

Consolidated annual statement of HELLA KGaA Hueck & Co.

Fiscal year 2016/2017

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Consolidated income statement

of HELLA KGaA Hueck & Co. for the period from 1 June to 31 May

€ thousand	Notes	2016/2017	2015/2016
Sales	10	6,584,748	6,351,889
Cost of sales	11	-4,772,735	-4,663,691
Gross profit		1,812,014	1,688,198
Research and development expenses	12	-636,243	-623,459
Distribution expenses	13	-506,319	-493,913
Administrative expenses	14	-229,627	-218,239
Other income and expenses	15	14,965	13,918
Earnings from investments accounted for using the equity method	32	51,937	52,979
Other income from investments		443	308
Earnings before interest and taxes (EBIT)		507,170	419,792
Financial income	16	15,027	32,515
Financial expenses	16	-59,274	-72,027
Net financial result	16	-44,247	-39,512
Earnings before income taxes (EBT)		462,923	380,280
Income taxes	17	-119,816	-108,419
Earnings for the period		343,107	271,861
of which attributable:			
to the owners of the parent company	39	341,733	268,500
to non-controlling interests	39	1,374	3,361
Basic earnings per share in €	19	3.08	2.42
Diluted earnings per share in €	19	3.08	2.42

Consolidated statement of comprehensive income

(after-tax analysis) of HELLA KGaA Hueck & Co.; for the period from 1 June to 31 May

€ thousand	2016/2017	2015/2016
Earnings for the period	343,107	271,861
Currency translation differences	-14,515	-80,215
Changes recognised in equity	-14,299	-80,215
Gains reclassified to profit or loss	-216	0
Financial instruments for cash flow hedging	5,461	24,038
Changes recognised in equity	11,155	24,499
Gains reclassified to profit or loss	-5,693	-461
Change in fair value of financial instruments available for sale	4,259	-7,344
Changes recognised in equity	3,937	-10,307
Losses reclassified to profit or loss	322	2,963
Share of other comprehensive income attributable to associates and joint ventures	-70	-13,583
Items that were or can be transferred to profit or loss	-4,795	-63,521
Remeasurements of defined benefit plans	-3,706	5,017
Share of other comprehensive income attributable to associates and joint ventures	-507	-99
Items never transferred to profit or loss	-3,706	5,017
Other comprehensive income for the period	-8,500	-58,504
Comprehensive income for the period	334,607	213,357
of which attributable:		
to the owners of the parent company	333,526	210,593
to non-controlling interests	1,081	2,764

Consolidated statement of financial position

of HELLA KGaA Hueck & Co. as at 31 May

€ thousand	Notes	31 May 2017	31 May 2016
Cash and cash equivalents	24	783,875	585,134
Financial assets	25	314,386	328,790
Trade receivables	26	1,067,979	937,471
Other receivables and non-financial assets	27	155,738	146,376
Inventories	28	663,533	607,584
Current tax assets		25,657	26,783
Non-current assets held for sale	29	0	2,924
Current assets		3,011,167	2,635,062
Intangible assets	30	254,850	225,021
Property, plant and equipment	31	1,906,676	1,697,539
Financial assets	25	30,094	17,033
Investments accounted for using the equity method	32	273,901	261,448
Deferred tax assets	33	117,488	122,954
Other non-current assets	34	44,021	36,244
Non-current assets		2,627,030	2,360,239
Assets		5,638,197	4,995,301
Financial debt	38	340,481	86,880
Trade payables	35	672,888	633,818
Current tax liabilities		60,670	57,923
Other liabilities	36	635,935	558,043
Provisions	37	100,481	65,259
Current liabilities		1,810,454	1,401,923
Financial debt	38	1,036,205	1,064,789
Deferred tax liabilities	33	32,371	25,767
Other liabilities	36	182,320	193,284
Provisions	37	351,103	330,888
Non-current liabilities		1,601,999	1,614,728
Subscribed capital	39	222,222	222,222
Reserves and unappropriated surplus	39	1,998,533	1,750,563
Equity before non-controlling interests	39	2,220,755	1,972,785
Non-controlling interests	39	4,989	5,865
Equity		2,225,744	1,978,650
Equity and liabilities		5,638,197	4,995,301

Consolidated cash flow statement

of HELLA KGaA Hueck & Co. for the period from 1 June to 31 May

€ thousand	Notes	2016/2017	2015/2016*
Earnings before income taxes (EBT)		462,923	380,280
+ Depreciation and amortisation		411,970	395,753
+/- Change in provisions		34,053	-22,233
+ Cash receipts for series production		131,503	83,120
- Non-cash sales transacted in previous periods		-116,176	-101,086
- Other non-cash income		-81,565	-59,703
+ Losses from the sale of property, plant and equipment and intangible assets		6,000	4,168
+ Net financial result		44,247	39,512
- Increase in trade receivables and other assets not attributable to investing or financing activities		-124,535	-115,088
- Increase in inventories		-54,710	-34,264
+ Increase in trade payables and other liabilities not attributable to investing or financing activities		68,811	121,707
+ Tax refunds received		16,227	12,766
- Taxes paid		-123,132	-122,049
+ Dividends received		36,905	39,903
= Net cash flow from operating activities		712,521	622,786
+ Cash receipts from the sale of property, plant and equipment		11,932	9,048
+ Cash receipts from the sale of intangible assets		4,818	4,940
- Payments for the purchase of property, plant and equipment		-592,836	-489,869
- Payments for the purchase of intangible assets		-72,888	-70,735
+ Repayments of loans to investments		250	4,866
- Payments for loans granted to investments		0	-4,147
+ Cash receipts from capital decrease in investments		0	2,766
- Payments for capital increases in investments		0	0
+ Cash receipts from the disposal of subsidiaries with loss of control (net of cash and cash equivalents transferred) and from liquidation of other investments		5,538	103
- Payments for the acquisition of subsidiaries, less cash and cash equivalents received	03	-4,921	0
= Net cash flow from investing activities		-648,107	-543,028
+ Cash receipts from the issuance of a bond	38	298,707	0
- Payments for the repayment of financial liabilities		-102,952	-59,427
+ Cash proceeds from changes in financial debt	38	34,917	68,556
+ Net payments for the purchase and sale of securities		12,491	68,477
- Payments made for acquiring shares of non-controlling interests		0	-57,789
+ Interest received		11,198	12,346
- Interest paid		-32,593	-32,978
- Dividends paid	39	-86,766	-86,612
= Net cash flow from financing activities		135,002	-87,427
= Net change in cash and cash equivalents		199,416	-7,670
+ Cash and cash equivalents as at 1 June		585,134	602,744
+/- Effect of exchange rate fluctuations on cash and cash equivalents		-675	-9,941
= Cash and cash equivalents as at 31 May		783,875	585,134

*See also Note 07

Notes to the cash flow statement see Note 40

Consolidated statement of changes in equity

of HELLA KGaA Hueck & Co.

€ thousand	Subscribed capital	Capital reserve	Reserve for currency translation differences	Reserve for financial instruments for cash flow hedging
As at 1 June 2015	222,222	250,234	81,505	-89,092
Earnings for the period	0	0	0	0
Other comprehensive income for the period	0	0	-79,631	24,045
Comprehensive income for the period	0	0	-79,631	24,045
Distributions to shareholders	0	0	0	0
Changes in ownership interest in subsidiaries	0	0	-181	0
Transactions with shareholders	0	0	-181	0
As at 31 May 2016	222,222	250,234	1,693	-65,047
Earnings for the period	0	0	0	0
Other comprehensive income for the period	0	0	-14,225	5,462
Comprehensive income for the period	0	0	-14,225	5,462
Distributions to shareholders	0	0	0	0
Disposal of non-controlling interests	0	0	0	0
Transactions with shareholders	0	0	0	0
As at 31 May 2017	222,222	250,234	-12,532	-59,585

See also Note 39 for notes on equity

Reserve for available-for-sale financial instru- ments	Remeasurements of defined benefit plans	Other retained earnings/profit carried forward	Reserves and unappropriated surplus	Equity before non-controlling interests	Non-controlling interests	Equity
10,469	-70,904	1,475,804	1,658,016	1,880,238	29,456	1,909,694
0	0	268,500	268,500	268,500	3,361	271,861
-7,344	5,023	0	-57,907	-57,907	-597	-58,504
-7,344	5,023	268,500	210,593	210,593	2,764	213,357
0	0	-85,556	-85,556	-85,556	-1,056	-86,612
0	0	-32,309	-32,490	-32,490	-25,299	-57,789
0	0	-117,865	-118,046	-118,046	-26,355	-144,401
3,125	-65,881	1,626,439	1,750,563	1,972,785	5,865	1,978,650
0	0	341,733	341,733	341,733	1,374	343,107
4,231	-3,675	0	-8,207	-8,207	-294	-8,500
4,231	-3,675	341,733	333,526	333,526	1,081	334,607
0	0	-85,556	-85,556	-85,556	-1,210	-86,766
0	0	0	0	0	-746	-746
0	0	-85,556	-85,556	-85,556	-1,957	-87,513
7,357	-69,557	1,882,616	1,998,533	2,220,755	4,989	2,225,744

01 Basic information

HELLA KGaA Hueck & Co. (HELLA KGaA) and its subsidiaries (collectively referred to as the "Group") develop and manufacture lighting technology and electronics components and systems for the automotive industry. In addition to the development and manufacture of components, the Group also produces complete vehicle modules and air-conditioning systems in joint venture undertakings. The Group's production and manufacturing sites are located across the globe; its most significant markets are in Europe, the USA and Asia, particularly Korea and China. In addition, HELLA has its own international sales network for all kinds of vehicle accessories.

The Company is a listed stock corporation, which was founded and is based in Lippstadt, Germany. The address of the Company's registered office is Rixbecker Str. 75, 59552 Lippstadt. HELLA KGaA Hueck & Co. is registered in the Commercial Register B of Paderborn district court under number HRB 6857 and prepares the consolidated financial statements for the smallest and largest group of companies.

The consolidated financial statements of HELLA KGaA for the fiscal year 2016/2017 (1 June 2016 to 31 May 2017) were prepared in accordance with all IFRS and IAS standards subject to mandatory application for the period as well as the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRSIC) and the Standing Interpretations Committee (SIC), and as adopted by the EU. The consolidated financial statements are accompanied by a Group management report and the additional disclosures required by Section 315a of the German Commercial Code (Handelsgesetzbuch – HGB). The comparative values of the prior year have been determined according to the same principles. The consolidated financial statements are prepared in euros (€). Amounts are stated in thousands of euros (€ thousand).

The consolidated financial statements are prepared using accounting and measurement methods that are applied consistently within the Group on the basis of amortised historical cost. This does not apply to assets that are available for sale and derivative financial instruments, which are measured at fair value. The consolidated income statement is prepared using the cost-of-sales method. The current/non-current distinction is observed in the consolidated statement of financial position. The amounts stated under current assets and liabilities are for the most part due for settlement within twelve months. Accordingly, non-current items are mainly due for settlement in more than twelve months. In order to enhance the clarity of the presentation, items of the consolidated statement of financial position and

consolidated income statement have been grouped together where this is appropriate and possible. These items are broken down and explained in the notes to the consolidated financial statements. Please note that where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding.

The Management Board released the consolidated financial statements for submission to the Supervisory Board on 24 July 2017. It is the responsibility of the Supervisory Board to review the consolidated financial statements and declare its approval. A resolution by the Supervisory Board approving the consolidated financial statements is expected to be passed at the ordinary Supervisory Board meeting to be held on 9 August 2017.

02 Scope of consolidation

In addition to HELLA KGaA Hueck & Co., all significant domestic and foreign subsidiaries that are directly or indirectly controlled by HELLA are consolidated. The number of subsidiaries has changed as a result of company formations, the acquisition of a subsidiary and divestments. Material joint ventures are included in the consolidated financial statements using the equity method of accounting. The number of joint ventures has changed due to divestments, liquidations and one formation.

Number	31 May 2017	31 May 2016
Fully consolidated companies	98	95
Companies accounted for using the equity method	53	57

The main subsidiaries are set out below:

Company	Country	City	Share of equity (%)	
			2016/2017	2015/2016
HELLA Shanghai Electronics Co., Ltd.	China	Shanghai	100	100
FTZ Autodele & Værktøj A/S	Denmark	Odense	100	100
HELLA Fahrzeugkomponenten GmbH	Germany	Bremen	100	100
HELLA Automotive Mexico S.A. de C.V.	Mexico	Tlalnepantla	100	100
INTER-TEAM Sp. z o.o.	Poland	Warsaw	100	100
HELLA Romania s.r.l.	Romania	Ghiroda-Timișoara	100	100
HELLA Slovakia Front-Lighting s.r.o.	Slovakia	Kocovce	100	100
HELLA Slovakia Signal-Lighting s.r.o.	Slovakia	Bánovce nad Bebravou	100	100
HELLA Saturnus Slovenija d.o.o.	Slovenia	Ljubljana	100	100
HELLA Autotechnik Nova s.r.o.	Czech Republic	Mohelnice	100	100
HELLA Electronics Corporation	USA	Plymouth, MI	100	100
Jiaxing HELLA Lighting Co. Ltd.	China	Jiaxing	100	100

A complete listing of the shares held by the Group can be found in an attachment to the notes to the consolidated financial statements.

03 Acquisition of subsidiaries

All of the shares in iParts Sp. z. o.o. were acquired for a purchase price of € 5,261 thousand on 10 October 2016, so that control is now obtained. The company, which is based in Rzeszów in Poland, offers auto parts to end and business customers in the automotive sector through e-commerce sales channels.

The acquisition of iParts, the leading online shop for auto parts in Poland, aims to strengthen the company's own e-commerce activities in the Aftermarket segment and speed up further expansion. It will focus here initially on Northern and Eastern Europe.

The fair values of the identifiable assets acquired and liabilities assumed as of the date of the business combination in this respect break down as follows:

€ thousand	Fair value
Cash and cash equivalents	340
Trade receivables	120
Inventories	71
Intangible assets	2,655
Property, plant and equipment	21
Other assets	5
Trade payables	-296
Current tax liabilities	-21
Deferred tax liabilities	-461
Provisions	-104
Other liabilities	-37
Net assets at the acquisition date	2,293

The acquisition resulted in the following, non-tax-deductible goodwill:

€ thousand	Fair value
Purchase price	5,261
Net assets at the acquisition date	2,293
Goodwill	2,967

The goodwill of € 2,967 thousand arising from the acquisition is attributable to the Aftermarket segment and relates to synergies arising in combination with the existing e-commerce activities.

The incidental acquisition costs of € 214 thousand were included in other income and expenses.

Trade receivables include impairments of € 25 thousand resulting from expected unrecoverable receivables.

The acquired subsidiary contributed € 1,947 thousand to consolidated sales and impacted earnings for the period with € 28 thousand.

If the business acquisition had been executed at the beginning of the fiscal year, the Group would have reported sales of € 3,115 thousand and a result of € 28 thousand for iParts.

04 Principles of consolidation

If the balance sheet date of a subsidiary is not the same as that of HELLA KGaA, interim financial statements are prepared effective 31 May.

BUSINESS COMBINATIONS

Acquired subsidiaries are accounted for using the purchase method. The acquisition costs correspond to the fair value of the assets acquired, the equity instruments issued and the liabilities arising or assumed on the transaction date. They also include the fair values of all recognised assets and liabilities arising from contingent consideration. Acquisition-related costs are recognised as expenses upon arising. Upon first consolidation, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value on the date of acquisition. Goodwill is recognised as the amount by which the business combination costs, the amount of the non-controlling shares in the acquired company already held on the acquisition date and the equity components measured at fair value exceed the net assets measured at fair value. If this figure is negative, the difference is recognised directly in the income statement after reassessment.

NON-CONTROLLING INTERESTS

In the case of each business combination, the Group determines whether the non-controlling interests in the acquired company are to be measured at their fair value or in accordance with the share which they hold in the net assets of the acquired company at the date of acquisition. Transactions for the purchase or sale of non-controlling interests that do

not result in a loss of control are recorded as equity transactions. Any difference between the figure by which the carrying amount of the non-controlling interests is adjusted to match the current share held in the company and the fair value of the consideration rendered or received is recognised directly within equity.

Any binding put options that have been agreed for non-controlling interests are recognised within financial liabilities and measured at their fair value on the basis of the agreed purchase price. If the put option is related to the purchase of a majority holding in the company concerned, its value is recognised as part of the business combination costs.

SUBSIDIARIES

Subsidiaries are entities that are controlled by the Group. The Group is deemed to control a subsidiary if it is exposed to varying returns from its involvement with the subsidiary or has rights to returns and has the ability to use its power over the subsidiary to affect these returns. The financial statements of subsidiaries are included in the consolidated financial statements as of the date on which the Group gains control over them and until the date on which control over them ends.

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments accounted for using the equity method comprise shares in joint ventures and associates.

Joint ventures are joint arrangements in which HELLA exercises joint control together with other partners and also has rights to the arrangement's equity.

Associates are entities over which the Group exercises material influence, but no control, and in which it usually holds 20 % to 50 % of the voting rights.

Shares in joint ventures and associates are accounted for using the equity method and are recorded at historical cost upon initial recognition. The Group's share also includes the goodwill arising on acquisition (less cumulative impairments).

The Group's share in the profits and losses is recognised in the income statement from the acquisition date. The cumulative changes following acquisition are deducted from or added to the carrying amount of the investment. If losses have reduced the fair value of the Group's share to zero, additional losses are only allowed for and recognised as liabilities to the extent that HELLA is subject to legal or constructive obligations to settle such losses. Gains at a later period are not taken into account until they are sufficient to cover the unrecognised loss.

INTRA-GROUP TRANSACTIONS

Intra-Group transactions, balances and unrealised gains or losses from intra-Group transactions are eliminated. However, the existence of unrealised losses is viewed as an indication that the transferred asset must be examined for impairment. The accounting and measurement methods applied by subsidiaries have been modified where necessary to ensure consistent accounting within the Group.

05 Currency translation

Changes in the fair value of financial securities that are denominated in a foreign currency and classified as available for sale are split into currency translation differences arising from changes in amortised cost, which are recognised in the income statement, and other changes in their carrying amount, which are recognised within equity.

Currency translation differences for non-monetary items, changes in which are recognised at fair value in the income statement (for example, equity instruments measured at fair value in the income statement), are reported in the income statement as part of the gain or loss from measurement at fair value. However, currency translation differences for non-monetary assets, changes in which are recognised at fair value within equity (for example, equity instruments classified as available for sale), are included in the revaluation reserve as part of other reserves.

FUNCTIONAL CURRENCY AND REPORTING CURRENCY

The items included in the financial statements of each of the Group companies are measured using the currency of the primary economic environment in which the company operates (functional currency). The consolidated financial statements are prepared in euros, the functional and reporting currency of HELLA KGaA Hueck & Co.

The net profit/loss and balance sheet items of all Group companies that have a functional currency other than the euro are treated as follows:

- ❶ Assets and liabilities are translated into euros for each balance sheet date using the spot exchange rate.
- ❷ Income and expenses are translated for each income statement using the average exchange rate (unless this fails to give an appropriate approximation of the cumulative effects that would have arisen from currency translation at the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates prevailing on the transaction dates).

- ❸ Any currency translation differences are recognised in equity as separate items within the currency translation reserve and, hence, in other comprehensive income.

TRANSACTIONS AND OUTSTANDING BALANCES

Foreign currency transactions are translated into the functional currency at the spot exchange rate applicable on the transaction date. Gains and losses from the settlement of such transactions as well as from the translation of financial assets and liabilities held in foreign currencies at the spot exchange rate are recognised in the income statement unless they are designated as qualified cash flow hedges, in which case they are recognised within equity.

Currency translation differences arising in connection with consolidation from the conversion of net investments in economically independent foreign operations, financial liabilities, and other foreign currency instruments designated as hedges of such investments, are recognised within equity. If a foreign business is sold, any currency translation differences hitherto recognised within equity are recycled to profit and loss as part of the profit or loss derived from the sale. Goodwill arising from business combinations and from disclosed hidden reserves and liabilities that are recognised as adjustments to the carrying amounts of the assets and liabilities of the company concerned are translated using the end-of-year spot exchange rate in the same way as that applied to assets and liabilities.

The exchange rates used to translate the main currencies for HELLA were as follows:

	Average		Reporting date	
	2016/2017	2015/2016	31 May 2017	31 May 2016
€ 1 = US dollar	1.0902	1.1098	1.1221	1.1154
€ 1 = Czech koruna	26.9747	27.0722	26.4220	27.0220
€ 1 = Japanese yen	118.3730	131.2057	124.4000	123.8300
€ 1 = Mexican peso	21.1450	18.9342	21.0559	20.5185
€ 1 = Chinese renminbi	7.4037	7.1136	7.6449	7.3363
€ 1 = South Korean won	1,246.7479	1,296.2668	1,255.0100	1,326.1100
€ 1 = Romanian leu	4.5073	4.4647	4.5655	4.5108
€ 1 = Danish krone	7.4387	7.4575	7.4398	7.4376

06 New accounting standards

THE GROUP HAS APPLIED THE FOLLOWING AMENDMENTS TO IFRS, WHICH WERE ENDORSED BY THE EU AS EUROPEAN LAW AND WERE SUBJECT TO MANDATORY APPLICATION FOR THE FIRST TIME IN THE FISCAL YEAR 2016/2017:

Amendments to IAS 1: Disclosure Initiative

The amendments to IAS 1 "Presentation of Financial Statements" concerned various reporting issues. They clarified that disclosures in the notes are only necessary provided they are material to the reporting company. This also expressly applies if a standard specifies a list of minimum disclosures. Furthermore, explanations were provided on the aggregation and disaggregation of items in the statement of financial position and the consolidated statement of comprehensive income. IAS 1 also requires the additional disclosure of profit or loss and other comprehensive income that is attributable to associates and joint ventures accounted for using the equity method. There was no impact on the consolidated financial statements.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

These amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" provide guidance on determining acceptable methods of depreciation and amortisation. Accordingly, revenue-based depreciation methods are not permitted for property, plant and equipment and revenue-based amortisation methods are only allowed for intangible assets in certain exceptional cases (rebuttable presumption of inadequacy). There was no impact on the consolidated financial statements.

Amendments to IAS 16 and IAS 41: Bearer plants

These amendments bring bearer plants which are used in the production of agricultural produce into the area of application of IAS 16 "Property, Plant and Equipment" and simultaneously remove them from the scope of IAS 41 "Agriculture". There was no impact on the consolidated financial statements.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendment to IAS 27 "Separate Financial Statements" allows the equity method of accounting to be used for measuring investments in subsidiaries, joint ventures and associates in the separate financial statements of an investor. There was no impact on the consolidated financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception

The amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interest in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" clarify the application of the exception from the consolidation of subsidiaries. Under these amendments, a company may also apply the exemption from the duty to prepare consolidated financial statements if its ultimate or intermediate parent prepares IFRS financial statements in which the subsidiaries are measured at their fair value. In addition, a subsidiary that provides services related to its parent company's investment activities is not consolidated if the subsidiary itself is an investment entity. The amendments clarify that if the equity method is applied to an associate or a joint venture that is an investment entity, the parent that is not an investment entity can retain the fair-value measurement which the associate or joint venture applies to its subsidiaries. A parent company that is an investment entity and measures all its subsidiaries at their fair value must provide the disclosures relating to

investment entities required by IFRS 12. There was no impact on the consolidated financial statements.

Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations

These modifications to IFRS 11 "Joint Arrangements" provide guidance on accounting for acquisitions of interests in joint operations that represent a business operation within the meaning of IFRS 3 "Business Combinations". In such cases, the buyer is required to apply the principles for accounting for business combinations in accordance with IFRS 3. So far, the HELLA Group only holds investments in joint ventures within the area of application of IFRS 11. There was no impact on the consolidated financial statements.

Improvements to IFRS 2012 – 2014

Amendments have been made to four standards as part of the annual improvement project. These provided clarification on four standards, including IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", IFRS 7 "Financial Instruments: Disclosures", IAS 19 "Employee Contributions to Defined Benefit Plans" and IAS 34 "Interim Financial Reporting". Adjustments to the wording of individual IFRSs served the purpose of clarifying the existing guidance. In this context, IFRS 5 was extended to include specific provisions on the accounting of assets classified as held for distribution to owners. There was no impact on the consolidated financial statements.

