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COMPANY EDITED TRANSCRIPT

Operator: Ladies and gentlemen, thank you for standing by, and welcome to the HELLA Investors Update. (Operator Instructions) I also must advise you that this conference is being recorded today. And I would now like to hand the conference over to your first speaker today, Dr. Rolf Breidenbach, CEO. Thank you. Please go ahead, sir.

Rolf Breidenbach: Yes. Thank you very much, and dear ladies and gentlemen, good morning to all of you. This is Rolf Breidenbach speaking. And as always, thank you very much for dialing in. Welcome to our extraordinary investor call today. Also, of course, very warm welcome on behalf of my colleague and our CFO, Mr. Schäferbarthold, who is joining me in this call. Yes, our fiscal year 2019/2020 ends in 3 days, and behind us lies the most challenging quarter since the financial crisis around 12 years ago. The global COVID-19 pandemic has changed a lot in the recent months. Demand, production volumes, supply chains and employment in the global automotive industry have been massively impacted by this pandemic. In some countries, the vehicle production has fallen by more than 90%, 9-0. Against this background, we were also forced to shut down our plants in Europe and in the Americas for a certain period in the fourth quarter. Fortunately, the market in China has recovered somewhat, although it remained below the pre-crisis level. Nevertheless, we were able to ramp up our plants in China step by step

in the last quarter and are currently using them at a rate of around 60% to 70%.

As a result of the pandemic, HELLA is faced with a decline in turnover of around 50% in the fourth quarter compared to the same quarter of the previous year. March was, I would say, still okay, but April and May were really dramatically low with regard to the turnover.

We, of course, reacted immediately to this decline in revenues by introducing maximum cost-cutting measures beyond our already existing cost-control program in order to reduce personnel and material costs as well as capital expenditures as much as possible. Currently, we are only continuing customer-related projects. Everything else has been stopped so far as possible. This enabled us to achieve a total cost flexibility of, let's say, around 75%, which from my perspective is not bad.

Despite the countermeasures we implemented, we were not able to fully compensate, of course, the massive market slump. As expected, we, therefore, will have a negative result for the fourth quarter.

For the full fiscal year 2019/2020, which ends at the end of May, we now expect on the basis of the current information and circumstances, group sales in the range of around EUR 5.7 billion to EUR 5.8 billion and an adjusted EBIT margin of around 4%.

We are currently in the process of slowly ramping up our European plants again. In Mexico and the U.S., we are also preparing for the ramp-up. However, there is still a lot of uncertainty and volatility in the market. Unlike China, we do not expect a rapid market recovery in Europe and in the Americas in short- to midterm. Rather, we expect the economic environment to continue to be impaired by the COVID-19 pandemic and the associated measures and effects in the upcoming years. For this reason, we expect that, in total, the global vehicle production will remain significantly below our planning assumptions as well as a general market expectation made prior to the corona crisis in the medium to long term.

To make this more explicit, in 2019, when we set up our strategy for the next 5 years, the market research institute, IHS, forecasted a global lighting vehicle production of 100 million vehicles in the year 2022 and 106 million vehicles in the year 2025.

If we look at the latest IHS update for May, we see that the market forecast was already reduced by 16% for the year 2022 and by 12% for the year 2025. From our point of view, this is rather a best-case scenario.

In the view of the considerably reduced market volume due to the COVID-19 pandemic and the assumption that the global light vehicle production market will also, in medium and long term, remain significantly below our planning assumption, it has become necessary for us to incorporate noncash impairments of around EUR 500 million in the fourth quarter. These impairments are mainly due to the lower capacity utilization of our plants in the Automotive segment and are primarily related to the assets in Europe and NAFTA. The impairments will affect certain financial performance indicators such as the reported EBIT, the group net income attributable to the shareholders and the equity ratio but will have no impact to the adjusted EBIT margin.

