



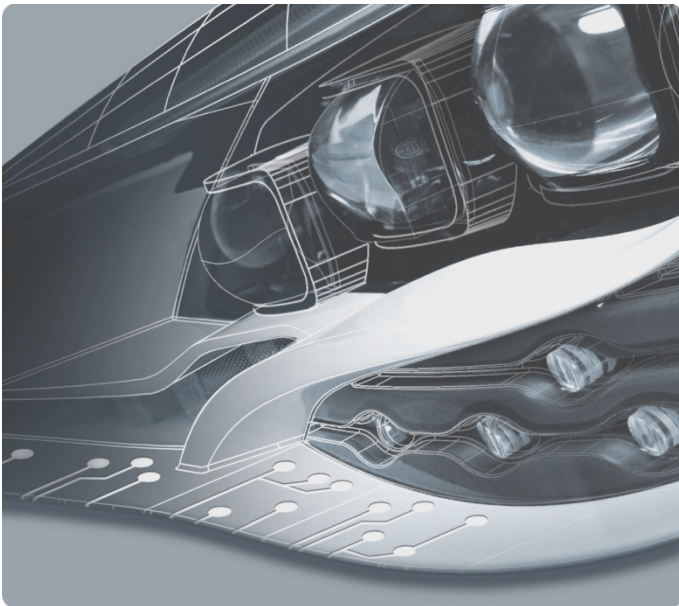
Technology with Vision

HELLA Investor Update H1 FY 2017/18

Conference Call on January 11, 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 H1 FY 2017/18

Outline

- HELLA Financial Highlights H1 FY 2017/18
- HELLA Financial Results H1 FY 2017/18
- Outlook
- Q&A

Positive sales growth and EBIT increase in H1 FY 2017/18

Financial Highlights H1 FY 2017/18

Sales

- **HELLA Group** currency adjusted **sales grew by 9.3% YoY** to 3.5 bill. EUR

Profitability

- **Adj. Gross Profit margin** at **28.1%** (+0.3%-points YoY)
- **Adj. EBIT** +25 mill. EUR (+9.3% YoY) at **293 mill. EUR**
- **Adjusted EBIT margin** +0.1pp to **8.5%**

Liquidity

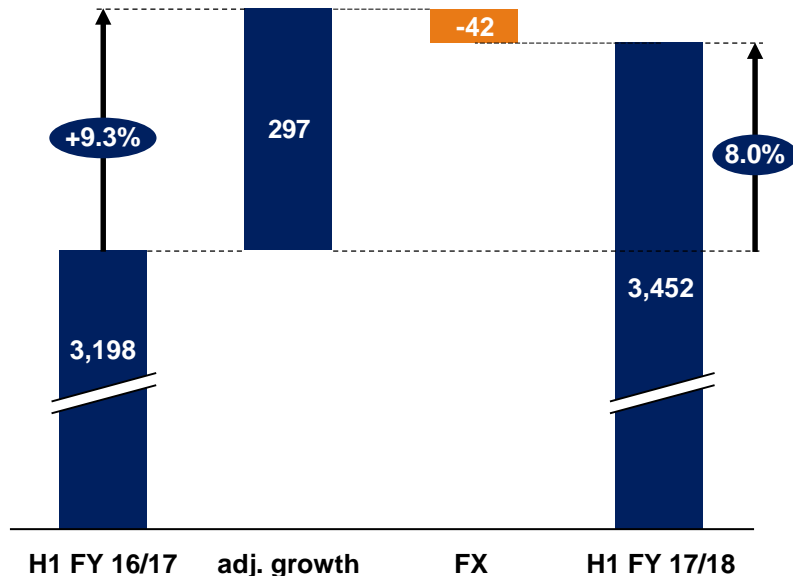
- **Adjusted Free Cash Flow from operating activities** increased by **17 mill. EUR** (+23% YoY) to **91 mill. EUR**

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 H1 FY 17/18

Financial Highlights H1 FY 2017/18

HELLA Group sales (EUR millions)



