HELLA Investor Update
9 months FY 2016/17

Conference Call on April 6th, 2017

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HELLA Investor Update 9M FY 2016/17
Outline

- HELLA Financial Highlights 9M FY 2016/17

- HELLA Financial Results 9M FY 2016/17

- Outlook

- Q&A
Positive sales growth and strong EBIT increase in 9M FY 2016/17
Financial Highlights 9M FY 2016/17

- **HELLA Group** currency and portfolio adjusted 9M sales grew by 3.5% YoY to 4.8 bill. EUR
- Acceleration of adjusted sales growth to 5.7% in Q3

- 9M adjusted Gross Profit margin at 27.5% (+0.3%-points YoY), Q3 unchanged at 27.0% due to higher Automotive margin despite several project ramp-ups

- Adjusted 9M EBIT +28 mill. EUR (+8.1% YoY) at 373 mill. EUR, Q3 +17 mill. EUR (+17.1% YoY) at 105 mill. EUR
- Adjusted 9M EBIT margin at 7.8% (+0.4%-points YoY), Q3 adj. EBIT margin +0.7%-points at 6.5% due to lower R&D ratio

- 9M adjusted Free Cash Flow increased by 30 mill. EUR (+55% YoY) to 86 mill. EUR mainly due to higher results, Q3 +59 mill. EUR to 19 mill. EUR
- Continuously strong basis for future growth with cash and short term financial assets of 775 mill. EUR

Note: Adjustments including restructuring expenses and supplier default in FY 15/16 and restructuring expenses in FY16/17. Please note that where sums and percentages in the presentation have been rounded, differences may arise as a result of commercial rounding.
HELLEA top line growth with expected development in 9M FY 16/17

Financial Highlights 9M FY 2016/17

HELLEA group revenues (EUR millions)

<table>
<thead>
<tr>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Currency and portfolio adjusted growth HELLEA Group at 3.5%</td>
</tr>
<tr>
<td>- HELLEA reported Group sales increased by 121 mill. EUR (+2.6%) to 4,776 mill. EUR:</td>
</tr>
<tr>
<td>- Automotive + 2.4% to 3,610 mill. EUR. Demand for energy management products drives electronic business. Growth in electronics and lighting impacted by the preparation for ramp-ups. Increase in growth dynamics visible in Q3</td>
</tr>
<tr>
<td>- Aftermarket +5.5% to 923 mill. EUR with positive development in all segments</td>
</tr>
<tr>
<td>- Special Applications +0.2% to 209 mill. EUR excluding disposal of Industries and Airport Lighting activities</td>
</tr>
</tbody>
</table>

*currency and portfolio adjusted
HELLEA Automotive outperforming important regions
Financial Highlights 9M FY 2016/17

### HELLEA Automotive external sales by region (in EUR millions)

<table>
<thead>
<tr>
<th>Region</th>
<th>9M 13/14</th>
<th>9M 14/15</th>
<th>9M 15/16</th>
<th>9M 16/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>2,889</td>
<td>3,176</td>
<td>3,527</td>
<td>3,610</td>
</tr>
<tr>
<td>Europe</td>
<td>2,034</td>
<td>2,142</td>
<td>2,356</td>
<td>2,320</td>
</tr>
<tr>
<td>North &amp; South America</td>
<td>449</td>
<td>537</td>
<td>602</td>
<td>660</td>
</tr>
<tr>
<td>Asia &amp; RoW</td>
<td>406</td>
<td>497</td>
<td>568</td>
<td>631</td>
</tr>
</tbody>
</table>

### Light vehicle production (in million units)

<table>
<thead>
<tr>
<th>Region</th>
<th>9M 13/14</th>
<th>9M 14/15</th>
<th>9M 15/16</th>
<th>9M 16/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>63.4</td>
<td>64.7</td>
<td>66.0</td>
<td>69.9</td>
</tr>
<tr>
<td>Europe</td>
<td>14.6</td>
<td>14.8</td>
<td>15.5</td>
<td>15.8</td>
</tr>
<tr>
<td>North &amp; South America</td>
<td>15.2</td>
<td>15.3</td>
<td>15.2</td>
<td>15.4</td>
</tr>
<tr>
<td>Asia &amp; RoW</td>
<td>32.9</td>
<td>33.6</td>
<td>34.4</td>
<td>37.6</td>
</tr>
</tbody>
</table>

