



Technology with Vision

Capital Markets Day 2021

Drive On

February 10, 2021



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HELLA Capital Markets Day 2021

Drive On – February 10, 2021

1

Strategic perspective

Dr. Rolf Breidenbach
President and CEO

2

Financial perspective

Bernard Schäferbarthold
CFO

3

Live Q&A session

Dr. Rolf Breidenbach
Bernard Schäferbarthold

HELLA's strategic priorities are based on major market challenges and trends

Key insights from the market



1

Shift towards electric vehicles is happening

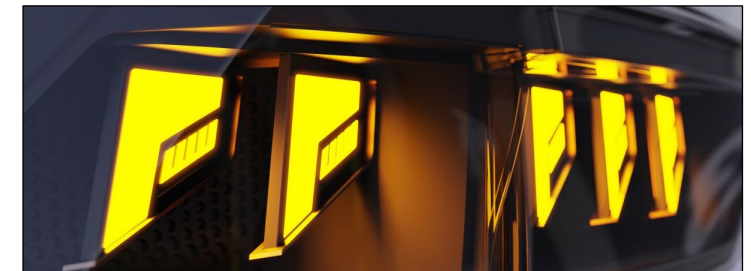
Electrified vehicles will account for more than half of all car sales by 2030*



2

Cars are becoming computers on wheels

In 2030, car manufacturers will spend 40 bill. EUR on software development**



3

Light is the new chrome

High-tech lighting solutions will make a significant contribution to brand differentiation of vehicles



4

Strong market presence in China is key

One out of three vehicles is produced in China*



5

Cost pressure continues to rise

Competitive pressure will increase due to lower market volumes and industry transformation



6

Sustainability matters now more than ever

Sustainability issues are increasingly becoming a gamechanger in business and society

* IHS Light Vehicle Powertrain Forecast, November 2020; ** Berylls Strategy Advisors

As a leading supplier of key components for all stages of electrification, HELLA is benefiting from the trend towards electromobility

1. Shift towards electric vehicles is happening



1 Shift towards electric vehicles is happening

- **13% of all new productions in 2020** are at least **partially electrified***
- **China is largest e-mobility market** with a **share of ~25%**; **Europe with strongest growth: +113% year-on-year****
- In 2030, **fully electric vehicles will reach shares** of ~18% globally; further **acceleration from 2030 onwards***
- **Mild hybrids** will be the major bridging technology (2030: ~27%)*



KEY ACHIEVEMENTS SINCE LAST CMD

- **Major product launches realized:** e.g., DCDC converter, IBS, BMS HV
- **Customer base broadened:** 6 new customers for power and battery components
- **Product focus adjusted:** Low Volt BMS instead of Dual Voltage BMS due to higher cost efficiency
- **New partnerships established:** cooperation with 4 cell suppliers

HELLA STRATEGY

Offer key products for all electrification stages

Sales FY 19/20: ~330 mill. EUR

Growth aspiration until FY 25/26: >2.5x

A

Acquire further projects in the mild hybrid segment with new and existing customers

Target share FY 25/26: > one third of portfolio***

B

Increase business in high voltage market, roll-out of HV BMS and new product solutions

Target share FY 25/26: > one third of portfolio***


C

Intensify partnerships with cell producers to provide complete battery pack solutions

* IHS Light Vehicle Powertrain Forecast (November 2020); ** PwC Strategy& (February 2021); *** of Energy Management portfolio

HELLA is expanding its energy management portfolio in a targeted manner with a special focus on high-performance battery and power electronics

1. Shift towards electric vehicles is happening – Major product initiatives

 Electromobility Major product initiatives		Approach / target	Powertrain			Order status	SOP
			ICE	MILD	FULL EV		
1	Develop Intelligent Battery Sensor Gen6	Design to cost focus for Asian market	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	open	Potentially 2023
2	Develop 48 Volt DCDC Converter Gen3	Reduced space and optimized thermo management		<input checked="" type="checkbox"/>		German OEM	2023/2024
3	Launch PowerPack 48 Volt	Subsystem including 48V BMS and DCDC Converter Gen3; with cell supplier		<input checked="" type="checkbox"/>		German OEM	Early 2025
4	Launch Low Voltage Battery Management System	Leverage of competencies in HV BMS and IBS for 48V and 12V applications; with cell supplier		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	German OEM	Summer 2024
5	Further roll-out of HV Battery Management System Gen2	Higher scalability for future car models; with cell supplier			<input checked="" type="checkbox"/>	German OEM & NEV*	Early 2021
6	Develop Onboard Charger and High Voltage DCDC Converter	Next generation of power electronics with reduced size and weight			<input checked="" type="checkbox"/>	open	Potentially 2023

* New Energy Vehicle

The increasing software and electronics content in vehicles offers attractive growth opportunities for HELLA's Automotive and Aftermarket business

2. Cars are becoming computers on wheels



2 Cars are becoming computers on wheels

- **Low and mid-level automation becomes standard** (market shares of L1-3 in 2030: ~87%)*
- **Vehicle architectures are being transformed** fundamentally:
 - **Shift from 100 ECUs to 3-5 high performance computers** and up to **6 Zonal Modules** per car
 - **Zonal Module market** will grow significantly, starting from 2025 onwards



KEY ACHIEVEMENTS SINCE LAST CMD

- **New volume business acquired:** i.e., 6 orders for 77 GHz radar, 5 for FailOp Steering
- **Series production for key products started:** i.e., 77 GHz radar, FailOp Steering, second SOP for SHAKE
- **ADAS portfolio focused:** Disposal of front camera software business; development of Lidar discontinued
- **Global Software House** established in June 2020

HELLA STRATEGY

Supplier of key components for automated driving and sophisticated software solutions

A

Push growth of radar and steering business to realize Automation Level 1-3

Sales FY 19/20: ~410 mill. EUR
Growth aspiration until FY 25/26: >2.5x

B

Seize opportunities from new vehicle architectures (e.g., zonal modules) and software-only business models (e.g., Lighting SW)

C




Capitalize deep diagnosis know-how by offering new data services in the Aftermarket, e.g., for mobility providers and fleet operators

* Strategy Analytics, "Autonomous Vehicles and Sensors Market Scenarios", November 2020



With radar sensors and the latest generation of steering electronics, HELLA supplies indispensable key technologies for automated driving

2. Cars are becoming computers on wheels – Key components for autonomous driving

 Autonomous Driving Major product initiatives		Approach / target	Order status	SOP	
RADAR 	1	Launch 77 GHz radar Gen2	Higher functional range (~180m), angular resolution (6°)	German OEM	2024
	2	Develop high-definition radar technology	With partner Oculii	Development project with lead customer	Potentially 2024/2025
	3	Develop use cases for vehicle interior	Passenger detection as NCAP requirement	open	Potentially 2023/2024
STEERING 	4	Launch FailOp Steering Electronics Gen2	Weight, height- and cost-optimized	open	Potentially 2025/2026
	5	Localize product know-how for Chinese market	Application based on established platform concept	Development project with Chinese OEM	Potentially 2023
	6	Continue pre-development for Steer-by-Wire-solution	High re-use possibilities of FailOp Steering	Pre-development with lead customer	Potentially 2025/2026

HELLA continues to strengthen its software competence and explores new software related business opportunities

2. Cars are becoming computers on wheels – Software initiatives

SELECTED HIGHLIGHTS

Strengthen Software Competence Global Software House



- **Established mid-2020**

Headcount increase until 2024
From 190 to 410

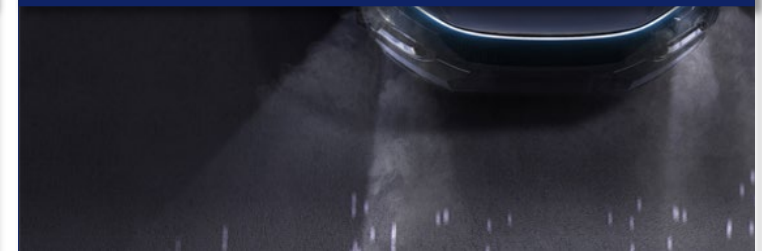
- **STEP 1: align development activities** company-wide; **define** uniform, cross-divisional process **standards**
- **STEP 2: accelerate** development of **software-driven business models**

Be best-in-class partner for Embedded Software Zonal Modules



- **Enter Zonal Module business** leveraging application know-how, embedded software capabilities and software platform technology
- Use **Front and Rear Body Control Modules** as starting point
- **Market launch potentially in 2025/2026**

Develop Application Software-only business models Lighting Software



- **Build on system competencies in digital lighting**, including headlamps and control units
- **Integrate Lighting Software Modules** in AUTOSAR systems
- **Create additional service models** using FOTA* updates, generate revenues beyond vehicle sales

