Technology with Vision

FINANCIAL STATEMENT
FEBRUARY 28, 2019

3RD QUARTER

FISCAL YEAR 2018/2019

Q3

Contents

Key performance indicators

	1st – 3rd quarter 1 June to 28 February		3rd quarter 1 December to 28 February	
	2018/2019	2017/2018	**2018/2019**	2017/2018
Currency- and portfolio-adjusted sales growth	6.2%	9.3%	4.0%	9.4%
Adjusted EBIT margin	8.1%	8.2%	7.1%	7.1%

	1st – 3rd quarter 1 June to 28 February		3rd quarter 1 December to 28 February	
In € million	**2018/2019**	2017/2018	**2018/2019**	2017/2018
Reported sales	5,169	5,130	1,619	1,678
Change compared to prior year	1%	7%	-3%	6%
Adjusted earnings before interest and taxes (adjusted EBIT)	417	395	115	109
Change compared to prior year	6%	6%	6%	4%
Earnings before interest and taxes (EBIT)	649	404	112	114
Change compared to prior year	61%	16%	-2%	11%
Adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA)	693	721	209	221
Change compared to prior year	-4%	8%	-6%	8%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	927	733	205	228
Change compared to prior year	26%	14%	-10%	13%
Earnings for the period	510	277	66	78
Change compared to prior year	84%	12%	-15%	5%
Earnings per share (in €)	4.59	2.48	0.60	0.70
Change compared to prior year	85%	12%	-14%	7%
Adjusted free cash flow from operating activities	210	179	58	72
Free cash flow from operating activities	193	145	46	72
Net capital expenditure	358	312	117	99
Change compared to prior year	15%	-5%	17%	- 17%
Research and development (R&D) expenses	507	460	167	154
Change compared to prior year	10%	9%	8%	8%

	1st – 3rd quarter 1 June to 28 February		3rd quarter 1 December to 28 February	
	2018/2019	2017/2018	**2018/2019**	2017/2018
EBIT margin	12.6%	7.9%	6.9%	6.8%
Adjusted EBITDA margin	13.5%	14.9%	12.9%	14.4%
EBITDA margin	17.9%	14.3%	12.7%	13.6%
R&D expenses in relation to sales	9.9%	9.5%	10.3%	10.0%
Net capital expenditure in relation to sales	6.9%	6.1%	7.2%	5.9%

	28 February 2019	31 May 2018
Net financial liquidity / net financial debt (in € million)	48	- 187
Equity ratio	45.7%	41.9%
Return on equity (last 12 months)	26.3%	17.5%
Employees	39,327	40,263

To guarantee a presentation of the company's operational performance that is transparent and comparable over time in light of the exit from wholesale distribution in the current fiscal year 2018/2019, the operational comparative variables have been adjusted for the wholesale distribution business activities from the second quarter onwards and the prior-year figures have also been adjusted accordingly. Furthermore, the International Financial Reporting Standards 9, 15 and 16 were used for the first time in fiscal year 2018/2019. The figures from the prior year were not adjusted in connection with these changes. As a result, these key performance indicators are difficult to compare. The HELLA Group's main key performance indicators (currency- and portfolio-adjusted sales growth and adjusted EBIT margin) are nonetheless largely unaffected. Please also note that where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding. Further information can be found in the selected financial information and in the further notes.

Highlights

- **Currency- and portfolio-adjusted sales increase by 6.2% in the first nine months of the fiscal year**; reported consolidated sales increase by 0.8% to € 5,169 million
- **Adjusted earnings before interest and taxes increase to € 417 million during the nine-month period**; adjusted EBIT margin is 8.1%
- **Adjusted free cash flow from operating activities rises** to € 210 million
- **Reported sales in the Automotive segment increase by 7.5% to € 4,240 million** in the first nine months of the fiscal year
- **Reported sales in the Aftermarket segment increase by 3.8% to € 492 million**, without taking the wholesale distribution business into account
- **Reported sales in the Special Applications segment fall by 5.4%** due to the closure of the production site in Australia; sales increase would amount to 3.8% if this closure were not taken into account
- **In the third quarter, currency- and portfolio-adjusted sales increase by 4.0%**; adjusted EBIT increases to € 115 million; adjusted EBIT margin remains at the prior year's level at 7.1%

INDUSTRY DEVELOPMENT

- **Global production of passenger cars and light commercial vehicles decreases by 3.7% in the first nine months of fiscal year 2018/2019**
- **Declining industry development in Europe excluding Germany (-1.0%), Germany (-11.9%) and Asia/Pacific/Rest of World (-4.3%)**
- **Slight growth in North, Central and South America (+0.4%)**
- **In the third quarter, global production of passenger cars and light commercial vehicles decreases by 6.1%**

During the first nine months of the HELLA fiscal year 2018/2019 (1 June 2018 to 28 February 2019), the international automotive sector declined overall. According to the IHS market research institute data updated in March 2019, the production of passenger cars and light commercial vehicles decreased by 3.7% to 68.5 million units in this period (prior year: 71.2 million units). In the prior year’s reporting period, the automotive industry grew by 1.1%. The downward trend in industry development which began in the second quarter therefore continued and accelerated in the third quarter (-6.1%). With regard to HELLA's core markets, the regions of Europe excluding Germany, Germany and Asia/Pacific/Rest of World recorded lower production figures compared to the prior-year period. The number of new units produced in Europe excluding Germany decreased by 1.0% to 12.0 million units (prior year: 12.1 million units) during the nine-month period. This decline was caused by a drop in production figures in the third quarter (-2.8%) following stable industry development in the first half of the year. The negative trend on the selective German market continued during the nine-month period, and the new units produced dropped significantly by 11.9% to 3.7 million units (prior year: 4.2 million units). The number of new units produced in Germany continued to decline in the third quarter (-10.3%). In Asia/Pacific/Rest of World, the number of new vehicles produced dropped by 4.3% in the reporting period to 36.6 million units (prior year: 38.3 million units). For the period of the third quarter, this means a significant decline of 7.1% in the automotive sector. This can be attributed primarily to the Chinese market, with the number of new units produced dropping by 9.4% in the first nine months of the year to 19.1 million units (prior year: 21.1 million units). In the third quarter, the decrease in light vehicle production was 14.5% in China. By contrast, in North, Central and South America the production of passenger cars and light commercial vehicles rose slightly by 0.4% to 15.0 million units (prior year: 14.9 million units) in the reporting period. After a period of slight growth in the first half of the year, the automotive market in North, Central and South America was, however, also affected by the negative global industry development in the third quarter and recorded a decline of 0.9% in production figures for this period. The selective US market saw positive industry development, with the number of new units produced increasing by 2.2% to 8.1 million units (prior year: 7.9 million units) during the nine-month period. In the third quarter, the automotive sector grew by 2.2% in this region and therefore only partially compensated for the negative industry development in the overall region.

BUSINESS DEVELOPMENT OF THE HELLA GROUP

- **Currency- and portfolio-adjusted sales increase by 6.2% in the first nine months of the fiscal year; reported consolidated sales increase by 0.8% to € 5,169 million**
- **Adjusted earnings before interest and taxes increase to € 417 million during the nine-month period; adjusted EBIT margin is 8.1%**
- **Adjusted free cash flow from operating activities rises to € 210 million**
- **In the third quarter, the currency- and portfolio-adjusted sales increase by 4.0%; adjusted EBIT increases to € 115 million; adjusted EBIT margin remains at the prior year's level at 7.1%**

Results of operations

With the sale ("closing") of the two principal wholesale companies FTZ Autodele & Verktoj A/S ("FTZ") and INTER-TEAM sp. z o.o. ("Inter-Team") on 3 September 2018 and the sale of the remaining Norwegian company Hellanor AS ("Hellanor") on 10 December 2018, the HELLA Group successfully completed its exit from wholesale distribution. To guarantee a presentation of the company's operational performance that is transparent and comparable over time in light of this, the operational comparative variables in the following Group management report have been adjusted from the time of the sale of FTZ and Inter-Team onwards and the prior-year figures have also been adjusted accordingly. The table on page 7 shows this adjusted consolidated income statement; the reported data are presented in the selected financial information on page 19 and a reconciliation table is in the further notes on page 29. Furthermore, starting with the beginning of the fiscal year 2018/2019, the wholesale distribution business activities are no longer included in the Aftermarket segment reporting. The prior-year figures have been adjusted in the segment reporting. For more details on this, refer to the further notes on page 25.

During the first nine months of the HELLA fiscal year 2018/2019 (1 June 2018 to 28 February 2019), currency- and portfolio-adjusted sales for the HELLA Group rose by 6.2% compared to the prior year. Taking exchange rate effects (+0.1 percentage points) and portfolio effects from the sale of the wholesale distribution business (-5.5 percentage points) into account, reported consolidated sales increased by 0.8% to € 5,169 million during the nine-month period (prior year: € 5,130 million).

