

Corporate news on the audited figures for full year 2018

VARTA AG closes 2018 with strong figures and continues to invest in the expansion of production capacities

- Most successful financial year in the company's recent history
- Profitable growth path continues with continued double-digit growth rates for revenue and profit
- Both segments contributed to the revenue and profit growth and have developed very positively
- Very healthy balance sheet enables further investments using the company's own funds
- In 2018, investments in the expansion of production capacities were financed completely from the operating cash flow
- Executing the largest investment program in the company's history flawlessly – further expansion of production capacities for lithium-ion batteries to over 60 million cells per year.
- Very positive outlook for 2019:
Revenue of € 303m-309m expected;
Adjusted EBITDA set to total € 61m-64m;
Planned CAPEX of € 65m-75m
(all excluding foreign exchange rate effects)

Ellwangen, March 28, 2019. VARTA AG has published its audited figures for financial year 2018, confirming the preliminary figures released on February 15, 2019. The Group can look back with huge satisfaction on the most successful financial year in its recent history. New record figures were achieved for revenue and profit, with continued double-digit growth rates: Group revenue increased by 12.2% to € 271.7m, again a double-digit revenue growth compared to previous year. The adjusted EBITDA grew again faster than the revenue growth due to the continued scaling of the business model. Adjusted EBITDA increased by 28.3% to € 50.2m. The adjusted EBITDA margin improved significantly by 2.3pp to 18.5%. Net income increased by an impressive 90% to € 25.7m.

Herbert Schein, CEO of VARTA AG: "The strong financial results confirm the objectives of our profitable growth strategy. With the massive expansion of our production capacities and with our new innovative products our growth dynamic will accelerate yet again and we will be able to further expand our strong market position. Therefore, we will be able to continue our profitable growth path over the long-term."

Both segments contributed to the revenue and profit growth and have developed very positively

Revenue in the Microbatteries segment rose by 7.5% to € 218.9m. Adjusted EBITDA increased by 8.2% to € 47.3m. The strongest sales growth was again achieved by the small lithium-ion batteries (CoinPower). As technology and innovation leader, the Group has benefited from highly dynamic growth in the market segment for wireless lifestyle products, particularly wireless premium headphones or earbuds (hearables). Our market leading position for hearing aid batteries has been further secured in a market benefiting from structural growth.

Sales in the Power & Energy segment increased very dynamically by 37.4% to € 51.8m. The segment recorded sustained high growth for energy storage solutions, particularly in the residential storage market. The new customer projects for battery packs have also contributed positively to the dynamic growth. A highly positive adjusted EBITDA was achieved for full year 2018. There was a step-change improvement in operating earnings, rising by € 7.3m from € -4.4m to € 2.9m.

Very healthy balance sheet enables further investments using the company's own funds

The largest investment program in the company's history was launched directly after the IPO in October 2017 with the aim of expanding production capacities. The balance sheet as of December 31, 2018 has increased by € 70.2m to € 401.7m, primarily due to the massive investments to expand production capacities. In the previous financial year, investment activities were focused on the expansion of production capacities for small lithium-ion batteries (CoinPower).

Since the IPO, the Group's equity ratio has been very solid. As of year-end 2018, the equity ratio amounted to 64.6% (year-end 2017: 69.5%).

Steffen Munz, CFO of VARTA AG: "The very healthy balance sheet enables us to finance further investments in the expansion of production capacities as well as in innovations and new products using own funds. "

Investments in 2018 financed in full by operating cash flow

Capital Expenditures (CAPEX) were € 56.3m in fiscal year 2018, up € 39m compared to previous year, with the main focus on expanding the production capacity in small lithium-ion batteries (CoinPower). The capital spent was 3.5 times higher than last year. VARTA AG was able to completely finance the massive investments in capacity expansion from the cash flow generated from the operating activities. Operating activities resulted in a cash flow of € 69.8m. Free cash flow was €10.5m for fiscal year 2018.

