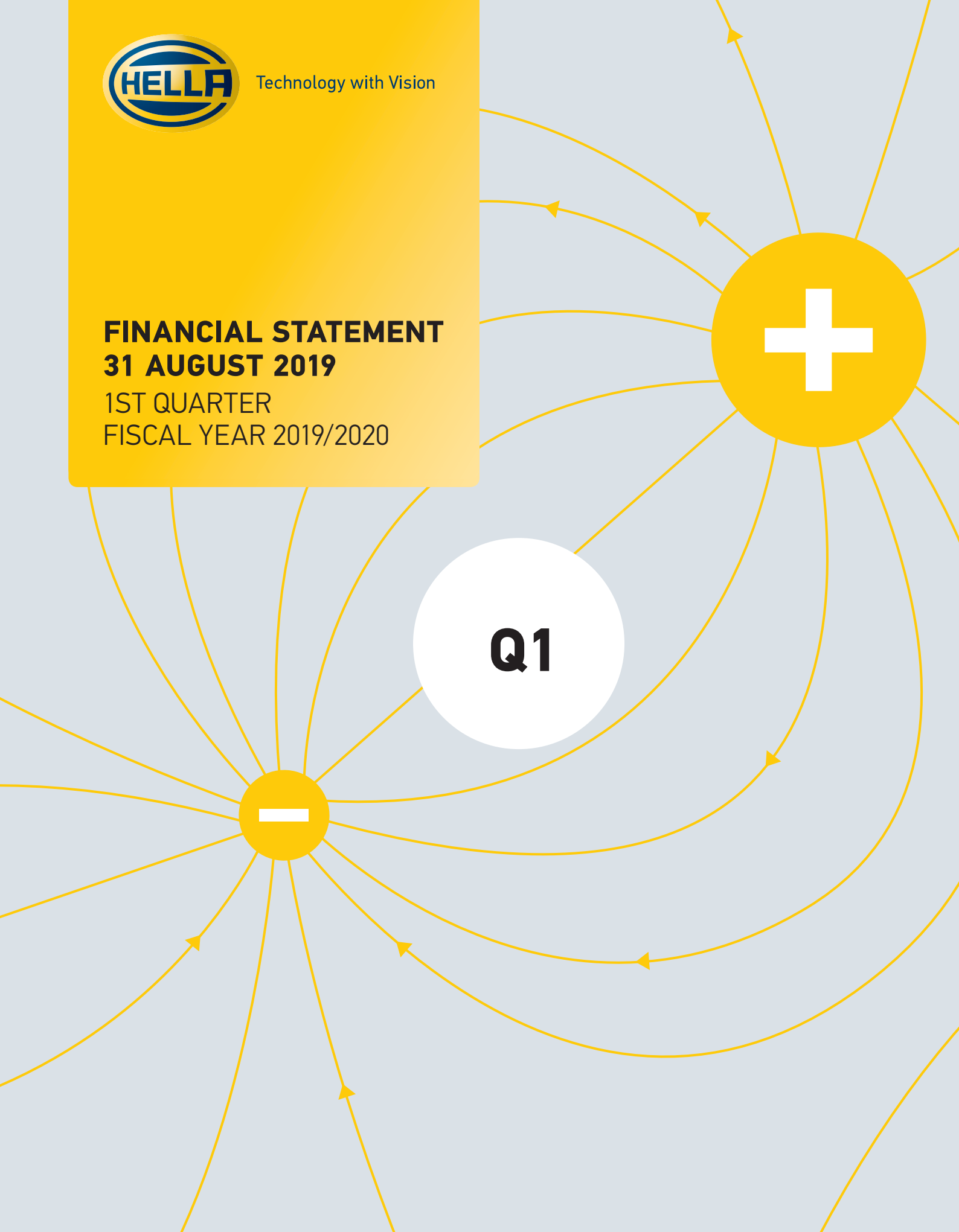
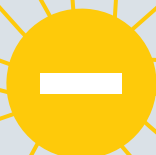
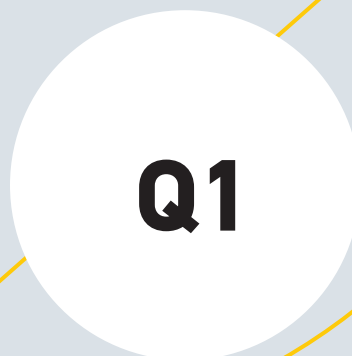




Technology with Vision

FINANCIAL STATEMENT
31 AUGUST 2019
1ST QUARTER
FISCAL YEAR 2019/2020



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Key performance indicators

	1st quarter 2019/2020	1st quarter 2018/2019
Currency and portfolio-adjusted sales growth	-5.5%	11.4%
Adjusted EBIT margin	7.2%	8.1%

In € million	1st quarter 2019/2020	1st quarter 2018/2019
Sales	1,570	1,650
<i>Change compared to prior year</i>	-5%	11%
Adjusted earnings before interest and taxes (adjusted EBIT)	113	134
<i>Change compared to prior year</i>	-16%	13%
Earnings before interest and taxes (EBIT)	111	139
<i>Change compared to prior year</i>	-20%	12%
Adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA)	215	220
<i>Change compared to prior year</i>	-2%	-1%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	212	226
<i>Change compared to prior year</i>	-6%	-1%
Earnings for the period	77	95
<i>Change compared to prior year</i>	-19%	15%
Earnings per share (in €)	0.69	0.86
<i>Change compared to prior year</i>	-20%	16%
Adjusted free cash flow from operating activities	70	62
Free cash flow from operating activities	67	56
Net capital expenditure	152	149
<i>Change compared to prior year</i>	2%	3%
Research and development (R&D) expenses	167	158
<i>Change compared to prior year</i>	6%	14%

