

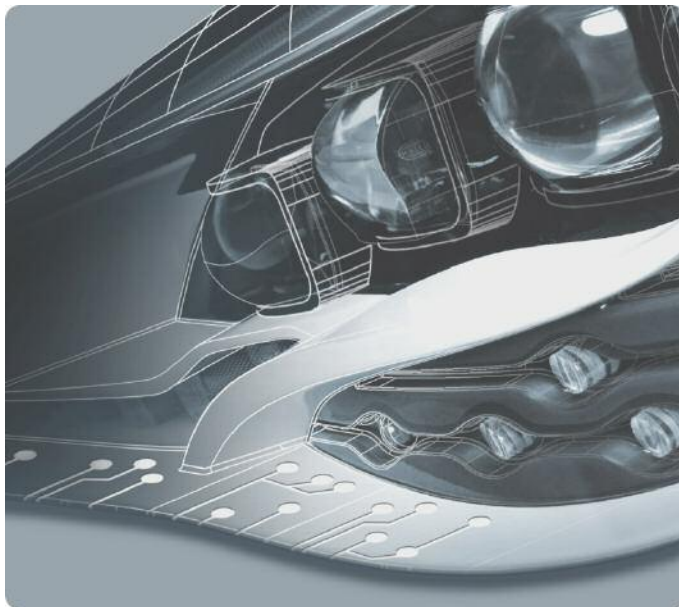


Technology with Vision

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

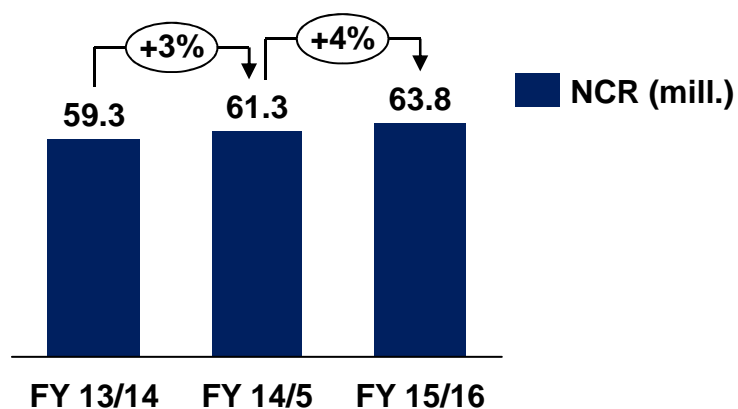
- **Adjusted Operative Cash Flow +14 mill. EUR (+12%YoY) to 134 mill. EUR**

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

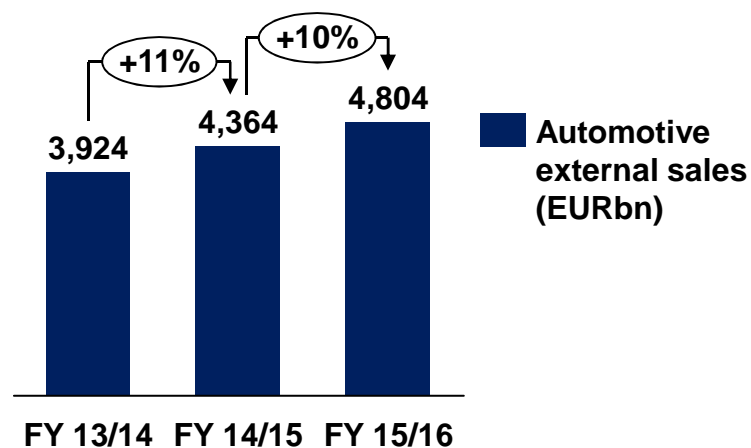
HELLA Automotive outperforms the global market in FY 2015/16

