

**ALU
FLEX
PACK**

Premium packaging solutions

Aluflexpack AG

Full year results 2019

20 March 2020

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Executive summary

Continuation of growth path

Increase in FY 2019 **net sales** by **14.4%** to **€ 207.9m** resulting from solid **organic growth** of **8.4%** and full year consolidation effects of Turkish subsidiary⁽¹⁾.

End market development

Good business development across all key product end markets, in particular coffee/tea (+39% yoy), pet food (+16% yoy) and dairy (+7% yoy).

Sustainable Earnings

Increase in **adjusted EBITDA** by **36.6%** yoy to **€ 29.5m** (14.2% margin) and in **adjusted EBIT** by **72.8%** yoy to **€ 13.8m** (6.6% margin).

Execution of growth strategy on track

Capex of **€ 32.8m** directed to **organic growth projects** in 2019, o/w majority relates to Stand-up-Pouch expansion and to additional capacities for other key end-markets

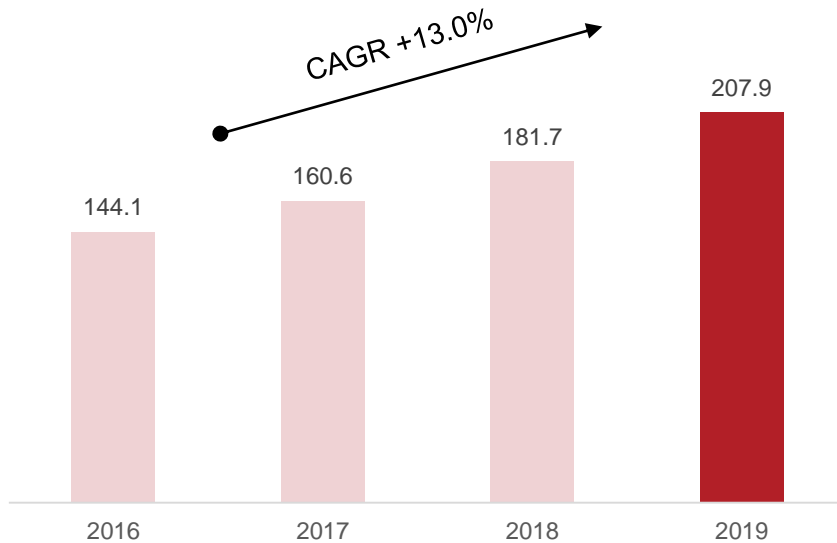
Outlook

Net sales for the full year 2020 expected between **€ 220m** and **€ 230m**. **EBITDA** before one-off effects between **€ 32m** and **€ 35m**

Financial Highlights - Sales

Growth of 14.4% in FY 2019, thereof 8.4% organic

Net sales
(in €m)



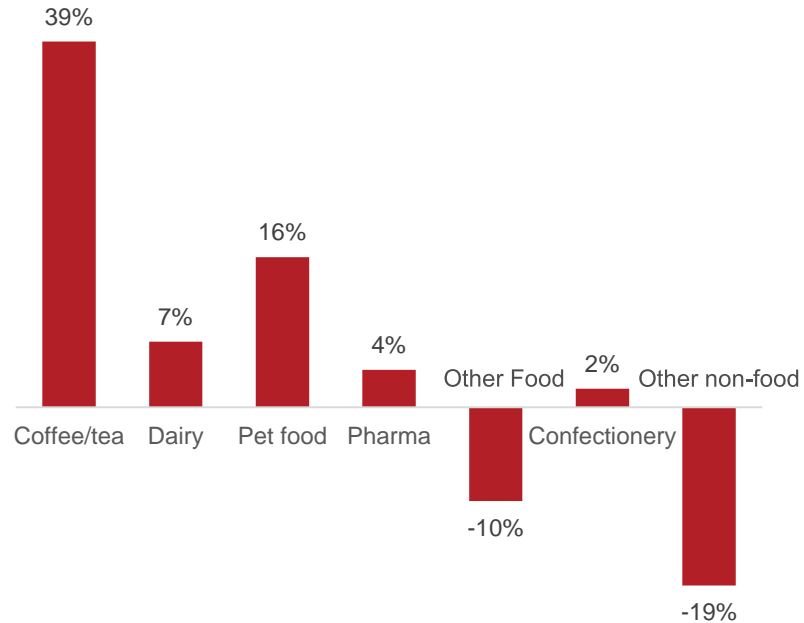
Drivers

- Strong organic growth of 8.4% as a result of excellent service & product quality, and focus on fast growing end markets
- Ramp-up of business with existing customers, increasing volumes with existing products and by introducing new products
- Acquisition of new customers
- First business contribution from stand-up pouch expansion
- Contributions from M&A activity (Arimpeks, September 2018)

