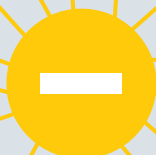




Technology with Vision

**FINANCIAL STATEMENT  
29 FEBRUARY 2020**

3RD QUARTER  
FISCAL YEAR 2019/2020



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# KEY PERFORMANCE INDICATORS

	1. – 3. quarter 1 June to 29 February		3rd quarter 1 December to 29 February	
	2019/2020	2018/2019	2019/2020	2018/2019
Currency- and portfolio-adjusted sales (in € million)	4,807	4,991	1,524	1,599
Currency and portfolio-adjusted sales growth	-3.7%	6.5%	-4.7%	4.1%
Adjusted EBIT margin	7.2%	8.2%	5.8%	7.1%

In € million	1. – 3. quarter 1 June to 29 February		3rd quarter 1 December to 29 February	
	2019/2020	2018/2019	2019/2020	2018/2019
Sales	4,848	4,991	1,535	1,599
<i>Change compared to prior year</i>	-3%	7%	-4%	5%
Adjusted earnings before interest and taxes (adjusted EBIT)	347	410	90	113
<i>Change compared to prior year</i>	-15%	6%	-21%	6%
Earnings before interest and taxes (EBIT)	312	649	82	112
<i>Change compared to prior year</i>	-52%	61%	-27%	-2%
Adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA)	662	683	196	206
<i>Change compared to prior year</i>	-3%	-4%	-5%	-6%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	627	927	188	205
<i>Change compared to prior year</i>	-32%	26%	-8%	-10%
Earnings for the period	214	510	51	66
<i>Change compared to prior year</i>	-58%	84%	-23%	-15%
Earnings per share (in €)	1.91	4.59	0.46	0.60
<i>Change compared to prior year</i>	-58%	85%	-23%	-14%
Adjusted free cash flow from operating activities	191	169	61	58
Free cash flow from operating activities	178	193	57	46
Net capital expenditure	365	358	114	117
<i>Change compared to prior year</i>	2%	15%	-2%	17%
Research and development (R&D) expenses	487	469	156	154
<i>Change compared to prior year</i>	4%	10%	2%	7%

	1. – 3. quarter 1 June to 29 February		3rd quarter 1 December to 29 February	
	2019/2020	2018/2019	2019/2020	2018/2019
EBIT margin	6.4%	12.6%	5.3%	6.9%
Adjusted EBITDA margin	13.6%	18.1%	12.8%	13.0%
EBITDA margin	12.9%	17.9%	12.2%	12.7%
R&D expenses in relation to sales	10.0%	9.4%	10.2%	9.6%
Net capital expenditure in relation to sales	7.5%	6.9%	7.5%	7.2%

	29 February 2020	31 May 2019
Net financial debt / net financial liquidity (in € million)	-138	66
Equity ratio	44.6%	46.3%
Return on equity (last 12 months)	12.0%	25.4%
Employees	36,932	38,845

In fiscal year 2018/2019, HELLA successfully completed its exit from the wholesale business and sold its shares in Behr Hella Service, a joint venture, on 31 December 2019. To ensure comparability with the current fiscal year, the operative comparative values for the prior year have been adjusted for both fiscal year 2018/2019 and for the current fiscal year, 2019/2020. Please refer to the consolidated financial statements for fiscal year 2018/2019 for further information.

\* In particular, the prior year's sales have been corrected by the proportional sales of the wholesale distribution segment for presentation. As a consequence, the relevant relative values have also changed.

- **Currency and portfolio-adjusted consolidated sales**  
decrease in the first nine months of fiscal year 2019/2020 by 3.7% to € 4,807 million; decline in reported sales by 6.2%
  - **Adjusted earnings before interest and taxes** fall to € 347 million; adjusted EBIT margin decreases to 7.2%
  - **Adjusted free cash flow from operating activities** rises to € 191 million
  - **Decline of 7.6% in the production of cars and light commercial vehicles;** coronavirus outbreak in China is additional burden on automotive market
  - **Reported sales in the Automotive segment** decrease by 2.5% to € 4,135 million
  - **Reported sales in the Aftermarket segment** fall by 1.7% to € 464 million
  - **Reported sales in the Special Applications segment** decrease by 8.7% to € 272 million
  - **In the third quarter,** currency and portfolio-adjusted sales decrease by 4.7%; adjusted EBIT decreases to € 90 million; adjusted EBIT margin decreases to 5.8%
  - **Adjustment to the company outlook** for the current fiscal year 2019/2020 necessary due to the expected steeper decline in demand
-

## INDUSTRY DEVELOPMENT

- ▶ **Decline of 7.6% in the production of cars and light commercial vehicles in the first nine months of fiscal year 2019/2020**
- ▶ **Automotive market downswing in all regions**
- ▶ **Significant drop in light vehicle production in the third quarter (-11.2%); spread of the coronavirus is additional burden on the automotive market**

In the first nine months of the current HELLA fiscal year 2019/2020, the worldwide automotive market continued its negative development. Based on the information from the IHS market research institute, which was last updated in March 2020, the number of newly produced cars and light commercial vehicles decreased by 7.6% to 63.1 million units in the reporting period (prior year: 68.4 million units).

In the third quarter, the outbreak and spread of the coronavirus was an additional burden on industry development. In that period, the worldwide production of cars and light commercial vehicles fell by 11.2% as a result of production downtime and decreasing demand.

Accordingly, light vehicle production decreased in all regions. In the nine-month period, the number of newly produced vehicles in the region of Europe excluding Germany fell by 3.8% to 11.6 million units (prior year: 12.1 million units) and by 5.4% in the third quarter. The selective German market recorded a 7.9% decrease in production figures to 3.4 million units (prior

year: 3.7 million units). In the third quarter, light vehicle production in Germany fell by 7.4%.

Industry development remained negative in North, Central and South America as well. In the first nine months, new production there declined by 4.0% to 14.4 million units (prior year: 15.0 million units). However, new production declined less sharply in the third quarter (-2.5%) in that region compared to the first half of the fiscal year. This is primarily due to the selective US market in which new production fell by 2.8% to 7.8 million units in the reporting period (prior year: 8.1 million units), partially due to a strike in the American automotive industry in the first half of the fiscal year. In the third quarter, on the contrary, light vehicle production was at the level of the prior year.

In Asia/Pacific/Rest of World, the number of newly produced vehicles fell by 10.3% to 33.8 million units in the first nine months of the fiscal year (prior year: 37.6 million units). In the third quarter, light vehicle production experienced a significant decrease of 16.8% in this region. The main reason for this is the Chinese automotive market, in which the number of newly produced vehicles fell by 12.0% to 16.7 million units (prior year: 19.0 million units) during the reporting period. In the third quarter in particular, the Chinese market recorded a significant decline in light vehicle production of 24.1% as a result of production downtime in conjunction with the coronavirus.

