



Technology with Vision

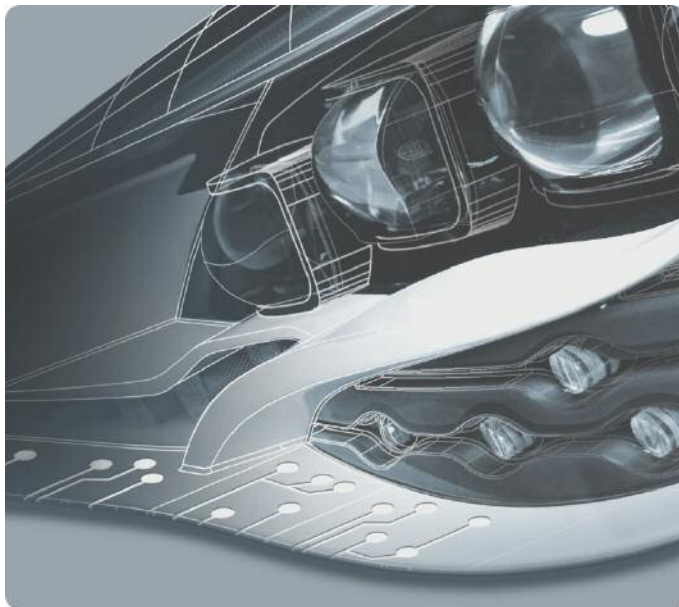
HELLA Investor Update H1 2015/16

Conference Call on January 11th, 2016

Dr. Rolf Breidenbach, CEO

Dr. Wolfgang Ollig, CFO

Carl Pohlschmidt, Finance Director



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This document may contain forward-looking statements and information on the markets in which the HELLA Group is active as well as on the business development of the HELLA Group. These statements are based on various assumptions relating, for example, to the development of the economies of individual countries, and in particular of the automotive industry. Various known and unknown risks, uncertainties and other factors (including those discussed in HELLA's public reports) could lead to material differences between the actual future results, financial situation, development or performance of the HELLA Group and/or relevant markets and the statements and estimates given here. We do not update forward-looking statements and estimates retrospectively. Such statements and estimates are valid on the date of publication and can be superseded.

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 H1 2015/16

Outline

- HELLA Group Key Achievements
- Outlook
- Q&A
- Annex

HELLA Group Key Achievements

Financial Highlights H1 2015/16

FINANCIAL HIGHLIGHTS

Sales

- **HELLA Group sales up 11.8% YoY to 3.2 bill. EUR**, thereof **3.1%-points FX effects** (mainly USD and CNY)
- **Third party sales development per segment compared to previous year:**
 - **Automotive: +12%** driven by **product launches** in innovative **LED technologies** and electronic components for **industry megatrends**
 - **Aftermarket: +9%** driven by positive development of **independent aftermarket in Europe** catching up after end of wholesale consolidation as well as positive **workshop equipment business** with demand for **high-end diagnose** and **camera calibration tools**
 - **Special Applications: +2%** driven by **stabilization** in the **agricultural**, but still under pre-crisis level

Profitability

- **Gross Profit margin at 26.4% (-1.0%-point YoY)** due to **supplier default**, excluding one-offs margin at **27.2%** due productivity gains in automotive and contrarily launch costs for new technologies mainly in Eastern Europe
- **R&D cost ratio at 9.2% (-0.3%-points YoY)** but absolute increase due developing costs for newly acquired business and high-tech launches
- **Distribution expenses at 7.7% (-0.1%-points YoY)**, **administrative expenses at 3.3% (-0.1%-points YoY)**
- **EBIT at 203 mill. EUR (- 18 mill. EUR)**, **EBIT margin at 6.4% (-1.4%-points YoY)**
Adj. EBIT at 256 mill. EUR, **adj. EBIT margin at 8.1%**

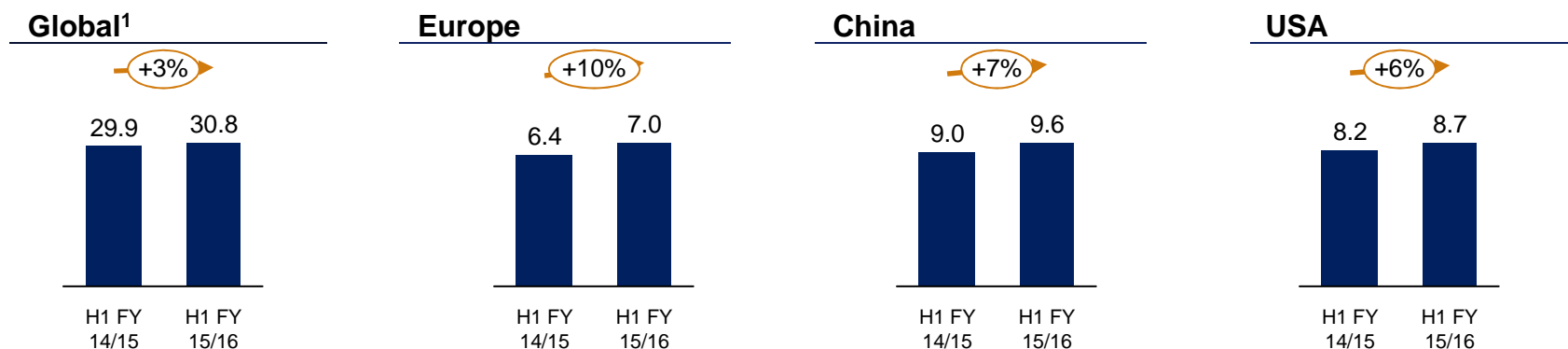
Liquidity

- **Operative Cash Flow at 85 mill. EUR** compared to -44 mill. EUR in H1 FY14/15