	1st quarter 2019/2020	1st quarter 2018/2019
EBIT margin	7.1%	7.8%
Adjusted EBITDA margin	13.7%	13.3%
EBITDA margin	13.5%	12.6%
R&D expenses in relation to sales	10.6%	9.6%
Net capital expenditure in relation to sales	9.7%	8.4%

	31 August 2019	31 May 2019
Net financial liquidity (in € million)	112	66
Equity ratio	46.7%	46.3%
Return on equity (last 12 months)	20.5%	25.4%
Employees	38,245	38,845

HELLA successfully completed the exit from the wholesale business in fiscal year 2018/2019. To ensure comparability with the current fiscal year, the operating variables for the prior fiscal year 2018/2019 have been adjusted accordingly. For further information in this regard, please refer to the consolidated financial statements for the fiscal year 2018/2019.

Highlights

- **Currency and portfolio-adjusted consolidated sales** decrease 5.5% to € 1,558 million due to falling sales and production figures; reported consolidated sales drop 12.1%
 - **Adjusted earnings before interest and taxes** decrease to € 113 million; adjusted EBIT margin shrinks to 7.2%
 - **Adjusted free cash flow from operating activities** improves to € 70 million
 - **Production of passenger cars and light commercial vehicles** down with decline of 7.1% in first quarter
 - **Reported sales in the Automotive segment** fall 3.6% to € 1,333 million
 - **Reported sales in the Aftermarket segment** drop 8.9% to € 159 million in the first quarter of 2019/2020
 - **Reported sales in the Special Applications segment** drop 17.4% to € 83 million
 - **Outlook for fiscal year 2019/2020 confirmed**
-

INDUSTRY DEVELOPMENT

- **Worldwide production of passenger cars and light commercial vehicles is still down, having declined 7.1% in the first quarter of fiscal year 2019/2020**
- **Negative industry development in all core regions: Europe excluding Germany (-2.6%), Germany (-11.6%), North, Central, and South America (-1.9%) and Asia/Pacific/Rest of World (-10.1%)**

At the start of HELLA's fiscal year 2019/2020, the international automotive market was characterised by the further deterioration of the macroeconomic environment and other industry-specific challenges and uncertainties. According to the IHS market research institute data updated in September, the global production of passenger cars and light commercial vehicles in the first quarter of fiscal year 2019/2020 (1 June to 31 August 2019) decreased 7.1% to 20.6 million units (prior year: 22.2 million units) and thus extended the industry's overall downward trend.

In consequence, production declined in all regions relevant to HELLA during the reporting period. In Europe excluding Germany, the number of new vehicles produced fell 2.6% to 3.6 million units (prior year: 3.7 million units). The selective German market saw another significant decrease in new production of 11.6%, down to 1.1 million units (prior year: 1.2 million units). Light vehicle production was also down in North, Central and South America; the number of new vehicles produced in this region dropped 1.9% to 5.0 million units (prior year: 5.1 million units). In the US single market, light vehicle production increased slightly by 1.2% to 2.7 million units (prior year: 2.6 million units), but this small increase was only able to partially offset the overall decline in the region's industry development. In Asia/Pacific/Rest of World, light vehicle production decreased significantly, falling 10.1% to 11.0 million units (prior year: 12.2 million units) in the first quarter. This is

largely attributable to the Chinese market, where light vehicle production declined 13.3% to 5.3 million units (prior year: 6.1 million units).

BUSINESS DEVELOPMENT OF THE HELLA GROUP

- **Currency and portfolio-adjusted consolidated sales decrease 5.5% to € 1,558 million in the first quarter of fiscal year 2019/2020; reported sales drop 12.1%**
- **Declining sales is attributable to negative industry development and high prior-year basis in the run-up to the WLTP roll-out in September 2018**
- **Adjusted earnings before interest and taxes decrease to € 113 million; adjusted EBIT margin shrinks to 7.2%**
- **Lower business volume and higher capital expenditure in research and development reduce profitability**
- **Adjusted free cash flow from operating activities improves to € 70 million**

Results of operations

HELLA successfully completed its exit from the wholesale business in fiscal year 2018/2019. To ensure comparability with the current fiscal year, the operating variables for the prior fiscal year 2018/2019 have been adjusted accordingly. This adjusted consolidated income statement is shown in the table on the following page. The reported data are presented in the selected financial information; further information can be found in the consolidated financial statements for the fiscal year 2018/2019.

During the first quarter of HELLA's fiscal year 2019/2020 (1 June to 31 August 2019), currency and portfolio-adjusted sales for the HELLA Group decreased 5.5% year-on-year to

Production of passenger cars and light commercial vehicles during the first quarter of fiscal year 2019/2020 and 2018/2019

in thousands	1st quarter 2019/2020	+/-	1st quarter 2018/2019
Europe not including Germany	3,570	-2.6%	3,666
Germany	1,079	-11.6%	1,220
North, Central and South America	4,965	-1.9%	5,061
USA	2,666	+1.2%	2,634
Asia / Pacific / RoW	11,008	-10.1%	12,239
China	5,265	-13.3%	6,075
Worldwide	20,622	-7.1%	22,187

Source: IHS Light Vehicle Production Forecast, September 2019

Consolidated income statement

in € million	1st quarter 2019/2020	+/-	1st quarter 2018/2019
Sales	1,570	-4.9%	1,650
Cost of sales	-1,160		-1,206
Gross profit	410	-7.6%	444
Ratio of gross profit to sales	26.1%		26.9%
Research and development expenses	-167		-158
Distribution expenses	-91		-110
Administrative expenses	-54		-60
Other income and expenses	8		7
Earnings from investments accounted for using the equity method	7		11
Other income from investments	0		0
Adjusted earnings before interest and taxes (adjusted EBIT)	113	-15.6%	134
Ratio of adjusted EBIT to sales	7.2%		8.1%

In fiscal year 2018/2019 HELLA has successfully completed the exit from the wholesale business. To ensure comparability with the current fiscal year, the operating variables for the prior fiscal year 2018/2019 have been adjusted accordingly. Further information in this regard can be found in the consolidated financial statements for the fiscal year 2018/2019.