In the third quarter of the current fiscal year, the currency- and portfolio-adjusted sales grew by 4.0%. Taking exchange rate effects (+1.0 percentage points) and portfolio effects (-8.5 percentage points) into account, reported consolidated sales decreased by 3.5% to € 1,619 million in the quarterly comparison as a result of the sale of the wholesale distribution business (prior year: € 1,678 million). Both in the nine-month period and in the third quarter, strong business development in the Automotive segment in particular contributed to the increase in currency-adjusted and portfolio-adjusted sales; in addition, more development and tool services were invoiced in the third quarter.

The regions of Europe excluding Germany, Germany and North, Central and South America recorded positive development during the reporting period. Sales in Europe excluding Germany increased by 6.3% to € 1,562 million (prior year: € 1,470 million), in Germany by 6.2% to € 1,738 million (prior year: € 1,637 million) and in North, Central and South America by 15.1% to € 999 million (prior year: € 868 million). By contrast, in the first nine months of the current fiscal year sales in the Asia/Pacific/Rest of World region fell by 2.2% to € 848 million due to weak demand on the Chinese market (prior year: € 868 million), thus impairing HELLA's sales development. In the third quarter, sales growth came to 7.1% in the Europe excluding Germany region, 0.8% in the selective German market and 22.2% in North, Central and South America. In the Asia/Pacific/Rest of World region, sales fell by 6.9% in the third quarter as a result of the continuing weak industry development in China.

Consolidated income statement*

	1st – 3rd quarter 1 June to 28 February			3rd quarter 1 December to 28 February		
In € million	**2018/2019**	+/-	2017/2018	**2018/2019**	+/-	2017/2018
Sales	**5,148**	**+6.3%**	**4,843**	**1,619**	**+5.0%**	**1,542**
Cost of sales	-3,736		-3,523	-1,194		-1,134
Gross profit	**1,412**	**+6.9%**	**1,320**	**425**	**+3.9%**	**409**
Gross profit in relation to sales	27.4%		27.3%	26.2%		26.5%
Research and development expenses	-507		-460	-167		-154
Distribution expenses	-354		-341	-96		-99
Administrative expenses	-180		-173	-59		-61
Other income and expenses	14		15	6		6
Earnings from investments accounted for using the equity method	33		33	8		9
Other income from investments	0		0	0		0
Adjusted earnings before interest and taxes (adjusted EBIT)	**417**	**+5.6%**	**395**	**115**	**+5.9%**	**109**
Adjusted EBIT in relation to sales	8.1%		8.2%	7.1%		7.1%
Reported earnings before interest and taxes (EBIT)	**649**	**+60.7%**	**404**	**112**	**-1.8%**	**114**
Reported EBIT in relation to reported sales	12.6%		7.9%	6.9%		6.8%

* In order to ensure a transparent and comparable presentation over time against the background of the sale of the wholesale business, the consolidated income statement has been adjusted with regard to the operative comparative figures and prior-year figures. With regard to the reported earnings before interest and taxes (EBIT) and the reported EBIT margin, no adjustments were made for the previous year. For further information, please refer to the notes on page 29 of this financial report.

In the first nine months of the current fiscal year, the HELLA Group's earnings before interest and taxes adjusted for restructuring measures and portfolio effects (adjusted EBIT increased by 5.6% to € 417 million (prior year: € 395 million). As a result, the adjusted EBIT margin is 8.1% (prior year: 8.2%). The earnings development over the reporting period was supported in particular by an improvement in gross profit, while increased capital expenditure in research and development had a negative impact on the consolidated net profit. In the third quarter, the adjusted EBIT rose by 5.9% to € 115 million (prior year: € 109 million), corresponding to an adjusted EBIT margin of 7.1% (prior year: 7.1%).

In the reporting period, the company's earnings before interest and taxes were adjusted for restructuring measures (€ 3 million) as well as for income (€ 256 million) and expenses (€ 21 million) in connection with the sale of the business activities in wholesale distribution. In the prior fiscal year, adjustments for restructuring measures were made in the nine-month period in the amount of € 4 million. Taking the sale of the wholesale activities into account in particular, the reported earnings before interest and taxes (EBIT) increased accordingly to € 649 million (prior year: € 404 million), while the reported EBIT in the third quarter dropped to € 112 million (prior year: € 114 million). Accordingly, the reported EBIT margin in the reporting period is 12.6% (prior year: 7.9%) and 6.9% in the third quarter (prior year: 6.8%).

The Group-wide earnings trend is largely the result of an improvement in gross profit. This figure rose by 6.9% to € 1,412 million in the nine-month period (prior year: € 1,320 million). The gross profit margin also increased slightly to 27.4% (prior year: 27.3%). Overall, higher production volumes particularly in the Automotive segment compensated for higher material and personnel costs in the first nine months of the current fiscal year. In the third quarter, however, a further increase in costs for materials and personnel, combined with comparatively lower sales growth, had a

Reported sales of the HELLA Group in € millions (reported growth and currency- and portfolio-adjusted year-on-year growth in %) for the first nine months

larger impact on gross profit. Thus, gross profit increased subproportionally by 3.9% to € 425 million in the third quarter (prior year: € 409 million), meaning that the gross profit margin dropped to 26.2% (prior year: 26.5%).

Research and development (R&D) expenses increased to € 507 million in the reporting period (prior year: € 460 million). This corresponds to an R&D ratio of 9.9% (prior year: 9.5%). In the third quarter, R&D capital expenditure came to € 167 million (prior year: € 154 million), equivalent to an increase in the R&D ratio to 10.3% (prior year: 10.0%) compared to the third quarter of the prior fiscal year. In the context of the accelerating industry transformation, which requires greater investments in research & development, these expenses were incurred in particular from the drive to bolster and expand HELLA's leading technological position along automotive market trends. The particularly relevant trends here are autonomous driving, efficiency and electrification, digitalisation and connectivity, and individualisation. Further expenses were incurred in relation to the preparation and implementation of production ramp-ups as well as the further expansion of international development capacities.

During the reporting period, the distribution and administrative expenses, as well as the net of other income and expenses, increased compared to the prior year to € 520 million (prior year: € 498 million). The share of these expenses relative to sales is therefore 10.1% (prior year: 10.3%). In the third quarter, distribution and administrative expenses and the net of other income and expenses dropped to € 150 million (prior year: € 155 million); thus their ratio in relation to sales drops to 9.2% (prior year: 10.1%).

The contribution to earnings from joint ventures remained at the prior year's level of € 33 million in the nine-month period (prior year: € 33 million). Accordingly, the contribution of joint ventures to the Group-wide adjusted EBIT drops to 7.9% (prior year: 8.3%). In the third quarter, the contribution to earnings from joint ventures were € 8 million (prior year: € 9 million), corresponding to a contribution to the adjusted EBIT of 6.5% (prior year: 8.4%).

The net financial result came to € -29 million after nine months (prior year: € -33 million) and supported by write-ups of financial assets, mainly bonds and shares, to € -4 million in the third quarter (prior year: € -10 million). Expenses relating to income taxes amount to € 110 million in the reporting period (prior year: € 95 million) and to € 42 million in the third quarter (prior year: € 27 million).

Taking the expenses and income in connection with the sale of the wholesale activities into account, the earnings reported in the period increased to € 510 million (prior year: € 277 million). In the third quarter, the earnings for the period dropped to € 66 million (prior year: € 78 million). Earnings per share rose accordingly to € 4.59 during the nine-month period (prior year: € 2.48) and amounted to € 0.60 in the third quarter (prior year: € 0.70).

Financial status

In the first nine months of the fiscal year 2018/2019, net cash flow from operating activities dropped by € 58 million to € 506 million when compared with the prior-year period (prior year: € 564 million). The primary drivers of this development were settlement payments in connection with the end of the production activities of a plant in Australia as well as higher tax payments. Working capital increased subproportionally compared to sales growth. Higher receivables and inventories are offset by higher liabilities. In the third quarter of the current fiscal year, net cash flow from operating activities dropped by € 40 million to € 162 million (prior year: € 202 million).

Compared to the first nine months of the prior year, cash investing activities excluding payments for the acquisition of company shares or capital increases/repayments and securities fell

Adjusted earnings before interest and taxes (adjusted EBIT; in € millions and as a % of portfolio-adjusted sales) for the first nine months

by € 62 million to € 358 million (prior year: € 420 million). They included, firstly, capital expenditures towards the long-term expansion of the worldwide development, administrative and production network that HELLA continued to pursue. Secondly, these capital expenditures included maintenance investments for buildings, machinery, systems and other equipment. HELLA also invested considerable sums in product-specific capital equipment. Now that IFRS 15 applies, HELLA's capital expenditures on customer-specific tools to date, which have been reported with the Group's non-current assets, are to be recorded with the inventories until they are sold.

