HELLA Investor Update

Preliminary Results FY 2022 (Jun 1, 2022 - Dec 31, 2022)

February 16th, 2023
Summary

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Preliminary Results FY 2022
(Jun 1, 2022 - Dec 31, 2022)
Solid performance in FY 2022 driven by further ramp-ups and high demand for core products

HELLA Group

› **Group Sales** at €4.4bn, high demand for core products and technologies

› **Accelerating outperformance due to growth in NSA and China**

› **Adjusted EBIT** at €222m, adj. EBIT margin at 5.0% (vs. 4.4% in FY 2021/2022)
  - improved inflation management with increased cost reimbursements from customers
  - continuous cost management and increased efficiency

› **Superior cash generation year-end, adj. FCF** from operating activities FY 2022 at €83m

› **Strong order intake** of around €7bn in FY 2022 driven by core products and innovations

› Significant success on **synergy** achievements with increased **cost synergy targets of > €300m at the end of 2025**
Successful business development in all business groups; numerous high-tech, large-volume customer projects won

**LIGHTING**

<table>
<thead>
<tr>
<th></th>
<th>FY 21/22</th>
<th>FY 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total sales (€bn)</td>
<td>3.0</td>
<td>2.1</td>
</tr>
<tr>
<td>EBIT (€m)</td>
<td>12</td>
<td>44</td>
</tr>
<tr>
<td>% of total sales</td>
<td>0.4%</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

❯ Capitalizing on market leadership position and strong customer portfolio
  - continuous ramp-up of volumes after productions starts in last fiscal year
  - further strong performance in China and NSA

❯ EBIT margin improvement to 2.1%:
  - positive leverage from additional volumes and operational improvements
  - negative net inflation impact

❯ Important order wins for digitalized lighting solutions
  - e.g. order wins for SSL|HD-headlamps and Front Phygital Shields

**ELECTRONICS**

<table>
<thead>
<tr>
<th></th>
<th>FY 21/22</th>
<th>FY 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total sales (€bn)</td>
<td>2.7</td>
<td>1.9</td>
</tr>
<tr>
<td>EBIT (€m)</td>
<td>149</td>
<td>124</td>
</tr>
<tr>
<td>% of total sales</td>
<td>5.5%</td>
<td>6.5%</td>
</tr>
</tbody>
</table>

❯ Leveraging product portfolio in fast growing markets
  - strategic growth areas like energy management and radar with strong business
  - backbone business with body electronics, sensors & actuators with good performance

❯ EBIT margin improvement to 6.5%:
  - positive leverage from additional volumes
  - under-proportional rise of R&D expenses

❯ Order intake feeds into strategic growth areas electrification & automated driving
  - e.g. order wins for BMS, converters, and radar solutions

**LIFE CYCLE SOLUTIONS**

<table>
<thead>
<tr>
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<th>FY 21/22</th>
<th>FY 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total sales (€bn)</td>
<td>1.0</td>
<td>0.6</td>
</tr>
<tr>
<td>EBIT (€m)</td>
<td>119</td>
<td>58</td>
</tr>
<tr>
<td>% of total sales</td>
<td>12.4%</td>
<td>10.1%</td>
</tr>
</tbody>
</table>

❯ Demand from core regions and customer groups
  - spare parts business particularly successful in the USA, Mexico and the Turkey
  - commercial vehicle business with growth especially in agricultural machinery, trucks, trailers and buses

❯ EBIT margin at 10.1%:
  - shifts in the product mix with lower Gross Profit Margin
  - higher logistics costs and investments in global distribution network
Outlook FY 2023
(Jan 1, 2023 - Dec 31, 2023)
HELLA is expecting flattish market development with 82m vehicles in 2023 due to volatility in China and Europa

Expected Global Light Vehicle production
in million units, IHS Markit® per 16 January 2023

HELLA takes a more conservative view, assuming a LVP of around 82m vehicles for CY 2023

Source: IHS Markit® (part of S&P Global)
HELLA FY 2023 outlook assumes record sales and improved cash flow generation

Outlook for the period January 1, 2023, to December 31, 2023
Based on an assumed LVP of around 82 million vehicles for the period

Consolidated sales
Currency and portfolio adjusted
In a range of around €8.0 to 8.5 billion

Operating Income Margin
In a range of around 5.5% to 7.0%

Net Cash Flow
Approximately 2% of reported sales

Operating Income Margin and Net Cash Flow/Sales expected to be initially lower in the first half of FY 2023
Profitability in the Lighting and Electronics Business Groups assumed to further develop based on the level of FY 2022

This guidance assumes no significant market deviation due to political, economical or social crises
Key Takeaways
Key Takeaways

❯ Solid performance in FY 2022
  
  • strong sales momentum and profitability improvements with efficient cost management
  
  • FY 2022 order intake of around €7bn underlines business success

❯ Sales and profitability growth in FY 2023
  
  • record sales in FY 2023 expected, high market outperformance based on strong position along market trends such as electrification and high takes rates
  
  • further margin improvement driven by top line growth and improved cost base
  
  • current trading as expected with slower start into FY 2023
  
  • inclusion of Net Cash Flow into outlook reflects crucial importance and management focus on cash conversion