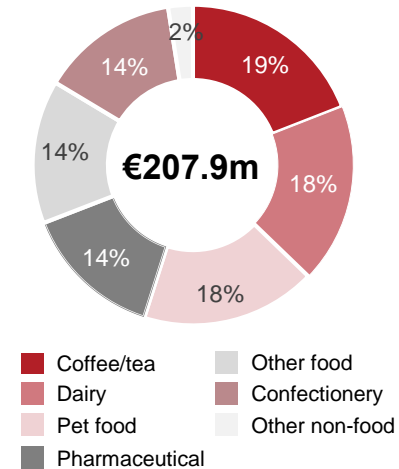
End market dynamics

Strong business development across key end markets

End market growth rates for Aluflexpack
(in %, yoy) ⁽¹⁾



Net sales split by end markets
(2019)

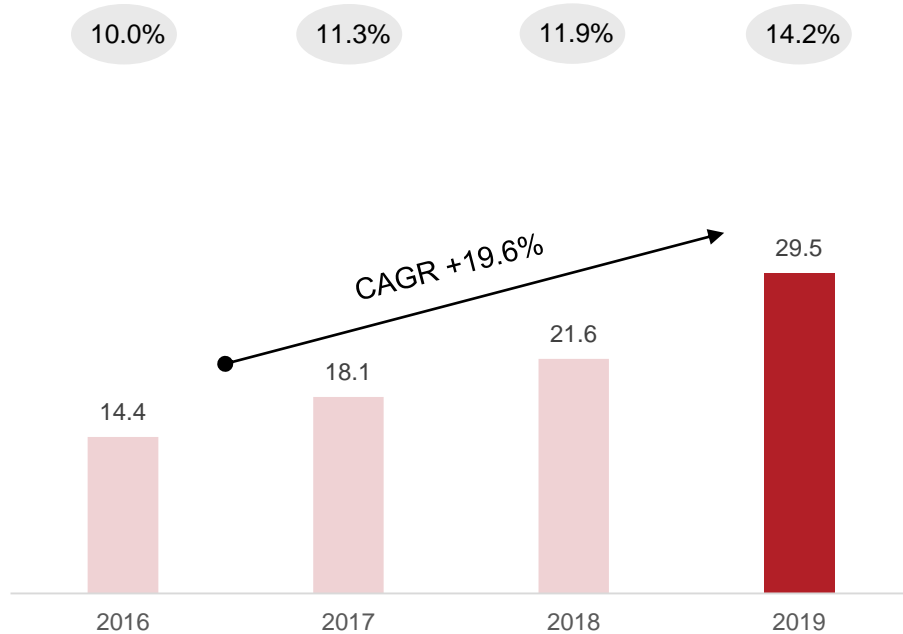


Financial Highlights - Earnings

Improvement of adj. EBITDA to € 29.5m, margin to 14.2%

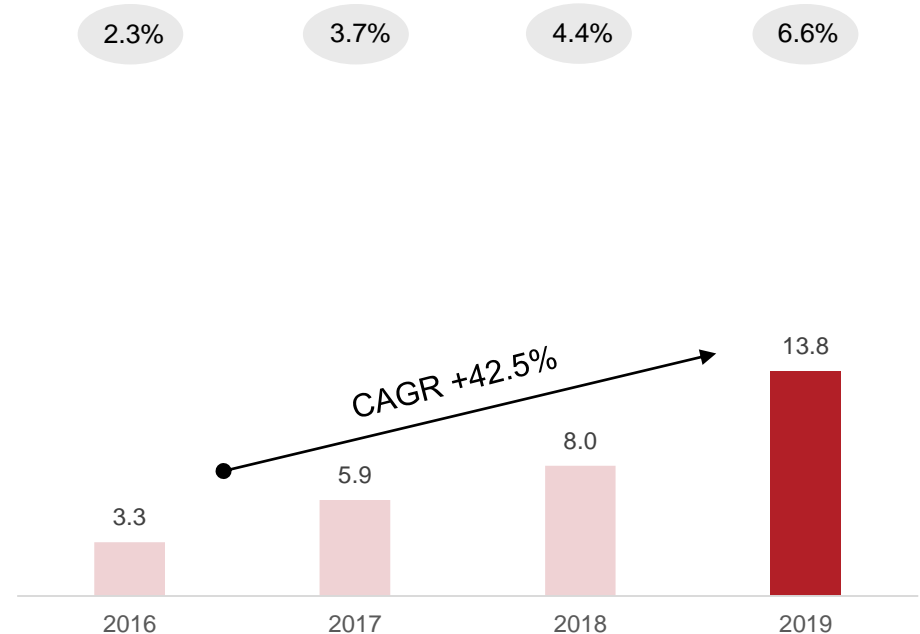
Adj. EBITDA

(in €m / margin in % of net sales)⁽¹⁾



Adj. Operating Profit (EBIT)

(in €m / margin in % of net sales)⁽²⁾



Drivers

- Economies of scale, cost positions growing slower than top line
- Efficiency improvements across organisation
- Improved product mix

