

HELLA Investor Update

Q1 FY 2022

September 29th, 2022



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01

Q1 Achievements

Growth in all business segments and improving profitability compared to prior quarter

Accelerating sales growth in Q1 FY 2022

- **Group Sales up by 21.6%** (including 5.3% FX effects)
- **Continuous outperformance in Asia (mainly in China)** with ramp-ups of key projects
- **High demand for core products and technologies**
 - **Electronics growing 28.4%** to €731*
 - **Lighting sales growing 22.4%** to €822m*
 - **Life Cycle Solutions growing 5.7%** to €237m*

Sequential margin improvement

- **Adjusted EBIT with €91m at prior year level**
- **Adj. EBIT margin at 5.1%**, improving by **2.6ppt** compared to low point in Q4 FY 21/22
 - ability to partly counteract inflation with increased pass-throughs and continuous cost management
- **Adj. Cash flow at -€82m. Cash flow including the sales of receivables at -€6m**
 - **new factoring agreement concluded** in June with maximum program volume of **€250m**

Q1 FY 2022 refers to the first fiscal quarter of 2022 comprising the months June 2022 to August 2022 *external segment sales

Significant awards and enlargement of product portfolio in Q1 FY 2022

> Significant awards for new generation of strategic products with core customers

- Electronics
 - Smart Car Access for premium OEM, SOP July 2025
 - High Voltage DC/DC converter for premium OEM, SOP January 2025
- Lighting
 - Front Phygital Shields for premium OEMs, SOP November 2025
 - HD-Headlamp for premium OEM, SOP September 2025
 - Crossover rear lamp for mass market OEM, SOP April 2024

> Production extension in China

- New Lighting plant with Joint Venture partner with focus on new front lighting technologies
- Extension of Electronics plant

Top priorities focus on cost reduction and cash flow management

Key priorities until May 2023

- > Further improve operational performance and increase the share of pass-throughs to customers**
- > Implement further cost reductions**
- > Reduce working capital (mainly inventory)**
- > Realize synergies and identify further potentials**
- > Continue to pursue the stringent portfolio management**

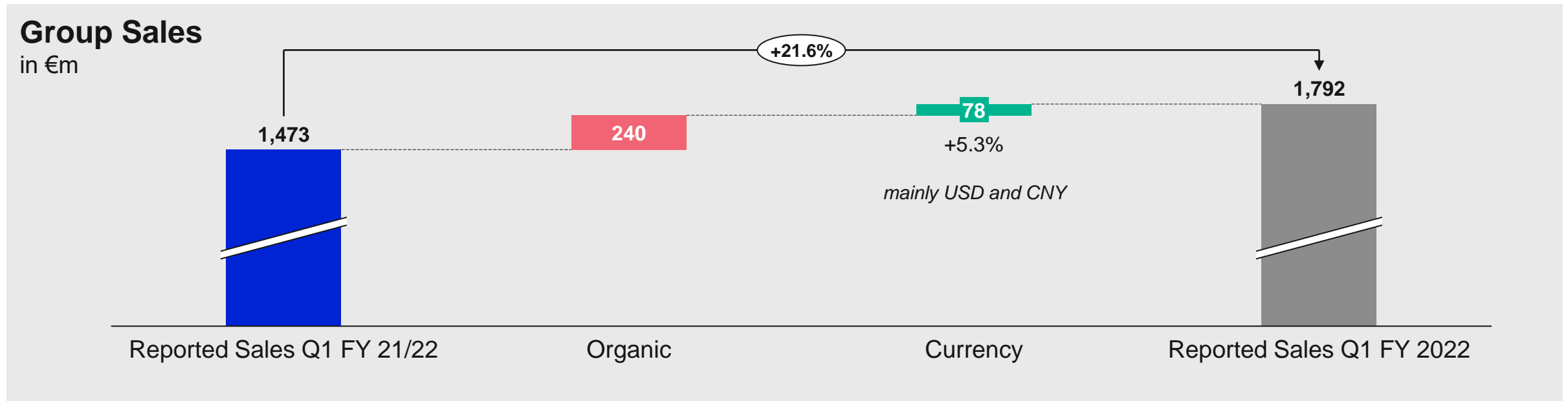
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02

