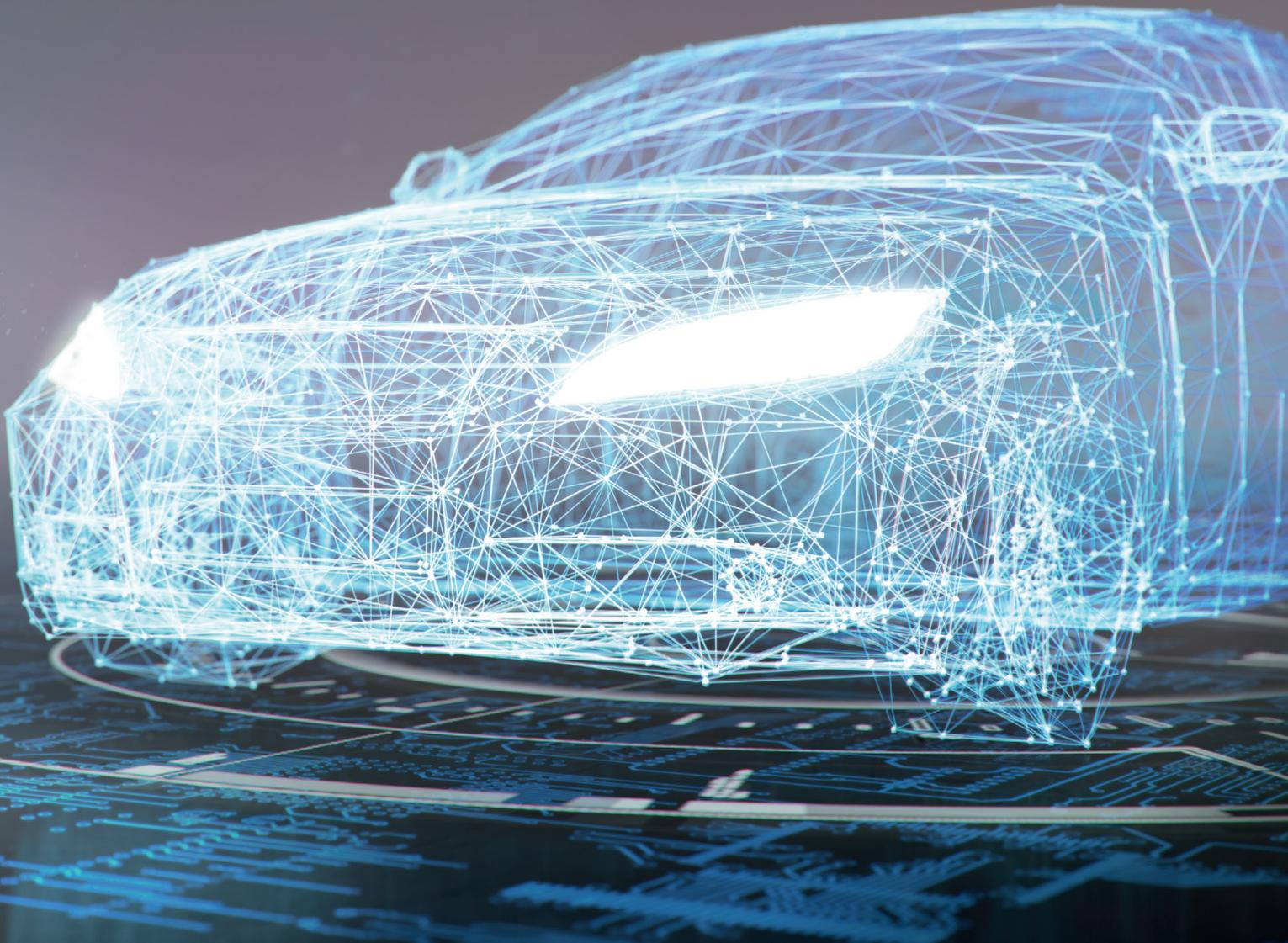




Technology with Vision

**FINANCIAL STATEMENT**  
**31 AUGUST 2017**  
1ST QUARTER  
FISCAL YEAR 2017/2018



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# Key performance indicators

	1st quarter 2017/2018	1st quarter 2016/2017
Currency and portfolio-adjusted sales growth	5.8%	5.2%
Adjusted EBIT margin	7.7%	7.6%

In € million	1st quarter 2017/2018	1st quarter 2016/2017
Sales	1,629	1,553
<i>Change compared to prior year</i>	5%	4%
Adjusted earnings before interest and taxes (adjusted EBIT)	125	118
<i>Change compared to prior year</i>	6%	17%
Earnings before interest and taxes (EBIT)	123	117
<i>Change compared to prior year</i>	6%	69%
Adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA)	230	212
<i>Change compared to prior year</i>	9%	12%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	229	210
<i>Change compared to prior year</i>	9%	20%
Earnings for the period	83	83
<i>Change compared to prior year</i>	-1%	94%
Earnings per share (in €)	0.74	0.75
<i>Change compared to prior year</i>	-1%	102%
Adjusted free cash flow from operating activities	50	31
Free cash flow from operating activities	46	-42
Net capital expenditure	145	106
<i>Change compared to prior year</i>	37%	-1%
Research and development (R&D) expenses	162	154
<i>Change compared to prior year</i>	5%	10%