€ 1,558 million (prior year: € 1,650 million). The decline was partially caused by the further deterioration of conditions in the automotive industry, particularly in the Asian and European automotive markets. In addition, pull-forward effects from the September 2018 introduction of the new WLTP exhaust test procedure resulted in an extraordinary high comparable basis in the prior-year quarter. Taking currency translation effects (+0.7 percentage points) and effects from portfolio changes (-7.3 percentage points) into account, reported consolidated sales were down 12.1% to € 1,570 million (prior year: € 1,787 million).

Business development was negative in the reporting period for the regions of Europe excluding Germany, Germany, and Asia/Pacific/Rest of World. In the first three months of the

new fiscal year, sales decreased 2.1% to € 445 million in the region of Europe excluding Germany (prior year: € 454 million), 16.5% to € 511 million in the selective German market (prior year: € 612 million) and 4.9% to € 259 million in Asia/Pacific/Rest of World (prior year: € 272 million). By contrast, business in North, Central and South America grew considerably, and sales increased 14.0% to € 355 million (prior year: € 312 million).

The relatively small business volume also affected the Company's results of operations. For example, earnings before interest and taxes, once adjusted for restructuring and portfolio effects, (adjusted EBIT) fell 15.6% to € 113 million (prior year: € 134 million). The adjusted EBIT margin thus decreased to 7.2% (prior year: 8.1%). This decrease was caused

Reported sales of the HELLA in € millions (reported sales growth as well as currency and portfolio-adjusted sales growth year-on-year in %) for the first three months

2017/2018	1,629 (4.9%; 5.8%)
2018/2019	1,787 (9.7%; 11.4%)
2019/2020	1,570 (-12.1%; -5.5%)

Adjusted earnings before interest and taxes (adjusted EBIT; in € millions and as a % of portfolio-adjusted sales) for the first three months

2017/2018	119 (8.0%)
2018/2019	134 (8.1%)
2019/2020	113 (7.2%)

by a lower gross profit margin and higher research and development expenses, while distribution and administrative expenses declined due to efficiency measures.

Taking special effects into account, the reported earnings before interest and taxes (EBIT) in the reporting period dropped 19.8% to € 111 million (prior year: € 139 million). The reported EBIT margin in relation to reported consolidated sales is therefore 7.1% (prior year: 7.8%). In the reporting period, adjustments amounting to € 2 million have been made (previous year: € -4 million).

Due to the drop in sales, gross profit fell 7.6% to € 410 million in the first quarter (prior year: € 444 million). As a consequence, the gross profit margin dropped to 26.1% (prior year: 26.9%) despite having achieved savings, particularly in material and personnel costs.

Research and development expenses increased to € 167 million (prior year: € 158 million) in the first quarter of the current fiscal year. The R&D ratio thus increased to 10.6% (prior year: 9.6%) in relation to the comparatively lower consolidated sales. Capital expenditure in research and development increased partly as a result of preparing for new customer projects. Research and development expenses were also incurred to bolster and expand HELLA's leading technological position along automotive market trends amid accelerating change within the industry. Trends particularly relevant to HELLA in this context are autonomous driving, efficiency and electrification, digitalisation and connectivity, as well as individualisation.

During the first quarter of fiscal year 2019/2020, the distribution and administrative expenses as well as the net balance of other income and expenses decreased to a total of € 137 million (prior year: € 163 million). This puts the ratio of these expenses to sales at 8.7% (prior year: 9.9%). The decrease was largely achieved by exploiting cost savings potentials within distribution and administration.

The contribution to earnings made by joint ventures decreased to € 7 million in the reporting period (prior year: € 11 million). The contribution of joint ventures to the Group-wide adjusted EBIT thus declined to 6.5% (prior year: 7.9%). The decline is largely due to the elimination of recognised earnings contributions from joint venture Behr Hella Service as HELLA is going to sell its shares to MAHLE on 31 December 2019.

The net financial result during the reporting period is € -8 million (prior year: € -12 million). Income tax expenses amounted to € 26 million for this period (prior year: € 31 million).

The earnings for the period thus dropped to € 77 million overall in the first quarter (prior year: € 95 million). Earnings per share decrease to € 0.69 in the reporting period (prior year: € 0.86).

Financial status

In the first three months of fiscal year 2019/2020, net cash flow from operating activities increased € 13 million to € 219 million when compared with the prior-year quarter (prior year: € 205 million).

Cash investing activities excluding payments for the acquisition of company shares or capital increases/repayments and securities amount to € 152 million (prior year: € 149 million). They mainly included capital expenditures towards the long-term expansion of the worldwide development, administration and production network. HELLA also invested considerable sums in product-specific capital equipment.

As part of active management of the liquidity available to the Group, € 174 million was invested in securities during the reporting period (prior year: € 59 million). For liquidity management purposes, capital is usually invested in short-term securities or securities with a liquid market, meaning that these

funds can be made available for potential operating requirements at short notice.

