



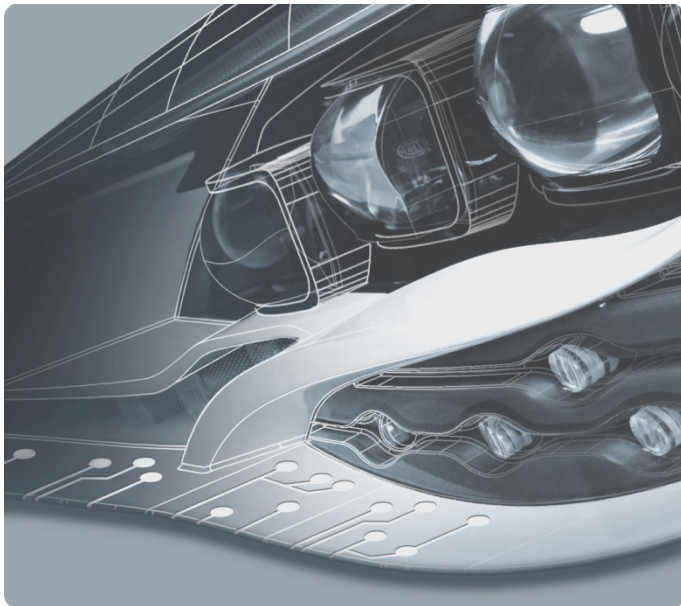
Technology with Vision

HELLA Investor Update FY 2017/18

Conference Call on August 10, 2018

Dr. Rolf Breidenbach, CEO

Bernard Schäferbarthold, CFO



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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 2017/18

Outline

- HELLA Financial Highlights FY 2017/18
- HELLA Financial Results FY 2017/18
- Outlook
- Q&A

Positive sales growth and EBIT increase in FY 2017/18

Financial Highlights FY 2017/18

Sales

- **HELLA Group** currency adjusted **sales grew by 9.3%** YoY to 7.1 bill. EUR

Profitability

- **Adjusted Gross Profit margin** at **27.9%** (+0.4%-points YoY)
- **Adjusted EBIT** +47 mill. EUR (+8.8% YoY) at **581 mill. EUR**
- **Adjusted EBIT margin** +0.1pp to **8.2%**

Liquidity

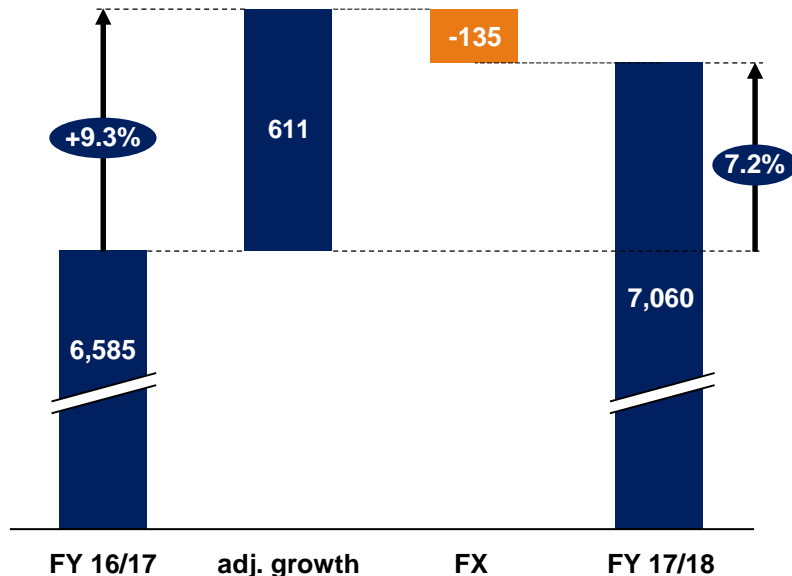
- **Adjusted Free Cash Flow from operating activities** increased by **92 mill. EUR** (+62% YoY) to **241 mill. EUR**

Note: Adjustments of profitability figures include restructuring expenses in Germany and in previous years adjustment for provision in context with the EU cartel proceeding. Please note that where sums and percentages in the presentation have been rounded, differences may arise as a result of commercial rounding.