	1st quarter 2017/2018	1st quarter 2016/2017
EBIT margin	7.6%	7.5%
Adjusted EBITDA margin	14.1%	13.6%
EBITDA margin	14.0%	13.5%
R&D expenses in relation to sales	10.0%	9.9%

	31 August 2017	31 August 2016
Net financial debt (in € million)	233	296
Net financial debt / EBITDA (last 12 months)	0.2x	0.3x
Equity ratio	40.4%	40.7%
Return on equity (last 12 months)	16.9%	16.3%
Employees	38,614	34,141

Please 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

of the first quarter of the fiscal year 2017/2018

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- **HELLA Group sales rise by 5.8%** adjusted for currency effects, reported by 4.9% to € 1,629 million
  - **Adjusted earnings before interest and taxes** improve by 5.6% to € 125 million; adjusted EBIT margin at 7.7%
  - **Adjusted free cash flow from operating activities** rises by € 19 million to € 50 million
  - Growth momentum remains intact in the **Automotive segment**; reported sales increase by 5.9%
  - **Aftermarket** with reported sales increase of 2.0% in third-party business
  - **Special Applications** with significant improvement in reported sales and earnings
-

## INDUSTRY DEVELOPMENT

- **Number of light vehicles produced worldwide increases by 1.0%**
- **Positive industry development in Europe excluding Germany (+3.1%) and Asia/Pacific/RoW (+2.9%)**
- **Light vehicle production declines in Germany (-5.7%)**

The automotive industry improved slightly in the first three months (1 June to 31 August 2017) of the HELLA fiscal year 2017/2018. According to the IHS market research institute, the production of passenger cars and light commercial vehicles increased worldwide by 1.0% over the prior-year quarter to 22.0 million units (prior year: 21.8 million). Growth momentum in the international automotive industry is therefore less pronounced than in the first quarter of the fiscal year 2016/2017.

Light vehicle production in the Rest of Europe (excluding Germany) grew by 3.1% to 3.6 million units (prior year: 3.5 million), while the volume of vehicles produced in the selective German market fell significantly by 5.7% to 1.3 million units (prior year: 1.4 million units). The number of new vehicles produced in Asia/Pacific/RoW increased by 2.9% to 11.6 million units (prior year: 11.3 million), although development in the selective Chinese sales market was somewhat weaker. It grew by only 1.3% to 5.9 million vehicles produced (prior year: 5.8 million). The automotive industry in North, Central and South America recorded a decline; the number of vehicles produced here fell by 3.6% over the prior year to 5.0 million units (prior year: 5.2 million). This is attributable above all to a sharp decline in the US market, which recorded a falloff of 12.4% to 2.6 million new vehicles produced (prior year: 3.0 million).

## BUSINESS DEVELOPMENT

- **Currency-adjusted consolidated sales increase by 5.8%, reported consolidated sales by 4.9% to € 1,629 million**
- **Adjusted earnings before interest and taxes improve by 5.6%; adjusted EBIT margin at 7.7%**
- **Adjusted free cash flow from operating activities rises by € 19 million to € 50 million**

### Results of operations

Currency-adjusted sales of the HELLA Group rose by 5.8% in the first quarter of the fiscal year 2017/2018. Taking negative exchange rate effects (-0.9 percentage points) into account, reported sales increased by 4.9% to € 1,629 million (prior year: € 1,553 million). The prior fiscal year's growth momentum in the Automotive segment in particular remained largely intact and contributed to the rise in Group-wide sales; the Special Applications segment also started the new fiscal year with higher sales.

The reported sales growth of the HELLA Group was supported by positive business development in important growth markets. Sales in North, Central and South America climbed by 14.4% to € 292 million (prior year: € 255 million) and in Asia/Pacific/RoW by 9.7% to € 254 million (prior year: € 231 million). While sales in Europe excluding Germany also posted an increase of 6.4% to € 547 million (prior year: € 514 million), the selective German market declined by 2.8% to € 536 million (prior year: € 552 million).

Adjusted earnings before interest and taxes (adjusted EBIT) of the HELLA Group improved during the reporting period by 5.6% year-on-year to € 125 million (prior year: € 118 million). Consequently, the adjusted EBIT margin of 7.7% is slightly higher than the prior-year figure of 7.6%. In the reporting period and the prior-year quarter, earnings before interest and taxes were adjusted for expenses of € 2 million incurred for restructuring measures in Germany.

#### HELLA Group sales (in € millions and year-on-year growth in %) for the first three months

2015/2016	1,496 (13.5%)
2016/2017	1,553 (3.8%)
<b>2017/2018</b>	<b>1,629 (4.9%)</b>

Taking these special effects into account, reported earnings before interest and taxes (EBIT) increased by 5.7% year-on-year to € 123 million (prior year: € 117 million). The reported EBIT margin rose by 0.1 percentage points to 7.6% (prior year: 7.5%). This is attributable mainly to a stable development of the Group-wide gross profit margin. The results of operations of the HELLA Group were negatively affected by a lower contribution to earnings made by the joint ventures and other associates.

Consolidated gross profit increased by 5.4% over the prior year to € 451 million (prior year: € 428 million) so that the gross profit margin of 27.7% slightly exceeds the prior year (prior year: 27.6%). This was supported in particular by the improved gross profit margin in the Aftermarket and Special Applications segments, while capacity expansions and the construction of new plants in the Automotive segment have led to a reduction of the segment's gross profit margin.