In the first quarter of fiscal year 2019/2020, the adjusted free cash flow from operating activities increased to € 70 million (prior year: € 62 million). In the reporting period, the free cash flow from operating activities was adjusted for payments for restructuring measures amounting to € 3 million (prior year: € 6 million for payments for restructuring measures and portfolio adjustments in connection with the sale of the wholesale business).

Taking these special effects into account, the reported free cash flow from operating activities rose to € 67 million (prior year: € 56 million).

Total cash outflows from financing activities came to approximately € 33 million (prior year: inflow of € 1 million). Net drawn credit stood at € 31 million (prior year: € 5 million net new borrowing).

Compared to the end of the prior year, liquidity from cash and cash equivalents decreased € 146 million to € 731 million (31 May 2019: € 877 million). Including current financial assets, which essentially comprise securities of € 736 million (31 May 2019: € 557 million), available funds rose to € 1,467 million (31 May 2019: € 1,434 million). On this basis, HELLA is able to satisfy its payment obligations.

Financial position

Compared to the balance sheet date at the end of the prior fiscal year 2018/2019, total assets decreased € 28 million to € 6,381 million (prior year: € 6,410 million). The equity ratio stood at 46.7% and was thus above the level on the balance sheet date of 31 May 2019 (46.3%). The equity ratio relative to total assets adjusted for liquidity comes to 61%.

Current and non-current financial liabilities decreased € 13 million to € 1,355 million (31 May 2019: € 1,368 million).

Net financial liquidity as the balance of cash and current financial assets as well as current and non-current financial liabilities increased by a total of € 46 million to € 112 million (31 May 2019: € 66 million).

On 22 August 2019, Moody's affirmed HELLA's rating of Baa1 but changed the rating outlook to "negative".

Further events

CORPORATE BOND

- ▶ HELLA successfully placed a corporate bond of € 500 million with a maturity of more than seven years on the capital market. The bond, which matures on 26 January 2027, has a coupon of 0.5 percent. The cash inflow will primarily be used to refinance the € 500 million bond maturing in January 2020.

HELLA CO-INNOVATION PLATFORM

- ▶ HELLA is strengthening its collaboration with a number of selected, high-performing suppliers via a new innovation competition, "HELLA Co-Innovation Platform", which it is leveraging to advance its own innovative strength even further. The platform aims to integrate highly innovative suppliers in the early stages of product development and promote the development of new, future-oriented technologies. HELLA now plans to work with the companies who won the competition in advancing concrete development projects in steering electronics, actuator technology and 48 V voltage converters.

FORWARD-LOOKING BATTERY SOLUTIONS FOR MILD HYBRIDS

- ▶ HELLA provides comprehensive support to its customers on the road to electromobility. The company now offers innovative battery module solutions specifically designed for mild hybrids: the Dual Voltage Battery Management System and the PowerPack 48 Volt. These battery solutions can achieve savings of 5 to 6 grams of CO₂ per kilometre, thereby helping to reach CO₂ targets in the short term. For its Dual Voltage Battery Management System, HELLA also received the AutomotiveINNOVATIONS Award 2019 as the most successful automotive supplier in the Powertrain category.

COMPREHENSIVE LIGHTING SOLUTIONS FOR COMPLEX SYSTEMS

- ▶ As innovation cycles accelerate and technologies grow more complex, more and more manufacturers are looking for system solutions that can be easily customised. To meet this need, HELLA has become the first supplier to provide an end-to-end system for lighting systems: Light Design. All components, from headlamp modules to control units to sensors, can be combined in this modular system. Automobile manufacturers also receive software solutions to simulate light functions (ALiSiA) or design animations (GAIN).

BUSINESS DEVELOPMENT OF THE SEGMENTS

Automotive

- **Reported sales in the Automotive segment fall 3.6% to € 1,333 million in the first quarter of 2019/2020**
- **Sales decline due to lower global vehicle sales and production figures and an high prior-year figure in the run-up to the WLTP roll-out in September 2018**
- **Earnings before interest and taxes decrease to € 93 million; EBIT margin is 7.0%**
- **Capital expenditure on research and development increases more to prepare for new customer projects and strengthen technological leadership**

Reported sales from the Automotive segment decreased 3.6% to € 1,333 million in the first quarter of fiscal year 2019/2020 (prior year: € 1,383 million). The decrease was primarily attributable to the still-challenging market environment in which vehicle sales and production figures are

declining worldwide. Poor market and business development in Asia and Europe including Germany had a particularly adverse impact on sales in the Automotive segment. In addition, pull-forward effects from the September 2018 introduction of the new WLTP exhaust test procedure produced an unusually high comparison value in the first quarter of the previous fiscal year.

Earnings before interest and taxes (EBIT) for the Automotive segment decreased 11.7% to € 93 million in the reporting period (prior year: € 106 million). The EBIT margin is therefore 7.0% (prior year: 7.6%). One reason for the decrease was the smaller gross profit margin, which narrowed considerably despite reductions in material and personnel costs as production volumes declined. The profitability of the Automotive segment was also decreased by a rise in research and development expenses to prepare for new customer projects and develop new future-oriented technologies.

