



Corporate News on the preliminary, unaudited figures for 2020

VARTA AG exceeds guidance, announces first-ever dividend payments and presents new brand identity

- Highly dynamic growth of around 140% in Group revenue to approximately € 870m
- Organic revenue growth excluding first-time consolidation of the Consumer business to around 47%
- Adjusted EBITDA rises by roughly 145% to approximately € 239m
- Adjusted EBITDA margin improves to around 27.5%
- Microbatteries & Solutions records very strong fiscal year performance
- Very positive development in the Household Batteries segment
- Start of dividend payments: roughly € 100m to be paid out
- Promising outlook for 2021: organic growth in revenue and profit again on the cards for fiscal year 2021
- Audited financial statements for 2020 to be published on 31st March, 2021

Ellwangen, 18th February, 2021. VARTA AG can look back on the most successful fiscal year in its 135-year business history. The guidance, which had already been raised twice in the previous year, has once again been exceeded. VARTA is also looking ahead to the current fiscal year with great optimism. Due to significant investments in the expansion of production capacities, the Group expects to record additional revenue and profit growth. VARTA is today announcing its preliminary, unaudited figures for fiscal year 2020.

The Company had signaled at the previous year's Annual General Meeting its intention to begin dividend payments. In light of an exceptional fiscal year, the Executive Board has resolved to make dividend payments totaling around €100m to its shareholders. The lion's share of this payout consists of a special dividend to mark an extraordinarily successful fiscal year. The dividend amounts to around € 2.50 per share. The dividend recommendation remains subject to committee approval.

Following a year of record revenue results and the successful integration of the Household Batteries segment, VARTA is today also presenting its new brand identity. With the claim "Empowering Independence", moving forwards the Group is underlining its credentials as a technology company that will shape the future of battery technology to support a more independent life.

Herbert Schein, CEO of VARTA AG: "We recorded growth of 140% in the prior year. Organic growth alone amounted to almost 50% – a historic result! All business segments have significantly surpassed the success of the previous year. Our small lithium-ion "CoinPower" batteries, for which demand on the market continues to be strong, remain growth drivers. Our strategy of capitalising on the brand business with our household batteries has paid off. With our new brand identity, we want to consolidate these historic developments and successful reintegration. The modernised brand strengthens VARTA as we move ahead into the future in which we will continue to grow and above all remain profitable."

Armin Hessenberger, Chief Financial Officer (CFO) of VARTA AG, adds: "Our high profitability and solid equity base enable both further growth to be financed and high dividend payouts to our shareholders. We are looking ahead to 2021 with great optimism."



Group revenue rose by approximately 140% to around € 870m during fiscal year 2020. Excluding the first-time consolidation of VARTA Consumer, this growth stands at around 47%. By scaling the business model, growth in operating earnings outpaced that of revenue. Adjusted EBITDA increased by around 145% to approximately € 239m. Excluding the first-time consolidation of the Consumer business, this growth amounts to around 90%. The adjusted EBITDA margin stands at around 27.5% (previous year: 26.9%).

VARTA AG - Group

In €m	2019 ⁽¹⁾	2020 ⁽²⁾	
Revenue	362.7	870	140%
Adjusted EBITDA	97.5	239	145%
Adjusted EBITDA margin	26.9%	27.5%	+0.6 PP

⁽¹⁾ The previous year's figures have been adjusted to the new segmentation (retrospective pro forma adjustment)

⁽²⁾ Preliminary, unaudited company figures

Very strong growth for the “Microbatteries & Solutions” segment in fiscal year 2020

Revenue in the Microbatteries & Solutions segment increased very dynamically by 49% to approximately € 508m. 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). This is a consequence of continued high customer demand in a market that is growing in volume by around 30% annually. As a leader in technology and innovation, VARTA AG is growing significantly faster than the market as a whole and has established a highly successful business model.

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

Once again, there was a step-change improvement in adjusted EBITDA, rising on this occasion by 96% to approximately € 187m, comfortably exceeding revenue growth in the process. The adjusted EBITDA margin has markedly improved by approximately 8.9 percentage points and now amounts to 36.9% of revenue.