* Flashing over the air

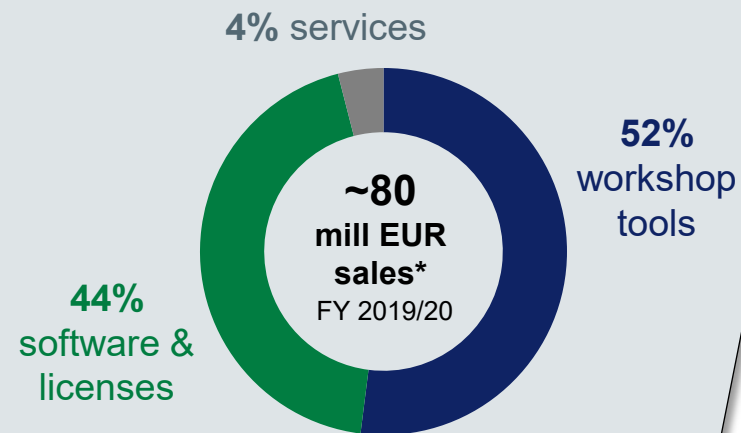
Based on its broad diagnostics know-how HELLA offers comprehensive data services for new target groups such as mobility providers and fleet operators

2. Cars are becoming computers on wheels – Data services for Aftermarket



Leading expert for multi-brand diagnostics, testing & repair tools as well as exhaust gas tests

- 95% of European car fleet covered
- ~500 employees



* Not consolidated

STRATEGIC DIRECTION

Provide cloud-based diagnostics and repair know-how to mobility providers, fleet operators, workshop chains, insurance providers

Selected use cases for data services



Fault code translation
Real-time error code analysis for all vehicle types

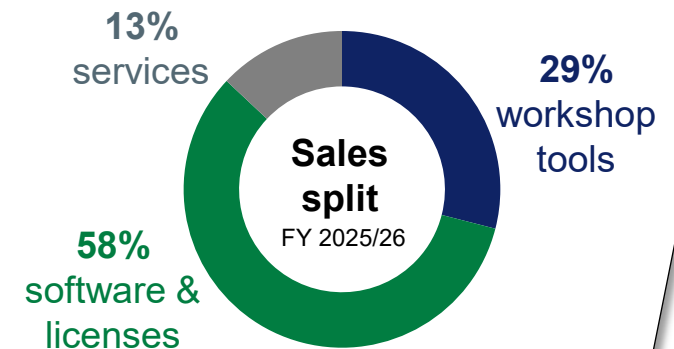


Repair management
Repair and maintenance planning, e.g., trigger inspections



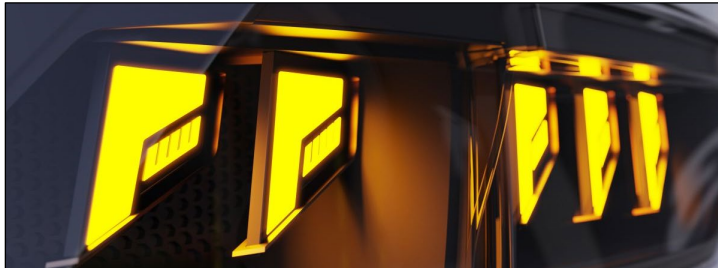
Condition monitoring
Vehicle status check for preventive maintenance, e.g., engine power

- Expand customer base continuously
- Explore further use cases for software services, e.g., include automated spare parts procurement



HELLA serves the increasing demand for uniqueness, safety and efficiency with innovative lighting solutions for Automotive and Special Applications

3. Light is the new chrome



3 Light is the new chrome

- **Trend towards LEDfication continues; market penetration increases** also in **volume segment**, e.g., LED penetration of ~30% for headlamps
- **Electric vehicles as flagship models** become trigger point for new lighting innovations
- **Design, efficiency and content gain relevance** as **selling points**



KEY ACHIEVEMENTS SINCE LAST CMD

- **“World headlamp” SSL100 successfully launched:** already ~6% of headlamp business; **further orders received**
- **Production for rear and car body lighting started:** e.g., tailgate for Polestar 2, for **innovative grille illumination prepared**
- **New JV with MINTH** for radomes
- **Launch of over 10 major LED products** in Special Applications

HELLA STRATEGY

Leverage high level of lighting competence and inspire customers with innovations

A

Drive market penetration of LED headlamp technologies, e.g., focus on SSL 100 & SSLIHD

Sales FY 19/20: ~1.2 bill. EUR

Growth aspiration until FY 25/26: >1.5x

B

Offer differentiating rear, car body and interior lighting solutions to enhance brand building opportunities of car manufacturers

C

Transfer high lighting expertise to customer groups in Special Applications, especially by focusing on further LEDfication

Sophisticated automotive lighting technology will continue to gain importance in the premium and volume segment

3. Light is the new chrome – Automotive











 Selected Highlights	Headlamps “World headlamp” SSL 100 	Rear Lamps FlatLight 	Car Body Lighting Grille Illumination 
USP	<ul style="list-style-type: none"> Replaces up to 12 headlamp variants via software control Benchmark for matrix technology 	<ul style="list-style-type: none"> New styling possibilities, e.g., based on micro-optics Higher efficiency (~80% energy savings) 	<ul style="list-style-type: none"> Brand differentiation, e.g., 130 LEDs linked into Edge Light, creating a crystal effect
STATUS	<ul style="list-style-type: none"> Launches for 2 different vehicle types realized 2 further orders received 	<ul style="list-style-type: none"> First optics concepts ready for production 	<ul style="list-style-type: none"> 1 series production prepared, 1 customer order since last CMD
NEXT STEPS	<ul style="list-style-type: none"> Ramp-up production in Germany and Slovakia 	<ul style="list-style-type: none"> Start series production within 1-3 years Develop further styling concepts and animation 	<ul style="list-style-type: none"> 3 launches until 2022 Develop Gen2, focus on integration and modularization of optical system (incl. animation)

HELLA consistently transfers its high level of lighting competence to other customer groups and drives the trend towards LEDfication

3. Light is the new chrome – Special Applications



Selected Highlights

	REPLACEMENT Enhance performance by replacing conventional halogen lamps by LED technology		INNOVATION Develop innovate LED-based products for the specific needs and use cases of special vehicles		
	90 mm LED module R 80 headlamp	S-Series work lamp	K-LED Rebelution beacon	Flat Mounting Surface work lamp	Rear combination lamp Full LED
					
TARGET GROUP					
USP	<ul style="list-style-type: none"> compact, robust design enables cost-effective replacement of halogen 	<ul style="list-style-type: none"> longer lifetime (30,000 hours) increased efficiency less weight increased corrosion resistance 	<ul style="list-style-type: none"> characteristic design clearly visible warning signal with minimum light exit area (Edge Light technology) 	<ul style="list-style-type: none"> flat, compact design; can be mounted directly on the vehicle wall close-range illumination around the vehicle 	<ul style="list-style-type: none"> innovative, patented LED light curtain dynamic LED direction indicator light robust, compact and modular design
SOP	January 2021	June 2021	September 2019	March 2020	February 2021
VOLUME*	~100,000 units p.a.	~600,000 units p.a.	~25,000 units p.a.	~15,000 units p.a.	~85,000 units p.a.

