Technology
with Vision

ANNUAL REPORT
2014/2015

Key Performance Indicators

In € million	**2014/2015**	2013/2014*	2012/2013*
Sales	**5,835**	5,343	4,835
Change compared to last year	***9%***	*11%*	
Earnings before interest, tax and depreciation (EBITDA)	**766**	656	567
Change compared to last year	***17%***	*16%*	
Operating result (EBIT)	**430**	347	306
Change compared to last year	***24%***	*13%*	
Earnings for the period	**295**	230	206
Change compared to last year	***29%***	*12%*	
Result per share (in €)	**2.70**	2.23	–
Change compared to last year	***21%***		
Net cash generated from operating activities	**560**	535	442
Change compared to last year	***5%***	*21%*	
Net capital expenditures**	**347**	368	427
Change compared to last year	***–6%***	*–14%*	
Expenditures for Research and Development (R&D)	**544**	514	444
Change compared to last year	***6%***	*16%*	

	31 May 2015	31 May 2014	31 May 2013
R & D expenses in relation to sales	**9.3%**	9.6%	9.2%
EBITDA margin	**13.1%**	12.3%	11.7%
EBIT margin	**7.4%**	6.5%	6.3%
Net debt (in € million)	**131**	425	415
Net debt/EBITDA (last 12 months)	**0.2x**	0.6x	0.7x
Equity ratio	**38.8%**	30.1%	31.3%
Return on equity (last 12 months)	**22.0%**	19.0%	19.3%
Employees	**31,864**	30,692	28,319

* Adjusted on account of reclassification of other financial results. Further explanations are contained in the Notes to the Consolidated Financial Statement under number 6.

** Settlements for capital expenditures balanced with cash inflows from customer refunds.

Please note that where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding.

HELLA Worldwide

118 LOCATIONS

all around the globe belong to the HELLA Group.

116 YEARS

of experience and expertise: ever since Sally Windmüller founded the "Westfälische Metall-Industrie Aktien-Gesellschaft" on June 11, 1899, the company from Lippstadt, Germany has been constantly developing to become one of the leading global suppliers in the automotive industry.

176

PATENTS

were registered in the 2014/2015 fiscal year alone. Since its formation the HELLA Group has always employed its pioneering spirit to take the automotive industry to ever-greater heights.

31,864

EMPLOYEES

work at HELLA worldwide. 6,063 of these employees are engaged in Research and Development.

5.8 BILLION

euros in sales showcase the Company's success.

Company Profile

HELLA specialises in innovative lighting systems and vehicle electronics and, as a technological leader for over a century, is an important partner to the automotive and aftermarket industries. In the Special Applications segment, this global family-run business also develops, manufactures and sells products for specialist vehicles and vehicle-independent applications, such as street lighting or industry lighting systems. Out of a workforce of almost 32,000, around 6,000 employees work as experts in Research and Development, ensuring that technology from HELLA is cutting edge. With sales of approximately € 5.8 billion in the 2014/2015 fiscal year, the Group is one of the top 40 automotive suppliers in the world.

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Creating added value. That's what drives us. After all, we identify needs, understand the markets and develop perfectly matched products and innovative solutions which generate added value. We have around 32,000 employees at over 100 locations in more than 35 countries, who provide innovative products and efficient processes with a great deal of commitment, specialist expertise and imagination. Our technologies shape the international market. At the same time, as a listed family company we always have the various needs of our stakeholders firmly in view. So whether it's for our employees, customers, partners or shareholders, we provide added value for all – sustainably, day in, day out.

Dr. Jürgen Behrend (Managing General Partner) and Dr. Rolf Breidenbach (President and CEO)

Ladies and Gentlemen,

The last fiscal year was a pivotal time for our Company – HELLA KGaA Hueck & Co. went public. This is therefore also the first annual report that we have published since becoming a listed company on the stock exchange.

11 November 2014, the day of our flotation, was not just one of the high points of the fiscal year, but also a milestone in the history of HELLA, which spans more than a century. After our successful leap into the SDAX in January 2015, the family shareholders pursued their aim of increasing the free float and placed additional shares with investors in May. As a result, HELLA is an important step closer to being admitted to the MDAX.

The publicity and the market have valued our step onto the stock market. We have received a great deal of praise for our individual path and the HELLA shares have exhibited excellent growth since they started trading. For many years, our employees have been the reason for the positive perception of our Company and our successful development on the capital market. Therefore, on behalf of the entire HELLA Management Board, we would like to thank all of our employees for their exceptional dedication and commitment.

We also have a lot to be content with when it comes to operational business development. In the last fiscal year, we were able to achieve record sales once again, along with the highest results in the Company's history. Whilst the geopolitical events of 2014 and 2015 – particularly in Eastern Europe – have created a great deal of uncertainty for many, we have succeeded in ending the fiscal year on a high and also in laying the foundations for continuous business development in the future.

Soundly financed

HELLA's operations and strategy have always been based on sound financing. With our flotation, we were able to strengthen the financial basis of our Company and to improve our chances of continuing our global growth and innovation strategy once again. Thanks to the revenues from the capital increase related to the listing and the retained results, our equity ratio was 39 percent at the end of the fiscal year. The ratio between net financial debt and EBITDA was 0.2x.

Our financing structure is therefore still as robust as ever. Our financing is sound and long-term, and we have a high liquidity position, which ensures that we can act quickly. In February, Moody's recognised this once again by confirming our investment grade rating Baa2 with a stable outlook.

At the top of the target corridor

In the 2014/2015 fiscal year, HELLA generated consolidated sales of € 5.8 billion and, as a result, achieved sales growth of 9 percent. The exchange rate effects also had a positive impact here. At the same time, our operating result (EBIT) grew by 24 percent to an all-time peak of € 430 million compared to € 347 million the previous year. The result of this was an EBIT which, adjusted for onetime expenses for restructuring measures, amounted to € 445 million and an adjusted EBIT margin of 7.6 percent, after achieving 7.5 percent in the 2013/2014 fiscal year. The result achieved therefore matched our expectations.

In the 2014/2015 fiscal year, the automotive industry made the most significant contribution to HELLA's successful development, just like in the previous year. In the last fiscal year, we benefited from a recovery in the Western European car market and a consistently strong demand for cars in the USA and China. As a result, we were able to increase our sales in the Automotive segment to € 4.6 billion.

In the Aftermarket segment, last year was very much a year of two halves. The first half of the year was marked by low seasonal demand and the gradual consolidation of wholesale customers in Germany but business did pick up again in the second half of the year. All things considered, we saw a small, 4 percent increase in sales to € 1.2 billion.

For our Special Applications business, 2014/2015 was a challenging year, marked by weak demand in our important target market – agriculture. HELLA's large customers have reduced their production for several reasons, including the crisis in Ukraine. This meant that, at € 310 million, sales were down compared to the previous year.

Strengthened international presence and technological leadership

In the 2014/2015 fiscal year, we also successfully continued with our globalisation initiative from previous years and increased our capacities in the important growth markets. This means that we are well prepared to participate in the positive development in these markets with our products. Last year, we generated 28 and respectively 21 percent of our sales in the two strongest growth markets Asia/Pacific/RoW and North and South America.

The number of employees has also increased considerably once more: on 31 May, the HELLA workforce covered nearly 32,000 people worldwide, including 9,500 in Germany and around 10,000 outside Europe.

As an innovative automotive supplier, we want to help to shape the sector and the future. We aspire to continue to develop consistently. Because of this, research and development play a prominent role at HELLA. In the last fiscal year, our development quota was 9.3 percent of the sales – still high but less than the previous year. Around a fifth of HELLA employees currently work in research and development.

In a strong position for the new fiscal year

In many respects, the last fiscal year was a very good year for HELLA. We reached milestones, achieved goals and made progress in developing our Company. We are well prepared for the 2015/2016 fiscal year.

We intend to approach it with the exact same strategy that has made us successful in previous years: we want to strengthen our international presence further and continue to develop ourselves as leaders in technology with innovative products. All of this will make us a highly capable partner for our customers.

Lippstadt, August 2015

Dr. Jürgen Behrend
Managing General Partner

Dr. Rolf Breidenbach
President and CEO

THE MANAGEMENT BOARD OF HELLA KGaA HUECK & CO.

Carsten Albrecht
Business division Aftermarket, Special OE and Industries

Stefan Osterhage
Human Resources, Information Technology and Logistics

Jörg Buchheim
China

Dr. Rolf Breidenbach
President and CEO, business division Electronics, Purchasing and Quality

Dr. Jürgen Behrend
Managing General Partner

Dr. Wolfgang Ollig
Finance and Controlling

Dr. Matthias Schöllmann
Sales Automotive

Markus Bannert
Business division Lighting

REPORT BY THE SUPERVISORY BOARD

Dear Shareholders,
In the fiscal year 2014/2015, the Supervisory Board again closely followed the situation and development of HELLA KGaA Hueck & Co. The Supervisory Board performed the tasks incumbent upon it as provided for by applicable law and the articles of association, and advised and supervised the Management Board.

The Management Board provided the Supervisory Board on a regular basis with written and oral information on the business development of HELLA KGaA Hueck & Co. In particular, the market and sales situation of the enterprise against the background of the general economic development, the financial situation of the Company and its subsidiaries as well as earnings trends were presented to the Supervisory Board. In the context of the quarterly reporting, sales and earnings figures were presented for the HELLA Group as a whole as well as broken down to business segments.

Furthermore, during the Supervisory Board meetings, the current business situation, the sales, results and capital expenditure planning, as well as the operative targets were discussed. Any deviations in the course of business from the plans were explained by the Management Board in detail. An important issue during the fiscal year 2014/2015 was the going public of HELLA and the resulting new situation of the enterprise as a listed company.

Focus of consultations of the Supervisory Board
As the Supervisory Board was newly formed in the fiscal year 2014/2015 following re-elections, the Board convened for its constituent meeting on October 27, 2014, and thereafter met in three ordinary meetings, which took place on August 26, 2014, on January 21, 2015 and on May 28, 2015.

At the **meeting of August 26, 2014,** the annual financial statements of HELLA KGaA Hueck & Co. and of the Group (consolidated financial statements) for the fiscal year 2013/2014 were presented and discussed in depth. Based on the initial review by the audit committee, the Supervisory Board approved both the Company's financial statements and the consolidated financial statements. The Supervisory Board further addressed the proposals for the Annual General Shareholders' Meeting of September 26, 2014 and the earnings forecast for the current fiscal year 2014/2015. Furthermore, the Management Board presented the business plans for the fiscal years 2014/2015, 2015/2016 and 2016/2017 to the Supervisory Board. The Management Board's considerations on a going public of the Company were also a subject of the meeting.

At the constituent **meeting of October 27, 2014,** Prof. Dr. Michael Hoffmann-Becking was re-elected as chairman and Alfons Eilers was re-elected as deputy chairman of the Supervisory Board. Further, the members of the Audit Committee as well as the Chairman of the Committee, Klaus Kühn, were elected. Additionally, the Management Board reported on the continued planning regarding the Company's going public.

The main topic of the **meeting of January 21, 2015** was the current financial situation of the enterprise. Additionally, the Supervisory Board thoroughly acquainted itself with the legal requirements applicable to the Company as a result of the going public, including legal requirements for the Board Members. Furthermore, corporate governance issues were discussed; this included, in particular, discussion of draft rules of procedure for the Supervisory Board, and the determination of the objectives for the composition of the Board. Finally, a Nomination Committee was established that is responsible for preparing the Supervisory Board's recommendations to the General Shareholders' Meeting for the election of Supervisory Board Members.

The topics of the **meeting of May 28, 2015** were the Management Board report for the third quarter of the fiscal year 2014/2015 and the year-end forecast, as well as the business plans for the fiscal year 2015/2016. Furthermore, the declaration regarding the German Corporate Governance Code pursuant to Section 161 Stock Corporation Act (Aktiengesetz, "AktG") (Entsprechenserklärung), the rules of procedure and the objectives for the composition of the Supervisory Board were discussed and adopted. The Declaration of Conformity pursuant to Section 161 AktG has been published and is available on the Company's website under www.hella.com/declarationofconformity.

Work of the committees

The Supervisory Board has established an **Audit Committee** which is responsible for the initial review of the annual financial statements, of the consolidated financial statements, of the management reports and of the proposal for the appropriation of profits. The Audit Committee is also responsible for preparing the agreements with the auditor, including the instruction of the auditor and the fee agreement, as well as for defining the main points of the audit. The Audit Committee also deals with the supervisory duties prescribed by Section 107 (3) sentence 2 AktG. The members of the Audit Committee are Klaus Kühn (Chairman), Prof. Dr. Michael Hoffmann-Becking, Paul Berger and Manfred Menningen.

In the reporting year, the Audit Committee convened twice. In the meeting held on August 12, 2014, the Committee examined the initial review of the annual financial statements and of the consolidated financial statements as per May 31, 2014 Representatives of the Auditor for the annual financial statements and consolidated

financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft, Bielefeld, also participated in this meeting of the Audit Committee.

At the Committee meeting of January 8, 2015, the half-yearly report for the first half of the fiscal year 2014/2015 was presented. Further, the Management Board gave an overview on the topics pension schemes and internal audit, which were discussed in great depth. Additionally, the Audit Committee – as in the meeting held on August 12, 2014 – was informed of the current development of the antitrust investigations by the European Commission and the U.S. authorities. The Audit Committee further reviewed the agreement with the auditor on the audit of the annual financial statements for the fiscal year 2014/2015 and recommended that the Supervisory Board instruct KPMG accordingly.

The **Nomination Committee** which was formed on January 21, 2015 did not convene in the fiscal year 2014/2015.

Audit of the annual financial statements and of the consolidated financial statements
On September 26, 2014, the General Shareholders' Meeting appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Bielefeld, as Auditor both for the annual financial statements and for the consolidated financial statements for the fiscal year 2014/2015. Based on the resolution passed accordingly at the Supervisory Board meeting of January 21, 2015, the chairman of the Supervisory Board instructed KPMG AG Wirtschaftsprüfungsgesellschaft, Bielefeld, to conduct the audit.

The annual financial statements and the management report of HELLA KGaA Hueck & Co. for the fiscal year 2014/2015 were prepared in accordance with the provisions applicable under the German Commercial Code (Handelsgesetzbuch, "HGB"); the consolidated financial statements and the Group management report were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and in accordance with the additional commercial law provisions under Section 315a HGB to be applied. The annual financial statements as well as the consolidated financial statements including the management reports were audited by the Auditor KPMG, which issued an unqualified audit certificate for all documents. At the meeting on August 5, 2015, the audit committee thoroughly reviewed the financial statements. The representatives of the Auditor were present at the meeting of the Audit Committee, reported on the result of their audits and gave additional information. In the course of its audit, the Auditor did not find any material shortcomings in respect of the organization and effectiveness of the internal control and internal risk management system.

Based on the preparatory initial review by its Audit Committee, the Supervisory Board, for its part, also reviewed the annual financial statements and the management report of HELLA KGaA Hueck & Co. as well as the consolidated financial statements and the Group management report for the fiscal year 2014/2015. Given the final result of the Supervisory Board's review, there are no objections to be raised against the annual financial statements and the consolidated financial statements. The Supervisory Board approves the annual financial statements and the consolidated financial statements and endorses the proposal of the general partners (persönlich haftende Gesellschafter) for the appropriation of distributable profits (Bilanzgewinn).

Composition of the Supervisory Board

As of the close of the Annual General Shareholders' Meeting on September 26, 2014, both the term of office of the shareholder representatives and of the employee representatives on the Supervisory Board ended. On the shareholders' side, Elisabeth Fries and Prof. Dr. Michael Hoffmann-Becking were re-elected as Supervisory Board members; newly elected members are Laura Behrend, Manuel Frenzel, Stephanie Hueck, Klaus Kühn, Dr. Konstanze Thämer and Christoph Thomas. On the employee side, the appointment of Paul Berger, Michaela Bittner, Heinrich-Georg Bölter, Alfons Eilers, Susanna Hülsbömer and Manfred Menningen was confirmed; newly elected Supervisory Board members are Manuel Rodriguez Camaselle and Marco Schweizer.

The Supervisory Board expressed its gratitude and appreciation for the many years of trusting cooperation to those members who have ceased to hold office, i.e., Rudolf Bücker, Werner Lenke, Dr. Heinz-Günther Focken, Eugenie Friesenhausen, Heinz Hemmis, Dr. Matthias Röpke, Hans Sudkamp and Konstantin Thomas.

Thanks to the members of the Management Board and to all employees

Finally, the Supervisory Board would also like to express its gratitude and appreciation to the members of the Management Board and to all employees of HELLA worldwide for their commitment and successful work in the fiscal year 2014/2015.

Lippstadt, August 11, 2015
On behalf of the Supervisory Board

Prof. Dr. Michael Hoffmann-Becking
(Chairman)

HELLA ON THE CAPITAL MARKET

A predominantly positive, but volatile capital market environment
The fourth quarter of the 2014 calendar year started with significant price losses in the international capital markets, triggered by concerns surrounding a global economic downturn. Various leading share indices such as DAX and EUROSTOXX recorded new annual lows in the middle of October and the German indices for small and medium-sized companies, SDAX and MDAX, also consolidated across all industries during this phase. December was marked by a particularly volatile environment. Initially, it appeared as though there would be a positive trend in the capital markets. However, by the middle of the month, prices dropped sharply once again.

At the beginning of the 2015 calendar year, the German stock market showed very positive development until the middle of April. The continuous upward growth of the DAX reached its peak on 10 April with a record high of 12,374 points. The ECB's bond-buying programme announced in January, sustained low interest rates and growing expectations concerning economic development over the course of the quarter meant that global investors redeployed their capital in European and particularly German shares, which had a positive impact on share prices.

However, as a result of failure to meet these expectations, uncertainty amongst market players regarding Greece's possible exit from the eurozone, increasing yields on the bond market and an ever-strengthening euro, there was extensive consolidation in the German stock market from mid-April onward. At the end of the annual period on 31 May 2015, the DAX closed at 11,413 points. This corresponds to a performance of around 16 percent over the annual period. The indices for small and medium-sized companies, SDAX and MDAX, showed similar developments.

Additional share placement and increased free float
On 20 May 2015, by means of a private placement involving an accelerated bookbuilding process, the HELLA family shareholders placed 13,888,889 shares with national and international institutional investors. Through this sale, the free float increased significantly from 15.2 to 27.7 percent. The shares placed originate from holdings not subject to the pool agreement. The family shareholders have agreed to float 60 percent of this on the stock market by 2024. For the remaining non-pool-bound shareholdings of 12.3 percent, the family shareholders have committed to a six-month holding period until November 2015. The placement

Data and key indicators relating to HELLA shares

€ 222 million

Nominal capital

11 November 2014

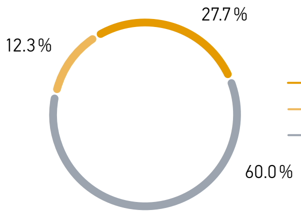
Initial quotation; ticker symbol HLE;
ISIN DE000A13SX22; WKN A13SX2;
share class: no-par value ordinary bearer shares;
market segments: Prime Standard (Frankfurt Stock Exchange), regulated market (Luxemburg Stock Exchange); SDAX index.

111,111,112

Number of shares issued

€ 47.50

Highest price since IPO (per share)
Lowest price since IPO: € 27.11 per share



Shareholder structure

Free float
Family shareholders (not pool-bound)
Family shareholders (pool-bound)*

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

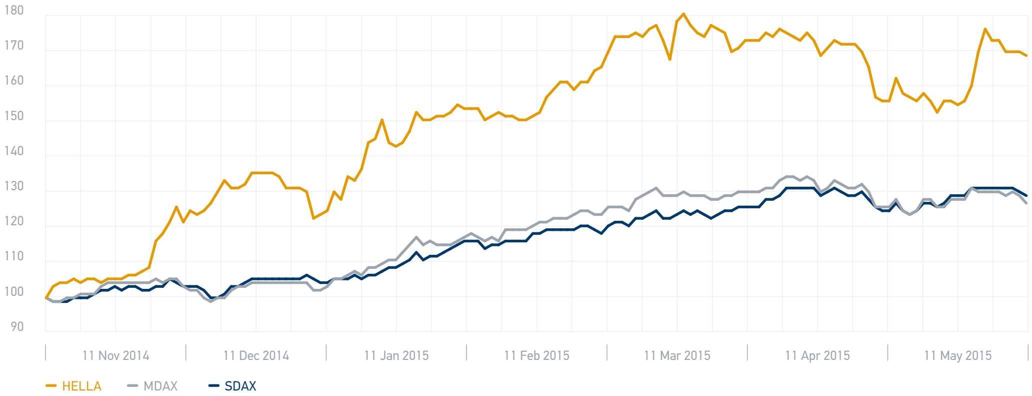
€ 4.2 million

Average daily trading volume (106,888 shares)

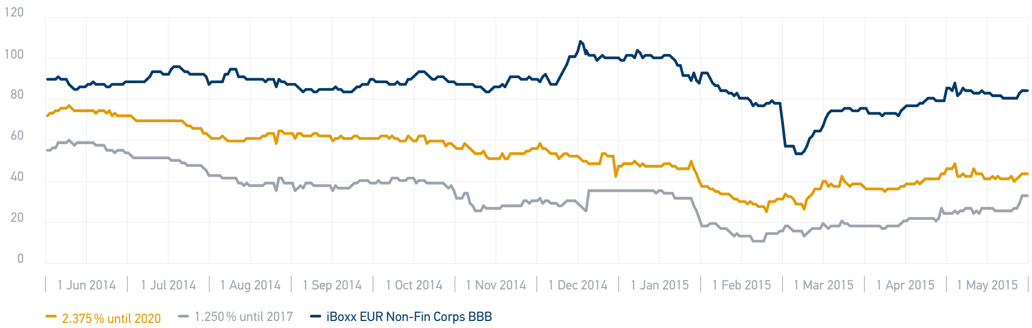
€ 4,940 million

Market capitalisation on 31 May 2015
(Closing price € 44.46 per share)

Price development compared to selected indices (indexed on 11 November 2014)



Development of the Z-spreads



and the associated increase of the free float to significantly above € 1 billion marks yet another milestone for HELLA on the path to its mid-term goal of being admitted to the MDAX.

Solid performance of HELLA shares

After HELLA shares were initially listed at the opening price of € 27.50 on 11 November 2014, they exhibited extremely strong price performance in November and December 2014, as well as in the first quarter of 2015. A combination of an advantageous capital market environment, company-related news and the unplanned admission to the SDAX selection index stimulated the share price. Furthermore, the initiation of coverage by several renowned brokerage houses and their favourable assessments regarding continuous business development had a positive impact on the shares. Strong gains at the beginning of March 2015 led to a new all-time high of € 47.50 on 20 March 2015 (XETRA closing price). However, the high price level from the middle of March could not be maintained. By mid-May, the share price had consolidated at the level from early March 2015. A weakening and then further consolidating general German market, partially gloomy forecasts by analysts as regards companies in the automotive supplier sector and sales by sector investors following the powerful rise of the euro are all phenomena that have weighed down share price developments. In the wake of the successful replacing of 12.5 percent of the share capital by the family shareholders on 20 May 2015, the share price stabilised at € 45.

With share prices up around 27 percent over the start of the year, HELLA shares ended the period under review at € 44.46 (XETRA closing price on 31 May 2015), thus outperforming the relevant SDAX share index (22 percent). The price of HELLA shares has risen some 68 percent since the IPO on 11 November 2014.

Positive development in HELLA bonds

Over the course of the annual period, both HELLA euro bonds recorded gains, driven mainly by general development in the credit markets. Along with the ECB's expansionary monetary policy in the third quarter of 2014, the redeployment of capital from other asset classes and the favourable prognoses from the agencies for declining default rates led to a high level of market liquidity. The Z-spreads (measured in terms of basis points over the euro mid-swap reference rate) of HELLA euro bonds also benefited from the general decline of the credit margins in 2014. Spurring on the bonds' development was also the European Central Bank's expansionary monetary policy, together with its mid-January announcement of a round of public quantitative easing involving bond-buying by the Central Bank. In the final quarter of the annual period, however, the strong volatility of the interest rate markets coupled with a sharp increase in the yields of German government bonds reversed the price development of HELLA bonds at the end of April/beginning of May.

At the end of the annual period on 31 May 2015, however, the Z-spreads of the 2.357 percent bond and the 1.250 percent bond were at 48 and 36 basis points respectively, significantly below the reference values of 71 and 54 basis points, respectively, from the start of the annual period.

Investor relations

Since the shares were initially listed, the Investor Relations team has been in constant dialogue with investors, analysts and private shareholders. As part of this, the team attended several national and international conferences and took part in investor discussions at a total of ten roadshow days in Europe and the USA. Events were also held at the Company headquarters in Lippstadt, Germany, and a great number of telephone meetings were organised with investors and analysts.

On 18 November 2014, for the first time, HELLA hosted a Capital Markets Day in Lippstadt. During this event, around 20 analysts from national and international brokers received in-depth information about the Company. In future, this event will take place once a year.

Because of well-established communications with the capital market and an impressive business model, the capital market was highly interested in HELLA from the onset. This interest was also demonstrated by the quick initiation of coverage by national and international analysts. At the end of the annual period, ten financial analysts are monitoring the company and reporting regularly in the form of research notes and studies. On 31 May 2015 the business development and strategy forecast was consistently positive, with all analysts recommending the buying of HELLA shares. The current list of brokers as well as their recommendations on the shares can be viewed at www.hella.com/ir.

As HELLA places a great deal of importance on transparent communication and believes that all participants in the capital market are entitled to the same information, the company conducts freely accessible telephone conference calls for investors in order to publicise its quarterly figures. The documents from these conferences as well as other IR presentations can be retrieved at any time on the IR website.

Initial stock market quotation	11 November 2014
Ticker symbol	HLE
ISIN	DE000A13SX22
WKN	A13 SX2
Share class	No-par value ordinary bearer shares
Market segments	Prime Standard (Frankfurt Stock Exchange) Regulated market (Luxembourg Stock Exchange)
Index	SDAX
Nominal capital	€ 222,222,224
Number of shares issued	111,111,112
Highest price since IPO	€ 47.50 per share
Lowest price since IPO	€ 27.11 per share
Average daily trading volume	106,888 shares
Average daily trading volume	€ 4.20 million
Closing price on 31 May 2015	€ 44.46 per share
Market capitalisation on 31 May 2015	€ 4,940 million

Shareholder structure

After the placement in May 2015, the free float increased to 27.7 percent. The family shareholders remain the major shareholder group with around 72 percent of HELLA shares. The rest are owned by institutional investors and also by private shareholders. In the period under review, none of these held reportable shareholdings.

JOURNAL
FINANCIAL REPORT

HIGHLIGHTS 2014/2015

June 2014

Photo: Aston Martin Racing

2014 celebrated the sixth year of the Technical Partnership between Aston Martin Racing and HELLA during the World Endurance Championship Series. HELLA standard lighting products are put to the test during events such as the famous Le Mans 24-Hour Race.

HELLA Engineering France in Toulouse/France celebrates its fifth anniversary. Around 35 people are employed in the Competence Centre for Electrical Power Steering where they focus on the topics of software, hardware and mechanical design.

July 2014

The kickoff for the first Kids Camp: in Lippstadt/Germany children of HELLA employees can enjoy a three-week-long holiday programme during their summer holidays. Because of its resounding success, the Kids Camp was held once again in 2015.

August 2014

HELLA receives the Q1 award from Ford. This distinction stands for “Quality First” and acknowledges the fulfilling of the highest quality standards. HELLA meets such requirements confidently and adds a good helping of punctuality and excellent logistics into the bargain.

September 2014

At the International Motor Show for Commercial Vehicles in Hanover, Krone, the commercial vehicle expert, showcases together with HELLA the newly developed LED rear combination lamp for trailers. This lamp boasts a high recognition factor by day and by night thanks to the Krone logo. The light attracts particular attention when it is switched on and also when the brakes are applied.

HELLA’s Q90 LED worklight receives the Green Directory Award 2014 at the Automechanika in Frankfurt in honour of its sustainable and resource-saving properties. Its four high-power LEDs achieve a light output of 1,200 lumens while only consuming 25 watts.

November 2014

Going public: since November 11 HELLA shares have been traded on the Stock Exchanges in Frankfurt and Luxembourg. The company's flotation creates financial leeway for continued international expansion and for the targeted promotion of corporate innovational strength. The family shareholders continue to hold the controlling number of shares – which means that HELLA remains in the long term a family-run business.

During her trip to the G20 summit meeting in Brisbane/Australia, German Chancellor Angela Merkel takes time out to visit New Zealand. In Auckland she meets a group of German business representatives and at the HELLA stand finds out about the LED trend in marine lighting.

December 2014

More safety and comfort in the compact class – the Volkswagen Polo comes on to the market with optional LED headlamps courtesy of HELLA.

January 2015

Markus Bannert takes over management of the Business Division Lighting from Dr. Rolf Breidenbach. The qualified business economist has held a variety of managerial positions at HELLA since 1994.

The European Equity Issue Of 2014 – HELLA is awarded this distinction in January by the International Financial Review as a result of its successful listing in November. At the same time HELLA shares steadily continue along their upward trend. On January 19 HELLA is included in the SDAX.

April 2015

New partner for the L-Lab: the Research Institute for Lighting Technology and Mechatronics, which was founded by the University of Paderborn and HELLA, welcomes into its midst the Hamm-Lippstadt University of Applied Sciences as a third partner. The L-Lab is now ready and waiting to pioneer more research into lighting systems of the future.

Photo: Lamborghini

Lamborghini Trattori decides on bespoke lighting solutions from HELLA when equipping its tractors. Not only car manufacturers but now more and more producers of special vehicles are also discovering design options for individual lighting solutions.

COMPANY PROFILE

HELLA is a family company listed on the stock market, one of the 100 largest German industrial companies and one of the top 40 automotive suppliers worldwide. We specialise in innovative lighting systems and vehicle electronics and have been a reliable partner for the automotive industry for more than one hundred years. What's more, we are an established supplier in the European aftermarket. In the 2014/2015 fiscal year, the Group achieved sales of € 5.8 billion and had around 32,000 employees in over 35 countries.

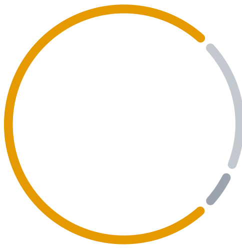
Segments and business activities
The HELLA Group's business activities are divided into three segments: Automotive, Aftermarket and Special Applications. These differ in terms of the respective customer groups as well as their specific market cycles.

The Automotive segment includes the business divisions Lighting and Electronics and contributed the largest share of the consolidated sales in the 2014/2015 fiscal year with sales of € 4.6 billion. Its customer base includes nearly all notable vehicle manufacturers and other automotive suppliers. Since our company was founded, we have been among the innovative leaders with our vehicle lighting solutions. In Europe, we are one of the market leaders for innovative LED headlamps and one of the leading manufacturers for interior lighting. We have also achieved a leading position both in Europe and globally in numerous segments in the business division Electronics – with sensors and actuators, for example. The wide portfolio includes products for reducing CO_2 emissions and fuel consumption as well as for increasing driver safety and driving comfort.

HELLA combines additional business activities in the Aftermarket segment, which achieved sales of € 1.2 billion in the 2014/2015 fiscal year. Through its strong global sales network, HELLA acts as a retailer for passenger car parts and is an important service partner for independent garages. Moreover, we operate as a wholesaler in Northern and Eastern Europe.

The HELLA Group's business structure

Business segments



Automotive

75 %

LIGHTING

- **Headlamps**
- **Rear combination lamps**
- **Small lamps**
- **Interior lamps**
- **Lighting electronics**

ELECTRONICS

- **Body electronics**
- **Energy management**
- **Driver assistance systems**
- **Sensor systems**
- **Actuator technology**
- **Steering systems**

Aftermarket

19 %

INDEPENDENT AFTERMARKET

Parts
Wear parts, spare parts, accessories

Tools

Services
Technical services, sales support

WHOLESALE

Full range
Parts, tools

Garage concepts
Services, information

Local branch network

Logistics

GARAGE EQUIPMENT

Vehicle diagnostics and vehicle data

Air-conditioning service

Lighting service

Battery service

Tools

Special Applications

5 %

SPECIAL ORIGINAL EQUIPMENT

Original equipment for special vehicles, e. g.
buses, caravans, agricultural vehicles and construction equipment – lighting and electronics

Airport lighting

INDUSTRIES

Street lighting

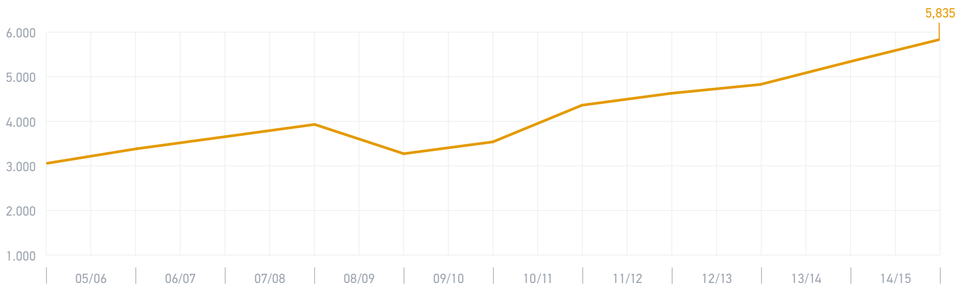
Interior lighting

Industrial lighting

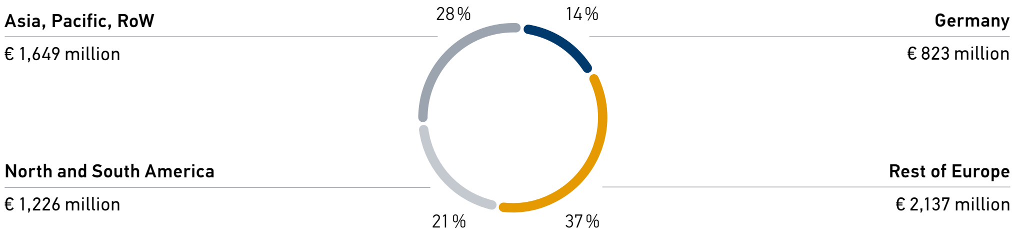
€5.8 billion

SALES. HELLA is expanding: in the past 20 years, sales have increased fourfold.

Development of HELLA Group sales (in € millions)



Regional market coverage by end customers – 2014/2015 fiscal year



Sales to third parties according to business activity – 2014/2015 fiscal year

There are two aspects to our Special Applications business segment, which achieved sales of € 0.3 billion in the 2014/2015 fiscal year. On the one hand, we develop, manufacture and sell lighting and electronic products for special vehicles such as buses, caravans, and agricultural and construction vehicles. On the other hand, in this segment we also offer applications which are completely unrelated to vehicles, such as street and industry lighting.

Strong growth track in recent years

In the last ten years, HELLA has grown with an average compound annual growth rate (CAGR) of around 6 percent – this growth is much stronger than that of the global automotive market. We have largely achieved this above-average growth organically, by steadily gaining market shares in our business divisions Lighting and Electronics. Since the economic crisis of 2008, we have significantly increased the pace of our growth once again with an average annual growth rate of around 10 percent, supported by megatrends in the automotive industry including the environment and energy efficiency, safety, styling (LED) and comfort.

Innovative leadership and technological excellence

HELLA stands for pioneering technology with vision. Thanks to our many years of experience and high levels of capital expenditure in developing our innovative strength, HELLA has established itself as one of the technological leaders in lighting technology as well as in many areas of electronics. Our products provide customers with significant added value with regard to increased safety, reduced energy consumption, functionality, design and added comfort in applications. More than 6,000 employees throughout the world work in research and development. In the 2014/2015 fiscal year, we invested € 544 million to develop our technologies further. This corresponds to 9.3 percent of the consolidated sales and demonstrates our clear strategic objective of becoming a sustainable technological leader in the Automotive segment with the business divisions Lighting and Electronics and expanding on this continuously.

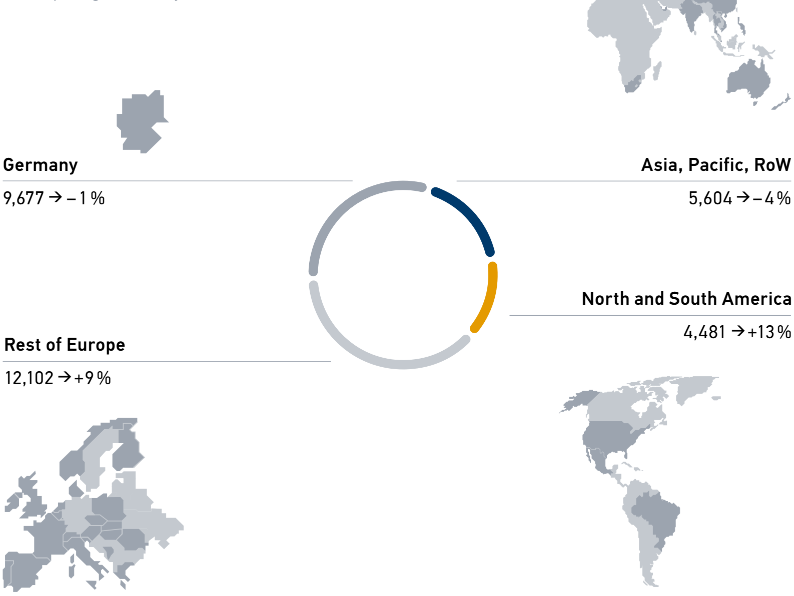
Developing our global presence

A central part of our strategy is gaining a global presence in significant growth markets. Back in the 1960s, we laid the foundation for the internationalisation of our company, which we promoted continuously between the 1980s and the 2000s. HELLA has significantly strengthened its position in fast-growing markets outside Europe with the globalisation initiative, which saw our global expansion accelerate considerably once again between 2012 and 2014. Alongside production sites, our global network also includes development sites and the HELLA Corporate Centers. Geographic and also mental proximity to our customers is an important success factor for us and ensures a great deal of flexibility when covering local demand. As a result, in the respective growth markets, we are both introducing existing products and also developing market-specific and customer-specific solutions. An important part of the continuous globalisation is our "lead strategy" for all key functions from our German sites. The HELLA sites in Germany stand out as leaders thanks to their high levels of innovative, production and process expertise, which they use to develop new, sophisticated technologies and which also enable them to support other sites in the global network in the best possible way. While the Aftermarket is predominantly a "local-for-local" business in Europe, HELLA is well-positioned globally for all significant OEMs in the automotive industry. For the HELLA Group, 51 percent of sales are generated in Europe, 28 percent in Asia and 21 percent in North and South America.

Market leadership in attractive segments

With our leadership in technology, we drive the three central megatrends in the automotive industry: the environment and energy efficiency, safety, styling (LED) and comfort. These product strategies based on technological differentiation and innovation allow us to achieve a leading market position in the relevant business fields and to anchor HELLA as a core supplier for top automobile manufacturers. With our high market shares, we generate the economies of scale required for us

Number of employees in the HELLA Group by region and change compared to last year
(as at reporting date: 31 May 2015)



Permanent employees worldwide **31,864**

to come out on top against significantly larger competitors. To ensure this market-leading position in our business segments on a sustainable basis, we implement active portfolio management and develop our business fields strategically as a key part of our strategy.

Cooperation as strategic added value

With our network strategy, we aim to create significant added value for our customers through strong cooperation and joint ventures. For more than 15 years, this cooperation network has enabled HELLA to develop new technologies, access markets and create synergies by using the combined technical and financial resources of the cooperation partners, while reducing the level of risk at the same time. In total, all of the equity accounted joint venture companies achieved sales of € 2.9 billion in the 2014/2015 fiscal year. They contributed around € 55 million to the consolidated result. For example, the joint venture HBPO, founded by HELLA,

is one of the global market leaders for outsourced front-end modules. Furthermore, the joint venture companies BHTC or Mando Hella Electronics (MHE), covering air-conditioning systems and chassis electronics respectively, are competitive and are positioned in the market with attractive growth prospects. Recently, we have significantly expanded our activities with our Chinese partners. One example of this is the joint venture that we have formed with BHAP for developing and producing lighting systems for selected Chinese and international customers.

Highly economically stable business portfolio

Our diversified business portfolio and our strong international presence in growth markets make HELLA much more stable when faced with economic fluctuations. The Automotive and Aftermarket business segments are aligned anti-cyclically to each other and, therefore, provide HELLA with appealing opportunities for growth with a simultaneously reduced risk profile. After all, while the sales of passenger cars in economically good times have a positive effect on the business development of the Automotive segment, the activities in the Aftermarket segment supplement business in times when existing vehicles are more likely to be repaired than replaced by new vehicles. This stabilising role with regard to business development really came into its own during the economic crisis of 2008/2009 and confirms the resilience of the HELLA business portfolio.

Operative excellence as part of the HELLA DNA

Operative competitiveness is a key requirement in the automotive supplier industry. In the last few years, HELLA has significantly and continuously expanded its operative capabilities. With a gross margin of around 27 percent, we are among the leaders in terms of the global competition. Operative excellence has become an important part of the HELLA DNA, alongside leadership in technology. To achieve operative excellence, we follow a continuous improvement management approach with an established improvement organisation, clear process guidelines, objectives and implementation steps.

HELLA KGaA Hueck & Co.

Dr. Jürgen Behrend
Managing General Partner

Dr. Rolf Breidenbach
President and CEO

business segment Automotive		business segment Aftermarket	business segment Special Applications
business division Lighting	**business division Electronics**	**business division Aftermarket, Special OE and Industries**	
Markus Bannert	Dr. Rolf Breidenbach	Carsten Albrecht	
Executive Board: Kamislav Fadel, Dr. Christof Hartmann, Dr. Frank Huber, Sandra Kißler, Dr. Ulf Merschmann, Ignacio Moreno Betanzo, Matthias Thiemann, Daniel Wehsarg, Matthias Wiehen	**Executive Board:** Dr. Christian Amsel, Heiko Berk, Dr. Naveen Gautam, Jens Grösch, Michael Jaeger, Ralf Kuhl, Gerold Lucas, Bernd Münsterweg, Frank Petznick, Dr. Marc Rosenmayr, Joachim Ziethen	**Executive Board:** Dr. Jens-Holger Dodel, Michael Hilmerich, Sven Krüger, Dr. Gunther Schmidt, Violetta Sosna, Dr. Nicolas Wiedmann	

Sales Automotive
Dr. Matthias Schöllmann

Finance and Controlling
Dr. Wolfgang Ollig

Human Resources, Information Technology and Logistics
Stefan Osterhage

Purchasing and Quality
Dr. Rolf Breidenbach

China
Jörg Buchheim

General Partners:
Dr. Jürgen Behrend, HELLA Geschäftsführungsgesellschaft mbH

The Manangement Board of HELLA Geschäftsführungsgesellschaft mbH:
Dr. Rolf Breidenbach (Chairman), Carsten Albrecht, Markus Bannert, Jörg Buchheim, Dr. Wolfgang Ollig, Stefan Osterhage, Dr. Matthias Schöllmann

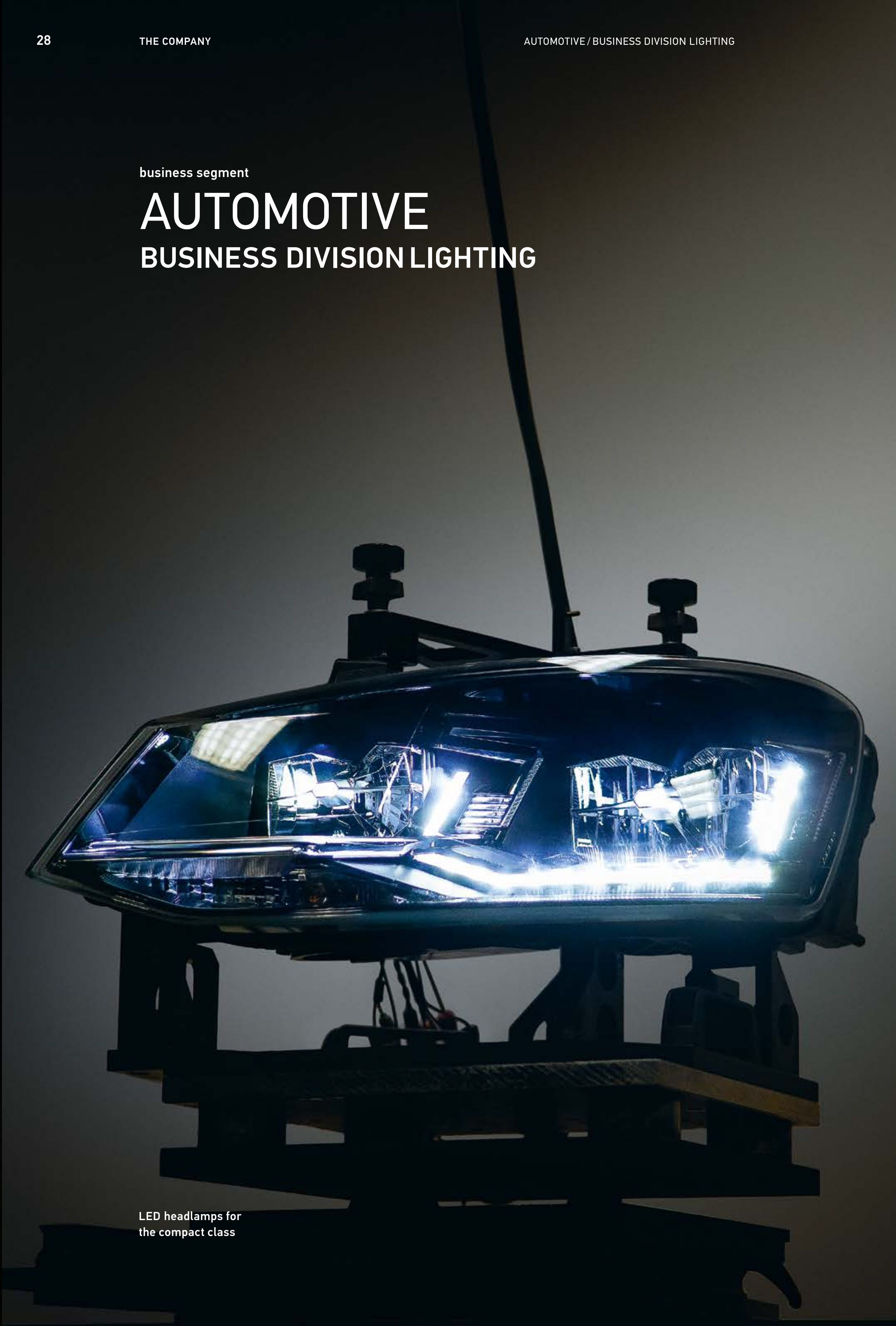
Chairman of the Supervisory Board:
Prof. Dr. Michael Hoffmann-Becking

Shareholders' Committee:
Manfred Wennemer (Chairman), Moritz Friesenhausen, Roland Hammerstein, Dr. Gerd Kleinert, Klaus Kühn, Dr. Matthias Röpke, Konstantin Thomas

Last updated: 12 August, 2015

business segment

AUTOMOTIVE
BUSINESS DIVISION LIGHTING

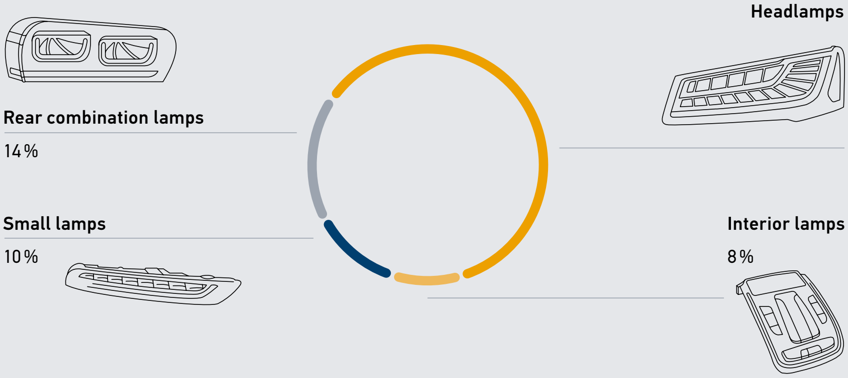


LED headlamps for the compact class

AT A GLANCE

Sales breakdown according to product groups

69 %



21,922,802

headlamps sold in the 2014/2015 fiscal year
(ca. 17 million in the prior year)

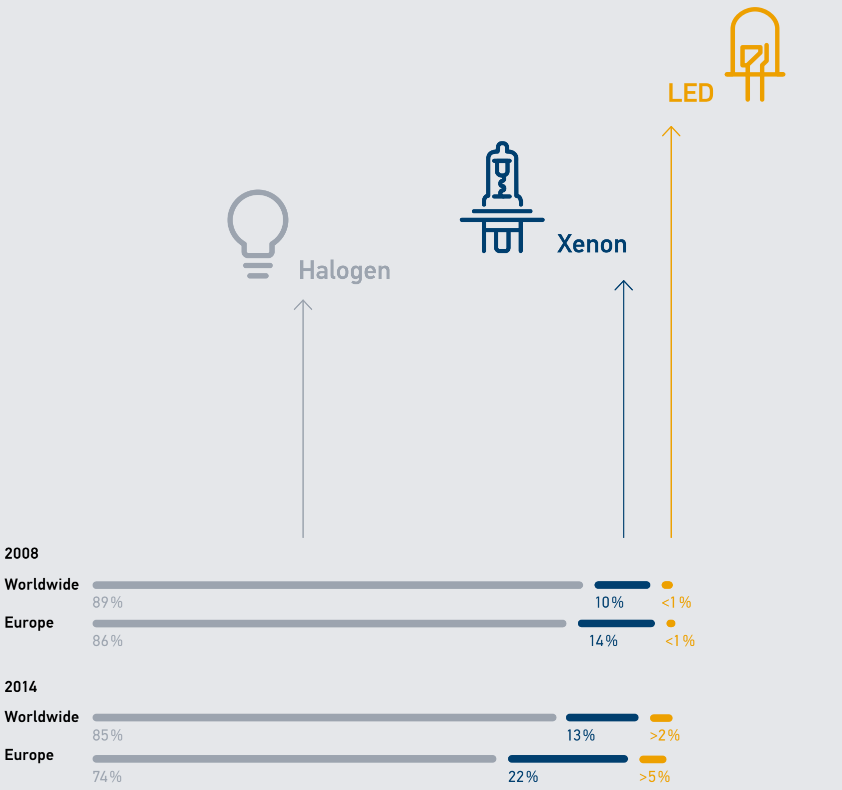
10 K

Light pixels
Current headlamps have up to 50 single, individually controllable LEDs which have been designed to create adaptive high beams. Future lighting systems will be able to produce up to 10,000 of such light pixels. The considerably higher resolution helps to flood the street with even more, precisely controlled lighting. Such systems afford the driver an optimal range of vision and help him to react better to weather-related restrictions.

market penetration to strongly increase. As a result, we can see considerable potential for growth in the continuing development of our LED products in all vehicle segments in the coming years and the business division Lighting is very well positioned to exploit this potential.

LIGHT IN FLUX

Development of the market shares
of individual light sources in the
global and European headlamp market.



+1.3 Seconds

By using adaptive high beam systems, drivers gain 1.3 seconds additional reaction time. The Darmstadt Technical University has conducted a study on this for the Light-Sight-Safety Initiative. The result: when compared with a conventional low beam in a vehicle travelling at 80 km/h, the range of vision using adaptive high beam is increased by 30 metres. This means an increased reaction time of 1.3 seconds – an enormous gain in safety.

LED headlamps for
the compact class

HELLA established itself with lighting. In the fiscal year 2014/2015 the Company's largest business division Lighting has grown by 10 percent and achieved sales of around € 2.4 billion. We develop and manufacture highly technologically sophisticated products, such as headlamps, rear combination lamps, signal lights, interior lamps and lighting electronics components, for nearly all automotive manufacturers all over the world. HELLA has developed a particularly strong position within the field of innovative, high-end lighting products. These can be used for a variety of passenger car models, ranging from compact cars to premium class vehicles.