HELLA top line growth with strong development in FY 17/18

Financial Highlights FY 2017/18

HELLA Group sales (EUR millions)



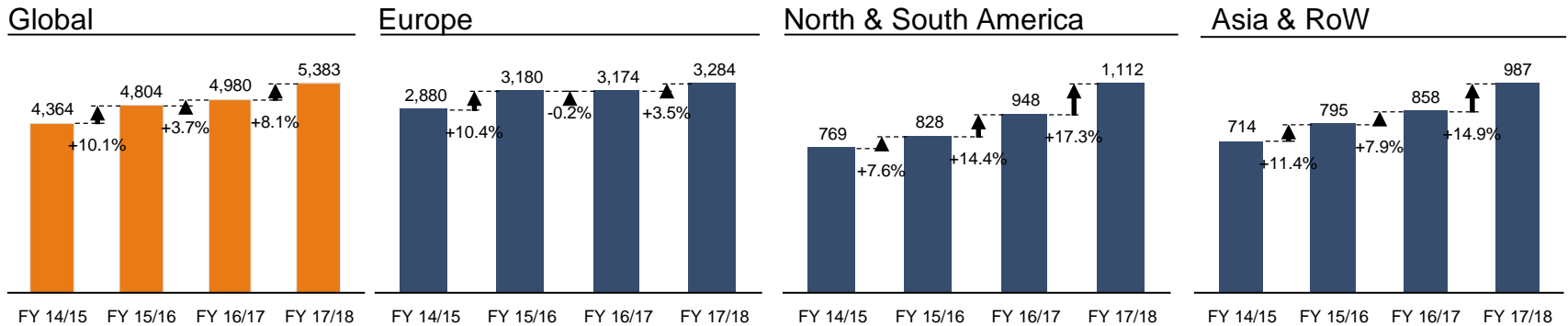
Comment

- **Currency adjusted growth HELLA Group at 9.3%**
- **Reported sales growth HELLA Group at 7.2% (increased by 476 mill. EUR to 7,060 mill. EUR)**
 - **Automotive +8.0% to 5,433 mill. EUR. Demand for energy management products, radar solutions and advanced lighting systems drives business**
 - **Aftermarket external sales +3.4%, positive demand from Independent Aftermarket and Wholesale as well as Workshop business in H2 FY 17/18**
 - **Special Applications +11.6% to 430 mill. EUR, positive development in agriculture and construction**

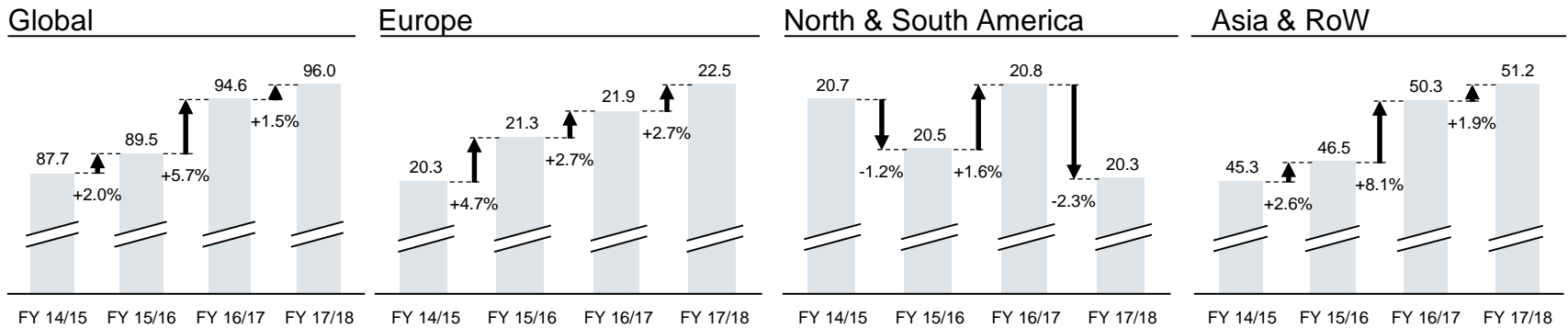
HELLA Automotive outperforming all important regions

Financial Highlights FY 2017/18

HELLA Automotive external sales by region (in EUR millions)



Light vehicle production (in million units)



HELLA Automotive growth vs. market (Light vehicle production growth):

+8.0%	-2.0%	+6.6%	+5.7%	-2.9%	+0.8%	+8.9%	+12.8%	+19.6%	+8.7%	-0.2%	+13.0%
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Source: HELLA; IHS (as of July 2018)



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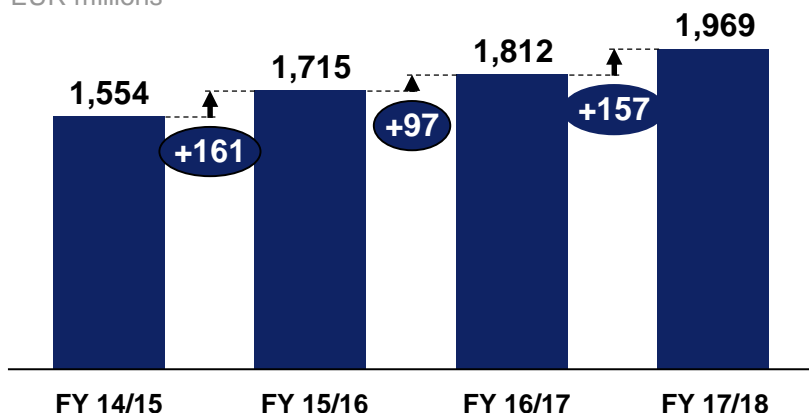
- Q&A