Expenses for research and development (R&D) increased by 5.5% over the prior-year quarter to € 162 million (prior year: € 154 million). At 10.0%, the share of R&D expenses relative to sales is therefore slightly higher than the prior-year figure of 9.9%. Expenses for research and development were incurred in particular from the expansion and the drive to bolster HELLA's leading technological position along automotive market trends. Particularly relevant trends here are autonomous driving, efficiency & electrification, digitalisation & connectivity, as well as individualisation. Further R&D expenses were incurred in relation to the preparation and implementation of production rollouts, and in further expanding international development capacities.

The distribution and administrative expenses, as well as the net of other income and expenses increased by 2.9% over the prior year to a total of € 177 million (prior year: € 172 million).

At 10.9%, the ratio of these expenses to consolidated sales is slightly lower than the prior year figure of 11.1%. This is mainly due to a decline in the administrative expense ratio.

Compared with the prior year, the contribution to earnings made by the joint ventures and other associates decreased by some € 3 million to € 12 million (prior year: € 15 million). Consequently, the contribution made by the joint ventures and other associates to consolidated earnings before interest and taxes (EBIT) in the reporting period was 9.4% and therefore approximately three percentage points below the prior-year value of 12.7%. This development is mainly attributable to lower earnings by Chinese and South Korean joint ventures in the first quarter of the current fiscal year.

The net financial result after the first three months of the fiscal year 2017/2018 is € -12 million (prior year: € -10 million). This is primarily due to the financing of business activities in growth regions at higher local interest rates. Expenses relating to income taxes amount to € 28 million for this period after € 23 million the year before.

Earnings for the period after the first three months of the fiscal year 2017/2018 therefore amount to € 83 million and are largely in line with the prior-year level (€ 83 million). Earnings per share are € 0.74 (prior year: € 0.75).

## Financial status

Cash flow from operating activities rose by € 113 million to € 201 million in the three-month period of the fiscal year 2017/2018. Of this amount, € 70 million can be attributed to the suspension of the factoring programme in the prior fiscal year.

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

2015/2016	101 (6.8%)
2016/2017	118 (7.6%)
<b>2017/2018</b>	<b>125 (7.7%)</b>

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Net capital expenditure as the balance of the net payment flows for the acquisition or sale of non-current assets (€ 155 million; prior year: € 132 million) and the corresponding customer reimbursements (€ 11 million; prior year: € 26 million) came to € 145 million and was around € 39 million higher than the prior year's figure. This increase is attributable to the preparation of production rollouts and to the expansion of the global production network.

Free cash flow from operating activities amounted accordingly to € 46 million (prior year: € -42 million). Adjusted for payments for restructuring during the reporting period and for restructuring and factoring in the prior year, the adjusted free cash flow from operating activities amounted to € 50 million (prior year: € 31 million).

## Financial position

Compared to the end of the prior fiscal year, the liquidity position comprising cash and current financial assets increased by € 31 million to € 1,129 million. The total of current and non-current financial liabilities fell to € 1,363 million, equivalent to a decline of € 14 million compared with May 2017 (€ 1,377 million).

Net financial debt as the balance of cash and current financial assets together with current and non-current financial liabilities fell by € 45 million to € 233 million in the first quarter compared with the end of the prior fiscal year. At the reporting date, the ratio of net financial debt to EBITDA for the last twelve months was 0.2, and therefore lower than the ratio of 0.3 as at the end of the past fiscal year 2016/2017.

Total cash outflows from financing activities came to € 34 million compared with outflows of € 63 million in August 2016.

The corporate rating issued by Moody's was last updated in August 2017 and remains in the investment-grade segment at Baa2. Moody's upgraded its outlook from stable to positive.

## Further events in the quarter

### HELLA AND ZF FORM A STRATEGIC PARTNERSHIP

- ZF and HELLA have entered into a strategic partnership. Both automotive suppliers will benefit from this cooperation on sensor technology, particularly for front camera systems, imaging and radar systems; ZF will further strengthen its portfolio as a systems supplier of both modern assistance systems and autonomous driving functions. HELLA on the other hand will drive the development of its key technologies, which will provide the company with broader market access within the scope of the cooperation. An initial joint development project in camera technology starts immediately and is aiming for a market launch in 2020. Furthermore, the cooperation partners will also identify opportunities to collaborate on radar systems to offer attractive series solutions by jointly aligning their product portfolios in the short to medium term.

### LIQUID CRYSTAL HD TECHNOLOGY PRESENTED TO THE PUBLIC

- HELLA together with other partners has presented to the public for the first time the LCD headlamps developed as part of a research project. The integration of a liquid crystal display (LCD) in an LED headlamp opens up new paths for automotive lighting technology: the headlamp adjusts light distribution to different traffic situations in an intelligent and continuous manner in real time; a potential resolution of more than 50,000 pixels allows image projections in addition to fully adaptive light distribution. Besides HELLA, partners collaborating on the research project funded by the Federal Ministry of Education and Research were Merck, Institut für Großflächige Mikroelektronik IGM of the Stuttgart University, Porsche, Elmos Semiconductor, Schweizer Electronic, and the University of Paderborn.