Since the Company was founded, we have launched a variety of innovative products and high-tech lighting solutions on the market, from the first acetylene headlights in 1908 and the first headlamps with asymmetrical light distribution in 1957 right up to the series production of the first full LED headlamps in the world in 2008. This was followed, in 2013, by the world's first Matrix LED headlamp, which creates a constant high beam out of town without dazzling the oncoming traffic. As a result, with the help of matrix technology, vehicles in front as well as oncoming vehicles are not affected by the light distribution, while the areas between the vehicles remain brightly lit. This is possible thanks to a total of 50 LEDs which can be activated individually and which distribute the light precisely. New technologies like this integrate powerful camera systems, intelligent image processing algorithms and sophisticated lighting electronics.

Headlamps with LED technology have many advantages compared to conventional halogen-based or xenon-based systems. LEDs require less space for the same optical configuration and consume less energy to achieve the same performance. Being similar in colour to daylight, they offer a real advantage for the driver in terms of safety and also create an eye-catching look. Automobile manufacturers can therefore give individual vehicles or the whole vehicle range a distinctive look, which increases the recognition value and supports the current trend for more personalisation options. Nevertheless, only around 2 percent of all cars globally are currently fitted with LED headlamps. In the coming years, we expect the market penetration to strongly increase. As a result, we can see considerable potential for growth in the continuing development of our LED products in all vehicle segments in the coming years and the business division Lighting is very well positioned to exploit this potential.

business segment

AUTOMOTIVE

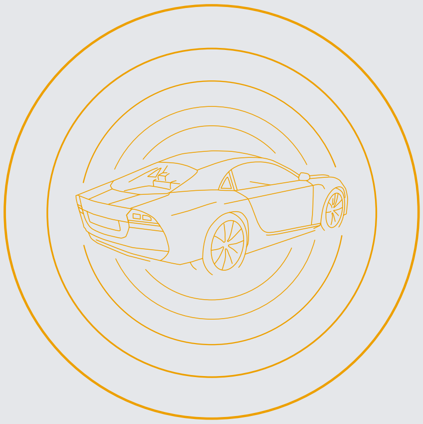
BUSINESS DIVISION ELECTRONICS

In the business division Electronics, we are actively involved in shaping the future of the automotive industry in the areas of fuel saving, reducing CO_2 emissions and energy efficiency. Thanks to our continuous and focused innovations, we have achieved a leading position on the global market in the fields that are relevant to us. In the 2014/2015 fiscal year, Automotive Electronics sales were around € 2.2 billion and therefore have grown around 8 percent compared to the previous fiscal year. Our electronics expertise is very much in demand with customers both in established markets in Europe and the USA as well as in growth markets like China, India and Mexico. We are therefore expanding our presence in these regions continuously and are creating both production capacities and substantial development capacities locally. As a consequence we can be close to the needs of the markets and react quickly for our customers.

Our range of services in the business division Electronics includes special sensors and actuators, body electronics, and innovative technologies for driver assistance, energy management systems and power steering. In total, we have over 60 product groups in five strategic product segments which are contributing to making the vehicles of today and tomorrow safer, more efficient and more comfortable. For example, our radar sensors ensure a higher level of safety in traffic as they monitor the rear of the vehicle and support the driver when changing lane or reverse bay parking. The intelligent battery sensor is key for efficient energy management in the vehicle as it monitors the status of the battery and ensures that the car is ready to start at any time. Together with our network partners, we are one of the global market leaders with more than 10 million battery sensors sold annually. In the wider field of comfort functions, we offer radio transmitter keys, rain/light sensors and air-conditioning sensors.

The vehicle electronics industry is an exciting growth market with enormous potential in terms of creating solutions for the cars of the future. And its significance is increasing – in 2010, 30 percent of the production costs of a car could be attributed to electronic components. We expect this share to grow to up to 50 percent by 2030. Due to ever-increasing demands and legal regulations relating to safety, CO_2 emissions and fuel consumption, the relevance of automotive electronics is continuing to develop.

AT A GLANCE

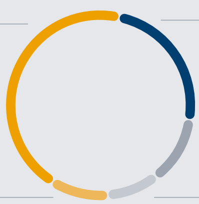


FOR A GOOD FEELING our electronics mostly work behind the scenes but nevertheless contribute a huge amount of added value. Examples are our rain/-light sensors which control windscreen wipers and lighting functions, electronics regulating seat heating and also control units for ambient lighting. All in all: important contributions achieving a high feel-good factor.

48 → 12 V

Tension is good – at least when it's the voltage kind in a vehicle electrical system. Our power electronics enable the safe and efficient conversion from the 48-volt vehicle electrical system to the conventional 12-volt one.

Sales breakdown in the Electronics business division



44 %

Components

Body electronics

24 %

Energy management

12 %

Electric power steering (EPS)

10 %

Driver assistance systems

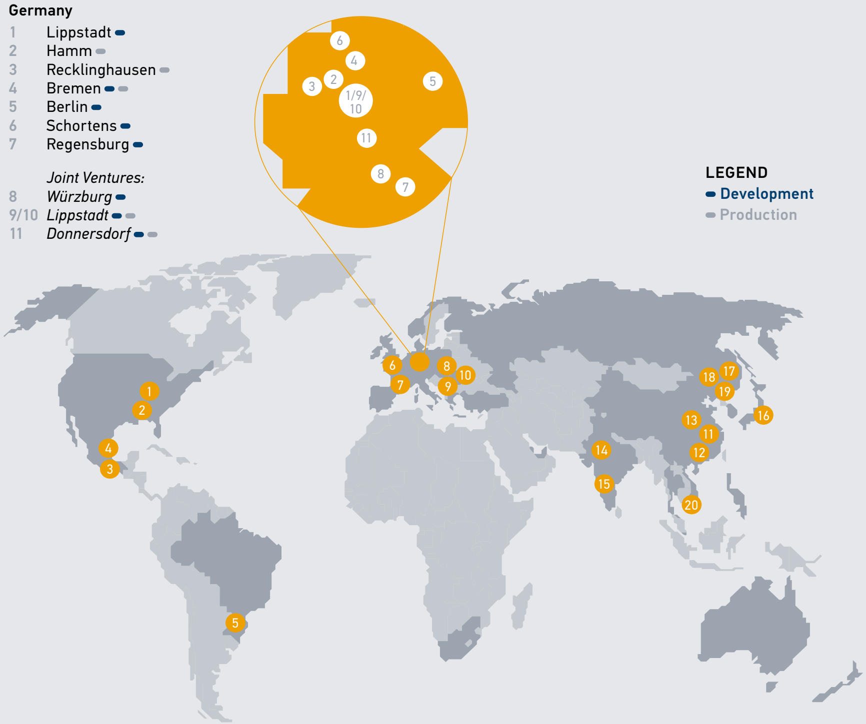
9 %

The CIPOS® position sensor developed by HELLA is one of the most popular products from the business division Electronics. In the 2014/2015 fiscal year, we sold around 100 million of these sensors.

GLOBAL NETWORK

Germany
1 Lippstadt
2 Hamm
3 Recklinghausen
4 Bremen
5 Berlin
6 Schortens
7 Regensburg

Joint Ventures:
8 *Würzburg*
9/10 *Lippstadt*
11 *Donnersdorf*



LEGEND
Development
Production

USA
1 Plymouth
2 Flora

Mexico
3 San José Iturbide
4 Guadalajara

Brazil
5 São Paulo

France
6 Paris
7 Toulouse

Romania
8 Timişoara
9 Craiova
10 Arad

China
11 Shanghai
12 Xiamen
13 Nanjing

India
14 New Delhi
15 Pune

Japan
16 Tokyo

South Korea
17 Seoul
Joint Ventures:
18 *Seoul*
19 *Daegu*

Vietnam
20 Ho Chi Minh City

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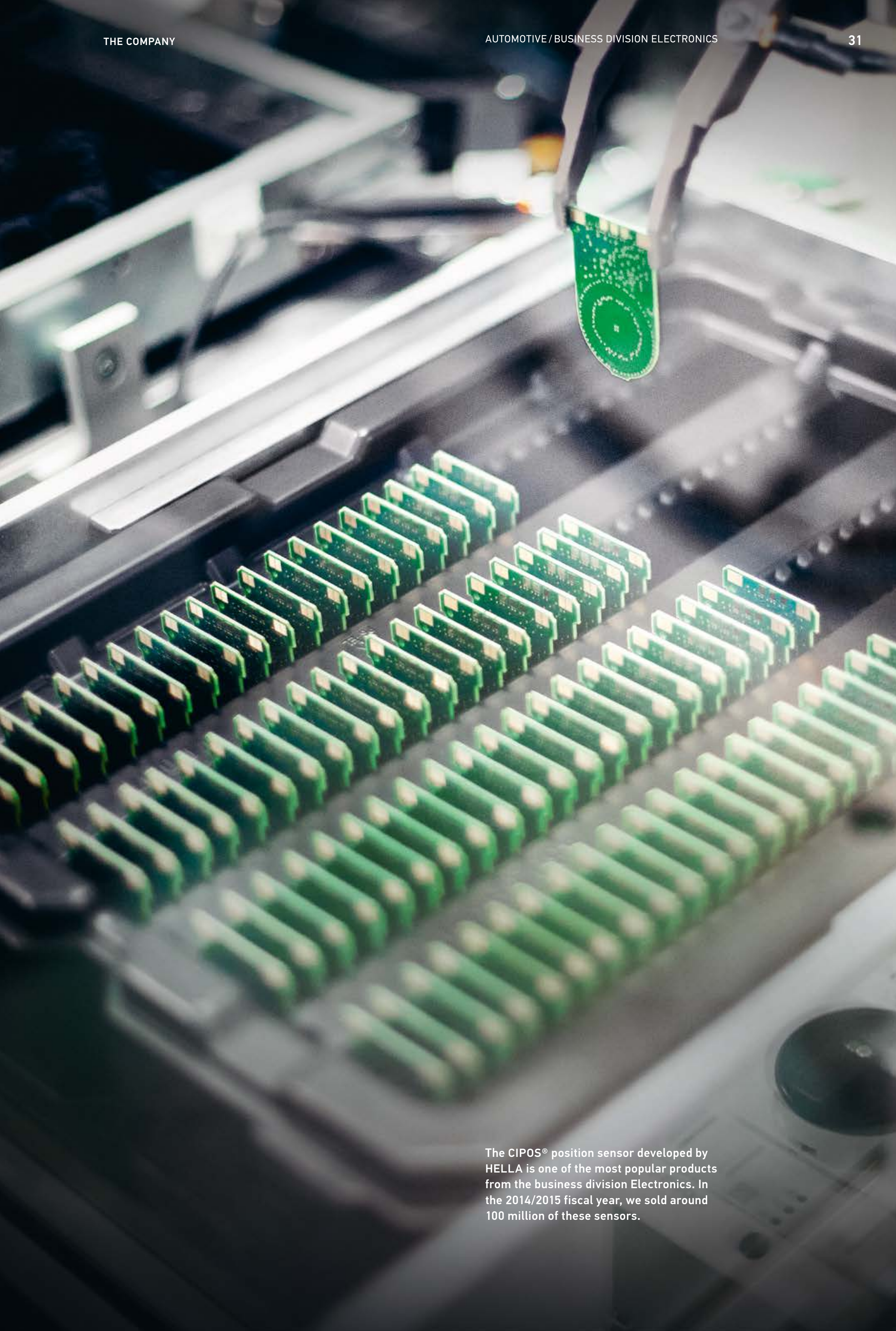
realising **95g/100km** via on-demand solutions

By 2020 the European Union intends to reduce greenhouse gas emissions of CO_2 to an average of 95 grams per 100 kilometres – and it is not alone in its endeavours. The USA, Japan and China also want to drop the average values produced by their new car fleets. Our products help in many ways to use energy only when and where it is really needed.

Due to ever-increasing demands and legal regulations relating to safety, CO_2 emissions and fuel consumption, the relevance of automotive electronics is continuing to develop.



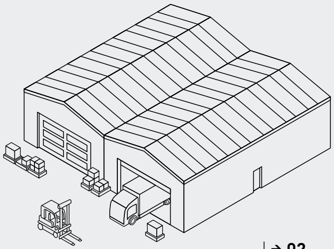
The CIPOS® position sensor developed by HELLA is one of the most popular products from the business division Electronics. In the 2014/2015 fiscal year, we sold around 100 million of these sensors.

business segment

AFTERMARKET

A question of adjustment – ensuring that the headlamps are correctly aligned is a crucial part of every visit to the garage.

AT A GLANCE



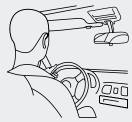
→ 02

Suppliers
Spare and wear parts

HELLA
Behr Hella Service
Hella Pagid

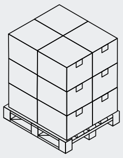
Garage
Diagnosis, data and garage equipment

HELLA Gutmann Solutions



→ 04 **End customer**

→ 01



→ 03

Wholesaler
Products, information, data and know-how

FTZ
HELLAnor
INTER-TEAM

Integrated and networked along the supply chain – solely and with partners
Vehicle diagnostics, parts identification, delivery, aftersales service

10 K

Participants take part in professional garage training courses every year.

2.5 times around the world is what the 600 wholesale delivery vans of the Nordic Forum travel every day, bringing spare parts as quickly as possible to garages. Nordic Forum is the umbrella organisation of our wholesale companies in Northern and Eastern Europe.

in Denmark, Norway and Poland are bundled together under the Nordic forum umbrella and sell an extensive range covering more than 300,000 products in OEM quality via a subsidiary and partner network that is growing constantly. As strong brands in their own right, they sell directly to garages. What's more, we provide our partners with complete, regionally adapted garage concepts and technical training.

20 countries

HELLA supports independent garages in 20 countries by means of its HELLA TECH WORLD online portal, which is free of charge. On this platform garage professionals can find a wealth of specialist information, such as more than 1,300 vehicle-specific diagnostic and repair instructions, over 180 product-related practical tips, countless technical books and videos and also seven online training modules.

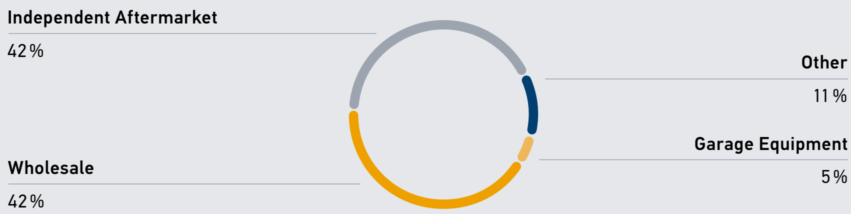
500,000

calls a year. The experienced master car mechanics operating our technical hotline offer help to garages when the going gets tough. Always solution-oriented and prompt.

9 million

data requests are called up via our HELLA Gutmann Solutions data platform every year.

Sales breakdown in the Aftermarket



A question of adjustment – ensuring that the headlamps are correctly aligned is a crucial part of every visit to the garage.

The spare parts business and vehicle repairs in particular are becoming increasingly more complex. HELLA provides garages with a comprehensive service package which includes a wide range of products and service options to ensure a safe and quick repair. In the 2014/2015 fiscal year, the Aftermarket business segment contributed € 1.2 billion to the consolidated sales. An important characteristic of our Aftermarket business is the anti-cyclical alignment to the Automotive segment. The stable spare part and repair services business can effectively compensate for weaknesses in global car sales. Our Aftermarket business segment is based on three key pillars: the independent aftermarket, garage equipment and wholesale.

We are one of the most important independent aftermarket partners in Europe for spare parts and for independent garages. Via our own network and together with our partners, we sell vehicle-specific or universal wear parts, spare parts and accessories and offer our customers the highest level of technical service and sales support. Our product range includes over 40,000 products, covering lighting, electrics, electronics, thermal management and brakes in OEM quality. Our joint ventures, Behr Hella Service and Hella Pagid, help us to expand on our own competencies.

With our high-quality garage equipment, at the heart of which is our subsidiary, HELLA Gutmann Solutions (HGS), we support garages in diagnosing, maintaining and repairing vehicles. The increasing use of electronics in vehicles does not just make them safer and more comfortable, but also more complex to repair and maintain. With our comprehensive expertise and many years of experience, we are the perfect partner for garages that require practical support with extensive vehicle data and diagnostics units that are intuitive to use. At the same time, our service options in this area are growing continuously – from technical call centres, direct operational support and our comprehensive supply of technical data right through to intensive courses for conveying specialist knowledge.

In Northern and Eastern Europe, we are also a successful wholesaler. Our companies in Denmark, Norway and Poland are bundled together under the Nordic forum umbrella and sell an extensive range covering more than 300,000 products in OEM quality via a subsidiary and partner network that is growing constantly. As strong brands in their own right, they sell directly to garages. What's more, we provide our partners with complete, regionally adapted garage concepts and technical training.

business segment

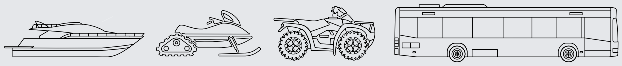
SPECIAL APPLICATIONS

In the Special Applications segment, we develop, manufacture and sell lighting and electronics products for special vehicles such as construction equipment, agricultural vehicles, buses or motorhomes, as well as for other stationary applications completely unrelated to vehicles, such as street and industrial lighting. Our high level of technological expertise from the Automotive segment forms the basis for products and solutions which offer added value for our customers and with which we have already assumed a position as a technological market leader. The main driver of our business in the Special Applications segment is the continuous conversion of conventional lighting products to LED solutions. In the 2014/2015 fiscal year, we achieved sales of € 0.3 billion in the Special Applications segment.

In Special OE, we offer standard products as well as vehicle-specific innovations for commercial and numerous specialist vehicles. As a result, our customers benefit from our many years of expertise as well as technological and economical synergies from large-scale production in the automotive industry. The Lighting division includes front and rear lighting, work and auxiliary headlamps, beacons and roof beams. These all form part of our highly diversified product range, from which we can provide halogen, xenon or LED technology depending on the requirements. Here, LEDs are increasingly sought-after thanks to their robustness, durability, energy efficiency and the design possibilities. Our range of electric and electronic products includes components for smart energy management in vehicles, rain and light sensors, turning angle sensors, module switches as well as flasher units. Our products are specially designed for extreme external conditions to which heavy duty trucks, tractors, municipal vehicles or off-road vehicles are exposed on a day-to-day basis. As a result, the driver can rely on HELLA's quality even in the event of impact from stones, extreme temperatures or constant vibrations.

AT A GLANCE

Sales breakdown in the Special Applications Business Division

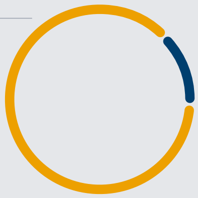


Highway (buses, lorry trailers, trucks, emergency vehicles, municipal superstructures and special superstructures, city buses and coaches, agricultural, construction and forestry machinery)

Off-Highway (marine, agriculture, power sports)

87 %

Special OE



Industries

13 %

Modular concepts based on LED technology for street and industrial lighting.

Subject to close scrutiny: The electromagnetic compatibility of the rotating beacon K-LED 2.0 is tested in special laboratories

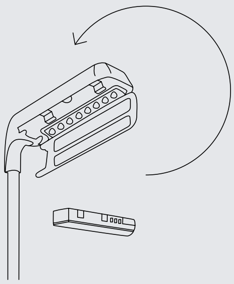
71 %

Special OE – total sales

Sales share of LED products

29 %

29 percent of sales in our SOE business can be attributed to the **high demand for LED products.** In the previous year it was still around 20 percent.



Innovative
Simple
Sustainable

The essential requirements of all our products.

99 %

of all tractors in Europe have worklights. Of these only about 6 % are currently equipped with LEDs.

Subject to close scrutiny: The electromagnetic compatibility of the rotating beacon K-LED 2.0 is tested in special laboratories

Understanding

In our internationally active Company, the customers who use our products and the languages that we speak are just as diverse as the products themselves. In this complex environment, one thing is particularly important for ensuring sustainable success – to understand. With this common understanding, we can create a connection with our customers and suppliers, our employees and partners. Worldwide. Every day.

Understanding partnership — **To ensure technological progress, collaborative processes must run in an optimum way for each specific country. We offer maximum flexibility, a fast pace and the expertise needed to be able to fulfill customer requirements at any time.**

Understanding markets — **If you want to operate globally, you have to identify regional conditions and needs, create synergies, establish networks and use the experience of experts in your country. So we find niches and demonstrate vision.**

Understanding people — **Professionalism and human approach form the basis of our intercultural cooperation. It goes without saying that curiosity, openness and tolerance are just as important to us as our corporate responsibility.**

Understanding technology — Inventions rarely happen by chance. They occur in a culture where you find inquiring minds, a thirst for knowledge and experience, and require dialogue, intensive customer interaction and early identification of significant trends. Technical progress, however, is a result of efficiency, safety and sustainability.

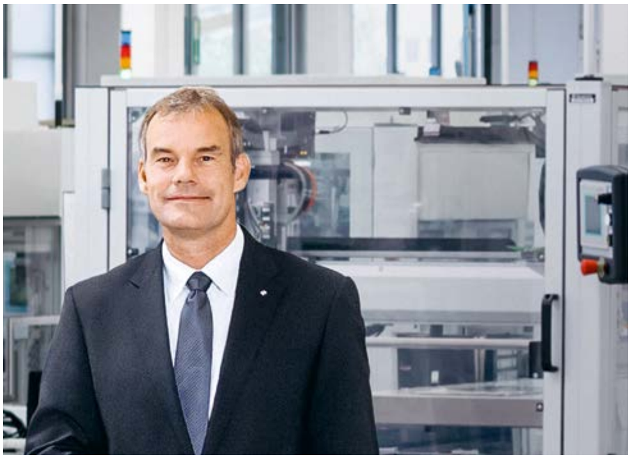
Understanding responsibility — We actively take responsibility for keeping hold of our customers and employees in the long term and always being a reliable partner for them. Our conscious approach when it comes to the environment and nature is another important part of our corporate identity.

Defining Added Value

What does "Added Value" mean to you? The Managing Directors of HELLA provide answers to this question,

→ **Markus Bannert,** Lighting business division

»We know and understand the trends in the automotive industry. We then transfer this knowledge to innovations which, in turn, proceed to make driving even more comfortable, more efficient and safer.«



→ **Carsten Albrecht,** Aftermarket, Special OE and Industries business division

»A wide selection of products, professional garage equipment and first-class service: in the Aftermarket we offer our customers everything under the one roof.«

→ **Dr. Wolfgang Ollig,** Finance and Controlling

»The confidence of our shareholders is what drives us on. We place high emphasis on sound finances, which further strengthen, in the long term, our scope for manoeuvring as an independent global player.«

→ **Dr. Matthias Schöllmann,** Sales in the Automotive business segment

»We collaborate closely with our customers as partners. We contribute our high degree of innovation competence in order to develop together with them suitable solutions for attractive vehicles.«

→ **Stefan Osterhage,** Human Resources, Information Technology, Logistics

»HELLA employs more than 30,000 men and women all over the world. This international network opens up huge chances – but it also brings with it a global responsibility, which we gladly accept and, in the long term, will reliably fulfill.«

→ **Jörg Buchheim,** China

»HELLA is a strong brand. Whether it's in Europe, America or Asia – wherever our partners need our products: we will offer them the usual top quality and reliability – and that worldwide.«

Our Values Are Our Compass

How do companies succeed in keeping pace with relentless competition yet at the same time manage to keep up the traditions of a family-run business? HELLA faces this issue armed with a deeply entrenched canon of values; principles which are headed by an entrepreneurial sense of individual responsibility.

HELLA serves the automotive industry on the international stage with the help of around 32,000 members of staff and a wealth of business units. We operate just like a fleet of ships all heading towards the same port of call. We wish to fulfil the expectations and requirements of our customers to their utmost satisfaction. Always and everywhere. In Europe, in America and in the Asia-Pacific region.

But what are the navigation methods of the HELLA Company fleet? Which compass is its guiding star?

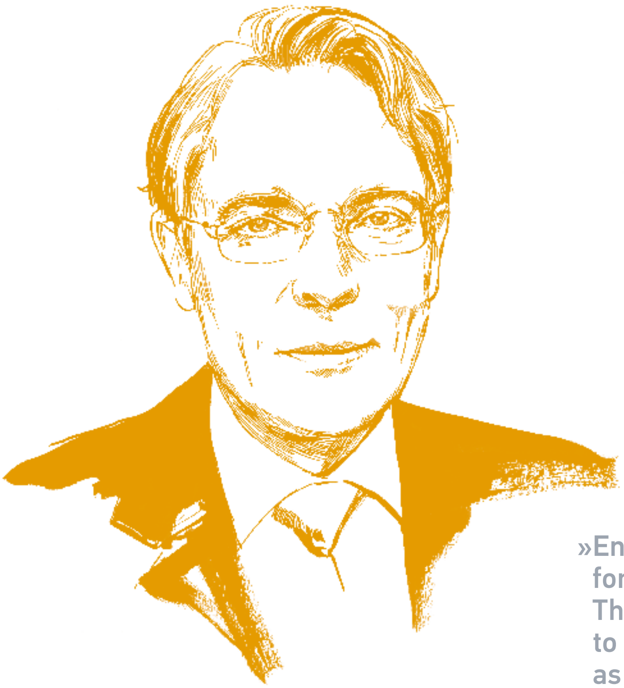
The crucial factor in this navigation equation, at every stage of the voyage, is the people who work together in our global network. The more the personal aims and values of each and every employee dovetail with the strategic objectives and values of our Company, the more safely and surely this global fleet will arrive at its various destinations.

HELLA as a corporate entity or HELLA broken down into units of individual employees advocates the same concepts: innovation and internationality. Our employees stand for the integration of processes and organisational structures internally, i.e. within the Company, and also externally with our clients and partners. They also act with complete awareness of their obligations towards the Company and towards the environment. The sustainability of their actions, after all, forms the bedrock for future generations.

Ever since the founding of the Company more than 100 years ago, HELLA has always been very aware of the central role played by its staff. This focus was ramped up to an even greater extent when, a quarter of a century ago, the seemingly unstoppable triumphant march of the Japanese car industry with its lean production system pushed conventional methods of mass production on to the sidelines. This happened first in the USA and then in Europe. At that time we included our workforce even more than ever before at the centre of our response to this significant paradigm shift, which was taking place against the backcloth of increasingly international competition:

- → The supreme corporate objective is complete and utter customer satisfaction when it comes to quality, service and prices;
- → We follow a consistent innovation and internationalisation strategy, which can only be put into practice with the support of a committed workforce;
- → The guarantee for the achieving of corporate aims is the entrepreneurial sense of individual responsibility felt by every single HELLA employee;
- → The Management Board follows the strategic guiding principle that all processes and organisational structures in the Company are geared towards the empowerment and the advancement of the entrepreneurial sense of self-responsibility borne by staff and executives alike.

Entrepreneurial accountability forms the top of our values pyramid. This concept is rooted in the notion that one can trust the good intentions and willingness of employees to internalise corporate objectives as their



»Entrepreneurial accountability forms the top of our values pyramid. This concept trusts in employees to internalise corporate objectives as their own aims and values.«

Dr. Jürgen Behrend, Managing General Partner

own aims and values. Furthermore, it banks on the fact that our employees are personally committed to meeting the expectations of our customers and stakeholders and to keeping the pledges made to them. Our maxim is this: what the Company collectively promises is also automatically the promise of every individual employee in his or her field of activity. In this way the threads of solidarity, loyalty, mutual fairness, dedication, creativity and sustainability running through the daily business of our staff and our executives have formed a sturdy foundation. And this is where our evolution to a leading global automotive supplier and important car manufacturer partner took root.

Twenty-five years ago we just knew that our future would depend on our satisfying international benchmarks by means of our innovative strength, our competitiveness and a presence worldwide (perhaps Christopher Columbus and Vasco da Gama had similar feelings when sailing off in search of a sea route to India). By faithfully following our compass pointing to entrepreneurial self-responsibility, up until today we have entrusted our development, production and administrative units to the leadership of competent captains and crews, who have enabled our corporate strategy to become a reality: our wish to be the strategic core supplier and innovation partner for our customers right across the globe.

And we were captivated by yet another vision all those years ago – the wish to bond the HELLA family-run business, hallmarked by close connections between shareholders, Management, staff and works councils, with the professionalism of a capital market company. The more we succeeded in doing just that over the past decades, the more we began to realise that the one scenario does not preclude the other. On the contrary, in fact it is the blending of human empathy and values with rigorous professionalism that leads to that situation which the philosopher Ernst Bloch once called "in love with succeeding".

HELLA is now a listed family-run company. Many people might ponder the following question: is it possible to reconcile the values of the capital market and those of our new shareholders with the aims and values of a family-run business? Our answer is a resounding "Yes!" In the past it was the compass of our aims and values as a family-run business that ultimately navigated us towards the Stock Exchange. Today and in the future the same strategic guiding principle of entrepreneurial self-responsibility, with its values of motivation, creativity and loyalty, will remain a good compass for the now listed family-run company, for its staff and for its shareholders.

The Art of Being Unique

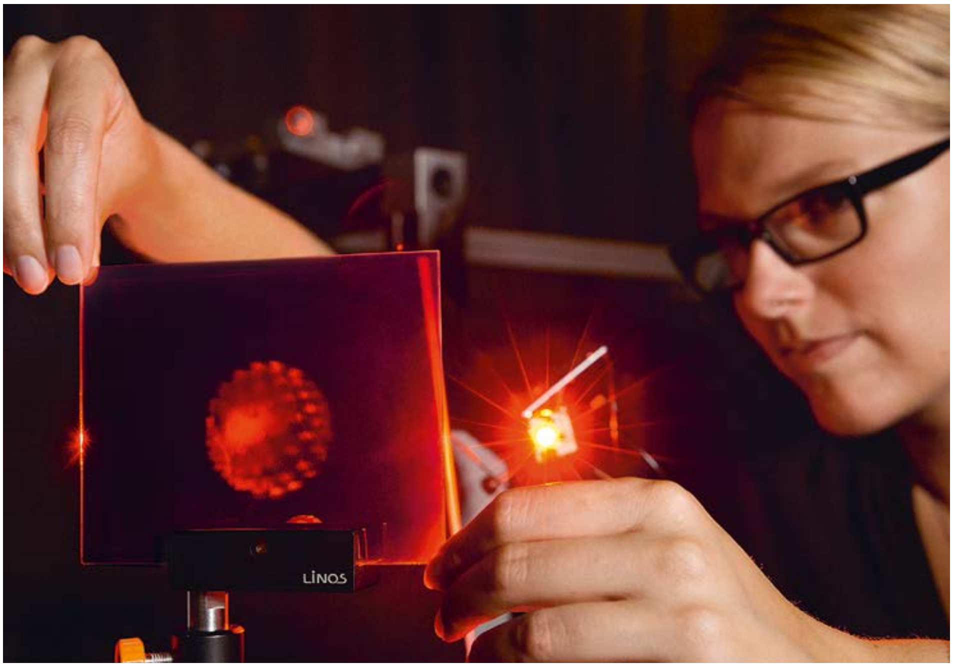
It is darkness that reveals the true character of a car. So the developers at HELLA are focusing their work on the creation of future milestones in the world of automotive lighting technology. In a multistage process, they are testing new technologies, improving functions and conceptualising trailblazing designs. The intelligent combination of such solutions succeeds in making cars literally glow in a truly unique flood of light.


LASER

→ 01

Seeking something new

Always search before you develop. HELLA scouts evaluate customer requirements, study trends and discuss the issues with scientists. Then they determine the search fields.

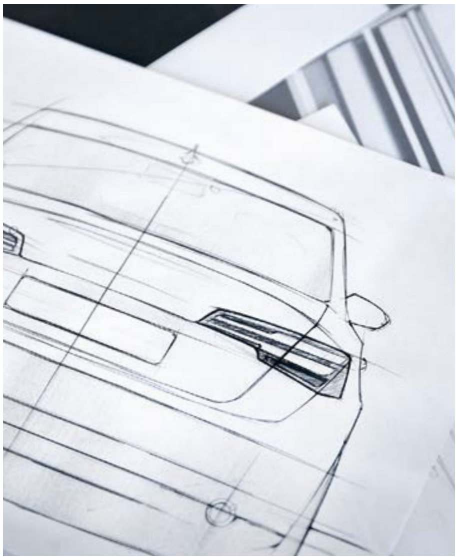


The PhD student Daniela Karthaus researching in the lighting laboratory.

The lighting laboratory is in darkness. On the worktops you can see optical elements, computers and coloured light sources. The PhD student Daniela Karthaus points to a small projection surface. Suddenly a red sphere lights up – so vividly as if it was floating through the room. For laypeople this is the perfect illusion, professionals call it holography. It is the process that modulates light waves in such a way that these can be deflected into virtually any shape or form. This means that even three-dimensional pictures can be created.

Holographic methods have long been employed in measurement technology. Some day they could revolutionise automotive lighting. Maybe then symbols or signatures will be floating optically in front of a rear combination lamp or warning lights dancing in the cockpit of a car.

To create new possibilities to make driving safer, more comfortable and indeed a more fascinating experience, is what the Pre-Development experts at HELLA are


Design concepts are worked out down to the minutest detail.

→ 02

A detailed plan

The second step is the bringing to life of the innovation's concept. Customer benefits and commercialisation prospects are assessed.

researching. In true pioneer spirit their laboratories witness the coming to life of future-oriented lighting systems. They are now setting trends which in years to come will be seen in cars all around the world. The significance of vehicle lighting is undeniably growing. In the past such lighting was only intended to illuminate the streets and to warn other road users. But in future the technology, design and function of this brand of lighting will increasingly individualise vehicles as never before.

Crossing continents in search of ideas

"Lighting is a feature that can bestow upon a car a distinct uniqueness," explains Dr. Michael Kleinkes, Head of Development Lighting Technology at HELLA. The fact that such uniqueness appears in HELLA products again and again and always in a new guise can be attributed to a development process spanning several different stages. This process begins already when searching for new ideas. HELLA's hunting grounds are the major car markets of the world where impressions are collected and customer requirements noted. This wealth of information is then underpinned by scientific studies. At the same time international trends in mobility are analysed and the market prospects of new technologies assessed. As soon as these areas have been explored and established, the practical development work starts.

Several steps are carried out concurrently as the example of laser lighting demonstrates. At the moment we have hardly any experience with this cutting-edge style of car lighting. It is, after all, only available as an optional extra in just a few models. But the HELLA developers are aware that car manufacturers and end customers alike are tremendously interested in this new technology. So they are endeavouring

→ 03

A question of viability

A comprehensive study reveals whether the manufacturing of a product is at all possible. Clarification is required as regards the materials, their suppliers and whether such substances are compatible.

Industrial designer Carsten Hohmann compares colour samples.

to find out what could be a unique slant on their laser product as opposed to more established lighting technology such as LED lamps. They test how far laser headlamps can reach in different situations and how economical they really are. Answers have to be found for a whole avalanche of questions before any product is ready for the market. One such example is that of laser light sources. These are indeed wonderfully tiny but they become hot and require a cooling system. That takes room in the headlamp, which is then missing elsewhere.

Technology and smooth functioning are important but are certainly not everything. Because customers register products not only with their intellect but also with their heart. Kleinkes knows that “technology has to be fascinating”. For that reason the first task of the developers was to consider which features and images come into a buyer’s mind when he hears the word laser. The usual watchwords like “Star

A headlamp prototype emerges from a sample construction.

→ 04

Selection of the shape

Experts build a so-called A sample by hand. This gives potential customers an idea of what the product could look like. If the sample meets with approval, the transfer phase commences.

Wars" then sprang to their minds. "In this kind of film lasers are shown as precise, sharp lines," explains industrial designer Carsten Hohmann. But the laser diodes implemented in cars look totally different, with laypeople hardly being able to distinguish between them and LEDs. "So by making use of artistic means and special colours, we try to incorporate into our designs the perceptions of our customers."

Welcomed by a futuristic kaleidoscope of light

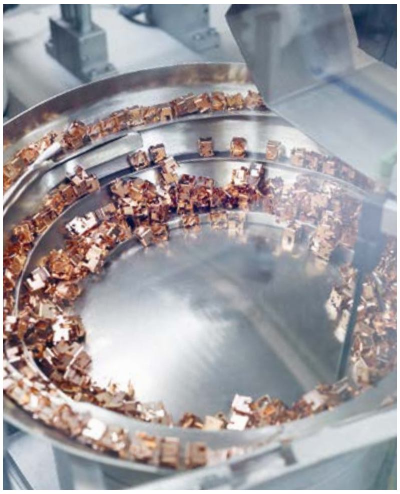
Even if the intermediate results sometimes appear futuristic, the development process at HELLA is rigidly structured. Extensive research, in-depth discussions with production experts and precise cost estimates are ever-present, essential ingredients of pre-development work. Only when such issues have been satisfactorily resolved product samples can be constructed and presented to customers. These samples then have to be so flexible that every manufacturer can adapt them to suit the bespoke features of his own car models.

The number of ways in which light can be produced in a car is growing. "In the past we had a variety of bulbs, housing kitted out with reflectors and a cover lens to round everything off," remembers designer Carsten Hohmann. These were the factors with which the developers could experiment. Today modern headlamps and rear combination lamps can easily comprise hundreds of components. Dozens of LED lights have made their way into vehicle lighting and, in combination with new light sources such as OLED and laser, have engendered countless design possibilities and an endless stream of new and helpful functions.

The practice test begins. Suitable machines and tools are acquired. The developers agree on a detailed B sample with the customer.

→ 05

The road to production



From huge machines right down to the smallest component - serial production demands that everything is in tune with everything else.

This also applies to electronic controls because the lighting of a car has long been part of a travelling computer system. When surveying the most recent milestones along HELLA's lighting technology path, it is obvious that linkage of information is a key prerequisite for innovative, safety-relevant and stylishly attractive functions – whether we are talking about bend lighting, glare-free high beams or decorative ambient lighting. “The coupling of lighting and electronics undoubtedly gives rise to new possibilities that offer huge customer benefits. And nowadays, without a good helping of electronic competence, you are just simply doomed,” says Michael Kleinkes, Chief of Lighting Development.

That is why linkage also within the realms of lighting technology is definitely a future-oriented trend, which will enable the driving experience to become highly individualised. “This is a subject that we are examining very closely,” emphasises Kleinkes. Perhaps one day lighting in a vehicle will be able to adapt to the mood of the driver. If sensors detect high blood pressure or fast breathing, the vehicle interior could be flooded with soft colours to calm the driver down. A cool colour, on the other hand, could perk up an overtired driver. Unrelated technologies would then coalesce. Automatic transmission, for example, could even kick in more gently or in a more sporty way depending on the mood, with the air-conditioning regulating the air flow accordingly.

Even driverless cars need headlamps

Sometimes it is vital to think much further outside the box. Because potential changes can be picked up quite early on in the game – just like the example of driverless driving. The challenge facing the developers is the fact that they do not know in advance which trend will actually win through. Nevertheless they have to be prepared

Dr. Michael Kleinkes, Head of Development Lighting Technologies, surveys all concepts.

→ 06

Start of the series

As soon as good opportunities are established, risks clarified and contracts signed, the product is adapted to suit the requirements of serial production.

for every eventuality. Designer Carsten Hohmann is convinced that driverless vehicles, too, will still need lighting even if they are blindly guided by an electronic safety net: “But the tasks to be carried out by a vehicle’s lighting system will change.”

He and his colleagues are considering, for example, navigation lights which could warn pedestrians of an approaching driverless car at night. And cars will also still need headlamps so that at any given time the driver can once again take over the controls of the vehicle. It is indeed a long learning curve before people will be able to trust implicitly in technology as they travel through the dark. A day will come when lights no longer inevitably have to be directed only towards the front of the vehicle; they could be positioned in such a way as to illuminate the field of vision in all directions.

Driverless cars are set to herald in a new age of mobility. For the developers at HELLA, this is just one of many issues of the future. It also offers a golden opportunity to design a new brand of lighting technology – in order to perfect the art of being unique.

Curiosity

Only those people who are open to all things new can be innovative. Consequently HELLA lives and breathes a culture of curiosity. At the same time the Company establishes professional structures for pre-development and innovation management.

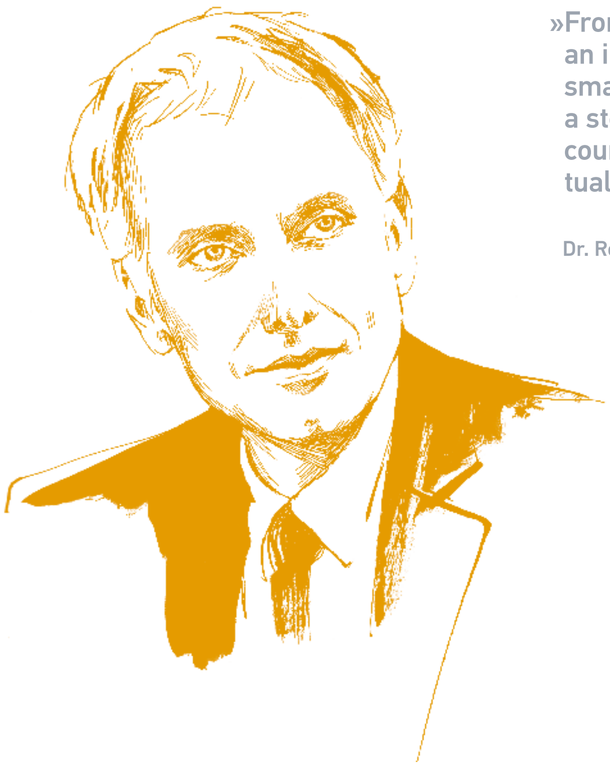
In 2007 it was scientifically proven that a sense of curiosity improves the quality of a person's life. In a study with 97 college students, the US-American professor of psychology Todd B. Kashdan demonstrated that pursuing one's own curiosity rather than passively enjoying life leads to greater satisfaction. It is quite evident that the hunger for new things is closely connected with the carrying out of meaningful activities.

For a company such as HELLA facing tough global competition, being curious is very important. In fact, it is essential for survival. Because our success, our growth and our outcome all depend on the continuous defending of our position as a technology leader. That only works if we are permanent innovators: constantly calling the old into question and preparing the path for the new. A classic example of this is the dramatic change brought about by LED lighting technology, which HELLA, as a partner of car manufacturers, has actively shaped and co-designed.

Often our innovative strength is just attributed to our R&D ratio. It is true that in the last fiscal year 9.3 percent of our sales was spent on developing new products and on the attendant enabling technologies. Thus we are well above the average invested by other automotive suppliers. Sales growth resulting from business with new products corroborates this strategy. Nevertheless it is by far not only financial means which lead to innovations becoming successful on the market. It is also the culture of curiosity which drives us on.

That starts at HELLA with the General Managing Partner Dr. Jürgen Behrend, who constantly encourages Management to give employees the scope and freedom in which creative ideas can be nurtured. But even if we provide the setting for unconventional solutions, we can hardly decree that they immediately come into being. Such ideas are not systematically formed, nor do they appear at the touch of a button. On the contrary, they sometimes take shape during sleep. And good ideas do not pay heed to hierarchical systems. It is often those employees working in series development or in serial production who strive to improve customer satisfaction. They are the ones who have the ideas that can significantly improve products and processes. That is clearly illustrated by our in-house competition called "Driving E-nnovation", in which more than 1,000 employees took part. Amongst the approximate 140 ideas, whose market opportunities we most carefully scrutinised, there were several which impressed us so much that they immediately landed in our Pre-Development Department.

From being curious to having an idea it often is only a small step. However, such a step requires resolute courage in order to conceptualise the new idea. But from an idea to an innovation that can change the market, there lies a long journey. A new technology must first of all be tested in the laboratory and then on prototypes. We have to convince our customers and then prove ourselves in an initial series development project. This innovation process has recently been restructured in order to exploit our means as effectively as possible and to further the best, most promising ideas. One example of this is the setting up of our own Pre-Development Department, the establishing of a haven where ideas can be put through their paces without being subjected to the tight deadlines of series development.



»From being curious to having an idea it is often only a small step. However, such a step requires resolute courage in order to conceptualise the new idea.«

Dr. Rolf Breidenbach, President & CEO

And yet all that is still not enough. Because we are facing an automobile revolution. Distinctions between the interconnected cars of the future will be made on the basis of innovations revolving around software and IT. Innovations in this sphere often come to life against the backcloth of partnerships where companies of the automotive industry work closely together on individual projects with IT experts. The quality of an idea does not depend on the size of the company where it originates. It is frequently the technologies of the small startups that change the world. Thus curiosity is given another facet. Not only should it focus on a company's own business and own products but it should also examine major technological trends to determine how relevant they are for the cars of the future. So for that reason, in future, HELLA will pay people to go through the world full of curiosity and with their eyes wide open. In Berlin we are currently setting up an incubator which will carry out professional technology scouting on the incredibly dynamic IT scene of the German capital. With an eye on the future, we intend to take our incubator concept to other hot spots in the IT world as well.

And of one thing I am absolutely sure: our sense of curiosity is the motor of all technical advancement. It empowers us to develop components and systems for efficient drive units, to advance highly automated driving and also to promote interconnected cars. In this way HELLA is contributing to increasing safety, driving comfort and environmental compatibility of future generations of cars – and ultimately to enhancing the quality of life for each and everyone.

1

When the driver takes his foot off the pedal, the engine is decoupled and shuts down. As the braking action brought about by the engine is no longer present, the vehicle continues rolling along – without using a drop of fuel. If the driver wishes to once again accelerate, the engine can be switched on within a split second. And passengers travelling in the vehicle are totally unaware of all this happening around them.

2

Even without an internal combustion engine, there always remains sufficient electrical energy. An additional lithium-ion battery on board sees to that. It is chiefly charged with energy resulting from the braking action, which is then transformed into power by an alternator. Storage and alternator operate on 48 volts – a voltage four times greater than that found in the usual vehicle electrical system.

3

A HELLA voltage transformer connects the usual vehicle electrical system operating on 12 volts with the new 48-volt network. The transformer generates voltage in both networks and consequently guarantees an even flow of current. This is important as many safety-critical systems such as power steering and anti-lock braking systems are constantly dependent on a power supply.

Coasting Through Greener Pastures

When it is not needed, the engine shuts down. And in future not only when it is stationary but also when travelling at full speed ahead. In real-life road traffic situations this means a fuel saving of up to 25 percent. HELLA components naturally ensure that, even when in coasting mode, all electrical systems continue functioning with the utmost safety. A test drive with one of the electronics specialist's test vehicles proves that coasting along in a car is as much fun as sailing the seas.

18 g

of carbon dioxide for every kilometre driven can be saved with a 48-volt vehicle electrical system. This saving is brought about by the so-called coasting or sailing mode and the brake-energy recovery system in the standard cycle considered.

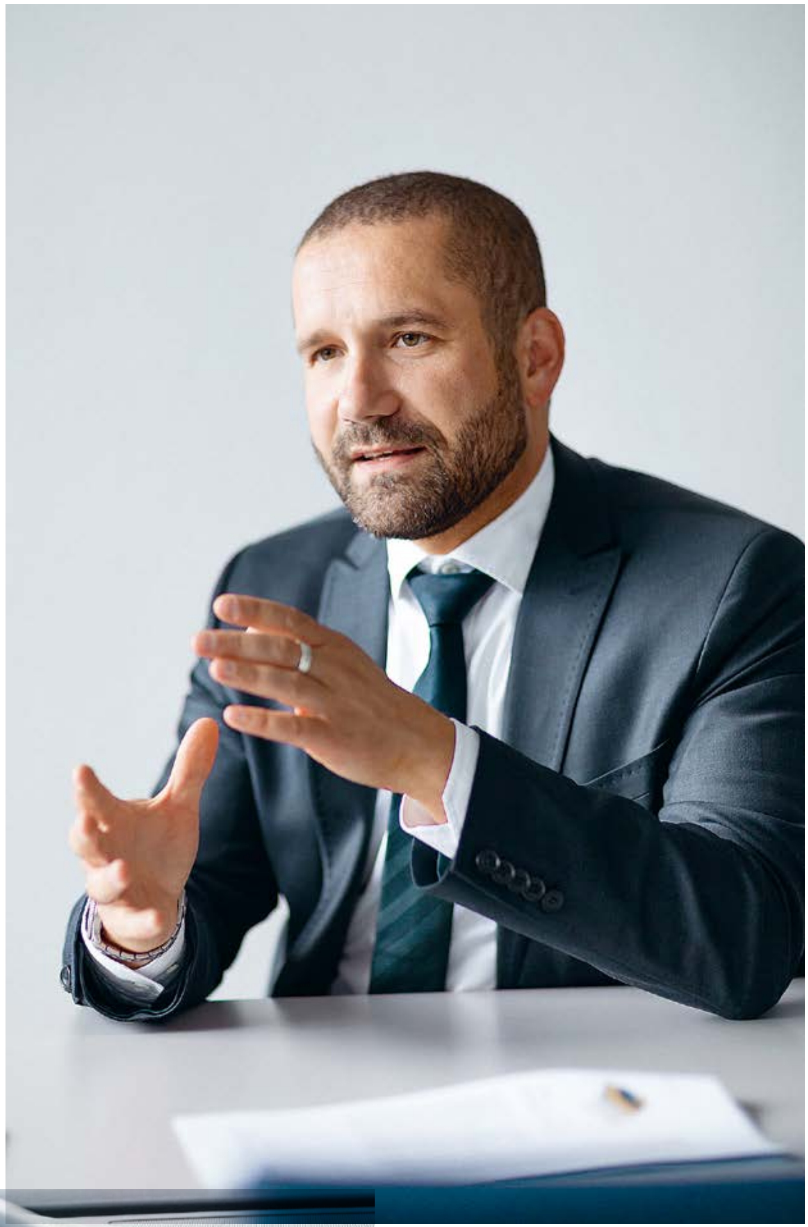
A country road somewhere in Westphalia, Germany. Hardly any traffic. In the distance a yellow village sign which cannot yet be read. Marc Nalbach takes his foot off the accelerator immediately. The rev counter drops down dramatically to zero. The engine has shut down. “Now we’re coasting,” explains Nalbach, a Doctor of Engineering who is responsible at HELLA for the development of energy management systems. We arrive at the little village of Liesborn without having used a single drop of petrol.

In overrun mode, the engine of a modern car today already consumes absolutely no fuel – but nevertheless its engine remains constantly engaged. The mechanical parts of an engine together with its compression generate friction, resulting in a drag torque which slows down the vehicle, depending on the gear engaged. If the engine is decoupled from the drivetrain, the car will continue to travel for up to 400 metres. This anticipatory manner of driving results in a considerable reduction of fuel consumption. During trials carried out in a prototype vehicle built by HELLA, a fuel saving of up to 25 percent was achieved while driving on public roads. In the standardised test cycles that are used in order to gain approval for new models, findings have revealed that a combination of the coasting function and a brake-energy recovery system is able to produce savings of up to 18 grams of CO_2 per kilometre.

Up to now only a few representatives of the automotive high society have been able to master the art of coasting. These vehicles were fitted with elaborate hybrid drives. Their high electrical performance was brought about by means of a voltage of several hundred volts. Now, in collaboration with car manufacturers, HELLA wishes to make this feature available for all vehicle classes. And that is why the automotive supplier is backing 48-volt technology. The voltage and electrical power are significantly lower but expensive measures for contact protection and insulation protection do not have to be factored into the equation. The part of the vehicle electrical system operating on 48 volts includes the alternator, which generates electrical energy every time that the brakes are applied, and also the battery where this energy is then stored. The rest of the vehicle electrical system functions as before on 12 volts, which means that the innumerable electrical loads on board do not have to be changed to accommodate the new technology.

The developers in the Lippstadt laboratories have perfected a crucial component for future vehicle electrical systems: the voltage transformer which connects the 48-volt section of the wiring system to the conventional 12-volt network. This transformer ensures that both the voltage and also the flow of current throughout the two networks remain steady. Only in this way can the smooth running of all systems, even the steering and braking ones, be guaranteed. The unspectacular aluminium housing set up in the boot of the test car in no way reveals how much technical know-how has been incorporated into the converter. It has an extensive performance range stretching from 200 watts to three kilowatts and boasts an efficiency factor of more than 97 percent. This results in only a slight degree of waste heat being produced, which is effectively dissipated into the atmosphere by means of special fins in the housing.

→ 01



→ 02

01 Totally committed: Marc Nalbach is responsible at HELLA for the development of energy management systems. 02 A switched-off engine: what has up to now only been possible with a stationary vehicle can now happen, thanks to a 48-volt electrical system, to a moving one.

→ 02

→ 01

01 Exciting engineering: HELLA tests 48-volt technology in a converted series vehicle. 02 Safety first: HELLA puts every single component through its paces in the laboratory. 03 Definitely on the radar: a smartphone in the test vehicle's cockpit shows how long the car has been coasting with a switched-off engine.

