

VARTA AG

Q1 2022 Earnings Presentation

May 12th, 2022

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Executive Summary

Q1 results: VARTA Group remains committed to annual targets despite global crisis

- Revenue below last years first quarter EUR 185.3mn (2021: EUR 204.3mn)
- Adj. EBITDA EUR 38.1mn (2021: EUR 59.9mn)
- Dividend proposal: EUR 2.48

Business outlook



VARTA profits from its **technological leadership, innovative products** and **strong brand**



VARTA is **very well positioned** despite ongoing COVID-19 pandemic.



Impacts from the **war in the Ukraine**, increased **prices for raw materials** and **energy, chip shortages** and **shutdowns** of our clients' production facilities **impact our business.**



VARTA to start **next growth initiative. Large format cells** with huge growth potential.

VARTA has a strong foundation that is proven by its exceptional track record



- 1 **Strong financial profile** with revenue growth of 39% p.a. over the last 4 years (2017 to 2021), ~31% adj. EBITDA margin (2021) and ample cash flow
- 2 **Protected technology leadership** through innovation power and >450 patents/ utility models
- 3 **Global leading market position** in attractive markets (e.g., #1 in TWS with CoinPower)
- 4 **Well-balanced product portfolio** that combines growth, profitability, and stable cash flow
- 5 **Sustainability pioneer** that acts responsibly and empowers the clean energy transition



Key development VARTA Group



(in mEUR)

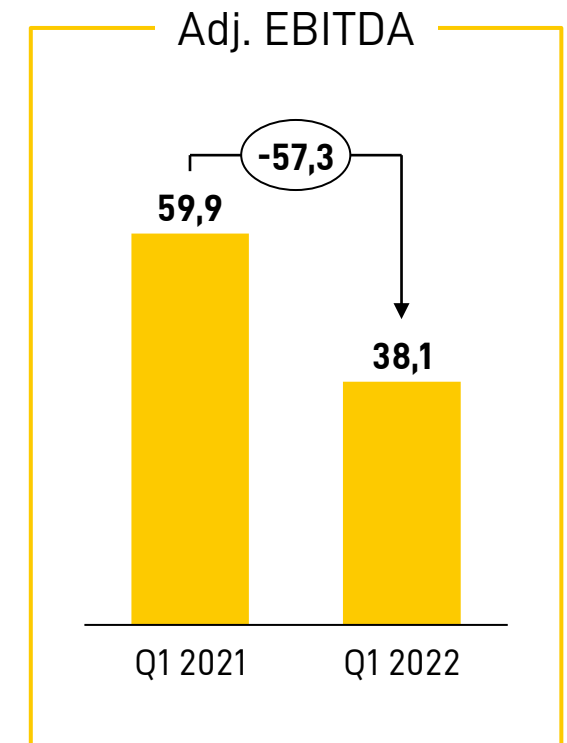
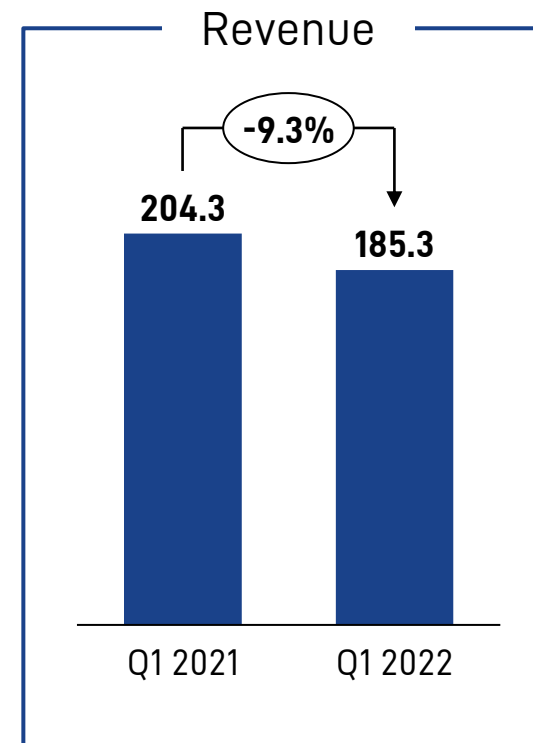
VARTA Group – Q1 performance impacted by global crisis:

- The war in Ukraine and assessments with regard to its future development
- Increased cost of raw materials and energy triggered by this crisis
- Production disruptions at our customers

.....have all had an adverse impact on our result.

