Aluflexpack AG

H1 2022 Results Presentation

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Business & Financial Overview

Key highlights H1 2022

Solid performance despite challenging market environment

Strong operational performance

Paved the way to **historically high growth** in net sales

Diligent **supply chain management** ensured stability in an uncertain environment

Dynamic cost development

Higher costs for materials, energy and other items **weigh on profitability**

Continuous measures to **mitigate impact of increased costs** on our business

Teko acquisition

Strengthening of position in **Turkey** and **MENA region** by acquisition of **80%** of Teko

First progress on **synergies** already made

Guidance raised

Net sales of € 320 -350m expected (previously: € 310-330m)

EBITDA before SE anticipated between € 39-44m (previously € 35-40m)

"3-WIN 2025" strategy

Strategic roadmap until 2025 with emphasis on innovation and sustainability

Transformation to **solution-oriented** provider of flexible packaging and barrier solutions

Key figures H1 2022

Pricing effects supporting top line, profitability impacted by increased costs

Net sales

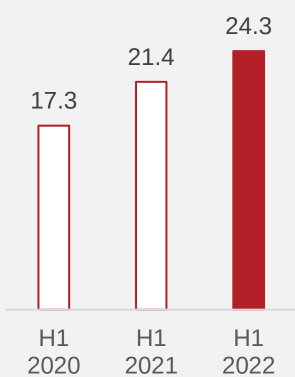
+30.2%

+27.0% organic growth

EBITDA before SE (1)

+13.6%

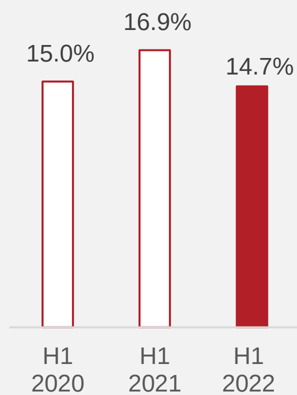
thanks to strong operational performance despite high cost inflation



EBITDA margin before SE (1)

220 bps

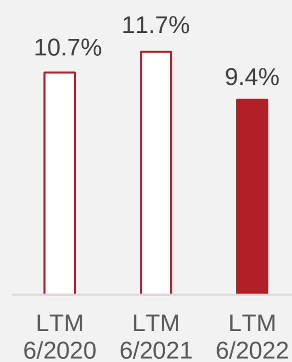
decrease as a result of higher costs



ROCE (2)

lower

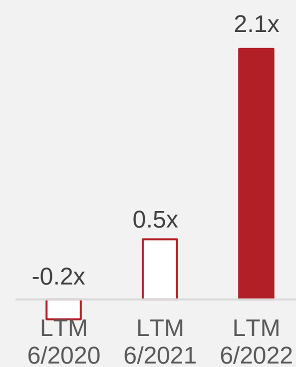
due to significant increase of CE following major expansion in Drniš



Leverage (3)

increase

as a result of Teko acquisition, organic expansion and higher TWC

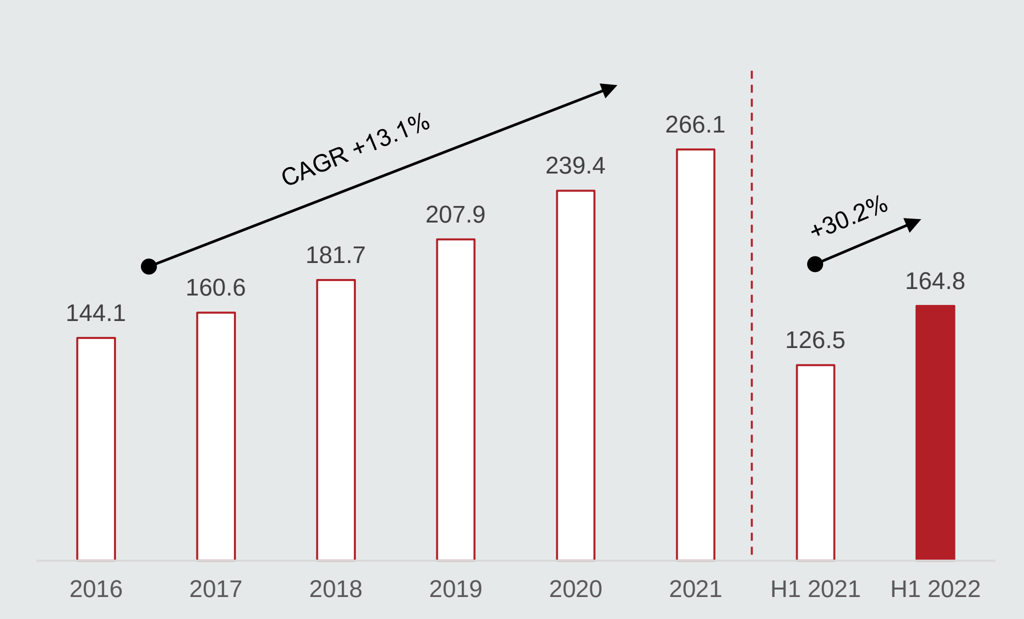


Note(s): (1) EBITDA before SE refers to EBITDA before special effects. A detailed reconciliation of the reported and adjusted figures can be found on slide 30 of this presentation.
(2) ROCE stands for return on capital employed (CE) and refers to Adjusted EBIT for the last twelve months divided by capital employed, which is defined as average equity plus average net financial debt for the last twelve months.
(3) Leverage defined as net debt divided by LTM EBITDA before SE and includes 2 months contribution of the newly acquired Turkish subsidiary Teko.

Net sales overview

Dynamic growth of 30.2% in H1 2022 (organic: 27.0%)

Net sales (in €m)



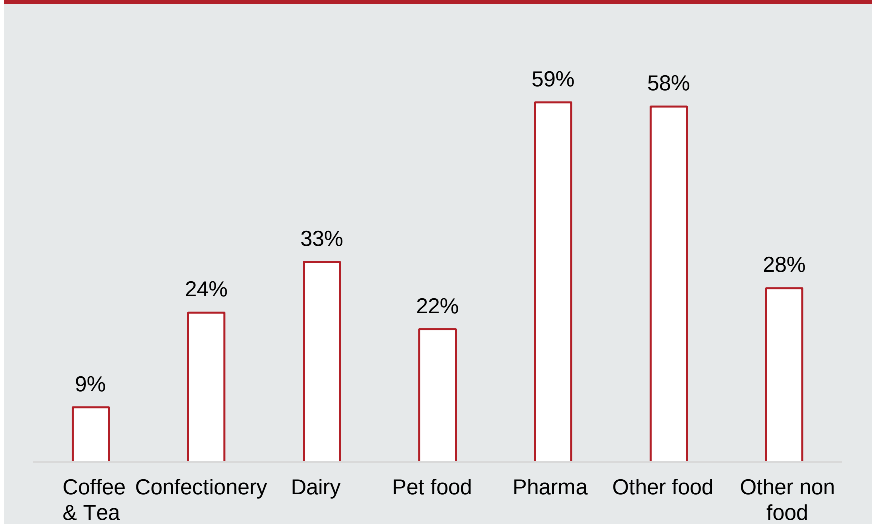
Overview

- **Robust demand** across most end markets
- Well-diversified **customer** and **product portfolio** helped balance temporary swings in demand
- Strong **operational performance** and diligent **supply chain management**
- Besides expansion of business**,** the effects of **cost pass-through** mechanisms and **price increases** provided significant support to net sales growth
- Adjusted for consolidation effects of the newly acquired **Turkish subsidiary**, organic growth amounted to 27.0%