→ 03

"The 48-volt system will allow us to achieve, for the mid-range segment, an ideal compromise between costs and energetic use, as opposed to going for a full hybrid solution," enthuses a convinced Nalbach. Nevertheless he is also working parallely on an energy centre for small cars for which even the 48-volt solution would be too expensive. A compact 12-volt module embracing all control and power electronics and also energy storage has already proved its worth during initial tests. And the expert confidently makes the following promise: "In case of future customer requirements, we have a plug and play solution up our sleeve."

But it is mainly with the 48-volt systems that HELLA expects to net the big sales quantities. According to current market assessments, by 2020 it is thought that worldwide ca. three million vehicles will have been produced with 48-volt hybrid technology. By 2025 this amount will have reached nine million. The favourable sales forecast is not only to be attributed to the concept of coasting and the ensuing reduction of fuel consumption. Future generations of vehicles will also have new electrical loads connected up to the 48-volt system. These loads will considerably ramp up driving dynamics. Several car manufacturers are currently working on electrical anti-roll bars, which are designed to stabilise the vehicle body when bends are taken. Serial application of electrical turbochargers is also imminent. These enable the achieving of a very high engine torque just above idling speed. "Systems like these clearly make the whole driving experience much more enjoyable and they will contribute greatly to the rapid spreading of 48-volt technology," concludes Nalbach on completion of the test drive. A quick look at the monitoring screen shows that 34 percent of the total driving distance has been covered with the engine shut down.

17.3 % RoIC

In the fiscal year 2014/2015 we have increased the RoIC after taxes by 1.5 percentage points. (2013/2014: 15.8 %)

FINANCIAL REPORT

GROUP MANAGEMENT REPORT FOR THE FISCAL YEAR 2014/2015

General information on the HELLA Group

Business model

HELLA KGaA Hueck & Co. is one of the top 40 international automotive suppliers and among the 100 largest German industrial companies. In the Automotive business segment, HELLA supplies Original Equipment Manufacturers (OEMs) with electronic and lighting technology products. Furthermore, in the Aftermarket business segment, HELLA is one of the most important partners for spare parts distributors and independent garages for products, diagnostics and services in Europe. The high degree of technological expertise, innovative ability and operational performance of the Automotive business is applied to industrial applications and special vehicles in the Special Applications segment. At the end of the 2014/2015 fiscal year on 31 May 2015, HELLA had approximately 32,000 permanent employees in over 35 countries at more than 100 locations and generated € 5.8 billion in sales.

HELLA corporate structure

The HELLA Group's business activities are divided into three segments: Automotive, Aftermarket and Special Applications.

The Automotive segment includes the HELLA business activities in original equipment and corresponding original replacement part business. In the areas of lighting technology and vehicle electronics, HELLA develops, produces and markets vehicle-specific solutions worldwide for automotive OEMs and other automotive suppliers. Furthermore, technological innovations aligned with global megatrends are developed and made commercially viable.

In the Aftermarket business segment, HELLA pools trading vehicle parts and accessories via a global sales network as well as workshop equipment in the independent replacement parts market. Moreover, we ourselves serve as a service partner for wholesalers and garages and operate as a wholesaler in Northern and Eastern Europe. These activities are complemented by the range of high-grade garage equipment, such as vehicle data as well as professional diagnostic tools and garage equipment, which enable proper vehicle repair and maintenance at the garage.

In the Special Applications business segment, HELLA develops, manufactures and markets lighting technology and electronic products for special vehicles such as construction and agricultural machinery, buses or caravans as well as stationary applications which are wholly separate from vehicles, such as street and industrial lighting. Our technological competence is closely linked to our Automotive business, which means that we can expand the range of applications in LED and electronic products appropriately and leverage synergies at the same time.

↗ **Further information on the Group's business structure are availble in the company profile starting on page 20.**

Goals and strategies

The HELLA Group pursues a strategy of profitable and largely organic growth based on solid financial policy. Technological leadership, operational excellence and a global presence are success factors for profitable business. HELLA pursues this strategic orientation at Group level as well as in the three business segments Automotive, Aftermarket and Special Applications.

Moreover, differentiated strategic approaches are pursued in the individual segments for the respective business activities. While all relevant vehicle lighting technology products are provided globally in the Lighting business division of the Automotive segment, the Electronics business division takes a focused segment/product line approach aligned with the HELLA core competencies and regional/global focal points. In the Aftermarket segment, HELLA is active at all relevant steps along the value chain in replacement part distribution, wholesale, garage equipment and, particularly, diagnostics, using customer approaches tailored specifically to the target group. Here, the activities focus on the strategically important core market in Europe. International business in Asia and in North and South America supplements this approach. The Special Applications segment adopts the technical designs and innovations used in the Automotive segment and applies them to meet the needs of the respective target group markets in a customer-tailored manner. Europe is the core market for these activities, but business in Asia and in North and South America is growing.

For the Group and the segments, HELLA focuses its strategic objective on market leadership, which, depending on the segment, product line or region, can be achieved in the short, medium or long term. Thus, in the Automotive segment, HELLA pursues the goal of taking market leading positions (top 1 to 3), globally or in certain regions, in the respective market segments relevant for the Company's competitiveness. Furthermore, HELLA also strives to attain a market-leading role in the Aftermarket and Special Applications segments in each of the relevant target group markets and sales regions.

Alignment with important megatrends within the automotive industry is a fundamental strategic thrust for HELLA and a global driver of growth for market-oriented HELLA technologies and product designs.

(1) Environment and energy efficiency, (2) safety and (3) styling (LED) and comfort are particularly important for HELLA here. The huge transition from conventional illumination systems to LED applications in lighting technology, high demand for driver assistance systems to increase safety and for technologies that save energy and reduce CO_2 emissions are opening up strategic growth potential that HELLA is addressing with an appropriate investment and development strategy.

At the Group level, the two segments Aftermarket and Special Applications are of particular importance for the long-term stability of the HELLA business model since they provide a balance to the more volatile automotive business. Compared to the Automotive business, the Aftermarket segment is anti-cyclical. This means that when demand for new vehicles is lower, the need for repairs and replacement parts tends to increase. The product groups in the Special Applications segment are subject to fundamentally different demand cycles. In this way, balanced and stable business performance is possible for the HELLA Group, even under difficult general economic conditions. The validity of this business strategy proved its worth for HELLA at the peak of the global economic crisis during the 2008/2009 fiscal year.

In addition to the HELLA core business, the network strategy is used to take a cooperation approach in which partnerships are forged with other companies as part of joint ventures. In particular, this is done to gain access to complementary technologies, develop new markets or customer groups and benefit from economies of scale. In this way, the many different joint ventures and company units consolidated using the equity method form part of the HELLA Group's strategic growth trajectory.

Control System

The HELLA Group's organisation is managed via a multi-dimensional matrix. It includes the three segments Automotive, Aftermarket and Special Applications with the business divisions and strategic business fields, the regions with North and South America, Asia/China and Europe as well as the central functions. While the segments and regions are organised as profit centres, the central functions are managed as cost centres, in shared service centres (HELLA Corporate Centers) among other things. The segments have chief responsibility for strategic and operational business performance. The central functions fulfil a governance and control function for the Group and the segments. In the global network, the German locations assume a leadership role in terms of technological development and the industrialisation of the international locations.

The Group Management Board consists of Dr. Jürgen Behrend as Managing General Partner and the Managing Partners of HELLA Geschäftsführungsgesellschaft mbH under the leadership of its CEO, Dr. Rolf Breidenbach. The segments and business divisions, in turn, also have Executive Boards which support the responsible Management Board in operational and strategic management. Entrepreneurial accountability is the basic principle for managing the business at all levels. For important business transactions, the Group Management Board requires the approval of the HELLA KGaA Hueck & Co. Shareholders' Committee, which, through this process, co-determines the significant guidelines for business. As the central representative body of the shareholders, the Shareholders' Committee is involved on an ongoing basis in monitoring and providing advice to the Group Management Board. Besides this, the Shareholders' Committee has responsibility for personnel matters involving the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH. Along with the Shareholders' Committee, monitoring tasks are also performed by the Supervisory Board, which primarily deals with auditing and approving the annual and consolidated financial statements. Certain tasks in this connection are delegated to the Audit Committee nominated by the Supervisory Board. The Audit Committee primarily audits the financial reports and functional capability of the internal control system and the risk and compliance management system.

Strategic planning and operational budget planning are significant internal control instruments for the Company. Each month, a detailed meeting takes place with the entire Management Board and the Executive Boards to discuss the budget and development compared with the previous year; the Shareholders' Committee is informed about this. Quarterly and half-year reports are also prepared.

Financial performance indicators

The HELLA Group is managed by the Management Board through key financial indicators, which the Shareholders' Committee defined for the Group's further operational and strategic development in the 2014/2015 fiscal year. Based on this resolution, the key indicators of sales growth and net operating profit/loss margin (EBIT margin) take on great importance compared to the other key financial indicators in the management of the company. Accordingly, they are the HELLA Group's key performance indicators. HELLA also uses other important financial and non-financial performance indicators in addition to these key performance indicators.

The target values for the Group are based on multiple comparative indicators, for example, market conditions and competition, internal performance standards and allocation of resources. Above-average growth compared to the automotive market or relevant market segment is sought with respect to sales. The target for net operating profit/loss margin (ratio of EBIT to sales) is a level that is above average in the relevant competitive environment. Other key management-relevant indicators are the return on invested capital (RoIC) and the free cash flow from operations.

Non-financial performance indicators

The HELLA Group utilises non-financial performance indicators, primarily in the area of quality. Durability and reliability with a high degree of user comfort are important characteristics of the HELLA quality standards. Ensuring compliance with market-driven standards is the goal of active quality management, which is undergoing continuous further development. One quality measurement indicator is the defect rate, which is measured as the number of defects identified after delivery per one million parts ("parts per million" – ppm). The ppm rate in the fiscal year under review was in the low two-digit range. The defect rate improved slightly over the previous year.

Research and development

Along with operational performance, the exceptional research and development culture at the Company forms the foundation of our ability to compete and our leading market position. Activities are primarily concentrated on the development of technologies for the automotive industry – more than 90 % of applications for research and development are used in the Automotive business segment. HELLA uses its technology leadership to drive the central megatrends of the automotive industry: environmental awareness and energy efficiency, safety as well as styling (LED) and comfort. We also support vehicle manufacturers in their efforts to realise systems for autonomous driving.

Research and development expenses, which include both ongoing and one-off effects for expanding the global network, amounted to € 544 million, equivalent to 9.3 % of consolidated sales, and, therefore, are high but, as planned, slightly lower than in the previous year. The ratio of capitalised development expenses is calculated as the ratio of capitalised development

Research and development

	2014/2015	+/–	2013/2014	2012/2013
R&D employees	**6,063**	3 %	5,880	5,414
EXPENSES IN € MILLION				
Automotive	**512**	7 %	478	408
Aftermarket and Special Applications	**32**	– 9 %	36	35
Total	**544**	**6 %**	**514**	**444**
in % of sales	**9.3**		9.6	9.2

expenses to development expenses in accordance with the consolidated income statement and comes to 9.1 %, after 6.9 % in the prior year. After deducting the capitalised development expenses amortised during the fiscal year, the ratio stands at 5.5 %, after 3.1 % in the prior year. This reflects the strategy oriented towards global technological leadership and innovation in the relevant business fields and the structural expenses incurred as part of the globalisation initiative to strengthen the global HELLA network over the past fiscal years. The number of employees in research and development grew by 3 % to 6,063 worldwide in the 2014 / 2015 fiscal year. This means that around 19 % of HELLA employees work in R & D. Along with the Company's in-house research and development employees, HELLA also commissions a significant number of third-party service providers to carry out development support tasks in the Automotive and Special Applications segments.

Automotive business segment

In the Automotive business segment we sustain our innovative strength via high-performance pre-development. Following our central strategy, we co-ordinate worldwide development from Germany, where we actively shape global trends and key technologies of the automotive industry and implement these in a targeted manner to promote our business activities. In addition, there are local development centres in the large growth regions, which support regionally specific product adaptation and also advance independent developments for the relevant markets. In this way, HELLA pursues market-driven customisation of technologies and product designs to meet customer needs.

Lighting business division

In the 2014 / 2015 fiscal year our development activities in lighting technology focused among other things on concepts which allow the broad-based use of LED technology in all vehicle segments. We follow two approaches in this respect: First of all, we aim to establish LED technology more firmly in the volume segment via cost-optimised approaches. Secondly, we are working on the development of HD (high definition) headlamps for the premium segment. HD headlamps feature several thousands of individually controllable pixels, offering a substantially higher resolution. This helps ensure fine control that permits even more usable light to be brought to the road in order to offset weather-related conditions such as rain or snow. We also develop systems which enable the use of laser sources of light. They will gain importance as an additional technology to LED where huge light density needs to be generated in a very compact space. Moreover, we are continuing our development activities in OLED technology and will be launching the first series OLED rear combination lamps on the market in the near future.

Along with its own strong pre-development, HELLA research and development also works in partnerships in the Lighting business division. HELLA has been jointly operating the L-Lab as a research institute for lighting technology and mechatronics together with the University of Paderborn since 2000. In April 2015, the existing partnership was expanded to include the Hamm-Lippstadt University of Applied Sciences. The L-Lab explores current issues surrounding vehicle lighting and also conducts basic application-oriented research. HELLA also contributes its own expertise in research consortia with other companies and institutes to work together to develop efficient and safe automotive lighting for the future.

Electronics business division

As part of our development activities in the Electronics business division our work is focused in particular on supporting our customers in the implementation of increasingly more economical, safer and more comfortable vehicles. In this respect we were able to enhance technologies for future 48 volt electric systems in the 2014/2015 fiscal year. These will help vehicle manufacturers reach the ambitious CO_2 targets on the most important global automotive markets. Moreover, we are developing an innovative battery management system which will be used both in premium hybrid vehicles and in the compact electric car segment. HELLA is also pushing ahead with the realisation of functions for self-driving cars with new technologies and systems. While we have already achieved a leading market position in Europe in rear applications of radar sensors, such as for changing lanes or manoeuvring out of a parking space, we are currently developing a new generation of radar sensors which can also be used for front applications, thereby permitting 360-degree environmental sensing. In the context of increasing connectivity, HELLA is also developing secure and convenient systems for accessing and controlling various vehicle functions via smartphone.

Following the successful implementation of a new pre-development structure in the 2013/2014 fiscal year, we have strengthened the global development network further during the period under review, both in Germany and at our international locations. Against the backdrop of the growing importance of electronic components and systems in the vehicle, in the 2014/2015 fiscal year we increased our capital expenditure to enhance functional safety competencies in order to offer an even greater range of safety-relevant functions over the long term. Moreover, we have established the System Engineering Academy, a multi-month training programme which will further support the accumulation of system expertise within the Company. In terms of content, one focus was on the further development of our product platforms, including for modular body control modules to strengthen our ability to compete on a sustained basis.

Aftermarket business segment

Product sales form the basis of the Aftermarket business segment. Expenses for research and development of segment-specific products are incurred to just a very limited extent. A detailed explanation of development activities will not be provided for this segment due to the minor role it plays in the business development of the Group.

Special Applications business segment

In the Special Applications business segment, HELLA primarily benefits from the transfer of knowledge from the Automotive segment in order to develop and apply new products for the relevant target groups in a customised manner by using existing basic technologies and product concepts.

The gradual introduction of LED technology is a major innovation, which we are continuously pushing ahead within Special Original Equipment (SOE). We are steadily implementing the accompanying benefits, such as improved visibility and greater design freedom, for various vehicle types, such as trucks, trailers and caravans. For example, in the 2014/2015 fiscal year we launched the customer-specific front and rear LED lighting and universally deployable LED rear combination lamps which meet the highest design requirements.

In the Industries division, HELLA primarily develops, produces and markets lighting for municipalities and industrial customers, airports and retail chains. In all areas we are steadily working to optimise our products in order to increase the lumen output of our light modules, for example, and increase efficiency even further.

Sustainability

The HELLA Group strives constantly to improve resource consumption and decrease CO_2 emissions at both the process and product levels. The gradual expansion of our environmental network and its continuous improvement in the period under review were important steps in this context.

HELLA India Lighting (India) and HELLA Jiaxing Lighting (China) adapted the environmental management system to the HELLA standard in the 2014/2015 fiscal year and are planning certification in accordance with ISO14001 in Q3 2015. To optimally integrate further locations into this network in future, we carry out regional workshops in the growth regions each year, particularly in Mexico and China. Cross-functional internal audits promote mutual networking of the locations and support “Good Practice Transfer”. Audits are carried out by specially qualified regional HELLA auditors, who receive theoretical and practical training based on a consistent standard.

In the 2014/2015 fiscal year all production locations defined specific energy goals as part of their environmental programme. In this way we will improve energy efficiency in our plants on a sustained basis and reduce energy consumption and the associated CO_2 emissions further.

→ A material lever is the sustained optimisation of our facilities. This includes capital expenditure totalling a six-figure sum in improved roof insulation at HELLA Innenleuchten-Systeme in Wembach/Germany. Furthermore, at Plant 5 in Recklinghausen/Germany (HELLA KGaA Hueck & Co.) we have upgraded more than one-third of the exterior lighting to our energy-efficient and durable HELLA LED lighting. This will reduce annual energy consumption by 14,500 kWh.

- → At other plants we have focused more on the use of energy-efficienct machinery and equipment. Our plant HELLA Fahrzeugteile Austria in Großpetersdorf/Austria has already generated savings of 31,700 kWh per annum during the period under review by purchasing a new Eco injection moulding machine. In addition, we have installed a heat recovery system at the LPP coating machine of HELLA Slovakia Front-Lighting in Kocovce/Slovakia, replacing a gas burner, as a result of which gas consumption is reduced by around 30,000 cubic metres per annum.

- → Moreover, the first locations within the HELLA network have begun to switch their energy supply to sustainable resources. Since April 2015, HELLA New Zealand has been obtaining its energy from renewable sources, such as hydroelectric, solar and wind power, as well as geothermal energy.

HELLA Plant 2 in Lippstadt/Germany is the only location subject to EU-wide trading in greenhouse gas emission certificates ("CO_2 certificates"). For the third trading period (from 2013 to 2020), the combustion plant has received an allotment notice for a term of eight years and an allotment of 95,747 certificates at no charge. In the 2014 calendar year, 18,288 tonnes of CO_2 were emitted. It was possible to settle the fee from the allocation of surplus certificates in the second trading period (30,083 certificates with a value of € 82,000) and the free allotment from the third period. Due to the general reduction of the free allotment and other factors, these certificates will no longer suffice in the future.

Instead, an additional 35,000 certificates are required, which we will buy at auctions throughout the third trading period. This is to be realised in several steps during the corresponding fiscal years. By the time this report is published, the initial purchase of a portion of the certificates for the upcoming trading period will have already been concluded.

Moreover, with the continual optimisation of our existing products and the development of new ones we effectively contribute to a reduction in energy consumption and vehicle emissions. In this way HELLA supports automotive producers in meeting the European Union's ambitious exhaust regulations. At present, we are working intensively on differentiated on-board power supply solutions in the vehicle, which enable emission-reducing functions such as stop-start function, energy recovery, coasting and the creeping-forward function. The step-by-step conversion of conventional lighting products to LED technology also ensures substantial potential energy savings for both passenger and commercial vehicles.

Permanent employees in the HELLA Group (at 31 May of each year)

Human Resources

To ensure the economic utilisation of its workforce despite fluctuating order volumes, HELLA deploys temporary staff supplied by personnel services companies in addition to its own permanent workforce. One of these companies is a part of the HELLA Group and, in this connection, temporarily supplies staff to HELLA as well as other companies outside the Group. To prevent HR management indicators from becoming distorted, staff indicators for the personnel services companies affiliated with the Group are not included in the management indicators of the Group. The indicators and explanations provided below thus refer to the Group's permanent workforce and do not include this company.

HELLA employed 31,864 permanent employees worldwide at the reporting date on 31 May 2015. This equates to an increase of around 4 % compared to the previous year. The most significant increase in personnel was recorded in Mexico and Brazil in relative terms however in absolute terms this was in the region "rest of Europe" (primarily Eastern Europe). HELLA hired some 1,500 new employees in these three regions during the period under review. The number of employees in Germany decreased slightly by 1 % to 9,677. This decline was attributable to the voluntary partial retirement and severance programme that started in summer 2013, which was initiated to ensure long-term competitiveness at the plant in Lippstadt/Germany and to take account of necessary regional capacity adjustments at an early stage. In absolute terms, HELLA recorded the largest growth in production.

Against the backdrop of the steadily rising importance of personnel management, the organisational structure of the Human Resources (HR) functions was developed further. Thus an HR business partner structure was introduced in order to support personnel-related processes comprehensively at a global level and to include the HR segment in corporate decision-making processes to an even greater extent.

In the 2014/2015 fiscal year we also stepped up our recruitment activities further, for example by introducing a new recruitment format in Germany and Romania: the "HELLA Career TechDays". This event provides experienced engineers with an opportunity to explore current trends in vehicle electronics and lighting and to discuss individual career opportunities at HELLA with experts from research and development and with management representatives.

Due to the increasing complexity of products and production processes and the rising quality requirements, we have launched a systematic training programme for employees in production and production-related areas. They will receive intensive training as part of the further development of the German plants to become global lead plants. Following successful implementation in Germany this training approach will gradually be rolled out globally.

Permanent employees in the HELLA Group by region

	31 May 2015	+/–	Share
Germany	**9,677**	– 1 %	30 %
Rest of Europe	**12,102**	9 %	38 %
North and South America	**4,481**	13 %	14 %
Asia / Pacific / RoW	**5,604**	– 4 %	18 %
Permanent workforce worldwide	**31,864**	**4 %**	**100 %**

Moreover, as part of the introduction of an e-learning platform, the efficiency and effectiveness of further training measures within the Company was substantially enhanced. As part of a pilot project, training on the subjects of compliance, anti-trust legislation and electrostatic discharge (ESD) has been held internationally, which had been successfully completed by 11,306 employees by the end of the 2014/2015 fiscal year. The Company plans to push ahead with the gradual expansion of this e-learning platform in the 2015/2016 fiscal year.

Moreover, we have expanded our internal programme for executives to include an important pillar. Alongside the LEAD programme for top managers and the LEAD Summer School for future leaders, the LEAD Compass is an event for employees in middle management. The LEAD Compass was initially introduced in the regions of Europe and Asia/Pacific and will also be established in the NAFTA region in the coming fiscal year.

Economic report

General economic conditions

The global economy reported no more than a muted positive performance at the start of the HELLA fiscal year 2014/2015 (June 2014 to May 2015), displaying significant regional differences. Since the end of 2014, persistently low crude oil prices, the marginal pick-up in the US economy and initial signs of an economic recovery in Europe have been providing slight momentum. In the 2014 calendar year, the global economy grew by 3.3 % according to the International Monetary Fund (IMF). The first quarter of 2015 got off to a slightly more muted start with growth of 2.2 %.

The US economy posted particularly strong growth during the period under review thanks to catch-up effects, following difficult economic conditions in the winter quarter of 2014. This was due, in particular, to the improved financial position of private households and a more upbeat economic assessment of companies, which stimulated domestic demand, as well as to the brightening situation on the job and real estate markets in the course of the year. In the 2014 calendar year GDP in the United States grew by 2.4 %. The first quarter of 2015 began with severe winter conditions which once again weighed on the economy, as a result of which GDP only grew by around 0.3 %.

China, too, continued to make a substantial contribution to global economic growth although the pace of expansion slowed down and the growth target of 7.5 % set by the government for the 2014 calendar year was narrowly missed. At the start of the year 2015 there were further signs of an economic downturn, although growth remained high in a global comparison (+7 % in the first quarter of 2015). The envisaged growth target was set at around 7 %.

Performance in the other BRIC countries was more differentiated. The Russian economy was weighed down particularly by low oil prices and the sanctions imposed by the West in the wake of the annexation of the Crimea. GDP in Brazil all but stagnated in 2014 after growing by 2.5 % in 2013. By contrast, gross domestic product in India rose by 5.8 % in 2014.

Following a good start to the year 2014 the eurozone recorded substantially weakened growth momentum in the second half. Negative effects were seen as a result of the politico-military conflict in Ukraine and the ensuing consequences for the West's economic relations with Russia as well as the persistent crises in Syria and Iraq. Moreover, uncertainty prevailed regarding a turnaround in the interest rate policy of the US Federal Reserve. It was not until towards the end of 2014 that industrial production picked up slightly, mainly thanks to private consumption and exports. The increase in capital expenditure also contributed to rising production in some eurozone countries. The unexpectedly pronounced recovery of the German economy and strong real economic activity in Spain were the driving forces behind euro area growth. All told, modest growth of 0.8 % was achieved in 2014. This development continued at the beginning of the year 2015, boosted by persistently low oil prices and the depreciation of the euro. Thus all eurozone countries except Greece and Finland recorded a stabilisation or improvement in their economic climate. The eurozone began the first quarter of 2015 with growth of around 1 %.

While the German economy got the new fiscal year off to a substantially positive start in June 2014 with persistently high employment and stable private consumption, the outlook clouded over in the summer semester of 2014. Fresh momentum did only emerge at the year end, leading to remarkably high GDP growth of 0.7 % in the final quarter of 2014. Along with the low oil price and the depreciation of the euro, high employment and rising real wages resulted in a stronger domestic economy. The German economy also expanded in the first few months of 2015, growing by 0.6 % in the first quarter.

Economic growth in the automotive sector

Global passenger car unit sales rose by 2 % to roughly 74.7 million in the 2014 calendar year. This overall positive development of the international automotive markets continued in the first few months of the year 2015, boosted by the low oil price, and was supported mainly by the three large automotive markets of the USA, China and Western Europe. By contrast, the vehicle markets of Russia and Brazil declined substantially.

In 2014, China took over from the USA as the world's biggest vehicle market. The number of new vehicle registrations rose by around 13 % to 18.4 million vehicles in the 2014 calendar year. Towards the end of the year, in particular, the market recorded a further substantial increase in the number of new registrations by almost one-fifth to just under 2 million vehicles in December. China's automotive market continued to grow in 2015: In the first five months new vehicle registrations were up almost 9 % to a volume of 8 million vehicles (prior year: 7.4 million).

In the USA, the combination of a good situation on the job market and low fuel prices had a positive effect on purchasing power, thus substantially boosting unit sales of light vehicles (passenger and light commercial vehicles) significantly. The number of newly registered light vehicles rose by 6 % to a total of 16.4 million in the 2014 calendar year. This marked the first time that the USA had returned to the 2006 pre-crisis level; when compared with 2009, the light vehicle market has grown by 58 % since then. With an increase of 10 % the light truck segment reported substantially stronger growth than passenger vehicle unit sales, which rose by only 1 %. This trend continued in 2015, albeit with slightly declining momentum. All told, between January and May the number of new vehicle registrations increased by just under 5 % to 7 million light vehicles.

In Western Europe the number of new vehicle registrations recorded a rise of 5 % to 12.1 million vehicles in 2014 as a whole following four years of decline. In particular, the countries Spain, Portugal and Ireland, which were heavily affected by the sovereign debt crisis, showed pent-up demand with growth rates in the double-digit region. The UK and Germany also continued

HELLA Group sales (in € million)

their positive performance, whereas the passenger vehicle markets in France and Italy posted slight gains but remained well below pre-crisis levels in absolute terms. At the start of 2015 this recovery gained further momentum; as a result, the West European vehicle market expanded by around 7 % to 5.6 million new registrations in the first five months of 2015.

In the annual financial statements 2013/2014 we had assumed slight growth of the light vehicle markets in Brazil and Russia for the 2014 calendar year, but both markets continued their decline, contrary to our expectations. Only around 2.5 million new light vehicle registrations were reported in Russia, equivalent to a decrease of around 10 % when compared with 2013. The Brazilian market also recorded a decline: at 3.3 million new registrations it was around 7 % below the previous year's level. Both markets got off to a notably negative start in 2015 with double-digit decreases. The vehicle market in India grew slightly by just under 1 % to 2.6 million new registrations in 2014; it continued and further intensified its recovery between January and May 2015 with growth of around 7 % to 1.1 million vehicles.

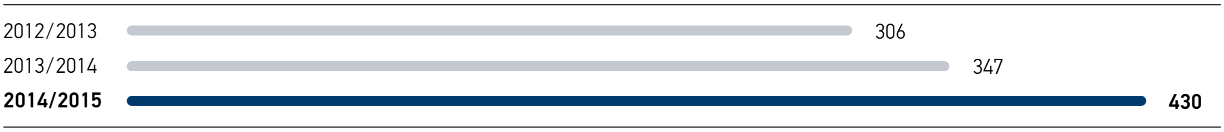
Business development and situation of the HELLA Group

In the fiscal year 2014/2015 the Group's sales rose by € 491 million or 9.2 % to € 5.8 billion. 2.3 percentage points of this growth are attributable to exchange rate fluctuations, essentially from the USA and China. Organic growth adjusted for exchange rate effects came to 6.9 %. In the prior year the Management Board had projected a mid single-digit growth rate. Due to the unexpectedly high level of demand and positive exchange rate effects, especially in the second half of the fiscal year, the Management Board raised its forecast in the nine-month report to growth in the mid to high single-digit percentage range. The sales growth realised is in line with this adjusted expectation.

The driving force of our Group growth was the global automotive business, which recorded the highest growth rate of 11.2 % in sales with third-party companies. Alongside the persistently high level of demand, especially on the markets of the USA and China, as well as positive exchange rate effects, the start-ups of new projects in connection with the globalisation initiative of recent years made a significant contribution to sales growth. In Western Europe we benefited from our strong positioning among German premium manufacturers and from general market recovery. Automotive megatrends of energy efficiency and reducing consumption (CO_2 reduction), safety as well as styling (LED) and comfort led to high demand and growth above market levels for the HELLA business.

The Aftermarket segment experienced very low demand in the first half of the fiscal year, which was at least partly attributable to increasing consolidation among wholesale customers in Germany. The Aftermarket business picked up in the second half of the fiscal year and offset the decline, as a result of which it recorded modest growth in sales with third-party companies of 5.1 % in the fiscal year 2014/2015.

Earnings before interest and tax (EBIT; in € million)



The fiscal years 2012/2013 and 2013/2014 have been adjusted.
Further information is provided in the notes to the consolidated financial statements under Note 6.

The Special Applications segment was adversely affected by weak demand from the agricultural sector throughout the entire fiscal year and its sales with third-party companies fell 10.0 % short of the prior year's figure.

Measured against the regional market coverage by end customers, sales growth was strongest in North and South America with an increase of 17 %. All told, the region has eight production facilities with its plants in Mexico, the USA and a "shop-in-shop" facility in Brazil. The region's share of consolidated sales rose from 20 % to 21 %.

In the Asia/Pacific/RoW region we increased our sales by 8 %. The region's share of consolidated sales currently stands at 28 %. Over the past few years HELLA has strongly expanded its global footprint through significant capital expenditure on development and production capacity. Thus the Automotive business segment is represented in China with six own production facilities. Moreover, six further plants are operated as part of joint ventures. In order to cover customer requirements from the Chinese market comprehensively, we have also steadily expanded our development capacity. Even though the growth of the automotive sector in China has recently lost some of its momentum, demand on the world's biggest automotive market is still high and thus remains a major growth driver for HELLA.

Supported by the stabilising market recovery, business performance in Europe was also positive. Sales in Europe including Germany were up 7 % compared with the prior year. All told, the two regions (Germany and the rest of Europe) contributed 51 % to consolidated sales, after 52 % in the prior year.

Overall, sales generated outside Europe came to 49 % of consolidated sales. With reference to the Automotive business segment, which has a substantially more global focus, sales generated outside Europe accounted for 58 %.

Results of operations

Net operating profit/loss (EBIT) including restructuring expenses rose by 24 %, from € 347 million in the prior year to € 430 million. The EBIT margin of unadjusted net operating profit/loss rose from 6.5 % to 7.4 %.

During the fiscal year total expenses amounting to € 15 million were incurred for structural adjustments mostly connected with a voluntary partial retirement and severance programme at the location in Lippstadt/Germany. In the prior year these expenses came to € 52 million. They were recognised at Group level and not assigned to the business segments due to their comprehensive and non-operational character.

Earnings before interest and income tax (EBIT) adjusted for one-time expenses for restructuring measures rose by € 46 million to € 445 million compared to the prior year, marking a fresh all-time high. This adjusted EBIT margin as the ratio of net operating profit/loss (EBIT) to sales rose by 0.1 percentage points to

Regional market coverage by end customers – HELLA Group

	2014/2015		2013/2014		2012/2013	
	Absolute (in € million)	**Relative**	Absolute (in € million)	Relative	Absolute (in € million)	Relative
Germany	**823**	**14 %**	783	15 %	670	14 %
Rest of Europe	**2,137**	**37 %**	1,983	37 %	1,887	39 %
North and South America	**1,226**	**21 %**	1,047	20 %	1,033	21 %
Asia/Pacific/RoW	**1,649**	**28 %**	1,531	29 %	1,246	26 %
Consolidated sales	**5,835**	**100 %**	**5,343**	**100 %**	**4,835**	**100 %**

7.6 %. In the prior year's report the Management Board had projected an increase in adjusted EBIT in the mid single-digit percentage range. In the nine-month report the forecast was upgraded to a rise in the mid to high single-digit percentage range on account of the good business performance. With an increase of 11.5 % the realised result was thus slightly above the range projected most recently. The stronger results of operations are essentially attributable to substantially positive international automotive demand in the fourth quarter and the positive contributions to earnings generated as a result.

During the 2014/2015 year under review the presentation of EBIT was adjusted to ensure improved comparability with other companies and to align it with capital market standards. At HELLA this indicator, which is not defined in the accounting standard, previously also included net other finance income/expense, and only pure net interest income below EBIT was shown under "i". Because a comparative analysis shows that most companies report the components of the net financial result outside EBIT, we have adjusted the reporting structure accordingly for the first time in the interim report on the first half of the year 2014/2015. Compared to the previous presentation, EBIT in the entire fiscal year thus increased by € 8 million (prior year: € 5 million). The impact on the EBIT margin is correspondingly 0.2 percentage points (prior year: 0.1 percentage points).

After deducting net finance expense amounting to € 36 million and expenses for income taxes of € 98 million, net income for the fiscal year came to € 295 million, up from € 230 million in the prior year. This corresponds to an increase of 29 % and a net return on sales of 5.1 %.

Net operating profit/loss before depreciation and amortisation adjusted for special items (EBITDA) rose by € 73 million to € 781 million or 13.4 % of sales, up from 13.3 % in the prior year.

The gross profit margin declined by 1 percentage point, from 27.6 % in the prior year to 26.6 %. Exchange rate changes, one-off effects and a negative segment mix had a material impact on the margin trend.

The sustained increase in the gross income margin has opened up economic scope for high research and development costs as a basis for dynamic and organic growth on a sustained basis. After a sharp increase in the prior year to 9.6 % of sales as part of the globalisation initiative, research and development expenses recorded a further slight rise of € 30 million to € 544 million during the fiscal year 2014/2015. Their relative share fell by 0.3 % percentage points to 9.3 %. The high level of development expenses is attributable to high capital expenditure on technology and innovation issues while also being a result of the intensive and exceptional establishment of our international development network, especially in the growth regions of China and Mexico. It plays a major role in strengthening our further global growth in the Automotive business.

Regional market coverage by end customers – Automotive

	2014/2015	2013/2014	2012/2013
Germany	**13 %**	14 %	12 %
Rest of Europe	**29 %**	29 %	32 %
North and South America	**25 %**	24 %	26 %
Asia/Pacific/RoW	**33 %**	34 %	29 %

Volume-related distribution costs in relation to sales fell from 8.1 % to 7.8 % due to efficiency measures and declining business in the Aftermarket segment. The ratio of administrative costs was reduced significantly, from 3.7 % to 3.4 %. Thanks to the global shared service centre network (HELLA Corporate Center, HCC), cost cuts were realised earlier than planned.

Net other income/expense as the balance between other expense and income rose by € 3 million before one-time expenses. After deducting expenses incurred in connection with the restructuring programme amounting to € 15 million (prior year: € 52 million), other income stood at € 16 million (prior year: expense of € 24 million).

Despite some start-up costs, income/expense from the strategic network of joint ventures and other associates rose by € 17 million to € 55 million thanks to the good business performance of the established companies. The share of the profit contribution from the strategic network in consolidated net operating profit/loss of around 13 % also underscores the importance of this risk-diversified and strategic expansion of our business model using broadened product portfolios and market access within the scope of our joint ventures. On a 100 % basis, investments accounted for using the equity method generated sales of € 2.9 billion in the fiscal year 2014/2015, with EBIT amounting to € 161 million. Pro-rated sales for HELLA came to € 1.2 billion and pro-rated EBIT to € 70 million.

Offset against financial income, net financial expense totalled € 36 million, down from € 38 million in the prior year. While financing costs increased due to the expansion of our footprint in China, the repayment of the remaining € 200 million from a high-interest bond dating from 2009 with a coupon of 7.25 % in October 2014 led to a sustained reduction in financing costs of around € 1 million per month. On the assets side, however, the extremely weak interest rate setting provided no more than very limited earnings opportunities. A further € 150 million in terminable borrowings were thus repaid in January in order to reduce financing costs.

Results of operations of the segments

In a market which continues to be characterised by strong automotive demand, sales of the Automotive business segment grew by 8 % to € 4.6 billion. Excluding intersegment sales of € 226 million, the segment's external growth came to 11 %. The regional footprint in the growth markets of NAFTA and China had a positive effect. By contrast, our presence in India and Brazil is very limited, and we have no local activities in Russia; the weaknesses in these regions therefore did not have any negative impact on our business performance. Alongside market demand, further start-ups of new products were the drivers of growth. This was particularly true of headlamps with complex LED technology and electronics systems and components for energy management, driver assistance systems and electric power steering. The segment result rose by € 64 million to € 354 million. The EBIT margin increased from 6.9 % to 7.7 %. Additions

Regional market coverage by end customers – Aftermarket and Special Applications

	2014/2015	2013/2014	2012/2013
Germany	**16%**	17%	17%
Rest of Europe	**61%**	59%	56%
North and South America	**8%**	9%	10%
Asia/Pacific/RoW	**15%**	14%	17%

from non-current property, plant and equipment, which consist mainly of capital expenditure for maintaining or expanding buildings, machinery, plants and other equipment, rose slightly by around € 3 million over the prior year to € 389 million.

Due to weak seasonal demand in the first half of the year, the Aftermarket segment recorded growth of only about 4% compared to the prior year. Consequently, segment sales grew by € 43 million to € 1.2 billion. Excluding intersegment sales of some € 56 million, the segment's external growth came to 5.1%. This growth was supported mainly by our wholesale business in Denmark and Poland. By contrast, in the Independent Aftermarket major customers took advantage especially of the mild winter and summer months characterised by weaker demand to optimise their own inventories. This is partly also attributable to the ongoing consolidation of wholesale customers in Europe, especially in Germany. As a result of the weaker business performance and of mix effects, the operating margin decreased from 6.8% in the prior year to 6.2%, which includes 0.3% in one-off effects from the sale of a sales company in the prior year. Net operating profit/loss declined by € 5 million to € 73 million. Additions to non-current property, plant and equipment rose by 3% over the prior year to € 26 million.

The Special Applications segment, which pools business activities with producers of special vehicles and industrial lighting, was affected strongly by weak demand in the agricultural sector, particularly as a result of the Ukraine crisis. Major customers in this segment have substantially scaled back their production. Segment sales declined by 10% overall to € 310 million. Excluding intersegment sales of € 1 million, external sales also declined by 10%. The segment result subsequently decreased by € 9 million to € 19 million. Additions from non-current property, plant and equipment were down € 7 million to € 11 million compared with the prior year.

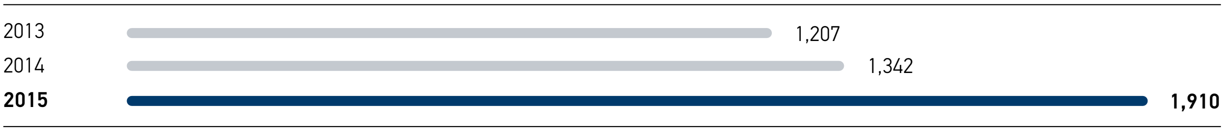
Financial position

The finances of the HELLA Group are managed centrally by the parent company. Wherever possible, funds are procured centrally and made available to the Group companies as required. HELLA generally has a funding horizon with a long-term focus, which ensures liquidity at all times even in the event of cyclical fluctuations. The investment and debt policies are set amid a balanced portfolio. Our financial management aims to safeguard the Group's liquidity and creditworthiness, which includes ensuring access to the capital market.

Capital structure

The liquidity position from cash and cash equivalents and current financial assets increased slightly by € 16 million to € 1,008 million during the fiscal year. The Group generated net proceeds of € 272 million from the issue of new capital in the course of the initial public offering in November 2014, with € 59 million in dividends being paid out to shareholders and non-controlling interests of Group companies. € 200 million were paid for a maturing bond dating from 2009; a further € 150 million went toward the repayment of a loan by the European Investment Bank.

HELLA Group equity (in € million; 31 May)



Current and non-current financial liabilities decreased by € 279 million. In addition to the repayments mentioned above, additional loans of € 105 million were taken out to finance the expansion of the footprint in China.

Net debt as the balance of cash and cash equivalents and current financial assets together with current and non-current financial liabilities fell by € 294 million overall to € 131 million. At the reporting date the ratio of net debt to EBITDA for the last twelve months was 0.2.

The corporate rating issued by Moody's remains in the investment grade segment at Baa2 with a stable outlook. Moody's last updated its Credit Opinion in February 2015. In its Issuer Comment from October 2014 Moody's rated both the issue of new capital and the initial public offering as credit positive.

Alongside the financial liabilities accounted for, obligations from operating leases exist but are of minor importance. The present value of the resultant minimum lease payments came to € 59 million at the reporting date.

At the reporting date the cash-relevant inflow from trade receivables sold as part of a factoring programme was unchanged compared with the prior year at € 100 million. The factoring was final without right of recourse.

At present, HELLA essentially employs three financial instruments in the non-current segment:

→ Capital market bonds

Since 2009 HELLA has issued a total of three bonds on the capital market with individual issuing volumes of between € 300 million and € 500 million and terms ranging from three and a half to seven years. The first bond dating from 2009 with an issuing volume of € 300 million, € 100 million of which was repaid already in 2014 following an offer to bond investors, was repaid in full in October 2014 as scheduled. Another bond with a volume of € 300 million maturing in September 2017 and a bond with a volume of € 500 million maturing in January 2020 are still outstanding.

→ Private placement

In the years 2002 and 2003 a total of JPY 22 billion with a 30-year term was raised. This foreign currency liability is fully hedged against exchange rate fluctuations over its entire term. The value of the liability at the reporting date of 31 May 2015 was € 169 million.

→ Syndicated credit facility

In June 2011, a syndicated credit facility with a volume of € 550 million and a five-year term was agreed with a syndicate of international banks. This credit facility is a pure backup and has not been drawn yet. Due to the favourable market setting, we refinanced the above-mentioned credit facility early, in June 2015, with a fixed five-year term at more favourable conditions. The line was reduced to € 450 million due to the current very high availability of funds.

In excess of the existing instruments no further material funding requirement is expected for the fiscal year 2015/2016.

Liquidity analysis

Cash generated from operating activities rose by € 25 million to € 560 million compared with the prior year. This includes settlements for restructurings, essentially from the voluntary severance and partial retirement programme in Germany included in the explanations of the results of operations and amounting to € 38 million (prior year: € 15 million)

Cash generation from net operating profit/loss before non-cash-relevant depreciation and amortisation (EBITDA) increased significantly compared with the prior year. EBITDA rose by € 110 million to € 766 million. The growth generated also resulted in the build-up of working capital. Receivables and other assets increased by € 129 million, an increase € 64 million above that recorded in the prior year. In particular, the usually longer periods allowed for payment in Asia, where growth was strong, led to further funds being tied up. By contrast, the inventory build-up at € 8 million was modest compared with a build-up of € 51 million in the prior year. Further potential for reducing the amount of funds tied up was realised mainly as a result of the continuing optimisation programmes in logistics. Taxes paid after deduction of tax refunds came to € 113 million, after € 65 million in the prior year. The increase essentially stems from the improved results of operations.

Cash capital expenditure not including settlements for the acquisition of company shares or the issue or repayment of capital deceased by € 21 million to € 478 million. It predominantly comprised capital expenditure on maintenance and expansion for buildings, machinery, plants and other equipment. HELLA is also investing continuously in customer-specific operating equipment, which is capitalised as economic property in the Group's non-current assets on account of the opportunity and risk structure. Due to the considerable up-front investments in such operating equipment, HELLA sometimes receives from customers – as an advance on delivery of parts – reimbursement payments, which are reported as deferred income as prepayment on sales. These prepayments came to € 131 million in the past fiscal year (prior year: € 131 million).

Payments for procuring operating equipment are allocated to investing activities in the cash flow statement, whereas cash proceeds from customer reimbursements as a prepayment on sales are economically assigned to operating activity.

Regardless of the economic approach in the annual financial statements the cash flow from equipment procurements and customer reimbursements in the internal HELLA capital expenditure planning are combined into the net capital expenditure indicator with the remaining cash proceeds and settlements for property, plant and equipment and intangible assets. The reason is that the advanced payment method of the customer reimbursements eases the need for capital expenditure in a closely related time frame and, therefore, is a significant factor in the investment decision. Net capital expenditure fell to € 347 million (6.0 % of sales) in the past fiscal year, after € 368 million in the prior year (6.9 % of sales).

Operating cash flow before dividends and net capital expenditure on financial assets or shares in associates came to € 82 million, up from € 36 million in the prior year. Adjusted for the settlement for restructurings, operating cash flow was € 120 million, up from € 51 million in the prior year. The substantial increase is in line with the Management Board's expectation as expressed in the prior year's report and results essentially from the Group's profitable growth.

The Group received € 19 million net in inflows from investing activities in connection with investments, after net outflows of € 6 million in the prior year. The inflow of funds essentially results from the disposal of part of a share in an Asian associate. A total outflow of € 148 million from financing activity was recorded, after an inflow of € 157 million in the prior year. Net loan repayments amounted to € 296 million. This figure essentially includes the repayment on schedule of a five-year bond with a volume of € 200 million dating from 2009 and a further € 150 million for the repayment of a loan by the European Investment Bank. In the prior year loan funds of € 69 million were raised on a net basis. As part of active management of the liquidity available to the Group a further € 50 million was invested in securities during the year under review, down from € 142 million in the prior year. In the context of liquidity management, capital is usually invested in short-term securities or securities with a liquid market, which means that these funds can be made available for potential operational requirements at short notice. € 59 million flowed to shareholders in dividends (prior year: € 55 million). The issue of new capital as part of the initial public offering in November generated proceeds totalling € 272 million. Liquidity decreased only slightly compared with the prior year, by € 34 million to € 603 million. Taken together with current financial assets, essentially securities, amounting to € 405 million (prior year: € 355 million), available funds increased from € 992 million to € 1,008 million.

Financial position

Total assets grew by a further € 458 million to € 4.9 billion during the past fiscal year. The high liquidity position of around € 1 billion still results in a substantial increase in total assets. Not including this increased liquidity position, growth came to € 443 million to produce total assets of € 3.9 billion. The equity ratio stood at 39 % at the end of the fiscal year. The 9 percentage point increase compared with the start of the fiscal year derives from the retention of profits generated and, to a large part, from the issue of new capital. The increase in total assets resulting from the high liquidity position influences the equity ratio significantly. The equity ratio in relation to total assets adjusted for liquidity comes to 49 %.

Overall statement

The fiscal year 2014/2015 was positive for the HELLA Group from the Management Board's perspective. At around 5 percentage points, Group growth adjusted for currency effects once again exceeded that of the global automotive market.

In particular, the Automotive business segment continued to report substantial growth as part of the globalisation initiative launched by the Group. Business picked up additional momentum, particularly in the second half of the fiscal year, due to the start-up of new customer projects and the encouragingly high level of demand from the international automotive industry. By contrast, the Aftermarket segment was faced with a considerable weakening in demand during the first two quarters of the year under review, but this weakness was essentially attributable to ongoing consolidation among wholesale customers and the accompanying optimisation of customer inventories. Orders rose sharply again in the third quarter. All in all, the growth potential of the Aftermarket segment for the fiscal year was significantly curbed as a result. The Special Applications segment recorded declining sales during the entire fiscal year on account of the weak agricultural sector, which was weighed down by various factors including the Ukraine crisis.

In the fiscal year 2014/2015, adjusted consolidated EBIT (earnings before interest and tax) reached a fresh high of € 445 million, thus growing by 12% compared with the prior year. Adjusted structural expense came to € 15 million, after € 52 million in the prior year. EBIT on an unadjusted basis was € 430 million, equivalent to a 24% increase compared with the prior year and also marking a new all-time high. Consolidated profit after tax totalled € 295 million (prior year: € 230 million). In accordance with the adjustment of the dividend policy as part of the initial public offering, whereby 30% of consolidated net profit attributable to the owners of the parent company is to be distributed to shareholders, the Management Board will propose to the Annual General Shareholders' Meeting that a dividend of € 0.77 per share be paid out for the fiscal year 2014/2015. At 111,111,112 no-par value shares, this is equivalent to a distribution amount of € 86 million. An issue of new capital was carried out in November 2014 to increase the number of shares from 100,000,000 to 111,111,112. The shares stemming from the issue of new capital are fully entitled to dividends. An amount of € 56 million was distributed in the prior year; there were 50,000,000 shares outstanding at the time of distribution. By resolution of the General Shareholders' Meeting, a 1:2 stock split later increased this number to 100,000,000 shares. Calculated on this basis for the prior year, this would have resulted in a dividend of € 0.555 per no-par value share.

The financial position and assets and liabilities of the HELLA Group continued their very solid development in the wake of the good trend of business and the issue of new capital in November. Operating cash flow was strengthened substantially following the high capital expenditure of previous years on property, plant and equipment and structures as part of the globalisation initiative. At € 120 million it substantially exceeded the prior year's level of € 51 million.

Net debt declined by € 294 million to € 131 million. Alongside the contribution from operations, it was particularly the issue of new capital which made a major contribution to the reduction of financial liabilities. The net debt/EBITDA ratio improved from 0.6x to 0.2x.

At the start of the new fiscal year 2015/2016 the good business performance continued; consequently the Management Board takes a generally positive view of the net assets, financial position and results of operations at the time the management report was prepared.

Internal control in Group accounting

The Group-wide internal control system for accounting is an important component and includes organisation, review and monitoring structures that ensure that business transactions are properly recorded, evaluated and applied to the financial reporting. To identify influencing factors on accounting and reporting early and to enable suitable measures for proper recording, various analyses and evaluations are carried out as part of risk management. Regulations that are applicable Group-wide which, together with annual financial statement planning, determine the process for preparing the financial statements are codified in an accounting handbook. If there are changes to legal regulations and accounting standards, they are analysed promptly in terms of their impact on financial reporting and, where necessary, directly included in the consolidated reporting.

The local companies are supported and monitored by the Group's central accounting department when creating their separate financial statements, which they are responsible for creating themselves. Finally, the consistency of the reported and verified financial statement data is ensured through the relevant IT systems. The consolidation of the separate financial statements is largely carried out centrally. In justified individual cases, for joint ventures for example, the financial statements of sub-groups are also included in the consolidated financial statements. The effectiveness of the internal accounting controls is reviewed on a continuous basis by the Internal Audit department.

The employees responsible for financial reporting receive regular training. Where necessary, support is provided by external experts for the measurement of complex items, such as pension liabilities. Moreover, the control system incorporates further risk avoidance measures and measures to improve transparency, such as comprehensive plausibility checks, segregation of duties, and the four eyes principle. Furthermore, the analyses carried out as part of risk management contribute to identifying risks which influence financial reporting and to enabling the introduction of measures to mitigate these risks. The effectiveness of this internal control system is assessed by the responsible Group companies and departments using an IT-based system and audited in spot checks performed by the Internal Audit department. The Management and Supervisory Boards are regularly informed of the results.

Opportunity and risk report

As an international company in the automotive supplier industry, HELLA is presented with many opportunities, but is also exposed to various kinds of risks. Pursuing a sustainable corporate policy with long-term goals, HELLA identifies these at an early stage in order to utilise opportunities on a responsible and farsighted basis and to manage risks pre-emptively.

