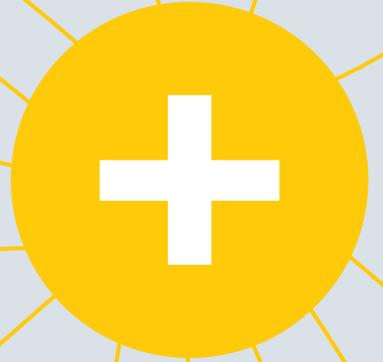




Technology with Vision

FINANCIAL REPORT
30 NOVEMBER 2019
1ST HALF OF
FISCAL YEAR 2019/2020



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KEY PERFORMANCE INDICATORS

	First half-year 1 June to 30 November		2nd quarter 1 September to 30 November	
	2019/2020	2018/2019	2019/2020	2018/2019
Currency and portfolio-adjusted sales growth	-3.2 %	7.7 %	-1.0 %	4.3 %
Currency and portfolio-adjusted sales (in € million)	3,283	3,392	1,725	1,742
Adjusted EBIT margin	7.8 %	8.7 %	8.3 %	9.3 %

In € million	First half-year 1 June to 30 November		2nd quarter 1 September to 30 November	
	2019/2020	2018/2019	2019/2020	2018/2019
Sales	3,313	3,392*	1,743	1,742*
<i>Change compared to prior year</i>	-2 %	7 %	0 %	4 %
Adjusted earnings before interest and taxes (adjusted EBIT)	257	296	144	162
<i>Change compared to prior year</i>	-13 %	6 %	-11 %	0 %
Earnings before interest and taxes (EBIT)	230	537	119	398
<i>Change compared to prior year</i>	-57 %	85 %	-70 %	139 %
Adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA)	466	477	251	257
<i>Change compared to prior year</i>	-2 %	-3 %	-2 %	-5 %
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	439	721	226	495
<i>Change compared to prior year</i>	-39 %	43 %	-54 %	79 %
Earnings for the period	162	444	85	348
<i>Change compared to prior year</i>	-63 %	123 %	-76 %	201 %
Earnings per share (in €)	1.45	3.99	0.76	3.13
<i>Change compared to prior year</i>	-64 %	124 %	-76 %	201 %
Adjusted free cash flow from operating activities	130	111	60	49
Free cash flow from operating activities	121	147	54	91
Net capital expenditure	251	241	99	92
<i>Change compared to prior year</i>	4 %	13 %	8 %	34 %
Research and development (R&D) expenses	330	315	163	158
<i>Change compared to prior year</i>	5 %	11 %	4 %	8 %

	First half-year 1 June to 30 November		2nd quarter 1 September to 30 November	
	2019/2020	2018/2019	2019/2020	2018/2019
EBIT margin	7.0 %	15.1 %	6.8 %	22.6 %
Adjusted EBITDA margin	14.1 %	14.1 %	14.4 %	14.8 %
EBITDA margin	13.2 %	20.3 %	13.0 %	28.1 %
R&D expenses in relation to sales	10.0 %	9.3 %	9.4 %	9.0 %
Net capital expenditure in relation to sales	7.6 %	6.8 %	5.7 %	5.2 %

	30 November 2019	31 May 2019
Net financial debt / net financial liquidity (in € million)	- 195	66
Equity ratio	40.8 %	46.3 %
Return on equity (last 12 months)	12.7 %	25.4 %
Employees	37,847	38,845

HELLA successfully completed its exit from the wholesale business in fiscal year 2018/2019. To ensure comparability with the current fiscal year, the prior-year figures for the operating variables have been adjusted for fiscal year 2018/2019 as well as 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 previous year's sales have been adjusted for the corresponding sales of the wholesale distribution business. The related performance indicators have also changed as a consequence.

HIGHLIGHTS

- **Currency and portfolio-adjusted consolidated sales** decrease by 3.2% to € 3,283 million in the first half of fiscal year 2019/2020; reported sales drop by 6.7%
 - **Adjusted earnings before interest and taxes** decrease to € 257 million; adjusted EBIT margin shrinks to 7.8%
 - **Adjusted free cash flow from operating activities** rises to € 130 million
 - **Global production of passenger cars and light commercial vehicles** decreases by 6.1% in first half of fiscal year
 - **Reported sales in the Automotive segment** fall by 1.6% to € 2,817 million
 - **Reported sales in the Aftermarket segment** decline by 3.8% to € 323 million
 - **Reported sales in the Special Applications segment** drop by 10.2% to € 183 million
 - **In the second quarter**, currency and portfolio-adjusted sales are down slightly year-on-year; adjusted EBIT drops to € 144 million; adjusted EBIT margin declines to 8.3%
 - **Outlook** for fiscal year 2019/2020 confirmed
-

HELLA ON THE CAPITAL MARKET

- ▶ **Prospects of an easing of the trade conflict between China and the USA as well as the ECB's expansive monetary policy support positive development of the capital markets**
- ▶ **HELLA share benefits above average from the Company's strategic alignment and positive analyst ratings**

Development of capital markets

The capital markets showed an overall positive trend in the first half of the HELLA fiscal year 2019/2020 (1 June to 30 November 2019). The MDAX recorded an increase of around 11% over this period, while the shares of German automotive stocks – the DAXsector Automobile (referred to subsequently here as Prime Automotive) – closed the reporting period with a significant increase of around 14%.

At the beginning of the first quarter, rising prospects for an agreement in the trade conflict between the USA and China as well as an expansive monetary policy of the European Central Bank (ECB) buoyed up the stock market. Only at the end of the quarter did weaker-than-expected economic data and the surprising announcement by the US government to impose new tariffs on Chinese imports have a particularly negative impact on automobile stocks. The MDAX, which is more diversified across industries, closed the quarter up around 4%, while the Prime Automotive ended the same period down nearly 4%.

Both the German stock market and the Prime Automotive performed very strongly in the second quarter. This is mainly due to new signs of a recovery in the US-China trade dispute and an avoidance of a no-deal Brexit. In addition, hopes of economic stimulus measures, an easing of monetary policy and good export data from Germany had a positive effect on share price developments. The MDAX closed this period up around 7%, while the Prime Automotive finished around 19% higher.

Significant gains for the HELLA share

The HELLA share closed the first half of the current fiscal year at € 48.98, representing a significant gain of around 25%. The share thus outperformed the benchmark index Prime Automotive.

Initially, the HELLA share declined around 9% in the first quarter of the fiscal year due to negative industry news and as a result of the publication of the cautious industry and company outlook for the fiscal year 2019/2020. Therefore, the HELLA share hit its lowest point for the first half-year in mid-August, when it reached € 32.90 after repeated sell-offs.

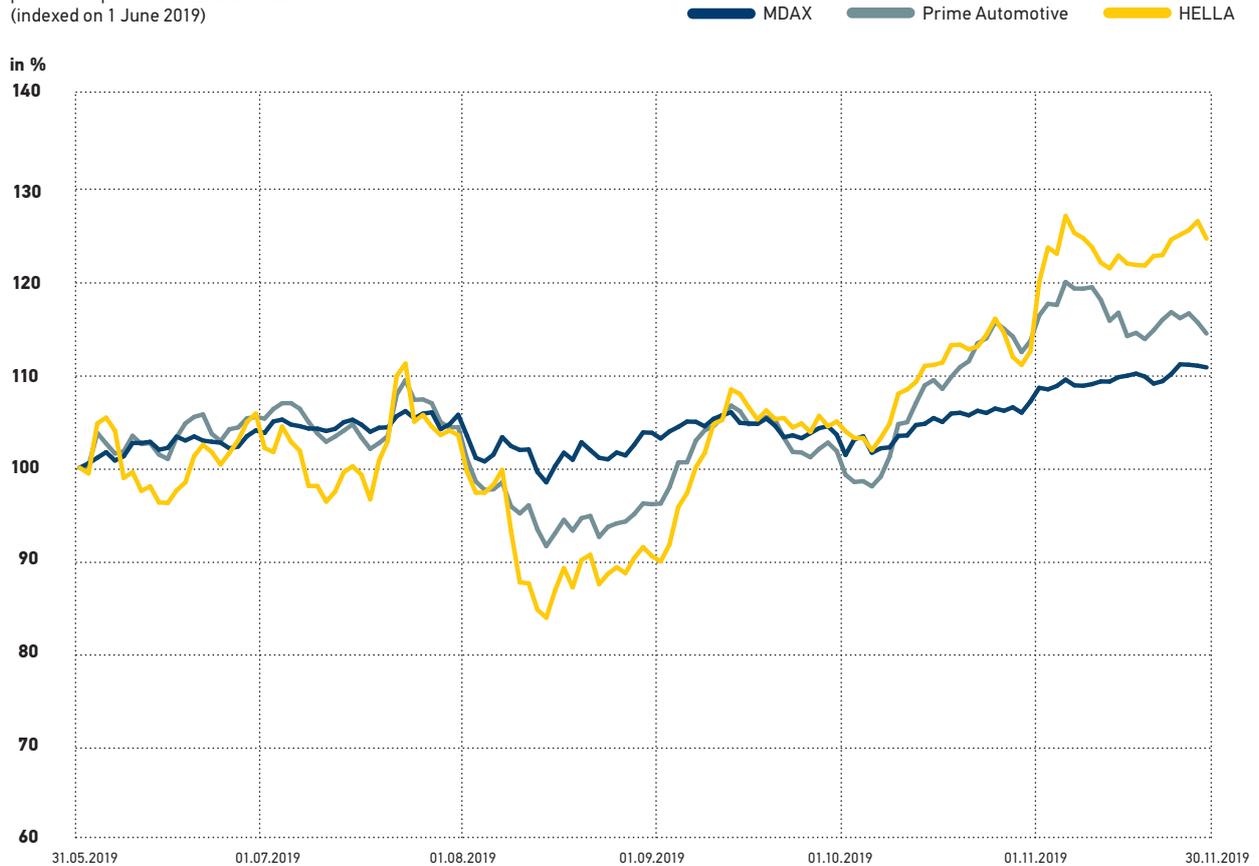
In the second quarter, the HELLA share outperformed other automotive stocks and the MDAX by a wide margin, gaining around 36% and reaching an all-year high of € 49.94 during this

Initial stock market quotation	11 November 2014
Ticker symbol	HLE
ISIN	DE000A13SX22
SIN	A13SX2
Share class	No-par value ordinary bearer shares
Market segments	Prime Standard (Frankfurt Stock Exchange) Regulated market (Luxembourg Stock Exchange)
Index	MDAX
Nominal capital	€ 222,222,224
Number of shares issued	111,111,112 shares
Highest price in the first half-year	€ 49.94 per share
Lowest price in the first half-year	€ 32.90 per share
Average daily trading volume	180,747 shares
Average daily trading volume	€ 7.43 million
Closing price on 30 November 2019	€ 48.98 per share
Market capitalization on 30 November 2019	€ 5.44 billion

All trading information relates to XETRA.

