



# 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.

- **No impact of Covid-19 on operational and financial performance in HY1**
- **Strong group revenue and earnings growth**  
Group revenue +158% YoY; Adj. EBITDA +174% YoY; Adj. EBITDA margin at 26.1% (+1.5 PP)  
w/o acquisition: Revenue +66,5% YoY; Adj. EBITDA +125% YoY; Adj. EBITDA margin at 33.2% (+8.6 PP)
- **Microbatteries & Solutions segment performing very well**  
*Entertainment* with high growth momentum  
*Healthcare* sees fast recovery of rechargeable hearing aid batteries
- **Household Batteries develop better than expected**  
*Consumer Batteries* better than expected, focus on branded batteries improves profitability.  
Integration of the Consumer acquisition is on track according to plan  
*Energy Storage Solutions* growing faster than the market
- **Production capacity for Li-Ion batteries to be expanded to 300 million cells p.a. by the end of 2021**
- **Guidance for FY 2020 raised\*:**
  - *Revenue*: ~€810-830m (previously: ~€780-800m), up ~123-129% YoY
  - *Adj. EBITDA\*\**: ~€210-215m (previously: ~€175-185m), up ~115-121% YoY
  - *CAPEX*: ~€320-360m (previously: ~€300-330m), further expanding the production capacity for li-on batteries

\* 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 TWS:** continuing to expect 30-40% CAGR of **end-market** offers **enormous growth opportunity**
  - **Performance:** 30% increase of energy density on track (+15% reached already, further +15% increase this year)
  - Further significant **capacity expansion:** 200m cells per year already by end of Q1 2021, 300m by end-2021
  - Settlement of patent infringement lawsuit with **large client** achieved, further out-of-court agreements on track
- **Hearing-aid batteries:** We continue to grow faster than the market
  - Rechargeable hearing aid batteries expected to recover fast



## Household Batteries

- **Consumer Batteries:**
  - Increase energy density and introduce more environmentally friendly packaging, delivered better than expected results
  - Focus on branded Consumer batteries improves profitability as expected
  - Integration of the Consumer acquisition is on track according to plan
- **Energy Storage Solutions:** strong revenue growth, growing faster than the market – future growth opportunities due to expiring feed-in tariffs



## Research & Development

- **Existing R&D efforts**, particularly in CoinPower will be **intensified**
- **IPCEI** funding further **accelerates** innovations
- **IPCEI** supports future growth opportunities with bigger formats

