

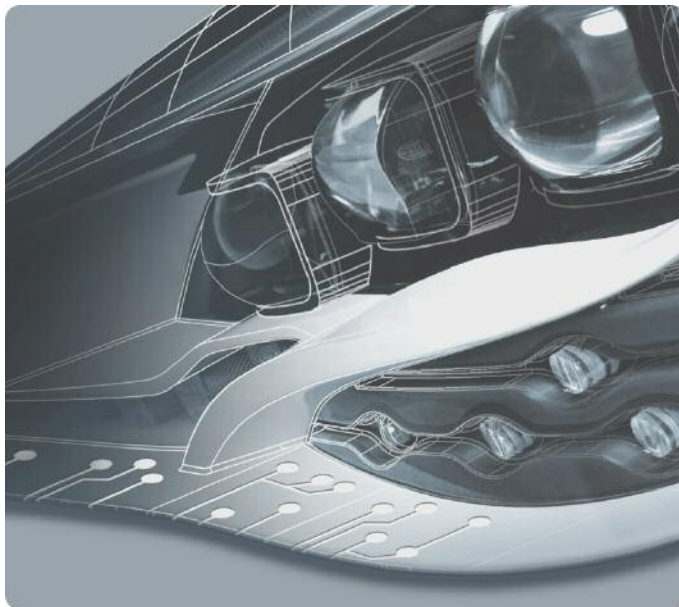


Technology with Vision

HELLA Investor Update FY 2014/15

Conference Call on August 14th, 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.



HELLA Investor Update FY 2014/15

Outline

- HELLA Group Key Achievements

- Outlook

- Q&A

- Annex

HELLA Group Key Achievements

Financial Highlights FY 2014/15

FINANCIAL HIGHLIGHTS

Sales

- **HELLA Group sales up 9.2% YoY to 5.8 bill. EUR**, thereof **2.3%-points FX** effects (mainly USD and CNY)
- **Third party sales development per segment compared to previous year:**
 - **Automotive: 11.2%** driven by presence in **growing markets**, **product launches** and **product portfolio geared to industry megatrends**
 - **Aftermarket: +5.1%** driven by **recovering independent aftermarket** and **positive trends** in the **wholesale** and **workshop equipment** business
 - **Special Applications: -10.0%** driven by continuing **market slow-down** in the **agricultural sector**

Profitability

- **Gross Profit margin** at 26.6% (-1%-point YoY), especially driven by **segment mix** and **one-offs**
- **R&D cost ratio** at 9.3% (-0.3%-points YoY), **Distribution expenses** at 7.8% (-0.3%-points YoY), **administrative expenses** at 3.4% (-0.3%-points YoY)
- **EBIT** at **EUR at 430 mill. EUR** (+83 mill. EUR), **margin** at 7.4% (+0.9%-points YoY), including 15 mill EUR restructuring expense
Adjusted EBIT at **445 mill. EUR** (+46 mill. EUR), **margin** at 7.6% (+0.1%-points YoY)
- **EBITDA** at **766 mill. EUR** (+110 mill EUR), **margin** at 13.1% (+0.8%-points YoY)
- **ROIC** at 17.3% (+1.5%-points* YoY)

Liquidity

- **Operative Free Cash Flow** at **+120 mill. EUR** compared to +51 mill. EUR in FY13/14

*ROIC FY 13/14 at 15.8% after reclassification of income from securities and net other financial income/expenses

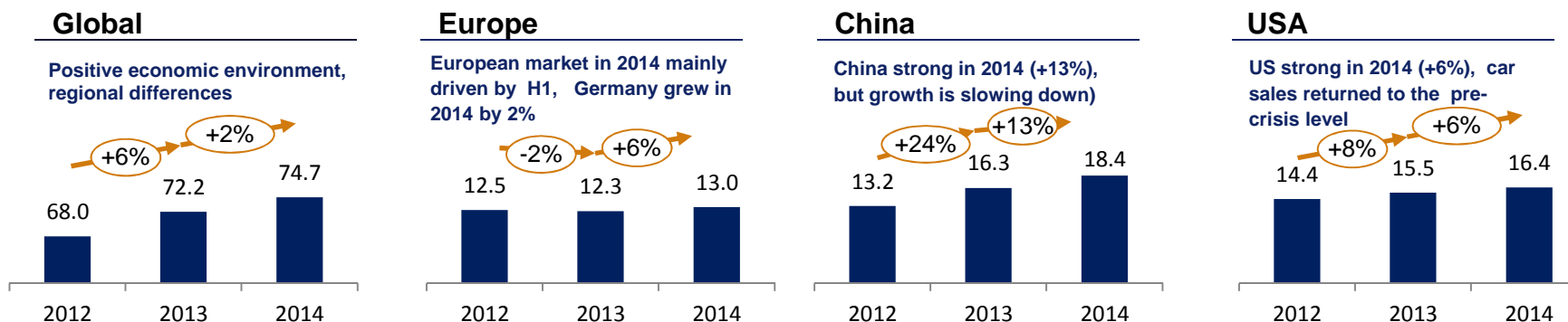
Hella Investor Update FY 2014/15, Conference Call on August 14, 2015