GPM increase due to strong overall business development

Financial results FY 2017/18

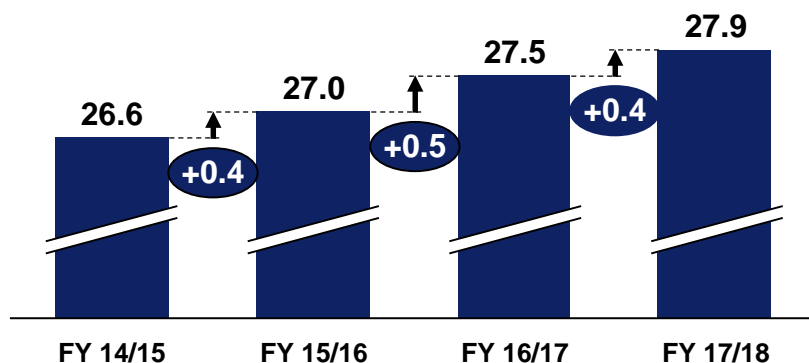
Adj. Gross Profit

EUR millions



Adj. Gross Profit margin

% sales



Highlights

- **Adj. Gross Profit** increased by 157 mill. EUR (+8.7%) to 1,969 mill. EUR
 - **Automotive** +8.6% to 1,387 mill. EUR
 - **Aftermarket** +2.7% to 429 mill. EUR
 - **Special Applications** +23.5% to 153 mill. EUR

Highlights

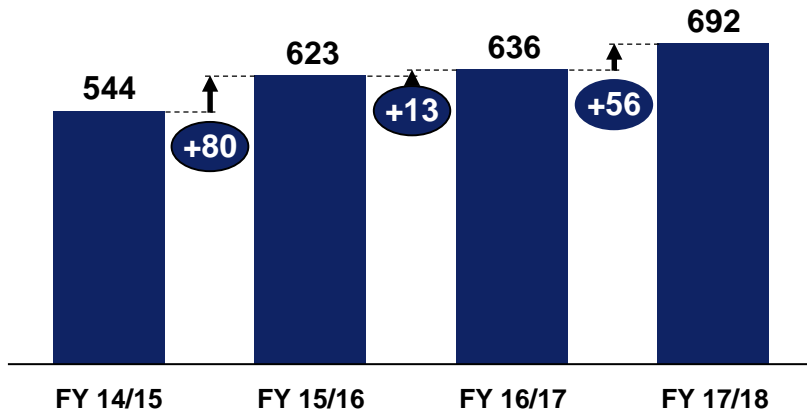
- **Adj. Gross Profit margin** improved by 0.4%-points to 27.9%
 - higher production volume in Automotive and higher associated utilization with positive effects on GPM, ongoing capacity increases still a burden
 - increased margins in Aftermarket and Special Applications

Continuous high R&D expenses to secure future growth and to support production ramp-up

Financial results FY 2017/18

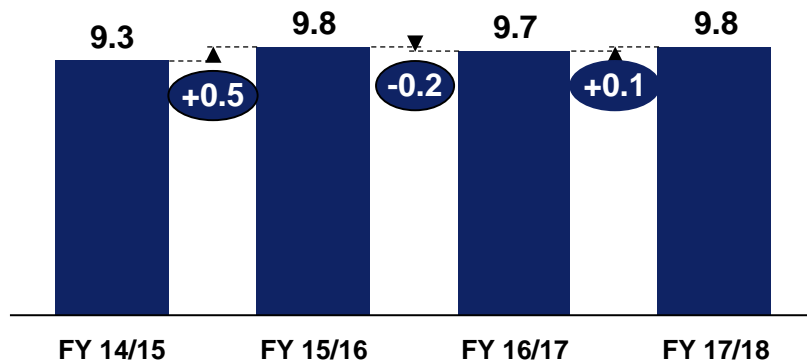
R&D expenses

EUR millions



R&D expenses ratio

% sales



Highlights

- **Absolute R&D** expenses increased by 56 mill. EUR (+8.8% YoY) to **692 mill. EUR**, mainly:
 - Secure and strengthen technology leadership along the market trends
 - Preparation and realization of production ramp-ups
 - Investments in international R&D capacities