### HELLEA Automotive growth vs. market (LVP) growth:

- **Positive**
  - Europe: 2016/17 vs. 2015/16
  - North & South America: 2016/17 vs. 2015/16
  - Asia & RoW: 2016/17 vs. 2015/16
  - Global: 2016/17 vs. 2015/16

- **Negative**
  - Europe: 2015/16 vs. 2014/15
  - North & South America: 2015/16 vs. 2014/15
  - Asia & RoW: 2015/16 vs. 2014/15
  - Global: 2015/16 vs. 2014/15

Source: HELLEA; IHS (as of February 2017)
HELLA Investor Update 9M FY 2016/17

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Improved productivity in Automotive results in GPM increase
Financial results 9M FY 2016/17

- Adjusted Gross Profit increased by 49 mill. EUR (+4%) to 1,313 mill. EUR
- Adjusted Gross Profit margin improved by 0.3%-points to 27.5% driven by positive product mix effects and operational improvements in Eastern Europe
High R&D expenses to secure future growth
Financial results 9M FY 2016/17

**EUR millions and % sales**

### R&D expenses

<table>
<thead>
<tr>
<th>9M FY 13/14</th>
<th>9M FY 14/15</th>
<th>9M FY 15/16</th>
<th>9M FY 16/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>346</td>
<td>406</td>
<td>449</td>
<td>468</td>
</tr>
</tbody>
</table>

- Absolute R&D expenses increased by 19 mill. EUR (+4% YoY) to 468 mill. EUR mainly for preparation of forthcoming projects as well as for securing technology leadership
- Focus on advanced lighting and driver assistance systems & energy management products

### R&D expenses ratio

<table>
<thead>
<tr>
<th>9M FY 13/14</th>
<th>9M FY 14/15</th>
<th>9M FY 15/16</th>
<th>9M FY 16/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.8</td>
<td>9.6</td>
<td>9.6</td>
<td>9.8</td>
</tr>
</tbody>
</table>

- 9M FY16/17 ratio increased by 0.2%-points to 9.8% due to over-proportional increase in absolute R&D expenses after project wins
- Ratio development in line after step-up in Q3 FY 15/16
Relatively stable development of SG&A costs
Financial results 9M FY 2016/17

- **Distribution expenses** +12 mill. EUR (+3.3% YoY) to 377 mill. EUR driven by higher Aftermarket sales and business extension in Poland
- **Adj. other income and expenses** +10 mill. EUR (+63%) to 24 mill. EUR mainly due to higher level of provisions last year
- **Admin. expenses** +8 mill. EUR (+5.3%) to 161 mill. EUR due to *investments* in corporate functions & systems
- **SG&A ratio** at 10.8%, ratio of structural costs shows a *stable development*
  - **Distribution cost** ratio +0.1%-points to 7.9%
  - **Administrative cost** ratio +0.1%-points to 3.4%
  - **Adjusted other income and expenses** +0.2%-points to 0.5%
**Adjusted EBIT and EBIT margin above prior-year’s level**

**Financial results 9M FY 2016/17**

- **Adjusted EBIT** increased by 28 mill. EUR (+8.1% to **373** mill. EUR)
- Excluding negative effects from **Industries and Airport Lighting** activities adj. EBIT increased by 30 mill. EUR to **384** mill. EUR

- **Adjusted EBIT margin** increased by 0.4%-points to 7.8% mainly due to **increased GPM** (+0.3%-points) and **higher JV income** +0.2%-points, over-compensating higher (+0.2%-points) R&D expenses
- **Adjusted EBIT margin** excluding Industries and Airport Lighting activities +0.4%-points to 8.1%
# P&L including reconciliation

