

Report on the 4th quarter of 2022



Overview – MONTANA TECH COMPONENTS

MONTANA TECH COMPONENTS



VARTA AG

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

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

Montana Aerospace is one of the world's leading manufacturers of complex lightweight 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	1-12/2021	1-12/2022	Change in TEUR	Change in %
Net sales	1,959,047	2,469,978	510,931	26.1%
EBITDA	318,562	297,974	-20,588	-6.5%
% of net sales	16,3%	12,1%		
EBIT	130,264	-83,470	-213,734	-164.1%
% of net sales	6,6%	-3,4%		
EBT	114,585	-146,706	-261,292	-228.0%
Net income	53,393	-164,075	-217,468	-407.3%
Employees	11,560	12,879	1,319	11.4%

OVERVIEW OF THE LATEST QUARTERS

(in TEUR) audited according to IFRS	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Net sales	436,226	447,190	501,839	573,792	505,380	614,917	634,342	715,340
EBITDA	75,380	63,416	93,953	85,813	61,893	92,956	24,514	118,611
EBIT	31,355	17,672	47,014	34,222	12,899	32,977	-37,381	-91,965
EBT	33,763	6,668	48,763	25,392	17,042	23,652	-45,114	-142,287
Net income	19,059	-5,330	35,820	3,845	9,063	14,950	-44,821	-143,268
Employees	10,666	11,079	11,435	11,560	12,937	13,011	13,444	12,879

Management Report – Analysis of the results

Dear Shareholders,

Dear Ladies and Gentlemen,

MONTANA GROUP – RESULT AS AT 31 DECEMBER 2022

The MONTANA TECH COMPONENTS Group and its divisions achieved total sales of EUR 2.5 billion in the financial year 2022 (+26.1 % vs the financial year 2021). Despite the persistently adverse macroeconomic situation on global markets, the industrial group again attained higher revenues in another consecutive year since its founding in 2006. This development was driven mainly by the continued rise in sales of the subsidiaries Aluflexpack AG (+34.2 %) and Montana Aerospace AG (+65.3 %). Additionally, the continuous expansion of market shares in the divisions had a positive effect due to operational growth, strategic investments in capabilities and capacities as well as their high degree of vertical integration. The financial year 2022 closed with an EBITDA of EUR 298.0 million. The -6.5 % decline year on year was due to the decline in sales and EBITDA at VARTA AG, which faced a very challenging environment of sharply rising commodity and energy costs in the wake of Russia's war of aggression against Ukraine as well as delayed customer projects. This decline was only partially compensated by improved earnings at the Montana Aerospace and Aluflexpack AG divisions as well as by positive one-off effects from non-operating activities. The EBITDA margin for this period was therefore 12.1 % (2021: 16.3 %).

DIVISION INFORMATION

MONTANA AEROSPACE AG generated consolidated net sales of EUR 1,306.1 million in the financial year 2022, which is 65.3 % higher than the preceding year's EUR 790.1 million. Profitability also developed well and adjusted EBITDA was EUR 134.2 million in 2022, which is a 139.4 % increase compared to EUR 56.1 million in the preceding year, backed by strong contributions from the E-Mobility and Energy segments, but also significantly supported by one-off effects. As the driving force of Montana Aerospace AG, the Aerostructures segment recorded strong growth in sales of 123.3 %, with EUR 636.4 million in total net sales and EUR 69.4 million in adjusted EBITDA. The Energy and E-Mobility segments also performed exceptionally well, with EUR 479.6 million (+25.2 %) in

net sales and EUR 33.6 million in adjusted EBITDA in the former case, and EUR 191.2 million (+56.1 %) in net sales and 273.2 % growth in adjusted EBITDA in the latter. The ramp-up of production after the COVID-19 pandemic and the simultaneous consolidation of supply chains in the aircraft manufacturing industry opened up significant business opportunities for Montana Aerospace in 2022, although increased commodity prices and significantly higher energy costs as a result of Russia's war of aggression against Ukraine put a heavy strain on business. M&A activities in 2022 included the acquisition of the ASCO Group (04/2022) in the Aerostructures segment and the acquisition of São Marco (09/2022) in Brazil in the Energy segment. Both companies are in the final stage of the integration process and will rapidly expand Montana Aerospace's broad range of capabilities as well as provide vital synergies. The engineering segment (Alpine Metal Tech/AMT), which is not part of the core business, was sold in December 2022. Montana Aerospace expects continued positive effects from the successful integration of the most recent acquisitions and aims to further solidify its leading position in the market. Having generated an increased positive free cash flow, efforts now focus on strengthening the balance sheet from within by further reducing the level of indebtedness. Additionally, a positive net income is anticipated for the financial year 2023. Total net sales for the full year are expected to be over EUR 1.5 billion. The main driver in this context continues to be the Aerostructures segment, with projected net sales of EUR 750 to 800 million, followed by the Energy segment with EUR >550 million and E-Mobility with EUR >200 million in net sales. The Energy segment is marked by surging demand in the areas of energy generation and energy transmission as well as (e-)mobility on a global scale. Montana Aerospace is thus currently considering options to increase its independence in this promising business field, including the option of going public, to be able to fully exploit this potential.

