

VARTA AG

HY1 2022 Earnings Presentation

August 11th, 2022

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Executive Summary: VARTA



HY1 results: VARTA Group below last year's performance but starts to close the gap

- Revenue: EUR 376.8m (2021: EUR 397.6m)
- Adj. EBITDA EUR 68.9m (2021: EUR 112.3m)
- FY 2022 Guidance update; Revenue: EUR 880m to EUR 920m (before: EUR 950m to EUR 1,000bn) adj. EBITDA: EUR 200m to EUR 225m (before: EUR 260m to EUR 280m)

Business outlook



VARTA profits from its **technological leadership, innovative products** and **strong brand** and to starts **next growth initiative with large format cells**



VARTA is **very well positioned** despite the ongoing COVID-19 pandemic.



Settlement with one chinese competitor who was suited regarding **patent infringement** is making good progress and the agreement negotiations are close to final.



The expansion of the Executive Board with **Markus Hackstein** enables a clear management focus on the rapidly growing business segments V4Drive (E-Mobility), Energy Storage Systems and Power Pack Solutions divisions



Proven resilience track-record to challenges in HY1 2022 ...

- **No direct impact** of semiconductor shortage for VARTA's input components
- **No direct impact** of Covid-19 crisis in terms of supply-chain disruptions or production bottlenecks
- **No direct impact** of Ukraine war (<1% of revenue generated in Russia, Ukraine and Belarus)
- **No shortages** of raw materials



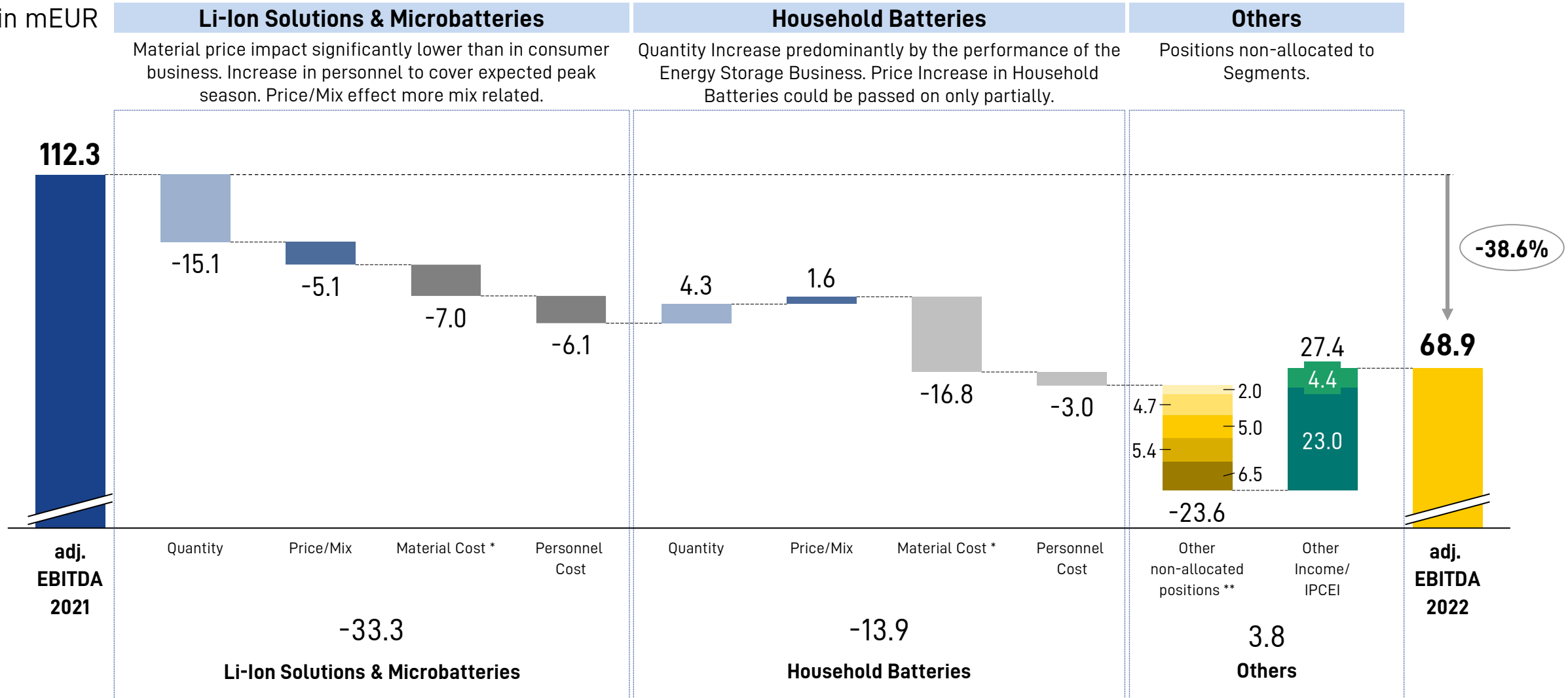
... however, negative impact on FY2022 due to challenging market environments