Financial results 9M FY 2016/17

<table>
<thead>
<tr>
<th>HELLA GROUP</th>
<th>9M FY 15/16</th>
<th>9M FY 16/17</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In EUR mill.</strong></td>
<td>Reported Restructuring</td>
<td>Supplier Adjusted</td>
<td>Reported Restructuring</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1,237.3</td>
<td>-</td>
<td>27.1</td>
</tr>
<tr>
<td>(Admin)</td>
<td>-153.5</td>
<td>-</td>
<td>0.3</td>
</tr>
<tr>
<td>Other income and expenses</td>
<td>-13.6</td>
<td>8.1</td>
<td>19.8</td>
</tr>
<tr>
<td>EBIT</td>
<td>289.7</td>
<td>8.1</td>
<td>47.2</td>
</tr>
<tr>
<td>Net financial result</td>
<td>-31.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>-74.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings for the period</td>
<td>184.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings per share (EUR)</td>
<td>1.63</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Reported EBIT margin 9M FY 15/16 negatively impacted by effects of supplier default and restructuring expenses in Germany
- Reported EBIT margin 9M FY 16/17 adversely impacted by effects from provisions in connection with the proceedings initiated by the European cartel authorities and restructuring expenses in Germany
- Net financial result improved as prior year was impacted more by negative market environment
- Earnings for the period increased with higher EBIT compared to previous year
- EPS increased to 2.21 EUR vs. 1.63 EUR last year
Cash Flow impacted by project investments
Financial results 9M FY 2016/17

**Adjusted Free Cash Flow**
- 26 EUR millions (9M FY 13/14)
- 56 EUR millions (9M FY 15/16)
- 86 EUR millions (9M FY 16/17)
- Increase of 30 million EUR to 86 million EUR
  - Mainly due to higher results and working capital improvements

**Net CAPEX**
- 235 EUR millions (9M FY 13/14)
- 256 EUR millions (9M FY 14/15)
- 297 EUR millions (9M FY 15/16)
- 328 EUR millions (9M FY 16/17)
- Increase of 31 million EUR to 328 million EUR
  - Continuous investments in customer-specific equipment
  - Reimbursements increased by 19 million EUR to 91 million EUR depending on project launches

Note: Adj. FCF 9M FY 16/17 excludes cash restructuring payments (7 million EUR) and termination of factoring program (70 million EUR). Adj. FCF 9M FY 15/16 excludes cash restructuring payments (9 million EUR) reduction of factoring (20 million EUR), and cash payments for Chinese supplier issue (34 million EUR).
Automotive with increased profitability
Financial results 9M FY 2016/17

**Automotive External Sales**
- **Moderate growth** of 2.4% with project ramp-ups starting in Q3 FY 16/17
- **Demand for energy management** products drives electronic business
- Ongoing **growth dynamics expected**
- **Negative FX** effect vs. positive effect in 9M FY 15/16

**Automotive Profitability**
- **Strong increase of adj. EBIT margin** to 8.6%, mainly on the basis of
  - increased adj. GPM due to improved operational efficiency and positive product mix
  - higher JV contribution after a weak comparable basis in 9 months FY 15/16
Non Automotive segments with positive contribution
Financial results 9M FY 2016/17

Aftermarket
- **Strong wholesale and IAM business**
- **Positive demand for workshop products**
- **Constant EBIT margin** due to increase in GPM and leverage of distribution network compensating higher admin costs

**Special Applications**
- **Slightly positive top-line growth excluding** the Industries and Airport Lighting activities
- **Agricultural sector** leads to weak development of **Special OE sales, other product groups** e.g. trailer still **growing**

- Costs for wind-down of Industries & Airport lighting activities and production relocation affect margin negatively (in total **14 mill. EUR**)
Q3 FY 16/17 with profitability increase compared to previous year

