

Disclaimer



This presentation contains certain financial measures (including forward - looking measures) that are not calculated in accordance with IFRS and are therefore considered "non- IFRS financial measures". The management of VARTA believes that these non- IFRS financial measures used by VARTA, when considered in conjunction with (but not in lieu of) other measures that are computed in accordance with IFRS, enhance an understanding of VARTA' s results of operations, financial position or cash flows. A number of these non- IFRS financial measures are also commonly used by securities analysts, credit rating agencies and investors to evaluate and compare the periodic and future operating performance and value of other companies with which VARTA competes. These non- IFRS financial measures should not be considered in isolation as a measure of VARTA' s profitability or liquidity, and should be considered in addition to, rather than as a substitute for, net income and the other income or cash flow data prepared in accordance with IFRS. In particular, there are material limitations associated with the use of non- IFRS financial measures, including the limitations inherent in determination of each of the relevant adjustments. The non- IFRS financial measures used by VARTA may differ from, and not be comparable to, similarly- titled measures used by other companies.

Certain numerical data, financial information and market data (including percentages) in this presentation have been rounded according to established commercial standards. Furthermore, in tables and charts, these rounded figures may not add up exactly to the totals contained in the respective tables and charts.

- **Strong group revenue and earnings growth in first nine months**
Group revenue +160% YoY; adj. EBITDA +181% YoY; adj. EBITDA margin at 28.0% (+2.1 PP)
w/o acquisition: Revenue +70% YoY; adj. EBITDA +128% YoY; adj. EBITDA margin at 33.2% (+8.6 PP)
- **Microbatteries & Solutions segment performing very well**
 - *Lithium-Ion CoinPower* with high growth momentum
 - *Healthcare* sees recovery of rechargeables
- **Household Batteries develop better than expected**
 - *Consumer Batteries*: focus on branded batteries improves profitability
 - *Energy Storage Solutions* growing faster than the market
- **No impact of Covid-19 on operational and financial performance in 9m 2020**
- **Guidance for FY 2020 raised* again:**
 - *Revenue*: ~€840-860m (previously: ~€810-830m), up ~131-137% YoY
 - *Adj. EBITDA***: ~€230-235m (previously: ~€210-215m), up ~135-140% YoY
 - *CAPEX*: ~€290-320m (previously: ~€320-360m)
- **Process innovations lead to less investments per cell (less CAPEX requirements)**
- **Innovations in cell and production technology:** Increase of energy density, increase of production speed and expansion of production capacity on track
- **First look into 2021:** Continuation of profitable growth path - Group revenue close to 1 bn EUR in 2021 - adj. EBITDA growing faster than revenue

* In view of the global spread of the coronavirus (COVID-19), negative effects on the VARTA AG Group cannot be ruled out. However, for now, these risks have not materialised.

** Including adj. items from shared-based payments, expenses from M&A transactions, restructuring costs and inventory step-up from purchase price allocation (PPA)



Microbatteries & Solutions

- **Lithium-Ion Batteries/CoinPower:**
 - Premium manufacturers stop bundling cable-based headsets with smartphones – TWS is future choice
 - Expect market growth of 30-40%, due to COVID-19 effects on customers, expectation is towards lower end of the spectrum in 2021
 - Coin cell remains first choice for premium manufacturers, but some pin-type platforms stay longer in the market
 - Performance: 30% increase of energy density on track, 50% in the upcoming years
 - Capacity: 50% higher production speed in 2021
 ➔ less investment per cell.
- **Hearing-aid batteries:**
 - Benefit from fast recovery of rechargeable batteries



Household Batteries

- **Consumer Batteries:**
 - Profitability of Consumer Batteries raised, strategy after acquisition proved successful
 - Continuing focus on branded batteries
 - New environmental-friendlier packaging concepts under development with 100% cardboard packaging
- **Energy Storage Solutions:** strong revenue growth, growing faster than the market – future growth opportunities due to expiring feed-in tariffs



