

**ALU
FLEX
PACK**

Premium packaging solutions

Aluflexpack AG

Company Presentation

23 August 2021

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Internal succession on Management Board

CFO Johannes Steurer to succeed Igor Arbanas as CEO at the end of the year



Igor Arbanas
CEO

- CEO of Aluflexpack Group since September 2012
- Leaving the company for personal reasons at the end of the year



Johannes Steurer
CFO

- CFO since November 2012
- Elected as new CEO as of 1 January 2022
- Prior to CFO role, investment analyst at Montana Tech Components AG
- CFA® charterholder



Lukas Kothbauer
Head of IR and M&A

- Head of IR and M&A since 2018
- Elected as new CFO as of 1 January 2022
- Prior to joining Aluflexpack, Equity Research Analyst
- CFA® charterholder

Executive summary

HY 2021 results presentation

Internal management succession

Johannes Steurer, CFO of the Group since 2012, to succeed Igor Arbanas as **CEO**, **Lukas Kothbauer** elected as new **CFO**, as of 1 January 2022, following a **structured hand over** period.

Solid growth in net sales

H1 2021 **net sales** increased by **9.5%** to **€ 126.5m**, of which **5.5% organic**, supported by growth in Coffee & Tea, Pet food and Confectionery, and dampened by lower Pharma sales.

Further improvement of EBITDA

Increase in **adj. EBITDA** by **23.5%** yoy to **€ 21.4m**, equating to a **margin** of **16.9%** (up 190 BP) due to increased **operating leverage** and **efficiencies**, and a reasonable **sourcing environment**.

Increase in bottom line

Net result at **€ 12.7m** in H1 2021 (H1 2020: € 2.7m), driven by **positive operational development** and **positive financial result** (€ 4.5m) mainly due to mark-to-market swap valuation effects.

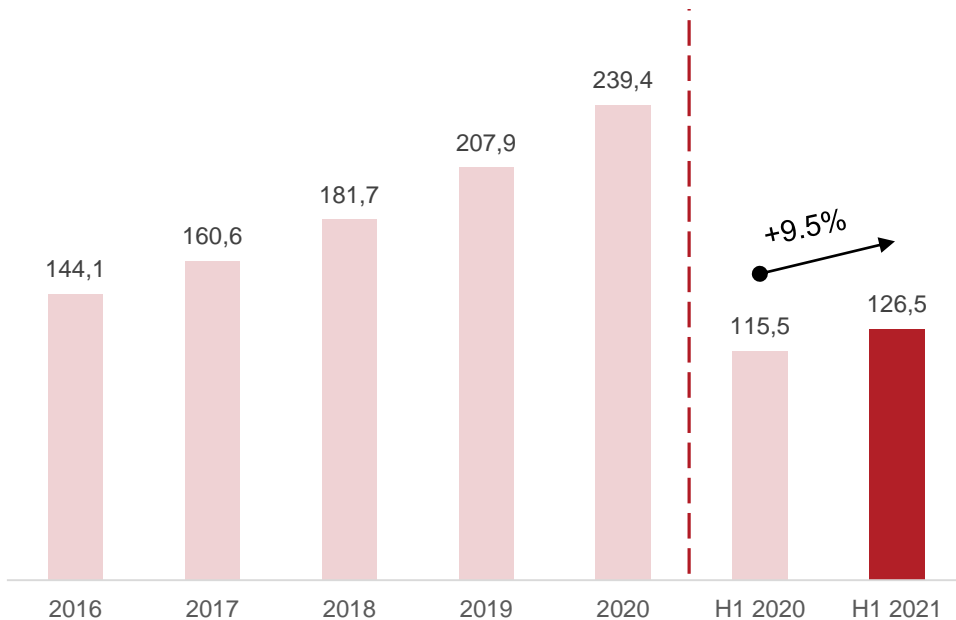
Guidance reaffirmed

Net sales for full year 2021 of between **€ 260m** and **€ 270m**, **adj. EBITDA** of between **€ 40m** and **€ 43m**. H2 2021 to be marked by a higher impact from rising raw materials prices.

