

Corporate News on the preliminary, unaudited figures for 2018

VARTA AG closes 2018 with strong figures – very optimistic outlook for 2019

- Most successful financial year in the company's recent history
- Both the Microbatteries and Power & Energy segments continue to perform very positively
- Further double-digit growth in Group revenue: +12.1% to just under € 272m
- Adjusted EBITDA grew again faster than revenue: +28.4% to € 50.2m
- Significant improvement in the adjusted EBITDA margin: up 2.3pp to 18.5%
- Very positive outlook for 2019:
Expected revenue of € 303m–309m;
Adjusted EBITDA set to total € 61m–64m

Ellwangen, February 15, 2019. VARTA AG, the global expert in microbatteries, with a market-leading position in hearing aid batteries and solutions for hearables, power packs and energy storage systems, has published its preliminary, unaudited figures for financial year 2018. The Group can look back with huge satisfaction on the most successful financial year in its recent history, with new records achieved for revenue and profit.

VARTA AG is very optimistic with regard to financial year 2019. Following huge investment in the expansion of production capacity, the Group is expecting growth in revenue and profit will again increase. "We continue the profitable growth path and again record double-digit growth rates for both revenue and profit. We will further extend our technological leadership by launching new products in 2019. That is the basis for our continued success into the future," underlined Herbert Schein, CEO of VARTA AG. "We are looking ahead to 2019 with real confidence and have put great plans in place. Revenue and profit is set to grow again at a double-digit rate," adds Steffen Munz, CFO of VARTA AG.

Double-digit growth was again recorded in Group revenue in financial year 2018. This rose organically by 12.1% to total € 271.6m. By scaling the business model, growth in consolidated operating earnings has once again outpaced that of revenue. Adjusted EBITDA increased by 28.4% to € 50.2m. The adjusted EBITDA margin improved significantly by 2.3pp to 18.5%: It was especially positive to note that both the Microbatteries and the Power & Energy segments are still growing rapidly and have continued their very positive development.

VARTA AG Group ⁽¹⁾

€ m	2017	2018	
Revenue	242.2	271.6	12.1%
Adjusted EBITDA	39.1	50.2	28.4%
Adjusted EBITDA margin	16.2%	18.5%	+2.3pp

⁽¹⁾ Preliminary, unaudited figures

In the Microbatteries segment, the strongest growth in revenue was once again achieved by rechargeable lithium-ion batteries (CoinPower). As a leader in both technology and innovation, VARTA AG is ideally positioned in the small lithium-ion batteries market segment and is benefiting from the rapid expansion of this market for wireless lifestyle products, especially wireless premium headsets (hearables). The company intends to exploit its technological leadership to dominate the market in this very attractive segment in the medium term.

In the case of hearing aid batteries, VARTA AG further secured its market-leading position in a market benefiting from structural growth.

Revenue in the Microbatteries segment increased by 7.5% to € 218.9m. Adjusted EBITDA increased by 8.0% to € 47.2m, slightly outpacing revenue growth in the process.

Microbatteries segment⁽¹⁾

€ m	2017	2018	
Revenue	203.6	218.9	7.5%
Adjusted EBITDA	43.7	47.3	8.2%
Adjusted EBITDA margin	21.5%	21.6%	+0.1pp

⁽¹⁾ Preliminary, unaudited figures

Revenue in the Power & Energy segment grew very significantly by 37.4% to € 51.8m. The segment reports sustained strong growth in energy storage solutions, especially in the residential storage market. The new customer projects for battery packs have also contributed to the dynamic growth. Adjusted EBITDA has been positive since the first quarter and highly positive adjusted EBITDA was also achieved in 2018 as a whole. There was a step-change improvement in operating earnings, rising by € 7.3m from € -4.4m to € 2.9m. The adjusted EBITDA margin has improved by 17.3pp and stands at +5.6% (previous year: -11.7%).

Power & Energy segment⁽¹⁾:

€ m	2017	2018	
Revenue	37.7	51.8	37.4%
Adjusted EBITDA	-4.4	+2.9	--
Adjusted EBITDA margin	-11.7%	5.7%	+17.3pp

⁽¹⁾ Preliminary, unaudited figures

Outlook

VARTA AG is very optimistic with regard to financial year 2019. Following huge investment in the expansion of production capacity, the Group is anticipating that growth in revenue and profit will again increase. Group revenue is expected to total € 303m-309m (net of currency effects) in 2019, equating to organic revenue growth of approximately 12%-14% year on year. Both segments will post double-digit percentage growth. In the Microbatteries segment, VARTA AG is particularly benefiting from the very sharp increase in demand for rechargeable lithium-ion batteries (CoinPower). In the Power & Energy segment, residential energy storage solutions are subject to particularly rapid growth. In 2019, adjusted Group EBITDA is set to total € 61m-64m, which would therefore represent a year-on-year increase of approximately 22%-28%. The adjusted EBITDA margin will stand at 20%-21%, meaning that it will increase to over 20% of revenue for the first time in the company's history. The complete, audited figures for financial year 2018 will be published on March 28, 2018.

Preliminary results available at:

https://www.varta-ag.com/Preliminary_Figures_FY_2018

Calendar:

March 28, 2019 Annual financial statements 2018

May 7, 2019 Interim report Q1 2019

May 21, 2019 Annual General Meeting

August 6, 2019 Half-yearly report 2019

October 29, 2019 Interim report Q3 2019

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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, 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.