Risk management system of the Company
Risk management is an important element of corporate governance and of strategy development. We seek to achieve an appropriate balance between risk and return in our business and to build and enhance the risk management capabilities which assist us in implementing our strategy.

The overall risk position is determined Group-wide through the risk management system, which is steered by the Risk Management Board. Responsibility and accountability for risk management reside at all organisational levels within the Group, from the Management Board all the way to the corporate functions, business segments and individual companies. Risk management forms an integral part of the business planning and auditing cycle.

As part of our sustainable Group strategy to achieve long-term targets we use an effective risk management system which provides for early risk detection, evaluation, management and monitoring and the responsible use of business opportunities.

Risk management methodology
We use a consistent risk management system across the Group to ensure the early detection of risks, a clear understanding and investigation of their causes and an appropriate management and evaluation of risks. Its implementation is monitored by the Company's management and communicated at all levels of the Company with the support of the Risk Management Board.

At HELLA, risk refers to the possibility that internal or external events could occur which have a negative impact on the implementation of the strategic and operational targets. The risk management system serves to systematically identify, evaluate, control, monitor and document material risks as well as the measures taken to reduce these risks or keep them at an acceptable level. A distinction is drawn between five main risk categories which are defined in line with the classifications used in the COSO model (Committee of Sponsoring Organizations of the Treadway Commission): (1) strategic risks, (2) operational risks, (3) compliance risks, (4) financial risks and, in addition, (5) external risks.

Responsibility for the identification and evaluation of all material risks to which HELLA may be exposed in its day-to-day business lies with the various levels and organisational units. For the purposes of risk detection, evaluation and reporting the heads of the individual departments/units of the companies assume the role of risk owner, risk leader and risk officer as previously determined. In this role the party responsible in each case examines the material risks arising in connection with its activities.

To this end, the risk owners have access to a range of tools, for example, centrally created, activity-related questionnaires, reports on major deviations and discussions on business units and audit reports. In addition, a risk management workshop is held with all business divisions and units each year, in the course of which new potential risks are established. Consistent methodologies are used to regularly perform risk assessments and to create a Group Risk Report that lists all material risks. The Risk Management Coordinator informs the Management Board of HELLA quarterly of existing risks, their evaluation and the measures performed. Moreover, the Executive Boards decide on risks requiring a more targeted approach.

Additional communication and reporting structures ensure that the Management Board is informed immediately of any material changes to the risk position. This enables the Management Board to exercise its supervisory duty effectively and react to new developments in a timely manner. Furthermore, the risk management system and general development of the Group are regularly agreed upon in close consultation with the Supervisory Board and Shareholdes' Committee. The risks established in accordance with the system described above are categorised and grouped in accordance with HELLA's risk map. Risks are usually evaluated in line with their negative impact on net profit/loss (EBT) of the function/unit during a period of two years. The risks and their consequences are evaluated on the basis of qualitative and quantitative criteria and allocated to various categories, taking into account their impact and probability. Risks that can be evaluated on the basis of existing data, experience and further forecasts with potential deviations are quantified. Individual items in HELLA's risk management are evaluated according to the following categories.

Probability	
Low	< 5 %
Moderate	5 % – 19 %
High	> 20 %

Possible financial impact	
Immaterial	< € 5 million
Moderate	> € 5 million – € 29 million
Material	> € 30 million

The stated potential financial impact is not the sum of individual risks but reflects the potential impact of individual risks recorded under the risk areas. The sum of individual risks may exceed the potential listed here, in individual cases exceeding € 100 million.

Using the Company's extensive risk catalogue all risk owners report on all changes in previously reported risks and on all new developments that might entail material risks. In accordance with the Company's risk management strategy all new material risks occurring between the regular reporting dates must be reported without delay. The identified risks are systematically grouped into individual risk areas and managed by the risk leaders.

Overview of the main risk areas	Possible financial impact	Probability
Strategic risks	Moderate	Moderate
Financial risks	Moderate	Moderate
Compliance risks	Material	Moderate
Operational risks	Moderate	High
External risks	Moderate	Moderate

Opportunity management

The HELLA Group pursues a decentralised opportunity management approach to enable the Company's management to identify and utilise opportunities resulting from day-to-day operations. Efficient opportunity management is based on the target agreement and strategy processes.

Opportunity management also depends on external forecasts and market analyses. It is integrated within the strategy and controlling process at the respective business division levels.

↗ **For more information on this, refer to the explanations on the strategic objectives of the Group which begin on page 72 of this management report.**

New opportunities are systematically identified through a continuous process for detailing the longer-term strategy in medium-term corporate planning. They are evaluated as needed and, if feasible, backed with a plan for implementation. In this regard, opportunities may arise particularly from changes in the global or regional market and competitive situation, from technological trends and customer-side developments.

Description of material risks and summary of risk position

The sequence in which these risks are presented does not reflect any order of significance, probability or impact. For their classification, refer to the risk class information in the respective categories. Additionally, risks and uncertainties that are currently unknown or deemed immaterial could have an adverse effect on the Group's future operations, cash flows, financial performance or financial position.

→ Strategic risks

Being an international company, the HELLA Group is affected by various economic developments as well as by macroeconomic fluctuations in individual regions. These fluctuations potentially have an adverse impact not only on the Company's global networks for production, development and trading but also on our customers and suppliers, which in turn affects the ability to attain strategic targets. On the other hand, regional diversification may also help to avert particular risks, and therefore suitably act as a risk management mechanism.

Moreover, HELLA operates in a cyclical sector in which global vehicle production and resultant OEM sales may fluctuate sharply in some cases. They are dependent on the underlying economic conditions, disposable incomes, the willingness of customers to pay and a range of other factors, such as fuel costs and the customer's financing options. As a result of fluctuations in vehicle production, demand for HELLA products may also fluctuate because OEMs generally do not agree binding minimum sales volumes or fixed prices with their suppliers. Since our business entails high fixed costs, the Company is exposed to the risk of insufficient capacity utilisation or operational bottlenecks.

To continue growing in this competitive setting, the HELLA Group has followed the growth course of its customers over the past few years and expanded its international production and development network to various emerging markets. Moreover, we have invested in adapting the product design and the specifications to meet the requirements of regional customers. Here there is a special focus on technologies for reducing fuel consumption and CO_2 emissions, which make vehicles more efficient and more sustainable. In addition, the Group's international customer portfolio and global presence shield HELLA from regional market fluctuations. The positioning of the Automotive segment along the megatrend of energy efficiency and the attractive product portfolio particularly in the area of electronics also harbour enormous potential.

HELLA is exposed to industry-related and competition-related risks mainly from the increasing shift in demand for passenger cars from Western Europe to America and Asia, specifically China. After the Chinese automotive market overtook the US market in 2014, it expanded its leading role further with growth in excess of 10 % in 2014. One quarter of global sales were generated there with more than 18 million units sold in 2014. These rapidly rising sales figures of the Chinese automotive market have up to now offered HELLA great potential for growth. We expect the automotive market in China and Asia as a whole to remain of high strategic importance for HELLA. Against this backdrop, substantial parts of the value chain, such as production and development, are extensively localised to avoid high import duties, longer transport routes and competitive disadvantages.

For the 2015 calendar year, recent estimates from the German Association of the Automotive Industry (VDA – Verband der Automobilindustrie) expect passenger car unit sales in China to grow by 6 %. However, weaker unit sales in the second calendar quarter, in particular, suggest that growth might be weaker.

The Company's balanced business structure results in a stabilisation of the economic situation, particularly in the context of weaker demand on the European market. While the Automotive segment with the Lighting and Electronics business divisions is dependent on OEM sales, the Aftermarket business segment benefits from sales of spare parts, accessories and operating equipment for garages, wholly independent of demand for new vehicles. This risk-optimised business model means that HELLA has a balanced position even in the event of unexpected changes in the market or industry.

Strategic risks are found primarily in the areas of business portfolio, partnerships, joint ventures and global footprint. The Company's strategic risks are currently allocated to the 'moderate' risk class, both in terms of their potential financial impact as well as their probability.

→ Operational risks

The HELLA Group's competitiveness depends on its ability to launch new, innovative products on the market in good time in order to improve the existing product portfolio and to keep its product range attractive through new market niches and products. On the automobile market the trend is increasingly towards more environmentally friendly and quieter engines which use less fuel while giving a better performance. At the same time, the demands on engine efficiency from both regulators and customers are increasing. On top of this, there is the trend towards the development of hybrid and electronic vehicles. Capital expenditure on cutting-edge technologies, particularly the introduction of LED production technology in Eastern Europe and China, constitutes one of our biggest challenges.

The entire internal development process for new products is subject to comprehensive standards with clearly defined milestones designed to ensure that quality and safety requirements are implemented. Extensive quality management also reduces risks connected with the production or delivery of faulty parts. In addition, there are insurance policies in place to provide appropriate coverage of warranty obligations from serial claims. In compliance with statutory requirements, provisions for dealing with such discernible profit-related burdens are reported in the annual financial statements and in corporate planning.

Moreover, the HELLA Group is dependent on a limited number of suppliers for certain products. A break in the supply chain due to problems with quality, timing of deliveries or sufficient availability of necessary volumes may significantly impair the Group's operations. Although efforts are made to ensure that second-source suppliers are available for most production materials and components, single-source suppliers cannot be completely avoided due to the highly specialised nature of some applications and processes in the automotive industry. We review continuously whether the Company's supply chain corresponds to the standards of the automotive sector with regard to quality assurance and production processes. If necessary, their performance and capacities are additionally enhanced to meet technical requirements and efficiency standards.

The HELLA Group is permanently exposed to risks from warranty and product liability claims. In an attempt to overcome the slump in sales on the market, OEMs are extending the warranty period from eight to ten years. They are negotiating with their suppliers to extend the warranty period for supplied products accordingly. In a further attempt to reduce the warranty costs per vehicle, leading car manufacturers are relying on warranty cost analyses. One of the consequences is the introduction of warranty offsetting systems, which have an adverse impact on suppliers. Automotive companies are formalising their warranty offsetting systems in order to pass their costs on to suppliers, thereby reducing them. At present, no targeted checks are being conducted to define and identify long-term loss which may emerge during the first development phase.

The HELLA Group's business processes and internal and external communications are based on centralised, standardised IT systems and networks. All IT systems are exposed to the risk of potential damage or disruption as a result of various influences. Incidents such as a temporary system failure, data losses or data corruption may lead to significant interruptions in operations. To mitigate this risk, HELLA is doing its best to monitor and optimise IT systems in line with the latest technologies on the market. Moreover, major steps are being taken to standardise the internal IT rules in order to fulfil the worldwide Group requirements.

The Group is also exposed to personnel risks because it has global operations and has expanded its business activities to emerging markets such as Mexico, China, India and Romania. The ability to attract and retain qualified executives and skilled personnel in key positions is crucial to the Company's long-term success. To counter risks associated with a lack of the expertise or personnel necessary to sustain operations and achieve the corporate objectives, as well as to counteract risks associated with the loss or expertise and competencies, HELLA systematically pursues internationally oriented programmes for recruiting and educating personnel, operates performance-based remuneration systems and offers various career paths and development prospects.

Operational risks are recorded and managed in the areas of IT, quality, production methods and human resources management. From an overall, company-wide perspective, the potential financial impact of operational risks is categorised as moderate. Their probability, however, is deemed high. At present, the risks concerned are predominantly classified as moderate in the Automotive and Special Applications segments and as low in the Aftermarket segment.

→ Compliance risiks

In light of the increasingly complex legal and regulatory requirements, the challenges of assuring compliance within the Company and reducing the risk of legal violations through appropriate measures are rising steadily and expose HELLA to new risks. At HELLA, top priority has always been given to compliance with laws and in-house regulations in order to sustainably preclude compliance risks and their consequences.

↗ **The compliance-related measures of HELLA are bundled in the compliance management system and presented in the corporarate governance report starting on page 108.**

Despite all measures taken and to be developed we cannot rule out the possibility that employees may not act in compliance with statutory provisions such as anti-trust regulations and anti-corruption legislation, and that as a result penalties or liabilities may be imposed on the Group or claims for damages be asserted against it.

As last reported in the 2013/2014 fiscal year and the interim reports for the 2014/2015 fiscal year, European and US anti-trust authorities simultaneously initiated anti-trust investigations into HELLA and some other companies in the lighting sector for motor vehicles in 2012. Their outcome is still not foreseeable at present. We expect a more active continuation of the EU proceedings after the EU Commission's summer recess, i.e., from September 2015 onwards. In the US proceedings there were no activities in the past fiscal year and none are currently in sight. According to EU regulations, a fine of up to 10 % of consolidated sales in the fiscal year before the decision to impose the fine can be imposed for violations of anti-trust law. Fines and penalties imposed by the US authorities may amount to up to 20 % of the sales in the U.S. affected by the anti-trust agreements. In addition, third parties who suffer loss as a result of violations of anti-trust law can claim damages both in Europe and the USA.

HELLA protects the technologies it has developed at great expense and effort by means of patents and other property rights, provided that this makes strategic sense for the Company. Observance of these rights by competitors is constantly monitored and possible infringements are prosecuted accordingly. Apart from this, there is also the risk that HELLA itself might inadvertently infringe on the rights of third parties, since competitors, suppliers and customers can also apply for a large number of property rights. The existence of effective property rights cannot always be clearly determined for certain processes, methods and applications. HELLA may therefore be subject to claims based on alleged infringement of property rights, which could result in the Group being liable to pay compensation, being forced to purchase additional licenses, or even being required to suspend production or use of relevant technologies in certain countries. In order to avoid violating existing third-party property rights, HELLA systematically monitors new releases and lines these up with its own technology portfolio.

Because the Group holds personal data on employees, it must adhere to data protection requirements. The Company must implement effective systems and control mechanisms to manage the risks in connection with information security because a failure to adhere to data protection provisions may not only entail legal consequences but also harm its reputation. The Group is exposed to such risks because personal data are passed on to other countries (to HCC) for processing.

Since the protection of the environment is increasingly moving into the foreground, HELLA may be affected by additional environmental protection and safety requirements. Moreover, changes in provisions may have an adverse impact on demand for HELLA products on the market. As a Group with international operations HELLA has to adhere to a large number of different regulatory systems which are subject to frequent change and continuous further development and which are becoming increasingly more stringent, especially with regard to environmental protection and health rules. Sudden changes in environmental protection rules may entail additional costs to meet new provisions.

Business activities in another country can lead to the existence of business premises of the Company in question in this country and to resultant tax liabilities. There is a risk that the Company does not identify these liabilities on account of shortcomings in the information flow between the tax department and the operating unit, that it therefore fails to meet them and that subsequently payments of tax arrears and fines are imposed on the Group.

Despite the measures that have been taken, compliance risks are classified as material due to the high level of regulatory complexity and very dynamic changes; their probability, however, is deemed moderate. Although we are already implementing effective measures, compliance risks may nevertheless have a pronounced adverse impact on the Group.

→ Financial risks

Financial risks resulting from currency and interest-rate fluctuations are managed by the Treasury corporate function in consultation with the Management Board. Selective use is made of derivative financial instruments in hedging transactions arising from operational business. HELLA uses derivative interest rate transactions only for hedging purposes.

In addition, exposure to currency fluctuations is limited first by sourcing materials locally within the respective currency and sales region. Currency risks are recorded, assessed and managed centrally in order to optimise risk control and to achieve further hedging cost savings due to the offsetting of many positions. Hedging mainly takes the form of forward exchange contracts, matched to the currency flows expected on the basis of the corporate plan. HELLA uses the same strategy for hedging fluctuations in commodity prices. Since the Group operates in an international setting, sudden changes on the financial market and currency fluctuations may have an effect on consolidated net profit/loss despite all risk mitigation measures taken, as happened in the case of the US dollar.

HELLA continues to benefit from a stable financial position. Its equity ratio at the reporting date, 31 May 2015, was 39 %. The ratio of net debt to EBITDA came to 0.2. In February 2015 Moody's confirmed its investment grade rating of "Baa2" with a stable outlook.

Long-term loans, eurobonds and long-term yen bonds secure the Group's liquidity position sufficiently. All commitments in the financing agreements, which, in the event of violation, could lead to extraordinary termination rights for the lender with potentially accelerated payment obligations, are continuously monitored. The corresponding financial figures form an integral part of Management Board reporting. The existing agreements provide enough tolerance even in the scenario of a sharp economic downturn.

Currently, financial risks are predominantly classified as low to moderate. The impact of currency fluctuations is also in the moderate risk range and flows into the financial risk category with the result that Group-wide financial risks can be assumed to be moderate.

→ External risks

The turbulence caused by geopolitical crises, a loss of confidence and failed efforts to generate growth do not appear to be supporting the initial signs of a recovery in most economies since early 2014. All these factors may contribute in greater measure to uncertainty on international markets and, accordingly, have a negative impact on energy and commodity prices and on important global markets. This type of risk is considered to include customer relationships, the development of competitors' prices, any market restrictions that might exist as well as socio-political decisions over which the Group has no influence. All in all, it can be concluded here that a moderate risk level can be presumed both in terms of the possible financial impact of the risks concerned as well as their probability.

→ Summary of risk position

The overall risk position has risen slightly compared to the previous period since new risks were identified and existing risks re-evaluated. The focus has been on compliance and operations, in particular. In these areas new risks have been identified and included in risk management.

Therefore, the Group Management Board assumes that the overall risk position corresponds to the Company's risk strategy and to its willingness to assume risks with the realisation of its goals. The Group's Management Board is therefore not aware of any actual or potential developments that could seriously threaten the Company's existence in the foreseeable future.

Forecast report

Overall economic and industry-specific outlook

The world economy is expected to show a positive albeit muted performance over the coming quarters. In July 2015, the International Monetary Fund (IMF) lowered its forecast for the global economy to 3.3 %, 0.2 percentage points lower than the January estimate. For 2016 it continues to project a growth rate of 3.8 %. Although the IMF expects positive stimuli in the oil-importing countries for 2015 and 2016 on account of the persistently low oil prices, at the same time it projects lower growth in most major economies over the medium term, with the exception of the USA. The upturn in the USA should continue in those two years with economic growth of between 2 % and 3 %, supported mainly by solid domestic demand on the basis of the low oil prices and declining consumer debt. By contrast, the growth prospects for China, Russia, the eurozone and Japan remained largely unchanged compared with the January forecast. Despite a lower rate of growth, China is still expected to increase its economic output by around 6.8 % in 2015 and 6.3 % in 2016. All in all, however, there is a heightened risk of a substantial slowdown in growth especially in the case of China. This would have significant consequences for the global economy as a whole.

The pace of expansion in the eurozone will remain low with expected GDP growth of 1.2 % in 2015 according to the IMF's estimates, despite low oil prices and the weak euro, weighed down in particular by the continuing lack of capital expenditure, which companies are postponing on account of lower export expectations in the emerging markets and weakness in the domestic EU economies. The German economy is expected to grow by 1.3 % in 2015. The outlook for commodities-exporting emerging markets has clouded over as commodity prices, especially those of crude oil, have fallen sharply. The slowdown in the pace of growth of the Chinese economy and the substantially weaker outlook for Russia may, moreover, have a negative impact on further emerging markets in the Asia/Pacific region. Furthermore, the macroeconomic trend worldwide is weighed down by significant geopolitical risks, such as in the Ukraine, Russia or Syria. This leads to a high level of uncertainty for all market participants.

According to the German Association of the Automotive Industry (VDA – Verband der Automobilindustrie), international passenger car markets are expected to grow by around 1 % to 76.6 million units in 2015. The USA and to a somewhat lesser extent China will probably remain the growth drivers. In addition, vehicle sales in Western Europe will also start to rise again.

According to the latest forecasts by the VDA (July 2015) China is expected to record around 19.5 million new registrations in 2015, equivalent to a growth rate of 6 %. However, the growth rate of the Chinese market has slowed down in the second quarter of 2015. We cannot rule out the possibility that a weakening of Chinese economic growth or a further substantial fall in local stock exchange prices could lead to changes in consumer behaviour and thus have a negative impact on Chinese automotive demand. On the US market, unit sales of light vehicles are forecast to grow by 2 % to 16.7 million new vehicles, boosted by low fuel prices. German car manufacturers are also likely to benefit from this trend as their share of the US passenger car market comes to 12 %. New vehicle registrations in Germany are expected to record a slight increase of around 2 % to 3.1 million vehicles in 2015. Furthermore, Western Europe is expected to record further growth of around 4 % to 12.6 new vehicle registrations. The heterogeneous development of the individual markets is, however, expected to continue.

Company-specific outlook

Based on these underlying conditions and forecasts and assuming that no serious economic upheaval will occur as a result of political crises, for example in the Ukraine, the Middle East or in China, we expect the business activities of the HELLA Group to continue their positive performance in the coming fiscal year 2015/2016. Three thrusts of the HELLA strategy should support this trend. First of all, the continued expansion of market positions through technological leadership pursued by HELLA in line with the central megatrends of environment and energy efficiency, safety as well as styling (LED) and comfort. Secondly, taking advantage of additional growth opportunities through global expansion, particularly on the growth markets of China and Mexico/NAFTA. Thirdly, the continued increase in operational excellence in creating value in the global HELLA network. Furthermore, the balanced business model provides stability with the other two segments, Aftermarket and Special Applications, which do not follow the automotive cycle, particularly in economically difficult conditions with high volatility.

For the fiscal year 2015/2016 we expect to see further sales growth in the middle to high single-digit percentage range subject to the conditions mentioned above being met. The EBIT margin is forecast to remain at its current level; just like for absolute EBIT and sales we therefore project growth in the middle to high single-digit percentage range. Expenses from the continuing restructuring initiatives will probably come to around € 20 million.

The forward-looking statements in this report are based on current assessments by HELLA's management. They are subject to risks and uncertainties which HELLA is not able to control or assess precisely, such as the future market environment and general economic conditions, actions by the other market players and government measures. If any of these or other uncertainties or vagaries should occur, or if the assumptions on which these statements are based turn out to be incorrect, the actual results may differ materially from the results explicitly specified or implicitly contained in these statements.

Other events in the fiscal year

→ Changes in the HELLA Supervisory Board

On 27 October 2014 a new Supervisory Board was constituted and took up its work. Dr. Michael Hoffmann-Becking was again appointed Chairman of the Supervisory Board. The board consists of six women and ten men. This means that HELLA already meets the women's quota of 30 % proposed by the German government in a draft bill, which is expected to come into force in 2016. Prior to this, the Annual General Shareholders' Meeting of HELLA KGaA Hueck & Co.

elected the eight shareholder representatives. The eight employee representatives were elected on 9 September 2014. The term of office of the previous Supervisory Board expired at the end of the Annual General Shareholders' Meeting on 26 September 2014. The new term of office runs until the end of the 2019 Annual General Shareholders' Meeting.

→ Changes in the HELLA Management Board

On 1 January 2015 Markus Bannert, member of the Management Board of HELLA KGaA Hueck & Co., took over from CEO Dr. Rolf Breidenbach as head of the Lighting business division in the Automotive segment.

→ Acquisition of the remaining shares (6.25 %) in diagnostics specialist Hella Gutmann

In June 2014 the 6.25 % stake in diagnostics specialist Hella Gutmann, which had previously been held by the founding shareholder, was taken over by the Group. Following the successful completion of integration, the group of companies is now fully part of the HELLA Group.

→ Start of joint venture with BAIC Automotive Group

Following approval by the relevant authorities of the joint venture Beijing Hella BHAP Automotive Lighting Co., Ltd. agreed with BAIC Automotive Group in March 2014, the new company began operating in Beijing in November 2014. The joint venture will further strengthen the lighting business in China.

→ Sale of 24.5 % stake in Chinese lighting joint venture Beijing Samlip Automotive Lighting Ltd. to strategic partner BAIC Automotive Group

As part of the expansion of the strategic partnership, 24.5 % of shares in lighting joint venture Beijing Samlip Automotive Lighting Ltd. previously held by HELLA together with Korean partner SL Corp. was sold to BAIC Automotive Group in January 2015. 24.5 % of shares remain with HELLA.

→ Acquisition of a further 7.94 % stake in leading Danish automotive parts wholesaler FTZ

In January, the Group took over a further 7.94 % of shares in leading Danish automotive parts wholesaler FTZ. As a result, HELLA's share increased to 78.99 %.

→ Ongoing investigation

As already reported in the 2013/2014 annual financial statements, European and US antitrust authorities simultaneously initiated antitrust investigations into HELLA and some other companies in the lighting sector for motor vehicles in July 2012. There were no changes in the status of proceedings during the period under review. The outcome of the investigations is therefore still not foreseeable at present.

Events after the balance sheet date

No events of special relevance other than those mentioned have taken place since the close of the fiscal year 2014/2015. In the first months of the new fiscal year, the Group's net assets, financial position and results of operations have continued to develop positively.

Corporate Governance of HELLA KGaA Hueck & Co.

The General Partners (persönlich haftende Gesellschafter), the Supervisory Board and the Shareholders' Committee (Gesellschafterausschuss) of HELLA KGaA Hueck & Co. are committed to the principles of transparent and responsible management and control of the Company giving high priority to the standards of good corporate governance. As a family-owned business, HELLA's main focus is on entrepreneurial guidelines which implement long-term goals and sustainability as well as compliance with standards of law and ethical standards.

With the following explanations, the General Partners, the Supervisory Board and the Shareholders' Committee report on the corporate governance at HELLA in accordance with Section 3.10 of the German Corporate Governance Code (Deutscher Corporate Governance Kodex, "DCGK") and, at the same time, on the conduct of the Company's business (Unternehmensführung) in accordance with Section 289a of the German Commercial Code (Handelsgesetzbuch, "HGB"). Furthermore, the report contains the information and explanations required under Sections 289 (4), 289a and 315 (4) HGB. An additional disclosure of such information and explanations in the notes is not necessary.

Report on Corporate Governance

I. Corporate Governance Model of HELLA KGaA Hueck & Co.
HELLA KGaA Hueck & Co. is a German partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA). Its legal form is a combination with similarities to a German limited partnership (Kommanditgesellschaft, KG) on the one hand, and to a German stock corporation (Aktiengesellschaft, AG) on the other, with the main focus being on stock corporation law. As in a German stock corporation, the KGaA is a corporation whose share capital is divided into shares (Aktien). As in a German limited partnership, the KGaA has two different groups of partners, the personally liable partner(s) (Komplementär(e)) (General Partner(s)) that are responsible for managing the KGaA's business and that are personally liable without restrictions for the KGaA's liabilities, and the (limited liability) shareholders ((Kommandit-) Aktionäre) that hold an interest in the share capital (Grundkapital) of the KGaA. The legal status of the (limited liability) shareholders is not dissimilar from that of the shareholders of a German stock corporation.

The Company has two General Partners, Dr. Jürgen Behrend and HELLA Geschäftsführungsgesellschaft mbH with its registered seat in Lippstadt, Germany. The shares (Anteile) in HELLA Geschäftsführungsgesellschaft mbH are held by the Company. Further governing bodies of HELLA KGaA Hueck & Co. are

(1.) the Shareholders' Committee established in accordance with the articles of association which currently consists of seven shareholder representatives elected by the General Shareholders' Meeting,
(2.) the Supervisory Board which is constituted on a parity basis pursuant to the German Co-Determination Act (Mitbestimmungsgesetz, "MitbestG") consisting of eight shareholder representatives and eight employee representatives, and
(3.) the General Shareholders' Meeting.

Like many other listed family-owned companies, HELLA has taken advantage of the organizational flexibility inherent in the legal form of a KGaA. In particular, this flexibility has enabled the Company to establish the Shareholders' Committee which – as the central representative body of the shareholders – is responsible for advising and supervising the Management Board on a continuous basis and which may actively participate in management issues, for example by determining which business transactions require its consent. When taking advantage of such organizational freedom inherent in the legal form of the KGaA, HELLA puts emphasis on transparency and equal treatment of all shareholders. For example, the resolutions of the General Shareholders' Meeting are passed by simple majority vote unless mandatory law or the articles of association provide otherwise. This also applies to resolutions appointing or removing General Partners. Furthermore, the requisite consent of the General Partners to specific resolutions of the General Shareholders' Meeting as prescribed by law has been excluded by the articles of association, to the extent permitted by law. In this and many other respects, HELLA KGaA Hueck & Co. closely follows the example of an ordinary stock corporation.

More detailed information on the differences to the stock corporation specific to the legal form can be found in the corporate governance declaration (Entsprechenserklärung) of the General Partners, the Shareholders' Committee and the Supervisory Board dated 28 May 2015, which has been published on the Company's website under www.hella.com/declarationofconformity and which is cited below.

1. Group management by the General Partners

Group management consists of Dr. Jürgen Behrend as general and managing partner, and the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH with its CEO Dr. Rolf Breidenbach. There are further Executive Boards in the segments and business sections which are responsible for the operative and strategic management of the business units. The basic principle for the management of the Company at all levels is entrepreneurial autonomy in decision-making. For material business transactions, Group management requires the consent of the Shareholders' Committee of HELLA KGaA Hueck & Co., which thereby participates in determining material guidelines for the further development of the Group.

Pursuant to the articles of association, the General Partners are jointly responsible for the management of the Company's business. Important decisions, in particular the business strategy and decisions going beyond day-to-day operative business, are made jointly by the General Partners following consultation between Dr. Jürgen Behrend and Dr. Rolf Breidenbach, whereas the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH headed by its CEO Dr. Breidenbach are responsible for the operative implementation of the strategy and conduct of the day-to-day business. In accordance with the articles of association and upon request by a General Partner, the Shareholders' Committee decides over any disagreement between the General Partners concerning management actions. However, according to the Company's articles of association, this does not apply as long as Dr. Jürgen Behrend acts as Managing General Partner; in this case, he has the casting vote. This means that he is ultimately responsible for all management issues.

The General Shareholders' Meeting is responsible for appointing and removing General Partners; according to the articles of association, the relevant resolution of the General Shareholders' Meeting is passed by a simple majority of the votes cast provided that such resolution does not require the General Partners' consent. Pursuant to the articles of association, Dr. Jürgen Behrend may terminate his function as Managing General Partner effective as per the end of a calendar quarter by giving three months' notice to the Shareholders' Committee. The Shareholders' Committee is responsible for the appointment and removal of the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH as well as for determining the terms and conditions of their service agreements. The articles of association stipulate that Dr. Jürgen Behrend has the right to make proposals for such appointments and removals and can ultimately veto any such decision.

2. Supervisory Board: competencies, functioning and committees

It is the task of the Supervisory Board to advise and supervise the General Partners in their conduct of the Company's business. In this respect, the competencies of the Supervisory Board of HELLA KGaA Hueck & Co. are limited due to its legal form. As opposed to the Supervisory Board of a stock corporation, the KGaA Supervisory Board is not responsible for appointments and dismissals in relation to the Company's management. Also, it has no power to issue rules of procedure for the Company's Management Board and cannot determine which business decisions require its consent. The main responsibilities of the Supervisory Board include the review and approval of the annual financial statements and consolidated financial statements including the management report and the Group management report. The Supervisory Board further examines the proposal for the appropriation of distributable profits and prepares resolution proposals in respect of each agenda item on which the General Shareholders' Meeting is to decide. The exercise of the authorities granted to the General Partners to increase the share capital using the authorized capital and to reacquire treasury shares is also subject to the Supervisory Board's consent. The Supervisory Board reports on its activities to the General Shareholders' Meeting which is to resolve upon its discharge (Entlastung) on an annual basis.

As a rule, the Supervisory Board convenes four times per year. Resolutions of the Supervisory Board are adopted by simple majority of the votes cast; each Supervisory Board member has one vote. In case of a tie, the Chairman has the casting vote if the stalemate continues after a second voting on the same subject matter.

The Supervisory Board has a Nomination Committee consisting of the Chairman of the Supervisory Board and another Supervisory Board member representing the limited liability shareholders as elected by the Supervisory Board. The Nomination Committee prepares the proposals by the Supervisory Board to the General Shareholders' Meeting for the election of Supervisory Board members. Currently, the members of the Nomination Committee are Prof. Dr. Michael Hoffmann-Becking and Elisabeth Fries. Furthermore, the Supervisory Board has an Audit Committee consisting of four Supervisory Board members elected by the Supervisory Board, of which two are shareholder representatives and the other two are employee representatives. Currently the members of the audit committee are Klaus Kühn (Chairman), Prof. Dr. Michael Hoffmann-Becking, Manfred Menningen and Paul Berger. The Audit Committee is responsible for monitoring the accounting process, the effectiveness of the internal control system, the risk management system and internal audit, as well as the audit of the financial statements and compliance. Further, it issues a recommendation to the Supervisory Board for its proposal regarding the election of the auditor to be submitted to the General Shareholders' Meeting. It decides instead of the Supervisory Board on the agreements with the auditor (in particular the instruction of the auditor, definition of the main points of the audit and the fee agreement) and takes appropriate measures in order to establish and monitor the independence of the auditor. Further, the Audit Committee prepares the Supervisory Board's decisions on the approval of the annual financial statements and consolidated financial statements. For this purpose, it is responsible for conducting an initial review of the annual financial statements, the consolidated financial statements, the management reports and the proposal for the appropriation of distributable profit. The auditor participates in these meetings of the Audit Committee.

3. Shareholders' Committee: competencies, functioning and (sub-)committees

The legal form of a KGaA makes it possible to create further optional corporate bodies. The Company has taken advantage of this opportunity. The Shareholders' Committee, which has been created pursuant to the Company's articles of association and is elected by the General Shareholders' Meeting, supervises and advises the General Partners in their conduct of the Company's business and can issue rules of procedure for them. In addition, it determines which of the General Partners' business decisions require its prior consent. It has management powers and power of representation for the legal relationship between the Company and the General Partners, and it represents the Company in legal disputes with the General Partners.

The Shareholders' Committee exercises all rights attached to the Company's shares in HELLA Geschäftsführungsgesellschaft mbH. In particular, it appoints and removes the Managing Directors and determines the terms and conditions of their service agreements. However, the articles of association stipulate that Dr. Jürgen Behrend has the right to make proposals for such appointments and removals and can ultimately veto any such decision.

Furthermore, the Shareholders' Committee may issue rules of procedure for the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH. The Shareholders' Committee is also responsible for executing shareholders' resolutions. In accordance with its rules of procedure, the Shareholders' Committee also reviews the annual and consolidated financial statements, the management report and the Group management report as well as the proposal on the appropriation of distributable profit; in addition, it submits resolution proposals in respect of all agenda items on which the General Shareholders' Meeting is to decide. Further, the Shareholders' Committee reports annually on its activities to the General Shareholders' Meeting which is to resolve upon its discharge.

As a rule, the Shareholders' Committee convenes five times per year. Resolutions of the Supervisory Board are adopted by simple majority of the votes cast; each member has one vote. In case of a tie, the Chairman has the casting vote if the stalemate continues after a second voting on the same subject matter.

The Shareholders' Committee has established a Personnel Committee consisting of its Chairman and two further members elected by the Shareholders' Committee. Current members of the Personnel Committee are, besides Manfred Wennemer, Roland Hammerstein and Konstantin Thomas. The Personnel Committee is responsible for preparing the Shareholders' Committee's resolutions on the appointment and removal of the

Managing Directors of HELLA Geschäftsführungsgesellschaft mbH and on their individual total remuneration as well as on the individual total remuneration of the other General Partners and the remuneration system applied in this context. This notwithstanding, the Shareholders' Committee is responsible to decide on the conclusion, amendment and termination of the agreements with the General Partners and the service agreements of the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH.

4. Cooperation of Management Board, Supervisory Board and Shareholders' Committee

The General Partners, the Supervisory Board and the Shareholders' Committee cooperate in mutual trust in the best interest of the enterprise. Control of the management is primarily exercised by the Shareholders' Committee. The Management Board has a reporting duty. The Shareholders' Committee advises the General Partners, and for important business transactions and measures which are defined by the Shareholders' Committee in rules of procedure for the General Partners, the consent of the Shareholders' Committee must be obtained. The Supervisory Board is also responsible for supervising the Management Board. For this purpose, the General Partners submit reports on a periodic basis, and the Supervisory Board has information and inspection rights.

5. Objectives regarding the composition of the Supervisory Board and of the Shareholders' Committee

a) Content of the objectives

The Supervisory Board and the Shareholders' Committee have specified concrete objectives regarding their composition whilst considering the specifics of the enterprise. Such objectives are to be taken into account by the bodies in their respective election proposals in the case that an office is vacated at term's end or before the end of a member's term of office. This applies mutatis mutandis in the case of applications to have members appointed by court.

- → In their respective composition, the Supervisory Board and the Shareholders' Committee will take into account the international activities of the HELLA Group. This is why it is intended that both the Supervisory Board and the Shareholders' Committee have at least two members with relevant international experience, which means – for example – that they have worked abroad or have had significant interaction on an international level.

- → Further, when determining their respective composition, the Supervisory Board and the Shareholders' Committee take into account potential conflicts of interest of the members.

- → Independence of their respective members is also an important issue to which the Supervisory Board and the Shareholders' Committee wish to pay due regard in connection with their respective composition. This is why both the Supervisory Board and the Shareholders' Committee have set the objective that at least two members must be independent. As to the definition of independence, reference is made to number 5.4.2 DCGK pursuant to which a member is, in particular, not considered to be independent if that member has any business or personal relationship with the Company, its corporate bodies or a controlling shareholder or any of its affiliates, which could give rise to a material conflict of interest which is not merely temporary.

- When determining their composition, the Supervisory Board and the Shareholders' Committee will also adhere to the standard age limits as defined in the internal rules of procedure according to which, as a rule, only those persons may be proposed as Supervisory Board members who, at the time of election, have not yet completed 75 years of age. Election as member of the Shareholders' Committee shall be possible for the last time in the year the member completes 70 years of age.

- In their respective composition, the Supervisory Board and the Shareholders' Committee consider above all the professional and personal qualification of future members. In this context, they also consider diversity and seek an appropriate degree of female representation.

b) Status of implementation of objectives

In its current composition, the Shareholders' Committee fulfills all of the aforesaid objectives. The current composition of the Supervisory Board, too, fulfills all of the above objectives except for the objective regarding the age limit. In the opinion of the Supervisory Board, the Chairman of the Audit Committee (Klaus Kühn), in particular, belongs to the the independent board members in accordance with the recommendation in number 5.3.2 sentence 3 DCGK.

Any previous self-defined target notwithstanding, in case of new elections and nominations (Entsendungen) as from 1 January 2016, the minimum quota prescribed by law of 30 % each of men and women applies to the composition of the Supervisory Board pursuant to Section 96 (2) AktG. Currently, six of the 16 Supervisory Board members (specifically, four of the eight shareholder representatives) are women, which corresponds to a quota of 37.5 %. So far, neither the shareholder representatives' side nor the employee representatives' side has objected to the overall fulfillment of the quota requirement. Therefore, the Supervisory Board of HELLA KGaA Hueck & Co. fulfills the statutory quota already today.

6. Composition of the issued capital/shareholders' rights

The share capital of the Company amounts to 222,222,224 euros and is divided into 111,111,112 bearer shares with no par value (shares with no par value). All shares have been fully paid in. The articles of association stipulate that the shareholders' right to the issuance of share certificates representing their respective shares shall be excluded to the extent legally permitted and unless such issuance is required in accordance with regulations applicable at a stock exchange to which the shares are admitted.

The shareholders exercise their rights provided for by law or by the articles of association before or during the Shareholders' Meeting and exercise their voting rights in this context. Each no par value share carries one vote at the General Shareholders' Meeting. Moreover, in the Shareholders' Meeting shareholders may express their opinion on items on the agenda, make motions and ask questions to the general partners.

The Annual General Shareholders' Meeting of HELLA KGaA Hueck & Co. is usually held in the first four months of the fiscal year at the Company's registered office or in another German city that has more than 50,000 inhabitants. The meeting is convened by the General Partners. Shareholders whose aggregate shareholding reaches one-twentieth of the share capital (i.e., 11,111,112 euros) may request the convening of a Shareholders'

Meeting in writing, stating the purpose and the grounds therefor. In the same manner, shareholders whose aggregate shareholding equals or exceeds a pro rata amount of 500,000 euros may request that items be included in the agenda and published. Furthermore, shareholders whose shares in aggregate represent a proportionate amount of 100,000 euros may request, under certain conditions, that a special auditor be appointed by the court to review a procedure in the context of the Company's establishment or a procedure which has occurred within the past five years.

The resolutions of the Shareholders' Meeting are passed by a simple majority of the votes cast unless mandatory law or the articles of association provide otherwise and, where the law requires a capital majority, with a simple majority of the share capital represented at the time of the passing of the resolution. This also applies, in particular, to amendments of the articles of association and to the passing of a resolution on a transformation into a stock corporation. The Supervisory Board is authorised to resolve amendments of these articles of association that only relate to their wording.

7. Restrictions concerning the voting rights or the transfer of shares

According to the notifications received by the Company, 60.00 % of the Company's voting rights (a total of 66,666,669 no par value shares) were pooled as of 31 May 2015 by way of a pool agreement of the family of shareholders of HELLA KGaA Hueck & Co. Currently, a total of 61 members of the family of shareholders (the Hueck and Röpke families) as well as two legal entities form part of such pool agreement. The pool agreement may be terminated with notice for the first time as of 31 May 2024 and stipulates, among other things, that any exercise of the voting rights conferred by the pooled shares is subject to a vote in a meeting of the pool members to be held prior to the General Shareholders' Meeting. Without the consent of the other pool members, pooled shares may be transferred only to descendants of Eduard Hueck sen., Richard Hueck sen. or Dr. Wilhelm Röpke or their respective spouses.

8. Major shareholders/special rights/ participation of employees in the capital

According to the notifications received by the Company, the members of the pool agreement of the family shareholders of HELLA KGaA Hueck & Co. held as per 31 May 2015 a total of 60.00 % of the Company's voting rights as a pooled shareholding. In addition, the members of the pool agreement also hold shares that do not form part of the pool. As per 31 May 2015, only one member of the pool agreement held a direct shareholding in HELLA KGaA Hueck & Co. of more than 10 % of the voting rights (Laura Behrend, Lippstadt, Germany).

No shares have been issued that confer multiple voting rights, preferential voting rights, maximum voting rights or special rights granting powers of control. No shareholding of employees exists in the Company's capital that would not enable the employees to directly exercise their shareholder rights.

9. Authorized capital/authorization to buy back shares

In accordance with Art. 5 (4) of the articles of association, the General Partners are authorized to increase the share capital with the approval of the Supervisory Board and the Shareholders' Committee by a total amount of 44 million euros by issuing, on one or more occasions on or before 9 October 2019, new bearer shares with no par value against cash contributions and/or contributions in kind. In this context, the shareholders must generally be granted a subscription right. However, the General Partners are authorized to exclude, with the approval of the Supervisory Board and the Shareholders' Committee, the shareholders' subscription rights as follows: firstly, in case of a capital increase for issuances against contributions in kind for the purpose of acquiring a business, parts of a business or participations in a business or other assets; secondly, as far as necessary in order to grant a subscription right for newly issued shares to the holders or creditors of bonds issued by the Company or companies of the Group bearing option or conversion rights or obligations (warrants or convertible bonds), to the extent such subscription right would exist after exercise of their option or conversion right or fulfillment of their option or conversion obligation; thirdly, if the notional value of the new shares in the share capital does not exceed 10 % of the share capital existing at the time this authorization becomes effective and at the time a resolution to exercise the authorization is adopted, provided that the issue price is not significantly lower than the stock exchange price, and further provided that the notional value in the share capital of any shares that have been issued or sold with the exclusion of subscription rights on the basis of a corresponding authorization in direct or analogous application of Section 186 (3) sentence 4 AktG must be included in the calculation; and fourthly, for the avoidance of fractional shares.

Furthermore, the General Partners are authorized, until 30 October 2019, to acquire treasury shares up to a total of 10 % of the share capital or – if lower – of the share capital existing at the time when the authorization is exercised. The acquisition occurs at the option of the General Partners with the consent of the Shareholders' Committee and the Supervisory Board through the stock exchange or via a public purchase offer directed to all shareholders or via a public request to all shareholders for submission of sales offers. The General Partners are authorized to use the treasury shares that are or have been acquired with the consent of the Shareholders' Committee and the Supervisory Board, for all legally permissible purposes. In particular, the shares may be cancelled without any further resolution being passed by the General Shareholders' Meeting, may be sold through the stock exchange or through a public offer to all shareholders pro rata to their respective interests or in a different way with the exclusion of the shareholders' subscription right, provided that the sale takes place against cash consideration and at a price which does not significantly fall below the stock exchange price; in addition, if the subscription right is excluded, the shares may be offered and transferred against contributions in kind, in particular in connection with the acquisition of companies, parts of companies or shares in companies or any other assets, or may be used to service rights or obligations to purchase shares of HELLA KGaA Hueck & Co. resulting from convertible or warrant bonds or similar instruments or in connection with employee share ownership plans.

In this context, the acquisition of treasury shares may also be carried out using put or call options or forward contracts or a combination of these instruments (derivatives). The issuance or acquisition of derivatives may be concluded, excluding any subscription right of the shareholders, with a credit or financial institution or with another appropriate counterparty that is experienced in the derivative business, with the requirement that, on the basis of the derivatives, only shares will be delivered which were previously acquired in accordance with the principle of equal treatment. Moreover, the issuance or acquisition of derivatives may be publicly offered to all shareholders or may be effected through the derivatives exchange Eurex or a comparable successor system through an announcement in the Company's designated publication media with the exclusion of any subscription rights. The term of the derivatives must be chosen such that the acquisition of shares through the exercise of derivatives takes place on 30 October 2019 at the latest.

10. Material agreements with change of control clauses/compensation agreements

HELLA KGaA Hueck & Co. has entered into the material agreements set out below which contain provisions in the case of a change of control, for example as a result of a takeover offer:

The listed bonds currently issued by HELLA (a 1.25 % bond maturing in September 2017 with a nominal volume of 300 million euros and a 2.375 % bond maturing in January 2020 with a nominal volume of 500 million euros) contain change of control clauses pursuant to which the holders of the bonds may demand early redemption if a person or a group of persons acting jointly gains control over HELLA KGaA Hueck & Co. and the rating is downgraded as a result within 120 days after the change of control. In addition, HELLA KGaA Hueck & Co. was granted a syndicated credit line which has not been drawn so far with a volume of 450 million euros which may be used until 1 June 2020 and which also contains a change of control clause. Pursuant thereto, the lenders may terminate the agreement and demand repayment of all amounts paid out if a person or a group of persons acting jointly gains control over HELLA KGaA Hueck & Co. In all of the above cases, gaining control comprises in particular the acquisition of more than 50 % of the voting shares. In the event that, as a result of such change of control, an early repayment under the above-mentioned instruments become due, this might have a material effect on HELLA's net assets, financial position and results of operations.

The Company has not entered into any compensation agreements with the members of the Management (General Partners and Managing Directors of HELLA Geschäftsführungsgesellschaft mbH) or employees in the event of a takeover offer.

II. Corporate Governance and Compliance

In the interest of a diligent management, the Management Board members conduct the Company's business in accordance with statutory rules, the articles of association of HELLA KGaA Hueck & Co. and of HELLA Geschäftsführungsgesellschaft mbH as well as the rules of procedure for the management. In addition, the Management Board acts in accordance with the requirements set by its compliance guidelines, its Code of Conduct and its resolutions.

Practices of corporate governance which go beyond legal requirements follow from our corporate philosophy. We are convinced that entrepreneurial success is founded on a value-based corporate culture. A responsible treatment of employees, partners, society and the environment is just as important.

Our primary goal is customer satisfaction. This corporate philosophy is based, at its core, on a comprehensive understanding of quality which is not confined to product quality but includes all activities of the Company.

For our corporate culture, too, customer satisfaction is the starting point and the primary goal. It can only be achieved if each and every employee adopts customer satisfaction individually as his or her own goal and takes responsibility for attaining it. The Company's main strategic motif thus is to foster and require entrepreneurial accountability/autonomy in each HELLA employee – regardless of his or her position in the Company. HELLA's processes and organizational structures are therefore always oriented to enable employees to assume entrepreneurial accountability/autonomy.

The core of our corporate culture consists of seven basic values which we have defined under the headline "Professionalism and a Human Approach" as the basis for lasting business success: entrepreneurial spirit, cooperation, sustainability, performance orientation, innovation, integrity and exemplary behavior by each and everybody.

These values give rise to basic rules of conduct which we have defined in our Code of Conduct. They are globally binding upon all employees within the HELLA Group. The Code of Conduct summarizes the basic rules applicable within the HELLA Group concerning how to behave towards one another ethically and in accordance with the law, and also in relation to business partners, authorities and other third parties. It reflects our own wish to meet our Company's responsibility to the shareholders and to society and to live up to the expectations of our customers, suppliers and business partners every single day. The Code of Conduct is complemented by a Compliance Declaration regarding the rules of competition law.

Compliance – i.e. adherence to statutory and internal Company provisions – is an integral part of our corporate culture, it forms a basis for our business activities and is a prerequisite for sustained corporate success. As a result of the steadily increasing importance of compliance we created an independent Corporate Compliance Office in the second half of 2014 in tandem with a Group-wide compliance organisation and integrated the existing compliance measures in a comprehensive compliance management system. The HELLA compliance organisation and the HELLA compliance system are anchored in the fundamental compliance guideline of 2014.

The Chief Compliance Officer and the Head of the Compliance Office coordinate the compliance organisation, enhancing the HELLA compliance system, and are responsible for the topics of antitrust and anti-corruption legislation. They report regularly to the Management Board; the Chief Compliance Officer reports to the Chairman of the Management Board. Local compliance officers such as the Compliance Officer China report to the Head of the Compliance Office. For other compliance matters (such as data protection, export control/customs), specialist functions within the HELLA Group are responsible as central technical compliance divisions; they have been performing this task competently for a long time with the support of the Compliance Office. The compliance organisation is supplemented by the newly established Compliance Board and the local compliance officers, who are responsible for compliance measures within the individual companies. Permanent members of the Compliance Board, which meets regularly as an advisory and decision-making body, include the Chief Compliance Officer, the Head of the Compliance Office and the heads of the following business areas: Corporate Finance, Risk Management, Corporate Audit, Corporate Communications, HR and HR Operations.

The HELLA compliance system includes the basic elements of compliance organisation, targets, culture and communications as well as the pillars of the compliance programme which must be developed (further) for each compliance issue: risk analysis, information/instruction (prevention), checks and detection as well as reaction.

Worldwide in-class events and Internet-based training (e-learning), guidelines and other publications together with advice in day-to-day operations ensure that all employees around the world are familiar with the correct way of handling statutory and internal rules, including the HELLA Code of Conduct. These measures are a key preventative component of our continuous compliance management.

Alongside the establishment and expansion of the HELLA compliance system and the HELLA compliance organisation, one focus of the compliance measures in the past fiscal year was on the implementation of Internet-based training. To date, the e-learning module “Code of Conduct and compliance fundamentals” with a focus on anti-corruption legislation has been successfully completed by around 10,200 employees worldwide. Furthermore, we have introduced a comprehensive compliance page on the HELLA Group intranet. Here, employees can find information on the HELLA compliance system and organisation as well as on individual compliance matters, such as antitrust legislation, anti-corruption, occupational safety, data protection, IT security and plant safety.

In the course of HELLA's IPO in November 2014 we established a Capital Market Compliance Committee and an Ad-hoc Committee in order to ensure that potential insider information is handled in line with statutory provisions within HELLA and to ensure general adherence to the requirements of capital market legislation.

Further details on the corporate philosophy and the principles of corporate governance are available on the website at www.hella.com/corporateresponsibility

III. Determinations regarding female representation pursuant to Section 76 (4) and Section 111 (5) AktG

The Management Board of HELLA KGaA Hueck & Co. has determined a target level of 9 % for female representation in the first management level below the Management Board. For the second management level below the Management, the target level was set at 5.6 %. Both target levels are to be reached by 30 June 2017.

For the Supervisory Board, the quota pursuant to Section 96 (2) AktG applies, which the Supervisory Board already fulfills in its current composition. No further determinations by the Supervisory board pursuant to Section 111 (5) AktG have been made for reasons specific to the Company's legal form. In contrast to a stock corporation, the Supervisory Board of a KGaA is not competent to decide on the composition of the Management Board.

