

# Constantia Flexibles

## 2015 - WENDEL ACQUIRED CONSTANTIA FLEXIBLES

Initial investment: €640m / c.73%

- Long-term single digit resilient growth business
- Nr. 2 in Europe / Nr. 4 in the World
- Partnership with founding family

**Syndication of 11%** of Constantia's share capital

- Long-term co-investors: MCP backed by RAG Foundation

€2.3bn

Entreprise  
value

c.9x  
2014  
EBITDA

Acquisition  
multiple

c.4.74x  
2014 EBITDA

Leverage



€540m equity invested  
61% equity stake

## TRANSFORMATION

- New **management team**
- **5 bolt-on acquisitions** in Europe, Africa and Asia representing c. €190m additional sales
- **€31m additional investment** of Wendel to finance external growth
- **1 non core disposal**: folding carton in Mexico
- **1 strategic disposal**: Labels business for an EV of €1.15bn i.e. ca. 11x 2016 EBITDA
- **Debt renegotiation**

## NEW CONSTANTIA FLEXIBLES



- Operations fully **refocused on flexibles packaging**
- Largest shareholder (16% equity stake) of **MCC** (Global Nr. 2 in labels industry)
- Value creation program: **FOCUS21**
- Leverage: **2.4x EBITDA**  
*Incl. MCC shares leverage @ c.1.2x EBITDA*



€565m equity invested  
61% equity stake

# Alexander Baumgartner – CEO of Constantia Flexibles

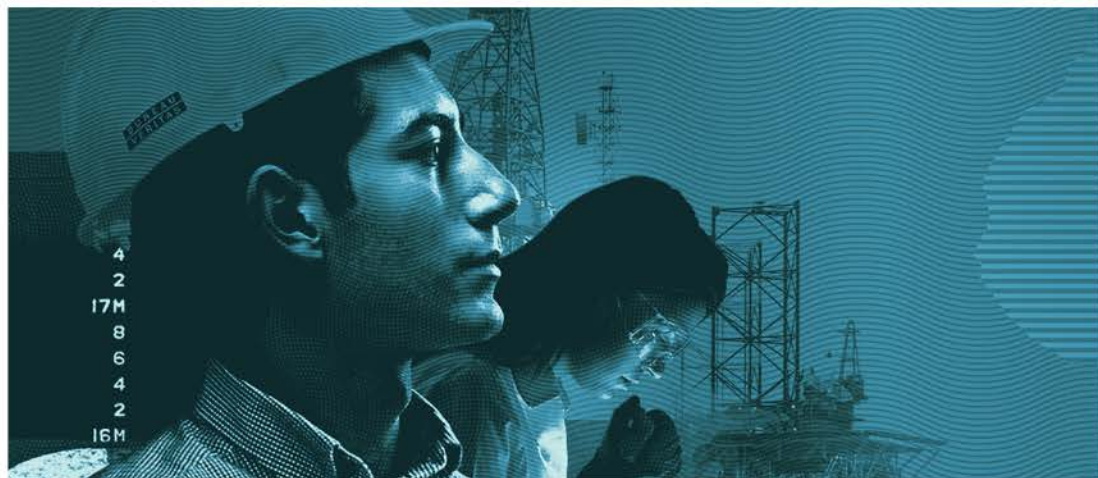
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- 20 years of packaging industry experience
- Extensive experience in sales & marketing activities, plant operations, restructuring and growth strategies
- Before joining Constantia Flexibles in October 2015, he was **President for Europe of the Beauty & Home Aptargroup** division. Here he played a significant role in leading the Beauty & Home reorganization and developing and implementing a European manufacturing strategy. He has previously worked for Germany's STI Group and Austria's Mayr-Melnhof Group.
- He is a graduate of Wirtschaftsuniversität in Vienna and Luigi Bocconi University in Milan.

# Constantia Flexibles

Alexander Baumgartner, CEO



W E N D E L

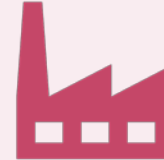
# The NEW Constantia Flexibles



**#2**  
in Europe



**#4**  
globally



**32**  
production sites  
in 18 countries



**Headquarters**  
in Austria  
(Vienna)



**2 business segments**  
Food (~80%)  
Pharma (~20%)  
+ **16.6% stake in MCC**



**~ 7,400**  
employees



**Shareholders**  
Wendel (~61%)  
AREPO Foundation (~27%)  
Maxburg Capital Partners  
(~11%)



**Sales by region**  
68% Europe  
19% America (USA/Mexico)  
7% Middle East/Africa  
6% Asia/Pacific

**40%**  
film-based



**60%**  
aluminum-based

# Success story to continue

## From a leading European supplier...

- Network of medium-sized companies
- Business focus on Europe
- Mainly export sales
- Supplier of packaging materials with focus on aluminum