Taking these impairments into account, we, therefore, expect net loss for the HELLA Group for the current fiscal year 2019/2020. Against this background and in view of the negative market expectation, the Management Board of HELLA decided to propose to the Annual General Meeting on September 25 to suspend the dividend payment for the fiscal year 2019/2020 despite the company's good liquidity position.

Despite all market turbulences, one aspect is very important, HELLA's mid- and long-term strategy has not changed. Our order book in the fiscal year '19/'20 is very strong. We have never acquired more business than in this fiscal year. With our global position, our balanced customer portfolio and our technological strength, for example, with respect to energy management, sensors or other electronic components, software solutions, lighting technologies and design, we are still very well positioned, as presented to you also in our Capital Markets Day in mid of February. However, we will use the upcoming months to further sharpen our focus and to work consistently on measures to adapt our cost base and structures to the reduced market volume in a sustainable manner.

Having said this, allow me now to hand over to my colleague, our CFO, Mr. Schäferbarthold, who will give you more details about the current situation of our company.

Bernard Schäferbarthold: Thank you, Mr. Breidenbach. I would only add some comments to what Mr. Breidenbach already has stated. If you look in our short presentation on Page 4, you can see how the market has developed within our fiscal year 2019/2020. Still at the end of the third quarter, we were in line with how we have assumed the market volumes when we started into the year, so with a decline of around minus 6%. And then, after that, the sharp decline has happened with the impact of COVID-19, and the mentioned shutdowns of our plants. This led to a situation that in March with the start in the last 2 weeks of March, we had a decline in sales of around 24%. And in April, we have seen reductions in volumes of around 2/3 compared to the prior year. The same we expect more or less in May for Europe and, especially, for NAFTA. Positively, as said, China is ramping up so that the decline in sales would be somehow lower in May but still massively compared to last year. In total, this leads then to group sales of EUR 5.7 billion to EUR 5.8 billion, as we said, for the full year, a very significant negative result, which we will then have due to the low sales volume within Q4 but which leads us still to an EBIT margin and adjusted EBIT margin of around 4%.

Positively, I have to say that the cost reductions we have been able to realize in these 3 months were very significant with around 75% of flexibilization, and I think we have reached the maximum possible.

Going to Page 5, I would add some comments also to the needed impairments. Technically, within the year-end closing, we have to follow the requirements of IFRS 36, where basically the rules and needs of impairments are clearly specified. We have, at least, from our perspective a so-called external trigger event with the COVID-19 crisis. With that, we have to do impairment tests on all our assets globally. This, we have done. Basically, the need of the impairments we have now calculated and stated within our ad-hoc yesterday is related to reduced volumes because of the lower expected market levels, mid and long term. Basically, this, we are showing on Page 5 how IHS is now looking. That is the red line in our charts, mid and long term, the market volumes. And you can see in the lines above how these market expectations have been now reduced within the last 24 months. We, as HELLA, still expect that these volumes would most probably be lower than the IHS perspective.

You see also below the expectations of some market studies, where we believe that in this range - in this lower range of some market studies and the IHS, most probably, the truth will be in the upcoming years.

With that, we have to assume that there is a risk that mid and long term, in comparison to our previous year plans, volumes will be -and with that, sales will be significantly lower. And this risk, we now take into our books.

In the annex of our presentation, we have shown the split of the impairments regionally and also in the different segments. Mostly, the impairments are done in automotive. Overall, we have looked at assets of EUR 2.5 billion. Most assets we have tested are related to tangible assets. We have around 15% intangible assets. Partially, also, intangible assets have been impaired. But as said, most are related to tangible assets.

Last comment to our cash situation. We are happy to say that we have been able to secure another backup line for the next 2 plus 1 optional year of around EUR 500 million. This gives us even more, I would say, stability if it comes to our liquidity situation within our group. The maturity profile looks also very strong, if we look when the next bond is needed to refinance.