Financial Highlights FY 2015/16

Global¹ new passenger car registration



HELLA global Automotive revenue



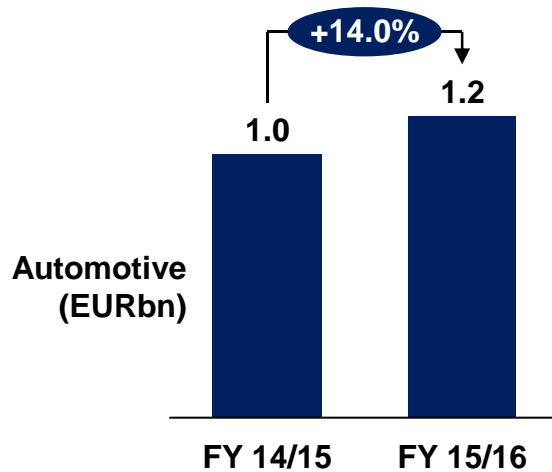
- HELLA global Automotive sales growth outperformed the market by approximately 6%-points
- Excluding FX, outperformance of approximately 5%-points

Source: HELLA; VDA Research 1) Approximation including only most important markets

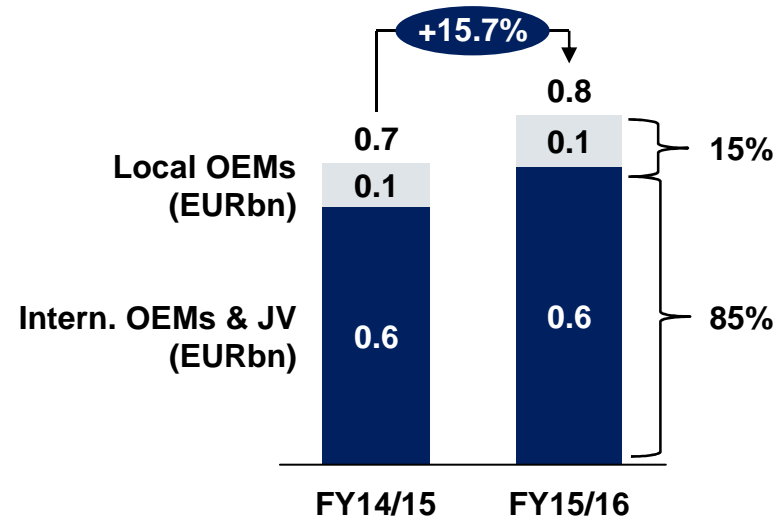
Strong Automotive performance in China

Financial Highlights FY 2015/16

Automotive end customer sales* China



Automotive sales China entities



- **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



HELLA Investor Update FY 2015/16

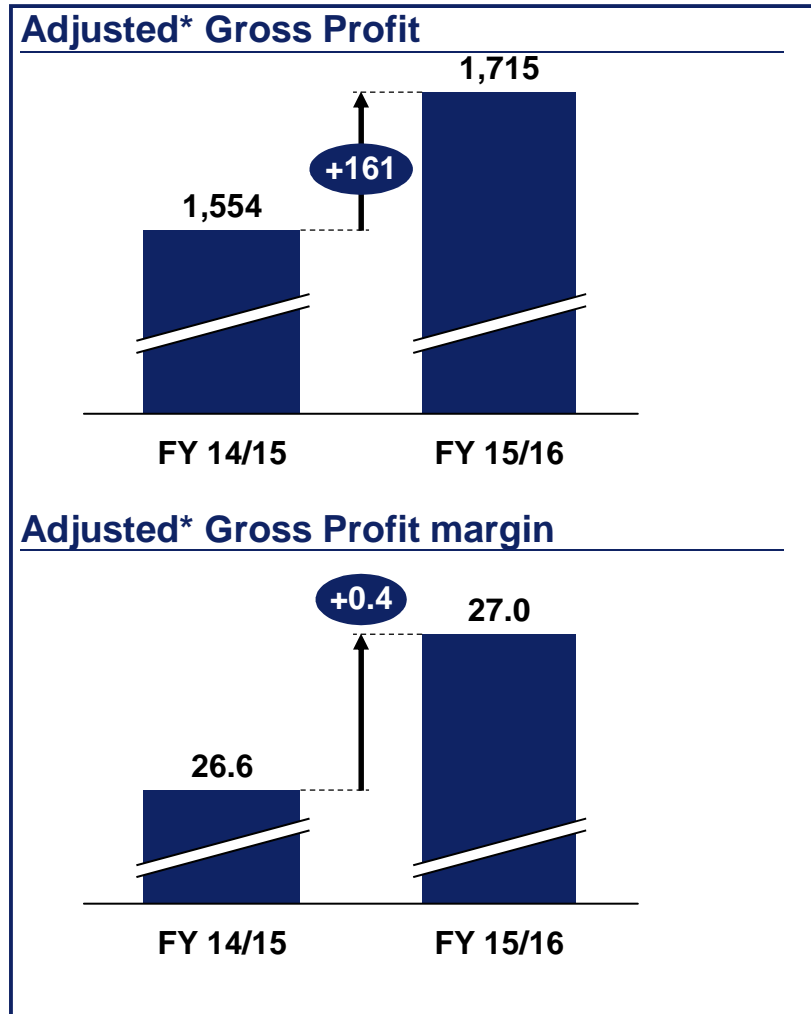
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Improved productivity in Automotive results in Gross Profit increase