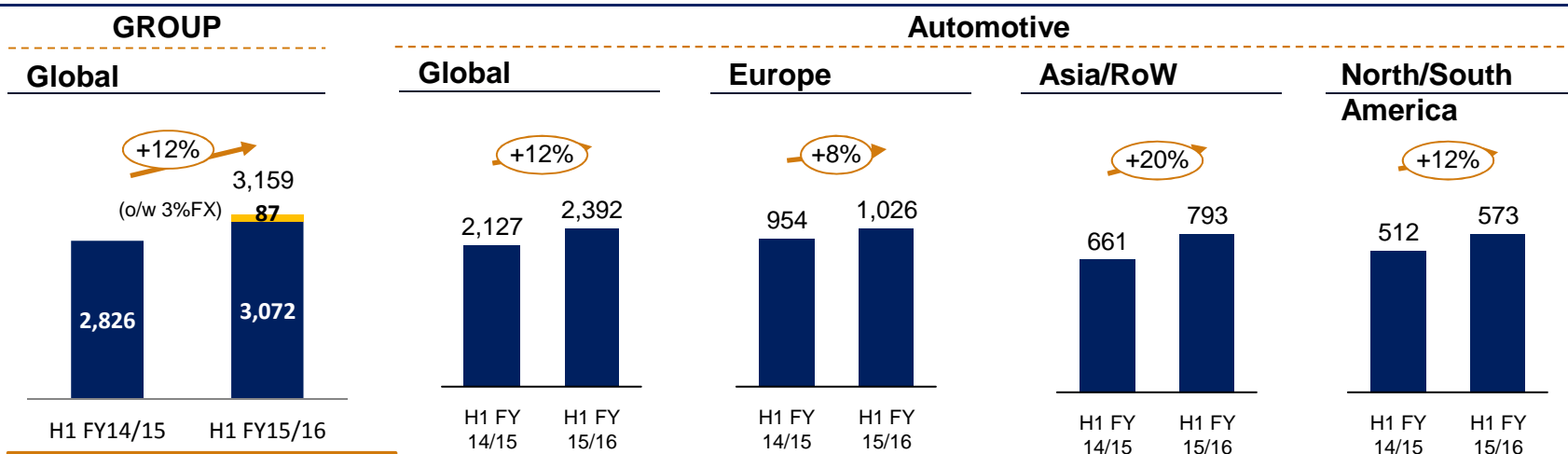
HELLA Group Key Achievements

Sales – Outperforming the market in H1 2015/16

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



HELLA revenue² (in EUR millions, growth in %)



HELLA Group outperforms market by 9%-points

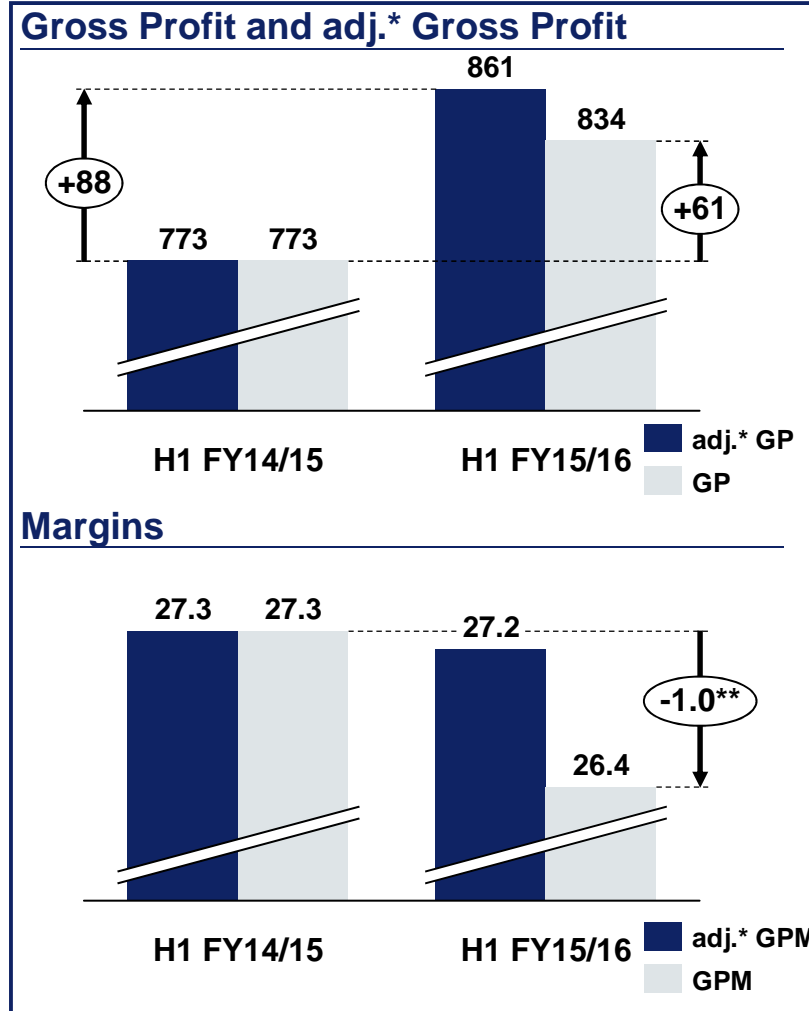
Source: HELLA; VDA Research 1. Approximation including only most important markets; 2. Regional market coverage by end customers