Net sales overview

Solid growth of 9.5% in H1 2021, of which 5.5% organic

Net sales
(in €m)



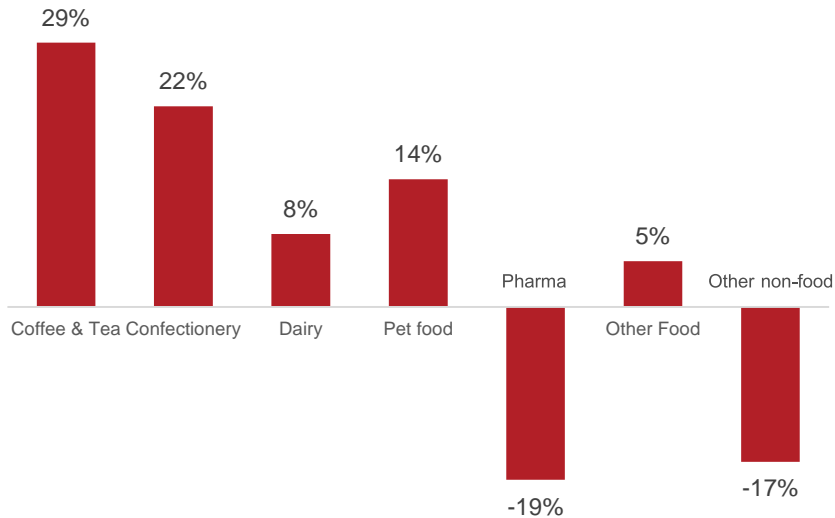
Drivers

- Focus on attractive **niches**.
- **Stable** demand for on-the-shelf **food** and **pet food** products.
- Flexible and reliable **service** as well as uncompromised product **quality**.
- Consolidation of **Polish acquisition** as of 1 September 2020.
- Good progress on **Stand-up-pouch ramp-up**
- Reduced demand for **pharmaceutical packaging** due to lower cases of flu, cold and illnesses apart from Covid-19 as a result of **lockdowns** and **movement restrictions**.

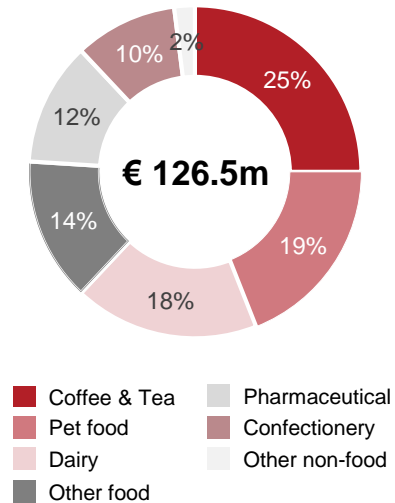
End market dynamics

Growth in human and pet food categories compensates for lower pharma sales

Net sales growth rates for Aluflexpack in its end markets
(in %, H1 2021 yoy)



Net sales split by end markets
(H1 2021)

