



Aluflexpack AG

Full Year 2022 Results Presentation

**ALU
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PACK**

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Business & Financial Overview 2022

Business highlights 2022

Strong performance amidst challenging market conditions

Robust business development

Historically high **net sales growth** due to broad-based **expansion** of business and support from **price increases**

Diligent **supply chain management** and strong operational performance



Dynamic cost structures

Dynamic cost development throughout the year

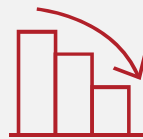
Measures to **mitigate impact of increased costs** in our business put in place



Peak of CAPEX cycle passed

Good progress on major on-site expansion in **Drniš**, all **machines** expected to be **operational by Q2**

Significant **decrease in capex** to net sales ratio targeted for 2023



3-WIN 2025 strategy

Substantial progress on **strategic roadmap to 2025**

Achievement across all targets recorded



Outlook for 2023 affirmed

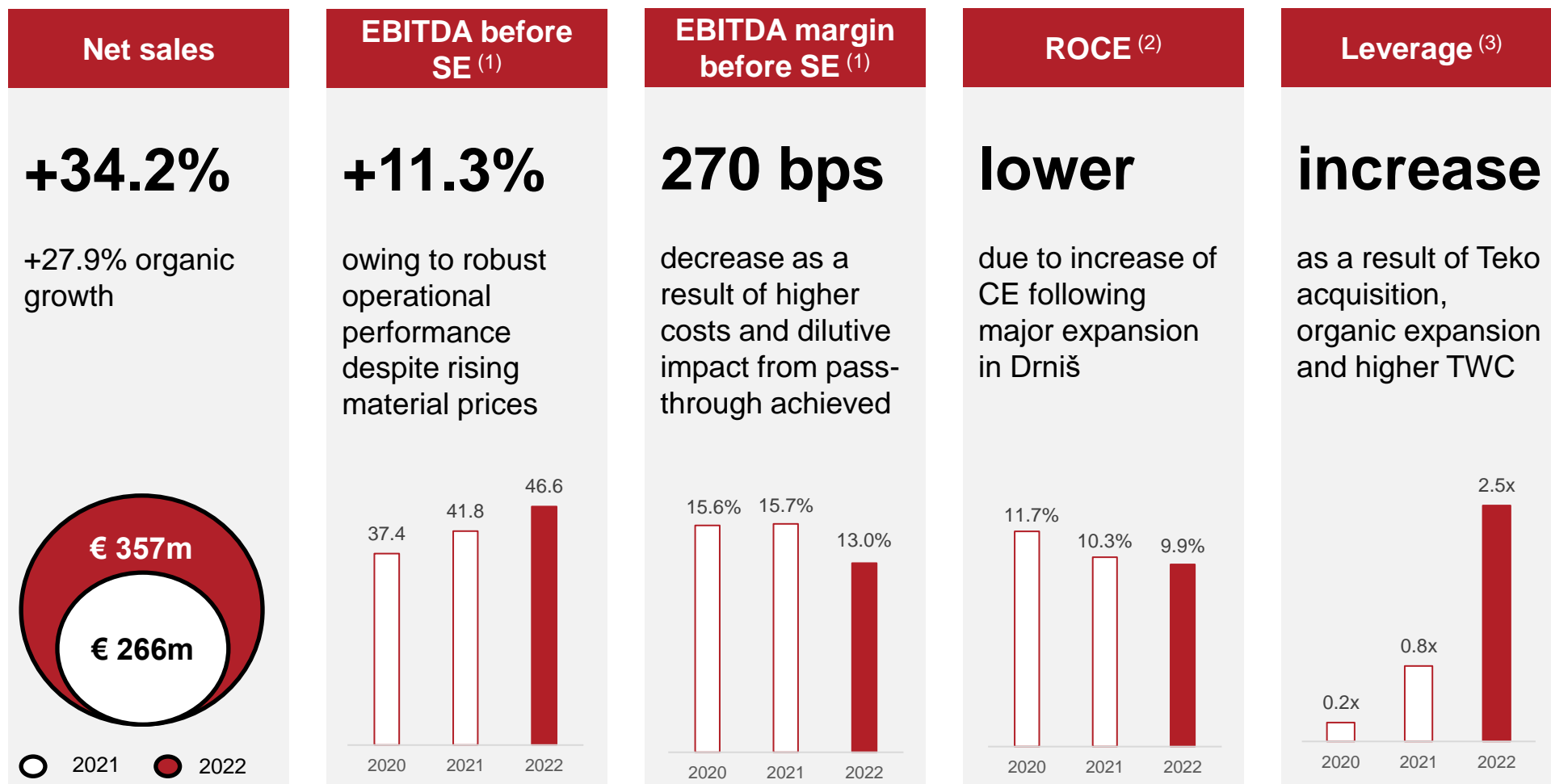
Stability of business model prevailing and **net sales** of € 390-430m expected

EBITDA before SE targeted between € 50-55m



Financial highlights 2022

Strong increase in absolute EBITDA, but margin diluted by cost increases



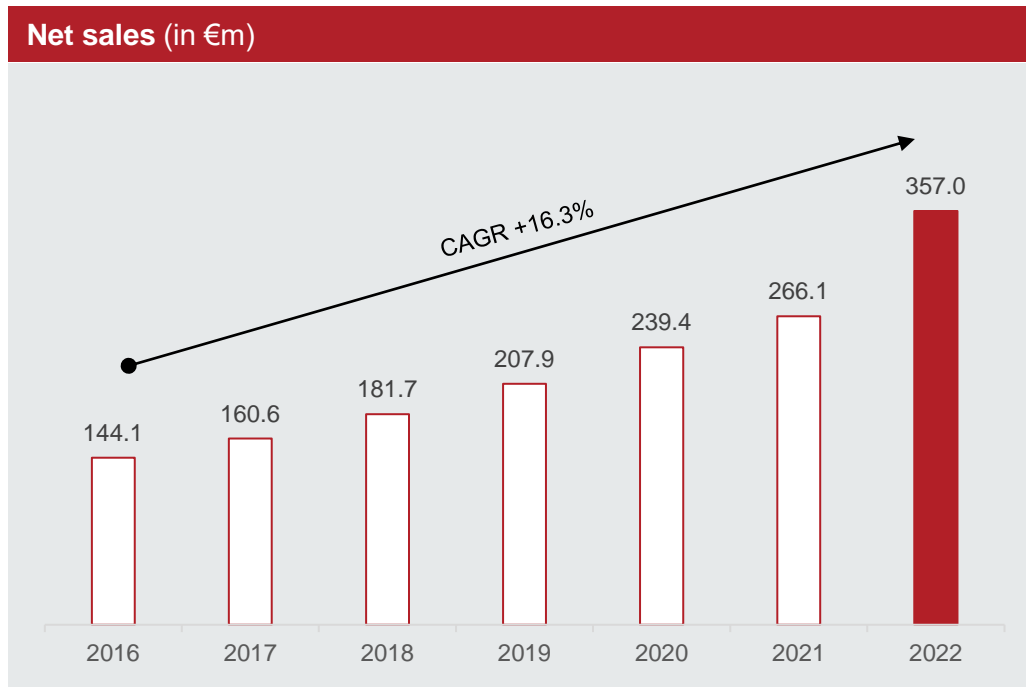
Note(s): (1) EBITDA before SE refers to EBITDA before special effects. A detailed reconciliation of the reported and adjusted figures can be found on slide 25 of this presentation.