HELLA Group Key Achievements

P&L (I) – H1 2014/15 to H1 2015/16

EUR millions and % sales



Gross Profit and adj.* Gross Profit

- **Gross Profit H1 FY 15/16 increased by 61 mill. EUR (+8%) to 834 mill. EUR** after deduction of 27 mill. EUR one-off expenses for the supplier default
- **Excluding supplier default, Gross Profit increased by 88 mill EUR (+11%) to 861 mill. EUR**
- **Extraordinary expenses** for supplier default **increased COGS by 24 mill EUR in Q1 FY 15/16** and by **3 mill. EUR in Q2 FY 15/16**

Margins

- **Excluding supplier default, the Gross Profit margin remained nearly stable at 27.2% driven by**
 - **increased productivity** in the automotive segment and contrarily
 - **additional launch cost** for new high-tech products mainly in EE
- Additional charges for supplier default decreased Gross Profit Margin by 1.0%-points

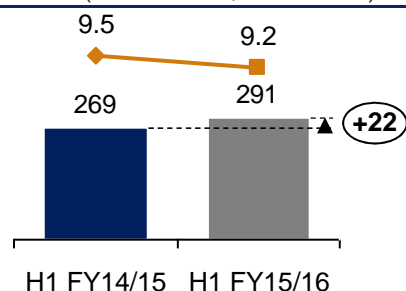
*adjusted for one-off charges for supplier default

** rounding differences

HELLA Group Key Achievements

P&L (II) – H1 2014/15 to H1 2015/16

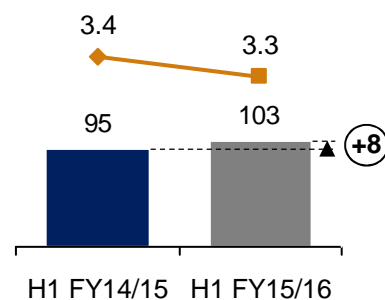
R&D (in mill. EUR, % of sales)



Comment

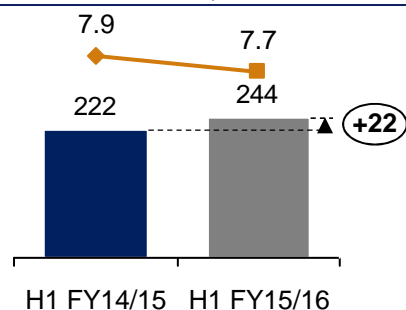
- **Q2 FY15/16 R&D ratio decreased by 1%-points to 9.1%** caused by **high comparable basis** previous year, **absolute expenses with 152 mill EUR** on previous year level
- **H1 FY15/16 R&D ratio decreased by 0.3%-points to 9.2%** driven by **strong top line growth** compared to H1 previous year
- **Absolute R&D expenses increased by 22 mill. EUR to 291 mill. EUR** driven by **development costs for newly acquired business** and **additional cost for complex high-tech lighting product launches**

Administrative (in mill. EUR, % of sales)



- **Q2 FY15/16 ratio decreased by 0.1%-points to 3.1%** driven by **strong top line growth** compared to Q2 previous year, **absolute expenses increased by 3 mill. EUR to 51 mill. EUR**
- **H1 FY15/16 ratio decreased by 0.1%-points to 3.3%** driven by **strong top line growth** compared to H1 previous year
- **Absolute administrative** expenses with a rather stable development after realized efficiency gains, increase by 8 mill. EUR to 103 mill. EUR due to investments in corporate functions

Distribution (in mill. EUR, % of sales)