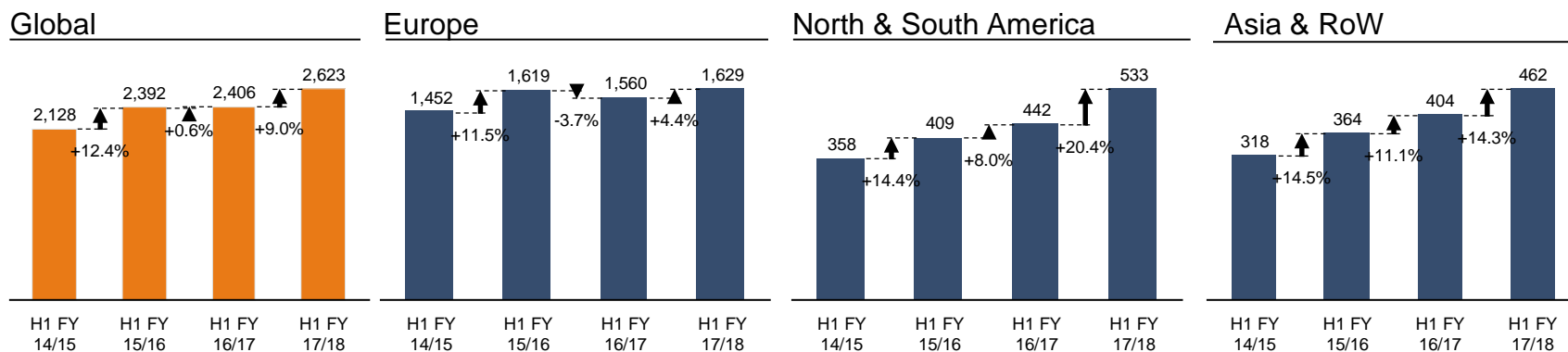
Comment

- **Currency adjusted growth HELLA Group at 9.3%**
- **Reported sales growth HELLA Group at 8.0% (increased by 255 mill. EUR to 3,452 mill. EUR)**
 - **Automotive +9.1% to 2,650 mill. EUR. Demand for energy management products, radar solutions and advanced lighting systems drives business.**
 - **Aftermarket external sales +3.6%, positive demand from Independent Aftermarket and Wholesale**
 - **Special Applications +13.0% to 211 mill. EUR, positive development in agriculture and constructions**

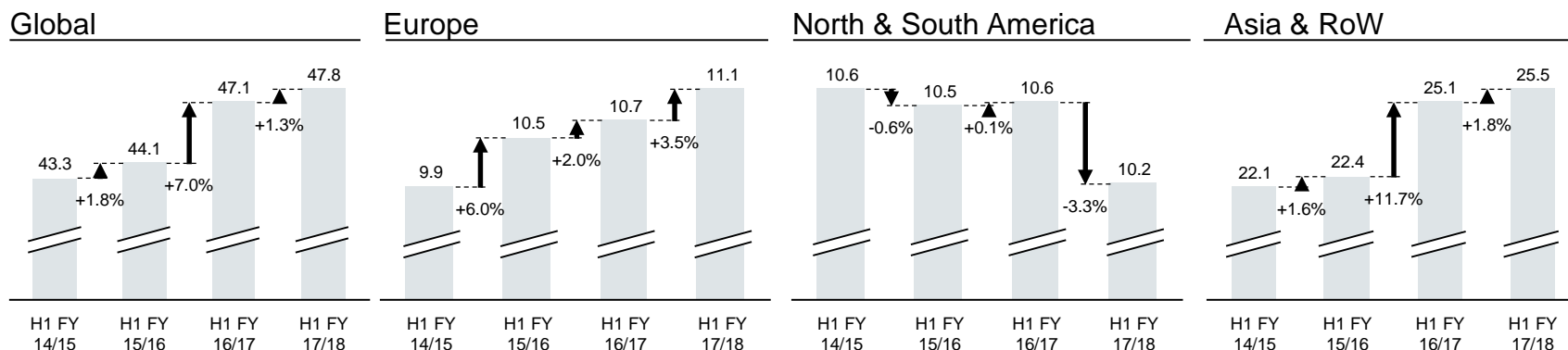
Automotive outperforming LVP in all regions

Financial Highlights H1 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):

+10.6%	-6.4%	+7.7%	+5.5%	-5.7%	+0.9%	+15.1%	+7.9%	+23.6%	+12.9%	-0.6%	+12.5%
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Source: HELLA; IHS (as of December 2017)