* Planned



HELLA will further strengthen its presence in China and outperform the Chinese market based on new product launches and a more localized product portfolio

4. Strong market presence in China is key



4 Strong market presence in China is key

- **One of three cars globally is produced in China**
- **Leading pioneer for automotive trends**; fast development pace and local application is key
- **Increasing competition from local suppliers**
- **Rising power of Chinese OEMs**, also towards purchase decisions in Europe and the Americas



KEY ACHIEVEMENTS SINCE LAST CMD

- **Localization further strengthened**, e.g., up to 90% in Lighting
- **Local customer share increased**, e.g., from 13 to 25% in Lighting
- **Partnership network strengthened**: JV with MINTH: collaborations with cell producers, new launches at Hella BHAP Electronics
- **Footprint improved**: e.g., by partial transfer of headcount from Shanghai to Xiamen

HELLA STRATEGY

Participate in China's growth path

Sales FY 19/20: ~900 mill. EUR*

Growth aspiration until FY 25/26: >2x

A

Continue to gain momentum in the short term by successfully launching new product ramp-ups in Lighting as well as Electronics

B

In China, for China: Drive localization of product portfolio and deepen own footprint, also back-end support for South Korea & Japan

C

Leverage and expand partnerships with Chinese companies, especially to address local OEMs and the high voltage market

* Including Joint Ventures



To strengthen its competitiveness HELLA will continue to transform its organization and invest in automation and digitalization

5. Cost pressure continues to rise



5 Cost pressure continues to rise

- **Global light vehicle production remains volatile:** pre-crisis level of years 2017/2018 will not be reached again until 2025
- **Transformation pressure continues to rise, i.e.**
 - Trends towards **digitalization, electrification** and **autonomous driving** accelerate
 - **New, financially strong competitors enter the market,** e.g., tech giants



KEY ACHIEVEMENTS SINCE LAST CMD

- **Global workforce rightsized:** -2,093 (-5.5%)*
- **Improvement program in Germany initiated:** e.g., partial retirement program in Lippstadt, closure of Regensburg location
- **JVs MHE and Intedis terminated**
- **Automation further progressed:** e.g., implementation of 170 use cases in lighting production, 20 software robots in administration

HELLA STRATEGY

Strengthen competitiveness based on cost control and further structural improvements

A

Continue headcount reduction in high-cost countries, special focus on Germany
Target until end 2023: minus ~1,350 employees
Total EBIT impact ~140 mill. EUR FY 24/25 onwards

B

Further increase of best cost country share e.g., by localization of development resources, expansion of business service organization
Target: >70% of global workforce until 2025

C

Drive further digitalization and automation, e.g., implementation of up to ~550 additional use cases in Lighting production

* year on-year as at Nov. 30



HELLA considers sustainability to be one of its key top priorities and will continue to intensify its efforts in this area step by step

6. Sustainability matters now more than ever



6

Sustainability matters now more than ever

- **From niche to mainstream:** Companies and their stakeholders are aware of global challenges like climate change, pollution and social inequality, and collaborate to identify and develop solutions
- **Car makers set ambitious ESG targets** (e.g., CO2 neutral products) and need suppliers to achieve these; resulting in a **potential competitive advantage for HELLA** as a strong and responsible partner



KEY ACHIEVEMENTS SINCE LAST CMD

- **Management focus intensified:** ESG activities led by CFO
- **Governance structure strengthened:** sustainability office and cross-functional, international sustainability council established
- **Focus areas and roadmaps for different ESG dimensions defined:** e.g. climate change, health & safety, clean & safe mobility solutions, sustainable supply chain

HELLA STRATEGY

Intensify own sustainability efforts & support customers on the path to sustainability

Combat climate change by CO2 neutral production and less energy consumption

A

TARGETS

- CO2 neutral production by 2025 (Scopes 1 & 2)
- 100% eco-power supply by 2025
- >10% reduction of specific energy consumption by 2030

B

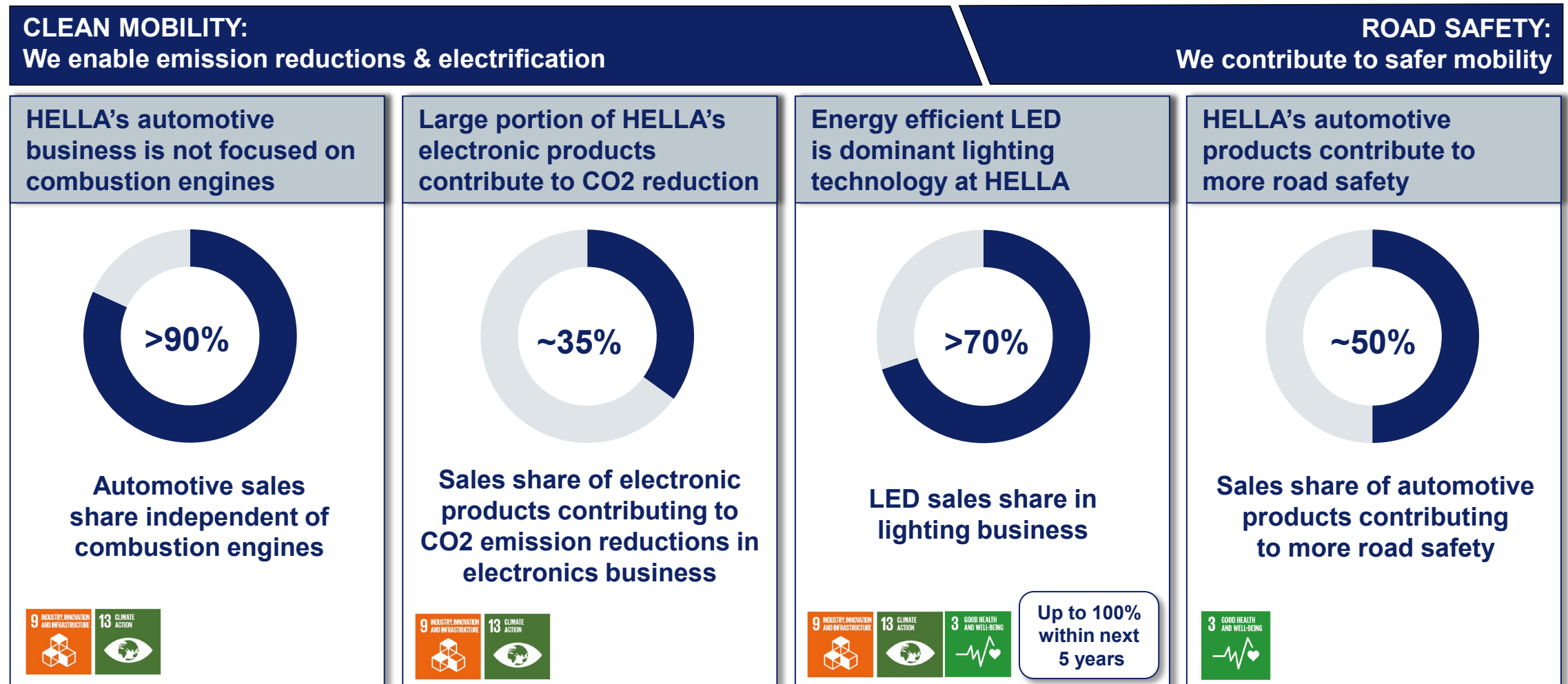
Contribute to clean and safe mobility by offering sustainable product solutions

C

Ensure and enhance ESG standards within HELLA as well as the supply chain, e.g. by respecting human rights, setting health & safety and environmental standards, promoting diversity

HELLA's product portfolio in Automotive contributes to a large extent to cleaner and safer mobility

6. Sustainability matters now more than ever – Sustainable product portfolio



HELLA is well positioned to outperform the market and to achieve a profit level of more than 8% in the medium to long term

Strategic outlook

HELLA STRATEGY

- **1 Offer attractive product solutions for all stages of electrification**
- **2 Set right priorities in ADAS, strengthen software expertise and develop new business models**
- **3 Leverage high level of lighting competence and inspire customers with innovations**
- **4 Participate in China's growth path based on further localization and partnerships**
- **5 Improve cost basis by strict cost control, structural measures, digitalization and automation**
- **6 Intensify own sustainability efforts and support customers on the path to sustainability**



- **Strong business model and track record**
- **Mid to long term growth aspiration remains unchanged**
 - **5-10% growth in currency and portfolio-adjusted sales**
 - **8% adjusted EBIT margin and higher**
 - **Still high potential to outperform market**

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CFO

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HELLA's fields of action tackle current market challenges and industry transformation

Top properties on the CFO's agenda to secure continuous business success



1

Address short term market challenges

Manage bottlenecks and ramp-up of organization after first lockdown



2

Continue profitable organic growth path

Keep and grow attractive portfolio along accelerating automotive trends



3

Secure competitiveness

Improve cost base with operational efficiency and invest in structural improvements



4

Improve Free Cash Flow Generation

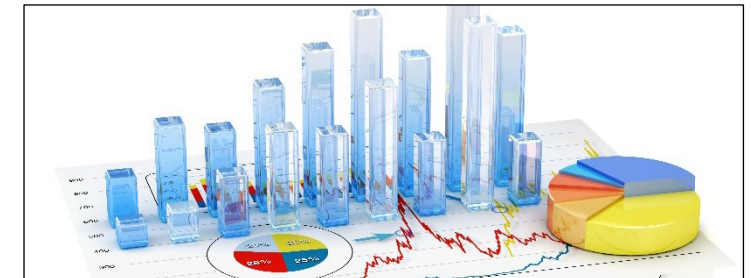
Focus continuously on Working Capital improvements and spend CAPEX on profitable growth



5

Use external growth opportunities

Capitalize and extent partnership network and work on additional investment possibilities



6

Secure financial stability and efficient capital allocation

Maintain strong financial position and let shareholder participate in business success