Research & Development

- Existing projects on plan, working on increase of energy density by 50 percent and of tripling of production speed
- IPCEI funding further accelerates innovations and supports future growth opportunities
- Production of format 21700 on pilot line by end of 2021



CoinPower:

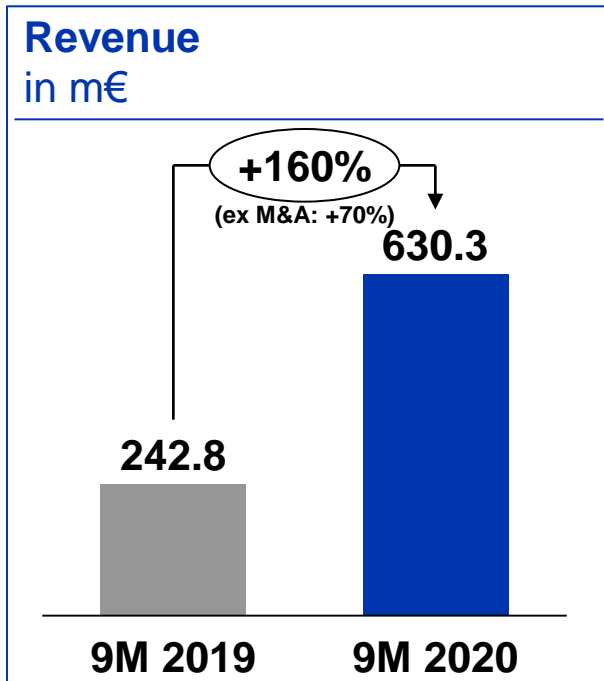
- 80 percent less cobalt in our lithium-ion button cells¹
- One third less CO₂-emissions per li-ion cell.
- CO₂-neutral production sites by 2027
- New facility with production lines providing energy recovery technology to further reduce CO₂

- All cell production sites powered by green energy from 2021
- Packaging for consumer products even more environmentally friendly (100% cardboard)
- Further reduction of waste and water consumption in our production

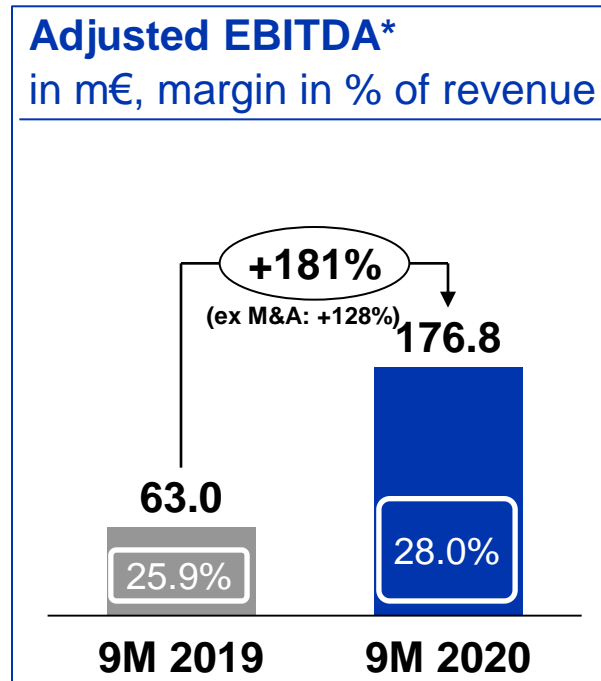
Green partner of leading premium TWS manufacturer