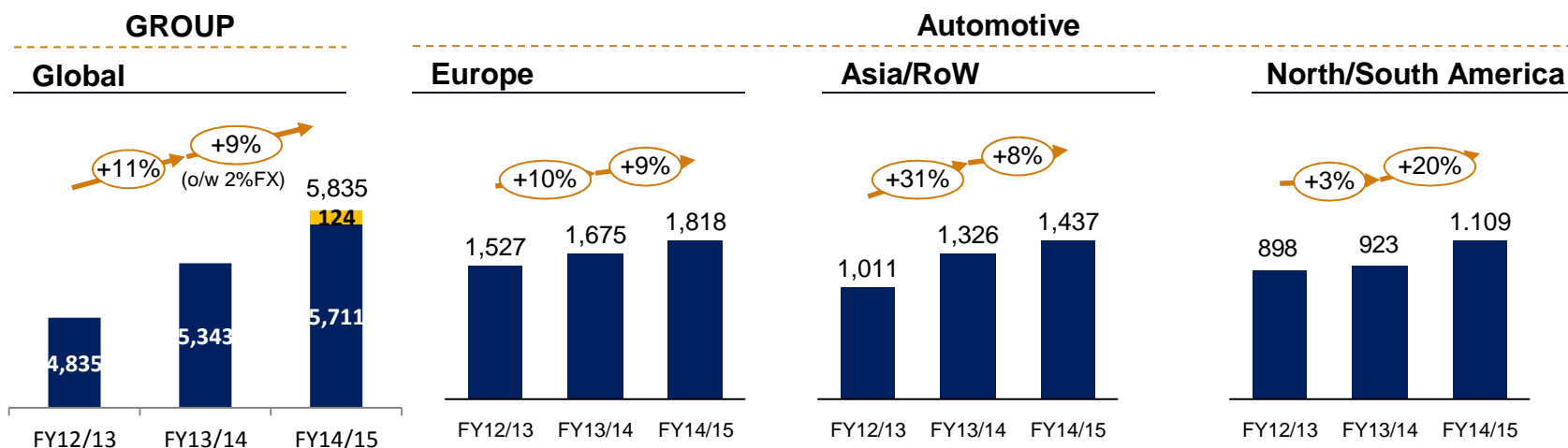
HELLA Group Key Achievements

Sales (I) – Outperforming Markets FY 2014/15

New passenger car registration (registrations in millions; growth in %)



HELLA revenue* (in EUR millions, growth in %)



HELLA organic sales growth outperformed the automotive market by approx. 5%-points

Source: HELLA; VDA Research * Regional market coverage by end customers; FY 12/13 adjusted to reflect new IFRS 11 and IAS 19

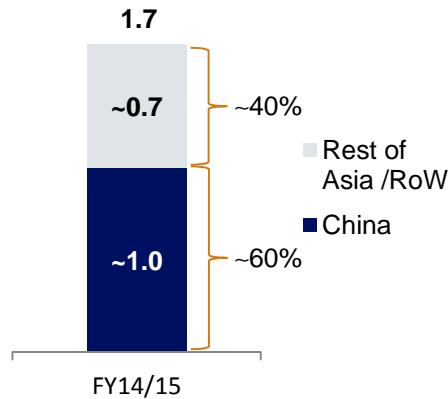


HELLA Group Key Achievements

Sales (II) – China

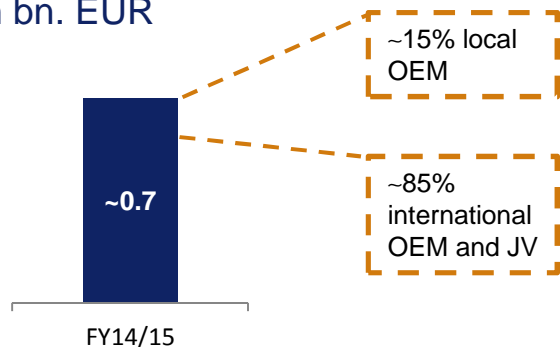
Sales* by end customer

in bn. EUR



Sales* by China entities

in bn. EUR



* Consolidated sales, China approximation based on HELLA analysis
 *Source: VDA, HELLA

Comment

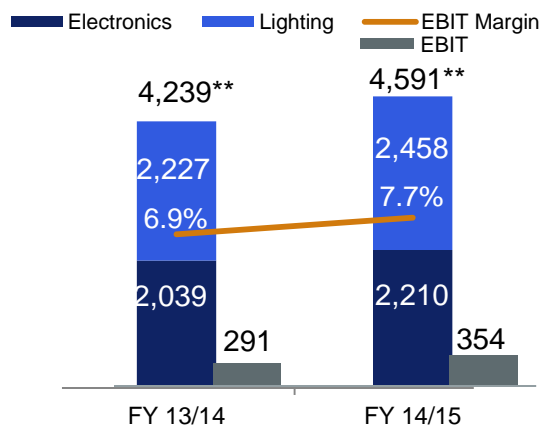
- **China** as important **growth driver**
- Approx. **60%** of Asia /RoW end customer **sales in China**
- Around **0.7 bn. EUR** sales of **China entities**, thereof around **15% share with local customers**, expecting to increase in the next years
- **Top local customers**
 - Great Wall, BAIC Motor, Geely
 - ChangAn, GAC, Chery
- **Further focus on operative excellence to increase productivity and efficiency**
- **Continuous expansion** and innovations of tailored products to strengthen positioning in China
- **Increasing localization** in recent years
- **No structural investments (CAPEX) needed** near term
- R&D capacity built up: from over **5.700 employees** (incl. JVs with ~730 employees) are **600 in R&D**

