

# HELLA Q1 2023 Results

Jan 1, 2023 – March 31, 2023

April 27<sup>th</sup>, 2023



# Summary

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# **After conversion of the fiscal year to the calendar year: Comparison with the first quarter of the calendar year 2022**

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General note

- › **HELLA has changed the fiscal year to the calendar year with effect from 1 January 2023**
- › **The first quarter of the fiscal year 2023 (Q1 FY 2023) therefore covers the period 1 January to 31 December 2023**
- › **For better comparability, the business development is therefore compared with the first quarter of the calendar year 2022 (Q1 CY 2022)**
- › **The figures for Q1 CY 2022 were not subject to an auditor's review (prüferische Durchsicht)**





**01**

**Achievements**

# Solid performance in Q1 FY 2023 according HELLA's expectations

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## Strong organic sales growth of +14.8%

- › Group reported sales growing +14.4%
- › Growth more than twice as high as the automotive market, outperforming 8.7%-points globally
- › High demand for core products and technologies
  - Electronics growing 10.8% to €763m\*
  - Lighting growing 22.1% to €946m\*
  - LCS growing 12.8% to €280m\*

## Double-digit increase in Operating Income NCF with expected impact of seasonality

- › Operating Income up 10.3% at €111m, Operating Margin close to Q1 CY 2022 at 5.6%
  - increased investments in R&D in order to realize the high order backlog
  - price increases partially compensated mainly by consistent pass-through to customers
- › Net Cash Flow (-€38m, -1.9% to sales), impacted, as expected, by seasonality
  - sales growth with strong increase in receivables
  - significant investments with the start of projects

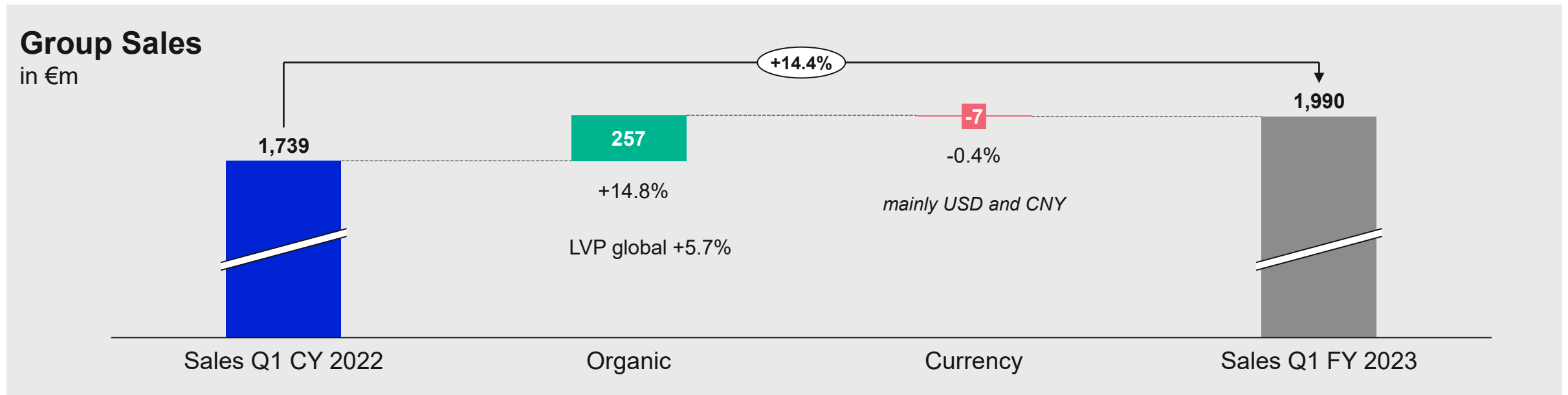
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**02**

**Financial Results**

# Strong sales growth in Q1 FY 2023 based on our future-proof product portfolio

- › Organic sales up 14.8% close to €2.0bn, €7m negative FX in Q1 FY 2023
- › Strong double-digit organic sales growth in all three Business Groups, especially in Lighting
- › Robust demand for key products and ramp-up of production
- › Life Cycle Solutions sales driven by Aftermarket