¹ compared to most of our competitors in Asia using lithium-cobalt technology

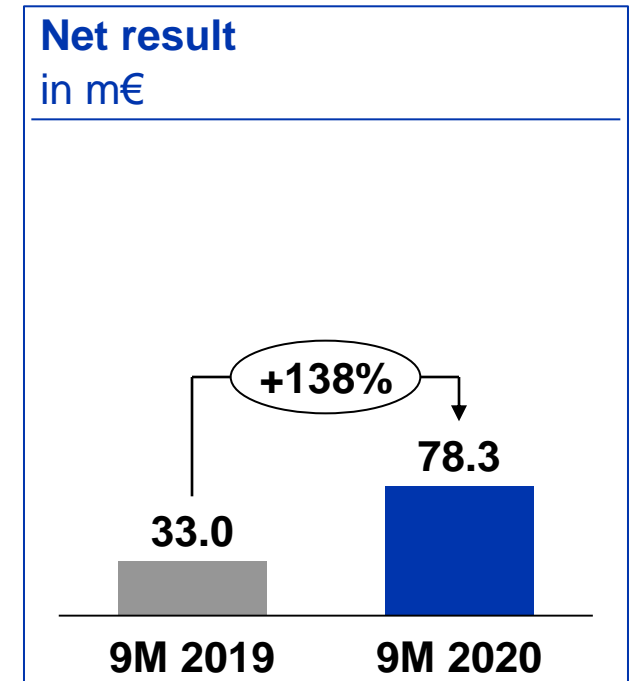
Continuing the high pace of organic revenue and earnings growth – profitability further improved



- Microbatteries & Solutions recorded strong growth in Q3, with Entertainment continuing the high growth momentum
- Household Batteries accelerated the growth momentum in Q3



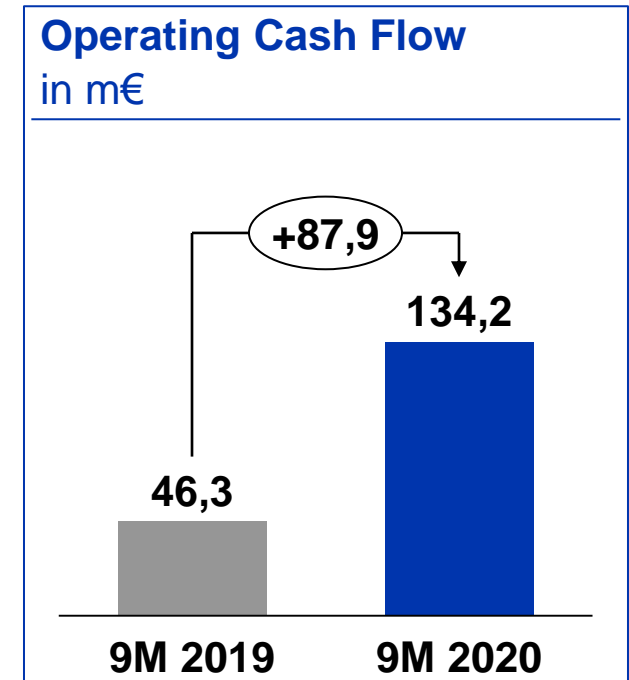
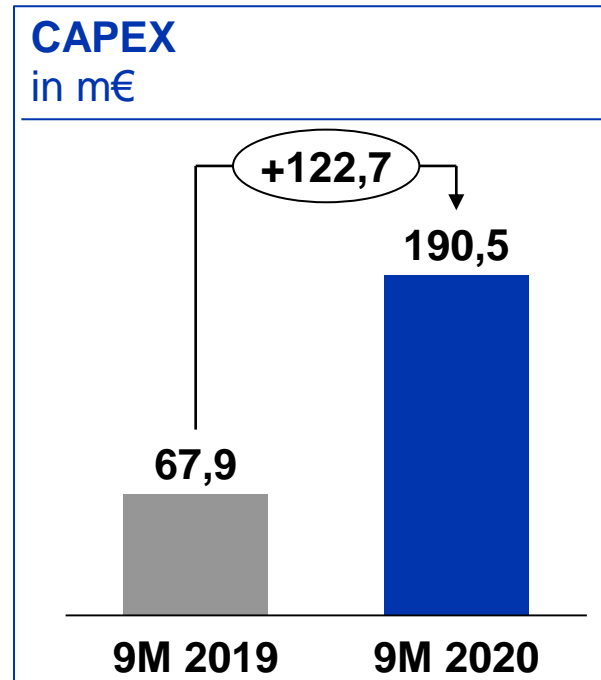
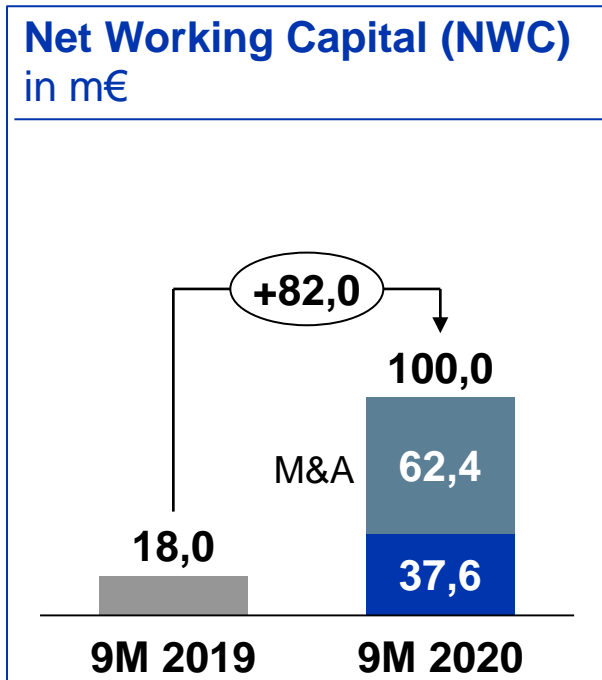
- Adj. EBITDA grew again faster than the revenue due to the very favorable margin mix along with the continued operating leverage and economies of scale
- Margin further expanded by 2,1PP to 28,0% (+8,9PP ex M&A)



