

# VARTA AG

HY1 2021 Earnings Presentation

August 13<sup>th</sup>, 2021

# Disclaimer



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# Executive Overview Strategy



- **VARTA AG further increases profitability – continuous innovation pays off:**
  - All segments continue to increase their good results.
  - Revenue HY1 increased by 1.8% to 397.6 mEUR
  - Adj. EBITDA HY1 raised by roughly 10% to 112.3 mEUR (HY1-2020: 102.1 mEUR); margin stands at 28.2% (HY1-2020:26.1%)
  - Segment Lithium-Ion Solutions & Microbatteries:
    - Modest revenue development but strong in profits and margin development
    - VARTA CoinPower production for new projects started in Q2 - resulting in an increased stock of finished and unfinished goods
    - Hearing aid batteries performed very well and the lithium-ion battery pack business continues its excellent growth
  - Segment Household Batteries:
    - Business continues to develop very positively.
    - Strategic focus on branded business with consumer batteries pays off and contributes to EBITDA increase
    - Very dynamic growth in the Energy Storage Systems sector
- **Lithium-Ion Large Cells / V4Drive**
  - High-power feature leads to high customer interest
  - Premium customer from the automotive industry for V4Drive confirmed
  - First pilot production line is on schedule.

# Executive Overview Financials



- **HY1 2021 robust start with strong earnings increase**
  - Group revenue EUR 397.6 (+1.8% YoY)
  - Adj. EBITDA\* EUR 112.3 (+10.0% YoY)
  - Adj. EBITDA margin at 28.2% (HY1 2020: 26.1%)
  
- **Lithium-Ion-Solutions & Microbatteries driving growth**
  - Cost reduction and economies of scale lead to further increase of EBITDA margin of approx. 2PP
  - Lithium-Ion CoinPower: New projects started in Q2 to add revenue and EBITDA growth in HY2
  - Microbatteries and Lithium-Ion battery pack business developed very well
  
- **Household Batteries with excellent cash flow and significant earnings improvement**
  - Consumer Batteries: Focus on VARTA branded business again increased profitability and generates excellent cash flow
  - Strong development in Energy Storage Systems: Increased profitability and significant revenue growth
  
- **Guidance 2021 unchanged\*\*: Adjusted EBITDA Margin up to 30% (up to 2,5PP compared to 2020); Revenues: 940 mEUR**
  - Significant margin improvement in HY1 already achieved
  - Including rise in stock of both unfinished and finished goods revenue would have increased in the Lithium-Ion-Solutions & Microbatteries segment by approx. 5%

