

**ALU
FLEX
PACK**

Premium packaging solutions

Aluflexpack AG

Half year 2020 results

24 August 2020

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Executive summary

H1 2020 Earnings presentation

COVID-19 Update

Managed to maintain **production**, protect **employees** and secure **supply chains**. All plants **fully operational** throughout the crisis.

Dynamic growth in net sales

H1 2020 **net sales** increased by **14.0%** to **€ 115.5m** as a result of **stable demand** in most of Aluflexpack's end markets during the Corona-virus (COVID-19) pandemic.

Further improvement of result

Increase in **adj. EBITDA** in H1 2020 by **23.7%** yoy to **€ 17.3m** and in **adj. EBITDA margin** from **13.8%** to **15.0%** driven by further implementation of AFP's **sustainable growth strategy**.

Clear strategic path

Capex of **€ 11.2m** mainly invested in **organic growth projects**; continued focus on development of premium solutions in fast growing markets and expansion of technological infrastructure.

Guidance reaffirmed

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

COVID-19 Update

Taking care of our people, customers and operations

Protecting our employees, partners and stakeholders (excerpt)

- Provision of hygiene and protective materials for all employees
- Strict hygiene guidelines met with high compliance among employees
- Temperature checks at gates
- Travel restrictions
- Home office rolled out except for activities that require on-site presence
- Assistance for employees in need
- Securing supply of packaging for food and pharmaceutical products for end consumers

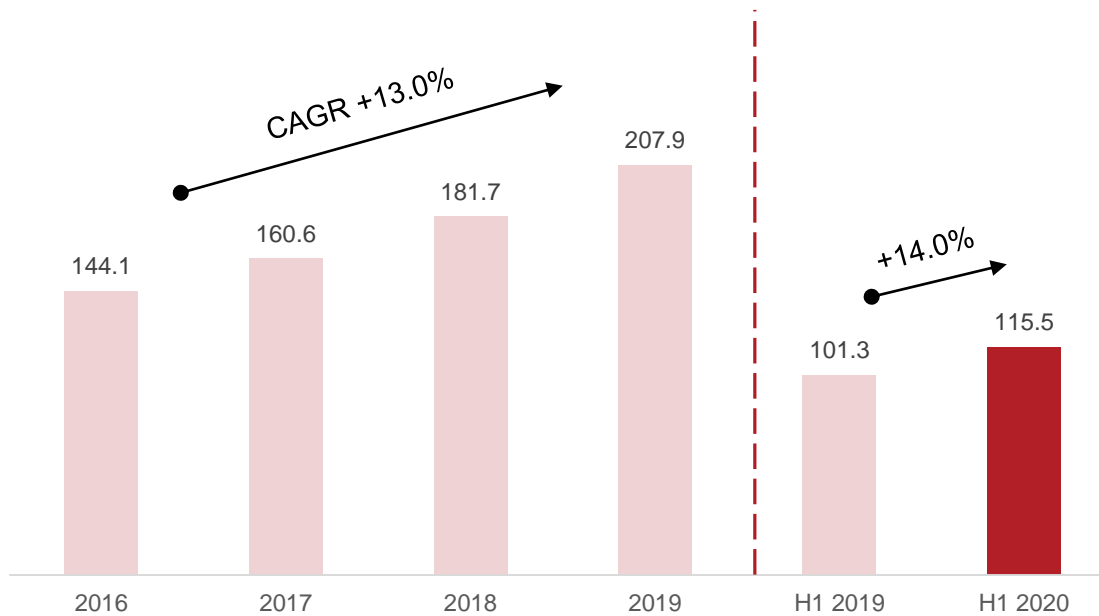
Ensuring business continuity

- Robust end market demand as at-home consumption of food and beverages was at a solid level
- Agile organisation and existing contingencies enabled high flexibility in production as customers revised plans
- No material interruption in the supply chain
- Close coordination with suppliers, transportation companies and customers to secure flow of goods
- AFP employees were motivated and managed all challenges in relation to COVID-19

Net sales overview

Dynamic organic growth of 14.0% in H1 2020

Net sales
(in €m)



