

Report on the 2nd quarter of 2021



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 T€) unaudited according to IFRS	1-6/2020	1-6/2021	Change in T€	Change in %
Net sales	850,954	872,460	21,506	2,5 %
EBITDA	126,546	138,796	12,251	9,7 %
% of net sales	14,9 %	15,9 %		
EBIT	66,152	49,027	-17,124	-25,9 %
% of net sales	7,8 %	5,6 %		
EBT	49,266	40,431	-8,835	-17,9 %
Net income	29,445	13,729	-15,717	-53,4 %
Employees	10,621	11,079	458	4,3 %

OVERVIEW OF THE LATEST QUARTERS

(in T€) unaudited according to IFRS	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Net sales	344,259	363,802	447,912	403,042	436,288	435,787	432,166	440,294
EBITDA	51,158	61,376	70,862	55,683	61,734	83,723	75,380	63,416
EBIT	27,716	-1,357	42,129	24,023	27,322	21,328	31,355	17,672
EBT	39,608	-1,143	28,353	20,913	16,609	4,652	33,763	6,668
Net income	29,931	-2,368	15,892	13,554	1,275	-634	19,059	-5,330
Employees	9,135	9,572	11,154	10,621	10,688	10,689	10,666	11,079

Management Report – Analysis of the results

Dear Shareholders,

Dear Ladies and Gentlemen,

MONTANA GROUP – RESULT AS OF JUNE 30th, 2021

In the first half-year of the 2021 financial year, the MONTANA Group and its divisions earned total revenues of EUR 872.5 million (+2.5 % compared to 30 June 2020). The increase in revenues compared to the same period of the preceding year was driven by the recovery in the e-mobility and energy business of the Montana Aerospace division as well as by higher sales of Varta household batteries. The first half of 2021 closed with an EBITDA of EUR 138.8 million (+9.7 %). The EBITDA margin was thus 15.9 % in the first half of 2021 (HY1 2020: 14.9 %).

DIVISION INFORMATION

MONTANA AEROSPACE AG achieved a slight increase of EUR 3.5 million in sales revenues in the first half of 2021 compared to the same period in the previous year. Montana Aerospace also reported an increase in orders on hand of EUR 400 million up from EUR 3.9 billion to EUR 4.3 billion. In terms of profitability, Montana Aerospace achieved an adjusted EBITDA of EUR 22.6 million in HY1 2021 (EUR 23.4 million in HY1 2020). Despite major expansions in production at Airport Baia Mare, Romania, and Da Nang, Vietnam, very encouraging results can be presented.

Cash flows in HY1 2021 were significantly higher versus HY1 2020. As a result, net debt was significantly reduced from EUR 639.9 million to EUR 162.6 million. At total assets of EUR 1.7 billion, the common equity tier 1 capital ratio increased from 17.0 % to 46.2%. Furthermore, key capital expenditure programmes are being completed on schedule.

In the second quarter of 2021 the moderate recovery from the coronavirus crisis continued in the aerospace division. Sales are expected to rise steadily in the further course of 2021. Annual sales revenues are estimated at EUR 750 million for 2021. Important are also the large-volume contracts expected for the years 2022 to 2024, which will generate higher revenues and earnings.

Consolidated sales revenues of VARTA AG increased in the first six months of 2021 by 1.8 % from EUR 390.7 million to EUR 397.6 million versus HY1 2020. Adjusted consolidated EBITDA was EUR 112.3 million which is 10.0 % higher than in HY1 2020 (EUR 102.1 million). Sales revenues in the segment “Lithium-Ion Solutions & Microbatteries” decreased by 2.7 % to EUR 233.2 million (2020: EUR 239.7 million) and in “Household Batteries”, revenues rose by 8.9 % to EUR 164.4 million (2020: EUR 150.9 million), with major contributions coming from “Energy Storage Systems” where revenues were in the high double-digit range compared to the same period of the preceding year.

Business is expected to continue developing positively in 2021 supported by the structural growth in these core markets, our strong market position, and major investments in the expansion of production capacities. The opening of the new lithium-ion cell factory at the Nördlingen site means that 60,000 square meters of production space are now available for the production of small round lithium-ion cells. Therefore, VARTA AG now has the infrastructure to produce up to 400 million cells per year. The new customer projects and orders in the area of “CoinPower” will also accelerate this trend in the second half of the year. Additionally, the pilot production of the new ultra-high-performance lithium-ion round cell V4Drive in the 21700 format will start at the Ellwangen site at the end of the year. The company already has confirmed customer orders for these cells.

In the first half of 2021, ALUFLEXPACK AG – which is listed on the SIX Swiss Exchange – continued to expand at a swift pace. Net sales in the first six months rose by 9.5 % to EUR 126.5 million up from EUR 115.5 million in the same period of the preceding year. Adjusted for consolidation effects from the Polish subsidiary acquired in September 2020, organic growth was 5.5 %. The sound business development in the Coffee & Tea, Confectionery and Pet food end markets was especially supportive of growth. In “these end markets”, net sales rose versus the same period of the preceding year