# Another significant capacity increase

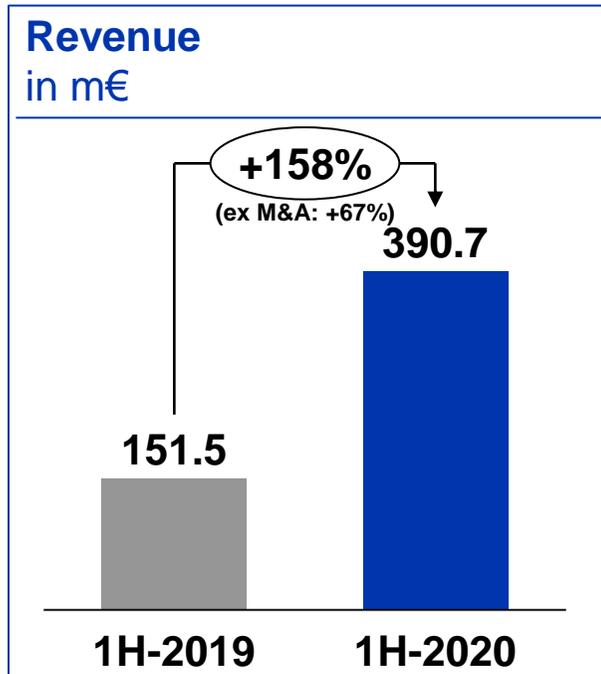


## New building in Nördlingen offers flexibility

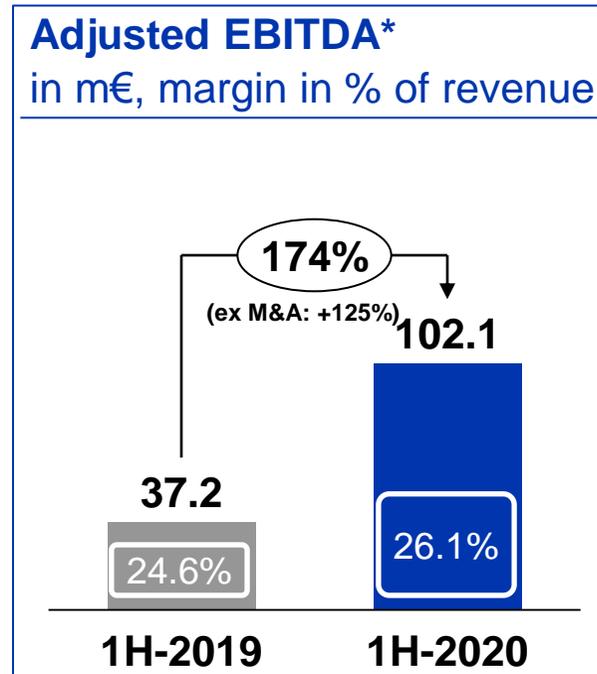
- Two levels with 15,000m<sup>2</sup> in total
- Designed for coin-shaped batteries, it will offer optimized and highly efficient production facilities
- Infrastructure supports further expansion even beyond 300m cells p.a.

- Production expansion to 200m cells p.a. will be installed by Q1 2021
- Next step-up planned: further expansion to 300m cells by end-2021 with the new plant
- Next generation of production lines with significantly more output and increased efficiency

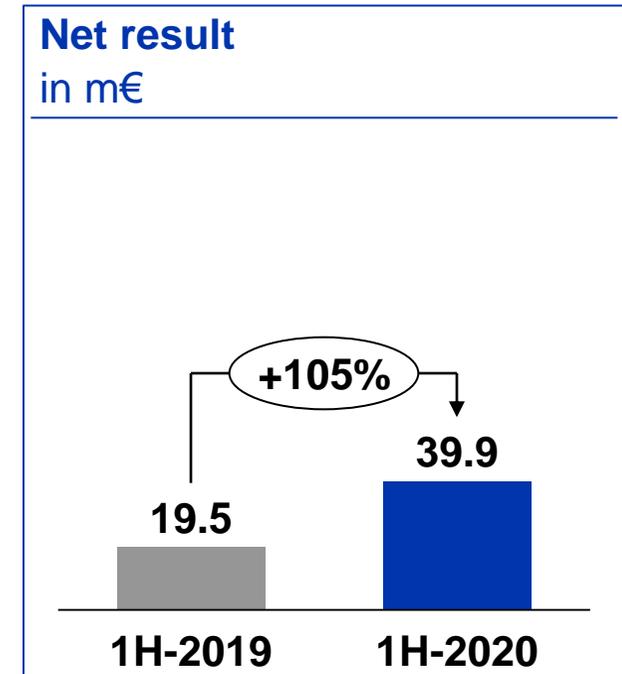
# Delivered strong HY1 results, continuing the high pace of revenue and earnings growth



- Microbatteries & Solutions with exceptionally strong revenue growth, with Entertainment continuing to grow rapidly
- Household Batteries with a rock solid performance in HY1



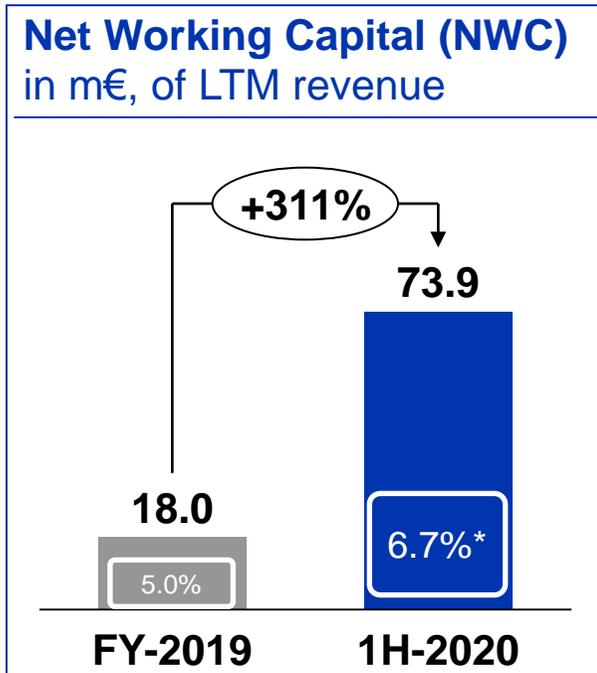
- Adj. EBITDA grew again faster than the revenue due to the very favorable margin mix along with the continued scaling of the business model
- Expanding the margin, up 1.5PP to 26.1% (+8.6PP ex M&A)