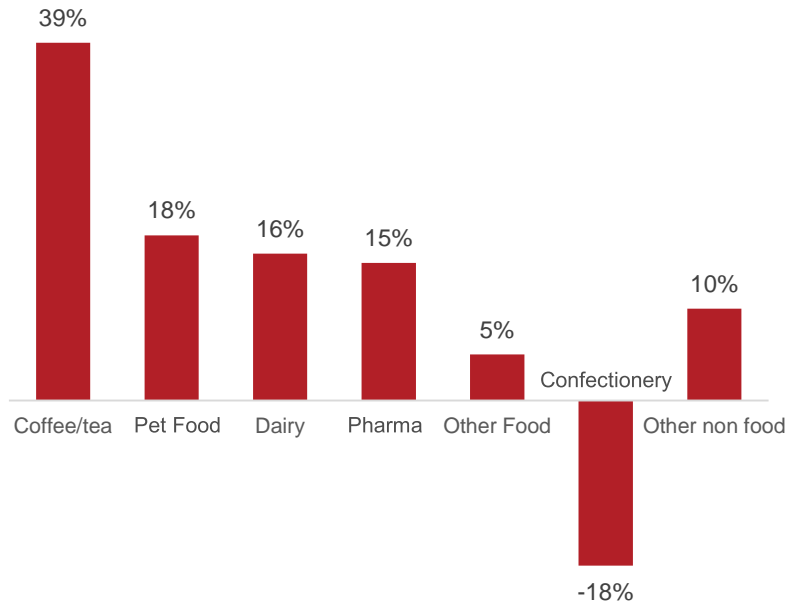
Drivers

- Focus on fast growing niches
- Stable demand for on-the-shelf food products and pharmaceuticals
- Flexible and reliable service as well as uncompromised product quality
- Stable development in stand-up pouches - already running qualification processes were partly postponed due to travel restrictions and capacity bottlenecks at customer locations in connection with COVID-19

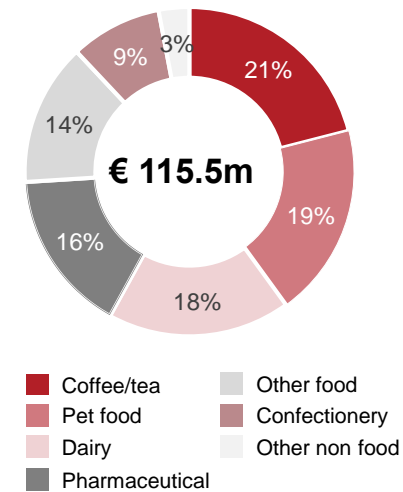
End market dynamics

Strong business development across most key end markets in H1 2020

Organic growth rates for Aluflexpack in its end markets
(in %, H1 2020 yoy)



Net sales split by end markets
(H1 2020)