❯ Cooperation with Faurecia progressed further; expected cost synergy targets raised to > €300m
Upcoming events

March 21, 2023 - FY 2022, Full Release
April 27, 2023 - Q1 FY 2023
April 28, 2023 - AGM FY 2022
July 25, 2023 - H1 FY 2023
## P&L Reconciliation

### SIMULATION 2021 (BASIS FOR CMD)

<table>
<thead>
<tr>
<th>€m</th>
<th>H2 2020/2021</th>
<th>H1 2021/2022</th>
<th>2021 Dec 20 to Nov 21</th>
<th>H1 2022 Dec 20 to Nov 21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>3279.4</td>
<td>+ 3037.1</td>
<td>= 6316.5</td>
<td>~€6.3bn shown at CMD Nov 2021</td>
</tr>
<tr>
<td>Adj. COGS</td>
<td>-2497.8</td>
<td>+ -2292.6</td>
<td>= -4790.4</td>
<td>-391.2</td>
</tr>
<tr>
<td>Adj. Gross profit</td>
<td>781.6</td>
<td>+ 744.5</td>
<td>= 1526.1</td>
<td>883.3</td>
</tr>
<tr>
<td>Adj. R&amp;D</td>
<td>-306.7</td>
<td>+ -337.9</td>
<td>= -644.6</td>
<td>-316.3</td>
</tr>
<tr>
<td>Adj. SG&amp;A</td>
<td>-249.2</td>
<td>+ -264.8</td>
<td>= -514.0</td>
<td>-316.3</td>
</tr>
<tr>
<td>JV income</td>
<td>16.7</td>
<td>+ 13.6</td>
<td>= 30.3</td>
<td>25.5</td>
</tr>
<tr>
<td>Other income from investments</td>
<td>-1.0</td>
<td>+ 0.4</td>
<td>= -0.7</td>
<td>0.4</td>
</tr>
<tr>
<td>Adj. EBIT</td>
<td>241.4</td>
<td>+ 155.8</td>
<td>= 397.1</td>
<td>201.7</td>
</tr>
<tr>
<td>Adj EBIT Margin</td>
<td>7.4%</td>
<td>5.1%</td>
<td>6.3%</td>
<td>5.3%</td>
</tr>
</tbody>
</table>

Deduct JV income

-16.7 | + -13.6 | = -30.3 | -25.5

Deduct other income from investments

1.0 | + -0.4 | = 0.7 | -0.4

**Operating Income**

225.7 | + 141.8 | = 367.5 | 175.8

**Operating Income Margin**

6.9% | 4.7% | 5.8% | 4.6%

### Operating Income Margin

- **Corresponds to the Adjusted EBIT Margin** excluding the earnings contribution of associates and joint ventures and other income from investments.

- **Reason for change to Operating Income Margin:**
  - scope for intervention in active management of associated companies and JVs is limited
  - earnings contribution decreased significantly, particularly due to the sale of HBPO as largest JV
  - Adjusted EBIT Margin is becoming less important for the management of HELLA
# Cash Flow Reconciliation

<table>
<thead>
<tr>
<th>SIMULATION 2021 (BASIS FOR CMD)</th>
<th>€m</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>H2 2020/2021</td>
</tr>
<tr>
<td>Adj. Operating Free cash flow (adj. OCFC)</td>
<td>233.7</td>
</tr>
<tr>
<td>Deduct adjustments incl. in adj. OCFC</td>
<td>126.2</td>
</tr>
<tr>
<td>t/o restructuring</td>
<td>63.1</td>
</tr>
<tr>
<td>t/o BHS dividend</td>
<td>0.0</td>
</tr>
<tr>
<td>t/o sale part Aglaia Berlin (1)</td>
<td>43.6</td>
</tr>
<tr>
<td>t/o legal case</td>
<td>12.5</td>
</tr>
<tr>
<td>t/o MHE tax payments (1)</td>
<td>7.0</td>
</tr>
<tr>
<td>t/o factoring</td>
<td>-112.6</td>
</tr>
<tr>
<td>t/o venture capital</td>
<td>3.9</td>
</tr>
<tr>
<td>Reported Operating Free cash flow</td>
<td>107.4</td>
</tr>
<tr>
<td>Deduct Net interest</td>
<td>-11.0</td>
</tr>
<tr>
<td>t/o Interests received</td>
<td>4.2</td>
</tr>
<tr>
<td>t/o Interests paid</td>
<td>-15.2</td>
</tr>
<tr>
<td>Net Cash Flow</td>
<td>96.4</td>
</tr>
<tr>
<td>Sales</td>
<td>3279.4</td>
</tr>
<tr>
<td>NCF/Sales</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

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## Net Cash Flow

- Corresponds to the **Reported Operating Free Cash Flow** excluding interest payments

- **Reason to include Net Cash Flow into outlook:**
  - cash and cash equivalents continue to be of great importance for HELLA
  - decision to prioritize a figure that is unadjusted and includes interests received and paid

(1) €46.1m includes tax payments of €37.5m and transaction costs of €5.4m in context of the sold front camera software activities and are not considered in the reconciliation. Same holds for tax payments of €7.0m in connection for the sell of shares in Mando HELLA Electronics (MHE)
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