VARTA has directed its efforts at counteracting:

- Increasing the stockpiling of raw materials (Q1: ~ EUR 8.0m)
- Increased costs will be offset by raising prices.



Key developments Lithium-Ion Solutions & Microbatteries



(in mEUR)

Lithium-Ion CoinPower

Global crisis and the shortage of semiconductors has led to some of our customers suspending production activities and therefore depressed demand for our batteries as a result.

Microbatteries

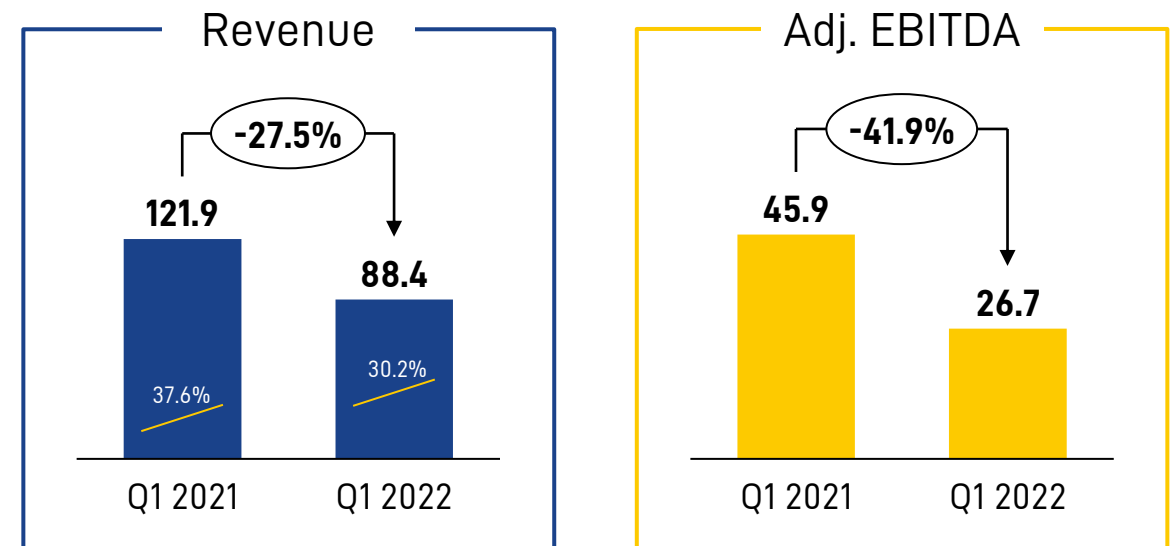
Ongoing shift to rechargeable hearing aid cells. VARTA with strong market position in primary and rechargeable batteries.

Lithium-Ion Battery Pack

Project driven business with smart, modular battery packs. Trend to cordless products is a key driver.

Adj. EBITDA

Profitability development hit by global crisis.



Lithium-Ion Cells:
Main power for portable and cordless devices.



Hearing aid batteries with an even higher energy density are the result of consistent research and ongoing development.



Development of complete battery systems including housing and electronics.

Key developments Household Batteries



(in mEUR)

Consumer Batteries

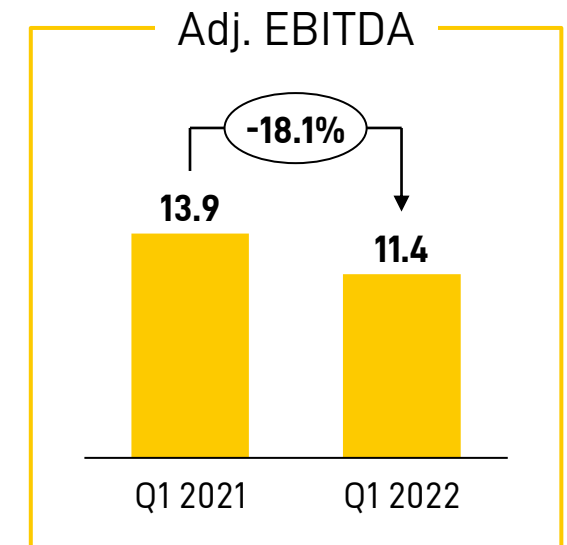
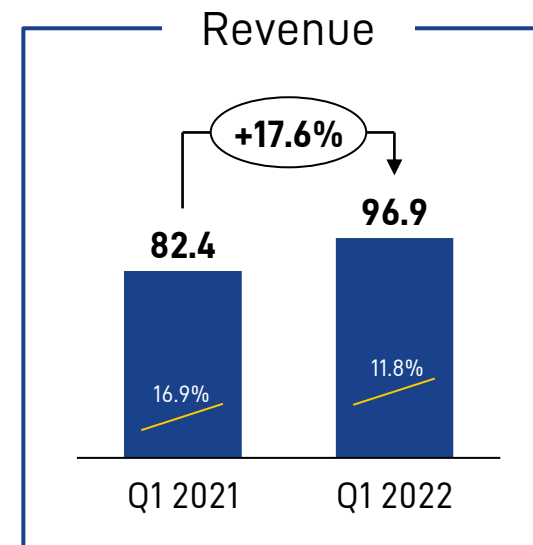
VARTA Consumer Batteries with strong growth. Focus on branded business (reduction of the white label business) is main growth and profitability driver.