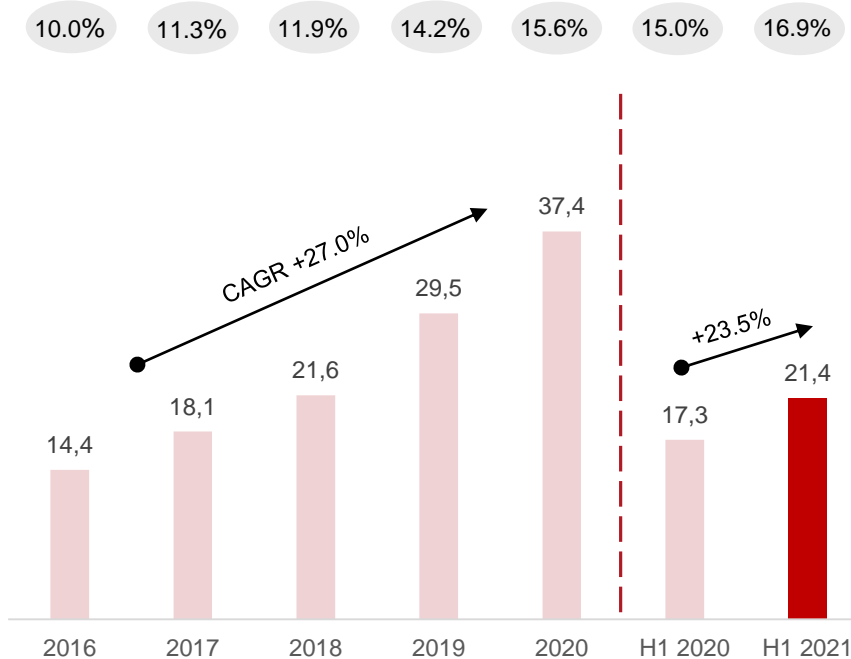


Earnings highlights

Improvement of adj. EBITDA to € 21.4m, margin of 16.9% in H1 2021

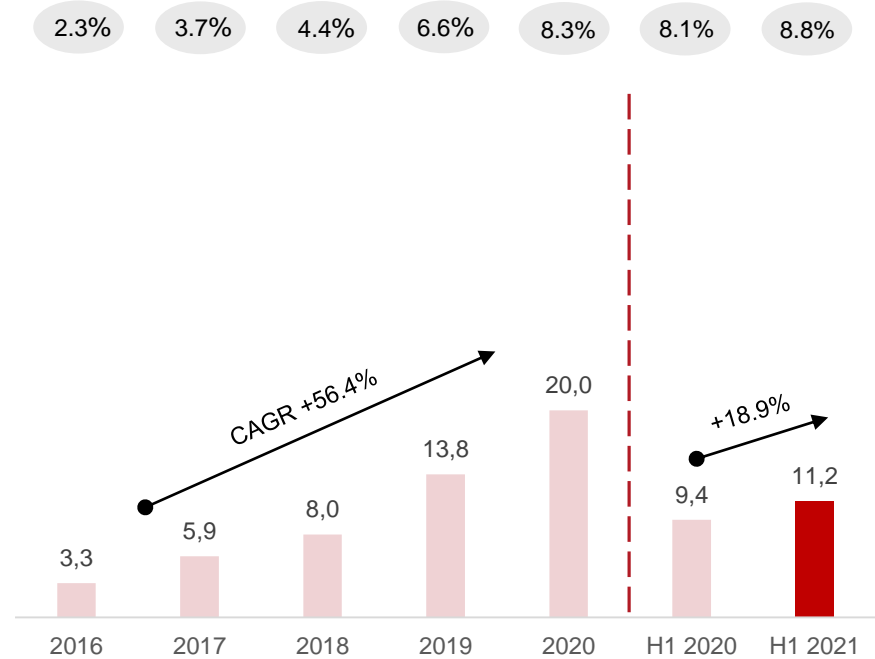
Adj. EBITDA

(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, other operating costs.
- Efficiency improvements across organisation, contribution from investments into platform in prior years
- Product mix improvement und reasonable sourcing environment (in H1 2021)

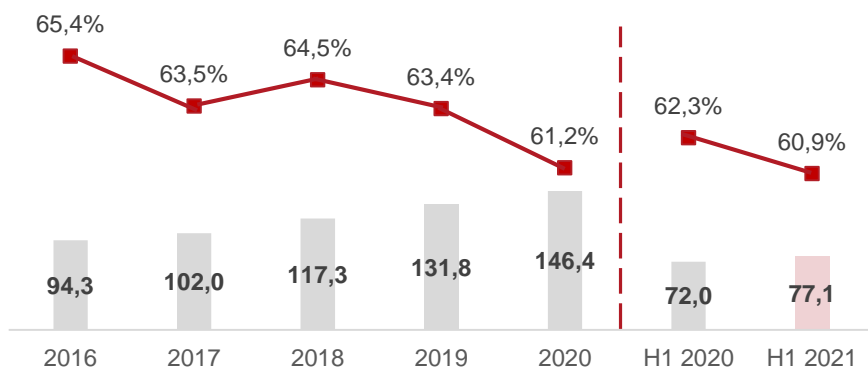
Notes: (1) A detailed reconciliation from reported to adjusted figures for H1 2020 and H1 2021 as well as an overview of the use of alternative performance measures can be found in the appendix of this presentation. An overview of prior years' adjustments can be found in Aluflexpack's Annual Report 2020 on pages 53 – 56, available at <https://ir.aluflexpack.com/publications-3/#financial-reports>.

