

HELLA H1 2023 Results

Jan 1, 2023 – June 30, 2023

July 24th, 2023



Summary

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After conversion of the fiscal year to the calendar year: Comparison with the first half of the calendar year 2022

General note

- › **HELLA has changed the fiscal year to the calendar year with effect from 1 January 2023**
- › **The first half of the fiscal year 2023 (H1 FY 2023) therefore covers the period 1 January to 30 June 2023**
- › **For better comparability, the business development is therefore compared with the first half of the calendar year 2022 (H1 CY 2022)**
- › **The figures for H1 CY 2022 were prepared according to the same principles as the interim report for H1 FY 2023**
- › **All figures are not subject to an auditor's review (prüferische Durchsicht)**



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01

Achievements

Strong sales momentum in H1 FY 2023 with further improvement of profitability and cash flow

Strong organic sales growth of +19.2%; all three Business Groups growing double-digit

- **Group reported sales growing +17.3%**
- **Continuous market outperformance;** outperforming globally by around 610bps; strong performance especially in Europe
- **High demand for core products and technologies**
 - **Electronics growing 13.1%** to €1,526m
 - **Lighting growing 23.9%** to €1,921m
 - **LCS growing 11.1%** to €546m

Double digit growth of Operating Income and strong improvement of Net Cash Flow

- **Operating Income up 76.2% to €245m, Operating Margin + 200bps to 6.1%**
 - positive leverage
 - improved compensation of material and energy price increases with pass-through to customers
- **Net Cash Flow increased by €98m to €89m; ratio to sales at 2.2%**
 - improved profitability
 - positive impacts from stringent capital allocation with lower CAPEX and higher factoring

Significant awards in H1 FY 2023, strong order intake trend continues

HELLA on track to achieve 2023 targets

› Lighting with global order intake for high-volume projects with core customers:

- SSL / HD headlamps high-volume series orders for international premium OEMs, SOP 2024, 2025, and 2026
- Rear lamps for international premium and mass OEMs, SOP 2024, 2025 and 2026
- Car Body Lighting system for an international OEM, SOP 2027

› Electronics receives order intake for high-content technologies:

- Battery Management system for German premium OEM, SOP 2024
- 77GHz radar for mass and premium OEMs, SOP 2025 and 2026
- Smart Car Access for German OEM, SOP 2025

› LCS successfully sold applied automotive technology to a broad customer base

- High Power Premium LED Work Lamp package for large wheel loaders, SOP 2023
- Marker lamps for international OEM for electric vehicles, SOP 2024
- Actuators for international electronics supplier, SOP 2024

Progress on cooperation with Forvia; continuous focus especially on cash generation

- **Cooperation with Forvia further intensified, implementation of measures on track:**
 - IT and Indirect Purchasing in new common and jointly managed organizations
 - establishment of further common joint corporate functions, e.g. Group Security and Group Internal Audit
 - significant achievements realized in Operations, e.g. joint benchmarking for surface-mounting tech. concluded
- **Increased cost (>€300m end of 2025) and revenue synergy targets (€400m end of 2025) fully on track:**
 - HELLA share at ~50%
 - cost synergies outlook for 2023-2025 including idea pipeline above target
 - further joint orders acquired
- **Continuous focus on profitability and cash flow generation**
 - follow through Manage by Cash program
 - continue to pass-through inflation to customers
 - achieve synergies and implement further cost reduction