HELLA SHARE

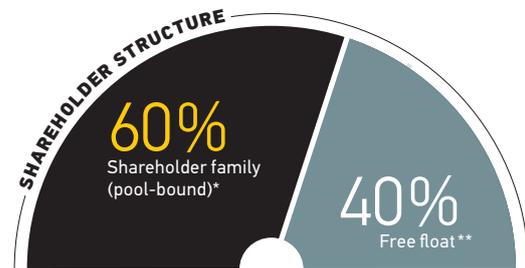
Price performance during the reporting period compared to selected indices (indexed on 1 June 2019)



period. HELLA's forward-looking strategic alignment with long-term automotive market trends allowed the share to reap above-average gains from industry and company news, especially when coupled with positive analyst ratings.

Liquidity of the HELLA share

Share liquidity declined slightly compared to the first half of 2018/2019. The average daily XETRA trading volume in the reporting period was around 181,000, the equivalent of roughly € 7.4 million (prior year: around 194,000, approx. € 9.2 million). Since the number of shares issued has not changed, the market capitalization at the end of the first half-year stands at € 5.44 billion (prior year: € 4.06 billion).



* 60% of the shares are subject to a pool agreement up until at least 2024

** According to the Deutsche Börse definition

INTERIM GROUP MANAGEMENT REPORT

Economic development

- ▶ **Global economy grows 3.0% in calendar year 2019, according to IMF data; this is the slowest rate since the 2008 financial crisis**
- ▶ **High uncertainty due to trade tensions and geopolitical risks continue to impact global economic performance**
- ▶ **Gross domestic product growth down year-on-year in all core markets**

Global economic growth slowed further overall in the first half of the HELLA fiscal year 2019/2020 (1 June to 30 November 2019). The International Monetary Fund (IMF) estimates a global economic growth of only 3.0% for the calendar year 2019 in its October report, whereas the global economy expanded 3.6% in the year before. This is the fourth negative correction in a row and, according to the IMF, the slowest growth since the global financial crisis started in 2008. The IMF attributed much of the slow growth to considerable ongoing uncertainties from international trade tensions and geopolitical risks.

The decline in global economic strength is also affecting the core markets relevant to HELLA. Economic growth in the eurozone was 1.2% over the prior-year quarter in both the second and third quarter of the calendar year 2019, according to Eurostat, the European statistics authority (prior year: 2.2% in the second quarter and 1.6% in the third quarter). Gross domestic product shrank further especially due to

Brexit uncertainty and weakness in the automotive industry. In Germany, gross domestic product grew 0.4% in the second quarter (prior year: 2.0%) and 0.5% in the third quarter (prior year: 1.1%), according to data from the German Federal Statistical Office.

US economic growth also slackened further in the course of the year. The gross domestic product grew by 2.0% in the second quarter of the calendar year 2019, well below prior-year levels (prior year: 4.2%), partly due to a decline in exports and capital expenditure prompted by international trade tensions. In the third quarter, US gross domestic product grew by 2.1% (prior year: 3.4%). In China, the economy only expanded by 6.2% in the second quarter of 2019 (prior year: 6.7%) and 6.0% in the third quarter (prior year: 6.5%), according to official Chinese statistics. One of the main factors for China's slowest economic growth rate in around 27 years is its trade war with the US.

Industry development

- ▶ **Global production of passenger cars and light commercial vehicles decreases by 6.1% in first half of fiscal year 2019/2020**
- ▶ **Automotive sector declining in all regions**
- ▶ **Automotive industry continues the downward trend in the second quarter and drops by 5.8%**

As the overall economic environment continued to weaken, the international automotive sector declined in the first six months of HELLA's current fiscal year 2019/2020. According to the latest December update from the market research institute IHS, the number of newly manufactured passenger cars and light commercial vehicles decreased by 6.1% to 43.9 million units in the reporting period (prior year: 46.7 million units). Global light vehicle production shrank by 5.8% in the second quarter of the current fiscal year; the international automotive sector thus continued its overall downward slide.

In this context, vehicle production declined in all regions in the first half of the fiscal year. The number of new vehicles produced in Europe (not including Germany) fell by 3.1% to 7.9 million units in the half-year period (prior year: 8.1 million units) and by 3.7% in the second quarter. Production in the selective German market dropped by 7.9% to 2.4 million units (prior year: 2.6 million units) in connection with the WLTP emissions test procedure, which has been rolled out in September 2018. At the same time, new units produced in Germany dropped much less in the second quarter (-4.4%) than in the first quarter.

Industry development remained negative in North, Central and South America as well. In this region, the number of new units produced decreased by 4.8% to 9.9 million units in the half-year period (prior year: 10.4 million units); the downward industry trend accelerated in the second quarter as the decline reached 6.9%. Much of the drop is attributable to the selective US market, where new units produced fell by 4.5% to 5.2 million units in the reporting period (prior year: 5.5 million units). After stable industry development in the first quarter, the US automotive sector declined considerably (-8.9%) in the second quarter, partly as a result of a strike in the US automotive industry.

In Asia/Pacific/Rest of World, the number of new vehicles produced dropped by 7.3% in the first half-year to 23.8 million units (prior year: 25.7 million units). Light vehicle production in this region declined by 6.2% in the second quarter. This can be attributed primarily to the selective Chinese market, which experienced a 6.7% drop to 12.2 million units in the reporting period (prior year: 13.0 million units) and shrank by 3.3% in the second quarter as well.

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

in thousands	First half-year 2019/2020	+/-	First half-year 2018/2019
Europe not including Germany	7,868	-3.1 %	8,117
Germany	2,360	-7.9 %	2,563
North, Central and South America	9,859	-4.8 %	10,358
USA	5,248	-4.5 %	5,496
Asia / Pacific / RoW	23,795	-7.3 %	25,679
China	12,157	-6.7 %	13,026
Worldwide	43,881	-6.1 %	46,717

Source: IHS Light Vehicle Production Forecast, December 2019

Business development of the HELLA Group

- ▶ **Currency and portfolio-adjusted consolidated sales decrease by 3.2% to € 3,283 million in the first half of fiscal year 2019/2020; reported sales drop by 6.7%**
- ▶ **Declining sales attributable to negative industry development**
- ▶ **Adjusted earnings before interest and taxes decrease to € 257 million; adjusted EBIT margin shrinks to 7.8%**
- ▶ **Higher capital expenditure in research and development, higher material cost ratio and lower business volume reduce profitability**
- ▶ **Adjusted free cash flow from operating activities rises to € 130 million**
- ▶ **In the second quarter, currency and portfolio-adjusted sales are down 1.0% year-on-year; adjusted EBIT drops to € 144 million; adjusted EBIT margin declines to 8.3%**

Results of operations

HELLA successfully completed its exit from the wholesale business in fiscal year 2018/2019. To ensure comparability with the current fiscal year, the prior-year figures for the operating variables have been adjusted for fiscal year 2018/2019 as well as for the current fiscal year 2019/2020. This adjusted consolidated income statement is shown in table form in the following overview. The reported figures are shown in the abbreviated consolidated interim financial statements. Please also refer to the consolidated financial statements of fiscal year 2018/2019 for further information.

During the first half of HELLA's current fiscal year 2019/2020 (1 June to 30 November 2019), currency and portfolio-adjusted sales for the HELLA Group decreased by 3.2% to € 3,283 million (prior year: € 3,392 million). Reported consolidated sales amounted to € 3,313 million (prior year: € 3,550 million) and were supported by exchange rate effects (+0.9 percentage points; € 30 million). Reported sales from wholesale distribution amounted to € 158 million in the previous half fiscal year. This amount has to be eliminated due to the sale of this business in the comparison period. The decline in sales in the half-year period was

largely caused by the persistently challenging economic and industry environment in which production figures continued to sink worldwide.

In the second quarter of the current fiscal year 2019/2020, currency and portfolio-adjusted consolidated sales decreased by 1.0% to € 1,725 million (prior year: € 1,742 million). Reported quarterly sales of € 1,743 million (prior year: € 1,763 million) were supported by positive exchange rates (+1.1 percentage points; € 19 million). The sales generated in the wholesale business (€ 21 million) have also been eliminated in the comparison period. Sales were supported by a slight sales increase in the Automotive and Aftermarket segments in the second quarter, which partially offset a decline in sales in the Special Applications segment.

Business development was negative in the reporting period for the regions of Europe not including Germany, Germany and Asia/Pacific/Rest of World. Sales in Europe not including Germany decreased by 1.6% to € 954 million (prior year: € 969 million), in Germany by 10.8% to € 1,063 million (prior year: € 1,192 million) and in Asia/Pacific/Rest of World by 1.2% to € 569 million (prior year: € 576 million). In contrast,

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

2017/2018	3,452 (8.0%; 9.6%)
2018/2019	3,550 (2.8%; 7.7%)
2019/2020	3,313 (-6.7%; -3.2%)

Consolidated income statement

in € million	First half-year 1 June to 30 November			2nd quarter 1 September to 30 November		
	2019/2020	+/-	2018/2019	2019/2020	+/-	2018/2019
Sales	3,313	-2.3 %	3,392	1,743	+0.1 %	1,742
Cost of sales	-2,456		-2,477	-1,296		-1,270
Gross profit	857	-6.4 %	915	447	-5.2 %	472
Ratio of gross profit to sales	25.9 %		27.0 %	25.7 %		27.1 %
Research and development expenses	-330		-315	-163		-158
Distribution expenses	-190		-216	-99		-106
Administrative expenses	-116		-121	-62		-61
Other income and expenses	11		8	3		0
Earnings from investments accounted for using the equity method	25		25	18		15
Other income from investments	0		0	0		0
Adjusted earnings before interest and taxes (adjusted EBIT)	257	-13.1 %	296	144	-11.1 %	162
Ratio of adjusted EBIT to sales	7.8 %		8.7 %	8.3 %		9.3 %

HELLA successfully completed its exit from the wholesale business in fiscal year 2018/2019. To ensure comparability with the current fiscal year, the prior-year figures have been matched 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.