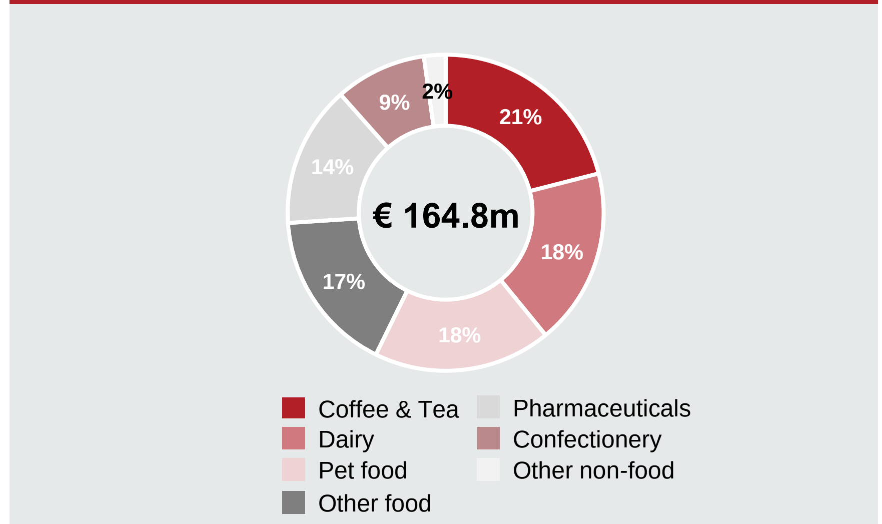
End market dynamics

Growth across all end markets, Pharma with post-COVID rebound

Net sales growth by end markets (in %, H1 2022 yoy)



Net sales split by end markets (in %, H1 2022 yoy)



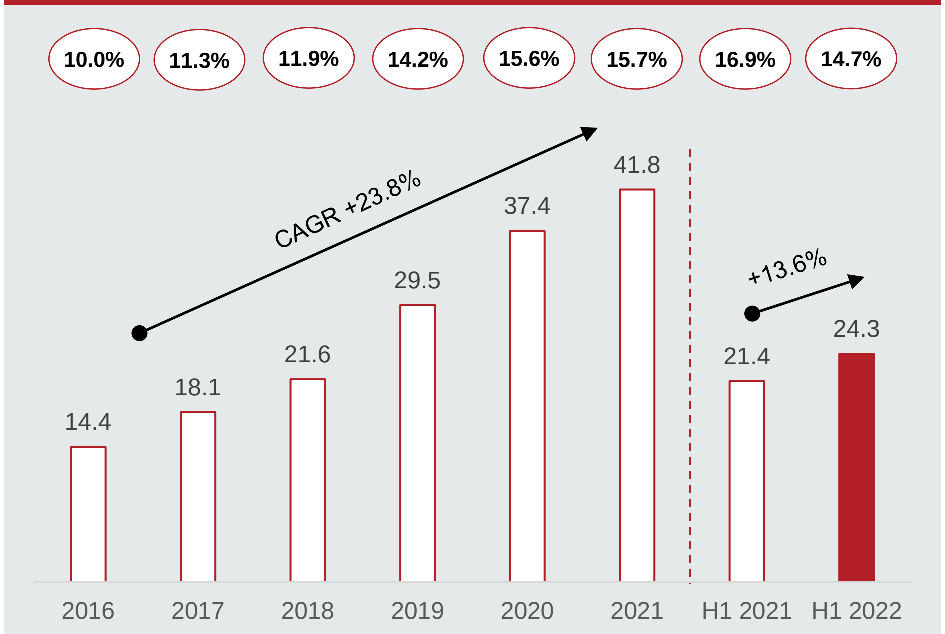
Overview

- Significant recovery in **Pharmaceutical** end market due to lifting of movement restrictions and further market share gains
- **Other food**: strong increase of business with trays and support from inclusion of volumes from newly acquired Turkish subsidiary
- Strong growth in **Confectionery** and **Dairy** end markets attributable to market share gains and additional volumes from Teko
- Growth in **Pet food** end market supported by solid demand for stand-up pouches
- Lower growth in **Coffee & Tea** end market as a result of a shift towards away-from-home consumption following lifting of movement restrictions and macroeconomic effects