Energy Storage Systems

Strong development in Energy Storage Systems. Market demand remains high. Increased profitability and significant revenue growth.

Adj. EBITDA

Solid adjusted EBITDA development offset by increase of raw material and energy prices.



The power of freedom:
From radio to toys to blood pressure monitor – we provide you the optimal power.



Future-proof and flexible:
The storage capacity can be expanded at any time, even after installation.

ESG-linked „Schuldscheindarlehen“



Key facts about ESG-linked “Schuldscheindarlehen”

- **Total volume** of **EUR 250mn** in **4 tranches** with **5/ 7 years maturity** and fixed/ floating rate
- **EUR 190mn** with **7 years maturity** (fix: EUR 130mn/ frn: EUR 60mn)
- **EUR 60mn** with **5 years maturity** (fix: EUR 34.5mn/ frn: EUR 25.5mn)
- **Use of proceeds:** General corporate purpose and refinancing, senior unsecured
- **Average interest rate** at the issuing time: 1.44%
- **ESG-linkage:** +/- **2.5 bps p.a.** according to the change in the **ESG-score** of the ESG-rating/ current ESG-score (year-end 2021 according to Sustainalytics: <26)



Low net debt offers additional financial headroom



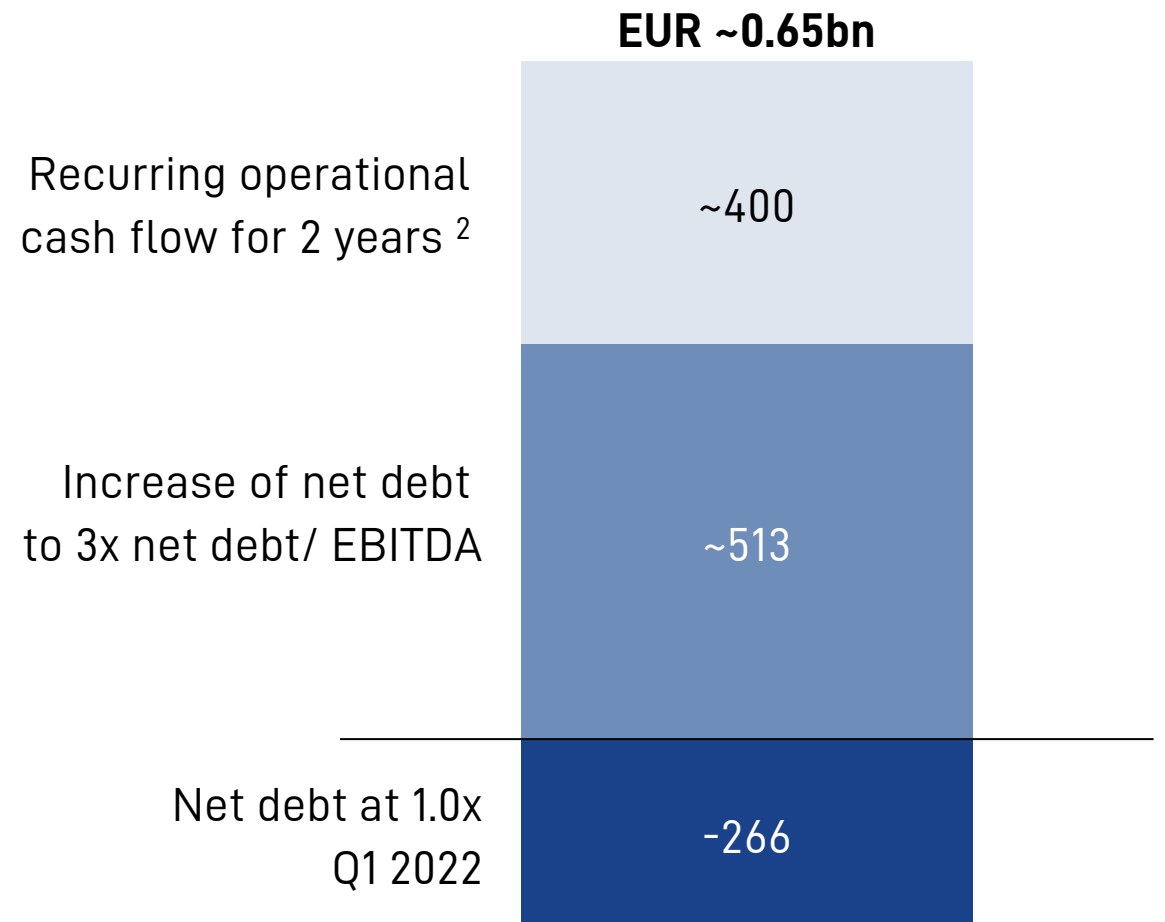
VARTA with solid finance structure

- Strong balance sheet, equity ratio stands at 36.5%
- Net debt/ EBITDA 1x gives financial headroom (as of FY 2021: 0.8x¹)
- Increase leverage from 1x to 3x net debt/ EBITDA provides additional ~ EUR 500mn debt potential
- Investments forecast for 2022: EUR 230-280mn for CoinPower (TWS) capacity expansion and investments in large Li-Ion round cell
- 2022 dividend payment (EUR 2.48 per share) needs EUR 100mn

1. Net debt Q1: EUR 266mn/ EBITDA: EUR 259,6mn (12 months)

2. Assumed recurring normalized cash-flow from operations

Possible available funds next 2 years



VARTA expects revenues in the range of EUR 950mn and EUR ~1bn for FY2022



Business outlook

- VARTA profits from its **technological leadership, innovative products** and **strong brand**
- VARTA is **very well positioned** despite ongoing COVID-19 pandemic.
- **However, impacts** from the **war in the Ukraine**, increased **prices for raw materials** and energy, **chip shortages** as well as temporary **shutdowns** of our clients' production facilities **cannot fully be evaluated** and **negatively impact our business**