On the free cash flow on the fourth quarter, we can comment that it will be negative, but not as much as our result was impacted by the reduction of sales. We have been able to reduce our working capital significantly in the last 2 to 3 months with the stopping of material flows and, especially, the collections of our receivables. So that has positively impacted our free cash flow as well as also CapEx reductions we have done immediately and where we have stopped our activities, as said.

We're expecting, certainly, with the start into our new fiscal year and the first quarter, somehow a normalization of our working capital. The ramp-up in Europe and NAFTA will lead to then an increase in working capital again, so that we then expect some burdens in the first months of our fiscal year, especially the first half of our fiscal year, will strongly be impacted by the ramp-ups. For the end of the year, we look positively on our free cash flow result.

Having said that, we would like to open the Q&A session.

Operator: (Operator Instructions)

And your first question comes from the line of Akshat Kacker

Akshat Kacker: Akshat from JPMorgan. Three questions from my side, please. The first one on impairment. It's been a sizable chunk of operating assets. I'm wondering if you can share some details on -- if this is related to some specific division or product segment within automotive.

The second question is on recent activity levels and capacity utilization in Europe in May. Can you talk about the ramp-up of OEMs in Europe in May, please? And how is June looking like? Also the trends in China in looking your fourth quarter, and does June look any different?

The third question is on the research and development expenses. Can you talk about the levels that you have cut this to in the fourth quarter? And when you budget for 2021, given that you would tell us that it was -- an order intake was at all-time high in FY '20, what level should we expect for FY '21, please?

Rolf Breidenbach: Yes. First, I'll start with the second question, and then, my colleague, Mr. Schäferbarthold, will answer the first and the third one. With regards to the ramp-up activities in Europe, there is not a clear pattern. So some of our customers try to ramp up, first of all, the first shift. And then, the one or the other, also the second shift, but then stopped again. Totally, their operations, went back to the first shift. So there is, from our perspective, not much on production in May, or there has not been much production in May in Europe. Our customers, from our perspectives, of course, are trying out their lines and, of course, produce vehicles. But they are, from my perspective, more in an observation mode to see whether a real market demand will occur or not. And I think the current discussions with regard to incentive programs, especially in Germany but also in other European country, or with regard to a general European program, it's, yes, currently not supportive for generating a real demand in the market because many of the end customers are waiting for such incentives.

So, yes, we see no significant production in May also in Europe. With regards to really reacting to a real demand on the market, it's more a try out and being

prepared, a slow start. And this, from our perspective, is true for, more or less, all the European car manufacturers. Of course, in general, we see -- but this is true for all the market, that a premium is a little bit stronger than the other segments.

Yes. And the perspective on June, we think June will be a little bit stronger in Europe than in May. And the same, of course, was true for May compared to April but not a level which, let's say, is even close to a level where we can talk about acceptable utilization in our customer plants as well as within the HELLA plants. So, I think after an incentive program, when everything is set, also when the end consumer, step by step, looks a little bit more positive to its personal future, then perhaps, I don't know, in July/ August, a significant market demand could come up, but not earlier. So, we expect also in June and perhaps also in July difficult months in Europe.

With regard to China, we see that China is continuing. The Chinese market is continuing following the V Shape. China went down in a very fast way, but now it's ramping up step by step. But significantly, from our perspectives, there's also a real demand in the market. And here, again, the pattern that premium is stronger than the other car segments is also true from our perspective and all our experience we made.

Yes. Just, perhaps, some remarks with regards to the market development. And of course, also in June, China will continue its recovering path, from our perspective.

Yes. Then allow me to hand over to Mr. Schäferbarthold to answer your first and your third question.

**Bernhard Schäferbarthold:** Coming to your question regarding the impairments, in general, all products groups are impacted. What I can say is that lighting is somehow more impacted because of the nature of the business. The production lines and significant parts, for example, the toolings, are especially model-based, and the possibility of reuse is somehow more limited in comparison to the electronics.

In addition, in electronics, we have, partially, the possibility to use different lines also on a broader variety of customers, and this gives us somehow more flexibilities. So lighting has a higher risk on volatility on volumes, and that is

why the impact there on the assets is more towards the lighting business. But overall, as I said, all assets are impacted.