HELLA Investor Update H1 FY 2017/18

Outline

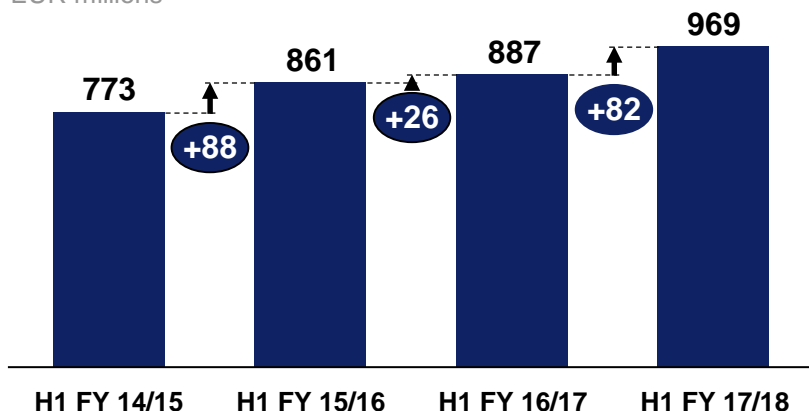
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GPM increase due to strong overall business development

Financial results H1 FY 2017/18

Adj. Gross Profit

EUR millions

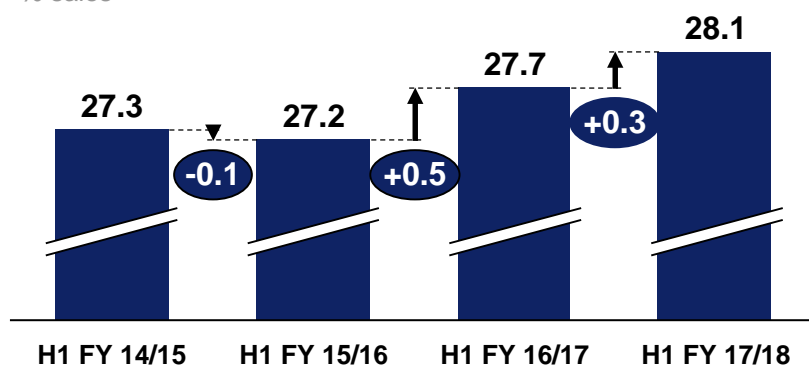


Highlights

- **Adj. Gross Profit** increased by **82 mill. EUR (+9.2%) to 969 mill. EUR**
 - **Automotive** +10.3% to 685 mill. EUR
 - **Aftermarket** + 1.2% to 210 mill. EUR
 - **Special Applications** +27.8% to 75 mill. EUR

Adj. Gross Profit margin

% sales



Highlights

- **Adj. Gross Profit margin** improved by **0.3%-points to 28.1%**
 - despite ongoing capacity increases, higher production volume and associated higher utilization with positive effects on GPM in Automotive especially in Q2
 - increased margins in Aftermarket and Special Applications

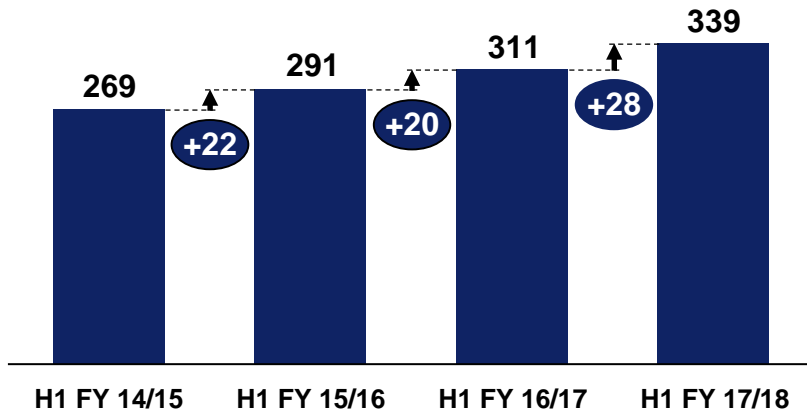
Note: Adj. Gross Profit Margin 27.74% (H1 16/17) and 28.07% in (H1 17/18); Delta of 0.3pp

