



## **Challenging market environment adversely affects sales and earnings in first half of fiscal year**

- **Currency and portfolio-adjusted sales decline by 3.2% to € 3.3 billion; reported sales drop by 6.7% due to sale of wholesale activities**
- **Adjusted earnings before interest and taxes fall to € 257 million; adjusted EBIT margin is at 7.8%**
- **Decline in global light vehicle production impacts automotive business; profitability improves in Aftermarket; Special Applications segment affected by weakness in individual customer markets**
- **Company outlook confirmed for current fiscal year**

**Lippstadt, 14 January 2020.** Amid a slowing economy and a still-challenging industry environment, global automotive supplier HELLA reported a decline in sales and earnings in the first half of fiscal year 2019/2020 (1 June to 30 November 2019). The company's currency and portfolio-adjusted sales dropped 3.2% to € 3.3 billion (prior year: € 3.4 billion). Reported consolidated sales fell by 6.7% after the sale of the wholesale business.

Adjusted earnings before interest and taxes (adjusted EBIT) sank to € 257 million during the six-month period (prior year: € 296 million). The adjusted EBIT margin therefore amounts to 7.8% (prior year: 8.7%). Reported EBIT declined to € 230 million (prior year: € 537 million). This substantial reduction is largely due to extraordinary income booked in the prior year from the sale of the wholesale business. The reported EBIT margin is therefore 7.0% (prior year: 15.1%).

"Given the challenging market environment, our sales and earnings declined as expected in the first half of the year. However, we once again outperformed the market, which speaks to the attractiveness of our products and the strength of HELLA's business model. Overall, we are satisfied with the development of our business," said HELLA CEO Dr. Rolf Breidenbach.



## **Decline in global light vehicle production impacts automotive business**

Reported sales from the Automotive segment decreased in the first half of the fiscal year by 1.6% to € 2.8 billion (prior year: € 2.9 billion). The decrease was largely attributable to a worldwide decline in light vehicle production, which shrank by 6.1% in the half-year period. HELLA managed to outperform the broader market primarily based on strong demand for electronic products, particularly in energy management and sensors, and on strong business in the American market. As a result of the reduced business volume and still-high capital expenditure for research and development, the segment's EBIT decreased to € 213 million (prior year: € 244 million). The EBIT margin therefore comes to 7.6% (prior year: 8.5%).

## **Profitability improves for Aftermarket**

The reported sales of the Aftermarket segment dropped by 3.8% to € 323 million in the first half of the fiscal year (prior year: € 336 million). Demand for spare parts was much weaker in Southwest Europe and the Middle East in particular. The business with workshop products was also down from the previous year; a year in which product demand was extraordinarily strong because of new regulatory requirements. The segment's profitability improved significantly due to cost optimisation and product mix effects as EBIT increased by 14.2% to € 29 million (prior year: € 25 million). The segment's EBIT margin is therefore 9.0% (prior year: 7.6%).

## **Special Applications segment affected by weakness in individual customer markets**

Reported sales in the Special Applications segment decreased 10.2% in the half-year period to € 183 million (prior year: € 204 million), mainly as a result of market weakness in the business for agricultural and construction vehicles and for buses and trailers. Due to low sales, product mix effects as well as higher capital expenditure in new products, the segment's EBIT has fallen to € 18 million (prior year: € 27 million). The EBIT margin therefore comes to 9.7% (prior year: 13.3%).



## **Company outlook confirmed for current fiscal year**

After the first half-year, HELLA has confirmed its guidance for the full fiscal year 2019/2020. "The market environment remains very challenging. A strong, sustained recovery is not likely to emerge in 2020," said Dr. Rolf Breidenbach. "However, we are still reaffirming our annual targets. We will vigorously capitalize on the current phase of market weakness to improve our competitiveness and continue investing in innovative solutions for the market trends of electrification and autonomous driving." For the current fiscal year, HELLA expects currency and portfolio-adjusted consolidated sales of around € 6.5 billion to € 7.0 billion as well as an EBIT margin adjusted for restructuring measures and portfolio effects of between 6.5% and 7.5%.



**Selected key financial figures in € millions or as a percentage of sales for the first half-year (1 June to 30 November):**

	<b>Fiscal year 2019/2020</b>	<b>Fiscal year 2018/2019</b>	<b>Change</b>
<b>Sales</b> currency and portfolio-adjusted	3,283	3,392	-3.2%
<b>Sales</b> reported	3,313	3,550	-6.7%
<b>Adjusted earnings before interest and taxes</b> (adjusted EBIT)	257	296	-13.1%
<b>Earnings before interest and taxes</b> (EBIT)	230	537	-57.1%
<b>Adjusted EBIT margin</b>	7.8%	8.7%	-1.0 pp
<b>EBIT margin</b>	7.0%	15.1%	-8.2 pp

*Where sums and percentages have been rounded, differences may arise as a result of commercial rounding.*

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

**Please note:**

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**HELLA GmbH & Co. KGaA, Lippstadt:** HELLA is a global, family-owned company, listed on the stock exchange, with over 125 locations in some 35 countries. With sales of € 7.0 billion in the fiscal year 2018/2019 and 39,000 employees, HELLA is one of the leading automotive suppliers. HELLA specialises in innovative lighting systems and vehicle electronics and has been an important partner to the automotive industry and aftermarket for more than a century. Furthermore, in its Special Applications segment, HELLA develops, manufactures and sells lighting and electronic products for specialist vehicles.

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## PRESS RELEASE



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