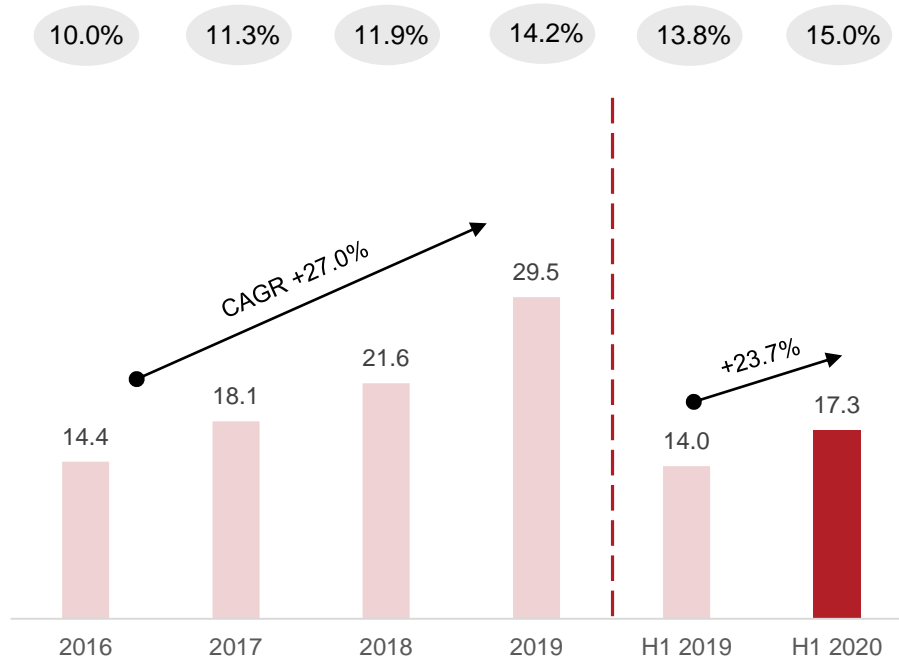


Earnings highlights

Improvement of adj. EBITDA to € 17.3m, margin of 15.0% in H1 2020

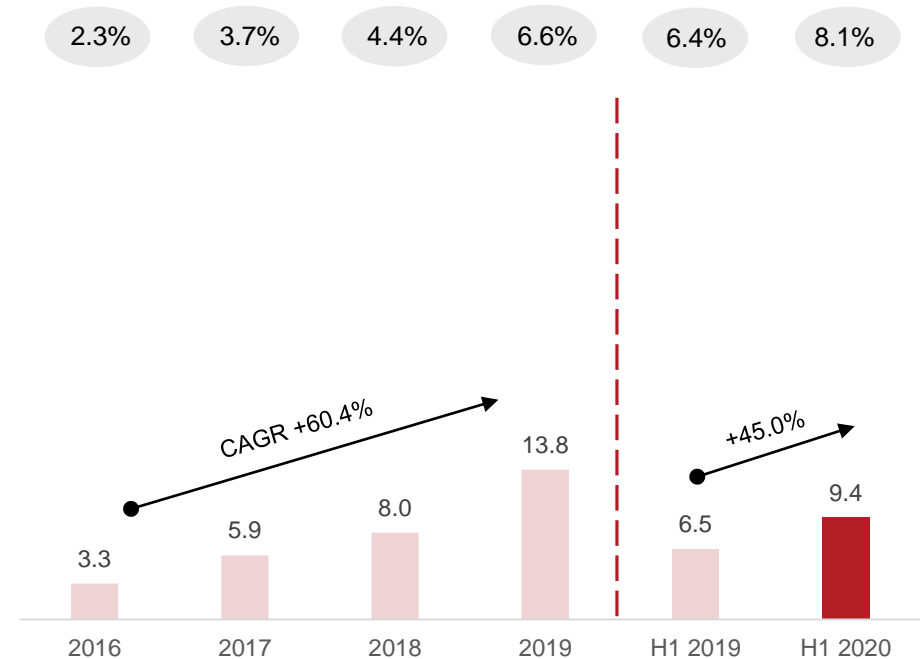
Adj. EBITDA

(in €m / margin in % of net sales)⁽¹⁾



Adj. EBIT

(in €m / margin in % of net sales)⁽¹⁾



Drivers

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

Notes: (1) A detailed reconciliation from reported to adjusted figures for H1 2019 and H1 2020 as well as an overview of the use of alternative performance measures can be found on slide 40 of this presentation. An overview of prior years' adjustments can be found in Aluflexpack's Annual Report 2020 on pages 48 – 51, available at <https://ir.aluflexpack.com/publications-3/#financial-reports>.

Profit and Loss statement - overview

Further improvement of earnings in H1 2020

(in T€)	H1 2020	H1 2019	DELTA (%)
Net Sales	115,546	101,319	14.0
EBITDA	18,262	4,199	335.0
Adj. EBITDA ⁽¹⁾	17,292	13,979	23.7
Adj. EBITDA margin	15.0%	13.8%	
Adj. EBIT ⁽¹⁾	9,396	6,482	45.0
Adj. EBIT margin	8.1%	6.4%	
Financial result	-6,173	-2,226	
Result before tax	3,304	-7,284	
Result for the period	2,678	-7,953	
o/w owners of the company	2,385	-7,863	
o/w non-controlling interests	293	-90	

Comments

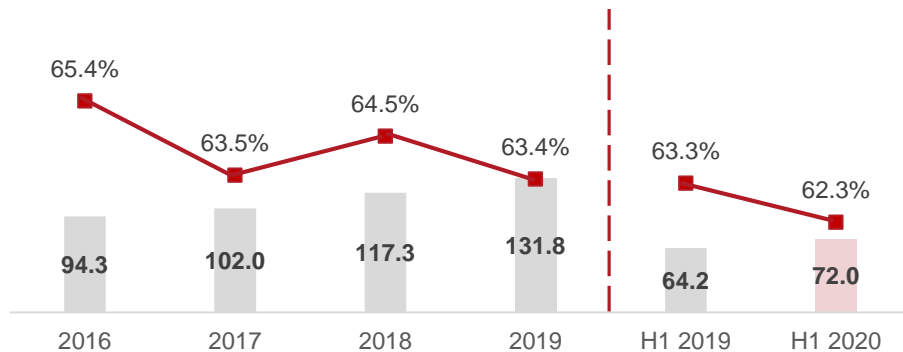
- Reported EBITDA at € 18.3m, slightly above adj. EBITDA, mainly as a result of further insurance income in relation to the fire incident at Aluflexpack's French plant in June 2019⁽²⁾
- Improvement in adj. EBITDA by 23.7% on the back of 1) economies of scale, 2) stringent cost management, 3) efficiency gains, 4) product mix
- Increase in adj. EBIT to € 9.4m underlines that investments into platform are margin accretive
- Financial result decreased to € -6.2m due to negative valuation effects of outstanding raw material swaps (€ -2.1m) and FX losses (€ -2.7m)

