

First half of 2015: Constantia Flexibles heading for record year

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Flexible packaging company increases once again sales and earnings for the first half of 2015 / Focus on global growth strategy.



Vienna, August 31, 2015 – Constantia Flexibles, a world leader in flexible packaging and labels, successfully maintained its growth trend in the first six months of the current financial year with another increase in sales and earnings.

Group sales increased to €942.7 million in the first half of 2015, a rise of 9.7% on the prior-year period. After adjusting for currency effects, the increase in sales was 5.4% compared with the previous year. The strong appreciation of the USD against the EUR was the main currency factor influencing the Group.

The significant rise in sales was attributable to all of the Group's divisions and was achieved due to strong volume increases in all regions. Operating profit before interest, tax, depreciation and amortization (EBITDA) amounted to €129.9 million, an increase of 5.2% over the prior-year period, which resulted in an EBITDA margin of 13.8% compared to 14.4% in the prior-year period. The reduced margin is largely due to USD/EUR currency translation effects.

Thomas Unger, CEO of Constantia Flexibles: “In the first six months of 2015, we succeeded in maintaining the positive trend seen in the previous year. We are optimistic that – together with our new owner, the Wendel Group – we will also achieve record results this year and consistently pursue our global growth strategy in the coming months and years. I am convinced that the new CEO, Alexander Baumgartner, will continue the Group’s successful path together with the company’s owners and its employees.”

Food

In the first half of 2015, the Food Division achieved sustainable growth rates in sales in all regions. Growth in Europe was particularly encouraging in the Food Division during the first half of 2015. Sales from alufoil containers for pet food and from packaging of dairy products increased further in both Eastern and Western Europe, while sales from packaging for ready-made meals and films for confectionery remained stable compared with the previous year. The increase in demand for portion packs, especially for coffee and tea, also positively impacted sales.

In its North America and Emerging Markets regions, Constantia Flexibles succeeded in generating a substantial increase in sales in the field of film-based packaging for snacks. The Group’s production plants in India and Mexico were responsible for the increase in particular.

Sales rose by 8.5% to €553.6 million in the first half of 2015. Adjusted for currency effects, the increase in divisional sales amounted to 4.9%. The Food Division had a share of 56% of the total sales generated by Constantia Flexibles. Fueled by volume increases, EBITDA in the Food Division improved by 13.1% to €73.3 million. This corresponds to an EBITDA margin of 13.2%.

Pharma

Sales in the Pharma Division rose by 5.6% to €149.9 million in the first half of 2015. After adjusting for currency effects, divisional growth amounted to 4.8%. Significant growth over the prior year was achieved with the product groups coldform foil and laminates, especially in the regions of Western Europe, Latin America and Asia/Pacific.

The regional distribution shows that in addition to a strong European share

of sales, the share of the Emerging Markets region (Africa, Asia, and South and Central America) was also increased.

EBITDA in the Pharma Division improved by 6.1% to €26.2 million in the first half of 2015. The EBITDA margin remained nearly constant at 17.5%. Growth in sales and productivity increases were the main factors contributing to the rise in EBITDA. The division's share of the total sales posted by Constantia Flexibles amounted to 15%.

Labels

The first half of 2015 saw growth in the market – in particular the global beer market – due to rising demand for higher quality labels, especially self-adhesive labels. Acquired in 2013, the Spear Group played a key role in the sales increase as a result of its new, innovative projects, many of which were with global customers in the labels business. The increase in sales was also driven by the increase in global demand for in-mould and film labels. Divisional growth was mainly influenced by the continuous expansion of existing business relations, as well as the acquisition of new customers.

Sales in the Labels Division rose by 10.2% to €273.4 million in the first half of 2015. Of this, 7% was attributable to currency effects. The Labels Division had a share of 29% of total sales generated by Constantia Flexibles.

Divisional EBITDA decreased slightly by 0.5% to €47.1 million, which corresponds to an EBITDA margin of 17.2%. The decline in the EBITDA margin was due to non-recurring expenses incurred to support growth, a delay in passing on raw material price increases, and unfavorable pricing in the market.

Outlook for 2015

In the second half of the financial year 2015, the focus of Constantia Flexibles is once again clearly set on global growth – both organic and through acquisitions. Particularly in the Emerging Markets, we are expecting above-average growth in the area of film applications for the Food Division.

In addition, the Group reinforced its position in the growth market of African countries south of the Sahara through the purchase of Afripack, one of Africa's largest packaging manufacturers. The acquisition is expected to be concluded in the second half of 2015.

After the first six months, Constantia Flexibles expects sales and operating EBITDA to also increase for the full year 2015 compared with the previous year. If the development continues to be positive, the Group expects another record year.

Constantia Flexibles will continue to see solid organic growth, although raw material prices and currencies are expected to fluctuate broadly. To optimize profitability, the Group will focus on effective cost management and efficiency enhancements in the operating business. Particular emphasis will be placed on improving the use of materials and production processes. The product portfolio will also be expanded by adding targeted innovative solutions.

Key Figures for Constantia Flexibles Group GmbH

In € millions	I – VI 2014 Group, adjusted*	I – VI 2015 Group, adjusted**	Change 2014/15
Sales	859.6	942.7	+9.7%
Operating EBITDA	123.5	129.9	+5.2%
EBITDA margin	14.4%	13.8%	–
Employees (reporting date)***	8,180	8,435	+3.1%

* Results from the first half of 2014, excluding one-time effects amounting to € 6.6 million (M & A and post-merger acquisition costs amounting to € 2.1 million, reorganization costs amounting to € 1.4 million and other one-time

effects in the amount of € 3.1 million)

** Results from the first half of 2015 excluding one-time effects amounting to € 13.0 million (M & A and post-merger acquisition costs amounting to € 3.7 million, exit related costs of € 2.8 million, reorganization costs of € 1.4 million and other one-time effects totaling € 5.1 million)

***Full-time equivalents as of the June 30, 2015 reporting date.

Constantia Flexibles is one of the world's leading manufacturers of flexible packaging products and labels. The Group supplies its products to numerous multinational corporations and local market leaders in the food, pet food, pharmaceuticals and beverage industries. In total, Constantia Flexibles has over 3,000 customers worldwide. Over 8,400 employees in almost 80 Group companies around the world supply innovative solutions on a global level.

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