

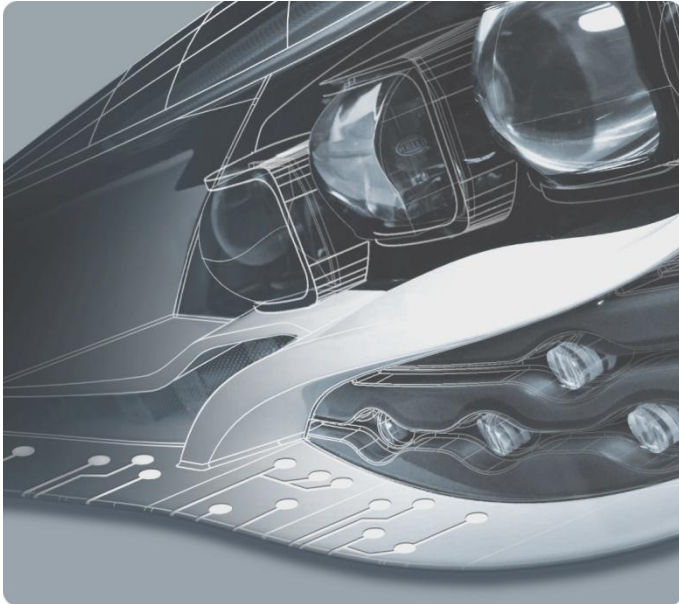


HELLA Investor Update 1st Half FY 2014/15

Conference Call on January 9th, 2015

Dr. Wolfgang Ollig, Chief Financial Officer

Carl Pohlschmidt, Head of Corporate Finance and Tax



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This document contains an English translation of the accounts of the Company and its subsidiaries. In the event of a discrepancy between the English translation herein and the official German version of such accounts, the official German version is the legal valid and binding version of the accounts and shall prevail.

HELLA Investor Update 1st Half FY 2014/15

Outline

→ **Management Overview, Key Achievements
in the 1st Half FY 2014/15 (June – November)**

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Basically positive economic environment in HELLA's H1 FY 2014/15 – political tensions impacting slightly automotive growth

Global economic environment – HELLA H1 FY 2014/15

Moderate global development in H1 with ~ 3.3% growth:

- **Germany: Reduced growth** in second half of 2014 after a good start into the year
- **Europe:** Weak growth dynamics as political tensions (e.g. Ukraine) continue to **dampen the business climate**
- **U.S.: Positive development continues** catching up the restrained start into 2014 caused by the severe winter
- **China:** Economic growth is gradually slowing as the structural transformation of the economy continues – **GDP growth $\geq 7\%$**

Restrained macro-economic development in Europe – reinforced U.S. growth and sustainable China growth

Automotive industry – HELLA H1 FY 2014/15

Global vehicle sales growth in 2014 at ~ 2% slightly below expectations due to political tensions:

- **Key growth markets** of the industry are **USA, China and Western Europe**
- US market due to **strong second half (+6%)** reaching **pre-crisis level**
- Significant **2-digit growth in Western European markets** severely hit by the crisis such as Spain, Portugal or Ireland – **overall European growth at 2%**
- **German market with 2% growth** slightly exceeding previous year

China and U.S. continuing growth path – European market growth driven by crisis-hit countries

HELLA Group

Financial Highlights H1 FY 2014/15 (I)

Financial Highlights H1 FY 2014/15



HELLA
Group

- **HELLA Group sales with 2.8 bill. EUR grew by 6.1% year-on-year**
- **Sales development per segment compared to previous year:**
 - **+8% sales (+10% with third parties)** in the **Automotive** segment driven by international presence in growth markets and innovative LED- and electronic products geared to industry megatrends
 - **-3%** in the **Aftermarket** segment driven **by weak regional demand** and consolidation of customer base
 - **-11%** in the **Special Applications** segment driven by **market slow-down** as result of the **Ukraine** crisis
- **EBIT margin at 7.8%** (+1.4%-points vs. H1 FY 2013/14)
Adjusted EBIT margin* at 8.0% (+0.9%-points vs. H1 FY 2013/14)
- **EBITDA margin at 13.5%** (+1.4%-points vs. H1 FY 2013/14)
- **Gross Profit increased to 27.3%** (+1.0%-point vs. H1 FY 2013/14)

