

Corporate News on the preliminary, unaudited figures 2019

VARTA AG with another record year – further increase in dynamic revenue and earnings growth

- Highly dynamic growth in Group revenue of around 34% to approximately € 364m
- Adjusted EBITDA rises by roughly 95% to approximately € 98m
- Adjusted EBITDA margin improves by approximately 8.4PP to around 26.9%
- Very strong performance in the “Microbatteries” segment during fiscal year 2019
- “Power & Energy” segment makes further positive contribution to growth
- Promising outlook for 2020:
Organic revenue and earnings growth will again be accelerated in fiscal year 2020.
Next innovation step to higher energy densities.
First-time consolidation of the acquired VARTA Consumer business.
- Audited financial statements for 2019 will be released on March 31, 2020 (including guidance for 2020)

Ellwangen, February 17, 2020. VARTA AG is today announcing its preliminary, unaudited figures for fiscal year 2019. The Group can look back on yet another successful fiscal year. The strong revenue and earnings growth was once again accelerated, exceeding the most recent guidance from October. VARTA AG is looking ahead to fiscal year 2020 with great optimism. Due to significant investments in the expansion of production capacities, the Group expects to further accelerate the revenue and earnings growth.

Herbert Schein, Chief Executive Officer (CEO) of VARTA AG: “In the previous fiscal year, we have once again exceeded our guidance, which had already been raised several times during 2019. By massively expanding our production capacities, growth in the area of lithium-ion batteries will again be significantly accelerated. As innovation leaders, we will also increase the energy densities of our lithium-ion batteries by around 30%. As a result, we will further extend our technological edge considerably.”

Steffen Munz, Chief Financial Officer (CFO) of VARTA AG, adds: “We have further accelerated the high pace of growth in the previous fiscal year and again recorded a step-change improvement in profitability. We are looking ahead to 2020 with great optimism. A very high order backlog will allow us to further accelerate the high revenue and earnings growth in 2020.”

Group revenue rose by approximately 34% to around € 364m during fiscal year 2019. By scaling the business model, growth in operating earnings outpaced that of revenue. Adjusted EBITDA increased by around 95% to approximately € 98m. The adjusted EBITDA margin improved by roughly 8.4PP to around 26.9%.

VARTA AG - Group

In €m	2018	2019 ⁽¹⁾	
Revenue	271.7	364	34%
Adjusted EBITDA	50.2	98	95%
Adjusted EBITDA margin	18.5%	26.9%	+8.4pp

⁽¹⁾ Preliminary, unaudited figures

Very strong performance in the “Microbatteries” segment in 2019

Highly dynamic growth in revenue, equating to an increase of around 38% to roughly € 302m, was recorded in the “Microbatteries” segment. By far the strongest revenue growth is again being recorded for rechargeable lithium-ion batteries for high-tech consumer products, particularly premium true wireless headsets (hearables). This is a consequence of continued high customer demand in a market that is growing by around 30% annually. As leaders in technology and innovation, VARTA AG is growing significantly faster than the market and has established a very successful business model.

Our global market-leading position for hearing aid batteries was further expanded in a market that is backed by underlying structural growth. The Group is currently benefiting from the trend toward rechargeable hearing aids in addition to the new business with a leading US retail chain that was ramped-up during the prior fiscal year.

Strong growth of approximately 100% to around € 95m was posted for adjusted EBITDA. A step-change improvement was recorded in the adjusted EBITDA margin, which rose by around 9.7PP to roughly 31.3% of revenue.

Microbatteries segment

In €m	2018	2019 ⁽¹⁾	
Revenue	218.9	302	38%
Adjusted EBITDA	47.3	95	100%
Adjusted EBITDA margin	21.6%	31.3%	+9.7pp

⁽¹⁾ Preliminary, unaudited company figures

“Power & Energy” segment makes further positive contribution to growth

Dynamic revenue growth was recorded in the Power & Energy segment, rising by around 20% to approximately € 62m. The segment is benefiting in particular from a new customer order in battery packs with a German premium electrical device manufacturer (Miele). Energy storage solutions continue to make a positive contribution to the growth of this segment. A positive adjusted EBITDA of around € 4m was generated. At around 5.6%, the adjusted EBITDA margin is on a par with the previous year's level.

Power & Energy segment:

In €m	2018	2019 ⁽¹⁾	
Revenue	51.8	62	20%
Adjusted EBITDA	2.9	4	18%
Adjusted EBITDA margin	5.7%	5.6%	-0.1pp

⁽¹⁾ Preliminary, unaudited figures

Outlook: Revenue and earnings growth further accelerated – strong demand for lithium-ion batteries – first-time consolidation of VARTA Consumer

VARTA AG is looking ahead to fiscal year 2020 with great optimism. The Group expects to further accelerate organic revenue and earnings growth in the current fiscal year. Demand for rechargeable lithium-ion batteries for high-tech consumer products, particularly for hearables, remains very high. As leaders in technology and innovation, VARTA is benefiting from the trend toward ever smaller and more powerful coin-shaped lithium-ion batteries. Production capacities are therefore to be significantly expanded again. Moreover, this will take place faster than originally planned: production capacities will be expanded to 200 million cells per year.

The next innovation step is also imminent: this year, VARTA AG will launch a lithium-ion cell with an approximately 30% higher energy density along with an improved cycle stability. VARTA will therefore again set the industry standard and increase its innovative edge over the competition. VARTA has a very successful business model for its lithium-ion batteries. In addition to a reputation as leaders of technology and innovation, VARTA also stands out on account of its proprietary mechanical engineering and tool manufacturing facility and its highly automated mass production. As a result, VARTA offers customers exemplary quality standards. Moreover, the business model is protected by a comprehensive patent portfolio.

In the current fiscal year, the first-time consolidation of the VARTA Consumer business, which was acquired on January 2, 2020, will generate even stronger growth in Group revenue and earnings. VARTA Consumer's attractive cashflow profile will make a significant medium-term contribution to the financing of the additional expansion of the rapidly growing lithium-ion production.

The audited financial statements for fiscal year 2019 will be released on March 31, 2020 (including guidance for fiscal year 2020).

The preliminary results on the website:

<https://www.varta-ag.com/publications/?lang=en>

Dates:

March 31, 2020	Annual financial statements 2019
May 15, 2020	Interim report Q1 2020
June 18, 2020	Annual General Meeting
August 14, 2020	Half-yearly report 2020
October 29, 2020	Interim report Q3 2020

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About VARTA AG

VARTA AG produces and markets a comprehensive battery portfolio that ranges from microbatteries, household batteries and energy storage systems all the way to customer-specific battery solutions for a wide range of uses, setting the industry standards as technology leader in many important areas. As the parent company of the Group, it is active in the "Microbatteries & Solutions" and "Household Batteries" business segments.

The "Microbatteries & Solutions" segment focuses on the OEM business for microbatteries and the lithium-ion battery pack business. Through intensive research and development, VARTA sets the global standards in the microbatteries segment and is a recognized innovation leader in the important growth markets lithium-ion technology and primary hearing aid batteries.

The "Household Batteries" segment covers the battery business for end customers, including household batteries, rechargeable batteries, chargers, portable power (power banks), lights and energy storage systems.

The VARTA AG Group, headquartered in Ellwangen, currently employs almost 4,000 staff. VARTA AG's operating subsidiaries are currently active in more than 75 countries around the world, with five production and assembly facilities in Europe and Asia as well as distribution centers in Asia, Europe and the USA.