# Electronics with continuous sales growth and increased investments in future projects

## ELECTRONICS

	Q1 CY 2022	Q1 FY 2023	
<b>External Sales (€m)</b>	<b>688</b>	<b>763</b>	<b>vs. LVP growth of 5.7%</b>
YoY organic		+11.2%	
YoY FX*		-0.4%	
<b>Operating Income</b>	<b>54</b>	<b>48</b>	
% of Total Sales	7.1%	5.7%	

\*approximation based on internal analyses

### > Leverage strong product portfolio in recovering markets

- high demand and strong outperformance in autonomous driving and energy management segments
- components business down in Q1 due to customer and model mix, more positive development in outer periods expected
- strong performance in NSA and Europe with ramp-ups

### > Operating Income -11.7% to €48 m margin down by 1.5ppt:

- over-proportional rise of R&D investments with preparation of further high-tech projects



# Strong performance in Lighting with increasing sales growth and profitability improvement

## LIGHTING

	Q1 CY 2022	Q1 FY 2023	
<b>External Sales (€m)</b>	<b>775</b>	<b>946</b>	<b>vs. LVP growth of 5.7%</b>
YoY organic		+22.2%	
YoY FX*		-0.1%	
<b>Operating Income</b>	<b>10</b>	<b>23</b>	
% of Total Sales	1.3%	2.4%	

\*approximation based on internal analyses

### > Sales growth built on market leadership position and favorable regional mix

- strong customer demand for sophisticated lighting solutions
- continuous series launches especially in China

### > Operating Income +126% to €23m, margin improvement by 1.1ppt:

- positive leverage with improved business development
- continuous operational improvements

# Life Cycle Solutions steadily contributes to the sales, margin and cash performance thanks to positive mix and cost savings

## LCS

	Q1 CY 2022	Q1 FY 2023
<b>External Sales (€m)</b>	<b>248</b>	<b>280</b>
YoY organic		+14.2%
YoY FX*		-1.4%
<b>Operating Income</b>	<b>34</b>	<b>37</b>
% of Total Sales	13.3%	13.1%

\*approximation based on internal analyses

### > Sales performance driven by

- successful spare parts business with growth particularly in Mexico and Turkey
- growing commercial vehicle business, all relevant customer segments benefitting (especially agriculture, construction machinery, and truck & bus)
- growing workshop product sales with ramp-up of new particle counter (at Hella Gutmann)

