of occurrence and possible impact, regardless of the related countermeasures, and taking into account quantitative and/or qualitative aspects. HELLA regularly updates its own risk management processes to raise awareness and understanding of risk throughout the Group.

Consistent methodologies are used to routinely perform risk assessments and create a Group Risk Report that lists all material risks and is discussed quarterly with the Management Board. Additional communication and reporting structures ensure that the Management Board is immediately informed should any substantial changes to the risk position occur. This enables the Management Board to effectively exercise its supervisory duty and react to new developments in a timely manner. Furthermore, the risk management system and general development of the Group are regularly agreed upon in close cooperation with the Supervisory Board and Shareholder Committee.

Risks are weighted by management's estimation of the probability of occurrence and the subsequent damage potential for the company. Multiplying the probability of occurrence by the damage potential yields a risk indicator, which is used to classify the risk as high, medium, or low. Since corporate risks are often influenced by various factors which cannot

be specifically measured, the risk assessment cannot be based on any stochastic analysis. However, the calculated risk indicator is appropriate for arranging identified risks in a practical manner.

In the HELLA Group, a risk is classified as high if it involves a damage potential that is greater than € 100 million, or greater than € 30 million with a probability of occurrence greater than 20 %, or greater than € 20 million with a probability of occurrence greater than 50 %. Risks are considered low if the damage potential is less than € 20 million and the probability of occurrence is less than 5 %, or if they are below a risk threshold of € 5 million and the probability of occurrence does not exceed 20 %. All other risks are classified as medium.

Opportunity Management

The identification, perception and exploitation of opportunities are controlled for the HELLA Group decentrally and are part of operations management. The target agreement process and strategy process from corporate management form the foundation for this. Opportunity management also depends on external predictions and market analyses. It is integrated within the strategy and controlling process at the respective business division levels. For more information on this, refer to the explanations of the strategic objectives of the Group in this status report. New opportunities are systematically identified through a continuous process for detailing the long-term strategy in the medium-term corporate planning; they are evaluated as needed and, if feasible, provided with a plan for implementation. In this

regard, opportunities can arise particularly from changes in the global or regional situation of the market or competition, from technological trends and customer developments.

Presentation of Material Risks and Summary of Risk Position

The sequence in which these risks are presented below does not reflect any order of significance, probability or impact. For their classification, refer to the risk class information in the respective categories. Additionally, risks and uncertainties that are currently unknown or deemed immaterial could in the future have an adverse influence on the Group's operations, cash flows, financial performance or assets.

→ Strategic Risks

Macroeconomic developments, particularly the consequences of the debt crisis in Europe, volatile financial markets and a persistently unstable political situation in the Ukraine, North Africa and the Middle East as well as potential territorial conflicts in East Asia, can contribute in greater measure to uncertainty on international markets and, accordingly, can have a negative impact on the development of energy and raw material prices and on important global markets. These risks also affect the HELLA Group which, as an international company, is subject to the developments in individual countries as well as to fluctuations in individual regions through the Group's global networks for production, development, suppliers and customers. On the other hand, regional diversification can also contribute to an offset for particular risks, and therefore suitably act as a risk management mechanism.

The HELLA Group is meeting the growing pressure of internationalization and further differentiation of the steps for value creation by expanding its international production and development network and by adapting suitable product designs to the respective market demands and requested specifications. Here there is a special focus on technologies for reducing fuel consumption and CO₂ emissions, which effectively make vehicles more efficient and more sustainable. In addition, the Group's international customer portfolio and global presence in all relevant growth markets safeguard it against regional market fluctuations.

HELLA is experiencing industry-related and competition-related risks resulting mainly from the increasing shift in demand for passenger cars from Western Europe to America and Asia, specifically China. The rapidly rising sales figures of the Chinese automotive market offer HELLA enormous potential for growth, provided, however, that substantial parts of the value creation chain, such as production and development, are extensively localized to avoid high import duties, longer transport routes and competitive disadvantages. Car sales are also being influenced by rising fuel prices, statutory regulations on CO₂ emissions and fuel consumption, as well as growing ecological awareness, thus posing a risk for the HELLA Group in terms of a decline in demand for vehicles. However, the positioning of the Auto-

otive segment along the megatrend of energy efficiency and the attractive product portfolio particularly in the area of electronics also opens up a high potential for opportunities.

The balanced business structure of the company has a stabilizing effect on its economic situation, particularly in the context of the weak demand in the European home market. While the Automotive business segment with its business divisions for Lighting and Electronics depends directly on the sales of the automotive industry, the Aftermarket business segment benefits from selling spare parts, accessories and workshop equipment above all during economically difficult times, when customers are more likely to have their vehicles repaired than to buy new ones. With its industrial customers and specialist vehicle manufacturers, the Special Applications business segment is largely independent of developments in automotive sales. This risk-optimized business model means that HELLA has a balanced position even in the event of unexpected changes in the market or industry. This was demonstrated during the 2008/2009 economic crisis, when HELLA was able to achieve positive earnings despite a clear decline in sales of almost 20%.

Strategic risks are found primarily in the areas of business portfolio, cooperations and global footprint; currently they are classified as low to medium risk.

→ Operational Risks

The HELLA Group's competitiveness depends on effectively managing development and production processes, since any weaknesses in these could lead to product launch delays or delivery interruptions. These, in turn, could lead to significant economic losses for the customer. In addition to customer complaints and commercial demands, this could also result in reduction or even loss of customer acceptance, possibly with considerable consequences for the chances of succeeding in acquiring new vehicle projects.

The entire internal development process for new products is subject to comprehensive standards with clearly defined milestones designed to ensure that quality and safety requirements are implemented. Extensive quality management also reduces risks connected with the production or delivery of faulty parts. In addition, there are insurance policies to provide appropriate coverage of warranty obligations from serial claims. In compliance with statutory requirements, provisions for dealing with such discernible profit-related burdens are established in the annual financial statement and in corporate planning.