Financial Results

Strong start into the new fiscal year with double-digit sales growth in a recovering market environment

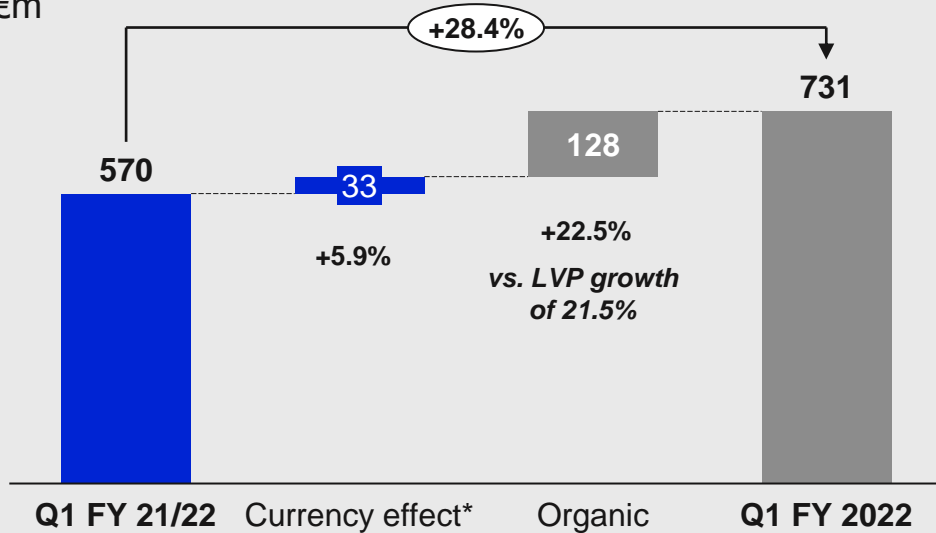
- › Organic sales up 16.3% to €1.7bn, €78m positive FX in Q1 FY 2022
- › Accelerating sales growth in the automotive Segments Electronics and Lighting with strong demand for key products and ramp-up of production
- › Life Cycle Solutions with increasing sales where both Aftermarket and Special Applications business contribute to the growth



Both Automotive segments showed accelerating sales growth in the last quarter

ELECTRONICS (External sales)

in €m



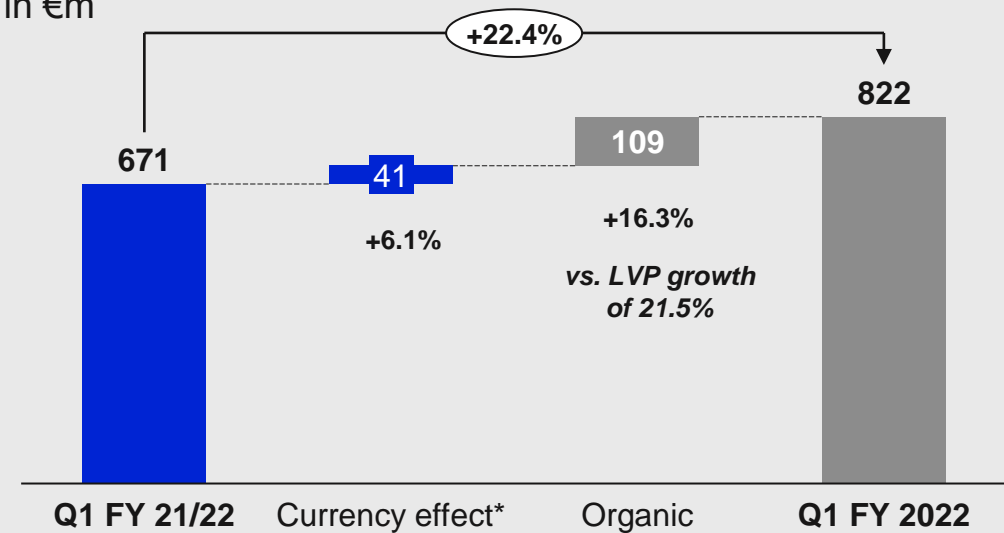
> Performance driven by

- Demand for energy management products
- Also, sensor and actuator business as well as body electronics drove segment growth
- Strong performance in China and NSA with ramp-ups
- Strong comparable basis especially in Germany due to high level of reimbursements

