

**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)

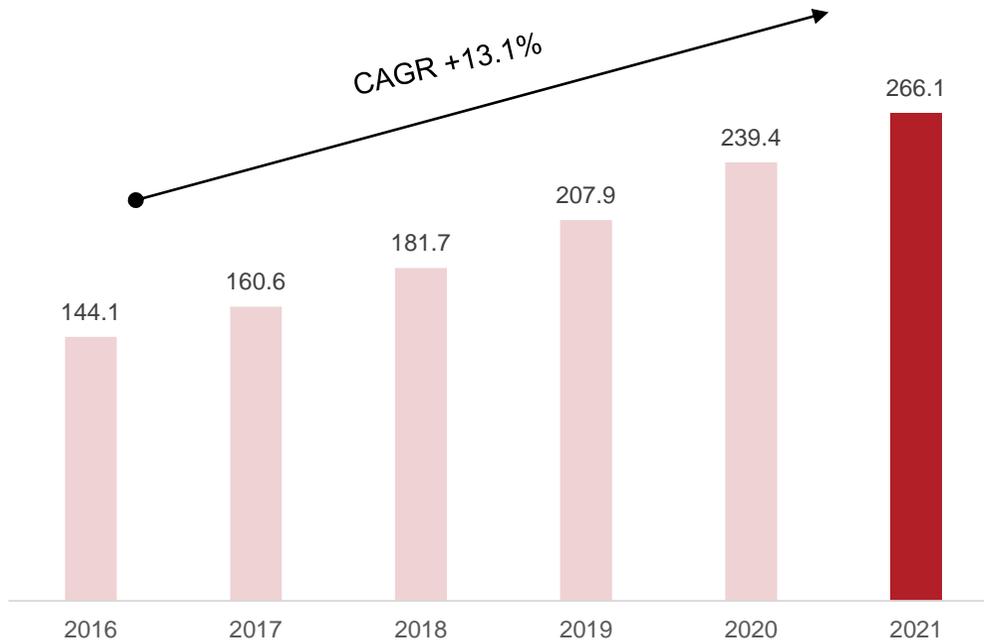
Outlook for 2022 reaffirmed

The Management Board confirms its **guidance** of **net sales** in the range of **€310 to 330m** and **EBITDA** before SE between **€35 and 40m**

Net sales overview

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

Net sales
(in €m)



