

# VARTA AG

## FY2018 Preliminary Figures

### February 15, 2019



## Forward-Looking Statements

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- **We continue to execute our strategy, with focus on profitable growth**
- **We delivered strong FY18 results, with again double-digit growth rates: Revenue up ~12% – EBITDA up ~28% – EBITDA margin +2,3PP**
- **Both segments contributed to the strong performance in 2018:**
  - **Microbatteries:** Healthcare delivered FY18 in-line with our expectations – Entertainment is continuing the high-growth momentum
  - **Power & Energy:** Strong growth momentum continuing – break-even achieved in Q1 – step-change improvement in profitability
- **Investment program to expand the production capacity is on track:**
  - Smooth execution of the largest investment program in the history
  - Focus of the capacity expansion is on lithium-ion-batteries (CoinPower)
- **We are well-positioned for another successful year in 2019**
  - Revenue guidance FY19: €303-309m, up ~12-14% YoY
  - Adj. EBITDA guidance FY19: €61-64m, up ~22-28% YoY

# Business Highlights



We continue to execute our profitable growth strategy



**Attractive exposure to the healthcare end-market**

- **Continuing to set the industry standard in hearing aid batteries**
  - Launched the EVOLUTION series, with a ~15% longer runtime of hearing aids
  - Enabled by the proprietary and patented foil sealing production technology (TFT)
  - Gaining access to the underpenetrated mass retail channel in the US
- **Strengthening our #1 market position in rechargeable hearing aid batteries with new innovative products ready to be launched in 2019**



**Rapidly-growing entertainment end-market**

- **Continuing to improve our leading technology and innovation position**
  - Higher energy density by +20% through silicon-dominated anode electrodes
  - Batteries with smaller form factors – Cell diameter as small as 8 to 7 mm
- **Targeting the #1 market position in premium wireless headsets by 2020**
- **Massively expanding the production capacity in lithium-ion batteries (CoinPower) to meet the visible future demand**



**Attractive growth opportunities in Power & Energy**

- **Power & Energy with a step-change improvement in profitability in 2018**
- **Proof of strategy to grow profitable in the energy storage solutions market**
- **Entering 2019 with a healthy sales funnel in battery packs (PPS), supporting the growth momentum in 2H 2019**
- **Expanding the geographical reach in residential storage (Italy and Australia)**

**Execution of the massive investment program to expand the production capacity is on track.**

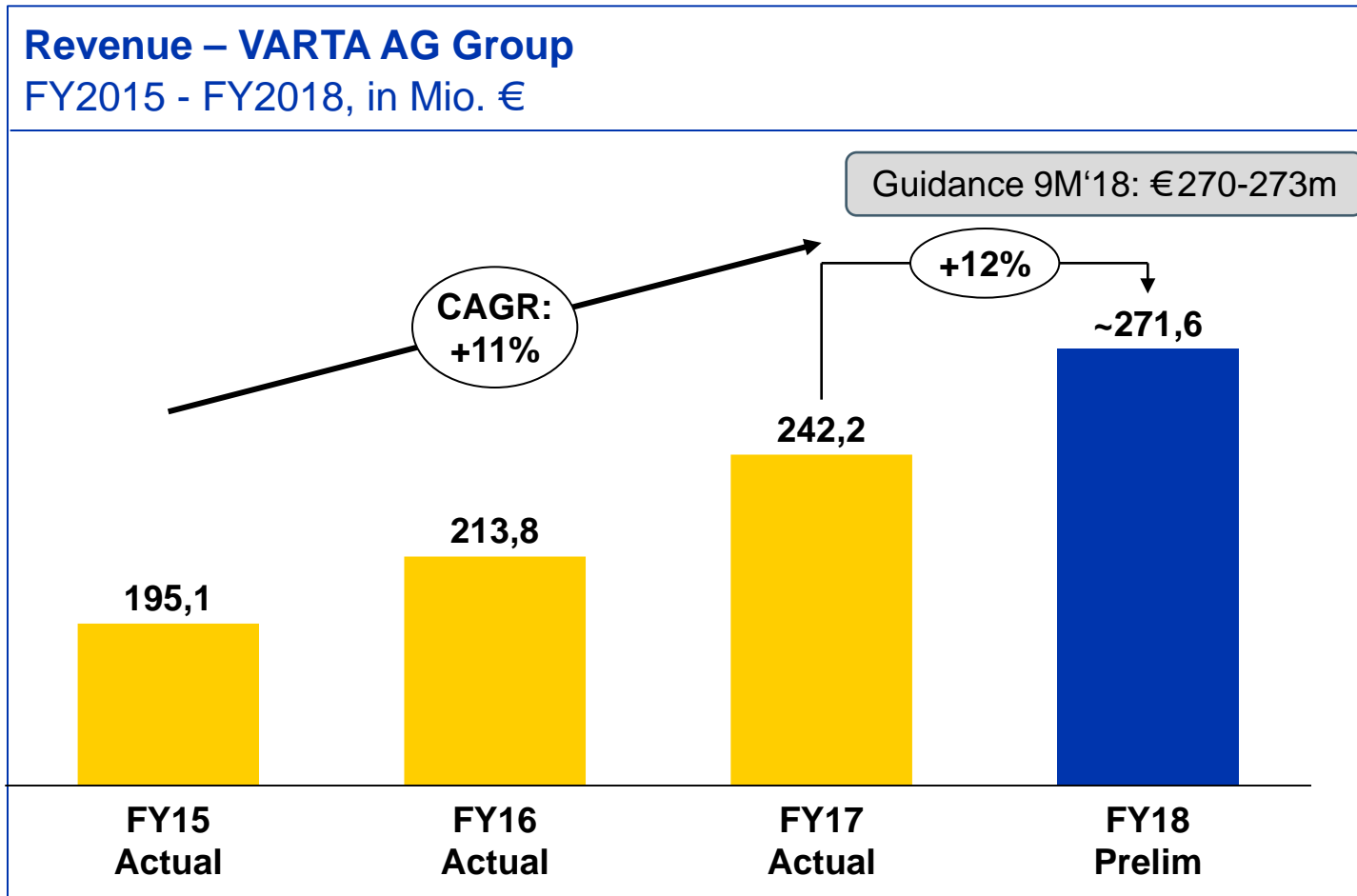
# Financial Highlights FY2018 Preliminary



