

VARTA AG

Q1 2021 Earnings Presentation

May 12th, 2021

Disclaimer



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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.

Executive Overview Strategy



- **VARTA AG further increases profitability – continuous innovation pays off:**
 - All segments continue to contribute to the growth and were able to further increase their good results.
 - Revenue Q1 increased by 2,9% to 204.3 mEUR
 - Adj. EBITDA Q1 raised by 15.9% to 59.9 mEUR
 - Segment Lithium-Ion Solutions & Microbatteries:
 - New segment name stresses strategic focus on lithium-ion business: “Microbatteries and Solutions” becomes “Lithium-Ion Solutions & Microbatteries”
 - VARTA CoinPower: new projects start mid-year and will lead to higher growth in second half of 2021
 - CoinPower: Further increase of energy density by end of 2022
 - Segment Household Batteries:
 - Business continues to develop very positively.
 - Strategic focus on branded business with consumer batteries pays off and contributes to EBITDA increase
 - In the Energy Storage Systems sector, revenues doubled.
- **Lithium-Ion Large Cells / 21700**
 - 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



- **Q1 2021 robust start with strong earnings increase**
 - Group revenue EUR 204.3m (+2.9% YoY)
 - Adj. EBITDA* EUR 59.9m (+15.9% YoY)
 - Adj. EBITDA margin at 29.3% (Q1 2020: 26.0%)

- **Lithium-Ion-Solutions & Microbatteries driving growth**
 - Cost reduction and economies of scale lead to further increase of EBITDA margin exceeding 3PP
 - Lithium-Ion CoinPower: New projects are expected to add revenue and EBITDA growth in HY2, price reduction for assembly services and USD/EUR relation negatively impacted Q1
 - 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
 - Energy Storage Systems: Increased profitability and doubled revenue

- **Guidance 2021**:** Adjusted EBITDA Margin up to 30 % (up to 2,5PP compared to 2020); Revenues: 940m EUR
 - Significant margin improvement in Q1 already achieved
 - Revenues: dynamic growth in HY2 expected

*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)

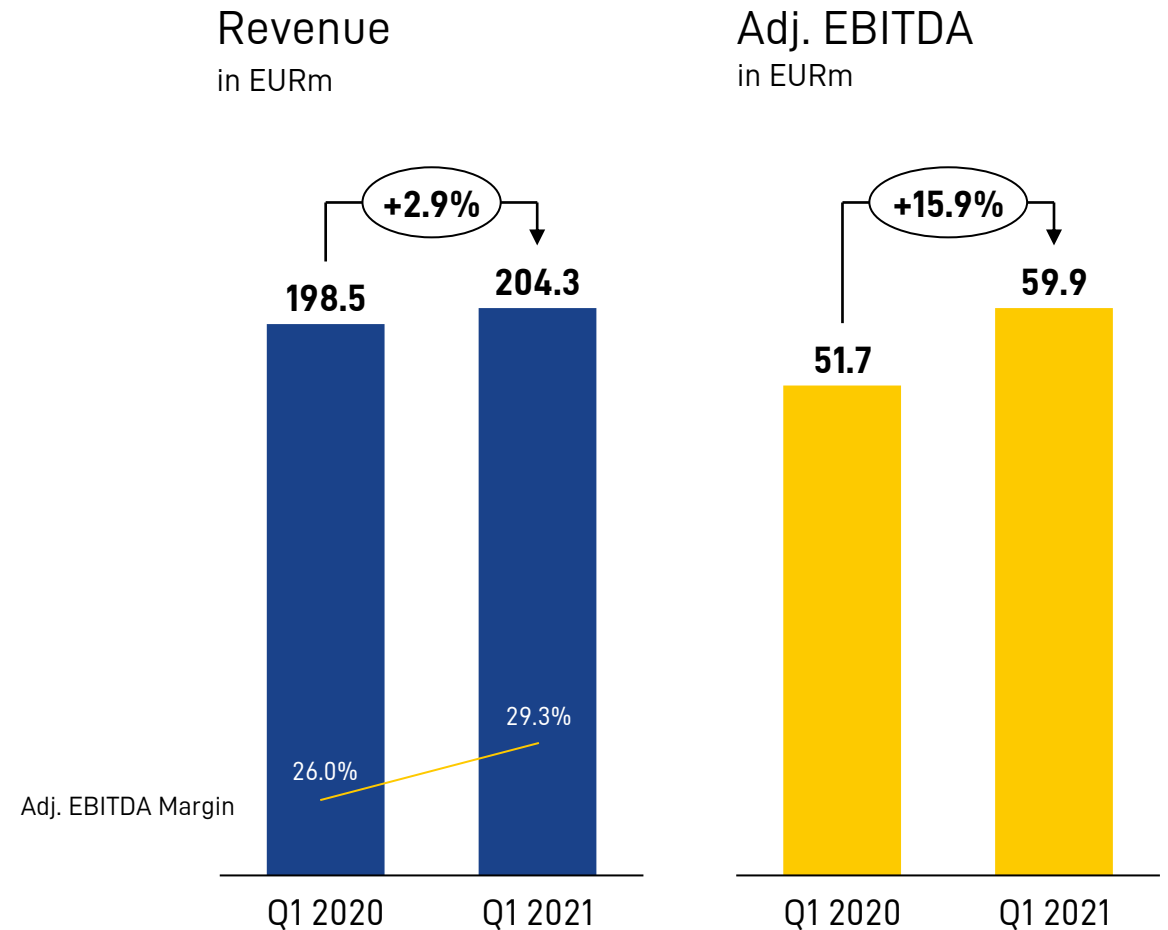
**In view of the global spread of the coronavirus (COVID-19), negative effects on the VARTA AG Group cannot be ruled out. However, for now, these risks have not materialised

