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Reinach (Aargau), 23 March 2023

Aluflexpack AG: Solid results in 2022 confirm growth trajectory

- Audited full-year net sales increased by 34.2% to €357.0m in 2022 (2021: €266.1m), 27.9% organic[1]
- Increase in EBITDA before special effects (SE) to €46.6m in 2022 (2021: €41.8m)[2]
- Operating cash flow of €14.7m in 2022 (2021: €38.3m) negatively impacted by trade working capital increase
- Peak of organic capex cycle passed – significant drop in organic investments in 2023
- Confirmed outlook for 2023: net sales of €390-430m and EBITDA before special effects of €50-55m

Aluflexpack AG (hereinafter referred to the "Group"), a leading European manufacturer of premium flexible packaging and barrier solutions, today presents its financial results for 2022 and looks back on a challenging yet successful year. Solid business development across many of the Group's end markets, buoyed by cost pass-through effects, pushed audited full-year net sales up 34.2% to €357.0m (2021: €266.1m), setting a new record in net sales growth for the Group. In the same period, EBITDA before special effects (SE) rose to €46.6m, corresponding to a margin of 13.0% (2021: €41.8m and 15.7%, respectively). This decrease in the relative EBITDA margin is indicative of higher input costs and the dilutive effect of the higher cost base reflected in the Group's net sales. On an EBIT before SE level, the

[1] Organic net sales equal Group net sales less net sales from the Turkish subsidiary Teko, which was acquired on 12 May 2022, adjusting for the acquisition. From May to December 2022, the effects from the consolidation of Teko on the Group's net sales amounted to €16.6m.

[2] EBITDA before special effects (SE) refers to operating profit before interest, taxes, depreciation and amortisation adjusted for costs and gains considered by management to be non-recurring and/or non-operational. A detailed reconciliation can be found on pages 54-57 of the 2022 Annual Report.

Group recorded €26.2m in 2022, compared to €20.3m in 2021.[3] The decline in operating cash flow in 2022 to €14.7m (2021: €38.3m) was mainly driven by an increase in trade working capital. At the end of the 2022 financial year, the Group was in the final stage of completing its one-of-a-kind expansion project in Drniš (Croatia) and has now passed the peak of its capex cycle. The Management Board remains confident in the stability of the business and has confirmed its outlook for 2023 dated 15 February.

Broad-based growth

With today's media release, the Group has confirmed the preliminary sales figures for 2022 published on 15 February: Group net sales were up by 34.2% to €357.0m (2021: €266.1m). Adjusted to reflect the acquisition of the Turkish subsidiary, organic growth reached 27.9%. Growth was propelled to high levels as business in most end markets expanded, and it was further supported by price increases that allowed the Group to cope with the sharp increase in its cost base without having to compromise its high quality and service standards. This robust growth is also the result of a well-diversified customer and product portfolio spanning a broad range of end markets.

Elevated input materials costs affecting profitability

The Group achieved an EBITDA before SE of €46.6m in 2022, up by 11.3% from the previous reporting period (2021: €41.8m) and translating to a margin of 13.0% (2021: 15.7%). The margin decrease is predominantly due to higher input prices, such as raw materials not subject to automatic pass-through clauses, energy and transportation. Above all, the lower profit margin reflects the increased cost base evident in the Group's net sales. In the reporting period, the Group's EBIT before SE rose to €26.2m in 2022 (2021: €20.3m), equating to a margin of 7.3% (2021: 7.6%).

For the year ending 31 December 2022, the Group recorded a financial result of €-17.7m (2021: €-1.5m). This reflects mainly negative mark-to-market valuation effects of €-7.1m relating to the financial instruments used for aluminium price hedging agreed with many customers. Other factors included negative foreign exchange effects largely on intercompany loans and adverse effects from the valuation of put options on outstanding minority shares in majority owned subsidiaries of the Group. Against this background,

[3] EBIT before special effects (SE) refers to operating profit before interest and taxes, adjusted for costs and gains considered by management to be non-recurring and/or non-operational. A detailed reconciliation can be found on pages 54-57 of the 2022 Annual Report.

the Group closed the financial year with a net profit of €4.4m, compared to €14.2m in 2021.[4]

Passing the peak of the capex cycle

Operating cash flow decreased to €14.7m (2021: €38.3m) as higher inventory levels – stemming from general business growth, price spikes for raw materials and higher safety stock to ensure stable supplies to customers – resulted in an increase in trade working capital. Net cash flow for investment activities amounted to €-84.9m in 2022 (2021: €-45.9m). Alongside the acquisition of Teko, the Turkish flexible packaging specialist, the Group's investments in 2022 centred around the completion of its major on-site expansion in Drniš (Croatia), where the Group is in the process of dramatically upscaling its foil conversion capacities.

With only minor final instalment payments for the expansion in Drniš pending, the Group expects to significantly decrease its organic capital expenditures in 2023 from the peak reached in 2022. Net cash flows from financing activities were at €78.1m in 2022 (2021: €-20.4m), reflecting additional loans from financial institutions taken up to finance the Group's growth projects.