(2) ROCE stands for return on capital employed (CE) 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.

(3) Leverage defined as net debt divided by EBITDA before SE. The EBITDA contribution of the newly acquired Turkish subsidiary Teko is included as if the transaction would have taken place on 1 January 2022.

Net sales overview

Net sales growth at historic high of 34.2% in FY 2022 (organic: 27.9%)



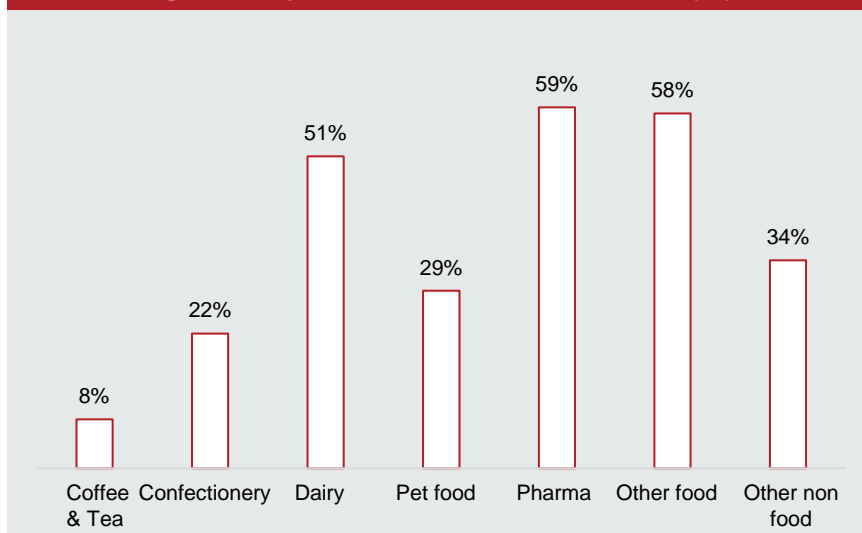
Overview

- Well-diversified **customer** and **product portfolio** helped to offset temporary swings in demand
- **Robust demand** across **defensive end markets**
- Strong **operational performance** and diligent **supply chain management**
- Besides expansion of business, the effects of **cost pass-through** mechanisms and **price hygiene measures** provided significant support to net sales growth
- Adjusted to reflect the acquisition of the **Turkish subsidiary**, organic growth reached 27.9%