HELLA significantly increased sales in North, Central and South America. They rose by 11.0% to € 727 million (prior year: € 655 million). In the second quarter, sales dropped by 1.1% in Europe not including Germany and by 4.8% in Germany. In contrast, second-quarter business development was positive in North, Central and South America, where sales gained 8.2%, and in Asia/Pacific/Rest of World, where they rose by 2.2%.

In the first half of fiscal year 2019/2020, the HELLA Group's adjusted earnings before interest and taxes (adjusted EBIT, taking into account restructuring measures and portfolio effects) fell by 13.1% year-on-year to € 257 million (prior year: € 296 million). The adjusted EBIT margin thus decreased to 7.8% (prior year: 8.7%). This decline is mainly the result of a lower gross profit margin and further increases in capital expenditure for research and development and was only partly offset by better cost-effectiveness with respect to dis-

tribution and administrative expenses. In the second quarter, the adjusted EBIT fell to € 144 million (prior year: € 162 million), corresponding to a smaller adjusted EBIT margin of 8.3% (prior year: 9.3%).

Taking special effects into account, the reported earnings before interest and taxes (EBIT) in the half-year period fell to € 230 million (prior year: € 537 million), which puts the reported EBIT margin at 7.0% (prior year: 15.1%). Adjustments were made to account for restructuring measures as well as expenses and income related to leaving the wholesale business. The reported EBIT decreased to € 119 million (prior year: € 398 million) in the second quarter since the earnings generated in the second quarter of the previous year were mainly the result of extraordinary income from disposing of the wholesale activities. The reported EBIT margin thus dropped to 6.8% (prior year: 22.6%) in the second quarter.

Regional market coverage by customer

	First half-year 2019/2020		First half-year 2018/2019	
	Absolute (in € million)	Relative (in %)	Absolute (in € million)	Relative (in %)
Europe not including Germany	954	29 %	969	29 %
Germany	1,063	32 %	1,192	35 %
North, Central and South America	727	22 %	655	19 %
Asia / Pacific / RoW	569	17 %	576	17 %
Portfolio-adjusted sales	3,313	100 %	3,392	100 %

Gross profit fell to € 857 million (prior year: € 915 million) in the half-year period. Consequently, the gross profit margin also decreased to 25.9% (prior year: 27.0%). The decline is partly due to an overall decrease in business volume. Gross profit was also diminished by a higher material cost ratio in the second quarter, particularly for electronic components. Thus, gross profit decreased to € 447 million in the second quarter (prior year: € 472 million) and the gross profit margin dropped to 25.7% in the quarterly comparison (prior year: 27.1%).

Research and development expenses increased to € 330 million (prior year: € 315 million) in the first six months of the current fiscal year. The R&D ratio thus increased to 10.0% (prior year: 9.3%) in relation to the comparatively lower consolidated sales. 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. R&D capital expenditure came to € 163 million in the second quarter (prior year: € 158 million), increasing the R&D ratio to 9.4% (prior year: 9.0%).

During the first half-year, the distribution and administrative expenses as well as the net balance of other income and ex-

penses decreased to a total of € 295 million (prior year: € 329 million). The share of these expenses relative to sales is therefore 8.9% (prior year: 9.7%). This is chiefly attributable to reductions in distribution and administrative expenses. In the second quarter, distribution and administrative expenses and the net balance of other income and expenses dropped to € 158 million (prior year: € 167 million). Their ratio in relation to sales thus amounts to 9.0% (prior year: 9.6%).

The contributions to earnings made by joint ventures in the reporting period stayed unchanged from the previous year at € 25 million (prior year: € 25 million). The contribution of joint ventures to the Group-wide adjusted EBIT thus increased to 9.8% (prior year: 8.6%). The increase was attributable to an improvement in business development among the Chinese joint ventures. Joint venture earnings were also positively affected by income from the sale of shares in the South Korean joint venture HSL Electronics to the joint venture partner SL Corporation. In the second quarter, the contributions to earnings from joint ventures rose to € 18 million (prior year: € 15 million), corresponding to a contribution to the adjusted consolidated EBIT of 12.4% (prior year: 9.2%).

The net financial result came to € -13 million after six months (prior year: € -25 million) and to € -5 million in the second quarter (prior year: € -13 million). It improved mainly as a result of loan principal payments in China and higher earnings from investments in securities.

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

2017/2018	280 (8.9%)
2018/2019	296 (8.7%)
2019/2020	257 (7.8%)

Expenses relating to income taxes amounted to € 55 million in the half-year period (prior year: € 68 million) and to € 29 million in the second quarter (prior year: € 37 million).

Earnings reported in the period decreased to € 162 million (prior year: € 444 million) and to € 85 million in the second quarter (prior year: € 348 million) since earnings from the second quarter of the prior year included extraordinary income from the sale of the wholesale activities. Earnings per share dropped to € 1.45 in the first half of the year (prior year: € 3.99) and to € 0.76 in the second quarter (prior year: € 3.13).

Financial status

In the first six months of fiscal year 2019/2020, net cash flow from operating activities increased by € 28 million year-on-year to € 372 million (prior year: € 344 million). In the second quarter, net cash flow from operating activities rose by € 14 million to € 153 million (prior year: € 139 million).

Cash investing activities excluding payments or cash receipts for the acquisition or sale of company shares or capital increases/repayments and securities amounted to € 251 million (prior year: € 241 million) in the half-year period and € 99 million (prior year: € 92 million) in the second quarter. They mainly included capital expenditure for the worldwide development, administration and production network. HELLA also invested in product-specific capital equipment.

As part of active management of the liquidity available to the Group, € 158 million (prior year: € 219 million) was paid for securities during the reporting period, while € 16 million was received (prior year: € 160 million paid) in the second quarter. For liquidity management purposes, capital is usually invested in short-term securities or securities with a liquid market, meaning that these funds can be made available for potential operating requirements at short notice.

In the first half year of fiscal year 2019/2020, adjusted free cash flow from operating activities increased to € 130 million (prior year: € 111 million). In the second quarter, adjusted free cash flow from operating activities stood at € 60 million (prior year: € 49 million).

In the reporting period, free cash flow from operating activities was adjusted for payments for restructuring measures amounting to € 5 million, portfolio adjustments in connection with the sale of the wholesale business amounting to € 2 million and tax payments related to the sale of shares in the HSL Electronics Corporation joint venture amounting to € 2 million (prior year: € 36 million for payments for restructuring mea-

asures and portfolio adjustments in connection with the sale of the wholesale business).

After taking account of these special factors, the reported free cash flow from operating activities decreased to € 121 million (prior year: € 147 million) in the half-year period and € 54 million (prior year: € 91 million) in the second quarter.

Around € 23 million in cash was received from selling the company Hella Phil. Inc and shares in the joint venture HSL Electronics Corporation.

The dividend of € 3.35 per share, which the annual general meeting enacted on 27 September 2019, came to a total of € 372 million and has been fully paid out to the shareholders.

In the second quarter, HELLA issued a new seven-year capital market bond for € 500 million. The bond, which matures on 26 January 2027, has a coupon of 0.5%. The cash inflow will primarily be used to refinance the € 500 million bond maturing in January 2020. The third outstanding capital market bond consists of a bond of € 300 million issued in May 2017 that matures in 2024.

Compared to the end of the prior fiscal year 2018/2019, liquidity from cash and cash equivalents increased by € 64 million to € 941 million (31 May 2019: € 877 million). Including current financial assets, which essentially comprise securities, of € 721 million (31 May 2019: € 557 million), available funds increased to € 1,662 million (31 May 2019: € 1,434 million). On this basis, HELLA is able to satisfy its payment obligations.

Financial position

Compared to the balance sheet date in the prior fiscal year 2018/2019, total assets increased by € 313 million to € 6,722 million (31 May 2019: € 6,410 million). The equity ratio stood at 40.8% and was thus below the level on the balance sheet date of 31 May 2019 (46.3%). The equity ratio relative to total assets adjusted for liquidity came to 54.2% (prior year: 59.7%).

Current and non-current financial liabilities increased by € 488 million to € 1,856 million (31 May 2019: € 1,368 million). Net financial debt as the balance of cash and current financial assets as well as current and non-current financial liabilities increased by a total of € 260 million to € 195 million (net financial liquidity as of 31 May 2019: € 66 million).

On 22 August 2019, Moody's affirmed HELLA's rating of Baa1 but changed the rating outlook to "negative" due to the deteriorating industry environment.

Human Resources

At the six-month reporting date of 30 November 2019, HELLA had 37,847 permanent employees worldwide (prior year: 39,498). This corresponds to a year-on-year reduction of 4.2%. Headcounts decreased in all business segments despite staffing increases in specific areas such as research and development.

In regional terms, headcounts decreased in Europe not including Germany, Germany and Asia/Pacific/Rest of World. Specifically, the number of employees declined by 6.5% to 14,211 in Europe not including Germany (prior year: 15,205 employees), by 1.8% to 9,731 in Germany (prior year: 9,912 employees) and by 7.8% to 6,048 in Asia/Pacific/Rest of World

(prior year: 6,558 employees). In North, Central and South America, the number of permanent employees increased slightly year-on-year to 7,857 (prior year: 7,823 employees).

Permanent employees in the HELLA Group (as at 30 November)

2017	39,523 (+12.1%)
2018	39,498 (-0.1%)
2019	37,847 (-4.2%)

Further events in the second quarter

PORTFOLIO CHANGES

- ▶ HELLA continued to optimize its business portfolio. For example, it realigned its electronics business for Korean customers and, in that connection, transferred its 50 percent stake in the South Korean joint venture HSL Electronics to SL Corporation, its joint venture partner. HELLA also sold its Philippine HELLA company to Stanley Electric in the second quarter of the current fiscal year. In addition, HELLA is going to sell its current relay business to Hongfa, a Chinese relay manufacturer. The transaction was completed on 31 December 2019.