Highlights

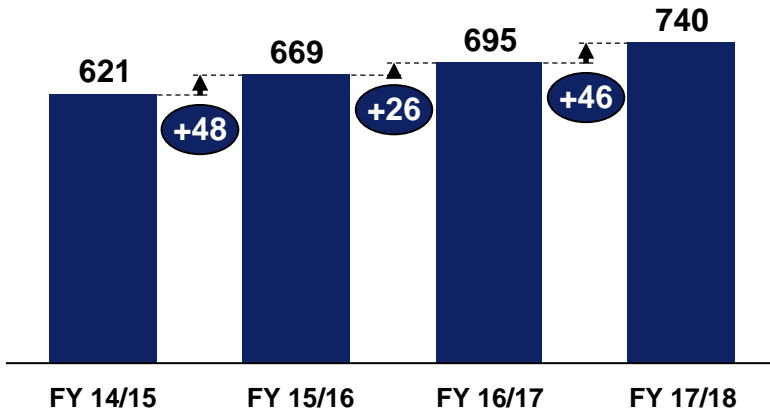
- **FY 17/18** ratio +0.1pp to **9.8%** due to high level of absolute R&D expenses

Relatively stable development of SG&A costs

Financial results FY 2017/18

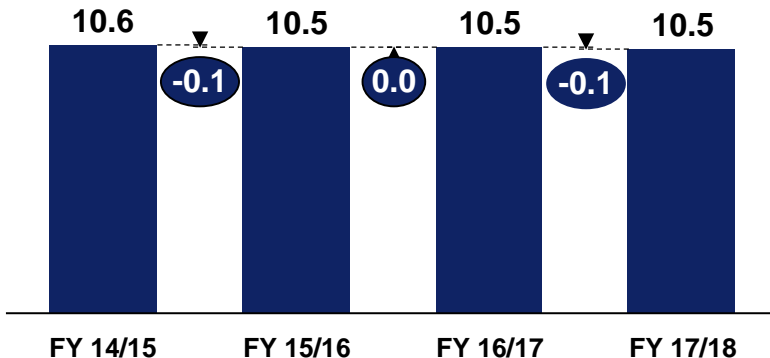
Adjusted SG&A expenses

EUR millions



Adjusted SG&A expenses ratio

% sales



Highlights

- **Adj. SG&A costs** increased under-proportionally (+46 mill. EUR, +6.6%) to 740 mill. EUR
- Under-proportional increase in distribution expenses (+3.3%)
- Under-proportional increase in administration expenses (+5.2%) but continuous investments in processes, systems and functions

Highlights

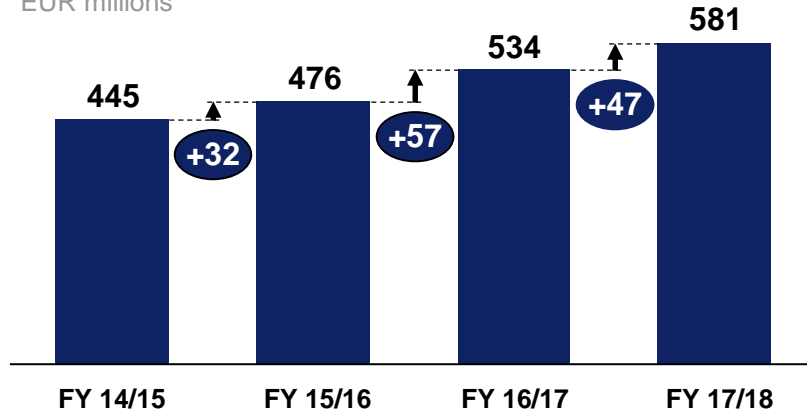
- **Adj. SG&A ratio stable at 10.5%**, ratio of structural costs in general with relatively stable development. Improvement through a decline in distribution cost ratio by 0.3pp to 7.4%
- Adj. other income & expenses -0.3pp to 0.3%

Adjusted EBIT and EBIT margin above prior-year's level

Financial results FY 2017/18

Adjusted EBIT

EUR millions

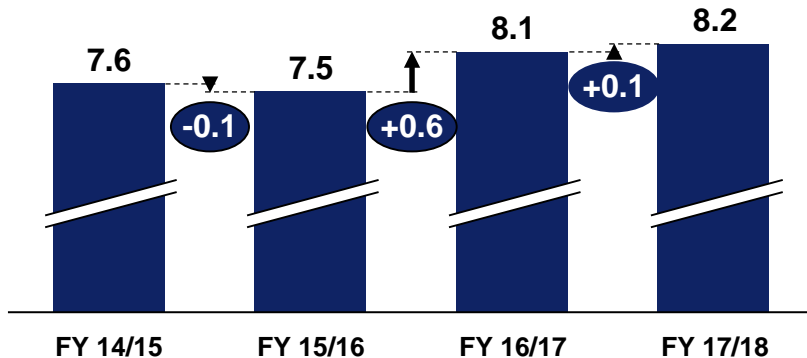


Highlights

- **Adj. EBIT** increased by 47 mill. EUR (+8.8%) to **581 mill. EUR**, mainly:
 - increase in adj. Gross Profit by 157 mill. EUR (+8.7%)
 - higher R&D (+56 mill. EUR, +8.8%)
 - decline in JV income by 8 mill. EUR (-15%)

Adjusted EBIT margin

% sales



Highlights

- **Adj. EBIT margin** increased by **0.1%-points** to **8.2%**:
 - increase of adj. GPM by 0.4pp
 - higher R&D expenses ratio (-0.1pp)
 - decreased contribution of JV (-0.2pp)

P&L including reconciliation

Financial results FY 2017/18

FY comparison

HELLA GROUP

in EUR mill.