The operational and logistical performance of the HELLA Group also depends on a strong worldwide supplier base. A break in the supply chain due to problems with quality, timing of deliveries or sufficient availability of necessary volumes may significantly impair the Group's operations. Although efforts are made to ensure that a number of different suppliers are available for most production materials and

components, single-source suppliers cannot be completely avoided due to the highly specialized nature of some applications and processes in the automotive industry. New and existing suppliers are regularly subjected to quality inspections. If necessary, their performance and capacities are further developed to meet technical requirements and efficiency standards.

The increased complexity of products and production processes leads to an increased reliance on more and more sophisticated IT systems and networks. Problems such as a temporary system failure, data losses or data corruption can lead to significant interruptions in operations. For this reason, the Group continuously monitors and optimizes its systems in line with state-of-the-art technologies on the market and with corporate requirements.

Furthermore, the ability to attract and retain qualified executives and skilled personnel in key positions is crucial to the success of the HELLA Group and its international network. To minimize risks associated with a lack of the expertise or personnel necessary to sustain operations and achieve the corporate objectives, as well as to counteract risks associated with the loss of expertise and competencies, HELLA systematically pursues internationally oriented programs for recruiting and educating personnel, operates performance-based remuneration systems and offers various career paths and development perspectives.

Operational risks are seen in the areas of IT, quality, processes and human resources management. These are predominantly classified as medium in the Automotive and Special Applications segments and as low in the Aftermarket segment.

→ Compliance Risks

Compliance with regulatory standards and social norms is fundamental to sustained business success. At the HELLA Group, these rules and standards are set down in a Code of Conduct that is binding for all employees. In light of the increasingly complex legal and regulatory requirements, assuring compliance is an ever-increasing challenge and opens up new risk areas for the company. That is why regular training and instruction, if necessary with the involvement of external experts, represent a key element of continuous compliance management.

HELLA is implementing various measures, such as regular internal compliance trainings and the introduction of a Code of Conduct that is binding for all employees. Notwithstanding this, it cannot be excluded that employees may not act in compliance with statutory provisions, such as antitrust regulations and anti-corruption legislation, and the Group faces the risk that penalties or liabilities may be imposed on the Group. As already reported in fiscal year 2012/2013, European and US antitrust authorities have initiated antitrust investigations regarding HELLA and some

other companies in the lighting sector for motor vehicles, the outcome of which is still open. According to EU regulations, a fine of up to 10 % of HELLA Group's turnover for the fiscal year preceding the decision on imposing fines can be imposed for infringements of antitrust law. Fines and penalties imposed by the US authorities may be up to 20 % of the US sales affected by the cartel agreements. Moreover, third parties harmed by infringements of antitrust laws may assert claims for damages in both Europe and the US.

HELLA protects the technologies it has developed at great expense and effort by means of patents and other property rights, provided this makes strategic sense for the company. Compliance with these rights by competitors is constantly monitored and possible infringements are prosecuted accordingly. Apart from this, there is also the risk that HELLA itself might inadvertently infringe on the rights of third parties, since competitors, suppliers and customers also apply for a large number of property rights. The existence of effective property rights cannot always be clearly determined for certain processes, methods and applications. Consequently, HELLA might be subject to claims based on alleged infringement of property rights, which could result in the Group being liable to pay compensations, being forced to purchase additional licenses or even being required to suspend production or use of relevant technologies in certain countries. In order to avoid violating existing third-party property rights, HELLA systematically monitors new releases and lines these up with its own technology portfolio.

Despite the measures that have been taken, compliance risks are classified as high due to the high regulatory complexity with very dynamic changes.

→ Financial Risks

Financial risks arising from currency and interest fluctuations are managed within the framework of the Treasury corporate function in consultation with the Management Board. Selective use is made of derivative financial instruments in hedging transactions arising from operational business. HELLA uses derivative interest rate deals only for hedging purposes.

Exposure to currency fluctuations is limited first by sourcing materials locally within the respective currency and sales region. Currency risks are consolidated, assessed and managed centrally in order to optimize risk control and to achieve further hedging cost savings due to the counter movement of many positions. Hedging is done mainly through forward exchange contracts, matched to the currency flows expected on the basis of the corporate plan. HELLA uses the same strategy for hedging fluctuations in commodity prices.

The Group's liquidity position is adequately secured by long-term loans, euro bonds and long-term yen bonds. In March 2014 HELLA successfully placed a new three-and-a-half-year corporate bond of € 300 million, which adds to the seven-year bond of € 500 million placed in January 2013. Part of these amounts will be used for refinancing the remaining € 200 million of a bond from 2009 which will be reaching ma-

turity in October 2014. Additionally, an unused syndicated credit line amounting to € 550 million, which matures in 2016, is available to the Group. All commitments in the financing agreements, which, in event of violation, could lead to extraordinary termination rights for the lender with potentially accelerated payment obligations, are continuously monitored. The corresponding financial figures form an integral part of Management Board reporting. The existing agreements provide enough tolerance even in the event of a sharp economic downturn.

Currently, financial risks are predominately classified as low. The influence of currency fluctuations is in the medium risk area.

→ Summary of Risk Position

The overall risk position has not changed significantly compared to the previous period. More than half of the risks addressed fall into the low category in terms of probability of occurrence and impact, approximately one third are classed as low impact but higher probability, and only few risks have a potentially high impact should they materialize. Therefore, the Group Management Board assumes that the overall risk position corresponds to its willingness to assume risks with the realization of its goals.

HELLA's Group Management Board is therefore unaware of any actual or potential developments that could threaten the functional capability of the company for the foreseeable future.

