ALU
FLEX
PACK

Premium flexible packaging

# Aluflexpack AG

## Full year 2021 results

**17 March 2022**

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# Executive summary

## FY 2021 results presentation

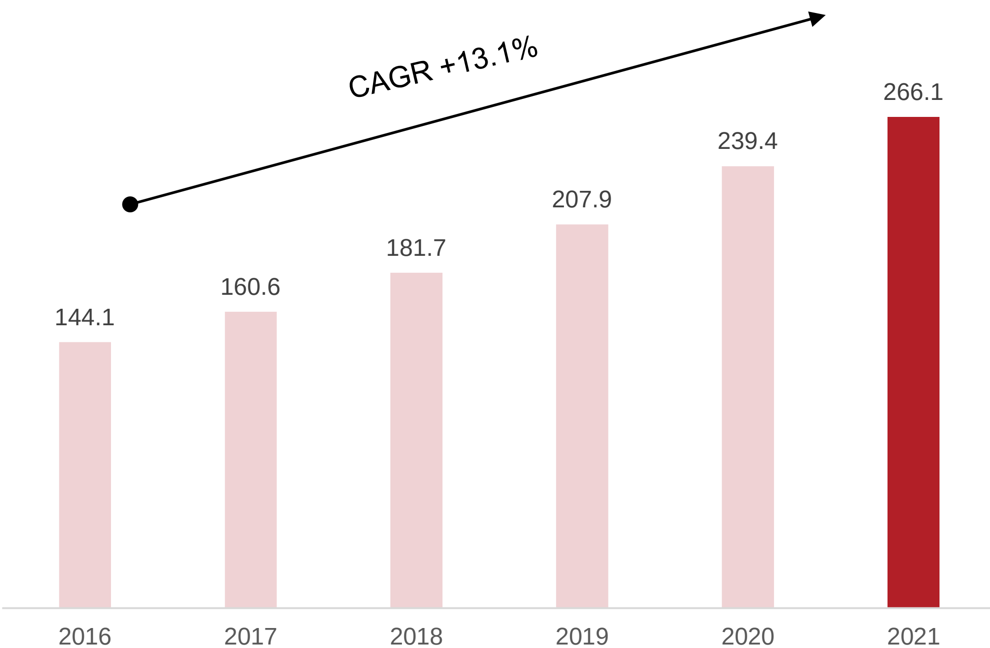
| | |
|---|---|
| **Continuation of growth trajectory** | Increase in FY 2021 net sales by 11.1% to €266.1m, of which 8.6% organic, due to excellent customer and product portfolio and strong demand for on-the-shelf food and pet food products |
| **End market development** | Strong expansion of business in Pet food (+20% yoy) and Coffee & Tea (18% yoy); sales decrease in Pharmaceutical end market by -8% yoy due to impact from COVID-19 |
| **Solid delivery on results** | Increase in EBITDA before SE by 11.9% yoy to €41.8m and in EBITDA margin before SE to 15.7% driven by further efficiency improvements and a larger share of value-adding products(1) |
| **Strong OCF generation** | Increase in operating cash flow to €38.3m (2020: €26.1m) supporting investment in platform, above all for major organic expansion in Drniš (Croatia) |
| **Outlook for 2022 reaffirmed** | The Management Board confirms its guidance of net sales in the range of €310 to 330m and EBITDA before SE between €35 and 40m |

Note(s): (1) EBITDA before SE refers to EBITDA before special effects. A detailed reconciliation of the reported and adjusted figures can be found on slide 26 of this presentation.

# Net sales overview

## Dynamic growth of 11.1% in FY 2021 (8.6% organic)

**Net sales**
(in €m)



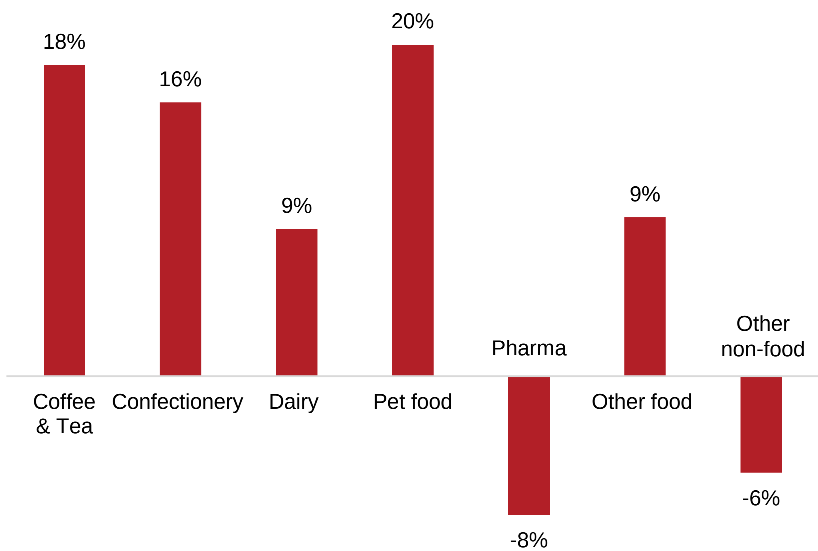

### Comments

- Resilient portfolio of **successful brands** and **attractive product forms**
- **Strong demand** in focus end markets such as Coffee & Tea and Pet food
- Combination of increase of business with **existing** customers and establishment of relationships with **new** customers
- **Stable** supply chains
- Full year **consolidation** of Polish acquisition

