



# va-Q-tec – Always the right temperature

9M 2018 Earnings Release (IFRS)

November 14<sup>th</sup>, 2018

# Disclaimer



THIS PRESENTATION AND ITS CONTENTS ARE NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN.

## IMPORTANT NOTICE

The information contained in this Presentation has been provided by va-Q-tec AG (the “Company” and, together with its shareholders, subsidiaries and associated companies, the “Group”) and has not been verified independently. Unless otherwise stated, the Company is the source of the information contained herein. For the purposes of this notice, the Presentation includes this document, its contents or any part of it and any related video or oral presentation, any question or answer session and any written or oral material discussed or distributed during the presentation meeting.

Presentations are by their nature abbreviated information and cannot substitute for narrative information. In addition, the information herein is preliminary and is not comprehensive. Consistent with its purpose, this Presentation does not include all information that is material to evaluate the strengths and weaknesses as well as risks and opportunities of the Company.

This Presentation does not constitute or form part of, and should not be construed as an offer or invitation or recommendation to, purchase or sell or subscribe for, or as any solicitation of any offer to purchase or subscribe for, any securities of the Company, in any jurisdiction. Neither this Presentation, nor any part thereof nor anything contained or referred to therein, nor the fact of its distribution, should form the basis of or be relied on in connection with, or serve as an inducement in relation to, a decision to purchase or subscribe for or enter into any contract or make any other commitment whatsoever in relation to any such securities.

No reliance may be placed for any purpose whatsoever on the information or opinions contained in the Presentation or on its completeness, accuracy or fairness. Neither the Company, the remainder of its Group nor its shareholders, any of their respective affiliates, directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, as to the accuracy, completeness or fairness of the information or opinions in the Presentation (or whether any information has been omitted from the Presentation) or any other information relating to the Group, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of the Presentation or its contents or otherwise arising in connection therewith. In particular, no representation or warranty is given as to the likelihood of achievement or reasonableness of, and no reliance should be placed on, any projections, targets, ambitions, estimates or forecasts contained in this Presentation, and nothing in this Presentation is or should be relied on as a promise or representation as to the future. No statement in this Presentation is intended as a profit forecast or a profit estimate and no statement in this Presentation or any related materials should be interpreted to mean that earnings per share for the future or current financial periods would necessarily match or exceed historical published earnings per share.

This Presentation contains forward-looking statements based on the currently held beliefs and assumptions of the management of the Company, which are expressed in good faith and, in their opinion, are reasonable. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance, or achievements of the Company, or industry results, to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the Company's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of regulators and other factors such as the Company's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Group operates or in economic or technological trends or conditions. Given these risks, uncertainties and other factors, recipients of this document are cautioned not to place undue reliance on these forward-looking statements. It is up to the recipient of the Presentation to make its own assessment as to the validity of such forward-looking statements and assumptions.

All information in this Presentation is current at the time of publication but may be subject to change in the future. The Company disclaims any obligation to update or revise any statements, in particular forward-looking statements, to reflect future events or developments.

To the extent available, the industry and market data contained in the Presentation has come from official or third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company reasonably believes that each of these publications, studies and surveys has been prepared by a reputable source, the data contained therein has not been independently verified by the Company or anyone else. In addition, certain of the industry and market data contained in the Presentation come from the Company's own internal research and estimates based on the knowledge and experience of the Company's management in the market in which the Company operates. While the Company believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change. Accordingly, undue reliance should not be placed on any of the industry or market data contained in the Presentation.

Statements contained in this Presentation regarding past events or performance should not be taken as a guarantee of future events or performance.

Recipients of this Presentation should not treat the contents of this Presentation as advice relating to legal, taxation or investment matters, and must make their own assessments concerning such matters and other consequences of a potential investment in the Company and its securities, including the merits of investing and related risks. Any prospective purchaser of the Securities is recommended to seek its own independent financial advice.

In receiving or otherwise accessing this Presentation, you will be deemed to have represented, agreed and undertaken (i) that you are permitted, in accordance with all applicable laws, to receive such information, (ii) that you are solely responsible for your own assessment of the business and financial position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Company and (iii) that you have read and agree to comply with the contents of this notice.

This Presentation has been presented to you solely for your information and must not be copied, reproduced, distributed or passed (in whole or in part) to any other person at any time.

The distribution of the Presentation in certain jurisdictions may be restricted and accordingly it is the responsibility of any person into whose possession the Presentation falls to inform themselves about and observe any restrictions. The Presentation is only addressed to and directed at persons: (i) in member states of the European Economic Area (“EEA”) who are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the relevant member state of the EEA) (“Qualified Investors”); (ii) in the United Kingdom, at Qualified Investors who are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) or who are high net worth companies, unincorporated associations and other bodies who fall within article 49(2)(a) to (d) of the Order; or (iii) persons to whom it may otherwise be lawful to communicate it to (all such persons together being referred to as “Relevant Persons”). The Presentation is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons.

Neither this Presentation nor any part or copy of it may be taken or transmitted into the United States of America (“United States”) or distributed, directly or indirectly, in the United States. The securities of the Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or the securities laws of any state in the United States and may not be offered or sold in the United States except in reliance on an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

This Presentation and the information contained therein, is not directed to, or intended for viewing, release, distribution, publication or use by (directly or indirectly, in whole or in part), any person or entity that is a citizen of, or resident or located in, the United States, Australia, Canada or Japan or any jurisdiction where applicable laws prohibit its viewing, release, distribution, publication or use.

- 9M 2018 at a glance
- Financial Performance 9M 2018
- Outlook 2018
- Q+A



Today's presenters: Dr. Joachim Kuhn (CEO)    Stefan Döhmen (CFO)

# Round-up 9M 2018

- 9M 2018 revenue: EUR 37.1 million compared with EUR 34.6 million in 9M 2017 (+7%)
- EBITDA 9M 2018: EUR 2.1 million after EUR 6.1 million in 9M 2017
- Revenue growth driven by a strong Products business which – along with growth investments – affected EBITDA



- Significant infrastructure investments for future growth almost completed
- Strategic expansion of international presence further advanced