Financial results FY 2015/16

EUR millions and % sales



Adj.*
Gross
Profit

- Adjusted* Gross Profit increased by 161 mill EUR (+10%) to 1,715 mill. EUR

Adj.*
Gross
Profit
margin

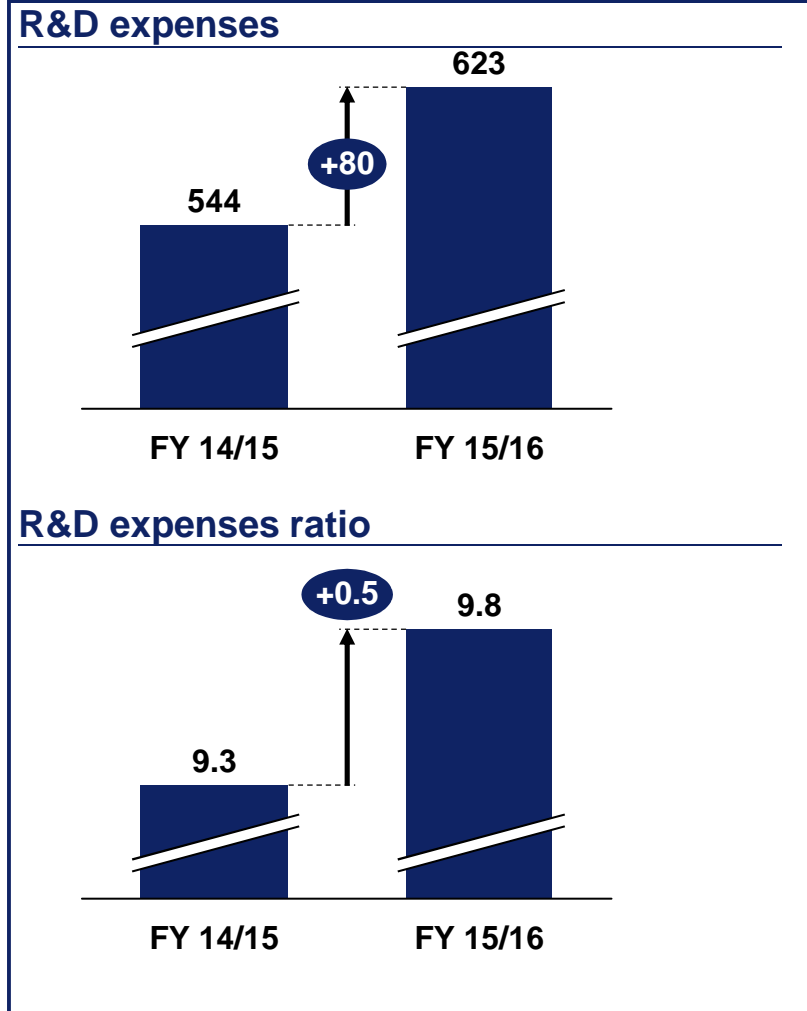
- Adjusted* Gross Profit margin improved by 0.4%-points to 27.0% driven by increased productivity in the Automotive segment