Very positive outlook for 2019 and further investments in the expansion of production capacities

VARTA AG is very optimistic with regards to financial year 2019. Due to massive expansion of the production capacity, the very healthy backlog and the visible growth opportunities, the Group expects clear double-digit growth rates both in terms of revenue and profit. In 2019, it is anticipated that currency adjusted Group revenue will be in the range of € 303m and € 309m, resulting in an organic revenue growth of around 12% - 14% year on year. In 2019, adjusted EBITDA is set to be in the corridor between € 61m and €64m, equating to an approximately 22% - 28% increase year on year.

Production capacities will be further expanded due to the sustained high demand for small lithium-ion batteries, particularly with regards to wireless premium headphones or earbuds. Production capacities for lithium-ion batteries will be expanded to over 60 million cells per year. In 2019, CAPEX in the range of € 65m - € 75m is expected.

VARTA AG - Selected Group metrics

In €m	2018	2017
Revenue	271.7	242.2
Adjusted EBITDA	50.2	39.1
Adjusted EBITDA margin (%)	18.5%	16.2%
Consolidated result	25.7	13.5
Investments (CAPEX)	56.3	17.0
Free cash flow	10.5	5.1
Equity ratio	64.6%	69.5%
Balance sheet total	401.7	331.5
Employees (as at Dec. 31)	2,284	2,171

Annual report 2018:

<https://www.varta-ag.com/publications/?lang=en>

Financial Calendar:

May 7, 2019 Interim report Q1 2019
May 21, 2019 Annual General Meeting
August 6, 2019 Half-year report 2019
October 29, 2019 Interim report Q3 2019

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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 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.

Consolidated Income Statement for the Period January 1 to 31 December. 2018

(IN K€)	SPECIAL EFFECTS	2018	SPECIAL EFFECTS	2017
Sales revenue		271,650		242,157
Increase in finished and unfinished goods		3,899		3,145
Own work capitalized		4,152		3,517
Other operating income		7,109		14,472
Cost of materials		-106,867		-99,928
Personnel expenses		-92,440		-86,047
Other operating expenses		-40,114		-44,227
EBITDA		47,389		33,089
Costs of IPO	0		6,115	
Reimbursement claim from pensions	0		-3,629	
Costs of share-based payment	2,830		3,557	
Adjusted EBITDA	50,219		39,132	
Depreciation and amortization		-10,518		-9,446
Operating earnings (EBIT)		36,871		23,643
Financial income		160		63
Financial expenses		-416		-783
Other financial income		368		687
Other financial expenses		-631		-889
Financial result		-519		-922
Profit and loss shares in companies recognized in the balance sheet under the equity method		130		-1,696
Earnings before taxes		36,482		21,025
Income tax expenses		-10,779		-7,481
Consolidated result		25,703		13,544
Appropriation of profit:				
Shareholders of VARTA AG		25,260		13,268
Non-controlling interests		443		276

Consolidated balance sheet as at December 31, 2018

(IN K€)	DECEMBER 31, 2018	DECEMBER 31, 2017
ASSETS		
Non-current assets	151,831	105,258
Current assets	249,865	226,222
Total assets	401,696	331,480

(IN K€)	DECEMBER 31, 2018	DECEMBER 31, 2017
EQUITY AND LIABILITIES		
Equity	259,422	230,452
Non-current liabilities	60,422	29,423
Current liabilities	81,852	71,605
Total liabilities	142,274	101,028
Total assets	401,696	331,480

Cash flow statement

(IN K€)	2018/12	2017/12
Cash and cash equivalents as at January 1, 2018	138,536	12,347
Cash flow from ongoing business activities	69,846	22,020
Cash flow from investment activities	-58,982	-16,943
Cash flow from financing activities	-114	121,577
Net change in cash and cash equivalents	10,750	126,654
Effects of exchange rate fluctuations	455	-465
Cash and cash equivalents as at December 31, 2018	149,741	138,536

* see explanation concerning change in disclosure in note 37 Group cash flow

Segments

Microbatteries	2018	2017
Sales revenue (EURm)	218.9	203.6
Adjusted EBITDA (EURm)	47.3	43.7
Adjusted EBITDA margin (%)	21.6	21.5

Power & Energy	2018	2017
Sales revenue (EURm)	51.8	37.7
Adjusted EBITDA (EURm)	2.9	-4.4
Adjusted EBITDA margin (%)	5.6	-11.7