- "Power 20+" performance program launched



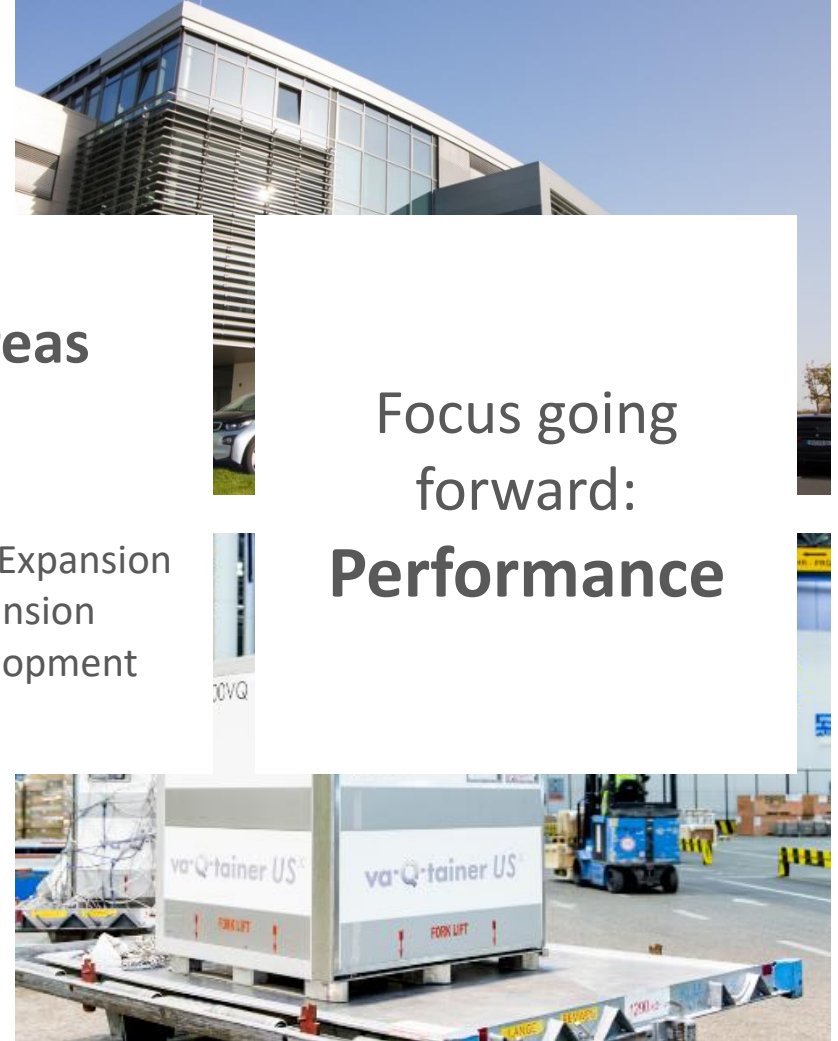
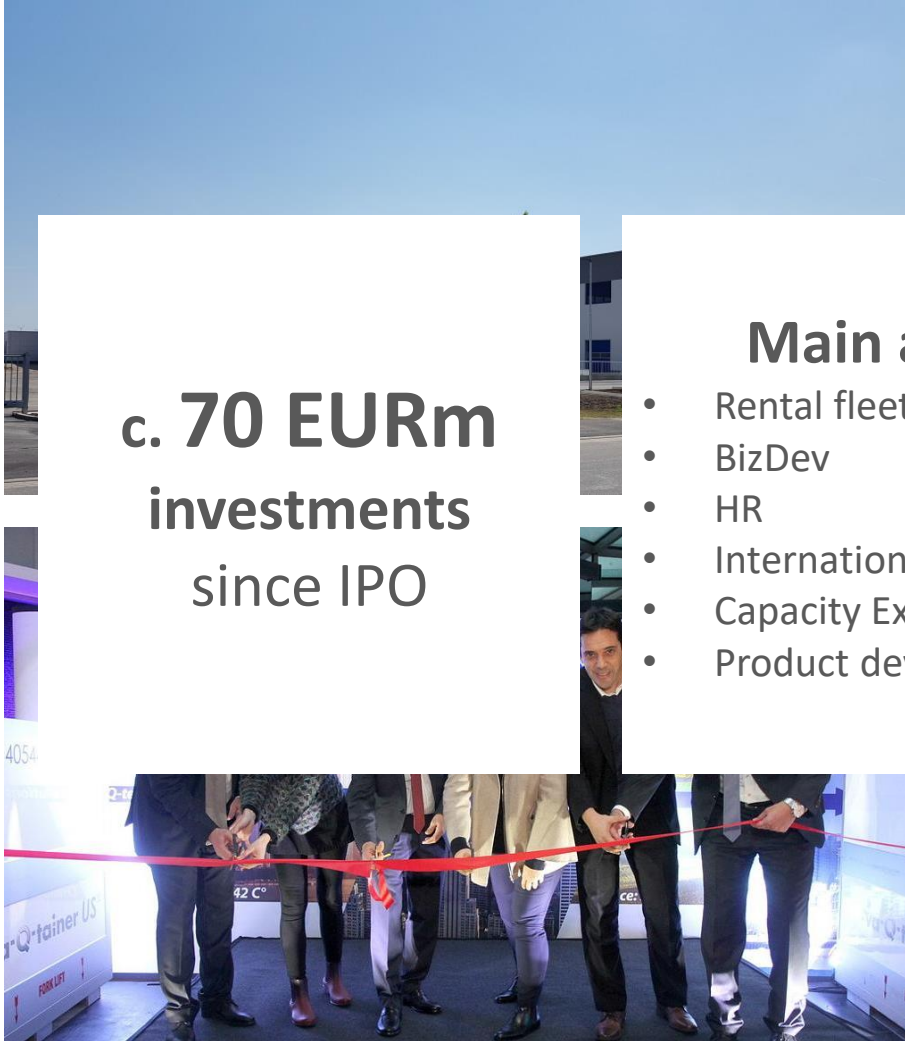
# Strategic Investments almost completed