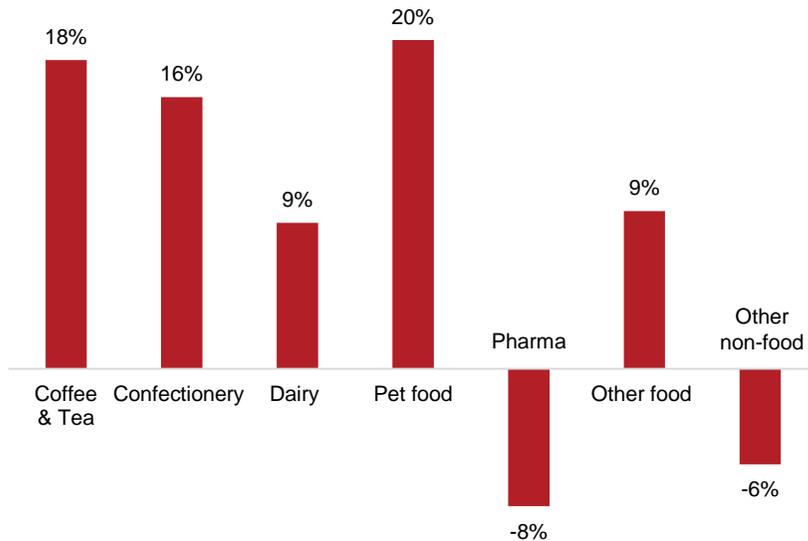
Comments

- 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

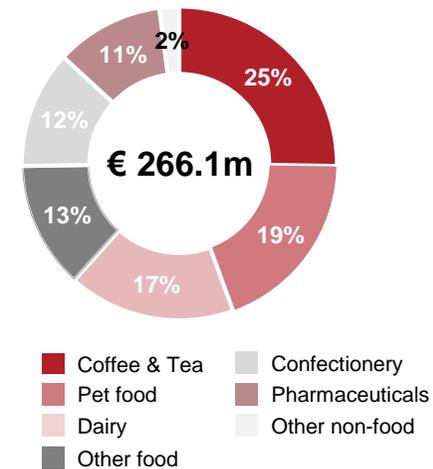
End market dynamics

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

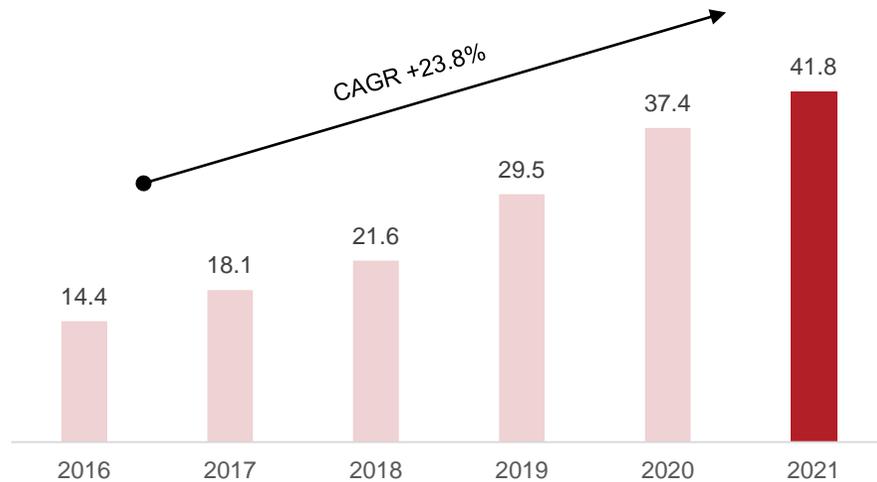
Earnings highlights

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⁾

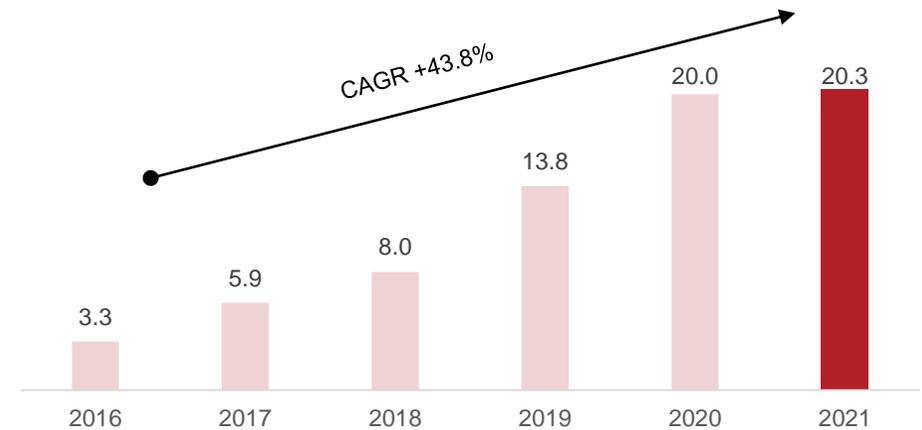
10.0% 11.3% 11.9% 14.2% 15.6% 15.7%



EBIT before SE

(in €m / margin in % of net sales)⁽¹⁾

2.3% 3.7% 4.4% 6.6% 8.3% 7.6%



Comments

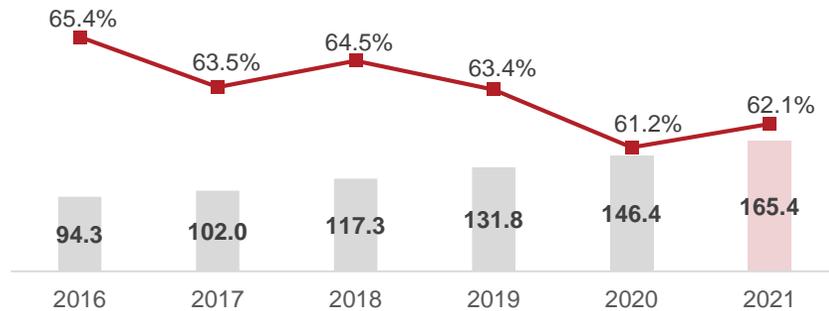
- **Larger share** of value-adding products and economies of scale (cost positions growing slower than top line)
- Continuous **efficiency improvements** across organisation
- **Sequential decrease** in EBITDA margin from H1 2021 (16.9%) to FY 2021 (15.7%) due to **inflationary pressure** on many input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