Cost management

Improvement in cost positions reflecting increased operating leverage

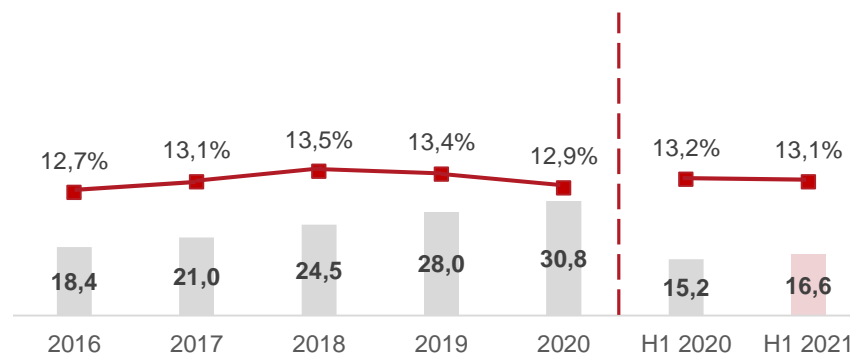
Adj. Material costs

(in €m / in % of net sales)⁽¹⁾



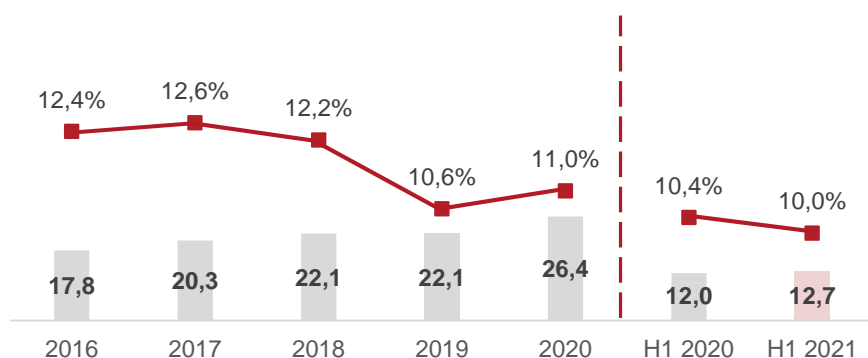
Adj. Personnel costs

(in €m / in % of net sales)⁽²⁾



Adj. Other operating expenses

(in €m / in % of net sales)⁽³⁾



Comments

- In H1 2021, **material costs** in % of net sales improved further due to 1) **efficiency gains**, 2) benefits from further **integration** of our supply chain and 3) **product mix** improvements. In addition, H1 2021 was a **reasonable sourcing environment** for the Group, in general.
- Personnel costs** in % of net sales decreased slightly to 13.1% in H1 2021, despite a **strengthening of upper management**, due to an increased operating leverage.
- Other operating expenses** in % of net sales decreased further to 10.0% in H1 2021, as a result of higher **operating leverage**, reduced consulting fees, as well as lower marketing and travel expenses.

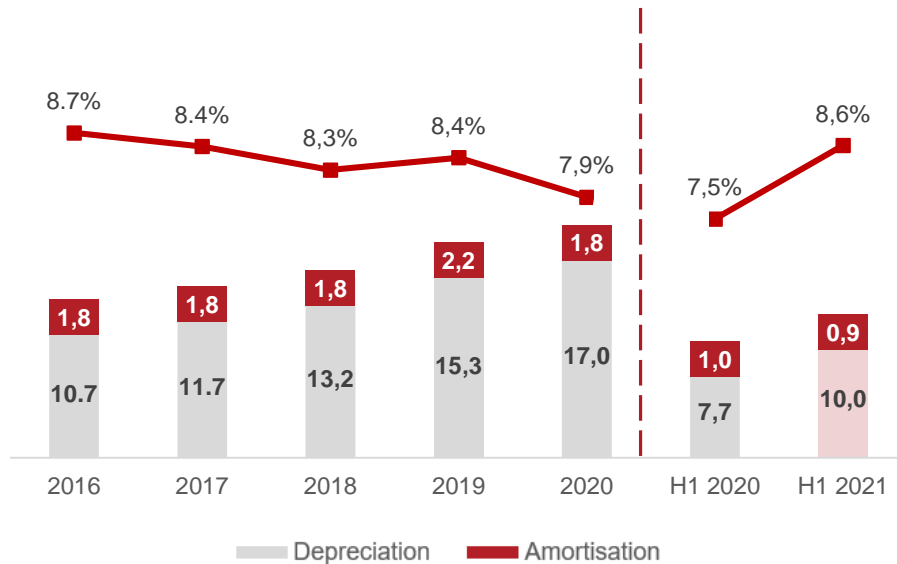
Notes: (1) Material costs are defined as cost of materials, supplies and services less temporary personnel, less income from disposal from recycling products, less related income from insurance, less income from claims and adjusted for changes in finished and unfinished goods; (2) Adjusted for temporary personnel costs, one-off bonus payments paid by the majority shareholder and costs for the employee phantom stock option program. (3) Adjusted for costs for listing on the stock exchange and costs in relation to the fire incident at Eliopack in June 2019

Other cost positions

Increased depreciation due to extended asset base⁽¹⁾, positive financial result

Depreciation and amortisation

(in €m / in % of net sales)



Financial result

(in €m)

	H1 2021	H1 2020
Net interest expenses	-0.9	-1.1
Other financial income	6.2	0
Other financial expenses	-0.8	-5.1
Financial result	4.5	-6.2

Comments

- **Net interest expenses** comprise interest payments to financial institutions and lease expenses in the amount of **€ -0.9m** (H1 2020: € -1.1m).
- **Other financial income** totaled **€ 6.2m** in H1 2021 (H1 2020 € 0m) and includes mainly positive mark-to-market valuation effects from financial instruments used to hedge the Group's aluminium price exposure.
- **Other financial expenses** amounted to **€ -0.8m in H1 2021**, down from € -5.1m in H1 2020, and mainly include negative effects from the valuation of outstanding put options for stakes in subsidiaries of the Group held by minority shareholders.