On top, we're also looking at our joint ventures. So especially, if it comes to joint ventures we have in Germany, but also, we have looked at the joint ventures we have in Korea. There, we also see risks.

In Germany, it's purely, I would say, the same reasoning. So looking at market volumes and the expectations, especially on HBPO but also on BHTC, which are the most important joint ventures, we assume basically a very similar market impact on both joint ventures so that we, here also, look at partially impairments on the equity value we have.

The third detail is related to a goodwill impairment we are looking at. So we have no significant numbers of goodwills in our balance sheet. The highest is related to our workshop product business, where we are looking at the goodwill of EUR 38 million. Within our test and the expectation on how the transformation of workshop products will continue, we see basically also mid and long term, the business -- the risk also related to this specific goodwill, which from the acquisition many years ago where goodwill was related to basically another asset reason, we see the need here also to impair that number. So that perhaps adds additional details to our impairments.

If it comes to R&D, as Mr. Breidenbach is saying, we have, as of today, stopped all projects, which are not related to booked business. So yes, on one hand side, and this is very positive, we have won significant projects in the recent weeks and months. So that based on that, there is certainly R&D activities which are related to these businesses. But on the other hand, we also have focused really on these and reduced significantly also on different other R&D activities we were planning and doing.

So this led also to a situation that's already in -- now in the last month, we were able to reduce significantly our R&D costs, and we're also below prior year levels and these months of April and May. But overall, still, the number on the full year will be higher in comparison to last year, as you have already seen within our Q3 numbers.

For next year, we will see from that basis that we plan with a small increase as of today but, as said, focusing purely on booked business.



Operator: And we will now take our next question, and this comes from the line of Christoph Laskawi.

Christoph Laskawi: The first one is just a clarification question on your comments with regards to free cash flow into the next year. I appreciate that it's pretty tough to make a precise statement on that now anyways. But you've highlighted that H2 will be positive and better than H1. Should we read that as H1 free cash flow is negative simply because you see the working capital outflows and most likely need to ramp up CapEx a bit again? Or is it just that H2 will be better than H1 and no precision on if it will be positive or negative?

Bernhard Schäferbarthold: H1 will be negative due to, on one hand side, we expect with the ramp-ups in volumes also in the first quarter still a negative result. In the second quarter, we will see. It depends a lot of then on underlying market volumes and how then the ramp-up will continue. But the first reason for a negative free cash flow is still also a very challenging volume and then also EBIT we expect.

Second is that we still -- with the normalization of working capital, there will be working capital increase. In addition, the uncertainty about the volumes will lead also to inefficiencies or the high volatility in inventories which will continue. So that's the second.

And on top, as you said, CapEx will be, I would say, continuously more or less -- partially, for sure, we have tried to push out. But as we said, we are also preparing now for ramp-ups of new car models, new lines, which will then be needed in the upcoming months. So there is, I would say, limited possibilities of pushing further CapEx with the orders we have in hand. So the CapEx levels will remain on a very, let's say, similar level as we have seen in the last year.

Christoph Laskawi: Understood. The second question on the impairments, you stressed that it's largely a volume impact and that lighting is a bit more impacted than electronics. Is there also a certain penetration assumption that you had revised down, say, that, for example, LED will not see the mass market penetration as you previously thought? Or is it really only entirely volume-driven?

Bernhard Schäferbarthold: No. This, we have not seen. So it's purely volume-driven.

Christoph Laskawi: Okay. And the last one, you also touched on discussion around incentives, which are currently certainly not helpful. If we were to see an implementation early next month, which is expected to some degree, and demand would snap back, how fast could you ramp up production again to a decent level? Would it be fairly easy to go up to utilization levels of, say, 60% again? Or do you need a certain lead time, and then the customer flex it in order to get there profitably?