As part of active management of the liquidity available to the Group, € 173 million was invested in securities during the reporting period (prior year: € 8 million). For liquidity management purposes, capital is usually invested in short-term securities or securities with a liquid market, which means that these funds can be made available for potential operating requirements at short notice. In the prior year, the corresponding payments were still reported within the financing activities but will now be included as part of the investing activities.

In the first nine months of the fiscal year 2018/2019, the adjusted free cash flow from operating activities increased to € 210 million (prior year: € 179 million). In the reporting period, the free cash flow from operating activities was adjusted for payments for restructuring measures and portfolio adjustments in connection with the sale of the wholesale business amounting to € 17 million (prior year: € 35 million for payments for restructuring measures and legal matters as well as portfolio adjustments in connection with the sale of the wholesale business).

Taking these special effects into account, the reported free cash flow from operating activities increased accordingly to € 193 million (prior year: € 145 million) in the first nine months.

In the third quarter, the adjusted free cash flow from operating activities dropped by € 14 million to € 58 million (prior year: € 72 million). Reported free cash flow from operating activities decreased by € 26 million to € 46 million in the quarterly comparison (prior year: € 72 million).

Total cash receipts amounting to approximately € 397 million were received from the sale of the wholesale distribution business.

Total cash outflows from financing activities came to approximately € 160 million (prior year: € 284 million). Net drawn credit stood at € 21 million (prior year: € 148 million net new borrowing).

The dividend of € 1.05 per share, which the annual general meeting enacted on 28 September 2018, came to a total of € 117 million and has been fully paid out to the shareholders.

Compared to the end of the prior year, liquidity from cash and cash equivalents increased by € 189 million to € 877 million (31 May 2018: € 688 million). A substantial portion of the increase reported on the balance sheet is due to payments in connection with the sale of the wholesale business. Including current financial assets, which essentially comprise securities of € 525 million (31 May 2018: € 333 million), available funds rose to € 1,402 million (31 May 2018: € 1,021 million). On this basis, HELLA is able to satisfy its payment obligations.

Financial position

Compared to the balance sheet date at the end of the prior fiscal year 2017/2018, total assets / total liabilities increased by € 325 million to € 6,246 million (31 May 2018: € 5,921 million). The equity ratio stood at 45.7% and was thus above the level on the balance sheet date of 31 May 2018 (41.9%). The equity ratio in relation to total assets / total liabilities adjusted for liquidity comes to 59%.

In accordance with IFRS 16, the current and non-current financial liabilities increased by € 146 million to € 1,354 million

(31 May 2018: € 1,208 million) owing to the additional accounting of operating lease agreements amounting to approximately € 130 million.

Net financial liquidity as the balance of cash and current financial assets as well as the current and non-current financial liabilities increased by a total of € 235 million to € 48 million (31 May 2018: € 187 million net financial debt).

On 6 September 2018, Moody's raised HELLA's rating to Baa1 with a stable outlook.

In the context of the reorganisation of the Aftermarket segment, HELLA has agreed with MAHLE to fully transfer the existing thermal management business to joint venture partner MAHLE under the umbrella of Behr Hella Service on 31 December 2019. The joint venture, which was founded in 2005, specialises in marketing and selling products for cooling and air conditioning in the automotive aftermarket. Behr Hella Service is included in the consolidated financial statements as an associated company and, as of this report, is included in the assets that are held for sale.

Further events in the third quarter

CAPITAL MARKETS DAY 2019: HELLA PRESENTS STRATEGIC ORIENTATION TOWARD ELECTROMOBILITY

- HELLA is confident that it is well equipped to continue on its profitable growth path in the long term. This is based on the company's consistent positioning along central automotive market trends. At this year's Capital Markets Day, HELLA gave investors and analysts a more detailed overview of its strategic orientation in the field of electromobility.

NEW ELECTRONICS PLANT IN INDIA

- HELLA is expanding its production capacities in the fast-growing Indian market with a second electronics plant. The aim of the new plant is to satisfy the growing demand for electronic components and to improve proximity to local customers. Production will focus on sensor solutions for accelerator pedal sensors to begin with and will gradually be expanded to other electronic products. The plant will initially have an area of around 5,000 square metres and could potentially employ up to 200 people in the future.

STRATEGIC PARTNERSHIP WITH PLASTIC OMNIUM

- Automotive suppliers HELLA and Plastic Omnium have formed a non-exclusive partnership in order to work on the comprehensive integration of lighting technologies into the vehicle body. To begin with, the work is focusing on the front and rear areas of the vehicle. The partnership combines HELLA's expertise in the field of automotive lighting technology with Plastic Omnium's expertise in plastics processing for exterior body parts.

SENSOR SOLUTIONS FOR DRIVER ASSISTANCE SYSTEMS AND AUTOMATED DRIVING

- HELLA and AEye, a provider of visual perception systems, have formed a strategic partnership and are planning to offer tailored sensor solutions for driver assistance systems and automated driving. Their collaboration is focusing on LiDAR sensor systems, and will benefit from HELLA's outstanding expertise in the field of embedded software and image processing as well as its many years of automotive experience and industrialisation expertise along the entire supply chain.

BUSINESS DEVELOPMENT OF THE SEGMENTS

Automotive

- **Reported segment sales increase by 7.5% to € 4,240 million in the first nine months of the fiscal year**
- **The increase in sales is supported by the increased demand for lighting systems and electronic components**
- **Adjusted earnings before interest and taxes increases to € 336 million; the adjusted EBIT margin drops to 7.9%**
- **In the third quarter, the reported sales in the Automotive segment increase by 6.4%; the adjusted EBIT margin drops to 6.7%**

In the first nine months of the fiscal year 2018/2019, reported Automotive segment sales increased by 7.5% to € 4,240 million (prior year: € 3,944 million). The increased sales are primarily the result of production ramp-ups and a consistently high production volume, which are due to the demand for innovative lighting systems and electronics solutions, especially in the Driver Assistance System and Energy Management areas. In the third quarter of the current fiscal year, reported sales from the Automotive segment increased by 6.4% to € 1,377 million (prior year: € 1,293 million). In the regions of Europe excluding Germany, Germany and North, Central and South America, business activities progressed positively during the reporting period and bolstered sales growth in this segment. In addition, more development and tool services were invoiced in the third quarter of the current fiscal year in connection with production rollouts, contributing to the increase in sales during this period. On the other hand, sales development in the Automotive segment was impaired by continued weak demand on the Chinese market in both the second and third quarters.

In the reporting period, the adjusted earnings before interest and taxes (adjusted EBIT) of the segment increased by 2.3% to € 336 million (prior year: € 328 million). Consequently, the adjusted EBIT margin for the nine-month period decreased to 7.9% (prior year: 8.3%). The reported earnings before interest and taxes (EBIT), taking into account restructuring measures, is € 335 million (prior year: € 327 million), in line with a reported EBIT margin also amounting to 7.9% (prior year: 8.3%). In the first nine months of the current fiscal year, the profitability of the Automotive segment was initially supported by higher overall sales and the increased production volumes. As the reporting period progressed, however, the comparatively lower sales growth, combined with further increases in material and personnel costs, had a negative effect on the gross profit and gross profit margin for the segment. Furthermore, the profitability of the Automotive segment was impaired by higher expenses for research and development.

Thus, in the third quarter, the adjusted EBIT of the segment only saw a slight increase of 1.3% to € 92 million compared to the prior year's quarter (prior year: € 91 million), resulting in the adjusted EBIT margin dropping to 6.7% (prior year: 7.0%). Taking into account restructuring expenses, the reported EBIT of the Automotive segment improved by 1.1% to € 91 million (prior year: € 90 million) in the quarterly comparison; the reported EBIT margin is 6.6% (prior year: 7.0%).

Adjusted income statement for the Automotive segment

	1st – 3rd quarter 1 June to 28 February			3rd quarter 1 December to 28 February		
In € million	**2018/2019**	+/-	2017/2018	**2018/2019**	+/-	2017/2018
Sales with external customers	4,208		3,905	1,366		1,282
Intersegment sales	33		39	10		12
Segment sales	**4,240**	**+7.5%**	**3,944**	**1,377**	**+6.4%**	**1,293**
Cost of sales	-3,169		-2,947	-1,043		-974
Gross profit	**1,071**	**+7.5%**	**997**	**333**	**+4.2%**	**320**
Gross profit in relation to sales	25.3%		25.3%	24.2%		24.7%
Research and development expenses	-481		-437	-158		-147
Distribution expenses	-147		-137	-45		-46
Administrative expenses	-153		-141	-53		-48
Other income and expenses	18		18	7		4
Earnings from investments accounted for using the equity method	28		28	7		8
Earnings before interest and taxes after adjustments in the segment result (adjusted EBIT)	**336**	**+2.3%**	**328**	**92**	**+1.3%**	**91**
Adjusted earnings before interest and taxes in relation to segment sales (adjusted EBIT margin)	7.9%		8.3%	6.7%		7.0%
Reported earnings before interest and taxes (EBIT)	**335**	**+2.6%**	**327**	**91**	**+1.1%**	**90**
Reported earnings before interest and taxes in relation to segment sales (EBIT margin)	7.9%		8.3%	6.6%		7.0%

Aftermarket

- **Reported segment sales in the Aftermarket segment increase by 3.8% to € 492 million in the first nine months, without taking the wholesale distribution business into account**
- **Business with sophisticated workshop equipment contributes to increased sales in the nine-month period**
- **Adjusted EBIT for the segment increases to € 41 million; the adjusted EBIT margin increases to 8.4%**
- **In the third quarter, reported sales rise by 2.2%; the adjusted EBIT margin increases significantly to 10.2%**

As of fiscal year 2018/2019, the business activities in wholesale distribution are no longer assigned to the Aftermarket segment due to the sale of the two principal wholesale companies FTZ and Inter-Team at the start of the second quarter, followed by the sale of the Norwegian company Hellanor in the third quarter. This marked the successful completion of HELLA's exit from wholesale distribution.

