



# Aluflexpack AG

## Investor Presentation

January 2023

**ALU  
FLEX  
PACK**

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# Premium packaging is mission critical for our clients

## Functionality



Reliable and **state-of-the-art packaging solutions** are crucial to assure the **required quality** and **functionality** of the final product

## Brand creation



Packaging is of **utmost importance** and critical in building and cultivating the **image and identity** of a brand

## Premium pricing



**Small part** of the **total material cost**, but of **highest importance** in the production processes, allowing for premium pricing

# Aluflexpack at a glance

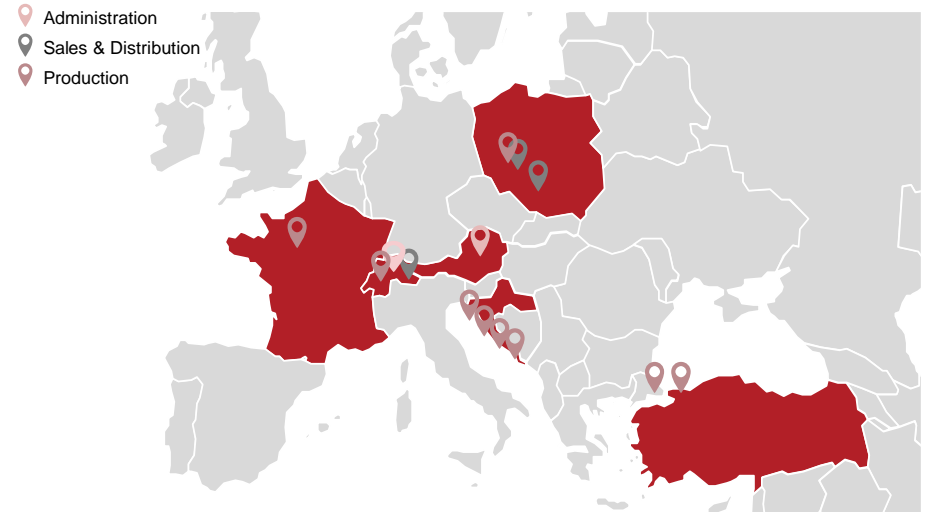
Leading manufacturer of premium circular flexible packaging and barrier solutions

## A leading player

in flexible packaging  
in Europe<sup>(1)</sup>

€ 320-350m

Projected net sales  
2022



9

integrated production facilities  
across Europe

13.1%

Net sales CAGR  
2016-21

IPO

on SIX Swiss Exchange on 28  
June 2019

14.7%

EBITDA before SE margin  
in H1 2022<sup>(2)</sup>

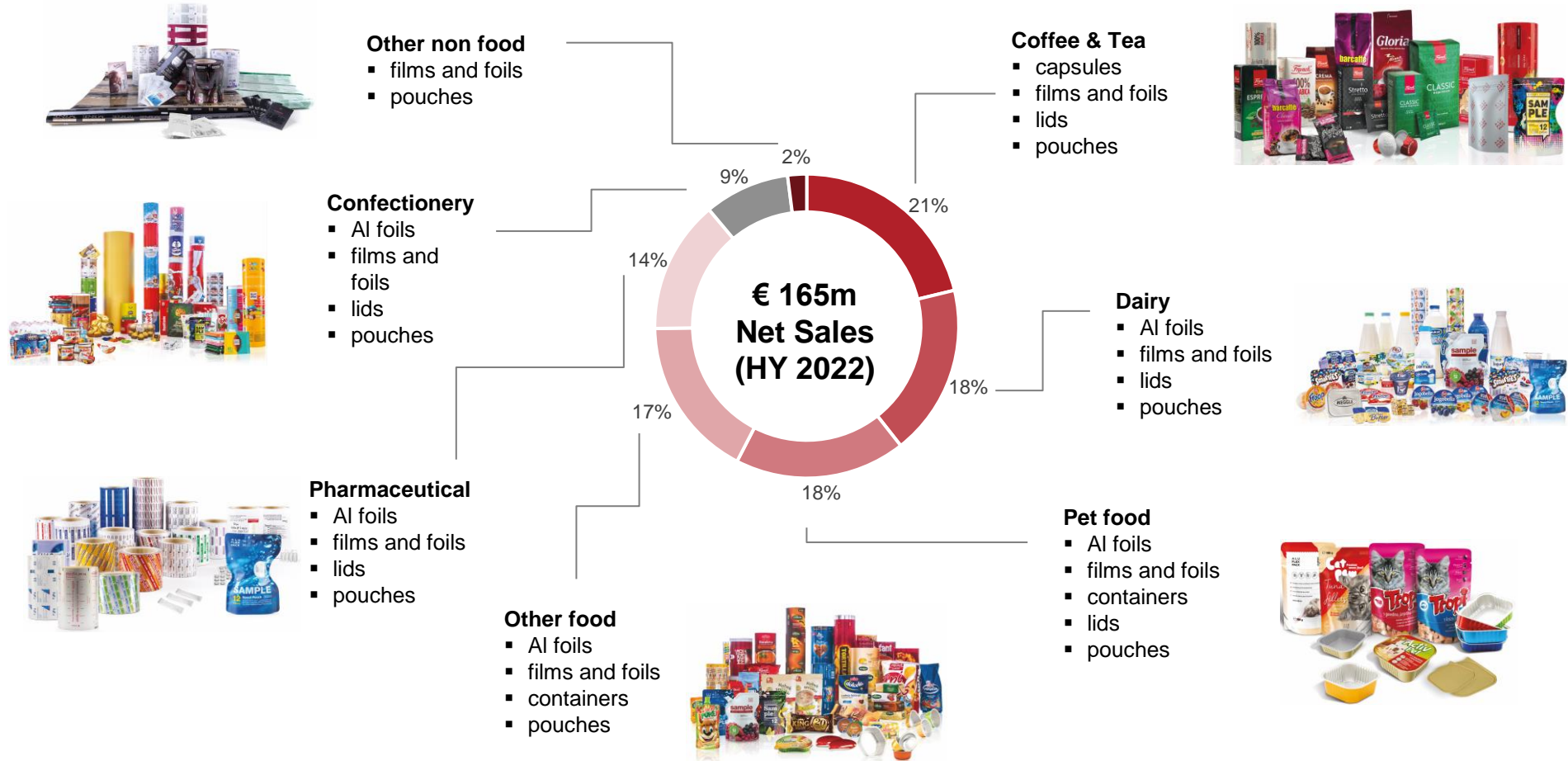


Note(s): (1) In terms of sales and output volume in key end markets, predominantly in Europe (management estimates).