Profit and Loss statement - overview

Improvement on all measures in H1 2021

(in €m)	H1 2021	H1 2020	DELTA (%)
Net Sales	126.5	115.5	9.5%
EBITDA	21.9	18.3	20.1%
Adj. EBITDA⁽¹⁾	21.4	17.3	23.5%
Adj. EBITDA margin	16.9%	15.0%	
Adj. EBIT ⁽¹⁾	11.2	9.4	18.9%
Adj. EBIT margin	8.8%	8.1%	
Financial result	4.5	-6.2	
Result before tax	15.5	3.3	397%
Result for the period	12.7	2.7	374%
o/w owners of the company	12.6	2.4	
o/w non-controlling interests	0.0	0.3	

Comments

- Adj. **EBITDA margin** up 190 BP to 16.9% and adj. **EBIT margin** up 70 BP to 8.8%, with the difference in margin expansion reflecting the increased asset base as a result of recent investments.
- **€ -2.8m** in **income tax** expenses (H1 2020: € -0.6m) due to increase in taxable base (= effective tax rate of 18% in H1 2021).
- Significant increase in **net income** to € 12.7m due to positive **operational performance** and the positive effects impacting the Group's **financial result**.

Financial Position - overview

As of 30 June 2021

(in €m)	30/06/2021	30/12/2020	DELTA (%)
ASSETS			
Non-current assets	166.5	146.8	13%
o/w Property plant and equipment	129.8	106.7	22%
o/w Intangible assets and goodwill	36.4	38.6	-6%
o/w Other non current assets	0.3	1.6	-81%
Current assets	140.9	135.9	4%
o/w Inventories	63.6	59.6	7%
o/w Trade receivables	26.0	24.0	8%
o/w Other receivables and assets	19.1	8.0	139%
o/w Cash and cash equivalents	32.3	44.3	-27%
Total assets	307.5	282.7	9%
EQUITY AND LIABILITIES			
Total equity	184.7	174.3	6%
Non-current liabilities	50.6	39.3	29%
Current liabilities	72.2	69.1	4%
Total equity and liabilities	307.5	282.7	9%

Comments

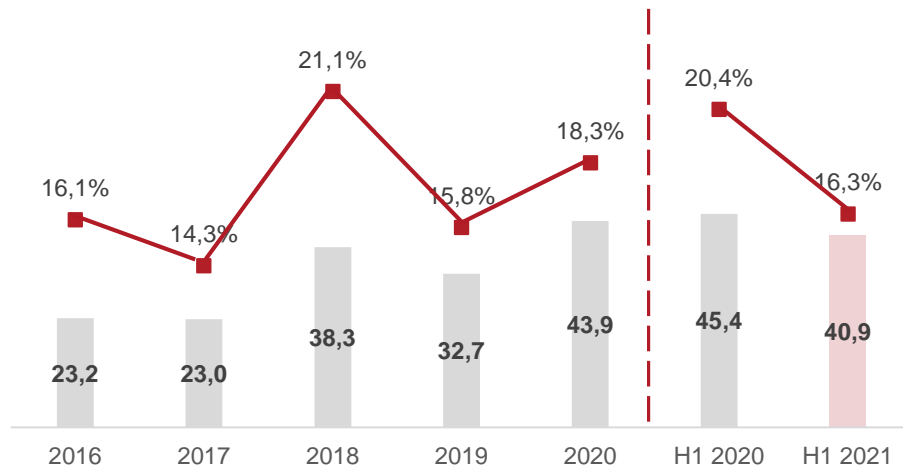
- Increase in non-current asset base due to **investment activity**
- Payables driven **decrease in working capital** to € 40.9 (12/2020: € 43.9).
- **Net debt** of € 19.8m (12/2020: € 6.0m).
- **Strong financial profile** with **net debt to EBITDA** (TTM) ratio of 0.5x.
- **Equity ratio** of 60.1% (12/2020: 61.6%) providing enough room to manoeuvre during current expansion cycle.

Capital management

Trade Working Capital Ratio down due to increased level of payables

Trade Working Capital (Ratio)

(in €m / in % of net sales)⁽¹⁾



Comments

- **Inventories** rose to € 63.6m (12/2020: € 59.6m) 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 current tight commodity markets.
- **Trade receivables** increased to € 26.0m (12/2020: € 24.0m) as a result of the **increased business** generated.
- Total **operative payables** increased significantly to € 48.7m (12/2020: € 39.7m).
- Decrease in **TWC ratio** mainly as a result of the increased payables and lower level of inventory (relatively viewed) vs. previous periods.

