

VARTA AG

FY2020 Final Results

Disclaimer



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Executive Overview Strategy



- **Historic results in 2020**
- **Successful integration of Consumer business**
 - Raised revenues significantly, effectively used synergies
 - Further cash generator which contributes to growth in Li-Ion business
- **Market intelligence allows for first-mover benefits and leveraging of potentials**
 - Well connected to all important players in our segments on global scale
 - Innovative power secures technological advantage
- **New products and strategy with CoinPower**
 - 30% increase in energy density achieved already, further increase of 20% by end of 2022 – well ahead of plan
 - Differentiation of portfolio allows addressing new customers
- **New large Li-Ion high power round cell**
 - The cell can be fully charged within 6 minutes and has more power than other cylindrical li-ion cells of same format
 - Various applications possible, from power tools to automotive uses
 - Pilot production by the end of the year
 - High interest by customers
 - Experience in building profitable Li-Ion factories will secure fast industrialisation

Executive Overview Financials



- **FY 2020 figures above guidance**

- Group revenue EUR 870m (+139.8% YoY); w/o acquisition: +47.2% YoY
- Adj. EBITDA* EUR 241m (+147.3% YoY); w/o acquisition: +91.7% YoY
- Adj. EBITDA margin at 27.7% (2019: 26.9%)

- **Microbatteries & Solutions driving growth**

- Cost reduction and economies of scale lead to further increase of EBITDA margin of 9PP
- Lithium-Ion CoinPower: further strong growth in revenue; well positioned with new product with +30% higher energy density for the expected strong market growth in the coming years
- Hearing aid batteries: expansion of market leadership for rechargeables

- **Household Batteries with excellent cash flow support growth in Li-ion business**

- Consumer Batteries: Focus on VARTA branded business increased profitability and generates excellent cash flow, successful integration completed; increase of energy density in autumn
- Energy Storage Systems: Increased profitability and 50% growth in revenue

- **Guidance 2021**:** further strengthening of EBITDA up to 30 % Margin (up to 2,5 PP compared to 2020)

- Revenues: high single digit percentual growth reaching 940 mEUR

*Including adj. items from shared-based payments, expenses from M&A transactions, restructuring and integration costs and inventory step-up from purchase price allocation (PPA)

**In view of the global spread of the coronavirus (COVID-19), negative effects on the VARTA AG Group cannot be ruled out. However, for now, these risks have not materialised