Cost management

Improvement in material costs and other operating costs margins

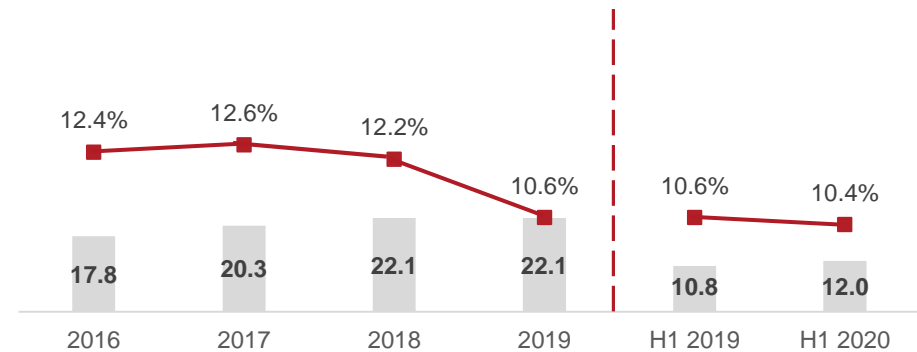
Adj. Material costs

(in €m / in % of net sales)⁽¹⁾



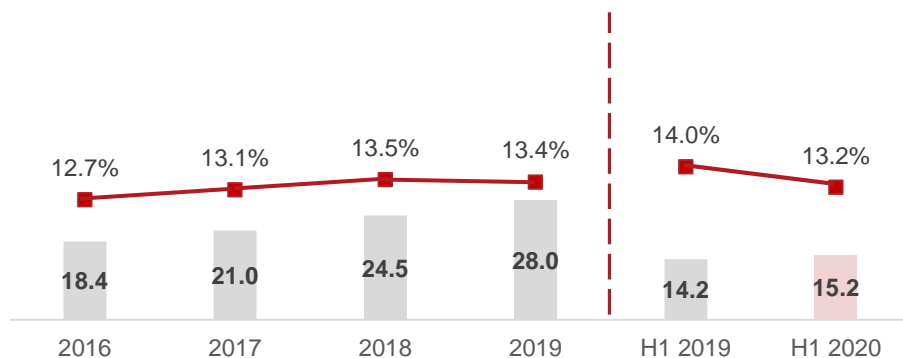
Adj. Other operating costs

(in €m / in % of net sales)⁽²⁾



Adj. Personnel costs

(in €m / in % of net sales)⁽³⁾



Comments

- In H1 2020, material costs in % of net sales improved further despite COVID-19 related temporary cost increases for certain input materials, mainly based on 1) efficiency gains, 2) benefits from further integration of our supply chain and 3) product mix improvements
- Other operating expenses in % of net sales decreased to 10.4% in H1 2020 on an adjusted level, mainly due to a lower share of energy prices and reduced travel expenses
- Personnel costs in % of net sales decreased significantly to 13.2% in H1 2020 on an adjusted level, which is a result of the rising operating leverage related to the general strong sales increase

Notes: (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; (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 option program.

Financial Position - overview

As of 30 June 2020

(in T€)	30 Jun 2020	31 Dec 2019	DELTA (%)
ASSETS			
Non-current assets	131,638	133,321	-1.3%
o/w Property plant and equipment	103,646	102,197	1.4%
o/w Intangible assets and goodwill	26,415	29,932	-11.7%
o/w Other non current assets	1,577	1,192	32.3%
Current assets	143,957	145,069	-0.8%
o/w Inventories	53,751	48,721	10.3%
o/w Trade receivables	27,473	22,830	20.3%
o/w Other receivables and assets	10,342	10,695	-3.3%
o/w Cash and cash equivalents	52,391	62,823	-16.6%
Total assets	275,595	278,390	-1.0%
EQUITY AND LIABILITIES			
Total equity	172,422	172,188	0.1%
Non-current liabilities	40,229	48,189	-16.5%
Current liabilities	62,944	58,013	8.5%
Total equity and liabilities	275,595	278,390	-1.0%

