

VARTA AG

First Half 2018 Earnings Presentation

August 28, 2018



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Forward-Looking Statements

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AGENDA



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- **Summary & Business Highlights**
 - Financial Performance H1 2018
 - Segment Highlights H1 2018
 - Full Year 2018 Outlook & Summary
 - Q&A
 - Appendix
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Summary



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- **We continue to execute our profitable growth strategy**
 - **We delivered a strong H1 2018:
Revenue up 12% – Adj. EBITDA up 33% –
Adj. EBITDA margin improved by 3,0 PP**
 - **Both segments contributed to the strong performance in H1 2018**
 - **Power & Energy is profitable now**
 - **Investment program to expand the production capacity is on track**
 - **We are well-positioned for a successful year 2018 and a continued strong growth in the future**
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Business Highlights H1 2018



We continue to execute our profitable growth strategy

Setting industry benchmark

- Strong need for **smaller lithium-ion batteries with higher energy density...** continue to set the industry standard for lithium-ion coin batteries... **new generation of lithium-ion batteries** will be launched next year
- Our **hearing aid batteries ranked best** in the highly-recognized “Stiftung Warentest” study in Germany

Multiplying business model

- **Targeting market leadership** in the very attractive market for **in-ear bluetooth headsets** based on the successful Healthcare business model
- **Continue to build momentum** with an increasing number of design-in projects for blue-chip customers
- Continued **very dynamic revenue growth in lithium-ion-batteries**

Asset-light solution provider

- **Power & Energy turned positive in Q1 2018** – we delivered a positive Adj. EBITDA of 1,5 Mio. € in H1 2018
- **Proof of strategy to grow profitable** in the energy storage solutions market
- The innovative energy storage products “PULSE” and “ELEMENT” are ready for the launch in our target geographic markets

We continue to **execute our massive investment program** to expand the production capacity as planned