*approximation based on internal analyses

LIGHTING (External sales)

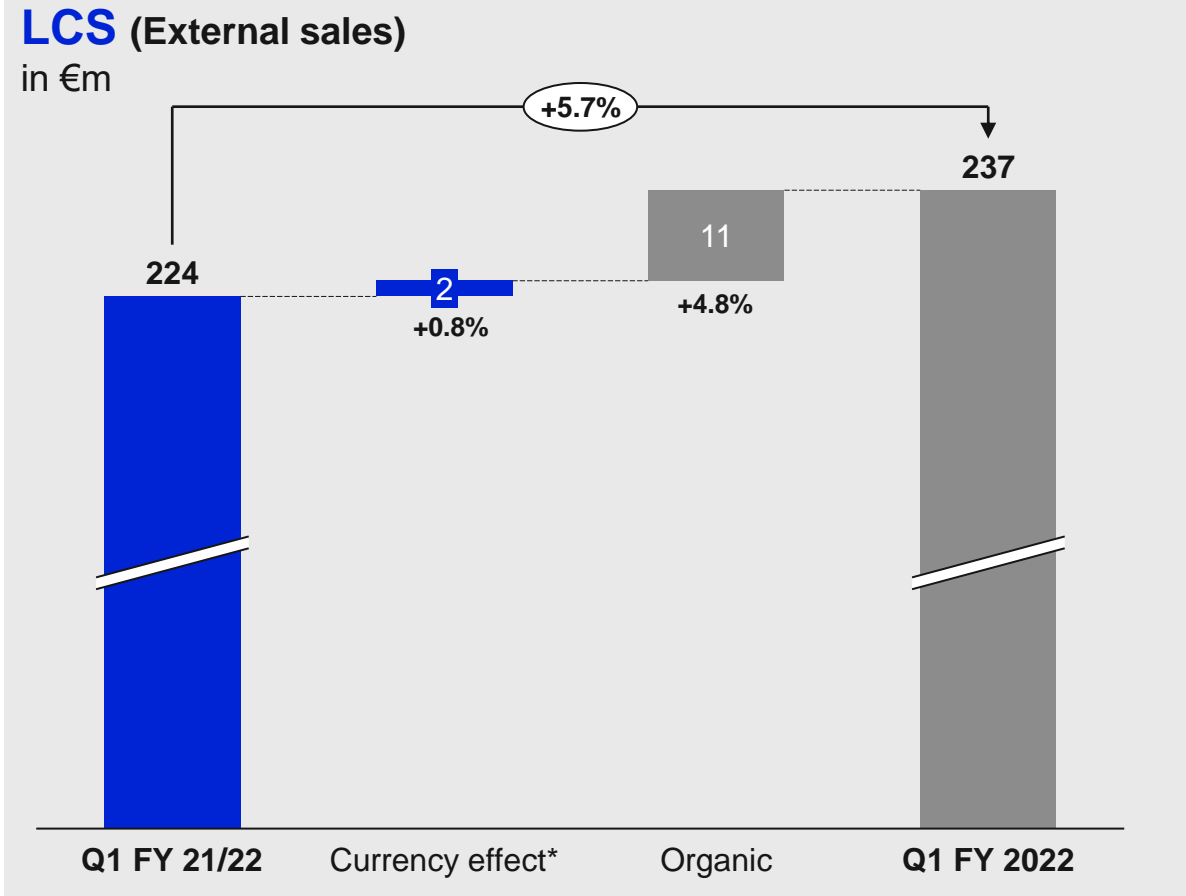
in €m



> Performance driven by

- Demand for (SSL-HD) Headlamps for premium & mass OEMs
- Demand for rear combination lamps
- Ramp-up of projects with premium OEMs and SOPs in China and Mexico
- Strong comparable basis especially in Germany due to high level of reimbursements

Life Cycle solutions steadily contributes to the sales performance of the HELLA group



> Performance driven by

- Independent Aftermarket segment with growth particularly in Turkey, Mexico and Poland
- Growth in all relevant customer segments of the Special Applications
 - business with manufacturers of agricultural machinery one main growth driver due to continued good call-offs and high demand for newly launched work lamps
- Workshop products with constant sales compared to prior year