Comments

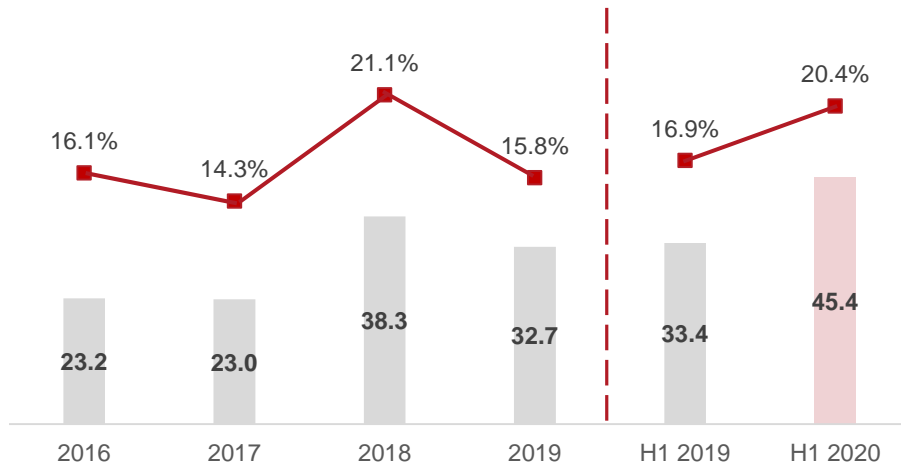
- Tangible asset base almost stable as investment activity has slowed down in H1 2020
- Increase in Equity Ratio to 62.6% underlines solid financial profile
- Net cash position of € 5.6m at balance sheet date
- Increase in working capital (see next slide)

Capital management

Trade Working Capital Ratio up due COVID-19 impact and payables management

Trade Working Capital (Ratio)

(in €m / in % of net sales)⁽¹⁾



Comments

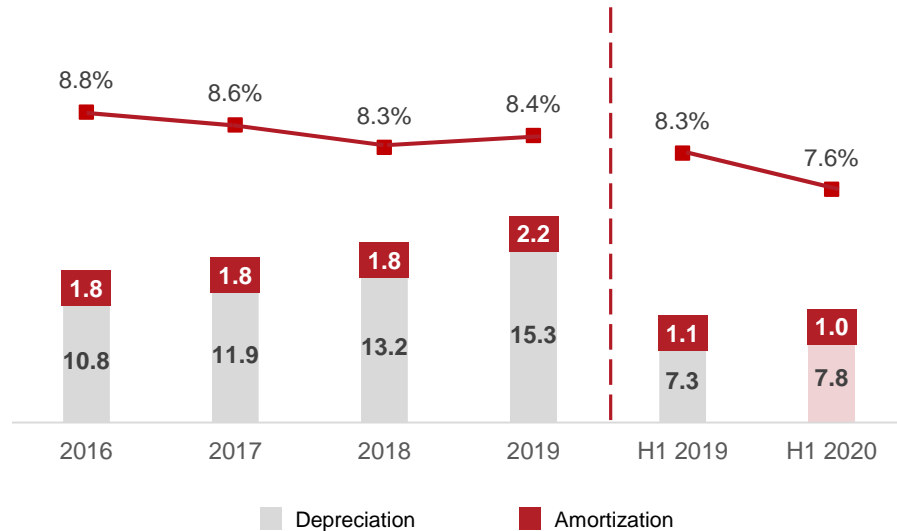
- Inventories rose to € 53.8m (12/2019: € 48.7m) due to increased business activity and the strategic decision to temporarily increase the level of inventory to ensure stable supply chains and flexible service to customers in the current challenging environment
- Trade receivables increased to € 27.5m (12/2019: € 22.8m), mainly as a result of the additional business generated
- Total operative payables decreased to € 35.8m (12/2019: € 38.9m), as cash available was used to pay suppliers earlier in order to temporarily benefit from cash discounts