CHINESE JOINT VENTURE FACTORY STARTS PRODUCTION

- ▶ Series production successfully started at the new factory operated by HELLA BHAP Electronics, a joint venture located in Zhenjiang. The site will initially produce sun roof control units. It is scheduled to start manufacturing lighting electronics components in May 2020. The site's product portfolio is then expected to gradually expand to include electronics components for energy management and driver assistance applications. Appropriate research and development capabilities are being established at the site for this purpose. HELLA BHAP Electronics was established in 2018 between HELLA and the Chinese automotive supplier BHAP.

NEW HIGH-RESOLUTION LIGHTING SYSTEM SSL | HD

- ▶ HELLA continued to comprehensively refine its Matrix LED systems and has launched the next generation of lighting technology. Its new "Digital Light SSL | HD" technology further miniaturizes light sources, allowing more than 30,000 LED pixels to be individually and intelligently controlled. The first large-series order for integrating the technology into a headlamp has already been successfully acquired. It is expected to be available and in use in the next three years.

2019 ANNUAL GENERAL MEETING

- ▶ The shareholders of HELLA GmbH & Co. KGaA approved all the proposals presented at the annual general meeting with a large majority, including the Company's dividend proposal. The annual general meeting also voted to approve the election proposals for the Shareholder Committee and Supervisory Board. Carl-Peter Forster and Klaus Kühn were elected the new chairmen of the Shareholder Committee and the Supervisory Board in constitutive meetings following the annual general meeting.

Business development of the segments

Automotive

- **Reported sales in the Automotive segment fall by 1.6% to € 2,817 million in the first half-year**
- **Business development suffers due to still-challenging market environment and global decline in production figures**
- **Earnings before interest and taxes decrease to € 213 million; EBIT margin is 7.6%**
- **Profitability diminished by lower business volume, higher capital expenditure in automotive technologies of the future and higher material cost ratio**
- **In the second quarter, reported segment sales are up slightly year-on-year; EBIT drops to € 120 million; EBIT margin declines to 8.1%**

Reported sales from the Automotive segment decreased by 1.6% to € 2,817 million in the first half of fiscal year 2019/2020 (prior year: € 2,864 million). The decrease is primarily attributable to the still-challenging market environment, with production figures declining worldwide. The business development of the Automotive segment stabilized in the second quarter as sales rose slightly year-on-year to reach € 1,484 million (prior year: € 1,481 million). The business volume in the second quarter of the prior year was affected by the September 2018 roll-out of the WLTP emissions test procedure.

Earnings before interest and taxes (EBIT) for the Automotive segment decreased by 12.7% to € 213 million in the reporting period (prior year: € 244 million). The EBIT margin is there-

fore 7.6% (prior year: 8.5%). This is partly a reflection of a decrease in the gross profit margin due to the smaller business volume. However, the Automotive segment's profitability was also reduced by a higher material cost ratio and further increases in capital expenditure for developing new cutting-edge automotive technologies. These factors were only partly offset by reductions in distribution and administrative expenses and higher joint venture earnings. In the second quarter, the segment EBIT fell by 13.5% to € 120 million (prior year: € 138 million), corresponding to an EBIT margin of 8.1% (prior year: 9.3%).

Income statement for the Automotive segment

in € million	First half-year 1 June to 30 November			2nd quarter 1 September to 30 November		
	2019/2020	+/-	2018/2019	2019/2020	+/-	2018/2019
Sales with external customers	2,795		2,841	1,473		1,470
Intersegment sales	22		23	11		11
Segment sales	2,817	-1.6 %	2,864	1,484	+0.2 %	1,481
Cost of sales	-2,151		-2,148	-1,136		-1,109
Gross profit	666	-6.9 %	716	348	-6.4 %	372
Ratio of gross profit to sales	23.7 %		25.0 %	23.5 %		25.1 %
Research and development expenses	-313		-301	-154		-150
Distribution expenses	-84		-102	-44		-49
Administrative expenses	-95		-101	-51		-54
Other income and expenses	14		10	4		5
Earnings from investments accounted for using the equity method	25		21	18		14
Earnings before interest and taxes (EBIT)	213	-12.7 %	244	120	-13.5 %	138
Earnings before interest and taxes in relation to segment sales (EBIT margin)	7.6 %		8.5 %	8.1 %		9.3 %

Aftermarket

- **Reported sales in the Aftermarket segment decline by 3.8% to € 323 million in first six months**
- **Sales reduced by low market demand in Southwest Europe and the Middle East and by disproportionately strong demand for workshop products in the prior year**
- **Earnings before interest and taxes increase by 14.2% to € 29 million; EBIT margin increases to 9.0%**
- **Product mix effects and cost savings responsible for improved profitability**
- **In the second quarter, reported segment sales are up 1.7%; EBIT rises to € 16 million; EBIT margin climbs to 9.5%**

Reported sales from the Aftermarket segment decreased by 3.8% to € 323 million in the first six months of the current fiscal year 2019/2020 (prior year: € 336 million). Both the spare parts business and business with advanced workshop equipment declined during the half-year period. The spare parts business battled with lower market demand in Southwest Europe and the Middle East. The aftermarket products business also recorded disproportionately strong demand in the prior-year period due to new regulatory requirements. Segment sales increased by 1.7% to € 164 million in the second quarter (prior year: € 162 million). This was largely driven by a resurgence in the spare parts business, particularly in Poland and Turkey.

Earnings before interest and taxes (EBIT) in the Aftermarket segment rose by 14.2% to € 29 million in the half-year period (prior year: € 25 million), elevating the segment's EBIT margin to 9.0% (prior year: 7.6%). The optimisation of material costs and distribution expenses and additional product mix effects which improved the gross profit margin made up for the absence of Behr Hella Service's contribution to segment earnings. In the second quarter, profitability was further improved by better sales and other cost-cutting measures. As a result, EBIT increased markedly from the comparable quarter to € 16 million (prior year: € 11 million); the EBIT margin thus increased to 9.5% (prior year: 6.7%).

Income statement for the Aftermarket segment	First half-year 1 June to 30 November			2nd quarter 1 September to 30 November		
	2019/2020	+/-	2018/2019	2019/2020	+/-	2018/2019
in € million						
Sales with external customers	321		335	163		161
Intersegment sales	2		1	1		1
Segment sales	323	-3.8 %	336	164	+1.7 %	162
Cost of sales	-202		-217	-102		-104
Gross profit	121	+1.8 %	119	62	+7.4 %	58
Ratio of gross profit to sales	37.5 %		35.5 %	37.9 %		35.9 %
Research and development expenses	-9		-7	-4		-4
Distribution expenses	-76		-83	-39		-41
Administrative expenses	-12		-12	-5		-6
Other income and expenses	5		4	2		2
Earnings from investments accounted for using the equity method	0		4	0		1
Earnings before interest and taxes (EBIT)	29	+14.2 %	25	16	+45.5 %	11
Earnings before interest and taxes in relation to segment sales (EBIT margin)	9.0 %		7.6 %	9.5 %		6.7 %

Special Applications

- **Reported sales in the Special Applications segment drop 10.2% to € 183 million in the first half of the year**
- **Sales reduced by continued market weakness, particularly in the market for agricultural and construction vehicles as well as buses and trailers**
- **Earnings before interest and taxes decrease to € 18 million; EBIT margin drops to 9.7%**
- **EBIT margin narrows mainly as a result of lower sales**
- **Reported segment sales decline by 3.1% in the second quarter; EBIT falls to € 10 million; EBIT margin drops to 9.9%**

Reported segment sales in the Special Applications segment declined by 10.2% to € 183 million in the first half of fiscal year 2019/2020 (prior year: € 204 million). The decline was caused by a weak market, particularly for agricultural and construction vehicles as well as buses and trailers. This market weakness already affected business development in the first quarter of the current fiscal year. In the second quarter, segment sales decreased by 3.1% to € 100 million (prior year: € 103 million).

Earnings before interest and taxes (EBIT) for the segment declined significantly to € 18 million (prior year: € 27 million). The EBIT margin thus decreased to 9.7% (prior year: 13.3%).

This is partly attributable to the decline in sales, with improvements in material and personnel costs unable to fully compensate for the lower business volume. The segment's profitability was also diminished by capital expenditure for the expansion of the product portfolio in a drive to constantly add new electronics components to it. In the second quarter, the segment EBIT fell to € 10 million (prior year: € 14 million), corresponding to an EBIT margin of 9.9% (prior year: 13.8%).

Income statement for the Special Applications segment

in € million	First half-year 1 June to 30 November			2nd quarter 1 September to 30 November		
	2019/2020	+/-	2018/2019	2019/2020	+/-	2018/2019
Sales with external customers	179		199	98		101
Intersegment sales	4		4	2		2
Segment sales	183	-10.2 %	204	100	-3.1 %	103
Cost of sales	-114		-125	-64		-63
Gross profit	69	-12.4 %	79	36	-9.4 %	40
Ratio of gross profit to sales	37.8 %		38.7 %	36.4 %		39.0 %
Research and development expenses	-8		-7	-4		-4
Distribution expenses	-30		-31	-16		-16
Administrative expenses	-14		-16	-7		-8
Other income and expenses	2		2	1		2
Earnings from investments accounted for using the equity method	0		0	0		0
Earnings before interest and taxes (EBIT)	18	-34.7 %	27	10	-30.5 %	14
Earnings before interest and taxes in relation to segment sales (EBIT margin)	9.7 %		13.3 %	9.9 %		13.8 %

Opportunity and risk report

There were no significant changes in the opportunities and risks during the reporting period. Details of the significant opportunities and risks may be found in the annual report 2018/2019.

Forecast report

- ▶ **IMF lowers forecast and expects global economic growth to reach 3.4% in 2020**
- ▶ **Industry outlook for fiscal year 2019/2020 revised downward yet again, with light vehicle production expected to drop by 4.9%**
- ▶ **Company outlook confirmed for HELLA's current fiscal year 2019/2020**

Economic outlook

In October 2019, the International Monetary Fund (IMF) further lowered its outlook for global economic growth in the current calendar year 2020 compared to its July 2019 forecast and now expects global economic growth to reach 3.4%. The IMF thus anticipates the global economy to grow somewhat faster in 2020 than in the previous year. It justifies its forecast primarily by citing an expected improvement in economic output in a number of developing and emerging nations in Latin America, the Middle East and Europe. However, given numerous geopolitical and macroeconomic risks, including trade tensions and associated economic slowdowns in China and the US, the IMF also describes its own forecast for the calendar year 2020 as highly uncertain. Consequently, the IMF has reduced the economic outlook for key core markets. Thus, the IMF now expects gross domestic product to grow 1.4% in the eurozone and 1.2% in Germany in 2020. Regarding the US economy, the IMF forecasts a 2.1% increase in gross domestic product and a 5.8% increase for China.