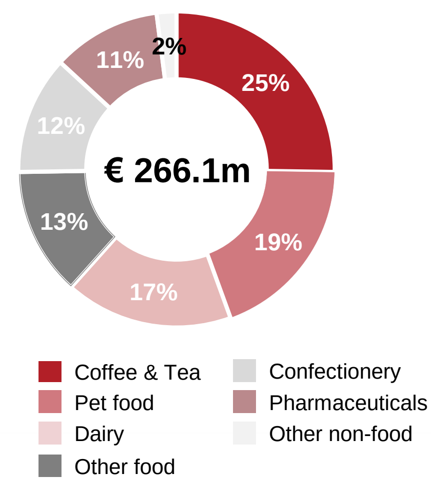
# End market dynamics

## Increase of business in most end markets, Pharma impacted by COVID-19

### Net sales growth rates for Aluflexpack in its end markets
(in %, FY 2021 yoy)




### Net sales split by end markets
(FY 2021)



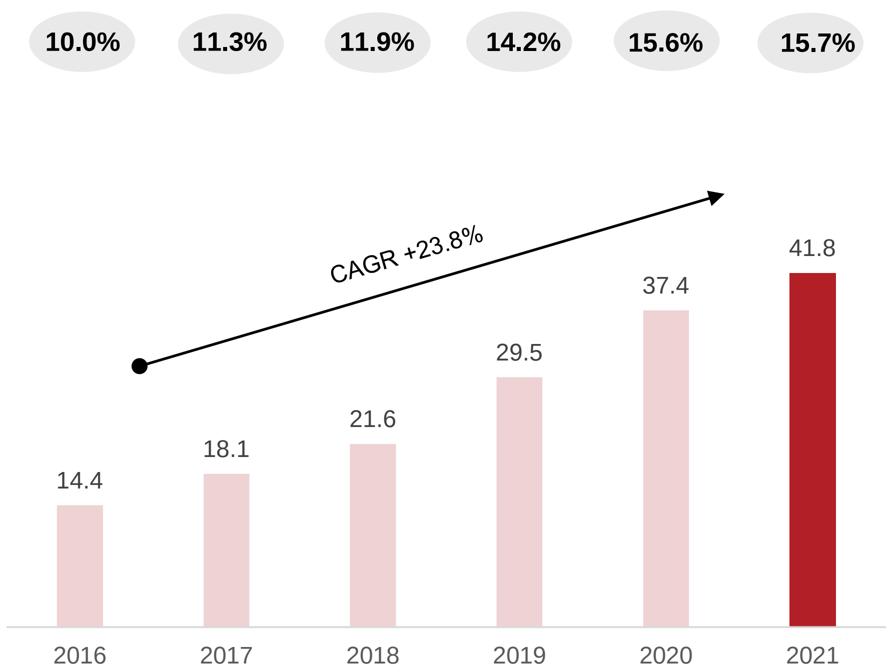

**Comments**

- Growth in **Pet food** supported by further ramp-up of the Group’s stand-up-pouch capacities; continued strong demand in **Coffee & Tea**
- Rebound in the **Confectionery** end market thanks to increased sales through channels impacted by lockdowns in 2020
- Decline in sales in **Pharmaceutical** end market due to fewer cases of illnesses apart from COVID-19
- Growth in **Dairy** and **Other food** end market due to solid expansion of business activity and supported by consolidation of Polish acquisition