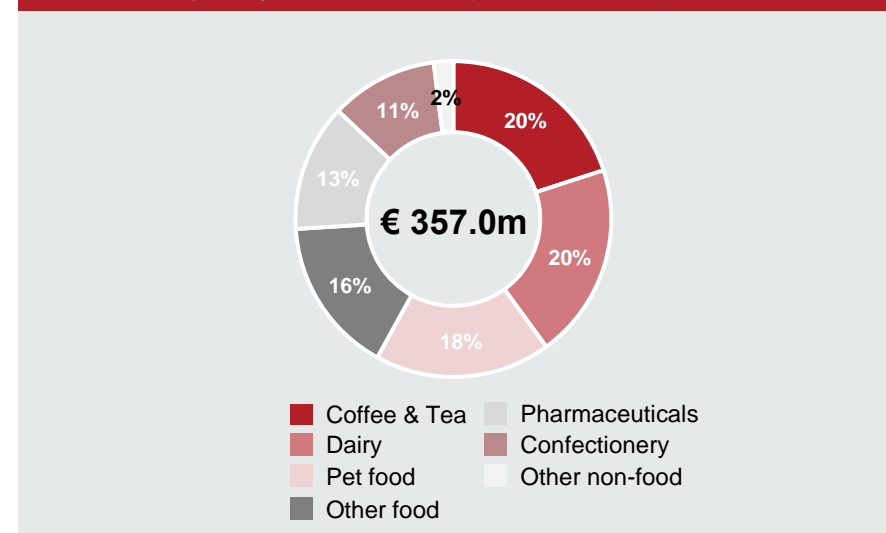
End market dynamics

Broad-based growth across all end markets, post-COVID rebound in Pharma

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



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

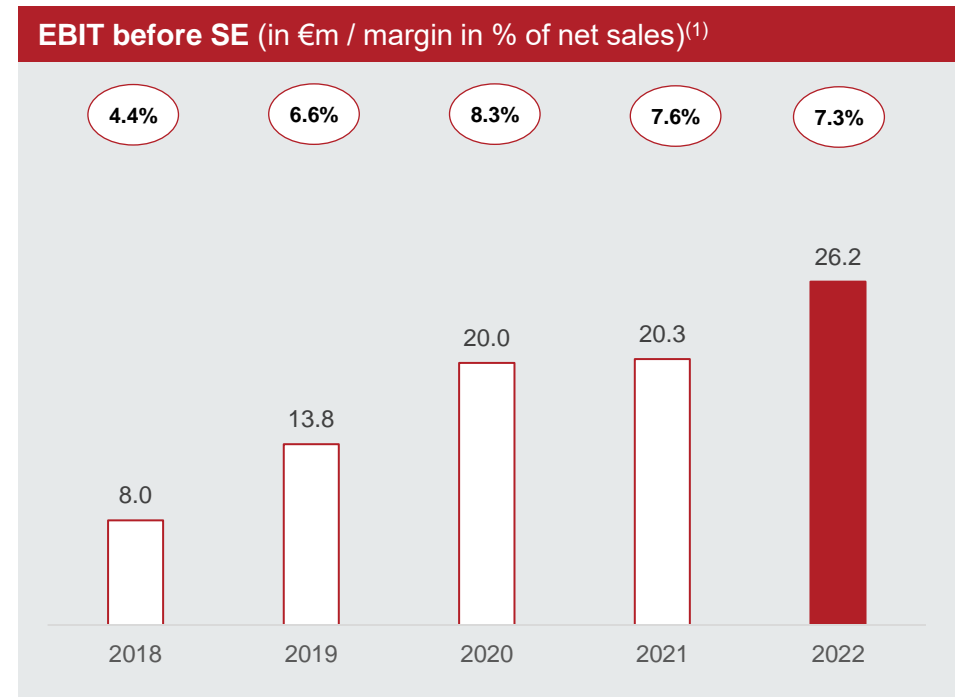
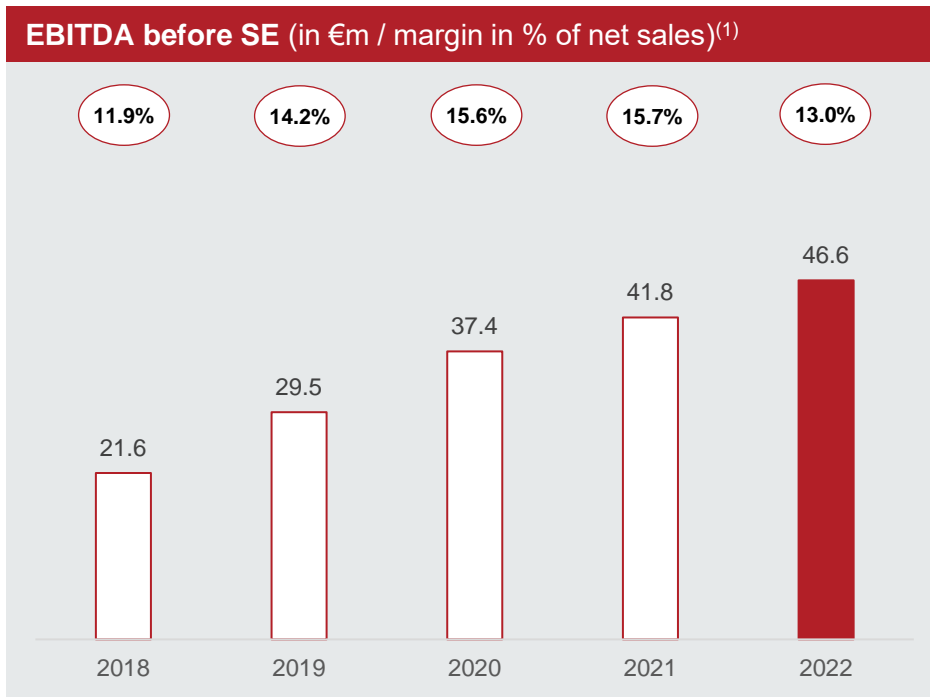


Overview

- Substantial growth in the **Pharmaceutical** end market on the back of business expansion in existing geographies
- **Other food** and **Dairy**: strong increase of business driven by market share gains, new product launches and cross-selling activities as well as inclusion of volumes from newly acquired Turkish subsidiary
- Strong growth in **Confectionery** end market attributable to strong seasonal sales and new business from existing customers
- Growth in **Pet food** end market supported by solid demand for stand-up pouches
- Weaker growth in **Coffee & Tea** end market as a result of constrained consumer purchasing power and normalisation of the high level of at-home consumption observed in 2021

Earnings highlights

Increase of EBITDA before SE to € 46.6m, margin of 13.0% in FY 2022



Overview

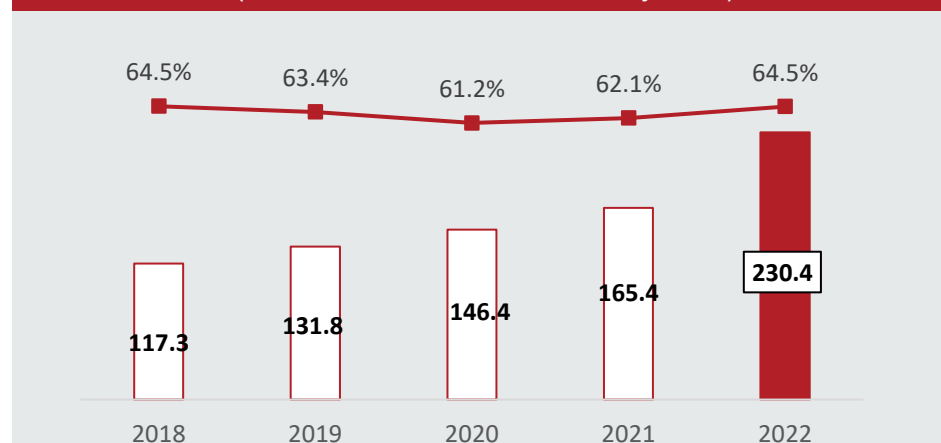
- Increase in absolute terms of **EBITDA before SE** of 11.3% in 2022 mainly due to an expansion of business
- Decrease of **EBITDA margin before SE** to 13.0% in FY 2022 (FY 2021: 15.7%) due to **higher costs** for **input materials, energy** and **other operating costs** as well as a **margin-dilutive impact** of the actual pass-on achieved reflected in the Group's net sales

Note(s): (1) A detailed reconciliation of the reported and before SE figures can be found on slide 25 of this presentation.

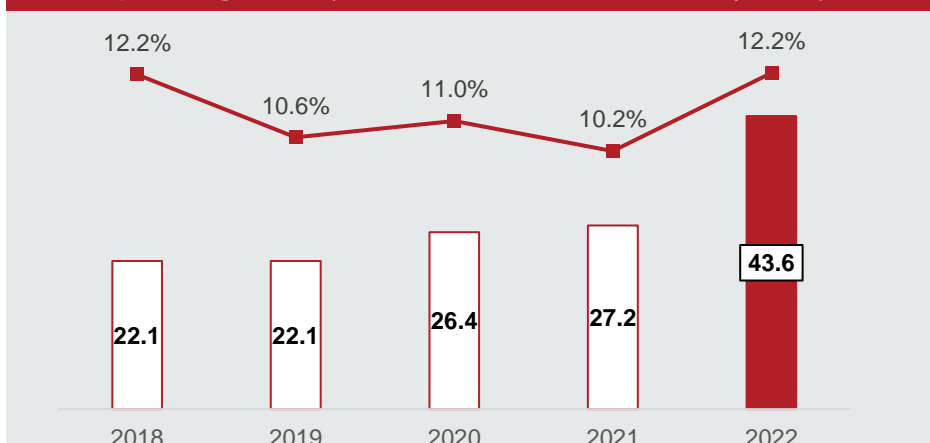
Cost management

Diligent cost management diminishing impact of inflationary market environment

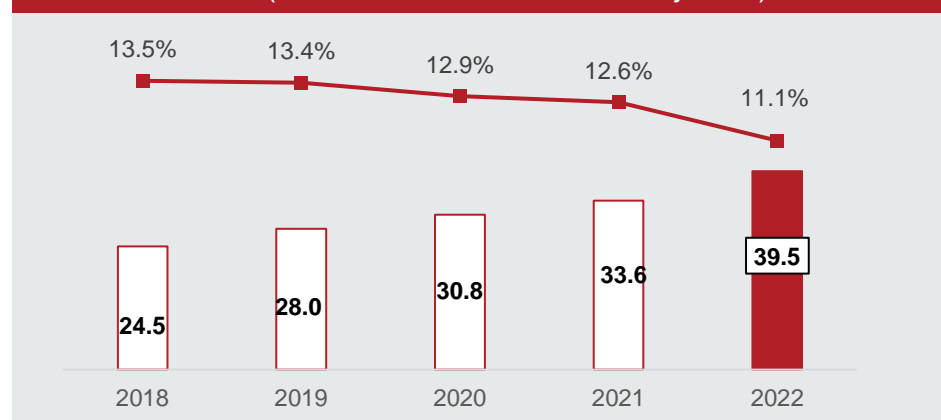
Material costs (in €m / in % of net sales, on adj. level)⁽¹⁾



