
Business development so far in line with expectations, but adjustment of company outlook necessary due to COVID-19 pandemic

- On a provisional basis, sales after adjustment for currency and portfolio effects decrease by 3.7 percent in the first nine months of the fiscal year 2019/2020 to € 4.8 billion; adjusted EBIT margin decreased to 7.2 percent
- Comprehensive set of measures adopted to reduce staff and material costs; short-time work on domestic locations under preparation; further measures expected due to COVID-19 pandemic
- Adjustment of company outlook for the current fiscal year 2019/2020 necessary due to special market conditions

Lippstadt, 18 March 2020. In the first nine months of the current fiscal year 2019/2020 (1 June 2019 to 29 February 2020), sales and earnings of the internationally positioned automotive supplier HELLA have developed in line with expectations despite the outbreak of the Corona virus. On a provisional basis, currency and portfolio-adjusted sales decreased by 3.7 percent to € 4.8 billion (previous year: € 5.0 billion). The adjusted earnings before interest and taxes (adjusted EBIT) have sunk to € 347 million (previous year: € 410 million); accordingly, the adjusted EBIT margin is at 7.2 percent (previous year: 8.2 percent). In contrast, the adjusted free cash flow from operating activities has considerably improved in the nine-month period and is now at € 191 million (previous year: € 169 million).

The COVID-19 pandemic and the global reactions to it, particularly the increasing number of production shutdowns by customers, the estimated disruptions of the global logistics chains and the anticipated intensified decline in demand, have significant effects on the global automotive industry, including the demand for automotive lighting and electronics solutions from HELLA. Consequently, already at the end of third quarter, HELLA was confronted with a significant decrease in customer demand. As a reaction, in addition to the existing cost control program, the company has adopted a comprehensive set of measures to reduce staff and material costs. Furthermore, short-time work on domestic sites is under preparation. The management considers further measures which can include short-time work at other locations and the temporary shutdown of the company's own production facilities. With these measures, which take into view recommendations from international, national and local authorities, the company is also helping to protect its workforce, to interrupt chains of infection and to contain the spread of the pandemic.

Despite these countermeasures, due to the ongoing spread of the Corona virus, HELLA expects not to achieve its business objectives for the current fiscal year 2019/2020. Given the reduction in customer demand and the interruption of logistics chains, the company is now anticipating currency and portfolio adjusted sales to be below the originally forecasted range of approx. € 6.5 billion to € 7.0 billion. As the visibility of the consequences of the pandemic is currently limited, it is not possible to estimate the amount more accurately at this time. Depending on the development and duration of the loss of business, also the EBIT margin adjusted for restructuring measures and portfolio effects is estimated to fall considerably below the originally forecasted target of 6.5 percent to 7.5 percent.

The detailed nine-month results for the current fiscal year 2019/2020 will be published as planned on 2 April 2020.