### Production of passenger cars and light commercial vehicles during the first nine months of fiscal year 2019/2020 and 2018/2019

in thousands	Fiscal year 2019/2020	+/-	Fiscal year 2018/2019
Europe not including Germany	11,597	-3.8%	12,054
Germany	3,426	-7.9%	3,719
North, Central and South America	14,366	-4.0%	14,970
USA	7,838	-2.8%	8,066
Asia / Pacific / RoW	33,759	-10.3%	37,634
China	16,717	-12.0%	18,997
<b>Worldwide</b>	<b>63,149</b>	<b>-7.6%</b>	68,376

Source: IHS Light Vehicle Production Forecast, 16 March 2020

## BUSINESS DEVELOPMENT OF THE HELLA GROUP

- **Currency and portfolio-adjusted consolidated sales decrease by 3.7% to € 4,807 million in the first nine months; decline in reported sales of 6.2%**
- **Sales decline due to negative industry development; coronavirus outbreak in China is additional burden in the third quarter**
- **Adjusted earnings before interest and taxes fall to € 347 million; adjusted EBIT margin decreases to 7.2%**
- **Lower profitability from continued increase in expenses for research and development, higher material cost ratio and lower business volume**
- **Adjusted free cash flow from operating activities rises to € 191 million**
- **In the third quarter, currency and portfolio-adjusted sales decrease by 4.7%; adjusted EBIT decreases to € 90 million; adjusted EBIT margin decreases to 5.8%**

### Results of operations

HELLA successfully completed its exit from the wholesale business in the previous fiscal year 2018/2019. Additionally, on 31 December 2019, the Company transferred the thermo management activities under the umbrella of Behr Hella Service to the former joint-venture partner MAHLE. To ensure comparability with the current fiscal year, the operative comparative values for the prior year have been adjusted accordingly for both fiscal year 2018/2019 and the current fiscal year 2019/2020. The adjusted consolidated income statement is presented as a table in the following overview; the reported key performance indicators are presented as selected financial information. Please also refer to the consolidated financial statements of fiscal year 2018/2019 for further information.

In the first nine months of fiscal year 2019/2020 (1 June 2019 to 29 February 2020), the HELLA Group's currency and portfolio-adjusted sales decreased by 3.7% to € 4,807 million (prior year: € 4,991 million). Reported consolidated sales amounting to € 4,848 million (prior year: € 5,169 million) were supported by positive currency exchange rate effects (+0.8 percentage points; up € 41 million). Sales generated from wholesale distribution (€ 158 million) and Behr Hella Service (€ 20 million) have been adjusted accordingly for the comparative period due to the completed sale of these business activities. As a result, reported consolidated sales decreased by 6.2%. In particular, the sales downturn was

caused by the persistent challenge of the economic and industrial environment, with production figures continuing to fall worldwide.

Further, in the third quarter, the coronavirus outbreak in China had a significant negative effect on Chinese business activities, leading to a noticeable decrease in customer demand and production shutdowns. In contrast, HELLA's business in Europe excluding Germany, Germany, and North, Central and South America has not yet been affected by it at this point in time.

As a result, in the third quarter (1 December 2019 to 29 February 2020) currency and portfolio-adjusted sales fell by 4.7% to € 1,524 million (prior year: € 1,599 million). Reported quarterly sales amounting to € 1,535 million (prior year: € 1,619 million) were supported by positive currency exchange rates (+0.7 percentage points; up € 11 million). Due to the sale of company shares completed on 31 December 2019, the sales generated by Behr Hella Service have been adjusted for the comparison period. In the third quarter, the decrease in consolidated sales was therefore 5.2%.

Business development was negative in the reporting period for the regions of Europe excluding Germany, Germany, and Asia/Pacific/Rest of World. In Europe excluding Germany, sales fell by 1.4% to € 1,408 million (prior year: € 1,428 million), in Germany by 9.5% to € 1,554 million (prior year: € 1,716 million), and in Asia/Pacific/Rest of World by 4.3% to € 812 million (prior year: € 848 million). In North, Central and South America, on the contrary, HELLA increased sales by 7.5% to € 1,074 million (prior year: € 999 million).

In the third quarter, the sales decrease in Europe excluding Germany was 0.9%, in Germany 6.5% and in Asia/Pacific/Rest of World, 10.9%. In China in particular, production downtime and lower demand in conjunction with the coronavirus had a negative effect on sales. In contrast, sales in North, Central and South America improved slightly with an increase of 1.0% in the third quarter.

In the nine-month period, the HELLA Group's earnings before interest and taxes adjusted by restructuring measures and portfolio effects (adjusted EBIT) fell by 15.3% to € 347 million in comparison to the previous year (prior year: € 410 million). Accordingly, the adjusted EBIT margin fell to 7.2% (prior year: 8.2%). This is due to both a lower gross profit margin and higher expenses for research and devel-

Consolidated income statement (adjusted for portfolio and special effects)	1. – 3. quarter 1 June to 29 February			3rd quarter 1 December to 29 February		
	2019/2020	+/-	2018/2019	2019/2020	+/-	2018/2019
<b>in € million</b>						
<b>Sales</b>	<b>4,848</b>	<b>-2.9%</b>	<b>4,991</b>	<b>1,535</b>	<b>-4.0%</b>	<b>1,599</b>
Cost of sales	-3,608		-3,668	-1,152		-1,192
<b>Gross profit</b>	<b>1,240</b>	<b>-6.3%</b>	<b>1,323</b>	<b>383</b>	<b>-6.2%</b>	<b>408</b>
Ratio of gross profit to sales	25.6%		26.5%	24.9%		25.5%
Research and development expenses	-487		-469	-156		-154
Distribution expenses	-280		-310	-90		-94
Administrative expenses	-172		-180	-57		-59
Other income and expenses	18		13	7		6
Earnings from investments accounted for using the equity method	28		32	3		7
<b>Adjusted earnings before interest and taxes (adjusted EBIT)</b>	<b>347</b>	<b>-15.3%</b>	<b>410</b>	<b>90</b>	<b>-20.9%</b>	<b>113</b>
Ratio of adjusted EBIT to sales	7.2%		8.2%	5.8%		7.1%

HELLA successfully completed its exit from the wholesale business in fiscal year 2018/2019 and also sold its shares in the company Behr Hella Service on 31 December 2019. To ensure comparability between the current fiscal year and the prior-year, the prior year figures have been adjusted with regard to the operating variables for fiscal year 2018/2019 and for the current fiscal year. Please refer to the consolidated financial statements of fiscal year 2018/2019 for further information.

opment; the savings realised in distribution and administrative expenses could only partially compensate for the decrease.

In the third quarter, the adjusted EBIT fell to € 90 million (prior year: € 113 million), equalling an adjusted EBIT margin of 5.8% (prior year: 7.1%).

Under consideration of special effects, reported earnings before interest and taxes (EBIT) fell to € 312 million in the reporting period (prior year: € 649 million). Accordingly, the reported EBIT margin was 6.4% (prior year: 12.6%). In particular, adjusted earnings before interest and taxes were adjusted for the earnings and expenses that accrued in conjunction with the exit from the wholesale distribution and

thermo management businesses and led to an extraordinarily high value for the previous year. Adjustments were also made with regard to restructuring measures.

In the third quarter, the reported EBIT fell to € 82 million (prior year: € 112 million) and the reported EBIT margin fell accordingly to 5.3% (prior year: 6.9%).

In the nine-month period, gross profit decreased by 6.3% to € 1,240 million (prior year: € 1,323 million). Accordingly, the gross profit margin fell to 25.6% (prior year: 26.5%). This is primarily caused by the overall lower volume of business, as well as by a higher material cost ratio, particularly in the area of electronic parts.