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

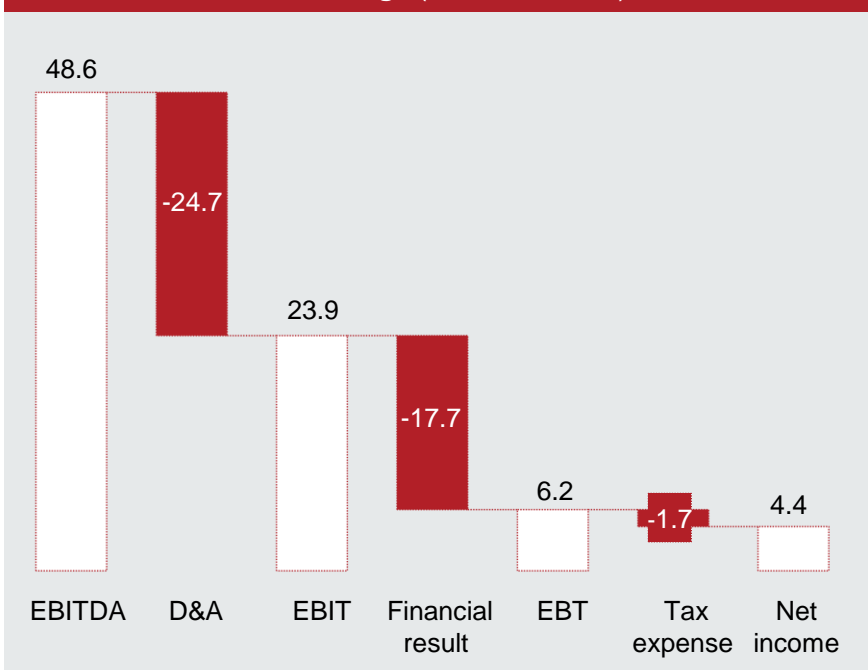
- **Material costs** as a percentage of net sales increased in FY 2022 due to a significant increase in prices for input materials such as base substrates and liquid input materials as well as costs for packaging goods
- **Other operating costs** as a percentage of net sales rose to 12.2%, as a result of considerably higher energy, freight and transportation costs
- **Personnel costs** as a percentage of net sales decreased due to an increase in the Group's **operating leverage** and a **dilutive impact** of increases in other cost positions reflected 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, financial transaction taxes and acquisition-related costs; (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 55-57 of Aluflexpack's Annual Report 2022.

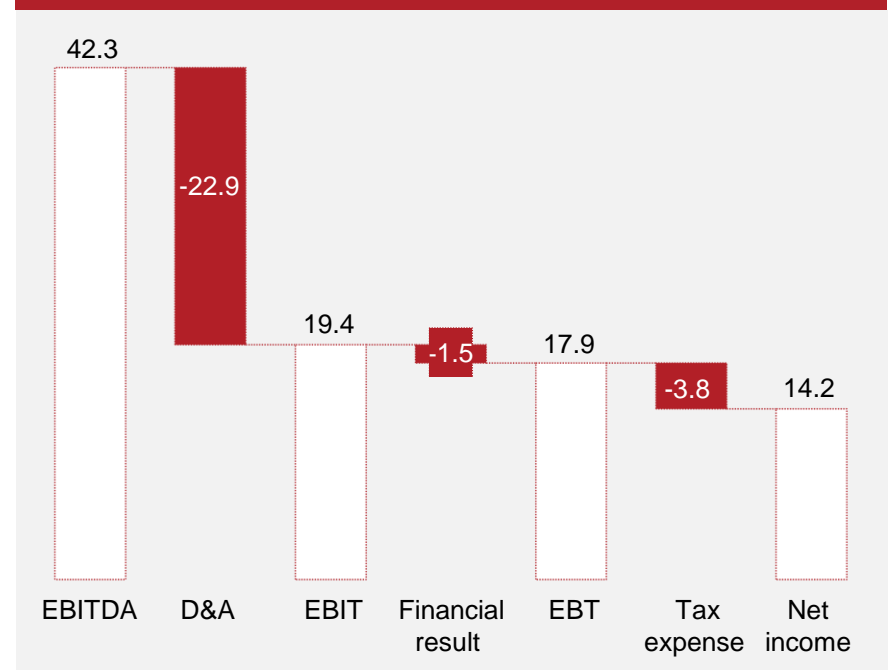
EBITDA to net income bridge

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

EBITDA to net income bridge (in €m, FY 2022)



EBITDA to net income bridge (in €m, FY 2021)