Rolf Breidenbach: We are well prepared with regards to our inventory. With regards to all the safety measures, we already have installed in our plants: Due to the fact that, currently, the utilization in our plants is very low of course, we can also do a lot of trainings and tryouts. So from the pure HELLA perspective, from the group perspective, everything is prepared. And we also are quite optimistic with regard to the stability of our supply chain. Of course, we are talking to our suppliers, looking where we can be of help to support them. Therefore, we also assess the stability of our supply chain as quite robust, but nobody knows. The truth will come out when we are really ramping or up fast. But as I said, we feel well prepared, and we are, yes, quite optimistic and then positive to that.

Operator: And we will now take our next question, and this comes from the line of Kai Mueller.

Kai Müller: The first one is really on your impairment charges that you've obviously taken against your assets. Can you give us a little bit of color in terms of how much in D&A that saves you that you would have normally seen per annum just to get that run rate?  
And then the second point is really on -- or let's start with that one, and I'll come to the second one after.

Bernhard Schäferbarthold: In general, you can say it's around -- in average, it's 6 years.

Kai Mueller: 6 years?

Bernard Schäferbarthold: If you take this EUR 500 million divided by 6, so you would have then the impact roughly on a yearly base, which then from basically next year onwards, we should then see as -- on lower, I would say, absolute depreciation number.

Kai Mueller: Okay, perfect. Then you mentioned, obviously, your H1 cash flow impact for the next fiscal year. And you mentioned, obviously, the fourth quarter, you did better in terms of working capital. Is there something in particular we should be aware of as we leave this fourth quarter going into Q1, that changes with regards to the payment terms? I mean, do you need to support your own supply networks that might be struggling more than you? And what is the behavior of the OEMs right now? Are they pressing harder? Or are they actually very aware of the issues that are facing the supply chain and supporting them where possible?

Bernard Schäferbarthold: As of today, there are no changes in the payment terms. But what we see is that, let's say, the tone of discussion is getting harder. And more and more OEMs are also starting in kind of reverse factoring programs. They try also to implement and push their suppliers into, but there are discussions -- I would say, are ongoing, and we see more and more on customer side, very broadly, this discussion now starting. So we assume that the pressure here will increase on customer side.

On supplier side, as of today, I would say, still, we see that the situation is stable. There are only some, but that is very selected, where we actually see issues -- but it's limited. But we expect in the next months to come that the situation can get much more difficult. We assume that the pattern we have seen in our, let's say, free cash flow profile now in the last 2, 3 months and now in the upcoming 3, 4 months. So the difficult situations, they will now come within the summer period and then with the ramp-ups. And that will then be the most critical situation.

As we have already also stated in our Capital Market Day, so we have now started with a platform, so with a reverse factoring program also, which at the end should also support such -- or these kind of suppliers where basically with the -- with our rating, they have the possibility of reducing their payment terms then significantly and get their money then early. So this platform is now up and running, and we are now starting or offering our suppliers that they can take part.

Kai Mueller: Okay. And then maybe just a question, obviously, we've now already announced that you will not be paying a dividend for the fiscal year 2019/2020. If we compare your balance sheet compared versus peers that are still paying dividends even for last year, what drove you to take that decision? Is there -- maybe can you give a comment? Obviously, family is a big shareholder, and you are living off that dividend. Any comments around those parts as well? Because it's surprising that you've taken steps so early, given we don't know yet where we end up in August maybe, if there is an incentive program that could help you as a business.

Rolf Breidenbach: Yes, we are doing from, let's say, from all sides, everything we can to stabilize with regard to financial stability in the company. Mr. Schäferbarthold mentioned, we have drawn our syn loan. We have launched additional facilities, so we have now approximately EUR 2 billion cash on our balance sheet. But also from the cost side, we are doing everything to not weaken too much our cash position, and the same is true with regard to the dividend payment. So everything we can to avoid additional pressure on the liquidity side, we do. And therefore, we, as a Management Board recommend the suspension of the dividend to the AGM.  
So we know, from a financial standpoint, we are very solid and strong. But, yes, we are here very conservative, and we take a very risk avoiding path here.

