FY 2016 Earnings Release (IFRS)

27 April 2017

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Highlights of FY 2016

General highlights FY 2016

- Very successful IPO on Sept 30, raised €46m of growth capital
- Greenshoe option exercised 7 days post IPO due to very positive share price performance
- Major commercial progress across all business lines, many new customers
- Pioneering new applications across various industries, e.g. hot water tanks
- Significantly expanded rental fleet of containers and boxes, as well as growth in rental business
- Expansion of manufacturing footprint started in Würzburg and Kölleda to meet strong demand

Financial highlights FY 2016

in €m	FY 2016	FY 2015	Δ
Revenues	35.5	22.5	*+58%*
Total Income	42.9	29.6	*+45%*
EBITDA (adj.)	7.0	3.7	*+90%*
EBITDA margin (adj.)	16%	12%	
EBT (adj.)	0,04	-0,4	
Operating Cash flow (adj.)	0,47	0,22	

Successful IPO in September 2016

Christopher Hoffmann (CFO), Dr. Joachim Kuhn (CEO) and Dr. Roland Caps (CRO) on Frankfurt Stock Exchange

Notes: Personnel cost and other OPEX adjusted for non-recurring items, namely one-off cost associated with the offering like accrued IPO compensation in the form of employee stock options (worth €168k) and issuance costs (2016: €1.57m, 2015: €0,06m)

Milestones in 2016

Products

- Continued strength in Appliances & Food
- Product launches, e.g. va-Q-shell, an insulation solution for hot water tanks
- Tightening energy labeling standards lead to high customer demand ; Technics & Industry (T&I) with €1.7m revenues in 2016
- Major process improvements in manufacturing

Selected blue chip customers in T&I

VIESSMANN Vaillant

Systems

- Introduction of va-Q-one, a single use thermo box , a cost-optimized solution for price-sensitive customers
- Box sales: New customers (Swiss Post and large Nordic customer) as well as growth with existing customers

Services

- Last mile services : Partnership with Swiss post

DIE POST

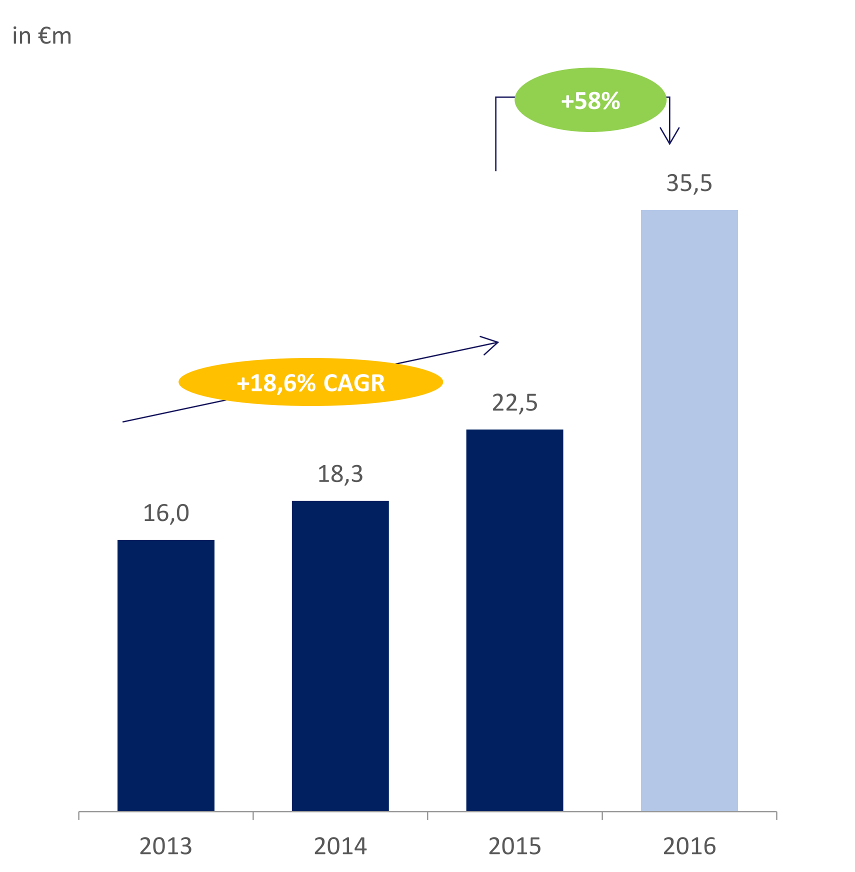
- Box rental: continued progress on existing and prospective projects
- Container rental: more than 50 new commercial routes added to the rental network in 2016, several new customers on-boarded
- Multiple new partnerships with cargo airlines and 3rd party logistics providers

Selected new partnerships

SWISS WorldCargo IAG Cargo

Group revenues 2016
Accelerated growth spurt

Group revenues, va-Q-tec



Comments

- Strongly accelerated growth in 2016 driven by growth in all business areas
- VIP technology is establishing itself as standard technology in more industries and more applications
- Ramp-up of large customers in Appliances (refrigeration) and Technics & Industry (hot water tanks)
- Particularly strong growth in Systems business (sale of boxes), due to new projects in Q4
- Rapid delivery of large Q4 orders led to higher revenues in 2016 that were initially planned for 2017
- Great start for regional box rental with large project in Ireland; highly satisfied customers, strong recurring revenues
- Good progress on global container rental, with several new customers on-boarded and many new commercial lanes