THE FOLLOWING NEW STANDARDS HAVE ALREADY BEEN ENDORSED BY THE EU AS EUROPEAN LAW BUT WILL NOT TAKE EFFECT UNTIL A LATER DATE:

IFRS 9: Financial Instruments

IFRS 9 "Financial Instruments" will be replacing the existing standard IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces a new approach for the classification of financial instruments based on the contractual cash flows of the financial instrument and the business model within which it is being held. The provisions for recognising impairments will be based on an expected loss model in the future. This impairment model is due to be applied to financial assets measured at their amortised cost or at their fair value with changes in fair value in other comprehensive income (FVOCI), to loan commitments under which there is currently an obligation to issue a loan, to financial guarantee contracts pursuant to IFRS 9, to lease obligations pursuant to IAS 17 and to contract assets pursuant to IFRS 15. Financial instruments with the exception of financial assets already impaired at the time of their addition are measured either according to the expected twelve-month loss or on the basis of the entire loss expected over the residual term of the in-

strument. Measurement over the entire residual term is necessary if the default risk has increased significantly since the date on which the financial instrument was added. Independently of the default risk, this measurement must additionally be applied to trade receivables and contract assets which do not constitute a financing arrangement pursuant to IFRS 15. By contrast, an accounting policy option exists in the case of contract assets and trade receivables which constitute a financing arrangement pursuant to IFRS 15 and for lease obligations. The company can recognise the entire loss expected over the residual term at the time of addition. In addition, IFRS 9 revises the guidance on hedge accounting, which is oriented more closely to the reporting entity's risk management. Moreover, further disclosures in the notes will be necessary. These amendments must be applied to fiscal years commencing on or after 1 January 2018. No early first-time application is planned. On the basis of the information currently available, the notes will essentially change as a result of the above-mentioned extensions and restructurings. Moreover, the new measurement models are expected to have a secondary effect on the net assets, financial position and results of operations of the HELLA Group.

IFRS 15: Revenue from Contracts with Customers

IFRS 15 "Revenue from Contracts with Customers" replaces the current guidance on the recognition of revenue in IAS 18 "Revenue" and IAS 11 "Construction Contracts". With the introduction of IFRS 15 the IASB aims to pool the extensive revenue provisions in a single standard and to establish clear principles which a company has to apply from contracts with customers. Revenue is recognised using a five-step model framework under which the contract with the customer and the separate performance obligations which it contains are identified. The next step involves determining the transaction price and to allocate it to the individual performance obligations. Finally, revenue is recognised in accordance with the allocated pro rata transaction price when and as the agreed performance obligation is satisfied or control is passed to the customer. IFRS 15 moreover extends the disclosures in the notes which through extended quantitative and qualitative information on contracts with customers are designed to enable the recipients of financial statements to gain a better understanding of these contracts and the revenue to be allocated to them. The new standard must be applied to accounting periods commencing on or after 1 January 2018. No early first-time application of IFRS 15 is planned. The clarifications relating to IFRS 15 have, however, not been adopted by the EU as yet although their adoption is expected before the date of first-time application.

In mid-2016 HELLA launched a project to introduce IFRS 15 and it continues to analyse the impact that the application of

IFRS 15 will have on financial reporting. In the first project phase the project team commissioned with this task examined the material business incidents and relevant contracts with customers. As part of the review, economic and legal provisions were analysed taking into account the five-step framework and a qualitative evaluation was performed to identify deviations from the currently applicable accounting and reporting. The findings will be examined in a second project phase with regard to an analogous effect on different judicial areas and customer relationships.

At present, no changes to the total amount of revenue entered for a customer contract are expected. However, depending on the contract terms there may be time delays in the realisation of revenue. Thus customer orders secured in the Automotive segment, for example (and to a minor extent in the Special Applications segment) regularly include not just series deliveries but also upstream development activities. These contract-specific development services constitute a performance obligation of their own, and the transaction price allocated to them must be reported as revenue in the period during which a legal entitlement to remuneration arises even if payment is made in a subsequent period.

Furthermore, the assessment as to whether a service for or delivery to a customer has the character of a separable performance obligation is subject to newly specified criteria. As a result, individual activities (particularly in toolmaking) could in future independently result in revenue when compared with the current reporting.

In the Aftermarket segment, so far no event has been identified that would result in a material change on application of IFRS 15 in reported revenue for the period.

Beyond the aspects described, various balance sheet items are changed in connection with the separate items for contract asset and contract liabilities demanded by IFRS 15. Moreover, further quantitative and qualitative disclosures in the notes will be necessary.

THE FOLLOWING NEW OR AMENDED IFRS HAVE NOT YET BEEN ENDORSED BY THE EU AS EUROPEAN LAW AND WILL NOT BE APPLICABLE UNTIL A LATER DATE:

The HELLA Group plans to apply the newly issued standards and amendments from the date of mandatory application subject to endorsement for application in the EU.

Amendments to IAS 7: Disclosure Initiative

The purpose of the amendments to IAS 7 "Statement of Cash Flows" is to improve the information conveyed to users of the

financial statements on the cash flow from financing activities. Companies must now prepare a statement reconciling the opening with the closing balances in the statement of financial position arising from the cash flow from financing activities. These amendments must be applied to fiscal years commencing on or after 1 January 2017. They will result in additional disclosures in the notes to the consolidated financial statements.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments to IAS 12 "Income Taxes" clarify the recognition of deferred tax assets for unrealised losses on assets measured at fair value. Accordingly, unrealised losses on assets which are measured at their fair value and for which no corresponding adjustments are made for tax purposes result in deductible temporary differences. In addition, the adjustments permit a more precise calculation of taxable income for the recognition of deferred tax assets. These amendments must be applied to fiscal years commencing on or after 1 January 2017. The application of these amendments is not expected to have any material impact on the consolidated financial statements.

Amendment to IAS 40: Transfers of Investment Property

The amendments to IAS 40 "Transfers of Investment Property" have clarified that transfers of real estate to or from investment property holdings can take place only if there is a change in use. A change in use applies if the property fulfils or no longer fulfils the definition of investment property and this change in use can be evidenced. The new interpretation must be applied to fiscal years commencing on or after 1 January 2018. The amendments are not expected to have an impact on HELLA's consolidated financial statements.

Amendments to IFRS 2: Accounting for Share-Based Payment

The amendments to IFRS 2 "Share-Based Payment" clarify the recognition of cash-settled share-based payments. The main change is that IFRS 2 now contains guidance on the calculation of the fair value of the obligations arising from share-based payments. As with the approach for equity-settled share-based payments, only certain vesting conditions will be included in the calculation of the fair value in the future, whereas others only have an effect via the quantity. Accordingly, the specific guidance included in IFRS 2 overrides the general guidance found in IFRS 13 "Fair Value Measurement". These amendments must be applied to fiscal years commencing on or after 1 January 2018. The amendments are not expected to have an impact on HELLA's consolidated financial statements.

Amendments to IFRS 4: application of IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts"

The amendments to IFRS 4 "Insurance Contracts" seek to reduce the impact resulting from the different dates of first-time application of the standard for insurance contracts and of IFRS 9 "Financial Instruments". To this end, two optional approaches are introduced which can be used if specific criteria of companies issuing insurance contracts within the meaning of IFRS 4 are met: the overlay approach and the deferral approach. In the overlay approach, insurance companies can reclassify some of the income or expenses arising from designated financial assets from profit or loss to other comprehensive income. In the deferral approach, insurance companies have the option to defer application of IFRS 9 until the new IFRS 17 "Insurance Contracts" is applied for the first time. Application of the deferral approach is permitted only if the business activities of the insurer are predominantly connected with insurance. These amendments must be applied to fiscal years commencing on or after 1 January 2018 or by the date of early first-time application of IFRS 9. The application of these amendments will not have any material impact on the consolidated financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" eliminate an inconsistency between the two standards. In its current form, IFRS 10 requires full profit or loss recognition when a parent sells a subsidiary to an associate or joint venture. On the other hand, IAS 28 in its present form requires the profit or loss from the transaction between the entity and its associate or joint venture to be recognised only to the extent of the share in this company. In the future, the entire profit or loss from the transaction will only be recognised if the assets sold or contributed constitute a business as defined in IFRS 3 "Business Combinations". If these assets do not constitute a business, only the pro rata profit or loss is recognised. The date on which the modifications to IFRS 10 and IAS 28 are to be applied for the first time has been postponed indefinitely by the IASB. The possible impact on the consolidated financial statements is currently being analysed.

IFRS 14: Regulatory Deferral Accounts

IFRS 14 "Regulatory Deferral Accounts" permits first-time adopters of IFRS to continue to account, with some limited changes, for regulatory deferral accounts in accordance with the previously applied GAAP upon adoption of IFRS. IFRS 14 must be applied to fiscal years commencing on or after 1 January 2016. The European Commission will not adopt IFRS 14 for application in the EU because only a very small number of companies in the EU fall within the area of application of this

standard. As the standard is only relevant for first-time adopters of IFRS, it does not have any impact on the consolidated financial statements.

Clarification provided by IFRS 15: "Revenue from Contracts with Customers"

With the adoption on 12 April 2016 of clarifications to IFRS 15 "Revenue from Contracts with Customers" the IASB has set out targeted amendments to IFRS 15 in the areas of identifying promised services, the classification as principal versus agent and revenue from licences. The clarifications must be applied for fiscal years commencing on or after 1 January 2018. For the impact resulting from their application reference is made to the detailed section on IFRS 15 "Revenue from Contracts with Customers".

IFRS 16: Leases

On 13 January 2016, the IASB published IFRS 16 "Leases", which replaces IAS 17 "Leases" and the related interpretations. IFRS 16 primarily changes the manner in which the lessee accounts for leases. In addition to abolishing the distinction between finance and operating leases, the amended guidance requires all assets and liabilities under leases to be recognised in the statement of financial position except in the case of short-term or low-value leases. There is no material change in the recognition requirements for lessors compared with IAS 17. The new standard must be applied to fiscal years commencing on or after 1 January 2019.

In mid-2016 the HELLA Group launched a project to introduce IFRS 16 and it continues to analyse the impact that its application will have on financial reporting. In the first project phase the project team commissioned with this task examined the material leases particularly with regard to contracts so far not classified as finance leases. In particular, discretionary scopes and first-time application issues for representative material individual cases were determined. The findings will be validated across the Group in the following project phase and their impact on the balance sheet will be subject to further quantitative analysis. Based on the information currently available, total assets will increase by the future liabilities of contracts currently classified as operating leases and non-current assets will rise correspondingly. The first-time application is not expected to have an impact on reported equity.

IFRS 17: Insurance Contracts

On 18 May 2017, the IASB published IFRS 17 "Insurance Contracts", IFRS 17 sets out the principles with regard to the recognition, measurement, presentation and reporting of insurance contracts. The new standard will replace the current IFRS 4 "Insurance Contracts". Under IFRS 4, companies drawing up their balance sheets currently have the option to apply a large

number of accounting practices; furthermore, they are marked heavily by national accounting provisions. The new standard will therefore result in a standard and credible presentation of the accounting of insurance contracts. The new standard must be applied to fiscal years commencing on or after 1 January 2021. The application of these amendments will not have any material impact on the consolidated financial statements.

IFRIC 22: Foreign Currency Transactions and Advance Consideration

IFRIC 22 "Foreign Currency Transactions and Advance Consideration" clarifies the exchange rate to be used in the first-time accounting of a foreign currency transaction if the company receives or pays advance consideration in a foreign currency. The interpretation makes it clear that the date used to determine the exchange rate for the associated asset, income or expense is the transaction date of initial recognition of the non-monetary asset or non-monetary liability resulting from the advance consideration paid or received. IFRIC 22 must be applied to fiscal years commencing on or after 1 January 2018. The impact on HELLA's consolidated financial statements is currently being analysed.

IFRIC 23: Uncertainty over Income Tax Treatments

On 7 June 2017 IFRSIC published interpretation IFRIC 23, "Uncertainty over Income Tax Treatments", which clarifies the accounting for uncertainties in income taxes with regard to current and deferred tax assets and liabilities. Such uncertainties in income taxes arise if the application of the tax law on a specific transaction is uncertain and is therefore dependent on how its interpretation by the relevant tax authority, which is not known to the entity at the time the consolidated financial statements are prepared. An entity takes these uncertainties into account in the tax profit (tax losses) only if it is probable that the relevant tax amounts will be paid or reimbursed. The interpretation includes no additional information requirements that go beyond IAS 12 "Income Taxes". However, information on discretionary decisions and uncertainties in accordance with IAS 1 "Presentation of Financial Statements" regarding the accounting of income taxes may be required. IFRIC 23 must be applied to fiscal years commencing on or after 1 January 2019. The impact on HELLA's consolidated financial statements is currently being analysed.

Improvements to IFRS 2014 – 2016

Amendments have been made to three standards as part of the annual improvement project. Adjustments to the wording of individual IFRSs served the purpose of clarifying the existing guidance. The following standards were affected by this: IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 12 "Disclosure of Interest in Other Entities" and IAS 28 "Investments in Associates and Joint

Ventures". The amendments to IFRS 12 must be applied to fiscal years commencing on or after 1 January 2017, whereas amendments to IFRS 1 and IAS 28 must be applied for fiscal years commencing on or after 1 January 2018. The impact on HELLA's consolidated financial statements is currently being analysed.

07 Changes in accounting methods

REPORTING OF INTEREST PAYMENTS IN THE CONSOLIDATED CASH FLOW STATEMENT

In these consolidated financial statements the presentation of interest payments has been adjusted. As a result, net cash flow from operating activities comparable to earnings before interest and taxes will no longer be subject to movements from interest components. This reclassification eases the burden on net cash flow from operating activities while net cash flow from financing activities is increased by corresponding payments of the same amount; by contrast, the changes in cash and cash equivalents are wholly unaffected by this adjustment. This does not result in changes to other reporting elements. From the company's perspective, the reclassification of interest payments leads to a more appropriate allocation of payment flows from net cash flow from operating and financing activities, thus making more relevant and more reliable information on the company's payment flows available to the recipients of the financial statements. The quantitative impacts are shown in the following tables.

€ thousand	as reported 2015/2016	Reclassification	adjusted 2015/2016
Earnings before income taxes (EBT)	380,280	0	380,280
+ Depreciation and amortisation	395,753	0	395,753
+/- Change in provisions	-22,233	0	-22,233
+ Cash receipts for series production	83,120	0	83,120
- Non-cash sales transacted in previous periods	-101,086	0	-101,086
- Other non-cash income	-59,703	0	-59,703
+ Losses from the sale of property, plant and equipment and intangible assets	4,168	0	4,168
+ Net financial result	39,512	0	39,512
- Increase in trade receivables and other assets not attributable to investing or financing activities	-115,088	0	-115,088
- Increase in inventories	-34,264	0	-34,264
+ Increase in trade payables and other liabilities not attributable to investing or financing activities	121,707	0	121,707
+ Interest received	12,346	-12,346	0
- Interest paid	-32,978	32,978	0
+ Tax refunds received	12,766	0	12,766
- Taxes paid	-122,049	0	-122,049
+ Dividends received	39,903	0	39,903
= Net cash flow from operating activities	602,153	20,632	622,786
+ Cash receipts from the sale of property, plant and equipment	9,048	0	9,048
+ Cash receipts from the sale of intangible assets	4,940	0	4,940
- Payments for the purchase of property, plant and equipment	-489,869	0	-489,869
- Payments for the purchase of intangible assets	-70,735	0	-70,735
+ Repayments of loans to investments	4,866	0	4,866
- Payments for loans granted to investments	-4,147	0	-4,147
+ Cash receipts from capital decrease in investments	2,766	0	2,766
- Payments for capital increases in investments	0	0	0
+ Cash receipts from the disposal of subsidiaries (net of cash and cash equivalents transferred) and from liquidation of other investments	103	0	103
- Payments for the acquisition of subsidiaries, less cash and cash equivalents received	0	0	0
= Net cash flow from investing activities	-543,028	0	-543,028
- Payments for the repayment of financial liabilities	-59,427	0	-59,427
+ Cash proceeds from changes in financial debt	68,556	0	68,556
+ Net payments for the purchase and sale of securities	68,477	0	68,477
- Payments made for acquiring shares of non-controlling interests	-57,789	0	-57,789
+ Interest received	0	12,346	12,346
- Interest paid	0	-32,978	-32,978
- Dividends paid	-86,612	0	-86,612
= Net cash flow from financing activities	-66,795	-20,632	-87,427
= Net change in cash and cash equivalents	-7,670	0	-7,670
+ Cash and cash equivalents as at 1 June	602,744	0	602,744
+/- Effect of exchange rate changes on cash and cash equivalents	-9,941	0	-9,941
= Cash and cash equivalents as at 31 May	585,134	0	585,134

See also Note 40 for notes to the cash flow statement.

€ thousand	adjusted 2014/2015	adjusted 2015/2016	2016/2017
Earnings before income taxes (EBT)	393,625	380,280	462,923
+ Depreciation and amortisation	336,193	395,753	411,970
+/- Change in provisions	16,126	-22,233	34,053
+ Cash receipts for series production	130,518	83,120	131,503
- Non-cash sales transacted in previous periods	-89,816	-101,086	-116,176
- Other non-cash income	-53,185	-59,703	-81,565
+ Losses from the sale of property, plant and equipment and intangible assets	2,851	4,168	6,000
+ Net financial result	35,878	39,512	44,247
- Increase in trade receivables and other assets not attributable to investing or financing activities	-128,979	-115,088	-124,535
- Increase in inventories	-8,428	-34,264	-54,710
+ Increase in trade payables and other liabilities not attributable to investing or financing activities	39,978	121,707	68,811
+ Tax refunds received	6,181	12,766	16,227
- Taxes paid	-118,892	-122,049	-123,132
+ Dividends received	35,851	39,903	36,905
= Net cash flow from operating activities	597,901	622,786	712,521
+ Cash receipts from the sale of property, plant and equipment	16,458	9,048	11,932
+ Cash receipts from the sale of intangible assets	3,602	4,940	4,818
- Payments for the purchase of property, plant and equipment	-429,489	-489,869	-592,836
- Payments for the purchase of intangible assets	-68,449	-70,735	-72,888
+ Repayments of loans to investments	2,545	4,866	250
- Payments for loans granted to investments	-682	-4,147	0
+ Cash receipts from capital decrease in investments	13,200	2,766	0
- Payments for capital increases in investments	-16,927	0	0
+ Cash proceeds from the sale of shares in investments	21,505	0	0
+ Cash receipts from the sale of subsidiaries (net of cash and cash equivalents transferred) and from liquidation of other investments	0	103	5,538
- Payments for the acquisition of subsidiaries, less cash and cash equivalents received	-405	0	-4,921
= Net cash flow from investing activities	-458,642	-543,028	-648,107
- Repayment of bond issued in October 2009	-200,002	0	0
+ Cash receipts from the issuance of a bond	0	0	298,707
- Payments for the repayment of financial liabilities	-231,309	-59,427	-102,952
+ Cash proceeds from changes in financial debt	134,912	68,556	34,917
+/- Net payments for the purchase and sale of securities	-49,741	68,477	12,491
- Payments made for acquiring shares of non-controlling interests	-14,786	-57,789	0
+ Interest received	8,130	12,346	11,198
- Interest paid	-46,109	-32,978	-32,593
- Dividends paid	-59,060	-86,612	-86,766
+ Net cash proceeds from shares issued	272,456	0	0
= Net cash flow from financing activities	-185,509	-87,427	135,002
= Net change in cash and cash equivalents	-46,250	-7,670	199,416
+ Cash and cash equivalents as at 1 June	637,226	602,744	585,134
+/- Effect of exchange rate changes on cash and cash equivalents	11,768	-9,941	-675
= Cash and cash equivalents as at 31 May	602,744	585,134	783,875

See also Note 40 for notes to the cash flow statement.

08 Basis of preparation and accounting

EARNINGS RECOGNITION

Sales include the fair value of the consideration already received or still to be received for the sale of goods and performance of services in the normal course of business. Sales are stated excluding sales tax, returns, rebates and discounts and after elimination of internal Group sales.

The Group recognises sales when the amount of revenue can be reliably determined, it is sufficiently probable that the Company will derive economic benefits and the specific criteria set out below for each type of activity have been met. Sales from the sale of goods are recognised as soon as the material opportunities and risks relating to ownership of the goods, based on the provisions of the respective contract, have been transferred to the customer.

In the case of the sale of goods, this generally applies when the goods have been delivered. If, as part of series deliveries, advance payments are made in addition to the unit price, these payments are reported as other liabilities, deferred over the duration of series production and recognised in sales.

Income from the provision of services is recognised in accordance with the terms of the contract in question, provided the service has been rendered and expenses have arisen.

Interest income is recognised on a pro rata basis using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

FUNCTIONAL COSTS

Cross-functional costs contained in the consolidated income statement are reported in accordance with internal reporting requirements. Operating expenses are always initially allocated to the functional division in which they are primarily incurred. If the functional division performs services for which the economic benefit arises in another functional area, such expenses are allocated on a pro rata basis to the functional division for which the services were performed.

The offsetting of such amounts does not contain any direct reference to the primary cost type and is reported under "Reclassification of functional costs". This applies in particular to the allocation of energy costs, the use of buildings and IT expenses. These are initially recognised together with their respective cost types under administrative costs and then reclassified to the functions where the cost was incurred using prorated usage formulas.

EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the share of earnings after tax attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the fiscal year.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at historical cost less cumulative depreciation and impairments. Historical cost comprises the expenses directly attributable to the acquisition.

Subsequent cost, e.g. as a result of expansion or replacement investments, is only recognised as part of the historical cost of the asset or – if applicable – as a separate asset if it is probable that the Group will derive future economic benefits from them and the costs of the asset can be reliably measured. Expenses for repairs and maintenance that do not represent a material reinvestment are recognised as an expense in the income statement in the fiscal year in which they arise.

Tools manufactured or acquired by the Group for production purposes are capitalised at cost in accordance with IAS 16 and recorded separately in the statement of assets as operating equipment. Each item of property, plant and equipment with historical cost that represents a significant portion of the total value of the item is recognised and depreciated separately.

Land is not depreciated. All other assets are depreciated on a straight-line basis. In this case, their historical cost or fair value is written down to their residual carrying amount over their expected average useful life as follows:

Buildings	30 years
Machinery	8 years
Production equipment	3–5 years
Operating and office equipment	5 years

The residual carrying amounts and expected useful lives are reviewed and, if necessary, adjusted on each balance sheet date.

If the carrying amount of any item of property, plant and equipment exceeds its estimated recoverable amount, it is immediately written down to this amount.

GOVERNMENT GRANTS

Government grants are recognised if it is reasonably certain that the related conditions will be satisfied and the grants will actually be received. Grants for the purchase or

production of non-current assets (asset-related grants) are deducted from the historical cost of the assets in question and reduce future depreciation. Grants that are not awarded for non-current assets (performance-tied grants) are accounted for in the income statement in the same functional division as the related expense items. They are recognised in the income statement on a pro rata basis over the periods in which the expenses to be covered by the grants are incurred. Government grants awarded for future expenses are reported as deferred income.

INTANGIBLE ASSETS

Goodwill

Goodwill represents the amount by which the cost of a business combination exceeds the fair value of the Group's shares in the net assets of the entity acquired and the sum of all non-controlling interests at the time of acquisition. The goodwill arising from business combinations is recognised as an intangible asset. The goodwill resulting from the acquisition of an associate is included in the carrying amount of the investment and is therefore not tested for impairment separately but as part of the total carrying amount. The goodwill reported is tested for impairment on an annual basis and measured at historical cost less cumulative impairment. Write-ups are not reversed. Gains and losses from the sale of an entity include the carrying amount of the goodwill allocated to such entity. The goodwill is allocated to cash-generating units for the purpose of impairment testing. It is allocated to those cash-generating units or groups of cash-generating units (CGUs) that are expected to benefit from the business combination giving rise to the goodwill.

Capitalised development expenses

Costs related to development projects are recognised as intangible assets in accordance with IAS 38 if it is likely, given their economic and technical viability, that the project will be successful and the costs can be reliably determined. Otherwise, the research and development expenses are recognised in the income statement. Advances or reimbursements from customers are deducted from reported development expenses; advances collected in the follow-up periods after the start of use are reported as disposals in the consolidated statement of changes in assets. Capitalised development expenses are amortised on a straight-line basis over their expected useful life starting with the date on which the product goes into commercial production. Depreciation and amortisation is calculated over an average estimated useful life of three to five years. The depreciation/amortisation charged on capitalised development expenses is recognised in the cost of sales and is applied in the Automotive segment.