## ... to a global player...

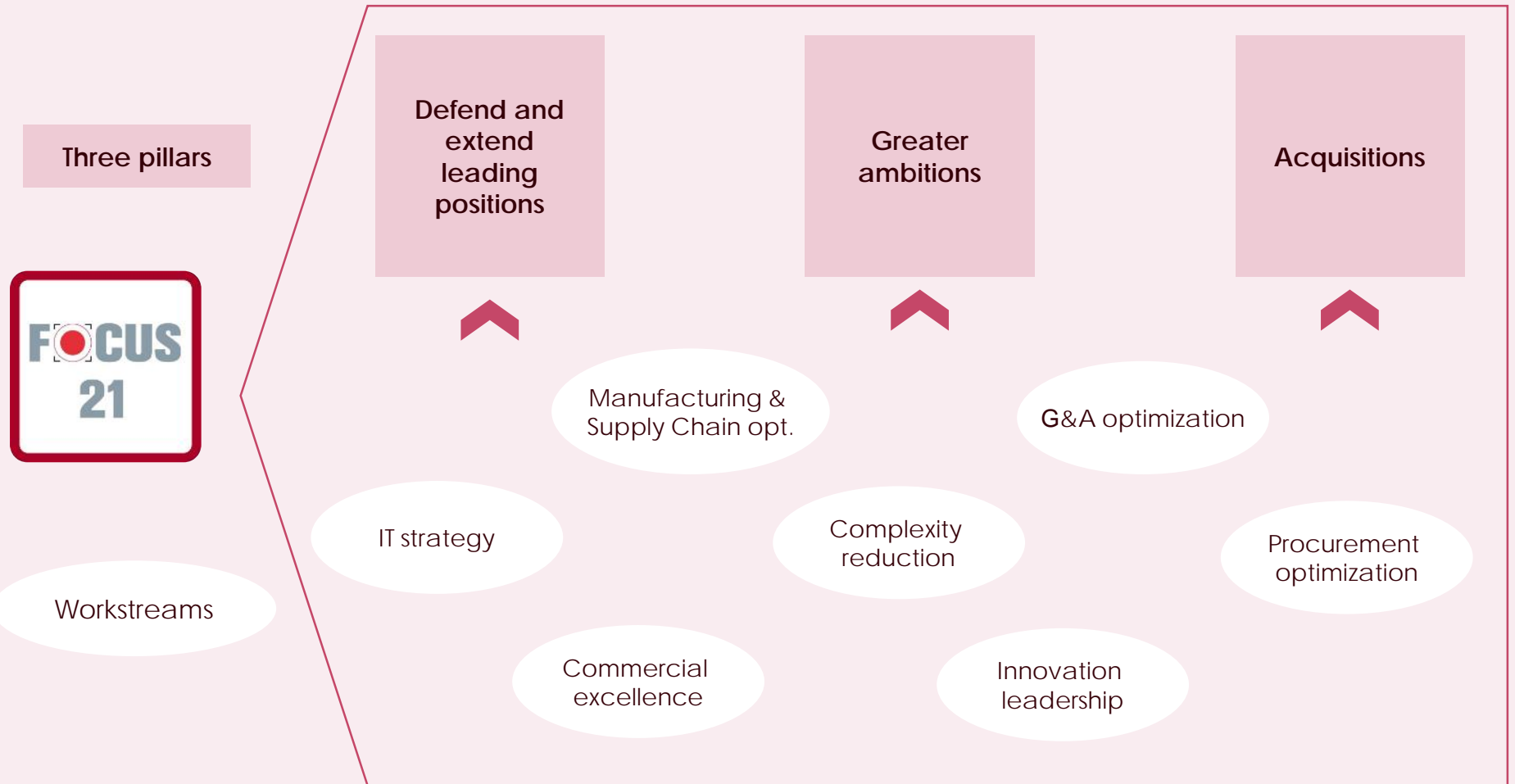
- A group with a mission and a clear strategy
- Realizing global growth opportunities
- Multi-domestic production
- Solution provider with comprehensive material competence

## ... and now a global pure play flexible packaging group










- After sale of Labels division
- With a focus on selective end-markets in attractive regions with our customers



# FOCUS21 strategy



# FOCUS21: Defend and Extend Leading Positions

	Europe	North America	Rest of the world
 Food	<ul style="list-style-type: none"><li> Dairy yoghurt lidding foil &amp; film</li><li> Confectionery foil</li><li> Processed meat foil (alu-container systems)</li></ul>	<ul style="list-style-type: none"><li> Confectionery foil</li><li> Processed meat foil</li><li> Snacks (Mexico)</li></ul>	<ul style="list-style-type: none"><li> Dairy yoghurt lidding foil &amp; film (Russia)</li><li> Confectionery foil (Russia &amp; Turkey)</li></ul>
 Pharma	<ul style="list-style-type: none"><li> Blister lidding foil</li><li> Pharma laminates</li><li> Cold form foil</li></ul>	<ul style="list-style-type: none"><li> Blister lidding foil</li><li> Cold form foil</li></ul>	