Financial results 9M FY 2016/17

<table>
<thead>
<tr>
<th>HELLA GROUP</th>
<th>Q3 FY 15/16</th>
<th>Q3 FY 16/17</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted* growth (YoY)</td>
<td>6.5%</td>
<td>5.7%</td>
<td>- Q3 FY 16/17 with positive organic growth due to Automotive, previous year driven by strong Automotive and Aftermarket (IAM catch up after end of wholesale consolidation)</td>
</tr>
<tr>
<td>FX (YoY)</td>
<td>0.9%</td>
<td>0.1%</td>
<td>- Adj. Gross Profit and GPM comparable in both quarters. Positive product mix effects and further operational improvements in Eastern Europe in Q3 FY 16/17</td>
</tr>
<tr>
<td>Portfolio (YoY)</td>
<td>-</td>
<td>-0.3%</td>
<td>- Adj. EBIT margin Q3 FY 16/17 driven by lower R&amp;D ratio</td>
</tr>
<tr>
<td>LVP** (YoY)</td>
<td>2.3%</td>
<td>4.2%</td>
<td>- Adj. EBIT margin including portfolio adjustment higher than previous year</td>
</tr>
<tr>
<td>Adj. EBIT Margin</td>
<td>6.0%</td>
<td>6.6%</td>
<td>- Strong improvement of adj. OCF in Q3 FY 16/17</td>
</tr>
<tr>
<td>Adj. FCF</td>
<td>€ -39m</td>
<td>€ 19m</td>
<td></td>
</tr>
</tbody>
</table>

*Currency and portfolio adjusted sales growth;  
**Global Light Vehicle Production according to HELLA fiscal year, source: IHS, HELLA analysis  
***excluding Industries and Airport Lighting activities
Q3 FY 16/17 with stronger profitability in Automotive
Financial results 9M FY 2016/17

HELLA SEGMENTS

<table>
<thead>
<tr>
<th>Segment growth* (YoY)</th>
<th>Q3 FY 15/16</th>
<th>Q3 FY 16/17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8.1%</td>
<td>6.1%</td>
</tr>
<tr>
<td></td>
<td>3.2%</td>
<td>5.6%</td>
</tr>
<tr>
<td></td>
<td>1.8%</td>
<td>-3.8%**</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adj. EBIT Margin**</th>
<th>Q3 FY 15/16</th>
<th>Q3 FY 16/17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6.5%</td>
<td>7.1%</td>
</tr>
<tr>
<td></td>
<td>6.2%</td>
<td>5.5%</td>
</tr>
<tr>
<td></td>
<td>2.8%</td>
<td>2.4%**</td>
</tr>
</tbody>
</table>

- **external sales, **based on total sales, **including Industries and Airport Lighting activities. Portfolio adjusted sales growth Q3 FY 16/17 +1.3%, adj. EBIT margin excluding Industries and Airport Lighting activities 6.2%

Comment
- Q3 FY 16/17 with increasing Automotive growth after project ramp-ups
- Strong Independent Aftermarket and garage business
- Special Applications with weak agricultural market. In Q3 FY 15/16 recovery effects
- Adjusted EBIT Automotive increased due to higher GPM and lower R&D ratio
- Aftermarket adjusted EBIT margin declined due to lower GPM driven by mix and higher investments in branches and functions
- Special Applications with 2.6 mill. EUR negative effects from Industries and Airport Lighting disposal
HELLA Investor Update 9M FY 2016/17

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## Overall market expected to grow by 1.9% according to IHS Outlook

<table>
<thead>
<tr>
<th>Region</th>
<th>Expected Light Vehicle Production (in m units)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>21.8 (+1.7%)</td>
<td>Continuing moderate growth in 2017 expected</td>
</tr>
<tr>
<td>NSA</td>
<td>20.6 (+0.0%)</td>
<td>After peak of US market in 2015 the LVP is expected to stay flat in 2017</td>
</tr>
<tr>
<td>China</td>
<td>27.7 (+2.5%)</td>
<td>Growth forecasted to slow down in 2017</td>
</tr>
<tr>
<td>Global</td>
<td>94.8 (+1.9%)</td>
<td>Overall market expected to grow by 1.9%</td>
</tr>
</tbody>
</table>

Source: IHS Light Vehicle Production (LVP) (as of March 2017)
## Company specific development for FY 16/17 confirmed

**Outlook**

Current outlook is fundamentally in line with the forecasts given in the Annual Report FY 2015/16

<table>
<thead>
<tr>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Growth</td>
</tr>
<tr>
<td>Adj. EBIT Growth</td>
</tr>
<tr>
<td>Adj. EBIT margin</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mid-term growth prospects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake in the last two years expected to result in acceleration of growth dynamics beyond FY 16/17</td>
</tr>
</tbody>
</table>

* Excluding FX and portfolio effects
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Thanks for your attention

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