Acquired intangible assets

Acquired intangible assets are recorded at historical cost. Intangible assets with a definite useful life are amortised on a straight-line basis over their useful life of three to eight years.

IMPAIRMENT OF NON-MONETARY ASSETS

Assets with an indefinite useful life - primarily goodwill within the Group - are not depreciated or amortised but tested for impairment on an annual basis. Assets that are subject to depreciation or amortisation are tested for impairment when corresponding events or changes in circumstances indicate that the carrying amount may no longer be recoverable.

An impairment is recognised in the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is either the fair value of the asset less the cost to sell or the value in use, whichever is higher. For the purposes of impairment testing, assets are aggregated at the lowest identifiable level for which cash flows can be generated for independent units (CGUs). The recoverable amount of a CGU is determined on the basis of the expected future discounted cash flows from planned use (value in use). These are based on Management Board forecasts covering a period of three years. With the exception of goodwill, non-monetary assets for which an impairment has been recognised in prior periods are reviewed at each balance sheet date to test whether the impairment must be reversed. The impairments and write-ups are included in the cost of sales.

INVENTORIES

Inventories are recognised at the lower of historical cost or net realisable value. Historical cost is determined using the moving average method. The historical cost of finished and unfinished goods includes the costs of product development, raw materials and supplies, direct personnel expenses, other direct costs, and the overheads attributable to production (based on normal plant capacity). The net realisable value is the estimated sales revenue achievable in the normal course of business less the necessary variable distribution expenses and the expected cost until completion.

CASH AND CASH EQUIVALENTS

Cash and cash equivalent consist of cash and bank balances as well as checks. Bills received are reported as cash equivalents if their maturity on receipt is less than three months and they can be directly converted into sight deposits almost without generating any loss. If maturity on receipt is more than three months or the bill cannot be converted directly into sight deposits, the bills are reported in the securities category within financial assets. Other subordinated bills in qualitative terms do not result in derecognition of the corresponding receivable.

EQUITY

Subscribed capital

The limited partner shares issued by the Company are classified as equity. The various issues of capital from profit participation certificates are recognised as liabilities.

Capital reserve

Cash deposits attributable to the issuance of new shares which exceed the nominal value of the shares issued are recognised under the capital reserve. Costs directly attributable to the issuance of new shares are recognised in equity net after tax as a deduction from the capital reserves.

Reserve for currency translation differences

The reserve for currency translation differences comprises all foreign currency translation differences stemming from the translation of the consolidated financial statements of foreign business divisions as well as the effective portion of any foreign currency translation differences arising as a result of hedges of a net capital expenditure in a foreign business division.

Reserve for financial instruments for cash flow hedging

The reserve for financial instruments for cash flow hedging comprises the effective portion of cumulative net changes in the fair value of the hedging tools used to hedge cash flows until such point as the hedged cash flows are recognised in profit or loss.

Reserve for available-for-sale financial instruments

The reserve for available-for-sale financial instruments contains the cumulative net changes in the fair value of available-for-sale financial assets until the derecognition or impairment of such assets.

Remeasurements of defined benefit plans

Remeasurements of net debt stemming from defined benefit plans comprise actuarial gains and losses attributable to changes in the actuarial assumptions upon which the calculation of defined benefit pension liabilities is based. It also includes the difference between the standardised and actual income generated by the plan assets as well as its impact on any asset ceiling in place.

Other retained earnings/profit carried forward

The item "Other retained earnings/profit carried forward" includes other retained earnings of the parent company and past earnings of consolidated companies are also included in the consolidated financial statements, unless they have been distributed. This item also includes the statutory reserve of the parent company. The statutory reserve is subject to the distribution restrictions specified in the German

Stock Corporation Act (Aktiengesetz – AktG). Offsetting of differences in assets and liabilities arising from the capital consolidation of subsidiaries consolidated before 1 June 2006, and the adjustments recognised directly in equity for the first-time adoption of IFRS are also included in this item.

TRADE PAYABLES

Trade payables are initially measured at their fair value. They are subsequently measured at amortised cost using the effective interest method.

CURRENT AND DEFERRED TAXES

Current tax expense is calculated in accordance with the tax legislation applicable in the countries in which the subsidiaries and associates operate. In accordance with IAS 12, deferred taxes are recognised for any temporary differences between the tax basis of the assets/liabilities and their carrying amount in the IFRS financial statements ("temporary concept"). Deferred taxes are also recognised for tax loss carryforwards. Deferred taxes are measured on the basis of the tax rates (and tax legislation) that apply on the balance sheet date or have essentially been legislated and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are only recognised to the extent to which it is likely that a taxable profit will be available to offset the temporary differences in assets or the unused losses. Deferred tax assets and deferred tax liabilities are netted only if offsetting is legally permissible. In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

EMPLOYEE BENEFITS

Pension liabilities

Pension provisions are calculated using actuarial methods on the basis of the projected unit credit method in accordance with IAS 19. As a rule, the pension liabilities are measured using the latest mortality tables as at 31 of the respective reporting year; in Germany, the calculations are based on the 2005 G actuarial tables of Klaus Heubeck.

In the case of funded pension plans, the pension liabilities calculated using the projected unit credit method are reduced by the fair value of the fund assets. If the fund assets exceed the liabilities, recognition of the assets is limited to the present value of future refunds from the plan or the reduction in future contributions.

Actuarial gains and losses arise from increases or decreases either in the present value of the defined benefit liabilities of the plan or in the fair value of the plan assets. This may be caused by changes in the calculation parameters, differences

between the estimated and actual risk exposure of the pension liabilities and returns on the fund assets, excluding amounts reported within net interest income and expenses.

Actuarial gains and losses are recognised directly in equity (other comprehensive income for the period) in the period in which they arise, such as remeasurement resulting from the application of an asset ceiling and income from the plan assets (excluding interest on net debt).

The service cost for pensions and similar liabilities is recognised as an expense in the operating result. The interest expense derived by multiplying the net provisions with the discount rate is likewise recognised within the corresponding items of net operating profit/loss.

Severance commitments

Benefits arising from the termination of employment are paid if an employee is laid off by a Group company before normal retirement age. The Group pays severance commitments if it is under an obligation to terminate the employment of current employees in accordance with a detailed formal plan that cannot be revoked or if it is under an obligation to pay compensation in the event of employment being terminated voluntarily by the employee. Payments that are due for settlement in more than twelve months after the balance sheet date are discounted to calculate their present value.

Profit-sharing and other bonuses

Liabilities and provisions are recognised for bonus payments and profit-sharing and the expected expenses reported on the basis of a measurement process. Provisions are set aside in the consolidated financial statements in cases in which there is contractual commitment or constructive obligation based on past business practice.

Partial retirement

The obligations from partial retirement according to the block model mostly have maturities of between two and six years. The size of top-ups is determined in line with pay-scale provisions. They are accumulated on a pro rata basis from the beginning of the commitment onwards. Payments that are due for settlement in more than twelve months after the balance sheet date are discounted to calculate their present value. Benefits are mostly invested in the form of fixed-income investments in order to take account of hedging in accordance with statutory provisions.

PROVISIONS

Provisions are recognised if the Group has a present legal or constructive obligation resulting from a past event, it is probable that the settlement of the obligation will result in an out-

flow of resources and the amount of the provision can be reliably estimated.

If there are a large number of similar liabilities (as is the case for statutory warranties), the likelihood of an outflow of resources is determined on the basis of this group of liabilities. Provisions are also recognised if there is a low probability of an outflow of resources related to a single liability within this group.

Provisions are measured at the present value of the expected expenses, using a pre-tax rate that reflects current market expectations regarding the interest effect and the risks specific to the liability. The increase in provisions resulting from the related interest expenses is recognised in the income statement within interest expense.

Should warranty obligations arise from contractual or statutory warranty obligations, HELLA creates provisions for these obligations. Specific warranty provisions are made for warranty claims that have arisen or been asserted individually. When carrying out the measurement, the parts concerned are identified based on the established total supplied products and a failure rate estimated for these products. Failure rates are appropriately estimated using historical failure rates and all other available data for each individual warranty case. Measurement is based on the estimated average costs (material and replacement costs).

HELLA creates provisions for severance payments likely to be paid if it is liable for the early termination of employment contracts and HELLA is unable to withdraw from this liability.

Provisions for supply and sales liabilities include liabilities under current third-party agreements from which future losses are expected.

The management uses historical figures from similar transactions to estimate the amount of the provisions, taking into account details of any events arising up until the consolidated financial statement is drawn up.

CONTINGENT LIABILITIES

Contingent liabilities are potential or existing liabilities towards third parties, for which an outflow of resources is unlikely or whose amount cannot be reliably determined. If no contingent liabilities were assumed under a business combination, these are not recognised in the statement of financial position. In the case of guarantees, the amount of the contingent liabilities stated in the notes corresponds to the liabilities existing on the balance sheet date.

FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset for one entity and, at the same time, a financial liability or equity instrument for another. Financial instruments include financial assets and liabilities and contractual entitlements and obligations relating to the exchange or transfer of financial assets. A distinction is drawn between non-derivative and derivative financial instruments. Financial assets and liabilities are assigned to measurement categories in accordance with IAS 39.

Financial assets

Financial assets are recognised in the statement of financial position if the Company is party to a contract concerning these assets. The purchase or sale of financial assets under normal market conditions is recognised or derecognised at the same value as at the settlement date.

Financial assets which are due for settlement in more than one year are classified as non-current. They are derecognised as soon as the contractual right to payments from the financial assets expires or the financial assets are transferred with all the significant risks and opportunities.

Financial assets are assigned to one of the following four categories:

- ① Financial assets recognised in the income statement at fair value (or "held for trading")
- ② Held-to-maturity financial assets
- ③ Loans and receivables
- ④ Available-for-sale financial assets

Financial assets recognised in the income statement at fair value

A financial asset measured in the income statement at fair value is initially recognised at its fair value and also subsequently recognised at its fair value. The fair value option is not utilised.

Within the HELLA Group, this applies to financial instruments traded by Group companies as well as embedded derivative financial instruments.

Contracts executed for the purpose of receiving or delivering non-financial items for the Group's own business requirements are not treated as derivatives but as executory contracts. If such contracts include embedded derivative financial instruments that are required to be separated, these are accounted for separately from the executory contracts. The changes in the fair values of the embedded derivative financial instruments are recognised in the income statement.

Held-to-maturity financial assets

Held-to-maturity financial assets are initially recognised at their fair value plus directly attributable acquisition costs. They are subsequently measured at amortised cost using the effective interest method.

At the reporting date, the Group did not have any financial assets in the "held-to-maturity" category.

Loans and receivables

Loans and receivables are initially recognised at their fair value plus directly attributable acquisition costs. They are subsequently measured at amortised cost using the effective interest method.

If there is any objective evidence of the impairment of an asset's value and the carrying amount is greater than the value determined in the impairment test, a corresponding impairment is recognised in the income statement. Objective evidence of the impairment of an asset may include the deterioration of a debtor's credit rating and associated payment delays or imminent insolvency. All impairments are recognised indirectly via an impairment account. Within the HELLA Group, this measurement category largely consists of trade receivables and certain other assets.

The accounting policies for derivative financial instruments with a positive fair value included under other assets are described separately in the section entitled "Derivative financial instruments".

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets which are designated as "available for sale" on initial recognition or cannot be classified under any of the above categories. However, these assets were not acquired for the purpose of being sold in the near future.

Non-current or current assets available for sale are recognised at their market value on the reporting date. The market price is used to determine the fair value of publicly traded financial assets. If there is no active market, the fair value is determined on the basis of the most recent market transactions or using a valuation method such as the discounted cash flow method.

They are initially recognised on the settlement date. Unrealised gains and losses are recognised within equity with due allowance made for any deferred taxes and are recycled to profit and loss upon the sale of the assets. If there is any objective evidence of the impairment of an asset's value and the carrying amount is greater than the value determined in the

impairment test, a corresponding direct impairment is taken to profit and loss.

Impairment losses are recognised via an impairment account. In these cases, the receivables are grouped into portfolios in which the reason for the impairment is identical in all cases and clearly separated from other receivables.

Impairments are recognised if and as soon as receivables are irrecoverable or it is probable that they cannot be recovered but only if the amount of the impairment can be reliably determined. An impairment must be recognised in the event of any objective evidence such as protracted default, the commencement of debt recovery actions, pending insolvency or overindebtedness or the petition for or commencement of insolvency proceedings. Non- or low-interest-bearing receivables that are due for settlement in more than one year are discounted, in which case the interest component is recorded within interest income on a pro rata basis until settlement of the receivable.

All the other investments included within financial assets belong to the "available-for-sale" category and are measured at historical cost as their market value cannot be reliably determined. The shares and bonds stated under securities are marked to the market.

Financial liabilities

During the fiscal year under review, as in the prior year, there were no non-derivative financial liabilities measured at fair value in the income statement or categorised as such. The accounting policies for the derivative financial liabilities measured at market value included under other liabilities are described separately in the section entitled "Derivative financial instruments".

All other non-derivative financial liabilities in the HELLA Group are allocated to the "other liabilities at amortised cost" category. Non-derivative financial liabilities are initially measured at fair value less transaction costs. They are subsequently measured at their amortised cost using the effective interest method.

If an outflow of resources is expected after more than one year, these liabilities are classified as non-current. Liabilities are derecognised if the contractual commitments are settled, reversed or expire.

DERIVATIVE FINANCIAL INSTRUMENTS

The HELLA Group uses derivative financial instruments to hedge financial risks. Derivative financial instruments are recognised on the date on which the corresponding contract

is executed irrespective of their purpose and measured at fair value both initially and subsequently. The derivatives are measured on the basis of observable current market data using appropriate measurement methods. Forward exchange transactions and commodity futures transactions are measured on a case-by-case basis at the respective forward rate or price on the balance sheet date. The forward rates or prices are based on the spot rates and prices, allowing for forward premiums and discounts. The fair values of instruments to hedge interest rate risks are obtained by discounting the future cash inflows and outflows. Market interest rates are used for discounting and applied over the residual term of the instruments. The present value is calculated at the balance sheet date for each single interest rate, currency and interest rate/currency swap transaction. The counterparty's credit rating is usually included in the assessment on the basis of observable market data.

Depending on whether the derivatives have a positive or negative market value, they are reported within other financial assets or other financial liabilities. The recognition of changes in fair value depends on the accounting treatment applied. In principle, all derivative financial instruments are allocated to the "held for trading" category. Changes in the fair value of assets held in this category are recognised immediately in the income statement.

In individual cases, selected hedging positions are presented as cash flow hedges in the statement of financial position in accordance with hedge accounting rules. This means that the effective part of the change in fair value is recognised within equity, while the ineffective part is recognised in the income statement. The part of the change initially recognised within equity is recycled to profit and loss as soon as the underlying transaction is recognised in the income statement.

BORROWING COSTS

Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or manufacture of a qualifying asset and can therefore be considered to form part of the historical cost of the asset concerned. All other borrowing costs are recognised as expenditure in the period in which they arise.

As in the prior year, there were no borrowing costs directly attributable to the acquisition, construction or manufacture of a qualifying asset in the fiscal year 2016 /2017. For this reason, borrowing costs were recognised directly as expenditure within the period.

LEASES

A lease is an agreement in which the lessor grants the lessee

the right to use an asset for a specified period in return for a payment or series of payments.

Operating leases

Leases in which the lessor retains a significant proportion of the risks and opportunities associated with ownership of the leased asset are classified as operating leases. Payments made in connection with an operating lease are recognised in the income statement on a straight-line basis over the duration of the operating lease.

Finance leases

Leases for property, plant and equipment under which the Group bears the significant risks and enjoys the benefits associated with ownership of the leased assets are classified as finance leases. Assets under finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payment. A lease liability is recognised in the same amount.

Each lease payment is split into an interest component and a reduction of the outstanding liability so that interest is applied consistently to the lease liability. The interest component of the lease payment is recognised as an expense in the income statement. The property, plant and equipment held under a finance lease is depreciated over the shorter of the two following periods: the asset's economic useful life or the term of the lease.

DIVIDEND DISTRIBUTIONS

Shareholder claims to dividend distributions are recognised as a liability in the period in which the corresponding resolution is adopted.

09 Discretionary decisions and management estimates

The preparation of the consolidated financial statements in accordance with IFRS requires estimates and assumptions to be made. In addition, the application of company-wide accounting policies requires management to make judgments.

All estimates and assessments are reviewed on a continual basis and are based on past experience and other factors including expectations concerning future events that appear reasonable given the circumstances.

DISCRETIONARY DECISIONS AND CRITICAL ACCOUNTING ESTIMATES

The Group makes forward-looking assessments and assumptions. It is in the nature of things that the resulting esti-

mates only very rarely correspond exactly to the actual, subsequent circumstances. The estimates and assumptions that engender a significant risk in the form of a material adjustment to the carrying amount of assets and liabilities in the following fiscal year are discussed below.

ESTIMATED GOODWILL IMPAIRMENT

In accordance with the accounting policies described herein, the Group tests goodwill for impairment on an annual basis. The recoverable amount from cash-generating units (CGUs) is calculated on the basis of the value in use. These calculations must be based on certain assumptions (see also Chapter 30).

ESTIMATED IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Group tests intangible assets and property, plant and equipment for impairment as soon as any indication of impairment arises in a specific case (triggering event). An impairment loss is recognised by comparing the carrying amount with the estimated recoverable value. The most important estimates concern the definition of the useful lives of the individual intangible assets and property, plant and equipment, and the recoverable value of the non-current assets, particularly the cash flow forecasts and discount rates used in this context (see also Chapters 30 and 31). The underlying forecasts are based on experience as well as expectations regarding future market developments, particularly assumed sales volumes.

INCOME TAXES

The Group is required to pay income tax in a number of countries. Significant assumptions therefore need to be made to determine the global income tax provisions. There are many transactions and calculations for which the final tax amount cannot be conclusively determined in the normal course of business. The Group measures the amount of the provisions for the expected external tax audits based on estimates of whether and to what extent income taxes will be payable. If the final tax amount for these transactions differs from the amount initially assumed, this is recognised in the actual and deferred taxes in the period in which the tax amount is conclusively determined (see Chapter 17).

FAIR VALUE OF DERIVATIVE AND OTHER FINANCIAL INSTRUMENTS

The fair value of financial instruments not traded on an active market (for example, derivatives traded over the counter) is determined using appropriate measurement methods selected from a large number of methods. The assumptions used for this are predominantly based on the prevailing market conditions on the balance sheet date. The Group uses present value methods to determine the fair

value of numerous available-for-sale assets that are not traded on an active market (see Chapter 44).

CRITICAL ASSESSMENTS CONCERNING THE USE OF ACCOUNTING POLICIES

The Group complies with the provisions of IAS 39 to determine the impairment of available-for-sale assets. This decision

requires an extensive assessment to be made. As part of this assessment, the Group appraises the duration and extent of any difference between the fair value of an investment and its historical cost as well as the financial status and short-term business prospects of the entity in which the investment was made, among other things, taking into account such factors as industry and sector conditions.

10 Sales

Sales in the fiscal year 2016/2017 amounted to € 6,584,748 thousand (prior year: € 6,351,889 thousand). Sales are attrib-

utable entirely to the sale of goods and performance of services.

They can be classified as follows:

€ thousand	2016/2017	2015/2016
Sales from the sale of goods	6,393,895	6,183,634
Sales from the rendering of services	190,853	168,255
Total sales	6,584,748	6,351,889

Sales by region (based on the headquarters of HELLA's customers):

€ thousand	2016/2017	2015/2016
Germany	2,243,018	2,362,337
Europe without Germany	2,217,512	2,059,480
North, Central and South America	1,060,909	936,640
Asia / Pacific / RoW	1,063,310	993,432
Consolidated sales	6,584,748	6,351,889

11 Cost of sales

In the fiscal year € 4,772,735 thousand (prior year: € 4,663,691 thousand) was recognised as expense under cost of sales.

Apart from directly attributable material and production costs, the cost of sales also comprises currency gains and losses (largely from the purchase of materials) and gains and

losses from the disposal of fixed assets. Currency gains in the reporting period amounted to € 59,730 thousand (prior year: € 56,303 thousand), with currency losses at € 65,863 thousand (prior year: € 63,681 thousand). Gains from the disposal of fixed assets amounted to € 1,915 thousand (prior year: € 742 thousand) and € 7,916 thousand (prior year: € 4,910 thousand) respectively.

€ thousand	2016/2017	2015/2016
Material expenses	-3,380,046	-3,308,416
Personnel expenses	-695,746	-650,777
Depreciation/amortisation	-342,843	-326,020
Other	-350,359	-371,291
Reclassification of functional costs	-3,740	-7,187
Cost of sales	-4,772,735	-4,663,691

12 Research and development expenses

The research and development expenses serve to generate future sales and mainly consist of personnel expenses and

material expenses. The reported expenses in the fiscal year were € 636,243 thousand (prior year: € 623,459 thousand).

€ thousand	2016/2017	2015/2016
Material expenses	-51,485	-57,939
Personnel expenses	-388,937	-371,874
Depreciation/amortisation	-17,578	-15,979
Other	-104,794	-113,754
Reclassification of functional costs	-73,449	-63,913
Research and development expenses	-636,243	-623,459

13 Distribution expenses

The distribution expenses include all downstream production costs that can, however, be attributable directly to the provision of goods or services to customers. This covers storage,

supplying customers locally, and outbound freight. The classification as distribution expenses is carried out at Group level as well as within individual companies.

€ thousand	2016/2017	2015/2016
Material expenses	-5,987	-8,400
Personnel expenses	-235,644	-226,801
Depreciation/amortisation	-10,321	-12,316
Other	-239,747	-236,077
Reclassification of functional costs	-14,620	-10,319
Distribution expenses	-506,319	-493,913

14 Administrative expenses

The administrative expenses recognised cover all central functions that are not directly related to production, development,

or distribution. These essentially consist of the financial, human resources, IT, and similar departments.

€ thousand	2016/2017	2015/2016
Material expenses	-47,974	-44,324
Personnel expenses	-197,882	-186,097
Depreciation/amortisation	-39,738	-37,842
Other	-343,129	-317,570
Reclassification of functional costs	399,095	367,594
Administrative expenses	-229,627	-218,239

15 Other income and expenses

Other income amounted to € 48,936 thousand in the fiscal year 2016/2017 (prior year: € 48,577 thousand). This also includes € 8,103 thousand (prior year: € 6,472 thousand) in government grants, release of provisions of € 2,693 thousand (prior year: € 2,446 thousand) and insurance indemnification of € 832 thousand (prior year: € 1,231 thousand). Moreover, other income includes reimbursements of marketing expenses incurred in prior periods and outbound freight. The deconsolidation successes from the disposals of HELLA Ireland Limited totalling € 552 thousand and Chinese company Changchun HELLA Shouxin LED Lighting Co. Ltd. amounting to € 115 thousand were also recorded in other income.

Of other expenses totalling € 33,971 thousand (prior year: € 34,659 thousand) € 16,163 thousand are connected with the European Commission's fine proceedings currently being initiated against HELLA for possible fine payments, third-party claims for damages and further lawyer's fees. Goodwill impairment came to € 2,527 thousand (prior year: € 5,611 thousand) (see Chapter 30). Moreover, restructuring measures in Germany led to expenses totalling € 10,242 thousand (prior year: € 9,432 thousand) during the reporting period. This expense is reported in the other expenses outside the functional divisions; in addition, this item is not allocated to any segment.

16 Net financial result

Currency gains of € 511 thousand (prior year: € 14,080 thousand) are reported in other financial income and corresponding currency losses of € 26,525 thousand (prior year:

€ 37,655 thousand) incurred in financial transactions are reported in other financial expenses.

€ thousand	2016/2017	2015/2016
Interest income	11,166	12,330
Income from securities and other loans	3,350	6,105
Other financial income	511	14,080
Financial income	15,027	32,515
Interest expenses	-32,749	-34,372
Other financial expenses	-26,525	-37,655
Financial expenses	-59,274	-72,027
Net financial result	-44,247	-39,512

17 Income taxes

€ thousand	2016/2017	2015/2016
Current income tax expense	-110,866	-119,119
Deferred income tax expense	-8,950	10,700
Total income taxes	-119,816	-108,419

Of actual income taxes, € -5,764 thousand is attributable to prior years (prior year: € -15,945 thousand).

tax rate of 31 % for German companies. The tax rates outside Germany range from 10 % to 38 %.