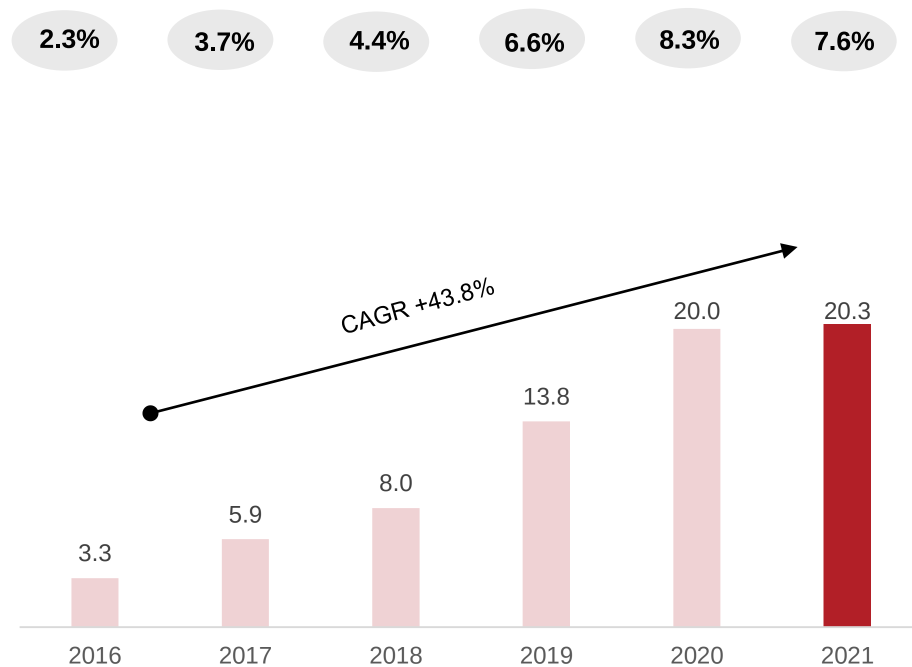
# Earnings highlights

## Increase of EBITDA before SE to €41.8m, margin of 15.7% in 2021

### EBITDA before SE
(in €m / margin in % of net sales)(1)




### EBIT before SE
(in €m / margin in % of net sales)(1)




**Comments**

- **Larger share** of value-adding products and economies of scale (cost positions growing slower than top line)
- Continuous **efficiency improvements** across organisation
- **Sequential decrease** in EBITDA margin from H1 2021 (16.9%) to FY 2021 (15.7%) due to **inflationary pressure** on many input materials

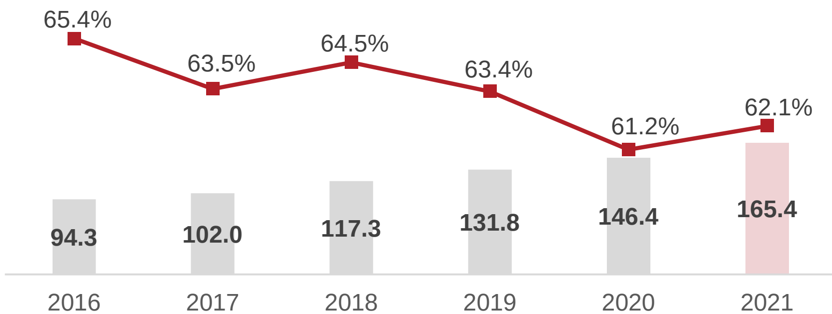
Note(s): (1) A detailed reconciliation of the reported and adjusted figures can be found on slide 26 of this presentation.

# Cost management

## Improvement in personnel and other operating cost margins in 2021

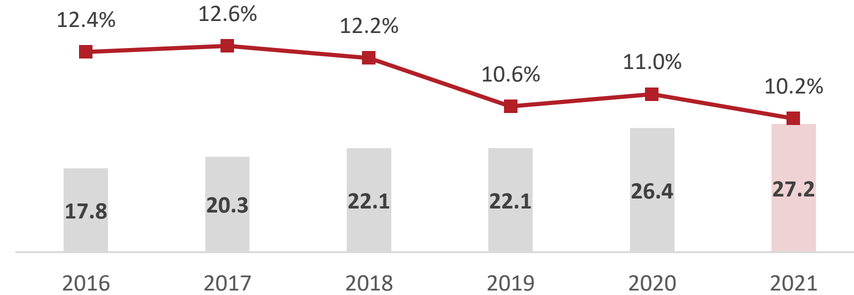
### Material costs

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



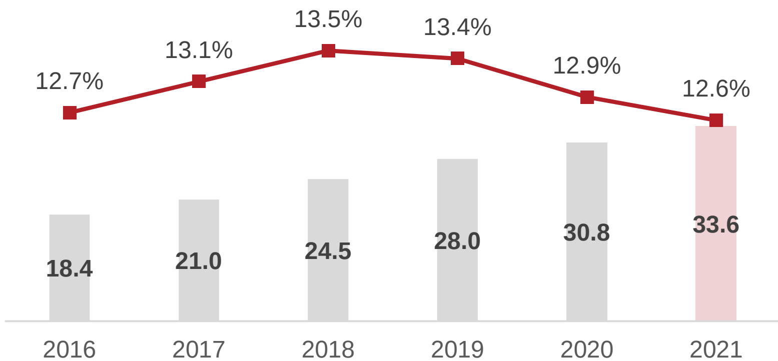

### Other operating costs

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




### Personnel costs

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




### Comments

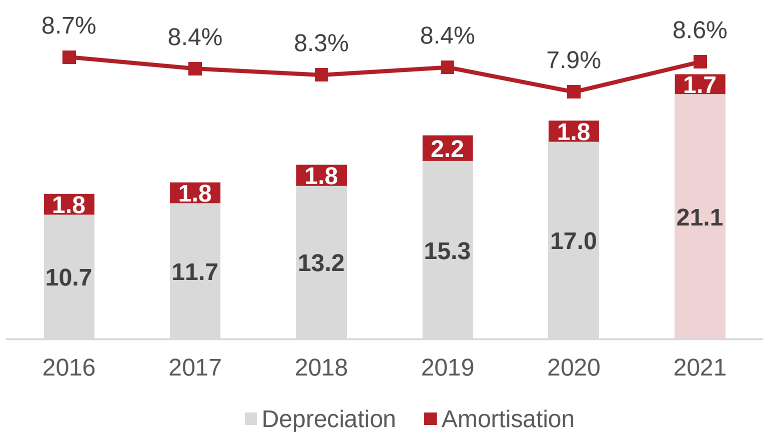
- **Material costs** in % of net sales increased in 2021 due to inflationary pressure for key input materials especially in H2 2021
- **Other operating costs** in % of net sales decreased to 10.2%, as a result of an increased operating leverage and a reduced share of the costs for selling, travelling and provisions
- **Personnel costs** in % of net sales decreased for the third consecutive year to 12.6%, 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 general consultancy costs and financial transaction taxes; (3) Adjusted for temporary personnel costs and costs for the employee phantom stock option programme, and in addition, costs for the long-term incentive component of the Management Board's compensation which was introduced in 2021, and which is stock based. A detailed reconciliation of the reported and adjusted figures can be found on pages 59-62 of Aluflexpack's Annual Report 2021.