Group P&L (IFRS)

Strong growth and improved profitability

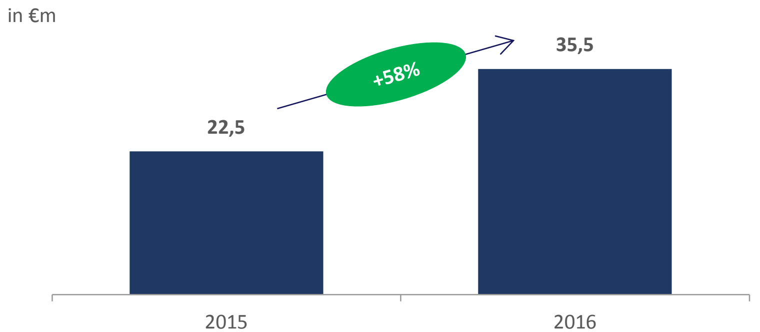
in €m	2016 (IFRS)	*Adjust-ments*	2016 adj.	2015 adj.	Δ 16/15 adj.
Revenue	**35,53**		**35,53**	**22,54**	*58%*
Total Income	42,88		42,88	29,56	*45%*
Cost of raw materials and services	-17,32		-17,32	-12,35	*40%*
Gross profit	25,55		25,55	17,20	*49%*
Gross margin	*60%*		*60%*	*58%*	
Personnel expenses	-11,81	*+0,17*	-11,65	-8,85	*32%*
Other operating expenses	-8,52	*+1,57*	-6,95	-4,69	*48%*
EBITDA	**5,22**	***+1,74***	**6,95**	**3,66**	*90%*
EBITDA margin	*12%*		*16%*	*12%*	
Depreciation	-5,64		-5,64	-3,17	*78%*
EBIT	**-0,42**	***+1,74***	**1,31**	**0,49**	*167%*
Result from equity acc. investments	-0,06		-0,06	0,00	
Net financial result	-1,62	*+0,40*	-1,22	-0,64	*91%*
EBT	**-2,10**	***+2,14***	**0,04**	**-0,15**	

- Very high top line growth of 58% from all business lines
- Total income driven by capitalization of container and box fleets manufactured in-house
- Gross margin improved by 2% points from 58% to 60%
- EBITDA adjustments for IPO costs
  - Advisory, legal and audit costs
  - Options costs
- Adj. EBITDA margin improvement from 12% to 16%
- Further adjustment of €400k for mezzanine exit kicker reflected in financial result
- Positive EBT

Group revenues 2016

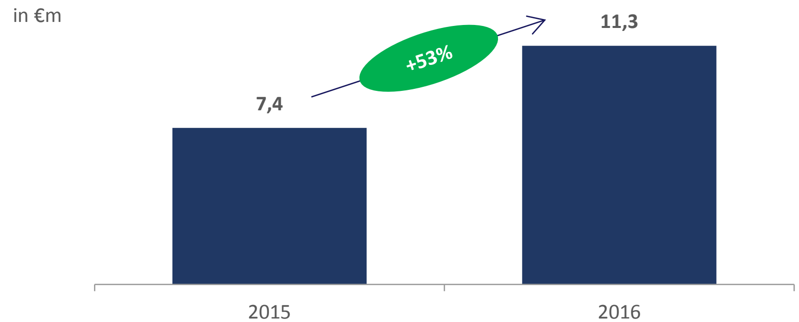
Accelerated growth spurt driven by growth across all business lines

Total revenues[1)]



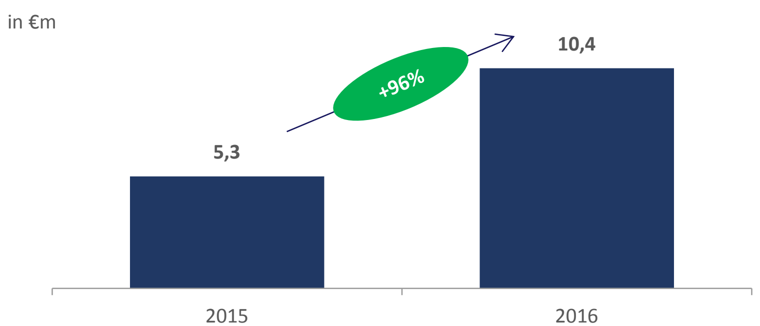
- Strong and accelerated growth vs. 2015

Products revenues



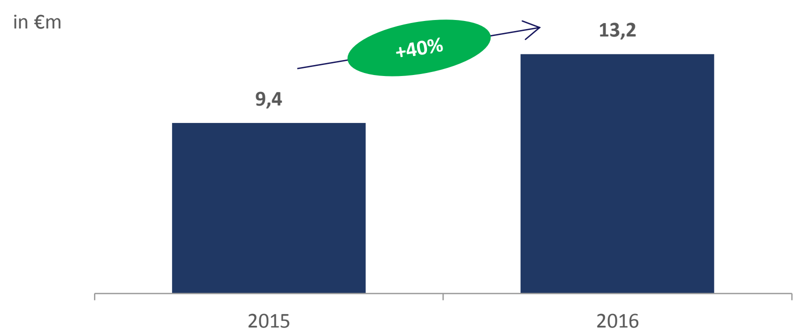
- Driven by appliances, commercial cooling and hot water storage