Deferred taxes are calculated based on the tax rates applicable or announced, depending on the legal situation, in the individual countries at the expected time of realisation. The prevailing corporate income tax rate of 15 % plus municipal trade tax and the solidarity surcharge results in an average

The development of the actual taxes on income derived from the expected tax expense is shown below. A tax rate of 30 % (prior year: 30 %) is taken as a basis.

€ thousand	2016/2017	2015/2016
Earnings before tax	462,923	380,280
Expected income tax expense	-138,877	-114,084
Utilisation of previously unrecognised loss carryforwards	5,986	2,806
Reversal of previously unrecognised temporary differences	3,059	728
Unrecognised deferred tax assets	-18,086	-17,256
Subsequent recognition of deferred tax assets	15,892	17,681
Deferred tax assets from outside basis differences	-6,085	-1,416
Tax effect of changes in tax rates and laws	-1,892	30
Tax-free income effects	4,862	3,440
Investments accounted for using the equity method	15,581	15,894
Tax effect of non-deductible operating expenses	-14,252	-14,098
Tax effect for prior years	-5,764	-15,945
Non-deductible foreign withholding tax	-3,391	-3,575
Tax rate deviations	18,703	16,803
Other	4,448	573
Reported income tax expense	-119,816	-108,419

Of the deferred tax assets subsequently recognised, € 13,108 thousand are attributable to temporary differences in China. The profitability of the companies has been increased further through restructuring measures, making it

likely that this item will be used. Of the deferred tax assets subsequently recognised in the prior year, € 9,152 thousand were attributable to loss carryforwards in the USA.

18 Personnel

The average number of employees in the companies included in the consolidated financial statements totals 37,639 (prior year: 35,201) during the fiscal year 2016/2017.

Number	2016/2017	2015/2016
Direct employees	9,856	8,687
Indirect employees	25,572	24,021
Permanent employees	35,428	32,708
Temporary employees	2,211	2,493
Total employees	37,639	35,201

The average number of permanent employees in the HELLA Group in the fiscal year 2016/2017 was 35,428 (prior year: 32,708). The number of employees is stated as a headcount.

Direct employees are directly involved in the manufacturing process, while indirect employees are employed mainly in the

areas of quality, research and development, as well as administration and distribution. The number of apprentices stood at 499 during the fiscal year (prior year: 449). "Temporary employees" comprises employees from a fully consolidated company.

Permanent employees in the HELLA Group by region:

Number	2016/2017	2015/2016
Germany	9,704	9,656
Europe without Germany	14,566	12,720
North, Central and South America	5,021	4,551
Asia / Pacific / RoW	6,137	5,781
Permanent employees worldwide	35,428	32,708

Personnel expenses (including temporary employees) can be broken down as follows:

€ thousand	2016/2017	2015/2016
Wages and salaries	1,229,978	1,164,906
Social security and retirement benefit expenses	288,231	270,642
Total	1,518,209	1,435,548

19 Earnings per share

Basic earnings per share are calculated by dividing the share of earnings attributable to the shareholders of HELLA KGaA Hueck & Co. by the weighted average number of ordinary shares issued.

Basic earnings per share amounted to € 3.08 and are equivalent to diluted earnings per share.

Number of shares	31 May 2017	31 May 2016
Weighted average number of shares in circulation during the period		
Basic ordinary shares	111,111,112	111,111,112
Diluted ordinary shares	111,111,112	111,111,112
€ thousand	2016/2017	2015/2016
Share of profit attributable to owners of the parent company	341,733	268,500
€	2016/2017	2015/2016
Basic earnings per share	3.08	2.42
Diluted earnings per share	3.08	2.42

20 Appropriation of earnings

The Management Board will propose to the Annual General Meeting of HELLA KGaA Hueck & Co. that a dividend of € 0.92 per share (prior year: € 0.77) be distributed from the net profit reported in the separate financial statements prepared for the parent company under commercial law for the fiscal year 2016/2017, with the remainder of the net profit carried forward. The proposed dividend represents a distribution amount of € 102,222 thousand (prior year: € 85,556 thousand).

21 Adjustment of special effects in earnings before interest and taxes

The HELLA Group is managed by the Management Board through financial key performance indicators. The key performance indicators of adjusted sales growth and adjusted EBIT margin take on prominent importance compared to the other financial key performance indicators in the management of the HELLA Group. A major guideline in assessing the suitability of management indicators is that they have to provide a transparent picture of operational performance. In this process, the non-recurring or exceptional effects in their type or size, referred to as special effects, can lead to distortions with regard to the EBIT margin, for example, and thus adversely affect the ability to assess the Company's performance.

Special effects are non-recurring or exceptional effects in their type and size which are clearly differentiated from the usual operational business. They are tracked uniformly and consistently in the Group and the method used to calculate adjusted earnings figures must not vary over the course of time in order to facilitate periodic comparison.

For this reason, the adjusted EBIT margin has been defined as one of the most important key performance indicators for

the steering of the Group's activities. The adjusted EBIT margin as a key performance indicator is not defined in the International Financial Reporting Standards. Rather it is reported by the HELLA Group as additional information in its financial reporting because it is also used for internal management and because, from the Company's perspective, it presents the results of operations – adjusted for special effects – in a more transparent form and facilitates a comparison over time.

The expense for the restructuring measures in Germany of € 10,242 thousand and the expense of € 16,163 thousand for the fine proceedings initiated against HELLA and others by the European Commission are adjusted in the current reporting period. The corresponding expenses are not allocated to any segment. Reported earnings for the fiscal year 2015/2016 were adjusted for restructuring costs and the effects connected with the loss of a Chinese supplier.

The corresponding reconciliation statement for the fiscal years 2016/2017 and 2015/2016 is as follows:

€ thousand	2016/2017 as reported	Restructuring	Legal affairs	2016/2017 adjusted
Sales	6,584,748	0	0	6,584,748
Cost of sales	-4,772,735	0	0	-4,772,735
Gross profit	1,812,014	0	0	1,812,014
Research and development expenses	-636,243	0	0	-636,243
Distribution expenses	-506,319	0	0	-506,319
Administrative expenses	-229,627	0	0	-229,627
Other income and expenses	14,965	10,242	16,163	41,370
Earnings from investments accounted for using the equity method	51,937	0	0	51,937
Other income from investments	443	0	0	443
Earnings before interest and taxes (EBIT)	507,170	10,242	16,163	533,575

€ thousand	2015/2016 as reported	Restructuring	Loss of supplier	2015/2016 adjusted
Sales	6,351,889	0	0	6,351,889
Cost of sales	-4,663,691	0	27,070	-4,636,622
Gross profit	1,688,198	0	27,070	1,715,267
Research and development expenses	-623,459	0	0	-623,459
Distribution expenses	-493,913	0	0	-493,913
Administrative expenses	-218,239	0	337	-217,901
Other income and expenses	13,918	9,432	19,789	43,139
Earnings from investments accounted for using the equity method	52,979	0	0	52,979
Other income from investments	308	0	0	308
Earnings before interest and taxes (EBIT)	419,792	9,432	47,196	476,420

22 Segment reporting

External segment reporting is based on internal reporting (so-called management approach). Segment reporting is based solely on financial information used by the company's decision makers for the internal management of the company and to make decisions regarding the allocation of resources and measurement of profitability.

THE HELLA GROUP'S BUSINESS ACTIVITIES ARE DIVIDED INTO THREE SEGMENTS: AUTOMOTIVE, AFTERMARKET AND SPECIAL APPLICATIONS:

The Lighting business division and the Electronics business division are reported together in the Automotive segment. Both business divisions serve a similar customer base worldwide. Consequently, both segments are subject to broadly

similar economic cycles and market developments. In addition, the individual products have comparable lifecycles. Original Equipment provides lighting and electronics components to automobile manufacturers and other tier-1 suppliers worldwide through an integrated distribution network. The product portfolio of the Lighting business division includes headlamps, signal lights, interior lights, and lighting electronics. The Electronics business division focuses on the product areas of body electronics, energy management, driver assistance systems and components (for example sensors and engine compartment actuators). The Automotive segment develops, produces and sells vehicle-specific solutions, and develops and brings to market technological innovations. The margins attainable within the segment are mainly dependent

on the respective technology used, and to a lesser extent on customers, regions, and products.

The Aftermarket business segment is responsible for the trade in automotive parts and accessories, and the wholesale business. The trade product portfolio includes service parts for the Lighting, Electrical, Electronics, and Thermal Management segments. In addition, the automotive parts and accessories businesses and workshops receive sales support through a modern, rapid information and order system, as well as through competent technical service. The Aftermarket segment makes only limited use of the Automotive segment's resources, and largely produces the independently developed items in its own plants.

The Special Applications segment comprises original equipment for special-purpose vehicles such as buses, caravans, agricultural and construction machinery, municipal vehicles and trailers. Technological competence is closely linked to Automotive business, which means that the range of applications in LED and electronic products can be expanded appropriately and synergies leveraged at the same time.

The segments together generated sales of € 834,275 thousand (prior year: € 805,080 thousand) with a single customer in the reporting year and therefore accounted for more than 10 % of consolidated sales.

All other Group segments are subordinate in terms of their economic significance and are therefore not segmented further. Their functions relate mainly to Group financing.

Sales as well as adjusted operating profit/loss before interest and taxes (EBIT) are the key performance indicators used to manage the business segments; assets and liabilities are not reported. The internal reporting applies the same accounting and measurement principles as the consolidated financial statements. Special items that are not included in the segment results are identified for the individual reporting periods. These special items are presented in the reconciliation table.

REORGANISATION OF THE AFTERMARKET AND SPECIAL APPLICATIONS SEGMENTS

In May 2016 the street and industry lighting and airfield lighting businesses were divested as part of product portfolio optimisation within the Special Applications segment. Synergies and functional overlaps with the Aftermarket segment were examined in order to ensure the segment's successful alignment. As a result, the organisational structure of the two segments was changed and the management structures were brought more in line with the business objectives of both segments at the end of the fiscal year 2016/2017.

In accordance with the new structure the reporting for the Aftermarket segment was adjusted and is now as follows:

€ thousand	as reported 2015/2016	Reclassification	adjusted 2015/2016
Sales with external customers	1,197,249	-67,835	1,129,415
Intersegment sales	49,491	0	49,491
Cost of sales	-831,126	50,481	-780,645
Gross profit	415,614	-17,354	398,260
Research and development expenses	-15,045	3,349	-11,696
Distribution expenses	-310,504	3,706	-306,797
Administrative expenses	-30,076	9,256	-20,819
Other income and expenses	13,507	-2,194	11,313
Earnings from investments accounted for using the equity method	6,596	0	6,596
Earnings before interest and taxes (EBIT)	80,092	-3,236	76,856
Additions to property, plant and equipment and intangible assets	28,118	-8,337	19,781

In accordance with the new structure the reporting for the Special Applications segment was adjusted and is now as follows:

€ thousand	as reported 2015/2016	Reclassification	adjusted 2015/2016
Sales with external customers	314,682	67,835	382,517
Intersegment sales	1,172	0	1,172
Cost of sales	-211,988	-50,481	-262,469
Gross profit	103,866	17,354	121,220
Research and development expenses	-16,902	-3,349	-20,252
Distribution expenses	-67,107	-3,706	-70,813
Administrative expenses	-15,310	-9,256	-24,566
Other income and expenses	434	2,194	2,628
Earnings from investments accounted for using the equity method	0	0	0
Earnings before interest and taxes (EBIT)	4,981	3,236	8,217
Additions to property, plant and equipment and intangible assets	16,316	8,337	24,652

After the adjustments made for the Aftermarket segment the interim reporting periods of the fiscal year 2016/2017 are as follows:

€ thousand	adjusted Q1 2016/2017	adjusted Q2 2016/2017	adjusted Q3 2016/2017
Sales with external customers	295,221	588,789	863,665
Intersegment sales	11,466	21,337	29,258
Cost of sales	-203,779	-402,969	-585,256
Gross profit	102,908	207,156	307,667
Research and development expenses	-2,797	-6,551	-9,581
Distribution expenses	-79,160	-159,638	-240,389
Administrative expenses	-6,212	-12,324	-18,741
Other income and expenses	2,032	5,137	8,043
Earnings from investments accounted for using the equity method	2,150	3,632	4,815
Earnings before interest and taxes (EBIT)	18,920	37,411	51,814
Additions to property, plant and equipment and intangible assets	3,154	7,822	12,114

After the adjustments made for the Special Applications segment the interim reporting periods of the fiscal year 2016/2017 are as follows:

€ thousand	adjusted Q1 2016/2017	adjusted Q2 2016/2017	adjusted Q3 2016/2017
Sales with external customers	88,218	186,646	276,875
Intersegment sales	427	506	504
Cost of sales	-57,673	-128,640	-190,646
Gross profit	30,972	58,513	86,733
Research and development expenses	-5,876	-10,455	-14,350
Distribution expenses	-16,452	-32,004	-47,581
Administrative expenses	-6,396	-14,281	-21,173
Other income and expenses	319	3,011	4,961
Earnings from investments accounted for using the equity method	0	0	0
Earnings before interest and taxes (EBIT)	2,567	4,784	8,590
Additions to property, plant and equipment and intangible assets	3,357	9,556	13,852

In line with the new structure the segment information has been adjusted. It is now as follows for the fiscal years 2016/2017 and 2015/2016:

	Automotive		Aftermarket		Special Applications	
€ thousand	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
Sales with external customers	4,979,830	4,803,835	1,184,766	1,129,415	384,479	382,517
Intersegment sales	49,084	38,983	37,513	49,491	506	1,172
Cost of sales	-3,751,205	-3,671,482	-804,938	-780,645	-260,847	-262,469
Gross profit	1,277,709	1,171,336	417,340	398,260	124,138	121,220
Research and development expenses	-604,613	-591,782	-13,112	-11,696	-18,599	-20,252
Distribution expenses	-120,180	-116,193	-323,049	-306,797	-62,925	-70,813
Administrative expenses	-178,101	-171,022	-28,694	-20,819	-27,926	-24,566
Other income and expenses	23,823	4,455	14,226	11,313	5,059	2,628
Earnings from investments accounted for using the equity method	45,650	46,383	6,287	6,596	0	0
Earnings before interest and taxes (EBIT)	444,288	343,177	72,999	76,856	19,747	8,217
Additions to property, plant and equipment and intangible assets	558,312	447,753	20,939	19,781	25,866	24,652

Sales with external third parties in the fiscal years 2016/2017 and 2015/2016 are as follows:

	Automotive		Aftermarket		Special Applications	
€ thousand	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
Sales from the sale of goods	4,830,648	4,673,397	1,179,202	1,128,263	384,046	381,987
Sales from the rendering of services	149,182	130,439	5,564	1,152	434	529

Sales reconciliation:

€ thousand	2016/2017	2015/2016
Total sales of the reporting segments	6,636,176	6,405,412
Sales in other divisions	87,238	96,459
Elimination of intersegment sales	-138,666	-149,982
Consolidated sales	6,584,748	6,351,889

Reconciliation of the segment results with consolidated net profit:

€ thousand	2016/2017	2015/2016
EBIT of the reporting segments	537,034	428,250
EBIT of other divisions	-3,459	974
Unallocated income	-26,405	-9,432
Consolidated EBIT	507,170	419,792
Net financial result	-44,247	-39,512
Consolidated EBT	462,923	380,280

EBIT of other areas includes expenses for strategic investments in potential new technologies and business segments, depreciation and amortisation of assets not used for operations and expenses for central functions. The expense of € 16,163 thousand for the fine proceedings initiated against

HELLA and others by the European Commission and the expense totalling € 10,242 thousand (prior year: € 9,432 thousand) for the restructuring measures in Germany are not allocated to any segment.

Non-current assets by region:

€ thousand	2016/2017	2015/2016
Germany	1,012,253	904,262
Europe without Germany	840,314	753,872
North, Central and South America	349,322	292,719
Asia / Pacific / RoW	425,141	409,385
Consolidated non-current assets	2,627,030	2,360,239

23 Adjustment of special effects in the segment results

The negative effects on earnings resulting from the loss of a Chinese supplier were reported in the Automotive segment in the prior year. This resulted in a strain on earnings before income and taxes in the past reporting period, which has been adjusted to ensure better comparability with the current reporting period. The cost of sales included higher production

and logistics costs, as well as expense for expected further losses, while other income and expenses included a goodwill impairment of € 5,611 thousand. The income statement for the Automotive segment was not adjusted for the fiscal year 2016/2017. As a result, the EBIT margin also corresponds to the adjusted EBIT margin.

The prior year's adjusted income statement for the Automotive segment is as follows:

€ thousand	2015/2016 as reported	Loss of supplier	2015/2016 adjusted
Sales	4,803,835	0	4,803,835
Intersegment sales	38,983	0	38,983
Cost of sales	-3,671,482	27,070	-3,644,412
Gross profit	1,171,336	27,070	1,198,406
Research and development expenses	-591,782	0	-591,782
Distribution expenses	-116,193	0	-116,193
Administrative expenses	-171,022	337	-170,685
Other income and expenses	4,455	19,789	24,244
Earnings from investments accounted for using the equity method	46,383	0	46,383
Earnings before interest and taxes (EBIT)	343,177	47,196	390,373

24 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank balances, cheques and bills received.

25 Financial assets

€ thousand	31 May 2017		31 May 2016	
	Non-current	Current	Non-current	Current
Securities	14,918	313,440	175	328,117
Other investments	9,581	0	10,420	0
Loans	5,558	372	6,407	339
Other financial assets	37	574	31	334
Total	30,094	314,386	17,033	328,790

26. Trade receivables

Trade receivables of € 1,067,979 thousand include receivables due from associates, non-consolidated affiliated companies and companies in which an interest is held amounting to € 61,350 thousand (prior year: € 50,961 thousand).

Other non-current assets include non-current trade receivables amounting to € 38,342 thousand (prior year: € 29,661 thousand).

€ thousand	31 May 2017	31 May 2016
Trade receivables	61,350	50,961
with associates and investments	60,834	50,371
with affiliated companies not included in the consolidated financial statements	515	590

27 Other receivables and non-financial assets

€ thousand	31 May 2017	31 May 2016
Other current assets	29,077	27,248
Insurance receivables	5,983	4,928
Positive market value of currency hedges	11,324	6,475
Subtotal other financial assets	46,384	38,651
Other non-financial assets	0	5,054
Advance payments	6,954	9,071
Prepaid expenses	34,475	26,151
Receivables for partial retirement	63	654
Advance payments to employees	4,385	2,251
Other tax receivables	63,477	64,544
Total	155,738	146,376

28 Inventories

Inventories are broken down as follows:

€ thousand	31 May 2017	31 May 2016
Raw materials and supplies	196,123	184,833
Unfinished goods	233,485	184,867
Finished goods	69,519	74,693
Merchandise	202,029	192,961
Other	3,380	8,690
Gross inventories	704,536	646,044
Advance payments received	-41,004	-38,460
Total inventories	663,533	607,584

The carrying amounts of the inventories recognised at fair value less cost of sales amounted to € 210,183 thousand (prior year: € 170,513 thousand).

Impairments of € 24,979 thousand (prior year: € 17,717 thousand) were recognised in the income statement under the cost of sales in the reporting year.

Impairments amounting to € 19,701 thousand (prior year: € 12,032 thousand) were reversed in the past fiscal year, as the impaired inventories were sold at higher values. Write-ups on inventory assets are recognised in the cost of sales, in line with impairments.

Overall, the following impairments on inventories were recognised:

€ thousand	31 May 2017	31 May 2016
Raw materials and supplies	22,208	18,809
Unfinished goods	4,035	3,611
Finished goods	9,509	7,918
Merchandise	7,874	8,010
Total inventories	43,626	38,348

Acquisition and manufacturing costs of inventories amounting to € 3,449,997 thousand (prior year: € 3,382,205 thousand) were recognised as expenses in the cost of sales in the re-

porting period, as were reductions in inventory of € 37,216 thousand (prior year: € 38,083 thousand).

29 Non-current assets held for sale

The land and buildings of closed-down production sites reported as non-current assets held for sale in the prior fiscal year were sold in the fiscal year 2016/2017. The assets were not allocated to a segment requiring reporting. The measurement

of the non-current assets held for sale did not result in an impairment in the fiscal year 2016/2017 (prior year: € 433 thousand).

30 Intangible assets

€ thousand	Capitalised develop- ment expenses	Goodwill	Acquired intangible assets	Total
Acquisition or manufacturing costs				
As at 1 June 2015	335,514	86,390	171,825	593,729
Currency translation	-3,633	-1,974	-849	-6,456
Additions	55,067	0	15,668	70,735
Disposals	-14,998	-458	-1,639	-17,095
Reclassifications	-60	0	60	0
As at 31 May 2016	371,890	83,958	185,065	640,913
Cumulative depreciation and amortisation				
As at 1 June 2015	212,308	24,868	135,692	372,868
Currency translation	-1,098	-930	-493	-2,521
Additions	22,533	0	16,948	39,481
Disposals	-10,287	-174	-1,633	-12,094
Recorded impairments	12,534	5,611	13	18,158
As at 31 May 2016	235,990	29,375	150,527	415,892
Carrying amounts 31 May 2016	135,900	54,583	34,539	225,021

€ thousand	Capitalised develop- ment expenses	Goodwill	Acquired intangible assets	Total
Acquisition or manufacturing costs				
As at 1 June 2016	371,890	83,958	185,065	640,913
Changes in the scope of consolidation	0	0	2,655	2,655
Currency translation	-535	-243	18	-761
Additions	56,354	2,967	16,534	75,855
Disposals	-4,243	0	-8,380	-12,624
As at 31 May 2017	423,466	86,681	195,891	706,038
Cumulative depreciation and amortisation				
As at 1 June 2016	235,990	29,375	150,527	415,892
Currency translation	-99	-368	-2	-469
Additions	25,371	0	15,850	41,220
Disposals	-296	0	-8,718	-9,015
Recorded impairments	625	2,527	407	3,559
As at 31 May 2017	261,591	31,534	158,063	451,188
Carrying amounts 31 May 2017	161,875	55,147	37,828	254,850

All capitalised development expenses resulted from internal developments, the relevant impairments were created due to reduced earnings expectations and are included in the cost of sales in the Automotive segment. The discount rate used in the context of the impairment loss was 6.92 % (prior year: 7.11 %).

Intangible assets include carrying amounts of € 115 thousand (prior year: € 126 thousand) relating to finance leases. These serve as collateral for finance lease liabilities. Please refer to Chapter 47 "Information on leases" for additional information on future lease payments.

GOODWILL

Goodwill is broken down into the business segments as follows:

€ thousand	31 May 2017	31 May 2016
Automotive	4,150	6,729
Aftermarket	50,996	47,854
Special Applications	0	0
Total	55,147	54,583

Goodwill impairment monitoring in the HELLA Group is based on the CGUs in the operative segments. A cash generating unit does not extend beyond its business segment. CGUs represent the smallest group of assets that generate cash flows, and are, hence, the smallest reporting units. A CGU can either be a legal entity or – insofar as a legal entity operates in different segments – a segmented business division of this legal entity or a sub-group.

If it is determined that the recoverable amount of a CGU is lower than its carrying amount, an impairment loss is recognised. The recoverable amount is determined on the basis of the expected future discounted cash flows from planned use (value in use). These are based on plans approved by the Management Board covering a period of at least three years. These plans are based on experience, as well as expectations regarding future market developments.

The discount rates applied within the scope of the measurement are calculated on the basis of market data. As in the prior year, consistent growth rates were used to extrapolate cash flows after the detailed planning phase. The growth rates are based on analyses conducted by a specialist service provider and do not exceed the non-current growth rates for the sector or the region in which the CGUs are active.

To take into account the increasing differentiation between segments a specific peer group was used to determine the discount rates. The weighted capital cost of segments is thus based on the capital structure of the relevant group of listed companies to which the segment in question is comparable in terms of its risk/reward structure. For the CGU of the Automotive segment a capital cost of between 6.92 % and 10.80 % was used and a figure ranging between 5.17 % and 15.46 % for the Aftermarket segment; the ranges were caused by regional characteristics.