* Adjusted for one-off effects related to the voluntary severance and partial retirement program of EUR 5.4 mill. (H1 FY 2014/15) and of EUR 16.5 mill. (H1 FY 2013/14)



HELLA Group

Financial Highlights H1 FY 2014/15 (II)

Financial Highlights H1 FY 2014/15



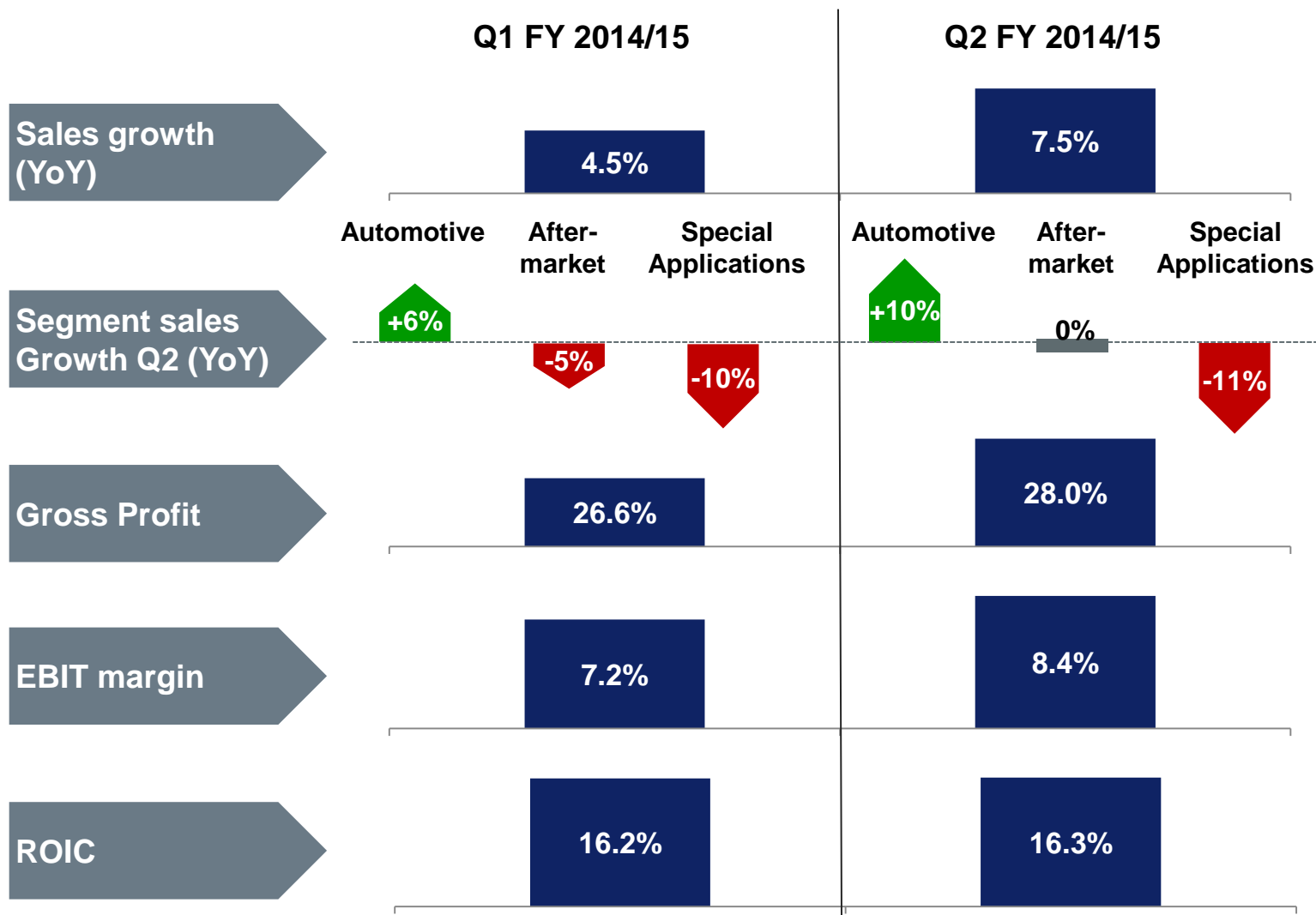
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- **Operative Free Cash Flow improved to -27 mill. EUR** compared to -45 mill. EUR in H1 FY 2013/14 mainly driven by continuous growth as well as seasonal effects
- **Decreased net debt by 259 mill. EUR** (at November 30, 2014); **Net debt / EBITDA at 0.4x vs. 0.9x** in previous year
- **Capital increase with net inflow of 272 mill. EUR** in November 2014
- **15% Free Float and Prime Standard Listing** after IPO
- **32% share price increase** until December 18 (report closing date) compared to issue price of EUR 26.5
- **Investment grade rating at Baa2** with a stable outlook confirmed by Moody's in September 2014; **capital increase and public listing** classified as **credit positive** by Moody's in October
- **Significantly lower z-spreads for HELLA bonds** with 53 basis points for the 2.357%-bond and 30 basis points for the 1.250%-bond compared to 71 and 54 basis points respectively at the beginning of the financial year