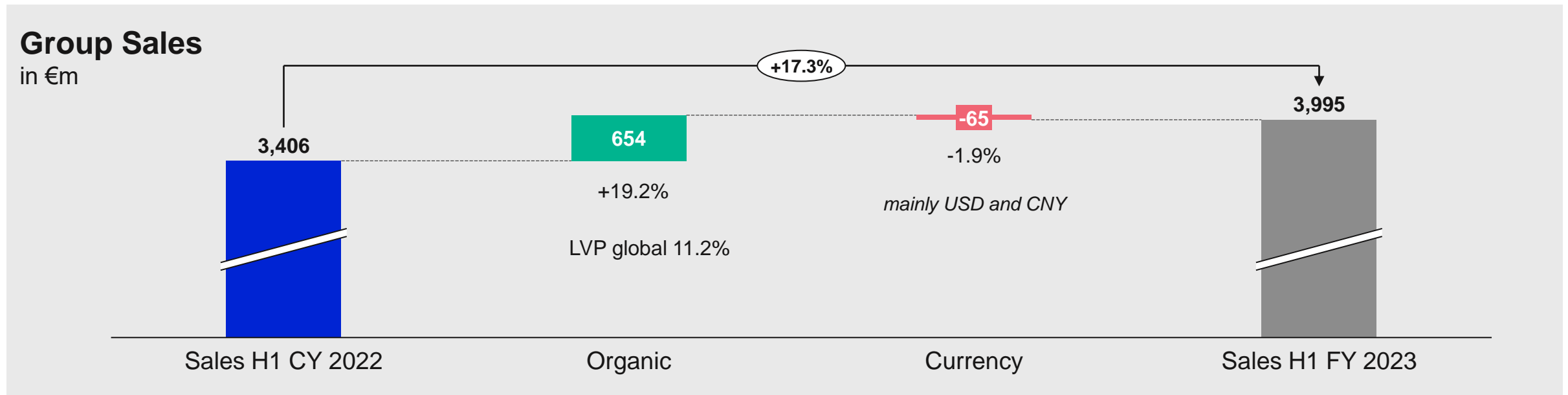
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02

Financial Results

Continuation of sales growth in H1 FY 2023 based on well positioned product offering and balanced customer portfolio

- › Organic sales H1 FY 2023 up 19.2% close to €4.0bn, €65m negative FX in H1, organic sales Q2 up by 23.9%
- › Double-digit organic sales growth in all three Segments, especially strong sales contribution in Lighting
- › Robust demand for key products, along the automotive trends



Electronics with high demand for core technologies and ongoing investments in future projects

ELECTRONICS

	H1 CY 2022	H1 FY 2023	
External Sales (€m)	1,349	1,526	vs. LVP growth of 11.2%
YoY organic		+14.7%	
YoY FX*		-1.6%	
Operating Income	87	109	
% of Total Sales	5.9%	6.5%	

*approximation based on internal analyses

> Leverage strong product portfolio in recovering markets

- high demand for automated driving and energy management products like radar sensors and high-voltage battery management systems
- strong business activities especially in Europe
- components business down in H1 due to customer and model mix, stabilizing already in Q2 with an expected more positive development in outer periods

> Operating Income +25.7% to €109m; margin up by 61bps:

- improved business performance
- increasing compensation for inflation by customers
- margin affected by over-proportional rise of R&D to develop order book; additional investments in individual development projects with particularly high safety requirements
- PY affected by material shortage and COVID-19 shutdown China

Strong performance in Lighting with further sales growth and breakthrough in profitability

LIGHTING

	H1 CY 2022	H1 FY 2023	
External Sales (€m)	1,551	1,921	vs. LVP growth of 11.2%
<i>YoY organic</i>		+25.6%	
<i>YoY FX*</i>		-1.7%	
Operating Income	-3	64	
<i>% of Total Sales</i>	-0.2%	3.3%	

*approximation based on internal analyses

> Strong sales growth due to market leadership position and favorable regional mix

- strong demand from premium and mass OEMs for sophisticated lighting solutions
- ramp up of series production with diversified customer base
- continuous demand in all regions, especially China
- Q2 CY 2022 negatively impacted by COVID 19-lock down in China

> Operating Income +€67m to €64m; margin improvement by ~350bps:

- positive leverage with improved business development in all regions
- R&D efficiency further accelerated
- improved compensation of inflation-related price increases

Life Cycle Solutions shows steady contribution with further sales growth and good operational performance

LCS

	H1 CY 2022	H1 FY 2023
External Sales (€m)	491	546
<i>YoY organic</i>		+14.4%
<i>YoY FX*</i>		-3.2%
Operating Income	58	74
<i>% of Total Sales</i>	11.6%	13.5%

**approximation based on internal analyses*

> Sales performance driven by

- successful spare parts business with growth particularly in Mexico, Poland and Brazil
- strong commercial vehicle business, especially agriculture, construction machinery, as well as and truck & bus business growing
- growing workshop product sales with ramp-up of new particle counter (at Hella Gutmann)