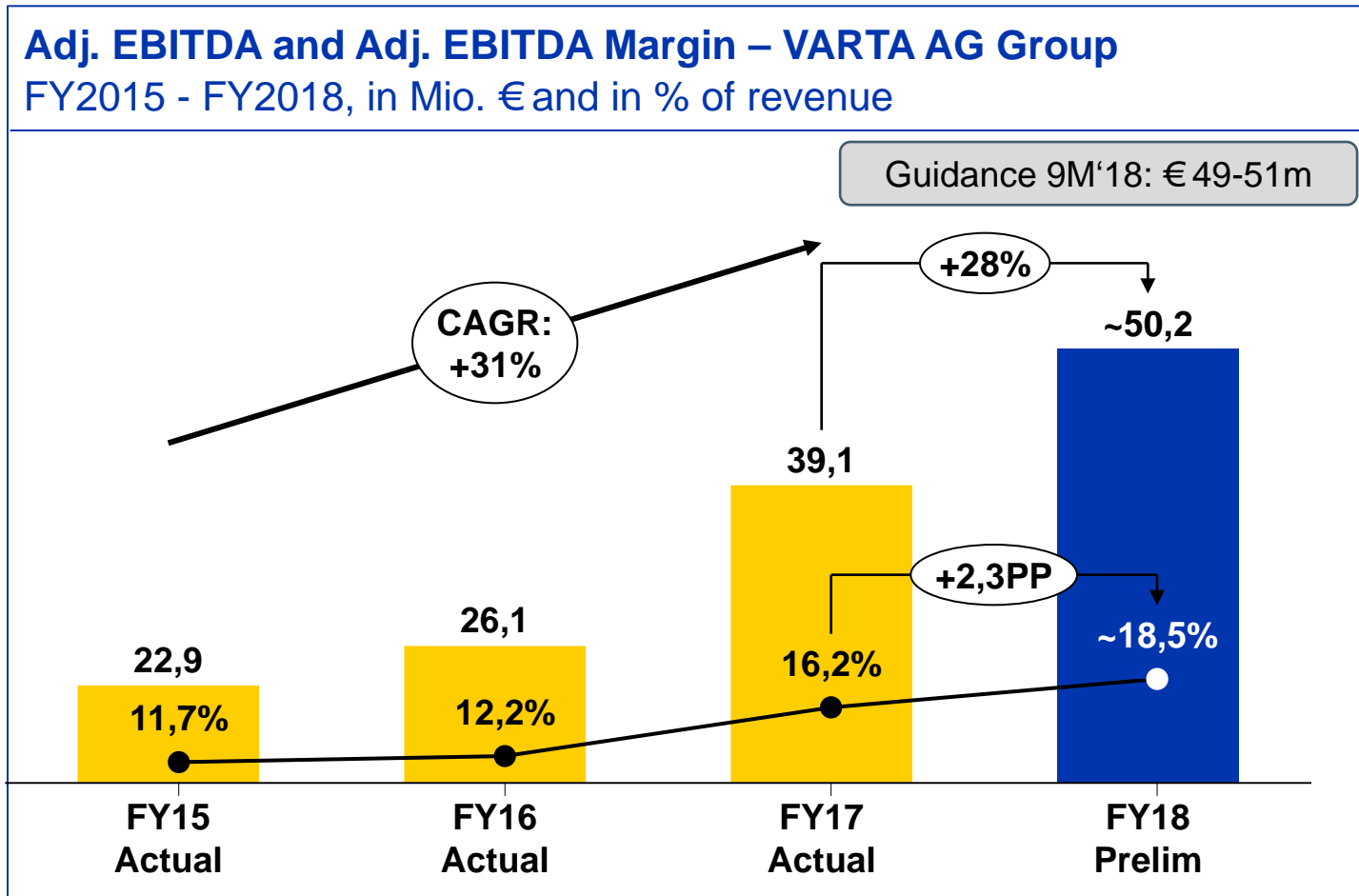
**We delivered strong FY18 results, with continued double-digit growth rates –  
Confirming the objectives of our profitable growth strategy**