# Other cost positions

## Higher D&A due to investment activity, financial result supported by hedging impact

### Depreciation and amortisation
(in €m / in % of net sales)[1]




### Financial result
(in €m)

| | 2021 | 2020 |
|---|---|---|
| Net interest expenses | -1.9 | -1.9 |
| Other financial income | 7.4 | 1.7 |
| Other financial expenses | -7.1 | -4.9 |
| Financial result | -1.5 | -5.2 |

**Comments**

- **Net interest expenses** in the amount of **€-1.9m** (2020: €-1.9m) comprising of interest payments to financial institutions and lease interest expenses
- **Other financial income** totaled **€7.4m** in 2021 (2020: €1.7m) and mainly includes positive mark-to-market valuation effects from derivatives used to hedge against aluminium price exposure (€ 2.2m) as well as FX gains offset in equity (€ 4.1m)
- **Other financial expenses** increased to **€-7.1m** (2020: €-4.9m) and include FX losses offset in equity (€-4.8m), as well as effects from the valuation of outstanding put options for stakes in subsidiaries held by minority shareholders

Note(s): (1) Depreciation is net of impairments.

# Profit and Loss statement - overview

## Further improvement of result in 2021

| (in €m) | 2021 | 2020 | yoy (%) |
|---|---|---|---|
| Net sales | 266.1 | 239.4 | 11.1% |
| EBITDA | 42.3 | 36.4 | 16.4% |
| **EBITDA before SE** | **41.8** | **37.4** | **11.9%** |
| *EBITDA margin before SE* | 15.7% | 15.6% | |
| **EBIT before SE** | **20.3** | **20.0** | **1.8%** |
| *EBIT margin before SE* | *7.6%* | *8.3%* | |
| Financial result | -1.5 | -5.2 | |
| Result before tax | 17.9 | 12.2 | 46.6% |
| **Result for the period** | **14.2** | **9.0** | **57.7%** |
| o/w owners of the company | 14.0 | 8.8 | |
| o/w non-controlling interests | 0.2 | 0.2 | |

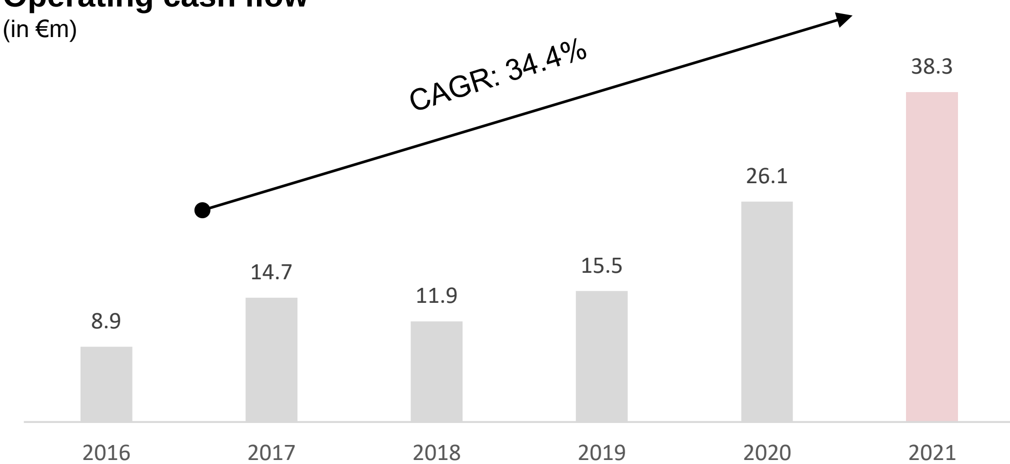
### Comments

- **Strong delivery** on absolute results and margins in 2021
- **Result before tax** at **€17.9m** (2020: €12.2m)
- **€-3.8m** in **income tax** expenses (2020: €-3.2m) due to increase in taxable income base
- **Result for the period** increases to **€14.2m** (2020: €9m)