VARTA Group - Financial Highlights

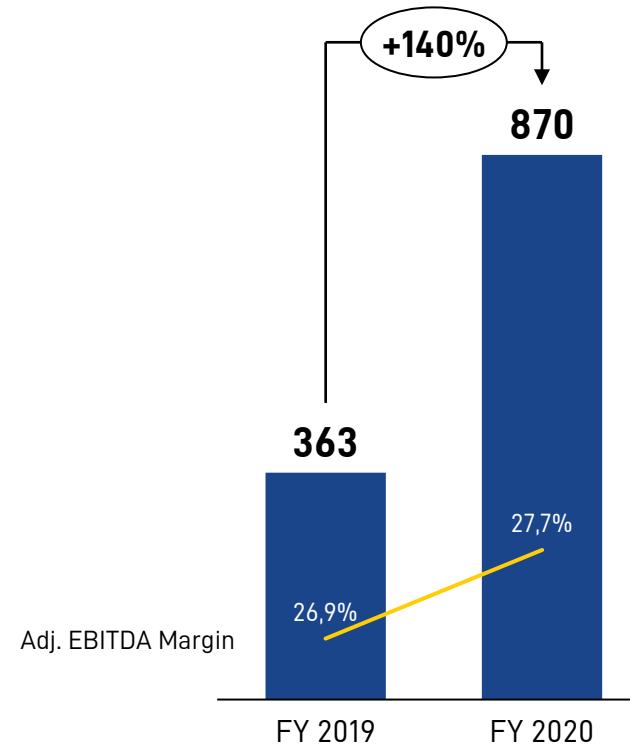
FY 2020



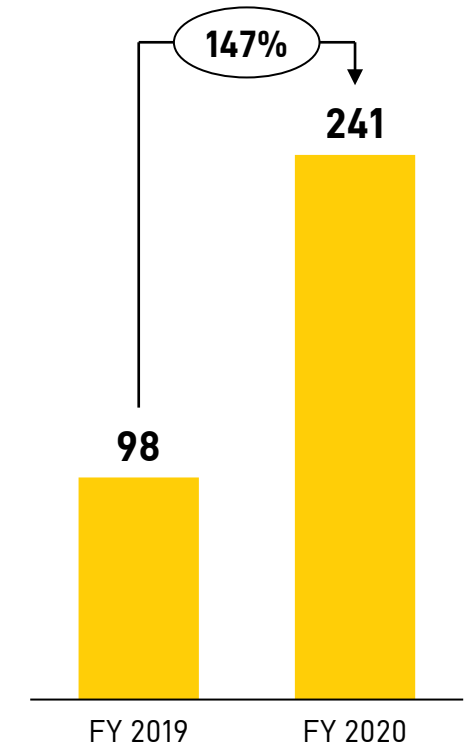
Strong performance - In a transition year with first time consolidation of VARTA Consumer

- **VARTA Group** - Delivered very strong FY results – further accelerating the high pace of revenue and earnings growth
- **Microbatteries & Solutions** - Exceptionally strong FY 2020 results
Revenue +49% Adj. EBITDA +96% Adj. EBITDA margin at 36.8% (+8.8PP)
- **Household Batteries** - Dominated by Consumer business for 91% (revenue) with a strong cash-flow performance
Adj. EBITDA margin at 15.0% (+5.7PP)
(The previous year's figures have been adjusted to the new segmentation; retrospective pro forma adjustment)
- **Dividend Payments - Totaling around 100m EUR / 2.48 EUR per share**
The dividend recommendation remains subject to AGM approval

Revenue
in EURm



Adj. EBITDA
in EURm



Microbatteries & Solutions

Financial Highlights FY 2020



Strong organic growth - Fueled by Lithium-Ion batteries

- **Lithium-Ion batteries (CoinPower)**

By far the strongest revenue growth is again being recorded for rechargeable lithium-ion batteries for high-tech consumer products, particularly Premium True Wireless Stereo Headsets (TWS).

- **Hearing aid batteries**

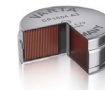
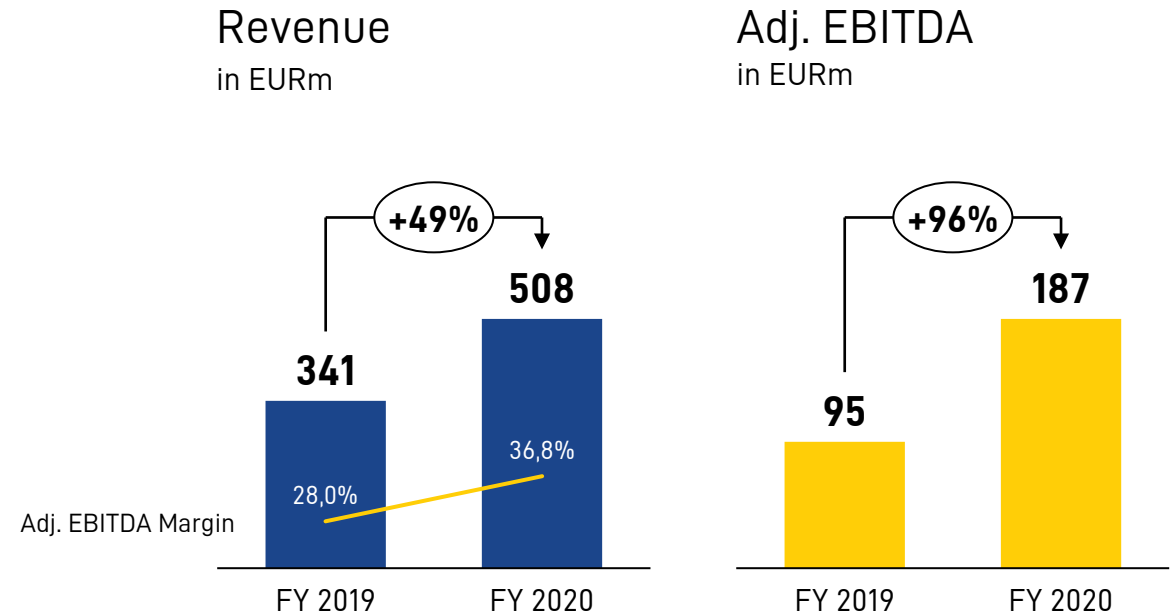
VARTA has been able to further expand its market position in the rechargeable hearing aid segment