- **But:** Customers replace semiconductors of lower margin products with higher margin products and slow down TWS production
- **But:** Covid-19 could cause temporarily production facilities shutdown at our customers
- **But:** Economic pressure from economic environment and inflation rate negatively impacted consumer sentiment
- **But:** Higher raw material prices with delayed/ limited possibility to pass on to customers

EBITDA Bridge HY1 2022/2021



in mEUR



*) Material Cost Inflation + Material Cost Other (incl. Freight)

**) Other/ Energy Costs/ Hedging/ Legal + Consulting/ Information Technology + Security

Key development VARTA Group



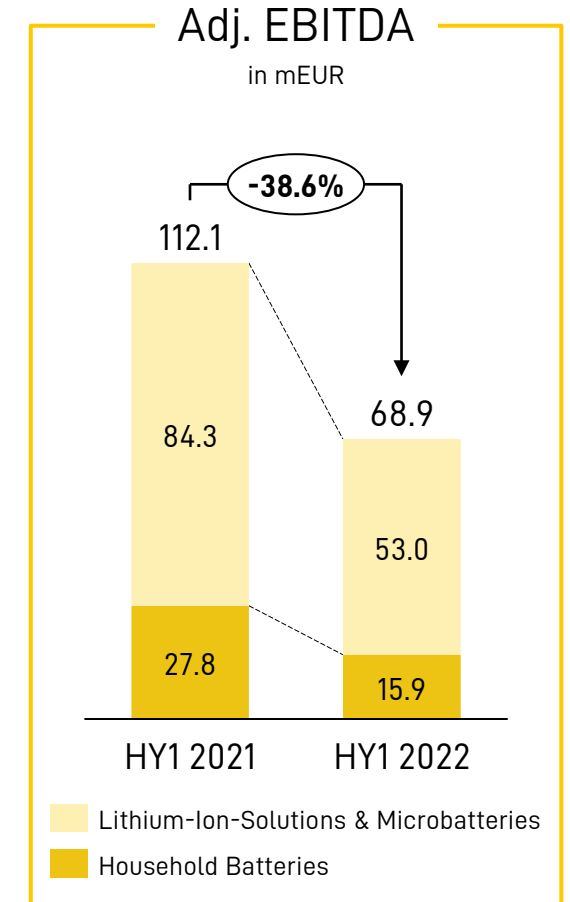
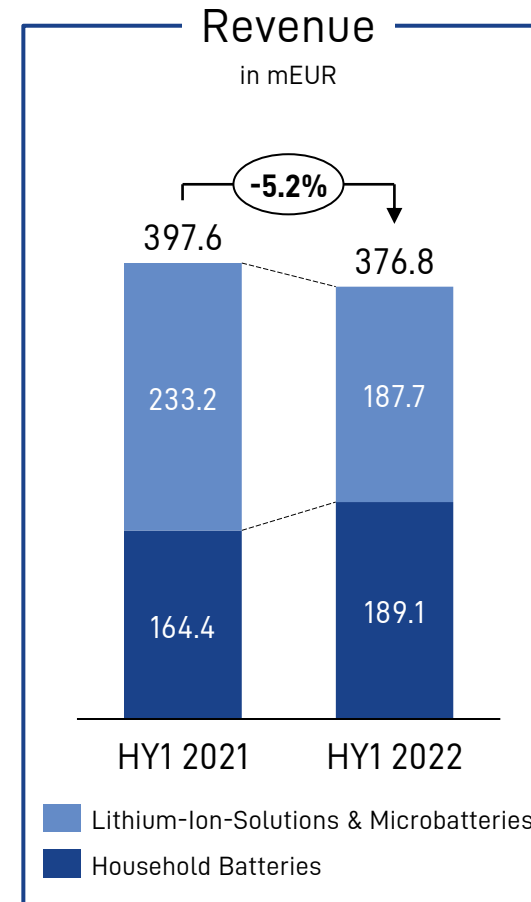
VARTA AG Group