(2) EBITDA before SE refers to EBITDA before special effects. A detailed reconciliation of the reported and adjusted figures can be found on slide 32 of this presentation.

# Aluflexpack's end markets

Producing flexible packaging and barrier solutions for fast growing end markets



## Product types



# The advantages of flexible packaging...

...help to save resources and use them in a sustainable way

## Less food waste



## Recyclable



## Space efficiency



Flexible packaging offers many ways to reduce food waste, such as **servicing as barrier, reclose-ability, high product to pack ratio, single portioning**, etc.

E.g. aluminium is **fully recyclable** without any loss of quality, thus strongly **decreasing the amount of primary aluminium and energy required** by the industry

The **reduced amount of materials** used in flexible foil packaging leads to **more space efficiency during storage and transportation**, thus enabling further energy savings

### Sustainability Update

- New **Sustainability Report** published in October, new **Head of Sustainability** joined in September 2022
- **Scope 1/2** emission intensity reduced by -11% in 2021. Emission reduction and energy efficiency project in final stage
- >80% of our portfolio has a **recycle-ready solution**, >70% of R&D projects are related to **sustainability**
- Internal **LCA** (life cycle assessment) tool for products launched in Q3 2022

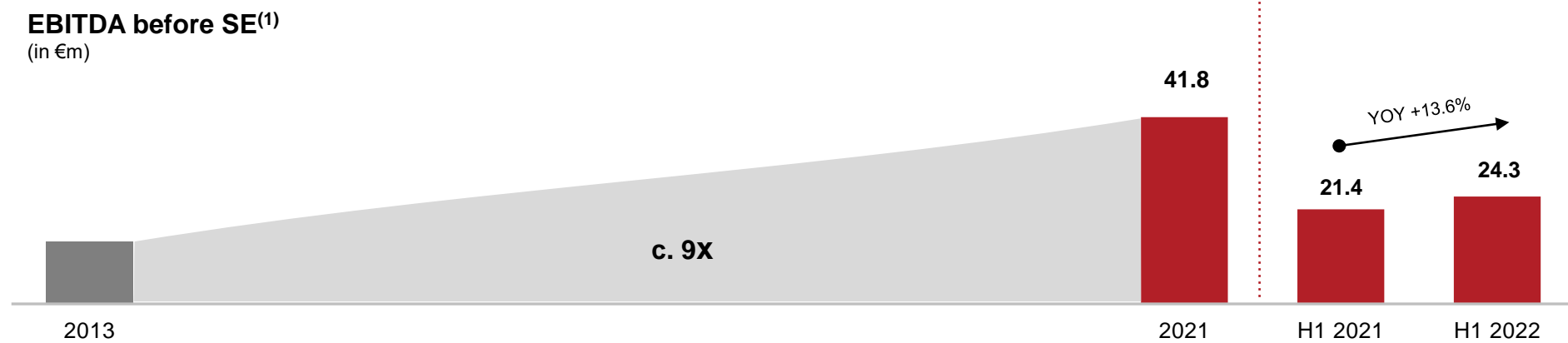
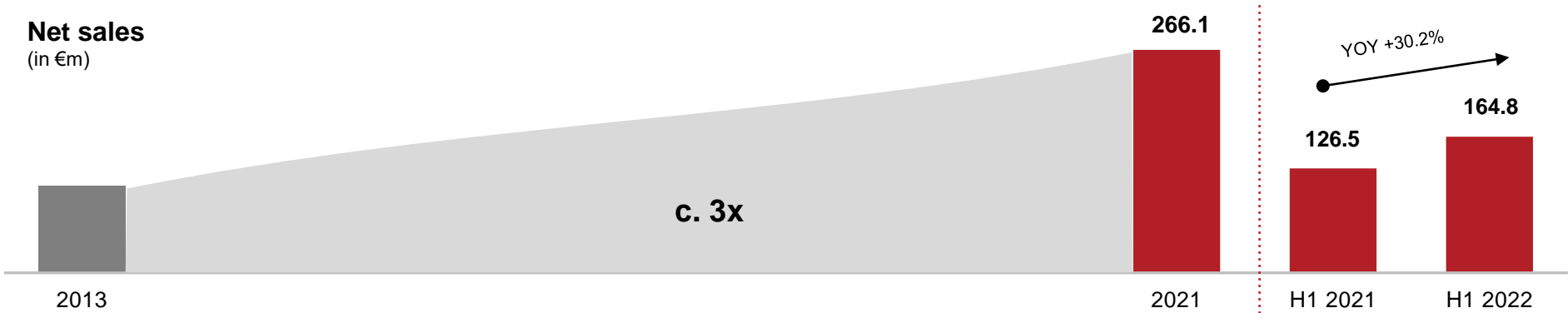




# Business & Financial Overview

# Highly successful and profitable growth story...

... with proven M&A track record



- 2012**
  - Acquisition of AFP by **Montana Tech Components** (November 2012)
- 2013**
  - Acquisition of **Process Point**
  - Swiss based, Pet Food
- 2015**
  - Acquisition of **Eliopack**
  - France based, Pharma and Food
- 2016**
  - First contracts for newly developed **coffee capsules (JDE)**
- 2017**
  - JDE supplier award**
  - First contracts with newly developed **stand-up pouch**
- 2018**
  - Acquisition of **Arimpeks**
  - Turkey based, Pharma and Food
- 2019**
  - Listing on **SIX Swiss Exchange** on 28 June 2019
- 2020**
  - Acquisition of **Top-System**
- 2021**
  - Investment of € **70m into organic expansion** of Drniš (Croatia) plant
- 2022**
  - Acquisition of **Teko**

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 32 of this presentation.



