



va-Q-tec – Always the right temperature

H1 2018 Earnings Release (*IFRS*)

August 22nd, 2018

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- H1 2018 at a glance
- Financial Performance H1 2018
- Outlook 2018
- Q+A



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

H1 2018 at a glance

- H1 2018 revenue: EUR 24.9 million compared with EUR 22.5 million in H1 2017 (+11%)
- EBITDA H1 2018: EUR 1.4 million after EUR 4.2 million in H1 2017 (-67%)
- H1 2018 financial performance significantly affected by product mix, production relocation and strategic investments and currency effects



- Production relocation to new sites in Würzburg and Kölleda
- Significant investments in personnel, production capacities and infrastructure in readiness for expected growth



- Around 80% of growth investments announced at the IPO successfully completed

Strategic Investments almost completed



Achievements since IPO

Investment areas	Completion	Invested amount as of H1 2018	Comment
<p>1</p> <p>Rental fleet expansion</p>		<p>c. EUR 12-13m</p>	<ul style="list-style-type: none"> • Container Rental Fleet up > 700 Pieces • Continuous injection of small boxes in own fleets
<p>2</p> <p>Product development</p>		<p>c. EUR 3-4m</p>	<ul style="list-style-type: none"> • Temp and High-Temp VIP • New Systems (e.g. va-Q-pal, va-Q-one, va-Q-shell) • More R&D people
<p>3</p> <p>Capacity expansion</p>		<p>c. EUR 37m</p>	<ul style="list-style-type: none"> • New HQ and enhanced capacities in Wurzburg and Koelleda • New hubs • More production people
<p>4</p> <p>Business development</p>		<p>c. EUR 11-12m</p>	<ul style="list-style-type: none"> • New entities in LatAm, Switzerland and Japan • Enhanced ops in the US • Strengthened structures (2nd row mgmt.)

Total investment amount

Σ c. EUR 65m

Major growth investment almost completed. Stronger focus is on performance now

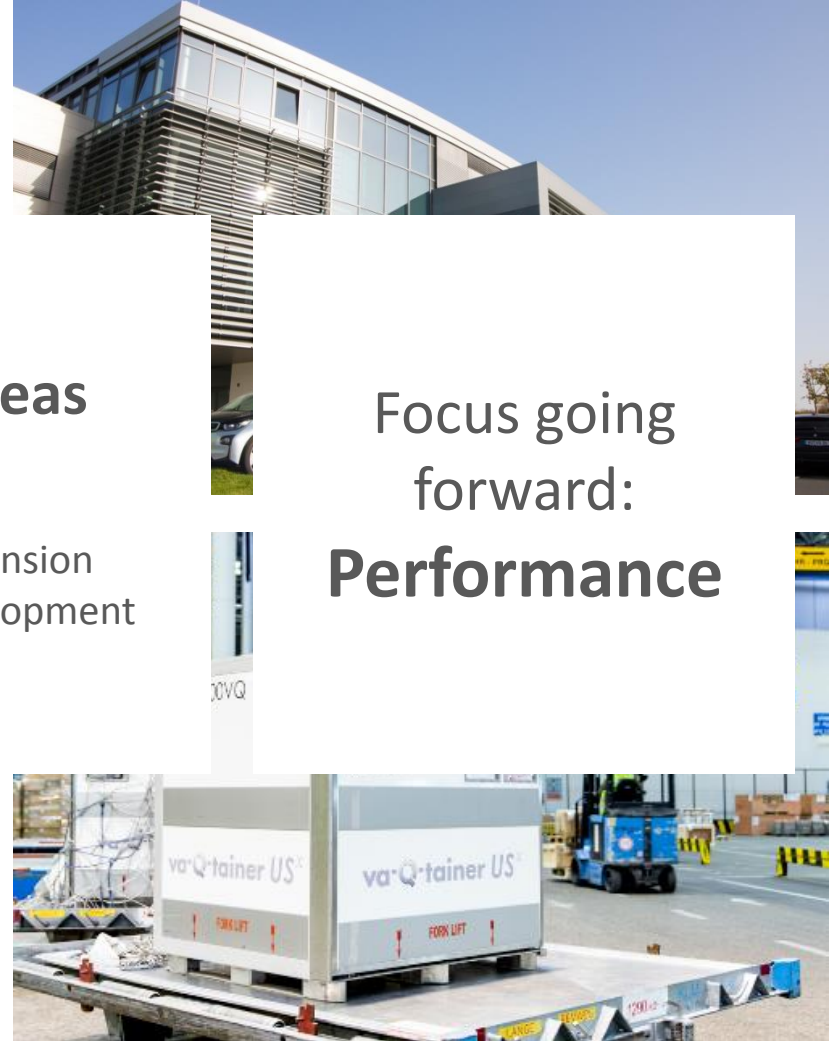
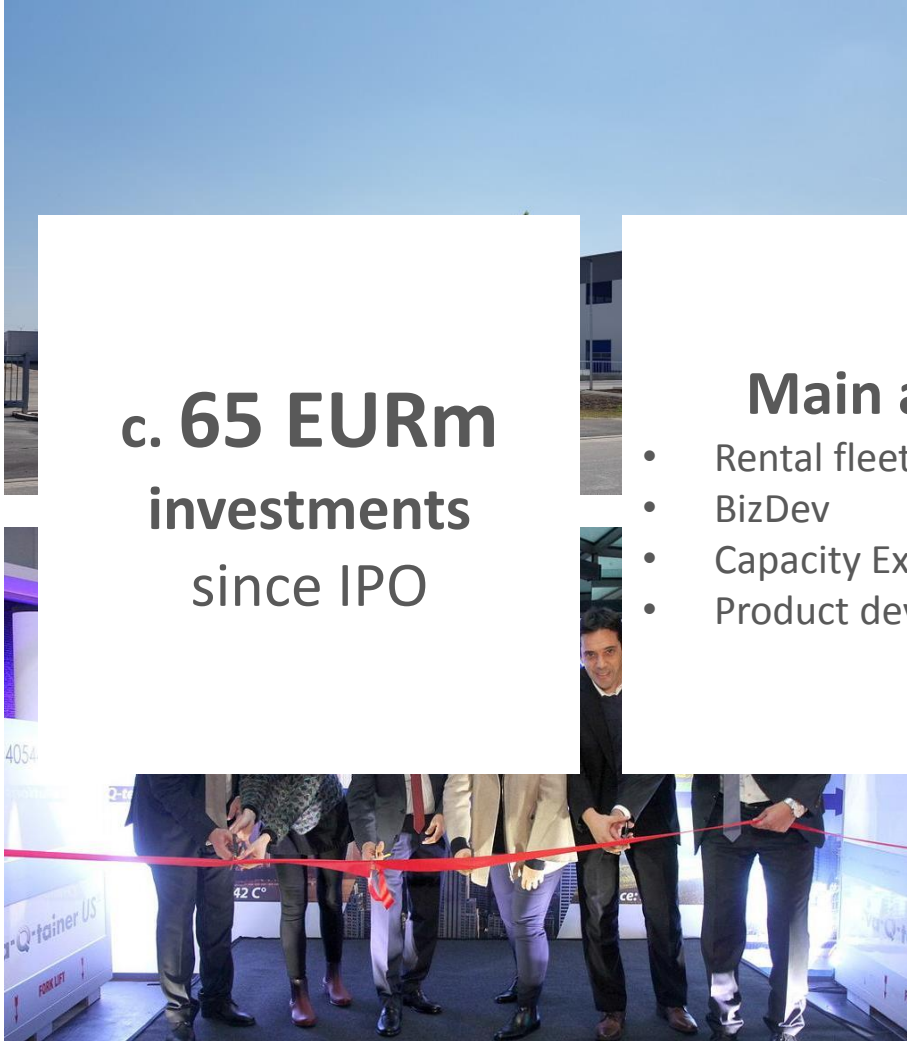
Strategic Investments almost completed