VARTA Group – Financial Highlights Q1 2021



Strong EBITDA performance

- **VARTA Group** - Delivered very strong earning results – revenue growth expected to accelerate in HY2
- **Lithium-Ion-Solutions & Microbatteries** - Exceptionally strong development in Microbatteries and Lithium-Ion battery pack business
- **Household Batteries** - Consumer business profiting from shift to VARTA labeled business and strong Energy Storage business which double revenues
- **Dividend Payments - Totaling around 100m EUR / 2.48 EUR per share**
The dividend recommendation remains subject to AGM approval (17th June 2021)



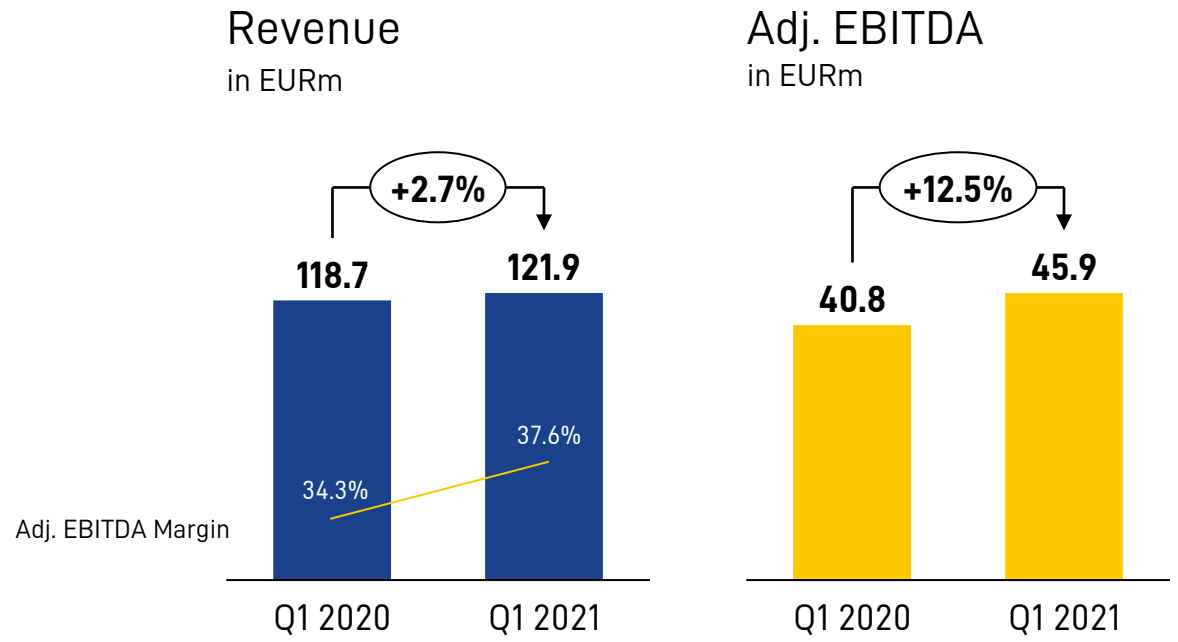
Lithium-Ion-Solutions & Microbatteries

Financial Highlights Q1 2021



Strong EBITDA development

- Lithium-Ion CoinPower**
 As expected moderate development for rechargeable lithium-ion batteries for Premium True Wireless Stereo Headsets (TWS), acceleration in HY2 expected.
- Microbatteries**
 VARTA has been able to further strengthen its market position with the rechargeable hearing aid cells.
- 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**
 Growth exceeds revenue increase and stands at 37.6 % (+2.7PP).



Household Batteries

Financial Highlights Q1 2021



Strong EBITDA development

- **Consumer Batteries**

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

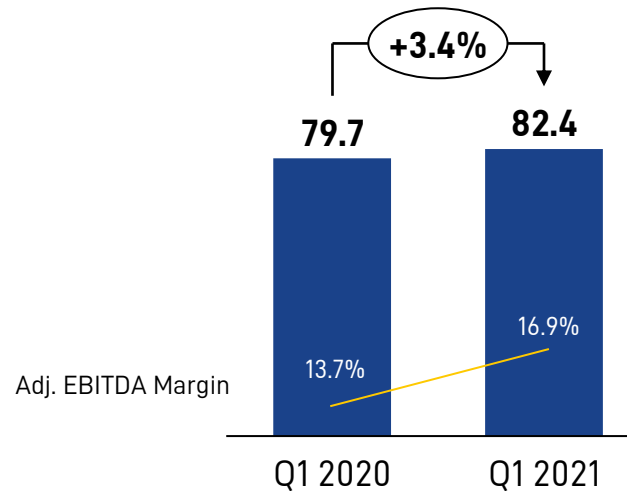
- **Energy Storage Systems**

Energy storage business has seen very dynamic growth, more than doubled revenues and outpaced the market.

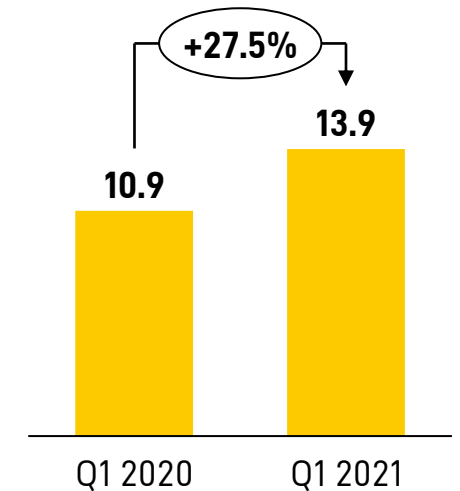
- **Adj. EBITDA**

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.