HELLA Group Key Achievements

Segment Highlights – FY 2013/14 to FY 2014/15

Automotive*

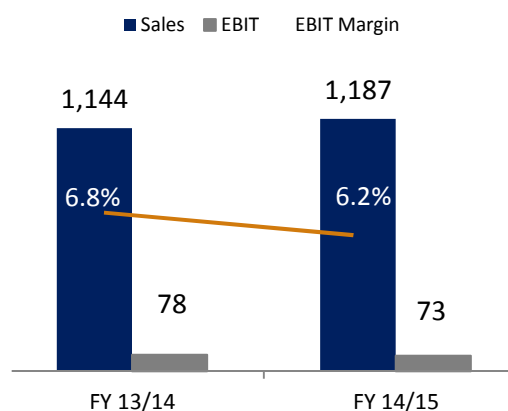
in mill. EUR** and in % sales



- Strong demand for **innovative electronics** and **lighting products**
- Strong position in **premium customer** segment
- **Global presence** in growing markets

Aftermarket*

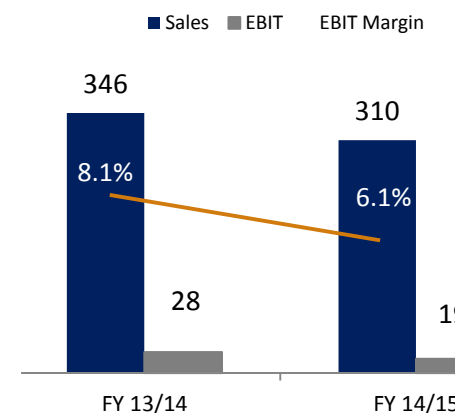
in mill. EUR and in % sales



- **Recovery** in independent aftermarket
- **Wholesale** and **workshop** equipment business **positive**
- **Negative volume** and **mix-effect** effect on profitability

Special Applications*

in mill. EUR and in % sales



- Reduced sales due to **weak** demand in **Agriculture** sector
- Other client groups' business more stable
- **Stabilization** on **low level** in Q4

* Total sales including intersegment sales

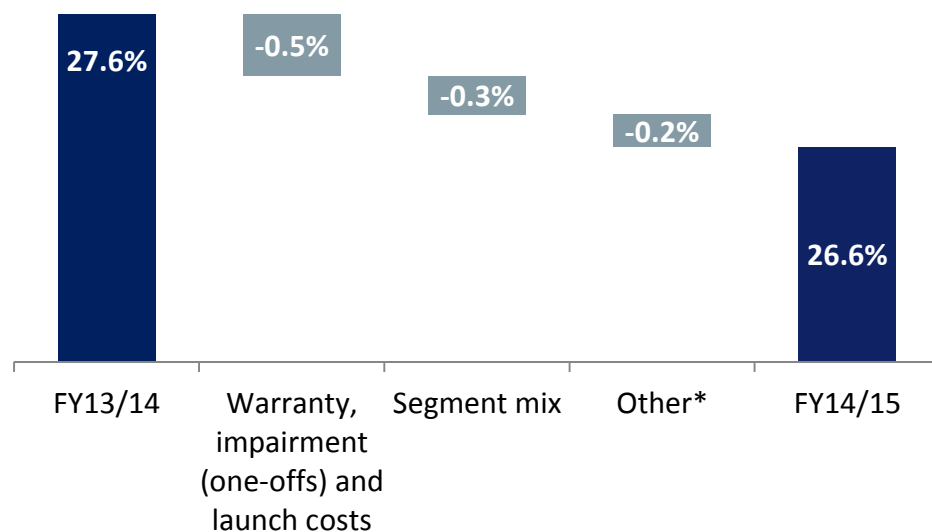
** Sales figures for Lighting & Electronics do not add up to Automotive sales due to sales between those two business divisions

HELLA Group Key Achievements

P&L (I) – FY 2013/14 to FY 2014/15

Gross Profit Margin – development FY13/14 to FY 14/15

in % of sales



*includes asset sale, F&E reallocation and FX effects

Comment

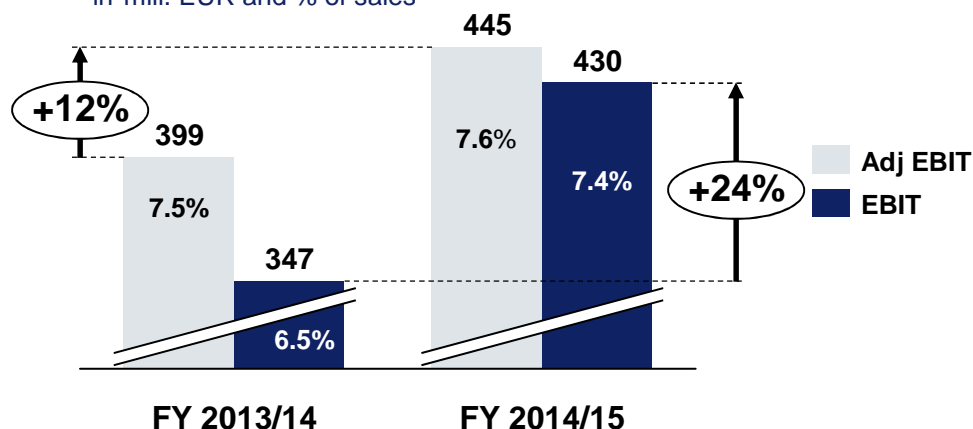
- Gross Profit margin FY 14/15 especially influenced by **segment mix** and **one-offs**
 - **Launches** of new technology projects in **automotive / investments** in product complexity as well as warranty claims decreased FY14/15 margin by **0.5%-points**
 - **Segment mix** has **negative influence on FY14/15** margin of **0.3%-points**