Systems revenues



- Ramp up of existing customers, plus onboarding of new pharma logistics

Services revenues

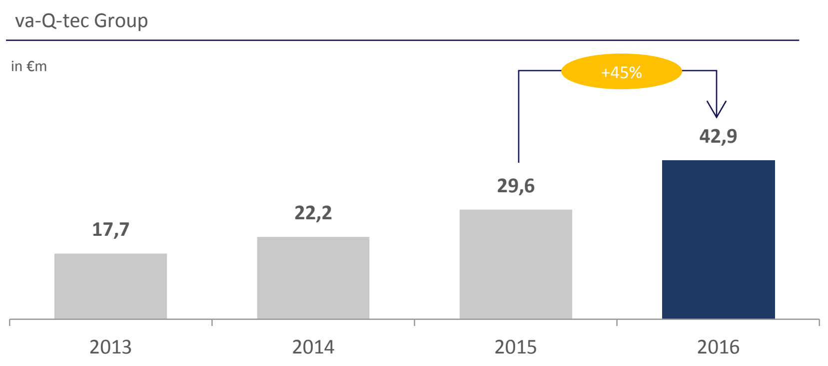


- Successful introduction of box rental, continued growth in containers

Notes: Total revenues also include "Other revenues". "Other revenues" primarily comprise state funded R&D which amounted to 625 T€ in 2016 (483T€ in 2015).

Total income & Gross margin

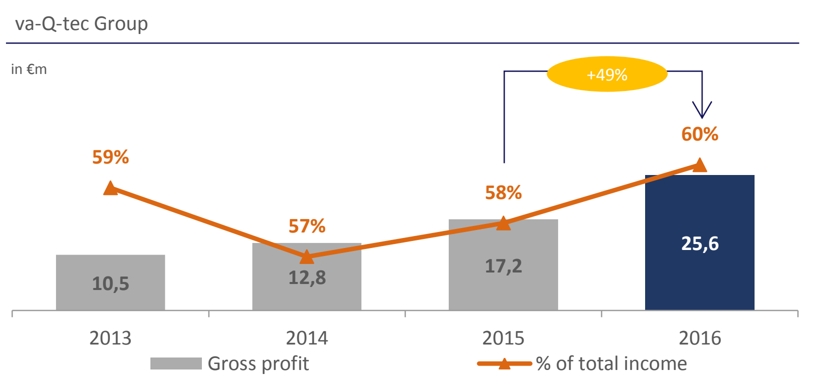
Total Income



Comments

- Total income growing at lower rate than revenues, due to lower share of capitalized work (higher proportion of third part revenues)
- Driven primarily by capitalization of container and box fleets for rental services
- Also affected by deferred income from special reserves for grants and deferred income from container sale-and-leaseback

Gross margin

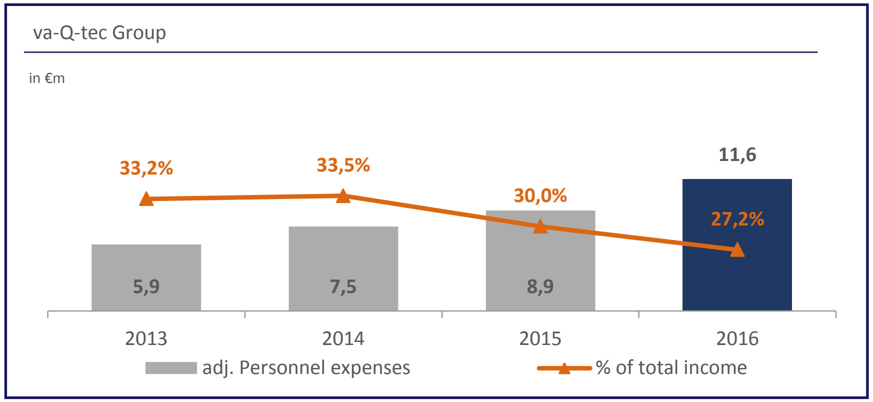


Comments

- Significantly improved gross margin at 60% in 2016, vs. 58 % in full year 2015; progress due to savings on materials purchasing and increased revenue share of high-margin systems (boxes)
- Gradual shift towards services will lead to
  - Initially lower gross margins due to capitalization of fleets at cost
  - Over time increasing gross margins as high-margin Service revenues grow

Key cost ratios improving or stable

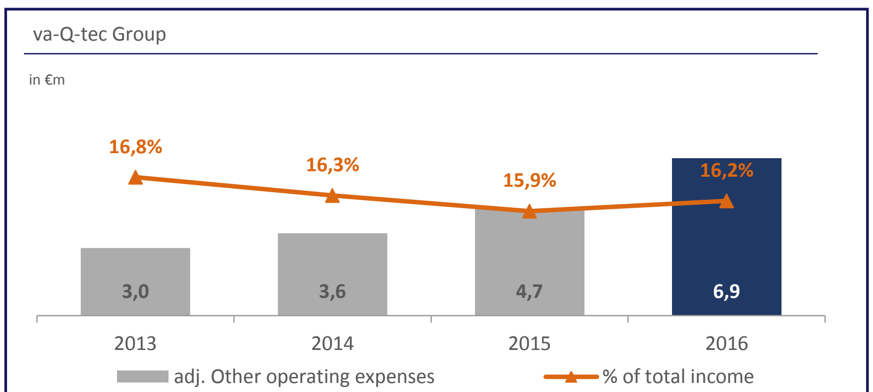
Adjusted personnel expenses



Comments

- Personnel expense ratio significantly reduced to 27% as we achieve economies of scale across all parts of the business
- Further economies expected as we grow the business, in particular services with lower need for personnel
- Adjusted for stock option costs of €168k related to the IPO
- Continued hiring of talent across the business in order to enable growth and innovation