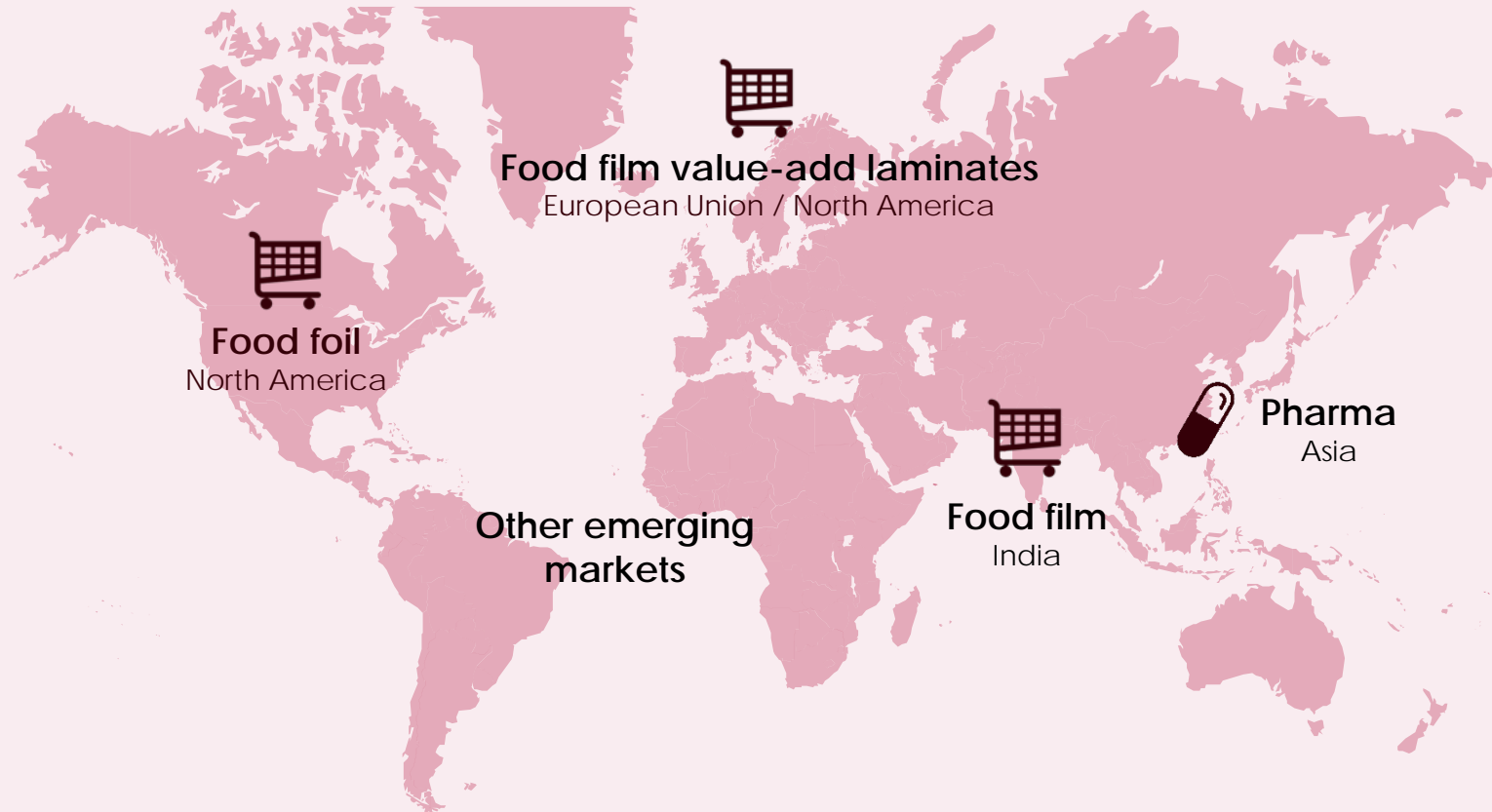
# FOCUS21: Develop promising positions through investments worldwide

	Europe	North America	Rest of the world
Food	<ul style="list-style-type: none"><li>• Confectionery film</li><li>• Processed food coffee foil</li><li>• Processed food dry/ wet (pouches)</li><li>• Processed meat film</li><li>• Snacks film</li></ul>	<ul style="list-style-type: none"><li>• Dairy yoghurt lidding foil</li><li>• Dairy yoghurt lidding film</li><li>• Confectionery film</li><li>• Processed food coffee foil</li><li>• Processed food dry</li></ul>	<ul style="list-style-type: none"><li>• Confectionery film</li><li>• Processed food film</li><li>• Snacks film</li></ul>
Pharma		<ul style="list-style-type: none"><li>• Pharma laminates / specials</li><li>• Home &amp; Personal Care (HPC) sachets specialties</li></ul>	<ul style="list-style-type: none"><li>• Blister lidding foil</li><li>• Cold form foil</li></ul>



# Focused M&A in flexible packaging

## M&A priorities:



## Non M&A priorities:

- Food Middle East, China & Far East, Oceania
- New market segments, e.g. frozen food, fresh food, home care

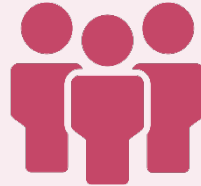
# Why sell Labels?