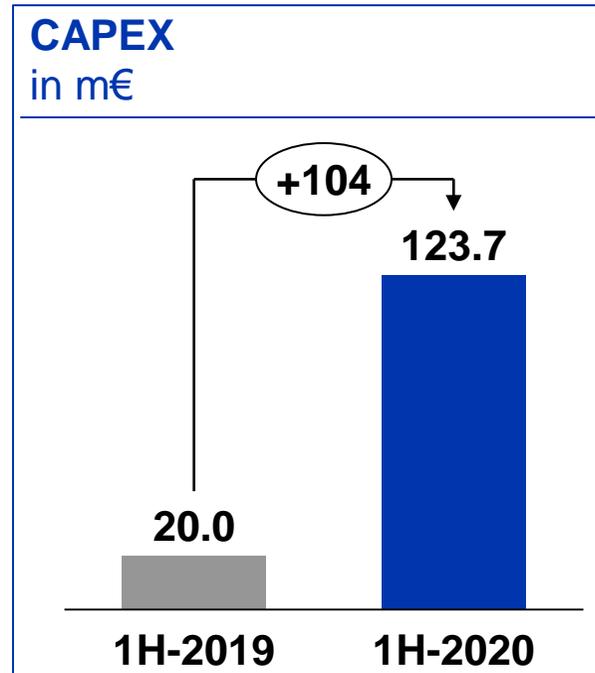
- Strong increase primarily due to the strong operational performance, slightly offset by one-time expenses for the acquired Consumer business

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

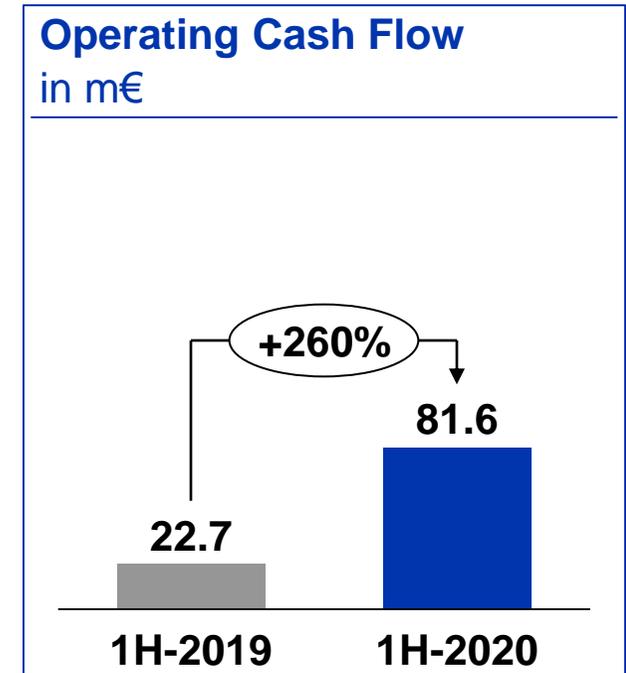
# Generated strong operating cash flow – continuing to massively expand the production capacities



- Addition of ~57.0 m€ from the acquired Consumer business
- Decrease of 1.1 m€ w/o VARTA Consumer mainly due to further customer prepayments



- Continuing to massively expand the production capacity for lithium-ion batteries
- Expanding the capacity to ~200 million cells by Q1-2021
- Investment program is on track as planned



- Strong cash generation from the operating activities mainly due to the strong operating result

\* w/o Consumer  
Companies of VARTA AG

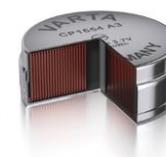
# Microbatteries & Solutions – 1H 2020



(€ m, rounded)	1H 2019*	1H 2020	YoY Change*
Revenue	140.8	239.7	70%
Adjusted EBITDA	35.6	82.4	132%
Adjusted EBITDA Margin	25.3%	34.4%	+9.1PP

\*Like-for-like comparison, 1H 2019 adjusted according to the new segment reporting (retrospective pro-forma restatement)

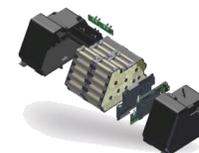
- **Microbatteries & Solutions** recorded very strong H1 results, further accelerating the high pace of revenue and Adj. EBITDA growth
- **Lithium-Ion batteries/CoinPower** are further accelerating the very high growth momentum, backed by the booming end-market for premium true wireless headsets
- **Hearing aid batteries** are continuing to grow significantly faster than the market, better than expected performance in primary batteries offsetting temporary slowdown of rechargeable hearings due to shop closures
- **Power Pack Solutions** continues strong growth momentum due to the new customer projects
- **Adj. EBITDA** margin at 34.4%, an improvement of 9.1PP – 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*