Industry outlook

Forecasts for the global automotive sector have also been reduced further in response to still-challenging macroeconomic conditions. The market research institution IHS recently predicted in its December 2019 outlook that global production of passenger cars and light commercial vehicles will drop by 4.9% to 87.2 million units (prior year: 91.7 million units) even though it had predicted in July 2019 that the decline would be smaller (only 1.3%). According to the Company's estimates, the current negative industry outlook may deteriorate further in the current fiscal year 2019/2020 due to unrelenting uncertainty surrounding macroeconomic and industry-specific factors.

Taking into consideration the number of new units produced in Europe not including Germany, a decrease of 4.5% to 15.8 million units (prior year: 16.5 million units) is anticipated. New production for the German single market is currently forecast to decrease by 6.7% to 4.7 million units (prior year:

Expected production of passenger cars and light commercial vehicles during fiscal year 2019/2020 and compared to the previous year

in thousands	2019/2020	+/-	2018/2019
Europe not including Germany	15,750	-4.5 %	16,491
Germany	4,738	-6.7 %	5,076
North, Central and South America	19,749	-2.0 %	20,153
USA	10,769	-0.9 %	10,866
Asia / Pacific / RoW	46,977	-6.0 %	49,993
China	24,054	-4.1 %	25,077
Worldwide	87,215	-4.9 %	91,713

Source: IHS Light Vehicle Production Forecast, December 2019

5.1 million units). In North, Central and South America, production output is forecast to decline by 2.0% to 19.8 million units (prior year: 20.2 million units), especially since production for the selective US market is also expected to fall by a slight 0.9% to 10.8 million new vehicles produced (prior year: 10.9 million units). In Asia/Pacific/Rest of World, the negative industry development is expected to continue as production shrinks by 6.0% to 47.0 million units (prior year: 50.0 million units). In the selective Chinese market, production figures are expected to decrease by 4.1% to 24.1 million units (prior year: 25.1 million units).

folio-adjusted consolidated sales of approximately € 6.5 billion to € 7.0 billion in the current fiscal year (prior year, portfolio-adjusted: nearly € 6.8 billion). The Company expects the ratio of earnings before interest and taxes adjusted for restructuring measures and portfolio effects to the portfolio-adjusted consolidated sales (adjusted EBIT margin) to be between about 6.5% and 7.5% (prior year, adjusted for restructuring measures and portfolio effects: 8.4%).

Company outlook

The Company outlook for the current fiscal year 2019/2020 remains in line with the forecast published in the annual report 2018/2019. Therefore, HELLA expects currency and port-

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

of HELLA GmbH & Co. KGaA

€ thousand	First half-year 1 June to 30 November		2nd quarter 1 September to 30 November	
	2019/2020	2018/2019*	2019/2020	2018/2019*
Sales	3,312,999	3,550,064	1,743,179	1,763,382
Cost of sales	-2,480,562	-2,577,847	-1,318,529	-1,281,735
Gross profit	832,437	972,217	424,651	481,647
Research and development expenses	-330,928	-315,386	-163,857	-157,640
Distribution expenses	-190,005	-276,289	-99,273	-123,975
Administrative expenses	-116,101	-126,511	-62,105	-66,720
Other income and expenses	9,705	257,084	2,034	250,195
Earnings from investments accounted for using the equity method	25,260	25,457	17,838	14,876
Other income from investments	0	225	0	0
Earnings before interest and taxes (EBIT)	230,367	536,796	119,287	398,384
Financial income	10,114	8,501	2,768	90
Financial expenses	-22,938	-33,529	-7,747	-13,566
Net financial result	-12,824	-25,028	-4,979	-13,476
Earnings before income taxes (EBT)	217,543	511,767	114,308	384,907
Income taxes	-55,256	-68,208	-29,084	-36,718
Earnings for the period	162,287	443,559	85,224	348,189
of which attributable:				
to the owners of the parent company	161,605	443,388	84,796	347,911
to non-controlling interests	682	172	428	278
Basic earnings per share in €	1.45	3.99	0.76	3.13
Diluted earnings per share in €	1.45	3.99	0.76	3.13

* 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.

Consolidated statement of comprehensive income

(after-tax analysis) of HELLA GmbH & Co. KGaA

€ thousand	First half-year 1 June to 30 November		2nd quarter 1 September to 30 November	
	2019/2020	2018/2019	2019/2020	2018/2019
Earnings for the period	162,287	443,559	85,224	348,189
Currency translation differences	7,347	-27,223	21,643	10,986
Changes recognised in equity	11,793	-27,457	26,089	10,752
Profits (-) / losses (+) reclassified to profit or loss	-4,446	234	-4,446	234
Financial instruments for cash flow hedging	-1,153	6,209	3,544	-525
Changes recognised in equity	-2,418	7,790	568	3,987
Profits (-) / losses (+) reclassified to profit or loss	1,265	-1,582	2,976	-4,511
Change in fair value of debt capital instruments held	123	-89	-3,316	-1,118
Changes recognised in equity	1,672	-714	-1,895	-2,259
Profits (-) / losses (+) reclassified to profit or loss	-1,549	625	-1,421	1,141
Share of other comprehensive income attributable to associates and joint ventures	1,686	-4,801	5,552	-6,244
Items that were or can be transferred to profit or loss	6,317	-21,103	21,871	9,344
Remeasurements of defined benefit plans	-24,182	1,238	23,694	2,740
Share of other comprehensive income attributable to associates and joint ventures	0	0	0	-5
Items never transferred to profit or loss	-24,182	1,238	23,694	2,740
Other earnings for the period	-17,866	-19,866	45,565	12,084
Comprehensive income for the period	144,421	423,694	130,789	360,273
of which attributable:				
to the owners of the parent company	143,703	423,710	130,328	359,695
to non-controlling interests	718	-16	462	578

Consolidated statement of financial position

of HELLA GmbH & Co. KGaA

€ thousand	30 November 2019	31 May 2019	30 November 2018
Cash and cash equivalents	941,202	876,763	812,494
Financial assets	720,573	557,131	546,425
Trade receivables	1,079,106	1,065,804	1,120,673
Other receivables and non-financial assets	221,303	207,838	162,242
Inventories	888,573	810,277	959,668
Current tax assets	17,458	37,326	21,971
Contract assets	41,060	35,944	36,754
Assets held for sale	37,127	27,838	41,968
Current assets	3,946,404	3,618,922	3,702,196
Intangible assets	413,224	383,494	330,270
Property, plant and equipment	1,898,719	1,941,659	1,727,683
Financial assets	49,936	43,105	39,948
Investments accounted for using the equity method	259,871	273,347	288,763
Deferred tax assets	95,376	95,241	109,391
Other non-current assets	58,681	53,861	48,894
Non-current assets	2,775,807	2,790,707	2,544,949
Assets	6,722,211	6,409,629	6,247,145
Financial liabilities	574,682	582,060	34,044
Trade payables	798,142	796,644	814,863
Current tax liabilities	39,989	44,389	46,239
Other liabilities	417,041	422,754	519,697
Provisions	144,724	131,862	83,214
Contract obligations	145,655	132,141	107,953
Liabilities held for sale	5,212	0	23,271
Current liabilities	2,125,445	2,109,851	1,629,283
Financial liabilities	1,281,605	786,102	1,330,573
Deferred tax liabilities	23,719	37,874	48,538
Other liabilities	104,280	100,601	89,180
Provisions	446,625	406,710	356,505
Contract obligations	0	0	658
Non-current liabilities	1,856,229	1,331,287	1,825,454
Subscribed capital	222,222	222,222	222,222
Reserves and unappropriated surplus	2,515,140	2,743,660	2,567,697
Equity before non-controlling interests	2,737,363	2,965,882	2,789,919
Non-controlling interests	3,174	2,609	2,489
Equity	2,740,537	2,968,491	2,792,408
Equity and liabilities	6,722,211	6,409,629	6,247,145

Consolidated statement of changes in equity

of HELLA GmbH & Co. KGaA

€ thousand	Subscribed capital	Capital reserve	Reserve for currency translation differences	Reserve for financial instruments for cash flow hedging	Reserve for available-for-sale financial instruments
As at: 1 June 2018	222,222	250,234	-37,925	-63,275	6,617
Effects from the first-time application of IFRS 9 and IFRS 15	0	0	0	0	-6,617
As at: 1 June 2018 adjusted	222,222	250,234	-37,925	-63,275	0
Earnings for the period	0	0	0	0	0
Other earnings for the period	0	0	-27,035	6,209	0
Comprehensive income for the period	0	0	-27,035	6,209	0
Distributions to shareholders	0	0	0	0	0
Disposal of non-controlling interests	0	0	0	0	0
Transactions with shareholders	0	0	0	0	0
As at: 30 November 2018	222,222	250,234	-64,960	-57,066	0
As at: 1 June 2019	222,222	250,234	-54,197	-64,471	0
Earnings for the period	0	0	0	0	0
Other earnings for the period	0	0	7,311	-1,153	0
Comprehensive income for the period	0	0	7,311	-1,153	0
Distributions to shareholders	0	0	0	0	0
Disposal of non-controlling interests	0	0	0	0	0
Transactions with shareholders	0	0	0	0	0
As at: 30 November 2019	222,222	250,234	-46,886	-65,625	0

See also Chapter 13 for notes on equity.