Forecast Report

Overall Economic and Industry-Specific Outlook

The world economic condition is expected to improve in 2014 and 2015 and, according to the forecast of the International Monetary Fund, should grow by around 3.6 % in 2014 and around 3.9 % in 2015. This is based on the gradual recovery of advanced national economies in industrial countries and growing consumer confidence in the markets relevant to the global economy. Positive impulses are primarily expected in the USA and gradually for the Eurozone as well, even if the development there is expected to continue to progress in a heterogeneous manner. While a gradual recovery should begin, particularly in Central and Northern Europe, lack of ability to compete and absence of private consumption in many crisis countries in the Eurozone have an adverse effect. In Germany, the stimulation of the global economy should ensure an increase in exports and more investments by companies. Domestic demand should also continue to develop positively due to the good income growth Deutsche Bundesbank expects a relatively strong economic growth in Germany of 1.9 % in 2014 and 2.0 % in 2015.

Growth should also continue in China, despite existing uncertainty. In various other emerging markets, the increasing demand from the revitalizing national economies will ensure growth. However, a lasting weak domestic demand is assumed in many cases due to the lack of basic structural reforms. These countries also remain subject to the risk of currency rate fluctuations and outflow of capital.

The global automotive market, according to an estimate from the German Association of the Automotive Industry (VDA – Verband der Automobilindustrie), is expected to increase by 4 % to approximately 76 million vehicles sold. Growth is expected for all the relevant markets, with the exception of Japan. China and the USA will continue to take the role as growth drivers in this regard. The USA will increase its share in the global automotive market to approximately 21 % with 16 million light vehicles. In China, approximately 19 million vehicles are expected to be sold in 2014, which corresponds to a growth of approximately 15 %. This will increase China's share in the global market to around 25 %. In 2014, the Western European market should record an increase in passenger car sales of around 4 % to around 12 million units after four years of decline. The first five months of the calendar year seem to reinforce the expectations accordingly. In China and Europe, the growth rates are even slightly higher than expected in the 2012/2013 Annual Report. India, Russia and Brazil are also projected to grow slightly in 2014. Using information from sources and its own estimates, the HELLA Management Board is assuming an additional increase in global automotive sales in 2015 in the middle single-digit percent range.

Company-Specific Outlook

Taking into account these basic conditions and expectations, we assume that the business activities of the HELLA Group will also continue to develop positively in the coming fiscal

year 2014/2015. Three approaches of the HELLA strategy are to support this development. First, the continued expansion of the market position through technological leadership pursued by HELLA in line with the central megatrends of environment and energy efficiency, safety, style (LED) and comfort. Second, taking advantage of additional growth opportunities through global expansion, particularly in the growth markets of China and Mexico or NAFTA. Third, the continued increase of operating excellence in creating value in the global HELLA network. Furthermore, the balanced business model provides stability with the other two segments, Aftermarket and Special Applications, which do not follow the automotive cycle with high volatility even under economically difficult conditions.

Provided that there are no serious economic upheavals, including those due to political crises such as in Eastern Europe, the Middle East or in East Asia, the HELLA Group is aiming for growth in sales in the middle one-digit percent range in the fiscal year 2014/2015. This growth is to be achieved in all three business segments. The company is aiming toward continued growth for the fiscal year 2015/2016. This organic growth aimed for is based on high innovative strength, the high-performance product portfolio, the increased international location network and the resulting appeal of the HELLA company for customers. HELLA is also aiming to grow in the middle one-digit percent range for the operating result (EBIT) in the fiscal year 2014/2015. This increase being aimed for, along with the results in sales, is based on the continuation of operating improvements in all of the Group's business segments. For the fiscal year 2015/2016, the company is aiming toward the continued positive de-

velopment of the operating result (EBIT) based on a positive development of sales. For the operating free cash flow, HELLA is aiming toward significant growth in the fiscal year 2014/2015. Here, along with the increased adjusted net income for the period, the reduction of investments in the expansion of the global network should also lead to improvement.

This development with additional profitable growth at a reduced cash intensity should be achieved while simultaneously continuing the Group's financial policy. Accordingly, for the coming fiscal years, the company is also continuing to aim for a solid rating evaluation in the investment grade area.

In view of the quality situation in the Group, HELLA is aiming toward continuous improvement and the associated reduction of the defect rate (ppm).

The forward-looking statements in this report are based on current assessments by HELLA's management. They are subject to risks and uncertainties which HELLA is not able to control or assess precisely, such as the future market environment and general economic conditions, actions by other market players and government measures. If one of these or any other uncertainty factors or vagaries should occur, or if the assumptions on which these statements are based turn out to be incorrect, the actual results may differ materially from the results explicitly specified or implicitly contained in these statements. HELLA does not intend to update any forward-looking statements to reflect events, developments or circumstances that become known after the date of publication of this report, nor in any way acknowledges any obligation to do so.

Events after the Balance Sheet Date

No events of special relevance other than those mentioned have taken place since the close of the fiscal year 2013/2014. In the first months of the new fiscal year, the Group's assets, financial position, and earnings have continued to develop positively.

Lippstadt, July 25, 2014

Handwritten signatures of Dr. Jürgen Behrend and Dr. Rolf Breidenbach.