Income statement for the Automotive segment

in € million	1st quarter 2019/2020	+/-	1st quarter 2018/2019
Sales with external customers	1,322		1,372
Intersegment sales	11		11
Segment sales	1,333	-3.6%	1,383
Cost of sales	-1,015		-1,040
Gross profit	318	-7.4%	343
Ratio of gross profit to sales	23.9%		24.8%
Research and development expenses	-159		-151
Distribution expenses	-40		-53
Administrative expenses	-44		-47
Other income and expenses	10		5
Earnings from investments accounted for using the equity method	7		8
Earnings before interest and taxes (EBIT)	93	-11.7%	106
Earnings before interest and taxes in relation to segment sales (EBIT margin)	7.0%		7.6%

Aftermarket

- ▶ **Reported sales in the Aftermarket segment drop 8.9% to € 159 million in the first quarter of 2019/2020**
- ▶ **Low market demand in Southwest Europe and the Middle East curtails spare parts business; high prior-year basis responsible for sales decline in workshop equipment business**
- ▶ **Earnings before interest and taxes decrease to € 13 million; EBIT margin on the prior-year level**
- ▶ **Improved cost efficiency and product mix effects compensate for lower sales volume**

Reported sales in the Aftermarket segment decreased 8.9% to € 159 million in the first three months of fiscal year 2019/2020 (prior year: € 174 million). Both the independent spare parts business and the business with sophisticated workshop equipment declined during this period. The spare parts business reported a drop in sales due to persistently

low market demand in Southwest Europe and the Middle East. The sales decline was only partially offset by growth in the US and the expanding Eastern European market. Business with workshop equipment declined year-on-year since the prior-year quarter enjoyed disproportionately strong demand for exhaust test devices due to new regulatory requirements in Germany.

Earnings before interest and taxes (EBIT) in the Aftermarket segment declined 8.9% to € 13 million in the first quarter (prior year: € 15 million). The EBIT margin thus comes to 8.4%, which is unchanged from the year before (prior year: 8.4%). The impact of lower business volume on segment profitability was offset by improved material costs and distribution expenses as well as further product mix effects, which had a positive influence on the gross profit margin. In addition, earnings contributions from joint venture Behr Hella Service are no longer being recognised since HELLA is going to sell its shares to MAHLE on 31 December 2019.

Income statement for the Aftermarket segment*

in € million	1st quarter 2019/2020	+/-	1st quarter 2018/2019
Sales with external customers	158		174
Intersegment sales	1		1
Segment sales	159	-8.9%	174
Cost of sales	-100		-113
Gross profit	59	-3.4%	61
Ratio of gross profit to sales	37.1%		35.0%
Research and development expenses	-5		-3
Distribution expenses	-37		-42
Administrative expenses	-7		-6
Other income and expenses	3		2
Earnings from investments accounted for using the equity method	0		3
Earnings before interest and taxes (EBIT)	13	-8.9%	15
Earnings before interest and taxes in relation to segment sales (EBIT margin)	8.4%		8.4%

* excluding the wholesale business in fiscal year 2018/2019 For more information, refer to the consolidated financial statements for the fiscal year 2018/2019.

Special Applications

- **Reported sales in the Special Applications segment drop 17.4% to € 83 million in the first quarter of 2019/2020**
- **Weak development in business for agricultural and construction vehicles, as well as for trailers**
- **Earnings before interest and taxes decrease to € 8 million; EBIT margin is 9.4%**
- **EBIT margin narrows due to lower sales and negative product mix effects**

Reported segment sales in the Special Applications segment declined 17.4% to € 83 million in the first quarter of fiscal year

2019/2020 (prior year: € 100 million). The decline is mainly attributable to significantly weaker demand in business for agricultural and construction vehicles, as well as for trailers.

Earnings before interest and taxes (EBIT) for the segment also decreased to € 8 million (prior year: € 13 million). The EBIT margin thus comes to 9.4% (prior year: 12.8%). The decrease was caused by higher cost ratios for research and development expenses as well as distribution and administrative expenses despite improvements made in material and personnel costs, which increased the gross profit margin even as business volume shrank.

Income statement for the Special Applications segment

in € million	1st quarter 2019/2020	+/-	1st quarter 2018/2019
Sales with external customers	81		98
Intersegment sales	2		2
Segment sales	83	-17.4%	100
Cost of sales	-50		-62
Gross profit	33	-15.6%	39
Ratio of gross profit to sales	39.4%		38.5%
Research and development expenses	-4		-4
Distribution expenses	-14		-15
Administrative expenses	-7		-8
Other income and expenses	1		1
Earnings from investments accounted for using the equity method	0		0
Earnings before interest and taxes (EBIT)	8	-39.4%	13
Earnings before interest and taxes in relation to segment sales (EBIT margin)	9.4%		12.8%

OPPORTUNITY AND RISK REPORT

There were no significant changes in the opportunities and risks during the reporting period. Details of the significant opportunities and risks may be found in the annual report 2018/2019.

FORECAST REPORT

- ▶ **Industry outlook revised further downward for fiscal year 2019/2020: IHS currently forecasting a 4.0% reduction in global production of passenger cars and light commercial vehicles**
- ▶ **HELLA confirms company outlook for the current fiscal year**

Industry outlook

The international automotive market will continue to trend downward in HELLA's fiscal year 2019/2020 (1 June 2019 to 31 May 2020), and thus remain on the same generally negative growth path as in the past fiscal year 2018/2019. According to the IHS Light Vehicle Production Forecast for fiscal year 2019/2020, which was last updated in September 2019, global light vehicle production is now expected to decrease 4.0% to 88.0 million units (prior year: 91.7 million units). In July, the IHS forecast anticipated a smaller decline of 1.3%. The Company believes this negative industry outlook may deteriorate even more due to further declining production figures in the course of fiscal year 2019/2020. In addition, the Company expects the market and economic

environment to be characterised by tremendous uncertainty due to factors such as trade tensions and the still-unresolved Brexit outcome. This makes it even more difficult to forecast the future development of the industry.

