

Corporate News

Ellwangen, September 03, 2019

VARTA AG plans renewed expansion of production capacities for lithium-ion batteries to more than 150 million cells per year in 2022

The VARTA AG Group, the technology and innovation leader for rechargeable lithium-ion batteries for high-tech consumer products, particularly premium true wireless headsets, is again expanding its production capacities. After projections were raised at the beginning of June to more than 100 million cells per year by the end of 2020, the company is now planning to further increase production capacities to more than 150 million cells per year by 2022. This is a consequence of continued high customer demand in a market that is growing by more than 30% per annum. VARTA stands to benefit most strongly from the technological transition away from cylindrical batteries to coin-shaped batteries. With its leading technology, the Group has supported this technological progress in wireless headsets and is setting the industry standard in this area with constant innovations. The Group is striving to attain global market leadership for lithium-ion batteries with a market share of more than 50% in 2020.

Herbert Schein, Chief Executive Officer (CEO) of VARTA AG, comments: "We stand on the cusp of a huge boom in lithium-ion batteries for premium true wireless headsets, from which we are set to benefit enormously. We have developed unique competitive advantages and are growing much faster than the market. For this reason, we are again significantly expanding our production capacities."

Steffen Munz, Chief Financial Officer (CFO), adds: "We are registering an enormous and steadily growing order backlog and we have been able to easily forecast short and medium-term demand for lithium-ion batteries. The renewed expansion of production capacities will allow us to continue the high pace of growth."

The capacity expansion requires an additional investment of around € 130m (to manufacture an additional 50 million cells per year). The investment volume is to be financed using the cash flow from the operating activities in connection with additional customer pre-payments. Moreover, the Group has at its disposal a revolving credit facility in the amount of € 80m.

The investment will be largely focused on the two main production locations for lithium-ion batteries in Germany. In Ellwangen, electrode manufacturing will be hugely expanded in addition to lithium-ion cell production. In Nördlingen, a new facility is to be constructed for the production of lithium-ion batteries adjacent to the existing manufacturing site. Implementation of these capacity expansion projects will begin in the third quarter of this year.

About VARTA AG

As the parent company of the Group, VARTA AG is active in the business segments Microbatteries and Power & Energy through its operating subsidiaries VARTA Microbattery GmbH and VARTA Storage GmbH. Already today an innovation leader in the microbatteries sector and one of the market leaders for hearing-aid microbatteries, VARTA Microbattery GmbH also aspires to market leadership for lithium-ion batteries in wearables and, in particular, hearables. VARTA Storage GmbH focuses on intelligent energy solutions for customized battery storage systems for OEM customers and the design, system integration and assembly of stationary lithium-ion energy storage systems. The VARTA AG Group'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.

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