Kai Mueller: Okay. And maybe a last one, on assumption. Obviously, you paid a special dividend on those asset sales last year. If things go back to next year, again, is that an idea that you might reimburse people for the missed out dividend this

year? Or will you just then go back to the normal dividend payout process like you've done before?

Rolf Breidenbach: This is, let's not speculate on that because, yes, let's see how the next years will come. Today, we are in this -- in the mode to save cash, to also be able into the crisis, yes, to invest into the future of the company. As Mr. Schäferbarthold already mentioned, we will continue to invest into R&D. We see that our strategy pays off. A very important feedback from the market was a strong order book for '19/'20. And we will do everything we can to continue having the freedom to invest into new orders, into new technologies. And all other things are of second priority currently. Because mid and long term, we have to secure the good and successful development of the company. This is in the focus of the Management Board.

Operator: And we'll now take our next question, and this comes from the line of Christian Ludwig.

Christian Ludwig: Also three question from my side. First of all, on the free cash flow. If I understood you correctly, Mr. Schäferbarthold, you said that Q4 free cash flow is going to be negative. But for the full year, how does the situation look like there? Well question number one.  
Second question, based on your scenario that we'll see a significantly lower sales volume going forward in the next couple of years and your EUR 500 million impairments, that has taken care of the assets. But basically, your whole company, employee-wise, is, of course, set up for a totally different production volume. So should we also now expect in the next couple of weeks another major, yes, layoff program?  
And the last question would be on your order book. Quite interested, you said you had a record order book. So far, have you seen any cancellations now in the last couple of weeks? Is there any signs that people are -- or that your customers are pulling some model launches potentially or, at least, delaying them? That will be my last question.

Bernard Schäferbarthold: On the free cash flow, so we -- still, there is this week, which we will see if we can really collect the money we expect to get. So there is somehow a range. But overall, we expect to be between minus EUR 50 million would be the minimum we expect, so somewhere between minus EUR 30 million and minus EUR 50 million in free cash flow in Q4. So from -- coming from EUR 190 million, we would be around EUR 140 million to EUR 160 million.

Rolf Breidenbach: I start with your third question with regard to the customer behavior. Of course, the one or the other car line was prolonged, so the EOP was postponed. This, we could see here and there. We also saw some cancellations. But despite this, although some acquisitions were postponed or canceled, we were able to -- especially, in both in lighting, especially with regard of, for example, LED headlamps, to acquire a lot of business. But the same is true for electronics in the area of ADAS and energy management, components, body electronics, everything looks not so bad. And our strategy to really continue our, let's say, technology-focused product portfolio development paid off in '19/'20, although the circumstances were so difficult. With regard to, yes, ideas and options for cost flexibilization or restructuring measures, of course, we are currently, let's say, explore those options. And currently with regards to short-term work and others, we have the time to do this because these temporary measures are currently saving a lot of costs. But if necessary -- and this, as I said, we are currently exploring. Of course, we have also to think about additional cost flexibilization and restructuring measures. But it's too early to talk about this.

Christian Ludwig: I mean -- If I may, I mean, obviously, you now -- with that Q4 number, you will make a positive free cash flow for the full year. But I can understand that you will -- don't want to announce a dividend and at the same time, you have to announce a major layoff program, so that then kind of makes more sense from my point of view.

So -- but when could we expect some -- any announcement there? Is that something with -- in August with full year results? What would be the time line be?

Rolf Breidenbach: As I said, please, please understand that I cannot now tell you a concrete date. We are exploring this kind of options. And when we have found some which, from our perspective, makes a lot of sense or are unnecessary, then of course, we will announce it. But to now tell you a specific date is speculation, and this, I would not like to do. I hope for your understanding.

Operator: The next question, it is from the line of Jürgen Pieper.