# Key highlights Q1-3 2022

## Solid performance despite challenging market environment

### Strong operational performance

Paved the way to **historically high growth** in net sales of 34.3%

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



### Dynamic cost development

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

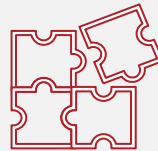
Continuous measures to **mitigate impact of increased costs** on our business



### Teko acquisition

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

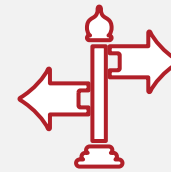
First progress on **synergies** already made



### Guidance confirmed

**Net sales** of € 320 -350m expected for FY 2022

**EBITDA before SE** anticipated between € 39-44m for FY 2022



### “3-WIN 2025” strategy

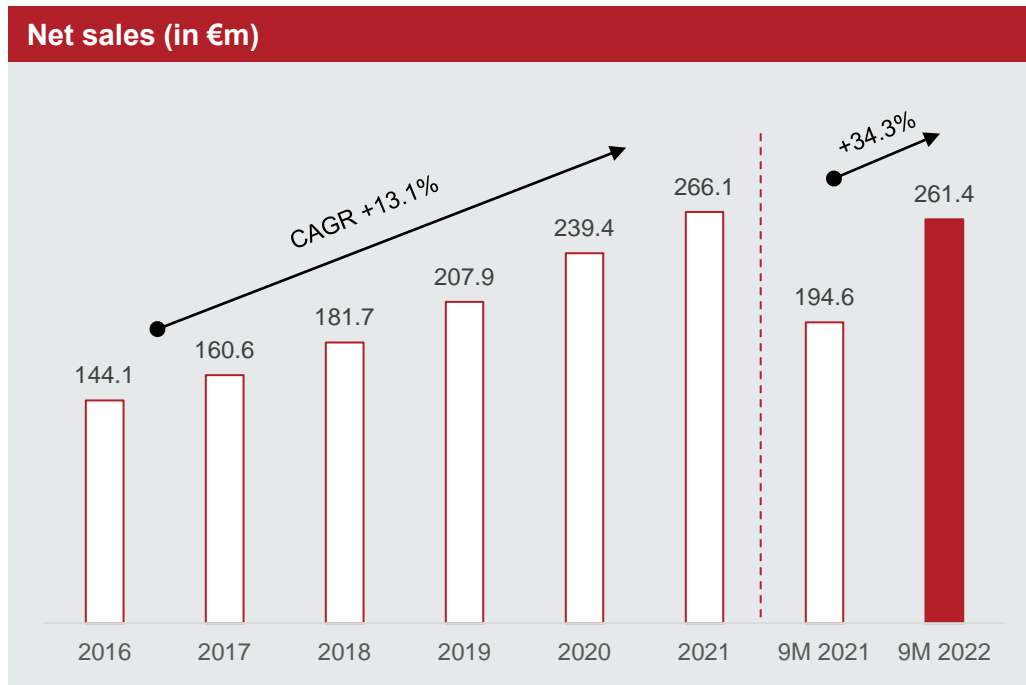
**Strategic roadmap until 2025** with emphasis on innovation, people and sustainability

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



# Net sales overview

Dynamic growth of 34.3% in Q1-3 2022 (organic: 28.6%)

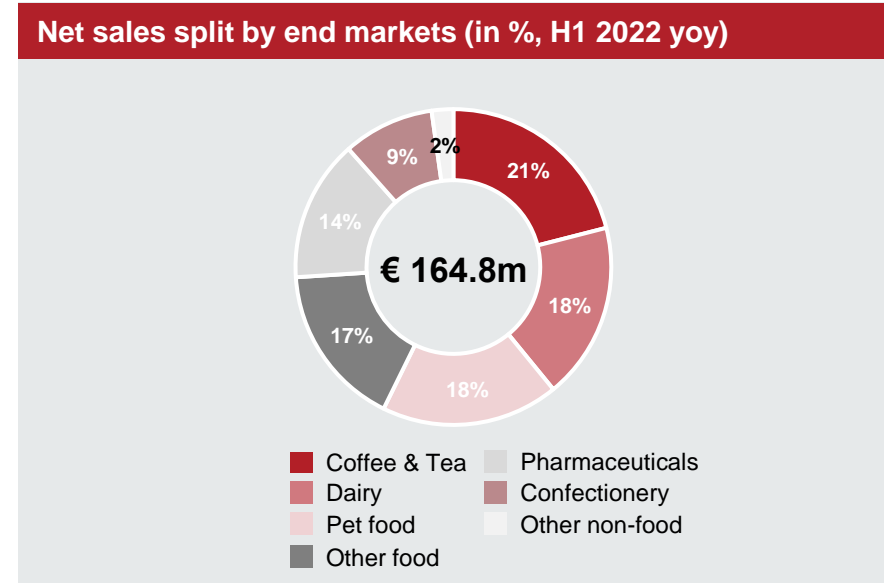
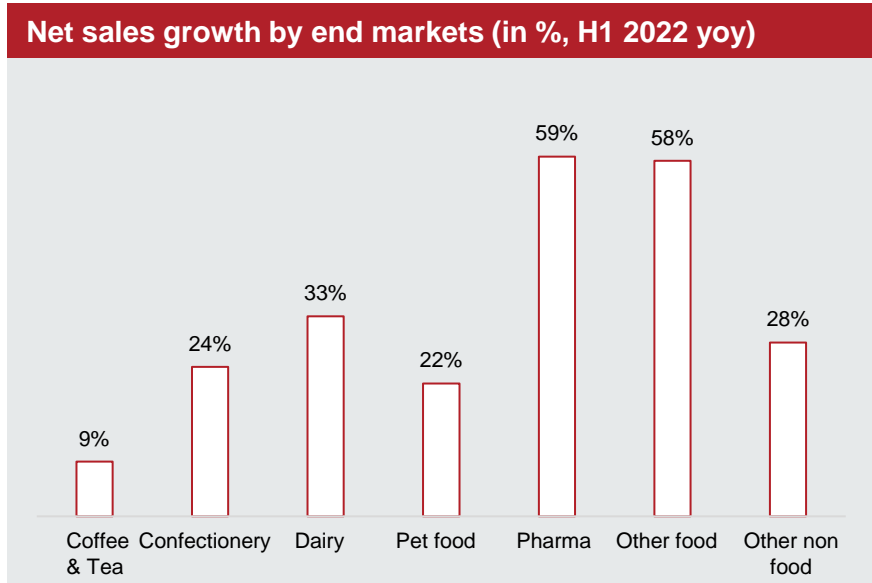