## BUSINESS DEVELOPMENT OF THE SEGMENTS

### Automotive

- **Reported Automotive sales increased by 5.9%**
- **Sales growth supported by demand for sophisticated lighting systems and electronic products**
- **Capacity expansion and high level of R&D expenses impact on the segment results**

Sales growth in the Automotive segment was positive in the first quarter of the fiscal year 2017/2018; segment sales rose by 5.9% in the first three months of the current fiscal year to € 1,244 million (prior year: € 1,175 million). This development was supported by the demand for sophisticated lighting systems and electronic products, mainly from the areas of radar sensors and energy management. Sales in all of the core markets relevant to HELLA – Europe, North, Central and South America, as well as Asia/Pacific/Rest of the World – also developed positively and supported the growth path of the Automotive segment.

Adjusted earnings before interest and taxes (adjusted EBIT) in the Automotive segment fell during the reporting period by 6.7% compared with the prior-year quarter to € 91 million (prior year: € 98 million). This resulted in a one percentage point reduction in the adjusted EBIT margin of the Automotive

segment to 7.3% (prior year: 8.3%). The segment result was adjusted during the reporting period for restructuring measures in Germany of € 1 million; no adjustments were made in the Automotive segment in the prior-year quarter. Reported earnings accordingly declined by 7.3% to € 90 million (prior year: € 98 million); the reported earnings margin fell to 7.3% (prior year: 8.3%).

Negative exchange-rate effects were particularly decisive here; the relative strength of the euro led to a reduction in the segment result, especially in transactions in NAFTA markets and in Asia/Pacific. On the other hand, capacity expansions and the construction of new plants in Mexico, China, Lithuania and India, which initially have a lower capacity utilization, have led to a lower gross profit margin in the segment (24.5% after 25.0% in the prior year).

Furthermore, higher R&D expenses to prepare for production rollouts and to bolster HELLA's leading technological position, higher distribution and administrative expenses as well as a lower earnings contribution made by the joint ventures and other associates had the effect of reducing the segment result.

€ thousand	2017/2018	2016/2017
Sales with external customers	1,226,718	1,162,750
Intersegment sales	17,294	11,911
Cost of sales	-939,077	-881,472
<b>Gross profit</b>	<b>304,935</b>	<b>293,189</b>
Research and development expenses	-153,477	-143,832
Distribution expenses	-31,224	-27,016
Administrative expenses	-45,052	-44,138
Other income and expenses	6,000	6,759
Earnings from investments accounted for using the equity method	9,251	12,614
<b>Earnings before interest and taxes (EBIT)</b>	<b>90,432</b>	<b>97,577</b>

## Aftermarket

- ▶ **Reported sales growth of 2.0% in the business with external customers**
- ▶ **Independent aftermarket and the wholesale distribution contribute to the growth in sales in particular**
- ▶ **Earnings before interest and taxes rise by 2.1%**

Reported sales in the Aftermarket segment have fallen by 1.6% from the prior-year quarter to € 302 million (prior year: € 307 million). The business activities in the independent aftermarket and the wholesale distribution in particular developed positively during the reporting period. On the other hand, the decline in sales is mainly attributable to the new allocation of production companies between the Aftermarket and Special Applications segments. Accordingly, at the end of the past fiscal year, production companies were reclassified from the Aftermarket to the Special Applications segment, depending on their original fields of activity. Intersegment

sales in the Aftermarket therefore declined by around € 10 million from the prior year. Not taking into account such sales achieved with other business segments of the HELLA Group, sales generated by the Aftermarket segment exclusively with third parties rose by 2.0% from the prior-year quarter to € 301 million (prior year: € 295 million).

In comparison, earnings before interest and taxes (EBIT) of the Aftermarket segment developed positively in the first quarter of the fiscal year and increased slightly by 2.1% from the prior year to € 19 million (prior year: € 19 million). The operating result margin of the Aftermarket segment increased accordingly to 6.4% (prior year: 6.2%). This development is essentially attributable to the segment's higher gross profit margin (34.8% after 33.6% the year before), while higher distribution expenses negatively affected earnings before interest and taxes in the Aftermarket segment.

€ thousand	2017/2018	2016/2017*
Sales with external customers	301,067	295,221
Intersegment sales	783	11,466
Cost of sales	-196,663	-203,779
<b>Gross profit</b>	<b>105,187</b>	<b>102,908</b>
Research and development expenses	-3,922	-2,797
Distribution expenses	-82,092	-79,160
Administrative expenses	-5,206	-6,212
Other income and expenses	3,065	2,032
Earnings from investments accounted for using the equity method	2,289	2,150
<b>Earnings before interest and taxes (EBIT)</b>	<b>19,322</b>	<b>18,920</b>

\* Prior-year figures were adjusted. Please refer to the consolidated financial statements of the fiscal year 2016/2017 for further information.

## Special Applications

- **Special Applications increases reported segment sales by 12.3%**
- **Positive development in the business for agricultural and construction vehicles, as well as with accessories for trailers.**
- **Earnings before interest and taxes increase by € 13 million due to a disproportionate number of call-ups in Australia and charges incurred in the prior year from the wind-down of the Industries and Airport Lighting business activities.**

The Special Applications segment reported a positive first quarter in the fiscal year 2017/2018 and increased reported sales by 12.3% year-on-year to € 100 million (prior year: € 89 million). In particular, business for agricultural and construction vehicles and with accessories for trailers supported the segment's sales growth. Additionally, the segment's sa-

les also increased due to the reclassification of production companies as a result of higher intersegment sales. Sales generated with third parties increased by 8.8% over the prior year.