- VARTA to start **next growth initiative. Large format cells** with huge growth potential. Market evaluations and concrete **negotiations with OEM** are making **good progress**. VARTA is optimistic to start the next growth era soon. **First revenues** expected in **2024**

Financials outlook (FY2022)

- **Revenues FY2022** expected in the range between **EUR 950mn and EUR 1bn** (YoY increase of up to 10%)
Potential negative impact from the Ukraine crisis, chip shortages, etc.
- **Adj. EBITDA FY2022** between **EUR 260mn** and **EUR 280mn**
- **Revenue Q2 2022** in the range between **EUR 195mn** and **EUR 205mn**
- **Adj. EBITDA Q2 2022** expected in the corridor of **EUR 34mn** to **EUR 38mn**
- VARTA will **continue to invest** in the **expansion** of its **production capacities** for **Lithium-Ion batteries** and **V4Drive, CAPEX FY2022** expected in the range of EUR 230mn to EUR 280mn

VARTA continues to profit from its technology leadership and strong brand



Business outlook



VARTA profits from its **technological leadership, innovative products** and **strong brand**



VARTA is **very well positioned** despite ongoing COVID-19 pandemic. **VARTA's ambition** for **FY2022** is to reach **EUR 950mn to EUR 1bn of revenue; dividend proposal: EUR 2.48 per share**



However, impacts from the **war in the Ukraine**, increased **prices for raw materials** and energy, **chip shortages** as well as temporary **shutdowns** of our clients' production facilities **currently impact our business negatively**



VARTA to start **next growth initiative. Large format cells** with huge growth potential. Market evaluations and concrete **negotiations with OEM** are making **good progress**. VARTA is optimistic to start the next growth era soon. **First revenues** expected in **2024**

Contact



Bernhard Wolf

Head of Investor Relations



VARTA-Platz-1

73479 Ellwangen



Phone: +49 79 61 921 2969



E-Mail: bernhard.wolf@VARTA-ag.com

Financial Calendar

31.03.2022 Annual financial statements FY 2021

12.05.2022 Interim report Q1 2022

21.06.2022 Annual general meeting

11.08.2022 Half-year report 2022

15.11.2022 Interim report Q3 2022

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