## Overview

- **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 28.6%

# End market dynamics

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



### 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

# Customer partnerships

## Fostering long term relationships with our customers



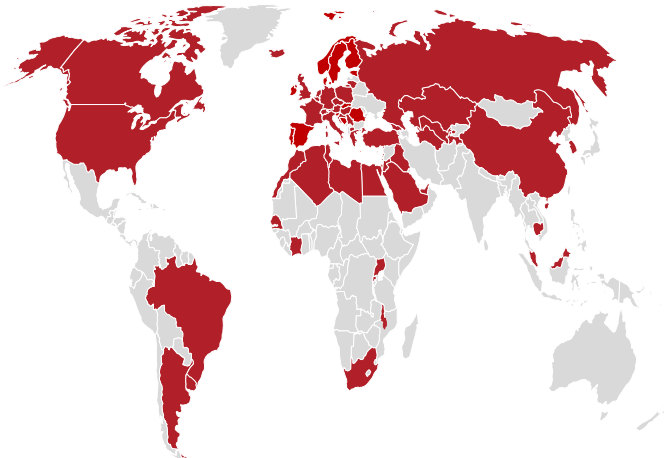
TOP 10 CUSTOMERS	
BIGGEST CUSTOMERS BY REVENUE	LENGTH OF RELATIONSHIP
1	>5 years
2	>15 years
3	>25 years
4	>16 years
5	>12 years
6	>13 years
7	>10 years
8	>30 years
9	>26 years
10	>18 years
<b>TOTAL</b>	<b>&gt;17 YEARS ON AVERAGE</b>



**~ 20**  
New customers in H1 2022

**~ 700**  
Active customers as of June 2022

**close to 100%**  
Customer retention rate in H1 2022

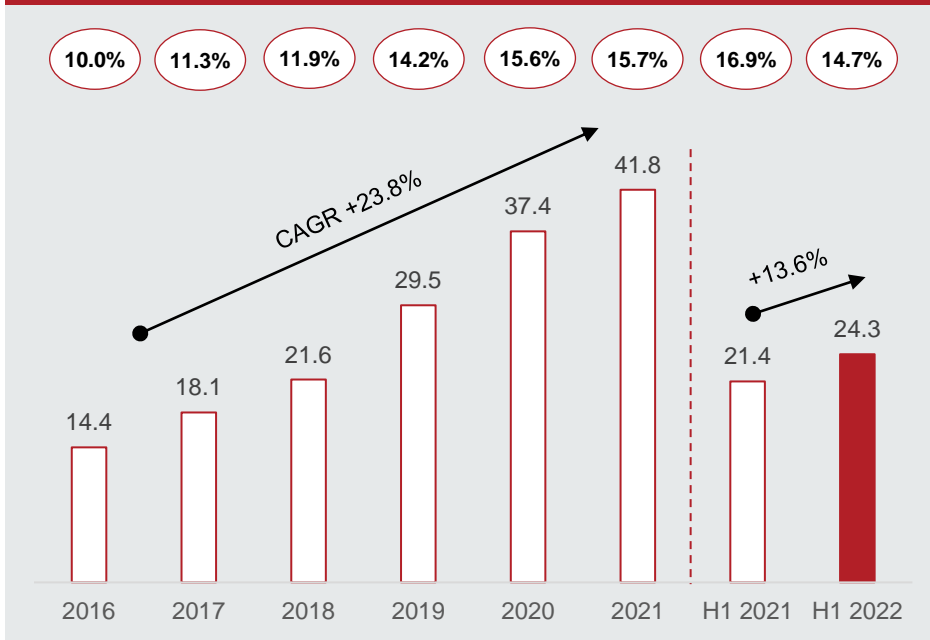


Source(s): Company information  
Note(s): Map indicates geographical distribution of sales in H1 2022.

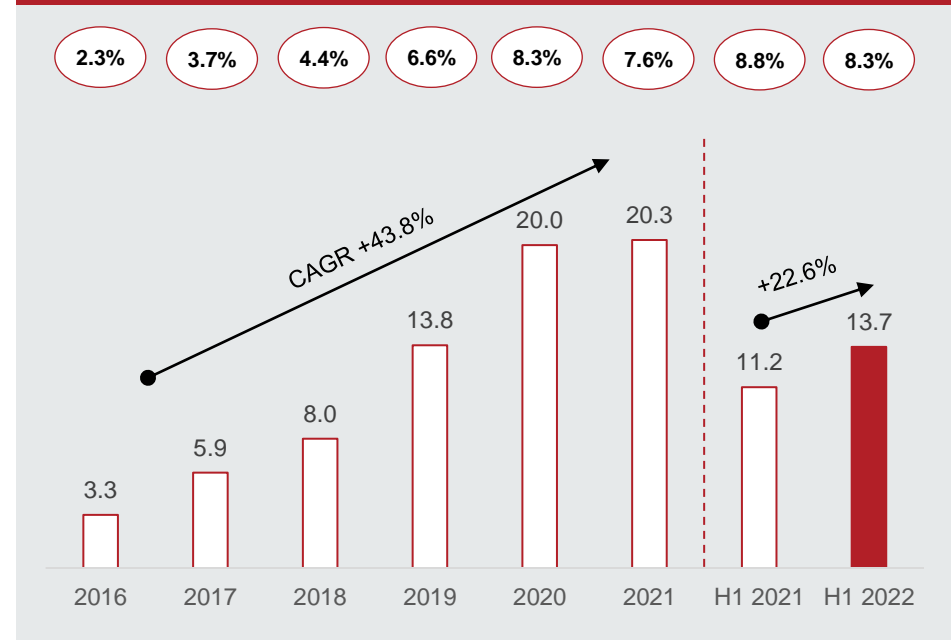
# Earnings highlights

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)<sup>(1)</sup>



EBIT before SE (in €m / margin in % of net sales)<sup>(1)</sup>



## 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 32 of this presentation.

# Our deep and highly integrated value chain results in...

...leading service levels, high quality standards and innovations & development



✓ Development competence





















✓ Integrated and scalable platform

✓ Very high quality and service levels




# Scalable platform across Europe

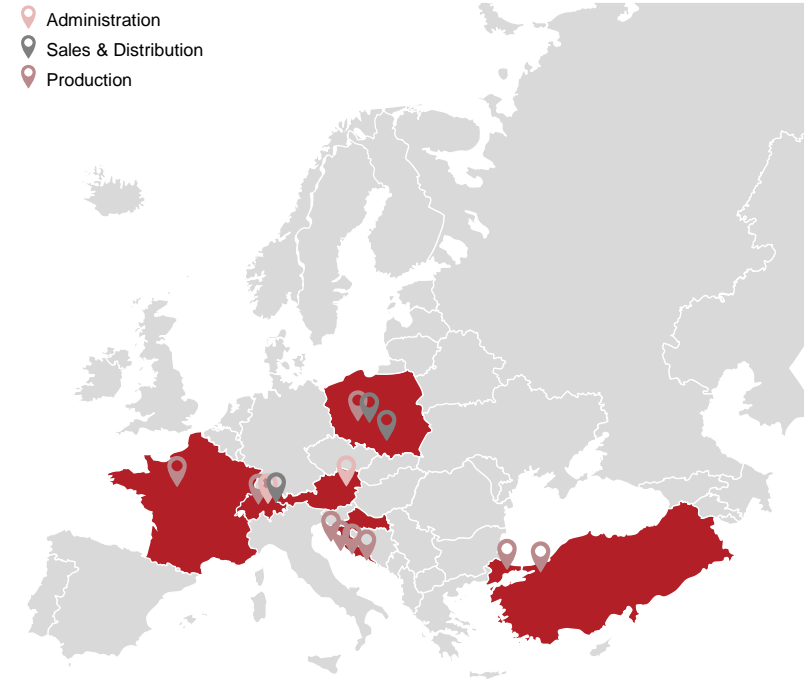
Increasing production footprint combined with technologically advanced facilities