Dr. Jürgen Behrend

Dr. Rolf Breidenbach

Consolidated Income Statement

of HELLA KGaA Hueck & Co., respectively from June 1 to May 31

T€	2013/2014	2012/2013*	as reported 2012/2013
Sales	5,343,327	4,835,478	4,999,078
Cost of sales	-3,866,380	-3,557,638	-3,654,455
Gross profit	1,476,947	1,277,840	1,344,623
Research and development costs	-513,545	-443,803	-468,177
Distribution costs	-435,361	-412,370	-422,217
Administrative costs	-197,421	-182,707	-194,701
Other income and expenses	-24,072	33,946	35,621
Share of profit and/or loss of associates	37,836	29,186	15,078
Other income from investments	2,131	4,371	4,371
Income from securities and other loans	7,395	3,203	3,205
Other financial result	-12,846	-19,143	-19,181
Earnings before interest and tax on income (EBIT)	341,064	290,523	298,622
Interest income	10,894	8,032	8,222
Interest expenses	-43,200	-39,891	-40,605
Interest result	-32,306	-31,859	-32,383
Earnings before tax on income (EBT)	308,758	258,664	266,239
Taxes on income	-79,176	-53,111	-59,647
Earnings for the period	229,582	205,553	206,592
of which attributable:			
to the owners of the company	222,888	200,424	201,463
to the minority interests	6,694	5,129	5,129

* Adjusted in accordance with IFRS 11 and IAS 19R. See also Note 5 of the Consolidated Financial Statement for further explanations.

Consolidated Statement of Financial Position

of HELLA KGaA Hueck & Co.; respectively by May 31

T€	May 31, 2014	May 31, 2013*	as reported May 31, 2013
Cash and cash equivalents	637,226	456,098	476,603
Financial assets	354,982	207,030	207,998
Trade receivables	692,097	645,972	657,063
Other receivables and non-financial assets	117,630	99,988	102,348
Inventories	577,923	554,375	580,178
Current tax assets	26,537	23,032	23,290
Non-current assets held for sale	5,942	11,232	11,232
Current assets	2,412,337	1,997,727	2,058,712
Intangible assets	189,928	175,386	241,731
Tangible assets	1,429,608	1,289,082	1,323,612
Financial assets	19,677	19,759	20,141
Equity accounted investments	239,516	210,655	115,993
Deferred tax assets	126,523	122,633	123,912
Other non-current assets	40,948	37,175	37,435
Non-current assets	2,046,200	1,854,690	1,862,824
Assets	4,458,537	3,852,417	3,921,536
Financial liabilities	296,412	39,961	41,966
Trade payables	573,533	552,197	562,425
Current tax liabilities	45,943	31,587	33,135
Other liabilities	420,940	405,181	429,105
Provisions	108,733	82,473	84,347
Current liabilities	1,445,561	1,111,399	1,150,978
Financial liabilities	1,121,252	1,037,843	1,057,914
Deferred tax liabilities	69,006	61,699	63,314
Other liabilities	219,091	179,593	184,701
Provisions	261,566	254,692	257,395
Non-current liabilities	1,670,915	1,533,827	1,563,324
Subscribed capital	200,000	200,000	200,000
Reserves and balance sheet results	1,112,182	978,941	978,984
Equity before minorities	1,312,182	1,178,941	1,178,984
Minority interests	29,879	28,250	28,250
Equity	1,342,061	1,207,191	1,207,234
Equity and liabilities	4,458,537	3,852,417	3,921,536

* Adjusted in accordance with IFRS 11 and IAS 19R. See also Note 5 of the Consolidated Financial Statement for further explanations.

Consolidated Cash Flow Statement

of HELLA KGaA Hueck & Co., respectively from June 1 to May 31

T€	2013/2014	2012/2013*	as reported 2012/2013
Earnings before income tax	308,758	258,664	266,239
+ Depreciation	309,073	260,950	277,709
+/- Change in provisions	29,861	-38,764	-40,954
+ Payments received for series production	130,949	79,817	85,801
+/- Non-cash revenues received in previous periods	-79,336	-57,215	-62,112
- Other non-cash income/expenses	-50,830	-37,561	-17,179
+/- Profit/Loss on sale of fixed assets	-821	79	95
+/- Interest income	32,306	31,857	32,383
+/- Change in trade receivables and other assets not attributable to investing or financing activities	-65,053	10,931	12,339
+/- Decrease/Increase in inventories	-59,144	-37,694	-37,308
+/- Change in trade payables and other liabilities not attributable to investing or financing activities	52,877	47,810	50,828
+ Interest received	11,109	7,692	7,860
- Interest paid	-43,943	-39,445	-40,112
- Taxes paid	-80,097	-92,686	-100,040
+ Tax refunds	14,626	14,011	14,497
+ Dividends received	24,634	33,151	13,139
= Net cash flow from operational activity	534,969	441,597	463,185
+ Payments received from sales of tangible assets	12,097	3,022	3,163
- Payments made for the purchase of tangible assets	-463,207	-477,874	-488,700
+ Payments received from sales of intangible assets	4,623	2,397	7,004
- Payments made for the purchase of intangible assets	-52,554	-33,956	-52,212
+ Payments received from settling loans given to associated or not consolidated companies	220	5,230	4,919
- Payments for loans given to associated or not consolidated companies	-5,475	-4,442	-1,952
+ Payments received from the sale of investments	0	1,706	1,706
- Payments made for the acquisition of subsidiaries	-125	0	0
- Change of capital in associated companies	-640	-13,375	-13,375
= Net cash flow from investing activity	-505,061	-517,292	-539,447
- Payments made for the repayment of financial liabilities	-13,354	-39,144	-61,876
+ Payments received from borrowing	68,990	5,644	33,356
- Payments made for acquiring shares from non-controlling interests	0	-5,464	-5,464
+ Payments received from selling shares of not consolidated companies	0	885	885
+ Payments received from issuing a new bond	298,398	495,865	495,865
- Payments made for re-purchasing parts of the bond emitted in 2009	0	-110,760	-110,760
+ Payments received from issuing bonds	344,087	0	0
- Payments made for the purchase of securities	-486,071	-165,079	-165,079
- Dividends paid	-55,325	-61,375	-61,375
= Net cash flow from financing activity	156,725	120,572	125,552
= Net change in cash	186,633	44,877	49,290
+ Cash and cash equivalents at June 1	456,098	413,163	429,338
+/- Effects of changes to the exchange rate on cash	-5,505	-1,942	-2,025
= Cash and cash equivalents at May 31	637,226	456,098	476,603

* Adjusted in accordance with IFRS 11 and IAS 19R. See also Note 5 of the Consolidated Financial Statement for further explanations.

