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FORVIA HELLA: Preliminary figures for 2023 and outlook for 2024 published, competitiveness program for Europe announced

- Currency and portfolio-adjusted sales of € 8.1 billion in fiscal year 2023; operating income margin improves to 6.1 percent; net cash flow to sales ratio of 2.6 percent
- All Business Groups with higher sales and improved profitability
- Order intake of around € 11 billion, including for Smart Lights, 77 GHz radar sensors, battery electronics and Smart Car Access systems
- Cost synergies from cooperation within the FORVIA Group of € 190 million, more than half is attributable to FORVIA HELLA
- Company outlook for 2024 forecasts slight improvements in a challenging market environment; program to sustainably strengthen competitiveness in Europe

HELLA GmbH Co. KGaA ("FORVIA HELLA") today presented the preliminary results for the fiscal year 2023 and the company outlook for 2024. Thus, FORVIA HELLA has increased sales and earnings in 2023 as forecasted, and the Company expects further improvements for the current fiscal year. At the same time, the Company has announced a program to further increase competitiveness in Europe in light of a significantly weakening market environment.

On a preliminary basis, FORVIA HELLA increased its currency and portfolio-adjusted sales by 11.7 percent to € 8.1 billion in fiscal year 2023 (1 January to 31 December 2023); taking exchange rate effects into account, reported Group sales improved by 10.3 percent to € 8.0 billion (calendar year 2022: € 7.2 billion¹). Operating income increases by around 65 percent to € 486 million (calendar year 2022: € 295 million¹), in relation to a low prior-year figure, and the operating income margin thus rises to 6.1 percent (calendar year 2022:

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4.1 percent¹). The net cash flow in relation to sales amounts to 2.6 percent (calendar year 2022: 3.0 percent¹).

Bernard Schäferbarthold, CEO at FORVIA HELLA: "In 2023, we were able to increase our sales and generated over € 8 billion for the first time in the company's history. We also achieved satisfactory financial results thanks to higher business volumes, successful cost control and the pass-through of inflation costs. Based on our preliminary business figures, we have therefore achieved all the targets we set for the fiscal year 2023."

All Business Groups with higher sales and improved profitability

In fiscal year 2023, the Lighting Business Group increased its sales by 13.0 percent to € 3.9 billion (calendar year 2022: € 3.4 billion). The main growth drivers were higher business volumes in all regions, also as a result of new production launches. Operating income improves significantly to € 132 million (calendar year 2022: € 16 million), while the operating income margin rises to 3.4 percent (calendar year 2022: 0.5 percent).

The Electronics Business Group increased sales by 7.9 percent compared to the prior year to € 3.4 billion (calendar year 2022: € 3.1 billion). The main sales drivers were the business with high-voltage battery management systems, voltage converters, radar sensors and body electronics. Operating income amounts to € 232 million (calendar year 2022: € 179 million) and the operating income margin therefore increases to 6.9 percent (calendar year 2022: 5.7 percent).

The Lifecycle Solutions Business Group also achieved an increase in sales of 7.9 percent and generated sales of € 1.1 billion (calendar year 2022: € 1.0 billion). The main drivers were the strong spare parts business, particularly in Europe and the Americas, the further roll-out of the newly launched particle counter for diesel vehicles and the business for trucks and buses as well as agricultural and construction machinery. Operating income in the Lifecycle Solutions Business Group amounts to € 128 million (calendar year 2022: € 106 million), resulting in an increase in the operating income margin to 11.9 percent (calendar year 2022: 10.7 percent).

ABOUT FORVIA HELLA

FORVIA HELLA is a listed, internationally positioned automotive supplier. As a company of the FORVIA Group, FORVIA HELLA stands for high-performance lighting technology and vehicle electronics. At the same time, FORVIA HELLA's Lifecycle Solutions business group covers a broad service and product portfolio for the spare parts and workshop business as well as for manufacturers of special vehicles. With around 37,500 employees at over 125 locations, the Company is active worldwide and generated adjusted sales of € 8.1 billion on preliminary basis in fiscal year 2023.