IV. Application of the German Corporate Governance Code (DCGK)

Pursuant to Section 161 AktG, the General Partners as well as the Shareholders' Committee and the Supervisory Board of HELLA KGaA Hueck & Co. declare annually that the recommendations of the "Government Commission German Corporate Governance Code" ("Regierungskommission Deutscher Corporate Governance Kodex") published by the German Ministry of Justice in the official part of the Federal Gazette have been and will be complied with, or state which recommendations are not being or have not been applied giving the reasons therefor. Most recently, the General Partners as well as the Shareholders' Committee and the Supervisory Board of HELLA KGaA Hueck & Co. made the declaration set out below in accordance with Section 161 AktG and published such declaration on the Company's website on 28 May 2015:

"Declaration regarding the German Corporate Governance Code pursuant to Section 161 Stock Corporation Act (Aktiengesetz, "AktG")

The General Partners (persönlich haftende Gesellschafter) as well as the Shareholders' Committee and the Supervisory Board of HELLA KGaA Hueck & Co. ("Company") declare, pursuant to Section 161 AktG, that since the first-time admission of the HELLA share to trading on the regulated market of the Frankfurt Stock Exchange on 10 November 2014, and except for the deviations set out below, the Company has complied, and intends to comply in the future, with the recommendations of the German Corporate Governance Code, as amended on 24 June 2014 (Deutscher Corporate Governance Kodex, "DCGK"), taking into account the special features of its legal form as set out below.

I. Special features of the legal form

The DCGK is designed for companies in the legal form of a stock corporation or a European Company (SE) and does not take into account the special features of a limited partnership by shares (Kommanditgesellschaft auf Aktien, “KGaA”). Thus, a number of recommendations of the DCGK can be applied to HELLA KGaA Hueck & Co. only in a modified form. Important modifications follow from the special features of the legal form set out below:

1. Management

Unlike a stock corporation, which is managed by the board of directors (Vorstand), a KGaA is managed by its General Partners. Their appointment and dismissal is not a responsibility of the Supervisory Board, but instead is a task of the General Shareholders’ Meeting. The Company has two general partners, Dr. Jürgen Behrend and HELLA Geschäftsführungsgesellschaft mbH with its registered seat in Lippstadt. HELLA Geschäftsführungsgesellschaft mbH is represented by its Managing Directors Dr. Rolf Breidenbach (CEO and Chairman of the Management Board), Carsten Albrecht, Markus Bannert, Jörg Buchheim, Dr. Wolfgang Ollig, Stefan Osterhage and Dr. Matthias Schöllmann. In contrast to the board of directors of a stock corporation, the appointment as Managing Director of HELLA Geschäftsführungsgesellschaft mbH is not limited in time. A Chairman or speaker of the Company’s Management only exists in relation to the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH but not among the General Partners. The shares in HELLA Geschäftsführungsgesellschaft mbH are held by the Company. The shareholder rights attaching to these shares are exercised by the Shareholders’ Committee.

2. Shareholders’ Committee

The legal form of a KGaA, as opposed to that of a stock corporation, makes it possible to create further optional corporate bodies. The Company took advantage of this opportunity. The Shareholders’ Committee, which has been created by the Company’s articles of association and is elected by the General Shareholders’ Meeting, supervises and advises the General Partners in their conduct of business and can issues rules of procedure for them. In addition, it determines which of the General Partners’ business decisions require its prior consent. It has management powers and power of representation for the legal relationship between the Company and the General Partners, and it represents the Company in legal disputes with the General Partners. Following a request by a General Partner, the Shareholders’ Committee decides over any disagreement between the General Partners concerning management actions. However, according to the Company’s articles of association, this does not apply as long as Dr. Jürgen Behrend acts as Managing General Partner; in this case, he has the casting vote.

The Shareholders’ Committee exercises the rights attached to the Company’s shares in HELLA Geschäftsführungsgesellschaft mbH. In particular, it appoints and removes the Managing Directors and determines the terms and conditions of their service agreements. However, the articles of association stipulate that Dr. Jürgen Behrend has the right to make proposals for such appointments and removals and can ultimately veto any such decision.

Furthermore, the Shareholders’ Committee may issue rules of procedure for the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH. The Shareholders’ Committee is also responsible for executing shareholders’ resolutions.

To the extent the DCGK contains recommendations relating to tasks and responsibilities of the Supervisory Board which, in the case of HELLA KGaA Hueck & Co., are fulfilled by the Shareholders' Committee, such recommendations are deemed to apply to the Shareholders' Committee.

3. Supervisory Board
Compared to the Supervisory Board of a stock corporation, the Supervisory Board of a KGaA has limited powers. In particular, it is not responsible for appointments and dismissals in relation to the Company's management. Also, it has no power to issue rules of procedure for the Company's management and cannot determine which business decisions require its consent.

4. General Shareholders' Meeting
The legal status of the General Shareholders' Meeting is not dissimilar to that of a stock corporation. In particular, it elects the members of the Supervisory Board and of the Shareholders' Committee. To the extent legally permitted, resolutions of the General Shareholders' Meeting of HELLA KGaA Hueck & Co. are adopted by a simple majority vote. In contrast to a stock corporation, the General Shareholders' Meeting of HELLA KGaA Hueck & Co. has the exclusive power to approve the annual unconsolidated financial statements.

According to the Stock Corporation Act (AktG), certain resolutions of the General Shareholders' Meeting would require the consent of the General Partners (see Section 285 (2) AktG and Section 286 (1) AktG). However, this consent requirement has been rendered inapplicable by the articles of association of HELLA KGaA Hueck & Co. to the extent legally permitted, in particular with regard to resolutions on amendments of the articles of association, fundamental and extraordinary business decisions, and the appointment and removal of general partners. On the other hand, the annual unconsolidated financial statements cannot be approved without the General Partners' consent. According to the articles of association, the General Partners declare their consent when submitting their resolution proposals on the annual unconsolidated financial statements to the General Shareholders' Meeting.

II. Deviations from Recommendations of the DCGK
1. Time period between 10 November 2014 and 28 May 2015
In the time period between the first-time admission of the HELLA share to trading on the regulated market of the Frankfurt Stock Exchange on 10 November 2014 and 28 May 2015, the following recommendations have not been complied with:

a) Deviating from Section 4.2.2 para. 2, sentence 3 DCGK, the Shareholders' Committee has not considered the relationship between the compensation of the Company's Management Board (i.e., the compensation of Dr. Jürgen Behrend and the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH) and that of senior management and the staff overall. The responsibilities of the individual members of the Company's Management Board, his/her personal performance, the economic situation and the performance of the Group, and the compensation levels at peer companies are considered more appropriate and meaningful benchmarks for determining the level of remuneration.

b) Deviating from Section 4.2.3 para. 3 DCGK, the level of provision aimed for under the pension scheme for the Company's management has not been established. For the Managing Directors of

HELLA Geschäftsführungsgesellschaft mbH, the Company employs an asset-linked pension plan (Kapitalkontenmodell), under which benefits depend crucially on factors such as the prevailing interest rate and the development of the value of the investment assets. The defined benefit pension plan for Dr. Jürgen Behrend has been established already in 1987 and amended and extended in 2014. Against this background, defining a level of provision is therefore not considered useful or practicable.

c) On 31 October 2014, the General Shareholders' Meeting has resolved that no individualized disclosure of the remuneration granted to the Company's Management Board shall be made pursuant to Sections 285 No. 9 a) sentences 5 – 8 and 314(1) No. 6 a) sentences 5 – 8 of the German Commercial Code (Handelsgesetzbuch). Therefore, the Company deviates from the recommendations set forth in Section 4.2.5 DCGK.

d) Deviating from Section 5.4.1 para. (2), sentence 2 DCGK, the objectives adopted by the Shareholders' Committee and the Supervisory Board regarding their respective composition do not stipulate a concrete appropriate degree of female representation. Although both corporate bodies intend to pay due regard to aspects of diversity and female representation when making their respective recommendations to the General Shareholders' Meeting for elections of their respective members, they ultimately consider knowledge, ability and experience to be more relevant selection criteria than gender.

e) Deviating from Section 5.3.3 DCGK, in the period between 10 November 2014 and 21 January 2015, the Supervisory Board did not have a nomination sub-committee. Such committee has been created in the Supervisory Board meeting on 21 January 2015. This meeting was the first ordinary meeting since the going public of the Company.

f) Deviating from Section 5.1.3 DCGK, in the period between 10 November 2014 and 28 May 2015, the Supervisory Board did not have rules of procedure. Such rules have been adopted, following a previous discussion in the meeting on 21 January 2015, on 28 May 2015.

g) Deviating from Section 5.4.1 para. 2 sentences 1 and 2 as well as Section 5.4.2 sentence 1 DCGK, in the period between 10 November 2014 and 28 May 2015, the Supervisory Board also did not have concrete objectives regarding its composition which, whilst considering the specifics of the Company, take into account the international activities of the Company, potential conflicts of interest, the number of independent Supervisory Board members, an age limit to be specified for the members of the Supervisory Board and diversity. Such objectives have been adopted, following a previous discussion in the meeting on 21 January 2015, on 28 May 2015. As explained under II. 1. d), these objectives do not stipulate a concrete appropriate degree of female representation, deviating from Section 5.4.1 para. 2 sentence 2 DCGK.

2. Forward-looking part

The General Partners as well as the Shareholders' Committee and the Supervisory Board of HELLA KGaA Hueck & Co. intend to continue to deviate from the recommendations set forth under II. 1. a) through d) for the reasons given above.

III. Further Notes

According to Section 4.2.3 para. 2 sentences 4 and 7 DCGK, both positive and negative developments shall be taken into account when determining variable compensation components, and those components shall be related to demanding, relevant comparison parameters. While the Company's annual cash bonus is calculated as a fixed percentage of the Group's consolidated earnings before taxes (EBT) and does not retroactively penalize deteriorations in this performance measure over a multi-year period, the Company's LTI base amount is tied to demanding targets for the Group's return on invested capital and is withheld over a period of three fiscal years, during which it may decrease and be reduced to zero or increase, respectively, on account of deteriorations or improvements in the return on invested capital and/or the consolidated earnings before taxes. The Company considers this sufficient in light of Section 4.2.3 para. 2 sentences 4 and 7 DCGK."

The relevant declarations of conformity of HELLA KGaA Hueck & Co. are available on the website at www.hella.com/declaration-ofconformity.

V. Directors' dealings/shareholdings

Pursuant to Section 15a WpHG, the General Partners (including the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH), the members of the Supervisory Board and of the Shareholders' Committee as well as related persons are obliged to disclose notifiable dealings with shares of HELLA KGaA Hueck & Co. or related financial instruments if the value of the dealings made by the member of the governing body and related persons in the calendar year reaches or exceeds the sum of 5,000 euros. The transactions notified in the ended fiscal year were duly published and are available on the website at www.hella.com/directorsdealings.

According to the notifications received by the Company, the following members of governing bodies held shares of the Company as at 31 May 2015 in a volume which is directly or indirectly larger than 1 % of the shares issued by the Company: In the Management: Dr. Jürgen Behrend (0.76 % and including related persons: 4.02 %); in the Supervisory Board: Laura Behrend (10.19 %), Manuel Frenzel (1.66 %) and Christoph Thomas (0.98 % and including related persons: 2.71 %); in the Shareholders' Committee: Moritz Friesenhausen (3.66 %) and Roland Hammerstein (3.90 %). In total, the General Partners (including the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH) hold shares of HELLA KGaA Hueck & Co. in the volume of 4.03 %, the members of the Supervisory Board hold shares in the volume of 16.55 % and the members of the Shareholders' Committee hold shares in the volume of 8.99 % (in each case including related persons).

Remuneration Report

The remuneration report contains information on the remuneration systems for the General Managing Partner Dr. Jürgen Behrend and the Managing Directors (Geschäftsführer) of HELLA Geschäftsführungsgesellschaft mbH as well as for the members of the Supervisory Board and of the Shareholders' Committee of HELLA KGaA Hueck & Co. The remuneration report takes into account the recommendations of the German Corporate Governance Code (DCKG) and contains the information and explanations required under the German Commercial Code (Handelsgesetzbuch, HGB) including the principles of the German Accounting Standard No. 17 (DRS 17). The information prescribed under Sec. 314 (1) no. 6 a) sentences 5 – 8 HGB on the individual remuneration of the individual members of the executive management will not be disclosed. On 31 October 2014, the extraordinary General Shareholders' Meeting passed a dispense resolution within the meaning of Sec. 286 (5) sentence 1 HGB in conjunction with Sec. 314 (2) sentence 2 HGB.

I. Remuneration of the Managing General Partner Dr. Jürgen Behrend and of the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH

In accordance with the articles of association, the legal relationships between the Company and a General Partner, to the extent that such relationships do not result from applicable mandatory provisions of the articles or under law, is governed by agreements between the General Partner and the Shareholders' Committee. In addition, the Shareholders' Committee is responsible for determining the employment relationships of the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH. In this context, the Shareholders' Committee also decides on the applicable remuneration system and the individual remuneration. In the performance of this task, the Shareholders' Committee is assisted by its personnel committee.

The individual remuneration of the Managing Directors has two components: a fixed non-performance-related remuneration (plus non-performance-related remuneration in kind and ancillary benefits) and a variable performance-related component. Additionally, there are pension commitments of the Company to Dr. Jürgen Behrend and to the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH.

Up until 10 November 2014, the performance-related component consisted exclusively of an annual cash bonus calculated as a fixed percentage of the Group's consolidated earnings before taxes ("EBT") of the relevant fiscal year adjusted for exceptional effects; in addition, a minimum cash bonus was granted which is independent from EBT. As per 10 November 2014, immediately before the date of the first listing of the Company on the stock exchange on 11 November 2014, a new remuneration system was put in place for Dr. Jürgen Behrend and for the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH which supplemented the performance-related remuneration by a long-term variable remuneration component (long-term incentive, "LTI").

1. Non-performance-related remuneration component

The non-performance-related remuneration component consists of an annual fixed salary and remuneration in kind as well as other ancillary benefits. Payment of the annual fixed salary is effected in monthly intervals. In deviation hereof, Dr. Jürgen Behrend does not receive an annual fixed salary but solely an annual minimum cash bonus. Such minimum cash bonus will be adjusted on an annual basis in the same way as the basic salary of a federal civil servant (Bundesbeamter) within the salary group B 3 (highest seniority) increases, subject to an annual review by the Shareholders' Committee.

The remunerations in kind and other ancillary benefits consist primarily of the right of private use of the company car and of the assumption of certain costs for Managing Directors seconded abroad. Furthermore, Dr. Jürgen Behrend as well as all Managing Directors in their capacity as executives are covered by the Group's D&O insurance. In respect of each claim, they bear a retention amount of at least 10 % of the damage, but limited to 1.5 times their annual fixed salary or (in case of Dr. Jürgen Behrend) of the minimum cash bonus.

2. Performance-related remuneration components

a) Short-term variable remuneration (annual cash bonus)

The short-term variable remuneration is calculated as a fixed percentage of the operative earnings of the HELLA Group before taxes (EBT) adjusted for exceptional effects (extraordinary expenses and income which would have to be included in the group financial statements in accordance with Sec. 277 (4) HGB). In this context, a minimum bonus amount is granted which does not depend on the EBT. The bonus is paid once in each fiscal year.

b) Long-term variable remuneration (long-term incentive, "LTI")

The long-term variable remuneration (long-term incentive, "LTI") is a cash remuneration, too. It is calculated based on two key performance indicators during a period of a total of four fiscal years and thus ensures a long-term and sustainable incentive. The long-term variable remuneration is based principally on the return on invested capital (RoIC) which the Company uses as a strategic control parameter. The RoIC is defined as operating earnings before interest and after taxes (return) related to the invested capital. In order to determine the return, the operating result (EBIT) of the last twelve months is reduced at the Group unit level by the respective country-specific standard earnings tax rate. The invested capital is the average of the opening and closing balance sheet value from the balanced assets without cash and cash equivalents and short-term assets minus the balanced liabilities without current and non-current liabilities for the reporting period.

The LTI bonus that is payable is calculated as follows: At first, an LTI basic bonus is determined for each fiscal year which is calculated as a percentage of the fixed salary of each Managing Director or, in case of Dr. Jürgen Behrend, as a percentage of the minimum cash bonus. The percentage of the LTI basic bonus depends on the RoIC and may vary between 0 % (where the RoIC is 14 % or less) and 200 % (where the RoIC is 22 % or more). Payment of the LTI bonus to the Managing Directors is suspended and will be effected after expiry of three fiscal years following the fiscal year for which the respective LTI bonus has been determined. The amount of such payment is determined at 50 % each based on the development of the RoIC and of the EBT of the HELLA Group. In this context, the amounts for the fiscal year for which the LTI basic bonus was determined and the amount of the year following which the payment falls due are compared. Each increase of one of the relevant valuation criteria by one percentage point leads to an increase of the LTI basic bonus by 7.5 %; each decrease by one percentage point leads to a corresponding decrease of the LTI basic bonus. No claim of the Company against a Managing Director based on a negative LTI bonus is created. Further, there will be no set-off against a positive LTI bonus in subsequent years.

c) Remuneration caps ("Cap") / settlement in case of early termination of the appointment

In connection with the introduction of the new remuneration system as at 10 November 2014, the Company determined a remuneration cap ("Cap") according to which the annual bonus payable and the LTI bonus payable taken together are subject to a maximum payment cap in an amount of six times the respective annual fixed salary and, in the case of Dr. Jürgen Behrend, six times the minimum cash bonus. The Shareholders' Committee of HELLA KGaA Hueck & Co. may, at its reasonable discretion, make positive or negative adjustments if, in its opinion, the calculation of the respective variable remuneration components does not correctly represent the business success of HELLA KGaA Hueck & Co. as a result of extraordinary effects.

d) Pension commitments

Furthermore, the Company has made pension commitments to the Managing Directors. With Dr. Jürgen Behrend, a defined benefit pension plan has been agreed upon. Under this pension plan, claims will arise if Dr. Jürgen Behrend ceases to hold office as Managing General Partner or passes away (in case of his death, the surviving widow will be the beneficiary).

In respect of the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH, the Company uses an asset-linked capital account system (Kapitalkontenmodell) into which it credits annually a financial contribution for each Managing Director. Should the pension event occur, the capital amount accrued will be paid out either as a one-time payment or – if the Company agrees – in the form of instalments for a maximum period of eight years. The amounts credited to the capital account system can be invested at the option of the Company internally within the HELLA Group or externally with one or several investment funds. In case of an internal investment, the interest rate on the amounts invested will be based on the EBIT or a similar indicator of the Company which is determined by the Company on an annual basis. In case of external investments, the interest rate depends on the performance of the investment assets. In any case, a minimum interest rate will be granted. As a rule, the capital account will be closed on 31 May of the year after the year in which the Managing Director completes 58 years of age. Upon request of the Managing Director and subject to the Company's approval, the term can be extended. A claim to the pension benefit also arises in case of full or partial loss of earning capacity, long-term inability to work due to illness or in case of the death of the Managing Director prior to the scheduled performance date. Should the pension event occur, the capital amount accrued is paid out either as a one-time payment or – if the Company agrees – in the form of instalments for a maximum period of eight years to beneficiaries defined by the Managing Director. In addition to the asset-linked pension plan financed by the Company, the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH are free to participate in another asset-linked pension plan. In this case, capital will be accumulated by way of deferred compensation in an amount to be determined individually by the Managing Directors, and capital accumulation follows largely the same rules as the asset-linked pension plan financed by the Company.

e) Benefits in case the office as
Managing Directors is terminated

The service agreement will terminate automatically at the end of the month in which the Managing Director has reached 65 years of age, and further upon the granting of a disability or a similar pension upon expiry of the month during which the respective notice of approval has been received. In case of absence from work due to an illness, the fixed salary or, where applicable, the difference to the sickness benefit (Krankengeld) will be paid for another 18 months. In case of death, dependants entitled to maintenance will receive continued payment of the fixed salary for three months beginning as of the month of death.

If the Company revokes the appointment prior to the end of the term of the service agreement, the Company will be entitled to terminate the service agreement. In this case, where the service agreement is terminated for cause for which the Managing Director is not responsible, the Managing Director will be entitled to a severance pay in the amount of twice the annual remuneration or, if the remaining term of the service agreement is less than two years, a time-proportionate lesser amount. The amount of the annual salary is determined based on the total of the fixed salary and bonus excluding remuneration in kind and other ancillary benefits for the last completed fiscal year before the termination of the appointment; the LTI bonus payable following the expiry of the last complete fiscal year is to be added.

Where the appointment as Managing Director is revoked in the course of the fiscal year, payment of the variable bonus will be effected pro rata temporis. The minimum cash bonus, too, will be determined pro rata temporis. In addition, an LTI basic bonus will be calculated pro rata temporis for the year in which the Managing Director retires from office.

Where the Company waives the services of the Managing Director and revokes his/her appointment as Managing Director without at the same time terminating the service agreement of the latter, income from other activities will be fully set off against the remuneration payable by the Company.

No special rules apply in case of a change of control, nor do specific compensation agreements of the Company apply in the event of a takeover offer.

3. Special payments in conjunction with the Company's going public

In the fiscal year 2014/2015, the Company further expended a total of TEUR 750 (previous year: EUR 0) for a one-time payment to Managing Directors which was granted as a special remuneration as a consideration for material contributions to the successful going public of the Company.

4. Total remuneration for the fiscal year 2014/2015

In the fiscal year 2014/2015, the total remuneration (excluding pension commitments) of the Managing General Partner Dr. Jürgen Behrend and of the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH amounted to TEUR 18,622 (previous year: TEUR 13,241). In this total amount, the fixed remuneration accounts for TEUR 2,910 (previous year TEUR 2,434), the variable remuneration accounts for TEUR 14,688 (previous year: TEUR 10,542), and the special remuneration payment accounts for TEUR 750 (previous year: EUR 0). In the fiscal year 2014/2015, the remuneration in kind as well as other ancillary benefits had a total value of TEUR 274 (previous year: TEUR 265). Remuneration in kind is evaluated at cost value.

On 31 May 2015, the defined benefit obligation under the pension commitments for the active Managing Directors (Dr. Jürgen Behrend and the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH) amounted to TEUR 17,512 (previous year: TEUR 14,518). The fair value of the plan assets created for this purpose was TEUR 7,559 (previous year: TEUR 5,559) with a resulting balance sheet amount of TEUR 9,953 (previous year: TEUR 8,959).

An amount of TEUR 9,604 (previous year: TEUR 8,921) was appropriated for the pension obligations to former members of the Management Board and their surviving dependants. This was partially born by Allianz Pensionsfonds AG. The plan assets absorbed by the liabilities towards such persons have been accounted for in the balance sheet in the amount of TEUR 4,408 (previous year: TEUR 4,424).

5. Liability remuneration of HELLA Geschäftsführungsgesellschaft mbH

Pursuant to Article 8 of the articles of association, HELLA Geschäftsführungsgesellschaft mbH as General Partner receives a liability remuneration payable as per the balance sheet date in the amount of 5% of its paid-in capital. For this, the Company expended TEUR 1 (previous year: TEUR 3).

II. Compensation of the Supervisory Board

Pursuant to Article 16 of the articles of association, the compensation of the Supervisory Board members is determined by the General Shareholders' Meeting. According to the currently applicable resolution of the General Shareholders' Meeting dated 26 September 2014, all members of the Supervisory Board receive an annual remuneration of TEUR 20. The Chairman of the Supervisory Board receives an annual remuneration of TEUR 40, and each Deputy Chairman receives an annual remuneration of TEUR 30. Members serving on the Supervisory Board for only part of a fiscal year receive a corresponding pro rata remuneration. Each member of the audit committee receives an additional annual remuneration of TEUR 10. The Chairman of the Audit Committee receives an additional annual remuneration of TEUR 20. No additional remuneration is paid for membership in the Nomination Committee. All Supervisory Board members will be reimbursed for all expenses incurred by them when performing their function as Supervisory Board members including VAT. No attendance fees will be paid. For the fiscal year 2014/2015, the total remuneration of the Supervisory Board members (fixed remuneration plus remuneration for committee functions) amounts to TEUR 397 (previous year: TEUR 180). Of such amount, TEUR 351 (previous year: TEUR 180) account for the fixed remuneration and TEUR 46 (previous year: EUR 0) account for committee functions.

As members of the Company's governing bodies, the Supervisory Board members are covered by the Group's directors and officers liability insurance (D&O insurance). In respect of each claim, a retention amount of at least 10 % applies, which is, however, subject to a cap of 1.5 times the annual fixed remuneration.

The Chairman of the Supervisory Board, Prof. Dr. Michael Hoffmann-Becking, is a partner of a law firm which advises HELLA KGaA Hueck & Co. and the Group on various areas of law, including, but not limited to, corporate law, capital markets law, employment law and competition law. In the fiscal year 2014/2015, a total of TEUR 2,401 plus VAT was billed to the Group for such advisory services (previous year: TEUR 766 plus VAT). Such advisory services in the fiscal year 2014/2015 included in particular the support in the going public of HELLA KGaA Hueck & Co. Furthermore, in the context of the planning of the second company kindergarten of HELLA, the Supervisory Board member Christoph Thomas as the owner of an architecture firm received a fee in the amount of TEUR 134 (previous year: TEUR 158) for advisory services and support. Other than as described above, no remuneration or personal benefits were granted to Supervisory Board members for their personal services, in particular for advisory or intermediary services.

The following table shows the individual remuneration of the Supervisory Board members in the fiscal year 2014/2015.

	Fixed remuneration		Remuneration Committee function		Total remuneration	
€	**2014/2015**	2013/2014	**2014/2015**	2013/2014	**2014/2015**	2013/2014
Prof. Dr. Michael Hoffmann-Becking, Chairman	**38,356.17**	20,000.00	**12,410.96**	0	**50,767.13**	20,000.00
Alfons Eilers, deputy chairman	**29,178.09**	15,000.00	**0**	0	**29,178.09**	15,000.00
Laura Behrend[1]	**13,589.04**	0	**0**	0	**13,589.04**	0
Paul Berger	**20,000.00**	10,000.00	**9,178.08**	0	**29,178.08**	10,000.00
Michaela Bittner	**20,000.00**	10,000.00	**0**	0	**20,000.00**	10,000.00
Heinrich-Georg Bölter	**20,000.00**	10,000.00	**0**	0	**20,000.00**	10,000.00
Manuel Rodriguez Camaselle[1]	**13,589.04**	0	**0**	0	**13,589.04**	0
Manuel Frenzel[1]	**13,589.04**	0	**0**	0	**13,589.04**	0
Elisabeth Fries	**20,000.00**	10,000.00	**0**	0	**20,000.00**	10,000.00
Stephanie Hueck[1]	**13,589.04**	0	**0**	0	**13,589.04**	0
Susanna Hülsbömer	**20,000.00**	10,000.00	**0**	0	**20,000.00**	10,000.00
Klaus Kühn[1]	**13,589.04**	0	**11,890.41**	0	**25,479.45**	0
Manfred Menningen	**20,000.00**	10,000.00	**9,178.08**	0	**29,178.08**	10,000.00
Marco Schweizer[1]	**13,589.04**	0	**0**	0	**13,589.04**	0
Dr. Konstanze Thämer[1]	**13,589.04**	0	**0**	0	**13,589.04**	0
Christoph Thomas[1]	**13,589.04**	0	**0**	0	**13,589.04**	0
Reinhold Franze[2]	**6,465.75**	0	**0**	0	**6,465.75**	0
Heidrun Altstädt[4]	**3,123.29**	0	**0**	0	**3,123.29**	0
Dr. Heinz-Günther Focken[2]	**6,465.75**	10,000.00	**0**	0	**6,465.75**	10,000.00
Eugenie Friesenhausen[2]	**6,465.75**	10,000.00	**0**	0	**6,465.75**	10,000.00
Werner Lenke[2]	**9,698.63**	15,000.00	**3,232.88**	0	**12,931.51**	15,000.00
Dr. Matthias Röpke[2]	**6,465.75**	10,000.00	**0**	0	**6,465.75**	10,000.00
Hans Sudkamp[2]	**6,465.75**	10,000.00	**0**	0	**6,465.75**	10,000.00
Konstantin Thomas[2]	**6,465.75**	10,000.00	**0**	0	**6,465.75**	10,000.00
Heinz Hemmis[3]	**3,342.47**	10,000.00	**0**	0	**3,342.47**	10,000.00

1 member since 26 September 2014
2 member until 26 September 2014
3 member until 31 July 2014
4 member from 1 August to 26 September 2014

III. Compensation of the Shareholders' Committee

Pursuant to Article 28 of the articles of association, the compensation of the members of the Shareholders' Committee is also determined by the General Shareholders' Meeting. According to the currently applicable resolution of the General Shareholders' Meeting dated 19 November 2010, the Chairman of the Shareholders' Committee receives an annual remuneration of TEUR 300 and all other members receive an annual remuneration of TEUR 100. Members serving on the Shareholders' Committee for only part of a fiscal year receive a corresponding pro rata remuneration. All members of the Shareholders' Committee will be reimbursed for all expenses incurred by them when performing their function as members of the Shareholders' Committee including VAT. No attendance fees will be paid.

As members of the Company's governing bodies, the members of the Shareholders' Committee are covered by the Group's directors and officers liability insurance (D&O insurance). In respect of each claim, a retention amount of at least 10 % applies, which is, however, subject to a cap of 1.5 times the annual fixed remuneration.

In the fiscal year 2014/2015, the total remuneration of the members of the Shareholders' Committee amounted to TEUR 868 plus VAT (previous year: TEUR 777 plus VAT). Of this amount, the fixed remuneration accounts for TEUR 868 (previous year: TEUR 777) and the committee function accounts for EUR 0 (previous year: EUR 0).

Other than the remuneration described above, in the fiscal year 2014/2015 no remuneration or personal benefits were granted to members of the Shareholders' Committee for their personal services, in particular for advisory or intermediary services.

The following table shows the individual remuneration of the members of the Shareholders' Committee in the fiscal year 2014/2015.

	Fixed remuneration		Remuneration Committee function		Total remuneration	
€	**2014/2015**	2013/2014	**2014/2015**	2013/2014	**2014/2015**	2013/2014
Manfred Wennemer, Chairman	**300,000.00**	309,863.01	**0**	0	**300,000.00**	309,863.01
Moritz Friesenhausen[1]	**67,945.21**	0	**0**	0	**67,945.21**	0
Roland Hammerstein	**100,000.00**	100,000.00	**0**	0	**100,000.00**	100,000.00
Dr. Gerd Kleinert	**100,000.00**	100,000.00	**0**	0	**100,000.00**	100,000.00
Klaus Kühn	**100,000.00**	100,000.00	**0**	0	**100,000.00**	100,000.00
Dr. Matthias Röpke	**100,000.00**	67,397.26	**0**	0	**100,000.00**	67,397.26
Konstantin Thomas	**100,000.00**	67,397.26	**0**	0	**100,000.00**	67,397.26

1 member since 26 September 2014

CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2014/2015 FISCAL YEAR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated income statement

of HELLA KGaA Hueck & Co. for the period from 1 June to 31 May

€ thousand	Notes	2014/2015	adjusted* 2013/2014
Sales	10	5,834,691	5,343,327
Cost of sales	11	–4,280,770	–3,866,380
Gross profit		1,553,921	**1,476,947**
Research and development costs	12	–543,931	–513,545
Distribution costs	13	–455,459	–435,361
Administrative costs	14	–196,869	–197,421
Other income and expenses	15	16,298	–24,072
Share of profit in investments accounted for using equity method	30	55,336	37,836
Other income from investments		207	2,131
Net operating profit/loss (EBIT)		429,503	**346,515**
Financial income	16	38,453	37,028
Financing costs	16	–74,331	–74,785
Net financial result		–35,878	**–37,757**
Earnings before income taxes (EBT)		393,625	**308,758**
Taxes on income	17	–98,172	–79,176
Earnings for the period		295,453	**229,582**
of which attributable:			
to the owners of the parent company	37	286,995	222,888
to non-controlling interests	37	8,458	6,694
Undiluted earnings per ordinary share in €	19	2.70	2.23
Diluted earnings per ordinary share in €	19	2.70	2.23

* Adjusted due to the reclassification of net other finance income/expense (see Note 6).

Consolidated statement of comprehensive income

(post-tax view)

of HELLA KGaA Hueck & Co. for the period from 1 June to 31 May

€ thousand	2014/2015	2013/2014
Earnings for the period	**295,453**	**229,582**
Currency translation differences	115,514	–43,742
Changes realised in equity	117,957	–43,742
Gains recognised in profit and loss	–2,443	0
Financial instruments for cash flow hedging	–25,333	4,909
Changes realised in equity	–39,433	455
Losses recognised in profit and loss	14,100	4,454
Change in fair value of financial instruments held for sale	6,022	421
Changes realised in equity	5,924	13
Losses recognised in profit and loss	98	408
Share of other comprehensive income attributable to associated companies and joint ventures	23,677	–1,840
Items which were or will be transferred to profit or loss	**96,203**	**–38,412**
Revaluation from defined benefit pension plans	–22,633	–975
Share of other comprehensive income attributable to associated companies and joint ventures	–1,029	188
Items never transferred to profit or loss	**–22,633**	**–975**
Other comprehensive income for the period	**73,570**	**–39,387**
Comprehensive income for the period	**369,023**	**190,195**
of which attributable:		
to the owners of the parent company	360,032	183,741
to non-controlling interests	8,991	6,454

See also Note 31 for detail of tax effects.

Consolidated statement of financial position

of HELLA KGaA Hueck & Co. as at 31 May

€ thousand	Notes	31 May 2015	31 May 2014
Cash and cash equivalents	22	602,744	637,226
Financial assets	23	405,077	354,982
Trade receivables	24	839,322	692,097
Other receivables and non-financial assets	25	152,010	117,630
Inventories	26	608,853	577,923
Current tax assets		24,504	26,537
Non-current assets held for sale	27	3,357	5,942
Current assets		**2,635,867**	**2,412,337**
Intangible assets	28	220,861	189,928
Property, plant and equipment	29	1,612,331	1,429,608
Financial assets	23	19,653	19,677
Investments accounted for using equity method	30	266,768	239,516
Deferred tax assets	31	118,562	126,523
Other non-current assets	32	42,905	40,948
Non-current assets		**2,281,080**	**2,046,200**
Assets		**4,916,947**	**4,458,537**
Financial liabilities	36	100,221	296,412
Trade payables	33	573,893	573,533
Current tax liabilities		45,776	45,943
Other liabilities	34	556,934	420,940
Provisions	35	72,644	108,733
Current liabilities		**1,349,468**	**1,445,561**
Financial liabilities	36	1,038,886	1,121,252
Deferred tax liabilities	31	24,882	69,006
Other liabilities	34	236,371	219,091
Provisions	35	357,646	261,566
Non-current liabilities		**1,657,785**	**1,670,915**
Subscribed capital	37	222,222	200,000
Reserves and unappropriated surplus	37	1,658,016	1,112,182
Equity before non-controlling interests	37	1,880,238	1,312,182
Non-controlling interests	37	29,456	29,879
Equity		**1,909,694**	**1,342,061**
Equity and liabilities		**4,916,947**	**4,458,537**

Consolidated cash flow statement

of HELLA KGaA Hueck & Co. for the period from 1 June to 31 May

	€ thousand	Notes	2014/2015	adjusted* 2013/2014
	Earnings before income taxes (EBT)		**393,625**	**308,758**
+	Depreciation and amortisation		**336,193**	309,073
+/–	Change in provisions		**16,126**	29,861
+	Payments received for series production		**130,518**	130,949
–	Non-cash sales transacted in previous periods		**–89,816**	–79,336
+/–	Other non-cash income		**–53,185**	–56,281
+/–	Losses from the sale of non-current assets (prior year: gains)		**2,851**	–821
+	Net financial result		**35,878**	37,757
+/–	Change in trade receivables and other assets not attributable to investing or financing activities		**–128,979**	–65,053
+/–	Decrease/increase in inventories		**–8,428**	–59,144
+/–	Change in trade payables and other liabilities not attributable to investing or financing activities		**39,978**	52,877
+	Interest received		**8,130**	11,109
–	Interest paid		**–46,109**	–43,943
+	Tax refunds received		**6,181**	14,626
–	Taxes paid		**–118,892**	–80,097
+	Dividends received		**35,851**	24,634
=	**Net cash flow from operating activities**		**559,922**	**534,969**
+	Cash proceeds from the sale of property, plant and equipment		**16,458**	12,097
+	Cash proceeds from the sale of intangible assets		**3,602**	4,623
–	Payments for purchase of property, plant and equipment		**–429,489**	–463,207
–	Payments for purchase of intangible assets		**–68,449**	–52,554
+	Repayments of loans from associates or unconsolidated companies		**2,545**	220
–	Payments for loans granted to associates or unconsolidated companies		**–682**	–5,475
–	Payments for acquisition of subsidiaries, less cash received	**03**	**–405**	–125
+	Cash proceeds from the sale of shares in associates		**21,505**	0
–	Capital in associates		**–16,927**	–640
+	Cash proceeds from capital decrease in investments accounted for using equity method		**13,200**	0
=	**Net cash flow from investing activities**		**–458,642**	**–505,061**
–	Repayment of bond issued in October 2009		**–200,002**	0
–	Payments made for the repayment of financial liabilities		**–231,309**	–13,354
+	Cash proceeds from borrowing	**36**	**134,912**	68,990
+	Payments made for acquiring shares of non-controlling interests		**–14,786**	0
+	Cash proceeds from the issuance of a bond		**0**	298,398
–	Payments made for the purchase and sale of securities		**–49,741**	–141,984
–	Dividend paid	**38**	**–59,060**	–55,325
+	Net cash proceeds from shares issued		**272,456**	0
=	**Net cash flow from financing activities**		**–147,530**	**156,725**
=	**Net change in cash**		**–46,250**	**186,633**
+	Cash and cash equivalents as at 1 June		**637,226**	456,098
+/–	Effect of exchange rate fluctuations on cash		**11,768**	–5,505
=	**Cash and cash equivalents as at 31 May**		**602,744**	**637,226**

* Adjusted due to the reclassification of net other finance income/expense (see Note 6).

Consolidated statement of changes in equity

of HELLA KGaA Hueck & Co.

€ thousand	Subscribed capital	Capital reserve	Currency translation reserve	Cash flow hedge reserve
At 1 June 2013	**200,000**	**0**	**10,106**	**– 68,747**
Earnings for the period	0	0	0	0
Other comprehensive income for the period	0	0	– 43,503	4,909
Comprehensive income for the period	**0**	**0**	**– 43,503**	**4,909**
Addition to equity and distributions to shareholders	0	0	0	0
Transactions with shareholders	**0**	**0**	**0**	**0**
At 31 May 2014	**200,000**	**0**	**– 33,397**	**– 63,838**
Earnings for the period	0	0	0	0
Other comprehensive income for the period	0	0	114,897	– 25,254
Comprehensive income for the period	**0**	**0**	**114,897**	**– 25,254**
Issue of new capital against cash contributions	22,222	255,556	0	0
Issuing costs	0	– 5,322	0	0
Distributions to shareholders	0	0	0	0
Changes in ownership interest in subsidiaries	0	0	5	0
Transactions with shareholders	**22,222**	**250,234**	**5**	**0**
At 31 May 2015	**222,222**	**250,234**	**81,505**	**– 89,092**

See also Note 37 for Notes on equity.

	Reserve for financial instruments held for sale	Revaluation from defined benefit pension plans	Other retained earnings/ profit carried forward	Equity before non-controlling interests	Non-controlling interests	Total capital
	4,026	**−47,302**	**1,080,858**	**1,178,941**	**28,250**	**1,207,191**
	0	0	222,888	222,888	6,694	229,582
	421	−974	0	−39,147	−240	−39,387
	421	**−974**	**222,888**	**183,741**	**6,454**	**190,195**
	0	0	−50,500	−50,500	−4,825	−55,325
	0	**0**	**−50,500**	**−50,500**	**−4,825**	**−55,325**
	4,447	**−48,276**	**1,253,246**	**1,312,182**	**29,879**	**1,342,061**
	0	0	286,995	286,995	8,458	295,453
	6,022	−22,628	0	73,037	533	73,570
	6,022	**−22,628**	**286,995**	**360,032**	**8,991**	**369,023**
	0	0	0	277,778	0	277,778
	0	0	0	−5,322	0	−5,322
	0	0	−55,500	−55,500	−3,560	−59,060
	0	0	−8,937	−8,932	−5,854	−14,786
	0	**0**	**−64,437**	**208,024**	**−9,414**	**198,610**
	10,469	**−70,904**	**1,475,804**	**1,880,238**	**29,456**	**1,909,694**

01 Basic information

HELLA KGaA Hueck & Co. ("HELLA KGaA") and its subsidiaries (collectively referred to as the "Group") develop and manufacture lighting technology and electronics components and systems for the automotive industry. The Group also produces complete vehicle modules and air conditioning systems in joint venture undertakings. The Group's production and manufacturing sites are located across the globe; its most significant markets are in Europe, the USA and Asia, particularly Korea and China. In addition, HELLA has its own international sales network for vehicle accessories of all kinds.

The Company is a stock corporation, which was founded and is based in Lippstadt, Germany. The address of the Company's registered office is Rixbecker Str. 75, Lippstadt.

The consolidated financial statements of HELLA KGaA for the 2014/2015 fiscal year (1 June 2014 to 31 May 2015) were prepared in accordance with all IFRS and IAS standards subject to mandatory application for the period as well as the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRSIC) and the Standing Interpretations Committee (SIC), as endorsed by the EU. The consolidated financial statements are supplemented with a Group management report and the additional disclosures required by Section 315a Handelsgesetzbuch (HGB – German Commercial Code). The comparative values of the prior fiscal year were determined in accordance with the same principles. The consolidated financial statements are prepared in euros (€). Amounts are stated in thousands of euros (€ thousand).

The consolidated financial statements are prepared using accounting 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 held 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. These items are broken down and explained in the notes to the consolidated financial statements. Please note that where sums and percentages in the report have been aggregated, rounding differences may occur.

The Management Board released the consolidated financial statements for submission to the Supervisory Board on 24 July 2015. It is the responsibility of the Supervisory Board to review the consolidated financial statements and declare its approval. A resolution by the Supervisory Board approving the consolidated financial statements is expected to be passed at the ordinary Supervisory Board meeting to be held on 11 August 2015.

02 Scope of consolidation

In addition to HELLA KGaA Hueck & Co., 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 in accordance with the equity method of accounting. The number of consolidated companies changed not only owing to the acquisition of Hella Nussbaum Solutions GmbH (see Note 03) but intra-group mergers and new company foundations, as well.

Number	31 May 2015	31 May 2014
Fully consolidated companies	**101**	102
Companies accounted for using the equity method	**52**	48

The main subsidiaries are set out below:

			Share of equity (%)	
Company	**Country**	**City**	**2014/2015**	2013/2014
Changchun HELLA Automotive Lighting Ltd.	China	Changchun	**100**	100
HELLA Shanghai Electronics Co., Ltd.	China	Shanghai	**100**	100
FTZ Autodele & Værktøj A/S	Denmark	Odense	**79**	71
HELLA Fahrzeugkomponenten GmbH	Germany	Bremen	**100**	100
HELLA Innenleuchten-Systeme GmbH	Germany	Wembach	**100**	100
HELLA Automotive Mexico S.A. de C.V.	Mexico	Tlalnepantla	**100**	100
INTER-TEAM Sp. z o.o.	Poland	Warsaw	**50**	50
HELLA Romania s.r.l.	Romania	Ghiroda-Timisoara	**100**	100
HELLA Slovakia Front-Lighting s.r.o.	Slovakia	Kocovce	**100**	100
HELLA Slovakia Signal-Lighting s.r.o.	Slovakia	Bánovce nad Bebravou	**100**	100
HELLA Saturnus Slovenija d.o.o.	Slovenia	Ljubljana	**100**	100
HELLA Autotechnik Nova s.r.o.	Czech Republic	Mohelnice	**100**	100
HELLA Electronics Corporation	USA	Plymouth, MI	**100**	100

A complete listing of the shares held by the Group can be found in an attachment to the Notes starting on page 137. Additional information is provided in Note 45 "Events after the balance sheet date".

03 Acquisition of subsidiaries

On 7 October 2014, the Group acquired an additional 50 % share in Hella Nussbaum Solutions GmbH, which had previously been accounted for using the equity method, thus gaining control over this company. Headquartered in Kehl-Auenheim, its product portfolio comprises A/C servicing equipment, tools, service parts and consumables as well as liquids for vehicle A/C systems and motor coolants. This acquisition will allow the HELLA Group to increase its influence in a company which had previously been managed as a joint venture while also further expanding its expertise in the area of garage equipment for A/C servicing, particularly with regard to legal amendments related to coolants.

The share was increased from 50 % to 100 % in consideration of payment of € 650 thousand. This consideration was rendered in cash form. The shares held prior to this were recognised at a value of € 175 thousand. The fair values of the identifiable assets acquired and liabilities assumed as of the date of the business combination break down as follows:

€ thousand	**Fair value**
Intangible assets	1,844
Property, plant and equipment	58
Inventories	449
Trade receivables	400
Cash and cash equivalents	245
Other assets	49
Financial liabilities	–2,872
Trade payables	–594
Provisions	–311
Net debt at the time of acquisition	**–732**

The acquisition yielded the following goodwill:

€ thousand	Fair value
Value of the consideration transferred	650
Fair value of previously held equity interest	175
Fair value of net debt	732
Goodwill	**1,557**

Goodwill amounting to € 1,557 thousand was allocated to the Aftermarket segment and to non-recognised assets; this goodwill is not expected to be deductible for income tax purposes.

Trade receivables include impairments of € 25 thousand resulting from unrecoverable receivables.

The acquired subsidiary contributed € 1,071 thousand to consolidated sales and impacted earnings for the period with a loss of € – 832 thousand.

If the business acquisition had been executed at the beginning of the year, the Group would have reported sales of € 1,886 thousand and a loss of € – 1,252 thousand to Hella Nussbaum Solutions as at 31 May 2015.

04 Principles of consolidation

If the reporting date of a subsidiary is not the same as that of HELLA KGaA, interim financial statements are prepared effective 31 May.

(a) Business combinations

Acquired subsidiaries are accounted for using the purchase method. The acquisition costs correspond to the fair value of the assets acquired, the equity instruments issued and the liabilities arising or assumed on the transaction date. They also include the fair values of all recognised assets and liabilities arising from contingent consideration. Acquisition-related costs are taken to profit and loss upon arising. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair value on the date of acquisition. Goodwill is recognised as the amount by which the business combination costs, the amount of the non-controlling shares in the acquired company already held on the acquisition date and the equity components measured at fair value exceed the net assets measured at fair value. If this figure is negative, the difference is recognised directly in the income statement after reassessment.

(b) Non-controlling interests

In the case of each business combination, the Group determines whether the non-controlling interest in the acquired company is to be measured at its fair value or in accordance with the share which it holds in the net assets of the acquired company at the date of acquisition. Transactions for the purchase or sale of non-controlling interests that do not result in a loss of control are recorded as equity transactions. Any difference between the figure by which the carrying amount of the non-controlling interests is adjusted to match the current share held in the company and the fair value of the consideration rendered or received is recognised directly within equity.

Any binding put options that have been agreed for non-controlling interests are recognised within financial liabilities and measured at their fair value on the basis of the agreed purchase price. If the put option is related to the purchase of a majority holding in the company concerned, its value is recognised as part of the business combination costs.

(c) Subsidiaries

Subsidiaries are entities that are controlled by the Group. The Group is deemed to control a subsidiary if it is exposed to varying returns from its involvement with the subsidiary or has rights to returns and has the ability to use its power over the subsidiary to affect these returns. The financial statements of subsidiaries are included in the consolidated financial statements as of the date on which the Group gains control over them and until the date on which control over them ends.

(d) Investments accounted for using the equity method
Investments accounted for using the equity method comprise shares in joint ventures and associates.

Joint ventures are joint arrangements in which HELLA exercises joint control together with other partners and also has rights to the arrangement's equity.

Associates are entities over which the Group exercises material influence, but no control, and in which it usually holds 20 % to 50 % of the voting rights.

Shares in joint ventures and associates are accounted for using the equity method and are recorded at acquisition cost upon initial recognition. The Group's share also includes the goodwill arising on acquisition (less cumulative impairments).

The Group's share in the profits and losses is recognised in the income statement from the acquisition date. The cumulative changes following acquisition are deducted from or added to the carrying amount of the investment. If losses have reduced the fair value of the Group's share to zero, additional losses are only allowed for and recognised as liabilities to the extent that HELLA is subject to legal or constructive obligations to settle such losses. Gains at a later period are not taken into account until they are sufficient to cover the unrecognised loss.

Intra-Group transactions, balances and unrealised gains or losses from intra-Group transactions are eliminated. However, the existence of unrealised losses is viewed as an indication that the transferred asset must be examined for impairment. The accounting and measurement methods applied by subsidiaries have been modified where necessary to ensure consistent accounting within the Group.

Functional currency and reporting currency
The items included in the financial statements of each of the Group companies are measured using the currency of the primary economic environment in which the Company operates (functional currency). The consolidated financial statements are prepared in euros, the functional and reporting currency of HELLA KGaA Hueck & Co.

Transactions and outstanding balances
Foreign currency transactions are translated into the functional currency at the spot exchange rate applicable on the transaction date. Gains and losses from the settlement of such transactions as well as from the translation of monetary assets and liabilities held in foreign currencies at the spot exchange rate are recognised in the income statement unless they are designated as qualified cash flow hedges, in which case they are recognised within equity.

05 Currency translation

Changes in the fair value of monetary securities that are denominated in a foreign currency and classified as available for sale are split into currency translation differences arising from changes in amortised cost, which are recognised through profit and loss, and other changes in their carrying amount, which are recognised within equity.

Currency translation differences for non-monetary items, changes in which are recognised at fair value through profit and loss (e.g. equity instruments measured at fair value through profit and loss), are reported in the income statement as part of the gain or loss from measurement at fair value. However, currency translation differences for non-monetary assets, changes in which are recognised at fair value within equity (e.g. equity instruments classified as available for sale), are included in the revaluation reserve.

Group companies

The net profit/loss and balance sheet items of all Group companies that have a functional currency other than the euro are treated as follows:

1. Assets and liabilities are translated into euros for each reporting date using the spot exchange rate.

2. Income and expenses are translated for each income statement using the average exchange rate (unless this fails to give an appropriate approximation of the cumulative effects that would have arisen from currency translation at the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates prevailing on the transaction dates).

3. Any currency translation differences are recognised in equity as separate items within the currency translation reserve and, hence, in comprehensive income.

Currency translation differences arising in connection with consolidation from the conversion of net investments in economically independent foreign operations, financial liabilities, and other foreign currency instruments designated as hedges of such investments, are recognised within equity. If a foreign business is sold, any currency translation differences hitherto recognised within equity are recycled to profit and loss as part of the profit or loss derived from the sale. Goodwill arising from business combinations and from disclosed hidden reserves and liabilities that are recognised as adjustments to the carrying amounts of the assets and liabilities of the Company concerned are translated using the end-of-year spot exchange rate in the same way as that applied to assets and liabilities.

The exchange rates used to translate the main currencies for HELLA were as follows:

	Average		Reporting date	
	2014/2015	2013/2014	**31 May 2015**	31 May 2014
€ 1 = US dollar	**1.2219**	1.3533	**1.0970**	1.3607
€ 1 = Czech koruna	**27.5781**	26.7133	**27.4010**	27.471
€ 1 = Japanese yen	**137.2846**	136.2803	**135.9500**	138.36
€ 1 = Australian dollar	**1.4365**	1.4739	**1.4338**	1.4635
€ 1 = Chinese renminbi	**7.5619**	8.2952	**6.7994**	8.5025
€ 1 = South Korean won	**1,305.1421**	1,457.0238	**1,220.3100**	1,389.2200
€ 1 = Romanian leu	**4.4301**	4.4622	**4.4425**	4.4030

06 Changes in accounting methods

The Group has applied or taken into account the following new or revised standards that have been endorsed by the EU as European law and are subject to mandatory application for the first time.

a. IAS 32 – Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
b. Improvements to IFRS 10 and 12 and IAS 27
c. Improvement to IAS 36 – Impairment of Assets
d. Improvement to IAS 39 – Financial Instruments: Recognition and Measurement

In addition, the Group has adjusted how it recognises financial income and financing costs.

e. Presentation of financial income and financing costs – quantitative effects

(a) Amendment to IAS 32 – Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
This addition to IAS 32 clarifies the requirements for offsetting financial instruments. It explains the meaning of the current legal right to offset and clarifies which gross settlement methods can be viewed as net settlement within the scope of the standard. Along with these clarifications, the guidance concerning the notes disclosure requirements in IFRS 7 has also been extended. This amendment must be applied for the first time to accounting periods starting on or after 1 January 2014. There is no impact on the consolidated financial statements.

