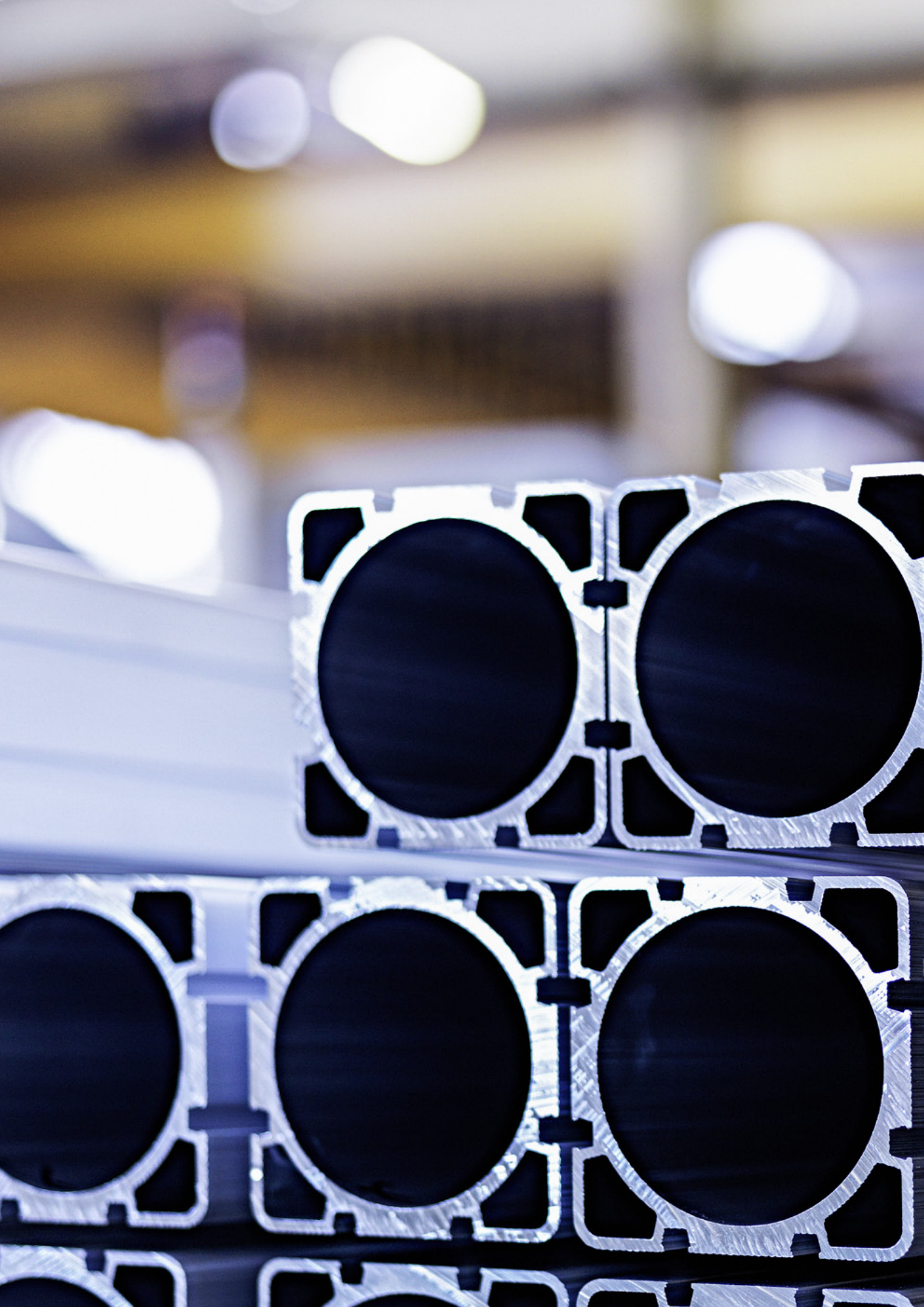


Report on the 2nd quarter of 2018



Overview – MONTANA TECH COMPONENTS



MONTANA
TECH COMPONENTS

MONTANA
ENERGY STORAGE

MONTANA
AEROSPACE COMPONENTS

MONTANA
METAL TECH

MONTANA
INDUSTRIAL COMPONENTS



VARTA AG

VARTA AG is active in the business segments "Microbatteries" and "Power & Energy" through its operating subsidiaries VARTA Microbattery GmbH and VARTA Storage GmbH. The Group develops and produces micro batteries, lithium-ion battery packs and stationary energy storage systems for households and commercial applications.



