HELLA Investor Update
9 months FY 2014/15

Conference Call on March 27th, 2015

Dr. Wolfgang Ollig, Chief Financial Officer
Carl Pohlschmidt, Finance Director
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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.
HELLEA Investor Update 9 months FY 2014/15
Outline

→ Management Overview, Key Achievements in the first 9 months FY 2014/15 (June – February)

→ Financial Report

→ Outlook

→ Questions & Answers
## Basically positive economic environment in HELLA’s 9 months FY 2014/15

### Global economic environment – HELLA 9 months FY 2014/15

- Moderate global development in first nine months with growth around 3%
  - **Germany**: Reduced growth in H2 of 2014 but stronger start in 2015
  - **Europe**: Positive development but low rate of expansion despite weak euro due to continuous political tensions
  - **U.S.**: Positive development in H2 of 2014 continues with GDP growth above 3% in 2015 expected
  - **China**: Economic growth gradually slowing with GDP growth around 7%

### Automotive industry – HELLA 9 months FY 2014/15

- Global vehicle sales growth in 2014 at ~ 2% with first continuous positive trend in 2015:
  - **Key markets** are USA China and Western Europe
  - US market due to strong second half (+6%) 2014 with accelerating development in Q1 2015
  - **China** still with substantial growth around 10%
  - **Overall Western European market growth** at 5% in 2014, single countries like Germany, Great Britain and Spain as driver
  - **German** market with positive start in 2015

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

Source: IMF; VDA, own analysis
HELLA Group
Financial Highlights 9 Months FY 2014/15

Financial Highlights

• HELLA Group sales up 6.9% YoY to 4.2 bill. EUR, including 1.1%-points favorable exchange rate effects (mainly USD and CNY)

• Sales development per segment compared to previous year:
  • Automotive: +8% driven by international presence in growth markets and innovative LED- and electronic products geared to industry megatrends (+10% third party sales)
  • Aftermarket: +1% driven by weak independent aftermarket in Germany counterbalanced by positive trends in the wholesale and workshop equipment business
  • Special Applications: -11% driven by continued market slow-down in the agricultural sector

• Gross Profit margin increased to 27.0% (+0.2%-point YoY)

• EBIT margin at 7.3% (+0.4%-points YoY)
  Adjusted EBIT margin at 7.5% (-0.1%-points YoY)

• EBITDA margin at 13.0% (+0.4%-points YoY)
HELLA Group
Financial Highlights 9 Months FY 2014/15

<table>
<thead>
<tr>
<th>Financial Highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Continued high <strong>R&amp;D expenses</strong> (rising 0.8% to 9.6%) due to <strong>expansion of international development network</strong> and continued expenditures in <strong>new functional safety- and software platforms</strong></td>
</tr>
<tr>
<td>• <strong>Strong Q3 FY 2013/14</strong> including <strong>additional positive non-recurring effects</strong> of around 14 mill. EUR</td>
</tr>
<tr>
<td>• <strong>Operative Free Cash Flow</strong> at -3 mill. EUR compared to +26 mill. EUR mainly driven by continuous growth and shift of customer reimbursements</td>
</tr>
<tr>
<td>• <strong>Decreased net debt by 163 mill. EUR</strong>; <strong>Net debt / EBITDA (LTM)</strong> at 0.4x vs. 0.7x in previous year</td>
</tr>
<tr>
<td>• <strong>Capital increase with net inflow of 272 mill. EUR</strong> in November 2014</td>
</tr>
<tr>
<td>• <strong>46% share price increase</strong> until February 28 compared to beginning of Q3</td>
</tr>
<tr>
<td>• <strong>Significantly lower z-spreads for HELLA bonds</strong> with 38 basis points for the 2.357%-bond and 22 basis points for the 1.250%-bond compared to 71 and 54 basis points respectively at the beginning of the financial year</td>
</tr>
</tbody>
</table>
**Growth is mainly driven by Automotive segment**

Segment Results – 9 months FY 2013/14 to 9 months FY 2014/15

<table>
<thead>
<tr>
<th>Automotive*</th>
<th>Aftermarket*</th>
<th>Special Applications*</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>in €m</th>
<th>Electronics</th>
<th>Lighting</th>
<th>EBIT Margin</th>
<th>Sales</th>
<th>EBIT</th>
<th>EBIT Margin</th>
<th>Sales</th>
<th>EBIT</th>
<th>EBIT Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

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

- Weak independent aftermarket, esp. Germany
- Progressive consolidation of customer
- Positive sales development in Q3 due to wholesale and workshop equipment business
- Negative volume effect on profitability

