HELLA Investor Update
FY 2015/16

Analyst Conference and Conference Call on August 11th, 2016

Dr. Rolf Breidenbach, CEO
Carl Pohlschmidt, Finance Director
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This document contains an English translation of the accounts of the Company and its subsidiaries. In the event of a discrepancy between the English translation herein and the official German version of such accounts, the official German version is the legal valid and binding version of the accounts and shall prevail.
HELLA Investor Update FY 2015/16

Outline

- HELLA Financial Highlights FY 2015/16
- HELLA Financial Result FY 2015/16
- Outlook
- Q&A
Strong sales growth and profitability increase in FY 2015/16
Financial Highlights FY 2015/16

Sales

- HELLA Group sales up 8.9% YoY to 6.4 bill. EUR, thereof 1.4%-points FX effects (mainly USD and CNY)

Profitability

- Adjusted Gross Profit margin at 27.0% (+0.4%-points YoY)
- Adjusted EBIT +32 mill. EUR (+7%YoY) to 476 mill. EUR
- Adjusted EBIT margin at 7.5% (-0.1%-points YoY)

Liquidity

- Adjusted Operative Cash Flow +14 mill. EUR (+12%YoY) to 134 mill. EUR

Note: GPM adjusted for one-off charges for supplier default, EBIT adjusted for one-off charges for supplier default and restructuring expenses. Adjusted Operative Cash flow excludes cash restructuring payments, reduction of factoring program and one-off effect from supplier default.
HELLA Automotive outperforms the global market in FY 2015/16
Financial Highlights FY 2015/16

Global¹ new passenger car registration

<table>
<thead>
<tr>
<th></th>
<th>FY 13/14</th>
<th>FY 14/15</th>
<th>FY 15/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>NCR (mil.)</td>
<td>59.3</td>
<td>61.3</td>
<td>63.8</td>
</tr>
</tbody>
</table>

HELLA global Automotive revenue

<table>
<thead>
<tr>
<th></th>
<th>FY 13/14</th>
<th>FY 14/15</th>
<th>FY 15/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive external sales (EURbn)</td>
<td>3,924</td>
<td>4,364</td>
<td>4,804</td>
</tr>
</tbody>
</table>

- HELLA global Automotive sales growth outperformed the market by approximately 6%-points
- Excluding FX, outperformance of approximately 5%-points

Source: HELLA; VDA Research  ¹ Approximation including only most important markets
Strong Automotive performance in China
Financial Highlights FY 2015/16

Automotive end customer sales* China

- China continues to be an important growth driver
- China entities sales growth by 16% to around 0.7 bn. EUR
- 15% share with local OEMs
- Top local customers include Great Wall, South East, BAIC Motor, Geely, ChangAn, JAC and Chery

* Consolidated sales, China approximation based on HELLA analysis; Source: VDA, HELLA
HELLEA Investor Update FY 2015/16

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Improved productivity in Automotive results in Gross Profit increase
Financial results FY 2015/16

EUR millions and % sales

**Adjusted* Gross Profit**

<table>
<thead>
<tr>
<th></th>
<th>FY 14/15</th>
<th>FY 15/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,554</td>
<td>1,715</td>
<td></td>
</tr>
<tr>
<td>+161</td>
<td></td>
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</tbody>
</table>

**Adjusted* Gross Profit margin**

<table>
<thead>
<tr>
<th></th>
<th>FY 14/15</th>
<th>FY 15/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>26.6</td>
<td>27.0</td>
<td></td>
</tr>
<tr>
<td>+0.4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Adjusted* Gross Profit increased by 161 mill EUR (+10%) to 1,715 mill. EUR
- Adjusted* Gross Profit margin improved by 0.4%-points to 27.0% driven by increased productivity in the Automotive segment

*adjusted for one-off charges for supplier default
High R&D expenses to secure future growth

Financial results FY 2015/16

EUR millions and % sales

**R&D expenses**

- **Absolute R&D expenses** increased by 80 mill. EUR to 623 mill. EUR
  - Strong investments in next generation lighting technologies
  - Strategic growth projects in energy management and driver assistance
  - Over proportional increase in acquired projects
  - Targeted R&D efficiency not reached

- **FY15/16 ratio** increased by **0.5pp** to **9.8%**

<table>
<thead>
<tr>
<th>Year</th>
<th>R&amp;D expenses (EUR millions)</th>
<th>R&amp;D expenses ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 14/15</td>
<td>544</td>
<td>9.3%</td>
</tr>
<tr>
<td>FY 15/16</td>
<td>623</td>
<td>9.8%</td>
</tr>
</tbody>
</table>
Rather stable development of SG&A costs
Financial results FY 2015/16

Adjusted* SG&A expenses

<table>
<thead>
<tr>
<th>FY 14/15</th>
<th>FY 15/16</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>636</td>
<td>678</td>
<td>+42</td>
</tr>
</tbody>
</table>

Adjusted* SG&A expenses ratio

<table>
<thead>
<tr>
<th>FY 14/15</th>
<th>FY 15/16</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.9</td>
<td>10.7</td>
<td>-0.2</td>
</tr>
</tbody>
</table>

- **Distribution** expenses +38 mill. EUR to 494 mill. EUR due to higher Aftermarket sales and increased level of operations in Eastern Europe
- **Adj.* other income and expenses** +17 mill EUR to 34 mill. EUR due to lower impairments and restructuring expenses
- **Admin. expenses** +21 mill. EUR to 218 mill. EUR due to growth related investments in corporate functions
- Distribution cost ratio constant at 7.8%
- **Adj.* Other income and expenses ratio** +0.3%-points to 0.5%. Including charges for supplier case ratio declined by 0.1%-points to 0.2%
- Admin. costs ratio constant at 3.4%