Cost management

Improvement in personnel and other operating cost margins in 2021

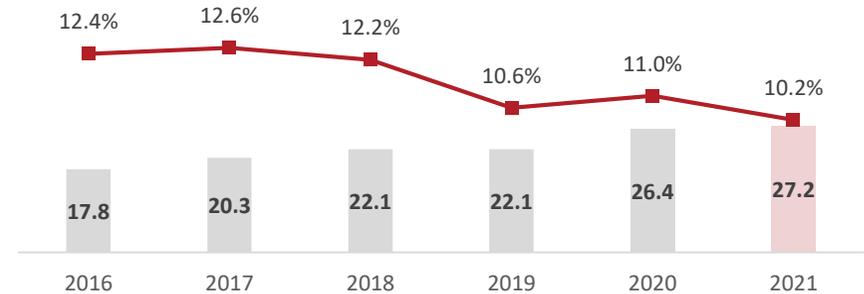
Material costs

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



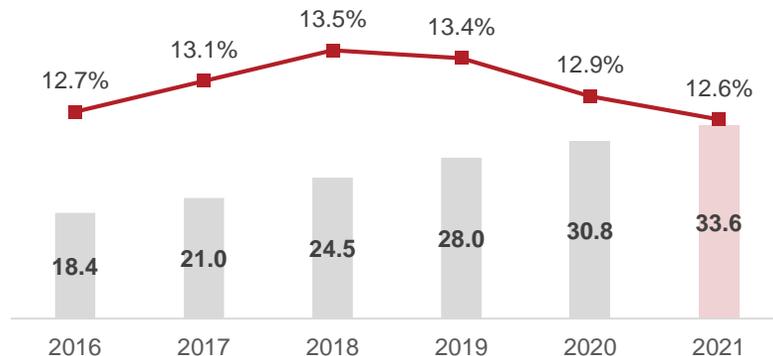
Other operating costs

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



Personnel costs

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



Comments

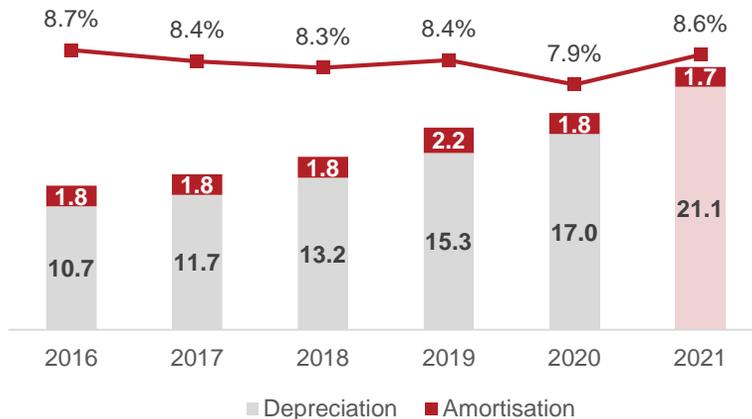
- **Material costs** in % of net sales increased in 2021 due to inflationary pressure for key input materials especially in H2 2021
- **Other operating costs** in % of net sales decreased to 10.2%, as a result of an increased operating leverage and a reduced share of the costs for selling, travelling 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**

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

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%
<i>EBITDA margin before SE</i>	15.7%	15.6%	
EBIT before SE	20.3	20.0	1.8%
<i>EBIT margin before SE</i>	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	