**c. 70 EURm**  
**investments**  
since IPO

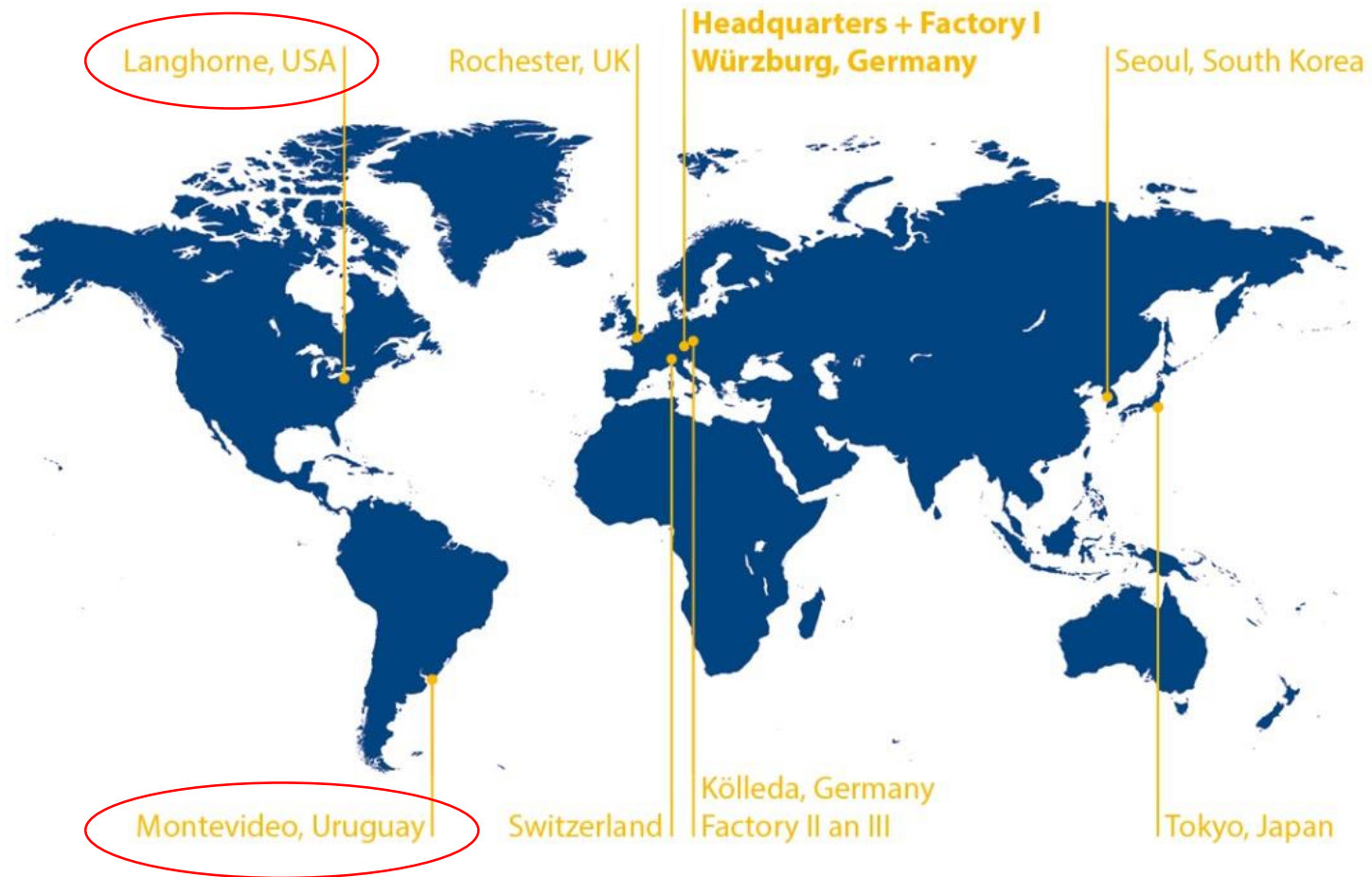
## Main areas

- Rental fleets
- BizDev
- HR
- International Expansion
- Capacity Expansion
- Product development

Focus going  
forward:  
**Performance**



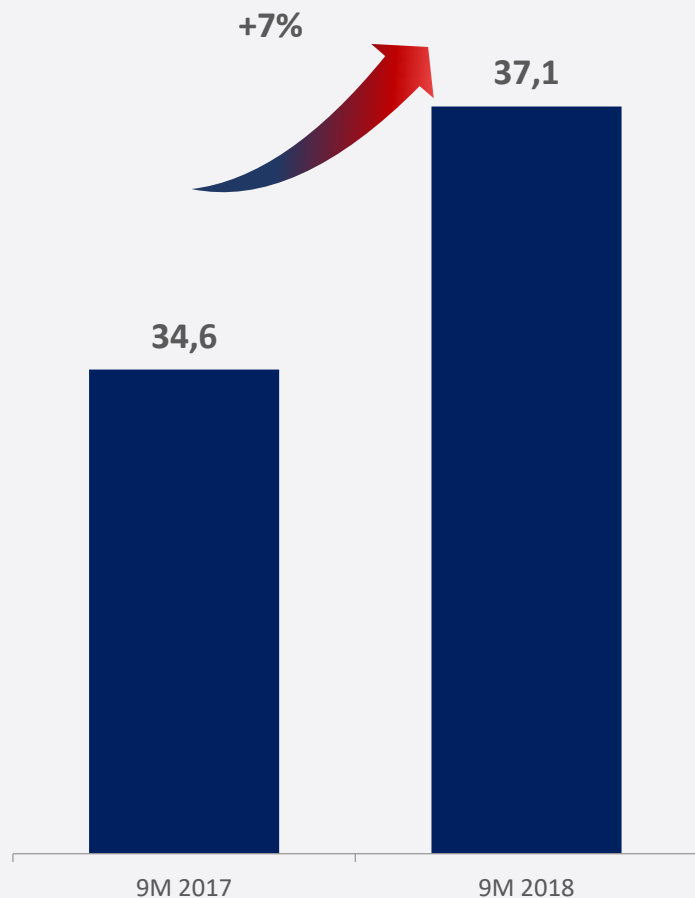
# va-Q-tec's geographic footprint as the step stone for global expansion



→ Substantially broadened international footprint as a part of IPO strategy

# Group revenues 9M 2018

## Total revenues\* (in €m)



## Product revenues\* (in €m)



→ Another strong set of numbers in the Products division, fueled by accelerating energy efficiency labeling efforts

## System revenues\* (in €m)



→ Robust development in Systems division driven by new and existing customers (e.g. with va-Q-one)