Thus, without taking into account wholesale business activities, the reported sales in the Aftermarket segment increased by 3.8% to € 492 million in the first nine months of the current fiscal year (prior year: € 474 million). In particular, business with sophisticated workshop equipment such as emissions testing devices and beamsetters progressed positively over the reporting period. In the third quarter, continued weak demand in the independent aftermarket in Turkey, the Middle East and Western Europe had a negative impact on sales development in the segment. As a result, the sales growth of the segment was a little lower in the quarterly comparison; the 2.2% increase yielded € 156 million (prior year: € 152 million).

In the reporting period, the adjusted EBIT of the segment increased by 9.2% to € 41 million (prior year: € 38 million), resulting in an increase in the adjusted EBIT margin to 8.4% (prior year: 8.0%). In the first half of the current fiscal year, the adjusted EBIT margin was still slightly below the prior year's level due to product and regional mix effects, but the profitability of the segment improved significantly in the third quarter. Thus, over this period, in part due to product mix effects which had a positive influence on the gross profit margin, the adjusted EBIT rose by 20.4% to € 16 million (prior year: € 13 million), corresponding to an improved adjusted EBIT margin of 10.2% (prior year: 8.7%).

In the first nine months of the current fiscal year, adjustments were made in the Aftermarket segment for restructuring measures, particularly after the sale of the wholesale activities, amounting to € 10 million. These adjustments were primarily made in the first half of the fiscal year. No adjustments were made in the prior year. Therefore the reported EBIT of the segment dropped to € 32 million (prior year: € 38 million) in the reporting period and rose to € 16 million (prior year: € 13 million) in the third quarter. This results in a reported EBIT margin of 6.4% in the reporting period (prior year: 8.0%) and 10.0% in the quarterly comparison (prior year: 8.7%).

Adjusted income statement for the Aftermarket segment

	1st – 3rd quarter 1 June to 28 February*			3rd quarter 1 December to 28 February*		
In € million	**2018/2019**	+/-	2017/2018	**2018/2019**	+/-	2017/2018
Sales with external customers	490		472	155		152
Intersegment sales	2		2	1		1
Segment sales	**492**	**+3.8%**	**474**	**156**	**+2.2%**	**152**
Cost of sales	-313		-307	-96		-97
Gross profit	**179**	**+7.0%**	**167**	**59**	**+7.1%**	**55**
Gross profit in relation to sales	36.3%		35.2%	38.2%		36.4%
Research and development expenses	-11		-10	-4		-3
Distribution expenses	-120		-116	-37		-38
Administrative expenses	-18		-15	-6		-5
Other income and expenses	7		7	3		2
Earnings from investments accounted for using the equity method	5		5	1		1
Earnings before interest and taxes after adjustments in the segment result (adjusted EBIT)	**41**	**+9.2%**	**38**	**16**	**+20.4%**	**13**
Adjusted earnings before interest and taxes in relation to segment sales (adjusted EBIT margin)	8.4%		8.0%	10.2%		8.7%
Reported earnings before interest and taxes (EBIT)	**32**	**-16.3%**	**38**	**16**	**+18.3%**	**13**
Reported earnings before interest and taxes in relation to segment sales (EBIT margin)	6.4%		8.0%	10.0%		8.7%

* excluding the wholesale business For more information, refer to the further notes.

Special Applications

- **Reported sales in the Special Applications segment fall by 5.4% due to the closure of the production site in Australia; sales increase would amount to 3.8% if this closure were not taken into account**
- **Positive development in business for agricultural and construction vehicles as well as for trailers**
- **Adjusted EBIT for the segment increases to € 37 million; the adjusted EBIT margin increases to 12.4%**
- **In the third quarter, reported sales drop by 8.9%; the adjusted EBIT margin increases to 10.5% in the quarterly comparison**

During the first nine months of the current fiscal year 2018/2019, the reported Special Applications segment sales decreased by 5.4% to € 298 million (prior year: € 314 million). During this period, the segment's sales development was supported in particular by positive development in agricultural and construction vehicles and trailer accessories business. The drop in sales compared to the prior-year period is due to the closing of the production site in Australia. Despite the positive development in agricultural and construction vehicles business and in business for buses, reported sales in the third quarter dropped by 8.9% to € 94 million (prior year: € 103 million) compared to the prior year's quarter, primarily owing to the closure of the Australian site.

Without taking into account the impact of closing the production site in Australia, the segment sales would have increased by 3.8% to € 292 million in the reporting period (prior year: € 281 million) and decreased by 0.9% to € 94 million in the third quarter (prior year: € 95 million).

In contrast, the profitability of the Special Applications segment improved on the whole during the nine-month period. Thus the adjusted earnings before interest and taxes (adjusted EBIT) of the segment increased by 15.5% to € 37 million (prior year: € 32 million), resulting in the adjusted EBIT margin increasing to 12.4% (prior year: 10.2%). In the third quarter, the adjusted EBIT for the segment increased by 18.7% to € 10 million (prior year: € 8 million). As a result, the adjusted EBIT margin increased to 10.5% (prior year: 8.0%) for this period. No adjustments were made to the segment earnings in the reporting period.

The increased profitability is due, on the one hand, to the sales growth in areas including agricultural and construction vehicles business, trailer business and, in the third quarter, business for buses. On the other hand, the segment earnings in the prior-year period were decreased by one-time effects in connection with the closure of the production site in Australia. Furthermore, in the third quarter, the profitability of the segment was boosted by a significantly improved gross profit margin due to the fact that the product mix remained positive.

Without the effects of the closure of the Australian production site, segment earnings would have improved by 20.3% to € 37 million (prior year: € 31 million) in the first nine months of the current fiscal year, corresponding to an EBIT margin of 12.7% (prior year: 10.9%). In the third quarter, the earnings before interest and taxes would total € 10 million (prior year: € 8 million) and the EBIT margin would be 10.5% (prior year: 8.0%).

Adjusted income statement for the Special Applications segment

	1st – 3rd quarter 1 June to 28 February			3rd quarter 1 December to 28 February		
In € million	**2018/2019**	+/-	2017/2018	**2018/2019**	+/-	2017/2018
Sales with external customers	291		305	92		100
Intersegment sales	6		9	2		3
Segment sales	**298**	**-5.4%**	**314**	**94**	**-8.9%**	**103**
Cost of sales	-182		-206	-59		-69
Gross profit	**116**	**+6.6%**	**109**	**35**	**+2.4%**	**34**
Gross profit in relation to sales	38.9%		34.5%	37.0%		33.0%
Research and development expenses	-14		-14	-5		-5
Distribution expenses	-45		-45	-14		-15
Administrative expenses	-23		-21	-7		-7
Other income and expenses	4		3	2		1
Earnings from investments accounted for using the equity method	0		0	0		0
Earnings before interest and taxes after adjustments in the segment result (adjusted EBIT)	**37**	**+15.5%**	**32**	**10**	**+18.7%**	**8**
Adjusted earnings before interest and taxes in relation to segment sales (adjusted EBIT margin)	12.4%		10.2%	10.5%		8.0%
Reported earnings before interest and taxes (EBIT)	**37**	**+15.5%**	**32**	**10**	**+18.7%**	**8**
Reported earnings before interest and taxes in relation to segment sales (EBIT margin)	12.4%		10.2%	10.5%		8.0%

OPPORTUNITY AND RISK REPORT

There were no significant changes in the opportunities and risks during the reporting period. Details of the significant opportunities and risks may be found in the annual report 2017/2018.

