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HELLA GmbH & Co. KGaA

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Press contact:

Dr. Markus Richter
Company spokesman
HELLA GmbH & Co. KGaA
Rixbecker Straße 75
59552 Lippstadt
Deutschland
Tel.: +49 (0)2941 38-7545
Fax: +49 (0)2941 38-477545
Markus.Richter@hella.com
www.hella.com

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The company: brief portrait and key figures

HELLA is a family-owned company listed on the stock exchange and one of the top 40 automotive suppliers worldwide. HELLA specializes in innovative lighting systems and vehicle electronics and has been a reliable partner for the automotive industry for more than one hundred years. In the fiscal year 2017/2018, the Group achieved sales of roughly € 7.1 billion and has currently over 40,000 employees worldwide.

The company is headquartered in Lippstadt (North Rhine-Westphalia, Germany) and has been among the innovative leaders in vehicle lighting since its founding in 1899. In the business division Electronics HELLA has achieved a market leading position in many product segments in Europe as well as globally. With cutting-edge technology, HELLA primarily serves central market trends of the automotive industry: autonomous driving, efficiency and electrification, connectivity and digitalization and individualization. HELLA is also a partner of wholesalers and workshops, while also being active as a wholesaler in the markets of certain countries. Additionally, HELLA develops and sells lighting and electronics solutions for manufacturers of special vehicles, such as buses, caravans and agricultural and construction machinery.

HELLA has a global presence with over 125 locations in roughly 35 countries and is continuing its global expansion to benefit from regional growth opportunities. Also, HELLA is working with industry partners for example in joint ventures as well as in open, flexible partnerships to increase its company profile using this tried-and-tested network strategy.

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Key Financials in € mill.	FY 2017/2018	FY 2016/2017	Change
Sales	7,060	6,585	+7.2%
EBIT adjusted*	581	534	+8.8%
EBIT	574	507	+13.2%
Consolidated profit	390	343	+13.7%
Earnings per share / in €	3.50	3.08	+13.7%
Adjusted EBIT margin	8.2%	8.1%	+0.1 percentage points
EBIT margin	8.1%	7.7%	+0.4 percentage points
Dividend per share / in €	1.05**	0.92	+14.1%
Employees (May 31)	40,263	37,716	+6.8%
Equity ratio	41.9%	39.5%	+2.4 percentage points

* For further information, please refer to the Consolidated Financial Statement for Fiscal Year 2017/2018.

** The distribution of a dividend in the amount of € 1.05 per share will be proposed to the Annual General Meeting, which takes places on September 28, 2018.



HISTORY AND MILESTONES

- 1899** Founding of "Westfälische Metall-Industrie Aktien-Gesellschaft" as a specialty factory for lanterns, headlamps, horns, and pads for bicycles, wagons, and automobiles
- 1908** The "HELLA" trademark is created and the first product innovation hits the market—the "System HELLA" acetylene headlamp
- 1957** HELLA ventures into electronics and produces the first fully electronic flasher unit
- 1961** **Beginning of internationalization with the first foreign factory**
- 1984** Sales exceed one billion for the first time (in Deutsche Mark)
- 1986** **Company changes its name to HELLA KG Hueck & Co.**
- 1990** HELLA employs more than 20,000 employees worldwide
- 1992** HELLA founds its first subsidiary in Eastern Europe. In the same year, the first generation of HELLA xenon headlamps goes into series production
- 1999** Beginning of the network strategy: joint venture with Behr
- 2000** Expansion of global activities through joint ventures in China and South Korea
- 2003** Change to a "Kommanditgesellschaft auf Aktien" (partnership limited by shares) under the name HELLA KGaA Hueck & Co.
- 2011** HELLA expands its own international presence by founding locations in China, Brazil, Mexico, and Dubai
- 2013** Introduction of a state-of-the-art development center for electronics in Lippstadt. In the same year, HELLA introduces the world's first LED matrix headlamp
- 2014** HELLA opens the HELLA Globe, a guest house with conference center and sports facilities for international visitors to the Lippstadt location
- 2014** **Initial Public Offering: On November 11, 2014 HELLA shares are traded for the first time on the Frankfurt Stock Exchange**
- 2015** HELLA moves up into MDAX only a few months after the initial listing
- 2016** Presentation of MULTIBEAM LED headlamp, a development in partnership between Daimler and HELLA
- 2018** Development of a comprehensive lighting package for new Audi A8 including front and rear lighting as well as the interior lighting in collaboration with Audi



