

Report on the 4th 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 TEUR) audited according to IFRS	1-12/2020	1-12/2021	Change in TEUR	Change in %
Net sales	1,741,230	1,959,047	217,817	12,5%
EBITDA	272,002	318,562	46,560	17,1%
% of net sales	15,6%	16,3%		
EBIT	114,801	130,264	15,463	13,5%
% of net sales	6,6%	6,6%		
EBT	70,526	114,585	44,059	62,5%
Net income	30,085	53,393	23,308	77,5%
Employees	10,689	11,560	871	8,1%

OVERVIEW OF THE LATEST QUARTERS

(in TEUR) audited according to IFRS	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Net sales	451,431	406,765	442,419	440,614	436,226	447,190	501,839	573,792
EBITDA	70,862	55,683	61,734	83,723	75,380	63,416	93,953	85,813
EBIT	42,129	24,023	27,322	21,328	31,355	17,672	47,014	34,222
EBT	28,353	20,913	16,609	4,652	33,763	6,668	48,763	25,392
Net income	15,892	13,554	1,275	-634	19,059	-5,330	35,820	3,845
Employees	11,154	10,621	10,688	10,689	10,666	11,079	11,435	11,560

Management Report – Analysis of the results

Dear Shareholders,

Dear Ladies and Gentlemen,

MONTANA GROUP – RESULT AS OF DECEMBER 31st, 2021

In the 2021 financial year, the Montana Tech Components Group and its divisions reported net sales of EUR 1,959.0 million, representing an increase of 12.5 % relative to the previous year. Despite the continued challenging conditions affecting every level of the economy, the Group reported increased sales revenues relative to prior-year periods for both the full year and the fourth quarter. Indeed, final-quarter sales of EUR 573,8 million contributed significantly to continued growth, driven by higher sales volumes at Varta's Household Batteries segment and the steady increase in revenues at Aluflexpack. Additional factors were the recovering aviation industry, which is reverting to pre-pandemic levels, and the steady rise in market shares at Montana Aerospace, which delivered a moderate increase in sales in the fourth quarter driven mainly by e-mobility solutions. Constant product innovation and a steadily widening range of products and services enabled the Group to expand into additional business areas and further increase the orders on hand in the fourth quarter. The Group ended the 2021 financial year with a 17.1 % increase in EBITDA to EUR 318.6 million. The EBITDA margin for this period was 16.3 % versus 15.6 % in 2020.

DIVISION INFORMATION

For 2021, Montana Aerospace AG generated a significant increase in sales revenues to EUR 157.7 million relative to the previous year. Adjusted EBITDA rose to EUR 56.1 million in the full year, up from EUR 44.8 million in 2020. Despite major expansion to plant capacity at the Baia Mare airport (Romania) and in Da Nang (Vietnam), Montana Aerospace AG was able to report an encouraging bottom line. In addition, five acquisitions were successfully negotiated – a testimony to its successful M&A strategy. Net debt at year-end was substantially lower, reduced from EUR 639.9 million to EUR 81.8 million. The equity ratio, calculated on total assets of EUR 1.8 billion, increased from 17.0 % to 50.5 %. Key capital expenditure programmes are being completed on schedule. In 2021, the air travel industry continued recovering from the effects of the pandemic. Sales are expected to rise steadily throughout 2022 to an

estimated EUR 1.1 billion over the full year. Additionally, the company has purposely built up inventories in recent months, achieving up to 18 months of stocks in certain businesses, enabling it to circumvent current supply bottlenecks. Montana Aerospace AG has done everything it can to mitigate risks on input materials and is even in a position to take on new orders.

In 2021, consolidated sales at Varta AG totalled EUR 902.9 million, representing a 3.8 % increase relative to the previous year (EUR 869.6 million). Consolidated adjusted EBITDA rose by 17.4 % to EUR 282.9 million (2020: EUR 241.0 million), significantly outpacing the top-line trend. Margin (adjusted EBITDA/sales) improved markedly, widening from 27.7 % to 31.3 %. Sales revenues at the Lithium-Ion Solutions & Microbatteries business unit edged up by 1.2 % to EUR 514.4 million (2020: EUR 508.1 million). In Household Batteries, the second business unit, sales revenues rose by 7.6 % to EUR 388.6 million (2020: EUR 361.1 million). Varta continued investing to expand production capacities for lithium-ion batteries (CoinPower®) and for extending its pilot plant producing large cylindrical lithium-ion cells. Current-year capital expenditure is budgeted at between EUR 230 million and EUR 280 million. Since late 2021, Varta has been supplying its first OEM customers with large-format lithium-ion round cells with excellent energy performances. Currently, some 10,000 cells can be produced weekly.

It will be recommended to the Annual General Meeting to pay a dividend per share of EUR 2.48, unchanged from the previous year. If approved, the dividend yield based on the current market price will be 2.7 %.