With regard to the number of new units produced in Europe excluding Germany, a decrease of 3.4% to 15.9 million units (prior year: 16.5 million units) is now anticipated. New production for the German single market is forecast to decrease 4.1% to 4.9 million units (prior year: 5.1 million units). In North, Central and South America, light vehicle production is expected to decline 0.7% to 20.0 million units (prior year: 20.2 million units) although the US market will probably remain unchanged from its prior-year level of 10.9 million units. In Asia/Pacific/Rest of World, production is expected to shrink 5.5% to 47.2 million units (prior year: 50.0 million units). In the selective Chinese market, production figures are expected to decrease 4.2% to 24.0 million units (prior year: 25.1 million units).

Company outlook

The Company outlook for the current fiscal year 2019/2020 is still in line with the forecast published in the annual report 2018/2019. For example, as the industry outlook for the current fiscal year continues to deteriorate, HELLA expects currency- and portfolio-adjusted consolidated sales of approximately € 6.5 billion to € 7.0 billion (prior year portfolio adjusted: nearly € 6.8 billion). The Company expects the ratio of earnings before interest and taxes adjusted for restructuring measures and portfolio effects to the portfolio-adjusted consolidated sales (adjusted EBIT margin) to be between about 6.5% and 7.5% (prior year, adjusted for restructuring measures and portfolio effects: 8.4%).

Expected production of passenger cars and light commercial vehicles in fiscal year 2019/2020

in thousands	2019/2020	+/-	2018/2019
Europe not including Germany	15,928	-3.4%	16,494
Germany	4,868	-4.1%	5,076
North, Central and South America	20,014	-0.7%	20,157
USA	10,944	+0.7%	10,872
Asia / Pacific / RoW	47,216	-5.5%	49,952
China	24,026	-4.2%	25,075
Worldwide	88,026	-4.0 %	91,680

Source: IHS Light Vehicle Production Forecast, September 2019

SELECTED FINANCIAL INFORMATION**Consolidated income statement**

of HELLA GmbH & Co. KGaA

€ thousand	1st quarter 1 June to 31 August 2019	1st quarter 1 June to 31 August 2018*
Sales	1,569,820	1,786,682
Cost of sales	-1,162,033	-1,296,112
Gross profit	407,786	490,570
Research and development expenses	-167,071	-157,746
Distribution expenses	-90,732	-152,315
Administrative expenses	-53,996	-59,791
Other income and expenses	7,671	6,889
Earnings from investments accounted for using the equity method	7,421	10,581
Other income from investments	0	359
Earnings before interest and taxes (EBIT)	111,080	138,546
Financial income	7,346	8,411
Financial expenses	-15,191	-20,097
Net financial result	-7,845	-11,686
Earnings before income taxes (EBT)	103,234	126,860
Income taxes	-26,172	-31,490
Earnings for the period	77,063	95,370
of which attributable:		
to the owners of the parent company	76,808	95,476
to non-controlling interests	254	-106
Basic earnings per share in €	0.69	0.86
Diluted earnings per share in €	0.69	0.86

* The prior-year figures from the consolidated income statement have been adjusted. Please refer to the consolidated financial statements of fiscal year 2018/2019 for further information.

Segment reporting

The segment information for the first three months (1 June to 31 August) of the fiscal years 2019/2020 and 2018/2019 is as follows:

€ thousand	Automotive		Aftermarket		Special Applications	
	2019/2020	2018/2019*	2019/2020	2018/2019*	2019/2020	2018/2019*
Sales with external customers	1,321,717	1,371,652	157,556	173,679	80,817	97,958
Intersegment sales	11,153	11,376	1,225	566	2,105	2,412
Segment sales	1,332,870	1,383,028	158,782	174,246	82,922	100,370
Cost of sales	-1,014,915	-1,039,601	-99,798	-113,181	-50,287	-61,709
Gross profit	317,954	343,427	58,984	61,065	32,635	38,661
Research and development expenses	-158,579	-150,691	-4,603	-3,416	-3,829	-3,741
Distribution expenses	-39,765	-52,789	-37,331	-42,148	-14,393	-15,085
Administrative expenses	-43,750	-46,954	-6,582	-5,737	-7,143	-7,842
Other income and expenses	10,238	5,003	2,683	1,997	537	897
Earnings from investments accounted for using the equity method	7,248	7,717	173	2,863	0	0
Other income from investments	0	0	0	0	0	0
Earnings before interest and taxes (EBIT)	93,346	105,715	13,325	14,624	7,807	12,889
Additions to intangible assets and property, plant and equipment	83,844	87,996	4,354	5,459	6,071	7,240

* The prior-year figures for the segments have been adjusted. Please refer to the consolidated financial statements of the fiscal year 2018/2019 for further information.

Sales with external third parties in the fiscal years 2019/2020 and 2018/2019 are as follows:

€ thousand	Automotive		Aftermarket		Special Applications	
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019
Sales from the sale of goods	1,272,136	1,320,441	147,756	165,156	80,459	96,008
Sales from the rendering of services	49,580	51,210	9,801	8,523	358	1,949
Sales with external customers	1,321,717	1,371,652	157,556	173,679	80,817	97,958

Sales reconciliation:

€ thousand	2019/2020	2018/2019
Total sales of the reporting segments	1,574,573	1,657,644
Sales in other divisions	23,055	21,699
Wholesale sales	0	136,685
Elimination of intersegment sales	-27,809	-29,346
Consolidated sales	1,569,820	1,786,682

Reconciliation of the segment results with consolidated net profit:

€ thousand	2019/2020	2018/2019*
EBIT of the reporting segments	114,478	133,228
EBIT of other divisions	-1,077	1,082
EBIT wholesale	0	5,662
EBIT adjustments	-2,321	-1,426
Consolidated EBIT	111,080	138,546
Net financial result	-7,845	-11,686
Consolidated EBT	103,234	126,860

* The prior-year figures for the segments have been adjusted. Please refer to the consolidated financial statements of fiscal year 2018/2019 for further information.