Business divisions, segments and business activities

HELLA's business activities are divided into three segments: Automotive, Aftermarket, and Special Applications. The Automotive segment includes the business divisions Lighting and Electronics and produced sales of € 5.4 billion in the fiscal year 2017/2018, which makes for a 76 percent share of the company's consolidated sales. Its customer base includes vehicle manufacturers across the globe as well as other automotive suppliers.

The Aftermarket segment, which achieved sales of € 1.2 billion in the fiscal year 2017/2018, stands on three pillars: the independent aftermarket, the business with sophisticated workshop equipment and wholesale distribution.

In the Special Applications business segment, which achieved sales of € 0.4 billion in the fiscal year 2017/2018, HELLA develops, manufactures and sells lighting and electronics products for special vehicles such as buses, caravans, agricultural and construction machinery.

Business division Lighting

In the business division Lighting HELLA develops and produces headlamps, rear lamps as well as car body and interior lighting for nearly all reputable OEMs throughout the world. Through its long-standing cooperation with premium original equipment manufacturers, HELLA has established a particularly strong position in the area of innovative high-end lighting products. After a successful market launch, HELLA has also been working intensively on modularization and the rollout of these technologies in other vehicle segments. Lighting is the largest business division, having sales of € 3.0 billion in fiscal year 2017/2018.



The innovative capacity of HELLA in the lighting technology segment is central to the company's history: HELLA has launched a number of innovative lighting solutions since the company was first founded: Starting with the first Acetylene headlamps in 1908 and the first headlamps with asymmetric light distribution in 1957 to the start of the world's first series production of full LED headlamps in 2008. This was followed in 2013 by the world's first Matrix LED headlamps, which emit a permanent high beam without dazzling oncoming traffic. In 2016, HELLA presented a world's first – the MULTIBEAM LED headlamp. This headlamp, developed in collaboration with Daimler, features 84 LEDs arranged in three rows, each of which can be controlled individually. This individual control allows for an extremely precise, highly-adjustable light distribution in the entire high beam range and, for the first time, emits a low beam which is not reliant on mechanical actuators. In 2018, HELLA has developed a comprehensive lighting concept for the new A8 in collaboration with Audi.

Business division Electronics

In the business division Electronics, HELLA is particularly focusing on innovative product solutions for central market trends of the automotive industry. Thanks to continuous innovations, HELLA has achieved a leading position on the global market in many fields. In the fiscal year 2017/2018, Electronics sales stood at around € 2.4 billion.

HELLA's range of services in the business division Electronics includes special sensors and actuators, body electronics, lighting electronics and innovative technologies for driver assistance, energy management systems and power steering. For example, HELLA's radar sensors ensure a higher level of safety in traffic, as they monitor the rear of the vehicle and assist the driver when changing lane or carrying out a reverse bay parking manoeuvre. Our Intelligent Battery Sensor is key for efficient energy management in the vehicle, as it monitors the status of the battery and ensures that the car is ready to start at any time. Together with network partners, HELLA is one of the



global market leaders with currently more than 14 million intelligent battery sensors sold annually and some 20 million 24 GHz radar sensors sold to date. In the field of comfort functions, HELLA offers a wide variety of products on a global basis, including key fobs, rain/light sensors and air-conditioning sensors.

Business segment Aftermarket

In the business segment Aftermarket, HELLA is one of the most important partners for spare parts distributors and independent workshops in Europe. In fiscal year 2017/2018, the business segment Aftermarket contributed € 1.2 billion to consolidated sales.

