

Report on the 1st quarter of 2022



Overview – MONTANA TECH COMPONENTS



MONTANA
TECH COMPONENTS



VARTA AG

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VARTA AG produces and markets a large range of batteries that includes micro-batteries, household batteries, energy storage systems, customer-specific battery solutions for a variety of applications, and as a technology leader also defines industry standards in important areas. VARTA engages intensely in research and development, thereby creating global benchmarks in many areas of lithium-ion technology and micro-batteries, and is also innovation leader in key growth markets.



ALUFLEXPACK AG

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Aluflexpack produces flexible packaging solutions for end markets such as "Coffee & Tea, Pharma, Pet food, Confectionery and Dairy", and has over 35 years of experience in converting aluminum and plastic foils into high-quality end products. Expert know-how, flexible services and innovation are the basis for our long-standing customer relationships with both local companies and major international corporations.



MONTANA AEROSPACE AG

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Montana Aerospace is one of the world's leading manufacturers of complex light-weight components and structures for the aviation industry based on its global presence in development and manufacturing, and multi-material expertise. As a highly integrated and innovative full-service provider with a strong commitment to sustainability, it has become an important partner for customers in the aviation, e-mobility and energy sectors.



Key financials

KEY FIGURES OF THE MONTANA TECH COMPONENTS GROUP

(in TEUR) unaudited according to IFRS	1-3/2021	1-3/2022	Change in TEUR	Change in %
Net sales	436,226	505,380	69,154	15,9%
EBITDA	75,380	61,893	-13,487	-17,9%
% of net sales	17,3%	12,2%		
EBIT	31,355	12,899	-18,456	-58,9%
% of net sales	7,2%	2,6%		
EBT	33,763	17,042	-16,721	-49,5%
Net income	19,059	9,063	-9,996	-52,4%
Employees	10.666	12.937	2.271	21,3%

OVERVIEW OF THE LATEST QUARTERS

(in TEUR) unaudited according to IFRS	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Net sales	406,765	442,419	440,614	436,226	447,190	501,839	573,792	505,380
EBITDA	55,683	61,734	83,723	75,380	63,416	93,953	85,813	61,893
EBIT	24,023	27,322	21,328	31,355	17,672	47,014	34,222	12,899
EBT	20,913	16,609	4,652	33,763	6,668	48,763	25,392	17,042
Net income	13,554	1,275	-634	19,059	-5,330	35,820	3,845	9,063
Employees	10,621	10,688	10,689	10,666	11,079	11,435	11,560	12,937

Management Report – Analysis of the results

Dear Shareholders,

Dear Ladies and Gentlemen,

MONTANA GROUP – RESULT AS OF MARCH 31st, 2022

In the first quarter of the 2022 financial year, the MONTANA Group and its divisions earned total revenues of EUR 505.4 million (+15.9 % vs 31 March 2021). Despite the continued adverse economic situation, the MONTANA Group attained rising sales compared to the same period of the previous year. This growth was driven by the steady increase in sales at Aluflexpack and the gradual recovery of the aerospace industry to pre-coronavirus levels as well as to the stable expansion of market shares of the Montana Aerospace Division. The Aerospace Division performed excellently in the first quarter of 2022 with a significant rise in sales revenues in all lines of business, especially in e-mobility and aerospace. The first quarter of 2022 closed with an EBITDA of EUR 61.9 million (-17.9 %); the decline versus 31 March 2021 was caused primarily by an extraordinary expansion in production and, in particular, the sharp rise in energy costs due to the war in Ukraine. The EBITDA margin for the period was therefore 12.2% (2021/Q1: 17.3 %).

DIVISION INFORMATION

In the first quarter of 2022, MONTANA AEROSPACE AG sales revenues increased significantly year on year by EUR 73.9 million to a total of EUR 243.3 million. As regards profitability, adjusted EBITDA was EUR 15.9 million in the first quarter of 2022 (EUR 9.5 million in the first quarter of 2021). Demand from major aircraft manufacturers – a segment with build rates now approaching pre-crisis levels – has risen steeply. Management maintains stands by its assessment of build rates. Internal assumptions are always more conservative than the announcements of aircraft manufacturers. Additionally, the acquisition of 100 % of the shares in the Belgian ASCO Group was finalized on 31 March 2022. With this acquisition, Montana Aerospace AG acquired 1,100 employees, 142,000 m² of industrial floor space, and four production sites. Integration is progressing: the goal is to integrate ASCO into business operations as quickly and smoothly as possible. The cash flow statement and balance sheet for the first quarter of 2022 already account for the higher assets from the acquisition using preliminary figures.