Adjusted other OPEX



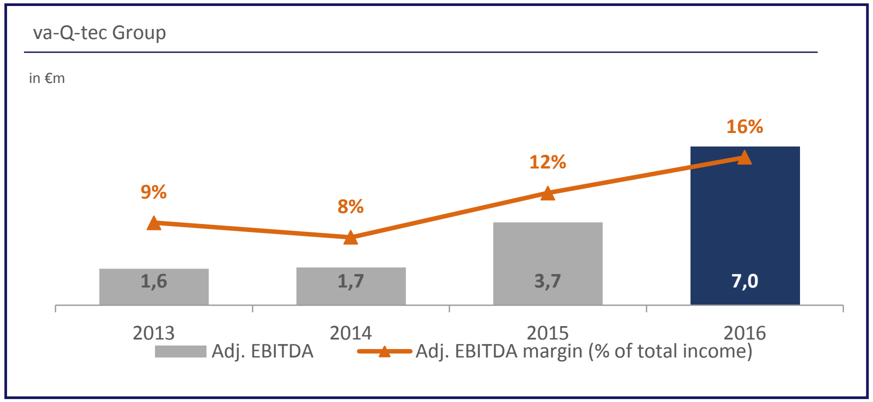
Comments

- Other OPEX (SG&A) cost ratio of 16% for 2016, slight increase over 2015
- Significant expenditure for commercial expansion and additional rented facilities in Würzburg
- Economies of scale expected as we grow the business
- Other OPEX adjusted for one-off IPO costs of €1.6m, primarily advisory fees and audit costs

Notes: Personnel cost and other OPEX adjusted for non-recurring items, namely one-off cost associated with the offering like accrued IPO compensation in the form of employee stock options (worth €168k) and issuance costs (2016: €1.57m, 2015: €0,06m)

Strongly improved profit margins

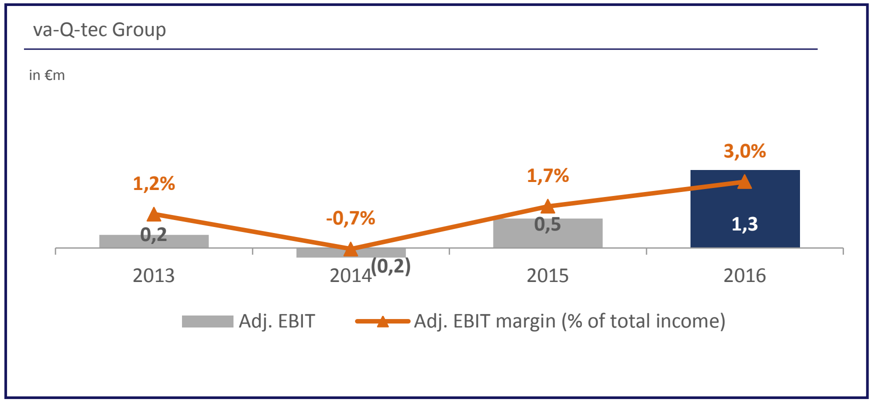
Adjusted EBITDA



Comments

- Nearly doubled EBITDA over 2015
- Particularly strong EBITDA development in H2 has driven full year adj. EBITDA margin to 16%
- Progress mainly due to economies of scale and improved product mix
- Provides confidence for further EBITDA improvements in 2017 and beyond

Adjusted EBIT



Comments

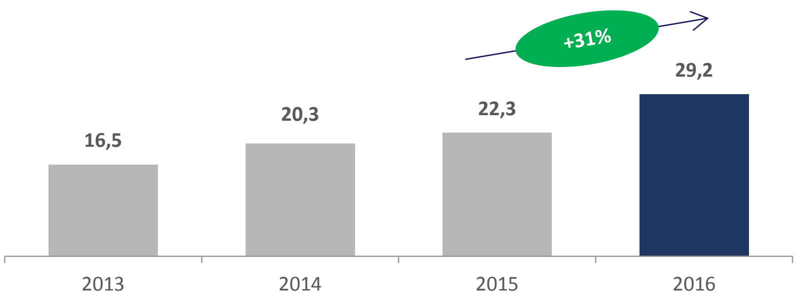
- EBIT has also improved, driven by same effects as EBITDA
- Depreciation has increased primarily due to
  - growth of UK-based container fleet in anticipation of strong demand for our container rental services
  - growth of box fleets with shorter depreciation periods

Notes: EBITDA and EBIT adjusted for non-recurring items, namely one-off cost associated with the offering like accrued IPO compensation in the form of employee stock options (worth €168k) and issuance costs (2016: €1.57m, 2015: €0,06m)