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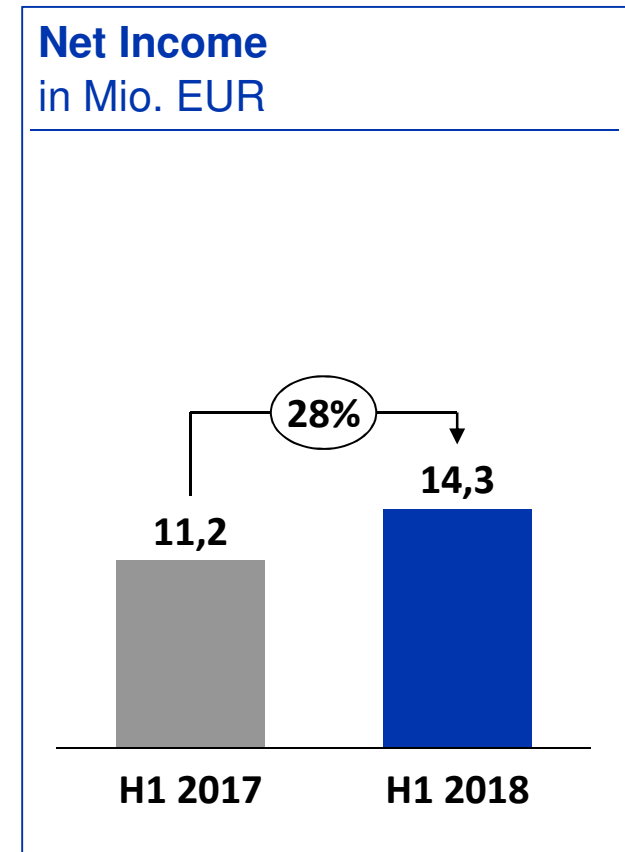
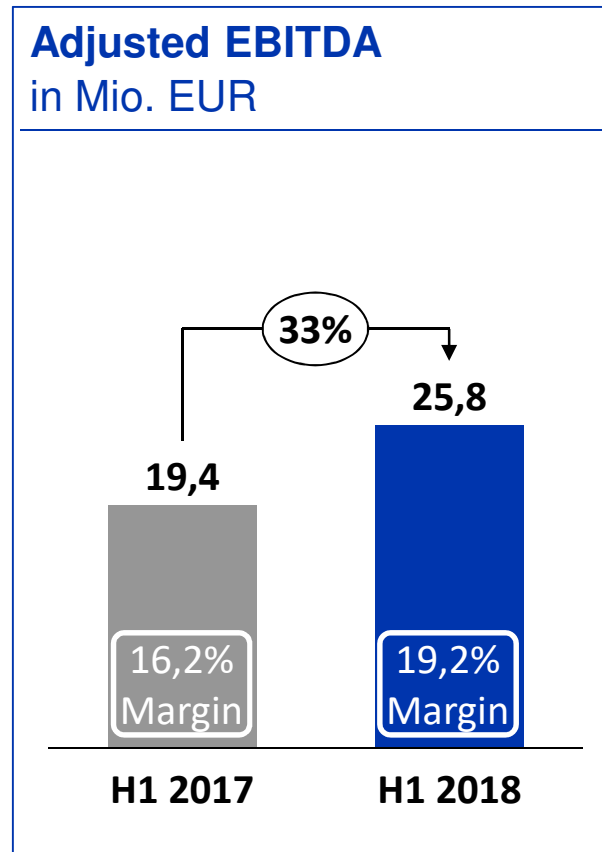
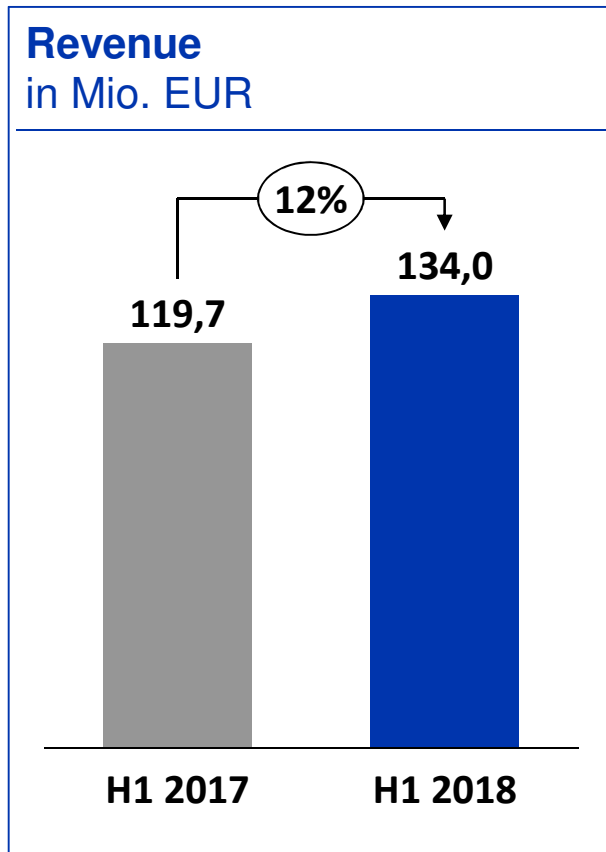
Financial Highlights H1 2018