c. 65 EURm
investments
since IPO

Main areas

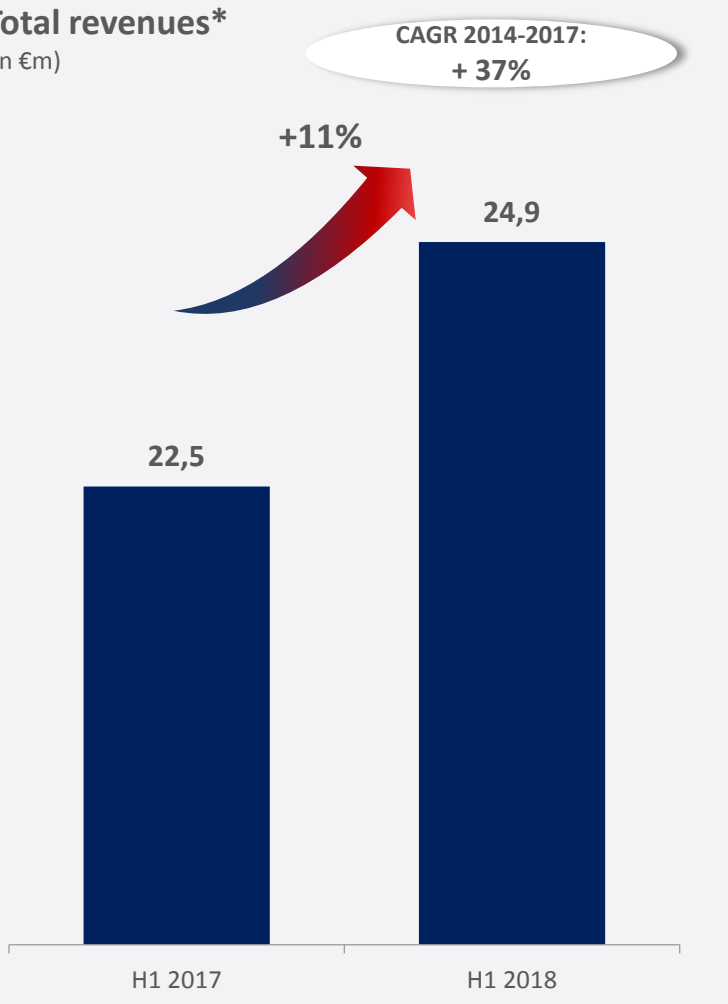
- Rental fleets
- BizDev
- Capacity Expansion
- Product development