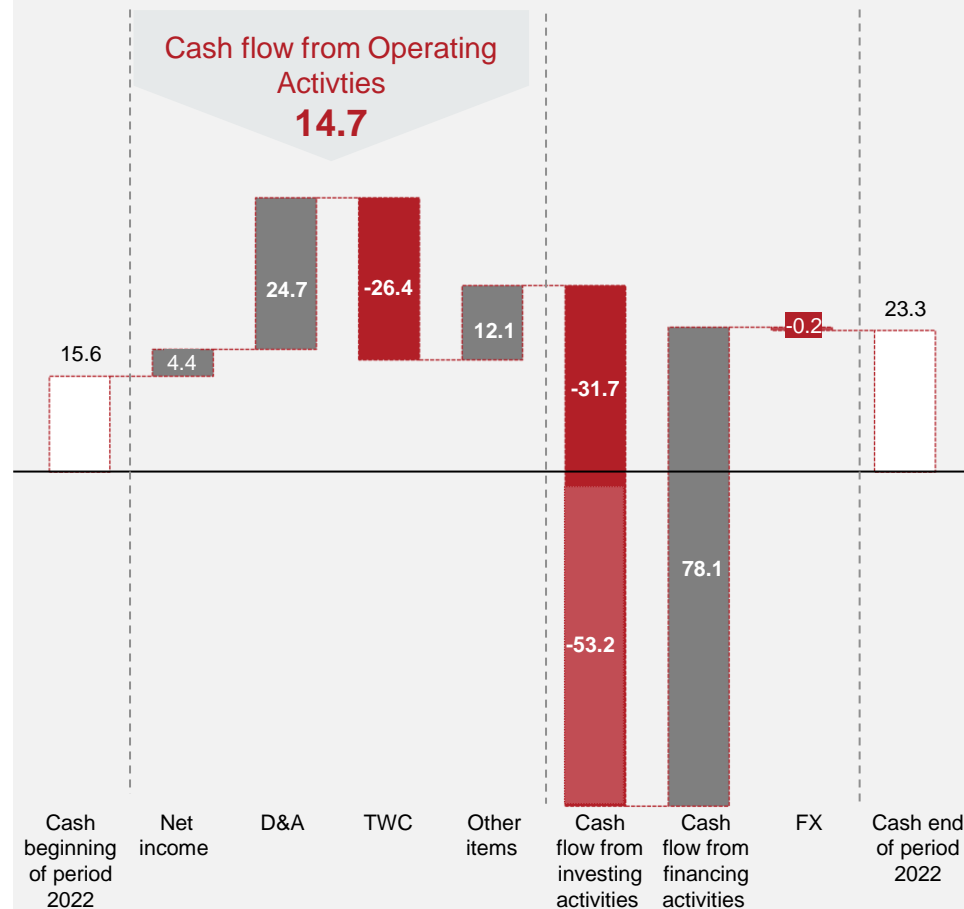
Overview

- Negative **financial result** totalling **€ -17.7m** (FY 2021: € -1.5m) due to a combination of...
 - ...higher net interest expenses of € -3.3m (FY 2021: € -1.9m)...
 - ...and a significantly lower other financial result of € -14.4m (FY 2021: € 0.3m) mainly as a result of a negative non-cash mark-to-market valuation effect (€ -7.1m) of financial instruments used to hedge against volatility of the price of aluminium, as well as negative FX effects (€ -3.9m) and negative effects from the valuation of put options for outstanding minority shareholders (€ -4.1m)
- **Tax result** in the amount of **€ -1.7m** (FY 2021: € -3.8m), driven by a lower tax base and the impact of subsidies

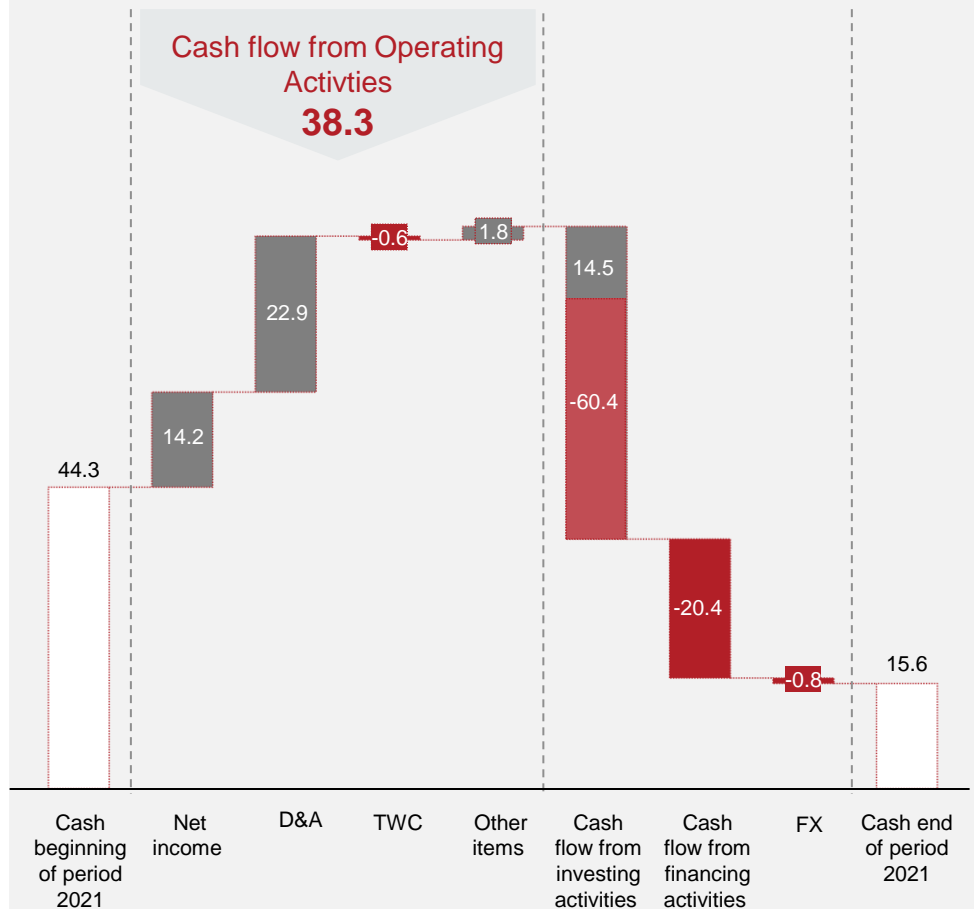
Cash flow overview

Trade working capital negatively affecting cash flow from operations in 2022

Change in cash position Jan 2022 - Dec 2022 (in €m)⁽¹⁾



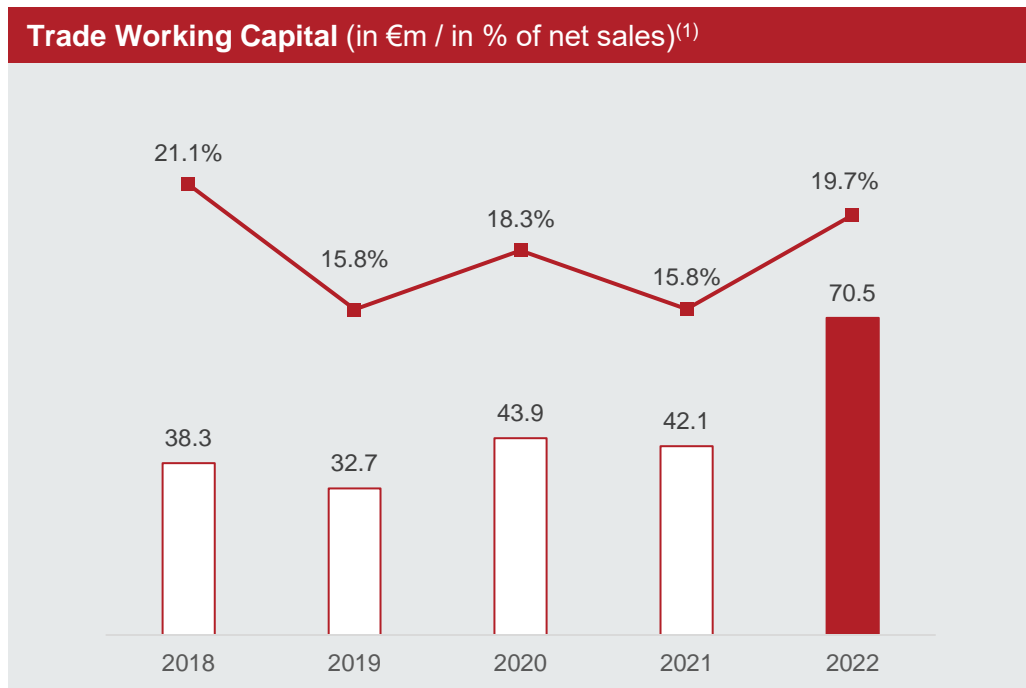
Change in cash position Jan 2021 – Dec 2021 (in €m)⁽¹⁾



Note(s): (1) In cash flow from investing activities, the light red colour indicates payments made for purchases of PPE and intangible assets.