## Services revenues\* (in €m)



→ Please see detailed analysis on next slide

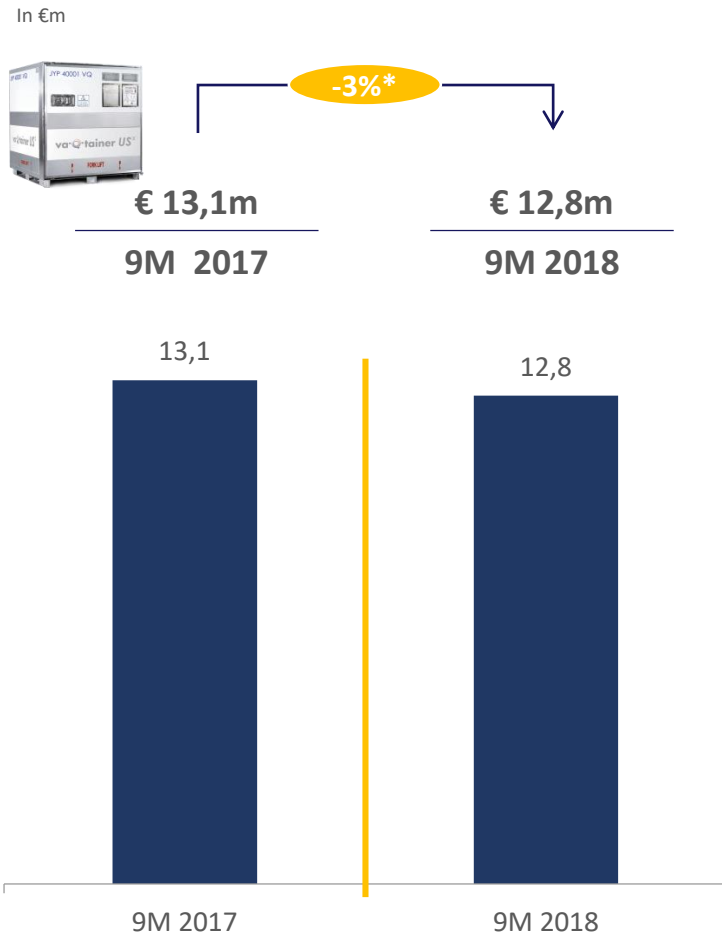
\*\* Currency adjusted ~0%

**Topline growth fueled by BL "Products"**

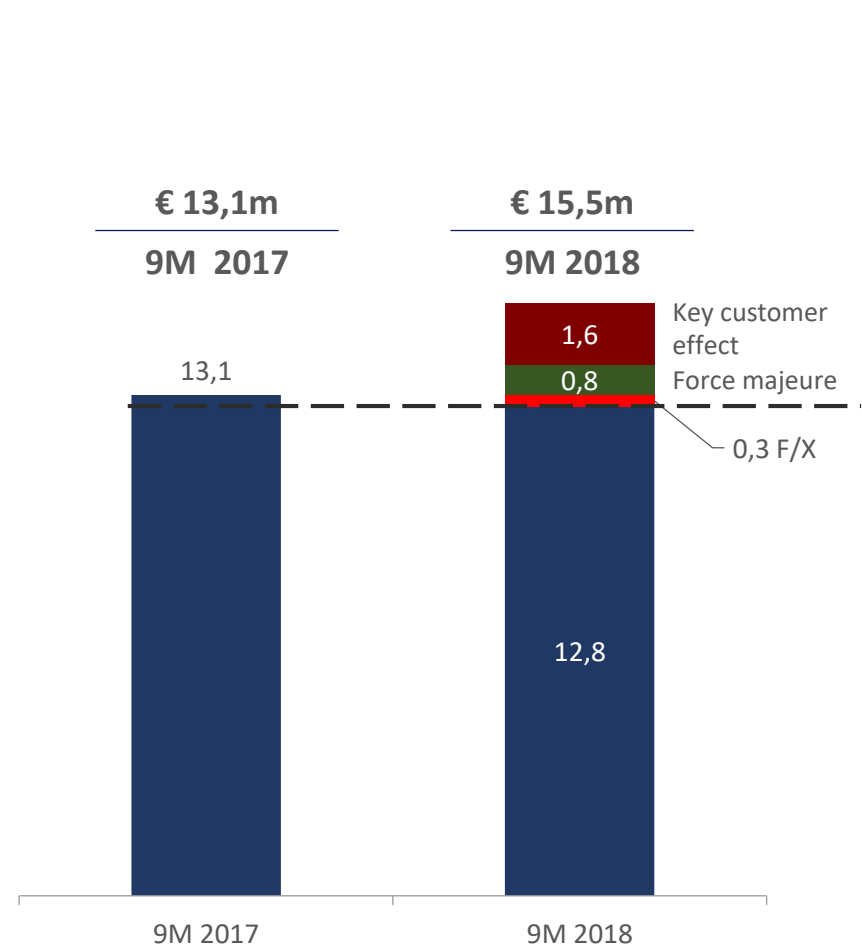
\*Notes: Total revenues also include "Other revenues". "Other revenues" primarily comprise state funded R&D