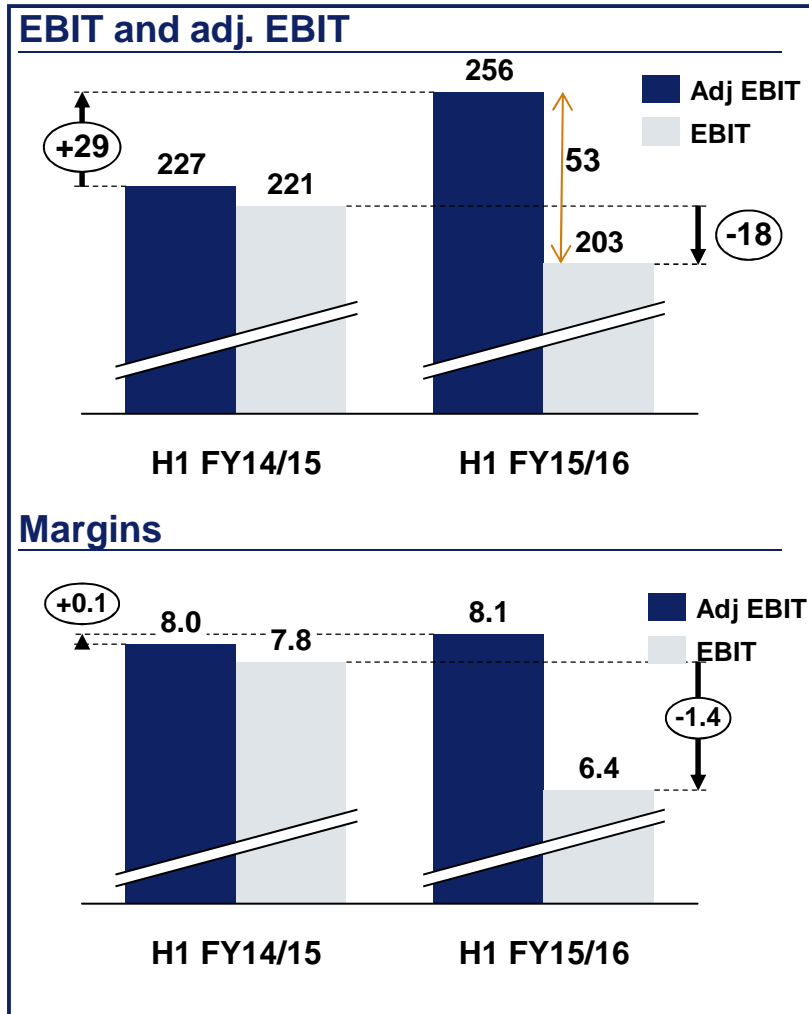


- **Q2 FY15/16 ratio decreased by 0.1%-points to 7.5%** driven by **strong top line growth** compared to Q2 previous year, **absolute expenses increased by 10 mill. EUR to 125 mill. EUR**
- **H1 FY15/16 ratio decreased by 0.1%-points to 7.7%** driven by **strong top line growth** compared to H1 previous year
- **Absolute distribution** expenses increased by 22 mill. EUR to 244 mill. EUR due to higher Aftermarket sales and **ramp-up of e-commerce** as well higher rental and transport costs in Eastern Europe due to **increased level of operations**

HELLA Group Key Achievements

P&L (III) – H1 2014/15 to H1 2015/16

EUR millions and % sales



EBIT and adj. EBIT

- **Adjusted EBIT** (excluding restructuring costs and cost for supplier default) increased by 29 mill. EUR (13%) to **256 mill. EUR**
- **Supplier failure** in China leads to one-off charges of 47 mill. EUR
- **EBIT** decreased by 18 mill EUR (8%) to **203 mill. EUR**
- **Restructuring expenses** H1 FY 15/16 of **6 mill. EUR** (+0,3 mill. EUR YoY)