> Operating Income up by 27.9% to €74m; margin up by 190bps:

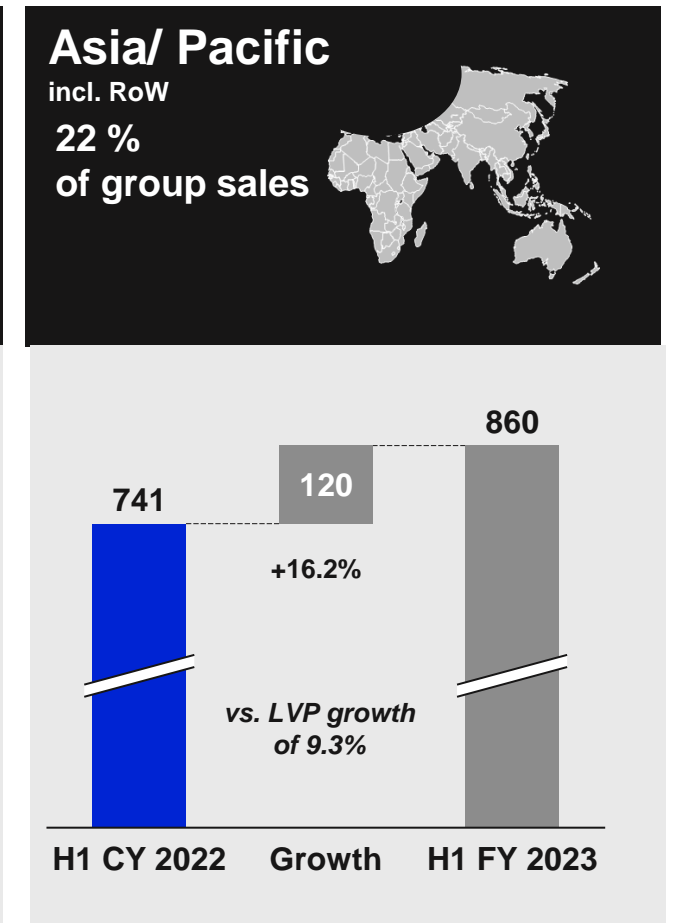
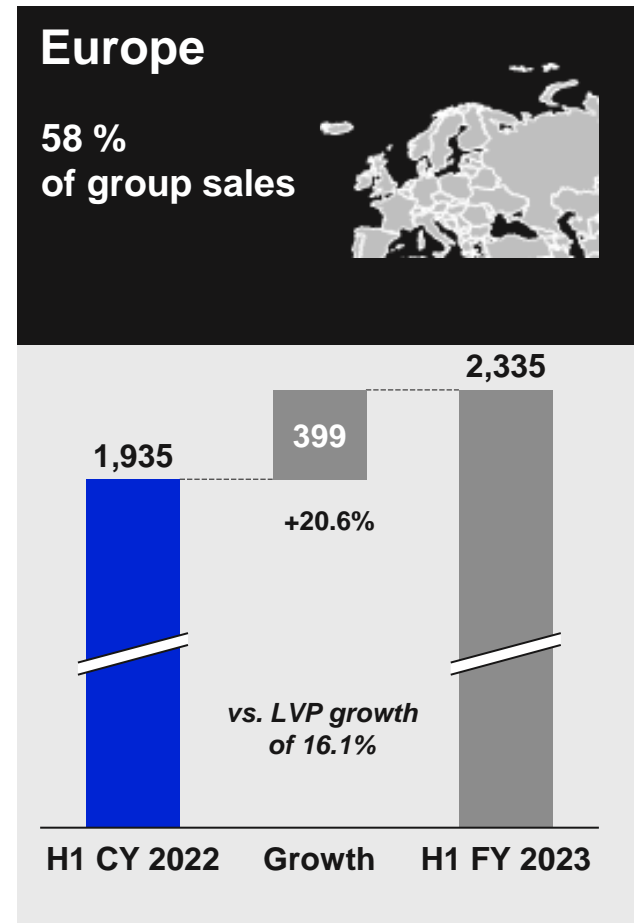
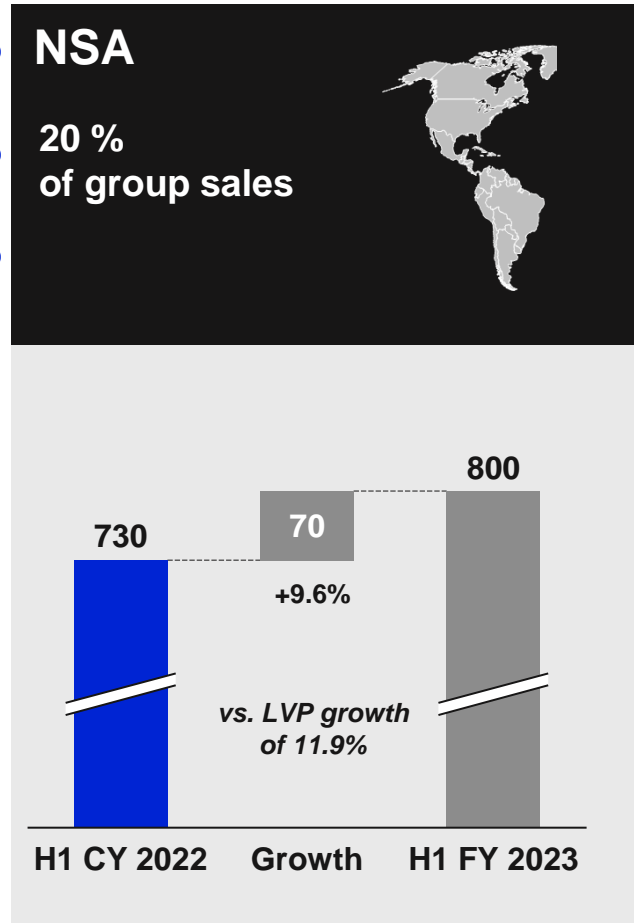
- higher business volumes
- successful pass-through of inflationary price increases
- continuous savings in SG&A