HELLA Group Key Achievements

P&L (II) – FY 2013/14 to FY 2014/15

EBIT and Adj. EBIT

in mill. EUR and % of sales

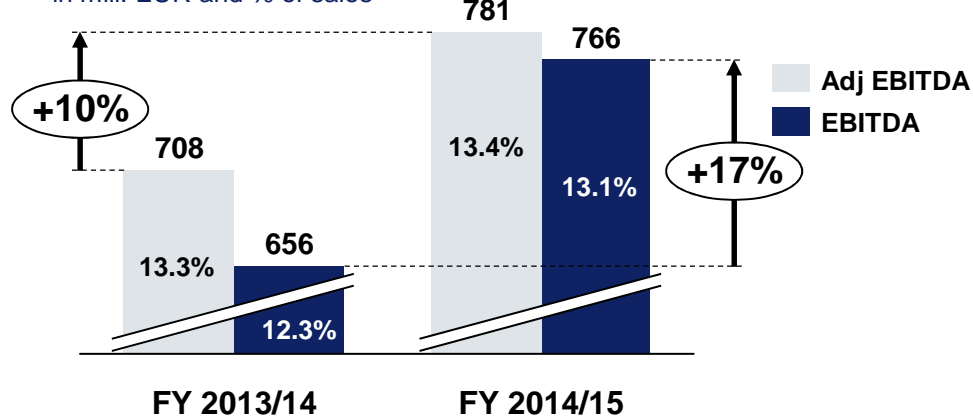


Comment

- **Adjusted EBIT** increased 12% to **445 mill. EUR**, margin increased by 0.1%-points to **7.6%** in FY14/15
- **Scale effects, increased efficiency** on structural costs and **higher JV contribution** (0.9% of sales vs. 0.7% FY13/14) drove margin
- **EBIT** increased 24% to **430 mill. EUR**, margin increase by 0.9%-points to **7.4%**
- **Restructuring expenses** decreased from 52 mill. EUR to **15 mill. EUR** in FY 14/15

EBITDA and Adj. EBITDA

in mill. EUR and % of sales



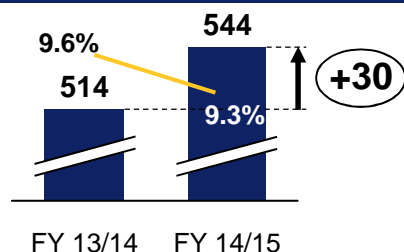
Comment

- **Adjusted EBITDA** increased 10% to **781 mill. EUR**, margin increased by 0.1%-points to **13.4%** in FY 14/15
- **Depreciation & amortization** increased 8.8% to **336 mill. EUR**
- **EBITDA** increased 17% to **766 mill. EUR**, margin increase by 0.8%-points to **13.1%**

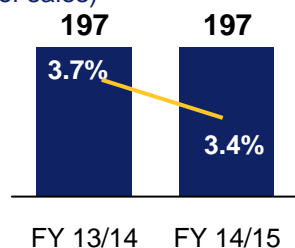
HELLA Group Key Achievements

P&L (III) – FY 2013/14 to FY 2014/15

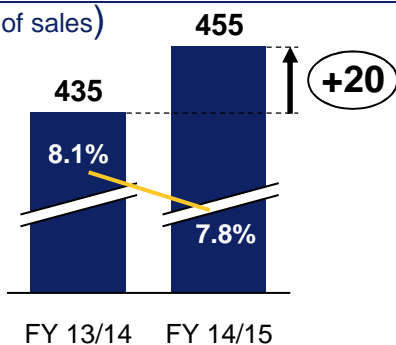
R&D costs (in mill. EUR, % of sales)



Administrative costs (in mill. EUR, % of sales)



Distribution costs (in mill. EUR, % of sales)



Comment

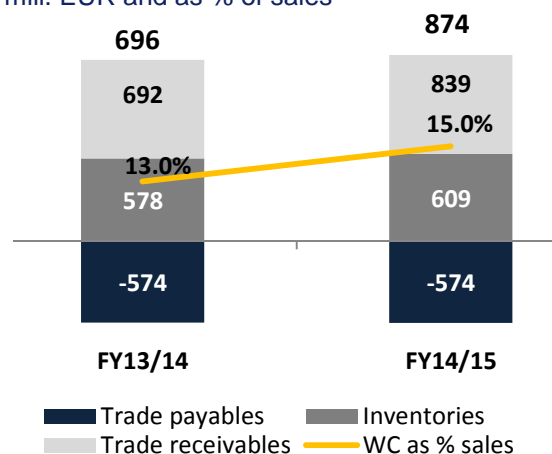
- **R&D expenses increased by 30 mill. EUR to 544 mill. EUR** driven by build-up of **local know-how**, high investment in **new technologies** (basic research), **increased product complexity** and **new product categories** (e.g. radar)
- **R&D ratio decreased by 0.3%-points to 9.3%** driven by strong top line growth
- **Administrative** expenses stayed at **197 mill. EUR**, ratio decreased by 0.3%-points to **3.4%**
- **Efficiency gains** through re-location to best cost countries and shared service center as driver
- **Restructuring initiatives** continue in FY15/16
- **Distribution expenses increased by 20 mill. EUR to 455 mill. EUR**, ratio decreased by 0.3%-points to **7.8%**
- **Efficiencies gains, tailored cost measures** as well as **declining aftermarket business** as driver