Consolidated statement of financial position

of HELLA GmbH & Co. KGaA

€ thousand	31 August 2019	31 May 2019	31 August 2018
Cash and cash equivalents	731,150	876,763	617,533
Financial assets	736,341	557,131	387,932
Trade receivables	969,404	1,065,804	995,076
Other receivables and non-financial assets	218,804	207,838	191,728
Inventories	887,194	810,277	969,693
Current tax assets	15,169	37,326	16,279
Contract assets	33,632	35,944	27,807
Assets held for sale	40,694	27,838	282,489
Current assets	3,632,387	3,618,922	3,488,537
Intangible assets	393,886	383,494	315,155
Property, plant and equipment	1,916,846	1,941,659	1,597,662
Financial assets	45,519	43,105	38,216
Investments accounted for using the equity method	241,328	273,347	272,542
Deferred tax assets	98,449	95,241	113,129
Other non-current assets	52,963	53,861	49,250
Non-current assets	2,748,991	2,790,707	2,385,955
Assets	6,381,379	6,409,629	5,874,491
Financial liabilities	565,815	582,060	32,228
Trade payables	755,466	796,644	692,848
Current tax liabilities	30,838	44,389	44,728
Other liabilities	395,625	422,754	555,804
Provisions	128,090	131,862	94,080
Contract obligations	132,258	132,141	1,622
Liabilities held for sale	602	0	96,599
Current liabilities	2,008,694	2,109,851	1,517,909
Financial liabilities	789,508	786,102	1,294,338
Deferred tax liabilities	14,840	37,874	48,248
Other liabilities	103,210	100,601	88,735
Provisions	483,004	406,710	360,691
Non-current liabilities	1,390,562	1,331,287	1,792,012
Subscribed capital	222,222	222,222	222,222
Reserves and unappropriated surplus	2,757,035	2,743,660	2,339,905
Equity before non-controlling interests	2,979,257	2,965,882	2,562,127
Non-controlling interests	2,865	2,609	2,443
Equity	2,982,123	2,968,491	2,564,570
Equity and liabilities	6,381,379	6,409,629	5,874,491

Consolidated cash flow statement

of HELLA GmbH & Co. KGaA for the period from 1 June to 31 August

€ thousand	2019/2020	2018/2019
Earnings before income taxes (EBT)	103,234	126,860
+ Depreciation and amortisation	101,288	87,222
+/- Change in provisions	2,540	-23,835
+/- Other non-cash income / expenses	-2,037	-34,280
+/- Losses / profits from the sale of intangible assets and property, plant and equipment	-221	183
+ Net financial result	7,845	11,686
+ Change in trade receivables and other assets not attributable to investing or financing activities	80,725	48,206
- Change in inventories	-82,934	-83,981
+ Change in trade payables and other liabilities not attributable to investing or financing activities	5,388	88,003
- Net tax payments	-22,030	-39,847
+ Dividends received	24,927	25,058
= Net cash flow from operating activities	218,725	205,277
+ Cash receipts from the sale of intangible assets and property, plant and equipment	6,465	2,474
- Payments for the purchase of intangible assets and property, plant and equipment	-158,419	-151,793
+ Net payments for loans granted to investments	350	175
- Net payments from changes in equity to investments	-2,677	0
- Net payments for the purchase and sale of securities	-173,786	-59,079
= Net cash flow from investing activities	-328,067	-208,223
+/- Net payments from the borrowing/repayment of financial liabilities	-30,632	5,158
- Net interest payments	-2,774	-3,380
- Dividends paid	0	-667
= Net cash flow from financing activities	-33,406	1,112
= Net change in cash and cash equivalents	-142,748	-1,834
+ Cash and cash equivalents as at 1 June	876,763	688,187
- Cash and cash equivalents of a disposal group	-616	-63,878
- Effect of exchange rate changes on cash and cash equivalents	-2,249	-4,942
= Cash and cash equivalents as at 31 August	731,150	617,533

FURTHER NOTES

01 Basic information

HELLA GmbH & Co. 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, joint venture companies produce complete vehicle modules and air conditioning systems. The Group's production and manufacturing sites are located across the globe; its most significant markets are in Europe, the USA and Asia, particularly South 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 GmbH & Co. KGaA 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 information in the financial report as at 31 August 2019 is stated in thousands of euros (€ thousand). The financial report is prepared using accounting and valuation methods that are applied consistently within the Group on the basis of amortised historical cost or production costs. This does not apply to assets that are available for sale and derivative financial instruments, which are reported 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. Please note that where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding.

02 Currency translation

Currency translation differences arising from the translation of earnings and balance sheet items of all Group com-

panies which have a functional currency deviating from the euro are reported within the currency translation differences reserves.

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

	Average 1st quarter		Reporting date		
	2019/2020	2018/2019	31 August 2019	31 May 2019	31 August 2018
€ 1 = US dollar	1.1208	1.1630	1.1036	1.1151	1.1651
€ 1 = Czech koruna	25.6505	25.7747	25.9140	25.8160	25.7350
€ 1 = Japanese yen	120.5107	128.9221	117.2800	121.2700	129.0500
€ 1 = Mexican peso	21.6696	22.5558	22.1567	21.8922	22.3628
€ 1 = Chinese renminbi	7.7838	7.7686	7.8908	7.7045	7.9664
€ 1 = South Korean won	1,330.4412	1,294.8803	1,333.2100	1,328.3100	1,301.9100
€ 1 = Romanian leu	4.7277	4.6522	4.7284	4.7430	4.6437

03 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 operating result margin (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, effects of a non-recurring or exceptional nature in 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.