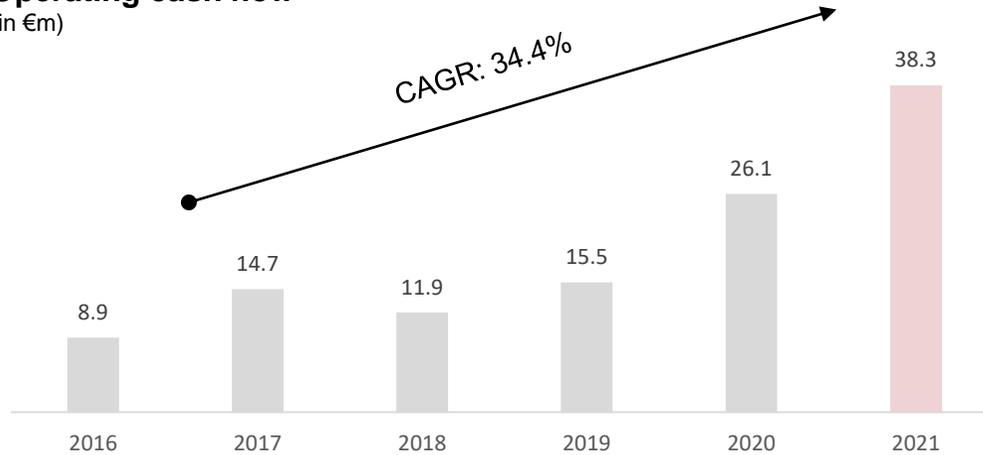
Comments

- **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)

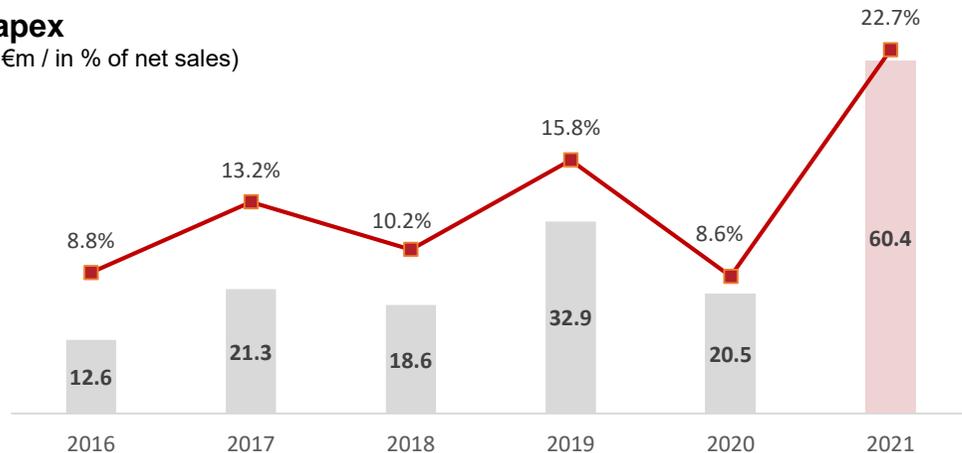
Cash flow overview (1/2)

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:
 - Driň 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

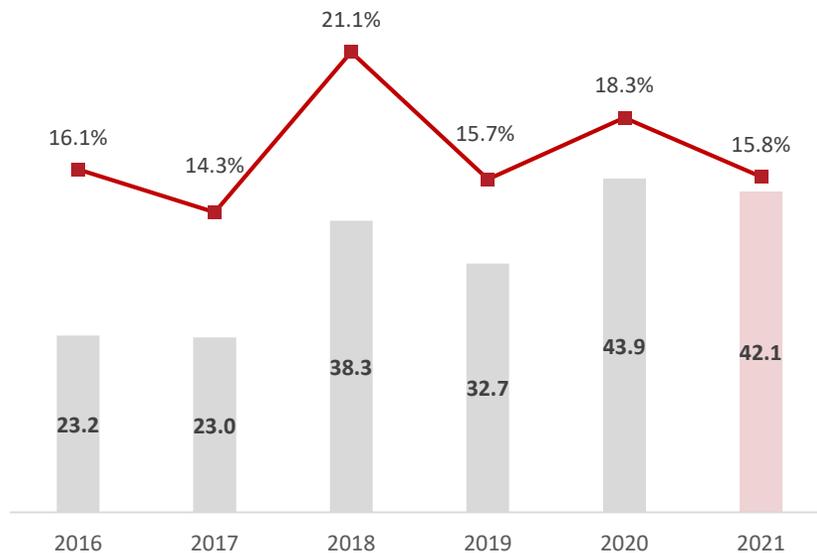
- Net **cash flow** from **investment activities** of **€-45.9m** in 2021 and including positive effect from the disposal of PPE in the amount of €14.1m
- Net **cash flow** from **financing activities** amounted to **€-20.4m** and includes:
 - net repayments of loans to financial institutions
 - payment 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%)