Consolidated statement of changes in equity

of HELLA GmbH & Co. KGaA

Reserve for debt capital instruments	Remeasurements of defined benefit plans	Other retained earnings/profit carried forward	Reserves and unappropriated surplus	Equity before non-controlling interests	Non-controlling interests	Equity
0	-66,330	2,162,834	2,252,155	2,474,377	3,888	2,478,265
468	0	14,647	8,498	8,498	0	8,498
468	-66,330	2,177,481	2,260,653	2,482,875	3,888	2,486,763
0	0	443,388	443,388	443,388	172	443,559
-89	1,238	0	-19,677	-19,677	-188	-19,866
-89	1,238	443,388	423,710	423,710	-16	423,694
0	0	-116,667	-116,667	-116,667	-833	-117,499
0	0	0	0	0	-550	-550
0	0	-116,667	-116,667	-116,667	-1,382	-118,049
378	-65,092	2,504,202	2,567,697	2,789,919	2,489	2,792,408
3,874	-104,511	2,712,732	2,743,660	2,965,882	2,609	2,968,491
0	0	161,605	161,605	161,605	682	162,287
123	-24,182	0	-17,902	-17,902	36	-17,866
123	-24,182	161,605	143,703	143,703	718	144,421
0	0	-372,222	-372,222	-372,222	0	-372,222
0	0	0	0	0	-153	-153
0	0	-372,222	-372,222	-372,222	-153	-372,375
3,997	-128,693	2,502,114	2,515,140	2,737,363	3,174	2,740,537

See also Chapter 13 for notes on equity.

Consolidated cash flow statement

of HELLA GmbH & Co. KGaA for the period from 1 June to 30 November

€ thousand	2019/2020	2018/2019
Earnings before income taxes (EBT)	217,543	511,767
+ Depreciation and amortisation	208,346	184,213
+/- Change in provisions	14,295	-35,564
- Other non-cash income and cash flows not attributable to operating activities	-7,368	-312,576
+/- Losses / profits from the sale of property, plant and equipment and intangible assets	1,811	387
+ Net financial result	12,824	25,028
+/- Change in trade receivables and other assets not attributable to investing or financing activities	-36,274	-58,013
- Increase in inventories	-100,917	-151,828
+/- Change in trade payables and other liabilities not attributable to investing or financing activities	78,262	230,185
+ Tax refunds received	497	7,655
- Taxes paid	-41,986	-82,165
+ Dividends received	24,938	25,060
= Net cash flow from operating activities	371,971	344,150
+ Cash receipts from the sale of intangible assets and property, plant and equipment	6,164	9,164
- Payments for the purchase of intangible assets and property, plant and equipment	-257,117	-250,430
+ Cash receipts from the sale of subsidiaries, less cash and cash equivalents	1,299	332,191
+ Repayment from loans in connection with the sale of subsidiaries	0	44,331
+ Repayments from loans granted to investments	3,429	5,033
- Payments for loans granted to investments	0	-1,548
- Payments for capital increases in investments	-6,741	0
+ Cash proceeds from the sale of investments	22,006	0
- Payments for the acquisition of companies, less cash and cash equivalents	-548	0
+/- Net payments for the purchase and sale of securities	-157,758	-218,915
= Net cash flow from investing activities	-389,267	-80,174
+ Cash receipts from the issuance of a bond	498,515	0
- Payments for the repayment of financial liabilities	-39,553	-14,590
+ Cash receipts from changes in financial liabilities	1,490	1,010
+ Interest received	5,082	4,416
- Interest paid	-11,345	-8,940
- Dividends paid	-372,222	-117,327
= Net cash flow from financing activities	81,967	-135,430
= Net change in cash and cash equivalents	64,671	128,546
+ Cash and cash equivalents as at 1 June	876,763	688,187
- Cash and cash equivalents classified as held for sale	-971	-435
+/- Effect of exchange rate changes on cash and cash equivalents	739	-3,804
= Cash and cash equivalents as at 30 November	941,202	812,494

See also chapter 14 for notes to the cash flow statement.

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 the Commercial Register B of Paderborn district court under number HRB 6857 and prepares the consolidated financial statements for the smallest and largest group of companies.

This interim report has been prepared as a condensed interim report in accordance with the requirements of the International Financial Reporting Standards (IFRS) applicable as at 30 November 2019 and as adopted by the European Union. The interim report was created in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are accompanied by an interim management report. The comparative values of the prior year have been determined according to the same principles. The condensed interim consolidated financial statement and the consolidated interim management report have neither been reviewed pursuant to Section 37w (5) WpHG nor audited in accordance with Section 317 HGB.

The interim financial statements are prepared in euros (€). Amounts are stated in thousands of euros (€ thousand). The interim financial statements are prepared using accounting policies 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 Scope of consolidation

In addition to HELLA GmbH & Co. KGaA, all significant domestic and foreign subsidiaries that are directly or indirectly controlled by HELLA are consolidated. Material joint ventures are included in the consolidated financial statements using the equity method of accounting.

Number	30 Nov 2019	31 May 2019	30 Nov 2018
Fully consolidated companies	87	87	94
Companies accounted for using the equity method	53	54	52

All of the shares in Pyramics GmbH were acquired for a purchase price of € 1,201 thousand on 23 September 2019, so that control is now obtained.

The company has its registered office in Berlin, Germany and provides technologies for moncamera systems for person counting. The HELLA Group has thus added more deep learning applications to its technology portfolio. Start-up Pyramics has developed a sensor for a moncamera system that can determine the age, gender and behaviour of people in stores or at events. Artificial intelligence allows images to be analysed accurately and anonymously.

The following calculation of the fair values (in each case before deduction of deferred taxes) is preliminary due to information being incomplete. The fair values of the acquired identifiable assets primarily consist of intangible assets from development results amounting to € 2,217 thousand. Cash amounting to € 6 thousand, receivables

worth € 18 thousand and other assets worth € 45 thousand were also acquired. Financial liabilities amounting to € 24 thousand were also acquired (at the time of the business combination).

Trade receivables include no impairments resulting from unrecoverable receivables. The acquired subsidiary contributed € 4 thousand to consolidated sales and impacted earnings for the period with € -10 thousand. If the business acquisition had been executed at the beginning of the fiscal year, the Group would have reported sales of € 48 thousand and a loss of € 9 thousand for Pyramics as of 30 November 2019.

During the current fiscal year, HELLA sold its stake in the joint venture HSL Electronics Corporation since this equity investment no longer conformed to the Group's investment strategy. The sales price was € 22,006 thousand. The cash receipt is included in cash and cash equivalents. The Group has recognized € 4,603 thousand in income from this equity investment that is attributable to income for the period and the ac-

counting profit from the sale. The profit from the prior year for the entire fiscal year was recognized in the Group accounts at € 3,618 thousand. A dividend of € 4,231 thousand was collected in the prior year.

In the Special Applications segment, the shares in Hella-Phil, the Philippine subsidiary, were sold during this reporting period. The sales price amounted to € 1,868 thousand and has already been collected. The cash receipt is included in cash and cash equivalents. The net assets sold had a carrying amount of € 1,386 thousand; the Group earned a profit of € 482 thousand. The main categories for assets and liabilities - with the exception of the cash and cash equivalents of the subsidiary Hella-Phil Inc., which the HELLA Group relinquished control of in the reporting period - are shown below:

The assets being disposed of consist of inventories amounting to € 559 thousand and property, plant and equipment amounting to € 528 thousand. The liabilities being disposed of consist of trade payables amounting to € 258 thousand.

03 Accounting policies and measurement methods

The accounting policies and measurement methods used in the interim report are the same as those used in the consolidated financial statements of 31 May 2019. These accounting policies and measurement methods were explained in the annual report 2018/2019.

Application of the other IFRS amendments that must be applied as at 30 November 2019 does not materially influence the presentation of the condensed interim consolidated financial statements.

To simplify interim reporting, IAS 34.41 allows greater use of estimates and assumptions than in the annual financial statements, provided all material financial information that is relevant for understanding the net assets, financial position and results of operations is appropriately disclosed.

To calculate the income tax expense, the estimated effective income tax rate for the current fiscal year is taken into account when calculating the tax charge incurred during the year.

04 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		Reporting date		
	2019/2020	2018/2019	30 November 2019	31 May 2019	30 November 2018
€ 1 = US dollar	1.1124	1.1566	1.0982	1.1151	1.1359
€ 1 = Czech koruna	25.6727	25.7826	25.5150	25.8160	25.9570
€ 1 = Japanese yen	119.9633	129.2572	120.4300	121.2700	128.9900
€ 1 = Mexican peso	21.5438	22.4681	21.4483	21.8922	23.0910
€ 1 = Chinese renminbi	7.7988	7.8542	7.7172	7.7045	7.8897
€ 1 = South Korean won	1,317.7832	1,295.1014	1,295.8100	1,328.3100	1,274.0400
€ 1 = Romanian leu	4.7407	4.6553	4.7823	4.7430	4.6598

05 Sales

Sales for the first half of fiscal year 2019/2020 amounted to € 3,312,999 thousand (prior year: € 3,550,064 thousand). Sales are attributable entirely to the sale of goods and performance of services.

They can be classified as follows:

€ thousand	2019/2020	2018/2019
Sales from the sale of goods	3,155,052	3,410,655
Sales from the rendering of services	157,947	139,409
Total sales	3,312,999	3,550,064

Sales by region (based on the headquarters of Hella's customers):

€ thousand	2019/2020	2018/2019
Germany	1,063,458	1,194,771
Europe not including Germany	953,920	1,124,781
North, Central and South America	726,726	654,994
Asia / Pacific / RoW	568,896	575,517
Consolidated sales	3,312,999	3,550,064

To ensure the ability to draw consistent comparisons with other reporting periods, the consolidated sales from the prior-year period will be adjusted to account for the sale of the wholesale business.

Adjusted sales by region (based on the headquarters of Hella's customers):

€ thousand	2018/2019 as reported	2018/2019 Adjustment	2018/2019 adjusted
Germany	1,194,771	-2,472	1,192,299
Europe not including Germany	1,124,781	-155,613	969,168
North, Central and South America	654,994	0	654,994
Asia / Pacific / RoW	575,517	0	575,517
Consolidated sales	3,550,064	-158,085	3,391,979

06 Earnings per share

Basic earnings per share are calculated by dividing the share of earnings attributable to the shareholders of HELLA GmbH & Co. KGaA by the weighted average number of ordinary shares issued.

Basic earnings per share amounted to € 1.45 (prior year: € 3.99) and are equivalent to diluted earnings per share.