Furthermore, earnings before interest and taxes (EBIT) of the Special Applications segment improved considerably and rose by around € 13 million to € 16 million. The segment's EBIT margin rose accordingly in the reporting period by 16.1% and therefore significantly above the prior-year value of 2.9%. This development is initially attributable to effects from the divestment of the Industries and Airport Lighting business activities, which had a negative effect on the segment's earnings before interest and taxes. In addition, a disproportionate number of call-ups by customers in Australia had a positive effect, resulting in a marked increase in the gross profit margin in the first quarter of the current fiscal year (41.1%, up from 34.9%).

€ thousand	2017/2018	2016/2017*
Sales with external customers	95,953	88,218
Intersegment sales	3,576	427
Cost of sales	-58,298	-57,673
<b>Gross profit</b>	<b>41,230</b>	<b>30,972</b>
Research and development expenses	-4,963	-5,876
Distribution expenses	-14,776	-16,452
Administrative expenses	-6,422	-6,396
Other income and expenses	925	319
Earnings from investments accounted for using the equity method	0	0
<b>Earnings before interest and taxes (EBIT)</b>	<b>15,994</b>	<b>2,567</b>

\* Prior-year figures were adjusted. Please refer to the consolidated financial statements of the fiscal year 2016/2017 for further information.

## OPPORTUNITY AND RISK REPORT

There were no significant changes in the opportunities and risks during the period under review. Details of the significant opportunities and risks may be found in the annual report 2016/2017.

## FORECAST REPORT

- ▶ **1.3% increase expected in the number of newly produced vehicles worldwide**
- ▶ **Positive company outlook confirmed after three months**

### Industry outlook

As stated in the annual report 2016/2017, a modest boost from the international automotive industry is expected for the HELLA fiscal year 2017/2018 (1 June 2017 to 31 May 2018). The IHS Light Vehicle Production Forecast, which was last updated at the start of September 2017, expects global vehicle production to increase by 1.3% during this period to 95.8 million units (prior year: 94.6 million). This industry development will likely be supported by the sales markets of Europe excluding Germany and Asia/Pacific/Rest of the World, so that the industry trend from the first quarter should remain intact for the full HELLA fiscal year. New production in Europe, without taking account of the selective German market, is expected to increase by 3.9% to 16.5 million units (prior year: 15.9 million), with growth momentum forecast to pick up in the second and third quarter of the fiscal year, in particular. A similar development is also forecast for the German market, where a more positive industry development is expected in the second and third quarters. All in all, the selective German market is expected to ease by 1.0% to 5.9 million new vehicles

produced (prior year: 5.9 million units). Estimates currently assume that new production in Asia/Pacific/Rest of the World will grow by 1.0% to 50.9 million units (prior year: 50.3 million). Within this region, industry development is expected to stagnate in the Chinese market at the prior-year level of 27.5 million new vehicles produced. After a rather weak start to the first half of the year, based on the HELLA fiscal year 2017/2018, industry development in North, Central and South America is also likely to gain momentum in the second half-year and maintain the prior-year level of 20.8 million units. Industry conditions in this region will be impaired by market development in the USA. A weak first half-year is expected to lead to an overall decline of 4.3% to 11.3 million newly produced vehicles (prior year: 11.8 million).

### Company outlook

The current outlook for the present fiscal year 2017/2018 is still in line with the forecast provided in the annual report 2016/2017. HELLA therefore continues to expect currency-adjusted sales growth and an increase in adjusted earnings before interest and tax (adjusted EBIT) of 5 to 10% compared with the past fiscal year. The target for the adjusted EBIT margin remains at approximately 8%.

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

of HELLA KGaA Hueck &amp; Co.

<b>€ thousand</b>	<b>1st quarter 1 June to 31 August 2017</b>	1st quarter 1 June to 31 August 2016
<b>Sales</b>	<b>1,629,243</b>	<b>1,552,566</b>
Cost of sales	-1,178,163	-1,124,768
<b>Gross profit</b>	<b>451,080</b>	<b>427,798</b>
Research and development expenses	-162,426	-154,024
Distribution expenses	-128,122	-122,644
Administrative expenses	-53,960	-54,729
Other income and expenses	5,067	5,337
Earnings from investments accounted for using the equity method	11,541	14,764
Other income from investments	0	17
<b>Earnings before interest and taxes (EBIT)</b>	<b>123,180</b>	<b>116,520</b>
Financial income	16,567	12,017
Financial expenses	-28,466	-22,074
<b>Net financial result</b>	<b>-11,899</b>	<b>-10,057</b>
<b>Earnings before income taxes (EBT)</b>	<b>111,281</b>	<b>106,463</b>
Income taxes	-28,377	-22,996
<b>Earnings for the period</b>	<b>82,904</b>	<b>83,467</b>
of which attributable:		
to the owners of the parent company	82,608	83,236
to non-controlling interests	296	231
<b>Basic earnings per share in €</b>	<b>0.74</b>	<b>0.75</b>
<b>Diluted earnings per share in €</b>	<b>0.74</b>	<b>0.75</b>

## Segment reporting

The segment information for the first three months (1 June to 31 August) of the fiscal years 2017/2018 and 2016/2017 is as follows:

€ thousand	Automotive		Aftermarket		Special Applications	
	2017/2018	2016/2017	2017/2018	2016/2017*	2017/2018	2016/2017*
Sales with external customers	1,226,718	1,162,750	301,067	295,221	95,953	88,218
Intersegment sales	17,294	11,911	783	11,466	3,576	427
Cost of sales	-939,077	-881,472	-196,663	-203,779	-58,298	-57,673
<b>Gross profit</b>	<b>304,935</b>	<b>293,189</b>	<b>105,187</b>	<b>102,908</b>	<b>41,230</b>	<b>30,972</b>
Research and development expenses	-153,477	-143,832	-3,922	-2,797	-4,963	-5,876
Distribution expenses	-31,224	-27,016	-82,092	-79,160	-14,776	-16,452
Administrative expenses	-45,052	-44,138	-5,206	-6,212	-6,422	-6,396
Other income and expenses	6,000	6,759	3,065	2,032	925	319
Earnings from investments accounted for using the equity method	9,251	12,614	2,289	2,150	0	0
<b>Earnings before interest and taxes (EBIT)</b>	<b>90,432</b>	<b>97,577</b>	<b>19,322</b>	<b>18,920</b>	<b>15,994</b>	<b>2,567</b>
Additions to property, plant and equipment and intangible assets	95,100	87,018	5,133	3,154	5,117	3,357

\* Prior-year figures were adjusted. Please refer to the consolidated financial statements of the fiscal year 2016/2017 for further information.

### Sales reconciliation:

€ thousand	2017/2018	2016/2017
<b>Total sales of the reporting segments</b>	<b>1,645,390</b>	<b>1,569,993</b>
Sales in other divisions	16,737	18,678
Elimination of intersegment sales	-32,884	-36,105
<b>Consolidated sales</b>	<b>1,629,243</b>	<b>1,552,566</b>

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

€ thousand	2017/2018	2016/2017
<b>EBIT of the reporting segments</b>	<b>125,748</b>	<b>119,064</b>
EBIT of other divisions	-1,402	-800
Unallocated income	-1,166	-1,744
<b>Consolidated EBIT</b>	<b>123,180</b>	<b>116,520</b>
Net financial result	-11,899	-10,057
<b>Consolidated EBT</b>	<b>111,281</b>	<b>106,463</b>

## Consolidated statement of financial position

of HELLA KGaA Hueck & Co.

€ thousand	31 August 2017	31 May 2017	31 August 2016
Cash and cash equivalents	789,327	783,875	480,595
Financial assets	339,847	314,386	343,974
Trade receivables	986,579	1,067,979	953,340
Other receivables and non-financial assets	162,131	155,738	148,794
Inventories	753,067	663,533	667,216
Current tax assets	16,789	25,657	39,032
Non-current assets held for sale	0	0	2,924
<b>Current assets</b>	<b>3,047,741</b>	<b>3,011,167</b>	<b>2,635,875</b>
Intangible assets	256,533	254,850	225,387
Property, plant and equipment	1,894,252	1,906,676	1,685,031
Financial assets	30,700	30,094	16,889
Investments accounted for using the equity method	262,591	273,901	259,804
Deferred tax assets	116,394	117,488	134,589
Other non-current assets	43,286	44,021	38,506
<b>Non-current assets</b>	<b>2,603,756</b>	<b>2,627,030</b>	<b>2,360,206</b>
<b>Assets</b>	<b>5,651,497</b>	<b>5,638,197</b>	<b>4,996,081</b>
Financial liabilities	322,746	340,481	47,985
Trade payables	715,776	672,888	609,113
Current tax liabilities	43,472	60,670	68,449
Other liabilities	565,975	635,935	518,805
Provisions	94,991	100,481	61,891
<b>Current liabilities</b>	<b>1,742,960</b>	<b>1,810,454</b>	<b>1,306,243</b>
Financial liabilities	1,039,833	1,036,205	1,072,131
Deferred tax liabilities	37,045	32,371	26,436
Other liabilities	196,642	182,320	195,233
Provisions	352,343	351,103	363,294
<b>Non-current liabilities</b>	<b>1,625,863</b>	<b>1,601,999</b>	<b>1,657,095</b>
Subscribed capital	222,222	222,222	222,222
Reserves and unappropriated surplus	2,056,061	1,998,533	1,805,643
<b>Equity before non-controlling interests</b>	<b>2,278,283</b>	<b>2,220,755</b>	<b>2,027,865</b>
Non-controlling interests	4,391	4,989	4,878
<b>Equity</b>	<b>2,282,674</b>	<b>2,225,744</b>	<b>2,032,743</b>
<b>Equity and liabilities</b>	<b>5,651,497</b>	<b>5,638,197</b>	<b>4,996,081</b>