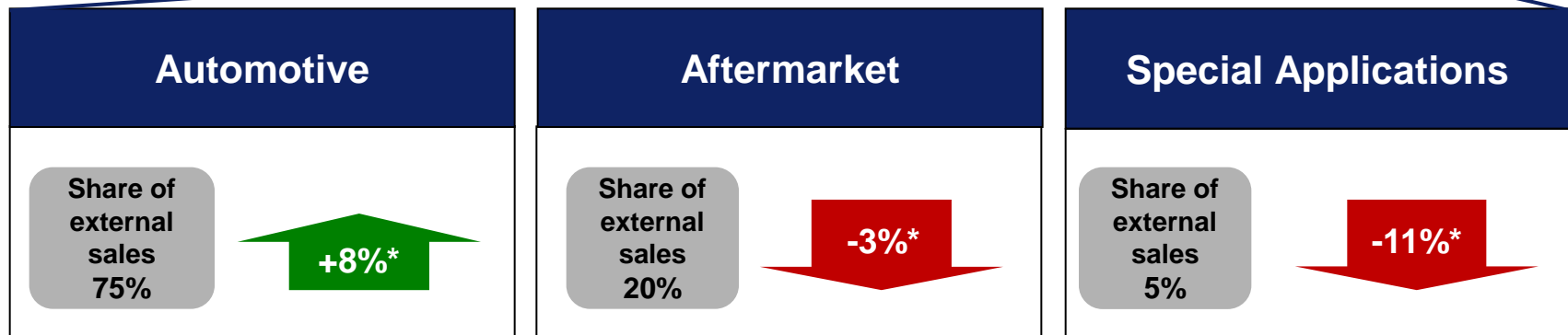
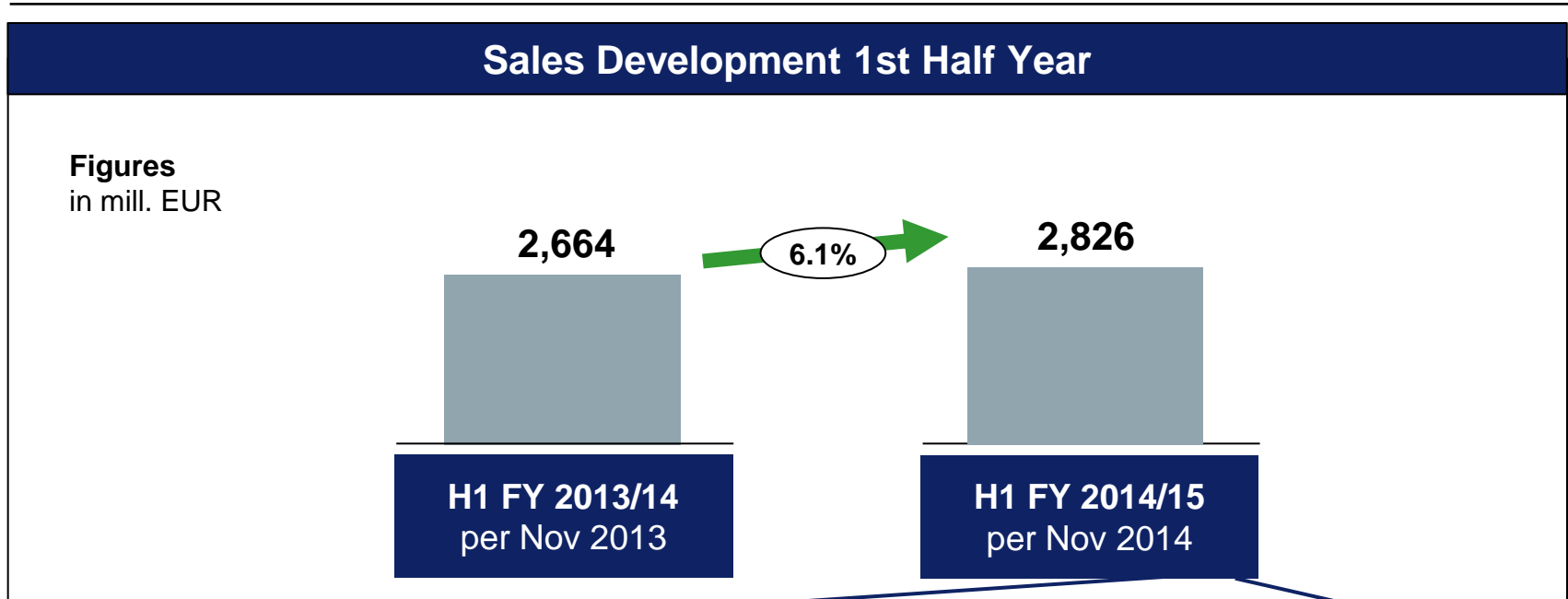
Growth and profitability accelerated in Q2