In the current reporting period 2019/2020, the costs for the restructuring measures of € 2,321 thousand (prior year: € 1,426 thousand) have been adjusted in EBIT. Contributions from wholesale distribution included in the first three months of fiscal year 2018/2019 have also been adjusted via a portfolio adjustment (€ 5,662 thousand).

The corresponding reconciliation statement for the first three months of fiscal year 2019/2020 is as follows:

€ thousand	2019/2020 as reported	Adjustment	2019/2020 adjusted
Sales	1,569,820	0	1,569,820
Cost of sales	-1,162,033	2,231	-1,159,802
Gross profit	407,786	2,231	410,018
Research and development expenses	-167,071	0	-167,071
Distribution expenses	-90,732	13	-90,719
Administrative expenses	-53,996	77	-53,919
Other income and expenses	7,671	0	7,671
Earnings from investments accounted for using the equity method	7,421	0	7,421
Other income from investments	0	0	0
Earnings before interest and taxes (EBIT)	111,080	2,321	113,401

The corresponding reconciliation statement for the first three months of fiscal year 2018/2019 is as follows:

€ thousand	2018/2019 adjusted	Adjustment	Portfolio adjustment	2018/2019 adjusted
Sales	1,786,682	0	-136,685	1,649,997
Cost of sales	-1,296,112	32	89,818	-1,206,263
Gross profit	490,570	32	-46,868	443,734
Research and development expenses	-157,746	0	0	-157,746
Distribution expenses	-152,315	654	41,559	-110,101
Administrative expenses	-59,791	0	0	-59,791
Other income and expenses	6,889	740	-354	7,275
Earnings from investments accounted for using the equity method	10,581	0	0	10,581
Other income from investments	359	0	0	359
Earnings before interest and taxes (EBIT)	138,546	1,426	-5,662	134,310

04 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 that 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 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.

In the current reporting period 2019/2020, as in the prior year, the free cash flow from operating activities is adjusted for the payments made in connection with the restructuring measures amounting to € 2,959 thousand (prior year: € 3,424 thousand). The wholesale distribution components included in fiscal year 2018/2019 have also been factored into the adjusted figures via a portfolio adjustment.

The performance of the adjusted free cash flow from operating activities for the first three months of fiscal years 2019/2020 and 2018/2019 is shown in the following tables:

€ thousand	2019/2020 as reported	Adjustment	2019/2020 adjusted
Earnings before income taxes (EBT)	103,234	2,321	105,556
+ Depreciation and amortisation	101,288	0	101,288
+ Change in provisions	2,540	1,334	3,874
+ Other non-cash income / expenses	-2,037	14	-2,023
- Losses / profits from the sale of intangible assets and property, plant and equipment	-221	0	-221
+ Net financial result	7,845	0	7,845
+ Change in trade receivables and other assets not attributable to investing or financing activities	80,725	0	80,725
- Change in inventories	-82,934	0	-82,934
+ Change in trade payables and other liabilities not attributable to investing or financing activities	5,388	-688	4,700
- Net tax payments	-22,030	-23	-22,053
+ Dividends received	24,927	0	24,927
= Net cash flow from operating activities	218,725	2,959	221,683
+ Cash receipts from the sale of intangible assets and property, plant and equipment	6,465	0	6,465
- Payments for the purchase of intangible assets and property, plant and equipment	-158,419	0	-158,419
= Free cash flow from operating activities	66,771	2,959	69,730

€ thousand	2018/2019 adjusted	Adjustment	Portfolio adjustment	2018/2019 adjusted
Earnings before income taxes (EBT)	126,860	1,426	-5,400	122,886
+ Depreciation and amortisation	87,222	0	-1,637	85,585
- Change in provisions	-23,835	3,175	-10	-20,670
- Other non-cash income / expenses	-34,280	0	1,377	-32,903
+ Losses / profits from the sale of intangible assets and property, plant and equipment	183	0	0	183
+ Net financial result	11,686	0	-262	11,424
+ Change in trade receivables and other assets not attributable to investing or financing activities	48,206	0	-7,280	40,926
- Change in inventories	-83,981	0	14,119	-69,862
+ Change in trade payables and other liabilities not attributable to investing or financing activities	88,003	-982	1,663	88,684
- Net tax payments	-39,847	-195	90	-39,952
+ Dividends received	25,058	0	0	25,058
= Net cash flow from operating activities	205,277	3,424	2,660	211,361
+ Cash receipts from the sale of intangible assets and property, plant and equipment	2,474	0	-21	2,453
- Payments for the purchase of intangible assets and property, plant and equipment	-151,793	0	137	-151,656
= Free cash flow from operating activities	55,958	3,424	2,776	62,158

05 Events after the balance sheet date

HELLA issued a new bond (WKN identification number: A2YN2Z) for € 500 million that matures on 26 January 2027 in order to early refinance a bond scheduled to mature in January 2020. The issue proceeds were received in early September 2019. The bond has a coupon of 0.5%. Interest is paid on 26 January every year; the first coupon payment will be on 26 January 2020.

HELLA has initiated and executed a plan to sell its equity interest in HSL Electronics Corporation, headquartered in South Korea, in order to optimise its portfolio in the electronics business. Its former 50% equity holding was last reported under investments accounted for using the equity method and presented with the pro rata after-tax earnings in the Automotive segment. In these quarterly financial statements, the investment is accounted for in assets held for sale. The sale was successfully completed on 11 September 2019.

Lippstadt, 23 September 2019

The Managing General Partner of HELLA GmbH & Co. KGaA

Hella Geschäftsführungsgesellschaft mbH



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