# A closer look at “Services”

Service Revenue, 9M 2017/2018, as reported



Service Revenue, 9M 2017/2018 w/o Headwinds

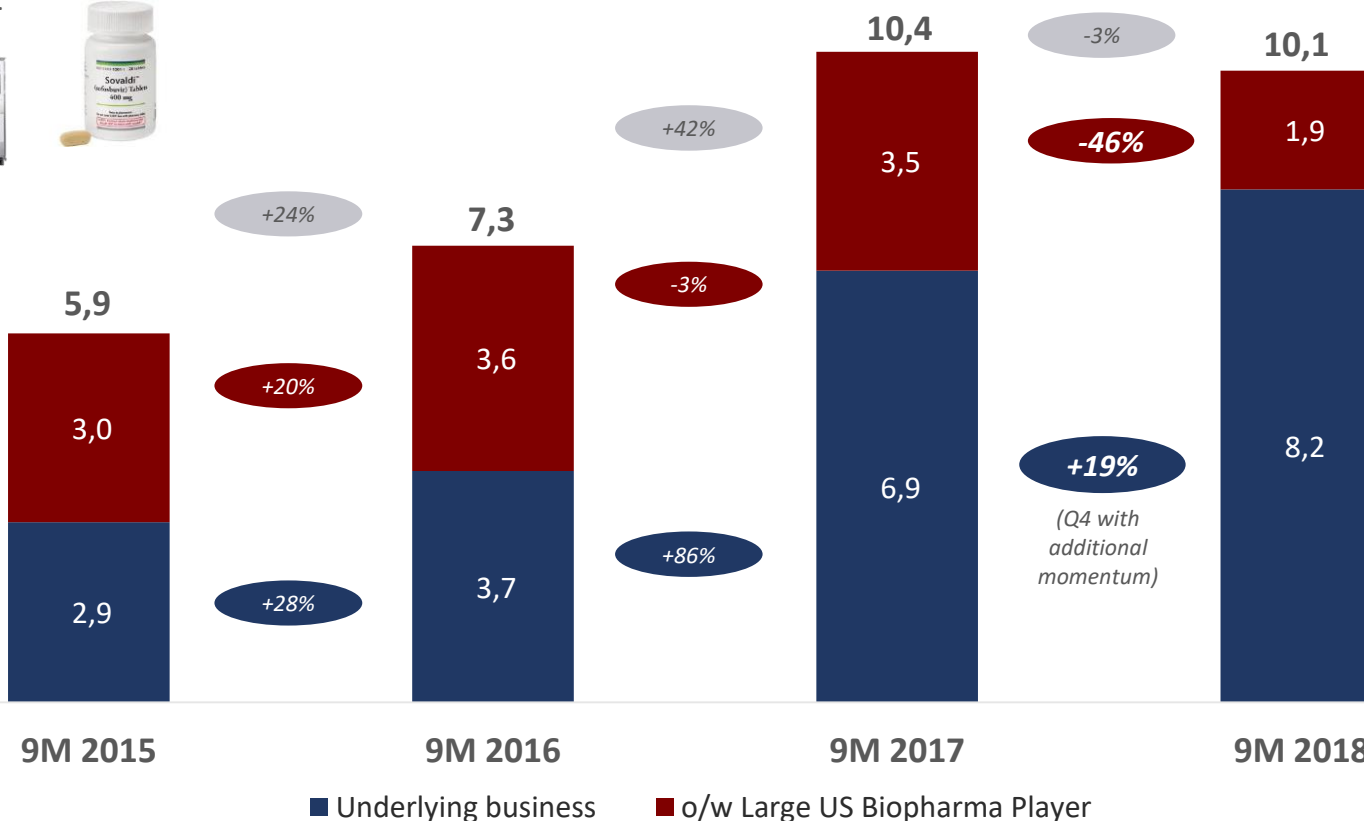




# Growth of underlying business in Container Rental diluted by drop of key customer

## Container rental revenues, 9M 2015 – 9M 2018 and revenue contribution of key customer

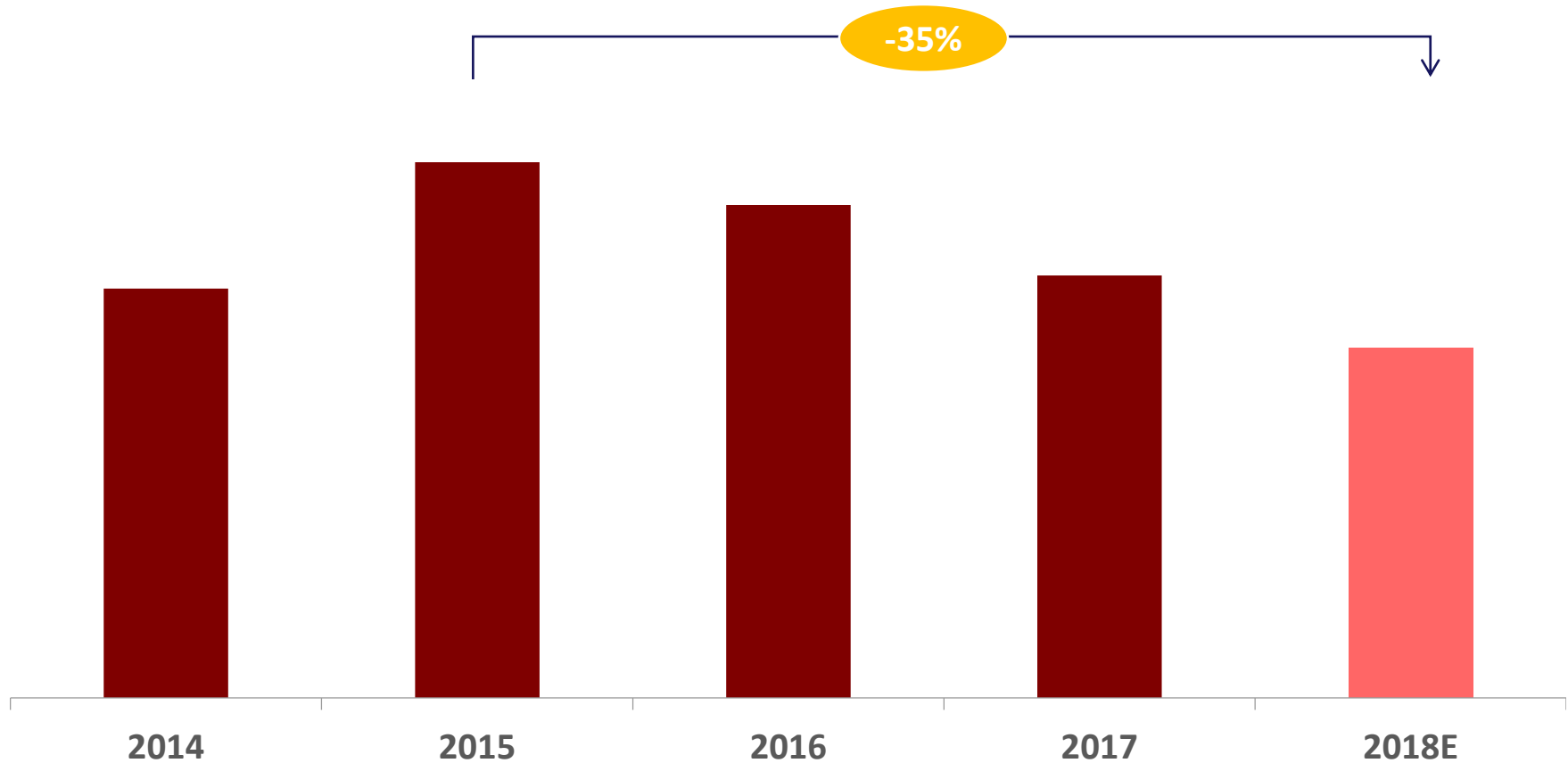
In EUR mln.



# Revenue profile of the key VQT customer (large Pharma player)

## Revenues of large Pharma player have pulled back strongly since 2015

In USD bln



\*2018 : Bloomberg Consensus

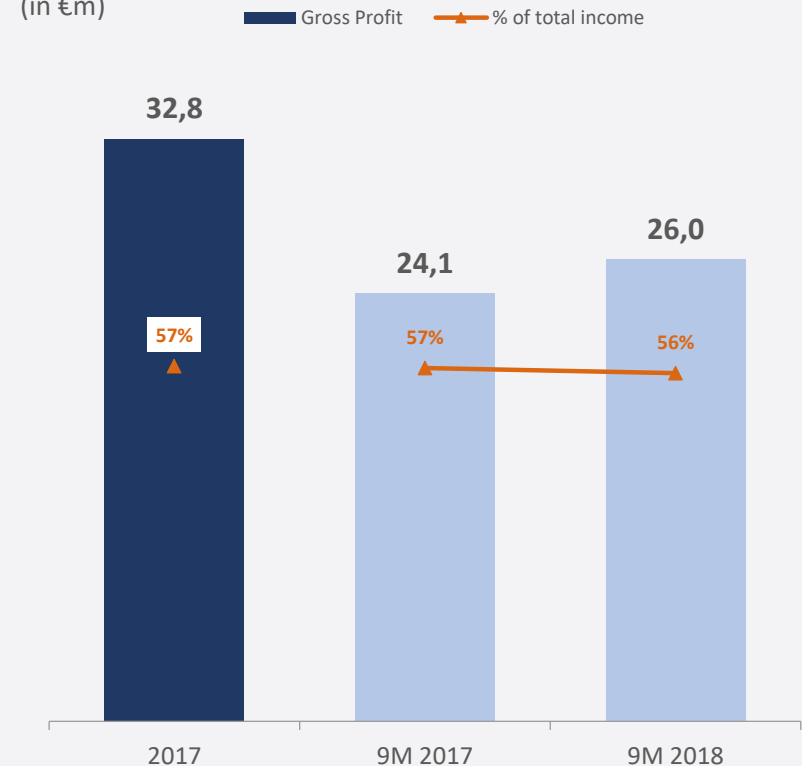
# Total income & Gross profit

## Total Income (in €m)



- Includes capitalization of fleets and deferred income from special reserves for grants as well from container sale-and-leaseback transactions

## Gross Profit (in €m)

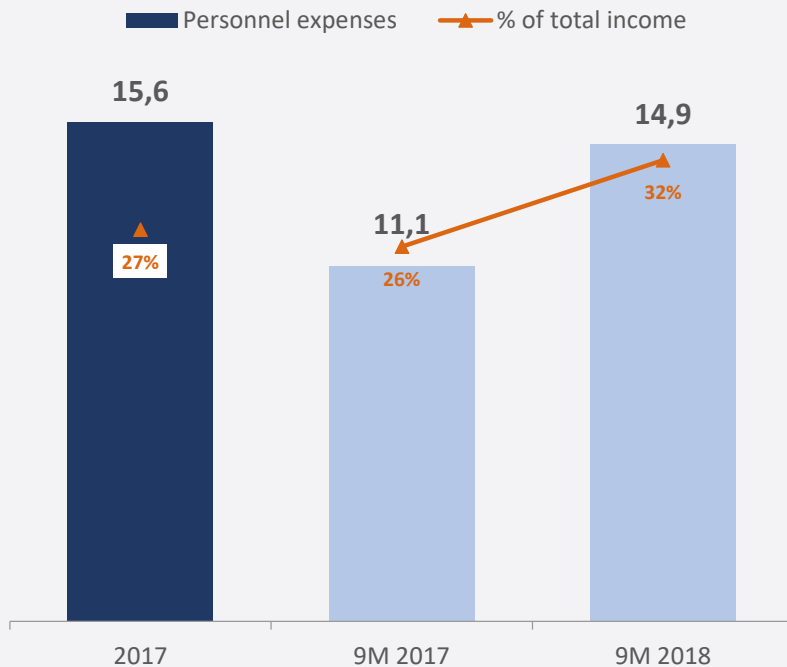


- Lower gross margin of strongly growing products business weighs on group gross margin
- Increases in air freight rates and network balancing in container rental lead to an increase in COGS