**We delivered a strong performance in H1 2018 –
Confirming the objectives of our profitable growth strategy**

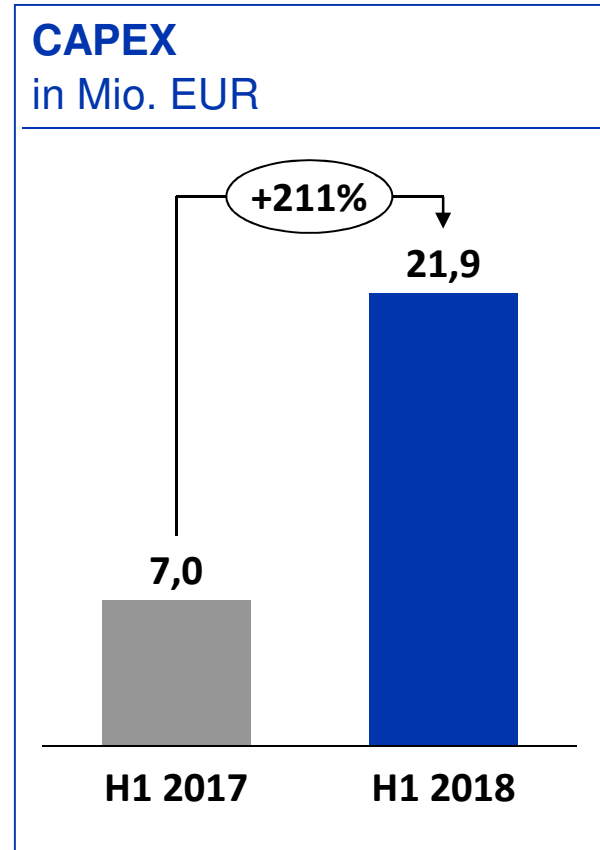
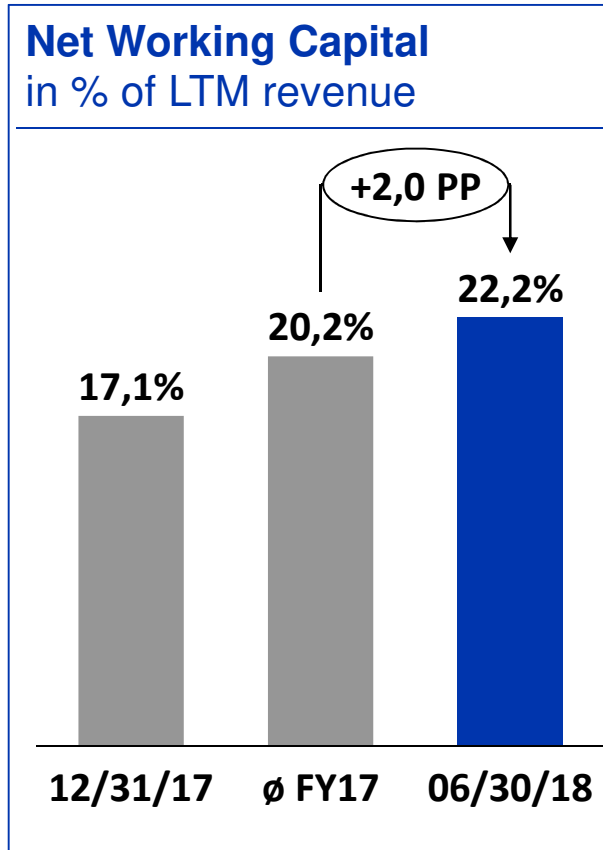
- Revenue increased by 12% to 134,0 Mio. € –
delivering again a **double-digit revenue growth** compared to last year
- Adjusted EBITDA increased by 33% to 25,8 Mio. € –
Adj. EBITDA growth again faster than the revenue growth due to the
continued scaling of our business model
- Adjusted EBITDA **margin expanded by 3,0 PP** to 19,2% of revenue
- **Both segments** Microbatteries and Power & Energy **contributed** to the
strong performance in H1
- **Power & Energy turned positive in Q1** and delivered a positive Adj. EBITDA
of 1,5 Mio. € in H1 2018

Financial Performance H1 2018



H1 2018 confirms the objectives of our profitable growth strategy

Financial Performance H1 2018 (continued)



Temporarily higher Working Capital to support the growth ... normalization expected for H2 – Executing the investment program to expand the production capacity

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Microbatteries – H1 2018 Highlights



(Mio. EUR)	H1 2017	H1 2018	YoY Change
Revenue	100,8	108,8	+8,0%
Adjusted EBITDA	22,7	24,8	+9,4%
Adjusted EBITDA Margin	22,5%	22,8%	+0,3 PP