	Discount rates		Growth rates	
	31 May 2017	31 May 2016	31 May 2017	31 May 2016
Automotive	6.92 % to 10.80 %	7.84 % to 12.83 %	1 % to 2 %	1 % to 3 %
Aftermarket	5.17 % to 15.46 %	7.84 % to 18.41 %	1 % to 3 %	0 % to 3 %

The risk-free interest rate applied is 1.29 % (prior year: 1.29 %) and the market risk premium (incl. country risk) ranges between 6 % and 10.33 % (prior year: between 6.00 % and 9.66 %). The inflation spreads applied ranged between -0.38 % and 6.48 % (prior year: between -0.17 % and 6.33 %).

The goodwill impairment of € 2,527 thousand is attributable to a company in the Automotive segment. Due to the current market situation, lower earnings prospects for a company based in China that develops and produces electronic components are the reason for the impairment loss. This impairment loss was reported under other income and expenses of the Automotive segment (see Chapter 15). The discount rate applied when determining the recoverable amount was 8.51 % (prior year: 9.86 %).

HELLA reports material goodwill in the amount of € 38,733 thousand (prior year: € 38,733 thousand) stemming from the CGU HELLA Gutmann Holding GmbH. The significant valuation parameters for this CGU are a discount rate of 5.17 %

(prior year: 7.84 %) and a growth rate of 1.3 % (prior year: 2 %). Sales growth of 6 % (prior year: 4 %) is anticipated during the detailed forecast period. The estimated achievable amount of the CGU substantially exceeds its carrying amount. A possible change in the measurement parameters of this CGU may result in the carrying amount exceeding the achievable amount. If the discount rate were to increase by around 2.07 percentage points to a figure of 7.23 %, the achievable amount would correspond to the reported carrying amount.

In addition to impairment testing, two sensitivity analyses were carried out for each group of cash-generating units. The most important sensitivity indicators for the impairment test are the discount rate and long-term growth rate. A sensitivity analysis performed for the results aggregated at business segment level shows that a one percentage point increase in the WACC or a one percentage point reduction in the long-term growth rate would not change the outcome of the impairment test in the Aftermarket and Automotive segments.

The following impairments (-) would arise:

	31 May 2017		31 May 2016	
	Change in € thousand	Change in € thousand	Change in € thou- sand	Change in € thou- sand
Automotive segment				
Change in percentage points	WACC	Long-term growth rate	WACC	Long-term growth rate
- 1 percentage point	0	0	0	0
+ 1 percentage point	0	0	0	0
	31 May 2017		31 May 2016	
	Change in € thousand	Change in € thousand	Change in € thou- sand	Change in € thou- sand
Aftermarket segment				
Change in percentage points	WACC	Long-term growth rate	WACC	Long-term growth rate
- 1 percentage point	0	0	0	0
+ 1 percentage point	-43	0	0	0

31 Property, plant and equipment

€ thousand	Land and buildings	Machinery	Production equipment	Operating and office equipment	Assets under construction	Total
Acquisition or manufacturing costs						
As at 1 June 2015	729,226	2,065,396	1,077,375	469,014	273,160	4,614,171
Currency translation	-19,714	-49,347	-1,590	-15,022	-11,090	-96,763
Additions	34,504	124,124	58,747	37,219	235,361	489,955
Disposals	-11,646	-48,528	-51,874	-13,394	-3,496	-128,939
Reclassifications	13,890	6,805	236,298	-26,223	-230,770	0
As at 31 May 2016	746,260	2,098,450	1,318,956	451,594	263,165	4,878,425
Cumulative depreciation and amortisation						
As at 1 June 2015	332,812	1,440,466	899,737	328,780	45	3,001,840
Currency translation	-4,507	-28,842	-1,132	-8,804	0	-43,285
Additions	22,592	165,601	102,102	37,337	0	327,632
Disposals	-9,183	-45,963	-48,917	-11,720	0	-115,783
Recorded impairments	0	8,242	1,857	133	250	10,482
Reclassifications	103	-107,759	122,717	-15,061	0	0
As at 31 May 2016	341,817	1,431,745	1,076,364	330,665	295	3,180,886
Carrying amounts 31 May 2016	404,443	666,705	242,592	120,929	262,870	1,697,539

€ thousand	Land and buildings	Machinery	Production equipment	Operating and office equipment	Assets under construction	Total
Acquisition or manufacturing costs						
As at 1 June 2016	746,260	2,098,450	1,318,956	451,594	263,165	4,878,425
Changes in the scope of consolidation	-1,596	0	0	-950	0	-2,546
Currency translation	-3,307	-10,114	1,248	-1,194	-1,535	-14,901
Additions	29,724	123,154	79,588	40,621	330,293	603,381
Disposals	-5,568	-67,039	-31,822	-30,108	-1,870	-136,408
Reclassifications	14,444	-21,356	211,707	14,546	-219,342	0
As at 31 May 2017	779,957	2,123,095	1,579,678	474,509	370,711	5,327,950
Cumulative depreciation and amortisation						
As at 1 June 2016	341,817	1,431,745	1,076,364	330,665	295	3,180,886
Changes in the scope of consolidation	-897	0	0	-605	0	-1,503
Currency translation	-690	-4,612	679	-486	0	-5,109
Additions	25,931	162,636	125,883	38,469	0	352,918
Disposals	-3,068	-58,957	-31,366	-26,799	0	-120,191
Recorded impairments	0	14,231	0	41	0	14,272
Reclassifications	5	-95,192	92,402	2,970	-185	0
As at 31 May 2017	363,098	1,449,850	1,263,961	344,255	110	3,421,274
Carrying amounts 31 May 2017	416,859	673,245	315,717	130,254	370,601	1,906,676

Restrictions on the powers of disposition over property, plant and equipment exist in the form of land charges and assignments to the amount of € 2,062 thousand (prior year: € 2,629 thousand).

Property, plant and equipment include carrying amounts of € 5 thousand (prior year: € 913 thousand) relating to finance leases. Please refer to Chapter 47 "Information on leases" for additional information on future lease payments.

Impairments are recognised in the cost of sales.

The impairment loss on property, plant and equipment totaling € 9,431 thousand is allocated to the Automotive segment.

The current assessment of the market setting and the associated lower expected revenues of a business unit located in Brazil and the reduced earnings prospects of a company based in China on account of the current market situation are the reason for the impairment loss. The discount rates used in the context of the impairment loss was 13.78 % in Brazil and 8.51 % in China. Moreover, within the Special Applications segment property, plant and equipment was subject to non-scheduled depreciation and amortisation of € 4,800 thousand of a business entity based in Spain because the earnings expected over the long term are forecast to decline. The discount rate used in the context of the impairment loss was 5.17 %.

32 Investments accounted for using the equity method

The following is a list of the Group's main investments accounted for using the equity method. The summarised financial information represents the IFRS financial statements of the joint ventures that were the basis for the at-equity measurement in the Group.

BHTC

Behr-HELLA Thermocontrol Group (BHTC) consists of eight companies that are controlled and reported together by Behr-HELLA Thermocontrol GmbH in Germany. BHTC develops, produces and distributes air-conditioning control devices for

the automotive industry. It also focuses on the assembling of printed circuit boards and mounting of operating units, blower controllers and electronic control units for electric heater boosters.

€ thousand	31 May 2017	31 May 2016
Share of equity (%)	50	50
Cash and cash equivalents	57,370	34,693
Other current assets	104,209	98,024
Non-current assets	272,846	261,048
Total assets	434,425	393,765
Current financial liabilities	87,036	16,567
Other current liabilities	136,283	105,270
Non-current financial liabilities	39,882	106,630
Other non-current liabilities	34,734	33,077
Total liabilities	297,935	261,544
Net assets (100%)	136,490	132,221
Pro rata share of the net assets	68,245	66,110
Sales	422,577	386,410
Depreciation and amortisation	-45,286	-39,164
Interest income	90	158
Interest expenses	-2,357	-2,067
Taxes on income	-8,115	-9,152
Earnings before interest and income taxes (EBIT)	33,188	27,517
Earnings for the period	22,806	16,457
Other comprehensive income for the period	-3,537	-6,792
Comprehensive income for the period (100%)	19,270	9,665
Share of comprehensive income for the period	9,635	4,832
Dividends received	7,500	7,500

BHS

Behr HELLA Service (BHS) comprises five companies that are controlled and reported together by Behr HELLA Service GmbH in Germany. It serves the global independent after-

market for vehicle air conditioning and cooling spare parts and accessories.

€ thousand	31 May 2017	31 May 2016
Share of equity (%)	50	50
Cash and cash equivalents	12,900	4,701
Other current assets	57,979	64,367
Non-current assets	41,569	41,463
Total assets	112,448	110,531
Current financial liabilities	93	322
Other current liabilities	20,008	20,155
Non-current financial liabilities	40,000	40,000
Other non-current liabilities	513	413
Total liabilities	60,614	60,890
Net assets (100 %)	51,834	49,641
Pro rata share of the net assets	25,917	24,821
Sales	141,906	141,759
Depreciation and amortisation	-67	-332
Interest income	220	149
Interest expenses	-643	-644
Taxes on income	-4,414	-4,852
Earnings before interest and income taxes (EBIT)	16,279	17,491
Earnings for the period	11,705	11,863
Other comprehensive income for the period	487	-991
Comprehensive income for the period (100 %)	12,192	10,872
Share of comprehensive income for the period	6,096	5,436
Dividends received	5,000	6,234

HBPO

HELLA Behr Plastic Omnium (HBPO), consisting of 24 companies that are controlled and reported together by HBPO Beteiligungsgesellschaft mbH in Germany, has global opera-

tions in the fields of development, production planning, quality management, assembly and distribution of front-end modules.

€ thousand	31 May 2017	31 May 2016
Share of equity (%)	33	33
Cash and cash equivalents	57,749	43,554
Other current assets	308,835	260,925
Non-current assets	116,985	102,523
Total assets	483,569	407,002
Current financial liabilities	0	0
Other current liabilities	361,340	301,858
Non-current financial liabilities	0	0
Other non-current liabilities	8,376	8,975
Total liabilities	369,716	310,833
Net assets (100 %)	113,853	96,169
Pro rata share of the net assets	37,947	32,053
Sales	1,916,074	1,766,219
Depreciation and amortisation	-20,439	-18,256
Interest income	92	70
Interest expenses	-459	-274
Taxes on income	-18,048	-13,980
Earnings before interest and income taxes (EBIT)	65,877	52,682
Earnings for the period	47,485	40,171
Other comprehensive income for the period	199	-3,923
Comprehensive income for the period (100 %)	47,684	36,248
Share of comprehensive income for the period	15,893	12,081
Dividends received	10,000	10,000

The Group also has shares in further joint ventures and associates, which are also accounted for using the equity method;

their summarised financial information is presented below:

€ thousand	31 May 2017	31 May 2016
100 % basis		
Sales	1,105,398	990,791
Earnings before interest and income taxes (EBIT)	80,428	63,730
Group's total share of:		
Sales	497,379	433,658
Earnings before interest and income taxes (EBIT)	37,941	26,933
Share of consolidated earnings for the period	18,645	20,530
Share of other comprehensive income for the period	2,274	-5,922
Comprehensive income for the period recognised in the Group	20,919	14,608
Carrying amount of the remaining companies accounted for using the equity method	134,861	131,753

The financial information for all joint ventures and all associates is as follows:

€ thousand	31 May 2017	31 May 2016
100 % basis		
Sales	3,585,955	3,285,180
Earnings before interest and income taxes (EBIT)	195,772	161,420
Group's total share of:		
Sales	1,418,247	1,286,424
Earnings before interest and income taxes (EBIT)	84,632	66,996
Share of consolidated earnings for the period	51,937	52,979
Share of other comprehensive income for the period	-577	-13,670
Comprehensive income for the period recognised in the Group	51,360	39,309

Impairments of € 5,209 thousand (prior year: € 0 thousand) were recognised in comprehensive income for the period recognised in the Group. The share of losses not recognised

for the aforementioned companies accounted for using the equity method is € 1,163 thousand (prior year: € 4,343 thousand).

The recognised net assets of all joint ventures and all associates is broken down as follows:

€ thousand	31 May 2017	31 May 2016
Pro rata share of net assets of BHTC	68,245	66,110
Pro rata share of net assets of BHS	25,917	24,821
Pro rata share of net assets of HBPO	37,947	32,053
Goodwill	7,140	7,140
Eliminations	-208	-429
Net assets of material companies accounted for using the equity method	139,041	129,695
Group's carrying amount of the net assets of the other companies accounted for using the equity method	146,129	134,739
Goodwill, eliminations and impairment	-11,268	-2,986
Net assets of other companies accounted for using the equity method	134,861	131,753
Investments accounted for using the equity method	273,901	261,448

€ thousand	31 May 2017	31 May 2016
Pro rata share of the net assets as at 1 June	261,448	266,768
Share of consolidated earnings for the period	51,937	52,979
Share of other comprehensive income for the period	-577	-13,682
Capital reduction	0	-2,766
Dividends	-38,905	-41,852
Pro rata share of net assets as at 31 May	273,901	261,448

33 Deferred tax assets/liabilities

The deferred tax assets of € 117,488 thousand (prior year: € 122,954 thousand) and deferred tax liabilities of € 32,371 thousand (prior year: € 25,767 thousand) mainly relate to differences from the tax balance sheet values. Before offsetting and

impairment, the current portion of the deferred tax assets and liabilities amounts to € 115,544 thousand and € -74,268 thousand, respectively (prior year: € 93,724 thousand and € -51,786 thousand).

The deferred tax assets and liabilities are broken down as follows:

€ thousand	Deferred tax assets	Deferred tax liabilities	Net deferred taxes as at 31 May 2016	Recognised in profit or loss
Intangible assets	16,381	35,172	-18,790	-2,891
Property, plant and equipment	31,481	67,352	-35,871	14,641
Financial assets	5,382	2,255	3,127	-1,605
Other non-current assets	513	232	281	-8,095
Receivables	1,599	113	1,486	468
Inventories	14,666	2,630	12,036	-8,273
Other current assets	4,826	13,365	-8,539	3,210
Non-current financial liabilities	2,238	0	2,238	-36
Provisions for pensions and similar obligations	52,910	3,914	48,996	6,060
Other non-current provisions	13,348	0	13,348	-3,658
Other non-current liabilities	397	1,148	-751	185
Liabilities	901	663	238	727
Other liabilities and accruals	65,907	34,695	31,212	3,425
Other current liabilities	5,825	320	5,505	3,788
Subtotal	216,374	161,859	54,514	7,948
Loss carryforwards	42,672	0	42,672	-16,898
Netting	-136,092	-136,092	0	0
Total	122,954	25,767	97,186	-8,950

It is guaranteed with sufficient probability that the loss carryforwards for which deferred tax assets are recognised will be realised. The amount of the loss carryforwards for which no deferred tax assets are recognised was € 222,903 thousand as at 31 May 2017 (prior year: € 289,558 thousand). Future offsetting against taxable profits is unlikely. Of this amount, € 53,714 thousand will mature in the next five years, and € 169,189 thousand thereafter. Tax assets arising from temporary differences for which no deferred tax assets were recognised amounted to € 21,277 thousand at 31 May 2017 (prior year: € 3,060 thousand).

On 31 May 2017 a temporary difference amounting to a liability of € 3,970 thousand (prior year: € 334 thousand) was recorded in connection with shares in subsidiaries and joint ventures. No deferred tax liabilities were recognised for this difference under IAS 12.39, however, because the subsidiaries' dividend policy is determined by the Group's Management Board. The Group can thus control the reversal of these temporary differences. The Management Board does not expect the temporary difference to be reversed in the foreseeable future.

Recognised in other comprehensive income	Acquired in business combinations	Other changes	Net deferred taxes as at 31 May 2017	Deferred tax assets	Deferred tax liabilities
-20	-461	0	-22,162	19,580	41,742
-1,246	0	-144	-22,620	47,706	70,325
15	0	0	1,536	3,014	1,477
-1,129	0	0	-8,943	1,976	10,919
58	0	0	2,012	2,094	82
103	0	0	3,866	15,848	11,982
-3,237	0	0	-8,566	5,798	14,364
9	0	0	2,211	2,211	0
-206	0	0	54,851	56,400	1,550
2,971	0	0	12,661	12,661	0
1	0	0	-565	337	902
-4	0	0	961	2,733	1,772
616	0	0	35,253	80,322	45,069
-444	0	0	8,849	9,848	999
-2,514	-461	-144	59,344	260,527	201,184
0	0	0	25,774	25,774	0
0	0	0	0	-168,813	-168,813
-2,514	-461	-144	85,117	117,488	32,371

34 Other non-current assets

€ thousand	31 May 2017	31 May 2016
Receivables from finance leases	34,827	29,057
Other non-current assets	3,515	604
Subtotal other financial assets	38,342	29,661
Advance payments	320	1,233
Prepaid expenses	3,190	3,523
Plan assets	2,168	1,827
Total	44,021	36,244

See Chapter 47 for more detailed explanations about receivables from leases.

35 Trade payables

In the past fiscal year, there were liabilities to associates, non-consolidated affiliated companies and companies in which participating interests are held in the amount of € 28,173 thousand (prior year: € 30,585 thousand).

€ thousand	31 May 2017	31 May 2016
Materials and services	546,472	515,534
Capital expenditures	98,243	87,699
Related parties	28,173	30,585
with associates and investments	26,990	29,098
with affiliated companies not included in the consolidated financial statements	1,183	1,487
Total trade payables	672,888	633,818

36 Other liabilities

€ thousand	31 May 2017		31 May 2016	
	Non-current	Current	Non-current	Current
Derivatives	79,299	8,828	88,843	5,622
Other financial liabilities	13,843	197,942	10,765	157,123
Subtotal other financial liabilities	93,142	206,770	99,608	162,744
Other taxes	95	55,602	0	46,782
Accrued personnel liabilities	0	195,085	0	190,645
Advance payments received on orders	1,814	20,120	0	22,701
Deferred income	87,270	138,396	93,517	115,904
Other non-financial liabilities	0	19,961	159	19,267
Total	182,320	635,935	193,284	558,043

The advance payments received and reported relate primarily to services not yet rendered in full. Other financial liabilities

include mainly liabilities from outstanding invoices or credit notes of € 170,799 thousand (prior year: € 126,170 thousand).

37 Provisions

The main components of provisions are presented below:

€ thousand	31 May 2017		31 May 2016	
	Non-current	Current	Non-current	Current
Pension provisions	271,460	246	242,478	218
Other provisions	79,643	100,235	88,410	65,041
Total	351,103	100,481	330,888	65,259

PENSION PROVISIONS

The HELLA Group provides pension benefits to the vast majority of its employees in Germany. Employees in many of the international HELLA companies also receive occupational pension benefits. There are both defined benefit and defined contribution pension plans.

The benefits provided by the German companies mainly consist of pension payments, the amount of which is based on length of service and which are paid in the form of old age, disability, and survivors' pensions. In addition, one company has a pension scheme whereby members receive a fixed sum depending on the income band in which they are classified. All employees can also participate in a contribution-based scheme through deferred compensation.

The companies continue to remain liable for fulfilment of the pension entitlements assigned to the pension fund, acting as guarantor in the event of non-performance, meaning that the pension liabilities and trust assets will be included on a net basis in the consolidated statement of financial position.

The defined benefit pension scheme in Great Britain and Ireland was closed to newcomers to the company. The same scenario is true for the old-age pension provision in the Dutch company, which also has a defined benefit arrangement. The benefits of both of these schemes are calculated on the basis of length of service and salary and are paid out when retirement age is reached or in the event of disability or death. The Dutch scheme also allows for additional employee contributions. The plan of the Norwegian company has also been closed to newcomers

to the company and provides for pension payments. However, the benefits under the employer-financed plan are calculated taking into account statutory pension provision. During the fiscal year most plan participants were transferred to the defined contribution plan.

Besides these systems, whose benefits are paid on an annuity basis, employees of the companies in Mexico, Korea, India and the Philippines receive benefits in the form of a single capital payment. The amount of the obligation from the respective defined benefit plan is determined on the basis of the salary and number of years of service. In Mexico, the guaranteed pension benefits are supplemented by a contribution-based Flex Plan into which the employer can pay variable contributions. Employees in Bosnia, Slovenia, and France receive a

one-off lump capital sum on retirement based on their salary. In Italy and Turkey, capital is paid out at the end of the working relationship, irrespective of the reason for the relationship ending.

Granting of defined benefit plans entails the customary long life, inflation, interest rate and market (investment) risks; these risks are regularly monitored and assessed.

In the USA, Australia, and Mexico, as well as in many European and Asian companies, employees receive company pension benefits in the form of defined contribution plans. Furthermore, in the USA there are liabilities for the medical care of active employees, although the costs of these benefits are not borne for former employees after retirement.

The funding status and the reconciliation to the balance sheet amounts are presented below:

€ thousand	31 May 2017	31 May 2016
Defined Benefit Obligation (DBO) at end of fiscal year	385,561	376,765
Fair value of plan assets at the end of the fiscal year	-116,024	-135,853
Recognised amount	269,537	240,912

The amounts carried are made up of the following balance sheet items:

€ thousand	31 May 2017	31 May 2016
Assets from covered pension plans	-2,168	-1,784
Pension provisions	271,705	242,696
Sum of the individual amounts	269,537	240,912

Asset cover for the pension provisions was as follows:

€ thousand	31 May 2017		31 May 2016	
	Present value	Plan assets	Present value	Plan assets
Without asset cover	264,918	0	233,106	0
At least partial asset cover	120,643	116,024	143,659	135,853
Total	385,561	116,024	376,765	135,853

Change in the present value of pension liabilities:

€ thousand	31 May 2017	31 May 2016
DBO at the beginning of the fiscal year	376,765	382,153
Current service cost	9,908	8,632
Expenses (-)/income (+) plan settlements	-146	-332
Interest expense	7,713	7,490
Actuarial gains (-)/losses (+) due to changes in demographic assumptions	31	-430
Actuarial gains (-)/losses (+) due to changes in financial assumptions	11,522	-8,450
Actuarial gains (-)/losses (+) due to changes in experience-based assumptions	-2,428	-753
Pension payments	-10,670	-11,280
Payments for plan settlements	-6,402	-295
Tax payments	-32	-67
Contributions by plan participants	59	2,315
Transfers	-222	0
Currency effects	-537	-2,218
DBO at end of fiscal year	385,561	376,765

Development of plan assets:

€ thousand	31 May 2017	31 May 2016
Fair value of plan assets at the beginning of the fiscal year	135,853	142,444
Expected income from the plan assets	2,393	2,731
Actuarial gains (+)/losses (-) from plan assets	4,000	-2,269
Employer contributions	747	1,386
Contributions by plan participants	59	2,315
Pension payments from plan assets	-8,691	-9,423
Payments for plan settlements	-6,402	-295
Administrative costs	-64	-86
Currency effects	-578	-950
Reclassification of retirement benefits	-11,293	0
Fair value of plan assets at the end of the fiscal year	116,024	135,853

Development of the asset ceiling:

€ thousand	31 May 2017	31 May 2016
Asset ceiling at the beginning of the fiscal year	0	4
Actuarial gains (-)/losses (+)	0	-4
Asset ceiling at end of fiscal year	0	0

The pension cost of the pension plans is broken down as follows:

€ thousand	31 May 2017	31 May 2016
Current service cost	9,908	8,632
Expenses (-)/income (+) plan settlements	-146	-332
Administrative costs	64	86
Net interest expense	5,320	4,759
Expense for defined benefit plans recognised in the consolidated earnings for the period	15,146	13,145
Actuarial gains (-)/losses (+) from scope of obligations	9,125	-9,633
Actuarial gains (-)/losses (+) from the plan assets	-4,000	2,269
Actuarial gains (-)/losses (+) from the asset ceiling	0	-4
Income (-)/ expense (+) from revaluation recognised in other comprehensive income	5,125	-7,368
Expense for defined benefit plans recognised in comprehensive income	20,271	5,777

Development of the balance sheet amounts

€ thousand	31 May 2017	31 May 2016
Balance sheet amount at the beginning of the fiscal year	240,912	239,713
Service costs	9,826	8,386
Net interest expense	5,320	4,759
Expense from remeasurement recognised in other comprehensive income	5,125	-7,368
Pension payments	-1,979	-1,857
Employer contributions	-747	-1,386
Tax payments	-32	-67
Transfers	-222	0
Currency effects	41	-1,268
Reclassification of retirement benefits	11,293	0
Balance sheet amount at the end of the fiscal year	269,537	240,912

Actuarial gains/losses recognised in equity:

€ thousand	31 May 2017	31 May 2016
Actuarial gains (+)/losses (-) at at the beginning of the fiscal year	- 91,877	- 99,487
Actuarial gains (+)/losses (-) during the fiscal year	-5,125	7,368
Currency effects	76	240
Other changes	0	2
Actuarial gains (+)/losses (-) at the end of the fiscal year	-96,926	- 91,877

The present value was measured on the basis of the following assumptions:

	Germany		International	
	31 May 2017	31 May 2016	31 May 2017	31 May 2016
DBO (in € thousand)	352,273	337,638	33,288	39,127
Discount rate (in %)	1.84	2.02	3.06	3.00
Wage and salary trend (in %)	3.00	3.00	2.26	2.31
Pension trend (in %)	1.75	1.75	1.23	1.19

The cost of the pension plans was calculated on the basis of the following assumptions:

	Germany		International	
Weighted average in %	2016/2017	2015/2016	2016/2017	2015/2016
Discount rate	2.02	1.92	3.00	2.74
Wage and salary trend	3.00	3.00	2.31	2.32
Pension trend	1.75	1.75	1.19	1.24

The discount rate was determined in 2017 on the basis of the yields on the capital markets in the various relevant regions.