VARTA AG's consolidated sales in the financial year 2022 were EUR 806.9 million (2021: EUR 902.9 million). Adjusted EBITDA for the past financial year was EUR 69.5 million (2021: EUR 282.9 million). Despite the challenging environment which weighed on the financial year 2022, VARTA AG is optimistic about the future.

After years of robust and steady growth, VARTA AG's consolidated sales in 2022 were affected by the adverse global economic situation, deteriorating consumer confidence, the long-term effects of COVID-19, and the massive increase in energy and commodity prices. This has caused VARTA AG to take prompt, consistent and wide-ranging action to secure its future. In addition to Group-wide cost-cutting measures, which had already been initiated in the fourth quarter of 2022, the company raised additional liquidity of about EUR 51 million through a capital increase in March 2023. Apart from securing liquidity, the capital increase also served to make targeted investments in the major growth areas of large-scale lithium-ion round cells and in the area of much sought-after energy storage systems, which is to be further expanded. Another goal is to broaden the customer base for small lithium-ion button cells (CoinPower). Additionally, a comprehensive restructuring program has been adopted based on a positive going concern assessment by an independent auditor which foresees, among other things, that financing from banks will be extended until 2026. Further measures of the restructuring program include additional cost savings in all areas, and by lowering costs and working capital, in particular, by optimising inventory levels. Cost savings in human resources total about 800 jobs. Talks with employee representatives regarding these measures are already underway. In energy storage systems, the company achieved sales growth of more than 100 percent, while demand remains continually high. Nonetheless, adjusted EBITDA was affected by higher commodity and energy prices, as was also the case in the Micro Batteries and Consumer Batteries segments. The difficult economic situation and a slowdown in global consumer demand for various battery-operated lifestyle products, especially for True Wireless Stereo (TWS) headsets, resulted in a marked decline in sales in the Lithium-Ion CoinPower segment. The company expects the economic environment to brighten over the financial year 2023 and consequently higher sales, especially in energy storage systems. The innate seasonality of the business, especially in the Consumer Batteries and Lithium-Ion CoinPower segments, points to a stronger second half of the year for VARTA AG. In connection with the planned cost-saving measures as part of the restructuring plan, especially as regards materials purchasing and general administrative expenses, the financial year 2023 thus promises not only sales growth but also improvements in adjusted EBITDA year on year. Sales and adjusted EBITDA for the first quarter of 2023 are estimated to be within a range of EUR 160 to 170 million and EUR -5 million to 0 million, respectively. The guidance for the financial year 2023 estimates sales of EUR 820 to 870 million and adjusted EBITDA at least on pre-year figures.

Aluflexpack AG, which is listed on the SIX Swiss Exchange, looks back at a successful year 2022. Audited net sales increased by 34.2 % to EUR 357.0 million (2021: EUR 266.1 million) due to solid business development in many of the Group's end markets, supported by the passing on of costs. The Group's net sales growth thus climbed to an all-time high. Adjusted for the acquisition of the Turkish subsidiary Teko, organic growth was 27.9 %. EBITDA before special effects rose to EUR 46.6 million during the same period, which corresponds to a margin of 13.0 % (2021: EUR 41.8 million or 15.7 %). This decline in the relative EBITDA margin is due to higher input costs and a dilution effect from the higher cost basis, which is also reflected in the Group's net sales. The growth achieved was based on the expansion of business in most of the Group's end markets and was significantly supported by price increases. These enabled Aluflexpack AG to maintain its accustomed high standards of quality and service despite a steeply rising cost basis. Moreover, the robust growth is built on a well-diversified customer and product portfolio covering a broad range of end markets. Apart from the acquisition of the Turkish packaging specialist Teko, the Group's investments in 2022 focused on the completion of the major new location in Drniš (Croatia), where the Group is substantially expanding its foil conversion capacities. As only some minor final payments for the expansion in Drniš remain, the Group expects considerably lower organic capital expenditure in 2023 compared to the peak in 2022. The management firmly believes in the stability of its business and confirms the Group's outlook given on 15 February 2023: For 2023, net sales and EBITDA before special effects are expected to be within the range of EUR 390 to 430 million and EUR 50 to 55 million, respectively.