FORECAST REPORT

- **Further downward revision of expected of passenger car and light commercial vehicle production for the period of the HELLA fiscal year 2018/2019, currently with a decline of 3.7%**
- **For the current fiscal year 2018/2019, HELLA confirms its current company outlook**
- **HELLA anticipates further growth of the currency- and portfolio-adjusted sales at the lower end as well as growth of the EBIT adjusted for restructuring measures and portfolio effects in the lower half of the given forecast range; adjusted EBIT margin expected to remain around the prior year's level**

Industry outlook

The industry outlook for the period of the HELLA fiscal year 2018/2019 (1 June 2018 to 31 May 2019) has declined further and continues to be influenced by factors such as the significant decrease in demand in the Chinese automotive market, volatilities in connection with the new WLTP emissions testing and further uncertainties in the overall economic environment. As a result, based on the IHS Light Vehicle Production Forecast last updated in March 2019, global light vehicle production is now expected to decrease by 3.7% to 92.5 million units (prior year: 96.0 million units). In December, the IHS forecast anticipated a more moderate decline of 1.4%. With regard to the number of new units produced in Europe excluding Germany, a decrease of 1.8% to 16.4 million units (prior year: 16.7 million units) is now anticipated. For the selective German market, a decrease of 11.1% to 5.1 million units is forecasted (prior year: 5.7 million units). In Asia/Pacific/Rest of World, light vehicle production is expected to decrease by 4.1% to 49.2 million units according to IHS (prior year: 51.3 million units). This is primarily due to the decreasing production numbers on the Chinese single market, which are predicted to decline by 8.7% to 25.6 million units (prior year: 28.1 million units). For the North, Central and South America region, the IHS market research institute anticipates a moderate increase in light vehicle production of 0.3% to 20.4 million units in the fiscal year 2018/2019 (prior year: 20.3 million units). During this period, the selective US market also sees a slight positive trend; here, the new units produced are estimated to increase by 0.9% to 11.0 million units (prior year: 10.9 million units).

Company outlook

From the current perspective, the HELLA Group continues to anticipate positive business development for the current fiscal year 2018/2019 (1 June 2018 to 31 May 2019), despite the challenges presented by the further weakening of the market environment, and is therefore maintaining its current company outlook. Due to the positive business development in the first nine months of the fiscal year 2018/2019 and despite the further weakening of the market environment in the second half of the fiscal year, HELLA is currently still proceeding on the assumption that the currency- and portfolio-adjusted sales growth will be at the lower end of the given forecast range of 5% to 10%, and that the increase in earnings before interest and taxes adjusted for restructuring measures and portfolio effects (adjusted EBIT) will be in the lower half of this range. With regard to the EBIT margin adjusted for restructuring measures and portfolio effects, a value approximately equivalent to the value of the prior year is still expected.

SELECTED FINANCIAL INFORMATION

Consolidated income statement

of HELLA GmbH & Co. KGaA

	1st – 3rd quarter 1 June to 28 February		3rd quarter 1 December to 28 February	
€ thousand	**2018/2019**	2017/2018*	**2018/2019**	2017/2018*
Sales	**5,169,373**	**5,129,947**	**1,619,309**	**1,677,611**
Cost of sales	-3,747,348	-3,714,024	-1,194,232	-1,221,338
Gross profit	**1,422,025**	**1,415,923**	**425,077**	**456,273**
Research and development expenses	-507,400	-459,538	-167,283	-154,204
Distribution expenses	-373,214	-425,929	-96,925	-141,298
Administrative expenses	-187,648	-172,938	-61,137	-61,313
Other income and expenses	262,080	13,385	4,996	5,469
Earnings from investments accounted for using the equity method	32,987	32,663	7,530	9,196
Other income from investments	327	357	102	297
Earnings before interest and taxes (EBIT)	**649,156**	**403,922**	**112,360**	**114,420**
Financial income	11,670	22,792	3,169	724
Financial expenses	-40,841	-55,539	-7,311	-10,603
Net financial result	**-29,171**	**-32,747**	**-4,143**	**-9,878**
Earnings before income taxes (EBT)	**619,985**	**371,175**	**108,218**	**104,541**
Income taxes	-109,989	-94,650	-41,781	-26,658
Earnings for the period	**509,996**	**276,525**	**66,437**	**77,883**
of which attributable:				
to the owners of the parent company	509,814	275,529	66,426	77,585
to non-controlling interests	182	996	11	298
Basic earnings per share in €	**4.59**	**2.48**	**0.60**	**0.70**
Diluted earnings per share in €	**4.59**	**2.48**	**0.60**	**0.70**

* The prior-year figures from the consolidated income statement have been adjusted. Please refer to Chapter 03 for further information.

Segment reporting

The segment information for the first nine months (1 June to 28 February) of fiscal years 2018/2019 and 2017/2018 is as follows:

	Automotive		Aftermarket		Special Applications	
€ thousand	**2018/2019**	2017/2018*	**2018/2019**	2017/2018*	**2018/2019**	2017/2018*
Sales with external customers	4,207,606	3,904,868	489,908	471,726	291,204	305,351
Intersegment sales	32,778	38,672	1,622	2,022	6,388	9,129
Segment sales	**4,240,384**	**3,943,540**	**491,530**	**473,748**	**297,592**	**314,481**
Cost of sales	-3,169,576	-2,948,092	-312,970	-306,920	-181,733	-205,828
Gross profit	**1,070,808**	**995,447**	**178,560**	**166,828**	**115,858**	**108,653**
Research and development expenses	-480,979	-436,582	-11,425	-9,838	-14,329	-13,673
Distribution expenses	-146,502	-136,997	-129,793	-115,826	-45,277	-44,811
Administrative expenses	-153,347	-141,108	-18,181	-15,311	-23,277	-21,032
Other income and expenses	17,503	18,487	7,193	6,897	4,004	2,887
Earnings from investments accounted for using the equity method	27,999	27,588	4,988	5,076	0	0
Other income from investments	0	0	322	0	0	0
Earnings before interest and taxes (EBIT)	**335,483**	**326,835**	**31,664**	**37,826**	**36,980**	**32,024**
Additions to intangible assets and property, plant and equipment	285,726	336,218	11,100	10,167	22,490	13,922

* The prior-year figures for all segments have been adjusted. Please refer to Chapter 03 for further information.

Sales with external third parties for the first nine months of fiscal years 2018/2019 and 2017/2018 are as follows:

	Automotive		Aftermarket		Special Applications	
€ thousand	**2018/2019**	2017/2018	**2018/2019**	2017/2018	**2018/2019**	2017/2018
Sales from the sale of goods	4,057,691	3,792,274	460,176	458,287	287,290	304,949
Sales from the rendering of services	149,914	112,594	29,733	13,438	3,914	402
Sales with external customers	**4,207,606**	**3,904,868**	**489,908**	**471,726**	**291,204**	**305,351**

Sales reconciliation:

€ thousand	**2018/2019**	2017/2018*
Total sales of the reporting segments	**5,029,506**	**4,731,768**
Sales in other divisions	73,025	62,212
Wholesale sales	158,483	425,374
Elimination of intersegment sales	-91,641	-89,408
Consolidated sales	**5,169,373**	**5,129,947**

Reconciliation of the segment results with consolidated net profit:

€ thousand	**2018/2019**	2017/2018*
EBIT of the reporting segments	**404,126**	**396,685**
EBIT of other divisions	-9,894	-8,746
EBIT wholesale	1,619	18,827
Unallocated income	253,305	-2,844
Consolidated EBIT	**649,156**	**403,922**
Net financial result	-29,171	-32,747
Consolidated EBT	**619,985**	**371,175**

* The prior-year figures for all segments have been adjusted. Please refer to Chapter 03 for further information.

Consolidated statement of financial position

of HELLA GmbH & Co. KGaA

€ thousand	**28 February 2019**	31 May 2018	28 February 2018
Cash and cash equivalents	877,006	688,187	628,925
Financial assets	525,056	332,934	321,367
Trade receivables	1,100,078	1,166,571	1,156,560
Other receivables and non-financial assets	164,395	148,972	149,118
Inventories	934,092	761,488	775,962
Current tax assets	23,117	25,800	14,377
Contract assets	38,597	-	-
Assets held for sale	27,488	2,030	0
Current assets	**3,689,830**	**3,125,981**	**3,046,308**
Intangible assets	355,438	311,481	281,635
Property, plant and equipment	1,734,170	1,994,276	1,877,251
Financial assets	41,627	37,212	34,085
Investments accounted for using the equity method	277,238	292,008	285,718
Deferred tax assets	93,207	110,748	115,815
Other non-current assets	54,269	49,518	45,515
Non-current assets	**2,555,950**	**2,795,243**	**2,640,020**
Assets	**6,245,780**	**5,921,224**	**5,686,328**
Financial liabilities	31,088	41,990	15,752
Trade payables	823,019	711,775	658,965
Current tax liabilities	46,739	70,194	60,324
Other liabilities	472,726	714,334	687,718
Provisions	81,021	132,689	95,200
Contract obligations	97,873	-	-
Liabilities held for sale	10	0	0
Current liabilities	**1,552,476**	**1,670,982**	**1,517,959**
Financial liabilities	1,322,715	1,165,910	1,184,514
Deferred tax liabilities	44,866	39,978	41,203
Other liabilities	92,874	223,422	210,416
Provisions	376,570	342,668	363,480
Contract obligations	24	-	-
Non-current liabilities	**1,837,050**	**1,771,977**	**1,799,613**
Subscribed capital	222,222	222,222	222,222
Reserves and unappropriated surplus	2,631,601	2,252,155	2,142,038
Equity before non-controlling interests	**2,853,823**	**2,474,377**	**2,364,260**
Non-controlling interests	2,431	3,888	4,496
Equity	**2,856,254**	**2,478,265**	**2,368,756**
Equity and liabilities	**6,245,780**	**5,921,224**	**5,686,328**

