

Corporate news: 9M Report

Ellwangen, October 25, 2018

VARTA AG remains on growth path – profitability up again – profit forecast for 2018 raised

- Group revenue increases by 11% to EUR 200.2m
- Adjusted EBITDA rises by 27% to EUR 38.9m
- Adjusted EBITDA margin improves substantially by 2.4pp to 19.4%
- Both the Microbatteries and Power & Energy segments continue their strong development
- Power & Energy segment registers step-change improvement in profitability and maintains high-growth momentum
- Investment program well on course: 9M investment (CapEx) up threefold on same period in the previous year
- International award for product line strategy in the field of energy storage solutions

VARTA AG, globally operating experts for microbatteries and market leaders for hearing aid batteries as well as hearable technology solutions, power packs and energy storage systems, has continued its profitable growth course in the first nine months of the year. Double-digit growth rates for both revenue and income were again recorded. This successful growth path was also acknowledged by the market research and consultancy firm Frost & Sullivan, who presented VARTA Storage with this year's "Product Line Strategy Leadership Award" in London on October 4, 2018. The annual prize is awarded to companies demonstrably proven to possess a particularly fine understanding of customer requirements and product demands. Herbert Schein, CEO of VARTA AG: "We feel greatly honored to receive this award. It represents yet further confirmation of our profitable growth strategy in energy storage systems, which we have pursued consistently since establishing VARTA Storage in 2012."

An overview of selected KPIs:

In EURm	9M 2017	9M 2018	
Revenue	180.2	200.2	11%
Adjusted EBITDA	30.6	38.9	27%
Consolidated result	17.7	20.6	17%
Investments (CAPEX)	-11.3	-36.5	223%

Double-digit growth in Group revenue of 11% to EUR 200.2m was again recorded in the first nine months of the year. The Power & Energy segment sustained a high growth dynamic to record particularly pleasing development. By scaling the business model, operating earnings growth has once again outpaced that of revenue. Adjusted Group EBITDA came in at EUR 38.9m, up 27% compared to the first nine months last year. The adjusted EBITDA margin improved substantially by 2.4pp to 19.4%. This represents a further improvement on the strong result recorded in the first half of the year. It was

especially positive to note that both the Microbatteries and the Power & Energy segments again made a positive contribution and continued their excellent development.

Sales in the Microbatteries segment rose by 7% to EUR 161.3m. Growth in the area of lithium-ion batteries remained very high thanks to the sustained strong demand for wireless lifestyle products, such as premium headphones and other wireless applications. Adjusted EBITDA improved from EUR 35.8m to EUR 36.0m. The adjusted EBITDA margin temporarily fell to 22.3% of sales (9M 2017: 23.6%) due to upfront costs linked to the planned start of expanded lithium-ion batteries production at the end of the year.

Sales in the Power & Energy segment increased very dynamically by 35% to EUR 38.1m. Energy storage solutions remain on a high-growth trajectory, particularly in the home storage market. In addition, sales of battery packs continue to gain traction thanks to new customer projects. Power & Energy achieved very positive adjusted EBITDA of EUR 2.9m in the first nine months of 2018. Operating earnings have therefore soared by EUR 6.6m year-on-year. The adjusted EBITDA margin improved by 21pp to 7.5% (9M 2017: -13.2%).

For financial year 2018, VARTA AG is still expecting Group revenue of between EUR 270m and EUR 273m (net of currency effects), meaning double-digit growth year-on-year will again be posted here. The adjusted EBITDA developed better than expected in the first nine months of the year. For this reason, the profit forecast (adjusted EBITDA) has been raised to between EUR 49m and EUR 51m.

For the complete 9M 2018 report, please see:

https://www.varta-ag.com/wp-content/uploads/2018/10/VARTA-AG_Neunmonatsbericht_2018_EN.pdf

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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 microbattery 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 particularly headphones. 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 six production and assembly facilities in Europe and Asia as well as distribution centers in Asia, Europe and the USA.