VARTA Group – HY1 performance impacted by global crisis:

- Production interruption at our clients caused by global pandemic, shortages in semiconductors and temporary shortages of energy
- Increased cost of raw materials and energy triggered by this crisis had an overproportionate impact on profitability
- Consumer sentiment negatively impacted through economic environment as well as higher inflation rate

VARTA has directed its efforts at counteracting:

- Increasing the stockpiling of raw materials
- Increased costs can be offset by raising prices to a certain degree within 2022



Key developments Lithium-Ion Solutions & Microbatteries



Segment Lithium-Ion Solutions & Microbatteries

Lithium-Ion CoinPower

Global crisis and the shortage of semiconductors has led to some of our customers suspending production activities and therefore depressed demand for our batteries as a result. New projects are delayed or start with lower volume

Microbatteries

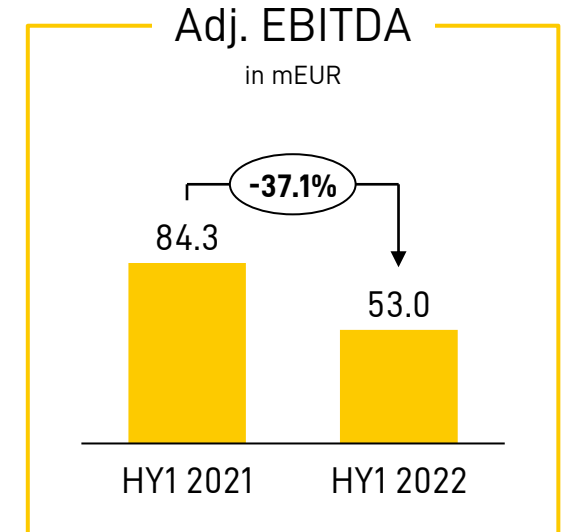
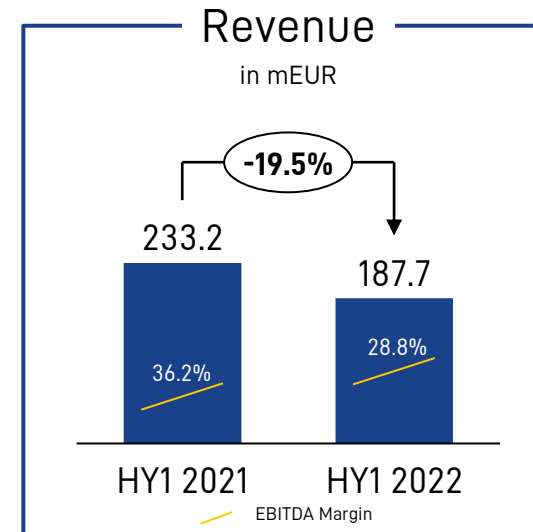
Ongoing shift to rechargeable hearing aid cells. VARTA with strong market position in primary and rechargeable batteries.

Lithium-Ion Battery Pack

Project driven business with smart, modular battery packs. Trend to cordless products is a key driver.

Adj. EBITDA

Profitability development hit by global crisis.



Lithium-Ion CoinPower

Main power for portable and cordless devices.



Microbatteries

Hearing aid batteries with an even higher energy density are the result of consistent research and ongoing development.



