

**ALU  
FLEX  
PACK**

**Premium packaging solutions**

# **Aluflexpack AG**

## **Full year 2020 results**

**19 March 2021**

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# Executive summary

## FY 2020 results presentation

### Dynamic growth in net sales

FY 2020 **net sales** increased by **15.2%** to **€ 239.4m**, of which **13.7% organic**, based on strong business development and solid demand in most of Aluflexpack's end-markets.

### Continuous development of results

Increase in **adj. EBITDA** by **26.8%** yoy to **€ 37.4m** and in **adj. EBITDA margin** from **14.2%** to **15.6%** driven by further scaling of the business model and operational improvements.

### Strategically on track

Continued focus on development of premium solutions in **attractive end-markets** and expansion of **technological infrastructure**. Integration of Polish acquisition progressing well.

### Update on organic expansion program

Preparation for start of construction of **major expansion** is in full swing; expected ramp-up of new capacities by end of 2022; **concentration** of **€ 65m** investments in **Drniš** (Croatia).

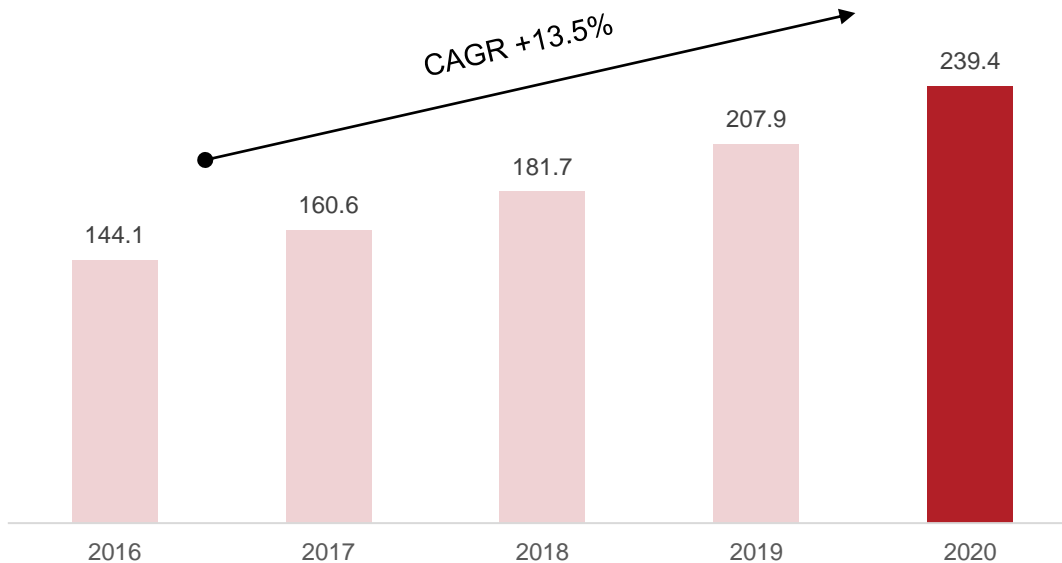
### Outlook for 2021

**Net sales** guidance of **€ 260m** to **€ 270m** affirmed, **EBITDA** before one-offs expected to be between **€ 40m** and **€ 43m**.

# Net sales overview

Dynamic growth of 15.2% in FY 2020 (13.7% organic)

Net sales  
(in €m)



