

VARTA AG

9M 2021 Earnings Presentation

November 11th, 2021

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Executive Overview Strategy



- **VARTA AG further increases profitability – continuous innovation pays off:**
 - Both segments continue to increase their good results.
 - Revenue 9M slightly below last years period (2021: 622.3m EUR; 2020: 630.3mEUR)
 - Adj. EBITDA 9M increased to 182.5 mEUR (9M-2020: 176.8 mEUR); significant margin improvement: +1.3PP (2021: 29.3%, 2020: 28.1%)
 - Segment Lithium-Ion Solutions & Microbatteries:
 - Adj. EBITDA margin +2.1PP with an robust absolute adj. EBITDA development.
 - CoinPower revenue (TWS) slightly behind last year due to delays in news customer projects; delivery for new projects started in Q3
 - Segment development w/o CoinPower well above last year
 - Segment Household Batteries:
 - Business continues to develop very positively. Revenue +6.4%; adj. EBITDA +18.4% outperforming revenue growth.
 - 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



- **9M 2021 robust start with strong earnings increase**
 - Group revenue EUR 622.3 (-1.3% YoY)
 - Adj. EBITDA* EUR 182.5 (+3,2% YoY)
 - Adj. EBITDA margin at 29.3% (9M 2020: 28.0%)

- **Lithium-Ion-Solutions & Microbatteries with temporarily moderate development**
 - Cost reduction and economies of scale lead to further increase of adj. EBITDA margin of 2.1PP
 - Lithium-Ion CoinPower: New TWS projects started delayed in Q3 and will add revenue and EBITDA growth in Q4
 - Microbatteries and Lithium-Ion battery pack business developed well

- **Household Batteries with excellent performance: solid revenue growth and outperformance in profitability**
 - 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 ****
 - Adjusted EBITDA Margin up to 30% (up to 2,5PP compared to 2020) approx. 275 mEUR;
 - Revenues: Approx. 900 mEUR

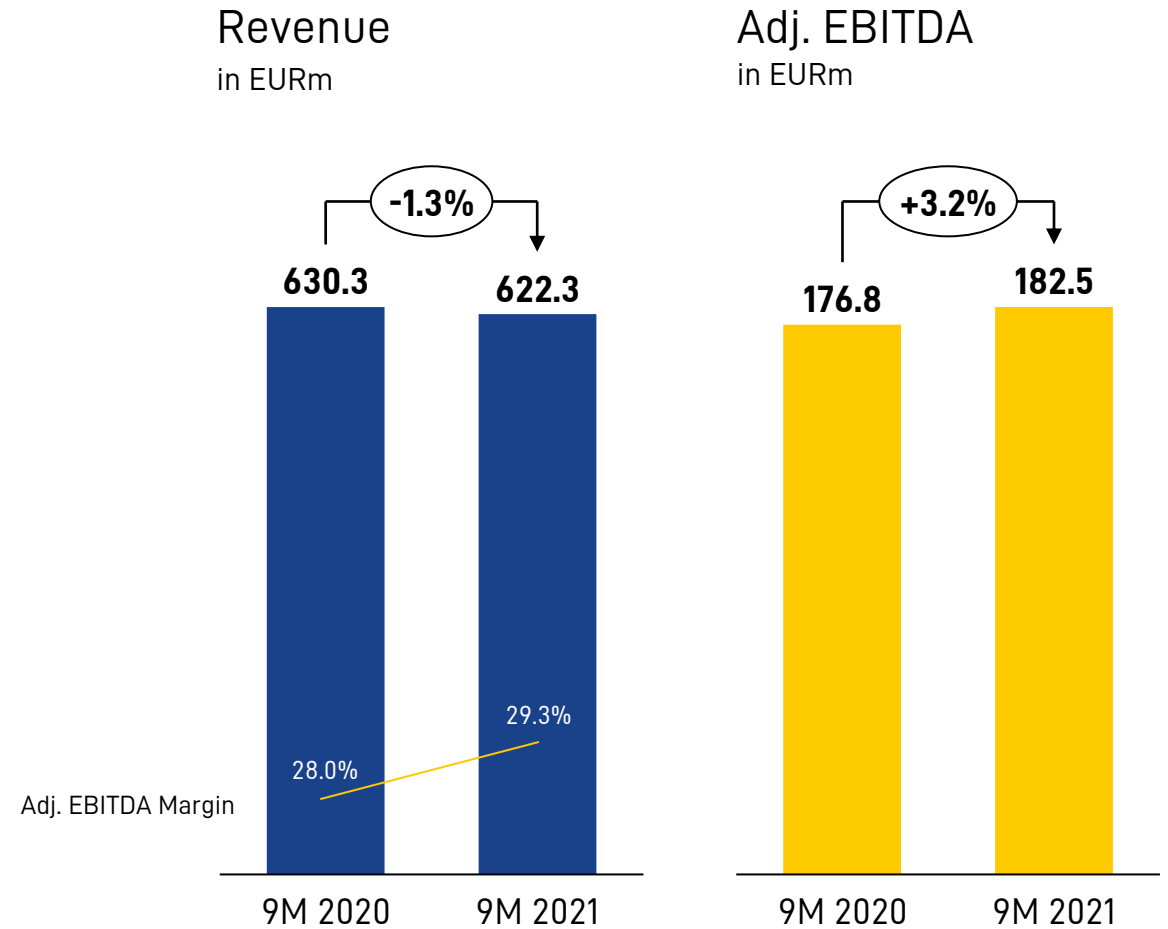
*Including adj. items from shared-based payments, expenses from M&A transactions, restructuring and integration costs and inventory step-up from purchase price allocation (PPA)