Focus going
forward:
Performance



Group revenues H1 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 growth 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%

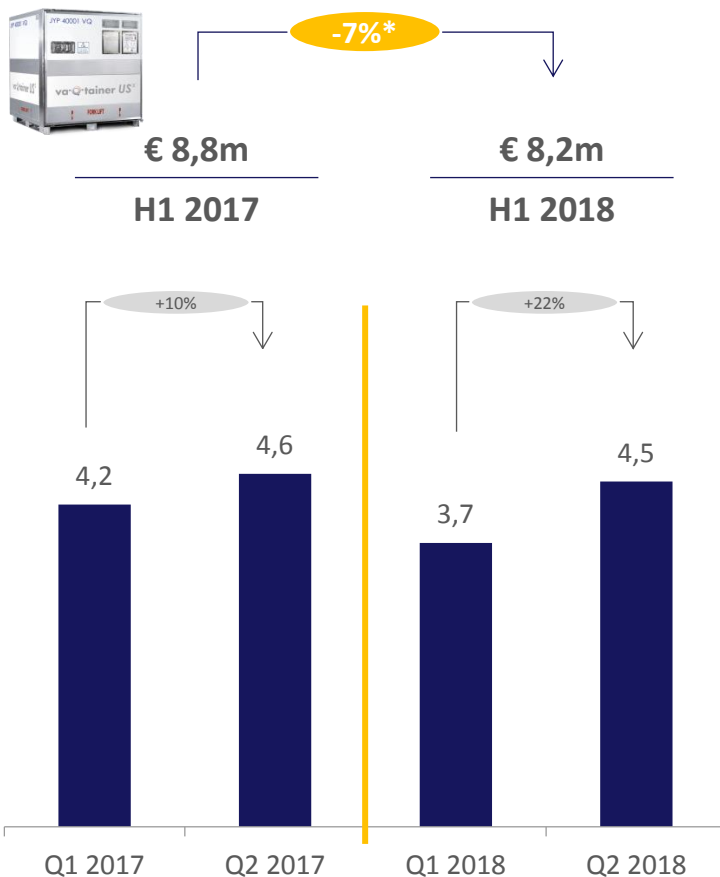
Topline growth fueled by BL “Products” and “Systems”

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

A closer look at “Services”

Service Revenue, Q1/Q2 2017/2018

In €m



* Currency adjusted, c. 0%

H1 Analysis

- F/X impact due to weakened USD; net of F/X impact: flat development (~0% growth)
- Operational optimization with one key client in the US
- Interruption of logistic flows with one key client since 09/2017 due to hurricane in Puerto Rico (resumed in 06/2018, but still below historic average)
- Above impacts accounted for a pullback of c. 30% and could be partly compensated, however initially expected 2-4 customers still in onboarding mode

Key Management initiatives

- New and significantly strengthened management in the Container rental division
- Improved ramp-up management incl. improved sales structure
- A more KPI-driven sales controlling to improve visibility

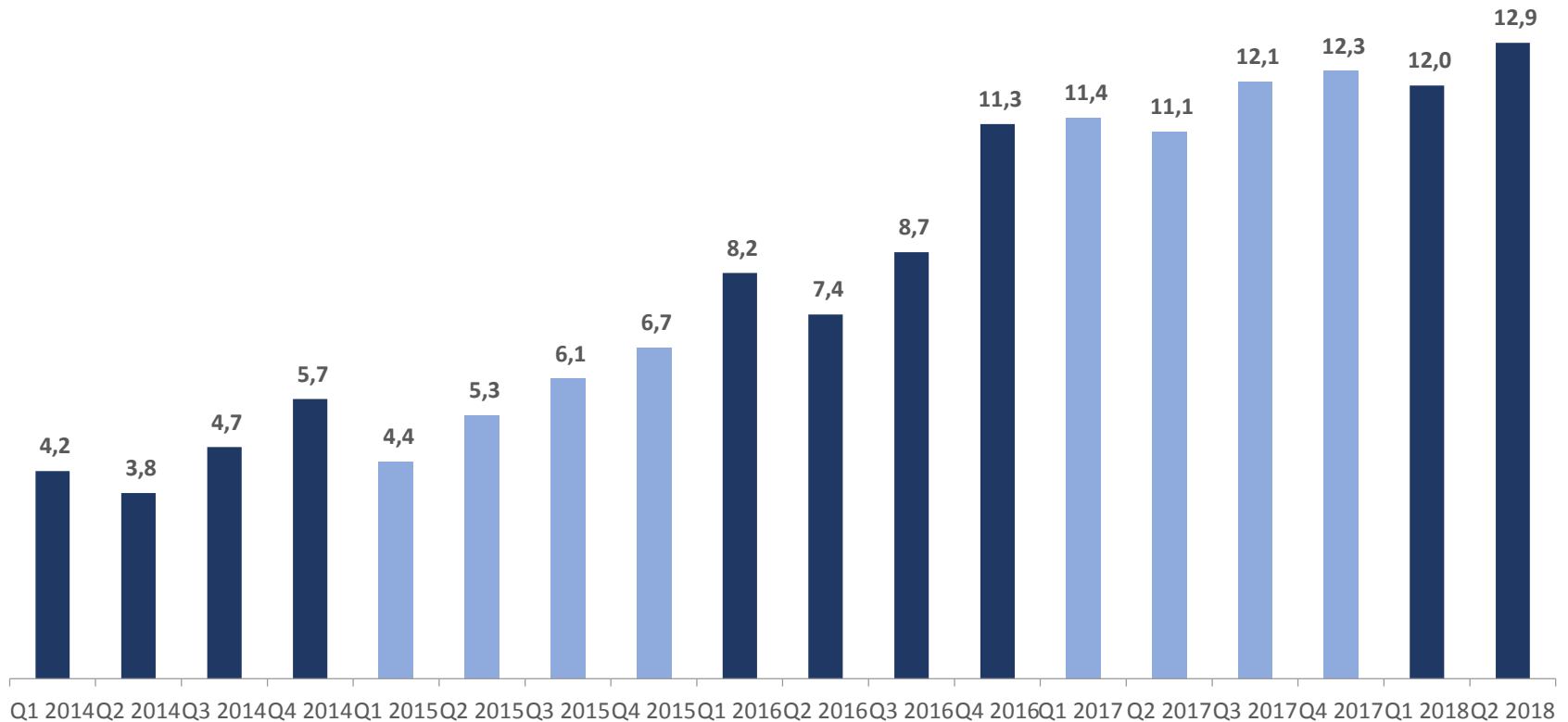
Mid-term outlook – key drivers remain intact