Consolidated cash flow statement

of HELLA GmbH & Co. KGaA; for the period from 1 June to 28 February

	€ thousand	**2018/2019**	2017/2018*
	Earnings before income taxes (EBT)	**619,985**	**371,175**
+	Depreciation and amortisation	277,348	328,846
+/-	Change in provisions	-38,368	-2,728
+	Cash receipts for series production	0	107,187
-	Non-cash sales transacted in previous periods	0	-85,404
+/-	Other non-cash income / expenses	-306,955	-32,649
+/-	Losses / profits from the sale of intangible assets and property, plant and equipment	2,259	-3,312
+	Net financial result	29,171	32,747
+/-	Change in trade receivables and other assets not attributable to investing or financing activities	-60,247	-70,675
+/-	Change in inventories	-124,386	-124,880
+/-	Change in trade payables and other liabilities not attributable to investing or financing activities	178,975	93,016
+/-	Net tax payments	-97,683	-74,524
+	Dividends received	26,375	25,687
=	**Net cash flow from operating activities**	**506,476**	**564,486**
+	Cash receipts from the sale of intangible assets and property, plant and equipment	10,323	20,776
-	Payments for the purchase of intangible assets and property, plant and equipment	-368,123	-440,312
+	Cash receipts from the sale of subsidiaries and liquidation of other investments, less cash and cash equivalents	331,504	0
+	Repayment from loans in connection with the sale of subsidiaries	44,331	0
+/-	Net payments from loans granted to investments	1,692	-5,077
+/-	Net payments from changes in equity to investments	-5,434	0
+/-	Net payments for the purchase and sale of securities	-172,786	-8,459
=	**Net cash flow from investing activities**	**-158,493**	**-433,072**
-	Payments from repayment of a bond	0	-300,000
+/-	Net payments from the borrowing/repayment of financial liabilities	-20,658	147,828
+/-	Net interest payments	-21,356	-28,904
-	Dividends paid	-117,503	-103,317
=	**Net cash flow from financing activities**	**-159,517**	**-284,393**
=	**Net change in cash and cash equivalents**	**188,466**	**-152,978**
+	Cash and cash equivalents as at 1 June	688,187	783,875
-	Cash and cash equivalents of a disposal group	-73	0
+/-	Effect of exchange rate fluctuations on cash and cash equivalents	426	-1,972
=	**Cash and cash equivalents as at 28 February**	**877,006**	**628,925**

* Prior-year figures were adjusted. Please refer to chapter 06 for further information.

FURTHER NOTES

01 Basic information

HELLA GmbH & Co. KGaA and its subsidiaries (collectively referred to as the "Group") develop and manufacture lighting technology and electronics components and systems for the automotive industry. In addition to the development and manufacture of components, the Group also produces complete vehicle modules and air-conditioning systems in joint venture undertakings. The Group's production and manufacturing sites are located across the globe; its most significant markets are in Europe, the USA and Asia, particularly Korea and China. In addition, HELLA has its own international sales network for all kinds of vehicle accessories.

The company is a listed stock corporation, which was founded and is based in Lippstadt, Germany. The address of the company's registered office is Rixbecker Strasse 75, 59552 Lippstadt. HELLA GmbH & Co. KGaA is registered in the Commercial Register B of Paderborn District Court under number HRB 6857 and prepares the consolidated financial statements for the smallest and largest group of companies.

The information in the financial report as at 28 February 2019 is stated in thousands of euros (€ thousand). The financial report is prepared using accounting and measurement methods that are applied consistently within the Group on the basis of amortised historical cost. This does not apply to assets that are available for sale and derivative financial instruments, which are measured at fair value. The consolidated income statement is prepared using the cost-of-sales method. The current/non-current distinction is observed in the consolidated statement of financial position. The amounts stated under current assets and liabilities are for the most part due for settlement within twelve months. Accordingly, non-current items are mainly due for settlement in more than twelve months. In order to enhance the clarity of the presentation, items of the consolidated statement of financial position and consolidated income statement have been grouped together where this is appropriate and possible. Please note that where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding.

The following financial reporting standards were used for the first time during this reporting period: IFRS 9 "Financial Instruments", IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases". These newly applied standards were described in detail in the consolidated financial statements for the fiscal year 2017/2018. The relevant rights to vote have been exercised as outlined in the annual report 2017/2018. Prior-year figures do not need to be adjusted as a result. The anticipated effects of the interpretation of the standards on the business models in place within the Group have materialised correspondingly. The impact on the main key performance indicators - sales growth and EBIT margin (both adjusted) - has been marginal. However, individual items within the financial reporting, such as property, plant and equipment, inventories and financial liabilities, have seen an impact when compared to the data from the prior year as a result of the standards being applied for the first time.

02 Currency translation

Currency translation differences arising from the translation of earnings and balance sheet items of all Group companies which have a functional currency deviating from the euro are reported within the currency translation differences reserves.

The exchange rates used to translate the main currencies for HELLA were as follows:

	Average 1st – 3rd quarter		Reporting date		
	2018/2019	2017/2018	**28 February 2019**	31 May 2018	28 February 2018
€ 1 = US dollar	**1.1507**	1.1813	**1.1416**	1.1699	1.2214
€ 1 = Czech koruna	**25.7683**	25.8087	**25.6010**	25.7970	25.4180
€ 1 = Japanese yen	**128.1156**	131.4511	**126.4400**	127.3300	130.7200
€ 1 = Mexican peso	**22.3812**	21.8099	**21.9073**	23.2461	22.9437
€ 1 = Chinese renminbi	**7.8211**	7.7962	**7.6309**	7.4951	7.7285
€ 1 = South Korean won	**1,289.4975**	1,310.9649	**1,281.0700**	1,261.2500	1,320.2500
€ 1 = Romanian leu	**4.6701**	4.6091	**4.7434**	4.6508	4.6630
€ 1 = Danish krone	**7.4589**	7.4413	**7.4611**	7.4436	7.4465

03 Prior-year figures

The figures for the Aftermarket segment in the fiscal year 2017/2018 have been adjusted. The wholesale distribution that was accounted for earlier was largely influenced by the companies FTZ Autodele & Værktøj A/S and INTER-TEAM Sp. z. o.o., the sale of which went into effect on 3 September 2018. The sale of the remaining company Hellanor AS went into effect on 10 December 2018. Thus wholesale distribution is no longer part of the Aftermarket segment.

Reporting for the Aftermarket segment was adjusted in line with the new structure and was restated as follows for the first nine months of fiscal year 2017/2018:

€ thousand	2017/2018 as reported	Adjustments	2017/2018 adjusted
Sales	897,100	-425,374	471,726
Intersegment sales	2,022	0	2,022
Segment sales	**899,122**	**-425,374**	**473,748**
Cost of sales	-586,220	279,300	-306,920
Gross profit	**312,902**	**-146,074**	**166,828**
Research and development expenses	-9,838	0	-9,838
Distribution expenses	-244,021	128,195	-115,826
Administrative expenses	-15,311	0	-15,311
Other income and expenses	7,845	-948	6,897
Earnings from investments accounted for using the equity method	5,076	0	5,076
Other income from investments	0	0	0
Earnings before interest and taxes (EBIT)	**56,653**	**-18,827**	**37,826**

As IFRS 15 was being introduced, the statement of sample costs incurred during development projects and bid and proposal costs before order placement was reassessed. This has resulted in the costs for producing samples and prototypes being assigned to cost of sales, with bid and proposal costs assigned to distribution expenses. The prior year has been adjusted accordingly.