*approximation based on internal analyses

HELLA continues internationalization of business with disproportionate growth in China as well as NSA

Region

NSA

23 %
of group sales



Europe

51 %
of group sales



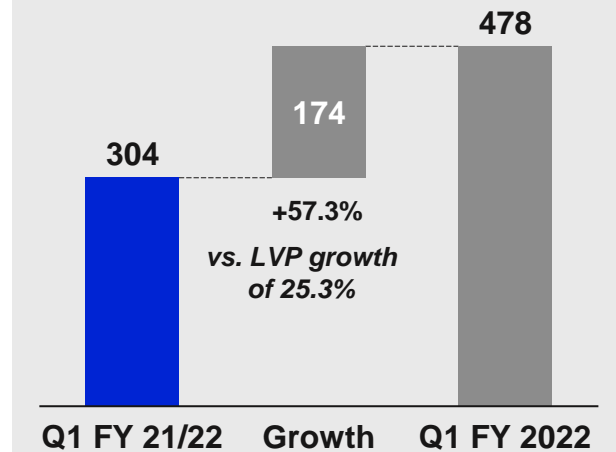
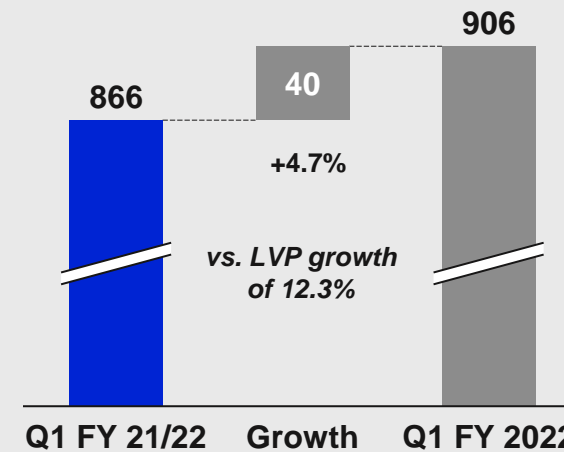
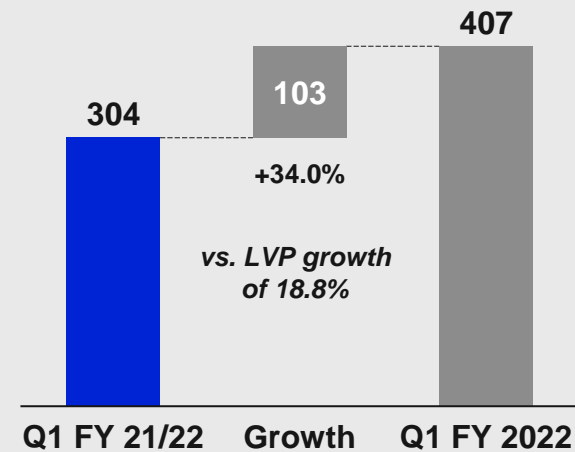
Asia/ Pacific

incl. RoW

27 %
of group sales



GROUP Sales



Lower Gross Profit main driver for EBIT margin decline, other cost positions increased under-proportionally

In €m	Q1 FY 21/22	Q1 FY 2022	YoY Change
Sales	1,473	1,792	+ 21.6%
Adj. COGS	(1,092)	(1,382)	+ 26.6%
% of sales	74.1%	77.1%	+ 3.0ppt
Adj. Gross profit	382	410	+ 7.3%
% of Sales	25.9%	22.9%	- 3.0ppt
Adj. R&D	(163)	(186)	+ 14.0%
% of sales	-11.1%	-10.4%	- 0.7ppt
Adj. SG&A	(130)	(148)	+ 14.0%
% of sales	-8.8%	-8.3%	- 0.6ppt
JV income	3	16	+485.0%
% of sales	0.2%	0.9%	+ 0.7ppt
Adj EBIT	91.4	91.2	- 0.2%
% of sales	6.2%	5.1%	- 1.1ppt
Adjustment	(12.3)	(16.3)	
Reported EBIT	79.1	75.0	- 5.2%
% of sales	5.4%	4.2%	- 1.2ppt