Comparison of Key Financials – Q1 FY 2014/15 and Q2 FY 2014/15



Sales increased by 6.1% or 162 mill. EUR

Sales – H1 FY 2013/14 to H1 FY 2014/15

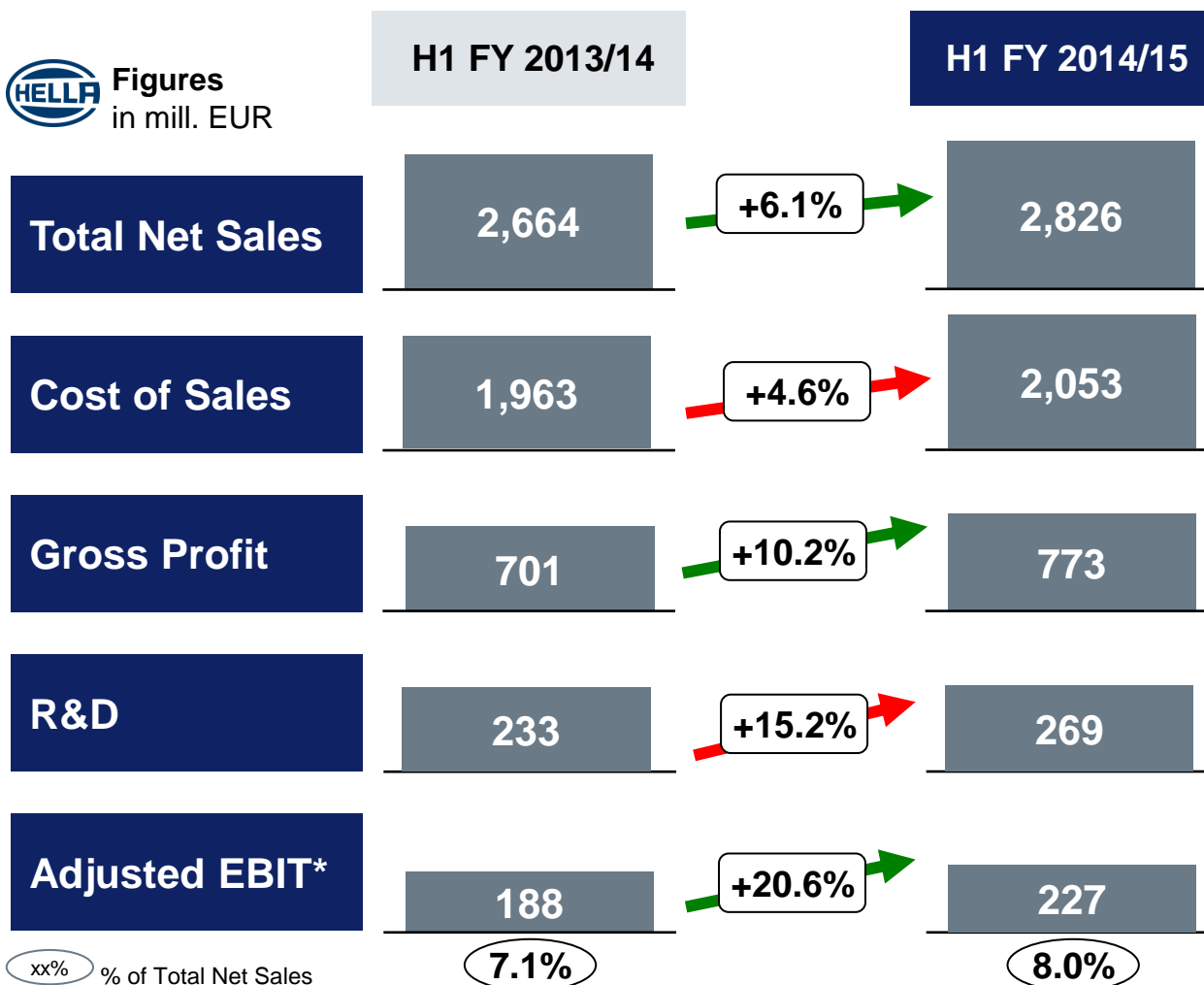


* Growth rate of sales (incl. inter-segment sales) from H1 FY 2013/14 to H1 FY 2014/15

Strongly improved EBIT compared to H1 of the previous year

Key Financials – H1 FY 2013/14 vs. H2 FY 2014/15

 **Figures**
in mill. EUR



- **Further sales growth (+6.1%)** compared to previous year
- **Increased gross profit** as result of **operational excellence** efforts as well as **scale** and **mix effects**
- **High R&D activities** based on globalization efforts and innovation strategy