HELLA focuses in the coming months on the management of bottlenecks and stepwise re-start of internal projects

1. Address short term market challenges – Keep commitments



1 Address short term market challenges

- **Still very high market volatility**, which allows only short-term planning horizons
- **Impact of Covid-19 pandemic still unpredictable**: further lockdowns might have negative impact on production capabilities and consumer behavior
- **Bottleneck situation in the field of semiconductors**: risk of line stops, lower production efficiency, higher inventory levels



KEY ACHIEVEMENTS SINCE LAST CMD

- **Organizational stress test passed in 2020** with stop of all non-core activities and focus on series production, e.g. non-customer related R&D expenses down by 10pp to ~5% in Nov '20
- **Strong performance in H1 FY20/21**
- **Structural improvements in Germany initiated**
- **Bottleneck task force established**, so far no production stops at OEMs caused

SHORT TERM TOP PRIORITIES

Keep guidance for FY 20/21 despite downside potential

A Further management of bottlenecks in the semiconductor market
Ensure availability of critical parts, handle special freight cost¹, handle higher inventory

B Stepwise re-start of internal projects, e.g. improvement programs, structural invests, development activities

1) 0.5 mill EUR per months

HELLA competes in a modestly growing market with significantly reduced volumes and increased competition

2. Continue profitable organic growth path – Prepare for the “new normal”



2

Continue profitable organic growth path

- **Global LVP remains below pre-crisis-level in the mid to long-term** despite recent market recovery
- **Increasing competition through start-ups and big non-Automotive companies** with high financial power
- **Customer landscape changing**, EV players gaining more weight
- **Growing importance of US and China market**, due to supporting policies and broad technology access

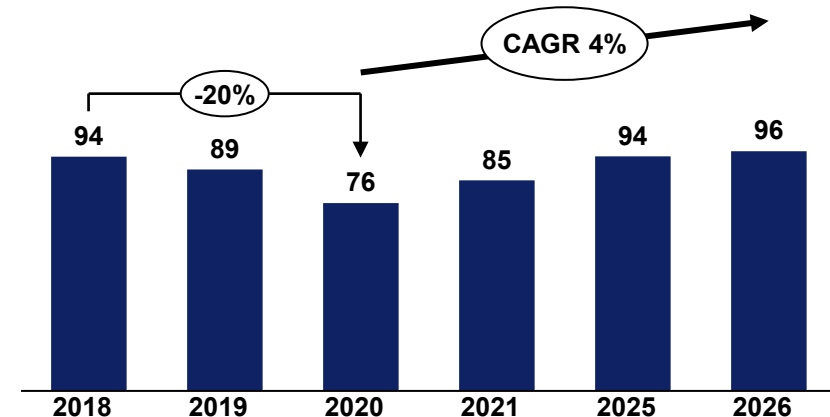


KEY ACHIEVEMENTS SINCE LAST CMD

- **Adapt to lower future LVP levels**
- **Transformation of organization pushed forward**, e.g., best cost share increased, automation use cases implemented
- **Regional step-up strengthened**, e.g. additional JV in China
- **Successful business acquisitions with new market players**
- **New growth avenues funded** to industrialize tech start-ups

MARKET OUTLOOK

Global production units (mill)



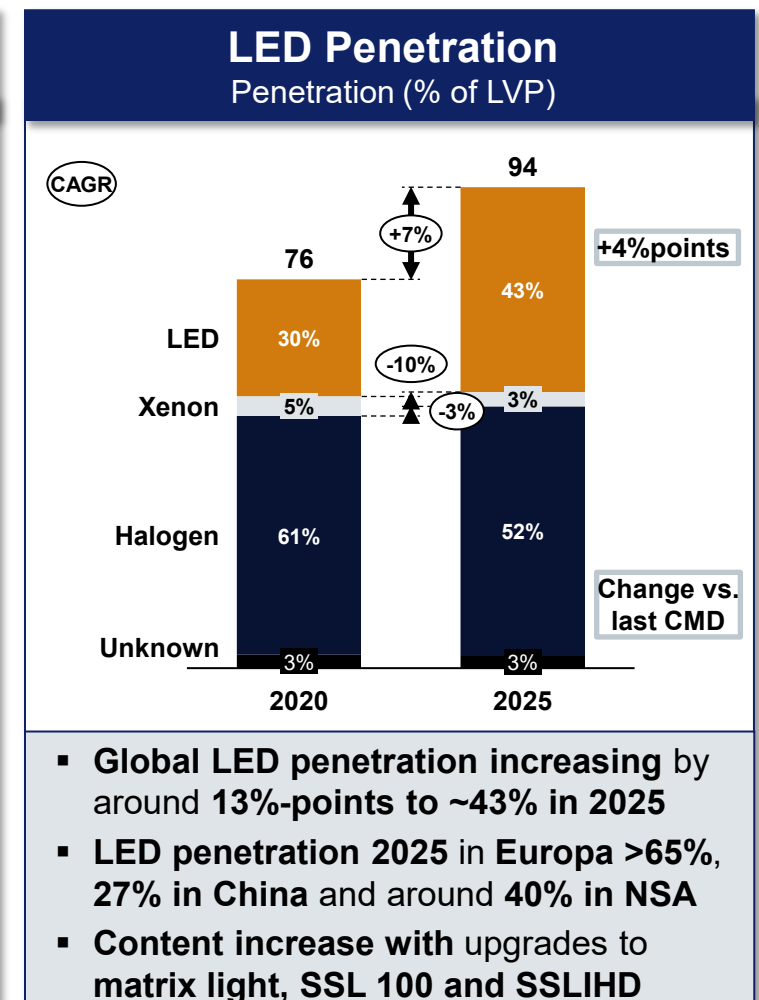
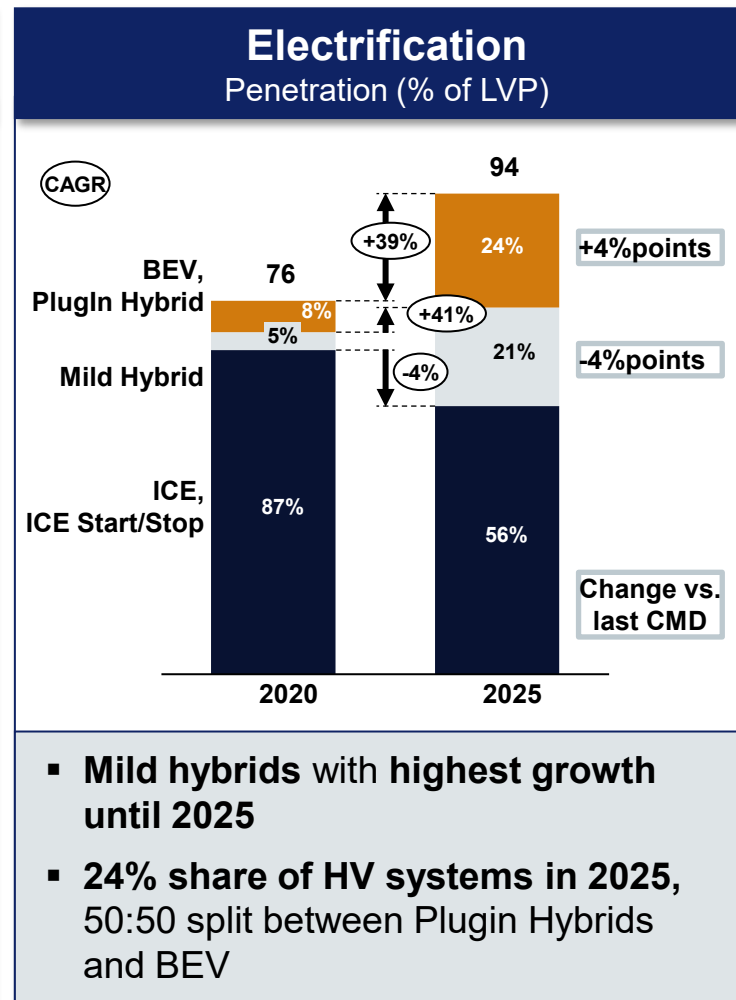
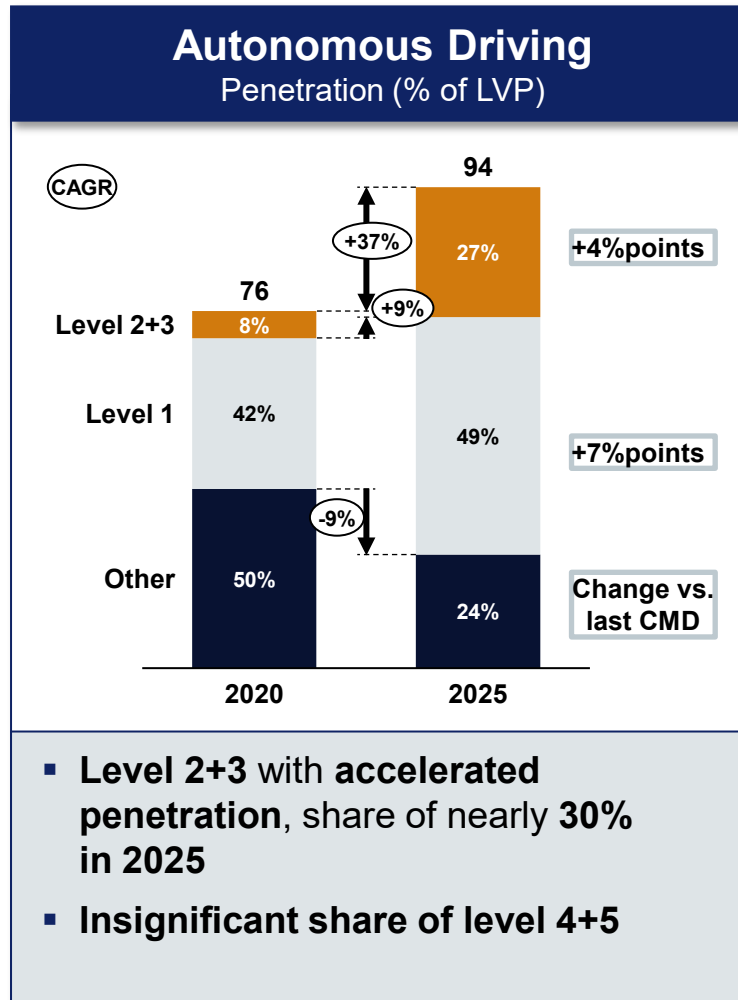
- **LVP growth of around 4% globally**
- **LVP level of 85 million units in 2021**
- **Global LVP level 25/26 15% below pre Covid planning assumptions**