- **Adj. Gross Profit margin decreased by 3.0ppt to 22.9%:**

 - further increases in costs of materials, energy and logistics that could not be compensated by positive volume development
- **Adj. R&D expenses of €186m, ratio down by 0.7ppt to 10.4%:**

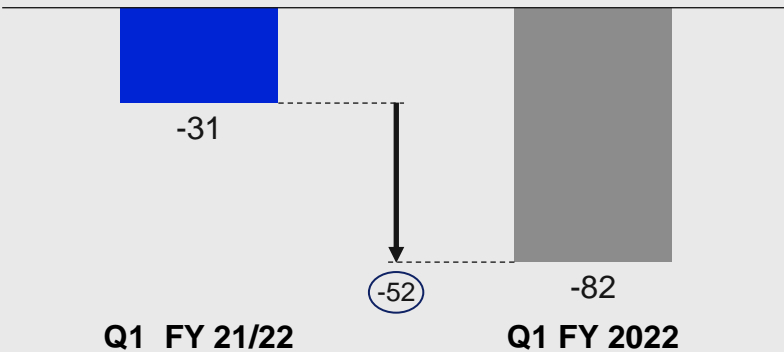
 - high order intake and preparation for the corresponding production launches
- **Adj. SG&A costs increased by €18m (+14.0%) to €148m, ratio -0.6ppt to 8.3% with further savings:**

 - increase in marketing and logistic costs (+€9m, +11.2%)
 - increase in admin expenses (+€6m, +11.5%)
 - decrease of other adjusted operating result (-€3m) due to higher expenses (€+2.5m)
- **JV income increased by €13m (+485%)** mainly with operational improvements of certain German joint ventures
- **Adjustments of -€16m:**

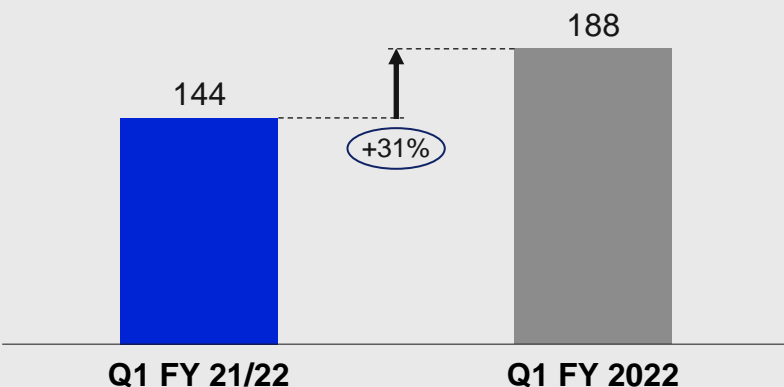
 - restructuring measures (-€8m), revaluation of investments (-€10m) and profit from sales of Venture Capital shares (+€2m)

Adjusted FCF negatively impacted by additional CAPEX and inventories

Adj.* FCF from operating activities in €m



Adj. Net CAPEX in €m




> Adj. Free Cash Flow from operating activities decreased by €52m to -€82m

- change in WC negatively impacted by
 - increase of inventories (€77m) due to global raw material crisis & supply chain disruptions as well as volatility in call-offs
 - increase in receivables (€146m) with higher sales in Asia and increase in overdues
- increase in payables (€148m) mitigates WC change

> Adj Net CAPEX increase by 31% to €188m

- investments in the worldwide network
- investments into product-specific equipment and projects
- improvement program and automation initiative especially in lighting

**Adjustments include €97m from sales of receivable in context of the factoring program and €16m for restructuring*

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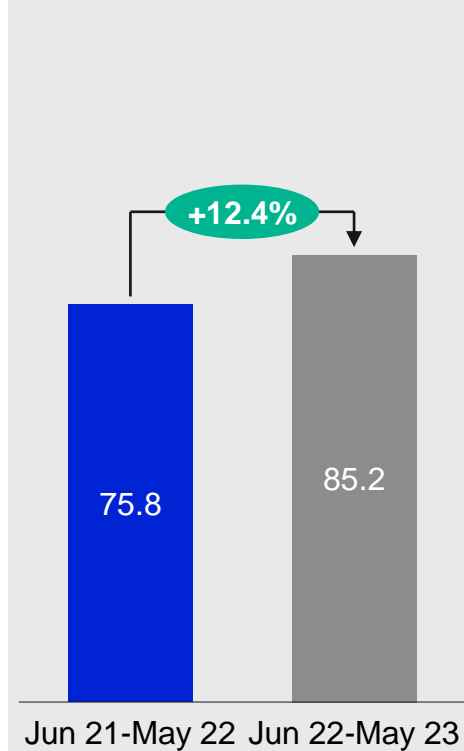
03