- ✓ Growing and intact market driven by various industries
- ✓ VQT’s Service offering perceived as best-in-class
- ✓ Large pipeline with promising customer wins; however qualification process still time consuming
- ✓ Already +22% growth Q2 2018 on Q1 2018

VQT's growth profile in the long run

va-Q-tec Group Revenue, Q1 2014 – Q2 2018

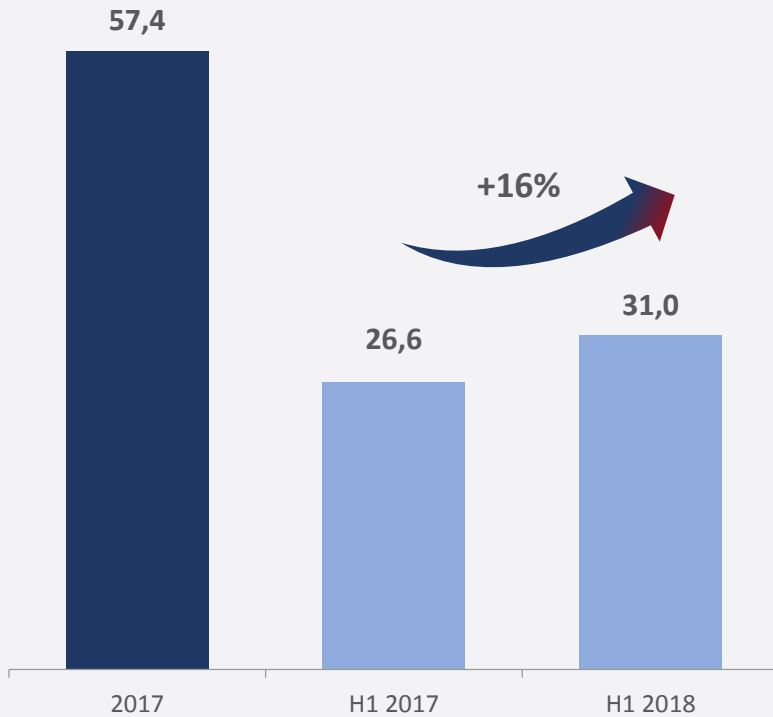
In €m



Growth often comes in steps followed by revenue plateaus

Total income & Gross profit

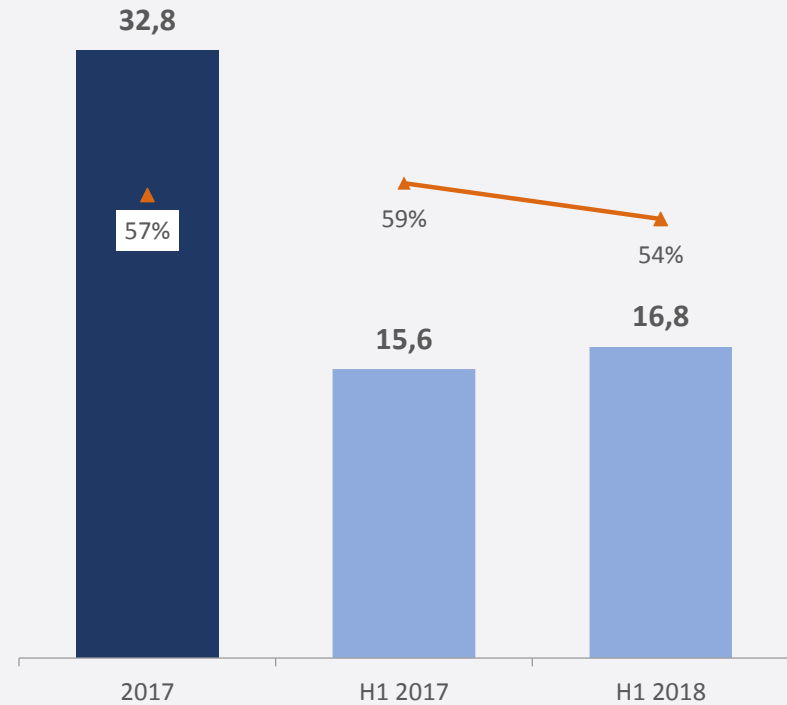
Total Income (in €m)