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



*Development of complete battery systems including housing and electronics*

# Household Batteries – 1H 2020



(€ m, rounded)	1H 2019*	1H 2020	YoY Change*
Revenue	10.3	150.8	1,357%
Adjusted EBITDA	1.7	19.7	1,080%
Adjusted EBITDA Margin	16.1%	13.0%	-3.1PP

\*1H 2019 includes only the Energy Storage Solutions business

- **Household Batteries** continues its rock solid performance in H1
- **Consumer Batteries** delivered better-than-expected H1 results on revenue in line with expectations – Strategic focus on higher-margin branded Consumer batteries improves the profitability of the business
- **Energy Storage Solutions** with strong revenue growth
- Delivered an **Adj. EBITDA** margin of 13.0% – Consumer business with a better-than-expected margin in H1 mainly due to a favorable business mix effect



*In Germany VARTA produces >1.7 billion alkaline batteries per year*



*VARTA offers both: commercial and residential energy storage systems*

# Raising the revenue and Adj. EBITDA guidance\* for FY20

## VARTA AG Group

- **Revenue:** €810-830m (previously: €780-800m), up 123-129% YoY
- **Adjusted EBITDA\*\*:** €210-215m (previously: €175-185m), up ~115-121% YoY
- **CAPEX:** ~€320-360m (previously: ~€300-330m), further expanding the production capacity for li-on batteries

## Segment Microbatteries & Solutions

- **Revenue:** growing at a very significant double-digit growth rate, exceeding the growth rate of the previous year (like-for-like)
- **Adjusted EBITDA:** growing again faster than the revenue – expanding the margin compared to previous year's level
- **Entertainment** further accelerating the high-growth momentum

## Segment Household Batteries

- **Revenue:**
  - Very significant growth is expected for energy storage ( $\geq 20\%$ )
  - The acquired VARTA Consumer business will generate additional revenue of  $>€300m$  in 2020 (focus on branded business)
- **Adjusted EBITDA margin** in the low double-digit range

\* 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)

- **Delivered very strong HY1 results, despite the challenging environment due to COVID-19 – further accelerating the high pace of revenue and earnings growth**
- **Microbatteries & Solutions with exceptionally strong HY1 2020 results**  
*Entertainment* is booming, further accelerating the very high growth momentum  
*Healthcare* continues to outgrow the market – fast recovery in rechargeable expected
- **Household Batteries continues better-than-expected performance in HY1 2020**  
*Consumer batteries* delivered better-than-expected results, strategic focus on higher margin branded batteries improves the profitability of the business – integration on track  
*Energy Storage Solutions* with strong revenue growth, growing faster than the market
- **Production capacity for Lithium-Ion batteries to be expanded to 300 million cells p.a. by the end of 2021**
- **Guidance for FY 2020 increased\***
  - *Revenue: ~€810-830m (previously: ~€780-800m), up ~123-129% YoY*
  - *Adj. EBITDA<sup>\*\*</sup>: ~€210-215m (previously: ~€175-185m), up ~115-121% YoY*
  - *CAPEX : ~€320-360m (previously: ~€300-330m), further expanding the production capacity for li-on batteries*

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## Financial Calendar

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12.11.2020      Interim Statement Q3 2020

# Consolidated income statement for the period 01/01/-06/30/2020, unaudited



(€ k)	2020/06	2019/06
<b>Sales revenue</b>	<b>390,678</b>	<b>151,517</b>
Increase in finished and unfinished goods	8,287	3,506
Own work capitalized	2,579	8,330
Other operating income	20,424	3,685
Cost of materials	-158,865	-57,928
Personnel expenses	-124,595	-52,520
Other operating expenses	-57,060	-20,740
<b>EBITDA</b>	<b>81,448</b>	<b>35,850</b>
Depreciation and amortization	-22,898	-8,059
<b>Operating earnings (EBIT)</b>	<b>58,550</b>	<b>27,791</b>
Financial income	208	128
Financial expenses	-1,322	-390
Other financial income	794	40
Other financial expenses	-1,625	-459
<b>Financial result</b>	<b>-1,945</b>	<b>-681</b>
Profit and loss shares in companies recognized in the balance sheet under the equity method	0	-6
<b>Earnings before taxes</b>	<b>56,605</b>	<b>27,104</b>
Income tax expenses	-16,715	-7,633
<b>Consolidated result</b>	<b>39,890</b>	<b>19,471</b>
Appropriation of profit:		
Shareholders of VARTA AG	39,833	19,149
Non-controlling interests	57	322