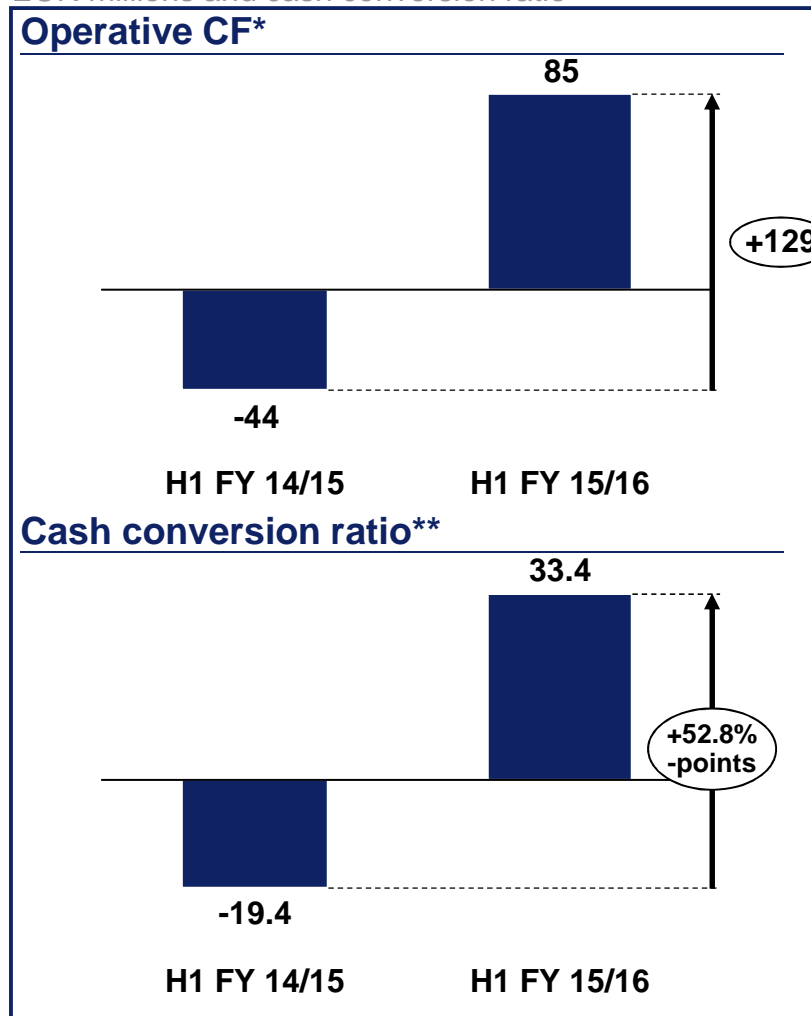
Margins

- **Adjusted EBIT margin** increased by **0.1%-points** to **8.1%** in FY15/16 driven by **strong top-line growth** with declining fix costs
- **EBIT margin** decreased by **1.4%-points** to **6.4%** mainly driven by **supplier default** (-1.5%-points)

HELLA Group Key Achievements

Operative CF - H1 2014/15 to H1 2015/16

EUR millions and cash conversion ratio**



OCF

- **Operative CF*** increased by 129 mill. EUR to **85 mill. EUR**
- **Cash settlements for restructurings** of **6 mill. EUR** (13 mill. EUR in FY 14/15) and **27 mill. EUR** cash out for **supplier default** are **excluded**
- **Lower working capital consumption** compared to FY 14/15, mainly due to temporarily delayed payments & longer payment terms

OCF / adj. EBIT

- **Cash conversion ratio**** increased by 52.8%-points to **33.4%**
- **Strong increase in line with expectations** due to profitable top-line growth and lower working capital increase

* Operative Cash Flow before dividends and net capital expenditure on financial assets or shares in associates (excluding cash restructuring payments and one-off effect from supplier default)

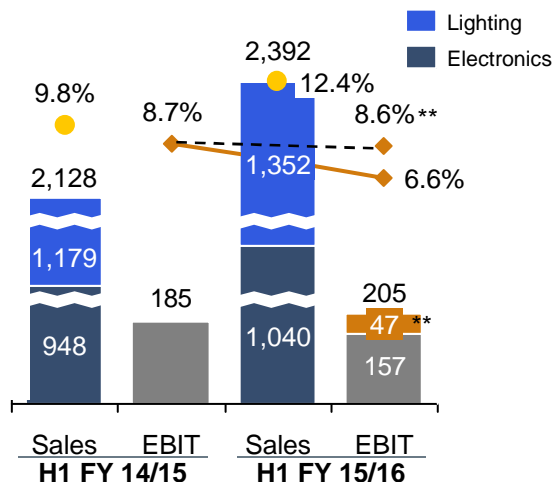
**Operative Cash Flow / adj. EBIT (excl. restructuring costs and one-off effect from supplier default)



HELLA Group Key Achievements

Segment Highlights – H1 2014/15 to H1 2015/16

Automotive*



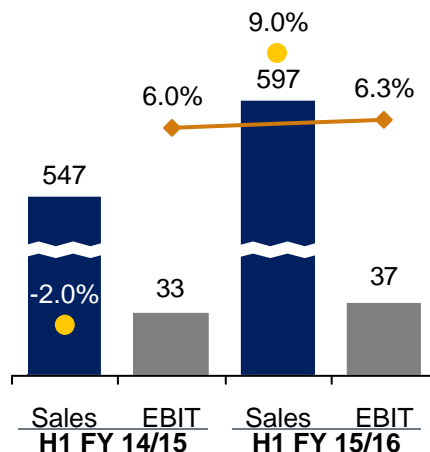
in mill. EUR and in %

- Strong demand for innovative electronics and lighting products based on megatrends
- Positive demand in Europe, NAFTA and in China
- Roll-out of complex products with LED technology still affects margin
- Non-recurring charges after supplier failure decrease EBIT by 47 mill. EUR

* External sales

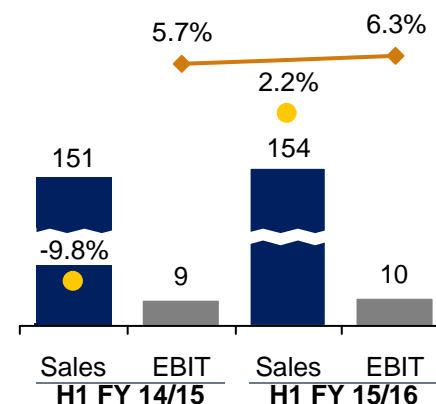
** Supplier failure effect; 8.6% margin ex. supplier failure

Aftermarket*



- Independent aftermarket catching up after end of wholesale consolidation
- Positive demand for high-end diagnose and camera calibration tools
- Higher GPM due to positive product mix and increasing sales

