

# VARTA AG

## Preliminary Results FY2019

February 18<sup>th</sup>, 2020



## Forward-Looking Statements

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- **Further accelerating the high pace of revenue and earnings growth – delivered very strong FY results, further improving the profitability**  
Revenue +34%... Adj. EBITDA +95%... Adj. EBITDA margin at 26.9% (+8.4PP)
- **Microbatteries with exceptionally strong Q4 and FY results**  
*Entertainment* is booming and further accelerating the very high growth momentum – *Healthcare* continues to grow faster than the market
- **Power & Energy delivered strong growth**  
Revenue up ~20% YoY, mainly due to the ramp up of new customer projects in PPS – Adj. EBITDA margin essentially in line with the mid-term margin target
- **Well-positioned for 2020 – looking ahead with great optimism**  
Expecting to further accelerate the high pace of revenue and earnings growth. First-time consolidation of VARTA Consumer will lift the financials to a new level. Guidance for 2020 will be announced on March 31, 2020.
- **Another step change improvement in Lithium-Ion: increasing the energy density by another ~30% in 2020 – extending our leading technology position**

\* 2019 guidance assumes constant FX and organic growth

# Business Highlights – FY 2019 (preliminary)



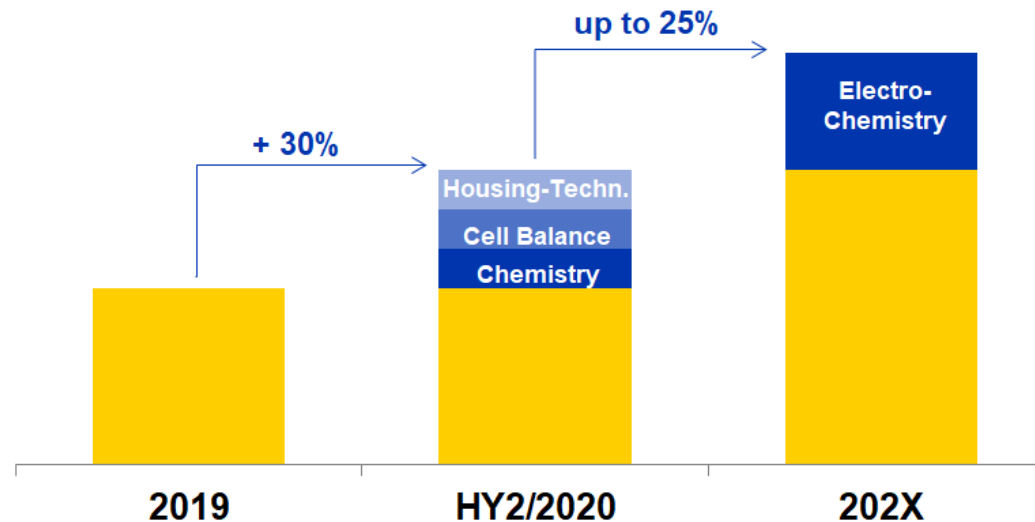
We continue to accelerate the high revenue and earnings growth momentum



Entertainment is accelerating the very high growth momentum

- End-market for premium true wireless headsets is booming
- Booming market offers **huge growth opportunities** & naturally attracts more players
- Application trend towards **smaller batteries with higher energy density along with high quality and safety requirements**
- **Next step-change innovation by VARTA:** increasing the energy density by another ~30% – extending our leading technology and innovation position
- **VARTA in leading position with its proven and successful business model**

VARTA's energy density improvement in Li-Ion



# Business Highlights – FY 2019 (preliminary)



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- **VARTA in leading position with its proven and successful business model**



Healthcare is growing faster than the market

- **Continuing to grow faster than the market in hearing aid batteries**
- **Gaining market share in primary hearing aid batteries** – ramping-up the largest mass retail account for hearing aid batteries in the US (#1 market position in the US)
- We are **strongly benefiting from the growing market share of rechargeable hearing aid batteries**, being the market and technology leader, with a market share of ~60%