Lithium-Ion Battery Pack

Development of complete battery systems including housing and electronics.

Key developments Household Batteries



Segment Household Batteries

Consumer Batteries

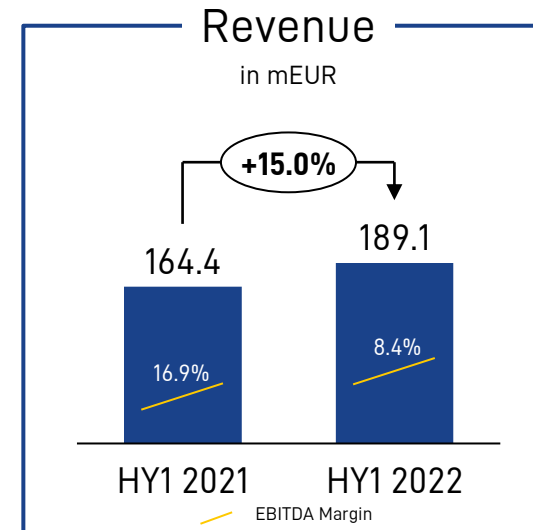
VARTA Consumer Batteries with strong growth. Consumer focus on branded business (reduction of the white label business).

Energy Storage Systems

Excellent development in Energy Storage Systems. Market demand remains high. Increased profitability and significant revenue growth.

Adj. EBITDA

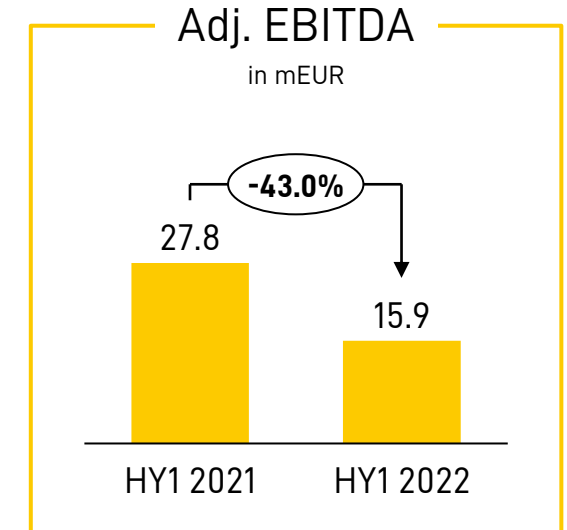
Adjusted EBITDA hit by strong increase in raw material prices which could not offset by price increases



Consumer Batteries

The power of freedom:

From radio to toys to blood pressure monitor – we provide you the optimal power.



Energy Storage Systems

Future-proof and flexible:

The storage capacity can be expanded at any time, even after installation.

VARTA expects revenues in the range of EUR 880mn and EUR 920mn for FY2022



Business outlook

- VARTA profits from its **technological leadership, innovative products** and **strong brand**
- VARTA remains **very well positioned** despite ongoing COVID-19 pandemic.
- **However, impacts** from the **war in the Ukraine**, increased **prices for raw materials** and energy, **semiconductor shortages** as well as temporary **shutdowns** of our clients' production facilities **negatively impact our business**
- VARTA to start **next growth initiative. Large format cells** with huge growth potential. Market evaluations and concrete **negotiations with OEM** are making **good progress. First revenues** expected in **2024**

Financials outlook (FY2022)

- **Revenues FY2022** expected in the range between **EUR 880m and EUR 920m. Negative impact from the Ukraine crisis, chip shortages, etc. cannot fully compensated**
- **Adj. EBITDA FY2022** between **EUR 200m and EUR 225m**
- **Revenue Q3 2022** in the range between **EUR 210m and EUR 230m**
- **Adj. EBITDA Q3 2022** expected in the corridor of **EUR 40m to EUR 50m**
- VARTA **continues to invest** in the **expansion** of its **production capacities** for **Lithium-Ion batteries** and **V4Drive. CAPEX for FY2022** expected to exceed FY2021 level. Dependent on the V4Drive progress it could go beyond EUR 230m

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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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