Consolidated Statement of Changes in Equity

of HELLA KGaA Hueck & Co., respectively from June 1 to May 31

as reported T€	Share capital	Capital Reserve	Reserve for exchange rate differences	Cash Flow hedge reserve
At May 31, 2012	200,000	0	8,925	-73,000
Earnings for the period	0	0	0	0
Other comprehensive income	0	0	1,207	4,253
Total result for the period	0	0	1,207	4,253
Allocation and distribution to shareholders	0	0	-26	0
Equity addition and allocation and distribution to shareholders	0	0	0	0
Transactions with shareholders	0	0	-26	0
At May 31, 2013	200,000	0	10,106	-68,747

adjusted* T€	Share capital	Capital Reserve	Reserve for exchange rate differences	Cash Flow hedge reserve
At May 31, 2012	200,000	0	8,925	-73,000
Earnings for the period	0	0	0	0
Other comprehensive income	0	0	1,207	4,253
Total result for the period	0	0	1,207	4,253
Acquisition of non-controlling interests	0	0	-26	0
Equity addition and allocation and distribution to shareholders	0	0	0	0
Transactions with shareholders	0	0	-26	0
At May 31, 2013	200,000	0	10,106	-68,747
Earnings for the period	0	0	0	0
Other comprehensive income	0	0	-43,503	4,909
Total result for the period	0	0	-43,503	4,909
Acquisition of non-controlling interests	0	0	0	0
Equity addition and allocation and distribution to shareholders	0	0	0	0
Transactions with shareholders	0	0	0	0
At May 31, 2014	200,000	0	-33,397	-63,838

* Adjusted in accordance with IFRS 11 and IAS 19R. See also Note 5 of the Consolidated Financial Statement for further explanations.

	Reserve for financial instruments held for sale	Actuarial gains and losses	Other returned earnings/profit carried forward	Equity before minorities	Minority interests	Total equity
	846	-41,059	931,103	1,026,815	38,422	1,065,237
	0	0	201,463	201,463	5,129	206,592
	3,180	-7,241	0	1,399	-34	1,365
	3,180	-7,241	201,463	202,862	5,095	207,957
	0	2	4,831	4,807	-10,271	-5,464
	0	0	-55,500	-55,500	-4,996	-60,496
	0	2	-50,669	-50,693	-15,267	-65,960
	4,026	-48,298	1,081,897	1,178,984	28,250	1,207,234

	Reserve for financial instruments held for sale	Actuarial gains and losses	Other returned earnings/profit carried forward	Equity before minorities	Minority interests	Total equity
	846	-41,059	931,103	1,026,815	38,422	1,065,237
	0	0	200,424	200,424	5,129	205,553
	3,180	-6,245	0	2,395	-34	2,361
	3,180	-6,245	200,424	202,819	5,095	207,914
	0	2	4,831	4,807	-10,271	-5,464
	0	0	-55,500	-55,500	-4,996	-60,496
	0	2	-50,669	-50,693	-15,267	-65,960
	4,026	-47,302	1,080,858	1,178,941	28,250	1,207,191
	0	0	222,888	222,888	6,694	229,582
	421	-974	0	-39,147	-240	-39,387
	421	-974	222,888	183,741	6,454	190,195
	0	0	0	0	0	0
	0	0	-50,500	-50,500	-4,825	-55,325
	0	0	-50,500	-50,500	-4,825	-55,325
	4,447	-48,276	1,253,246	1,312,182	29,879	1,342,061

Development of Consolidated Fixed Assets

of HELLA KGaA Hueck & Co.

TANGIBLE ASSETS* T€	Land and buildings	Technical equipment and machines	Product-linked operating equipment	Other equipment, factory and office equipment	Assets under construction	Total
ACQUISITION OR MANUFACTURING COSTS						
At June 1, 2012	557,846	1,548,556	801,215	363,458	175,658	3,446,733
Changes in consolidated group	0	0	0	0	0	0
Currency translation	-916	-887	-76	-1,136	143	-2,872
Additions	35,986	110,066	38,095	37,351	256,503	478,001
Disposals	-5,114	-34,108	-10,313	-17,798	-1,239	-68,572
Transfers	12,958	44,420	96,877	9,730	-163,985	0
Reclassification as assets held for sales	-20,229	-1,773	0	-224	0	-22,226
At May 31, 2013	580,531	1,666,274	925,798	391,381	267,080	3,831,064
ACCUMULATED DEPRECIATION						
At June 1, 2012	288,262	1,127,495	696,062	274,905	526	2,387,250
Changes in consolidated group	0	0	0	0	0	0
Currency translation	-904	-944	520	-1,040	10	-2,358
Additions	16,960	129,833	52,740	28,617	59	228,209
Disposals	-4,594	-32,608	-9,546	-17,014	0	-63,762
Impairments	0	3,637	0	0	0	3,637
Transfers	260	-48,861	47,343	1,342	-84	0
Reclassification as assets held for sales	-9,512	-1,284	0	-198	0	-10,994
At May 31, 2013	290,472	1,177,268	787,119	286,612	511	2,541,981
Carrying amounts May 31, 2013	290,059	489,008	138,679	104,769	266,569	1,289,082

* Adjusted in accordance with IFRS 11 and IAS 19R. See also Note 5 of the Consolidated Financial Statement for further explanations.