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

Financial results H1 FY 2017/18

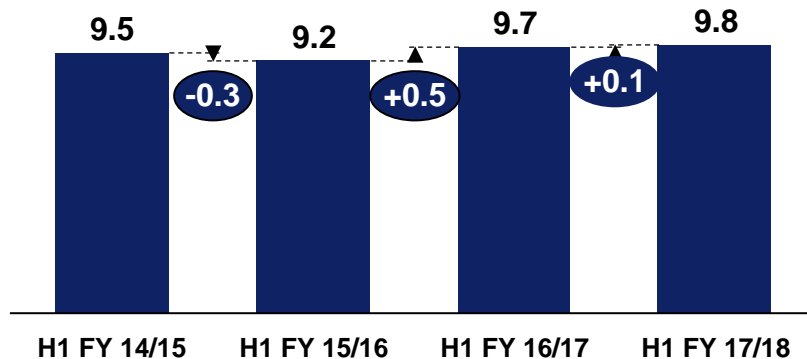
R&D expenses

EUR millions



R&D expenses ratio

% sales



Highlights

- **Absolute R&D expenses** increased by 28 mill. EUR (+8.9% YoY) to **339 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

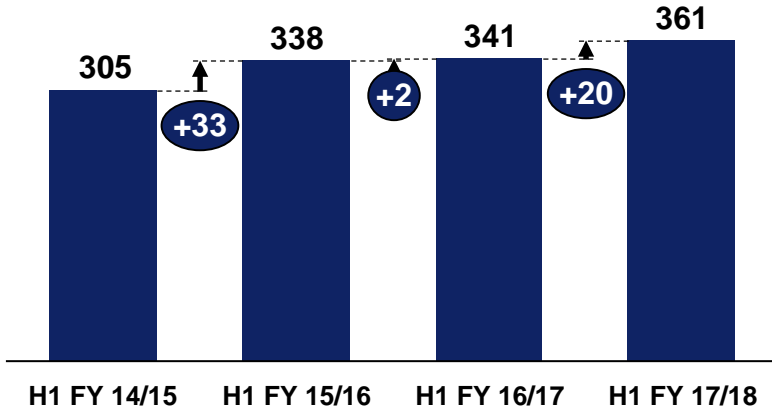
- **H1 FY 17/18 ratio** +0.1pp to **9.8%** due to high level of absolute R&D expenses

Relatively stable development of SG&A costs

Financial results H1 FY 2017/18

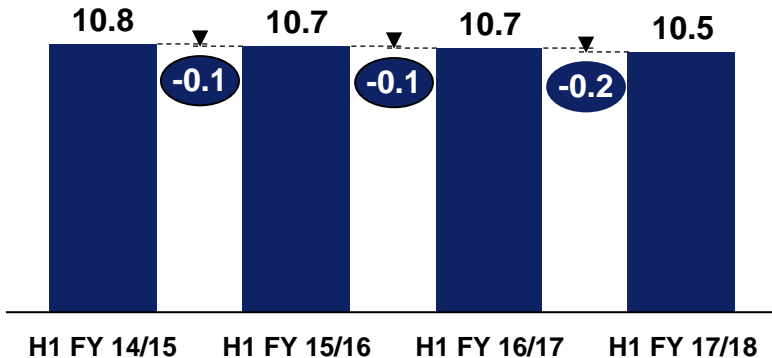
Adjusted SG&A expenses

EUR millions



Adjusted SG&A expenses ratio

% sales



Highlights

- **Adj. SG&A costs** increased under-proportionally (+20 mill. EUR, +5.9%) to 361 mill. EUR
- Under-proportional increase in distribution expenses (+3.9%) and administrative expenses (+4.5%) due to improvement programs
- Continuous investments in processes, systems and functions

Highlights

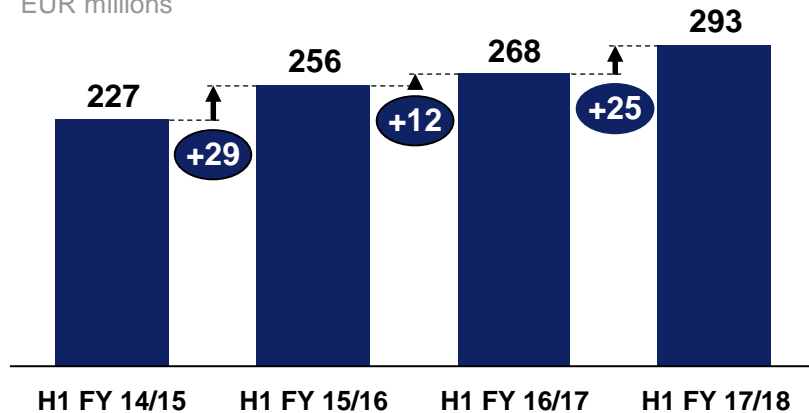
- **Adj. SG&A ratio -0.2%-points** to 10.5%, ratio of structural costs in general with relatively stable development. Improvements through:
 - distribution cost ratio -0.3pp to 7.5%
 - admin cost ratio -0.1pp to 3.3%
- **Adj. other income & expenses -0.2pp** to 0.3%