*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

- **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

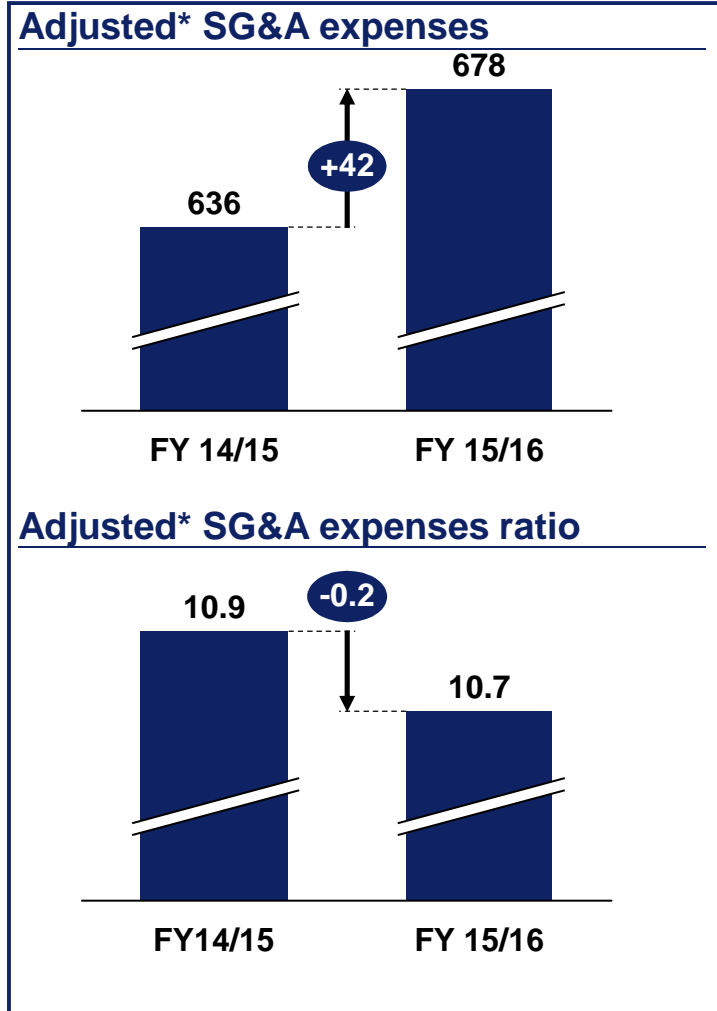
R&D ratio

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

Rather stable development of SG&A costs

Financial results FY 2015/16

EUR millions and % sales



Adj.*
SG&A

- **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**

Adj.*
SG&A
ratio

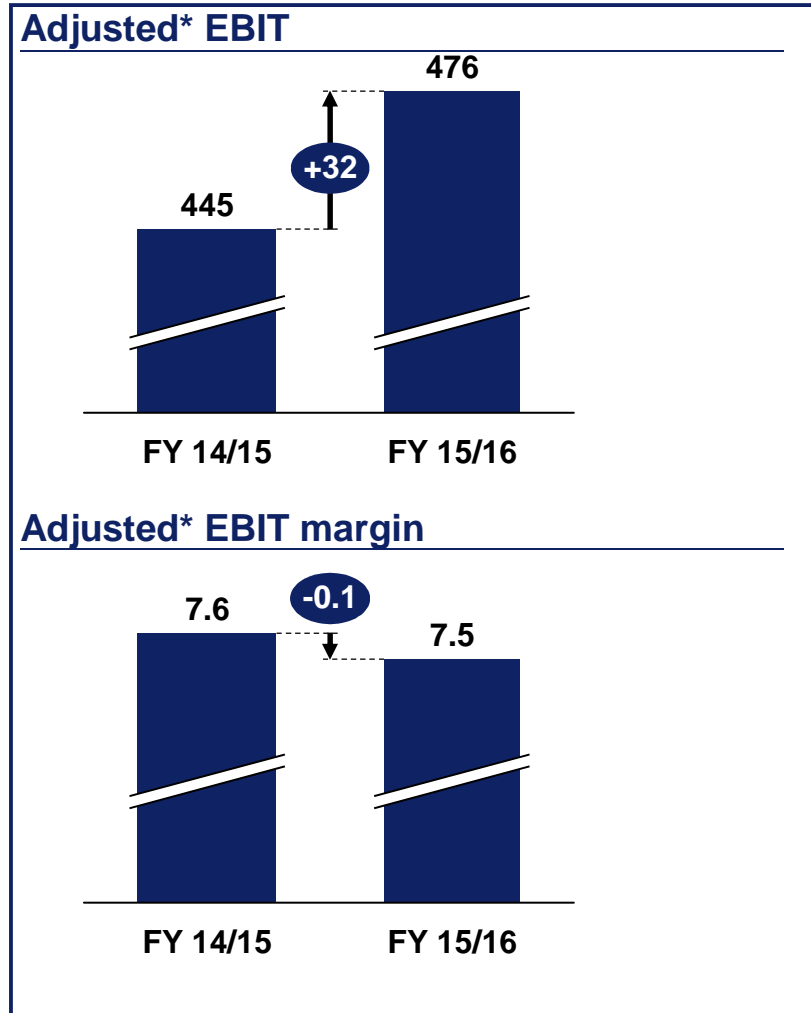
- **Distribution cost ratio constant at 7.8%**
- **Adj.* Other income and expenses ratio +0.3%-points to 0.5%. Including charges for supplier case ratio declined by 0.1%-points to 0.2%**
- **Admin. costs ratio constant at 3.4%**