Jürgen Pieper: I'd taken the question back, but anyway, so I've just a small one left, so to say. So on your order intake, you mentioned it a few times that the order intake was in the end on a -- or is on record level in this ending year. So could you quantify it maybe?  
And okay, the second part of the question, you have, more or less, answered to how is the distribution to individual product groups or to, let's say, traditional technology, future technology. Can you give a little more or some kind of figure on that.

Rolf Breidenbach: Yes. And with regard to the order book, you know we are not publishing concrete figures. But as I said, it's a record order book we will achieve in '19/'20. And it will be even higher than the very strong order book in '18/'19. I would assess that's even 10% higher than the already very strong order book, '18/'19. But the figures are not, let's say, fixed. Therefore, it's only a personal estimation from my side.  
With regard to the spread of the product groups, as I said, LED headlamp was a focus. Also our HD SSL technology was very well perceived from the market. So here, we are really developing into the right direction, but we are also very, very, let's say, satisfied with the order book with regards to tail lamps. So headlamps and tail lamps in lighting were one focus.  
And, yes, with regard to electronics, I already mentioned, energy management products. ADAS was very strong, but also our traditional components business has developed in the right way. So, in electronics, you know we have a wide range of products. And in all these products, we were -- in more or less all these product feels we were quite successful. Okay?

Jürgen Pieper: Okay. That's helpful.

Operator: And we have another question, and this comes from the line of Christian Glowa.

Christian Glowa: Christian Glowa of Hauck & Aufhäuser. My question was actually also on your order book. You basically said that you acquired more orders than ever before. I was interested in learning in which division basically and why this is the fact. Is it because you are launching new technologies? Is it because you are gaining market share? Maybe you can talk a bit about market share also and your competitive position in different regions here.  
And also my second question then would be, you talked about the expected gradual ramp-up in Europe but also in the U.S. Is it too early to think about returning back to profitability as early as in Q1, given that you have also intended to intensify and step up your cost-cutting measures?

Rolf Breidenbach: Yes, with regard to the order book, and that's one additional remark, we were very satisfied especially in China. And we have also positioned ourselves very good in the U.S. and in Mexico, so former NAFTA region. And it's -- of course, we think with this order book, we are gaining market share in both in lighting and in electronics.

With regard to the ramp-up, it's really, from our perspective, too early to comment. China is a V. This is clear. But so far, I think it's very difficult to assess how the U.S. and the European market will develop. Will it be an -- I don't know, a U-shape, yes? Will it be an L-shape? Nobody really knows.  
And of course, you know our market assessment when you have the chart of Mr. Schäferbarthold in mind. Our personal assessment is that the IHS figures are best-case figures, and we, here and there, see even lower figures. But how fast the demand will come back in Europe and the U.S., for us, it's absolutely difficult to assess. Of course, we are talking to our customers. We are talking to politicians, to government representatives and so on, but it's the -- currently, it's a \$12 million question, how the markets will develop. It's -- if you would



ask for my personal assessment, I think that U.S. will, let's say, restart and ramp up faster than Europe, but this is only a personal opinion.

Operator: And your next question comes from the line of Akshat Kacker.

Akshat Kacker: Akshat from JPMorgan. One follow-up, please. Can I just ask a housekeeping question on the total CapEx number for fiscal year '20? And if you have it split between tangible and intangible. And just some guideline on how should we think about FY '21 in absolute terms on total CapEx, please.

Bernard Schäferbarthold: So we will end up somewhere below EUR 600 million this year. The intangibles are somewhere -- I do not have the clear exact number, but it's around a 20% or less of that overall number, overall. The expectation on next year is to be around EUR 600 million.

Operator: And no further questions that came through. Sir, you may continue.

Rolf Breidenbach: Okay, then. Thank you very much for taking the time for this extraordinary call. We really appreciate the dialogue with you and your interest in our company. Thanks again and stay healthy. All the best. Bye.

Operator: Thank you. That concludes our conference for today. Thank you all for participating. You may now disconnect.

END