



## Corporate news on the financial results for the first nine months of 2021

# VARTA AG remains committed to adjusted EBITDA margin of 30 percent

- Despite the ongoing effects of COVID-19 on the business of some customers, adjusted EBITDA rose to € 182.5 million in the first nine months of 2021 and is thus around 3% above the previous year.
- The new revenue target for 2021 is around € 900 million.
- Pilot production of the Li-ion high-performance cell will start as planned at the end of the year.
- Production of larger lithium-ion round cells for use in BEVs in the performance sector of the premium automotive segment is being planned.
- The Household Batteries segment is developing very positively.
- Outlook for 2021: adjusted EBITDA will increase again in the 2021 financial year, margin will improve by up to 2.5 percentage points to around 30%.

Ellwangen, 11.11.2021. Despite the ongoing effects of the global Covid-19 pandemic on the business of some customers, VARTA AG looks to the coming months with confidence. The technology company from Ellwangen is assuming a further increase in profitability this year. Adjusted EBITDA rose by around 3% to € 182.5 million (EBITDA: € 182.0 million, + 20.1%). VARTA AG sees its goal of further increasing the adjusted EBITDA margin to around 30% for 2021 confirmed. In spring, VARTA announced the start of the pilot production of ultra-high-performance lithium-ion round cells at the end of the year. The company recently announced that it would now also build traction batteries for battery electric vehicles (BEV) with even larger cell formats. The target group here is the performance sector of the premium automotive segment. VARTA will provide details on this in spring 2022. With the new lithium-ion cell factory officially opened at the Nördlingen site at the end of June, VARTA AG now has the infrastructure to produce up to 400 million lithium-ion button cells per year. New projects with customers for small-format lithium-ion cells are being planned.

Herbert Schein, CEO of VARTA AG: "We will increase the very good operating result of last year again - even though our customers are currently affected by high prices for raw materials, the lack of important electronic components and production downtimes due to local lockdowns. We are very optimistic about the future." According to Schein, VARTA expects the market for small lithium-ion cells to continue to grow. The company is prepared for further impulses such as the bundling of smartphones with True Wireless Stereo Headsets (TWS) due to its capacity expansion. The company is on schedule for the larger lithium-ion round cells. "VARTA is currently preparing for a growth offensive. V4Drive is a complete success. We can see that in the high level of customer interest. In the next two years, we will set up mass production for the cell in the 21700 format. We will decide on the size at the end of the year based on customer orders."

Armin Hessenberger, Chief Financial Officer (CFO) of VARTA AG, adds: "Our planned customer orders are currently running - albeit with a delay. We will therefore achieve the goal of a further increased adjusted EBITDA margin of around 30 percent this year and generate revenues of around € 900 million. The low net debt to EBITDA ratio of just over 1 gives us the financial leeway we need for further growth. "

### VARTA AG - Group

in mio. €	2021 <sup>(1)</sup>	2020 <sup>(1)</sup>	
Revenue	622.3	630.3	-1.3%
Adjusted EBITDA	182.5	176.8	3.2%
Adjusted EBITDA Margin	29.3%	28.0%	1.3 PP

(1) preliminary, unaudited company figures



## Margin in the Lithium-Ion Solutions & Microbatteries segment continues to rise

Adjusted EBITDA in the segment fell slightly from € 141.3 million to € 140.4 million (-0.6%). However, the margin is 38.4% in relation to sales, which corresponds to an improvement of 2.1 percentage points compared to the previous year.

Revenue in the Lithium-Ion Solutions & Microbatteries segment reached € 365.8 million in the first nine months of the current year and are thus -5.9% below the same period of the previous year. New customer projects with rechargeable lithium-ion cells for high-tech consumer products started with a delay in the third quarter and thus had a lower impact on revenue and earnings.

The global market position for hearing aid batteries was further strengthened. The group is currently benefiting from its very robust business model for primary hearing aid batteries and from the increase in demand for rechargeable lithium-ion cells and has grown significantly. The very high growth in the lithium-ion battery pack business is continuing.

### Segment Lithium-Ion Solutions & Microbatteries

in mio. €	2021 <sup>(1)</sup>	2020 <sup>(1)</sup>	
Revenue	365.8	388.9	-5.9%
Adjusted EBITDA	140.4	141.3	-0.6%
Adjusted EBITDA Margin	38.4%	36.3%	2.1 PP

(1) preliminary, unaudited company figures

## Household Batteries segment makes a very positive contribution to growth and earnings

The Household Batteries segment comprises the consumer batteries business and energy storage solutions. Revenue increased from € 241.2 million to € 256.5 million in the 2021 financial year. This corresponds to a revenue growth of 6.4% compared to the previous year. Adjusted EBITDA rose from € 35.5 million to € 42.1 million (18.4%), which corresponds to a significantly disproportionate increase compared to the sales development.