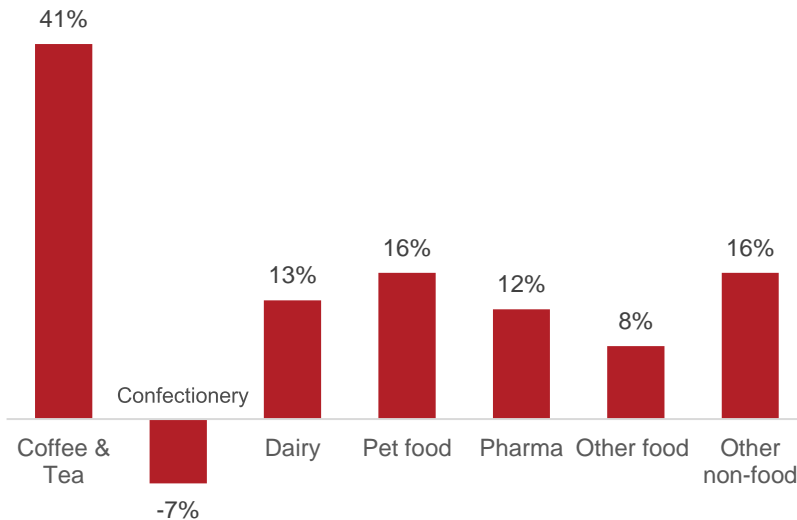
## Net sales drivers in 2020

- Focus on attractive **niches**.
- **Stable demand** for on-the-shelf food products and pharmaceuticals over the course of the pandemic.
- Flexible and reliable **service** as well as uncompromised product **quality**.
- **Fully operational** throughout 2020.
- Consolidation of **Polish acquisition** as of 1 September 2020.

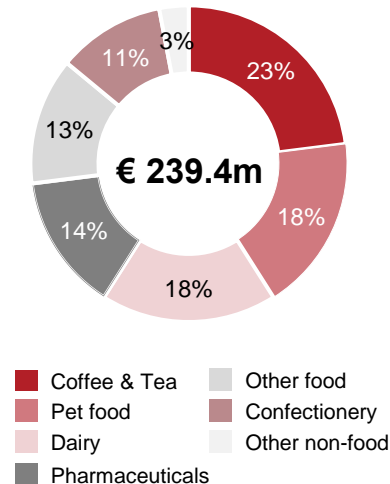
# End-market dynamics

## Strong business development across most end-markets in FY 2020

**Net sales growth rates for Aluflexpack in its end-markets**  
(in %, FY 2020 yoy)



**Net sales split by end-markets**  
(FY 2020)



### Comment

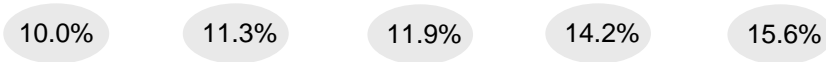
Demand in AFP's focus end-markets **Coffee & Tea**, **Pet food** and **Pharmaceuticals** continued to be on a solid level in 2020. The **Confectionery** end-market suffered in H1 and recovered modestly in H2 already, whereas dynamics in the **Dairy** end-market slowed down in H2. Growth in **Other food** and **Other non-food** can be explained by a ramp-up of new product solutions.

# Earnings highlights

Improvement of adj. EBITDA to € 37.4m, margin of 15.6% in 2020

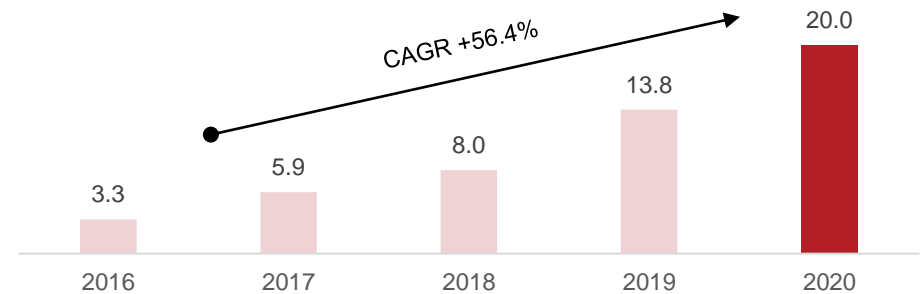
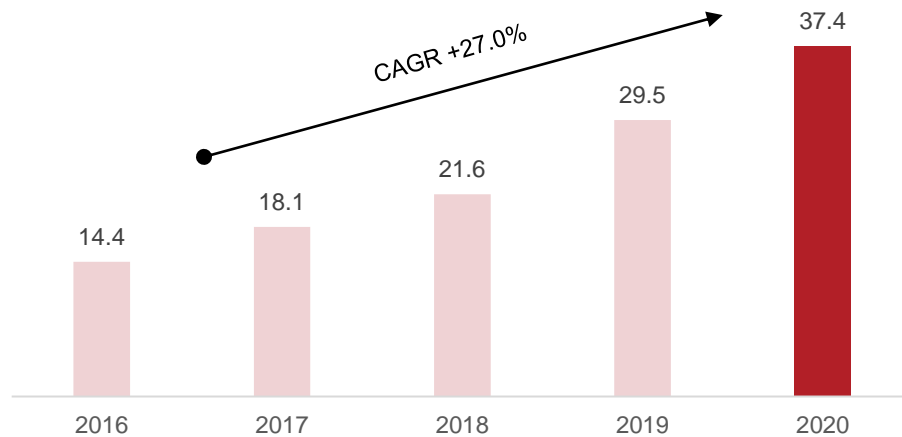
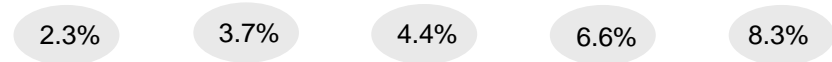
## Adj. EBITDA