- Strong increase of the adj. EBITDA partially offset by the one-time expenses (integration & restructuring of the acquired business) and higher depreciation due to the expansion of the capacity

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Generating strong operating cash flow – continuing to expand the production capacities



- Excluding the Consumer acquisition, NWC increased by 19,6 m€ to 37,6 m€ as compared to December 31, 2019 – NWC ratio was at 7,7% of LTM revenue
- Added 62,4 m€ of NWC from the acquired Consumer business
- Continuing to expand the production capacity for lithium-ion batteries as planned
- Strong operative cash flow mainly due to the strong operating result
- Negative free cash flow of 141,0 m€ primarily due to the capital expenditures (-190,5 m€) along with the net purchase price for the Consumer acquisition (-81,4 m€)

Microbatteries & Solutions – continuing the high pace of revenue and adj. EBITDA growth



(€m, rounded)	9M 2019*	9M 2020	YoY Change*
Revenue	226.9	388.9	71.4%
Adjusted EBITDA	61.3	141.3	130.6%
Adjusted EBITDA Margin	27.0%	36.3%	+9.3PP

*Like-for-like comparison, 9M 2019 adjusted according to the new segment reporting (retrospective pro-forma restatement)

Lithium-Ion batteries (CoinPower) for high-tech consumer products, particularly for premium true wireless headsets are continuing the very high growth momentum



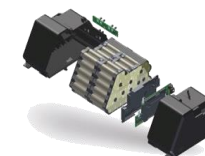
Rechargeable lithium-ion coin cell for premium true wireless headsets

Hearing aid batteries continue to grow faster than the market, with VARTA benefitting from the fast recovery of the rechargeable hearing aid batteries in the market



Hearing aid batteries: VARTA is market leader in both primary and rechargeable cells.

Power Pack Solutions continues to benefit in particular from a new customer project with a premium manufacturer of high-end appliances



Development of complete battery systems including housing and electronics

Adj. EBITDA margin at 36.3%, an improvement of 9.3PP – key drivers: favorable margin mix effect from lithium-ion batteries along with the continued operating leverage and economies of scale

Household Batteries – better than expected in the first 9 months



(€m, rounded)	9M 2019*	9M 2020	YoY Change*
Revenue	15.5	241.2	1,460%
Adjusted EBITDA	1.7	35.5	1,960%
Adjusted EBITDA Margin	11.1%	14.7%	+3.6PP

*9M 2019 includes only the Energy Storage Solutions business

The acquired **Consumer Batteries** business continues to deliver better-than-expected results – strategic focus on the higher-margin branded Consumer batteries improves the profitability of the business

Energy Storage Solutions continuing the strong growth momentum, outgrowing the market

Delivered an **adj. EBITDA** margin of 14.7% – benefiting from the sequentially higher sales volume



VARTA offers a full range of consumer batteries made in Germany.