Net debt increased to EUR 442.4 million year on year, partly due to a vendor loan in the context of the ASCO transaction, which was largely converted into shareholder's equity at the beginning of April. The equity ratio was maintained at a stable 42.1 % with total assets of around EUR 2.2 billion (cash flow statement and balance sheet already account for the ASCO transaction using preliminary figures). The recovery in the aerospace sector from the coronavirus crisis continued in the first quarter of 2022. The effects of higher build rates are becoming apparent, and sales are expected to grow steadily in FY 2022, with the "Aerospace" segment being the most important growth driver posting sales of around EUR 500 million and total annual sales for 2022 of around EUR 1.1 billion (management guidance). Additionally, the company has focused on building up inventories over the past few months, which in certain areas means the stocks will last for up to 18 months thereby making the company less vulnerable to the supply shortages currently occurring. As regards raw materials, Montana Aerospace is therefore not exposed to any immediate risk, but instead has an opportunity to accept new orders.

VARTA AG's consolidated sales in the first quarter were EUR 185.3 million (Q1 2021: EUR 204.3 million). The first quarter will be influenced by the war in Ukraine and the long-term consequences of the coronavirus pandemic. Adjusted EBITDA was EUR 38.1 million in the first quarter of 2022 (Q1 2021: EUR 59.9 million). The impact of rising raw material prices and energy costs as a result of the attack on Ukraine is affecting earnings, as higher costs can only be passed on with a time lag. Sales in the "Lithium-Ion Solutions & Microbatteries" segment was EUR 88.4 million in Q1 2022, which is a decline in sales of EUR -27.5 million. The current situation is affecting the fundamentally solid demand in the Micro, Solutions and CoinPower business areas. In the first three months of FY 2022, adjusted EBITDA decreased from EUR 45.9 million to EUR 26.7 million compared to the same period of the previous year. Sales in the "Household Batteries" segment increased year on year from EUR 82.4 million to EUR 96.9 million in the first three months of

2022. Therefore, sales grew by EUR 17.6 million. Adjusted EBITDA decreased by EUR 2.5 million from EUR 13.9 million to EUR 11.4 million. The earnings contributed by the additional business did not fully offset the increase in commodity prices. For the second quarter of 2022, sales figures are estimated at around EUR 195 to EUR 205 million, and adjusted EBITDA at EUR 34 to EUR 38 million.

ALUFLEXPACK AG, which is listed on the SIX Swiss Exchange, started the year 2022 with dynamic sales growth, posting a gain of 23.0 % and net sales of EUR 76.9 million. (Q1 2021: EUR 62.5 million). Apart from growth in sales, being able to pass on the higher costs also contributed enormously to the all-time high in quarterly sales of the Aluflexpack Group. Total growth in the first quarter of 2022 was driven mainly by the robust development of business in the end markets for pet food and pharmaceutical products. Aluflexpack's sales revenues in key product categories such as stand-up pouches and aluminum trays in the pet food packaging segment rose steeply. Sales in pharmaceutical packaging was driven up by the rapid recovery from the depressed market of the prior period in which the strict hygiene measures and movement restrictions resulted in fewer cases of colds, influenza and other diseases (apart from the coronavirus). The management report for the first quarter confirmed the outlook for the financial year 2022: net sales revenues in the range of EUR 310 to EUR 330 million and EBITDA before one-off effects of EUR 35 to EUR 40 million.