- In line with capital market standards **EBIT excludes the other financial result** (EBIT effect in H1 FY 2014/15 plus EUR 8 mill., H1 FY 2013/2014 plus EUR 6 mill.)
- **Adjusted EBIT margin at 8.0%** after 7.1% in previous year

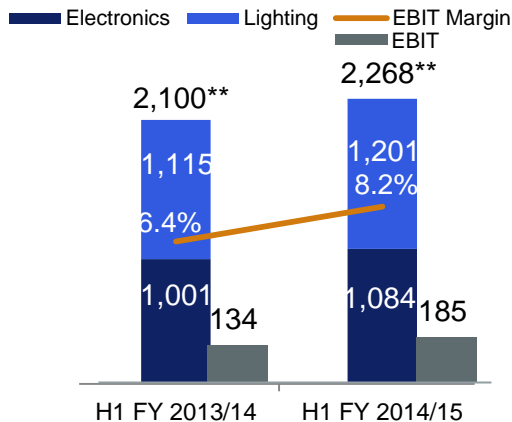
* Adjusted for one-off effects related to the voluntary severance and partial retirement program of EUR 5.4 mill. (H1 FY 2014/15) and of EUR 16.5 mill. (H1 FY 2013/14)

Growth is mainly driven by Automotive segment

Segment results – H1 FY 2013/14 to H1 FY 2014/15

Automotive*

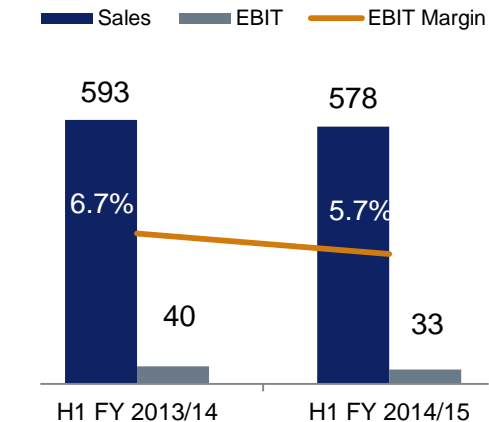
in mill. EUR



- Strong demand for innovative electronics and LED products geared to megatrends energy efficiency, safety, and styling
- Strong position in premium customer segment
- Global presence in growth markets