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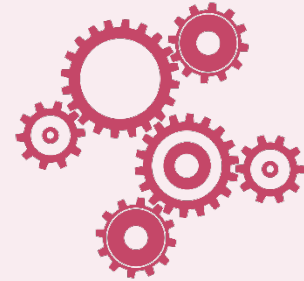
## Focused Funding

Resources to pursue growth targets in fragmented market for Flexible Packaging



## Focused People

Technology, innovation, R&D etc. internal teams – fully dedicated to Flexible Packaging



## Focused Synergies

Greater synergies in raw materials printing, finishing and customers in Flexible Packaging. Labels has different customer base.

# We will still participate in success of new global labels giant

## Transaction details

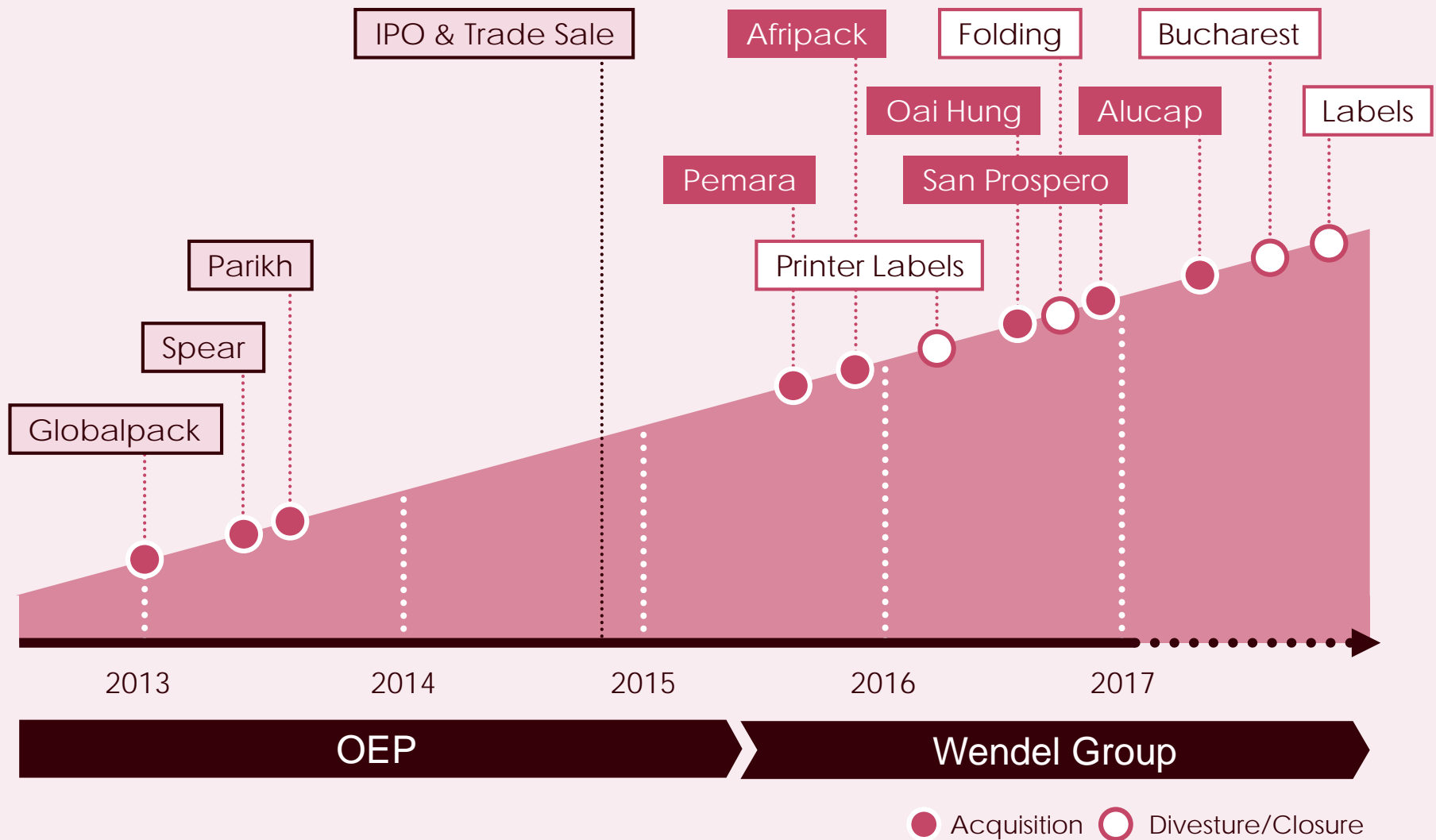
- Agreement signed for an enterprise value of approximately €1.15bn (\$1.3bn)
- Constantia Flexibles received approx. €830m in cash end October
- Constantia Flexibles holds 16.6% of Multi-Color's outstanding shares, thereby being its largest shareholder
- Mike Henry, former EVP Labels, to become CEO of Multi-Color January 2018