Strong balance sheet at peak of the capex cycle

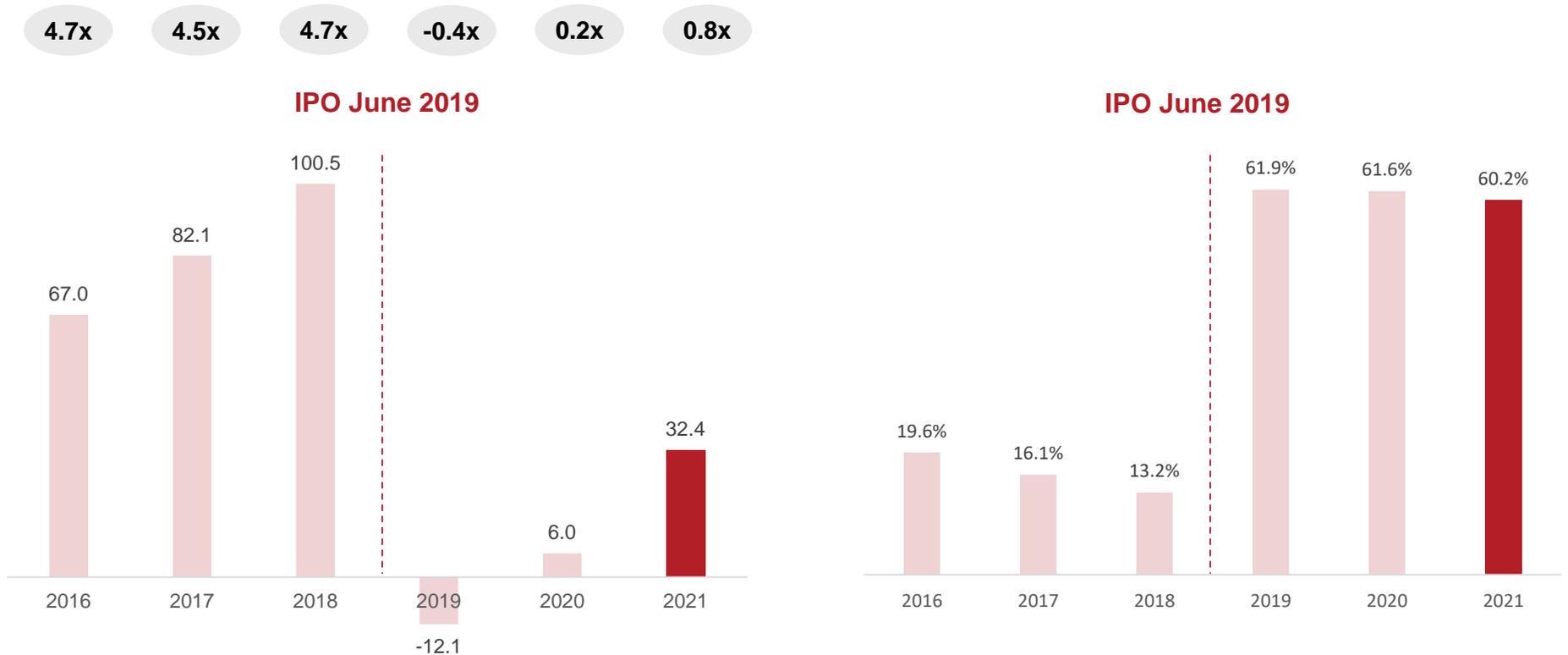
Comfortable levels of net debt / EBITDA and Equity ratio

Net debt

(in €m / leverage)⁽¹⁾

Equity ratio

(in %)