Aftermarket*

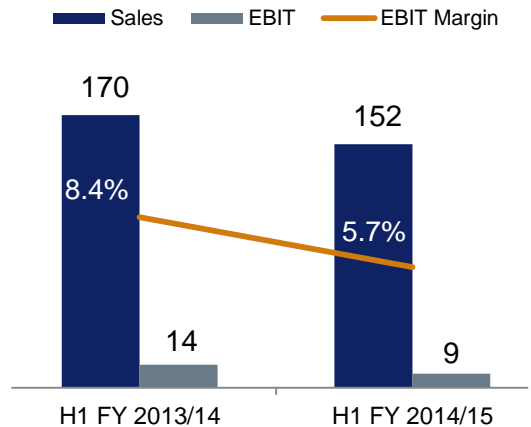
in mill. EUR



- Market slow-down especially in the German independent Aftermarket
- Consolidation of customer base
- Over proportional reduction of profitability due to fix cost structure

Special Applications*

in mill. EUR



- Reduced sales due to slump in the target group Agriculture (Ukraine crisis)
- Unfavorable product mix

* Total sales including intersegment sales

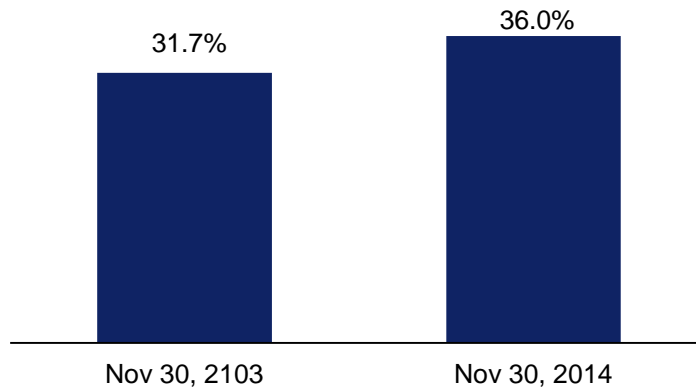
** Sales figures for Lighting & Electronics do not add up to Automotive sales due to sales between those two business divisions

Solid financial policy

Financial policy strengthens growth strategy

Solid financial position

Equity Ratio in %



- **Increase of equity ratio by 6pp compared to the beginning of the financial year** after capital increase with net inflow of 272 mill. EUR
- Despite debt repayment still **high liquidity position** with around 1 bill. EUR available financial assets
- Solid financial structure with Net Debt / EBITDA (LTM) at 0.4x

Reinforcement of Growth Strategy

- 1 Financing of further **organic growth** in all segments**
 - Continuous investments in innovative technologies and products
 - Expansion of global footprint
 - Expansion into new business models
- 2 Continuation of **growth path** with new external partners along established **HELLA network strategy****
- 3 Anorganic growth with focus on **smaller acquisition** in the business activities Electronics, Aftermarket and Special Applications**

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Financial Report

Key figures

Figures in mill. EUR	Key Financial Metrics	
	November 30, 2014 Actual	November 30, 2013 Actual
Sales	2,826	2,664
EBITDA	381	323
EBIT	221	171
Net Debt	262	521
Equity	1,706	1,236
Equity Ratio	36.0%	31.7%
Gross CAPEX	242	270
Net Debt / EBITDA (LTM)	0.4x	0.9x
Interest coverage ratio (min. 5x)*	17.1x	18.5x
Gearing (max. 1.3x)**	0.2x	0.4x

*EBITDA (LTM) / Net Interest; **Net Debt / Equity; Interest coverage and Gearing are covenants for Syn Loan