(b) Improvements to IFRS 10 and 12 and IAS 27
The changes include a definition of investment entities and exclude such entities from the scope of IFRS 10 – Consolidated Financial Statements.

Accordingly, investment entities do not consolidate the companies they control in their IFRS consolidated financial statement. This exception from the general principles should not be regarded as an option. Instead of full consolidation, they measure the investments held at fair value and recognise periodic fluctuations in value in profit or loss.

The changes do not have any effect on the consolidated financial statements that include investment entities unless the group parent is itself an investment entity. Accordingly, the change has no effect on the consolidated financial statements of HELLA.

The amendments must be applied for the first time to accounting periods starting on or after 1 January 2014.

(c) Improvement to IAS 36 – Impairment of Assets

As a consequential amendment to IFRS 13 Fair Value Measurement, new disclosure requirements have been introduced for goodwill impairment testing in accordance with IAS 36, under which the recoverable amount of the cash generating units must be disclosed regardless of whether any impairment has been recognised. Since this disclosure in the Notes was introduced inadvertently, it is repealed again with this amendment from May 2013.

On the other hand, this amendment specifies additional disclosures if an impairment has been recognised and the recoverable amount has been calculated on the basis of a fair value.

The amendments are to be applied for the first time in accounting periods commencing on or after 1 January 2014. The additional disclosures required by the amendments have been duly included in these financial statements.

(d) Improvement to IAS 39 – Financial Instruments: Recognition and Measurement

Under the amendments there is no need to discontinue hedge accounting if a hedging derivative is novated to a central counterparty as a consequence of laws or regulations provided certain criteria are met.

The amendments must be applied for the first time to accounting periods starting on or after 1 January 2014. There is no impact on the consolidated financial statements.

(e) Presentation of financial income and financing costs – quantitative effects

The presentation of financial income and financing costs is adjusted in these consolidated financial statements; accordingly, additional explanatory disclosures may be dispensed with- in the Notes without any loss of relevant information.

The interest income reported separately in the prior fiscal year is reported together with other financial income, while the interest expenses reported separately in the prior fiscal year are reported together with other financing costs. This does not result in any change to earnings before taxes; on other hand, this adjustment ensures that net operating profit/loss (EBIT) no longer includes other financing costs or financial income.

Hence the Group is following through on its decision to present the EBIT margin (ratio of EBIT to sales) as a key performance indicator. In our opinion, this change considerably improves the comparability of net operating profit/loss (EBIT) as a key performance indicator.

As a consequence thereof, an adjustment will be made to the recognition of net cash flows from operating activities which correlates to net operating profit/loss.

The quantitative effects are set out in the following tables.

Consolidated income statement

€ thousand	as reported 2013/2014	Reclassification of financial items	adjusted 2013/2014
Sales	5,343,327	0	5,343,327
Cost of sales	– 3,866,380	0	– 3,866,380
Gross profit	**1,476,947**	**0**	**1,476,947**
Research and development costs	– 513,545	0	– 513,545
Distribution costs	– 435,361	0	– 435,361
Administrative costs	– 197,421	0	– 197,421
Other income and expenses	– 24,072	0	– 24,072
Share of profit in investments accounted for using equity method	37,836	0	37,836
Other income from investments	2,131	0	2,131
Income from securities and other loans	7,395	– 7,395	0
Net other finance income/expense	– 12,846	12,846	0
Net operating profit / loss (EBIT)	**341,064**	**5,451**	**346,515**
Interest income	10,894	– 10,894	0
Interest expenses	– 43,200	43,200	0
Net borrowing costs / net interest income	**– 32,306**	**32,306**	**0**
Financial income	0	37,028	37,028
Financing costs	0	– 74,785	– 74,785
Net financial result	**0**	**– 37,757**	**– 37,757**
Earnings before income taxes (EBT)	**308,758**	**0**	**308,758**
Taxes on income	– 79,176	0	– 79,176
Earnings for the period	**229,582**	**0**	**229,582**
Of which attributable:			
to the owners of the parent company	222,888	0	222,888
to non-controlling interests	6,694	0	6,694
Undiluted earnings per ordinary share in €	**2.23**	**0**	**2.23**
Diluted earnings per ordinary share in €	**2.23**	**0**	**2.23**

Consolidated cash flow statement

€ thousand		as reported 2013/2014	Reclassification of financial items	adjusted 2013/2014
	Profit before income taxes	**308,758**	**0**	**308,758**
+	Depreciation/amortisation	309,073	0	309,073
+/–	Change in provisions	29,861	0	29,861
+	Payments received for series production	130,949	0	130,949
–	Non-cash sales transacted in previous periods	–79,336	0	–79,336
+/–	Other non-cash income/expenses	–50,830	–5,451	–56,281
+/–	Profit/loss from the sale of non-current assets	–821	0	–821
+/–	Net borrowing costs/net interest income	32,306	–32,306	0
+/–	Net financial result	0	37,757	37,757
+/–	Change in trade receivables and other assets not attributable to investing or financing activities	–65,053	0	–65,053
+/–	Decrease/increase in inventories	–59,144	0	–59,144
+/–	Change in trade payables and other liabilities not attributable to investing or financing activities	52,877	0	52,877
+	Interest received	11,109	0	11,109
–	Interest paid	–43,943	0	–43,943
+	Tax refunds received	14,626	0	14,626
–	Taxes paid	–80,097	0	–80,097
+	Dividends received	24,634	0	24,634
=	**Net cash flow from operating activities**	**534,969**	**0**	**534,969**
+	Cash proceeds from the sale of property, plant and equipment	12,097	0	12,097
+	Cash proceeds from the sale of intangible assets	4,623	0	4,623
–	Payments for purchase of property, plant and equipment	–463,207	0	–463,207
–	Payments for purchase of intangible assets	–52,554	0	–52,554
+	Repayment of loans from associates or unconsolidated companies	220	0	220
–	Payments for loans granted to associates or unconsolidated companies	–5,475	0	–5,475
–	Payments made for the acquisition of subsidiaries	–125	0	–125
–	Change of capital in associates	–640	0	–640
=	**Net cash flow from investing activities**	**–505,061**	**0**	**–505,061**
–	Payments made for the repayment of financial liabilities	–13,354	0	–13,354
+	Cash proceeds from borrowing	68,990	0	68,990
+	Cash proceeds from the issuance of a bond	298,398	0	298,398
–	Payments made for the purchase of securities	–141,984	0	–141,984
–	Dividend paid	–55,325	0	–55,325
=	**Net cash flow from financing activities**	**156,725**	**0**	**156,725**
=	**Net change in cash**	**186,633**	**0**	**186,633**
+	**Cash and cash equivalents as at 1 June**	**456,098**	**0**	**456,098**
+/–	**Effect of exchange rate fluctuations on cash**	**–5,505**	**0**	**–5,505**
=	**Cash and cash equivalents as at 31 May**	**637,226**	**0**	**637,226**

The following section presents the consolidated income statement and the consolidated cash flow statement that would have resulted if the allocation of net other finance income/expense had applied in the previous reporting periods or on the previous reporting dates, as the case may be. There were no changes to the statement of financial position or the statement of changes in equity.

Consolidated income statement

€ thousand	adjusted 2012/2013	adjusted 2013/2014	2014/2015
Sales	4,835,478	5,343,327	**5,834,691**
Cost of sales	– 3,557,638	– 3,866,380	**– 4,280,770**
Gross profit	**1,277,840**	**1,476,947**	**1,553,921**
Research and development costs	– 443,803	– 513,545	**– 543,931**
Distribution costs	– 412,370	– 435,361	**– 455,459**
Administrative costs	– 182,707	– 197,421	**– 196,869**
Other income and expenses	33,946	– 24,072	**16,298**
Share of profit in investments accounted for using equity method	29,186	37,836	**55,336**
Other income from investments	4,371	2,131	**207**
Earnings before interest and income taxes (EBIT)	**306,463**	**346,515**	**429,503**
Financial income	29,750	37,028	**38,453**
Financing costs	– 77,549	– 74,785	**– 74,331**
Net financial result	**– 47,799**	**– 37,757**	**– 35,878**
Earnings before income taxes (EBT)	**258,664**	**308,758**	**393,625**
Taxes on income	– 53,111	– 79,176	**– 98,172**
Earnings for the period	**205,553**	**229,582**	**295,453**

Consolidated cash flow statement

	€ thousand	adjusted 2012/2013	adjusted 2013/2014	**2014/2015**
	Profit before income taxes	258,664	308,758	**393,625**
+	Depreciation and amortisation	260,950	309,073	**336,193**
+/–	Change in provisions	–38,764	29,861	**16,126**
+	Payments received for series production	79,817	130,949	**130,518**
–	Non-cash sales transacted in previous periods	–57,215	–79,336	**–89,816**
+/–	Other non-cash income/expenses	–53,501	–56,281	**–53,185**
+/–	Profit/loss from the sale of non-current assets	79	–821	**2,851**
+	Net financial result	47,797	37,757	**35,878**
+/–	Change in trade receivables and other assets not attributable to investing or financing activities	10,931	–65,053	**–128,979**
+/–	Decrease/increase in inventories	–37,694	–59,144	**–8,428**
+/–	Change in trade payables and other liabilities not attributable to investing or financing activities	47,810	52,877	**39,978**
+	Interest received	7,692	11,109	**8,130**
–	Interest paid	–39,445	–43,943	**–46,109**
+	Tax refunds received	–92,686	14,626	**6,181**
–	Taxes paid	14,011	–80,097	**–118,892**
+	Dividends received	33,151	24,634	**35,851**
=	**Net cash flow from operating activities**	**441,596**	**534,969**	**559,922**
+	Cash proceeds from the sale of property, plant and equipment	3,022	12,097	**16,458**
+	Cash proceeds from the sale of intangible assets	2,397	4,623	**3,602**
–	Payments for purchase of property, plant and equipment	–477,874	–463,207	**–429,489**
–	Payments for purchase of intangible assets	–33,956	–52,554	**–68,449**
+	Repayment of loans from associates or unconsolidated companies	5,230	220	**2,545**
–	Payments for loans granted to associates or unconsolidated companies	–4,442	–5,475	**–682**
+	Cash proceeds from the sale of investments	1,706	0	**0**
–	Payments for acquisition of subsidiaries, less cash received	0	–125	**–405**
–	Capital in associates	–13,375	–640	**–16,927**
+	Cash proceeds from the sale of shares in associates	0	0	**21,505**
+	Cash proceeds from capital decrease in investments accounted for using equity method	0	0	**13,200**
=	**Net cash flow from investing activities**	**–517,292**	**–505,061**	**–458,642**
–	Payments made for the repayment of financial liabilities	–39,144	–13,354	**–231,309**
+	Cash proceeds from borrowing	5,644	68,990	**134,912**
–	Payments made for acquiring shares of non-controlling interests	–5,464	0	**–14,786**
+	Cash proceeds from selling shares of non-controlling interests	885	0	**0**
+	Cash proceeds from the issuance of a bond	495,865	298,398	**0**
–	Payments made for repurchasing shares of an old bond	–110,760	0	**0**
–	Payments made for the purchase of securities	–165,079	–141,984	**–49,741**
–	Repayment of bond issued in October 2009	0	0	**–200,002**
–	Dividend paid	–61,375	–55,325	**–59,060**
+	Cash proceeds from shares issued	0	0	**272,456**
=	**Net cash flow from financing activities**	**120,573**	**156,725**	**–147,530**
=	**Net change in cash**	**44,877**	**186,633**	**–46,250**
+	Cash and cash equivalents as at 1 June	413,163	456,098	**637,226**
+/–	Effect of exchange rate fluctuations on cash	–1,942	–5,505	**11,768**
=	**Cash and cash equivalents as at 31 May**	**456,098**	**637,226**	**602,744**

07 New accounting standards not yet applied

The consequences of revisions to existing standards which were adopted by the EU into EU law must be applied to accounting periods commencing on or after 1 January 2015. The Group has not yet applied these standards to or taken due account of them in these consolidated financial statements in accordance with EU requirements.

a. Improvements to IFRS 2011 – 2013
b. Amendment to IAS 19: Defined Benefit Plans: Employee Contributions
c. Improvements to IFRS 2010 – 2012

(a) Improvements to IFRS 2011– 2013

Amendments have been made to four standards as part of the annual improvement project. Adjustments to the wording of individual IFRSs serve the purpose of clarifying the existing guidance. This concerns IFRS 1, IFRS 3, IFRS 13 and IAS 40. The amendments are to be applied for the first time in accounting periods commencing on or after 1 January 2015. There is no impact on the consolidated financial statements.

(b) Amendment to IAS 19: Defined Benefit Plans: Employee Contributions

The revisions clarify the guidance relating to the allocation of employee or third-party contributions to service periods if the contributions are linked to the service period. In addition, they provide for accounting conveniences if the contributions are independent of the number of years of service. The amendments are to be applied for the first time in accounting periods commencing on or after 1 February 2015. There is no impact on the consolidated financial statements.

(c) Improvements to IFRS 2010 – 2012

Amendments have been made to seven standards as part of the annual improvement project. Adjustments to the wording of individual IFRSs serve the purpose of clarifying the existing guidance. In addition, some revisions affect the disclosures required in the Notes. This concerns IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.

The amendments are to be applied for the first time in accounting periods commencing on or after 1 February 2015. There is no impact on the consolidated financial statements.

08 Basis of preparation and accounting policies

Revenue recognition

Sales include the fair value of the consideration already received or still to be received for the sale of goods and performance of services in the normal course of business. Sales are stated excluding sales tax, returns, rebates and discounts and after elimination of internal Group sales.

The Group recognises sales when the amount of revenue can be reliably determined, it is sufficiently probable that the Company will derive economic benefits and the specific criteria set out below for each type of activity have been met.

Revenues from the sale of goods are recognised as soon as the material opportunities and risks relating to ownership of the goods, based on the provisions of the respective contract, have been transferred to the customer. In the case of the sale of goods, this generally applies when the goods have been delivered. If, as part of series deliveries, advance payments are made in addition to the unit price, these payments are reported as other liabilities, deferred over the duration of series production and recognised in sales.

Income from the provision of services is recognised in accordance with the terms of the contract in question, provided the service has been rendered and expenses have arisen.

Interest income is recognised on a pro rata basis using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

Functional costs
Cross-functional costs contained in the consolidated income statement are reported in accordance with internal reporting requirements. Operating expenses are always initially allocated to the functional area in which they are primarily incurred. If the functional area performs services for which the economic benefit arises in another functional area, such expenses are allocated on a pro-rata basis to the functional area for which the services were performed.

The offsetting of such amounts does not contain any direct reference to the primary cost type and is reported under "Reclassification of functional costs". This applies in particular to the allocation of energy costs, the use of buildings and IT expenses. These are initially recognised together with their respective cost types under administrative costs and then reclassified to the functions where the cost was incurred using pro-rated usage formulas.

Earnings per share
Undiluted earnings per share are calculated by dividing the share of earnings after tax attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the fiscal year. Diluted earnings per share are calculated based on the assumption that all potentially dilutive securities and share-based remuneration plans are converted or exercised.

Property, plant and equipment
Property, plant and equipment are measured at historical cost less cumulative depreciation and impairments. Historical cost comprises the expenses directly attributable to the acquisition.

Subsequent cost, e.g. as a result of expansion or replacement investments, is only recognised as part of the historical cost of the asset or – if applicable – as a separate asset if it is probable that the Group will derive future economic benefits from them and the costs of the asset can be reliably measured. Expenses for repairs and maintenance that do not represent a material reinvestment are recognised as an expense in the income statement in the accounting period in which they arise.

Tools manufactured or acquired by the Group for production purposes are capitalised at cost in accordance with IAS 16 and recorded separately in the statement of assets as production equipment. Each item of property, plant and equipment with historical cost that represents a significant portion of the total value of the item is recognised and depreciated separately.

Land is not depreciated. All other assets are depreciated on a straight-line basis. In this case, their historical cost or fair value is written down to their residual carrying amount over their expected average useful life as follows:

Buildings	25 years
Equipment and machinery	8 years
Production equipment	3–5 years
Operating and office equipment	8 years

The residual carrying amounts and expected useful lives are reviewed and, if necessary, adjusted on each reporting date.

If the carrying amount of any item of property, plant and equipment exceeds its estimated recoverable amount, it is immediately written down to this amount.

Government grants

Government grants are recognised if it is reasonably certain that the related conditions will be satisfied and the grants will actually be received. Grants for the purchase or production of non-current assets (asset-related grants) are deducted from the historical cost of the assets in question and reduce future depreciation. Grants that are not awarded for non-current assets (performance-tied grants) are accounted for in the income statement in the same line item as the related expense items. They are recognised as profit or loss on a pro-rated basis over the periods in which the expenses to be covered by the grants are incurred. Government grants awarded for future expenditure are reported as deferred income.

Intangible assets

Goodwill

Goodwill represents the amount by which the cost of a business combination exceeds the fair value of the Group's shares in the net assets of the entity acquired and the sum of all non-controlling interests at the time of acquisition. The goodwill arising from business combinations is recognised as an intangible asset. The goodwill resulting from the acquisition of an associate is included in the carrying amount of the investment and is therefore not tested for impairment separately but as part of the total carrying amount. The goodwill reported is tested for impairment on an annual basis and measured at historical cost less cumulative impairment. Impairment losses are not reversed. Gains and losses from the sale of an entity include the carrying amount of the goodwill allocated to such entity.

The goodwill is allocated to cash-generating units for the purpose of impairment testing. It is allocated to those cash-generating units or groups of cash-generating units (CGUs) that are expected to benefit from the business combination giving rise to the goodwill.

Capitalised development expenses

Costs related to development projects are recognised as intangible assets in accordance with IAS 38 if it is likely, given their economic and technical viability, that the project will be successful and the costs can be reliably determined. Otherwise, the research and development costs are recognised through profit and loss. Advances or reimbursements from customers are deducted from reported development costs upon receipt; advances collected in the follow-up periods after the start of use are reported as disposals in the consolidated statement of changes in assets. Capitalised development costs are amortised on a straight-line basis over their expected useful life starting with the date on which the product goes into commercial production. Amortisation is calculated on a straight-line basis over an estimated useful life of three to five years. The depreciation/amortisation charged on capitalised development expenses is recognised in the cost of sales and is applied in the Automotive segment.

Acquired intangible assets

Acquired intangible assets are recorded at historical cost. Intangible assets with a definite useful life are amortised on a straight-line basis over their useful life of three to eight years.

Impairment of non-monetary assets

Assets with an indefinite useful life – primarily goodwill within the Group – are not depreciated or amortised but tested for impairment on an annual basis. Assets that are subject to depreciation or amortisation are tested for impairment when corresponding events or changes in circumstances indicate that the carrying amount may no longer be recoverable.

An impairment is recognised in the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is either the fair value of the asset less the cost to sell or the value in use, whichever is higher. For the purposes of impairment testing, assets are aggregated at the lowest identifiable level for which cash flows can be generated for independent units (CGUs). The recoverable amount of a CGU is determined on the basis of the expected future discounted cash flows from planned use (value in use). These are based on Management Board forecasts covering a period of three years. With the exception of goodwill, non-monetary assets for which an impairment has been recognised in prior periods are reviewed at each reporting date to test whether the impairment must be reversed. The impairments and reversals of impairments are included in the cost of sales.

Inventories

Inventories are recognised at the lower of historical cost or net realisable value. Historical cost is determined using the moving average method. The historical cost of finished and unfinished goods includes the costs of product development, raw materials and supplies, direct personnel expenses, other direct costs, and the overheads attributable to production (based on normal plant capacity). The net realisable value is the estimated sales revenue achievable in the normal course of business less the necessary variable distribution costs and the expected cost until completion.

Cash and cash equivalents

Cash and cash equivalents include cash, call deposits and other highly liquid short-term financial assets with an original maximum maturity of three months.

Equity

Subscribed capital

The limited partner shares issued by the Company are classified as equity. The various issues of profit participation rights are recognised as liabilities.

Capital reserve

Cash deposits attributable to the issuance of new shares which exceed the nominal value of the shares issued are recognised under capital reserves. Costs directly attributable to the issuance of new shares are recognised in equity net after tax as a deduction from the capital reserves.

Currency translation reserve

The currency translation reserve comprises all foreign currency translation differences stemming from the translation of the consolidated financial statements of foreign business divisions as well as the effective portion of any foreign currency translation differences arising as a result of hedges of a net capital expenditure in a foreign business division.

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of cumulative net changes in the fair value of the hedging tools used to hedge cash flows until such point as the hedged cash flows are recognised in profit or loss.

Reserve for financial instruments held for sale

The reserve for financial instruments held for sale contains the cumulative net changes in the fair value of financial assets held for sale until the derecognition or impairment of such assets.

Revaluation from defined benefit pension plans

Revaluations of net debt stemming from defined benefit pension plans comprise actuarial gains and losses attributable to changes in the actuarial assumptions upon which the calculation of defined benefit pension liabilities is based. It also includes the difference between the standardised and actual income generated by the plan assets as well as its impact on any asset ceiling in place.

Trade payables

Trade payables are initially measured at their fair value. They are subsequently measured at amortised cost using the effective interest method.

Current and deferred taxes

Current tax expense is calculated in accordance with the tax legislation applicable in the countries in which the subsidiaries and associates operate. In accordance with IAS 12, deferred taxes are recognised for any temporary differences between the tax basis of the assets/liabilities and their carrying amount in the IFRS financial statements ("temporary concept"). Deferred taxes are also recognised for tax loss carryforwards. Deferred taxes are measured on the basis of the tax rates (and tax legislation) that apply on the reporting date or have essentially been legislated and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are only recognised to the extent to which it is likely that a taxable profit will be available to offset the temporary differences in assets or the unused losses.

Deferred tax assets and deferred tax liabilities are netted only if offsetting is legally permissible. In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

Employee benefits

Pension liabilities

Pension provisions are calculated using actuarial methods on the basis of the projected unit credit method in accordance with IAS 19 (revised in 2011). Pension liabilities are generally measured using the mortality tables valid as at May 31 of the relevant reporting year; in Germany, the calculations are based on the 2005 G Heubeck mortality tables.

In the case of funded pension plans, the pension liabilities calculated using the projected unit credit method are reduced by the fair value of the fund assets. If the fund assets exceed the liabilities, recognition of the assets is limited to the present value of future refunds from the plan or the reduction in future contributions.

Actuarial gains and losses arise from increases or decreases either in the present value of the defined benefit liabilities of the plan or in the fair value of the plan assets. This may be caused by changes in the calculation parameters, differences between the estimated and actual risk exposure of the pension liabilities and returns on the fund assets, excluding amounts reported within net interest income and expenses.

Actuarial gains and losses are recognised directly in equity (other comprehensive income for the period) in the period in which they arise, such as revaluations resulting from the application of an asset ceiling and income from the plan assets (excluding interest on net debt).

Service cost for pensions and similar liabilities is recognised as an expense within net operating profit/loss. The interest expense derived by multiplying the net provisions with the discount rate is likewise recognised within the corresponding items of net operating profit/loss.

Severance benefits

Benefits arising from the termination of employment are paid if an employee is laid off by a Group company before normal retirement age. The Group pays severance benefits if it is under an obligation to terminate the employment of current employees in accordance with a detailed formal plan that cannot be revoked or if it is under an obligation to pay compensation in the event of employment being terminated voluntarily by the employee. Payments that are due for settlement in more than twelve months after the reporting date are discounted to calculate their present value.

Profit-sharing and other bonuses

Liabilities and provisions are recognised for bonus payments and profit sharing and the expected expenses reported on the basis of a measurement process. Provisions are set aside in the consolidated financial statements in cases in which there is legal or constructive obligation based on past business practice.

Provisions

Provisions are recognised if the Group has a present legal or constructive obligation resulting from a past event, it is probable that the settlement of the obligation will result in an outflow of resources and the amount of the provision can be reliably estimated.

If there are a large number of similar liabilities (as is the case for statutory guarantees), the likelihood of an outflow of resources is determined on the basis of this group of liabilities. Provisions are also recognised if there is a low probability of an outflow of resources related to a single liability within this group.

Provisions are measured at the present value of the expected expenses, using a pre-tax rate that reflects current market expectations regarding the interest effect and the risks specific to the liability. The increase in provisions resulting from the related interest expense is recognised in the income statement within interest expense.

Contingent liabilities

Contingent liabilities are potential or existing liabilities towards third parties, for which an outflow of resources is unlikely or whose amount cannot be reliably determined. If no contingent liabilities were assumed under a business combination, these are not recognised in the statement of financial position. In the case of guarantees, the amount of the contingent liabilities stated in the Notes corresponds to the liabilities existing on the reporting date.

Financial instruments

A financial instrument is a contract that gives rise to a financial asset for one entity and, at the same time, a financial liability or equity instrument for another. Financial instruments include financial assets and liabilities and contractual entitlements and obligations relating to the exchange or transfer of financial assets. A distinction is drawn between non-derivative and derivative financial instruments. Financial assets and liabilities are assigned to measurement categories in accordance with IAS 39.

Financial assets

Financial assets are recognised in the statement of financial position if the Company is party to a contract concerning these assets. The purchase or sale of financial assets under normal market conditions is recognised or derecognised at the same value as at the settlement date.

Financial assets which are due for settlement in more than one year are classified as non-current. They are derecognised as soon as the contractual right to payments from the financial assets expires or the financial assets are transferred with all the significant risks and opportunities.

Financial assets are assigned to one of the following four categories:

1. Financial assets at fair value through profit or loss (or “held for trading”)
2. Held-to-maturity financial assets
3. Loans and receivables
4. Available-for-sale financial assets

Financial assets at fair value through profit or loss

A financial asset measured at fair value through profit or loss is initially recognised at its fair value and also subsequently measured at its fair value. The fair value option is not utilised.

Within the HELLA Group, this applies to financial instruments traded by Group companies as well as embedded derivative financial instruments.

Contracts executed for the purpose of receiving or delivering non-financial items for the Group’s own business requirements are not treated as derivatives but as executory contracts. If such contracts include embedded derivative financial instruments that are required to be separated, these are accounted for separately from the executory contracts. The changes in the fair values of the embedded derivative financial instruments are recognised in the income statement.

Held-to-maturity financial assets

Held-to-maturity financial assets are initially recognised at their fair value plus directly attributable acquisition costs. They are subsequently measured at amortised cost using the effective interest method.

At the reporting date, the Group did not have any financial assets in the "held-to-maturity" category.

Loans and receivables

Loans and receivables are initially recognised at fair value plus directly attributable acquisition costs. They are subsequently measured at amortised cost using the effective interest method.

If there is any objective evidence of impairment of an asset's value and the carrying amount is greater than the value determined in the impairment test, the asset is impaired through profit or loss. Objective evidence of the impairment of an asset may include the deterioration of a debtor's credit quality and associated payment delays or imminent insolvency. All impairments are recognised indirectly via an impairment account. Within the HELLA Group, this measurement category largely consists of trade receivables and certain other assets.

The accounting and measurement methods for derivative financial instruments with a positive fair value included under other assets are described separately in the section entitled "Derivative financial instruments".

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets which are designated as "available for sale" on initial recognition or cannot be classified under any of the above categories. However, these assets were not acquired for the purpose of being sold in the near future.

Non-current or current assets available for sale are recognised at their market value on the reporting date. The market price is used to determine the fair value of publicly traded financial assets. If there is no active market, the fair value is determined on the basis of the most recent market transactions or using a valuation method such as the discounted cash flow method.

They are initially recognised on the settlement date. Unrealised gains and losses are recognised within equity with due allowance made for any deferred taxes and are recycled to profit and loss upon the sale of the assets. If there is any objective evidence of the impairment of an asset's value and the carrying amount is greater than the value determined in the impairment test, a corresponding impairment is taken to profit and loss.

Impairment losses are recognised via an impairment account. In these cases, the receivables are grouped into portfolios in which the reason for the impairment is identical in all cases and clearly separated from other receivables.

Impairments are recognised if and as soon as receivables are irrecoverable or it is probable that they cannot be recovered but only if the amount of the impairment can be reliably determined. An impairment must be recognised in the event of any objective evidence such as protracted default, the commencement of debt recovery actions, pending insolvency or overindebtedness or the petition for or commencement of insolvency proceedings. Non- or low-interest-bearing receivables that are due for settlement in more than one year are discounted, in which case the interest component is recorded within interest income on a prorated basis until settlement of the receivable.

All the other investments included within financial assets belong to the "available-for-sale" category and are measured at historical cost as their market value cannot be reliably determined. The shares and bonds stated under securities are marked to the market.

Financial liabilities

During the fiscal year under review, as in the prior year, there were no non-derivative financial liabilities measured at fair value through profit and loss or categorised as such. The accounting and measurement methods for the derivative financial liabilities measured at market value included under other liabilities are described separately in the section entitled "Derivative financial instruments".

All other non-derivative financial liabilities in the HELLA Group are allocated to the "other liabilities at amortised cost" category. Non-derivative financial liabilities are initially measured at fair value less transaction costs. They are subsequently measured at their amortised cost using the effective interest method.

If an outflow of resources is expected after more than one year, these liabilities are classified as non-current. Liabilities are derecognised if the contractual obligations are settled, reversed or expired.

Derivative financial instruments

The HELLA Group uses derivative financial instruments to hedge financial risks. Derivative financial instruments are recognised on the date on which the corresponding contract is executed irrespective of their purpose and measured at fair value both initially and subsequently. The derivatives are measured on the basis of observable current market data using appropriate valuation methods. Forward exchange transactions and commodity futures transactions are measured on a case-by-case basis at the respective forward rate or price on the reporting date. The forward rates or prices are based on the spot rates and prices, allowing for forward premiums and discounts. The fair values of instruments to hedge interest rate risks are obtained by discounting the future cash inflows and outflows. Market interest rates are used for discounting and applied over the residual term of the instruments. The present value is calculated at the reporting date for each single interest rate, currency and interest rate/currency swap transaction. The counterparty's creditworthiness is usually included in the assessment on the basis of observable market data.

Depending on whether the derivatives have a positive or negative market value, they are reported within other financial assets or other financial liabilities.

The recognition of changes in fair value depends on the accounting treatment applied. In principle, all derivative financial instruments are allocated to the "held for trading" category. Changes in the fair value of assets held in this category are recognised immediately through profit and loss.

In individual cases, selected hedging positions are presented as cash flow hedges in the statement of financial position in accordance with hedge accounting rules. This means that the effective part of the change in fair value is recognised within equity, while the ineffective part is recognised through profit and loss. The part of the change initially recognised within equity is recycled to profit and loss as soon as the underlying transaction is recognised in the income statement.

Borrowing costs

Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or manufacture of a qualifying asset and can therefore be considered to form part of the historical cost of the asset concerned. All other borrowing costs are recognised through profit and loss in the period in which they arise.

As in the prior year, there were no borrowing costs directly attributable to the acquisition, construction or manufacture of a qualifying asset in the 2014/2015 fiscal year. For this reason, borrowing costs were recognised directly as expenditure within the period.

Leases

A lease is an agreement in which the lessor grants the lessee the right to use an asset for a specified period in return for a payment or series of payments.

Operating leases

Leases in which the lessor retains a significant proportion of the risks and opportunities associated with ownership of the leased asset are classified as operating leases. Payments made in connection with an operating lease are recognised in the income statement on a straight-line basis over the duration of the lease.

Finance leases

Leases for property, plant and equipment under which the Group bears the significant risks and enjoys the benefits associated with ownership of the leased assets are classified as finance leases. Assets under finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payment. A lease liability is recognised in the same amount.

Each lease payment is split into an interest component and a reduction of the outstanding liability so that interest is applied consistently to the lease liability. The interest component of the lease payment is recognised as an expense in the income statement. The asset held under a finance lease is depreciated over the shorter of the two following periods: the asset's economic useful life or the term of the lease.

Dividend distributions

Shareholder claims to dividend distributions are recognised as a liability in the period in which the corresponding resolution is adopted.

09 Discretionary decisions and management estimates

The preparation of the consolidated financial statements in accordance with IFRS requires estimates and assumptions to be made. In addition, the application of company-wide accounting and measurement methods requires management to make judgments.

All estimates and assessments are reviewed on a continual basis and are based on past experience and other factors including expectations concerning future events that appear reasonable given the circumstances.

Discretionary decisions and critical accounting estimates

The Group makes forward-looking assessments and assumptions. It is in the nature of things that the resulting estimates only very rarely correspond exactly to the actual, subsequent circumstances. The estimates and assumptions that engender a significant risk in the form of a material adjustment to the carrying amount of assets and liabilities in the following fiscal year are discussed below.

Estimated goodwill impairment

In accordance with the accounting and measurement principles described herein, the Group tests goodwill for impairment on an annual basis. The recoverable amount from cash-generating units (CGUs) is calculated on the basis of the value in use. These calculations must be based on certain assumptions (see also Note 28).

Estimated impairment of property, plant and equipment and intangible assets

The Group tests intangible assets and property, plant and equipment for impairment as soon as any indication of impairment arises in a specific case (triggering event). An impairment loss is recognised by comparing the carrying amount with the estimated recoverable value. The most important estimates concern the definition of the useful lives of the individual intangible assets and property, plant and equipment, the recoverable value of the non-current assets and particularly the cash flow forecasts and discount rates used in this context (see also Notes 28 and 29). The underlying forecasts are based on experience as well as expectations regarding future market developments, particularly assumed sales volumes.

Income taxes

The Group is required to pay income tax in a number of countries. Significant assumptions therefore need to be made to determine the global income tax provisions. There are many transactions and calculations for which the final tax amount cannot be conclusively determined in the normal course of business. The Group measures the amount of the provisions for the expected external tax audits based on estimates of whether and to what extent income taxes will be payable. If the final tax amount for these transactions differs from the amount initially assumed, this is recognised in the actual and deferred taxes in the period in which the tax amount is conclusively determined (see Note 17).

Fair value of derivative and other financial instruments

The fair value of financial instruments not traded on an active market (e. g. derivatives traded over the counter) is determined using appropriate measurement methods selected from a large number of methods. The assumptions used for this are predominantly based on the prevailing market conditions on the reporting date. The Group uses present value methods to determine the fair value of numerous assets available for sale that are not traded on an active market (see Note 41).

Critical assessments concerning the use of accounting and measurement methods

The Group complies with the provisions of IAS 39 to determine the impairment of assets available for sale. This decision requires an extensive assessment to be made. As part of this assessment, the Group appraises the duration and extent of any difference between the fair value of an investment and its historical cost as well as the financial position and short-term business prospects of the entity in which the investment was made, among other things, taking into account such factors as industry and sector conditions (see Note 28).

10 Sales

Sales in the 2014/2015 fiscal year amounted to € 5,834,691 thousand (prior year: € 5,343,327 thousand). Sales are attributable entirely to the sale of goods and performance of services.

The sales can be classified as follows:

€ thousand	2014/2015	2013/2014
Sales from the sale of goods	**5,665,641**	5,220,705
Sales arising from the rendering of services	**169,050**	122,622
Sales total	**5,834,691**	**5,343,327**

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

€ thousand	2014/2015	2013/2014
Germany	**2,152,045**	2,125,042
Eastern Europe	**504,003**	409,401
Rest of Europe	**1,260,982**	1,182,752
North and South America	**886,866**	745,126
Asia/Pacific	**992,006**	848,574
RoW	**38,789**	32,432
Consolidated sales	**5,834,691**	**5,343,327**

Please refer to Note 21 "Segment reporting" for further information on sales.

11 Cost of sales

In the fiscal year € 4,280,770 thousand (prior year: € 3,866,380 thousand) was recognised as expense under cost of sales.

Apart from directly attributable material and production costs, the cost of sales also comprises currency gains and losses (largely from the purchase of materials) and gains and losses from the disposal of fixed assets. Currency gains in the period under review amounted to € 61,427 thousand (prior year: € 71,289 thousand), with currency losses at € 49,869 thousand (prior year: € 75,149 thousand). Gains and losses from the disposal of fixed assets amounted to € 4,271 thousand (prior year: € 2,557 thousand) and € 7,122 thousand (prior year: € 1,736 thousand) respectively.

€ thousand	**2014/2015**	2013/2014
Cost of materials	**–3,025,733**	–2,816,178
Personnel expenses	**–674,008**	–538,814
Depreciation/amortisation	**–267,117**	–247,807
Other	**–297,167**	–230,725
Reclassification of functional costs	**–16,745**	–32,856
Cost of sales	**–4,280,770**	**–3,866,380**

12 Research and development costs

The research and development costs include expenses for future sales and mainly consist of personnel expenses and material costs. The reported expenditure in the fiscal year was € 543,931 thousand (prior year: € 513,545 thousand).

€ thousand	**2014/2015**	2013/2014
Cost of materials	**–35,770**	–38,016
Personnel expenses	**–355,383**	–333,337
Depreciation/amortisation	**–17,529**	–13,633
Other	**–78,111**	–86,330
Reclassification of functional costs	**–57,138**	–42,229
Research and development costs	**–543,931**	**–513,545**

13 Distribution costs

The distribution costs include all downstream production costs that can, however, be attributable directly to the provision of goods or services to customers. This covers storage, supplying customers locally, and outbound freight. The classification as distribution costs is carried out at Group level as well as within individual companies.

€ thousand	**2014/2015**	2013/2014
Cost of materials	**–6,093**	–5,118
Personnel expenses	**–216,901**	–205,309
Depreciation/amortisation	**–10,208**	–10,350
Other	**–222,257**	–214,584
Distribution costs	**–455,459**	**–435,361**

14 Administrative costs

The administrative costs recognised cover all central functions that are not directly related to production, development, or distribution. These essentially consist of the financial, personnel, IT, and similar departments.

€ thousand	2014/2015	2013/2014
Cost of materials	–51,459	–48,535
Personnel expenses	–182,773	–208,972
Depreciation/amortisation	–34,871	–29,750
Other	–264,478	–212,132
Reclassification of functional costs	336,712	301,969
Administrative costs	**–196,869**	**–197,421**

15 Other income and expenses

Other income amounted to € 52,074 thousand in the 2014/2015 fiscal year (prior year: € 30,440 thousand). This also includes € 3,136 thousand (prior year: € 3,970 thousand) in government grants, release of provisions of € 1,301 thousand (prior year: € 2,837 thousand) and insurance reimbursements of € 4,663 thousand (prior year: € 424 thousand).

Other expenses total € 35,776 thousand (prior year: € 54,511 thousand), including goodwill impairments of € 4,620 thousand (prior year: € 591 thousand) (see Note 28).

The voluntary severance and partial retirement programme launched in June 2013 resulted in total costs of € 15,382 thousand (prior year: € 52,403 thousand) in the period under review. This cost is reported in the other expenses outside the functional areas; in addition, this item is not allocated to any segment.

16 Net financial result

Currency gains of € 19,975 thousand (prior year: € 18,738 thousand) are reported in other financial income and, correspondingly, currency losses of € 33,378 thousand (prior year: € 31,585 thousand) incurred in financial transactions are reported in other financial expenses.

Total financing costs, comprising interest expenses plus other financial expenses, are as follows:

€ thousand	2014/2015	2013/2014
Interest income	12,863	10,894
Income from securities and other loans	5,615	7,395
Other financial income	19,975	18,738
Financial income	**38,453**	**37,028**
Interest expenses	–40,953	–43,200
Other financing costs	–33,378	–31,585
Financing costs	**–74,331**	**–74,785**

17 Income taxes

€ thousand	2014/2015	2013/2014
Actual income tax expenses	– 114,019	– 78,731
Deferred taxes	15,847	– 445
Total income taxes	**– 98,172**	**– 79,176**

Of actual income taxes, € – 4,956 thousand is attributable to prior years (prior year: € – 3,832 thousand).

Deferred taxes are calculated based on the tax rates applicable or announced, depending on the legal situation, in the individual countries at the expected time of realisation. The prevailing corporate income tax rate of 15 % plus municipal trade tax and the solidarity surcharge results in a tax rate of 30 % for German companies. The tax rates outside Germany range from 10 % to 39.94 %.

The development of the actual taxes on income derived from the expected tax expense is shown below. A tax rate of 30 % (prior year: 30 %) is taken as a basis.

€ thousand	2014/2015	2013/2014
Earnings before tax	393,625	308,758
Expected tax expense	**– 118,088**	**– 92,627**
Utilisation of previously unrecognised loss-carryforwards	0	2,522
Reversal of previously unrecognised temporary differences	1,294	675
Unrecognised deferred tax assets	– 11,767	– 18,099
Subsequent recognition of deferred tax assets	22,182	18,407
Deferred tax assets from outside basis differences	– 13,275	– 6,202
Tax effect of changes in tax rates and laws	– 306	– 925
Tax-free income effects	10,586	5,981
Associates accounted for using the equity method	14,177	13,801
Tax effect of non-deductible operating expenses	– 9,292	– 7,246
Tax effect for prior years	– 4,956	– 3,832
Non-deductible foreign withholding tax	– 4,508	– 1,691
Change in tax rate	16,461	7,661
Other	– 680	2,399
Effective tax expense	**– 98,172**	**– 79,176**

Of the deferred tax assets subsequently recognised, € 13,531 thousand (previous year: € 7,499 thousand) are attributable to loss carryforwards in the USA. A better positioning in this region and successful restructuring measures brought about an improvement in the results of operations of the companies there, meaning that this item is likely to be used.

18 Personnel expenses

The average number of employees in the companies included in the consolidated financial statements totals 34,085 (prior year: 29,560) during the 2014/2015 fiscal year.

Number	**2014/2015**	2013/2014
Direct employees	**8,609**	8,085
Indirect employees	**22,875**	21,475
Permanent employees	**31,484**	**29,560**
Temporary employees	**2,601**	0
Total employees	**34,085**	**29,560**

The average number of permanent employees in the HELLA Group in the 2014/2015 fiscal year was 31,484 (prior year: 29,560). The number of employees is stated as a headcount.

Direct employees are directly involved in the manufacturing process, while indirect employees are employed mainly in the areas of quality, research and development, as well as administration and distribution. The number of apprentices stood at 442 during the fiscal year (prior year: 430). "Temporary employees" comprises employees from a company that was fully consolidated for the first time.

Permanent employees in the HELLA Group by region:

€ thousand	**2014/2015**	2013/2014
Germany	**9,681**	9,989
Rest of Europe	**11,740**	10,641
North and South America	**4,436**	3,490
Asia/Pacific/RoW	**5,627**	5,440
Permanent workforce worldwide	**31,484**	**29,560**

The personnel expenses can be broken down as follows:

€ thousand	**2014/2015**	2013/2014
Wages and salaries	**1,139,162**	1,030,127
Social security and pension contributions	**289,903**	256,305
Total	**1,429,065**	**1,286,432**

19 Earnings per share

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

The number of shares outstanding in the prior year was increased from the previously reported 50 million to 100 million no-par value shares, owing to the stock split conducted in October 2014. This did not lead to any change in equity.

An issue of new capital on 7 November 2014 increased the number of outstanding shares by 11,111,112 to 111,111,112 during the period under review from 1 June 2014 to 31 May 2015.

In this respect, 100,000,000 no-par value shares were included in the 2014/2015 weighting during the period from 1 June 2014 to 6 November 2014, and 111,111,112 no-par value shares in the period from 7 November 2014 (daily balance calculation).

Undiluted earnings per share amounted to € 2.70 which equates to diluted earnings per share.

Number of shares	31 May 2015	31 May 2014
Weighted average number of shares in circulation during the period		
Ordinary shares, undiluted	**106,270,929**	100,000,000
Ordinary shares, diluted	**106,270,929**	100,000,000

€ thousand	2014/2015	2013/2014
Share of profit attributable to shareholders of the parent company	**286,995**	222,888

€	2014/2015	2013/2014
Earnings per share, undiluted	**2.70**	**2.23**
Earnings per share, diluted	**2.70**	**2.23**

20 Appropriation of earnings

The Management Board will propose to the Annual General Shareholders' Meeting of HELLA KGaA Hueck & Co. that a dividend of € 0.77 per share be distributed from the net profit reported in the separate financial statements prepared for the parent company under commercial law for the 2014/2015 fiscal year, with the remainder of the net profit carried forward. The proposed dividend represents a distribution amount of € 85,556 thousand.

21 Segment reporting

External segment reporting is based on internal reporting (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 Lighting and Electronics business divisions are reported together in the Automotive segment. Both business divisions serve a similar customer base worldwide. Both segments are therefore subject to broadly similar economic cycles and market 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 lamps, interior lamps, and lighting electronics. The Electronics business division focuses on the product areas of body electronics, energy management, as well as driver assistance systems and components (e.g. 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 is responsible for the trade in automotive parts and accessories, and the wholesale business. The trade product portfolio includes service parts for the lighting, electrical, electronics, and thermal management segments. In addition, the automotive parts and accessories businesses and garages receive sales support through a modern, rapid information and ordering system, as well as through competent technical service. The Aftermarket segment makes only limited use of the Automotive segment's resources, and largely produces the independently developed items in its own plants.

The Special Applications segment includes the Special OE and Industries business divisions. This includes original equipment for special vehicles such as buses, caravans/motor homes, agricultural and construction machinery, municipal vehicles, and trailers, as well as completely vehicle-independent applications such as lighting technology in public and commercial infrastructure. Technological competence is closely linked to the Automotive business, which means that the application range in LED and electronic products can be expanded appropriately and synergies leveraged at the same time.

The Aftermarket and Automotive segments together generated sales of € 751,730 thousand (prior year: € 745,640 thousand) with just one customer in the year under review which accounted for more than 10 % of consolidated sales.

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 the net operating profit/loss before interest and income taxes (EBIT) are the key 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 2014/2015 and 2013/2014 fiscal years is as follows:

	Automotive		Aftermarket		Special Applications	
€ thousand	**2014/2015**	2013/2014	**2014/2015**	2013/2014	**2014/2015**	2013/2014
Sales with third-party companies	**4,364,166**	3,924,386	**1,130,867**	1,076,211	**308,479**	342,730
Inter-segment sales	**226,418**	314,288	**56,014**	67,380	**1,316**	3,318
Cost of sales	**– 3,536,127**	– 3,267,606	**– 797,578**	– 760,905	**– 199,392**	– 222,855
Gross profit	**1,054,457**	**971,068**	**389,304**	**382,686**	**110,403**	**123,193**
Research and development costs	**– 511,637**	– 477,924	**– 15,634**	– 15,712	**– 16,661**	– 19,909
Distribution costs	**– 100,370**	– 86,406	**– 292,354**	– 284,356	**– 62,419**	– 64,599
Administrative costs	**– 150,959**	– 153,402	**– 26,713**	– 27,928	**– 14,877**	– 16,091
Other income and expenses	**13,952**	5,166	**12,235**	17,620	**2,450**	5,466
Result of investments accounted for using equity method	**49,048**	32,270	**6,295**	5,562	**0**	0
Earnings before interest and income taxes	**354,492**	**290,772**	**73,133**	**77,872**	**18,896**	**28,060**
Additions to non-current assets	**388,689**	385,905	**26,440**	25,558	**11,363**	18,507

Sales for the 2014/2015 and 2013/2014 fiscal years are as follows:

	Automotive		Aftermarket		Special Applications	
€ thousand	**2014/2015**	2013/2014	**2014/2015**	2013/2014	**2014/2015**	2013/2014
Sales from the sale of goods	**4,233,659**	3,810,950	**1,128,194**	1,073,935	**303,788**	335,820
Sales arising from the rendering of services	**130,507**	113,436	**2,673**	2,276	**4,691**	6,910

Sales reconciliation:

€ thousand	**2014/2015**	2013/2014
Total sales of the reporting segments	**6,087,260**	**5,728,313**
Sales in other divisions	**87,758**	0
Elimination of intersegment sales	**–340,328**	–384,986
Consolidated sales	**5,834,691**	**5,343,327**

Reconciliation of the segment results with consolidated net profit/loss:

€ thousand	**2014/2015**	2013/2014
EBIT of the reporting segments	**446,521**	**396,704**
EBIT of other divisions	**925**	2,214
Net unallocated income	**–17,943**	–52,403
Consolidated EBIT	**429,503**	**346,515**
Net finance income/expense	**–35,878**	–37,757
Consolidated EBT	**393,625**	**308,758**

Non-current assets by region:

€ thousand	**2014/2015**	2013/2014
Germany	**902,246**	932,301
Eastern Europe	**603,567**	509,210
Rest of Europe	**84,905**	83,686
North and South America	**253,761**	169,454
Asia/Pacific	**433,568**	348,670
RoW	**3,033**	2,879
Consolidated non-current assets	**2,281,080**	**2,046,200**

22 Cash and cash equivalents

The cash and cash equivalent items consist of cash and bank balances as well as checks.

23 Financial assets

€ thousand	31 May 2015		31 May 2014	
	Non-current	Current	Non-current	Current
Securities	149	402,778	479	287,445
Other investments	10,925	0	11,067	0
Loans	8,559	204	8,115	5,867
Other financial assets	20	2,095	16	61,670
Total	**19,653**	**405,077**	**19,677**	**354,982**

24 Trade receivables

Trade receivables of € 839,322 thousand include receivables due from associated, non-consolidated affiliated companies and companies in which an interest is held amounting to € 45,898 thousand (prior year: € 40,470 thousand). Other non-current assets include non-current receivables amounting to € 38,347 thousand (prior year: € 34,200 thousand).

€ thousand	31 May 2015	31 May 2014
Trade receivables	**45,898**	**40,470**
with associates	4,614	3,384
with investments	40,585	33,669
with affiliated companies not included in the consolidated financial statements	699	3,417

25 Other receivables and current non-financial assets

€ thousand	31 May 2015	31 May 2014
Other current assets	21,272	21,673
Insurance receivables	16,434	4,277
Positive market value of currency hedges	5,457	4,789
Subtotal other financial assets	**43,163**	**30,739**
Advance payments	19,176	10,355
Accrued items	18,890	22,148
Receivables for partial retirement	2,323	2,809
Advance payments to employees	1,953	1,652
Other tax receivables	66,505	49,927
Total	**152,010**	**117,630**

26 Inventories

Inventories are broken down as follows:

€ thousand	31 May 2015	31 May 2014
Raw materials and supplies	184,613	163,976
Unfinished goods	186,625	179,239
Finished goods	84,005	82,627
Merchandise	179,902	174,242
Other	2,779	2,159
Gross inventories	**637,924**	**602,242**
Advance payments received	–29,071	–24,319
Total inventories	**608,853**	**577,923**

The carrying amounts of the inventories recognised at fair value less cost to sell amounted to € 186,713 thousand (prior year: € 112,835 thousand).

Impairments amounting to € 14,565 thousand (prior year: € 12,898 thousand) were reversed in the past fiscal year, as the impaired inventories were sold at higher values. Impairments and write-ups on inventory assets are recognised in the cost of sales.

€ 14,602 thousand (prior year: € 10,259 thousand) were recognised in the income statement in the year under review.

Overall, the following impairments on inventories were recognised:

€ thousand	2014/2015	2013/2014
Raw materials and supplies	15,173	16,193
Unfinished goods	4,918	3,735
Finished goods	4,183	3,055
Merchandise	8,389	9,644
Total inventories	**32,663**	**32,626**

Inventory purchase and production costs amounting to € 3,067,336 thousand (prior year: € 2,539,262 thousand) were recognised as expenses in the period under review, as well as reductions in inventory of € 53,171 thousand (prior year: € 24,789 thousand).

27 Non-current assets held for sale

This item primarily comprises sites and buildings of disused production facilities which are not assigned to a segment subject to reporting requirements. HELLA expects these sites and buildings to be sold within one year. In the 2014/2015 fiscal year, impairments affecting profit and loss were made in the amount of € 2,560 thousand (prior year: € 0 thousand) and reported in the consolidated net profit/loss under other income and expenses.

