



HELLA publishes preliminary annual figures as well as outlook and presents a programme to strengthen its competitiveness in the long term

- **Currency and portfolio-adjusted sales decline by 14.3 percent to € 5.8 billion in fiscal year 2019/2020 based on preliminary figures; adjusted EBIT margin comes to 4.0 percent**
- **Reported EBIT amounts to minus € 343 million due to non-cash impairments of € 533 million**
- **Outlook for the current fiscal year 2020/2021 reflects high market uncertainty and reduced vehicle production**
- **Company management decides on a long-term programme for sustainable improvement of competitiveness**

Lippstadt, 28 July 2020. In a difficult market environment, based on preliminary figures, the internationally positioned automotive supplier HELLA has in the past fiscal year 2019/2020 (1 June 2019 to 31 May 2020) generated lower currency and portfolio-adjusted Group sales than in the previous year of € 5.8 billion (previous year: € 6.8 billion) and adjusted earnings before interest and taxes (adjusted EBIT) of € 233 million (previous year: € 572 million). The adjusted EBIT margin is accordingly 4.0 percent (previous year: 8.4 percent). The preliminary business results are thus in line with the most recently published forecast range. The reported EBIT amounts to minus € 343 million. This is due to non-cash impairments totalling to € 533 million. These had to be taken into account in the fourth quarter of the past fiscal year and result from the assumption that the global production volume of passenger cars and light commercial vehicles will, also in the medium to long term, remain significantly below the planning assumptions and market expectations made prior to the Corona crisis and that this will result in a lower capacity utilisation of the global HELLA production network.

"In an already declining market environment, our business development last year was additionally burdened by the Covid-19 pandemic," says HELLA CEO Dr. Rolf Breidenbach. "As a result, we have further accelerated our already ongoing cost programmes. As of March, we have introduced additional temporary measures such as



short-time work and an even stricter cost control programme. This enabled us to cushion the hard market decline caused by Corona, but, as foreseeable, only partially compensates for the associated losses."

Outlook for the current fiscal year 2020/2021 reflects high market uncertainty and reduced vehicle production

In view of the continuing high level of market uncertainty and reduced global vehicle production, HELLA expects currency and portfolio-adjusted Group sales in the range of around € 5.6 billion to € 6.1 billion and an EBIT margin adjusted for restructuring measures, portfolio effects and extraordinary impairments in the range of around 4.0 percent to 6.0 percent for the current fiscal year 2020/2021 (1 June 2020 to 31 May 2021).

"With our business model, we are well positioned as a company for the future and are a technology leader with many products in the electronics and lighting areas," says Dr. Rolf Breidenbach. "But there is still a high degree of uncertainty as to how vehicle production will develop in the future. Due to the significantly reduced market volumes and the high investment requirements in the industry, competitive intensity and cost pressure will continue to increase."

Company management decides on a long-term programme for sustainable improvement of competitiveness

In order to strengthen the company's position in the face of challenging market conditions and increasing price pressure in the long term, company management has decided on a long-term programme to increase its competitiveness. On the one hand, this includes further increased investments in automotive market trends, automation and software know-how. On the other hand, further structural adjustments in HELLA's worldwide location network are being considered.

In this context it is planned to reduce the number of administrative and development positions at the company's headquarters in Lippstadt by around 900. The necessary



personnel adjustments are to be made in the mid term up to the end of 2023 and implemented in the most socially acceptable way possible. To this end, discussions with employee representatives will be commenced promptly. The Lippstadt headquarters will continue to be continuously developed in its function as a global control centre and high-tech location.

In addition, the existing programmes for continuous improvement are to be continued both at the German locations and, depending on the market, at the international HELLA locations. If all structural measures at the German location are successfully implemented, an annual EBIT contribution of around € 140 million can be expected. Most hereof will in all likelihood already take effect from the fiscal year 2022/2023. The non-recurring expenses of the total measures at the German locations are expected to be around € 240 million and will largely be incurred in the current fiscal year 2020/2021. Most of the funds released are to be used to further strengthen the company's innovative strength and competitiveness in the long term.

"We have to face the challenging market conditions with foresight and focus in particular on our cost structures," says Dr. Rolf Breidenbach. "We have already done a lot in recent years and have continuously improved our cost base. As part of this process, we have also reduced our global workforce by around 5,400 positions since August 2018. But the general market environment has now changed significantly once again. There is therefore no way around further structural adjustments. This is the only way we can make HELLA fit for the coming decade. At the same time, we are continuing to invest consistently in future topics and are pushing ahead with automation in our production plants."

On the occasion of the publication of the company's outlook for the current fiscal year 2020/2021 and the decided structural measures, an explanatory investor call will be held on Tuesday, 28 July 2020 at 12:30 pm (CET). The detailed publication of the final results for the fiscal year 2019/2020 will take place as planned on 14 August 2020.

PRESS RELEASE



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HELLA GmbH & Co. KGaA, Lippstadt: HELLA is a global, family-owned company, listed on the stock exchange, with over 125 locations in some 35 countries. With preliminary sales of € 5.8 billion in the fiscal year 2019/2020 and more than 36,000 employees, HELLA is one of the leading automotive suppliers. HELLA specialises in innovative lighting systems and vehicle electronics and has been an important partner to the automotive industry and aftermarket for more than a century. Furthermore, in its Special Applications segment, HELLA develops, manufactures and sells lighting and electronic products for specialist vehicles.

For more information, please contact:

Dr. Markus Richter
Company spokesman
HELLA GmbH & Co. KGaA
Rixbecker Straße 75
59552 Lippstadt
Germany
Phone: +49 (0)2941 38-7545
Fax: +49 (0)2941 38-477545
Markus.Richter@hella.com
www.hella.com