Financial Report

Income statement – H1 FY 2014/15

in mill. EUR	H1 FY 2014/15		H1 FY 2013/14	
Sales	2.826	100,0%	2.664	100,0%
Cost of sales	(2.053)	-72,7%	(1.963)	-73,7%
Gross Profit	773	27,3%	701	26,3%
Research and development costs	(269)	-9,5%	(233)	-8,8%
Distribution costs	(222)	-7,9%	(218)	-8,2%
Administrative costs	(95)	-3,4%	(89)	-3,4%
Other income and expenses	6	0,2%	(11)	-0,4%
Income from associates	28	1,0%	22	0,8%
EBIT	221	7,8%	171	6,4%
Financial income	13	0,4%	9	0,3%
Financial expenses	(37)	-1,3%	(30)	-1,1%
Earnings before taxes	197	7,0%	151	5,7%
Taxes on income	(46)	-1,6%	(41)	-1,5%
Earnings for the period	151	5,4%	109	4,1%

Financial Report

Balance sheet – Assets: November 30, 2014

in mill. EUR	November 30, 2014		November 30, 2013	
Cash, cash equivalents and financial assets	988	20,8%	558	14,3%
Trade receivables	790	16,7%	735	18,8%
Other receivables and non-financial assets	195	4,1%	133	3,4%
Inventories	658	13,9%	600	15,4%
Current assets	2.631	55,4%	2.027	52,0%
Property, plant and equipment and intangible assets	1.651	34,8%	1.461	37,5%
Shares in associated companies and joint ventures and other investments	258	5,4%	227	5,8%
Other non-current assets	205	4,3%	184	4,7%
Non-current assets	2.114	44,6%	1.872	48,0%
Total assets	4.745	100,0%	3.899	100,0%

Financial Report

Balance sheet – Equity and liabilities: November 30, 2014

in mill. EUR	November 30, 2014		November 30, 2013	
Financial liabilities	101	2,1%	254	6,5%
Trade payables	637	13,4%	481	12,3%
Other liabilities	415	8,7%	513	13,2%
Provisions (current)	105	2,2%	86	2,2%
Current liabilities	1.258	26,5%	1.334	34,2%
Non-current financial liabilities	1.149	24,2%	825	21,2%
Deferred tax liabilities	70	1,5%	60	1,5%
Other non-current liabilities	251	5,3%	186	4,8%
Other provisions	311	6,6%	258	6,6%
Non-current liabilities	1.781	37,5%	1.329	34,1%
Total equity	1.706	36,0%	1.236	31,7%
Total equity & liabilities	4.745	100,0%	3.899	100,0%

Financial Report

Cash Flow – H1 FY 2014/15

in mill. EUR	H1 FY 2014/15	H1 FY 2013/14
EBIT	221	171
Gross depreciation	160	152
Working capital changes	(114)	(156)
Payments received for serial production	43	76
Tax payments	(60)	(49)
Other operating activities (e.g. change in provisions)	(39)	25
Gross Capital Expenditures	(260)	(270)
Revenue from sale of assets	22	7
Operative Free Cash Flow	(27)	(45)
Dividends paid	(59)	(55)
Acquisitions	(20)	(3)
Capital increase	272	0
Restructuring payments, Consolidation group changes, FX effects & other evaluation effects	(5)	(4)
Pension, Factoring, Operating Lease	2	0
Change in financial net debts	163	(106)

- **Operative Free Cash Flow influenced by** continuous growth (e.g. working capital) as well as seasonal effects
- **Increase in net capex*** from 186 mill. EUR to 194 mill. EUR mainly due to lower customer reimbursements
- **Net inflow from capital increase** of 272 mill EUR

*Includes gross capital expenditures, less revenue from sale of assets, and less payments received for serial production

Improved Net Debt/EBITDA ratio from 0.9x to 0.4x

Financial Debt Structure – November 30, 2013 vs. November 30, 2014

Figures
in mill. EUR

Financial Debt Structure

in mill. EUR	Maturity	Nov. 30, 2013	Deviation	Nov. 30, 2014
AFLAC Notes and Loan*	2032/33	175	0	175
7.25% Notes 2009/2014**	2014	200	-200	0
2.375% Notes 2013/2020**	2020	500	0	500
1.25% Notes 2014/2017**	2017	0	300	300
Loan European Investment Bank	2015	150	0	150
Other Financial Debt, Accruals and Revaluation		54	71	125
Gross Financial Debt		1,079	171	1,250
Cash and cash equivalents		348	281	629
Financial Assets		210	148	358
Net Debt		521	-259	262
Revolving credit facility (2011-2016) of 550 mill. EUR				
Net Debt / EBITDA (LTM)		0.9x		0.4x