Notes: PARTLY UNAUDITED AND SUBJECT TO CHANGE; (1) Adjustments in 2018 include voluntary one-off bonuses to management paid by the majority shareholder in the amount of € 1.9m, the adoption of a pension plan in the amount of € 0.8m and gains on the sale & lease back transaction in the amount of € 2.7m; adjustments in 2019 include voluntary one-off bonuses to management paid by the majority shareholder in the amount of € 8.1m, transaction cost for the initial public offering in the amount of €3.5m, expenses in relation to the fire incident in the amount of € 5.4m and income in relation to the fire incident in the amount of € 7.1m, and € 0.4m in redundancy payments to former members of the Management Board (2) In addition to the factors mentioned in (1), adjustments include acquisition related amortizations of € 1.6m in 2016, € 1.6m in 2017, € 1.6m in 2018 and € 2.0m in 2019, as well as impairments in relation to the fire incident in the amount of € 0.8m in 2019.

Profit and Loss statement - overview

Sustainable level of earnings in 2019

(in M€)	2019	2018	DELTA (%)
Net Sales	207,931	181,741	14.4
Adjusted EBITDA ⁽¹⁾	29,463	21,563	36.6
Adjusted EBITDA margin	14.2%	11.9%	
Adjusted Operating Profit (EBIT) ⁽¹⁾	13,761	7,971	72.8
Adjusted Operating Profit margin	6.6%	4.4%	
Financial result	-2,081	-7,868	
Result before tax	-1,464	-1,511	
Result for the period	-3,427	-1,314	
o/w owners of the company	-3,490	-1,272	
o/w non-controlling interests	63	-42	

Comments

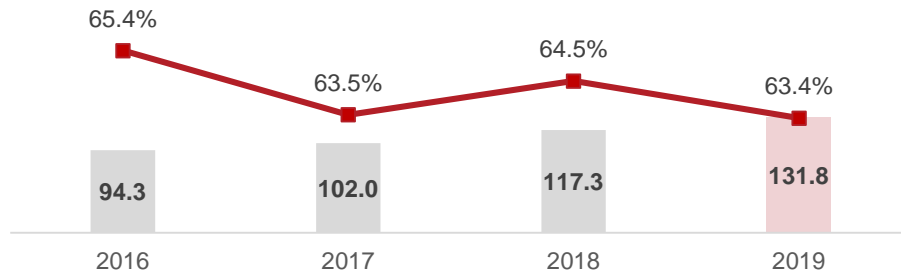
- Improvement in adj. EBITDA by 36.6% on the back of 1) economies of scale, 2) efficiency gains, 3) product mix and 4) full year consolidation of Turkish subsidiary
- Increase in adj. EBIT to € 13.8m proves that investments into platform pay off
- Financial result improved to -€ 2.1m in 2019, amongst other things, due to decreased IC loans expenses
- Due to one-off items, such as costs in relation to the listing on the stock exchange, the Result for the period decreased to -€ 3.4m

Cost management

Improvement in material costs and other operating costs margins

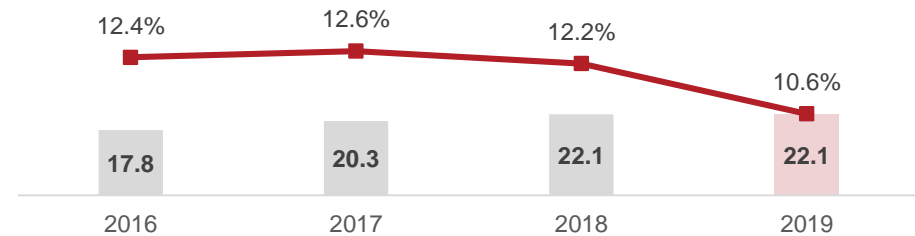
Adj. material costs

(in €m / in % of net sales)⁽¹⁾



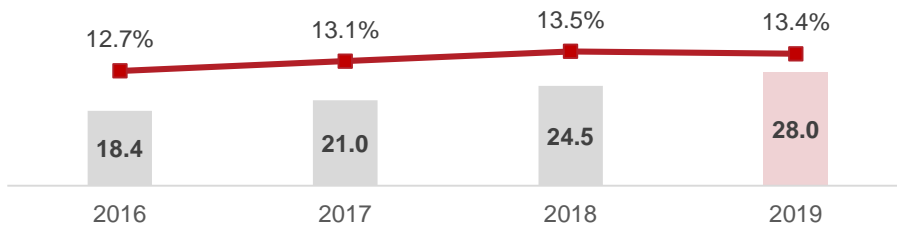
Adj. Other operating expenses

(in €m / in % of net sales)⁽²⁾



Adj. Personnel expenses

(in €m / in % of net sales)⁽³⁾



Comments

- In 2019, Material costs in % of net sales improved reaching a level clearly below the prior year mainly based on 1) efficiency gains such as reduced production waste, 2) benefits from further integration of our supply chain, and 3) product mix improvement
- Other operating costs in % of net sales decreased significantly in FY 2019, due to e.g. a lower relative share of energy and transportation costs, and effects from the implementation of IFRS 16.
- Personnel expenses stabilized in % of net sales in FY 2019, still being impacted by an increase in workforce for the expansion in Umag where additional people were employed for training purpose before operating on the machines.