*adjusted for one-off charges for supplier default

Adjusted EBIT above prior-year's level

Financial results FY 2015/16

EUR millions and % sales



Adj.*
EBIT

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

Adj.*
EBIT
margin

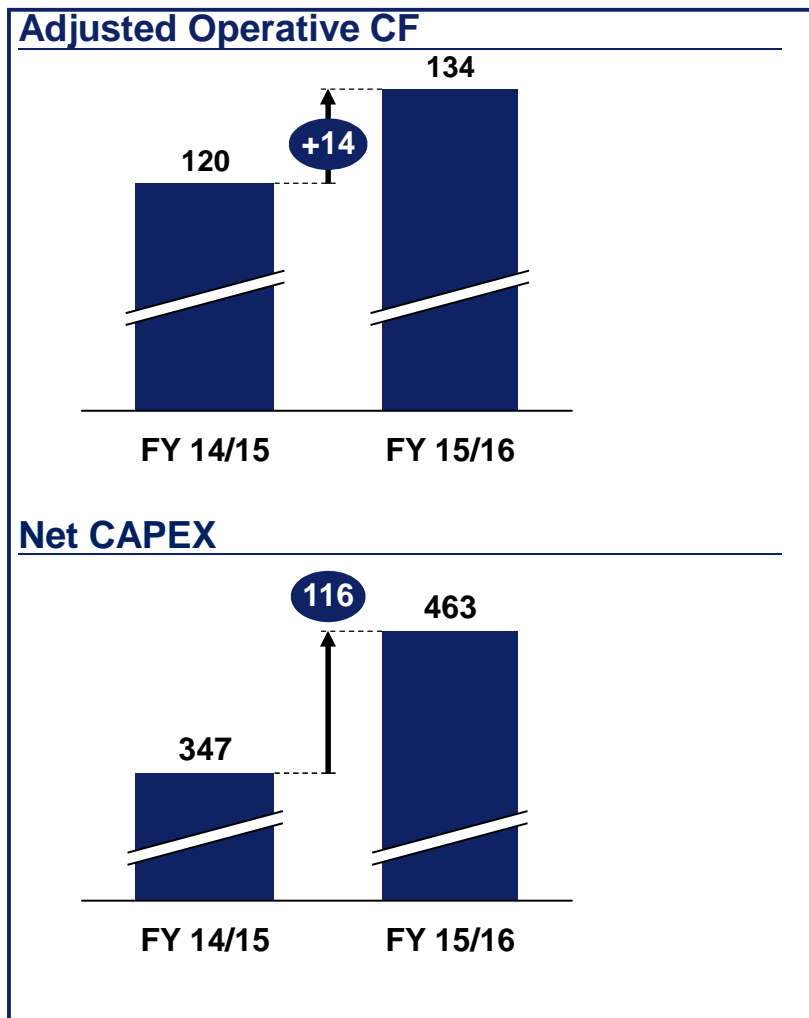
- **Adjusted* EBIT margin** decreased by **0.1%-points** to **7.5%** mainly due to **increase in R&D ratio by 0.5%-points**