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

Gross Profit (in €m)

(in €m) ■ Gross Profit ▲ % of total income

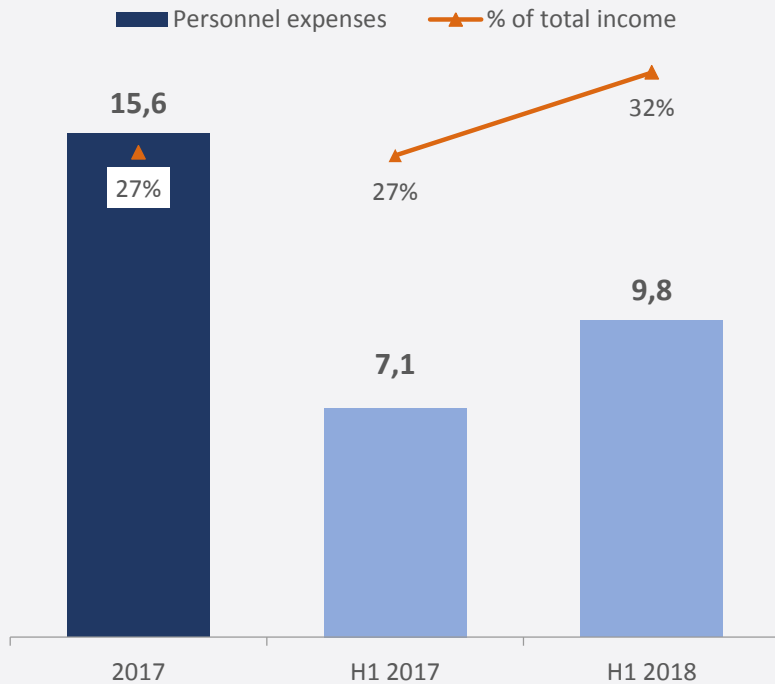


- Lower gross margin of strongly growing products business weighs on group gross margin
- Increases in air freight rates and network balancing in container rental lead to an increase in COGS

Key cost ratios

Personnel expenses

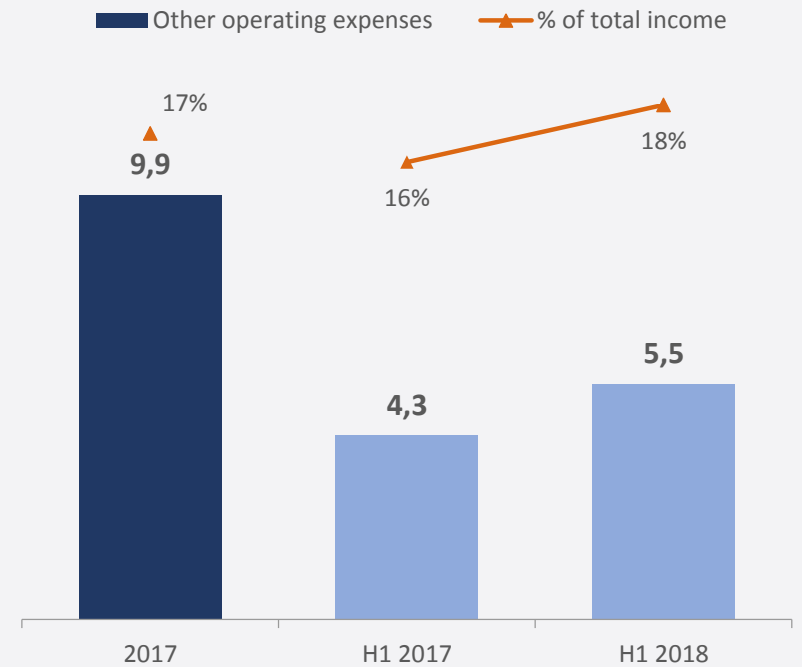
(in €m)



- 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)