Special Applications*

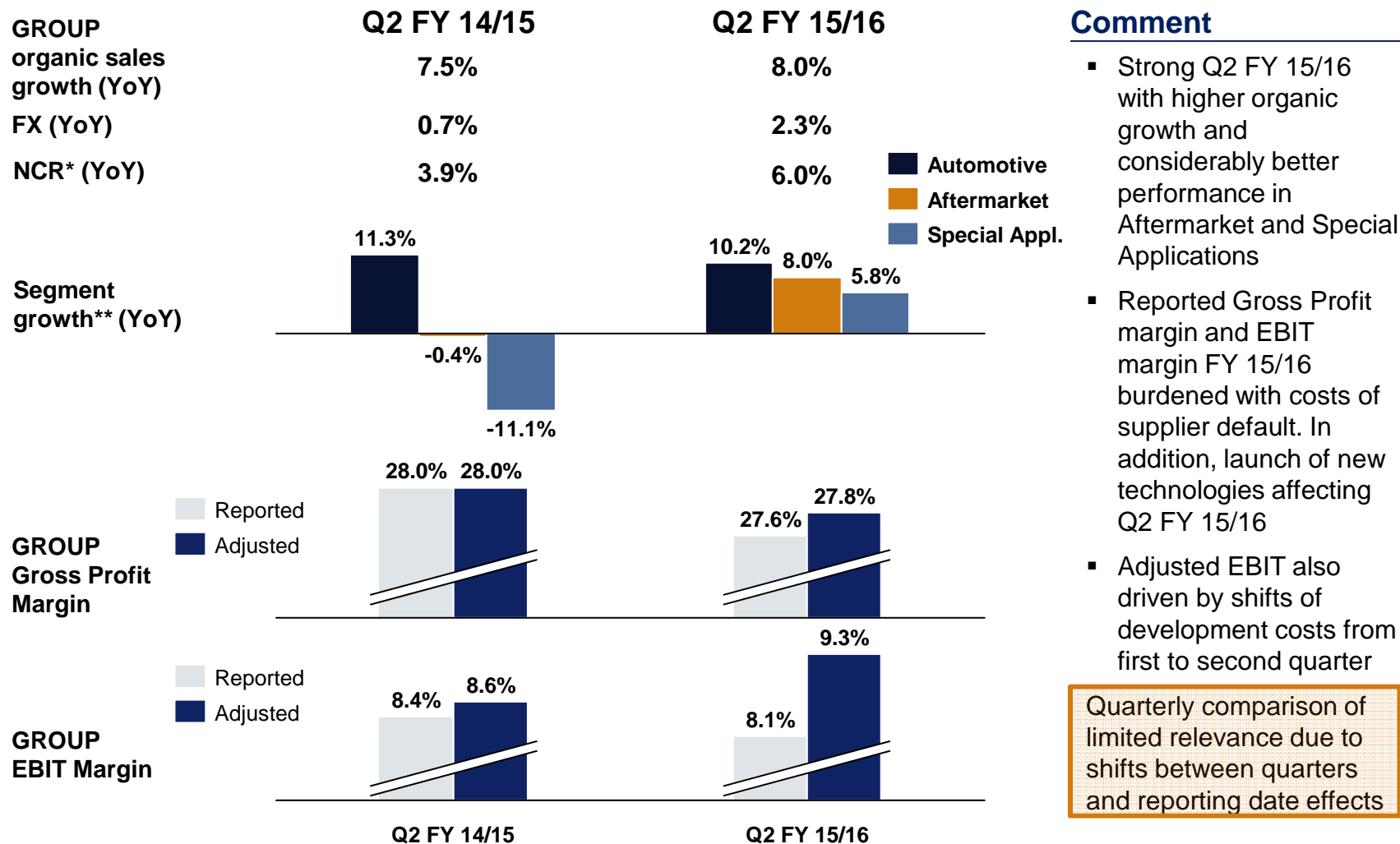


- Stabilization in the agricultural sector, still under pre-crisis level
- Reduced outdoor lighting sales
- Positive product mix with increasing sales affects margin

■ EBIT
 ◆ EBIT Margin
 ● Sales growth YoY

HELLA Group Key Achievements

Quarterly Comparison – Q2 FY 15/16 vs. Q2 FY 14/15



Quarterly comparison of limited relevance due to shifts between quarters and reporting date effects