Segment performance

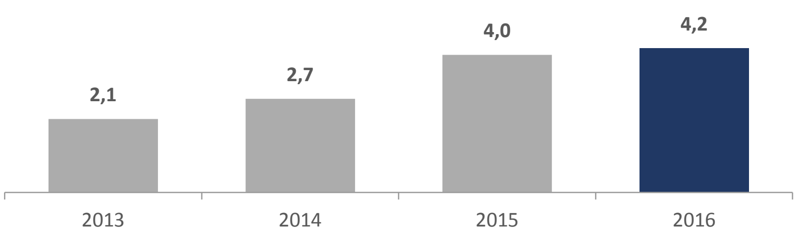
va-Q-tec AG

Revenues, in €m



- Considerable revenue growth, in particular of third party revenues

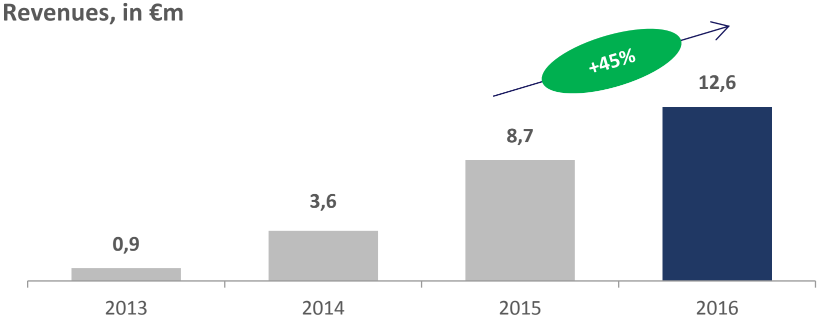
Adj. EBITDA, in €m



- More robust EBITDA in 2016 from higher quality product mix and lower intra-group elimination effects

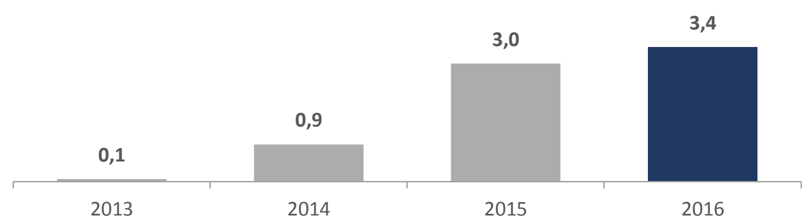
va-Q-tec UK

Revenues, in €m



- Strong growth in container rental, supported by a large and growing pipeline

EBITDA, in €m



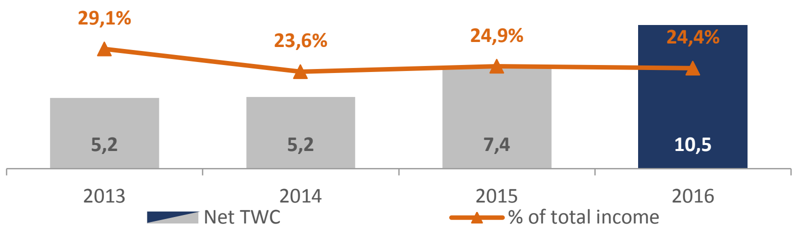
- EBITDA margin decreased in 2016 due to additional growth costs for personnel, ramping up network stations, managing larger fleet

Notes: EBITDA and EBIT adjusted for non-recurring items, namely one-off cost associated with the offering like accrued IPO compensation in the form of employee stock options (worth €168k) and issuance costs (2016: €1.57m, 2015: €0,06m)

Key financial metrics

Net TWC[1]

in €m



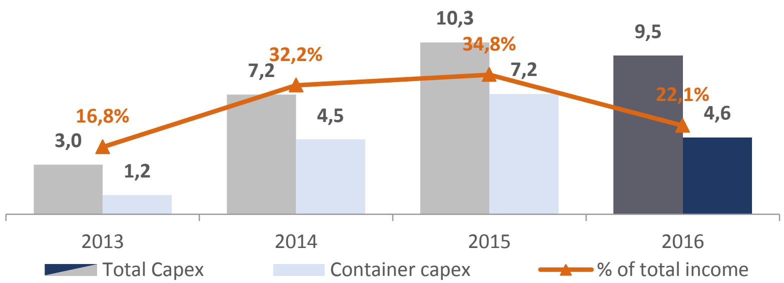
Gradual improvement of working capital management, tempered by capital requirements of rapid growth

Cash flow

in €m	2016	2015
Operating cash flow	-1,10	0,16
Investing cash flow	-35,33	-7,19
Financing cash flow	39,85	6,97
Net change in cash	3,41	-0,06
Operating cash flow (IFRS)	-1,10	0,16
Adjustment for IPO costs in ops CF	1,57	0,06
Operating cash flow (adjusted)	0,47	0,22

Capex

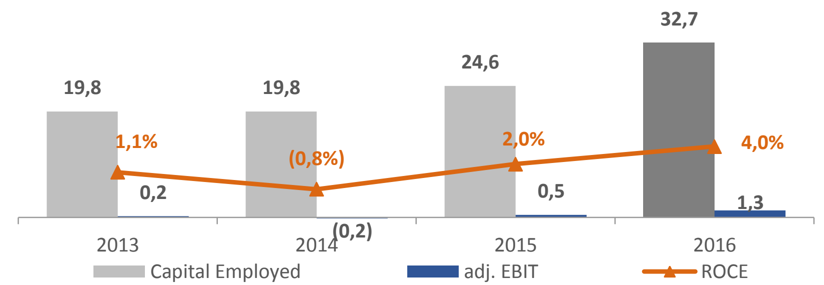
in €m



Slightly reduced capex as 2016 focus was on higher utilization of existing asset base; capex will increase post IPO