Notes: (1) Material costs is defined as Cost of materials, supplies and services less temporary personnel, less income from disposal from recycling products, less income from insurance), less income from claims and adjusted for changes in finished and unfinished goods; (2) Adjusted for costs for listing on the sock exchange; (3) Adjusted for temporary personnel costs and one-off bonus payments paid by the majority shareholder

Financial Position - overview

As of 31 December, 2019

(in T€)	31 Dec 2019	31 Dec 2018	DELTA (%)
ASSETS			
Non-current assets	133,321	100,440	32.7
o/w Property plant and equipment	102,197	68,508	49.2
o/w Intangible assets and goodwill	29,932	30,585	-2.1
o/w other non current assets	1,192	1,347	-11.5
Current assets	145,069	96,510	50.3
o/w Inventories	48,721	49,390	-1.4
o/w Trade receivables	22,830	22,630	0.9
o/w Other receivables and assets	10,695	5,514	94.0
o/w Cash and cash equivalents	62,823	18,976	231.1
Total assets	278,390	196,949	41.4
EQUITY AND LIABILITIES			
Total equity	172,188	25,927	564.1
Non-current liabilities	48,189	84,116	-42.7
Current liabilities	58,013	86,906	-33.2
Total equity and liabilities	278,390	196,949	41.4

Comments

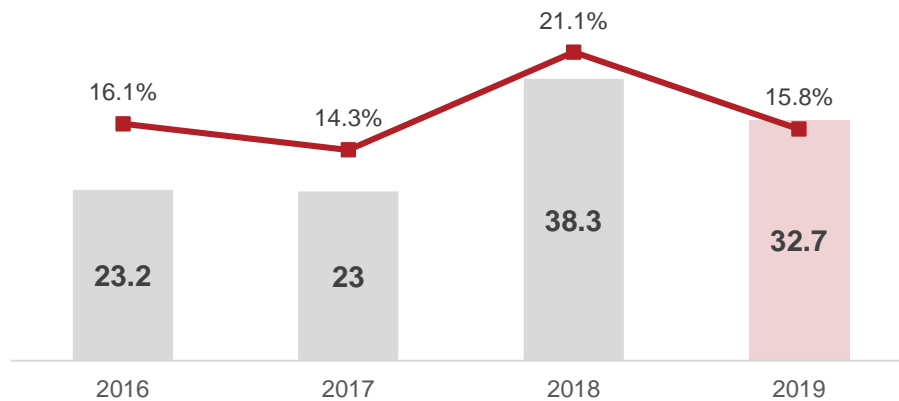
- Increase in non-current assets in the amount of € 133.3m due to investments into platform, specifically into the Stand-up-Pouch expansion
- Equity ratio of 61.9% underlines solid financial profile
- Net cash position of € 12.1m at the balance sheet date
- Decrease in working capital resulting from stringent management
- Decrease in liabilities on the back of repayment of shareholder loans

Capital management

Trade Working Capital Ratio⁽¹⁾ decreased to 15.8% in 2019

Trade Working Capital (Ratio)

(in €m / in % of net sales)⁽¹⁾



Comments

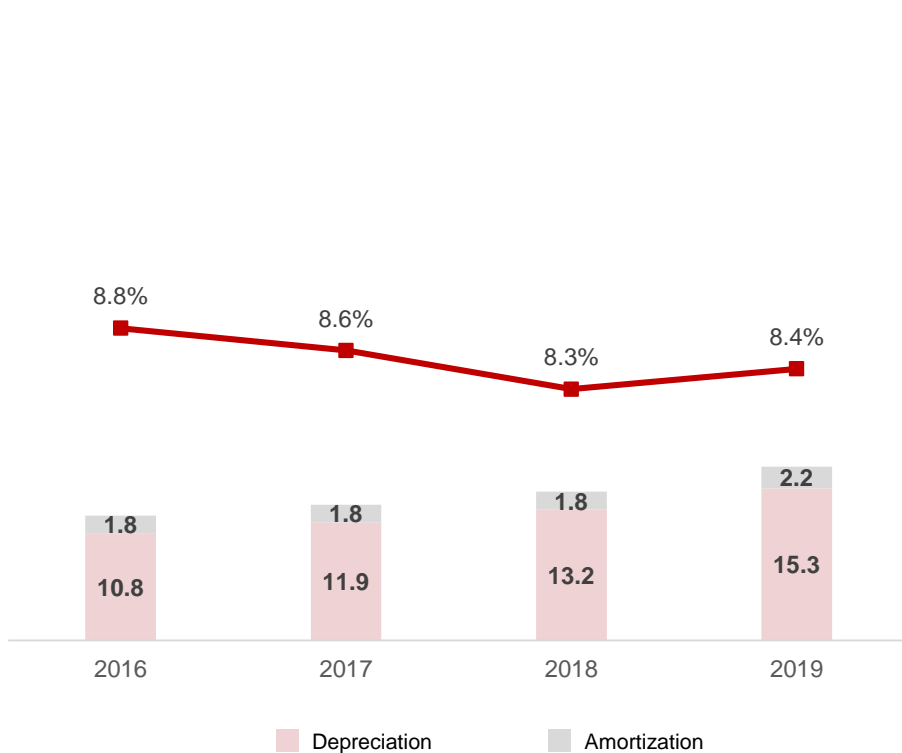
- Despite increase in sales, inventories decreased by € 0.7m from 31 December 2018 to 31 December 2019
- Trade receivables remained relatively stable and increased by € 0.2m
- Increase in operative payables by € 5.2 driving improvement in Trade Working Capital Ratio