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

Financial results H1 FY 2017/18

Adjusted EBIT

EUR millions

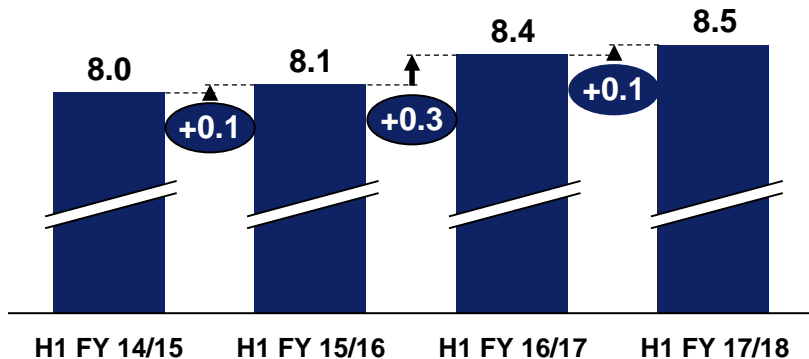


Highlights

- **Adjusted EBIT** increased by 25 mill. EUR (+9.3%) to **293 mill. EUR**, mainly:
 - increase in adj. Gross Profit by 82 mill. EUR (+9.2%)
 - higher R&D (+28 mill. EUR, +8.9%)
 - decline in JV income by 9 mill. EUR (-28.2%)

Adjusted EBIT margin

% sales



Highlights

- **Adj. EBIT margin** increased by **0.1%-points** to **8.5%**:
 - increase of adj. GPM by 0.3pp
 - higher R&D expenses (+0.1pp)
 - lower distribution expense ratio (-0.3pp)
 - decreased contribution of JVs by 0.3pp

P&L including reconciliation

Financial results H1 FY 2017/18

Half-year comparison

Comments

HELLA GROUP

in EUR mill.

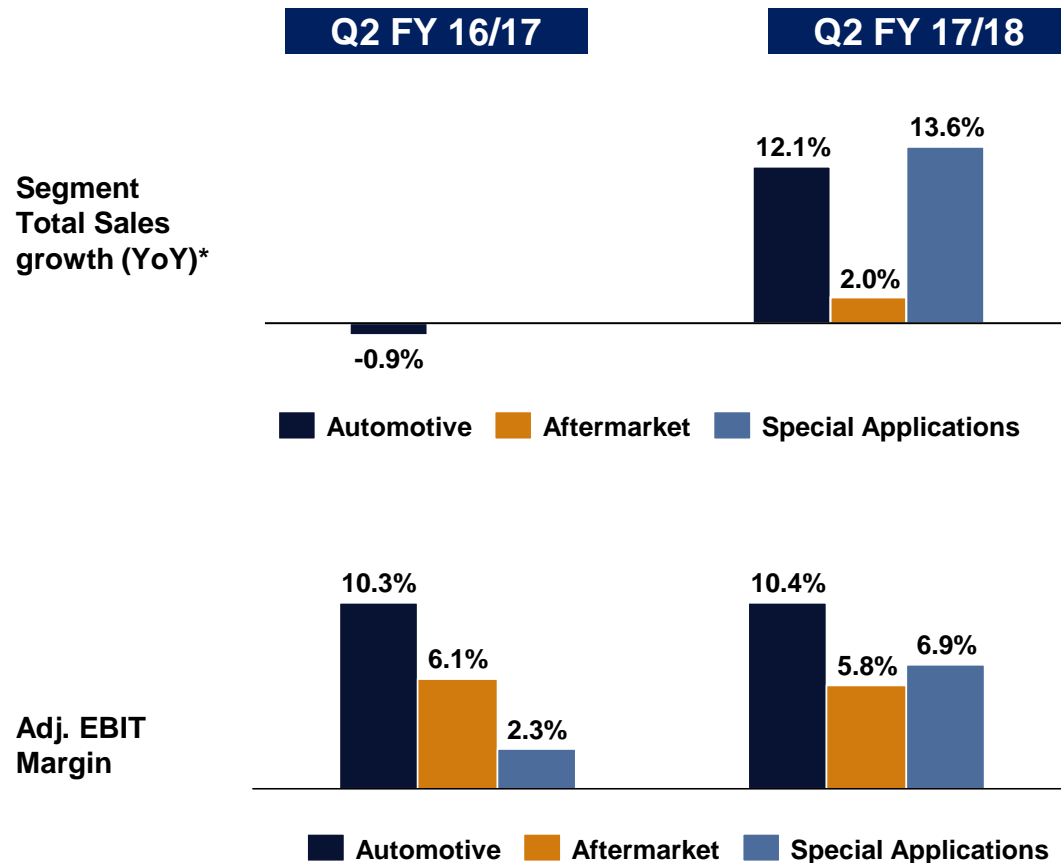
		H1 FY 16/17	H1 FY 17/18
Gross Profit	reported	887.1	967.8
	Adjustments	0.0	1.3
	adjusted	887.1	969.1
Other income and expenses	reported	-7.2	7.9
	Adjustments	22.9	2.1
	adjusted	15.6	10.0
EBIT	reported	245.2	289.5
	Adjustments	22.9	3.4
	adjusted	268.1	292.9
Net financial result		-21.6	-22.9
Taxes		-50.1	-68.0
Earnings for the period		173.5	198.6
Earnings per share (EUR)		1.56	1.78