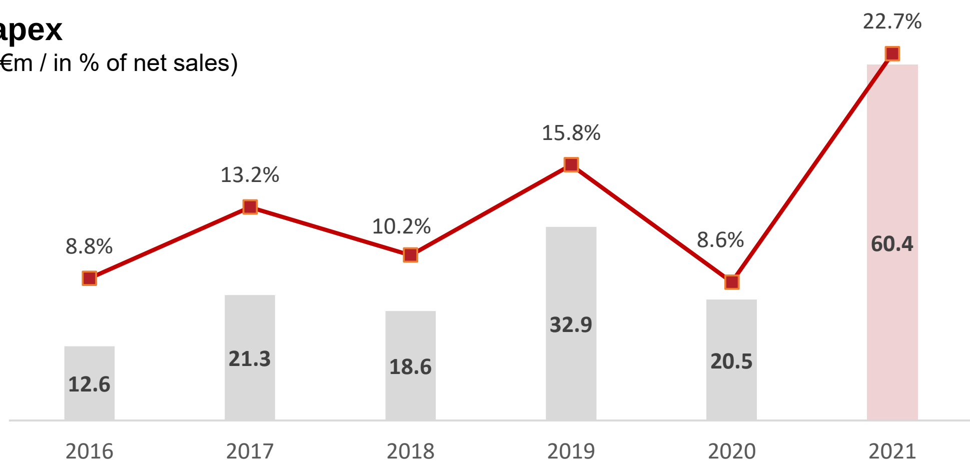
# Cash flow overview (1/2)

## Strong OCF supporting investment in platform to support future growth

**Operating cash flow**
(in €m)




**Capex**
(in €m / in % of net sales)




### Comments

- Substantial increase in Operating cash flow to €38.3m (2020: €26.1m) supported by:
  - higher **operating income**
  - solid **trade working capital** management
- Capital expenditure for **organic investments** in the amount of **€60.4m**, mainly allocated to:
  - Drniš expansion project
  - Additional printing and finishing capacities in Croatian and French plants
- **Capex-to-net-sales ratio** increased from **8.6%** in 2020 to **22.7%** in 2021

# Cash flow overview (2/2)

## Reduction in cash and cash equivalents as a result of higher investment activity

| (in €m) | 2021 | 2020 |
|---|---|---|
| Cash and cash equivalents at the beginning of the period | 44.3 | 62.8 |
| Net cash from operating activities | 38.3 | 26.1 |
| Net cash used in investing activities | -45.9 | -32.9 |
| Net cash from financing activities | -20.4 | -11.5 |
| +/- effect of exchange rate fluctuations on cash held | -0.8 | -0.2 |
| **Cash and cash equivalents at the end of the period** | **15.6** | **44.3** |

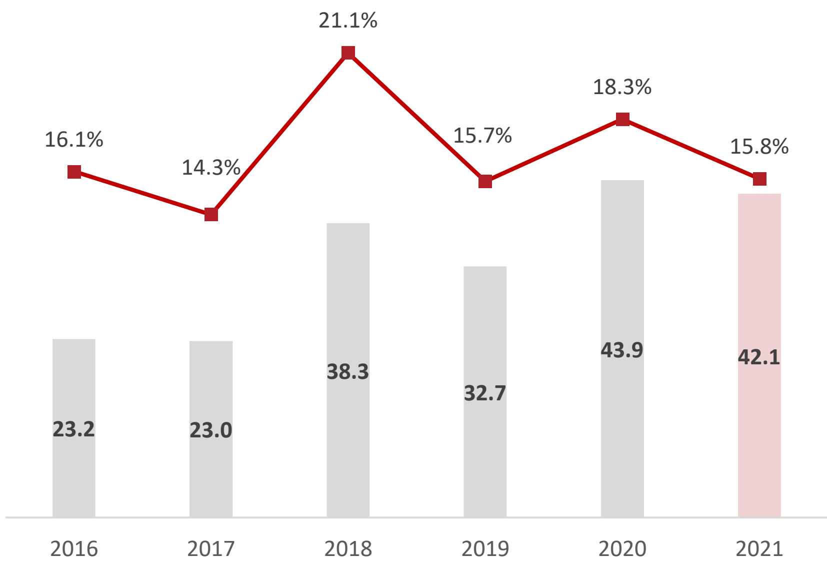
### Comments

- Net **cash flow** from **investment activities** of **€-45.9m** in 2021 and including positive effect from the disposal of PPE in the amount of €14.1m
- Net **cash flow** from **financing activities** amounted to **€-20.4m** and includes:
  - net repayments of loans to financial institutions
  - payment of financial liabilities in relation to the acquisition of the remaining 20% stake of the Group's Turkish subsidiary
  - payments for lease liabilities
- Decrease in **cash and cash equivalents** to €15.6m