Working capital management

Higher raw material prices & safety stock leading to build-up of trade working capital



Overview

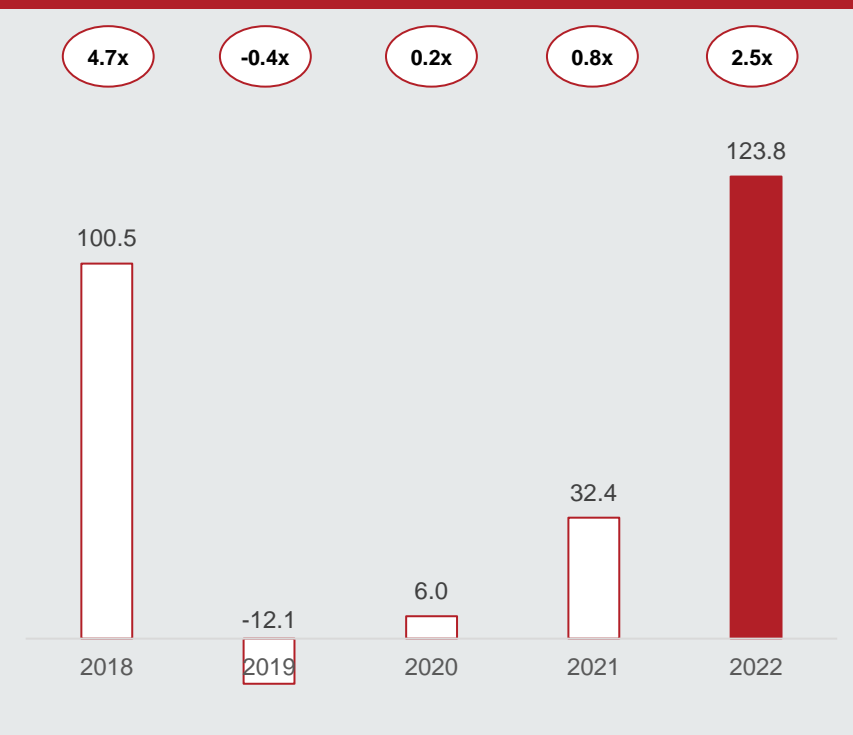
- **Inventories** rose to € 97.1m (2021: € 66.7m), mainly as a result of increase in business, higher raw materials prices, a high level of safety stocks to secure continuous supply to customers, and impacts from temporary shifts in demand
- **Trade receivables and trade payables** increased to € 43.0m (2021: € 27.3m) and to € 69.9m (2021: € 51.9m) mainly due to additional business and higher raw material prices
- Increase in **TWC as a percentage of sales** to 19.7% (2021: 15.8%), which reflects the impact of the inclusion of TWC of the recently acquired subsidiary in Türkiye and the effects mentioned above

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.

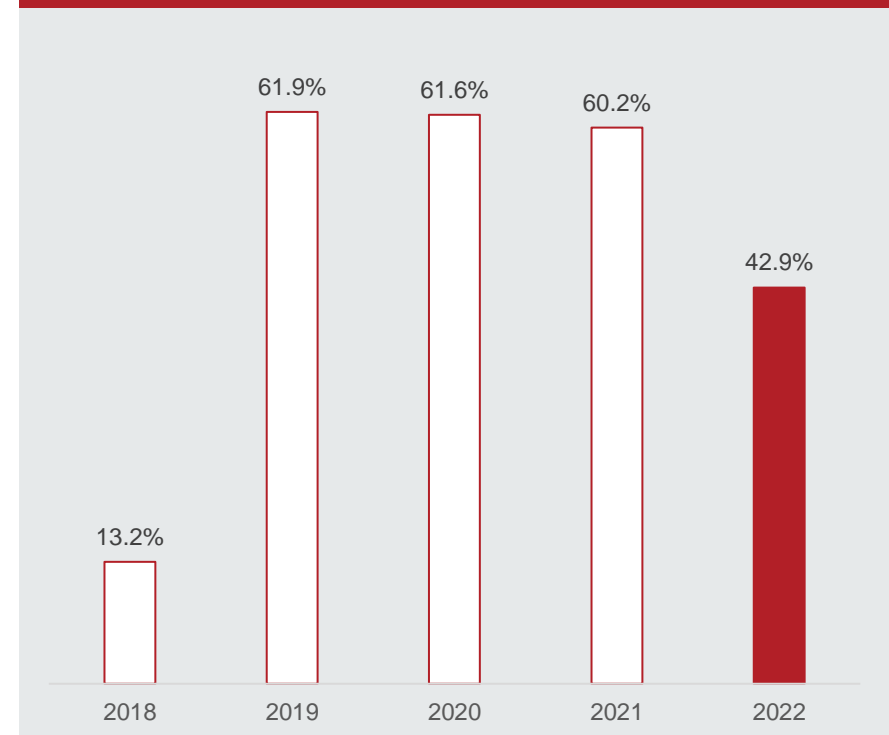
Solid balance sheet...