Invested platform to support future growth

CapEx and depreciation levels reflect expansion investments

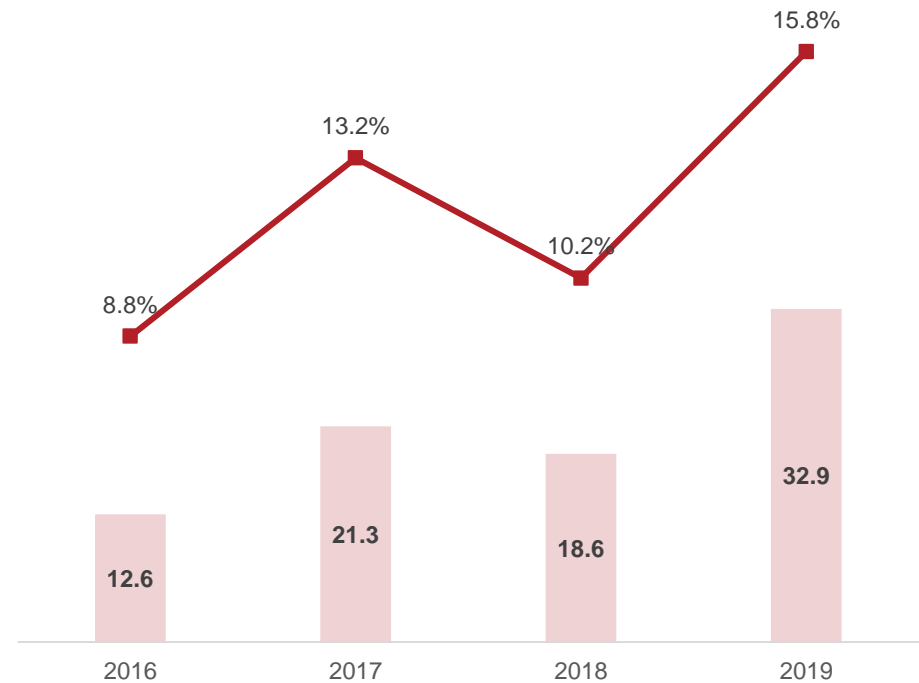
Depreciation and amortization

(in €m / in % of net sales)⁽¹⁾



Capital expenditures

(actuals in €m / CapEx-to-net sales ratio in %)



Note(s): (1) Depreciation and amortization net of impairments, Capex equals payments made for PPE

Cashflow statement - overview

Operating cashflow distorted by one off items

(in T€)	FY 2019	FY 2018
Cash and cash equivalents at the beginning of the period	18,976	3,778
Net cash used in operating activities	15,450	11,949
Net cash used in investing activities	-32,840	-21,178
Net cash from financing activities	60,064	24,378
+/- effect of exchange rate fluctuations on cash held	1,174	50
Cash and cash equivalents at the end of the period	62,823	18,976

Comments

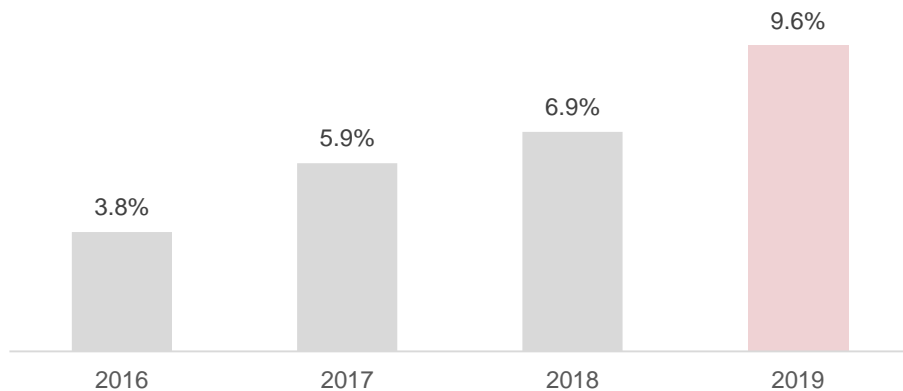
- Increase in cash and cash equivalents due to net cash inflow from capital increase and contributions from operating cash flow
- Operating cash flow improved by 29% yoy and was negatively impacted by € 8.1m related to one-off bonus payment paid by the majority shareholder, by the recognition of a receivable in the amount of EUR 3.4 million for insurance compensation booked in other receivables and assets and by FX effects in the amount of EUR 2.5 million in relation to intercompany loans at the balance sheet date, which are offset in financing CF
- Investments of €32.8m mainly into expansion of Stand-up-Pouch capacities
- Net inflow from cash flow from financing activities based on capital increase of € 148m and repayments of loans.