* 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

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Hella Investor Update 9 months FY 2014/15, Conference Call on March 27, 2015
Growth accelerated in Q3
Comparison of Key Financials – Q1 FY 2014/15 to Q3 FY 2014/15

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY 2014/15</th>
<th>Q2 FY 2014/15</th>
<th>Q3 FY 2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales growth</td>
<td>4.5%</td>
<td>7.5%</td>
<td>8.7%</td>
</tr>
<tr>
<td>(YoY)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth* (YoY)</td>
<td>+6%</td>
<td>+10%</td>
<td>+9%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>26.6%</td>
<td>28.0%</td>
<td>26.3%</td>
</tr>
<tr>
<td>margin</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBIT margin</td>
<td>7.2%</td>
<td>8.4%</td>
<td>6.3%</td>
</tr>
</tbody>
</table>

Hella Investor Update 9 months FY 2014/15, Conference Call on March 27, 2015
### Strongly improved EBIT compared to previous year

**Key Financials – 9 months FY 2013/14 vs. 9 months FY 2014/15**

<table>
<thead>
<tr>
<th></th>
<th>9 months FY 2013/14</th>
<th>9 months FY 2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Net Sales</strong></td>
<td>3,944</td>
<td>4,218</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>1,057</td>
<td>1,140</td>
</tr>
<tr>
<td><strong>R&amp;D</strong></td>
<td>346</td>
<td>406</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>271</td>
<td>309</td>
</tr>
<tr>
<td><strong>Adjusted EBIT</strong></td>
<td>300 (6.9%)</td>
<td>318 (7.5%)</td>
</tr>
</tbody>
</table>

- **Further sales growth** (+6.9%) YoY, +274 mill. EUR
- **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
- **Adjusted EBIT margin** at 7.5% after 7.6% in previous year

*Adjusted for one-off effects related to the voluntary severance and partial retirement program of EUR 8.4 mill. (9 months FY 2014/15) and of EUR 28.5 mill. (9 months FY 2013/14)
Financial position strengthened in the 9 months FY 2014/15
Volatile FCF generation over the year

Seasonal Operative FCF development

Growth and up-front expenditures main driver

- **CF from operating activity** include 31 mill. EUR restructuring payments compared to 11 mill. EUR in FY 2013/14

- **Working capital increased** due to new product launches along HELLA growth path

- Extraordinary high customer reimbursements in previous year back to normal level

- Postponed customer reimbursements and reimbursements for advanced development services should cash-in in Q4

- Solid financial structure with Net Debt / EBITDA at 0.4x
HELLA Investor Update 9 months FY 2014/15

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## Financial Report

### Key figures

<table>
<thead>
<tr>
<th>Figures</th>
<th>Key Financial Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>February 28, 2015 Actual</td>
</tr>
<tr>
<td>Sales</td>
<td>4,218</td>
</tr>
<tr>
<td>EBITDA</td>
<td>550</td>
</tr>
<tr>
<td>EBIT</td>
<td>309</td>
</tr>
<tr>
<td>Gross CAPEX</td>
<td>348 (8.2 % of Sales)</td>
</tr>
<tr>
<td>EPS (EUR)</td>
<td>2.01</td>
</tr>
<tr>
<td>Operating FCF</td>
<td>-3.0</td>
</tr>
<tr>
<td>Net Debt</td>
<td>263</td>
</tr>
<tr>
<td>Equity</td>
<td>1,785</td>
</tr>
<tr>
<td>Equity Ratio</td>
<td>37.9%</td>
</tr>
<tr>
<td>Net Debt / EBITDA (LTM)*</td>
<td>0.4x</td>
</tr>
<tr>
<td>Gearing (max. 1.3x)**</td>
<td>0.1x</td>
</tr>
</tbody>
</table>

*EBITDA (LTM) / Net Interest; **Net Debt / Equity; Interest coverage and Gearing are covenants for Syn Loan
## Financial Report
### Income statement – 9 months FY 2014/15