Outlook

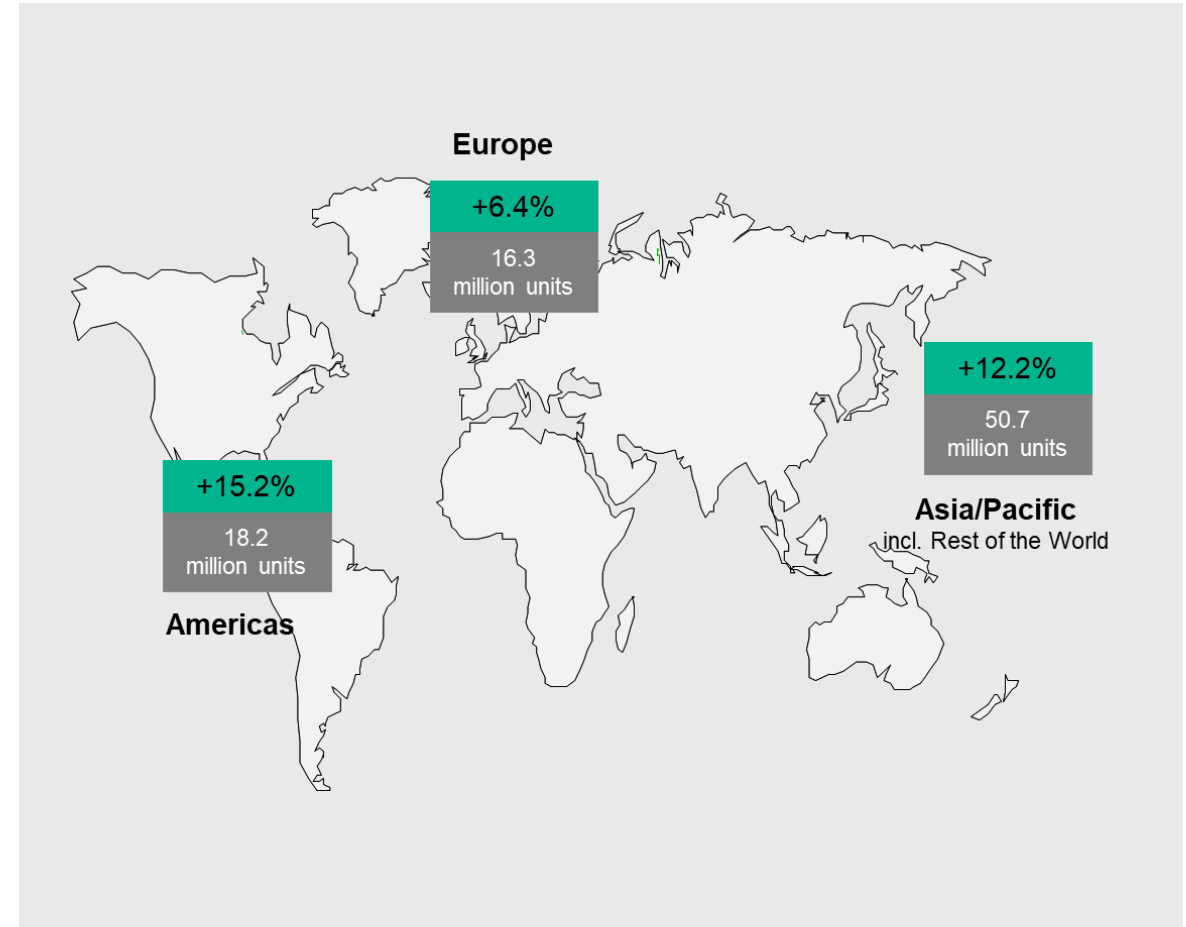
The global vehicle production is expected to recover progressively

