

Corporate News

Ellwangen, May 7, 2019

VARTA AG continues its growth trajectory with further improved profitability – raising guidance for 2019

- Got off to a stronger-than-expected start to FY19
- Further double-digit growth in Group revenue: +10.7% to EUR 73.4 million
- Adjusted EBITDA grew again faster than revenue: +36.9% to EUR 17.4 million
- Significant improvement of the adjusted EBITDA margin: up 4.5 percentage points to 23.7%
- “Microbatteries” segment with very strong quarterly results – “Power & Energy” in line with expectations
- Raising the revenue and Adj. EBITDA guidance for FY19:
Revenue expected to be between EUR 310 and 315 million (previously: EUR 303-309 million)
Adjusted EBITDA set to be between EUR 64 and 67 million (previously EUR 61-64 million)

VARTA AG announced the earnings report for the first quarter of 2019 today: Group revenue grew by 10.7% to EUR 73.4 million, recording again a double-digit growth rate. Adjusted EBITDA again increased disproportionately by 36.9% to EUR 17.4 million and the adjusted EBITDA margin improved very significantly by 4.5 percentage points to 23.7%. Net income increased by 28,3% to EUR 9.2 million.

Herbert Schein, CEO of VARTA AG: “The very strong results in the first quarter of 2019 confirm our outstanding position as a technology and market leader in our structurally growing market segments. In particular, I am very excited about the continued very high demand for our lithium-ion batteries (CoinPower). Therefore, we continue to expand the production capacity in this high-margin growth area”.

Chief Financial Officer (CFO) Steffen Munz adds: “We got off to a very strong start to 2019. This in combination with the very healthy order backlog, makes us even more optimistic for the full year 2019. We will further accelerate our strong growth momentum and therefore raise our guidance for fiscal year 2019”.

“Microbatteries” segment with very strong quarterly results - "Power & Energy" segment in line with expectations

The "Microbatteries" segment delivered the strongest revenue and Adj. EBITDA in a quarter ever. Revenue grew by 12,9% to EUR 61.5 million. Thereby revenue surpassed for the first time EUR 60 million in a three month period. Adjusted EBITDA increased by 36.7% to EUR 16.6 million.

As a result, the adjusted EBITDA margin improved significantly by 4.7 percentage points to 27.1% of revenue.

In the Microbatteries segment, the strongest growth in revenue was once again achieved by the rechargeable lithium-ion batteries (CoinPower). As the technology and innovation leader, the Group benefits the most from the rapidly growing market for premium wireless headsets or earbuds (Hearables). In the case of hearing aid batteries, VARTA AG further secured its market-leading position in a market benefiting from structural growth.

The Power & Energy segment started the new 2019 fiscal year in line with expectations, with revenue slightly above previous year. The ramp-up of new customer projects in battery packs will lead to significantly higher revenue in the second half of the year compared to the first half of 2019. It is very pleasing that a positive adjusted EBITDA of EUR 0.8 million was achieved in the first quarter. The Adj. EBITDA margin was at 6.5% of revenue, confirming our objective to deliver a 6 to 8% Adj. EBITDA margin in the mid-term.

Positive free cash flow despite continued high investments to expand production capacities

Capital expenditure (CAPEX) amounted to EUR 6.1 million in the first quarter of 2019. Investment activities continue to focus on the expansion of production capacities for small lithium-ion batteries (CoinPower). Here, the installed production capacity will be expanded from currently around 40 million cells per year to more than 60 million cells by 2020.

Free cash flow was EUR 2.6 million in the first three months of 2019. VARTA AG continues to fund the investments in capacity expansion from the cash flow generated from the operating activities.

Guidance for fiscal year 2019 raised after a strong start in the first quarter

Following the successful start in the first quarter of 2019, VARTA AG has raised its revenue and Adj. EBITDA guidance for the current fiscal year 2019: The revenue guidance has been raised from EUR 303 to 309 million to EUR 310 to 315 million. This corresponds to a revenue growth of around 14% to 16% year-on-year. The guidance for adjusted EBITDA has been increased from EUR 61 to 64 million to EUR 64 to 67 million, an increase of around 27 to 33% compared to the previous year.

VARTA AG – Selected Group Key Figures

in EUR million	Q1-2019	Q1-2018
Revenue	73.4	66.4*
EBITDA	16.8	12.3*
Adjusted EBITDA	17.4	12.7*
Adjusted EBITDA Margin (%)	23.7%	19.2%
Group's net profit	9.2	7.2*
Investments (Capex)	6.1	12.5
Free Cash Flow	2.6	-12.0
Equity ratio	59.1%	69.6%
Balance sheet total	455.5	342.3
Staff (as of March 31)	2,296	2,178

*Changes to the previous year's figures due to conversion to IFRS 15

Schedule:

May 21, 2019, Annual General Meeting
August 6, 2019, Half-year Report 2019
October 20, 2019, Interim report of 3rd quarter 2019

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About VARTA AG

VARTA AG, as the parent company of the Group, is active in the microbatteries and Power&Energy business segments through its subsidiaries VARTA Microbattery GmbH and VARTA Storage GmbH. Today, VARTA Microbattery GmbH is already an innovation leader in the field of microbatteries, one of the market leaders for hearing aid batteries and is also striving for market leadership for lithium-ion batteries in the wearables sector, especially for hearables. VARTA Storage GmbH focuses on intelligent energy solutions for tailor-made battery storage systems for OEM customers as well as on the design, system integration and assembly of stationary lithium-ion energy storage systems. With five production and manufacturing facilities in Europe and Asia as well as sales centers in Asia, Europe and the USA, the operating subsidiaries of the VARTA AG Group are currently active in over 75 countries worldwide.