Ongoing outperformance driven by Europe and Asia/Pacific; NSA negatively impacted by FX effects

LVP global +11.2%

GROUP Sales +17.3%

Outperformance +6.1%



Strong improvement of profitability with sales growth and mitigated inflation burden

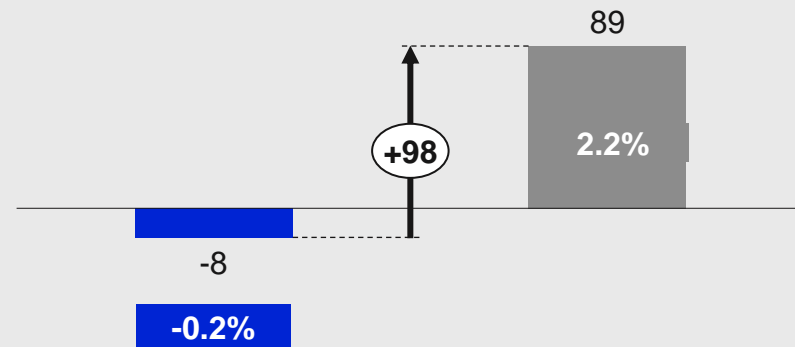
In €m	H1 CY 2022	H1 FY 2023	YoY Change
Sales	3,406	3,995	+ 17.3%
COGS	(2,633)	(2,997)	+ 13.8%
% of sales	-77.3%	-75.0%	+ 230bps
Gross Profit	773	998	+ 29.1%
% of Sales	22.7%	25.0%	+ 230bps
R&D	(361)	(436)	+ 20.9%
% of sales	-10.6%	-10.9%	- 30bps
SG&A	(273)	(317)	+ 16.1%
% of sales	-8.0%	-7.9%	+ 10bps
(thereof distribution)	(168)	(191)	+ 13.4%
% of sales	-4.9%	-4.8%	+ 20bps
(thereof admin)	(108)	(141)	+ 30.1%
% of sales	-3.2%	-3.5%	- 30bps
Operating Income	138.9	244.8	+76.2%
% of sales	4.1%	6.1%	+ 200bps
JV and other income from investments	16.9	4.3	-74.5%
% of sales	0.5%	0.1%	-40bps
Non-recurring OI& OE	(14.0)	(4.4)	- 68.4%
EBIT	141.8	244.6	+ 72.5%
% of sales	4.2%	6.1%	+ 200bps