## Consolidated cash flow statement

of HELLA KGaA Hueck & Co. for the period from 1 June to 31 August

€ thousand	2017/2018	2016/2017*
<b>Earnings before income taxes (EBT)</b>	<b>111,281</b>	<b>106,463</b>
+ Depreciation and amortisation	105,351	93,365
+/- Change in provisions	-6,741	-3,291
+ Cash receipts for series production	10,693	26,353
- Non-cash sales transacted in previous periods	-25,621	-25,743
- Other non-cash income	-6,795	-12,290
+/- Losses / profits from the sale of property, plant and equipment and intangible assets	-338	3,519
+ Net financial result	11,899	10,057
+/- Change in trade receivables and other assets not attributable to investing or financing activities	79,547	-26,055
- Increase in inventories	-96,942	-64,825
+/- Change in trade payables and other liabilities not attributable to investing or financing activities	21,003	-18,837
+/- Net tax payments	-27,541	-24,778
+ Dividends received	25,687	24,635
<b>= Net cash flow from operating activities</b>	<b>201,484</b>	<b>88,573</b>
+ Cash receipts from the sale of property, plant and equipment and intangible assets	3,974	6,528
- Payments for the purchase of property, plant and equipment and intangible assets	-159,181	-138,409
+/- Net payments for loans granted to investments	-3,806	0
+ Cash receipts from the disposal of subsidiaries (net of cash and cash equivalents transferred) and from liquidation of other investments	0	1,725
<b>= Net cash flow from investing activities</b>	<b>-159,014</b>	<b>-130,156</b>
+/- Net payments from the borrowing/repayment of financial liabilities	-7,598	-45,294
+/- Net payments for the purchase and sale of securities	-23,935	-15,130
+/- Net interest payments	-1,499	-1,445
- Dividends paid	-780	-1,216
<b>= Net cash flow from financing activities</b>	<b>-33,813</b>	<b>-63,085</b>
<b>= Net change in cash and cash equivalents</b>	<b>8,658</b>	<b>-104,668</b>
+ Cash and cash equivalents as at 1 June	783,875	585,134
+/- Effect of exchange rate fluctuations on cash and cash equivalents	-3,206	129
<b>= Cash and cash equivalents as at 31 August</b>	<b>789,327</b>	<b>480,595</b>

\* Prior-year figures were adjusted. Please refer to the consolidated financial statements of the fiscal year 2016/2017 for further information.

## FURTHER NOTES

### 01 Basic information

HELLA KGaA Hueck & Co. (HELLA) and its subsidiaries (collectively referred to as the "Group") develop and manufacture lighting technology and electronics components and systems for the automotive industry. 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 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, Lippstadt.

The information in the financial report as at 31 August 2017 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 in-

struments, 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 reserves.

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

	Average		Reporting date		
	2017/2018	2016/2017	31 August 2017	31 May 2017	31 August 2016
€ 1 = US dollar	<b>1.1514</b>	1.1170	<b>1.1825</b>	1.1221	1.1132
€ 1 = Czech koruna	<b>26.1480</b>	27.0419	<b>26.1010</b>	26.4220	27.0260
€ 1 = Japanese yen	<b>127.8582</b>	115.6345	<b>130.8100</b>	124.4000	115.0100
€ 1 = Mexican peso	<b>20.6469</b>	20.7379	<b>21.0843</b>	21.0559	20.9424
€ 1 = Chinese renminbi	<b>7.7729</b>	7.4161	<b>7.8059</b>	7.6449	7.4311
€ 1 = South Korean won	<b>1,303.9560</b>	1,273.4853	<b>1,331.2200</b>	1,255.0100	1,243.6600
€ 1 = Romanian leu	<b>4.5733</b>	4.4895	<b>4.5924</b>	4.5655	4.4575
€ 1 = Danish krone	<b>7.4373</b>	7.4390	<b>7.4384</b>	7.4398	7.4432

### 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 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, the non-recurring or exceptional effects in their 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 HELLA 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 2017/2018 as well as in the first three months of the fiscal year 2016/2017, the costs for the restructuring measures in Germany are adjusted in EBIT.

The corresponding reconciliation statement for the fiscal years 2017/2018 and 2016/2017 is as follows:

€ thousand	2017/2018 as reported	Restructuring	2017/2018 adjusted
<b>Sales</b>	<b>1,629,243</b>	<b>0</b>	<b>1,629,243</b>
Cost of sales	-1,178,163	587	-1,177,577
<b>Gross profit</b>	<b>451,080</b>	<b>587</b>	<b>451,667</b>
Research and development expenses	-162,426	0	-162,426
Distribution expenses	-128,122	0	-128,122
Administrative expenses	-53,960	0	-53,960
Other income and expenses	5,067	1,166	6,233
Earnings from investments accounted for using the equity method	11,541	0	11,541
Other income from investments	0	0	0
<b>Earnings before interest and taxes (EBIT)</b>	<b>123,180</b>	<b>1,753</b>	<b>124,933</b>

€ thousand	2016/2017 as reported	Restructuring	2016/2017 adjusted
<b>Sales</b>	<b>1,552,566</b>	<b>0</b>	<b>1,552,566</b>
Cost of sales	-1,124,768	0	-1,124,768
<b>Gross profit</b>	<b>427,798</b>	<b>0</b>	<b>427,798</b>
Research and development expenses	-154,024	0	-154,024
Distribution expenses	-122,644	0	-122,644
Administrative expenses	-54,729	0	-54,729
Other income and expenses	5,337	1,744	7,081
Earnings from investments accounted for using the equity method	14,764	0	14,764
Other income from investments	17	0	17
<b>Earnings before interest and taxes (EBIT)</b>	<b>116,520</b>	<b>1,744</b>	<b>118,264</b>

#### 04 Adjustment of special effects in the segment results

In the current reporting period 2017/2018, the costs of € 587 million for the restructuring measures in Germany are

adjusted in earnings before interest and taxes for the Automotive segment. The income statement for the Automotive segment for the corresponding prior-year period was not adjusted.