**UAC AND ALU MENZIKEN
EXTRUSION**

The companies in the MONTANA *Aerospace Components* division are leading manufacturers of aluminium profiles and ready-to-install components for the aerospace and other industries worldwide.



ALPINE METAL TECH

Within the MONTANA *Metal Tech* division Alpine Metal Tech is a world leader in the field of special purpose plants and machinery for the metallurgical industry and aluminium wheel production, it is known worldwide as fullliner for engineering, manufacturing, sales and service.



**ALUFLEXPACK
AND ASTA**

Uses the industry know-how of the MONTANA group in order to further develop and bundle industrial companies with potential. These companies will be supported in their growth and strengthened in their market position due to strategic guidance as well as investments in innovative products, distribution and R&D.



Key financials

KEY FIGURES OF THE MONTANA TECH COMPONENTS GROUP

(in T€) unaudited according to IFRS	1-6/2017	1-6/2018	Change in T€	Change in %
Net sales	423,953	601,406	177,453	41.9%
EBITDA	70,157	71,578	1,421	2.0%
% of net sales	16.5%	11.9%		
EBIT	44,305	40,372	-3,933	-8.9%
% of net sales	10.5%	6.7%		
EBT	38,202	33,261	-4,941	-12.9%
Net income	29,096	23,909	-5,187	-17.8%
Employees	5,664	7,198	1,534	27.1%

OVERVIEW OF THE LATEST QUARTERS

(in T€) unaudited according to IFRS	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Net sales	195,446	195,527	208,863	215,090	213,656	211,714	297,202	304,204
EBITDA	31,901	27,622	30,460	39,697	35,205	8,517	36,498	35,080
EBIT	20,261	11,525	17,438	26,867	22,551	-4,834	21,087	19,285
EBT	15,111	8,521	18,976	19,225	18,549	-11,976	12,670	20,591
Net income	8,810	16,173	14,380	14,716	14,138	-618	8,872	15,036
Employees	5,445	5,510	5,589	5,664	5,866	6,023	7,005	7,198

Management Report – Analysis of the results

Dear Shareholders,
Dear Ladies and Gentlemen,

MONTANA GROUP – RESULT AS OF JUNE 30th, 2018

Following the full integration of the ASTA Group in January, MONTANA Group was able to join the first quarter in terms of sales and earnings in the second quarter of 2018. Sales and EBITDA of the MONTANA Group increased compared to the same period of the previous year. The four divisions generated sales of € 601.4 million (+41.9% compared to June 30th, 2017). EBITDA amounted to € 71.6 million (+2.0%). Due to the high level of investment activity of the MONTANA Group, EBIT amounting to € 40.4 million (-8.9%) was below the previous year's level. The EBITDA margin thus amounted to 11.9% (2017/Q2: 16.5%) and the EBIT margin to 6.7% (2017/Q2: 10.5%).

DIVISION INFORMATION

VARTA AG (*Energy Storage* division), a global microbattery expert with a market-leading position in hearing aid batteries, as well as solutions for Hearables, Power Packs and Energy Storage Systems, was able to continue the strong growth also in the second quarter of 2018. At €134.0 million, sales were 11.6% above the previous year's level, increasing whereas the segments Microbatteries as well as Power & Energy were able to achieve higher sales and earnings. The massive investment program to expand production capacity will be implemented on schedule, with a focus on expanding production capacity for lithium-ion batteries.

At the Global Capital Awards in London, VARTA AG was awarded first prize in the category “IPO of the Year under \$ 300 Million” for the successful IPO 2017 (further information on VARTA AG can be found in the quarterly report of the company: www.varta-ag.com).

The *Aerospace Components* division continues to invest in expanding capacity and expanding its production portfolio. Following the partial shift of the “Light Press” activities of UNIVERSAL ALLOY CORPORATION (UAC) from Anaheim to the Ball Ground site, another press was recently put into operation there, increasing the



ALU MENZIKEN plant in Satu Mare

“Heavy Press” capacity and having relieved the Canton location, which is near the capacity limit.

The construction of the ALU MENZIKEN plant in Satu Mare was completed according to plan; the opening of the site is scheduled for November.

The *Metal Tech* division has set the course for further improvement with slightly higher sales but significantly higher order backlog. The “Automotive” and “Safety Services” segments contributed significantly to earnings growth. ALPINE METAL TECH will continue to focus on research and targeted corporate development to increase sales in all segments with innovative products.