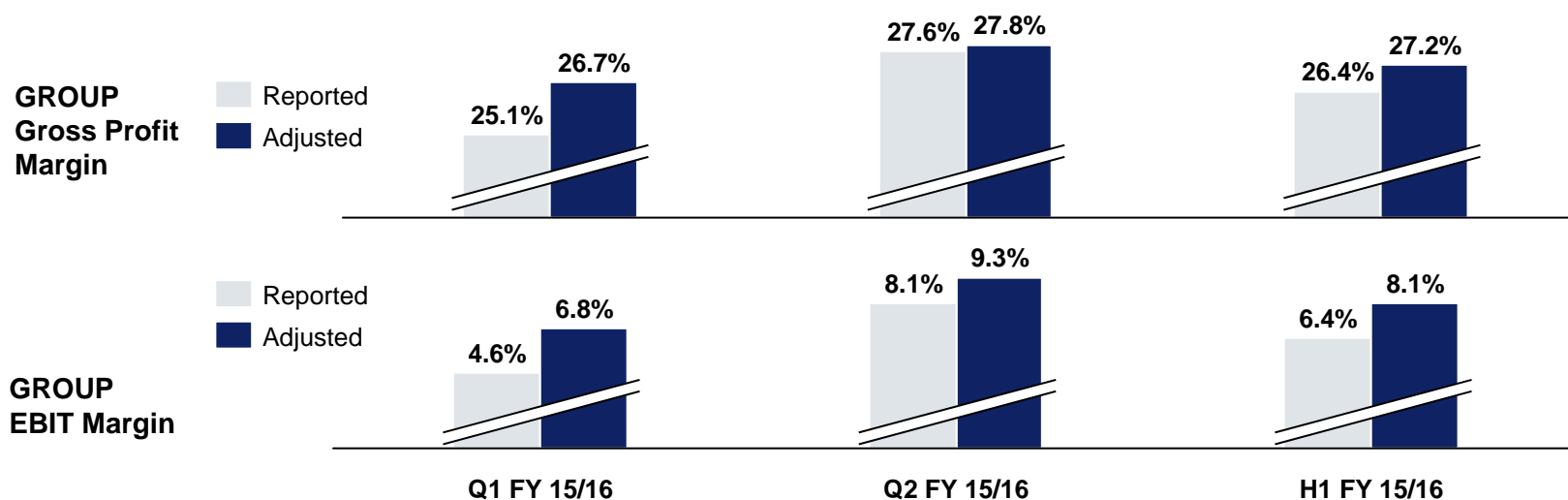
*New Car Registrations according to HELLA fiscal year, does not include all regions due to limited data availability, source: VDA, HELLA analysis
 **third party sales only



HELLA Group Key Achievements

Quarterly Comparison – H1 2015/16

	Q1 FY 15/16	Q2 FY 15/16	H1 FY 15/16
GROUP Organic sales growth (YoY)	9.5%	8.0%	8.7%
FX (YoY)	4.0%	2.3%	3.1%
GROUP Sales growth (YoY)	13.5%	10.3%	11.8%
NCR* (YoY)	0.0%	6.0%	3.1%



*New Car Registrations according to HELLA fiscal year, does not include all regions due to limited data availability, source: VDA, HELLA analysis





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Outlook

Market specific outlook

Region	Outlook Automotive Sales (in m pieces)		Comment
Germany	+4% 3.1 2015	+2% 3.2 2016	<ul style="list-style-type: none"> Positive development of new car registrations in 2015 Modest expected growth of approx. 2% for 2016
Western Europe incl. Germany	+7% 13.0 2015	+1% 13.1 2016	<ul style="list-style-type: none"> Strong growth to above pre-crises levels in most Western European countries in 2015 Modest growth in 2016 expected due to saturation in UK, IT and FR with slow recovery, sideways trend in Spain
USA	+5% 17.2 2015	+1% 17.4 2016	<ul style="list-style-type: none"> Positive growth in the calendar year 2015 of around 5% due to favorable economic environment Modest growth of 1% in 2016 after strong 2015 expected
China	+4% 19.1 2015	+2% 19.5 2016	<ul style="list-style-type: none"> Decline in economic growth to 4% during 2015. Demand supported by governmental program but still further growth reduction expected Subdued growth in 2016 expected
TOTAL	+1% 77 CY 2015	-2% ~78 CY 2016	<ul style="list-style-type: none"> Overall growing expectations with significant regional differences. Uncertainty with respect to political tensions and economic conditions

Source: VDA, HELLA own analysis



Outlook

Company specific outlook FY 2015/16

Presuming no serious economic turmoil, we assume a further positive development of the operative HELLA business, however a decline in EBIT due to one-off charges in the FY 2015/16:

	<u>Guidance</u>	<u>Comment</u>
Sales	Growth in medium to high one-digit percentage range	<ul style="list-style-type: none">▪ Sales still expected to grow in the middle to high single-digit percentage range over the full financial year
One-off charges (supplier failure)	Up to 50 mill. EUR	<ul style="list-style-type: none">▪ Major part already booked in H1 FY 15/16, remaining amount split between Q3 and Q4 FY 15/16
EBIT	Below previous year	<ul style="list-style-type: none">▪ Drag on EBIT due to supplier default cannot be offset by strong sales development. EBIT margin will decrease relative to the prior year
EBIT adjusted by one-offs for supplier default	Mid to high single-digit percentage growth	<ul style="list-style-type: none">▪ No change in guidance without supplier case



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Annex

Key figures H1 FY 15/16 vs. H1 FY 14/15

Figures in mill. EUR if not otherwise stated	Key Financial Metrics	
	Key Financial Metrics	
	30. Nov 15 Actual	30. Nov 14 Actual
Sales	3,159	2,826
EBITDA	400	381
EBIT	203	221
Gross CAPEX	249	237
% of Sales	7.9%	8.4%
EPS (EUR)	1.16	1.45
Operative CF	85	-44
Net Debt	231	262
Equity	1,919	1,706
Equity Ratio	38.4%	36.0%
Net Debt / EBITDA (LTM)	0.3x	0.4x
Interest coverage ratio (min. 5x)*	26.0x	17.1x
Net Debt / Equity	0.1x	0.2x