*adjusted for one-off charges for supplier default
Adjusted EBIT above prior-year’s level
Financial results FY 2015/16

EUR millions and % sales

<table>
<thead>
<tr>
<th>Adjusted* EBIT</th>
<th>FY 14/15</th>
<th>FY 15/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>445</td>
<td>476</td>
<td></td>
</tr>
<tr>
<td>+32</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Adjusted* EBIT increased by 32 mill. EUR (+7%) to 476 mill. EUR

<table>
<thead>
<tr>
<th>Adjusted* EBIT margin</th>
<th>FY 14/15</th>
<th>FY 15/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.6</td>
<td>7.5</td>
<td></td>
</tr>
<tr>
<td>-0.1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Adjusted* EBIT margin decreased by 0.1%-points to 7.5% mainly due to increase in R&D ratio by 0.5%-points

*adjusted for one-off charges for supplier default and restructuring expenses
Cash flow improvements achieved
Financial results FY 2015/16

Adjusted Operative CF

- Adjust.* operative CF +14 mill. EUR to 134 mill. EUR:
- Lower WC consumption compared to FY 14/15, mainly due to under-proportional inventory build-up and over-proportional payables increase
- Net CAPEX +116 mill. EUR to 463 mill. EUR

Net CAPEX

- Continuous investments in customer-specific equipment and footprint increase
- Reimbursements decreased by 47 mill. EUR to 83 mill. EUR depending on project launches
Low leverage and stable financing situation
Financial results FY 2015/16

EUR millions

**Net Debt**
- Gross debt decreased by 13 mill. EUR to 1,152 mill. EUR
- Cash and short-term financial investments available for sale decreased by 94 mill EUR to 914 mill. EUR
- Net debt increase by 106 mill. EUR to 238 mill. EUR

**Net Debt / EBITDA**
- EBITDA increased by 50 mill. EUR (+7%) to 816 mill. EUR
- Net Debt/EBITDA increased to 0.3x
Automotive main growth and profitability driver
Financial results FY 2015/16

**Automotive External Sales**
- Strong demand for **innovative electronics** and **lighting products**
- High demand in **Europe** and in **China**

**Automotive Profitability**
- Adjusted* EBIT margin stable at 8.1%, mainly due to
  - increased adj.** GPM
  - higher R&D ratio
  - lower JV contribution, mainly weak Korean JV in Q1

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* External sales  
** adjusted for one-off charges for supplier default
Non Automotive segments with positive FY 15/16 contribution
Financial results FY 2015/16

Aftermarket
- IAM growth after market recovery
- Strong wholesale business
- Positive demand for garage products
- Higher EBIT margin due to positive product mix and increasing sales

Special Applications
- Special OE with increasing sales
- Stabilization in the agricultural sector
- Special OE with positive EBIT due to product mix
- Industries sales decline with negative profitability, negative one-offs in connection with the sale
Quarterly sales and EBIT development
Financial results FY 2015/16

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>FY 14/15</td>
<td>FY 15/16</td>
<td>FY 14/15</td>
<td>FY 15/16</td>
<td>FY 14/15</td>
</tr>
<tr>
<td>Sales growth</td>
<td>4.5%</td>
<td>7.5%</td>
<td>8.7%</td>
<td>15.5%</td>
<td>9.2%</td>
</tr>
<tr>
<td>Adj. EBIT margin</td>
<td>6.8%</td>
<td>9.3%</td>
<td>6.0%</td>
<td>7.7%</td>
<td>7.6%</td>
</tr>
</tbody>
</table>

*adjusted for one-off charges for supplier default and restructuring expenses
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## Positive growth outlook in key regions
### Outlook

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<thead>
<tr>
<th>Region</th>
<th>Expected Automotive Sales (in m pieces)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>3.3</td>
<td>■ Growth expectation increased to 3% for 2016</td>
</tr>
<tr>
<td>Western Europe</td>
<td>13.8</td>
<td>■ Continuing growth in 2016 expected after strong 2015, potential negative implications from BREXIT not included</td>
</tr>
<tr>
<td>incl. Germany</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>17.5</td>
<td>■ Modest growth of 1% in 2016 after strong 2015 expected</td>
</tr>
<tr>
<td>China</td>
<td>21.7</td>
<td>■ Positive growth in 2016 expected supported by government program, partly advanced demand from 2017</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-81</td>
<td>■ Overall growing expectations in key markets. RoW with partly significant declines. Still uncertainty with respect to political and economic conditions</td>
</tr>
</tbody>
</table>

Source: VDA (as of June 2016), HELLA own analysis
Positive company specific development in FY 16/17 expected Outlook

Presuming no serious economic turmoil, we assume a positive development of the operative HELLA business for FY 2016/17:

<table>
<thead>
<tr>
<th><strong>Guidance</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales Growth</strong></td>
</tr>
<tr>
<td>Growth in a mid-single digit percentage range</td>
</tr>
<tr>
<td><strong>Adj. EBIT Growth</strong></td>
</tr>
<tr>
<td>Growth in a mid-single digit percentage range</td>
</tr>
<tr>
<td><strong>Adj. EBIT margin</strong></td>
</tr>
<tr>
<td>More or less remain at the prior year’s level</td>
</tr>
<tr>
<td><strong>Mid-term growth prospects</strong></td>
</tr>
<tr>
<td>Order intake in the last two years expected to result in acceleration of growth dynamic beyond FY 16/17</td>
</tr>
</tbody>
</table>
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Thanks for your attention

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