Notes: (1) 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.

Cashflow statement - overview

Strong increase in cash conversion supported by reduction in TWC

(in €m)	H1 2021	H1 2020
Cash and cash equivalents at the beginning of the period	44.3	62.8
Net cash used in operating activities	20.6	5.5
Net cash used in investing activities	-17.9	-11.2
Net cash from financing activities	-14.0	-5.4
+/- effect of exchange rate fluctuations on cash held	-0.7	0.6
Cash and cash equivalents at the end of the period	32.3	52.4

Comments

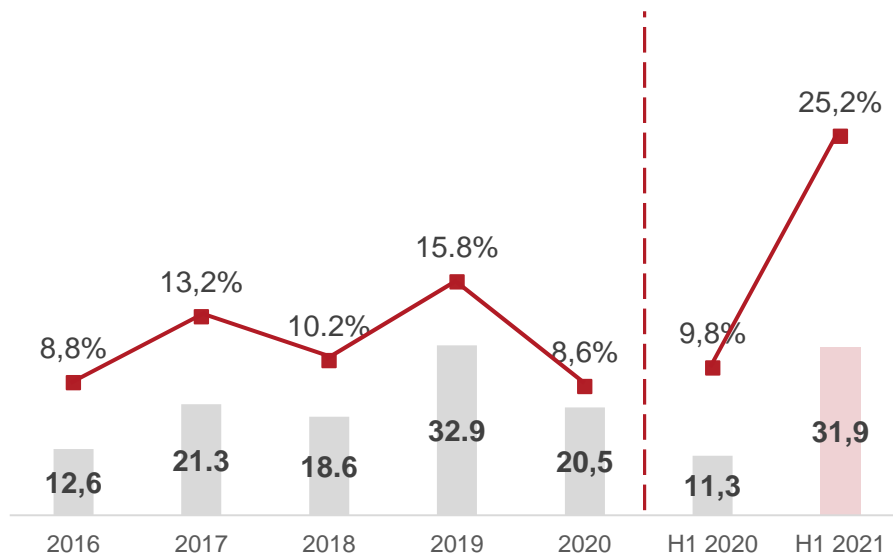
- **Operating cash flow** increased significantly to **€ 20.6m** in H1 2021 due to **improved operating performance**, and was supported by a **reduction in trade working capital**, which led to a positive cash effect of € 3.1m.
- **Net cash used in investing activities** totalled € -17.9m in H1 2021 and mainly includes the combined effects of **€ -31.9m** of payments made for property, plant and equipment (=capex) as well as proceeds from **disposals of assets** in the amount **€ 13.7m** (Umag site as planned).
- **Net cash flows from financing activities** amounted to **€ -14.0m** in H1 2021 (H1 2020: € -5.4m) and include € -11.0m of repayments of 3rd party financial liabilities as well as expenses for interest paid on loans as well as lease liabilities in the amount of € -3.1m.

Investments in platform to support future growth

Entering investment phase of major on-site expansion in Drniš (Croatia)⁽¹⁾

Capex

(in €m / in % of net sales)



Investments in H1 2021:

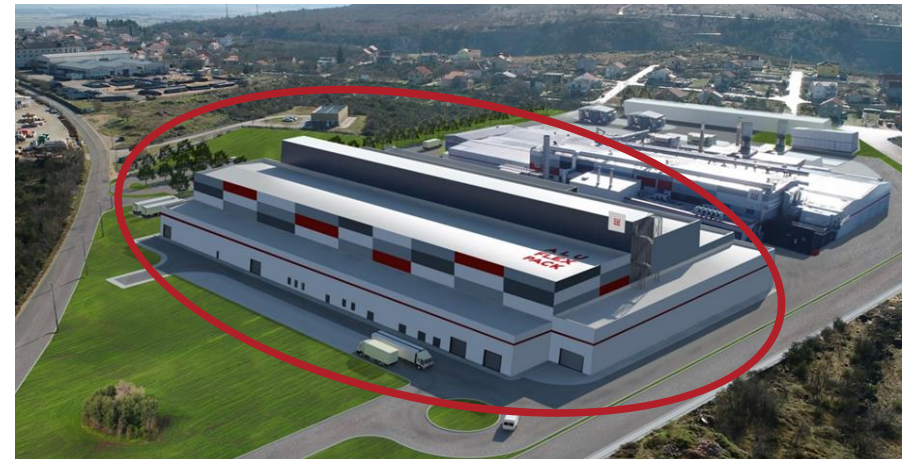
- **Main block** of total capex in H1 2021 with **approx. € 20m** is investment related to **expansion in Drniš (Croatia)**
- Significant investments in **additional finishing capacities** for the **Coffee & Tea** end market in the Group's sites in **France** and **Switzerland**
- Investments in additional **finishing capacities** for **Stand-up-pouches**
- Investments in **IT infrastructure** and **IT security**

Note(s): Capex equals payments made for PPE and intangibles, but excludes payments for acquisitions.