- Reported EBIT H1 only slightly negatively impacted by restructuring expenses in Germany
- Net financial result decreased slightly due to the funding of activities in growth regions at higher local interest rates
- Earnings for the period increased driven by operational improvements and lower one-offs.
- Higher tax payments after low comparable tax rate in H1 PY
- EPS increased by 22 Cent (+14%) to 1.78 EUR

Q2 FY 17/18 with significantly stronger growth in Automotive

Financial results H1 FY 2017/18

Quarterly comparison



Comments

- Q2 FY 17/18 with acceleration of Automotive sales; Q2 FY 16/17 affected by ramp-downs and SOP shifts
- Aftermarket with modest total sales growth, external sales +5.2% driven by IAM and WD business
- Special Applications with strong agricultural business & construction business
- Q2 Automotive EBIT margin constant despite higher investments in R&D and capacity increases; low JV contribution in Q2 FY 17/18
- Aftermarket adjusted EBIT margin declined due to pre investments in wholesale in workshop business
- Q2 FY 16/17 Special Applications with 4.5 mill. EUR negative effects from Industries and Airport Lighting disposal

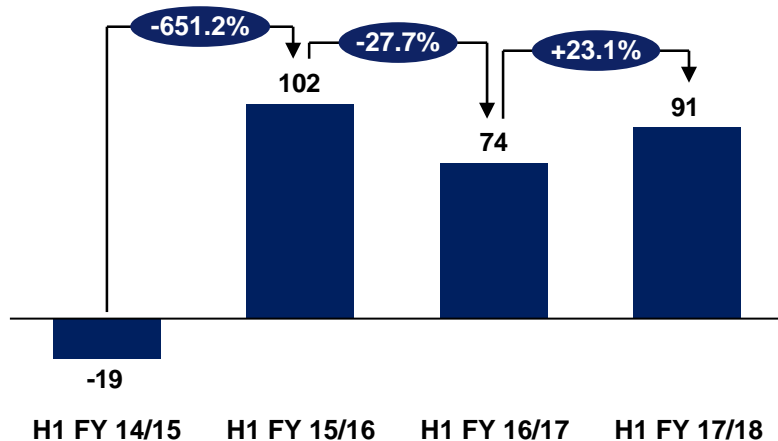
* Q2 FY 16/17 Aftermarket and Special Applications not available due to change in segment reporting

