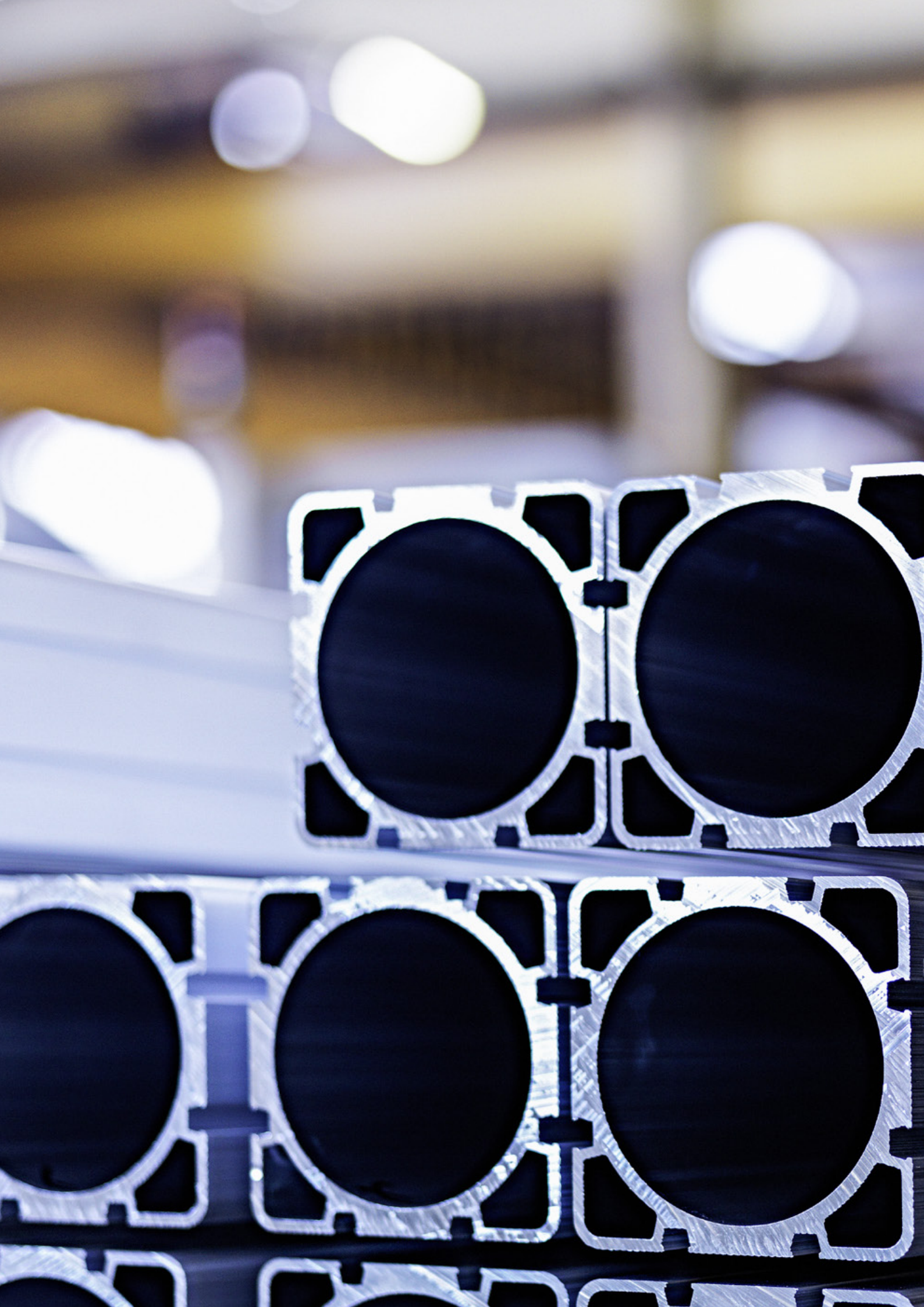


# Report on the 4<sup>th</sup> quarter of 2019

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# 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€) audited according to IFRS	1-12/2018	1-12/2019	Change in T€	Change in %	1-12/2019 adj*	Change in T€	Change in %
<b>Net sales</b>	<b>1,218,394</b>	<b>1,353,433</b>	<b>135,039</b>	<b>11.1%</b>	<b>1,353,433</b>	<b>135,039</b>	<b>11.1%</b>
<b>EBITDA</b>	<b>148,147</b>	<b>189,753</b>	<b>41,606</b>	<b>28.1%</b>	<b>197,985</b>	<b>49,838</b>	<b>33.6%</b>
% of net sales	12.2%	14.0%			14.6%		
<b>EBIT</b>	<b>83,516</b>	<b>58,767</b>	<b>-24,749</b>	<b>-29.6%</b>	<b>97,460</b>	<b>13,944</b>	<b>16.7%</b>
% of net sales	6.9%	4.3%			7.2%		
<b>EBT</b>	<b>71,809</b>	<b>60,343</b>	<b>-11,466</b>	<b>-16.0%</b>	<b>99,036</b>	<b>27,227</b>	<b>37.9%</b>
<b>Net income</b>	<b>52,934</b>	<b>38,476</b>	<b>-14,458</b>	<b>-27.3%</b>	<b>77,168</b>	<b>24,234</b>	<b>45.8%</b>
<b>Employees</b>	<b>7,781</b>	<b>9,572</b>	<b>1,791</b>	<b>23.0%</b>	<b>9,572</b>	<b>1,791</b>	<b>23.0%</b>

## OVERVIEW OF THE LATEST QUARTERS

(in T€) audited according to IFRS	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q2 2019 adj*	Q3 2019	Q4 2019	Q4 2019 adj*
<b>Net sales</b>	<b>297,202</b>	<b>304,204</b>	<b>316,250</b>	<b>300,739</b>	<b>319,043</b>	<b>326,330</b>	<b>326,330</b>	<b>344,259</b>	<b>363,802</b>	<b>363,802</b>
<b>EBITDA</b>	<b>36,498</b>	<b>35,080</b>	<b>44,184</b>	<b>32,385</b>	<b>40,578</b>	<b>39,496</b>	<b>47,728</b>	<b>51,158</b>	<b>58,521</b>	<b>58,521</b>
<b>EBIT</b>	<b>21,087</b>	<b>19,285</b>	<b>27,684</b>	<b>15,460</b>	<b>19,245</b>	<b>16,018</b>	<b>24,250</b>	<b>27,716</b>	<b>-4,212</b>	<b>26,249</b>