		FY 16/17	FY 17/18
Gross Profit	reported	1,812.0	1,966.3
	Adjustments	0.0	2.6
	adjusted	1,812.0	1,968.9
Other income and expenses	reported	15.0	20.5
	Adjustments	26.4	3.9
	adjusted	41.4	24.3
EBIT	reported	507.2	574.3
	Adjustments	26.4	6.5
	adjusted	533.6	580.8
Net financial result		-44.2	-44.1
Taxes		-119.8	-140.1
Earnings for the period		343.1	390.1
Earnings per share (EUR)		3.08	3.50

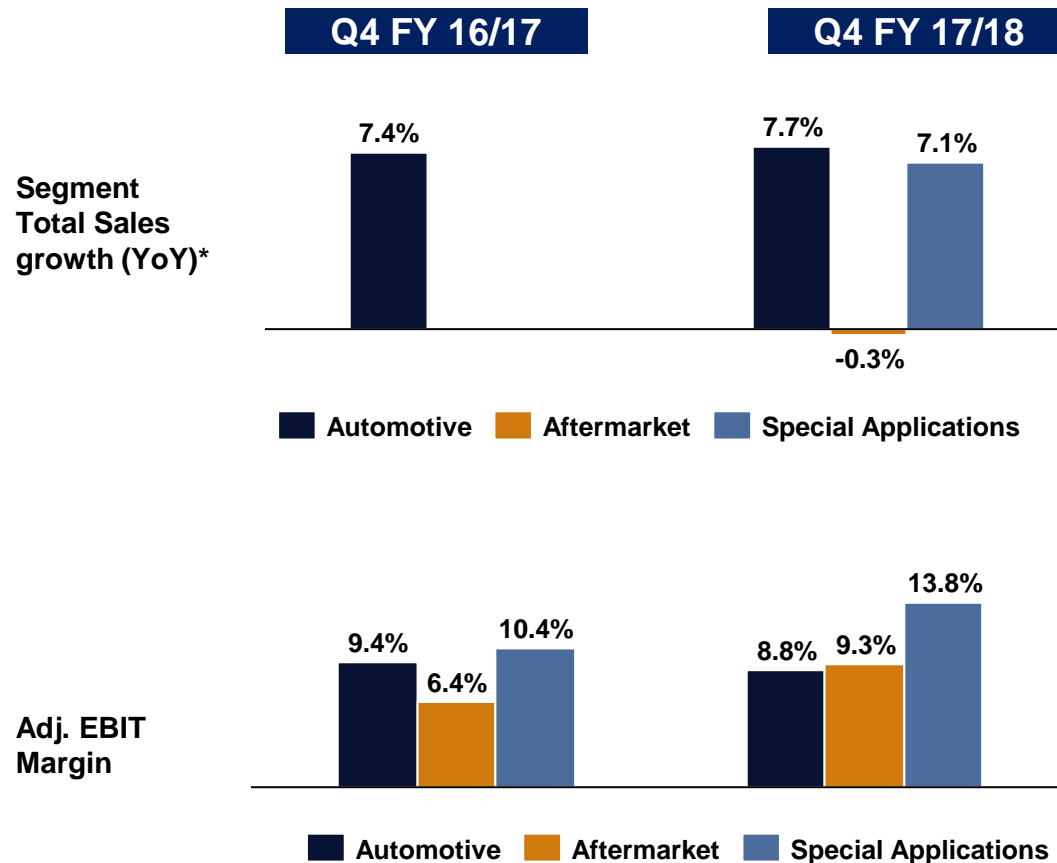
Comments

- Reported EBIT FY 17/18 increased by 67 mill. EUR (+13.2%) to 574 mill. EUR, EBIT only slightly negatively impacted by restructuring expenses in Germany
- Net financial result decreased slightly after local financing in Mexico
- Earnings for the period increased driven by operational improvements and lower one-offs
- Result driven higher tax payments, tax rate at 26.4%, excl. JVs at 28.8%, slightly improved vs PY
- EPS increased by 42 Cent (+14%) to 3.50 EUR