28 Intangible assets

€ thousand	Capitalised development expenses	Goodwill	Acquired intangible assets	Total
ACQUISITION OR MANUFACTURING COSTS				
At 1 June 2013	**258,583**	**83,458**	**139,430**	**481,471**
Changes in the scope of consolidation	0	0	0	0
Currency translation	−2,455	−1,250	−638	−4,343
Additions	35,457	0	14,569	50,026
Disposals	−4,549	0	−2,075	−6,624
Reclassifications	−2	0	2	0
At 31 May 2014	**287,034**	**82,208**	**151,288**	**520,530**
CUMULATIVE DEPRECIATION AND AMORTISATION				
At 1 June 2013	**170,149**	**18,785**	**117,151**	**306,085**
Changes in the scope of consolidation	0	0	0	0
Currency translation	−1,863	−166	−286	−2,315
Additions	19,508	0	9,076	28,586
Disposals	−298	0	−2,045	−2,343
Recorded impairments	0	591	0	591
Reclassifications	0	0	0	0
At 31 May 2014	**187,496**	**19,210**	**123,896**	**330,602**
Carrying amounts 31 May 2014	**99,538**	**62,998**	**27,392**	**189,928**

€ thousand	Capitalised development expenses	Goodwill	Acquired intangible assets	Total
ACQUISITION OR MANUFACTURING COSTS				
At 1 June 2014	**287,034**	**82,208**	**151,288**	**520,530**
Changes in the scope of consolidation	0	0	1,844	1,844
Currency translation	3,974	2,625	1,099	7,698
Additions	49,414	1,557	19,035	70,006
Disposals	−4,908	0	−1,441	−6,349
Reclassifications	0	0	0	0
At 31 May 2015	**335,514**	**86,390**	**171,825**	**593,729**
CUMULATIVE DEPRECIATION AND AMORTISATION				
At 1 June 2014	**187,496**	**19,210**	**123,896**	**330,602**
Changes in the scope of consolidation	0	0	0	0
Currency translation	1,692	1,038	588	3,318
Additions	19,479	0	12,113	31,592
Disposals	−1,867	0	−905	−2,772
Recorded impairments	5,508	4,620	0	10,128
Reclassifications	0	0	0	0
At 31 May 2015	**212,308**	**24,868**	**135,692**	**372,868**
Carrying amounts 31 May 2015	**123,206**	**61,522**	**36,133**	**220,861**

All capitalised development expenses were incurred by internal developments. Intangible assets include carrying amounts of € 197 thousand (prior year: € 389 thousand) relating to finance leases. These serve as collateral for the finance lease liabilities. Please refer to Note 44 “Disclosures on leases” for additional information on future leasing payments.

Goodwill

Goodwill is broken down into the business segments as follows:

€ thousand	**31 May 2015**	31 May 2014
Automotive	**12,816**	15,534
Aftermarket	**48,428**	47,185
Special Applications	**278**	279
Total	**61,522**	**62,998**

Goodwill impairment testing in the HELLA Group is based on the CGUs in the operative segments. A cash generating unit does not extend beyond its business segment. CGUs represent the smallest group of assets that generate cash flows, and are, hence, the smallest reporting units. A CGU can either be a legal entity or – insofar as a legal entity operates in different segments – a segmented business division of this legal entity or a subgroup.

If it is determined that the recoverable amount of a cash-generating unit is lower than the carrying amount, an impairment loss is recognised. The recoverable amount is determined on the basis of the expected future discounted cash flows from planned use (value in use). These are based on plans approved by the Management Board covering a period of at least three years. These plans are based on experience, as well as expectations regarding future market developments.

The discount rates applied within the scope of the measurement are calculated on the basis of market data. As in the prior year, consistent growth rates were used to extrapolate cash flows after the detailed planning phase. The growth rates are based on analyses conducted by a specialist service provider and do not exceed the non-current growth rates for the sector or the region in which the CGUs are active.

	Discount rates		Growth rates	
	31 May 2015	31 May 2014	**31 May 2015**	31 May 2014
Automotive	**7.51 % to 15.33 %**	7.23 % to 16.81 %	**1 % to 3 %**	up to 3 %
Aftermarket	**7.51 % to 16.11 %**	7.23 % to 16.37 %	**1 % to 3 %**	up to 3 %

The risk-free interest rate applied is 1.29 % (prior year: 1.57 %) and the market risk premium (incl. country risk) ranges between 6.00 % and 9.75 % (prior year: between 4.50 % and 7.80 %). The inflation spread applied ranged between 0.0 % and 7.17 % (prior year: between 0.0 % and 5.35 %).

The rise in goodwill is attributable to both the € 1,557 thousand acquisition of Hella Nussbaum Solutions GmbH as well as exchange rate effects in the amount of € 1,587 thousand.

Impairment testing conducted within the scope of the annual impairment test led to an impairment loss on goodwill of € 4,620 thousand which is attributable to the electronics business of a company located in India. This company mainly develops, produces and sells electronics components and horns for the local Indian market. The discount rate applied when determining the recoverable amount was 15.33 % (prior year: 16.81 %). This impairment loss was reported under other income and expenses of the Automotive segment (see Note 15). HELLA reports material goodwill in the amount of € 38,738 thousand (prior year: € 37,355) stemming from the CGU Hella Gutmann Holding GmbH. The significant valuation parameters for this CGU are a discount rate of 7.51 % (prior year: 7.23 %) and a growth rate of 2 % (prior year: 2 %). Sales growth of 6 % (prior year: 4 %) is anticipated during the detailed forecast period.

In addition to impairment testing, two sensitivity analyses were carried out for each group of cash-generating units. The most important sensitivity indicators for the impairment test are the discount rates and long-term growth rate. A sensitivity analysis performed for the business segments found that a 1 percentage point increase in the WACC or a 1 percentage point reduction in the long-term growth rate would change the outcome of the impairment test in the Aftermarket and Automotive segments.

The following impairments (–) would arise:

	31 May 2015		31 May 2014	
Automotive segment	**Change in € thousand**	**Change in € thousand**	Change in € thousand	Change in € thousand
Change in percentage points	**WACC**	**Long-term growth rate**	WACC	Long-term growth rate
– 1 percentage point	**0**	**– 253**	0	0
+ 1 percentage point	**– 1,781**	**0**	– 1,040	0

	31 May 2015		31 May 2014	
Aftermarket segment	**Change in € thousand**	**Change in € thousand**	Change in € thousand	Change in € thousand
Change in percentage points	**WACC**	**Long-term growth rate**	WACC	Long-term growth rate
– 1 percentage point	**0**	**– 1,768**	0	– 1,244
+ 1 percentage point	**– 6,743**	**0**	– 6,852	0

29 Property, plant and equipment

€ thousand	Land and buildings	Technical equipment and machines	Production equipment	Other equipment, operating and office equipment	Assets under construction	Total
ACQUISITION OR MANUFACTURING COSTS						
At 1 June 2013	**580,531**	**1,666,274**	**925,798**	**391,380**	**267,080**	**3,831,063**
Changes in the scope of consolidation	0	0	0	0	0	0
Currency translation	–9,412	–28,466	0	–5,810	–6,983	–50,671
Additions	34,161	117,248	44,933	40,056	209,113	445,511
Disposals	–5,394	–37,296	–20,060	–16,614	–890	–80,253
Reclassifications	72,607	98,928	60,809	12,786	–245,130	0
Reclassification as assets held for sale	0	–81	–27	–182	0	–291
At 31 May 2014	**672,493**	**1,816,607**	**1,011,453**	**421,616**	**223,190**	**4,145,359**
CUMULATIVE DEPRECIATION AND AMORTISATION						
At 1 June 2013	**290,472**	**1,177,268**	**787,119**	**286,612**	**511**	**2,541,982**
Changes in the scope of consolidation	0	0	0	0	0	0
Currency translation	–3,146	–17,036	0	–3,855	–3	–24,040
Additions	20,103	150,925	67,720	33,278	0	272,026
Disposals	–4,236	–34,583	–19,797	–15,476	–53	–74,145
Recorded impairments	0	0	0	0	0	0
Reclassifications	–3	166	–126	–28	–9	0
Reclassification as assets held for sale	0	–10	–14	–48	0	–72
At 31 May 2014	**303,190**	**1,276,730**	**834,902**	**300,483**	**446**	**2,715,751**
Carrying amounts 31 May 2014	**369,303**	**539,877**	**176,551**	**121,133**	**222,744**	**1,429,608**

€ thousand	Land and buildings	Technical equipment and machines	Production equipment	Other equipment, operating and office equipment	Assets under construction	Total
ACQUISITION OR MANUFACTURING COSTS						
At 1 June 2014	**672,493**	**1,816,607**	**1,011,453**	**421,616**	**223,190**	**4,145,359**
Changes in the scope of consolidation	0	24	0	34	0	58
Currency translation	23,526	62,376	0	9,705	17,986	113,593
Additions	15,228	114,066	28,825	43,317	226,977	428,413
Disposals	–5,009	–40,815	–6,164	–17,299	–3,965	–73,252
Reclassifications	22,988	113,138	43,261	11,641	–191,028	0
At 31 May 2015	**729,226**	**2,065,396**	**1,077,375**	**469,014**	**273,160**	**4,614,171**
CUMULATIVE DEPRECIATION AND AMORTISATION						
At 1 June 2014	**303,190**	**1,276,730**	**834,902**	**300,483**	**446**	**2,715,751**
Changes in the scope of consolidation	0	0	0	0	0	0
Currency translation	6,671	35,307	0	6,240	4	48,222
Additions	23,882	155,017	69,832	40,407	0	289,138
Disposals	–1,466	–31,401	–4,997	–16,183	0	–54,047
Recorded impairments	0	2,776	0	0	0	2,776
Reclassifications	535	2,037	0	–2,167	–405	0
At 31 May 2015	**332,812**	**1,440,466**	**899,737**	**328,780**	**45**	**3,001,840**
Carrying amounts 31 May 2015	**396,414**	**624,930**	**177,638**	**140,234**	**273,115**	**1,612,331**

Restrictions on the powers of disposition over property, plant and equipment exist in the form of land charges and assignments to the amount of € 2,871 thousand (prior year: € 3,266 thousand).

Property, plant and equipment include carrying amounts of € 3,571 thousand (prior year: € 7,744 thousand) relating to finance leases. Please refer to Note 44 “Disclosures on leases” for additional information on future leasing payments.

Impairments are recognised in the cost of sales.

30 Investments accounted for using equity method

The following is a list of the Group's main investments accounted for using the equity method. The summarised financial information represents the IFRS financial statements of the joint ventures that were the basis for the at-equity measurement in the Group.

BHTC

The group Behr-Hella Thermocontrol (BHTC) consists of six companies that are controlled and reported together by Behr-Hella Thermocontrol GmbH in Germany. It develops, produces and distributes air-conditioning control devices for the automotive industry. BHTC focuses on the assembling of printed circuit boards and mounting of operating units, blower regulators and electronic control units for electric heater boosters.

	31 May 2015	31 May 2014
Share of equity (%)	**50**	**50**
€ thousand		
Cash and cash equivalents	**42,420**	38,775
Other current assets	**90,665**	80,906
Non-current assets	**232,850**	178,284
Total assets	**365,935**	**297,965**
Current financial liabilities	**30,000**	0
Other current liabilities	**114,021**	96,172
Non-current financial liabilities	**41,059**	57,637
Other non-current liabilities	**30,097**	27,044
Total liabilities	**215,176**	**180,853**
Net assets (100 %)	**150,758**	**117,112**
Proportional share of net assets	**75,379**	**58,556**
Sales	**360,518**	329,960
Scheduled depreciation and amortisation	**– 31,575**	– 30,748
Interest income	**232**	312
Interest expenses	**– 1,750**	– 1,580
Taxes on income	**– 1,526**	– 9,849
Earnings before interest and income taxes (EBIT)	**26,397**	**26,650**
Earnings for the period	**23,353**	15,533
Other comprehensive income for the period	**10,540**	– 1,997
Comprehensive income for the period	**33,893**	**13,536**
Share of comprehensive income for the period	**16,947**	6,768
Dividends received	**3,500**	**3,500**

BHS

Behr Hella Service (BHS) comprises five companies that are controlled and reported together by Behr Hella Service GmbH in Germany. It serves the global independent aftermarket for vehicle air conditioning and cooling spare parts and accessories.

	31 May 2015	31 May 2014
Share of equity (%)	**50**	**50**
€ thousand		
Cash and cash equivalents	**20,342**	35,243
Other current assets	**53,996**	54,293
Non-current assets	**41,576**	42,473
Total assets	**115,914**	**132,009**
Current financial liabilities	**94**	110
Other current liabilities	**18,654**	12,852
Non-current financial liabilities	**40,000**	40,000
Other non-current liabilities	**395**	351
Total liabilities	**59,143**	**53,313**
Net assets (100 %)	**56,770**	**78,696**
Proportional share of net assets	**28,385**	**39,348**
Sales	**130,689**	127,070
Scheduled depreciation and amortisation	**–548**	–569
Interest income	**155**	126
Interest expenses	**–741**	–259
Taxes on income	**–5,256**	–5,402
Earnings before interest and income taxes (EBIT)	**18,581**	**20,070**
Earnings for the period	**12,884**	14,535
Other comprehensive income for the period	**179**	–595
Comprehensive income for the period	**13,063**	**13,940**
Share of comprehensive income for the period	**6,532**	6,970
Dividends received	**4,295**	**7,953**

HBPO

Hella Behr Plastic Omnium (HBPO), consisting of 22 companies that are controlled and reported together by HBPO Beteiligungsgesellschaft mbH in Germany, has global operations in the fields of development, production planning, quality management, assembly and distribution of front-end modules.

	31 May 2015	31 May 2014
Share of equity (%)	**33**	**33**
€ thousand		
Cash and cash equivalents	**46,353**	68,608
Other current assets	**212,610**	177,064
Non-current assets	**91,335**	74,945
Total assets	**350,298**	**320,617**
Current financial liabilities	**0**	0
Other current liabilities	**252,846**	230,590
Non-current financial liabilities	**0**	0
Other non-current liabilities	**7,531**	6,784
Total liabilities	**260,377**	**237,374**
Net assets (100 %)	**89,921**	**83,243**
Proportional share of net assets	**29,971**	**27,747**
Sales	**1,513,127**	1,306,856
Scheduled depreciation and amortisation	**– 16,676**	– 13,294
Interest income	**127**	237
Interest expenses	**– 65**	– 26
Taxes on income	**– 11,839**	– 14,211
Earnings before interest and income taxes (EBIT)	**44,136**	**40,519**
Earnings for the period	**33,820**	28,267
Other comprehensive income for the period	**2,858**	– 612
Comprehensive income for the period	**36,678**	**27,655**
Share of comprehensive income for the period	**12,225**	9,217
Dividends received	**9,999**	**7,000**

The Group also has shares in further joint ventures and associates, which are also accounted for using the equity method; their summarised financial information is presented below:

€ thousand	**31 May 2015**	31 May 2014
100 % basis		
Sales	**907,377**	719,041
Earnings before interest and income taxes (EBIT)	**70,267**	57,527
Group's total carrying amount of share in associates of:		
Sales	**418,955**	357,425
Earnings before interest and income taxes (EBIT)	**32,195**	**28,581**
Share of consolidated net profit/loss for the period	**29,978**	21,310
Other consolidated net profit/loss for the period	**9,169**	– 2,852
Comprehensive income for the period recognised in the Group	**39,147**	**18,458**
Carrying amount of the remaining companies accounted for using the equity method	**130,312**	**107,091**

The financial information for all joint ventures and all associates is as follows:

€ thousand	31 May 2015	31 May 2014
100 % basis		
Sales	**2,911,711**	2,482,927
Earnings before interest and income taxes (EBIT)	**161,177**	144,766
Group's total carrying amount of share in associates of:		
Sales	**1,168,884**	1,021,554
Earnings before interest and income taxes (EBIT)	**70,292**	**65,447**
Share of consolidated net profit/loss for the period	**55,336**	45,766
Other consolidated net profit/loss for the period	**22,648**	−4,352
Comprehensive income for the period recognised in the Group	**77,984**	**41,414**

The share of losses not recognised for the aforementioned companies accounted for using the equity method is € 5,255 thousand (prior year: € 825 thousand). The recognised net assets of all joint ventures and all associates is broken down as follows:

€ thousand	31 May 2015	31 May 2014
Share of net assets attributable to BHTC	**75,379**	58,556
Share of net assets attributable to BHS	**28,385**	39,348
Share of net assets attributable to HBPO	**29,971**	27,747
Sum of assigned goodwill	**7,140**	7,140
Eliminations through consolidation	**−4,419**	−367
Net assets of material companies accounted for using the equity method	**136,456**	**132,425**
Group's carrying amount of the net assets of the other companies accounted for using the equity method	**139,139**	100,423
Goodwill and eliminations through consolidation	**−8,827**	6,668
Net assets of other companies accounted for using the equity method	**130,312**	**107,091**
Investments accounted for using equity method	**266,768**	**239,516**

€ thousand	31 May 2015	31 May 2014
Share of net assets at 1 June	**239,516**	**210,655**
Earnings for the period after eliminations within the Group	**55,336**	37,836
Other consolidated net profit/loss for the period	**22,648**	−2,146
Capital reduction	**−13,200**	0
Capital contribution	**16,927**	**0**
Sale of shares	**−19,306**	0
Dividends	**−35,152**	−6,830
Share of net assets at 31 May	**266,768**	**239,516**

31 Deferred non-current tax assets/liabilities

The deferred tax assets of € 118,562 thousand (prior year: € 126,523 thousand) and deferred tax liabilities of € 24,882 thousand (prior year: € 69,006 thousand) mainly relate to differences from the tax balance sheet values. Before offsetting and valuation allowance, the current portion of the deferred tax assets and liabilities amounts to € 119,928 thousand and € – 74,777 thousand, respectively (prior year: € 85,653 thousand and € – 48,931 thousand).

The deferred tax assets and liabilities are broken down as follows:

€ thousand		**31 May 2015**		31 May 2014
	Assets	**Liabilities**	Assets	Liabilities
Intangible assets	**6,028**	**31,666**	5,011	25,403
Property, plant and equipment	**38,067**	**63,976**	47,724	56,743
Financial assets	**1,046**	**3,139**	948	100
Other non-current assets	**0**	**1,547**	17	9,810
Receivables	**14,134**	**527**	7,954	824
Inventories	**12,504**	**8,753**	13,566	10,191
Other current assets	**4,155**	**16,275**	7,824	7,301
Financial liabilities (non-current)	**6**	**1,902**	15	3,683
Provisions for pensions and similar obligations	**55,800**	**969**	45,194	116
Other provisions (non-current)	**19,860**	**0**	7,082	877
Other non-current liabilities	**125**	**2,245**	2,352	1,653
Liabilities	**749**	**12,213**	1,020	5,464
Other liabilities and deferred debts	**83,931**	**34,414**	44,450	24,273
Other current liabilities	**4,456**	**2,594**	10,839	878
Subtotal	**240,861**	**180,221**	**193,997**	**147,316**
Valuation allowance on deferred taxes from temporary differences	**– 1,728**	**0**	– 10,628	0
Total	**239,132**	**180,221**	**183,369**	**147,316**
Loss carryforwards	**115,091**	**0**	95,712	0
Valuation allowances on loss carryforwards	**– 80,323**	**0**	– 74,248	0
Netting	**– 155,339**	**– 155,339**	– 78,310	– 78,310
Total	**118,562**	**24,882**	**126,523**	**69,006**

It is guaranteed with sufficient probability that the loss carryforwards for which deferred tax assets are recognised will be realised. The amount of the loss carryforwards for which no deferred tax assets are recognised was € 293,453 thousand as at 31 May 2015 (prior year: € 247,995 thousand). Future offsetting against taxable profits is unlikely. Of this amount, € 123,763 thousand will mature in the next five years, and € 169,690 thousand thereafter. Tax assets arising from temporary differences for which no deferred tax assets were recognised amounted to € 1,728 thousand at 31 May 2015 (prior year: € 10,628 thousand).

Deferred taxes that were recognised in other comprehensive income in the period:

	Before taxes	Tax income/ (tax expenses)	After taxes
Financial instruments for cash flow hedging	–31,589	6,335	–25,254
Available-for-sale financial instruments	5,710	312	6,022
Revaluation from defined benefit pension plans	–33,756	11,128	–22,628
Change in fair value	**–59,634**	**17,775**	**–41,860**

32 Other non-current assets

€ thousand	**31 May 2015**	31 May 2014
Receivables from finance leases	**35,707**	32,641
Other non-current assets	**2,640**	4,298
Subtotal other financial assets	**38,347**	**36,939**
Advance payments	**1,179**	1,334
Accrued items	**1,411**	2,674
Plan assets	**1,968**	0
Total	**42,905**	**40,948**

See Note 44 for more detailed explanations about receivables from leases.

33 Trade payables

In the past fiscal year, there were liabilities to associated, non-consolidated affiliated companies and companies in which participating interests are held in the amount of € 32,932 thousand (prior year: € 33,915 thousand).

€ thousand	**31 May 2015**	31 May 2014
Materials and services	**453,348**	450,929
Capital expenditures	**87,613**	88,689
Related parties	**32,932**	33,915
with associates	**3,999**	3,475
with investments	**26,877**	25,958
with affiliated companies not included in the consolidated financial statements	**2,056**	4,482
Total trade payables	**573,893**	**573,533**

34 Other liabilities

€ thousand	31 May 2015		31 May 2014	
	Non-current	Current	Non-current	Current
Derivatives	**126,839**	**18,655**	112,849	277
Other financial liabilities	**941**	**190,254**	316	118,741
Subtotal other financial liabilities	**127,781**	**208,909**	**113,165**	**119,018**
Other taxes	**0**	**40,167**	0	32,368
Accrued personnel liabilities	**0**	**169,631**	0	127,531
Advance payments received	**984**	**19,577**	3,186	59,417
Deferred revenue	**107,607**	**118,649**	102,740	82,606
Total	**236,371**	**556,934**	**219,091**	**420,940**

The advance payments received and reported relate primarily to services not yet rendered in full. Other financial liabilities include mainly personnel liabilities of € 169,631 thousand (prior year: € 127,531 thousand) and liabilities from outstanding invoices or credit notes of € 141,581 thousand (prior year: € 80,262 thousand).

35 Provisions

The main components of provisions are presented below:

€ thousand	31 May 2015		31 May 2014	
	Non-current	Current	Non-current	Current
Pension provisions	**241,291**	**374**	196,859	158
Other provisions	**116,355**	**72,270**	64,707	108,575
Total	**357,646**	**72,644**	**261,566**	**108,733**

Pension provisions

The HELLA Group provides pension benefits to the vast majority of its employees in Germany. Employees in many of the international HELLA companies also receive occupational pension benefits. There are both defined benefit and defined contribution pension plans.

The benefits provided by the German companies mainly consist of pension payments, the amount of which is based on length of service and which are paid in the form of old age, disability, and survivors' pensions. In addition, one company has a pension scheme whereby members receive a fixed sum depending on the income band in which they are classified. All employees can also participate in a contribution-based scheme through deferred compensation.

The companies continue to remain liable for fulfilment of the pension entitlements assigned to the pension fund, acting as guarantor in the event of non-performance, meaning that the pension liabilities and trust assets will be included on a net basis in the consolidated statement of financial position.

The defined benefit pension scheme in Great Britain and Ireland was closed to newcomers to the company. The same scenario is true for the old-age pension provision in the Dutch company, which also has a defined benefit arrangement. The benefits of both of these schemes are calculated on the basis of length of service and salary and are paid out when retirement age is reached or in the event of disability or death. The Dutch scheme also allows for additional employee contributions. The various plans offered by the Norwegian company also provide pension payments. However, the benefits under the employer-financed plan are calculated taking into account statutory pension provision. The pension is supplemented by an additional employee-financed plan.

Besides these systems, whose benefits are paid on an annual basis, employees of the companies in Mexico, Korea, India and the Philippines receive benefits in the form of a single capital payment. The amount of the obligation from the respective defined benefit plan is determined on the basis of the salary and number of years of service. In Mexico, the guaranteed pension benefits are supplemented by a contribution-based Flex Plan into which the employer can pay variable contributions. Employees in Bosnia, Slovenia, and France receive a one-off lump capital sum on retirement based on their salary. In Italy and Turkey, a capital sum is paid out at the end of the working relationship, irrespective of the reason for the relationship ending.

Granting of defined benefit plans entails the customary long life, inflation, interest rate and market (investment) risks; these risks are regularly monitored and assessed.

In the USA, Australia, and Mexico, as well as in many European and Asian companies, employees receive company pension benefits in the form of defined contribution plans. Furthermore, in the USA there are liabilities for the medical care of active employees, although the costs of these benefits are not borne for former employees after retirement.

The funding status and the reconciliation to the balance sheet amounts are presented below:

€ thousand	31 May 2015	31 May 2014
Defined Benefit Obligation (DBO) at end of fiscal year	382,153	334,222
Fair value of plan assets at the end of the fiscal year	– 142,444	– 138,933
Amount not recognised in assets due to asset ceiling	4	1,528
Recognised amount	**239,713**	**196,817**

The amounts carried are made up of the following balance sheet items:

€ thousand	31 May 2015	31 May 2014
Assets from covered pension plans	– 1,952	– 200
Pension provisions	241,665	197,017
Sum of the individual amounts	**239,713**	**196,817**

Asset cover for the pension liability was as follows:

	31 May 2015		31 May 2014	
€ thousand	Defined benefit obligation	Plan assets	Defined benefit obligation	Plan assets
Without asset cover	231,310	0	191,276	0
At least partial asset cover	150,843	142,444	142,946	138,933
Total	**382,153**	**142,444**	**334,222**	**138,933**

Change in the present value of pension liabilities:

€ thousand	31 May 2015	31 May 2014
DBO at start of fiscal year	**334,222**	**320,062**
Current service cost	**7,661**	7,532
Past service cost	**–157**	5,794
Expenses (+)/income (-) plan settlements	**0**	–164
Interest expense	**9,222**	8,908
Actuarial gains (–)/losses (+) due to changes in demographic assumptions	**14**	273
Actuarial gains (–)/losses (+) due to changes in financial assumptions	**40,181**	2,919
Actuarial gains (–)/losses (+) due to changes in experience-based assumptions	**261**	543
Pension payments	**–11,045**	–11,322
Payments for plan settlements	**0**	–242
Tax payments	**–1**	–100
Contributions paid by beneficiaries from the plan	**1,270**	574
Change in the scope of consolidation	**0**	–93
Currency effects	**525**	–463
DBO at end of fiscal year	**382,153**	**334,222**

Development of plan assets:

€ thousand	31 May 2015	31 May 2014
Fair value of plan assets at start of fiscal year	**138,933**	**141,362**
Expected income from plan assets	**3,810**	3,937
Actuarial gains (+)/losses (–) from the plan assets	**6,639**	2,383
Employer contributions	**835**	1,461
Beneficiary contributions	**1,270**	574
Pension payments from plan assets	**–9,544**	–10,270
Payments for plan settlements	**0**	–179
Administrative costs	**–53**	–66
Change in the scope of consolidation	**0**	–99
Currency effects	**554**	–170
Fair value of plan assets at the end of the fiscal year	**142,444**	**138,933**

Development of the asset ceiling:

€ thousand	31 May 2015	31 May 2014
Asset ceiling at start of fiscal year	**1,528**	**1,340**
Interest expense	**0**	49
Actuarial gains (+)/losses w	**4**	75
Currency effects	**0**	– 6
Reclassification of pensions	**– 1,528**	70
Asset ceiling at end of fiscal year	**4**	**1,528**

The pension cost of the pension plans is broken down as follows:

€ thousand	31 May 2015	31 May 2014
Current service cost	**7,661**	**7,532**
Past service cost	**– 157**	5,247
Expenses (+)/income (–) plan settlements	**0**	– 164
Administrative costs	**53**	66
Net interest expense	**5,412**	5,020
Expense recorded in the consolidated net profit/loss for defined benefit pension plans	**12,969**	**17,701**
Actuarial gains (+)/losses (–) from scope of obligations	**40,456**	3,735
Actuarial gains (+)/losses (–) from the plan assets	**– 6,639**	– 2,383
Actuarial gains (+)/losses (–) from the asset ceiling	**4**	75
Expense from revaluation recognised in other comprehensive income	**33,821**	**1,427**
Expense recorded in comprehensive income for defined benefit pension plans	**46,790**	**19,128**

Development of the balance sheet amount:

€ thousand	31 May 2015	31 May 2014
Balance sheet amount at start of fiscal year	**196,817**	**180,040**
Service costs	**7,557**	12,681
Net interest expense	**5,412**	5,020
Expense from revaluation recognised in other comprehensive income	**33,821**	1,427
Pension payments	**– 1,501**	– 1,052
Payments for plan settlements	**0**	– 63
Employer contributions	**– 835**	– 1,461
Tax payments	**– 1**	– 100
Transfers	**0**	548
Currency effects	**– 29**	– 223
Reclassification of pensions	**– 1,528**	0
Balance sheet amount at end of fiscal year	**239,713**	**196,817**

Actuarial gains/losses recognised in equity:

€ thousand	**31 May 2015**	31 May 2014
Actuarial gains (+)/losses (–) at start of fiscal year	**–67,058**	**–65,474**
Actuarial gains (+)/losses (–) during fiscal year	**–33,821**	–1,427
Reclassification of pensions	**1,528**	**0**
Currency effects	**–136**	–157
Actuarial gains (+)/losses (–) at end of fiscal year	**–99,487**	**–67,058**

The present value was measured on the basis of the following assumptions:

		Germany		**International**
	31 May 2015	31 May 2014	**31 May 2015**	31 May 2014
DBO (in € thousand)	**340,925**	299,639	**41,228**	34,584
Discount rate (in %)	**1.92**	2.71	**2.74**	3.66
Wage and salary trend (in %)	**3.00**	3.00	**2.32**	2.88
Pension trend (in %)	**1.75**	2.00	**1.24**	1.20

The cost of the pension plans was calculated on the basis of the following assumptions:

		Germany		**International**
in %	**2014/2015**	2013/2014	**2014/2015**	2013/2014
Discount rate	**2.71**	2.77	**3.66**	3.41
Wage and salary trend	**3.00**	3.00	**2.88**	2.93
Pension trend	**2.00**	2.00	**1.20**	0.97

The discount rate was determined in 2015 on the basis of the yields on the capital markets in the various relevant regions.

The following table shows how the present value of the defined benefit obligation would have changed at the reporting date if individual key assumptions had varied.

		31 May 2015	31 May 2014
Discount rate	+0.5 percentage points	**−8.6%**	−8.0%
	−0.5 percentage points	**10.0%**	9.2%
Pension dynamics	+0.5 percentage points	**6.1%**	4.9%
	−0.5 percentage points	**−5.5%**	−6.1%
Salary dynamics	+0.5 percentage points	**0.4%**	0.4%
	−0.5 percentage points	**−0.3%**	−0.4%
Death rate	+10 percentage points	**−3.1%**	−3.5%
	−10 percentage points	**3.5%**	3.5%

The average duration of the defined pension liabilities, weighted on the basis of the present values, is 18 years (prior year: 18 years).

Breakdown of plan assets:

€ thousand	**31 May 2015**	31 May 2014
Shares	**7.11%**	8.86%
Fixed-income securities	**54.59%**	54.39%
thereof: no price quotation in an active market	**1.47%**	1.66%
Real estate	**0.64%**	0.66%
thereof: no price quotation in an active market	**0.64%**	0.66%
Investment funds	**0.31%**	**0.00%**
Insurance	**35.04%**	33.44%
thereof: no price quotation in an active market	**35.04%**	33.44%
Cash	**1.87%**	2.36%
Other investments	**0.44%**	0.29%
Total all investment types	**100.00%**	**100.00%**

The domestic plan assets are largely managed by a pension fund. Proper management and use of the trust assets is supervised by external trustees. The pension fund is also subject to supervision by the German Federal Financial Supervisory Authority (BaFin).

The plan assets do not include any own financial instruments or assets used by the Group itself.

Current income from the plan assets amounted to € 10,449 thousand in the past fiscal year (prior year: € 6,318 thousand).

Contributions to defined benefit pension plans for 2015/2016 are expected to amount to € 1,524 thousand (prior year: € 1,468 thousand).

The following overview shows the payments expected for the next ten fiscal years (not discounted, excluding payments from the plan assets):

€ thousand	
2015/2016	11,484
2016/2017	11,635
2017/2018	12,426
2018/2019	12,222
2019/2020	12,638
Total of the years 2020/2021 to 2025/2026	76,815

Group liabilities arising from defined contribution pension plans were recognised in profit and loss in the operating result. The expenses amounted to € 83,134 thousand in the fiscal year (prior year: € 77,873 thousand). These expenses also include contributions to public pension insurance funds outside HELLA KGaA, which total € 74,398 thousand (previous year: € 71,070 thousand).

Other provisions

€ thousand	1 June 2014	Additions	Reversals	Compounding	Other	Utilisation	31 May 2015
Severance benefits	40,060	6,810	– 1,271	0	141	– 34,061	**11,679**
Partial retirement programme	14,501	16,668	0	355	46	– 12,778	**18,792**
Profit-sharing and other bonuses	25,015	17,623	– 1,000	2,371	972	– 11,583	**33,398**
Warranty obligations	57,151	48,707	– 7,882	2,805	2,576	– 32,019	**71,338**
Losses on trade receivables	25,363	16,632	– 4,082	3,856	2,078	– 7,139	**36,708**
Other provisions	11,191	21,635	– 1,213	74	468	– 15,445	**16,710**
Total	**173,281**	**128,075**	**– 15,448**	**9,461**	**6,281**	**– 113,025**	**188,625**

HELLA creates provisions for severance payments likely to be paid, if it is liable for the early termination of employment contracts and HELLA is unable to withdraw from this liability.

The provision for partial retirement programmes corresponds to the present value of the obligation on the reporting date less the fair value of plan assets on the reporting date. A discount rate of 0.63 % was applied (prior year: 1.24 %). Provisions for warranty obligations comprise burdens for concrete isolated cases in the Automotive segment, in particular, for which the current portion amounts to € 26,246 thousand (prior year: € 43,319 thousand).

€ thousand	31 May 2015	31 May 2014
Present value of liability	**45,196**	37,326
Fair value of plan assets	**– 26,404**	– 22,825
Provision for partial retirement programme	**18,792**	**14,501**

The deducted plan assets are securities. The change in the fair value of the plan asset is recognised under "Other" in the provisions table.

Should warranty obligations arise from contractual or statutory warranty obligations, HELLA creates provisions for these obligations. Specific warranty provisions are made for individual warranty claims that have arisen or been asserted. When carrying out the measurement, the parts concerned are identified based on the established total supplied products and a failure rate estimated for these products. Failure rates are appropriately estimated using historical failure rates and all other available data for each individual warranty case. Measurement is based on the estimated average costs (material and replacement costs). Provided it meets the capitalisation requirements, the compensation expected in connection with warranty claims is accounted for under other assets (€ 16,343 thousand, prior year: € 4,277 thousand).

Provisions for supply and sales liabilities include liabilities under current third-party agreements from which future losses are expected.

The management uses historical figures from similar transactions to estimate the amount of the provisions, taking into account details of any events arising up until the consolidated financial statement is drawn up.

36 Financial liabilities

Current financial liabilities maturing within a year amounted to € 100,221 thousand (prior year: € 296,412 thousand). The 7.25 % bond from 2009 with a nominal amount of € 200,002 thousand which was included in the prior year was paid out in October 2014.

Non-current financial liabilities amounted to € 1,038,886 thousand (prior year: € 1,121,252 thousand) including € 298,983 thousand (prior year: € 298,554 thousand) attributable to a bond with a 1.25 % coupon maturing in September 2017 with a nominal volume of € 300,000 thousand and € 497,142 thousand attributable to a bond with a 2.375 % coupon (prior year: € 496,576 thousand) maturing in 2020 and a nominal volume of € 500,000 thousand.

The item also includes € 88,268 thousand (prior year: € 86,730 thousand) attributable to notes certificates denominated in yen issued in 2002 and 2003 with a 30-year maturity, and € 80,867 thousand (prior year: € 73,078 thousand) attributable to a loan granted in yen, both of which are fully currency-hedged to a value totalling € 175,177 thousand (prior year: € 175,177 thousand); the loan from the European Investment Bank of € 150,466 thousand (prior year: € 150,466 thousand) was paid off during the period under review.

Participatory capital of € 5,444 thousand (prior year: € 5,434 thousand), and finance lease liabilities amounting to € 700 thousand (prior year: € 7,724 thousand) are also recognised.

€ thousand	**31 May 2015**	31 May 2014
Cash and cash equivalents	**602,744**	637,226
Financial assets	**405,077**	354,982
Current financial liabilities	**– 100,221**	– 296,412
Non-current financial liabilities	**– 1,038,886**	– 1,121,252
Net debt	**– 131,286**	**– 425,456**

37 Equity

On the equity and liabilities side, share capital is recognised at its nominal value under the "Subscribed capital" item. The share 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.

The Annual General Shareholders' Meeting agreed on a stock split on 10 October 2014. One registered no-par value share was replaced with two bearer shares of the Company. The share capital remained unchanged at € 200,000 thousand.

The Annual General Shareholders' Meeting of 31 October 2014 agreed to increase the share capital against contributions by € 22,222,224 by issuing 11,111,112 new shares at a nominal value of € 2 each. Upon registration of the issue of new capital in the Commercial Register of the Paderborn district court on 7 November 2014, the Company's share capital was increased; it now stands at € 222,222,224 and comprises 111,111,112 shares.

A subscription price of € 25.00 was set for each new no-par value share.

The capital reserve increased by € 255,556 thousand in the 2014/2015 fiscal year as a consequence of the issue of new capital against cash contributions. The increase was as a result of the premiums paid by the shareholders; this was offset by the issuing costs of € 5,322 thousand for costs incurred directly in relation to the issue of new capital (e. g. for banks, lawyers and auditors).

On 15 January 2015, the Group took over a further 7.94 % of shares in leading Danish car components wholesaler FTZ. The purchase price of € 14,786 thousand did not lead to any change in the accounting method, as FTZ was already fully consolidated. The Company holds a 78.99 % share in FTZ after the purchase. Specifically, the Group recognised:

- → a reduction in non-controlling interests of € 5,854 thousand
- → a reduction in other retained earnings of € 8,937 thousand
- → a € 5,000 increase in the currency translation provision.

The carrying amount of the net assets of FTZ in the consolidated financial statements amounted to € 51,542 thousand at the time of acquisition.

The following is a summary of the impact of changes in the Group's investment in FTZ:

€ thousand	
Share of Company as at 1 June 2014	50,663
Impact of increase in the investment	5,854
Share of comprehensive income	7,654
Share of Company as at 31 May 2015	**64,171**

Under "Other retained earnings/profit carried forward", other retained earnings of the parent company and past earnings of consolidated companies are also included, provided they have not been distributed. This item also includes the statutory reserve of the parent company. The statutory reserve is subject to the distribution restrictions specified in the German Stock Corporation Act (Aktiengesetz).

Actuarial losses of € 33,821 thousand (prior year: losses of € 1,427 thousand) were recognised. 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 1.92 % at the end of May 2015 (May 2014: 2.71 %).

Offsetting of differences in assets and liabilities arising from the capital consolidation of subsidiaries consolidated before 1 June 2006, and the adjustments recognised directly in equity for the first-time adoption of IFRS are also included in this item. Actuarial gains and losses recognised directly in equity, the differences arising from the currency translation of the annual financial statements of foreign subsidiaries not recognised in profit or loss, the impact arising from the measurement of derivative financial instruments acquired for hedging purposes and financial assets not recognised in profit or loss, as well as financial assets from the available-for-sale category, are also recognised in this item. 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.

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 debt to operating result before depreciation/amortisation (EBITDA) in the long term. The ratio as at 31 May was 0.2.

The table below summarises the financial information for subsidiaries with material non-controlling interests:

Subsidiary	FTZ Autodele & Værktøj A/S		INTER-TEAM Sp. z o.o.	
Country	Denmark		Poland	
€ thousand	**31 May 2015**	31 May 2014	**31 May 2015**	31 May 2014
Non-controlling interests	**21 %**	29 %	**50 %**	50 %
Current assets	**119,321**	101,735	**44,826**	39,701
Non-current assets	**11,867**	13,726	**5,784**	6,770
Total assets	**131,188**	**115,461**	**50,610**	**46,471**
Current liabilities	**– 47,653**	– 42,277	**– 29,523**	– 27,675
Non-current liabilities	**– 2,072**	– 1535	**– 8,505**	– 9,685
Total liabilities	**– 49,725**	**– 43,812**	**– 38,028**	**– 37,360**
Net assets	**81,463**	71,649	**12,582**	9,111
Share of net assets of non-controlling interests	**17,292**	20,986	**6,291**	4,556
Sales	**271,641**	**254,255**	**142,952**	**129,195**
Earnings for the period	**16,824**	14,198	**5,322**	3,774
Other comprehensive income for the period	**30**	– 71	**55**	439
Comprehensive income for the period	**16,854**	**14,127**	**5,377**	**4,213**
Share of comprehensive income attributable to non-controlling interests	**4,199**	4,111	**2,688**	1,887
Dividend paid to non-controlling interests	**2,038**	3,841	**953**	236
Cash flow from operating activities	**13,716**	16,862	**11,982**	1,141
Cash flow from investing activities	**– 10,007**	– 4,422	**687**	– 2,053
Cash flow from financing activities	**– 5,100**	– 13,275	**– 9,766**	1,786
Net increase/decrease in cash	**– 1,389**	**– 835**	**2,903**	**873**
Cash and cash equivalents at start of the period	**1,826**	2,662	**2,188**	1,315
Cash and cash equivalents at end of the period	**437**	1,826	**5,091**	2,188

The data provided represent the amounts before intra-Group elimination on a 100 % basis.

38 Notes to the cash flow statement

The dividends paid include payments of € 55,500 thousand (€ 1.11 per share) to the owners of the parent company and payments to non-controlling interests amounting to € 3,560 thousand.

HELLA makes considerable investments in customer-specific operating equipment, which is capitalised as economic property in the Group's non-current assets. Due to the considerable up-front investments in such operating equipment, HELLA sometimes receives from customers – as an advance on delivery of parts – reimbursement payments, which are reported as deferred income as prepayment on sales.

In accordance with IAS 7, payments for procuring operating equipment must be allocated to investing activities in the cash flow statement, whereas cash proceeds from customer reimbursements as a prepayment on sales must be economically assigned to operating activity.

Regardless of the means of presentation in accordance with the accounting standard, the cash flows from procurement of operating equipment and customer reimbursements are grouped in internal reporting together with the other payments for and proceeds from property, plant and equipment and intangible assets to give the key indicator "net capital expenditure", since advance payment of the customer reimbursements reduces the funding requirement for capital expenditures at the time they are needed and is therefore a major factor in investment decisions.

Operating cash flow is used as a performance indicator for internal Group management. This indicator is designed to show cash flows from business operations. It is calculated based on cash generated from operating activities as well as incoming and outgoing payments for investments in immaterial assets and property, plant and equipment. Cash flows from income or expenses which are non-recurrent in nature are not taken into consideration when calculating operating cash flow.

The development of operating cash flow is shown in the table below:

€ thousand		**2014/2015**	2013/2014
	Net cash flows from operating activities	**559,922**	**534,969**
+	Adjustment for severance and partial retirement payments	**38,449**	15,323
	Cash proceeds from the sale of property, plant and equipment	**16,458**	12,097
	Cash proceeds from the sale of intangible assets	**3,602**	4,623
	Payments for purchase of property, plant and equipment	**–429,489**	–463,207
	Payments for purchase of intangible assets	**–68,449**	–52,554
–	Sum of cash-relevant investments	**–477,878**	–499,041
=	**Operating cash flow**	**120,493**	**51,251**

39 Information on related party relationships

HELLA KGaA Hueck & Co. and its subsidiaries maintain business relationships with many companies and individuals in the course of their normal operations. In addition to the business relationships with fully consolidated companies, relationships exist with joint ventures, associates and companies in which an interest is held that are classified as related parties under IAS 24.

There are supply and service relationships between companies within the scope of consolidation and related parties, particularly with associates and non-consolidated affiliates. The outstanding items from the purchase and sale of goods and services between companies in the scope of consolidation and associates, as well as non-consolidated affiliates, are presented under the respective items. For further information on goods and services, see Notes 24 and 33.

The following transactions were made with related parties:

€ thousand	**2014/2015**	2013/2014
Income from the sale of goods and services	**216,898**	**175,679**
with associates	**203,590**	167,642
with joint ventures	**12,860**	7,748
with investments	**0**	0
with affiliated companies not included in the consolidated financial statements	**448**	289
Expenses from the purchase of goods and services	**109,517**	**177,145**
with associates	**57,495**	51,168
with joint ventures	**31,287**	34,637
with investments	**15,306**	15,955
with affiliated companies not included in the consolidated financial statements	**5,429**	75,385

The business relationships with related parties operate under normal market conditions. They do not fundamentally differ from supply and service relationships with third parties. The HELLA Group concluded no significant transactions with related party individuals.

For assuming personal liability in its role as personally liable partner, HELLA Geschäftsführungsgesellschaft mbH receives a fee of € 1 thousand (prior year: € 3 thousand).

In addition, this company is entitled to claim compensation from HELLA KGaA Hueck & Co. for all of the expenses arising in connection with the management of the Company's business activities, including the remuneration of the management bodies.

Remuneration for management in key positions:

€ thousand	**2014/2015**	2013/2014
Short-term benefits	**19,887**	14,824
Post-employment benefits	**347**	5,706
Other long-term benefits	**219**	0
Total	**20,453**	**20,530**

Members of the management in key positions at HELLA KGaA Hueck & Co. are the Management Board (the Managing General Partner Dr. Jürgen Behrend and the Managing Directors of HELLA Geschäftsführungsgesellschaft GmbH), as well as members of the Shareholders' Committee and the Supervisory Board.

Total remuneration paid to the management bodies:

€ thousand	2014/2015	2013/2014
Total remuneration paid to the active institution members	**19,887**	**14,198**
Management Board	**18,622**	13,241
Supervisory Board	**397**	180
Shareholders' Committee	**868**	777
Total remuneration paid to the former institution members and their surviving dependants	**351**	**348**
Management Board	**351**	348

The Chairman of the Supervisory Board, Prof. Dr. Michael Hoffmann-Becking, is a partner of a law firm which advises HELLA KGaA Hueck & Co. and the Group on various areas of law, including, but not limited to, corporate law, capital markets law,employment law and competition law. In the fiscal year 2014/2015, a total of € 2,401 thousand plus VAT was billed to the Group for such advisory services (previous year: € 766 thousand plus VAT). Such advisory services in the fiscal year 2014/2015 included in particular the support in the going public of HELLA KGaA Hueck & Co. Furthermore, in the context of the planning of the second company kindergarten of HELLA, the Supervisory Board member Christoph Thomas as the owner of an architecture firm received a fee in the amount of € 134 thousand (previous year: € 158 thousand) for advisory services and support.

Other than as described above, no remuneration or personal benefits were granted to Supervisory Board members for their personal services, in particular for advisory or intermediary services.

€ 9,604 thousand (prior year: € 8,921 thousand) was appropriated for the pension liabilities to former members of the Management Board of HELLA KGaA Hueck & Co. and the former Managing Directors of the predecessor company and their surviving dependants. This was partially born by Allianz Pensionsfonds AG. The plan assets absorbed by the liabilities for this group of people amounted to € 4,408 thousand (prior year: € 4,424 thousand).

No loans or advances were granted to the members of the Management Board, the Supervisory Board or the Shareholders' Committee.

40 Declaration of Conformity with the Corporate Governance Code

On 28 May 2015, the personally liable partners as well as the Shareholders' Committee and the Supervisory Board of HELLA KGaA Hueck & Co. ("Company") approved a joint Declaration of Conformity in accordance with Section 161 Aktiengesetz (AktG – German Stock Corporation Act) which states that the recommendations of the German Corporate Governance Code have been and will be complied with as well as which recommendations have not been or are not being applied. This has been made permanently accessible on the Company's website at www.hella.com/declarationofconformity.

41 Disclosures on financial instruments

General information on financial instruments

The carrying amounts and fair values of classes of financial instruments and the carrying amounts in accordance with IAS 39 measurement categories as at 31 May 2014 and the prior year are shown below.

€ thousand	Category under IAS 39	**Carrying amount 31 May 2015**	**Fair value 31 May 2015**	Carrying amount 31 May 2014	Fair value 31 May 2014	Fair value hierarchy
Cash and cash equivalents	LaR	**602,744**	**602,744**	637,226	637,226	
Trade receivables	LaR	**839,322**	**839,322**	692,097	692,097	
Loans	LaR	**204**	**204**	5,867	5,867	
Other financial assets						
Derivatives used for hedging	n.a.	**2,276**	**2,276**	3,028	3,028	
Derivatives not used for hedging	HfT	**3,181**	**3,181**	1,761	1,761	
Available-for-sale financial assets	AfS	**402,778**	**402,778**	287,445	287,445	Level 1
Other receivables associated with financing activities	LaR	**39,802**	**39,802**	87,620	87,620	
Financial assets (current)		**1,890,307**	**1,890,307**	**1,715,044**	**1,715,044**	
Trade receivables	LaR	**38,347**	**38,347**	34,200	35,173	Level 2
Loans	LaR	**8,559**	**8,059**	8,115	8,387	Level 2
Other financial assets						
Available-for-sale financial assets	AfS	**11,074**	**11,074**	11,067	11,067	Level 2
Other receivables associated with financing activities	LaR	**20**	**20**	16	16	Level 2
Financial assets (non-current)		**58,000**	**57,500**	**53,398**	**54,643**	
Financial assets		**1,948,307**	**1,947,807**	**1,768,442**	**1,769,686**	
Financial liabilities	FLAC	**97,153**	**97,153**	296,004	296,004	
Trade payables	FLAC	**573,893**	**573,893**	573,533	573,533	
Other financial liabilities						
Derivatives used for hedging	n.a.	**11,897**	**11,897**	3,199	3,199	Level 2
Derivatives not used for hedging	HfT	**6,224**	**6,224**	888	888	Level 2
Financial lease liabilities	n.a.	**3,068**	**3,068**	408	408	
Other financial liabilities	FLAC	**190,254**	**190,254**	118,741	118,741	
Financial liabilities (current)		**882,489**	**882,489**	**992,772**	**992,772**	
Financial liabilities to banks	FLAC	**153,793**	**152,506**	231,975	236,207	Level 2
Bonds	FLAC	**884,393**	**942,616**	881,553	116,764	Level 1
Other financial liabilities						
Derivatives used for hedging	n.a.	**118,625**	**118,625**	91,190	91,190	Level 2
Derivatives not used for hedging	HfT	**8,214**	**8,214**	17,850	17,850	Level 2
Financial lease liabilities	n.a.	**700**	**700**	7,724	7,724	
Other financial liabilities	FLAC	**941**	**941**	316	316	
Financial liabilities (non-current)		**1,166,666**	**1,223,602**	**1,230,608**	**1,253,661**	
Financial liabilities		**2,049,155**	**2,106,091**	**2,223,380**	**2,246,433**	
Of which aggregated under IAS 39 measurement categories:						
Financial assets HfT		**3,181**	**3,181**	1,761	1,761	
LaR		**1,528,998**	**1,528,498**	1,465,141	1,466,386	
AfS		**413,853**	**413,722**	298,512	298,512	
Financial liabilities HfT		**14,438**	**14,438**	18,738	18,738	
FLAC		**1,900,427**	**1,957,363**	2,102,122	2,125,175	
Financial asset derivatives used for hedging		**2,276**	**2,276**	3,028	3,028	
Financial liability derivatives used for hedging		**130,522**	**130,522**	94,389	94,389	

Level 1: Measurement of market value based on listed, unadjusted prices on active markets

Level 2: Measurement of market value based on criteria for assets and financial liabilities that can be either directly or indirectly derived from prices on active markets

Level 3: Measurement of market value based on criteria that cannot be derived from active markets.

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 2014/2015 reporting period.

The carrying amounts of short-term financial instruments at the reporting date correspond to the market value owing to their short residual term and the fact that they are recognised at market value.

The carrying amounts of non-current financial liabilities also largely correspond to the market values owing to the mostly variable interest rates. Long-term financial instruments on the assets side are mainly determined by the other investments 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. As the market value cannot be reliably determined, the other investments and non-consolidated affiliated companies reported here are carried at acquisition costs in the amount of € 11,074 thousand (prior year: € 11,067 thousand). The change in value compared with the prior year is due to a permanent impairment.

At the reporting date, there were no plans to sell the other investments and non-consolidated affiliates measured at acquisition cost.

Pledged collateral
As at 31 May 2015, securities of € 26,404 thousand (prior year: € 26,450 thousand) were deposited with a trustee as statutory insolvency protection for partial retirement fund assets. Occasionally, collateral is pledged from the business assets to a limited extent as security for bank loans. These may, for example, be categorised as receivables.