Return on capital employed

ROCE⁽¹⁾ increased to 9.6% highlighting significant improvement of capital efficiency

Return on Capital Employed

(in %)⁽¹⁾

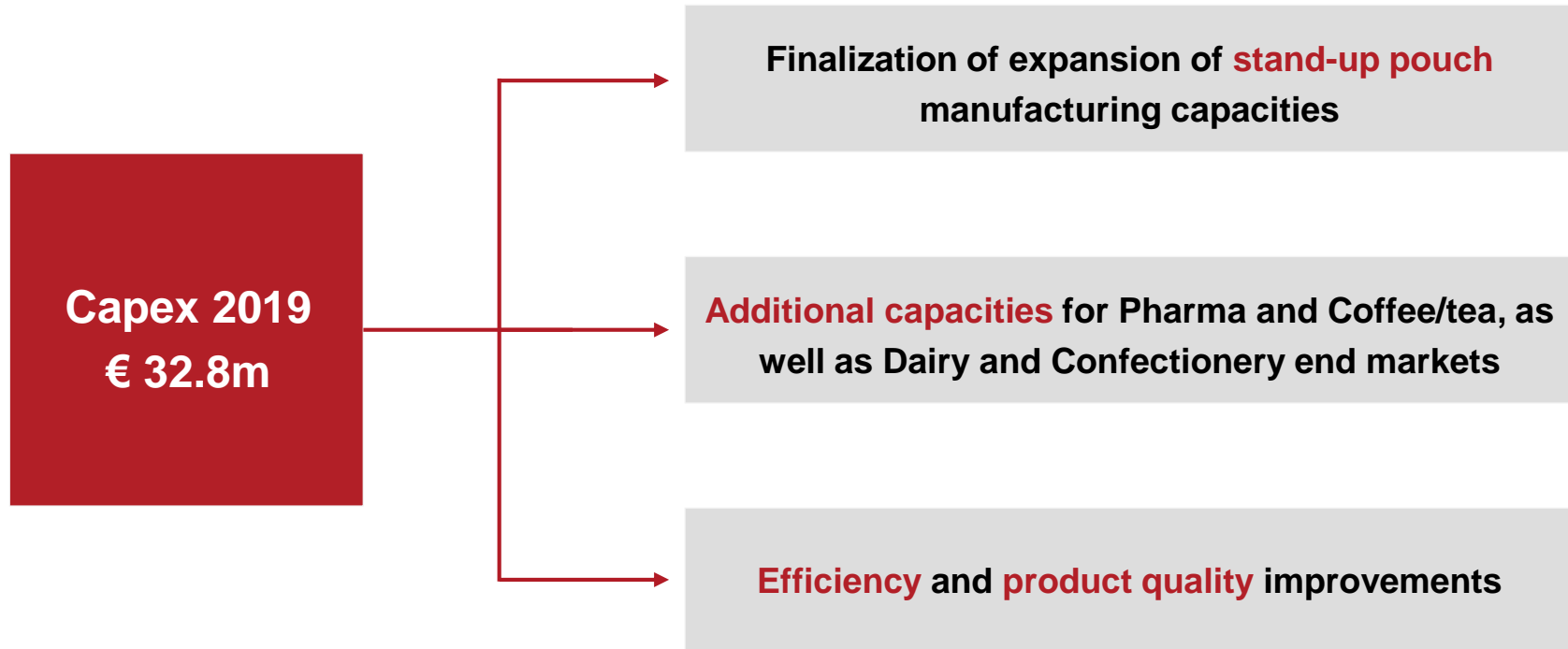


Comments

- Despite increase in capital employed as a result of the investments in recent years, return on capital employed (ROCE) increased to 9.6% in 2019.
- Increase in ROCE underlines value-adding effects of investments made into the platform over recent years.