## M&A track record

Process Point		Eliopack		Arimpeks	
<b>Location</b>	<b>Acquisition</b>	<b>Location</b>	<b>Acquisition</b>	<b>Location</b>	<b>Acquisition</b>
	2013		2015		2018
<b>End markets</b>		<b>End markets</b>		<b>End markets</b>	
  		   		   	
<b>Value chain</b>		<b>Value chain</b>		<b>Value chain</b>	
<i>Finishing</i>		<i>Converting, printing, finishing</i>		<i>Converting, printing, finishing</i>	
Top System		Teko			
<b>Location</b>	<b>Acquisition</b>	<b>Location</b>	<b>Acquisition</b>		
	2020		2022		
<b>End markets</b>		<b>End markets</b>			
		  			
<b>Value chain</b>		<b>Value chain</b>			
<i>Printing, finishing</i>		<i>Converting, printing, finishing</i>			

Note(s):  Coffee & Tea  Pet food  Pharma  Dairy  Confectionery

-  Administration
-  Sales & Distribution
-  Production



- ✓ Technologically advanced & efficient production facilities
- ✓ High degree of process digitalisation & automation
- ✓ Profound in-house machinery know-how

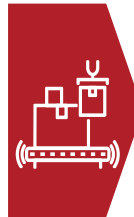
# Update on major on-site expansion program

## Construction according to plan, assembling of machines in final stage

- **Assembling** of key machines in final stage, **commissioning** has started
- 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**



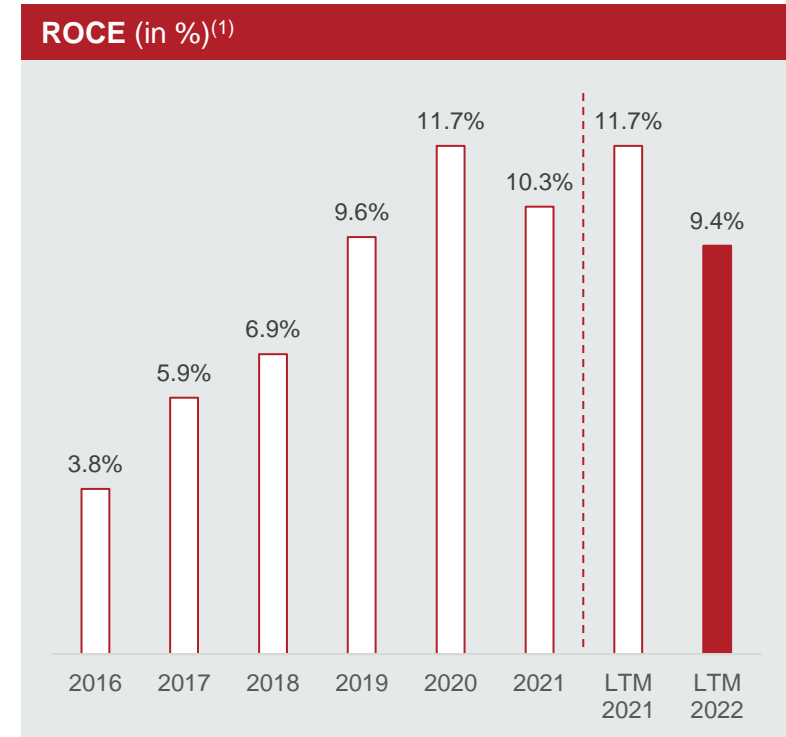
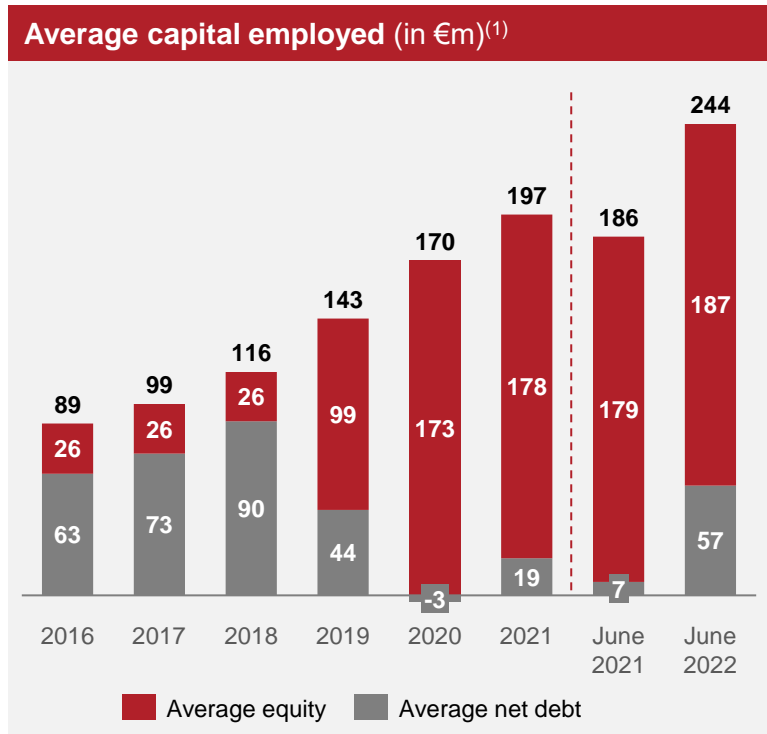
#### Infrastructure