<table>
<thead>
<tr>
<th>in mill. EUR</th>
<th>9 months FY 2014/15</th>
<th>9 months FY 2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>4,218</td>
<td>3,944</td>
</tr>
<tr>
<td></td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(3,079)</td>
<td>(2,888)</td>
</tr>
<tr>
<td></td>
<td>-73.0%</td>
<td>-73.2%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>1,140</td>
<td>1,057</td>
</tr>
<tr>
<td></td>
<td>27.0%</td>
<td>26.8%</td>
</tr>
<tr>
<td>Research and development costs</td>
<td>(406)</td>
<td>(346)</td>
</tr>
<tr>
<td></td>
<td>-9.6%</td>
<td>-8.8%</td>
</tr>
<tr>
<td>Distribution costs</td>
<td>(334)</td>
<td>(324)</td>
</tr>
<tr>
<td></td>
<td>-7.9%</td>
<td>-8.2%</td>
</tr>
<tr>
<td>Administrative costs</td>
<td>(142)</td>
<td>(134)</td>
</tr>
<tr>
<td></td>
<td>-3.4%</td>
<td>-3.4%</td>
</tr>
<tr>
<td>Other income and expenses</td>
<td>4</td>
<td>(13)</td>
</tr>
<tr>
<td></td>
<td>0.1%</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Income from associates</td>
<td>47</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>1.1%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Other income from investments</td>
<td>0</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>EBIT</td>
<td>309</td>
<td>271</td>
</tr>
<tr>
<td></td>
<td>7.3%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Financial income</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>0.3%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>(42)</td>
<td>(43)</td>
</tr>
<tr>
<td></td>
<td>-1.0%</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Earnings before taxes</td>
<td>279</td>
<td>241</td>
</tr>
<tr>
<td></td>
<td>6.6%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Taxes on income</td>
<td>(63)</td>
<td>(67)</td>
</tr>
<tr>
<td></td>
<td>-1.5%</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Earnings for the period</td>
<td>216</td>
<td>174</td>
</tr>
<tr>
<td></td>
<td>5.1%</td>
<td>4.4%</td>
</tr>
</tbody>
</table>
## Financial Report
### Balance sheet – Assets: February 28, 2015

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, cash equivalents and financial assets</td>
<td>843</td>
<td>615</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>818</td>
<td>697</td>
</tr>
<tr>
<td>Other receivables and non-financial assets</td>
<td>176</td>
<td>150</td>
</tr>
<tr>
<td>Inventories</td>
<td>666</td>
<td>597</td>
</tr>
<tr>
<td>Current assets</td>
<td>2,503</td>
<td>2,059</td>
</tr>
<tr>
<td>Property, plant and equipment and intangible assets</td>
<td>1,712</td>
<td>1,477</td>
</tr>
<tr>
<td>Shares in associated companies and joint ventures and other investments</td>
<td>268</td>
<td>235</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>222</td>
<td>182</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>2,203</td>
<td>1,893</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>4,705</strong></td>
<td><strong>3,952</strong></td>
</tr>
</tbody>
</table>

*Figures in millions of euros (EUR).*

*Data as at February 28, 2015 and 2014.*

*Hella Investor Update 9 months FY 2014/15, Conference Call on March 27, 2015*
# Financial Report

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial liabilities</td>
<td>73</td>
<td>264</td>
</tr>
<tr>
<td>Trade payables</td>
<td>647</td>
<td>459</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>407</td>
<td>522</td>
</tr>
<tr>
<td>Provisions (current)</td>
<td>72</td>
<td>85</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>1,199</td>
<td>1,330</td>
</tr>
<tr>
<td>Non-current financial liabilities</td>
<td>1,033</td>
<td>821</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>70</td>
<td>71</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>266</td>
<td>188</td>
</tr>
<tr>
<td>Other provisions</td>
<td>353</td>
<td>265</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>1,722</td>
<td>1,345</td>
</tr>
<tr>
<td>Total equity</td>
<td>1,785</td>
<td>1,277</td>
</tr>
<tr>
<td>Total equity &amp; liabilities</td>
<td>4,705</td>
<td>3,952</td>
</tr>
</tbody>
</table>
Financial Report
Cash Flow – 9 months FY 2014/15

<table>
<thead>
<tr>
<th>in mill. EUR</th>
<th>9 months FY 2014/15</th>
<th>9 months FY 2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT</td>
<td>309</td>
<td>271</td>
</tr>
<tr>
<td>Gross depreciation</td>
<td>241</td>
<td>228</td>
</tr>
<tr>
<td>Working capital changes</td>
<td>(132)</td>
<td>(76)</td>
</tr>
<tr>
<td>Payments received for serial production</td>
<td>67</td>
<td>114</td>
</tr>
<tr>
<td>Tax payments</td>
<td>(79)</td>
<td>(50)</td>
</tr>
<tr>
<td>Other operating activities (e.g. change in provisions)</td>
<td>(84)</td>
<td>(112)</td>
</tr>
<tr>
<td>Gross Capital Expenditures</td>
<td>(348)</td>
<td>(360)</td>
</tr>
<tr>
<td>Revenue from sale of assets</td>
<td>25</td>
<td>11</td>
</tr>
<tr>
<td><strong>Operative Free Cash Flow</strong></td>
<td>(3)</td>
<td>26</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(59)</td>
<td>(55)</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>(14)</td>
<td>(4)</td>
</tr>
<tr>
<td>Capital increase</td>
<td>272</td>
<td>0</td>
</tr>
<tr>
<td>Restructuring payments, Consolidation group changes, FX effects &amp; other evaluation effects</td>
<td>(38)</td>
<td>(28)</td>
</tr>
<tr>
<td>Pension, Factoring, Operating Lease</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td><strong>Change in financial net debts</strong></td>
<td>163</td>
<td>(56)</td>
</tr>
</tbody>
</table>

