

## Corporate News

Ellwangen, Friday, May 15, 2020

### **VARTA AG makes positive start to new fiscal year 2020 with sharp increases in revenue and EBITDA – guidance confirmed**

- Group revenue grows in Q1 2020 by 170.3% to € 198.5m (+68.2% excluding acquisition of VARTA Consumer)
- Adjusted EBITDA increases by 197.0% in the first three months of 2020 to € 51.7m (+135.0% excluding acquisition of VARTA Consumer)
- Adjusted EBITDA margin improves by 2.3 PP to 26.0%.
- Acquisition of VARTA Consumer Batteries business from Energizer concluded successfully on January 2 and taken into account in the consolidated financial statements for the first time
- “Microbatteries & Solutions” segment with very strong quarterly results
- “Household Batteries” segment makes a good start to Q1
- Outlook for fiscal year 2020 confirmed<sup>1</sup>:  
Group revenue of € 780m–800m expected;  
Adjusted Group EBITDA set to come in at € 175m–185m;  
Planned CAPEX of € 300–330m

#### **Organic revenue and EBITDA growth accelerated further**

VARTA AG is today publishing its figures for the first quarter of 2020 – including the consolidated figures of the acquired European VARTA Consumer Batteries business (VARTA Consumer) for the first time following its acquisition. The Group has made a positive start to the new fiscal year, building upon the substantial organic growth in revenue and income achieved in the past. Group revenue grew by 170.3% in the first quarter to € 198.5m. Organic revenue growth, excluding the first-time consolidation of VARTA Consumer, amounted to 68.2%. Adjusted EBITDA increased by 197.0% to € 51.7m. Excluding VARTA Consumer, adjusted EBITDA rose by 135.0%. The adjusted EBITDA margin improved by 2.3PP to 26.0%, while Group profit rose by 265% to € 24.5m.

Herbert Schein, CEO of VARTA AG, explains: “Together with VARTA Consumer, we have made a very positive start to the new fiscal year and have again accelerated our high growth momentum. The pleasing result is primarily attributable to sustained strong demand for our lithium-ion cells, while we significantly increased sales by rapidly expanding production capacities. Our business model is also

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<sup>1</sup> In view of the global spread of the coronavirus (COVID-19), negative impacts on the VARTA AG Group cannot be ruled out. At the time that these quarterly financial statements were prepared, these risks were not present, meaning that VARTA does not therefore expect any adverse impacts for its outlook due to COVID-19.

proving to be highly robust, while the high level of discipline we have shown in implementing protective measures against COVID-19 has meant we have been able to continue production without any restrictions so far.”

Steffen Munz, CFO, adds: “We confirm our guidance for fiscal year 2020. Our exceptionally healthy balance sheet with its high equity ratio and low debt combined with an anticipated increase in operating cash flow allow us to finance further investments in the expansion of production capacity”.

On January 2, 2020, VARTA AG successfully concluded the acquisition of the European VARTA Consumer Batteries business from the US-based Energizer Holdings, Inc.. The acquisition of VARTA Consumer has seen VARTA AG become a globally leading manufacturer of battery solutions with a comprehensive product portfolio. The business acquisition means that the global VARTA trademarks for devices, microbatteries and energy storage systems have once again been brought together under the umbrella of VARTA AG. This move serves to strengthen the brand identity of VARTA products across all segments.

### **Re-segmentation of operating activities**

In the wake of the acquisition of VARTA Consumer, the VARTA AG group carried out a re-segmentation of its operating business at the start of 2020. The Microbatteries & Solutions segment includes the business areas Healthcare, Entertainment and Power Pack Solutions. The second segment, Household Batteries, comprises the Consumer Batteries business in addition to energy storage solutions.

### **“Microbatteries & Solutions” segment records highly impressive quarterly figures**

The “Microbatteries & Solutions” segment has made a very positive start to the new fiscal year. Revenue rose by 75.3% to € 118.7m. Adjusted EBITDA increased by 151.1% to € 40.8m. This produced a step-change improvement in the adjusted EBITDA margin of 10.4PP to 34.3%. 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). Even in the current market environment, demand remains high on this dynamically growing market. Our global market position for hearing aid batteries has been further expanded in a market subject to structural growth. For primary batteries in particular, business in the first quarter of 2020 developed better than expected.

### **“Household Batteries” segment makes solid start to 2020**

The “Household Batteries” segment has made a solid start to the new fiscal year 2020, with revenue totaling € 79.7m. Adjusted EBITDA amounted to € 10.9m in the first quarter of 2020, producing an EBITDA margin of 13.7%. VARTA Consumer Batteries developed better than expected in the first three months of the year. By focusing on the brand business, profitability has significantly improved. Business in the area of energy storage solutions has developed according to plan in the first quarter of 2020.

### **Outlook<sup>2</sup> for fiscal year 2020 confirmed**

Following a better than expected start to the new fiscal year, the VARTA AG Group remains committed to its outlook for the fiscal year published on March 31, 2020 despite the major macroeconomic uncertainties resulting from the coronavirus pandemic. Group revenue of € 780m–800m is still

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expected for 2020. This corresponds to revenue growth of between 115% and 120% in comparison with the previous year (including VARTA Consumer). Organic revenue growth (excluding VARTA Consumer) is set to stand between 32% and 38%. In 2020, adjusted Group EBITDA will still be in a corridor between € 175m and € 185m and will therefore increase by 79% to 90% in comparison with the previous year (including VARTA Consumer). Excluding VARTA Consumer, adjusted EBITDA will grow between 50% and 60% in comparison with 2019.

In view of the global spread of the coronavirus (COVID-19), negative impacts on the VARTA AG Group cannot be fully ruled out. This could impact production activities at our locations, transportation to our customers as well as disrupting our suppliers. It can also not be ruled out that our customers are temporarily unable to purchase products from VARTA due to disrupted production processes at their own sites. However, at the time that these quarterly financial statements were prepared, these risks were not present, meaning that VARTA does not therefore expect any adverse impacts for its outlook due to COVID-19.

### VARTA AG Group – selected key metrics

In € m	Q1-2020	Q1-2019
Revenue	198.5	73.4
EBITDA	46.6	16.8
Adjusted EBITDA	51.7	17.4
Adjusted EBITDA margin (%)	26.0%	23.7%
Consolidated result	24.5	9.2
Investment expenditure (CAPEX)	69.5	6.1
Free Cash Flow	-138.0	2.6
Equity ratio (%)	48.3%	62.0%*
Balance sheet total	910.7	668.8*
Staff (as at March 31)	4,151	2,296

\*As at December 31, 2019

#### Dates:

6/18/2020 Virtual Annual General Meeting  
 8/14/2020 Half-year report 2020  
 11/12/2020 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.