* Interest coverage and Gearing are covenants for Syn Loan

Annex

Income statement – H1 2015/16

in mill. EUR	6 months FY 2015/16		6 months FY 2014/15	
Sales	3,159	100.0%	2,826	100.0%
Cost of sales	-2,325	-73.6%	-2,053	-72.7%
Gross Profit	834	26.4%	773	27.3%
Research and development costs	-291	-9.2%	-269	-9.5%
Distribution costs	-244	-7.7%	-222	-7.9%
Administrative costs	-103	-3.3%	-95	-3.4%
Other income and expenses	-17	-0.5%	6	0.2%
Income from associates	25	0.8%	28	1.0%
Other income from investments	0	0.0%	0	0.0%
EBIT	203	6.4%	221	7.8%
Financial income	16	0.5%	13	0.4%
Financial expenses	-34	-1.1%	-37	-1.3%
Earnings before taxes	184	5.8%	197	7.0%
Taxes on income	-53	-1.7%	-46	-1.6%
Earnings for the period	131	4.2%	151	5.4%

Annex

Balance sheet – Assets: November 30, 2015

in mill. EUR	November 30, 2015		November 30, 2014	
Cash, cash equivalents and financial assets	923	18.5%	988	20.8%
Trade receivables	912	18.2%	790	16.7%
Other receivables and non-financial assets	193	3.9%	195	4.1%
Inventories	706	14.1%	658	13.9%
Current assets	2,735	54.7%	2,631	55.4%
Property, plant and equipment and intangible assets	1,819	36.4%	1,651	34.8%
Shares in associated companies and joint ventures and other investments	263	5.3%	258	5.4%
Other non-current assets	186	3.7%	205	4.3%
Non-current assets	2,268	45.3%	2,114	44.6%
Total assets	5,003	100.0%	4,745	100.0%

Annex

Balance sheet – Equity and liabilities: November 30, 2015

in mill. EUR	November 30, 2015		November 30, 2014	
Financial liabilities	87	1.7%	101	2.1%
Trade payables	679	13.6%	637	13.4%
Other liabilities	597	11.9%	415	8.7%
Provisions (current)	66	1.3%	105	2.2%
Current liabilities	1,429	28.6%	1,258	26.5%
Non-current financial liabilities	1,068	21.3%	1,149	24.2%
Deferred tax liabilities	38	0.8%	70	1.5%
Other non-current liabilities	206	4.1%	251	5.3%
Other provisions	344	6.9%	311	6.6%
Non-current liabilities	1,655	33.1%	1,781	37.5%
Total equity	1,919	38.4%	1,706	36.0%
Total equity & liabilities	5,003	100.0%	4,745	100.0%

Annex

Cash Flow – H1 2015/16

in mill. EUR	FY 2015/16	FY 2014/15
EBIT	203	221
Gross depreciation	197	160
Working capital changes	-44	-114
Payments received for serial production	60	43
Tax payments	-51	-60
Other operating activities (e.g. change in provisions)	-31	-56
Gross Capital Expenditures	-254	-242
Revenue from sale of assets	5	4
Operative Cash Flow	85	-44
Dividends paid	-87	-59
Acquisitions	-55	-20
Capital increase	0	272
Restructuring payments, Consolidation group changes, FX effects & other evaluation effects, Supplier case	-39	12
Pension, Factoring, Operating Lease	-5	2
Change in financial net debts	-100	163

- **Higher operative Cash Flow** mainly due to lower working capital consumption
- **Decrease in net capex*** from 194 mill. EUR to 189 mill. EUR; customer payments exceeding previous year's level (60 vs. 43 mill. EUR)
- **Operative Cash Flow** of 85 mill. EUR

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

Annex

Financial Debt Structure – November 30, 2014 vs. November 30, 2015

Figures in mill. EUR Financial Debt Structure November 2014 vs. November 2015				
	Maturity	Nov 30, 2014	Deviation	Nov 30, 2015
AFLAC Notes and Loan*	2032/33	175	0	175
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		125	55	180
Gross Financial Debt		1,250	-95	1,155
Cash and cash equivalents		629	-65	565
Financial Assets		358	0	359
Net Debt		262	-31	231
Revolving credit facility (2015-2020) of 450 mill. EUR				
Net Debt / EBITDA (LTM)		0.4x		0.3x

Changes

- Increase of other financial debt, accruals and revaluation (+55 mill. EUR) including also external financial liabilities of 43 mill. EUR in China
- EIB Loan repayment (150 mill. EUR) in January 2015 and redemption of 200 mill. EUR for a bond maturing in October 2014
- Refinancing and reduction of Synloan facility to 450 mill. EUR in June
- Capital increase in November 2014 benefits cash position with net inflow of 272 mill. EUR

* hedged value ** nominal amount



Technology with Vision

Thanks for your attention

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