Highlights:

- Revenue up 8,0%
- Continued very dynamic growth in lithium-ion batteries due to the ongoing very high demand for wireless lifestyle products, such as premium headsets or other wearable applications
- Slower growth rate in healthcare compared to previous year as the revenue in H1'17 was exceptionally strong – a stronger growth rate for H2'18 is expected vs. 2017
- Adjusted EBITDA up 9,4% mainly due to the profitable revenue growth of lithium-ion batteries



Rechargeable lithium-ion coin cell for premium wearable devices

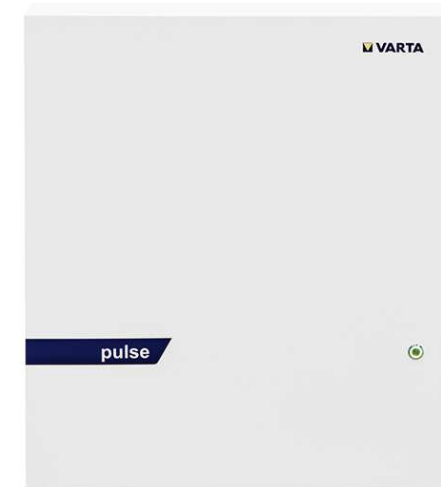
Power & Energy – H1 2018 Highlights



(Mio. EUR)	H1 2017	H1 2018	YoY Change
Revenue	18,8	24,6	+30,5%
Adjusted EBITDA	-3,1	1,5	+148,8%
Adjusted EBITDA Margin	-16,5%	6,1%	+22,5 PP

Highlights:

- Revenue up 30,5%
- Continued strong growth momentum in energy storage solutions, particularly in residential energy storage
- Power pack solutions (PPS) also contributed to the strong revenue growth thanks to the new customer projects
- Delivered a positive Adj. EBITDA of 1,5 Mio. € in H1 2018 – Adj. EBITDA increased by 4,6 Mio. € vs. previous year
- Adj. EBITDA margin at +6,1%, up 22,5 PP – Proof of strategy to grow profitable in energy storage



Lithium-ion energy storage system for private households

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2018 Full Year Outlook –



Continue to execute the profitable growth strategy

VARTA AG Group

- **Revenue:** ~270-273 Mio. EUR for FY18 – delivering again a double-digit revenue growth
- **Adjusted EBITDA:** ~48-50 Mio. EUR for FY18 – Adj. EBITDA growth again faster than the revenue growth
- **CAPEX:** ~55-65 Mio. €

Segment Microbatteries

- **Revenue:** Revenue growth slightly above the market growth
- **Adjusted EBITDA:** Over-proportional EBITDA growth compared to revenue growth

Segment Power & Energy

- **Revenue:** Revenue growth well above market growth
- **Adjusted EBITDA:** Significant positive Adjusted EBITDA

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Consolidated interim income statement
for the period ended June 30, 2018 (unaudited)
VARTA Aktiengesellschaft, Ellwangen (Jagst)



	<i>Special effects</i>	Period ended June 30, 2018	<i>Special effects</i>	Period ended June 30, 2017*
(in €K)				
Revenue		133,953		119,741
Decrease / increase in finished and unfinished goods		3,035		-966
Own expenses capitalized		1,504		1,654
Other operating income		3,347		8,194
Cost of materials		-52,467		-48,066
Personnel costs		-45,404		-40,925
Other operating costs		-19,165		-16,626
EBITDA		24,803		23,006
<i>Costs of the initial public offering</i>	0		0	
<i>Reimbursement claim under pensions</i>	0		-3,629	
<i>Costs of share-based payment</i>	980		0	
Adjusted EBITDA		25,783		19,377
Depreciation		-5,077		-4,573
Operating result (EBIT)		19,726		18,433
Financial income		56		38
Financial charges		-207		-498
Sundry financial income		511		452
Sundry financial charges		-405		-877
Financial result		-45		-885
Profit and loss shares in enterprises recognized in the balance sheet under the equity method, after taxes		31		-2,106
Result before taxes		19,712		15,442
Income tax expenses		-5,431		-4,255
Consolidated result		14,281		11,187
Appropriation of profit:				
Shareholders of VARTA AG		13,981		11,187
Non-controlling shares		300		0

*Previous year values not adjusted.

