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Reinach (Aargau), 21 August 2023

Aluflexpack AG delivers solid net sales growth in H1 2023

- Net sales increased by 15.8% to €190.8m in H1 2023 (H1 2022: 164.8m), 12.3% organic.¹ Excluding effects from hyperinflation accounting in Türkiye (IAS 29), net sales amounted to €195.5m²
- EBITDA before SE up to €24.8m (H1 2022: €24.3m)³
- Ramp-up of major expansion in Drniš (Croatia) has commenced; capital expenditures decreased to €15.1m (H1 2022: €27.5m)
- 2023 outlook: net sales of €390-430m excluding effects from IAS 29 and EBITDA before SE of €50-55m

Aluflexpack AG (the “Group”), a leading European manufacturer of premium circular flexible packaging and barrier solutions, today presents its unaudited financial results for the first half of 2023. Net sales increased by 15.8% to €190.8m (H1 2022: €164.8m), of which 12.3% organic. During the first half of 2023, EBITDA before special effects (SE) rose to €24.8m, corresponding to a margin of 12.7% (H1 2022: €24.3m and 14.7%, respectively).⁴ This decrease in the relative EBITDA margin is primarily the result of the dilutive impact of increased cost positions reflected in the Group’s net sales, together with negative materials phasing effects. However, the margin achieved in H1 2023 represents an increase over the H2 2022 margin of 11.6%, owing to progress made in passing on increased costs. The Group has begun ramping up its major organic expansion in Drniš (Croatia). Capex in H1 2023 continues to include payments for this one-of-a-kind project, but

¹ Organic net sales equal Group reported net sales less net sales from Turkish subsidiary Teko, which was acquired on 12 May 2022. From January to June 2023 the effects of consolidation of Teko on Group’s reported net sales amounted to €10.4m.

² As of 30 June 2022, Aluflexpack is required to apply IAS 29 “Financial Reporting in Hyperinflationary Economies” to its operations in Türkiye. The application of IAS 29 includes the adoption of IAS 21 “Effects of Change in Foreign Exchange Rates”. A detailed reconciliation of reported and adjusted figures can be found on pages 18-21 of the Interim Report 2023.

³ 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 18-21 of the Interim Report 2023.

⁴ EBITDA margin before SE was calculated as EBITDA before SE divided by net sales excluding effects from hyperinflation in Türkiye.

has decreased to €15.1m (H1 2022: €27.5m). For the full year 2023, the Management Board anticipates net sales between €390m and €430m, excluding effects from IAS 29, and EBITDA before SE ranging from €50m to €55m.

Continued sales growth in the face of challenging market conditions

In H1 2023, the Group continued growing even though the market environment was softer as some of the Group's customers engaged in destocking, and consumer spending was more restrained owing to loss of purchasing power. Despite this, in the first six months of 2023, the Group maintained its growth course by reaching net sales of €190.8m, up 15.8% from €164.8m achieved in the first half of 2022. Excluding effects from hyperinflation accounting in Türkiye (IAS 29), net sales amounted to €195.5m in H1 2023. Adjusted for the effects of the acquisition of Teko, organic growth was at 12.3%. Growth was bolstered by robust business development in the Group's Dairy, Confectionery and Other food end markets and was supported by passing through increased costs.

Net sales growth across all end markets⁵

Aluflexpack increased net sales in all of its end markets in the first six months of 2023. Growth was highest in the Dairy end market, where sales increased by 29% on the back of strong demand in private label business with existing customers, increased market share in the Group's home markets and additional volumes from the subsidiary acquired in Türkiye, Teko.

The Confectionery end market saw strong growth of 26% resulting from expanded business with existing customers. In the Other food end market, growth amounted to 18% mainly due to additional volumes from Teko and growing business with spouted pouches. In the Coffee & Tea end market, the Group increased net sales by 13%, attributable primarily to additional business with customers in new territories as well as price pass-through effects.

In the Pet food end market, growth reached 8%, but was hampered by shifts in the Group's customer portfolio. Net sales in the Pharmaceutical end market increased by 3%, owing mainly to solid business development in the Group's home markets, offset by hyperinflation accounting in Türkiye, which represents a significant share of the Group's Pharmaceutical business. In the Other non-food end market, the Group's smallest end market, net sales grew by 17%.

Robust earnings and a sound balance sheet despite investments

The Group achieved an EBITDA before SE of €24.8m in the first half of 2023, up by 2.0% from the previous reporting period (H1 2022: €24.3m) and translating to a margin of 12.7% (H1 2022: 14.7%). The margin decrease reflects mainly the dilutive impact from an increased cost base evident in the Group's net sales and

⁵ Growth figures per end market are rounded and are based on reported net sales.

negative phasing effects from the decrease in the price of aluminium. During the first six months of 2023, the Group achieved reported EBITDA of €24.8m, equating to a margin of 13.0% (H1 2022: €27.5m and 16.7%, respectively). In the same reporting period, the Group's EBIT before SE rose to €14.6m (H1 2022: €13.7m), corresponding to a margin of 7.4% (H1 2022: 8.3%).⁶ Reported EBIT for the Group during the period decreased to €12.2m (H1 2022: €15.9m).