(in €m / margin in % of net sales)<sup>(1)</sup>



## Adj. EBIT

(in €m / margin in % of net sales)<sup>(1)</sup>



### Drivers

- Economies of scale - cost positions growing slower than top line, e.g. personnel costs, energy costs.
- Efficiency improvements across organisation.
- Contribution from investments into platform in prior years.

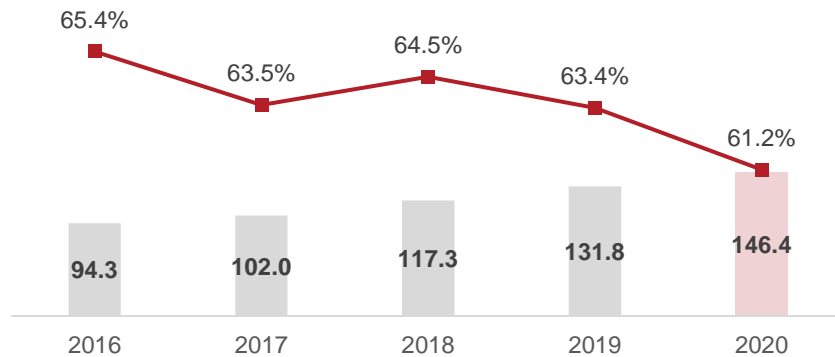
Note(s): (1) A detailed reconciliation from reported to adjusted figures can be found on slide 26 of this presentation.

# Cost management

## Improvements in material and personnel cost margins in 2020

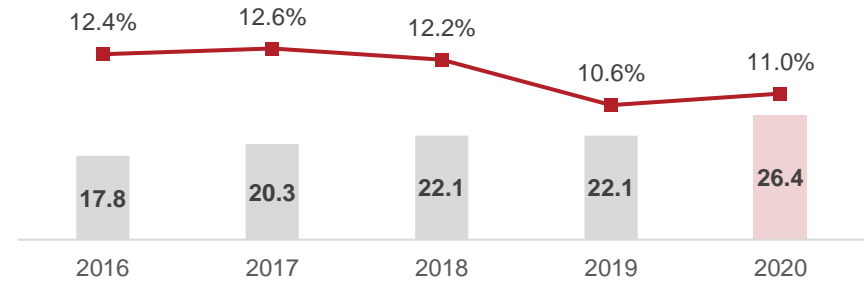
### Material costs

(in €m / in % of net sales, on adj. level)<sup>(1)</sup>



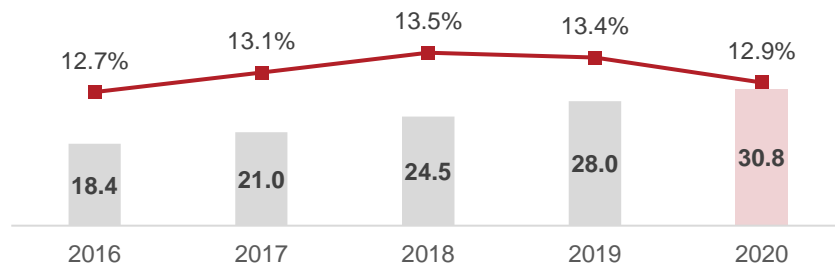
### Other operating costs

(in €m / in % of net sales, on adj. level)<sup>(2)</sup>



### Personnel costs

(in €m / in % of net sales, on adj. level)<sup>(3)</sup>



### Comments

- **Material costs** in % of net sales improved further in 2020 despite Covid-19 related **temporary cost increases** for certain input materials, mainly based on **efficiency gains** and benefits from further **integration** of our supply chain.
- **Other operating costs** in % of net sales increased to 11.0% as increased expenses for commissions, insurance and provisions for bad debt outweighed reduced travel and energy costs, on a relative basis.
- **Personnel costs** in % of net sales decreased to 12.9% in 2020, which is indicative of the benefits from an increase in the Group's **operating leverage**.