### > Operating Income up by 8.5% to €37m, margin down by 0.3ppt:

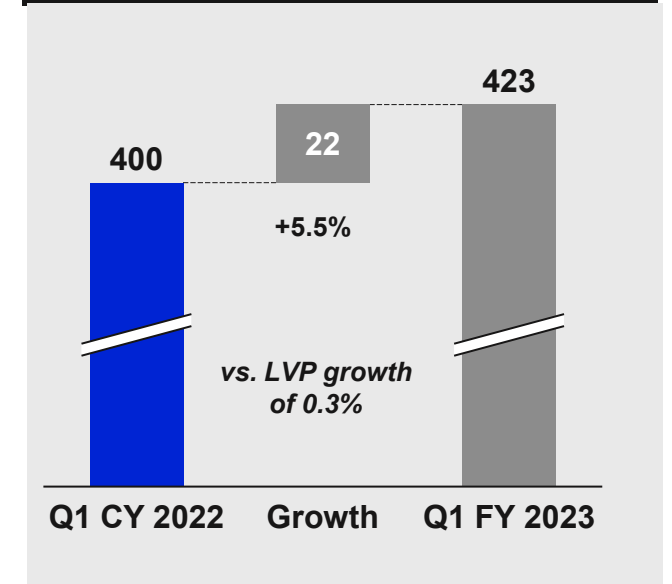
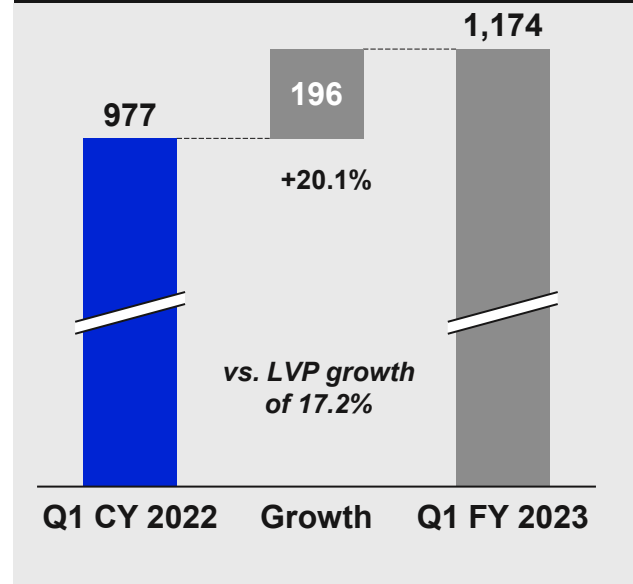
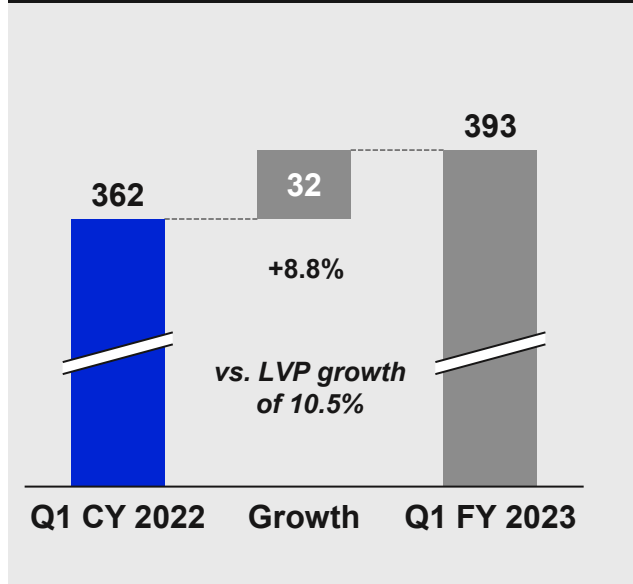
- shifts in the product mix with higher core product turnover
- higher distribution costs mainly due to investments to strengthen the global sales organization

# Group strong outperformance of 870 bps driven by Europe and Asia/Pacific

LVP global +5.7%

GROUP Sales +14.4%

Outperformance +8.7%



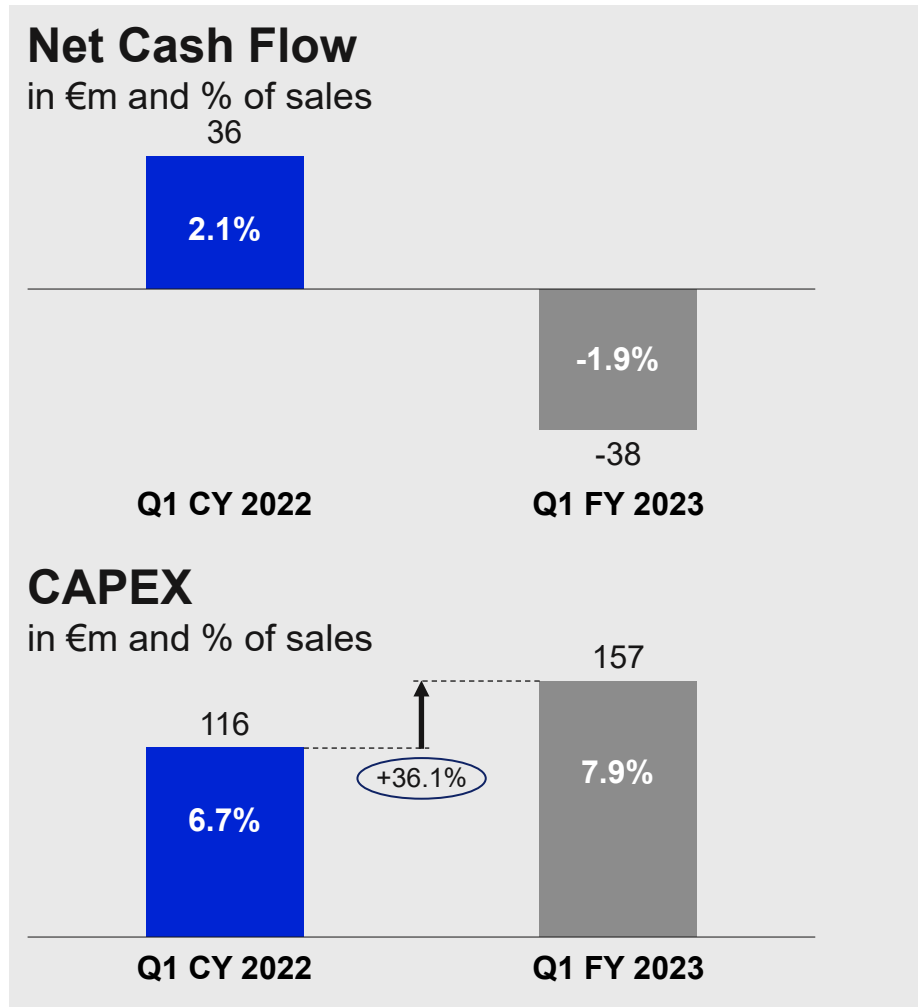
# Profitability level mainly kept; strong sales and significant R&D investments

