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Press release

Reinach (Aargau), 24 August 2020

Solid H1 in challenging environment

- Net sales increased organically by +14.0% to EUR 115.5
- EBITDA before one-offs at EUR 17.3 million (H1 2019: EUR 14.0 million), corresponding to a margin of 15.0%
- Capital expenditures of EUR 11.2 million (H1 2019: EUR 17.0 million) directed mainly to additional capacities in fast growing market segments
- Outlook for full year 2020 reaffirmed: Sales in a range of EUR 220-230 million and EBITDA before one-offs between EUR 32-35 million

Aluflexpack AG („Aluflexpack“, „Group“), a leading European manufacturer of premium flexible packaging solutions, managed to start successfully into the financial year 2020. Group net sales for the first six months of 2020 increased by +14.0% to EUR 115.5 million compared to H1 2019 as a result of stable demand in most of the company's end markets, also during the Coronavirus (COVID-19) pandemic. In the reporting period, the Group achieved an EBITDA of EUR 18.3 million. Excluding non-recurring effects, the EBITDA amounts to EUR 17.3 million (H1 2019: EUR 14.0 million). Capital expenditures decreased by -34.3% to EUR 11.2 million (H1 2019: EUR 17.0 million). In light of the current market environment, the Group confirms the outlook given in February 2020: Management expects net sales between EUR 220-230 million and an EBITDA before one-off items in a range of EUR 32-35 million.

Strong growth dynamics in a challenging environment

Aluflexpack is continuing its dynamic growth trajectory. In H1 2020, net sales for the Group amounted to EUR 115.5 million, up from EUR 101.3 million in H1 2019. This corresponds to a purely organic increase in net sales of 14.0%. This growth is a result of the Group's strong positioning in fast growing end markets and resilient demand across most of these markets. Despite a period characterized by uncertainties as well as dynamic markets and supply chains, the Group managed to satisfy customer needs through great responsiveness, uncompromised quality and agility.

“Thanks to close cooperation with all our partners and customers, we experienced no material interruptions in our supply chains. Strict compliance with protective measures and hygiene guidelines amongst our employees, together with good management of our operations, proved essential to ensure business continuity in

challenging times: all of our plants have been fully operational up until today and we maintained stable production as well as supplies to our customers. We believe in the stability of our organization, are well equipped and look forward to further business development”, says Igor Arbanas, CEO of Aluflexpack.

In H1 2020, Aluflexpack managed to expand business across most end markets, in particular coffee/tea (+39% yoy), pet food (+18%), dairy (+16%) and pharma (+15%). The Group’s confectionery sales decreased by -18% due to negative effects of the pandemic on this year’s Easter season, business interruptions and disruptions in confectionery sales channels for products the Group is supplying premium packaging for.

Sustainable earnings development

In the first six months of 2020, Aluflexpack achieved an EBITDA of EUR 18.3 million. Adjusted for net positive one-off effects, amongst others, in relation to further income from insurance payments for replacements of fixed assets in connection with the fire incident at the Group’s French plant in June 2019, the EBITDA totalled EUR 17.3 million (H1 2019: EUR 14.0 million). This corresponds to a margin of 15.0%. The increase was mainly driven by positive levers from economies of scale and efficiency improvements, which outweighed COVID-19 related temporary cost increases for certain input materials.

Adjusted for one-off items, Aluflexpack’s EBIT increased from EUR 6.5 million in the previous period to EUR 9.4 million in H1 2020, underlining the positive effects deriving from investments made over recent years. Net income was positive on a reported level, amounting to EUR 2.7 million in H1 2020 (H1 2019: EUR -8.0 million), and reflects elevated financial expenses as a result of negative valuation effects from outstanding raw materials hedges and foreign exchange losses.

Robust financial profile and business model

Aluflexpack maintains a sound financial profile: As of 30 June 2020, the Group’s equity ratio stood at 62.6% (12/2019: 61.9%), including a net cash position of EUR 5.6 million. This gives the Group optionality to look for opportunities in the current environment. Despite the COVID-19 pandemic, the Group’s strategic direction and business model remained unchanged in first six months of 2020. In line with its growth strategy, Aluflexpack invested EUR 11.2 million into its platform in H1 2020 (H1 2019: EUR 17.0 million). These investments relate mainly to capacity expansions in the Group’s focus end markets that continue to exhibit strong demand trends.

Confirmation of outlook

The Group expects demand for its product solutions to remain firm throughout the rest of the business year 2020. In light of the current market environment and based on current visibility, the Management Board reaffirms the guidance given in February 2020, and expects net sales between EUR 220-230 million and an EBITDA before one-off items between EUR 32-35 million. However, the COVID-19 pandemic adds an element of uncertainty that cannot be entirely assessed from today’s perspective.

	For the six months ended 30 June,		
(financial figures in M€) ¹	2020	2019	yoy change
Net Sales	115.5	101.3	14.0%
EBITDA	18.3	4.2	335.0%
Adjusted EBITDA	17.3	14.0	23.7%
Adjusted EBITDA margin (%)	15.0%	13.8%	/
EBIT (Operating Profit)	9.5	-5.1	/
Adjusted EBIT	9.4	6.5	45.0%
Adjusted EBIT margin (%)	8.1%	6.4%	/
Result for the period	2.7	-8.0	/
Cash flow from operating activities	5.5	0.2	2,880.1%
Cash flow from investing activities	-11.2	-17.0	-34.3%
Cash flow from financing activities	-5.4	21.2	/
ROCE	10.7%	8.2%	
Equity Ratio (%)	62.6%	61.9% ²	
Net debt (cash)	-5.6	-12.1 ²	
Total assets	275.6	278.4 ²	
Employees	1,248	1,215 ²	

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About Aluflexpack AG:

Aluflexpack produces flexible packaging solutions mainly for end markets such as coffee/tea, pharmaceuticals, pet food, confectionery and dairy. Well-established insights, service flexibility and development competence are what underpin long-term customer relationships; both with locally operating companies and large international corporations. Aluflexpack, headquartered in Reinach (AG), Switzerland, has production facilities in Switzerland, France and Turkey and four production facilities in Croatia. The number of employees as of 30 June, 2020 was approximately 1,248.

www.aluflexpack.com

¹ A detailed reconciliation from reported to adjusted figures can be found on pages 14 to 17 of Aluflexpack's Interim Report 2020 available on <https://ir.aluflexpack.com/publications-3/?lang=en>

² Balance sheet figures refer to year-end 2019 numbers.

Disclaimer

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