HELLA Group Key Achievements

Balance Sheet and CF (I) - FY 2013/14 to FY 2014/15

Trade working capital

in mill. EUR and as % of sales

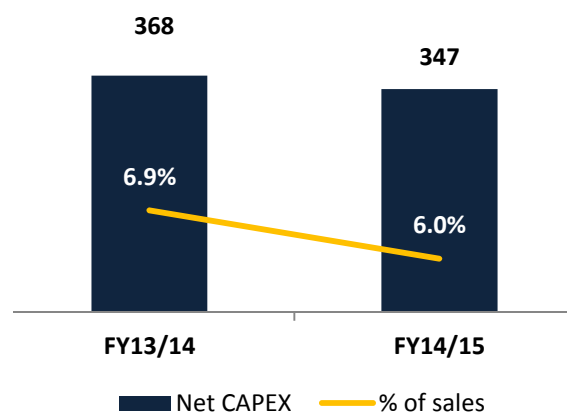


Comment

- **Working capital** increased by 178 mill. EUR to **874 mill. EUR**, ratio increased by 2%-points to **15.0%**
- **Receivables*** increased by 147 mill. EUR to **839 mill. EUR** particularly due to **longer payment periods in Asia**, excluding **currency effects (47 mill. EUR)** receivables grew **14%**
- **Inventory*** increased by 31 mill. EUR to **609 mill. EUR** due to continuing **optimization programs in logistics**, excluding **currency effects (27 mill. EUR)** inventory grew only **1%**

Net CapEx

in mill. EUR and as % of sales



Comment

- **Gross CAPEX** decreased by 21 mill. EUR to **478 mill. EUR**, ratio decrease by 1.1%-points to **8.2%**
- **Net CAPEX** decreased by 21 mill. EUR to **347 mill. EUR**, ratio decreased by 0.9%-points to **6.0%**
- Continuous **investments** in customer-specific **equipment** with increased product complicity and **footprint** investments **ongoing**
- **Reimbursements** constant at **131 mill. EUR**

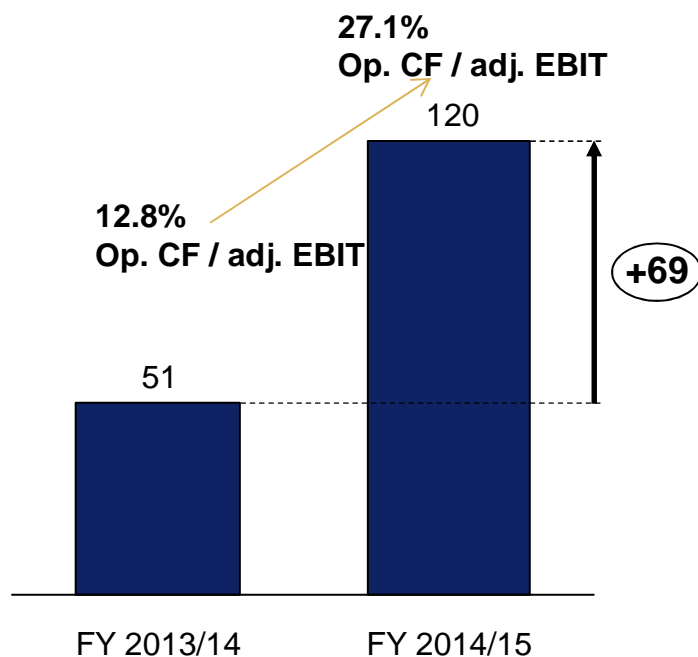
*Cash change excl. effects from currency conversion and other: receivables +129 mill. EUR, inventory +8 mill. EUR

HELLA Group Key Achievements

Balance Sheet and CF (II) - FY 2013/14 to FY 2014/15

Operative CF development

in mill. EUR and cash conversion ratio (Operative Cash Flow / adj. EBIT)



Comment

- **Operative CF*** increased by 69 mill. EUR to **120 mill. EUR**, whereby **cash settlements for restructurings of 38 mill. EUR** (15 mill. EUR in FY 13/14) are **excluded**
- **Cash conversion ratio*** increased by 14.3%-points to **27.1%**
- After two years of globalization initiative **strong increase in line with expectations** driven by profitable top-line growth and under-proportional increase of cash-effective working capital