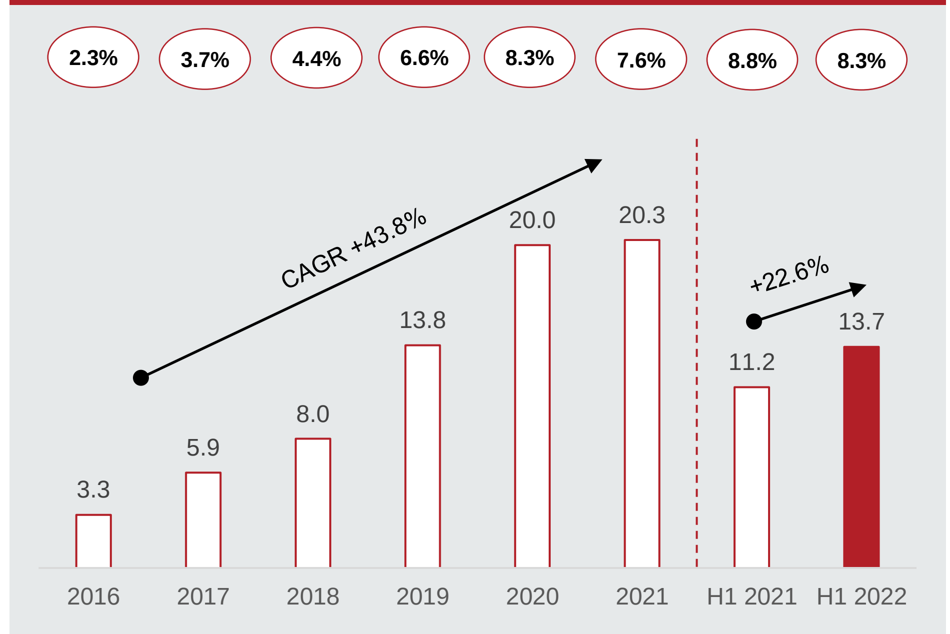
Earnings highlights

Increase of EBITDA before SE to € 24.3m, margin of 14.7% in H1 2022

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



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



Overview

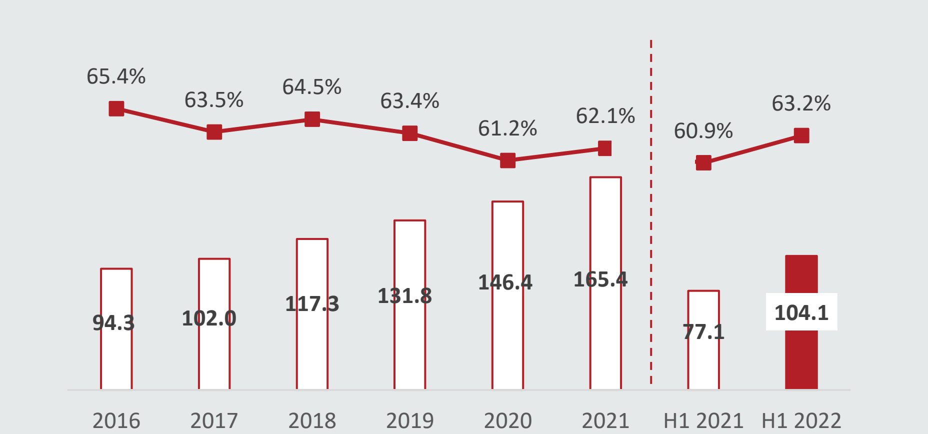
- Increase in **EBITDA before SE** due to an expansion of business despite high increase of costs for materials, energy and other cost components not subject to automatic pass-through mechanisms
- **Decrease** in EBITDA margin to 14.7% in H1 2022 (H1 2021: 16.9%) due to **higher input costs** and a **margin-dilutive impact** as a result of the higher cost base

Note(s): (1) A detailed reconciliation of the reported and before SE figures can be found on slide 30 of this presentation.

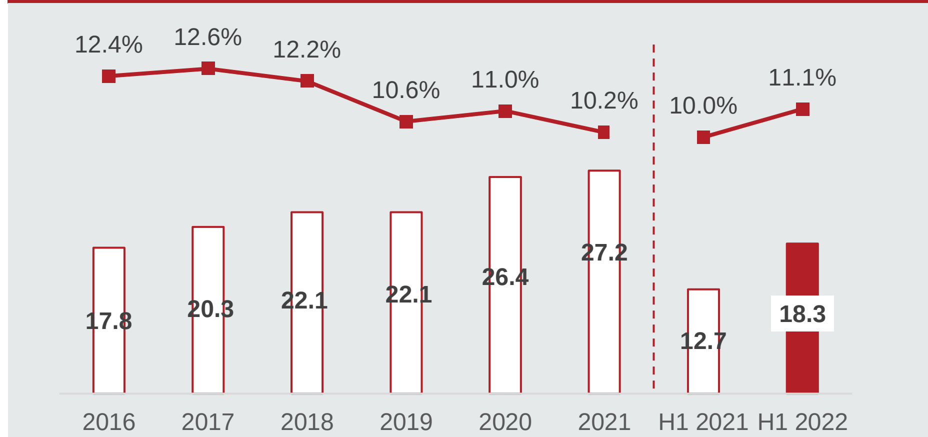
Cost management

Inflationatory cost environment with significant impact on cost structure

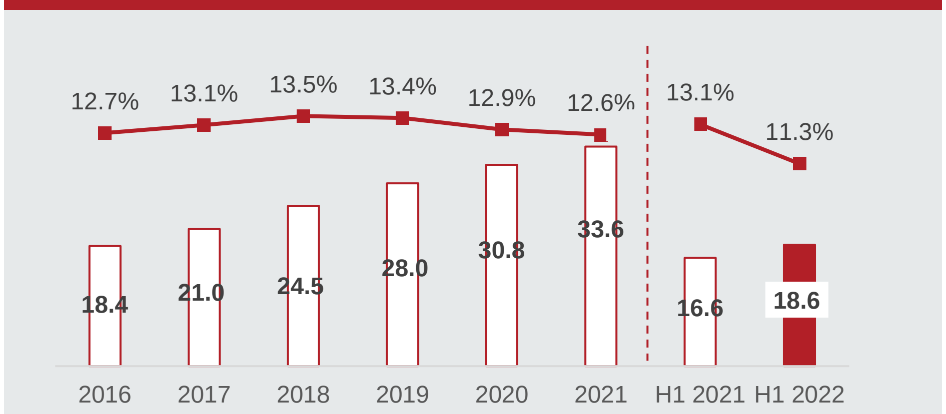
Material costs (in €m / in % of net sales, on adj. level)[(1)]



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)]



Overview

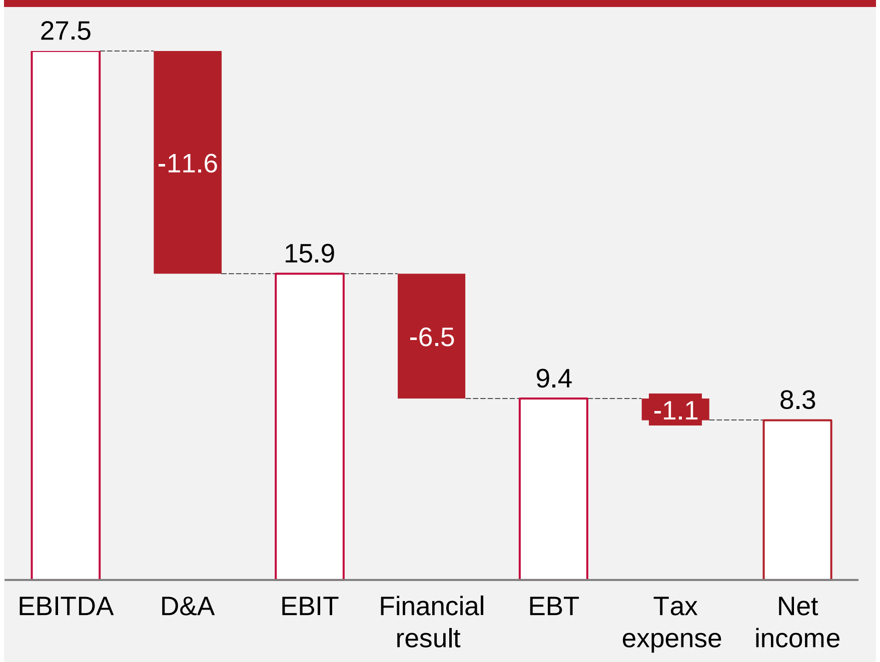
- **Material costs** in % of net sales increased in H1 2022 due to a significant increase in costs for base substrates and liquid input materials as well as costs for packaging goods
- **Other operating costs** in % of net sales rose to 11.1%, as a result of considerably higher energy, freight and transportation costs
- **Personnel costs** in % of net sales decreased due to an increase in the Group`s **operating leverage** and a **dilutive impact** from the reflection of higher other costs in the Group's net sales

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 transaction consultancy costs and financial transaction taxes; (3) Adjusted for temporary personnel costs and effects from employee phantom stock option programme, and in addition, effects from 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 and pages 18-19 of Aluflexpack's Half Year Report 2022.