By focusing on the branded business, VARTA Consumer Batteries has significantly improved its profitability compared to the same quarter of the previous year. The business with energy storage solutions grew very dynamically in the financial year and doubled compared to the same quarter of the previous year and thus gained further market shares. The increase in energy storage volumes made a significant contribution to the segment's adjusted EBITDA increase.

The adjusted EBITDA margin is 16.4% in relation to revenue, which corresponds to an improvement of 1.7 percentage points compared to the previous year.

### Segment Household Batteries

in mio. €	2021 <sup>(1)</sup>	2020 <sup>(1)</sup>	
Revenue	256.5	241.2	6.4%
Adjusted EBITDA	42.1	35.5	18.4%
Adjusted EBITDA Margin	16.4%	14.7%	1.7 PP

(1) preliminary, unaudited company figures



**Outlook: VARTA AG remains committed to its profitability target, development of the pilot line for large-format lithium-ion cells on schedule, infrastructure created for doubling production capacities for small lithium-ion cells, new formats being planned**

Despite the recent correction of the revenue forecast, VARTA AG remains committed to its positive assessment of the business for the current year. The structural growth of the core markets, what the company believe to be a strong market position in these core markets and the continuing high investments in the expansion of production capacities will lead to positive business development in 2021. This outlook is based on the assumption of constant exchange rates. For 2021, VARTA will achieve group sales of around € 900 million (2020: € 870 million). The relative margin of the adjusted operating result (EBITDA) should rise disproportionately to around 30% of revenue. This corresponds to an increase of up to 2.5 percentage points and underlines the profitability of the VARTA Group.

VARTA continues to invest in the expansion of its production capacities for lithium-ion batteries (CoinPower) and the construction of a pilot plant for large-format lithium-ion round cells. The construction work for the pilot line is on schedule. Pilot production will start at the end of the year. With the expansion of its infrastructure at the Nördlingen site, VARTA AG has now doubled its potential production capacities. The customer orders planned for the second half of the year have started. Further customer projects are being negotiated.

In the financial years 2022 and 2023, the company is preparing for a major growth offensive with the newly developed ultra-high-performance V4Drive cell and entry into the e-mobility business. VARTA AG is currently investing heavily in this area. Significant investments are made in employee qualification, new employees are hired and extensive investments are made in new production facilities. The first revenue and earnings contributions from this business area are expected from 2024.

The very profitable core business will continue to grow during this time. The company expects revenue growth of around € 100 million in each of the next two years. VARTA expects a further improvement in adjusted EBITDA, although the expenses for the announced growth offensive in the next two years will lead to a slower increase in adjusted EBITDA than revenue growth.

The company is also very well positioned in view of the ongoing Covid-19 pandemic and fluctuating infection rates. Production at the company's own locations has been running without interruptions since the beginning of the pandemic, and there have been no effects on the supply chains<sup>1</sup>.

**Quarterly report at:**

<https://www.varta-ag.com/publications/>

**Financial Calendar**

Annual Financial Statements 2021  
Interim Report Q1 2022  
Annual General Meeting  
Half-Year Report H1 2022  
Interim Report Q3 2022

31<sup>st</sup> March 2022  
12<sup>th</sup> May 2022  
21<sup>st</sup> June 2022  
11<sup>th</sup> August 2022  
15<sup>th</sup> November 2022

<sup>1</sup> Impairments to our customers' business through COVID-19 cannot be ruled out, as can exchange rate fluctuations between USD and EUR.



# VARTA

## About VARTA AG

VARTA AG produces and markets a comprehensive battery portfolio from microbatteries, household batteries, energy storage systems to customer-specific battery solutions for a variety of applications and, as a technology leader, sets industry standards in important areas. As the parent company of the group, it operates in the business segments "Lithium-Ion Solutions & Microbatteries" and "Household Batteries".

The "Lithium-Ion Solutions & Microbatteries" segment focuses on the microbattery, lithium-ion CoinPower, lithium-ion large cells and the lithium-ion battery pack business. Through intensive research and development, VARTA sets global standards in many areas of lithium-ion technology and microbatteries, making it a recognised innovation leader in the important growth markets of lithium-ion technology and in primary hearing aid batteries. The "Household Batteries" segment comprises the battery business for end customers, including household batteries, accumulators, chargers, portable power (power banks) and lights, as well as energy storage devices.

VARTA AG currently employs around 4,700 people. With five production and manufacturing facilities in Europe and Asia as well as sales centres in Asia, Europe and the USA, the operating subsidiaries of VARTA AG are currently active in over 75 countries around the world.