The following table shows how the present value of the defined pension liabilities would have changed at the balance sheet date if individual key assumptions had varied.

€ thousand		31 May 2017	31 May 2016
Discount rate	+0.5 percentage points	-8.1 %	-8.2 %
	-0.5 percentage points	9.4 %	9.4 %
Pension dynamics	+0.5 percentage points	5.9 %	5.9 %
	-0.5 percentage points	-5.4 %	-5.2 %
Salary dynamics	+0.5 percentage points	0.2 %	0.4 %
	-0.5 percentage points	-0.2 %	-0.3 %
Mortality risk	+ 10 percentage points	-3.0 %	-3.0 %
	-10 percentage points	3.4 %	3.3 %

The average duration of the defined pension liabilities, weighted on the basis of the present values, is 18 years (prior year: 18 years).

Breakdown of plan assets:

€ thousand	31 May 2017	31 May 2016
Shares	3.67 %	5.39 %
Fixed-income securities	52.04 %	55.27 %
thereof: no price quotation in an active market	0.09 %	2.04 %
Real estate	0.04 %	0.52 %
thereof: no price quotation in an active market	0.04 %	0.52 %
Investment funds	0.07 %	0.47 %
Insurance	42.82 %	36.09 %
thereof: no price quotation in an active market	42.82 %	36.09 %
Cash and cash equivalents	1.34 %	1.87 %
Other investments	0.02 %	0.39 %
Total investment types	100.00 %	100.00 %

The domestic plan assets are largely managed by a pension fund. Proper management and use of the trust assets is supervised by external trustees. The pension fund is moreover subject to monitoring by the German Federal Financial Supervisory Authority, BaFin.

The plan assets do not include any own financial instruments or assets used by the Group itself.

Current income from the plan assets amounted to € 6,393 thousand in the past fiscal year (prior year: € 462 thousand).

The probable contributions for defined benefit pension plans for 2017/2018 are € 627 thousand (prior year: € 1,181 thousand).

The following overview shows the payments expected for the next ten fiscal years (not discounted, excluding payments from the plan assets):

€ thousand	
2017/2018	11,519
2018/2019	12,366
2019/2020	12,656
2020/2021	21,469
2021/2022	14,649
Total of the years 2022/2023 to 2026/2027	73,225

Group liabilities arising from defined contribution pension plans were recognised in profit and loss in the operating result. The expenses amounted to € 86,813 thousand in the past fiscal year (prior year: € 78,259 thousand). These expenses

also include contributions to public pension insurance funds outside HELLA KGaA, which total € 77,843 thousand (prior year: € 73,032 thousand) for the fiscal year.

OTHER PROVISIONS

€ thousand	31 May 2016	Additions	Reversals	Compounding	Other	Utilisation	31 May 2017
Severance commitments	1,777	8,364	-380	0	-30	-1,194	8,537
Partial retirement programme	18,458	8,652	0	142	1,316	-16,439	12,128
Profit-sharing and other bonuses	33,181	22,437	-1,317	638	-359	-6,752	47,827
Warranty obligations	52,400	42,633	-9,801	59	-580	-28,328	56,383
Onerous contracts	35,778	19,288	-9,516	253	-257	-7,314	38,232
Other provisions	11,857	10,658	-1,288	0	-53	-4,405	16,769
Total	153,451	112,032	-22,302	1,092	37	-64,432	179,878

Provisions for warranty obligations comprise burdens for concrete isolated cases in the Automotive segment, in particular, for which the current portion amounts to € 29,557 thousand (prior year: € 28,969 thousand).

Provided it meets the capitalisation requirements, the compensation expected in connection with warranty claims is

accounted for under other assets (€ 5,983 thousand, prior year: € 4,928 thousand).

Provisions for supply and sales liabilities include liabilities under current third-party agreements from which future losses are expected.

€ thousand	31 May 2017	31 May 2016
Present value of obligation	39,603	47,248
Fair value of plan assets	-27,474	-28,790
Provision for partial retirement programme	12,128	18,458

The provision for partial retirement programmes corresponds to the present value of the obligation on the reporting date less the fair value of plan assets on the reporting date. A discount rate of 0.31 % was applied (prior year: 0.45 %). The

deducted plan assets are securities. The change in the fair value of the plan asset is recognised under "Other" in the provisions table.

38 Financial liabilities

Current financial liabilities maturing within a year amounted to € 340,481 thousand (prior year: € 86,880 thousand). They include the bond of € 299,874 thousand (prior year: € 299,426) maturing on 7 September 2017 with a nominal volume of € 300,000 and an interest rate of 1.25%.

Non-current financial debt came to € 1,036,205 thousand (prior year: € 1,064,789 thousand) and includes two bonds with a nominal volume totalling € 800,000 thousand. The term of the bond of € 498,318 thousand (prior year: € 497,723) with a nominal volume of € 500,000 and an interest rate of 2.375% ends on 24 January 2020. To refinance the bond maturing in September 2017 a new bond amounting to € 298,713 thousand with a nominal volume of € 300,000, an interest

rate of 1.0% and a term until 17 May 2024 was issued in May 2017. Financial debt also includes € 96,463 thousand (prior year: € 96,907 thousand) attributable to notes certificates denominated in yen issued in fiscal years 2002 and 2003 with a 30-year maturity, and € 85,082 thousand (prior year: € 85,223 thousand) attributable to a loan granted in yen with a 30-year maturity, both of which are fully currency-hedged to a value totalling € 175,177 thousand (prior year: € 175,177 thousand).

Capital from profit participation certificates of € 5,000 thousand (prior year: € 5,000 thousand), and finance lease liabilities amounting to € 38 thousand (prior year: € 60 thousand) are also recognised.

€ thousand	31 May 2017	31 May 2016
Cash and cash equivalents	783,875	585,134
Financial assets	314,386	328,790
Current financial liabilities	-340,481	-86,880
Non-current financial liabilities	-1,036,205	-1,064,789
Net financial debt	-278,425	-237,745

39 Equity

On the liabilities side, nominal capital is recognised at its nominal value under the "Subscribed capital" item. The nominal capital amounts to € 222,222 thousand. The no-par value shares are issued to the bearer. All issued shares are fully paid up. Each share confers a right to vote and a right to dividends if distributions are agreed.

In addition to "Other retained earnings/profit carried forward" and the capital reserve, "reserves and unappropriated surplus" include the differences stemming from the currency translation of the annual financial statements of foreign subsidiaries not recognised in the income statement and the impact arising from the measurement of derivative financial instruments acquired for hedging purposes also not recognised in profit or loss, as well as financial instruments from the available-for-sale category. Also included are the results from the remeasurement of defined benefit plans. A detailed overview of the composition and changes in the results recognised directly in equity is presented in the consolidated statement of changes in equity.

Actuarial losses before taxes of € 5,125 thousand (prior year: losses of € 7,368) were recognised during the reporting peri-

od. The change in value of the defined benefit liabilities or of the assigned plan assets is attributable to calculation parameters and in particular the discount rate used here, which was 1.84% at the end of May 2017 (May 2016: 2.02%).

On 29 September 2016, dividends totalling € 85,556 thousand (€ 0.77 per no-par value share) were distributed to owners of the parent company. Dividends in the amount of € 1,210 thousand were paid to non-controlling interests during the period.

In the fiscal year 2016/2017 shares in Chinese company Changchun HELLA Shouxin LED Lighting Co. Ltd. (51%) were sold to the other shareholder, Jilin Shouxin Industry Group Stock Co., Ltd. The resultant deconsolidation proceeds totalling € 115 thousand were booked in other income and expenses. The disposal of the non-controlling interests is reported in the consolidated statement of changes in equity.

Moreover, 100% of shares in HELLA Ireland Limited were sold during the reporting period. The deconsolidation proceeds totalling € 552 thousand were reported in other income and expenses.

On 30 September 2015, further shares in the Polish company Inter-Team were acquired. The company now holds a 100% share in Inter-Team after the purchase. The purchase price was € 33,296 thousand. This did not lead to any change in the accounting method, as Inter-Team was already fully consolidated. The changes in equity are reported under transactions with shareholders.

Furthermore, during the prior-year period the remaining 21.01 % share in the Danish automotive parts wholesaler FTZ was acquired for a purchase price of € 24,493 thousand. The company holds a 100 % share in FTZ after the purchase. As FTZ was already fully consolidated, this did not lead to any change in the accounting method. The changes in equity are reported under transactions with shareholders.

In the past fiscal year the remaining 40 % of the American company HELLA Mining were also acquired and the company was subsequently merged with HELLA Inc. The negative share of non-controlling interests of € 145 thousand was reclassified accordingly as a capital reserve.

The Group aims to maintain a strong equity base. The Group strives to strike a balance between a higher return on equity, which would be possible through greater leverage, and the advantages and security offered by a solid equity position. The Group is aiming for a ratio of less than 1.0 for net debt to earnings before interest, taxes, depreciation and amortisation (EBITDA) in the long term. On 31 May 2017 the ratio was 0.3.

40 Notes to the cash flow statement

HELLA makes considerable investments in customer-specific operating equipment, which is capitalised as economic property in the Group's property, plant and equipment. Due to the considerable up-front investments in such operating equipment, HELLA sometimes receives from customers – as an advance on delivery of parts – reimbursement payments, which are reported as deferred income as prepayment on sales. The reimbursements are included in "cash receipts for series production" and increase net cash flow from operating activities. The reversal of the liability item "deferred income" recognised in subsequent years, which increased sales, will accordingly be taken into account as non-cash component in "non-cash sales transacted in previous periods" of net cash flow from operating activities.

Payments for procuring production equipment are allocated to net cash flow from investing activities in the cash flow statement according to IAS 7, whereas cash proceeds from customer reimbursements are assigned to net cash flow from operating activities as prepayments for economic purposes.

41 Adjustment of special effects in cash flow

Adjusted free cash flow (from operating activities) was used as a performance indicator for internal HELLA Group management. Adjusted free cash flow (from operating activities) is a key performance indicator which is not defined in the International Financial Reporting Standards. Rather it is reported by the HELLA Group as additional information in its financial reporting because it is also used for internal management and because, from the Company's perspective, it presents the cash flows from the operating activities – adjusted for special effects – in a more transparent form and facilitates a comparison over time.

Cash flow from operating activities after capital expenditure and cash inflows from the sale or liquidation of investments are used for this purpose and adjusted for non-recurring cash flows.

The increase in trade receivables from the discontinuation of the factoring programme is adjusted in the current reporting period. The programme comprises genuine sales without any rights of recourse, resulting in a reduction in balance sheet receivables of € 70,000 thousand as at the end of May 2016. Accordingly, the trade liabilities rose during the current reporting period. In addition, the cash flows (€ 9,984 thousand) attributable to the restructuring measures in Germany are adjusted in adjusted free cash flow (from operating activities).

Besides the special effects from the factoring programme (€ 30,000 thousand) and the restructuring measures (€ 15,094 thousand), the prior year's adjusted free cash flow (from operating activities) was adjusted in particular for the cash-relevant loss of the Chinese supplier (€ 33,758 thousand).

The performance of the adjusted free cash flow (from operating activities) for the fiscal years 2016/2017 and 2015/2016 is shown in the following tables:

€ thousand	2016/2017 as reported	Reduction in factoring	Legal affairs	Restructuring	2016/2017 adjusted
Earnings before income taxes (EBT)	462,923	0	16,163	10,242	489,328
+ Depreciation and amortisation	411,970	0	0	0	411,970
+/- Change in provisions	34,053	0	-5,763	-440	27,850
+ Cash receipts for series production	131,503	0	0	0	131,503
- Non-cash sales transacted in previous periods	-116,176	0	0	0	-116,176
- Other non-cash income	-81,565	0	0	0	-81,565
+ Losses from the sale of property, plant and equipment and intangible assets	6,000	0	0	0	6,000
+ Net financial result	44,247	0	0	0	44,247
- Increase in trade receivables and other assets not attributable to investing or financing activities	-124,535	70,000	0	0	-54,535
- Increase in inventories	-54,710	0	0	0	-54,710
+ Increase in trade payables and other liabilities not attributable to investing or financing activities	68,811	0	-10,400	182	58,593
+ Tax refunds received	16,227	0	0	0	16,227
- Taxes paid	-123,132	0	0	0	-123,132
+ Dividends received	36,905	0	0	0	36,905
= Net cash flow from operating activities	712,521	70,000	0	9,984	792,505
+ Cash receipts from the sale of property, plant and equipment	11,932	0	0	0	11,932
+ Cash receipts from the sale of intangible assets	4,818	0	0	0	4,818
- Payments for the purchase of property, plant and equipment	-592,836	0	0	0	-592,836
- Payments for the purchase of intangible assets	-72,888	0	0	0	-72,888
+ Cash receipts from the sale of subsidiaries and liquidation of other investments, less cash and cash equivalents	5,538	0	0	0	5,538
= Free cash flow (from operating activities)	69,084	70,000	0	9,984	149,068

€ thousand	2015/2016 as reported	Loss of supplier	Reduction in factoring	Restructuring	2015/2016 adjusted
Earnings before income taxes (EBT)	380,280	47,196	0	9,432	436,908
+ Depreciation and amortisation	395,753	-13,500	0	0	382,253
+/- Change in provisions	-22,233	0	0	-3,750	-25,983
+ Cash receipts for series production	83,120	0	0	0	83,120
- Non-cash sales transacted in previous periods	-101,086	0	0	0	-101,086
- Other non-cash income	-59,703	0	0	0	-59,703
+ Losses from the sale of property, plant and equipment and intangible assets	4,168	0	0	0	4,168
+ Net financial result	39,512	0	0	0	39,512
- Increase in trade receivables and other assets not attributable to investing or financing activities	-115,088	0	30,000	0	-85,088
- Increase in inventories	-34,264	-1,587	0	0	-35,851
+ Increase in trade payables and other liabilities not attributable to investing or financing activities	121,707	7,628	0	9,412	138,747
+ Tax refunds received	12,766	0	0	0	12,766
- Taxes paid	-122,049	-6,979	0	0	-129,028
+ Dividends received	39,903	0	0	0	39,903
= Net cash flow from operating activities	622,786	32,758	30,000	15,094	700,637
Cash receipts from the sale of property, plant and equipment	9,048	0	0	0	9,048
+ Cash receipts from the sale of intangible assets	4,940	0	0	0	4,940
- Payments for the purchase of property, plant and equipment	-489,869	1,000	0	0	-488,869
- Payments for the purchase of intangible assets	-70,735	0	0	0	-70,735
+ Cash receipts from the sale of subsidiaries and from the liquidation of other investments, net of cash and cash equivalents	103	0	0	0	103
= Free cash flow (from operating activities)	76,273	33,758	30,000	15,094	155,124

42 Information on related party relationships

HELLA KGaA Hueck & Co. and its subsidiaries maintain business relationships with many companies and individuals in the course of their normal operations. In addition to the business relationships with fully consolidated companies, relationships exist with joint ventures, associates and companies in which an interest is held that are classified as related parties under IAS 24.

There are supply and service relationships between companies within the scope of consolidation and related parties, particularly with associates and non-consolidated affiliates. The outstanding items from the purchase and sale of goods and services between companies in the scope of consolidation and associates, as well as non-consolidated affiliates, are presented under the respective items. For further information on goods and services, see Chapters 26 and 35.

The following transactions were made with related parties:

€ thousand	2016/2017	2015/2016
Income from the sale of goods and services	160,662	201,679
with associates	18,415	14,748
with joint ventures	141,715	186,174
with affiliated companies not included in the consolidated financial statements	532	757
Expenses from the purchase of goods and services	180,604	158,799
with associates	212	831
with joint ventures	151,032	123,850
with investments	1,968	1,038
with affiliated companies not included in the consolidated financial statements	27,392	33,080

The business relationships with related parties operate under normal market conditions. They do not fundamentally differ from supply and service relationships with third parties. The HELLA Group concluded no significant transactions with related party individuals.

For assuming personal liability in its role as General Partner, HELLA Geschäftsführungsgesellschaft mbH receives a fee of € 1 thousand (prior year: € 1 thousand).

In addition, the Company is entitled to reimbursement by HELLA KGaA Hueck & Co. for all of the expenses arising in connection with the management of the company's business activities, including the remuneration of the management bodies.

Remuneration for management in key positions:

€ thousand	2016/2017	2015/2016
Short-term benefits	15,893	16,753
Post-employment benefits	440	386
Other long-term benefits	3,336	846
Termination benefits	0	6,720
Total	19,669	24,705

Members of the management in key positions at HELLA KGaA Hueck & Co. are the Management Board (the Managing General Partner Dr. Jürgen Behrend and the managing directors

of HELLA Geschäftsführungsgesellschaft GmbH), as well as members of the Shareholder Committee and the Supervisory Board.

Total remuneration paid to the management bodies:

€ thousand	2016/2017	2015/2016
Total remuneration paid to the active institution members	19,166	16,753
Management Board	17,881	15,453
Supervisory Board	400	400
Shareholder Committee	885	900
Total remuneration paid to the former institution members and their surviving dependants	278	7,068
Management Board	278	7,068
Supervisory Board	0	0
Shareholder Committee	0	0

The Chairman of the Supervisory Board, Prof. Dr. Michael Hoffmann-Becking, is a partner in a law firm which provides legal advisory services to HELLA KGaA Hueck & Co. and the Group in several different fields of law, including company law, securities law, labour law and competition law. During the fiscal year 2016/2017, the Group was billed a total of € 297 thousand plus sales tax for these advisory services (prior year: € 456 thousand plus sales tax). The advisory services provided in the fiscal year 2016/2017 particularly included the preparation and execution of the Annual General Meeting of HELLA KGaA Hueck and Co. Otherwise, no other payments or benefits were granted to members of the Supervisory Board for products and services, in particular for advisory and placement services.

Provisions for the pension liabilities towards former members of the Management Board and their surviving dependants came to € 9,165 thousand (prior year: € 8,990 thousand). This was transferred to Allianz Pensionsfonds AG in the amount of € 3,890 thousand (prior year: € 4,001 thousand). The net obligation of the share transferred to Allianz Pensionsfonds AG comes to € 205 thousand (prior year: € 261 thousand).

No loans or advances were granted to the members of the Management Board, the Supervisory Board or the Shareholder Committee.

43 Declaration of Conformity with the Corporate Governance Code

On 28 May 2015, the General Partners as well as the Shareholder Committee and the Supervisory Board of KGaA Hueck & Co. ("Company") approved a joint Declaration of Conformity in accordance with Section 161 Aktiengesetz (AktG – German Stock Corporation Act) which states that the recommendations of the German Corporate Governance Code have

been and will be complied with as well as which recommendations have not been or are not being applied. This version and the update of 31 May 2017 have been made permanently accessible on the Company's website at www.HELLA.de/declarationofconformity.

44 Disclosures on financial instruments

GENERAL INFORMATION ON FINANCIAL INSTRUMENTS

We set out below the carrying amounts and fair values of classes of financial instruments and the carrying amounts in accordance with IAS -39 measurement categories as at 31 May 2017 and the prior year.

€ thousand	Measurement category under IAS 39	Carrying amount 31 May 2017	Fair value 31 May 2017	Carrying amount 31 May 2016	Fair value 31 May 2016	Fair value hierarchy
Cash and cash equivalents	LaR	783,875	783,875	585,134	585,134	
Trade receivables	LaR	1,067,979	1,067,979	937,471	937,471	
Financial assets						
Financial instruments available-for-sale	AfS	313,440	313,440	328,117	328,117	Level 1
Loans	LaR	372	372	339	339	
Other bank balances	LaR	574	574	334	334	
Other financial assets						
Derivatives used for hedging	n.a.	6,572	6,572	1,751	1,751	
Derivatives not used for hedging	HfT	4,752	4,752	4,724	4,724	
Other receivables associated with financing activities	LaR	35,060	35,060	32,176	32,176	
Current financial assets		2,212,625	2,212,625	1,890,046	1,890,046	
Financial assets						
Financial instruments available-for-sale	AfS	24,499	24,499	10,595	10,595	Level 2
Loans	LaR	5,558	5,558	6,407	6,407	Level 2
Other receivables associated with financing activities	LaR	37	37	31	31	Level 2
Other financial assets						
Trade receivables	LaR	38,342	38,342	29,661	29,661	Level 2
Non-current financial assets		68,436	68,436	46,694	46,694	
Financial assets		2,281,061	2,281,061	1,936,740	1,936,740	
Financial liabilities						
Financial liabilities to banks and bond	FLAC	340,399	340,399	85,901	85,901	
Financial lease liabilities	n.a.	82	82	979	979	
Trade payables	FLAC	672,888	672,888	633,818	633,818	
Other financial liabilities						
Derivatives used for hedging	n.a.	4,241	4,241	4,378	4,378	Level 2
Derivatives not used for hedging	HfT	4,587	4,587	1,244	1,244	Level 2
Other financial liabilities	FLAC	197,942	197,942	157,123	157,123	
Current financial liabilities		1,220,139	1,220,139	883,442	883,442	
Financial liabilities						
Financial liabilities to banks	FLAC	142,799	196,082	170,673	223,269	Level 2
Bonds	FLAC	893,369	965,274	894,056	971,568	Level 1
Financial lease liabilities	n.a.	38	38	60	60	
Other financial liabilities						
Derivatives used for hedging	n.a.	79,299	79,299	88,843	88,843	Level 2
Derivatives not used for hedging	HfT	0	0	0	0	Level 2
Other financial liabilities	FLAC	13,843	13,843	10,765	10,765	
Non-current financial liabilities		1,129,347	1,254,536	1,164,397	1,294,505	
Financial liabilities		2,349,486	2,474,675	2,047,839	2,177,947	
Of which aggregated under IAS 39 measurement categories:						
Financial assets held for trading (HfT)		4,752	4,752	4,724	4,724	
Loans and receivables (LaR)		1,931,798	1,931,798	1,591,553	1,591,553	
Financial assets available-for-sale (AfS)		337,939	337,939	338,712	338,712	
Financial liabilities held for trading (HfT)		4,587	4,587	1,244	1,244	
Financial liabilities measured at amortised cost (FLAC)		2,261,240	2,386,429	1,952,336	2,082,444	
Financial assets, derivatives used for hedging		6,572	6,572	1,751	1,751	
Financial liabilities, derivatives used for hedging		83,540	83,540	93,221	93,221	

Level 1: Measurement of market value based on listed, unadjusted prices on active markets.

Level 2: Measurement of market value based on criteria for assets and financial liabilities that can be either directly or indirectly derived from prices on active markets.

Level 3: Measurement of market value based on criteria that cannot be derived from active markets.

The Group reports possible transfers between different levels of the fair value hierarchy at the end of the reporting period in which the change occurred. As in the prior year, no transfers were made between different levels of the fair value hierarchy during the 2016/2017 reporting period. The carrying amounts of current financial instruments at the balance sheet date correspond to the market value owing to their short residual term and the fact that they are recognised at market value.