# Working capital management

## Trade working capital down due to increased level of payables

**Trade Working Capital (Ratio)**
(in €m / in % of net sales)[(1)]




### Comments

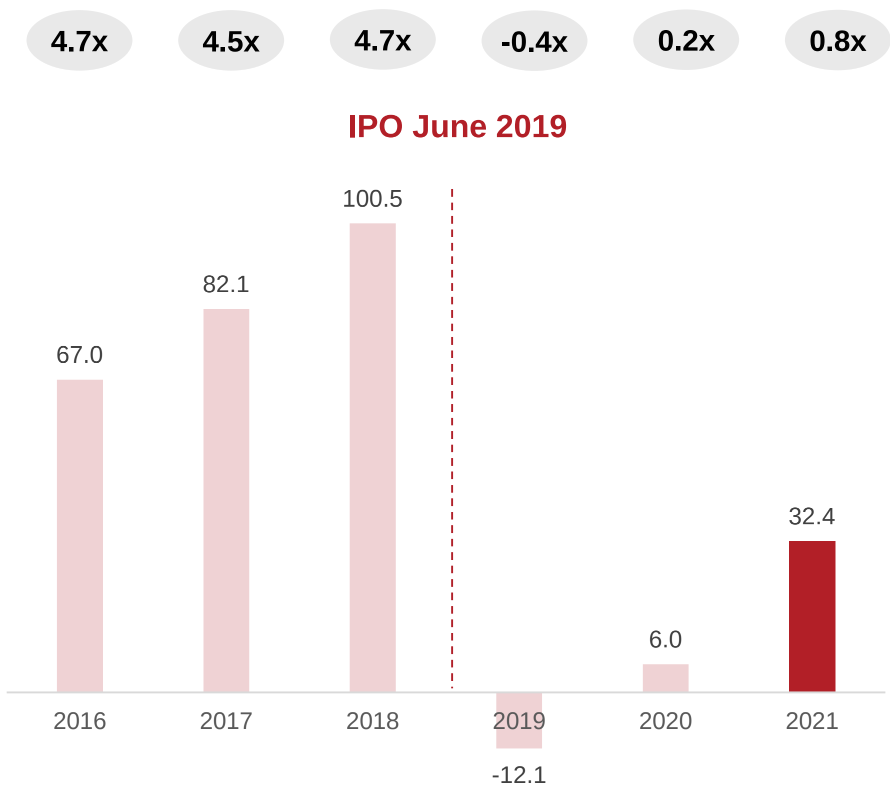
- **Inventories** rose to €66.7m (12/2020: € 59.6m) due to higher raw materials prices and a general increase in business activity
- **Trade receivables** increased to €27.3m (12/2020: €24.0m) mainly as a result of the **additional business** generated
- Total **operative payables** increased to €51.9m (12/2020: €39.7m)
- Decrease in **TWC-to-sales ratio** to 15.8% (2020: 18.3%)

Note(s): (1) Trade Working Capital is calculated as sum of total inventories and trade receivables less total operative payables for a respective period. The Working Capital Ratio is calculated by dividing end of period working capital by sales of the last 12 months.

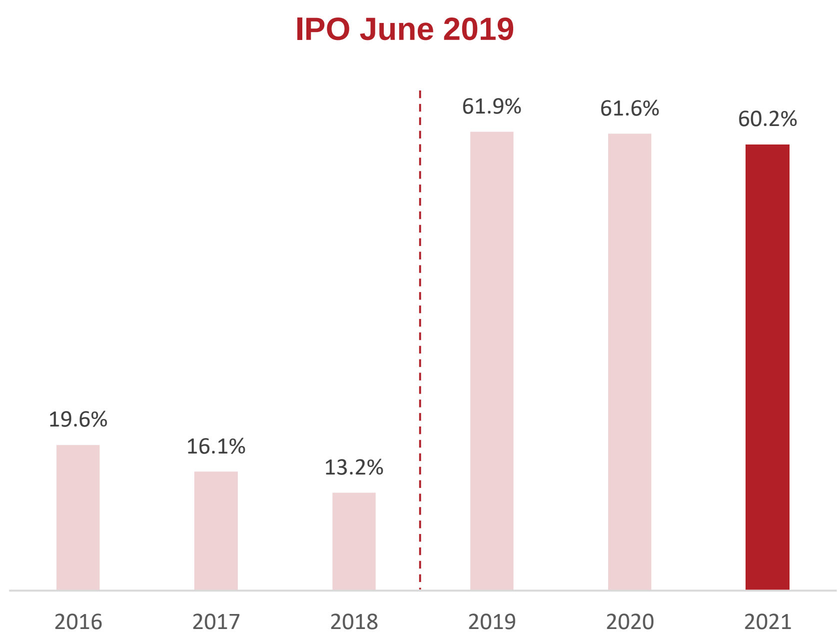
# Strong balance sheet at peak of the capex cycle

## Comfortable levels of net debt / EBITDA and Equity ratio

**Net debt**
(in €m / leverage)[1]




**Equity ratio**
(in %)

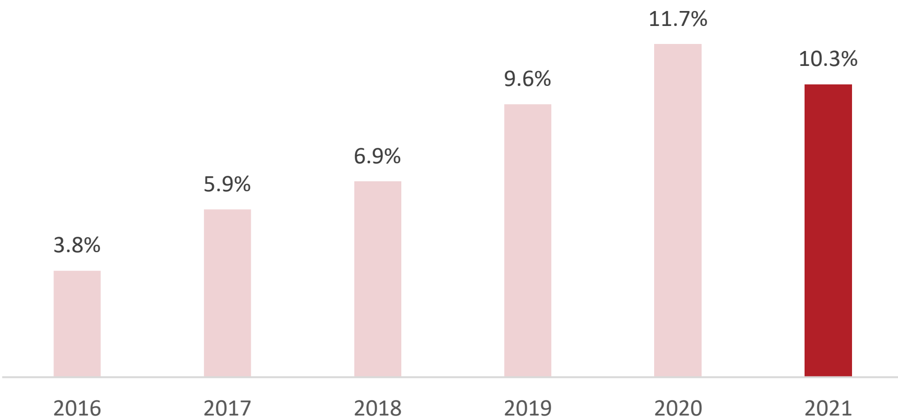



Note(s): (1) Leverage defined as net debt divided by EBITDA before SE.