VARTA offers both: commercial and residential energy storage systems.

Raising guidance for FY 2020: Revenue and adj. EBITDA stronger – less CAPEX needed*



VARTA AG Group values in mEUR, (previous guidance)

Revenue 840-860 (810-830)		131- 137 %	adj. EBITDA** 230-235 (210-215)		135- 140 %	CAPEX 290-320 (320-360)
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Microbatteries & Solutions

Double digit revenue growth and **faster EBITDA** growth

Main driver: Entertainment continuing the high-growth momentum, which started in Q4 2019 with new large-scale TWS projects

Household Batteries

Revenues of VARTA Consumer range between **EUR 310-320 Mio.**

Revenue of **Energy Storage** grows **by 50%** - above market growth

Adjusted EBITDA margin approx. 15%

* In view of the global spread of the corona virus (COVID-19), negative impacts on the VARTA AG Group cannot be ruled out. At the time that the 2019 annual financial statements were prepared, these risks were not present.

** Including adj. items from shared-based payments, expenses from M&A transactions, restructuring costs and inventory step-up from purchase price allocation (PPA)

First look into 2021: Continuing the profitable growth path



TWS market development

- ▶ True wireless headphones (**TWS**): Expect market growth of ~30%, due to COVID-19 effects on customers
- ▶ **Smartphones sold without cable-bound headset** – TWS is the choice of the future
- ▶ Coin cell remains first choice for premium manufacturers - some pin-type platforms stay longer in the market



VARTA development

- ▶ Higher growth in volume than the market
- ▶ **Relative gross** profit margin remains at the minimum stable despite lower revenue per unit
- ▶ **ASP** impacted by mix (growth only in bare cell production), smaller cell sizes at lower costs and simplified assembly work
- ▶ First look into 2021: Group revenue close to 1 bn EUR in 2021 - adj. EBITDA growing faster than revenue

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VARTA AG

9M 2020 Earnings Presentation



November 12th, 2020

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Financial calendar

2 nd half February 2021	Preliminary figures FY 2020
31.03.2021	Annual financial statements
12.05.2021	Interim report Q1 2021
17.06.2021	Annual general meeting
13.08.2021	Half-year report 2021
11.11.2021	Interim report Q3 2021

Consolidated income statement for the period 01/01/-09/30/2020, unaudited



(€k)	JAN 1-SEPT 30, 2020	JAN 1-SEPT 30, 2019
Sales revenue	630,339	242,764
Increase/decrease in finished and unfinished goods	5,879	6,597
Own work capitalized	4,030	3,269
Other operating income	28,897	5,912
Cost of material	-237,856	-83,883
Personnel expenses	-191,636	-81,122
Other operating expenses	-88,098	-32,544
EBITDA	151,555	60,993
Depreciation and amortization	-36,869	-12,657
Operating earnings (EBIT)	114,686	48,336
Financial income	283	273
Financial expense	-2,308	-575
Other financial income	1,116	183
Other financial expense	-3,967	-1,674
Financial result	-4,876	-1,793
Shares of profits and losses in companies accounted for in accordance with the equity method	0	-6
Pre-tax result	109,810	46,537
Income tax expenses	-31,496	-13,569
Consolidated result	78,314	32,968
Allocation of the profit:		
Shareholders of VARTA AG	78,219	32,773
Non-controlling interests	95	195

Reconciliation from EBITDA to adjusted EBITDA, unaudited



(€k)	JAN 1-SEPT 30, 2020	JAN 1-SEPT 30, 2019
EBITDA	151,555	60,993
Expenses from share-based payment	701	1,990
Non-cash effects from the purchase price allocation (PPA)	8,661	0
Expenses for M&A transactions	1,784	0
Restructuring costs for VARTA Consumer	14,065	0
Adjusted EBITDA	176,766	62,983