**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 9M 2021



- **VARTA Group** – Moderate revenue development due to delays in customer projects. Delivery started in Q3 and will impact Q4 positively
- **Lithium-Ion-Solutions & Microbatteries** – Delays in starting new customer projects impacted temporarily the performance; Further rise in operating result; Segment development w/o CoinPower well above last year
- **Household Batteries** - Consumer business profiting from shift to VARTA labeled business and very strong Energy Storage business



Lithium-Ion-Solutions & Microbatteries

Financial Highlights 9M 2021



- **Lithium-Ion CoinPower**

As expected, moderate segment development. True Wireless Stereo Headsets (TWS) with increase in stock for finished and unfished goods. Contracts delivery started in Q3.

- **Microbatteries**

Moderate growth in Healthcare. Ongoing shift to rechargeable hearing aid cells with double digit %-growth.

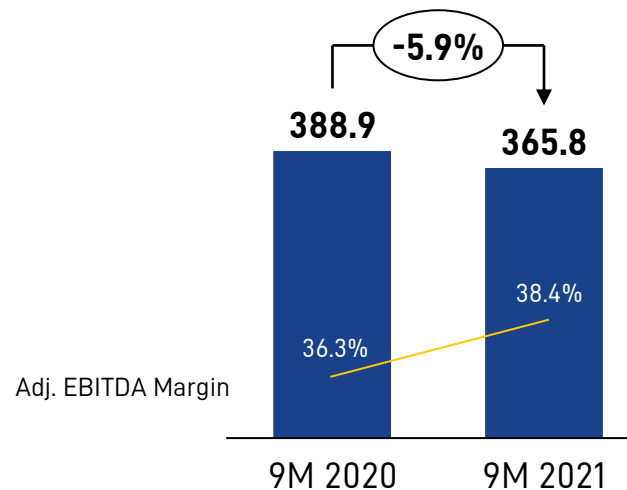
- **Lithium-Ion Battery Pack**

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.