# Return on capital employed

## ROCE decreased following increase of capital employed in 2021

**Return on capital employed**
(in %)(1)




### Comments

- Decrease in return on capital employed (ROCE) due to significant expansion of capital employed as a result of accelerated **organic investments** in 2021
- **Extension of capital base** to further impact ROCE in 2022

Note(s): (1) ROCE stands for return on capital employed, and refers to EBIT before SE for the last twelve months divided by capital employed, which is defined as average equity plus average net debt for the last twelve months.

# Update on major on-site expansion programme

## Construction progressing well, assembling of machines commenced

- Progress in construction **according to plan**
- **Assembling** first key machines commenced
- **Approx. 60% of investments** including down payments for machines made in 2021
- **Cornerstones** of expansion
  - **€65-70m** 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**

Pre-treatment → Con-version → Printing → Finishing

Expansion (Pre-treatment, Con-version)

Expansion (Finishing)

# Cornerstones for accelerated growth

## Drivers of Aluflexpack's profitable business model unchanged

Development & manufacturing of high value adding products

Focus on attractive end markets

Business model

Deep integration of the value chain

Leverage on economies of scale/operating leverage

Major on-site expansion in Croatia

Selected capacity additions & efficiency improvements

Value accretive acquisitions

Organic growth + Bolt-on M&A

# Launched initiatives

## Major growth in business flanked by new strategic initiatives

Branding Strategy


| GREAT PLACE TO WORK | BRANDING | ALUFLEXPACK STRATEGY REVIEW | DECARBONISATION ROADMAP | SUSTAINABLE SOLUTIONS |
|---|---|---|---|---|
| • Group wide assessment of employee experience in the company<br>• Make Aluflexpack an even better place for its employees | ▪ Further sharpen transformation of Aluflexpack into a recognisable brand for customers, employees, and partners<br>▪ Polish strengths and unique selling proposition of Aluflexpack | • Thorough analysis of status quo and future potential of end markets and product categories<br>• Definition of mid- and long term goals and action plan to achieve them | • Structured emission reduction and energy efficiency project<br>• Create an emission and energy efficiency roadmap based on the Group's industrial requirements & scientific based targets initiative | • R&D effort on development of more sustainable lacquers, further extension of mono-material structures and products with increased share of recycled content, among others |

# Outlook

- The Management Board affirms the Group's **net sales** guidance of **€310 - 330m** given in February 2022

- At the **EBITDA** level, the Management Board still anticipates a range from **€35** to **40m before SE** for 2022, reflecting the negative impact of increased costs for key input materials

- Aluflexpack continues to monitor the situation in **Ukraine** and **Russia** closely. As of today, the Group expects **limited impact** on its **sales**, since net sales to customers from both countries only account for **less than 1%** of total net sales on an aggregate basis

# Investor Relations

| Contact Investor Relations | Financial Calendar 2022 | |
|---|---|---|
| | 08.02.2022 | FY 2021 Preliminary Sales Statement |
| Biko Hüster | 17.03.2022 | Publication of results for the full year ending 31 Dec 2021 |
| Investor Relations and M&A Manager | 03.05.2022 | Q1 Sales Statement |
| Phone: +43 664 8581 139 | 06.05.2022 | Closing of share register at 5pm |
| E-Mail: ir@aluflexpack.com | 17.05.2022 | Annual General Meeting |
| | 23.08.2022 | Publication of results for the half year ending 30 June 2022 |
| | 02.11.2022 | Q3 Sales Statement |

# Appendix

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# Income statement

| (in €m) | 2021 | 2020 |
|---|---|---|
| Gross sales | **271.4** | **244.6** |
| Sales deductions | -5.3 | -5.2 |
| **Net sales** | **266.1** | **239.4** |
| Change in finished and unfinished goods | 1.1 | 5.2 |
| Other operating income | 10.2 | 8.4 |
| Cost of materials, supplies and services | -174.2 | -156.6 |
| Personnel expenses | -33.5 | -31.8 |
| Other operating expenses | -27.4 | -28.2 |
| **EBITDA** | **42.3** | **36.4** |
| Depreciation and amortisation | -22.9 | -19.0 |
| **Operating profit** | **19.4** | **17.4** |
| Interest income | 0.4 | 0.2 |
| Interest expenses | -2.3 | -2.2 |
| Other financial income | 7.4 | 1.7 |
| Other financial expenses | -7.1 | -4.9 |
| **Financial result** | **-1.5** | **-5.2** |
| **Result before tax** | **17.9** | **12.2** |
| Tax expense/benefit | -3.8 | -3.2 |
| **Result for the period** | **14.2** | **9.0** |
| Thereof attributable to: | | |
| Owners of the company | 14.0 | 8.8 |
| Non controlling interests | 0.2 | 0.2 |