Q4 FY 17/18 with stronger profitability in all segments

Financial results FY 2017/18

Quarterly comparison



Comments

- Q4 FY 17/18 reported Automotive sales influenced by FX headwind; in Q4 FY 16/17 catch-up effect an positive FX influence
- Aftermarket with negative sales growth, external sales +2.1% driven by Wholesale and Workshop business
- Special Applications with strong agricultural & construction business and over-proportional demand in Australia
- Q4 FY 17/18 Automotive EBIT affected by lower GPM
- Aftermarket adjusted EBIT margin up after pre-investments in Wholesale and Workshop business
- Q4 FY 16/17 Special Applications with 2.6 mill. EUR negative effects from Industries and Airport Lighting disposal

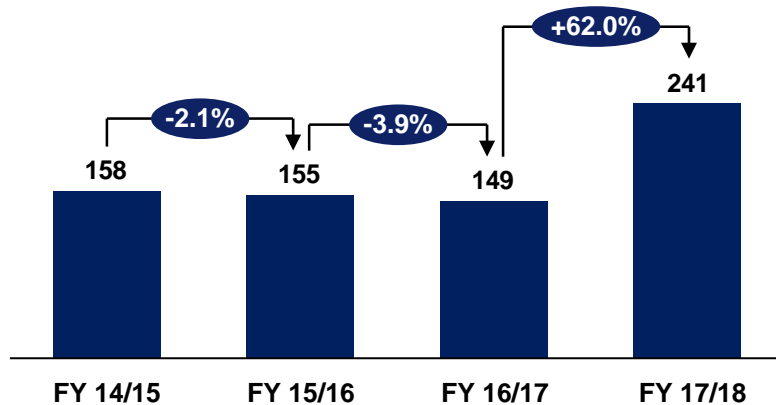
* Q4 FY 16/17 Aftermarket and Special Applications not available due to change in segment reporting

Adj. Free Cash Flow from operating activities increased due to higher funds from operations

Financial results FY 2017/18

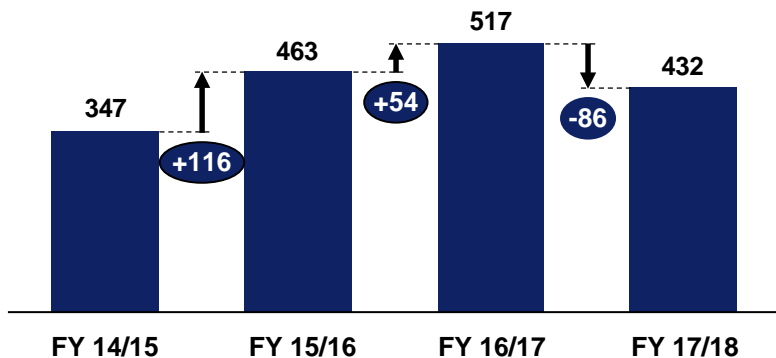
Adj. FCF from operating activities

EUR millions



Net CAPEX

EUR millions



Note: Adjustments of FCF include restructuring expenses, factoring (FY 16/17 only) and adjustment for cash payments in context with the EU cartel proceeding (FY 17/18 only)

Highlights

- **Adj. Free Cash Flow from operating activities** increased by 92 mill. EUR to **241 mill. EUR**, mainly due to **increased funds from operations** and **lower Net CAPEX**
- **Cash Conversion*** ratio increased by **13.6pp** to **41.6%**

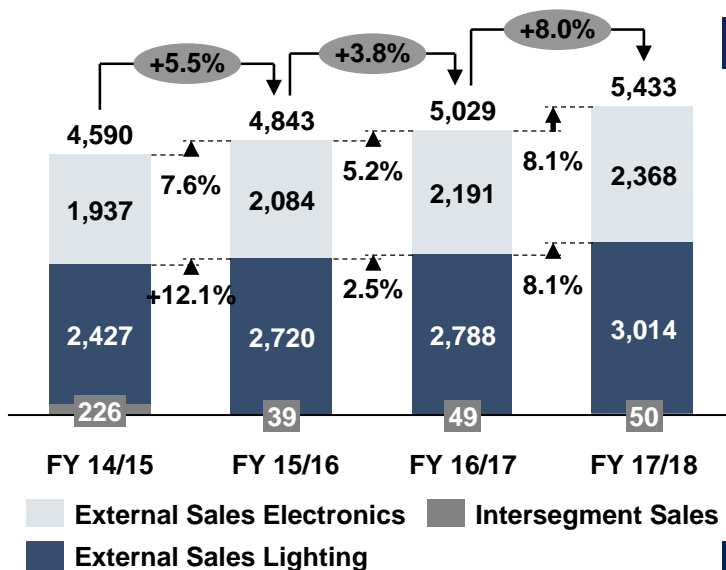
*Note: Adj. Free Cash Flow from operating activities / adj. EBIT

Highlights

- **Net CAPEX** decreased by 86 mill. EUR to **432 mill. EUR**
- Continuous high **investments** in customer-specific **equipment** and **capacity extensions**
- **Reimbursements** increased by 45 mill. EUR to **176 mill. EUR** depending on project launches