Net profit/loss per measurement category
The following table shows the net result from financial instruments for each IAS 39 measurement category:

€ thousand	**2014/2015**	2013/2014
Loans and receivables	**3,461**	– 9,136
Available for sale	**17,882**	10,808
Liabilities measured at amortised cost	**– 3,464**	352
Financial derivatives held for trading (net)	**8,333**	– 22,478
Total	**26,212**	**– 20,454**

When determining the net result from financial instruments, goodwill impairments/write-ups, income and expense resulting from the application of the effective interest method, income and expenses from currency translation, gains or losses on disposals, and other changes in the fair value of financial instruments recognised in profit and loss are taken into account.

Interest income/expense on financial instruments not recognised at fair value in equity
In the 2014/2015 fiscal year, interest expense of € 8.127 thousand (prior year: € 8,270 thousand) was incurred for financial instruments not recognised at fair value in equity – notably derivatives classified as cash flow hedges.

Impairment losses

In addition, impairment losses of € 4,350 thousand (prior year: € 10,930 thousand) were charged on financial assets in the 2014/2015 fiscal year. € 1,032 thousand (prior year: € 1,409 thousand) of the impairments relate to non-current investments in financial instruments of the "available-for-sale" category. Loans and receivables, primarily trade receivables, were written down by € 3,317 thousand (prior year: € 9,521 thousand).

Dividends

Dividend income of € 19,034 thousand (prior year: € 7,779 thousand) was generated by financial instruments classified as "available for sale" in the 2014/2015 fiscal year.

Financial risk management

The HELLA Group is exposed to various financial risks in the course of its operations. In particular, these include liquidity, currency and interest rate risk. Risk management is carried out by the central financial management department in accordance with the guidelines adopted by the corporate bodies. Detailed information is provided in the management report.

On the procurement side, commodity price risks and risks relating to the general security of supply exist, among others. Moreover, credit risks arise from trade receivables, and also from receivables relating to financial transactions, such as the investment of cash or cash equivalents or the acquisition of securities. Liquidity risk can arise from a significant decline in the operative business performance as well as from the risk categories mentioned above.

Management of liquidity risks

HELLA works with mainly centralised liquidity structures in order to pool liquidity across the Group. The centralised liquidity is calculated on a regular basis and planned using a bottom-up process. HELLA actively manages its loan portfolio on the basis of the liquidity planning.

The following tables show the maximum settlements. The presentation shows the worst-case scenario for HELLA, i.e. the earliest possible contractual payment date. This takes into account creditor cancellation rights. Foreign currency positions are always converted at the spot rate applicable on the reporting date. Interest payments for positions with variable interest rates are always measured at the reference interest rate applicable on the reporting date. In addition to non-derivative financial instruments, derivative financial instruments (e. g. foreign currency forwards and interest rate swaps) are taken into account. For derivatives where gross payments are settled between the parties involved, only the settlements are presented in line with the worst-case scenario. These settlements are offset by cash proceeds, which are also presented. In addition, loans granted but not yet drawn in full and financial guarantees issued are included in the settlements.

Maximum future settlements as at 31 May 2015 **€ thousand**	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivative financial liabilities	917,202	1,064,511	320,466	2,302,179
Derivative financial instruments	611,556	73,033	354,578	1,039,167
Loan commitments/financial guarantees	0	1,000	565	1,565
Total	**1,528,758**	**1,138,544**	**675,609**	**3,342,911**
Incoming payments from gross derivatives	589,464	40,293	242,267	872,024

Maximum future settlements as at 31 May 2014 **€ thousand**	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivative financial liabilities	1,262,884	760,442	754,898	2,778,224
Derivative financial instruments	416,900	55,573	368,463	840,936
Loan commitments/financial guarantees	1,175	0	0	1,175
Total	**1,680,959**	**816,015**	**1,123,361**	**3,620,335**
Incoming payments from gross derivatives	410,025	22,132	236,203	668,360

The Group's liquidity supply is also sufficiently assured through cash and bank balances on hand, marketable short-term securities on hand, and the available unused bank lines of credit. The following table shows the significant liquidity instruments:

€ thousand	31 May 2015	31 May 2014
Cash and bank balances on hand	**602,744**	637,226
Marketable securities	**402,778**	287,445
Cash line of credit	**769,367**	635,720
Total	**1,774,889**	**1,560,391**

The total of the cash lines of credit available to the HELLA Group amounts to roughly € 769,367 thousand (prior year: € 635,720 thousand). These consist of a syndicated loan to the amount of € 550,000 thousand (maturing in 2016, utilisation as at 31 May 2015: 0 %) and short-term money market lines of credit amounting to € 219,367 thousand (utilisation as at 31 May 2015: 67 %). Standard creditor cancellation rights apply to various credit facilities (as part of financial covenants). These covenants are reviewed on an ongoing basis as part of corporate planning and are currently rated as non-critical. Owing to the broad and international base of its core banks, the funding risk is considered very low. Please refer to Note 44 for additional information about the syndicated loan.

Management of currency risks

Currency risks (in the context of transaction risks) arise from receivables, liabilities, liquid funds, securities, and executory contracts in a currency other than the functional currency. Currency derivatives, primarily foreign currency forwards, are used to hedge against exchange rate-related fluctuations impacting these payments and positions. The currency risk of the HELLA Group is continuously monitored and managed on the basis of the net exposures calculated for the Group. Net exposure is calculated by aggregating planned foreign currency cash flows.

As at 31 May 2015, significant net exposures of the HELLA Group for the 2015/2016 fiscal year were identified in USD (67 million long, prior year: 79 million long), MXN (499 million short, prior year: 103 million short), CNY (152 million long, prior year: 1,312 million long) and CZK (20 million short, prior year: 447 million short); (information is provided in the respective currency).

Currency derivatives are only used to hedge the currency risks arising from underlying transactions. Speculative transactions are not permitted.

In principle, the fair value of currency derivatives is recognised. In the case of cash flow hedge accounting within the meaning of IAS 39, the unrealised gains and losses from the hedging transaction are initially recognised in the statement of changes in equity, with no impact on profit or loss. The gains and losses are only realised when the hedged underlying transaction is also recognised in profit and loss.

HELLA mainly designated currency derivatives to hedge foreign currency cash flows from AFLAC funding maturing in 2032 or 2033 under cash flow hedge accounting. Other currency derivatives used to hedge currency risks from operating cash flow, with a maturity of less than one year in almost all cases, were also designated as cash flow hedge accounting.

In the 2014/2015 fiscal year, changes in the market value of the above-mentioned derivatives used for cash flow hedge accounting amounting to € –39,399 thousand (prior year: € 7,118 thousand) were recognised in equity. All in all, market values of currency derivatives used for hedging purposes amounting to € –130,649 thousand (prior year: € –91,131 thousand) were recognised in equity at the reporting date. Equity losses of € –13,702 thousand were recognised in profit and loss in the 2014/2015 fiscal year (prior year: profit of € 4,455 thousand). Currency derivatives not presented in accordance with hedge accounting showed changes in the market value of currency derivatives recognised in profit and loss of € 7,924 thousand (prior year: € –6,814 thousand).

The following sensitivity analyses show the effects a 10 % change in the exchange rate of each foreign currency would have on equity or on net profit/loss for the year (before taxes). The analysis is based on the respective risk position on the reporting date and only takes into account the significant currencies in the HELLA Group.

€ thousand		31 May 2015		31 May 2014	
Exchange rate	Foreign currency	**depreciates by 10%**	**appreciates by 10%**	depreciates by 10%	appreciates by 10%
Change in equity owing to fluctuations in the market value of currency derivatives used for hedging purposes (cash flow hedge accounting) and fluctuations in the market value of non-derivative debt instruments measured at fair value	CNY	**4,715**	**–5,762**	0	0
	CZK	**–11,770**	**14,385**	–10,204	12,472
	DKK	**0**	**0**	0	0
	MXN	**–6,336**	**7,745**	–7,032	8,594
	PLN	**–3,016**	**3,686**	0	0
	USD	**14,395**	**–17,593**	6,829	–8,347
Change in net profit/loss for the year owing to unhedged currency exposures in the case of non-derivative financial instruments and fluctuations in the market value of derivative financial instruments	CNY	**–2,031**	**2,482**	–14,028	17,146
	CZK	**–66**	**80**	1,482	–1,811
	DKK	**–6,055**	**7,401**	–5,178	6,328
	MXN	**2,691**	**–3,289**	537	–656
	PLN	**47**	**–57**	–3,772	4,611
	USD	**–5,587**	**6,828**	–5,337	6,523

The relatively high sensitivity of the net profit/loss for the year is largely attributable to market fluctuations of derivatives that are not used as a hedge within the meaning of IAS 39 on hedge accounting. Nonetheless, these instruments were used for hedging purposes. Consequently, these derivatives also relate to offsetting underlying transactions in the form of planned transactions that will only be recognised in profit and loss at a later date. In view of these as yet unrealised underlying transactions, the net effect on the result will be significantly less.

Management of interest rate risks

Interest rate risks arise when fluctuations in interest rates lead to changes in the value of financial assets and liabilities on the statement of financial position of HELLA. These may affect the amount of the interest income and expenses in the fiscal year as well as the market value of the derivatives concluded and other financial assets measured at fair value. As at 31 May 2015, interest rate-sensitive net financial debt stood at € 652 million (prior year: € 484 million).

These risks are managed by the HELLA Group through natural hedging, i.e. the elimination of interest rate risks by assuming offsetting items and through the targeted use of derivatives. The derivative financial instruments used are usually interest rate swaps. Interest rate derivatives are generally used to mitigate cash flow risks.

As with currency derivatives, interest rate derivatives are settled largely by HELLA KGaA Hueck & Co. The use of interest rate derivatives is also generally associated with underlying transactions. Interest rate derivatives used to hedge interest rate risks from non-derivative financial instruments are designated as cash flow hedge accounting. Speculative transactions are not permitted.

The following sensitivity analyses show how a 1 percentage point movement in the respective market interest rate would change equity and net profit/loss for the year (in each case before taxes). The analysis is based on the respective risk position on the reporting date.

€ thousand	31 May 2015		31 May 2014	
Market interest rate	**rises by 1 percentage point**	**declines by 1 percentage point**	rises by 1 percentage point	declines by 1 percentage point
Change in equity owing to fluctuations in the market value of interest rate derivatives used for hedging (cash flow hedge accounting) and fluctuations in the market value of fixed-income securities recognised directly in equity at fair value	**−11,610**	**11,610**	−7,138	7,138
Change in net profit/loss for the year owing to variable interest items in the case of non-derivative financial instruments and fluctuations in the market value of derivative financial instruments	**6,527**	**−6,527**	4,842	−4,842

Management of commodity price risks

The HELLA Group is exposed to various commodity price risks through the purchase of components. These risks are managed by the HELLA Group through natural hedging, i.e. the elimination of commodity price risks by means of offsetting effects from purchasing and sales, and through the targeted use of derivatives. The derivatives used are commodity swaps. As at 31 May 2015, there were no commodity derivatives with a material market value (market value in the prior year: € 0).

Commodity exposure for 2015/2016 is expected to amount to € 8.5 million (prior year: € 6 million).

The following sensitivity analysis shows what effects fluctuations of 10 % in the market prices of underlying commodities would have had on net profit/loss for the year (before taxes).

€ thousand	31 May 2015		31 May 2014	
Commodity price	**rises by 10 %**	**falls by 10 %**	rises by 10 %	falls by 10 %
Changes to net profit/loss for the year owing to fluctuations in the market value of hedged items and commodity derivatives used	**−850**	**850**	−596	596

Management of other price risks

Other price risks arise for HELLA through investments in current or non-current, non-interest-bearing securities, largely equities and funds that are classified as “available for sale” and therefore measured at fair value in equity. In addition, price risks arise from other investments that belong to the “available-for-sale” category, provided they are measured at fair value. These items are shown in the following table. Investments measured at acquisition cost because the fair value cannot be reliably determined are not exposed to balance sheet risk and are therefore not included in the presentation.

€ thousand	31 May 2015	31 May 2014
Price risk exposure of non-derivative assets	**49,547**	76,734

HELLA actively manages the price risks. By continuously observing and analysing the markets, it is possible to manage investments in real time. Negative developments on the capital markets can thus be identified at an early stage and appropriate measures can be taken. Derivatives are only used to manage other price risks in exceptional cases.

The following sensitivity analyses show what effects fluctuations of 10 % in the market values of original and derivative financial instruments would have had on equity or on profit or loss for the year (before tax). The analysis is based on the respective volumes on the reporting date.

€ thousand		**31 May 2015**		31 May 2014
Securities price	**rises by 10 %**	**falls by 10 %**	rises by 10 %	falls by 10 %
Change in equity owing to changes in prices of unimpaired securities and investments in public funds	**3,699**	**–3,699**	7,605	–7,605
Change in net profit/loss for the year owing to changes in prices of impaired securities	**80**	**–80**	68	–68

Management of default risks

Default risks arise for the HELLA Group from its business operations and from financial investments and financial derivatives with positive fair values.

The maximum default risk for the financial assets corresponds to their carrying amount. Netting off is not carried out due to the full or partial lack of offsetting criteria under IAS 32.

Derivative transactions are concluded by HELLA KGaA Hueck & Co. solely on the basis of the German Master Agreement for Financial Derivatives Transactions (DRV). This does not meet the requirements for netting off, since offsetting of outstanding amounts would be legally enforceable only subject to future events, such as the insolvency of a contractual partner. The table below shows the potential for offsetting the financial instruments that are recognised by HELLA KGaA Hueck & Co. and are subject to the stated agreements.

					31 May 2015
€ thousand	Gross	IAS 32.42	Net prior to potential for offsetting	Potential for offsetting	Net
Assets – derivatives	**5,457**	**0**	**5,457**	**–4,896**	**561**
Liabilities – derivatives	**–144,960**	**0**	**–144,960**	**4,896**	**–140,064**

€ thousand	Gross	IAS 32.42	Net prior to potential for offsetting	Potential for offsetting	Net
					31 May 2014
Assets – derivatives	4,841	0	4,841	–2,401	2,440
Liabilities – derivatives	–122,567	0	–122,567	2,401	–120,166

Financial derivatives and financial investments are only entered into with banks with good credit ratings.

Operational risk is mainly managed by continuously monitoring receivables. If a specific default risk is identified, this risk is taken into account by recognising impairments in the corresponding amount.

In individual cases, HELLA Group companies also demand collateral to secure receivables. This includes warranties, performance guarantees, and advance securities. HELLA has a directive in place regarding the acceptance of securities. The only acceptable collateral providers are banks and insurance firms with good credit ratings. Furthermore, many supplies to customers are subject to retention of title.

The maximum default risk for the financial assets corresponds to the carrying amounts in the statement of financial position. However, these are to be offset against the collateral accepted by the HELLA Group, so that the actual default risk is lower.

Lending commitments to companies that are not fully consolidated or to third parties are only made by HELLA Group companies in a few isolated cases. The default risk here is limited to the loan amount. As at 31 May 2015 lending commitments to companies that are not fully consolidated and external third parties came to € 1,565 thousand (previous year: € 1,175 thousand).

Trade receivables are essentially spread over key accounts from the automotive and automotive supply industry. The recoverability of all the receivables, which do not include overdue or impaired financial assets, is considered very high. This assessment is based primarily on the fact that the HELLA Group has a long-standing business relationship with most of its customers. The historical default rate for these trade receivables is extremely low.

Financial assets that are overdue but not impaired are shown below:

				31 May 2015				31 May 2014
€ thousand	**up to 30 days**	**31 days to 60 days**	**61 days to 90 days**	**more than 90 days**	up to 30 days	31 days to 60 days	61 days to 90 days	more than 90 days
Trade receivables	**38,078**	**2,496**	**1,236**	**3,395**	22,763	4,604	2,949	8,854
Financial receivables	**0**	**0**	**0**	**0**	0	0	0	0
Other financial assets	**0**	**0**	**0**	**0**	0	0	0	0
Total	**38,078**	**2,496**	**1,236**	**3,395**	**22,763**	**4,604**	**2,949**	**8,854**

An analysis of the individual impaired financial assets is shown below:

			31 May 2015			31 May 2014
€ thousand	**Gross carrying amount**	**Impairment**	**Net carrying amount**	Gross carrying amount	Impairment	Net carrying amount
Trade receivables	**894,085**	**16,416**	**877,669**	741,180	14,883	726,297
Financial receivables	**613,270**	**1,763**	**611,507**	652,168	960	651,208
Other financial assets	**460,664**	**1,533**	**459,131**	392,689	1,752	390,937
Total	**1,968,019**	**19,712**	**1,948,307**	**1,786,037**	**17,595**	**1,768,442**

The following table shows the development of impairments in respect of financial assets in the 2014/2015 fiscal year and the prior year:

€ thousand	Trade receivables	Financial receivables	Other financial assets	Total
At 31 May 2013	**9,176**	**276**	**2,017**	**11,469**
Additions	9,257	684	51	9,992
Utilisation	–1,686	0	0	–1,686
Reduction	–2,354	0	0	–2,354
Other effects	490	0	–316	174
At 31 May 2014	**14,883**	**960**	**1,752**	**17,595**
Additions	3,702	803	0	4,504
Utilisation	–741	0	0	–741
Reduction	–1,427	0	–219	–1,646
Other effects	0	0	0	0
At 31 May 2015	**16,417**	**1,763**	**1,533**	**19,712**

With regard to the financial assets that are neither overdue nor impaired, there is currently no indication that further value adjustments will be needed due to defaults.

Capital risk management

The HELLA Group manages its capital with the aim of ensuring that all Group companies can continue to operate as going concerns. By optimising the debt-equity ratio as needed, capital costs are kept as low as possible. These measures help to maximise shareholder income.

The capital structure consists of the current and non-current liabilities in the statement of financial position less the cash representing net borrowings and the balance sheet equity. The Risk Management Committee assesses and reviews the Group's capital structure on a regular basis. Risk-adjusted capital costs are taken into account in this assessment.

The overall capital risk management strategy pursued in the current fiscal year has not changed from the prior year.

42 Contractual obligations

There were contractual obligations to purchase or use property, plant and equipment amounting to € 18,406 thousand as at the reporting date (prior year: € 11,036 thousand). In addition, there were contractual obligations to purchase intangible assets amounting to € 134 thousand (prior year: € 4,623 thousand).

43 Contingent liabilities

HELLA reports contingent liabilities of € 53 thousand (prior year: € 33 thousand) from issued guarantees. These are not expected to give rise to material actual liabilities for which no provision has been made. There are no potential cases of compensation.

As last reported in the 2013/2014 fiscal year, European and US anti-trust authorities simultaneously initiated anti-trust investigations into HELLA and some other companies in the lighting sector for motor vehicles in 2012. Their outcome is still not foreseeable at present.

We expect a more active continuation of the EU proceedings after the EU Commission's summer recess, i.e., from September 2015 onwards. In the US proceedings there were no activities in the past fiscal year and none are currently in sight.

According to EU regulations, a fine of up to 10 % of consolidated sales in the fiscal year before the decision to impose the fine can be imposed for violations of antitrust law. Fines and penalties imposed by the US authorities may amount to up to 20 % of the sales in the US affected by the cartel agreements. In addition, third parties who suffer loss as a result of violations of antitrust law can claim damages both in Europe and the USA.

The investigations HELLA has itself conducted with the assistance of external law firms revealed a number of incidents that constitute anti-competitive behaviour in accordance with existing practice of the European Commission. With regard to the EU proceedings, however, the fact that these are at an early stage, and in particular the fact that the records could not be inspected to date, means that it is currently impossible to judge how the European Commission will assess the scope and gravity of possible violations. There were no changes in the US proceedings in the past fiscal year. Consequently, it is at the moment not possible to put a reliable figure on the possible financial charges in connection with the proceedings in Europe and the USA. No provisions have therefore been set aside.

44 Disclosures on leases

HELLA KGaA regularly acts as lessee. This concerns both operating and finance leases.

Operating leases as lessee

The expenses under operating leases recognised in profit or loss amounted to € 21,905 thousand in the fiscal year (prior year: € 21,701 thousand). Some lease contracts include extension options. HELLA's liability from operating leases largely relates to leases for passenger vehicles, office equipment, and smaller machinery.

Distribution of the present values of minimum lease payments:

€ thousand	**31 May 2015**	31 May 2014
Up to 1 year	**16,863**	12,511
Between 1 and 5 years	**33,546**	25,312
More than 5 years	**8,095**	8,877
Total	**58,504**	**46,700**

Liabilities arising from finance leases in a capacity as lessee
The leased items contained in the statement of financial position in the context of finance leases largely relate to development services and machine leasing. The lease terms generally range from three to six years. Some leases contain extension or purchase options.

Distribution of minimum lease payments (not discounted):

€ thousand	31 May 2015	31 May 2014
Up to 1 year	3,069	4,655
Between 1 and 5 years	701	3,488
More than 5 years	0	0
Future financing costs under finance leases	–2	–11
Total	3,768	8,132

Distribution of the present values of minimum lease payments:

€ thousand	31 May 2015	31 May 2014
Up to 1 year	3,068	4,646
Between 1 and 5 years	700	3,486
More than 5 years	0	0
Total	3,768	8,132

In the Aftermarket segment, HELLA concludes finance lease agreements with garages for its portfolio of diagnostic testing equipment, garage equipment and A/C servicing equipment. These agreements generally have 5-year terms. All lease agreements are concluded in euros and relate exclusively to the German market.

Distribution of minimum lease payments (not discounted):

€ thousand	31 May 2015	31 May 2014
Up to 1 year	12,817	10,756
Between 1 and 5 years	27,246	26,295
More than 5 years	0	0
Future financing costs under finance leases	–4,356	–4,410
Total	35,707	32,641

Distribution of the present values of minimum lease payments:

€ thousand	31 May 2015	31 May 2014
Up to 1 year	10,963	9,098
Between 1 and 5 years	24,744	23,543
More than 5 years	0	0
Total	35,707	32,641

Impairments for unrecoverable receivables amounted to € 179 thousand (prior year: € 112 thousand) as at 31 May 2015.

45 Events after the reporting date

HELLA recently entered into negotiations for the acquisition of the remaining shares of INTER-TEAM Sp. z o.o. to strengthen its wholesale business in Eastern Europe and Poland, in particular. Pending approval by anti-trust authorities, HELLA will acquire 50 % of the shares for a purchase price of zł 137,000 thousand (roughly equivalent to € 30,000 thousand). The company is already fully consolidated and the acquisition of shares will result not only in cash flows but also a reclassification in equity. The € 550,000 thousand syndicated loan taken out as at 31 May 2015 was redeemed prematurely on 16 June 2015 by a new syndicated loan due to expire in May 2020. The line was reduced to € 450,000 thousand due to the high availability of funds.

46 Audit fees

The total fee for the services of the auditor KPMG AG Wirtschaftsprüfungsgesellschaft invoiced for the 2014/2015 fiscal year amounts to € 931 thousand (prior year: € 926 thousand) and includes the fees and expenses for the audit. An additional € 258 thousand (prior year: € 52 thousand) for other audit services, € 287 thousand (prior year: € 177 thousand) for tax consulting services and € 7 thousand (prior year: € 68 thousand) for other services were recognised as expenses.

Lippstadt, 24 July 2015

The Managing Partners of HELLA KGaA Hueck & Co.

Dr. Jürgen Behrend

HELLA Geschäftsführungsgesellschaft mbH

Dr. Rolf Breidenbach (Chair)

Carsten Albrecht

Markus Bannert

Jörg Buchheim

Dr. Wolfgang Ollig

Stefan Osterhage

Dr. Matthias Schöllmann

Scope of consolidation for the 2014/2015 fiscal year

Affiliated companies included in the consolidated financial statements:

No.	Company	Country	City	Investment in %	Investment in
1	HELLA KGaA Hueck & Co.	Germany	Lippstadt	100.0	
2	HELLA Innenleuchten-Systeme GmbH[1]	Germany	Wembach	100.0	1
3	HELLA Innenleuchten-Systeme Bratislava, s.r.o.	Slovakia	Bratislava	100.0	2
4	HELLA Fahrzeugkomponenten GmbH[1]	Germany	Bremen	100.0	1
5	HFK Liegenschaftsgesellschaft mbH	Germany	Bremen	100.0	4
6	HELLA Electronics Engineering GmbH[1]	Germany	Regensburg	100.0	1
7	HELLA Aglaia Mobile Vision GmbH[1]	Germany	Berlin	100.0	1
8	HELLA Leuchten-Systeme GmbH[1]	Germany	Lippstadt	100.0	1
9	HELLA Distribution GmbH[1]	Germany	Erwitte	100.0	1
10	RP Finanz GmbH	Germany	Lippstadt	100.0	1
11	HELLA Finance Nederland	The Netherlands	Nieuwegein	100.0	10
12	Docter Optics SE[1]	Germany	Neustadt an der Orla	95.8	1
13	Docter Optics Inc.	USA	Gilbert, AZ	100.0	12
14	Docter Optics Components GmbH	Germany	Neustadt an der Orla	100.0	12
15	Docter Optics s.r.o.	Czech Republic	Skalice u Ceské Lípy	100.0	12
16	HORTUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Neustadt/Orla KG	Germany	Düsseldorf	94.0	12
17	HELLA Saturnus Slovenija d.o.o.	Slovenia	Ljubljana	100.0	1
18	HELLA Werkzeug Technologiezentrum GmbH[1]	Germany	Lippstadt	100.0	1
19	HELLA Corporate Center GmbH[1]	Germany	Lippstadt	100.0	1
20	HELLA Gutmann Holding GmbH[1]	Germany	Ihringen	100.0	1
21	HELLA Gutmann Solutions GmbH	Germany	Ihringen	100.0	20
22	HELLA Gutmann Anlagenvermietung GmbH	Germany	Breisach	100.0	20
23	HELLA Gutmann Solutions International AG	Switzerland	Hergiswil	100.0	20
24	HELLA Gutmann Solutions A/S	Denmark	Viborg	100.0	20
25	HELLA Gutmann Solutions AS	Norway	Porsgrunn	100.0	24
26	HGS-LITO Kft.	Hungary	Budapest	74.0	20
27	HELLA Nussbaum Solutions GmbH	Germany	Kehl	100.0	20
28	HELLA OOO	Russia	Moscow	100.0	1
29	avitea GmbH work and more	Germany	Lippstadt	100.0	1
30	HELLA Geschäftsführungsgesellschaft mbH	Germany	Lippstadt	100.0	1
31	HELLA Holding International GmbH[1]	Germany	Lippstadt	100.0	1
32	HELLA Shanghai Electronics Co., Ltd.	China	Shanghai	100.0	31
33	HELLA (Xiamen) Electronic Device Co., Ltd	China	Xiamen	100.0	32
34	Jiaxing HELLA Lighting Co., Ltd.	China	Jiaxing	100.0	32
35	HELLA Changchun Tooling Co., Ltd.	China	Changchun	100.0	31
36	HELLA Corporate Center (China) Co., Ltd.	China	Shanghai	100.0	31
37	HELLA Vietnam Company Limited	Vietnam	Ho Chi Minh City	100.0	36
38	Changchun HELLA Automotive Lighting Ltd.	China	Changchun	100.0	31

1 The company exercises the exemption pursuant to Section 264 (3) of the German Commercial Code (HGB).

No.	Company	Country	City	Investment in %	in
39	Beifang HELLA Automotive Lighting Ltd.	China	Beijing	100.0	31
40	HELLA (Xiamen) Automotive Electronics Co. Ltd.	China	Xiamen	100.0	31
41	HELLA Asia Pacific Pty Ltd.	Australia	Mentone	100.0	31
42	HELLA Australia Pty Ltd.	Australia	Mentone	100.0	41
43	HELLA-New Zealand Limited	New Zealand	Auckland	100.0	41
44	Hella-Phil., Inc.	Philippines	Dasmariñas	90.0	41
45	HELLA Asia Pacific Holdings Pty Ltd.	Australia	Mentone	100.0	41
46	HELLA Korea Inc.	South Korea	Seoul	100.0	45
47	HELLA India Automotive Private Limited	India	Gurgaon	100.0	45
48	HELLA UK Holdings Limited	Great Britain	Banbury	100.0	31
49	HELLA Limited	Great Britain	Banbury	100.0	48
50	HELLA Ireland Limited	Ireland	Dublin	100.0	49
51	HELLA Corporate Center USA, Inc.	USA	Plymouth, MI	100.0	31
52	HELLA Electronics Corporation	USA	Plymouth, MI	100.0	51
53	HELLA Inc.	USA	Peachtree City, GA	100.0	51
54	Hella Mining LLC	USA	Elko, NV	60.0	53
55	HELLA España Holdings S. L.	Spain	Madrid	100.0	31
56	Manufacturas y Accesorios Electricos S.A.	Spain	Madrid	100.0	55
57	HELLA S.A.	Spain	Madrid	100.0	55
58	HELLA Handel Austria GmbH	Austria	Vienna	100.0	31
59	HELLA Fahrzeugteile Austria GmbH	Austria	Großpetersdorf	100.0	58
60	HELLA S.A.S.	France	Le Blanc Mesnil-Cedex	100.0	31
61	HELLA Engineering France S.A.S.	France	Toulouse	100.0	60
62	HELLA Benelux B.V.	The Netherlands	Nieuwegein	100.0	31
63	HELLA S.p.A.	Italy	Caleppio di Settala	100.0	31
64	Nordic Forum Holding A/S	Denmark	Odense	100.0	31
65	INTER-TEAM Sp. z o.o.	Poland	Warsaw	50.0	64
66	FTZ Autodele & Værktøj A/S	Denmark	Odense	79.0	64
67	P/f FTZ Faroerne	Faroe Islands	Tórshavn	70.0	66
68	HELLAnor A/S	Norway	Skytta	100.0	64
69	Automester A/S	Norway	Skytta	100.0	68
70	AS Auto Materiell Bygg	Norway	Sandvika	100.0	68
71	UCANDO GmbH	Germany	Berlin	100.0	64
72	UCANDO Sp. z o.o.	Poland	Warsaw	100.0	71
73	HELLA Lighting Finland Oy	Finland	Salo	100.0	31
74	HELLA Autotechnik Nova s.r.o.	Czech Republic	Mohelnice	100.0	31
75	HELLA CZ. s.r.o.	Czech Republic	Zruc nad Sazavou	100.0	31
76	HELLA Hungária Kft.	Hungary	Budapest	100.0	31
77	HELLA Polska Sp. z o.o.	Poland	Warsaw	100.0	31
78	Intermobil Otomotiv Mümessillik Ve Ticaret A.S.	Turkey	Istanbul	56.0	31
79	HELLA Centro Corporativo Mexico S.A. de C.V.	Mexico	Tlalnepantla	100.0	31
80	HELLA Automotive Mexico S.A. de C.V.	Mexico	Tlalnepantla	100.0	79
81	Grupo Administracion Tecnica S.A. de C.V.	Mexico	Tlalnepantla	100.0	79
82	Petosa S.A. de C.V.	Mexico	Tlalnepantla	100.0	79
83	HELLAmex S.A. de C.V.	Mexico	Naucalpan	100.0	79

No.	Company	Country	City	Investment in %	in
84	Sistemas Iluminacion S.A. de C.V.	Mexico	Tlalnepantla	100.0	31
85	HELLA A/S	Denmark	Aabenraa	100.0	31
86	Hella India Lighting Ltd.	India	New Delhi	81.9	31
87	HELLA Asia Singapore Pte. Ltd.	Singapore	Singapore	100.0	31
88	HELLA Trading (Shanghai) Co., Ltd.	China	Shanghai	100.0	87
89	HELLA Auto Service Center Ltd.	China	Shanghai	100.0	88
90	Changchun Hella Shouxin LED Lighting Co. Ltd.	China	Changchun	51.0	87
91	HELLA Slovakia Holding s.r.o.	Slovakia	Kocovce	100.0	31
92	HELLA Slovakia Signal-Lighting s.r.o.	Slovakia	Bánovce nad Bebravou	100.0	91
93	HELLA Slovakia Front-Lighting s.r.o.	Slovakia	Kocovce	100.0	91
94	HELLA Romania s.r.l.	Romania	Ghiroda-Timisoara	100.0	31
95	HELLA do Brazil Automotive Ltda.	Brazil	São Paolo	100.0	31
96	HELLA Automotive South Africa Pty. Ltd. Ltd.	South Africa	Uitenhage	100.0	31
97	HELLA Middle East FZE	United Arab Emirates	Dubai	100.0	31
98	HELLA Induperm A/S	Denmark	Nykobing	100.0	31
99	Hella-Bekto Industries d.o.o.	Bosnia and Herzegovina	Gorazde	70.0	31
100	HELLA China Holding Co., Ltd.	China	Shanghai	100.0	31
101	HELLA (Thailand) Ltd.	Thailand	Bangkok	100.0	31

Associates:

No.	Company	Country	City	Investment in %	in
102	Behr-Hella Thermocontrol GmbH	Germany	Lippstadt	50.0	1
103	Behr-Hella Thermocontrol (Shanghai) Co., Ltd.	China	Shanghai	100.0	102
104	Behr-Hella Thermocontrol Inc.	USA	Wixom, MI	100.0	102
105	Behr-Hella Thermocontrol India Private Limited	India	Pune	100.0	102
106	Behr-Hella Thermocontrol Japan K.K.	Japan	Tokyo	100.0	102
107	Behr-Hella Thermocontrol EOOD	Bulgaria	Sofia	100.0	102
108	BHTC Mexico S.A. de C.V.	Mexico	Queretaro	100.0	102
109	BHTC Servicios S.A. de C.V.	Mexico	San Miguel de Allende	100.0	108
110	Behr-Hella Service GmbH	Germany	Schwäbisch Hall	50.0	1
111	Behr Hella Service South Africa Pty Ltd.	South Africa	Johannesburg	100.0	110
112	Behr Hella Comércio de Peças Automotivas S.A.	Brazil	Arujá	100.0	110
113	Behr Service IAM USA Inc.	USA	Troy, MI	100.0	110
114	Behr Hella Service North America, LLC	USA	Peachtree City, GA	100.0	110

No.	Company	Country	City	Investment in %	Investment in
115	Beijing SamLip Automotive Lighting Ltd.	China	Beijing	24.5	45
116	Beijing Haohua Special Lighting Ltd.	China	Beijing	49.0	115
117	HSL Electronics Corporation	South Korea	Daegu	50.0	45
118	Mando Hella Electronics Corp.	South Korea	Incheon	50.0	31
119	Mando-Hella Electronics (Suzhou) Co. Ltd	China	Suzhou	100.0	118
120	Merca Trading Oy Ab	Finland	Espoo	50.0	66
121	OOO Orum Merca	Russia	St. Petersburg	100.0	120
122	Hella Behr IT Services GmbH	Germany	Lippstadt	50.0	1
123	Asia Aftermarket Holding GmbH	Germany	Poing	50.0	31
124	HBPO Beteiligungsgesellschaft mbH	Germany	Lippstadt	33.3	1
125	HBPO GmbH	Germany	Lippstadt	100.0	124
126	HBPO Germany GmbH	Germany	Meerane	100.0	125
127	HBPO Slovakia s.r.o.	Slovakia	Lozorno	100.0	125
128	HBPO Automotive Spain S.L.	Spain	Arazuri	100.0	125
129	HBPO Mexico S.A. de C.V.	Mexico	Cuautlancingo	100.0	125
130	HBPO Czech s.r.o.	Czech Republic	Mnichovo Hradiste	100.0	125
131	HBPO North America Inc.	USA	Troy, MI	100.0	125
132	HBPO UK Limited	Great Britain	Banbury	100.0	125
133	HBPO Canada Inc.	Canada	Windsor	100.0	125
134	HBPO Korea Ltd.	South Korea	Busan	100.0	125
135	HBPO Rastatt GmbH	Germany	Rastatt	100.0	125
136	HBPO Ingolstadt GmbH	Germany	Ingolstadt	100.0	125
137	HBPO China Ltd.	China	Shanghai	100.0	125
138	HBPO Manufacturing Hungary Kft	Hungary	Kecskemét	100.0	125
139	SHB Automotive Module Company Ltd.	South Korea	Gyeongbuk	50.0	125
140	HBPO Automotive Hungaria Kft.	Hungary	Györ	100.0	125
141	HBPO Regensburg GmbH	Germany	Regensburg	100.0	125
142	HBPO Pyeongtaek Ltd.	South Korea	Pyeongtaek	100.0	125
143	HBPO Beijing Ltd.	China	Beijing	100.0	125
144	HBPO Asia Ltd.	South Korea	Seoul	100.0	125
145	HBPO Japan K.K.	Japan	Tokyo	100.0	125
146	ARTEC Advanced Reman Technology	Germany	Illingen	50.0	1
147	MD Hungaria Kereskedelmi	Hungary	Hernad	100.0	146
148	Changchun Hella Faway Automotive Lighting Co., Ltd.	China	Changchun	49.0	32
149	Chengdu Hella Faway Automotive Lighting Co., Ltd.	China	Chengdu	100.0	148
150	InnoSenT GmbH	Germany	Donnersdorf	50.0	1
151	Hella Pagid GmbH	Germany	Essen	50.0	1
152	Beijing Hella BHAP Automotive Lighting Co., Ltd.	China	Beijing	50.0	100
153	Hella BHAP (Sanhe) Automotive Lighting Co., Ltd.	China	Sanhe	100.0	152

The companies listed below were not consolidated as they are of minor significance for the Group's net assets, financial position and results of operations. For this reason, the other disclosures under Section 313 (2) (4) HGB could also be omitted. The Group's shares in these companies were recognised at amortised cost.

Companies not included in the consolidated financial statements:

No.	Company	Country	City	Investment in %	in
154	hvs Verpflegungssysteme GmbH	Germany	Lippstadt	100.0	1
155	Electra Hella's S.A.	Greece	Athens	73.0	31
156	HELLA Brazil Holdings Ltda	Brazil	São Paolo	100.0	31
157	HELLA Japan Inc.	Japan	Tokyo	100.0	31
158	AutoMester Danmark ApS	Denmark	Odense	100.0	66
159	Din Bilpartner Aps	Denmark	Odense	100.0	66
160	CMD Industries Pty Ltd.	Australia	Mentone	100.0	45
161	Tec-Tool S.A. de C.V.	Mexico	El Salto, Jalisco	100.0	79
162	HELLA Property Investments Limited	Great Britain	Banbury	100.0	48
163	Astra-Phil., Inc.	Philippines	Manila	30.0	41
164	Hella-Stanley Holding Pty Ltd.	Australia	Mentone	50.0	1
165	H+S Invest GmbH & Co. KG	Germany	Pirmasens	50.0	1
166	FWB Kunststofftechnik GmbH	Germany	Pirmasens	20.1	165
167	H+S Verwaltungs GmbH	Germany	Pirmasens	50.0	1
168	INTEDIS GmbH & Co. KG	Germany	Würzburg	50.0	1
169	Intedis Inc.	USA	Plymouth, MI	100.0	166
170	INTEDIS Verwaltungs-GmbH	Germany	Würzburg	50.0	1
171	SL – Hella Slovakia s.r.o.	Slovakia	Nové Mesto	49.0	91

Since no significant influence is exercised over the following companies, they were treated as investments.

Investments:

No.	Company	Country	City	Investment in %	in
172	PARTSLIFE GmbH	Germany	Neu-Isenburg	9.7	1
173	TecAlliance GmbH	Germany	Ismaning	7.0	1
174	EMC Test NRW GmbH electromagnetic compatibility	Germany	Dortmund	11.6	1
175	CarTec Technologie- und EntwicklungsCentrum Lippstadt GmbH	Germany	Lippstadt	16.7	
176	KFE Kompetenzzentrum Fahrzeug Elektronik GmbH	Germany	Lippstadt	12.0	1

Auditor's report

"We have audited the consolidated financial statements prepared by HELLA KGaA Hueck & Co., Lippstadt, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated cash flow statement, the consolidated statement of changes in shareholders' equity and the notes to the consolidated financial statement together with the Group management report for the fiscal year from 1 June 2014 to 31 May 2015. The preparation of the consolidated financial statements and the Group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) Handelsgesetzbuch (HGB – German Commercial Code) are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report on the basis of our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW – Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group, and expectations as to possible misstatements, are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on the basis of spot checks within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in the scope of consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Bielefeld, 11 August 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Andrejewski	Hunke
Auditor	Auditor

Responsibility statement

on the consolidated financial statements, annual financial statements, Group management report and management report of HELLA KGaA Hueck & Co. dated 31 May 2015.

To the best of our knowledge, the consolidated financial statements and annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and the Company in accordance with applicable accounting principles, and the Group management report and management report include a fair review of the development and performance of the business and the position of both the Group and the Company, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Lippstadt, 24 July 2015

Dr. Jürgen Behrend
(Managing General Partner of HELLA KGaA Hueck & Co.)

Dr. Rolf Breidenbach
(CEO of
HELLA Geschäftsführungsgesellschaft mbH)

Carsten Albrecht
(Managing Director of
HELLA Geschäftsführungsgesellschaft mbH)

Markus Bannert
(Managing Director of
HELLA Geschäftsführungsgesellschaft mbH)

Jörg Buchheim
(Managing Director of
HELLA Geschäftsführungsgesellschaft mbH)

Dr. Wolfgang Ollig
(Managing Director of
HELLA Geschäftsführungsgesellschaft mbH)

Stefan Osterhage
(Managing Director of
HELLA Geschäftsführungsgesellschaft mbH)

Dr. Matthias Schöllmann
(Managing Director of
HELLA Geschäftsführungsgesellschaft mbH)

Bodies of HELLA KGaA Hueck & Co.

Supervisory Board of HELLA KGaA Hueck & Co.

Prof. Dr. Michael Hoffmann-Becking
Attorney-at-law,
Chairman of the Supervisory Board

Alfons Eilers
Trade union secretary,
first deputy chairman

Dipl.-Ing. Werner Lenke
Engineer,
second deputy chairman
until 26 September 2014

Heidrun Altstädt
MBA,
from 1 August 2014 to 26 September 2014

Laura Behrend
Student,
since 26 September 2014

Paul Berger
Member of the works council

Michaela Bittner
Senior executive

Heinrich Georg Bölter
Member of the works council

Dr. Heinz-Günther Focken
Engineer,
until 26 September 2014

Reinhold Franze
Tool mechanic,
from 1 June 2014 to 26 September 2014

Manuel Frenzel
Student,
since 26 September 2014

Eugenie Friesenhausen
Housewife,
until 26 September 2014

Elisabeth Fries
Housewife

Heinz Hemmis
Member of the works council,
until 31 July 2014

Stephanie Hueck
Entrepreneur,
since 26 September 2014

Susanna Hülsbömer
Member of the works council

Klaus Kühn
Former member of the Management Board
of Bayer AG, Leverkusen,
since 26 September 2014

Manfred Menningen
Trade union secretary

Manuel Rodriguez Cameselle
Member of the works council,
since 26 September 2014

Dr. Matthias Röpke
Engineer,
until 26 September 2014

Marco Schweizer
Master mechanic,
since 26 September 2014

Hans Sudkamp
Managing Director,
until 26 September 2014

Dr. Konstanze Thämer
Doctor,
since 26 September 2014

Christoph Thomas
Architect,
since 26 September 2014

Dipl.-Ing. Dipl.-Wirtsch.-Ing. Konstantin Thomas
Entrepreneur,
until 26 September 2014

Shareholders' Committee

Manfred Wennemer
Formerly CEO of Continental AG,
Chairman of the Shareholders' Committee

Roland Hammerstein
Attorney-at-law,
deputy chairman

Dr. Jürgen Behrend
Entrepreneur,
until 26 September 2014

Moritz Friesenhausen
Business consultant,
since 26 September 2014

Dr.-Ing. Gerd Kleinert
Formerly CEO of
Kolbenschmidt Pierburg AG

Klaus Kühn
Former member of the Management Board
of Bayer AG, Leverkusen

Dr. Matthias Röpke,
Engineer

Dipl.-Ing. Dipl.-Wirtschaf.-Ing. Konstantin Thomas,
Entrepreneur

Management Board

Dr. Jürgen Behrend
Managing General Partner

HELLA Geschäftsführungsgesellschaft mbH
Personally liable partner

Dr. Rolf Breidenbach
CEO

Carsten Albrecht

Markus Bannert

Jörg Buchheim

Dr. Wolfgang Ollig

Stefan Osterhage

Dr. Matthias Schöllmann

Glossary

AFLAC
Acronym for "American Family Life Assurance Company" American insurance company specialised in health and life insurance.

Asia/Pacific/RoW
The Asia/Pacific region comprises the countries of Asia as well as Australia and New Zealand. "Rest of world" is the term used to cover all other countries outside of those regions mentioned specifically, such as the African states.

Associates
Associates are companies over which the Group exercises significant influence but no control.

At equity
Inclusion in the consolidated financial statements using the equity method with proportional equity.

Compliance
Compliance with regulations and social norms

DBO (defined benefit obligation)
Value of obligations arising from the company pension scheme

EBIT (earnings before interest and taxes)
Earnings before interest payments and income taxes

EBIT margin
Return on sales (ratio of EBIT to sales)

EBITDA (earnings before interest, taxes, depreciation and amortisation)
Earnings before depreciation, amortisation, interest and income taxes

EBITDA margin
Ratio of EBITDA to sales

EBT (earnings before taxes)
Profit before income taxes

Return on equity
The return on equity is a ratio calculated by dividing net income by shareholders' equity.

Rest of Europe
This region comprises all countries in Europe including Turkey and Russia but excluding Germany.

R&D
Research and development

Joint ventures
Joint ventures are joint arrangements in which HELLA exercises joint control together with other partners and also has rights to the arrangement's equity.

IFRS (International Financial Reporting Standards)
International accounting rules for company financial statements to guarantee international comparability of annual and consolidated financial statements

KGaA
Acronym for “Kommanditgesellschaft auf Aktien”, a partnership limited by shares. The KGaA combines the elements of a stock corporation with those of a limited partnership.

NAFTA
Acronym for “North American Free Trade Agreement”. The North American Free Trade Agreement is a trade association between Canada, the USA and Mexico, and forms a free trade zone in North America.

Net capital expenditures
Payments made to acquire property, plant and equipment and intangible assets less cash proceeds from the sale of property, plant and equipment and intangible assets as well as payments received for series production.

Net debt
Net debt as the balance of cash and cash equivalents and current financial assets and current and non-current financial liabilities.

North and South America
This region comprises all countries of North and South America.

Operating cash flow
Cash generated from operating activities after capital expenditure, excluding company acquisitions and restructuring measures

Rating
In terms of financial accounting, the rating is a method for classifying creditworthiness. This rating is issued by independent rating agencies on the basis of a company analysis.

RoIC (return on invested capital)
The ratio of operating income before financing costs and after taxes (return) to invested capital. After the reclassification of income from securities and net other finance income / expense, the adjusted figure for May 2014 is 15.8 % (initially reported as 15.6 %).

Segment sales
Sales with third-party companies and other business segments

Segment sales of the business division
Sales with third-party companies, other business segments and other business divisions of the same business segment

SOE, Special OE (Special Original Equipment)
Designation of “Special Original Equipment” at HELLA. In this division HELLA systematically taps new customer target groups outside the automotive original equipment market, such as manufacturers of caravans / motorhomes, agricultural machinery and construction machinery as well as municipalities.

Tier-1 supplier
First-level supplier

Imprint

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www.hella.com

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Both versions are available for downloading
from www.hella.com/annualreport (English) and
www.hella.de/geschaeftsbericht (German).

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Global Presence

Employees and Locations

EUROPE

Country	Sales	Production	Development
Austria	●	●	●
Belgium	●		
Bosnia-Herzegowina	●	●	
Czech Republic	●	●	●
Denmark	●	●	●
Finland	●	●	●
France	●		●
Germany	●	●	●
Greece	●		
Hungary	●		
Ireland	●		
Italy	●		
Norway	●		
Poland	●		
Portugal	●		
Romania	●	●	●
Russia	●		
Slovakia		●	●
Slovenia		●	●
Spain	●	●	
Switzerland	●		
The Netherlands	●		
Turkey	●		
UK	●		

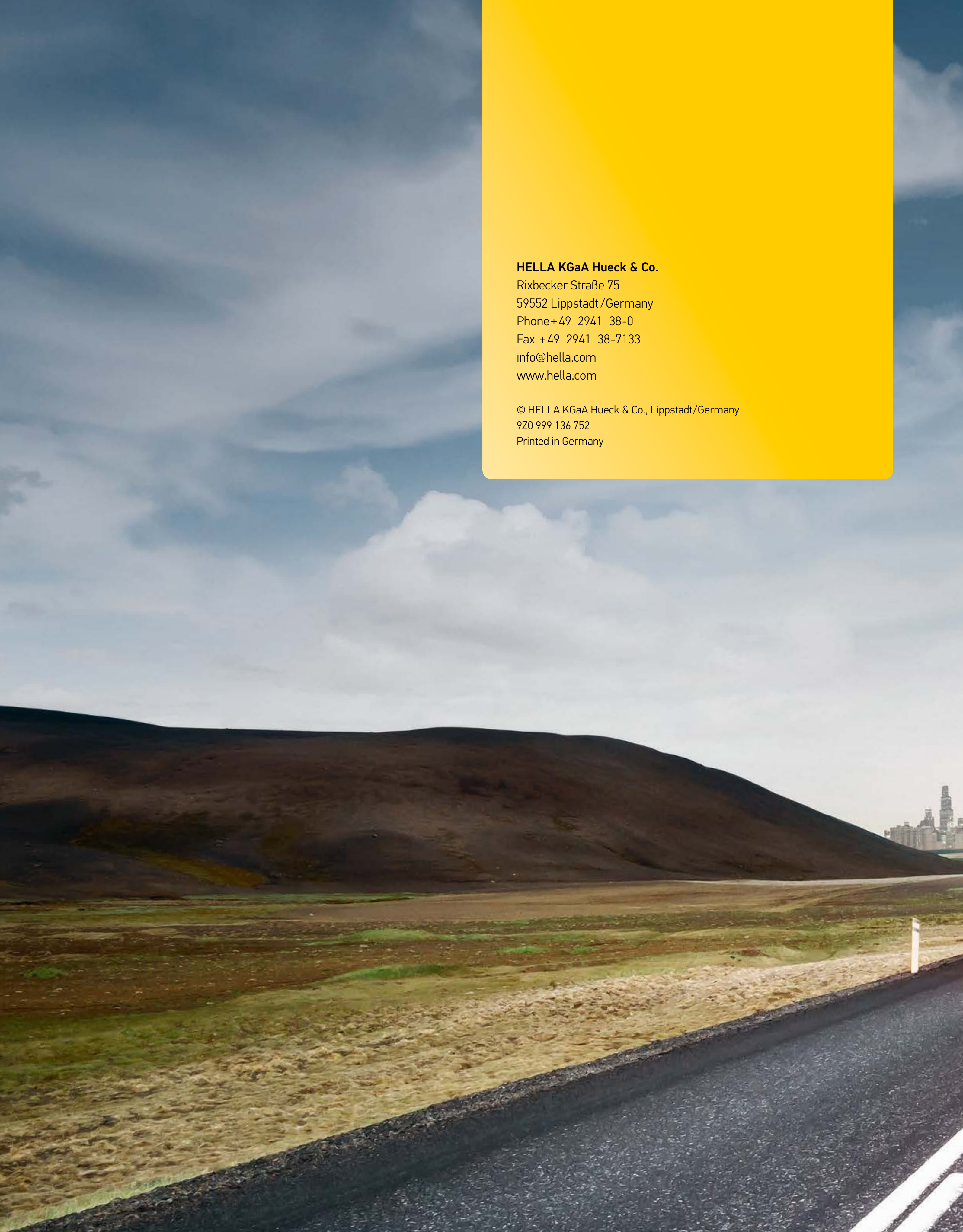
NORTH AND SOUTH AMERICA

Country	Sales	Production	Development
Brazil	●	●	
Mexico	●	●	●
USA	●	●	●

ASIA, PACIFIC, ROW

Country	Sales	Production	Development
Australia	●	●	
China	●	●	●
Dubai	●		
India	●	●	●
Japan	●		●
New Zealand	●	●	●
Singapore	●		
South Africa	●		
South Korea	●	●	●
Thailand	●		
The Philippines	●	●	
Vietnam			●

LEGEND Sales Production Development



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