*adjusted for one-off charges for supplier default and restructuring expenses

Cash flow improvements achieved

Financial results FY 2015/16

EUR millions



Adj.
OCF

- **Adj.* 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**

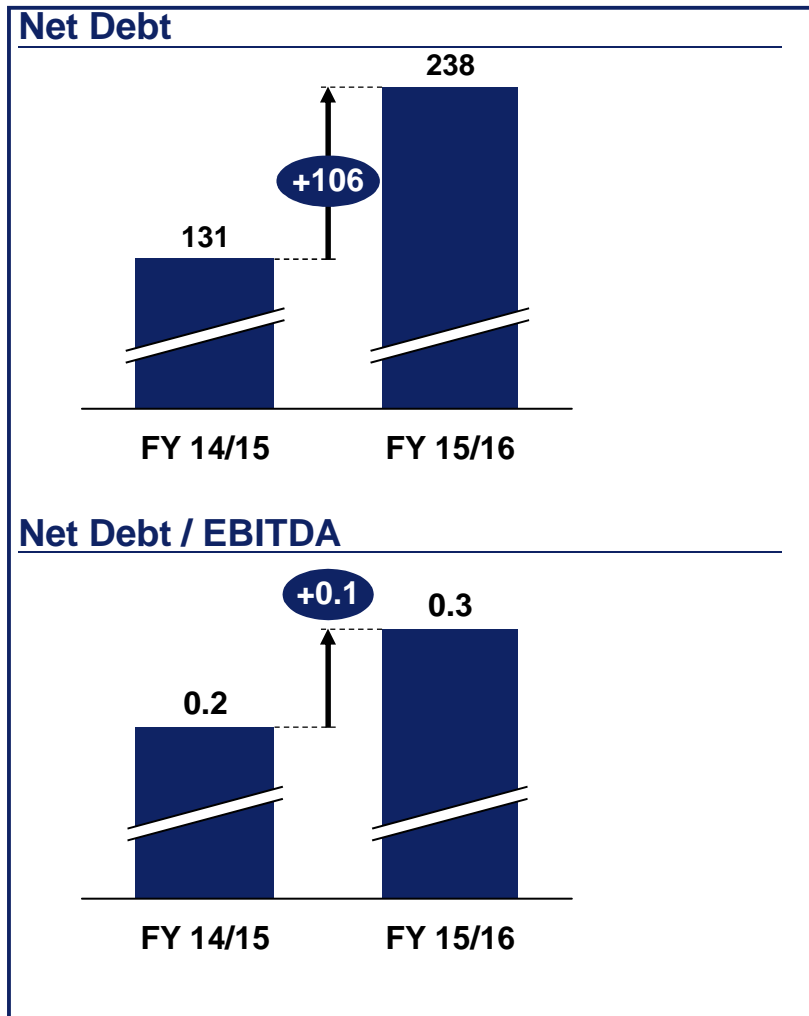
Net
CAPEX

- **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

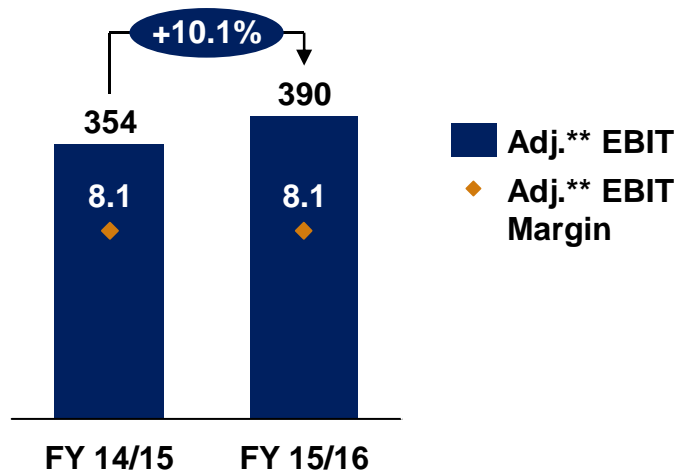
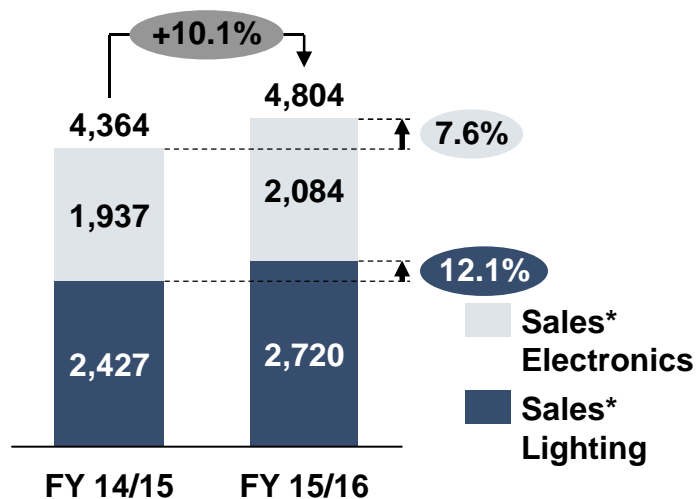
- **Gross debt** decreased by 13 mill. EUR to **1,152 mill. EUR**
- **Cash and short-term financial investments** available for sale decreased by 94 mill EUR to **914 mill. EUR**
- **Net debt** increase by 106 mill. EUR to **238 mill. EUR**