- **Gross Profit margin up 230bps** with higher volumes and pass-through of price increases to mitigate inflation burden
- **R&D ratio up 30bps, investments grew over-proportionally by 20.9%** to develop upcoming projects after high order volumes; additional investments in individual development projects in Electronics with particularly high safety requirements
- **SG&A ratio down 10bps**: continuous cost management but selective investments in functions and headcount
- **Non-recurring operating income and expenses at -€4.4m** including e.g. income from the remeasurement of investments of €5.7m and income from disposal of investments of €3.9m. Expenses are related to restructuring measures of -€12.9m and remeasurement of investments of -€2.4m

NCF improvement with good business performance and expected seasonal development

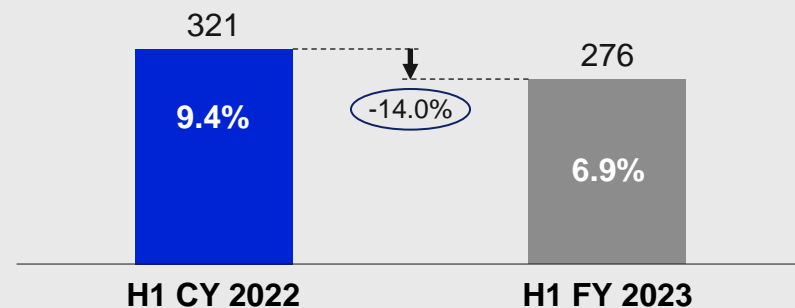
Net Cash Flow

in €m and % of sales



CAPEX

in €m and % of sales



> Net Cash Flow increased by €98m to €89m

- increased fund from operations
- positive change in Working Capital due to higher payables; inventories still increasing, mainly due to persistent volatility in customer call offs
- includes additional use of factoring specifically in Mexico of €60m

> CAPEX decreased by 14.0% to €276m

- continuous investments into product-specific equipment and projects
- active management of investments

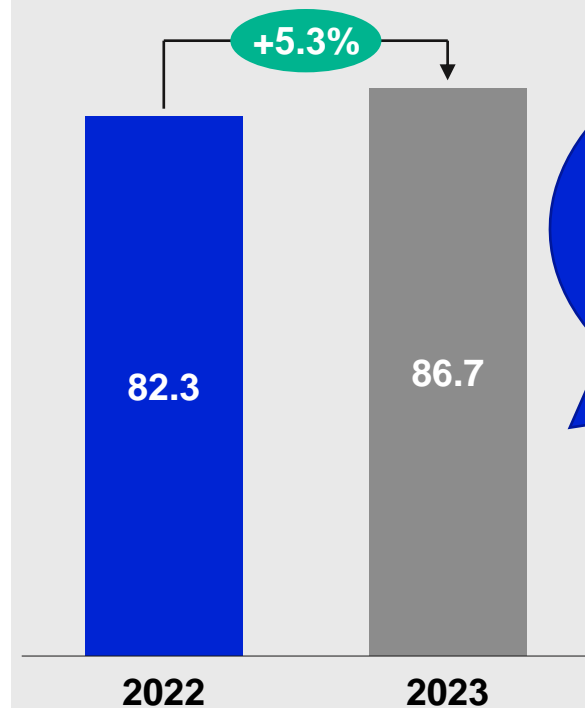
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Outlook