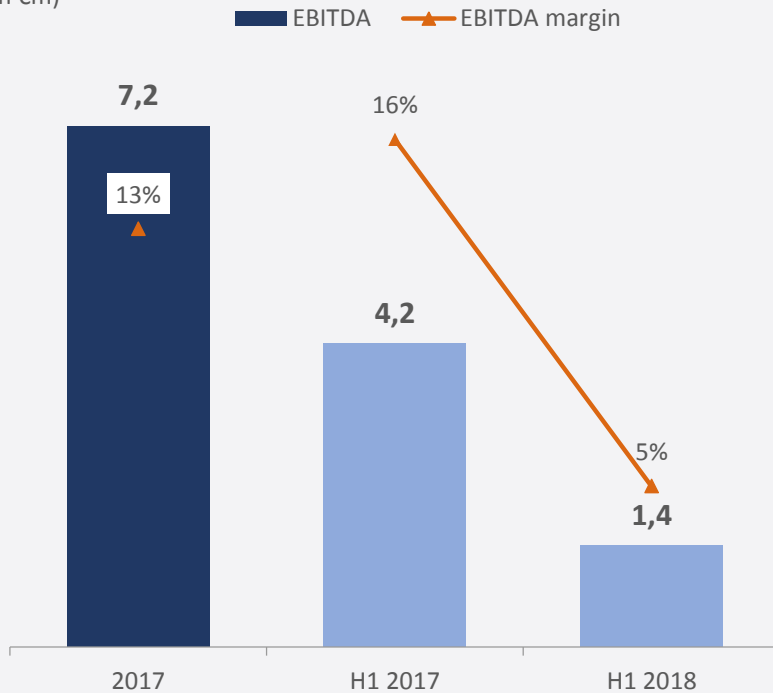


- Other OPEX (SG&A) cost ratio up to 18% despite due to spending on rent, IT, marketing & sales and external consulting
- We are working on Economies of Scale and efficiency gains

EBITDA and EBIT

Group EBITDA

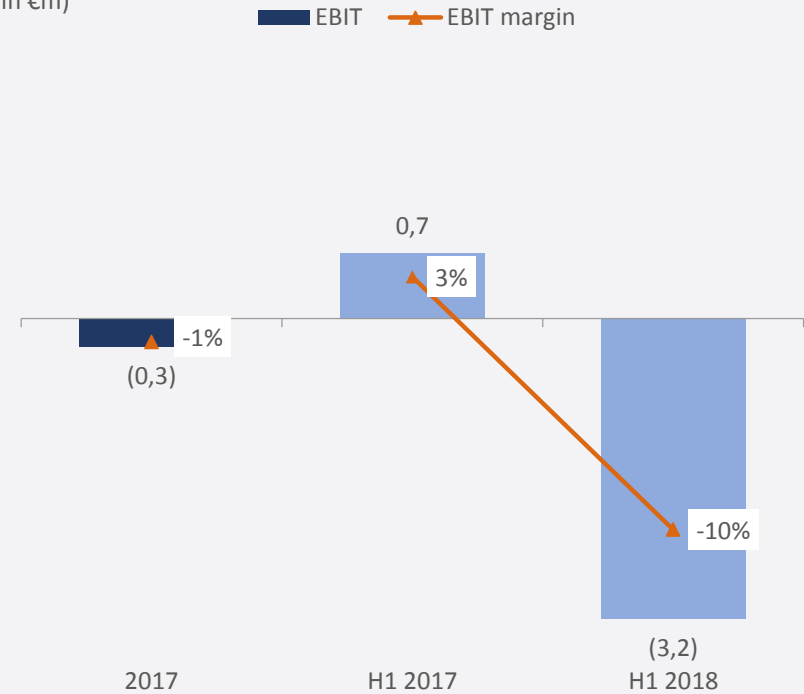
(in €m)



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

Group EBIT

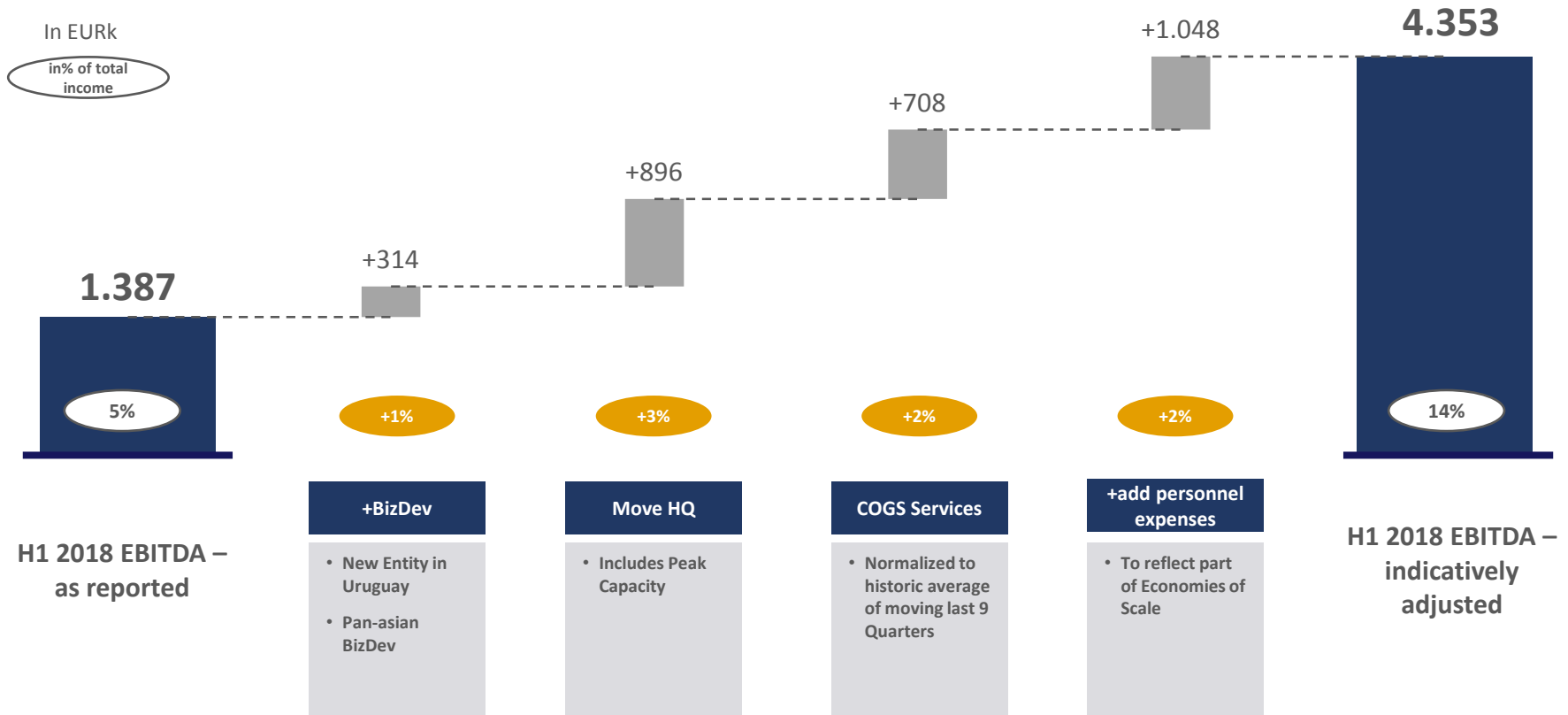
(in €m)