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

Financial results H1 FY 2017/18

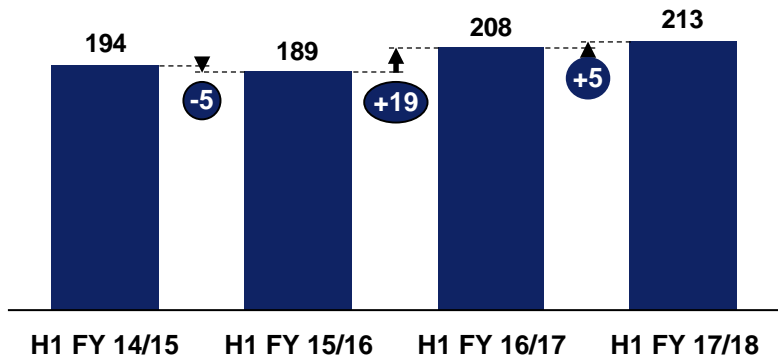
Adj. FCF from operating activities

EUR millions



Net CAPEX

EUR millions



Note: Adjustments of FCF include restructuring expenses, factoring (H1 FY 16/17 only) and adjustment for cash payments in context with the EU cartel proceeding (H1 FY 17/18 only)

Highlights

- **Adj. Free Cash Flow from operating activities** increased by 17 mill. EUR to **91 mill. EUR**, mainly due to **increased funds from operations**
- **Cash Conversion*** ratio increased by 3.5pp to **31.1%**

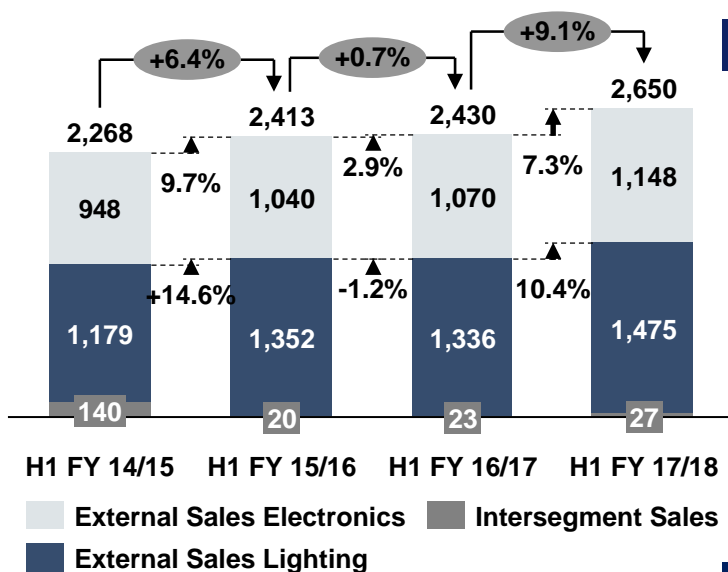
*Note: Adj. Free Cash Flow from operating activities / adj. EBIT

Highlights

- **Net CAPEX** increased by 5 mill. EUR to **213 mill. EUR**
- **Continuous investments** in customer-specific **equipment**, continuous **capacity extension**
- **Reimbursements** increased by 13 mill. EUR to **76 mill. EUR** depending on project launches

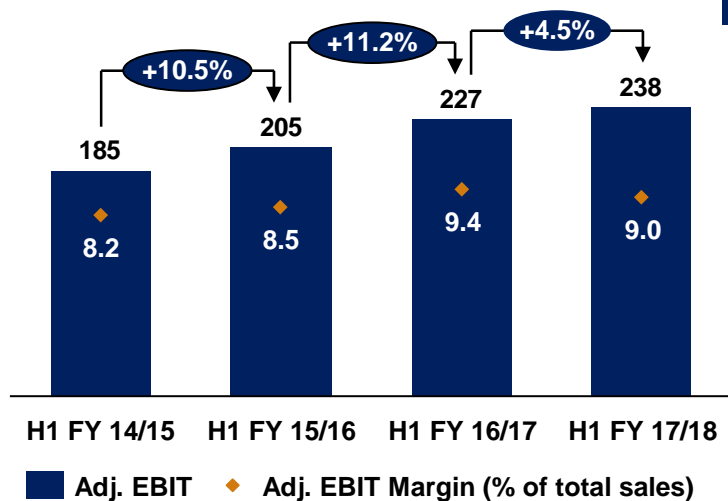
Automotive segment with increasing growth

Financial results H1 FY 2017/18



Automotive Sales

- **Growth of 9.1%** 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)