Invested platform to support future growth

Capex and depreciation lower compared to prior year⁽¹⁾

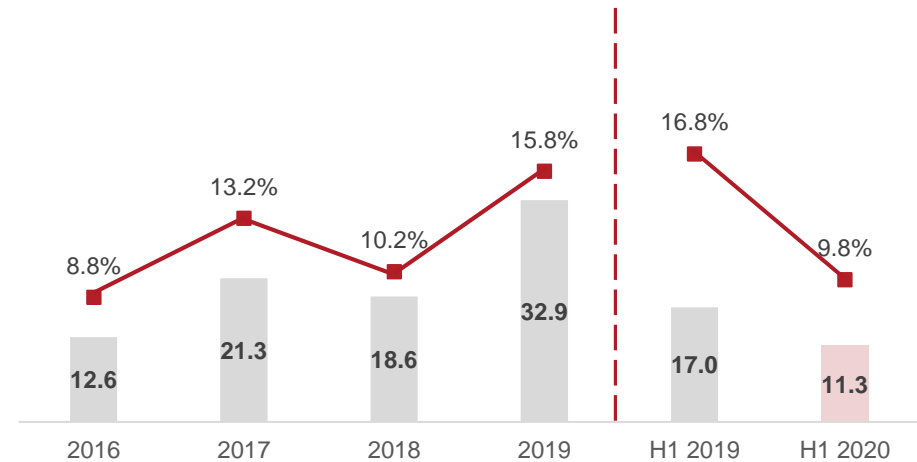
Depreciation and amortisation

(in €m / in % of net sales)



Capital expenditures

(in €m / in % of net sales)



Note(s): (1) Depreciation and amortization in 2019 net of impairments in relation to fire incident; capex equals payments made for PPE

Cashflow statement - overview

Operating cashflow distorted by working capital impact

(in T€)	H1 2020	H1 2019
Cash and cash equivalents at the beginning of the period	62,823	18,976
Net cash used in operating activities	5,543	186
Net cash used in investing activities	-11,163	-16,990
Net cash from financing activities	-5,405	21,213
+/- effect of exchange rate fluctuations on cash held	593	297
Cash and cash equivalents at the end of the period	52,391	23,681

Comments

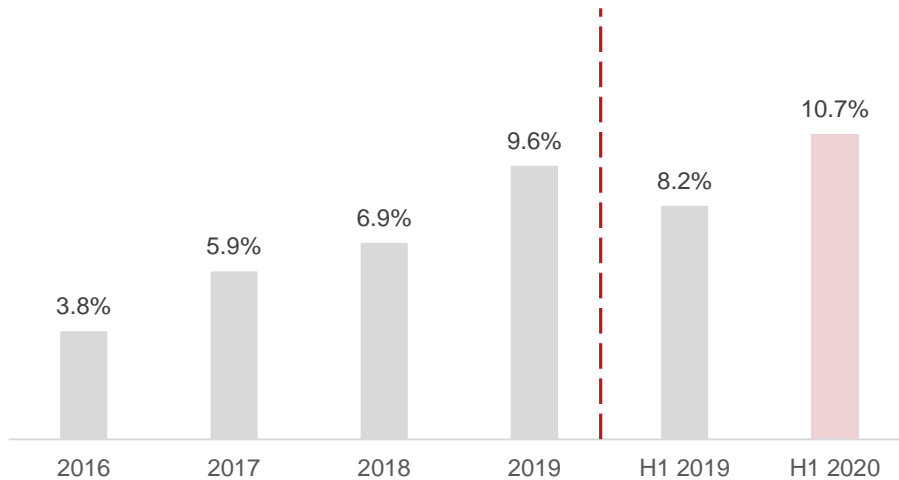
- Operating cash flow at € 5.5m in H1 2020. Reduced level of cash conversion can be explained by a negative cash impact from working capital in the amount of € -13.1m due to:
 - the strategic decision to temporarily increase the level of inventory to ensure stable supply chains and flexible service to customers in the current challenging environment, as well as an increase in business activity
 - payables management, as available cash was used to pay suppliers early in order to temporarily benefit from cash discounts
- Investments of € 11.2m mainly into additional printing and finishing capacities in Aluflexpack's focus end markets
- Net cash flows from financing activities amounted to € -5.4m reflecting mainly repayments of financial and lease liabilities

Return on capital employed

ROCE⁽¹⁾ increased to 10.7% highlighting further improvement of capital efficiency