# Key cost ratios

## Personnel expenses

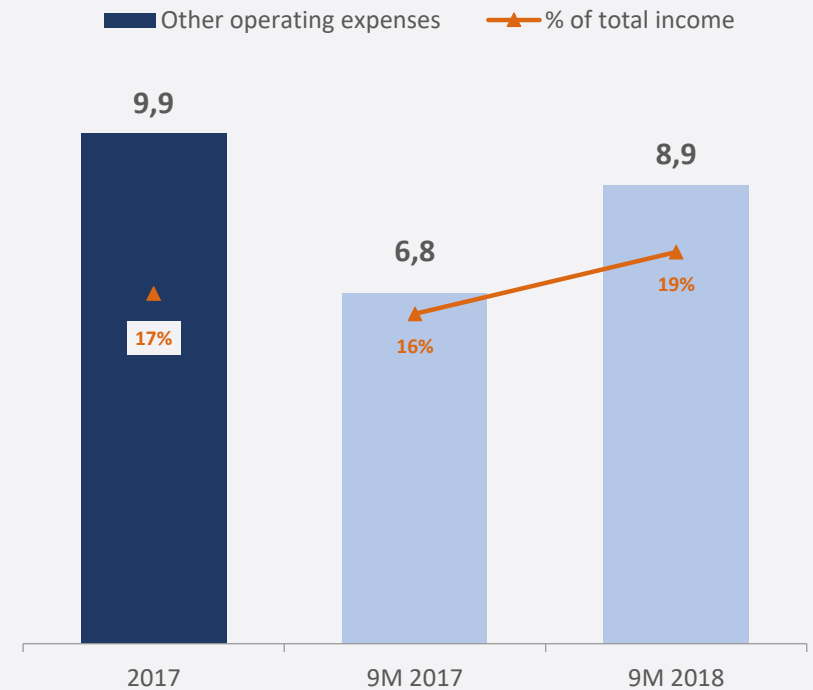
(in €m)



- Significantly strengthened teams with substantial management expertise of Blue Chip Players to enable growth; cost starting to annualize
- Economies of Scale expected as we grow the business

## Other OPEX

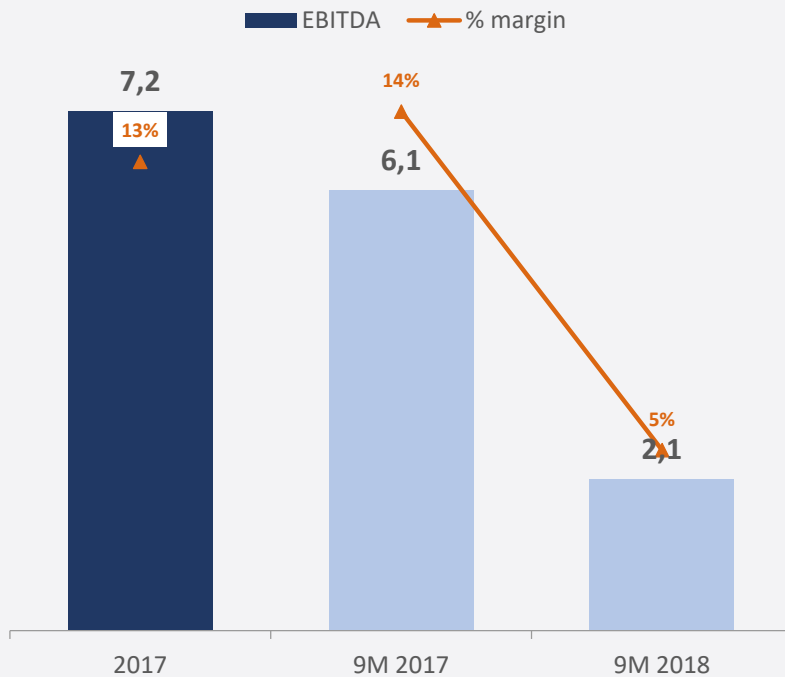
(in €m)



- Other OPEX (SG&A) cost ratio up to 19% despite due to spending on HQ move, rent, IT, marketing & sales and external consulting
- We are working on Economies of Scale and efficiency gains (see Slide 19 for details)

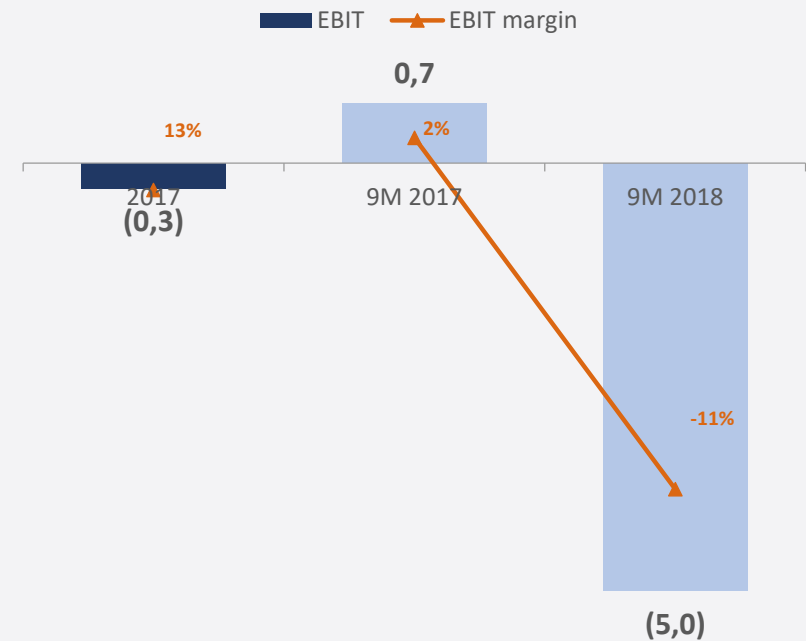
# EBITDA and EBIT

## Group EBITDA (in €m)



- Increased personnel expenses, reduced gross margin due to current product mix and temporarily higher COGS in container rental

## Group EBIT (in €m)

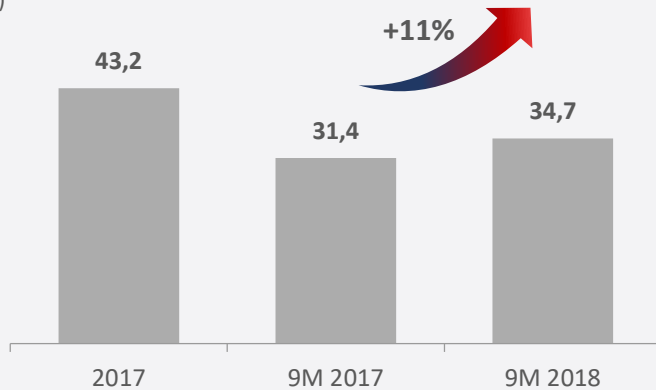


- D&A increased due to heavy investment and expansion period

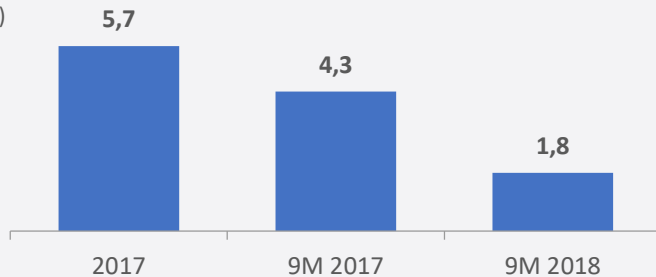


# Segment performance

Revenues /// va-Q-tec AG  
(in €m)