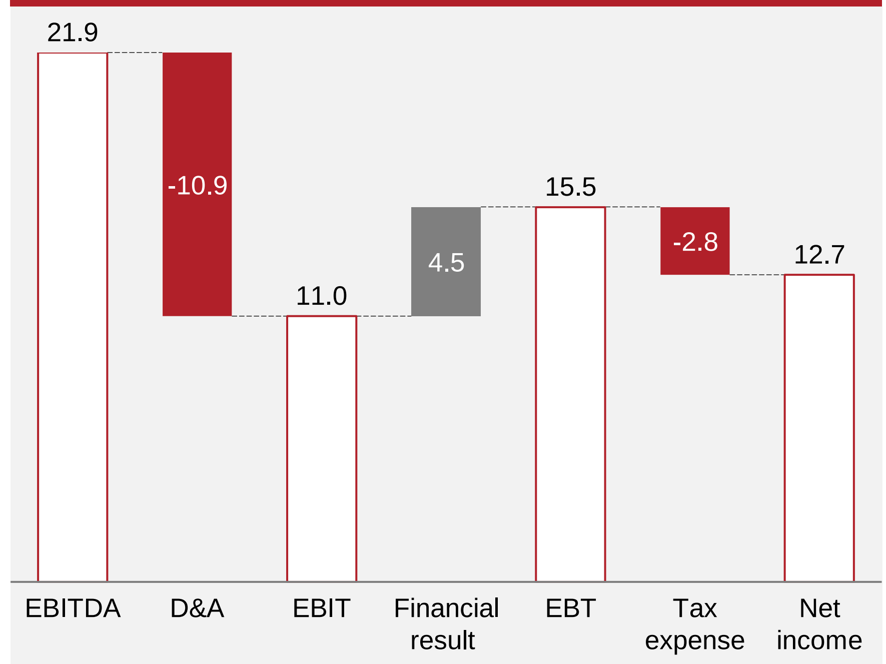
Other cost positions

Financial result impacted by mark-to-market valuation effect of open swaps

Other cost positions (in €m, H1 2022)



Other cost positions (in €m, H1 2021)



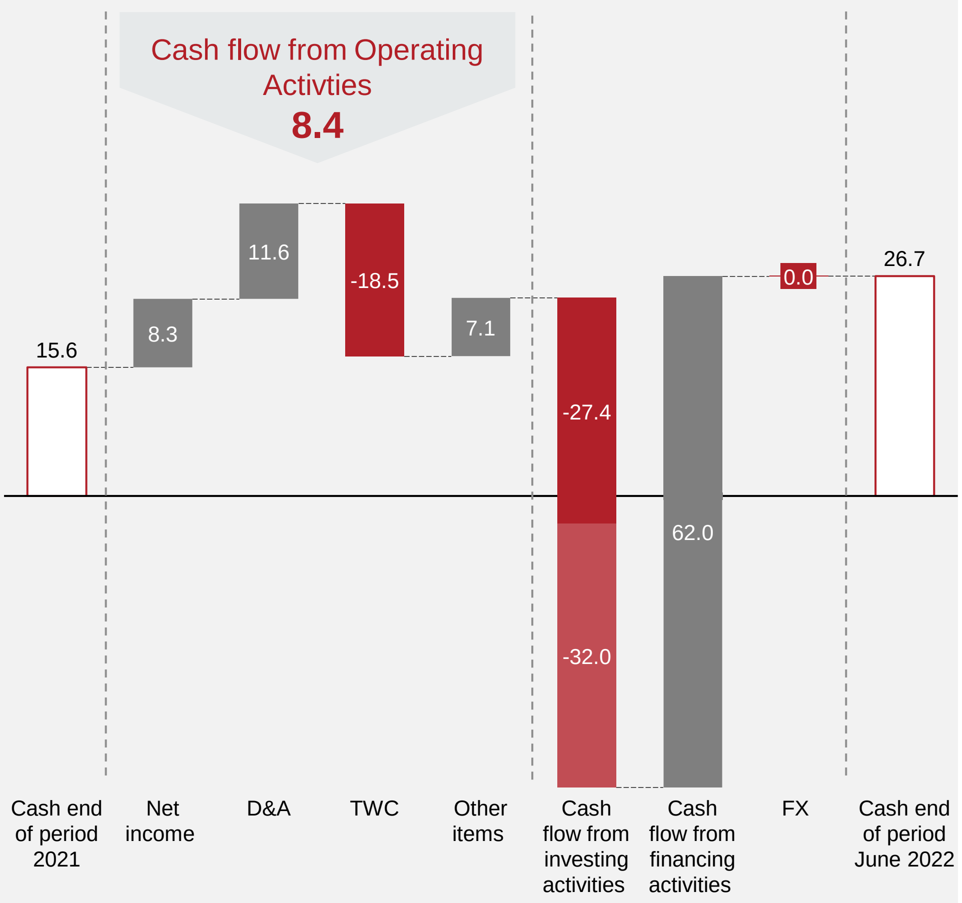
Overview

- Negative **financial result** totalling **€ -6.5m** (H1 2021: € 4.5m) due to a combination of…
  - …slightly higher net interest expenses of € -1.2m (H1 2021: € -0.9m)…
  - …and a significantly lower other financial result of € -5.3m (H1 2021: € 5.3m) as a result of a negative non-cash mark-to-market valuation effect of financial instruments used to hedge against volatility of the price of aluminium, notably the LME and RDP component
- Better **tax result** in the amount of **€ -1.1m** (H1 2021: € -2.8m), driven by a lower tax base and the impact of subsidies