Power & Energy with strong underlying market growth

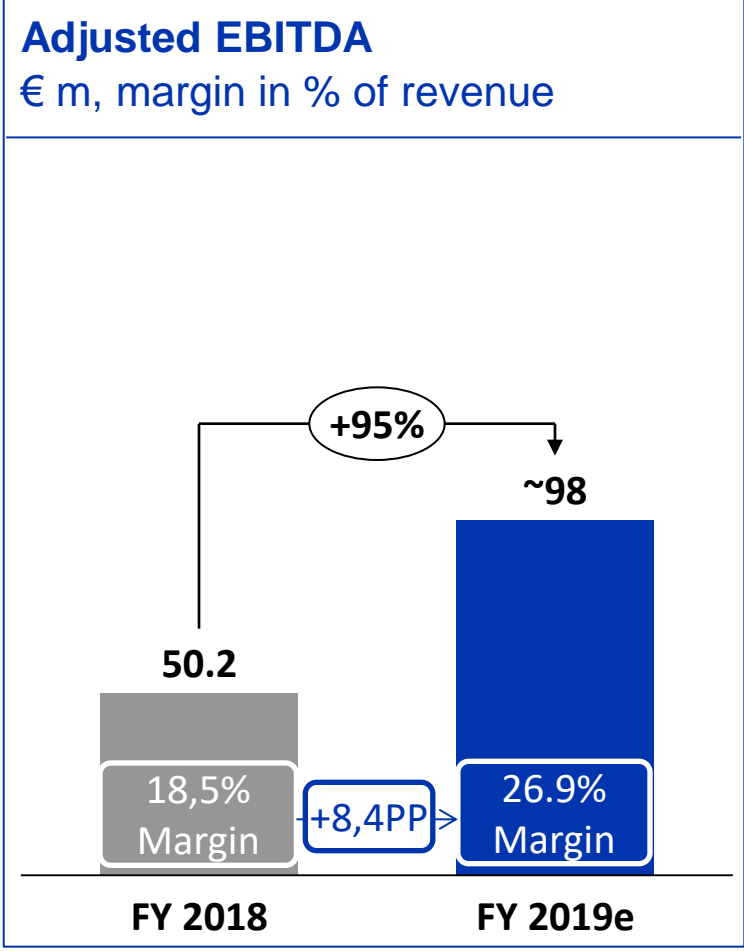
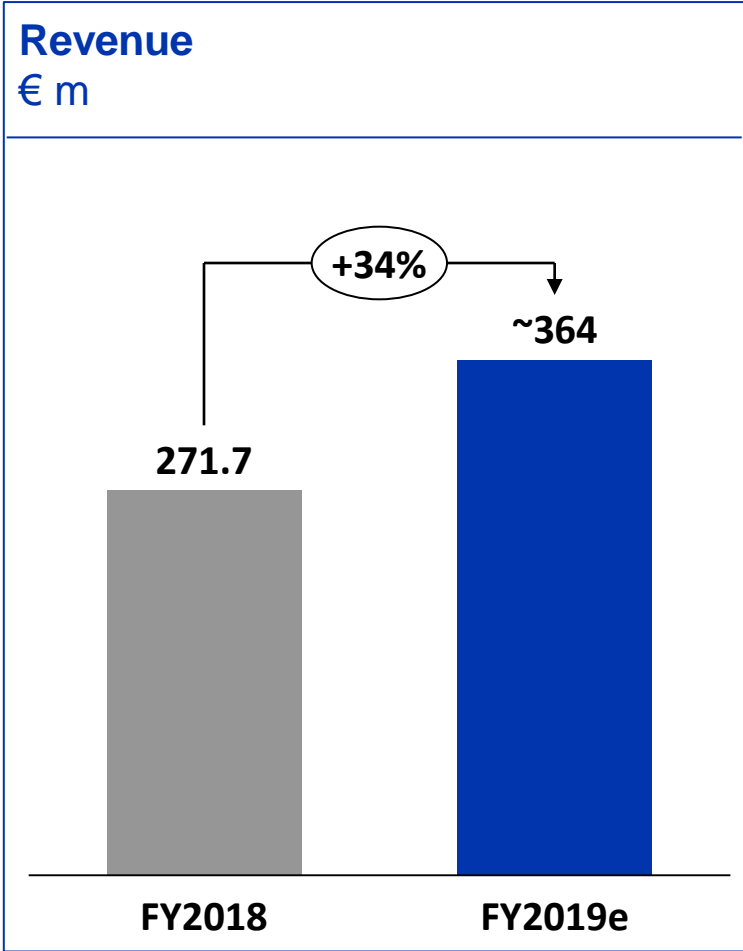
- **VARTA delivered strong top-line growth**, backed by the underlying market growth
- **Benefiting in battery packs (PPS)** from the ramp-up of new customer projects (i.e. packs for the new wireless hand vacuum cleaner from Miele)
- Energy storage solutions continue contributing positively to the segment growth
- Delivered an **Adj. EBITDA margin** of ~6%, essentially **in line with the mid-term margin target**