<b>EBT</b>	<b>12,670</b>	<b>20,591</b>	<b>20,937</b>	<b>17,611</b>	<b>16,409</b>	<b>8,325</b>	<b>16,557</b>	<b>39,608</b>	<b>-3,998</b>	<b>26,462</b>
<b>Net income</b>	<b>8,872</b>	<b>15,036</b>	<b>13,544</b>	<b>15,481</b>	<b>7,463</b>	<b>5,617</b>	<b>13,849</b>	<b>29,931</b>	<b>-4,535</b>	<b>25,925</b>
<b>Employees</b>	<b>7,005</b>	<b>7,198</b>	<b>7,480</b>	<b>7,781</b>	<b>8,141</b>	<b>8,494</b>	<b>8,494</b>	<b>9,135</b>	<b>9,572</b>	<b>9,572</b>

\*adjusted for non-recurring expenses in connection with the IPO of the ALUFLEXPAC Group and extraordinary depreciation of intangible assets

# Management Report – Analysis of the results

Dear Shareholders,

Dear Ladies and Gentlemen,

## MONTANA GROUP – RESULT AS OF DECEMBER 31<sup>st</sup>, 2019

The MONTANA Group significantly increased its total sales compared to the same period of the previous year. The results for the 2019 fiscal year are substantially influenced by one-off effects. The comments set out below show comparisons with prior periods excluding these one-off effects.

In the 2019 fiscal year, the divisions generated total sales of EUR 1,353.4 million (+11.1% compared to December 31, 2018). The fourth quarter, with EBITDA of EUR 58.5 million, was the most successful in the company's history; adjusted EBIT amounted to EUR 26.2 million. Additionally, in 2019 as a whole, the MONTANA Group achieved the company's best result to date with adjusted EBITDA of EUR 198.0 million. Adjusted EBIT for 2019 came to EUR 97.5 million. The adjusted EBITDA margin for 2019 was 14.6% (2018/Q4: 12.2%) while adjusted EBIT margin was 7.2% (2018/Q4: 6.9%).