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



* External sales

** adjusted for one-off charges for supplier default

Automotive External Sales

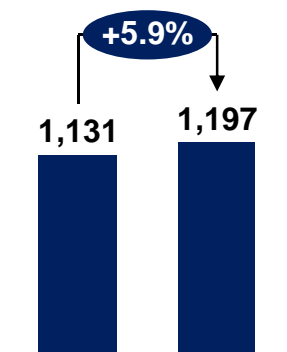
- Strong demand for **innovative electronics** and **lighting products**
- High demand in **Europe** and in **China**

Automotive Profitability

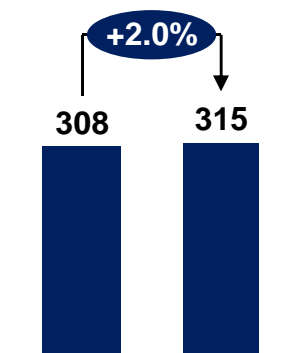
- **Adjusted* EBIT margin stable at 8.1%**, mainly due to
 - **increased adj.** GPM**
 - **higher R&D ratio**
 - **lower JV contribution**, mainly weak Korean JV in Q1

Non Automotive segments with positive FY 15/16 contribution

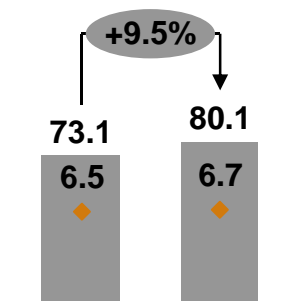
Financial results FY 2015/16



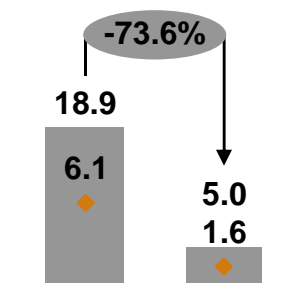
FY14/15 FY15/16
■ External Sales



FY14/15 FY15/16
■ External Sales



FY14/15 FY15/16
■ EBIT
◆ EBIT Margin (%)



FY14/15 FY15/16
■ EBIT
◆ EBIT Margin (%)