TANGIBLE ASSETS T€	Land and buildings	Technical equipment and machines	Product-linked operating equipment	Other equipment, factory and office equipment	Assets under construction	Total
ACQUISITION OR MANUFACTURING COSTS						
At June 1, 2013	580,531	1,666,274	925,798	391,381	267,080	3,831,064
Changes in consolidated group	0	0	0	0	0	0
Currency translation	-9,412	-28,466	0	-5,810	-6,983	-50,671
Additions	34,161	117,248	44,933	40,056	209,113	445,511
Disposals	-5,394	-37,296	-20,060	-16,614	-890	-80,253
Transfers	72,607	98,928	60,809	12,786	-245,130	0
Reclassification as assets held for sales	0	-81	-27	-182	0	-291
At May 31, 2014	672,493	1,816,607	1,011,453	421,618	223,190	4,145,358
ACCUMULATED DEPRECIATION						
At June 1, 2013	290,472	1,177,268	787,119	286,612	511	2,541,982
Changes in consolidated group	0	0	0	0	0	0
Currency translation	-3,146	-17,036	0	-3,854	-3	-24,039
Additions	20,103	150,925	67,720	33,278	0	272,026
Disposals	-4,236	-34,583	-19,797	-15,476	-53	-74,145
Impairment	0	0	0	0	0	0
Reversals	0	0	0	0	0	0
Transfers	-3	166	-126	-28	-9	0
Reclassification as assets held for sales	0	-10	-14	-48	0	-72
At May 31, 2014	303,190	1,276,730	834,902	300,484	446	2,715,752
Carrying amounts May 31, 2014	369,303	539,877	176,551	121,134	222,745	1,429,609

Development of Consolidated Fixed Assets

of HELLA KGaA Hueck & Co.

INTANGIBLE ASSETS* T€	Capitalized development costs	Goodwill	Acquired intangible assets	Total
ACQUISITION OR MANUFACTURING COSTS				
At June 1, 2012	239,062	83,701	130,049	452,812
Currency translation	-538	-243	330	-451
Additions	22,417	0	11,540	33,957
Disposals	-2,358	0	-2,489	-4,847
Transfers	0	0	0	0
At May 31, 2013	258,583	83,458	139,430	481,471
ACCUMULATED DEPRECIATION				
Stand 1. Juni 2012	152,282	17,071	110,744	280,097
Change in consolidated group	0	0	0	0
Currency translation	-476	-44	-143	-663
Additions	16,223	0	8,985	25,208
Disposals	-499	0	-2,435	-2,934
Impairments	2,619	1,758	0	4,377
Reversals	0	0	0	0
Transfers	0	0	0	0
At May 31, 2013	170,149	18,785	117,151	306,085
Carrying amounts May 31, 2013	88,434	64,673	22,279	175,386

* Adjusted in accordance with IFRS 11 and IAS 19R. See also Note 5 of the Consolidated Financial Statement for further explanations.

INTANGIBLE ASSETS T€	Capitalized development costs	Goodwill	Acquired intangible assets	Total
ACQUISITION OR MANUFACTURING COSTS				
At June 1, 2013	258,583	83,458	139,430	481,471
Change in consolidated group	0	0	0	0
Currency translation	-2,455	-1,250	-638	-4,343
Additions	35,457	0	14,569	50,026
Disposals	-4,549	0	-2,075	-6,624
Transfers	-2	0	2	0
At May 31, 2014	287,034	82,208	151,288	520,530
ACCUMULATED DEPRECIATION				
At June 1, 2013	170,149	18,785	117,151	306,085
Change in consolidated group	0	0	0	0
Currency translation	-1,863	-166	-286	-2,315
Additions	19,508	0	9,076	28,586
Disposals	-298	0	-2,045	-2,343
Impairments	0	591	0	591
Reversals	0	0	0	0
Transfers	0	0	0	0
At May 31, 2014	187,496	19,210	123,896	330,602
Carrying amounts May 31, 2014	99,538	62,998	27,392	189,928

Auditor's Report

The statutory balance sheet auditor has granted the following unqualified auditor's certificate in relation to the complete Consolidated Financial Statement and group status report:

We have audited the Consolidated Financial Statement prepared by the HELLA KGaA Hueck & Co., comprising the Consolidated Income Statement, the Consolidated Statement of Recognized Income and Expenses, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the Notes to the Consolidated Financial Statement together with the group status report for the business year from June 1, 2013 to May 31, 2014. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the Consolidated Financial Statement and on the group status report based on our audit.

We conducted our audit of the Consolidated Financial Statement in accordance with § 317 HGB [Handelsgesetzbuch "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the Consolidated Financial Statement and the group sta-

tus report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statement and group status report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the Consolidated Financial Statement complies with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB (and supplementary provisions of the shareholder agreement/articles of incorporation) and gives a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group status report is consistent with the Consolidated Financial Statement and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Bielefeld, August 12, 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

Rehnen
Wirtschaftsprüfer

Droste
Wirtschaftsprüfer

Major Investments

INVESTMENTS IN GERMANY, IN PERCENT

Production Companies	HELLA Innenleuchten-Systeme GmbH (HIS)	Germany	100.0
	HELLA Fahrzeugkomponenten GmbH (HFK)	Germany	100.0
	HELLA Werkzeug Technologiezentrum GmbH (HWT)	Germany	100.0
	Behr-Hella Thermocontrol GmbH (BHTC)*	Germany	50.0
	Docter Optics SE (DOCO)	Germany	95.8
	HBPO Beteiligungsgesellschaft mbH (HBPO(H))*	Germany	33.3
	InnoSenT GmbH (INSE)*	Germany	50.0
Sales Companies	Behr Hella Service GmbH (BHS)*	Germany	50.0
	HELLA Distribution GmbH (HD)	Germany	100.0
	Hella Gutmann Holding GmbH (HGHO)	Germany	93.8
	Hella Nussbaum Solutions GmbH (HNS)*	Germany	46.9
	Hella Pagid GmbH (HPBS)*	Germany	50.0
Other Companies	ARTEC Advanced Reman Technology GmbH (ARTEC)*	Germany	50.0
	HELLA Aglaia Mobile Vision GmbH (HAGL)	Germany	100.0
	HELLA Corporate Center GmbH (HCC)	Germany	100.0
	HELLA Electronics Engineering GmbH (HEER)	Germany	100.0
	HELLA Engineering North GmbH (HEN)	Germany	100.0
	HELLA Holding International GmbH (HHI)	Germany	100.0