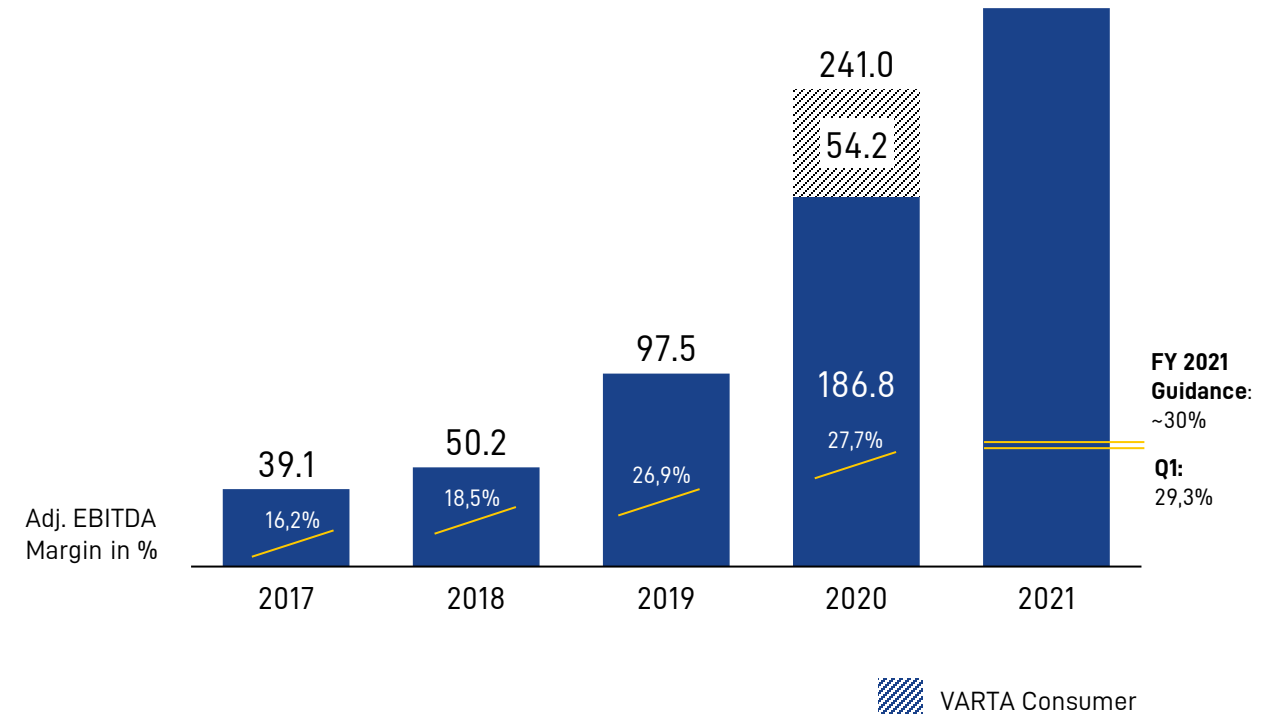
Development adj. EBITDA Margin



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. Overall VARTA AG margin **further increased by 3.3 PP Q/Q** from 26.0 % to 29.3 %
- **Further EBITDA Margin increase** expected, drivers are economies of scale and productivity gains

Adjusted EBITDA in EURm



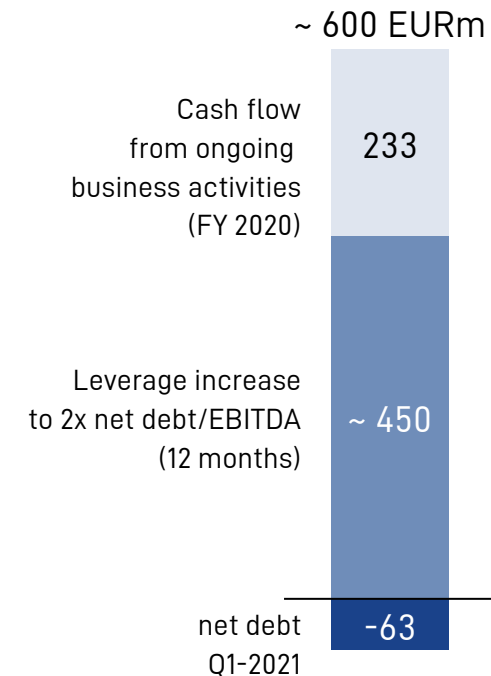
Low Net Debt offers financial headroom



Strong Balance Sheet provides funding for investments and dividend payments

- **Net debt/EBITDA remains very low** at a level of 0.28 times after Q1-2021 (Net Debt: 63 mEUR)
- **Equity Ratio of 47.9 %**, gives headroom for further leverage Net Debt/EBITDA
- **At least 600 mEUR available** for investments (expansion of lithium-ion production capacity) and dividend payment (2x Net Debt/EBITDA ratio)
- In 2021 **investments of 150-200 mEUR** estimated and dividend payout of 100 mEUR
- **Enough funds available** for investments in lithium-ion production capacity and new business opportunities for 2021 and beyond

Available funds for investments and dividends in EURm



Summary – Q1 2021



- VARTA increases **profitability**. Adj. EBITDA raised by 15.9% to 59.9 mEUR.
- **All segments** continue to contribute to the growth and were able to further increase the good results.
- **Lithium-Ion Solutions & Microbatteries segment** will see higher growth in second half of 2021.
- **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** on schedule

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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