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

EBITDA Bridge

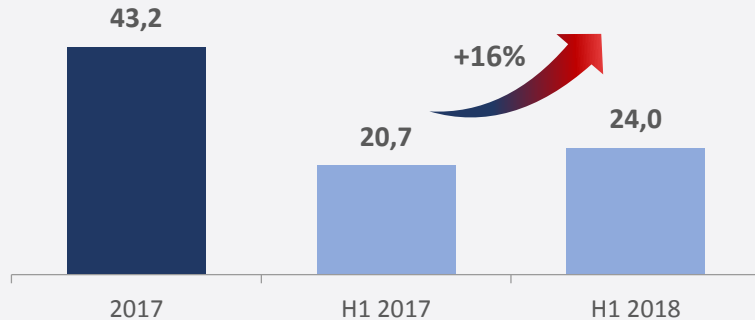
EBITDA reconciliation: H1 2018 as reported on H1 2018 pro forma adjusted



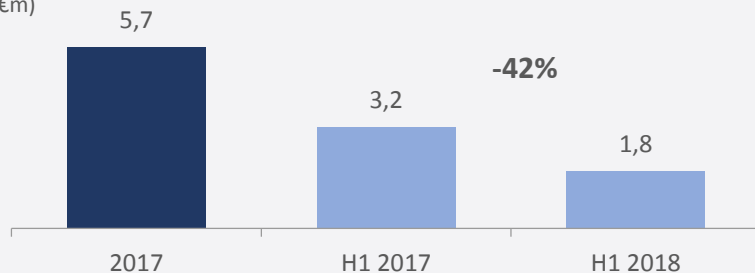
Key focus going forward: To execute on performance improvements and to lever existing asset base

Segment performance

Revenues /// va-Q-tec AG
(in €m)

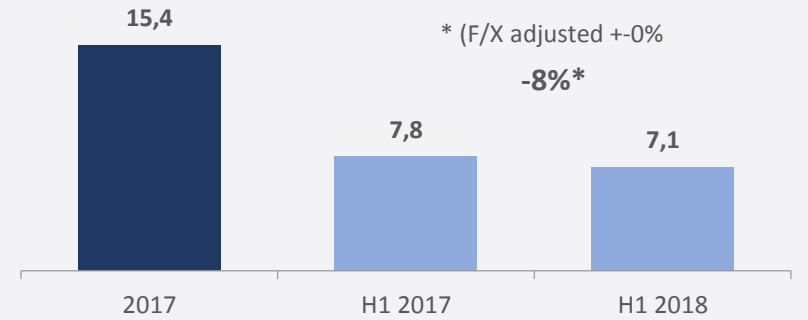


EBITDA /// va-Q-tec AG
(in €m)

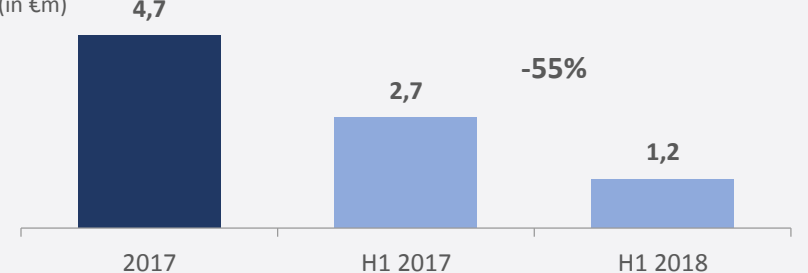


- Increase in AG revenues mainly due to increased Product sales
- Increase in personal expenses, one-off expenses for production move as well as the lower-margin Products business weighs on EBITDA

Revenues /// va-Q-tec UK
(in €m)



EBITDA /// va-Q-tec UK
(in €m)