In €m	Q1 CY 2022*	Q1 FY 2023	YoY Change
<b>Sales</b>	<b>1,739</b>	<b>1,990</b>	<b>+ 14.4%</b>
COGS	(1,320)	(1,501)	+ 13.7%
% of sales	-75.9%	-75.4%	- 0.5ppt
<b>Gross Profit</b>	<b>420</b>	<b>489</b>	<b>+ 16.5%</b>
<b>% of Sales</b>	<b>24.1%</b>	<b>24.6%</b>	<b>+ 0.5ppt</b>
R&D	(178)	(215)	+ 20.9%
% of sales	-10.2%	-10.8%	+ 0.6ppt
SG&A	(141)	(163)	+ 15.5%
% of sales	-8.1%	-8.2%	+ 0.1ppt
(thereof distribution)	(82)	(95)	+ 15.6%
% of sales	-4.7%	-4.8%	+ 0.1ppt
(thereof admin)	(60)	(75)	+ 24.3%
% of sales	-3.5%	-3.8%	+ 0.3ppt
<b>Operating Income</b>	<b>101.0</b>	<b>111.4</b>	<b>+10.3%</b>
<b>% of sales</b>	<b>5.8%</b>	<b>5.6%</b>	<b>-0.2ppt</b>
JV and other income from investments	0.2	-2.7	-1076%
% of sales	0.0%	-0.1%	-0.1ppt
Non-recurring OI& OE	-3.8	-2.9	
<b>EBIT</b>	<b>97.5</b>	<b>105.9</b>	<b>+ 8.6%</b>
<b>% of sales</b>	<b>5.6%</b>	<b>5.3%</b>	<b>- 0.3ppt</b>

- **Gross Profit margin up 50bps** with higher volumes and pass-through of price increases to mitigate inflation burden
- **R&D ratio up 60bps, investments grew over-proportionally by 20.9%** to develop upcoming projects from high order backlog
- **SG&A ratio up 10bsp**: continuous cost management but increase in distribution costs with globalization of business and selective investments in functions and headcount
- **Non-recurring operating income and expenses at -€2.9m** including income from the remeasurement of investments of €3.6m, restructuring measures of €5.9m, and expenses from the remeasurement of investments of €0.6m

Note: Non-recurring operating income and expenses are not included in operating income or the operating income margin.

# NCF impacted, as expected, by seasonality, Working Capital, and capex development



## > Net Cash Flow declined by €74m to €-38m

- negative change in Working Capital mainly due to increase in receivables with higher sales development
- increase of inventories mainly due to persistent volatility in customer call offs, customer buffer stock requirements, purchase obligations, long lead times as well as still existing shortages for specific electronic components

## > Cash development with expected seasonality driven by growth and regional mix

## > CAPEX increased by 36.1% to €157m

- investments into product-specific equipment and projects
- improvement program & automation initiative especially in Lighting

