
Solid business development in the nine-month period, consequences of the COVID-19 pandemic noticeably evident

- Currency and portfolio-adjusted consolidated sales decrease by 3.7 percent to € 4.8 billion; adjusted earnings before interest and taxes fall to € 347 million; adjusted EBIT margin is at 7.2 percent
- Adjusted free cash flow from operating activities improves to € 191 million
- Automotive business burdened by coronavirus outbreak; Aftermarket with strong earnings development; business in Special Applications declines due to market weakness of individual customer groups
- Company outlook already adjusted due to the consequences of the COVID-19 pandemic

Lippstadt, 2 April 2020. Sales and earnings of the internationally positioned automotive supplier HELLA declined as expected in the first nine months of the fiscal year 2019/2020 (1 June 2019 to 29 February 2020) in a considerably negative market environment. Currency and portfolio-adjusted sales decreased by 3.7 percent to € 4.8 billion (previous year: € 5.0 billion); reported Group sales decreased by 6.2 percent due to portfolio changes. The adjusted earnings before interest and taxes (adjusted EBIT) fell to € 347 million (previous year: € 410 million); the adjusted EBIT margin was 7.2 percent (previous year: 8.2 percent). At the same time, adjusted free cash flow from operating activities improved significantly to € 191 million (previous year: € 169 million).

"In the third quarter, we have already been affected by the first impacts of the COVID-19 pandemic," said HELLA CEO Dr. Rolf Breidenbach. "From a nine-month perspective, however, we are still in line with our overall expectations. Above all, we have once again performed significantly better than the automotive market, which further confirms the strength and resilience of our business model."

Automotive business burdened by coronavirus outbreak

In the first nine months of the current fiscal year, global light vehicle production dropped by 7.6 percent. The consequences of the coronavirus outbreak in China at the beginning of the year contributed to this significant decline. In the same period, reported sales in the Automotive segment decreased by 2.5 percent to € 4.1 billion (previous year: € 4.2 billion). The fact that HELLA was able to distance itself so strongly from the general market trend is mainly due to the high demand for electronic products and the strong business development in the American market. The segment's earnings before interest and taxes (EBIT) fell to € 282 million due to the lower business volume and continued high investments in future automotive technologies (previous year: € 336 million). The EBIT margin is thus at 6.8 percent (previous year: 7.9 percent).

Aftermarket with strong earnings development

Reported sales of the Aftermarket segment declined by 1.7 percent to € 464 million in the nine-month period (previous year: € 472 million). Although the independent aftermarket business recovered in individual target markets in the third quarter and thus led to a sales increase, demand for spare parts was significantly lower overall, particularly in southwestern Europe and the Middle East. In addition, business with workshop equipment declined compared with the same period last year, which was characterized by an extraordinary upswing in demand due to the introduction of new regulatory requirements. In contrast, the segment's EBIT improved significantly by 10.8 percent to € 43 million due to cost savings and product mix effects (previous year: € 39 million). As a result, the EBIT margin rose to 9.4 percent (previous year: 8.3 percent).

Business in Special Applications declines due to market weakness of individual customer groups

Business development in the Special Applications segment was impacted in the nine-month period, particularly due to the continuing weakness of the market for agricultural and construction machinery as well as trailers. Consequently, reported segment sales declined by 8.7 percent to € 272 million (previous year: € 298 million). As a result of lower sales and increased investments in the expansion of the electronics portfolio, the EBIT of the segment was reduced to € 24 million (previous year: € 37 million). The EBIT margin thus fell to 8.9 percent (previous year: 12.4 percent).

Company outlook already adjusted due to the consequences of the COVID-19

pandemic

In view of the continuing spread of the COVID-19 pandemic and the related impact on the global automotive industry, HELLA had already announced on 18 March 2020 that its company targets for the current fiscal year 2019/2020 are not to be achieved. Due to declining customer demand and possible disruptions in logistics chains, the Company now expects currency and portfolio-adjusted sales to be below the originally forecasted range of around € 6.5 billion to € 7.0 billion. As there is currently only limited visibility regarding the consequences of the COVID-19 pandemic, 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 COVID-19 pandemic is an enormous challenge for the entire automotive industry. Nevertheless, I am confident that we are well equipped to successfully overcome the crisis. For instance, we have a strong balance sheet with high liquidity. At the same time, we began early on to adjust our employment and cost structures to the current situation," said Dr. Rolf Breidenbach. "Beyond that, our strategy remains intact. With our global network, our balanced customer portfolio and our technological strength, we are still well positioned for the automotive future in the long term."

Selected key financial figures in € millions or as a percentage of sales for the first nine months (1 June 2019 to 29 February 2020):

	Fiscal year 2019/2020	Fiscal year 2018/2019	Change
Sales currency and portfolio-adjusted	4,807	4,991	-3.7%
Sales reported	4,848	5,169	-6.2%
Adjusted earnings before interest and taxes (adjusted EBIT)	347	410	-15.3%
Earnings before interest and taxes (EBIT)	312	649	-51.9%
Adjusted EBIT margin	7.2%	8.2%	-1.0 pp
EBIT-Margin	6.4%	12.6%	-6.1 pp

Where sums and percentages have been rounded, differences may arise as a result of commercial rounding.
The balance sheet date for the previous year is 28 February 2019.

The financial statement on the first nine months of fiscal year 2019/2020 is now available for download from the HELLA GmbH & Co. KGaA [website](#).