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

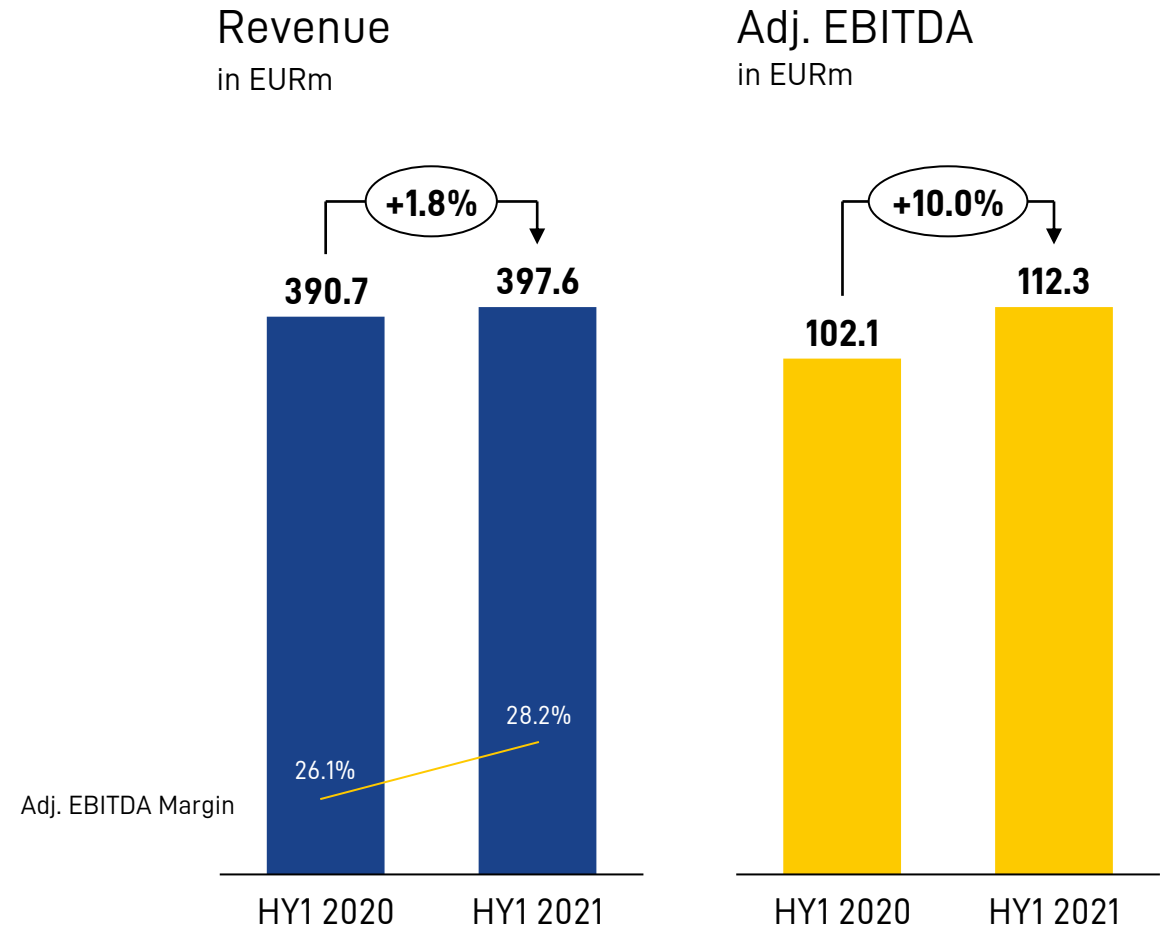
\*\*In view of the global spread of the coronavirus (COVID-19), negative effects on the VARTA AG Group cannot be ruled out. However, for now, these risks have not materialised

# VARTA Group – Financial Highlights HY1 2021



## Strong EBITDA performance

- **VARTA Group** - Delivered very strong earning results – revenue growth gains momentum to accelerate in HY2
- **Lithium-Ion-Solutions & Microbatteries** – Further rise in operating result; TWS increase in stock indicates revenue growth in HY2
- **Household Batteries** - Consumer business profiting from shift to VARTA labeled business and very strong Energy Storage business
- **Dividend Payments - Totaling around 100m EUR / 2.48 EUR per share**  
Cash outflow in Q2



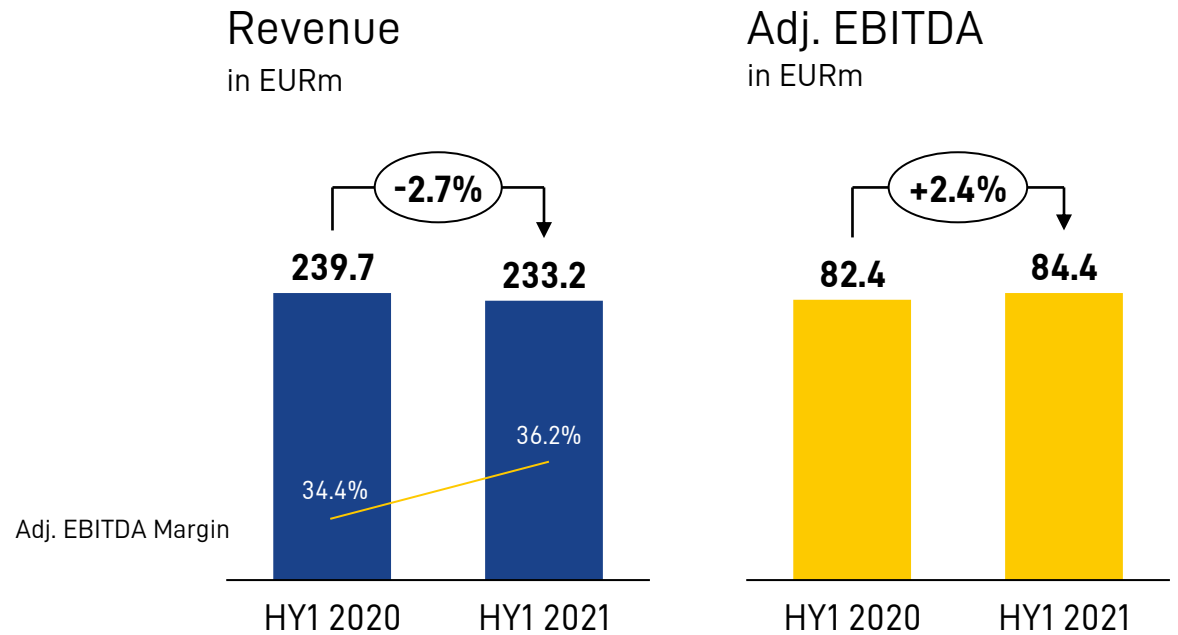
# Lithium-Ion-Solutions & Microbatteries