1) IHS as of January 18, 2021



HELLA competes in a market where automotive trends accelerate in upcoming years and support HELLA's outperformance

2. Continue profitable organic growth path – Benefiting from automotive trends



Source: Strategy Analytics, "Autonomous Vehicles and Sensors Market Scenarios", November 2020, IHS Light Vehicle Powertrain Forecast, IHS Forward EC Report, IHS LVP as of Jan 2021

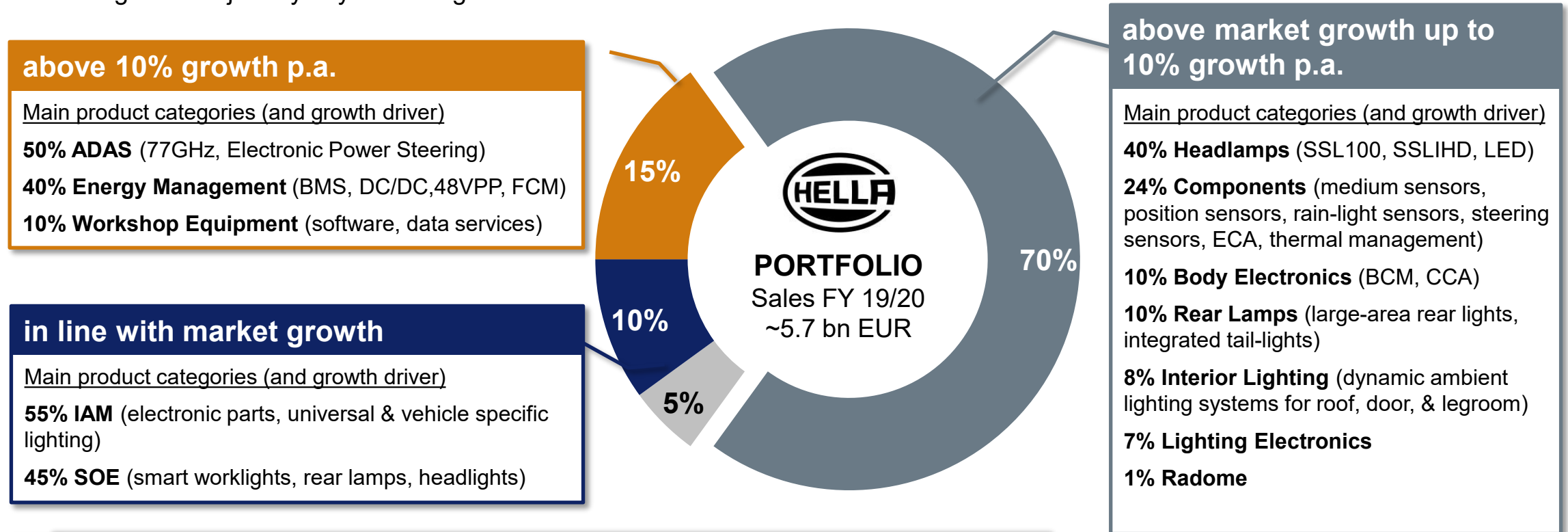


HELLA has a leadership positions with an attractive business portfolio in selective markets that support HELLA's outperforming potential

2. Continue profitable organic growth path – Benefiting from attractive product portfolio

GROWTH POTENTIAL OF HELLA PORTFOLIO

Mid-term growth trajectory beyond LVP growth¹



- ~95% of HELLA's automotive business growing beyond LVP
- Growth of Aftermarket and Special Applications accelerating

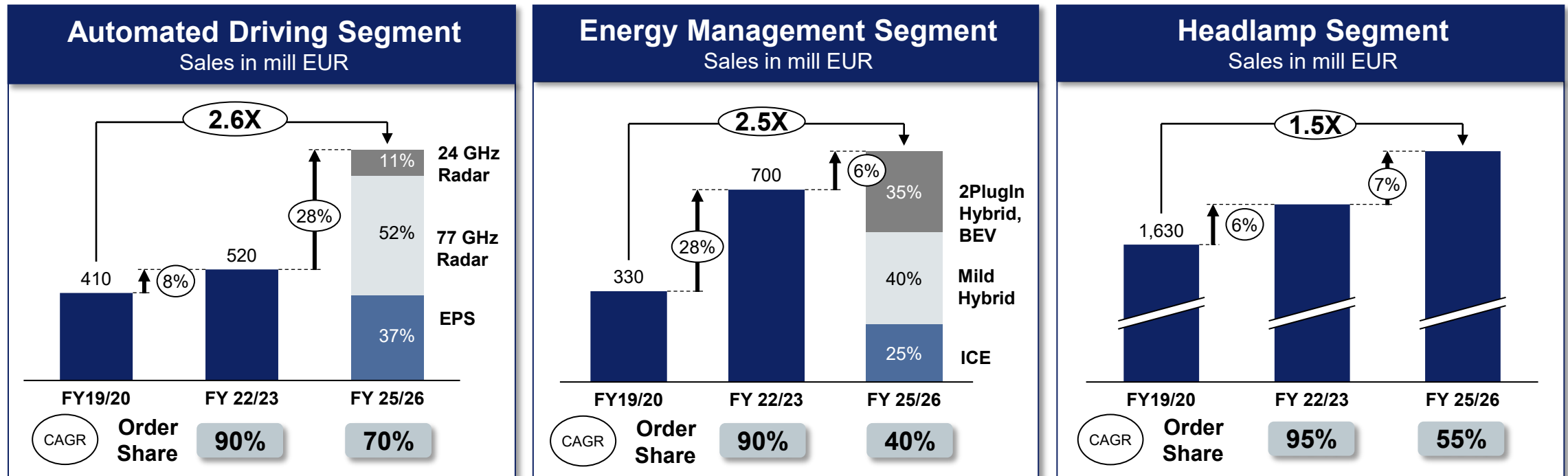
1) LVP CAGR Mid 2019 to Mid 2026 ~4% (IHS as of Jan 18, 2021)
HELLA CAGR Sales FY 19/20 to FY 25/26

48VPP: 48Volt powerpack, BMS: battery management system, ECA: engine compartment actuator, BCM: body control module, CCA: comfort car access



HELLA's growth aspiration is backed by acquisition success – tailored investments in booked business needed

2. Continue profitable organic growth path – Mid-term growth strongly backed by orders



ORDER SITUATION

- Automated Driving benefitting from strong L1-3 sensor portfolio
- Strong growth with HV products: 40% sales share in FY25/26
- Order book for headlamps supports above market growth: nearly 100% LED share of headlamp portfolio in FY25/26
- Order wins for BEV, amounting 25% of HL sales in FY25/26