Update on major on-site expansion programme

Confirmed ramp-up in Q4 2022

- **Cornerstones** of expansion in Drniš:
 - € 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**.
- Deeper vertical supply chain integration will lead to **higher independence** on supply side
- Approx. **30%** of targeted capex **completed** as of 30 June 2021
- **Sound financial position** (net debt/EBITDA of 0.5x) providing enough room to maneuver

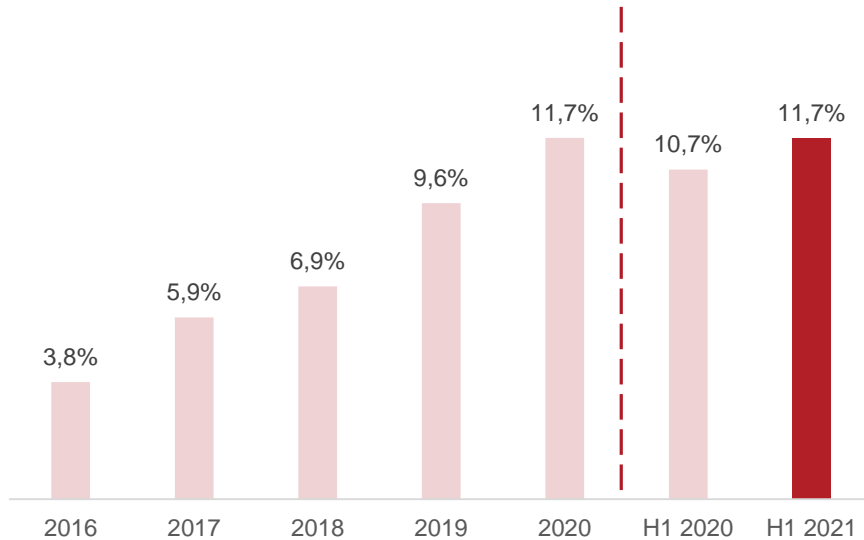


Return on capital employed

ROCE at 11.7% underlining increased capital efficiency⁽¹⁾

Return on Capital Employed

(in %)⁽¹⁾



Comments

- Despite increase in capital employed as a result investments made in recent years, return on capital employed (ROCE) increased from 10.7% in H1 2020 to 11.7% in H1 2021.

Strategic positioning unchanged

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
2021

**Further expansion
in stand-up-pouch
business with new
customer wins and
coffee capsules**

**Strengthened
position in Coffee &
Tea and Pet food
end markets**

**On-site expansion
in Drniš; further
leveraging of the
Group's existing
conversion
capacities**

**Decrease in
personnel and other
operating costs in
% of net sales**

Major 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

Outlook

- 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.
- The Management Board expects the second half of the year to be marked by a further **expansion of business** in the Group's focus end markets, supported by a **sequential recovery** of the pharmaceutical packaging market, and a higher impact of **rising raw material prices**.

Contact Investor Relations

Financial Calendar 2021

Lukas Kothbauer

Head of Investor Relations and M&A

Phone: +436648581124

E-Mail: lukas.kothbauer@aluflexpack.com

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)	H1 2021	H1 2020
Gross Sales	129.3	118.2
Sales deductions	-2.8	-2.6
Net Sales	126.5	115.5
Change in finished and unfinished goods	3.8	2.9
Other operating income	5.4	5.1
Cost of materials, supplies and services	-84.4	-77.4
Personnel expenses	-16.8	-15.1
Other operating expenses	-12.7	-12.9
EBITDA	21.9	18.3
Depreciation and amortisation	-10.9	-8.8
Operating Profit	11.0	9.5
Interest income	0.2	0.1
Interest expenses	-1.1	-1.1
Other financial income	6.2	0
Other financial expenses	-0.8	-5.1
Financial result	4.5	-6.2
Result before tax	15.5	3.3
Tax expense/benefit	-2.8	-0.6
Result for the period	12.7	2.7
Thereof attributable to:		
Owners of the company	12.6	2.4
Non controlling interests	0.0	0.3