# Balance Sheet – Assets

| (in €m) | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| **ASSETS** | | |
| Intangible assets and goodwill | 31.7 | 38.6 |
| Property, plant and equipment | 147.5 | 106.7 |
| Other receivables and assets | 0.1 | 1.2 |
| Deferred tax assets | 0.4 | 0.4 |
| **Non-current assets** | **179.7** | **146.8** |
| | | |
| Inventories | 66.7 | 59.6 |
| Trade receivables | 27.3 | 24.0 |
| Income tax receivables | 0.1 | 0 |
| Other receivables and assets | 12.2 | 8.0 |
| Cash and cash equivalents | 15.6 | 44.3 |
| **Current assets** | **121.9** | **135.9** |
| | | |
| **TOTAL ASSETS** | **301.7** | **282.7** |

# Balance Sheet – Equity and Liabilities

| (in €m) | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Capital stock | 15.6 | 15.6 |
| Capital reserves | 135.9 | 135.9 |
| Retained earnings | 28.8 | 21.7 |
| **Equity attributable to owners of the Company** | **180.3** | **173.1** |
| Non controlling interests | 1.3 | 1.2 |
| **TOTAL EQUITY** | **181.6** | **174.3** |
| Bank loans and borrowings | 10.6 | 16.5 |
| Other financial liabilities | 26.3 | 16.0 |
| Deferred tax liabilities | 3.7 | 4.4 |
| Employee benefits | 1.7 | 2.0 |
| Other liabilities | 3.4 | 0.4 |
| **Non-current liabilities** | **45.6** | **39.3** |
| Bank loans and borrowings | 7.0 | 7.1 |
| Other financial liabilities | 4.1 | 10.8 |
| Current tax liabilities | 2.7 | 2.5 |
| Provisions | 0.1 | 0.1 |
| Employee benefits | 2.0 | 2.4 |
| Trade payables and advances received from customers | 51.9 | 39.7 |
| Accruals | 2.3 | 2.4 |
| Other liabilities | 4.2 | 4.2 |
| **Current liabilities** | **74.4** | **69.1** |
| **TOTAL LIABILITIES** | **120.1** | **108.4** |
| **TOTAL EQUITY AND LIABILITIES** | **301.7** | **282.7** |

# Cash flow statement

| (in €m) | 2021 | 2020 |
|---|---|---|
| **Income/Loss before tax** | **17.9** | **12.2** |
| +/- Financial results excluding other financial income/expense | 1.9 | 1.9 |
| +/- Other non-cash expenses and income | 1.5 | 4.1 |
| + Depreciation and amortisation | 22.9 | 19.0 |
| -/+ Gains from disposals of PPE and intangible assets | -1.1 | 0 |
| -/+ increase and decrease in inventories | -8.7 | -11.1 |
| -/+ Increase and decrease in current trade receivables | -5.2 | -1.5 |
| -/+ Increase and decrease in other assets | -3.4 | 1.5 |
| +/- Increase and decrease in trade payables | 13.3 | 0.8 |
| +/- Increase and decrease in accruals | -0.1 | -0.3 |
| +/- Increase and decrease in other liabilities | 3.2 | -0.2 |
| +/- Increase and decrease in provisions | 0 | -0.1 |
| +/- Increase and decrease in liabilities for employee benefits | -0.7 | 1.3 |
| -/+ Income taxes paid | -3.2 | -1.6 |
| **Net cash from operating activities** | **38.3** | **26.1** |
| + Payments received for disposals of PPE and intangible assets | 14.1 | 0 |
| - Payments made for purchases of PPE and intangible assets | -60.4 | -20.5 |
| - Payments for acquisition of subsidiaries | 0 | -12.6 |
| + Interest received | 0.4 | 0.2 |
| **Net cash used in investing activities** | **-45.9** | **-32.9** |
| - Payments of lease liabilities | -4.8 | -4.1 |
| + Issuances of financial liabilities (3rd parties) | 1.1 | 0.3 |
| - Repayments of financial liabilities (3rd parties) | -15.0 | -5.9 |
| - Dividends paid | -0.1 | 0 |
| - Interest paid | -1.7 | -1.7 |
| **Net cash from financing activities** | **-20.4** | **-11.5** |

# Overview of earnings adjustments

| ADJUSTMENTS ON EBITDA LEVEL (in €m) | 2021 | 2020 |
|---|---|---|
| **EBITDA - IFRS reported** | **42.3** | **36.4** |
| Costs for stock option programme | 0.4 | 1.6 |
| Transaction costs(1) | 0.2 | 0.4 |
| Net income in relation to fire incident(2) | 0 | -1.0 |
| Gain from divestment of property, plant and equipment | -1.0 | 0 |
| **EBITDA before SE** | **41.8** | **37.4** |

| ADJUSTMENTS ON EBIT LEVEL (in €m) | 2021 | 2020 |
|---|---|---|
| **EBIT (Operating profit) - IFRS reported** | **19.4** | **17.4** |
| Costs for stock option programme | 0.4 | 1.6 |
| Transaction costs(1) | 0.2 | 0.4 |
| Net income in relation to fire incident(2) | 0 | -1.0 |
| Gains from divestment of property, plant and equipment | -1.0 | 0 |
| Acquisition related amortisations | 1.4 | 1.5 |
| **EBIT before SE** | **20.3** | **20.0** |

Note(s): (1) Transaction costs include general consultancy costs and financial transaction taxes. (2) 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.