## New Multi-Color



- Global Nr. 2 in labels industry
- Multi-Color's wine & spirit and HPC portfolio complemented by Constantia Labels' beer and food portfolio
- 67 production facilities in 25 countries
- Pro-forma sales ~\$1,7bn
- Pro-forma EBITDA ~\$300m
- 3-5% per annum sales growth outlook

# M&A Track Record: Since 2015, we have added ~€200m sales via acquisitions



# Acquisition in European dairy market

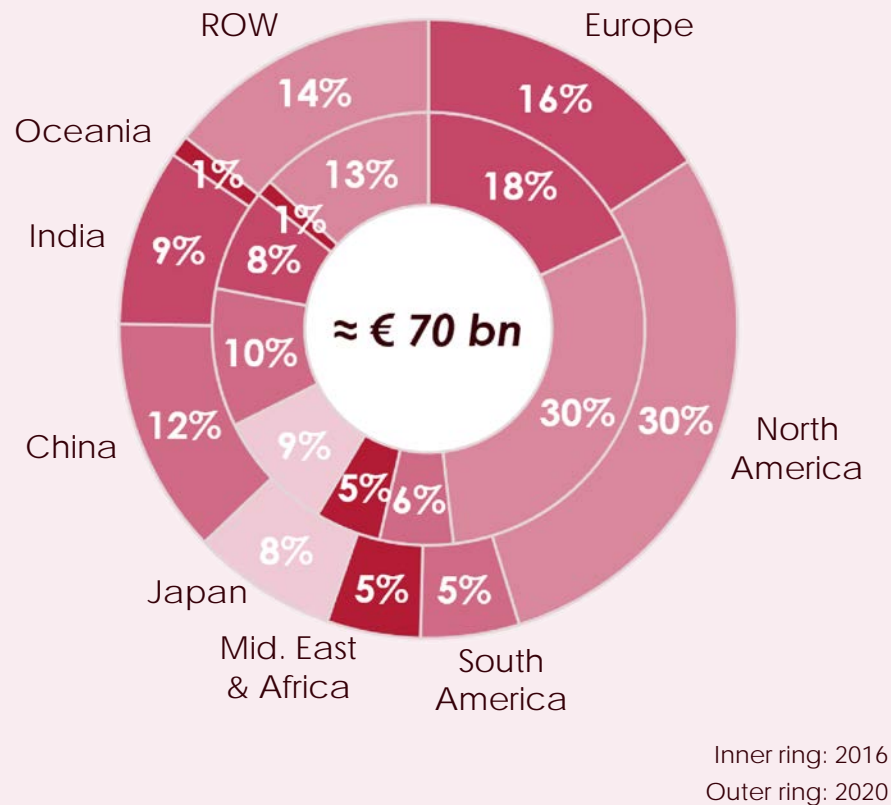
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- Alucap located in Borgo Valsugana, northern Italy
- Italy's leading dairy lidding company based in the area with the highest yoghurt production in Italy
- Supplies aluminum die-cut lids and plastic films to local dairies and international food manufacturers
- Annual sales of approx. €20 million
- More than 50 employees
- Joined Constantia Flexibles March 1, 2017