Research & Development

- Majority (~70%) of development expenses allocated to booked business
- R&D approach with continuous best cost shift and local for local development
- Group R&D ratio mid- to long-term around 10%

HELLA operational excellence and structural improvements as prerequisite for future business success

3. Secure competitiveness – Focus on business transformation to secure profitability targets



3 Secure competitiveness

- Accelerating industry change leads to increased competition
- Overcapacities with further tightening competition
- Intensification of cost programs across the industry
- Increasing price pressure on products



KEY ACHIEVEMENTS SINCE LAST CMD

- 2,100 additional headcount reduced (YoY Nov '20)
- Lippstadt: successful early retirement program with ~360 signed contracts, negotiations on voluntary redundancy program in progress
- Germany: ~50% of yearly potential EBIT impact until FY 24/25 achieved already
- Smart automation on track, Work-package 1 completed

TOP PRIORITIES

Secure competitiveness and profitability targets to achieve a more ambitious margin level compared to current guidance

A

Increase best cost share

Headcount reduction in high-cost locations as well as state of the art onboarding and training in best cost countries

B

Develop organization further

Consistent local-for-local approach, internationalization with build-up of local infrastructure and transfer of responsibilities

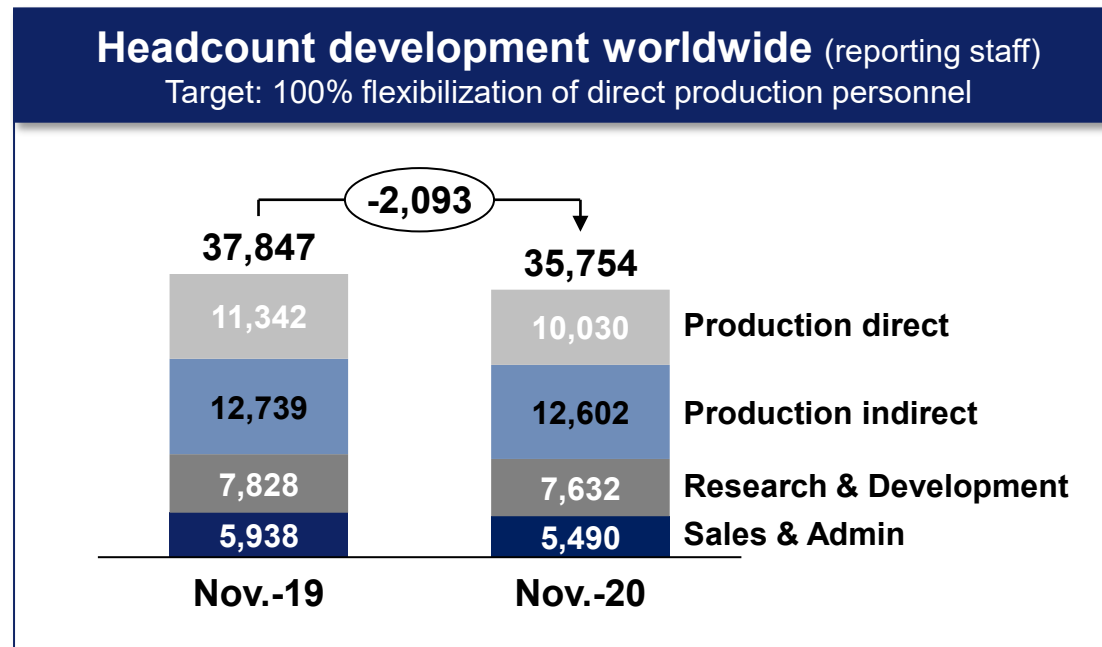
C

Investments in automation and digitalization

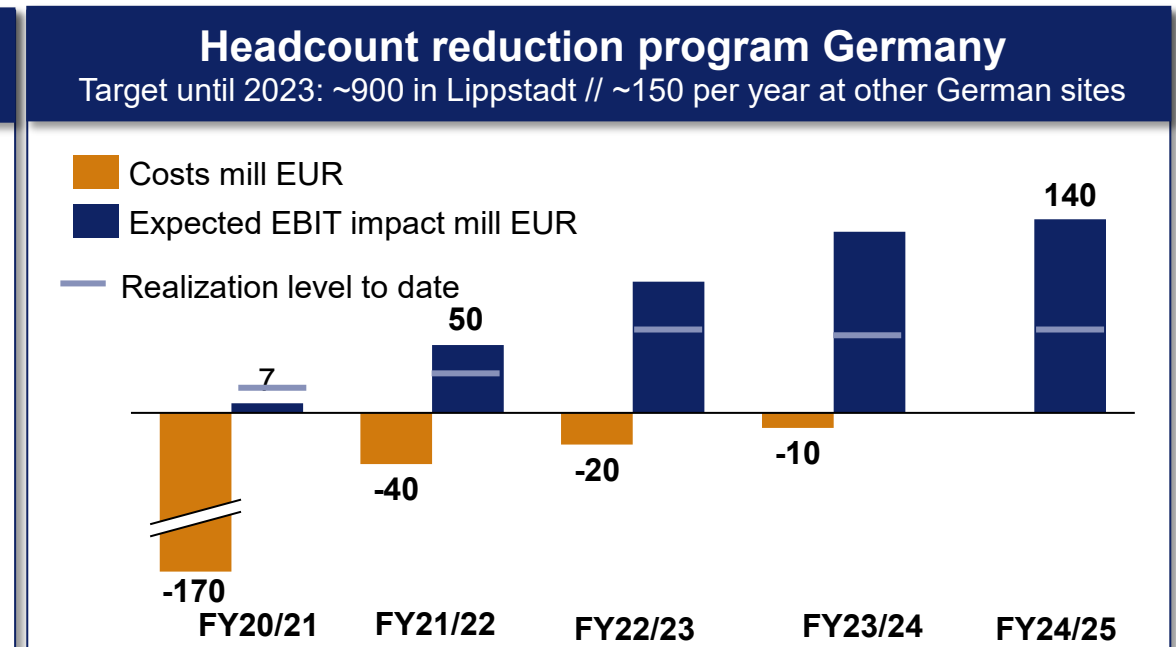
Forster smart automation in the global production network

In order to strengthen its competitiveness, HELLA will further develop its organizational set-up

3. Secure competitiveness – Structural improvement program in Germany as key pillar



- ### Global headcount measures ongoing
- ~2,100 people reduced since November 2019, mostly outside of Germany
 - **Successful flexibilization** via automation, higher labor efficiency and process optimization
 - **Shifts to shared service center**, selected hiring and digitalization of processes



- ### Structural improvement program on track
- Program in Germany initiated mid 2020
 - **Cost of ~240 mill EUR** (mainly for redundancy payments and early retirement), **mostly cash**
 - **Majority of EBIT effects** expected from **FY 22/23 onwards**
 - **Majority of cash out** **FY 21/22** and **FY 22/23**

Consistent implementation of smart automation measures is a key pillar for HELLA's competitiveness

3. Secure competitiveness – smart automation initiatives on track

Smart Automation	Work-package	Status ¹	Use Cases	Headcount Reduction	
<ul style="list-style-type: none"> Global program, use of CoBots and other Automation means All use cases have been re-evaluated according to reduced market outlook Four Work-packages (WP) instead of three defined and sequentially implemented, WP 1 already completed Around 170 use cases realized ~550 new use cases identified, thereof ~190 in realization New WP 4 with further potential Payback time of around 2 years 	WP 1 Final assembly	Successfully implemented	~170	840 (realized)	<ul style="list-style-type: none"> Standard project ROI < 24 months EBIT impact of ~45 mill EUR p.a. FY 23/24 onwards confirmed Potential re-use of equipment
	WP 2 Preproduction	Implementation phase Nov 20 → May 21 End date	~190	1,000 (2021)	
	WP 3 Full line assembly	Concept phase Nov 21 → May 22 End date	~190	1,100 (in planning)	
	WP 4 (new) Full line assembly, deco check & logistic	Concept phase End date May 23	~170	900 (in planning)	

1) Timeline stretched due to Covid-19 impact

HELLA generation of Free Cash Flow is crucial with tailored measures for Working Capital and dedicated CAPEX

4. Improve Free Cash Flow Generation – Increase cash conversion ratio



4 Improve Free Cash Flow Generation

- **Free Cash Flow generation remains top priority** on management level
- **Working Capital management with improvement potential but** on the other hand side **challenging** in current environment
- **Industry transformations triggers additional CAPEX needs** to strengthen market position