Balance Sheet – Assets

(in €m)	30/06/2021	31/12/2020
ASSETS		
Intangible assets and goodwill	36.4	38.6
Property, plant and equipment	129.8	106.7
Other receivables and assets	0.1	1.2
Deferred tax assets	0.2	0.4
Non-current assets	166.5	146.8
Inventories	63.6	59.6
Trade receivables	26.0	24.0
Other receivables and assets	19.1	8.0
Cash and cash equivalents	32.3	44.3
Current assets	140.9	135.9
TOTAL ASSETS	307.5	282.7

Balance Sheet – Equity and Liabilities

(in €m)	30/06/2021	31/12/2020
Capital stock	15.6	15.6
Capital reserves	135.9	135.9
Retained earnings	32.0	21.7
Equity attributable to owners of the Company	183.5	173.1
Non controlling interests	1.2	1.2
Total equity	184.7	174.3
Bank loans and borrowings	14.3	16.5
Other financial liabilities	29.5	16.0
Deferred tax liabilities	4.5	4.4
Employee benefits	1.9	2.0
Other liabilities	0.4	0.4
Non-current liabilities	50.6	39.3
Bank loans and borrowings	5.9	7.1
Other financial liabilities	2.3	10.8
Current tax liabilities	2.6	2.5
Provisions	0.4	0.1
Employee benefits	2.1	2.4
Trade payables and advances received from customers	48.7	39.7
Accruals	2.6	2.4
Other liabilities	7.5	4.2
Current liabilities	72.2	69.1
TOTAL LIABILITIES	122.8	108.4
TOTAL EQUITY AND LIABILITIES	307.5	282.7

Cash flow statement

(in €m)	H1 2021	H1 2020
Income/Loss before tax	15.5	3.3
+/- Financial results excluding other financial income/expense	0.9	1.1
+/- Other non-cash expenses and income	-0.1	1.6
+ Depreciation and amortisation	10.9	8.8
-/+ Gains and losses from disposals of PPE and intangible assets	-1.1	0
-/+ increase and decrease in inventories	-4.2	-5.8
-/+ Increase and decrease in current trade receivables	-2.3	-5.4
-/+ Increase and decrease in other assets	-10.0	0.3
+/- Increase and decrease in trade payables	9.6	-1.9
+/- Increase and decrease in accruals	0.2	1.2
+/- Increase and decrease in other payables	3.3	2.5
+/- Increase and decrease in provisions	0.3	0.1
+/- Increase and decrease in liabilities for employee benefits	-0.3	0.3
-/+ Income taxes paid	-2.2	-0.5
Net cash from operating activities	20.6	5.5
+ Payments received for disposals of PPE and intangible assets	13.7	0
- Payments made for purchases of PPE and intangible assets	-31.9	-11.3
+ Interest received	0.2	0.1
Net cash used in investing activities	-17.9	-11.2
- Payments of lease liabilities	-2.3	-2.0
+ Issuances of financial liabilities (3rd parties)	0.1	0.2
- Repayments of financial liabilities (3rd parties)	-11.0	-2.7
- Interest paid	-0.8	-0.9
Net cash from financing activities	-14.0	-5.4

Overview of earnings adjustments

ADJUSTMENTS ON EBITDA LEVEL (in €m)	H1 2021	H1 2020
EBITDA - IFRS reported	21.9	18.3
Costs for employee phantom stock programme ⁽¹⁾	0.5	0.2
Gain from disposal of assets ⁽²⁾	-1.0	
Net income in relation to fire incident ⁽³⁾		-1.2
EBITDA - adjusted	21.4	17.3

ADJUSTMENTS ON EBIT LEVEL (in €m)	H1 2021	H1 2020
EBIT (Operating Profit) - IFRS reported	11.0	9.5
Costs for employee phantom stock programme ⁽¹⁾	0.5	0.2
Gain from disposal of assets ⁽²⁾	-1.0	
Net income in relation to fire incident ⁽³⁾		-1.2
Acquisition related amortisations	0.7	0.9
EBIT - adjusted	11.2	9.4

Notes: (1) The Group's employee phantom stock agreement was concluded at the end of 2019. Beneficiaries are given the opportunity to participate in an increase in the market value of Aluflexpack AG's stock and are entitled to a cash payment after the end of each period of service. The stated amount reflects the proportionate costs in the current reporting period based on an option pricing model. (2) Gain from disposal of assets refers to a gain generated by a sale and leaseback transaction, entered into by Aluflexpack Novi d.o.o. with WertInvest Nekretnine d.o.o. on 27 April 2021. (3) The stated 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.