OUTLOOK

MONTANA TECH COMPONENTS AG remains committed to its long-term growth strategy in the financial year 2023 and is well-positioned to achieve this goal with its products and solutions, its state-of-the-art plants in its core markets and its teams. The Group thus intends to continue to benefit from megatrends and to further expand its market shares in the areas of energy storage, recyclable packaging, lightweight components for the aerospace industry and e-mobility. Innovative and high-performance products for energy production and energy storage are the most important factors driving the global energy transition.

Finances

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022

ASSETS (in TEUR) audited according to IFRS	31.12.2021	31.12.2022
Intangible assets	322,956	511,129
Property, plant and equipment	1,495,804	1,568,000
Financial assets	242,953	268,333
Other assets and receivables	86,499	139,384
NON-CURRENT ASSETS	2,148,212	2,486,846
Inventories	469,225	644,362
Trade receivables	317,414	324,913
Other assets and receivables	119,001	279,281
Cash and cash equivalents	621,982	633,215
CURRENT ASSETS	1,527,622	1,881,771
TOTAL ASSETS	3,675,834	4,368,617
LIABILITIES AND SHAREHOLDERS' EQUITY (in TEUR) audited according to IFRS	31.12.2021	31.12.2022
Equity attributable to owners of MTC AG	839,190	884,134
Non controlling interests	714,905	674,797
SHAREHOLDERS' EQUITY	1,554,095	1,558,931
Liabilities to financial institutions*	823,098	682,270
Other financial liabilities*	153,064	212,678
Deferred tax liabilities	46,199	105,717
Provisions	11,274	46,316
Employee benefits	94,493	73,875
Accruals	897	1,188
Other liabilities	75,900	133,457
NON-CURRENT LIABILITIES	1,204,925	1,255,501
Liabilities to financial institutions*	230,003	750,387
Other financial liabilities*	40,891	50,509
Provisions	73,402	17,321
Employee benefits	44,454	53,466
Trade payables	265,925	400,346
Accruals	89,696	94,604
Other liabilities	172,443	187,552
CURRENT LIABILITIES	916,814	1,554,185
TOTAL LIABILITIES	2,121,739	2,809,686
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,675,834	4,368,617

*Transfer of promissory note in 2021 (01.01.2021: TEUR 332,044 non-current, TEUR 28,436 current; 01.01.2022 TEUR 409,591 non-current, TEUR 49,754 current) between position «liabilities to financial institutions» and other «financial liabilities».

CONSOLIDATED INCOME STATEMENT AS AT 31 DECEMBER 2022

(in TEUR) audited according to IFRS	1-12/2021	1-12/2022
NET SALES	1,959,047	2,469,978
Change in finished and unfinished goods	34,232	64,646
Own work capitalised	43,936	59,294
Other operating expenses	125,266	201,166
Cost of materials, supplies and services	-1,065,710	-1,541,902
Personnel expenses	-457,153	-574,804
Other operating expenses	-321,056	-380,404
EBITDA	318,562	297,974
Depreciation and amortisation	-188,298	-381,444
EBIT	130,264	-83,470
Interest income and expenses	-25,573	-44,153
Other financial result – net	5,623	-18,685
FINANCIAL RESULT	-19,951	-62,838
Result from associated companies	4,272	-398
INCOME BEFORE TAX	114,585	-146,706
Income tax expenses	-61,192	-17,369
NET INCOME	53,393	-164,075
THEREOF:		
Shareholders of MTC AG	4,758	-60,734
Non controlling interests	48,635	-103,341

CONSOLIDATED CASH FLOW STATEMENT AS AT 31 DECEMBER 2022 (short form)

(in TEUR) audited according to IFRS	1-12/2021	1-12/2022
Cash flow from operating activities	102,182	133,159
Cash flow from investing activities	-361,745	-366,100
Cash flow from financing activities	596,149	239,754
NET CHANGE IN CASH AND CASH EQUIVALENTS	336,586	6,813
Cash and cash equivalents as of January 1 st	278,010	621,982
Effect of exchange rate changes on cash and cash equivalents	7,386	4,420
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	621,982	633,215

Information about the Company

FINANCIAL CALENDAR 2023/2024

May 31, 2023	Report on the 1 st quarter of 2023
August 23, 2023	Report on the 2 nd quarter of 2023
November 23, 2023	Report on the 3 rd quarter of 2023
April 28, 2024	Report on the 4 th quarter of 2023

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IMPRESSUM

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