KEY ACHIEVEMENTS SINCE LAST CMD

- **Targeted 3%-point reduction of WC/Sales achieved** end FY19/20
- **Continuous focus on Free Cash Flow during the pandemic**, positive FCF end of FY 19/20
- **Free Cash flow break even mostly achieved** end of H1 FY 20/21; in upcoming quarters **further positive development expected**
- **Around 120 mill EUR (pre-tax) additional cash** received from disposal of Software business

TOP PRIORITIES

Achieve Cash Conversion rate of >40%

A

Normalization and improvement of WC

Counterbalance additional CAPEX needs to reach targeted conversion level mid-term
Short term normalization close to level end of FY 19/20
Mid-term slight improvements to a level of ~12% expected

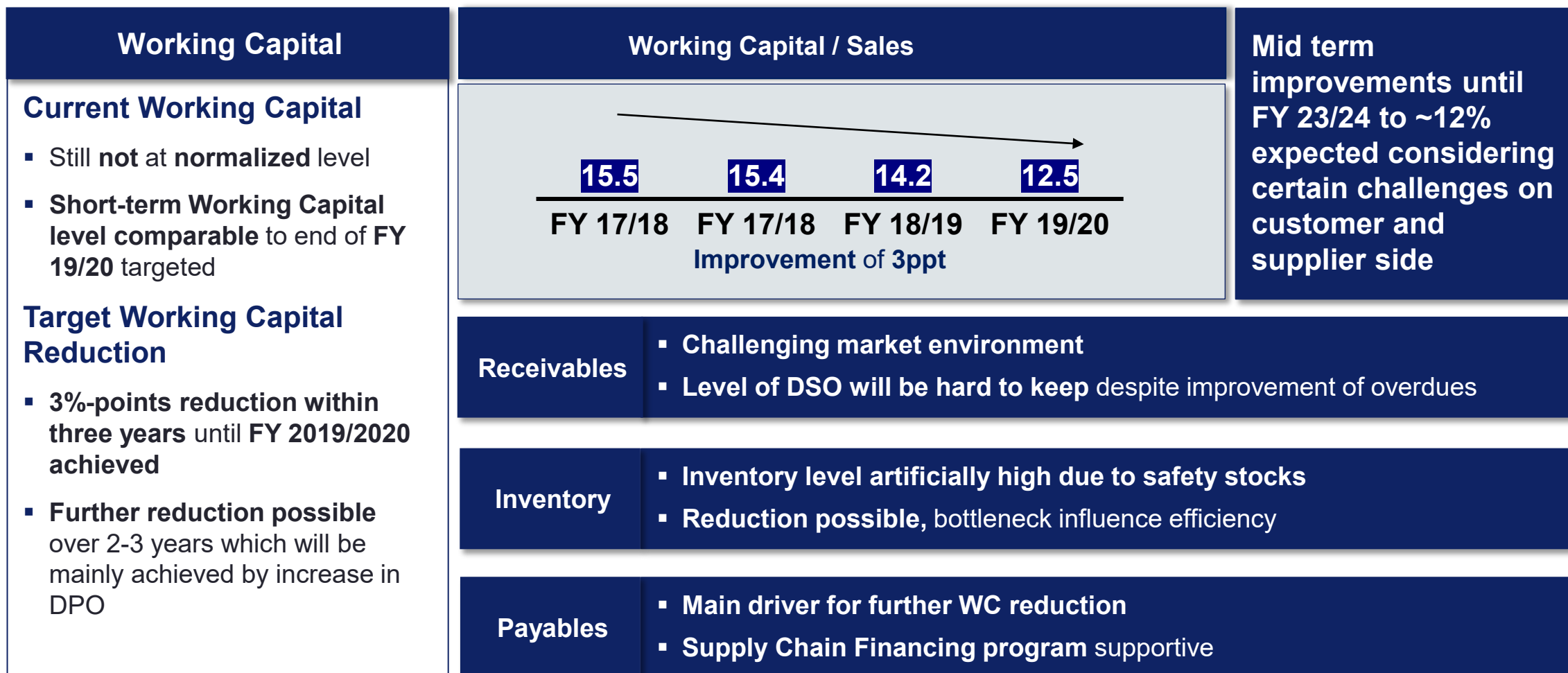
B

Investments in booked business to secure growth and structural investments to support transformation and improve competitiveness

Additional CAPEX of ~50 mill EUR p.a. for next 3 years needed compared to run-rate spending leading to mid-term ratio >9%, long-term target ~8%

HELLA generation of Free Cash Flow is crucial with tailored measures for Working Capital

4. Improve Free Cash Flow Generation – Working Capital improvements



HELLA sticks to established partnership models – at the same time find new ways to expand further into attractive business models and to grow externally

5. Use external growth opportunities – out of the box approach



5 Use external growth opportunities

- Selection of potential M&A targets need to support profitable growth paths
- Potential targets should contribute to innovation and technology leadership
- Increasing number of agile (tech) start-ups that drive innovation and are looking for industrialization partners and fresh capital



KEY ACHIEVEMENTS SINCE LAST CMD

- Existing partnerships expanded, e.g. HBPO increase of scope beyond frond-end modules, BHTC extends portfolio to HMI interfaces
- JV network successfully extended, further potential partnerships in discussion
- Further build-up HELLA Venture Capital arm, actual team size increased to 5

TOP PRIORITIES

Capitalize growth opportunities with external partners and investments

A **Scaling up existing partnerships**
Assess future possible cooperation steps using business case simulations








B **Establishment of new partnerships**
Focus on High Voltage market in China, partnering with cell suppliers

C **Search for acquisition targets**
Focus on potential acquisitions in Electronics as well as Special Applications

D **Invest in technology start-ups**
Co-investments with leading VCs to industrialize cutting-edge technology and business models

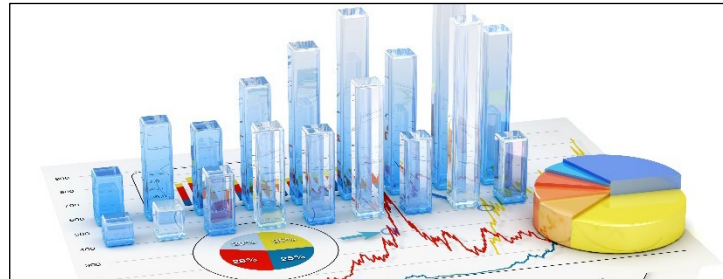
HELLA funds allocated to Venture Capital – rocket fuel business development & innovation

5. Develop the business further– HELLA Ventures as worldwide recognized Automotive CVC

HELLA Ventures	Focus	Portfolio Companies – Examples	<p>Establish HELLA Ventures as leading automotive CVC</p> <ul style="list-style-type: none"> ▪ Co-invest exclusively with top-tier VCs ▪ Always deliver on a joint rapid go-to-market strategy between HELLA and start-up
<p>Corporate venture capital arm of HELLA located in San Francisco</p> <p>Investment Strategy</p> <ul style="list-style-type: none"> ▪ Series A-C investments with top-tier Venture firms ▪ Check sizes: 1-10 mill USD ▪ 3-4 new investments a year, 18 Portfolio Companies ▪ Around 30 mill EUR invested ▪ Focused on mobility, deep tech, industrial internet of things, lighting solutions ▪ Channel and industrialization partner, key roll-out customer 	Automated Driving	 SW based radar technology improving angular resolution & range  Dynamic laser scanner (lidar) + camera technology with industry leading performance	
	Lighting Technology	 Holographic displays & latest lighting technology developments. New optical elements to be used in interior and exterior lighting.	
	Connected Car	 Cloud platform for personalized air quality  Software-as-a-service platform maximizing car fleet utilization & operational efficiency	
	Industry 4.0	 Analytics software to increase the efficiency of semi-automated production lines	
	Energy Management	<p>undisclosed</p>  Energy management solutions for the entire spectrum of electric mobility applications Intelligent technology for charging e-vehicles in conjunction with the HELLA battery mgmt.	

