



**Operating earnings (EBIT) in the first quarter and forecast for the full financial year 2015/2016 affected by one-off charges due to the failure of a Chinese supplier**

- Sales in the first quarter increase by 14% to EUR 1.50 billion; organic growth of 10% after adjustment for exchange rate effects
- The failure of a supplier in China leads to negative one-off charges in the first quarter and the remainder of the financial year of up to EUR 50 million overall
- Supply chain adjustments have already been initiated
- Preliminary operating earnings (EBIT) in the first quarter decline to EUR 69 million (previous year quarter: EUR 95 million) due to negative one-off charges
- Forecast for financial year 2015/2016: Sales growth in the middle to high single-digit percentage range confirmed, EBIT likely down year-on-year as a result of the negative one-off charges

**Lippstadt, 17 September 2015.** HELLA KGaA Hueck & Co. suffered a significant decline of earnings in the first quarter after the failure of a Chinese supplier even though organic sales developed positively.

According to preliminary numbers, sales increased by 14% to EUR 1.50 billion year on year. About 4% of this is due to exchange rate effects. New product launches in the automotive segment and strong demand in the Americas, Europe and China were key contributors to this development.

The strong development of sales cannot offset the drag on operating earnings (EBIT) in the first quarter and the remainder of the year that results from the failure of a Chinese supplier for injection moulding components, however. To protect the supply chain, the production of the affected intermediate products is being completely reorganised which will lead to considerable extra costs and additional write-offs. Overall, this situation will likely result in a negative one-off effect of about EUR 30 million on EBIT in the first

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quarter. To this effect, additional extraordinary strains on EBIT are also expected over the remaining quarters of the financial year and particularly in the current second quarter. In financial year 2015/2016, the failure of the Chinese supplier will therefore result in one-off charges of up to EUR 50 million.

As any automotive supplier, HELLA is subject to special procurement risks where only a single resource is available for the competitive production of specific components. Still, the company views this specific supplier failure as a particular and extraordinary incident.

Due to these one-off charges, preliminary EBIT in the first quarter of financial year 2015/2016 declines significantly year on year by 27% to EUR 69 million. The preliminary operating margin (EBIT margin) declines accordingly from 7.2% in the year-earlier quarter to 4.6% in the first quarter. Without this one-off charge, preliminary EBIT would have grown by about 4% and the preliminary EBIT margin would be 6.6% after adjustment for this one-off charge. In the operating business, earnings were weighed down by new product launches of the new, complex LED technology in the automotive business in Eastern Europe and China as well as a year-on-year increase of research and development expenses.

In the light of these developments, it seems unlikely that the overall charges from the supplier failure can be offset during the financial year. While HELLA still expects revenues to grow in the middle to high single-digit percentage range over the full financial year, EBIT will likely be down year-on-year as a result of the one-off charges. The EBIT margin will fall accordingly year-on-year.

An explanatory conference call will be held on 18 September 2015 at 10:00 AM after the publication of the preliminary numbers for the first quarter of financial year

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2015/2016. The final and detailed numbers for the first quarter 2015/2016 will be published as scheduled on 25 September 2015.

**Please note:**

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**HELLA KGaA Hueck & Co., Lippstadt:** HELLA is a global, family-owned company, listed on the stock exchange, with approx. 32,000 employees at 100 locations in more than 35 countries. The HELLA Group develops and manufactures lighting technology and electronic components and systems for the automotive industry and also has one of the largest retail organizations for automotive parts, accessories, diagnostics, and services within Europe. Complete vehicle modules, air-conditioning systems, and vehicle electrical systems are also produced in joint venture companies. With more than 6,000 people working in research and development, HELLA is one of the most important innovation drivers on the market. In addition, with sales of € 5.8 billion in fiscal year 2014/2015, the HELLA Group is one of the top 40 automotive suppliers in the world and one of the 100 largest German industrial companies.

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