Aluflexpack AG, which is listed on the SIX Swiss Exchange, achieved net sales of EUR 266.1 million in 2021, representing an increase of 11.1 %. Despite extraordinarily high demand in several end-markets in the first six months of 2020, leading to a challenging base effect for the period under review, Aluflexpack was able to report organic growth of 8.6 % in 2021. This was also despite lower-than-expected demand from the pharmaceuticals end-market during the year. Driving this strong trend was continued brisk demand from food and

animal nutrition companies, supported by a top-class customer and product portfolio. In 2021, Aluflexpack reported adjusted EBITDA of EUR 41.8 million (2020: EUR 37.4 million), representing an increase of 11.9 % relative to the previous year. EBITDA margin came to 15.7 % (2020: 15.6 %). Profit in the second six months of the year was already hit by rising prices on input materials neither covered by an automatic indexing mechanism for passing on higher costs nor hedged using derivative instruments. However, these effects were counterbalanced by operational improvements, efficiency gains and the successful upscaling of the business model, as illustrated by the percentage decreases in employee expenses and other operating expenses. The focal point in the coming months will be the innovative expansion project at the Drniš plant in Croatia, which will both double the aluminium conversion capacity and strengthen vertical integration. According to management, these considerations – combined with resolute measures to cut costs and boost efficiency – lay the foundation for reverting to previous profitability standards. Despite current geopolitical events, the management team is confident about the stability of the business and its supply chain. Consequently, it forecasts net sales of between EUR 310 million and EUR 330 million and adjusted EBITDA of between EUR 35 million and EUR 40 million in 2022.

capacities across all three divisions. Montana Aerospace AG is rounding off important capital expenditure programmes, while Varta AG is broadening production so it can focus more fully on the newly tapped OEM market. As stated above, Aluflexpack AG is doubling its aluminium conversion capacity by extending the Drniš plant. All in all, steady sales growth is projected for 2022. Looking ahead, the Montana Tech Components Group expects to consolidate its positioning and maintain its standards of profitability.

OUTLOOK

The Montana Tech Components Group ended 2021 in line with expectations, profiting from the growth strategy actively pursued by Montana Aerospace AG, Varta AG and Aluflexpack AG. Growth will be further enhanced this year by ongoing expansion of production

Finances

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31th, 2021

ASSETS (in TEUR) audited according to IFRS	31.12.2020	31.12.2021
Intangible assets	307,718	322,956
Property, plant and equipment	1,283,865	1,495,804
Financial assets	197,860	242,953
Other assets and receivables	82,726	86,499
NON-CURRENT ASSETS	1,872,169	2,148,212
Inventories	377,422	469,225
Trade receivables	231,558	317,414
Other assets and receivables	129,019	119,001
Cash and cash equivalents	278,010	621,982
CURRENT ASSETS	1,016,009	1,527,622
TOTAL ASSETS	2,888,178	3,675,834

LIABILITIES AND SHAREHOLDERS' EQUITY (in TEUR) audited according to IFRS	31.12.2020	31.12.2021
Equity attributable to owners of MTC AG	697,811	839,190
Non controlling interests	309,526	714,905
SHAREHOLDERS' EQUITY	1,007,337	1,554,095
Liabilities to financial institutions	450,440	413,507
Other financial liabilities	454,300	562,655
Deferred tax liabilities	39,536	46,199
Provisions	9,243	11,274
Employee benefits	111,789	94,493
Accruals	723	897
Other liabilities	97,915	75,900
NON-CURRENT LIABILITIES	1,163,946	1,204,925
Liabilities to financial institutions	60,360	180,249
Other financial liabilities	59,870	90,645
Provisions	35,322	73,402
Employee benefits	48,524	44,454
Trade payables	253,643	265,925
Accruals	85,496	89,696
Other liabilities	173,679	172,443
CURRENT LIABILITIES	716,895	916,814
TOTAL LIABILITIES	1,880,841	2,121,738
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,888,178	3,675,834

CONSOLIDATED INCOME STATEMENT AS OF DECEMBER 31th, 2021

(in TEUR) audited according to IFRS	1-12/2020	1-12/2021
NET SALES	1,741,230	1,959,047
Change in finished and unfinished goods	-8,402	34,232
Own work capitalised	45,648	43,936
Other operating expenses	64,070	125,266
Cost of materials, supplies and services	-872,899	-1,065,710
Personnel expenses	-447,653	-457,153
Other operating expenses	-249,992	-321,056
EBITDA	272,002	318,562
Depreciation and amortisation	-157,201	-188,298
EBIT	114,801	130,264
Interest income and expenses	-22,400	-25,573
Other financial result – net	-22,166	5,623
FINANCIAL RESULT	-44,566	-19,951
Result from associated companies	291	4,272
INCOME BEFORE TAX	70,526	114,585
Income tax expenses	-40,441	-61,192
NET INCOME	30,085	53,393
THEREOF:		
Shareholders of MTC AG	-14,035	4,758
Non controlling interests	44,120	48,635

CONSOLIDATED CASH FLOW STATEMENT AS OF DECEMBER 31th, 2021 (short form)

(in TEUR) audited according to IFRS	1-12/2020	1-12/2021
Cash flow from operating activities	265,431	102,182
Cash flow from investing activities	-508,659	-361,745
Cash flow from financing activities	113,746	596,149
NET CHANGE IN CASH AND CASH EQUIVALENTS	-129,482	336,586
Cash and cash equivalents as of January 1 st	412,279	278,010
Effect of exchange rate changes on cash and cash equivalents	-4,787	7,386
CASH AND CASH EQUIVALENTS AS OF DECEMBER 31 th	278,010	621,982

Information about the Company

FINANCIAL CALENDAR 2022/2023

May 31, 2022	Report on the 1 th quarter of 2022
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

FOR FURTHER INFORMATION PLEASE CONTACT:

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IMPRESSUM

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