- **Power Pack Solutions**

High growth has continued in its business with smart, modular energy solutions (Power Pack Solutions) due to the new customer projects that were initiated over the course of the prior year.

- **Adj. EBITDA**

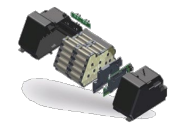
Nearly doubled through organic revenue growth of 49% resulting in a margin of 36.8% (+8.8PP).



Rechargeable lithium-ion coin cell for premium true wireless headsets



Hearing aid batteries: VARTA is market leader in both primary and rechargeable cells.



Development of complete battery systems including housing and electronics

Household Batteries

Financial Highlights FY 2020



Successful integration – Consumer batteries business delivered strong cash-flow

- **Consumer Batteries**

VARTA Consumer Batteries contribute 91% to the revenue of the Segment Household Batteries; the EBITDA contribution is 94%.

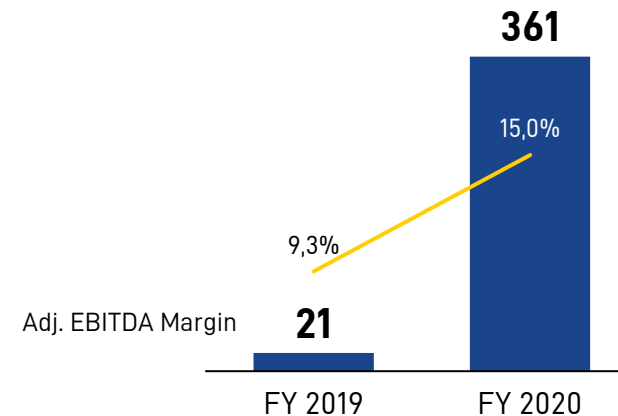
- **Energy Storage Solutions**

Energy storage solutions business has seen very dynamic growth that outpaced the market.

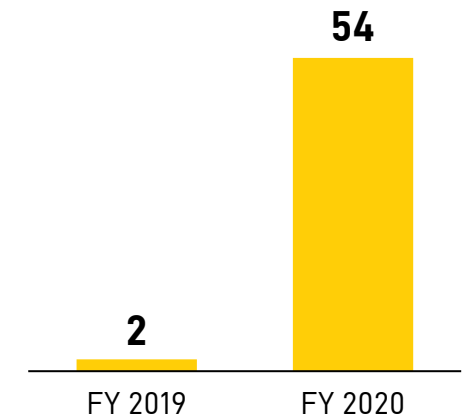
- **Adj. EBITDA**

While the Energy Storage business reached the first time a double-digit margin in 2020, the VARTA Consumer Business could achieve an adjusted EBITDA margin of slightly more than 14%. This margin constantly increased during the year due to the focus on branded business.

Revenue
in EURm



Adj. EBITDA
in EURm



VARTA offers a full range of consumer batteries made in Germany.



