

Corporate News

Ellwangen, 25th April 2018

VARTA AG releases report for the first quarter 2018

- VARTA AG continues high growth rate in Q1/2018
- Group revenue increased in the first quarter 2018 by 11.5% to EUR 68.3 million
- Revenue figures: adjusted EBITDA of 50,0% and EBIT of 55.9% have clearly improved compared to the same period of the previous year
- Adjusted EBITDA margin exceeded 20% for the first time in VARTA AG's recent history
- Increase in sales and results in all segments
- Intensified investment activities for expansion of lithium-ion production capacity

VARTA AG, a global expert for microbatteries and market leader for hearing aid batteries as well as for solutions for hearables, power packs and energy storage, today releases its quarterly report for the first quarter 2018. VARTA AG continues the high growth rate in Q1/2018.

„The group revenue increased in the first quarter 2018 by 11.5% to EUR 68.3 million and therefore once again increased in the double-digit range over the prior year.

The Microbatteries and Power & Energy segments again recorded double-digit growth rates”, says Herbert Schein, CEO of VARTA AG.

The development of the adjusted EBITDA margin is particularly pleasing.

It exceeded 20% for the first time in VARTA AG's recent history. The improvement of the profitability is in particular the result of the profitable growth of hearing aid batteries as well as the lithium-ion cells, with a simultaneous below-average increase of costs due to scaling of the business model. This development confirms the strategic alignment and affirms the intention to continue to invest massively in profitable growth. At EUR 13.9 million, the adjusted EBITDA was 50,0% higher compared to the same period of the previous year.

The Microbatteries and Power & Energy segments grew significantly in terms of revenue and EBITDA. The revenue in the microbatteries segment increased by 9.8% to EUR 56.3 million. The microbatteries segment continues to be characterized by the continuous development in the area of hearing aid batteries and the rapid development in small lithium-ion batteries. The EBITDA improved from EUR 9.8 million to EUR 13.2 million, which corresponds to an increase of 34.1% in comparison to the previous year. This results in an EBITDA margin of 23.4% in proportion to revenue (in comparison: 19.2% in Q1/2017).

Revenue in the Power & Energy segment grew by 21.6% to EUR 11.8 million. The revenue growth is chiefly caused by the continued successful development of stationary energy storage solutions. At EUR 0.7 million, the EBITDA is for the first time clearly in the positive range. This is the result of the structural improvement of the operating income in addition to the dynamic revenue growth.

The consistent implementation of the company's growth strategy is the reason for this tremendous growth:

Key figures of VARTA AG Group

Financial figures of VARTA AG Group

(in KEUR) unaudited according to IFRS	Period ending March 31, 2018	Period ending March 31, 2017	Change in KEUR	Change in %
Net revenue	68,266	61,223	7,043	11.5%
<i>thereof "Microbatteries"</i>	<i>56,312</i>	<i>51,309</i>	<i>5,003</i>	<i>9.8%</i>
<i>thereof "Power & Energy"</i>	<i>11,762</i>	<i>9,675</i>	<i>2,087</i>	<i>21.6%</i>
EBIT	10,972	7,038	3,934	55.9%
in % of net revenue	16.1%	11.5%		
Depreciation and amortization	2,474	2,216	258	11.6%
EBITDA	13,446	9,254	4,192	45.3%
in % of net revenue	19.7%	15.1%		
<u>Adjustments</u>				
<i>IPO expenses</i>	<i>0</i>	<i>0</i>		
<i>Pension obligations reimbursement claim</i>	<i>0</i>	<i>0</i>		
<i>Share-based payment expenses</i>	<i>435</i>	<i>0</i>		
Adjusted EBITDA	13,881	9,254	4,627	50.0%
in % of net revenue	20.3%	15.1%		
EBT	10,726	6,042	4,684	77.5%
in % of net revenue	15.7%	9.9%		
Group result	8,039	3,776	4,263	112.9%
Cash flow from operating activities	430	5,842		
Cash flow from investment activities	-12,445	-761		
Cash flow from financing activities	-19	-7,784		
FTE employees as at reference date March 31,	2,178	2,021		
Earnings per Share (EPS) in EUR	0.19	0.59		
(in KEUR) unaudited according to IFRS	March 31, 2018	Dec. 31, 2017	Change in KEUR	Change in %
Balance sheet figures				
Balance sheet total	342,267	331,480	10,787	3.3%
Long-term assets	116,539	105,258	11,281	10.7%
Short-term assets	225,728	226,222	-494	-0.2%
<i>thereof liquid funds</i>	<i>126,403</i>	<i>138,536</i>	<i>-12,133</i>	<i>-8.8%</i>
Equity capital	238,301	230,452	7,849	3.4%
in % of balance sheet total	69.6%	69.5%		
<i>thereof subscribed capital</i>	<i>38,200</i>	<i>38,200</i>	<i>0</i>	<i>0</i>
Long-term liabilities	29,330	29,423	-93	-0.3%
Short-term liabilities	74,636	71,605	3,031	4.2%

Net financial debt	-117,614	-130,135	12,521	9.6%
Trade Working Capital	56,418	41,394	15,024	36.3%

Due to the very positive result for the Q1 report 2018, VARTA AG therefore still expects for the full year 2018 a significantly improved result as compared to the previous year.

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About VARTA AG

VARTA AG as the group's parent company operates via its subsidiaries VARTA Microbattery GmbH and VARTA Storage GmbH in the business segments microbatteries and power & energy. Already today, VARTA Microbattery GmbH is innovation leader in the area of microbatteries, one of the market leaders for hearing aids batteries and strives to also become market leader for lithium -ion batteries in the area of wearables and in particular hearables. VARTA Storage GmbH is focused on intelligent energy solutions for customized battery storage systems for OEMs as well as on design, system integration and mounting of stationary lithium -ion energy storage systems. With its five production and manufacturing facilities in Europe and Asia as well as sales offices in Asia, Europe and the USA, the operating subsidiaries of VARTA AG group are currently active in more the 75 countries worldwide.