- 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



# 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.



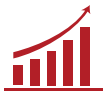
**“3-WIN 2025” Strategy**

# 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



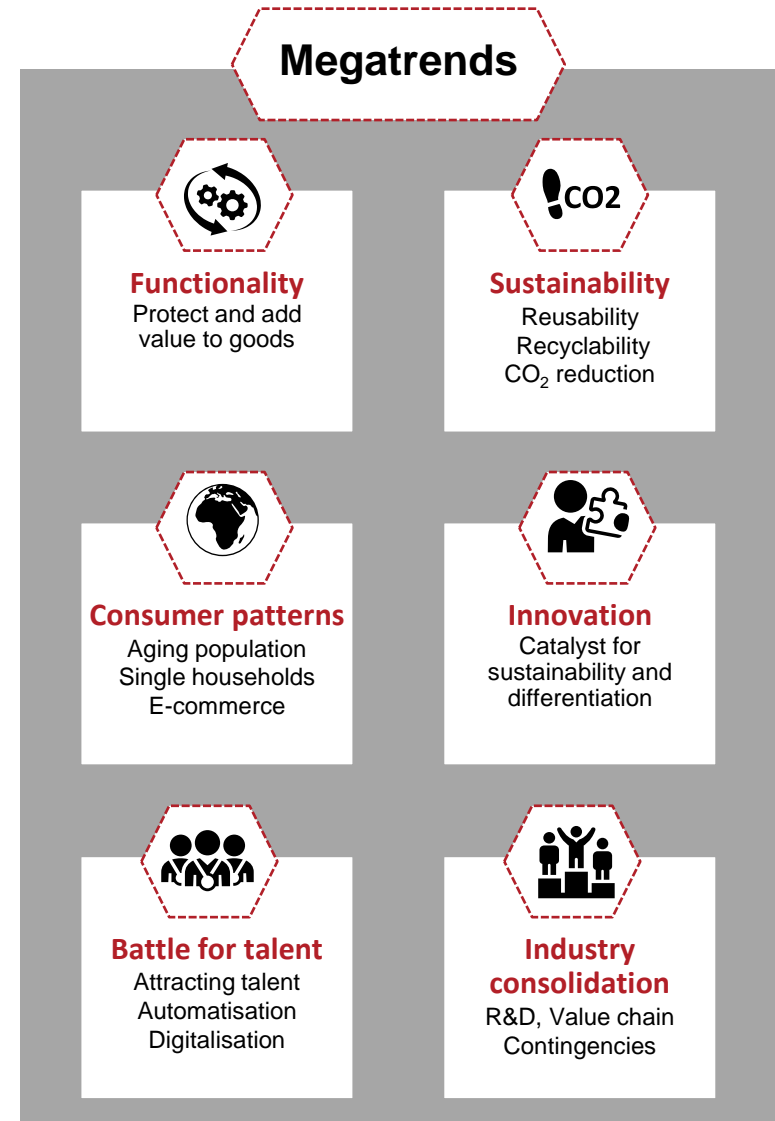
Strong combination of **process** and **materials** know how in **aluminium based flexible** packaging



**Reliable service** and **quality** partner for customers with selective innovations



**Transition** from mid-sized to larger company bringing need for **organisational** and **process improvements**



# 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**



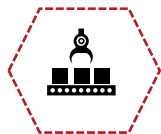
### SUSTAINABILITY

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

## 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

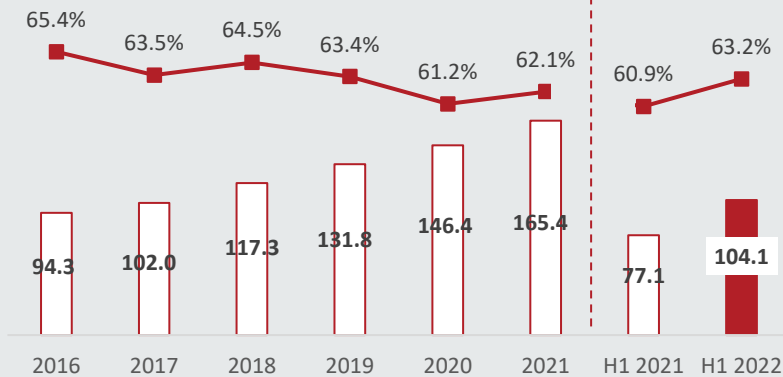
# Appendix

**A L U  
F L E X  
P A C K**

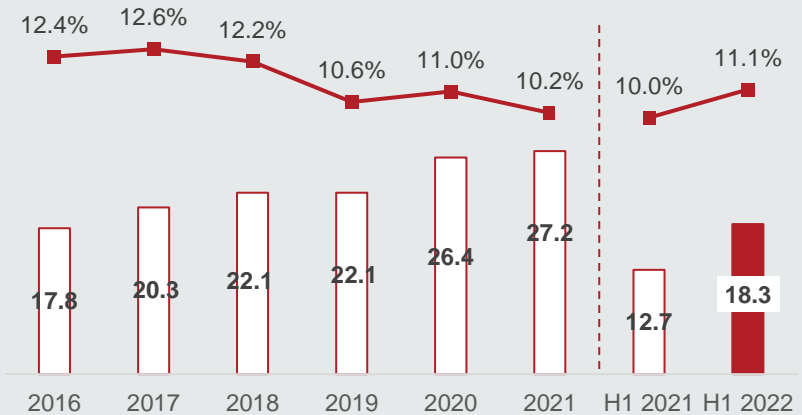
# Cost management

## Inflationary cost environment with significant impact on cost structure

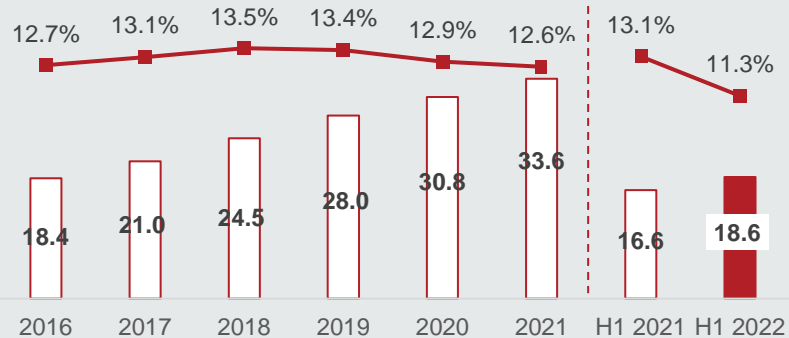
**Material costs** (in €m / in % of net sales, on adj. level)<sup>(1)</sup>