OUTLOOK

The MONTANA Tech Components Group performed well in the first quarter of 2022. Sales forecasts for 2022 for all divisions (VARTA AG, Aluflexpack AG and Montana Aerospace AG) were confirmed. In the Aerospace Division, significant efficiency gains and synergy effects are expected from the integration of Asco Industries. Aluflexpack AG will put one of the world's most modern and efficient plants for processing aluminum foil into operation in the fourth quarter of 2022, which will help it strengthen its position in existing markets and also acquire new markets. VARTA AG is expected to attain sales of up to EUR 205 million in the second quarter, and consolidated sales for 2022 are estimated at EUR 950 million to EUR 1 billion. The 2022 financial year continues to promise a secure market position for the MONTANA Tech Components Group and reconfirms the long-term growth strategy.

Finances

CONSOLIDATED BALANCE SHEET AS OF MARCH 31st, 2022

ASSETS (in TEUR) unaudited according to IFRS	31.12.2021	31.03.2022
Intangible assets	322,956	442,505
Property, plant and equipment	1,495,804	1,660,399
Financial assets	242,953	264,156
Other assets and receivables	86,499	101,120
NON-CURRENT ASSETS	2,148,212	2,468,180
Inventories	469,225	613,537
Trade receivables	317,414	350,578
Other assets and receivables	119,001	164,412
Cash and cash equivalents	621,982	699,074
CURRENT ASSETS	1,527,622	1,827,601
TOTAL ASSETS	3,675,834	4,295,782
LIABILITIES AND SHAREHOLDERS' EQUITY (in TEUR) unaudited according to IFRS	31.12.2021	31.03.2022
Equity attributable to owners of MTC AG	839,190	851,731
Non controlling interests	714,905	724,495
SHAREHOLDERS' EQUITY	1,554,095	1,576,226
Liabilities to financial institutions	413,507	712,296
Other financial liabilities	562,655	682,570
Deferred tax liabilities	46,199	61,276
Provisions	11,274	21,438
Employee benefits	94,493	88,528
Accruals	897	919
Other liabilities	75,900	68,780
NON-CURRENT LIABILITIES	1,204,925	1,635,807
Liabilities to financial institutions	180,249	204,060
Other financial liabilities	90,645	153,718
Provisions	73,402	73,988
Employee benefits	44,454	57,046
Trade payables	265,925	304,291
Accruals	89,696	83,234
Other liabilities	172,443	207,412
CURRENT LIABILITIES	916,814	1,083,749
TOTAL LIABILITIES	2,121,738	2,719,556
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,675,834	4,295,782

CONSOLIDATED INCOME STATEMENT AS OF MARCH 31st, 2022

(in TEUR) unaudited according to IFRS	1-3/2021	1-3/2022
NET SALES	436,226	505,380
Change in finished and unfinished goods	28,328	51,337
Own work capitalised	3,429	9,345
Other operating expenses	21,992	27,674
Cost of materials, supplies and services	-245,755	-323,074
Personnel expenses	-109,222	-127,288
Other operating expenses	-59,617	-81,480
EBITDA	75,380	61,893
Depreciation and amortisation	-44,025	-48,994
EBIT	31,355	12,899
Interest income and expenses	-5,849	-7,176
Other financial result – net	8,257	11,319
FINANCIAL RESULT	2,408	4,143
INCOME BEFORE TAX	33,763	17,042
Income tax expenses	-14,704	-7,979
NET INCOME	19,059	9,063
THEREOF:		
Shareholders of MTC AG	4,879	4,873
Non controlling interests	14,180	4,190

CONSOLIDATED CASH FLOW STATEMENT AS OF MARCH 31st, 2022 (short form)

(in TEUR) unaudited according to IFRS	1-3/2021	1-3/2022
Cash flow from operating activities	-17,186	-33,394
Cash flow from investing activities	-128,273	-145,981
Cash flow from financing activities	36,545	255,515
NET CHANGE IN CASH AND CASH EQUIVALENTS	-108,913	76,139
Cash and cash equivalents as of January 1 st	278,010	621,982
Effect of exchange rate changes on cash and cash equivalents	704	953
CASH AND CASH EQUIVALENTS AS OF MARCH 31 st	169,801	699,074

Information about the Company

FINANCIAL CALENDAR 2022/2023

August 23, 2022	Report on the 2 nd quarter of 2022
November 23, 2022	Report on the 3 rd quarter of 2022
April 28, 2023	Report on the 4 th quarter of 2022
May 31, 2023	Report on the 1 st quarter of 2023

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IMPRESSUM

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