Microbatteries & Solutions segment

In €m	2019 ⁽¹⁾	2020 ⁽²⁾	
Revenue	341	508	49%
Adjusted EBITDA	95	187	96%
Adjusted EBITDA margin	28.0%	36.9%	+8.9 PP

⁽¹⁾ The previous year's figures have been adjusted to the new segmentation (retrospective pro forma adjustment)

⁽²⁾ Preliminary, unaudited company figures



Household Batteries segment makes further positive contribution to growth

The Household Batteries segment encompasses Consumer Batteries in addition to the energy storage solutions business. In the previous year, only the energy storage solutions business was included in the segment reporting. The revenue share of Consumer Batteries is around 90% and Consumer Batteries has developed better than expected during the reporting period. Profitability has improved during the year by focusing on the brand business, while the energy storage solutions business has seen very dynamic growth that outpaced the market.

Household Batteries segment:

In €m	2019 ⁽¹⁾	2020 ⁽²⁾	
Revenue	21	361	n.a
Adjusted EBITDA	2	52	n.a
Adjusted EBITDA margin	9.3%	14.3%	+5.0 PP

⁽¹⁾ The previous year's figures have been adjusted to the new segmentation (retrospective pro forma adjustment)

⁽²⁾ Preliminary, unaudited company figures

Modernised brand profile reflects further development of the company

As a technology company, VARTA is capitalising on the consequent further development of its logo with the redesign of its brand identity. The distinctive “VARTA beam”, a V-shaped ray of light that has always been part of the logo, has been retained as a key element, refined and given elevated status within the new identity. The font has been modernized and reflects VARTA’s realignment as a technology company. With its new brand claim “Empowering Independence”, VARTA is placing an even greater focus on its customers and partners in addition to underlining its corporate vision: We are defining the future of battery technology to empower more independent lives” The timing of the new brand identity is deliberate: one year after the successful reintegration of the Household Batteries segment and looking back on a year of historical business development.

Outlook: Further revenue growth and above-average profit increase expected

VARTA AG is looking ahead to fiscal year 2021 with great optimism. The structural growth in the core markets, what we regard as our strong market position in these core markets and the planned expansion of production capacities for lithium-ion batteries will lead to positive business development in fiscal year 2021. The company is additionally very well positioned despite the ongoing COVID-19 pandemic. Production at our own locations has been uninterrupted since the start of the pandemic, with supply chains being unaffected as well.¹

¹ Adverse impacts on our customers’ businesses as a result of COVID-19 and USD/EUR exchange rate fluctuations cannot be ruled out. At the time of publication of this Corporate News, these effects were not assessable and could therefore not be factored into planning.



VARTA

The Group is anticipating high organic revenue growth and a significant double-digit percentage profit increase for the current fiscal year. Revenue is expected to total around € 940m. Growth is above all expected in the second half of the year. Above-average growth to up to 30% of revenue is anticipated for the relative margin of adjusted operating income. This equates to an increase of up to 2.5 percentage points and underscores the VARTA Group's earning power. The demand for rechargeable VARTA lithium-ion batteries for high-tech consumer products, above all TWS (True Wireless Stereo Headsets), remains very high. As a leader in technology and innovation, VARTA is benefiting from the trend towards ever smaller and more powerful button cell batteries.

VARTA AG has benefitted from a funding commitment totaling around € 300m as part of an Important Common Project of European Interest (ICPEI). The funds are to be put towards research and development in lithium-ion technology and the development of new lithium-ion batteries. In the fourth quarter of the year, VARTA will start operating a pilot line for the automated production of larger battery formats at its Ellwangen site.

The audited financial statements for fiscal year 2020 will be published on March 31, 2021.

Preliminary results can be found at:

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

Dates:

March 31, 2021	Annual financial statements 2020
May 12, 2021	Interim report Q1 2021
June 17, 2021	Annual General Meeting
August 13, 2021	Half-year report 2021
November 11, 2020	Interim report Q3 2021

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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 recognised 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 4,800 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.