As a result of the major organic and inorganic investments made in 2022 and the increase in trade working capital, the Group recorded a net debt position of €123.8m as of 31 December 2022 (31 December 2021: €32.4m). This translates to a ratio of net debt to EBITDA of 2.5x.[5] The Group's sound financial position is underscored by its equity ratio of 42.9% as of 31 December 2022 (2021: 60.2%). The increase in capital employed led the Group's return on capital employed (ROCE) to decrease from 10.3% in 2021 to 9.9% in 2022. At the Annual General Meeting of Shareholders in May, the Board of Directors will propose that no dividend be distributed for 2022 so the funds can be allocated to the Group's strategic growth projects.

Johannes Steurer, the Group's CEO, said: "Geopolitical and macroeconomic developments have made 2022 a challenging year for the global economy. The Group has demonstrated its ability to overcome these challenges by drawing upon its great spirit of togetherness and proactiveness. As a result,

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[4] Excluding the effects from IAS 29, the Group recorded a net profit of €3.2m. Further clarifications on the adoption of IAS 29 can be found on page 126 of the 2022 Annual Report.

[5] The net debt to EBITDA ratio is defined as net debt divided by the EBITDA before special effects for the last twelve months and includes the EBITDA of companies acquired during the year as if they were acquired on 1 January.

our business performed solidly and achieved double-digit organic growth. With the 3-WIN 2025 strategy announced last year, we're paving the way for the Group's next growth phase."

Outlook confirmed

The Management Board has confirmed the Group's outlook dated 15 February. Based on the Board's firm belief in the stability of the business and its current perspective for the year, net sales between €390m and €430m have been confirmed for 2023. EBITDA before SE ranging from €50m to €55m has also been confirmed.

	For the twelve months ending 31 December						
Performance indicator[6]	2016	2017	2018	2019	2020	2021	2022
Net sales (€m)	144.1	160.6	181.7	207.9	239.4	266.1	357.0
Net sales growth (year-on-year; %)	*8.2%*	*11.4%*	*13.1%*	*14.4%*	*15.2%*	*11.1%*	*34.2%*
EBITDA (€m)	14.4	18.1	21.5	19.2	36.4	42.3	48.6
EBITDA before special effects (€m)	14.4	18.1	21.6	29.5	37.4	41.8	46.6
EBITDA margin before special effects (%)	*10.0%*	*11.3%*	*11.9%*	*14.2%*	*15.6%*	*15.7%*	*13.0%*
EBIT (€m)	1.7	4.3	6.4	0.6	17.4	19.4	23.9
EBIT before special effects (€m)	3.3	5.9	8.0	13.8	20.0	20.3	26.2
EBIT margin before special effects (%)	*2.3%*	*3.7%*	*4.4%*	*6.6%*	*8.3%*	*7.6%*	*7.3%*
Result for the period (€m)	-0.6	0.2	-1.3	-3.4	9.0	14.2	4.4
Cash flow from operating activities (€m)	8.9	14.7	11.9	15.5	26.1	38.3	14.7
Cash flow from investing activities (€m)	-12.6	-21.1	-21.2	-32.8	-32.9	-45.9	-84.9
Cash flow from financing activities (€m)	-1.5	8.4	24.4	60.1	-11.5	-20.4	78.1
Equity ratio (%)	19.6%	16.1%	13.2%	61.9%	61.6%	60.2%	42.9%
Net debt (cash)	67.0	82.1	100.5	-12.1	6.0	32.4	123.8
Total assets (€m)	132.0	156.6	196.9	278.4	282.7	301.7	448.0
ROCE (%)	3.8%	5.9%	6.9%	9.6%	11.7%	10.3%	9.9%
Employees (number)	904	1,001	1,128	1,215	1,296	1,342	1,537

Upcoming events[7]

4 May 2023	Q1 sales statement
24 May 2023	Annual General Meeting
23 August 2023	Half-year results: January to June 2023
2 November 2023	Q3 sales statement

[6] A detailed reconciliation of the reported and adjusted figures, as well as an overview of additional performance indicators, can be found on pages 54-57 of the Annual Report 2022. The balance sheet figures in this table pertain to end-of-period figures.
[7] Ad-hoc releases will be reported after market closing.

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About Aluflexpack AG

Aluflexpack produces flexible packaging solutions for end markets such as Coffee & Tea, Pharmaceuticals, Pet food, Confectionery and Dairy. Its long-lasting customer relationships with locally operating companies and large international corporations alike are underpinned by well-established industry insights, flexibility in customer service and development competence. Headquartered in Reinach (Aargau), Switzerland, Aluflexpack has production facilities in Switzerland, France, Poland, Türkiye and Croatia. It had 1,537 employees as of 31 December 2022.

Disclaimer

Some of the information contained in this press release may be forward-looking in nature. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, meaning that actual results may differ materially from those in this press release as a result of various factors. Aluflexpack AG is not obliged to publicly update or revise any forward-looking statements.