The business segment Aftermarket stands on three pillars: the independent aftermarket, workshop equipment and wholesale. HELLA is a leading independent aftermarket partners in Europe for spare parts and for independent workshops. Via a dedicated network and together with a large number of partners, HELLA sells vehicle-specific or universal wear parts, spare parts and accessories and offers its customers the highest level of technical service and sales support. With an offer of high-quality workshop equipment, at the heart of which is the company's subsidiary, Hella Gutmann Solutions, HELLA helps workshops to diagnose, maintain and repair vehicles. Thanks to our comprehensive expertise and longstanding experience, HELLA is a strong partner for workshops that require practical support with extensive vehicle data and diagnostics units that are intuitive to use. In this context, HELLA will align its aftermarket activities even more consequently along its own original equipment competencies especially in the areas of lighting and electronics while closely linking them to the company's great workshop equipment expertise. On August 1, 2018, HELLA has simultaneously established its new Mobility Solutions business unit for tapping into new digital business models. In selected countries HELLA currently is also active as a wholesaler.



Business segment Special Applications

In the business segment Special Applications, HELLA develops, manufactures and sells lighting and electronics products for special vehicles such as construction equipment, agricultural vehicles, buses and motor homes, as well as for the marine sector. The high level of technological expertise in the Automotive segment provides the launch pad for innovative product solutions in this segment. Segment sales in fiscal year 2017/2018 came to around € 0.4 billion. The main driver of the business performance here, too, is the accelerated roll-out of LED technology as well as the transfer of knowledge from the business division Electronics.

HELLA offers standard products as well as vehicle-specific innovations for commercial and numerous special vehicles. As a result, customers benefit from technological and economical synergies with a large-scale automotive production. The highly diversified portfolio of the business division Lighting includes front and rear lights, work and auxiliary headlamps, beacons and roof beams. The range of electric and electronic products includes components for smart energy management in vehicles, rain and light sensors, turning angle sensors, module switches and flasher units. HELLA's products are specially designed for the extreme external conditions to which agricultural and construction vehicles, municipal vehicles or off-road vehicles are exposed on a day-to-day basis.

Global presence and growth strategy

HELLA is a globally positioned company that started on the road to internationalization in the 1960s. 1961 saw HELLA's very first foreign factory. In China HELLA has been present for almost 25 years now. A central part of the corporate strategy is gaining a global presence in significant growth markets. In fiscal year 2017/2018 HELLA generated roughly one third of its consolidated sales in the markets outside Europe.



Geographic proximity to customers is thus an important success factor for HELLA and ensures a great deal of flexibility in addressing local demand. In this regard, the HELLA "leading concept" is an important part of the growth strategy. Following this central strategy, HELLA co-ordinates worldwide development principally from Germany. In contrast, there are local development centers in the large growth regions, which support regionally specific adaptation on the one hand and also advance independent developments for the relevant markets on the other. In this way, HELLA pursues market-driven customization of technologies and product designs to meet customer needs.

HELLA's success is also largely based on the innovation and technological leadership that has always been a feature of the company. More than 7,000 employees throughout the world work in research and development. In the past fiscal year HELLA invested almost € 700 million in research and development to develop its technologies further. This corresponds to 9.8 percent of the consolidated sales and demonstrates a clear strategic objective of bolstering the position as an established technological leader in the automotive industry.

Shareholders and corporate management

HELLA is an internationally operating, family-owned company with a history spanning more than 100 years. In 2003, HELLA changed to a "Kommanditgesellschaft auf Aktien" (partnership limited by shares). Since the successful initial public offering in November 2014, the HELLA shares are being traded in the Prime Standard of the regulated market of the Frankfurt stock exchange, its inclusion in the SDAX followed as early as January 2015. Only a few months later, HELLA moved up into MDAX.

The family shareholders continue to constitute the largest HELLA shareholder group. The free float is 40 percent. According to the definition of Deutsche Börse (German

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Stock Exchange), the number of shares held by the family shareholders that are not included in the pool agreement accounts is assigned to the free float. The remaining shares are held by institutional investors as well as private shareholders.

The company is managed by the Hella Geschäftsführungsgesellschaft mbH headed by Dr. Rolf Breidenbach, which is the sole managing general partner of the company. The Shareholders' Committee, consisting of four family shareholders and three external members, is the major regulatory body of HELLA GmbH & Co KGaA. Together with the Supervisory Board it advises the Management Board and makes decisions on the actions of the Management Board that require approval.