# Financial Highlights – FY 2019 (preliminary)



- **Delivered very strong Q4 and FY results – further accelerating the high pace of revenue and earnings growth**  
Q4: Revenue +66%... Adj. EBITDA +182%... Adj. EBITDA margin at 28.9% (+11.8PP)  
FY: Revenue +34%... Adj. EBITDA +95%... Adj. EBITDA margin at 26.9% (+8.4PP)
- **Microbatteries with exceptionally strong Q4 and FY 2019 results**  
Q4: Revenue +71%... Adj. EBITDA +182%... Adj. EBITDA margin at 33.8% (+13.2PP)  
FY: Revenue +38%... Adj. EBITDA +100%... Adj. EBITDA margin at 31.3% (+9.7PP)
- **Power & Energy delivered strong growth**  
Q4: Revenue +49%... Adj. EBITDA +198%... Adj. EBITDA margin at 5.5% (+5.4PP)  
FY: Revenue +20%... Adj. EBITDA +18%... Adj. EBITDA margin at 5.6% (-0.1PP)
- **Received further customer pre-payments of €26m in the Entertainment business**  
– pre-funding the production capacity expansion for the benefit of secured capacity

# Group Results – FY 2019 (preliminary)



# Microbatteries – FY 2019 (preliminary)



(€ m, rounded)	FY 2018	FY 2019e	YoY Change
Revenue	218,9	302	+38%
Adjusted EBITDA	47,3	95	+100%
Adjusted EBITDA Margin	21.6%	31.3%	+9.7PP

## Highlights:

- Microbatteries recorded very strong Q4 and FY results – the strongest revenue and adj. EBITDA in a quarter ever
- *Entertainment* is further accelerating the very high growth momentum, backed by the booming end-market for premium true wireless headsets
- *Healthcare* is continuing to grow faster than the market, gaining market share in primary batteries and benefiting from the trend to rechargeable hearing aids
- Adj. EBITDA margin at 31.3%, an improvement of 9.7PP – key drivers: operating leverage, economies of scale and a favorable margin mix effect from lithium-ion batteries



*Rechargeable lithium-ion coin cell  
for premium true wireless  
headsets*



# Power & Energy – FY 2019 (preliminary)



(€ m, rounded)	FY 2018	FY 2019e	YoY Change
Revenue	51,8	62	+20%
Adjusted EBITDA	2.9	3.5	+18%
Adjusted EBITDA Margin	5.7%	5.6%	-0.1PP

## Highlights:

- Power & Energy delivered strong top-line growth in 2019, backed by the strong underlying market growth
- *Battery packs (PPS)* benefiting from the ramp-up of new customer projects (i.e. packs for the new wireless hand vacuum cleaner from Miele)
- *Energy storage solutions* Energy continue contributing positively to the segment growth
- Delivered an Adj. EBITDA margin of 5.6%, essentially in line with the mid-term Adj. EBITDA margin target of 6-8% of revenue



Miele Triflex HX1 - Powered by VARTA. Miele launched their first wireless handheld vacuum cleaner

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- **Further accelerating the high pace of revenue and earnings growth – delivered very strong Q4 and FY 2019 results, further improving the profitability**
  - **Microbatteries with exceptionally strong 4Q and FY results**
    - *Entertainment* is booming and further accelerating high growth momentum
    - *Healthcare* continues to grow faster than the market
  - **Power & Energy delivered strong growth**, backed by the strong underlying market growth
  - **Well-positioned for 2020 – looking ahead with great optimism**  
Expecting to further accelerate the high pace of revenue and earnings growth.  
First-time consolidation of VARTA Consumer will lift the financials to a new level.
  - Audited financial statements for 2019 will be released on March 31, 2020 (including guidance for 2020)
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## Contact Investor Relations

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## Financial Calendar

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31.03.2020	Final Figures FY 2019
15.05.2020	Interim Statement Q1 2020
18.06.2020	Annual General Meeting 2020
14.08.2020	Half-Year Report 2020
12.11.2020	Interim Statement Q3 2020