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Media release

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Strong development in 2020 and strategically on track

- Net sales increase by 15.2% to € 239.4m
- EBITDA before one-offs at € 37.4m (2019: € 29.5m)
- Successful execution of the Group's growth strategy including organic and non-organic investments of € 32.9m in key end-markets
- Outlook 2021: Net sales of € 260-270m confirmed; EBITDA before one-offs expected to be between € 40-43m

Aluflexpack AG („Aluflexpack“, „Group“), a leading European manufacturer of premium flexible packaging solutions, looks back upon a challenging yet successful business year in 2020. The Group increased its net sales by 15.2% to € 239.4m. Thanks to continuous organisational improvements and successful scaling of the business model, the Group's EBITDA again outgrew its sales and increased to € 37.4m (2019: € 29.5m) before one-off items. The positive operational development in 2020 is also reflected in Aluflexpack's EBIT, which reached € 20.0m before one-off effects in the reporting period (2019: € 13.8m).¹ The Group further progressed on its strategic development by investing € 32.9m on a combined level for organic growth initiatives and expansion through acquisitions. Cash generated from operating activities increased to € 26.1m (2019: € 15.5m). The Management Board affirms the net sales guidance for 2021 given in February this year (€ 260m to € 270m). At the EBITDA level, the Management Board anticipates a range from € 40m to € 43m before non-recurring effects for 2021.

Substantial and solid growth continued

With today's release, Aluflexpack confirms the preliminary sales figures for the business year 2020 published on 05 February 2021: Group net sales increased by 15.2% to € 239.4m (2019: € 207.9m). Without consolidation effects from the acquisition of the Polish subsidiary Top System, announced in September 2020, growth amounted to 13.7%. Aluflexpack's well-diversified portfolio of leading global and regional brands features a high share of products designed for consumption at home, which enabled the Group to compensate negative effects on demand from

¹ A detailed reconciliation between adjusted and reported figures can be found on pages 54 to 56 of Aluflexpack's Annual Report for the year 2020: <https://ir.aluflexpack.com/publications-2/#financial-reports>

temporary closures of particular sales channels such as airport duty-free shops or the cutback in festivities.²

“The unprecedented economic and health-related challenges caused by the Covid-19 pandemic, put the cooperation with our customers and partners along the value chain to a heavy test. By being fully operational throughout 2020, we impressively demonstrated the strength and resilience of the eco-system we had been shaping and developing over the past years. As a result, in 2020 we not only managed to further strengthen bonds with existing customers and partners but also to establish new relationships”, says Igor Arbanas, CEO of Aluflexpack.

Sustainable level of earnings

Adjusted for one-off effects, Aluflexpack reached an EBITDA of € 37.4m in 2020 (2019: € 29.5m). The increase in adjusted EBITDA is a result of the substantial increase in business, a larger focus on high value adding products, stringent cost management, efficiency improvements and economies of scale. Aluflexpack's EBIT before one-off items increased from € 13.8m in the previous period to € 20.0m in 2020, underlining the positive effects from investments made into Aluflexpack's integrated platform over recent years. The positive operational development is also reflected at net income level, showing an increase to € 9.0m in 2020 (2019: € -3.4m).

Investments in future growth

In 2020, Aluflexpack continued its strategic investments according to plan, and selectively expanded capacities in certain areas of its value chain mainly for its focus end-markets. Besides organic capital expenditures, total investments of €32.9m in 2020 (2019: € 32.8m) also include costs for the purchase of Aluflexpack's newly acquired subsidiary in Poland. Cash generated from operating activities rose to € 26.1m in 2020 (2019: € 15.5m), including a negative cash impact from an increase in working capital in the amount of € -11.8m. The increase mainly relates to a build-up in inventory, as Aluflexpack made the strategic decision to maintain a certain level of safety stocks for specific input materials and products as a precautionary measure against potential supply chain disruptions caused by the Covid-19 pandemic. The Group's return on capital employed (ROCE) further increased from 9.6% in 2019 to 11.7% in 2020, which underlines the value adding nature of Aluflexpack's ongoing investment program.³

Solid financial profile ahead of major expansion program

Aluflexpack has a solid financial profile: As of 31 December 2020, the Group's equity ratio amounted to 61.6% (12/2019: 61.9%) and its net debt to € 6.0m (12/2019: net cash position of € 12.1m), providing the Group with enough room to manoeuvre also during the forthcoming expansion program comprising gross investments of € 65m.