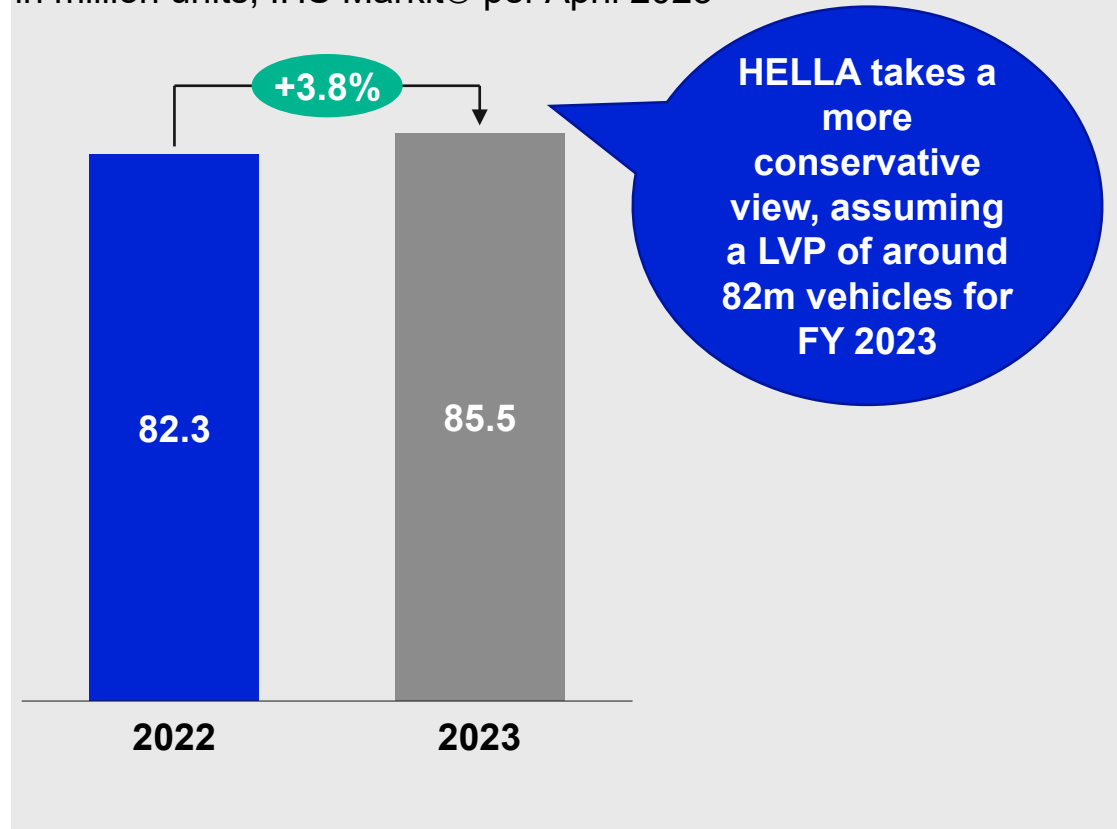
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**03**