Number of shares	30 Nov 2019	30 Nov 2018
Weighted average number of shares in circulation during the period		
Basic ordinary shares	111,111,112	111,111,112
Diluted ordinary shares	111,111,112	111,111,112
€ thousand		
Share of profit attributable to owners of the parent company	161,605	443,388
€		
Basic earnings per share	1.45	3.99
Diluted earnings per share	1.45	3.99

07 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, 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.

Costs of € 26,649 thousand (prior year: € 1,562 thousand) for restructuring measures have been adjusted out of earnings before interest and taxes in the reporting period.

The wholesale business was sold in fiscal year 2018/2019. The resultant deconsolidation proceeds of € 255,461 thousand were recorded in other income and expenses. To ensure the ability to draw consistent comparisons with other periods, € 5,662 thousand has been adjusted out of the consolidated income statement for the prior-year period to account for the sale of the operational wholesale business. In addition, costs of € 426 thousand (prior year: € 19,085 thousand) related to the execution of the sale in the reporting period have been adjusted out.

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

The corresponding reconciliation statement for the first half-of fiscal years 2019/2020 and 2018/2019 is as follows:

€ thousand	2019/2020 as reported	Adjustment	2019/2020 adjusted
Sales	3,312,999	0	3,312,999
Cost of sales	-2,480,562	24,719	-2,455,843
Gross profit	832,437	24,719	857,156
Research and development expenses	-330,928	674	-330,254
Distribution expenses	-190,005	88	-189,918
Administrative expenses	-116,101	562	-115,539
Other income and expenses	9,705	1,032	10,737
Earnings from investments accounted for using the equity method	25,260	0	25,260
Other income from investments	0	0	0
Earnings before interest and taxes (EBIT)	230,367	27,075	257,442

€ thousand	2018/2019 as reported	Adjustment	2018/2019 adjusted
Sales	3,550,064	-158,085	3,391,979
Cost of sales	-2,577,847	101,176	-2,476,671
Gross profit	972,217	-56,909	915,308
Research and development expenses	-315,386	0	-315,386
Distribution expenses	-276,289	60,567	-215,723
Administrative expenses	-126,511	5,340	-121,171
Other income and expenses	257,084	-249,475	7,609
Earnings from investments accounted for using the equity method	25,457	0	25,457
Other income from investments	225	0	225
Earnings before interest and taxes (EBIT)	536,796	-240,476	296,320

08 Segment reporting

External segment reporting is based on internal reporting (so-called management approach). Segment reporting is based solely on financial information used by the Company's decision makers for the internal management of the Company and to make decisions regarding the allocation of resources and measurement of profitability.

THE HELLA GROUP'S BUSINESS ACTIVITIES ARE DIVIDED INTO THREE SEGMENTS: AUTOMOTIVE, AFTERMARKET AND SPECIAL APPLICATIONS:

The Lighting business division and the Electronics business division are reported together in the Automotive segment. Both business divisions serve a similar customer base worldwide. Consequently, both segments are subject to broadly similar economic cycles and industry developments. In addition, the individual products have comparable lifecycles. Original Equipment provides lighting and electronics components to automobile manufacturers and other tier-1 suppliers worldwide through an integrated distribution network. The product portfolio of the Lighting business division includes headlamps, signal lights, interior lights and lighting electronics. The Electronics business division focuses on the product areas of body electronics, energy management, driver assistance systems and components (for example sensors and engine compartment actuators). The Automotive segment develops, produces and sells vehicle-specific solutions, and develops and brings to market technological innovations. The margins attainable within the segment are mainly dependent on the respective technology used and, to a lesser extent, on customers, regions and products.

The Aftermarket business segment produces and sells automotive parts and accessories, primarily in the areas of

lighting, electrics and electronics, as well as workshop solutions in the areas of diagnostics and calibration. Furthermore, wholesalers and workshops receive support for their business via a state-of-the-art and fast information and order system as well as via comprehensive services, such as hotlines, training, technical information, sales support and efficient logistics. Strategic focal points of the segment include the stronger alignment of the aftermarket business with the Company's original equipment expertise and the closer dovetailing of original equipment expertise and workshop equipment expertise.

The Special Applications segment comprises original equipment for special-purpose vehicles such as buses, caravans, agricultural and construction machinery, municipal vehicles and trailers. Technological competence is closely linked to the Automotive business, which means that the range of applications in LED and electronic products can be expanded appropriately and synergies leveraged at the same time.

All other Group segments are subordinate in terms of their economic significance and are therefore not segmented further. Their functions relate mainly to Group financing.

Sales as well as adjusted earnings before interest and taxes (EBIT) are the key performance indicators used to manage the business segments; assets and liabilities are not reported. The internal reporting applies the same accounting and measurement principles as the consolidated financial statements. Special items that are not included in the segment results are identified for the individual reporting periods. These special items are presented in the reconciliation table.

The segment information for the first six months (1 June to 30 November) 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	2,794,607	2,841,368	320,779	334,710	178,707	199,285
Intersegment sales	22,351	22,508	2,231	1,082	4,276	4,376
Segment sales	2,816,958	2,863,876	323,010	335,791	182,983	203,660
Cost of sales	-2,150,530	-2,148,309	-201,753	-216,732	-113,893	-124,762
Gross profit	666,428	715,567	121,257	119,060	69,090	78,898
Research and development expenses	-312,943	-300,847	-9,098	-7,290	-8,196	-7,281
Distribution expenses	-84,254	-101,629	-76,190	-82,763	-30,415	-31,142
Administrative expenses	-94,865	-100,666	-11,909	-11,816	-14,356	-15,807
Other income and expenses	13,802	10,391	4,559	3,858	1,582	2,464
Earnings from investments accounted for using the equity method	24,907	21,354	353	4,103	0	0
Other income from investments	0	0	0	225	0	0
Earnings before interest and taxes (EBIT)	213,076	244,170	28,972	25,377	17,705	27,132
Additions to property, plant and equipment and intangible assets	181,357	183,287	8,794	6,626	10,342	16,778

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

Sales with external third parties for the first six months of 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	2,677,491	2,740,123	300,875	317,842	176,686	196,103
Sales from the rendering of services	117,116	101,245	19,904	16,869	2,021	3,181
Sales with external customers	2,794,607	2,841,368	320,779	334,710	178,707	199,285

Sales reconciliation:

€ thousand	2019/2020	2018/2019
Total sales of the reporting segments	3,322,951	3,403,328
Sales in other divisions	43,019	50,413
Wholesale sales	0	158,085
Elimination of intersegment sales	-52,971	-61,761
Consolidated sales	3,312,999	3,550,064

Reconciliation of the segment results with consolidated net profit:

€ thousand	2019/2020	2018/2019*
EBIT of the reporting segments	259,753	296,679
EBIT of other divisions	-2,311	-359
EBIT wholesale	0	5,662
Unallocated income	-27,075	234,814
Consolidated EBIT	230,367	536,796
Net financial result	-12,824	-25,028
Consolidated EBT	217,543	511,767

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

The non-allocated earnings contain one-time effects not reported in the segments that have been adjusted for operational comparison purposes.

09 Other receivables and non-financial assets

€ thousand	30 November 2019	31 May 2019
Other current assets	13,720	10,043
Receivables from finance leases	16,947	16,277
Insurance receivables	32,711	37,564
Positive market value of currency hedges	14,663	13,518
Subtotal other financial assets	78,040	77,403
Advance payments for services	4,719	4,069
Advance payments for insurances	7,889	6,066
Advance payments for licences	10,099	4,297
Prepaid expenses	36,937	35,309
Receivables for partial retirement	502	427
Advance payments to employees	2,195	2,213
Other tax receivables	80,922	78,055
Total	221,303	207,838

10 Non-current assets held for sale

The disposal group classified as held for sale includes the proportionate carrying amount of € 21,192 thousand for the Behr Hella Service sub-group. The HELLA Group expects the sale of the shares in the joint venture and its subsidiaries to joint venture partner MAHLE to be completed by 31 December 2019.

HELLA is also going to sell its relay business to Hongfa, a Chinese relay manufacturer, in order to optimize its electronics portfolio. As a result, the assets and liabilities of HELLA (Xiamen) Automotive Electronics Co., Ltd., a fully consolidat-

ed subsidiary, and some assets of HELLA (Xiamen) Electronic Device Co., Ltd., a fully consolidated subsidiary, were reclassified in the statement of financial position. Assets held for sale thus include non-current assets amounting to € 7,737 thousand, inventories amounting to € 3,493 thousand, receivables amounting to € 3,465 thousand and other current assets amounting to € 1,169 thousand. Liabilities held for sale break down into trade payables amounting to € 3,709 thousand and other current liabilities and provisions amounting to € 1,503 thousand.

11 Other non-current assets

€ thousand	30 November 2019	31 May 2019
Receivables from finance leases	41,124	42,064
Other non-current assets	1,661	1,714
Subtotal of other financial assets	42,785	43,778
Advance payments	159	301
Prepaid expenses	12,112	6,246
Plan assets	3,625	3,537
Total	58,681	53,861

12 Other liabilities

€ thousand	30 November 2019		31 May 2019	
	Non-current	Current	Non-current	Current
Derivatives	80,203	10,812	75,902	14,917
Other financial liabilities	24,059	201,730	24,680	166,071
Subtotal other financial liabilities	104,263	212,542	100,582	180,988
Other taxes	18	65,758	19	40,654
Accrued personnel liabilities	0	138,741	0	201,112
Total	104,280	417,041	100,601	422,754

13 Equity

On the liabilities side, nominal capital is recognised at its nominal value under the “Subscribed capital” item. The nominal capital amounts to € 222,222 thousand. The no-par value shares are issued to the bearer. All issued shares are fully paid up. Each share confers a right to vote and a right to dividends if distributions are agreed.

In addition to “Other retained earnings/profit carried forward” and the capital reserve, “reserves and unappropriated surplus” include the differences stemming from the currency translation of the annual financial statements of foreign subsidiaries not recognised in the income statement and the impact arising from the measurement of derivative financial instruments acquired for hedging purposes also not recognised in the income statement, as well as the reserve for debt capital instruments (IFRS 9). Also included are the results from the remeasurement of defined benefit plans, recognised directly in equity. A detailed overview of the composition and changes in the results recognised directly in equity is presented in the consolidated statement of changes in equity.