Reporting for the Automotive segment was adjusted in line with the new attribution and was restated as follows for the first nine months of fiscal year 2017/2018:

€ thousand	2017/2018 as reported	Adjustments	2017/2018 adjusted
Sales	3,904,868	0	3,904,868
Intersegment sales	38,672	0	38,672
Segment sales	**3,943,540**	**0**	**3,943,540**
Cost of sales	-2,935,676	-12,417	-2,948,092
Gross profit	**1,007,864**	**-12,417**	**995,447**
Research and development expenses	-485,361	48,779	-436,582
Distribution expenses	-100,635	-36,362	-136,997
Administrative expenses	-141,108	0	-141,108
Other income and expenses	18,487	0	18,487
Earnings from investments accounted for using the equity method	27,588	0	27,588
Other income from investments	0	0	0
Earnings before interest and taxes (EBIT)	**326,835**	**0**	**326,835**

Reporting for the Special Applications segment was adjusted in line with the new attribution and was restated as follows for the first nine months of fiscal year 2017/2018:

€ thousand	2017/2018 as reported	Adjustments	2017/2018 adjusted
Sales with external customers	305,351	0	305,351
Intersegment sales	9,129	0	9,129
Segment sales	**314,481**	**0**	**314,481**
Cost of sales	-205,702	-126	-205,828
Gross profit	**108,778**	**-126**	**108,653**
Research and development expenses	-15,302	1,629	-13,673
Distribution expenses	-43,308	-1,504	-44,811
Administrative expenses	-21,032	0	-21,032
Other income and expenses	2,887	0	2,887
Earnings from investments accounted for using the equity method	0	0	0
Other income from investments	0	0	0
Earnings before interest and taxes (EBIT)	**32,024**	**0**	**32,024**

Based on the adjusted segment information of the previous year, the restatement of sales is as follows:

€ thousand	2017/2018 as reported	Adjustments	2017/2018 adjusted
Total sales of the reporting segments	**5,157,143**	**-425,374**	**4,731,768**
Sales in other divisions	62,212	0	62,212
Wholesale sales	0	425,374	425,374
Elimination of intersegment sales	-89,408	0	-89,408
Consolidated sales	**5,129,947**	**0**	**5,129,947**

The segment results are restated after the adjustments of the segment information to the consolidated net profit as follows:

€ thousand	2017/2018 as reported	Adjustments	2017/2018 adjusted
EBIT of the reporting segments	**415,512**	**-18,827**	**396,685**
EBIT of other divisions	-8,746	0	-8,746
EBIT wholesale	0	18,827	18,827
Unallocated income	-2,844	0	-2,844
Consolidated EBIT	**403,922**	**0**	**403,922**
Net financial result	-32,747	0	-32,747
Consolidated EBT	**371,175**	**0**	**371,175**

By analogy with the adjusted segment data for the prior year, the following reclassifications apply to the consolidated income statement for the first nine months of the fiscal year 2017/2018:

€ thousand	2017/2018 as reported	Changes in classification	2017/2018 adjusted
Sales	**5,129,947**	**0**	**5,129,947**
Cost of sales	-3,701,482	-12,542	-3,714,024
Gross profit	**1,428,465**	**-12,542**	**1,415,923**
Research and development expenses	-509,946	50,408	-459,538
Distribution expenses	-388,063	-37,866	-425,929
Administrative expenses	-172,938	0	-172,938
Other income and expenses	13,385	0	13,385
Earnings from investments accounted for using the equity method	32,663	0	32,663
Other income from investments	357	0	357
Earnings before interest and taxes (EBIT)	**403,922**	**0**	**403,922**
Financial income	22,792	0	22,792
Financial expenses	-55,539	0	-55,539
Net financial result	**-32,747**	**0**	**-32,747**
Earnings before income taxes (EBT)	**371,175**	**0**	**371,175**
Income taxes	-94,650		-94,650
Earnings for the period	**276,525**	**0**	**276,525**
of which attributable:			
to the owners of the parent company	275,529	0	275,529
to non-controlling interests	996	0	996
Basic earnings per share in €	**2.48**	**0**	**2.48**
Diluted earnings per share in €	**2.48**	**0**	**2.48**

04 Adjustment of special effects in earnings before interest and taxes

The HELLA Group is managed by the Management Board through financial key performance indicators. The key performance indicators of adjusted sales growth and adjusted operating result margin (adjusted EBIT margin) take on prominent importance compared to the other financial key performance indicators in the management of the HELLA Group. A major guideline in assessing the suitability of management indicators is that they have to provide a transparent picture of operational performance. In this process, effects of a non-recurring or exceptional nature in type or size, referred to as special effects, can lead to distortions with regard to the EBIT margin, for example, and thus adversely affect the ability to assess the company's performance.

Special effects are non-recurring or exceptional effects in their type and size, which are clearly differentiated from the usual operational business. They are tracked uniformly and consistently in the Group and the method used to calculate adjusted earnings figures must not vary over the course of time in order to facilitate periodic comparison.

For this reason, the adjusted EBIT margin has been defined as one of the most important key performance indicators for the steering of the Group's activities. The adjusted EBIT margin as a key performance indicator is not defined in the International Financial Reporting Standards. Rather it is reported by the HELLA Group as additional information in its financial reporting because it is also used for internal management and because, from the company's perspective, it presents the results of operations – adjusted for special effects – in a more transparent form and facilitates a comparison over time.

The companies FTZ Autodele & Værktøj A/S and INTER-TEAM Sp. z. o.o. were sold effective on 3 September 2018. The sale of Hellanor AS went into effect on 10 December 2018. The resultant deconsolidation proceeds of € 256.0 million were recorded in other income and expenses. Thus wholesale distribution is no longer part of the Aftermarket segment.

To ensure the ability to draw consistent comparisons with other reporting periods, as well as being adjusted for the operational residuals of the wholesale distribution after the end of the first fiscal quarter, the consolidated income statement will also be adjusted for the attendant capital gains or losses, costs in connection with the implementation of the sale or as its result, and costs for the restructuring measures in the amount of € 231,790 thousand (prior year: € 8,637 thousand).

The adjusted result represents a profit/loss statement free of special effects for the operational business. The business activities included in this are not influenced by intermediate sales of shares or other non-recurring effects and thereby allow for a suitable comparison of the two reporting periods.

The corresponding reconciliation statement for the first nine months of fiscal year 2018/2019 is as follows:

€ thousand	**2018/2019 as reported**	Adjustment	**2018/2019 adjusted**
Sales	5,169,373	-21,798	5,147,575
Cost of sales	-3,747,348	11,443	-3,735,905
Gross profit	**1,422,025**	**-10,355**	**1,411,670**
Research and development expenses	-507,400	0	-507,400
Distribution expenses	-373,214	19,654	-353,560
Administrative expenses	-187,648	7,490	-180,158
Other income and expenses	262,080	-248,578	13,502
Earnings from investments accounted for using the equity method	32,987	0	32,987
Other income from investments	327	0	327
Earnings before interest and taxes (EBIT)	**649,156**	**-231,790**	**417,367**

The corresponding reconciliation statement for the first nine months of fiscal year 2017/2018 is as follows:

€ thousand	2017/2018 adjusted	Adjustment	2017/2018 adjusted
Sales	5,129,947	-286,617	4,843,330
Cost of sales	-3,714,024	190,907	-3,523,117
Gross profit	**1,415,923**	**-95,710**	**1,320,213**
Research and development expenses	-459,538	0	-459,538
Distribution expenses	-425,929	85,027	-340,902
Administrative expenses	-172,938	0	-172,938
Other income and expenses	13,385	2,045	15,430
Earnings from investments accounted for using the equity method	32,663	0	32,663
Other income from investments	357	0	357
Earnings before interest and taxes (EBIT)	**403,922**	**-8,637**	**395,285**

05 Adjustment of special effects in the segment results

In the current reporting period 2018/2019, the costs of € 351 thousand (prior year: € 1,401 thousand) for the restructuring measures are adjusted in earnings before interest and taxes for the Automotive segment, as in the prior year.

The adjusted income statement for the Automotive segment for the first nine months of fiscal year 2018/2019 is as follows:

€ thousand	**2018/2019 as reported**	Restructuring	**2018/2019 adjusted**
Sales	4,207,606	0	4,207,606
Intersegment sales	32,778	0	32,778
Segment sales	**4,240,384**	**0**	**4,240,384**
Cost of sales	-3,169,576	351	-3,169,225
Gross profit	**1,070,808**	**351**	**1,071,159**
Research and development expenses	-480,979	0	-480,979
Distribution expenses	-146,502	0	-146,502
Administrative expenses	-153,347	0	-153,347
Other income and expenses	17,503	0	17,503
Earnings from investments accounted for using the equity method	27,999	0	27,999
Other income from investments	0	0	0
Earnings before interest and taxes (EBIT)	**335,483**	**351**	**335,834**

The adjusted income statement for the Automotive segment for the first nine months of fiscal year 2017/2018 is as follows:

€ thousand	2017/2018 adjusted	Restructuring	2017/2018 adjusted
Sales	3,904,868	0	3,904,868
Intersegment sales	38,672	0	38,672
Segment sales	**3,943,540**	**0**	**3,943,540**
Cost of sales	-2,948,092	1,401	-2,946,691
Gross profit	**995,447**	**1,401**	**996,848**
Research and development expenses	-436,582	0	-436,582
Distribution expenses	-136,997	0	-136,997
Administrative expenses	-141,108	0	-141,108
Other income and expenses	18,487	0	18,487
Earnings from investments accounted for using the equity method	27,588	0	27,588
Other income from investments	0	0	0
Earnings before interest and taxes (EBIT)	**326,835**	**1,401**	**328,236**

In the current reporting period 2018/2019, the costs of € 9,631 thousand (prior year: € 0 thousand) for the restructuring measures are adjusted in earnings before interest and taxes for the Aftermarket segment.

