

Corporate news on the acquisition of VARTA Consumer Batteries business from Energizer

VARTA AG acquires VARTA Consumer Batteries business from Energizer

- Transaction expands VARTA AG's portfolio to include portable batteries for end consumers
- Gaining access to the attractive, but underpenetrated mass retail channel
- Worldwide VARTA trademark rights largely consolidated under the umbrella of VARTA AG
- VARTA Consumer Batteries becomes part of an innovative technology company
- Focus on growth strategies of VARTA AG and VARTA Consumer Batteries remains unchanged
- Strong and stable cash flow at VARTA Consumer will make a meaningful medium-term contribution to fund the massive expansion of the production capacity in the rapidly growing, highly profitable lithium-ion batteries of VARTA AG

Ellwangen, 29th May 2019 – The battery manufacturer VARTA AG today signed an agreement to acquire the Europe-based VARTA Consumer Batteries business ("**VARTA Consumer**") from the US-American Energizer Holdings, Inc. ("**Energizer**"). VARTA Consumer Batteries comprises a large number of country subsidiaries and its main production site in Dischingen, Germany.

VARTA Consumer Batteries is one of Europe's leading manufacturers of portable consumer batteries and has positioned itself as market leader in numerous European countries. VARTA Consumer Batteries' successful business development is based on its distinctive European distribution network with a large number of local subsidiaries and long-standing customer relationships with almost all European key retailers. The product portfolio includes batteries, rechargeable batteries, chargers, portable power (power banks), and lights. The company has sales divisions in more than 20 countries. In the financial year 2019, VARTA Consumer Batteries expects revenues of around EUR 300 million.

Through this transaction, VARTA AG will expand its product portfolio by consumer household batteries. The VARTA AG Group is gaining access to attractive, but underpenetrated mass retail channel. By acquiring VARTA Consumer Batteries, the worldwide VARTA trademark rights for household batteries, microbatteries and energy storage systems are consolidated under the roof of VARTA AG. This will strengthen the brand image of all VARTA products.

"With this transaction, we are seizing the unique opportunity to bring together what belongs together. The acquisition allows us to make extensive use of our premium brand name again, which also stands for technology and innovation leadership," says Herbert Schein, CEO of VARTA AG. "In addition, VARTA Consumer's attractive cash flow profile will make a significant contribution to the further expansion of our fast-growing, highly profitable lithium-ion production. Our growth strategy thus remains uncompromised; the pace of expansion for our lithium-ion production remains unchanged."

VARTA AG is the technology and innovation leader in lithium-ion batteries and has successfully established mass production for this technology. The group is investing heavily in the further expansion of its rapidly growing, highly profitable lithium-ion production.



Steffen Munz, CFO of VARTA AG, adds: "We are creating a leading global manufacturer of mission-critical batteries with 2019E pro forma revenue of more than EUR 600 million and an operating profit (EBITDA) of more than EUR 100 million. The expected purchase price is significantly lower than the amount paid in comparable transactions."

The net purchase price for VARTA Consumer Batteries is estimated to be around EUR 100 million. The final purchase price is subject to the closing accounts. The transaction is fully secured by financing commitments from the syndicate banks.

With VARTA AG, VARTA Consumer Batteries has gained a strategic investor who has a long-term interest in strengthening the VARTA brand on a global level. Peter Werner, Managing Director of VARTA Consumer Batteries EMEA, says: "We are very happy that we have succeeded in reuniting two companies that have a common history and share a common commitment to quality. With the takeover by VARTA AG, VARTA Consumer Batteries will receive a further boost to continue the extremely successful path of growth of the past years."

The closing of the transaction is subject to the approval of the European Commission and the fulfilment of customary conditions precedent, including antitrust clearance. Closing is expected in the second half of 2019.

Transaction background

In 2002, the original VARTA AG was divided into three business divisions, which were transferred to different buyers. The new owner of VARTA Consumer Batteries, Spectrum Brands, sold the company to Energizer Holdings at the beginning of 2019. Following conditions imposed by the EU Commission for this purchase, Energizer is now transferring VARTA Consumer Batteries to VARTA AG, but will continue to use the VARTA brands in the retail sales channel in America and Asia via license agreements.

About VARTA AG

VARTA AG, as the parent company of the Group, is active in the Microbatteries and Power&Energy business segments through its subsidiaries VARTA Microbattery GmbH and VARTA Storage GmbH. Today, VARTA Microbattery GmbH is already an innovation leader in the field of microbatteries, one of the market leaders for hearing aid batteries and is also striving for market leadership for lithium-ion batteries in the wearables sector, especially for hearables. VARTA Storage GmbH focuses on intelligent energy solutions for tailor-made battery storage systems for OEM customers as well as on the design, system integration and assembly of stationary lithium-ion energy storage systems. With five production and manufacturing facilities in Europe and Asia as well as sales centers in Asia, Europe and the USA, the operating subsidiaries of the VARTA AG Group are currently active in over 75 countries worldwide.

About VARTA Consumer Batteries

VARTA Consumer Batteries GmbH & Co. KGaA, based in Ellwangen, is a supplier of innovative quality products, including batteries, rechargeable batteries, chargers, portable power (power banks), special batteries and lights. VARTA Consumer Batteries stands for strong product ideas – developed with the know-how of more than 130 years –, quality, design and a wide product range. VARTA Consumer Batteries' strong focus on consumer lifestyles and close cooperation with retailers enables the company to respond fast and flexibly to current equipment trends with optimised energy solutions in the dynamic Fast Moving Consumer Goods (FMCG) market.

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