The carrying amounts of non-current financial liabilities also largely correspond to the market values. Non-current financial instruments on the assets side are mainly determined by the other investments, securities as cover assets for pension provisions and loans. The fair values of these equity components measured at acquisition costs could not be determined as no

stock exchange or market prices were available. The other investments and non-consolidated affiliates reported here are measured at acquisition cost of € 9,581 thousand (prior year: € 10,595 thousand) because the fair values cannot be established with a sufficient degree of reliability. The change in value compared with the prior year is due to a permanent impairment.

At the balance sheet date, there were no plans to sell the other investments and non-consolidated affiliates measured at acquisition cost.

PLEDGED COLLATERAL

As at 31 May 2017, fixed-term deposits of € 27,474 thousand (prior year: € 28,773 thousand) were pledged to a trustee as statutory insolvency protection for partial retirement fund assets. They are netted against the obligations from partial retirement. Occasionally, collateral is pledged from the business assets to a limited extent as security for bank loans. These may, for example, be categorised as receivables.

NET PROFIT/LOSS PER MEASUREMENT CATEGORY

The following table shows the net result from financial instruments for each IAS 39 measurement category:

€ thousand	Interests	Dividends	Fair value measurement	Currency gains / losses	2016/2017
Loans and receivables	7,307	0	-307	-391	6,609
Available for sale	3,860	1,099	322	0	5,280
Liabilities measured at amortised cost	-32,749	0	0	302	-32,448
Financial derivatives held for trading (net)	0	0	-5,261	0	-5,261
Total	-21,583	1,099	-5,245	-89	-25,819

€ thousand	Interests	Dividends	Fair value measurement	Currency gains / losses	2015/2016
Loans and receivables	7,612	0	-1,890	754	6,476
Available for sale	4,718	1,160	-2,963	0	2,915
Liabilities measured at amortised cost	-34,372	0	0	443	-33,929
Financial derivatives held for trading (net)	0	0	-24,121	0	-24,121
Total	-22,042	1,160	-28,974	1,198	-48,659

The fair value measurement of the loans and receivables corresponds to the impairments of unrecoverable elements.

When determining the net result from financial instruments, goodwill impairments/write-ups, income and expense resulting from the application of the effective interest method, income and expenses from currency translation, gains or losses on disposals, and other changes in the fair value of financial instruments recognised in the income statement are taken into account.

FINANCIAL RISK MANAGEMENT

The HELLA Group is exposed to various financial risks in the course of its operations. In particular, these include liquidity, currency and interest rate risk. Risk management is carried out by the central financial management department in accordance with the guidelines adopted by the corporate bodies. Detailed information is provided in the management report.

On the procurement side, commodity price risks and risks relating to the general security of supply exist, among others. Moreover, credit risks arise from trade receivables, and also from receivables relating to financial transactions, such as the investment of cash or cash equivalents or the acquisition of securities. Liquidity risk can arise from a significant decline in the operating business performance as well as from the risk categories mentioned above.

Management of liquidity risks

HELLA works with mainly centralised liquidity structures in order to pool liquidity across the Group. The centralised liquidity is calculated on a regular basis and planned using a bottom-up process. HELLA actively manages its loan portfolio on the basis of the liquidity planning.

The following tables show the maximum settlements. The presentation shows the worst-case scenario for HELLA, i.e. the earliest possible contractual payment date. This takes into account creditor cancellation rights. Foreign currency positions are always converted at the spot rate applicable on the reporting date. Interest payments for positions with variable interest rates are always measured at the reference interest rate applicable on the balance sheet date. In addition to non-derivative financial instruments, derivative financial instruments (e.g. foreign currency forwards and interest rate swaps) are taken into account. For derivatives where gross payments are settled between the parties involved, only the settlements are presented in line with the worst-case scenario. These settlements are offset by cash proceeds, which are also presented. In addition, loans granted but not yet drawn in full and financial guarantees issued are included in the settlements.

Maximum future settlements as at 31 May 2017

€ thousand	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivative financial liabilities	1,128,497	551,058	552,131	2,231,686
Derivative financial instruments	1,022,067	50,400	326,791	1,399,258
Loan commitments/financial guarantees	0	0	0	0
Total	2,150,564	601,458	878,922	3,630,944
Cash receipts from gross derivatives	1,018,418	31,326	247,131	1,296,875

Maximum future settlements as at 31 May 2016

€ thousand	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivative financial liabilities	906,817	1,107,115	360,176	2,374,108
Derivative financial instruments	594,684	64,644	340,661	999,989
Loan commitments/financial guarantees	0	0	0	0
Total	1,501,501	1,171,759	700,837	3,374,097
Cash receipts from gross derivatives	587,576	34,200	254,757	876,533

The Group's liquidity supply is also sufficiently assured through cash and bank balances on hand, marketable short-term securities on hand, and the available unused bank lines of credit.

The table below sets out the main liquidity instruments:

€ thousand	31 May 2017	31 May 2016
Cash and cash equivalents	783,875	585,134
Marketable securities	313,440	328,117
Cash line of credit	695,281	705,553
Total	1,792,596	1,618,804

The total of the cash lines of credit available to the HELLA Group amounts to roughly € 695,281 thousand (prior year: € 705,553 thousand). This figure is made up of a syndicated loan sized at € 450,000 thousand (maturing in 2022, utilisation as at 31 May 2017: 0 %) and short-term money market lines of credit in the amount of € 245,281 thousand (utilisation as at 31 May 2017: 3 %). In some cases, standard creditor cancellation rights apply to the latter (as part of financial covenants). These covenants are reviewed on an ongoing basis as part of corporate planning and are currently rated as non-critical. Owing to the broad and international base of its core banks, the funding risk is considered very low.

Management of currency risks

Currency risks (in the context of transaction risks) arise from receivables, liabilities, liquid funds, securities, and executory contracts in a currency other than the functional currency. Currency derivatives, primarily foreign currency forwards, are used to hedge against exchange rate-related fluctuations impacting these payments and positions. The currency risk of the HELLA Group is continuously monitored and managed on the basis of the net exposures calculated for the Group. Net exposure is calculated by aggregating planned foreign currency cash flows.

As at 31 May 2017, significant net exposures of the HELLA Group for the fiscal year 2017/2018 were identified in USD (301 long, prior year: 4 million short), MXN (2,708 million short, prior year: 800 million long), CNY (651 million long, prior year: 531 million long) and CZK (1,214 million short, prior year: 4,192 million short); (information is provided in the respective currency).

Currency derivatives are only used to hedge the currency risks arising from underlying transactions. Speculative transactions are not permitted.

In principle, the fair value of currency derivatives is recognised. In the case of cash flow hedge accounting within the meaning of IAS 39, the unrealised gains and losses from the hedging transaction are initially recognised in the statement of changes in equity, with no impact on the income statement. The gains and losses are only realised when the hedged underlying transaction is also recognised in the income statement.

HELLA mainly designated currency derivatives to hedge foreign currency cash flows from funding in yen maturing in 2032 or 2033 under cash flow hedge accounting. Other currency derivatives used to hedge currency risks from operating cash flow, with a maturity of less than one year in almost all cases, were also designated as cash flow hedge accounting.

Hedge accounting was not applied to other currency derivatives used to hedge underlying financial transactions. Measurement changes are recognised in the income statement.

In the fiscal year 2016/2017, changes in the market value of the above-mentioned derivatives used for cash flow hedge accounting amounting to € 13,693 thousand (prior year: € 29,700 thousand) were recognised in equity. All in all, market values of currency derivatives used for hedging purposes amounting to € -86,103 thousand (prior year: € -94,109 thousand) were recognised in equity at the reporting date. Equity gains of € 5,693 thousand were recognised in the income statement in the fiscal year 2016/2017 (prior year: € 461 thousand). Currency derivatives not presented in accordance with hedge accounting showed changes in the market value of currency derivatives recognised in the income statement of € 256 thousand (prior year: € 4,431 thousand).

The following sensitivity analyses show the effects a 10 % change in the exchange rate of each foreign currency would have on equity or on net profit/loss for the year (before taxes). The analysis is based on the respective risk position on the reporting date and only takes into account the largest gross exposure in the HELLA Group:

€ thousand		31 May 2017		31 May 2016	
Exchange rate	Foreign currency	depreciates by 10 %	appreciates by 10 %	depreciates by 10 %	appreciates by 10 %
Change in equity owing to fluctuations in the market value of currency derivatives used for hedging purposes (cash flow hedge accounting)	CNY	4,583	-5,602	1,717	-2,099
	CZK	-15,202	18,580	-2,038	2,491
	JPN	-13,160	15,704	-10,794	13,951
	MXN	0	0	-4,596	5,618
	PLN	155	-190	44	-54
	USD	-3,766	4,602	4,909	-6,000
Change in net profit/loss for the year owing to unhedged currency exposures in the case of non-derivative financial instruments and fluctuations in the market value of derivative financial instruments	CNY	-7,741	9,461	-6,583	8,045
	CZK	4,179	-5,108	14,102	-17,236
	JPN	2,235	-2,732	979	-1,196
	MXN	11,694	-14,293	-3,548	4,337
	PLN	-3,655	4,468	-3,612	4,414
	USD	-24,402	29,824	365	-446

The relatively high sensitivity of the equity to exchange rate fluctuations of the JPY results from the hedging of the funding issued in this currency (AFLAC). The relatively high sensitivity of the net profit/loss for the year is largely attributable to market fluctuations of non-derivative financial instruments and planned cash flows that are not hedged within the meaning of IAS 39. The sensitivity analysis is performed on the basis of the hedging ratios as at the balance sheet date. They are reviewed regularly in the course of the fiscal year and may be above or below the level at the balance sheet date.

Management of interest rate risks

Interest rate risks arise when fluctuations in interest rates lead to changes in the value of financial assets and liabilities on the statement of financial position of HELLA. These may affect the amount of the interest income and expenses in the fiscal year as well as the market value of the derivatives concluded and other financial assets measured at fair value. As at 31 May 2017, interest rate-sensitive net debt stood at € 847 million (prior year: € 573 million).

These risks are managed by the HELLA Group through natural hedging, i.e. the elimination of interest rate risks by assuming offsetting items and through the targeted use of derivatives. The derivative financial instruments used are usually interest rate swaps. Interest rate derivatives are generally used to mitigate cash flow risks.

As with currency derivatives, interest rate derivatives are settled mainly by HELLA KGaA Hueck & Co. Moreover, the use of interest rate derivatives is always tied to underlying transactions. Interest rate derivatives used to hedge interest rate risks from non-derivative financial instruments are designated as cash flow hedge accounting. Speculative transactions are not permitted.

The following sensitivity analyses show how a one percent-age point movement in the respective market interest rate would change equity and net profit/loss for the year (in each case before taxes). The analysis is based on the respective risk position on the reporting date. The calculation method used is the net present value method.

€ thousand	31 May 2017		31 May 2016	
Market interest rate	rises by 1 percentage point	falls by 1 percentage point	rises by 1 percentage point	falls by 1 percentage point
Change in equity owing to fluctuations in the market value of fixed-income securities recognised directly in equity at fair value	-11,654	16,228	-15,649	20,356
Change in net profit/loss for the year owing to variable interest items in the case of non-derivative financial instruments and fluctuations in the market value of derivative financial instruments	8,471	-8,471	5,726	-5,726

MANAGEMENT OF COMMODITY PRICE RISKS

The HELLA Group is exposed to various commodity price risks through the purchase of components. These risks are managed by the HELLA Group through natural hedging, i.e. the elimination of commodity price risks by means of offsetting effects from purchasing and sales, and through the targeted use of derivatives. The derivatives used are commodity swaps.

As at 31 May 2017, there were no commodity derivatives with a material market value (market value in the prior year: € 0 thousand).

Commodity (net) exposure for 2017/2018 is expected to amount to € 15.1 million (prior year: € 2.0 million).

The following sensitivity analysis shows what effects fluctuations of 10 % in the market prices of underlying commodities would have had on net profit/loss for the year (before taxes).

€ thousand	31 May 2017		31 May 2016	
Commodity price	rises by 10 %	falls by 10 %	rises by 10 %	falls by 10 %
Change in net profit/loss for the year owing to fluctuations in the market value of hedged items and commodity derivatives used	-1,507	1,507	-198	198

MANAGEMENT OF OTHER PRICE RISKS

Other price risks arise for HELLA through investments in current or non-current, non-interest-bearing securities, largely equities and funds that are classified as "available for sale" and therefore measured at fair value in equity. In addition, price risks arise from other investments that belong to the "available-for-sale" category, provided they are measured

at fair value. These items are shown in the following table. Investments measured at acquisition cost because the fair value cannot be reliably determined are not exposed to balance sheet risk and are therefore not included in the presentation.

€ thousand	31 May 2017	31 May 2016
Price risk positions of the non-derivative assets	34,420	27,239

HELLA actively manages the price risks. By continuously observing and analysing the markets, it is possible to manage investments in real time. Negative developments on the capital markets can thus be identified at an early stage and appropriate measures taken. Derivatives are only used to manage other price risks in exceptional cases.

The following sensitivity analyses show what effects fluctuations of 10 % in the market values of non-derivative and derivative financial instruments would have had on equity or on net profit/loss for the year (before tax). The analysis is based on the respective volumes on the reporting date.

€ thousand	31 May 2017		31 May 2016	
Securities price	rises by 10 %	falls by 10 %	rises by 10 %	falls by 10 %
Change in equity owing to changes in prices of unimpaired securities and investments in public funds	2,577	-2,577	2,607	-2,607
Change in net profit/loss for the year owing to changes in prices of impaired securities	865	-865	117	-117

MANAGEMENT OF DEFAULT RISKS

Default risks arise for the HELLA Group from its business operations and from financial investments and financial derivatives with positive fair values.

The maximum default risk for the financial assets corresponds to their carrying amount. Netting off is not carried out due to the full or partial lack of offsetting criteria under IAS 32. Collateral is accepted in individual cases as described below which means that the actual default risk is smaller.

Derivative transactions are concluded by HELLA KGaA Hueck & Co. solely on the basis of the German Master Agreement for Financial Derivatives Transactions (DRV). This does not meet the requirements for netting off, since offsetting of outstanding amounts would be legally enforceable only subject to future events, such as the insolvency of a contractual partner. The table below shows the potential for offsetting the financial instruments that are recognised by HELLA KGaA Hueck & Co. and are subject to the stated agreements.

31 May 2017					
€ thousand	Gross	IAS 32.42	Net prior to potential for offsetting	Potential for offsetting	Net
Assets – derivatives	11,318	0	11,318	6,466	4,852
Liabilities – derivatives	-88,067	0	-88,067	6,466	-81,601

31 May 2016					
€ thousand	Gross	IAS 32.42	Net prior to potential for offsetting	Potential for offsetting	Net
Assets – derivatives	6,475	0	6,475	2,458	4,017
Liabilities – derivatives	-94,448	0	-94,448	2,458	-91,990

Financial derivatives and financial investments are only entered into with banks with good credit ratings.

Operational risk is mainly managed by continuously monitoring receivables. If a specific default risk is identified, this risk is taken into account by recognising impairments in the corresponding amount.

In individual cases, HELLA Group companies also demand collateral to secure receivables. This includes warranties, performance guarantees, and advance securities. HELLA has a directive in place regarding the acceptance of securities. The only acceptable collateral providers are banks and

insurance firms with good credit ratings. Furthermore, many supplies to customers are subject to retention of title.

Lending commitments to companies that are not fully consolidated or to third parties are only made by HELLA Group companies in a few isolated cases. The default risk here is limited to the loan amount. As at 31 May 2017, there were no lending commitments to companies that are not fully consolidated and external third parties (prior year: € 0 thousand).

Trade receivables are essentially spread over key accounts from the automotive and automotive supply industry. The

recoverability of all the receivables, which do not include overdue or impaired financial assets, is considered very high. This assessment is based primarily on the fact that the HELLA Group has a long-standing business relationship with most

of its customers and on the ratings of the major rating agencies. The historical default rate for these trade receivables is extremely low.

Financial assets that are overdue but not impaired are shown below:

€ thousand	31 May 2017				31 May 2016			
	up to 30 days	31 days to 60 days	61 days to 90 days	more than 90 days	up to 30 days	31 days to 60 days	61 days to 90 days	more than 90 days
Trade receivables	12,193	1,197	413	2,224	20,980	1,139	3,530	2,922
Financial receivables	0	0	0	0	0	0	0	0
Other financial assets	0	0	0	0	0	0	0	0
Total	12,193	1,197	413	2,224	20,980	1,139	3,530	2,922

An analysis of the individual impaired financial assets is shown below:

€ thousand	31 May 2017			31 May 2016		
	Gross carry- ing amount	Impairment	Net carrying amount	Gross carrying amount	Impairment	Net carrying amount
Trade receivables	1,116,965	10,644	1,106,321	980,855	13,723	967,132
Financial receivables	792,496	2,691	789,805	594,613	2,732	591,881
Other financial assets	386,468	1,533	384,935	379,260	1,533	377,727
Total	2,295,929	14,868	2,281,061	1,954,728	17,988	1,936,740

The following table shows the development of impairments in respect of financial assets in the fiscal year 2016/2017 and the prior year:

€ thousand	Trade receivables	Financial receivables	Other financial assets	Total
As at 31 May 2015	16,417	1,763	1,533	19,712
Additions	2,261	969	0	3,230
Utilisation	-4,607	0	0	-4,607
Reduction	-330	0	0	-330
Other effects	-18	0	0	-18
As at 31 May 2016	13,723	2,732	1,533	17,988
Additions	450	0	0	450
Utilisation	-3,415	-41	0	-3,456
Reduction	-470	0	0	-470
Other effects	355	0	0	355
As at 31 May 2017	10,643	2,691	1,533	14,867

With regard to the financial assets that are neither overdue nor impaired, there is currently no indication that further value adjustments will be needed due to defaults.

Capital risk management

The HELLA Group manages its capital with the aim of ensuring that all Group companies can continue to operate as going concerns. By optimising the debt-equity ratio as needed, capital costs are kept as low as possible. These measures help to maximise shareholder income.

The capital structure consists of the current and non-current liabilities in the statement of financial position less the cash representing net borrowings and the balance sheet equity. The Risk Management Committee assesses and reviews the Group's capital structure on a regular basis. Risk-adjusted capital costs are taken into account in this assessment.

The overall capital risk management strategy pursued in the current fiscal year has not changed from the prior year.

45 Contractual commitments

There were contractual obligations to purchase or use property, plant and equipment amounting to € 32,476 thousand as at the reporting date (prior year: € 5,218 thousand). There

were no contractual commitments for the acquisition of intangible assets in the fiscal year 2016/2017 (prior year: € 27 thousand).

46 Contingent liabilities

On 31 May 2017 no contingent liabilities existed within the HELLA Group.

47 Information on leases

HELLA KGaA regularly acts as lessee. They are both operating and finance leases.

OPERATING LEASES AS LESSEE

The expenses under operating leases recognised in the income statement amounted to € 30,881 thousand in the fiscal

year (prior year: € 28,273 thousand). Some lease contracts include extension options. HELLA's liability from operating leases largely relates to leases for passenger vehicles, buildings, office equipment and smaller machinery.

Distribution of the present values of minimum lease payments:

€ thousand	31 May 2017	31 May 2016
Up to 1 year	18,006	14,890
Between 1 and 5 years	34,473	29,630
More than 5 years	10,604	2,424
Total	63,084	46,944

LIABILITIES ARISING FROM FINANCE LEASES AS LESSEE

The leased items contained in the statement of financial position in the context of finance leases largely relate to development services and machine leasing. The lease terms gener-

ally range from three to six years. Some leases contain extension or purchase options.

Distribution of minimum lease payments (not discounted):

€ thousand	31 May 2017	31 May 2016
Up to 1 year	82	963
Between 1 and 5 years	38	77
More than 5 years	0	0
Future financing costs under finance leases	0	-1
Total	120	1,039

Distribution of the present values of minimum lease payments:

€ thousand	31 May 2017	31 May 2016
Up to 1 year	82	979
Between 1 and 5 years	38	60
More than 5 years	0	0
Total	120	1,039

RECEIVABLES FROM FINANCE LEASES AS LESSEE

In the Aftermarket segment, HELLA concludes finance lease agreements with workshops for its portfolio of diagnostic testing equipment, garage equipment and air conditioning service

units. These agreements generally have 5-year terms. All lease agreements are concluded in euros and relate exclusively to business within the EU.

Distribution of minimum lease payments (not discounted):

€ thousand	31 May 2017	31 May 2016
Up to 1 year	17,021	14,764
Between 1 and 5 years	39,319	31,774
More than 5 years	0	0
Future financing costs under finance leases	-6,232	-4,811
Total	50,109	41,727

Distribution of the present values of minimum lease payments:

€ thousand	31 May 2017	31 May 2016
Up to 1 year	14,452	12,670
Between 1 and 5 years	35,657	29,057
More than 5 years	0	0
Total	50,109	41,727

As at 31 May 2017, impairments for unrecoverable receivables amounted to € 183 thousand (prior year: € 207 thousand).

48 Events after the balance sheet date

There were no events after the balance sheet date which required reporting.

49 Audit fees

The total fee for the services of the auditor KPMG AG Wirtschaftsprüfungsgesellschaft invoiced for the fiscal year 2016/2017 amounts to € 1,006 thousand (prior year: € 1,063 thousand) and includes the fees and expenses for the audit.

An additional € 33 thousand (prior year: € 11 thousand) for other audit services, € 98 thousand (prior year: € 370 thousand) for tax consulting services and € 213 thousand (prior year: € 213 thousand) for other services were recognised as expenses.

Lippstadt, 24 July 2017

The Managing General Partners of HELLA KGaA Hueck & Co.