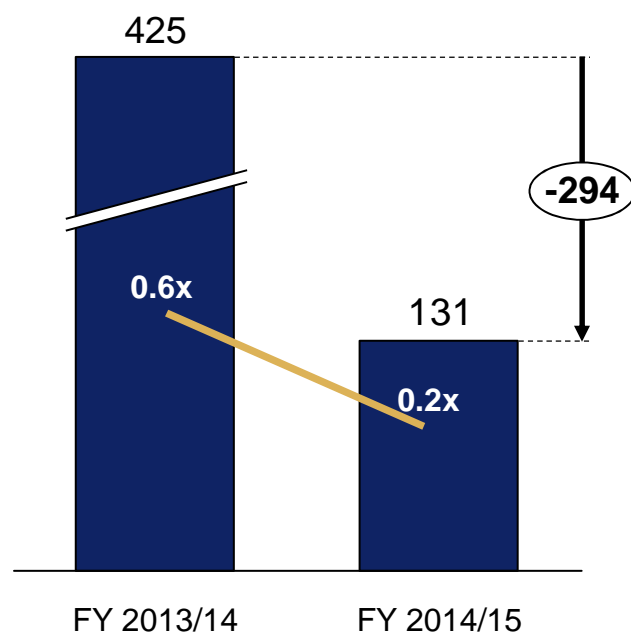
* Operative Cash Flow before dividends and net capital expenditure on financial assets or shares in associates (excluding cash restructuring payments)

HELLA Group Key Achievements

Balance Sheet and CF (III) - FY 2013/14 to FY 2014/15

Net Debt and Net Debt / EBITDA

in mill. EUR and as % of sales

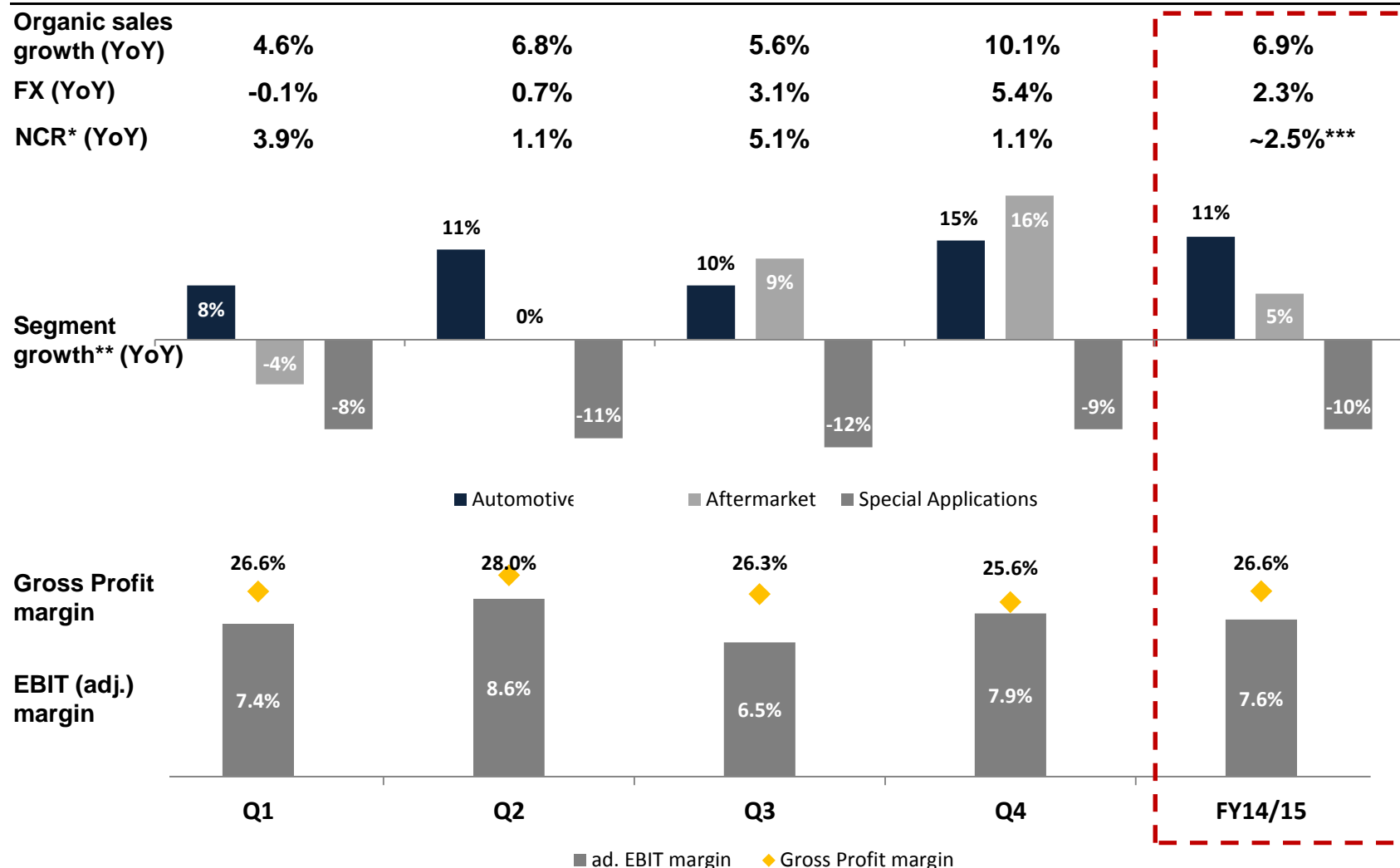


Comment

- **Gross debt** decreased by 279 mill. EUR to **1,139 mill. EUR**, driven by repayment of 200 mill EUR high yield bond and 150 mill. EUR repayment of EIB loan
- **Cash and short-term financial investments** available for sale increased by 16 mill EUR to **1,008 mill. EUR**
- **Net debt reduction by 294 mill. EUR**
 - **+272 mill. EUR capital increase**
 - **- 59 mill. EUR dividends** to shareholders
 - **+ 120 mill EUR operative cash flow**
 - **- 38 mill. EUR restructuring expenses**
 - Investment in shares (15 mill. EUR for 8% FTZ) balanced by reflows from other investments