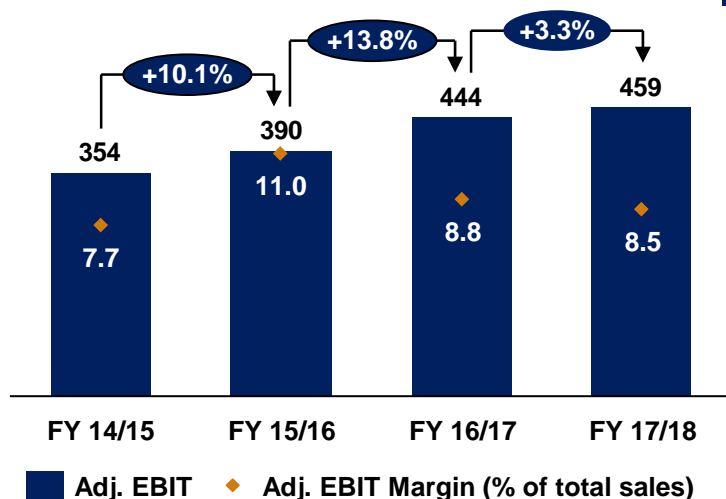
Automotive segment with increasing growth

Financial results FY 2017/18



Automotive Sales

- **Growth of 8.0%** with ongoing production **ramp-ups** and **higher demand** for:
 - **energy management** and **driver assistance products**
 - **innovative / advanced lighting products**
 - Demand driven by **NSA, China** and **Europe** (ex. Germany)

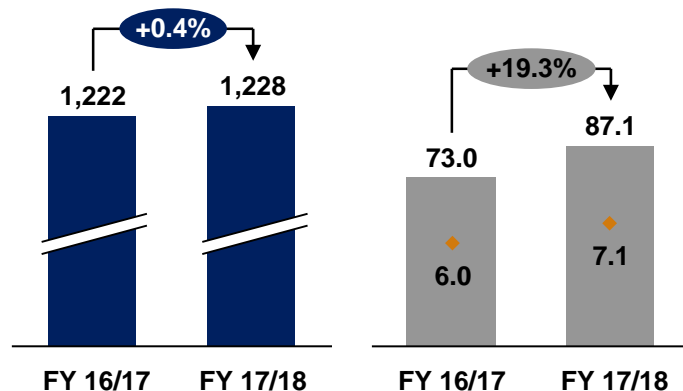


Automotive Profitability

- **Increase of adj. EBIT by 3.3%** to **459 mill. EUR**:
 - **ongoing capacity increase** with initially **lower utilization**; **increase in volume** and **higher utilization** of capacities since Q2
 - **lower JV contribution**; weakness in Asian JVs
 - **increase in R&D** to prepare production ramp-ups and expand the international **R&D** network
 - higher SG&A with investments in corporate functions
 - negative FX effect

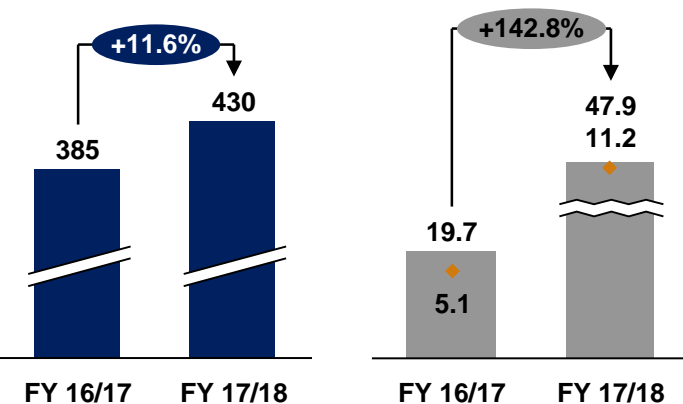
Non Automotive segments with positive contributions

Financial results FY 2017/18



Aftermarket

- **External sales growth (+3.4%)** due to **positive IAM and wholesale** business, workshop catching up in H2, total sales grew slightly by 0.4% due to loss of intercompany business
- **Increase in EBIT margin by 1.1pp to 7.1%**, increase in GPM (+0.8pp) and lower administration ratio (-0.4pp to 1.6%)



Special Applications

- **Strong top-line growth (+11.6%):**
 - increasing demand in **Agricultural** and **Construction** sector
 - other product groups e.g. **Trailer** and **Trucks** also **growing**
 - **over-proportional** growth in **Australia**
- **Massive profitability increase (~143%)**
 - strong top line growth
 - **negative effects** from the sale of **Industries & Airport lighting** activities in **FY 16/17**