Dr. Jürgen Behrend

HELLA Geschäftsführungsgesellschaft mbH



Dr. Rolf Breidenbach
(President and CEO)



Markus Bannert



Dr. Werner Benade



Stefan Osterhage



Bernard Schäferbarthold



Dr. Matthias Schöllmann

Scope of consolidation

Fiscal year 2016/2017

Affiliated companies included in the consolidated financial statements:

Number	Company	Country	City	Investment	
				in %	in
1	HELLA KGaA Hueck & Co.	Germany	Lippstadt	100.0	
2	HELLA Innenleuchten-Systeme GmbH*	Germany	Wernbach	100.0	1
3	HELLA Innenleuchten-Systeme Bratislava, s.r.o.	Slovakia	Bratislava	100.0	2
4	HELLA Fahrzeugkomponenten GmbH*	Germany	Bremen	100.0	1
5	HFK Liegenschaftsgesellschaft mbH	Germany	Bremen	100.0	4
6	HELLA Electronics Engineering GmbH*	Germany	Regensburg	100.0	1
7	HELLA Aglaia Mobile Vision GmbH*	Germany	Berlin	100.0	1
8	HELLA Distribution GmbH*	Germany	Erwitte	100.0	1
9	RP Finanz GmbH*	Germany	Lippstadt	100.0	1
10	HELLA Finance Nederland	The Netherlands	Nieuwegein	100.0	9
11	HELLA Finance International	The Netherlands	Nieuwegein	100.0	1
12	Docter Optics SE*	Germany	Neustadt an der Orla	95.8	1
13	Docter Optics Inc.	USA	Gilbert, AZ	100.0	12
14	Docter Optics Components GmbH	Germany	Neustadt an der Orla	100.0	12
15	Docter Optics s.r.o.	Czech Republic	Skalice u České Lípy	100.0	12
16	HORTUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Neustadt / Orla KG	Germany	Düsseldorf	94.0	12
17	Docter Optics Asia Ltd.	South Korea	Seoul	100.0	12
18	HELLA Saturnus Slovenija d.o.o.	Slovenia	Ljubljana	100.0	1
19	HELLA Werkzeug Technologiezentrum GmbH*	Germany	Lippstadt	100.0	1
20	HELLA Corporate Center GmbH*	Germany	Lippstadt	100.0	1
21	HELLA Gutmann Holding GmbH*	Germany	Ihringen	100.0	1
22	HELLA Gutmann Solutions GmbH*	Germany	Ihringen	100.0	21
23	HELLA Gutmann Anlagenvermietung GmbH*	Germany	Breisach	100.0	21
24	HELLA Gutmann Solutions International AG	Switzerland	Hergiswil	100.0	21
25	HELLA Gutmann Solutions A / S	Denmark	Viborg	100.0	21
26	HELLA Gutmann Solutions AS	Norway	Porsgrunn	100.0	25
27	HELLA 000	Russia	Moscow	100.0	1
28	avitea GmbH work and more	Germany	Lippstadt	100.0	1
29	avitea Industrieservice GmbH	Germany	Lippstadt	100.0	28
30	HELLA Geschäftsführungsgesellschaft mbH**	Germany	Lippstadt	100.0	1
31	HELLA Holding International GmbH*	Germany	Lippstadt	100.0	1
32	HELLA Shanghai Electronics Co., Ltd.	China	Shanghai	100.0	31
33	HELLA Changchun Tooling Co., Ltd.	China	Changchun	100.0	31
34	HELLA Corporate Center (China) Co., Ltd.	China	Shanghai	100.0	31
35	Changchun HELLA Automotive Lighting Ltd.	China	Changchun	100.0	31
36	Beifang HELLA Automotive Lighting Ltd.	China	Beijing	100.0	31
37	HELLA (Xiamen) Automotive Electronics Co. Ltd.	China	Xiamen	100.0	31
38	HELLA Asia Pacific Pty Ltd.	Australia	Mentone	100.0	31
39	HELLA Australia Pty Ltd.	Australia	Mentone	100.0	38
40	HELLA-New Zealand Limited	New Zealand	Auckland	100.0	38
41	HELLA-Phil., Inc.	Philippines	Dasmariñas	90.0	38
42	HELLA Asia Pacific Holdings Pty Ltd.	Australia	Mentone	100.0	38

Number	Company	Country	City	Investment	
				in %	in
43	HELLA Korea Inc.	South Korea	Seoul	100.0	42
44	HELLA India Automotive Private Limited	India	Gurgaon	100.0	42
45	HELLA UK Holdings Limited	Great Britain	Banbury	100.0	31
46	HELLA Limited	Great Britain	Banbury	100.0	45
47	HELLA Corporate Center USA, Inc.	USA	Plymouth, MI	100.0	31
48	HELLA Electronics Corporation	USA	Plymouth, MI	100.0	47
49	HELLA Inc.	USA	Peachtree City, GA	100.0	47
50	HELLA Ventures, LLC	USA	Delaware	100.0	47
51	HELLA España Holdings S. L.	Spain	Madrid	100.0	31
52	Manufacturas y Accesorios Electricos S.A.	Spain	Madrid	100.0	51
53	HELLA S.A.	Spain	Madrid	100.0	51
54	HELLA Handel Austria GmbH	Austria	Vienna	100.0	31
55	HELLA Fahrzeugteile Austria GmbH	Austria	Großpetersdorf	100.0	54
56	HELLA S.A.S.	France	Le Blanc Mesnil-Cedex	100.0	31
57	HELLA Engineering France S.A.S.	France	Toulouse	100.0	56
58	HELLA Benelux B.V.	The Netherlands	Nieuwegein	100.0	31
59	HELLA S.p.A.	Italy	Caleppio di Settala	100.0	31
60	Nordic Forum Holding A / S	Denmark	Odense	100.0	31
61	INTER-TEAM Sp. z o.o.	Poland	Warsaw	100.0	60
62	FTZ Autodele & Værktøj A / S	Denmark	Odense	100.0	60
63	P/F FTZ Føroyar	Faroe Islands	Tórshavn	70.0	62
64	HELLAnor A / S	Norway	Skytta	100.0	60
65	Automester A / S	Norway	Skytta	100.0	64
66	Ucando GmbH	Germany	Berlin	100.0	60
67	Ucando Sp. z o. o.	Poland	Warsaw	100.0	66
68	iParts Sp. z o. o.	Poland	Rzeszów	100.0	67
69	HELLA Lighting Finland Oy	Finland	Salo	100.0	31
70	HELLA Autotechnik Nova s.r.o.	Czech Republic	Mohelnice	100.0	31
71	HELLA CZ, s.r.o.	Czech Republic	Zruč nad Sázavou	100.0	31
72	HELLA Hungária Kft.	Hungary	Budapest	100.0	31
73	HELLA Polska Sp. z o.o.	Poland	Warsaw	100.0	31
74	Intermobil Otomotiv Mümesillik Ve Ticaret A.S.	Turkey	Istanbul	56.0	31
75	HELLA Centro Corporativo Mexico S.A. de C.V.	Mexico	Tlalnepantla	100.0	31
76	HELLA Automotive Mexico S.A. de C.V.	Mexico	Tlalnepantla	100.0	75
77	Grupo Administracion Tecnica S.A. de C.V.	Mexico	Tlalnepantla	100.0	75
78	Petosa S.A. de C.V.	Mexico	Tlalnepantla	100.0	75
79	HELLAmex S.A. de C.V.	Mexico	Naucalpan	100.0	75
80	Sistemas Iluminacion S.A. de C.V.	Mexico	Tlalnepantla	100.0	31
81	HELLA A / S	Denmark	Aabenraa	100.0	31
82	HELLA India Lighting Ltd.	India	New Delhi	82.5	31
83	HELLA Asia Singapore Pte. Ltd.	Singapore	Singapore	100.0	31
84	HELLA Trading (Shanghai) Co., Ltd.	China	Shanghai	100.0	83
85	HELLA Auto Service Center Ltd.	China	Shanghai	100.0	84

Number	Company	Country	City	Investment	
				in %	in
86	HELLA Slovakia Holding s.r.o.	Slovakia	Kočovce	100.0	31
87	HELLA Slovakia Signal-Lighting s.r.o.	Slovakia	Bánovce nad Bebravou	100.0	86
88	HELLA Slovakia Front-Lighting s.r.o.	Slovakia	Kočovce	100.0	86
89	HELLA Romania s.r.l.	Romania	Ghiroda-Timișoara	100.0	31
90	HELLA do Brazil Automotive Ltda.	Brazil	São Paulo	100.0	31
91	HELLA Automotive South Africa Pty. Ltd.	South Africa	Uitenhage	100.0	31
92	HELLA Middle East FZE	United Arab Emirates	Dubai	100.0	31
93	HELLA-Bekto Industries d.o.o.	Bosnia and Herzegovina	Goražde	70.0	31
94	HELLA China Holding Co., Ltd.	China	Shanghai	100.0	31
95	HELLA (Xiamen) Electronic Device Co. Ltd	China	Xiamen	100.0	94
96	Jiaxing HELLA Lighting Co. Ltd.	China	Jiaxing	100.0	94
97	HELLA (Thailand) Ltd.	Thailand	Bangkok	100.0	31
98	HELLA Vietnam Company Limited	Vietnam	Ho Chi Minh City	100.0	31

* As in the previous year, the company exercises the exemption pursuant to Section 264 (3) of the German Commercial Code (HGB).

** The company exercises the exemption pursuant to Section 264 (3) of the German Commercial Code (HGB).

Associates:

Number	Company	Country	City	Investment	
				in %	in
99	Behr-HELLA Thermocontrol GmbH	Germany	Lippstadt	50.0	1
100	Behr-HELLA Thermocontrol (Shanghai) Co., Ltd.	China	Shanghai	100.0	99
101	Behr-HELLA Thermocontrol Inc.	USA	Wixom, MI	100.0	99
102	Behr-HELLA Thermocontrol India Private Limited	India	Pune	100.0	99
103	Behr-HELLA Thermocontrol Japan K.K.	Japan	Tokyo	100.0	99
104	Behr-HELLA Thermocontrol EOOD	Bulgaria	Sofia	100.0	99
105	BHTC Mexico S.A. de C.V.	Mexico	Queretaro	100.0	99
106	BHTC Servicios S.A. de C.V.	Mexico	San Miguel de Allende	100.0	105
107	Behr-HELLA Service GmbH	Germany	Schwäbisch Hall	50.0	1
108	Behr HELLA Service South Africa Pty Ltd.	South Africa	Johannesburg	100.0	107
109	Behr HELLA Comércio de Peças Automotivas S.A.	Brazil	Arujá	100.0	107
110	Behr Service IAM USA Inc.	USA	Troy, MI	100.0	107
111	Behr HELLA Service North America, LLC	USA	Peachtree City, GA	100.0	107
112	Beijing SamLip Automotive Lighting Ltd.	China	Beijing	24.5	42
113	Beijing Haohua Special Lighting Ltd.	China	Beijing	49.0	112
114	HSL Electronics Corporation	South Korea	Daegu	50.0	42
115	Mando HELLA Electronics Corp.	South Korea	Incheon	50.0	31
116	Mando-HELLA Electronics (Suzhou) Co. Ltd	China	Suzhou	100.0	115
117	Mando-HELLA Electronics Automotive India Private Limited	India	Sriperumbudur	100.0	115
118	Asia Aftermarket Holding GmbH	Germany	Poing	50.0	31
119	HBPO Beteiligungsgesellschaft mbH	Germany	Lippstadt	33.3	1
120	HBPO GmbH	Germany	Lippstadt	100.0	119
121	HBPO Germany GmbH	Germany	Meerane	100.0	120
122	HBPO Slovakia s.r.o.	Slovakia	Lozorno	100.0	120
123	HBPO Automotive Spain S.L.	Spain	Arazuri	100.0	120
124	HBPO Mexico S.A. de C.V.	Mexico	Cuautlancingo	100.0	120

Number	Company	Country	City	Investment	
				in %	in
125	HBPO Czech s.r.o.	Czech Republic	Mnichovo Hradiště	100.0	120
126	HBPO North America Inc.	USA	Troy, MI	100.0	120
127	HBPO UK Limited	Great Britain	Banbury	100.0	120
128	HBPO Canada Inc.	Canada	Windsor	100.0	120
129	HBPO Rastatt GmbH	Germany	Rastatt	100.0	120
130	HBPO Ingolstadt GmbH	Germany	Ingolstadt	100.0	120
131	HBPO China Ltd.	China	Shanghai	100.0	120
132	HBPO Manufacturing Hungary Kft	Hungary	Kecskemét	100.0	120
133	SHB Automotive Module Company Ltd.	South Korea	Gyeongbuk	50	120
134	HBPO Automotive Hungaria Kft.	Hungary	Győr	100.0	120
135	HBPO Regensburg GmbH	Germany	Regensburg	100.0	120
136	HBPO Pyeongtaek Ltd.	South Korea	Pyeongtaek	100.0	120
137	HBPO Beijing Ltd.	China	Beijing	100.0	120
138	HBPO Asia Ltd.	South Korea	Seoul	100.0	120
139	HICOM HBPO SDN BHD	Malaysia	Shah Alam	40.0	120
140	HBPO Management Sevices MX S.A.	Mexico	Cuautlancingo	100.0	120
141	HBPO Services MX S.A.	Mexico	Cuautlancingo	100.0	120
142	HBPO Brasil Automotive Servicos Ltda	Brazil	São Paulo	95.0	120
143	ARTEC Advanced Reman Technology	Germany	Illingen	50.0	1
144	ARTEC Reman Magyarország Kft	Hungary	Hernád	100.0	143
145	Changchun HELLA Faway Automotive Lighting Co., Ltd.	China	Changchun	49.0	32
146	Chengdu HELLA Faway Automotive Lighting Co., Ltd.	China	Chengdu	100.0	145
147	InnoSenT GmbH	Germany	Donnersdorf	50.0	1
148	HELLA Pagid GmbH	Germany	Essen	50.0	1
149	Beijing HELLA BHAP Automotive Lighting Co., Ltd.	China	Beijing	50.0	94
150	HELLA BHAP (Sanhe) Automotive Lighting Co., Ltd.	China	Sanhe	100.0	149
151	HELLA BHAP (Tianjin) Automotive Lighting Co., Ltd.	China	Tianjin	100.0	149

The companies listed below were not consolidated as they are of minor significance for the Group's net assets, financial position, and results of operations. For this reason, the other

disclosures under Section 313 (2) (4) HGB could also be omitted. The Group's shares in these companies were recognised at fair value.

Companies not included in the consolidated financial statements:

Number	Company	Country	City	Investment	
				in %	in
152	hvs Verpflegungssysteme GmbH	Germany	Lippstadt	100.0	1
153	Electra HELLA's S.A.	Greece	Athens	73.0	31
154	HELLA Japan Inc.	Japan	Tokyo	100.0	31
155	AutoMester Danmark ApS	Denmark	Odense	100.0	62
156	Din Bilpartner Aps	Denmark	Odense	100.0	62
157	CMD Industries Pty Ltd.	Australia	Mentone	100.0	42
158	Tec-Tool S.A. de C.V.	Mexico	El Salto, Jalisco	100.0	75
159	HELLA Property Investments Limited	Great Britain	Banbury	100.0	45
160	Astra-Phil., Inc.	Philippines	Manila	30.0	38
161	HELLA-Stanley Holding Pty Ltd.	Australia	Mentone	50.0	1
162	H+S Invest GmbH & Co. KG	Germany	Pirmasens	50.0	1
163	FWB Kunststofftechnik GmbH	Germany	Pirmasens	20.1	162
164	H+S Verwaltungs GmbH	Germany	Pirmasens	50.0	1
165	INTEDIS GmbH & Co. KG	Germany	Würzburg	50.0	1
166	INTEDIS Verwaltungs-GmbH	Germany	Würzburg	50.0	1

Since no significant influence is exercised over the following companies, they were treated as investments.

Investments

Number	Company	Country	City	Investment	
				in %	in
167	PARTSLIFE GmbH	Germany	Neu-Isenburg	9.7	1
168	TecAlliance GmbH	Germany	Ismaning	7.0	1
169	EMC Test NRW GmbH electromagnetic compatibility	Germany	Dortmund	11.6	1
170	CarTec Technologie- und EntwicklungsCentrum GmbH	Germany	Lippstadt	16.7	1
171	KFE Kompetenzzentrum Fahrzeug Elektronik GmbH	Germany	Lippstadt	12.0	1

Auditor's report

"We have audited the consolidated financial statements prepared by HELLA KGaA Hueck & Co., Lippstadt, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated cash flow statement, the consolidated statement of changes in shareholders' equity and the notes to the consolidated financial statement together with the Group management report for the fiscal year from 1 June 2016 to 31 May 2017. The preparation of the consolidated financial statements and the Group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (Handelsgesetzbuch – HGB) are the responsibility of the company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report on the basis of our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group, and expectations as to possible misstatements, are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group

management report are examined primarily on the basis of spot checks within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in the scope of consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements, complies with the German statutory requirements, and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Bielefeld, 2 August 2017

KPMG AG
Wirtschaftsprüfungsgesellschaft

Ufer
Wirtschaftsprüfer

Dr. Hain
Wirtschaftsprüfer

Responsibility statement

on the consolidated financial statements, annual financial statements, Group management report and management report of HELLA KGaA Hueck & Co. dated 31 May 2017.

To the best of our knowledge, the consolidated financial statements and annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and the company in accordance with applicable accounting principles, and the Group management report and management report include a fair review of the

development and performance of the business and the position of both the Group and the company, together with a description of the principal opportunities and risks associated with the expected development of the group.

Lippstadt, 24 July 2017



Dr. Jürgen Behrend
(Managing General Partner of
HELLA KGaA Hueck & Co.)



Dr. Rolf Breidenbach
(President and CEO of HELLA
Geschäftsführungsgesellschaft mbH)



Markus Bannert
(Managing Director of HELLA
Geschäftsführungsgesellschaft mbH)



Dr. Werner Benade
(Managing Director of HELLA
Geschäftsführungsgesellschaft mbH)



Stefan Osterhage
(Managing Director of HELLA
Geschäftsführungsgesellschaft mbH)



Bernard Schäferbarthold
(Managing Director of HELLA
Geschäftsführungsgesellschaft mbH))



Dr. Matthias Schöllmann
(Managing Director of HELLA
Geschäftsführungsgesellschaft mbH)

Bodies of HELLA KGaA Hueck & Co.

Supervisory Board of HELLA KGaA Hueck & Co.

Prof. Dr. Michael Hoffmann-Becking

Attorney-at-law, Chairman of the Supervisory Board

Alfons Eilers

Trade union secretary, First Deputy Chairman

Laura Behrend

Shareholder, until 29 September 2016

Paul Berger

Member of the works council

Michaela Bittner

Senior executive

Heinrich Georg Bölter

Member of the works council

Manuel Frenzel

Shareholder

Elisabeth Fries

Shareholder

Stephanie Hueck

Entrepreneur

Susanna Hülsbömer

Member of the works council

Klaus Kühn

Former member of the Board of Management of Bayer AG

Manfred Menningen

Trade union secretary on the Executive Board of the German Metalworkers' Union (IG Metall)

Claudia Owen

Culture manager, since 29 September 2016

Manuel Rodriguez Cameselle

Member of the works council

Marco Schweizer

Master mechanic

Dr. Konstanze Thämer

Doctor

Christoph Thomas

Architect

Shareholder Committee

Manfred Wennemer

Formerly CEO of Continental AG, Chairman of the Shareholder Committee

Moritz Friesenhausen

Business consultant, until 29 March 2017

Roland Hammerstein

Attorney-at-law, Deputy Chairman

Dr.-Ing. Gerd Kleinert

Formerly CEO of Kolbenschmidt Pierburg AG

Klaus Kühn

Former member of the Board of Management of Bayer AG

Dr. Matthias Röpke

Engineer

Dipl.-Ing. Dipl.-Wirtsch.-Ing. Konstantin Thomas

Entrepreneur

Management Board

Dr. Jürgen Behrend

Managing General Partner

HELLA Geschäftsführungsgesellschaft mbH

General Partner

Dr. Rolf Breidenbach

President and CEO

Markus Bannert

Dr. Werner Benade

since 1 April 2017

Dr. Wolfgang Ollig

until 30 June 2016

Stefan Osterhage

Bernard Schäferbarthold

since 1 November 2016

Dr. Matthias Schöllmann

Glossary

AFLAC (American Family Life Assurance Company)

American insurance company specialised in health and life insurance.

AfS (available-for-sale)

Available-for-sale financial assets.

Asia/Pacific/RoW

The Asia / Pacific region comprises the countries of Asia as well as Australia and New Zealand. "Rest of world" (RoW) is the term used to cover all other countries outside of those regions mentioned specifically, such as the African states.

Associates

Associates are companies over which the Group exercises significant influence but no control.

At equity

Inclusion in the consolidated financial statements using the equity method with proportional equity.

Adjusted EBITDA margin

Adjusted EBITDA in relation to reported sales.

Adjusted EBIT margin

Adjusted EBIT in relation to reported sales.

Adjusted free cash flow

Net cash flow from operating activities after capital expenditure, adjusted for factoring, legal affairs and restructuring measures.

Adjusted EBITDA

Earnings before interest, income taxes, depreciation and amortisation, adjusted for the one-off charge resulting from the loss of a supplier in China, legal affairs and restructuring measures.

Adjusted EBIT

Earnings before interest and income taxes, adjusted for the one-off charge resulting from the loss of a supplier in China, legal affairs and restructuring measures.

Compliance

Adherence to statutory and internal Company provisions.

DBO (defined benefit obligation)

Value of obligations arising from the company pension scheme.

EBIT (earnings before interest and taxes)

Earnings before interest payments and income taxes.

EBIT margin

Return on sales (ratio of EBIT to sales).

EBITDA (earnings before interest, taxes and depreciation and amortisation)

Earnings before interest, income taxes, depreciation and amortisation.

EBITDA margin

Ratio of EBITDA to sales.

EBT (earnings before taxes)

Earnings before income taxes.

Return on equity

The return on equity is a ratio calculated by dividing net income by shareholders' equity.

Europe without Germany

This region comprises all countries in Europe including Turkey and Russia but excluding Germany.

FLAC (financial liabilities at amortised cost)

Financial liabilities measured at amortised cost (FLAC).

Free cash flow

Net cash flow from operating activities after capital expenditure, excluding company acquisitions.

R&D

Research and development.

Joint ventures

Joint ventures are joint arrangements in which HELLA exercises joint control together with other partners and also has rights to the arrangement's equity.

IFRS (International Financial Reporting Standards)

International accounting rules for company financial statements to guarantee international comparability of annual and consolidated financial statements.

HfT (held for trading)

Financial assets held for trading and financial liabilities held for trading.

KGaA (Kommanditgesellschaft auf Aktien)

The KGaA combines the elements of a stock corporation with those of a limited partnership.

LaR (loans and receivables)

Loans and receivables.

NAFTA (North American Free Trade Agreement)

The North American Free Trade Agreement is a trade association between Canada, the USA and Mexico, and forms a free trade zone in North America.

Net financial debt

Net financial debt as the balance of cash and cash equivalents and current financial assets and current and non-current financial liabilities.

Net capital expenditure

Payments for the acquisition of property, plant and equipment and intangible assets less cash proceeds from the sale of property, plant and equipment and intangible assets as well as payments received for series production.

North, Central and South America

This region comprises all countries of North, Central and South America.

Rating

In terms of financial accounting, the rating is a method for classifying creditworthiness. This rating is issued by independent rating agencies on the basis of a company analysis.

RoIC (return on invested capital)

The ratio of operating income before financing costs and after taxes (return) to invested capital.

Segment sales

Sales with third-party companies and other business segments.

Segment sales of the business division

Sales with third-party companies, other business segments and other business divisions of the same business segment.

SOE, Special OE (Special Original Equipment)

Designation of "Special Original Equipment" at HELLA. In this division HELLA systematically taps customer target groups outside the automotive original equipment market, such as manufacturers of caravans, agricultural machinery and construction machinery and municipalities.

Tier-1 supplier

First-level supplier.

Legal notice

Publisher

HELLA KGaA Hueck & Co.
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This report is available in German and English.
Both versions are available for download at
www.HELLA.de/geschaeftsbericht (German) and
www.HELLA.com/annualreport (English).

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Cover and back cover: C3 Visual Lab; p. 8 – 11 C3;
P. 13 C3, S. 18 – 19 HELLA (2), C3

Key performance indicators

	2016/2017	2015/2016	2014/2015
Currency and portfolio-adjusted sales growth	4.3 %	7.5 %	6.9 %
Adjusted EBIT margin	8.1 %	7.5 %	7.6 %

In € million	2016/2017	2015/2016	2014/2015
Sales	6,585	6,352	5,835
Change compared to prior year	4 %	9 %	9 %
Adjusted earnings before interest and taxes (adjusted EBIT)	534	476	445
Change compared to prior year	12 %	7 %	12 %
Earnings before interest and taxes (EBIT)	507	420	430
Change compared to prior year	21 %	-2 %	24 %
Adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA)	946	858	781
Change compared to prior year	10 %	10 %	10 %
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	919	816	766
Change compared to prior year	13 %	7 %	17 %
Earnings for the period	343	272	295
Change compared to prior year	26 %	-8 %	29 %
Earnings per share (in €)	3.08	2.42	2.70
Change compared to prior year	27 %	-11 %	21 %
Adjusted free cash flow	149	155	158
Free cash flow	69	76	142
Net capital expenditure	517	463	347
Change compared to prior year	12 %	33 %	-6 %
Research and development (R&D) expenses	636	623	544
Change compared to prior year	2 %	15 %	6 %

	2016/2017	2015/2016	2014/2015
EBIT margin	7.7 %	6.6 %	7.4 %
Adjusted EBITDA margin	14.4 %	13.5 %	13.4 %
EBITDA margin	14.0 %	12.8 %	13.1 %
R&D expenses in relation to sales	9.7 %	9.8 %	9.3 %

	31 May 2017	31 May 2016	31 May 2015
Net financial debt (in € million)	278	238	131
Net financial debt / EBITDA	0.3x	0.3x	0.2x
Equity ratio	39.5 %	39.6 %	38.8 %
Return on equity	17.3 %	14.2 %	22.0 %
Employees	37,716	33,689	31,864

	1st quarter (1 June to 31 August 2016)	2nd quarter (1 September to 30 November 2016)	3rd quarter (1 December 2016 to 28 February 2017)	4th quarter (1 March to 31 May 2017)
Currency and portfolio-adjusted sales growth	5.2 %	-0.1 %	5.7 %	6.5 %
Sales (in € million)	1,553	1,645	1,578	1,809
Adjusted EBIT margin	7.6 %	9.1 %	6.6 %	8.9 %
Earnings before interest and taxes (EBIT, in € million)	117	129	103	159

Please note that where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding. Further information can be found in the financial statements for the Fiscal Year 2016/2017.