## DIVISION INFORMATION

VARTA AG (*Energy Storage* division) can look back on another successful fiscal year, with consolidated sales for the first 12 months up by 33.5% on the previous year to EUR 362.7 million. Due to the huge investment drive that has already been launched to expand production capacities for lithium-ion batteries, the Group expects to achieve further growth in the 2020 fiscal year despite the difficulties resulting from the measures taken to combat the coronavirus pandemic. The acquisition of VARTA Consumer, which was completed on January 2, 2020, puts the VARTA AG Group's business model on an even broader footing and will reinforce the brand profile of all of the Group's VARTA products. Going forward, the Consumer Batteries business will form the new "Household Batteries" segment, together with the energy storage business. Within the VARTA AG Group, the division will focus on the consumer business, with its own sales, marketing and production. The microbatteries business and the "Power Pack Solutions" division will be combined in



From left to right: Peter Werner (Managing Director VARTA Consumer Batteries) and Herbert Schein (CEO VARTA AG) after closing the transaction in early January 2020.

the "Microbatteries & Solutions" segment in the future. This also includes the lithium-ion battery business. The workforce in the new "Microbatteries & Solutions" segment will be increased considerably given expectations of strong growth in lithium-ion batteries.

Considerable construction progress was made at the two new sites of UNIVERSAL ALLOY CORPORATION (UAC) in Romania (at the airport in Baia Mare) and in Vietnam (Da Nang). The first few machines have already been commissioned and more than 1,000 employees are working in both locations. Further machinery will be commissioned on a step-by-step basis in the course of 2020 and 2021.

ALU MENZIKEN's state-of-the-art plant in Satu Mare, Romania, which opened at the end of 2018, is still in the ramp-up phase and is gradually increasing its production capacity. Although production has continued to improve, the site has felt the effects of the current downturn in the automotive sector. The pending customer qualification process will gradually improve capacity utilization at the site. This means that ALU MENZIKEN can benefit from a highly competitive location that is well equipped for the future, even in a competitive market environment.



The Aluflexpack site in Umag specializes in rotogravure printing, laminating, and pouch forming.

ALPINE METAL TECH, which has also felt the effects of a sluggish automotive industry, achieved a satisfactory result in spite of this negative environment. Innovative products across all segments have laid the foundation for future growth – both in the Automotive and in the Steel, Aerospace and Life Cycle Business areas.

Reporting an increase in net sales to the tune of 14.4% to EUR 207.9 million, the listed ALUFLEXPACK AG (*Industrial Components* division) continued its growth trajectory. This was due, on the one hand, to solid demand in Aluflexpack's end markets while, on the other, consolidation effects resulting from the acquisition of the Turkish subsidiary Arimpeks contributed to growth. The Aluflexpack Group has a promising development pipeline, meaning that it still has potential to increase its market share in the future.

The ASTA Group is still faced with a difficult, but nonetheless stable environment due to investment restraint in the conventional power plant construction segment. As the market and quality leader in the production of insulated flat wires – in particular – the company is in a position to largely withstand the price pressure and accept only slight volume losses. The increased focus on innovation will safeguard the company's quality leadership and ensure that capacity utilization can be maintained in the future, too, without any significant price concessions having to be made.

## OUTLOOK

The 2019 fiscal year marks another milestone in the MONTANA Group's successful investment activity and was a successful year for the company, which achieved the best quarterly result (EBITDA) in its history at the close of 2019. By investing in its highly competitive locations, and together with the innovation and quality leadership of the individual divisions of the Montana Group, the Group can ensure that it remains an attractive supplier for customers even in a difficult environment. This is confirmed by developments in the first few months of 2020, although the expected impact of the COVID 19 crisis will put a damper on growth in parts of the Montana Group. Nevertheless, the diversified strategy of the Montana Group is expected to allow the company to mitigate the potential losses.