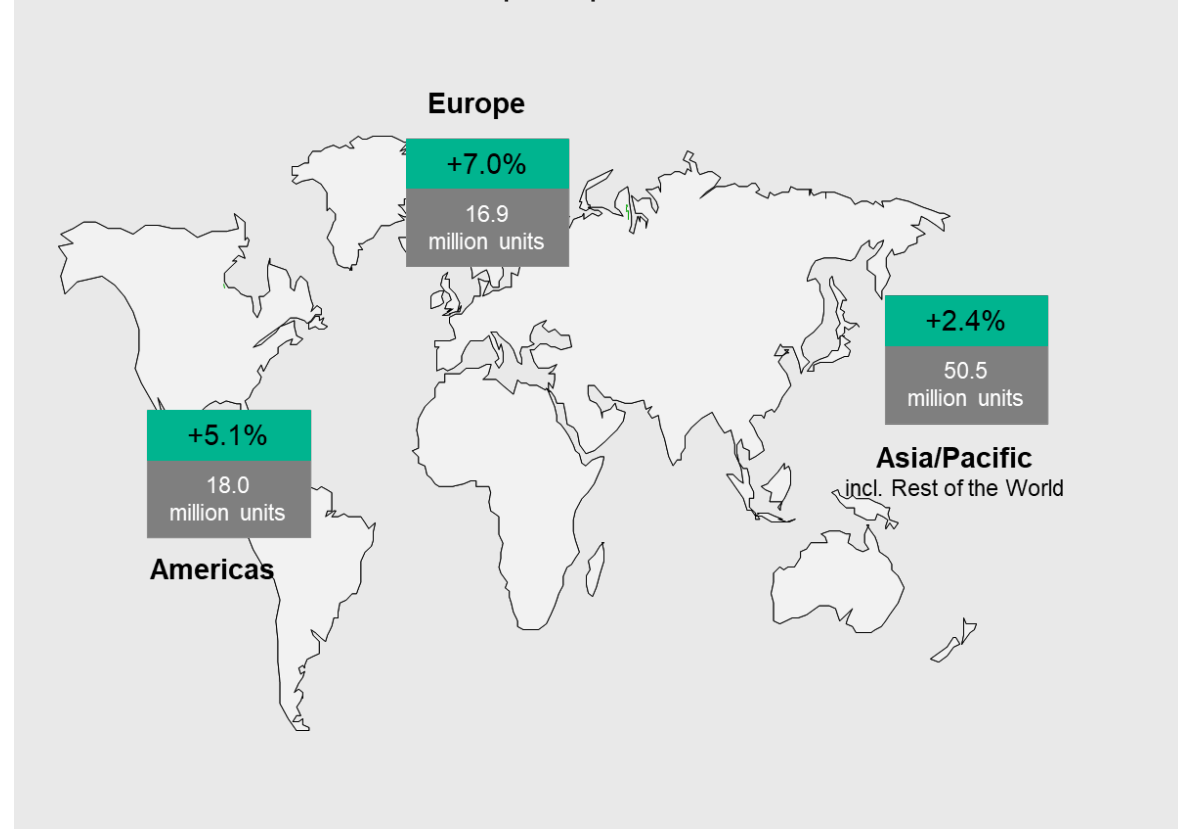
**Outlook**

# HELLA is expecting a stable market due to sensitivity to car prices and some tensions on semiconductors with 82m vehicles in 2023

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



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



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

## Confirmed FY 2023 outlook

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

Based on an assumed LVP of around 82 million vehicles for the period

### Consolidated sales

Currency and portfolio adjusted

**In a range of around € 8.0 to 8.5 billion**

### Operating Income Margin

**In a range of around 5.5% to 7.0%**

### Net Cash Flow

**Approximately 2% of reported sales**

Operating Income Margin and Net Cash Flow/Sales expected to be initially lower in the first half of FY 2023

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

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



# **HELLA continues to focus on profitability and cash flow generation**

## **HELLA key priorities for 2023**

- > Improve the operational cash performance and cash generation (follow through Manage by Cash program)**
- > Continue to pass-through inflation to customers**
- > Realize synergies and implement further cost reduction**

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**04**

**Key Takeaways**



## Key Takeaways

### › Solid performance in Q1 FY 2023 fully in line with our expectations

- all business groups with double-digit sales growth
- group profitability close to PY level despite increased R&D investment to sustain future growth

### › Confirmed FY 2023 outlook

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

### › On track to achieve FY 2025 targets

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



# **APPENDICES**

# Upcoming events

**April 28, 2023** AGM Short FY 2022

**July 25, 2023** H1 FY 2023

**October 27\*, 2023** 9M FY 2023

*\*to be confirmed*

# LVP production and Group sales per region

		Q1 CY 2022	Q1 FY 2023
<b>HELLA Group sales</b> in €m	Worldwide	1,739	1,990
	Europe	977	1,174 <b>+20.1%</b>
	North & South America	362	393 <b>+8.8%</b>
	Asia/Pacific & Rest of World	400	423 <b>+5.5%</b>
<b>Light vehicle production</b> in 1.000 units	Worldwide	19,924	21,063
	Europe	3,914	4,588 <b>+17.2%</b>
	North & South America	4,135	4,568 <b>+10.5%</b>
	Asia/Pacific & Rest of World	11,876	11,907 <b>+0.3%</b>

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

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