The corresponding reconciliation statement for the Automotive segment for the fiscal year 2017/2018 is as follows:

€ thousand	2017/2018 as reported	Restructuring	2017/2018 adjusted
Sales with external customers	1,226,718	0	1,226,718
Intersegment sales	17,294	0	17,294
Cost of sales	-939,077	587	-938,491
<b>Gross profit</b>	<b>304,935</b>	<b>587</b>	<b>305,522</b>
Research and development expenses	-153,477	0	-153,477
Distribution expenses	-31,224	0	-31,224
Administrative expenses	-45,052	0	-45,052
Other income and expenses	6,000	0	6,000
Earnings from investments accounted for using the equity method	9,251	0	9,251
<b>Earnings before interest and taxes (EBIT)</b>	<b>90,432</b>	<b>587</b>	<b>91,019</b>
Additions to property, plant and equipment and intangible assets	95,100	0	95,100

## 05 Adjustment of special effects in cash flow

Adjusted operating free cash flow (from operating activities) was used as a performance indicator for the internal HELLA Group management. Adjusted free cash flow (from operating activities) is a key performance indicator which 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.

In the current reporting period 2017/2018, the free cash flow (from operating activities) is adjusted for the payments made in connection with the restructuring measures in Germany (€ 3,833 thousand). Adjusted free cash flow (from operating activities) for the first three months of the prior fiscal year 2016/2017 was adjusted for special effects from the factoring programme (€ 70,000 thousand) and the cash flows attributable to the restructuring measures in Germany (€ 2,171 thousand).

**The performance of the adjusted free cash flow (from operating activities) for the fiscal years 2017/2018 and 2016/2017 is shown in the following tables:**

€ thousand	2017/2018 as reported	Restructuring	2017/2018 adjusted
<b>Earnings before income taxes (EBT)</b>	<b>111,281</b>	<b>1,753</b>	<b>113,034</b>
+ Depreciation and amortisation	105,351	0	105,351
+/- Change in provisions	-6,741	0	-6,741
+ Cash receipts for series production	10,693	0	10,693
- Non-cash sales transacted in previous periods	-25,621	0	-25,621
- Other non-cash income	-6,795	0	-6,795
+/- Losses / profits from the sale of property, plant and equipment and intangible assets	-338	0	-338
+ Net financial result	11,899	0	11,899
+/- Change in trade receivables and other assets not attributable to investing or financing activities	79,547	0	79,547
- Increase in inventories	-96,942	0	-96,942
+/- Change in trade payables and other liabilities not attributable to investing or financing activities	21,003	2,081	23,084
+/- Net tax payments	-27,541	0	-27,541
+ Dividends received	25,687	0	25,687
<b>= Net cash flow from operating activities</b>	<b>201,484</b>	<b>3,833</b>	<b>205,317</b>
+ Cash receipts from the sale of property, plant and equipment and intangible assets	3,974	0	3,974
- Payments for the purchase of property, plant and equipment and intangible assets	-159,181	0	-159,181
+ Cash receipts from the sale of subsidiaries and liquidation of other investments, less cash and cash equivalents	0	0	0
<b>= Free cash flow (from operating activities)</b>	<b>46,277</b>	<b>3,833</b>	<b>50,110</b>

€ thousand	2016/2017 as reported	Reduction in factoring	Restructuring	2016/2017 adjusted*
<b>Earnings before income taxes (EBT)</b>	<b>106,463</b>	<b>0</b>	<b>1,744</b>	<b>108,207</b>
+ Depreciation and amortisation	93,365	0	0	93,365
+/- Change in provisions	-3,291	0	427	-2,864
+ Cash receipts for series production	26,353	0	0	26,353
- Non-cash sales transacted in previous periods	-25,743	0	0	-25,743
- Other non-cash income	-12,290	0	0	-12,290
+/- Losses / profits from the sale of property, plant and equipment and intangible assets	3,519	0	0	3,519
+ Net financial result	10,057	0	0	10,057
+/- Change in trade receivables and other assets not attributable to investing or financing activities	-26,055	70,000	0	43,945
- Increase in inventories	-64,825	0	0	-64,825
+/- Change in trade payables and other liabilities not attributable to investing or financing activities	-18,837	0	0	-18,837
+/- Net tax payments	-24,778	0	0	-24,778
+ Dividends received	24,635	0	0	24,635
<b>= Net cash flow from operating activities</b>	<b>88,573</b>	<b>70,000</b>	<b>2,171</b>	<b>160,744</b>
+ Cash receipts from the sale of property, plant and equipment and intangible assets	6,528	0	0	6,528
- Payments for the purchase of property, plant and equipment and intangible assets	-138,409	0	0	-138,409
+ Cash receipts from the sale of subsidiaries and liquidation of other investments, less cash and cash equivalents	1,725	0	0	1,725
<b>= Free cash flow (from operating activities)</b>	<b>-41,583</b>	<b>70,000</b>	<b>2,171</b>	<b>30,588</b>

Prior-year figures were adjusted. Please refer to the consolidated financial statements of the fiscal year 2016/2017 for further information.

Lippstadt, 18 September 2017

The Managing General Partners of HELLA KGaA Hueck & Co.



**Dr. Jürgen Behrend**

HELLA Geschäftsführungsgesellschaft mbH



**Dr. Rolf Breidenbach**  
(Chairman)



**Markus Bannert**



**Dr. Werner Benade**



**Stefan Osterhage**



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