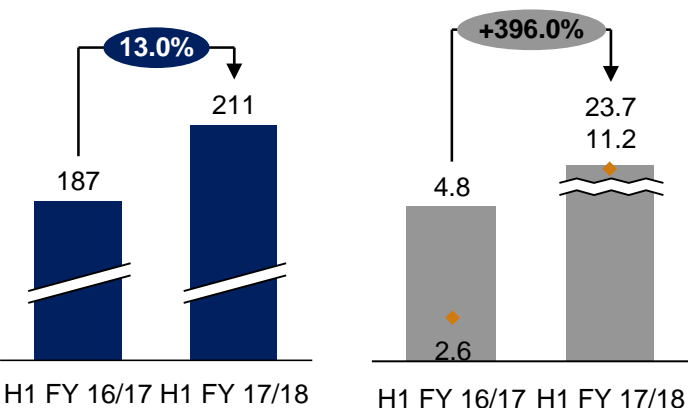
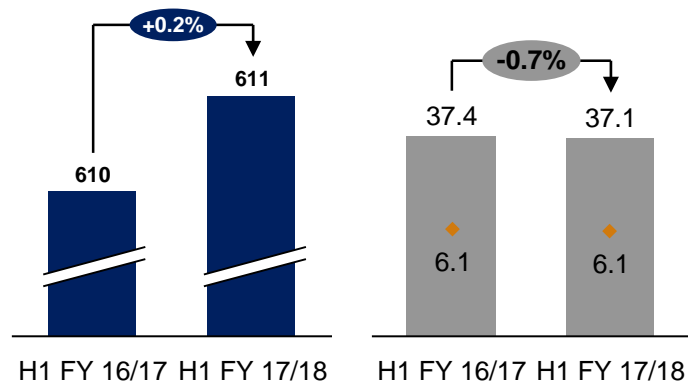


Automotive Profitability

- **Increase of adj. EBIT by 4.5%** to **238 mill. EUR**:
 - **ongoing capacity increase** with initially **lower utilization** level; **increase** in production **volume** and **higher utilization** of existing capacities in Q2
 - **increase** in **R&D** to prepare production ramp-ups and expand international **R&D** network
 - **lower JV contribution** due to weakness in Asian joint ventures

Non Automotive segments with positive contributions

Financial results H1 FY 2017/18



■ Total Sales

■ EBIT

◆ EBIT Margin

Aftermarket

- **External sales growth (+3.6%)** due to **positive IAM** and **wholesale** business, total sales grew slightly by 0.2% due to loss of intercompany business
- **EBIT margin constant at 6.1%**, increase in GPM (+0.3 pp) counterbalanced by higher distribution expenses (ratio +0.7pp to 26.9%)

Special Applications

- **Strong top-line growth (+13.0%):**
 - increasing demand in **Agricultural** and **Construction** sector
 - other product groups e.g. **Trailer** also **growing**
 - **over-proportional** growth in **Australia**
- **Massive profitability increase (~400%)**
 - strong top line growth
 - **negative effects** from the sale of **Industries & Airport lighting** activities in **H1 FY 16/17**

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Overall market FY 17/18 expected to grow by 1.7% according to IHS Outlook

Region	Expected LVP (in m units)	Comment
Europe	<p>+3.8%</p> <p>22.7</p> <p>FY 17/18</p>	<ul style="list-style-type: none"> Continuing growth in 2017/18 expected. Europe excluding Germany expected to grow by 5.5% to 16.8m units, Germany with an expected decline of 0.7% to 5.9m units
NSA	<p>+0.1%</p> <p>20.8</p> <p>FY 17/18</p>	<ul style="list-style-type: none"> After weak first half (-3.3%), better growth dynamic in H2 2017/18 expected
China	<p>+0.4%</p> <p>27.5</p> <p>FY 17/18</p>	<ul style="list-style-type: none"> China expected to grow slightly in 2017/18, Asia/RoW expected to grow by 1.2% to 50.9m units
Global	<p>+1.7%</p> <p>+96.2</p> <p>FY 17/18</p>	<ul style="list-style-type: none"> Overall market expected to grow by 1.7%

Source: IHS Light Vehicle Production (LVP) (as of December 2017)

Company specific development for FY 2017/18 confirmed Guidance

Presuming no serious economic turmoil, we assume a positive development of the operative HELLA business for FY 2017/18:

Sales growth

- Growth excluding FX between 5-10%

Adj. EBIT growth

- Growth between 5-10%

Adj. EBIT margin

- Margin around 8%

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Thanks for your attention

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