Note(s): (1) Material costs are defined as cost of materials, supplies and services less temporary personnel, less income from disposal from recycling products, less related income from insurance, less income from claims and adjusted for changes in finished and unfinished goods and other effects; (2) Adjusted for costs for listing on the stock exchange and costs in relation to the fire incident at Eliopack in June 2019; (3) Adjusted for temporary personnel costs, one-off bonus payments paid by the majority shareholder and costs for the employee phantom stock program. A detailed reconciliation between reported and adjusted figures can be found on pages 55 and 56 of Aluflexpack's Annual Report 2020.

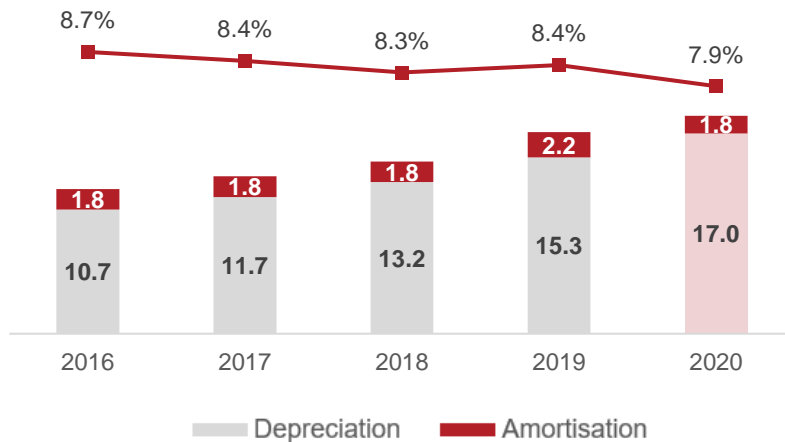


# Other cost positions

## Relative decrease in depreciation<sup>(1)</sup>, financial result reflecting FX and option impact

### Depreciation and amortisation

(in €m / in % of net sales)



### Financial result

(in €m)

	2020	2019
Net interest expenses	-1.9	-3.7
Other financial income	1.7	3.4
Other financial expenses	-4.9	-1.8
Financial result	-5.2	-2.1

### Comments

- **Net interest expenses** comprise interest payments to financial institutions and leases in the amount of **€ -1.9m** (2019: € -3.7m).
- **Other financial income** totaled **€ 1.7m** in 2020 and includes mainly positive mark-to-market valuation effects from financial instruments used to hedge against the Group's aluminium price exposure.
- **Other financial expenses** amounted to **€ -4.9m** and mainly encompass negative FX effects of local loans denominated in Euro (€ -1.3), which are offset by an increase in equity, as well as negative effects from the valuation of outstanding put options for stakes in subsidiaries of the Group held by minority shareholders (€ -3.4).

# Profit and Loss statement - overview

## Further improvement of result in 2020

(in €m)	2020	2019	yoy (%)
Net Sales	239.4	207.9	15.2
EBITDA	36.4	19.2	89.6
Adj. EBITDA <sup>(1)</sup>	37.4	29.5	26.9
<i>Adj. EBITDA margin</i>	15.6%	14.2%	
Adj. EBIT <sup>(1)</sup>	20.0	13.8	45.0
<i>Adj. EBIT margin</i>	8.3%	6.6%	
Financial result	-5.2	-2.1	
Result before tax	12.2	-1.5	
Result for the period	9.0	-3.4	
o/w owners of the company	8.8	-3.5	
o/w non-controlling interests	0.2	0.1	

### Comments

- Further improvement in absolute results and margins across the board.
- **Result before tax at € 12.2m** (2019: € -1.5m).
- € **-3.2m** in **income tax** expenses (2019: € -2.0m) due to increase in taxable base.
- **Result for the period** increases to € **9.0m** (2019: € -3.4m).