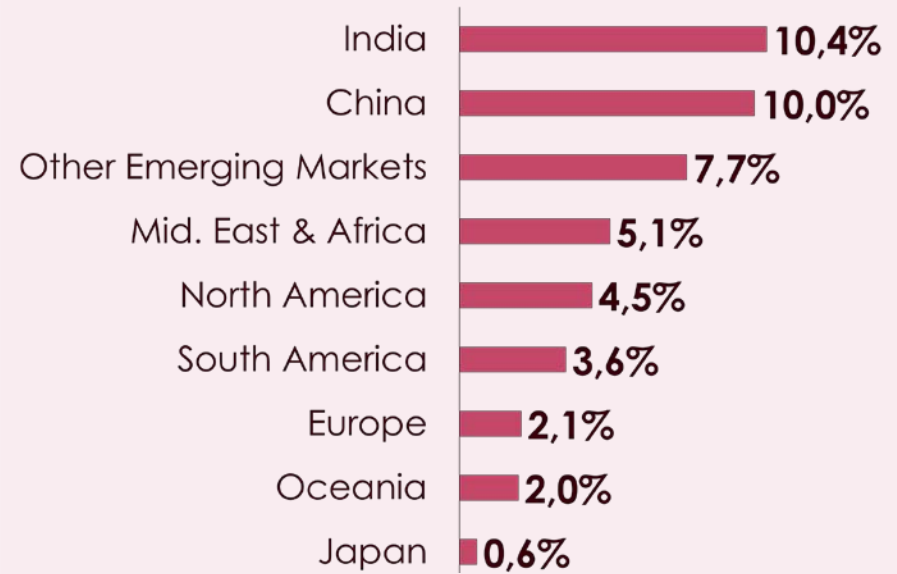


# Total Flexible Packaging Market: Size & Growth by Region

Flex. packaging demand worldwide reached c.a. € 70 bn end of 2016



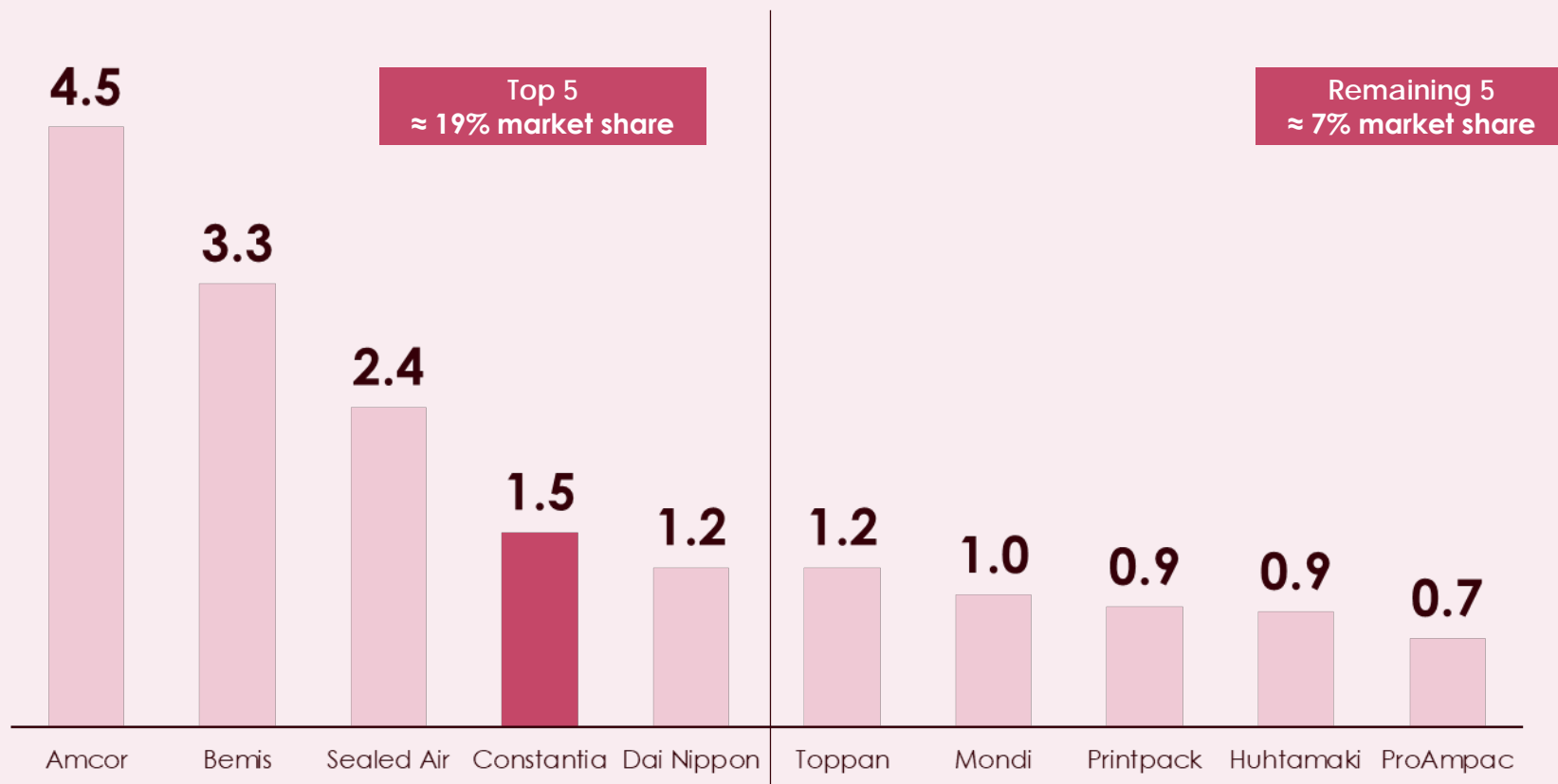
Global flex. Packaging market CAGR (2016 - 2020)



Emerging Markets account for > 60% of global flex. pack. Growth till 2020; both India and China account for ≈ 40% of this growth in question (absolute value)

# Fragmented Flexible Packaging industry (2016)

Sales €bn



Unique opportunity for Constantia to augment portfolio

Sources: company annual reports, PCI reports and internal information. Sales excl. labels and industrials.  
Sales represent global sales.