**Other operating costs** (in €m / in % of net sales, on adj. level)<sup>(2)</sup>



**Personnel costs** (in €m / in % of net sales, on adj. level)<sup>(3)</sup>



### 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

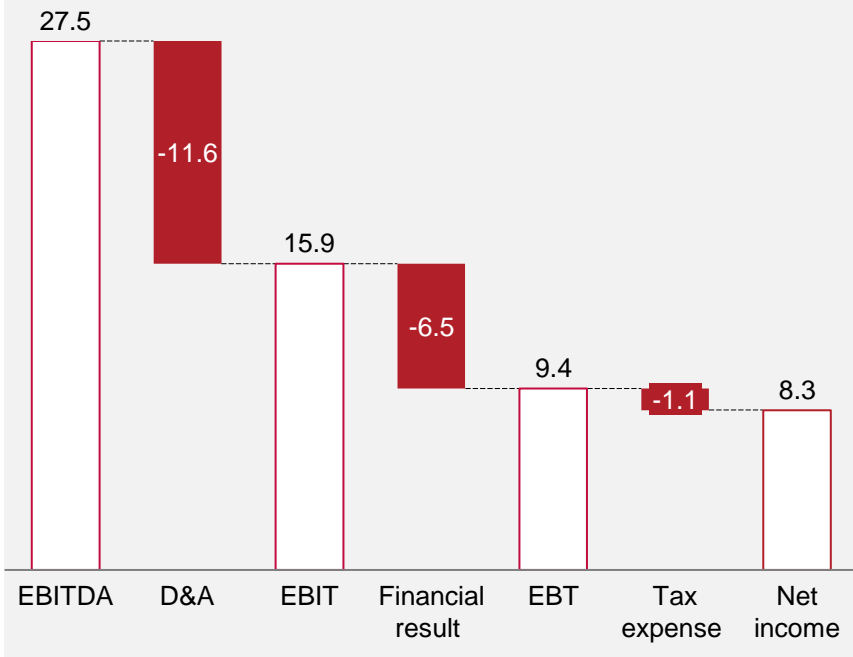
Note(s): (1) Material costs are defined as cost of materials, supplies and services less temporary personnel, less income from disposal from recycling products, less related income from insurance, less income from claims and adjusted for changes in finished and unfinished goods and other effects; (2) 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.