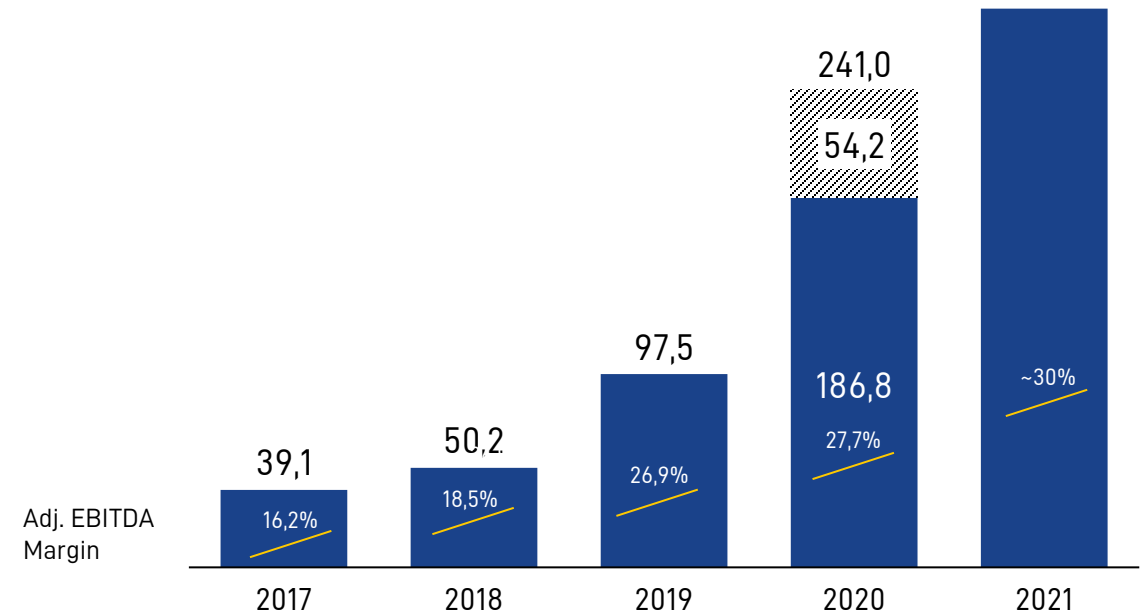
VARTA offers both: commercial and residential energy storage systems.

Development adj. EBITDA Margin



Constant increase in adj. EBITDA Margin

- Within the last 4 years, adj. EBITDA margin **more than doubled**
- Strong organic adj. EBITDA growth overcompensates lower EBITDA margin business of VARTA Consumer. Overall VARTA AG margin **further increased by 0,8 PP.**
- **Further EBITDA Margin increase** expected, drivers are economies of scale and productivity gains



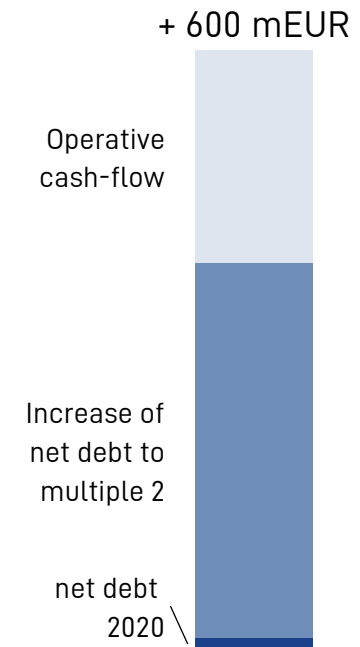
Low Net Debt offers financial headroom



Strong Balance Sheet provides funding for investments and dividend payments

- **Almost no net debts end of 2020**, after massive investments of more than 300 mEUR in 2020 (mainly used for capacity increase)
- **Equity Ratio of 44 %**, gives headroom for further leverage Net Debt/EBITDA
- **Approximately 600 mEUR available** for investments in expansion of lithium-ion production capacity and dividend payment (2 times Net Debt/EBITDA ratio)
- In 2021 **investments of 150-200 mEUR** estimated and dividend payout of 100 mEUR
- **Enough funds available** for investments in lithium-ion production capacity and new business opportunities for 2021 and beyond

Available funds for investments and dividends



Summary – FY 2020



- 2020 figures above guidance: **Historic group revenue** and earnings growth
- Microbatteries & Solutions driving **organic growth**
- Household Batteries with **excellent cash flow** supporting investments in the fast-growing Li-Ion business
- **IPCEI funding** helps to **accelerate R&D** and reduces ramp-up costs
- **Pilot Production** of 21700 lithium ion cell ready by the end of the year **as planned**
- **Starting dividend payments** with approx. 100m EUR
- **Further profitability growth in 2021**, EBITDA to reach up to 30 % margin

Contact & Financial Calendar



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

12.05.2021 Interim report Q1 2021

17.06.2021 Annual general meeting

13.08.2021 Half-year report 2021

11.11.2021 Interim report Q3 2021

VARTA AG

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