#### Reported sales of the HELLA Group in € millions (reported as well as currency and portfolio-adjusted sales growth) for the first nine months

2017/2018	5,130 (7.4%; 9.4%)
2018/2019	5,169 (0.8%; 6.5%)
<b>2019/2020</b>	<b>4,848 (-6.2%; -3.7%)</b>

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

2017/2018	387 (8.3%)
2018/2019	410 (8.2%)
<b>2019/2020</b>	<b>347 (7.2%)</b>

In the third quarter, gross profit decreased to € 383 million (prior year: € 408 million) and in a quarterly comparison, the gross profit margin fell accordingly to 24.9% (prior year: 25.5%).

Expenses for research and development increased to € 487 million (prior year: € 469 million) in the first nine months of the current fiscal year. In relation to comparably lower consolidated sales, the R&D ratio rose accordingly to 10.0% (prior year: 9.4%). R&D expenses increased partly as a result of preparing for new customer projects. Research and development expenses were also incurred to bolster and expand HELLA's leading technological position along automotive market trends amid accelerating change within the industry. Trends particularly relevant to HELLA in this context are autonomous driving, efficiency and electrification, digitalisation and connectivity, as well as individualisation.

Expenses for research and development were € 156 million (prior year: € 154 million) in the third quarter, raising the R&D ratio to 10.2% (prior year: 9.6%).

Expenses for distribution and administration and the balance of other income and expenses decreased to € 434 million in the reporting period (prior year: € 477 million). Consequently, the ratio of those expenses to the overall lower consolidated sales is 9.0% (prior year: 9.6%). This improvement was realised by savings measures in the area of distribution and administrative expenses.

In the third quarter, expenses for distribution and administration and the balance of other income and expenses decreased to € 140 million (prior year: € 148 million). Their ratio to sales of 9.1% is slightly below the level of the previous year (prior year: 9.2%).

The joint ventures' contribution to earnings was € 28 million in the reporting period (prior year: € 32 million). Accordingly, the joint ventures' contribution to the Group-wide adjusted EBIT increased to 8.1% (prior year: 7.9%).

The joint ventures' contribution to earnings decreased in the third quarter in particular due to the weaker business development of the Asian joint ventures in the context of the coronavirus outbreak. For that reason, the contributions to earnings fell to € 3 million (prior year: € 7 million), equalling a contribution to the adjusted Group EBIT of 3.2% (prior year: 6.1%).

After nine months, the net financial result is € -25 million (prior year: € -29 million). In the third quarter, the net financial result was € -13 million, which is considerably below the previous year's figure (prior year: € -4 million). The difference is primarily due to the valuation of securities in conjunction with the downturn in the capital markets.

The expenses for income taxes were € 73 million in the reporting period (prior year: € 110 million) and € 18 million in the third quarter (prior year: € 42 million).

Accordingly, the earnings of the period decreased to a total of € 214 million (prior year: € 510 million) after the high value of the previous year was supported by extraordinary income from divesting the wholesale activities.

In the third quarter, the period's earnings fell to € 51 million (prior year: € 66 million).

Earnings per share fell to € 1.91 in the reporting period (prior year: € 4.59) and to € 0.46 in the third quarter (prior year: € 0.60).

## Financial status

In the first nine months of fiscal year 2019/2020, net cash flow from operating activities increased by € 37 million to € 543 million (prior year: € 506 million) in comparison to the same period of the previous year.



In the third quarter, net cash flow from operating activities increased by € 9 million to € 171 million (prior year: € 162 million).

In the nine-month period, non-cash investing activities without cash payments or receipts for the purchase or sale of company shares or capital increases or repayments and securities were € 365 million (prior year: € 358 million) and were € 114 million in the third quarter (prior year: € 117 million). The investing activities primarily included capital expenditure for the worldwide development, administration and production network. HELLA also invested in product-specific capital equipment.

As part of the active management of the liquid funds available to the Group, € 29 million were gained from securities in the reporting period (prior year: outflow of € 173 million) and € 186 million were gained in the third quarter (prior year: € 46 million). For liquidity management purposes, capital is usually invested in short-term securities or securities with a liquid market, so the funds can be made available for potential operating requirements at short notice.

The adjusted free cash flow from operating activities increased to € 191 million in the first nine months of fiscal year 2019/2020 (prior year: € 169 million).

In the third quarter, the adjusted free cash flow from operating activities was € 61 million (prior year: € 58 million).

Free cash flow from operating activities was adjusted for payments for restructuring measures and portfolio adjustments (€ 13 million) in the reporting period (prior year: € 24 million for payments for restructuring measures and portfolio adjustments in conjunction with the sale of the wholesale business).

Accordingly, the reported free cash flow from operating activities under consideration of those special effects in the nine-month period fell to € 178 million (prior year: € 193 million).

In the third quarter, the reported free cash flow from operating activities rose to € 57 million (prior year: € 46 million).

From the sales of shares in the joint ventures HSL Electronics Corporation and Behr Hella Service, as well as Hella Phil. Inc., cash receipts amounting to around € 42 million were booked.

The dividend of € 3.35 per share adopted at the annual general meeting on 27 September 2019 amounted to a total of € 372 million and was paid out in full to the Company's shareholders.

In the third quarter of the current fiscal year, HELLA settled a capital market bond amounting to € 500 million.

The liquidity portfolio consisting of cash and cash equivalents decreased in comparison to the end of the previous fiscal year (2018/2019) by € 198 million to € 679 million (31 May 2019: € 877 million). Together with short-term financial assets, primarily securities, amounting to € 532 million (31 May 2019: € 557 million), the portfolio of available funds decreased to € 1,211 million (31 May 2019: € 1,434 million). On this basis, HELLA is able to satisfy its payment obligations.

## Financial position

In comparison to the balance sheet date of the previous fiscal year 2018/2019, total assets fell by € 187 million to € 6,223 million (31 May 2019: € 6,410 million). The equity ratio is 44.6%, putting it below the level on the balance sheet date of 31 May 2019 (46.3%). The equity ratio relative to total assets adjusted for liquidity comes to 55.4% (31 May 2019: 59.7%).

Current and non-current financial liabilities fell by € 19 million to € 1,349 million (31 May 2019: € 1,368 million). Net financial debt as the balance of cash, current financial assets, and current and non-current financial liabilities increased by a total of € 204 million to € 138 million (net financial liquidity 31 May 2019: € 66 million).

On 22 August 2019, Moody's affirmed HELLA's rating of Baal but changed the rating outlook to "negative" due to the deteriorating industry environment.

## Other events in the third quarter

### DEVELOPMENT PARTNERSHIP FOR RADAR SENSORS

HELLA and the American start-up Oculii have announced their strategic partnership. The partners plan to develop high-performance, scalable radar solutions for assisted and automated driving. HELLA will contribute its expertise and many years of experience in the development and industrialisation of radar sensors. With the software developed by Oculii, the radar sensors' performance can be further increased without any hardware modifications. Oculii's software technology is planned for integration into the 77 GHz radar platform from 2023. The partnership also includes a strategic investment in Oculii.