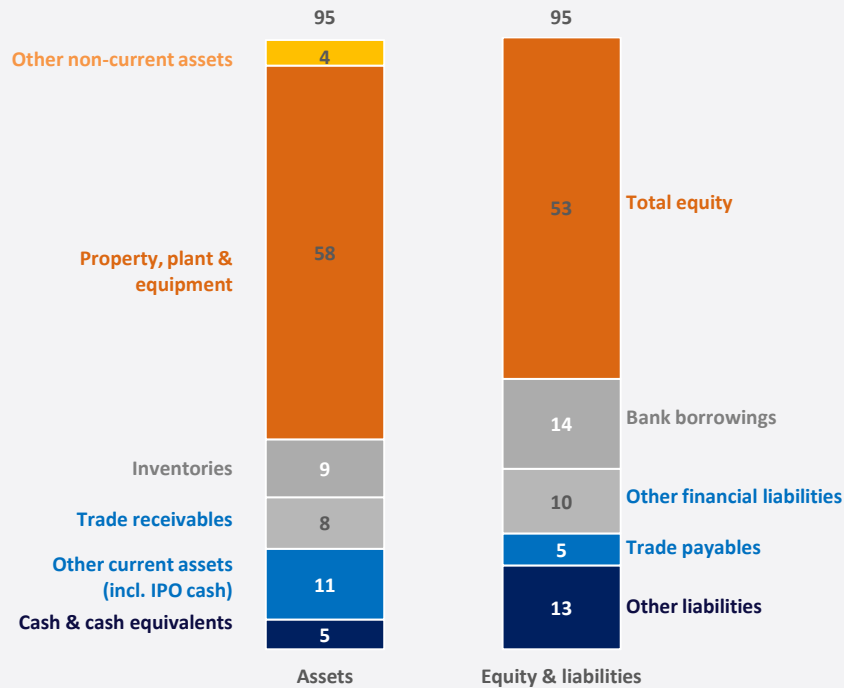


- Absolute number of rentals increased
- Higher logistics costs for the container fleet as well as an increase in personnel expenses leading to pullback in EBITDA
- Strengthened and partly changed local management improving the situation

Balance Sheet

Balance sheet FY 2017

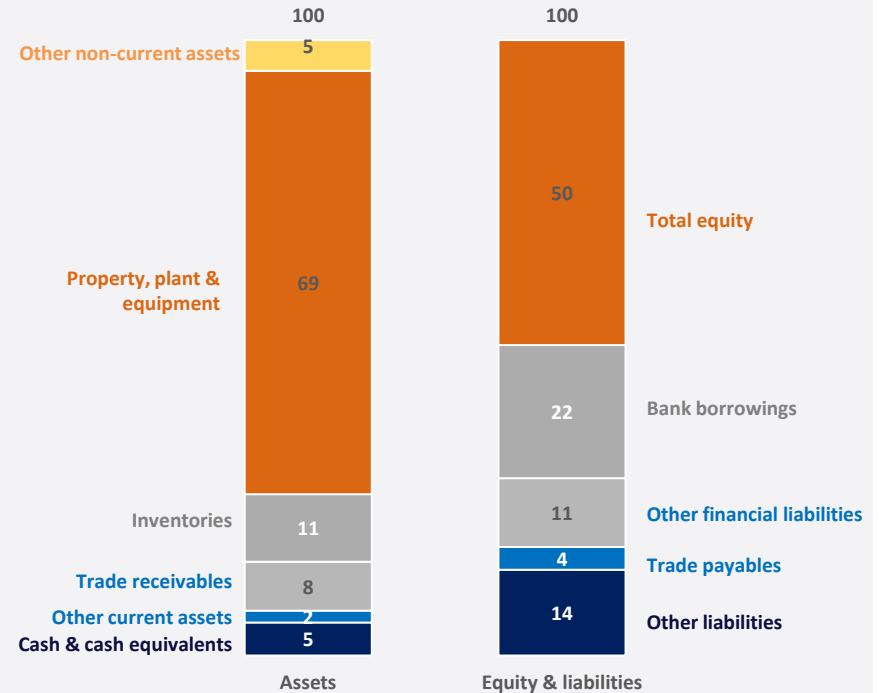
(in €m)



Equity ratio: 56%

Balance sheet H1 2018

(in €m)



Equity ratio: 50%

Cash flow

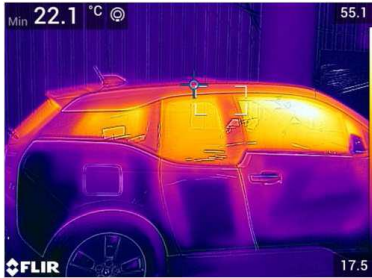
in €m	H1 2018	H1 2017
Operating cash flow before changes in Working Capital	-0.3	1.4
Operating cash flow	-3.9	0.8
Investing cash flow	-4.4	-5.3
Financing cash flow	8.4	0.8
Net change in cash	0.2	-3.6

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

Summary and conclusion



- ✓ All major investments will be done by end of 2018
- ✓ Expanded and secured technological leadership
- ✓ General positive market response for our products and services

**Thank you for
your attention!**

 **Lufthansa Cargo**

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TICKER

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WKN: 663668