Expected Global Light Vehicle production

in million units, IHS Markit® per 16 September 2022



- HELLA expects a range between 80 and 84 million units
- More cautious view but still a strong plus of 4-8m vehicles compared to PY
- Still risks for market outlook in particular from
 - Ukraine war and gas supply
 - course of the corona pandemic
 - persistent shortages



Source: IHS Markit® (part of S&P Global)

HELLA guidance confirmed – assumes sales and margin recovery especially in 2023

Guidance is based on LPV volumes between 80-84 million vehicles until May 2023

**Sales in the range of around
EUR 7.1 bn to 7.6 bn**

(adjusted for currency and portfolio effects)

**Adjusted EBIT margin in the range
of around 5.5% to 7.0%**

(excluding restructuring and portfolio effects)

Guidance Jun 1, 2022 to May 31, 2023

This guidance assumes no significant market deviation due to political, economical or social crises Especially that there will be no material impact a result of component shortages or Covid 19 lockdowns and that the Ukraine war will not result in any further adverse effects mainly from further gas shortages and cost increases.

Note: The EGM of HELLA in April 2022 resolved the conversion of the fiscal year to the calendar year. The registration of the conversion in the commercial register is completed thereby the outlook is given for 12 months starting June 2022 in accordance with DRS ("Deutscher Rechnungslegungs Standard") 20, which requires a minimum guided period of 12 months.

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Key Takeaways



Key Takeaways

- › First quarter FY 2022 with strong sales momentum and improving profitability
- › Continued globalization of business with disproportionate growth in China and NSA
- › Ongoing focus on performance improvement and cash generation
- › Forecasted volume increase will support sales development
- › Step by step improvement of profitability with higher volumes, consistent pass-throughs of inflation and increasing synergy effects
- › Confirmation of company outlook



APPENDICES

Upcoming events

November 03, 2022 **Capital Markets Day**

November 04, 2022 **Sustainability Day**

January 13, 2023 **H1 FY 2022/23 results**

LVP production and Group sales per region

		Q1 FY 20/21	Q1 FY 21/22	Q1 FY 2022
HELLA Group sales in €m	Worldwide	1,344	1,473	1,792
	Europe	797	866	906
		Growth		+8.6%
	North & South America	312	304	407
		Growth		-2.7%
Asia/Pacific & Rest of World	235	304	478	
	Growth		+29.2%	+57.3%
Light vehicle production in 1.000 units	Worldwide	18,656	17,284	20,998
	Europe	3,858	3,198	3,593
		Growth		-17.1%
	North & South America	4,316	3,746	4,450
		Growth		-13.2%
Asia/Pacific & Rest of World	10,481	10,339	12,955	
	Growth		-1.4%	+25.3%

Note: Light Vehicle Production (LVP) based on IHS Markit® data as of September 16, 2022; Growth figures always compared with the same period of the previous year

HELLA Group P&L including reconciliation

	Q1 FY 2021/22	Q1 FY 2022
Revenues reported	1,473.5	1,791.5
Adjustments	0.0	0.0
Revenues adjusted	1,473.5	1,791.5
Gross Profit reported	378.0	406.9
Adjustments	4.0	3.0
Gross Profit adjusted	382.0	409.9
R & D expenses reported	-166.6	-188.8
Adjustments	3.6	2.9
R&D expenses adjusted	-163.0	-185.8
Distribution expenses reported	-80.3	-89.5
Adjustments	0.3	0.6
Distribution expenses adjusted	-79.9	-88.9
Admin expenses reported	-59.5	-63.7
Adjustments	4.5	2.3
Admin expenses adjusted	-55.1	-61.4
Other income reported	6.8	13.2
Adjustments	0.0	-6.7
Other income adjusted	6.8	6.5
Other expenses reported	-2.0	-18.7
Adjustments	0.0	14.1
Other expenses adjusted	-2.0	-4.6
Earnings from investments* reported	2.7	15.6
Adjustments	0.0	0.0
Earnings from investments* adjusted	2.7	15.6
EBIT reported	79.1	75.0
Adjustments	12.3	16.3
EBIT adjusted	91.4	91.2

Note: For details on adjustments see financial report. *including other income from investments

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