² With today's release, Aluflexpack confirms all preliminary end-market net sales growth rates disclosed on 05 February 2021, except for Dairy where growth increases from 12% to 13% based on the audited figures:

<https://ir.aluflexpack.com/wp-content/uploads/2021/02/Aluflexpack-achieves-growth-of-15.2-in-2020.pdf>

³ Aluflexpack defines ROCE as EBIT adjusted for one-off effects divided by capital employed. The latter is the sum of average equity and average net debt for a given period.

The major expansion program will add up to 30,000 metric tons per year of vertically integrated foil conversion capacity covering pre-treatment and coating. Aluflexpack has already placed orders and first down-payments for key machines. Preparations for the start of the construction are in full swing. After thorough evaluation of several alternatives, Aluflexpack has decided to concentrate the expansion at its plant in Drniš (Croatia). The timeline for the expansion remains unchanged: First construction work begins already in H1 2021, and production is expected to commence towards the end of 2022.

Outlook for 2021

The Management Board affirms the Group's net sales guidance given in February 2021: In light of the current market environment, discussions with existing and recently won customers and considering Aluflexpack's current development pipeline, the Management Board expects above market growth also for 2021, and Group net sales between € 260-270m. At the EBITDA level, the Management Board anticipates a range from € 40m to € 43m before non-recurring effects for 2021, reflecting the tense situation on certain commodity markets for input materials used in plastic and liquid components.

Annual General Meeting

Aluflexpack's Annual General Meeting of Shareholders (AGM) takes place in Zürich on 10 May 2021. The Board of Directors will propose at the AGM to not distribute a dividend for 2020, as it believes that the most shareholder value can be created by allocating available funds to the Group's growth projects. In addition, the Board of Directors will propose at the AGM to extend the period granted for an increase in the authorised share capital by a maximum amount of 7,000,000 shares by another two years as from the date of the AGM (i.e. until 10 May 2023). The originally granted period is scheduled to end on 27 June 2021.⁴

In accordance with the requirements as defined in the ordinance "*Covid-19-Verordnung 3*" of the Swiss Federal Council, dated 19 June 2020, regarding measures to combat the coronavirus, and out of concerns for people's health, shareholders will not be allowed to attend the AGM in person. However, shareholders are able to exercise their voting rights through the independent voting rights representative in writing or via the electronic shareholder portal. The complete agenda proposed by the Board of Directors will be disclosed in due course.

⁴ Further information can be obtained from Article 3 of Aluflexpack's Articles of Association: <https://ir.aluflexpack.com/publication/articles-of-incorporation/>

	For the twelve months ended 31 December,				
(financial figures in €m)	2016	2017	2018	2019	2020
Net sales	144.1	160.6	181.7	207.9	239.4
Growth in net sales	8.2%	11.4%	13.1%	14.4%	15.2%
EBITDA	14.4	18.1	21.5	19.2	36.4
Adjusted EBITDA	14.4	18.1	21.6	29.5	37.4
Adjusted EBITDA margin	10.0%	11.3%	11.9%	14.2%	15.6%
Operating Profit (EBIT)	1.7	4.3	6.4	0.6	17.4
Adjusted Operating Profit (Adj. EBIT)	3.3	5.9	8.0	13.8	20.0
Adjusted Operating Profit margin (%)	2.3%	3.7%	4.4%	6.6%	8.3%
Result for the period	-0.6	0.2	-1.3	-3.4	9.0
Cashflow from operating activities	8.9	14.7	11.9	15.5	26.1
Cashflow from investing activities	-12.6	-21.1	-21.2	-32.8	-32.9
Cashflow from financing activities	-1.5	8.4	24.4	60.1	-11.5
Equity Ratio (%)	19.6%	16.1%	13.2%	61.9%	61.6%
Net debt (cash)	67.0	82.1	100.5	-12.1	6.0
Total assets	132.0	156.6	196.9	278.4	282.7
ROCE	3.8%	5.9%	6.9%	9.6%	11.7%
Employees	904	1,001	1,128	1,215	1,296

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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, Poland and Turkey and four production facilities in Croatia. The number of employees as of 31 December 2020 was approximately 1,296. www.aluflexpack.com

Disclaimer

Some of the information contained in this press release may be forward-looking statements. Aluflexpack AG cautions that such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. Aluflexpack AG undertakes no obligation to publicly update or revise any forward-looking statements.