# Cashflow statement - overview

Increase in Operating Cashflow by 69% to € 26.1

(in €m)	2020	2019
Cash and cash equivalents at the beginning of the period	62.8	19.0
Net cash from operating activities	26.1	15.5
Net cash used in investing activities	-32.9	-32.8
Net cash from financing activities	-11.5	60.1
+/- effect of exchange rate fluctuations on cash held	-0.2	1.2
<b>Cash and cash equivalents at the end of the period</b>	<b>44.3</b>	<b>62.8</b>

## Comments

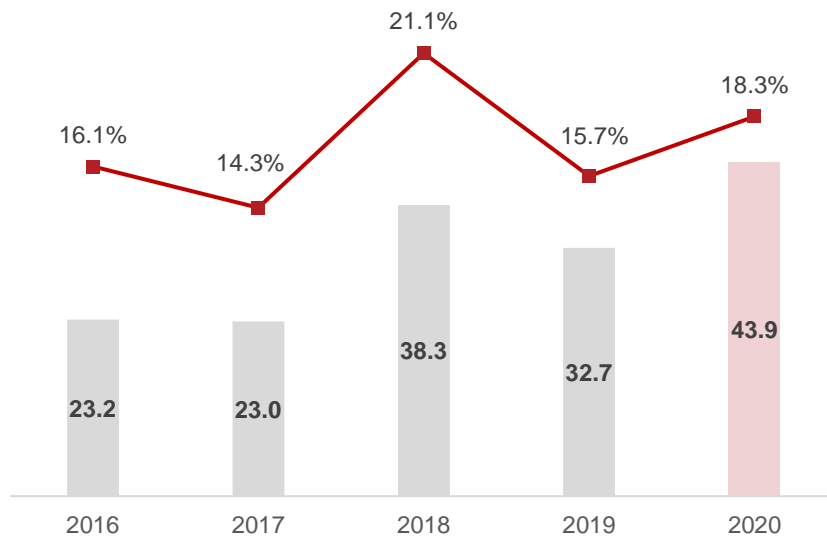
- **Operating cash flow** strongly increased to **€ 26.1m** 2020 (+69% yoy). Cash generation was slightly dampened by a negative cash impact from an increase in working capital in the amount of € 11.8m, mainly relating to a build-up in inventory.
- **Investments** of **€ 32.9m** in 2020 include organic capex of € 20.5m and payments made for acquisitions.
- Net **cash flows** from **financing activities** amounted to **€ -11.5m** and include the combined effects of net repayments of loans to financial institutions as well as payments for lease liabilities.

# Capital management

## Trade Working Capital Ratio up mainly due to build-up in inventory

### Trade Working Capital (Ratio)

(in €m / in % of net sales)<sup>(1)</sup>



### Comments

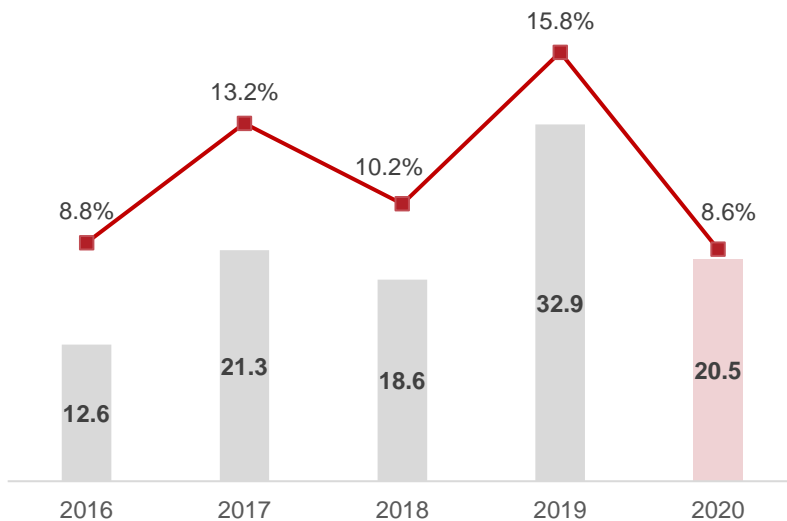
- **Inventories** rose to € 59.6m (12/2019: € 48.7m) due to increased **business activity** and the strategic decision to temporarily increase the level of inventory to **ensure stable supply chains** and **flexible service** to customers in the current environment.
- **Trade receivables** increased to € 24.0m (12/2019: € 22.8m) as a result of the **additional business** generated.
- Total **operative payables** increased slightly to € 39.7m (12/2019: € 38.9m).
- Increase in TWC ratio partly related to **consolidation effects** of **Polish acquisition**.