INVESTMENTS IN EUROPE, NOT INCLUDING GERMANY, IN PERCENT

Production Companies	Hella-Bekto Industries d.o.o. (HBIN)	Bosnia and Herzegovina	70.0
	Induperm A/S (HIIN)	Denmark	100.0
	HELLA Lighting Finland Oy (HLF)	Finland	100.0
	HELLA Fahrzeugteile Austria GmbH (HFA)	Austria	100.0
	HELLA Romania s.r.l. (HRO)	Romania	100.0
	HELLA Innenleuchten-Systeme Bratislava, s.r.o. (HISB)	Slovakia	100.0
	HELLA Slovakia Front-Lighting s.r.o. (HSKF)	Slovakia	100.0
	HELLA Slovakia Signal-Lighting s.r.o. (HSKS)	Slovakia	100.0
	HELLA Saturnus Slovenija d.o.o. (HSS)	Slovenia	100.0
	Manufacturas y Accesorios Eléctricos S.A. (MAESA)	Spain	100.0
	HELLA Autotechnik spol. s.r.o. (HAT)	Czech Republic	100.0
	HELLA Autotechnik Nova s.r.o. (HAN)	Czech Republic	100.0

Companies without * are fully consolidated

Companies with * are accounted for by the equity method

Sales Companies	HELLA N.V. (HBE)	Belgium	100.0
	FTZ Autodele & Værktøj A/S (FTZDK)	Denmark	71.1
	HELLA A/S (HDK)	Denmark	100.0
	HELLA S.A.S. (HFR)	France	100.0
	HELLA Limited (HLGB)	Great Britain	100.0
	HELLA Ireland Limited (HIEL)	Ireland	100.0
	HELLA S.p.A. (HIT)	Italy	100.0
	HELLA B.V. (HBVNBL)	Netherlands	100.0
	HELLANOR A/S (HELLANOR)	Norway	100.0
	HELLA Polska Sp. z o.o. (HPL)	Poland	100.0
	INTER-TEAM Sp. z o.o. (ITPL)	Poland	50.0
	HELLA OOO (HCIS)	Russia	100.0
	HELLA S.A. (HES)	Spain	100.0
	HELLA CZ, s.r.o. (HCZ)	Czech Republic	100.0
	Intermobil Otomotiv Mümesillik Ve Ticaret A.S. (IOTR)	Turkey	56.0
	HELLA Hungária Kft. (HHU)	Hungary	100.0
	Other Companies	Nordic Forum Holding A/S (NFH)	Denmark
HELLA Engineering France S.A.S. (HEF)		France	100.0

INVESTMENTS IN AMERICA, IN PERCENT

Production Companies	HELLA do Brazil Automotive Ltda. (HBRA)	Brazil	100.0
	HELLA Automotive Mexico S.A. de C.V. (HAM)	Mexico	100.0
	HELLA Electronics Corporation (HEC)	USA	100.0
Sales Companies	HELLAmex S.A. de C.V. (HELLAMEX)	Mexico	100.0
	HELLA Inc. (HIUSA)	USA	100.0
	Hella Mining LLC (HMUS)*	USA	60.0
Other Companies	HELLA Centro Corporativo Mexico S.A. de C.V. (HCCM)	Mexico	100.0
	HELLA Corporate Center USA, Inc. (HCCU)	USA	100.0

INVESTMENTS IN THE ASIA/PACIFIC REGION, IN PERCENT

Production Companies	HELLA Australia Pty Ltd. (HA/HAAU)	Australia	100.0	
	Beifang HELLA Automotive Lighting Ltd. (HBL)	China	100.0	
	Beijing SamLip Automotive Lighting Ltd. (BSL)*	China	49.0	
	Changchun HELLA Automotive Lighting Ltd. (HCL)	China	100.0	
	Changchun Hella Faway Automotive Lighting Co. Ltd. (HFL)*	China	49.0	
	HELLA (Xiamen) Automotive Electronics Co. Ltd. (HAE)	China	100.0	
	HELLA (Xiamen) Electronic Device Co. Ltd. (HEDCN)	China	100.0	
	HELLA Changchun Tooling Co., Ltd. (HCT)	China	100.0	
	HELLA China Holding Co., Ltd. (HCH)	China	100.0	
	HELLA Shanghai Electronics Co., Ltd. (HSE)	China	100.0	
	Jiaxing HELLA Lighting Co., Ltd. (HJL)	China	100.0	
	HELLA India Automotive Private Limited (HIA)	India	100.0	
	Hella India Lighting Ltd. (HIL)	India	81.9	
	HELLA-New Zealand Limited (HNZ)	New Zealand	100.0	
	Hella-Phil., Inc. (HPI)	The Philippines	90.0	
	HSL Electronics Corporation (HSL)*	South Korea	50.0	
	Mando Hella Electronics Corp. (MHE)*	South Korea	50.0	
	Sales Companies	HELLA Trading (Shanghai) Co., Ltd. (HCN)	China	100.0
		HELLA Asia Singapore Pte. Ltd. (HSG)	Singapore	100.0
HELLA Korea Inc. (HKI)		South Korea	100.0	
HELLA Middle East FZE (HMEA)		United Arab Emirates	100.0	
Other Companies	HELLA Asia Pacific Pty Ltd. (HAP(H))	Australia	100.0	
	HELLA Corporate Center (China) Co., Ltd. (HCCC)	China	100.0	

INVESTMENTS IN AFRICA, IN PERCENT

Sales Companies	HELLA Automotive South Africa Pty. Ltd. (HASA)	South Africa	100.0
------------------------	--	--------------	-------

Companies without * are fully consolidated

Companies with * are accounted for by the equity method

Glossary

Associated companies

Associated companies are companies over which the Group exercises considerable influence but no control.