Note: Data above indicated includes consumer flexible packaging output only

# Focus on innovation along 8 key innovation themes

1

## Sustainable Packaging

85% renewable materials  
High-barrier properties  
Bio-certified



2

## Interactive Packaging

Invisible watermark printing  
White-label smart phone app  
Data management



3

## Product Safety

Holograms  
Security foil  
Security pigments & inks  
Security graphics & design  
Tamper evidence



4

## Pouches & Bags

2-chamber pouch to separate liquid & dry content  
Breakable membrane inside  
Fresh ready-to-drink



5

## Easy Open & Reseal

Re-seal PS label  
No filling machine changes  
Easy-opening  
Multiple re-seal  
Tamper evidence



6

## High-End Graphics

3D inks  
Next generation die-cut lidding  
Separation  
No embossing necessary



7

## Digital Printing

Hybrid in-line digital printing with conventional printing process  
Cost effective personalization



8

## Performance Packaging

Transparent high barrier  
Sealants  
New raw materials





# Key investments in future Pharma capacity – Constantia Patz

- Double-digit million investment in expansion of Constantia Patz in Austria
- Installation of one double-sided lacquering machine for foils and laminates, as well as one slitting machine operating in a new class 8 clean room
- Meet growing demand for different blister foil specifications produced at the highest hygiene, quality and safety standards
- Capacity to come on stream early 2019



Constantia Patz clean room

# Key investments in future Pharma capacity – Constantia Fromm

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- Investment in 4 color digital printing machine in Constantia Fromm in Germany
- New machine to be installed in H1, 2018
- Digital printing creates possibility of serialisation and individual packs
- Meet growing demand for shorter production runs



Digital printing

# New management structure

2017

CEO

CFO

Food EU EVP

Food NAM EVP (Houston)

Food EMEA EVP (Dubai)

Pharma EVP

Labels EVP

HR Executive Director

January 1, 2018

CEO

CFO

Food EVP

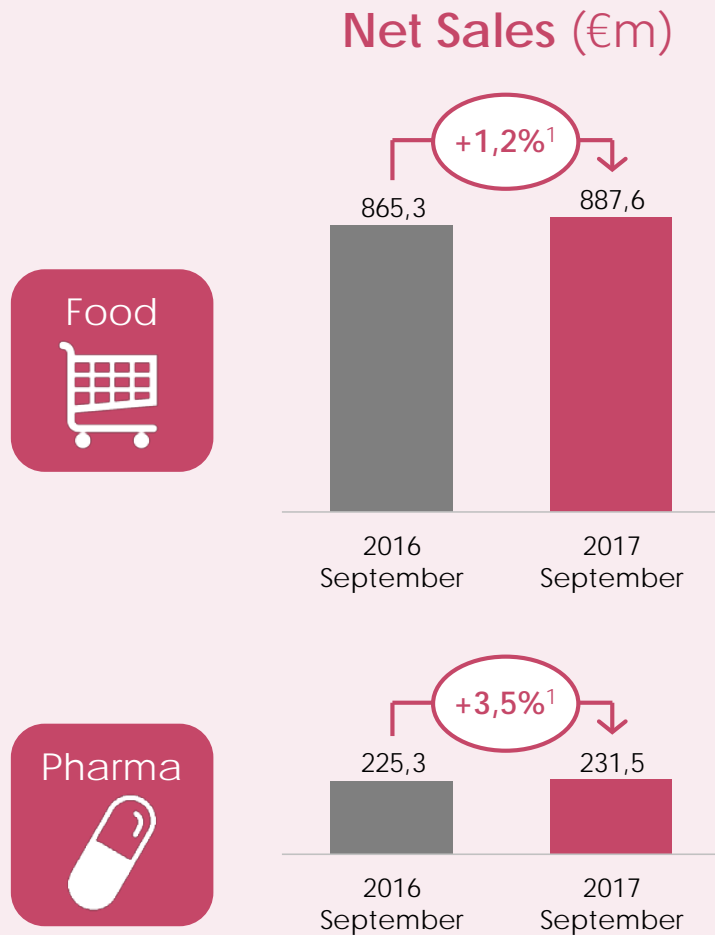
Pharma EVP

Technical SVP

HR Executive Director

- Cost reductions
- Complexity reductions
- Faster decision making processes

## 9M 2017 – Despite difficult market environment, organic growth above prior year level



- Very strong growth in Confectionary Film products in Europe business
- South Africa & India adversely affect Food results
- Ongoing raw material volatility
- U.S. business growing strongly with Lidding and Pet food sales
- Pharma market driven by growth in Blister Lidding, Cold form and high value pharma laminates
- Recent acquisitions performing well, particularly Alucap

# Repayment of SFA and New Bank Facilities (Club Deal)

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## Repayment of €1.34bn syndicated loan facilities (SFA)

- Release of all SFA guarantees and pledges

New starting Leverage Ratio: **2.40x** (net debt / EBITDA)