...despite peak of capex cycle and acquisition of Turkish subsidiary

Net debt (in €m / leverage)⁽¹⁾



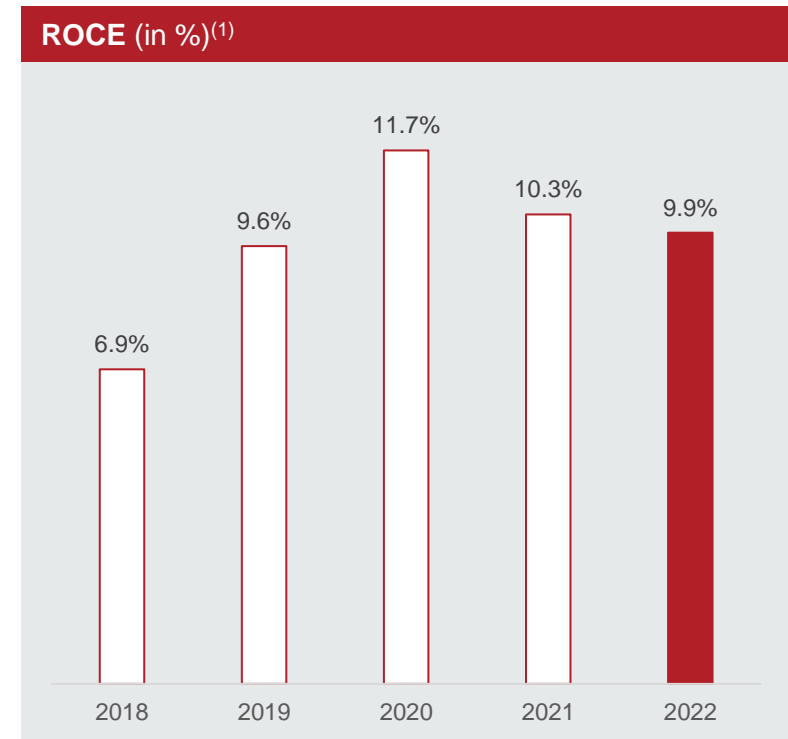
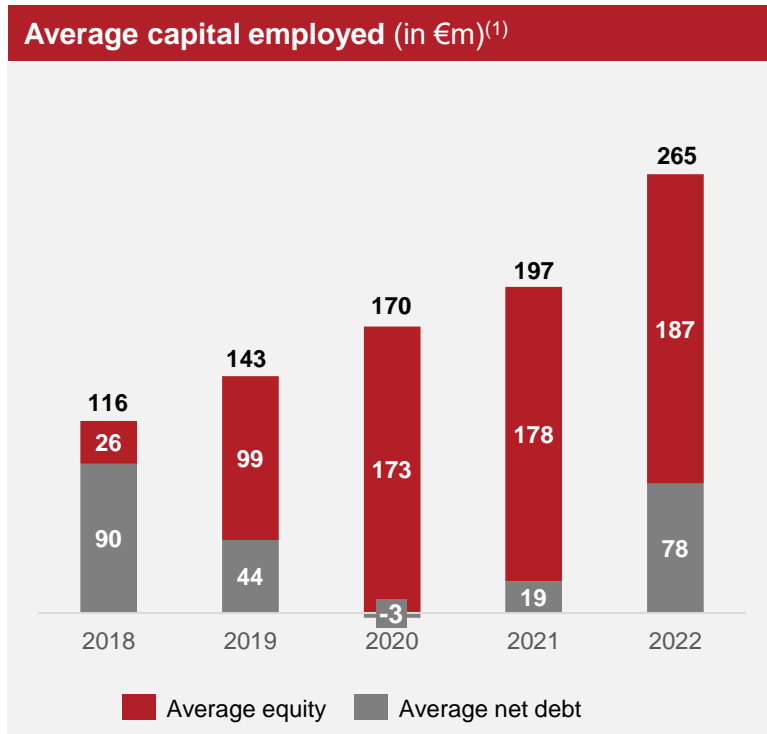
Equity ratio (in %)



Note(s): (1) Leverage defined as net debt divided by EBITDA before SE. The EBITDA contribution of the newly acquired Turkish subsidiary Teko is included as if the transaction would have taken place on 1 January 2022.

Return on capital employed

Higher capital employed temporarily affecting ROCE








Overview

- Decrease in **return on capital employed (ROCE)** due to the significant increase in capital employed as a result of accelerated **organic investments**, especially the major expansion in Drniš (Croatia) and the acquisition of the Turkish subsidiary

3-WIN 2025 strategy

On track to achieve our objectives

Market positioning	Sustainability	Innovator & solution provider	Operational excellence	Strong organisation
				
<ul style="list-style-type: none"> Global leader in converted aluminium based flexible packaging and barrier solutions 	<ul style="list-style-type: none"> Clear roadmap and progress to net zero scope 1-3; increased recycled content & evolution to full recyclability 	<ul style="list-style-type: none"> Transform from reliable partner to innovator and integrated solution provider 	<ul style="list-style-type: none"> Industry benchmark in terms of operational excellence and automation 	<ul style="list-style-type: none"> Attract, retain and develop talent. Cultivate corporate culture of togetherness

Achievements in 2022

- Strong growth** recorded in focus end markets
- Finalised **decarbonisation & energy management project (scope 1-3)** and **roadmap to 2040**. New Head of Sustainability joins Aluflexpack
- Continuous work with suppliers to identify and reduce **carbon footprint** of sourced raw materials
- Sustainability projects are well on their way, such as downgauging, recycled content, low carbon aluminium and mono-material solutions
- Additional state-of-the-art machines with **high grade of automatisisation** installed
- Group wide **idea generation campaign** carried out among employees, resulting in a solid pipeline of ideas with a lot of potential
- Great Place to Work** initiatives implemented in 2022 and beyond that enhance employee motivation and commitment

Financial Goals by 2025: **Net sales of € 450-500m and EBITDA margin before SE of 14-16%**

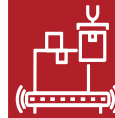
Update on major on-site expansion program

Ramp-up on track and industrial production on good course

- **Construction** mainly completed
- **Assembling** of machines finished and all machines running or in final phase of commissioning
- Current focus on **finetuning machine parameters**
- Full **industrial production** on all three machines expected in Q2 2023
- Approx. **€ 70m** gross investment volume
- Up to **30,000 mt** of vertically integrated conversion capacities

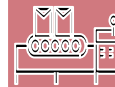


Overview of investments



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 2023

Outlook

Affirmed

- The Management Board remains confident in the stability of the business and therefore affirms the Group's net sales outlook communicated on 15 February this year: **net sales** for the fiscal year 2023 between **€ 390-430m**.
- At the **EBITDA before SE** level, the Management Board expects a range from **€ 50-55m** for the full year 2023.

Appendix

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Acquisition of Teko – May 2022

Further strengthening Aluflexpack's position in Türkiye 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

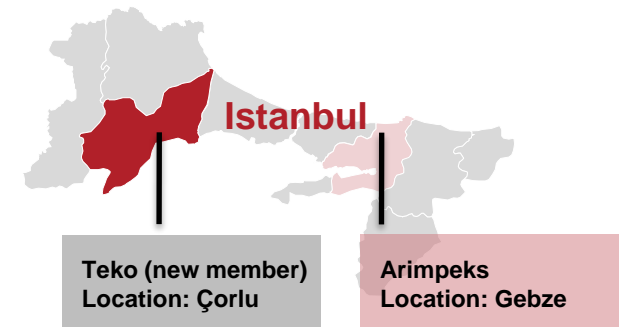
for further growth
opportunities in
MENA region

Cornerstones

aquisition of 80%;
former owner /
CEO continues in
his capacity &
invested

Türkiye overview

- The flexible packaging market in **Türkiye** 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 business 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 Türkiye. Further clarification can be found in slide 26 of this presentation.