Aftermarket

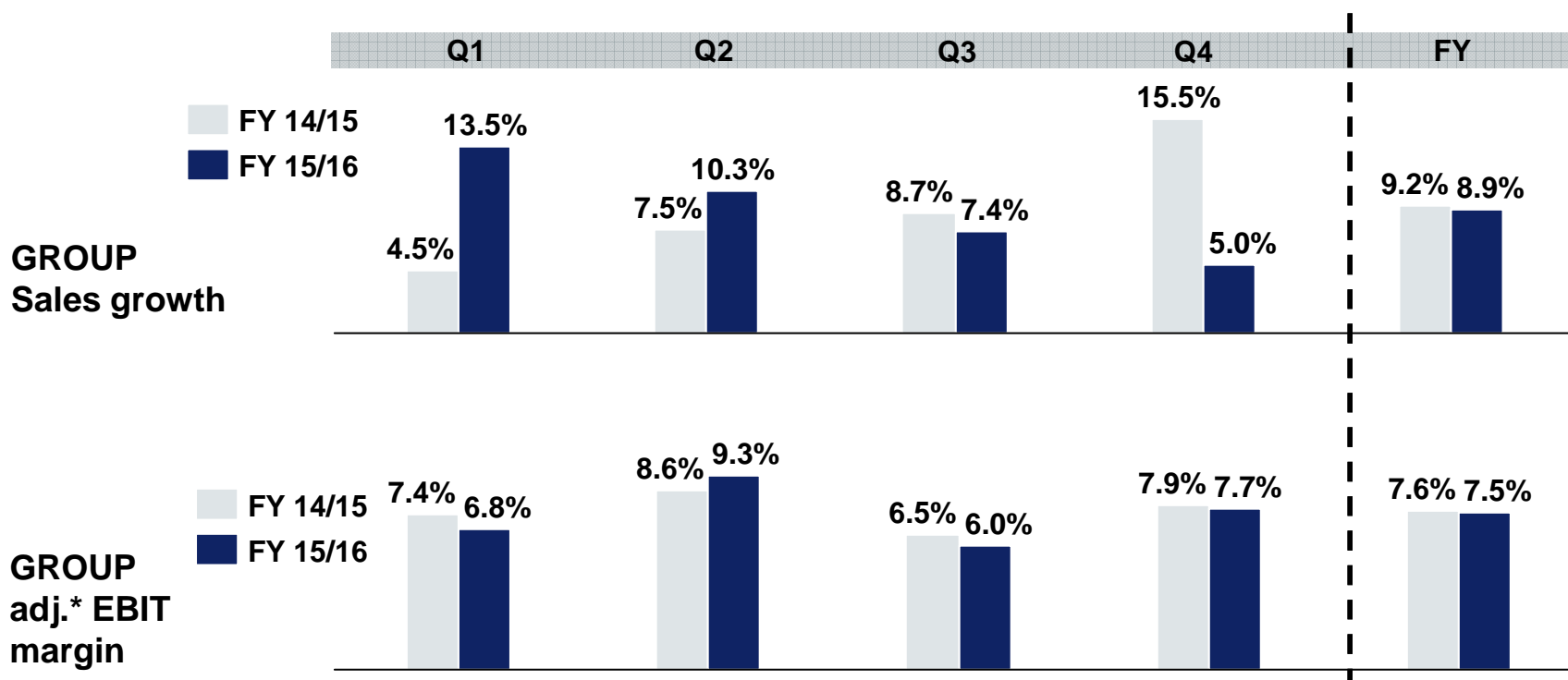
- **IAM growth** after market recovery
- **Strong wholesale** business
- **Positive demand** for **garage products**
- **Higher EBIT margin** due to **positive product mix** and **increasing sales**

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



*adjusted for one-off charges for supplier default and restructuring expenses





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Positive growth outlook in key regions

Outlook

Region	Expected Automotive Sales (in m pieces)	Comment
Germany	<p>2016</p>	<ul style="list-style-type: none"> ■ Growth expectation increased to 3% for 2016
Western Europe incl. Germany	<p>2016</p>	<ul style="list-style-type: none"> ■ Continuing growth in 2016 expected after strong 2015, potential negative implications from BREXIT not included
USA	<p>2016</p>	<ul style="list-style-type: none"> ■ Modest growth of 1% in 2016 after strong 2015 expected
China	<p>2016</p>	<ul style="list-style-type: none"> ■ Positive growth in 2016 expected supported by government program, partly advanced demand from 2017
TOTAL	<p>~81 CY 2016</p>	<ul style="list-style-type: none"> ■ Overall growing expectations in key markets. RoW with partly significant declines. Still uncertainty with respect to political and economic conditions

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:

Guidance

Sales Growth

Growth in a mid-single digit percentage range

Adj. EBIT Growth

Growth in a mid-single digit percentage range

Adj. EBIT margin

More or less remain at the prior year's level

Mid-term growth prospects

Order intake in the last two years excepted to result in acceleration of growth dynamic beyond FY 16/17



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Thanks for your attention

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