## New 5-year bank facilities amounting to €375m

- **€250m** term loan and **€125m** revolving credit facility
- Max. leverage ratio  $\leq 3.75x$  or  $\leq 4.5x$   
(for 2 consecutive quarters following an acquisition)
- No securities, no pledges
- Material subsidiaries to provide upstream guarantees
- “All in” interest rates **2.25%** lower than SFA

Annual interest savings of (c.p.) approx. **€40m**

# Deleveraging Balance Sheet

Healthier balance sheet gives more room to maneuver for M&A

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## Net debt to EBITDA ratio

**Before** sale of Labels: ~4,1x<sup>1</sup>

**After** sale of Labels: ~2,4x<sup>2</sup>

**Mid-term** target range: ~3,0 – 3,5x

<sup>1</sup> as of September 2017

<sup>2</sup> estimate as of 30 Sept 2017 based on 30 June LTM EBITDA, source: Constantia Flexibles, MCC shares not included for purposes of calculating net debt

# Key take-away messages for NEW Constantia Flexibles

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- Focus21 strategy to drive profitable growth
- Newly-won financial flexibility will drive value-creating acquisitions
- Leaner divisional structure to speed up decision-making processes and lower cost base
- Targeted investments in innovative products focusing on digitalization and sustainability



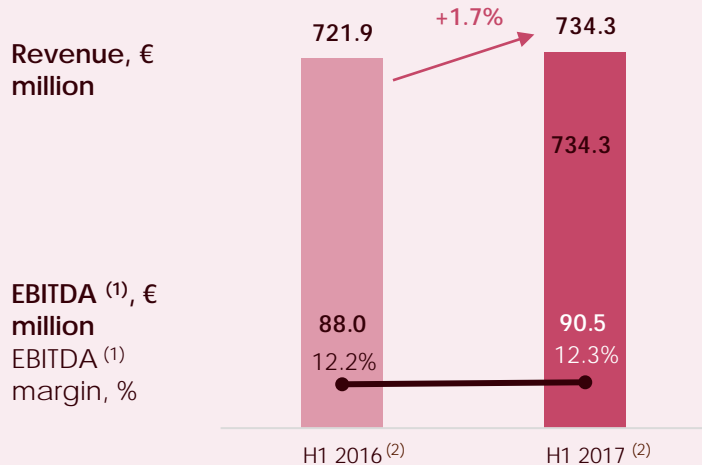
A photograph of a warehouse interior. In the foreground, several large, cylindrical rolls of material, possibly metal or plastic, are stacked on wooden pallets. The rolls are arranged in a row, receding into the background. The material has a metallic, reflective surface with concentric circular patterns. In the background, a yellow forklift is visible, with a person operating it. The warehouse has a high ceiling with corrugated metal walls and a polished floor that reflects the light. A semi-transparent dark blue horizontal band is overlaid across the middle of the image, containing the word "Appendix" in white serif font. A thin white line starts from the left edge of this band and points towards the word.

# Appendix



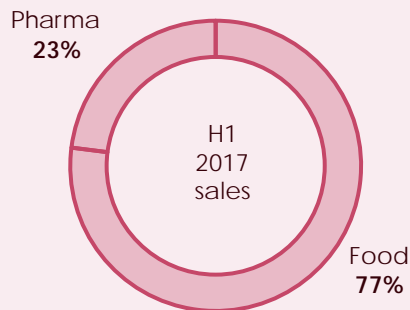
# Constantia Flexibles

## Refocus on flexible packaging business



Net debt, € million

n.m. → c. 466 <sup>(3)</sup>



## H1 2017 highlights

### Organic revenue growth impacted by Food Division's activity in emerging markets

- +0.9% organic growth resulted from opposing trends: good volume growth in Pharma (+4% organic growth) and flat organic growth in Food mainly due to tough market conditions in South African Sacks business and reforms in India.
- 0.7% portfolio, as disposal of non-core activity of folding cartons in Mexico in November 2016 is not yet fully offset by Oai Hung and San Prospero acquisitions.
- +1.6% FX impact

### +2.7% EBITDA growth

- Positive product mix due to continuous growth in high margin Pharma products.
- Savings measures and operational efficiency

### Refocus on flexible packaging business

- Agreement signed on July 17, 2017 to sell Labels business to Multi-Color Corporation, for an EV of c. €1.15bn (\$1.3bn)
- The majority of the transaction is payable in cash, while Constantia Flexibles will hold a 16.6% equity holding in Multi-Color, thereby becoming its largest shareholder.
- Subject to customary regulatory approvals, the sale transaction is expected to be finalized in Q4 2017.

(1) EBITDA before goodwill allocation entries, management fees and non-recurring items.

(2) In accordance with IFRS 5, Labels activities in 2016 and 2017 are presented in the income statement under "Net income from discontinued operations and operations held for sale".

(3) Net debt including Labels activities disposal on a pro forma basis and restated from the c.€800m cash proceeds to be received upon deal completion. Comparison with H1 2016 not meaningful.