Map indicates location of Aluflexpack production plants in Türkiye.

Income statement

(in €m)	2022	2021
Gross sales	361.4	271.4
Sales deductions	-4.4	-5.3
Net sales	357.0	266.1
Change in finished and unfinished goods	10.3	1.1
Other operating income	15.7	10.2
Cost of materials, supplies and services	-251.7	-174.2
Personnel expenses	-38.7	-33.5
Other operating expenses	-44.1	-27.4
EBITDA	48.6	42.3
Depreciation and amortisation	-24.7	-22.9
Operating profit	23.9	19.4
Interest income	0.3	0.4
Interest expenses	-3.6	-2.3
Other financial income	1.1	7.4
Other financial expenses	-15.5	-7.1
Financial result	-17.7	-1.5
Result before tax	6.2	17.9
Tax expense/benefit	-1.7	-3.8
Result for the period	4.4	14.2
Thereof attributable to:		
Owners of the company	4.1	14.0
Non controlling interests	0.3	0.2

Balance Sheet – Assets

(in €m)	31 Dec 2022	31 Dec 2021
ASSETS		
Intangible assets and goodwill	74.8	31.7
Property, plant and equipment	192.0	147.5
Other financial assets	0.2	0
Other receivables and assets	1.2	0.1
Deferred tax assets	3.9	0.4
Non-current assets	272.1	179.7
Inventories	97.1	66.7
Trade receivables	43.0	27.3
Income tax receivable	0.1	0.1
Other receivables and assets	12.5	12.2
Cash and cash equivalents	23.3	15.6
Current assets	176.0	121.9
TOTAL ASSETS	448.0	301.7

Balance Sheet – Equity and Liabilities

(in €m)	31 Dec 2022	31 Dec 2021
Capital stock	15.6	15.6
Capital reserves	136.0	135.9
Retained earnings	39.2	28.8
Equity attributable to owners of the Company	190.8	180.3
Non controlling interests	1.6	1.3
TOTAL EQUITY	192.4	181.6
Bank loans and borrowings	74.8	10.6
Other financial liabilities	31.0	26.3
Deferred tax liabilities	10.9	3.7
Employee benefits	1.2	1.7
Other liabilities	6.7	3.4
Non-current liabilities	124.7	45.6
Bank loans and borrowings	28.1	7.0
Other financial liabilities	13.2	4.1
Current tax liabilities	2.2	2.7
Provisions	0.1	0.1
Employee benefits	2.5	2.0
Trade payables and advances received from customers	69.9	51.9
Accruals	4.7	2.3
Other liabilities	10.2	4.2
Current liabilities	130.9	74.4
TOTAL LIABILITIES	255.6	120.1
TOTAL EQUITY AND LIABILITIES	448.0	301.7

Cash flow statement

(in €m)	2022	2021
Profit before tax	6.2	17.9
+/- Financial results excluding other financial income/expense	3.3	1.9
+/- Other non-cash expenses and income	0.3	1.5
+ Depreciation and amortisation	24.7	22.9
-/+ Gains and losses from disposals of PPE and intangible assets	0	-1.1
-/+ increase and decrease in inventories	-28.8	-8.7
-/+ Increase and decrease in current trade receivables	-12.7	-5.2
-/+ Increase and decrease in other assets	-0.2	-3.4
+/- Increase and decrease in trade payables	15.0	13.3
+/- Increase and decrease in accruals	2.4	-0.1
+/- Increase and decrease in other liabilities	8.9	3.2
+/- Increase and decrease in provisions	0	0
+/- Increase and decrease in liabilities for employee benefits	-0.2	-0.7
-/+ Income taxes paid	-4.2	-3.2
Net cash from operating activities	14.7	38.3
+ Payments received for disposals of PPE and intangible assets	0.1	14.1
- Payments made for purchases of PPE and intangible assets	-53.2	-60.4
- Payments for acquisition of subsidiaries	-32.0	0
+ Interest received	0.3	0.4
- Other payments received/made for investing activities	-0.1	0
Net cash used in investing activities	-84.9	-45.9
- Payments of lease liabilities	-5.2	-4.8
+ Issuances of financial liabilities (3rd parties)	93.7	1.1
- Repayments of financial liabilities (3rd parties)	-7.7	-15.0
- Dividends paid	-0.2	-0.1
- Interest paid	-2.4	-1.7
Net cash from financing activities	78.1	-20.4

Overview of earnings adjustments

ADJUSTMENTS ON EBITDA LEVEL (in €m)	2022	2021
EBITDA - IFRS reported	48.6	42.3
Costs/benefits of stock option programmes ⁽¹⁾	-0.1	0.4
Transaction costs ⁽²⁾	0.4	0.2
Effects of adoption of IAS 29 (<i>Financial Reporting in Hyperinflation Economies</i>) in Türkiye ⁽³⁾	-2.3	0
Gain from divestment of property, plant and equipment ⁽⁵⁾	0	-1.0
EBITDA before SE	46.6	41.8

ADJUSTMENTS ON EBIT LEVEL (in €m)	2022	2021
EBIT (Operating profit) - IFRS reported	23.9	19.4
Costs/benefits of stock option programmes ⁽¹⁾	-0.1	0.4
Transaction costs ⁽²⁾	0.4	0.2
Effects of adoption of IAS 29 (<i>Financial Reporting in Hyperinflation Economies</i>) in Türkiye ⁽⁴⁾	-1.4	0
Gains from divestment of property, plant and equipment ⁽⁵⁾	0	-1.0
Acquisition related amortisations	3.4	1.4
EBIT before SE	26.2	20.3

Note(s): (1) In 2021 and 2022, the amount refers to expenses in connection with stock option programmes, both for employees and members of the Management Board. (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 Türkiye. The application of IAS 29 includes the adoption of IAS 21 "Effects of Change in Foreign Exchange Rates". (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, **Türkiye** is considered a hyperinflationary economy.
- Aluflexpack currently operates two subsidiaries in Türkiye 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 Türkiye 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**.
- **Gains** and **losses** on monetary balance sheet positions as a result of the **inflation adjustment** are booked in the Group's **other operating income** in case of a gain and in the Group's other operating expenses **in case of a loss**.

Contact Investor Relations

Financial Calendar 2023

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M&A and Investor Relations Manager

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15.02.2023 FY 2022 Preliminary Sales Statement

23.03.2023 Publication of results for the full year ending 2022

04.05.2023 Q1 Sales Statement

24.05.2023 Annual General Meeting

23.08.2023 Publication of results for the half year ending 30 June 2023

02.11.2023 Q3 Sales Statement