Actuarial losses after taxes of € 24,182 thousand (prior year: profits of € 1,238 thousand) were recognised during the reporting period. The change in value of the defined benefit

liabilities or of the assigned plan assets is attributable to calculation parameters and in particular the discount rate used here, which was 0.84% at the end of November 2019 (May 2019: 1.26%).

The owners of the parent company are allotted a dividend for fiscal year 2018/2019 of € 372,222 thousand (€ 1.05 for a general dividend plus € 2.30 for a special dividend per no-par value share), which has already been paid out in full. A distribution of € 0 thousand (prior year: € 833 thousand) is attributable to the non-controlling interests.

The Group aims to maintain a strong equity base. The Group strives to strike a balance between a higher return on equity, which would be possible through greater leverage, and the advantages and security offered by a solid equity position. The Group is aiming for a ratio of less than 1.0 for net financial debt to earnings before interest, taxes, depreciation and amortisation (EBITDA) in the long term. The ratio was 0.2 on 30 November 2019 (prior year: 0.0).

14 Notes to the cash flow statement

As at 31 May 2019, the cash funds comprise exclusively cash and cash equivalents.

15 Adjustment of special effects in cash flow

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

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

In this reporting period, free cash flow from operating activities is adjusted for payments made for restructuring measures amounting to € 4,939 thousand (prior year: € 4,855 thousand).

The wholesale business was sold in fiscal year 2018/2019. 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 € 1,814 thousand (prior year: € -41,354 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 € 2,370 thousand.

Changes in adjusted free cash flow from operating activities for the first six months of fiscal years 2019/2020 and 2018/2019 are shown in the following tables:

€ thousand	2019/2020 as reported	Adjustment	2019/2020 adjusted
Earnings before income taxes (EBT)	217,543	27,075	244,618
+ Depreciation and amortisation	208,346	0	208,346
+/- Change in provisions	14,295	-19,425	-5,131
- Other non-cash income and cash flows not attributable to operating activities	-7,368	0	-7,368
+/- Losses / profits from the sale of property, plant and equipment and intangible assets	1,811	0	1,811
+ Net financial result	12,824	0	12,824
+/- Change in trade receivables and other assets not attributable to investing or financing activities	-36,274	0	-36,274
- Increase in inventories	-100,917	0	-100,917
+/- Change in trade payables and other liabilities not attributable to investing or financing activities	78,262	-827	77,435
+ Tax refunds received	497	0	497
- Taxes paid	-41,986	2,301	-39,685
+ Dividends received	24,938	0	24,938
= Net cash flow from operating activities	371,971	9,123	381,094
+ Cash receipts from the sale of intangible assets and property, plant and equipment	6,164	0	6,164
- Payments for the purchase of intangible assets and property, plant and equipment	-257,117	0	-257,117
= Free cash flow from operating activities	121,017	9,123	130,141

€ thousand	2018/2019 as reported	Adjustment	2018/2019 adjusted
Earnings before income taxes (EBT)	511,767	-240,054	271,714
+ Depreciation and amortisation	184,213	-3,655	180,558
+/- Change in provisions	-35,564	2,256	-33,308
- Other non-cash income and cash flows not attributable to operating activities	-312,576	253,533	-59,043
+/- Losses / profits from the sale of property, plant and equipment and intangible assets	387	-230	157
+ Net financial result	25,028	-422	24,606
+/- Change in trade receivables and other assets not attributable to investing or financing activities	-58,013	-5,800	-63,813
- Increase in inventories	-151,828	14,876	-136,951
+/- Change in trade payables and other liabilities not attributable to investing or financing activities	230,185	-9,416	220,769
+ Tax refunds received	7,655	0	7,655
- Taxes paid	-82,165	-1,885	-84,050
+ Dividends received	25,060	0	25,060
= Net cash flow from operating activities	344,150	9,204	353,354
+ Cash receipts from the sale of intangible assets and property, plant and equipment	9,164	-1,626	7,538
- Payments for the purchase of intangible assets and property, plant and equipment	-250,430	254	-250,176
+ Repayment from loans in connection with the sale of subsidiaries	44,331	-44,331	0
= Free cash flow from operating activities	147,214	-36,499	110,715

16 Disclosures on financial instruments

The carrying amounts and fair values of classes of financial instruments and the carrying amounts in accordance with IFRS 9 measurement categories as at 30 November 2019 and 31 May 2019 are set out below.

€ thousand	Measurement category under IFRS 9	Carrying amount 30 Nov 2019	Fair value 30 Nov 2019	Carrying amount 31 May 2019	Fair value 31 May 2019	Fair value hierarchy
Cash and cash equivalents	Amortised cost	941,202	941,202	876,763	876,763	
Trade receivables	Amortised cost	1,079,106	1,079,106	1,065,804	1,065,804	
Financial assets						
Equity instruments	FVPL	186,159	186,159	166,178	166,178	Level 1
Debt capital instruments	FVOCI	512,879	512,879	369,711	369,711	Level 1
Loans	Amortised cost	2,595	2,595	2,836	2,836	
Other bank balances	Amortised cost	18,940	18,940	18,406	18,406	
Other financial assets						
Derivatives used for hedging	n.a.	13,726	13,726	12,562	12,562	Level 2
Derivatives not used for hedging	FVPL	937	937	957	957	Level 2
Other receivables associated with financing activities	Amortised cost	63,378	63,378	63,884	63,884	
Current financial assets		2,818,922	2,818,922	2,577,101	2,577,101	
Financial assets						
Equity instruments	FVPL	25,934	25,934	18,277	18,277	Level 3
Debt capital instruments	FVPL	20,281	20,281	20,249	20,249	Level 2
Loans	Amortised cost	3,688	3,688	4,546	4,546	Level 2
Other receivables associated with financing activities	Amortised cost	32	32	33	33	Level 2
Other financial assets						
Trade receivables	Amortised cost	42,785	42,785	43,778	43,778	Level 2
Non-current financial assets		92,720	92,720	86,883	86,883	
Financial assets		2,911,642	2,911,642	2,663,984	2,663,984	
Financial liabilities						
Financial liabilities to banks and bond	Amortised cost	542,682	542,682	553,575	553,575	
Trade payables	Amortised cost	798,142	798,142	796,644	796,644	
Other financial liabilities						
Derivatives used for hedging	n.a.	9,344	9,344	13,748	13,748	Level 2
Derivatives not used for hedging	FVPL	1,468	1,468	1,169	1,169	Level 2
Other financial liabilities	Amortised cost	201,730	201,730	166,071	166,071	
Current financial liabilities		1,553,366	1,553,366	1,531,207	1,531,207	
Financial liabilities						
Financial liabilities to banks	Amortised cost	276,367	332,815	274,731	325,394	Level 2
Bonds	Amortised cost	897,038	926,364	397,579	429,089	Level 1
Other financial liabilities						
Derivatives used for hedging	n.a.	80,203	80,203	75,902	75,902	Level 2
Derivatives not used for hedging	FVPL	0	0	0	0	Level 2
Other financial liabilities	Amortised cost	24,059	24,059	24,680	24,680	
Non-current financial liabilities		1,277,668	1,363,442	772,892	855,065	
Financial liabilities		2,831,033	2,916,807	2,304,099	2,386,272	

€ thousand	Carrying amount 30 Nov 2019	Fair value 30 Nov 2019	Carrying amount 31 May 2019	Fair value 31 May 2019
Of which aggregated under IFRS 9 measurement categories:				
Financial assets				
FVPL	233,311	233,311	205,661	205,661
Amortised cost	2,151,726	2,151,726	2,076,050	2,076,050
FVOCI	512,879	512,879	369,711	369,711
Financial liabilities				
Amortised cost	2,740,018	2,825,792	2,213,280	2,295,453
FVPL	1,468	1,468	1,169	1,169

Notes on the abbreviations used:

FVPL: Fair Value through Profit or Loss.

FVOCI: Fair Value through Other Comprehensive Income, with reclassification to profit or loss.

Level 1: The valuation technique used for financial assets and financial liabilities measured at fair value depends on the available inputs. If quoted prices can be accessed for identical assets in active markets, those prices are used to measure fair value.

Level 2: If this is not possible, fair value is measured using the fair values of comparable market transactions as well as financial methods based on observable market data.

Level 3: Fair values not based on observable market data are measured using generally recognised financial modelling methods or observable achievable prices from recent qualified funding rounds while taking account of the entity's life and development cycle.

The Group reports possible transfers between different levels of the fair value hierarchy at the end of the reporting period in which the change occurred. As in the prior year, no

transfers were made between different levels of the fair value hierarchy during the current 2019/2020 reporting period. The carrying amounts of current financial instruments at the balance sheet date correspond to the market value owing to their short residual term and the fact that they are recognised at market value.

Non-current financial instruments on the assets side are mainly determined by the other investments, securities as cover assets for pension provisions and loans. The fair values of these equity components measured at acquisition costs could not be determined as no stock exchange or market prices were available. The long-term equity instruments are interests in other entities and non-consolidated affiliates, are recognised as FVPL and measured at cost because the fair values cannot be reliably determined.

17 Events after the balance sheet date

No events or developments occurred after the end of the fiscal half-year that could have led to a material change to the recognition or the valuation basis of individual assets or liabilities as at 30 November 2019 or that would have had to be reported.

Lippstadt, 6 January 2020

The Managing General Partner of HELLA GmbH & Co. KGaA

Hella Geschäftsführungsgesellschaft mbH



Dr. Rolf Breidenbach
(Chairman)



Dr. Werner Benade



Dr. Frank Huber



Dr. Nicole Schneider



Bernard Schäferbarthold

RESPONSIBILITY STATEMENT

on the interim consolidated financial statements and interim Group management report of HELLA GmbH & Co. KGaA as at 30 November 2019

To the best of our knowledge, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with applicable accounting principles and the interim Group management report includes a true and fair review of the development and performance of the business and the

position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Lippstadt, 6 January 2020



Dr. Rolf Breidenbach

(President and CEO of
Hella Geschäftsführungsgesellschaft mbH)



Dr. Werner Benade

(Managing Director of
Hella Geschäftsführungsgesellschaft mbH)



Dr. Frank Huber

(Managing Director of
Hella Geschäftsführungsgesellschaft mbH)



Dr. Nicole Schneider

(Managing Director of
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Bernard Schäferbarthold

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