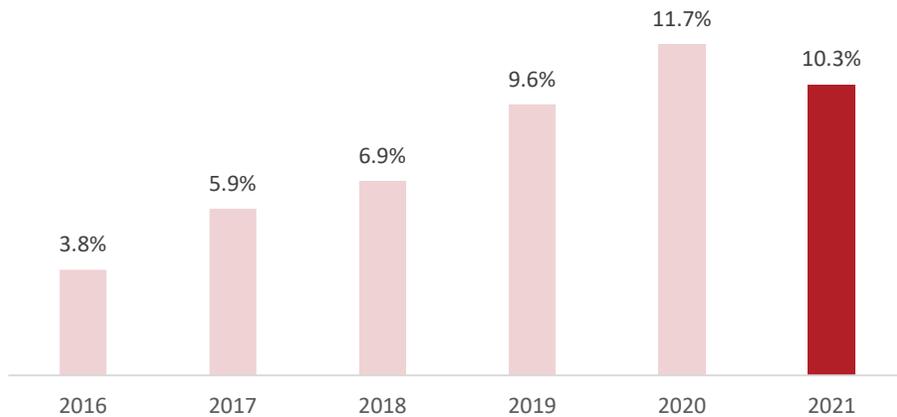
Note(s): (1) Leverage defined as net debt divided by EBITDA before SE.