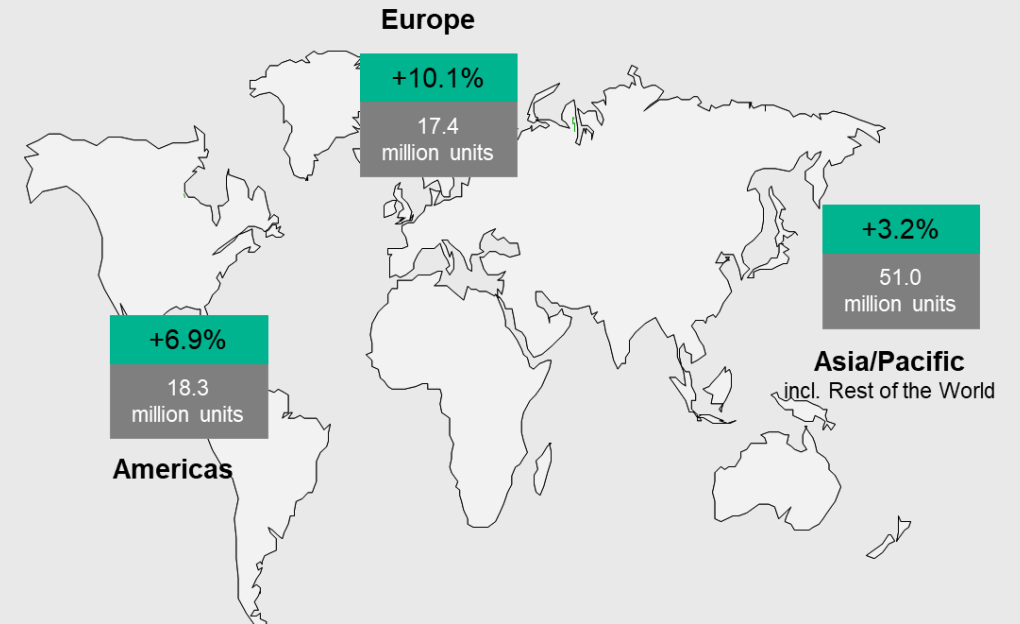
HELLA is expecting a market development to around 86m vehicles in 2023

Expected Global Light Vehicle production in million units, IHS Markit® per July 2023



HELLA sales outlook remains unchanged due to customer mix and lower inflation

Expected Global Light Vehicle production in million units, IHS Markit® per July 2023



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

FY 2023 outlook confirmed

Outlook for the period January 1, 2023, to December 31, 2023

Based on an assumed LVP of around 86million vehicles for the period

Consolidated sales

Currency and portfolio adjusted

**In a range of around € 8.0 to 8.5 billion
*expected to be around the midpoint of the forecast range***

Operating Income Margin

**In a range of around 5.5% to 7.0%
*expected to be around the midpoint of the forecast range***

Net Cash Flow

Approximately 2% of reported sales

Profitability in the Lighting and Electronics Business Groups assumed to further develop based on the level of FY 2022

This guidance assumes no significant market deviation due to political, economical or social crises

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Key Takeaways



Key Takeaways

› Strong performance in H1 FY 2023 in line with communicated expectations

- Electronics and Lighting outperforming the market, all Business Groups record double-digit sales growth
- strong outperformance in Europe and Asia; Americas negatively impacted by FX effects
- step-up in group profitability despite high level R&D investment that sustain future growth

› Confirmed FY 2023 outlook

- positive business development expected in the upcoming quarters leading to record sales in FY 2023
- gradual improvement of profitability and cash with top line growth, efficient cost management, pass-throughs and synergy realization

› On track to achieve FY 2025 targets

- forward-looking business model with fundamental value creation driven by megatrends and content increase
- product & technology portfolio with successful customers set the path for profitable growth in a dynamic market
- right balance between short term evolution of profitability and future growth



APPENDICES

Upcoming events CY 2023

November 7, 2023 9M FY 2023

November 28, 2023 HELLA Analyst Meeting, Frankfurt

LVP production and Group sales per region

		H1 CY 2022	H1 FY 2023
HELLA Group sales in €m	Worldwide	3,406	3,995
	Europe	1,935	2,335 +20.6%
	North & South America	730	800 +9.6%
	Asia/Pacific & Rest of World	741	860 +16.2%
Light vehicle production in 1.000 units	Worldwide	38,933	43,300
	Europe	7,886	9,157 +16.1%
	North & South America	8,397	9,397 +11.9%
	Asia/Pacific & Rest of World	22,651	24,747 +9.3%

Note: Light Vehicle Production (LVP) based on IHS Markit® data as of July 2023; Growth figures always compared with the same period of the previous year

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FORVIA