The adjusted income statement for the Aftermarket segment for the first nine months of fiscal year 2018/2019 is as follows:

€ thousand	**2018/2019 as reported**	Restructuring	**2018/2019 adjusted**
Sales	489,908	0	489,908
Intersegment sales	1,622	0	1,622
Segment sales	**491,530**	**0**	**491,530**
Cost of sales	-312,970	0	-312,970
Gross profit	**178,560**	**0**	**178,560**
Research and development expenses	-11,425	0	-11,425
Distribution expenses	-129,793	9,631	-120,162
Administrative expenses	-18,181	0	-18,181
Other income and expenses	7,193	0	7,193
Earnings from investments accounted for using the equity method	4,988	0	4,988
Other income from investments	322	0	322
Earnings before interest and taxes (EBIT)	**31,664**	**9,631**	**41,296**

06 Amendment to the consolidated cash flow statement

In these consolidated financial statements, the presentation of incoming and outgoing payments from sales and purchases of securities has been adjusted. Up to now, payments had been reported within the net cash flow from financing activities, but will be reported within the net cash flow from investing activities in the future. Cash and cash equivalents are not affected by the reclassification. There is no impact on any other items within the reporting. The quantitative impacts for the reporting period in the prior year are shown in the following table.

€ thousand		2017/2018 as reported	Reclassification	2017/2018 adjusted
	Earnings before income taxes (EBT)	**371,175**	**0**	**371,175**
+	Depreciation and amortisation	328,846	0	328,846
+/-	Change in provisions	-2,728	0	-2,728
+	Cash receipts for series production	107,187	0	107,187
-	Non-cash sales transacted in previous periods	-85,404	0	-85,404
+/-	Other non-cash income / expenses	-32,649	0	-32,649
+/-	Losses / profits from the sale of intangible assets and property, plant and equipment	-3,312	0	-3,312
+	Net financial result	32,747	0	32,747
+/-	Change in trade receivables and other assets not attributable to investing or financing activities	-70,675	0	-70,675
+/-	Change in inventories	-124,880	0	-124,880
+/-	Change in trade payables and other liabilities not attributable to investing or financing activities	93,016	0	93,016
+/-	Net tax payments	-74,524	0	-74,524
+	Dividends received	25,687	0	25,687
=	**Net cash flow from operating activities**	**564,486**	**0**	**564,486**
+	Cash receipts from the sale of intangible assets and property, plant and equipment	20,776	0	20,776
-	Payments for the purchase of intangible assets and property, plant and equipment	-440,312	0	-440,312
+	Cash receipts from the sale of subsidiaries, less cash and cash equivalents	0	0	0
-	Repayment from loans in connection with the sale of subsidiaries	0	0	0
+/-	Net payments from loans granted to investments	-5,077	0	-5,077
+/-	Net payments for the purchase and sale of securities	0	-8,459	-8,459
=	**Net cash flow from investing activities**	**-424,613**	**-8,459**	**-433,072**
-	Payments from repayment of a bond	-300,000	0	-300,000
+/-	Net payments from the borrowing/repayment of financial liabilities	147,828	0	147,828
+/-	Net payments for the purchase and sale of securities	-8,459	8,459	0
+/-	Net interest payments	-28,904	0	-28,904
-	Dividends paid	-103,317	0	-103,317
=	**Net cash flow from financing activities**	**-292,852**	**8,459**	**-284,393**
=	**Net change in cash and cash equivalents**	**-152,978**	**0**	**-152,978**
+	Cash and cash equivalents as at 1 June	783,875	0	783,875
+/-	Effect of exchange rate fluctuations on cash and cash equivalents	-1,972	0	-1,972
=	**Cash and cash equivalents as at 28 February**	**628,925**	**0**	**628,925**

07 Adjustment of special effects in cash flow

Adjusted free cash flow from operating activities was used as a performance indicator for internal HELLA Group management. Adjusted free cash flow from operating activities is a key performance indicator that is not defined in the International Financial Reporting Standards. Rather it is reported by the HELLA Group as additional information in its financial reporting because it is used for internal management and because, from the company's perspective, it presents the cash flows from the operating activities – adjusted for special effects – in a more transparent form and facilitates a comparison over time.

Cash flow from operating activities after capital expenditure and cash inflows from the sale or liquidation of investments are used for this purpose and adjusted for non-recurring cash flows.

The receipt of payment from the sale of shares of the companies FTZ Autodele & Værktøj A / S, INTER-TEAM Sp. z o.o. and Hellanor AS in particular is not factored into the adjusted free cash flow from operating activities, whereas the repayment of the financing of their corporate operations for inventories, property, plant and equipment and of the operational business amounting to € 44 million flows into the adjusted free cash flow from operating activities.

By analogy with the adjustments and the portfolio adjustments in the adjusted EBIT, the free cash flow from operating activities is also adjusted for the payments made in connection with the sale amounting to € 17,310 thousand (prior year: € 24,152 thousand).

Furthermore, the free cash flow from operating activities in the prior year was adjusted for payments for the fine proceedings initiated against HELLA by the European Commission (€ 10,397 thousand).

The performance of the adjusted free cash flow from operating activities for the first nine months of fiscal years 2018/2019 and 2017/2018 is shown in the following tables:

	€ thousand	**2018/2019 as reported**	Adjustment	**2018/2019 adjusted**
	Earnings before income taxes (EBT)	**619,985**	**-231,732**	**388,253**
+	Depreciation and amortisation	277,348	-2,012	275,336
+/-	Change in provisions	-38,368	4,226	-34,141
+	Cash receipts for series production	0	0	0
-	Non-cash sales transacted in previous periods	0	0	0
+/-	Other non-cash income / expenses	-306,955	247,593	-59,362
+/-	Losses / profits from the sale of intangible assets and property, plant and equipment	2,259	-58	2,201
+	Net financial result	29,171	-58	29,113
+/-	Change in trade receivables and other assets not attributable to investing or financing activities	-60,247	1,452	-58,795
+/-	Change in inventories	-124,386	740	-123,646
+/-	Change in trade payables and other liabilities not attributable to investing or financing activities	178,975	-1,846	177,129
+/-	Net tax payments	-97,683	478	-97,205
+	Dividends received	26,375	0	26,375
=	**Net cash flow from operating activities**	**506,476**	**18,783**	**525,259**
+	Cash receipts from the sale of intangible assets and property, plant and equipment	10,323	-1,589	8,734
-	Payments for the purchase of intangible assets and property, plant and equipment	-368,123	115	-368,007
+	Cash receipts from the sale of subsidiaries and liquidation of other investments, less cash and cash equivalents	44,331	0	44,331
=	**Free cash flow from operating activities**	**193,008**	**17,310**	**210,317**

	€ thousand	2017/2018 adjusted	Adjustment	Legal affairs	2017/2018 adjusted
	Earnings before income taxes (EBT)	**371,175**	**-8,114**	**0**	**363,061**
+	Depreciation and amortisation	328,846	-2,844	0	326,002
+/-	Change in provisions	-2,728	-781	0	-3,509
+	Cash receipts for series production	107,187	0	0	107,187
-	Non-cash sales transacted in previous periods	-85,404	0	0	-85,404
+/-	Other non-cash income / expenses	-32,649	3,194	0	-29,454
+/-	Losses / profits from the sale of intangible assets and property, plant and equipment	-3,312	0	0	-3,312
+	Net financial result	32,747	-523	0	32,224
+/-	Change in trade receivables and other assets not attributable to investing or financing activities	-70,675	-558	0	-71,233
+/-	Change in inventories	-124,880	-3,233	0	-128,114
+/-	Change in trade payables and other liabilities not attributable to investing or financing activities	93,016	30,761	10,397	134,173
+/-	Net tax payments	-74,524	5,681	0	-68,843
+	Dividends received	25,687	0	0	25,687
=	**Net cash flow from operating activities**	**564,486**	**23,582**	**10,397**	**598,465**
			0		
+	Cash receipts from the sale of intangible assets and property, plant and equipment	20,776	-778	0	19,998
-	Payments for the purchase of intangible assets and property, plant and equipment	-440,312	1,347	0	-438,965
+	Cash receipts from the sale of subsidiaries and liquidation of other investments, less cash and cash equivalents	0	0	0	0
=	**Free cash flow from operating activities**	**144,950**	**24,152**	**10,397**	**179,498**

Lippstadt, 27 March 2019

The Managing General Partner of HELLA GmbH & Co. KGaA

Hella Geschäftsführungsgesellschaft mbH

Dr. Rolf Breidenbach
(Chairman)

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