ROCE[2]

in €m, %



Gradual improvement in ROCE as assets are better utilized, but more improvement expected with EBIT improvements

Notes: (1) Net TWC = Inventories + Trade receivables – Trade payables (2) EBIT adjusted for non-recurring items, namely one-off cost associated with the offering like accrued IPO compensation in the form of employee stock options (worth €168k) and issuance costs (2016: €1.57m, 2015: €0,06m)

IPO has strengthened the balance sheet

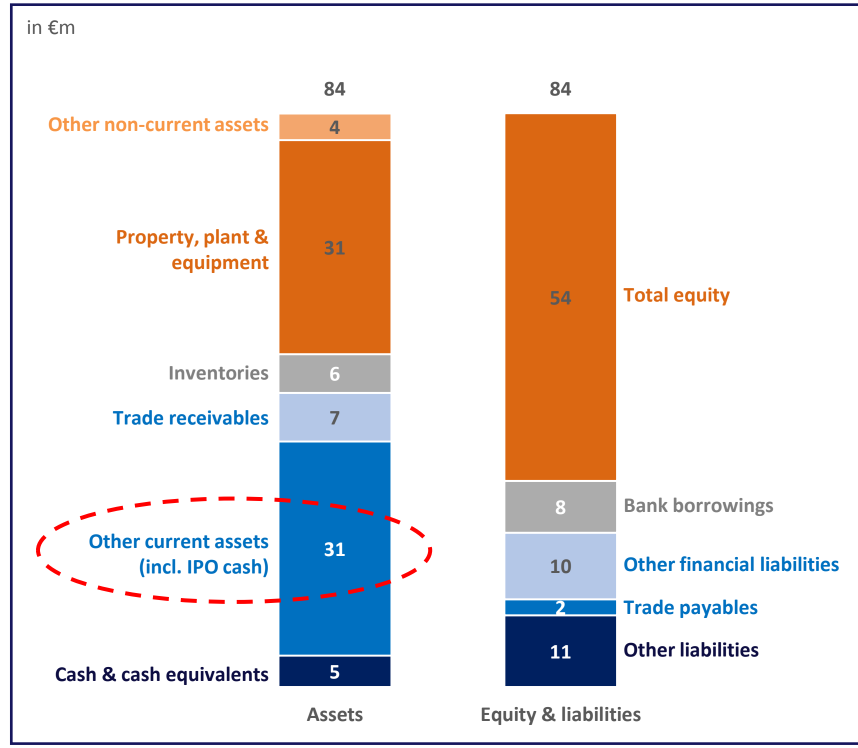