Reconciliation old vs. new segment reporting, unaudited



(€ m)	JAN 1-SEPT 30, 2020	JAN 1-SEPT 30, 2019	YOY in %
Microbatteries			
Revenue	354.2	201.5	75.8%
Adjusted EBITDA	139.1	60.7	129.3%
Adjusted EBITDA margin	39.3%	30.1%	9.2pp
Power & Energy			
Revenue	57.5	40.9	40.7%
Adjusted EBITDA	4.3	2.3	84.9%
Adjusted EBITDA margin	7.5%	5.7%	1.8pp
Total VARTA excluding acquisition of VARTA Consumer			
Revenue*	412.0	242.8	69.7%
Adjusted EBITDA	143.4	63.0	127.6%
Adjusted EBITDA margin	34.8%	25.9%	8.9pp
Consumer Batteries			
Revenue	218.3		
Adjusted EBITDA	33.4		
Adjusted EBITDA margin	15.3%		
Total VARTA including acquisition of VARTA Consumer			
Revenue	630.3		
Adjusted EBITDA	176.8		
Adjusted EBITDA margin	28.0%		

Consolidated statement of financial position, unaudited (1/2)



(€k)	SEPTEMBER 30, 2020	DECEMBER 31, 2019
ASSETS		
Property, plant and equipment	510,394	247,896
Intangible assets	63,816	20,783
Long-term investments and other participations recognized in the balance sheet under the equity method	60	55
Other financial assets	286	548
Deferred tax assets	5,482	1,271
Other assets	19,284	17,909
Non-current assets	599,322	288,462
Inventories	136,852	63,995
Contract assets	3,277	2,032
Trade receivables	140,530	51,966
Other financial assets	1,224	0
Tax refund claims	2,072	216
Other assets	56,953	17,378
Cash and cash equivalents	130,738	244,781
Current assets	471,646	380,368
Balance sheet total	1,070,968	668,830

Consolidated statement of financial position, unaudited (2/2)



(€k)	SEPTEMBER 30, 2020	DECEMBER 31, 2019
EQUITY AND LIABILITIES		
Subscribed capital	40,422	40,422
Capital reserve	251,320	250,619
Revenue reserves	116,964	68,700
Profit/loss for the year	78,219	50,390
Other reserves	-571	4,456
Equity of the VARTA AG Group	486,354	414,587
Non-controlling interests	310	215
Equity	486,664	414,802
Lease liabilities	52,385	20,476
Other financial liabilities	45,962	2,832
Provisions for employee benefits	70,918	27,241
Advance payments received	32,242	34,296
Other liabilities	65	95
Deferred tax liabilities	4,501	0
Other provisions	1,415	3,839
Deferred liabilities	615	0
Non-current liabilities	208,103	88,779
Tax liabilities	58,332	14,325
Lease liabilities	12,146	4,603
Other financial liabilities	6,521	4,058
Provisions for employee benefits	2,335	1,195
Contract liabilities	43,867	11,198
Trade payables and advance payments received	136,778	88,807
Other liabilities	34,454	20,025
Other provisions	39,064	4,407
Deferred liabilities	42,704	16,631
Current liabilities	376,201	165,249
Liabilities	584,304	254,028
Balance sheet total	1,070,968	668,830

Cash flow statement, unaudited



(€k)	JAN 1-SEPT 30, 2020	JAN 1-SEPT 30, 2019
Cash and cash equivalents as of January 01	244,781	149,741
Cash flow from ongoing operating activities	134,157	46,289
Cash flow from investing activities	-275,118	-69,661
Cash flow from financing activities	28,021	98,470
Net change in cash and cash equivalents	-112,940	75,098
The effects of changes in foreign exchange rates	-1,103	705
Cash and cash equivalents as of September 30	130,738	225,544