## Financial Highlights HY1 2021



### Strong EBITDA development

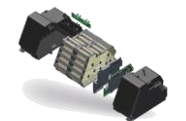
- Lithium-Ion CoinPower**  
 As expected moderate segment development. True Wireless Stereo Headsets (TWS) with increase in stock for finished and unfished goods to fulfill contracts starting in Q3
- Microbatteries**  
 VARTA has been able to further strengthen its market position with the rechargeable hearing aid cells with double digit %-growth.
- Lithium-Ion Battery Pack**  
 High growth has continued in its business with smart, modular battery packs due to the new customer projects that were initiated over the course of the prior year.
- Adj. EBITDA**  
 Further improvement of profitability, margin stands at 36.2% (+1.8PP)



Rechargeable lithium-ion coin cell for premium true wireless headsets



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



Development of complete battery systems including housing and electronics

# Household Batteries

## Financial Highlights HY1 2021



### Strong EBITDA development

- **Consumer Batteries**

VARTA Consumer Batteries with strong growth, earnings profit from the increase of the VARTA branded business (reduction of the white label business).

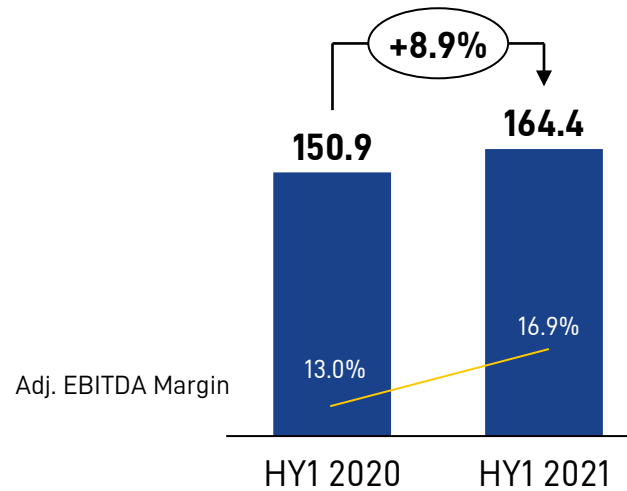
- **Energy Storage Systems**

Strong development in Energy Storage Systems: Increased profitability and significant revenue

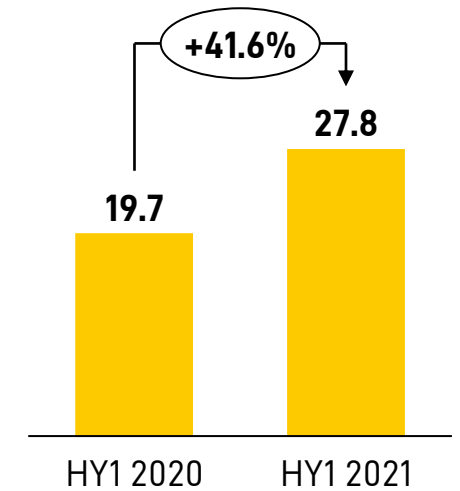
- **Adj. EBITDA**

Excellent adjusted EBITDA development, drivers are the focus on branded business and the dynamic energy storage business.