Return on Capital Employed

(in %)⁽¹⁾

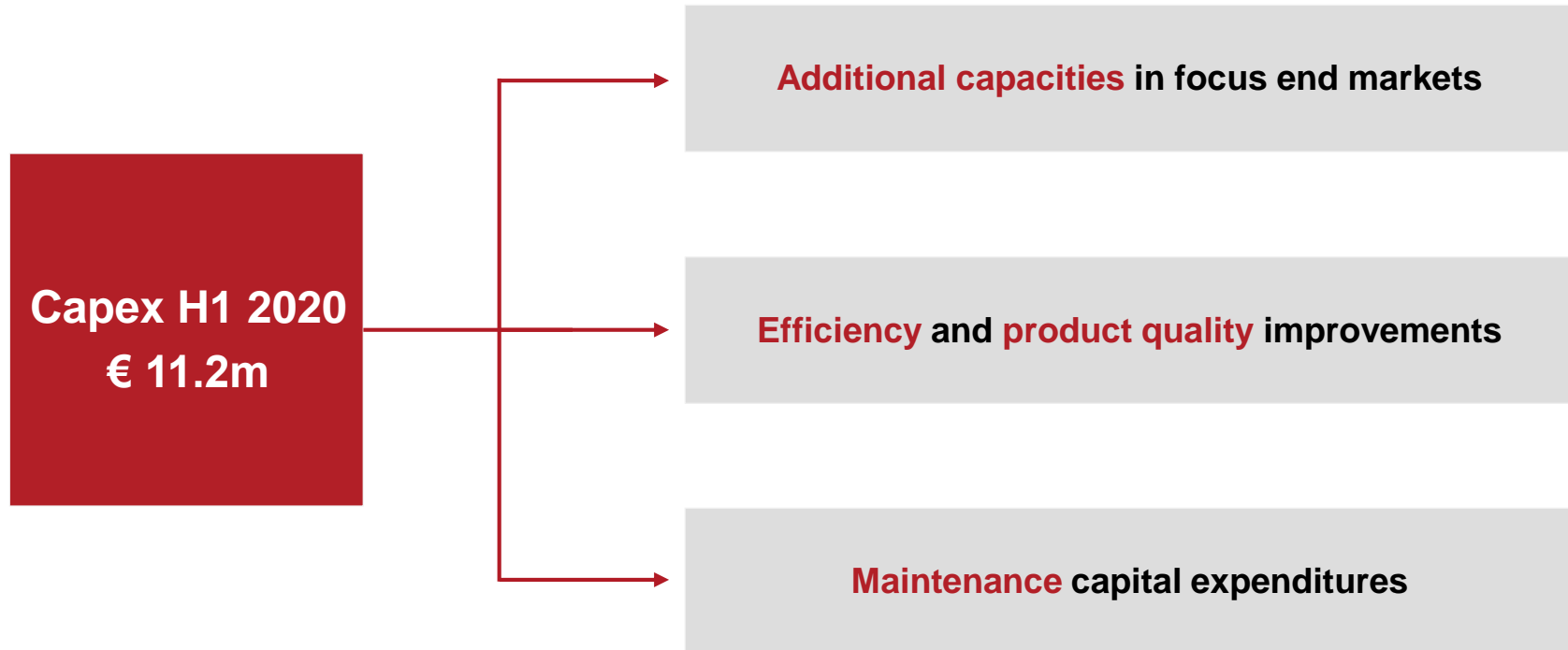


Comments

- Despite increase in capital employed as a result of the investments in recent years, return on capital employed (ROCE) increased further to 10.7% in H1 2020
- Increase in ROCE underlines value-adding effects of investments made into the platform over recent years

Capital allocation in H1 2020

€ 11.2m invested into platform



Strategic positioning unchanged by COVID-19

Focus on proven cornerstones of 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 H1
2020

- 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

Further decrease of other operating costs in % of net sales achieved

Major building blocks for accelerated growth



**Stand-up
pouch business**



**Capacity
expansion &
efficiency
improvements**



**Value accretive
acquisitions**

Organic growth



Bolt-on M&A

Outlook

- Aluflexpack expects demand for its product solutions to remain firm throughout the rest of the business year 2020
- The COVID-19 pandemic adds an element of uncertainty that cannot be entirely assessed from today's perspective
- In light of the current market environment and based on current visibility, Management Board reaffirms the outlook given in February 2020, and expects Group net sales between € 220 - 230m and an EBITDA before one-off items from € 32 - 35m
- Q3 sales statement to be published on 6 November 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€)	H1 2020	H1 2019
Gross Sales	118,172	102,729
Sales deductions	-2,626	-1,410
Net Sales	115,546	101,319
Change in finished and unfinished goods	2,923	387
Other operating income	5,146	7,463
Cost of materials, supplies and services	-77,357	-69,890
Personnel expenses	-15,139	-21,729
Other operating expenses	-12,857	-13,351
EBITDA	18,262	4,199
Depreciation and amortisation	-8,786	-9,257
Operating Profit	9,476	-5,058
Interest income	94	25
Interest expenses	-1,146	-2,481
Other financial income	0	939
Other financial expenses	-5,121	-709
Financial result	-6,173	-2,226
Result before tax	3,304	-7,284
Tax expense/benefit	-626	-669
Result for the period	2,678	-7,953
Thereof attributable to:		
Owners of the company	2,385	-7,863
Non controlling interests	293	-90