• **Lower operative Free Cash Flow** mainly due to continuous growth and seasonal effects driving increase of working capital

• **Increase in net capex** from 235 mill. EUR to 256 mill. EUR mainly due to extraordinary high customer payments in previous year now at normal level

• **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 0.7x to 0.4x**


<table>
<thead>
<tr>
<th>Figures in mill. EUR</th>
<th>Financial Debt Structure February 2014 vs. February 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AFLAC Notes and Loan</strong>*</td>
<td><strong>Maturity</strong></td>
</tr>
<tr>
<td>7.25% Notes 2009/2014**</td>
<td>2014</td>
</tr>
<tr>
<td>2.375% Notes 2013/2020**</td>
<td>2020</td>
</tr>
<tr>
<td>1.25% Notes 2014/2017**</td>
<td>2017</td>
</tr>
<tr>
<td>Loan European Investment Bank</td>
<td>2015</td>
</tr>
<tr>
<td>Other Financial Debt, Accruals and Revaluation</td>
<td>60</td>
</tr>
<tr>
<td><strong>Gross Financial Debt</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>405</td>
</tr>
<tr>
<td>Financial Assets</td>
<td>210</td>
</tr>
<tr>
<td><strong>Net Debt</strong></td>
<td></td>
</tr>
</tbody>
</table>

Changes

- New issue of bond with a volume of 300 mill. EUR in March 2014
- 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
- EIB Loan repayment (150 mill. EUR) in January 2015

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HELLA Group – Market Outlook
Major markets expected to grow slightly in 2015 - global growth at 2%

<table>
<thead>
<tr>
<th>Region</th>
<th>Outlook Automotive Sales (in m pieces)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td><img src="chart.png" alt="Chart" /></td>
<td>• Modest expected economic growth and positive development of car registrations in the first months of 2015 lead to slight growth expectation for 2015</td>
</tr>
<tr>
<td>Western Europe incl. Germany</td>
<td><img src="chart.png" alt="Chart" /></td>
<td>• Slight economic growth in the Eurozone 2014 with stabilization of improvement in nearly all countries; falling oil prices as economic stimulus</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Slight increase of GDP in the Eurozone expected due to weakness of single countries</td>
</tr>
<tr>
<td>USA</td>
<td><img src="chart.png" alt="Chart" /></td>
<td>• Accelerating growth at the end of 2014 (November +5%, December +11%). Positive trend 2015 exceeding expectations in 2014</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Favorable environment driven by improving situations for private households with recovery of labor and real estate markets</td>
</tr>
<tr>
<td>China</td>
<td><img src="chart.png" alt="Chart" /></td>
<td>• Despite decline in economic growth to around 7%, China is still remains the largest and fastest growing car market</td>
</tr>
<tr>
<td>TOTAL</td>
<td><img src="chart.png" alt="Chart" /></td>
<td>• Overall growing expectations with significant regional differences</td>
</tr>
</tbody>
</table>

Source: VDA, own analysis
HELLE Group – Company specific Outlook
FY 2014/15

Outlook

- Presuming no serious economic turmoil, we assume further positive development of the HELLA business in the FY 2014/15:

- Sales and adjusted EBIT to grow correspondingly in the medium to high one-digit percentage range

  - Sales growth mainly attributable to a positive development of the Automotive segment
  
  - Aftermarket sales likely to stagnate due to a weak market environment, particularly in the IAM segment in Germany
  
  - Special Applications sales to fall due to the persisting weakness in the agricultural market
  
  - Results for the Aftermarket and Special Applications segments probably lower on YoY comparison

- Changes in foreign currencies lead to increase in sales growth with only limited impact on the profitability due to active risk management and currency hedging
HELLA Investor Update 9 months FY 2014/15
Outline

→ Management Overview, Key Achievements in the first 9 months FY 2014/15 (June – February)

→ Financial Report

→ Outlook

→ Questions & Answers
Contact details
For further questions

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