Return on capital employed

ROCE decreased following increase of capital employed in 2021

Return on capital employed

(in %)⁽¹⁾



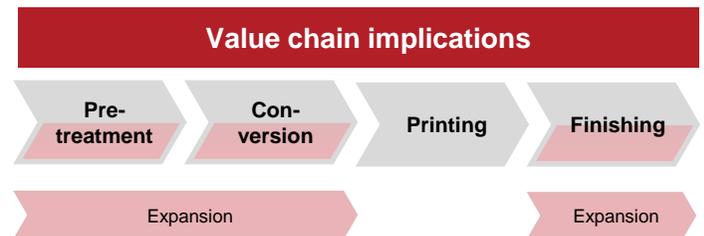
Comments

- 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

Update on major on-site expansion programme

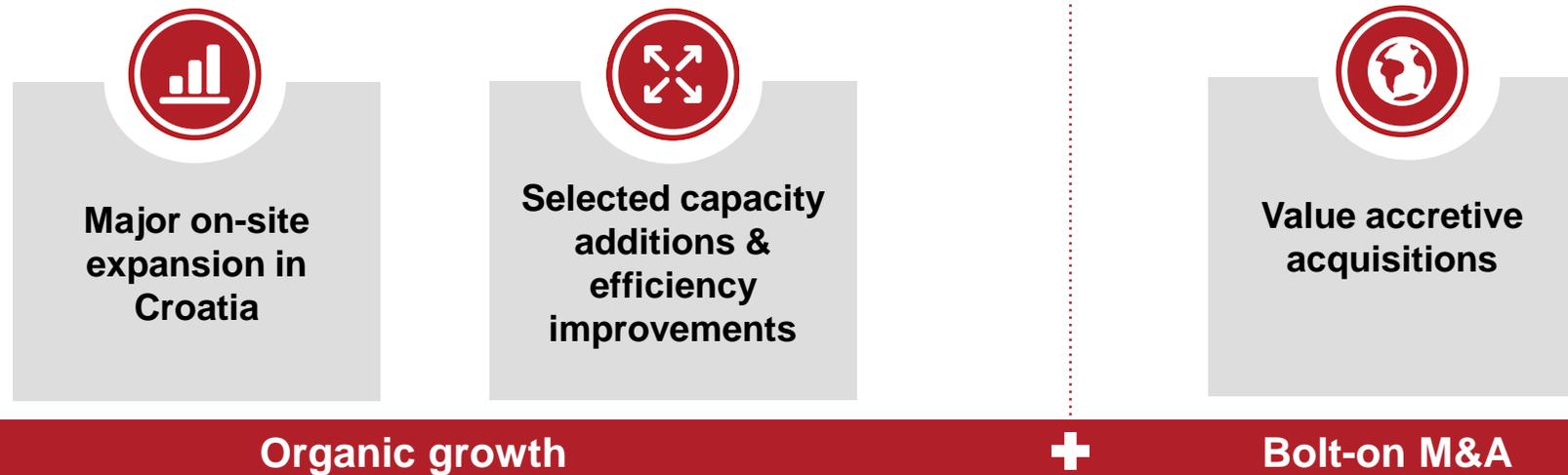
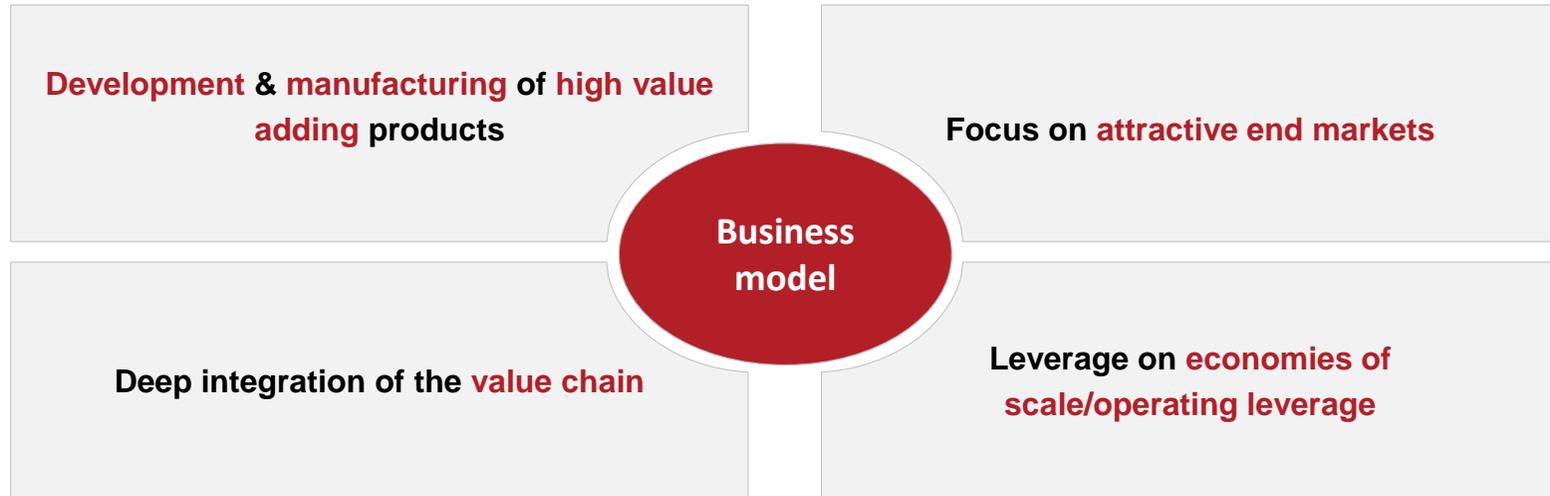
Construction progressing well, assembling of machines commenced

- 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**



Cornerstones for accelerated growth

Drivers of Aluflexpack's profitable business model unchanged



Launched initiatives

Major growth in business flanked by new strategic initiatives



**Branding
Strategy**



GREAT PLACE TO WORK

- Group wide assessment of employee experience in the company
- Make Aluflexpack an even better place for its employees

BRANDING

- Further sharpen transformation of Aluflexpack into a recognisable brand for customers, employees, and partners
- Polish strengths and unique selling proposition of Aluflexpack

ALUFLEXPACK STRATEGY REVIEW

- Thorough analysis of status quo and future potential of end markets and product categories
- Definition of mid- and long term goals and action plan to achieve them

DECARBONISATION ROADMAP

- Structured emission reduction and energy efficiency project
- Create an emission and energy efficiency roadmap based on the Group's industrial requirements & scientific based targets initiative

SUSTAINABLE SOLUTIONS

- 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

Contact Investor Relations

Financial Calendar 2022

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08.02.2022 FY 2021 Preliminary Sales Statement

17.03.2022 Publication of results for the full year ending 31 Dec 2021

03.05.2022 Q1 Sales Statement

06.05.2022 Closing of share register at 5pm

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.