# Invested platform to support future growth

## Capex for organic investment lower compared to prior year<sup>(1)</sup>

### Capex

(in €m / in % of net sales)



### Comments

- Capital expenditure for **organic investments** in the amount of **€ 20.5m**, mainly for additional printing and finishing capacities in the Group's production sites in Croatia and France, among others.
- **Capex-to-net-sales ratio** decreased from **15.8%** in 2019 to **8.6%** in 2020.
- **Capex** is expected to be on an **elevated level** in **2021**, reflecting the bulk of the investments for the major on-site expansion program in Croatia.

# Financial Position - overview

As of 31 December 2020

(in €m)	31 Dec 2020	31 Dec 2019	Delta (%)
<b>ASSETS</b>			
Non-current assets	146.8	133.3	10.1%
o/w Property plant and equipment	106.7	102.2	4.4%
o/w Intangible assets and goodwill	38.6	29.9	28.9%
o/w Other non current assets	1.6	1.2	31.0%
Current assets	135.9	145.1	-6.3%
o/w Inventories	59.6	48.7	22.3%
o/w Trade receivables	24.0	22.8	5.1%
o/w Other receivables and assets	8.0	10.7	-25.1%
o/w Cash and cash equivalents	44.3	62.8	-29.4%
<b>Total assets</b>	<b>282.7</b>	<b>278.4</b>	<b>1.6%</b>
<b>EQUITY AND LIABILITIES</b>			
Total equity	174.3	172.2	1.2%
Non-current liabilities	39.3	48.2	-18.4%
Current liabilities	69.1	58.0	19.1%
<b>Total equity and liabilities</b>	<b>282.7</b>	<b>278.4</b>	<b>1.6%</b>

## Comments

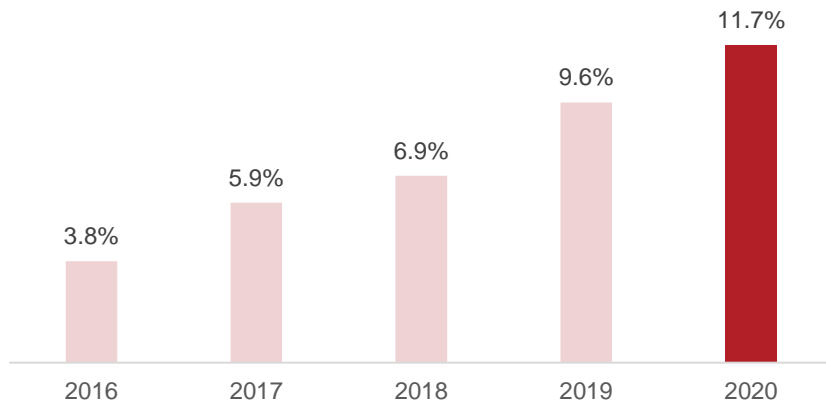
- Increase in **non-current asset** base due to investment activity and inclusion of Top System.
- Inventory driven **increase in working capital** to € 43.9 (12/2019: € 32.7).
- Solid financial position: **Net debt** of € 6.0m (12/2019: net cash of € 12.1m) and **equity ratio** of 61.6% (12/2019: 61.9%) providing enough room to manoeuvre during upcoming expansion cycle.

# Return on capital employed

ROCE increased to 11.7% highlighting further improvement of capital efficiency<sup>(1)</sup>

## Return on Capital Employed

(in %)<sup>(1)</sup>



### Comments

- Despite increase in capital employed as a result of the investments in recent years, return on capital employed (ROCE) **increased** further to **11.7%** in 2020, which underlines the **value-adding nature** of **investments** made into Aluflexpack's platform over recent years.
- The major organic investments scheduled for 2021 and the related increase in capital employed will impact the Group's ROCE in 2021.

# Strategy unchanged

Focus on proven cornerstones of Aluflexpack's business model



**Development & manufacturing of high value adding products**



**Focus on attractive end-markets**



**Deep integration of the value chain**



**Leverage on economies of scale/operating leverage**

Developments  
2020

**Ramp-up in SUP business; further development of coffee capsules business**

**Strengthen position in Coffee & Tea, Pet food and Pharma end-markets**

**Leverage existing conversion capacities, announcement of major on-site expansion program**

**Decrease of material costs and personnel costs in % of net sales achieved**



# Building blocks for accelerated growth



**Major on-site  
expansion in  
Croatia**



**Selected capacity  
additions &  
efficiency  
improvements**



**Value accretive  
acquisitions**

**Organic growth**



**Bolt-on M&A**

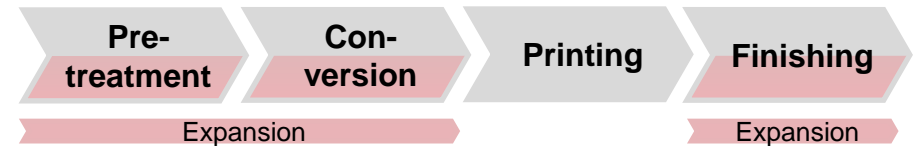
# Update on major on-site expansion program