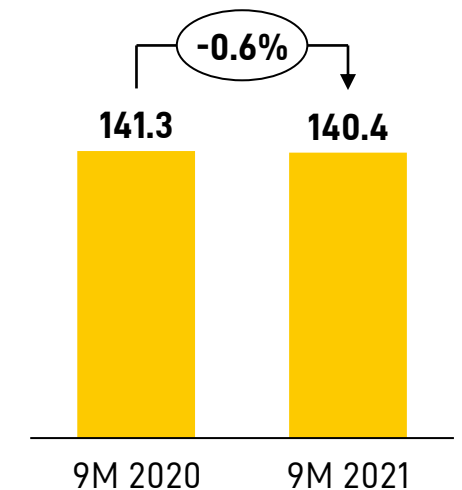
- **Adj. EBITDA**

Further improvement of profitability, margin stands at 38.4% (+2.1PP)

Revenue
in EURm



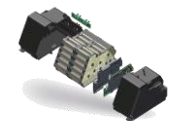
Adj. EBITDA
in EURm



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 9M 2021



- **Consumer Batteries**

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

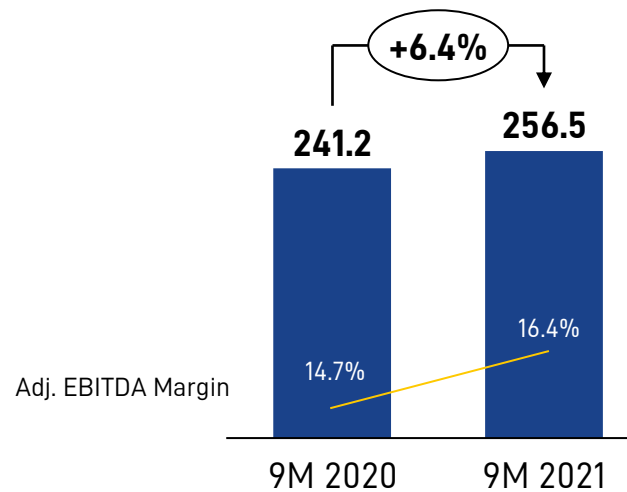
- **Energy Storage Systems**

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

- **Adj. EBITDA**

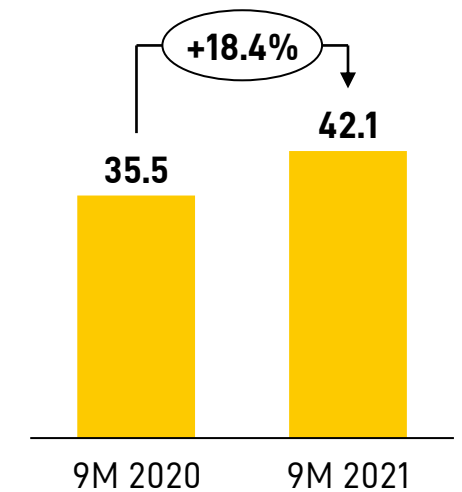
Excellent adjusted EBITDA development, drivers are the focus on branded business and the dynamic energy storage business.

Revenue
in EURm



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

Adj. EBITDA
in EURm



VARTA offers both: commercial and residential energy storage systems.