### CAPITAL MARKETS DAY 2020

- In order to keep following its path of success in a persistently challenging market environment, HELLA continues to consistently invest in the automotive themes of the future in line with the major market trends while focussing on strict cost and efficiency management. The automotive supplier presented this main approach to investors and analysts during the annual Capital Markets Day and informed them of further strategic developments. Around 35 investors and analysts participated in the event, which took place at the DRIVERY in Berlin in the middle of February 2020.

### PERSONNEL CHANGES ON THE HELLA MANAGEMENT BOARD

- The HELLA Management Board has experienced personnel changes. On 1 April 2020, Björn Twiehaus (41) took over as Deputy Managing Director of the Electronics

division in the Automotive segment and became a member of the HELLA Management Board in this role. Further, Dr. Werner Benade, Managing Director of the Aftermarket and Special Applications division, has left the Company's Management Board upon the expiration of his contract on 31 March 2020. In future, CEO Dr. Rolf Breidenbach (57) will manage the Aftermarket business. Bernard Schäferbarthold (49), Managing Director for the finance, controlling, information technology, and process management corporate functions, will assume responsibility for the Special Applications segment. By mutual agreement, Dr. Nicole Schneider vacated her position as Managing Director for the human resources corporate function on 29 February 2020. The human resources position will be newly filled on Management Board level and Dr. Rolf Breidenbach will assume responsibility for it in a combination of tasks until it is.

## BUSINESS DEVELOPMENT OF THE SEGMENTS

### Automotive

- ▶ **Reported sales in the Automotive segment decrease by 2.5% to € 4,135 million in the nine-month period**
- ▶ **Coronavirus outbreak in China in January 2020 places additional burden on the market environment, reducing business development**
- ▶ **Earnings before interest and taxes fall to € 282 million; EBIT margin is 6.8%**
- ▶ **Lower business volume, continued increase in R&D expenses and higher material cost ratio reduce profitability**
- ▶ **In the third quarter, reported segment sales fall by 4.3%; EBIT decreases to € 69 million; EBIT margin falls to 5.2%**

In the first nine months of fiscal year 2019/2020, reported sales of the Automotive segment decreased by 2.5% to € 4,135 million (prior year: € 4,240 million). This is primarily due to the market environment, which continues to be challenging, and production figures that are decreasing worldwide.

Production downtime and an overall downswing in demand were two of the consequences of the outbreak and spread of

the coronavirus in China in January 2020. In the third quarter, the Automotive business in China in particular was further weakened as a result. Therefore, the reported sales of the automotive segment in that period decreased by 4.3% to € 1,318 million (prior year: € 1,377 million).

The Automotive segment's earnings before interest and taxes (EBIT) decreased by 16.1% to € 282 million in the reporting period (prior year: € 336 million). The EBIT margin is therefore 6.8% (prior year: 7.9%). On the one hand, this is due to the lower gross profit margin in the wake of the lower business volume and a higher material cost ratio. On the other hand, the continuously rising expenses for the development of new automotive technologies of the future had a negative effect on the automotive segment's profitability. This could only be partially compensated for by savings that were achieved in the area of distribution expenses in particular.

In the third quarter, the segment's EBIT fell by 25.0% to € 69 million (prior year: € 92 million), equalling an EBIT margin of 5.2% (prior year: 6.7%).

#### Income statement for the Automotive segment

in € million	1.–3. quarter 1 June to 29 February			3rd quarter 1 December to 29 February		
	2019/2020	+/-	2018/2019	2019/2020	+/-	2018/2019
Sales with external customers	4,094		4,208	1,300		1,366
Intersegment sales	40		33	18		10
<b>Segment sales</b>	<b>4,135</b>	<b>-2.5%</b>	<b>4,240</b>	<b>1,318</b>	<b>-4.3%</b>	<b>1,377</b>
Cost of sales	-3,173		-3,204	-1,022		-1,056
<b>Gross profit</b>	<b>962</b>	<b>-7.1%</b>	<b>1,036</b>	<b>296</b>	<b>-7.7%</b>	<b>321</b>
Ratio of gross profit to sales	23.3%		24.4%	22.4%		23.3%
Research and development expenses	-460		-446	-147		-145
Distribution expenses	-126		-147	-41		-45
Administrative expenses	-144		-153	-49		-53
Other income and expenses	21		18	8		7
Earnings from investments accounted for using the equity method	28		28	3		7
<b>Earnings before interest and taxes (EBIT)</b>	<b>282</b>	<b>-16.1%</b>	<b>336</b>	<b>69</b>	<b>-25.0%</b>	<b>92</b>
Earnings before interest and taxes in relation to segment sales (EBIT margin)	6.8%		7.9%	5.2%		6.7%

## Aftermarket

- **Reported sales in the Aftermarket segment fall by 1.7% to € 464 million in the first nine months**
- **Low market demand in the spare parts business and extraordinarily high prior-year figure in the workshop sector reduce sales development**
- **Earnings before interest and taxes rise by 10.8% to € 43 million; EBIT margin improves to 9.4%**
- **Product mix effects and cost savings increase profitability**
- **In the third quarter, reported segment sales rise by 3.3%; EBIT increases to € 14 million; EBIT margin is 10.3%**

In the first nine months of fiscal year 2019/2020, reported sales of the Aftermarket segment decreased by 1.7% to € 464 million (prior year: € 472 million). Overall, both the spare parts business and trade with sophisticated workshop equipment experienced a downswing in the nine-month period. The spare parts business was reduced as a result of lower market demand in Southwest Europe and the Middle East, while new regulatory requirements for workshop equipment led to a disproportionately high value for the previous year.

In contrast, the independent spare parts business in Eastern Europe – especially in Poland and Turkey – developed particularly positively in the third quarter, leading to 3.3% growth of the reported segment sales to € 141 million (prior year: € 136 million).

The Aftermarket segment's earnings before interest and taxes (EBIT) rose by 10.8% to € 43 million in the nine-month period (prior year: € 39 million). As a result, the segment's EBIT margin rose to 9.4% (prior year: 8.3%). The increase in profitability was supported by product mix effects with a positive impact on the gross profit margin and cost savings in the area of sales expenses.

In the third quarter, the segment's EBIT was € 14 million (prior year: € 14 million), equalling an EBIT margin of 10.3% (prior year: 10.2%). Higher R&D expenses for the development of new business models in the area of workshop equipment were compensated by cost savings and an improved balance of other expenses and income.