At equity

Inclusion in the consolidated financial statements according to the equity capital method with the proportional equity capital.

Compliance

Compliance with regulations and social norms

EBIT

Earnings before interest and tax on income

EBIT margin

Ratio of profit to sales (ratio of EBIT to sales)

EBITDA

Earnings before depreciation, interest and income tax

EBITDA margin

Ratio of EBITDA to sales

IAS 19R

The accounting standard IAS 19 revised in 2011 contains principles for employee benefits. With IAS 19R, employee benefits (due to termination of employment) are to be entered as other earnings immediately and in full. Further explanations for IAS 19R are contained in the Notes to the Consolidated Financial Statement under number 5.

IFRS 11

The accounting standard IFRS 11 contains new principles for classifying and accounting for joint arrangements. Further explanations of IFRS 11 are contained in Note 5 of the Consolidated Financial Statement.

Joint ventures

Joint ventures are joint arrangements in which HELLA shares the leadership role with other partners, together with rights to the equity capital of the agreement.

KGaA

Abbreviation for "partnership limited by shares." The KGaA combines the elements of a stock corporation with those of a limited partnership.

NAFTA

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

R & D

Research and development

Rating

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

Segment sales

Sales with third-party companies and other business segments

Segment sales of the business division

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

SOE, Special OE

Abbreviation for "Special Original Equipment". HELLA is systematically finding new customer target groups outside of original automotive equipment in this area, such as manufacturers of caravans/motorhomes, agricultural machinery and construction machinery as well as municipalities.

Imprint

Publisher

HELLA KGaA Hueck & Co.
Rixbecker Straße 75
59552 Lippstadt/Germany
www.hella.com

This report is available in English and German. Both versions are available for downloading from www.hella.com (English) and www.hella.de (German).

Investor Relations

Carl Pohlschmidt
Phone +49 2941 38-6653
Fax +49 2941 38-476653
carl.pohlschmidt@hella.com
www.hella.com

HIGHLIGHTS

2013/2014

A look back on the HELLA fiscal year 2013/2014: a year of new partnerships, innovative product solutions and outstanding achievements.

JULY 2013



HELLA supports student exchanges between China and Germany: The first HELLA summer camp took place as part of collaboration with the Hamm-Lippstadt University of Applied Sciences and the Southeast University in Nanjing.



HELLA designed the front of the BMW 5-Series facelift together with BMW. This resulted in striking LED headlights with glare-free high beams and a distinctive day and night design.

SEPTEMBER 2013



In Romania, HELLA employees showed up to protect the environment. In support of the "Let's do it, Romania" campaign, they gathered together in Timisoara, Romania on September 28 to clean up trash from the streets and forests.

NOVEMBER 2013



HELLA opens a new electronics development center in Lippstadt. Operations at the new center will focus on the areas of driver assistance systems and energy management, steering, components, and body electronics.

DECEMBER 2013



A new plant in Jiaxing, China increases HELLA's local presence. Lighting systems and components are being developed for the growing passenger car market in China.

JANUARY 2014



HELLA inaugurates a new production location for headlamps and taillights in Irapuato, Mexico. The new plant sets technological and ecological benchmarks, including being fully equipped with efficient LED IL2 Plus industry lighting from HELLA.



Jörg Buchheim and Markus Bannert are appointed to the Management Board. This expansion in management positions allows HELLA to take advantage of a successful growth and internationalization strategy.

FEBRUARY 2014



HELLA successfully issues a corporate bond for more than € 300 million. This transaction provides additional room to maneuver for the pending capital expenditures in the growth and competitiveness program.

MARCH 2014



After a new cooperation agreement was signed in June 2012, BAIC – one of the leading automobile manufacturers in China – and HELLA started a new joint venture for the development and production of lighting systems in March 2014.

APRIL 2014



The winners have been announced: Five months after the green light for Driving e-innovation, the panel selected the winning teams at the Hockenheimring. As part of an online idea competition, employees from around the world were called on to develop their product ideas into workable business models.



HELLA presents innovative LED lighting at light + building. The expanded product range of lights and modules highlights the comprehensive approach HELLA specifically follows with various product families.



HELLA receives the PACE Award for the world's first LED Matrix headlights with glare-free high beam. This technology makes it possible to drive with high beams that are always on, without blinding other road users.



The automotive supplier HELLA opens an international guest and conference center with sports facilities at the company headquarters in Lippstadt, Germany: the HELLA Globe.

MAY 2014



The "HELLA Kinderhaus" child-care center celebrates its ten-year anniversary. Plans for another center in Lippstadt, Germany are under development.



In Lippstadt, Germany, a street near the university campus is named after Dr. Arnold Hueck, a longtime HELLA personally liable partner. Hueck helped shape HELLA's strategic alignment and was a distinguished resident of the town.



HELLA KGaA Hueck & Co.

Rixbecker Straße 75
59552 Lippstadt/Germany
Tel. +49 2941 38-0
Fax +49 2941 38-7133
info@hella.com
www.hella.com

© HELLA KGaA Hueck & Co., Lippstadt
920 999 135-974
Printed in Germany