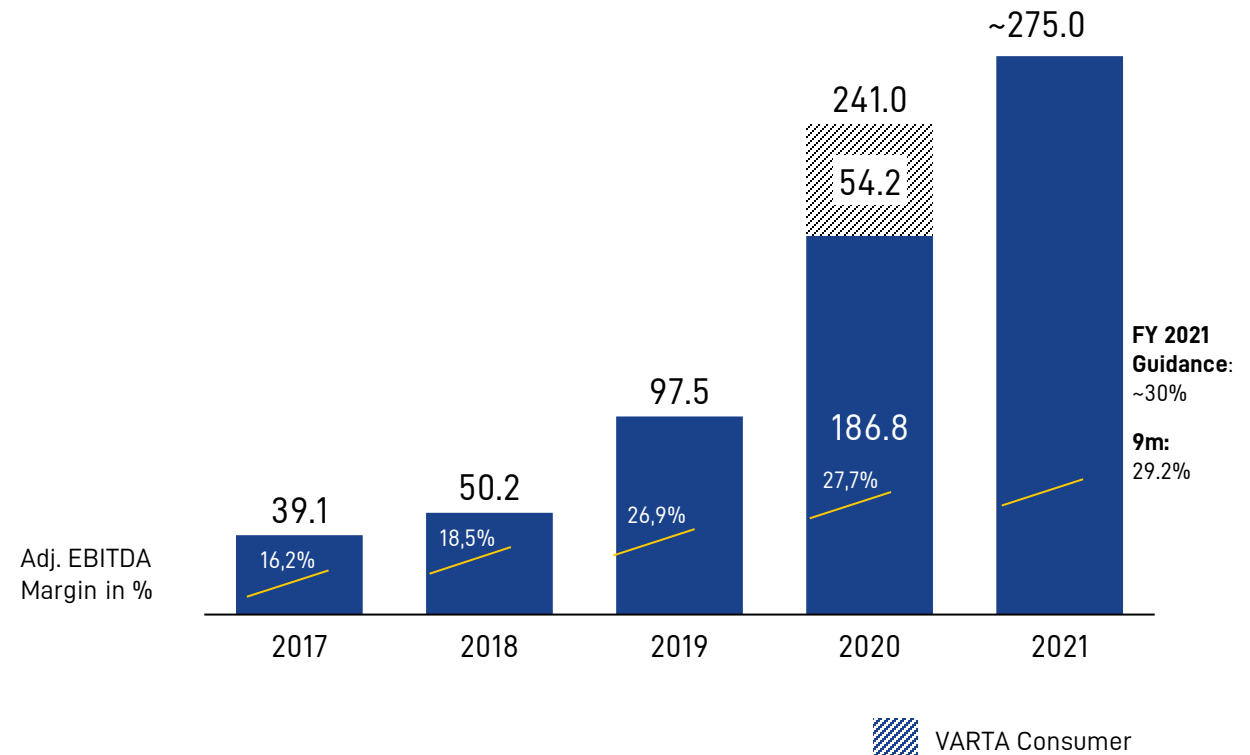
Development adj. EBITDA Margin



Constant increase in adj. EBITDA Margin

- Within the last 2 years, adj. EBITDA margin nearly tripled
- Strong organic business development gives headroom for adj. EBITDA growth to overcompensate revenue development.
- Economies of scale and productivity gains open additional margin potential

Adjusted EBITDA in EURm



Summary – 9M 2021



- VARTA increased again profitability. Adj. EBITDA and margin development within expectations,
- Margin grew by 1.3PP to reach 29.3% which is on track to FY guidance of around 30%
- Lithium-Ion Solutions & Microbatteries segment with solid adjusted EBITDA performance. TWS development temporarily impacted by delayed launch of new client products. Impact could nearly be compensated on the adj. EBITDA as other businesses perform well.
- TWS business started in Q2 to fulfill contracts first with pipeline filling of finished and unfinished goods (Q2 and Q3) and start of delivery in Q3
- 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 and cooperation with Continental in the two-wheeler market
- FY 2021 Revenues expected at around 900 mEUR, adj. EBITDA at around 275 m EUR and margin at around 30%
- First pilot production line making good progress and is on schedule, samples for test purpose already available
- VARTA to start next growth initiative to become a multi-billion company. In the next two years VARTA will invest into new production facilities, hire additional staff and invest into training initiatives. Payoff with additional revenues and earnings will start early 2024

Contact & Financial Calendar



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Financial Calendar

31.03.2022	Annual financial statements FY 2021
12.05.2022	Interim report Q1 2022
21.06.2022	Annual general meeting
11.08.2022	Half-year report 2022
15.11.2022	Interim report Q3 2022

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