For the period between 1 January to 30 June 2023, the Group recorded a financial result of €-9.9m (H1 2022: €-6.5m). This represents net interest costs in the amount of €-3.6m and other net financial expenses totalling €-6.3m. The latter includes mainly a negative non-cash mark-to-market valuation effect of €-0.3m of financial instruments used to hedge against volatility of the price of aluminium, negative FX effects largely on intercompany loans of €-6.7m and negative effects from the valuation of put options for outstanding minority shareholders of €-0.8m, among other things. As a result, the Group's net profit before minorities for the first six months 2023 amounted to €1.3m.⁷

Despite having passed the peak of its investment cycle in 2022, the Group continues to maintain a solid balance sheet, with an equity ratio of 40.8% as of 30 June 2023. Net debt increased to €136.6m as of the same date, shaped by net working capital financing and final instalments paid for the new production facility in Drniš. In this context, the leverage ratio increased to 2.9x (31 December 2022: 2.5x).⁸

Significant decrease in capex evident in H1 2023

The Group's operating cash flow amounted to €8.2m in the reporting period (H1 2022: €8.4m) and was negatively impacted by changes in trade working capital of €-14.3m, driven by additional working capital for the expansion in Drniš, among other things. Net cash flow from investment activities totalled €-14.8m in H1 2023 (H1 2022: €-59.4m), consisting predominantly of additional payments for the Drniš expansion, as well as other selected growth investments. Net cash flows from financing activities came to €19.4m in H1 2023 (H1 2022: €62.0m), made up primarily of additional loans from financial institutions to finance the Group's growth projects. The increase in capital employed during the reporting period resulted in a decrease of return on capital employed (ROCE) to 8.9%, down from 9.4% in the same reporting period last year.⁹

Johannes Steurer, the Group's CEO, said: "Challenging geopolitical and macroeconomic conditions persist in 2023, but we have proven our resilience and

⁶ EBIT before 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. EBIT margin before SE is calculated as EBIT before SE divided by net sales, excluding the effects from hyperinflation in Türkiye. A detailed reconciliation can be found on pages 18-21 of the Interim Report 2023

⁷ Excluding the effects from IAS 29, the Group recorded net profit of €1.0m. Further clarifications on the adoption of IAS 29 can be found on page 29 of the Half Year Report 2023.

⁸ Leverage defined as net debt divided by last twelve months EBITDA before SE.

⁹ 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.

ability to overcome these obstacles by capitalizing on our spirit of togetherness and our well-diversified portfolio across different defensive end markets and geographies. In 2023, we will continue to invest in our employees, achieving the targets defined in our 3-WIN 2025 strategy and ramping up the production at our plant in Drniš.”

Outlook

Notwithstanding the more challenging market conditions, the Management Board anticipates net sales between €390m and €430m excluding the effects of IAS 29 and EBITDA before SE ranging from €50m to €55m for 2023.

Performance indicators ¹⁰	For the six months ending 30 June,		
	2023	2022	yoy change
Net sales (€m)	190.8	164.8	+15.8%
Net sales excluding IAS 29 (€m)	195.5	/	/
EBITDA reported (€m)	24.8	27.5	-9.7%
EBITDA before special effects (€m)	24.8	24.3	2.0%
EBITDA margin before special effects (%)	12.7%	14.7%	/
EBIT reported (€m)	12.2	15.9	-23.6%
EBIT before special effects (€m)	14.6	13.7	6.2%
EBIT margin before special effects (%)	7.4%	8.3%	/
Result for the period before minorities (€m)	1.3	8.3	-84.1%
Cash flow from operating activities (€m)	8.2	8.4	-3.0%
Cash flow from investing activities (€m)	-14.8	-59.4	-75.1%
Cash flow from financing activities (€m)	19.4	62.0	-68.7%
Equity ratio (%)	40.8%	42.9%	/
Net debt (cash)	136.6	123.8	+10.3%
Total assets (€m)	459.1	448.0	+2.5%
ROCE (%)	8.9%	9.4%	/
Employees (number)	1.584	1.537	+3.1%

Upcoming events¹¹

2 November 2023 Q3 sales statement

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¹⁰ A detailed reconciliation of the reported and adjusted figures, as well as an overview of additional performance indicators, can be found on pages 18-21 of the Interim Report 2023. Balance sheet figures as well as the total number of employees refer to end-of-period figures for 2022.

¹¹ Ad-hoc release will be published after marketing closing.

About Aluflexpack AG

Aluflexpack produces flexible packaging and barrier 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 1,584 employees as of 30 June 2023.

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.