### Income statement for the Aftermarket segment

in € million	1. – 3. quarter 1 June to 29 February			3rd quarter 1 December to 29 February		
	2019/2020	+/-	2018/2019	2019/2020	+/-	2018/2019
Sales with external customers	461		470	140		136
Intersegment sales	3		2	1		1
<b>Segment sales</b>	<b>464</b>	<b>-1.7%</b>	<b>472</b>	<b>141</b>	<b>+3.3%</b>	<b>136</b>
Cost of sales	-287		-297	-85		-80
<b>Gross profit</b>	<b>177</b>	<b>+1.3%</b>	<b>175</b>	<b>56</b>	<b>0.0%</b>	<b>56</b>
Ratio of gross profit to sales	38.2%		37.1%	39.7%		41.1%
Research and development expenses	-14		-11	-5		-4
Distribution expenses	-111		-118	-35		-35
Administrative expenses	-18		-18	-6		-6
Other income and expenses	9		7	4		3
Earnings from investments accounted for using the equity method	0		4	0		0
<b>Earnings before interest and taxes (EBIT)</b>	<b>43</b>	<b>+10.8%</b>	<b>39</b>	<b>14</b>	<b>+4.6%</b>	<b>14</b>
Earnings before interest and taxes in relation to segment sales (EBIT margin)	9.4%		8.3%	10.3%		10.2%

## Special Applications

- **Reported sales in the Special Applications segment decrease by 8.7% to € 272 million in the nine-month period**
- **Ongoing market weakness, particularly in the business for agricultural and construction machinery and trailers, reduces sales**
- **Earnings before interest and taxes fall to € 24 million; EBIT margin decreases to 8.9%**
- **Decrease in the EBIT margin primarily due to lower sales and rising R&D expenses**
- **In the third quarter, reported segment sales fall by 5.5%; EBIT decreases to € 6 million; EBIT margin deteriorates to 7.2%**

In the first nine months of fiscal year 2019/2020, the reported sales of the Special Applications segment decreased by 8.7% to € 272 million (prior year: € 298 million). The cause is persistent market weakness, particularly in the business for

agricultural and construction machinery and trailers, which already burdened the segment's business development in the first half of the fiscal year.

In the third quarter, reported sales fell by 5.5% to € 89 million (prior year: € 94 million).

In addition, the segment's EBIT fell significantly to € 24 million (prior year: € 37 million). Accordingly, the EBIT margin fell to 8.9% (prior year: 12.4%). On the one hand, this was due to the lower business volume with a negative impact on the gross profit margin. On the other hand, the segment's profitability was reduced by expenses for the enhancement of the product portfolio, which will continuously be expanded by new electronics components.

In the third quarter, the segment's EBIT fell to € 6 million (prior year: € 10 million), equalling an EBIT margin of 7.2% (prior year: 10.5%).

### Income statement for the Special Applications segment

in € million	1.-3. quarter 1 June to 29 February			3rd quarter 1 December to 29 February		
	2019/2020	+/-	2018/2019	2019/2020	+/-	2018/2019
Sales with external customers	265		291	87		92
Intersegment sales	6		6	2		2
<b>Segment sales</b>	<b>272</b>	<b>-8.7%</b>	<b>298</b>	<b>89</b>	<b>-5.5%</b>	<b>94</b>
Cost of sales	-171		-185	-57		-60
<b>Gross profit</b>	<b>100</b>	<b>-11.0%</b>	<b>113</b>	<b>31</b>	<b>-7.5%</b>	<b>34</b>
Ratio of gross profit to sales	37.0%		37.9%	35.3%		36.1%
Research and development expenses	-12		-11	-4		-4
Distribution expenses	-45		-45	-15		-14
Administrative expenses	-22		-23	-7		-7
Other income and expenses	3		4	1		2
Earnings from investments accounted for using the equity method	0		0	0		0
<b>Earnings before interest and taxes (EBIT)</b>	<b>24</b>	<b>-34.9%</b>	<b>37</b>	<b>6</b>	<b>-35.3%</b>	<b>10</b>
Earnings before interest and taxes in relation to segment sales (EBIT margin)	8.9%		12.4%	7.2%		10.5%

## OPPORTUNITY AND RISK REPORT

In the third quarter, the business development of the HELLA Group was already affected by the negative impact of the coronavirus outbreak in China, which led to production shut-downs and a noticeable decrease in customer demand in Asia in particular. However, it had not resulted in a fundamental change to the Company's overall exposure to risk on the date of this financial statement. Subsequently, HELLA's risk due to the global spread of the COVID-19 pandemic and associated effects, such as drops customer demand and adversely affected global logistics chains, has risen. For additional information, please refer to the Events after the balance sheet date section under Further explanations.

## FORECAST REPORT

- **Industry outlook revised downward again, now with an expected decline in light vehicle production of 8.0% in fiscal year 2019/2020**
- **Additional decisively downward revisions expected due to further production shutdowns and decrease in demand**
- **Adjustment to the company outlook for fiscal year 2019/2020 necessary due to the expected steeper decline in demand**

### Industry outlook

In view of general conditions in the overall and industry-specific environments that continue to be challenging and are additionally burdened by the further spread of the coronavirus, the forecasted future development of the global auto-

otive market was revised downward again. For example, in its most recent outlook published in March 2020, the IHS market research institute assumes a decrease in the worldwide production of cars and light commercial vehicles of 8.0% to 84.3 million units (prior year: 91.7 million units).

Looking at the figures for new units produced in Europe excluding Germany, according to currently available information, a decrease of 5.7% to 15.5 million units (prior year: 16.5 million units) is expected. In the German market, new production will probably decrease by 8.6% to 4.6 million units (prior year: 5.1 million units) according to currently available information. In North, Central and South America, a downturn in the production figures of 3.2% to 19.5 million units is expected (prior year: 20.2 million units), in particular because the industry outlook for the selective US market has deteriorated and a decrease of 1.5% to 10.7 mil-

### Expected production of passenger cars and light commercial vehicles during fiscal year 2019/2020 and 2018/2019

in thousands	2019/2020	+/-	2018/2019
Europe not including Germany	15,548	-5.7%	16,494
Germany	4,636	-8.6%	5,073
North, Central and South America	19,514	-3.2%	20,160
USA	10,700	-1.5%	10,866
Asia / Pacific / RoW	44,615	-10.7%	49,955
China	22,103	-11.7%	25,038
<b>Worldwide</b>	<b>84,313</b>	<b>-8.0%</b>	<b>91,682</b>

Source: IHS Light Vehicle Production Forecast, 16 March 2020

lion newly produced vehicles has been forecast there (prior year: 10.9 million units).

In Asia/Pacific/Rest of World, negative industry development will continue with a decrease of 10.7% to 44.6 million units (prior year: 50.0 million units). Due to the coronavirus outbreak, a more significant reduction in the production figures of 11.7% to 22.1 million units (prior year: 25.0 million units) is expected for the Chinese market.

Due to numerous production shutdowns, which were only decided and became effective after the publication of the latest IHS industry outlook, a further significant negative correction of the expected production figures for the full year 2019/2020 is to be anticipated. This mainly affects the regions of Europe and North, Central and South America, as these regions were not initially affected by the coronavirus outbreak at the time of reporting.

## Company outlook

The COVID-19 pandemic and the measures taken worldwide in reaction, particularly the increasing number of production shutdowns on the customer side, the probable disruption of the global logistics chain and the resulting expected steeper decline in demand, will have a significant impact on the global automotive industry. In view of the exponential spread of the coronavirus, HELLA assumes that it will not reach its corporate targets for the current fiscal year 2019/2020. The Company now expects that, as a result of the COVID-19 pandemic, its currency and portfolio-adjusted sales will be below the originally forecast range of between around € 6.5 billion and € 7.0 billion. Since there is only limited visibility with regard to the consequences of the pandemic as it stands, the amount is impossible to accurately quantify at present. Depending on the course and duration of business losses, the EBIT margin adjusted for restructuring measures and portfolio effects is also expected to be significantly lower than the forecast target value of 6.5% to 7.5%.