Balance sheet FY 2015

Equity ratio: 24%

Net debt: € 23.1 m

High leverage

Balance sheet structure FY 2016



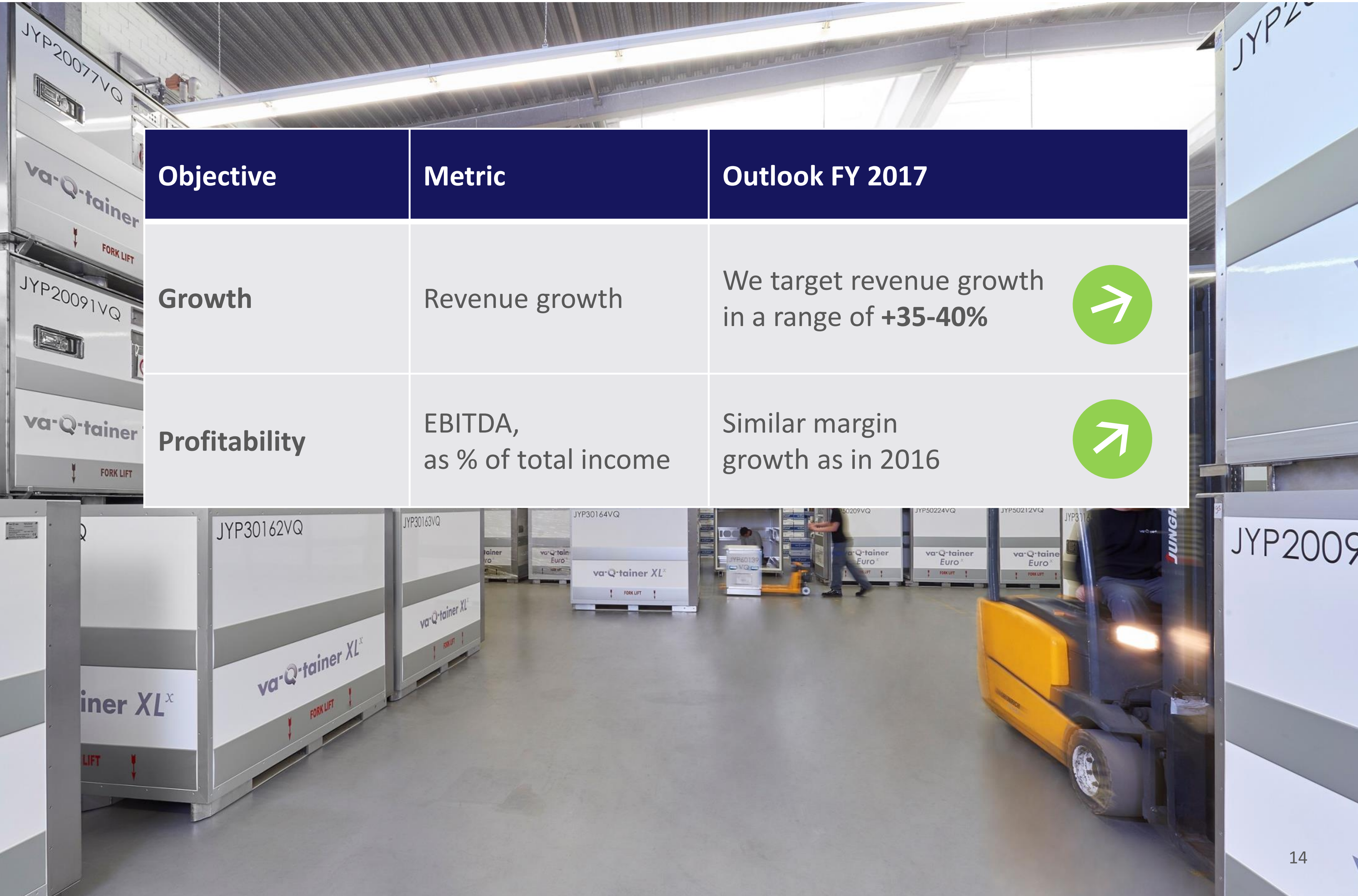
Equity ratio: 64%

Net cash: € 19.1 m (incl. Deposits)

Low leverage, high debt capacity

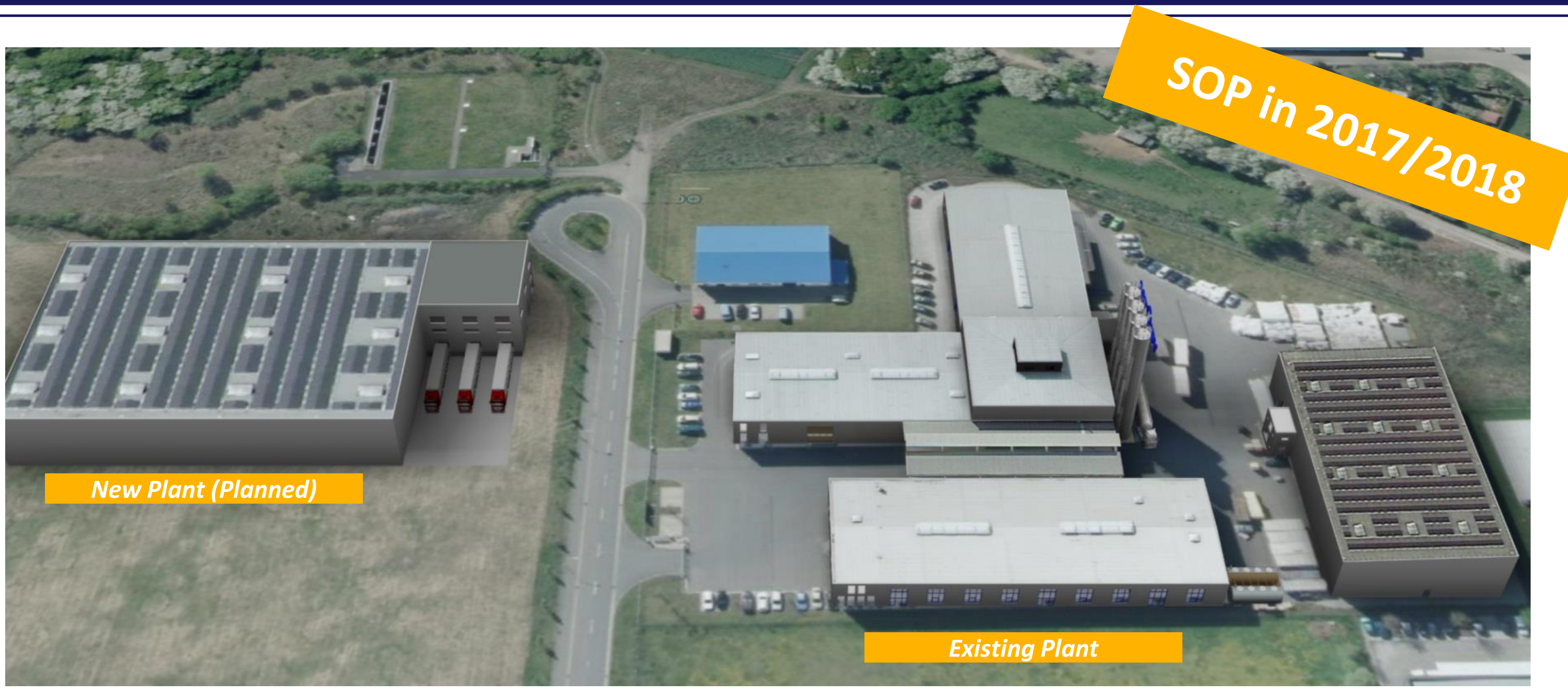
Outlook 2017 for va-Q-tec Group

Objective	Metric	Outlook FY 2017
Growth	Revenue growth	We target revenue growth in a range of **+35-40%**
Profitability	EBITDA, as % of total income	Similar margin growth as in 2016