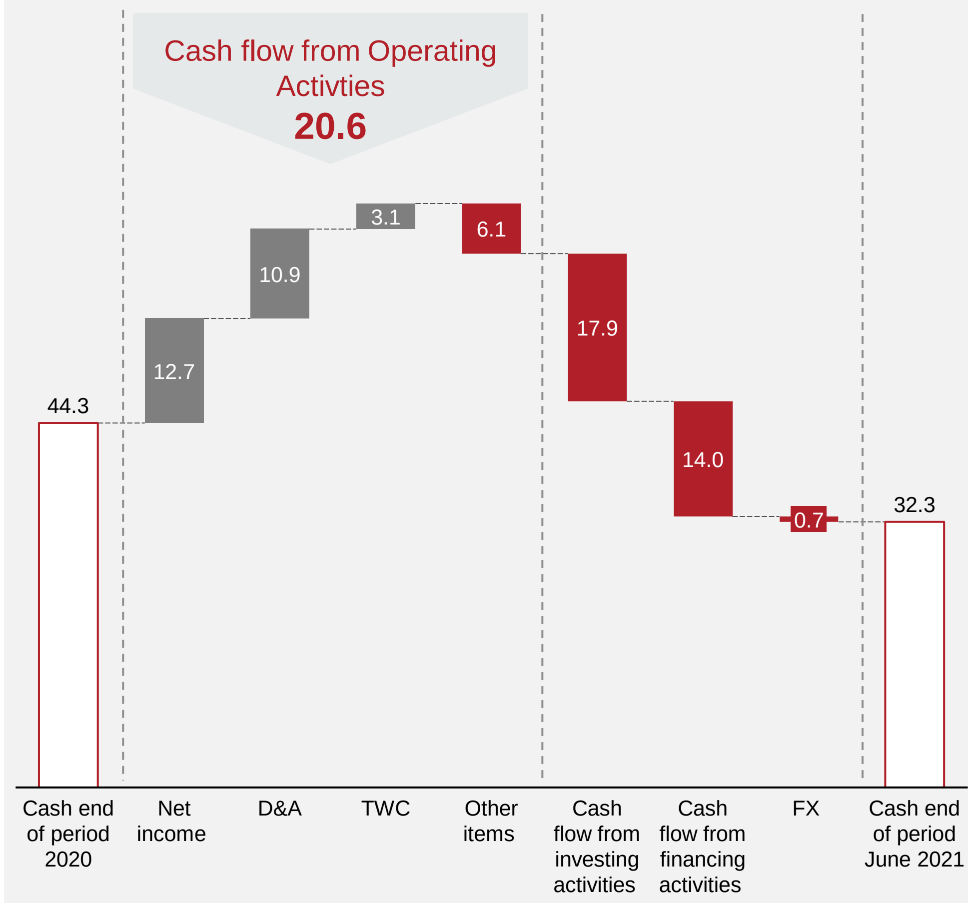
Cash flow overview

Operating cash flow negatively affected by trade working capital increase in H1 2022

Change in cash position Dec 2021 – Jun 2022 (in €m)(1)



Change in cash position Dec 2020 – Jun 2021 (in €m)(1)

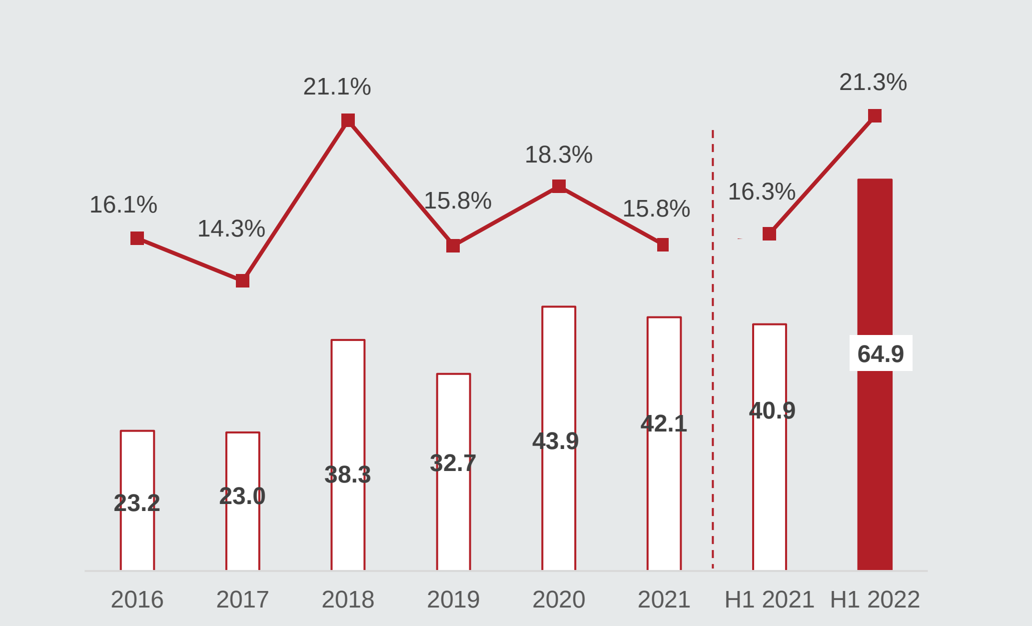


Note(s): (1) In cash flow from investing activities, the light red colour indicates payments for acquisition of subsidiaries while the dark red colour shows all other payments related to investing activities.

Working capital management

Higher material costs impacting trade working capital

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



Overview

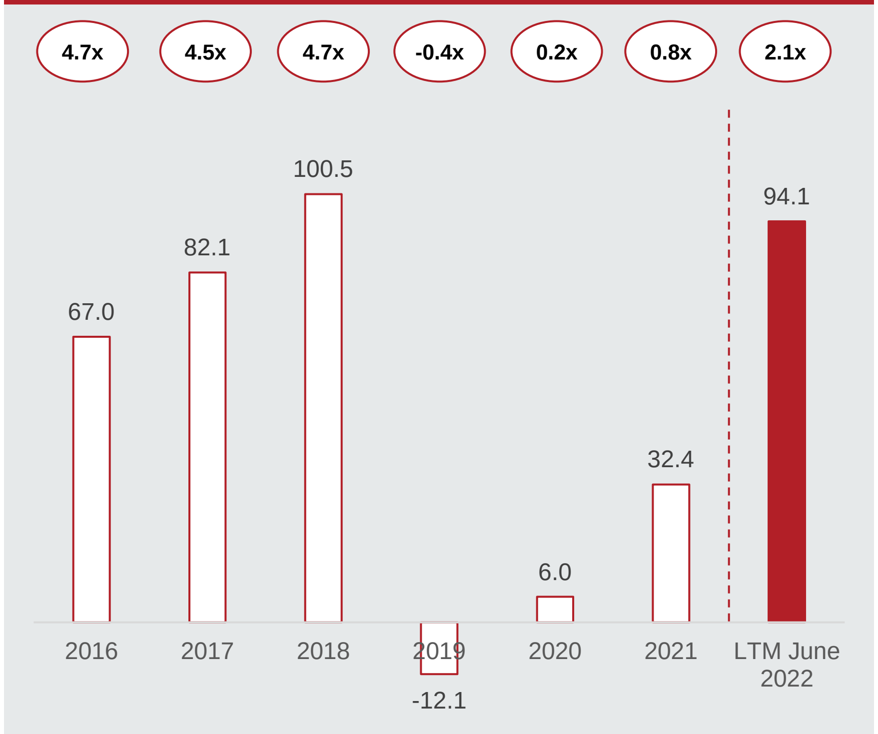
- **Inventories** rose to € 83.4m (Dec 21: € 66.7m), mainly as a result of increase in business and higher raw materials prices
- **Trade receivables** increased to € 39.5m (Dec 21: € 27.3m) above all due to additional business generated and increase in raw material prices
- Total **operative payables** increased to € 58.0m (Dec 21: € 51.9m)
- Increase in **TWC-to-sales ratio** to 21.3% (2021: 15.8%), reflecting also impact from full inclusion of TWC of newly acquired Turkish subsidiary while its net sales are only consolidated for 2 months

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 Trade Working Capital Ratio is calculated by dividing end of period trade working capital by sales of the last 12 months.