**SELECTED FINANCIAL INFORMATION****Consolidated income statement**

of HELLA GmbH &amp; Co. KGaA

€ thousand	1.-3. quarter 1 June to 29 February**		3rd quarter 1 December to 29 February**	
	2019/2020	2018/2019*	2019/2020	2018/2019*
<b>Sales</b>	<b>4,847,981</b>	<b>5,169,373</b>	<b>1,534,982</b>	<b>1,619,309</b>
Cost of sales	-3,639,775	-3,785,577	-1,159,213	-1,207,730
<b>Gross profit</b>	<b>1,208,206</b>	<b>1,383,796</b>	<b>375,769</b>	<b>411,579</b>
Research and development expenses	-488,031	-469,170	-157,103	-153,785
Distribution expenses	-280,107	-373,214	-90,102	-96,925
Administrative expenses	-172,935	-187,648	-56,833	-61,137
Other income and expenses	16,650	262,080	6,944	4,996
Earnings from investments accounted for using the equity method	28,085	32,987	2,825	7,530
Other income from investments	231	327	231	102
<b>Earnings before interest and taxes (EBIT)</b>	<b>312,098</b>	<b>649,156</b>	<b>81,731</b>	<b>112,360</b>
Financial income	10,789	11,670	675	3,169
Financial expenses	-36,182	-40,841	-13,244	-7,311
<b>Net financial result</b>	<b>-25,393</b>	<b>-29,171</b>	<b>-12,569</b>	<b>-4,143</b>
<b>Earnings before income taxes (EBT)</b>	<b>286,705</b>	<b>619,985</b>	<b>69,163</b>	<b>108,218</b>
Income taxes	-72,937	-109,989	-17,681	-41,781
<b>Earnings for the period</b>	<b>213,769</b>	<b>509,996</b>	<b>51,482</b>	<b>66,437</b>
of which attributable:				
to the owners of the parent company	212,615	509,814	51,011	66,426
to non-controlling interests	1,153	182	471	11
<b>Basic earnings per share in €</b>	<b>1.91</b>	<b>4.59</b>	<b>0.46</b>	<b>0.60</b>
<b>Diluted earnings per share in €</b>	<b>1.91</b>	<b>4.59</b>	<b>0.46</b>	<b>0.60</b>

\* The prior-year figures from the consolidated income statement have been adjusted. Please refer to the consolidated financial statements of fiscal year 2018/2019 for further information.

\*\* Reporting date and reference to the comparative period in the fiscal year 2018/2019 is always 28 February 2019, if not stated otherwise.



## Segment reporting

The segment information for the first nine months (1 June to 29 February\*\*) of fiscal years 2019/2020 and 2018/2019 is as follows:

€ thousand	Automotive		Aftermarket		Special Applications	
	2019/2020	2018/2019*	2019/2020	2018/2019*	2019/2020	2018/2019*
Sales with external customers	4,094,484	4,207,606	460,839	470,401	265,331	291,204
Intersegment sales	40,301	32,778	2,939	1,622	6,415	6,388
<b>Segment sales</b>	<b>4,134,785</b>	<b>4,240,384</b>	<b>463,779</b>	<b>472,023</b>	<b>271,746</b>	<b>297,592</b>
Cost of sales	-3,172,585	-3,204,294	-286,579	-297,026	-171,335	-184,821
<b>Gross profit</b>	<b>962,200</b>	<b>1,036,089</b>	<b>177,200</b>	<b>174,997</b>	<b>100,412</b>	<b>112,771</b>
Research and development expenses	-459,814	-445,910	-13,905	-11,372	-12,471	-11,242
Distribution expenses	-125,503	-146,502	-111,489	-118,055	-44,992	-45,277
Administrative expenses	-144,257	-153,347	-17,866	-18,181	-21,795	-23,277
Other income and expenses	21,396	17,503	9,015	7,193	2,926	4,004
Earnings from investments accounted for using the equity method	27,778	27,999	307	4,314	0	0
Other income from investments	0	0	181	322	0	0
<b>Earnings before interest and taxes (EBIT)</b>	<b>281,799</b>	<b>335,834</b>	<b>43,444</b>	<b>39,217</b>	<b>24,079</b>	<b>36,980</b>
Additions to intangible assets and property, plant and equipment	317,331	285,726	12,305	11,100	12,510	22,490

\* The prior-year figures for the segments have been adjusted. For further notes, see the consolidated financial statements of fiscal year 2018/2019 and the "Adjustment for special effects in the Aftermarket segment results" table.

\*\* Reporting date and reference to the comparative period in the fiscal year 2018/2019 is always 28 February 2019, if not stated otherwise.

Sales with external third parties in the fiscal years 2019/2020 and 2018/2019 are as follows:

€ thousand	Automotive		Aftermarket		Special Applications	
	2019/2020	2018/2019	2019/2020	2018/2019*	2019/2020	2018/2019
Sales from the sale of goods	3,926,330	4,057,691	429,546	440,668	262,677	287,290
Sales from the rendering of services	168,154	149,914	31,294	29,733	2,654	3,914
<b>Sales with external customers</b>	<b>4,094,484</b>	<b>4,207,606</b>	<b>460,839</b>	<b>470,401</b>	<b>265,331</b>	<b>291,204</b>

\* The prior-year figures for the Aftermarket segment were adjusted for the proportionate contributions from thermal management activities.

**Sales reconciliation:**

<b>€ thousand</b>	<b>2019/2020</b>	2018/2019*
<b>Total sales of the reporting segments</b>	<b>4,870,310</b>	<b>5,009,998</b>
Sales in other divisions	62,386	73,025
Portfolio sales	0	177,990
Elimination of intersegment sales	-84,715	-91,641
<b>Consolidated sales</b>	<b>4,847,981</b>	<b>5,169,373</b>

**Reconciliation of the segment results with consolidated net profit:**

<b>€ thousand</b>	<b>2019/2020</b>	2018/2019*
<b>EBIT of the reporting segments</b>	<b>349,323</b>	<b>412,030</b>
EBIT of other divisions	-2,299	-2,404
EBIT portfolio	0	7,740
Unallocated income	-34,926	231,790
<b>Consolidated EBIT</b>	<b>312,098</b>	<b>649,156</b>
Net financial result	-25,393	-29,171
<b>Consolidated EBT</b>	<b>286,705</b>	<b>619,985</b>

\* The prior-year figures for the segments have been adjusted. For further notes, see the consolidated financial statements of fiscal year 2018/2019 and the "Adjustment for special effects in the aftermarket segment results" table.

**Adjustment of special effects in the segment results  
Aftermarket**

<b>€ thousand</b>	<b>2018/2019 as reported</b>	Portfolio	<b>2018/2019 adjusted</b>
Sales with external customers	489,908	-19,507	470,401
Intersegment sales	1,622	0	1,622
<b>Segment sales</b>	<b>491,530</b>	<b>-19,507</b>	<b>472,023</b>
Cost of sales	-313,022	15,996	-297,026
<b>Gross profit</b>	<b>178,508</b>	<b>-3,511</b>	<b>174,997</b>
Research and development expenses	-11,372	0	-11,372
Distribution expenses	-120,162	2,107	-118,055
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	-674	4,314
Other income from investments	322	0	322
<b>Earnings before interest and taxes (EBIT)</b>	<b>41,296</b>	<b>-2,078</b>	<b>39,217</b>

In the third quarter of the fiscal year, the transfer of the thermo management activities under the umbrella of Behr Hella Service to the former joint-venture partner MAHLE was completed.