# Reconciliation from EBITDA to Adjusted EBITDA, unaudited



	2020/06	2019/06
<b>EBITDA</b>	<b>81,448</b>	<b>35,850</b>
Expenses from share-based remuneration	499 1	1,385
Expenses for M&A transactions	1,285	0
Inventory step-up from Purchase Price Allocation (PPA)	8,661	0
Restructuring costs	10,188	0
<b>adjusted EBITDA</b>	<b>102,081</b>	<b>37,235</b>

# Reconciliation old vs. new segment reporting, unaudited



(EUR m )	2020/06	2019/06
<b>Microbatteries</b>		
Revenue	218,5	126,2
adjusted EBITDA	81,3	35,7
adjusted EBITDA-Margin	37,2%	28,3%
<b>Power &amp; Energy</b>		
Revenue	33,7	25
adjusted EBITDA	2,4	1,5
adjusted EBITDA-Margin	7,1%	6,0%
<b>Total VARTA w/o VARTA Consumer</b>		
Revenue	252,3	151,5
adjusted EBITDA	83,7	37,2
adjusted EBITDA-Margin	33,2%	24,6%
<b>Consumer Batteries</b>		
Revenue	138,4	
adjusted EBITDA	18,4	
adjusted EBITDA-Margin	13,3%	
<b>Total VARTA including VARTA Consumer</b>		
Revenue	390,7	
adjusted EBITDA	102,1	
adjusted EBITDA-Margin	26,1%	

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



(€ k)	30. June 2020	31. December 2019
<b>ASSETS</b>		
Property, plant and equipment	444,535	247,896
Intangible assets	93,385	20,783
Long-term investments and other participations recognized in the balance sheet under the equity method	74	55
Other financial assets	333	548
Deferred tax assets	12,323	1,271
Other assets	18,761	17,909
<b>Non-current assets</b>	<b>569,411</b>	<b>288,462</b>
Inventories	128,836	63,995
Contract assets	6,972	2,032
Trade receivables	124,933	51,966
Other financial assets	189	0
Tax refund claims	1,254	216
Other assets	39,307	17,378
Cash and cash equivalents	150,799	244,781
<b>Current assets</b>	<b>452,290</b>	<b>380,368</b>
<b>Total assets</b>	<b>1.021,701</b>	<b>668,830</b>

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



(€ k)	30. June 2020	31. December 2019
<b>EQUITY AND LIABILITIES</b>		
Subscribed capital	40,422	40,422
Capital reserve	251,118	250,619
Retained earnings	118,444	68,700
Net income	39,833	50,390
Other reserves	1,917	4,456
<b>Equity of the VARTA AG Group</b>	<b>451,734</b>	<b>414,587</b>
Non-controlling interests	272	215
<b>Equity</b>	<b>452,006</b>	<b>414,802</b>
Lease liabilities	45,066	20,476
Other financial liabilities	46,305	2,832
Provisions for employee benefits	69,607	27,241
Advance payments received	23,541	34,296
Other liabilities	78	95
Deferred tax liabilities	18,847	0
Other provisions	5,391	3,839
Deferred liabilities	465	0
<b>Non-current liabilities</b>	<b>209,300</b>	<b>88,779</b>
Lease liabilities	11,688	4,603
Tax liabilities	51,900	14,325
Other financial liabilities	6,202	4,058
Provisions for employee benefits	2,101	1,195
Contract liabilities	38,964	11,198
Trade payables and advance payments received	147,847	88,807
Other liabilities	34,603	20,025
Other provisions	24,189	4,407
Deferred liabilities	42,901	16,631
<b>Current liabilities</b>	<b>360,395</b>	<b>165,249</b>
<b>Liabilities</b>	<b>569,695</b>	<b>254,028</b>
<b>Equity and total liabilities</b>	<b>1,021,701</b>	<b>668,830</b>

# Cash flow statement, unaudited



(€ k)	2020/06	2019/06
<b>Cash and cash equivalents as of January 1, 2020</b>	<b>244,781</b>	<b>149,741</b>
Cash flow from ongoing operating activities	81,555	22,652
Cash flow from investing activities	-207,055	-27,399
Cash flow from financing activities	31,638	98,275
<b>Net change in cash and cash equivalents</b>	<b>-93,862</b>	<b>93,528</b>
The effects of change in foreign exchange rates	-120	83
<b>Cash and cash equivalents as of June 30, 2020</b>	<b>150,799</b>	<b>243,352</b>