## Preparation for start of construction in full swing, focus of expansion in Drniš (Croatia)

- **Concentration** of expansion in **Drniš** (Croatia) after thorough evaluation of options.
- **Orders** and first down-payments for **key machines placed**.
- **Preparation** for start of construction in H1 2021 is in **full swing**.
- Confirmed **cornerstones** of expansion:
  - **€ 65m** gross investment volume.
  - Up to **30,000 mt** of vertically integrated conversion capacities.
  - Start of **industrial production** by end of **2022**, target of incremental sales of **> € 100m** by **2025**.



### Value chain implications



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# Outlook

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- The Management Board affirms the **validity** of the Group's **net sales** guidance of **€ 260-270m** given in February 2021.
- 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.
- The **Covid-19 pandemic** adds an **element of uncertainty** that cannot be entirely assessed from today's perspective.

## Contact Investor Relations

## Financial Calendar 2021

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05.02.2021 FY 2020 Preliminary Sales Statement

19.03.2021 Publication of results for the full year ending 31 Dec 2020

07.05.2021 Q1 Sales Statement

10.05.2021 Annual General Meeting

23.08.2021 Publication of results for the half year ending 30 Jun 2021

05.11.2021 Q3 Sales Statement

# Appendix

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# Income statement

(in €m)	2020	2019
Gross Sales	244.6	211.1
Sales deductions	-5.2	-3.2
<b>Net Sales</b>	<b>239.4</b>	<b>207.9</b>
Change in finished and unfinished goods	5.2	0.7
Other operating income	8.4	14.5
Cost of materials, supplies and services	-156.6	-138.7
Personnel expenses	-31.8	-35.8
Other operating expenses	-28.2	-29.5
<b>EBITDA</b>	<b>36.4</b>	<b>19.2</b>
Depreciation and amortisation	-19.0	-18.6
<b>Operating Profit</b>	<b>17.4</b>	<b>0.6</b>
Interest income	0.2	0.1
Interest expenses	-2.2	-3.7
Other financial income	1.7	3.4
Other financial expenses	-4.9	-1.8
<b>Financial result</b>	<b>-5.2</b>	<b>-2.1</b>
<b>Result before tax</b>	<b>12.2</b>	<b>-1.5</b>
Tax expense/benefit	-3.2	-2.0
<b>Result for the period</b>	<b>9.0</b>	<b>-3.4</b>
Thereof attributable to:		
Owners of the company	8.8	-3.5
Non controlling interests	0.2	0.1

# Balance Sheet – Assets

(in €m)	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>		
Intangible assets and goodwill	38.6	29.9
Property, plant and equipment	106.7	102.2
Other receivables and assets	1.2	0.2
Deferred tax assets	0.4	1.0
<b>Non-current assets</b>	<b>146.8</b>	<b>133.3</b>
Inventories	59.6	48.7
Trade receivables	24.0	22.8
Other receivables and assets	8.0	10.7
Cash and cash equivalents	44.3	62.8
<b>Current assets</b>	<b>135.9</b>	<b>145.1</b>
<b>TOTAL ASSETS</b>	<b>282.7</b>	<b>278.4</b>

# Balance Sheet – Equity and Liabilities

(in €m)	31 Dec 2020	31 Dec 2019
Capital stock	15.5	15.5
Capital reserves	135.9	135.9
Retained earnings	21.7	19.8
<b>Equity attributable to owners of the Company</b>	<b>173.1</b>	<b>171.2</b>
Non controlling interests	1.2	1.0
<b>TOTAL EQUITY</b>	<b>174.3</b>	<b>172.2</b>
Bank loans and borrowings	16.5	22.9
Other financial liabilities	16.0	18.4
Deferred tax liabilities	4.4	4.5
Employee benefits	2.0	1.7
Other liabilities	0.4	0.6
<b>Non-current liabilities</b>	<b>39.3</b>	<b>48.2</b>
Bank loans and borrowings	7.1	6.1
Other financial liabilities	10.8	3.4
Current tax liabilities	2.5	1.3
Provisions	0.1	0.1
Employee benefits	2.4	1.5
Trade payables and advances received from customers	39.7	38.9
Accruals	2.4	2.8
Other liabilities	4.2	4.0
<b>Current liabilities</b>	<b>69.1</b>	<b>58.0</b>
<b>TOTAL LIABILITIES</b>	<b>108.4</b>	<b>106.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>282.7</b>	<b>278.4</b>