That area's contributions to the aftermarket segment in the prior-year period have been presented in an adjusted form over the same periods for purposes of comparison just as in the current reporting period.

The contributions to earnings of the prior year by which the segment has been adjusted are identified in the reconciliation account in the "Sales portfolio" and "EBIT portfolio" lines.

These lines also contain the contributions of the wholesale distribution division divested in the prior year from the first quarter of the fiscal year.

## Consolidated statement of financial position

of HELLA GmbH &amp; Co. KGaA

€ thousand	29 February 2020	31 May 2019	28 February 2019
Cash and cash equivalents	678,858	876,763	877,006
Financial assets	532,214	557,131	525,056
Trade receivables	1,039,227	1,065,804	1,100,078
Other receivables and non-financial assets	216,749	207,838	164,395
Inventories	841,989	810,277	934,092
Current tax assets	11,460	37,326	23,117
Contract assets	67,623	35,944	38,597
Assets held for sale	0	27,838	27,488
<b>Current assets</b>	<b>3,388,119</b>	<b>3,618,922</b>	<b>3,689,830</b>
Intangible assets	429,887	383,494	355,438
Property, plant and equipment	1,918,594	1,941,659	1,734,170
Financial assets	55,831	43,105	41,627
Investments accounted for using the equity method	261,203	273,347	277,238
Deferred tax assets	108,199	95,241	93,207
Other non-current assets	60,895	53,861	54,269
<b>Non-current assets</b>	<b>2,834,609</b>	<b>2,790,707</b>	<b>2,555,950</b>
<b>Assets</b>	<b>6,222,728</b>	<b>6,409,629</b>	<b>6,245,780</b>
Financial liabilities	61,732	582,060	31,088
Trade payables	768,329	796,644	823,019
Current tax liabilities	48,525	44,389	46,739
Other liabilities	412,616	422,754	472,726
Provisions	143,282	131,862	81,021
Contract obligations	145,831	132,141	97,873
Liabilities held for sale	0	0	10
<b>Current liabilities</b>	<b>1,580,315</b>	<b>2,109,851</b>	<b>1,552,476</b>
Financial liabilities	1,287,712	786,102	1,322,715
Deferred tax liabilities	17,676	37,874	44,866
Other liabilities	98,017	100,601	92,874
Provisions	463,842	406,710	376,570
Contract obligations	0	0	24
<b>Non-current liabilities</b>	<b>1,867,246</b>	<b>1,331,287</b>	<b>1,837,050</b>
Subscribed capital	222,222	222,222	222,222
Reserves and unappropriated surplus	2,549,711	2,743,660	2,631,601
<b>Equity before non-controlling interests</b>	<b>2,771,933</b>	<b>2,965,882</b>	<b>2,853,823</b>
Non-controlling interests	3,234	2,609	2,431
<b>Equity</b>	<b>2,775,167</b>	<b>2,968,491</b>	<b>2,856,254</b>
<b>Equity and liabilities</b>	<b>6,222,728</b>	<b>6,409,629</b>	<b>6,245,780</b>

## Consolidated cash flow statement

of HELLA GmbH & Co. KGaA for the period from 1 June to 29 February\*

€ thousand	2019/2020	2018/2019
<b>Earnings before income taxes (EBT)</b>	<b>286,705</b>	<b>619,985</b>
+ Depreciation and amortisation	314,649	277,348
+/- Change in provisions	14,689	-38,368
- Other non-cash income and cash flows not attributable to operating activities	-48,570	-306,955
+ Losses / profits from the sale of intangible assets and property, plant and equipment	1,680	2,259
+ Net financial result	25,393	29,171
- Change in trade receivables and other assets not attributable to investing or financing activities	-12,225	-60,247
- Change in inventories	-45,435	-124,386
+ Change in trade payables and other liabilities not attributable to investing or financing activities	37,528	178,975
- Net tax payments	-55,989	-97,683
+ Dividends received	24,932	26,375
<b>= Net cash flow from operating activities</b>	<b>543,359</b>	<b>506,476</b>
+ Cash receipts from the sale of intangible assets and property, plant and equipment	17,245	10,323
- Payments for the purchase of intangible assets and property, plant and equipment	-382,619	-368,123
+ Cash receipts from the sale of subsidiaries, less cash and cash equivalents	1,299	331,504
+ Repayment from loans in connection with the sale of subsidiaries	0	44,331
+/- Net payments for loans granted to investments	-83	1,692
- Net payments from changes in equity to investments	-9,012	-5,434
+ Cash proceeds from the sale of investments	41,006	0
- Payments for the acquisition of companies, less cash and cash equivalents	-548	0
+/- Net payments for the purchase and sale of securities	28,655	-172,786
<b>= Net cash flow from investing activities</b>	<b>-304,056</b>	<b>-158,493</b>
+ Cash receipts from the issuance of a bond	498,515	0
- Repayment of a bond	-500,000	0
- Net payments from the borrowing/repayment of financial liabilities	-46,509	-20,658
- Net interest payments	-22,323	-21,356
- Dividends paid	-372,360	-117,503
<b>= Net cash flow from financing activities</b>	<b>-442,678</b>	<b>-159,517</b>
<b>= Net change in cash and cash equivalents</b>	<b>-203,375</b>	<b>188,466</b>
+ Cash and cash equivalents as at 1 June	876,763	688,187
- Cash and cash equivalents of a disposal group	0	-73
+ Effect of exchange rate changes on cash and cash equivalents	5,470	426
<b>= Cash and cash equivalents as at 29 February**</b>	<b>678,858</b>	<b>877,006</b>

\*\* Reporting date and reference to the comparative period in the fiscal year 2018/2019 is always 28 February 2019, if not stated otherwise.

## 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, joint venture companies produce complete vehicle modules and air-conditioning systems. The Group's production and manufacturing sites are located across the globe; its most significant markets are in Europe, the USA and Asia, particularly South 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 Str. 75, 59552 Lippstadt. HELLA GmbH & Co. KGaA is registered in 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 dated 29 February 2020 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.

### 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 3rd quarter		Reporting date		
	2019/2020	2018/2019	29 February 2020	31 May 2019	28 February 2019
€ 1 = US dollar	<b>1.1098</b>	1.1507	<b>1.0977</b>	1.1151	1.1416
€ 1 = Czech koruna	<b>25.5372</b>	25.7683	<b>25.3900</b>	25.8160	25.6010
€ 1 = Japanese yen	<b>120.2854</b>	128.1156	<b>119.3600</b>	121.2700	126.4400
€ 1 = Mexican peso	<b>21.3316</b>	22.3812	<b>21.6370</b>	21.8922	21.9073
€ 1 = Chinese renminbi	<b>7.7675</b>	7.8211	<b>7.6662</b>	7.7045	7.6309
€ 1 = South Korean won	<b>1,312.2199</b>	1,289.4975	<b>1,324.9800</b>	1,328.3100	1,281.0700
€ 1 = Romanian leu	<b>4.7538</b>	4.6701	<b>4.8130</b>	4.7430	4.7434

### 03 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.

In the current reporting period 2019/2020, the costs for the restructuring measures, amounting to € 34,282 thousand (prior year: € 2,729 thousand), have been adjusted in EBIT.