Changes

- New issue of bond with a volume of 300 mill. EUR in March 2014
- Slight increase of other financial debt, accruals and revaluation (+71 mill. EUR)
- Capital increase in November 2014 benefits cash position with net inflow of 272 mill. EUR

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HELLA Group – Market outlook

Major markets expected to grow slightly in 2015 - global growth at 2%

Region	Outlook Automotive Sales (in m pieces)	Comment									
Germany	<table border="1"> <tr> <th>Year</th> <th>Sales (m pieces)</th> <th>Change (%)</th> </tr> <tr> <td>2014</td> <td>3.0</td> <td>+2%</td> </tr> <tr> <td>2015</td> <td>3.0</td> <td>+1%</td> </tr> </table>	Year	Sales (m pieces)	Change (%)	2014	3.0	+2%	2015	3.0	+1%	<ul style="list-style-type: none"> Stable economic outlook for 2015 and attractive order situation in November 2014 (+5%) lead to a slight growth expectation for 2015
Year	Sales (m pieces)	Change (%)									
2014	3.0	+2%									
2015	3.0	+1%									
Western Europe incl. Germany	<table border="1"> <tr> <th>Year</th> <th>Sales (m pieces)</th> <th>Change (%)</th> </tr> <tr> <td>2014</td> <td>12.1</td> <td>+4%</td> </tr> <tr> <td>2015</td> <td>12.2</td> <td>+2%</td> </tr> </table>	Year	Sales (m pieces)	Change (%)	2014	12.1	+4%	2015	12.2	+2%	<ul style="list-style-type: none"> Countries hit by financial crisis like Spain, Portugal or Ireland growth driver in 2014. Italy and France expected to reach pre-crisis levels. Overall stable development in remaining countries Slight increase of GDP in the Eurozone expected
Year	Sales (m pieces)	Change (%)									
2014	12.1	+4%									
2015	12.2	+2%									
USA	<table border="1"> <tr> <th>Year</th> <th>Sales (m pieces)</th> <th>Change (%)</th> </tr> <tr> <td>2014</td> <td>16.1</td> <td>+4%</td> </tr> <tr> <td>2015</td> <td>16.4</td> <td>+2%</td> </tr> </table>	Year	Sales (m pieces)	Change (%)	2014	16.1	+4%	2015	16.4	+2%	<ul style="list-style-type: none"> Strong H2 2014 (+6%) and achievement of pre-crisis level Continued positive trend expected for 2015 driven by political framework, recovery of labor market and declining indebtedness of private households
Year	Sales (m pieces)	Change (%)									
2014	16.1	+4%									
2015	16.4	+2%									
China	<table border="1"> <tr> <th>Year</th> <th>Sales (m pieces)</th> <th>Change (%)</th> </tr> <tr> <td>2014</td> <td>17.9</td> <td>+10%</td> </tr> <tr> <td>2015</td> <td>19.0</td> <td>+8%</td> </tr> </table>	Year	Sales (m pieces)	Change (%)	2014	17.9	+10%	2015	19.0	+8%	<ul style="list-style-type: none"> Slow down in automotive sales driven by decline in economic growth to around 7% and restriction of new car registrations China still remains the largest and fastest growing car market
Year	Sales (m pieces)	Change (%)									
2014	17.9	+10%									
2015	19.0	+8%									
TOTAL	<table border="1"> <tr> <th>Year</th> <th>Sales (m pieces)</th> <th>Change (%)</th> </tr> <tr> <td>2014</td> <td>74.7</td> <td>+2%</td> </tr> <tr> <td>2015</td> <td>76.4</td> <td>+2%</td> </tr> </table>	Year	Sales (m pieces)	Change (%)	2014	74.7	+2%	2015	76.4	+2%	<ul style="list-style-type: none"> Overall growing expectations with significant regional differences
Year	Sales (m pieces)	Change (%)									
2014	74.7	+2%									
2015	76.4	+2%									

Source: VDA, own analysis

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Contact details

For further questions

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