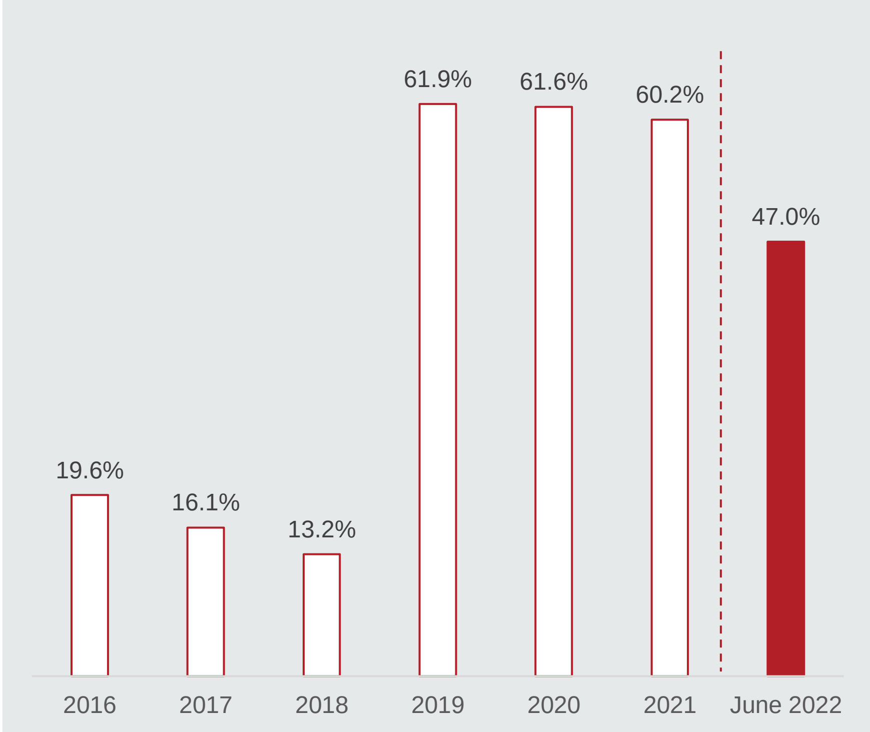
Solid balance sheet…

…despite peak of capex cycle and acquisition of Turkish subsidiary

Net debt (in €m / leverage)(1)



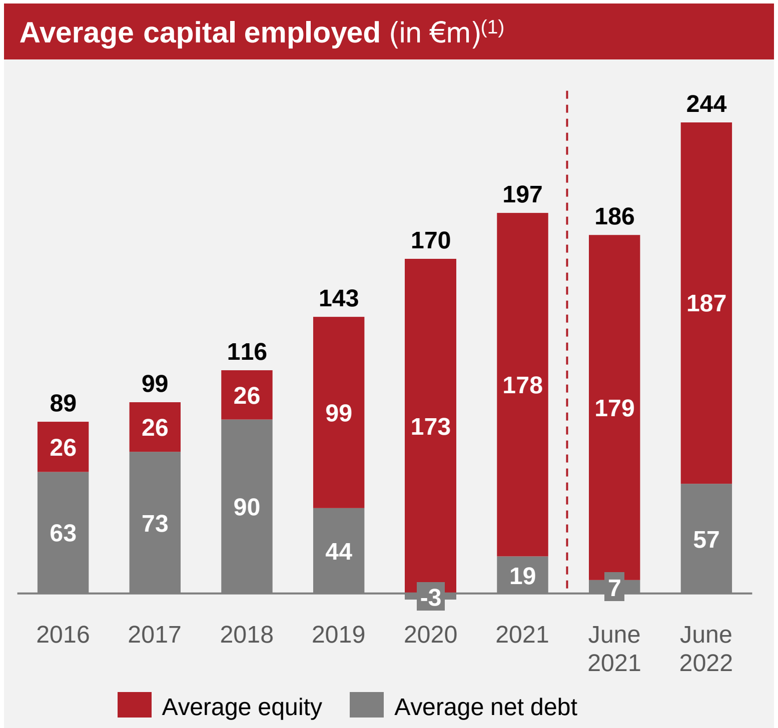
Equity ratio (in %)

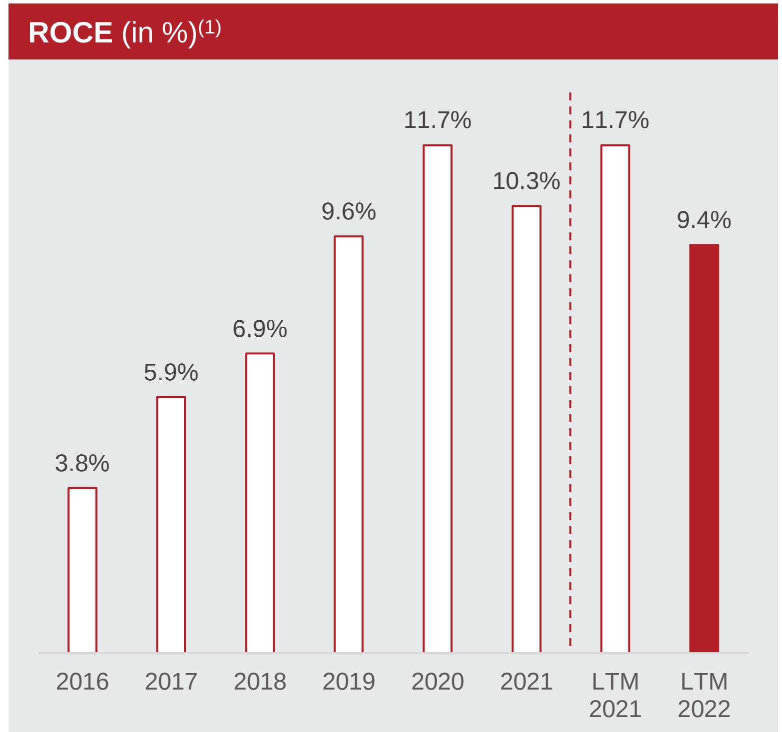


Note(s): (1) Leverage defined as net debt divided by LTM EBITDA before SE.

Return on capital employed

Higher capital employed base as of June 2022 temporarily affecting ROCE





Overview

- Decrease in return on capital employed (ROCE) due to significant expansion of capital employed as a result of accelerated **organic investments,** above all the major **expansion in Drniš** (Croatia) and the **acquisition** of the Turkish subsidiary
- Extension of capital base to further impact ROCE in H2 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 financial debt for the last twelve months.