ABOUT FORVIA

FORVIA comprises the complementary technology and industrial strengths of Faurecia and HELLA. With over 300 industrial sites and 77 R&D centers, 150,000 people, including more than 35,000 engineers across 40+ countries, FORVIA provides a unique and comprehensive approach to the automotive challenges of today and tomorrow. Composed of 6 business groups with 24 product lines, and a strong IP portfolio of over 14,000 patents, FORVIA is focused on becoming the preferred innovation and integration partner for OEMs worldwide. FORVIA aims to be a change maker committed to foreseeing and making the mobility transformation happen.
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Order intake of around € 11 billion in fiscal year 2023

Incoming orders in 2023 amounted to a total of around € 11 billion. This includes several extensive lighting packages with American and Chinese OEMs as well as significant technology packages for the interior lighting solution Smart Lights. In the electronics business, FORVIA HELLA has won the largest single order in the history of the Business Group with an order for 77 GHz radar sensors as well as other projects for battery management and the digital access system Smart Car Access.

Cost synergies from cooperation within the FORVIA Group totaling € 190 million

Cooperation within the FORVIA Group made further progress in the past fiscal year 2023. Significant successes were achieved, particularly in the realization of cost synergies. In the fiscal year 2023, cost synergies totaling € 190 million were achieved for the FORVIA Group, particularly through close cooperation in the areas of purchasing and production. On this basis, the total cost effects expected by the end of 2025 were increased to above € 350 million, around half of which is expected to be attributable to FORVIA HELLA.

Company outlook for 2024 and competitiveness program for Europe announced

For fiscal year 2024 (1 January to 31 December 2024), FORVIA HELLA expects to generate currency and portfolio-adjusted Group sales of between around € 8.1 and 8.6 billion. The operating income margin is forecasted to be between around 6.0 and 7.0 percent. For net cash flow in relation to sales, FORVIA HELLA is forecasting a figure of approximately 3 percent.

"For 2024, we are forecasting slight improvements as we expect the market recovery to weaken especially in Europe this year and global car production to remain at a level of around 90 million vehicles for the full year," says CEO Bernard Schäferbarthold. "As a Company, we have always been characterized by our ability to adapt at an early stage to changing market conditions. Although we are still strategically well positioned, we are now taking targeted measures to strengthen our competitiveness, particularly in Europe."

The competitiveness program for Europe was announced against the background of the significant change in market conditions in Europe. On the one hand, car production in Europe in 2025 will fall well short by around 3 to 4 million vehicles of the level forecasted at the beginning of the coronavirus pandemic; vehicle production is only expected to

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stagnate at a level of around 17 million vehicles per year until 2030. On the other hand, cost pressure in Europe is increasing significantly due to the resulting overcapacity in the market and changing customer structures.

It is therefore planned to further strengthen FORVIA HELLA's competitiveness in Europe. In this context, structural measures are to be implemented in the European production network to adapt it to the expected volume reduction; the productivity of the locations is to be increased through consistent investments in standardization and automation. Secondly, the intention is to further increase efficiency in research and development as well as in administration, for example through the use of artificial intelligence or relocation or possible bundling of activities; significant improvements, particularly in material costs, should also contribute to secure competitiveness.

The annual gross savings targeted by the measures up to 2028 should then amount to € 400 million, of which around € 150 million should already be achieved by end of 2025. In total, the company plans to spend around € 200 million to implement the overall measures until 2028, of which a large extent will be spent by the end of 2025. The specific details of the competitiveness program will be determined in the coming months.

An analyst and investor call with CEO Bernard Schäferbarthold will take place today at 08:15 (CET) regarding the publication of the Company's outlook for 2024 as well as the competitiveness program. The final results for 2023 will be published as planned on 15 March 2024.

Note: You will find text and images in our press database at: www.hella.com/press

¹ FORVIA HELLA has changed its fiscal year to the calendar year as of 1 January 2023. For better comparability, pro forma figures are presented for the calendar year 2022 (1 January to 31 December 2022).

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