Capital allocation 2019

€ 32.8m invested into future



Construction of Umag well advancing

Over € 25m already invested in infrastructure and new machinery

1 Rotogravure printing & laminating machine



✓ installed

- **Rotogravure printing machine** up and running since Q3 2019.
- **Laminator** up and running since Q3

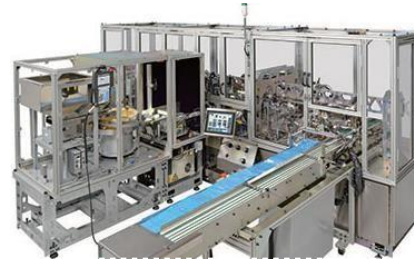
2 Slitter/ Rewinder/ Laser



✓ installed

- **Rewinder** and **laser** are up and running
- **Slitter** installed

3 Pouch-Making/ Spout/ Thomson Die/ Zip



✓ installed

- **Pouch making** and **spout** machines installed and running
- Theoretical **installed capacity of 500m pcs** since Q4 2019⁽¹⁾

4 Infrastructure Umag



✓ mainly completed

- Construction of main production building **almost finished**
- **Recuperation** connected
- **Expansion** incl. **relocation of machines** and **warehouse** mainly finished.

“1bn Pouches” expansion

- Installed capacity: **500m stand-up pouches p.a.** by end Q3 2019¹
- Targeted end markets: **Pet food, baby food, liquids etc.**
- Production for selected blue chip customers
- Increased demand for **high value-added** products **at industrial scale**
- **Potential features:** zippers, spouts, special formats, etc.



Notes: (1) Stated capacity is referring to 100g standard format

Strategic positioning

Focus on proven cornerstones in Aluflexpack's business model



Development & manufacturing of high value adding products



Focus on fast growing end markets



Deep integration of the value chain



Leverage on economies of scale/operating leverage

Developments 2019

- Expansion in SUP business
- Further development of coffee capsules and blister foil business

Strengthen position in coffee/tea, pet food and pharma end markets

Leverage existing lacquering, extrusion, lamination and printing capacities

Decrease of other operating costs in % of net sales achieved, e.g. energy and transportation costs

Major building blocks for accelerated growth



**Stand-up
pouch business**



**Capacity
expansion &
efficiency
improvements**



**Value accretive
acquisitions**





Organic growth



Bolt-on M&A

Disciplined M&A strategy...

...to further accelerate growth strategy

Cornerstones of AFP's M&A strategy	Criteria
 <p>Customers</p>	<p>Win new customers and offer them the whole range of products, strengthen positioning with existing customers</p>
 <p>Operations</p>	<p>Strengthen AFP's extended technology portfolio and supply chain integration to generate synergies</p>
 <p>Geography</p>	<p>Strengthen AFP's international presence with acquisitions in North America, Asia Pacific, MENA region and Europe</p>
 <p>Products</p>	<p>Extend product portfolio for existing customers, strengthen positioning in existing target product markets, improve product quality</p>

Outlook

- The full extent of the effects of the outbreak of COVID-19 on the business development of Aluflexpack is not assessable at the moment. For the time being, Aluflexpack is not experiencing a slowdown of demand or material problems in the supply of raw material and remains fully focused on the execution of its growth strategy
- In light of the current market environment and given the current development pipeline, Management Board expects above market growth for 2020, and Group net sales between € 220 and 230m and EBITDA before one-off items from €32 to 35m
- Q1 sales statements to be published on 5 May 2020

Contact Investor Relations

Financial Calendar 2020

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04.02.2020 FY 2019 Sales Statement

20.03.2020 Publication of results for the full year ending 31 Dec. 2019

05.05.2020 Q1 Sales Statement

08.05.2020 Annual General Meeting

24.08.2020 Publication of results for the half year ending 30 Jun. 2020

06.11.2020 Q3 Sales Statement

Appendix

**A L U
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Income statement

(in T€)	2019	2018
Gross Sales	211,132	184,321
Sales deductions	-3,201	-2,580
Net Sales	207,931	181,741
Change in finished and unfinished goods	720	2,641
Other operating income	14,480	10,672
Cost of materials, supplies and services	-138,647	-125,344
Personnel expenses	-35,796	-26,056
Other operating expenses	-29,507	-22,144
EBITDA	19,181	21,510
Depreciation and amortisation	-18,565	-15,154
Operating Profit	616	6,356
Interest income	66	5
Interest expenses	-3,730	-3,923
Other financial income	3,358	1,703
Other financial expenses	-1,775	-5,653
Financial result	-2,081	-7,868
Result before tax	-1,464	-1,511
Tax expense/benefit	-1,963	197
Result for the period	-3,427	-1,314
Thereof attributable to:		
Owners of the company	-3,490	-1,272
Non controlling interests	63	-42

Balance Sheet – Assets

(in T€)	31 Dec 2019	31 Dec 2018
ASSETS		
Intangible assets and goodwill	29,932	30,585
Property, plant and equipment	102,197	68,508
Other receivables and assets	154	114
Deferred tax assets	1,038	1,233
Non-current assets	133,321	100,440
Inventories	48,721	49,390
Trade receivables	22,830	22,630
Other receivables and assets	10,695	5,514
Cash and cash equivalents	62,823	18,976
Current assets	145,069	96,510
TOTAL ASSETS	278,390	196,949