HELLA's balanced financing and strong balance secures financial firepower – use of cash to grow business and to participate shareholder in business success

6. Secure financial stability and efficient capital allocation – Financing & allocation premises



6 Secure financial stability and efficient capital allocation

- Volatile markets with insecure outlook require strong financing backbone
- Dividend payments increasingly important for total return calculations of shareholders



KEY ACHIEVEMENTS SINCE LAST CMD

- Financial flexibility improved with new (undrawn) revolving Credit (2022) of 500 mill EUR as back-up facility
- 450 mill EUR credit facility paid back
- Investment rating kept; Moody's investment grade rating confirmed at BAA1 with re-assessment mid 2020
- Low leverage kept, current Net Debt/EBITDA at 0.2x

TOP PRIORITIES

Conservative financing and efficient capital allocation

A

Secure financial flexibly especially in times with higher market volatilities and have financial firepower for investments

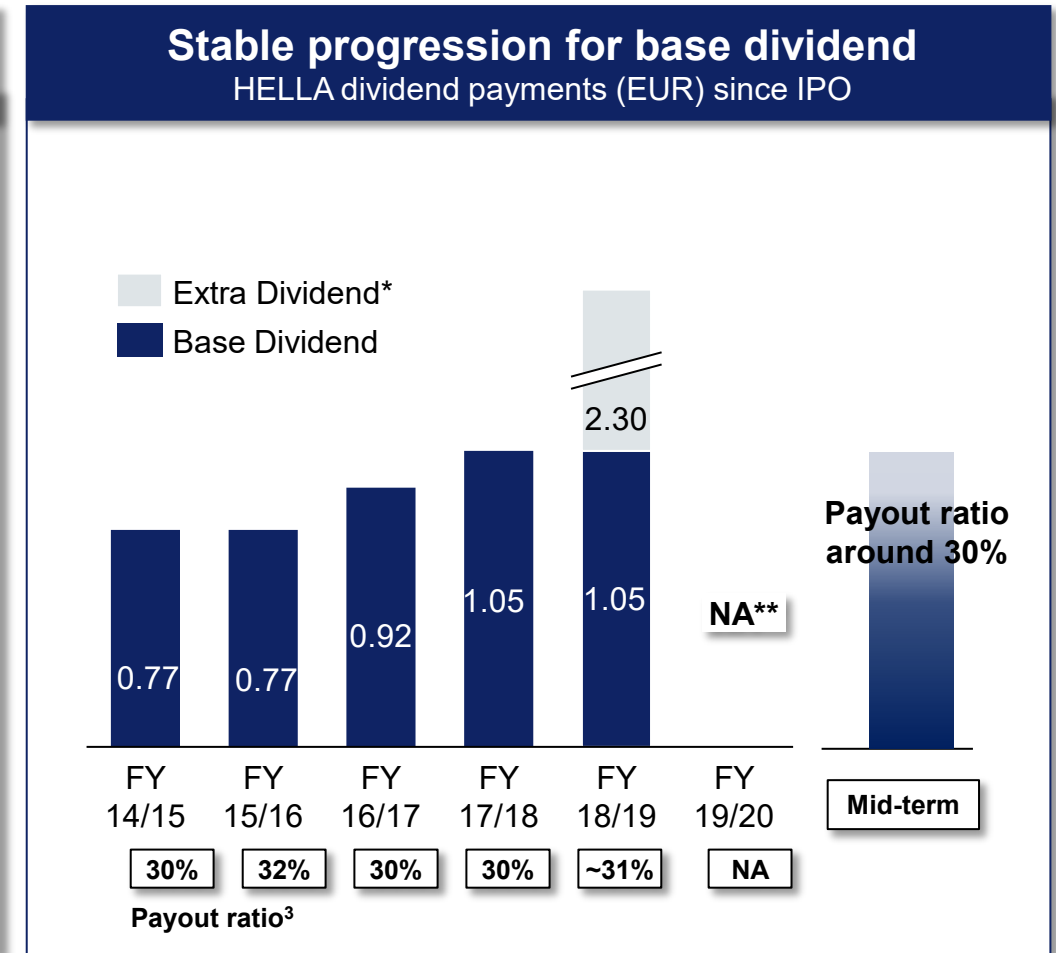
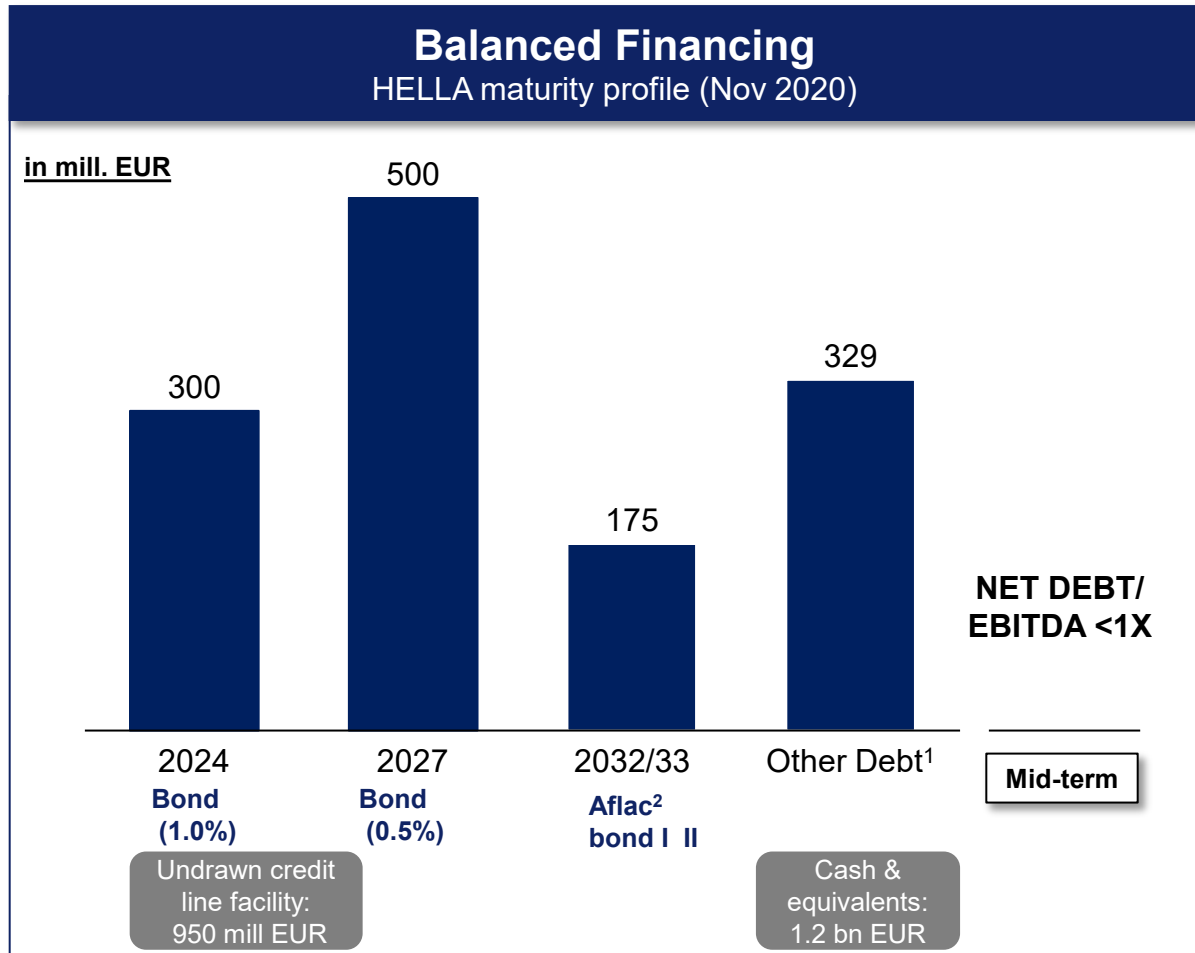
Target Net Debt / EBITDA <1x

B

Continuity in dividend payments with a payout ratio ~30% and stable development of base dividend

HELLA's strong financial backbone secures business success and provides financial flexibility for investments

6. Secure financial stability and efficient capital allocation – Financing & allocation premises



1) Mostly long-term debt; starting with Aug 2019 lease liabilities according to IFRS 16, USD loan

2) Aflac bonds hedged values; Abbreviation for "American Family Life Insurance Company"

3) Ratio of dividend of the fiscal year to net income attributable to shareholders

* after disposal of Wholesale business **FY 19/20 dividend suspension due to impairment loss

With tailored investments and agile organization, HELLA continues its profitable growth path in the “post Covid” market environment

Continue success and stick to committed targets

TOP PRIORITIES



1



2



3



4



5



6

DRIVER

TARGET

GROUP SALES

- Modestly growing LVP
- Positioning in accelerating automotive trends
- Technology leadership strong product portfolio

5%-10% growth p. a.

Adjusted EBIT MARGIN

- Sales momentum
- Cost control
- Structural improvements

8.0% and beyond

CASH FLOW Generation

- Working Capital normalization and further improvement
- CAPEX following strong order book and transformation program

Cash conversion ratio >40%

HELLA Capital Markets Day 2021

Drive On – February 10, 2021

1

Strategic perspective

Dr. Rolf Breidenbach
President and CEO

2

Financial perspective

Bernard Schäferbarthold
CFO

3

Live Q&A session

Dr. Rolf Breidenbach
Bernard Schäferbarthold



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