# Cash flow statement

(in €m)	2020	2019
<b>Income/Loss before tax</b>	<b>12.2</b>	<b>-1.5</b>
+/- Financial results excluding other financial income/expense	1.9	3.7
+/- Other non-cash expenses and income	4.1	-3.9
+ Costs of initial public offering	0	2.8
+ Depreciation and amortisation	19.0	18.6
-/+ increase and decrease in inventories	-11.1	0.7
-/+ Increase and decrease in current trade receivables	-1.5	-0.2
-/+ Increase and decrease in other assets	1.5	-5.2
+/- Increase and decrease in trade payables	0.8	3.3
+/- Increase and decrease in accruals	-0.3	0.4
+/- Increase and decrease in other liabilities	-0.2	-2.9
+/- Increase and decrease in provisions	-0.1	0.1
+/- Increase and decrease in liabilities for employee benefits	1.3	0.8
-/+ Income taxes paid	-1.6	-1.1
<b>Net cash from operating activities</b>	<b>26.1</b>	<b>15.4</b>
- Payments made for purchases of PPE and intangible assets	-20.5	-32.9
- Payments for acquisition of subsidiaries	-12.6	0
+ Interest received	0.2	0.1
<b>Net cash used in investing activities</b>	<b>-32.9</b>	<b>-32.8</b>
+ Proceeds from the issue of ordinary shares	0	148.0
- Payments for costs of initial public offering	0	-9.5
+ Contribution in kind	0	8.1
- Payments of lease liabilities	-4.1	-4.2
+ Issuances of financial liabilities (3rd parties)	0.3	5.2
- Repayments of financial liabilities (3rd parties)	-5.9	-17.3
- Repayments of financial liabilities (MTC group companies)	0	-67.8
- Interest paid	-1.7	-2.5
<b>Net cash from financing activities</b>	<b>-11.5</b>	<b>60.1</b>

# Overview of earnings adjustments

ADJUSTMENTS ON EBITDA LEVEL (in €m)	2020	2019
<b>EBITDA - IFRS reported</b>	<b>36.4</b>	<b>19.2</b>
Cost for employee phantom stock program	1.6	
Transaction costs <sup>1</sup>	0.4	3.5
Net income in relation to fire incident <sup>2</sup>	-1.0	-1.7
Other one-off personnel expenses <sup>3</sup>		8.5
<b>EBITDA - adjusted</b>	<b>37.4</b>	<b>29.5</b>

ADJUSTMENTS ON EBIT LEVEL (in €m)	2020	2019
<b>EBIT (Operating Profit) - IFRS reported</b>	<b>17.4</b>	<b>0.6</b>
Cost for employee phantom stock program	1.6	
Transaction costs <sup>1</sup>	0.4	3.5
Net income in relation to fire incident <sup>2</sup>	-1.0	-1.7
Other one-off personnel expenses <sup>3</sup>		8.5
Acquisition related amortisations	1.5	2.0
Impairment in relation to fire incident		0.9
<b>EBIT - adjusted</b>	<b>20.0</b>	<b>13.8</b>

Note(s): (1) Transaction costs in 2020 include advisory costs and financial transaction taxes in relation to the acquisition of Top System closed in September 2020 in the amount € 0.4m, whereas transaction costs in 2019 in the amount of € 3.5m pertain to costs for listing on the stock exchange. (2) For both periods, the amount refers to net income from insurance reimbursements for tangible asset replacement, stock write-off and other expenses in relation to the fire incident that occurred at Eliopack in June 2019. (3) Other one-off personnel expenses in 2019 comprise € 8.1m of one-off bonus payments by the majority shareholder to the Management Board of Aluflexpack as well as € 0.4m of contractually due payments to former members of the Management Board.