Balance Sheet – Equity and Liabilities

(in T€)	30 Jun 2019	31 Dec 2018
Capital stock	15,553	86
Capital reserves	135,887	1,958
Retained earnings	19,802	23,000
Equity attributable to owners of the Company	171,242	25,044
Non controlling interests	946	883
Total equity	172,188	25,927
Loans from affiliated companies	0	43,979
Bank loans and borrowings	22,916	23,527
Other financial liabilities	18,377	9,934
Deferred tax liabilities	4,536	4,343
Employee benefits	1,715	1,383
Other liabilities	645	950
Non-current liabilities	48,189	84,116
Bank loans and borrowings	6,080	17,581
Loans from affiliated companies	0	23,776
Other financial liabilities	3,392	923
Current tax liabilities	1,288	978
Provisions	117	23
Employee benefits	1,453	978
Trade payables and advances received from customers	38,881	33,695
Accruals	2,765	2,316
Other liabilities	4,037	6,636
Current liabilities	58,013	86,906
TOTAL LIABILITIES	106,202	171,022
TOTAL EQUITY AND LIABILITIES	278,390	196,949

Cash flow statement

(in T€)	2019	2018
Income/Loss before tax	-1,464	-1,511
+/- Financial results excluding other financial income/expense	3,663	3,918
+/- Other non-cash expenses and income	-3,928	-178
+ Costs of initial public offering	2,751	0
+ Depreciation and amortization	18,565	15,154
-/+ Gains and losses from disposals of PPE and intangible assets	0	-2,695
-/+ increase and decrease in inventories	694	-5,165
-/+ Increase and decrease in trade receivables	-215	-2,089
-/+ Increase and decrease in other receivables and assets	-5,244	1,393
+/- Increase and decrease in trade payables	3,298	-777
+/- Increase and decrease in accruals	446	12
+/- Increase and decrease in other liabilities	-2,907	3,171
+/- Increase and decrease in provisions	91	671
+/- Increase and decrease in liabilities for employee benefits	769	-7
-/+ Income taxes paid	-1,069	51
Net cash provided / used in operating activities	15,450	11,949
+ Payments received for disposals of PPE and intangible assets	0	14,595
- Payments made for purchases of PPE and intangible assets	-32,907	-18,605
- Payments for acquisition of subsidiaries	0	-17,178
+ Interest received	66	5
+/- Other payments received/made for investing activities	0	4
Net cash used in investing activities	-32,840	-11,419
+ Proceeds from issuance of share capital	148,038	0
- Payments for the costs of initial public offering	-9,505	0
+ Issuance of share capital	0	86
+ Contribution in kind	8,123	1,958
- Payments of lease liabilities (2018: payments of financial lease liabilities)	-4,232	-1,661
+ Issuances of financial liabilities (3rd parties)	5,246	9,860
+ Issuances of financial liabilities (MTC group companies)	0	26,192
- Repayments of financial liabilities (3rd parties)	-17,333	-10,103
- Repayments of financial liabilities (MTC group companies)	-67,755	-36
- Interest paid	-2,519	-1,918
Net cash from financing activities	60,064	24,378

Overview of earnings adjustments

ADJUSTMENTS ON EBITDA LEVEL (in T€)	2019	2018
EBITDA - IFRS reported	19,181	21,510
Transaction costs of the initial public offering and other related expenses	3,473	0
Extraordinary personnel expenses ¹	8,110	1,911
Expenses in relation to fire incident ²	5,419	0
Income in relation to fire incident ³	-7,090	0
Redundancy payment to former members of the Management Board	370	0
Gain from divestment of property, plant and equipment	0	-2,695
One-off pension plan adoption according to IAS 19	0	836
EBITDA - adjusted	29,463	21,563

ADJUSTMENTS ON EBIT LEVEL (in T€)	2019	2018
Operating Profit (EBIT) - IFRS reported	616	6,356
Transaction costs of the initial public offering and other related expenses	3,473	0
Extraordinary personnel expenses ¹	8,110	1,911
Expenses in relation to fire incident ²	5,419	0
Income in relation to fire incident ³	-7,090	0
Redundancy payment to former members of the Management Board	370	0
Gain from divestment of property, plant and equipment	0	-2,695
One-off pension plan adoption according to IAS 19	0	836
Acquisition related amortizations	1,977	1,544
Impairment in relation to fire incident ⁴	886	0
Operating Profit (EBIT) - adjusted	13,761	7,963

Notes: (1) Voluntary one-off bonus payment to management by majority shareholder; (2) Expenses refer to write off of stock and other expenses in relation to the fire incident that occurred at Eliopack on 24 June 2019 and exclude write-offs of book values of tangible assets (3) Income refers to reimbursements for stock write off, other expenses and replacement values of tangible assets in relation to the fire incident that occurred at Eliopack on 24 June 2019 (4) Impairments were made to technical equipment in relation to the fire incident that occurred at Eliopack on 24 June 2019;