HELLA Group Key Achievements

Quarterly Comparison – FY 2014/15



*new car registrations according to HELLA fiscal year, does not include all regions due to limited data availability, source: VDA, HELLA analysis
 third party sales only, * approximation based on timing split and data availability, growth in calendar year 2%

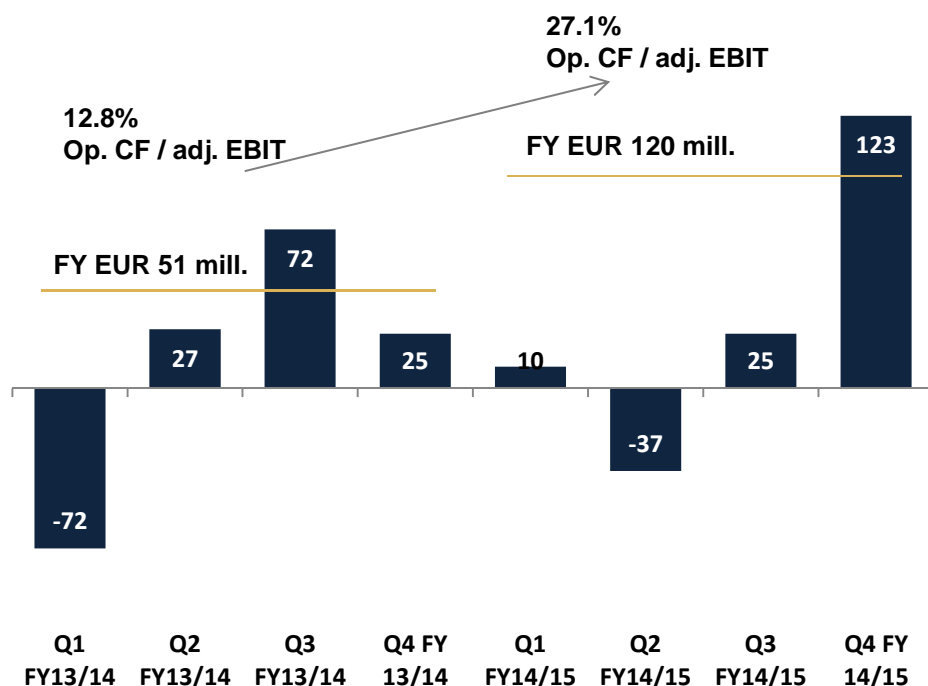


HELLA Group Key Achievements

CF generation – Volatility though quarters FY 2013/14 to FY 2014/15

Operative CF development

in mill. EUR and cash conversion ratio (Operative Cash Flow / adj. EBIT)



Comment

- **Operative CF volatile on quarterly level, but improving**
- **Customer reimbursements of 64 mill. EUR cashed-in in Q4**
- **CF from operating activity include 38 mill. EUR restructuring payments compared to 15 mill. EUR in FY 2013/14**
- **Working capital increased** due to new product launches along HELLA growth path
- **CF conversion strengthened** through strong profitability increase

Aggregated view on fiscal year reduces quarterly reporting date effects and hence volatility



HELLA Investor Update FY 2014/15

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Outlook

Market specific outlook

Region	Outlook Automotive Sales (in m pieces)		Comment
Germany	3.0 2014	3.1 2015 <i>+2%</i>	<ul style="list-style-type: none"> Positive development of new car registrations in the first months of 2015 Modest expected economic growth of approx. 1% for 2015
Western Europe incl. Germany	12.1 2014	12.6 2015 <i>+4%</i>	<ul style="list-style-type: none"> Positive growth to or above pre-crisis levels in most Western European countries Recovery gaining momentum in the first half of 2015
USA	16.4 2014	16.7 2015 <i>+2%</i>	<ul style="list-style-type: none"> Strong winter in the beginning of 2015; nevertheless economic growth expected Favorable economic environment and solid domestic demand based on low fuel prices
China	18.4 2014	19.5 2015 <i>+6%</i>	<ul style="list-style-type: none"> Despite decline in economic growth to around 7%, China still remains the largest and fastest growing car market Impairment of economic situation could influence consumption and demand for automobiles negatively
TOTAL	75 2014	~76 2015 <i>+2%</i>	<ul style="list-style-type: none"> Overall growing expectations with significant regional differences. Assumed growth includes risk assessment on global economic development

Source: VDA, HELLA own analysis

Outlook

Company specific outlook

- Presuming no serious economic turmoil, we assume further positive development of the HELLA business in the FY 2015/16:
 - Sales to grow in the medium to high one-digit percentage range
 - EBIT margin will remain at the level of FY14/15, leading to a growth in absolute EBIT in the medium to high one digit percentage range
 - Expenses related to restructuring activities will occur around EUR 20 mill.