Consolidated interim statement of financial position per June 30, 2018 (unaudited)



VARTA Aktiengesellschaft, Ellwangen (Jagst)

(in €K)	June 30, 2018	December 31, 2017*
ASSETS		
Tangible assets	86,785	63,447
Intangible assets	21,497	21,556
Long-term investments and other participations recognized in the balance sheet under the equity method	1,749	1,718
Other financial assets	403	444
Deferred tax assets	1,540	2,313
Other assets	15,484	15,780
Non-current assets	127,458	105,258
Inventories	63,338	53,770
Trade receivables	26,699	20,103
Tax refund claims	313	744
Other assets	12,926	13,069
Other financial assets	50,004	0
Cash and cash equivalents	72,433	138,536
Current assets	225,713	226,222
Total assets	353,171	331,480

*Previous year values not adjusted.

Consolidated interim statement of financial position per June 30, 2018 (unaudited)



VARTA Aktiengesellschaft, Ellwangen (Jagst)

(€K)	June 30, 2018	December 31, 2017*
EQUITY AND LIABILITIES		
Subscribed capital	38,200	38,200
Capital reserve	147,699	146,719
Earnings reserves	41,847	28,575
Net income	13,981	13,268
Other reserves	3,249	2,710
Equity of the VARTA AG Group	244,976	229,472
Non-controlling shares	1,283	980
Equity	246,259	230,452
Other financial liabilities	6,200	6,200
Provisions for employee benefits	23,330	22,775
Other liabilities	113	448
Non-current liabilities	29,643	29,423
Tax liabilities	6,958	4,724
Other financial liabilities	2,679	2,201
Provisions for employee benefits	1,127	1,087
Trade payables and advance payments received	33,244	32,479
Other liabilities	10,611	10,285
Other provisions	4,436	4,256
Deferred liabilities	18,214	16,573
Current liabilities	77,269	71,605
Liabilities	106,912	101,028
Total equity and liabilities	353,171	331,480

*Previous year values not adjusted.

Consolidated interim cash flow statement
for the period ended June 30, 2018 (unaudited)
VARTA Aktiengesellschaft, Ellwangen (Jagst)



(in €K)	Period ended June 30, 2018	Period ended June 30, 2017*
Cash flow from ongoing business activities		
Result before taxes	19,712	15,442
Net financial result less sundry financial charges/sundry financial income	151	460
Result from the at-equity valuation	-31	2,106
Depreciation and amortization	5,077	4,573
Profit / loss from the sale of tangible and intangible assets	0	6
Own expenses capitalized	-1,504	-1,654
Sundry income and expenses with no effect on liquidity	743	825
Changes in working capital		
Inventories	-8,951	-2,686
Trade receivables and sundry current assets	-5,928	-8,405
Trade payables and sundry current liabilities	-2,386	6,883
Provisions and liabilities from employee pensions	434	-550
Paid income taxes	-1,903	-2,415
Net cash flow from ongoing business activities	5,414	14,585
Cash flow from investment activities		
Monies disbursed for the purchase of intangible and tangible assets	-21,922	-7,033
Monies received for the sale of intangible and tangible assets	30	14
Monies received from the amortization of loans	42	175
Monies received from the amortization of loans to affiliated enterprises	0	2,815
Interest received	56	38
Cash flow from investment activities	-21,794	-3,991

*Previous year values not adjusted.

Contact Investor Relations

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Financial Calendar

25.10.2018

Interim report Q3 2018