Acquisition of Teko – May 2022

Further strengthening Aluflexpack's position in Turkey and MENA region

Market leader

On domestic Turkish aluminium die-cut lidding market

Significant presence

In beverage applications; supplying also to confectionery end market

Complementary

Setup to existing Turkish operations which has focus on pharma end market

Extensive value chain

Ranging from converting, printing to finishing steps

Stepping stone

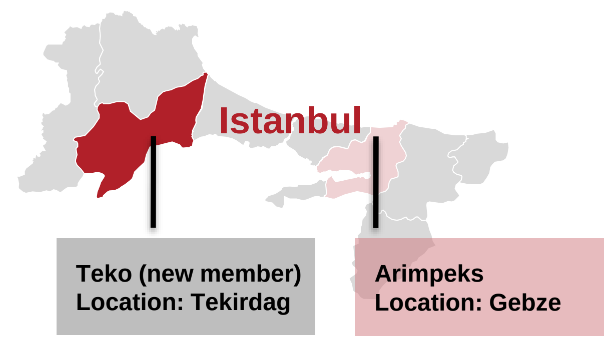
For further growth opportunities in MENA region

Cornerstones

Aquisition of 80%, revenue of c.€16m in 2021; former owner/CEO continues in his capacity & invested

Turkey overview

- The flexible packaging market in **Turkey** has grown significantly in the past 10 years and is expected to grow at an **annual rate of 4.3%** during **2021-2026**(1)
- **Main drivers**: population growth, urbanisation, rising exposure to modern retail channels, increase in health care standards
- **Resilient demand** for consumer staples observed, majority of busines indexed to hard currency
- Implementation of **hyperinflationary accounting** as of 30 June 2022 (IAS 29)(2)



Note(s): (1) In volume terms. Data is obtained from Smithers report "The Future of Global Flexible Packaging to 2026".
(2) As of 30 June 2022, Aluflexpack is required to apply IAS 29 " Financial Reporting in Hyperinflationary Economies" for its operations in Turkey. Further clarification can be found in slide 31 of this presentation.
Map indicates location of Aluflexpack production plants in Turkey.

Update on major on-site expansion program

Construction according to plan, assembling of machines in final stage

- Progress in construction **according to plan**
- **Assembling** of key machines in final stage
- Approx. **€ 70m** gross investment volume;
- Ramp-up by end of **2022**; start of industrial production at the beginning of **2023**
- Up to **30,000 mt** of vertically integrated conversion capacities

Overview of investments

Pre-treatment capacities

- Extension of **existing pre-treatment** capacities by up to **30,000 metric tons**
- Strengthening of **vertical integration** and innovation capabilities
- Higher **influence on quality** of the final product and **improved contingency** planning

Conversion capacities

- Extension of **conversion capacities** by up to **30,000 metric tons** with high-speed state-of-the art lacquering line
- Increased **flexibility** in overall production setup
- In-line lamination option and **improved contingency** planning

Heavy-coil slitter

- Address specific **technological requirements** of attractive end markets
- Handling of **higher-volume coils**
- Slitting of **plain aluminium foil**

Infrastructure

- Construction of **extension** to existing building Drniš on **13,000 square meters**
- Installation of **fully automatised warehouse** to process big coils
- **Enhanced material flow** through new setup

Outlook 2022

Outlook

Upgraded

- Despite the current economic uncertainty and geopolitical events, the Management Board remains confident in the stability of the business. On the condition of stable energy supply for the Group, the Management Board now anticipates **net sales** for the fiscal year 2022 between **€ 320m** and **€ 350m** (previously: € 310-330m).

- The increase in the full-year net sales outlook mainly reflects **consolidation effects** from the inclusion of the **Turkish subsidiary** acquired in May 2022 as well as higher than anticipated effects from cost pass-through mechanisms.

- As a result of the positive operational development and including the expected contribution from the newly acquired Turkish subsidiary, **EBITDA before SE** for the full year 2022 is expected to range between **€ 39** and **€ 44m** (previously: € 35-40m).


“3-WIN 2025” STRATEGY

Aluflexpack today

Strong foundation to capture trends of tomorrow

- Among **top 3 players** in converted aluminium based flexible packaging in Europe
- Strong **organic growth** rates and **strong profitability** improvement supported by right growth projects
- Strongly **invested, integrated** and **competitive platform** with state of the art machinery
- Strong combination of **process** and **materials** know how in **aluminium based flexible** packaging
- **Reliable service** and **quality** partner for customers with selective innovations
- **Transition** from mid-sized to larger company bringing need for **organisational** and **process improvements**

Megatrends

Functionality
Protect and add value to goods

Sustainability
Reusability
Recyclability
CO_2 reduction

Consumer patterns
Aging population
Single households
E-commerce

Innovation
Catalyst for sustainability and differentiation

Battle for talent
Attracting talent
Automatisation
Digitalisation

Industry consolidation
R&D, Value chain
Contingencies

Our Vision

We are **partner of choice** for developing and large-scale manufacturing of…

…premium circular flexible packaging and barrier solutions.

As **integrated solution provider** we serve the most demanding customers…

…and **grow** in most demanding end markets & applications in a **profitable** and **sustainable way.**

A trustful relation with all of our **stakeholders** and a great **employee experience** serve as strong foundation of our success.

“3-WIN 2025” strategy

Goals addressing people, planet and profit

MARKET POSITIONING	**Global market leader** in converted **aluminium based** flexible packaging and barrier solutions. Focus on attractive markets such as **pharma**, **pet food**, **coffee** & **other non-food** **Leading player** in selective **complex product** solutions in **other materials**
SUSTAINABILITY	Clear **roadmap** and **progress** on the way to net zero scope 1-3 Increase of **recycled content** Evolution of portfolio towards **full recyclability**
INNOVATOR & SOLUTION PROVIDER	Transform from reliable partner to **innovator** and **integrated solution provider** Development of fully **circular solutions** together with partners and suppliers Increase of **traceability** of materials & processes used in the supply chain
OPERATIONAL EXCELLENCE	Industry benchmark in terms of **operational excellence** and **automatisation** Significant progress in **digitalisation** processes
STRONG ORGANISATION	**Attract, retain** and **develop** talent Establish a **corporate culture** of togetherness and make Aluflexpack a **great place to work**
FINANCIAL GOALS	**Revenue** of € 450-500m by 2025 **EBITDA margin before SE** of 14-16% by 2025

How to achieve our goals

Cementing our position at the forefront of the industry

Market positioning

- **Follow** customers abroad
- **Replicate** successful **business models** in new geographies
- Continuously improve products & explore **adjacent** categories
- Broaden **customer pool** via M&A
- Extend **product** and **material footprint**

Sustainability

- Define **targets and** draw **sustainability roadmap**
- **Decarbonisation** and **energy efficiency**
- **Product lifecycle** assesment
- Advance in **reuse, reduce and recycle** approach
- Forge **strong partnerships**

Innovator & solution provider

- **Customer-centric** innovation
- **Vertical integration**
- Expand **technological toolbox**
- Deepen **Aluminum** competence
- Selectively enter **value-adding** plastic solutions
- **Continuous optimisation** of business model

Operational excellence

- Operate **state-of-the-art** equipment in **competitive** production locations
- Maintain **agility** and **entrepreneurial** approach
- Drive **automatisation** and **digitalisation**
- Raise efficiencies through an **operational KPI centered** approach

Strong organisation

- Create great employee **experience**
- Corporate **culture of togetherness**
- **Talent management** & succession planning
- Execute on extended **hiring strategy**
- Strategic hiring on **focus topics** of the future
- **Employer branding**