Guidance

Sales Group Management Report 2014/2015	Grow medium to high one-digit percentage range
EBIT-Margin Group Management Report 2014/2015	Remain at the level of FY14/15
	Restructuring ~20 mill. EUR
EBIT Group Management Report 2014/2015	Grow medium to high one-digit percentage range



HELLA Investor Update FY 2014/15

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HELLA Investor Update FY 2014/15

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Annex

Key figures

Figures in mill. EUR if not otherwise stated		Key Financial Metrics	
	31. Mai 15 Actual	31. Mai 14 Actual	
Sales	5,835	5,343	
EBITDA	766	656	
EBIT	430	347	
Gross CAPEX	478	499	
% of Sales	8.2%	9.3%	
EPS (EUR)	2.70	2.23	
Operating FCF	120	51	
Net Debt	131	425	
Equity	1,910	1,342	
Equity Ratio	38.8%	30.1%	
Net Debt / EBITDA	0.2x	0.6x	
Interest coverage ratio (min. 5x)*	21.1x	17.2x	
Gearing**	0.1x	0.3x	

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

Annex

Income statement – FY 2014/15

in mill. EUR	12 months FY 2014/15		12 months FY 2013/14	
Sales	5,835	100%	5,343	100.0%
Cost of sales	(4,281)	-73.4%	(3,866)	-72.4%
Gross Profit	1,554	26.6%	1,477	27.6%
Research and development costs	(544)	-9.3%	(514)	-9.6%
Distribution costs	(455)	-7.8%	(435)	-8.1%
Administrative costs	(197)	-3.4%	(197)	-3.7%
Other income and expenses	16	0.3%	(24)	-0.5%
Income from associates	55	0.9%	38	0.7%
Other income from investments	0	0.0%	2	0.0%
EBIT	430	7.4%	347	6.5%
Financial income	38	0.7%	37	0.7%
Financial expenses	(74)	-1.3%	(75)	-1.4%
Earnings before taxes	394	6.7%	309	5.8%
Taxes on income	(98)	-1.7%	(79)	-1.5%
Earnings for the period	295	5.1%	230	4.3%

Annex

Balance sheet – Assets: May 31, 2015

in mill. EUR	May 31, 2015		May 31, 2014	
Cash, cash equivalents and financial assets	1,008	20.5%	992	22.3%
Trade receivables	839	17.1%	692	15.5%
Other receivables and non-financial assets	180	3.7%	150	3.4%
Inventories	609	12.4%	578	13.0%
Current assets	2,636	53.6%	2,412	54.1%
Property, plant and equipment and intangible assets	1,833	37.3%	1,620	36.3%
Shares in associated companies and joint ventures and other investments	267	5.4%	240	5.4%
Other non-current assets	181	3.7%	187	4.2%
Non-current assets	2,281	46.4%	2,046	45.9%
Total assets	4,917	100.0%	4,459	100.0%

Annex

Balance sheet – Equity and liabilities: May 31, 2015

in mill. EUR	May 31, 2015		May 31, 2014	
Financial liabilities	100	2.0%	296	6.6%
Trade payables	574	11.7%	574	12.9%
Other liabilities	603	12.3%	467	10.5%
Provisions (current)	73	1.5%	109	2.4%
Current liabilities	1,349	27.4%	1,446	32.4%
Non-current financial liabilities	1,039	21.1%	1,121	25.1%
Deferred tax liabilities	25	0.5%	69	1.5%
Other non-current liabilities	236	4.8%	219	4.9%
Other provisions	358	7.3%	262	5.9%
Non-current liabilities	1,658	33.7%	1,671	37.5%
Total equity	1,910	38.8%	1,342	30.1%
Total equity & liabilities	4,917	100.0%	4,459	100.0%

Annex

Cash Flow – FY 2014/15

in mill. EUR	FY 2014/15	FY 2013/14
EBIT	430	347
Gross depreciation	336	309
Working capital changes	-97	-71
Payments received for serial production	131	131
Tax payments	-119	-80
Other operating activities (e.g. change in provisions)	-82	-85
Gross Capital Expenditures	-498	-516
Revenue from sale of assets	20	17
Operative Cash Flow	120	51
Dividends paid	-59	-55
Acquisitions	-11	-4
Capital increase	272	0
Restructuring payments, Consolidation group changes, FX effects & other evaluation effects	-36	-3
Pension, Factoring, Operating Lease	7	0
Change in financial net debts	294	-11

- **Higher operative Cash Flow** mainly due to increased profitability
- **Decrease in net capex*** from 368 mill. EUR to 347 mill. EUR; customer payments still high on previous year's level (131 mill. EUR)
- **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

Annex

Financial Debt Structure – May 31, 2014 vs. May 31, 2015

Figures in mill. EUR				
Financial Debt Structure May 31, 2014 vs. May 31, 2015				
	Maturity	May 31, 2014	Deviation	May 31, 2015
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	300	0	300
Loan European Investment Bank	2015	150	-150	0
Other Financial Debt, Accruals and Revaluation		93	71	164
Gross Financial Debt		1,418	-279	1,139
Cash and cash equivalents		637	-34	603
Financial Assets		355	50	405
Net Debt		425	-294	131
Revolving credit facility (2015-2020) of 450 mill. EUR				
Net Debt / EBITDA		0,6x		0,2x

Changes

- Increase of other financial debt, accruals and revaluation (+71 mill. EUR) including also additional loans of 105 mill. EUR to finance footprint expansion in China in January 2015
- EIB Loan repayment (150 mill. EUR) in January 2015 and redemption of 200 mill. EUR for a bond maturing in October
- Refinancing and reduction of synloan facility to 450 mill. EUR in June

* hedged value ** nominal amount



Technology with Vision

Thanks for your attention

Dr. Kerstin Dodel

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