Expansion in Kölleda to increase capacity, consolidation in Würzburg for improved efficiency

Production expansion va-Q-tec Kölleda



- **VIP production and assembly of thermal packaging systems (e.g. dedicated to a large Swiss pharma player) from 2017/2018 onwards**
- **5,000 sqm additional space** *(4,000+sqm production/warehouse, 500+ sqm lab)*

Strategic actions in progress, delivering on our IPO plans

Our vision : Be the global leader in high end insulation solutions

I TECHNOLOGY LEADERSHIP | II GROWTH | III PROFITABILITY

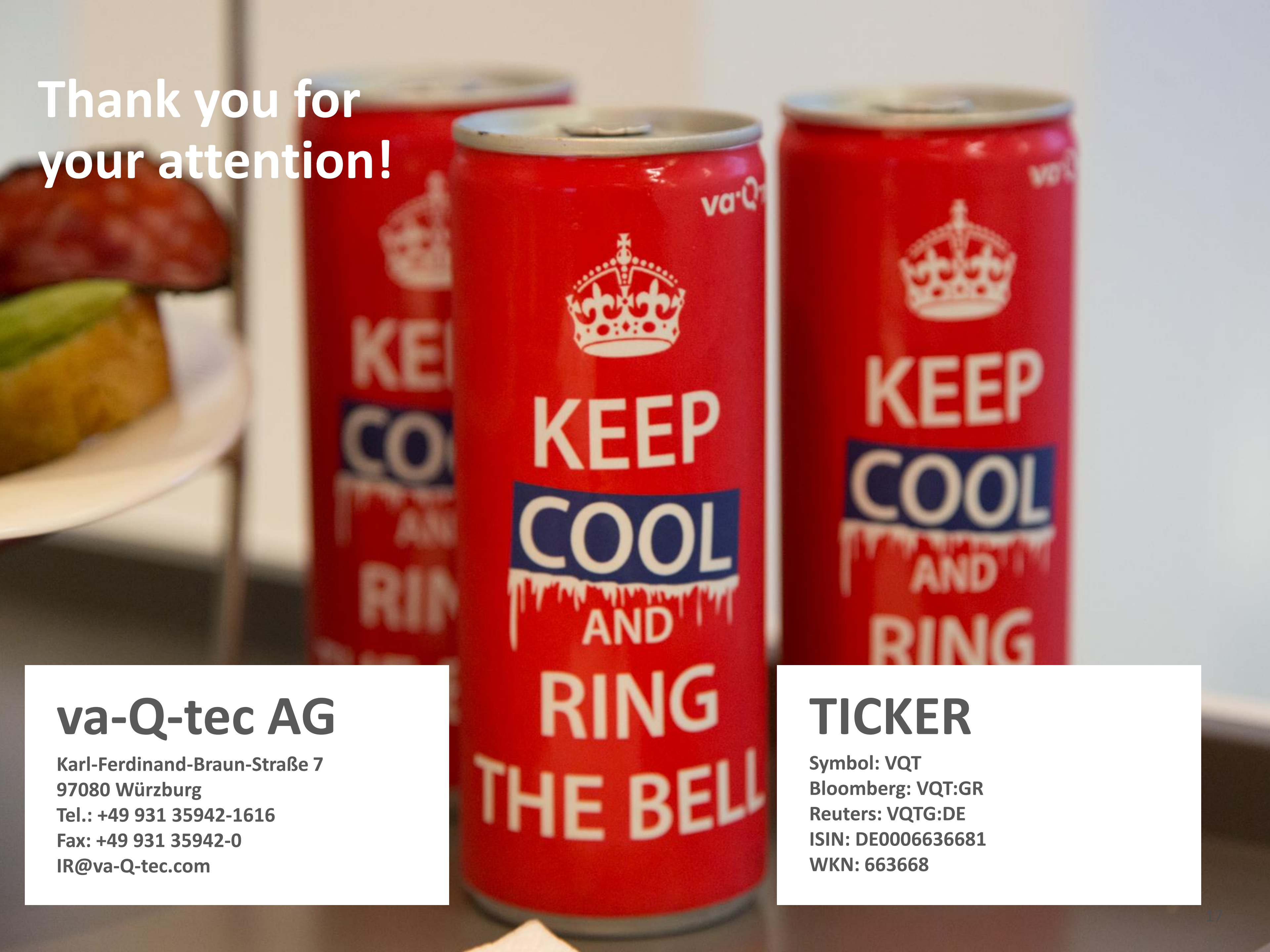
The IPO proceeds…

Dr. Joachim Kuhn, Founder and CEO va-Q-tec AG rings the opening bell in Frankfurt on September 30th, 2016

…drive the implementation of our strategic plan

- Investment in new VIP production lines
- Site expansions in Kölleda to expand manufacturing capacity and in Würzburg to enhance efficiency
- New entities in Switzerland and Japan for commercial expansion, as well as enhanced US operations
- VIPs for medium(>80°C) and high temperatures (>350°C)
- Selective M&A (e.g. increased equity stake in high-tech materials company SUMTEQ GmbH)
- New and challenging trade lanes in the serviced rental business
- Revolutionizing the cold chain with passive thermal packaging – 100% deviation free

Thank you for your attention!



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WKN: 663668