



VARTA

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VARTA AG falls short of market expectations in the first nine months, but with very good development of margin

Ellwangen, 5.11.2021

Despite of earnings development in the first 9 months of 2021 being in line with company expectations, VARTA AG's ("VARTA") figures deviate from equity analysts' estimates. Measured against the average of analysts' estimates (consensus), the company was 7.5% lower in revenue and 6.8% lower in adjusted EBITDA. In terms of margin (adjusted EBITDA to sales), the company was 0.6 percentage points above analyst estimates.

VARTA's production at its own sites has been running without interruption since the start of the COVID 19 pandemic, and no impact on supply chains has been felt. Nevertheless, some of VARTA AG's customers are negatively affected by the long-term effects of the pandemic. Delays in the delivery of raw materials or semiconductors have led to production losses. Some of the largest customers have been temporarily unable to maintain production due to local lockdowns at locations in Asia.

The delayed start of new customer projects in the third quarter led to reduced revenue growth.

For the 2021 financial year, the company has therefore adjusted its revenue forecast from EUR 940 million to EUR 900 million (previous year: EUR 869.6 million), continuing its organic revenue growth. The relative margin of the adjusted operating result (EBITDA) is expected to continue to rise disproportionately to around 30% (2020: 27.7%) of revenue and to be around EUR 275 million (2020: EUR 241.0 million). This means that the adjusted EBITDA will grow at a double-digit rate.

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 the entry into the e-mobility business. VARTA AG is currently investing heavily in this. Significant investments are being made in employee training, the recruitment of new employees and 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 even during this period. The company expects revenue growth of around EUR 100 million in each of the next two years. The company expects a further improvement in adjusted EBITDA, although the expenses for the announced growth offensive will lead to a slower adjusted EBITDA increase compared to revenue growth in the next two years.

The quarterly announcement as at 30 September 2021 will be published on 11 November 2021 as announced.