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

Income statement

(in €m)	H1 2022	H1 2021
Gross sales	**167.3**	**129.3**
Sales deductions	-2.5	-2.8
Net sales	**164.8**	**126.5**
Change in finished and unfinished goods	4.4	3.8
Other operating income	9.3	5.4
Cost of materials, supplies and services	-114.2	-84.4
Personnel expenses	-18.1	-16.8
Other operating expenses	-18.7	-12.7
EBITDA	**27.5**	**21.9**
Depreciation and amortisation	-11.6	-10.9
Operating profit	**15.9**	**11.0**
Interest income	0.1	0.2
Interest expenses	-1.3	-1.1
Other financial income	0.6	6.2
Other financial expenses	-5.9	-0.8
Financial result	**-6.5**	**4.5**
Result before tax	**9.4**	**15.5**
Tax expense/benefit	-1.1	-2.8
Result for the period	**8.3**	**12.7**
Thereof attributable to:		
Owners of the company	8.1	12.6
Non controlling interests	0.2	0.0

Balance Sheet – Assets

(in €m)	30/06/2022	31/12/2021
ASSETS		
Intangible assets and goodwill	66.2	31.7
Property, plant and equipment	171.8	147.5
Other financial assets	0.2	0
Other receivables and assets	0.1	0.1
Deferred tax assets	2.8	0.4
Non-current assets	**241.1**	**179.7**
Inventories	83.4	66.7
Trade receivables	39.5	27.3
Income tax receivable	0.1	0.1
Other receivables and assets	11.6	12.2
Cash and cash equivalents	26.7	15.6
Current assets	**161.2**	**121.9**
TOTAL ASSETS	**402.3**	**301.7**

Balance Sheet – Equity and Liabilities

(in €m)	30/06/2022	31/12/2021
Capital stock	15.6	15.6
Capital reserves	136.0	135.9
Retained earnings	36.2	28.8
Equity attributable to owners of the Company	**187.7**	**180.3**
Non controlling interests	1.5	1.3
TOTAL EQUITY	**189.2**	**181.6**
Bank loans and borrowings	78.3	10.6
Other financial liabilities	30.8	26.3
Deferred tax liabilities	9.2	3.7
Employee benefits	1.4	1.7
Other liabilities	5.5	3.4
Non-current liabilities	**125.2**	**45.6**
Bank loans and borrowings	5.4	7.0
Other financial liabilities	6.2	4.1
Current tax liabilities	1.9	2.7
Provisions	0.7	0.1
Employee benefits	2.4	2.0
Trade payables and advances received from customers	58.0	51.9
Accruals	5.5	2.3
Other liabilities	7.6	4.2
Current liabilities	**87.8**	**74.4**
TOTAL LIABILITIES	**213.1**	**120.1**
TOTAL EQUITY AND LIABILITIES	**402.3**	**301.7**

Cash flow statement

(in €m)	H1 2022	H1 2021
Income/Loss before tax	**9.4**	**15.5**
+/- Financial results excluding other financial income/expense	1.2	0.9
+/- Other non-cash expenses and income	-2.8	-0.1
+ Depreciation and amortisation	11.6	10.9
-/+ Gains from disposals of PPE and intangible assets	0	-1.1
-/+ increase and decrease in inventories	-14.5	-4.2
-/+ Increase and decrease in current trade receivables	-8.4	-2.3
-/+ Increase and decrease in other assets	2.0	-10.0
+/- Increase and decrease in trade payables	4.4	9.6
+/- Increase and decrease in accruals	3.2	0.2
+/- Increase and decrease in other liabilities	5.0	3.3
+/- Increase and decrease in provisions	0.6	0.3
+/- Increase and decrease in liabilities for employee benefits	-0.1	-0.3
-/+ Income taxes paid	-3.2	-2.2
Net cash from operating activities	**8.4**	**20.6**
+ Payments received for disposals of PPE and intangible assets	0.1	13.7
- Payments made for purchases of PPE and intangible assets	-27.5	-31.9
- Payments for acquisition of subsidiaries	-32.0	0
+ Interest received	0.1	0.2
- Other payments received/made for investing activities	-0.1	0
Net cash used in investing activities	**-59.4**	**-17.9**
- Payments of lease liabilities	-2.7	-2.3
+ Issuances of financial liabilities (3rd parties)	69.9	0.1
- Repayments of financial liabilities (3rd parties)	-4.3	-11.0
- Interest paid	-0.9	-0.8
Net cash from financing activities	**62.0**	**-14.0**

Overview of earnings adjustments

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ADJUSTMENTS ON EBITDA LEVEL (in €m)	H1 2022	H1 2021
EBITDA - IFRS reported	**27.5**	**21.9**
Costs/benefits of stock option programmes(1)	-0.3	0.5
Transaction costs(2)	0.4	
Effects of adoption of IAS 29 (hyperinflation) in Turkey(3)	-3.4	
Gain from divestment of property, plant and equipment(5)		-1.0
EBITDA before SE	**24.3**	**21.4**

ADJUSTMENTS ON EBIT LEVEL (in €m)	H1 2022	H1 2021
EBIT (Operating profit) - IFRS reported	**15.9**	**11.0**
Costs/benefits of stock option programmes(1)	-0.3	0.5
Transaction costs(2)	0.4	
Effects of adoption of IAS 29 (hyperinflation) in Turkey(4)	-3.3	
Gains from divestment of property, plant and equipment(5)		-1.0
Acquisition related amortisations	0.9	0.7
EBIT before SE	**13.7**	**11.2**

Note(s): (1) Amount includes effects from the employee phantom stock option programme, and in addition, effects from the long-term incentive component of the Management Board's compensation which was introduced in 2021 and which Is stock based. (2) Transaction costs include general consultancy costs and other costs in relation to the acquisition of 80% of Teko. (3) As of 30 June 2022, Aluflexpack is required to apply IAS 29 " Financial Reporting in Hyperinflationary Economies" for its operations in Turkey. Further clarification can be found in slide 31 of this presentation. (4) Hyperinflation effects differs from the value presented in the EBITDA adjustment due to a higher asset base related the inflation adjustment and the subsequent higher depreciation of the assets. (5) Gains from disposal of assets refer 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.

Changes to accounting policies: IAS 29

Financial Reporting in Hyperinflationary Economies

- IAS 29 applies to any entity whose **functional currency** is the currency of a **hyperinflationary economy**, which applies to countries with **cumulative inflation** over the past three years of at least **100%**. As of 30 June 2022, **Turkey** is considered a hyperinflationary economy.

- Aluflexpack currently operates two subsidiaries in Turkey and the respective legal entities both use the Turkish Lira as functional currency. Hence, Aluflexpack is **required** to apply IAS 29 in both entities as of 30 June 2022.

- By applying IAS 29, the Group's activities in Turkey are not accounted for on the basis of historical acquisition or production costs but **adjusted for the effects of inflation**. Restatements are made by applying a **general price index** based on monthly inflation rates announced by the **Turkish Statistical Institute**. Items such as monetary items that are already stated at the measuring unit at the balance sheet date are not restated.

- Gains and losses from the inflation adjustment are recognised in the Group's **other operating income** (in case of a positive effect) or **other operating expenses** (in case of a negative effect).