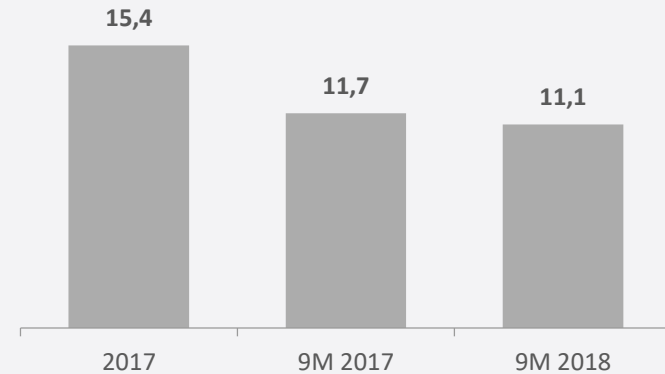


EBITDA /// va-Q-tec AG  
(in €m)

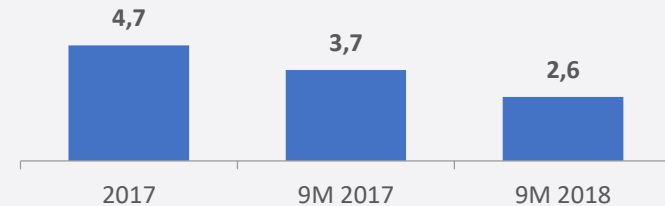


- Increase in AG revenues mainly due to increased Product sales
- Increase in personal expenses, one-off expenses for production move as well as the lower-margin Products business weighs on EBITDA

Revenues /// va-Q-tec UK  
(in €m)



EBITDA /// va-Q-tec UK  
(in €m)

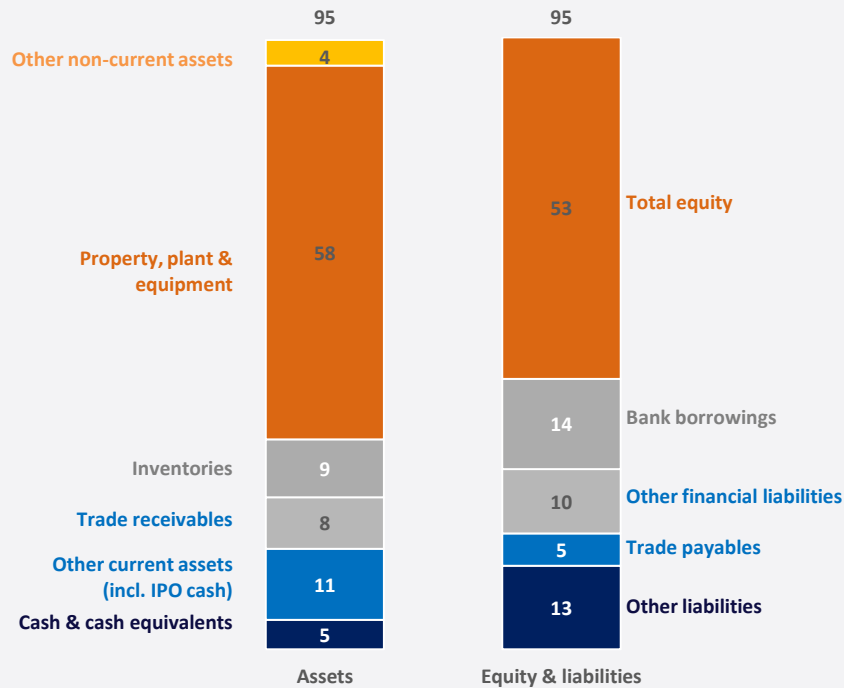


- Absolute number of rentals increased
- Higher logistics costs for the container fleet as well as an increase in personnel expenses leading to pullback in EBITDA

# Balance Sheet

## Balance sheet FY 2017

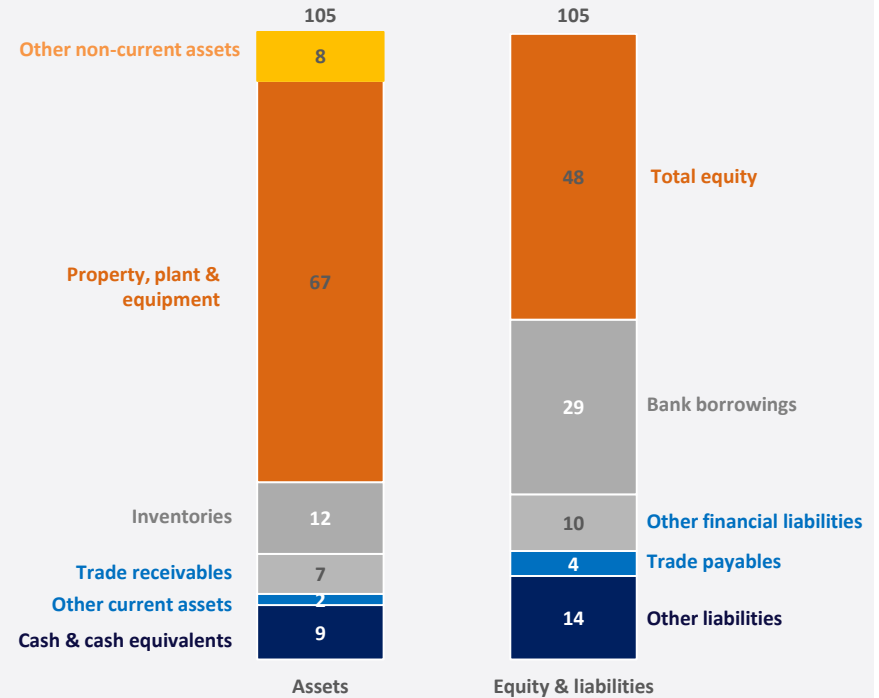
(in €m)



Equity ratio: 56%

## Balance sheet 9M 2018

(in €m)



Equity ratio: 46%

# Cash flow

in €m	9M 2018	9M 2017
Operating cash flow before changes in Working Capital	<b>-1.1</b>	<b>3.0</b>
Operating cash flow	<b>-4.2</b>	<b>-1.0</b>
Investing cash flow	<b>-8.5</b>	<b>-4.3</b>
Financing cash flow	<b>16.3</b>	<b>5.3</b>
Net change in cash	<b>3.6</b>	<b>0.0</b>

# Adjusted Outlook 2018 for va-Q-tec Group



Objective	Metric	Adjusted Outlook FY 2018
Growth	Revenue growth	We target revenue of 51 – 56 Mio. EUR
Profitability	EBITDA	Decrease vs. FY 2017, slight margin increase vs. H1 2018 level