by 29 %, 22 % and 14 %, respectively. However, demand for packaging for pharmaceutical products was depressed due to the effects of the lockdowns, strict hygiene rules and the restricted movement of people, which in conjunction resulted in significantly fewer colds, fever and other illnesses – apart from coronavirus. This resulted in a 19 % decline in sales revenues for Aluflexpack in the Pharmaceutical end market compared to the first half of 2020. In the first half-year 2021, Aluflexpack achieved an EBITDA of EUR 21.4 million before special effects from the sale of assets and the costs of the employee incentive programme (“Employee phantom stock program”). Therefore, EBITDA increased by 23.5 % versus the first half of 2020 (EUR 17.3 million). The relevant margin increased from 15.0 % in HY1 2020 to 16.9 %. This rise is due to the sustainable expansion of business, strict cost management, further efficiency improvements and the positive effects of economies of scale. Before special effects, EBIT rose from EUR 9.4 million in the same period of the preceding year to EUR 11.2 million in HY1 2021. This highlights the positive impact of the investments made in the Group’s integrated platform over the past few years. Before the backdrop of the current market environment, the Management confirmed the outlook for the full year presented in March 2021 and expects net sales revenues of EUR 260 to EUR 270 million, and EBITDA before special effects of EUR 40 to 43 million.

OUTLOOK

The MONTANA Tech Components Group closed the first half-year of 2021 in line with projections and profited from the far-sighted investments made in the expansion of production capacities in all three divisions (VARTA AG, Aluflexpack AG and Montana Aerospace AG). The ambitious growth strategy is also secured by the acquisition of further business areas based on ongoing product innovation and a widening range of products. The companies of the Group also attained higher order volumes in the second quarter. The recovery of the aviation industry from the coronavirus crisis supports expectations of a return to steadily rising revenues in the aerospace segment. The Group is well positioned to meet future challenges due to its diversification strategy and is a reliable partner for its customers as an innovation leader that delivers the highest quality.

Finances

CONSOLIDATED BALANCE SHEET AS OF JUNE 30th, 2021

ASSETS (in T€) unaudited according to IFRS	31.12.2020	30.06.2021
Intangible assets	307,718	304,340
Property, plant and equipment	1,283,865	1,427,755
Financial assets	197,860	206,385
Other assets and receivables	82,726	76,694
NON-CURRENT ASSETS	1,872,169	2,015,174
Inventories	377,422	453,697
Trade receivables	231,558	269,540
Other assets and receivables	129,019	174,580
Cash and cash equivalents	278,010	567,646
CURRENT ASSETS	1,016,009	1,465,464
TOTAL ASSETS	2,888,178	3,480,638

LIABILITIES AND SHAREHOLDERS' EQUITY (in T€) unaudited according to IFRS	31.12.2020	30.06.2021
Equity attributable to owners of MTC AG	697,811	760,734
Non controlling interests	309,526	610,297
SHAREHOLDERS' EQUITY	1,007,337	1,371,031
Liabilities to financial institutions	450,440	453,114
Other financial liabilities	454,300	554,321
Deferred tax liabilities	39,536	45,762
Provisions	9,243	10,698
Employee benefits	111,789	102,317
Accruals	723	856
Other liabilities	97,915	81,303
NON-CURRENT LIABILITIES	1,163,946	1,248,372
Liabilities to financial institutions	60,360	211,592
Other financial liabilities	59,870	29,170
Provisions	35,322	28,517
Employee benefits	48,524	45,521
Trade payables	253,643	269,213
Accruals	85,496	76,941
Other liabilities	173,679	200,281
CURRENT LIABILITIES	716,895	861,235
TOTAL LIABILITIES	1,880,841	2,109,607
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,888,178	3,480,638

CONSOLIDATED INCOME STATEMENT AS OF JUNE 30th, 2021

(in T€) unaudited according to IFRS	1-6/2020	1-6/2021
NET SALES	850,954	872,460
Change in finished and unfinished goods	24,416	59,391
Own work capitalised	8,682	7,442
Other operating expenses	38,979	54,081
Cost of materials, supplies and services	-446,734	-508,418
Personnel expenses	-226,882	-222,929
Other operating expenses	-122,870	-123,231
EBITDA	126,546	138,796
Depreciation and amortisation	-60,394	-89,769
EBIT	66,152	49,027
Interest income and expenses	-10,030	-12,124
Other financial result – net	-6,856	3,528
FINANCIAL RESULT	-16,886	-8,597
INCOME BEFORE TAX	49,266	40,431
Income tax expenses	-19,820	-26,702
NET INCOME	29,445	13,729
THEREOF:		
Shareholders of MTC AG	11,542	-12,397
Non controlling interests	17,904	26,125

CONSOLIDATED CASH FLOW STATEMENT AS OF JUNE 30th, 2021 (short form)

(in T€) unaudited according to IFRS	1-6/2020	1-6/2021
Cash flow from operating activities	40,579	-56,829
Cash flow from investing activities	-306,377	-174,232
Cash flow from financing activities	102,060	520,347
NET CHANGE IN CASH AND CASH EQUIVALENTS	-163,738	289,286
Cash and cash equivalents as of January 1 st	412,279	278,010
Effect of exchange rate changes on cash and cash equivalents	-235	350
CASH AND CASH EQUIVALENTS AS OF JUNE 30 th	248,306	567,646

Information about the Company

FINANCIAL CALENDAR 2021/2022

November 24, 2021	Report on the 3 rd quarter of 2021
April 19, 2022	Report on the 4 th quarter of 2021
May 31, 2022	Report on the 1 st quarter of 2022
August 23, 2022	Report on the 2 nd quarter of 2022

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IMPRESSUM

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