■ Total Sales

■ EBIT

◆ EBIT Margin



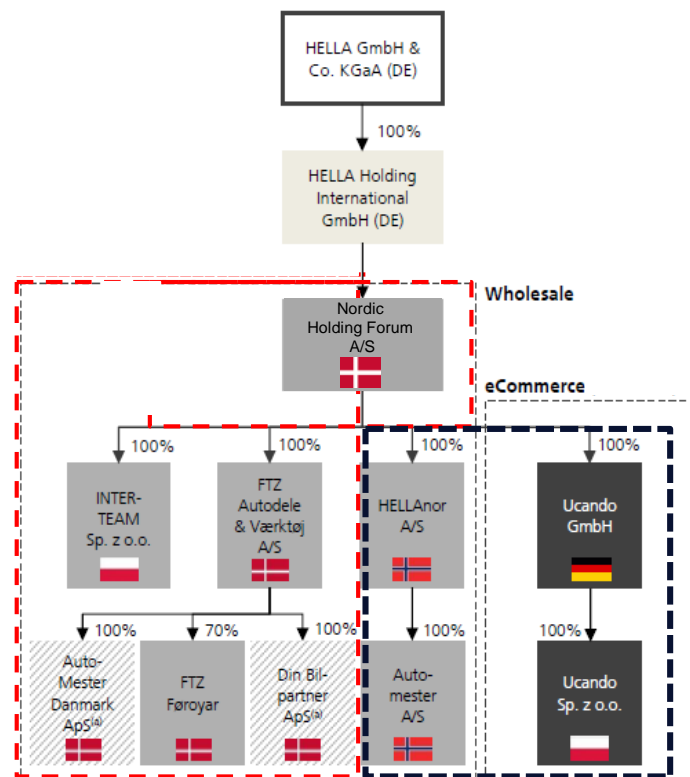
Aftermarket Strategy

Pushing the business to new solutions and services on basis of a strong product portfolio

Aftermarket position and strategy

- Aftermarket comprises of customer specific solutions for independent aftermarket and workshops. Further wholesales activities in single countries
- Continuous review of strategic direction and IAM network/ product portfolio in light of market development and HELLA position:
 1. Reorganization of the segment to strengthen and integrate garage equipment & IAM spare parts business to capture potentials from digitalization and increasing vehicle networking:
 - Decision to sell the Wholesale business in Poland (INTER-TEAM) & Denmark (FTZ)
 2. Further strengthen IAM portfolio & enhance Electronics/ Electric & universal lighting:
 - HELLA and Mahle have agreed on transferring the thermal management business to Mahle: subject to antitrust approval
Mahle will take over HELLA's 50% BHS share effectively from 31th December 2019

Wholesale transaction structure



Wholesale disposal (PL DK)

- Signing: July 6, 2018
- Closing expected: subject to antitrust approval in the 3rd quarter 2018
- Purchase Price: 395 mill. EUR plus cash considerations
- Sold assets comprise mainly Working Capital. Only small amount of long term assets
- In FY 17/18 Wholesale business generated 580 mill. EUR revenues, thereof approx. 500 mill. EUR FTZ and INTER-TEAM at an EBIT margin of ~7%.



Transaction scope

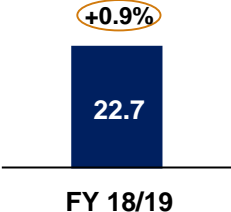
Not part of the transaction. Strategic options currently under review

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Overall market FY 18/19 expected to grow by 2.7% according to IHS Outlook

Region	Expected LVP (in m units)	Comment
Europe	<div style="text-align: center;"> +0.9%  22.7 FY 18/19 </div>	<ul style="list-style-type: none"> Continued modest growth in 2018/19 expected. Europe excluding Germany expected to grow slightly by 1.4% to 16.9m units, Germany with an expected decline of 0.4% to 5.7m units
NSA	<div style="text-align: center;"> +4.8%  21.3 FY 18/19 </div>	<ul style="list-style-type: none"> After negative previous year (-2.3%), strong growth in 2018/19 expected
China	<div style="text-align: center;"> +4.2%  29.2 FY 18/19 </div>	<ul style="list-style-type: none"> China expected to grow stronger in 2018/19, Asia/RoW expected to grow by 2.9% to 52.7m units
Global	<div style="text-align: center;"> +2.7% 98.6 FY 18/19 </div>	<ul style="list-style-type: none"> Overall market expected to grow by 2.7%

Source: IHS (as of July 2018)

Company specific development for FY 2018/19 continuously positive

Guidance

Presuming no serious political, economic or social crises, we expect a positive business development for the HELLA Group in fiscal year 2018/19:

Sales growth

- Growth excluding FX and portfolio effects between 5-10%

Adj. EBIT growth

- Growth excluding restructuring and portfolio effects between 5-10%

Adj. EBIT margin

- Margin excluding restructuring and portfolio effects approximately equivalent to prior year's level

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Thanks for your attention

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