The corresponding reconciliation statement for the first nine months of fiscal year 2019/2020 is as follows:

€ thousand	2019/2020 as reported	Adjustment	2019/2020 adjusted
Sales	4,847,981	0	4,847,981
Cost of sales	-3,639,775	31,485	-3,608,290
<b>Gross profit</b>	<b>1,208,206</b>	<b>31,485</b>	<b>1,239,691</b>
Research and development expenses	-488,031	1,389	-486,642
Distribution expenses	-280,107	95	-280,012
Administrative expenses	-172,935	859	-172,076
Other income and expenses	16,650	1,097	17,747
Earnings from investments accounted for using the equity method	28,085	0	28,085
Other income from investments	231	0	231
<b>Earnings before interest and taxes (EBIT)</b>	<b>312,098</b>	<b>34,926</b>	<b>347,024</b>

In addition to the standard adjustments, the contributions from the wholesale distribution division received in the first nine months of fiscal year 2018/2019 have also been adjusted by the contributions of the thermo management

activities as a portfolio adjustment (€ 242,259 thousand). Accordingly, costs in the context of the implementation of the divestiture amounting to € 644 thousand were adjusted in the reporting period.

**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	-177,990	4,991,382
Cost of sales	-3,785,577	117,256	-3,668,321
<b>Gross profit</b>	<b>1,383,796</b>	<b>-60,734</b>	<b>1,323,061</b>
Research and development expenses	-469,170	0	-469,170
Distribution expenses	-373,214	63,320	-309,894
Administrative expenses	-187,648	7,490	-180,158
Other income and expenses	262,080	-248,932	13,148
Earnings from investments accounted for using the equity method	32,987	-674	32,313
Other income from investments	327	0	327
<b>Earnings before interest and taxes (EBIT)</b>	<b>649,156</b>	<b>-239,530</b>	<b>409,626</b>



## 04 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 is used for this purpose and adjusted for non-recurring cash flows.

In this reporting period, free cash flow from operating activities is adjusted for payments made for restructuring measures amounting to € 8,313 thousand (prior year: € 7,532 thousand). In fiscal year 2018/2019, the wholesale distribution division was sold. To ensure the ability to draw consistent comparisons with other periods, free cash flow from operating activities is adjusted for payments made in connection with the sale amounting to € 2,432 thousand (prior year: € -31,777 thousand), just as it is in the consolidated income statement. The shares in HSL Electronics Corporation, a joint venture, were sold in the current fiscal year. Free cash flow from operating activities is adjusted for the tax payments made in connection with the sale amounting to € 2,379 thousand.

The performance of the adjusted free cash flow from operating activities for the first nine months of fiscal years 2019/2020 and 2018/2019 is shown in the following tables:

€ thousand	2019/2020 as reported	Adjustment	2019/2020 adjusted
<b>Earnings before income taxes (EBT)</b>	<b>286,705</b>	<b>34,926</b>	<b>321,631</b>
+ Depreciation and amortisation	314,649	0	314,649
+ Change in provisions	14,689	-21,308	-6,619
- Other non-cash income and cash flows not attributable to operating activities	-48,570	0	-48,570
+ Losses / profits from the sale of intangible assets and property, plant and equipment	1,680	0	1,680
+ Net financial result	25,393	0	25,393
- Change in trade receivables and other assets not attributable to investing or financing activities	-12,225	0	-12,225
- Change in inventories	-45,435	0	-45,435
+ Change in trade payables and other liabilities not attributable to investing or financing activities	37,528	-2,798	34,730
- Net tax payments	-55,989	2,305	-53,684
+ Dividends received	24,932	0	24,932
<b>= Net cash flow from operating activities</b>	<b>543,359</b>	<b>13,124</b>	<b>556,483</b>
+ Cash receipts from the sale of intangible assets and property, plant and equipment	17,245	0	17,245
- Payments for the purchase of intangible assets and property, plant and equipment	-382,619	0	-382,619
<b>= Free cash flow from operating activities</b>	<b>177,985</b>	<b>13,124</b>	<b>191,109</b>

€ thousand	2018/2019 adjusted	Adjustment	2018/2019 adjusted
<b>Earnings before income taxes (EBT)</b>	<b>619,985</b>	<b>-239,210</b>	<b>380,776</b>
+ Depreciation and amortisation	277,348	-3,649	273,699
- Change in provisions	-38,368	4,216	-34,151
- Other non-cash income and cash flows not attributable to operating activities	-306,955	254,876	-52,079
+ Losses / profits from the sale of intangible assets and property, plant and equipment	2,259	-58	2,201
+ Net financial result	29,171	-320	28,851
- Change in trade receivables and other assets not attributable to investing or financing activities	-60,247	-5,828	-66,075
- Change in inventories	-124,386	14,859	-109,527
+ Change in trade payables and other liabilities not attributable to investing or financing activities	178,975	-4,011	174,964
- Net tax payments	-97,683	568	-97,115
+ Dividends received	26,375	0	26,375
<b>= Net cash flow from operating activities</b>	<b>506,476</b>	<b>21,444</b>	<b>527,920</b>
+ Cash receipts from the sale of intangible assets and property, plant and equipment	10,323	-1,610	8,713
- Payments for the purchase of intangible assets and property, plant and equipment	-368,123	253	-367,870
+ Repayment from loans in connection with the sale of subsidiaries	44,331	-44,331	0
<b>= Free cash flow from operating activities</b>	<b>193,008</b>	<b>-24,245</b>	<b>168,763</b>

## 05 Events after the balance sheet date

In January 2020, cases of a lung disease in the Wuhan region in China were determined to be the first infections with a novel virus. The WHO gave the virus the name COVID-19. It belongs to the coronavirus group, which also includes SARS and MERS. The Chinese government reacted to those infections with measures similar to those they successfully implemented on comparable symptoms in the recent past.

On 11 March 2020, the WHO (World Health Organisation) determined that the infectious disease was no longer a limited local problem. Instead, it was classified as a pandemic with a global impact. As a result, several European governments, including the German federal government, have decided to adopt essential measures that include limiting social contact. The consequences of the measures – such as limited supply chains and reduced consumption activity – cannot be conclusively evaluated from today's viewpoint.

However, since 17 March several of the largest automobile manufacturers have published statements on factory closures that are also having an impact on HELLA's sales volume. Early on, the Management Board adopted an extensive set of counter-measures for saving personnel and material costs, including short time at domestic locations. Further measures, which may include the temporary closure of Company production facilities, are being considered. These measures have been drawn up with the recommendations of the international, national, and local authorities. With them, the Company is making a contribution towards the protection of its employees, interruption of the infection chain and containment of the outbreak.

However, despite the counter-measures it has implemented, the HELLA Group anticipates experiencing a palpable decline in absolute earnings.

Lippstadt, 25 March 2020

The Managing General Partner of HELLA GmbH & Co. KGaA

Hella Geschäftsführungsgesellschaft mbH



**Dr. Rolf Breidenbach**



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Printed in Germany