- Revenue increased by ~12% to ~€272m –  
delivering again a **double-digit revenue growth** compared to last year
- Adjusted EBITDA increased by ~28% to ~€50m –  
**Adj. EBITDA growth again outpaced revenue growth (2.3x)** due to the  
continued scaling of our business model
- Adjusted EBITDA **margin expanded by ~2.3PP** to 18.5% of revenue
- **Both segments** Microbatteries and Power & Energy **contributed positively**  
to the strong performance in FY2018
- **Power & Energy with a step-change improvement in profitability** –  
delivered a positive Adj. EBITDA of ~€2.9m (~5.6% Adj. EBITDA margin)

# Revenue increased by ~12% to ~€272m – delivering again a double-digit revenue growth



# Adjusted EBITDA increased by ~28% to ~€50m – **VARTA** EBITDA grew again faster than the revenue growth



# Microbatteries – FY2018 Highlights



(€ m)	FY2017 Actual	FY2018 Prelim	YoY Change
Revenue	203,6	~218,9	+7,5%
Adjusted EBITDA	43,7	~47,3	+8,2%
Adjusted EBITDA Margin	21.5%	~21.6%	+0.1PP

## Highlights:

- Microbatteries is continuing its solid growth trajectory, with revenue up ~8% Y/Y
- Healthcare* delivered FY18 in-line with our expectations – strong year-end finish
- Entertainment* is continuing the high-growth momentum due to the ongoing very high demand for lithium-ion batteries (CP)
- Industrial* with a temporary sales dip due to an interim regulatory issue of a major customer, resulting in delayed orders
- Adjusted EBITDA up ~8%, slightly faster than revenue growth – H2 impacted by the upfront costs in lithium-ion batteries (CoinPower) due to the planned massive ramp-up in 2019



*Rechargeable lithium-ion coin cell (CoinPower) for premium wearable devices*



# Power & Energy – FY2018 Highlights



(€ m)	FY2017 Actual	FY2018 Prelim	YoY Change
Revenue	37,7	~51,8	+37,4%
Adjusted EBITDA	-4,4	~2,9	nm
Adjusted EBITDA Margin	-11.7%	~5.6%	+17.3PP

## Highlights:

- Power & Energy continuing to gain momentum, with revenue up ~37% Y/Y – revenue growth increased sequentially
- *Energy storage solutions* remain on the strong growth trajectory, particularly in residential storage
- *Power pack solutions (PPS)* gain traction throughout 2018 due to the ramp-up of new customer projects
- Step-change improvement in profitability – delivered a positive Adj. EBITDA of €2.9M, resulting in a 5.6% Adj. EBITDA margin
- Confirming our objectives to deliver a 6-8% Adj. EBITDA margin in the mid-term, resulting in an attractive return on the invested capital being an asset-light solutions provider



*Wall mounted energy storage system for private households*

# Optimistic Outlook for FY 2019



## VARTA AG Group

- **Revenue:** ~€303-309 m (ex FX effects), up ~12-14% YoY
- **Adjusted EBITDA:** ~€61-64m (ex FX effects), up ~22-28% YoY
- **Adjusted EBITDA Margin:** ~20-21% of revenue

## Segment Microbatteries

- **Revenue:** Double-digit growth – outpacing the market growth
- **Adjusted EBITDA:** Strong Adj. EBITDA growth, with a faster growth rate than revenue growth
- Strong growth momentum in **Entertainment**

## Segment Power & Energy

- **Revenue:** Double-digit growth – in-line with the market growth
- **Adjusted EBITDA:** Significant positive Adjusted EBITDA

# Summary: VARTA AG – the Battery Experts



- **VARTA AG is the technology and innovation leader in batteries for high-end applications, based on our 130 years history in battery technology**
- **We have a strongly differentiated and unique business model with a proven track record**
- **We are well-positioned to benefit from the secular growth trends in each business area**
- **We continue to execute our profitable growth strategy**
- **We are implementing the largest investment program in the VARTA history to expand the production capacity, primarily in lithium-ion-batteries**
- **We delivered strong FY18 results, with again double-digit growth rates**
- **We are very optimistic for FY19, backed by the massive expansion of the production capacity**
- **Continuous innovation is the key to continue our growth momentum in the future**

## Contact Investor Relations

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## Financial Calendar

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15.02.2019	Preliminary Figures FY 2018
28.03.2019	Final figures FY 2018
07.05.2019	Interim statement Q1 2019
21.05.2019	Annual General Meeting
06.08.2019	Half-year report 2019
29.10.2019	Interim statement Q3 2019