The ALUFLEXPACK Group continues the successful growth course with further investments in order to strengthen and expand its existing business areas. In Umag, a location expansion of € 32 million is to create production capacity for one billion “pouches” (stand-up pouches, which are mainly used in baby and pet food). It also plans to strengthen the pharmaceutical sector and expand its geographical presence; negotiations to buy a company that fulfills these criteria are about to be concluded.



"Pouches" by ALUFLEXPACK

The ASTA Group, which has been fully consolidated since January 2018 with locations in Austria, India, China and Brazil, started the financial year 2018 as planned. In addition to maintaining its market share and its worldwide presence in the field of drill ladders, the foundation for further innovation and growth in the coming months as well as the entry into new market segments will be laid.

OUTLOOK

For the financial year 2018, the focus of the MONTANA Group is again on research and development as well as in investments into the expansion of product portfolios and capacities. The MONTANA Group expects continued positive development in the current financial year.

Finances

CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2018

ASSETS (in T€) unaudited according to IFRS	31.12.2017	30.06.2018
Intangible assets	159,094	203,661
Property, plant and equipment	359,665	489,894
Financial assets	202,040	175,240
Other assets and receivables	32,248	32,954
NON-CURRENT ASSETS	753,047	901,750
Inventories	218,316	278,546
Trade receivables	100,397	167,503
Other assets and receivables	44,796	64,826
Cash and cash equivalents	233,229	117,928
CURRENT ASSETS	596,738	628,804
TOTAL ASSETS	1,349,785	1,530,554

LIABILITIES AND SHAREHOLDERS' EQUITY (in T€) unaudited according to IFRS	31.12.2017	30.06.2018
Shareholders' equity MTC AG	544,675	559,179
Minority interests	87,298	91,300
SHAREHOLDERS' EQUITY	631,973	650,478
Liabilities to financial institutions	66,036	104,840
Other financial liabilities	282,845	284,004
Deferred tax liabilities	27,509	28,182
Provisions	1,709	1,894
Post employment benefits and other employee benefits	46,988	53,731
Other liabilities	8,238	7,984
NON-CURRENT LIABILITIES	433,326	480,634
Liabilities to financial institutions	60,500	98,664
Other financial liabilities	12,367	14,601
Provisions	7,324	8,435
Post employment benefits and other employee benefits	1,674	1,663
Trade payables and advances received	118,464	172,570
Accruals	38,732	50,900
Other liabilities	45,425	52,609
CURRENT LIABILITIES	284,486	399,442
TOTAL LIABILITIES	717,812	880,075
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,349,785	1,530,554

CONSOLIDATED INCOME STATEMENT AS OF JUNE 30, 2018

(in T€) unaudited according to IFRS	1–6/2017	1–6/2018
NET SALES	423,953	601,406
Change in finished and unfinished goods	10,007	20,615
Other operating income	17,180	14,047
Cost of materials, supplies and services	-203,481	-348,913
Personnel expenses	-109,365	-136,108
Other operating expenses	-68,137	-79,469
EBITDA	70,157	71,578
Depreciation and amortization	-25,852	-31,206
EBIT	44,305	40,372
Interest income and expenses	-3,300	-6,909
Other financial result – net	-3,159	-233
Net result from investments in associated companies	357	31
INCOME BEFORE TAX	38,202	33,261
Income tax expense	-9,106	-9,352
NET INCOME	29,096	23,909
THEREOF:		
Shareholders' MTC AG	29,107	18,717
Minority interests	-11	5,192
NET INCOME FOR THE PERIOD	29,096	23,909

CONSOLIDATED CASH FLOW STATEMENT AS OF JUNE 30, 2018 (short form)

(in T€) unaudited according to IFRS	1–6/2017	1–6/2018
Cash flow from operating activities	29,009	-11,733
Cash flow from investing activities	-61,130	-93,142
Cash flow from financing activities	6,479	-10,699
NET CHANGE IN CASH AND CASH EQUIVALENTS	-25,643	-115,573
Cash and cash equivalents as of January 1	93,858	233,229
Effect of exchange rate changes on cash and cash equivalents	-1,157	272
CASH AND CASH EQUIVALENTS AS OF JUNE 30	67,058	117,928

Information about the Company

FINANCIAL CALENDAR 2018/2019

November 28, 2018	Report on the 3 rd quarter of 2018
April 16, 2019	Report on the 4 th quarter of 2018
June 4, 2019	Report on the 1 st quarter of 2019
August 27, 2019	Report on the 2 nd quarter of 2019

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IMPRESSUM

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