Revenue  
in EURm



Adj. EBITDA  
in EURm



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



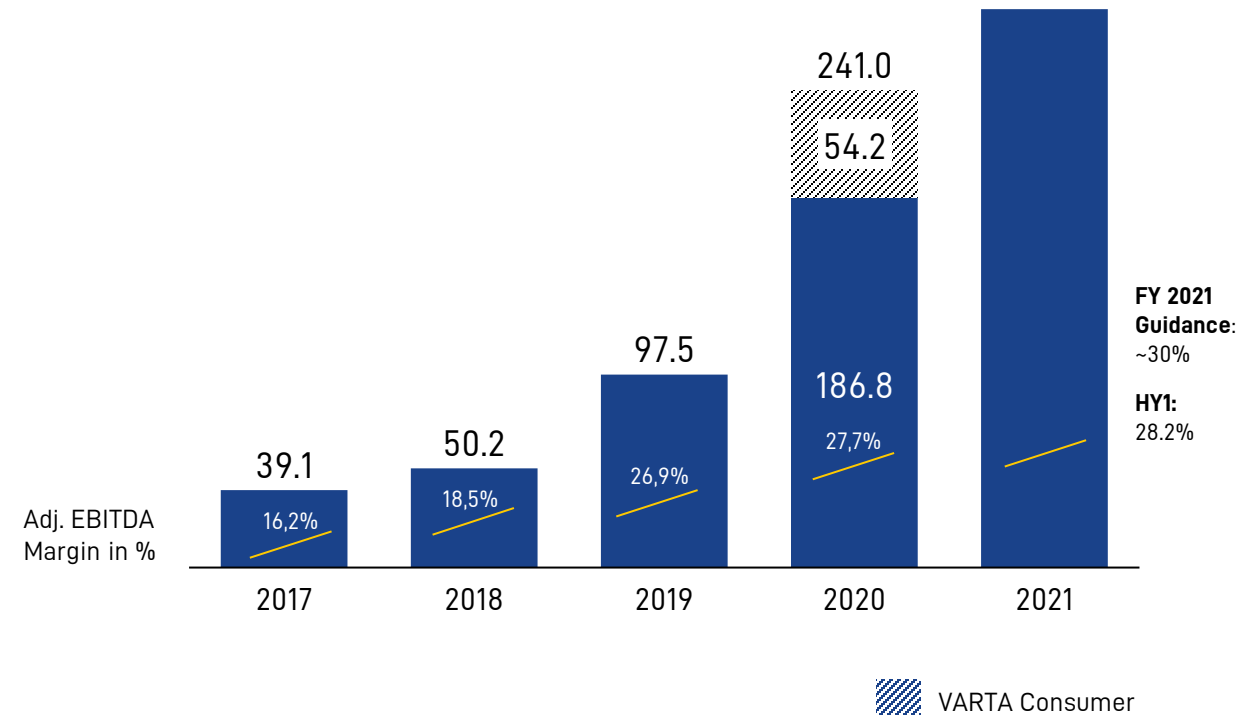
VARTA offers both: commercial and residential energy storage systems.

# Development adj. EBITDA Margin

## Constant increase in adj. EBITDA Margin

- Within the last 4 years, adj. EBITDA margin **nearly doubled**
- Strong organic adj. EBITDA growth overcompensates lower EBITDA margin business of VARTA Consumer.
- **Further EBITDA Margin increase** expected, drivers are economies of scale and productivity gains

## Adjusted EBITDA in EURm





# Summary – HY1 2021



- VARTA increases **profitability**. Adj. EBITDA raised by 10.0% to 112.3 EUR.
- **All segments** continue to increase the adjusted EBITDA
- **Lithium-Ion Solutions & Microbatteries segment** with solid adjusted EBITDA increase. TWS business started in Q2 to fulfill contracts which will turn into revenue growth from Q3 onwards
- **Household Batteries** benefits from high growth in Energy Storage Systems and success of branded business in consumer market.
- **High-power Lithium-ion round cell** addresses larger market and opens opportunity to accelerate growth in the upcoming years: high customer interest, first premium customer for V4Drive from automotive industry.
- **First pilot production line** making good progress and is on schedule, samples for test purpose already available

# Contact & Financial Calendar



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## Financial Calendar

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

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