# Finances

## CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31<sup>st</sup>, 2019

ASSETS (in T€) audited according to IFRS	31.12.2018	31.12.2019
Intangible assets	226,179	220,190
Property, plant and equipment	550,423	918,617
Financial assets	195,546	244,701
Other assets and receivables	32,014	63,853
<b>NON-CURRENT ASSETS</b>	<b>1,004,163</b>	<b>1,447,361</b>
Inventories	277,000	329,987
Trade receivables	159,795	184,444
Other assets and receivables	62,430	108,277
Cash and cash equivalents	193,225	412,279
<b>CURRENT ASSETS</b>	<b>692,450</b>	<b>1,034,987</b>
<b>TOTAL ASSETS</b>	<b>1,696,613</b>	<b>2,482,348</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (in T€) audited according to IFRS</b>	<b>31.12.2018</b>	<b>31.12.2019</b>
Shareholders' equity MTC AG	577,413	776,606
Minority interests	97,952	255,320
<b>SHAREHOLDERS' EQUITY</b>	<b>675,365</b>	<b>1,031,926</b>
Liabilities to financial institutions	194,699	363,847
Other financial liabilities	291,541	365,690
Deferred tax liabilities	37,443	33,232
Provisions	1,959	3,184
Employee benefits	71,158	69,527
Other liabilities	45,134	84,550
<b>NON-CURRENT LIABILITIES</b>	<b>641,934</b>	<b>920,030</b>
Liabilities to financial institutions	83,951	63,737
Other financial liabilities	13,284	41,792
Provisions	7,929	7,783
Employee benefits	25,098	27,000
Trade payables	150,666	243,031
Accruals	17,842	29,593
Other liabilities	80,544	117,457
<b>CURRENT LIABILITIES</b>	<b>379,314</b>	<b>530,392</b>
<b>TOTAL LIABILITIES</b>	<b>1,021,248</b>	<b>1,450,422</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,696,613</b>	<b>2,482,348</b>



## CONSOLIDATED INCOME STATEMENT AS OF DECEMBER 31<sup>st</sup>, 2019

(in T€) audited according to IFRS	1–12/2018	1–12/2019
NET SALES	1,218,394	1,353,433
Change in finished and unfinished goods	20,566	26,212
Other operating income	53,468	65,078
Cost of materials, supplies and services	-692,562	-732,579
Personnel expenses	-280,541	-332,981
Other operating expenses	-171,178	-189,409
EBITDA	148,147	189,753
Depreciation and amortization	-64,631	-130,986
EBIT	83,516	58,767
Interest income and expenses	-15,400	-19,011
Other financial result – net	-8,558	20,879
Net result from joint ventures and investments in associated companies	12,251	-292
INCOME BEFORE TAX	71,809	60,343
Income tax expenses	-18,875	-21,868
NET INCOME	52,934	38,475
THEREOF:		
Shareholders' MTC AG	43,424	18,189
Minority interests	9,510	20,286
NET INCOME FOR THE PERIOD	52,934	38,475

## CONSOLIDATED CASH FLOW STATEMENT AS OF DECEMBER 31<sup>st</sup>, 2019 (short form)

(in T€) audited according to IFRS	1–12/2018	1–12/2019
Cash flow from operating activities	104,374	167,048
Cash flow from investing activities	-190,898	-381,202
Cash flow from financing activities	45,386	431,089
NET CHANGE IN CASH AND CASH EQUIVALENTS	-41,138	216,935
Cash and cash equivalents as of January 1 <sup>st</sup>	233,229	193,225
Effect of exchange rate changes on cash and cash equivalents	1,134	2,119
CASH AND CASH EQUIVALENTS AS OF DECEMBER 31 <sup>st</sup>	193,225	412,279

# Information about the Company

## FINANCIAL CALENDAR 2020/2021

June 2, 2020	Report on the 1 <sup>st</sup> quarter of 2020
August 25, 2020	Report on the 2 <sup>nd</sup> quarter of 2020
November 25, 2020	Report on the 3 <sup>rd</sup> quarter of 2020
April 13, 2021	Report on the 4 <sup>th</sup> quarter of 2020

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## IMPRESSUM

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