Balance Sheet – Assets

(in T€)	30 Jun 2020	31 Dec 2019
ASSETS		
Intangible assets and goodwill	26,415	29,932
Property, plant and equipment	103,646	102,197
Other receivables and assets	115	154
Deferred tax assets	1,462	1,038
Non-current assets	131,638	133,321
Inventories	53,751	48,721
Trade receivables	27,473	22,830
Other receivables and assets	10,342	10,695
Cash and cash equivalents	52,391	62,823
Current assets	143,957	145,069
TOTAL ASSETS	275,595	278,390

Balance Sheet – Equity and Liabilities

(in T€)	30 Jun 2020	31 Dec 2019
Capital stock	15,553	15,553
Capital reserves	135,887	135,887
Retained earnings	19,743	19,802
Equity attributable to owners of the Company	171,182	171,242
Non controlling interests	1,239	946
Total equity	172,422	172,188
Bank loans and borrowings	20,733	22,916
Other financial liabilities	13,356	18,377
Deferred tax liabilities	3,960	4,536
Employee benefits	1,762	1,715
Other liabilities	418	645
Non-current liabilities	40,229	48,189
Bank loans and borrowings	5,930	6,080
Other financial liabilities	6,770	3,392
Current tax liabilities	1,926	1,288
Provisions	244	117
Employee benefits	1,605	1,453
Trade payables and advances received from customers	35,809	38,881
Accruals	3,958	2,765
Other liabilities	6,702	4,037
Current liabilities	62,944	58,013
TOTAL LIABILITIES	103,173	106,202
TOTAL EQUITY AND LIABILITIES	275,595	278,390

Cash flow statement

(in T€)	H1 2020	H1 2019
Income/Loss before tax	3,304	-7,284
+/- Financial results excluding other financial income/expense	1,052	2,456
+/- Other non-cash expenses and income	1,595	-931
+ Depreciation and amortisation	8,786	9,257
-/+ increase and decrease in inventories	-5,842	1,705
-/+ Increase and decrease in current trade receivables	-5,371	79
-/+ Increase and decrease in other assets	274	-5,040
+/- Increase and decrease in trade payables	-1,909	631
+/- Increase and decrease in accruals	1,228	1,566
+/- Increase and decrease in other payables	2,533	-1,750
+/- Increase and decrease in provisions	124	161
+/- Increase and decrease in liabilities for employee benefits	290	353
-/+ Income taxes paid	-522	-1,017
Net cash from operating activities	5,543	186
- Payments made for purchases of PPE and intangible assets	-11,257	-17,015
+ Interest received	94	25
Net cash used in investing activities	-11,163	-16,990
+ Proceeds from the issue of ordinary shares	0	16,564
+ Contribution in kind	0	8,123
- Payments of lease liabilities	-2,041	-1,752
+ Issuances of financial liabilities (3rd parties)	205	5,255
- Repayments of financial liabilities (3rd parties)	-2,714	-3,655
- Repayments of financial liabilities (MTC group companies)	0	-2,290
- Interest paid	-855	-1,032
Net cash from financing activities	-5,405	21,213

Overview of earnings adjustments

ADJUSTMENTS ON EBITDA LEVEL (in T€)	H1 2020	H1 2019
EBITDA - IFRS reported	18,262	4,199
Expenses in relation to fire incident ¹	895	2,505
Income in relation to fire incident ²	-2,045	-3,308
Cost for employee phantom stock option program	180	0
Transaction costs of the initial public offering and other related expenses	0	2,596
Voluntary one off bonus payment by majority shareholder	0	7,987
EBITDA - adjusted	17,292	13,979

ADJUSTMENTS ON EBIT LEVEL (in T€)	H1 2020	H1 2019
EBIT (Operating Profit) - IFRS reported	9,476	-5,058
Expenses in relation to fire incident ¹	895	2,505
Income in relation to fire incident ²	-2,045	-3,308
Cost for employee phantom stock option program	180	0
Transaction costs of the initial public offering and other related expenses	0	2,596
Voluntary one off bonus payment by majority shareholder	0	7,987
Acquisition related amortizations	891	957
Impairment in relation to fire incident ³	0	803
EBIT - adjusted	9,396	6,482

Notes: (1) 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 (2) 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; (3) Impairments were made to technical equipment in relation to the fire incident that occurred at Eliopack on 24 June 2019;