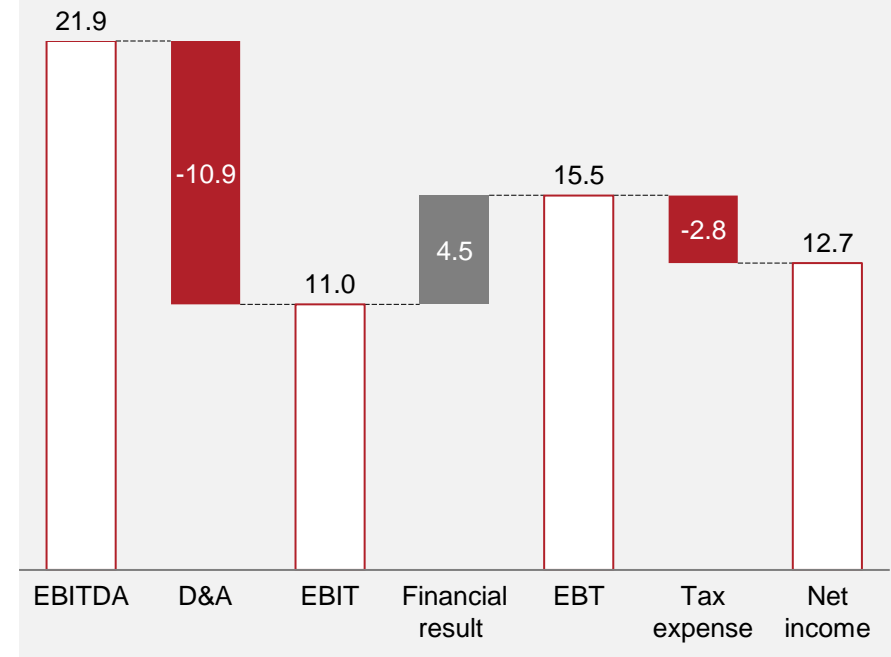
# Other cost positions

## 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)

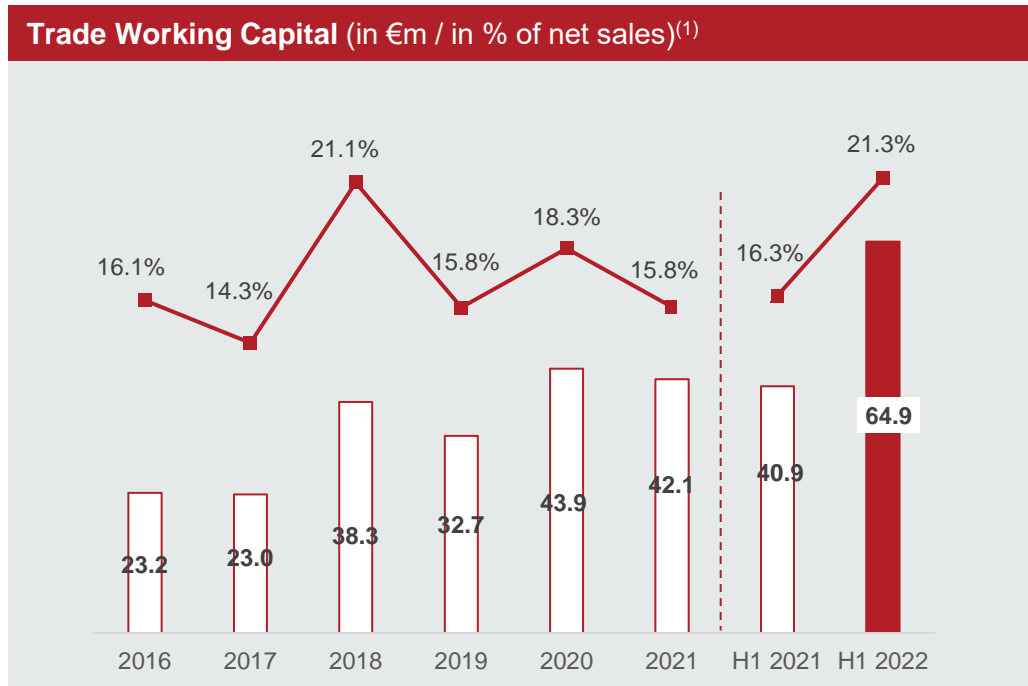


### Overview

- 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

# Working capital management

## Higher material costs impacting trade working capital



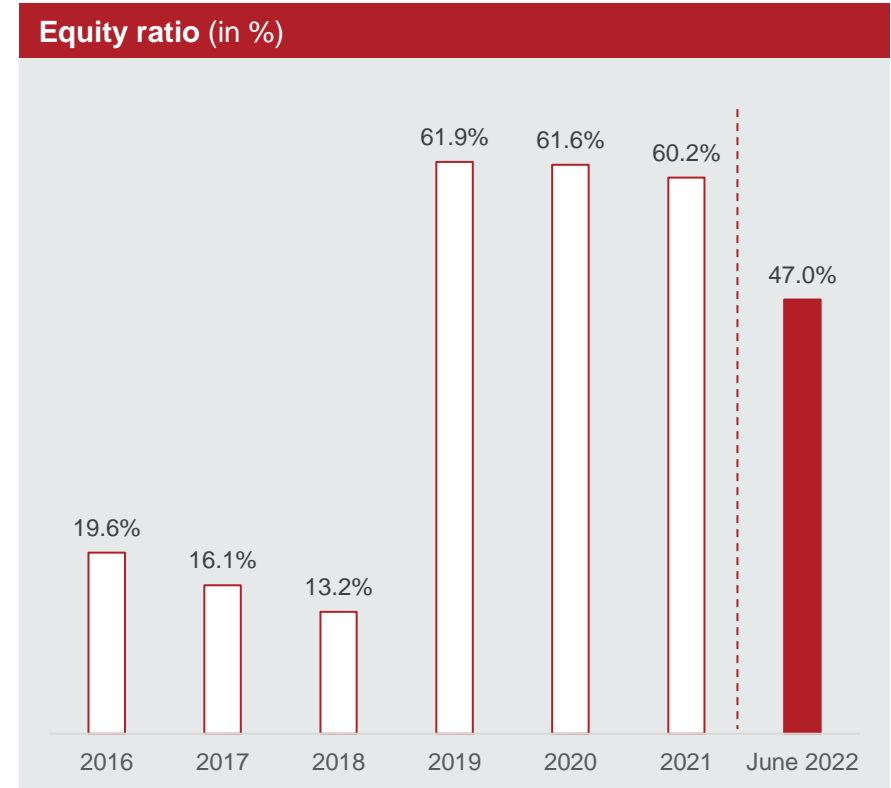
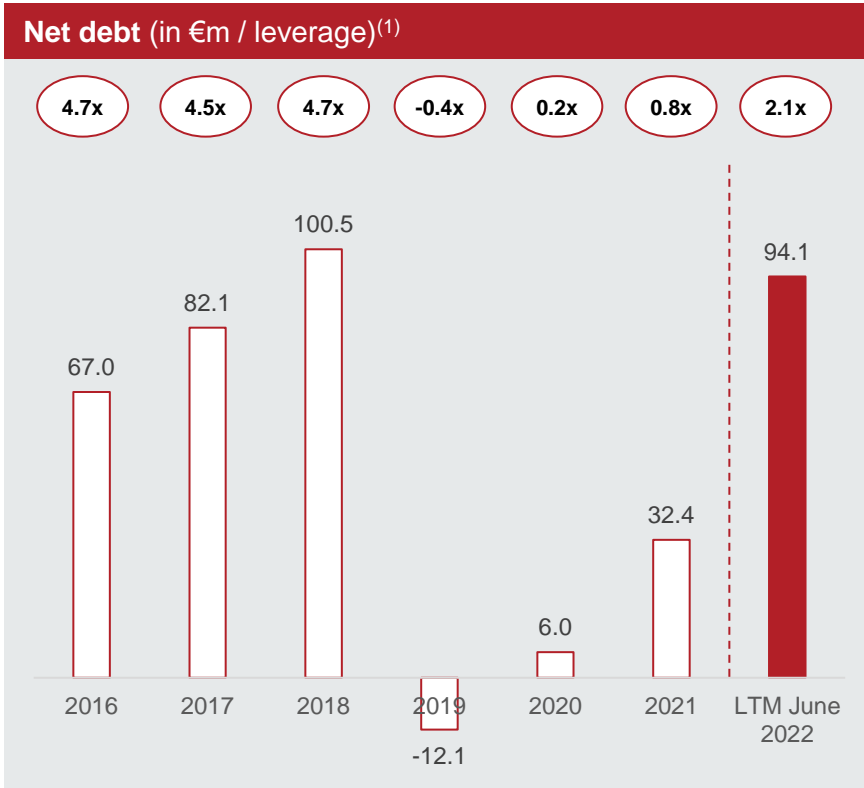
### Overview

- **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



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

# Income statement

(in €m)	H1 2022	H1 2021
Gross sales	167.3	129.3
Sales deductions	-2.5	-2.8
<b>Net sales</b>	<b>164.8</b>	<b>126.5</b>
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
<b>EBITDA</b>	<b>27.5</b>	<b>21.9</b>
Depreciation and amortisation	-11.6	-10.9
<b>Operating profit</b>	<b>15.9</b>	<b>11.0</b>
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
<b>Financial result</b>	<b>-6.5</b>	<b>4.5</b>
<b>Result before tax</b>	<b>9.4</b>	<b>15.5</b>
Tax expense/benefit	-1.1	-2.8
<b>Result for the period</b>	<b>8.3</b>	<b>12.7</b>
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
<b>ASSETS</b>		
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
<b>Non-current assets</b>	<b>241.1</b>	<b>179.7</b>
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
<b>Current assets</b>	<b>161.2</b>	<b>121.9</b>
<b>TOTAL ASSETS</b>	<b>402.3</b>	<b>301.7</b>

# 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
<b>Equity attributable to owners of the Company</b>	<b>187.7</b>	<b>180.3</b>
Non controlling interests	1.5	1.3
<b>TOTAL EQUITY</b>	<b>189.2</b>	<b>181.6</b>
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
<b>Non-current liabilities</b>	<b>125.2</b>	<b>45.6</b>
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
<b>Current liabilities</b>	<b>87.8</b>	<b>74.4</b>
<b>TOTAL LIABILITIES</b>	<b>213.1</b>	<b>120.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>402.3</b>	<b>301.7</b>

# Cash flow statement

(in €m)	H1 2022	H1 2021
<b>Income/Loss before tax</b>	<b>9.4</b>	<b>15.5</b>
+/- 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
<b>Net cash from operating activities</b>	<b>8.4</b>	<b>20.6</b>
+ 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
<b>Net cash used in investing activities</b>	<b>-59.4</b>	<b>-17.9</b>
- 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
<b>Net cash from financing activities</b>	<b>62.0</b>	<b>-14.0</b>

# Overview of earnings adjustments

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

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

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 33 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).