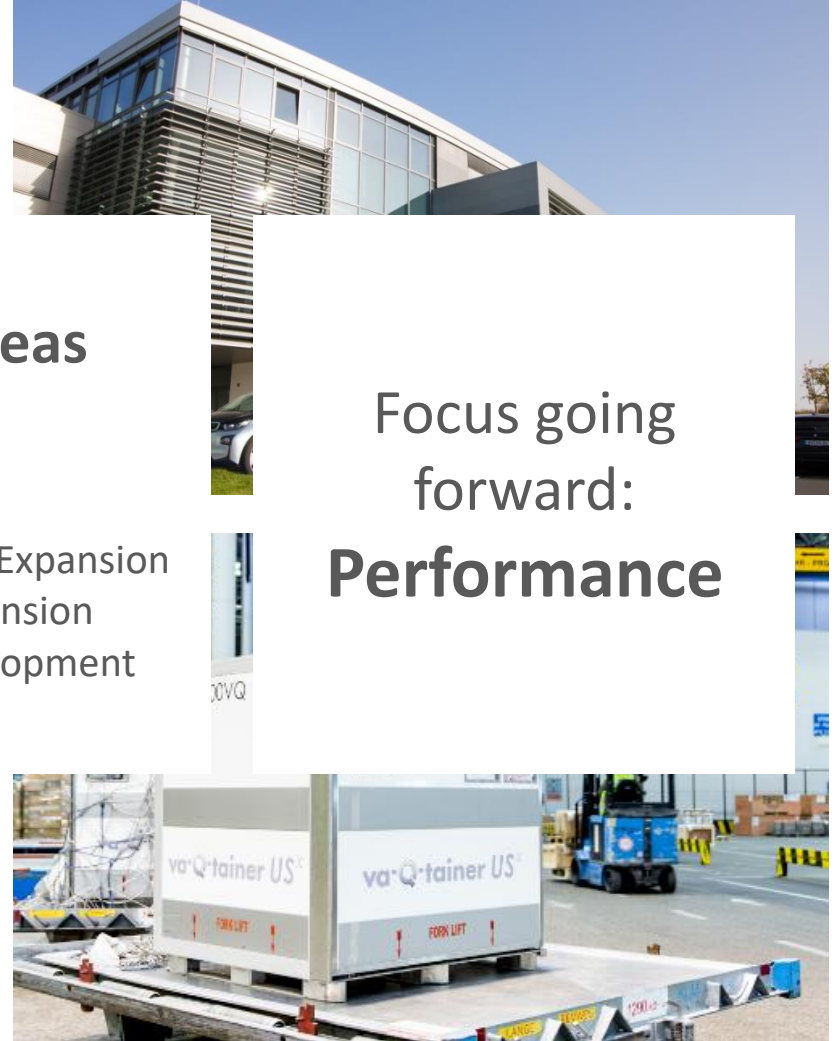
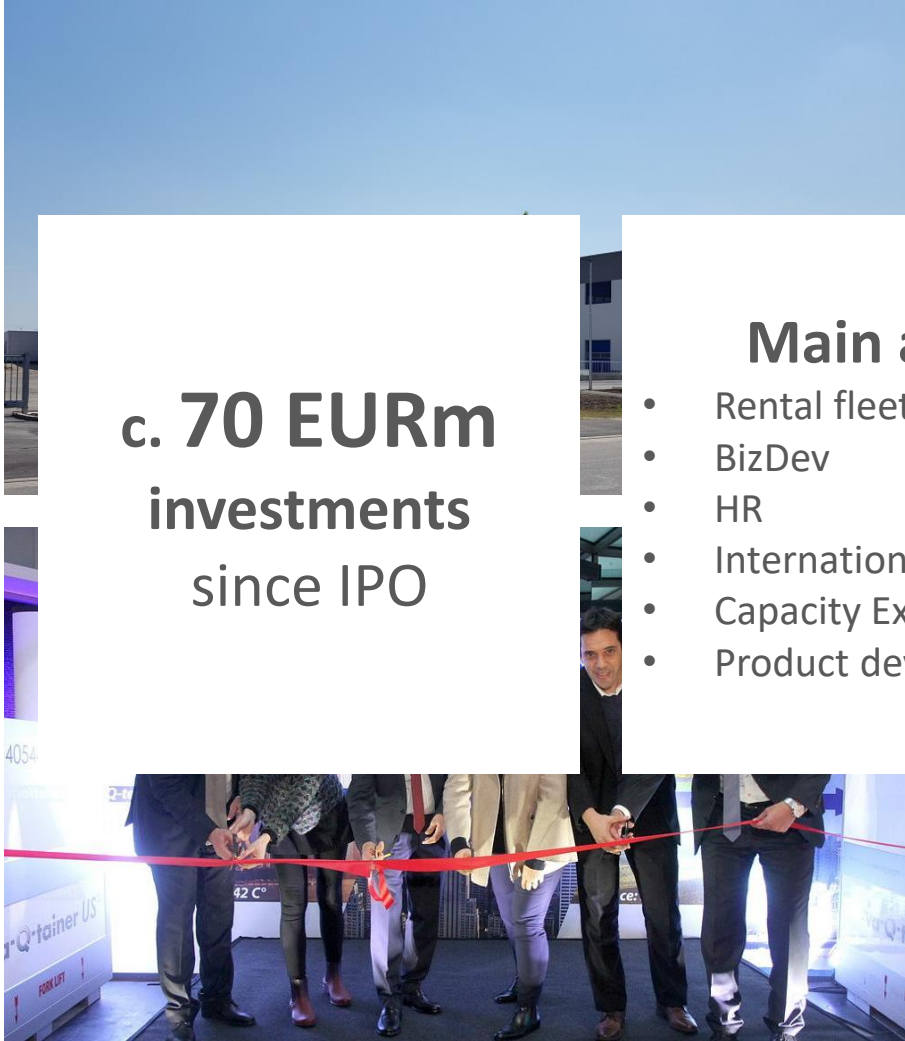
# Strategic Investments almost completed

**c. 70 EURm**  
**investments**  
since IPO

## Main areas

- Rental fleets
- BizDev
- HR
- International Expansion
- Capacity Expansion
- Product development

Focus going  
forward:  
**Performance**





# "Power 20+" Performance Program launched

## BACKGROUND

- Strategic Investments almost completed (see previous slide)
- 2018 results fall short of the Management Board's expectations
- 2018 - a year of transition

## GOALS

- To significantly re-accelerate growth, especially in the attractive Services segment
- Improvement in EBITDA margin, as seen in the recent past

## REVENUES: Selection of Measures

- **Overall: Sales to be positioned more focused, international and aggressive**
- Head of Sales Container Rental released from his duties ✓
- Ramp-up process to be supported by HQ experts ✓
- 10/2018: New order management system in the container rental area implemented ✓
- Adapted go-to-market approach with adapted pricing model and improved and strengthened sales partnerships that lever sales power of external logistics partners
- Better integration of UK subsidiary with va-Q-tec AG

## COSTS/LIQUIDITY: Selection of Measures

- **Overall: Strict cost control**
- **Personnel expenses:** No substantial new hires in 2019
- **OPEX:** All existing consultant contracts are being reviewed as to their necessity for the next growth phase ✓
- **OPEX:** Further optimizations IT and marketing costs ✓
- **Liquidity:** To finance long-term investments through low-cost, long-term loans ✓

**Thank you for  
your attention!**

 **Lufthansa Cargo**

JYP50294VQ

**va-Q-tainer**

## **va-Q-tec AG**

Alfred-Nobel-Straße 33  
97080 Würzburg  
Tel.: +49 931 35942-1616  
Fax: +49 931 35942-0  
IR@va-Q-tec.com

## **TICKER**

Symbol: VQT  
Bloomberg: VQT:GY  
Reuters: VQTG:DE  
ISIN: DE0006636681  
WKN: 663668